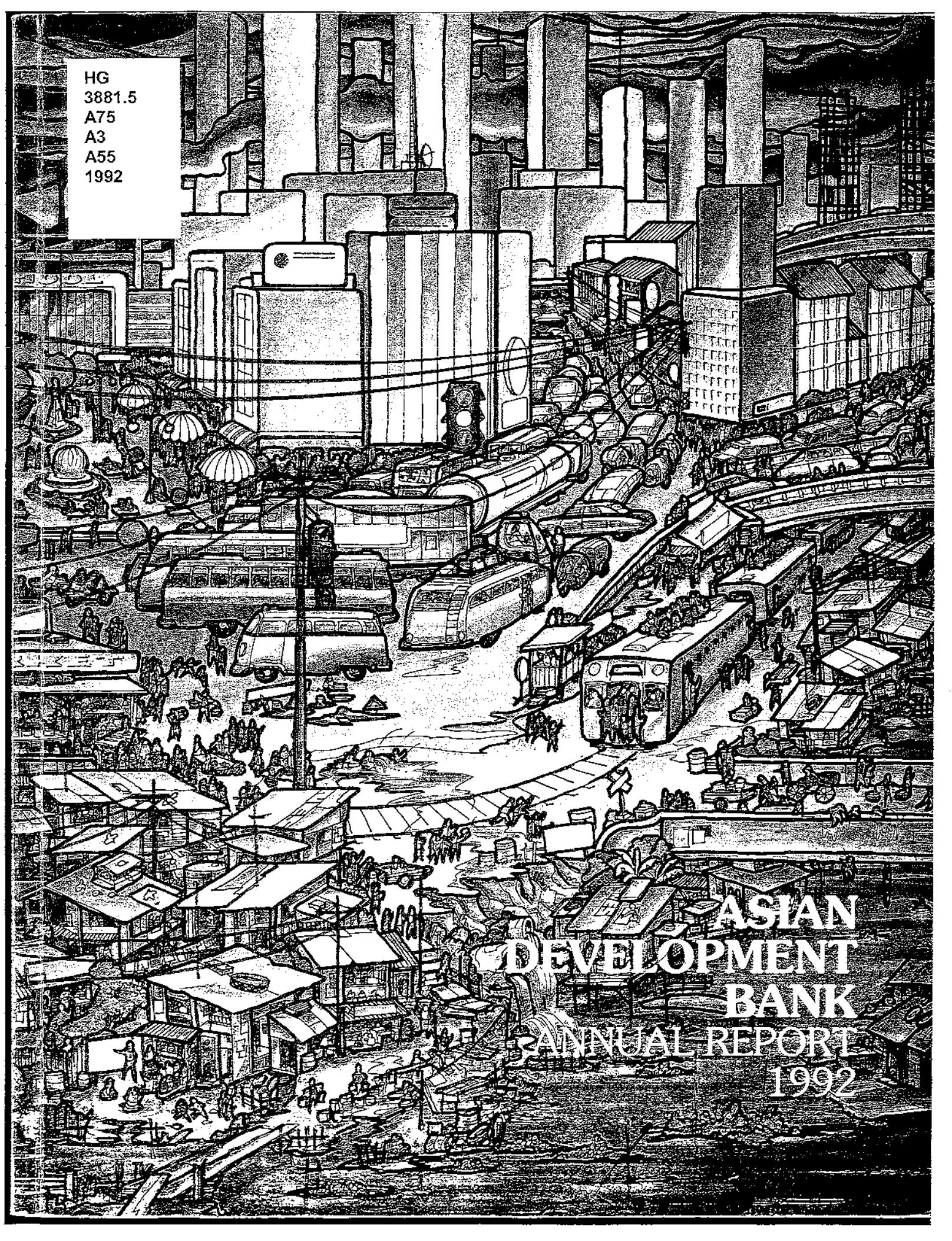
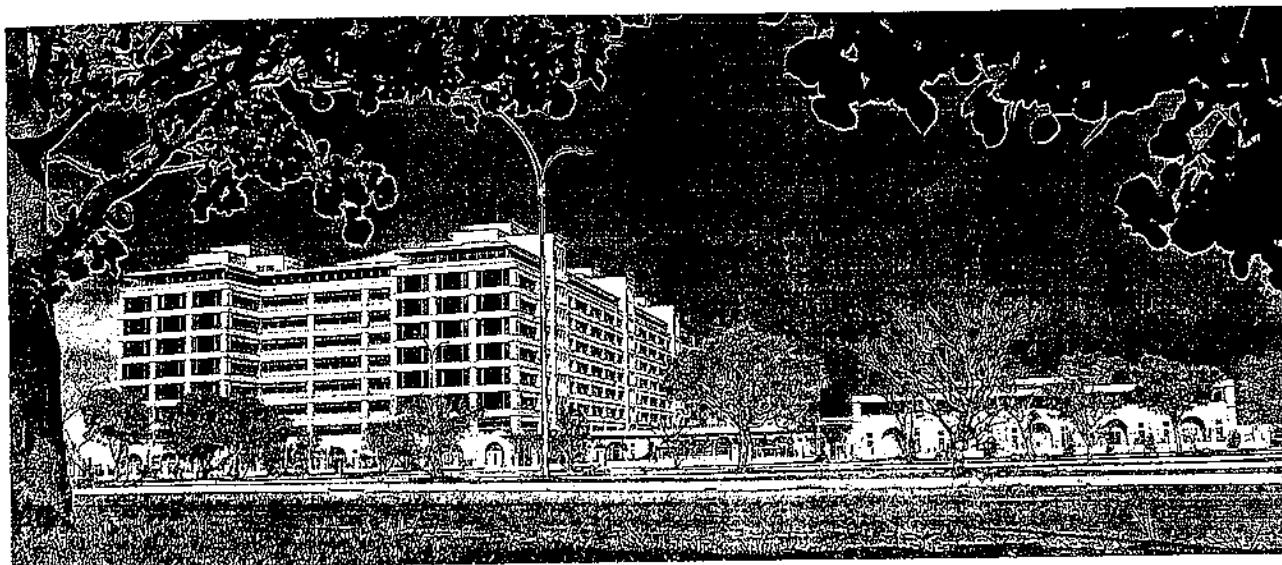


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ASIAN
DEVELOPMENT BANK
ANNUAL REPORT
1992



View of the ADB Headquarters in Manila, Philippines.

The Asian Development Bank

The Asian Development Bank, a development finance institution consisting of 52 member countries,* is engaged in promoting the economic and social progress of its developing member countries in the Asian and Pacific region.

The Bank started functioning in December 1966 with its Headquarters in Manila, Philippines. It is owned by the governments of 36 countries from the region and 16 countries from outside the region.

In 26 years of operations, the Bank has become a major catalyst in promoting the development of the most populous and fastest-growing region in the world today. The Bank's principal functions are: (i) to make loans and equity investments for the economic and social advancement of developing member countries; (ii) to provide technical assistance for the preparation and execution of development projects and programs and advisory services; (iii) to promote investment of public and private capital for development purposes; and (iv) to respond to requests for assistance in coordinating development policies and plans of member countries. In its operations, the Bank is also required to give special attention to the needs of the smaller or less developed countries and give priority to regional, sub-regional and national projects and programs which will contribute to the harmonious economic growth of the region as a whole.

The financial resources of the Bank consist of ordinary capital resources, comprising subscribed capital, reserves and funds raised through borrowings; and Special Funds, comprising contributions made by member countries, accumulated net income and amounts previously set aside from the paid-in capital. Loans from ordinary capital resources, which account for 66 per cent of cumulative Bank lending, are generally made to member countries which have attained a somewhat higher level of economic development. Loans from the Asian Development Fund are made on highly concessional terms and almost exclusively to the poorest borrowing countries.

The Bank has borrowed funds for its ordinary operations from the capital markets of Europe, Asia, the Middle East and United States. The Bank's callable capital, which at the end of 1992 accounted for nearly 88 per

cent of its subscribed capital, backs its borrowings in the capital markets.

The Bank's operations cover the entire spectrum of economic development, with particular emphasis on agriculture, energy, capital market development, transport and communications and social infrastructure. Most Bank financing is designed to support specific projects. However, the Bank also provides program, sector and multiproject loans.

The Bank actively pursues co-financing activities with official as well as commercial and export credit sources. The Bank has also entered into equity investment operations.

The Bank's highest policy-making body is its Board of Governors which meets annually. The direction of the Bank's general operations is the responsibility of the Board of Directors – composed of 12 Directors (each with an Alternate) – eight representing regional countries and four representing non-regional countries. The Board of Governors conducts an election for the Board of Directors every two years.

The President of the Bank is elected by the Board of Governors for a term of five years, after which he may be re-elected. The President is Chairman of the Board of Directors and under its direction he conducts the business of the Bank. He is responsible for the organization, appointment and dismissal of officers and staff in accordance with regulations adopted by the Board. In this he is assisted by three Vice-Presidents, who are appointed by the Board of Directors on the recommendation of the President.

The Bank has 21 departments and offices at Headquarters, one Regional Office in Port Vila, Vanuatu, and five Resident Offices, one each in Dhaka, Bangladesh; New Delhi, India; Jakarta, Indonesia; Kathmandu, Nepal; and Islamabad, Pakistan. At the end of 1992, the Bank had 628 professional staff and 1,148 supporting staff.

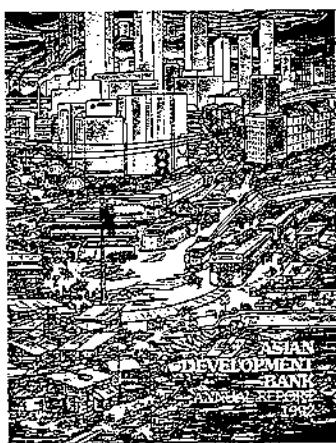
* The term "country," as used in the context of the Bank, refers to members of the Bank and does not imply any view on the part of the Bank as to their sovereignty or independent status.

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ASIAN DEVELOPMENT BANK ANNUAL REPORT 1992



THE PAINTING on this year's cover, by staff artist Nestor Diasanta, seeks to capture the dimensions of the urban challenge today. Urbanization in the Asian and Pacific region is the subject of the special theme chapter in this year's Annual Report.

ASIAN DEVELOPMENT BANK
Manila

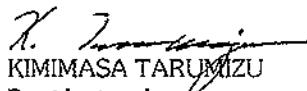
Office of the President

24 March 1993

Dear Mr. Chairman:

In accordance with Article 39 of the Articles of Agreement of the Asian Development Bank and Section 13 of its By-Laws, I submit to the Board of Governors the enclosed Annual Report of the Bank for 1992, including a separate report on the activities of the Special Funds of the Bank, which has been prepared under the direction of the Board of Directors. The Annual Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,


KIMIMASA TARUMIZU
President and
Chairman of the
Board of Directors

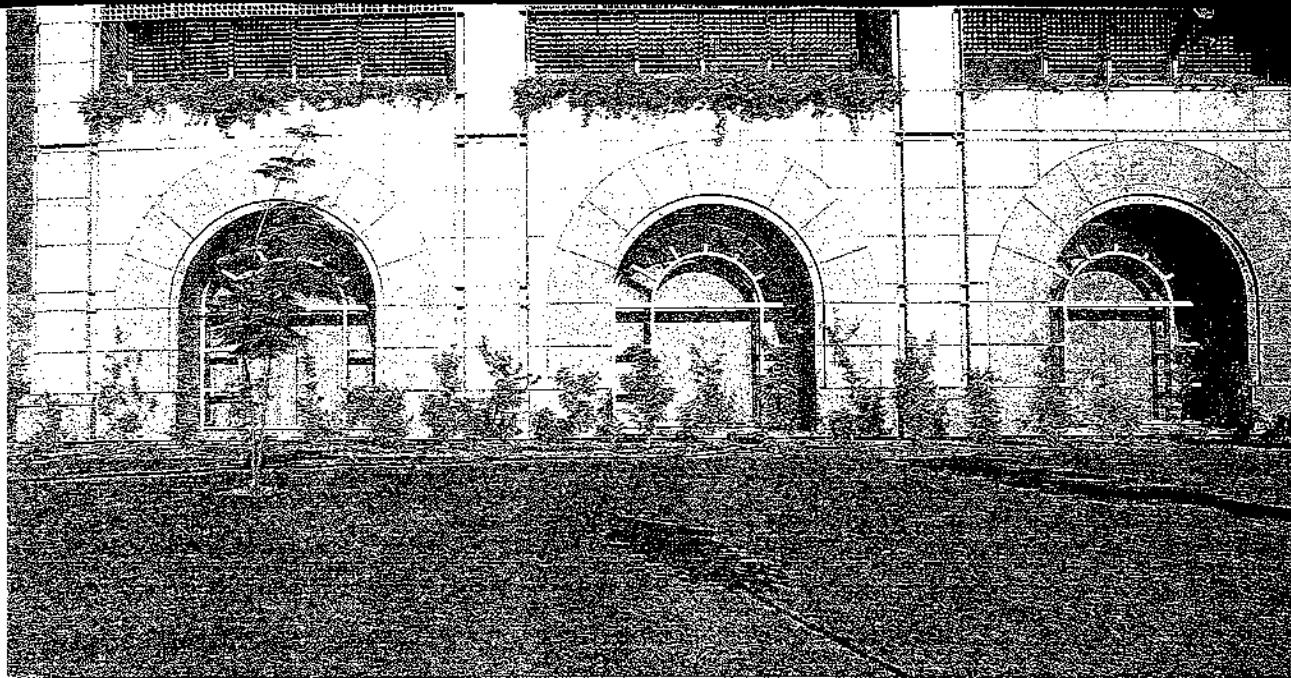
Chairman of the
Board of Governors
Asian Development Bank

THE BOARD OF DIRECTORS

(As of 31 December 1992)

**President and Chairman of the
Board of Directors**
Kimimasa Tarumizu

Directors	Alternate Directors
Heinz Bühler	Adrian Davis
Anthony F. Burger	Louis W.M. Piët
Che Peiqin	Zhu Zhong
Sofjan Djajawinata	Colin Pratt
Victor H. Frank, Jr.	Carl T. Delfeld
Susumu Fujimoto	Toshiki Kanamori
Vicente R. Jayme	Muhammad Akbar
Kyung-Woo Kim	Vai Reva
P.K. Lahiri	Qazi Shamsul Alam
Peter McCawley	John S. Eyers
Giovanni Montagna	René Legrand
Anthony Tan Song Chuan	U Soe Thwin



Part of the facade of the ADB Headquarters.

LIST OF MEMBER COUNTRIES WITH CAPITAL STOCK AND VOTING POWER

31 December 1992

MEMBERS	SUBSCRIBED CAPITAL Per Cent of Total	VOTING POWER Per Cent of Total	MEMBERS	SUBSCRIBED CAPITAL Per Cent of Total	VOTING POWER Per Cent of Total			
	Per Cent of Total	Per Cent of Total		Per Cent of Total	Per Cent of Total			
REGIONAL								
Afghanistan	0.071	0.441	Thailand	1.434	1.532			
Australia	6.093	5.259	Tonga	0.004	0.388			
Bangladesh	1.075	1.245	Vanuatu	0.007	0.390			
Bhutan	0.007	0.390	Viet Nam, Soc. Rep. of	0.359	0.672			
Cambodia	0.052	0.426	Western Samoa	0.003	0.387			
China, People's Rep. of	6.786	5.813						
Cook Islands	0.003	0.387	Total Regional	62.970	64.222			
Fiji	0.072	0.442						
Hong Kong	0.574	0.843	NON-REGIONAL					
India	6.667	5.718	Austria	0.358	0.671			
Indonesia	5.735	4.973	Belgium	0.358	0.671			
Japan	16.435	13.533	Canada	5.508	4.791			
Kiribati	0.004	0.388	Denmark	0.358	0.671			
Korea, Rep. of	5.305	4.629	Finland	0.358	0.671			
Lao PDR	0.015	0.396	France	2.451	2.345			
Malaysia	2.868	2.679	Germany	4.556	4.029			
Maldives	0.004	0.388	Italy	1.903	1.907			
Marshall Islands	0.003	0.387	Netherlands	1.080	1.249			
Micronesia, Fed. States of	0.004	0.388	Norway	0.358	0.671			
Mongolia	0.016	0.397	Spain	0.358	0.671			
Myanmar	0.574	0.843	Sweden	0.358	0.671			
Nauru	0.004	0.388	Switzerland	0.615	0.876			
Nepal	0.155	0.508	Turkey	0.358	0.671			
New Zealand	1.617	1.678	United Kingdom	2.151	2.105			
Pakistan	2.294	2.220	United States	15.900	13.105			
Papua New Guinea	0.099	0.464						
Philippines	2.509	2.392	Total Non-Regional	37.030	35.778			
Singapore	0.358	0.671						
Solomon Islands	0.007	0.390	T O T A L	100.00	100.00			
Sri Lanka	0.611	0.873						
Taipei, China	1.147	1.302						

Note: Figures may not add due to rounding. For tables with fuller details, see page 130.

GLOSSARY

ADF	—	Asian Development Fund, the Bank's soft lending window.
BOO	—	Build-Operate-Own, a mechanism by which private investors build, operate and continue to own infrastructure projects.
BOT	—	Build-Operate-Transfer, a mechanism by which private investors build and operate infrastructure projects and then transfer them to the government after a period of time.
CFS	—	Complementary Financing Scheme, under which the Bank arranges co-financing with private financial institutions, such as commercial banks, insurance and casualty companies, and pension funds.
DFI	—	Development Finance Institution. The Bank uses such institutions in its DMCs as vehicles to finance small to medium projects in the private sector.
DMC	—	Developing Member Country of the Bank, as opposed to developed country members.
EDRC	—	Economics and Development Resource Center, the Bank's department concerned with economic and developmental research and analysis.
GDP	—	Gross Domestic Product, the total value of a country's goods and services produced during a specified period, excluding external accounts.
GNP	—	Gross National Product, the total value of a country's goods and services produced during a specific period and combining domestic and external accounts.
HRD	—	Human Resource Development, including population planning, identified as one of the Bank's medium-term strategic objectives.
JSF	—	Japan Special Fund, established in March 1988 and administered by the Bank to help DMCs restructure their economies and broaden the scope for new investments by recycling funds, and to support DMCs' efforts towards industrialization, natural and human resource development and technology transfer.
LCF	—	Local Currency Financing, which the Bank may provide to meet local expenditures on projects.
LFI	—	Local Financial Institution operating within a country.
NIE	—	Newly Industrializing Economy. Among the Bank's DMCs, the term refers to Hong Kong, Republic of Korea, Singapore and Taipei, China.
NGO	—	Non-Governmental Organization, which works as a special interest group at the grassroots level.
OCR	—	Ordinary Capital Resources, the interest-bearing window for the Bank's ordinary lending operations.
PCR	—	Project Completion Report, which certifies the completion of a Bank project.
PIDMC	—	Pacific Island Developing Member Country. Refers to the Bank's 10 DMCs in the Pacific Ocean region.
PPAR	—	Project Performance Audit Report.
SPRO	—	South Pacific Regional Office of the Bank based in Vanuatu and looking after seven DMCs in the South Pacific region.
TA	—	Technical Assistance, provided by the Bank as both grants and loans, to help DMCs identify, design, implement and operate development projects as well as to assist them in formulating strategies, policies, programs and plans.
TASF	—	Technical Assistance Special Fund, the principal vehicle of technical assistance grants from the Bank's own resources.
WID	—	Women in Development, a cross-cutting concern aiming at enhancing the economic status of women through development projects and identified as one of the major strategic objectives of the Bank.

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OVERVIEW

THE BANK IN 1992

THE TOTAL of new operations approved during 1992 in both public and private sectors amounted to \$5,125 million, a 6.6 per cent increase over the previous year.¹ This comprised \$5,059 million in **government and government-guaranteed loans** (an increase of 10 per cent), including \$671.5 million in public sector loans for private sector development (up 136 per cent). The remainder comprised \$50 million in direct **private sector lending** without government guarantee (down 73 per cent), \$11 million in four private sector equity investments (down 61 per cent) and \$5 million in one equity underwriting.

At year-end, the Bank's cumulative lending stood at \$42.5 billion (\$42 billion in the public sector and \$496.3 million in the private). Equity operations (including underwritings) totalled \$220.5 million.

The year's total lending volume of \$5,109 million involved 65 projects (against 75 in 1991) and included

\$3,954 million from ordinary capital resources (OCR), which was an increase of 15 per cent, and \$1,155 million from the concessional Asian Development Fund (ADF), down 14 per cent.

By lending modality, project loans accounted for \$3,202 million (63 per cent) of the total lending volume and showed a 5 per cent increase from 1991. Sector loans amounted to \$1,074 million (21 per cent of the total), an increase of 62 per cent. Program loans, aggregating \$580 million, represented 11 per cent of the total and showed a 33 per cent increase. Of the rest, credit lines amounted to \$196.5 million (down 56 per cent), technical assistance loans \$6.4 million and unguaranteed private sector loan \$50 million (down 73 per cent).

The lending growth in 1992 resulted mainly from a marked increase in both sector loans and project loans meant for disaster rehabilitation. Five developing member countries (DMCs) were provided emergency assistance amounting to \$161 million for disaster rehabilitation, which was about six times the previous year's figure of \$29 million.

The decline in concessionary lending was temporary and reflected in part the coming into office of new governments in several ADF-borrowing countries and the need for the Bank to reestablish dialogue with them.

The three-year moving average share (1990-1992) of program lending was 13.5 per cent.

¹ The 1991 total operations figure was revised from \$5,011.7 million to \$4,808.7 million because of the withdrawal of a \$203 million loan to Malaysia. The total lending in 1991, thus, was revised from \$4,983.7 million to \$4,780.7 million (\$4,593.9 million in the public sector and \$186.8 million in the private sector). Equity investments in 1991 remained at \$28 million.

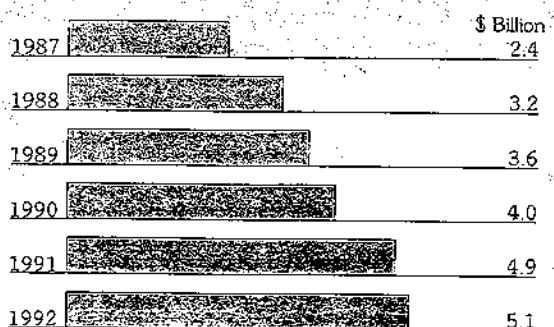
NOTE ON DOLLAR AMOUNTS

The Bank's financial statements are expressed in current United States dollars. The dollar amounts in the Report refer, unless otherwise stated, to United States dollars current at the time.

From 1 April 1978, when the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, the capital stock has been valued for purposes of the Bank's financial statements in terms of the Special Drawing Right (SDR), at the value in current United States dollars as computed by the IMF. For a more detailed discussion, see OCR-8, Notes to Financial Statements of Ordinary Capital Resources.

HAND-PAINTING porcelain products for export is one of the income-generating activities established under the Kedah Regional Development (Sector) Project. The Bank has financed the project with a \$45 million loan from OCR.

Loan Approvals*



* Including private sector loans.

OTHER DEVELOPMENTS OF THE YEAR

- * The Twenty-Fifth Annual Meeting of the Board of Governors was held in Hong Kong from 4 to 6 May.
- * A Resident Office was opened in New Delhi, India, in December; the Bank's sixth office away from its Headquarters.
- * A Social Dimensions Unit was established in April to more systematically integrate cross-cutting social issues and associated processes into the Bank's operations.
- * A Private Sector Support Unit was established in July within the Private Sector Department to strengthen the Bank's private sector activities.
- * A new facility was introduced in June to allow developing member countries to borrow exclusively in US dollars.
- * The variable lending rate on ordinary operations loans was lowered to 6.51 per cent per annum on 1 July from 6.58 per cent set on 1 January.¹
- * An agreement of cooperation was signed with the Government of Sweden, under which Skr 14 million (about \$2.4 million) in grants will be provided to finance technical assistance projects in DMCs.
- * The Bank resumed operations in Cambodia in June, when a technical assistance agreement, co-

financed with the United Nations Development Programme, was signed — its first technical assistance to that country since 1973. This was followed in November by a \$67.7 million Special Rehabilitation Assistance loan as part of an international cooperative effort — the Bank's first loan to Cambodia after 22 years.

* The first ADB Conference on Development Economics was held in Manila in October, with 35 eminent development economists from within and outside the region attending.

* A conference on Subregional Economic Cooperation was held in Manila in October.

* The fourth ADB Round Table on Development Strategies was held in Manila in January on the general theme of 'Public Enterprise and Reform and Privatization.' The tenth ADB Development Round Table was held in Manila in September-October on the general theme of 'Foreign Investment in the Asian and Pacific Region.'

* An Asian Economic Outlook workshop was held in November to formulate short and medium-term forecasts for DMC economies.

¹ On 1 January 1993, the rate was set at 6.47 per cent on pool-based loans and at 6.63 per cent on US dollar loans.

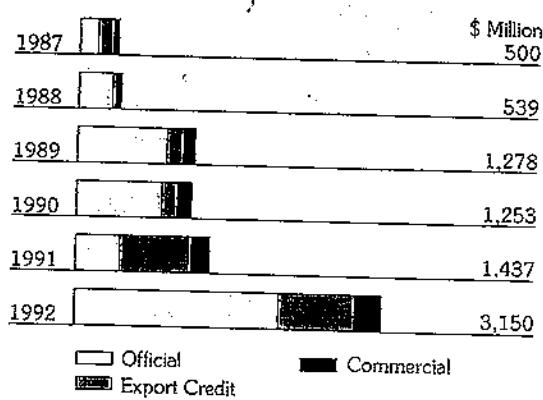
The average size of loans in 1992 (including both public and private sectors) was \$76 million, compared with \$63 million in 1991. The average size of loans to the public sector was \$77 million, against \$73 million in 1991.

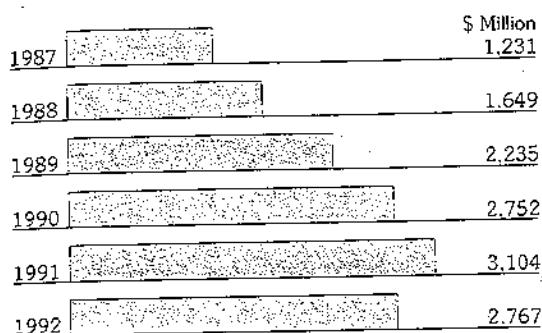
Number of Projects and Programs*

1987	[Redacted]	48
1988	[Redacted]	56
1989	[Redacted]	62
1990	[Redacted]	57
1991	[Redacted]	75
1992	[Redacted]	65

* Including private sector loans.

Co-financing Arrangements



Loan Disbursements*

* Including private sector loans.

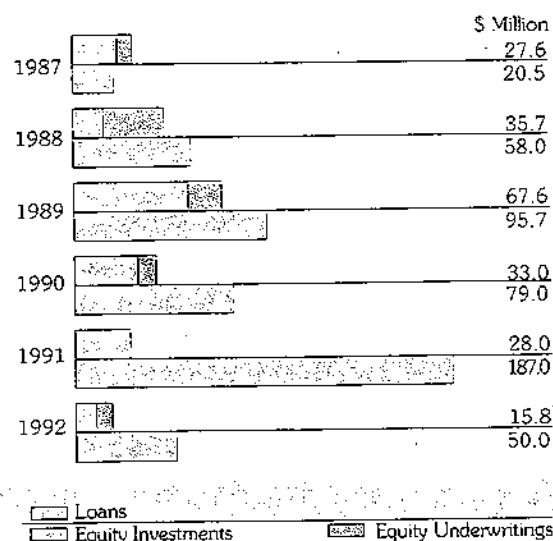
loans for 62 projects in 17 DMCs in 1991. Once again, Indonesia received the year's biggest single loan in the amount of \$350 million for the Power XXII Project.

By sector, **energy** emerged as the dominant area of Bank lending for the second year running, accounting for \$1,491 million, or 29 per cent of the total lending. The amount, however, declined from \$1,560.5 million in the previous year. The year's only private sector loan of \$50 million was made under this sector.

Transport and communications was the second most important sector, receiving \$1,221 million, or 24 per cent of the year's volume and a 58 per cent increase over 1991.

Social infrastructure came third with \$694 million, which represented 13.6 per cent of the total and was 5 per cent more than in 1991.

Agriculture and agro-industry, the second largest sector in 1991, took the fourth place with \$684 million, or

**Amount of Private Sector Loans,
Equity Investments and Underwritings**

Legend: Loans Equity Investments Equity Underwritings

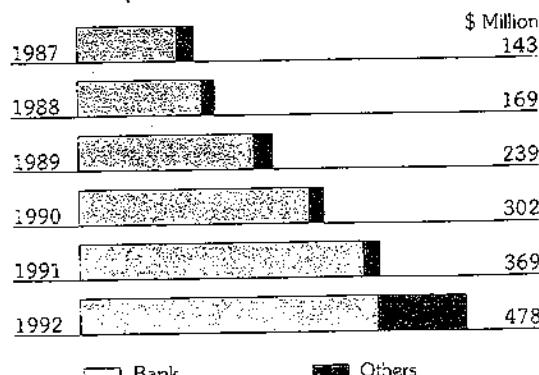
13 per cent of the total and a 34 per cent decline from the previous year.

The **financial** sector, which includes loans to DFIs, was a close fifth with \$671.5 million, against \$375 million in 1991. Its share in the total lending was 13 per cent.

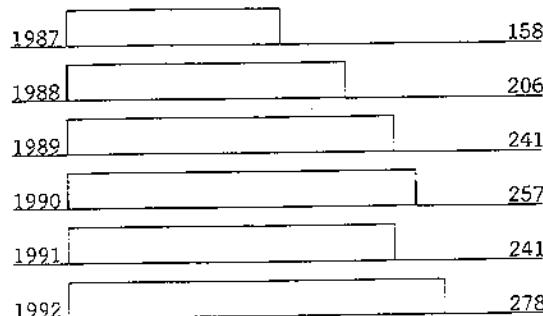
Loans to **industry and non-fuel minerals** declined 65 per cent to \$133 million, accounting for 3 per cent of the total.

Multisector and others accounted for \$215 million, against none in the previous year, and represented 4 per cent of the total lending.

However, on a cumulative basis, "agriculture and agro-

**Technical Assistance Approvals
(Grant and Loan Financed)***

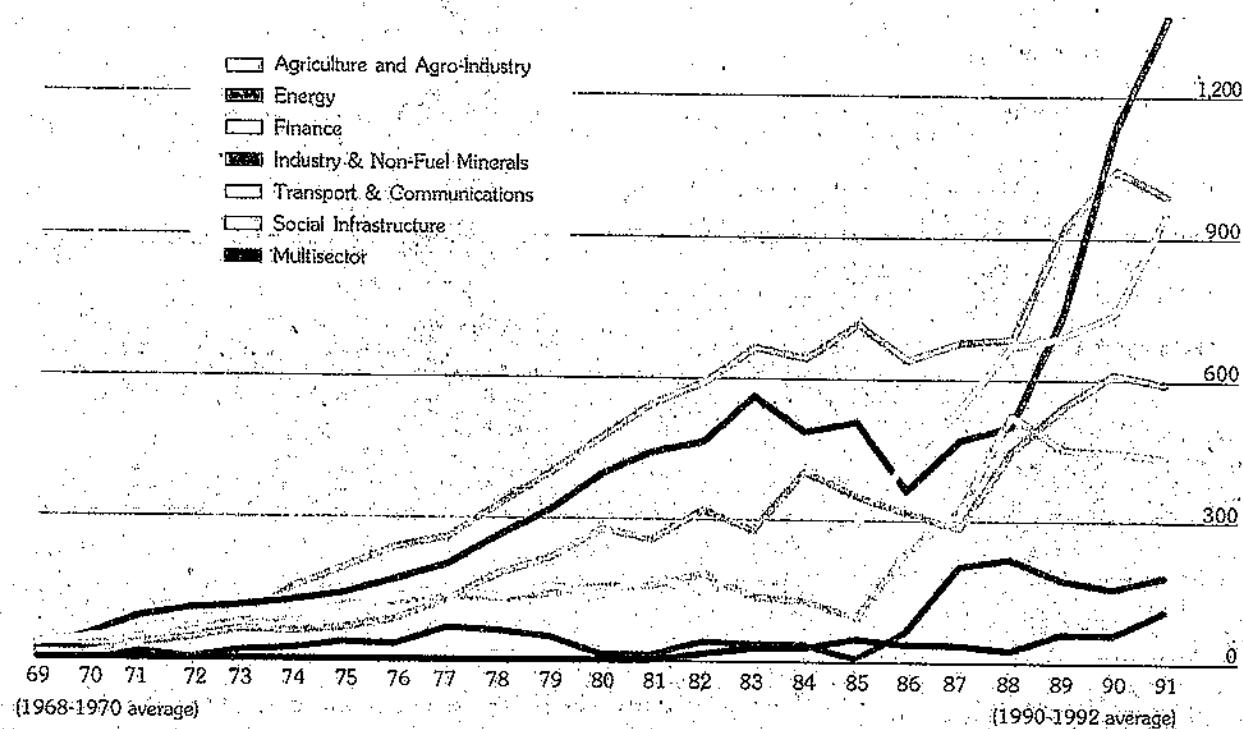
* Including private sector loans.

**Number of Technical Assistance Projects
(Grant and Loan Financed)***

* Includes regional activities.

Loan Approvals By Sector: Three-Year Moving Averages 1968-1970—1990-1992

\$ Million
1,500



industry" still remained the Bank's biggest lending sector, boasting \$11,187 million (26 per cent of the total). It was closely followed by "energy" with \$10,492 million (25 per cent).

A total of \$108 million was approved as **technical assistance grants** during the year, funded by the Bank and other sources. Of this amount, which was 2.4 per cent higher than in 1991, an estimated \$1.02 million would be recoverable through the refinancing of technical assistance in the resulting loans.

The Bank mobilized a record \$3,150 million by way of **co-financing** for 22 projects and programs, crossing the three-billion mark for the first time and more than doubling the 1991 level. Of that amount, \$2,133 million came from official sources (up 289 per cent over the previous year), \$746 million from export credits (up 5 per cent) and \$272 million from commercial sources (up 53 per cent).

The **net transfer of resources** to the DMCs (disbursements minus capital repayments, payments of interest and other charges, plus equity investments) decreased by 28 per cent to \$1,179 million.

Loan disbursements decreased 11 per cent to \$2,767 million, of which OCR disbursements amounted to

\$1,880 million and ADF disbursements \$887 million, down 9 per cent and 14 per cent, respectively.

The decline was due mainly to the fact that extraordinary disbursements had been made under Special Assistance, Gulf Crisis Assistance and Cyclone Assistance projects in 1991, which had inflated that year's figures. Disbursements in 1992 were also affected by a slower progress in project implementation.

Seventy-five projects were completed during the year, bringing the total number of completed projects to 740 out of 1,103 projects approved as of end-1992. Post-evaluation was made of 28 projects, including two program loans. The 26 other projects were in 12 subsectors in 12 DMCs, and included the first ever post-evaluation of a private sector project financed without government guarantee.

On 31 December 1992, the Bank's **authorized capital** amounted to \$23,224 million (SDR 16,890 million), of which \$23,100 million (SDR 16,800 million) was subscribed.

Ten **borrowings** were undertaken during the year for a total of \$3,049.7 million. Of these, nine were to raise \$2,556.3 million in new money under the Bank's indicative borrowing program, including its first public bond issue in

Hong Kong dollars. The remaining transaction was to raise \$493.4 million equivalent to finance the prepayment of the three outstanding callable yen bond issues. The Bank returned to the Dutch guilder market in June after being absent from that market since 1986. A second "Dragon" bond issue (Asian region US dollar public bond issue) was made in October.

The average life (weighted by amount) of the year's borrowings was 9.73 years, compared to 9.39 years in 1991. The "after swap" average cost of the funds raised (excluding refinancing) declined to 5.86 per cent per annum from 6.8 per cent per annum in the previous year. At the end of 1992, OCR investments amounted to \$5,234 million, against \$4,331 million a year ago. The realized rate of return on OCR investments was 7.8 per cent, compared with 9.1 per cent in 1991.

Net income for the year came to \$535 million, an increase of 3.2 per cent from the previous year.

The fifth **Asian Development Fund** replenishment (ADF VI) came into effect in August when the total amount of unqualified contribution commitments received by the Bank exceeded the specified trigger of \$2,100 million.

THE BOARDS

BOARD OF GOVERNORS

The Bank is governed by a Board of 52 Governors representing the 36 regional member countries and 16 non-regional members.

The Board of Governors is vested, under Article 28 of the Bank's Charter, with all the powers of the Bank. In turn, except for certain powers reserved to it under the Bank's Charter, the Governors have delegated its authority to the Board of Directors.

The Board of Governors meet in formal session once a year at the Bank's Annual Meeting. The Twenty-Fifth Annual Meeting of the Board of Governors was held in Hong Kong from 4 to 6 May 1992.

In 1992 the Governors of the Bank approved the fifth replenishment of the Asian Development Fund (ADF VI) and the Second Regularized Replenishment of the Technical Assistance Special Fund. They also approved a reallocation of \$50 million from the surplus from 1991 net income to the Technical Assistance Special Fund.

The membership of the Board of Governors is shown in Appendix 3.

BOARD OF DIRECTORS

The Bank's Charter provides for the Governors to elect a Board of 12 Directors, with each Director appointing an Alternate. The Board of Directors is responsible for policy direction and general operations of the Bank. The Board performs its duties on a full-time basis at the Bank's Headquarters in Manila and meets in regular formal sessions under the chairmanship of the Bank's President.

The members of the Board of Directors and the countries they represent are shown in Appendix 4.

Operations

The Board held 49 formal meetings in 1992 and approved a total lending and investment program of \$5,125 million. This comprised 72 government-guaranteed loans and private sector loans and investments. Either directly or through the authority delegated to the President, the Board approved 265 technical assistance grants to the value of \$107.5 million.

In 1992 the Board approved its first loan to Cambodia since 1970, a \$67.7 million loan from the Asian Development Fund for Special Rehabilitation Assistance.

Policy Issues

The Board continued to be directly involved with strategic planning within the Bank. It sees planning as an important tool in allocating human and financial resources to meet the Bank's changing priorities and to better meet the development needs of the Bank's DMCs. In this context in 1992 the Board, in informal sessions, discussed the Bank's Operational Program for 1992-1994, the Medium-Term Strategy, the Three-Year Rolling Work Plan (1993-1995) with Budget Implications and the review of Bank Operations and Country Performance.

During the year the Board held a series of seminars with Management on a range of policy issues, including Environmental Review and Impact Assessment Requirement, the Report of the Private Sector Task Force, the findings of the Inter-departmental Review Committee on Technical Assistance Operations and the Guidelines for Social Analysis of Development Projects. These seminars provided an opportunity for the Board to make a direct input into these policy and administrative issues at an early stage of their formulation.

In 1992 the Board commenced preliminary work on a general capital increase (GCI IV). The Board considered four working papers covering projected OCR operations during 1993-1997, resource implications of the Bank's projected future lending, an operational agenda for 1994-1998 and the modalities for the capital increase.



RAMON R. DEL ROSARIO JR., Chairman, Board of Governors.



KIMIMASA TARUMIZU, Chairman, Board of Directors.

Board Committees

The Budget Review Committee has been established to enhance the effectiveness of the Board in discharging its responsibilities in respect of the Bank's annual administrative budget. It meets over a two-week period in November, and reviews the assumptions and priorities underlying the proposed expenditures.

In 1992 the Committee recommended that the Board approve a Budget for 1993 authorizing administrative expenditure of \$161.9 million, an increase of about 14.2 per cent over the actual 1992 expenditure.

The Audit Committee met on 15 occasions during 1992. It assessed the activities of the Bank's Internal Audit Office and reviewed, with the external auditors, the 1991 Financial Statements. The Committee worked closely with the Post-Evaluation Office and discussed its work program for the year. It reviewed 17 project performance and other evaluation reports. In July each year, the Committee submits

its annual report for the preceding year to the Board of Directors.

Appendix 5 shows the membership of the Budget Review and Audit Committees.

Directors' Group Visits

Two groups of Board members visited four of the Bank's developing member countries. In February seven Board members visited India and in August a further group visited Fiji, Kiribati and Papua New Guinea. These were the first occasions Board members had visited either India or Kiribati. The objective of the group visits is for Board members to obtain a better appreciation of the Bank's operations, members' priorities and constraints and to inspect Bank projects. The visits also offer Board members an opportunity to discuss policy and development issues with the authorities of the host countries.

THE RECORD

(amounts in \$ million)

	1966-1992 ^a	1989	1990	1991	1992
OPERATIONAL ACTIVITIES					
TOTAL LENDING (Amount)	42,458.9^b	3,623.6	3,972.2	4,780.7^b	5,109.4
Number of Projects ^c	1,103 ^b	62	57	75 ^b	65
OCR Loans (Amount)	28,894.6^b	2,260.3	2,491.7	3,433.5^b	3,954.4
Number of Loans	641 ^b	34	27	43 ^b	35
Disbursements	14,723.6	1,346.5	1,689.1	2,066.2	1,879.6
ADF Loans (Amount)	13,564.3	1,363.3	1,480.5	1,347.2	1,155.0
Number of Loans	569	35	36	33	32
Disbursements	7,490.7	888.4	1,062.6	1,037.4	887.5
A. Government & Government-Guaranteed Loans (Amount)	41,962.6	3,527.9	3,893.3	4,593.9	5,059.4
Number of Projects ^c	1,062	51	50	62	64
OCR Loans (Amount)	28,412.8	2,170.6	2,418.8	3,246.7	3,904.4
Number of Loans	606	25	22	30	34
Disbursements	14,466.2	1,312.0	1,607.3	1,993.9	1,819.9
ADF Loans (Amount)	13,549.8	1,357.3	1,474.5	1,347.2	1,155.0
Number of Loans	564	33	34	33	32
Disbursements	7,476.4	886.4	1,062.1	1,032.0	881.3
B. Private Sector Loans (Amount)	496.3	95.7	78.8	186.8	50.0
Number of Projects ^c	41	11	7	13	1
OCR Loans (Amount)	481.8	89.7	72.8	186.8	50.0
Number of Loans	36	9	5	13	1
Disbursements	257.4	34.5	81.8	72.3	59.7
ADF Loans (Amount)	14.5	6.0	6.0	—	—
Number of Loans	5	2	2	—	—
Disbursements	14.3	2.0	0.5	5.5	6.3
EQUITY INVESTMENTS (Amount)	174.8^b	56.4	28.7^b	28.0	10.6
Number of Investments	60 ^b	15	15 ^b	7	4
EQUITY UNDERWRITING (Amount)	45.7	11.2	4.3	—	5.2
Number of Commitments	7	2	1	—	1
TECHNICAL ASSISTANCE^d (Amount)	3,254.6	239.2	301.6	369.5	477.7
Number of Projects	2,891	241	257	242	278
CO-FINANCING^e (Amount)	13,965.5	1,277.7	1,252.5	1,436.5	3,150.5
Number of Projects	360	26	27	23	22
RESOURCES					
(amounts in \$ million)					
Ordinary Capital Resources					
Authorized Capital (at end of period)	23,224	22,111	23,938	24,160	23,224
Subscribed Capital (at end of period)	23,100	21,138	22,884	23,100	23,100
Borrowings (gross)	14,374	645	849	1,298	3,050
Outstanding Debt (at end of period)	10,961	6,872	8,215	9,434	10,961
Ordinary Reserve (at end of period)	3,705.5	2,314.9	2,713.1	3,219.1	3,705.5
Special Reserve (at end of period)	177.0	176.5	176.6	176.8	177.0
Gross Income	11,435.9	1,036.3	1,103.4	1,213.3	1,345.2
Net Income after Appropriation of Commissions/Guarantee Fees to Special Reserve	4,358.3	435.3	508.5	517.8	534.3
Special Funds Resources					
Asian Development Fund:					
Total Resources (at end of period)	15,263.5	12,214.9	13,354.5	13,878.4	15,263.5
Technical Assistance Special Fund:					
Total Resources (at end of period) ^f	351.7	192.7	202.2	204.3	351.7
Japan Special Fund:					
Contributions (at end of period)	270.4	86.6	155.8	199.8	270.4

^a Cumulative totals may not add due to rounding.

^b Amounts and numbers adjusted to exclude withdrawals and cancellations.

^c Projects financed from both OCR and ADF are counted only once. Cumulative number of projects excludes supplementary loans.

^d Comprising technical assistance grants and loans funded by the Bank and other sources. Regional technical assistance projects included.

^e Adjusted to reflect changes in co-financing arrangements.

^f Figures revised to include other resources and transfers to ADF.

HIGHLIGHTS, 1966-1992

Sources of Funds

- * Authorized capital of the equivalent of \$23.2 billion as of 31 December 1992.
- * About \$14.4 billion borrowed from international capital markets for ordinary capital lending.
- * About \$15.3 billion from the Asian Development Fund for concessional lending to poorer DMCs, and about \$351.7 million in Technical Assistance Special Fund resources for financing technical assistance grants.

Uses of Funds

- * \$42.7 billion in total public and private sector operations involving 1,170 projects, including \$42.5 billion in loans and \$220.6 million in equity investments.
- * \$716.9 million in private sector operations for 83 projects: \$174.8 million for equity investments and lines of equity, \$45.7 million for equity underwritings and \$496.3 million in loans. Complementary loans amounted to \$161.6 million.
- * \$3.2 billion in technical assistance: \$406 million for project preparation (resulting in 502 Bank loans totalling \$18.6 billion); \$2.7 billion for project implementation and advisory purposes and \$114 million for regional activities.
- * \$14 billion in co-financing, of which official sources contributed \$9.6 billion and commercial sources (including commercial banks, insurance companies and export credit sources), \$4.3 billion.

Sectoral Activities

- * Agriculture and Agro-industry: 165 irrigation and rural development projects; 87 fisheries, livestock and forestry projects; 114 projects for industrial crops, agro-industry and support services; and eight fertilizer projects.
- * Energy: 191 projects, including 161 power projects for the creation of 20,000 MW of generation capacity, of which nearly 83 per cent will be based on indigenous resources, and for about 108,000 km of transmission-distribution circuits. Non-power energy projects provided for expanded production of natural gas and coal, rehabilitation of refineries and distribution networks for gas.
- * Finance Sector: 118 credit lines totalling \$3,900 million to 59 financial intermediaries in 23 DMCs, which have been used so far to create 21,100 subloans to small and medium-scale enterprises, as well as eight program loans amounting to \$1 billion.
- * Transport and Communications: 46 projects^a in the ports and shipping sector for the construction, rehabilitation, modernization and expansion of port facilities; 89 projects for the rehabilitation, maintenance and construction of primary, secondary and feeder roads; eight railway projects to increase freight capacity by about 88 million tons; and 16 telecommunications projects to improve and extend services.
- * Social Infrastructure: 75 water supply and sanitation projects benefiting more than 94 million people; 63 education projects involving the establishment, as well as rehabilitation and expansion, of primary, secondary and tertiary level education and training institutions directly benefiting millions of students to date and about 175,000 teaching and administrative staff, and the provision of 305 non-project related scholarships for nationals of the Bank's DMCs and support for education research; 29 projects providing physical and institutional support for housing and/or a variety of urban infrastructure facilities covering components such as sites and services, slum upgrading, water supply, sewerage, drainage, solid waste management, flood control and urban transportation; and 24 health and population projects, providing physical and institutional support such as establishment or upgrading of rural health facilities and referral hospitals, health manpower development, production of essential drugs, improvement of storage and distribution of medical and family planning supplies, and repair and maintenance of equipment.

^a Figure adjusted to avoid double counting.

CHALLENGES OF URBANIZATION IN THE ASIA-PACIFIC REGION

THE TRENDS

WHEN THE Bank was established in 1966, the Asian and Pacific region was primarily rural. Since then, there has been a marked increase in the proportion of populations in the region living in urban areas. This trend is expected to continue. The dynamic forces generated by metropolitan areas throughout the world are fundamental to development. Such areas are centers of economic, social, technological and political influence. By the year 2020, about half the world's urban population will be in this region. This massive growth in urban populations has resulted in significant impacts on the Bank's developing member countries (DMCs).

The shift from agrarian to urban-based economies is one of the major changes affecting many DMCs today, resulting in a reorientation of development plans and priorities. Since increasing urbanization is a normal process of economic development, DMCs and the Bank must work together to make this growth sustainable, efficient and equitable. The challenge of sustainable development in the twenty-first century will be posed in a predominantly urban Asia-Pacific region. Actions that will be required include providing adequate infrastructure to support urban-based economic growth, addressing urban poverty, improving the urban environment and strengthening urban management. These have major implications for the Bank's strategic objectives of: (i) promoting economic growth; (ii) reducing poverty; (iii) improving the status of women; (iv) developing human resources, including population planning; and (v) sound management of natural resources and the environment.

Dimensions of Urbanization

Urban areas of all sizes have important roles to play; hence urban policy should not necessarily concentrate on any specific city size. Urban areas can be grouped into three broad categories: (i) towns; (ii) intermediate and secondary cities; and (iii) large cities or metropolitan areas, including megacities. Towns and intermediate and secondary cities have increasingly important roles as links with rural areas (e.g. providing markets for agricultural products, services to rural consumers and off-farm employment). Metropolitan

areas, with populations in excess of 1 million, are characterized by their size, high concentration of formal and informal economic activity and, in some cases, proliferation of slums. Megacities are generally defined as metropolitan areas with populations of 10 million or more. The definition of "urban" areas varies from country to country, as does the quality of statistical data. For example, in India, urban is defined to include communities of 5,000 or more, while in Malaysia, the cut-off figure is 10,000. The following analysis reflects the definitions of "urban" areas adopted in various DMCs. Despite deficiencies in data quality, broad trends are clearly discernible (see Figure 1).

Urbanization is a global phenomenon although the degree of urbanization and rate of urban growth vary in different parts of the world. In 1990, about 45 per cent of the world's population was classified as urban. The proportion was higher in the more developed regions (73 per cent) than in the less developed regions (37 per cent). Between 1960 and 1990, the Asian and Pacific region's urban population grew at a rate of about 3.9 per cent per year, reaching about 849 million. This growth, equivalent to about 19 million new urban residents being added every year, accelerated during the 1970s and 1980s. During the next 30 years, the urban population in the Bank's DMCs is expected to grow by about 3.3 per cent per annum and exceed 2 billion by the year 2020.

In 1990, about 30 per cent of the Asian and Pacific region's population lived in urban areas, as compared to 18 per cent in 1960. The region, however, is less urbanized than North America (75 per cent), Europe (73 per cent) and Latin America (72 per cent), and has about the same level of urbanization as Africa (34 per cent). By the year 2020, about half the people in the Bank's DMCs will be living in urban areas. The rate, magnitude and character of urbanization differ among DMCs (see Table). Excluding Hong Kong and Singapore, which are city states, over 40 per cent of the populations of Republic of Korea, Malaysia, Mongolia and Philippines live in urban areas. In nine other countries, over a quarter of the populations are urban. Fourteen other DMCs presently have less than one quarter of their populations residing in urban areas. By the year 2020, virtually all DMCs are expected to have an urbanization level of more than 25 per cent.

Many countries have been transformed from a world of

URBANIZATION INDICATORS BY COUNTRY

	Urban Population (thousands)			% of Population in Urban Areas			Urban Population Growth Rates %	
	1960	1990	2020	1960	1990	2020	1960-1990	1990-2020
NIEs								
Hong Kong	2,739	5,507	6,322	89	94	97	2.4	0.5
Korea, Rep. of	6,929	30,794	45,172	28	72	88	5.1	1.3
Singapore	1,634	2,723	3,290	100	100	100	1.7	0.6
Subtotal	11,302	39,024	54,784	38	76	90	4.2	1.1
SOUTH ASIA								
Afghanistan	861	3,021	13,617	8	18	36	4.3	5.1
Bangladesh	2,644	19,005	83,984	5	16	38	6.8	5.1
Bhutan	22	81	463	3	5	16	4.4	6.0
Myanmar	4,189	10,316	29,814	19	25	43	3.0	3.6
India	79,413	230,269	648,265	18	27	47	3.6	3.5
Nepal	292	1,837	8,878	3	10	27	6.3	5.4
Pakistan	11,042	39,250	131,802	22	32	53	4.3	4.1
Sri Lanka	1,772	3,679	9,126	18	21	39	2.5	3.1
Subtotal	100,235	307,458	925,949	17	26	46	3.8	3.7
SOUTHEAST ASIA								
Indonesia	14,032	56,293	151,036	15	31	55	4.7	3.3
Malaysia	2,053	7,701	18,479	25	43	65	4.5	3.0
Philippines	8,350	26,602	65,707	30	43	62	3.9	3.1
Thailand	3,302	12,609	35,346	13	23	45	4.6	3.5
Subtotal	27,737	103,205	270,568	18	32	56	4.5	3.3
ECONOMIES IN TRANSITION								
Cambodia	559	959	3,511	10	12	26	1.8	4.4
China, People's Rep. of	124,892	380,803	927,185	19	33	63	3.8	3.0
Lao PDR	173	770	3,263	8	19	41	5.1	4.9
Mongolia	342	1,145	2,936	36	52	66	4.1	3.2
Viet Nam	5,107	14,600	47,306	15	22	43	3.6	4.0
Subtotal	131,073	398,277	984,201	19	33	61	3.8	3.1
SMALL ISLAND NATIONS								
Cook Islands	6	4	7	33	22	41	-1.3	1.9
Fiji	117	300	608	30	39	56	3.2	2.4
Kiribati	7	24	46	17	36	58	4.2	2.2
Maldives	10	63	218	11	29	53	6.3	4.2
Papua New Guinea	51	613	2,342	3	16	34	8.6	4.6
Solomon Islands	11	34	176	9	11	26	3.8	5.6
Tonga	12	19	36	18	20	40	1.5	2.2
Vanuatu	6	41	152	9	26	50	6.6	4.5
Western Samoa	21	37	69	19	22	40	1.9	2.1
Subtotal	241	1,135	3,654	9	20	38	5.3	4.0
TOTAL	270,588	849,099	2,239,156	18	30	54	3.9	3.3

Source: Based on the Bank's Key Indicators of Developing Asian and Pacific Countries and the United Nation's World Urbanization Prospects, 1990.

villages to a world of cities and towns. The number of large cities has been increasing. In 1950, there were only 19 cities in the region with a population of 1 million or more.¹ By 1970, there were 49; and, by 1990, 86 cities were classified as metropolitan areas. Most of these were in the People's Republic of China (38) and India (24). By the end of the century, 12 of the 21 megacities in the world will be in this region. Bombay, Calcutta and Shanghai will each have more than 15 million residents and the populations of nine other cities will exceed 10 million. While most of the attention has been focused on the high growth rates of megacities, the process of urbanization has affected cities and towns of all sizes. Many other cities in the region are major metropolises with populations in excess of 3 million and most are growing rapidly.

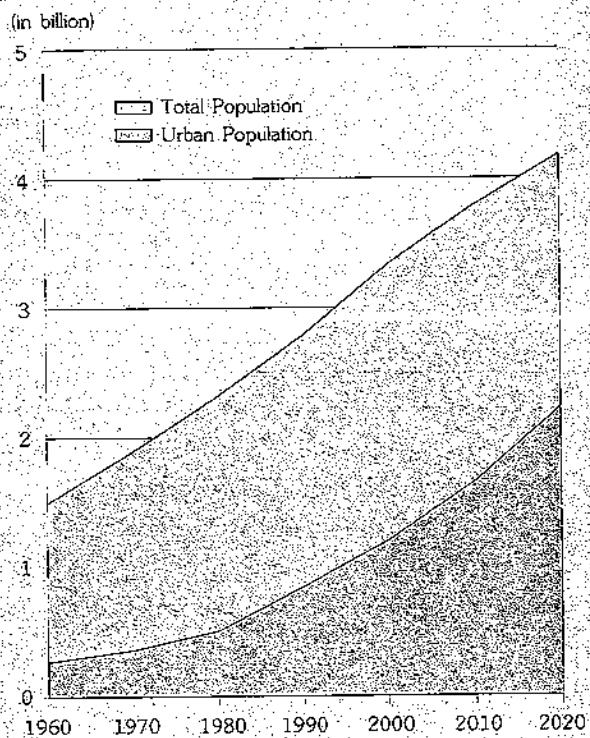
Contributory Factors

Both natural population growth and rural-urban migration have contributed to the rapid growth in urban populations in the Asian and Pacific region. During 1970-1990, natural population increases accounted for about 55 per cent of the region's urban growth. Rural-urban migration accounted for the remaining 45 per cent. However, the situation differs from country to country. Natural growth accounted for more than half the urban population increases in India, Malaysia, Pakistan, Philippines and Viet Nam. Rural-urban migration has been the dominant factor in countries such as Bangladesh, People's Republic of China, Indonesia, Republic of Korea and Thailand. While policy makers have tended to focus on rural-urban migration, the rate of natural population increase is also an important contributor to increased urbanization.

People move to urban areas because of expectations that cities can provide better employment opportunities and higher incomes. There is also the hope that cities will offer better services (e.g. health, education, administrative facilities and finance), and a greater access to information and culture. In some DMCs, poverty, inadequate employment opportunities, lack of land tenure, reduced demand for labor resulting from mechanization and higher agricultural productivity, and pressures on environmental resources also contribute to rural-urban migration.

Urbanization is closely associated with a shift from agriculture to nonagricultural employment. In the long term, urbanization will only be sustainable if the expectations of better standards of living are met. Although there are some exceptions, in most DMCs the rate of nonagricultural job creation has either exceeded or just about equaled the rate of urban population increase during the 1970-1990 period (see Figure 2). The rate of nonagricultural job creation exceeded that of urbanization in Malaysia, People's Republi-

Figure 1: Total and Urban Population in the Asian and Pacific Region



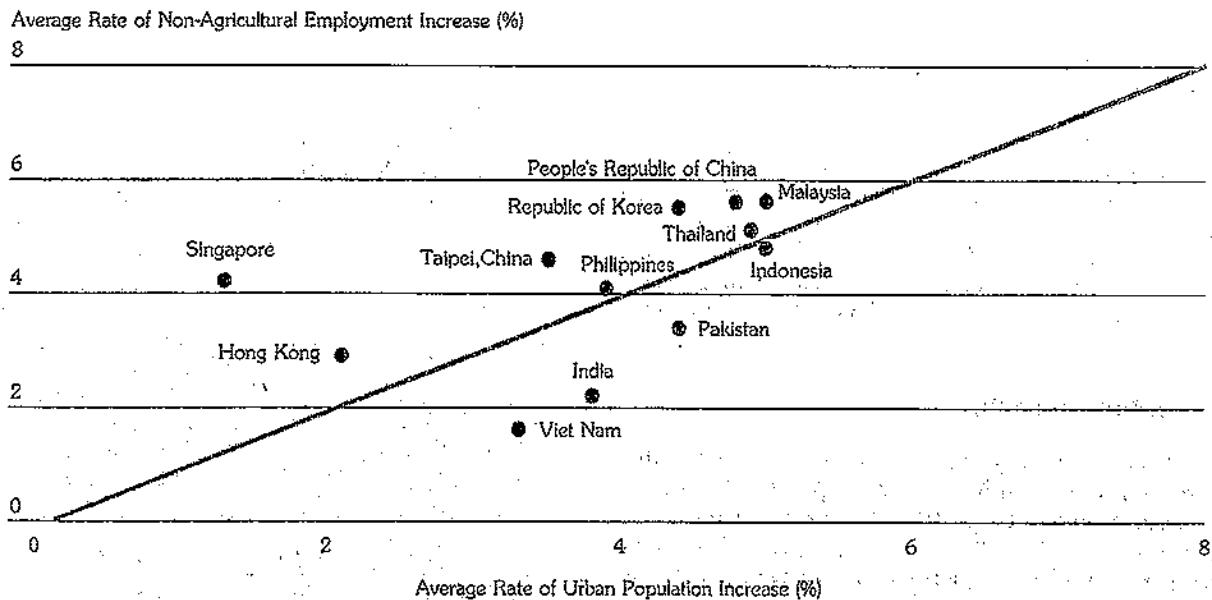
Source: Based on the Bank's Key Indicators for Developing Asia and Pacific Countries and the United Nations' World Urbanization and the Prospect for 1990.

of China, Republic of Korea and Taipei, China, where the majority of people migrating to cities tended to be better off. In Indonesia, Philippines and Thailand, the two rates were roughly in balance. In India, Pakistan and Viet Nam, non-agricultural job creation lagged behind urban population increase. If the latter trend continues, urban unemployment would be expected to increase substantially, the expectations of migrants would not be met and eventually the current rate of urban migration could prove to be unsustainable.

While urban settlement patterns have varied across countries, efforts to significantly restrain migration or urban growth have largely proven to be unsuccessful. For example, despite strict controls on migration to cities in the People's Republic of China, the country's urban population has grown rapidly. Even in countries, such as Malaysia and Republic of Korea, where rural development has been successful, rural-urban migration has continued. Rural development often results in a substitution of capital for labor, which facilitates rural-urban migration. Because of these factors, urban population in the region is increasing

¹ All population figures refer to urban agglomerations.

Figure 2: Growth in Urban Population and Non-Agricultural Employment (1970-1990)

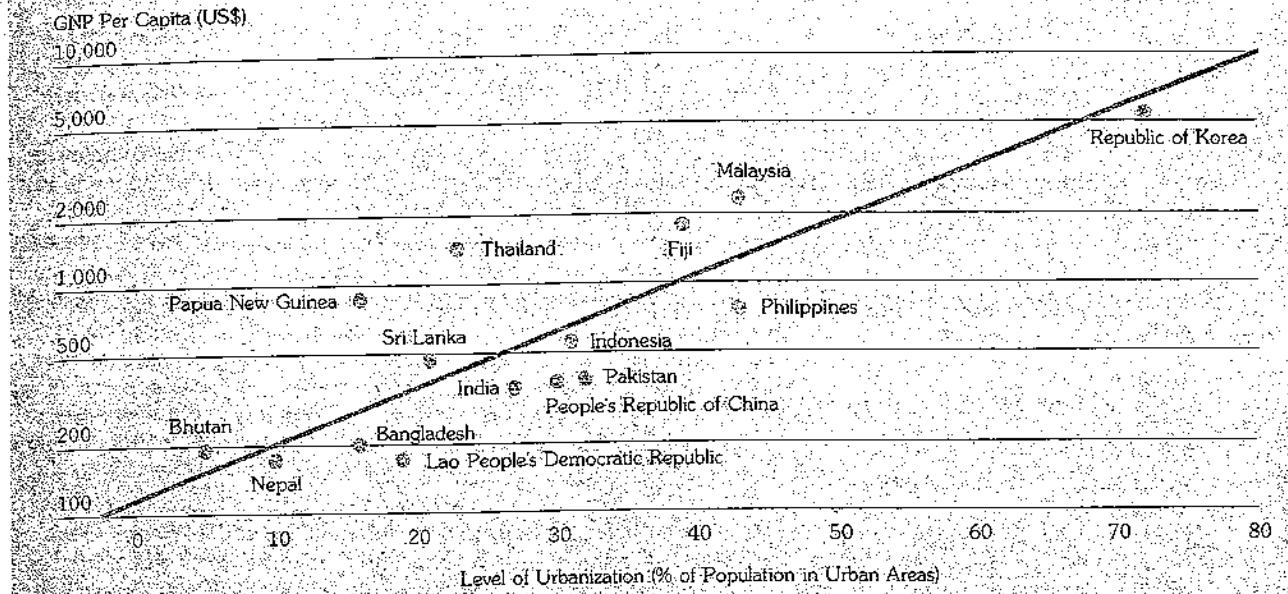


Source: Bank's Key Indicators for Developing Asia and Pacific Countries; United Nations' World Urbanization and the Prospect for 1990.

as a share of total population. To an extent, the development of secondary cities and smaller metropolitan areas (e.g. Taegu in the Republic of Korea, Medan in Indonesia and Cebu in the Philippines) can brake the migration to megacities. Creation of employment opportunities in such areas must also be accompanied by investment in social infrastructure. The short-term impact of such measures in modifying the pattern of urban growth is, however, small. In general, the prospects of higher incomes in urban areas will, in the minds of migrants, continue to outweigh the assurance of food and shelter in rural areas. Often, it is rural males who first migrate to cities in search of jobs; wives and families follow. The split in the family unit is one of the hidden social costs of rural-urban migration. Once a city migrant finds a job, usually a considerable part of the salary is sent to family members back in the rural areas. Such transfers are an important source of cash income for the rural poor.

The forces that are driving migration from rural to urban areas are so fundamental — essentially, it is a matter of searching for a better life — that the impact of individual projects on the rate of rural-urban migration is not likely to be measurable. Rather, the emphasis should be put on broad policies that determine the "terms of trade" between urban and rural areas to ensure that pricing distortions do not unintentionally encourage migration. For primary

commodities such as rice, wheat and other rural products, policies should ensure that the prices are market-oriented and are not artificially controlled at low levels to the detriment of rural producers. Rather than distorting the prices of food for all consumers and producers, alternative ways should be developed to make food affordable to the urban poor. Policies that favor wide-scale food subsidies for urban residents have generally proven not to be fiscally sustainable. Such policies are being phased out, for example, in People's Republic of China and Pakistan. User charges for urban services should reflect the cost of providing these services, including the cost of addressing environmental problems. Exchange rate policies may also affect the terms of trade between urban and rural areas. If government policies are designed to maintain an overvalued currency, imports will be encouraged and exports discouraged, and imports are largely consumed in urban areas. A market-oriented exchange rate policy, on the other hand, would encourage a greater production of agricultural products for export in countries having a competitive advantage in agriculture. Because of their wide impact, policies designed to ensure market-oriented terms of trade between urban and rural areas should be pursued and distortions that affect rural-urban migration should be removed. This would encourage wealth to be distributed between the rural and urban areas in an equitable and efficient manner.

Figure 3: Level of Urbanization and GNP Per Capita of Selected DMCs

Source: *Bank's Key Indicators for Developing Asia and Pacific Countries*.

Urban Areas and Economic Performance

All industrial countries have passed through the transition from rural to urban-based economies and many Bank DMCs are having the same experience. Cities are the centers of economic growth and manufacturing. Because large cities provide the transport, communications, trade and business linkages between the domestic economy and international markets, they tend to be the incubators of innovation. Cities play an important role in disseminating technical information and new ideas which are essential to economic development. While some urban economic activities are large-scale (e.g. modern factories and banking), small-scale private businesses (e.g. small retail stores and distribution dealerships) are the foundation of most urban economies.

Despite the many difficulties associated with urbanization (e.g. overloaded infrastructure, traffic congestion and pollution), there is a close correlation between higher incomes and the degree of urbanization (see Figure 3). In most DMCs, urban areas generate over half their measured national economic outputs and raise three quarters of the national taxes. During the 1990s, about 80 per cent of the region's economic growth will come from its urban economies. By the turn of the century, about two thirds of its national output will be generated in cities. Because of the higher productivity of urban economies and economies of

scale, cities are able to generate goods and services far in excess of their share of the national population. For example, in the Philippines, the National Capital Region, which accounts for about 14 per cent of total population, contributes about a third of the country's gross domestic product (GDP). Similarly, the 6 per cent of Pakistanis living in Karachi generate 15 per cent of Pakistan's GDP. Jakarta, with 5 per cent of the total population, accounts for 11 per cent of Indonesia's GDP. This emphasizes the need to ensure that policies are in place that encourage productivity and economic efficiency in urban economies.

Urban and rural development are complementary. Strengthening linkages between urban centers and rural areas is necessary to ensure that the two remain mutually reinforcing. Towns and cities provide markets for rural products and jobs to absorb surplus rural labor. If marketing systems are improved for both agricultural products and inputs, production, employment and the scope for private enterprise in rural areas and cities can be increased. Efficient infrastructure, services and facilities can facilitate complementary rural-urban development which normally results in a diversification and commercialization of rural economies. If properly strengthened, the rural-urban dynamics can help ensure that investments in services (e.g. financial, legal, medical), facilities, infrastructure (e.g. efficient transport, good communications) and

Box 1: Paying for Urban Water Supply

Access to potable water is essential for urban life. Based on the Bank's experience, cost-effective and sustainable water supply in cities is most often achieved through autonomous agencies which operate in a financially self-sustaining manner. Where governments have provided them with greater autonomy, water utilities have responded by improving efficiency and levels of cost recovery in a manner equitable for the urban poor.

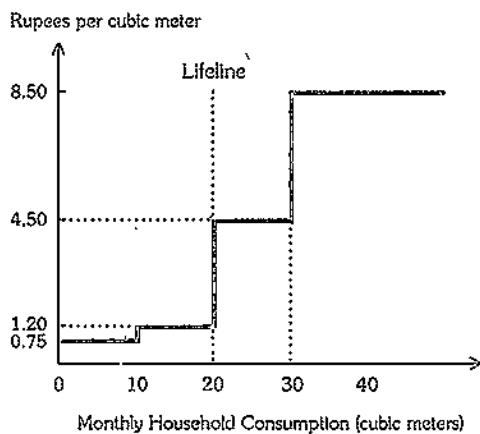
Tariff Setting: The Bank advocates that tariffs should be set to recover the full costs from users in order to encourage efficient resource use. Because potable water is a basic human need, however, ways must be found to balance cost recovery with equitable access. This may require some cross-subsidization from one class of consumers to another. In Indonesia, Philippines and Sri Lanka, utilities have made regular tariff increases while protecting the interests of low income consumers through: (i) affordable prices for community stand-pipe supplies; (ii) life-line rates for low income groups; (iii) higher rates for those consuming near the average; and (iv) higher tariffs for high consumption.

For example, in Colombo there is a large differential between the life-line and higher tariff rates (see Chart 1). In Indonesia, with Bank assistance, the Semarang Water Enterprise simplified the tariff structure while ensuring that low income consumers paid between 2 and 3 per cent of their average monthly household income for water. In the Philippines, demand management is being pursued through punitive tariffs on excessive consumption.

Operational Efficiency: The Bank promotes the pursuit of operating efficiency. This has been demonstrated in a dramatic reduction in the proportion of total water which is not paid for (non-revenue water) in Bangkok (see Chart 2).

Financial Management: Efficient collection of revenues is also required to achieve good financial performance. In Bangkok, where the Bank has been actively involved since 1973 by providing loans totalling \$218.5 million, impressive gains have been made in billing and collection. Accounts receivable have been reduced to the equivalent of 0.31 months of sales. This has contributed to an improved financial performance, as shown in Chart 3.

Chart 1: Colombo Water Tariffs



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Chart 2: Reduction of Non-Revenue Water

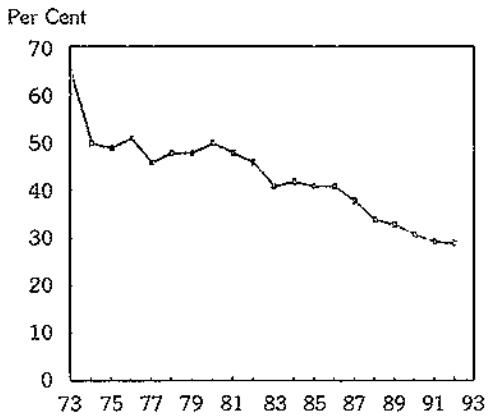
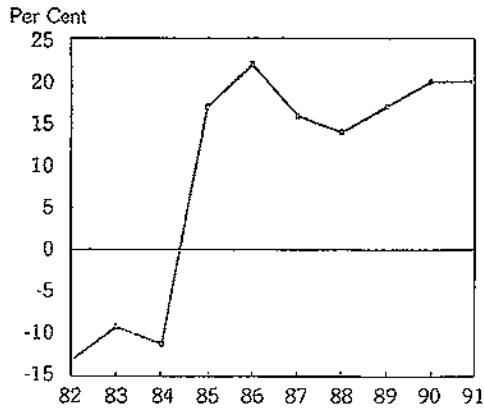


Chart 3: Improvements in Return on Equity



productive activities (e.g. markets, distribution centers) that are located strategically in towns and cities serve a wide area. Cities such as Seoul and Colombo have been particularly successful in improving their integration and transportation links with their hinterlands.

THE CHALLENGES

Despite the fact that they contribute significantly to economic development and have relatively higher labor and capital productivity, cities — especially large cities — generally experience significant problems with regard to infrastructure and services, environment and urban management. The challenge facing DMCs is how to manage these problems on a sustainable basis and to improve conditions so that city economies can offer better living standards for their residents. This will require massive, sustained and coordinated efforts well into the next century.

Because of the demographic trends outlined above and the fact that urban economies are an important source of economic growth, policymakers need to pay increasing attention to the economic dimensions of urbanization. Necessary policies must be developed at both national and local levels to enhance the productivity and efficiency of urban economies in a manner that facilitates an equitable distribution of wealth. There is a need for a better understanding of the impact of macroeconomic policies and instruments on urban economies and the pace and pattern of urbanization. Effective fiscal, monetary and pricing policies can contribute to a complementary urban-rural development. Appropriate tax and incentive programs encourage domestic savings, assist in developing financial markets and foster private sector investment. Industrial incentives and health and education facilities enhance urban development.

Infrastructure and Services

In many cities in the region, inadequate infrastructure has resulted in economic inefficiencies, limiting the productivity of firms and households. For example, production is constrained by electricity shortages in Manila, traffic congestion impedes the efficient movement of goods and services in Bangkok and insufficient water supply is affecting industrial development in Karachi. While many types of urban infrastructure are required to support economic growth, two — water supply and urban transport — deserve special mention.

Safe water includes treated water or untreated but uncontaminated water from springs, wells and bore holes. In all countries in the region, except Bangladesh, Pakistan, Thailand, Tonga, Vanuatu and Western Samoa, the proportion of rural residents with access to safe drinking water is higher than the proportion of urban residents. Rapid

urbanization and industrialization make major demands on water resources. Water-related problems in large cities include low reliability of supply, poor quality, inadequate access to piped water and little provision for waste-water disposal. Although many cities in the region have made major investments to improve water supply and sanitation (e.g. Bandung, Bangkok, Incheon, Mandalay and Manila), there will be a continuing need to develop appropriate strategies, programs and plans to manage water resources and increase water supplies. Two issues which are of particular concern to the Bank in this respect are to ensure the sustainability of projects through adequate financial performance and cost recovery, and to make the urban poor's access to potable water equitable (see Box 1).

Rapid urbanization and industrialization make major demands on water resources. To cater for increasing demand, DMCs are having to tap water resources farther and farther away from urban centers. This not only results in higher costs but also involves making a choice between uses of water for drinking, industry, hydropower generation and irrigation. The experience in Bangkok indicates that high-density urban agglomerations and potential megacities, more than others, are often required to adopt an integrated planning approach to optimize resource use. Under such circumstances, DMCs would need to consider suitable pricing mechanisms to manage demand and rationalize the allocation of water among competing uses.

Traffic congestion is common to most large cities in the region. Commercial activity is disrupted as time is spent inefficiently, vehicles consume additional fuel, their operating costs increase and air pollution levels rise. Adding to these problems are increases in vehicle fleets, with consequent increases in the number of traffic accidents. While demand management to cope with these problems has proven to be effective in Singapore, it has been difficult to implement in other cities. To address these issues, transport policy should be directed towards three principal objectives: (i) integrating land use and transport development; (ii) maximizing the use of existing road space; and (iii) improving the performance of public transport. Traffic management and engineering, the ownership, franchising and regulation of public transport, and transport tariffs and user charges are issues that must be dealt with. The experience in Bangkok indicates that, if appropriate policies are adopted, private sector capital can be mobilized to help alleviate urban transport constraints (see Box 2). In some large cities (e.g. Beijing, Calcutta, Manila, Hong Kong, Singapore), mass transit systems have been developed to provide a high capacity, efficient service for commuters. While it is a fact that the mass rapid transit systems in the region are not yet able to fully recover their operating and capital costs from passenger fares, increased land values resulting from the construction of such systems provide a potential source of indirect revenue to recover some of the investment costs.

Box 2: Easing Traffic in Bangkok

Thailand's rapid economic growth during the 1980s — about 7.7 per cent per annum in real terms — has placed great strains on Bangkok's road transport. The Bangkok Metropolitan Area generates 53 per cent of the national economic output and has a population of about 8.9 million. Large increases in vehicle ownership, one of the consequences of economic growth, have increased traffic volumes beyond the optimal capacity of the road system. The serious traffic congestion which has developed as a consequence has economic costs and is adversely affecting the quality of life in the city.

Making Bangkok's transport more efficient is crucial to Thailand's continued economic growth. Consequently, the Government accords high priority to both public and private sector investment in urban transport infrastructure. Similarly, the Bank's operational strategy in Thailand focuses upon the elimination of infrastructure bottlenecks. Within this strategic framework, the Bank has funded two urban transport projects in Bangkok.

Thailand's Government was one of the first in the region to recognize the potential for using private sector resources to develop transport infrastructure and services. In 1990, the Bank supported these efforts by helping to finance the Bangkok Expressway Company Limited in establishing a 37 km long, elevated Second Stage Expressway System. The Bank took Baht 250 million (\$10 million equivalent) equity in the company and provided a loan without government guarantee of \$30 million. The Project will improve access to and from the central business district as well as allow through-city traffic. The first stage will be open to traffic in 1993. By the turn of the century, about 650,000 vehicles per day will be using the Second Stage Expressway.

In 1992, the Bank approved a \$70.3 million loan to finance the Bangkok Urban Transport Project. The Project's core component is the construction of a 5.1 km highway, representing the missing link in the Thonburi Road corridor leading to the central business district. It will also increase the efficiency of land utilization through distributor road development in the western sector of the city. In addition, advice on traffic management and transport planning will be provided. When completed in 1997, the highway constructed under the Project will be used by more than 100,000 vehicles per day.

Reducing Urban Poverty

Although the growth of urban economies in the region is leading to higher incomes and improved welfare for many, not all urban residents have benefited to the same extent. Substantial income disparities exist in all cities. Children constitute a large portion of the urban poor. In most poor households, women have the responsibility for eking out meager family incomes. Between a quarter and a third of the urban population in the region are poor. All large cities have significant proportions of their populations living below the poverty line. However, during the 1980s, countries such as Indonesia, Republic of Korea, Malaysia and Thailand made some progress in reducing urban poverty.

Although the incidence of poverty in most countries is usually greater in rural areas than in urban, there are large numbers of poor people in all cities in the region. Living conditions of the urban poor are characterized by overcrowding, widespread malnutrition, inadequate basic environmental and sanitary conditions, high incidence of environment-related diseases and high crime rates. Poverty in these areas is associated with high fertility, low life expectancy and high infant mortality. Unless addressed, urban poverty can be a politically explosive problem. The growing concern about urban poverty points to the need for a strategy that will integrate these issues within an urban

development policy framework. A major challenge of urbanization is to improve economic efficiency and productivity while concurrently reducing poverty, thus facilitating a more equitable economic growth. Urban development programs should be targeted to offer income-generating activities for the poor living in slums and squatter areas while economic policies should encourage productivity improvements of the urban labor force, facilitate the expansion of small-scale enterprises and promote efficiency in the informal sector.

The informal sector plays a major role in urban economies and provides employment to a large number of people. For example, about three-quarters of shelters in DMCs are constructed in the informal sector, water is often bought from private vendors or collected from wells and transportation is provided by informal operators. By removing constraints on the growth of the informal sector and improving its performance and productivity, a significant contribution can be made to urban poverty reduction. Particular attention is required to be paid to the needs of women when designing livelihood components of urban development projects. Although women are affected by urban poverty, the potential for productive employment and access to necessary social services appear to be greater for urban women than their rural counterparts.

This broad strategy should be balanced by investments

in human resources and social development for the urban poor. Investment in education, health and population programs, particularly those designed to be of the greatest benefit to lower-income groups, produces clear and substantial economic and developmental returns. Education helps the individual absorb training better and creates a productive and adaptable work force. A healthy work force is more productive and able to make a larger contribution to the economy. Investment in maternal and child health and nutrition, and efforts to encourage smaller families and greater birth spacing, contribute to healthier and better-educated children. Basic health and education programs not only improve the material well-being of children in the short term but also serve to enhance their income-earning potential over time.

Shelter and employment programs targeted at the urban poor have been successfully implemented in India, Indonesia, Philippines and Thailand. The living conditions of the urban poor and their capacity to improve their own environment depend on inter-related factors such as access to adequate housing, security of land tenure and the availability of housing finance. Providing for adequate housing can significantly improve the quality of life of the urban poor (see Box 3). There is also a need to give the poor better access to basic urban infrastructure and services, such as water supply, sanitation and solid waste disposal.

The encouragement of participatory strategies, based on community self-help and efforts by residents themselves, together with a better targeting of basic services, affordable urban land (including land tenure) and revisions to building codes and standards, can be of help in improving the lot of the urban poor. Such a participatory approach should involve close cooperation with non-governmental organizations (NGOs) and address the concerns and needs of women. In most developing countries, community-based NGOs play a crucial role in supplementing government services, supporting the urban poor and facilitating the poor's access to public services. In providing services to the urban poor, the competing interests of cost recovery and equity must be balanced. Innovative methods of cost recovery and cross-subsidization can be used to ensure that the urban poor have access to basic services which are provided in an efficient manner. If subsidies are required because of equity considerations, they should be targeted and designed to be explicit, transparent and efficient.

Improving the Urban Environment

Most large cities in the region face environmental problems arising from poorly managed urban development and activities. In many countries, environmental degradation is more severe in urban areas than in rural. New approaches are needed to ensure that urban environments are preserved, restored and protected. Planning and guiding urbanization in a manner that safeguards existing

environmental resources and minimizes environmental degradation is essential.

Urban growth increases pressures on the natural environment. Inadequate infrastructure and inefficient urban and environmental management can cause severe depletion of land and water resources and serious pollution of land, water and air. Indicators commonly used to measure air quality are levels of carbon monoxide, suspended particles, sulfur dioxide and lead. A survey of 56 cities throughout the world, conducted as part of the Global Environment Monitoring System, found that nine cities in the region were among the 20 most polluted cities in terms of suspended particles and 12 in terms of sulfur dioxide. Seven cities — Beijing, Calcutta, Guangzhou, Manila, Shanghai, Shenyang and Xian — were among the 20 most polluted cities based on both of these measures of air pollution. Efforts are being made to address this problem. In cities such as Beijing and Shanghai, replacing the burning of brown coal with more environment-friendly methods of heating (e.g. gas, electricity) and adjusting the price of energy and coal to encourage more efficient use are producing some positive results.

By generating diesel smoke, carbon monoxide and lead, motorized urban transport is a major contributor to air pollution. Although efforts are being made to improve traffic management, urban traffic and the number of motor vehicles are growing rapidly. Mitigating the environmental impact of urban traffic is a major challenge in all large cities. During the 1980s, cities such as Bangkok, Jakarta and Seoul have made progress in reducing the levels of vehicular pollution. Strategies to address this problem involve removing price distortions which encourage the use of diesel rather than gasoline, taking steps to reduce the lead content of gasoline and the sulphur content of diesel, encouraging the use of engines which better meet emission standards and improving inspection and enforcement. The Bank has undertaken policy dialogue to remove some of the price distortions for diesel and gasoline in the Philippines and Indonesia and technical assistance has been provided to determine how the Bank can assist in addressing the problem of vehicular pollution in Manila.

Some of the most visible environmental ills of urban areas arise from inadequate solid waste disposal, pollution of urban waterways and contamination of groundwater sources due to inadequate sewerage and sanitation facilities. During the 1980s, some progress was made in improving solid waste management and sanitation in countries like Indonesia, Republic of Korea and Malaysia. However, the magnitude of water-related urban environmental problems in the region remains serious. For example, over-exploitation of fresh groundwater in the southern and eastern parts of Bangkok is causing the city to sink by 5-10 centimeters a year. In Bangladesh, India, Myanmar, Nepal, Thailand and Western Samoa, the percentage of urban residents having access to potable water declined during the 1980s. Pollution

Box 3: Housing Squatters in Manila

In 1986, Noa and Lucy Fabillar moved to Manila from Dumaguete City in the southern Philippine island of Negros in search of a better life. For the next five years, the Fabillars and their two children lived in a squatter area in the Manila Port area. Once, their shanty was destroyed by fire and they had to rebuild it.

Today, they are proud owners of a small apartment built under a scheme by the National Housing Authority (NHA). The five Fabillars — including an aunt — moved into their 22.5 square meter, fourth floor unit in June 1990. They have to pay a monthly mortgage of 275 pesos (\$11) in addition to electricity and water charges averaging about 200 pesos a month. But the extra costs — in the squatter settlement, there was no rent and electricity and water were frequently obtained from illegal connections — are well worth it, says Mrs. Fabillar. Aside from the security of owning their own home, "it's much nicer here than in *Bunkers* (the colloquial name for a squatter area officially known as Slip 17 at Manila Port)," she said. "It is much cleaner here and more peaceful." Noa, 39, earns 3,000 pesos a month as a security guard and his wife, 40, often earns more than that as a midwife. "Our increased expenses are affordable," says the burly Mr. Fabillar. "It was always our dream to own our home."

On the lower floor in the same apartment block, the Maco family of five share a unit with a dog and two glass bowls of pet tilapia fish. "We moved here in July 1990 after more than a decade of living in squatter areas in Quezon City and Manila," says Elvie Maco, 38. "I am much happier here. In the old place, the kids were sick a lot more — with LBM (loose bowel movement), *lagnat* (fever) and bronko (broncho-pneumonia). And there was more drunkenness and fighting around us."

Her husband Rogelio agrees that the responsibilities of meeting mortgage payments and utility bills are an incentive to increase one's income. An auto mechanic who has developed his own small business, Mr. Maco makes around 5,000 pesos a month.

The Fabillars and the Macos are good examples of how squatters can be assisted into becoming happier and more productive members of society.

They are among nearly 1,000 families who have been relocated under the Bank-assisted Second Manila Port Project to make way for the construction of three additional berths and a storage area. The relocation was carried out by NHA with the help of the Philippine Ports Authority (PPA), which contributed some 15 million pesos towards the costs of relocation.

The squatters were offered a choice of locations. Some 333 families chose to move to the Vitas condominium project — 35 four-storey blocks located in Tondo, a few kilometers north of the port area. Others moved to rural areas outside Manila — 441 families transferred to the Bagong Silang project in Kalookan and 94 to Dasmarinas in Cavite. These families were provided with lots and were helped in moving their shanties and belongings. Still others chose to accept assistance to return to their provinces.

"Offering squatters a chance to own their own home is the best incentive to ensure the success of a relocation scheme. Such a scheme at the right location, a very important consideration to the poor, can often encourage people to switch from menial work, such as scavenging and even illegal activities, to more productive jobs that also generate a larger and more regular income," says B. K. Lee, a Senior Urban Development Specialist with the Bank. He cites the example of the Vitas housing project, where most of the men work as stevedores.

Squatters can cause economic and social problems. They tap both power and water through illegal connections. Congested shanty towns without sewerage or sanitary facilities also pose fire and health hazards. Law and order problems are also common in such communities. Clearly, moving squatters to affordable housing at the right location benefits them and the society alike. However, a number of problems explain why only a fraction of Metro Manila's estimated 3 million squatters have been rehoused.

On the level of local government, a shortage of funds is a major obstacle. NHA's request for assistance from PPA to relocate the squatters from Slip 17 illustrates the problem.

It is also often difficult to persuade squatters to move. "It took us more than six months to persuade those living at Slip 17 to move," says Eric Archibald, a PPA supervising engineer involved in the relocation. This can be due to a variety of reasons: an inability to meet mortgage requirements; a reluctance to lose strong community ties; a resistance to change; or a mistrust of government schemes.

For their part, the authorities also can experience difficulty in identifying genuine squatters who are both needy and likely to make use of the opportunity provided them. The authorities keep master lists of squatters and the local communities (barangays) also do their part to screen out the "fakes" and help the deserving cases.

is destroying fisheries in areas near Jakarta, Manila and Seoul. Most urban rivers (e.g. the Pasig River in Manila, the Brantas River in East Java and the Lyari and Malir Rivers in Karachi) are heavily polluted by untreated sewage and industrial wastes. Nevertheless, the cleanups of the Han River in the Republic of Korea and Singapore River during the 1980s indicate that actions to address water pollution can be successful.

Simply addressing the management of physical resources will not lead to a desirable pattern of development unless adequate attention is paid to price adjustments to encourage environment-friendly behavior and the strengthening of human, capital and information resources. Each city needs to develop its own, localized strategy that responds to existing environmental conditions, socioeconomic systems and government structures. There are, however, some key elements that are likely to be common to most strategies: (i) conservation of nonrenewable resources and resource rehabilitation; (ii) management, control and treatment of waste; (iii) a greater reliance on market-based instruments (e.g. polluters pay) to supplement regulatory approaches; and (iv) financial sustainability. During the 1980s, Singapore successfully adopted policies which integrated economic and environmental management. Massive investments are required to address urban environmental problems. The Bank has begun to assist in addressing these problems by financing integrated urban environment projects (see Box 4).

Making funding for urban development projects conditional on a satisfactory environmental impact assessment will gradually help to improve the quality of such assessments. The approach to managing urban environments must, however, recognize the interdependence between environmental conditions, relative prices and broader economic and environmental planning and policymaking. The effectiveness of environmental safeguards built into individual urban projects is often determined by policies related to cost recovery for pollution, environmental standards, regulations and enforcement. While the design of individual urban projects or programs should be improved by subjecting them to environmental assessments, this must be accompanied by better planning and policymaking capabilities.

Managing Sustainable Urban Development

Sustainable urban management, particularly in rapidly growing cities, requires strong institutions and appropriate financial systems and cost recovery policies. In most countries, central governments play a dominant role in planning and financing urban infrastructure. Institutional arrangements for the planning, programming and coordination of urban development and management must be improved. Urban development and management require vertical coordination among central, state/provincial and

local governments and horizontal coordination among departments and authorities concerned at different levels of government. Although many central governments empower local governments to develop and provide urban infrastructure and services, most of the expertise and financial resources rest with the central government. There is a need to enhance the role of municipalities in urban development and decentralize authority and accountability. Some countries (e.g. Bangladesh, Indonesia, Nepal and Philippines) have made progress in this respect. Decentralization must, however, be accompanied by institutional and human resource development at the municipal level. In some DMCs, urban regulatory frameworks are poorly formulated and their application is usually time consuming and not transparent. Often, weak regulatory frameworks are accompanied by inappropriate pricing policies which do not encourage desired behavior. Weaknesses exist in most municipal institutions, both financial and technical, and programs designed to strengthen local governments will be required during the rest of the 1990s. An adequate number of well trained urban administrators, engineers and planners is essential if authority is to be successfully devolved to local governments.

In most developing countries, local resource mobilization is insufficient and many municipal governments are excessively dependent on central governments for grants and subsidies. The financial weakness of local governments affects their fiscal performance and constrains their ability to provide municipal infrastructure and services. In most DMCs, the potential for financial resource mobilization at the local level is not adequately exploited. The potential exists for introducing more direct user charges to recover costs, adjusting the level and structure of local taxes and improving the efficiency of local tax collection (see Box 5). In addition to their role in mobilizing resources, cost recovery policies should be viewed as a means of enhancing urban development and using scarce resources more efficiently. Other problems related to municipal finance include inadequate revenue administration, an absence of proper maps and information systems and ill-defined central-local fiscal relations (e.g. central-local grant policies; the method of channelling central funds for local purposes; and grant-loan-equity formula for project financing).

Efficient urban-based economic growth depends, among other things, on the reform of public sector enterprises and a greater participation of the private sector. Public sector partnership with the private sector, including NGOs and informal enterprises, is growing and needs to be further encouraged. During the 1980s, most DMCs adopted policies to encourage privatization in view of increasing demands for services and infrastructure, although the extent and speed with which DMCs have implemented privatization schemes vary. Involving the private sector has many advantages. It provides financial resources, generates efficiency, is able to respond to market forces and can take

Box 4: Improving Urban Environment in PRC

Air quality is poor in virtually all of PRC's large cities, primarily because of the widespread and inefficient combustion of low-quality coal. About 70 per cent of the wintertime atmospheric loading reflects coal burning for power generation, industrial production and household needs. Air pollution in urban areas often surpasses the State norms by several orders of magnitude. Pulmonary diseases linked to air pollution are the leading cause of death in the country. Air pollution also contributes to the global problems of acid rain, greenhouse gases and ozone-depleting emissions. Coastal waters and rivers near urban centers are polluted in PRC. In most cities industrial waste water is the predominant source of water pollution. Of the 25 billion tons of industrial waste water discharged annually in PRC, only about one-third is treated. The capacity for municipal waste water treatment is only a fraction of the total municipal waste water discharge. Runoff from untreated solid and hazardous wastes contaminates aquifers, the main source of drinking water for urban areas.

The Bank's PRC strategy accords high priority to addressing urban environmental problems. Qingdao was selected as the site of the Bank's first comprehensive urban environmental improvement project. Rapid growth and industrialization in Qingdao, reliance on coal for meeting energy needs and a lack of adequate mitigation measures have led to adverse environmental conditions. Water and air quality in Qingdao is poor. Waste water and sewage are discharged without treatment. For about ten months of the year, residents breath air that is well below acceptable standards.

A comprehensive plan to clean up the environment has been formulated which addresses air and water pollution by: (i) substituting gas, a cleaner fuel, for coal; (ii) improving efficiency by developing combined heat and power systems; and (iii) establishing waste water and sewage treatment facilities. Addressing the environmental problems in Qingdao will require a massive investment, estimated at about \$727 million during the 1990s. About 80 per cent of this cost will be financed by enterprises, 10 per cent by an environmental fund raised by polluter-fees and 10 per cent by the Qingdao Municipal Government. The Bank has provided a \$103 million loan to assist in implementing this long-term strategy for addressing environmental problems in Qingdao. Under the Bank project, air and water pollution is to be reduced by introducing environmentally sound technologies, improving efficiency and conservation, using cleaner forms of energy and providing sewage treatment facilities. Provisions have been made to upgrade the managerial and technical skills of the relevant agencies, strengthen environmental management and monitoring, and introduce commercial practices and cost recovery to improve efficiency and accountability. The contribution of the project to the environmental improvement in Qingdao is expected to be substantial. Use of about 1.3 million tons of coal per annum in thousands of inefficient domestic stoves and small boilers, which are a major source of air pollution, will be eliminated. Instead, gas will be supplied as the energy source, and steam and hot water will be provided for heating. These measures will reduce the average annual sulfur dioxide concentration by about 40 per cent, smoke and total suspended particulate concentration by 25 per cent and carbon dioxide emission by about 5 per cent. Waste water and sewage treatment facilities will be established to treat about 14 per cent of all industrial waste water and 8 per cent of all domestic sewage.

Sustainable environmental improvement in Qingdao requires policy changes as well as capital investment and institutional strengthening. The use of market forces to address environmental problems was incorporated into the project design. The project will promote coal price liberalization and elimination of subsidies to encourage efficient energy use. Policy dialogue undertaken during project processing promoted sound financial and cost recovery policies to sustain urban services required to reduce pollution. Since companies will recover costs through tariffs, existing subsidies will be eliminated. Because consumers will bear full costs, the use of gas, industrial steam, district heating and water treatment will become more efficient.

investment and operational decisions with speed and flexibility. Because of these factors, the Bank supports the adoption of policies which will encourage greater private sector participation in urban development.

Public services can be contracted out to the private sector (e.g. road maintenance and garbage collection). Experience has shown that the private sector generally operates bus services more efficiently than the public sector. In Calcutta and Bangkok, for example, private mini-buses

provide convenient and flexible services in and around poor neighborhoods. Privately-owned buses and jeepneys provide urban transport in the Philippines and the Government is examining ways of privatizing the light rail transit system in Manila. There is scope for privatization of other municipal services. In Nepal, many town governments use private contractors to collect taxes, and in Sri Lanka municipal markets are rented to private merchants under tender. The greater the degree of competition and market forces in the

Box 5: Urban Management in Bangladesh

Over the past decade, Bangladesh's urban population has grown by over 6 per cent per year. Because of this rapid growth, there is increasing pressure on urban services and infrastructure, which is degrading the urban environment in Dhaka, with a population of 6.8 million, as well as secondary cities and towns. The Bank seeks to improve urban management in Bangladesh to encourage sustainable, efficient and equitable urban development and has addressed issues like: (i) cost recovery and financial management; (ii) inter-agency coordination; (iii) greater private sector involvement in urban development; and (iv) urban management and operation and maintenance practices. To sustain investments in urban infrastructure, greater attention is being paid to local resource mobilization. Land development controls and procedures are being improved for more effective urban land management, including better utilization of government-owned land. The land classification system is being revised to better reflect market use and thereby increase the yield from land development tax. In addition, the structure, level and efficiency of collection of property taxes are being improved and municipal financial management systems strengthened. Improved domestic resource mobilization and financial management at the municipal level should make it possible to finance more capital investment and provide adequate funds for operation and maintenance. To complement government efforts, a framework will be developed to promote cooperative private-public sector operations. Areas which have been identified for increased private sector participation in urban management include urban services, such as billing and collection, and operation and maintenance.

The Bank has supported the Government's urban development program by providing four loans totalling \$213.7 million. Two of these loans, totalling \$115.7 million, were primarily for upgrading Dhaka's urban infrastructure and protecting the city from perennial flooding. Municipal roads are being rehabilitated and land is being developed as residential plots for low-income groups. Solid waste management facilities are being improved and coverage extended. Improvements are also being made to about 30 hectares of slum and squatter areas. The sewerage system is being rehabilitated and 78 kilometers of major drains are being dredged and cleaned. This project is expected to have a substantial impact on the urban poor as about 60 per cent of the city's households are estimated to have incomes below the poverty line.

The other two loans, totalling \$98 million, are to assist the Government in improving urban infrastructure and services in 16 secondary towns (e.g. Khulna, Dinajpur and Moulvi Bazaar). The projects are designed to provide a relatively flood-free environment and to improve water supply, sanitation, drainage and solid waste disposal. The majority of the project beneficiaries will be urban poor who are currently living in poor environmental conditions. About \$1 million in technical assistance has also been provided for institutional strengthening of municipal governments in secondary towns. This assistance has focused on improving planning, engineering, maintenance and financial management capabilities.

delivery of such services, the lesser is the government regulation required. If, however, a private entrepreneur is given a monopoly right to provide public services, the objective must be transparent and government regulation equitable.

In the 1960s and 1970s, it was accepted in most DMCs that it was the responsibility of the government to provide virtually all urban infrastructure. Because of limited government resources and human resource constraints, this pattern of investment was not sustainable. During the 1980s, several countries in the region (e.g. Indonesia, Malaysia, Philippines and Thailand) adopted policies to encourage the private sector to invest in urban infrastructure, such as roads, using the build-operate-transfer method. Large water treatment plants and solid waste management also offer significant scope for private sector involvement. The Government of Malaysia has taken steps to privatize the Selangor Water Supply Company and has found that the private sector

operates solid waste management systems more efficiently than government agencies. The Government of Indonesia is actively seeking to involve the private sector in water supply and solid waste management. In India, federal and state government agencies are encouraging private companies to become more heavily involved in land development and low-cost housing construction. Many shelter programs of DMCs, whether for slum improvement or sites-and-services, involve the government, the private sector and NGOs as partners.

The opportunities for privatization of government services and private sector investment in infrastructure are greater in urban areas than in rural areas. In determining a policy framework to encourage the private sector, many factors must be considered. One major issue is the degree of freedom the private sector will be given to set and adjust user charges. This is sometimes particularly difficult when there is a private sector monopoly providing a basic public

Box 6: Urban Development In Indonesia

During the last two decades, the urban population of Indonesia grew by 5.2 per cent per annum, reaching about 56 million in 1990, nearly a third of the national population. On average, 1.8 million new urban residents came into urban areas every year. This rapid increase has posed major challenges to the Government. In response, the Government has embarked on several innovative programs and invested heavily in urban development. The Bank has assisted this effort with loans totalling over \$1 billion for 12 urban development projects and four urban water supply projects. In addition to several large cities (e.g., Bandung, Medan and Semarang), this assistance has also benefited nearly 200 towns and secondary cities in West and Central Java and in Sumatra.

Urban development projects financed by the Bank typically benefit a large number of people, most of whom are urban poor. For example, approximately 5.7 million people living in 90 cities and towns in Central Java will benefit from improvements financed under the \$150 million loan for the Central Java and D. I. Yogyakarta Urban Development Sector Project. Approved in 1992, this Project is designed to: (i) improve the urban environment and living conditions, particularly in low-income areas; (ii) reduce impediments to economic growth; and (iii) enhance the capabilities of the local governments in respect of local resource mobilization and financial management, human resource development, environmental management, technical matters, operation and maintenance and urban management. Water supply, waste water treatment, sanitation, solid waste management, urban roads, flood control and drainage and market infrastructure will be improved under the Project. The criteria used to select sub-projects included poverty reduction, community participation, involvement of NGOs and environmental protection and improvement.

Improving urban management capabilities and local resource mobilization are important elements of the Bank's urban development agenda in Indonesia. Over the last decade, management capabilities of municipalities have been substantially improved. The collection of land and building taxes increased by about 30 per cent per annum during the latter half of the 1980s and local taxes went up by about 25 per cent per annum. Gradually the technical and managerial capabilities of local governments have increased and they are now able to assume increasing responsibilities for planning, financing and implementing urban development projects.

service. Governments must also ensure that equity issues, such as service coverage and possible impact on the poor, are appropriately considered.

IMPLICATIONS FOR BANK OPERATIONS

Bank operations in the urban sector have evolved from lending for basic services, such as water supply and low-income housing, in the 1970s, to an increasingly integrated set of infrastructure and service projects, including sanitation, solid waste management, urban transport, land development for low-income groups and slum improvement. Technical assistance has been provided to undertake sector studies and to support regional urban development activities intended to provide the analytical basis for refining Bank operations. The objectives that the Bank seeks to achieve through its urban development operations are to: (i) improve the efficiency in urban economies; (ii) promote equity and services for the urban poor; (iii) enhance the urban environment; and (iv) strengthen institutional and financing capabilities for the sustainable management of urban areas. The Bank's related agenda for policy reform has focused on improving the productivity of cities, reducing poverty, in-

creasing the role of the private sector, decentralizing authority and responsibility for urban affairs and strengthening municipal and housing finance systems. It has sought to strengthen the capabilities of local governments and municipal enterprises and to improve local resource mobilization and financial management through cost recovery and adjustments in the level and structure of local taxes. Recently, the Bank began assessing economic policies essential to the attainment of urban development objectives.

Bank loan and technical assistance projects have had an impact on the region's urban economies and growth, including projects in sectors not directly associated with urban development (e.g. energy, industry, transport and communications). By the end of 1992, the Bank had provided loans totalling about \$3 billion, of which over 40 per cent had been approved during the last five years, and 148 technical assistance grants totalling about \$48 million to finance various urban development projects.

Bank assistance for urban development can be broadly grouped into two categories: (i) stand-alone projects for urban water supply, sewerage, shelter for low-income groups, urban transportation and urban flood protection; and (ii) integrated projects which include a number of these components. Of the 69 Bank-assisted urban development projects, 25 were for improving urban water supply, nine

for sewerage, one was for urban environment improvement, four for urban transport and 30 were integrated urban development projects (see Box 6).

The Bank's efforts have involved some of the larger cities in the region (e.g. Bandung, Bangkok, Dhaka, Incheon, Karachi, Manila, Pusan and Shanghai). In addition, considerable urban development assistance has been provided to several hundred secondary towns, including about 20 in Bangladesh, 200 in Indonesia and 40 in Republic of Korea. An increasing emphasis has been placed on developing the technical, financial and managerial capacities of local governments.

In the 1990s, the Bank's urban development operations have been intensified. Usually, the basic services required by the urban poor (e.g. water supply, sanitation, transport) are also required to create urban environments that enhance economic efficiency and reduce urban poverty through job creation. Resources devoted to policy reviews and reforms and to the strengthening of local institutional capabilities now account for an increasing proportion of the Bank's assistance for urban development. Besides financing project preparatory studies, the Bank's technical assistance has been used increasingly for sector policy reviews and institutional development.

Future Directions

Many policy changes and massive investments will be required to facilitate the ongoing transition in the region from rural to urban societies. In line with these developments, the Bank will intensify and expand its operations in urban areas. Its greater emphasis on strategic planning at the country level provides the management tools which will be used to guide and monitor the increasing allocation of Bank resources for urban development.

Because of the importance of urban economies, greater attention needs to be paid to macroeconomic and urban economic interrelationships. As a regional resource center, the Bank can be expected to target a larger proportion of its research capability on this area. Cities require not only favorable policy environments but also appropriate social and economic infrastructure and services to support growth, productivity and efficiency. Economic growth will be essential to provide the jobs that will be required in cities in the coming decades. In today's globalized economy, cities of the world compete with one another for investment capital, technology and managerial skills. Because both social (e.g. health and education) and economic (e.g. transport, telecommunications and energy) infrastructure have an impact on the growth and productivity of cities, infrastructure needs to be planned in an integrated manner.

One of the Bank's strengths lies in the financing of infrastructure. It can build on this strength to become a catalyst in this area. Research on urban poverty is being undertaken and recently a framework to improve the financial and economic analysis of urban development projects was completed. The results are expected to be used both within the Bank and by executing agencies involved in urban development. Greater emphasis will have to be placed on the coordinated development of a broad set of infrastructure facilities to improve economic efficiency.

The Bank's strategy to reduce urban poverty will emphasize urban economic growth and job creation, plus some targeting of essential urban services at the poor. While the issue of cost recovery must be addressed, equity considerations may negate full cost recovery from the urban poor. Attention will be increasingly turned towards enhancing the role of community-based groups in the delivery of urban services targeted at the urban poor.

A major challenge will be to ensure that urbanization is environmentally sustainable. The expansion of metropolitan areas in the region, including the emergence of megacities, can lead to unprecedented levels of pollution and environmental degradation unless appropriate measures are taken. The Bank is committed to playing a leading role to improve urban environmental management. It has provided technical assistance grants for studies on matters such as managing water resources to meet megacity needs, environmental management of urban projects and vehicular emission, and will continue to use such assistance selectively to promote its role as a regional resource center. The use of appropriate pricing policies to encourage environment-friendly behavior will be an integral part of the Bank's urban environment operations.

Efforts to strengthen municipal planning and management are also expected to be expanded. This will require actions at both national and city levels to: (i) undertake policy reform to involve the private sector in the provision of urban infrastructure and services; (ii) strengthen urban institutions through human resource development and training; (iii) redefine and coordinate the roles of the national and local governments, and decentralize responsibility and accountability; (iv) promote appropriate pricing structures, cost recovery and resource mobilization at the municipal level; and (v) develop appropriate management information and environment monitoring systems. To improve the effectiveness and sustainability of such actions, community-based organizations and beneficiaries must be encouraged to actively participate in project design and implementation, especially in slum improvement areas. Through such actions, the Bank will assist the DMCs in meeting the challenges of urbanization in the twenty-first century.



ECONOMIC DEVELOPMENTS IN DMCs

ALTHOUGH the world economy, which had remained stagnant in 1991, expanded by about one half per cent in 1992, the weakness of such a modest recovery remained significant. A slow recovery in North America, continued contraction in the United Kingdom, Eastern Europe and the countries of the former Soviet Union, as well as a marked slowdown in Germany and Japan delayed the upturn in the world economy generally expected in 1992. The world trading system, under threat from a growing protectionist sentiment, was affected by the continued failure to achieve a satisfactory resolution of the

Uruguay Round of GATT (General Agreement on Tariffs and Trade) negotiations. Export markets in developed countries remained sluggish and the real purchasing power of commodity exports continued to decline as prices fell to their lowest levels in two decades.

The slow growth in world trade affected the economic performance of developing countries, particularly in Latin America and Africa, where GDP growth decelerated during the year. The recovery of the Middle Eastern economies in the aftermath of the Gulf crisis was weaker than expected as oil prices remained low.

ECONOMIC INDICATORS OF ADB DMCs AND REST OF DEVELOPING WORLD

	DMCs ^a			Rest of Developing World		
	1990	1991	1992 ^b	1990	1991	1992
GDP Growth Rate (%)	5.9	6.0	6.9	2.4	1.6	5.6
Inflation Rate (%)	6.4	8.8	7.4	287.6	83.3	87.9
Current Account Balance (\$ billion)	4.6	-5.5	-7.7	-12.8	-73.9	-41.1
Exports (Growth Rate: %)	11.0	14.9	12.5	1.6	1.9	5.0
Imports (Growth Rate: %)	12.3	15.1	12.4	2.1	5.6	5.1
External Debt Outstanding (\$ billion)	366.2	406.5	435.8	910.7	946.2	980.0
Debt-Service Ratio ^c	16.7	15.0	14.6	22.4	25.5	27.2

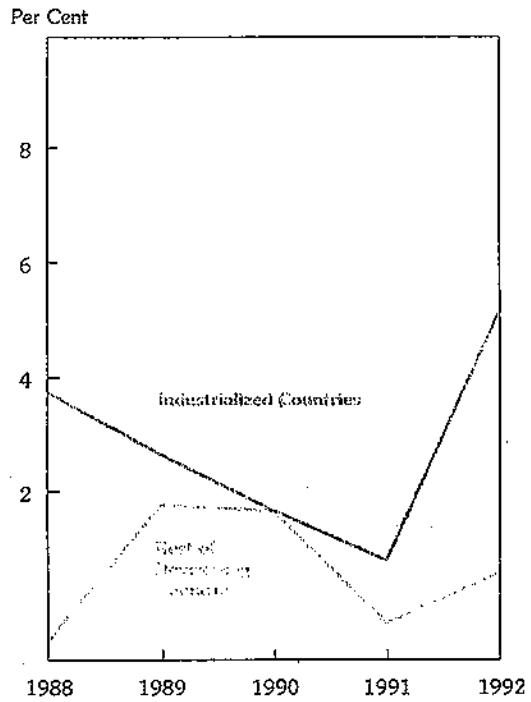
a Average of all DMCs.

b Preliminary estimates.

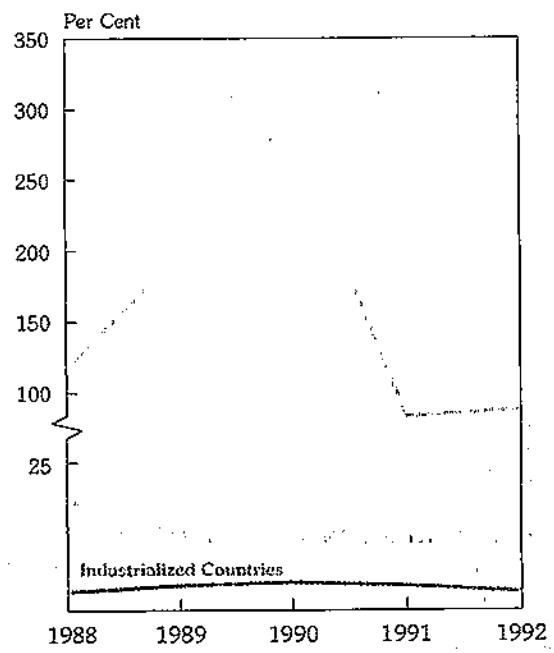
c As percentage of exports of goods and services.

Sources: IMF, *World Economic Outlook*, October 1992 for the rest of developing world.
ADB data file.

World Economic Growth Rates

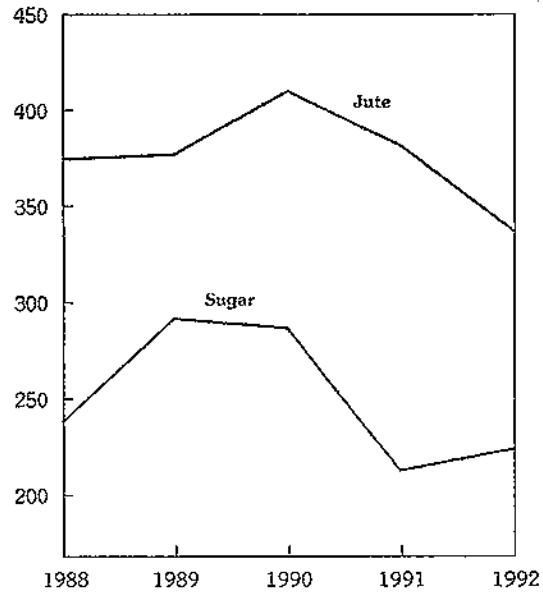
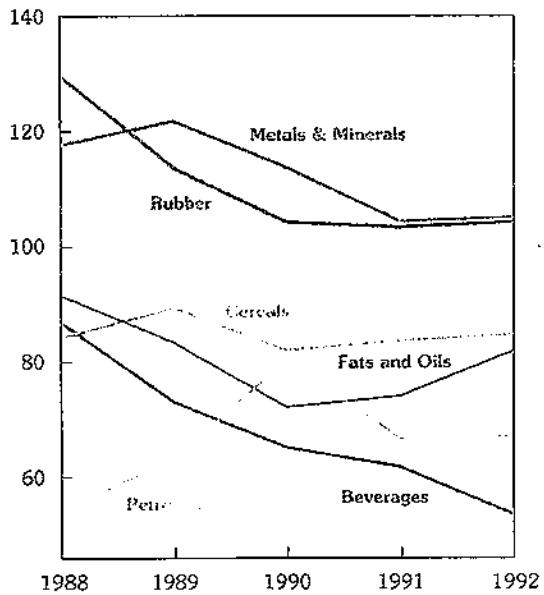


Inflation¹



¹ Refers to consumer prices.

**Commodity Prices
(1978-81 = 100)**



The International Setting

The industrial countries achieved a 1.5 per cent economic growth in 1992, a rather weak recovery following an expansion of only 0.5 per cent in 1991. Australia and Northern American economies experienced a very slow and hesitant recovery after their decline in 1991. In the US, domestic demand remained very weak, reflecting a lack of confidence in the economy and continued adjustments in consumers' debts and corporate balance sheets. In spite of some stimulus from net exports, the economy posted a GDP growth of only a little over 2 per cent. The employment situation did not improve, further undermining consumer confidence. The UK remained mired in recession, with GDP in 1992 falling below that of 1990. High real interest rates, weak domestic demand due to a downward pressure on wages and a high rate of unemployment, as well as financial adjustments induced by falling asset values contributed to the longest post-war recession in the UK economy. GDP, which had contracted by 2.2 per cent in 1991, shrank by a further 0.8 per cent in 1992.

Growth in Germany and Japan slowed considerably by the end of the year. In Germany, the large fiscal deficit partly resulting from the costs of unification kept real interest rates high throughout 1992, affecting both consumption and investment spending. High interest rates also pushed up the value of the German currency, which, together with the slow growth in world trade, retarded the export sector. Germany's GDP shrank during the second and third quarters, but was estimated to have expanded by slightly over 1 per cent for the year as a whole. The Japanese economy experienced its most severe slowdown since the 1973-1974 oil crisis. The impact of asset deflation following sharp drops in stock market prices and in real estate values, together with relatively high interest rates during the year, eroded

confidence in the economy, leading to a significant decline in consumer spending and in investment. The current account, however, registered a record surplus, mainly due to falling import demand. The export sector was adversely affected by slow growth in the US and European markets, and by the appreciation of the yen. Projections for fiscal year 1992 ending 31 March 1993 indicate a GDP growth of less than 2 per cent, which would be less than half the rate recorded in 1991.

The performances of the other Western European countries were rather mixed. GDP growth was somewhat higher in France in 1992 than in 1991, whereas in Italy and many other countries there was a significant slowdown. In the European Community, growth remained sluggish: just over 1 per cent in 1992, against 0.8 per cent in 1991.

In the countries of Eastern Europe and the former Soviet Union, structural reforms to develop market-based economies progressed. However, the process of adjusting to these reforms, in some cases exacerbated by political turmoil, continued to reduce incomes in these economies. Although some progress was apparent in Eastern Europe, where the GDP shrinkage was less severe than in 1991, the GDP decline in the countries of the former Soviet Union accelerated to around 20 per cent.

The economic performance of developing countries in 1992 was varied. Weak export markets and low primary commodity and oil prices affected their growth potential. Yet the economies where significant market-oriented reforms and structural adjustments had been undertaken in recent years continued to post relatively strong growth rates. In Latin America, the growth of income was slightly lower than in 1991. In Africa, GDP for the whole continent expanded by 2 per cent, slightly higher than in 1991.

Overview of Developing Member Countries¹

Despite the slack in the world economy, the Bank's DMCs retained their dynamism and, on the whole, achieved a 6.9 per cent economic growth, compared with 6 per cent in 1991.² However, this was largely attributable to the more rapid growth of a few economies, such as People's

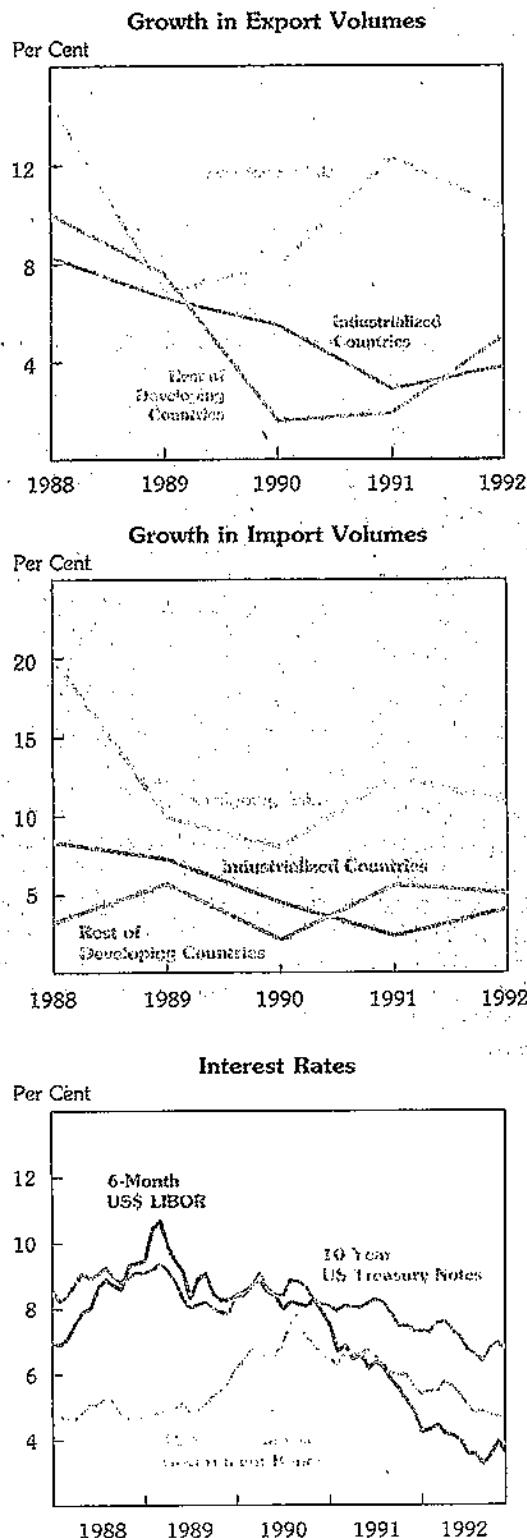
Republic of China (PRC), India, Pakistan and Viet Nam. In fact, many DMCs experienced a reduction in growth.

The most prominent feature of the DMCs' economic performance in 1992 was the 12.8 per cent growth in PRC's GDP. While economic reforms were the main driving force, the strong external sector, including the export and import of merchandise, trade in services and foreign direct investment, also supported the economic surge.

The region's performance also highlighted the fact that

¹ For more detailed information please see *Asian Development Outlook 1993* published for the Asian Development Bank by Oxford University Press, April 1993.

² 1992 data mentioned in this chapter are preliminary estimates.



economic reforms and structural changes undertaken in recent years had begun to take effect in some of the DMCs. Lao PDR and Viet Nam, two former centrally planned economies, showed significant improvements in their economic performance. In India, the positive effect of policy reforms initiated in 1991 provided a favorable environment for the country's moderate recovery in 1992.

Economic growth in many DMCs, including the newly industrializing economies (NIEs) — except in Hong Kong — and major Southeast Asian countries, was adversely affected by the prolonged recession in the world economy and weakened domestic demand. Some of these economies also suffered from shortages of labor and infrastructure bottlenecks.

Inflationary pressures somewhat eased in the DMCs as a whole, reducing the inflation rate to 7.4 per cent from 8.8 per cent in 1991. While the softening of domestic demand was the main reason behind the slower growth in the average price index in the NIEs, tight monetary policies were the biggest factor in the Southeast Asian countries. By contrast, inflation started to build up in PRC as economic expansion gathered momentum.

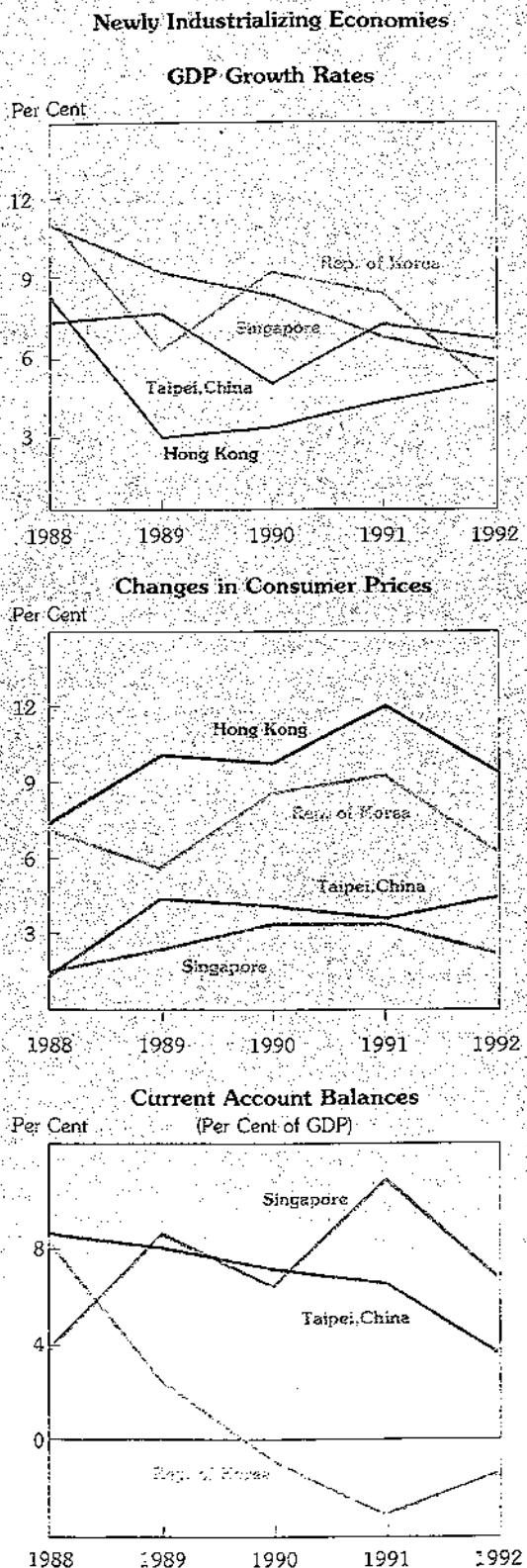
The current account balance of the DMCs as a whole deteriorated, reflecting a higher trade deficit in many of the countries. While a softening in world demand was partly to blame, the deficit arose mainly from a faster growth in imports. In general, foreign direct investment remained high, although the rate of its growth slightly slackened in many countries after the rapid increase in previous years. The slowdown was due partly to problems of absorption and partly to the recession in the industrial world. For most DMCs, however, the external debt situation continued to be comfortable.

Newly Industrializing Economies*

Slower Growth

The prolonged recession in the world economy adversely affected economic growth in the NIEs. The group's average annual growth rate fell from 7.3 per cent in 1991 to 5.3 per cent in 1992, the lowest level recorded since 1985. Domestic demand, which led the countries' rapid economic growth in recent years, weakened in the Republic of Korea, while exports lost momentum in Singapore and Taipei, China. The deceleration of economic growth was particularly noticeable in Republic of Korea and Singapore. In the case of the Republic of Korea, growth was affected partly by the Government's efforts to cool down construction activities and consumption. In Singapore, the construction and transport sectors remained robust, but the manufacturing sector stagnated, reflecting the relocation of

* Hong Kong, Republic of Korea, Singapore and Taipei, China.



labor-intensive activities to the neighboring low-cost countries and the closure of some oil refineries and chemical plants for maintenance. At the same time, its financial and commercial sectors remained weak. Taipei, China suffered a slowdown in exports, although investments grew as a result of the implementation of the six-year national development plan. Hong Kong was the only NIE which experienced an acceleration in growth, largely due to its improved export performance.

The slowdown substantially dissipated inflationary pressures. The average inflation rate for the group, measured by the consumer price index, fell to 5.9 per cent from 7.6 per cent in 1991. Inflation was particularly low in Singapore, due partly to a significant appreciation of the domestic currency since last year. Taipei, China experienced a temporary acceleration in inflation because of a sharp rise in vegetable prices, but still maintained a relatively low rate during the year. Inflation also eased substantially in Hong Kong, where the labor market lost some of its tightness and the effects of the indirect tax increase of 1991 petered off, and in the Republic of Korea, where aggregate demand slowed down, imports of agricultural products increased and prices of real estate and construction materials fell.

External Sector

Exports from Hong Kong rose sharply, benefiting from a booming Chinese economy. On the other hand, the growth rate of exports from Republic of Korea, Taipei, China and Singapore decelerated substantially. While shipments to developing countries remained generally active, sales to industrial countries stagnated. The import growth was particularly strong in Hong Kong, partly as a result of the rapid rise in re-exports, and in Taipei, China due to robust domestic demand. Republic of Korea and Singapore, on the other hand, experienced a significant deceleration in the growth rate of imports. The combined trade balance of the NIEs deteriorated slightly, owing particularly to a sharp reduction in Taipei, China's trade surplus.

Domestic Policies

Monetary policies of the NIEs in 1992 were generally non-expansionary. Taipei, China announced a package of financial measures to tighten credit and dampen fears of rising prices. For the first time, foreign futures trading was allowed and 15 newly approved private banks were permitted to start operations. In the Republic of Korea, foreigners were allowed to invest in the stock market in line with the Government's step-by-step deregulation of the market. The Government also expanded the scope of activities of foreign financial institutions. In Hong Kong, a Liquidity Adjustment Facility was introduced to make overnight Hong Kong dollar liquidity available to licensed banks at a stipulated offer rate. This was done in order to avoid

large fluctuations in interbank rates.

The NIEs' approaches to fiscal policy were varied. In the Republic of Korea, the policy was less expansionary. However, while the Government's attempt to reduce inflationary pressures constrained budget management, some policy emphasis was given on industrial restructuring and technology development. In addition to increased expenditures and incentives on R&D, accelerated depreciation was announced of up to 90 per cent of high-tech investments in the first year starting in 1993. In Taipei, China, public investments rose substantially as the budget deficit was allowed to widen to support the six-year national development plan, which emphasizes infrastructure construction. The progress of the plan, however, was slower than expected because of difficulty in land acquisition, environmental concerns and labor shortage.

Both Republic of Korea and Taipei, China continued to liberalize their external sector. Their import liberalization ratios rose and the average tariff rates were further reduced. In addition, the Korean Government changed its system of foreign exchange management during the year. This change would substantially reduce restrictions on external transactions, keeping such restrictions only in exceptional cases. The Korean Government also established new guidelines to encourage overseas investment by the private sector. In Taipei, China, tariffs were lowered on nearly 2,000 import items, including automobiles and environmental protection equipment. Taipei, China became a GATT observer and obtained the right to attend GATT activities.

The countries' exchange rate policies differed significantly, partly reflecting the trade balance under each economy. The Korean won continued to depreciate against the US dollar, as the country experienced trade deficits. The Singapore dollar, on the other hand, appreciated substantially. The Hong Kong dollar remained broadly stable. During the first half of the year, the New Taiwan dollar continued to appreciate against the US dollar. However, it depreciated during the second half as the balance of payments deteriorated.

Southeast Asia*

Sustained Growth

Economic growth in Southeast Asia as a whole continued to decline and was estimated at 5.8 per cent in 1992. Further slowdowns in Indonesia, Malaysia and Thailand were primarily to blame. The Philippines registered a zero growth rate, an improvement over the negative growth in 1991 caused by natural disasters and severe power

shortages. Lao PDR and Viet Nam both reversed the growth declines registered in the previous year.

Tight monetary policy squeezed domestic demand in Indonesia, and GDP growth of 5.9 per cent in 1992 was down from 6.6 per cent in 1991. As the balance-of-payments position improved and inflation eased, the central bank gradually relaxed monetary policy, which strengthened domestic demand in the latter half of the year. Agriculture recovered after a bad year of drought in 1991, and boosted the non-oil sector. However, both industry and services continued to slow down.

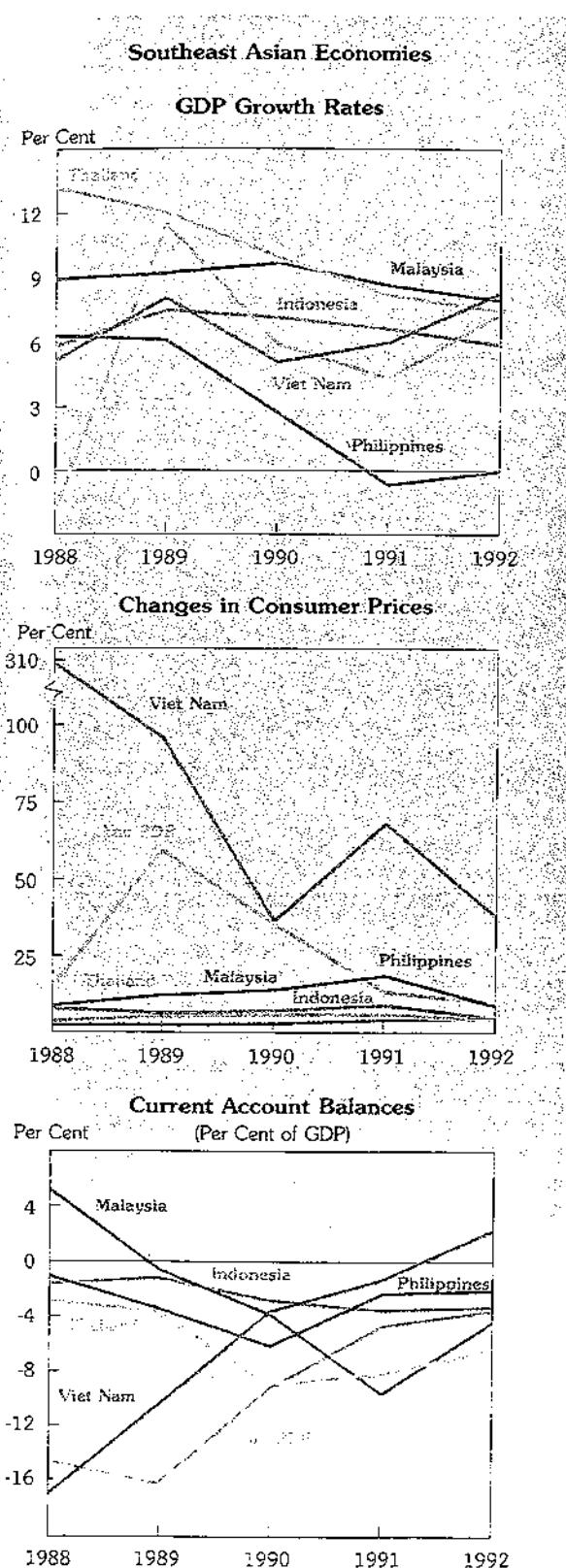
In Malaysia, after the rapid GDP growth of previous years, which had led to labor shortages, higher wages, inflationary pressures and a widening of the current account deficit, domestic monetary policy was tightened. As a result, manufacturing, construction and services slowed down, while agriculture recovered from stagnation in the past two years and mining improved due to a significant growth in gas production.

Political uncertainty, infrastructure bottlenecks and a generally overheated economy were some of the factors that dampened both domestic demand and investment in Thailand. Nonetheless, GDP grew at 7.5 per cent in 1992, slightly slower than the previous year's rate. The impact of the military crackdown in May was limited and a rapid recovery in investment took place shortly after the situation had stabilized. The country's economic fundamentals, in terms of a diversified export market and production structure, remained strong, confidence in the economy picked up sharply following general elections in September and the subsequent peaceful transition of power.

The Philippine economy was hit by a series of natural disasters and a severe power shortage. The economy, which had declined by almost 1 per cent in 1991, staged a very weak recovery during 1992, helped by reconstruction and rehabilitation efforts in calamity areas and recent economic reforms. An austerity program brought inflation under control and interest rates had begun to fall. The peaceful transfer of power helped boost investor confidence and a new medium-term economic plan was put in place envisaging further trade and investment liberalization and greater involvement of the private sector. However, the economy continued to face major problems. The agriculture sector remained vulnerable to natural calamities. A weak infrastructure, epitomized by massive power shortages, continued to dampen investment.

In Lao PDR and Viet Nam, economic reforms showed some positive results in 1992. Following its 1991 decline resulting from a drastic reduction in agricultural output due to both drought and floods, Lao PDR's GDP grew by 7.3 per cent in 1992. Viet Nam achieved a growth rate of 8.3 per cent, against 6 per cent in 1991, with a marked increase in agricultural production, especially food. The buoyancy of Viet Nam's centrally-managed enterprises boosted the industry sector. Private sector participation also

* Indonesia, Lao PDR, Malaysia, Philippines, Thailand and Viet Nam. Singapore is treated under 'Newly Industrializing Economies.'



increased, with many new private enterprises being established and beginning to operate in 1992.

Inflation Eases

Inflation eased during the year in Southeast Asia due mainly to tight monetary policies and more stringent fiscal programs. However, infrastructure bottlenecks and rising wages continued to exert an upward pressure in some countries. In the Philippines, the annual inflation rate decelerated sharply from 18.7 per cent in 1991 to 8.9 per cent in 1992 in the wake of stringent monetary and fiscal programs. These measures were able to offset the effects of power and water rate adjustments, supply bottlenecks resulting from drought and the aftermath of Mt. Pinatubo's eruption. In Indonesia, liquidity and credit squeeze since the end of 1991 restrained domestic demand and helped reduce the inflation rate. In Thailand, there were fears that the introduction of the value-added tax, reductions in personal income tax and substantial wage increases in April would put pressure on prices. However, the continuing slowdown of the economy held inflation to 4.1 per cent. In Malaysia, high growth and wage increases pushed inflation to 4.7 per cent in 1992. Strict controls on monetary expansion and a prudent financial policy helped ease inflation in Viet Nam from close to 70 per cent in 1991 to around 38 per cent in 1992. The Government intervened to ensure adequate supplies of food and production inputs, which helped to stabilize market prices. For the first time, inflation in Lao PDR fell to a single digit, mainly due to the Government's stabilization efforts and tight monetary policy.

External Sector

In some Southeast Asian countries, exports remained robust in 1992. This was particularly true of Malaysia, where manufactured exports maintained their buoyancy, new products were added to the export base and overall exports showed a double-digit growth. Much of Malaysia's recent economic growth has resulted from the positive contribution of the external sector. In contrast, imports showed a growth of only 6 per cent in 1992, compared with over 25 per cent in 1991. A large part of this decline was due to decreased capital goods imports as investment growth decelerated. As a consequence, Malaysia's current account deficit eased to less than 5 per cent of GDP in 1992 compared with almost 10 per cent in the previous year.

Thailand continued to perform well in its exports, which grew by an estimated 17.8 per cent during 1992. However, since imports increased by close to 13 per cent, the current account deficit as a proportion of GDP, though improved, was still 6.4 per cent. Thailand's competitiveness in international trade remained strong despite shortages of skilled labor and higher wages.

The trade balance deteriorated for the Philippines with

an almost 15 per cent growth in imports against a 10 per cent growth in exports. Almost half the growth in imports could be traced to higher purchases of raw materials and intermediate goods. Manufactured imports grew at a much slower pace. On the other hand, manufactured exports, especially electronics and garments, expanded significantly. However, the appreciation of the peso and the sluggish economies of the industrialized countries retarded the overall growth in exports.

Indonesia recorded a 13.5 per cent growth in exports. However, imports grew at a rate much higher than expected as a result of the megaproject sanctioned by the Government in 1992, pushing the current account deficit to almost \$4 billion.

Exports picked up in Viet Nam by over 26 per cent, against an 18.1 per cent decline in 1991, while imports grew by only 9 per cent, compared with negative 20 per cent in the previous year. These changes were due partly to the stabilization of the dong and partly to a substantial increase in crude oil and mineral exports. With the demise of barter trade with the former Soviet Union and Eastern European countries, Viet Nam has undertaken a major restructuring of imports. Lao PDR suffered a widening of its current account deficit to 3.6 per cent of GDP as its exports lagged behind its imports.

Policy Reforms

Behind Southeast Asia's emergence as one of the world's fastest-growing subregions lies its commitment to sustained and consistent policy reforms. This has been the biggest factor in generating investor confidence in the region, both foreign and domestic, and has helped the region absorb and overcome unfavorable circumstances in the world economy. To counter a decline in foreign direct investments over the last couple of years, Malaysia has increased its effort to encourage private domestic investment. The Government has been able to pursue its privatization policy in the context of a rapidly growing economy. The continued development of the Kuala Lumpur Stock Exchange has made the stock market an important source of capital for the country's private sector.

Deregulation of the Indonesian economy, particularly in the financial sector, continued. Efforts to develop the money and capital markets reflected a desire to make monetary management more market-based. Trade and investment incentives were liberalized between April and July 1992, which made a breakthrough possible on the Chandra Asri petrochemical megaproject. In addition, restrictions on several commodity exports were removed and various tariff barriers relaxed. Presidential decrees and parliamentary legislation were also approved to allow private sector participation in infrastructure, particularly in the power and transport sectors. A tight monetary policy was maintained, with some relaxation during the latter half of the

year when both the inflation rate and the external balance improved.

In the Philippines, the newly installed administration pursued the basic pattern of reforms initiated under the previous regime. These reforms, designed to open the economy to increased participation in international markets as well as increased competition on the domestic front, included a considerable relaxation of foreign exchange controls and legislation to encourage foreign direct investment. The stabilization program was successfully maintained, which helped reduce inflation and interest rates. The Government is particularly targeting infrastructure and public construction, badly needed for future development, and is seeking to remedy recurring power, transportation and communication problems.

In Thailand, policy initiatives were unaffected by domestic political disturbances. In its effort to liberalize the financial system, the central bank removed interest rate ceilings and adjusted foreign exchange regulations to make international trade and investment more flexible. The Board of Investment restructured policies to improve the investment climate. Tariffs were further reduced and a number of trade restrictions were removed. In August, the Finance Ministry announced the establishment of the Bangkok International Banking Facility, which is expected to promote Bangkok as a major financial center for Southeast Asia.

Continuing its market-oriented reforms, Viet Nam made further efforts to improve the financial and monetary situation, control inflation and stabilize the exchange rate. Its other major macroeconomic policy concern was to give more management freedom to state-owned enterprises, cooperatives and farms. Privatization of state enterprises continued on an experimental basis. Moreover, new tax and fiscal reforms were undertaken.

In Lao PDR, the reform of state enterprises was continued, particularly in respect of enterprises under the Ministries of Agriculture and Forests, Commerce and Tourism, and Communications, Transport, Ports and Construction. Monetary and fiscal policies remained sound, helping to increase revenues and control expenditure. The tax base was further broadened and tax administration was improved. Due emphasis was given to trade liberalization and human resource development.

South Asia*

Improved Performance

Most countries of South Asia experienced stronger growth in 1992. Aggregate GDP for the subregion grew by

* Afghanistan, Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, Pakistan and Sri Lanka.

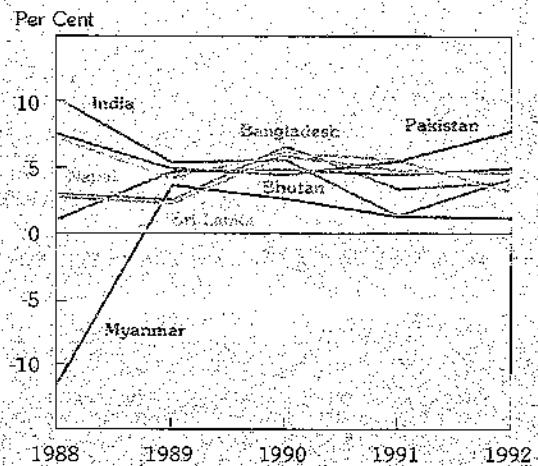
4.4 per cent in 1992, compared with a 2.1 per cent growth in the previous year. The growth rate increased in Bangladesh despite the fact that the agriculture sector was affected by floods in the northern areas in September 1991 and an unusually dry weather in March and April 1992. Sri Lanka had slightly lower growth. While non-plantation agriculture recorded a slight increase, the severe drought in the first half of 1992 affected tea crop production. The growth of industry and services, though high, was lower than in 1991, reflecting a slowdown in export processing, mining and construction. In contrast, India's economic growth accelerated to an estimated 4.2 per cent in 1992 from 1.3 per cent in 1991. Agriculture, which had been stagnant in the previous year, recovered as the production of foodgrains and commercial crops rose significantly. So did industrial production, reflecting the favorable impact of trade liberalization measures. Poor monsoon cut Nepal's growth rate to 3.1 per cent from 5.5 per cent in 1991. Foodgrain production declined by 7 per cent, resulting in an overall growth in agriculture of only 0.5 per cent. Pakistan maintained last year's upward trend in economic growth, reflecting an improved performance in agriculture and manufacturing. Agriculture benefited from a bumper cotton crop, increased support prices for major crops and greater private sector freedom in procurement. Manufacturing received its boost mainly from a rapid growth in cotton-based manufactures and increased sugar and fertilizer production. Investment in the industrial sector rose sharply as a result of deregulation and liberalization, which boosted the confidence of private investors. In Myanmar, GDP growth in 1992 was slightly lower than the 1.3 per cent rate achieved in 1991. In Maldives, economic growth was estimated at 8 per cent in 1992 with both fishing and tourism sectors remaining robust.

While inflation continued to be a major problem, significant improvements were seen in many countries in South Asia. In Pakistan, inflation decelerated to an estimated 10.1 per cent, from 11.8 per cent in 1991, reflecting a sharp decline in the rate of price increase for fuel, transport and communications. Despite a slight acceleration in the growth of money supply and a higher budget deficit as a percentage of GDP, tight demand management and stable foodgrain prices helped to reduce inflation in Bangladesh to 5 per cent from 7.2 per cent in 1991. In Sri Lanka, the inflation rate decreased slightly from 12.2 per cent in 1991 to 11 per cent in 1992. Improved fiscal performance, achieved mainly through a reduction in capital expenditures, led to a sharp drop in the growth of money supply (M2) from 19 per cent in 1991 to about 13 per cent and helped dampen the pressure on the aggregate price level brought about by the recent severe drought.

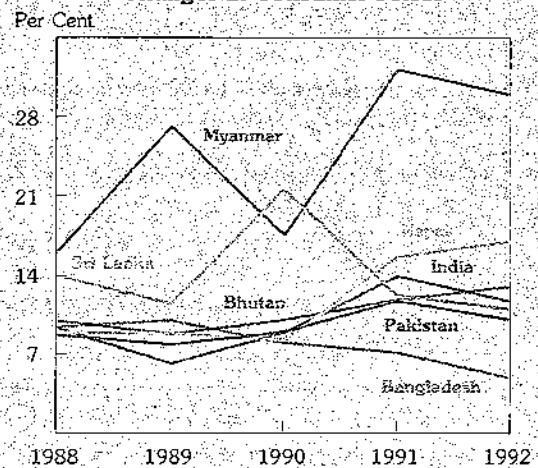
In India, economic adjustment and reform efforts had an important effect in curbing inflation. The inflation rate decelerated from a double-digit level in the first half of the

South Asian Economies

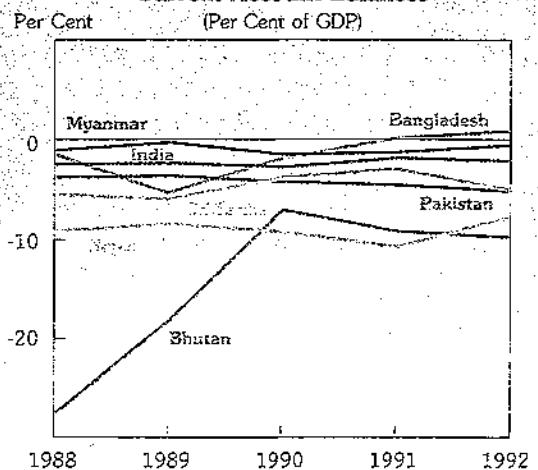
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances



year to 8 per cent in December. In Nepal, inflation accelerated to 17 per cent from 15.5 per cent in 1991, reflecting strong demand pressures, the effects of a poor monsoon, the impact of the July 1992 devaluation and substantial adjustments in public enterprise prices.

External Sector

In 1992, the external payments position of Bangladesh significantly improved. The current account surplus increased to 0.9 per cent of GDP as against 0.2 per cent of GDP in 1991 due to strong export performance and a contraction in imports. Inflows of workers' remittances also increased to support to the balance-of-payments position. Exports increased by 14.3 per cent, mainly due to an upward trend in garment shipments. Imports increased by 5 per cent.

Sri Lanka's external accounts improved mainly on the strength of a rapid growth in exports and a significantly lower level of imports. Industrial exports, led by garments, showed a rapid increase. The surge would have been more dramatic had tea exports not declined substantially. The sharp drop in imports was attributable mainly to a build-up of investment goods.

Nepal saw its exports grow by 28 per cent, reflecting its more liberal exchange rate regime and such export promotion measures as the abolition of export taxes and improvement of duty drawback schemes. Imports showed only an 8.6 per cent growth because of the July 1991 devaluation and the expected tariff reduction in the 1992/1993 budget. The current account, therefore, improved in 1992.

For Pakistan, the current account deficit widened, reflecting a sharp rise in imports of capital goods and equipment following trade and foreign exchange liberalization, and a sharp decline in remittances. Exports registered a significant increase in terms of value despite a slump in Pakistan's major markets and sluggish prices.

In India, while exports grew, imports grew faster, resulting in a substantial widening of the trade deficit. With a slight increase in transfers and a deterioration in the net services account, the current account balance deteriorated slightly from 2.1 per cent to 2.5 per cent of GDP.

Domestic Policies

The pace of policy reforms quickened during the year in many South Asian countries. In India, further structural changes were adopted and the number of goods in the negative list of imports and exports was further reduced. Licensing was abolished for most industries. Foreign investment regulations were relaxed to allow participation by foreigners even in critical sectors, such as oil exploration and development. To reduce the role of the Government in the economy, the process of divestment continued. The Govern-

ment is also encouraging privatization of some of the functions of public sector units. Since late 1992, the Government has allowed reputable foreign institutional investors, including pension funds, investment trusts and asset management companies to invest in the Indian capital market. This is, of course, subject to certain limitations.

Nepal announced major reforms in its trade, industry and foreign investment sectors to mobilize revenue, increase efficiency and enhance the international competitiveness of its economy. Foreign exchange regulations were liberalized and exporters were allowed to exchange 65 per cent (later increased to 75 per cent) of their foreign exchange earnings into rupees at the free market rate. Import licenses on a majority of goods were abolished. A major component of the New Industrial Policy announced in June 1992 was the abolition of industrial licensing for all new, expansion and diversification projects, except in a few areas such as national defense and public health. The Government has also considerably relaxed its regulations on foreign investment. A number of reforms were undertaken to put banks on a commercial footing.

As part of its effort to enhance domestic resource mobilization, Pakistan broadened the base for direct taxes by introducing minimum taxes on income and profits applicable to all corporate taxpayers. In the area of indirect taxation, the 1992 budget extended the coverage of the general sales tax both vertically from the production to the wholesale stage for some items and horizontally by eliminating exemptions on some domestically produced items. In the financial sector, a new debt management system was introduced, under which the Government began funding part of its deficit through a market-oriented auction system. The comprehensive program of privatization of public enterprises, initiated in February 1991, was continued and all the manufacturing units of the 115 public enterprises scheduled for privatization had been advertised for sale. About 50 per cent of these had either been sold by auction or negotiations on their sale were at an advanced stage.

All important elements of Sri Lanka's structural adjustment and stabilization program progressed during the year, including budget restructuring and public enterprise, financial and trade reforms. Progress was achieved particularly in liberalizing trade and rationalizing the tariff structure. Foreign investment controls had been virtually eliminated, except for a few items. Poverty reduction programs were also implemented effectively.

Bangladesh continued to accelerate the process of policy reforms. In July 1991, the Government removed quantitative restrictions on 59 import categories, progressing toward its target of achieving complete import liberalization by the end of 1993. Import tariffs were further liberalized. In the area of finance, ceilings on all deposit rates and ceilings and floors on all lending rates were removed except on those for agriculture, exports, and small and cottage industries, which were retained for developmental

and social reasons. The value-added tax was successfully introduced and the tax administration was improved.

The Government of Myanmar encouraged the private sector in many fields, particularly foreign trade, previously exclusively restricted to the state. Tax reforms were also implemented by establishing commercial, income and profit taxes. Tax rates were reduced and exemption and relief were allowed to encourage foreign investment.¹⁰

People's Republic of China and Mongolia

Double-Digit Growth in PRC

The economy of PRC grew by an estimated 12.8 per cent in 1992, significantly higher than the average growth of 5.3 per cent in the last three years. The momentum generated by the Government's economic reforms was the main driving force behind the current economic boom. However, bottlenecks in transportation, energy, communications and raw material production provided cause for concern. Inflationary pressures were also building up.

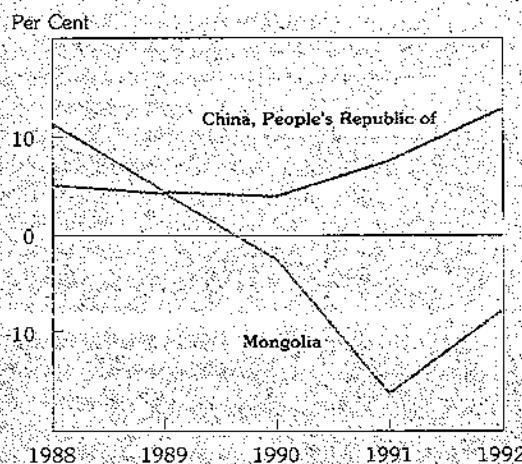
Despite a reduction in the sown area and serious drought in many parts of the country, total grain output increased 1.5 per cent. The industrial sector remained buoyant. Heavy industries, spurred by an increased demand for investment goods, surged; non-state sectors (collective, private and foreign joint ventures) continued to grow impressively; and the efficiency of state enterprises improved, as indicated by higher amounts of taxes and profits handed to the state. The services sector improved, too, particularly as a result of a dynamic real estate sector.

As economic growth reached the double-digit rate, an increasing pressure was felt on inflation. Prices of production material showed a double-digit increase as a result of growth in the industrial sector and soaring investment in fixed assets. While retail sale prices remained at 5.4 per cent during 1992, the cost-of-living index rose by 10.9 per cent in 35 large and medium-sized cities. Some price reform measures also exerted inflationary pressure.

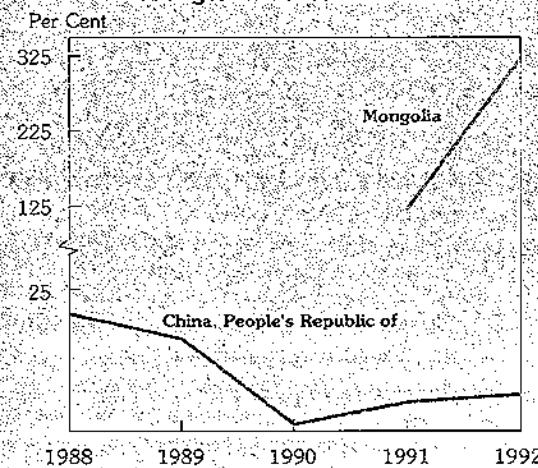
Despite the slow growth of world trade, PRC's external sector remained bright. Exports grew by over 18 per cent, the fastest growth among the DMCs. This was made possible mainly by continuing foreign trade reforms (including the abolition of export subsidies), the freedom for productive enterprises to engage directly in foreign trade, additional export incentives, such as a higher proportion of foreign exchange earnings retainable by exporters and the depreciation of the Chinese currency. Imports surged by about 26 per cent in response to domestic demand, relaxation of import controls as well as reform measures in the import managing system.

PRC and Mongolia

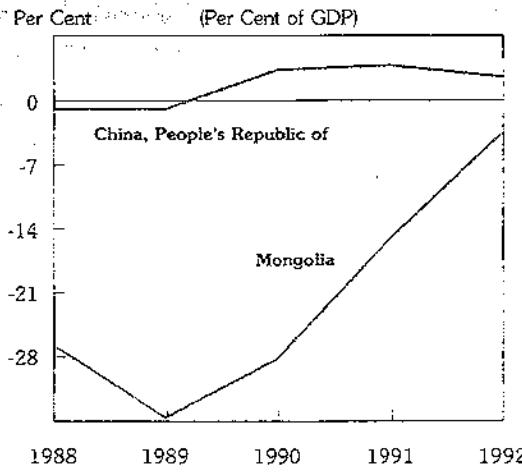
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances



Continuing Adjustment in Mongolia

Mongolia continued its series of reforms to move toward a market economy. The severity of the recession experienced in the past two years, as indicated by a 16.2 per cent decline in GDP in 1991, eased somewhat. In 1992, the decline in real GDP was estimated to be 7.6 per cent. The economic difficulties were most apparent in the industrial sector, hit by shortages of petroleum, spare parts of vehicles and mining equipment. Agriculture suffered, too, from shortages of inputs and a shrinkage in the sown area for major crops. However, in the final quarter of 1992, the country made some progress in improving its macroeconomic management. Bank credit was largely under control. Government revenue increased and government expenditure was kept under tighter control. The overall fiscal deficit for the year was lower than projected, though still large. Imports fell while exports rose modestly. Consequently, the current account deficit narrowed to about \$46 million from \$111 million in 1991. However, unemployment continued to rise and inflation remained high (320 per cent) and essential commodities were in short supply.

Domestic Policies

Economic reforms in PRC gained further momentum in 1992, particularly after the 14th Party Congress. Enterprise reform became the key component of this new effort, and the rights of enterprises to determine output levels, prices and personnel policies were defined. Price reforms were also pushed and the number of light industrial items regulated by the State Price Bureaus was reduced from 737 to 89. The Government also removed the ceiling on the non-plan price of gasoline and oil products, steel and nonferrous metals, and reduced the share of plan allocation of key raw materials.

In the external sector, reforms sought to improve the efficiency of foreign trade and make it compatible with the GATT regime. Tariffs on about 4,000 items, mostly industrial supplies and semi-manufactures, were lowered. The import licensing system and import regulatory taxes were liberalized. Efforts were also made to increase the transparency of the country's trade policy and to change the laws on patents and intellectual property rights to align them with international standards. The Government also relaxed controls on foreign investment, opening up areas previously closed to foreigners, such as retail sales, transport and communications, finance and real estate.

Mongolia progressed further in dismantling central planning, setting up market-oriented institutions and initiating privatization. The privatization program, covering state-owned agricultural assets, was almost complete by the third quarter of 1992, with over 90 per cent of cooperatives and over 75 per cent of state farms having been transferred

to private owners and joint stock companies. The privatization of small businesses was completed in urban areas and that of medium and large state-owned enterprises had been undertaken. New corporate and personal tax laws, the sales tax law and the law on tax administration were approved by Parliament to improve domestic resource mobilization. The Government had stopped subsidizing enterprises from the budget in order to keep public expenditure under control. The central bank's lending rates to commercial banks increased to 35-60 per cent from 5-15 per cent. The Government also unified the barter and official exchange rates. Commercial banks and agents were authorized to participate in the free exchange market.

Pacific Island DMCs*

Diverse Trends

There were substantial differences among the Pacific island DMCs in terms of economic growth in 1992. In Papua New Guinea, GDP grew by 9 per cent, only a half per cent lower than in the previous year. The mineral sector was mainly responsible for this growth, although other areas of the economy also showed some improvement. Following a decline of 0.1 per cent in 1991, Fiji's economy recovered to a growth rate of 3 per cent in 1992. The turnaround was largely the result of a recovery in tourism and related services, along with continued growth in manufacturing, especially garments for export. In Marshall Islands, economic growth was affected by the slower-than-expected recovery in the US, its dominant trade partner, as well as by cyclone damage in late 1991 and early 1992.

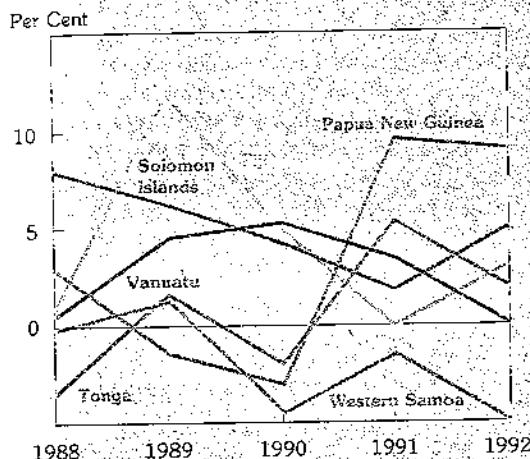
Economic growth in Solomon Islands improved to 5 per cent, with outputs and exports of copra, palm oil and logs increasing. In Western Samoa, following widespread destruction caused by cyclone Val, GDP fell by 5 per cent, after declining by 1.5 per cent in 1991. The growth rate in Tonga was 2 per cent, compared with a 5.3 per cent growth in 1991. The main reason was the decline in squash exports following the imposition of a production quota system as a means of improving the quality of products. In Vanuatu, cyclone damage to tree crops was the principal factor behind the zero growth rate in 1992 compared with 3.4 per cent in 1991.

The inflation situation was equally varied, though a downward trend was generally evident. In Western Samoa, inflation had declined to 1.4 per cent in 1991 but rose to about 10 per cent in 1992, most of which occurred in the

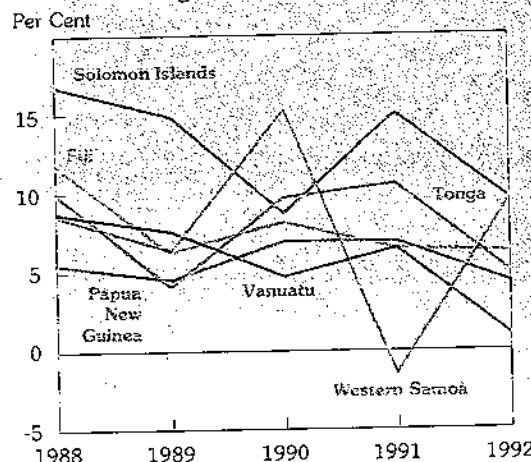
* Cook Islands, Fiji, Kiribati, Marshall Islands, Federated States of Micronesia, Papua New Guinea, Solomon Islands, Tonga, Vanuatu and Western Samoa.

Selected Pacific Island Economies

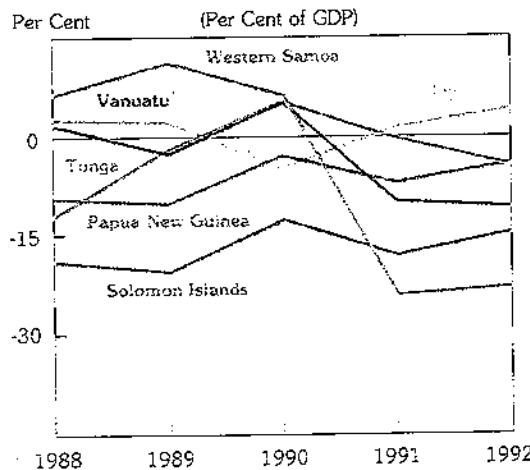
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances



first half of the year because of shortages in food supplies as a result of cyclone damage. Shortages in food supplies because of drought were largely responsible for the sharp rise in inflation in Tonga in the first half of 1992. However, as supplies improved, the pressure abated to an annual rate of about 5 per cent by the end of the year.

Papua New Guinea also experienced a decline in inflation to less than 5 per cent from 7 per cent on average in the two previous years. Tight demand control and the much lower rise in import prices were the main reasons behind the decline. The same factors also operated behind the marked decline in Solomon Islands' inflation from 15 per cent in 1991 to under 10 per cent in 1992. Inflation tended to accelerate in Marshall Islands, where prices had been generally stable in the past because of prudent financial management, the openness of the economy and the use of the US dollar as the local currency.

External Trade

After declining substantially in 1991, both exports and imports recovered in Fiji. Exports rose by 9 per cent mainly because of higher exports of garments, gold and sugar, while imports rose at a slightly higher rate. Though the trade deficit worsened, the current account surplus increased from \$18.9 million to an estimated \$46.6 million, or 4 per cent of GDP, mainly because of a substantial improvement in tourism receipts. Papua New Guinea experienced a nearly 30 per cent increase in exports mainly because of higher shipments of oil, gold, copper and some agricultural products. Consequently, the deficit on current account declined to 4 per cent of GDP from 7 per cent in 1991. In Western Samoa, exports of traditional agricultural products were well below normal levels because of cyclone damage to tree crops, but shipments of automotive wiring units, the production of which had started in late 1991, more than compensated for the loss. These units now comprise more than 80 per cent of the country's total exports. However, imports of construction materials and of inputs for the country's automotive electrical unit factory rose sharply, pushing up both the trade and current account deficits. Tonga's merchandise exports decreased in 1992 and, although imports remained stable, the deficit on services account rose sharply, widening the current account deficit from 0.4 per cent of GDP in 1991 to 4.5 per cent in 1992.

Domestic Policies

Economic reforms in the PIDMCs during the year were basically a continuation of policies adopted in the previous years, primarily to make the economies more open and outward-oriented. Reform of the fiscal sector remained a particular objective. In Papua New Guinea, significant tax reforms were announced, including cuts in personal and corporate taxes and a rationalization of indirect taxation. Fiji

had yet to firmly establish the economic stance of its new Government, following general elections in May, but the program of deregulation initiated by the previous government was expected to be followed. The introduction of a 10 per cent VAT in mid-1992 to broaden the tax base and make collection more efficient was a step in that direction. The Government also continued previous measures for a progressive reduction of financial assistance to public enterprises and has encouraged their restructuring in order to corporatize them in the short-term and privatize them eventually. In Tonga, fiscal policy was more restrained in 1992 than it had been over the previous two years as the Government attempted to reduce the fiscal deficit. In Vanuatu, the Government reemphasized its desire to encourage investment through policies favoring low interest rates and low inflation. Western Samoa recently completed the preparation of its Seventh Development Plan (1992-1994) and the associated Public Sector Investment Program. While the country's long-term development objectives remained essentially the same as before, the restoration of basic services and the rehabilitation of infrastructure damaged by cyclone were identified as the main focus of development during the Seventh Plan period.

Recognizing the need to restrain growth in the public sector, the Government of Kiribati was in the process of reviewing public sector operations to identify activities which could be privatized and where public sector efficiency should be improved. Tonga was seeking to reform its administrative and budgetary procedures in order to reduce its fiscal deficit. In Solomon Islands, the Government explored ways to bring its fiscal affairs into better balance. The budget deficit declined during the year as cash management and revenue collection became more effective.

Outlook for 1993

The outlook for the world economy appears very uncertain at the present time. While a firmer recovery is projected for Australia and North America, most economies in Europe are not expected to show any great strength. Fiscal policies will remain predominantly restrictive in both the US and EC, as budgetary consolidation continues. Monetary policies are likely to be eased in Europe and some convergence of interest rates will occur. The economy of Japan is expected to recover somewhat as a result of fiscal stimulus and some loosening of monetary policy.

The trade environment is not expected to improve much in 1993 as world economic growth continues to be sluggish. Commodity prices, including those for oil, could increase somewhat in nominal terms, but would remain stable in real terms. Compounding the uncertainties in world trade are the dangers of a resurgence in protectionism associated with unresolved negotiations on GATT (Uruguay Round).

The world economy is projected to expand at a rate of about 1.5 per cent in 1993 as the US and Japan recover. Germany is not expected to show much improvement. In the industrial countries as a whole, growth is estimated at 1.9 per cent. Among the developing countries, the economies of Latin America and Africa are expected to show some acceleration in income. After contracting for several successive years, production is projected to recover in a number of eastern European countries. In the countries of the former Soviet Union, output will continue to fall albeit at a slower pace than over the last two years.



THIS iron furniture factory in San Jose, Bulacan province, Philippines is one of the private sector beneficiaries under the NGO Microcredit Project, supported by two Bank loans totalling \$38 million from ADF.

In spite of some global recovery, the Asian and Pacific region will have to rely largely on domestic demand and intraregional trade to stimulate additional growth. GDP growth of the DMCs on aggregate is projected at 7.2 per cent in 1993, slightly higher than in 1992. However, economic growth in the NIEs will continue to be constrained by labor shortages, high property costs and environmental concerns, and it will be difficult in the near future to achieve the rapid growth rates of the 1970s and 1980s. Only a moderate growth is projected for the NIEs, the major stimulus coming from domestic demand, infrastructure investment and exports. The Korean economy is expected to improve after the sharp slowdown in 1992, while the growth rate of Taipei, China will also increase somewhat reflecting the expansion of public and private consumption. Hong Kong and Singapore will benefit from the slight acceleration in world trade.

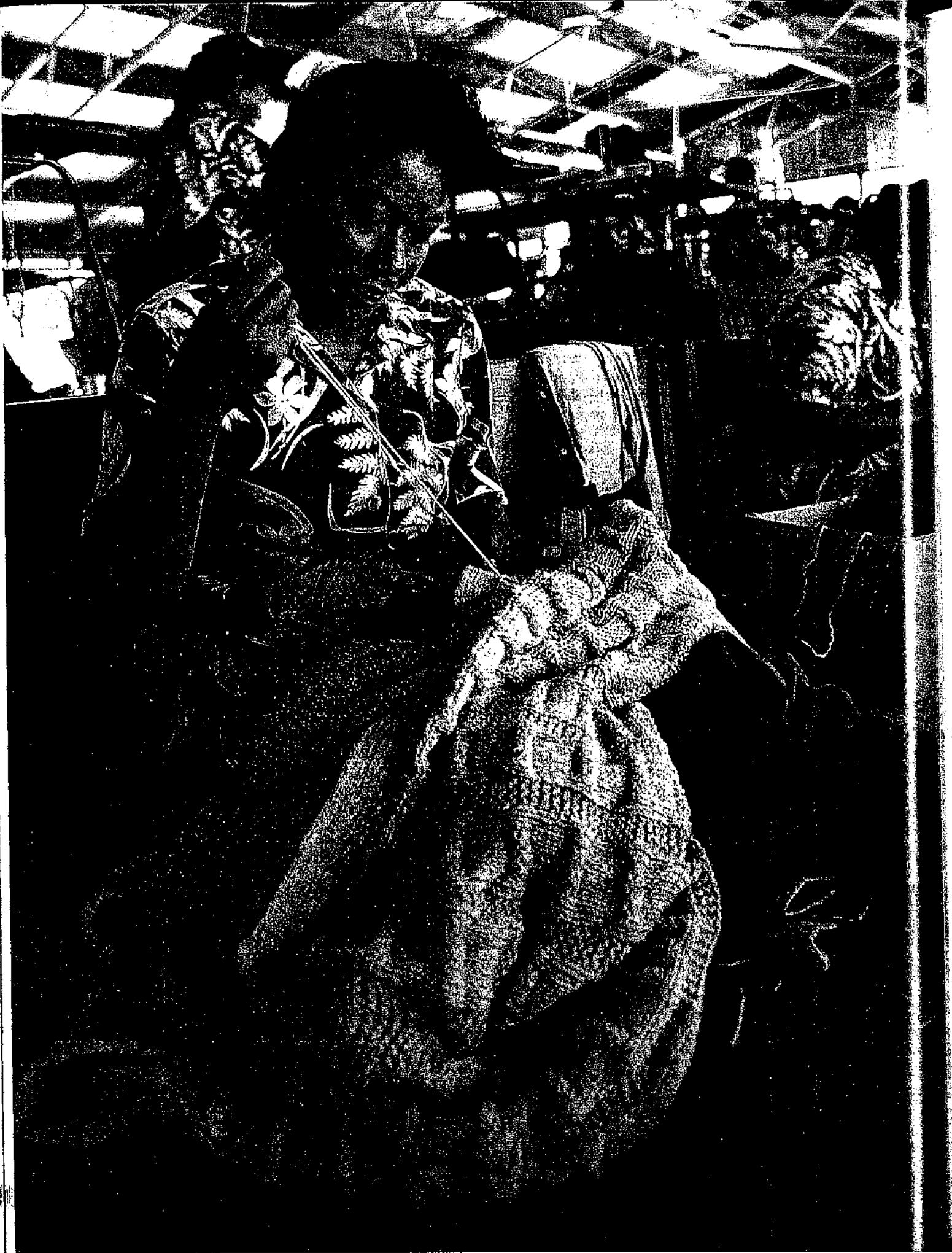
Southeast Asia is forecast to grow by about 6.5 per cent in 1993, slightly higher than in 1992. A moderate rebound is expected in the Philippines, where fundamental economic reforms initiated in 1991 will create a policy environment conducive to growth. However, power shortages will keep the country's growth rate well below potential. With continued growth in non-oil manufactured exports as well as a strengthening of domestic demand, the growth rate will also improve in Indonesia. In Malaysia, concerns about inflation are likely to result in the continuation of a firm monetary policy and a tightening of fiscal policy. GDP growth is projected at 8 per cent. The Thai economy has strong economic fundamentals in terms of production structure and a diversified export market, and thus is expected to be able to maintain its growth momentum in the near future. Overall economic growth in 1993 is projected at 7.8 per cent. The key factors behind such an anticipated improvement will be an increase in private investment, foreign capital inflows and tourism. As policy reforms are well under way in Lao PDR and Viet Nam, these countries are expected to achieve high growth rates in 1993. In the case of Viet Nam, growth prospects would be much brighter if the US trade embargo is lifted and multilateral financial assistance is reestablished.

South Asia is expected to expand by 5.3 per cent in 1993 compared with 4.4 per cent in 1992. In Bangladesh, economic growth is likely to accelerate slightly in 1993, and

the macroeconomic situation should improve further due to a reduction in the current account deficit and falling inflation. In Pakistan, growth in 1993 is expected to remain high as the private sector responds to an improved business environment and counteracts the contractionary effect of the reduced budget deficit. Greater efficiency in the financial sector through more market-oriented management is expected to improve performance in the real sectors of the economy. Growth in Sri Lanka is expected to accelerate as the plantation sector is forecast to pick up, combined with substantial investments under foreign-aided projects. In Nepal, where a difficult fiscal and balance-of-payments situation will constrain policymakers, GDP growth is expected to decline to 2.8 per cent. Economic prospects in India will depend on the success of liberalization and stabilization policies to contain the fiscal deficit and balance-of-payments constraints, and favorable weather conditions. Agriculture is expected to maintain its growth, assuming that monsoon is favorable. Industry is expected to continue its upward trend.

The current economic boom in PRC is likely to continue in 1993. The Government will pursue efforts to accelerate the implementation of economic reforms and the open-door policy. Mongolia's prospects will depend largely on the successful implementation of market reforms. At present, a further decline in economic growth is expected as structural weaknesses remain largely unsolved and the external environment continues to deteriorate.

Among the PIDMCs, economic growth is forecast to accelerate in Papua New Guinea on account of a full year's production from the Kutubu oil project and increased production from the country's major mines. In Fiji, GDP growth is expected to be lower than the 3 per cent rate in 1992, reflecting extensive cyclone damage to agriculture and infrastructure. Political developments are also relevant insofar as they affect investor confidence. In Solomon Islands, growth is likely to be somewhat less than 5 per cent achieved in 1992 because of difficulties in increasing exports in the short term. Economic growth should improve in Vanuatu to about 2.5 per cent as the country continues to recover from the cyclone damage of 1992. However, in Tonga, growth is expected to be lower than in 1992 as vanilla exports contract in accordance with the production cycle and as exports of squash are restricted by production quotas.



BANK PRIORITIES

Strategic Objectives

IT IS increasingly recognized that people should be the centerpiece of development and that economic growth should be efficient, equitable and sustainable. While efficient economic growth has always been the Bank's goal, in recent years it has increasingly emphasized the quality and sustainability of such growth (including equity aspects). The Bank has also intensified its focus on issues of social significance based on a participatory approach to development, greater gender and social analysis, benefit monitoring and evaluation, and cooperation with non-governmental organizations (NGOs).

In tune with its changing perceptions and perspectives, the Bank initiated in 1992 a process of strategic planning to more clearly define its priorities and tailor its operations to directly address these concerns. In March 1992, the Bank adopted a Medium-Term Strategic Framework (1992-1995) defining five strategic objectives for its operations: (i) promotion of economic growth, (ii) reduction of poverty, (iii) improvement of the status of women, (iv) development of human resources (including, among other things, population planning), and (v) sound management of natural resources and the environment. In achieving these objectives, which are overlapping and mutually reinforcing, the Bank emphasizes the role of the private sector as well as efficient public sector management. Brief descriptions of the priorities and Bank activities to address them follow.

Poverty Reduction

Although the Asian and Pacific region has had rapid economic growth during the 1980s, more than half of the world's poor still live here. The number ranges from 400 million to 700 million depending on how poverty is measured, and in several Asian DMCs poverty continues to be endemic.

Economic growth is a necessary but not a sufficient condition for poverty reduction. Helping the poor with targeted and direct income-generating opportunities as well as improving their access to health, family planning, education and related services would not only increase their potential contribution to the economy, but also help them improve the quality of life. Investing in poverty reduction,

therefore, is likely to yield as good, if not better, economic returns to a DMC as investing, say, in a road.

Since the Bank's inception in 1966, poverty reduction has been an implicit element in its operations. Its concerns were sharpened by the findings and recommendations of an internal Task Force on the Bank's Role in Poverty Alleviation, established in 1988. A comprehensive action plan has been developed to ensure that the new policy components are fully integrated with all Bank operations. Poverty issues are now considered systematically during country strategy and operational programming exercises, and an increasing number of projects and programs are being aimed at meeting specific poverty reduction goals.

There are two elements in the Bank's policy. The first is to pay special attention to poverty reduction issues when formulating and implementing conventional projects. The second is to initiate "core" poverty reduction projects specifically focusing on impoverished groups. The Bank is increasingly concerned with projects which will increase income and employment opportunities for the poor and improve their access to basic social services, such as education and health care. It also supports policy adjustments to involve the poor in the development process.

Altogether 34 projects with partial or exclusive focus on poverty reduction were approved in 1992, Bangladesh, Pakistan and Sri Lanka being the major recipients. About 47 per cent of the projects were in the agriculture sector covering irrigation, forestry, fisheries and rural development, and 53 per cent in the infrastructure sector including education, health and population, water supply and urban development. Projects such as the Small Farmers Credit Project in the Philippines and the Participatory Forestry Project in Sri Lanka were specifically designed to increase the income and employment opportunities for target beneficiaries, while the Central Java and D.I. Yogyakarta Urban Development (Sector) Project in Indonesia and the Third Water Supply and Sanitation Sector Project in Nepal were aimed at addressing the basic needs of the poor. The goal for the Bank is to provide about 20 per cent of new commitments from both ADF and OCR for activities explicitly addressing poverty reduction. The Bank will also help DMCs design and implement comprehensive strategies, programs and projects in this regard.

Women in Development

The Bank believes that the role and needs of women should be an integral part of project activity not only for reasons of equity but also for development to remain sustainable. The Bank's policy on the role of women in development (WID) was adopted in 1985 and directs that this role should be considered at every stage of operations and the project cycle. In line with the Bank's Medium-Term Strategic Framework, efforts are being made to address WID objectives through (i) macro-level dialogue with DMCs to enhance their awareness and build up their capacities in this regard, (ii) systematic integration of gender analysis into Bank activity, and (iii) monitoring the benefits and impact of such efforts.

During the year, one agriculture and agro-industry project and four social infrastructure projects (education, health and population, water supply and urban development) were approved containing significant elements designed to improve the role of women in development. These were the Second Rural Infrastructure Development Project in Bangladesh, the Third Water Supply and Sanitation Sector Project in Nepal, the Teacher Training Project in Pakistan, the Second Health and Population Project and the Fisheries Sector Project, both in Sri Lanka.

Community participation to enhance the role of women was emphasized in 21 technical assistance projects approved during the year covering agriculture, education, health and population, water supply and sanitation, and urban development. A regional technical assistance for Education of Women in Asia was approved to develop a framework for regional strategies to promote women's education and their potential in the economic and development sectors. A draft report on "Women in Development Indicators for Asian and Pacific Countries," also prepared under a regional technical assistance, was completed and being processed for issuance.

Even for projects where a specific WID component was not required or might not have been appropriate, gender issues were rigorously analyzed during project preparation. A training seminar was conducted for professional staff to acquaint them with the purposes and methods of identifying and assessing gender-related issues. Efforts to improve the depth and quality of such analysis continued and were given additional emphasis.

Cooperation with NGOs

There is increasing recognition that NGOs are important agents of change able to complement government agencies in their development efforts. NGOs often work with the people at the grassroots level and as such are familiar with their specific needs and can promote self-help and self-reliance. In many instances, NGOs may



THIS small-scale enterprise in San Isidro, Bulacan Province, Philippines, making Christmas decorations from twigs and other indigenous raw materials, is one of the beneficiaries of the NGO Microcredit Project, financed by the Bank with two ADF loans totalling \$38 million.

have a distinct advantage over public agencies in identifying felt needs and in delivering goods and services to the hard-to-reach segments of the population in an efficient and cost-effective manner. There are many well established NGOs in the DMCs with extensive expertise and experience to become effective partners in development. This has prompted the Bank to collaborate with NGOs in its operations. In the 1980s, it started working with international and national NGOs in such areas as environment, poverty reduction and WID, and shared the experience of national NGOs in preparing projects in DMCs like Bangladesh, Indonesia, Nepal, Pakistan and Philippines. A policy on cooperation with NGOs was formulated and adopted in 1987. In 1992, the Bank approved a total of 10 loans which would involve NGOs to assist in community development, help train and organize beneficiaries, and act as credit intermediaries.

The Bank also funded a study which assessed the role and impact of NGOs in Bangladesh and contributed to an intensive dialogue between the Government, NGOs and the donor community.

Encouraged by the positive response from the first NGO Consultative Meeting on Environment held in 1989, the Bank organized a second such meeting in October 1992. The outcome of this meeting indicated that collaboration with NGOs should increase and their role as development partners would have to be further strengthened.

Social Infrastructure

Investment in education, health and population programs, particularly those designed to benefit

lower-income groups, has clear economic and development advantages. For example, by improving cognitive skills, basic education equips an individual to absorb further training and thus helps create a productive and adaptable workforce so essential for sustained economic growth. Similarly, secondary and higher education can contribute to increased national productivity, as can programs to create a healthier workforce. Investments in maternal and child health and nutrition, as well as efforts directed toward achieving a smaller family size and greater birth spacing not only improve the well-being of children in the short term but also serve to enhance their income-earning potential over time. Education and health programs, therefore, are highly cost effective, although projects in these sectors tend to have longer gestation periods and can be more difficult to process and administer. Access, quality, equity, efficiency and financing are some of the major issues which need to be addressed within individual projects.

Education: Expansion of primary and secondary education continues to be the priority concern of many DMCs. The Bank is increasingly emphasizing projects in primary or basic education to help boost literacy rates and increase women's participation in education. The Rehabilitation of Damaged School Facilities Project in Bangladesh, the Secondary Education Development Project in Nepal, the education component of the Special Rehabilitation Assistance Project in Cambodia, the Teacher Training Project and the technical assistance project on Lower Secondary Education in Pakistan are examples of the Bank's efforts in this respect.



LEARNING to read and write in Bhutan. Expansion of primary and secondary education is an important priority for the Bank.

During the year, the Bank provided technical assistance grants to Lao PDR and Mongolia to help them adapt their educational systems and curricula to meet the challenges of rapidly changing economic and social conditions.

Structural reforms, better access and quality improvements in general secondary education were addressed in the loan approved during the year for the Junior Secondary Education Project in Indonesia. Strengthening or re-orientation of secondary-level technical and vocational components is necessary to make such education more relevant to labor market requirements. Technical and vocational education has proven to be an effective means of improving labor productivity and reducing poverty. The Bank's efforts in this regard were reflected in the technical assistance to Sri Lanka for the Second Technical Education Project and to Indonesia for the Third Vocational Education Project.

In the field of higher education, the efficiency and effectiveness of the system can be improved by rationalizing and consolidating the number and type of institutions and making curricula more responsive. The Bank has financed a number of projects to achieve these objectives, including the Bangladesh Open University Project approved in 1992. Two technical assistance grants to Indonesia for the Outer Islands Universities Project and the Second Surabaya Institute of Technology Project provide other examples of the Bank's effort to improve higher education in its DMCs.

A gradual shift can be noticed in the Bank's approach to education projects. With a greater emphasis on quality improvement and rationalization, the projects are increasingly moving away from a predominantly hardware orientation (civil works and equipment) to a predominantly software (curriculum review and systems and manpower development) approach. The Bank has also begun to explore, through technical assistance, the means to extend direct assistance to private education providers. It approved two grants in 1992 for Indonesia and Lao PDR to support studies to develop basic policy frameworks to permit private schools to complement the existing public education system.

One other Bank activity in support of human resource development in its DMCs deserves mention: the Japan-ADB Scholarship Program. Funded by the Government of Japan, the program finances postgraduate study in management, technology and other development-related fields at leading regional institutions. During 1992/93, the Government of Japan contributed about \$2 million under the program to finance 64 new and 67 continuing scholarships.

Health and Population: Bank projects in this subsector are aimed at improving the access to and the quality and efficiency of primary health care and family planning services in rural and urban areas. They are also designed to ensure the effective functioning of health referral networks. The health needs of children and young mothers are particularly targeted and the allocation of Bank resources

is shifting from the expansion of physical infrastructure to building more effective health care institutions. The Second Health and Population Project in Sri Lanka and the Health Care Development Project in Pakistan, approved in 1992, are examples of that effort.

Universal access and sustainability are the major elements of the Bank's health sector program. The Bank believes that health sector management and financing systems must be strengthened and resource allocation policies must be made cost-effective and equitable. A technical assistance grant was approved during the year for the Philippines to help transfer the responsibility for health service delivery from the national to local governments.

At the same time, the Bank is aware that new health challenges, such as AIDS, are emerging as major health and economic issues in Asia. Through regional technical assistance, it is providing its DMCs with information and analyses on AIDS as a basis for resource allocation decisions.

Water Supply and Sanitation: The Bank's objectives behind its water supply projects are to increase the coverage of the urban poor, ensure reasonable supplies of safe water, promote water resource management and reduce waste. These objectives were reflected in the Third Water Supply and Sanitation Sector Project in Nepal, the Rehabilitation and Upgrading of Vientiane Water Supply Project in Lao PDR, the Rehabilitation and Upgrading of Water Supply Systems Project in Malaysia, the Third Urban Water Supply Project in Papua New Guinea, and the technical assistance loan for the Umiray-Angat Transbasin Project in the Philippines. Two regional technical assistance projects — Managing Water Resources to Meet Megacity Needs and the Water Utilities Data Book for Asian and Pacific Region — were approved to provide guidance to the DMCs on investments in water supply.

At the same time, Bank projects are increasingly aimed at integrating water pollution control and service expansion with better drainage and solid waste disposal, as reflected in the Water Pollution Control Project in Indonesia, approved in 1992.

Technical assistance grants for the Punjab Rural Water Supply and Sanitation Project in Pakistan and the Small Towns Water Supply Project in Thailand, approved during the year, are examples of how the Bank uses its rural water supply projects to promote community participation and a grassroots approach in the operation and maintenance of facilities.

Urbanization: As discussed in greater detail in the chapter on "Challenges of Urbanization in the Asia-Pacific Region," the Bank's objective is to help strengthen basic infrastructure (e.g., water supply, sanitation, drainage, solid waste management, roads and land development) to enable DMCs to cope with problems generated by rapid

urbanization. Improving living conditions in slums and squatter settlements is also an important element of the Bank's urban development projects. The Central Java and D.I. Yogyakarta Urban Development (Sector) Project in Indonesia, the Urban Development Sector Project in Sri Lanka, the Bangkok Urban Transport Project in Thailand, the Shanghai-Yangpu Bridge Project in PRC and the Secondary Towns Integrated Flood Protection Project in Bangladesh reflected the Bank's efforts in this regard.

Environment and Natural Resources Management

The United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, in June forged agreements expected to influence the policies, projects and programs of both developing and developed countries, international organizations and development finance institutions like the Bank. These developments were taken into account in formulating the Bank's strategic environmental agenda for the 1990s.

The number of loan projects with environmental orientation continued to rise during the year. The major emphasis of these projects ranged from pollution control in the industry and power sectors, energy conservation and energy efficiency to integrated urban environmental development, tropical forest management and biodiversity conservation. These concerns were particularly reflected in



PLANTING high-yielding and quick-growing species of tropical trees is an essential part of the Second Compensatory Forestry Sector Project in Malaysia, funded by a \$29.5 million Bank loan from OCR.

the Biodiversity Conservation, Marine Resource Evaluation and Planning, and Water Pollution Control projects in Indonesia; the Energy Conservation and Environmental Improvement Project in India; the Industrial Energy Conservation and Environmental Improvement, and Qingdao Environmental Improvement projects in PRC; and the Urban Development Sector Project in Sri Lanka.

Capacity and institution-building activities continued under the broad themes of environmental and resource management and environmental impact assessment. These activities covered PRC, India, Indonesia, Lao PDR, Malaysia, Marshall Islands and Mongolia. The Bank also assisted the South Pacific DMCs in preparing their national reports to UNCED. In addition, it assisted Indonesia, the Hindu Kush Himalayan countries and Lower Mekong Basin riparian countries in improving and establishing management tools, such as geographic information system (GIS), to expand their capability for environmental and resource management. Several other DMCs were helped to prepare national strategies to deal with climate change.

Studies were also conducted for the establishment of an effective environmental monitoring network and the enforcement of environmental quality standards in Indonesia; vehicular emission control in the Philippines and the preparation of environmental investment plans for Thailand. Recognizing that concessional funds for financing environmental projects might be scarce in the future, the Bank launched a study to explore possible alternative financing mechanisms and modalities.

The environmental impact assessment (EIA) procedure of the Bank, requiring assessment reports on environmentally sensitive projects to be submitted before Board consideration, was further strengthened and a revised Operations Manual section on environment was issued. Field visits to verify the recommendations made in the summary environmental assessment reports were made in a majority of these environmentally sensitive projects. Participation in country project review and post-evaluation missions provided an opportunity to review and monitor significant environmental concerns during project implementation and post-evaluation. Lessons derived from this experience will be integrated in the design of future programs and projects.

A user design study for a computerized Environmental Management Information System, a system to track the environmental treatment of projects throughout the project cycle, has now been completed and environmental information has become an integral part of the Project Processing Information System of the Bank.

Environment sector work continued to be emphasized and provided a significant input to country strategy and country programming exercises. Such work covered the Pacific Island DMCs, Bangladesh, India, Maldives, Mongolia, Pakistan, Thailand and Viet Nam, and was considered an important step in assessing priorities, formulating policies

Environmental Studies and Guidelines

To improve the Bank's environmental advisory services to its DMCs, a number of reports/guidelines were published and a few others were initiated during the year. The publications included: *Environment and Development: A Pacific Island Perspective*; *Environmental Loan Covenants: Helping Ensure the Environmental Soundness of Projects Supported by the Asian Development Bank*; *Guidelines for the Health Impact Assessment of Development Projects*; and *Remote Sensing and Geographic Information System for Natural Resource Management*. Studies that were ongoing will pave the way for establishing environmental indicators and indices, use of expert systems for environmental impact assessment and industrial waste minimization opportunities in the DMCs of the Bank. Work was also undertaken to promote a Bankwide understanding of the inter-relationship between sustainable development, environment and poverty reduction. In addition, the Bank supported several national, regional and international conferences and seminars on topics related to sustainable development, financing issues, greenhouse gas emissions, wetlands management and environmental information networks.

and identifying potential technical assistance and investment projects.

Significant progress was made in the area of regional and international cooperation. The Bank participated in the preparatory and follow-up work in connection with the UNCED-led move among regional development banks (RDBs) to define an active role for themselves in implementing projects covered by the Global Environment Facility (GEF). Cooperation with environmental NGOs was strengthened following discussions with them at the Bank's annual meeting in Hong Kong and at the second ADB-NGO Consultative Meeting on Environment and Natural Resource Management in Manila. In several major environment-related activities, the Bank maintained close relationships with other donors, particularly UNDP, United Nations Environment Programme (UNEP), World Health Organization (WHO), and Economic and Social Commission for Asia and the Pacific (ESCAP).

In response to the UNCED call for MDBs to help developing countries meet their post-UNCED commitments, the Bank prepared a strategy and a course of

follow-up actions in line with Agenda 21 program areas, the framework agreement on climate change and biodiversity conventions. Issues related to financing these actions and mechanisms for implementation will be addressed in the future.

The initiatives taken in 1992 will lay the ground for the achievement of one of the Bank's major development objectives: sound management of the environment and natural resources. A major focus of the Bank's environmental program next year will be on improving the mix between traditional activities and projects/programs to reduce poverty, develop human resources and protect the environment. A fuller integration will be sought of environmental considerations in country operational strategy studies and country operational programming.

Strategic Planning

The Bank has established a process of strategic planning in order to be better able to respond to the needs of its DMCs and meet its major development objectives as outlined in the beginning of this chapter. In promoting these objectives, the Bank emphasizes the role of the private sector as well as public sector management.

The strategic planning approach applies to all Bank lending, technical assistance and economic and sector work. At the center of this approach are country strategies and country programming, being sharpened and made more analytical to address the priority concerns of the DMCs. The Bank's sector strategies are being realigned accordingly.

The Three-Year Rolling Work Plan with Budget Implications provides details of how the Bank's development objectives are applied to individual DMCs and constitutes the Bank's medium-term strategic plan. The overall medium-term goal is to achieve a roughly 50/50 lending mix of traditional activities and newer efforts like poverty reduction, human resource development and environmental protection. Resource allocation in the Bank's 1993 Budget reflects a major step towards executing the strategic plan.

Social Dimensions

To more systematically integrate cross-cutting issues of social significance into its operations, the Bank established a Social Dimensions Unit (SDU) in April. Social dimensions are identified to include poverty reduction, women in development, human resource development and the avoidance or mitigation of any adverse effects of development interventions on vulnerable groups who do not have the ability to absorb such shocks. As mentioned earlier, a participatory approach to development, gender and social

analysis, benefit monitoring and evaluation and cooperation with NGOs are essential elements in the Bank's efforts to operationalize these issues.

The major goal of SDU is to help Bank staff and DMCs incorporate these social dimensions and associated processes in their operations so that these become institutionalized. It will develop methodological approaches to operationalize the social dimensions through policy papers, guidelines, manuals and briefing materials. A system will be installed for monitoring the Bank's operations accordingly, appropriate reports will be prepared and necessary support will be provided to the Programs and Projects Departments throughout the project cycle. The exercise will begin with the preparation of country strategy studies and country programming without, however, impeding the pace of operational activities. If important social dimensions and associated processes are found not to have been adequately addressed in an activity, SDU will advise on pragmatic ways of incorporating these aspects during subsequent phases. After adequate progress has been achieved within the Bank on incorporating the social dimensions and associated processes in its operations, SDU would extend its efforts to work with governmental and non-governmental agencies in the Bank's DMCs.

Country Strategies

The Bank's country strategy studies provide the basis for its operations in the medium term and reflect DMCs' plans, priorities, constraints and policy environments as well as its own broad concerns about protection of the environment, poverty reduction and the role of women in development. The studies also set out the Bank's thinking on how best it can contribute to DMCs' economic growth in the light of its Medium-Term Strategic Framework (1992-1995).

The borrowing DMCs cover a wide spectrum and are at different stages of development. However, even though their requirements are widely divergent, most of them are going through certain common intersectoral changes associated with shifts from rural to urban environments, from agriculture to industry to services, and from domestic to international trade. This underlines the need for a focused and prioritized country approach on the part of the Bank, given its limited resources.

The Bank has adopted a policy of revising its country strategies every three to five years. In 1992, strategy studies were ongoing for Cook Islands, Fiji and Tonga, while those for Federated States of Micronesia, Papua New Guinea and Philippines were initiated. A medium-term operational strategy was underway for Bangladesh and the strategies for Nepal and Thailand were being revised.

BANK OPERATIONS

Project Approvals

THE BANK'S total approvals of new operations (lending, equity investments and equity underwritings) during the year amounted to \$5,125 million, against the revised figure of \$4,808.7 million in 1991.¹

Total lending to the public and private sectors amounted to \$5,109 million, about 7 per cent more than the revised

¹ A \$203 million loan to Malaysia for the Pasir Gudang Combined-Cycle Generation Project, approved in 1991, was subsequently withdrawn by the Government.

1991 figure of \$4,780.7 million. Loans from ordinary capital resources (OCR) rose 15 per cent to \$3,954.4 million while those from the concessionary Asian Development Fund (ADF) decreased 14 per cent to \$1,155 million.

The 1992 lending total included \$5,059 million in government and government-guaranteed loans and \$50 million in one private sector loan without government guarantee.

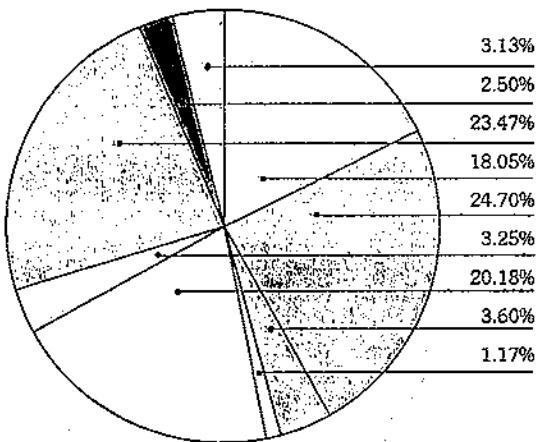
In addition, the Bank approved four direct equity investments in the private sector for a total amount of \$10.6 million and one equity underwriting of \$5.2 million, which brought the total volume of Bank operations in 1992

LENDING AND INVESTMENT MODALITIES, 1991 AND 1992

	1991		1992	
	Number of Projects	Amount (\$ million)	Number of Projects	Amount (\$ million)
LENDING				
Project Loans	45	3,045.93 ^a	45	3,202.24
Program Loans	3	435.00	3	580.00
Sector Loans	6	663.00	11	1,074.25
Credit Lines	8	450.00	3	196.50
TA Loans	—	—	2	6.40
Private Sector Loans without Government Guarantee	13	186.80	1	50.00
INVESTMENT				
Direct Investment	7	28.02	4	10.60
Lines of Equity	—	—	—	—
Equity Underwriting	—	—	1	5.20
TOTAL	82	4,808.75	69^b	5,125.19

^a Adjusted to accommodate the withdrawal of a \$203 million loan to Malaysia.

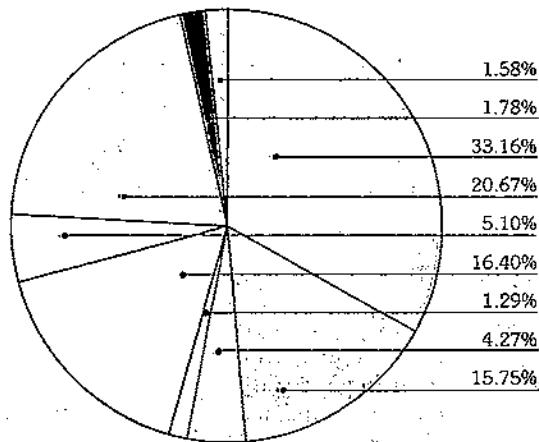
^b The number of projects may not add due to a combination of direct and underwritten equity provided to a private enterprise.

Technical Assistance by Sector: 1992^a

Total: \$463.92 million

- Agriculture and Agro-Industry
- Industry and Non-Fuel Minerals
- Multisector
- Urban, Education & Health
- Water Supply
- Transport and Communications
- Finance
- Others
- Energy

a Excludes regional activities. Includes technical assistance grants and loans.

Technical Assistance by Sector: 1967-1992^a

Total: \$3,140.99 million

- Agriculture and Agro-Industry
- Others
- Multisector
- Urban, Education & Health
- Water Supply
- Transport and Communications
- Finance
- Industry and Non-Fuel Minerals
- Energy

a Excludes regional activities. Includes technical assistance grants and loans.

to \$5,125 million.

By the end of 1992, the Bank had approved public and private sector loans for 1,103 projects in 31 developing member countries (DMCs) since its lending operations began in 1968. The Bank's equity operations, which began in 1983, reached a cumulative total of 67 direct investments and underwriting commitments.

Technical Assistance

The Bank's technical assistance is financed through grants or loans or a combination of both. Grants are funded from voluntary contributions to the Technical Assistance Special Fund (TASF) by both developed and developing member countries, allocations to TASF from ADF VI, investment income from TASF, income from OCR operations, allocations from the Japan Special Fund (JSF) and grants from multilateral and bilateral sources (under

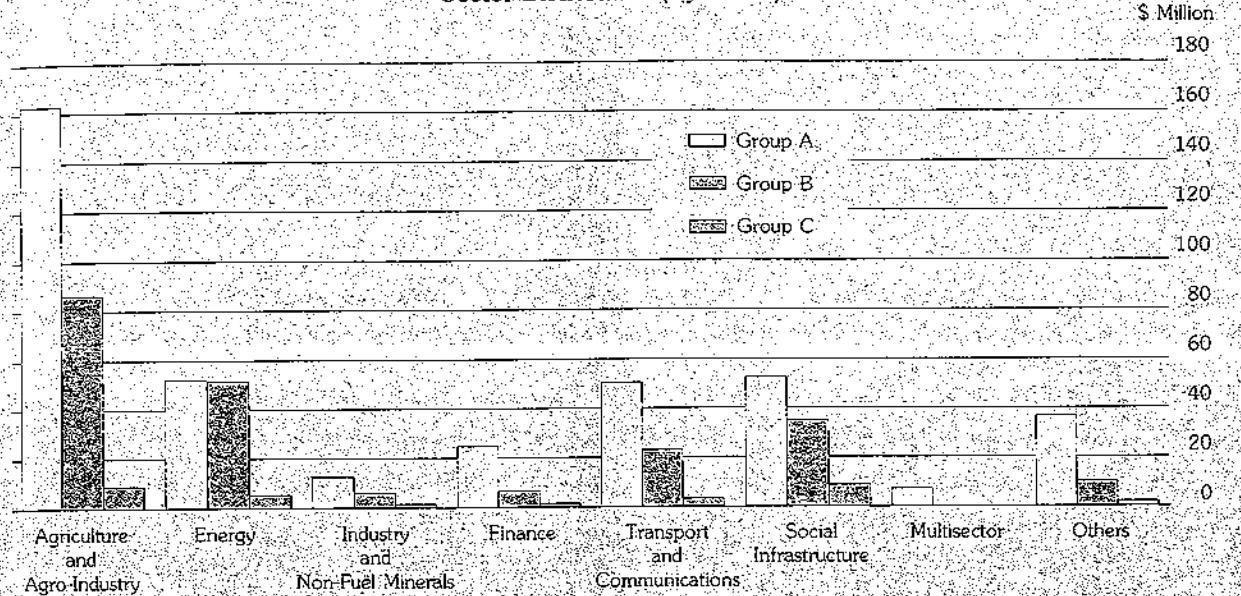
co-financing and exclusive financing arrangements) such as the United Nations Development Programme (UNDP) and the governments of Finland, France, Netherlands, Norway and Switzerland. Technical assistance loans are financed from both OCR and ADF, together with multilateral and bilateral sources.

Grant assistance in 1992 comprised \$56.5 million from TASF/OCR income, \$38.7 million from JSF and \$12.4 million from bilateral and multilateral sources.

The Government of Japan's fifth-year contribution to JSF, made in 1992, amounted to ¥8.77 billion. This included supplementary amounts of ¥1.77 billion, which were used to enhance activities related to environmental protection (¥1 billion), women-in-development (¥250 million), private sector support (¥500 million) and seminars and symposia (¥24.06 million).

During 1992, total technical assistance amounted to \$478 million for 278 projects. Of this, technical assistance grants accounted for \$107.6 million for 265 projects

**1967-1992 Grant-Financed Technical Assistance Approvals
Sector Distribution (By DMCs)**



Note: Under the Bank's general classification, 'Group A' includes 22 DMCs with very low per capita GNP; 'Group B' includes four lower middle-income DMCs; and 'Group C' includes six upper middle-income and high-income DMCs.

(against \$105 million for 238 projects in 1991) and technical assistance components of loans amounted to \$370 million (an increase of 40 per cent from a year ago).

Forty-three of the Bank's 1992 loans, involving an amount of \$2,724.2 million, resulted from earlier technical assistance projects. Of this, about \$1,883.3 million was from OCR and \$840.9 million from ADF, representing 48 per cent and 73 per cent of the OCR and ADF loans approved, respectively.

Country-specific grants to DMCs accounted for \$93.8 million of the total grant assistance in 1992, an increase of 3 per cent from 1991 (for sectoral breakdown, see Statistical Annex). Group A (low-income) DMCs received 74 per cent of the country-specific grants (62 per cent in 1991), with the People's Republic of China (PRC) as the major recipient. Group B (middle-income) DMCs received 24 per cent (35 per cent in 1991), Indonesia being the major recipient. Group C (higher-income) DMCs accounted for the remaining 2 per cent (3 per cent in 1991).

Of the loan-financed technical assistance of \$370 million, incorporated in loan projects, 91 per cent was provided for advisory and project implementation purposes and 9 per cent for project preparation. Group A DMCs received about 40 per cent of the total technical assistance loans (30 per cent in 1991), Group B DMCs 58 per cent (57 per cent in 1991) and Group C DMCs 2 per cent (13 per cent in 1991).

**Grant-Financed Technical Assistance Approvals Funded from Other Sources,^a 1992
(amounts in \$ thousand)**

Agency	Number of Projects	Amount
United Nations Development Programme	3	3,110.2
Finnish International Development Agency	1	1,000.0
France	1	600.0
Norway	7	4,240.0
Switzerland	2	1,119.0
Netherlands	5	2,328.5
TOTAL	18^b	12,397.7

^a With the Bank acting as Executing Agency.

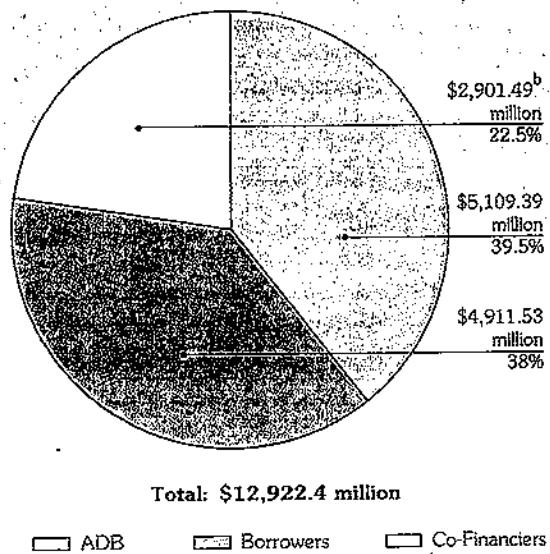
^b A project financed by more than one source is counted as one.

Review of Operations

Government and Government-guaranteed loans to the public sector in 1992 included project, program and sector loans, credit lines through development finance institutions (DFIs) for industry and agriculture, and emergency loans for disaster rehabilitation. The total of \$5,059 million was an increase of 10 per cent from the revised 1991 figure of \$4,594 million, and included \$3,904.4 million from OCR (an increase of 20 per cent) and \$1,155 million from ADF (a decrease of 14 per cent). While OCR loans accounted for 77 per cent of all public sector loans (against 71 per cent in 1991), ADF loans made up 23 per cent (down from 29 per cent in 1991). Altogether, 66 public sector loans were approved for 64 projects in 17 DMCs, against 63 loans for 62 projects in 17 DMCs a year earlier.

The growth in public sector lending was due mainly to an increased number of sector and disaster rehabilitation loans. Eleven sector loans were approved for a total of \$1,074.25 million, which accounted for 21 per cent of the total 1992 lending and reflected an increase of 61 per cent over 1991. Emergency loans for disaster rehabilitation were provided to five DMCs for a total of \$161.1 million, about six times the previous year's figure of \$28.8 million. Program loans during the year totalled \$580 million, about 33 per cent more than in the previous year.

Projects Approved in 1992:^a
Total Cost and Sources of Finance



a Total cost of program and sector loans and credit lines is an estimate.

b In addition, \$250 million co-financing was arranged for a loan approved previously.

Of this, 95 per cent was from OCR and 5 per cent from ADF.

The decline in concessionary lending was temporary in nature and reflected in part the coming into office of new governments in several ADF-borrowing countries and the need for the Bank to re-establish dialogue with them. It also reflected the Bank's emphasis on the implementation of ongoing projects.

The average size of the year's loans to the public sector was \$77 million, slightly higher than \$73 million in 1991.

During the year, the Bank recommenced operations in Cambodia by approving three technical assistance projects and a special rehabilitation assistance loan for \$67.7 million. These were the first Bank operations in Cambodia since 1970.

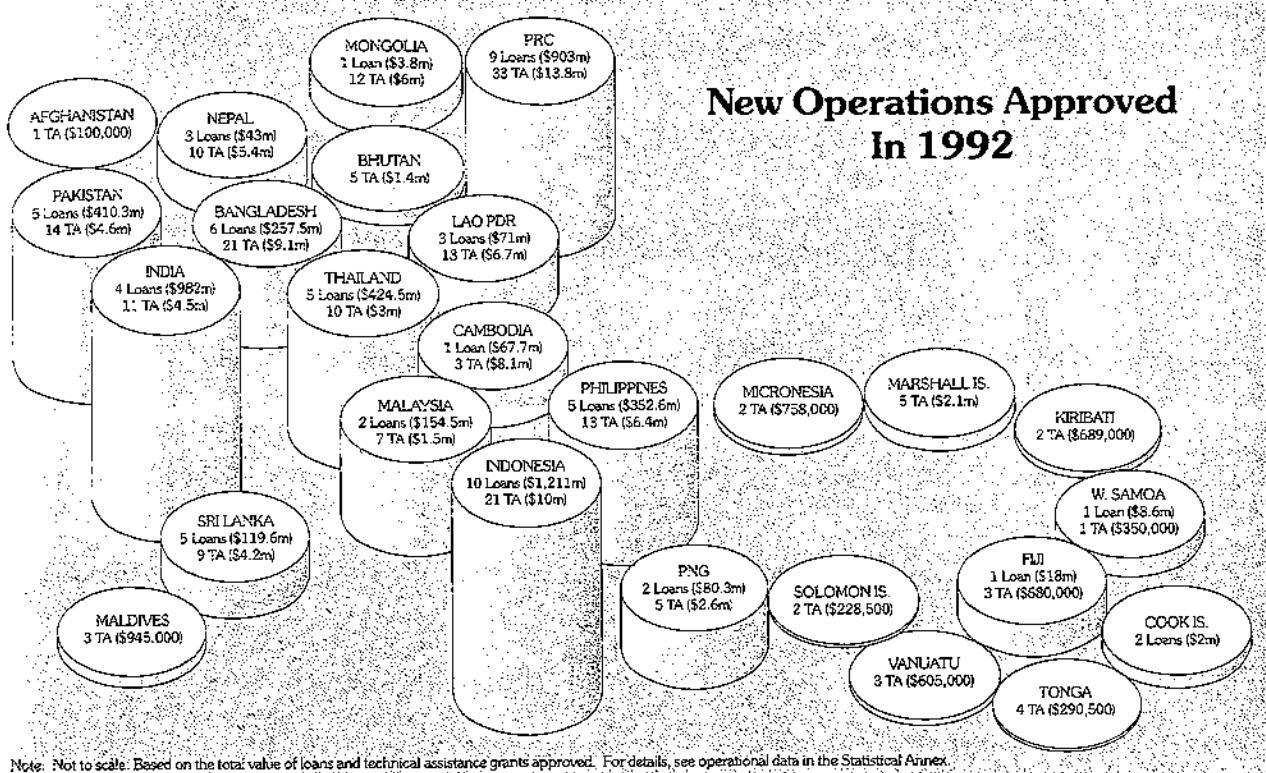
Lending to the *agriculture* sector (including natural resource management and rural development) covered 16 projects for a total amount of \$683.6 million. With a 13 per cent share of the Bank's total lending, the sector formed the fourth largest segment of Bank activity.

The year was particularly significant for the agriculture sector as its emphasis shifted to natural resource management and issues of sustainability and poverty reduction, while maintaining attention on agricultural productivity, sectoral efficiency and value-adding activities. In addition, special assistance was mobilized to meet emergency situations in a number of DMCs.

In the area of *natural resource management*, the Bank designed and financed a number of innovative projects addressing critical environmental conservation needs. These included the Forestry Sector Project in the Philippines as a follow-up to the initial Forestry Sector Program approved in 1988, and the Biodiversity Conservation in Flores and Siberut Project in Indonesia focusing on two of the country's important geographic regions. In addition, a Marine Resources Evaluation and Planning Project was also approved for Indonesia for institutional strengthening in the planning and management of coastal marine areas. The Participatory Forestry Project and the Fisheries Sector Project approved for Sri Lanka were designed to mobilize the help of local communities in managing their resources more responsibly and on a sustainable basis.

The focus of *poverty reduction and rural development* activities was on poor rural communities and sought to address their severe socioeconomic constraints. The Small Farmers Credit Project in the Philippines approved during the year was designed to make much needed credit and technical assistance available to small farmers, many of whom are tenants and essentially assetless. The Upland Farmer Development Project in Indonesia was intended to assist poor small farmers in adopting farming systems which are environmentally benign though economically more productive.

In Bangladesh, the Rural Infrastructure Project was expected to give many poor and remote farmers greater



Note: Not to scale. Based on the total value of loans and technical assistance grants approved. For details, see operational data in the Statistical Annex.

market access, while the Rural Poor Cooperative Project was to provide micro credit to the rural poor through cooperatives.

Among the traditional agriculture projects approved during the year were the Guangdong Tropical Crops Development Project in PRC, the Smallholder Tree Crop Processing Project in Indonesia and the North-West Frontier Province Barani Area Development Project in Pakistan. The projects were focused on low-income farmer groups and designed to enhance agricultural productivity through the provision of technical inputs and the strengthening of beneficiary groups and government institutions.

The Bank also approved a program loan for Lao PDR (the Second Agricultural Program Loan), intended to assist in policy restructuring and institutional development.

Two irrigation projects were approved for Bangladesh (the Second Bhola Irrigation Project) and Sri Lanka (the North Western Province Water Resources Development Project), both intended to improve agricultural production and productivity in socioeconomically backward areas.

In addition to the loans specifically intended for the agriculture sector, four special assistance/emergency projects approved during the year had agricultural components: the Mount Pinatubo Eruption Damage Rehabilitation Project in the Philippines, the Special Rehabilitation Assistance Project in Cambodia, the Cyclone

Damage Rehabilitation Assistance Project in Western Samoa and the Flood Damage Restoration (Sector) Project in Pakistan.

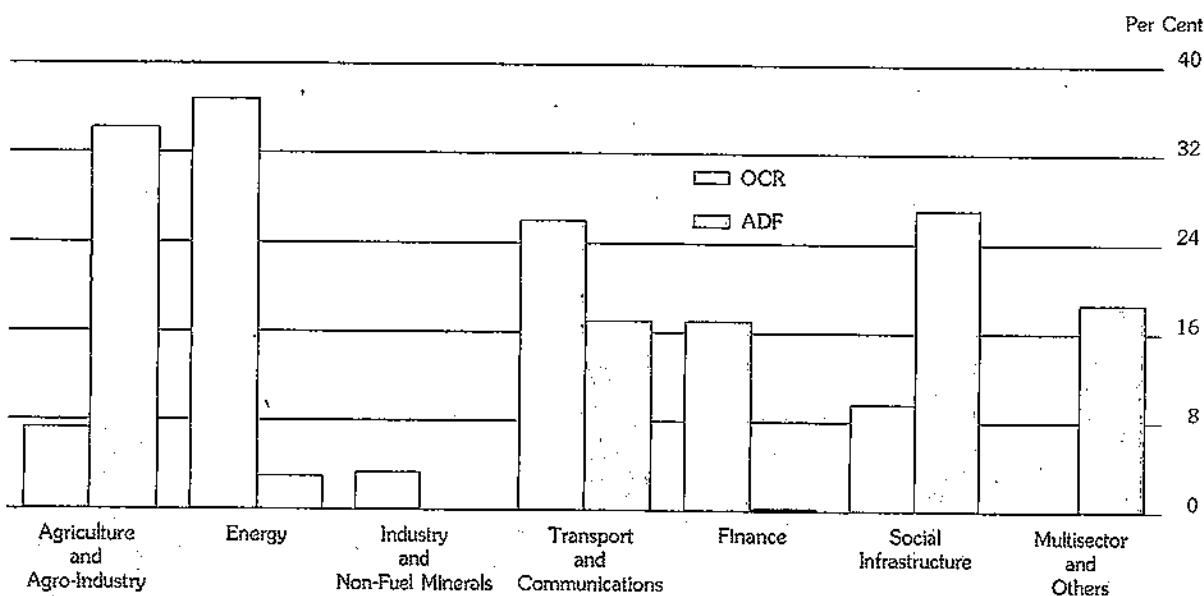
Altogether, 49 technical assistance grants totalling \$26.6 million were approved, of which 22 were project preparatory grants related to on-farm water management, rainfed agricultural development, mangrove and coastal zone management, forestry program formulation and tropical crop development.¹ The remaining 27 were advisory in nature, meant for institutional strengthening, training, skills development and strategy studies.

For the second year in succession, energy had the largest share of the Bank's total lending. The sector received 12 government-guaranteed loans (totalling to \$1,441 million) and one private sector loan of \$50 million. In addition, 25 technical assistance grants (totalling to \$11.8 million) were approved.

Two of the loans totalling \$35.3 million financed the engineering/construction of environmentally sound hydropower projects in Lao PDR and Mongolia. Four loans (\$591.3 million) financed improvements to facilities for transmission and distribution of electricity in India, Philippines and Thailand. Two loans (\$399.5 million)

¹ References to technical assistance grants in the 'Review of Operations' section exclude regional activities.

Sectoral Distribution of Project Approvals, 1992 - By Value*



* Per cent of OCR and ADF loan approvals, respectively.

financed increases in power generation capacity using fossil fuels (coal in Indonesia and oil in East Malaysia). The fossil fuel options were demonstrated to be least-cost options and carefully environmental mitigation measures were incorporated. One loan in Thailand was for natural gas transmission (\$58 million) which would enable power generation based on combined-cycle units. The \$50 million loan to PRC will enable the construction of a thermal power plant by a company with substantial private sector participation.

Three loans amounting to \$357 million were approved for energy conservation and environmental improvement projects in PRC and India. These projects were designed specifically to encourage a more efficient use of energy, reduce industrial pollution, introduce modern energy management systems and provide financial incentives for investment in energy conservation and environmental improvement.

In addition, a multisector special rehabilitation assistance loan to Cambodia contained an \$18.2 million component to rehabilitate the power system in the capital region.

Of the 25 technical assistance grants, five were for project preparation and 20 for advisory purposes. The activities covered by these grants included, among other things, the development of renewable energy, energy efficiency and environmental planning, monitoring and mitigation.

In the *industry and non-fuel minerals* sector, one

loan of \$133 million was approved during the year for the Laiwu Iron and Steel Modernization and Expansion Project in PRC. Ten technical assistance projects totalling about \$3.4 million were also approved, intended to strengthen institutions, restructure and privatize public sector enterprises, promote energy conservation, control industrial pollution and help formulate appropriate industrial policy reforms.

Loans to the *financial* sector amounted to \$671.5 million against \$375 million in 1991. They constituted 13 per cent of the year's total lending and comprised financial sector program loans (\$550 million) and loans to financial institutions (\$121.5 million). In addition, the Bank made four equity investments in financial institutions amounting to \$10.6 million and approved 18 technical assistance grants totalling \$5.4 million.

The program loans provided the Bank with an opportunity to undertake policy dialogue with DMC governments to improve the performance of the financial sector through adjustments in policy, better investment programs and institutional enhancement. The emphasis was on broad-based reform plans. For example, the Second Financial Sector Program loan to Indonesia (\$250 million) approved during the year was aimed at supporting the development of long-term financial markets in Indonesia in order to increase domestic resource mobilization and narrow the investment-savings gap. The main concerns of the program were the application and enforcement of appropriate safeguards, and the creation of a basic legal, regulatory and

supervisory framework. It was also intended to promote intermediation efficiency through a greater play of market forces in the capital market, particularly the bond market. The Financial Sector Program loan to India (\$300 million) was designed to achieve a diversified, competitive and market-based financial sector in order to raise the allocative efficiency of available savings, increase the return on investments and accelerate the development of the real economy. The program also supported increased participation of the private sector, strong prudential regulations and better supervision of financial institutions and markets. Its other specific objectives were to improve the private sector's access to financial savings, reduce intermediation costs and distortions in the banking system, promote competition through a level playing field and a freer entry-and-exit system in the banking and development finance institution (DFI) sectors, improve the autonomy and financial soundness of banks and DFIs, develop the government securities and money markets, and strengthen the capital markets. It is expected that the reforms sought by the program will have a wide impact on the economy since the financial system will become more competitive and diversified, and better able to offer a wider array of financial services.

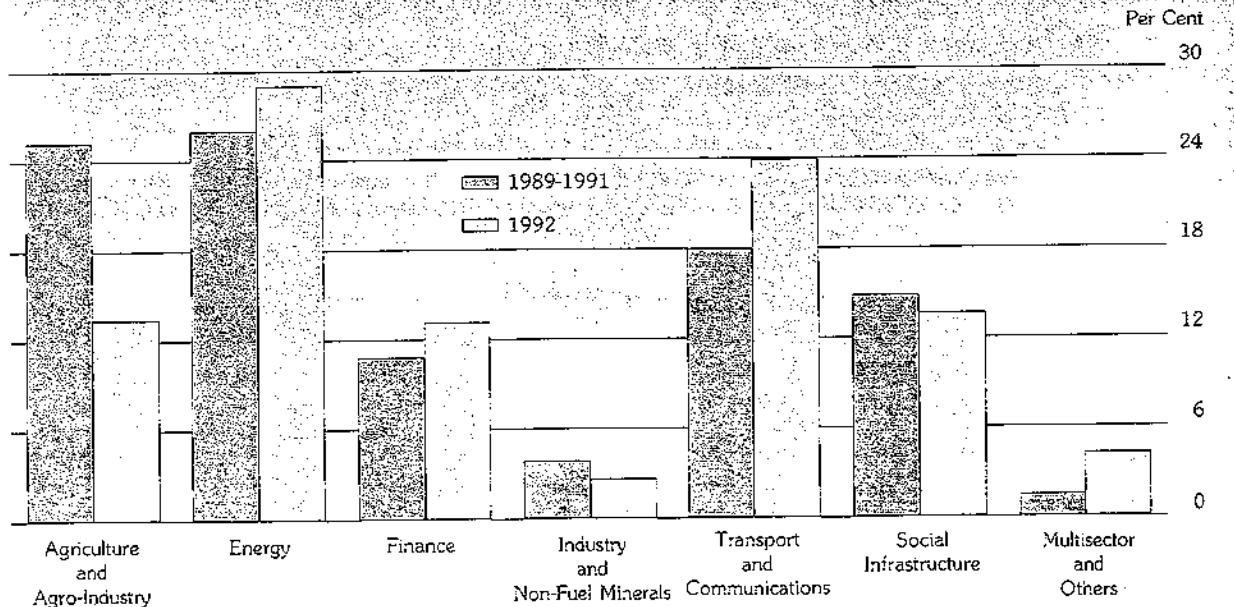
The loans to financial institutions included a second line of credit to the Cook Islands Development Bank (\$1.5 million) for on-lending to private sector projects in tourism, agriculture, fisheries, industry and services, and a

loan to PRC (\$120 million) for an Industrial Technology Finance Project. The latter project will provide three non-bank financial institutions with long-term foreign exchange resources to support new, resource-efficient and environment-friendly technologies in industry. Its targets are small and medium-sized enterprises, particularly those in the non-state sector, a key element in PRC's enterprise reform.

Lending for ***transport and communications*** in the public sector amounted to \$1.22 billion for 11 projects. The roads subsector accounted for \$481.7 million and included loans to Fiji (\$18 million) for road upgrading; Pakistan (\$165.4 million) for the rehabilitation/upgrading of provincial highways; PRC for the Shanghai-Yangpu Bridge (\$85 million) and for the construction of a highway from Shenyang to Benxi (\$50 million); and Thailand for a sector project (\$93 million) and for urban road construction (\$70.3 million).

A transport infrastructure development loan, covering both roads and ports, was made to Papua New Guinea (\$69 million). There was one loan in the ports subsector for a coal port project in India (\$285 million). Under the railways subsector, PRC received a loan of \$200 million for expansion of its railway network. A loan of \$185 million was made to Indonesia for telecommunications development and \$0.5 million was provided to Cook Islands for emergency rehabilitation of telecommunications facilities destroyed by fire.

Sectoral Distribution of Project Approvals, 1989-1991 (Average) and 1992 – By Value*



* Per cent of total value of approved loan commitments.

In addition, the Mount Pinatubo Damage Rehabilitation Project in the Philippines, the Special Rehabilitation Assistance Project in Cambodia, and the Flood Damage Restoration (Sector) Project in Pakistan included components related to the transport and communications sector.

Thirty-seven technical assistance grants, amounting to \$12.8 million, were approved for this sector to support the preparation of projects and master plans, institutional strengthening, policy reforms in ports and shipping, and the planning and management of ports, road safety, traffic and the transport of toxic and hazardous chemicals.

Public sector lending for *social infrastructure* amounted to \$693.9 million for 16 projects, including seven projects for education, health and population totalling \$305.1 million and nine projects for water supply, sanitation and urban development totalling \$388.8 million.

In the education, health and population subsectors, loans were made for the Open University Project in Bangladesh (\$34.3 million), the Rehabilitation of Damaged School Facilities Project in Bangladesh (\$15 million), the Second Health and Population Project in Sri Lanka (\$26.1 million), the Junior Secondary Education Project in Indonesia (\$105 million), the Secondary Education Development Project in Nepal (\$12.6 million), the Health Care Development Project in Pakistan (\$60 million) and the Teacher Training Project in Pakistan (\$52.1 million).

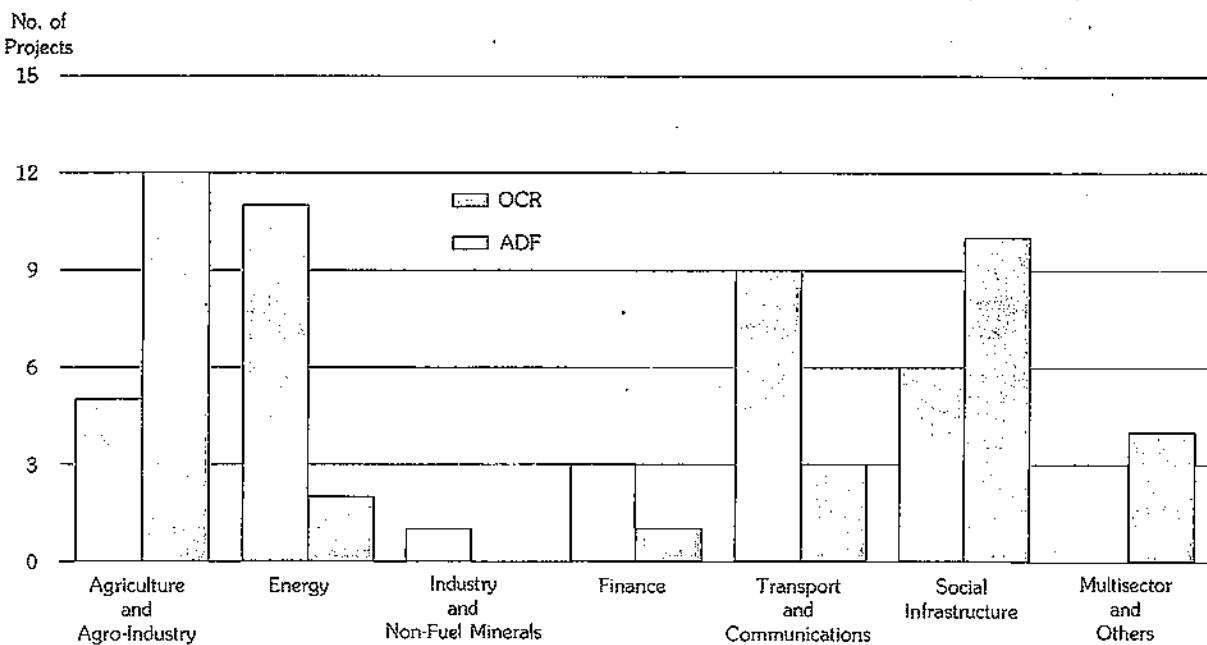
Loans under the water supply, sanitation and urban

development subsectors included the Water Pollution Control Project in Indonesia (\$8.4 million), the Third Water Supply and Sanitation Sector Project in Nepal (\$20 million), the Rehabilitation and Upgrading of Vientiane Water Supply Project in Lao PDR (\$9.5 million), the Rehabilitation and Upgrading of Water Supply System in Malaysia (\$105 million), the Central Java and DI Yogyakarta Urban Development in Indonesia (\$150 million), the Secondary Towns Integrated Flood Protection Project in Bangladesh (\$55 million), the Urban Development Project in Sri Lanka (\$27 million), the Third Water Supply Project in Papua New Guinea (\$11.3 million), and the technical assistance loan for the Umiray-Angat Project in the Philippines (\$2.6 million).

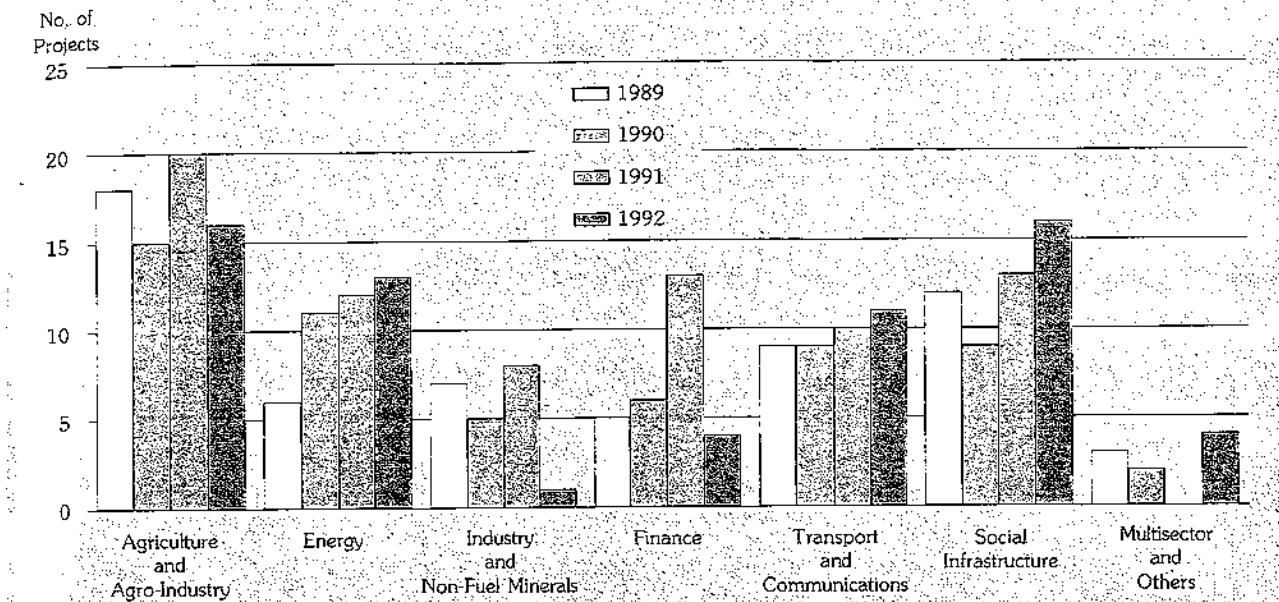
In addition to the above, the Special Rehabilitation Assistance loan to Cambodia and the Flood Damage Restoration (Sector) Project in Pakistan had elements concerning the education subsector.

Altogether, 32 technical assistance grants totalling \$13.7 million were approved for the social infrastructure sector to study a number of key sector issues and conduct sectoral surveys. These included urban and regional development; national tourism development; regional and urban water resource availability and management; national human resource development needs; national health planning and decentralized health services delivery; institutional strengthening in the housing, water supply and sanitation subsectors; environmental concerns in urban

Sectoral Distribution of Project Approvals, 1992 – By Number of Projects



Sectoral Distribution of Project Approvals, 1989-1992



development; urban land management systems; review of educational curricula; examining the role and potential of private sector education; delivery and monitoring of health services; review of health insurance system and health insurance; women's access to education; and educational research.

Four loans were made in 1992 under the **multisector** and **others** classification: \$67.7 million in Special Rehabilitation Assistance to Cambodia; \$100 million for the Flood Damage Restoration (Sector) Project in Pakistan; \$37 million for the Mount Pinatubo Damage Rehabilitation Project in the Philippines; and \$10.4 million for a Tourism Infrastructure Development Project in Nepal. Forty-two technical assistance grants totalling \$20 million were also approved.

Support for the Private Sector

In the strategic development agenda of the Bank, the private sector is seen as the main vehicle for economic growth in its DMCs. One of the priority objectives of the Bank's medium-term planning, therefore, is to help the DMCs establish a healthy environment for the private sector's growth. This is done mainly through discussions and dialogue with DMC governments on various aspects of policy and the statutory, regulatory and fiscal frameworks that have a bearing on the growth and development of the

private sector. The Bank's dialogue with DMCs has been focused on foreign investment policies and regulations (including the level of foreign equity ownership, taxation and repatriation of dividends and capital gains), as well as policy reforms and other measures needed to develop the securities markets.

Since the beginning of its operations in 1968, the Bank has provided credit lines to selected DMC financial intermediaries for on-lending to small and medium private enterprises by means of government-guaranteed loans. Rural credit, which is a substantial component of the Bank's agricultural lending, also benefits the private sector. Support for the private sector was enhanced in 1983 by introducing an equity investment facility, which allowed the Bank to make direct equity investments in private enterprises and financial institutions, and extend lines of equity to selected financial intermediaries. In 1985, the Bank reinforced its assistance to the private sector by establishing a facility for direct lending to private enterprises without government guarantee, and in 1989 a Private Sector Department was created to act as the focal point of private sector activities in the Bank. A further step was taken in 1992 with the integration of private sector operations in the Bank's overall operational activities and the creation of a Private Sector Support Unit in the Private Sector Department. The Unit will (a) advise on privatization, financing of projects through build-operate-transfer (BOT) or build-operate-own (BOO) schemes and capital markets; (b) assist operational

PRIVATE SECTOR INVESTMENTS BY SECTOR^a
(amounts in \$ million)

	1992 Approvals				Investments Held			
	Total Bank Investments		Complementary Loan		Total Bank Investments		Complementary Loan	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Financing, Insurance, Real Estate and Business Services								
Financial Institutions ^b	4	15.87	—	—	26	92.83	—	—
Insurance	—	—	—	—	1	0.30	—	—
Real Estate and Business Services (Including leasing)	—	—	—	—	19	74.34	5	17.56
Manufacturing Sector								
Food, beverage and tobacco	—	—	—	—	1	1.75	—	—
Textile, wearing apparel and leather	—	—	—	—	10	32.88	2	8.67
Chemicals, petroleum, coal, rubber and plastic products	—	—	—	—	10	52.05	1	20.00
Cement and ceramics	1	0.26	—	—	3	15.79	2	19.29
Basic metal industries	—	—	—	—	1	0.24	—	—
Fabricated metal products; machinery and equipment	—	—	1	56.50	8	15.23	1	45.15
Others								
Mining	—	—	1	25.00	1	15.00	1	25.00
Electricity, Gas and Steam	1	50.00	—	—	2	11.09	1	6.25
Transport and Storage	—	—	—	—	1	36.99	—	—
Telecommunications	—	—	—	—	1	20.78	—	—
TOTAL^c	6^d	66.13^d	2	81.50	84	369.24	13	141.92

a For purposes of private sector activities, the term "investment" comprises loans, equity investments (direct and under lines of equity) and equity underwritings.

b Including banks, venture capital companies, investment management and securities companies, etc.

c Amounts may not total due to rounding.

d The 1992 total approvals of Bank funds do not match the aggregate Board approvals of investment facilities of \$65.87 million for five facilities as the utilized portion of lines of equity are taken into account in this table.

departments in promoting and facilitating private sector alternatives and project formulation Bankwide; (c) undertake regional operations in capital market/financial sector development; and (d) assume responsibilities for portfolio management. In addition, staff of the Private Sector Department have been redeployed to Resident Offices in Bangladesh, India, Indonesia and Pakistan to help evaluate and process private sector projects.

While creating a favorable economic and policy environment is the basic objective, the Bank's second objective is to accelerate private sector development through BOT/BOO projects in the power, roads and telecommunications sectors, and through the privatization of state-owned enterprises. Besides, the private sector also benefits from the services for industrial and commercial development that many of the Bank's infrastructure and

other projects provide. The third objective is to provide direct assistance to financial and commercial enterprises having a developmental, demonstrative and catalytic impact, by way of loans without government guarantee and equity investments.

In 1992, the Bank approved a total of \$737 million in both public and private sector projects which directly and indirectly benefited the private sector. This represented an increase of 47 per cent over 1991, and included \$671.5 million in financial sector program loans and loans to financial institutions, processed by the Private Sector Department.

The year's direct assistance to the private sector without government guarantee amounted to \$66 million for five projects, comprising \$11 million in equity investments, a \$50 million loan for a power station in PRC, referred to

earlier under the energy sector, and \$5 million in underwriting. In addition, complementary financing amounting to \$81.5 million was arranged for loans which had been approved in 1991.

Equity funds were provided to a Pakistan Privatization Fund, which will invest in the securities of state-owned enterprises that have been or are in the process of being privatized; a DFI undergoing privatization and a venture capital company in Sri Lanka; and a regional privatization fund which will invest in commercially promising state-owned companies which are in the process of being privatized.

Additionally, as part of its efforts to develop capital markets in the DMCs, the Bank approved 20 technical assistance grants totalling \$5.59 million. These grants covered financial advisory services for national electronic trading in securities in PRC; a BOO scheme for a port project in Pakistan; a BOT/BOO seminar in Bangladesh; government debt issue and the creation of a stock exchange center in Bhutan and Nepal; privatization of state-owned enterprises in Western Samoa and Pakistan; feasibility study for a long-term credit bank in Maldives; and the development of the stock and corporate bond markets and institutional strengthening of the securities and exchange commission in the Philippines. Regional technical assistance grants were approved for training staff of South Pacific DFIs in project supervision; promoting privatization in DMCs; a capital market conference; study of securities market regulations and supervision; and training on the development and regulation of emerging capital markets.

Co-Financing and Guarantee Operations

A total of 22 Bank-assisted loan projects and programs were co-financed in 1992, or about 34 per cent of loans approved during the year. For the first time, the total amount of co-financing exceeded the three-billion mark and reached \$3,150 million, more than double the 1991 figure of \$1,437 million. The Bank's own lending to the co-financed projects amounted to \$2,648 million, comprising \$2,094 million for projects in 1992 and \$554 million for those approved in previous years.

Official sources of co-financing, other than officially-supported export credits, contributed \$2,133 million, a 287 per cent increase from 1991. Of this, about \$1,216 million was provided by multilateral agencies and \$917 million by bilateral agencies. Co-financing from commercial sources amounted to \$272 million, an increase of 53 per cent, while co-financing from export credit agencies increased about 5 per cent to \$746 million. As of the end of the year, 360 Bank projects had received co-financing for a cumulative total of \$13.9 billion.

The Bank continued to exercise prudence in utilizing

the Complementary Financing Scheme (CFS) and guarantee facilities. In 1992, the Bank arranged, through CFS/guarantee, the second and third commercial co-financing for PRC to finance the Yangpu Bridge Project in Shanghai and the Laiwu Iron and Steel Mill Modernization and Expansion Project in Shandong province.

In addition to co-financing for loan projects, the Bank arranged with bilateral and multilateral sources, such as Finland, France, the Netherlands, Norway, Switzerland and UNDP, a total of \$12.4 million to co-finance or exclusively finance 18 technical assistance projects, on a grant basis. The Bank acts as the executing agency for technical assistance projects financed from these sources.

Bank's Role in Resource Transfer

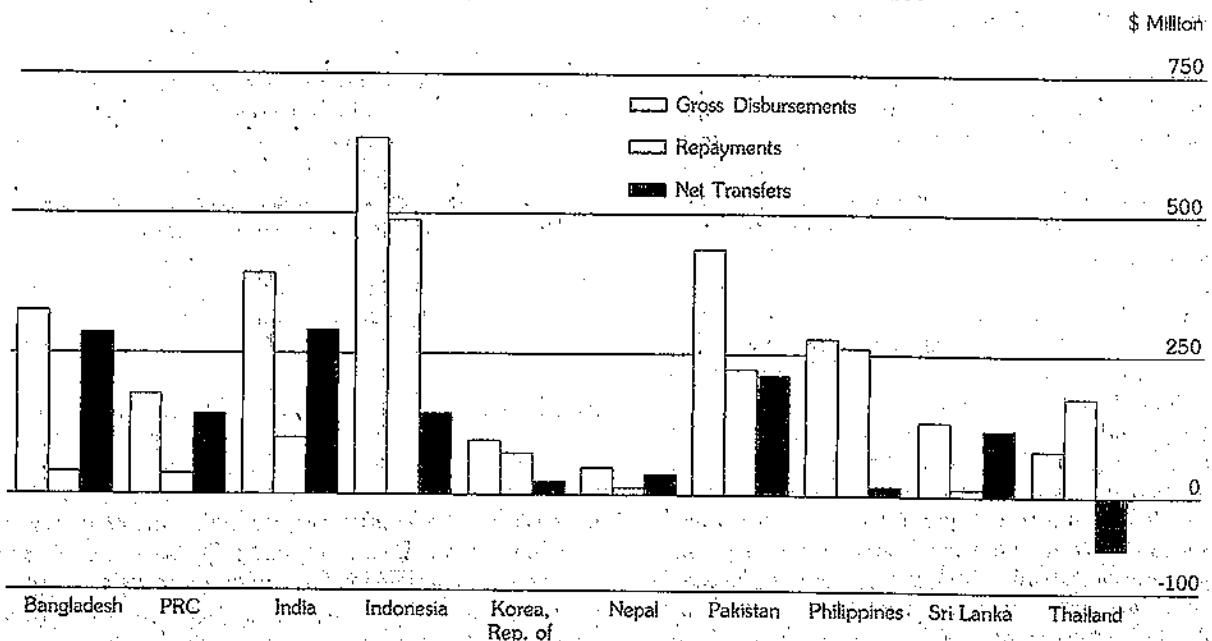
The net transfer of resources (gross loan disbursements less principal repayments and prepayments, payments of interest and other charges plus net equity investments) from the Bank to the DMCs decreased by 28 per cent from \$1,634 million in 1991 to \$1,179 million in 1992 as a result of a significant reduction in loan disbursements and an increase in loan repayments and payments of interest and other charges. The Bank's transfer accounted for about 11 per cent of the total net flows of financial resources to the DMCs from all sources (bilateral, multilateral and private), compared with 13 per cent in 1991.

Of the total net transfer, \$432 million was from OCR and \$748 million from ADF, compared with \$716 million and \$918 million in 1991, respectively. Although net transfers from OCR continued to be positive, the amount fell by 40 per cent from 1991. Net transfers from ADF



FINANCIAL analysts at work at the Merchant Bank of Sri Lanka, which has benefited from an umbrella line of equity of \$2 million provided by the Bank.

1992 Net Transfer of ADB Resources to Selected DMCs



declined for the second consecutive year, showing a decrease of about 19 per cent.

Gross loan disbursements decreased by 10.8 per cent from \$3.1 billion in 1991 to \$2.8 billion in 1992 (of which \$1.9 billion was from OCR and \$0.9 billion from ADF). Disbursements under ADF loans decreased more rapidly than those under OCR. The disbursement ratio (excluding program loans) for all borrowing DMCs was estimated at 15.1 per cent in 1992, compared with 20.4 per cent in 1991. Both OCR and ADF disbursements under project and sector loans decreased, by 21 per cent and 7 per cent, respectively. Although program loan disbursements accounted for only 17 per cent of total disbursements, they posted a 33 per cent increase over 1991, mainly because of considerable increase in disbursements to India.

The major factors contributing to the lower level of disbursements in 1992 were: (i) a substantial reduction in disbursements under special assistance (in 1991, there were extraordinary disbursements under special assistance projects to India and Mongolia and under the Gulf crisis assistance projects to Bangladesh, Nepal, Pakistan and Sri Lanka); (ii) a reduction in disbursements for traditional projects, particularly in India and Indonesia; (iii) a slowdown in project implementation caused by non-project factors such as floods in Pakistan and change of government in the Philippines; (iv) shortage of local currency funds, reflecting the impact of the stabilization and adjustment programs being undertaken by some major borrowing DMCs, such as

India and Pakistan; (v) changes in the composition of loans, with an emphasis on social sector projects which require more time for project implementation; and (vi) the Bank's restrictions on the level of advance procurement and retroactive financing, which has been a means of expediting project implementation in some DMCs, notably PRC, in recent years.

In 1992, Bangladesh, PRC, India, Indonesia and Pakistan were the five major recipients of Bank resources, accounting for about 92 per cent of the total net transfers. With the exception of Bangladesh and Republic of Korea, all the major borrowing DMCs experienced a decline in net resource transfers from the Bank in 1992. The increase in the case of Bangladesh reflected the joint efforts of the Government and the Bank's Resident Office to improve project administration and implementation. The borrowing DMCs that experienced negative net transfers were Cambodia, Fiji, Malaysia, Myanmar and Thailand. In the case of Thailand, advance repayment was a major contributing factor. Malaysia has reduced its dependence on official development assistance in recent years and hence has had negative net transfers from the Bank since 1984. Myanmar has been a non-active borrower since 1987. Thus, in the absence of new loans, disbursements could not match principal repayments and payments of service charge. Fiji's loan repayments and payments of interest and commitment charges far exceeded loan disbursements.

Indonesia, Pakistan, Papua New Guinea and Philippines have access to both OCR and ADF resources.

While the former two DMCs continued to experience positive net transfers from both OCR and ADF, the latter two registered negative flows of OCR resources and positive flows of ADF resources in 1992. Since the positive ADF flows more than offset the negative OCR flows, Papua New Guinea and Philippines showed modest amounts of positive net transfers overall.

The Republic of Korea received a positive net transfer of OCR resources. Singapore and Taipei, China have been in the net repayment phase for several years. Hong Kong had completed its loan repayments and interest payment on Bank loans in 1988.

Lending and Operational Policies

The Bank continued its efforts to evolve its operational policies in response to the changing needs and imperatives of its DMCs and the international environment.

The Board of Directors reviewed the existing policy on guarantee operations to assess its effectiveness. Guarantee operations undertaken so far by the Bank have yielded considerable benefits to borrowers in terms of maturity stretching, longer grace periods and lower interest rate spreads than would have been feasible owing to considerations of sovereign risk. The review cited that the Bank's catalytic role assisted in mobilizing an additional \$218 million from commercial sources for projects/programs during 1992.

Appropriate procedures were developed for regular review and approval by the Board of releases of program loan tranches. The procedures involve the preparation of progress reports giving data on program implementation and compliance with conditionalities for the Board's information in cases where tranche release conditionalities have been met, or for the Board's approval on a no-objection basis where tranche release is proposed although compliance with conditionalities has been incomplete.

Following the culmination of negotiations for ADF VI and the adoption of *ADF VI: Report of the Donors*, the operational policy guidelines for ADF lending in 1992-1995 were set forth in a Board document, *Arrangements for Lending from ADF and TASF Operations Funded by ADF Contributions*. The paper examined the considerations governing the allocation of ADF resources to the DMCs and addressed the Bank's approach to the priority areas identified by the donors and the use of ADF earmarked for TASF.

The Report of the Donors also required the Bank to emphasize development performance as a criterion for the allocation of ADF resources. In this context, a paper entitled *Bank Operations and Country Performance* was prepared outlining a broad framework for relating performance to socioeconomic development issues and performance

assessments to Bank operations. The institutional arrangements for undertaking performance reviews of DMCs were set in place for the actual implementation of performance reviews and their integration into Bank operations. The Board discussed several papers relating to the proposed general capital increase (GCI IV), which would provide the Bank with needed capital for operations during the period 1994-1998. A number of important operational policies are being examined, including the Bank's exposure risks in borrowing DMCs. An interdepartmental group has been established to develop an analytical framework for identifying the indicators of country risk and examining the issue of exposure limits.

Bank Operations in the South Pacific

The Bank's South Pacific Regional Office (SPRO) is concerned with seven South Pacific DMCs (Cook Islands, Fiji, Kiribati, Solomon Islands, Tonga, Vanuatu and Western Samoa). Besides project administration, it handles country programming, economic and sector work, operational strategy studies and aid coordination. In June 1992, Management approved a regional technical assistance project (\$495,000) for macroeconomic, sector and policy analyses in the region to help SPDMC governments improve their policy formulation capabilities and to provide a basis for enhanced policy dialogue between them and donor agencies. Studies have already been undertaken for Kiribati, Tonga and Vanuatu, and others are planned for 1993. These studies should also prove useful as inputs for round table meetings organized by UNDP and the biennial regional economic reports prepared by the World Bank.

SPRO has substantial aid coordination responsibilities in the South Pacific. Its staff have attended various consultative meetings with multilateral organizations and major bilateral donors.

During the year, the Development Policy Office undertook a review of the 1989 Task Force recommendation, endorsed by the subsequent Board Ad Hoc Working Group, that a Small Pacific Island Fund be created to enable the Bank to tackle problems unique to these countries but which cannot suitably be dealt with using present Bank vehicles. The Social Dimensions Unit in the Agriculture Department is currently studying the review to provide a further analysis of the sociocultural characteristics of SPDMC economic systems.

EDRC Activities

During 1992, the Economics and Development Resource Center (EDRC) maintained its role as the Bank's research arm, while moving to become more closely involved in the Bank's operational activities and to broaden

EDRC Publications Activities

Publications remained an important part of EDRC's activities during the year. The fourth issue of *Asian Development Outlook*, which provides an annual review of recent economic developments in the DMCs and short-term forecasts, was produced and co-published with Oxford University Press. The *Asian Development Review*, the Bank's semiannual research journal, completed its tenth year of publication. Also co-published with Oxford University Press were *Key Indicators of Developing Asian and Pacific Countries*, a statistical annual and three books: *Informal Finance: Some Findings from Asia*; *Mongolia: A Centrally Planned Economy in Transition*, and *Economic Analysis of Investments Projects*. A new research monograph series, called "Occasional Papers" was established to complement the four existing EDRC research monograph series. Work began on a Bank research bulletin, to announce research undertaken in the Bank and to disseminate research results highlights.

its development resource center function.

Through its research program, EDRC addressed a range of topics relevant to economic development in the region and to the Bank's activities. Topics covered through in-house research included the economic consequences of aging; the East Asian experience in economic development; population growth and economic development; urbanization, population distribution and economic development in Asia; exchange rate policies of Asian countries; the relationship between gender and poverty; the growth-stability relationship in Asian developing countries; HIV/AIDS in Asia; regional cooperation in South Asia; financial flows in Asian and Pacific DMCs; and international factor movement and economic welfare.

Regional technical assistance was used to address topics such as financial sector policies; priority issues and policy measures to reduce rural poverty; the role of multilateral development banks; economic reforms in selected planned Asian developing countries; impact assessment and policy responses from the Gulf crisis; growth triangles in Asia; critical issues and policy measures to address urban poverty; and economic implications of the HIV/AIDS epidemic in selected DMCs.

Sector-oriented research covered the estimation of shadow pricing for project appraisal; disease impact assessment; rural credit delivery systems; commodity price

projections; the economic analysis of education projects; and the economic analysis and socioeconomic justification of water supply projects.

Country-specific and regional research undertaken by EDRC included development strategies for Nepal; economic development in South Asia; the economic transition of Mongolia; and the institutional development of the Ministry of Finance in Bangladesh.

In addition to providing operational support through research, EDRC also became more directly involved in the actual work of the Programs and Projects Departments. It undertook a macroeconomic modeling and forecasting project, developed economic evaluation guidelines, participated in country operational strategy studies, country programming and appraisal missions, and helped execute sector studies. At the same time it provided advisory technical assistance to DMCs in several areas as well as resource persons from its staff at local, regional and international conferences and seminars.

An active technical assistance program was maintained to assist DMCs in the development and strengthening of statistical systems and services, with an increasing emphasis on strategic areas such as poverty reduction, the environment, women in development and social development.

In addition to its technical assistance program, EDRC continued to provide statistical services for users both within and outside the Bank. Efforts to collect and consolidate economic and social data and maintain a data base continued. A major achievement during the year was the operationalization of the computerized Statistical Data Base System, providing on-line access to and updating of the Bank's statistical data base. Ties were maintained with other international organizations for the exchange of statistical data and other statistical information.

An important part of EDRC's contribution to the Bank is the economic evaluation of loan and technical assistance activities. EDRC continued to fulfill this role by participating in the processing of new loans and technical assistance projects and in the evaluation of projects completed. It made significant efforts during the year to streamline project and technical assistance documentation for which it provides editorial services.

As a major part of its development resource center role, EDRC maintained an active program of conferences and seminars. It organized the 1992 Development Round Table on foreign investment in the Asian and Pacific region, the broader Round Table on Development Strategies, and Asian Economic Outlook Workshop that examined economic issues and trends for the region. A Conference on Development Economics, also envisaged as an annual event, was held as a forum for the discussion of cutting-edge research and thinking. A seminar on geographic information system and remote sensing for development was co-hosted with ESCAP.

A series of economic seminars were organized as a Bankwide forum for the discussion of economic development issues. Topics addressed during the year included social and economic justification of education projects; tax reform; the recent economic performance of Asian countries in the face of world recession; global economic prospects; the North American free trade agreement; the future of East Asia; the World Bank approach to industrial strategy; and trade policy review and General Agreement on Tariffs and Trade (GATT).

Through its technical assistance, EDRC also maintained active involvement in human resource development for the region. Its Special Secondment Scheme continued to offer mid-level DMC officials the opportunity to work at the Bank to gain on-the-job experience, while its association with the Asian Productivity Organization offered sponsorships for several training activities. During 1992, training seminars for DMC officials were held on monetary and fiscal policy, international finance, and tax policy and reforms.

Aid Coordination

The Bank attaches considerable importance to the question of aid coordination among various agencies to maximize the use of scarce development resources. It participates in various country and sector-specific meetings of aid groups and has come to be recognized as a major partner of economic development in several DMCs. The Fourteenth ADB-World Bank Coordination Meeting was held in May in connection with the Bank's Twenty-Fifth Annual Meeting in Hong Kong. The President attended the meetings of the Development Committee and Heads of Multilateral Financial Institutions in Washington, D.C. in September.

In July, the Bank attended the first meeting of the Consultative Group on Indonesia, chaired by the World Bank, which pledged a total of \$4.9 billion, slightly more than the \$4.75 billion pledged at the meeting of the previous coordinating group.

The second meeting of the Mongolia Assistance Group was held in Tokyo on 28-29 May. It was co-chaired by the Government of Japan and the World Bank and attended by delegates and observers from 16 countries and five international organizations, including the Bank. The Bank also participated in the 1992 Donor Consultation Meeting held in Ulaanbaatar on 14-15 October.

Under the International Peace Agreement on Cambodia, the Supreme National Council (SNC) of Cambodia and the United Nations Transitional Authority in Cambodia (UNTAC) are responsible for monitoring and coordinating aid to Cambodia during the pre-election transitional period. The United Nations Development

Programme (UNDP) also plays a major role in aid coordination, with its significant in-country operational capacity. UNTAC and UNDP established a Donor Consultative Group (and a series of technical sub-groups) to advise the Director on external assistance matters to be considered by the SNC. The Bank convenes and chairs the technical sub-group for the energy sector.

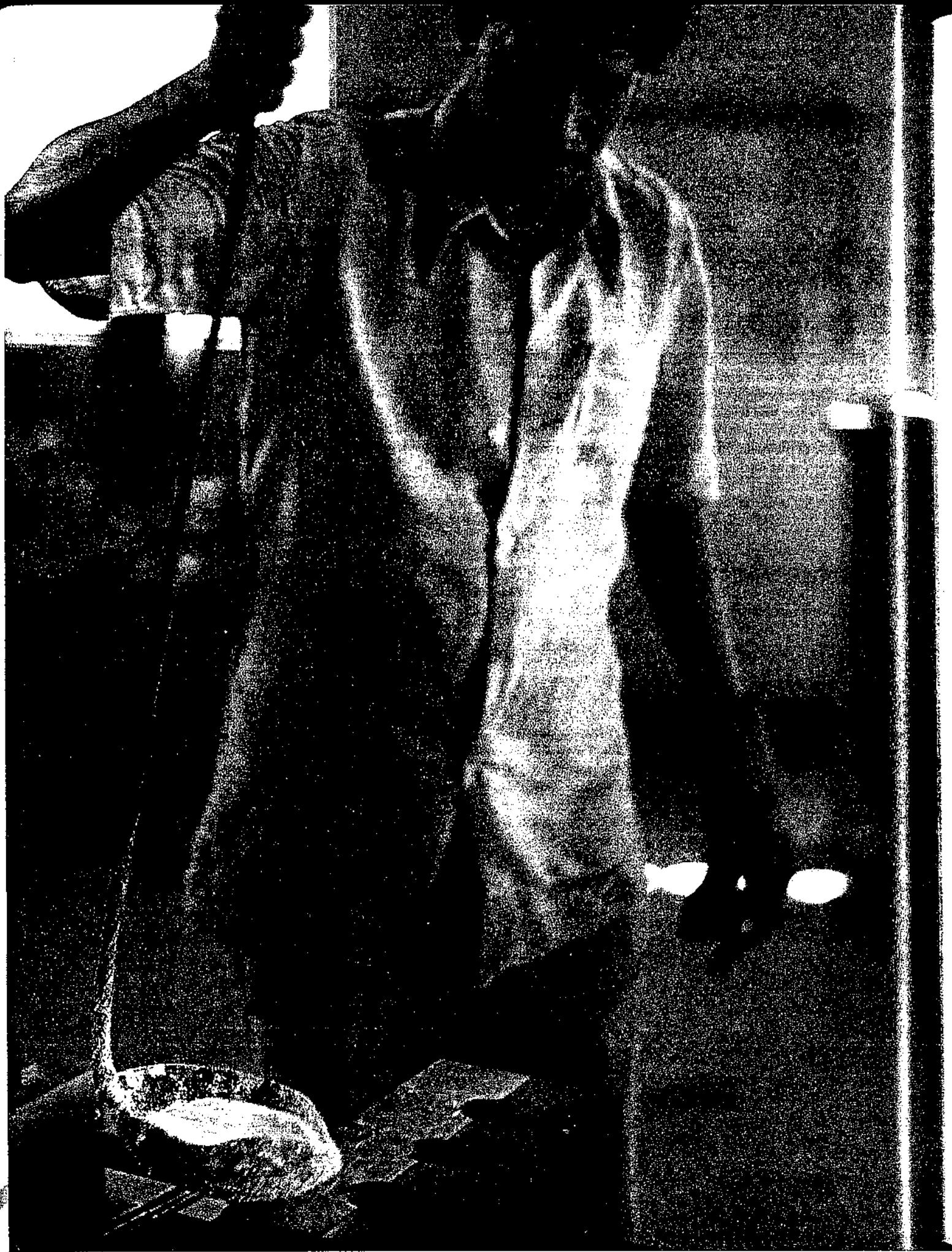
The Ministerial Conference on the Rehabilitation and Reconstruction of Cambodia held in June in Tokyo was the first high-level international forum for aid coordination in Cambodia. The conference, chaired by the Government of Japan and co-chaired by UNDP, adopted two declarations (the Tokyo declarations) on "The Rehabilitation and Reconstruction of Cambodia" and "The Cambodian Peace Process." The first provides, *inter alia*, for the establishment of an International Committee for the Reconstruction of Cambodia, a consultative body to assist in the reconstruction of the country in a coordinated manner.

Activities for the development of the Lower Mekong River Basin are coordinated by the Mekong Committee.

The Bank also participated in the 17th Consultative Group Meeting for the Philippines, held in Hong Kong in March; a meeting of the Bangladesh Aid Consortium, held in Paris in April, which pledged total aid commitments of about \$2.1 billion for 1992/93; the Fourth Round Table Meeting for Bhutan in March, which reviewed the Government's Seventh Plan (1992-1996) and indicated an aid level of between \$500 million and \$700 million; the Fourth Round Table Meeting for Lao PDR in Geneva in March, under the auspices of UNDP, which slated an indicative assistance of \$600 million for the period 1992-1994; the tenth meeting of the Nepal Aid Group in April, which pledged about \$445 million for the fiscal year 1992/93, as well as annual aid consortium meetings on India, Pakistan and Sri Lanka.

SPRO continued to consult extensively with representatives of IMF, World Bank, UNDP, ESCAP, the European Community and other agencies. SPRO teams visited the capitals of Australia and New Zealand for program discussions in February and its Director participated in high-level discussions with the Australian authorities in October. SPRO also collaborated actively with regional agencies. It was represented at the Partners Meeting organized by South Pacific Forum (SPF) in March, the SPF Committee on Regional Economic Issues and Trade in April and the South Pacific Commission Annual Meeting in October. SPRO also worked with the South Pacific Regional Environment Programme (SPREP), the Forum Fisheries Agencies and UNCTAD in areas of mutual interest.

Two areas of coordination stood out. First, economic analyses were made available to the donor community and the SPDMCs to facilitate a better policy dialogue. Second, substantial inputs were provided through SPREP to develop regional positions on environmental matters.



COUNTRY HIGHLIGHTS

THE BANK's operations in its DMCs are based on country strategy studies reflecting country needs, constraints and policy environments as well as the Bank's own priorities and concerns. Policy dialogue on both macro and microeconomic issues form an increasingly important part of the Bank's efforts to improve the climate for economic development in DMCs.

During 1992, the Bank resumed its lending operations in Cambodia for the first time since 1970.¹

Bangladesh

Operational Strategy: The Bank's overall objective in Bangladesh is the reduction of poverty. It seeks to achieve this goal through a medium-term operational strategy which both promotes a faster economic growth and enhances the poor's capacity to benefit from it. Greater market orientation, expansion of domestic resource use, accelerated human resource development and improved physical infrastructure are the essential elements of this strategy. Activities which enhance employment opportunities, health, education, training, population planning, basic services and credit facilities are emphasized. The improvement and protection of the environment, in particular the physical and human consequences of poverty and natural resource management, are also vital concerns. The Bank supports activities that help improve agricultural efficiency and productivity, strengthen the corporate sector through privatization, develop the capital market and reform the financial sector.

Policy Dialogue: The Bank has broadened its policy dialogue with the Government in various sectors. In agriculture, it supports reforms to enhance the role of the private sector by liberalizing and deregulating the supply of minor irrigation equipment, fertilizers and seeds, improving foodgrain management, and reorganizing and commercializing public entities. In industry, it seeks the restructuring and privatization of public manufacturing enterprises, reduction of subsidies and price deregulation. Dialogue has been

initiated on the development of capital markets. In the railways sector, the Bank is helping the Government optimize the labor force through voluntary separation and restructure railway operations to wipe out deficits in the medium term. In the social sector, the financing, restructuring and reorientation of higher secondary education have been the focus of Bank support, while increased emphasis is given on primary education, health and basic services, and population programs.

Loans and Technical Assistance: Bank lending during the year amounted to \$257.5 million for six projects. Three of the loans were for the agriculture sector, amounting to \$153.2 million: \$39.8 million (and a \$790,000 technical assistance grant) for the Second Bhola Irrigation Project combining water management, cyclone protection and rural infrastructure; \$30 million (and a \$600,000 technical assistance grant) for the Rural Poor Cooperative Project to improve the incomes and productivity of marginal farmers and the viability of farmers' cooperatives; and \$83.4 million (and a \$740,000 technical assistance grant) for the Second Rural Infrastructure Development Project to reconstruct,



MAINTENANCE work under the Second Railway Project in Bangladesh. The Bank has provided a total of \$69 million from ADF for the modernization and rehabilitation of Bangladesh railways.

¹ Afghanistan is not included in this section since no loan commitments or disbursements took place during the year.

Cumulative Bank Lending to Bangladesh
 (As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	50	1,694.74	44.2
Energy	15	778.35	20.3
Social Infrastructure	16	561.75	14.7
Transport and Communications	10	435.10	11.4
Industry and Non-Fuel Minerals	7	222.50	5.8
Finance	7	137.60	3.6
Total	105	3,830.04	100.0

upgrade and maintain feeder roads and growth centers and build drainage structures on rural roads.

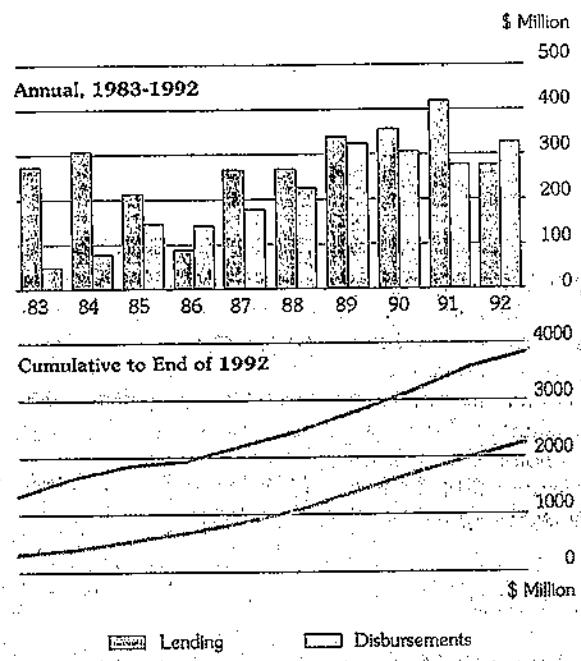
The social infrastructure sector received the other three loans amounting to \$104.3 million. The Bangladesh Open University Project was provided a \$34.3 million loan to help provide direct access to education and training to rural groups that are currently excluded from the educational system, particularly women and other disadvantaged sections of society. A \$15 million loan for the Rehabilitation of Damaged School Facilities Project will help primary and secondary schools in Chittagong and Khulna Divisions destroyed during a cyclone in April 1991. A \$55 million loan was approved for the Secondary Towns Integrated Flood Protection Project, designed to improve drainage and environment sanitation, solid waste management and health conditions in densely populated areas of six towns.

In all, 21 technical assistance grants were approved during the year for a combined total of \$9.1 million. Of this amount, \$6.3 million was for advisory and operational purposes and \$2.8 million for project preparation.

Project Implementation: Of the 105 loans approved for Bangladesh as of end-1992, 58 had been closed and 47 were under administration. Five loans were awaiting effectiveness and seven were closed during 1992. Contracts worth \$268 million were awarded during the year, bringing the cumulative total to \$2,387 million or 67 per cent of the net effective loan amount. Disbursements totalled \$326 million, against \$276 million in 1991, bringing cumulative disbursements to \$2,300 million or 65 per cent of the total net effective loan amount.

The Bangladesh Resident Office (BRO) continued to monitor project implementation and loan disbursements,

Bangladesh: Lending and Disbursements



and provided the Government and its executing agencies with necessary guidance. BRO has also assisted in processing new projects and administering technical assistance, and has been increasingly involved in policy dialogue with the Government on macroeconomic and sectoral issues. A country project review mission was undertaken in October to discuss and resolve issues affecting project performance, and seminars were held on project implementation and the use of consultancy services.

Bhutan

Operational Strategy: The operational strategy is to help ease institutional and manpower constraints and develop the country's capacity to earn foreign exchange. The Government's efforts to balance social and economic development are also supported. To avoid straining Bhutan's administrative and debt-servicing capacity, the Bank limits its loan assistance to relatively small amounts and plays a catalytic role, using technical assistance, in preparing development projects and mobilizing co-financing, particularly grants.

Policy Dialogue: Discussions during the year centered on ways to strengthen the country's development agencies, improve domestic resource mobilization, and enhance the role of the private sector.

Cumulative Bank Lending to Bhutan
(As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Multisector	2	12.40	32.0
Social Infrastructure	2	10.43	26.9
Agriculture and Agro-Industry	2	7.78	20.1
Transport and Communications	1	4.50	11.6
Finance	1	2.50	6.4
Industry and Non-Fuel Minerals	1	1.15	3.0
Total	9	38.76	100.0

Loans and Technical Assistance: No new loans were approved in 1992, but about \$1.4 million was provided in five technical assistance grants. Two of the grants were intended to strengthen the Department of National Budget and Accounts and the Department of

Power, one was to help develop the capital market and two were to prepare road and renewable resources projects for possible Bank financing.

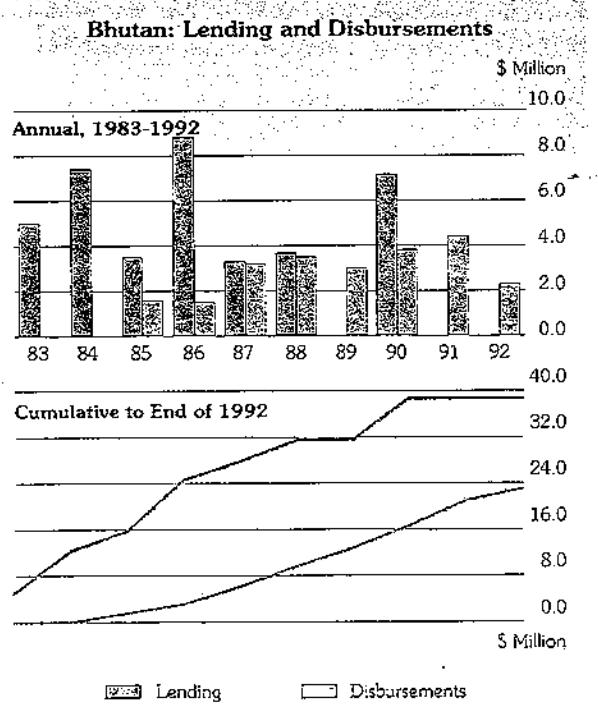
Project Implementation: Of the nine loans approved as of end-1992, three had been closed and six were under implementation. Contracts amounting to \$1.2 million were awarded during the year, bringing the cumulative total to \$22.8 million, which was 63 per cent of the total net effective loan amount. Disbursements for the year amounted to \$2.4 million, bringing cumulative disbursements to \$23.4 million, or 65 per cent of the total net effective loan amount.

Institutional weaknesses, a shortage of qualified and experienced staff and a lack of counterpart funds continued to affect project implementation.

Cambodia

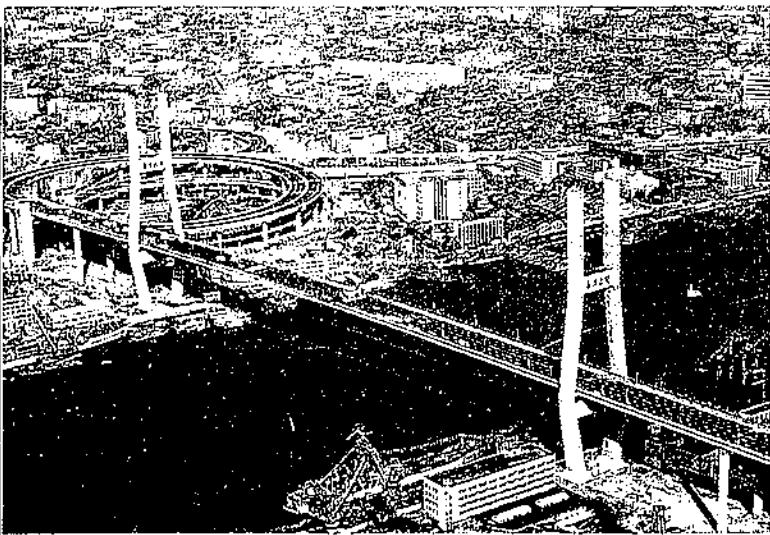
Operational Strategy: Having resumed its operations in the country after almost two decades, the Bank's immediate strategy is to strengthen Cambodia's ability to address its immediate needs for macroeconomic stabilization and prepare for future reconstruction on the basis of efficient, market-based management of the economy. Emergency rehabilitation of key infrastructure facilities will also be undertaken, and strategies, policies and programs for the development of specific sectors will be outlined. In addition, efforts toward institution building, human resources development and training will be supported.

Loans and Technical Assistance: A loan of \$67.7 million was made for a Special Rehabilitation Assistance Project as part of a broader international cooperative effort. The Project was designed to assist in the repair of essential economic and social infrastructure, focusing on transport, power, agriculture and education. In addition, three technical assistance grants totalling \$8.1 million were provided during the year.



China, People's Republic of

Operational Strategy: The Bank supports the Government's strategy, as enunciated in the Eighth Five-Year Plan (1991-1995), for economic growth in an efficient, sustainable and equitable manner. Bank projects in PRC emphasize efficiency improvement, environmental protection, natural resource conservation and poverty reduction. Constraints in such key sectors as energy, transport and communications and industry are sought to be eased through both investments and policy reforms to promote competition, market-based pricing and financial discipline in



THE SHANGHAI-NANPU Bridge over the Huang Pu River in the People's Republic of China, which the Bank supported with a \$70 million loan from OCR.

enterprises. Technology improvement in state and non-state enterprises is another operational priority. To improve the environment, measures such as energy conservation, technological upgrading and the strengthening of key institutions are promoted.

Policy Dialogue: The Bank continued discussions with the Government on macroeconomic and operational issues. Fiscal policy issues were covered during the implementation of a technical assistance to the Ministry of Finance, including the sharing of revenue and expenditure between the center and local governments, the role of fiscal policy in a market-oriented economy and simplification of

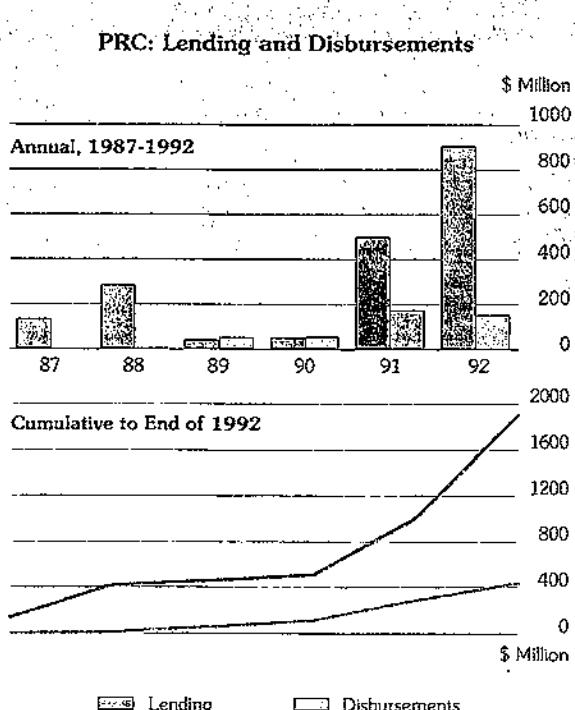
**Cumulative Bank Lending to People's Republic of China
(As of 31 December 1992)**

Sector	Loans	(\$ million)	%
Industry and Non-Fuel Minerals	5	478.30	25.10
Finance	4	420.00	22.04
Energy	4	251.30	13.20
Agriculture and Agro-Industry	3	154.60	8.11
Total	23	1,905.20	100.00

indirect taxes. A seminar on the economic development of the northwest, partly funded by the Bank, provided an opportunity to review and discuss major policy themes in regional and provincial development. Under another technical assistance grant provided to the Development Research Center, PRC's regional development policy framework was reviewed.

At the operational level, the Bank addressed issues like liberalization of energy prices, including coal; deregulation of input-output prices in the steel sector; enterprise reforms; market-based approaches in selecting suppliers; introduction of the "user-pays" principle in infrastructure projects and for certain government services; and removal of subsidies.

Loans and Technical Assistance: Loans totalling \$903 million were made in 1992 for nine projects, including one loan without government guarantee. Three of the projects were in the transport and communications sector with a combined total of \$335 million: Guang-Mei-Shan Railway (\$200 million), Shenyang-Benxi Highway (\$50 million) and Shanghai-Yangpu Bridge (\$85 million). The other projects included Laiwu Iron and Steel Mill Modernization and Expansion (\$133 million); Guangdong Tropical Crops (\$55 million); Guangzhou Pearl River Power Company Ltd. (\$50 million); Industrial Energy Conservation and Environmental Management (\$107 million); Qingdao Environment Project (\$103 million); and Industrial Technology Finance (\$120 million). Co-financing was arranged for the Laiwu Project (\$88 million) by a syndicate of



international financial institutions under the Bank's complementary financing scheme, as well as for the Shanghai-Yangpu Bridge Project (\$79 million).

Technical assistance grants amounting to \$13.8 million were approved for 33 projects. Most of this amount (\$11.5 million) was for advisory and operational purposes while the rest was project preparatory technical assistance.

Project Implementation: All 23 loans approved as of end-1992 were under administration, including six waiting for signature or to become effective. During the year, contracts amounting to \$179.2 million were awarded, bringing the cumulative contract amount to \$588.6 million, or 42 per cent of the total net effective loan amount. Disbursements amounted to \$178.5 million, bringing cumulative disbursements to \$461.4 million, or 33 per cent of the total net effective loan amount.

All projects, with the exception of one industrial project, were proceeding smoothly, four of them being in the advanced stages of completion and initial operation. A country project review mission was fielded to discuss specific implementation issues. Four seminars were held on loan disbursements, procurement opportunities and the use of consultants under Bank financing.

India

Operational Strategy: The Bank's operational strategy is focused on the industrialization of the economy, with emphasis on greater private sector participation, the development of economic infrastructure (physical, social and

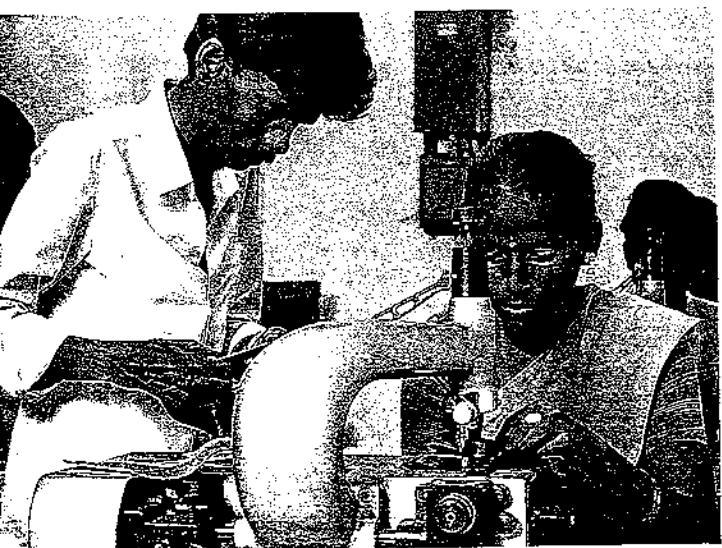
Cumulative Bank Lending to India (As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Energy	11	1,853.80	43.5
Transport and Communications	9	1,617.60	37.9
Finance	5	770.00	18.0
Industry and Non-Fuel Minerals	3	25.90	0.6
Total	28	4,267.30	100.0

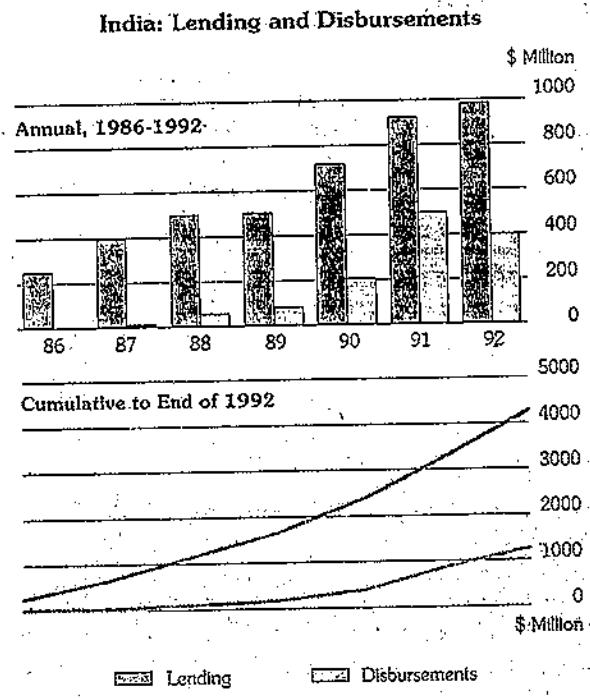
financial), and private investments in areas where policy and technological changes are being promoted. Improvements are sought in energy, transport and telecommunications infrastructure to ease bottlenecks to industrial development. The environmental and social impacts of development are also addressed.

Policy Dialogue: The Bank's dialogue with the Government covered a wide range of issues in the power, industry, financial and ports and shipping sectors, both on a project-specific basis and in the context of various Bank-supported sector studies. The opening of a Resident Office in New Delhi in December was expected to enhance this dialogue. In line with the Government's major stabilization and reform programs, the possibilities of increasing the role of market forces and reducing administrative controls were discussed. These efforts were closely coordinated with those of the World Bank, the International Monetary Fund (IMF) and other major sources of development assistance to India.

Loans and Technical Assistance: In 1992, the Bank made four loans totalling \$982 million. A \$250 million loan was approved for a Power Efficiency (Sector) Project to provide foreign exchange resources to state electricity boards for projects involving transmission/distribution lines, environmental renovation and modernization of power plants. A loan of \$285 million was provided for a project to upgrade facilities at two ports for handling and transporting coal used mainly in power plants. Two technical assistance grants in connection with this project will provide planning and advisory services to a port trust and support policy reforms for deregulation in the ports and shipping sectors. A Financial Sector Program Loan of \$300 million was approved to support major reforms in the financial sector intended to make increased financial savings available for private sector lending. A loan of \$147 million was made to finance energy conservation and environmental



WORKERS at a garment factory in India, one of the small and medium-scale private enterprises which have benefited from a \$100 million Bank loan from OICR channelled through the Industrial Development Bank of India.



enhancement subprojects at four oil refineries. Along with this loan, a \$600,000 technical assistance grant was approved to strengthen the capabilities of various financial institutions to make private sector loans for energy conservation and environment enhancement projects.

Altogether, 11 technical assistance projects totalling \$4.5 million were approved during the year.

Project Implementation: Of the 28 loans approved for India as of end-1992, four were closed and 24 were under administration. During the year, contracts amounting to \$497.2 million were awarded, bringing the cumulative total to \$1,338.5 million, or 35 per cent of the total net effective loan amount. Disbursements amounted to \$393.8 million, with cumulative disbursements reaching \$1,244.3 million, or 33 per cent of the total net effective loan amount. A country project review mission was undertaken to discuss project implementation matters. With the recent establishment of a resident office in India, closer monitoring of projects and liaison with government executing agencies will be possible.

Indonesia

Operational Strategy: The Bank continued to support REPELITA V, the Government's development plan covering the period 1989-90 to 1993-94. In line with this strategy, the operational program supported the

Government's current development priorities, such as the development of basic infrastructure, provision of basic services, development of human resources, and satisfactory operation and maintenance of completed infrastructure, and its goal of efficient, equitable and environmentally sustainable growth. Reduction of poverty, a more balanced regional development, an environment suitable for private sector development, expansion of basic social infrastructure services, the role of women in development and environmental conservation were emphasized.

Policy Dialogue: During the year, policy dialogue was held on the financial, urban, energy and telecommunications sectors. Under the Second Financial Sector Program Loan, reforms to promote the strength and long-term stability of the financial system were covered. In the urban sector, the Bank continued to promote economic productivity and improved living conditions, particularly for low-income groups. It supported the establishment of a municipal financing mechanism to encourage the private sector to provide urban services and improve implementation at local levels, and discussed with the Government innovative approaches to urban sector development. Discussions in the energy sector sought the commercialization of the State Electricity Corporation (PLN), private sector participation in energy development, the upgrading of operational efficiency and tariff revisions to improve PLN's financial viability. Questions of quality improvement and equity came up in connection with the Junior Secondary Education Project. Under the Bank's first loan for Indonesia's telecommunications sector, provided in 1992, further deregulation of the sector will be sought as well as increased private sector participation and tariff revisions. Projects in the agriculture sector provided opportunities to address



FOOD processing class at the Vocational Education Development Center for Agriculture at Cianjur, West Java, Indonesia, developed under the Agricultural Education Project. The Bank has financed the project with a \$68 million loan from OCR.

**Cumulative Bank Lending to Indonesia
(As of 31 December 1992)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	75	2,856.12	31.4
Energy	22	1,628.05	17.9
Transport and Communications	23	1,295.86	14.3
Urban Development, Water Supply and Sanitation	19	1,114.45	12.3
Education	19	981.35	10.8
Finance	6	740.00	8.1
Industry and Non-Fuel Minerals	12	364.70	4.0
Health and Population	2	80.90	0.9
Multisector	1	25.00	0.3
Total	179	9,086.43	100.0

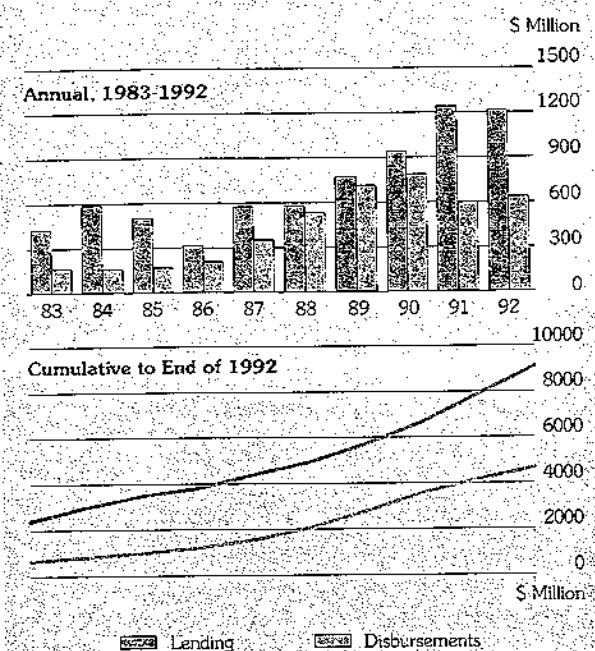
issues relating to poverty reduction and sustainable development. Assistance to the environment sector helped adopt measures to reduce industrial waste pollution.

Loans and Technical Assistance: Ten loans totalling \$1,210.9 million were approved during the year, including a \$250 million program loan for the financial sector and two loans amounting to \$54.5 million from the Asian Development Fund.

Physical infrastructure, such as energy and telecommunications, accounted for nearly half the loans. The Power XXII loan of \$350 million to PLN for a generation project was the Bank's single largest loan to any DMC during the year. In the social infrastructure sector, two loans were approved for urban development (\$150 million) and education (\$105 million). A pilot project for wastewater collection and treatment in Bandung received a loan of \$8.4 million.

Two loans in the agriculture sector – for Smallholder Tree Crop Processing (\$75 million) and Upland Farmer Development (\$30 million) – were designed to provide jobs and improve the income levels of poor agricultural communities. For the first time, a Biodiversity Conservation Project (\$24.5 million) was approved by the Bank for selected areas in the country. A \$33 million loan for a Marine Resource Evaluation and Planning Project was also approved.

Indonesia: Lending and Disbursements



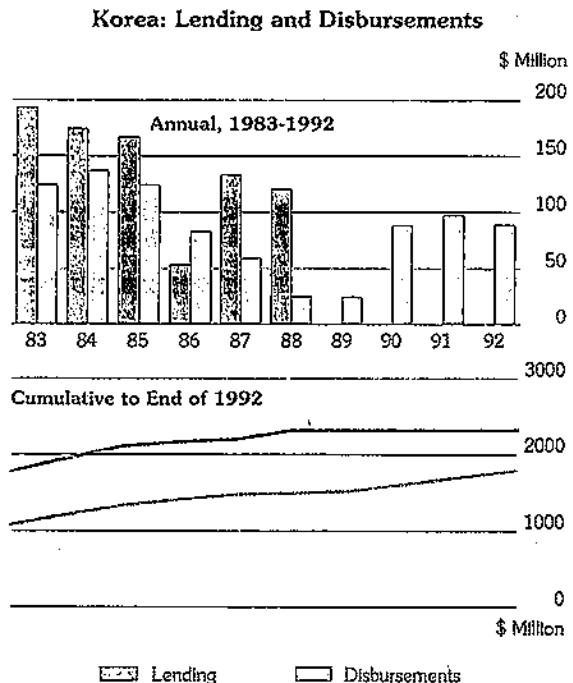
In addition, 21 technical assistance projects, amounting to about \$10 million, were approved during the year, 12 of them being project preparatory in nature and nine advisory.

Project Implementation: Altogether, 179 loans were approved for Indonesia as of end-1992. A total of 112 loans had been closed, of which 13 were closed in 1992. Sixty-seven loans were under administration, including seven awaiting effectiveness. Contract awards totalled \$474.6 million, bringing the cumulative total to \$4,890 million, or 61 per cent of the net effective loan amount. Total disbursements for the year amounted to \$634.3 million, with cumulative disbursements reaching \$4,767.7 million, or 59 per cent of the total net effective loan amount.

Project implementation continued to be satisfactory as the Indonesia Resident Office (IRO) closely worked with the Government and executing agencies in resolving problems. The project monitoring information system and monthly reporting to the Government enabled the central planning agency to make timely interventions to speed up the implementation process. A country project review mission was undertaken in May.

Korea, Republic of

Loans and Technical Assistance: The Republic of Korea stopped borrowing from the Bank in 1989. However,



disbursements for earlier projects still under administration continued.

Project Implementation: Of the 79 loans approved for the Republic of Korea, 73 had been closed and six were under administration. Contract awards during 1992 amounted to \$43.4 million, bringing the cumulative total to \$1,878.4 million, or 100 per cent of the cumulative net effective loan amount. Disbursements amounted to \$96.7 million, bringing cumulative disbursements to \$1,793.6 million, or 96 per cent of the cumulative net effective loan amount.

Lao People's Democratic Republic

Operational Strategy: The main objective of the Bank's operations is to assist the Government in its transition to a market economy. Policy analysis and administrative reforms are being undertaken to provide the policy and institutional framework necessary to develop competitive markets and encourage private sector investment. Direct capital investment supporting private sector activities, particularly in the development of essential physical infrastructure, is also pursued.

Two major macroeconomic considerations are mobilizing domestic resources and expanding exports. The importance of developing stronger economic linkages with

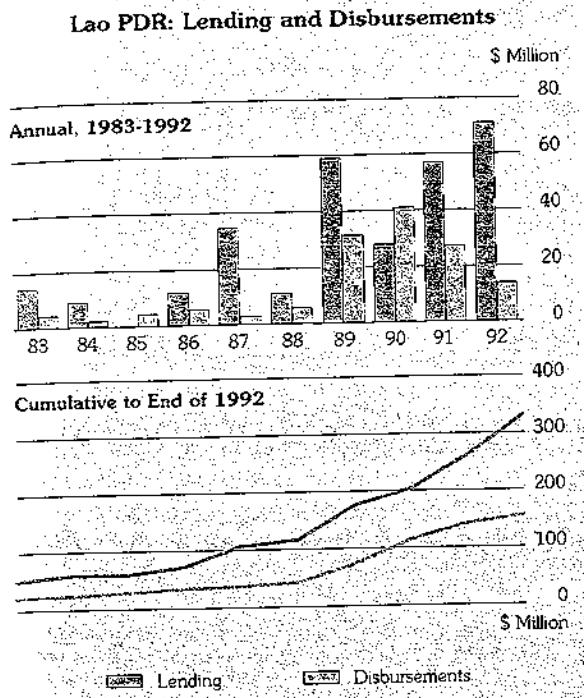
Cumulative Bank Lending to Lao PDR
(As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	5	112.00	33.68
Agriculture and Agro-Industry	7	79.82	24.00
Energy	9	77.32	23.25
Social Infrastructure	4	38.40	11.55
Finance	1	25.00	7.52
Total	26	332.54	100.00

neighboring countries is stressed. Consequently, sectoral investments will be considered in a wider regional context. The Bank's strategy also calls for more attention to the country's social problems to fulfill immediate basic needs and attain development in the long term. Projects in the social infrastructure sector were selected with due consideration to the Government's absorptive capacity and programs of other aid agencies to ensure that they were appropriate and relevant.

Three major operational areas have been outlined: improving the policy and institutional environment; diversifying and expanding the production/export base; and addressing basic needs and human resource development. In all these areas, the Bank seeks a balance among project lending, technical assistance and policy-based program lending. The Government's absorptive capacity is an important consideration in planning the operational program.

Policy Dialogue: The Second Agriculture Program Loan approved during the year provided the basis for the adoption of policies for a competitive development of the country's agricultural economy. The Financial Sector Program Loan supported macroeconomic, policy and institutional reforms, including the restructuring of the monetary and banking systems, interest and exchange rate policies, mobilization of domestic resources and access to long-term credit. In the power subsector, project-specific policy dialogue touched on improving the operational and financial efficiency of the power system through tariff adjustment and better management. In the roads and social infrastructure sectors, the discussions focused on cost-recovery measures, improving the regulatory environment, institutional strengthening and the economic viability of rural and provincial water supply systems.



Loans and Technical Assistance: The Bank approved three loans in 1992 amounting to \$71 million: a \$30 million Agriculture Program Loan to support policy and institutional reforms required to make the agriculture sector more dynamic and integrated; a \$9.5 million loan for the Vientiane Water Supply Project to rehabilitate and upgrade water supply services in the Vientiane Prefecture; and a \$31.5 million loan for the Nam Song Hydropower Development Project to expand the country's generation capacity, increase its foreign exchange earnings from the export of surplus electricity to Thailand, and foster agro-based and other industries.

Thirteen technical assistance projects totalling \$6.7 million were also approved. Of these, four were for project preparation and nine were advisory, focusing on institutional strengthening and training.

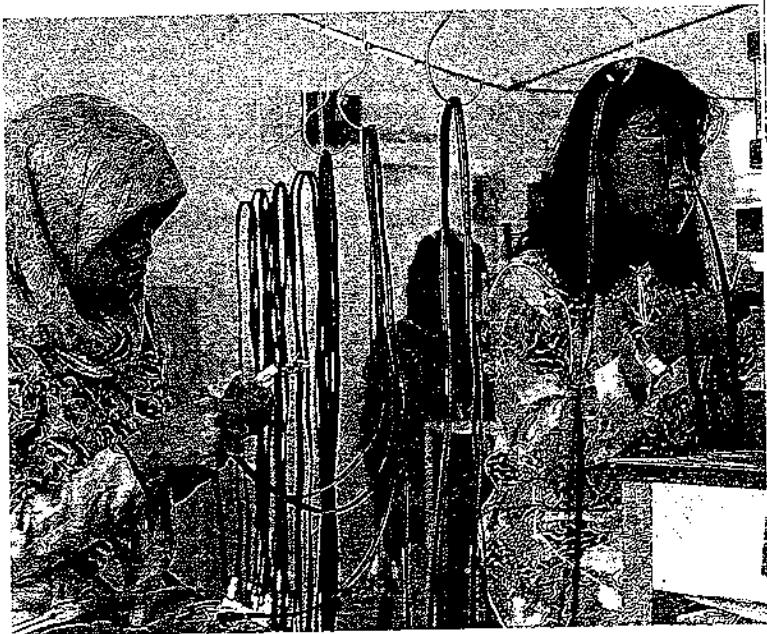
Project Implementation: Of the 26 loans to Lao PDR as of end-1992, 15 had been closed and 11 were under administration. During the year, contracts amounting to \$48.8 million were awarded, bringing the cumulative total to \$193.8 million, or 74 per cent of the total net effective loan amount. Disbursements in 1992 totalled \$15.8 million and cumulative disbursements amounted to \$158.9 million, or 61 per cent of the total net effective loan amount. Four road projects, two power projects, two water supply projects, an education project, a forestry project, a financial sector program and an agriculture program were ongoing.

Malaysia

Operational Strategy: In 1991, the Bank reviewed its operational strategy for Malaysia in the light of the country's robust economic performance and the Government's priorities and policies under the Sixth Malaysia Plan (1991-1995). The strategy emphasizes improvements in physical and social infrastructure to reduce poverty in rural areas. It also encourages policy support for private sector-initiated development and for productivity and efficiency increases in line with the country's policy of growth with equity and protection of the environment.

Policy Dialogue: The dialogue with Malaysia took place amid a strongly growing economy and steady improvement in a range of social indicators. The focus was on the strengthening of market-related pricing policies, especially for power and water utilities. The Bank emphasized cost recovery and tariff adjustment measures in rural water supply schemes and the adoption of commercial accounting systems, while taking into account the affordability of water charges. Income-generating schemes were supported under the integrated rural development program to prevent the drift of the labor force to urban areas. The need for environmental protection and conservation was stressed.

Loans and Technical Assistance: Loans totalling \$154.5 million were approved for two projects in 1992. A \$105 million sector loan was made for the rehabilitation and upgrading of water supply systems, and \$49.5 million was

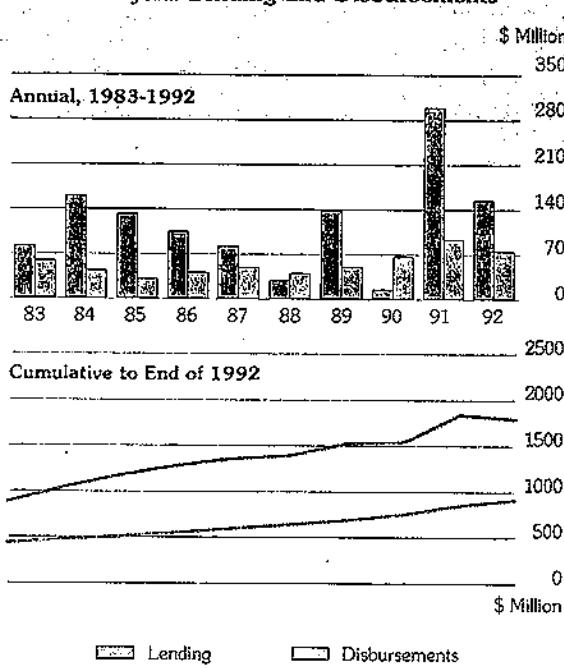


CHECKING cables at a small-scale electronics factory in Kedah State, Malaysia, which has benefited from a \$45 million OCR loan for the Kedah Regional Development (Sector) Project.

Cumulative Bank Lending to Malaysia
(As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	24	514.86	23.6
Energy	11	321.50	17.9
Urban Development, Water Supply and Sanitation	13	310.31	17.3
Transport and Communications	15	255.14	14.2
Health and Population	3	181.53	10.1
Education	3	146.80	8.2
Industry and Non-Fuel Minerals	1	53.00	2.9
Finance	1	15.00	0.8
Total	71	1,798.14	100.0

Malaysia: Lending and Disbursements



approved for a power generation project in Sarawak. Seven technical assistance grants totalling \$1.5 million were also approved.

Project Implementation: Of the 71 loans approved as of end-1992, 56 had been closed and 15 were under administration, including three awaiting signature or effectiveness. Contract awards for the year amounted to \$37.3 million, bringing cumulative contract awards to \$973.7 million, or 81 per cent of the total net effective loan amount. Disbursements amounted to \$75 million, with cumulative disbursements reaching \$923.6 million, or 77 per cent of the total net effective loan amount.

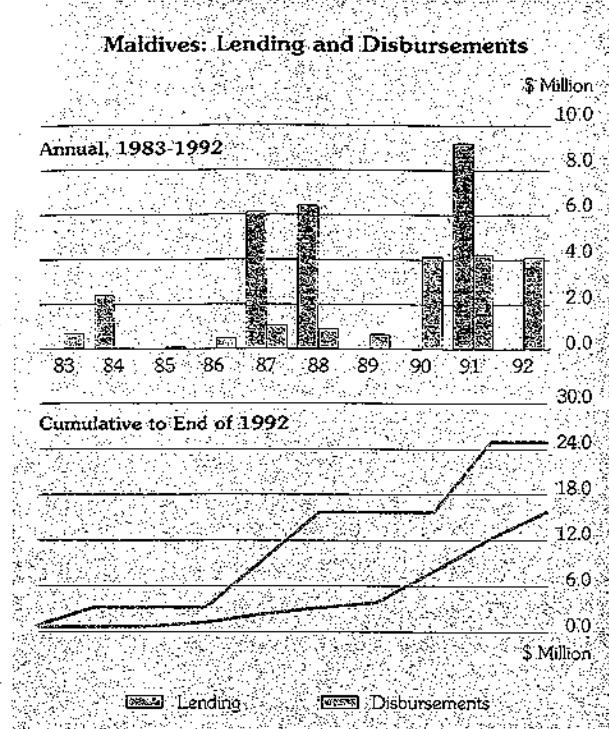
Maldives

Operational Strategy: The Bank's objective is to concentrate on sectors where its assistance can have a direct impact on sustainable and private sector-led production activities, with appropriate concern for environmental conservation. Its operations are centered mainly on power, transportation, tourism, fisheries and institutional strengthening. Technical assistance is provided to enhance planning capability at the national and regional levels, strengthen institutions, develop human resources, achieve environmentally sustainable growth, and support the private sector.

Policy Dialogue: Discussions focused on the need for rationalization of tariffs on the outer islands served by the Maldives Electricity Board to minimize cross-subsidization between Malé and those islands. Under the First Malé Port Development Project, the Charter for the Maldives Ports Authority (MPA) was revised by consultants to give MPA a degree of authority and accountability. Once the Charter is approved by the President of the Republic of Maldives, a second Malé port project can be processed.

Cumulative Bank Lending to Maldives
(As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Energy	2	15.30	38.4
Transport and Communications	2	7.40	46.6
Multisector	1	2.38	15.0
Total	5	25.08	100.0



Loans and Technical Assistance: No loan was provided in 1992. Three technical assistance grants totalling \$945,000 were approved, including one to help the Government prepare a Perspective Plan for the period 1994-2004 outlining its overall development objectives.

Project Implementation: Of the five loans to Maldives provided so far, two had been closed and three were under administration. Contract awards in 1992 totalled \$1.4 million, bringing the cumulative amount to \$17 million, or 65 per cent of the total net effective loan amount. Disbursements totalled \$4 million, with cumulative disbursements reaching \$16 million, or 62 per cent of the total net effective loan amount.

Mongolia

Operational Strategy: The principal objective of the Bank's operational strategy in Mongolia is to support the country's transformation from a centrally-planned to a market economy. Priority will be given to the institutional strengthening of government agencies, the development of an agro-industrial base, and the improvement of physical infrastructure. Projects and programs in the agriculture, industry, transport and energy sectors will be emphasized to address these priorities.

Policy Dialogue: The Bank actively monitored the implementation of the country's Medium-Term Economic Strategy, which seeks to stabilize the economy and accelerate economic reforms, in coordination with the World Bank and IMF. At the sectoral level, reforms in the industrial sector were stressed, particularly with regard to the state order system, reduction of subsidies, price deregulation and export promotion. The institutional strengthening of the securities markets and the development of a diversified ownership structure in the industrial sector were also actively pursued.

Loans and Technical Assistance: One technical assistance loan for \$3.8 million was made during the year, the Bank's second to Mongolia since it joined the Bank in February 1991. A \$30 million Special Assistance loan had been approved in 1991 to finance critical imports following the sudden termination of the preferential trading and financing arrangements under the former Council for Mutual Economic Assistance, of which Mongolia was a member. The loan made in 1992 was for the detailed design and preparation of bid documents for the Egiin Hydropower Project. Twelve technical assistance grants totalling \$6 million were also approved during the year, of which six were project preparatory grants and six were for advisory and operational purposes.

Project Implementation: The Bank's experience with project implementation in Mongolia is limited as traditional project loans have not yet been provided. Under the ongoing special assistance loan and the engineering loan for Egiin Hydropower, contract awards and disbursements during the year amounted to \$31 million and \$16 million, the cumulative figures being \$31 million and \$26 million, respectively.

Myanmar

Operational Strategy: The Bank is monitoring economic developments in the country and an operational strategy will be drawn up when appropriate.

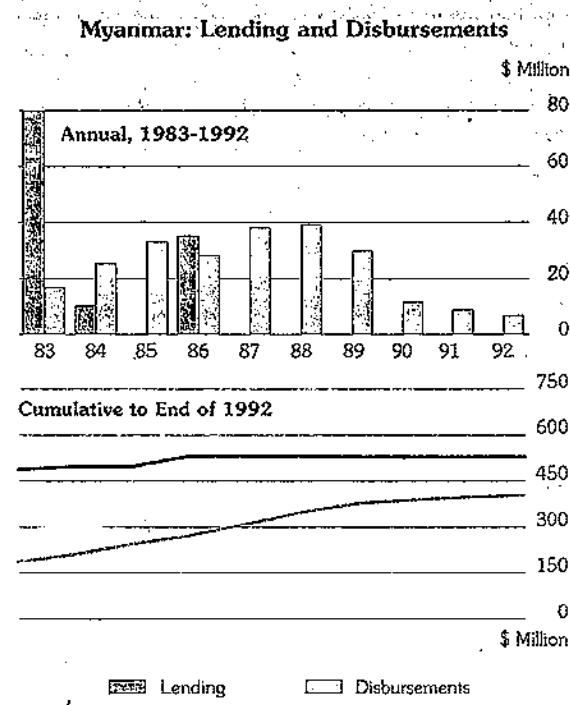
Loans and Technical Assistance: There were no loans or technical assistance in 1992.

Project Implementation: Of the 32 loans approved in the past, 29 had been closed and three were under implementation. Contract awards during the year amounted to \$5.5 million, bringing the cumulative total to \$414.3 million, or 90 per cent of the total net effective loan amount. Disbursements totalled \$7.2 million, with cumulative disbursements reaching \$407.3 million (88 per cent of the total net effective loan amount).

**Cumulative Bank Lending to Myanmar
(As of 31 December 1992)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	15	316.10	59.5
Health and Population	2	63.10	11.9
Transport and Communications	2	42.50	8.0
Urban Development, Water Supply and Sanitation	4	35.96	6.8
Energy	5	31.80	6.0
Industry and Non-Fuel Minerals	2	21.40	4.0
Finance	2	20.00	3.8
Total	32	530.86	100.0

Project implementation continued to experience difficulties, with all loans requiring considerable extensions of closing dates.



Nepal

Operational Strategy: In the near to medium term, the Bank will focus on poverty reduction through broad-based, employment-generating growth. The sectors to receive attention are agriculture, industry, tourism and physical infrastructure. To enable the poor to benefit from growth, the strategy also calls for efforts in the social sectors to raise their productivity and incomes. In addition, quality will be emphasized in project selection and design and the Bank will be involved to a greater degree in project implementation.

Policy Dialogue: Discussions continued during the year on the Government's policy agenda and sectoral priorities, particularly those included in the Eighth Plan (1992-1997). Issues concerning public resource allocation and management, administrative reforms and prospects for greater private sector involvement in the development process were addressed. In the energy sector, the focus of the dialogue was on hydropower investments, particularly the implication of such investments on the Government's debt-servicing capacity, and on the operational efficiency and financial viability of the Nepal Electricity Authority.

Loans and Technical Assistance: Three loans totalling \$43 million were approved in 1992. A \$10.4 million loan was made in the tourism sector to improve tourism infrastructure in and around Pokhara and Gorkha. The project was supported by two technical assistance grants totalling \$735,000. A \$20 million loan and a \$280,000 technical assistance grant were provided for the

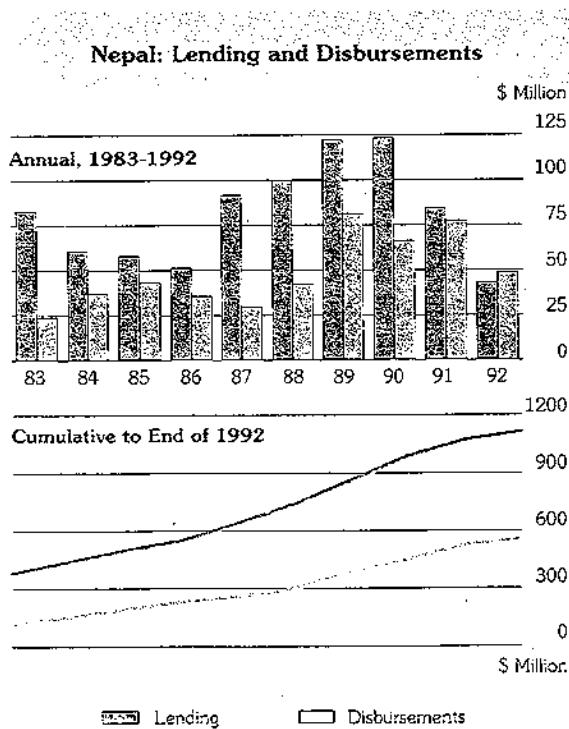


NEPALESE fishermen haul in a catch under the Second Aquaculture Development Project. The Bank has provided a total of \$22.8 million from ADF to develop aquaculture in the landlocked and predominantly agricultural country.

**Cumulative Bank Lending to Nepal
(As of 31 December 1992)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	42	604.08	54.3
Energy	10	185.90	16.7
Transport and Communications	10	157.66	14.2
Education	5	56.10	5.0
Industry and Non-Fuel Minerals	4	54.55	4.9
Urban Development, Water Supply and Sanitation	3	44.00	4.0
Others	1	10.40	0.9
Total	75	1,112.69	100.0

Third Water Supply and Sanitation Sector Project to supply drinking water, promote environmental hygiene and improve sanitation facilities in rural communities. A loan of



\$12.6 million was approved for a Secondary Education Development Project.

Altogether, ten technical assistance grants amounting to \$5.3 million were approved during the year.

Project Implementation: Of the 75 loans approved for Nepal up to end-1992, 42 had been closed and 33 were under administration, including two awaiting effectiveness. Contract awards in 1992 totalled \$34.8 million, resulting in a cumulative total of \$584.7 million, or 60 per cent of the net effective loan amount. Disbursements totalled \$48.7 million, with cumulative disbursements stood at \$573 million, or 59 per cent of the net effective loan amount.

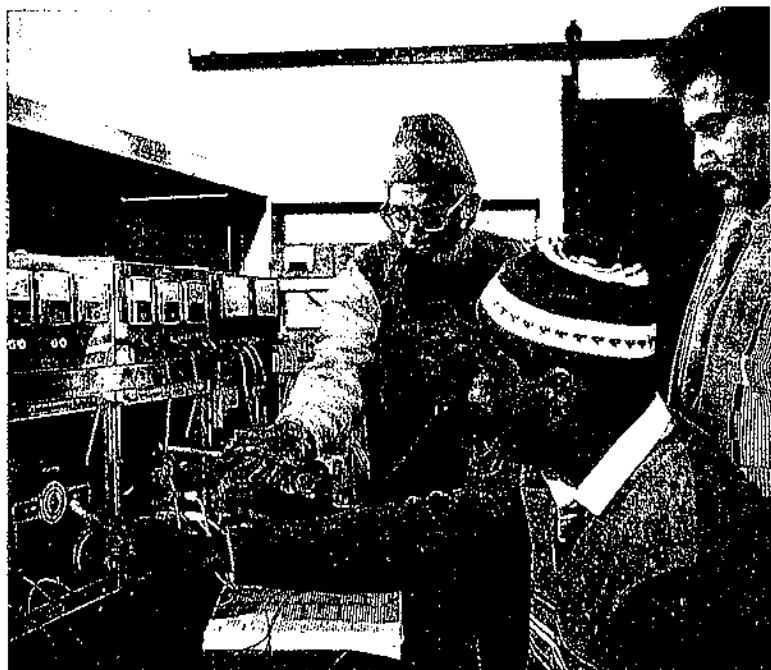
The Nepal Resident Office (NRO) in Kathmandu continued to assist the Government and executing agencies in project administration and various aspects of Bank operations in Nepal. NRO has also been increasingly involved in processing new projects, administering technical assistance and holding policy dialogue with the Government. A country project review mission was undertaken to discuss project implementation and an in-country seminar on project implementation management was held.

Pakistan

Operational Strategy: The Bank seeks the development of a self-sustained, open and outward-looking economy through fiscal, financial sector and other policy reforms. The emphasis is on improving economic efficiency, strengthening domestic capital markets and privatizing government entities, as well as providing for basic human necessities, reducing poverty and developing human resources.

Considering Pakistan's climate, limited water resources and scarce domestic financing, the Bank's assistance to the agriculture sector continues to focus on increasing crop productivity through better water management, irrigation systems and farm-to-market roads. In the energy sector, the major objective is to bridge the gap between demand and supply, and to develop indigenous energy resources to reduce costly petroleum imports. In industry, the Bank seeks to create a suitable environment for private investment, catalyzed where necessary by direct Bank financing or equity participation. In the social sector, efforts are focused principally on education, health, water supply and sewerage, and urban rehabilitation and development. Institutional development in all sectors is the objective of advisory technical assistance.

Policy Dialogue: Direct taxation of farming income, the phasing out of fertilizer subsidies, and full recovery of the operation and maintenance costs of irrigation systems were among the issues discussed during the year in relation to



AN INSTRUCTOR demonstrates the use of an equipment at a polytechnic institute in Pakistan. The Bank has provided a \$21 million ADF loan to improve technical teachers' training and upgrade polytechnic institutes in the country.

**Cumulative Bank Lending to Pakistan
(As of 31 December 1992)**

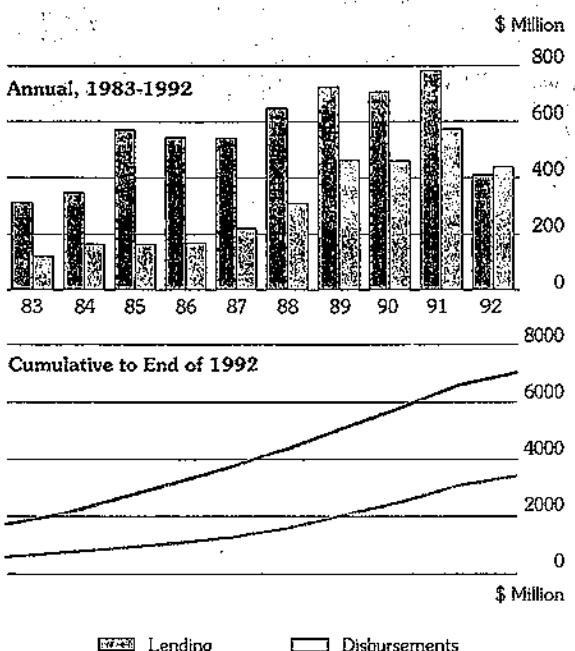
Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	45	2,234.25	31.8
Energy	39	2,175.02	30.9
Finance	28	1,032.00	14.7
Transport and Communications	8	563.00	8.0
Industry and Non-Fuel Minerals	10	321.40	4.6
Urban Development, Water Supply and Sanitation	6	267.70	3.8
Education	5	176.10	2.5
Health and Population	4	121.40	1.7
Multisector	2	144.00	2.0
Total	147	7,034.87	100.0

agriculture. The Provincial Highways Project allowed discussions on improving maintenance standards, taxation on heavy trucks, overloading, road safety and prioritization of road development. The Teacher Training Project gave an opportunity to examine issues like incentives to teachers in rural areas, a more efficient use of school resources and the role and quality of private sector teacher training. Under the Health Care Development Project, policy issues relating to budgetary allocations, cost-recovery measures and the role of the private sector were discussed.

Loans and Technical Assistance: Five loans totalling \$410.3 million were approved during the year, all from the Asian Development Fund. The five loans were: \$32.8 million for the North-West Frontier Province Barani Area Development Project to disseminate new technologies for rainfed farming; \$165.4 million for the Provincial Highways Project, along with technical assistance grants of \$500,000; \$60 million for the Health Care Development Project to upgrade the quality of health care services and delivery, and to alleviate the acute shortage of health manpower; \$52.1 million to support the Government's ongoing efforts for teacher training; and \$100 million for the Flood Damage Restoration (Sector) Project, processed under accelerated procedures, to rebuild infrastructure destroyed or damaged by the 1992 floods.

Fourteen technical assistance projects amounting to \$4.6 million were also approved during the year.

Pakistan: Lending and Disbursements



Project Implementation: Of the 147 loans approved as of end-1992, 80 had been closed (including two loans which were cancelled) and 67 were under administration (including nine awaiting effectiveness). Five loans were closed during the year. Contract awards during the year totalled \$483 million, bringing the cumulative total to \$3,687 million or 59 per cent of the total net effective loan amount. Disbursements for the year amounted to \$437.8 million, bringing cumulative disbursements to \$3,566.7 million, or 57 per cent of net effective loan amount.

The Pakistan Resident Office continued to provide support in project implementation and with regard to dialogue with the Pakistan Government on macroeconomic and sectoral policies. In July, a country project review mission was undertaken to discuss and resolve cross-sectoral issues affecting project performance.

Philippines

Operational Strategy: The primary objective of the Bank's evolving strategy in the Philippines is to help raise growth rates and create an environment for long-term sustainable development. This calls for a three-pronged effort on the part of the Bank: program and sectoral loans to support changes in government policy; funds for infrastructural investment; and rehabilitation of the environmental resource base of the economy. The restoration of the environment must be a major concern, and long-term solutions to reduce poverty must involve a more efficient use and protection of common resources to ensure

Cumulative Bank Lending to the Philippines (As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Energy	20	1,286.35	27.1
Agriculture and Agro-Industry	48	1,370.84	28.9
Transport and Communications	20	696.35	14.7
Urban Development, Water Supply and Sanitation	14	505.60	10.6
Finance	13	445.00	9.4
Multisector	6	283.70	6.0
Education	4	128.86	2.7
Industry and Non-Fuel Minerals	3	27.80	0.6
Total	128	4,744.50	100.0

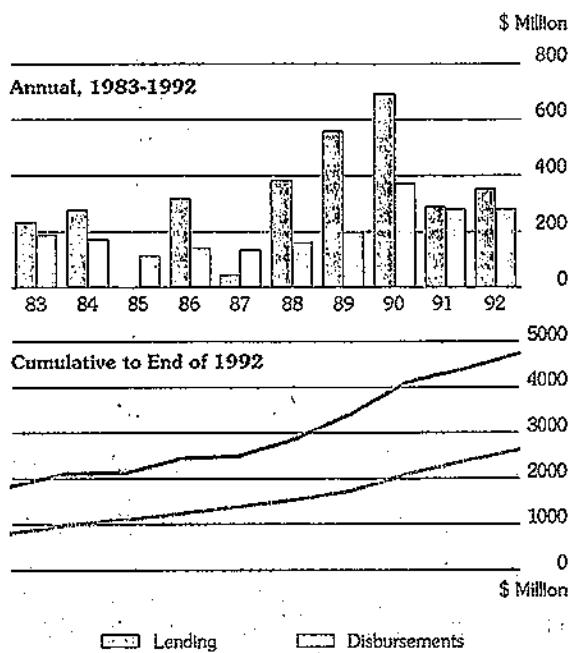
sustainable development. Promoting a better management of forest and fisheries resources will continue to be a key element in the Bank's overall program. In rehabilitating the environmental resource base of the Philippines, the Bank will undertake projects that span many concerns, including the need for balanced development.

Policy Dialogue: Policy and institutional issues were addressed both generally and in the context of project processing. Under the Forestry Sector Project, discussions were held with the Department of Environment and Natural Resources to realign and strengthen policies on community-based forestry management, reforestation and watershed management, forest protection, and tenurial instruments in support of the Government's Master Plan for the forestry sector. The Small Farmers Credit Project allowed discussions with the Land Bank of the Philippines on strengthening rural credit programs for small farmers and enhancing the role of cooperatives as financial intermediaries in the rural financial sector.

The Umiray-Angat Transbasin Technical Assistance loan was focused on the need to further reduce system losses (nonrevenue water) and upgrade billing performance and the collection of overdue accounts. The need to improve the overall allocation and use of water resources among competing government agencies was also emphasized. In the power sector, pricing and system efficiency issues were taken up in preparing the Meralco Distribution Project.



FARMER tending an asparagus patch under the Palawan Integrated Area Development Project, supported by two ADF loans totalling \$40 million.

Philippines: Lending and Disbursements

More generally, discussions during the year touched on project formulation and implementation issues relating to the Local Government Code; new foreign investment and foreign exchange liberalization policies; private sector schemes for developing infrastructure, particularly power generation; domestic resource mobilization; and the absorptive capacity of the country to implement a large external assistance program within a severely constrained development budget.

Loans and Technical Assistance: Bank lending to the Philippines in 1992 totalled \$352.6 million for five projects: \$37 million for the Mt. Pinatubo Damage Rehabilitation Project to restore and construct infrastructure and agricultural facilities damaged by the volcanic eruption in Central Luzon; \$100 million for a Forestry Sector Project to support policy and institutional reform and investment in community-based forest management subprojects, including reforestation of degraded sites, rehabilitation of critical watersheds and forest protection; \$138 million for the Meralco Distribution Project to improve system efficiency and increase service coverage in Metro Manila; \$75 million for the Small Farmers Credit Project to support policy and institutional reforms in the rural financial sector, create employment, improve agricultural productivity and enhance rural incomes; and \$2.6 million in technical assistance loan for the Umiray-Angat Transbasin Project to undertake geotechnical investigations and prepare a detailed

engineering design for a planned water supply expansion project for Metro Manila.

During the year, the Bank also approved 13 technical assistance grants amounting to \$6.4 million.

Project Implementation: Of the 128 loans approved for the Philippines as of end-1992, 85 had been closed and 43 were under administration. Contract awards in 1992 amounted to \$281 million, bringing the cumulative total to \$2,736.5 million, or 74 per cent of the cumulative net effective loan amount. Disbursements totalled \$279.6 million, bringing cumulative disbursements to \$2,656 million, or 72 per cent of the total cumulative net effective loan amount. A country project review mission was undertaken to discuss implementation problems and a seminar on procurement guidelines and procedures was held.

Sri Lanka

Operational Strategy: In the medium term, the Bank will continue to support structural adjustments necessary for a transition to a market-oriented economy and promote private sector participation in industry. Institutional and human resource development to enhance absorptive capacity and infrastructure development to directly encourage productive investment by the private sector will be stressed.

Policy Dialogue: Under the North Western Province Water Resources Development Project, the consistency of reforms under the Bank-financed agricultural program loans and cost recovery by farmers' organizations were extensively



A PRIVATE sector rubber factory in Sri Lanka, which has benefited from credit lines channelled through development finance institutions. The Bank has so far provided \$125 million from ADF in DFI loans to Sri Lanka.

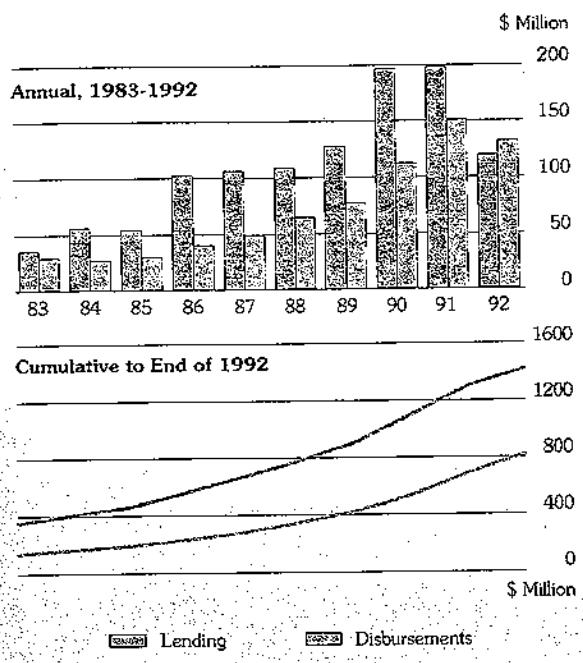
**Cumulative Bank Lending to Sri Lanka
(As of 31 December 1992)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Industry	33	664.92	46.7
Finance	10	261.00	18.3
Energy	7	161.75	11.4
Transport and Communications	8	137.30	9.6
Urban Development, Water Supply and Sanitation	3	77.00	5.4
Education	3	67.10	4.7
Health and Population	2	35.40	2.5
Multisector	1	14.70	1.0
Industry and Non-Fuel Minerals	2	5.15	0.4
Total	69	1,424.32	100.0

discussed. The Second Health and Population Project included a policy study on financing arrangements to sustain and deliver adequate health services. A cost-saving scheme was agreed to by the Government during discussions on the Fisheries Sector Development Project. The Urban Development Sector Project sought to encourage giving further responsibilities to urban local governments. A sector policy action plan was worked out during the processing of this project, which included institutional strengthening of local governments.

Loans and Technical Assistance: Five loans amounting to \$119.6 million were approved in 1992: \$30 million for the North Western Province Water Resources Development Project (with technical assistance grants of \$400,000) to rehabilitate existing irrigation systems for crop diversification; \$10.5 million (and a technical assistance grant of \$822,000) for the Participatory Forestry Project to improve the quality of the environment through people's participation and better land use; \$26 million (and a \$560,000 technical assistance grant) for the Fisheries Sector Development Project to increase fish production and fishermen's earnings, and implement policy and institutional reforms; \$26.1 million for the Second Health and Population Project (and a \$425,000 technical assistance grant) to improve health and population services in the provincial areas; and \$27 million for the Urban

Sri Lanka: Lending and Disbursements



Development Sector Project (and a technical assistance grant of \$290,000) to improve infrastructure and strengthen institutions in medium and small urban centers.

Altogether, nine technical assistance grants totalling \$4.2 million were approved during the year, including those mentioned in the previous paragraph. Some of the others related to technical education, crop diversification and policy impact study of the agricultural program loan.

Project Implementation: Of the 69 loans approved as of end-1992, 36 had been closed and 33 were under administration. Contract awards during the year amounted to \$156.5 million, bringing the cumulative total to \$890.4 million or 66 per cent of the total net effective loan amount. Disbursements during the year amounted to \$132 million, and cumulative disbursements reached \$822.8 million, or 61 per cent of the total net effective loan amount. A country project review mission was undertaken to discuss implementation problems.

Thailand

Operational Strategy: The Bank reviewed its operational strategy for Thailand, taking a broader approach than the earlier policy of mainly assisting public investment in infrastructure and development finance institutions. The new strategy is expected to take into account central issues



PUMPING station built under the Bangkok Water Supply Project, which has received three Bank loans amounting to \$218.5 million.

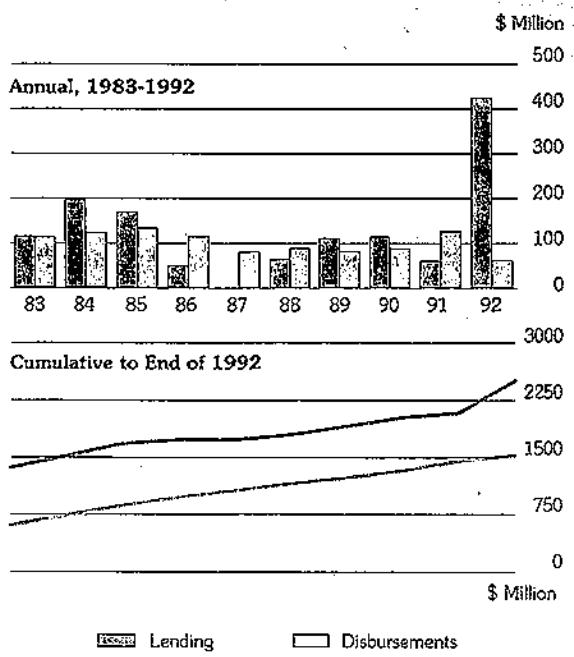
**Cumulative Bank Lending to Thailand
(As of 31 December 1992)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Energy	23	1,182.10	47.2
Transport and Communications	13	680.40	27.2
Urban Development, Water Supply and Sanitation	6	279.50	11.1
Agriculture and Agro-Industry	10	159.05	6.4
Finance	6	140.00	5.6
Industry and Non-fuel Minerals	1	39.00	1.6
Education	3	21.40	0.9
Total	62	2,501.45	100.0

which will likely condition the next phase of Thailand's development, the Government's strategic priorities and policies as reflected in the Seventh National Economic and Social Development Plan (1992-1996), and the Bank's own operational considerations. The strategy will emphasize the development of physical infrastructure, environment and natural resource management, human resource development and private sector development. The approach will be twofold. First, the Bank will help develop a basis for long-term competitiveness to support a sustainable and more balanced long-term economic growth. Second, it will help achieve a more equitable development, with emphasis on rural development and regional dispersal of economic activity.

Policy Dialogue: The Bank's policy dialogue in Thailand emphasizes strengthening of the performance of state enterprises as part of the wider effort for economic restructuring. Through a combination of technical assistance and loan covenants, the Bank has aimed at promoting privatization, supporting energy conservation, improving the planning, coordination and management of projects, raising the managerial efficiency of state enterprises and introducing corrective measures such as tariff increases, debt restructuring, reduction in system losses and organizational reforms.

Thailand: Lending and Disbursements



Loans and Technical Assistance: The Bank approved five loans totalling \$424.55 million in 1992. The loans supported projects in the energy and transportation sectors, reflecting the rapid growth of the Thai economy and the increased demand for electricity, natural gas and transport facilities.

Ten technical assistance projects totalling \$3 million were also approved during the year. Of these, three were for project preparation and seven were advisory in nature, focusing on fields such as environment, privatization and energy conservation.

Project Implementation: Of 62 loans approved as of end-1992, 51 had been closed and 11 were under administration. Contracts amounting to \$94.5 million were awarded during the year, bringing the cumulative value to \$1,561 million, or 89 per cent of the net effective loan amount. Disbursements totalled \$81.8 million, with cumulative disbursements reaching \$1,521.4 million, or 86 per cent of the total net effective loan amount. Four power projects, five road sector projects, a fisheries project and a natural gas project were ongoing.

Viet Nam, Socialist Republic of

Operational Strategy: The Bank's interim strategy, designed as the framework for initial operations when lending activities resume, seeks to rehabilitate and develop the country's physical infrastructure to underpin growth in production, trade and investment. The strategy is designed also to support further macro and sector-based policy and institutional reforms to increase domestic resource mobilization, improve the efficiency of the public sector, and promote private enterprise. Human resource development, training and technology transfer are also part of the agenda.

Policy Dialogue: Discussions on aspects of macroeconomic management and adjustments, and on policy issues within the agriculture sector were initiated during the year.

Loans and Technical Assistance: Several missions visited Viet Nam during the year to update information on the economic outlook and various sectors of the economy in preparation for possible future loans and technical assistance. Between 1968, when lending and technical assistance operations in Viet Nam began, and 1978, when operations were temporarily suspended, the Bank had financed nine projects through 11 loans totalling \$44.6 million, and provided 12 technical assistance grants amounting to \$1.1 million.

Pacific Island DMCs

Cook Islands

Operational Strategy: The draft operational strategy recognizes tourism as the lead sector of the economy and stresses the role of the private sector. The technical assistance program is broadly focused but emphasizes training, project implementation and management.

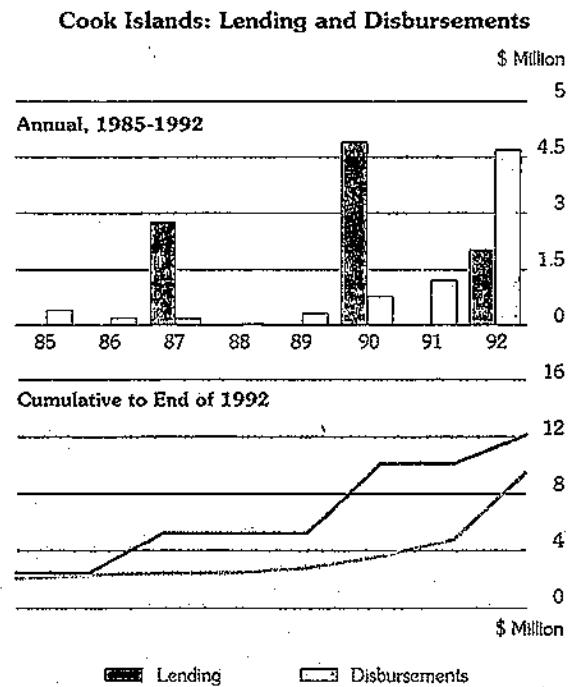
Policy Dialogue: Discussions centered on sector issues, notably in pearl culture and education, in connection with project preparation. The Government's draft National Resources and Development Strategy, scheduled to be released in 1993, was also discussed.



DRAINAGE canal in Rarotonga, Cook Islands, built under a multiproject loan. The Bank has approved two multiproject ADF loans for Cook Islands totalling \$3.75 million.

Cumulative Bank Lending to Cook Islands (As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	2	5.40	44.4
Multisector	2	3.75	30.9
Finance	2	3.00	24.7
Total	6	12.15	100.0



Loans and Technical Assistance: Two loans totalling \$2 million were approved in 1992: a \$1.5 million second line of credit to the Cook Islands Development Bank (CIDB), and \$0.5 million for the Emergency Telecommunications Rehabilitation Project to repair the country's main administration complex and telecommunications center which had been destroyed by fire.

Project Implementation: Of the six loans approved as of end-1992, two had been closed and four were ongoing. One project, the CIDB, was post-evaluated, which revealed that the Project had suffered from problems which were essentially institutional. Contract awards in 1992 totalled \$1.2 million while disbursements reached \$4.7 million. Cumulative contract awards and disbursements amounted to \$9.6 million and \$9.5 million, respectively.

Fiji

Operational Strategy: The Bank supports the Government's policy of deregulation and its strategy of providing essential services to the private sector. Capital market reforms and assistance to development finance institutions are particularly emphasized. Lending for infrastructure development will be maintained to promote economic activities, reduce regional inequalities and improve the delivery of social services. Institutional

Cumulative Bank Lending to Fiji (As of 31 December 1992)

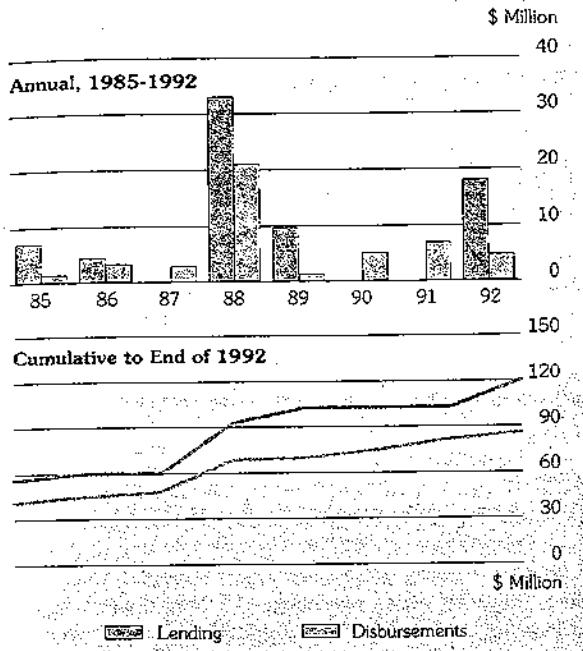
Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	3	38.00	31.38
Energy	3	36.90	30.47
Agriculture and Agro-Industry	3	27.60	22.79
Urban Development	1	9.60	7.93
Finance	2	9.00	7.43
Total	12	121.10	100.00

strengthening of key Government agencies will remain the objective of technical assistance, with emphasis on the development of planning and implementation capabilities, and analyses of sectoral policy issues.

Policy Dialogue: The role of Bank assistance was generally discussed in the light of the Government's policy to reduce its reliance on foreign borrowings for public sector undertakings, partly due to high domestic liquidity and bilateral grant assistance. Technical assistance will be increasingly emphasized to help the Government formulate suitable investment projects and undertake sector policy analyses consistent with the current macroeconomic framework.

Loans and Technical Assistance: One \$18 million loan was approved in 1992 for the Second Road Upgrading Project to improve selected roads and raise the efficiency of the road network. Three technical assistance grants were also approved, of which two were associated with the Second Road Upgrading Project: a \$400,000 grant to prepare a national transport sector plan and a \$150,000 grant to help develop a road safety and traffic management program. The third grant was for \$130,000 to prepare operational strategies and draw up a corporate plan for Fiji Development Bank.

Project Implementation: Of the 12 loans approved as of end-1992, nine had been closed and three were under administration. Of the nine closed loans, five required extension of loan closing dates because of implementation delays. Contract awards in 1992 totalled \$0.96 million, bringing the cumulative amount to \$87 million, or 90 per cent of the net effective loan amount. Disbursements amounted to \$4.8 million, bringing cumulative

Fiji: Lending and Disbursements

disbursements to \$86.9 million, or 90 per cent of the net effective loan amount.

Overall project implementation was satisfactory. One project scheduled for closure in 1992 was closed three months ahead of time. The Government, however, suffered from a shortage of qualified manpower for project management. The South Pacific Regional Office continued to monitor the implementation of projects and assisted the Government and executing agencies in resolving problems. A country project review mission was undertaken to discuss implementation issues.

Kiribati

Operational Strategy: The Bank supports the development and diversification of the productive sectors, particularly those with export potential, by helping develop infrastructure and institutional capacity. The objective is to expand the country's absorptive capacity, improve the quality of economic management and promote the private sector.

Policy Dialogue: Since 1990, policy dialogue has focused on macroeconomic and sectoral issues. The Bank's prime concern has been to improve the efficiency of public enterprises and institutions. The focus is now being broadened to include fiscal measures and strategic planning.

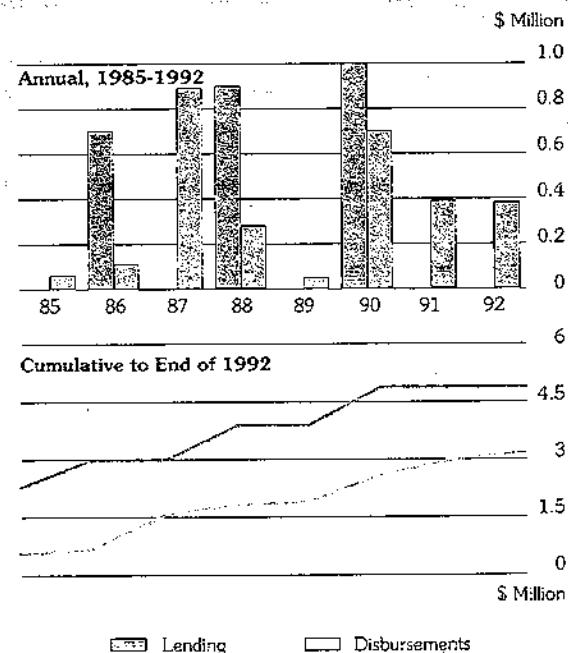
**Cumulative Bank Lending to Kiribati
(As of 31 December 1992)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	2	2.30	46.9
Energy	2	1.60	32.7
Finance	1	1.00	20.4
Total	5	4.90	100.0

An economic report was prepared during the year to facilitate policy dialogue.

Loans and Technical Assistance: No new loan was approved in 1992. Two technical assistance grants were approved: \$589,000 to assist in the commercialization and privatization of public enterprises, and \$100,000 to strengthen the operation of the Ministry of Finance and Economic Planning.

Project Implementation: Of the five loans approved as of end-1992, four had been closed. Contract awards for the year amounted to \$0.53 million, bringing the cumulative

Kiribati: Lending and Disbursements

total to \$3.4 million, or 88 per cent of the net effective loan amount. Disbursements amounted to \$0.38 million, bringing cumulative disbursements to \$3.4 million, or 89 per cent of the net effective loan amount.

Marshall Islands, Republic of the

Operational Strategy: The Bank has a tentative operational strategy formulated in July 1990, shortly after the Marshall Islands became a Bank member. The strategy supports the main socioeconomic objectives of the Government's second Five-Year Development Plan (1992-1996); making the economy more self-reliant by developing marine resources; upgrading human resources through education, manpower training and family planning; encouraging private entrepreneurship; and strengthening institutions to improve efficiency in the public sector. The Bank will also support infrastructure development to enhance the productive capacity.

Policy Dialogue: Policy discussions stressed the need for adequate internal deliberation before the Government issued new bonds against future payments under the Compact of Free Association with the United States. They also highlighted the need to trim the civil service and the urgency to improve cost recovery on utilities and other public services. Technical assistance will be the basis for future discussions and policy reforms.

Loans and Technical Assistance: There was no new loan during the year but five technical assistance grants amounting to \$2.1 million were approved. These included a \$1.1 million grant provided to help strengthen the Office of Planning and Statistics. The technical assistance project emphasizes on-the-job training and includes a scholarship component to train Marshallese in tertiary institutions abroad. When completed, a core group of Marshallese will be able to take over administration of the office from expatriate staff.

Project Implementation: The Fisheries Development Project loan of \$7 million, approved in September 1991 and declared effective on 14 April 1992, remained the sole Bank loan to Marshall Islands as of end-1992. This is a private sector venture based in Kwajalein Atoll.

Micronesia, Federated States of

Operational Strategy: The Bank's first operational strategy for Micronesia since it became a Bank member in April 1990 was prepared in the last quarter of 1992. It will seek to help the country realize its long-term objectives as set out in the Second National Development Plan (1992-

1996), including enhancing the domestic productive capacity through private sector involvement in fisheries, tourism and agriculture. It also takes note of the need to make the economy more self-reliant in the face of declining resources under the Compact of Free Association with the United States. Human resource development through education, manpower training and family planning, and institution and capacity building to improve public sector efficiency are the other objectives of the strategy.

Policy Dialogue: Policy discussions centered on the need for debt management under a program of borrowing against future payments under the Compact of Free Association with the United States; improving sector-specific investment decisions, especially in fisheries and agriculture; civil service reform; adequate maintenance expenditure; cost recovery in public utilities; and fostering a more conducive investment climate.

Loans and Technical Assistance: No new loan was approved in 1992. Two technical assistance grants were approved. One was of \$408,000 to improve the financial resource management capabilities of the national and the four state governments. The project will help improve the monitoring and management of aid flows more effectively and set up a procedure for consolidating budgetary operations. The other grant was of \$350,000 for power sector development.

Papua New Guinea

Operational Strategy: A revision of the operational strategy was under preparation during the year. The revised strategy will support the new Government's policy of greater assistance to the rural sector, where the bulk of the population lives, to improve services and employment opportunities. In line with the lead agency role assigned to the Bank in several sectors, the strategy will also stress the need to improve sector-specific policy environments. Bank assistance in these sectors will help improve the productive capacity and employment opportunities. Given the country's acute shortage of skilled manpower and the relatively high population growth rate, the strategy emphasizes human resource development through education, better health services and family planning.

Policy Dialogue: Policy discussions centered on the need to improve the private investment climate in the key sectors of agriculture and fisheries. The Bank continued to support structural adjustment reforms to improve international competitiveness, reduce the budget deficit, increase allocations for operation and maintenance and safeguard the environment. In view of the expected boom in the minerals and oil sector, the Bank also discussed with central planning



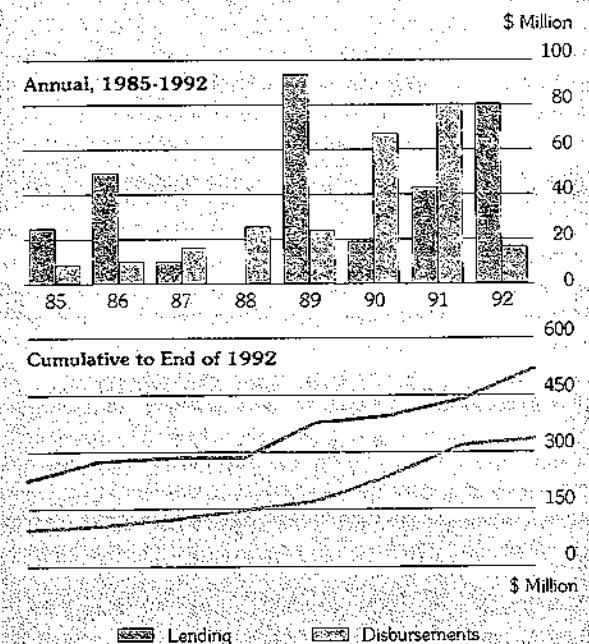
CARRYING produce harvested under the Cape Rodney Smallholder Development Project in Papua New Guinea, assisted by the Bank with a \$15 million loan from ADF.

agencies the potentially adverse effects that this can bring to the trade-related sectors and to inflation. Policy reforms pertaining to the civil service, the taxation system, credit and

Cumulative Bank Lending to Papua New Guinea (As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	10	171.05	33.0
Agriculture and Agro-Industry	9	164.64	31.8
Health and Population	4	46.90	9.1
Energy	5	43.03	8.3
Urban Development, Water Supply and Sanitation	3	30.20	5.8
Finance	3	22.50	4.3
Education	2	16.00	3.1
Multisector	2	15.50	3.0
Industry and Non-Fuel Minerals	1	8.40	1.6
Total	39	518.22	100.0

Papua New Guinea: Lending and Disbursements



investment laws, and the abolition of nonproductive subsidies and grants were taken up under technical assistance projects.

Loans and Technical Assistance: Loans totalling \$80.3 million were approved during the year: a combined loan totalling \$69 million (\$39 million from OCR and \$30 million from ADF) for transport infrastructure development meant to minimize overall costs of both land and maritime transport, and \$11.3 million for the Third Urban Water Supply Project to enhance living standards, support urban development and improve environmental sanitation. Five technical assistance projects amounting to \$2.6 million were also approved.

Project Implementation: Of the 39 loans approved for Papua New Guinea as of end-1992, 24 had been closed and 15 were under administration. Contract awards for the year amounted to \$16.7 million, bringing the cumulative total to \$355.8 million, or 72 per cent of the total net effective loan amount. Disbursements totalled \$19.8 million, with cumulative disbursements reaching \$336.7 million, or 68 per cent of the total net effective loan amount.

A country project review mission was undertaken for the first time for PNG to assist the Government in identifying specific country and cross-sectoral problems affecting project implementation.

Solomon Islands

Operational Strategy: The Bank supports the country's two major productive sectors, agriculture and fisheries, as well as efforts to improve public infrastructure. Institution-building is given priority in view of human resource constraints and organizational deficiencies facing the country.

Policy Dialogue: Due to the Government's budget difficulties, discussions focused on fiscal reforms. A technical assistance grant to the Development Bank of Solomon Islands provided an occasion to look at its effectiveness and profitability. Environment and power generation issues were also the subject of policy dialogue.

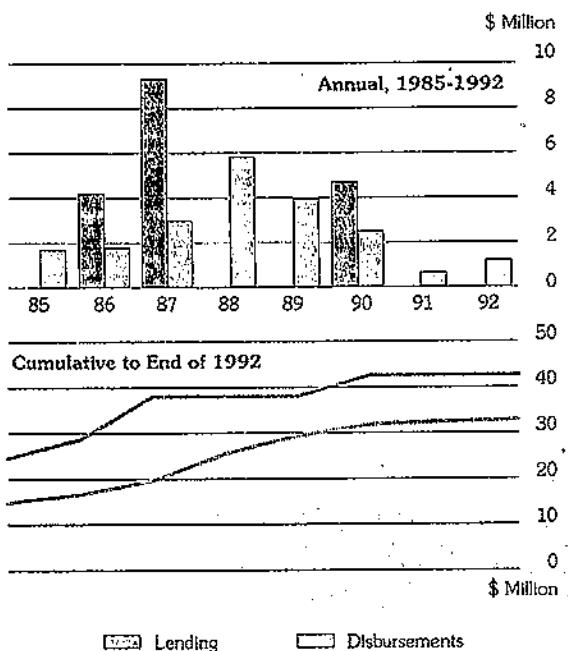
Loans and Technical Assistance: No new loan was approved in 1992, but two technical assistance grants amounting to \$228,500 were approved for institutional strengthening of the Auditor General's Office (supplementary) and for upgrading information systems at the Solomon Islands Ports Authority.

Project Implementation: Of the 12 loans approved as of end-1992, 11 had been closed and one was under administration. Contract awards for the year amounted to \$3.9 million, bringing the cumulative total to \$36.2 million, or 98 per cent of the net effective loan amount. Disbursements amounted to \$1.3 million, bringing cumulative disbursements to \$33.9 million, or 92 per cent of the net effective loan amount.

Cumulative Bank Lending to Solomon Islands (As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	4	20.22	47.2
Energy	2	8.91	20.8
Transport and Communications	3	8.03	18.8
Finance	2	4.00	9.3
Water Supply and Sanitation	1	1.65	3.9
Total	12	42.81	100.0

Solomon Islands: Lending and Disbursements

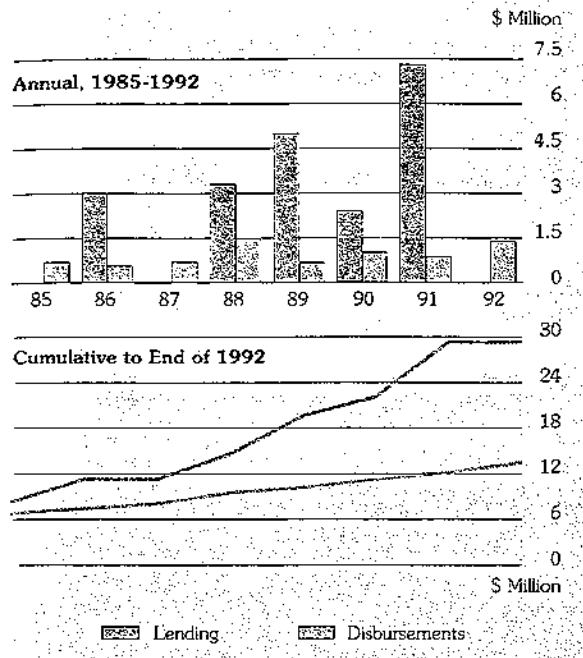


Tonga

Operational Strategy: Expansion and diversification of the productive sectors and assistance to the private sector are the Bank's present operational objectives. It also aims to strengthen institutions and policy analysis for a more effective macroeconomic management of the country.

Cumulative Bank Lending to Tonga (As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Multisector	5	11.38	38.9
Energy	1	7.30	25.0
Finance	2	6.50	22.2
Agriculture and Agro-Industry	1	2.40	8.2
Transport and Communications	1	1.30	4.4
Industry and Non-Fuel Minerals	1	0.37	1.3
Total	11	29.25	100.0

Tonga: Lending and Disbursements

Policy Dialogue: Discussions covered a wide range of issues, notably, growth prospects and fiscal issues, efficiency of public enterprises and privatization, and sectors such as agriculture, fisheries and tourism. Institutional capacity and implementation problems were also discussed.

Loans and Technical Assistance: No new loan was made in 1992, but four technical assistance grants totalling \$290,500 were approved to help set up an information center in the Ministry of Labour, Commerce and Industries; privatize the Commodities Board; and review the operations of the Ministries of Finance and Agriculture and Forestry.

Project Implementation: Of the 11 loans approved as of end-1992, seven had been closed and four were under administration, including one awaiting effectiveness. Contract awards during the year totalled \$2.9 million, bringing the cumulative total to \$15.2 million, or 57 per cent of the net effective loan amount. Disbursements totalled \$1.5 million, bringing the cumulative total to \$13.5 million, or 50 per cent of the net effective loan amount. A country project review mission was undertaken during the year to discuss implementation issues.

Operational Strategy: The Bank's operations are governed by the need to strengthen institutional skills,

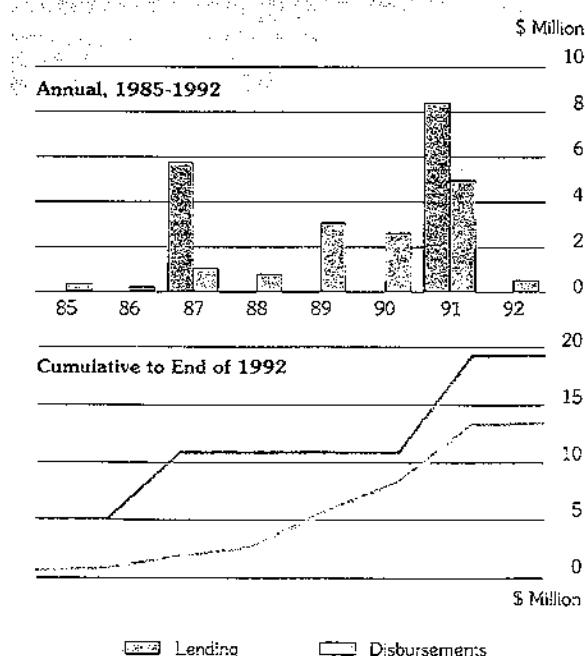
Cumulative Bank Lending to Vanuatu

(As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	2	9.15	47.5
Finance	2	6.00	31.2
Multisector	1	3.00	15.6
Agriculture and Agro-Industry	1	1.10	5.7
Total	6	19.25	100.0

improve sector planning, meet requirements for physical and social infrastructure, and promote income-generating activities. It supports the productive parts of the economy, particularly to expand the role of the private sector.

Policy Dialogue: An economic report has been prepared by the Bank to facilitate policy dialogue. The major policy issues identified in the report related to trade and taxation, public enterprises, human resource development and natural resource management.

Vanuatu: Lending and Disbursements

Loans and Technical Assistance: No new loan was made in 1992. Three technical assistance grants were approved: \$250,000 to improve domestic revenue management; \$85,000 for a feasibility study for the construction of copra and cocoa storage facilities; and \$270,000 to strengthen the National Planning and Statistics Office in aid administration.

Project Implementation: Of the six loans approved as of end-1992, three had been closed and three were ongoing. Contract awards during the year amounted to \$0.36 million, bringing the cumulative total to \$14 million, or 71 per cent of the net effective loan amount. Disbursements amounted to \$0.51 million, bringing the cumulative total to \$13.7 million, or 69 per cent of the net effective loan amount. A country project review mission was undertaken during the year to discuss implementation problems.

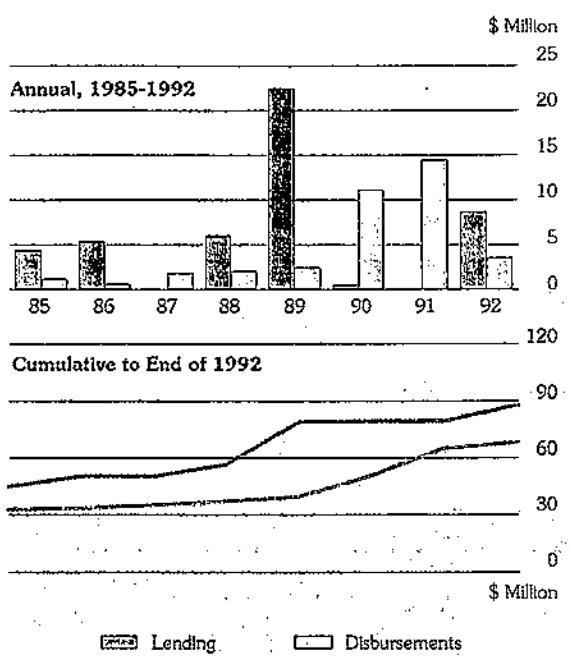
Western Samoa

Operational Strategy: The Bank supports the Government's efforts to bring about structural changes in the productive sectors of the economy, promote a substantial measure of privatization, develop institutional capabilities and strengthen manpower training. In the aftermath of a major cyclone that hit the country, the Bank's short-term strategy is to help restore basic services and infrastructure, with appropriate environmental protection and mitigation measures.

Cumulative Bank Lending to Western Samoa (As of 31 December 1992)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	8	32.87	37.39
Finance	5	16.00	18.20
Energy	5	13.05	14.84
Multisector	2	13.04	14.83
Transport and Communications	4	12.96	14.74
Total	24	87.92	100.00

Western Samoa: Lending and Disbursements



Policy Dialogue: Discussions during the year related to the institutional development of the Electric Power Corporation and the Development Bank of Western Samoa. The dialogue focused on measures to improve their operational efficiency and management capabilities. Discussions on development planning procedures led the Government to take steps to improve coordination among the offices responsible for planning.

Loans and Technical Assistance: Only one loan of \$8.64 million was approved during the year to rehabilitate rural road links and watershed reservations damaged by cyclone. A \$350,000 technical assistance grant associated with it will help analyze economic developments, formulate necessary policy measures and manage external assistance during the rehabilitation period.

Project Implementation: Of the 24 loans approved as of end-1992, 19 had been closed and five were ongoing. Contract awards during the year totalled \$250,000, bringing the cumulative amount to \$72.4 million, or 95 per cent of the net effective loan amount. Disbursements amounted to \$4 million for a cumulative total of \$69.5 million, or 92 per cent of the net effective loan amount. A country project review mission was undertaken during the year to discuss implementation problems.

PROJECT AND PROGRAM ADMINISTRATION

ATOTAL of 418 projects were under administration as of end-1992, of which 376 (90 per cent) were classified as satisfactory, 29 (7 per cent) as unsatisfactory, and 13 (3 per cent) as being at a standstill either due to delay in effectiveness or because project implementation has not progressed for a considerable time.

During the year, 290 project administration missions¹ were fielded to review the progress of projects and discuss with executing agencies measures to remedy problems. These missions spent a total of 3,479 persondays, or an average of 7.5 persondays per project. In addition, project implementation support was provided to executing agencies by the Bank's resident offices in Bangladesh, Indonesia, Nepal and Pakistan and the South Pacific Regional Office in Vanuatu.

The Bank also sent out country project review missions led by senior staff to discuss implementation problems, cross-sectoral issues and necessary remedial measures with senior country officials at the national level. In particular, such missions covered borrowers like Bangladesh, People's Republic of China, India, Indonesia, Nepal, Pakistan, Papua New Guinea, Philippines, Sri Lanka and the South Pacific DMCs.

The implementation of 75 projects was completed by executing agencies during the year, bringing to 740 the cumulative total of completed projects. Project completion reports (PCRs) were prepared for 39 projects during the year and the total number of PCRs prepared as of end-1992 came to 511.

The Bank completed Country Project Implementation Profiles (CPIPs) for India, Mongolia and Sri Lanka, and commenced preliminary work in Viet Nam. These profiles serve as reference documents containing comprehensive information on policies, rules and regulations of governments and major autonomous agencies concerned with project implementation. A review of the benefits of completed profiles is currently being undertaken before proceeding with further CPIPs.

Project administration procedures continued to be streamlined to facilitate and expedite project implementation. Revised Project Administration Instructions (PAIs) were circulated among executing agencies to serve as

a guide to the Bank's project administration procedures and make these procedures more transparent.

Work was ongoing on the production of instructional videotapes on project implementation management for use at seminars and workshops intended to enhance the implementation capabilities of executing agencies. A total of 171² senior and middle-level officials benefited from such seminars/workshops during the year (see table). In addition, in-house seminars were also held to enhance the skills of Bank staff dealing with project processing and administration.

During the year, business opportunities seminars were held in Australia, Austria, Belgium, Canada, France, India, Italy, Japan, New Zealand, People's Republic of China, Turkey and United Kingdom to apprise contractors, manufacturers, suppliers and consultants in those countries of opportunities available under Bank financing and of the requirements in preparing acceptable bid proposals.

2 For seminars conducted by the Central Projects Administration Coordination Office.

SEMINAR ACTIVITIES IN 1992

Type	Country/ City	Seminar Dates
Country Project Implementation Management Seminar	Kathmandu/Nepal	6-13 May
Regional Seminar on Project Implementation Management	Philippines/Manila	18-29 May
Country Procurement Seminar	Philippines/Manila	6-10 June
Country Procurement Seminar	People's Republic of China/Shanghai	29 June-3 July
Regional Seminar on Project Implementation Management	Philippines/Manila	21 Sept-2 Oct.
Country Project Implementation Management Seminar	Bangladesh/Dhaka	12-19 Oct.

1 Included private sector loan missions and multi-project missions.

Contract Awards

During 1992, contracts totalling \$2,665 million (\$1,694 million OCR and \$972 million from ADF), were awarded by executing agencies for consultancy services, procurement of goods, related services and civil works. This represented a 9 per cent decrease from 1991. Cumulative contract awards amounted to \$23,175 million.

Consultancy contracts, although being a small proportion of total contract awards, play a vital role in project implementation. During 1992, consultancy contracts under loan projects totalled \$62.2 million and involved 165 consulting firms and 21 individual consultants. The cumulative value of contract awards for consultancy services under loan projects reached \$1,247 million.

For technical assistance projects, the Bank awarded 366 contracts for consultancy services amounting to \$79.5 million and involving 284 consulting firms and 265 individual consultants. The cumulative value of contract awards for consultants under technical assistance projects amounted to \$440.2 million.

Loan Disbursements

Loan disbursements decreased 11 per cent to \$2,767 million in 1992. Of this, OCR disbursements amounted to \$1,880 million and ADF disbursements

\$887 million, down 9 per cent and 14 per cent, respectively, from 1991. The comparative details of disbursements in 1991 and 1992 by lending modality are provided in the accompanying table.

The decline in disbursements was due to the fact that extraordinary disbursements totalling \$160 million to India and Mongolia under special assistance projects and \$137 million to Bangladesh, Nepal, Pakistan and Sri Lanka under Gulf crisis assistance and cyclone damage rehabilitation projects, had been made in 1991. This had inflated that year's figures. Disbursements in 1992 were also affected by slower progress in project implementation, including the deferment of expected program loan disbursements to the extent of \$247 million.

Private Sector Investment Portfolio

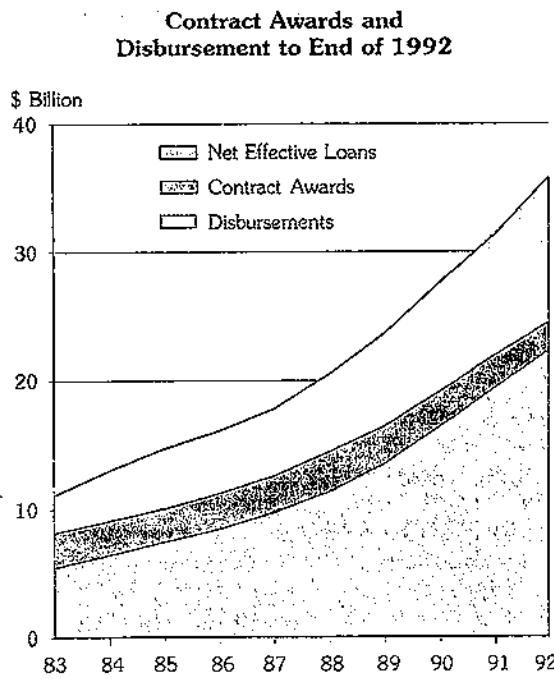
At the end of 1992, the Bank held 84 investments in 80 companies amounting to \$369 million. Disbursements were in progress for 18 investments, which amounted to \$115 million, net of loan recoveries, or 31 per cent of the portfolio. Disbursements had been completed for 66 investments, making up \$254 million or 69 per cent of the portfolio.

Of the 80 companies, 48, with investments amounting to \$229 million or 62 per cent of the portfolio, had reached full-scale operational status. Of the remaining 32 companies, 18 with investments totalling \$119 million, or 32 per cent of the portfolio, were in their initial stages of operations, while 14 with investments amounting to \$21 million, or 6 per cent of the portfolio, were experiencing operational problems.

Dividends received during 1992 amounted to \$1.3 million compared to \$3 million in 1991. Interest and fee income amounted to \$19.8 million against \$16.7 million a year ago. Capital gains during the year, through the sale of shares and stock rights, amounted to \$2.3 million. The Bank made a general provision of \$440,000 in 1992 against possible losses. Total provision at year-end stood at \$3 million, which was less than 1 per cent of the portfolio held.

Benefit Monitoring and Evaluation

Benefit monitoring and evaluation (BME) consists of preparing and analyzing benchmark information about beneficiaries, monitoring project benefits and preparing studies to evaluate the benefits of completed projects. The Bank's approach to BME has evolved and continues to do so in response to changes in the Bank's operations. During the year, initial steps were taken to coordinate and rationalize arrangements and work procedures for preparing benchmark information to coincide with the conduct of

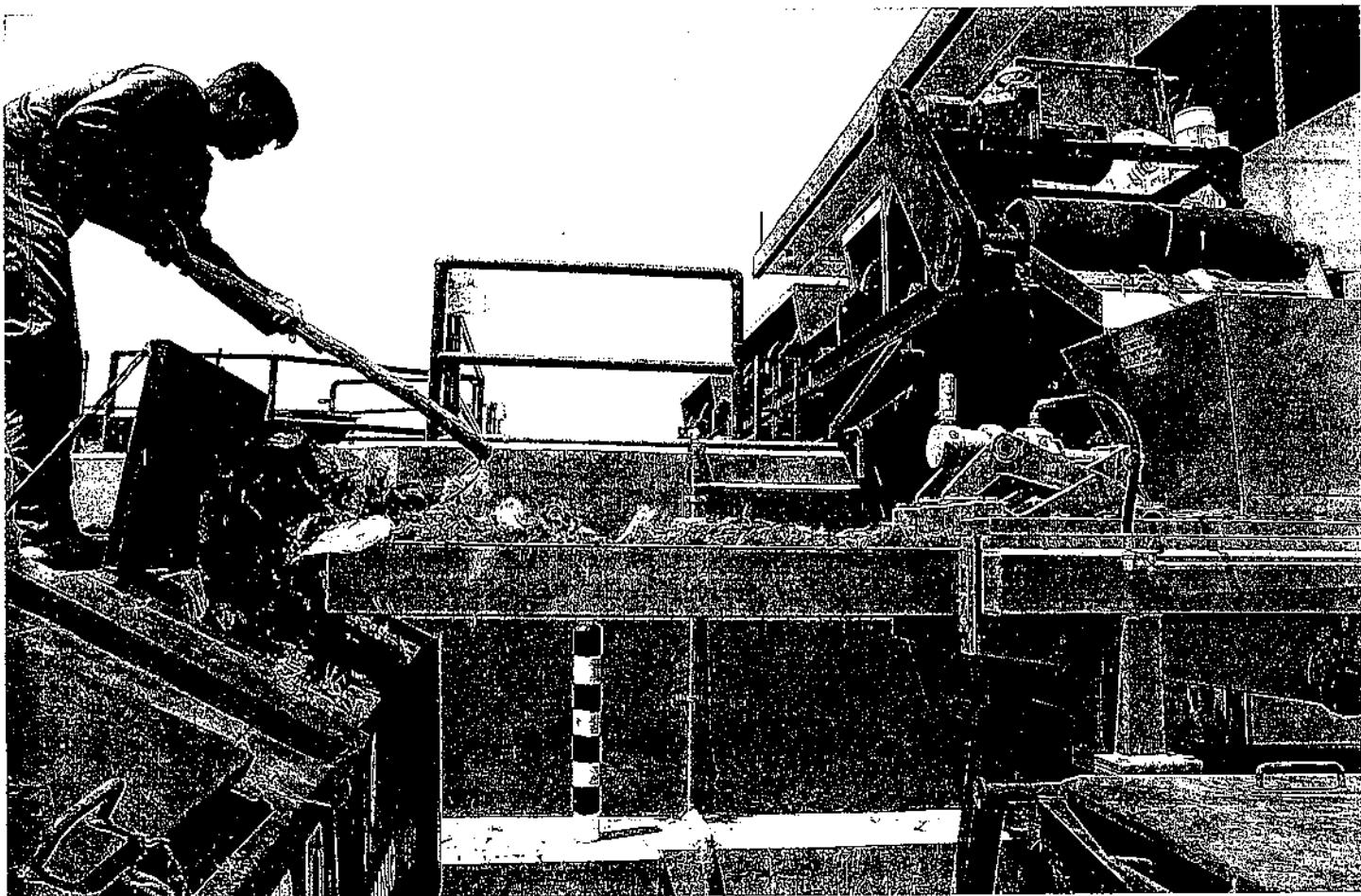


LOAN DISBURSEMENTS, 1991 AND 1992

(amounts in \$ thousand)

		1991						% Change (1992/91)		
		OCR	% of Total OCR	ADF	% of Total ADF	Total	OCR	ADF	Total	
A. Project Loan Disbursements										
Non-DFI	1,054,856	51%	421,567	40%	1,476,423	48%				
DFI	257,691	12%	142,463	14%	400,154	13%				
Special Assistance	150,000	7%	10,000	1%	160,000	5%				
Gulf Crisis & Cyclone Assistance ¹			137,446	13%	137,446	4%				
Total Project Loans	1,462,547	70%	711,476	68%	2,174,023	70%				
B. Sector Loan Disbursements	384,154	19%	112,097	11%	496,251	16%				
C. Program Loan Disbursements	147,264	7%	208,419	20%	355,683	11%				
D. Private Sector	72,239	4%	5,472	1%	77,711	3%				
Grand Total	2,066,204	100%	1,037,464	100%	3,103,668	100%				
		1992						% Change (1992/91)		
		OCR	% of Total OCR	ADF	% of Total ADF	Total	Disburse- ments	OCR	ADF	Total
A. Project Loan Disbursements										
Non-DFI	832,834	44%	582,344	66%	1,415,178	51%	-21%	38%	-4%	
DFI	282,551	15%	54,964	6%	337,515	12%	10%	-61%	-16%	
Special Assistance	0	0%	16,013	2%	16,013	1%	0%	60%	-90%	
Total Project Loans	1,115,385	59%	653,321	74%	1,768,706	64%	-24%	-8%	-19%	
B. Sector Loan Disbursements	349,797	19%	109,497	12%	459,294	17%	-9%	-2%	-7%	
C. Program Loan Disbursements	354,736	19%	118,438	13%	473,174	17%	141%	-43%	33%	
D. Private Sector	59,693	3%	6,293	1%	65,986	2%	-17%	15%	-15%	
Grand Total	1,879,611	100%	887,549	100%	2,767,160	100%	-9%	-14%	-11%	

¹ Includes \$127,528,000 for Gulf crisis special assistance \$9,918,000 for cyclone damage rehabilitation special assistance.



THIS garbage compactor helps solid waste management in Bandung, Indonesia. The Bank has provided loans totalling \$165.8 million from OCR for Bandung urban development.

social analyses during the preparation and early phases of the implementation of projects.

Arrangements were introduced to enable Projects Departments to more closely monitor the conduct of benefit evaluation studies of completed projects through the issuance of a status report updated twice a year. According to the report, two projects were evaluated during the year with support from the Bank.

To facilitate the implementation of these activities, the Operations Manual section on BME was revised, a Handbook on BME was issued and in-house training was

conducted for staff concerned.

Eight advisory technical assistance projects were approved in 1992 to assist agencies in DMCs to develop institutional capabilities for conducting BME activities. One of them was to assist government agencies in Sri Lanka in evaluating the impact of a completed program loan and one was a regional project to develop a framework for assessing the impact of program loans. Of the rest, four were to assist in establishing and upgrading national-level information systems to monitor key development indicators in the health and education sectors.

POST-EVALUATION

THE BANK'S post-evaluation program reached an important milestone in 1992, completing two decades of operation since the exercise began in 1972. More mature and diversified in scope, the program is run by the Post-Evaluation Office (PEO), which reports directly to the President, and is guided by the same clear objective: How to improve the design, implementation and performance of development projects and enable the Bank to better account for the effectiveness of its assistance.

The primary component of the program is Project Performance Audit Reports (PPARs), which are prepared after the Project Completion Reports (PCRs). The program also covers various other studies of broader relevance to the Bank's operations, such as special studies, impact evaluation studies and re-evaluation studies. Special studies involve intensive analyses of particular issues or comprehensive reviews of post-evaluation findings in a specific country or sector. Impact evaluation studies attempt to assess the long-term impact of Bank assistance to a particular sector, while re-evaluation studies look at projects about five years after the PPAR stage to re-assess their performance and sustainability.

Until 1987, the Bank followed the policy of post-evaluating all completed projects for which PCRs had been prepared. However, considering the rapid increase in the number of completed projects, which reached over 50 in 1987, and the need for undertaking other post-evaluation activities, a selective approach was introduced in 1988 for the preparation of PPARs.

To ensure that the effectiveness of the evaluation system is not jeopardized, PEO has maintained the coverage of PPARs to at least about 50 per cent. The criteria used in selecting completed projects and programs for PPARs are periodically reviewed and adjusted to maintain their suitability and relevance.

The current selection criteria, which were adopted in 1992, call for post-evaluation of all program and sector loans and all first loans to a country or a subsector, while other projects are selected across the sectors and countries largely on a random basis.

The adoption of this selective method helped release PEO's limited resources to initiate two new activities, namely, post-evaluation of technical assistance operations and strengthening the post-evaluation capability of DMCs.

Project Performance Audit Reports

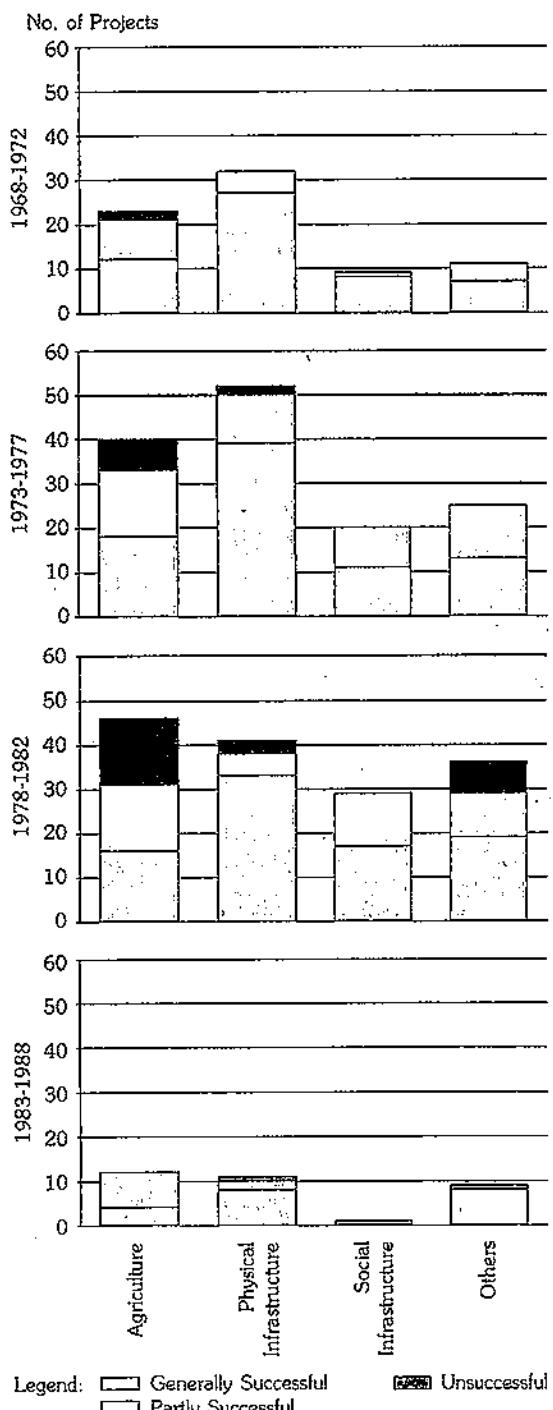
Despite the expansion of the scope of work, PPARs continue to be the core activity of PEO. During the year, 28 PPARs were prepared covering two program loans and 26 projects, including the first post-evaluation of a Bank-financed private sector project without government guarantee. The projects were in 12 subsectors and 11 DMCs. Sectorally, 13 projects were in agriculture/agro-industry, five each in social infrastructure and industry/non-fuel minerals, four in energy, and one in transport and communications. By country, 15 projects were in seven Group A countries, 12 in three Group B countries and only one in a Group C country. By the end of the year, 380 PPARs had been prepared for 399 projects covering all major sectors and subsectors in 24 DMCs.

A majority of the projects post-evaluated in 1992 had been approved and completed in the 1980s. The total costs for these projects, including financing from all sources were originally estimated at \$1,635 million. However, at the time of project completion, actual costs proved to be \$1,373 million, 16 per cent lower than the original estimate. The underrun resulted from a combination of factors, such as reduction in the project scope, overestimation of costs and movements of exchange rates. A proportionate underrun was experienced in the case of Bank financing, too, with only \$781 million needing to be disbursed out of \$926 million originally approved.

Post-evaluated projects are classified as generally successful, partly successful or unsuccessful according to criteria developed by PEO. By and large, the projects are rated in terms of their economic viability as reflected in economic internal rates of return and/or the extent to which the project objectives achieved are commensurate with costs incurred. Of the projects evaluated in 1992, 11 (39 per cent) were considered generally successful, 12 (43 per cent) partly successful and five (18 per cent) unsuccessful.

Although a relatively large number of the projects post-evaluated in 1992 were selected on a random basis, they were not necessarily representative of all Bank-financed projects completed during the year. Also, the comparison of project performance in different years based on results of post-evaluated projects is not meaningful. Instead, a larger number of randomly selected post-evaluated projects over

Performance of Post-Evaluated Projects by Sector and Approval Period – All Projects



Legend: Generally Successful
 Partly Successful
 Unsuccessful

Note: 'Physical Infrastructure' includes transport and energy sectors. 'Others' includes multisector, development finance institutions and industry.

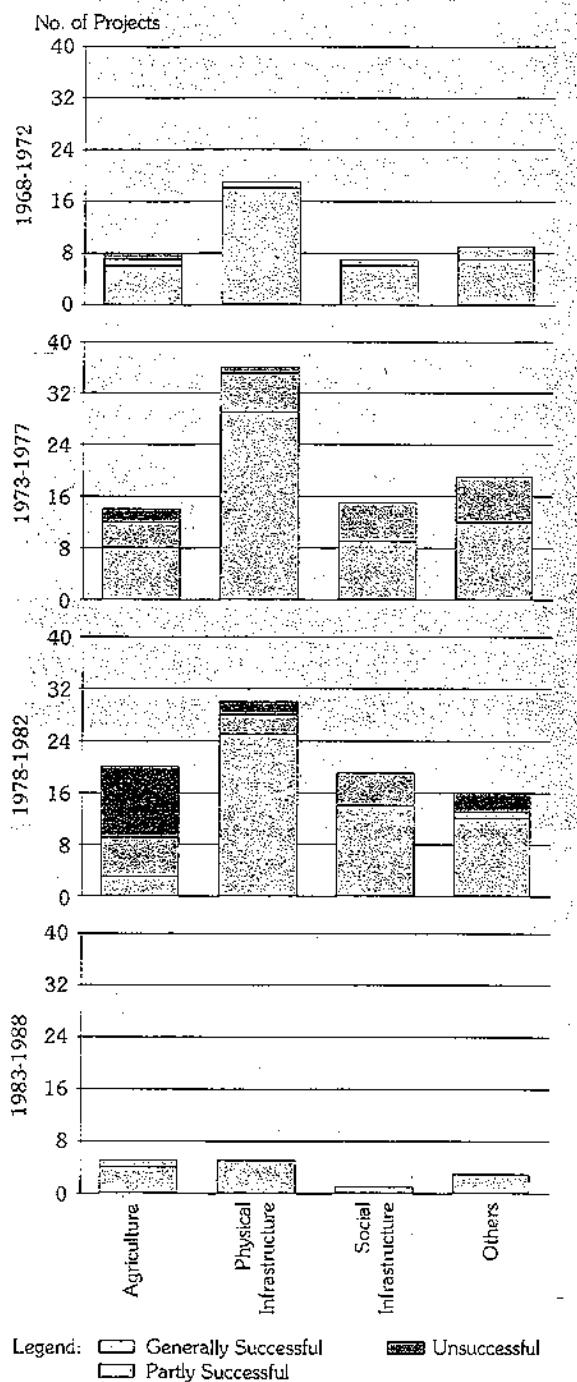
several years may constitute a more representative sample of completed projects for the purpose of judging project performance. The success rate of all projects post-evaluated so far is about 60 per cent. There has been a decline in the long-run average success rate since 1988 due, to a large extent, to projects becoming increasingly more complex and a greater number of the projects being in Group A and Group B countries, where institutional constraints and lack of resilience to deal with external factors had adversely affected project performance.

The results of post-evaluated projects in a given year are influenced by project-specific factors as well as the sector and country mix of projects evaluated. Suitability and flexibility of project design, experienced staff and operational sustainability are the key to satisfactory performance. Performance is affected by deficiencies in project design, inadequate involvement of beneficiaries, institutional and administrative constraints in the borrowing DMCs and inadequacies in the policy environment. In the 1992 exercise, external factors, such as adverse changes in commodity prices and unfavorable weather conditions, were also found to account for less than satisfactory results in a relatively large number of projects. Many of the projects were undermined by insufficient cost recovery. The two program loans post-evaluated fell short of the desired results because of design problems and unsatisfactory compliance with major loan covenants.

The results for 1992 indicated that a number of projects performed well, including the first post-evaluated private sector project, three electric power projects, two irrigation projects, one forestry project, three mineral resources projects and an education project. The private sector project paved the way for modernizing the recipient country's spinning sector and helped save scarce foreign exchange through import substitution. The three power distribution projects contributed to a more reliable supply of power to meet increasing demand in the urban and rural areas of the recipient countries. The two irrigation projects generated substantial benefits in terms of increased agricultural production and farm incomes in less developed areas. A large number of poor farmers benefited from growing trees under the forestry project. The equipment, facilities and technical support provided under all three mineral resource projects helped the recipient countries undertake scientific surveys for productive exploitation of minerals. The education project helped upgrade the quality of tertiary education and improve the regional distribution of educational opportunities in the borrowing country. In a number of projects, including the less successful ones, assistance provided by the Bank was seen to have contributed substantially to institutional strengthening in the recipient DMCs.

A few important lessons have emerged from the 1992 post-evaluation exercise. First, there is a need to improve project quality through a more effective use of project preparatory technical assistance. Second, judging from the

Performance of Post-Evaluated Projects by Sector and Approval Period - OCR Projects



Note: Projects financed by blended ADF/OCR loans are considered OCR projects if the size of OCR financing is bigger than ADF. 'Physical Infrastructure' includes transport and energy sectors, 'Others' includes multisector, development finance institutions and industry.

intense competition for alternative uses of water, as evidenced by the experience of water supply and irrigation projects post-evaluated, there is a need to have an integrated approach in planning and evaluating such projects. Third, the Bank needs to further improve the formulation and design of program loans and to ensure that institutional capabilities in the DMCs in relation to such loans are adequate.

Crosscutting Issues

Since most of the projects evaluated had been approved in the 1980s, they did not explicitly relate to crosscutting issues, such as poverty reduction, women in development, improvement of human resources and environmental protection. Nevertheless, some of the projects addressed these issues implicitly or as a matter of some concern. Accordingly, and where relevant, the PPARs attempted to assess the impact of the projects on the poor, the women and the environment. The irrigation and forestry projects were found to have had a significant impact on small farmers, boosting their incomes and standards of living. Projects aimed at providing electric power, water, roads, primary health care and education also improved the living conditions of the rural population. A number of PPARs reported that women accounted for a significant proportion of the beneficiaries. The findings on the irrigation and water supply projects indicated the need for a more efficient water resource management to prevent the degradation of the ecosystem and depletion of water resources.

Post-Evaluation Studies

In addition to the PPARs, PEO completed one impact evaluation study and three re-evaluation studies during the year. The impact study was an attempt to evaluate the long-term socioeconomic and institutional effects of three Bank-assisted water supply projects in an urban metropolitan center. The re-evaluation studies involved an irrigation project, an education project and a fertilizer project which had been post-evaluated earlier.

The impact evaluation study found that the capacity of the executing agency, a government-owned utility, to produce and manage water supplies had improved markedly as a result of the Bank-financed projects. The projects made water accessible to an increasing number of users, a majority of whom were in the low income group. However, it was found that the overuse of groundwater by private consumers and industry had led to severe ground subsidence, damaging buildings and infrastructure and increasing the incidence and severity of flooding in the metropolitan area. Efforts to substitute groundwater by project-supplied surface water were less than optimal. The study indicated that design and

appraisal of water supply projects needed to take into account the economic cost of groundwater use and that prices charged for water should fully reflect the economic costs of supplying it and possible environmental costs.

As regards re-evaluation, the study of the irrigation project noted that it had not reached its full potential yet after six years of operation. About 30 per cent of the irrigable area had yet to receive irrigation because the supply was limited and there were not enough tertiary canals. Although cropping and production intensities in the irrigated areas were high, the benefits could be threatened by the increasing demand for water and land from urbanization and industrialization. Because of the smaller-than-expected irrigated area, lower output prices and the higher system O&M costs, the project's economic viability had been adversely affected, and the project had to be reclassified from "generally successful" to "partly successful." The study highlighted the need for switching from rice to higher-value crops and for improving water use efficiency.

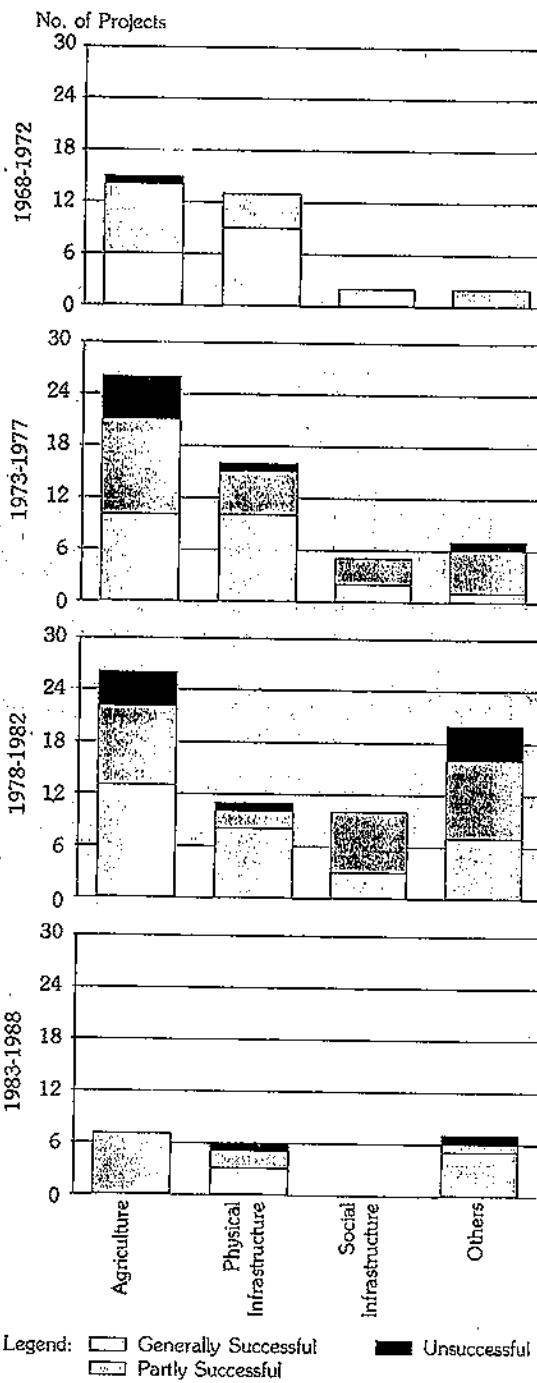
The engineering education project was reconfirmed as partly successful on re-evaluation because its performance had not improved since post-evaluation five years ago. Although laboratory and workshop equipment had been upgraded and opportunities for engineering education had been expanded, the facilities remained largely unutilized and the quality of engineering education had not improved as expected. The rate of graduates from the engineering schools under the project passing the national board examination had declined over the years. Most of the faculty members trained overseas under the project had either left to join the private sector or stayed abroad. There was an over-supply of engineering graduates, but a significant proportion of these graduates were employed as technicians or in jobs that required no professional engineering qualifications.

The project experience demonstrated that engineering education projects needed to be based on detailed demand-supply analyses as well as the absorptive capacity of user industries.

The re-evaluation of the fertilizer project led to its upgrading from a rating of "partly successful" in the PPAR to "generally successful." The PPAR, prepared in 1981, had suggested a program to rectify the design deficiencies of the nitrogen/phosphate (NP) plant concerned to increase its production capacity, without which, it was believed, the project's viability would be questionable. A re-visit to the project revealed a significant increase in fertilizer production, achieved through the rectification of design flaws and rehabilitation of other plant facilities. The additional costs incurred in the process were well compensated by increased benefits.

The study highlighted the need for the Government to involve the private sector more actively in production and distribution of fertilizers by removing price controls and improving the investment climate.

Performance of Post-Evaluated Projects by Sector and Approval Period - ADF Projects



Legend: Generally Successful
 Partly Successful
 Unsuccessful

Note: Projects financed by blended ADF/OCR loans are considered ADF projects if the size of ADF financing is bigger than OCR. 'Physical Infrastructure' includes transport and energy sectors, 'Others' includes multisector, development finance institutions and industry.

Evaluation of Technical Assistance Operations

Post-evaluation of the Bank's technical assistance operations was continued in 1992, when four Technical Assistance Performance Audit Reports (TPARs) were prepared: two involving project preparatory technical assistance (PPTA) and one each for advisory technical assistance (ADTA) and regional technical assistance (RETA). Three of these projects were found to have achieved their purposes satisfactorily: an ADTA for a pilot program for contract maintenance of national roads; a PPTA for an irrigation project; and a RETA for a seminar on technical and vocational education. The fourth project, a PPTA for technology assessment, development and management, was completed with partly successful results. These TPARs confirmed the need for carefulness in preparing the terms of reference for consultants and recruiting consultants with good knowledge of local conditions. It should be noted that these TPARs were prepared before a systematic approach was introduced for the preparation of technical assistance completion reports (TCRs). With the requirement of preparing TCRs for all stand-alone TA projects approved on or after 1 January 1992, it is expected that the preparation of TPARs will be greatly facilitated.

Feedback of Post-Evaluation Findings

The usefulness of post-evaluation depends on how effectively the lessons learned are fed back into the operational system of the Bank. During 1992, PEO's computerized Post-Evaluation Information System (PEIS), which provides updated findings and statistical analyses of data, continued to be accessible on-line to the Bank's operational departments. This was supplemented by the Eleventh Synopsis of Post-Evaluation Reports in March and the Fourteenth Annual Review of Post-Evaluation Reports in April.

The Management Committee on Post-Evaluation Findings (MCPF), established in 1991 under the chairmanship of the President, held its bi-annual meetings in February and September to discuss issues arising from post-evaluation studies that warranted specific attention from and guidance by Management. The meetings strengthened the feedback process and follow-up actions. In addition, PEO continued to be associated with the processing of loan and technical assistance projects by

reviewing and commenting on draft Board documents as well as by participating in loan processing meetings. Besides, country strategy studies, operational programs and project appraisal took account of the Bank's experience with post-evaluated projects.

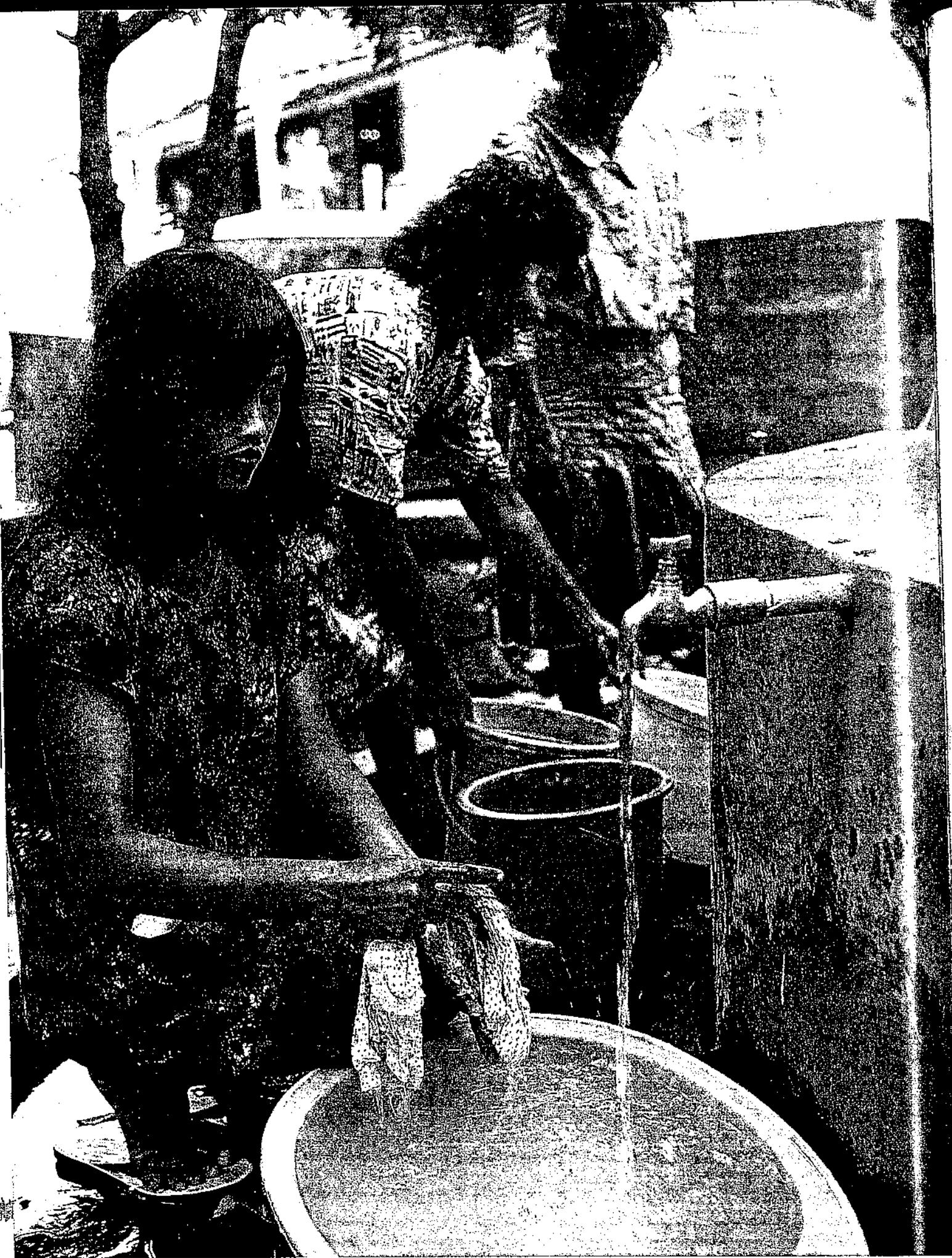
PEO also initiated during the year an internal review of its current feedback system with a view to improving the dissemination of post-evaluation findings on a timely basis and in a more useful manner. In collaboration with the Office of the Computer Services, PEO is planning to make the current computerized PEIS more user-friendly.

Post-Evaluation in DMCs

The Bank has played a leading role in helping the DMCs develop and strengthen their own evaluation capabilities. A major activity undertaken by PEO during the year was organizing a Regional Seminar on Performance Evaluation in Kuala Lumpur, Malaysia, in May. The seminar, the first of its kind in the Asian and Pacific region, was co-sponsored by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). It was attended by 38 senior representatives from 17 DMCs and members of DAC's Expert Group on Aid Evaluation, including 43 representatives from 17 donor countries and six multilateral institutions. Aimed at increasing the awareness in DMCs of the importance of performance evaluation as a management and planning tool, the seminar adopted an action plan for strengthening performance evaluation in Asia and the Pacific.

Two ADTAs were approved during the year for strengthening post-evaluation capabilities in Philippines and Thailand. Similar technical assistance had been provided to Papua New Guinea in 1990 and Sri Lanka in 1991. These ADTAs seek to enhance post-evaluation methodology, techniques and procedures; train government officials; make available microcomputers, ancillary equipment and software; and develop a computerized information system for storing and recalling post-evaluation findings.

A Technical Assistance Completion Report (TCR) was prepared by PEO as a self-evaluation of the ADTA to Papua New Guinea for strengthening of the post-evaluation capability of the Department of Finance and Planning. It was noted that the ADTA had helped broaden the experience of a core group of PNG officials with respect to problems and issues of development projects and offered lessons for developing a simple model for post-evaluation activities.



ORDINARY CAPITAL RESOURCES AND FINANCIAL MANAGEMENT

Financial Policies

CURRENCY Management Practices: To improve the manageability of borrowers' foreign exchange exposure, changes in the Bank's currency management practices for OCR borrowers were approved by the Board in June. For new loans approved since 1 July 1992, OCR borrowers have the choice of either (i) traditional Bank loans, i.e., variable-interest-rate multicurrency loans which are included in the Exchange Risk Pooling System (ERPS) and are mainly in low-coupon currencies, or (ii) loans in US dollars from the new US dollar variable-interest-rate loan facility. In addition, the Board approved changes to the Bank's currency disbursement and recall practices with respect to all outstanding OCR fixed-rate loans to give borrowers more complete information on the currencies they will repay to the Bank on each due date. The new practices will allow borrowers to better manage the servicing of their loans.

Review of Financial Policies: During 1992, Management prepared for subsequent Board consideration a review of the Bank's financial policies. The review was undertaken in order to (i) update and revise them in response to the developments and experience gained since the previous review undertaken in 1987, and (ii) establish financial policy directions and assess the paid-in capital requirements for the fourth general capital increase (GCI IV). Also in 1992, an interdepartmental working group was established to review the country risks of the Bank's loan portfolio and portfolio concentration, and to make recommendations. The Bank also examined the need to adopt an explicit policy on how and when it should impose sanctions on a borrower in the unlikely event of loans to that borrower becoming delinquent. Additionally, the Bank considered a policy framework for its private sector operations which would minimize the impact of such operations on the overall OCR portfolio risk.

The review also included an examination of the Bank's liquidity policy. In particular, it considered alternative approaches for determining the Bank's liquidity requirements: whether the Bank should adopt a cash flow approach or continue with the present and more practical approach which uses the year-end undisbursed balance of

loans as the yardstick. In addition, the Board reviewed the Bank's income management policies and the major financial indicators, including the interest coverage ratio (ICR) and the reserve:loan ratio (RLR). Finally, the Board considered the role of paid-in capital and gave preliminary consideration to the Bank's paid-in capital requirements for GCI IV.¹

Use of OCR Income for Technical Assistance Grants: During negotiations on the fifth Asian Development Fund replenishment (ADF VI), donors proposed that the use of OCR income for technical assistance grants should be expanded beyond the customary allocation equivalent to 2 per cent of OCR net income. In August 1992, the Board of Directors recommended to the Board of Governors, through a draft Report and draft Resolution, that an amount of \$50 million, previously held as surplus after allocation of OCR net income for 1991, be reallocated to the Technical Assistance Special Fund (TASF). The Resolution (Resolution No. 217) was adopted by the Board of Governors on 28 September 1992. The Board of Directors also agreed during 1992 that amounts of OCR net income may be transferred to TASF in future years. The amount to be transferred each year is to be decided by the Board on the basis of a review of the net income outlook. In addition, the Board amended the Regulations of TASF to allow net income from OCR to be received and utilized by TASF.

Proposed Fourth General Capital Increase (GCI IV)

In May 1986, the Board of Governors adopted Resolution No. 179 requesting the Board of Directors to undertake a study of the Bank's future resource requirements for financing its ordinary operations. The study is intended to result in the formulation of specific proposals for a further general capital increase (GCI IV). A report providing an updated review of progress on the study was approved by the Board of Directors in

¹ A working paper examining all these issues was considered by the Board at an informal seminar on 26 January 1993.

March 1992 for submission to the Board of Governors. The report was considered by the Board of Governors at the Twenty-Fifth Annual Meeting.

Work on the study of the Bank's future resource requirements continued in 1992. The Board considered working papers on (i) the Bank's projected OCR operations during the period 1993-1997, (ii) resource implications of the Bank's future lending program, (iii) the operational agenda for the GCI IV period (1994-1998), and (iv) modalities of the next general capital increase.

Financial Ratios

The ICR, which is the ratio of net income (before deducting interest on borrowings) to interest on borrowings, measures the Bank's ability to meet its debt obligations out of earnings. As of 31 December 1992, the ICR stood at 1.77 compared with 1.87 at the end of 1991. The RLR, which is the ratio of reserves to disbursed and outstanding loans, measures the Bank's ability to protect itself against capital impairment due to possible loan losses. At the end of 1992, the RLR was 36.9 per cent, compared to 37.6 per cent at the end of 1991.

Lending Rate

As noted above (see "Currency Management Practices"), since 1 July 1992, the Bank has been offering its OCR borrowers a choice of either US dollar loans or traditional multi-currency loans which are included in the Exchange Risk Pooling System. The lending rate on both facilities is adjusted on 1 January and 1 July each year. The lending rate on multi-currency loans applies to all ordinary operations loans approved after 30 June 1986 and to nearly all ordinary operations loans approved between 24 September 1985 and 30 June 1986, and is determined by adding a spread (currently 0.4 per cent per annum) to the average cost of a pool of the Bank's outstanding qualified borrowings. The spread is intended to ensure that the Bank's loan charges (the spread plus a commitment fee) are sufficient to cover administrative expenses and any cost of carrying liquidity. From an initial level of 7.65 per cent per annum, set on 1 July 1986, the lending rate on multi-currency loans progressively declined until 1 January 1990 when it reached its lowest level of 6.33 per cent per annum. Following increases on 1 July 1990, 1 January 1991 and 1 July 1991 (when it reached 6.61 per cent per annum), the rate was reduced on 1 January 1992 to 6.58 per cent per annum, and was further reduced on 1 July 1992 to 6.51 per cent per annum. In December 1992, the Bank announced that the lending rate to apply from 1 January 1993 to 30 June 1993 on multi-currency loans

would be 6.47 per cent per annum. The lending rate on US dollar loans is set at a variable spread (currently 0.4 per cent per annum) over the average cost of borrowings undertaken to fund the US dollar pool. The rate for the first half of 1993 is 6.63 per cent per annum.

Under the lending rate system which applied before the variable lending rate system was introduced, rates were fixed at the time of loan approval for the entire life of the loan. As of 31 December 1992, the variable lending rate applied to \$6,129 million of disbursed and outstanding loans and to \$8,664 million of undisbursed loans, representing about 51 per cent and 96.7 per cent of the respective totals.

Currency Composition of Loans

At the end of 1992, outstanding loans were disbursed mainly in four major currencies, namely, yen (61 per cent), deutsche mark (6.1 per cent), Swiss francs (18.3 per cent) and US dollars (12.7 per cent). The increase in the percentage of US dollars disbursed, from 10.8 per cent at the end of 1991, was due largely to the formation of the new US dollar lending facility, which was made available to OCR borrowers receiving loans approved after 1 July 1992.

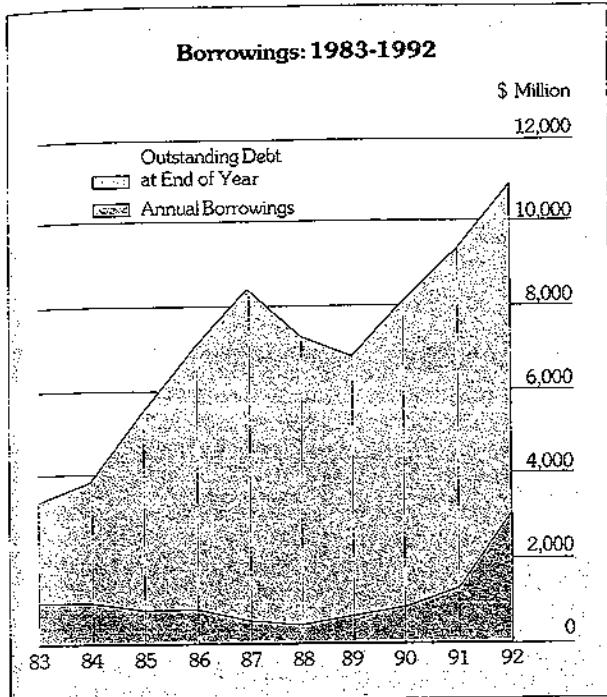
Status of Loans

At the end of 1992, one public sector loan was in arrears, and two private sector loans were placed under the non-accrual status. Only about 17.3 per cent of effective loans at the end of the year were due to mature within the next five years.

Borrowings

In January 1992, the Board considered an indicative borrowing program for 1992 of \$2,600 million. In addition, the 1992 liability management program included the possible prepayment and refinancing of three callable yen bond issues with an aggregate outstanding amount of ¥64 billion. The indicative borrowing program was subsequently adjusted downward to \$2,553 million to keep the projected 1992 year-end liquidity ratio within the operationally targeted range of 40 to 45 per cent. During the year, the Bank undertook ten borrowings—nine, totalling \$2,556.3 million, to raise new money and one, amounting to \$493.4 million equivalent, to finance the prepayment of the three outstanding callable yen bond issues.

The Bank continued to borrow from a variety of sources. During the year, it undertook four benchmark issues: a ¥50 billion issue in the Eurobond market in January, a ¥64 billion Samurai bond issue in May, a \$500 million



9.73 years, compared to 9.39 years in 1991. The average cost (after swaps) of funds raised in 1992 (excluding refinancing) declined to 5.86 per cent per annum from 6.80 per cent per annum in 1991. Out of the \$2,556 million of new funds raised in 1992, \$2,256 million was used to fund the ERPS variable lending rate facility. The average cost (after swaps) of the funds raised for this facility in 1992 was 5.81 per cent per annum.

The Bank's \$300 million Dragon bond issue was the first borrowing for its newly-established US dollar-specific lending facility. The cost of this issue was 6.23 per cent per annum. Accordingly, the variable lending rate for the new facility during the first half of 1993 was set at 6.63 per cent per annum.

Liquid Asset Investments

The Bank's liquid assets consist of investment holdings (excluding special reserve investments) and unrestricted cash. The Bank continued to follow a policy of maintaining year-end holdings of liquid assets at no less than 40 per cent of undisbursed balances of both effective and not yet effective loans. At the end of 1992, liquid assets totalled \$5,092 million (equivalent to about 44.6 per cent of undisbursed loan balances) compared with \$4,163 million at the end of 1991 (equivalent to about 43 per cent of the undisbursed loan balances). The Bank's primary objective in holding liquidity at this level is to ensure the uninterrupted availability of funds for its operations and to ensure flexibility in its borrowing decisions, especially when borrowings are temporarily affected by adverse conditions in the capital markets.

The Bank's investment portfolio is actively managed, the primary objectives being to ensure the security and liquidity of funds invested and, subject to these considerations, to obtain maximum income on these assets. At the end of 1992, OCR investments were denominated in 22 currencies (21 currencies at the end of 1991) and amounted to the equivalent of \$5,234 million (\$4,331 million at the end of 1991). Of the total investments, 81 per cent (69 per cent at the end of 1991) was held in securities issued or guaranteed by member governments and obligations of other multilateral development banks and certain governmental entities. The remainder was invested in deposits and other bank instruments in member countries. The realized rate of return on OCR investments over the year was 7.8 per cent, compared with 9.1 per cent in 1991.

Under the new Investment Authority approved by the Board in October 1991, the Bank is permitted, among other things, to execute transactions in financial futures and options, enter into "short" securities positions and engage in covered forward investments. Implementation of the new Investment Authority commenced in 1992, the primary focus being on financial futures. Specifically, operational

public bond issue in the Eurodollar market in June, and a HK\$500 million bond issue in April, the Bank's first public bond issue in Hong Kong dollars. The Bank returned to the Dutch guilder market in June – with a public bond issue of f300 million – after being absent from that market since 1986. Public bond issues were launched in the Swiss capital market in April (SwF300 million) and the US dollar domestic capital market in September (\$300 million). The proceeds of the Eurodollar, Hong Kong dollar, Dutch guilder and Yankee borrowings were all swapped into yen. A ¥50 billion Daimyo bond issue was launched in January. In September, the Bank contracted a two-tranche ¥30 billion direct borrowing with Japanese banks and insurance companies. In October, a second "Dragon" bond issue (Asian region US dollar public bond issue) was made for \$300 million. Under its Euro-commercial paper program during the year, the Bank issued three tranches totalling \$500 million. The proceeds of the three tranches were swapped into yen to bridge-finance temporary deficiencies for disbursement purposes.

As part of the liability management program for 1992, three callable yen bond issues with an aggregate outstanding amount of ¥64 billion were prepaid. Early in 1992 the Bank also prepaid the outstanding balances, amounting in total to SwF74.1 million, of two Swiss franc bond issues with a CCCC borrowing limitation covenant.

The average life (weighted by amount) of the borrowings undertaken in 1992 (excluding refinancing) was



TENDING a farm in Fiji under the Sigatoka Valley Rural Development Project funded by a \$4.4 million Bank loan from OCR.

guidelines were established, legal agreements negotiated, and risk controls implemented. In addition, the Bank's systems infrastructure relating to its investment activities was re-examined in order to enhance the efficiency of the Bank's investment operations. An objective of the re-examination is to facilitate implementation of the new Investment Authority.

Capitalization

In September 1988, the Board of Governors adopted Resolutions No. 193, 194 and 195 authorizing special increases in the capital subscriptions of Japan, Sweden and United States, to take effect in accordance with the provisions of those Resolutions. The Governors also adopted Resolution No. 192 authorizing an increase of 62,194 shares in the Bank's capital stock to be made available for these special increases. The Resolutions provided that the subscriptions would become effective in stages and pro rata as and when payments for the paid-in shares are made. As of 31 December 1992, Japan, Sweden

and United States had deposited instruments of subscription for their entitlements. Both Japan and Sweden had paid the entire amount of their paid-in shares. Accordingly, their subscriptions were effective in full. In December, the United States paid for 3,151 of the 4,231 paid-in shares to which it had subscribed. In accordance with Resolution No. 195, the United States had until 31 March 1993 to complete its payments.¹

At the end of 1992, the Bank's authorized capital stock amounted to \$23,224 million (SDR 16,890 million). The subscribed capital stock stood at \$23,100 million (SDR 16,800 million).

Loan Disbursements and Repayments

Disbursements on OCR loans totalled \$1,879.6 million in 1992, down by \$186.6 million from the previous year.

¹ In March 1993, at the request of the United States and as permitted by Resolution No. 195, the Board of Directors approved an extension of the deadline for payment to 31 March 1994.

INCOME AND EXPENSES — ORDINARY CAPITAL RESOURCES
 (amounts in \$ million)

Income and Expenses	Actual				
	1988	1989	1990	1991	1992
1. Total Income	1,023.2	1,036.3	1,103.4	1,213.3	1,345.2
2. Less: Expenses Charged to Ordinary Capital Resources					
a. Interest and other Financial Expenses	589.8	536.1	528.4	609.8	729.6
b. Administrative Expenses ^a	52.9	63.0	64.8	83.1	81.0
c. Services to Member Countries	6.3	1.9	1.7	2.5	—
Total Expenses	649.0	601.0	594.8	695.3	810.6
3. Net Income	374.2	435.3	508.6	518.0	534.6

Note: Figures may not add due to rounding.

a. Net of Administration Charge to Special Operations which is allocated on the basis of a formula for apportioning administrative expenses between ordinary capital resources and the Asian Development Fund.

Repayments on OCR loans amounted to \$527.7 million, bringing cumulative repayments to \$4,544.5 million, including cumulative prepayments of \$1,054.8 million. At the end of 1992, outstanding loans amounted to about \$12 billion, representing about 54 per cent of the Bank's total assets.

portfolio declined to 7.8 per cent from 9.1 per cent in 1991 due to lower interest rates in the major investment currencies. The overall return on operating assets achieved for the year was 3.2 per cent compared with 3.6 per cent in 1991.

Total operating expenses amounted to \$811 million, up \$115 million, or 16.6 per cent from the previous year. The rise in expenses was due to the \$120 million increase in financial expenses, which rose by 19.7 per cent due mainly to the increase in borrowings outstanding. Administrative expenses decreased by \$2 million and services to member countries decreased by \$3 million due to the discontinuance in 1992 of the practice of using OCR income to meet disbursements under grant-financed technical assistance projects and programs. Total operating expenses accounted for 60.3 per cent of the gross income, compared with 57.3 per cent in 1991.

Net income for the year, before appropriation of guarantee fees to Special Reserve, amounted to \$535 million, a 3.2 per cent increase over the previous year. This compared with a 1.8 per cent increase in net income in 1991.

Income and Expenses

A growth of 12 per cent in the Bank's main operating assets (composed of loans outstanding and investment portfolio), resulted in an 11 per cent increase in the Bank's gross income to \$1,345 million from \$1,213 million in the preceding year. Of the total gross income, \$943 million was generated by the loan portfolio and \$392 million by the investment portfolio.

The income yield from the loan portfolio (including commitment charges), declined to 8.3 per cent from 8.5 per cent in 1991 due mainly to the increasing share of lower-yield variable rate loans in the portfolio (from 42.7 per cent to 51.8 per cent). The income yield on the investment



SPECIAL FUNDS: Asian Development Fund, Technical Assistance Special Fund and Japan Special Fund

Asian Development Fund

ADF and TASF Replenishment (ADF VI)

THE CURRENT Asian Development Fund (ADF) and Technical Assistance Special Fund (TASF) replenishment (ADF VI) was authorized by Resolution No. 214 of the Board of Governors in February 1992. The replenishment, amounting to \$4.2 billion at the average of daily exchange rates during the first quarter of 1991 (the exchange rates specified in the Resolution), is intended to finance the Bank's concessional lending operations during the four years from 1992 to 1995. Of the replenishment total, \$140 million is for allocation to TASF primarily for project-related technical assistance to poorer DMCs and for regional technical assistance. ADF VI came into effect on 20 August 1992 when the total amount of unqualified contribution commitments received by the Bank exceeded the minimum trigger of \$2,100 million specified in the Resolution.

By the end of 1992, ADF VI Instruments of Contribution had been received from 15 member countries for a total amount of \$2,956 million (at the Resolution exchange rates). Fourteen of these countries, namely, Australia, Austria, Denmark, France, Germany, Hong Kong, Japan, Republic of Korea, Nauru, New Zealand, Norway, Sweden, Switzerland and Taipei, China, had deposited unqualified Instruments of Contribution. Canada had deposited an Instrument of Contribution containing a qualification, as permitted by the Resolution, that all installment payments except the first would be subject to budgetary appropriations. Pursuant to the Resolution, the first tranches of all 15 contributions were available to the Bank for operational commitments. From the first installment payment of each contribution, an amount, in proportion to the amount of the contribution, was set aside and allocated to TASF in accordance with the Resolution.

The Resolution envisaged that the second tranches of the unqualified contributions would become available for operational commitments on 1 January 1993 provided that, prior to that date, the Bank had received Instruments of Contribution totalling at least \$3,360 million, which should include instruments relating to all contributions intended to

be qualified. Since the United States, which intends to make a qualified contribution, was unable to deposit its Instrument of Contribution before the end of 1992, the availability of the second tranches has been delayed.

Fourth ADF Replenishment (ADF V)

The fourth ADF replenishment (ADF V) was authorized by Resolution No. 182 of the Board of Governors, adopted on 1 October 1986, to finance the Bank's concessional lending operations over the four-year period from 1987 to 1990. In January 1992, a further \$63.4 million of the United States' contribution became available to the Bank for operational commitments. Of this amount, \$28.9 million was for the remaining 19.77 per cent of the third tranche and \$34.5 million was for 23.65 per cent of the fourth tranche. The balance of the fourth tranche became available during the remainder of 1992 (\$61.6 million in April and \$50 million in December). Pursuant to the Resolution, the release of the United States' entire fourth tranche during the year enabled the fourth tranches of other donors to also become available. By the end of 1992, therefore, the full amount of all ADF V contributions had been made available to the Bank.

ADF Commitment Authority

At the beginning of 1992, total ADF commitment authority, i.e., the maximum amount of ADF lending which the Bank could undertake with the resources available, was about \$582 million. During the year, the release of the ADF V outstanding balance and the ADF VI first tranches added \$1,183.7 million and \$656.8 million, respectively, to ADF resources (at the exchange rates applicable at the time of release).

Under the financial policies approved by the Board in January 1991, the ADF lending limitation is defined as a certain proportion, referred to as the gearing ratio, of undisbursed resources. The ADF lending limitation at the end of 1992 was about \$6,880.8 million. The ADF lending headroom (equal to the difference between the lending limitation and the amount of committed but undisbursed loans) amounted to \$1,001.8 million. In addition, the Bank had advance commitment authority of \$454.9 million

(equivalent to 85 per cent of projected ADF investment income and loan repayments during the period 1 January 1993 - 31 December 1995). The Bank's total ADF commitment authority at the end of 1992, therefore, stood at \$1,456.7 million.

Loan Disbursements and Repayments

ADF disbursements during 1992 amounted to \$887.5 million and brought cumulative disbursements from ADF resources to \$7,490.7 million at the end of the year. Repayments during the year amounted to \$61.1 million, with cumulative repayments reaching \$368.4 million.

ADF Revenue and Expenses

In 1992, the excess of ADF revenue over expenses (net income) was \$106 million, bringing the accumulated surplus to \$735 million at the end of the year.

Gross revenue, consisting mainly of revenue from ADF investments and service fees on ADF loans, amounted to \$171 million, while expenses, consisting mainly of administration charge payable to ordinary capital resources, was \$65 million.

Portfolio Position

The ADF investment portfolio, denominated in 18 currencies, declined during the year to \$987 million, of which 46 per cent was held in securities issued or guaranteed by member governments. The rest was invested in deposits and other bank instruments in member countries. The return on ADF investments was 7.6 per cent against 9 per cent in 1991.

ADF loans outstanding rose 8 per cent to \$8,183 million. The total ADF loans were concentrated in Bangladesh (28 per cent), Nepal (7 per cent), Pakistan (30 per cent) and Sri Lanka (11 per cent). The Japanese yen and US dollars formed the bulk (70 per cent) of the ADF loan portfolio.

Loans to Viet Nam were in non-accrual status. Total outstanding loans to this country amounted to \$31 million or approximately 0.38 per cent of all outstanding ADF loans.

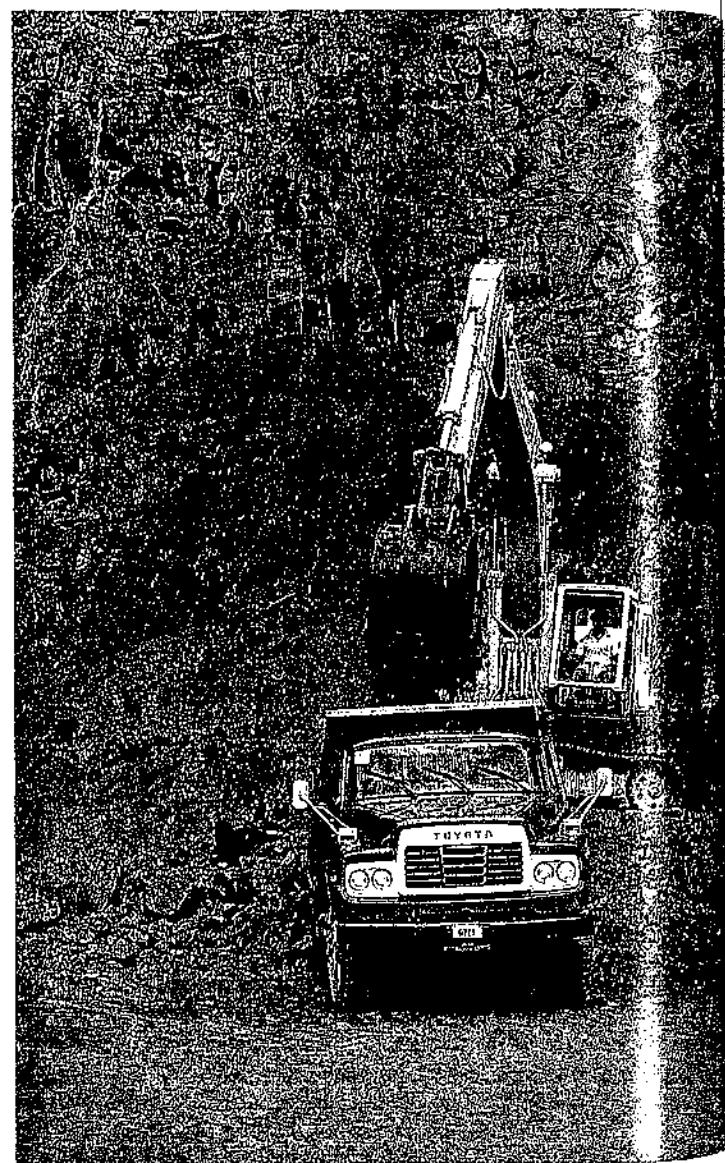
Technical Assistance Special Fund

Pursuant to para. 3(b) of the Governors' Resolution No. 214 concerning ADF VI, the TASF portion of ADF VI contributions accepted by the Bank as of 31 December 1992 amounted to \$98.6 million (equivalent to \$98.5 million at the exchange rates specified in the Resolution). Of this amount, \$40.1 million had been utilized.

In September 1992, the Board of Governors also

approved the reallocation to TASF of \$50 million from the 1991 OCR net income previously allocated to surplus. As at year-end, \$9.9 million of this amount had been utilized.

During the year, Pakistan made a direct voluntary contribution to TASF in the amount of \$64,000 equivalent. The contribution (Pakistan's 16th) was partly untied, available for use in financing the costs of services and facilities procured from all DMCs. As of end-1992, cumulative direct voluntary contributions committed to TASF amounted to the equivalent of \$85.3 million, of which \$85.2 million had been utilized.



ROAD construction in Western Samoa, one of the infrastructure subprojects under a multiproject loan. The Bank has provided Western Samoa with two multiproject ADF loans amounting to \$10.4 million.

Operations and Resource Position

The TASF remained a major source (66 per cent) of funding for services to member countries, with 184 new projects approved during the year. The yield on TASF investments declined from 11.1 per cent in 1991 to 8.8 per cent, which resulted in a 93 per cent decrease in the revenue from investment to \$0.21 million. However, there was a larger volume of contributions committed during the year (\$50 million allocated surplus from ordinary capital resources income, \$99 million under the second regularized TASF replenishment and \$64,000 from Pakistan). Total revenue and contributions amounted to \$150 million. Against the TASF undisbursed balances of \$110 million, there were outstanding commitments of \$112 million.

The \$65 million cash contribution received in 1992 funded the \$45 million TASF expenditure, with the balance being used to increase the investment portfolio.

At the end of the year, TASF investments stood at \$21 million. Other assets, comprising accounts receivable from ADF and contributors, advances to consultants and others, totalled \$98 million. Accounts payable to consultants and others amounted to \$12 million.

Japan Special Fund

During 1992, the Government of Japan committed and remitted a total amount of ¥8.77 billion (equivalent to about \$70.33 million) for its fifth year contribution to the Japan Special Fund (JSF). The amount included ¥7 billion in regular contributions and ¥1.77 billion in supplementary contributions, and brought Japan's cumulative commitments to JSF since its inception on 10 March 1988 to ¥34.19 billion (equivalent to about \$270.45 million).

The cumulative total included regular contributions amounting to ¥30.8 billion (equivalent to approximately \$243.30 million) and supplementary contributions of ¥3.39 billion (about \$27.15 million). The supplementary contributions were to be used for symposia/training (¥0.19 billion equivalent to about \$1.49 million),

women-in-development activities (¥0.50 billion equivalent to about \$4.01 million), environment-related activities (¥2.2 billion equivalent to about \$17.64 million), and for activities to promote the private sector (¥0.50 billion equivalent to about \$4.01 million).

Of the total contributions received by the Bank, \$75.5 million had been utilized as of 31 December 1992, including \$74.2 million for technical assistance and \$1.3 million for equity investments. Funds awaiting disbursements are invested, and in 1992 income from such investments amounted to \$7.9 million, down 21 per cent as a result of a decline in interest rates. As agreed with the Japanese Government, part of the investment income was used to defray the Bank's direct and identified administrative expenses.

Operations and Resource Position

Even with a higher volume of investments, the revenue from investments decreased by 21 per cent during the year to \$8 million as the realized rate of return on investment declined from 7.5 per cent in 1991 to 4.6 per cent in 1992. Total expenditure amounted to \$27 million (up 21 per cent) on services to member countries and \$0.63 million (up 32 per cent) in administrative expenses.

With additional contributions committed during the year, there was an operational surplus, which raised unexpended JSF balances to \$221.5 million at the end of the year.

The cash flow position remained satisfactory. The \$74 million received on account of contributions provided the major source of funds. Together with the \$8 million in interest earned on investments, this was far in excess of the required expenditure, and the surplus was used to increase the investment portfolio.

At year-end, the quantum of JSF investments, including equity investments of \$1.3 million, stood at \$222 million, up 30 per cent. Other assets, comprising advances to consultants and others, declined 24 per cent to \$5 million, while accounts payable (mainly for consulting services) stood at \$6 million.



ADMINISTRATION

Personnel Management and Development

AT THE END of 1992, the Bank had a staff of 1,776 coming from 43 of the 52 member countries and comprising 628 professional staff and 1,148 supporting staff. During the year, there were 65 appointments and 49 terminations of professional staff, while 83 supporting staff joined the Bank and 41 left.

To support implementation of the Bank's Medium-Term Strategic Framework (1992-1995), it was decided to establish a strategic planning and policy framework for the management and development of its human resources. A human resource strategy paper, the first to be undertaken by the Bank, was initiated during the year.

A major review of the Bank's Professional Staff Performance Evaluation practices was undertaken in early 1992, introducing new rating categories and evaluation criteria for professional staff at different levels of seniority. A formal performance evaluation process was also introduced for professional staff at higher levels and a panel review process involving Management was instituted for all levels to ensure consistency and transparency.

Several significant changes were made in 1992 in the overall focus and orientation of the Bank's staff training activities. These included a restructuring of the Bank's in-house training programs into four main streams: Basic, Functional, Thematic and Information Technology. The Bank has increased the allocation of funds to support the training program, ensuring that training responds to the career goals of its staff and its own needs.

The first round of the in-house Manager Development Program (MDP), launched in August 1991, was successfully completed with 52 graduates during the year and a second round with 25 participants was started. A Workshop/Retreat was also held for the Bank's principal officers to provide them with an opportunity to reflect on major managerial issues and to facilitate dialogue among themselves on topical managerial, organizational and administrative issues of concern to the Bank.

The Bank made its personnel policies and management practices more transparent with the publication of the Personnel Handbook for Supporting Staff. The Bank started publishing a quarterly in-house magazine, *Bank Forum*, to

improve internal communication with staff. The members of the Administrative Tribunal held its first meeting at the Bank's Headquarters in December 1992 and adjudicated its first case.

The first phase of a study to develop professional staff growth promotion guidelines was completed in July 1992. The general objective of the study was to enhance clarity, consistency and fairness in the promotion practice for professional staff.

Within the policy parameters of the new professional staff compensation system, the Board considered and approved, effective 1 June 1992, a 3.3 per cent structural increase. Individual increases for professional staff were determined on the basis of performance and relative positioning within salary level.

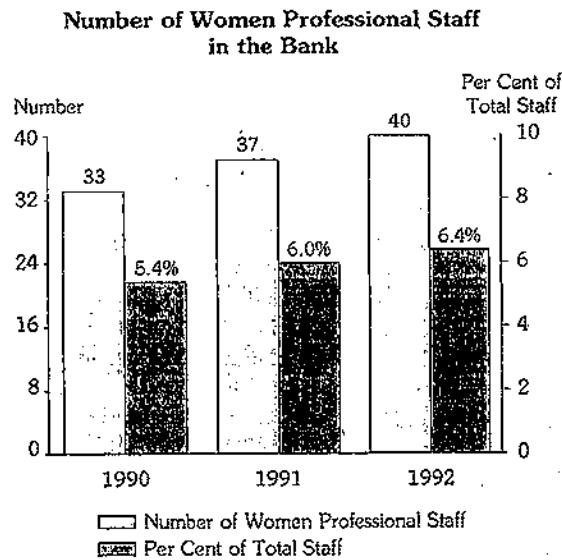
For supporting staff, a comprehensive review of the salary structure and policy was completed in August. A number of recommendations to update and improve the salary structure and policy were implemented, including the introduction of a new salary structure representing an average structural increase of 25.7 per cent, effective 1 August 1992.

Staff Benefits

The Bank also introduced three new options for home leave travel and made a temporary adjustment in its rental subsidy program to reflect conditions in the local housing market and exchange rate movements. A minor change was made in the Staff Retirement Plan, effective 1 October 1992, to extend children's benefits to handicapped children, regardless of age. The dependency allowance for supporting staff was increased.

The Bank continued its efforts to enhance the recruitment and retention of women professional staff. A study was conducted with the help of an external consultant to highlight and address specific areas which could contribute towards their career growth.

The Young Professional (YP) Program entered its ninth year in 1992. New guidelines were implemented to improve coordination and forward planning of assignments with a view to providing YPs with a wider exposure to the work of the Bank.



Organizational Changes

In April 1992, the Bank established a Social Dimensions Unit (SDU) within the Agriculture Department to ensure that "cross-cutting" concerns, as identified in the Bank's medium-term strategy, are adequately reflected in the Bank's operations. The unit will promote, catalyze, coordinate and monitor Bankwide implementation of goals and policies on poverty reduction, women in development, human resource development, social analysis, project benefit monitoring and evaluation, cooperation with NGOs and other social concerns.

In July, the Agriculture Department was restructured from six to five divisions, taking into account the projected processing and administration workload. Country responsibilities were realigned and professional staff were reassigned among the five divisions to improve the distribution of workload, widen the skill mix of each division and ensure better control.

Also, in July, a Private Sector Support Unit (PSSU) was established within the Private Sector Department (PSD) to strengthen PSD Area Divisions and to develop greater interaction between PSD and other operational departments/offices to promote private sector alternatives in country operational strategies.

In order to make the delivery of management services to individual departments/offices and of human resource development services to all Bank staff more effective, the

Budget, Personnel and Management Systems Department (BPMSD) was restructured in November. The reorganization integrated the Budget and Planning, and Systems and Procedures Divisions into a single Budget and Management Services Division (BPBM); split the Human Resources Division to create separate divisions for Human Resources (BPHR) and Training and Development (BPTD); and transferred the job evaluation and classification function from the Compensation and Benefits Division (BPCB) to the newly established BPTD.

Reappointment of Vice-President

The Board of Directors, acting on the recommendation of the President, reappointed Günther G. Schulz as Vice-President (Finance and Administration) for a further three-year term beginning 1 July 1992.

Internal Audit

The Internal Audit Office (IAO) furnishes all levels of management in the Bank with periodic, independent and objective appraisals and audits, including identification of possible means to improve the efficiency and economy of the Bank's activities and the use of its resources. In view of the independent nature of its function and role in the Bank, IAO reports to the President and its activities are reviewed by the Audit Committee of the Board.

During 1992, IAO's principal activities were focused on evaluation of, and reporting on administrative and financial controls; review of the adequacy and effectiveness of accounting and security controls pertaining to electronic data processing systems; and assessment of systems and procedures relating to loans and technical assistance. It also played an active role in the audit of selected consultants' contracts. IAO provided direct and integrated assistance to the Bank's external auditors, who were fully satisfied with IAO's performance.

IAO continued and expanded its services to assist other departments and offices in the formulation and development of new systems and procedures and the enhancement of existing ones by providing inputs from an internal control point of view.

The audit reports and the recommendations contained therein, as well as the status of implementation of these recommendations, are conveyed periodically to the Audit Committee of the Board, and to the Management and staff of the Bank. In reviewing IAO's activities, the Audit Committee was appreciative of its work and drew attention to the importance of the internal audit function, which would continue to increase as resources for funding development activities become scarcer.

Computer and Office Automation

The Office of Computer Services provides computing capabilities at the Bank's headquarters and resident and regional offices. It expanded the mainframe data communications network during 1992 offering on-line mainframe access to about 1,800 terminals. An additional 300 desktop microcomputers, 101 portable computers and 276 printers were procured.

Several major systems development projects were undertaken during the year, including the implementation of the Enhanced Project Processing Information System, the Domestic Consultant System, the Budget Review Subsystem, the Insurance Administration Subsystem, the Property and Materials Management System and the Visitor Access Control System. Design work was started on the Environment Monitoring Information System, the Work and Time Management System, the Staff Retirement System and the interface between the Banking Transaction System and the SWIFT fund transfer network.

The Task Force on Information Technology (IT) Strategy, established in August 1991 to formulate a cost-effective IT strategy that would support the Bank's mission and strategic objectives in the medium to long term, submitted its report in September 1992. The strategy will address the information needs of the Bank, particularly those of senior staff and Management, through the development of new systems and the enhancement of existing ones. Further, an IT infrastructure based on a new type of Bankwide network will be established to allow the Bank to capitalize on its existing equipment and benefit from the trend towards lower microcomputer costs. The infrastructure will be expected to provide improved communication, including access to external databases, and additional flexibility. Through the use of new technologies, the IT strategy will also make information more accessible and easier to retrieve and facilitate the flow and sharing of information among departments and offices.

Administrative Services

Two major capital project proposals submitted by the Office of Administrative Services were approved by the Board in 1992 for upgrading the communications facilities and the printing plant of the Bank. Work on the proposals began in the third quarter. Work also began during the year to establish a full-fledged archives for the storage and preservation of Bank records and documents. The role of the library was also reviewed, a concept paper was prepared and consultants were engaged to advise on library automation.

Budget

The Internal Administrative Expenses (IAE) for 1992 amounted to \$141.750 million against the original budget of \$145.612 million. The underutilization of \$3.862 million was mainly due to savings arising from lower-than-budgeted expenses for staff consultants, business travel and contractual services, which were partly offset by increased expenses for staff benefits and depreciation.

The IAE Budget for 1993 of \$161.930 million, as summarized in Appendix 1, represents an increase of \$20.180 million over actual expenses of \$141.750 million incurred in 1992.

The increase is the result of: increments in staff years, consultant services and business travel needed to support a higher level and more complex nature of operational activities; substantial price adjustment for medical insurance benefits; increased overhead expenses mainly on account of two additional resident offices (one of which was opened in India in December 1992), higher costs of contractual services and depreciation of implemented capital projects; and the provision for general contingency. Increases in other Budget items are due to price escalation and the adverse effects of a weaker dollar.

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Deloitte & Touche



One World Trade Center
New York, New York 10048-0601

INDEPENDENT AUDITORS' REPORT

Asian Development Bank:

We have audited the following financial statements of the Asian Development Bank – Ordinary Capital Resources (OCR):

- OCR-1 Balance Sheet, 31 December 1992 and 31 December 1991
- OCR-2 Statement of Income and Expenses for the Years Ended
31 December 1992 and 31 December 1991
- OCR-3 Statement of Cash Flows for the Years Ended
31 December 1992 and 31 December 1991
- OCR-4 Statement of Changes in Capital and Reserves for the Years Ended
31 December 1992 and 31 December 1991
- OCR-5 Summary Statement of Loans, 31 December 1992 and
31 December 1991
- OCR-6 Summary Statement of Borrowings, 31 December 1992 and
31 December 1991
- OCR-7 Statement of Subscriptions to Capital Stock and Voting
Power, 31 December 1992
- OCR-8 Notes to Financial Statements, 31 December 1992 and
31 December 1991

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Asian Development Bank – Ordinary Capital Resources at 31 December 1992 and 31 December 1991 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

24 February 1993

ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

BALANCE SHEET

31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

A S S E T S	1992		1991	
DUE FROM BANKS (Note B)	\$ 123,661		\$ 100,885	
INVESTMENTS (Notes B, C and I)				
Government and government guaranteed obligations	\$ 4,218,256		\$ 3,017,257	
Time deposits and other obligations of banks	<u>1,015,667</u>		<u>1,313,607</u>	4,330,864
LOANS OUTSTANDING (OCR-5) (Notes D, O and P)				
Members and guaranteed by members	11,786,389		10,846,887	
Private sector – net of allowance for possible losses	<u>236,044</u>		<u>195,656</u>	11,042,543
EQUITY INVESTMENTS - net of allowance for possible losses (Notes A, O and P)		117,433		105,880
ACCRUED INCOME				
On investments	47,958		59,883	
On loans	<u>250,261</u>		<u>246,788</u>	306,671
RECEIVABLE FROM MEMBERS				
Non-negotiable, non-interest-bearing demand obligations (Notes B and F)	293,156		289,505	
Amounts required to maintain value of currency holdings (Note G)	4,759		1,683	
Subscription instalments (Note F)	<u>365</u>		<u>430</u>	291,618
OTHER ASSETS				
Receivable from currency swaps (Note E)	3,239,889		2,308,474	
Notional amounts required to maintain value of currency holdings (Note G)	497,174		497,789	
Property, furniture and equipment (net of accumulated depreciation of \$22,131 – 1992, \$13,325 – 1991) (Note A)	181,455		186,451	
Unamortized issuance costs of borrowings	84,286		78,914	
Administration charge receivable from the Asian Development Fund (Note H)	24,557		14,086	
Miscellaneous	<u>42,852</u>		<u>53,366</u>	3,139,080
TOTALS	\$ 22,164,162		\$ 19,317,541	

See notes to financial statements (OCR-8).

LIABILITIES, CAPITAL AND RESERVES

	1992	1991
BORROWINGS (OCR-6) (Note E)	\$10,937,834	\$ 9,410,339
ACCRUED INTEREST ON BORROWINGS	268,154	223,516
ACCOUNTS PAYABLE AND OTHER LIABILITIES		
Payable for currency swaps (Note E)	\$ 3,487,476	\$ 2,532,004
Notional amounts required to maintain value of currency holdings (Note G)	223,950	218,653
Miscellaneous (Note A)	<u>96,555</u>	<u>72,332</u>
	<u>3,807,981</u>	<u>2,822,989</u>
CAPITAL AND RESERVES (OCR-4)		
Capital Stock (OCR-7) (Notes A and F)		
Authorized (SDR 16,889,960,000)		
Subscribed (SDR 16,800,040,000 - 1992, SDR 16,149,240,000 - 1991)	23,100,055	23,100,357
Less - "callable" shares subscribed	<u>20,313,081</u>	<u>20,311,548</u>
"Paid-in" shares subscribed	2,786,974	2,788,809
Less - subscription instalments not due	<u>5,301</u>	<u>8,296</u>
Subscription instalments matured	2,781,673	2,780,513
Less - capital transferred to the Asian Development Fund (Note J)	<u>65,463</u>	<u>68,102</u>
	2,716,210	2,712,411
Accumulated translation adjustments (Note A)	17,138	234,620
Ordinary Reserve (Note K)	3,705,519	3,219,053
Special Reserve (Note I)	177,018	176,772
Net income after appropriation of guarantee fees to Special Reserve (OCR-2) (Note K)	<u>534,308</u>	<u>517,841</u>
	7,150,193	6,860,697
TOTALS	\$22,164,162	\$19,317,541

ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

	1992	1991
INCOME		
From loans:		
Interest	\$910,057	\$797,440
Commitment charge	31,330	27,769
Other	2,005	299
From investments (Note C)	392,119	374,785
From other sources – net	<u>9,730</u>	<u>13,016</u>
TOTAL INCOME	\$1,345,241	\$1,213,309
EXPENSES		
Interest and other financial expenses (Note H)	729,637	609,801
Administrative expenses (Notes H and I)	81,050	83,077
Services to member countries (Note M)	<u>—</u>	<u>2,468</u>
TOTAL EXPENSES	810,687	695,346
NET INCOME	534,554	517,963
APPROPRIATION OF GUARANTEE FEES TO SPECIAL RESERVE (Note I)	(246)	(122)
NET INCOME AFTER APPROPRIATION OF GUARANTEE FEES TO SPECIAL RESERVE	\$ 534,308	\$ 517,841

See notes to financial statements (OCR-8).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other charges on loans received	\$ 814,559	\$ 707,765
Interest on investments received	380,053	373,276
Interest and other financial expenses paid	(611,572)	(523,215)
Administrative expenses paid	(76,232)	(77,695)
Services to member countries paid	—	(3,578)
Other - net	15,928	7,272
Net Cash Provided by Operating Activities	522,736	483,825
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	174,142	(49,717)
Sales and maturities of investment securities	28,726,059	24,299,597
Purchases of investment securities	(30,100,298)	(24,488,739)
Principal collected on loans	710,771	710,490
Loans disbursed	(1,756,025)	(1,972,755)
Property, furniture and equipment acquired	(3,810)	(12,435)
Purchases of equity investments	(12,838)	(24,620)
Compensation for return of Bank premises	12,237	10,420
Net Cash Used for Investing Activities	(2,249,762)	(1,527,759)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds of new borrowings	3,558,258	1,499,012
Bonds purchased for redemption and borrowings redeemed	(1,832,902)	(487,666)
Matured subscriptions collected ¹	44,008	1,533
Demand obligations of members encashed	45,944	41,854
Net currency swaps	(9,901)	(7,380)
Resources transferred to Technical Assistance Special Fund	(42,144)	—
Net Cash Provided by Financing Activities	1,763,263	1,047,353
Effect of Exchange Rate Changes on Due from Banks	(13,461)	(6,099)
Net Increase (Decrease) in Due from Banks	22,776	(2,680)
Due from Banks at Beginning of the Year	100,885	103,565
Due from Banks at End of the Year	\$ 123,661	\$ 100,885
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	\$ 534,554	\$ 517,963
Adjustments to reconcile net income to net cash provided by operating activities:		
Accrued interest and other expenses	58,645	15,050
Accrued income including interest and commitment charges added to loans	(121,327)	(107,854)
Difference between reacquisition price and net carrying amount of borrowings extinguished prior to maturity	17,401	(2,276)
Depreciation and amortization	64,220	76,594
Net gain from sales of investments	(19,572)	(11,398)
Accrued administration charge	(10,471)	1,461
Other - net	(714)	(5,715)
Net Cash Provided by Operating Activities	\$ 522,736	\$ 483,825

See notes to financial statements (OCR-8).

1 In addition, non-negotiable, non-interest-bearing demand promissory notes amounting to \$51,584 (\$1,233 - 1991) were received.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

For the Years Ended 31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

	Capital Stock	Accumulated Translation Adjustments	Ordinary Reserve	Special Reserve	Net Income After Appropriation of Guarantee Fees to Special Reserve	Surplus	Total
BALANCES - 1 January 1991	\$2,694,910	\$201,729	\$2,713,140	\$176,650	\$508,481	\$ —	\$ 6,294,910
Change in SDR value of paid-in shares subscribed	16,801						16,801
Additional paid-in shares subscribed during the year	9,217						9,217
Change in subscription instalments not due	(8,147)						(8,147)
Change in SDR value of capital transferred to Asian Development Fund	(370)						(370)
Change in accumulated translation adjustments	32,891						32,891
Allocation of 1990 net income		508,481			(508,481)		—
Charge to ordinary reserve for change in SDR value of capital stock (Note K)		(2,568)					(2,568)
Net income for the year 1991			122		517,841		517,963
BALANCES - 31 December 1991 (Forward)	\$2,712,411	\$234,620	\$3,219,053	\$176,772	\$517,841	\$ —	\$ 6,860,697

	Capital Stock	Accumulated Translation Adjustments	Ordinary Reserve	Special Reserve	Net Income After Appropriation of Guarantee Fees to Special Reserve	Surplus	Total
BALANCES - 31 December 1991 (Forward)	\$2,712,411	\$234,620	\$3,219,053	\$176,772	\$517,841	\$ —	\$6,860,697
Change in SDR value of paid-in shares subscribed	(95,038)					(95,038)	
Additional paid-in shares subscribed during the year	93,203						93,203
Change in subscription instalments not due	2,995						2,995
Change in SDR value of capital transferred to Asian Development Fund	2,639						2,639
Change in accumulated translation adjustments	(217,482)						(217,482)
Allocation of 1991 net income (Note K)		467,841			(517,841)	50,000	—
Reallocation of surplus to Technical Assistance Special Fund (Note K)						(50,000)	(50,000)
Credit to ordinary reserve for change in SDR value of capital stock (Note K)		18,625					18,625
Net income for the year 1992			246		534,308		534,554
BALANCES - 31 December 1992	\$2,716,210	\$ 17,138	\$3,705,519	\$177,018	\$534,308	\$ —	\$7,150,193

See notes to financial statements (OCR-8).

ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF LOANS

31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

Borrowers/Guarantors	Loans Outstanding ¹	Undisbursed Balances of Effective Loans ²	Loans Not Yet Effective	Total Loans	Per Cent of Total Loans
Bangladesh	\$ 942	\$ —	\$ —	\$ 942	n.a. ³
China, People's Republic of	442,810	925,760	511,500	1,880,070	8.71
Fiji	53,430	9,701	18,000	81,131	0.38
India	1,190,494	2,535,890	432,000	4,158,384	19.26
Indonesia	3,698,292	3,159,580	393,000	7,250,872	33.59
Korea, Republic of	489,479	65,300	—	554,779	2.57
Malaysia	585,881	272,103	187,700	1,045,684	4.84
Myanmar	3,161	—	—	3,161	0.02
Nepal	2,034	16	—	2,050	0.01
Pakistan	1,360,971	960,767	177,000	2,498,738	11.57
Papua New Guinea	120,188	55,245	11,300	186,733	0.87
Philippines	1,615,959	694,285	465,600	2,775,844	12.86
Singapore	2,462	—	—	2,462	0.01
Thailand	612,591	242,601	257,550	1,112,742	5.15
Viet Nam	358	—	—	358	n.a. ³
	10,179,052	8,921,248	2,453,650	21,553,950	
Regional	75	34,925	—	35,000	0.16
TOTALS – 31 December 1992	10,179,127	8,956,173	2,453,650	21,588,950	100.00
Adjustments in US\$ equivalents	1,843,648 ⁴	—	—	1,843,648 ⁴	
BALANCES – 31 December 1992	12,022,775	8,956,173	2,453,650	23,432,598	
Allowance for possible losses	(342)	—	—	(342)	
NET BALANCES – 31 December 1992	<u>\$12,022,433</u>	<u>\$ 8,956,173</u>	<u>\$2,453,650</u>	<u>\$23,432,256</u>	
TOTALS – 31 December 1991	\$ 8,827,172	\$ 7,064,876	\$ 2,617,900	\$ 18,509,948	
Adjustments in US\$ equivalents	2,215,371 ⁴	—	—	2,215,371 ⁴	
BALANCES – 31 December 1991	11,042,543	7,064,876	2,617,900	20,725,319	
Allowance for possible losses	—	—	—	—	
NET BALANCES – 31 December 1991	<u>\$11,042,543</u>	<u>\$7,064,876</u>	<u>\$2,617,900</u>	<u>\$20,725,319</u>	

See notes to financial statements (OCR-8).

- 1 The interest rates charged on loans outstanding range from 6.33% per annum to 11.00% per annum for loans to government or with government guarantee and 4.375% per annum to 11.35% per annum for loans to the private sector. Amounts outstanding on loans made under the Pool-Based Variable Interest Rate System totalled \$6,226,032 (\$4,711,407 - 1991). The average yield on loans was 7.99% in 1992 (8.24% - 1991).
- 2 Of the undisbursed balances, the Bank has made irrevocable commitments to disburse various amounts totalling \$261,139 (\$295,244 - 1991). Certain loans to the private sector are denominated in specific currencies. The undisbursed portions of such loans are translated into United States dollars at the applicable exchange rates as of the end of the reporting period.

MATURITY OF EFFECTIVE LOANS

Twelve Months Ending 31 December	Amounts	Five Years Ending 31 December	Amounts
1993	\$545,224	2002	5,217,236
1994	619,687	2007	4,817,935
1995	713,664	2012	3,681,415
1996	833,629	2017	1,795,362
1997	913,462	2020	13,925
		Undetermined	1,827,409 ⁵
		Total	\$20,978,948

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

Currency	1992	1991	Currency	1992	1991
Australian dollar	\$ 2,506	\$ 3,394	Malaysian ringgit	47,360	45,882
Austrian schilling	29,798	35,587	Netherlands guilder	103,881	174,306
Belgian franc	24,663	26,170	New Zealand dollar	5,773	6,056
Canadian dollar	5	5	Norwegian krone	586	1,149
Danish krone	12	13	Pound sterling	25	48
Deutsche mark	731,735	1,061,250	Singapore dollar	10,774	10,865
French franc	26	28	Swedish krona	10	28
Hong Kong dollar	7,170	7,336	Swiss franc	2,205,431	2,462,457
Italian lira	4	5	Thai baht	39	1,264
Japanese yen	7,328,626	6,019,013	United States dollar	1,524,351	1,187,687
			Totals	\$12,022,775	\$11,042,543

3 Below 0.01%.

4 These amounts represent adjustments in United States dollar equivalents, arising from changes in the exchange rates used for translation of currencies disbursed and outstanding, and repayable to the Bank in such currencies.

5 Represents net of translation adjustments, prepayments and cancellations which have not been allocated to specific maturities.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF BORROWINGS

31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

	Borrowings		
	Principal Outstanding¹		Weighted Average Cost (%)
	1992	1991	
Austrian schilling	\$ 88,075	\$ 98,554	8.08
Deutsche mark	1,110,145	1,486,577	7.69
Hong Kong dollar	64,591	—	8.97
Japanese yen	4,564,200	3,545,399	6.21
Netherlands guilder	454,495	388,213	7.91
Pound sterling	337,932	418,101	11.01
Swiss franc	1,526,655	1,473,627	6.34
United States dollar	<u>2,814,408</u>	<u>2,028,072</u>	8.46
Principal amounts outstanding	10,960,501	9,433,543	7.20 ²
Unamortized discounts and premiums	<u>(22,667)</u>	<u>(23,204)</u>	
TOTALS	<u>\$ 10,937,834</u>	<u>\$ 9,410,339</u>	

MATURITY STRUCTURE OF

Twelve Months Ending 31 December	Amounts
1993	\$ 457,426
1994	853,068
1995	651,283
1996	580,964
1997	795,117

See notes to financial statements (OCR-8).

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

Currency	Aggregate Face Amounts		Discounted Values	
	1992	1991	1992	1991
Swiss franc	\$ 335,852	\$ 360,752	\$102,822	\$104,929
United States dollar	676,063	1,067,650	181,621	495,285

2 The weighted average cost of borrowings outstanding at 31 December 1992, after adjustment for swap activities, was 6.50% (7.14% - 1991).

Currency Swap Arrangements

Payable (Receivable)		Weighted Average Cost (Return) %	Net Currency Obligations	
1992	1991	1992	1992	1991
\$ (88,340)	\$ (93,858)	(8.08)	\$ (265)	\$ (304)
(247,442)	(263,784)	(8.40)	862,703	1,222,793
(64,591)	—	(8.97)	—	—
2,447,751	1,407,588	6.08	7,011,951	4,952,987
(253,320)	(105,275)	(8.15)	201,175	282,938
(188,379)	(233,002)	(10.21)	149,553	185,099
959,725	1,044,416	5.86	2,417,699	2,444,270
(68,681)	(73,773)	(6.51)	—	—
(2,249,135)	(1,458,782)	(8.33)	565,273	569,290

BORROWINGS OUTSTANDING

Five Years Ending 31 December	Amounts
2002	6,507,068
2007	761,314
2012	251,439
2016	102,822
Total	\$10,960,501

ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

31 December 1992

Expressed in Thousands of United States Dollars (Note A)

MEMBERS	SUBSCRIBED CAPITAL					VOTING POWER		
	Number of Shares	Per Cent of Total	Par Value of Shares			Number of Votes	Per Cent of Total	
			Total	Callable	Paid-in			
REGIONAL								
Afghanistan, Rep. of	1,195	0.071	\$ 16,431	\$ 11,179	\$ 5,253	9,271	0.441	
Australia	102,370	6.093	1,407,588	1,238,586	169,001	110,446	5.259	
Bangladesh	18,064	1.075	248,380	218,556	29,824	26,140	1.245	
Bhutan	110	0.007	1,513	1,224	289	8,186	0.390	
Cambodia	875	0.052	12,031	8,181	3,850	8,951	0.426	
China, People's Rep. of	114,000	6.786	1,567,500	1,379,249	188,251	122,076	5.813	
Cook Islands	47	0.003	646	578	69	8,123	0.387	
Fiji	1,203	0.072	16,541	14,548	1,994	9,279	0.442	
Hong Kong	9,635	0.574	132,481	116,573	15,909	17,711	0.843	
India	112,005	6.667	1,540,069	1,355,173	184,896	120,081	5.718	
Indonesia	96,350	5.735	1,324,813	1,165,766	159,046	104,426	4.973	
Japan	276,105	16.435	3,796,444	3,340,631	455,813	284,181	13.533	
Kiribati	71	0.004	976	853	124	8,147	0.388	
Korea, Rep. of	89,123	5.305	1,225,441	1,078,330	147,111	97,199	4.629	
Lao PDR	246	0.015	3,383	2,723	660	8,322	0.396	
Malaysia	48,175	2.868	662,406	582,876	79,530	56,251	2.679	
Maldives	71	0.004	976	853	124	8,147	0.388	
Marshall Islands	47	0.003	646	578	69	8,123	0.387	
Micronesia, Fed. States of	71	0.004	976	853	124	8,147	0.388	
Mongolia	266	0.016	3,658	3,218	440	8,342	0.397	
Myanmar	9,635	0.574	132,481	116,573	15,909	17,711	0.843	
Nauru	71	0.004	976	853	124	8,147	0.388	
Nepal	2,601	0.155	35,764	31,460	4,304	10,677	0.508	
New Zealand	27,170	1.617	373,588	328,735	44,853	35,246	1.678	
Pakistan	38,540	2.294	529,925	466,304	63,621	46,616	2.220	
Papua New Guinea	1,660	0.099	22,825	20,103	2,723	9,736	0.464	
Philippines	42,152	2.509	579,590	510,015	69,575	50,228	2.392	
Singapore	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
Solomon Islands	118	0.007	1,623	1,430	193	8,194	0.390	
Sri Lanka	10,260	0.611	141,075	124,135	16,940	18,336	0.873	
Taipei, China	19,270	1.147	264,963	233,159	31,804	27,346	1.302	
Thailand	24,087	1.434	331,196	291,431	39,765	32,163	1.532	
Tonga	71	0.004	976	853	124	8,147	0.388	
Vanuatu	118	0.007	1,623	1,430	193	8,194	0.390	
Viet Nam, Soc. Rep. of	6,038	0.359	83,023	65,643	17,380	14,114	0.672	
Western Samoa	58	0.003	798	646	151	8,134	0.387	
Total Regional (Forward)	1,057,898	62.970	\$ 14,546,098	\$ 12,786,125	\$ 1,759,973	1,348,634	64.222	

MEMBERS	SUBSCRIBED CAPITAL					VOTING POWER		
	Number of Shares	Per Cent of Total	Par Value of Shares			Number of Votes	Per Cent of Total	
			Total	Callable	Paid-in			
Total Regional (Forward)	1,057,898	62.970	\$14,546,098	\$12,786,125	\$1,759,973	1,348,634	64.222	
NON-REGIONAL								
Austria	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
Belgium	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
Canada	92,543	5.508	1,272,466	1,119,704	152,763	100,619	4.791	
Denmark	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
Finland	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
France	41,178	2.451	566,198	498,218	67,980	49,254	2.345	
Germany	76,534	4.556	1,052,343	925,994	126,349	84,610	4.029	
Italy	31,975	1.903	439,656	386,870	52,786	40,051	1.907	
Netherlands	18,147	1.080	249,521	219,574	29,948	26,223	1.249	
Norway	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
Spain	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
Sweden	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
Switzerland	10,325	0.615	141,969	124,919	17,050	18,401	0.876	
Turkey	6,020	0.358	82,775	72,834	9,941	14,096	0.671	
United Kingdom	36,131	2.151	496,801	437,168	59,634	44,207	2.105	
United States	267,113	15.900	3,672,804	3,231,841	440,963	275,189	13.105	
Total Non-Regional	622,106	37.030	8,553,957	7,526,956	1,027,001	751,322	35.778	
TOTALS	1,680,004	100.000	\$23,100,055	\$20,313,081	\$2,786,974	2,099,956	100.000	

See notes to financial statements (OCR-8).

Note: Figures may not add due to rounding.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1992 and 31 December 1991

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currencies and Reporting Currency

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

Valuation of Capital Stock

The authorized capital stock of the Bank is defined in Article 4, paragraph 1 of the Articles of Agreement Establishing the Asian Development Bank (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 (the Bank'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 have par values in terms of gold. Pending the Bank'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 Special Drawing Right (SDR) at the value in current United States dollars as computed by the IMF, with each share valued at SDR 10,000.

As of 31 December 1992, the value of the SDR in terms of the current United States dollar was \$1.37500 (\$1.43043 – 1991) giving a value for each share of the Bank's capital equivalent to \$13,750.00 (\$14,304.30 – 1991). However, the Bank 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.

Translation of Currencies

Assets and liabilities are translated from their functional currencies to the reporting currency generally at the applicable rates of exchange at the end of a reporting period. Income and expense amounts are translated for each semi-monthly period generally at the applicable rates of ex-

change at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments other than those relating to maintenance of value of currency holdings (see Notes G and K), are charged or credited to "Accumulated translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in income. Currency swaps made in connection with borrowings are hedged by forward exchange commitments and, accordingly, do not result in any net exchange gain or loss.

Fair Value of Financial Instruments

The Bank adopted a new accounting standard in 1992 which requires disclosure of the estimated "fair values" of financial instruments. Such fair values are not recorded in the accounts of the Bank, but are disclosed in the Notes to Financial Statements as additional information.

The fair value of financial instruments that are short-term approximated their carrying value.

Financial instruments for which market quotations are available have been valued at the prevailing market value at 31 December 1992. Financial instruments for which market quotations are not readily available have been valued using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

Investments

Investment securities are reported at cost or amortized cost. Gains and losses on sales of investments are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Loans

The Bank's loans have been made to or guaranteed by members or their governments, with the exception of loans to the private sector, and have maturities ranging between 10 and 30 years. The Bank requires its borrowers to absorb exchange risks attributable to fluctuations in the value of the currencies which it has disbursed. The Bank

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has not suffered any loan losses to date and follows a policy of not taking part in debt rescheduling agreements on loans made to or guaranteed by members or their governments. It is the policy of the Bank to place in non-accrual status all loans in which principal, interest or other charges are overdue by one year for loans made to or guaranteed by a member and six months for loans to the private sector. Interest and other charges on non-accruing loans are included in income only to the extent that payments have actually been received by the Bank.

The Bank provides for possible losses on loans to the private sector based on an evaluation by management of the collectibility of loans outstanding.

Prior to 1 July 1986, the lending rate of the Bank was based on a 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, the Bank adopted a pool-based variable lending rate system for those loans approved on or after that date plus certain others at the option of the borrowers.

For loans to the private sector, interest is charged at negotiated rates.

Equity Investments

Equity investments are reported at the lower of cost or estimated net realizable value on an individual investment basis. The allowance for possible loss of value below cost is determined quarterly based on management's evaluation of potential losses in the equity investments portfolio.

Property, Furniture and Equipment

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

Construction of a new headquarters building was substantially completed in 1991 at a cost of \$160,534,000 including capitalized interest (see Note H). Land for the building was acquired at a cost of \$10,052,000. During 1991, the Bank completed its transfer to the new building and, under terms of an agreement with the Republic of the Philippines (Government), the Bank returned the former

headquarters premises which had been provided by the Government. In accordance with the agreement as supplemented by a memorandum of understanding, the Bank was compensated \$22,657,000 for the return of 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 1992 amounted to \$608,000 (\$478,000 - 1991) reducing depreciation expense for the new headquarters building from \$4,301,000 (\$3,849,000 - 1991) to \$3,693,000 (\$3,371,000 - 1991). At 31 December 1992, the unamortized deferred compensation balance (included in "ACCOUNTS PAYABLE AND OTHER LIABILITIES - Miscellaneous") was \$21,571,000 (\$20,362,000 - 1991).

The main building contractor of the Bank's new headquarters building has indicated that it will seek to assert, in connection with the construction of such building, claims for additional payment of approximately \$100,000,000 against the Bank. Certain legal issues which have a bearing on part of such claims were the subject of an arbitration which was concluded in November 1992. On the basis of present information, and in the light of the arbitration proceedings, the Bank is of the view that such claims are substantially without merit.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Bank considers that its cash and cash equivalents are limited to "DUE FROM BANKS".

NOTE B - RESTRICTIONS ON USE OF CURRENCIES AND DEMAND OBLIGATIONS OF MEMBERS

In accordance with Article 24, paragraph 2(i) of the Charter, the use by the Bank or by any recipient from the Bank 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 32 developing member countries, cash in banks (due from banks) and demand obligations totalling \$88,082,000 (\$92,203,000 - 1991) and \$240,267,000 (\$246,485,000 - 1991), respectively, may be, but are not currently so restricted.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1992 and 31 December 1991

In accordance with Article 24, paragraphs 2(i) and (ii) of the Charter, two members have restricted the use by the Bank or by any recipient from the Bank of their currencies to payments for goods or services produced in their territories. Cash in banks (due from banks), demand obligations and investments totalling \$16,000 (\$5,000 - 1991), \$972,000 (\$1,409,000 - 1991) and \$2,140,000 (\$2,152,000 - 1991), respectively, have been so restricted.

NOTE C - INVESTMENTS

As of 31 December 1992, the estimated market value of investments was \$5,259,243,000 (\$4,379,591,000 - 1991), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$1,085,846,000 (\$1,422,195,000 - 1991). Under the new accounting standard for fair value disclosures, market value is fair value.

The currency composition of the investment portfolio was as follows:

Currency	1992	1991
Australian dollar	\$ 334,073,000	\$ 332,349,000
Canadian dollar	581,604,000	611,383,000
Deutsche mark	419,641,000	403,697,000
Italian lira	280,400,000	306,930,000
Japanese yen	973,566,000	101,071,000
Pound sterling	263,556,000	313,481,000
Swiss franc	538,650,000	241,851,000
United States dollar	1,260,016,000	1,468,694,000
Others	582,417,000	551,408,000
Totals	\$5,233,923,000	\$4,330,864,000

During the year ended 31 December 1992, sales of investments resulted in a net gain of \$19,572,000 (\$11,398,000 - 1991). 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, including realized gains and losses, was 7.77% (9.08% - 1991).

As of 31 December 1992, the amortized cost, gross unrealized gains, gross unrealized losses and estimated market value of investments in government and government guaranteed obligations were \$4,218,256,000, \$31,062,000, \$5,742,000 and \$4,243,576,000, (\$3,017,257,000, \$51,514,000, \$2,717,000 and \$3,066,054,000 - 1991), respectively. The amortized cost and estimated market value of these investments by contractual maturity at 31 December 1992 and 31 December 1991 were as follows:

	1992	
	Amortized Cost	Estimated Market Value
Due in one year or less	\$2,813,471,000	\$2,814,111,000
Due after one year		
through five years	1,234,627,000	1,255,644,000
Due after five years		
through ten years	170,158,000	173,821,000
Totals	\$4,218,256,000	\$4,243,576,000

	1991	
	Amortized Cost	Estimated Market Value
Due in one year or less	\$1,351,898,000	\$1,368,530,000
Due after one year		
through five years	1,446,969,000	1,474,963,000
Due after five years		
through ten years	218,390,000	222,561,000
Totals	\$3,017,257,000	\$3,066,054,000

Proceeds from sales of investments in government and government guaranteed obligations during the year ended 31 December 1992 were \$12,398,505,000 (\$8,059,011,000 - 1991). Gross gains and gross losses of \$36,246,000 and \$16,672,000 (\$22,177,000 and \$10,795,000 - 1991), respectively, were realized on such sales.

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NOTE D - FAIR VALUE OF LOANS

Loans outstanding to or guaranteed by members or their governments with interest rates which vary based on the pool-based variable lending rate system were fair valued using an entry value method. Under this method, fair value was determined based on the terms at which a similar loan would currently be made by the Bank to a similar borrower. For such loans, fair value approximated the carrying value. For undisbursed balances of effective loans and for loans not yet effective, the contractual amount approximated fair value.

Loans outstanding to or guaranteed by members or their governments with fixed interest rates (principally loans made prior to 1 July 1986) have been fair valued using a discounted cash flow method. This method takes into account the scheduled cash flows over the average life, by currency, of the loans, current funding costs for the average life includes a factor for administrative costs. The effect of possible prepayments was not considered material and was not included in the calculation.

The estimated fair value of loans to or guaranteed by members or their governments was not affected by credit risks based on the Bank's experience with its borrowers.

Loans outstanding to the private sector were not considered to be material to the loan portfolio and have been fair valued at carrying value.

A summary of the carrying value and estimated fair value of loans outstanding at 31 December 1992 were as follows:

	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
Loans to the public sector with interest at variable rates	\$ 6,129,287,000	\$ 6,129,287,000
Loans to the public sector with interest at fixed rates	5,657,102,000	6,651,935,000
Loans to the private sector	236,044,000	236,044,000
Totals	\$12,022,433,000	\$13,017,266,000

NOTE E - BORROWINGS AND SWAPS

The Bank enters into currency liability swap transactions in which proceeds of borrowings are converted into a different currency and simultaneously a forward exchange contract is executed providing for a schedule of future exchanges of the two currencies, thereby protecting the Bank against any currency risk. It also undertakes interest rate swaps, which transform a fixed-rate payment obligation in a particular currency into a floating-rate payment obligation in that currency and vice-versa.

At 31 December 1992, the Bank had outstanding currency swap receivables aggregating \$3,239,889,000 (\$2,308,474,000 - 1991) and payables aggregating \$3,487,476,000 (\$2,532,004,000 - 1991). Nominal amount of interest rate swaps outstanding totalled \$459,363,000 (\$343,422,000 - 1991).

In connection with its swap agreements the Bank has a potential risk of loss if the counterparty to such transactions fails to perform its obligations. For swaps on which a potential loss exists at 31 December 1992, the amount of such potential loss, representing the estimated net cost of replacing the swaps at current market rates, aggregated \$31,821,000 and \$20,830,000 for currency swaps and interest rate swaps, respectively.

The Bank has definite policies governing the use of swaps and the counterparties with whom it may have such agreements. The Bank does not anticipate that any of its counterparties will fail to perform its obligations under such agreements.

The fair value of borrowings outstanding at 31 December 1992 was estimated using prevailing market prices where available, or estimated replacement values where market prices are not available.

Outstanding currency and interest-rate swap agreements were fair valued at the estimated amount that the Bank would receive or pay to terminate the agreements based upon market quotes from dealers.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1992 and 31 December 1991

As of 31 December 1992, the carrying amounts and estimated fair values of borrowings and swaps were as follows:

	Carrying Amount	Estimated Fair Value	31 December	
			1992	1991
Balance sheet financial instruments:				
Borrowings	\$10,937,834,000	\$11,408,144,000	1992	\$ 2,782,000
Currency swap receivables	3,239,889,000	3,381,487,000	1993	2,675,000
Currency swap payables	3,487,476,000	3,563,579,000	1994	2,626,000
Off balance sheet financial instruments:				
Interest rate swaps	Contract or Notional Amount	Unrealized Gain		
	\$ 390,681,000	\$ 10,598,000		

NOTE F - CAPITAL STOCK

The authorized capital stock of the Bank consists of 1,688,996 shares, of which 1,680,004 shares (1,614,924 – 1991) have been subscribed by members. Of the subscribed shares, 1,477,315 (1,419,961 – 1991) are "callable" and 202,689 (194,963 – 1991) are "paid-in". The "callable" share capital is subject to call by the Bank only as and when required to meet the Bank's obligations incurred on borrowings of funds for inclusion in its ordinary capital resources or on guarantees chargeable to such resources. The "paid-in" share capital is payable or has been paid in instalments, partly in convertible currencies and partly in the currency of the subscribing member. In accordance with Article 6, paragraph 3 of the Charter, the Bank 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 the Bank for the conduct of its operations. The settlement of such amounts is not determinable and, accordingly, the Bank does not believe that it is practicable to fair value these receivables.

As of 31 December 1992, all matured instalments amounting to \$2,781,673,000 (\$2,780,513,000 – 1991) were received except \$365,000 (\$430,000 – 1991). Instalments not due aggregating \$5,301,000 (\$8,296,000 – 1991) were receivable as follows:

NOTE G - MAINTENANCE OF VALUE OF CURRENCY HOLDINGS

Prior to 1 April 1978, the effective date of the Second Amendment to the IMF Articles, the Bank implemented maintenance of value 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. The "Amounts required to maintain value of currency holdings" under "RECEIVABLE FROM MEMBERS" represent the aggregate amounts receivable resulting from changes in exchange rates of member currencies from those previously used for the purpose of computing maintenance of value of the Bank's holdings of certain member currencies. The settlement of such amounts is not determinable and, accordingly, the Bank does not believe that it is practicable to fair value these receivables.

Since 1 April 1978, inasmuch as the valuation of the Bank's capital stock and the basis of determining possible maintenance of value 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. The timing of any establishment and settlement of such amounts is uncertain and, accordingly, the Bank does not believe that it is practicable to fair value such receivables and payables. The notional amounts as of 31 December 1992 consisting of receivables of \$497,174,000 (\$497,789,000 – 1991) and payables of \$223,950,000 (\$218,653,000 – 1991) consist of (a) the increase of \$327,499,000 (\$403,241,000 – 1991) 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 1992 and (b) the net increase of \$54,275,000 (\$124,105,000 – 1991) in the value of such currency holdings in relation to the United States dollar during the same period.

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NOTE H - INCOME AND EXPENSES

Total interest expense incurred amounted to \$695,498,000 (\$596,731,000, of which amount \$804,000 was capitalized as a part of the cost of the new headquarters building - 1991).

Other financial expenses consist of amortization of borrowings issuance costs and other expenses of \$16,145,000 (\$13,374,000 - 1991), charges which represent the difference between reacquisition price and net carrying amount of borrowings extinguished prior to maturity of \$17,401,000 and provision of \$593,000 (\$500,000 - 1991) for possible losses on equity investments and private sector loans.

Administrative expenses (other than those appertaining directly to ordinary operations and special operations) for the year ended 31 December 1992 have been apportioned between ordinary capital resources and the Asian Development Fund according to the number of loans and equity investments approved for the year. Of the total administrative expenses of \$145,963,000 (\$134,879,000 - 1991), \$64,913,000 (\$51,802,000 - 1991) has accordingly been charged to the Asian Development Fund.

NOTE I - SPECIAL RESERVE

The Special Reserve represents commissions on loans and guarantee fees set aside pursuant to Article 17 of the Charter. Special Reserve assets consist principally of government and government guaranteed obligations and are included under the heading "INVESTMENTS". For the year ended 31 December 1992 guarantee fees amounting to \$246,000 (\$122,000 - 1991) were appropriated to Special Reserve. The commission charged on loans was discontinued after 1985.

NOTE J - 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 the Bank. The resources so set aside, amounting to \$65,463,000 as of 31 December 1992 (\$68,102,000 - 1991) expressed in terms of the SDR on the basis of \$1.37500 (\$1.43043 - 1991) per SDR (\$57,434,000 in terms of \$1.20635 per 1966 dollar - see Note A), were allocated and transferred to the Asian Development Fund.

NOTE K - 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. Net income after appropriation of guarantee fees to Special Reserve for the year ended 31 December 1991 was allocated to the Ordinary Reserve, except \$50,000,000, which was allocated to Surplus and subsequently reallocated and transferred to the Technical Assistance Special Fund.

The restatement of the capital stock for purposes of these financial statements on the basis of the SDR instead of the 1966 dollar (see Note A) resulted in a net credit of \$18,625,000 to the Ordinary Reserve during the year ended 31 December 1992 (net charge of \$2,568,000 - 1991). That credit (charge - 1991) is the decrease (increase - 1991) in the value of the matured and paid capital subscriptions caused by the change during the period 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.

NOTE L - STAFF RETIREMENT PLAN

The Bank has a contributory Staff Retirement Plan (the Plan). Every employee, as defined under the Plan, shall, as a condition of service, become a participant as of the first day of service, provided that as of such a date, the employee shall not have reached the normal retirement date. The Plan applies also to members of the Board of Directors who elect to join the Plan. The Staff Retirement Plan assets are segregated and held in trust and are not included in the accompanying balance sheet. The costs of administering the Plan are absorbed by the Bank, except fees paid to the investment managers and related charges, including custodian fees, which are borne by the Plan.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1992 and 31 December 1991

Participants are required to contribute 9 1/3% of their remuneration to the Plan and may also make voluntary contributions. The Bank has contributed amounts equal to 18 2/3% of the participants' remuneration. The Bank's contribution is determined at a rate sufficient to cover that part of the costs of the Plan not covered by the participants' contributions. For the year ended 31 December 1992, the amount contributed by the Bank was \$11,151,000 (\$10,014,000 - 1991).

Net periodic pension cost for the years ended 31 December 1992 and 31 December 1991 consisted of the following components:

	1992	1991
Service costs-benefits earned for the year	\$ 13,397,000	\$ 12,522,000
Interest cost on projected benefit obligation	21,219,000	18,227,000
Return on Plan assets	(8,397,000)	(38,337,000)
Net amortization and deferral	<u>(12,041,000)</u>	<u>18,861,000</u>
Net periodic pension cost	<u>\$ 14,178,000</u>	<u>\$ 11,273,000</u>

The following table sets forth the Plan's funded status at 31 December 1992 and 31 December 1991:

	1992	1991
Actuarial present value of pension benefit obligations:		
Accumulated benefit obligation including vested benefits of \$218,128,000 (\$190,367,000 - 1991)	<u>\$220,361,000</u>	<u>\$192,246,000</u>
Projected benefit obligation	<u>\$286,038,000</u>	<u>\$254,333,000</u>
Fair value of Plan assets, principally marketable securities	<u>277,548,000</u>	<u>262,527,000</u>
Plan assets over (under) projected benefit obligation	<u>(8,490,000)</u>	<u>8,194,000</u>
Unrecognized net asset at transition net of amortization	<u>(12,162,000)</u>	<u>(13,267,000)</u>
Unrecognized prior service cost	<u>8,513,000</u>	<u>9,336,000</u>
Unrecognized net (gain) loss	<u>7,955,000</u>	<u>(5,420,000)</u>
Accrued pension cost	<u>\$ (4,184,000)</u>	<u>\$ (1,157,000)</u>

The discount rate used in determining the actuarial present value of the projected benefit obligation was 8%. The effect of projected compensation levels was calculated based on a scale that provides for a decreasing rate of salary increase depending on age; beginning with 14% at age 21 and decreasing to 5.50% at age 59. The expected long-term rate of return on assets was 8%.

NOTE M - SERVICES TO MEMBER COUNTRIES

Services to member countries (\$2,468,000 in 1991) represents ordinary capital resources income used to meet disbursements under grant-financed technical assistance projects and programs.

In 1992, the Bank discontinued this practice and adopted a policy whereby amounts may be allocated from net income and transferred to the Technical Assistance Special Fund, after approval by the Board of Governors, for disbursement under its technical assistance programs.

NOTE N - GUARANTEES

The Bank extends guarantees for the benefit of its members which are not reflected in the financial statements. As of 31 December 1992, guarantees outstanding amounted to \$109,463,000 (\$102,626,000 - 1991). None of this amount was subject to call as of that date.

The Bank estimates that the fair value of guarantees outstanding at 31 December 1992 is nil as no guarantees are expected to be called.

NOTE O - 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 the Bank shall not exceed the total amount of the Bank's unimpaired subscribed capital, reserves and surplus, exclusive of the special reserve. At 31 December 1992, the total of such loans, equity investments and guarantees aggregated approximately 86.8% (77.7% - 1991) 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 actu-

ally paid-in capital together with reserves and surplus, exclusive of the special reserve. At 31 December 1992, such equity investments represented approximately 2.1% (2.2% - 1991) of the paid-in capital, reserves and surplus, as defined.

NOTE P - PRIVATE SECTOR

The Bank's equity investments are made in private enterprises located in developing member countries and include the Bank's investment of \$35,224,000 (\$35,240,000 - 1991) in Asian Finance and Investment Corporation Ltd. (AFIC).

The carrying value of equity investments as of 31 December 1992 was \$117,433,000 (\$105,880,000 - 1991), net of allowance for possible losses at 31 December 1992 of \$2,624,000 (\$2,500,000 - 1991). In 1992, an investment of \$127,000 (nil - 1991) was written off. Equity investments committed were \$146,649,000 (\$146,839,000 - 1991) while equity investments disbursed were \$126,437,000 (\$112,712,000 - 1991).

Equity investments were not considered to be material and were not fair valued.

Private sector loans outstanding as of 31 December 1992 were \$236,044,000 (\$195,656,000 - 1991), net of accumulated provision for possible loan losses as of 31 December 1992 of \$342,000 (nil - 1991), while loans committed were \$457,038,000 (\$430,176,000 - 1991). A committed loan to AFIC of \$35,000,000 of which \$75,000 (nil - 1991) is outstanding at 31 December 1992, is included in private sector loans.

In 1992, two loans were placed in a non-accrual status. The principal amounts outstanding of these loans were \$6,161,000 of which \$172,000 was overdue. Placing these loans in a non-accrual status resulted in a reduction in income from loans for 1992 of \$979,000.

Also in 1992, debt rescheduling agreements were made for two loans with principal amounts outstanding of \$8,349,000. The financial effect of such agreements was not material.

Deloitte & Touche



One World Trade Center
New York, New York 10048-0601

INDEPENDENT AUDITORS' REPORT

Asian Development Bank:

We have audited the following financial statements of the Asian Development Bank – Asian Development Fund (ADF):

- ADF-1 Balance Sheet, 31 December 1992 and 31 December 1991
- ADF-2 Statement of Operations and Accumulated Surplus for the Years Ended 31 December 1992 and 31 December 1991
- ADF-3 Statement of Cash Flows for the Years Ended 31 December 1992 and 31 December 1991
- ADF-4 Summary Statement of Loans, 31 December 1992 and 31 December 1991
- ADF-5 Statement of Resources, 31 December 1992
- ADF-6 Notes to Financial Statements, 31 December 1992 and 31 December 1991

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Asian Development Bank – Asian Development Fund at 31 December 1992 and 31 December 1991 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

24 February 1993

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

BALANCE SHEET

31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note B)

ASSETS	1992	1991
DUE FROM BANKS	\$ 53,564	\$ 22,193
INVESTMENTS (Note C)		
Government and government guaranteed obligations	\$ 431,482	\$ 451,970
Time deposits and other obligations of banks	505,021	936,503
LOANS OUTSTANDING (ADF-4) (Notes D and H)	8,183,166	7,611,559
ACCRUED REVENUE		
On investments	5,355	7,896
On loans	22,303	27,658
NOTES OF CONTRIBUTOR(S) (Note E)		
Non-negotiable, non-interest-bearing notes	6,028,533	5,871,861
RECEIVABLE FROM CONTRIBUTOR(S) (ADF-5)	120,212	20,000
OTHER ASSETS	15,530	15,602
TOTALS	\$ 15,365,166	\$14,745,982
LIABILITIES, UNEXPENDED BALANCES AND CAPITAL		
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note F)	\$ 24,557	\$ 14,086
ACCOUNTS PAYABLE TO TECHNICAL ASSISTANCE SPECIAL FUND AND OTHER LIABILITIES (Note A)	77,091	9,330
UNEXPENDED BALANCES AND CAPITAL		
Amounts available for loan commitments (ADF-5)		
Contributed Resources	\$14,421,542	\$13,080,272
Set-Aside Resources (Note G)	65,463	68,102
Transfers from Technical Assistance Special Fund	1,235	—
	<u>14,488,240</u>	<u>13,148,374</u>
Advance payments on contributions	—	844,158
Accumulated translation adjustments (Note B)	39,803	100,323
Accumulated surplus (ADF-2)	735,475	15,263,518
	<u>735,475</u>	<u>15,263,518</u>
TOTALS	\$15,365,166	\$14,745,982

See notes to financial statements (ADF-6).

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Years Ended 31 December 1992 and 31 December 1991
Expressed in Thousands of United States Dollars (Note B)

	<u>1992</u>	<u>1991</u>
REVENUE		
From investments (Note C)	\$ 89,531	\$ 94,900
From loans	80,838	68,469
From other sources - net	726	556
TOTAL REVENUE	171,095	163,925
EXPENSES		
Administrative expenses (Note F)	64,981	51,830
EXCESS OF REVENUE OVER EXPENSES - NET INCOME	106,164	112,095
TRANSFER FROM OTHER RESOURCES	(400)	5,080
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	629,711	512,536
ACCUMULATED SURPLUS AT END OF THE YEAR	\$735,475	\$629,711

See notes to financial statements (ADF-6).

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note B)

	<u>1992</u>	<u>1991</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Service charges on loans received	\$ 66,604	\$ 56,941
Interest on investments received	90,815	95,167
Cash received from other activities	726	556
Administrative expenses paid	(54,460)	(53,291)
 Net Cash Provided by Operating Activities	 <u>103,685</u>	 <u>99,373</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	157,515	(59,824)
Sales and maturities of investment securities	6,166,104	6,166,855
Purchases of investment securities	(6,172,376)	(6,366,923)
Principal collected on loans	84,129	71,241
Loans disbursed	(874,580)	(1,027,794)
 Net Cash Used for Investing Activities	 <u>(639,208)</u>	 <u>(1,216,445)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Demand obligations of contributors encashed	566,318	1,141,461
Contributions received ¹	979	33
Cash received from (paid to) Ordinary Capital Resources and others	149	(4,185)
Resources transferred from Technical Assistance Special Fund	856	—
 Net Cash Provided by Financing Activities	 <u>568,302</u>	 <u>1,137,309</u>
Effect of Exchange Rate Changes on Due from Banks	<u>(1,408)</u>	<u>(621)</u>
Net Increase in Due from Banks	<u>31,371</u>	<u>19,616</u>
Due from Banks at Beginning of the Year	<u>22,193</u>	<u>2,577</u>
Due from Banks at End of the Year	<u>\$ 53,564</u>	<u>\$ 22,193</u>
RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES - NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess of revenue over expenses - net income	\$ 106,164	\$ 112,095
Adjustments to reconcile excess of revenue over expenses - net income to net cash provided by operating activities:		
Accrued revenue on investments and loans	(256)	(3,085)
Accrued administration charge	10,471	(1,461)
Charges capitalized on loans	(12,116)	(7,980)
Other - net	(578)	(196)
 Net Cash Provided by Operating Activities	 <u>\$ 103,685</u>	 <u>\$ 99,373</u>

See notes to financial statements (ADF-6).

¹ In addition, non-negotiable, non-interest-bearing demand promissory notes amounting to \$1,036,825 (\$179,442 - 1991) were received.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS

31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note B)

Borrowers/Guarantors ¹	Loans Outstanding ²	Undisbursed Balances of Effective Loans ³	Loans Not Yet Effective ³	Total Loans	Per Cent of Total Loans
Afghanistan	\$ 19,723	\$ 46,154	\$ 20,100	\$ 85,977	0.66
Bangladesh	2,226,273	1,247,854	227,477	3,701,604	28.47
Bhutan	23,388	12,656	—	36,044	0.28
Cambodia	—	1,027 ⁴	64,511	65,538	0.50
Cook Islands	9,464	2,930	—	12,394	0.10
Indonesia	420,304	140,959	51,354	612,617	4.71
Kiribati	3,319	425	—	3,744	0.03
Lao PDR	152,037	101,692	67,678	321,407	2.47
Malaysia	571	—	—	571	n.a. ⁵
Maldives	16,373	9,971	—	26,344	0.20
Marshall Islands	250	6,898	—	7,148	0.05
Mongolia	26,014	8,757	—	34,771	0.27
Myanmar	368,850	53,258	—	422,108	3.25
Nepal	526,413	394,064	32,083	952,560	7.33
Pakistan	1,714,380	1,701,714	518,420	3,934,514	30.26
Papua New Guinea	182,108	103,280	—	285,388	2.19
Philippines	465,235	351,486	47,645	864,366	6.65
Solomon Islands	31,808	3,146	—	34,954	0.27
Sri Lanka	770,252	527,230	86,672	1,384,154	10.65
Thailand	56,633	—	—	56,633	0.44
Tonga	12,640	13,246	2,509	28,395	0.22
Vanuatu	13,730	6,234	—	19,964	0.15
Viet Nam	20,310	—	13,000	33,310	0.26
Western Samoa	62,244	6,377	8,233	76,854	0.59
TOTALS - 31 December 1992	7,122,319	4,739,358	1,139,682	18,001,359	100.00
Adjustments in US\$ equivalents	<u>1,060,847⁶</u>	—	—	<u>1,060,847⁶</u>	—
BALANCES - 31 December 1992	<u>\$8,183,166</u>	<u>\$4,739,358</u>	<u>\$1,139,682</u>	<u>\$14,062,206</u>	—
TOTALS - 31 December 1991	\$ 6,295,892	\$ 4,848,179	\$ 1,269,207	\$ 12,413,278	—
Adjustments in US\$ equivalents	<u>1,315,667⁶</u>	—	—	<u>1,315,667⁶</u>	—
BALANCES - 31 December 1991	<u>\$7,611,559</u>	<u>\$4,848,179</u>	<u>\$1,269,207</u>	<u>\$13,728,945</u>	—

See notes to financial statements (ADF-6).

- 1 Loans other than those made directly to a member or to its central bank have been guaranteed by the member with the exception of loans to the private sector amounting to \$15,701 (\$15,912 - 1991).
- 2 For all Special Funds Loans approved prior to 21 March 1974, the Bank charges interest (including a service fee of 3/4 of 1%) on amounts disbursed and outstanding ranging from 1% per annum to 3% per annum. For loans approved after 21 March 1974, the Bank levies a service charge on amounts disbursed and outstanding at the rate of 1% per annum.
- 3 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, the Bank has entered into irrevocable commitments to disburse various amounts totalling \$69,845 (\$91,991 - 1991).

MATURITY OF EFFECTIVE LOANS

<u>Twelve Months Ending 31 December</u>	<u>Amounts</u>	<u>Five Years Ending 31 December</u>	<u>Amounts</u>
1993	\$ 78,074	2002	1,176,958
1994	86,476	2007	1,704,021
1995	105,257	2012	2,242,529
1996	124,057	2017	2,469,561
1997	141,533	2022	2,206,843
		2027	1,242,012
		2032	274,143
		Undetermined	<u>1,071,060⁷</u>
		Total	<u>\$12,922,524</u>

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

<u>Currency</u>	<u>1992</u>	<u>1991</u>	<u>Currency</u>	<u>1992</u>	<u>1991</u>
Australian dollar	\$258,950	\$213,210	Japanese yen	4,528,815	4,185,347
Austrian schilling	65,189	57,242	Netherlands guilder	135,777	126,236
Belgian franc	59,665	53,728	New Zealand dollar	13,403	7,014
Canadian dollar	456,661	445,093	Norwegian krone	32,926	28,831
Danish krone	45,035	41,949	Pound sterling	218,873	212,586
Deutsche mark	568,013	552,287	Spanish peseta	28,905	28,728
Finnish markka	31,473	28,739	Swedish krona	45,595	47,957
French franc	238,311	232,469	Swiss franc	96,132	92,212
Italian lira	142,247	146,728	United States dollar	1,217,196	1,111,203
			Totals	<u>\$8,183,166</u>	<u>\$7,611,559</u>

4 Pending consultation with the government concerning its intentions with respect to the project being financed, the Bank has suspended further disbursement of the loan.

5 Less than 0.01%.

6 These amounts represent adjustments in United States dollar equivalents, arising from changes in the exchange rates used for translation of currencies disbursed and outstanding, and repayable to the Bank in such currencies.

7 Represents translation adjustments and undisbursed amounts which have not been allocated to specific maturities.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

STATEMENT OF RESOURCES

31 December 1992

Expressed in Thousands of United States Dollars (Note B)

	Amounts Committed During 1992	Cumulative Amounts Committed	Amounts Not Yet Available for Loan	Amounts Available for Loan	Amounts Received	Amounts Receivable
	At Exchange Rates Per Resolutions	At 31 Dec. 1992 Exchange Rates	Commitments	Commitments		
CONTRIBUTED RESOURCES						
Australia	\$ 232,464	\$ 964,302	\$ 760,517	\$ 180,360	\$ 580,157	\$ 580,157 \$ —
Austria	33,496	121,216	155,320	25,988	129,332	129,332 —
Belgium	—	89,598	110,024	—	110,024	110,024 —
Canada	269,496	1,154,360	1,105,544	209,092	896,452	896,452 —
Denmark	38,143	130,199	144,195	29,594	114,601	114,601 —
Finland	—	72,244	64,572	—	64,572	64,572 —
France	197,831	691,755	740,168	153,490	586,678	586,678 —
Germany	258,893	955,427	1,211,723	200,865	1,010,858	928,136 82,722
Hong Kong	2,900	4,880	4,880	2,250	2,630	2,630 —
Indonesia	—	4,960	4,960	—	4,960	4,789 171
Italy	—	419,850	351,549	—	351,549	351,549 —
Japan	1,642,310	5,422,521	8,695,773	1,274,206	7,421,567	7,421,567 —
Korea, Republic of	14,500	22,900	22,900	11,250	11,650	11,650 —
Nauru	1,933	1,933	1,933	1,500	433	433 —
Netherlands	—	245,869	343,070	—	343,070	343,070 —
New Zealand	9,425	47,923	34,043	7,312	26,731	25,526 1,205
Norway	31,516	114,158	101,175	24,452	76,723	76,723 —
Spain	—	56,721	73,172	—	73,172	73,172 —
Sweden	65,463	210,254	175,454	50,790	124,664	121,278 3,386
Switzerland	47,460	179,200	222,267	36,823	185,444	185,444 —
Taipei, China	14,500	16,500	16,500	11,250	5,250	5,250 —
Turkey	—	39,200	39,200	—	39,200	19,200 20,000
United Kingdom	—	463,764	394,231	—	394,231	381,936 12,295
United States	—	1,867,594	1,867,594	—	1,867,594	1,867,594 —
Totals	2,860,330	13,297,328	16,640,764	2,219,222	14,421,542	14,301,330 120,212
SET-ASIDE RESOURCES (Note G)						
TRANSFERS FROM TECHNICAL ASSISTANCE SPECIAL FUND ¹	—	—	65,463	—	65,463	65,463 —
TOTALS	\$2,860,330	\$13,297,328	\$16,707,462	\$2,219,222	\$14,488,240	\$14,368,028 \$120,212

See notes to financial statements (ADF-6).

1. Net of translation adjustments amounting to \$21 as of 31 December 1992.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1992 and 31 December 1991

CONTINUED

NOTE A - GENERAL

The Asian Development Fund (the Fund) was established on 28 June 1974 to carry out more effectively the special operations of the Bank by providing resources on concessional terms.

The resources of the Fund have been subsequently augmented by five replenishments, the most recent of which was in August 1992 in a total amount equivalent to US\$4,200,000,000 to cover the operational requirements for the four years ending 31 December 1995. An aggregate amount equivalent to \$140,000,000 was allocated to the Technical Assistance Special Fund.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currencies and Reporting Currency

The currencies of contributing members are functional currencies. 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 amounts available for loan commitments and advance payments on contributions are translated from their functional currencies to the reporting currency generally at the applicable rates of exchange at the end of a reporting period. Revenue and expense amounts 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 relating to set-aside resources (see Note G) are recorded as receivable from or payable to Ordinary Capital Resources. Other translation adjustments are charged or credited to "Accumulated translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in revenue.

Fair Value of Financial Instruments

The Bank adopted a new accounting standard in 1992 which requires disclosure of the estimated "fair values" of financial instruments. Such fair values are not recorded in

the accounts of the Bank, but are disclosed in the Notes to Financial Statements as additional information.

The fair value of financial instruments that are short-term approximated their carrying value.

Financial instruments for which market quotations are available have been valued at the prevailing market value at 31 December 1992. Financial instruments for which market quotations are not readily available have been valued using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

Investments

Investment securities are reported at cost or amortized cost. Gains and losses on sales of investments are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Loans

Loans of the Fund are extended to eligible developing member countries, bear only a service charge and require repayment over periods ranging from 35 to 40 years. The Fund requires borrowers to absorb exchange risks attributable to fluctuations in the value of the currencies disbursed. The Fund has not suffered any loan losses to date and follows a policy of not taking part in debt rescheduling agreements on loans made to or guaranteed by members or their governments. It is the policy of the Fund to place in non-accrual status all loans made to eligible developing member countries if principal or service charges with respect to any such loan are overdue by one year and six months overdue for loans to the private sector. Service charges on non-accruing loans are included in income only to the extent that payments have actually been received by the Fund.

Contributions

Contributions by member countries are included in the financial statements as amounts committed from the date Instruments of Contribution are deposited and related formalities are completed.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1992 and 31 December 1991

Contributions are generally to be paid in the currency of the contributor either in cash or notes.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Fund considers that its cash and cash equivalents are limited to "DUE FROM BANKS".

NOTE C - INVESTMENTS

As of 31 December 1992, the estimated market value of investments was \$936,150,000 (\$1,176,404,000 - 1991), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$591,623,000 (\$1,007,513,000 - 1991). The currency composition of the investment portfolio was as follows:

Currency	1992	1991
Australian dollar	\$ 61,448,000	\$ 92,511,000
Canadian dollar	23,395,000	84,175,000
Deutsche mark	39,381,000	71,971,000
Italian lira	58,561,000	84,535,000
Japanese yen	290,423,000	288,425,000
Netherlands guilder	99,672,000	77,147,000
Pound sterling	86,232,000	127,131,000
United States dollar	131,144,000	163,007,000
Others	146,247,000	187,194,000
Totals	<u>\$936,503,000</u>	<u>\$1,176,096,000</u>

During the year ended 31 December 1992, sales of investments resulted in a net gain of \$578,000 (\$196,000 - 1991). 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, including realized gains and losses, was 7.56% (9.01% - 1991).

Under the new accounting standard for fair value disclosures, market value is fair value.

NOTE D - LOANS

Loans made to Viet Nam (and Cambodia - 1991) were in a non-accrual status as of 31 December 1992. The principal amount outstanding at that date was \$31,004,000 (\$31,299,000 - 1991) for Viet Nam of which \$7,995,000 (\$6,705,000 - 1991) was overdue (\$1,374,000 for Cambodia - 1991). Overdue service charges on these loans totalled \$3,879,000 (\$4,039,000 - 1991). Placing these loans in a non-accrual status resulted in a reduction in revenue from loans for the year ended 31 December 1992 of \$552,000 (\$561,000 - 1991).

On 4 November 1992, Cambodia paid in full its arrears and therefore its loan ceased to be in non-accrual status. As a result, revenue from loans for the year ended 31 December 1992 increased by \$739,000 corresponding to revenue that would have been accrued up to 4 November 1992.

Under the new accounting standard for fair value disclosures, loans are fair valued using an entry value method. Under this method, fair value was determined based on the terms at which a similar loan would currently be made by the Bank to a similar borrower. For such loans, fair value approximated the carrying value. The estimated fair value of loans was not affected by credit risks because the amount of any such adjustment was not considered to have a material effect based on the Bank's experience with its borrowers.

NOTE E - NOTES OF CONTRIBUTOR

Notes of contributors are non-negotiable, non-interest-bearing and, subject to certain restrictions imposed by applicable Board of Governors' resolutions, encashable by the Bank at par upon demand.

The Bank currently expects that the notes outstanding at 31 December 1992 will be encashed in varying amounts during the five-year period ending 31 December 1997.

Notes of contributors were fair valued using an entry value method whereby fair value was determined based on the terms at which notes are currently being accepted from contributors. On this basis, fair value of outstanding notes of contributors approximated carrying value.

**NOTE F - ADMINISTRATIVE EXPENSES AND
ADMINISTRATION CHARGE**

Administrative expenses include an administration-charge amounting to \$64,913,000 (\$51,802,000 - 1991). The charge represents an apportionment of all administrative expenses of the Bank (other than those appertaining directly to ordinary operations and special operations) based on the number of loans and equity investments approved for the year.

NOTE G - 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 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 the Bank. The capital so set aside was allocated and transferred from the Ordinary Capital Resources to the Fund as Set-Aside Resources.

The capital stock of the Bank 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 (the Bank'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 have par values in terms of gold. Pending the Bank's selection of the appropriate successor to the 1966 dollar, the Set-Aside Resources has 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 1992, the value of the SDR in terms of the current United States dollar was \$1.37500 (\$1.43043 - 1991). On this basis, Set-Aside Resources amounted to \$65,463,000 (\$68,102,000 - 1991). If the capital stock of the Bank as of 31 December 1992 had been valued in terms of \$12,063.50 per share, Set-Aside Resources would have been \$57,434,000.

NOTE H - PRIVATE SECTOR

Private sector loans outstanding as of 31 December 1992 were \$14,591,000 (\$8,313,000 - 1991) while loans committed were \$15,701,000 (\$15,912,000 - 1991).

Deloitte & Touche



One World Trade Center
New York, New York 10048-0601

INDEPENDENT AUDITORS' REPORT

Asian Development Bank:

We have audited the following financial statements of the Asian Development Bank – Technical Assistance Special Fund (TASF):

- TASF-1 Balance Sheet, 31 December 1992 and 31 December 1991
- TASF-2 Statement of Operations and Unexpended Balances for the Years Ended 31 December 1992 and 31 December 1991
- TASF-3 Statement of Cash Flows for the Years Ended 31 December 1992 and 31 December 1991
- TASF-4 Statement of Resources, 31 December 1992
- TASF-5 Summary Statement of Services to Member Countries for the Year Ended 31 December 1992
- TASF-6 Notes to Financial Statements, 31 December 1992 and 31 December 1991

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Asian Development Bank – Technical Assistance Special Fund at 31 December 1992 and 31 December 1991 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

24 February 1993

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

BALANCE SHEET

31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

ASSETS	1992	1991
DUE FROM BANKS	\$ 2,741	\$ 896
INVESTMENTS (Note B)		
Government and government guaranteed obligations	1,323	4,648
Time deposits and other obligations of banks	19,990	1,875
ACCRUED REVENUE	62	47
RECEIVABLE FROM CONTRIBUTOR ^S	9,038	131
RECEIVABLE FROM ASIAN DEVELOPMENT FUND AND OTHER ASSETS (Note C)	88,882	15,801
TOTALS	\$122,036	\$23,398
LIABILITIES AND UNEXPENDED BALANCES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 12,080	\$ 10,416
UNEXPENDED BALANCES (TASF-2 and TASF-4) (Note C)	109,956	12,982
TOTALS	\$122,036	\$23,398

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF OPERATIONS AND UNEXPENDED BALANCES

For the Years Ended 31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

	1992		1991	
CONTRIBUTIONS COMMITTED (TASF-4)		\$ 148,698		\$ 1,051
REVENUE				
From Investments (Note B)	\$ 205		\$ 2,778	
From other sources - net (Note D)	872	1,077	167	2,945
Totals		149,775		3,996
EXPENSES				
Services to member countries (TASF-5) (Note D)	51,996		25,049	
Administrative expenses	2	51,998	3	25,052
CONTRIBUTIONS AND REVENUE IN EXCESS OF (LESS THAN) EXPENSES		97,777		(21,056)
EXCHANGE GAIN (LOSS) - net (Note A)		53		(2,541)
INCREASE (DECREASE) IN UNEXPENDED BALANCES		97,830		(23,597)
TRANSFER TO ASIAN DEVELOPMENT FUND		(856)		—
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR		12,982		36,579
UNEXPENDED BALANCES AT END OF THE YEAR		\$109,956		\$12,982

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 64,607	\$ 320
Interest on investments received	185	3,144
Cash received from other activities	840	188
Services to member countries paid	(45,060)	(34,574)
Administrative expenses paid	(2)	(3)
Net Cash Provided by (Used for) Operating Activities	<u>20,570</u>	<u>(30,925)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from time deposits and other obligations of banks	(18,317)	27,391
Sales and maturities of investment securities	18,977	20,745
Purchases of investment securities	(15,805)	(16,538)
Net Cash Provided by (Used for) Investing Activities	<u>(15,145)</u>	<u>31,598</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to Ordinary Capital Resources and others	(2,659)	(2,306)
Resources transferred to Asian Development Fund	(856)	—
Net Cash Used for Financing Activities	<u>(3,515)</u>	<u>(2,306)</u>
Effect of Exchange Rate Changes on Due from Banks	(65)	(35)
Net Increase (Decrease) in Due from Banks	1,845	(1,668)
Due from Banks at Beginning of the Year	896	2,564
Due from Banks at End of the Year	<u>\$ 2,741</u>	<u>\$ 896</u>
RECONCILIATION OF INCREASE (DECREASE) IN UNEXPENDED BALANCES TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Increase (Decrease) in unexpended balances	\$ 97,830	\$ (23,597)
Adjustments to reconcile increase (decrease) in unexpended balances to net cash provided by (used for) operating activities:		
Contributions receivable and translation adjustments on contributions committed	(84,091)	(731)
Accrued expenses	4,922	(5,868)
Translation adjustments	(86)	2,562
Advances for services to member countries	2,014	(3,657)
Other - net	(19)	366
Net Cash Provided by (Used for) Operating Activities	<u>\$ 20,570</u>	<u>\$ (30,925)</u>

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF RESOURCES

31 December 1992

Expressed in Thousands of United States Dollars (Note A)

	Amounts Committed During 1992	Cumulative Amounts Committed	Amounts Utilized During 1992	Cumulative Amounts Utilized	Amounts Unutilized
CONTRIBUTIONS					
Direct Voluntary Contributions					
Australia	\$ —	\$ 2,484	\$ —	\$ 2,484	\$ —
Austria	—	155	—	150	5
Bangladesh	—	47	—	47	—
Belgium	—	1,378	16	1,261	117
Canada	—	3,346	—	3,346	—
China, People's Republic of	—	600	519	600	—
Denmark	—	1,963	—	1,963	—
Finland	—	237	—	237	—
France	—	1,698	(2)	1,698	—
Germany	—	3,315	—	3,315	—
Hong Kong	—	100	—	100	—
India	—	2,272	185	2,272	—
Indonesia	—	250	—	250	—
Italy	—	774	—	774	—
Japan	—	47,710	282	47,710	—
Korea, Republic of	—	1,900	—	1,900	—
Malaysia	—	909	—	909	—
Netherlands	—	1,337	—	1,337	—
New Zealand	—	1,096	—	1,096	—
Norway	—	3,279	101	3,279	—
Pakistan	64	932	189	932	—
Singapore	—	100	—	100	—
Spain	—	190	—	190	—
Sri Lanka	—	6	—	6	—
Sweden	—	861	—	861	—
Switzerland	—	1,035	—	1,035	—
Taipei, China	—	200	—	200	—
United Kingdom	—	5,617	—	5,617	—
United States	—	1,500	—	1,500	—
Totals	64	85,291	1,290	85,169	122
REGULARIZED TASF REPLENISHMENTS AND ALLOCATION FROM ORDINARY CAPITAL RESOURCES NET INCOME (Note C)	148,634	239,358	49,956	140,801	98,557
TRANSFERS TO ASIAN DEVELOPMENT FUND	—	(1,256)	(856)	(1,256)	—
OTHER RESOURCES ¹	—	28,272	2	16,995	11,277
TOTALS	\$148,698	\$351,665	\$50,392	\$241,709	\$109,956

See notes to financial statements (TASF-6).

¹ Other resources represent income and reimbursements accruing to the TASF since 1 April 1980.

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

SUMMARY STATEMENT OF SERVICES TO MEMBER COUNTRIES

For the Year Ended 31 December 1992

Expressed in Thousands of United States Dollars (Note A)

Recipients	Project Preparation	Project Implementation/ Advisory	Totals
Bangladesh	\$ 230	\$ 2,122	\$ 2,352
Bhutan	136	482	618
China, People's Republic of	427	5,615	6,042
Cook Islands	—	333	333
Fiji	—	363	363
India	6	907	913
Indonesia	448	5,404	5,852
Kiribati	—	87	87
Korea, Republic of	—	38	38
Lao PDR	251	1,788	2,039
Malaysia	562	825	1,387
Maldives	212	348	560
Marshall Islands	—	407	407
Micronesia, Fed. States of	—	109	109
Mongolia	899	471	1,370
Nepal	763	2,005	2,768
Pakistan	74	2,881	2,955
Papua New Guinea	792	1,127	1,919
Philippines	353	3,105	3,458
Solomon Islands	—	244	244
Sri Lanka	395	1,905	2,300
Thailand	—	1,199	1,199
Tonga	202	1,032	1,234
Vanuatu	—	545	545
Western Samoa	—	350	350
Totals	\$5,750	\$33,692	39,442
Regional Activities			12,554
TOTAL			\$51,996

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1992 and 31 December 1991

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currency and Reporting Currency

The functional currency of the Technical Assistance Special Fund (TASF) is deemed, as a matter of convenience, to be the same as the reporting currency, the United States dollar. The financial statements of TASF are expressed in thousands of current United States dollars.

Translation of Currencies

Assets, liabilities and unexpended balances in currencies other than United States dollars are translated at the applicable rates of exchange at the end of a reporting period. Contributions committed during the year are translated initially at applicable exchange rates as of the respective dates of commitment. As to cumulative contributions committed, the utilized portions have been translated at the applicable exchange rates as of the respective dates of use whereas the unutilized portions are translated at the applicable exchange rates as of the end of a reporting period, with resulting translation adjustments included in contributions committed. Revenue and expense amounts in currencies other than United States dollars 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 charged or credited to operations.

Fair Value of Financial Instruments

The Bank adopted a new accounting standard in 1992 which requires disclosure of the estimated "fair values" of financial instruments. Such fair values are not recorded in the accounts of the Bank, but are disclosed in the Notes to Financial Statements as additional information.

The fair value of financial instruments that are short-term approximated their carrying value.

Financial instruments for which market quotations are available have been valued at the prevailing market value at 31 December 1992. Financial instruments for which market quotations are not readily available have been valued

using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

Investments

Investment securities are reported at cost or amortized cost. Gains and losses on sales of investments are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Contributions

Contributions by member countries are included in the financial statements as amounts committed from the date contribution agreements become effective.

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 B - INVESTMENTS

As of 31 December 1992, the estimated market value of investments was \$21,316,000 (\$6,545,000 - 1991), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$19,990,000 (\$1,875,000 - 1991). The investment portfolio was composed of \$14,106,000 (nil - 1991) Japanese yen, \$1,958,000 (\$9,000 - 1991) Australian dollar and \$5,249,000 (\$6,514,000 - 1991) other currencies. 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 8.83% (11.14% - 1991). Under the new accounting standard for fair value disclosures, market value is fair value.

NOTE C - FUNDING

Since 1967, contributions have been made by 31 (30 - 1991) member countries. In February 1992, the Board of Governors, in authorizing a \$4,200,000,000 replenishment of the Asian Development Fund, provided for an allocation to the TASF in an aggregate amount equivalent to

\$140,000,000 to be used for technical assistance to poorer developing members and for regional technical assistance. This replenishment became effective in August 1992.

In September 1992, the Board of Governors reallocated the \$50,000,000 surplus from the 1991 net income of the Ordinary Capital Resources to the TASF.

NOTE D – SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for grant-financed technical assistance projects and programs totalled approximately \$111,831,000 as of 31 December 1992

(\$108,732,000 – 1991). Technical Assistance Special Fund resources are used for these commitments. The fair value of such commitments approximated the amounts outstanding because the Bank expects that grants will be made for all projects and programs covered by the commitments. When technical assistance provided as a project preparatory grant leads to a Bank loan, the amount of the grant exceeding \$250,000 will be refinanced under the loan. Refinanced amounts of \$847,000 were charged to loans and credited to revenue from other sources of the TASF during the year ended 31 December 1992 (\$113,000 – 1991).

Deloitte & Touche



One World Trade Center
New York, New York 10048-0601

INDEPENDENT AUDITORS' REPORT

Asian Development Bank:

We have audited the following financial statements of the Asian Development Bank – Japan Special Fund (JSF):

- JSF-1 Balance Sheet, 31 December 1992 and 31 December 1991
- JSF-2 Statement of Operations and Unexpended Balances for the Years Ended 31 December 1992 and 31 December 1991
- JSF-3 Statement of Cash Flows for the Years Ended 31 December 1992 and 31 December 1991
- JSF-4 Notes to Financial Statements, 31 December 1992 and 31 December 1991

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Asian Development Bank – Japan Special Fund at 31 December 1992 and 31 December 1991 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

24 February 1993

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

BALANCE SHEET

31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note B)

ASSETS	<u>1992</u>	<u>1991</u>
DUE FROM BANKS	\$ 181	\$ 619
INVESTMENTS (Note C)		
Government and government guaranteed obligations	123,817	166,538
Time deposits	96,768	2,728
EQUITY INVESTMENTS (Note B)	1,357	1,523
ACCRUED REVENUE	152	1
OTHER ASSETS	5,383	7,263
TOTALS	\$227,658	\$178,672
LIABILITIES AND UNEXPENDED BALANCES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 6,166	\$ 8,042
UNEXPENDED BALANCES (JSF-2)	221,492	170,630
TOTALS	\$227,658	\$178,672

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

STATEMENT OF OPERATIONS AND UNEXPENDED BALANCES

For the Years Ended 31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note B)

	1992			1991
CONTRIBUTIONS COMMITTED	\$ 69,415			\$ 32,834
REVENUE				
From investments (Note C)	<u>7,925</u>			<u>9,978</u>
Totals	77,340			42,812
EXPENSES				
Services to member countries (Note D)	<u>\$26,919</u>			<u>\$22,293</u>
Administrative expenses	<u>625</u>	<u>27,544</u>		<u>474</u>
				<u>22,767</u>
CONTRIBUTIONS AND REVENUE IN EXCESS OF EXPENSES	49,796			20,045
EXCHANGE LOSS - net (Note B)	<u>(193)</u>			<u>(509)</u>
INCREASE IN UNEXPENDED BALANCES BEFORE TRANSLATION ADJUSTMENTS	49,603			19,536
TRANSLATION ADJUSTMENTS	1,259			11,094
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR	170,630			140,000
UNEXPENDED BALANCES AT END OF THE YEAR	<u>\$221,492</u>			<u>\$170,630</u>

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1992 and 31 December 1991

Expressed in Thousands of United States Dollars (Note B)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 73,601	\$ 70,226
Interest on investments received	7,774	10,014
Services to member countries paid	(26,508)	(24,528)
Administrative expenses paid	(442)	(491)
Net Cash Provided by Operating Activities	<u>54,425</u>	<u>55,221</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits	(97,639)	34,936
Sales and maturities of investment securities	888,301	577,258
Purchases of investment securities	(845,120)	(666,894)
Purchases of equity investments	—	(377)
Net Cash Used for Investing Activities	<u>(54,458)</u>	<u>(55,077)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to Ordinary Capital Resources and others	<u>(428)</u>	<u>(84)</u>
Effect of Exchange Rate Changes on Due from Banks	23	65
Net Increase (Decrease) in Due from Banks	<u>(438)</u>	<u>125</u>
Due from Banks at Beginning of the Year	619	494
Due from Banks at End of the Year	<u>\$ 181</u>	<u>\$ 619</u>
RECONCILIATION OF INCREASE IN UNEXPENDED BALANCES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in unexpended balances before translation adjustments	\$ 49,603	\$ 19,536
Adjustments to reconcile increase in unexpended balances to net cash provided by operating activities:		
Contribution receivable	4,186	37,392
Other assets - advances	2,281	(3,381)
Accounts payable and other liabilities	(1,687)	1,129
Other - net	42	545
Net Cash Provided by Operating Activities	<u>\$ 54,425</u>	<u>\$ 55,221</u>

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1992 and 31 December 1991

NOTE A - GENERAL

The Japan Special Fund (JSF) was established in March 1988 when Japan and the Bank entered into a financial arrangement whereby Japan agreed to make an initial contribution and the Bank became the administrator. The purpose of JSF is to help developing member countries of the Bank restructure their economies and broaden the scope of opportunities for new investments, thereby assisting the recycling of funds to developing member countries of the Bank. The Bank may invest the proceeds of JSF pending disbursement and use the income from such investments to pay for direct and identifiable costs incurred in the administration of JSF.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currency and Reporting Currency

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

Translation of Currencies

Assets, liabilities and unexpended balances are translated from the functional currency to the reporting currency at the applicable rates of exchange at the end of a reporting period. Contributions committed have been translated at the applicable exchange rates as of the respective dates received. Revenue and expense amounts in Japanese yen are translated for each semi-monthly period 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. Exchange gains or losses on currency transactions between the Japanese yen and other currencies are charged or credited to operations.

Fair Value of Financial Instruments

The Bank adopted a new accounting standard in 1992 which requires disclosure of the estimated "fair values" of financial instruments. Such fair values are not recorded in the accounts of the Bank, but are disclosed in the Notes to Financial Statements as additional information.

The fair value of financial instruments that are short-term approximated their carrying value.

Financial instruments for which market quotations are available have been valued at the prevailing market value at 31 December 1992. Financial instruments for which market quotations are not readily available have been valued using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

Investments

Investment securities are reported at cost or amortized cost. Gains and losses on sales of investments are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Equity Investments

Equity investments are reported at cost. Equity investments were not considered to be material and were not fair valued.

Contributions

Contributions by Japan are included in the financial statements as amounts committed from the date indicated by Japan that funds are expected to be made available.

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

As of 31 December 1992, the estimated market value of investments was \$220,203,000 (\$169,266,000 - 1991) including investments not traded in the market (time deposits) which were valued at their cost or amortized cost of \$96,768,000 (\$2,728,000 - 1991). The investment portfolio was composed wholly of Japanese yen. 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 4.56% (7.51% - 1991). Under the new accounting standard for fair value disclosures, market value is fair value.

NOTE D - SERVICES TO MEMBER COUNTRIES

The JSF's outstanding commitments for projects and programs totalled approximately \$64,557,000 as of

31 December 1992 (\$53,323,000 -1991). The fair value of such commitments approximated the amounts outstanding because JSF expects that disbursements will be made for substantially all the projects and programs covered by the commitments.

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ECONOMIC DATA OF DMCs

Table 1
ESTIMATES OF REAL GDP GROWTH RATE, 1982-1992
AND PER CAPITA GNP, 1991 OF SELECTED DMCs

Country	GDP Growth Rate (%)					Per Capita GNP ^a (US\$) 1991
	Annual Average (1982-1988)	1989	1990	1991	1992 ^b	
NIEs	9.0	6.3	6.9	7.3	5.3	...
Hong Kong	7.6	2.8	3.2	4.2	5.0	13,200
Korea, Rep. of	10.2	6.2	9.2	8.4	4.5	6,340
Singapore	6.3	9.2	8.3	6.7	5.8	12,890
Taipei, China	8.4	7.6	4.9	7.2	6.6	9,070
PRC and MONGOLIA ^c	11.1	4.4	3.9	7.5	12.8	...
China, People's Rep. of	11.1	4.4	3.9	7.5	12.8	370
Mongolia	5.5	4.2	-2.5	-16.2	-7.6	...
SOUTHEAST ASIA ^c	4.8	8.8	7.7	6.3	5.8	...
Cambodia	...	3.5	1.2	7.6	7.0	200
Indonesia	4.6	7.5	7.1	6.6	5.9	610
Lao PDR	3.5	11.5	5.9	4.3	7.3	230
Malaysia	4.9	9.2	9.7	8.7	8.0	2,490
Philippines	0.8	6.1	2.7	-0.7	-0.0	740
Thailand	7.1	12.0	10.0	8.2	7.5	1,580
Viet Nam, Soc. Rep. of	5.2 ^d	8.0	5.1	6.0	8.3	...
SOUTH ASIA ^c	5.2	5.0	5.4	2.1	4.4	...
Afghanistan	-0.9	-2.2
Bangladesh ^e	4.1	2.5	6.6	3.4	4.0	220
Bhutan	7.6	4.7	4.9	4.5	5.0	180
India ^f	5.7	5.4	5.6	1.3	4.2	330
Maldives	10.1	9.3	15.1	8.0	8.0	460
Myanmar ^f	0.2	3.7	2.7	1.3	1.2	...
Nepal ^f	4.6	4.2	6.1	5.5	3.1	180
Pakistan ^f	6.5	5.0	4.5	5.5	7.8	400
Sri Lanka	4.1	2.3	6.2	4.8	4.6	500
PACIFIC ISLAND DMCs	1.7	2.3	-0.3	6.4	6.9	...
Cook Islands	6.0 ^d	6.7	1.7
Fiji	0.1	11.8	4.9	-0.1	3.0	1,830
Kiribati	750
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	2.3	-1.4	-3.0	9.5	9.0	820
Solomon Islands	3.0	6.2	4.2	1.8	5.0	560
Tonga	3.9	1.6	-2.0	5.3	1.9	1,100
Vanuatu	1.4 ^d	4.5	5.2	3.4	0.0	1,120
Western Samoa	1.7 ^d	1.3	-4.5	-1.5	-5.0	930
Weighted average^g	7.8	5.9	5.9	6.0	6.9	

... Data not available.

a World Bank Atlas Methodology, 1989-91 base period, except for Taipei, China.

b Preliminary estimates.

c Mongolia is excluded in the average for PRC and Mongolia; Cambodia, Lao PDR and Viet Nam are excluded in the average for Southeast Asia; and Afghanistan and Bhutan are excluded in the average for South Asia. These DMCs are likewise excluded in the weighted average for all DMCs.

d Relates to 1986-88 for Viet Nam; 1983-88 for Cook Islands and Western Samoa; 1984-88 for Vanuatu.

e Estimated to be less than \$500.

f Refers to fiscal year ending 31 March for India and Myanmar; ending 30 June for Bangladesh and Pakistan; ending 15 July for Nepal.

g Respective year GDP (in US dollars) are used as weights for 1989 and 1990. However, GDP in 1991 are used as weights to derive the averages for the other years.

Sources: Country sources.

WB, *The World Bank Atlas* (25th Anniversary Edition).

ADB data file.

Table 2
DOMESTIC SAVINGS, CAPITAL FORMATION AND RESOURCE GAP
AS PERCENTAGE OF GDP OF SELECTED DMCs, 1989-1992

Country	Gross Domestic Savings				Gross Capital Formation				Resource Gap			
	1989	1990	1991	1992	1989	1990	1991	1992	1989	1990	1991	1992
NIEs												
Hong Kong	35.7	33.3	30.9	31.4	27.7	28.4	28.1	28.4	-8.0	-4.9	-2.8	-3.0
Korea, Rep. of	35.6	36.2	36.4	34.9	33.4	36.9	39.1	36.2	-2.2	0.7	2.7	1.3
Singapore	44.1	45.1	45.8	47.2	35.0	39.7	38.2	40.8	-9.1	-5.4	-7.6	-6.4
Taipei, China	30.7	27.9	27.8	26.7	22.8	22.4	22.8	24.4	-7.9	-5.5	-5.0	-2.3
PRC and MONGOLIA												
China, People's Rep. of	37.1	40.1	38.9	40.3	38.6	36.6	35.7	39.4	1.5	-3.5	-3.2	-0.9
Mongolia	12.9	3.1	3.5	3.0	46.0	29.9	12.0	10.0	33.1	26.8	8.5	7.0
SOUTHEAST ASIA												
Cambodia	3.8	3.0	7.7	7.5	11.0	8.8	9.4	9.8	7.2	5.3	1.7	2.3
Indonesia	37.5	37.1	35.7	37.7	35.2	36.6	35.1	35.7	-2.3	-0.5	-0.6	-2.0
Lao PDR	1.1	0.8	2.1	3.6	15.1	14.8	13.1	14.5	14.0	14.0	11.0	10.9
Malaysia	34.0	32.6	31.1	33.8	29.0	32.1	36.3	35.2	-5.0	-0.5	5.2	1.4
Philippines	20.6	18.2	16.1	14.6	21.8	22.5	19.8	21.1	1.2	4.3	3.7	6.5
Thailand	31.1	32.3	33.0	33.1	31.5	38.3	38.2	36.7	0.4	6.0	5.2	3.6
Viet Nam, Soc. Rep. of	-0.2	2.1	4.8	6.9	11.6	11.5	11.6	12.0	11.8	9.4	6.8	5.1
SOUTH ASIA												
Bangladesh	2.0	2.2	3.2	4.4	12.2	12.1	10.4	10.4	10.2	9.9	7.2	6.0
Bhutan	33.1	33.4	35.6	35.1
India	24.6	23.6	24.3	24.3	27.3	26.3	25.5	26.7	2.7	2.7	1.2	2.4
Myanmar	8.8	12.0	13.9	12.5	9.2	13.5	15.1	13.3	0.4	1.5	1.2	0.8
Nepal	9.9	6.1	6.5	6.9	22.1	18.1	20.1	17.8	12.2	12.0	13.6	10.9
Pakistan	10.1	9.8	10.6	11.4	18.9	18.9	18.7	18.7	8.8	9.1	8.1	7.3
Sri Lanka	12.6	13.2	13.0	13.0	22.2	21.2	23.4	23.3	9.6	8.0	10.4	10.8
PACIFIC ISLAND DMCs												
Fiji	18.2	19.8	16.7	19.0	14.7	19.3	17.3	17.2	-3.5	-0.5	0.6	-1.8
Papua New Guinea	14.3	21.7	16.9	12.9	23.2	24.4	27.4	21.4	8.9	2.7	10.5	8.5
Solomon Islands
Tonga
Vanuatu	5.7	8.8	37.2	43.6	31.5	34.8
Western Samoa

... Data not available.

Source: ADB data file

Table 3
CHANGES IN CONSUMER PRICES OF SELECTED DMCs, 1989-1992^a
(Per Cent)

Country	1989	1990	1991	1992 ^b
NIEs	5.7	7.0	7.6	5.9
Hong Kong	10.1	9.8	12.0	9.4
Korea, Rep. of	5.6	8.6	9.3	6.2
Singapore	2.4	3.4	3.4	2.3
Taipei, China	4.4	4.1	3.6	4.5
PRC and MONGOLIA ^c	16.3	1.3	5.1	6.4
China, People's Rep. of	16.3	1.3	5.1	6.4
Mongolia	120.1	321.1
SOUTHEAST ASIA ^c	6.6	7.4	8.8	5.3
Cambodia	55.0	141.8	197.0	75.0
Indonesia	6.5	7.4	9.2	5.0
Lao PDR	59.5	35.7	13.4	9.8
Malaysia	2.8	3.1	4.4	4.7
Philippines	12.2	14.2	18.7	8.9
Thailand	5.4	6.0	5.7	4.1
Viet Nam, Soc. Rep. of	95.8	36.4	68.1	37.7
SOUTH ASIA ^c	7.8	9.7	14.6	12.5
Afghanistan	75.1	41.9	56.7	...
Bangladesh ^d	10.0	8.1	7.2	5.0
Bhutan	8.8	10.1	11.8	13.0
India	6.2	9.0	13.9	11.7
Maldives	7.2	3.6	14.7	17.2
Myanmar	27.2	17.6	32.3	30.0
Nepal	8.8	8.3	15.5	17.0
Pakistan	7.9	9.0	11.8	10.1
Sri Lanka	11.5	21.5	12.2	11.0
PACIFIC ISLAND DMCs	5.4	7.5	7.1	5.0
Cook Islands ^d	6.0	5.3
Fiji	6.2	8.1	6.5	6.3
Kiribati ^d
Marshall Islands ^d
Micronesia, Fed. States of
Papua New Guinea	4.5	6.9	6.9	4.3
Solomon Islands ^d	14.9	8.8	15.1	9.7
Tonga ^c	4.1	9.7	10.6	5.0
Vanuatu ^d	7.6	4.7	6.5	1.0
Western Samoa	6.4	15.3	-1.4	9.8
Weighted Average^e	9.4	6.4	8.8	7.4

... Data not available.

a Unless otherwise indicated, data refer to changes in average consumer prices of all cities.

b Preliminary estimates.

c Mongolia is excluded in the average for PRC and Mongolia; Cambodia, Lao PDR and Viet Nam are excluded in the average for Southeast Asia; and Afghanistan and Bhutan are excluded in the average for South Asia. These DMCs are likewise excluded in the weighted average for all DMCs.

d Data refer to capital city.

e Respective year GDP (in US dollars) are used as weights for 1989 and 1990. However, GDP in 1991 are used as weights to derive the averages for the other years.

Sources: Country sources.

IMF, International Financial Statistics Yearbook 1992 and February 1993.

ADB data file.

Table 4
FOREIGN TRADE OF SELECTED DMCs, 1989-1992
(\$ million)

DMCs	Exports (fob)				Imports (cif)			
	1989	1990	1991	1992 ^a	1989	1990	1991	1992 ^a
NIEs	246,374	266,076	307,731	342,522	235,757	267,113	312,778	348,249
Hong Kong	73,142	82,151	98,557	119,487	72,152	82,492	100,242	123,407
Korea, Rep. of	62,377	65,016	71,870	76,631	61,465	69,844	81,525	81,775
Singapore	44,668	52,527	58,971	62,510	49,666	60,583	66,100	68,744
Taipei, China	66,187	66,382	78,332	83,894	52,475	54,194	64,911	74,323
PRC and MONGOLIA	53,282	62,505	72,233	85,332	60,095	53,838	64,064	80,829
China, People's Rep. of	52,540	62,090	71,910	85,000	59,140	53,350	63,790	80,610
Mongolia	742	415	323	332	955	488	274	219
SOUTHEAST ASIA	77,196	88,995	103,115	117,338	78,720	100,326	115,738	127,522
Cambodia ^b	79	86	253	287	176	164	285	361
Indonesia	22,160	25,675	29,142	33,076	16,360	21,837	25,869	28,456
Lao PDR	63	146	113	155	197	276	292	340
Malaysia	25,039	29,445	34,361	38,141	22,467	29,250	36,665	38,864
Philippines	7,821	8,186	8,839	9,705	11,171	13,042	12,857	14,730
Thailand	20,089	23,053	28,437	33,499	25,783	33,006	37,576	42,386
Viet Nam, Soc. Rep. of ^b	1,946	2,404	1,970	2,474	2,566	2,752	2,194	2,385
SOUTH ASIA	24,162	28,034	28,884	30,562	35,299	39,403	37,536	39,290
Afghanistan	238	235	281	...	798	937	781	...
Bangladesh	1,305	1,674	1,691	1,932	3,650	3,646	3,353	3,520
Bhutan ^b	74	74	66	72	105	110	118	127
India	15,884	17,965	17,593	17,962	20,637	23,629	20,167	21,398
Maldives ^b	45	52	54	35	108	113	161	...
Myanmar	215	322	419	530	201	270	646	654
Nepal	158	210	264	337	580	686	758	823
Pakistan	4,705	5,590	6,529	7,430	7,129	7,377	8,462	9,097
Sri Lanka	1,540	1,913	1,987	2,264	2,090	2,635	3,090	3,671
PACIFIC ISLAND DMCs	1,983	1,814	2,206	2,713	2,441	2,315	2,588	2,846
Cook Islands	3	5	44	52
Fiji	444	494	450	492	580	752	652	721
Kiribati	5	3	3	...	27	32	31	...
Marshall Islands	2
Micronesia, Fed. States of
Papua New Guinea	1,409	1,203	1,628	2,077	1,473	1,143	1,548	1,733
Solomon Islands	75	70	83	95	114	94	112	109
Tonga	10	11	17	12	54	62	59	63
Vanuatu	22	19	16	16	71	97	86	92
Western Samoa	13	9	8	20	77	84	99	129
TOTAL	402,997	447,425	514,168	578,466	412,313	462,995	532,704	598,736

... Data not available.

a Preliminary estimates.

b Import figures for Cambodia, Viet Nam, Bhutan and Maldives are based on fob.

Sources: Country sources.

IMF, *International Financial Statistics Yearbook 1992* and February 1993.

ADB data file.

Table 5
BALANCE OF TRADE OF SELECTED DMCs, 1989-1992
(\$ million)

DMCs	1989	1990	1991	1992 ^a
NIEs	10,617	-1,036	-5,048	-5,728
Hong Kong	991	-341	-1,685	-3,920
Korea, Rep. of	912	-4,828	-9,655	-5,144
Singapore	-4,998	-8,055	-7,129	-6,235
Taipei, China	13,712	12,188	13,421	9,571
PRC and MONGOLIA	-6,813	8,667	8,169	4,503
China, People's Rep. of	-6,600	8,740	8,120	4,390
Mongolia	-213	-73	49	113
SOUTHEAST ASIA	-1,524	-11,331	-12,623	-10,184
Cambodia	-97	-78	-33	-73
Indonesia	5,800	3,838	3,273	4,620
Lao PDR	-134	-130	-179	-185
Malaysia	2,572	195	-2,303	-724
Philippines	-3,350	-4,856	-4,018	-5,025
Thailand	-5,695	-9,953	-9,139	-8,887
Viet Nam, Soc. Rep. of	-620	-348	-224	89
SOUTH ASIA	-11,137	-11,368	-8,653	-8,727
Afghanistan	-561	-702	-500	...
Bangladesh	-2,345	-1,972	-1,662	-1,588
Bhutan	-32	-36	-52	-55
India	4,753	-5,665	-2,574	-3,435
Maldives	-63	-61	-108	...
Myanmar	14	52	-227	-123
Nepal	-422	-477	-494	-486
Pakistan	2,424	-1,787	-1,933	-1,667
Sri Lanka	-550	-722	1,102	-1,407
PACIFIC ISLAND DMCs	-458	-501	-382	-134
Cook Islands	-41	-47
Fiji	-136	-257	-201	-229
Kiribati	-22	-29	-28	...
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	-64	60	80	345
Solomon Islands	-40	-24	-29	-14
Tonga	-44	-50	-42	-51
Vanuatu	-49	-78	-70	-76
Western Samoa	-64	-75	-91	-108
TOTAL	-9,316	-15,570	-18,536	-20,269

... Data not available.

a Preliminary estimates.

Sources: Country sources.

IMF, *International Financial Statistics Yearbook 1992* and January 1993.

ADB Data file.

Table 6
INTERNATIONAL RESERVES AND RATIO OF RESERVES
TO IMPORTS OF SELECTED DMCs, 1989-1992

DMCs	International Reserves ^a (\$ million)				Ratio to Imports ^b (Months)			
	1989	1990	1991	1992	1989	1990	1991	1992 ^d
NIEs	114,642	120,639	136,191	150,012	5.8	5.4	5.2	5.2
Hong Kong
Korea, Rep. of	15,245	14,825	13,733	17,153	3.0	2.5	2.0	2.5
Singapore ^c	20,345	27,749	34,133	39,534	4.9	5.5	6.2	6.9
Taipei, China	79,052	78,065	88,325	93,325	18.1	17.3	16.3	15.1
PRC and MONGOLIA	18,826	30,386	44,436	46,947	3.8	6.8	8.3	7.0
China, People's Rep. of	18,547	30,209	44,308	46,947	3.8	6.8	8.3	7.0
Mongolia	279	177	128	...	3.5	4.4	5.6	...
SOUTHEAST ASIA	27,315	34,773	44,249	53,227	4.2	4.2	4.6	5.0
Cambodia
Indonesia	6,497	8,520	10,251	11,381	4.8	4.7	4.8	4.8
Lao PDR	42	61	54	...	2.6	2.7	2.2	...
Malaysia	7,892	9,871	11,002	16,065	4.2	4.0	3.6	5.0
Philippines	2,376	2,048	4,526	4,754	2.6	1.9	4.2	3.9
Thailand	10,508	14,273	18,416	21,027	4.9	5.2	5.9	6.0
Viet Nam, Soc. Rep. of
SOUTH ASIA	7,137	8,503	11,057	13,958	2.4	2.6	3.5	4.3
Afghanistan	489	511	235	227	7.3	6.6	3.6	...
Bangladesh	523	650	1,300	1,824	1.7	2.1	4.7	6.2
Bhutan ^c	99	86	99	97	11.3	9.4	10.1	9.2
India	4,019	5,188	6,794	8,528	2.3	2.6	4.0	4.8
Maldives	25	24	24	28	2.8	2.6	1.8	...
Myanmar	275	325	271	289	16.4	14.5	5.0	5.3
Nepal	218	302	404	470	4.5	5.3	6.4	6.8
Pakistan	1,236	985	1,236	1,568	2.1	1.6	1.8	2.1
Sri Lanka	254	432	695	927	1.5	2.0	2.7	3.0
PACIFIC ISLAND DMCs	749	831	743	743	3.7	4.3	3.4	3.1
Cook Islands
Fiji	212	261	272	298	4.4	4.2	5.0	5.0
Kiribati
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	395	414	323	288	3.2	4.3	2.5	2.0
Solomon Islands ^c	26	18	9	23	2.8	2.2	0.9	2.6
Tonga ^c	25	31	32	32	5.5	6.1	6.6	6.0
Vanuatu ^c	35	38	40	42	5.9	4.7	5.6	5.5
Western Samoa ^c	55	69	68	61	8.6	9.9	8.2	5.6
T O T A L	168,669	195,132	236,676	264,887	4.9	5.1	5.3	5.3

... Data not available.

a Gold + SDRs + Reserve position in IMF + Foreign exchange holdings; year-end figures unless otherwise specified.

b Imports, cif from trade statistics were used for computing the ratio.

c Refers to total reserves minus gold.

d Preliminary estimates.

Sources: IMF, International Financial Statistics, February 1993.
ADB data file.

Table 7
TOTAL NET FLOWS OF FINANCIAL RESOURCES TO SELECTED DMCs, 1989-1991^a
 (\$ million)

DMCs	Concessional Flows (ODA)			Non-Concessional Flows ^b			Total Flows		
	1989	1990	1991	1989	1990	1991	1989	1990	1991
NIEs	189	123	101	3,966	7,989	4,225	4,155	8,112	4,326
Hong Kong	41	38	36	1,226	3,916	2,193	1,267	3,954	2,229
Korea, Rep. of	52	52	54	-859	1,024	1,665	-807	1,076	1,719
Singapore	95	-3	8	2,868	2,761	6	2,963	2,758	14
Taipei, China	2	36	3	730	288	361	732	324	364
PRC and MONGOLIA	2,160	2,089	2,073	3,536	2,741	3,431	5,696	4,830	5,504
China, People's Rep. of	2,154	2,076	2,004	3,534	2,742	3,418	5,687	4,818	5,421
Mongolia	6	13	70	2	-1	14	8	12	83
SOUTHEAST ASIA	3,862	4,660	4,406	5,304	5,408	7,614	9,165	10,068	12,020
Cambodia	30	42	91	-13	—	3	17	42	94
Indonesia	1,839	1,724	1,867	2,994	1,800	3,454	4,834	3,525	5,321
Lao PDR	139	152	144	1	—	0	140	152	145
Malaysia	140	470	295	376	862	885	517	1,332	1,179
Philippines	845	1,277	1,057	371	821	648	1,216	2,098	1,705
Thailand	739	805	729	1,555	1,927	2,592	2,295	2,733	3,321
Viet Nam, Soc. Rep. of	129	190	224	18	-3	32	147	188	255
SOUTH ASIA	6,287	6,318	7,595	4,635	3,306	2,291	10,921	9,624	9,886
Afghanistan	167	143	136	-2	-2	8	165	141	144
Bangladesh	1,801	2,103	1,756	11	63	8	1,812	2,166	1,764
Bhutan	42	47	64	-1	3	0	41	50	65
India	1,895	1,586	2,781	3,277	2,706	1,420	5,172	4,292	4,200
Maldives	28	22	30	31	17	9	59	39	40
Myanmar	184	171	179	-97	-56	-7	87	115	172
Nepal	494	429	455	2	-2	-2	496	427	453
Pakistan	1,130	1,152	1,298	1,216	569	878	2,345	1,721	2,176
Sri Lanka	547	665	895	198	8	-22	745	673	872
PACIFIC ISLAND DMCs	557	633	640	470	328	342	1,027	961	982
Cook Islands	13	12	13	8	4	9	20	16	23
Fiji	43	49	45	13	21	19	56	70	64
Kiribati	18	21	20	—	—	—	18	21	20
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	339	376	397	402	186	282	742	562	679
Solomon Islands	49	44	36	1	12	3	50	57	39
Tonga	25	31	19	7	—	0	32	31	20
Vanuatu	40	49	53	39	99	25	79	148	77
Western Samoa	31	51	57	-1	6	3	31	57	60
TOTAL	13,054	13,823	14,816	17,909	19,772	17,903	30,964	33,595	32,719

... Data not available.

— magnitude zero.

0 Magnitude is less than half the unit employed.

a Net flows imply total flows minus repayments of principal for the year.

b Including bilateral and multilateral non-concessional flows and private flows.

Sources: OECD, *Geographical Distribution of Financial Flows to Developing Countries*, 1987/1990 issue.

OECD, *Geographical Distribution of Financial Flows to Developing Countries*, 1988/1991 tape.

Table 8
TOTAL EXTERNAL DEBT AND DEBT-SERVICE RATIO
OF SELECTED DMCs, 1989-1991
(\$ million)

DMCs	Debt Outstanding ^a			Service Payments ^b			Debt Service Ratio ^b (%)		
	1989	1990	1991	1989	1990	1991	1989	1990	1991
NIEs	32,796	34,981	40,518	8,764	8,279	6,042	11.8	10.7	7.1
Hong Kong	—	—	—	—	—	—	—	—	—
Korea, Rep. of	32,796	34,981	40,518	8,764	8,279	6,042	11.8	10.7	7.1
Singapore	—	—	—	—	—	—	—	—	—
Taipei, China	—	—	—	—	—	—	—	—	—
PRC and MONGOLIA	44,791	52,519	60,802	5,676	6,998	8,451	11.4	11.6	12.0
China, People's Rep. of	44,791	52,519	60,802	5,676	6,998	8,451	11.4	11.6	12.0
Mongolia	—	—	—	—	—	—	—	—	—
SOUTHEAST ASIA ^c	139,712	161,057	180,827	21,248	22,067	22,482	22.6	20.2	18.0
Cambodia	1,423	1,557	1,596	17.1	41.8	...
Indonesia	53,672	67,232	73,629	9,071	9,288	10,784	35.5	31.1	33.0
Lao PDR	946	1,073	1,121	10	9	8	11.8	9.4	10.3
Malaysia	17,829	18,173	21,445	4,508	3,889	3,321	15.6	11.2	8.4
Philippines	28,376	30,232	31,897	3,266	3,560	3,428	25.6	26.8	23.2
Thailand	23,432	28,208	35,828	4,393	5,321	4,941	16.3	17.0	13.1
Viet Nam, Soc. Rep. of	14,034	14,582	15,311	5.5	5.6
SOUTH ASIA	103,783	114,323	120,920	9,424	10,241	10,603	25.4	25.9	27.0
Afghanistan	—	—	—	—	—	—	—	—	—
Bangladesh	10,702	12,222	13,051	494	785	587	20.2	28.7	20.0
Bhutan	76	83	87	4	7	7	4.5	6.8	...
India ^d	63,929	69,138	71,557	6,482	7,027	7,445	27.6	28.3	30.6
Maldives	67	78	80	10	9	7	7.0	4.9	4.0
Myanmar ^d	4,171	4,673	4,853	197	61	80	30.4
Nepal	1,367	1,639	1,769	63	71	65	15.5	17.6	13.6
Pakistan	18,299	20,645	22,969	1,752	1,894	1,981	22.9	22.9	25.0
Sri Lanka	5,173	5,844	6,553	422	388	431	18.6	13.9	14.1
PACIFIC ISLAND DMCs	2,973	3,305	3,474	630	682	632	23.0	24.9	21.1
Cook Islands	—	—	—	—	—	—	—	—	—
Fiji	412	409	358	92	107	102	11.8	11.4	11.3
Kiribati	—	—	—	—	—	—	—	—	—
Marshall Islands	—	—	—	—	—	—	—	—	—
Micronesia, Fed. States of	—	—	—	—	—	—	—	—	—
Papua New Guinea	2,810	2,582	2,755	517	553	507	31.9	38.5	29.6
Solomon Islands	101	121	130	10	12	14	9.0	11.6	11.3
Tonga	47	61	51	2	3	3	3.8	4.1	5.1
Vanuatu	30	40	39	2	2	1	2.4	2.1	1.1
Western Samoa	74	92	140	7	6	6	7.6	5.9	6.9
TOTAL^c	324,056	366,185	406,540	45,742	48,267	48,210	17.7	16.7	15.0

— Not reporting.

... Data not available.

a Debt outstanding is of end of year which covers long and short-term debt of public and private entities in the country as well as the use of IMF credit.

b Service payments include yearly payments on principal and interest on long-term debt, IMF repurchases and charges, and interest payment on short-term debt. Debt service ratio is the percentage of service payments to exports of goods and services (including workers' remittances).

c Excludes Cambodia and Viet Nam in the regional and overall debt service ratio.

d The long-term debt data are on fiscal year basis.

Sources: World Bank, *World Debt Tables* 1992-93.

ADB data file.

BANK OPERATIONAL DATA

LOAN APPROVALS IN 1992 AND TOTAL PROJECT COSTS

(amounts in \$ million)

Country/Project	Ordinary Capital Resources	Asian Development Fund	Total Project Cost ^a
BANGLADESH			
Second Bhola Irrigation	—	39.80	48.03
Bangladesh Open University	—	34.30	43.00
Rehabilitation of Damaged School Facilities	—	15.00	17.30
Secondary Towns Integrated Flood Protection	—	55.00	70.00
Rural Poor Cooperative	—	30.00	37.38
Second Rural Infrastructure Development	—	83.40	104.20
CAMBODIA			
Special Rehabilitation Assistance	—	67.70	77.80
CHINA, PEOPLE'S REP. OF			
Laiwu Iron and Steel Mill Modernization and Expansion	133.00	—	328.00
Guang-Mei-Shan Railway	200.00	—	533.00
Shenyang-Benxi Highway	50.00	—	166.03
Guangdong Tropical Crops Development	55.00	—	109.70
Guangzhou Pearl River Power Company Limited ^b	50.00	—	365.00
Industrial Energy Conservation and Environment Improvement	107.00	—	233.70
Shanghai Yangpu Bridge	85.00	—	250.00
Qingdao Environmental Improvement	103.00	—	219.00
Industrial Technology Finance	120.00	—	300.00
COOK ISLANDS			
Second Cook Islands Development Bank	—	1.50	3.75
Emergency Telecommunications Rehabilitation	—	0.50	2.50
FIJI			
Second Road Upgrading	18.00	—	78.00
INDIA			
Power Efficiency (Sector)	250.00	—	625.00
Coal Ports	285.00	—	443.00
Financial Sector Program	300.00	—	750.00
Energy Conservation and Environment Improvement	147.00	—	363.00
INDONESIA			
Telecommunication	185.00	—	318.40
Water Pollution Control	8.40	—	14.00
Second Financial Sector Program	250.00	—	625.00
Power XXII	350.00	—	2,360.50
Upland Farmer Development	—	30.00	50.00
Smallholder Tree Crop Processing	75.00	—	125.30
Biodiversity Conservation in Flores and Siberut	—	24.50	40.80
Junior Secondary Education	105.00	—	174.93
Central Java and D.I. Yogyakarta Urban Development (Sector)	150.00	—	250.00
Marine Resource Evaluation and Planning	33.00	—	56.00

a Total cost of credit lines and program loans is estimated.

b Private sector loan without government guarantee.

Country/Project	Ordinary Capital Resources	Asian Development Fund	Total Project Cost ^a
LAO PDR			
Second Agriculture Program	—	30.00	75.00
Rehabilitation and Upgrading of Vientiane Water Supply	—	9.50	31.19
Nam Song Hydropower Development	—	31.50	36.70
MALAYSIA	49.50	—	151.00
Sarawak Power	105.00	—	208.00
Rehabilitation and Upgrading of Water Supply Systems Sector			
MONGOLIA	—	3.80	5.50
Eglin Hydropower			
NEPAL			
Tourism Infrastructure Development	—	10.40	14.60
Third Water Supply and Sanitation Sector	—	20.00	25.00
Secondary Education Development	—	12.60	15.80
PAKISTAN			
North-West Frontier Province Barani Area Development	—	32.80	41.00
Provincial Highways	—	165.40	207.00
Health Care Development	—	60.00	77.40
Flood Damage Restoration (Sector)	—	100.00	396.00
Teacher Training	—	52.10	71.30
PAPUA NEW GUINEA	39.00	30.00	97.00
Transport Infrastructure Development	11.30	—	21.10
Third Urban Water Supply			
PHILIPPINES			
Mt. Pinatubo Damage Rehabilitation	50.00	37.00	55.00
Forestry Sector	138.00	50.00	127.00
Meralco Distribution	75.00	—	230.00
Small Farmers Credit	2.60	—	131.70
Umiray-Angat Transbasin Technical Assistance			2.93
SRI LANKA			
North Western Province Water Resources Development	—	30.00	40.00
Participatory Forestry	—	10.50	25.00
Second Health and Population	—	26.10	33.30
Fisheries Sector	—	26.00	33.00
Urban Development Sector	—	27.00	36.00
THAILAND	109.00	—	434.50
Seventh Power Distribution (Sector)	58.00	—	370.00
Bongkot Gas Transmission	94.25	—	349.10
Third Power Transmission Expansion (Sector)	93.00	—	177.00
Fifth Highway (Sector)	70.30	—	211.20
Bangkok Urban Transport			
WESTERN SAMOA			
Cyclone-Damage Rehabilitation	—	8.64	10.80
GRAND TOTAL	3,954.35	1,155.04	12,922.41

a Total cost of credit lines and program loans is estimated.

LOAN APPROVALS BY SECTOR: THREE-YEAR MOVING AVERAGES, 1968-1970 - 1990-1992

	Total Lending ^a (\$ million)	Agriculture and Agro-Industry	Energy	Finance	Industry & Non-Fuel Minerals	Transport & Communications	Social Infrastructure	Multi Sector & Others
(Per Cent of Total Lending)								
Average during								
1968-1970	128.54	19.48	11.98	23.36	15.06	24.03	6.10	0.00
1969-1971	199.25	20.47	25.38	19.57	8.69	21.68	4.20	0.00
1970-1972	271.92	15.68	33.06	13.97	5.04	21.48	10.75	0.00
1971-1973	330.53	15.78	32.18	15.49	0.42	23.88	12.25	0.00
1972-1974	428.42	18.76	26.71	15.06	4.02	21.32	14.12	0.00
1973-1975	543.16	27.87	23.03	16.73	4.25	17.68	10.44	0.00
1974-1976	661.30	29.27	21.35	17.44	5.48	16.61	9.85	0.00
1975-1977	774.22	30.51	22.02	15.46	4.19	16.97	10.85	0.00
1976-1978	940.36	27.42	21.53	14.37	7.25	15.98	13.45	0.00
1977-1979	1,098.92	29.86	24.03	11.81	5.62	12.10	16.55	0.04
1978-1980	1,282.01	30.95	24.88	10.96	3.93	12.39	16.84	0.06
1979-1981	1,454.96	32.56	27.21	10.72	0.90	9.41	19.11	0.09
1980-1982	1,598.97	34.00	27.71	10.00	0.74	11.53	15.97	0.06
1981-1983	1,751.46	33.68	26.60	10.61	2.36	7.52	18.27	0.96
1982-1984	1,937.03	34.18	28.98	7.01	1.91	12.12	14.36	1.43
1983-1985	1,978.52	32.42	24.63	6.50	1.87	12.75	20.30	1.53
1984-1986	2,013.77	35.46	25.26	4.65	0.34	14.40	17.48	2.40
1985-1987	2,081.84	30.63	17.47	11.24	3.06	20.54	15.24	1.81
1986-1988	2,527.67	26.74	18.64	12.76	8.03	21.14	11.25	1.44
1987-1989	3,069.21	22.25	16.33	17.08	7.16	21.83	14.53	0.82
1988-1990	3,580.43	25.72	20.69	12.61	4.91	19.29	15.09	1.70
1989-1991	4,125.48	25.24	25.98	10.80	3.81	17.89	14.82	1.45
1990-1992	4,620.75	21.36	29.59	9.40	3.96	20.55	12.78	2.35
Cumulative (1968-1992)	42,458.90	26.35	24.71	11.35	4.04	17.44	14.69	1.41

a Total column may not tally due to rounding.

LOAN APPROVALS BY SECTOR, 1992^a
 (amounts in \$ million)

Sector	O C R		A D F		T O T A L		
	No.	Amount	No.	Amount	No. ^b	Amount	%
Agriculture and Agro-Industry	5	288.00	12	395.64	16	683.64	13.38
Energy	11	1,455.75	2	35.30	13	1,491.05	29.18
Industry and Non-Fuel Minerals	1	133.00	—	—	1	133.0	2.60
Finance	3	670.00	1	1.50	4	671.50	13.14
Transport and Communications	9	1,025.30	3	195.90	11	1,221.20	23.90
Social Infrastructure	6	382.30	10	811.60	16	693.90	13.58
Multisector	—	—	3	204.70	3	204.70	4.01
Others	—	—	1	10.40	1	10.40	0.20
T O T A L	35	3,954.35	32	1,155.04	65	5,109.39	100.00

a Includes loans to private sector without government guarantee.

b A project which is financed from both sources is counted as one project.

LOAN APPROVALS BY COUNTRY AND BY SOURCE OF FUNDS, 1992^a
 (amounts in \$ million)

Country	O C R		A D F		TOTAL
	Amount	%	Amount	%	
Afghanistan	—		—		—
Bangladesh	—		257.50	22.3	257.50
Bhutan	—		—		—
Cambodia	—		67.70	5.9	67.70
China, People's Rep. of	903.00	22.8	—		903.00
Cook Islands	—		2.00	0.2	2.00
Fiji	18.00	0.5	—		18.00
Hong Kong	—		—		—
India	982.00	24.8	—		982.00
Indonesia	1,156.40	29.3	54.50	4.7	1,210.90
Kiribati	—		—		—
Korea, Rep. of	—		—		—
Lao PDR	—		71.00	6.1	71.00
Malaysia	154.50	3.9	—		154.50
Maldives	—		—		—
Marshall Islands	—		—		—
Mongolia	—		3.80	0.3	3.80
Myanmar	—		—		—
Nepal	—		43.00	3.7	43.00
Pakistan	—		410.30	35.5	410.30
Papua New Guinea	50.30	1.3	30.00	2.6	80.30
Philippines	265.60	6.7	87.00	7.5	352.60
Singapore	—		—		—
Solomon Islands	—		—		—
Sri Lanka	—		119.60	10.4	119.60
Taipei, China	—		—		—
Thailand	424.55	10.7	—		424.55
Tonga	—		—		—
Vanuatu	—		—		—
Viet Nam, Soc. Rep. of	—		—		—
Western Samoa	—		8.64	0.7	8.64
Regional	—		—		—
TOTAL	3,954.35	100.0	1,155.04	100.0	5,109.39

a Includes loans to private sector without government guarantee.

LENDING – DISTRIBUTION AMONG DEVELOPING MEMBER COUNTRIES, 1968-1992
 Percentage of Value of Loans Approved in Period

DMCs	1968-1972		1973-1977		1978-1982	
	OCR	ADF	OCR	ADF	OCR	ADF
Afghanistan	0.0	2.6	0.0	7.1	0.0	0.9
Bangladesh	0.0	0.0	0.5	27.3	0.0	32.8
Bhutan	0.0	0.0	0.0	0.0	0.0	0.0
Cambodia	0.0	0.8	0.0	0.0	0.0	0.0
China, People's Rep. of	0.0	0.0	0.0	0.0	0.0	0.0
Cook Islands	0.0	0.0	0.0	0.0	0.0	0.1
Fiji	0.6	0.0	0.1	0.0	0.8	0.0
Hong Kong	2.9	0.0	1.7	0.0	0.8	0.0
India	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia	0.0	34.6	17.2	4.5	28.4	2.1
Kiribati	0.0	0.0	0.0	0.2	0.0	0.0
Korea, Rep. of	26.2	1.8	20.9	0.0	18.4	0.0
Lao PDR	0.0	2.2	0.0	0.8	0.0	1.1
Malaysia	10.6	1.6	10.9	0.0	9.6	0.0
Maldives	0.0	0.0	0.0	0.0	0.0	0.0
Marshall Islands	0.0	0.0	0.0	0.0	0.0	0.0
Mongolia	0.0	0.0	0.0	0.0	0.0	0.0
Myanmar	0.0	0.0	0.3	13.6	0.0	11.4
Nepal	0.3	17.7	0.0	9.1	0.0	7.3
Pakistan	8.9	9.0	12.8	19.2	5.1	27.1
Papua New Guinea	0.0	7.1	0.8	2.2	0.8	1.9
Philippines	13.5	1.7	21.2	1.2	19.1	2.7
Singapore	12.1	1.5	1.4	0.0	1.1	0.0
Solomon Islands	0.0	0.0	0.0	1.0	0.0	0.2
Sri Lanka	1.7	11.1	0.0	8.4	0.0	8.6
Taipei, China	13.3	0.0	0.0	0.0	0.0	0.0
Thailand	9.9	0.0	11.9	0.8	16.0	2.7
Tonga	0.0	0.0	0.0	0.2	0.0	0.2
Vanuatu	0.0	0.0	0.0	0.0	0.0	0.0
Viet Nam, Soc. Rep. of	0.0	5.6	0.2	3.0	0.0	0.0
Western Samoa	0.0	2.6	0.0	1.4	0.0	0.7
Regional	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Loan Approvals (\$ million)	753.9	201.5	2,326.9	964.9	4,856.2	2,351.1

1983-1987		1988-1992		1992		DMCs
OCR	ADF	OCR	ADF	OCR	ADF	
0.0	0.0	0.0	0.0	0.0	0.0	Afghanistan Bangladesh Bhutan
0.0	31.7	0.0	25.5	0.0	22.3	
0.0	0.8	0.0	0.2	0.0	0.0	
0.0	0.0	0.0	1.1	0.0	5.9	Cambodia China, People's Rep. of Cook Islands
2.0	0.0	12.5	0.0	22.8	0.0	
0.0	0.1	0.0	0.1	0.0	0.2	
0.2	0.0	0.4	0.0	0.5	0.0	Fiji Hong Kong India
0.0	0.0	0.0	0.0	0.0	0.0	
9.5	0.0	25.5	0.0	24.8	0.0	
33.7	3.7	30.8	5.7	29.2	4.7	Indonesia Kiribati Korea, Rep. of
0.0	0.0	0.0	0.0	0.0	0.0	
9.2	0.0	0.8	0.0	0.0	0.0	
0.0	1.9	0.0	3.5	0.0	6.1	Lao PDR Malaysia Maldives
8.3	0.0	3.1	0.0	3.9	0.0	
0.0	0.2	0.0	0.2	0.0	0.0	
0.0	0.0	0.0	0.1	0.0	0.0	Marshall Islands Mongolia Myanmar
0.0	0.0	0.0	0.5	0.0	0.3	
0.0	3.4	0.0	0.0	0.0	0.0	
0.0	9.5	0.0	7.3	0.0	3.7	Nepal Pakistan Papua New Guinea
15.9	34.3	9.9	29.0	0.0	35.5	
1.3	1.6	0.6	2.4	1.3	2.6	
12.1	1.4	10.7	11.7	6.7	7.5	Philippines Singapore Solomon Islands
0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.6	0.0	0.1	0.0	0.0	
0.0	9.8	0.0	11.7	0.0	10.4	Sri Lanka Taipei, China Thailand
0.0	0.0	0.0	0.0	0.0	0.0	
7.8	0.0	5.4	0.0	10.7	0.0	
0.0	0.1	0.0	0.3	0.0	0.0	Tonga Vanuatu Viet Nam, Soc. Rep. of
0.0	0.3	0.0	0.1	0.0	0.0	
0.0	0.0	0.0	0.0	0.0	0.0	
0.0	0.4	0.0	0.6	0.0	0.7	Western Samoa Regional
0.0	0.0	0.2	0.0	0.0	0.0	
100.0	100.0	100.0	100.0	100.0	100.0	Total
6,755.7	3,617.3	14,202.0	6,429.4	3,954.4	1,155.0	Loan Approvals (\$ million))

PROJECTS INVOLVING CO-FINANCING IN 1992
 (amounts in \$ million)

Project	Country	Bank Loan		Amount of Co-Financing	Sources of Co-Financing
		OCR	ADF		
Second Rural Infrastructure Development	Bangladesh	—	83.40	1.34 ^a	UNDP
Laiwu Iron and Steel Mill Modernization & Expansion	China, People's Rep. of	133.00	—	35.00 25.00 28.00	Eximbank of Japan CFS Guarantee ^b Commercial banks
Guangzhou Pearl River Power Co. ^c	China, People's Rep. of	50.00	—	140.00	Commercial banks
Shanghai Yangpu Bridge	China, People's Rep. of	85.00	—	54.00 25.00	CFS Guarantee ^b Commercial banks
Second Road Upgrading	Fiji	18.00	—	6.50 15.00	Eximbank of Japan World Bank
Hydrocarbon Sector Program ^d	India	250.00	—	250.00	Japan (OECF)
Power Efficiency (Sector)	India	250.00	—	14.00 88.73 265.00	USAID United Kingdom (ODA) World Bank
Coal Ports	India	285.00	—	27.30 ^a	Netherlands (mixed credit)
Financing for ongoing ADB-Assisted Projects	Indonesia	303.50	—	200.00	Eximbank of Japan
Telecommunication	Indonesia	185.00	—	12.20 15.70 17.00	Germany (KfW) Eximbank of U.S. Eximbank of Japan
Power XXII	Indonesia	350.00	—	434.00 70.00 693.00	World Bank Germany (bilateral aid) Export Credit
Smallholder Tree Crop Processing	Indonesia	75.00	—	12.10	United Kingdom (CDC)
Rehabilitation and Upgrading Vientiane Water Supply	Lao PDR	—	9.50	19.30	Japan (JICA)
Tourism Development	Nepal	—	10.40	3.02	UNDP
Secondary Education Development	Nepal	—	12.60	4.00 ^a	United Kingdom (ODA)
Provincial Highways	Pakistan	—	165.40	5.40 ^a	Nordic Development Fund
Flood Damage Restoration (Sector)	Pakistan	—	100.00	100.00	World Bank (IDA)
Third Urban Water Supply	Papua New Guinea	11.30	—	6.70	Taipei, China (IECDF/CTB)
Participatory Forestry	Sri Lanka	—	10.50	0.50 5.80	World Bank Australia (AIDAB)
Seventh Power Distribution	Thailand	109.00	—	109.10	TBD (multi/bilateral)
Bongkot Gas Transmission	Thailand	58.00	—	52.30 105.00 8.00	Eximbank of Japan World Bank Eximbank of U.S.
Fifth Highway (Sector)	Thailand	93.00	—	177.50 125.00	World Bank Japan (OECF)
T O T A L (21)		2,255.80	391.80	3,150.49	

^a Standby co-financing.

^b Complementary Financing Scheme with Bank guarantee.

^c Private sector loan.

^d Bank loan was approved in 1991.

PRIVATE SECTOR INVESTMENTS APPROVED IN 1992^a

(amounts in \$ million)

Country	Equity Investment	Underwriting	Loan	Total Bank Funds	Complementary Loan	Total
China, People's Rep. of Guangzhou Pearl River Power Co.	—	—	50.000	50.000	—	50.000
Indonesia P.T. Seamless Pipe Indonesia Jaya ^b	—	—	—	—	56.500	56.500
Pakistan Privatization Fund Limited	2.600	—	—	2.600	—	2.600
Philippines Marcopper Mining Corporation ^b	—	—	—	—	25.000	25.000
Sri Lanka Lanka Ventures Ltd.	1.190	—	—	1.190	—	1.190
	1.630	—	—	1.630	—	1.630
Regional Asian Divestiture and Privatization Fund	5.225	5.225	—	10.450	—	10.450
TOTAL	10.645	5.225	50.000	65.870	81.500	147.370

a Approved by the Board of Directors, excludes investments under lines of equity approved by Management.

b Bank investment approved in 1991.

ANNUAL PRIVATE SECTOR OPERATIONS, 1986-1992

(amounts in \$ million)

Year	No.	Public Sector Loans (1)		Private Sector Loans & Investments (2)		Total of (1) and (2)	Private Sector's Share in Bank's Annual Total Lending %	
		Total Amount	Equity Amount	Loan Amount	No.	Total Amount	No.	Amount
1986	2	101.0	6.0	6.4	4	12.4	6	113.4
1987	6	625.0	27.6	20.5	7	48.1	13	673.1
1988	5	392.5	35.6	58.0	11	93.6	16	486.1
1989	5	705.0	67.5	95.7	19	163.2	24	868.2
1990	5	256.0	37.0	78.8	17	115.8	22	371.8
1991	5	285.0	28.0	186.8	17	214.8	22	499.8
1992	4	671.5	15.8	50.0	5	65.8	9	737.3

PRIVATE SECTOR INVESTMENTS BY COUNTRY, 1983-1992
 (amounts in \$ million)

Country	Number of Projects	Loans	Equity Investments and Lines of Equity	Equity Underwriting	Total Bank Funds	Complementary Loans	Total
Bangladesh	3	10.50	2.86	—	13.36	—	13.36
China, People's Rep. of	4	50.00	17.30	—	67.30	—	67.30
India	8	75.70	15.87	—	91.57	5.00	96.57
Indonesia	12	95.00	23.35	6.00	124.35	63.50	187.85
Korea, Rep. of	3	—	8.96	—	8.96	—	8.96
Malaysia	1	—	2.00	—	2.00	—	2.00
Nepal	2	5.05	2.01	—	7.06	—	7.06
Pakistan	23	130.80	19.08	4.32	154.20	53.10	207.30
Philippines	9	61.80	6.01	—	67.81	40.00	107.81
Sri Lanka	5	1.00	5.40	—	6.40	—	6.40
Thailand	5	31.46	14.52	5.00	50.98	—	50.98
Regional	8	35.00	57.47	30.43	122.89	—	122.89
TOTAL	83	496.31	174.83	45.75	716.88	161.60	878.48

Excluding facilities cancelled/withdrawn/expired.

CONTRACTS AWARDED AND DISBURSEMENTS UNDER EFFECTIVE LOANS,^a 1968-1992
 (As of 31 December 1992)

(amounts in \$ million)

Year	Cumulative Effective Loans ^b		Cumulative Contracts Awarded ^c		Cumulative Disbursements ^b	
	No.	Amount ^d	Amount	Percentage of Cumulative Effective Loans	Amount ^e	Percentage of Cumulative Effective Loans
1968	4	20	4.5	23	1.8	9
1969	13	67	13.5	20	9.3	14
1970	28	137	54.4	40	26.4	19
1971	67	404	115.0	28	75.1	19
1972	93	696	271.5	39	136.2	20
1973	130	998	453.2	45	282.7	28
1974	187	1,612	836.1	52	470.2	29
1975	221	2,052	1,150.2	56	832.1	41
1976	264	2,846	1,505.9	53	1,158.7	41
1977	294	3,461	1,862.0	54	1,514.9	44
1978	340	4,289	2,432.8	57	1,977.1	46
1979	391	5,274	2,941.5	56	2,463.4	47
1980	451	6,592	3,820.4	58	3,042.4	46
1981	510	7,953	4,503.6	57	3,709.5	47
1982	570	9,672	5,570.7	58	4,504.6	47
1983	621	11,100	6,296.3	57	5,441.5	49
1984	675	13,027	7,299.8	56	6,442.0	49
1985	727	14,793	8,279.0	56	7,452.1	50
1986	771	16,135	9,443.1	59	8,476.4	53
1987	815	17,807	10,883.2	61	9,707.8	55
1988	887	20,589	12,812.4	62	11,356.9	55
1989	958	23,727	14,858.5	63	13,591.8	57
1990	1,016	27,630	17,666.9	64	16,343.5	59
1991	1,078	31,360	20,507.2	65	19,447.2	62
1992	1,149	35,909	23,175.5	65	22,214.3	62

a After the signing of the loan agreement, certain requirements must be complied with for the loan to become effective.

b Includes private sector loans without government guarantee.

c Excludes private sector loans without government guarantee.

d Net of cancellations and amount transferred to subsequent loans.

e Includes interest and other charges financed during construction.

**NUMBER OF LOANS AND PROJECTS APPROVED AND UNDER ADMINISTRATION,
PCRs CIRCULATED, PROJECTS COMPLETED, LOANS CLOSED AND PPARs CIRCULATED IN 1992**
(As of 31 December 1992)

Borrowing Country	Cumulative No. of Loans Approved ^a	Cumulative No. of Effective Loans	Cumulative No. of Projects Approved ^b	Cumulative No. of Blended Loans	Cumulative No. of Supplementary Loans	Cumulative No. of Co-Financed Projects	No. of Projects Under Administration ^c As of 31/12/92
Afghanistan	9	8	8	—	1	2	8
Bangladesh	105	99	97	3	4	42	46
Bhutan	9	9	9	—	—	5	6
Cambodia	2	1	2	—	—	0	2
China, People's Rep. of	23	17	23	—	—	7	23
Cook Islands	6	6	6	—	—	1	4
Fiji	12	11	12	—	—	5	3
Hong Kong	5	5	5	—	—	0	0
India	28	26	28	—	—	11	24
Indonesia	179	172	164	13	2	40	62
Kiribati	5	5	5	—	—	1	1
Korea	79	79	79	—	—	9	6
Lao PDR	26	23	24	—	2	14	11
Malaysia	71	68	69	1	1	9	15
Maldives	5	5	5	—	—	2	3
Marshall Islands	1	1	1	—	—	0	1
Mongolia	2	2	2	—	—	1	2
Myanmar	32	32	28	2	2	12	3
Nepal	75	73	65	1	9	30	31
Pakistan	147	137	122	21	5	57	61
Papua New Guinea	39	38	30	9	—	5	11
Philippines	128	122	112	12	2	34	36
Singapore	14	14	14	—	—	2	0
Solomon Islands	12	12	12	—	—	5	1
Sri Lanka	69	65	63	1	4	19	33
Taipei, China	12	12	12	—	—	0	0
Thailand	62	59	59	2	1	27	11
Tonga	11	10	11	—	—	3	4
Vanuatu	6	6	5	—	1	2	2
Viet Nam, Soc. Rep. of	11	9	9	2	—	0	2
Western Samoa	24	22	21	—	2	9	5
Regional	1	1	1	—	—	0	1
TOTAL	1,210	1,149	1,103	67	36	360^e	418

^a Includes four Special Implementation Assistance Loans, Special Assistance, private sector loans, but excludes the loans withdrawn by borrowers before loan signing.

^b Blended loans are counted as one project. Supplementary loans and special implementation assistance loans are not counted as separate projects.

^c Includes projects/loans approved but still awaiting effectiveness, and inactive loans. Excludes fully disbursed private sector loans without government guarantee, and loans exclusively financed from other sources.

^d Projects which were physically completed in 1992.

^e The total number of projects co-financed did not necessarily tally because some projects had been co-financed by more than one source of co-financing.

No. of Loans Under Administration As of 31/12/92	Cumulative No. of PCRs Circulated/ Prepared	No. of Projects Completed In 1992 ^d	No. of Closed Loans In 1992	No. of PCRs Circulated In 1992	No. of PPARs Circulated In 1992	Borrowing Country
9	—	—	—	—	—	Afghanistan
47	48	7	7	6	4	Bangladesh
6	1	1	1	—	—	Bhutan
2	—	—	—	—	—	Cambodia
23	—	3	—	—	—	China, People's Rep. of
4	2	—	—	—	—	Cook Islands
3	5	1	1	—	—	Fiji
0	5	—	—	—	—	Hong Kong
24	1	2	1	1	1	India
67	75	14	13	6	6	Indonesia
1	3	—	1	—	—	Kiribati
6	51	3	2	1	—	Korea
11	9	—	1	2	1	Lao PDR
15	35	2	1	3	1	Malaysia
3	3	1	—	1	—	Maldives
1	—	—	—	—	—	Marshall Islands
2	—	1	—	—	—	Mongolia
3	22	2	1	—	—	Myanmar
33	31	4	3	5	1	Nepal
67	44	9	5	3	3	Pakistan
15	16	3	4	2	—	Papua New Guinea
43	56	8	10	5	4	Philippines
0	7	—	—	—	—	Singapore
1	11	—	1	2	—	Solomon Islands
33	23	8	2	1	4	Sri Lanka
0	1	—	—	—	—	Taipei, China
11	35	3	2	1	2	Thailand
4	8	—	—	—	—	Tonga
3	2	1	—	—	—	Vanuatu
2	5	—	—	—	1	Viet Nam, Soc. Rep. of
5	12	2	1	—	1	Western Samoa
1	—	—	—	—	—	Regional
445	511	75	57	39	28	T O T A L

AMOUNTS OF LOANS APPROVED, CONTRACTS AWARDED AND DISBURSEMENTS

(As of 31 December 1992)

(amounts in \$ million)

Country	Cumulative Loan Amounts Approved ^a	Cumulative Net Effective Loans ^{b,c}	Contracts Awarded in 1992 ^{c,d}	Cumulative Contracts Awarded ^{c,d} As of 31/12/92
Afghanistan	95.10	74.05	0.00	34.21
Bangladesh	3,830.04	3,548.13	268.56	2,386.67
Bhutan	38.76	36.04	1.19	22.78
Cambodia	69.37	1.67	0.00	1.58
China, People's Rep. of	1,905.20	1,387.20	179.21	588.64
Cook Islands	12.15	12.45	1.24	9.57
Fiji	121.10	96.63	0.96	87.26
Hong Kong	101.50	94.50	0.00	102.46
India	4,267.30	3,780.16	497.21	1,338.45
Indonesia	9,086.43	8,068.24	474.59	4,890.06
Kiribati	4.90	3.80	0.53	3.35
Korea, Rep. of	2,323.33	1,858.93	43.41	1,878.36
Lao PDR	332.54	260.55	48.80	193.75
Malaysia	1,798.14	1,195.68	37.28	973.66
Maldives	25.08	26.38	1.41	17.12
Marshall Islands	6.95	7.15	0.00	0.00
Mongolia	33.80	34.77	31.18	31.18
Myanmar	530.86	460.52	5.48	414.33
Nepal	1,112.69	967.21	34.76	584.72
Pakistan	7,034.87	6,228.37	483.11	3,687.10
Papua New Guinea	518.22	495.20	16.73	355.81
Philippines	4,744.50	3,701.76	281.19	2,736.53
Singapore	181.08	144.44	0.00	130.22
Solomon Islands	42.81	37.03	3.91	36.20
Sri Lanka	1,424.33	1,349.98	156.50	890.37
Taipei, China	100.39	91.14	0.00	90.28
Thailand	2,501.45	1,763.99	94.48	1,561.08
Tonga	29.25	26.75	2.91	15.15
Vanuatu	19.25	19.96	0.36	14.27
Viet Nam, Soc. Rep. of	44.60	25.43	0.00	27.97
Western Samoa	87.92	75.86	0.25	72.40
Regional	35.00	35.00	0.00	0.00
T O T A L	42,458.91	35,908.95	2,665.24	23,175.51

a Includes Special Assistance loans and private sector loans but excludes loans withdrawn before signing.

The US dollar equivalent in accordance with the exchange rate prevailing within the Bank at the time of loan signing.

b Net refers to cancellation and refund of unused loan amounts.

c The US dollar equivalent in accordance with the exchange rate prevailing within the Bank as of 31 December 1992.

d Excluding private sector loans without government guarantee.

% of Cumulative Contracts Awarded to Cumulative Effective Loans	Disbursements in 1992	Cumulative Disbursements As of 31/12/92	% of Cumulative Disbursements to Cumulative Net Effective Loans	Country
46.20	0.00	27.90	37.67	Afghanistan
67.27	326.21	2,300.27	64.83	Bangladesh
63.21	2.36	23.39	64.89	Bhutan
94.43	0.00	0.64	38.50	Cambodia
42.43	178.54	461.44	33.26	China, People's Rep. of
76.86	4.72	9.52	76.46	Cook Islands
90.30	4.76	86.93	89.96	Fiji
108.42	0.00	94.50	100.00	Hong Kong
35.41	393.79	1,244.27	32.92	India
60.61	634.29	4,767.70	59.09	Indonesia
88.21	0.38	3.38	88.85	Kiribati
101.05	96.65	1,793.63	96.49	Korea, Rep. of
74.36	15.78	158.85	60.97	Lao PDR
81.43	75.13	923.57	77.24	Malaysia
64.91	4.13	16.41	62.21	Maldives
0.00	0.25	0.25	3.50	Marshall Islands
89.66	16.01	26.01	74.81	Mongolia
89.97	7.22	407.26	88.44	Myanmar
60.45	48.70	573.20	59.26	Nepal
59.20	437.75	3,566.70	57.27	Pakistan
71.85	19.83	336.68	67.99	Papua New Guinea
73.93	279.58	2,655.99	71.75	Philippines
90.15	0.00	144.44	100.00	Singapore
97.76	1.26	33.88	91.50	Solomon Islands
65.95	132.01	822.78	60.95	Sri Lanka
99.06	0.00	91.14	100.00	Taipei, China
88.50	81.75	1,521.38	86.25	Thailand
56.62	1.48	13.51	50.49	Tonga
71.48	0.51	13.73	68.77	Vanuatu
110.00	0.00	25.43	100.00	Viet Nam, Soc. Rep. of
95.43	4.00	69.49	91.60	Western Samoa
0.00	0.07	0.07	0.21	Regional
64.54	2,767.16	22,214.34	61.86	

DISTRIBUTION OF CONTRACTS AWARDED BY COUNTRY OF ORIGIN¹
ORDINARY CAPITAL RESOURCES

Country	1967 - 1976		1977 - 1986		1987 - 1992	
	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %
Afghanistan	0.00	0.00	0.00	0.00	0.00	0.00
Australia	1.30	3.91	2.10	3.00	1.58	2.72
Austria	2.69	0.84	1.38	0.44	0.57	0.52
Bangladesh	0.00	0.00	0.00	0.03	0.00	0.01
Belgium	0.25	0.53	0.67	0.13	0.67	0.06
Bhutan	0.00	0.00	0.00	0.00	0.00	0.00
Canada	2.48	2.30	1.75	6.72	0.88	6.04
China, People's Rep. of	0.00	0.00	0.00	0.00	2.30	0.00
Cook Islands	0.00	0.00	0.00	0.00	0.00	0.00
Denmark	0.15	1.94	0.39	3.06	0.20	2.17
Fiji	0.00	0.00	0.00	0.00	0.21	0.01
Finland	0.05	0.00	0.06	0.29	0.23	0.14
France	4.27	6.06	3.58	3.88	2.04	5.44
Germany	8.55	10.38	8.09	5.95	4.92	4.07
Hong Kong	0.58	0.00	0.69	0.14	1.31	0.25
India	1.64	3.36	1.25	0.93	4.61	0.95
Indonesia	0.00	0.00	0.30	0.25	15.72	16.42
Italy	3.80	11.08	2.63	5.83	2.39	4.16
Japan	47.82	7.35	40.34	13.01	17.94	9.60
Kiribati	0.00	0.00	0.00	0.00	0.00	0.00
Korea, Rep. of	5.32	1.31	9.30	3.35	11.15	2.36
Lao PDR	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	0.46	0.00	0.39	0.03	4.43	0.81
Maldives	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
Nepal	0.00	0.00	0.00	0.00	0.00	0.00
Netherlands	2.46	2.21	1.74	2.82	0.77	3.68
New Zealand	0.19	1.42	0.57	1.61	0.24	0.89
Norway	0.17	0.00	0.08	0.23	0.05	0.07
Pakistan	0.01	0.00	0.00	0.04	2.62	0.41
Papua New Guinea	0.00	0.00	0.00	0.00	0.32	0.19
Philippines	0.00	0.94	1.58	0.92	5.58	3.18
Singapore	0.20	0.00	1.13	0.30	1.90	0.19
Solomon Islands	0.00	0.00	0.00	0.00	0.00	0.00
Spain	0.00	0.00	0.00	0.00	0.10	0.00
Sri Lanka	0.00	0.00	0.00	0.03	0.00	0.01
Sweden	0.64	0.13	0.83	0.06	0.84	0.18
Switzerland	2.16	1.07	2.42	5.63	1.71	8.11
Taipei, China	1.08	0.09	2.37	2.98	1.44	1.96
Thailand	1.32	0.00	1.09	0.04	4.38	0.13
Tonga	0.00	0.00	0.00	0.00	0.00	0.00
Turkey	0.00	0.00	0.00	0.00	0.01	0.00
United Kingdom	4.56	3.61	4.57	10.94	2.25	8.29
United States	7.84	41.47	10.67	27.38	6.63	16.98
Vanuatu	0.00	0.00	0.00	0.00	0.00	0.00
Viet Nam, Soc. Rep. of	0.00	0.00	0.00	0.00	0.02	0.00
Western Samoa	0.00	0.00	0.00	0.00	0.00	0.00
Total Value (\$ million)	1,151.814	65.585	6,158.198	393.042	14,455.668	789.384

¹ Based on US\$ value equivalent of contract.

DISTRIBUTION OF CONTRACTS AWARDED BY COUNTRY OF ORIGIN¹
ASIAN DEVELOPMENT FUND

Country	1967 - 1976		1977 - 1986		1987 - 1992	
	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %
Afghanistan	0.00	0.00	0.00	0.00	0.12	0.00
Australia	5.14	6.19	1.56	4.25	1.62	3.86
Austria	0.13	0.00	0.41	0.00	0.29	0.00
Bangladesh	0.00	0.00	0.27	0.01	10.91	2.14
Belgium	0.18	0.00	0.69	0.04	0.58	0.01
Bhutan	0.00	0.00	0.00	0.00	0.06	0.01
Canada	0.64	18.56	0.67	9.35	0.54	5.86
China, People's Rep. of	0.78	0.11	0.00	0.00	2.49	0.00
Cook Islands	0.00	0.00	0.00	0.00	0.04	0.00
Denmark	0.02	0.94	0.92	0.15	0.53	0.87
Fiji	0.13	0.00	0.08	0.00	0.02	0.00
Finland	0.01	0.00	0.08	1.18	0.14	0.62
France	0.14	0.00	1.61	2.26	1.65	1.36
Germany	15.36	22.95	7.69	5.02	3.91	4.73
Hong Kong	0.29	0.00	0.89	0.00	0.87	0.00
India	4.64	1.66	7.84	8.43	3.86	3.87
Indonesia	0.00	0.00	0.01	0.33	2.67	3.25
Italy	5.97	5.57	3.89	1.58	1.94	1.63
Japan	40.71	21.47	34.14	16.65	14.62	10.10
Kiribati	0.00	0.00	0.00	0.00	0.01	0.00
Korea, Rep. of	5.79	1.86	6.82	2.06	5.81	2.40
Lao PDR	0.00	0.00	0.00	0.00	0.33	0.02
Malaysia	0.56	1.39	0.45	0.69	1.33	0.35
Maldives	0.00	0.00	0.00	0.00	0.01	0.00
Mongolia	0.00	0.00	0.00	0.00	0.00	0.00
Myanmar	0.00	0.00	0.00	0.00	0.40	0.00
Nepal	0.00	0.00	0.23	0.00	2.07	0.58
Netherlands	1.77	5.64	1.63	2.82	1.24	4.18
New Zealand	0.58	2.50	1.00	2.14	0.59	2.38
Norway	0.06	0.00	0.03	0.50	0.46	0.11
Pakistan	0.00	0.00	0.14	0.00	9.65	5.67
Papua New Guinea	0.00	0.00	0.00	0.00	1.37	0.43
Philippines	0.07	1.11	0.34	2.66	3.38	4.62
Singapore	4.14	0.00	2.62	0.09	4.21	0.12
Solomon Islands	0.00	0.00	0.00	0.00	0.21	0.03
Spain	0.00	0.00	0.00	0.00	0.06	0.00
Sri Lanka	0.00	0.12	0.03	0.17	3.87	0.65
Sweden	0.01	0.14	1.90	0.05	0.86	1.22
Switzerland	0.35	0.00	3.10	5.43	1.63	5.31
Taipei, China	0.00	0.00	0.32	0.05	0.90	0.02
Thailand	1.75	0.00	1.53	0.02	1.41	0.04
Tonga	0.00	0.00	0.00	0.00	0.09	0.00
Turkey	0.00	0.00	0.00	0.00	0.08	0.00
United Kingdom	7.31	2.87	8.31	18.99	3.80	21.06
United States	3.47	6.92	10.81	15.08	8.79	12.46
Vanuatu	0.00	0.00	0.00	0.00	0.04	0.00
Viet Nam, Soc. Rep. of	0.00	0.00	0.00	0.00	0.36	0.00
Western Samoa	0.00	0.00	0.00	0.00	0.15	0.03
Total Value (\$ million)	260.832	27.689	2,708.778	183.058	7,504.334	426.120

1 Based on US\$ value equivalent of contract.

DISTRIBUTION OF CONTRACTS AWARDED BY COUNTRY OF ORIGIN¹
ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED

Country	1967 - 1976		1977 - 1986		1987 - 1992	
	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %
Afghanistan	0.00	0.00	0.00	0.00	0.00	0.00
Australia	2.05	4.58	1.58	3.19	1.63	2.94
Austria	2.19	0.59	0.61	0.22	0.37	0.49
Bangladesh	0.00	0.00	1.39	0.28	4.99	0.60
Belgium	0.24	0.38	0.65	0.04	0.73	0.00
Bhutan	0.00	0.00	0.00	0.00	0.03	0.02
Canada	2.12	7.08	0.96	7.28	0.51	6.05
China, People's Rep. of	0.00	0.00	0.00	0.00	3.81	0.00
Cook Islands	0.00	0.00	0.01	0.00	0.01	0.00
Denmark	0.13	1.65	0.56	2.08	0.23	1.49
Fiji	0.02	0.00	0.04	0.00	0.21	0.02
Finland	0.05	0.00	0.06	0.70	0.22	0.10
France	3.46	4.27	2.12	3.20	2.13	5.49
Germany	9.88	14.08	6.04	3.49	3.70	3.03
Hong Kong	0.53	0.00	0.73	0.11	1.48	0.11
India	2.23	2.86	3.13	3.41	6.47	1.94
Indonesia	0.00	0.00	4.61	6.67	14.16	15.21
Italy	4.22	9.46	2.28	3.03	2.03	3.29
Japan	46.43	11.50	29.17	12.87	10.10	7.80
Kiribati	0.00	0.00	0.00	0.00	0.01	0.00
Korea, Rep. of	5.41	1.47	9.77	3.05	7.10	1.60
Lao PDR	0.00	0.00	0.01	0.00	0.17	0.01
Malaysia	0.48	0.41	2.21	0.38	3.19	0.50
Maldives	0.00	0.00	0.01	0.00	0.00	0.00
Mongolia	0.00	0.00	0.01	0.00	0.00	0.00
Myanmar	0.00	0.00	0.19	0.00	0.08	0.00
Nepal	0.00	0.00	0.63	0.22	0.78	0.23
Netherlands	2.32	3.22	1.26	2.49	0.63	4.65
New Zealand	0.27	1.74	0.74	1.61	0.27	1.17
Norway	0.14	0.00	0.03	0.36	0.26	0.15
Pakistan	0.01	0.00	1.70	0.18	7.26	3.69
Papua New Guinea	0.00	0.00	0.23	0.00	0.65	0.40
Philippines	0.02	0.99	4.01	1.48	4.80	5.40
Singapore	0.98	0.00	1.36	0.24	3.86	0.14
Solomon Islands	0.00	0.00	0.03	0.02	0.07	0.01
Spain	0.00	0.00	0.00	0.00	0.13	0.00
Sri Lanka	0.00	0.04	0.71	0.16	1.88	0.44
Sweden	0.52	0.13	1.12	0.05	0.91	1.19
Switzerland	1.80	0.76	2.34	5.62	1.80	7.96
Taipei, China	1.02	0.10	1.45	2.21	1.04	0.34
Thailand	1.40	0.00	3.38	0.04	2.52	0.15
Tonga	0.00	0.00	0.03	0.41	0.04	0.00
Turkey	0.00	0.00	0.00	0.00	0.06	0.00
United Kingdom	5.10	3.39	5.03	15.03	1.92	13.86
United States	6.98	31.30	9.74	19.51	7.53	9.54
Vanuatu	0.00	0.00	0.00	0.00	0.01	0.00
Viet Nam, Soc. Rep. of	0.00	0.00	0.01	0.00	0.20	0.00
Western Samoa	0.00	0.00	0.05	0.02	0.04	0.00
Total Value (\$ million)	1,412.646	93.274	7,371.991	461.565	13,191.243	548.931

1 Based on US\$ value equivalent of contract.

CONTRACTS AWARDED BY COUNTRY OF ORIGIN IN 1992
ORDINARY CAPITAL RESOURCES

(amounts in \$ million)

Country	Goods, Related Services & Civil Works	% Distribution	Consulting Service	% Distribution	Total Contracts Awarded	% Distribution
Australia	29.808	1.84	1.814	2.54	31.622	1.87
Austria	4.131	0.25	2.634	3.69	6.765	0.40
Belgium	10.023	0.62	0.000	0.00	10.023	0.59
Canada	15.855	0.98	7.269	10.19	23.124	1.37
China, People's Rep. of	134.833	8.31	0.000	0.00	134.833	7.96
Denmark	5.480	0.34	2.412	3.38	7.892	0.47
Fiji	0.672	0.04	0.099	0.14	0.771	0.05
Finland	6.740	0.42	0.000	0.00	6.740	0.40
France	11.848	0.73	0.730	1.02	12.578	0.74
Germany	86.556	5.34	2.500	3.50	89.056	5.26
Hong Kong	25.203	1.55	0.039	0.05	25.242	1.49
India	153.088	9.44	1.970	2.76	155.058	9.16
Indonesia	210.919	13.00	20.255	28.40	231.174	13.65
Italy	60.732	3.74	2.447	3.43	63.179	3.73
Japan	152.129	9.38	3.832	5.37	155.961	9.21
Korea, Rep. of	106.749	6.58	1.460	2.05	108.209	6.39
Malaysia	50.418	3.11	0.021	0.03	50.439	2.98
Netherlands	14.641	0.90	6.689	9.38	21.330	1.26
New Zealand	1.960	0.12	0.000	0.00	1.960	0.12
Norway	0.932	0.06	0.000	0.00	0.932	0.06
Pakistan	99.293	6.12	0.000	0.00	99.293	5.86
Papua New Guinea	1.342	0.08	0.519	0.73	1.861	0.11
Philippines	87.394	5.39	7.488	10.50	94.882	5.60
Singapore	28.647	1.77	0.000	0.00	28.647	1.69
Spain	0.677	0.04	0.000	0.00	0.677	0.04
Sweden	25.588	1.58	0.097	0.14	25.685	1.52
Switzerland	24.388	1.50	0.000	0.00	24.388	1.44
Taipei, China	21.949	1.35	0.524	0.73	22.473	1.33
Thailand	72.704	4.48	0.000	0.00	72.704	4.29
Turkey	1.641	0.10	0.000	0.00	1.641	0.10
United Kingdom	39.916	2.46	6.664	9.34	46.580	2.75
United States	135.324	8.34	1.867	2.62	137.191	8.10
Viet Nam, Soc. Rep. of	0.644	0.04	0.000	0.00	0.644	0.04
TOTAL	1,622.224	100.00	71.330	100.00	1,693.554	100.00

CONTRACTS AWARDED BY COUNTRY OF ORIGIN IN 1992
ASIAN DEVELOPMENT FUND

(amounts in \$ million)

Country	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Australia	21.202	2.27	4.737	12.88	25.939	2.67
Austria	4.220	0.45	0.000	0.00	4.220	0.43
Bangladesh	142.729	15.27	0.607	1.65	143.336	14.75
Belgium	0.972	0.10	0.000	0.00	0.972	0.10
Bhutan	0.538	0.06	0.010	0.03	0.548	0.06
Canada	5.413	0.58	2.126	5.78	7.539	0.78
China, People's Rep. of	18.347	1.96	0.000	0.00	18.347	1.89
Cook Islands	0.727	0.08	0.000	0.00	0.727	0.07
Denmark	8.123	0.87	0.000	0.00	8.123	0.84
Fiji	0.018	0.00	0.000	0.00	0.018	0.00
Finland	0.884	0.09	0.527	1.43	1.411	0.15
France	3.340	0.36	0.371	1.01	3.711	0.38
Germany	41.948	4.49	1.448	3.94	43.396	4.47
Hong Kong	11.727	1.25	0.000	0.00	11.727	1.21
India	13.299	1.42	0.164	0.45	13.463	1.39
Indonesia	51.380	5.50	7.049	19.17	58.429	6.01
Italy	6.128	0.66	2.634	7.16	8.762	0.90
Japan	48.560	5.19	0.000	0.00	48.560	5.00
Kiribati	0.534	0.06	0.000	0.00	0.534	0.05
Korea, Rep. of	24.613	2.63	0.000	0.00	24.613	2.53
Lao PDR	2.743	0.29	0.000	0.00	2.743	0.28
Malaysia	19.963	2.14	0.000	0.00	19.963	2.05
Myanmar	0.011	0.00	0.000	0.00	0.011	0.00
Nepal	20.818	2.23	0.014	0.04	20.832	2.14
Netherlands	14.506	1.55	0.551	1.50	15.057	1.55
New Zealand	1.126	0.12	0.215	0.58	1.341	0.14
Norway	0.181	0.02	0.000	0.00	0.181	0.02
Pakistan	145.482	15.56	0.659	1.79	146.141	15.04
Papua New Guinea	13.869	1.48	0.327	0.89	14.196	1.46
Philippines	71.792	7.68	1.870	5.09	73.662	7.58
Singapore	47.924	5.13	0.000	0.00	47.924	4.93
Solomon Islands	0.354	0.04	0.000	0.00	0.354	0.04
Spain	0.690	0.07	0.000	0.00	0.690	0.07
Sri Lanka	59.208	6.33	0.118	0.32	59.326	6.11
Sweden	4.808	0.51	1.775	4.83	6.583	0.68
Switzerland	7.809	0.84	5.718	15.55	13.527	1.39
Taipei, China	6.276	0.67	0.000	0.00	6.276	0.65
Thailand	5.548	0.59	0.000	0.00	5.548	0.57
Tonga	1.801	0.19	0.000	0.00	1.801	0.19
Turkey	6.136	0.66	0.000	0.00	6.136	0.63
United Kingdom	16.998	1.82	5.202	14.15	22.200	2.28
United States	57.790	6.18	0.648	1.76	58.438	6.01
Vanuatu	0.113	0.01	0.000	0.00	0.113	0.01
Viet Nam, Soc. Rep. of	24.238	2.59	0.000	0.00	24.238	2.49
Western Samoa	0.031	0.00	0.000	0.00	0.031	0.00
T O T A L	934.917	100.00	36.770	100.00	971.687	100.00

CONTRACTS AWARDED BY COUNTRY OF ORIGIN IN 1992
ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED

(amounts in \$ million)

Country	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Australia	51.010	1.99	6.551	6.06	57.561	2.16
Austria	8.351	0.33	2.634	2.44	10.985	0.41
Bangladesh	142.729	5.58	0.607	0.56	143.336	5.38
Belgium	10.995	0.43	0.000	0.00	10.995	0.41
Bhutan	0.538	0.02	0.010	0.01	0.548	0.02
Canada	21.268	0.83	9.395	8.69	30.663	1.15
China, People's Rep. of	153.180	5.99	0.000	0.00	153.180	5.75
Cook Islands	0.727	0.03	0.000	0.00	0.727	0.03
Denmark	13.603	0.53	2.412	2.23	16.015	0.60
Fiji	0.690	0.03	0.099	0.09	0.789	0.03
Finland	7.624	0.30	0.527	0.49	8.151	0.31
France	15.188	0.59	1.101	1.02	16.289	0.61
Germany	128.504	5.03	3.948	3.65	132.452	4.97
Hong Kong	36.930	1.44	0.039	0.04	36.969	1.39
India	166.387	6.51	2.134	1.97	168.521	6.32
Indonesia	262.299	10.26	27.304	25.26	289.603	10.87
Italy	66.860	2.61	5.081	4.70	71.941	2.70
Japan	200.689	7.85	3.832	3.54	204.521	7.67
Kiribati	0.534	0.02	0.000	0.00	0.534	0.02
Korea, Rep. of	131.362	5.14	1.460	1.35	132.822	4.98
Lao PDR	2.743	0.11	0.000	0.00	2.743	0.10
Malaysia	70.381	2.75	0.021	0.02	70.402	2.64
Myanmar	0.011	0.00	0.000	0.00	0.011	0.00
Nepal	20.818	0.81	0.014	0.01	20.832	0.78
Netherlands	29.147	1.14	7.240	6.70	36.387	1.37
New Zealand	3.086	0.12	0.215	0.20	3.301	0.12
Norway	1.113	0.04	0.000	0.00	1.113	0.04
Pakistan	244.775	9.57	0.659	0.61	245.434	9.21
Papua New Guinea	15.211	0.59	0.846	0.78	16.057	0.60
Philippines	159.186	6.23	9.358	8.66	168.544	6.32
Singapore	76.571	2.99	0.000	0.00	76.571	2.87
Solomon Islands	0.354	0.01	0.000	0.00	0.354	0.01
Spain	1.367	0.05	0.000	0.00	1.367	0.05
Sri Lanka	59.208	2.32	0.118	0.11	59.326	2.23
Sweden	30.396	1.19	1.872	1.73	32.268	1.21
Switzerland	32.197	1.26	5.718	5.29	37.915	1.42
Taipei, China	28.225	1.10	0.524	0.48	28.749	1.08
Thailand	78.252	3.06	0.000	0.00	78.252	2.94
Tonga	1.801	0.07	0.000	0.00	1.801	0.07
Turkey	7.777	0.30	0.000	0.00	7.777	0.29
United Kingdom	56.914	2.23	11.866	10.98	68.780	2.58
United States	193.114	7.55	2.515	2.33	195.629	7.34
Vanuatu	0.113	0.00	0.000	0.00	0.113	0.00
Viet Nam, Soc. Rep. of	24.882	0.97	0.000	0.00	24.882	0.93
Western Samoa	0.031	0.00	0.000	0.00	0.031	0.00
T O T A L	2,557.141	100.00	108.100	100.00	2,665.241	100.00

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF ORIGIN
 (As of 31 December 1992)

TECHNICAL ASSISTANCE OPERATIONS

(amounts in \$ million)

Country	Bank's Own Resources	% Distribution	Administered Trust Funds	% Distribution	Japan Special Fund	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	0.000	0.00	0.000	0.00	0.023	0.03	0.023	0.00
Australia	34.273	10.54	9.063	7.80	7.650	8.68	50.986	9.63
Austria	0.109	0.03	0.000	0.00	0.000	0.00	0.109	0.02
Bangladesh	1.515	0.47	0.722	0.62	0.492	0.56	2.729	0.52
Belgium	1.536	0.47	0.310	0.27	0.000	0.00	1.846	0.35
Bhutan	0.001	0.00	0.017	0.01	0.000	0.00	0.018	0.00
Canada	18.508	5.69	6.078	5.23	5.857	6.65	30.443	5.75
China, People's Rep. of	0.369	0.11	0.000	0.00	0.041	0.05	0.410	0.08
Cook Islands	0.002	0.00	0.000	0.00	0.000	0.00	0.002	0.00
Denmark	6.237	1.92	1.811	1.56	2.844	3.23	10.892	2.06
Fiji	0.201	0.06	0.000	0.00	0.000	0.00	0.201	0.04
Finland	2.092	0.64	4.042	3.48	0.215	0.24	6.349	1.20
France	6.718	2.07	11.250	9.68	2.686	3.05	20.654	3.90
Germany	6.608	2.03	3.243	2.79	4.789	5.44	14.640	2.76
Hong Kong	3.729	1.15	0.046	0.04	0.104	0.12	3.879	0.73
India	12.795	3.93	3.401	2.93	2.614	2.97	18.810	3.55
Indonesia	4.184	1.29	0.145	0.12	2.378	2.70	6.707	1.27
Italy	2.598	0.80	0.643	0.55	0.016	0.02	3.257	0.61
Japan	13.359	4.11	4.269	3.67	3.293	3.74	20.921	3.95
Korea, Rep. of	3.432	1.06	1.016	0.87	2.091	2.37	6.539	1.23
Lao PDR	0.042	0.01	0.000	0.00	0.000	0.00	0.042	0.01
Malaysia	2.910	0.89	0.060	0.05	1.327	1.51	4.297	0.81
Mongolia	0.009	0.00	0.000	0.00	0.000	0.00	0.009	0.00
Myanmar	0.049	0.02	0.000	0.00	0.000	0.00	0.049	0.01
Nepal	1.701	0.52	0.666	0.57	0.268	0.30	2.635	0.50
Netherlands	7.822	2.40	2.026	1.74	3.381	3.84	18.229	2.50
New Zealand	17.396	5.35	2.261	1.94	6.854	7.78	26.511	5.01
Norway	1.343	0.41	2.396	2.06	0.023	0.03	3.762	0.71
Pakistan	2.852	0.88	0.050	0.04	0.098	0.11	3.000	0.57
Papua New Guinea	0.344	0.11	0.000	0.00	0.000	0.00	0.344	0.06
Philippines	17.348	5.33	6.602	5.68	2.195	2.49	26.145	4.94
Singapore	4.585	1.41	0.000	0.00	0.064	0.07	4.649	0.88
Solomon Islands	0.012	0.00	0.000	0.00	0.000	0.00	0.012	0.00
Spain	0.000	0.00	1.241	1.07	0.000	0.00	1.241	0.23
Sri Lanka	2.306	0.71	0.908	0.78	0.224	0.25	3.438	0.65
Sweden	2.467	0.76	0.613	0.53	0.704	0.80	3.784	0.71
Switzerland	3.748	1.15	3.605	3.10	3.104	3.52	10.457	1.97
Taipei, China	0.403	0.12	0.068	0.06	1.972	2.24	2.443	0.46
Thailand	2.850	0.88	0.392	0.34	1.367	1.55	4.609	0.87
Tonga	0.198	0.06	0.000	0.00	0.000	0.00	0.193	0.04
Turkey	0.015	0.00	0.000	0.00	0.000	0.00	0.015	0.00
United Kingdom	52.455	16.13	22.404	19.27	15.093	17.13	89.952	16.98
United States	62.220	19.13	22.844	19.65	15.643	17.76	100.707	19.01
Vanuatu	0.167	0.05	0.000	0.00	0.000	0.00	0.167	0.03
Viet Nam, Soc. Rep. of	0.049	0.02	0.000	0.00	0.000	0.00	0.049	0.01
Western Samoa	0.293	0.09	0.000	0.00	0.090	0.10	0.383	0.07
International Organizations	23.424	7.20	4.067	3.50	0.602	0.68	28.093	5.30
T O T A L	325.269	100.00	116.259	100.00	88.102	100.00	529.630	100.00

CONTRACTS AWARDED BY COUNTRY OF ORIGIN, 1990-1992
TECHNICAL ASSISTANCE OPERATIONS

(amounts in \$ million)

Country	1990		1991		1992	
	Value	Percent	Value	Percent	Value	Percent
Afghanistan	0.000	0.00	0.000	0.00	0.023	0.03
Australia	3.971	6.76	10.230	11.53	9.646	12.71
Austria	-0.005	-0.01	0.000	0.00	0.000	0.00
Bangladesh	0.280	0.48	0.387	0.44	0.755	0.99
Belgium	0.095	0.16	0.284	0.32	0.065	0.09
Bhutan	0.000	0.00	0.000	0.00	0.001	0.00
Cambodia	0.000	0.00	0.000	0.00	0.000	0.00
Canada	4.423	7.53	5.059	5.70	2.907	3.83
China, People's Rep. of	0.191	0.33	1.298	1.46	-1.153	-1.52
Cook Islands	0.000	0.00	0.000	0.00	0.000	0.00
Denmark	1.393	2.37	2.365	2.67	1.498	1.97
Fiji	0.002	0.00	0.037	0.04	0.001	0.00
Finland	0.369	0.63	1.198	1.35	0.044	0.06
France	3.494	5.95	-0.250	-0.28	4.779	6.30
Germany	1.016	1.73	1.611	1.82	1.850	2.44
Hong Kong	0.343	0.58	1.376	1.55	1.111	1.46
India	1.080	1.84	2.344	2.64	2.055	2.71
Indonesia	0.099	0.17	2.138	2.41	2.662	3.51
Italy	-0.023	-0.04	0.150	0.17	-0.005	-0.01
Japan	0.197	0.34	4.107	4.63	1.496	1.97
Kiribati	0.000	0.00	0.000	0.00	0.000	0.00
Korea, Rep. of	0.937	1.60	0.538	0.61	2.288	3.01
Lao PDR	0.023	0.04	0.025	0.03	-0.006	-0.01
Malaysia	0.871	1.48	1.208	1.36	0.876	1.15
Maldives	0.000	0.00	0.000	0.00	0.000	0.00
Mongolia	0.000	0.00	0.011	0.01	-0.002	0.00
Myanmar	0.024	0.04	0.005	0.01	-0.001	0.00
Nepal	0.822	1.40	0.224	0.25	0.735	0.97
Netherlands	1.519	2.59	1.785	2.01	1.923	2.53
New Zealand	4.714	8.03	5.662	6.38	1.447	1.91
Norway	0.031	0.05	0.192	0.22	0.015	0.02
Pakistan	0.340	0.58	0.425	0.48	0.201	0.26
Papua New Guinea	0.002	0.00	0.004	0.00	0.045	0.06
Philippines	2.345	3.99	2.727	3.07	3.345	4.41
Singapore	0.084	0.14	1.508	1.70	0.866	1.14
Solomon Islands	0.000	0.00	0.000	0.00	0.000	0.00
Spain	0.000	0.00	1.241	1.40	0.000	0.00
Sri Lanka	0.466	0.79	0.696	0.78	0.753	0.99
Sweden	0.352	0.60	0.281	0.32	0.606	0.80
Switzerland	2.342	3.99	1.131	1.28	1.506	1.98
Taipei, China	0.089	0.15	-0.010	-0.01	1.963	2.59
Thailand	1.332	2.27	1.339	1.51	-0.074	-0.10
Tonga	0.164	0.28	0.000	0.00	0.000	0.00
Turkey	0.000	0.00	0.000	0.00	0.015	0.02
United Kingdom	12.276	20.91	14.167	15.97	13.450	17.72
United States	12.162	20.71	13.916	15.69	14.597	19.23
Vanuatu	0.152	0.26	0.001	0.00	0.000	0.00
Viet Nam, Soc. Rep. of	0.031	0.05	0.000	0.00	-0.002	0.00
Western Samoa	0.043	0.07	0.097	0.11	0.153	0.20
International Organizations	0.672	1.14	9.195	10.37	3.471	4.57
TOTAL	58.718	100.00	88.702	100.00	75.905	100.00

Note: Negative figures indicate that there was a decrease in the total value of contracts awarded during the period due to any combination of: (i) change in currency exchange rates; (ii) cancellation of contract; and (iii) reduction of contract amount.

GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS, 1992
 (amount in \$ thousand)

Country/Project	Project Preparatory	Advisory & Operational
AFGHANISTAN		
Assessment of Transport, Communication and Irrigation Rehabilitation Priorities		100.0
BANGLADESH		
Second Northwest Rural Development	99.8	—
Second Coastal Embankment Rehabilitation (Supplementary)	192.0 ^a	—
Preparation of the Railway Recovery Program	100.0	—
Second Water Supply and Sanitation	495.0 ^a	—
Industrial Pollution Control Management	600.0 ^a	—
Tree and Palm Plantation Project in Cyclone-Prone Areas	340.0 ^b	—
Command Area Development	441.0 ^a	—
Small-Scale Water Resources Development	500.0 ^a	—
Strengthening of Institutional Framework for Restructuring of Public Manufacturing Enterprises	—	400.0
Improvement of Labor Productivity in Public Manufacturing Enterprises	—	325.0
Implementation of Privatization Program for Public Manufacturing Enterprises	—	446.0
Development of Revised Standard Minimum Model-X	—	97.0
Assessment of the Role and Impact of NGOs	—	99.5 ^c
Housing Sector Institutional Strengthening	—	600.0
Organizational Reform of the Bangladesh Railway	—	1,500.0 ^a
Workshop on Build-Own-Operate and Build-Operate-Transfer Models	—	95.0
O & M Strengthening of the Second Bhola Irrigation Project	—	790.0 ^a
Review of Electricity Legislation and Regulations	—	90.0
Strengthening the Local Government Engineering Department's Management Capability	—	740.0 ^a
Institutional Strengthening of the Bangladesh Rural Development Board	—	600.0
Study on Privatization of Minor Irrigation	—	548.0
BHUTAN		
Western Watershed Conservation and Management	300.0 ^d	—
Road Project	250.0	—
Capital Market and Stock Exchange Center Development	224.3	—
Power Sector Institutional and Financial Development	—	500.0 ^b
External Resource Management System	—	100.0
CAMBODIA		
Strengthening Macroeconomic Management	—	3,855.2 ^e
Project Management Coordination, and Project Implementation in the Power and Education Sectors	—	4,200.0 ^a
Seminar on Bank's Operational Policies and Procedures	—	26.0
CHINA, PEOPLE'S REPUBLIC OF		
Hefei-Jiujiang Railway	100.0	—
Shenyang-Benxi Highway	100.0	—
Telecommunications	215.0	—
Jilin Province Highway Network Study	600.0 ^a	—
Changsha-Xiangtan Expressway	100.0	—
Hunan Lingjintan Hydro Power	99.8 ^a	—
Yunnan-Simao Forestry Development and Pulp Mill	395.0 ^a	—
Ping Hu Gas Development	600.0	—

a To be financed from JSF.

b To be financed by the Government of Norway with the Bank acting as Executing Agency.

c To be financed by the Government of Netherlands with the Bank acting as Executing Agency.

d To be financed from JSF. In addition, FAO will contribute \$129,000 under a cost-sharing arrangement.

e Of this amount, \$1,440,200 is to be financed by UNDP with the Bank acting as Executing Agency.

Country/Project	Project Preparatory	Advisory & Operational
CHINA, PEOPLE'S REPUBLIC OF (cont'd.)		
Tangshan and Chengde Environmental Improvement	100.0	—
Supporting Development Research Center of the State Council	—	568.0
Supporting Policy Analysis in the Ministry of Finance	—	599.0
Economic Seminar on the Northwestern Region	—	100.0
Design Review of the Yangpu Bridge (Supplementary)	—	416.0
Institutional Strengthening of Guangdong Guang-Mei-Shan Railway Company	—	250.0
Institutional Strengthening of Guangdong Planning Commission	—	250.0
Institutional Strengthening for Highway Operation and Management Improvement	—	500.0
Beijing Region Water Resources Management	—	256.0
Upgrading of Agricultural Information Services	—	600.0
Restructuring of Laiwu Iron and Steel Company	—	725.0
Policy Studies and Institutional Strengthening for the Ministry of Agriculture	—	800.0
Establishment of a National Securities Trading System	—	100.0
Assessment of Industrial Sector Reforms	—	100.0
Fertilizer Sector Review	—	98.0
National Response Strategy for Global Climate Change	—	600.0 ^a
Fishery and Coastal Marine Resources Management and Development in the East China Sea	—	595.0
Training in the Establishment and Management of Forest Plantations	—	560.0
Management of Energy Conservation Program	—	600.0 ^a
Institutional Development of China Leasing Co., Ltd. and China Science and Technology Finance Corporation	—	600.0
Tertiary Sector Economic Reform Policies and Redevelopment Planning for the Huai-Hai Road Area	—	600.0
Comprehensive Toxic and Hazardous Chemicals Transport Management Plan in Huang Pu River Basin	—	600.0 ^a
Institutional Strengthening of the Qingdao Environmental Promotion Bureau	—	600.0
Institutional Development of People's Bank of China II	—	100.0
Haihe Basin Environmental Management and Planning Study	—	1,240.0 ^a
FIJI		
National Transport Sector Master Plan	—	400.0
Road Safety and Traffic Management	—	150.0
Preparation of Operational Strategies and a Corporate Plan for the Fiji Development Bank	—	130.0
INDIA		
Third Road	250.0	—
Natural Gas Rehabilitation and Expansion	100.0	—
Promotion of Private Sector Investment in Downstream Activities	—	400.0
Examination of Public Sector Oil Refining, Distribution and Marketing Activities	—	200.0
Safety and Environmental Management of ONGC's Activities	—	890.0
Assessment of National Renewal Fund	—	99.0 ^b
Training Workshop on Environmental Issues Related to Electric Power Generation	—	100.0
Planning and Management Advisory Services to Paradip Port Trust	—	600.0 ^a
Study on Development and Implementation of MOST's Strategies for Deregulation and Policy Changes	—	670.0
Bulk Power and Transmission Tariffs and Transmission Regulations Study	—	600.0 ^a
Institutional Strengthening of the ICICI and Other Financing Institutions	—	600.0 ^a

^a To be financed from JSF.^b To be financed by the Government of Netherlands with the Bank acting as Executing Agency.

Country/Project	Project Preparatory	Advisory & Operational
INDONESIA		
East Indonesia Airports	100.0	—
Tenth Port	100.0	—
Outer Islands Universities	465.0 ^a	—
A BADEPAL Regional Network	600.0 ^a	—
Third Vocational Education	450.0 ^a	—
Forestry Sector	700.0 ^a	—
Fisherles Sector	600.0 ^a	—
Water Supply and Sanitation Sector for Low-Income Groups	600.0 ^a	—
Integrated Water Resources Development of Flores Island	850.0 ^a	—
Review of the Banking System	100.0	—
Review of the Manufacturing Export Sector	100.0	—
Second Surabaya Institute of Technology	78.0	—
Improvement of Farmer-Managed Irrigation Systems	—	950.0 ^a
Integrated National Telecommunication Strategic Development Plan and East Indonesia Strategic Master Plan	—	1,500.0 ^a
Environmental Planning and Management for Coal-Fired Power Plants	—	200.0 ^a
Institutional Support to Water Supply Enterprises	—	600.0 ^b
Study on Monitoring the Impact of Policy Changes and Investment of the Tree Crop Sector	—	450.0
Institutional Strengthening for Biodiversity Conservation	—	600.0 ^c
Study on Shrimp Health Management and Disease Control	—	400.0
Impact Evaluation Study in the Education Sector	—	100.0
Study on Private Post-Secondary Education	—	425.0
KIRIBATI		
Commercialization and Privatization of Public Enterprises	—	589.0
Technical Assistance to Ministry of Finance and Economic Planning	—	100.0
LAO PEOPLE'S DEMOCRATIC REPUBLIC		
Preparation of the Sixth Road Improvement	100.0	—
Preparatory Study for a Pilot Micro-Credit and Training Project	100.0	—
Civil Aviation Master Plan	100.0	—
National Integrated Extension and Research Program	410.0	—
Human Resource Planning	—	185.0
Institutional Development and Strengthening of the Ministry of Agriculture and Forests	—	1,290.0 ^d
Institutional Support to Nam Papa Lao	—	210.0
Encouraging Private Sector Education	—	74.0
Strengthening and Restructuring Irrigation Development	—	2,193.0
Domestic Financing Mechanisms for Privatization	—	100.0
Nam Ngum-Luang Prabang Power Transmission (Part C) (Supplementary)	—	1,034.0 ^e
Commercial Bank Training	—	580.0 ^a
Strengthening Industrial Waste Management Capability of the Ministry of Industry and Handicraft	—	300.0 ^a
MALAYSIA		
Flora and Fauna Inventory on the East-West Highway (Western Section)	100.0	—
Pahang Barat Integrated Agricultural Development Project 2	100.0	—
Economic and Environmental Study of the Kuala Kangsar-Grik Road	230.0	—

a To be financed from JSF.

b To be financed by the Government of France with the Bank acting as Executing Agency.

c To be financed by the Government of Norway with the Bank acting as Executing Agency.

d Of this amount, \$600,000 is to be financed from JSF.

e To be financed by the Government of Switzerland with the Bank acting as Executing Agency.

CONTINUED

Country/Project	Project Preparatory	Advisory & Operational
MALAYSIA (cont'd.)		
National Health Plan Study (Supplementary)	—	200.0
National Coastal Resources Management Policy	—	100.0
Capital Market Development	—	250.0
Agriculture Sector Planning and Policy Analysis	—	500.0
MALDIVES		
Second Male Port	250.0	—
Feasibility Study of Establishing a Long-Term Credit Bank in Maldives	—	95.0
Perspective Plan 2000	—	600.0
MARSHALL ISLANDS		
Health and Population	250.0 ^a	—
Majuro Water Supply	100.0	—
Institutional Strengthening of the Office of Planning and Statistics	—	1,106.0
Institutional Strengthening of the Environmental Protection Authority	—	300.0 ^b
Institutional Strengthening of the Ministry of Finance	—	350.0
MICRONESIA, FEDERATED STATES OF		
Financial Resources Management	—	408.0
Power Sector Development	—	350.0 ^a
MONGOLIA		
Ulaanbaatar Airport Feasibility Study	600.0	—
Telecommunications Development	600.0 ^b	—
Livestock Feeds Improvement	410.9	—
Egiin Hydropower	1,400.0 ^b	—
Institutional Support to the Mongol Bank	—	100.0
Seminar on Bank's Operational Policies and Procedures	—	40.0
Agricultural Processing, Storage and Distribution	400.0 ^b	—
Energy, Audit, Efficiency and Conservation Study	—	407.5 ^b
Strengthening Environmental Assessment Procedures	—	370.0
Human Resource Development and Education Reform	—	535.0
Strengthening of Statistical Services and Systems	—	500.0
Road Master Plan and Feasibility Study	600.0 ^b	—
NEPAL		
Third Road Improvement	100.0	—
Kali Gandaki "A" Hydroelectric	2,000.0 ^c	—
Industrial Sector Program	187.0	—
Study on the Macro Impact of Energy Projects	—	98.0
Enhancement of Project Implementation Efficiency	—	366.0
Tourism Development Study	—	295.0
Environmental Protection Study of Phewa Lake	—	440.0
Strategic Planning for the DWSS	—	280.0
Primary Education Development	—	1,400.0 ^a
Capital Market Development	—	186.7

a To be financed by the Government of Norway with the Bank acting as Executing Agency.

b To be financed from JSF.

c Of this amount, \$1,000,000 is to be financed by UNDP and \$1,000,000 by the Government of Finland with the Bank acting as Executing Agency.

Country/Project	Project Preparatory	Advisory & Operational
PAKISTAN		
Lower Secondary Education	300.0 ^a	—
Pehur High-Level Canal	745.0 ^a	—
Cholistan Development	350.0 ^b	—
Second Industrial Sector Program Loan	100.0	—
Third Farm-to-Market Roads	250.0 ^c	—
Second Highways	250.0 ^c	—
Third Urban Development	600.0 ^c	—
Punjab Rural Water Supply Sector	490.0 ^c	—
Punjab Irrigation Water Conservation (Sector)	600.0 ^c	—
Third Punjab On-Farm Water Management	99.8	—
Water Supply and Sanitation Authority for Rawalpindi	—	100.0
Power Generation and Coordination Improvement and Tariff Training	—	585.0
KESC Organizational and Restructuring Study	—	75.0
Oil Terminal	—	96.0
PAPUA NEW GUINEA		
Collingwood Bay and Kokoda Smallholder Development	250.0	—
Institutional Strengthening of the Department of Transport	—	750.0
Institutional Strengthening of Agriculture Bank of PNG	—	582.0
Institutional Strengthening of the Waterboard	—	400.0
Institutional Strengthening of the Women's Division of the Department of Home Affairs and Youth	—	575.0 ^c
PHILIPPINES		
Vehicular Emission Control in Metro Manila	100.0	—
Buendon Integrated Area Development	100.0	—
Strengthening Post-Evaluation Capability of NEDA	—	100.0
Institutional Strengthening of the Securities and Exchange Commission	—	589.0
Stockmarket Development	—	585.0
Seasonal Adjustment of Time Series Data	—	99.0
Study of the Establishment of Small-Scale Community-Based Forest Industries	—	247.0
Monitoring and Evaluation of Sector Investment Activities	—	490.0
Institutional Strengthening of Cooperatives	—	1,400.0 ^a
Improving Health Services in Local Government Units	—	100.0
Development of a Gender-Disaggregated Data Base System	—	220.0 ^c
Subic Bay Area Urban Development	—	600.0
NGO Development Program and Institutional Strengthening of DTI	—	1,800.0 ^d
SOLOMON ISLANDS		
Upgrading the Solomon Islands Ports Authority Information System	—	100.0
Institutional Strengthening of the Office of the Auditor General (Supplementary)	—	128.5
SRI LANKA		
Second Technical Education	—	670.0 ^e
Monitoring and Evaluation of Participatory Irrigation System Management Policy	—	595.0
Institutional Strengthening of the Northwestern Provincial Council	—	400.0
Pigeonpea Intercropping and Diversification Study	—	350.0
Study on Policy Impact of Agricultural Program Loan	—	98.0

a Of this amount, \$600,000 is to be financed from JSF and \$800,000 by the Government of Norway with the Bank acting as Executing Agency.

b To be financed from JSF. In addition, FAO will contribute \$150,000 under a cost-sharing arrangement.

c To be financed from JSF.

d To be financed by the Government of Netherlands with the Bank acting as Executing Agency.

e To be financed by UNDP with the Bank acting as Executing Agency.

Country/Project	Project Preparatory	Advisory & Operational
SRI LANKA (cont'd.)		
Institutional Strengthening of the Forest Department	—	822.0
Rationalization of Fishery Harbor and Other Charges	—	560.0
Urban Land Management	—	290.0
Management Information System and Health Insurance Study	—	425.0
THAILAND		
Small Towns Water Supply	585.0 ^a	—
Environmental Rehabilitation	350.0 ^a	—
Western Bangkok Distributor Road Development	250.0 ^a	—
Accounting and Financing System Expansion	—	500.0
Privatization Strategies for MEA	—	150.0
Assessment of PTT's Business Strategies and Privatization Program	—	450.0 ^a
Study on Environmental Standards and Regulations for Hydrocarbon Exploration and Development	—	250.0 ^a
Strengthening of Post-Evaluation Capability of the Office of the Auditor General	—	100.0
Establishment of Environment Unit in PWD	—	250.0 ^a
Institution Building for Energy Conservation	—	100.0 ^b
TONGA		
Privatization of the Commodities Board (Supplementary)	—	55.5
Review of the Operations of the Ministry of Finance	—	100.0
Review of the Operations of MAF	—	75.0
Establishment of an Information Center in the Ministry of Labour, Commerce and Industries	—	60.0
VANUATU		
Feasibility Study of Construction of Copra and Cocoa Storage Facilities at Santo Wharf	85.0 ^c	—
Improving Domestic Revenue Management	—	250.0
Strengthening the National Planning and Statistics Office in Aid Administration	—	270.0
WESTERN SAMOA		
Monitoring and Management of Cyclone Rehabilitation Program	—	350.0
T O T A L	24,487.5	69,356.9

a To be financed from JSF.

b To be financed by the Government of Netherlands with the Bank acting as Executing Agency.

c To be financed by the Government of Switzerland with the Bank acting as Executing Agency.

1992 LOANS THAT RESULTED FROM EARLIER BANK TECHNICAL ASSISTANCE
 (amounts in \$ million)

Country/Project	Year of T/A Approval	Amount of T/A	Total Project Cost	Amount of Bank Financing			Amount of Co-Financing	Amount of Financing by Borrower
				OCR	ADF	Total		
BANGLADESH								
Second Bhola Irrigation	1990	0.250	48.03	—	39.80	39.80	—	5.90
Bangladesh Open University	1989	0.250 ^a	43.00	—	34.30	34.30	—	8.70
Secondary Towns Integrated Flood Protection	1990	0.600 ^a	70.00	—	55.00	55.00	—	13.47
Rural Poor Cooperative	1992	0.100	37.38	—	30.00	30.00	—	4.08
Second Rural Infrastructure Development	1990	0.240	104.20	—	83.40	83.40	1.34	20.20
CHINA, PEOPLE'S REP. OF								
Laiwu Iron and Steel Mill Modernization and Expansion	1987	0.227	328.00	133.00	—	133.00	88.00	—
Guang-Mei-Shan Railway	1991	0.100	533.00	200.00	—	200.00	—	—
Shenyang-Benxi Highway	1992	0.100	166.00	50.00	—	50.00	—	116.00
Guangdong Tropical Crops Development	1991	0.420a	109.70	55.00	—	55.00	—	—
Industrial Energy Conservation and Environment Improvement	1988	0.830 ^b	233.70	107.00	—	107.00	—	—
1991	0.100							
Shanghai Yangpu Bridge	1991	0.100 ^c (0.516)	250.00	85.00	—	85.00	79.00	—
Qingdao Environmental Improvement	1991	0.100	219.00	103.00	—	103.00	—	—
FIJI								
Second Road Upgrading	1989	0.250	78.00	18.00	—	18.00	21.50	38.50
INDONESIA								
Telecommunication	1990	0.600	318.40	185.00	—	185.00	44.90	—
Water Pollution Control	1988	0.590 ^a	14.00	8.40	—	8.40	—	5.60
Upland Farmer Development	1990	0.560 ^a	50.00	—	30.00	30.00	—	20.00
Smallholder Tree Crop Processing	1990	0.500 ^a	125.27	75.00	—	75.00	12.10	28.20
Biodiversity Conservation in Flores and Siberut	1990	0.597 ^a	40.80	—	24.50	24.50	—	16.30
Junior Secondary Education	1991	0.571 ^a	174.93	105.00	—	105.00	—	69.93
Central Java and D.I. Yogyakarta Urban Development (Sector)	1990	0.600 ^a	250.00	150.00	—	150.00	—	75.50
Marine Resource Evaluation and Planning	1990	0.480 ^a	56.00	33.00	—	33.00	—	23.00
Second Financial Sector Program	1990	0.085	625.0	250.0	—	250.0	—	—
1990	0.085							
1991	0.300							
LAO PDR								
Rehabilitation and Upgrading of Vientiane Water Supply	1991	0.100	31.192	—	9.50	9.50	19.30	—
Nam Song Hydropower Development	1989	0.500	36.700	—	31.50	31.50	—	—
1991	1.300 ^a							
MALAYSIA								
Rehabilitation and Upgrading of Water Supply Systems Sector	1991	0.597 ^c	208.00	105.00	—	105.00	—	103.00

a Financed from JSF.

b Of this amount, \$412,000 was financed by JSF and \$418,000 by UNDP.

c Financed by the Government of France.

Country/Project	Year of T/A Approval	Amount of T/A	Total Project Cost	Amount of Bank Financing			Amount of Co-Financing	Amount of Financing by Borrower
				OCR	ADF	Total		
NEPAL								
Tourism Infrastructure Development	1989)	0.460	14.60	—	10.40	10.40	3.02	1.18
	1990)	0.100						
Third Water Supply and Sanitation Sector	1991	0.080	25.00	—	20.00	20.00	—	3.10
Secondary Education Development	1990	0.300 ^a	15.80	—	12.60	12.60	4.00	3.20
PAKISTAN								
North-West Frontier Province								
Barani Area Development	1990	0.460 ^a	41.00	—	32.80	32.80	—	7.20
Provincial Highways	1988	0.250 ^a	207.00	—	165.40	165.40	5.40	41.10
Health Care Development	1990	0.100 ^a	77.40	—	60.00	60.00	—	17.40
Teacher Training	1990	0.260 ^b	71.30	—	52.10	52.10	—	19.20
PAPUA NEW GUINEA								
Transport Infrastructure Development	1984)	0.240	97.00	39.00	30.00	69.00	—	25.45
	1988)	0.350 ^a						
Third Urban Water Supply	1990	0.587 ^a	21.10	11.30	—	11.30	6.70	3.10
PHILIPPINES								
Small Farmers Credit	1991	0.043	131.70	75.00	—	75.00	—	35.00
Umiray-Angat Transbasin Technical Assistance	1990	1.267 ^a	2.93	2.60	—	2.60	—	0.33
SRI LANKA								
North Western Province Water Resources Development	1990	0.400	40.00	—	30.00	30.00	—	8.20
Participatory Forestry	1989	0.350 ^a	25.00	—	10.50	10.50	6.30	1.40
Second Health and Population	1990	0.100 ^a	33.30	—	26.10	26.10	—	7.20
Fisheries Sector	1987	0.175						
	1990	0.200	33.00	—	26.00	26.00	—	4.10
Urban Development Sector	1991	0.600 ^a	36.00	—	27.00	27.00	—	7.50
THAILAND								
Fifth Highway (Sector)	1990	0.560	177.00	93.00	—	93.00	302.50	84.00
TOTAL		18.530	5,199.4	1,883.3	840.90	2,724.2	594.06	817.04

a Financed from JSF.

b Of this amount, \$250,000 is financed by JSF and \$10,000 by the Government of Norway.

REGIONAL TECHNICAL ASSISTANCE ACTIVITIES, 1992

Project	Amount (\$ thousand)
Co-Financing the ITTO Workshop to Explore Options for Global Forest Management	100.0
Training Course on Project Supervision for DFIs in the Pacific Region	365.0
International Comparison Program Phase VI (ICP VI)	135.0
Regional Workshop on Sustainable Agricultural Development	200.0
1992 ADB/APO Joint Collaboration Program	107.0
Capital Market Conference	90.0
Study of Securities Market Regulation and Supervision in Bank DMCs	400.1
National Level Geographic Information Systems for Environmental Planning and Management	100.0
Critical Issues and Policy Measures to Address Urban Poverty	500.0 ^a
Power Generation Expansion Planning Course	90.0
Hindu Kush Himalaya Environmental Geographic Information System Network	595.0
1992 Special Secondment Scheme with the Bank	140.0
1992 Seminars on Project Implementation Management and Procurement	500.0
A Conference on South Asia as a Dynamic Partner	71.0
Second Training in Regulation and Development of Emerging Capital Markets in DMCs	100.0
Educational Research Support Program	250.0
Studies on Subregional Cooperation Among the Countries in Indochina, Myanmar, the People's Bank of China and Thailand (Phase I)	270.0
Preparation of a Water Utilities Data Book for the Asian and Pacific Region	135.0
Tracer and Re-Evaluation Studies	100.0
Second Seminars on Monetary and Fiscal Policy Issues at DMC Capitals	190.0 ^b
Regional Study of Financing Mechanisms for DMC Environmental Programs and Projects	500.0 ^b
Second ADB-NGO Consultative Meeting on Environmental and Natural Resource Management	99.5
Loan Disbursement Seminars	94.1
Second Training Seminar on International Finance	76.0 ^b
First ADB Conference on Development Economics	150.0
Regional Workshop on Banking with the Poor	15.0
Promotion of Privatization in DMCs	352.5
Macroeconomic, Sector and Policy Analyses in the South Pacific	495.0
ADB Development Round Table on Foreign Investment in the Asian and Pacific Region	130.0
20th Pacific Trade and Development Conference	20.0
Fifth Workshop on Asian Economic Outlook	110.0
Estimating Shadow Prices for Project Appraisal	200.0
Growth Triangles in Asia	73.5
Review of Industrial Adjustment Policies and Implementation	400.0
Regional Seminar on Policies and Strategies for Livestock Development	220.0
A Study of a Framework for Assessing the Social Impact of Program Loans	250.0
Managing Water Resources to Meet Mega City Needs	500.0
Education of Women in Asia	500.0 ^b
Legal Training Development in Law	600.0 ^b
Technical Assistance to IRRI for the Establishment of the Asian Rice Biotechnology Research Network	900.0
Collaborative Vegetable Research Program for Southeast Asia (Phase II)	600.0
Technical Assistance to CAB International for Integrated Pest Management in Cotton	760.0
Regional Study on Solar Power	97.0
Fifth ADB Round Table on Development Strategies	150.0
Symposium on "Population Policy and Economic Development: Lessons of Experience"	95.0 ^b
Economic Assessment of Environmental Impacts	600.0 ^b
Training Program on Taxation for Policymakers in DMCs	27.9 ^b
Association of Development Finance Institutions in the Pacific (ADFIP) Preparation of a Master Plan for 1993-1996	95.0
Third Symposium on Tax Policy and Reforms in the Asia-Pacific Region	85.0 ^b
1993-1994 Business Opportunities Seminar	400.0
1993 ADB/Asian Productivity Organization Program	116.4
Study on Financial Sector Policies of Selected DMCs	590.0 ^b
TOTAL	13,739.9

a Of this amount \$230,000 is to be financed by the Government of Netherlands with the Bank acting as Executing Agency.

b To be financed from JSF.

GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS BY SECTOR, 1991, 1992, 1967-1992^a
 (amounts in \$ thousand)

Sector	1991			1992			1967-1992^b		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
Agriculture and Agro-Industry	53	34,631.50	38.07	49	26,619.45	28.37	686	258,033.32	42.13
Energy	20	8,525.00	9.37	25	11,779.25	12.55	205	72,935.85	11.91
Industry and Non-Fuel Minerals	6	2,198.00	2.42	10	3,437.00	3.66	81	19,901.20	3.25
Finance	19	5,550.90	6.10	18	5,412.45	5.77	143	33,092.95	5.40
Transport and Communications	23	10,400.00	11.43	37	12,877.00	13.72	236	76,635.55	12.51
Social Infrastructure	40	20,784.00	22.85	32	13,703.00	14.60	297	96,050.97	15.68
Multisector	1	50.00	0.06	1	4,200.00	4.48	17	7,224.00	1.18
Others	19	8,821.80	9.70	41	15,816.20	16.85	134	48,646.10	7.94
TOTAL	181	90,961.20	100.00	213	93,844.35	100.00	1,799	612,519.94	100.00

a Excluding technical assistance-financed loans which are included in the Bank's loan data, and regional technical assistance.

b Cumulative data are adjusted to exclude TAs withdrawn by governments.

**GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS BY COUNTRY AND REGIONAL ACTIVITIES,^a
1991, 1992, 1967-1992
(amounts in \$ thousand)**

Country	No.	1991				1992		
		Bank Financing	JSF Financing	Other Sources	Total	%	No.	Bank Financing
Afghanistan	—	—	—	—	—	—	1	100.00
Bangladesh	9	810.00	4,095.00	4,537.00	9,442.00	8.99	21	3,400.75
Bhutan	4	1,061.40	600.00	—	1,661.40	1.58	5	574.25
Cambodia	—	—	—	—	—	—	3	2,441.00
China, People's Rep. of	30	10,217.00	3,609.00	600.00	14,426.00	13.74	33	9,632.00
Cook Islands	1	292.00	—	—	292.00	0.28	—	—
Fiji	—	—	—	—	—	—	3	680.00
India	6	1,105.00	1,610.00	—	2,715.00	2.59	11	2,610.00
Indonesia	29	7,678.00	6,859.00	3,450.00	17,987.00	17.13	21	1,853.00
Kiribati	1	300.00	—	—	300.00	0.29	2	689.00
Korea, Rep. of	—	—	—	—	—	—	—	—
Lao PDR	10	2,450.00	1,720.00	2,250.00	6,420.00	6.11	13	4,162.00
Malaysia	6	923.00	680.00	997.00	2,600.00	2.48	7	1,480.00
Maldives	2	450.00	500.00	—	950.00	0.90	3	945.00
Marshall Islands	2	326.00	300.00	—	626.00	0.60	5	1,556.00
Micronesia, Fed. States of	1	—	450.00	—	450.00	0.43	2	408.00
Mongolia	4	442.80	635.00	—	1,077.80	1.03	12	2,020.90
Myanmar	—	—	—	—	—	—	—	—
Nepal	12	2,807.00	30.00	—	2,837.00	2.70	10	1,952.70
Pakistan	11	2,480.00	2,750.00	1,469.00	6,699.00	6.38	14	1,055.80
Papua New Guinea	7	1,610.00	436.00	—	2,046.00	1.95	5	1,982.00
Philippines	17	2,678.50	2,771.00	5,520.00	10,969.50	10.45	13	3,010.00
Singapore	—	—	—	—	—	—	—	—
Solomon Islands	1	263.00	—	—	263.00	0.25	2	228.50
Sri Lanka	16	4,247.00	600.00	250.00	5,097.00	4.85	9	3,540.00
Taipei, China	—	—	—	—	—	—	—	—
Thailand	2	820.00	—	—	820.00	0.78	10	750.00
Tonga	5	1,265.00	206.00	—	1,471.00	1.40	4	290.50
Vanuatu	2	1,175.00	—	—	1,175.00	1.12	3	520.00
Viet Nam, Soc. Rep. of	—	—	—	—	—	—	—	—
Western Samoa	3	316.50	320.00	—	636.50	0.61	1	350.00
Sub-Total	181	43,717.20	28,171.00	19,073.00	90,961.20	86.63	213	46,231.40
Regional	57	10,213.00	2,740.10	1,090.00	14,043.10	13.37	52	10,246.02
T O T A L	238	53,930.20	30,911.10	20,163.00	105,004.30	100.00	265	56,477.42

a Excluding technical assistance financed under loans, which are included in the Bank's loan data.

b Cumulative data are adjusted to exclude TAs withdrawn by governments.

1992				1967-1992 ^b			
JSF Financing	Other Sources	Total	%	No.	Amount	%	Country
—	—	100.00	0.09	16	2,565.70	0.35	Afghanistan
5,258.00	439.50	9,098.25	8.46	163	86,329.57	11.89	Bangladesh
300.00	500.00	1,374.25	1.28	40	13,049.65	1.80	Bhutan
4,200.00	1,440.20	8,081.20	7.51	5	8,192.20	1.13	Cambodia
4,134.75	—	13,766.75	12.80	88	38,390.75	5.29	China, People's Rep. of
—	—	—	—	9	1,555.00	0.21	Cook Islands
—	—	680.00	0.63	35	7,107.30	0.98	Fiji
1,800.00	99.00	4,509.00	4.19	38	15,713.50	2.16	India
6,915.00	1,200.00	9,968.00	9.27	246	78,433.27	10.80	Indonesia
—	—	689.00	0.64	15	2,835.50	0.39	Kiribati
—	—	—	—	33	5,010.15	0.69	Korea, Rep. of
1,480.00	1,034.00	6,676.00	6.21	88	38,421.28	5.29	Lao PDR
—	—	1,480.00	1.38	74	18,663.30	2.57	Malaysia
—	—	945.00	0.88	17	4,823.00	0.67	Maldives
300.00	250.00	2,106.00	1.96	9	3,052.00	0.42	Marshall Islands
—	350.00	758.00	0.70	5	1,461.00	0.20	Micronesia, Fed. States of
3,942.50	—	5,963.40	5.54	16	7,041.20	0.97	Mongolia
—	—	—	—	38	10,716.00	1.48	Myanmar
—	3,400.00	5,352.70	4.98	146	59,330.20	8.17	Nepal
3,585.00	—	4,640.80	4.31	140	47,799.85	6.58	Pakistan
575.00	—	2,557.00	2.38	70	17,694.10	2.44	Papua New Guinea
820.00	2,600.00	6,430.00	5.98	176	64,947.80	8.95	Philippines
—	—	—	—	2	577.42	0.08	Singapore
—	—	228.50	0.21	87	7,280.24	1.00	Solomon Islands
—	670.00	4,210.00	3.91	113	29,691.00	4.09	Sri Lanka
—	—	—	—	1	100.00	0.01	Taipei, China
2,135.00	100.00	2,985.00	2.77	77	20,847.60	2.87	Thailand
—	—	290.50	0.27	27	6,057.50	0.84	Tonga
—	85.00	605.00	0.56	21	4,703.76	0.65	Vanuatu
—	—	—	—	11	1,110.60	0.15	Viet Nam, Soc. Rep. of
—	—	350.00	0.33	43	9,019.50	1.24	Western Samoa
35,445.25	12,167.70	93,844.35	87.23	1,799	612,519.94	84.36	Sub-Total
3,263.90	230.00	13,739.92	12.77	517	113,538.73	15.64	Regional
38,709.15	12,397.70	107,584.27	100.00	2,316	726,058.67	100.00	T O T A L

NET TRANSFER OF RESOURCES TO DMCs (OCR), 1983 – 1992
 (amounts in \$ million)

DMCs	1983-1987 (Average)	1988	1989	1990	1991	1992
Afghanistan	—	—	—	—	—	—
Bangladesh	(0.92)	0.01	0.45	(0.33)	(0.32)	1.05
Bhutan	—	—	—	—	—	—
Cambodia	—	—	—	—	—	—
China, People's Rep. of	—	2.57	50.38	47.98	157.69	142.74
Cook Islands	—	—	—	—	—	—
Fiji	(0.04)	13.71	(7.23)	(12.28)	(0.24)	(3.99)
Hong Kong	(14.48)	—	—	—	10.30	—
India	2.15	52.74	72.49	182.76	445.88	293.37
Indonesia	99.23	241.36	391.56	348.68	176.18	113.21
Kiribati	—	—	—	—	—	—
Korea, Rep. of	(63.88)	(169.33)	(438.81)	(17.87)	21.99	22.90
Lao PDR	—	—	—	—	—	—
Malaysia	(10.99)	(47.34)	(50.79)	(26.09)	(3.82)	(35.18)
Maldives	—	—	—	—	—	—
Marshall Islands	—	—	—	—	—	—
Mongolia	—	—	—	—	—	—
Myanmar	(0.64)	(0.73)	(0.76)	(0.79)	(0.77)	(0.77)
Nepal	—	—	—	0.55	0.71	2.33
Pakistan	0.13	20.75	139.82	109.30	136.69	63.74
Papua New Guinea	1.70	7.74	6.90	14.48	13.76	(7.59)
Philippines	19.56	(76.71)	(41.00)	46.17	(47.83)	(56.66)
Singapore	(9.59)	(15.35)	(13.29)	(16.76)	(9.09)	(14.89)
Solomon Islands	—	—	—	—	—	—
Sri Lanka	(0.97)	0.30	—	—	0.24	0.95
Taipei, China	(7.30)	(7.65)	(7.19)	(4.06)	(1.43)	—
Thailand	9.49	(80.43)	(61.87)	(174.98)	(186.75)	(89.44)
Tonga	—	—	—	—	—	—
Vanuatu	—	—	—	—	—	—
Viet Nam, Soc. Rep. of	0.17	(0.11)	(0.22)	(0.22)	(0.44)	—
Western Samoa	—	—	—	—	—	—
Regional Equity Investments	—	5.00	34.98	11.73	2.96	—
T O T A L	23.30	(53.46)	75.43	508.28	715.73	431.75

Note: Net Transfer of Resources defined as disbursements less repayments and interests/charges received.
 Includes private sector loans and equity investments.

NET TRANSFER OF RESOURCES TO DMCs (ADF), 1983 – 1992

(amounts in \$ million)

DMCs	1983-1987 (Average)	1988	1989	1990	1991	1992
Afghanistan	(0.78)	(1.50)	(1.34)	(1.32)	(1.32)	—
Bangladesh	111.64	208.52	300.13	279.80	243.84	287.56
Bhutan	1.25	3.38	2.97	3.66	4.21	2.14
Cambodia	—	—	—	—	—	(1.38)
China, People's Rep. of	—	—	—	—	—	—
Cook Islands	0.31	0.00	0.29	0.74	1.14	4.63
Fiji	—	—	—	—	—	—
Hong Kong	—	—	—	—	—	—
India	—	—	—	—	—	—
Indonesia	5.08	54.92	53.59	106.98	13.48	35.61
Kiribati	0.21	0.26	0.02	0.67	0.37	0.33
Korea, Rep. of	(0.32)	(0.34)	(0.32)	(0.32)	(0.31)	—
Lao PDR	3.20	4.77	30.22	39.32	25.42	13.43
Malaysia	(0.26)	(0.28)	(0.27)	(0.27)	(0.27)	(0.27)
Maldives	0.47	0.86	0.61	4.06	4.15	3.96
Marshall Islands	—	—	—	—	—	0.25
Mongolia	—	—	—	—	10.00	15.90
Myanmar	24.84	31.46	20.90	1.74	(2.32)	(5.32)
Nepal	29.73	35.52	73.20	57.04	66.66	34.16
Pakistan	97.94	174.05	199.28	201.01	256.00	152.61
Papua New Guinea	3.43	8.31	6.79	38.20	50.43	8.33
Philippines	13.84	31.51	41.09	116.76	91.51	74.66
Singapore	(0.27)	(0.30)	(0.29)	(1.40)	—	—
Solomon Islands	1.59	5.39	3.46	1.98	(0.81)	0.68
Sri Lanka	31.15	57.09	68.70	101.82	139.45	118.35
Taipei, China	—	—	—	—	—	—
Thailand	8.64	1.99	0.09	(1.28)	(1.78)	(2.00)
Tonga	0.62	1.32	0.48	0.80	0.64	1.22
Vanuatu	0.37	0.74	3.02	2.54	4.83	0.37
Viet Nam, Soc. Rep. of	0.44	(0.23)	—	—	—	—
Western Samoa	1.42	1.04	1.25	9.85	13.00	2.41
Regional Equity Investments	—	—	—	—	—	—
TOTAL	334.55	618.48	803.87	962.41	918.33	747.64

NET TRANSFER OF RESOURCES TO DMCs (OCR and ADF), 1983–1992

(amounts in \$ million)

DMCs	1983-1987 (Average)	1988	1989	1990	1991	1992
Afghanistan	(0.78)	(1.50)	(1.34)	(1.32)	(1.32)	—
Bangladesh	110.72	208.53	300.58	279.47	243.52	288.60
Bhutan	1.25	3.38	2.97	3.66	4.21	2.14
Cambodia	—	—	—	—	—	(1.38)
China, People's Rep. of	—	2.57	50.38	47.98	157.69	142.74
Cook Islands	0.31	0.00	0.29	0.74	1.14	4.63
Fiji	(0.04)	13.71	(7.23)	(12.28)	(0.24)	(3.99)
Hong Kong	(14.48)	—	—	—	10.30	—
India	2.15	52.73	72.49	182.76	445.88	293.37
Indonesia	104.32	296.28	445.15	455.66	189.65	148.82
Kiribati	0.21	0.26	0.02	0.67	0.37	0.33
Korea, Rep. of	(64.20)	(169.67)	(439.13)	(18.19)	21.69	22.90
Lao PDR	3.20	4.77	30.22	39.32	25.42	13.43
Malaysia	(11.25)	(47.63)	(51.07)	(26.36)	(4.09)	(35.45)
Maldives	0.47	0.86	0.61	4.06	4.15	3.96
Marshall Islands	—	—	—	—	—	0.25
Mongolia	—	—	—	—	10.00	15.90
Myanmar	24.19	30.74	20.15	0.95	(3.09)	(6.09)
Nepal	29.73	35.52	73.20	57.59	67.37	36.49
Pakistan	98.07	194.81	339.10	310.31	392.69	216.35
Papua New Guinea	5.13	16.05	13.69	52.68	64.19	0.74
Philippines	33.40	(45.20)	0.09	162.93	43.68	18.00
Singapore	(9.86)	(15.65)	(13.58)	(18.16)	(9.09)	(14.89)
Solomon Islands	1.59	5.39	3.46	1.98	(0.81)	0.68
Sri Lanka	30.19	57.39	68.70	101.82	139.70	119.30
Taipei, China	(7.30)	(7.65)	(7.19)	(4.06)	(1.43)	—
Thailand	18.13	(78.44)	(61.78)	(176.26)	(188.53)	(91.43)
Tonga	0.62	1.32	0.48	0.80	0.64	1.22
Vanuatu	0.37	0.74	3.02	2.54	4.83	0.37
Viet Nam, Soc. Rep. of	0.27	(0.33)	(0.22)	(0.22)	(0.44)	—
Western Samoa	1.42	1.04	1.25	9.85	13.00	2.41
Regional Equity Investments	—	5.00	34.98	11.73	2.96	—
TOTAL	357.84	565.01	879.30	1,470.68	1,634.05	1,179.39

FINANCIAL RESOURCES

BORROWINGS, 1992

Country	Borrowing		Amount in Currency of Borrowing (million)	US\$ Equivalent (million)
Hong Kong	8.90% 7-Year Bonds due 1999	HK\$ 500		64.6
Japan	5.625% 10-Year Bonds due 2002	¥ 50,000		396.5
	6.00% 10-Year Bonds due 2002	¥ 64,000		493.4
	Direct Borrowing: Tranche A ^b 10-Year Loan due 2002	¥ 15,000		120.0
	Tranche B 5.80% 15-Year Loan due 2007	¥ 15,000		120.0
Netherlands	8.375% 10-Year Bonds due 2002	f 300		169.1
Switzerland	7.00% 12-Year Bonds due 2004	SwF 300		197.6
United States	6.50% 10-Year Notes due 2002	US\$ 300		300.0
Asian Region	6.125% 5-Year Bonds due 1997	US\$ 300		300.0
Eurobond Market	5.625% 10-Year Bonds due 2002	¥ 50,000		388.5
	7.50% 10-Year Bonds due 2002	US\$ 500		500.0
TOTAL				3,049.7

a Based on exchange rates effective at the date of Board approval of each borrowing.

b Carries long-term prime rate (LTPR) reset semi-annually.

STATUS OF ASIAN DEVELOPMENT FUND RESOURCES

	Valued as of 31/12/91 US\$m.	Change in 1992			Valued as of 31/12/92 US\$m.	SDRm. ^b
		Addition US\$m.	Exchange Rate Adjustments ^a US\$m.	Net Change US\$m.		
Contributed Resources^c						
Australia	506.05	129.51	(55.40)	74.11	580.16	421.93
Austria	117.31	20.17	(8.15)	12.02	129.33	94.06
Belgium	105.67	10.43	(6.08)	4.35	110.02	80.02
Canada	828.81	151.30	(83.66)	67.64	896.45	651.96
Denmark	100.46	19.96	(5.82)	14.14	114.60	83.35
Finland	72.63	8.16	(16.22)	(8.06)	64.57	46.96
France	508.89	113.17	(35.38)	77.79	586.68	426.67
Germany	939.17	131.39	(59.70)	71.69	1,010.86	735.17
Hong Kong	1.73	0.90	—	0.90	2.63	1.91
Indonesia	4.46	0.50	—	0.50	4.96	3.61
Italy	393.94	49.87	(92.26)	(42.39)	351.55	255.67
Japan	6,532.85	845.66	43.06	888.72	7,421.57	5,397.50
Korea, Rep. of	7.15	4.50	—	4.50	11.65	8.47
Nauru	—	0.43	—	0.43	0.43	0.32
Netherlands	328.77	33.08	(18.78)	14.30	343.07	249.51
New Zealand	22.22	5.87	(1.36)	4.51	26.73	19.44
Norway	72.14	16.50	(11.92)	4.58	76.72	55.80
Spain	76.22	9.76	(12.81)	(3.05)	73.17	53.22
Sweden	123.09	34.21	(32.64)	1.57	124.66	90.66
Switzerland	171.60	26.78	(12.94)	18.84	185.44	134.87
Taipei, China	2.00	3.25	—	3.25	5.25	3.82
Turkey	29.20	10.00	—	10.00	39.20	28.51
United Kingdom	443.29	40.09	(89.15)	(49.06)	394.23	286.71
United States	1,692.64	174.96	—	174.96	1,867.60	1,358.25
Total Contributed Resources	13,080.27	1,840.45^d	(499.18)	1,341.27	14,421.54	10,488.39
Additional Resources						
Set-Aside Resources	68.10	—	(2.64)	(2.64)	65.46	47.61
Transfers from TASF	—	1.26	(0.02)	1.24	1.24	0.90
Accumulated Translation Adjustments ^e	100.32	(60.52)	—	(60.52)	39.80	28.95
Accumulated Surplus	629.71	105.77	—	105.77	735.48	534.89
Total Additional Resources	798.13	46.51	(2.66)	43.85	841.98	612.35
Total Resources	13,878.40	1,886.96	(501.84)	1,385.12	15,263.52	11,100.74
Less: Amounts Disbursed and Outstanding	7,611.56	803.42	(231.81)	571.61	8,183.17	5,951.40
Total Undisbursed Resources	6,266.84	1,083.54	(270.03)	813.51	7,080.35	5,149.34
ADF Lending Limitation^f	6,096.47				6,880.82	5,004.23
Less: Amounts Committed but Undisbursed:						
Denominated in US Dollars	164.12	(45.30)	—	(45.30)	118.82	86.41
Denominated in SDRs	5,953.27	88.20	(281.25)	(193.05)	5,760.22	4,189.25
ADF Lending Headroom^g	(20.92)				1,001.78	728.57
Advance Commitment Authority	602.52^h				454.90ⁱ	330.84
Total Commitment Authority	581.60				1,456.68	1,059.41

Note: Figures may not add due to rounding.

a Relates to balances as of 31 December 1991 and additions in 1992.

b Valued at the rate of \$1.3750 per SDR as of 31 December 1992.

c Amounts are adjusted for exchange rate changes and do not necessarily correspond to the initial ADF contributions of individual countries.

d Represents the balance of the third tranche of the United States' contribution and the fourth tranche of all contributions to the fourth ADF Replenishment (ADF V), and the first tranches of effective contributions to the fifth ADF Replenishment (ADF VI) after allocating 3.33 per cent to TASF in accordance with Resolution No. 214.

e Accumulated Translation Adjustments are the cumulative changes, up to the end of the reporting period, in the US dollar value of net assets created by accumulated surplus.

f Equal to a proportion, referred to as the gearing ratio, of total undisbursed resources. The gearing ratio is the ratio, determined on the basis of a US dollar appreciation of 10 per cent, of the total value of the basket of contributed resources to the total value of the basket of committed but undisbursed loans.

g Equal to the difference between the lending limitation and the amount of committed but undisbursed loans.

h Equal to 85 per cent of projected ADF investment income and loan repayments during the period 1 January 1992 to 31 December 1995.

i Equal to 85 per cent of projected ADF investment income and loan repayments during the period 1 January 1993 to 31 December 1995.

TECHNICAL ASSISTANCE SPECIAL FUND
 (US Dollar Equivalent; as of 31 December 1992)^a

Contributor	Total Contributions	Amount Utilized
Direct Voluntary Contributions		
Australia	2,484,371	2,484,371
Austria	155,047	149,705
Bangladesh	47,352	47,352
Belgium	1,377,927	1,260,708
Canada	3,345,751	3,345,751
China, People's Rep. of	600,000	600,000
Denmark	1,962,529	1,962,529
Finland	237,201	237,201
France	1,697,451	1,697,451
Germany	3,314,813	3,314,813
Hong Kong	100,000	100,000
India	2,272,195	2,272,195
Indonesia	250,000	250,000
Italy	774,147	774,147
Japan	47,710,427	47,710,427
Korea, Rep. of	1,900,000	1,900,000
Malaysia	909,129	909,129
Netherlands	1,337,478	1,337,478
New Zealand	1,095,632	1,095,632
Norway	3,278,953	3,278,953
Pakistan	931,638	931,638
Singapore	100,000	100,000
Spain	189,580	189,580
Sri Lanka	6,309	6,309
Sweden	861,358	861,358
Switzerland	1,035,043	1,035,043
Taipei, China	200,000	200,000
United Kingdom	5,616,741	5,616,741
United States	1,500,000	1,500,000
Sub-Total	85,291,072	85,168,511
Regularized Replenishment Contributions ^b	189,357,606	130,865,279
Transfers to Asian Development Fund	(1,255,517)	(1,255,517)
Allocation from OCR Net Income	50,000,000	9,935,887
Other Resources ^c	28,271,663	16,994,667
TOTAL	351,664,824	241,708,827

a The amount of contribution is valued as the sum of the amount utilized, translated at the exchange rates used by the Bank on the respective dates of utilization, and the amount unutilized, translated at the exchange rates used by the Bank on 31 December 1992.

b Represents the TASF portion of contributions to the Replenishment of the Asian Development Fund and the Technical Assistance Special Fund authorized by Governors' Resolution Nos. 182 and 214.

c Represents income, repayments and reimbursements accruing to TASF since April 1980.

JAPAN SPECIAL FUND
Statement of Operations and Unexpended Balances
(amounts in \$ million)

	1988	1989	1990	1991	1992	Total
Contributions committed	35.8	58.8	63.4	32.9	69.4	260.3
Translation adjustments	—	(8.0)	5.8	11.1	1.2	10.1
	35.8	50.8	69.2	44.0	70.6	270.4
Revenue	1.2	3.2	7.0	9.9	7.9	29.2
Total	37.0	54.0	76.2	53.9	78.5	299.6
Expenses	1.6	9.6	16.0	22.8	27.5	77.5
Exchange loss	—	—	—	0.5	0.1	0.6
Unexpended Balances at End of the Year	<u>35.4</u>	<u>44.4</u>	<u>60.2</u>	<u>30.6</u>	<u>50.9</u>	<u>221.5</u>

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SUMMARY OF BUDGET FOR 1993
Internal Administrative Expenses
(amounts in \$ thousand)

	1992			1993 Budget
	Budget	After¹ Transfers	Actual²	
I. BOARD OF GOVERNORS	<u>324</u>	<u>324</u>	<u>286</u>	<u>267</u>
II. BOARD OF DIRECTORS	<u>6,187</u>	<u>6,276</u>	<u>6,276</u>	<u>6,973</u>
Salaries	3,415	3,392	3,392	3,622
Benefits	1,497	1,508	1,508	1,862
Relocation	255	464	464	415
Business Travel	516	396	396	478
Staff Services	504	516	516	596
III. STAFF	<u>103,236</u>	<u>103,236</u>	<u>102,377</u>	<u>116,526</u>
Salaries	58,286	58,358	58,358	63,363
Benefits	34,648	35,350	35,350	42,552
Relocation	2,453	2,453	2,362	2,613
Consultants	7,849	7,075	6,307	7,998
IV. BUSINESS TRAVEL & REPRESENTATION	<u>10,173</u>	<u>10,173</u>	<u>8,752</u>	<u>10,861</u>
Business Travel	9,984	9,984	8,580	10,660
Representation	189	189	172	201
V. OTHER ADMINISTRATIVE EXPENSES	<u>24,250</u>	<u>24,250</u>	<u>24,059</u>	<u>25,700</u>
Communications	2,690	2,654	2,635	2,721
Office Occupancy	4,705	4,705	4,643	5,172
Library	490	490	475	523
Expendable Supplies	1,885	1,750	1,726	1,843
Office Equipment	2,525	2,525	2,487	2,299
Contractual Services	3,667	3,317	3,288	3,837
Insurance	330	332	332	465
Depreciation	7,808	8,372	8,372	8,702
Miscellaneous	150	105	101	138
VI. GENERAL CONTINGENCY	1,442	1,353	—	1,603
T O T A L	145,612	145,612	141,750	161,930

1 An amount of \$89,000 was allocated out of the General Contingency to the Budget Category BOARD OF DIRECTORS. Transfers were made between Budget Items within the other Budget Categories without exceeding the amount of each Category.

2 Excludes: (1) \$1,630,000 as provision for severance pay; (2) \$203,000 as provision for accumulated compensated absences; (3) \$20,000 as bank charges pertaining directly to ADF and JSF; and (4) an adjustment of \$3,027,000 on account of pension costs computed in compliance with U.S. Financial Accounting Standards (FAS 87). The total expenses of \$146,628,000 as shown in the financial statements (after deducting \$20,000 directly charged to the Scholarship Program) have been distributed as follows: OCR - \$81,050,000 (Ref. OCR-2), ADF - \$64,931,000 (Ref. ADF-2), TASF - \$2,000 (Ref. TASF-2), and JSF - \$625,000 (Ref. JSF-2).

RESOLUTIONS OF BOARD OF GOVERNORS ADOPTED DURING 1992

Resolution No.	Subject	Date Adopted
214	Fifth Replenishment of the Asian Development Fund and Second Regularized Replenishment of the Technical Assistance Special Fund	24 Feb. 1992
215	Financial Statements and Independent Auditors' Reports	6 May 1992
216	Allocation of Net Income	6 May 1992
217	Reallocation of Surplus from 1991 Net Income to TASF	28 Sept. 1992
218	Decisions Relating to Section 7 (B)(a) of the By-Laws	5 Nov. 1992

BOARD OF GOVERNORS
 (As of 31 December 1992)

RAMON R. DEL ROSARIO, JR. (Philippines) (Chairman)

RICHARD HU TSU TAU (Singapore) (Vice-Chairman)

TEVFİK ALTINOK (Turkey) (Vice-Chairman)

MEMBER	GOVERNOR	ALTERNATE GOVERNOR
AFGHANISTAN, REPUBLIC OF	Mohammad Hakim	Abdulwahab Asifi
AUSTRALIA	John Dawkins	John Kerin
AUSTRIA	Ferdinand Lacina	Hans Dietmar Schweisgut ¹
BANGLADESH	Mohammad Saifur Rahman	Enam Ahmed Chaudhury
BELGIUM	Ph. Maystadt	Jan Vanormelingen
BHUTAN	Dawa Tsering	Bap Kesang
CAMBODIA		
CANADA	Barbara McDougall	Frederick W. Gorbet
CHINA, PEOPLE'S REPUBLIC OF	Li Guixian	Chen Yuan
COOK ISLANDS	G. A. Henry	Alistair Rutherford
DENMARK	Henrik Woehlk ²	Ellen Margrethe Løj ³
FIJI	Paul F. Manuel ⁴	Ratu Jone Y. Kubuabola
FINLAND	Ilkka Ristimaki	Taisto Huimasalo ⁵
FRANCE	Michel Sapin ⁶	Jean-Claude Trichet
GERMANY	Hans-Peter Repnik	Eckard Pieske
HONG KONG	N.W.H. Macleod	D.A.C. Nendick
INDIA	Manmohan Singh	M. S. Ahluwalia
INDONESIA	J. B. Sumarlin	Adrianus Mooy
ITALY	Carlo Azeglio Ciampi	Mario Draghi
JAPAN	Yoshiro Hayashi ⁷	Yasushi Mieno
KIRIBATI	Taomati Iuta	Ntiua Tetinaniku ⁸
KOREA, REPUBLIC OF	Yong-Man Rhee	Soon Cho ⁹
LAO PEOPLE'S DEMOCRATIC REPUBLIC	Sisavath Sisane	Souignong Nhouyvanisvong
MALAYSIA	Datuk Seri Anwar Ibrahim	Dato Mohd. Sheriff Mohd. Kassim
MALDIVES	Ismail Shafeeu	Khadeeja Hassan

1 Succeeded Othmar Haushofer in March.

2 Succeeded Ole Loensmann Poulsen in February.

3 Succeeded Sten Lilholt in April.

4 Succeeded J. N. Kamikamica in June.

5 Succeeded Erkki Laurila in September.

6 Succeeded Pierre Beregovoy in April.

7 Succeeded Tsutomu Hata in December.

8 Succeeded Baraniko Baaro in September.

9 Succeeded Kun Kim in March.

MEMBER	GOVERNOR	ALTERNATE GOVERNOR
MARSHALL ISLANDS	Ruben R. Zackhras ¹⁰	Amon Tibon
MICRONESIA, FEDERATED STATES OF	Aloysius J. Tuutn	Asterio R. Takesy
MONGOLIA	Demchigjavyn Molomzhamts ¹¹	(to be advised) ¹²
MYANMAR	D. O. Abel	Win Tin ¹³
NAURU	Vinci N. Clodumar ¹⁴	Kinza Clodumar ¹⁵
NEPAL	Mahesh Acharya	Thakur Nath Pant ¹⁶
NETHERLANDS	W. Kok	J. P. Pronk
NEW ZEALAND	Ruth Richardson	Graham Scott
NORWAY	Asbjoern Mathisen ¹⁷	Torild Skard
PAKISTAN	Sartaj Aziz	R. A. Akhund
PAPUA NEW GUINEA	Julius Chan ¹⁸	Gere'a Aopi
PHILIPPINES	Ramon R. del Rosario, Jr. ¹⁹	Jose L. Cuisia
SINGAPORE	Richard Hu Tsu Tau	Ngiam Tong Dow
SOLOMON ISLANDS	Christopher C. Abe	Snyder Rini
SPAIN	Jose Claudio Aranzadi Martinez	Miguel Angel Feito Hernandez
SRI LANKA	D. B. Wijetunga	R. Paskaralingam
SWEDEN	Alf Samuelsson	Lennart Baage
SWITZERLAND	Nicolas Imboden	Louis Currat
TAIPEI, CHINA	Samuel C. Hsieh	Chung-Ying Lee
THAILAND	Tarin Nimmanahaeminda ²⁰	Pandit Bunyapana ²¹
TONGA	J. C. Cocker	Baron Vaea
TURKEY	Tevfik Altinok ²²	Kemal Kabatas ²³
UNITED KINGDOM	Lynda Chalker	P.D.M. Freeman
UNITED STATES	Nicholas F. Brady	Robert B. Zoellick
VANUATU	Willie Jimmy	Antoine Pikioune
VIET NAM, SOCIALIST REPUBLIC OF	Cao Sy Kiem	Le Van Chau
WESTERN SAMOA	Tuilaepa S. Malielegaoi	Epa Tuioti

10 Succeeded Henchi Balos in February.

11 Succeeded Neidansurengiin Zhargalsaikhan in May.

12 Successor to D. Sukh-Erdene is to be advised.

13 Appointed in February.

14 Succeeded Kinza Clodumar in December.

15 Succeeded Obeira Menke in December.

16 Succeeded Shashi N. Shah in January.

17 Succeeded Helge Kringstad in October.

Helge Kringstad succeeded Einer Risa in January.

18 Succeeded Paul Pora in August.

19 Succeeded Jesus P. Estanislao in July.

20 Succeeded Penas Simasathien in September.

Penas Simasathien succeeded Suthee Singhasaneh in June.

21 Succeeded Panas Simasathien in June.

22 Succeeded Tansu Ciller in May.

23 Succeeded Tevfik Altinok in May.

DIRECTORS AND VOTING GROUPS
 (As of 31 December 1992)

DIRECTOR	ALTERNATE DIRECTOR	MEMBERS REPRESENTED ¹
Heinz Bühler	Adrian Davis ²	Austria; Germany; Turkey; United Kingdom
Anthony F. Burger	Louis W.M. Piët ³	Canada; Denmark; Finland; Netherlands; Norway; Sweden
Che Peiqin	Zhu Zhong ⁴	People's Republic of China
Sofjan Djajawinata	Colin Pratt	Cook Islands; Fiji; Indonesia; New Zealand; Tonga; Western Samoa
Victor H. Frank, Jr.	Carl T. Delfeld	United States
Susumu Fujimoto ⁵	Toshiki Kanamori	Japan
Vicente R. Jayme	Muhammad Akbar ⁶	Maldives; Marshall Islands; Mongolia; Pakistan; Philippines
Kyung-Woo Kim ⁷	Vai Reva	Republic of Korea; Papua New Guinea; Sri Lanka; Taipei, China; Vanuatu
P.K. Lahiri	Qazi Shamsul Alam	Bangladesh; Bhutan; India; Lao People's Democratic Republic; Socialist Republic of Viet Nam
Peter McCawley ⁸	John S. Eyers ⁹	Australia; Hong Kong; Kiribati; Federated States of Micronesia; Nauru; Solomon Islands
Giovanni Montagna	René Legrand	Belgium; France; Italy; Spain; Switzerland
Anthony Tan Song Chuan	U Soe Thwin	Malaysia; Myanmar; Nepal; Singapore; Thailand

1 In alphabetical order within each group.

2 Succeeded Eva Stochanl on 1 July.

3 Succeeded Astbjørn Løvbraek on 1 September.

4 Succeeded Wei Benhua on 11 January.

5 Succeeded Ken Yagi on 1 July.

6 Succeeded Aitezazuddin Ahmad on 24 March.

7 Succeeded Hyung-Sup Shim on 28 September.

8 Succeeded Kenneth Waller on 14 February.

9 Succeeded Dereck-Rooken Smith on 6 January.

COMMITTEES OF THE BOARD OF DIRECTORS
(As of 31 December 1992)

AUDIT COMMITTEE

Heinz Bühler (Chairman)

Anthony F. Burger

Che Peiqin

Vicente R. Jayme

Peter McCawley

Anthony Tan Song Chuan

BUDGET REVIEW COMMITTEE

Sofjan Djajawinata (Chairman)

Victor H. Frank, Jr.

Susumu Fujimoto

Kyung-Woo Kim

P. K. Lahiri

Giovanni Montagna

PRINCIPAL OFFICERS
(As of 31 December 1992)

PRESIDENT'S OFFICE

Kimimasa Tarumizu	President
Günther Schulz	Vice-President (Finance and Administration)
In Yong Chung	Vice-President (Projects)
William R. Thomson	Vice-President (Operations)

STRATEGIC PLANNING UNIT

Shoji Nishimoto	Manager
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CO-FINANCING AND COORDINATION UNIT

Rip Min	Manager
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OFFICE OF THE SECRETARY

Dang Fook Lee	Secretary
William G. Brown	Deputy Secretary

OFFICE OF THE GENERAL COUNSEL

Peter H. Sullivan	General Counsel
D. C. Amerasinghe	Deputy General Counsel
Pablo S. Trillana III	Assistant General Counsel
Eisuke Suzuki	Assistant General Counsel

PROGRAMS DEPARTMENT (EAST)

Eiichi Watanabe	Director
Vishvanath V. Desai	Deputy Director
Bruce Murray*	Programs Manager (Programs East I – People's Rep. of China; Mongolia; Taipei, China)
R. Swaminathan	Programs Manager (Programs East II – Hong Kong; Indonesia; Malaysia; Singapore)
A. Timothy Peterson	Programs Manager (Programs East III – Rep. of Korea; Marshall Islands; Federated States of Micronesia; Papua New Guinea; Philippines)

SOUTH PACIFIC REGIONAL OFFICE

Lewis Hayashi	Director
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INDONESIA RESIDENT OFFICE

Eiji Kobayashi	Chief
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PROGRAMS DEPARTMENT (WEST)

Noritada Morita	Director
Dinh Xuan Vinh	Deputy Director
Maurice D. Bauche	Programs Manager (Programs West I – Rep. of Afghanistan; Maldives; Pakistan; Sri Lanka)
Bhanuphol Horayangura	Programs Manager (Programs West II – Bangladesh; Bhutan; India; Nepal)
Ricardo M. Tan	Programs Manager (Programs West III – Cambodia; Lao People's Dem. Rep.; Myanmar; Thailand; Soc. Rep. of Viet Nam)

BANGLADESH RESIDENT OFFICE

G. H. P. B. van der Linden	Chief
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PAKISTAN RESIDENT OFFICE

Akira Seki	Chief
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NEPAL RESIDENT OFFICE

Vacant	Chief
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INDIA RESIDENT OFFICE

Richard O. Wada	Chief
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* Appointment effective 4 January 1993.

DEVELOPMENT POLICY OFFICE

Basudev Dahal Chief, concurrently Deputy Treasurer
Werner M. Schelzig Assistant Chief

ECONOMICS AND DEVELOPMENT RESOURCE CENTER

Satish C. Jha	Chief Economist
John Malcolm Dowling, Jr.	Assistant Chief Economist (Economic Analysis and Research)
Vacant	Assistant Chief Economist (Project Economic Evaluation)
William T. C. Ho	Assistant Chief Economist (Statistics and Data Systems)

AGRICULTURE DEPARTMENT

Richard M. Bradley	Director
Yang Weimin	Deputy Director
Musunuru S. Rao	Manager, Social Dimensions Unit
Nihal Amerasinghe	Manager (Agriculture Division I – People's Rep. of China; Mongolia; Myanmar; Philippines; Taipei,China)
M. E. Tusneem	Manager (Agriculture Division II – Hong Kong; Indonesia; Rep. of Korea; Malaysia; Singapore)
Hans-Juergen Springer	Manager (Agriculture Division III – Bangladesh; Cambodia; Lao People's Dem. Rep.; Thailand; Soc. Rep. of Viet Nam)
Abdul Gaffar Nasution	Manager (Agriculture Division IV – Bhutan; India; Nepal; Marshall Islands; Micronesia; Papua New Guinea; South Pacific DMCs)
Theodore C. Patterson	Manager (Agriculture Division V – Rep. of Afghanistan; Maldives; Pakistan; Sri Lanka)

INFRASTRUCTURE DEPARTMENT

Sayed A. Baha	Director
Eustace A. Nonis	Deputy Director
Gunter Hecker	Manager (Transport and Communications Division - East)
Nalin P. Samarasinghe	Manager (Transport and Communications Division - West)
Javier M. Gomez	Manager (Water Supply and Urban Development Division - East)
James E. Rockett	Manager (Water Supply and Urban Development Division - West)
William M. Fraser	Manager (Education, Health and Population Division - East)
Shigeko M. Asher	Manager (Education, Health and Population Division - West)

PRIVATE SECTOR DEPARTMENT

A. Cushman May	Director
Nobuyuki Yamamura	Deputy Director
Keon-Woo Lee	Acting Manager, Private Sector Support Unit
Mumtaz Iqbal	Manager, (Area Division I – Rep. of Afghanistan; Bhutan; Federated States of Micronesia; Maldives; Marshall Islands; Nepal; Papua New Guinea; Philippines; Sri Lanka)
M.S. Parthasarathy	Manager (Area Division II – Cambodia; People's Rep. of China; Indonesia; Lao People's Dem. Rep.; Myanmar; Thailand; Soc. Rep. of Viet Nam)
J. Antonio M. Quila	Manager (Area Division III – Bangladesh; Hong Kong; India; Rep. of Korea; Malaysia; Mongolia; Pakistan; Singapore; Taipei, China; South Pacific DMCs)

ENERGY AND INDUSTRY DEPARTMENT

Shehzad M. Sadiq Director
V. Krishnaswamy Deputy Director
Paul M. Dickie Manager (Industry and Minerals)
Vladimir Bohun Manager (Power Division East - People's Rep. of China; Hong Kong; Indonesia; Rep. of Korea; Malaysia; Papua New Guinea; Philippines; Singapore; South Pacific DMCs; Taipei, China)

Alan D. Burrell Manager (Power Division West - Rep. of Afghanistan; Bangladesh; Bhutan; Cambodia; India; Lao People's Dem. Rep.; Maldives; Myanmar; Nepal; Pakistan; Sri Lanka; Thailand; Soc. Rep. of Viet Nam)

OFFICE OF THE ENVIRONMENT

Kazi F. Jalal Chief
B. N. Lohani Assistant Chief

CENTRAL PROJECTS SERVICES OFFICE

Neil R. Collier Chief
Lim Say Hup Manager (Consulting Services)
Jean-Pierre Vu Manager (Central Projects Administration Coordination)

BUDGET, PERSONNEL AND MANAGEMENT SYSTEMS DEPARTMENT

Osamu Tsukahara Director
Tony Wan Deputy Director
Suresh A. Seshan Manager (Budget and Management Services)
Charles F. Coe Manager (Human Resources),
concurrently Manager (Training and Development)
Robert C. May Manager (Compensation and Benefits)

OFFICE OF ADMINISTRATIVE SERVICES

N. Viswanathan Director
John Ling Manager (General Services)
Turhan K. Mangun Manager (Support Services)
John T. Eglington Manager (Facilities Management)

CONTROLLER'S DEPARTMENT

Ivan L. Zimonyi Controller
Francis W. Mentus Assistant Controller (Accounting)
S. Kalyanaraman Assistant Controller (Disbursement Division - East)
Louis Wong Assistant Controller (Disbursement Division - West)

TREASURER'S DEPARTMENT

Tomoo Hayakawa Treasurer
Basudev Dahal Chief, Development Policy Office, concurrently Deputy Treasurer
Erkki K. Jappinen Assistant Treasurer (Funding)
Chi-Chuan Hung Assistant Treasurer (Investments)
Dalheue Coué Assistant Treasurer (Treasury Services)
Ian M. Hay Assistant Treasurer (Financial Policy)

INFORMATION OFFICE

George V. Liu Chief Information Officer
Robert H. Salamon Assistant Chief Information Officer

OFFICE OF COMPUTER SERVICES

John W. Thorp Chief
Vacant Assistant Chief

INTERNAL AUDIT OFFICE

Bernard Donge Chief

POST-EVALUATION OFFICE

A. I. Aminul Islam Chief
Devinder Singh Assistant Chief

FORMER ADB PRESIDENTS AND VICE-PRESIDENTS

PRESIDENTS

Mr. Takeshi Watanabe	— 24 November 1966 – 24 November 1972
Mr. Shiro Inoue	— 25 November 1972 – 23 November 1976
Mr. Taroichi Yoshida	— 24 November 1976 – 23 November 1981
Mr. Masao Fujioka	— 24 November 1981 – 23 November 1989

VICE-PRESIDENTS

Mr. C. S. Krishna Moorthi	— 19 December 1966 – 31 March 1978
Mr. A. T. Bambawale	— 1 April 1978 – 28 October 1985
Mr. M. Narasimham	— 1 November 1985 – 31 July 1988
Mr. S. Stanley Katz	— 1 April 1978 – 28 September 1990

MAJOR ADB PUBLICATIONS

STUDIES AND REPORTS

- A Generation of Growth (1992)
Agricultural Development in Papua New Guinea: Policies and Issues (1992)
Agriculture Sector Profile of the Philippines (1991)
Asian Development Bank Economic Staff Paper Series
Asian Development Bank Economics and Development Resource Center Report Series
Asian Development Bank Occasional Papers Series
Asian Development Bank Statistical Report Series
Assessment of Trained Manpower Needs for Agricultural Development in Nepal: 1988-2001 (Volume I & II) (1987)
Bangladesh Health and Population Sector Profile (1989)
A Bank for Half the World, The Story of the Asian Development Bank 1966-1986
Comparative Advantage Study of Industrial Crops (1993)
Costing and Pricing of Electricity in Developing Countries (1982)
Disaster Management: A Disaster Manager's Handbook (1992)
Disaster Mitigation in Asia and the Pacific (1991)
Distance Education: Professional Staff Paper (1985)
Distance Education in Asia and the Pacific (Volume I & II) (1986)
Economic Policies for Sustainable Development (1990)
Economic Policies for Sustainable Development - Indonesia (1992)
Education Broadcasting and Distance Education as a Strategy for Revitalizing Education of the Disadvantaged (1990)
Education and Development in Asia and the Pacific (1988) (Second Edition, 1991)
Electric Utilities Data Book for the Asian and Pacific Region (1989)
Energy Data Training Program and Workshop Proceedings (1989)
Energy Indicators of Developing Member Countries of ADB (1992)
Environment and Development: A Pacific Island Perspective (1992)
Environment Legislation and Administration: Briefing Profiles of Selected Developing Member Countries of the Asian Development Bank (ADB Environment Paper No. 2) (1989)
Environmental Considerations in Energy Development (1991)
Environmental Evaluation of Coastal Zone Projects: Methods and Approaches (ADB Environment Paper No. 8) (1991)
Environmental Guidelines for Selected Agricultural and Natural Resources Development Projects (1987)
Environmental Guidelines for Selected Industrial and Power Development Projects (1988)
Environmental Guidelines for Selected Infrastructure Development Projects (1986)
Environmental Loan Covenants: Helping Ensure the Environmental Soundness of Projects Supported by the Asian Development Bank (ADB Paper No. 10) (1992)
Environmental Planning and Management (1986)
Environmental Planning and Management and the Project Cycle (ADB Environment Paper No. 1) (1988)
Environmental Risk Assessment Dealing with Uncertainty in Environmental Impact Assessment (ADB Environment Paper No. 7) (1991)
Evaluating Rice Market Intervention Policies: Some Asian Examples (1986)
Export Finance: Some Asian Examples (1990)
Financing Public Sector Development Expenditures in Selected Countries (Overview and Country Studies) (1988)
Fisheries Sector Profile of Papua New Guinea (1991)
Fish Health Management in Asia-Pacific (1992)
Foreign Direct Investment in the Asia-Pacific Region (1988)
Gender Issues in Agriculture (1990)
Guidelines for Integrated Regional Economic-cum-Environmental Development Planning (Volume I & II) (ADB Environment Paper No. 3) (1988)

Guidelines for the Health Impact Assessment of Development Projects (ADB Environment Paper No. 11) (1992)
Handbook on the Use of Pesticides in the Asia-Pacific Region (1987)
Health Care Financing (1987)
Health, Population and Development in Asia and the Pacific (1991)
How to Assess Environmental Impacts on Tropical Islands and Coastal Areas - Training Manual (1990)
Human Resource Policy and Economic Development: Selected Country Studies (1990)
Improving Domestic Resource Mobilization Through Financial Development (Overview and Country Studies) (1986)
Indonesia Urban Sector Profile: An Update (1988)
Indonesia Water Supply and Sanitation Sector Study (1990)
Industrialization in Rural Malaysia (1991)
Informal Finance: Some Findings from Asia
Integrated Pest Management in the Asia and Pacific Region (1992)
Integration of Environmental Considerations in the Program Cycle (ADB Environment Paper No. 5) (1990)
Irrigation Service Fees (1986)
Korea: Study of the Manufacturing Sector with Special Reference to New Technology-Based Small & Medium Industries (1986)
Leasing in Developing Asia (1987)
Lending for Ports and Related Sectors (1985)
Managing Financial Sector Distress and Industrial Adjustment (1992)
Mangrove Forests: A Valuable but Threatened Indo-Pacific Resource Minimum Quality Criteria for Ecologically Sensitive Areas (ADB Environment Paper No. 4) (1989)
Mongolia: A Centrally Planned Economy in Transition (1992)
National Accounts of Cook Islands: 1982-1986
National Accounts of Vanuatu: 1983-1987
National Accounts of Western Samoa: 1984-1986
The Pacific Way (1992)
Pakistan Fruit and Vegetable Export Marketing Study (1990)
Pakistan Water Supply and Sanitation Sector Study (1990)
Papua New Guinea: Urban Sector Profile (1992)
Papua New Guinea Water Supply and Sanitation Sector Profile (Volume I & II) (1987)
People's Republic of China Port: Sector Review (1988)
Philippines Urban Sector Profile (1989)
Population Pressure and Natural Resources Management (ADB Environment Paper No. 6) (1991)
Poverty Alleviation: Insights and Strategies (1990)
Poverty Alleviation through Human Resource Development: Some Issues (1990)
Poverty in the People's Republic of China: Recent Developments and Scope for Bank Assistance (1992)
Power Plant Maintenance Management (Volume I & II) (1988)
Privatization - Policies, Methods and Procedures (1985)
Proceedings of the Conference on Telecommunications for Asia-Pacific Countries (1992)
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Asian Development Bank

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1099 Manila, Philippines

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632-3333 Emergencies
632-6322 Taped Messages
(63-2) 711-3851 International Calls

Facsimile: (63-2) 741-7961
(63-2) 632-6816
(63-2) 631-7961
(63-2) 631-6816

Telex: 63587 ADB PN (ETPI)
42205 ADB PM (ITT)
29066 ADB PH (RCA)

Cable Address: ASIANBANK MANILA

Treasurer's Department

Direct Telephone: (63-2) 732-0001

Direct Telex: 29086 ADBTRES PH
66427 ADBTRES PN
45645 ADBTRES PM

Facsimile: (63-2) 741-7960
(63-2) 632-4707
(63-2) 632-4131

SWIFT Address: ASDB PH MM

Bangladesh Resident Office

7th Floor, BSEC Bhaban
102 Kazl Nazul Islam Avenue
Karwan Bazaar Commercial Area
Dhaka 1215, Bangladesh
Telephone: (880) 2-814380-5
Telex: (780) 642736 ADB BJ
Facsimile: (880) 2-813242
IDD: 813-532

Indonesia Resident Office

6th Floor, Gedung Garuda Indonesia
Jalan Medan Merdeka Selatan, 13
Jakarta Pusat 10110
Indonesia
P.O. Box 99 JKSA
Jakarta Pusat, Indonesia
Telephone: (62) 21-3808151/54
Telex: (73) 46579 ADB IA
Facsimile: (62) 21-3808155

India Resident Office

37 Golf Links Road
New Delhi 110003, India
Telephone: (91) 11-692578 or 692589
Telex: (8131) 74099 ADB IN
Facsimile: (91) 11-4636175

Nepal Resident Office

Srikunj Kamaladi Ward No. 31
Block 2/597
Ka.Na.Pa., Kathmandu, Nepal
P.O. Box 5017 K.D.P.O.
Kathmandu, Nepal
Telephone: (977) 1-227779 or 227784
Telex: (891) 2639 ADB NP
Facsimile: (977) 1-225063

Pakistan Resident Office

151 Khyaban-E-Iqbal
Islamabad F-6/3
Pakistan
P.O. Box 1863 GPO
Islamabad, Pakistan
Telephone: (92) 51-818791/94
Telex: (82) 54452 ADB PK
Facsimile: (92) 51-823324

South Pacific Regional Office

La Casa de Andrea
Kumul Highway
Port Vila, Vanuatu
P.O. Box 127
Port Vila, Vanuatu
Telephone: (678) 2-3300
Telex: (771) 1082 ADB NH
Facsimile: (678) 2-3183

