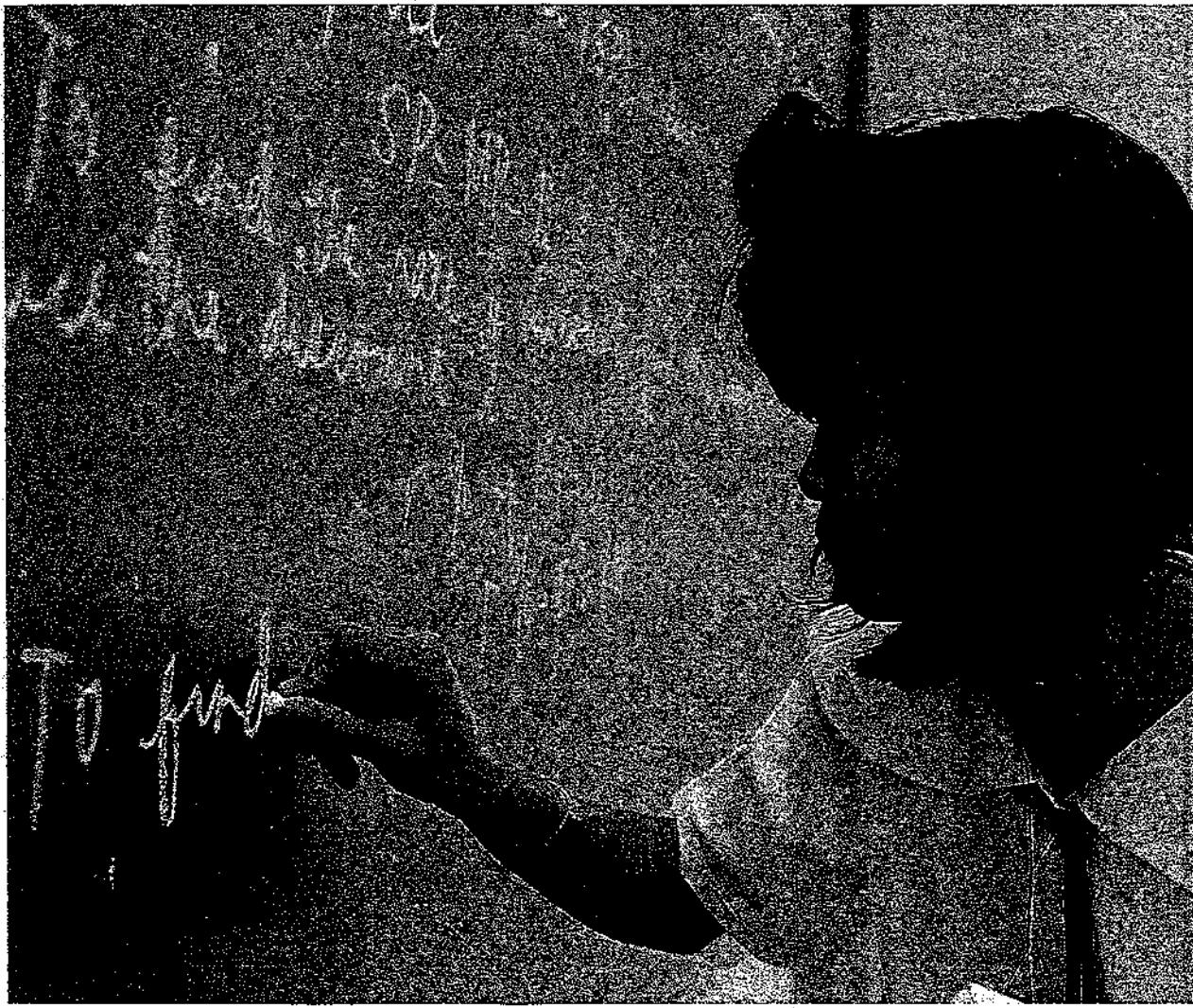


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ASIAN DEVELOPMENT BANK

ANNUAL REPORT
1990



The Asian Development Bank

The Asian Development Bank, a development finance institution consisting of 49 member countries,¹ is engaged in promoting the economic and social progress of its developing member countries in the Asia-Pacific region.

The Bank started functioning in December 1966 with its Headquarters in Manila, Philippines. It is owned by the governments of 34 countries from the Asia-Pacific region and 15 countries from Europe and North America.

In 24 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, Japan, the Middle East and United States. The Bank's callable capital, which at the end of

1990 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. 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 the Vice-Presidents, who are appointed by the Board of Directors on the recommendation of the President.

The Bank has 27 departments and offices — including Resident Offices in: (i) Dhaka, Bangladesh; (ii) Jakarta, Indonesia; (iii) Islamabad, Pakistan; and (iv) Kathmandu, Nepal and a Regional Office in Port Vila, Vanuatu — dealing with various operational, financial, administrative and general support functions. At the end of 1990, the Bank had 606 professional staff.

¹ 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. On 22 February 1991, the Mongolian People's Republic joined the Bank as its 50th member.

LIST OF MEMBER COUNTRIES WITH CAPITAL STOCK AND VOTING POWER¹

31 December 1990

MEMBERS	SUBSCRIBED CAPITAL		VOTING POWER		MEMBERS	SUBSCRIBED CAPITAL		VOTING POWER	
	Per Cent of Total	Per Cent of Total	Per Cent of Total	Per Cent of Total		Per Cent of Total	Per Cent of Total	Per Cent of Total	Per Cent of Total
REGIONAL									
Afghanistan, Rep. of	0.074	0.468	Tonga	0.004	0.412				
Australia	6.364	5.499	Vanuatu	0.007	0.414				
Bangladesh	1.123	1.307	Viet Nam, Soc. Rep. of	0.375	0.708				
Bhutan	0.007	0.414	Western Samoa	0.004	0.411				
Cambodia	0.055	0.452	Total Regional	63.556	64.722				
China, People's Rep. of	7.087	6.078							
Cook Islands	0.003	0.410	NON-REGIONAL						
Fiji	0.075	0.468	Austria	0.374	0.708				
Hong Kong	0.599	0.887	Belgium	0.374	0.708				
India	6.963	5.979	Canada	5.753	5.010				
Indonesia	5.990	5.200	Denmark	0.374	0.708				
Japan	14.975	12.388	Finland	0.374	0.708				
Kiribati	0.004	0.412	France	2.560	2.456				
Korea, Rep. of	5.541	4.841	Germany	4.758	4.214				
Lao PDR	0.015	0.420	Italy	1.988	1.998				
Malaysia	2.995	2.804	Netherlands	1.128	1.310				
Maldives	0.004	0.412	Norway	0.374	0.708				
Marshall Islands	0.003	0.410	Spain	0.374	0.708				
Micronesia, Fed. States of	0.004	0.412	Sweden	0.150	0.528				
Myanmar	0.599	0.887	Switzerland	0.642	0.921				
Nepal	0.162	0.537	United Kingdom	2.246	2.205				
New Zealand	1.689	1.759	United States	14.975	12.388				
Pakistan	2.396	2.325	Total Non-Regional	36.444	35.278				
Papua New Guinea	0.103	0.491							
Philippines	2.621	2.505	TOTAL		100.000	100.000			
Singapore	0.374	0.708							
Solomon Islands	0.007	0.414							
Sri Lanka	0.638	0.918							
Taipei, China	1.198	1.366							
Thailand	1.498	1.606							

¹ For Table with fuller details, see page 128.

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ASIAN DEVELOPMENT BANK

ANNUAL REPORT 1990



A SCHOOLGIRL at Bendita High School in Cavite, Philippines, is a beneficiary under the Secondary Education Development Sector loan of \$70 million provided by the Bank. The sector loan is aimed at helping five million students in public and private high schools through the provision of classrooms and other facilities, teacher training and curriculum development. For details of the Bank's new priorities in education, see the theme chapter on Education and Development.

BANK HIGHLIGHTS, 1966-1990

Loans, Equity Operations and Technical Assistance

- * The Bank has committed a total of \$32.7 billion in loans and investments for 1,020 projects, including private sector entities. Total lending amounted to \$32.6 billion.
- * Under the Bank's private sector operations, which began in 1983, the Bank's cumulative commitments have amounted to \$440 million for 64 projects. Of this amount, \$139.1 million was for equity investments and lines of equity, \$41.6 million for equity underwritings and \$259.5 million for Bank loans. Complementary loans amounted to \$80 million.
- * Technical assistance, in grants and loans, has amounted to \$2.4 billion. Of this amount, \$307 million was provided for project preparation technical assistance which has so far resulted in 425 Bank loans totalling \$13.9 billion; \$2 billion was provided for project implementation and advisory technical assistance and \$86 million for regional technical assistance.
- * Co-financing, which has become an integral part of Bank operations, has amounted to \$9.6 billion, out of which official sources have contributed \$7 billion and commercial sources (including commercial banks, insurance companies and export credit sources), \$2.4 billion.

Resource Mobilization

- * Authorized capital stood at the equivalent of \$23.9 billion as of 31 December 1990.
- * A total of about \$10 billion has been borrowed from international capital markets for lending from ordinary capital resources.
- * About \$13.4 billion has been made available from contributions to the Asian Development Fund for concessional lending to poorer DMCs, and about \$176.9 million in Technical Assistance Special Fund contributions for financing technical assistance grants.

Sectoral Activities

- * Agriculture and Agro-Industry: 150 irrigation and area development projects benefiting about 25.4 million people; 79 fisheries, livestock and forestry projects; 92 projects for industrial crops, agro-industry and support services; and eight fertilizer projects.
- * Energy: 167 projects including 146 power projects for the creation of 17,000 MW of generation capacity, of which nearly 82 per cent will be based on indigenous resources, and for about 95,000 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: 107 credit lines totaling \$3,570 million to 52 financial intermediaries in 24 DMCs, which have been used so far to create 18,461 subloans to small and medium-scale enterprises as well as six program loans amounting to \$455 million.
- * Transport and Communications: 43 projects in the ports and shipping sector for the construction, rehabilitation, modernization and expansion of port facilities; 76 projects for the rehabilitation, maintenance and construction of primary, secondary and feeder roads; five railway projects to increase freight capacity by about 24 million tons; and 14 telecommunication projects to improve and extend services.
- * Social Infrastructure: 67 water supply and sanitation projects benefiting 80.2 million people; 44 education projects involving the establishment and development, as well as rehabilitation and expansion, of primary, secondary and tertiary level education and training institutions directly benefiting millions of students and about 145,000 teaching and administrative staff per annum, and the provision of 140 non-project related scholarships for nationals of the Bank's DMCs; 21 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 17 health and population projects, providing physical and institutional support such as establishing or upgrading rural health facilities and referral hospitals, health manpower development, production of essential drugs, improvement of storage and distribution of medical and family planning supplies, repair and maintenance of equipment, and provision of better malaria control measures.

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ASIAN DEVELOPMENT BANK
Manila

Office of the President

12 March 1991

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 1990, 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 TARO MIZU
President and
Chairman of the
Board of Directors

Chairman of the
Board of Governors
Asian Development Bank

THE BOARD OF DIRECTORS

THE BOARD of Governors, under Article 28 of the Bank's Charter, is vested with all the powers of the Bank. Except for certain powers reserved to it under the Article, the Board of Governors has delegated its authority to the Board of Directors, which is responsible for the policy direction and general operations of the Bank. The Board of Directors performs its duties on a full-time basis at the Bank's headquarters and meets in formal sessions under the chairmanship of the Bank's President.

The Bank's Charter provides for a Board of 12 Directors elected by the Governors. Each Director appoints one Alternate Director. During the year under review, changes occurred in the Board's composition, with four new Directors being elected and six Alternate Directors being appointed. A list of the 12 Directors and their Alternates follows this chapter while Appendix 4 provides details on Board membership and the countries they represent.

General Operations

During the year, the Board held 48 formal meetings and had several informal meetings and seminars on various policy and operational issues, including private sector activities, country strategies, Asian Development Fund financial policies, financial management, personnel policy and procurement.

The Board paid attention to the Bank's operations in the South Pacific and discussed the report of an ad hoc working group established to analyze the issue. The report responded to the concerns expressed by the Governors of the South Pacific developing member countries (SPDMCs) for strengthening the Bank's South Pacific Regional Office (SPRO) and encouraging greater coordination between external agencies and donors in order to serve the needs of the SPDMCs more effectively.

The Board approved 63 public and private sector loans totalling \$3,972 million for 57 projects and 16 private sector equity investments for a value of \$37 million. Either directly or through powers delegated to the President, the Board

also approved 256 technical assistance grants amounting to \$95.3 million.

At the beginning of the year, the Board noted an indicative borrowing program and a liability management program, and authorized the use of a bridge financing facility. Actual long-term borrowing during the year consisted of five issues in three different currencies amounting to the equivalent of \$848.6 million.

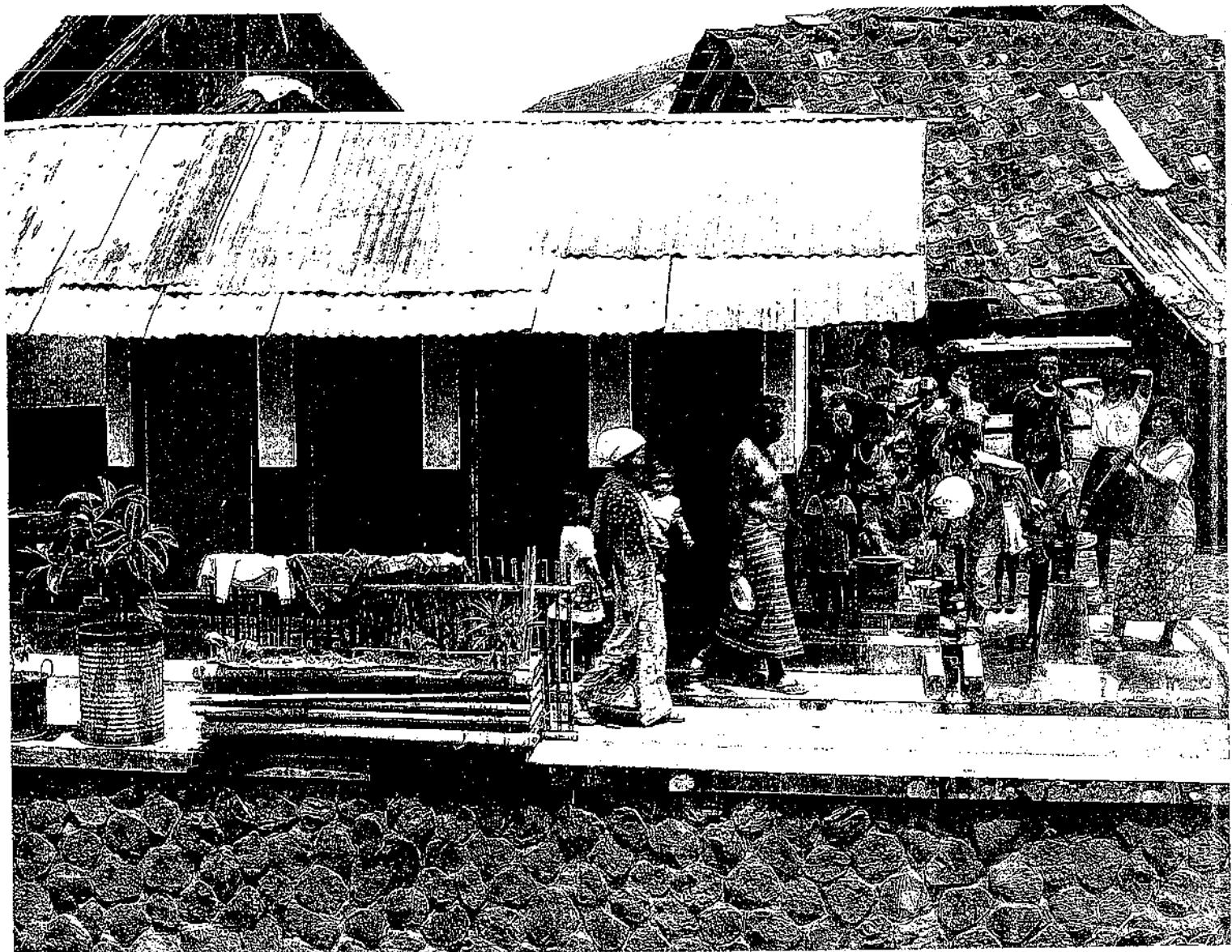
Administration

The Board approved the appointment of Mr. William R. Thomson as the new Vice-President for Operations, replacing Mr. S. Stanley Katz, who retired. Mr. Thomson's appointment was effective from 1 October 1990.

The Board reviewed the Bank's personnel policies and practices. It approved a personnel policy statement which embeds the basic principles governing the recruitment, development and retention of staff and procedures for redressing staff grievances, and agreed on guidelines for implementing these policies. It also reviewed and provided guidance on the ongoing study and development of a new professional staff salary policy and structure. The Board approved, as from August 1990, (i) a 4.2 per cent across-the-board salary increase for all professional staff and (ii) a special one-time lump sum payment (equivalent to 7.5 per cent of payroll) to professional staff stationed at headquarters. For the supporting staff, the Board approved (i) an across-the-board increase of 8 per cent as from August 1990, and (ii) a one-time special advance payment of one month's salary in December 1990 in the light of rising living costs in Manila.

Committees

The Budget for 1991 was approved taking into consideration the Budget Review Committee's report. It authorizes internal administrative expenses of the Bank



COMMUNITY sanitation facilities in Indonesia were provided under the Bandung Urban Development Project which the Bank supported with a \$32.3 million loan.

amounting to \$135.3 million (up 14.4 per cent from the 1990 revised estimate) to carry out its 1991 work program.

The Board's Audit Committee reviewed the Bank's 1990 financial statements with outside auditors and staff. It assessed the activities of the Internal Audit Office and reviewed its 1991 program. The Committee also considered the 1990 post-evaluation activities and discussed the Post-Evaluation Office's (PEO) program for the next year. In this connection, 23 project performance audit reports (PPARs), one special study report and one impact evaluation (re-evaluation) report were reviewed. Membership of the Budget Review and Audit Committees is shown in Appendix 5.

Directors' Visits

To understand the DMCs' development efforts and difficulties better as well as to promote among the DMCs a greater appreciation of the Bank's operations, two groups of Directors visited several member countries. One group visited Bangladesh and Pakistan from 23 February to 9 March, while a second group visited the Pacific countries of Cook Islands, Western Samoa and Vanuatu from 14 October to 2 November.

These visits also provided an opportunity for the Board to discuss policy issues with relevant DMC authorities.

THE BOARD OF DIRECTORS

(As of 31 December 1990)

President and Chairman of the Board of Directors

Kimimasa Tarumizu

Directors

K. D. Adhikary

Aitezazuddin Ahmad

Nicholas Bailey

D. Bandyopadhyay

Anthony F. Burger

Che Peiqin

Sofjan Djajawinata

Victor H. Frank, Jr.

Giovanni Montagna

Hyung-Sup Shim

Kenneth Waller

Ken Yagi

Alternate Directors

Anthony Tan Song Chuan

Vicente R. Jayme

Heinz Bühler

Quazi Azher Ali

Asbjørn Løvbraek

Wei Benhua

Colin Pratt

(vacant)

Luis López

Vai Reva

Dereck Rooken-Smith

Toshiki Kanamori

THE RECORD

(amounts in '\$ million)

	1966-1986	1987	1988	1989	1990	1966-1990 ^a
OPERATIONAL ACTIVITIES						
TOTAL LENDING (Amount)	19,389.1 ^b	2,438.5 ^b	3,145.6	3,623.6	3,972.2	32,568.8
Number of Projects ^c	748 ^b	48	56	62	57	964 ^c
OCR Loans (Amount)	13,211.8 ^b	1,480.9	2,062.2	2,260.3	2,491.7	21,506.7
Number of Loans	451	22	29	34	27	563
Disbursements	6,092.0	692.8	957.4	1,346.5	1,689.1	10,777.8
ADF Loans (Amount)	6,177.3	957.6	1,083.4	1,363.3	1,480.5	11,062.1
Number of Loans	371	30	32	35	36	504
Disbursements	2,384.4	538.6	691.7	888.4	1,062.6	5,565.7
A. Government and Government-Guaranteed Loans (Amount)	19,382.6	2,418.0	3,087.6	3,527.9	3,893.3	32,309.3
Number of Projects ^c	744	45	52	51	50	937
OCR Loans (Amount)	13,205.3	1,462.9	2,004.2	2,170.6	2,418.8	21,261.7
Number of Loans	449	20	25	25	22	541
Disbursements	6,092.0	689.0	952.1	1,312.0	1,607.3	10,652.4
ADF Loans (Amount)	6,177.3	955.1	1,083.4	1,357.3	1,474.5	11,047.6
Number of Loans	371	29	32	33	34	499
Disbursements	2,384.4	538.6	691.7	886.4	1,062.1	5,563.2
B. Private Sector Loans (Amount)	6.5 ^b	20.5 ^b	58.0	95.7	78.8	259.5
Number of Projects ^c	2 ^b	3 ^b	4	11	7	27
Disbursements	—	3.8	5.3	36.5	82.3	127.9
OCR Loans (Amount)	6.5 ^b	18.0	58.0	89.7	72.8	245.0
Number of Loans	2 ^b	2	4	9	5	22
Disbursements	—	3.8	5.3	34.5	81.8	125.4
ADF Loans (Amount)	—	2.5	—	6.0	6.0	14.5
Number of Loans	—	1	—	2	2	5
Disbursements	—	—	—	2.0	0.5	2.5
EQUITY INVESTMENTS						
Amount	12.8 ^b	22.6	15.7 ^b	56.4	31.6	139.1
Number of investments	9 ^b	7	6 ^b	14	15	50
EQUITY UNDERWRITING						
Amount	—	5.0	20.0	11.2	5.4	41.6
Number of Commitments	—	1	2	2	1	6
TECHNICAL ASSISTANCE^d	1,555.5	143.1	169.5	239.2	302.6	2,409.7
Number of Projects	1,471	158	206	241	261	2,398
CO-FINANCING	5,845.5	498.5	774.2	1,272.8	1,256.6	9,647.6
Number of Projects	219	27	17	26	29	314
RESOURCES						
Ordinary Capital Resources						
Authorized Capital (at end of period)	19,663	22,987	22,642	22,111	23,938	23,938
Subscribed Capital (at end of period)	19,476	22,770	21,645	21,138	22,884	22,884
Borrowings (gross)	7,561	537	435	645	849	10,026
Outstanding Debt (at end of period)	7,135	8,475	7,347	6,872	8,215	8,215
Ordinary Reserve (at end of period)	1,372.9	1,601.5	1,929.0	2,314.9	2,713.1	2,713.1
Special Reserve (at end of period)	176.5	176.5	176.5	176.5	176.6	176.6
Gross Income	4,738.4	976.1	1,023.2	1,036.3	1,103.4	8,877.4
Net Income after Appropriation of Commissions/Guarantee Fees to Special Reserve	1,681.3	306.9	374.2	435.3	508.5	3,306.2
Special Funds Resources						
Asian Development Fund:						
Total Resources (at end of period)	7,764.5	10,200.9	11,532.5	12,214.9	13,354.5	13,354.5
Technical Assistance Special Fund:						
Contributions (at end of period)	81.9	151.4	174.9	173.2	176.9	176.9
Japan Special Fund:						
Contributions (at end of period)	—	—	35.8	86.6	155.8	155.8

^a Cumulative totals may not add due to rounding.

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

^c A project financed from both OCR and ADF is 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.

THE BANK IN 1990

THE BANK'S lending and investments during the year for both public and private sectors amounted to \$4,009 million, a rise of 9 per cent from a year earlier. Of this, government and government-guaranteed loans (including guaranteed credit lines for onlending to the private sector) and direct private sector loans totalled \$3,972 million (up 10 per cent) for 57 projects. Equity facilities, including underwriting commitments, in the private sector amounted to \$37 million, a decrease of 45 per cent.

The higher lending volume partly reflected a substantial rise in lending to the Bank's larger borrowers, namely, India, Indonesia, Philippines and Sri Lanka, as well as an increase in the average size of loans from \$52 million in 1989 to \$63 million. It was also partly due to a threefold rise in program loans to \$820 million from \$275 million a year earlier. Program loans accounted for about 21 per cent of total Bank lending although the three-year moving average share (1989-1991) of program lending is expected to be about 13 per cent.

Of the total loans approved, \$2,492 million was from interest-bearing ordinary capital resources (OCR), up 10 per cent, and \$1,480 million from the concessional Asian Development Fund (ADF), up 9 per cent.

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.

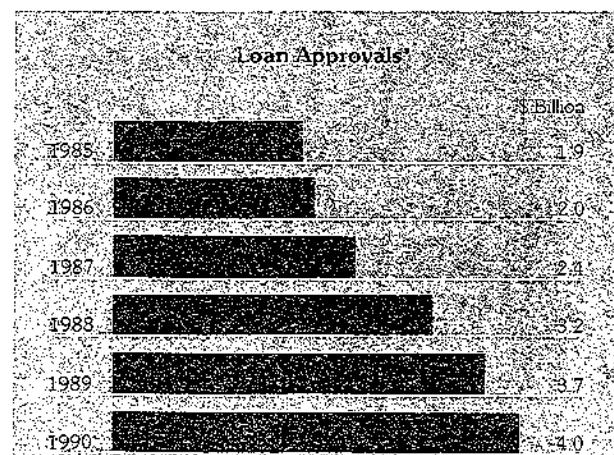
From 1 April 1978, when the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, the capital stock has been valued for purposes of the Bank's financial statements in terms of the Special Drawing Rights (SDR), at the value in current United States dollars as computed by the IMF. For a more detailed discussion, see OCR-7, Notes to Financial Statements of Ordinary Capital Resources.

By modality, project loans accounted for \$2,221 million (56 per cent) of the total lending, while program loans amounted to \$820 million (21 per cent), sector loans \$441 million (11 per cent), credit lines \$411 million (10 per cent) and direct private sector loans \$79 million (2 per cent).

Commitments for **government and government-guaranteed loans** amounted to \$3,893 million, up 10 per cent. These consisted of \$2,419 million from OCR and \$1,474 million from ADF, the amounts showing increases of 11 per cent and 9 per cent, respectively. During the year, 56 loans to the public sector were approved for 50 projects in 18 developing member countries (DMCs), against 58 loans for 51 projects in 15 DMCs in 1989. The biggest single loan of the year was to India for \$250 million.

In the **private sector**, the Bank approved direct loans of \$79 million (down 18 per cent from 1989) without government guarantee. In addition, 16 equity facilities were approved for \$37 million (down 45 per cent), bringing total direct private sector operations for the year to \$116 million (down 29 per cent) for 17 projects.

Loans under government guarantee, made through development finance institutions (DFIs) and intended for the



* Including private sector loans

OTHER HIGHLIGHTS OF THE YEAR

* The Twenty-Third Annual Meeting of the Board of Governors was held in New Delhi, India, from 2 to 4 May 1990.

* The Environment Division of the Bank was upgraded into Office of the Environment, reflecting increased concern for environmental issues.

* The Bank hosted an Asian Economic Outlook/World Project LINK conference to discuss economic forecasts for developing and developed countries.

* The Bank hosted an Asian Consultation on Water Supply and Sanitation to map out a regional sector strategy for the 1990s.

* The Bank co-sponsored a regional Ministerial-level conference in Bangkok, Thailand, on Environment and Development in Asia and the Pacific.

* The variable lending rate on ordinary operations loans was raised to 6.36 per cent on 1 July from

6.33 per cent set on 1 January.¹

* The Bank co-organized a Regional Conference on Gender Issues in Agriculture, a major meeting to address Women in Development issues.

* The People's Republic of China made its first contribution of \$600,000 to the Bank's Technical Assistance Special Fund (TASF).

* The Bank stepped up efforts to recruit more women professionals in line with its declared policy of providing equal employment opportunities for men and women.

* An untied contribution equivalent to \$400,000 was made available for technical assistance projects under an arrangement between the Bank and Finland.

* The Bank hosted a regional symposium aimed at finalizing a report on priority issues and policy measures to alleviate rural poverty.

¹ The lending rate was further increased to 6.50 per cent on 1 January 1991.

private sector, amounted to \$151 million.

Total technical assistance grants approved by the Bank and funded by the Bank and other sources, increased by about 18 per cent to \$95 million.

On a sectoral basis, the share of agriculture and agro-industry was \$1,242 million, up 47 per cent, with a 31 per cent share of the total lending.

Energy received \$1,032 million in government-guaranteed loans, up 73 per cent. In addition, a direct loan to one private sector project amounted to \$18 million, bringing total loans in this sector to \$1,050 million. The

sector's share in total lending was 26 per cent.

Industry and non-fuel minerals drew \$8.4 million in one government-guaranteed loan. Direct private sector loans to this sector, without government guarantee, accounted for \$30 million, bringing the sectoral total to \$38.4 million and the sector's share in total lending to about 1 per cent.

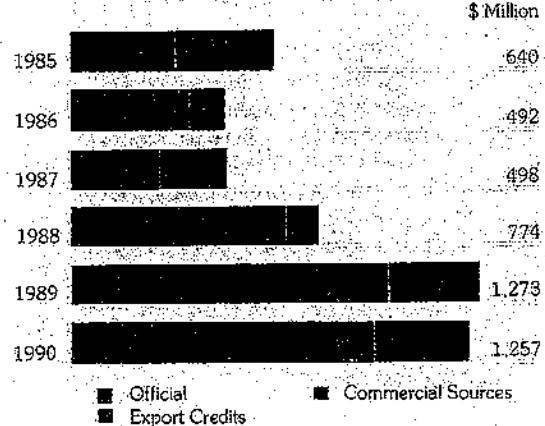
In 1989, loans to DFIs were included in the industry and non-fuel minerals sector. In 1990, DFI loans (\$151 million) were included in the new finance sector, which received \$256 million in government-guaranteed loans and

Number of Projects and Programs*



* Including private sector projects.

Co-Financing Arrangements



\$1 million in a direct private sector loan without government guarantee. The sector's share in total lending was 6.5 per cent.

Transport and communications received \$825 million, up 41 per cent. A direct loan to a private sector project made an additional \$30 million available, making up a sectoral total of \$855 million, up 46 per cent, for a 21 per cent share of total lending.

Social infrastructure received \$419 million, down 45 per cent, and its share of the total lending was 11 per cent.

Multisector loans rose 60 per cent to \$111 million, with a share of 3 per cent.

Co-financing reached \$1,257 million, about the same level as in 1989, with \$957 million coming from official sources (down 4 per cent), \$155 million from export credits (down 7 per cent) and \$145 million from commercial

sources (up 30 per cent). The share of official sources fell slightly to 76 per cent from 78 per cent in 1989, while that of commercial co-financing rose to 12 per cent from 9 per cent a year ago.

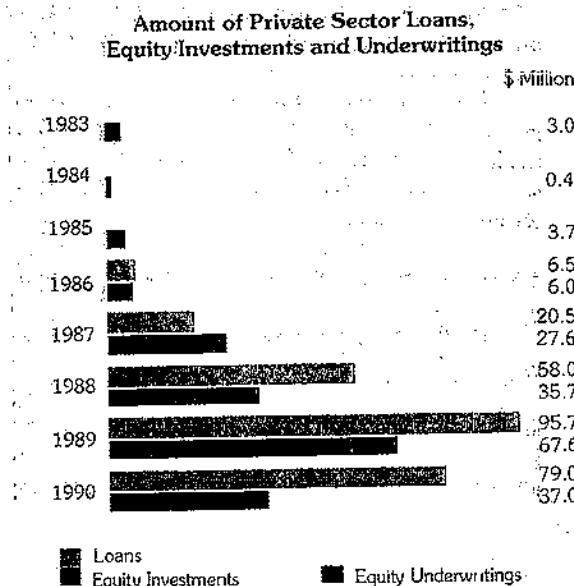
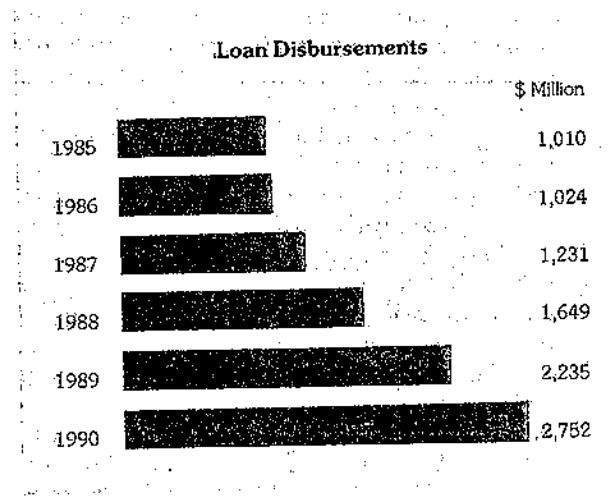
The net positive transfer of resources to DMCs (disbursements minus capital repayments, payments of interest and other charges, plus equity investments) amounted to \$1,471 million, which was 67 per cent higher than in 1989.

Loan disbursements rose by 23 per cent to \$2,752 million. OCR disbursements grew by 25 per cent to \$1,689 million and ADF disbursements by 20 per cent to \$1,063 million.

The higher disbursements resulted from a 49 per cent increase in program loan disbursements to \$671 million. Project loan disbursements increased by 17 per cent over 1989 to \$2,081 million, accounting for 57 per cent of the growth in total disbursements. The Bank made a special



TEA plucker in Sri Lanka under the Third Tea Development Project. The Bank has supported the tea sector with loans of more than \$60 million.

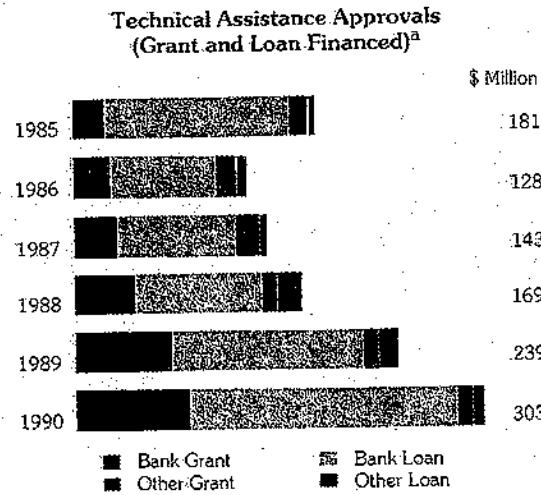


effort to speed up project and program administration, and coordinated closely with borrowers through its Resident Offices. It made use of imprest accounts, the statement of expenditure mechanism and retroactive financing to facilitate the flow of loan funds, and continued to send regular projects review and country disbursement missions. Seminars were held on procurement, disbursement and project implementation.

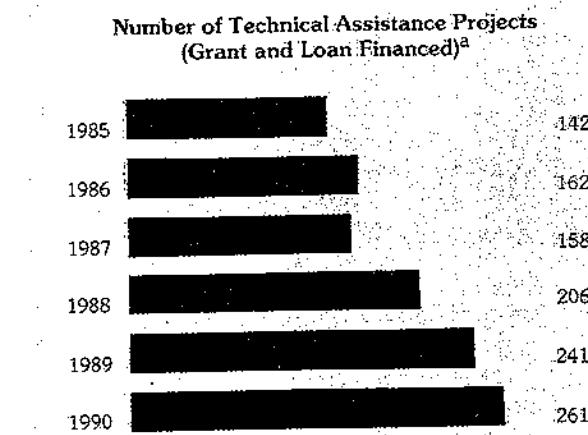
During the year, 58 projects were completed, bringing the total number of projects completed to 594, out of 964 projects approved as of the end of 1990. Twenty-seven projects, including one program loan, were evaluated in depth, bringing to 340 the total number of post-evaluated projects as of the end of the year.

On 31 December 1990, the Bank's authorized capital stock amounted to \$23,938 million (SDR16,826.4 million). Subscribed capital stood at \$22,884 million (SDR16,085.7 million).

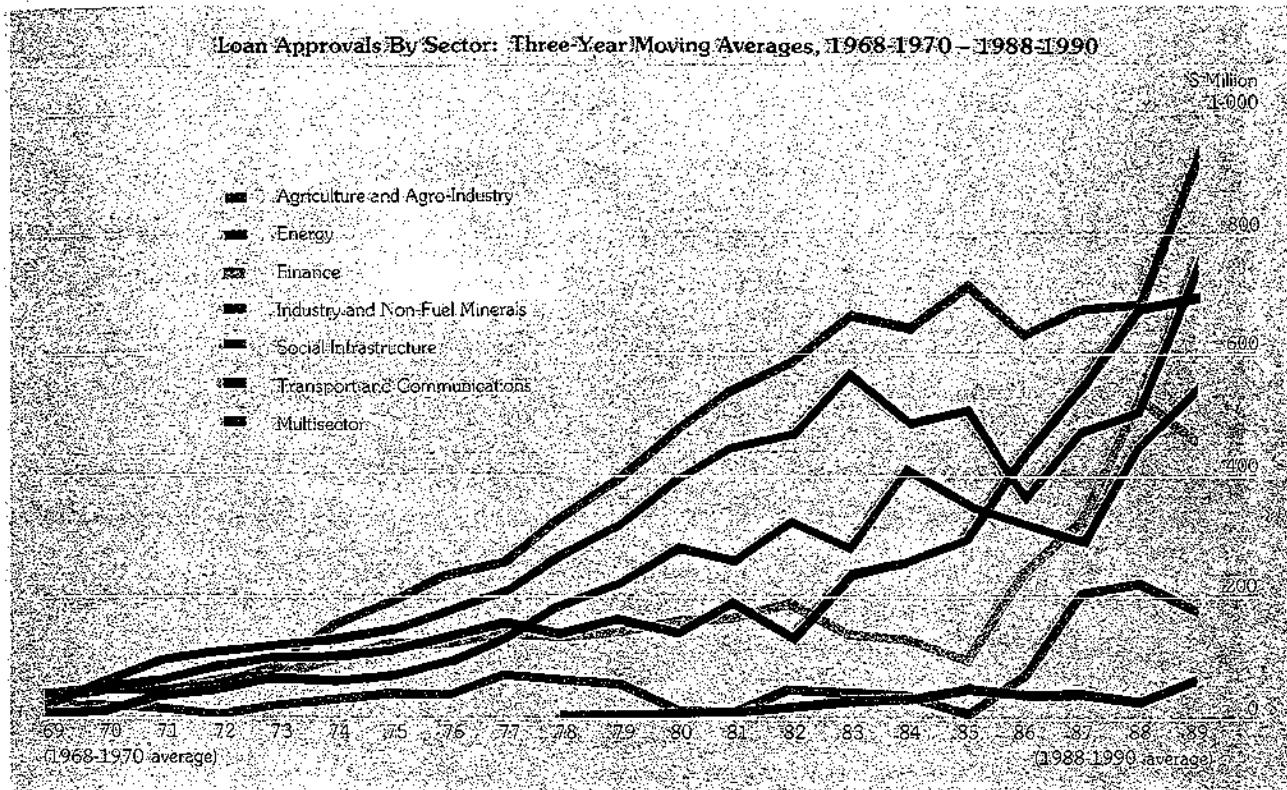
The Bank made five borrowings during the year from the capital markets of Japan, Switzerland and United States and the Euroyen market for a total amount of \$848.6 million. In addition, the Bank issued \$275 million of US dollar-denominated Euro-commercial paper (swapped into yen and Swiss francs), the proceeds of which were used to bridge-finance its cash flow requirements. The average



^a Includes regional activities.



^a Includes regional activities.



original life of the year's borrowings, weighted by amount, was ten years, compared with 9.8 years in 1989, while the average life of outstanding borrowings at the end of 1990 was 6.9 years.

At the end of the year, the Bank's OCR investments amounted to the equivalent of \$4,098 million (\$3,785 million at the end of 1989), and the realized rate of return on these investments over the year was 9.38 per cent, against 9.39 per cent over 1989.

Net income rose 17 per cent to \$509 million.

In November 1990, a further \$193 million of contributions to the fourth ADF replenishment (ADF V) became available to the Bank for loan commitments, and net ADF resources available at the end of the year amounted to about \$212 million. A meeting of ADF donor countries was held

in New Delhi in May to consider the current ADF resource position and the timeframe for the next ADF replenishment (ADF VI). Another meeting was held in Washington in September to consider a number of issues relating to the replenishment.

Two new members joined the Bank in 1990: the Republic of the Marshall Islands on 4 April and the Federated States of Micronesia on 26 April. With their inclusion, the Bank has ten Pacific island nations as members, covering a wider Pacific region. The Bank's total membership rose to 49.¹

¹ On 22 February 1991, the Mongolian People's Republic joined the Bank as its 50th member.



PAVING work at Madras port, India, under the Ports Development Project for which the Bank has provided an \$87.6 million loan.

ECONOMIC DEVELOPMENTS

FOLLOWING a prolonged period of robust expansion that began after the 1981-1982 recession, the world economy appears to be heading for more moderate growth. During the first half of 1990, there was an optimistic outlook for the world economy, enhanced by new economic opportunities emerging in Eastern Europe and by the strong growth trend in Western Europe resulting from changes in preparation for a single market in 1992. However, this optimism was tempered by the outbreak of the Gulf crisis in August 1990. As a result, there was increased uncertainty in the global economic environment, raising fears of a world recession.

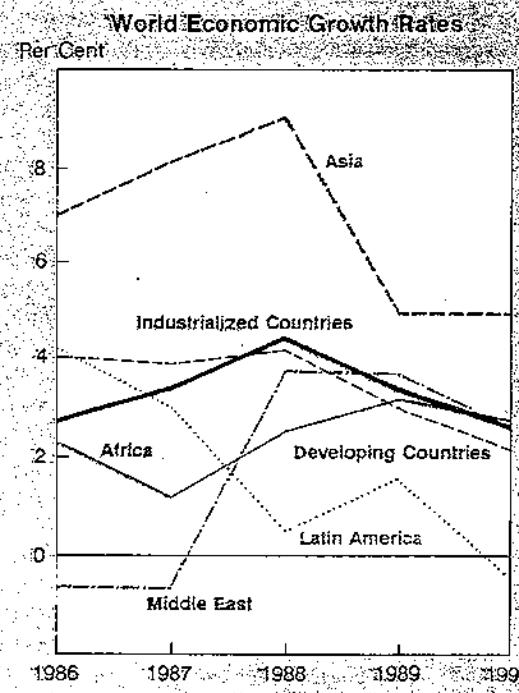
Economic slowdown in the industrialized countries and a significant increase in oil prices in the second half reduced growth in the developing world in 1990 to a level where per capita income grew only marginally. However, average economic growth in the Bank's developing member countries (DMCs) remained well above that in other developing regions. Although most DMCs faced a less favorable external environment and a marked upsurge in inflationary pressures, the aggregate inflation rate, on average, declined in 1990 because of large falls in inflation in People's Republic of China (PRC). Some DMCs were particularly affected by the Gulf crisis as they suffered large losses in workers' remittances from Kuwait and Iraq on top of higher oil bills.

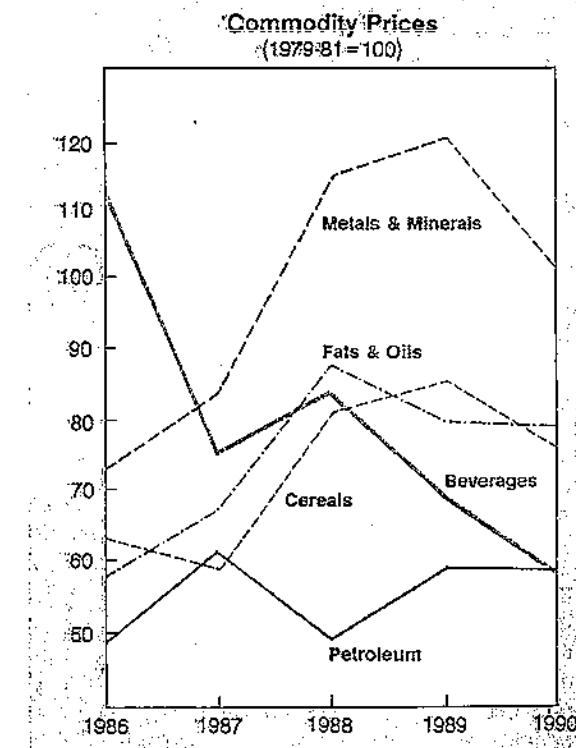
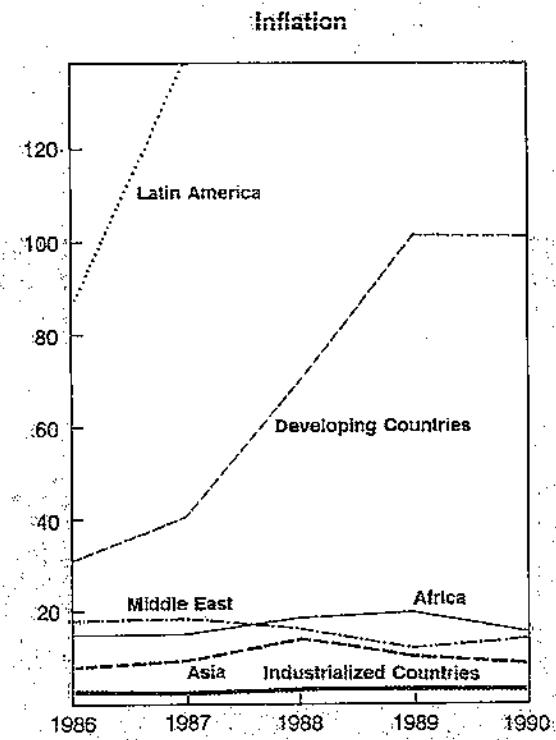
The International Setting

World economic growth in 1990 decelerated to about 2 per cent, about 1 per cent lower than the rate recorded in 1989. The slowdown continued a trend already observed in 1989 when several major industrialized economies, particularly in North America, entered a cyclical deceleration in economic activity. The significantly higher oil prices during the second half and persistently high world interest rates aggravated the global slowdown. Finally, the enormous economic adjustment problems experienced in the USSR and Eastern Europe as well as the stabilization programs

undertaken by several countries in Latin America led to negative growth rates in those regions.

Besides these events, earlier hopes of a major breakthrough in the Uruguay Round trade negotiations by December 1990 did not materialize. World trade over the next two decades will be shaped largely by the Uruguay Round and the extent of progress towards global free trade will have very significant implications for the future of the world economy. The negotiations, particularly on the elimination of agricultural subsidies in developed countries and the inclusion of textiles under the General Agreement





on Tariffs and Trade (GATT) are of considerable significance for DMCs. A move towards greater protectionism through bilateral agreements and the creation of trade blocks would be a major setback for the world economy in general and for DMCs in particular, as their reliance on free trade for their economic development is relatively more important. The failure of the December concluding negotiations and their postponement to early 1991 was thus a disappointment and a major source of concern.

Reflecting a general slowdown in world economic growth and domestic demands, the volume of world trade expanded by almost 6 per cent in 1990, against 7.3 per cent in 1989. Import demand declined significantly in North America and to some extent in Asia, although it remained rather buoyant in Western Europe, particularly in Germany. These developments led to some narrowing of major world current account imbalances. The terms of trade for non-oil exporting developing countries deteriorated markedly as US dollar-denominated export prices for non-fuel primary commodities fell by about 8 per cent. In spite of some loosening of monetary conditions in Canada, United States and a few Western European countries during the second half of the year, the stance of monetary policies in the world remained relatively restrictive, particularly in Germany and Japan. Rising inflation also led many developing countries, including many DMCs, to tighten their

monetary policies. World interest rates thus remained relatively high. Such developments, combined with weaknesses in some banking systems, added to the perceived fragility of the global financial system, which was further unsettled by large declines in stock market values around the world. The specter of a world credit crunch, combined with a sharper oil price shock, increased the possibility of a general recession in the world economy by the end of 1990.

Economic Situation in Industrialized Countries

Average output growth for the industrialized countries declined by nearly 1 per cent to 2.5 per cent. Reflecting differences in cyclical positions manifested since mid-1988, this slowdown, however, conceals a significant divergence of experience. While Germany and Japan continued to grow robustly, Australia, Canada, New Zealand, United Kingdom and United States lagged, effectively entering recessions by the end of the year. The decline in real output growth in the latter countries was led by a marked slowdown in domestic demand – both consumer demand and business investment.

US GDP growth was about 1 per cent, a significant reduction from 1989. The slowdown was characterized by softer domestic demand. The foreign sector made a small

but positive contribution to growth, but this was insufficient to compensate for reduced domestic expenditures.

In contrast, spurred by continuing buoyant consumer and investment demand, Japan showed little signs of slowing down, with GDP growing by 5.6 per cent, marginally higher than in 1989. This growth occurred in spite of the tightening of monetary policy and the increasing pressure on factor markets.

Economic growth in the European Community (EC) economies continued to be robust, except for the United Kingdom. For the EC as a whole, GDP expanded by 2.5 per cent, compared with 3.3 per cent in 1989. The German economy¹ remained particularly strong, exceeding its 1989 growth of nearly 4 per cent. Tax cuts in early 1990 led to a large increase in consumer spending while business investment grew rapidly, partly in response to German unification. The contribution to growth of Germany's external sector, however, fell by nearly 2 percentage points. In other EC countries, economic growth slowed somewhat and fluctuated between 1 and 4 per cent.

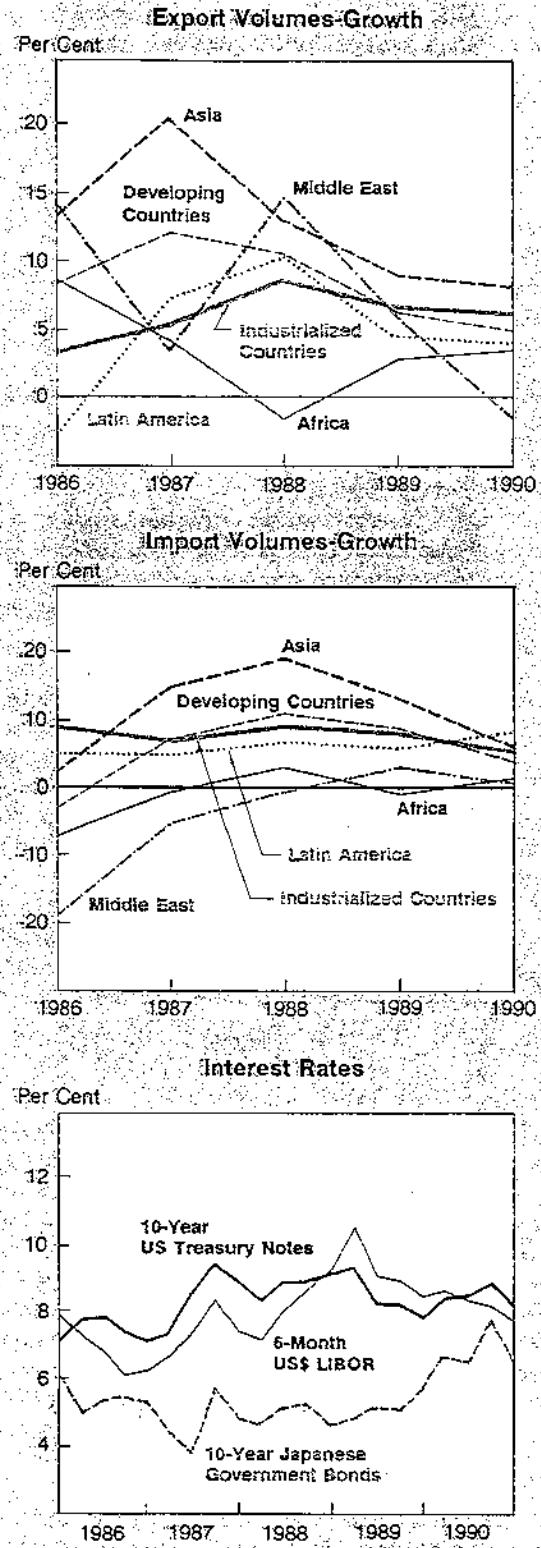
Employment growth in the industrialized countries slowed in line with changes in economic activity. In Australia, Canada and New Zealand, the unemployment rate increased throughout the year, while in the United States it started rising during the second half. In contrast, the unemployment rate continued to fall significantly in Germany and Japan, where it stood at only about 2 per cent. For the EC countries as a whole, unemployment was lower in 1990 than in 1989. Tight factor markets in several countries and higher oil prices significantly increased inflationary pressures in the industrialized countries. Consumer price inflation reached 4.8 per cent, about half a percentage point higher than in 1989.

While the combined current account deficit of the industrialized countries increased from nearly \$80 billion in 1989 to about \$110 billion, the imbalances of the three major industrialized countries somewhat narrowed. The US deficit decreased as a result of exports substantially outpacing imports. In Germany, in part reflecting the effects of unification, there was a marked growth in imports. In Japan, in spite of a slower growth in imports and a faster growth in exports, the current account surplus fell to under \$50 billion.

Economic Situation in Developing Countries

Economic growth in developing countries decelerated for the second consecutive year, reaching an average of 2.4 per cent or about one-third lower than the rate recorded in 1989. With the exception of Asia, all developing regions experienced negative per capita growth in both 1989 and 1990. The average, however, hides a variety of experiences. While many countries in Africa, Latin America and Asia registered sluggish growth over most of the 1980s, some large developing economies, such as Brazil, the PRC, India and Republic of Korea had grown at relatively rapid rates.

¹ Because of unreliability of data for the former German Democratic Republic, Germany refers to the former Federal Republic of Germany.



IMPACT OF THE GULF CRISIS ON THE BANK'S DMCs

THE POLITICAL crisis in the Gulf region following Iraq's 2 August 1990 invasion of Kuwait has severely affected economic growth prospects in many of the Bank's developing member countries (DMCs). While the full impact of the crisis has yet to unfold, the countries have been hit by higher international oil prices, the disruption of trade with Kuwait and Iraq and the loss of remittances from migrant Asian workers in the two countries.

In 1990, about 75 per cent of the DMCs' oil imports came from the Middle East, and DMCs which depended more than others on Middle East oil because of their geographical proximity to the region have been particularly vulnerable. The oil price increase resulted in a deterioration in the DMCs' trade account during the year, although some net oil exporting DMCs benefited in the short run.

The direct impact of the loss of trade with Iraq and Kuwait was also significant. The DMCs, whose shipments to the two countries had amounted to \$1.5 billion in 1988, were believed to have suffered an export loss of at least \$600 million during 1990.

Also serious was the loss during the year of some \$600-750 million in foreign exchange remittances from migrant workers in the affected Middle Eastern countries. Before the crisis broke out, there were about 600,000 Asian workers in Kuwait and Iraq. A large number of them were later repatriated, considerably reducing the inflow of remittances and adding to the unemployment problem back home.

However, on an individual basis, the impact of the crisis varied from country to country. Because of their sound economic fundamentals and the absence of serious macroeconomic imbalances, the newly in-

dustrializing economies (NIEs) were in a much better position than other DMCs to absorb the shock. Besides, during the 1980s, the NIEs had significantly improved their energy efficiency and reduced their dependence on imported crude oil. For example, in Hong Kong, the share of imported oil in total primary energy supply went down from 100 per cent in 1980 to 36 per cent in 1988. In Singapore, energy consumption per unit of output dropped by 43 per cent over the same period..

Oil exporting DMCs, e.g., People's Republic of China (PRC), Indonesia and Malaysia, benefited from the surge in oil prices. However, much of their windfall gains were offset by the indirect effects of the crisis, such as a decline in exports because of a slowdown in the world economy. In the case of the PRC, the loss of remittances and construction contracts wrote off most of the gains.

The South Asian countries and the Philippines were particularly hard hit because of their close economic relations with the Middle East. Their problems were compounded by their big budget and current account deficits and relatively high inflation rates and debt-service ratios. The overall cost of the crisis to Bangladesh and Sri Lanka, with sharply increased crude oil import bills, decreased remittances and reduced export earnings, was enormous.

The crisis is estimated to have lowered India's export growth in 1990 by one or two percentage points and inflated its oil bill by more than \$1 billion. Pakistan also suffered a significant negative impact of nearly \$1 billion, including remittance and export losses and additional oil import burden. These countries will need substantial external assistance to avoid stagflation and keep their balance of payments manageable.

In 1990, the performance of these economies was somewhat mixed. The implementation of a drastic stabilization program in Brazil resulted in a negative growth of over 3 per cent. The ongoing austerity program in the PRC reduced its GDP growth from the high levels of the eighties, although its 1990 growth rate was marginally better than in 1989. India's economy expanded but the growth still fell below its potential. The economy of the Republic of Korea recovered somewhat in 1990 due to strong domestic demand, but its growth still fell short of the high rates of 1986-1988. In 1990, oil-importing developing countries faced a sharp deterioration in their terms of trade as well as a significant decline in the demand for their products in industrialized countries. In addition, reduced export growth and high interest rates added to the debt-service burdens of the highly-indebted countries. Finally, faced with rising inflationary pressures and deteriorating external balances, most

developing countries had to further tighten their economic policies, which in turn affected their 1990 growth performance.

In the developing world, except for Asia and Africa, GDP growth declined in 1990. The developing countries of the Middle East and Latin America experienced negative growths of 2.6 and 1.2 per cent, respectively, against 3.7 per cent and 1 per cent in 1989. Debt-service payments as a percentage of exports of goods and services increased markedly for both Africa and Latin America. In the latter case, the rate increased to 37 per cent from 33 per cent in 1989.

In 1989, capital flows to developing countries had amounted to an estimated \$108 billion, a 4.5 per cent increase over 1988. Official sources provided \$66 billion, half of which was on concessional terms. Private capital flows reached around \$41 billion. The exposure of official

creditor agencies to developing countries' debt problems has thus increased significantly, and preliminary data show these trends continued in 1990. Though rescheduling operations increased, net long-term borrowing from official creditors continued to expand rapidly. Estimates indicate an increase of 45 per cent, about the same rate as in 1989.

The total outstanding external debt of the developing world rose from \$1,237 billion in 1989 to \$1,303 billion in 1990. However, the continued growth of exports from developing countries reduced the aggregate debt-to-exports ratio from about 130 per cent in 1989 to about 124 per cent. The debt-service ratio remained more or less at the same level as in 1989.

Overview of Developing Member Countries

Despite the Gulf crisis, rising oil prices and economic slowdown in the industrialized countries, the Bank's DMCs continued to be the fastest growing region in the world. In spite of growth declines in a number of countries, the DMCs maintained the 1989 average rate, partly because of higher GDP growth in PRC. Other DMCs which fared better in 1990 included the Republic of Korea and Malaysia, both of which gained from increased domestic demand. However,

Malaysia also benefited from its policy reforms, large inflows of foreign investment and, to some extent, higher oil prices.

The newly industrializing economies (NIEs) improved on their 1989 performance, although only slightly, largely due to a marked improvement in the economic growth of the Republic of Korea. Southeast Asia experienced a slowdown due to a general deceleration in all the economies of the sub-region, except for Malaysia. In South Asia, growth declined, albeit marginally, due to a slowdown in the larger economies of the sub-region. The PRC's higher GDP growth was largely the result of a slight relaxation in austerity policies. The economic performance of many of the Pacific island DMCs (PIDMCs) was affected by the adverse international environment, natural disasters and the Gulf crisis.

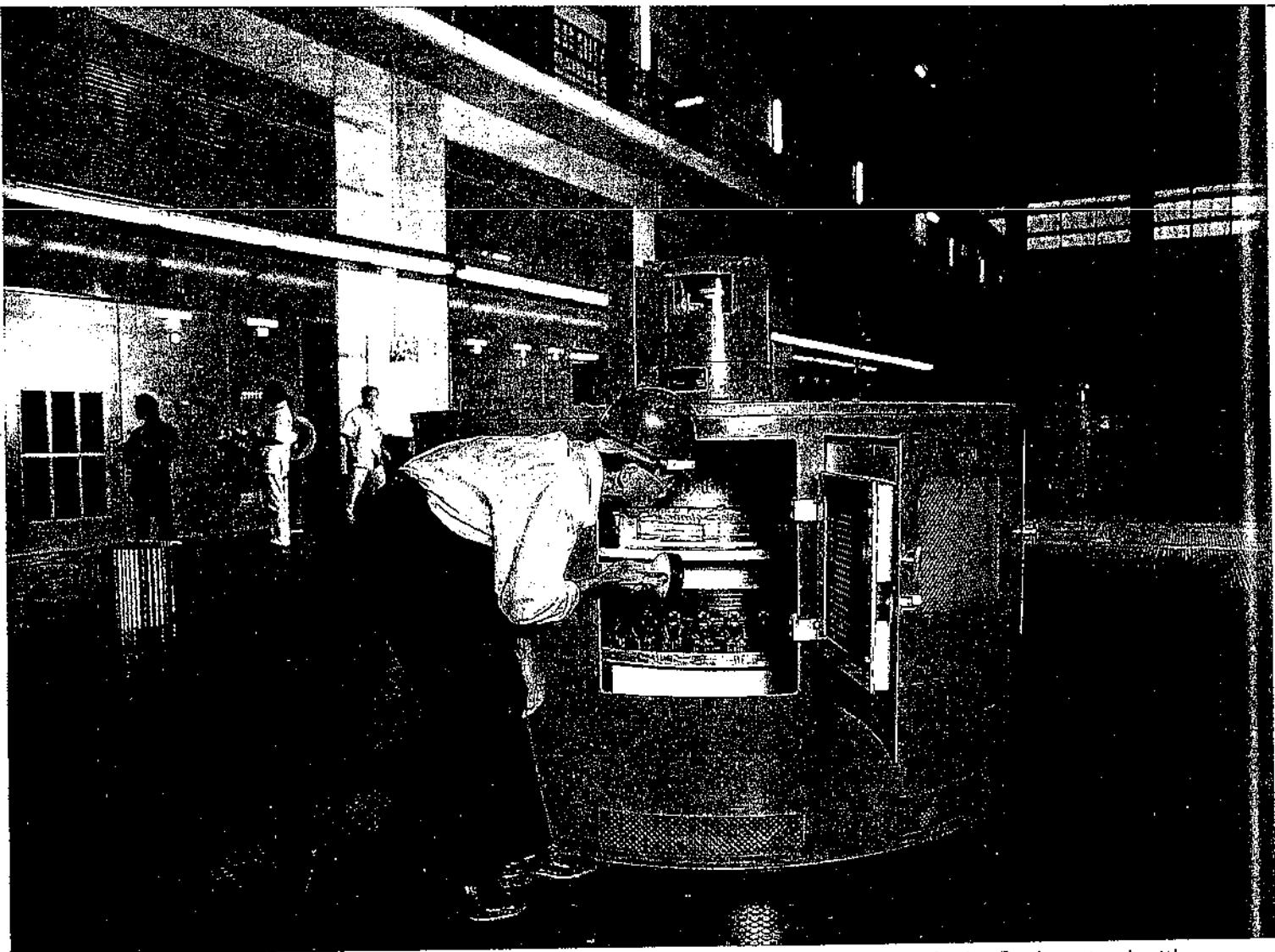
Domestic demand emerged as a critical factor in the growth performance of many DMCs, particularly Indonesia, Republic of Korea and Malaysia. Exports continued to be an important determinant of growth, although the growth in aggregate exports decelerated from about 12 per cent in 1989 to about 10 per cent. Performance between sub-regions varied. The NIEs had a 2 per cent fall in export growth from the 10 per cent achieved in 1989, due to the lackluster performance of Republic of Korea (with an increase of only about 4 per cent) and Taipei, China (less than 1 per cent). Singapore, with 14 per cent, recorded the

Economic Indicators of Developing World and DMCs

Indicator	Developing World			DMCs ^a		
	1988	1989	1990	1988	1989	1990
GDP Growth Rate (%)	4.2	3.6	2.4	9.4	5.7	5.7
Inflation Rate (%)	70.6	104.6	104.8	10.7	9.2	6.6
Current Account Balance (\$ billion)	-14.0	-15.9	-4.8	11.6	1.7	-2.3
Exports (Growth Rate: %)	10.5	6.7	5.0	23.4	11.8	10.2
Imports (Growth Rate: %)	10.6	8.6	4.1	29.7	13.9	11.2
External Debt Outstanding (\$ billion)	1,234.8	1,237.0	1,302.6	302.3	309.9	337.5
Debt-Service Ratio (as percentage of exports of goods and services)	19.4	16.0	15.9	17.3	18.8	12.3

a Average (all DMCs).

Sources: IMF, *World Economic Outlook*, October 1990 and *OECD Economic Outlook*, December 1990 for the entire developing world.
ADB, *Key Indicators*, 1990 and staff estimates.
WB, *World Debt Tables*, 1990-1991.



GENERATING facilities at the Terengganu Hydropower Project, Malaysia, which the Bank assisted with a \$45.4 million loan.

largest export growth among the NIEs, but this was not large enough to offset the upsurge in its imports. The Southeast Asian countries generally experienced an export slowdown, in spite of double-digit growth rates, ranging from 12 to 18 per cent, for Thailand, Malaysia and Indonesia. While Indonesia's non-oil exports decelerated, total exports grew by 12 per cent, principally due to higher oil shipments. Exports improved in most countries of South Asia: India showed a 15 per cent increase, while Bangladesh recorded about 16 per cent, more than in 1989. The PRC's exports grew by 18 per cent against about 5 per cent in the year before. Export revenues declined for most PIDMCs mainly because of lower earnings from primary commodities.

By sector, agriculture recovered from its lackluster performance in 1989 in a number of countries, including the PRC and some South Asian countries, such as Bangladesh and Sri Lanka. Favorable weather and, to some extent, improved agricultural policies contributed to the recovery. Industry, led by manufacturing, continued to be buoyant, particularly in Indonesia and Republic of Korea. However, infrastructure bottlenecks, civil strife and political disputes, along with the Gulf crisis, affected industrial growth in several South Asian countries and the Philippines.

Inflation remained under control in most DMCs and the average inflation rate was 6.6 per cent. In the NIEs, inflation was generally caused by large wage increases due to tight domestic labor markets, strong domestic demand, as well as higher oil prices. In Southeast Asia, infrastructure bottlenecks and relatively expansionary monetary policies were contributory factors. The PRC's 3 per cent inflation represented a significant improvement from the 16 per cent level of 1989. The continuing austerity program was a major factor.

The current account balance of the developing world improved significantly in 1990, although still recording a deficit for the year. The balance of the DMCs deteriorated from a \$1.7 billion surplus in 1989 to a \$2.3 billion deficit. Lower exports and a rapid increase in imports were to blame. The external debt situation of the DMCs continued to remain relatively comfortable compared with the situation in other developing regions. The ratio of the DMCs' outstanding external debt to exports of goods and services was about 113 per cent in 1990, considerably lower than the 124 per cent for the entire developing world. Similarly, the debt-service ratio for the DMCs was about 12 per cent, compared with about 16 per cent for the developing world.

although the debt situation of a number of poorer DMCs caused concern.

The following paragraphs discuss economic developments in five DMC groups: NIEs, Southeast Asia, South Asia, the PRC and PIDMCs.

Newly Industrializing Economies

Robust Growth Persists

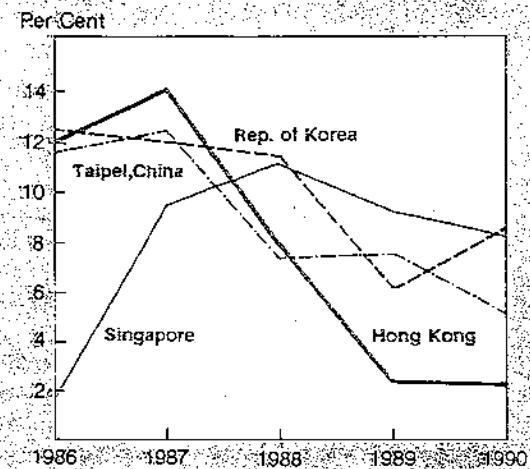
Despite the slowdown in the world economy and the impact of the Gulf crisis, the NIEs experienced robust growth in 1990. For the NIEs as a whole, GDP growth improved to 6.5 per cent from 6.2 per cent in 1989. The higher growth resulted primarily from an improved performance of Republic of Korea's economy, which achieved an 8.5 per cent growth, more than 2 per cent above the previous year's growth. At 2.3 per cent, Hong Kong's growth was maintained at the 1989 level. On the other hand, the economies of Taipei, China and Singapore decelerated to 5.1 per cent and 8.3 per cent, respectively, from 7.6 per cent and 9.2 per cent a year ago.

The unexpectedly strong growth in the Republic of Korea was propelled largely by increased domestic consumption, a construction boom and strong investment in plants and equipment. However, the surge in consumption and investments resulted in a deterioration of the trade balance and aggravated inflation. By contrast, Taipei, China recorded lower growth rates in almost all sectors. The slowdown was brought about by a significant deceleration in manufacturing activity due mainly to lower exports, a sharp decrease in private investment and an almost 75 per cent drop in the stock market from its peak in February. Singapore also experienced relatively slow growth in 1990. While the manufacturing sector was still robust, the services sector weakened somewhat owing to slower growth of entrepot and domestic trade and a substantial slowdown in the financial sector. Hong Kong's economy remained sluggish following two years of continued downturn. It suffered from slow economic growth in OECD countries as well as in the PRC. While the labor market remained tight — reflected in continuing increases in wages and shortages in selected skills — consumption and investment demand remained sluggish, probably as a result of the slump in the world market and uncertainty about the territory's economic future.

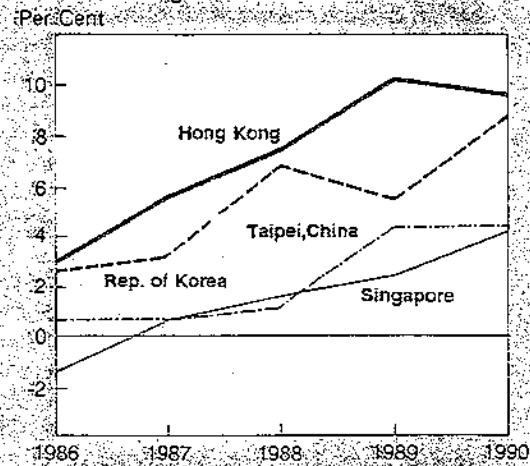
Inflation has become a matter for increasing concern in the NIEs. The group as a whole had a 7 per cent inflation in 1990 compared with only 5.7 per cent in 1989. Several factors contributed to this inflationary pressure. First, tight domestic labor market led to rapid wage increases. Second, domestic demand remained particularly strong in Republic of Korea, Singapore and Taipei, China. Finally, given the NIEs' high dependence on oil, the sharp rise in oil prices was translated into higher domestic prices. However, the inflation rate in individual economies differed widely. Hong Kong had a marginal decrease in inflation to 9.8 per cent

The Newly Industrialized Economies

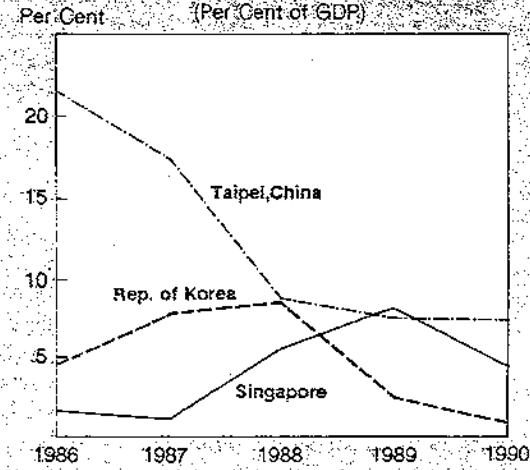
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances



from 10.1 per cent in 1989. In Singapore and Taipei, China, inflation was slightly higher than in the previous year. In the Republic of Korea, a fast expansion in the economy pushed prices upward by about 8.6 per cent, the highest increase in recent years.

External Sector

Exports from the NIEs grew by less than 8 per cent, lower than the 10 per cent growth achieved in 1989, while import growth remained high at about 12 per cent. The group lost some of its export competitiveness due to past exchange rate appreciations. Rapid wage increases and slow world demand (including from the US, its largest market) also affected the group's export performance.

By country, Hong Kong's domestic exports declined by about 2 per cent in 1990, but re-exports were robust and provided a major impetus to the export sector. Imports, on the other hand, grew by 15 per cent, due mainly to the rapid growth in re-exports, particularly those of PRC origin. In the Republic of Korea, a sharp decline in export volume and an upsurge in imports resulted in a sizeable trade deficit. However, a stronger Japanese yen in the second half of the year helped to improve the competitiveness of exports from the Republic of Korea and led to a partial export recovery. Taipei, China's trade surplus declined sharply, with exports growing by less than 1 per cent and imports, backed by strong domestic demand, expanding by 6 per cent. Singapore's 14 per cent growth in exports was only slightly above the 13.8 per cent growth recorded in 1989, but a 14 per cent surge in imports (nearly 1 per cent more than a year ago) widened its trade deficit.

Reflecting a general deterioration in trade balances, current accounts worsened for most NIEs. While Hong Kong and Taipei, China had significant reductions in their current account surpluses, Republic of Korea's current account turned to a deficit of \$2.1 billion from a surplus of \$5 billion in 1989. The trend of capital outflows from the NIEs to other Asian developing countries, particularly to Southeast Asia, continued. There was a significant increase in such flows from Taipei, China to the PRC. At the same time, private capital flow to the NIEs also increased rapidly, particularly to Singapore and Republic of Korea. Foreign exchange reserves in the NIEs as a whole increased although at a slower rate than in 1989.

Domestic Policies

While the NIEs had followed a generally tight monetary policy during 1989, they slightly relaxed their control on money supply in 1990 to counter the adverse effects of economic slowdown and the Gulf crisis. In the Republic of Korea, broad money grew by 21 per cent, against 18 per cent a year ago. The expansion was aided also by the lowering of effective interest rates in non-banking sectors, housing loans to low-income families and subsidized loans to the agriculture sector. In the first half of 1990, money supply in Taipei, China remained tight. But the stock

market crash and the Gulf crisis gradually led the Government to loosen monetary policy. Deposit and lending rates were lowered and a special fund was set up exclusively for private enterprises with lower interest rate charges. Money supply in Hong Kong showed a moderate growth, although the rate accelerated during the second half. In March, the Exchange Fund Bills Program was passed into law to provide the authorities in Hong Kong with an additional tool for money market operation. Under this program, the Exchange Fund will operate more frequently to influence interbank liquidity to ensure exchange rate stability under the current link rate system.

Reflecting the general trend towards healthier government finances and the emphasis on long-term growth, fiscal policy in the NIEs became more expansionary during 1990. In Taipei, China, implementation of 14 large public development projects was speeded up, pushing infrastructure spending by 40 per cent for fiscal year 1990/91. In Hong Kong, government consumption expenditure rose by 6 per cent, slightly higher than 5.8 per cent in 1989. The Government has planned a HK\$127 billion infrastructure development project, which will lead to a large increase in public expenditures in the years to come, in spite of anticipated private sector participation. In Singapore, spending on social welfare, health and education has grown from 16 per cent of total government expenditure in 1985/86 to 26 per cent in 1990/91. However, the Government plans to gradually reduce the public sector's share of GDP and employment. Government expenditure also expanded substantially in the Republic of Korea, owing partly to increased government spending on infrastructure.

Diversification of export markets remained an important element of trade policies in the NIEs. While the share of the US in their total exports fell, from an average of 40 per cent in 1986 to roughly one-third by 1990, Asia has emerged as the NIEs' single largest export market, accounting for over 40 per cent of their total exports in 1990. European markets in both the EC and East Europe remain the targets for the future.

In Taipei, China and Republic of Korea, import restrictions continued to ease with the dismantling of non-tariff barriers and the gradual lowering of import tariffs. Taipei, China cut tariffs on another 2,000 items in 1990 after having removed tariffs on over 4,700 items in 1989. The average tariff rate thus dropped from about 6.3 per cent in 1989 to an estimated 5.8 per cent. The Republic of Korea is moving in a similar direction, though the implementation of the 1990 tariff reduction plan was postponed by one year owing to a large deficit in the current account. Under the current five-year plan, the average tariff rate is targeted to drop from 12.7 per cent in 1989 to 7.9 per cent in 1993.

The long-run competitiveness of the NIEs will depend critically on their success in restructuring their domestic manufacturing sectors. The NIEs are now at varying stages of relocating their relatively labor-intensive manufacturing activities to lower-cost countries. In the process, they have become a major source for direct foreign investment for

Southeast Asia. A considerable amount of manufacturing activity has been relocated from Hong Kong and Taipei, China to the southern provinces of the PRC in recent years.

Economic policies in the NIEs are aimed at accelerating the process of long-term structural change and influencing the direction of investment. For Hong Kong and Singapore, a transfer to a more service-oriented structure appears to be the objective. Singapore undertook further initiatives in 1990 as part of its continuing effort to deepen and broaden its financial market. It continued to offer attractive incentives for multinational firms which have located their regional head offices in the country. Hong Kong made further adjustments in regulations governing the banking sector and the financial market in order to reduce business risk. Both Hong Kong and Singapore amended their immigration policies in order to attract more skilled foreign workers and professionals. On the other hand, manufacturing will remain the mainstay of the economies of Republic of Korea and Taipei, China, with their industrial structure moving towards more technology and skill-intensive activities. Both countries continued to ease the restrictions on, and offer more incentives to, foreign investment, especially in high technology and high value-added industries.

Southeast Asia

Relative Buoyancy

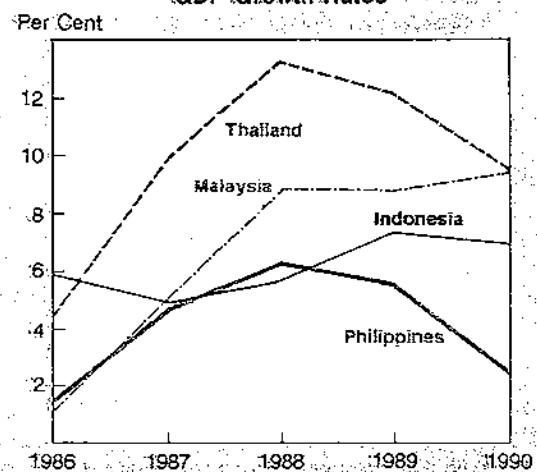
Overall economic growth in Southeast Asia during 1990 decelerated to some extent in line with the general slowdown of the world economy. The sub-region's average GDP growth fell to a little above 7 per cent, compared with just below 9 per cent in 1989, due mainly to slowdowns in Lao PDR, Philippines and Viet Nam. Nevertheless, economic performance remained strong in Indonesia, Malaysia and Thailand.

Thailand's economy continued to be robust though some slowdown in growth was experienced in 1990. GDP expanded at a double-digit rate for the third consecutive year, though the 10 per cent growth in 1990 was a drop from the estimate of 12 per cent for 1989. Exports decelerated significantly, largely because of lower earnings from agricultural exports, especially rice and rubber. However, rising wages and employment led to a rapid growth in private consumption spending while the investment boom was spurred by the implementation of a large number of foreign investment projects approved in previous years. Investment in construction and public infrastructure continued to move upward.

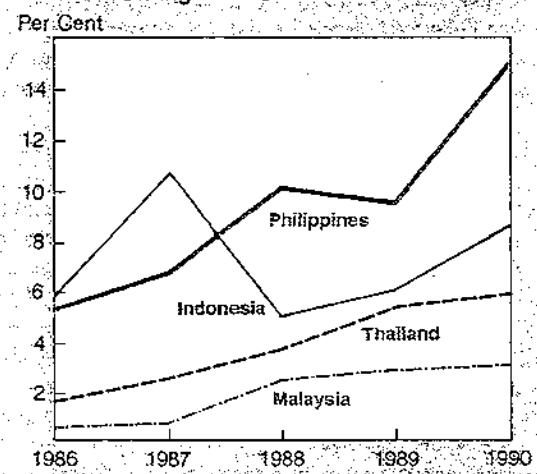
The Malaysian economy in 1990 posted one of its highest growth rates in over a decade, with GDP expanding by over 9 per cent. As in other East and Southeast Asian countries, domestic demand was the main driving force. In particular, investment continued to grow apace as more attention was given to infrastructure projects, while industrial investment benefited from large inflows of foreign capital.

The Southeast Asian Economies

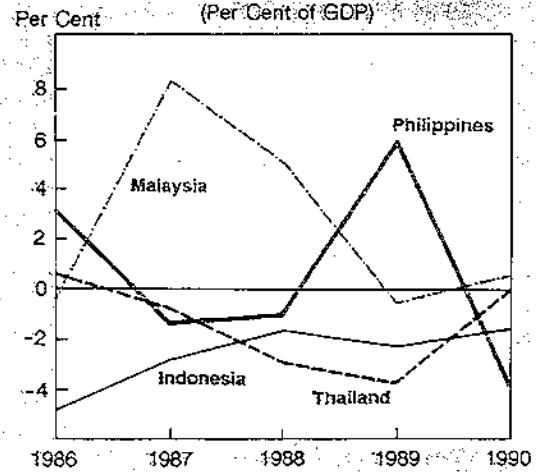
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances



For the first half of the year, approved total investment was already \$2 billion greater than the total amount of \$4.5 billion recorded for 1989. In the second half, increased oil production, combined with higher oil prices, gave an added push to economic growth.

In Indonesia, the GDP growth of 7 per cent was slightly lower than in 1989, primarily because the agriculture sector was affected by bad weather and crop diseases. Although the demand for non-oil exports weakened, the manufacturing sector continued to be buoyed by strong domestic demand and investment. Direct foreign investment also remained a driving force, with first-half approvals of \$5 billion already outstripping the full amount for 1989. Growth remained robust in spite of a sharp monetary contraction during the second half, aimed at reducing inflationary pressures.

In the Philippines, economic growth weakened considerably, with GDP expanding by less than 3 per cent, or less than half the rate in 1989. A combination of factors, including drought, power shortage, earthquake, an uncertain political environment, onerous debt-service payments and rising interest rates, slowed growth during the first half of the year. Furthermore, the economy has been hard hit by the Gulf crisis. A deteriorating current account deficit, combined with a rapidly widening fiscal deficit, made the Philippine economy particularly vulnerable to higher import prices of oil and declining remittances from migrant workers in the Middle East.

In Lao PDR, GDP growth declined marginally to about 9 per cent from nearly 11 per cent in 1989, when good weather had influenced a robust paddy production. Although the agriculture sector remained buoyant, industry grew at a much slower pace.

Viet Nam's economic growth decelerated significantly to 2.4 per cent from 5.5 per cent in 1989. This reflected the poor showing of agriculture with only a 1 per cent growth in output against over 6 per cent in the preceding year. Adverse weather and a shortage of fertilizers were responsible for the setback. After a 2 per cent decline in the preceding year, the industrial sector recovered as earlier reforms began to take effect.

Continuing a trend already observed in 1989, inflation in Southeast Asia was generally on the rise. A combination of fast growth and strong domestic demand for several consecutive years, mounting infrastructure bottlenecks, and relatively expansionary monetary policies during most of 1990 contributed to higher inflation. The pressure was aggravated by rising wages and production costs associated with higher energy prices.

In Indonesia, inflation accelerated because of rapid monetary expansion and increases in domestic fuel prices. A tightening of monetary policy during the second half of the year kept the inflation rate at about 9 per cent. Substantial increases in domestic energy prices during the second half caused inflation in the Philippines to soar. Excessive public sector spending, the depreciation of the peso, and domestic supply disruptions owing to natural calamities pushed the inflation rate to about 15 per cent. In Thailand,



TOMATO growing is part of a private sector tomato paste project in Thailand which the Bank assisted with a loan and equity investment.

higher food prices, steep increases in domestic fuel prices after August and rapidly rising wages due to a tightening labor market, particularly for skilled labor, pushed inflation to about 6 per cent from 5.4 per cent in 1989. Inflation remained at a relatively low 3 per cent in Malaysia (a slight increase from 2.8 per cent in 1989), thanks to prudent monetary and fiscal policies pursued by the Government. In Lao PDR, improved monetary management brought down the inflation rate from 68 per cent in 1989 to about 19 per cent in 1990. In the case of Viet Nam, inflation rose to 90 per cent from 76 per cent in the previous year. Nonetheless, this represented a dramatic improvement from earlier years when the inflation rate was above 300 per cent.

Slowdown in Exports

A slowdown in the growth of Southeast Asian exports was quite noticeable in 1990. Thailand's merchandise ex-

ports grew by 18 per cent, but this was a sharp deceleration from the more than 25 per cent growth in 1989. Strong domestic demand and higher oil prices led to a 23 per cent increase in merchandise imports, and the trade deficit widened to an estimated \$4.7 billion. The current account deficit also increased to \$4 billion from \$2.5 billion in 1989. Thailand has one of the largest current account deficits in Asia, reaching about 5 per cent of GDP in 1990. However, the external debt situation remained very comfortable.

Malaysia's exports increased by less than 16 per cent as non-oil exports slowed down. At the same time, imports registered a 25 per cent surge as demand for capital goods imports rose in line with increased investment demand. The trade surplus of about \$2.5 billion was significantly smaller than in 1989, and the current account deficit worsened primarily as a result of a large increase in the deficit on the services account. However, the level of external debt declined and the debt-service ratio improved.

In Indonesia, the growth rate of non-oil exports decelerated, although total exports rose by about 12 per cent mainly as a result of higher oil shipments. Imports, fueled by a strong demand for capital goods and consumer durables, rose 17 per cent. Both the trade and current account balances of Indonesia deteriorated in 1990. Because of the rapid increase in imports, Indonesia's current account incurred a deficit of \$2.4 billion, compared with a deficit of \$1.1 billion in the preceding year. While external debt remained high at over \$55 billion, the debt-service ratio declined to 28.4 per cent due to a slowdown in the growth of external borrowing combined with a rapid increase in exports.

In the Philippines, despite an almost 20 per cent depreciation of the peso against the US dollar, export growth was sluggish, partly because of supply constraints in agriculture and industry. Merchandise exports grew by almost 5 per cent, while merchandise imports expanded by 16 per cent. The current account deficit widened to about \$2.6 billion, or 5.6 per cent of GDP. The external debt situation continued to be a cause for concern. Although the level of external debt declined slightly to \$28.2 billion, the debt-service ratio increased to about 30 per cent.

Domestic Policies

Economic reforms continued to characterize domestic policies in Southeast Asia in 1990. In Indonesia, Malaysia, Philippines and Thailand, liberalization, deregulation and privatization efforts appeared to intensify, albeit at varying degrees. Financial deregulation and investment liberalization made significant progress, especially in Indonesia, Malaysia and Thailand, while in the Philippines attention was more on fiscal and monetary policies. In the newly emerging market economies of Lao PDR and Viet Nam, some policy reforms were also underway in the financial and industrial sectors. All in all, policy reforms helped, in no small measure, in cushioning the impact of adverse external events, thus allowing for the relative economic buoyancy of the Southeast Asian countries.

In Thailand, liberalization of the financial sector was further intensified. Ceilings on fixed deposits were abolished and permits to manage mutual funds were extended to other institutions. Moreover, new financial instruments are being considered to facilitate liquidity adjustments at lower cost. Meanwhile, the Ministry of Finance is planning to broaden the base of direct taxes to correct the uneven distribution of income and increase revenue.

In Malaysia, liberalization of investment, in addition to high-class infrastructure, continued to attract a massive inflow of foreign investment. The implementation of a Privatization Master Plan, which identifies a total of 246 government-owned enterprises, began in mid-1990. Earlier in the year, the Kuala Lumpur Stock Exchange, the main source of capital for corporate investors, was delinked from Singapore, which increased the average daily turnover to about \$70 million for the whole year from roughly \$16 million in 1989. Finally, a bill to stimulate offshore activities such as banking, trading and non-trading businesses, insurance and trust companies was presented to Parliament.

Indonesia achieved financial deregulation to some extent through increased competition and the lowering of spreads during 1989 and early 1990 when liquidity was high and deposit and lending rates were low. This, however, resulted in capital outflows to offshore banks because of compressed yield differential. Similarly, the Bank of Indonesia's contractionary monetary policy in mid-1990 was countered by inflows and reflows from abroad. In response to the dwindling resources of the public sector since 1980, efforts are under way to develop the private sector. The private sector is now allowed to invest in power generation, water supply, roads and telecommunications, activities which have traditionally been undertaken solely by the public sector.

In the Philippines, adverse external developments and a series of natural disasters contributed significantly to slippages in fiscal management. Thus, the authorities had to rely heavily on monetary instruments to control the imbalances in the economy. The public sector deficit continued to swell and interest rates soared beyond 30 per cent, especially in the latter part of 1990. As part of fiscal reforms, the Government began to reduce the fiscal deficit by raising additional revenues and cutting down expenditure. Growth of base money was held in check and the reserve requirement was raised to 23 per cent to help contain inflationary pressures and dampen speculation on the peso. Despite earlier intervention, the Central Bank had to allow the peso to drastically depreciate to 28 pesos to the US dollar by late October 1990.

Lao PDR implemented some important financial reforms. Several new commercial banks were established and a Central Banking Law defining the regulatory, supervisory and monetary policy authority of the Bank of Lao PDR was passed. Other reforms to stimulate the private sector and promote investment included laws covering property and inheritance rights as well as those governing commercial contracts. Viet Nam initiated some industrial policy reforms including managerial and administrative

revamps in state-run enterprises. Additionally, the Government has under consideration a number of important industrial sector and financial policy changes, including opening of a stock market.

Efforts to intensify economic cooperation within the ASEAN continued in 1990. Cooperation in several industrial areas was expanded through ASEAN industrial complementation projects and ASEAN industrial joint ventures. In late 1990, the oil sharing scheme was reviewed and given new impetus in view of the worsening Gulf crisis. Finally, the idea to establish a larger economic bloc, that includes East Asian countries as well, was discussed within the ASEAN community.

South Asia

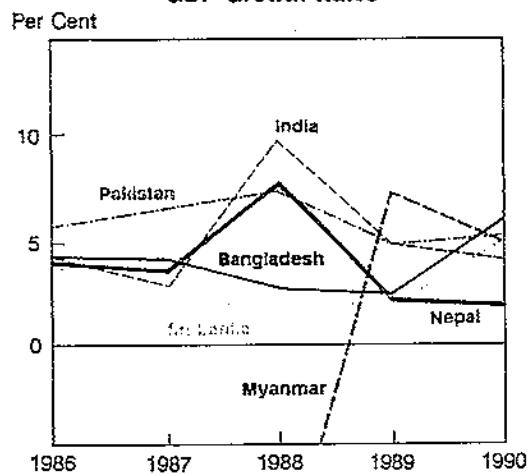
Mixed Performance

Most South Asian countries showed a mixed performance in 1990, with aggregate GDP growing by 4.6 per cent. While economic performance remained well below potential, a general improvement in growth was noted particularly in Bangladesh, Pakistan and Sri Lanka. After a series of devastating floods, cyclone and drought in the preceding two years, Bangladesh recovered strongly enough to record a 6.2 per cent growth, exceeding the Government's target. This was mainly due to a strong 7.7 per cent growth in agriculture and an equally impressive growth in industry. Aside from favorable weather, some of the dynamism in agriculture was attributable to improved policies, which helped expand irrigation and the supply of inputs. In spite of a sluggish performance of the agriculture sector, Pakistan's GDP grew by 5.3 per cent, marginally higher than the 5 per cent growth in the previous year. Industrial growth improved to over 6 per cent from about 5 per cent in 1989, primarily because of a substantial recovery in the large-scale manufacturing sector. Better weather and an improved law and order situation in most parts of the country helped Sri Lanka's economy to grow 5 per cent, a substantial improvement from the 2.3 per cent growth achieved in 1989. For India, 1990 started with a good monsoon and a good harvest, accompanied by accelerated industrial growth. Unfortunately, the momentum was disrupted by the Gulf crisis, and the country ended up with a more moderate GDP growth of 4.3 per cent. However, foodgrain production reached a new high of 176.5 million tons. Although Nepal had a 3.2 per cent growth in agricultural production, its economy was adversely affected by temporary trade and transit disputes with India. A sluggish 2 per cent growth resulted in a deterioration in Nepal's real per capita GDP. Myanmar achieved a growth rate of about 5 per cent on the strength of favorable performance by most sectors of the economy. Mining led with a substantial 38 per cent growth. In Maldives, GDP recorded an impressive 10.8 per cent growth as a result of significant expansion of the tourism and fishing sectors.

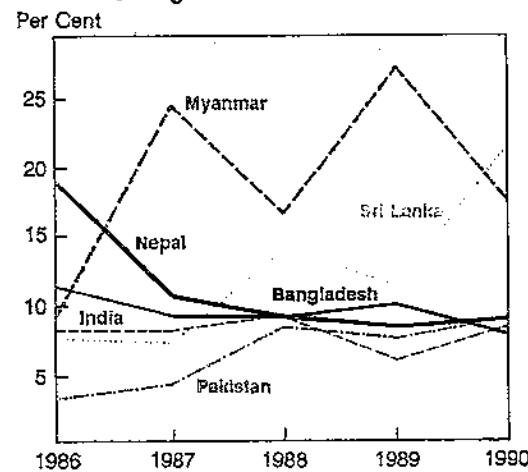
In most South Asian countries, inflation continued to

The South Asian Economies

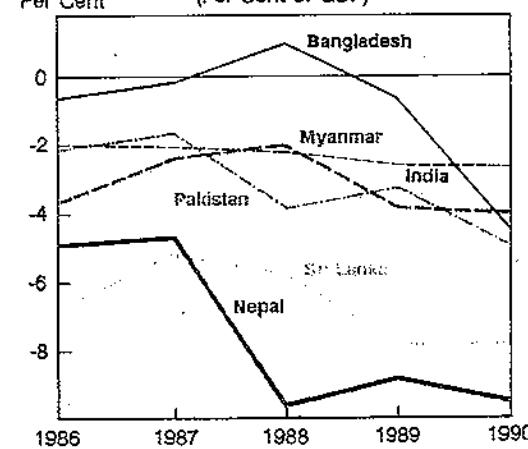
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances (Per Cent of GDP)





MEDICAL check-up in Pakistan's Punjab province under the Health and Population Project which the Bank assisted with a \$15 million loan.

pose a major problem although its magnitude differed. In Bangladesh, an expansionary fiscal stance combined with a depreciation of the currency pushed inflation to 8 per cent, about 2 per cent over the 1989 level. In India, high budget deficits and domestic energy prices kept inflation at a relatively high level. Inflation in Sri Lanka accelerated from 11.6 per cent in 1989 to almost 22 per cent due mainly to a reduction in government subsidies on food prices, the lagged effect of devaluation of the currency and a sharp increase in oil prices. Inflation in Nepal, about 9 per cent, was attributable to a substantial wage increase, as well as to a shortage of essential commodities due to the trade dispute with India. In Pakistan, partly due to slack monetary policy, inflation rose to about 9 per cent from nearly 8 per cent in 1989.

External Deficits Widen

On the external front, both trade and current account deficits generally widened in all South Asian countries, even though exports improved. In the case of India, exports

increased by about 15 per cent in 1990, reflecting the beneficial effects of trade and industrial liberalization policies adopted in recent years. However, this growth was lower than in 1989, partly reflecting the Gulf crisis, a depressed market for gems and jewelry and events in the USSR. Imports also increased by 14 per cent due to higher bills for oil and fertilizers. The balance of payments was under increasing pressure from the Gulf crisis, which imposed additional burdens on the economy. Imports grew by about 11 per cent in Bangladesh, partly as a result of the Government's policy of import liberalization. However, the country's terms of trade showed some improvement over 1989, due largely to higher prices of its exports, notably ready-made garments, raw jute and jute goods, leather and shrimp. Myanmar's exports grew by about 32 per cent, with agricultural products and gems and jewelry being the major contributory factors. However, the trade gap widened as imports grew by 40 per cent.

For Nepal, the impact of the trade impasse with India was evident during the first quarter of 1990, when exports to India were at a standstill. Nevertheless, the value of total

exports for the whole year rose by about 12 per cent, a substantial recovery from the decline in export earnings recorded in 1989. The value of imports, on the other hand, increased by over 1 per cent, the same growth as in the previous year.

At about 8 per cent, Pakistan's export growth was modest, affected mainly by an adverse movement in international prices, domestic political uncertainty and ethnic violence in the large industrial and commercial cities. But the Government was able to contain import growth to less than 1 per cent, in spite of a sharp increase in petroleum prices and heavy imports of wheat and sugar. The current account balance, which had deteriorated in 1989 due to poor export performance and a decline in workers' remittances, improved somewhat in 1990. The deficit narrowed from \$1.9 billion to about \$1.7 billion. Although Sri Lanka experienced a higher export growth due to rising agricultural exports, its imports rose by more than 12 per cent, and its current account deficit, at about 4.4 per cent of GDP, remained (in relative terms) one of the largest in Asia. The balance-of-payments position of Sri Lanka was very adversely affected by the Gulf crisis, which reduced exports and workers' remittances, increased its oil bill and imposed a heavy burden in terms of the cost of repatriating its workers from the Gulf area. Maldives posted relatively sluggish growth in both exports and imports and recorded a marginal improvement in the current account balance.

Domestic Policies

Reduction of budget deficits remained a major concern for most South Asian countries. India took measures to augment revenue and to reduce expenditure through rigorous control of non-essential current spending. The revenue measures included increases in indirect taxes on various consumer items, a rise in oil prices, a surcharge on corporate income tax and higher personal income taxes. Bangladesh hiked customs duties, raised excise duties on cigarettes, natural gas and banking services, and made an upward adjustment in the prices of petroleum and items produced by public enterprises. Pakistan expanded the coverage of sales tax to include a wide range of domestic and imported goods, withdrew several tax exemptions, adjusted the prices of electricity, gas and fertilizers, and imposed a strict control on nondevelopment expenditure. In Sri Lanka, the budget deficit as a percentage of GDP improved further as revenues increased. At the same time, expenditure went down largely due to project implementation difficulties resulting from the civil unrest in the country. Myanmar was able to expand revenues through a broadening of the tax base, increased cost recovery in respect of public services and the introduction of a commercial tax with a larger coverage than the earlier commodity and service taxes it replaced. Maldives continued to pursue a conservative fiscal policy and posted a budget surplus.

In general, South Asian countries aimed at tighter monetary policies to contain inflation. In India, broad money supply grew by about 16 per cent against 19.8 per cent in

1989. A 17 per cent increase in broad money supply in Bangladesh was consistent with the growth, price and external objectives of its economy. In Pakistan, money supply grew 12.8 per cent, compared with 5 per cent in 1989, and exceeded the original target of 10.8 per cent. Sri Lanka tightened monetary policy by increasing the bank rate by 1 per cent to 15 per cent, and raising the interest rates of the National Savings Bank and for the Treasury Bill auction by 2 per cent in each case. Maldives tightened credit and controlled money supply, which grew by about 13 per cent against 18 per cent in 1989.

Despite their increasing current account deficits, most South Asian countries continued to liberalize imports and pursue active exchange rate policies to deal with external imbalances. Bangladesh removed a further 70 categories from the controlled list of imports, reducing the number of categories subject to quantitative bans or restrictions from 354 (28 per cent of the total) to 284 (23 per cent of the total). The exchange rate was depreciated to restore competitiveness. Pakistan introduced a number of trade liberalization and tariff rationalization measures, including a further reduction in the number of items in the negative and restricted lists and a lowering of maximum tariffs in all categories of goods.

Although Sri Lanka's tariff regime is one of the most liberal in Asia, further reforms were introduced to strengthen the system. The quota system for garment export was liberalized and the level and dispersion of effective protection rates were further reduced. In Myanmar, foreign trade, which was formerly the monopoly of the state, was opened to the private and cooperative sectors. Accordingly, the Government allowed the registration of exporters, importers and business representatives engaging in foreign trade. The country also permitted a few foreign enterprises under its foreign investment law. Maldives continued its trade liberalization effort - which was initiated with the removal of import quotas in 1989 - pursued a flexible exchange rate policy, and adopted a liberal framework to encourage foreign investment.

Sri Lanka implemented a new industrial policy extending greater credit facilities and tax concessions to the private sector, a policy which will provide a major stimulus to growth in the manufacturing and service sectors in the coming years. India announced new industrial and trade policies. Tariffs were reduced on various capital goods used in export production, export incentives were increased, and import licensing restrictions were eased on several capital goods and intermediate inputs. The new industrial policy, which is not yet operative, considerably reduced restrictions on capacity licensing and product mix, and allowed greater private sector participation in power generation and steel manufactures.

In Bangladesh, major financial sector reforms were introduced to improve efficiency, increase the flexibility of the interest rate structure and reflect market forces to a greater degree. These included fixing interest rates on deposits to ensure positive returns to depositors, setting the interest rate for priority sector lending at below shadow market rates, abolishing the policy designating Bangladesh

Bank to prescribe the credit ceiling for each bank, and replacing the sector-specific subsidized refinancing facility by a general rediscounting facility. India introduced further financial sector reforms, notably a rationalization of the administered interest rate structure.

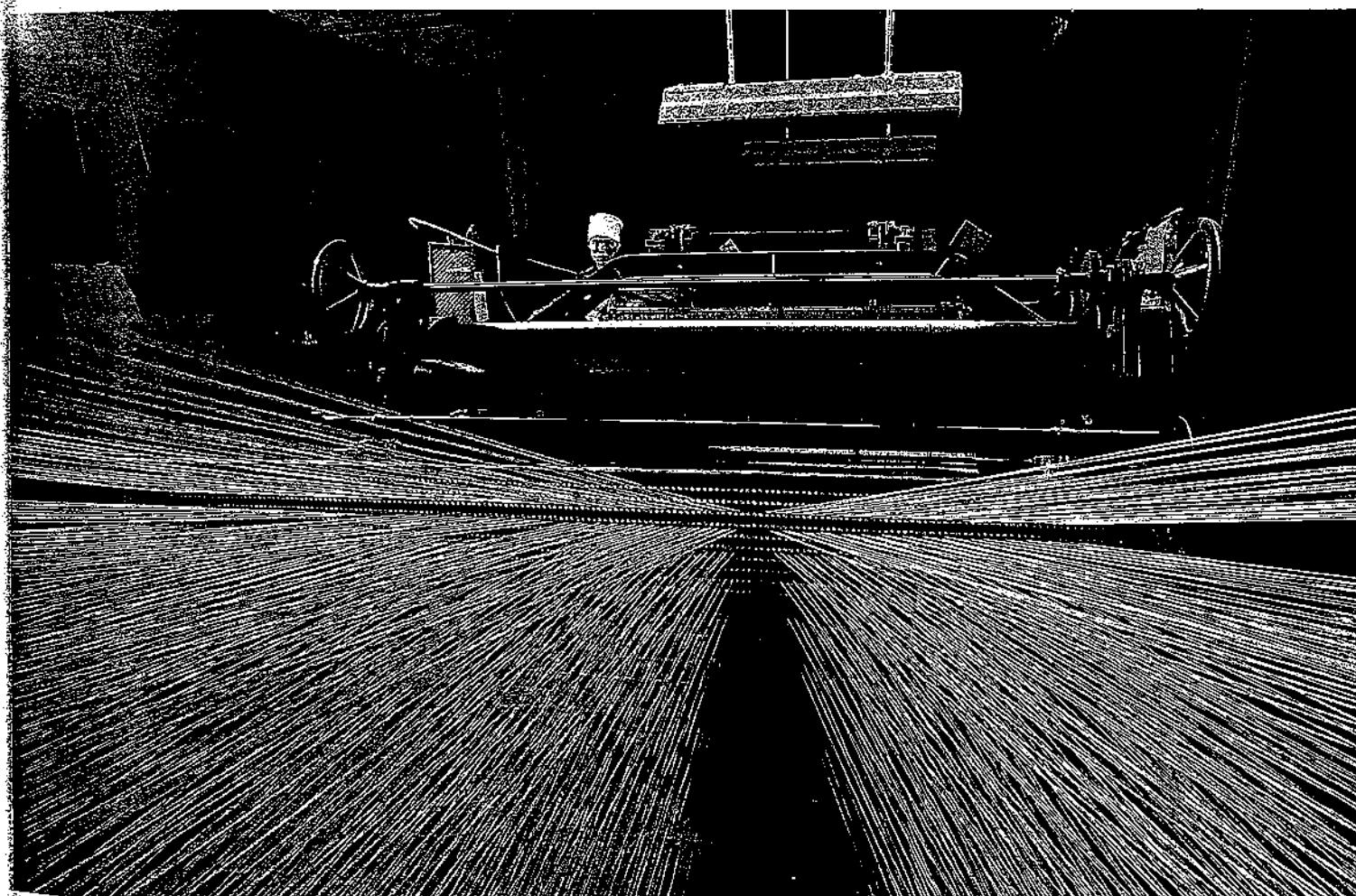
People's Republic of China

The PRC's economic growth rate improved to about 5 per cent from 4 per cent in 1989, although this fell far short of the almost double-digit annual growth rates achieved in the eighties. The austerity program since September 1988 and, to a lesser extent, the improved GNP growth helped to ease inflationary pressures. The inflation rate, as high as 16.3 per cent in 1989, decelerated to about 3 per cent, much lower than the original official target. However, as a consequence of the Gulf crisis and United Nations sanctions against Iraq, the PRC suffered a loss of about \$2 billion.

The economic recovery was led by agriculture, which, helped by good weather, grew by about 6.9 per cent to a

record grain output of over 420 million tons. The industrial sector remained depressed, although output rose sharply in the last quarter of the year, and the sectoral growth of 7.6 per cent represented a slight decline from 8.5 per cent in 1989. However, all enterprises were not equally affected by this slowdown. While state enterprises were the most affected, township and village enterprises fared a little better, although their performance still fell short of their historical trend levels.

In the external sector, there was a sharp turnaround in the trade balance from the \$5.6 billion deficit in 1989. With exports rising by 18 per cent and imports declining by 11 per cent, the trade balance registered a surplus of \$7.5 billion. Together with a small surplus in the services account of \$0.6 billion, the current account showed a surplus of \$8.4 billion in contrast to the deficit of \$4.3 billion in 1989. Several factors contributed to the turnaround, including a deliberate government effort to encourage exports and reduce imports, the effect of the December 1989 devaluation of the domestic currency and continuing weak domestic demand. While the current account posted a surplus, foreign investment inflows were about the same



MAKING nylon tire cord in the People's Republic of China under the Qingdao Tire Development Project which the Bank has assisted with a loan of \$86.8 million.

level as in 1989. The PRC's international reserves stood at \$26 billion at the end of the third quarter, equivalent to about six months of imports. Total external debt reached \$48 billion, of which about 20 per cent was short term, and the debt-service ratio remained limited to about 9 per cent.

Domestic Policies

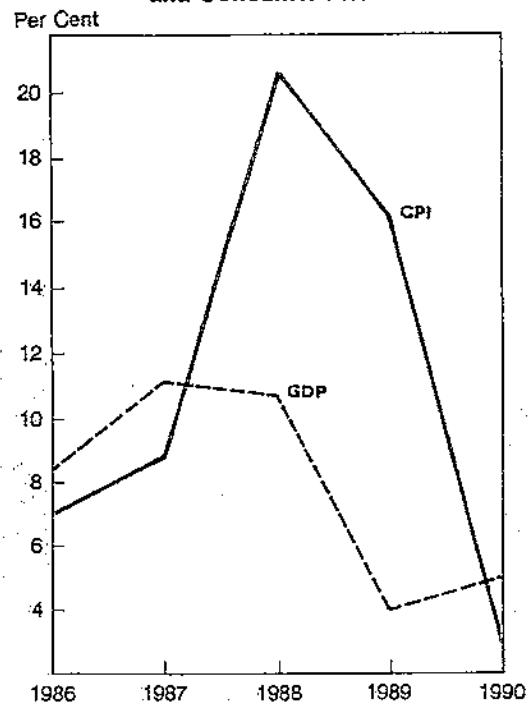
Encouraged by the success of the austerity program in reducing inflation and curbing overheated industrial growth in 1989, the Government introduced some relaxations through changes in monetary, credit and income policies in the second quarter. To encourage consumer spending, deposit rates were lowered in April and again in August 1990. Similarly, to boost investment demand, interest rates on enterprise loans were lowered and credit restrictions, especially for investments in energy, transport and raw materials, were eased. As a consequence, investments in state enterprises, which had been cut back by 9.2 per cent in 1989, increased by 7.3 per cent in the first three quarters of the year. However, retail sales remained sluggish, although they started to rise in the last quarter. Because of this sluggishness of final demand, industrial inventories continued to rise, leading to a decline in profits and taxes from state-owned enterprises and an increase in their financial losses. Indeed, the increased industrial output in the state sector was achieved largely through infusions of credit, which financed the accumulation of inventory.

Partly because of its success in controlling inflation and partly because of the need to reduce food subsidies, the Government allowed the prices of certain daily necessities to increase and announced its intention to raise retail prices of grain over the next five years. The prices of other subsidized commodities, such as coal and petroleum, also rose. Nevertheless, the Government remained cautious in its approach to this problem in order to avoid inflationary pressures. In response to concerns expressed at the end of the year that credit expansion to revive industrial output had been too rapid, the Government re-emphasized its intention to restrict credit and continue the austerity program, even at the cost of slightly lower growth. Whether inflation would become a threat in the post-austerity period will depend, to a large extent, on how far the Government is prepared to go in promoting general economic reform, including the restructuring of loss-making enterprises.

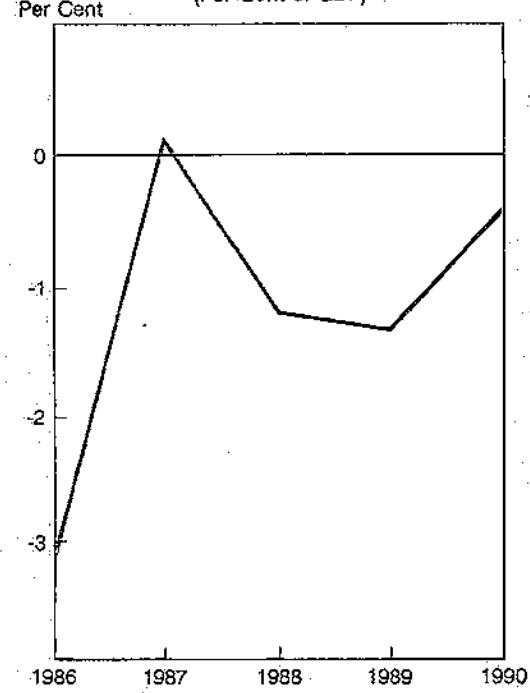
In the external sector, reforms included an almost 10 per cent devaluation of the currency against the dollar in November. The incentive for external trading organizations to retain 80 per cent of their foreign exchange earnings was extended nationwide. It was announced that export subsidies would be discontinued in 1991. Imports were placed under strict administrative controls. Future external trade reforms are likely to be undertaken to meet the requirements of the PRC's application for membership to the world trade body, the General Agreement on Tariffs and Trade (GATT).

The PRC Government reiterated its commitment to its policy of economic reforms and opening up to the outside world.

**People's Republic of China
Changes in GDP
and Consumer Prices**



**Current Account Balances
(Per Cent of GDP)**



Pacific Island DMCs

External Environment Deteriorates

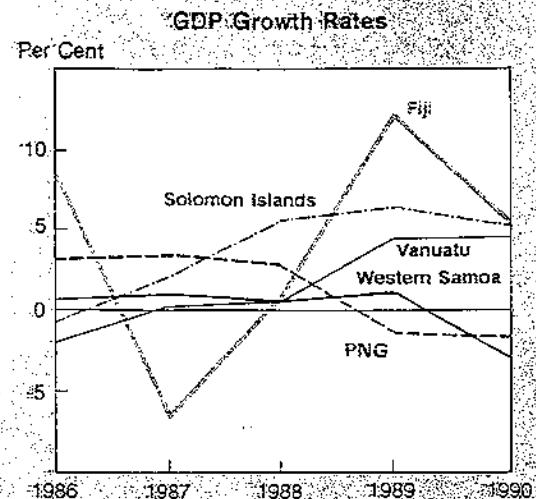
Natural calamities, low primary commodity prices and high energy prices adversely affected the growth performance of most Pacific island DMCs (PIDMCs) in 1990. Papua New Guinea continued to suffer from closure of the Bougainville copper mine since May 1989. Output growth from new mining projects were insufficient to keep value-added in the mining sector from dropping sharply. Combined with sluggish growth in the agriculture sector, partly resulting from a disruption of production in the North Solomons Province, the mine closure resulted in a GDP decline of about 1.6 per cent. Western Samoa was hit by cyclones which damaged infrastructure and sharply reduced coconut yields and copra production. As a result, GDP declined by 3 per cent. Tropical storms also hit Tonga's production of copra, bananas and vanilla and reduced its economic growth to less than 1 per cent, down from almost 2 per cent in 1989. Kiribati, Vanuatu and Western Samoa suffered in various degrees from falling prices of copra, while all PIDMCs were adversely affected by higher import prices of petroleum products during the second half of the year. In Cook Islands and Kiribati, GDP growth was below the average rates achieved during the 1970s and the 1980s.

Some PIDMCs, however, registered better performances. Fiji's GDP rose by over 5 per cent, primarily because of an increase in tourist arrivals, improved garment exports and higher earnings from sugar exports. Foreign investment in tourist-related activities and better hotel occupancy rates provided some stimulus to the economy of Vanuatu, which also continued to grow as a regional financial center. Its GDP increased by almost 5 per cent in 1990. Despite generally lower commodity prices, Solomon Islands was able to grow by about 5 per cent, nearly 2 per cent lower than the growth rate achieved in 1989. Exports remained robust as shipments of copra, timber and fish products increased.

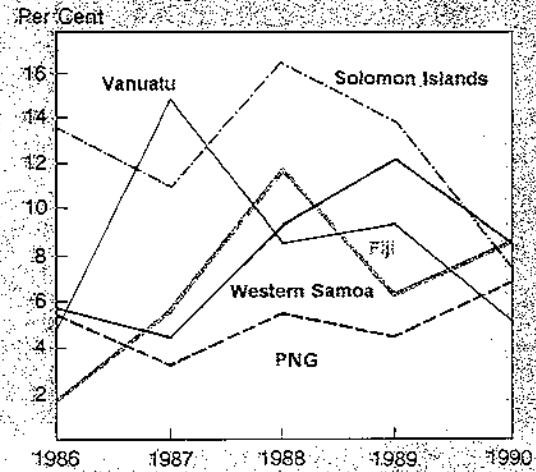
The rate of inflation in some PIDMCs rose in 1990, primarily as a result of higher prices for imported petroleum products. However, in some cases, these inflationary tendencies were offset by improved supply conditions in agriculture. In Fiji, prices rose by about 8 per cent, somewhat higher than in 1989, fueled by increased energy and transportation costs. In Papua New Guinea, inflation increased to about 7 per cent from 4.5 per cent as a result of devaluation of the Kina, new tax revenue measures and higher petroleum prices. Despite increased economic activity and higher import costs, inflation in Vanuatu fell marginally to about 5 per cent as agricultural supply conditions continued to improve. In Solomon Islands, inflation, which had reached 14 per cent in 1989, moderated significantly during the first half of the year as a result of improved domestic supply conditions. However, higher oil prices in the second half pushed the year-end inflation rate to 7.5 per cent.

The export performance of most PIDMCs deteriorated in 1990 as earnings from primary commodities such as

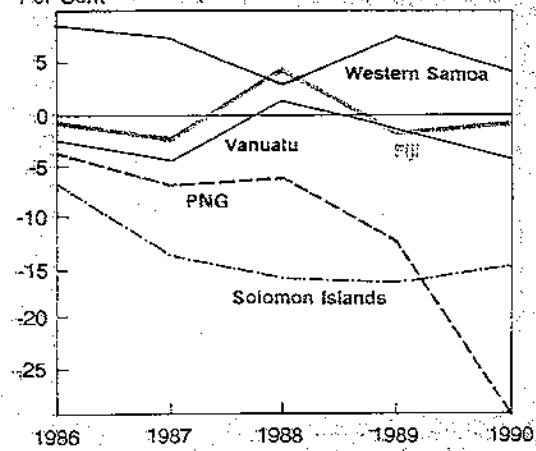
Selected Pacific Islands Economies



Changes in Consumer Prices



Current Account Balances
(Per Cent of GDP)





TENDING seedlings in Western Samoa as part of the Bank-assisted Forestry Development Project.

coconut products, coffee and palm oil, either remained stagnant or fell. Western Samoa, which suffered from a decrease in both copra prices and output volume, was particularly hard hit. In Fiji, continued high prices for sugar, its dominant export, more than offset a fall in the price of gold. The continuing decline in the prices of major agricultural crops and sharply lower copper output had an adverse impact on export earnings and the balance of payments of Papua New Guinea. In Vanuatu and Solomon Islands, increased price of cocoa, fish and beef products boosted export earnings. An increase in tourism also helped the current account balances of several countries, including Vanuatu, Fiji and Cook Islands. However, lower export prices and higher import bills hit the balances of most PIDMCs and raised the need for increased resource flows. Further, as export growth slowed, debt-service ratios increased from 1989 levels.

Domestic Policies

To cope with a deterioration in the external environment and to improve economic efficiency, PIDMCs undertook a number of policy measures. Papua New Guinea undertook to restore macroeconomic stability and address the structural weaknesses of its economy. The measures included a 10 per cent devaluation of the Kina to achieve a shift in relative prices in favor of traded goods, a cut in government expenditure, wage restraint designed to reduce costs in the non-mining sector of the economy and a more restrictive monetary policy. In Vanuatu, where the government budgetary position continued to be rather precarious, measures were being taken to restrain government spending. In addition, efforts to attract foreign investment in tourism continued. In Solomon Islands, the imbalance between domestic savings and investment was sought to be corrected by increasing the elasticity of the tax system, widening the tax base and reducing public sector capital expenditure. To control domestic liquidity, monetary policy was tightened. In Fiji, efforts were continued to develop a Tax Free Zone and to attract foreign investment. Investment in tourism and related sectors was also actively promoted. In Tonga, the Government took steps to privatize its Commodities Board in an effort to increase exports of primary products, particularly vegetables, copra and vanilla. In Western Samoa, measures were taken to rehabilitate the production of coconuts, which was severely affected by the cyclone Ofa.

Outlook for 1991

The prospects for the world economy in 1991 remain extremely uncertain. The probability of a world recession increased substantially at the end of 1990 and a prolonged conflict in the Gulf would almost certainly lead to a stagnation in world economic growth and to a relatively deep recession for many industrialized and developing countries.

Although the oil market did not overreact at the outset of the Gulf conflict, oil prices in 1991 are likely to remain very volatile, thus affecting consumer and business confidence. If there is no major extension of the Gulf conflict, the average price for 1991 as a whole is likely to be in the \$20-25 per barrel range, about the same as the average 1990 price. In 1992, an average price above \$20 per barrel is unlikely.

Another major risk facing the world economy relates to the current fragility of the world banking system. In the United States, rapid credit expansion by commercial banks during most of the 1980s caused severe strains on the banking system as economic activity slowed down at the end of 1990. In Japan, a sharp fall in share prices has reduced the capital base of banks and the banking system could be in some difficulty should property prices fall rapidly. At the same time, huge capital requirements in the USSR and Eastern Europe, which became apparent in the closing months of 1990, could very well lead to a serious worldwide

capital shortage should the level of world savings not increase substantially. The combination of a credit crunch by the world banking system and sharply increased demand for capital in the USSR and Eastern Europe could result, in the absence of major adjustment measures, in continued high real interest rates, which would further increase the risk of recession. Assuming that the impact of the above risks will remain limited, world output is projected to expand in 1991 at a rate of 1-2 per cent.

Industrialized countries are forecast to grow at a significantly slower rate in 1991 as recessionary conditions in North America persist for most of the year and the Japanese economy slows down. The US economy could expand at a rate between 0.5 per cent and 1 per cent while growth in Japan is estimated at 3-4 per cent. Domestic demand, particularly investment demand, is expected to remain weak for most of 1991 in North America, while in Japan investment will expand at less than half the rate recorded in 1990. By contrast, investment expenditure in the EC will remain stronger, thus sustaining relatively stable growth. Growth for the EC as a whole is forecast at 2-2.5 per cent. Projections for the developing countries show a return to relatively more rapid growth in 1991, mainly as a result of an improved economic outlook for Latin America. Brazil, Mexico, Argentina and Venezuela are projected to grow at significantly higher rates in 1991 than in 1990. For the developing world, an average growth of 3-4 per cent is estimated, about 1 per cent higher than in 1990.

Growth in the volume of world trade is likely to slow down slightly in 1991 as demand weakens in industrialized countries and imports of non-oil producing developing countries expand at a more moderate pace. Non-fuel commodity prices are expected to remain weak, thus leading to a further deterioration in the terms of trade for non-oil exports. Most of the impact of higher oil prices has already been absorbed in 1990; therefore, world inflation would fall back slightly in 1991. In the stronger economies, such as Japan and Germany, inflation is expected to be higher. While some easing could occur in a few of the weaker economies, monetary policy conditions will generally remain tight. Interest rates, particularly in Japan and Europe, are expected to remain relatively high.

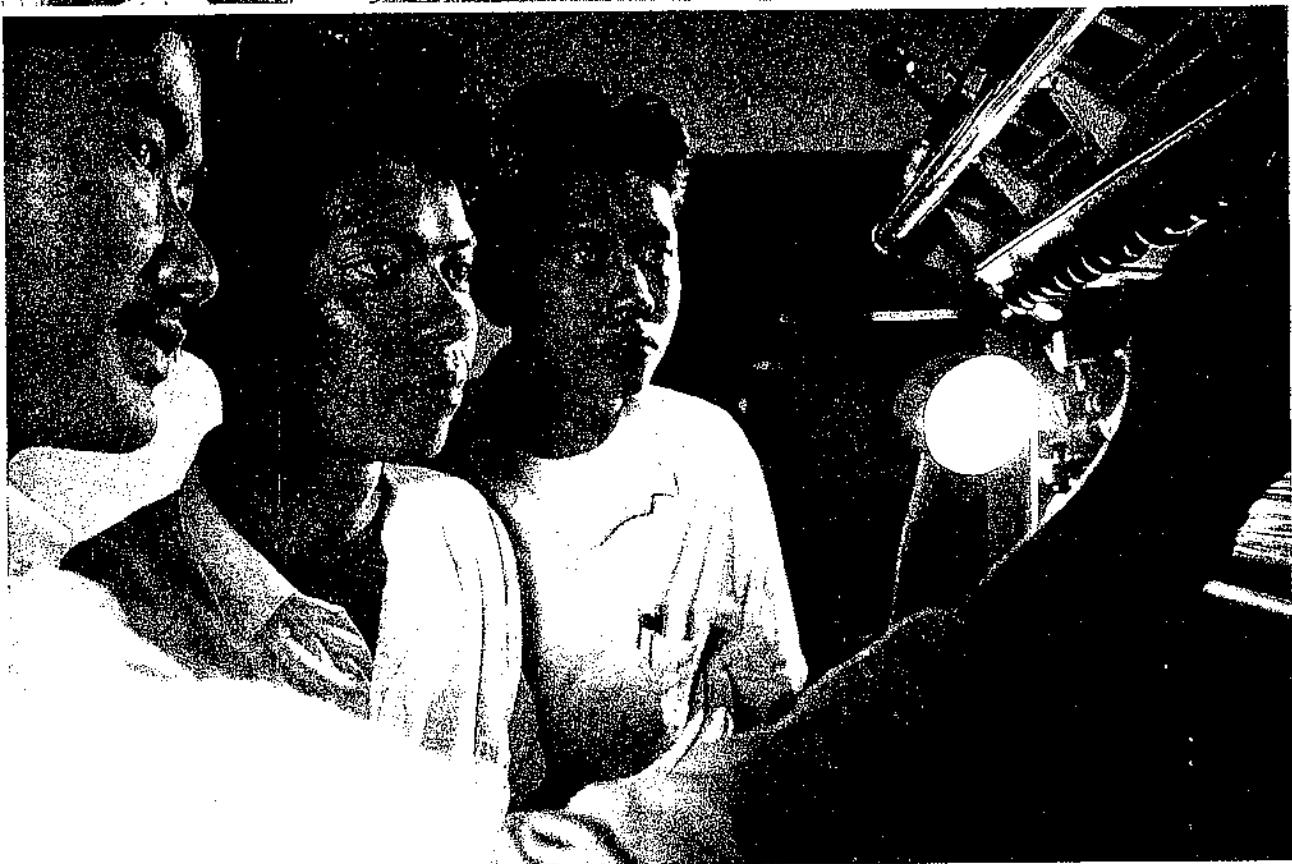
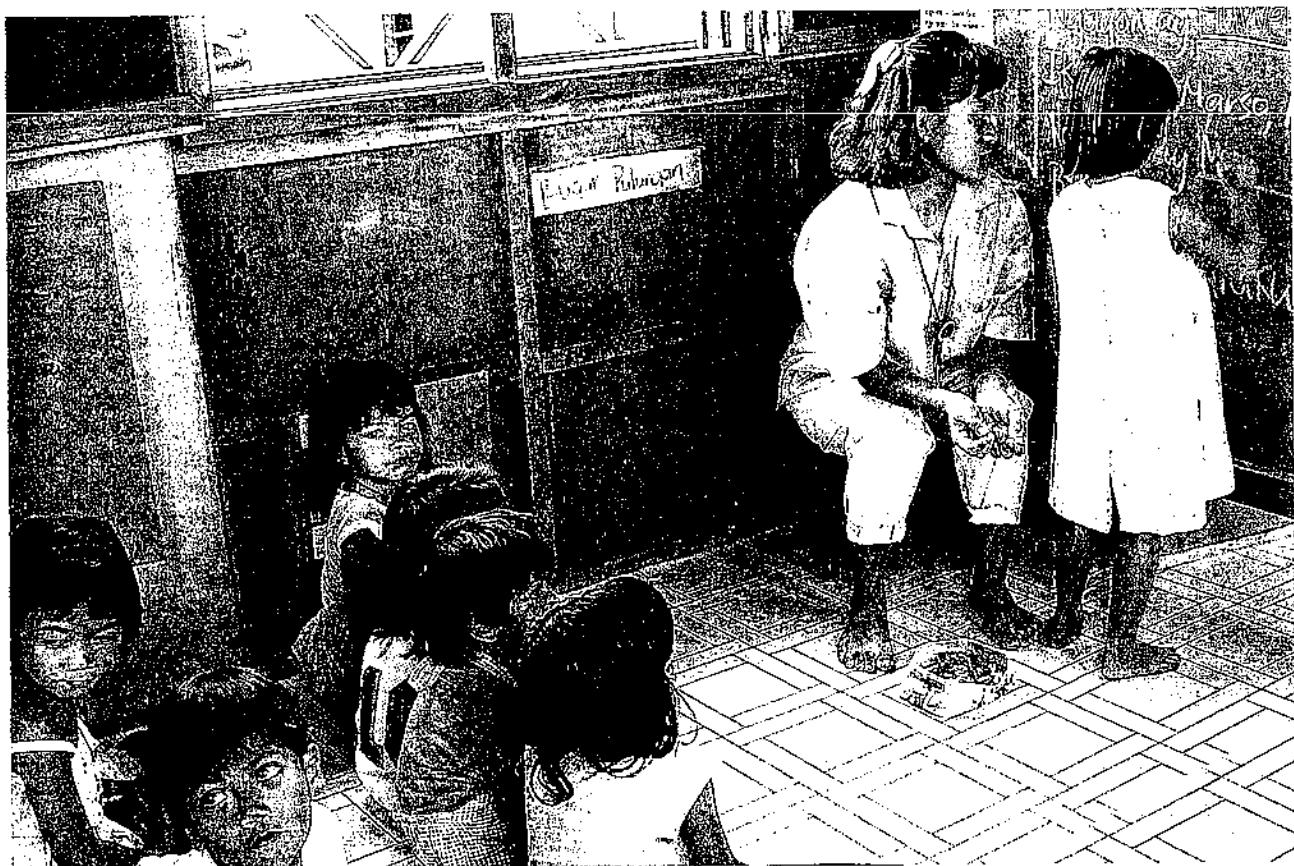
Given the prospect of a global slowdown, the GDP growth of the NIEs as a whole might go further down to about 6 per cent in 1991 from 6.5 per cent in 1990. In the Republic of Korea, rising inflation and a worsening domestic climate might cause the GDP growth rate to fall to 7-7.5 per cent from 8.5 per cent in 1990. However, consumption expenditure will remain strong and exports are expected to show a moderate recovery. Singapore, suffering from labor shortages and a generally unfavorable world market situation, will probably see about 6 per cent growth, about 2 per cent lower than in 1990. By contrast, Hong Kong and Taipei, China are expected to do better. While a 3.5 per cent growth is projected for Hong Kong, the impetus coming mainly from an expected rebound of the PRC economy, Taipei, China is likely to end up with about 6 per cent growth in 1991.

With the exception of Indonesia, where oil production accounts for a comparatively large share of the economy, growth in the Southeast Asian economies is expected to decelerate in 1991, perhaps to an average aggregate rate of 6-7 per cent. Lower international demand for its products will be the main factor behind a growth slowdown in Malaysia. In Thailand, lower export growth will combine with sharply higher energy prices to dampen economic growth. In the Philippines, sluggish exports – in particular to the US, its largest market – despite a sizeable depreciation of the peso, and austerity measures to keep the balance of payments manageable and the government deficit and inflation under control, will probably mean a further economic slowdown in 1991. By contrast, despite its tight monetary policy and a deceleration in the growth of non-oil exports, Indonesia will continue to benefit from higher oil revenues and foreign investment inflows. Indonesia's GDP is forecast to grow by 7-8 per cent in 1991, against 7 per cent in 1990. Viet Nam and Lao PDR are projected to grow by about 4 and 8 per cent, respectively.

South Asia is vulnerable to the vagaries of the weather. Assuming a normal monsoon, agricultural production should continue at least along the trend level, given the improved policies adopted in recent years. Similarly, policy reforms to boost the efficiency of industries are likely to be further strengthened. However, short-term prospects have been somewhat clouded by the Gulf crisis, which, in varying degrees, is likely to affect most countries in the sub-region. Higher oil bills, lost export revenues arising from the trade embargo on Iraq and heavy losses on account of workers' remittances will squeeze the balance of payments of most South Asian countries. It is expected that the countries will all require more external assistance to maintain their development efforts at current levels. Inflation is expected to accelerate into double digits, while the average GDP growth is expected to decline to 4-5 per cent.

For the PRC, the projection is for 5-6 per cent GNP growth in 1991, about the same as in 1990. So far, the Government has been reasonably successful in coping with inflation. Given this favorable economic condition, any further deepening of reforms and opening up of the economy to the outside world would help ensure a more efficient allocation of resources and provide the basis for moderately high growth in the medium to long term.

Improved prospects for 1991 are anticipated for Tonga and Western Samoa as they recover from severe damages inflicted by tropical storms. The economic performance of Papua New Guinea is also expected to improve as production increases from new operations revitalize the mining sector. The prospects for other PIDMCs will depend, to a large extent, upon the external environment. If high oil prices persist and prices for primary commodities remain soft, as currently projected for the next two years, inflation and external balances will continue to deteriorate. Tourism prospects remain bright for PIDMCs like Vanuatu and Fiji, and this could help alleviate some of their balance-of-payments difficulties. However, it is likely that the PIDMCs will require increased foreign assistance.



NON-FORMAL education, as shown (top) in Manila, Philippines is, along with primary education, among the Bank's new education sector priorities. The Bank also seeks to improve vocational education, typified by the graphic arts students (above) at Chiang Mai, Thailand, under the Bank-assisted Second Vocational Education Project.

EDUCATION AND DEVELOPMENT

Role of Education in Development

THE BANK views education as both a basic need and a human right. This is in line with the concept promulgated by the United Nations General Assembly in 1970 which described the six pillars for a better life as "education, health, nutrition, housing, social welfare and to safeguard the environment." Such a concept provides the conceptual and ethical framework for education as a human capital investment.¹ In the development process, education has two distinct tasks. One is to summarize a culture and transmit a shared heritage from one generation to the next. The other is to promote knowledge and skills needed to improve the quality of life.

People who do not have the fundamental skills of literacy and numeracy are denied access to the knowledge and skills needed to benefit from, and participate in, national development. Nations which do not have literate populations lack the foundation upon which economic, social and technological progress is built. Development depends on the ability of a nation to acquire and apply knowledge and technology and this ability can grow only from a solid foundation of basic education and literacy.

There is a great deal of evidence to show that basic education is highly correlated with social and economic development and with poverty alleviation. Adults with a broad basic education tend to have higher incomes, greater agricultural productivity, more frequent employment in urban areas, lower fertility and better health and nutrition than those without. Educated adults are also more likely to send their children to school, thus passing on education opportunities to the next generation. In addition, education can play a major role in fostering a national culture and consciousness by promoting common national languages, ideologies and attitudes.

Education is a broad term which connotes a general preparation for life. Basic education, which typically includes early childhood, primary and lower secondary education, is aimed at providing a foundation in literacy, basic knowledge and general skills. Training, on the other hand, depends largely on education since it is basic education that provides the skills, knowledge and attitudes upon which training is based. Increasing the level of education and training of the labor force is a major challenge for developing countries. If the introduction of new and productive technologies is an essential ingredient of development and if advanced education and training are required for introducing new technologies, then basic education is the foundation upon which all further education and training rests.

Education and Economic Development

There is often a high correlation between education and economic growth and labor productivity. Research indicates that, in almost all areas of the world, an increase in the average level of schooling leads to an increase in GDP. This effect is more pronounced in countries where the general policy environment is favorable, such as in many DMCs in East Asia. For an individual, a broad-based education is a crucial factor in determining his or her ability to secure employment. Moreover, education targeted at the poor also serves to improve the equity of income distribution. On the individual level, increased education allows a worker to improve the productivity of his primary asset, labor. For those in the wage economy, increased productivity generally translates into higher income. However, even for those employed in the non-wage and informal economies, the benefits to be derived from increased education are considerable. Educated farmers are more likely to adopt new technologies associated with higher yields. Studies in Indonesia, for example, show that agricultural productivity is 9 per cent higher for farmers with four years of primary education than for illiterate farmers. Even in the informal sector, literacy and numeracy give the low-income individual a greater range of opportunities.

1. The view of education as a human capital investment limits the value of education to its role as a production factor and focuses, thus, on the development of skilled manpower needed for specific sectors of the economy.

Education and Social Development

The benefits to be derived from education are especially significant for women and children. For example, a one-year increase in a mother's education is associated with a 9 per cent decrease in the mortality rate of children under five years of age. The children of better educated mothers are healthier, due to improved sanitary practices and better nutrition. Women with basic education are also more receptive to modern family planning practices, which not only help to reduce overall fertility but, through encouragement of lengthier birth-spacing and practices such as breastfeeding, also improve the health of both mothers and infants. Improved education also encourages women to participate more in community development activities which often provide increased income-earning opportunities. As better educated mothers have better educated children, benefits are passed on from one generation to the next.

Education is clearly linked to poverty alleviation since it provides access to the benefits of modernizing society. The poor are to be found mainly among remote rural communities, urban slum dwellers, marginalized ethnic or minority groups of women. These are the same groups that are the least likely to be literate or healthy, to have access to basic education or to the skills needed for productive and entrepreneurial activity. Since poverty is closely linked to environmental degradation, education is also likely to result in an improved environment. Education can provide the knowledge and strategies to preserve and restore the environment.

Issues in Education in the Asia-Pacific Region

Education for All

Quantitative expansion of educational opportunities in the region, during the past three decades, has been impressive in absolute terms. In particular, primary school enrollment has increased significantly and several DMCs have reached the goal of universal primary education. Generalizations, however, about the status of literacy and basic education among the region's developing countries are deceptive because they conceal major differences within the region – differences which reflect economic status, investment in education and population growth rates. Most countries of East and Southeast Asia and the Pacific have achieved high rates of literacy and primary education enrollment, but the same cannot be said of several South and West Asian countries where illiteracy persists on a large scale and where many children – especially girls – do not attend school (see table overleaf). An estimated 659 million (75 per cent) of the world's 882 million illiterates live in Asia. While the proportion of illiterates of the total population in the region is decreasing, the absolute number is increasing and will reach a projected 693 million by the year 2000 in addition to an estimated 54 million children out of school. For the

region as a whole, about 19 out of every 100 children who start primary school drop out before completing it, and in South and West Asia the dropout rate rises to 32 out of every 100, indicating extensive inefficiencies. Many of these dropouts will revert to illiteracy.

The statistics also conceal gender inequities, especially in South Asia. The adult female literacy rate for the region is 68 per cent, but this figure plummets to 26 per cent in South and West Asia. Similarly, while 83 per cent of girls are enrolled in primary school on a regional count, the figure is 44 per cent in South and West Asia. Given the links between education and lower fertility, better child health and improved nutrition, the neglect of girls' education leads to enormous losses. Basic education for women is achievable, but only if the political will exists to overcome social barriers and provide the necessary financial resources (see box story on opposite page).

The ongoing transition of labor markets toward industrialization and the increased use of technology-based modes of production require a work force with an advanced educational background, broad and flexible qualifications, and the preparedness for repeated job changes. This suggests that most young people need at least nine years of general education, with special emphasis on basic sciences and technology and including a broad pre-vocational orientation. Hence, the provision of Education for All will remain the dominant task until the year 2000 and beyond and in countries with low adult literacy rates and a significant number of young people who have not completed primary school, priority should be given to primary education and adult literacy training (see box story at the end of this chapter).

Quality and Internal Efficiency

The rapid expansion of education systems throughout the region has often been at the expense of quality and efficiency. Improving instructional efficiency in terms of lower dropout and repetition rates as well as raising learning outcomes as measured by achievement test scores, are therefore major policy concerns. A careful assessment is needed to determine the optimal mix of policy measures and resources under given circumstances. In some cases, more funds will be needed, such as for teacher training, appropriate incentives or the provision of more textbooks. In other cases, cheaper solutions could be found, for instance, by using the shift system or by raising the student-teacher ratio.

Relevance and External Efficiency

Most DMCs have focused on the labor market requirements of the modern sector in the expectation that the successful development of this sector will make the economy more competitive internationally. However, emphasizing the modern sector leads to a neglect of the usually far more extensive informal and traditional sectors and can increase social tensions. Attention should also be paid to develop

The Primary Education (Girls) Sector Loan for Pakistan

AS A major step toward implementing its broader education sector policy, the Bank approved in 1989 its first assistance to primary education with the Primary Education (Girls) Sector loan for Pakistan. Education for girls in Pakistan has lagged behind that provided for boys. It is estimated that only 20 per cent of females in Pakistan can read and write, and most of these are in the urban areas. In some rural areas, the literacy rate for females is only 5 per cent. To support the Government in its program to encourage more girls to enroll in school and to improve the quality of education for girls, the Bank provided a loan of \$64.2 million. The funds will be used to construct or upgrade about 800 girls' primary schools in rural areas to become Community Model Schools.

Improved equipment and instructional materials will be provided under the project for teacher education colleges which train female teachers for girls' schools. In addition, the supply of rural female teachers will be increased through a distance education program which enables rural girls to obtain teaching qualifications. Since increasing the enrollment of girls is not only a matter of providing more classroom space and more teachers, an "enrollment demand generation program" is included which seeks to strengthen school-community links through training headmistresses in community relations, strengthening the school management committee and supporting a media campaign to encourage parents to enroll daughters in primary school. The focus on the education of girls demonstrates the Bank's recognition that women have a major role to play in development.

curricula which are relevant for a large portion of traditional societies.

Structural Reform

Educational systems in the region share certain common problems. The most important include an over-emphasis on the formal selection mechanism at the expense of the integration of scholastic learning with practical application; little and belated exposure to pre-vocational orientation; separated and relatively expensive technical-vocational tracks; an under-emphasis on science and technology-oriented programs in certain DMCs; and, generally, a reluctance to supplement or replace conventional schooling by alternative modes of delivery, including distance education, non-formal education and enterprise-based training. Although different conditions prevail in the

DMCs, the common task over the next decade will be to encourage and assist in structural reforms rather than to stabilize and expand systems with evident imperfections. The main focus of such structural reforms would be to link education more closely to labor and community life; to make it more cost-effective, particularly the modes of technical and vocational education; and to ensure a more equitable provision of educational opportunities.

Educational Management and Planning

The expansion of formal schooling in DMCs in the past two decades has increased the need for more efficient planning, administration and management of education. In most cases, the growth of enrollments and facilities at primary, secondary and tertiary levels has not been accompanied by a corresponding increase in qualified administrative and managerial staff. Educational planning continues to focus on central goals and objectives at the expense of regional and local requirements. Among the main problem areas affecting efficiency are administrative structures and decision-making procedures, interdepartmental management and planning capabilities, and management training.

Resource Allocation

Although the picture is uneven, the Bank's DMCs have raised more public resources for education than other developing regions of the world in terms of percentage of GNP and per capita outlays. Despite this, the average per capita public expenditure for education is still only around 10 per cent of that of the Organisation for Economic Co-operation and Development countries. Since 1970, public education expenditure as a percentage of GNP has slowly risen. However, the decline in the share for education of total government expenditure indicates an increasing competition for limited public sector resources.

Investment in education shows high rates of social and individual return, more so than investment in most forms of physical infrastructure. Studies show that primary education yields the highest benefits, followed by secondary and tertiary education. However, as a result of budget constraints and competing demands for resources, governments often do not spend enough on education or they tend to emphasize investment in higher education at the expense of basic education. Finally, community participation is a resource that several countries have used to great advantage to meet their requirements.

The Bank's Role

The Bank's approach to education since the early 1970s shows a trend of widening the operational scope from a rather narrow human capital rationale, typified by an almost exclusive emphasis on technical and vocational education, to an approach that embraces the entire sector, including primary, non-formal and environmental

Basic Education Indicators for Bank DMCs¹

Country	Adult Literacy Rate (1985)			Gross Primary Enrollment Rate ² (1987)		Total Education Expenditure as a % of GNP (1986)	Education Expenditure as a % of Government Expenditure ³
	Male	Female	Total	Male	Female		
Afghanistan, Rep. of	39	8	24	27	14	—	4.0
Bangladesh	43	22	33	84	68	2.2	10.5
Bhutan	—	—	—	31	20	—	—
Cambodia	85	65	75	—	—	—	—
China, People's Rep. of	82	56	69	137	120	2.7	8.1
Cook Islands	—	—	—	—	—	—	10.2
Fiji	—	—	—	—	—	—	—
Hong Kong	95	81	88	106	105	—	18.7
India	57	29	43	113	81	3.4	9.4
Indonesia	83	65	74	120	115	3.5	9.3
Kiribati	—	—	—	—	—	—	16.8
Korea, Rep. of	96	91	—	101	101	4.2	26.6
Lao PDR	92	76	84	121	100	1.2	6.6
Malaysia	81	66	74	102	102	7.9	16.3
Maldives	—	—	—	—	—	—	3.1
Marshall Islands	—	—	—	—	—	—	—
Micronesia, Fed. States of	—	—	—	—	—	—	—
Myanmar	—	—	—	104	88	2.1	12.2
Nepal	39	12	26	113	54	2.8	10.8
Pakistan	40	19	30	51	28	2.2	5.0
Papua New Guinea	55	35	45	75	64	5.6	14.2
Philippines	86	85	86	105	107	1.7	10.4
Singapore	93	79	86	117	112	5.2	11.5
Solomon Islands	—	—	—	—	—	—	10.6
Sri Lanka	91	83	87	105	102	3.6	9.4
Taipei, China	—	—	—	—	—	—	16.3
Thailand	94	88	91	99	94	4.1	17.9
Tonga	—	—	—	—	—	—	37.1
Vanuatu	—	—	—	—	—	—	—
Viet Nam, Soc. Rep. of	88	80	—	105	99	—	—
Western Samoa	—	—	—	—	—	—	—

— not available.

1 Sources: World Conference on Education for All (WCEFA) Background Document, 1990, *Human Development Report 1990*, UNDP, and *Education and Development in Asia and the Pacific*, ADB, 1988.

2 The gross enrollment rate equals total enrollment divided by primary school age population (usually 6-11 years old). It can exceed 100% because total enrollment may include overaged children.

3 Refers to the years between 1980 and 1987 when the data were available.

education. A landmark in this changing approach was a review of the education sector, and the Bank's role, carried out in 1987-1988. This resulted in the adoption of sector policies based on a broader view of education's role in development and a more diversified role for the Bank, with an emphasis on basic education. The new approach was endorsed by the Board in March 1989.¹ At the same time,

an external panel commissioned by the Bank to assess the role of the Bank in the 1990s recommended an expansion of investment in social infrastructure, particularly public health and education, to enhance the quality of life directly and to promote growth in the longer term.²

The three years from 1988 to 1990 saw the Bank increase its role in the education sector and significantly

¹ *Education and Development in Asia and the Pacific*, ADB, 1988.

² *The Asian Development Bank in the 1990s*, Panel Report, January 1989.

change its pattern of lending and technical assistance. This was reflected in the Bank's approval of its first loans to primary education (Bangladesh and Pakistan), general secondary education (Philippines) and non-formal education (Bangladesh) as well as its first technical assistance grants for studies of non-formal education and environmental education (Philippines). The number of DMCs receiving assistance for education expanded to include Lao PDR and Marshall Islands.¹ Average annual lending increased to \$225.6 million during 1988-1990 from \$81.3 million during 1978-1987,² while the annual number of technical assistance projects tripled. Regular sector work has been added to the activities of the sector and major sector studies were undertaken in Lao PDR, Pakistan and Sri Lanka. Contacts with other agencies have been intensified and formal annual consultations with the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the International Labour Organisation (ILO) were introduced.

Several other new areas of assistance for human resource development have been opened up in recent years, including government manpower planning in Indonesia, Lao PDR and Thailand. In 1990, the Bank, through a regional technical assistance grant, joined UNESCO, the United Nations International Children's Emergency Fund (UNICEF), the United Nations Development Programme (UNDP) and the World Bank as a co-sponsor of the World Conference on Education for All. This was a major gathering of educators from 155 countries to endorse a commitment towards Education for All by the year 2000. In addition, the Bank is implementing a special program of short-term overseas training for its smaller DMCs and administers a graduate scholarship program in selected development-related disciplines which is funded by the Government of Japan (under the latter about 180 scholarships have so far been awarded). These two programs help address the critical needs of the Bank's DMCs for professional and technical manpower and supplement provisions often made under Bank loans for the financing of overseas training.

Operational Priorities and Issues

The direction and emphasis on human capital development in the DMCs are determined by the DMCs' economic conditions and industrialization strategies among other factors. For example, the rapidly expanding producers and exporters of manufactured goods and information-based hardware may choose to expand secondary and university education and improve technical education. On the other hand, the low-income, less industrialized economies, as well

as subsistence agricultural economies, may put more emphasis on strengthening primary education. The Pacific island DMCs, most of which are highly literate societies with nearly universal primary education and, in some cases, a high percentage of youth enrolled in secondary schools, may wish to focus on developing the secondary level and improving academic programs and specialized training for those activities that demand more highly-trained labor.

The scope of the Bank's assistance activities is being expanded towards subsectors not adequately covered by past lending, especially towards basic education. Among the other sectoral priorities are: improving and reforming secondary education, including reforms in technical and vocational education; rationalizing higher education and



CHEMISTRY students in Indonesia are beneficiaries of the University of North Sumatra Project which the Bank assisted with a loan of \$26 million.

¹ Relatively few DMCs had received assistance from the Bank for education – only 12 DMCs in total. In terms of total amount approved as of 1990, 85.2 per cent of all loans has been given to five countries: Bangladesh, Indonesia, Malaysia, Pakistan and Philippines; Indonesia alone has absorbed 50 per cent of total lending.

² As a percentage of total Bank lending, assistance for education increased on average from 3.9 per cent until 1988 to 6 per cent during 1988-1990. Cumulative lending stood at \$1.54 billion as of 31 December 1990.



INSPECTING tomatoes grown in a greenhouse in Java, Indonesia, under the Agricultural Education Project which the Bank supported with a \$68 million loan.

strengthening alternative approaches such as distance education programs; developing non-formal education as a flexible low-cost alternative to formal education; and strengthening institutional development and research capabilities, including planning and management.

To implement its broader role, the Bank will become increasingly engaged in policy discussions. The content and structure of education in a country are, of course, determined by the political choices made with respect to values, resources and priorities. Nevertheless, there are a number of common principles, particularly with respect to equity, efficiency and relevance that have an important bearing on investment decisions in the sector.

The Bank's decision to emphasize basic education, and to enlarge its support for human resource development, raises the issue of the financing of local and operation and maintenance costs. Local cost constitutes the major part of any investment in basic education and the financing of a large part of such cost is necessary and desirable if the Bank is to play a meaningful role in this area. With respect to

operation and maintenance cost financing, the basic principle is well established that ultimately such costs will have to be met from domestic resources. In the short term, however, countries often face difficulties in meeting the operational cost, particularly when education systems expand rapidly. In selected instances, the Bank has responded by providing financing for such costs, albeit on a declining scale and for a limited period.

Many countries in the region face a trade-off between quantitative expansion of their education system in order to provide increased access and meet requirements of social equity, and qualitative improvements to enhance the relevance and efficiency of the existing system. This trade-off has an important bearing on the focus and direction of Bank assistance. The general approach has been that, in countries with low rates of literacy and primary school enrollment, considerations of access, and therefore quantitative expansion, prevail, while in countries where significant progress has been made in providing basic education to all, quality considerations assume greater importance. Judgments as to

EDUCATION FOR ALL

THERE are an estimated 882 million illiterate adults in the world and about 100 million children have no access to primary education. About three-fourths of these adults and children live in the Asia-Pacific region. Even where there is access to schooling, the quality of education provided is very poor, leading to high dropout rates and inadequate levels of academic achievement.

World Conference. In response to this situation, the UNDP, the UNESCO, the UNICEF and the World Bank organized the World Conference on Education for All (WCEFA) with the general aim of forging a global commitment to providing Education for All (EFA) - good quality primary education for all children in the world, and essential knowledge and skills for adults to cope with the demands of the modern world. The Bank was an official co-sponsor of WCEFA, which was held in Jomtien, Thailand on 5-9 March 1990.

World Declaration. By acclamation, the *World Declaration for Education for All* and the *Framework for Action to Meet Basic Learning Needs* were approved by the Conference. The Declaration has three main parts which (i) state the purpose of education for all, (ii) define its scope and components, and (iii) identify the requirements for achieving education for all. The Framework identifies broad strategies for achieving EFA targets and provides a "menu" of options from which individual countries may choose and adapt as they formulate their own national EFA plans to achieve their own targets during the 1990s. At the Conference, pledges of significant increases in assistance for basic

education were made by the heads of the World Bank, the UNICEF, the UNESCO and the UNDP. Likewise, the President of ADB restated the Bank's support for basic education and indicated that the Bank would make increased financial resources available for educational development.

Follow-up Action. The overriding task in meeting the basic learning needs of all will depend ultimately on actions at the national level. Each country is expected to prepare a national EFA action plan, reflecting its own circumstances and setting achievable targets through appropriate strategies. The action plan is intended to serve as a basis for the development of basic and adult education in the country concerned until the end of the century. The preparation of a national action plan will require considerable resources, technical and financial.

Bank's Role. The Bank's co-sponsorship of the WCEFA was in the form of a \$250,000 regional technical assistance which was used primarily to fund two (for South and West Asia and for Southeast Asia and the Pacific) of the ten regional preparatory meetings held around the world. The Bank's involvement in EFA has, since the articulation of its policies and priorities in the education sector paper, *Education and Development in Asia and the Pacific*, led to a Primary Education (Girls) Sector loan in Pakistan, a Primary Education Sector loan in Bangladesh and a Rural Training Project, also in Bangladesh. To further its aims in the education sector, the Bank is considering assistance to DMCs in the preparation of their national EFA action plans.

the best approach in individual investments are, however, often difficult to make and intensive policy dialogue between Bank staff and governments is essential to arrive at an optimal policy mix.

The translation of these sectoral policy principles and operational priorities into an action program for the Bank will be a gradual process as it has to emerge from, and be

guided by, policy dialogue with the DMCs. In conducting this dialogue, the Bank is aware that education and human resource development occupy a special position among the sectors of development. Education is among the necessary conditions for the organization of society and the welfare and development of humankind. There can be no development without education.



CHILD CARE in Malaysia under the Bank-financed Health Services Development (Sector) loan amounting to \$50.7 million.

BANK OPERATIONS

Lending, Equity and Technical Assistance Operations

BANK lending to the public and private sectors during 1990 amounted to \$3,972 million, an increase of 10 per cent over the previous year. While loans from ordinary capital resources (OCR) rose 10 per cent to \$2,492 million, those from the concessional Asian Development Fund (ADF) increased 9 per cent to \$1,480 million over the same period.

In addition, the Bank approved 16 equity operations

totalling \$37 million, comprising 12 direct investments (\$24 million), three lines of equity (\$8 million) and one underwriting commitment (\$5 million).

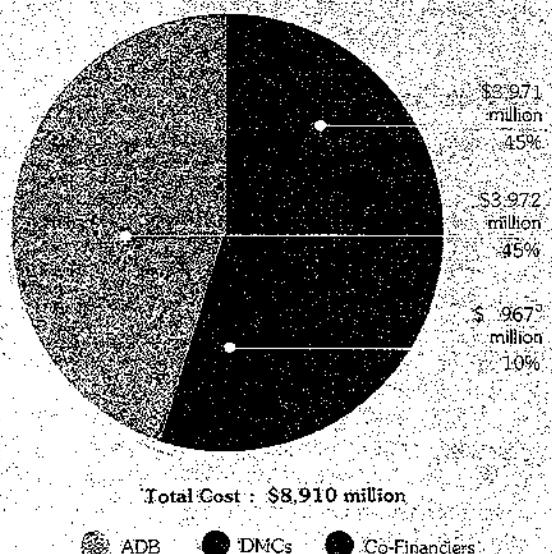
Cumulative lending to the public and private sectors reached \$32.6 billion for 964 projects in 29 developing member countries (DMCs) by the end of 1990. Of this, \$21.5 billion was from OCR and \$11.1 billion from ADF. The Bank's equity operations, which began in 1983, reached a cumulative total of \$181 million in investments and underwritings.

Lending and Investment Modalities, 1990

	Number of Projects	Amount (\$ million)
LENDING		
Project Loans	31	2,221.7
Program Loans	7	820.0
Sector Loans	6	440.6
Credit Lines	6	411.0
Private Sector Loans without Government Guarantee	7	78.9
INVESTMENT		
Direct Investment	12	23.6
Lines of Equity	3	8.0
Equity Underwriting	1	5.4
TOTAL	<u>73^a</u>	<u>4,009.2</u>

a Double counting eliminated.

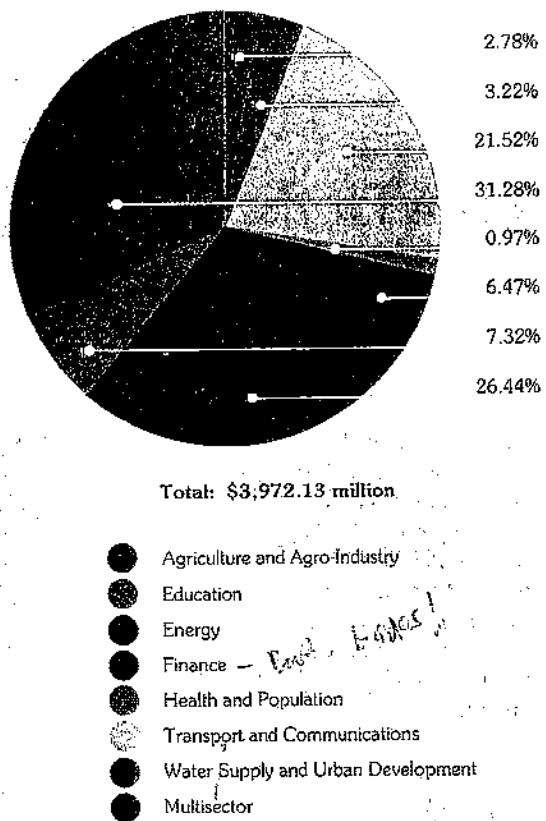
**Projects Approved in 1990
Total Cost and Sources of Finance**



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

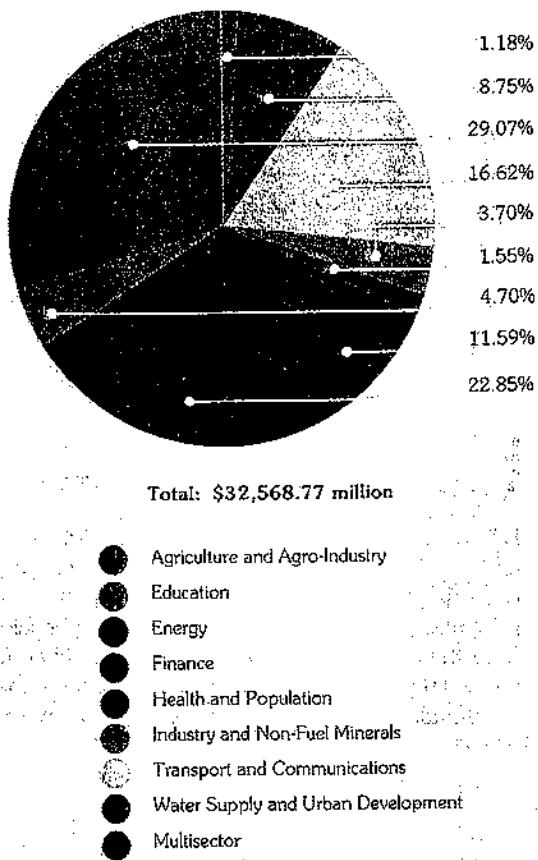
b In addition, a total of \$289 million co-financing was arranged for projects approved in earlier years.

Loan Approvals by Sector: 1990^a



^a Includes private sector loans without government guarantee.

Loan Approvals By Sector: 1968-1990^a



^a Includes private sector loans without government guarantee.

Public Sector Operations

Bank lending with government guarantees in 1990 was made up of project, program and sector loans and credit lines through development finance institutions (DFIs) for industry and agriculture.

Public sector loans amounted to \$3,893 million during the year, an increase of 10 per cent over 1989. Loans from OCR rose 11 per cent to \$2,419 million, or 62 per cent of public sector lending, while ADF loans grew 9 per cent to \$1,474 million, or 38 per cent.

The growth in lending partly reflected a rise in the average project size to \$78 million from \$69 million in 1989. Also, program loans, which provide quick-disbursing financial resources, increased threefold to \$820 million from \$275 million in the previous year.

Altogether, 56 public sector loans were approved for 50 projects in 18 DMCs. This compared with 58 loans for 51 projects in 15 DMCs a year earlier.

Four DMCs received loans exclusively financed from OCR: India (\$699 million), Thailand (\$84 million), People's Republic of China (\$50 million) and Malaysia (\$15 million).

Three DMCs received loans from both OCR and ADF: Indonesia (\$923 million, comprising \$793 million from OCR and \$130 million from ADF), Philippines (\$683 million, comprising \$448 million from OCR and \$235 million from ADF) and Pakistan (\$705 million, comprising \$330 million from OCR and \$375 million from ADF).

Eleven DMCs received loans exclusively from ADF: Bangladesh (\$351 million), Sri Lanka (\$195 million), Nepal (\$121 million), Lao PDR (\$28 million), Papua New Guinea (\$19 million), Bhutan (\$7 million), Cook Islands (\$5 million), Solomon Islands (\$5 million), Tonga (\$2.4 million), Kiribati (\$1 million) and Western Samoa (\$500,000).

By the end of 1990, the Bank's cumulative lending to the public sector reached \$32.3 billion for 937 projects in 29 DMCs, of which \$21.3 billion was from OCR and \$11 billion from ADF.

Sectoral Review

Lending to the agriculture and agro-industry sector crossed the billion dollar mark in 1990, when 19 loans totalling \$1,242 million were approved, an increase of

52 per cent from 1989. The sector's share of Bank lending rose to 31 per cent, from 23 per cent a year earlier. On a cumulative basis, agriculture and agro-industry remained the most important sector of Bank operations, accounting for 29 per cent of lending and 46 per cent of grant-financed technical assistance.

Introducing appropriate farming methods, improving the physical environment, expanding income and employment opportunities for the poor, reducing subsidies, enhancing the efficiency of resource allocation and promoting sustainable development remained the cornerstones of Bank strategy for lending to agriculture and agro-industry. Poverty alleviation was an explicit objective, and provisions were made in a number of projects to reach disadvantaged groups like smallholders, landless peasants and women.

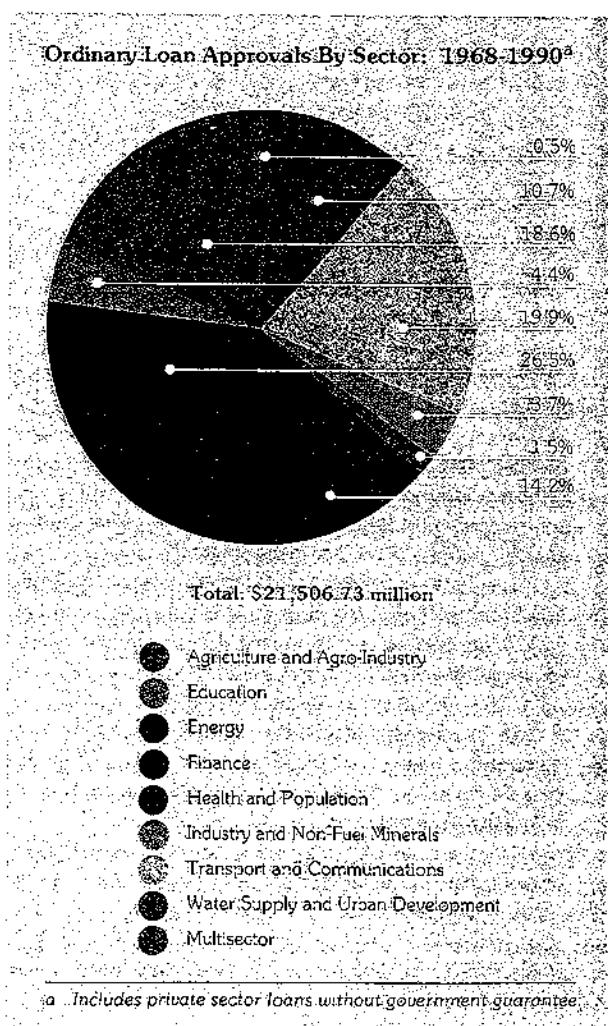
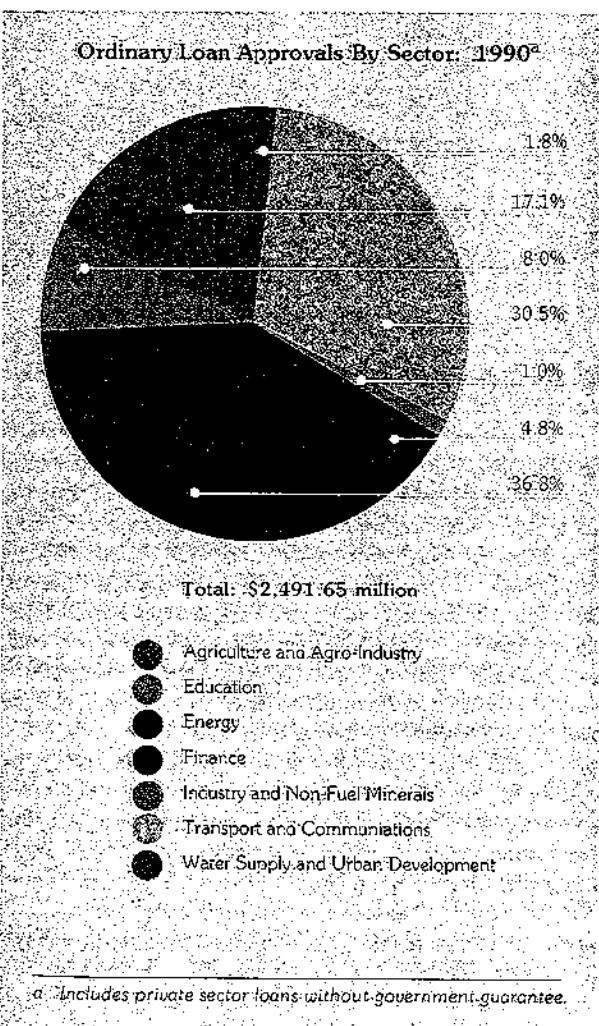
During the year, the Bank's first project exclusively targeting women as beneficiaries was approved for Bangladesh: the Rural Women Employment Creation Project designed to create non-farm employment opportunities for women in rural areas. Components to promote women in development were also incorporated in projects

approved for Bangladesh, Indonesia, Malaysia, Nepal, Pakistan and Philippines.

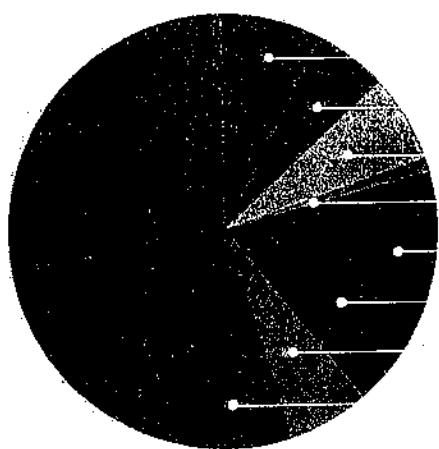
The need for higher food production to reduce budgetary and balance-of-payments difficulties and satisfy domestic demand led the Bank to support food crop development programs in Bangladesh and Indonesia. The program in Bangladesh is designed to increase rice and wheat production through dry-season cropping techniques aided by irrigation and reduce dependence on monsoon cropping. The aim of the Indonesian program is to achieve food security while diversifying the food crop production base and increasing the sectoral value-added through agro-processing.

Rehabilitation and upgrading of irrigation facilities, including operation and maintenance, are the objectives of an integrated irrigation sector project in Indonesia and an irrigation systems improvement project in the Philippines. A similar project in Malaysia will provide for flood mitigation, construction of drainage facilities and watershed management.

Agricultural and rural credit is to be provided under



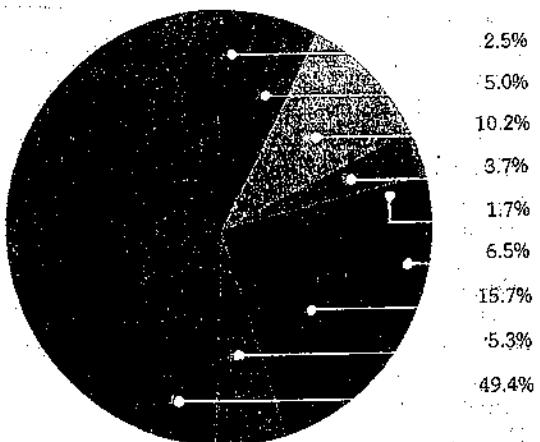
**Asian Development Fund
Loan Approvals By Sector: 1990**



Total: \$1,480.48 million

- Agriculture and Agro-Industry
- Education
- Energy
- Finance
- Industry and Non-Fuel Minerals
- Transport and Communications
- Water Supply and Urban Development
- Multisector

**Asian Development Fund
Loan Approvals By Sector: 1968-1990**



Total: \$11,062.04 million

- Agriculture and Agro-Industry
- Education
- Energy
- Finance
- Health and Population
- Industry and Non-Fuel Minerals
- Transport and Communications
- Water Supply and Urban Development
- Multisector

three loans to Bangladesh, People's Republic of China (PRC) and Pakistan. The Bangladesh project will help improve the efficiency and long-term viability of the agricultural and rural credit system. The loan to the PRC will help the Government import equipment, materials and services to modernize and set up small and medium-sized agricultural enterprises. The agricultural credit project in Pakistan will help increase rural incomes, sustain high rates of agricultural growth, diversify crops and promote export-oriented agricultural production.

Integrated area development projects were approved for Malaysia, Pakistan and Philippines. These projects support the governments' development goals in the rural sector, which include poverty alleviation, a broadening of the agricultural base, creation of rural employment, better access to social services, and regional development that is balanced, equitable and environmentally sound.

Program lending is an important feature of the Bank's operations in the agriculture and agro-industry sector. In 1990, five loans totalling \$615 million were approved for four programs in Bangladesh, Indonesia, Nepal and Pakistan, comprising almost 50 per cent of the total lending to the sector. Being quick-disbursing and policy-oriented in nature, program loans have facilitated policy reforms, in-

stitutional strengthening and investment in high-priority programs, while alleviating foreign exchange problems.

The Foodcrops Development Program in Bangladesh is designed to liberalize and deregulate the supply of minor irrigation equipment and complementary inputs, assign a greater role for the private sector in fertilizer distribution, give farmers effective price support and rationalize the foodgrain management policy. The Food Crops Sector Program in Indonesia is aimed at enlarging private sector participation in food production, trade and processing, and at policy reforms to phase out agricultural subsidies, rationalize rice buffer stock and marketing operations and further deregulate trade and investments in food crops.

In Pakistan, the Agriculture Program is aimed at mobilizing more domestic resources for agriculture, increasing production and sustaining productivity. The base for direct taxation in agriculture will be expanded, subsidies on major agricultural inputs like fertilizer and irrigation water will be gradually phased out, consumer subsidies on wheat will be reduced, and the efficiency of public sector development expenditure will be enhanced. The objective of the Nepal Forestry Sector Program is to reforest degraded forests, initiate systematic management of natural forests,

restore major watersheds, introduce habitat protection and maintenance of nature reserves, establish biogas plants to save fuelwood, and involve small farmers in the cultivation and processing of medicinal and aromatic plants. The Government's direct role in the production of fuelwood, fodder and timber will be gradually reduced, the private sector will be encouraged to assume a major role in reforestation programs and forest-based industries will be rationalized.

Complementing the program loans were eight technical assistance grants totalling \$2.1 million, designed to strengthen sector institutions and streamline policies.

Altogether, 65 technical assistance grants totalling \$28 million were approved in this sector, covering such fields as forestry, fishery and livestock sector master plans, agro-processing and rural enterprises, tariff structure for agriculture, domestic resource mobilization, and the strengthening of project benefit monitoring and evaluation. The Bank continued to support agricultural research through collaboration with regional and international centers.

Operations in the energy sector emphasized generation of energy, improvement of distribution and transmission systems, cost minimization in energy supply, environmental protection and the promotion of private investments. There were two projects in Indonesia and Lao PDR designed to harness hydro resources, one project in India envisaging the use of indigenous coal resources, and another in the Philippines based on imported coal. Transmission and distribution projects were approved for Nepal, Pakistan, Sri Lanka and Thailand to improve efficiency in energy supply. In addition, the Bank supported diesel power projects in Solomon Islands and Western Samoa pending implementation of hydropower projects. The development of the oil and gas sectors in the DMCs continued to receive attention. Technical assistance grants were given for a review of the hydrocarbon sector in India and for completing a feasibility study on gas transmission and distribution in Pakistan.

The concern for environmental protection was reflected in all approved energy projects, especially in the hydro projects for Indonesia and Lao PDR and the coal-fired thermal projects in India and Philippines. The projects incorporate specific measures for monitoring and mitigating adverse environmental effects. Energy demand management was the aim of the WAPDA Eleventh Power loan to Pakistan. The Bank's policy to encourage private sector participation in the energy sector was reflected in a loan to Calcutta Electric Supply Co. Ltd. in India, which followed the Bank's participation in a BOT (build-operate-transfer) project in the Philippines. Innovative measures such as BOT and BOO (build-operate-own) are being encouraged in Indonesia, Pakistan and Thailand.

Government-guaranteed loans to the energy sector rose to \$1,032 million from \$595 million in 1989. The sector's share of public sector lending increased to 26 per cent from 17 per cent a year earlier.

Twenty-two technical assistance grants totalling \$10 million were approved for this sector to support in-

tegrated energy and power system planning with an emphasis on cost minimization, cost recovery, tariff rationalization, institutional strengthening and energy conservation.

A loan of \$8.4 million for the Industrial Center Development Project in Papua New Guinea was made in the industry and non-fuel minerals sector. In addition, six technical assistance grants totalling \$2.5 million were approved to strengthen public sector institutions, support technology development in small and medium-scale industries and recommend appropriate government policies to assist in industrial development, adjustment and restructuring.

Government-guaranteed loans to the finance sector, separately identified in 1990, amounted to \$256 million, against \$705 million in 1989. They constituted 6.6 per cent of public sector loans and included loans to DFIs.

Lending under government guarantee to the transport and communications sector amounted to \$825 million. This included four projects in the roads and road transport subsector (\$535 million), three projects in the telecommunications subsector (\$161 million) and one project in the ports subsector (\$129 million). In addition, 23 technical assistance projects totalling \$9 million were approved.

As in the previous year, the emphasis of the roads and road transport subsector was on road improvement and rehabilitation. Loans for the improvement of national and provincial roads were made to India (\$250 million), Philippines (\$150 million) and Thailand (\$35 million). In addition, the Philippines also received two program loans amounting to \$100 million for this subsector, while a portion of the \$100 million earthquake damage reconstruction loan made to it will go to rebuild road infrastructure damaged by the 16 July 1990 earthquake.

The Bank continued to stress the importance of systematic road maintenance and approved 11 technical assistance grants to help introduce better pavement management and maintenance systems. India received three advisory grants, including one to promote private sector participation in expressway financing, construction and operation. Four advisory grants were approved for the Philippines, one of which was for better vehicular emission control planning in Metro Manila. One regional grant was approved for a feasibility study of the southern Mekong River crossing on the border between Thailand and Lao PDR.

Three loans totalling \$161 million were approved for the telecommunications subsector. There was a \$115 million loan to Pakistan for the expansion and improvement of domestic telephone services. A \$5 million loan was made to Cook Islands to finance a satellite system to improve communications with its outer islands. Sri Lanka received a \$41 million loan to expand its international and domestic telecommunications services. Four technical assistance grants were also approved for the subsector, including one regional activity.

In the ports subsector, one loan of \$129 million was made to India to modernize port and ship repair facilities in Bombay and to construct a new deepwater port at Kakinada.

In addition, seven technical assistance grants were approved, including two for India associated with the loan, two for Papua New Guinea to review the tariff structure and improve institutional efficiency, two for Maldives to prepare the charter of the Maldives Port Authority and one supplementary grant for Vanuatu for the institutional strengthening of the Public Works Department.

Bank lending for social infrastructure amounted to \$419 million, all in the public sector. The sector also received 32 technical assistance grants totalling \$13.7 million. The focus during the year was on policy dialogue and economic and sector work aimed at poverty alleviation.

One loan of \$43 million was approved in the urban development and housing subsector for a project in Bangladesh, in addition to four technical assistance grants totalling over \$3 million. A regional technical assistance for a seminar on Urban Poor and Basic Infrastructure Services in Asia and the Pacific was also approved.

Three grants totalling about \$450,000 were approved for the health and population subsector.

In the water supply and sanitation subsector, the Bank approved four loans, including a blended loan, amounting to \$85 million. These included \$46 million to the Philippines: \$22 million (from OCR and ADF) to augment Metropolitan Cebu's water system and \$24 million to provide safe and easily accessible drinking water to rural communities in 180 municipalities in 15 island provinces. The fourth loan of \$39 million was to provide piped water to about 150 small towns in selected provinces in Indonesia. In addition, eight technical assistance grants amounting to \$4 million were approved for this subsector.

The education subsector accounted for five loans amounting to \$291 million. Three of the projects – the Six Universities Development and Rehabilitation Project and the Agricultural Technology Schools Project in Indonesia, and the Technical and Vocational Education and Training Project in Bhutan – were intended to help improve the quality and efficiency of instruction and increase the availability of professional and technical manpower. The two other projects – the Primary Education Sector Project and the Rural Training Project, both in Bangladesh – reflected the Bank's priorities in the education subsector for the nineties.

Technical assistance grants totalling \$6.2 million were approved for 16 projects in this subsector. Under these grants, project preparatory studies are to be undertaken in Lao PDR and Sri Lanka, a review of secondary education is to be made in Bangladesh and Nepal, a study of technical education and industrial training is to be undertaken in Malaysia, a school development master plan and a technical education program are to be prepared in Pakistan, institutions are to be strengthened in Bangladesh and Bhutan, environmental education in the Philippines is to be assessed, and the operation and maintenance of Indonesia's primary and secondary schools and teacher training institutions are to be improved.

A regional technical assistance grant of \$600,000 was approved for the second phase of a fellowship program

designed to enable Pacific island and other smaller DMCs meet critical shortages in professional and skilled manpower. The first phase, under a \$300,000 grant, had helped 34 fellows from 11 DMCs. Now in its third year of operations, the Japan-ADB Scholarship Program awarded 69 new scholarships to nationals of 14 DMCs for postgraduate studies in development-related fields for the academic year 1990-1991, while 52 scholars saw their scholarships renewed for a second or third year. The Program has benefited 178 individuals at a cost of \$3.66 million since inception.

Tourism received technical assistance totalling \$440,000 to prepare projects in Nepal and Tonga and a tourism master plan for Cook Islands.

Technical Assistance Operations

Technical assistance plays an increasingly important role in the Bank's operations. It helps DMCs identify, design, implement and operate development projects, and strengthens their ability to formulate strategies, policies, programs and plans.

In its technical assistance operations during the year, the Bank laid special emphasis on areas like policy adjustments and reforms, studies in priority issues and measures, institution building, human resource development, technology transfer through training and the Bank's role as a regional development resource center. Twenty-four of the Bank's 1990 loans, involving an amount of \$1,369 million,

Grant-Financed Technical Assistance Approvals Funded from Other Sources,^a 1990
(amounts in \$ thousand)

Agency	Number of Projects	Amount
Finnish International Development Agency	1	350.0
France	5	2,299.0
Norway	4	1,530.0
Switzerland	3	1,630.0
United Nations Development Programme	5	4,279.0
USAID	1	270.0
TOTAL	19	10,358.0

^a With the Bank acting as Executing Agency/Administrator.

resulted from earlier technical assistance projects. Of this total, about \$826 million was from OCR and \$543 million from ADF, representing 34 per cent and 37 per cent, respectively, of the OCR and ADF loans approved.

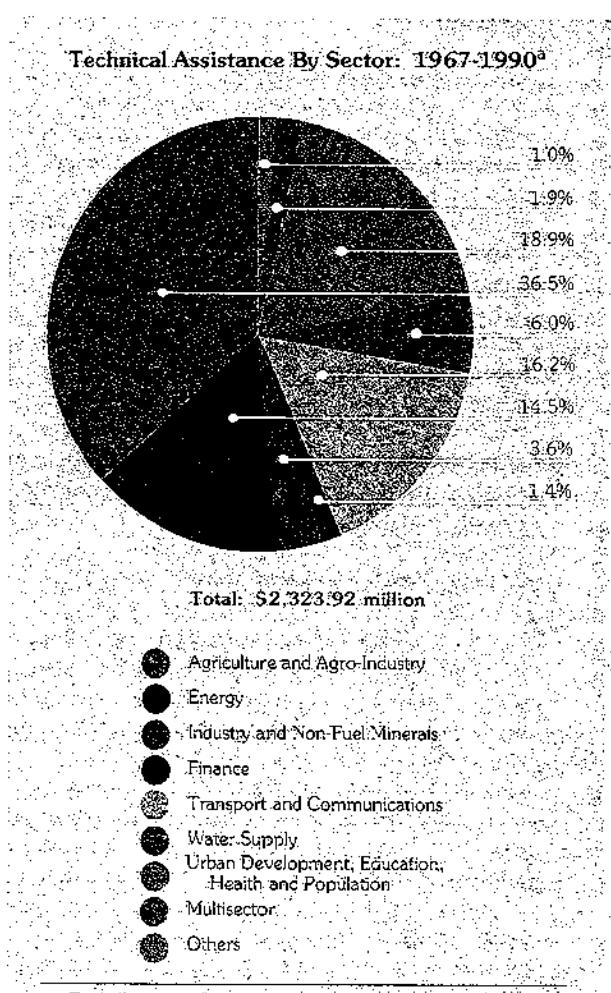
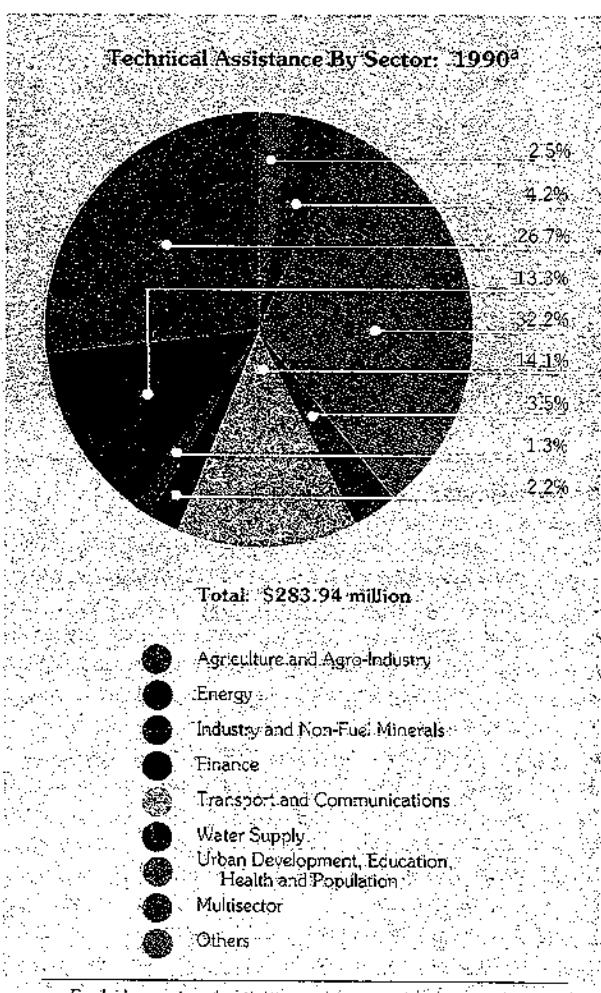
The Bank finances its technical assistance activities through grants or loans or a combination of both. Funding for technical assistance grants comes from voluntary contributions to the Technical Assistance Special Fund (TASF) from both developed and developing member countries, allocations to the TASF from Asian Development Fund (ADF V), income from OCR operations and grants from multilateral and bilateral sources (under co-financing and exclusive financing arrangements) such as the Japan Special Fund (JSF), the United Nations Development Programme (UNDP), the United States Agency for International Development (USAID), the Finnish International Development Agency (FINNIDA) and the governments of France, Norway and Switzerland. Technical assistance loans are financed from both OCR and ADF, together with multilateral and bilateral sources.

The JSF, established in 1988 and administered by the Bank, is an important source of funding for the Bank's

technical assistance operations. Its objective is to help DMCs restructure their economies and broaden the scope for new investments by recycling funds, and to support the DMCs' efforts towards industrialization, natural and human resource development and technology transfer.

In 1990, the Government of Japan contributed the equivalent of \$69.2 million (net of adjustments) to the JSF. A supplementary amount of ¥600 million was also received as part of the Government's third-year contribution for use to enhance the Bank's environment-related activities.

During 1990, total technical assistance operations amounted to \$302 million for 261 projects. Of this, *technical assistance grants* accounted for \$95 million for 256 projects (against \$81 million for 235 projects in 1989) and *technical assistance components of loans* \$207 million for five (an increase of 31 per cent from a year ago). The amount of technical assistance grants comprised \$56 million from the TASF, \$29 million from the JSF and \$10 million from bilateral and multilateral sources, including \$2.3 million from the Government of France. The Bank acted as the executing agency for 19 technical assistance projects amounting to \$10.4 million, financed by such



agencies as the FINNIDA, the UNDP, the USAID and the French, Norwegian and Swiss governments.

Country-specific grants to DMCs accounted for \$76.6 million of the total technical assistance grants for 1990 (for sectoral breakdown, see Statistical Annex), an increase of 12 per cent from 1989. Group A (low-income) DMCs received 63 per cent of the country-specific grants (compared with 68 per cent in 1989), with Bangladesh as the major recipient. Group B (middle-income) DMCs received 34 per cent (25 per cent in 1989), Indonesia being the major recipient. Group C (higher-income) DMCs accounted for the remaining 3 per cent (7 per cent in 1989).

Of the *loan-financed technical assistance* of \$207 million, 98 per cent was provided for advisory and project implementation purposes and 2 per cent for project preparation. Group A DMCs received about 20 per cent of the total technical assistance loans (34 per cent in 1989), Group B DMCs received 80 per cent (58 per cent in 1989) and Group C DMCs received less than 1 per cent (9 per cent in 1989).

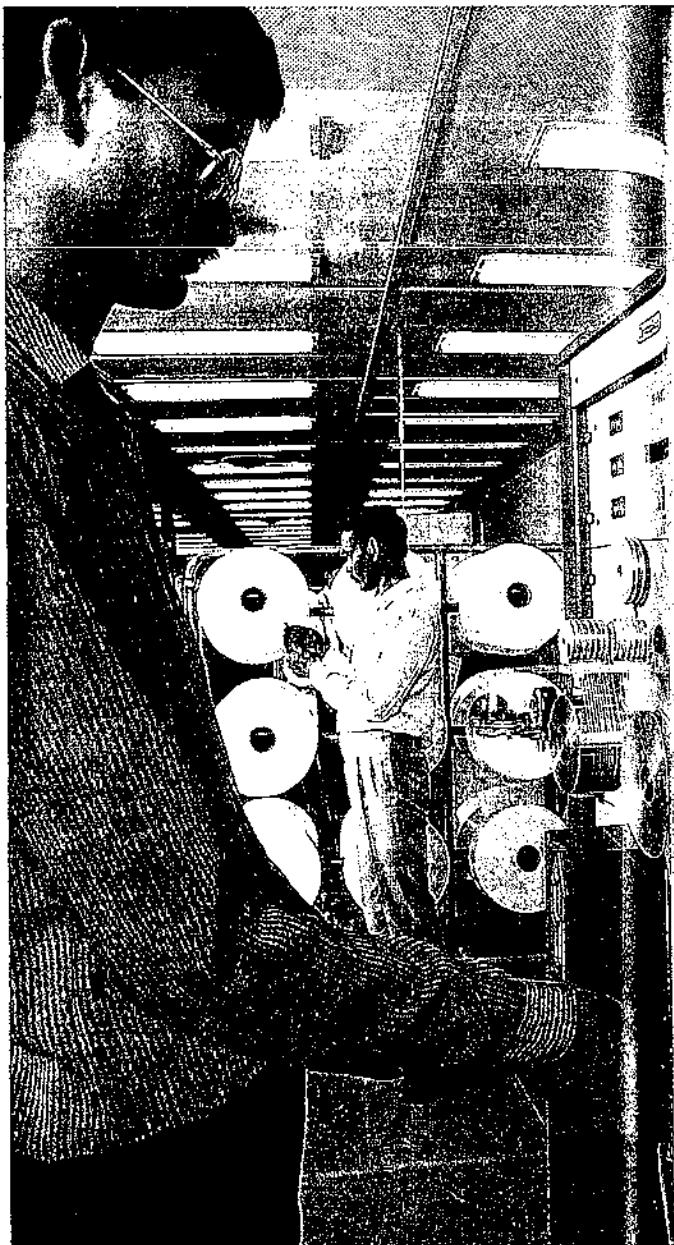
Private Sector Activities

Overview

In its policy dialogue with DMCs, the Bank encourages an environment conducive to the development of the private sector. Through program loans, development finance loans, "umbrella" credit lines and technical assistance, which provide the scope for policy dialogue, it assists DMC governments in developing their capital markets and improving their investment climate. Technical assistance has also been given to help governments in their privatization efforts. At the same time, the Bank finances projects in the private sector both directly through equity investments and loans without government guarantee and indirectly through credit lines to local financial institutions (LFIs). Following a review of the Bank's private sector activities, the Board approved an increase in the existing ceiling of \$375 million for private sector investments without government guarantee to \$1 billion up to the end of 1992.

Capital Market Development

Two Financial Sector Program loans were made to Lao PDR (\$25 million equivalent) and Sri Lanka (\$80 million equivalent) to help develop their capital markets. The loans were combined with technical assistance grants totaling \$853,000 and \$1.2 million, respectively. The loan to Lao PDR and the associated technical assistance are intended to assist the Government in establishing and developing a sound and responsive banking system. Supported by improved private sector legislation, this program is expected to contribute to a shift of productive assets from the public to the private sector. It is designed to: (i) improve the overall policy environment for the finance sector through the introduction of market-oriented interest rates and more effective monetary management mechanisms; (ii) strengthen existing



PRIVATE sector activity is reflected in this polyester filament yarn factory in India which was assisted by a Bank loan and equity investment.

institutions and establish new ones; (iii) introduce new financial instruments; (iv) develop professional banking standards; (v) improve the legal basis for the activities of commercial banks and non-bank financial institutions; and (vi) support the development of the private sector through more efficient financial services and by reactivating privatization efforts.

The objective of the loan and technical assistance to Sri Lanka is to support policy reforms and institutional strengthening in the finance sector. The capacity of the finance sector to mobilize domestic resources and allocate them efficiently to the private sector is to be improved. Capital markets, both for equities and for securitized debt, will be developed in order to provide a mechanism for entrepreneurs to raise long-term finance directly from investors as an alternative to loan finance. It is also an objective of the program to improve the efficiency of

resource mobilization and credit allocation through measures which reduce financial intermediation costs and rationalize the structure of interest rates. In order to accelerate the shift of productive assets from the public to the private sector, the program envisages the privatization of state-owned enterprises and involves practical guidance for the privatization of the National Development Bank of Sri Lanka.

In addition to the technical assistance grants given in combination with the two program loans, the Bank approved 15 technical assistance projects totalling \$3 million in the area of capital market development and five technical assistance projects totalling \$1.7 million related to the privatization of government-owned corporations in Indonesia, Lao PDR and Tonga.

The Bank also made ten investments totalling \$33 million (equity investments, equity underwriting and loans without government guarantee) directly in various private capital market institutions. Although, in many cases, the Bank's own investments have been relatively modest, its catalytic role has facilitated the start-up or expansion of a number of institutions. Examples include venture capital companies in India and Pakistan, as well as a regional venture capital company for the Asia-Pacific region. Its support for leasing operations, amounting to \$22 million, included \$16 million for a previously ailing company in Indonesia that now operates under a new management. In all these cases, the Bank played an active role in structuring the companies.

The Board approved the Pakistan Fund with the Bank as a joint lead manager. Under this arrangement, the Bank will make available a \$5.4 million underwriting commitment for the public issue of its shares. The Fund is designed to channel risk capital from capital exporting countries to the local equity market, thereby making Pakistan better known among international investors. When launched, the Fund will facilitate the transfer of fund management know-how through the establishment of a local fund management company.

In three other minor investments, the Bank supported the establishment or upgrading of development and merchant banks in Pakistan, Philippines and Sri Lanka, in the last case in combination with a technical assistance grant.

A \$5 million regional investment was approved during the year, bringing the cumulative total of regional investment facilities (equity investments and underwriting) in the finance sector to \$77 million equivalent. These facilities represented nearly 18 per cent of the total approved direct private sector investments. Disbursements during the year amounted to \$12 million and the year-end regional portfolio stood at \$52 million in five investments.

Indirect Project Financing and Support of DFIs

The Bank has traditionally financed small and medium-scale enterprises in the private sector through credit lines to development finance institutions (DFIs), either guaranteed by, or channeled through, DMC governments. Such lending

in 1990 amounted to \$151 million in three credit lines. The largest of the three was a \$120 million line to the Industrial Credit and Investment Corporation of India Ltd. (ICICI) - the second to ICICI and fourth to DFIs in India. The second credit line of \$30 million, available through five private commercial banks, was meant for small-scale and cottage industries in Bangladesh. Two technical assistance grants totalling \$560,000 were approved to help strengthen institutions. The third credit line of \$1 million, combined with a \$234,000 technical assistance grant, will augment the foreign currency resources of the Development Bank of Kiribati for onlending to private enterprises in agriculture and fisheries, trade and industry, and transport and services.

Apart from technical assistance associated with the DFI loans, the Bank approved grants totalling \$1.5 million to strengthen DFIs in Kiribati, Republic of the Marshall Islands, Federated States of Micronesia, Sri Lanka, Vanuatu and Western Samoa.

Direct Project Financing

The Bank's direct project financing in the private sector is made through equity investments and loans without government guarantee in various combinations. Under its Complementary Financing Scheme (CFS), the Bank also arranges co-financing from other sources.

Out of the Bank's project financing of \$116 million, investments in financial institutions and leasing companies amounted to about \$33 million (28 per cent). The manufacturing sector accounted for about \$17 million (15 per cent) and infrastructure about \$58 million (50 per cent). The remaining \$8 million represented lines of equity.

The largest infrastructural investment was \$40 million (\$10 million in equity and \$30 million in loan) in the Bangkok Expressway Co. Ltd. Under a 30-year concession agreement, the company will build, finance and operate a 37-km multi-lane toll expressway in the Bangkok area as an extension of the existing one. At the end of the concession period, the project will be transferred to the Government. One of developing Asia's most ambitious infrastructure ventures undertaken by the private sector, with a total project cost of over \$1 billion, it is Thailand's first BOT project and is aimed at reducing the severe traffic congestion in the Thai capital, particularly in the central business district.

The Bank also approved an \$18 million loan towards a \$92 million project of the Calcutta Electric Supply Corporation to augment its transmission network. The aim of the project is to alleviate the power shortage in and around Calcutta. The Government of India has accorded high priority to the power sector and a new policy encourages greater private participation in it.

In the manufacturing sector, the largest financing approved was for Avantex Mill Corporation in the Philippines: an \$8 million Bank loan and a \$5 million complementary loan. The company will set up a spinning mill to produce high-quality yarn to meet the demand from export-oriented textile and garment manufacturers. An investment package of \$6.4 million equivalent (\$1.4 million in equity and

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

	1990				Cumulative			
	Number	Total Bank Funds	Complementary Loan	Total	Number	Total Bank Funds	Complementary Loan	Total
Financing, Insurance, Real Estate and Business Services								
Financial Institutions ^b	8	16.13	—	16.13	24	113.85	—	113.85
Insurance	—	—	—	—	1	0.33	—	0.33
Real Estate and Business Services (including leasing)	1	16.48	5.00	21.48	13	72.35	19.00	91.35
Manufacturing Sector								
Food, beverage and tobacco	—	—	—	—	1	1.98	—	1.98
Textile, wearing apparel and leather	3	15.12	5.00	20.12	11	43.65	10.00	53.65
Paper, paper products, printing and plastic products	—	—	—	—	1	0.24	—	0.24
Chemicals, petroleum, coal, rubber and plastic products	3	4.32	—	4.32	14	58.04	20.00	78.04
Cement and ceramics	1	0.34	—	0.34	3	15.84	21.10	36.94
Basic metal industries	—	—	—	—	2	0.42	—	0.42
Fabricated metal products, machinery and equipment	—	—	—	—	10	17.28	—	17.28
Others:								
Telecommunications	—	—	—	—	1	24.00	—	24.00
Electricity, Gas and Steam	2	17.92	—	17.92	3	29.02	10.00	39.02
Transport and Storage	1	40.00	—	40.00	1	40.00	—	40.00
TOTAL	19	110.31^c	10.00	120.31	85	417.00^c	80.10	497.10

a Investments comprise 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 The 1990 and cumulative totals of Bank funds do not match the aggregate Board approvals of investment facilities of \$116 million and \$440 million, respectively, as some lines of equity have not been fully utilized.

\$5 million in loan) was approved in Bangladesh for Kader Synthetic Fibers Ltd. to set up a plant costing \$26 million to manufacture draw textured polyester filament yarn. This will be the first plant of its kind in the country and will help fill a gap in the manufacturing capacity of the textile industry (the development of which has been identified as vital for the national economy). The Bank also made a \$3 million investment in the form of equity (\$1 million) and loan (\$2 million) in a truck tire plant to be established by Gorakhkali Rubber Udyog Ltd. in Nepal at an estimated cost of \$23 million equivalent.

A special mention might be made of lines of equity, which constitute agency agreements whereby LFIs are appointed as the Bank's investment advisers. Investments are made in the Bank's name and at the Bank's risk, mainly in relatively small industrial enterprises. This facility was established in 1983, and in 1990 the Bank reviewed its operation to make it more effective. The concept requires LFIs to match the Bank's equity investments, in effect doubling the institutional equity capital available locally. Such agreements

were approved for LFIs in Philippines, Sri Lanka and Thailand for an aggregate amount of \$8 million.

Bankwide Priorities

Poverty Alleviation

The Bank's increased concern with poverty alleviation issues stems from the findings and recommendations of the internal Task Force on the Bank's Role in Poverty Alleviation and the external panel. A comprehensive action plan has been developed to ensure that the new policy components are fully integrated with 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 alleviation goals.

There are two elements in the present policy. In the first place, special attention is paid to poverty alleviation issues

when formulating and implementing conventional projects. Secondly, the need for direct initiatives to reduce poverty is recognized. The Bank is increasingly concerned with developing projects to increase income and employment opportunities for the poor and improve their access to basic social services, such as education and health care. It supports policy adjustments to involve the poor in the growth process.

Eighteen loans with components of poverty alleviation were approved during the year. The agriculture and rural development sectors accounted for 13 of them and the rest related to social and physical infrastructure.

Three integrated area development projects – the Second Palawan Integrated Area Development Project in the Philippines, the Northern Terengganu Rural Development Project (Phase I) in Malaysia and the Barani Area Development Project (Phase II) in Pakistan – were designed to meet the needs of disadvantaged rural communities besides increasing agricultural production and productivity. Two program loans – the Forestry Sector Program in Nepal and the Foodcrops Development Program in Bangladesh – incorporated policy adjustments promoting sustainable rural development. Two projects – the Third Small Farmers Development Project in Nepal and the Rural Women Employment Creation Project in Bangladesh – were specifically designed to increase income and employment opportunities for target beneficiaries while helping them to form and strengthen self-help groups.

Thirty per cent of the loan to the Agricultural Bank of China was allocated to support township and village enterprises benefiting disadvantaged rural communities. The majority of the Bank's agriculture and rural development loans approved during the year were multipurpose in nature. In varying degrees, they met more than one of the Bank's special policy concerns, like poverty alleviation, environmental improvement, promotion of the role of women in development, collaboration with NGOs and encouragement of the private sector.

In the infrastructure sector, poverty alleviation objectives were reflected in the Second Island Provinces Rural Water Supply Sector Project in the Philippines, the Second IKK Water Supply Sector Project in Indonesia, a Special Interventions Project in Papua New Guinea and three projects in Bangladesh covering secondary towns urban infrastructure, rural training and primary education.

The Bank also expanded its technical assistance operations to prepare, monitor and evaluate poverty alleviation projects. Help was provided, for example, for preparing projects to assist smallholders in Indonesia and Philippines and to provide housing for low-income groups in Sri Lanka.

At the same time, the Bank further developed its economic and sector work as well as its resource center activities to focus better on poverty alleviation issues. Technical assistance was provided for a seminar on Poverty Alleviation through Agricultural Projects, which took place in Bangladesh in October and was co-sponsored by the Economic Development Institute of the World Bank. Approval was also given for a seminar on the Design and Management of Sustainable Poverty Alleviation Projects in

South Asia and a regional seminar on the Urban Poor and Basic Infrastructure Services in Asia and the Pacific. The ongoing technical assistance study on Priority Issues and Policy Measures to Alleviate Rural Poverty is expected to make a major contribution in defining the scope of policy adjustments to benefit the rural poor.

The Bank's experience indicates that special provisions must often be made in designing and implementing poverty alleviation projects to ensure that they are fully effective. It is essential to identify target groups clearly, develop appropriate delivery mechanisms, encourage self-help, involve beneficiaries in project development and implementation, decentralize decision making wherever possible and undertake socioeconomic surveys as the basis for specifying, monitoring and guiding project activities. The number of projects and project components that meet the above requirements, either wholly or in part, is increasing.

An example of a successful poverty alleviation project is provided by the NGO-Microcredit Project in the Philippines, approved in 1988. The disbursement of this loan is running well ahead of schedule and the project is making a significant impact in creating employment and increasing incomes among the target groups (for details of the project, see 'Cooperation with NGOs'). Follow-up surveys confirm that, with few exceptions, the subloans have gone to support microenterprises creating new job and income opportunities.

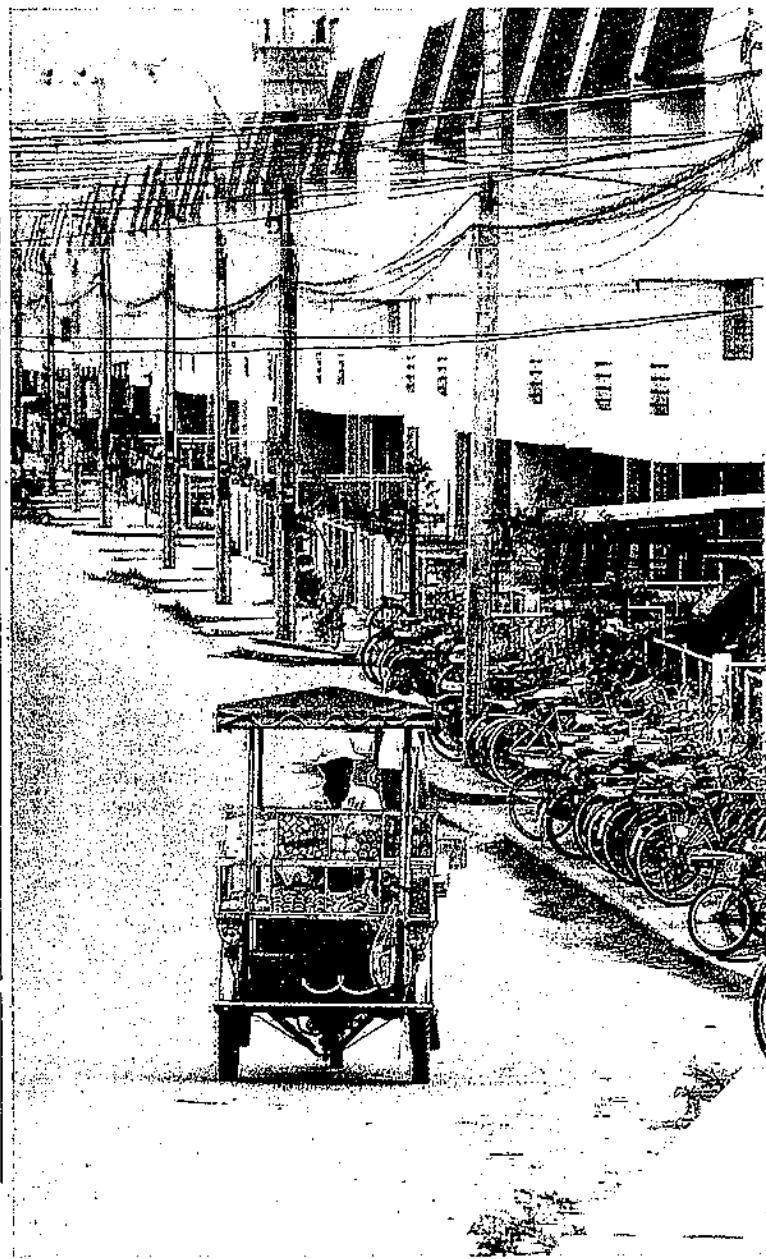
The Bank has upgraded the activities of its inter-departmental Poverty Alleviation Working Group. This group has been given the responsibility of ensuring that poverty alleviation issues are appropriately and systematically addressed during the Bank's country programming and loan processing activities.

Social Infrastructure

Economic gains attained in many of the DMCs have not always made the basic human services available to the majority of the population. The external panel's report highlighted the need for greater support for social infrastructure to both enhance the quality of life and promote economic growth over the longer term. The Bank emphasizes the role of the social sectors in sustainable economic development and takes account of environmental concerns in designing social infrastructure projects.

Education: The Bank's new policy on education, which is explained in the special theme chapter on 'Education and Development,' regards, in particular, the provision of primary and non-formal education as an important part of its strategy to alleviate poverty and enhance the status of women in society.

This policy is reflected in two basic education projects in Bangladesh approved during the year. The Primary Education Sector Project supports the Government's universal primary education program and will seek, among other things, to provide better school facilities for girls, employ more female teachers and take specific measures to



URBAN development is a continuing goal. These new houses were provided for low-income city dwellers in Thailand under the Bank-financed Shelter Sector loan of \$38 million.

encourage parents to enrol and keep their daughters in school. The Rural Training Project is designed to train the landless rural poor in livelihood skills and make microcredit available to them. Forty per cent of the project's target beneficiaries are expected to be women.

Three other projects – the Six Universities Development and Rehabilitation Project and the Agricultural Technology Schools Project, both in Indonesia, and the Technical and Vocational Education and Training Project in Bhutan – were approved during the year to support human resource development.

In addition, 21 regional technical assistance grants totalling \$6.27 million were approved for training programs on the design and management of sustainable poverty alleviation projects, environmental management audit, equi-

ty investment analysis, project implementation management, procurement and community forestry, as well as for co-sponsoring the World Conference on Education for All. Grants totalling \$4.5 million were given for institutional strengthening in Bangladesh, Bhutan, Indonesia, Pakistan, Philippines and Thailand. Besides, many loan and technical assistance projects in the agriculture, energy, water supply, telecommunications and industry and non-fuel minerals sectors had education and training components.

Health and Population: The Bank's objectives with regard to the health and population subsectors are to enable DMCs to provide basic and adequate health services to all their citizens and help them keep population growth and fertility rates at levels most appropriate to their specific conditions.

Health services in DMCs have suffered from a lack of essential planning and a shortage of staff trained in management and administration. Recognizing these deficiencies and pursuant to the recommendations of the external panel's report, a Health and Population Sector Paper is being finalized. Taking into account the policy, institutional and funding problems of the past, a new sector strategy has been prepared.

Future Bank operations will increasingly emphasize primary health care through preventive and promotive programs, the technical as well as financial viability of health referral networks and the need for adequate institutional management support and planning. Technical assistance grants approved during the year for Pakistan, Papua New Guinea and Sri Lanka reflect various aspects of this policy. The Bank feels that public authorities must increasingly focus their attention on the preventive health care needs of the poor, often neglected under the curative and urban-biased public health programs that have prevailed so far. A more cost-effective, equitable and efficient allocation of health resources for preventive programs is needed, while curative programs could take greater advantage of cost recovery and the services of private health providers. Public and private services should coordinate to achieve a smooth functioning of health referral networks. Such networks should be composed of progressively sophisticated service levels ranging from preventive, community-based facilities to more advanced facilities with extensive in-patient capacity.

Urban Development: The Bank feels that, in discussing urban development issues, questions of poverty alleviation, environmental improvement, rural-urban linkages, balanced industrial growth and inter-regional disparities must not be overlooked. The objectives of growth and equity are not necessarily at cross purposes in urban development and can be reconciled through appropriately prepared projects. This policy is reflected in the Secondary Towns Infrastructure Development Project in Bangladesh.

Urban development, when appropriately packaged, provides opportunities to determine investment priorities with regard to shelter, roads, drainage, water supply, sanitation and other essential urban services. The Bank will,

therefore, favor assisting urban development on an integrated basis, where appropriate, although support for individual subsectors, such as housing or water supply, will continue. A new effort will be made for institution building in respect of urban transportation, housing finance and urban land management. Increased private sector participation in urban infrastructure and services will be advocated, particularly in rail transit systems, urban expressways, solid waste management and markets. Urban development projects will also provide an opportunity to pay more attention to urban environmental improvement, which will be one of the priority areas for lending. Since policies for urban development in most DMCs are usually not well formulated, the Bank will continue to help DMCs in this regard through sector studies and policy discussions.

Water Supply and Sanitation: Bank's overall objective in regard to this subsector can be summarized as follows: "Improvement of human health and productivity and betterment of the living environment, through the provision of sustainable and effectively used water and sanitation systems to as many people as possible." This overall objective is reflected in the Second IKK Water Supply Sector Project in Indonesia and Metropolitan Cebu Water Supply and Second Island Provinces Rural Water Supply Sector Projects in the Philippines. To attain this objective, three actions are considered to be of crucial importance: (i) extra funds should be mobilized from governments, donors and people benefiting from new and improved services; (ii) the management of water and sanitation services in rural and peri-urban areas should be community-based; and (iii) resources and the en-

vironment should be properly managed in the face of rapid urbanization.

The Bank feels that the community should participate in all phases of the development of water supply systems from original planning through operation and maintenance. Sector strategies must seek to manage and mitigate the impact of rapid urbanization. In promoting maximum efficiency in water use and water quality management, past imbalances will have to be corrected between water supplies for domestic and industrial consumption on the one hand and facilities for wastewater treatment and disposal on the other. Protection and management of water resources will need to be given high priority, with measures to reduce and recycle waste.

Future Bank activities in this subsector will be in the following areas: (i) preparation of comprehensive country sector strategies; (ii) assistance for projects in rural and peri-urban areas in addition to the urban sector; (iii) institutional development; (iv) pollution control and management of water resources; and (v) regional activities to cover such issues as megacities; rehabilitation, operation and maintenance of facilities; community involvement and sustainability.

Environmental and Natural Resource Management

To ensure that economic development is environmentally sustainable and does not exploit natural wealth at the expense of future needs, assistance to DMCs in



ENVIRONMENTAL concerns are reflected in this pine nursery in Indonesia being tended under the Forestry Development Project which was assisted by a Bank loan of \$28 million.

environmental and natural resource management has become a major concern for the Bank. Its environmental policies and procedures were reviewed and expanded during the year and an environmental action program for the 1990s was prepared.

In keeping with its expanded involvement in environmental activities, the Bank upgraded its Environment Division in September to Office of the Environment. Measures were taken to formalize and strengthen environmental review procedures, integrate environmental considerations in the programming exercise, broaden the environmental dimensions of projects, increase support for environment-oriented projects and expand environmental training.

The environmental review of projects placed additional emphasis on biodiversity, environmental risk and population considerations. To provide ample opportunity for environmental impact assessment, projects were required to be reviewed two years ahead of the normal project processing schedule. A system design study was completed for the computerization of the Environment Monitoring Information System.

To assist country programming missions in developing a pipeline of environmental projects, environment sector reports were prepared for selected DMCs. A program cycle was introduced so that environmental considerations could be systematically integrated in country programming exercises.

Several technical assistance projects were approved and administered during the year in Bangladesh, the PRC, Malaysia, Nepal, Pakistan, Thailand and several Pacific island DMCs. Many of these projects focused on human resource development, particularly on environmental impact assessment, and were aimed at strengthening the environmental management capabilities of DMC government officials.

In line with the recommendations of the Task Force on Bank Operations in the South Pacific, a technical assistance grant was approved to provide short in-country training in environment subsectors, develop national environmental management strategies and strengthen the capabilities of the South Pacific Regional Environment Programme.

One important technical assistance was for a regional project entitled, "Economic Policies for Sustainable Development: Implementing the Brundtland Commission's Recommendations." Findings of this regional study covering Indonesia, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines and Sri Lanka were presented at a Ministerial-Level Conference on Environment and Development in Asia and the Pacific, held in Bangkok, which the Bank co-sponsored.

Several technical assistance projects were developed to study global climatic changes. Associated technical assistance projects were designed to determine and mitigate environmental impacts of different projects, particularly in the energy, industry, minerals and roads sectors/subsectors.

The Bank strengthened its ties with bilateral and multilateral organizations dealing with environmental issues and

participated in several regional and international fora. The Government of Japan provided a supplementary amount of ¥600 million as part of its third-year contribution to the Japan Special Fund to support the Bank's environment-related technical assistance activities. Cooperation with non-governmental organizations (NGOs) in the field of environment was sought in several Bank-financed projects. A technical assistance project was developed to foster more responsible natural resource management and conservation in selected rural communities with the assistance of influential village-level volunteers.

The new environmental priorities and action program initiated in 1990 will be vigorously promoted in 1991. The traditional environmental impact assessment tools will be expanded and strengthened to include social impact analysis, environmental risk assessment and biodiversity impact evaluation. The use of other techniques, such as geographic information systems and related remote sensing, will be further developed to improve project design and monitoring.

New areas such as pollution control in the industry and power sectors, urban environmental development, tropical forest ecosystem management and biodiversity conservation will be the focus of environmental lending. Poverty alleviation projects having environmental implications will be emphasized.

Technical assistance will be aimed at building institutions involved in formulating and implementing environmental policies and programs and preparing potential investment projects. In addition, sectoral economic policies which protect and enhance the environment will be further developed.

To implement the proposed action program, environment sector work and policy dialogue will be enhanced. The Bank's environment specialists will continue to play a catalytic role in project conceptualization. The action program will also require continued in-house and external training for Bank staff.

Women in Development

One of the major objectives of the Bank's policy on the role of women in development (WID) is to fund projects which enhance their status in society and quality of life by providing education, employment and income opportunities.

During 1990, a number of projects incorporated concrete activities to achieve this objective. The Rural Women Employment Creation Project in Bangladesh was the Bank's first project aimed at providing microcredit exclusively for women. The project will involve collaboration with local NGOs to mobilize women in rural areas and facilitate their access to credit. Similarly, under the Third Small Farmers Development Project in Nepal, funds are earmarked to support viable agriculture and cottage industry subprojects taken up by rural women.

Expanding women's access to education and training is another element of the Bank's policy. Training women as



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WOMEN traders at the Jakarta Stock Exchange represent increased access in the financial sector by women. The Financial Sector Program for Indonesia, assisted by Bank loans totalling \$200 million, is aimed at developing the securities market.

extension agents to work among women farmers is the specific focus of the Second Barani Area Development Project in Pakistan. The Integrated Irrigation Sector Project in Indonesia emphasizes the importance of training women in the design and implementation of improved drainage systems. In the Philippines, the Second Palawan Integrated Area Development Project is designed to provide a training center for women to take up remunerative activities. Women are the specific target group under the Rural Training Project in Bangladesh, which is to provide training in, and microcredit for, livelihood activities.

The Agricultural Technology School Project in Indonesia will seek to enrol more women for vocational training. A regional technical assistance on Training to Improve Employment and Management Skills of Women provided more than 60 short training courses conducted by grass roots NGOs in Bangladesh, Indonesia, Pakistan and Philippines.

A first step was taken to incorporate WID issues in macro-level policy formulation and project planning when a regional conference was held in December to discuss gender issues in agriculture. Senior policymakers from 12 DMCs attended. The conference recommended, among other things, that the Bank help train trainers and institutionalize gender issues in agricultural university curricula. The Bank was also asked to identify and document the approaches and methods different DMCs employ to reach women farmers.

At a national level, the Bank supported a series of seminars in Malaysia to promote the awareness of women's role in rural development. Policy planners and extension workers were trained in using gender analysis in project design and implementation.

Work has begun under a regional technical assistance grant to collect data to monitor changes in the welfare of women and their participation in economic development. Socioeconomic indicators on this subject will be published as a supplement to the *Key Indicators of Developing Asian and Pacific Countries*. An action program was approved in the third quarter of 1990 and a Bankwide network system was established to monitor and facilitate its implementation.

Cooperation with NGOs

The objective of the Bank's cooperation with NGOs is to enhance the participatory approach to development and to improve the delivery of its assistance and services to target groups, especially the poor and the disadvantaged in society. Being involved at the grass roots level and being familiar with the specific needs of the poor, NGOs could lend their special expertise and experience to enhance the effectiveness of the Bank's operations. In particular, the Bank has utilized environmental NGOs in view of their critical role in fostering environmental sustainability. Based on a positive response received during the NGO Consultative Meeting in

June 1989, dialogues with local, regional and international NGOs are held regularly.

One good example of the Bank's cooperation with NGOs comes from the Philippines, where an NGO-Microcredit Project was approved in 1988, reflecting a new approach on how to involve beneficiaries. The results of the project have been encouraging, with 205 NGOs participating in it and some 13,000 individuals and self-help groups having received financial and other forms of assistance. In October 1990, the Bank sponsored a two-day seminar to review the results of the project, which supported and strengthened the Government's "Tulong sa Tao" (Help for the People) Program. A technical assistance grant of \$98,000 was approved in August to examine the feasibility of a second similar project.

The loan to Bangladesh for the Rural Women Employment Creation Project will support the Government's poverty alleviation program by creating sustainable non-farm employment opportunities. Under the project, the Government will relend funds to the Bangladesh Krishi Bank, which in turn will onlend to eligible borrowers and NGOs experienced in operating credit programs. NGOs will train beneficiaries in the use of credit and in the skills necessary to establish viable non-farm enterprises. A few experienced NGOs will act as credit intermediaries.

Private Sector Support

During the past two decades, many Asian developing economies have moved towards a greater role for the private sector, more market-based economic policies and less government intervention in the economy. The movement has generally been coupled with export-oriented industrialization, away from inward-looking or import-substitution policies.

The move in favor of a greater private sector role followed from changes that occurred in the international economic environment during the 1970s and 1980s. Economies with a relatively better developed private sector were better placed to respond quickly to such changes.

A number of DMCs perceived that a greater reliance on market forces, international competition and the freer play of the price mechanism resulted in a more dynamic economy and thereby contributed to a more efficient allocation of resources in line with comparative advantages. They felt that inward-looking industrial development bred comparatively inefficient and internationally uncompetitive industries, and that excessive state intervention in industry had an adverse impact on industrial development and economic growth. Many DMCs have also increasingly focused on the efficiency of capital markets as an instrument of financial resource allocation and encouragement to private sector investment. This has led to moves for a more rational interest rate structure, a shift from guided credit allocation to market determination, and the creation or enhancement of securities markets. These changes have often required legislation and strengthening of the regulatory and supervisory agencies involved.

At the same time, because of budget constraints, certain DMCs have opened to the private sector such areas as power, urban transportation and large-scale manufacturing of products like fertilizers and cement, traditionally reserved for the public sector. In this policy transformation, some governments have encouraged BOT or BOO types of infrastructure projects. A few DMC governments have perceived that professional, private management can result in a more efficient operation and have initiated programs for privatization. Privatization is often a complex procedure, involving numerous policy and operational issues and financial options.

The basic objectives of the Bank's current private sector program are to foster the development of an economic and policy environment which will encourage private sector growth throughout the region, thus speeding up economic development. Complementing its traditional indirect financial assistance through DFI credit lines, the Bank now also takes a more direct interest in the promotion and development of private enterprises through its equity and unguaranteed loan windows.

The Bank also acts as a catalyst for additional financing, technology, management skills and market access through the comfort it offers co-investors and co-lenders. The catalytic role can take many forms. The Bank can be a source of confidence, rather than funds; a link between domestic and external entrepreneurs and financial intermediaries; or a promoter of indigenous capital market institutions. In addition, both the Bank's direct involvement in project financing and its indirect lending to smaller enterprises give it useful insights into the impediments and constraints under which private enterprises operate in various countries. Such insights provide valuable inputs for policy dialogue.

The Bank is ready to support governments with technical assistance and, if required, financing for privatization exercises.

Co-Financing and Guarantee Operations

A total of 29 Bank-assisted loan projects and programs were co-financed in 1990. In terms of financial volume, contributions of co-financiers surpassed the billion dollar mark for the second consecutive year to reach \$1,257 million, almost the same level as in 1989.

The Bank's own lending to the co-financed projects amounted to \$2,024 million, an increase of 23 per cent over the previous year. Of this, \$1,537 million was approved in 1990. The rest represented projects approved in earlier years for which co-financing was arranged in 1990. This meant that about 39 per cent of 1990 loans involved co-financing.

Official sources of co-financing contributed \$957 million for 24 projects, down 4 per cent from 1989, and their share of total co-financing stood at 76 per cent. Of this, about \$422 million was sourced from multilateral agencies and \$535 million from bilateral agencies. Co-financing from commercial sources (commercial banks and insurance

companies, as well as export credit sources) increased by 8 per cent to \$300 million for eight projects, or 24 per cent of the total compared with 22 per cent a year earlier. Of the commercial sources, co-financing with commercial banks and insurance companies amounted to \$145 million for five projects, an increase of 30 per cent over 1989. As of the end of 1990, 314 Bank projects had involved co-financing since Bank operations began in 1967, with co-financiers providing a cumulative total of about \$9.6 billion and the Bank \$13.5 billion.

Co-financing from official sources accounted for more than threequarters of the total co-financing, reflecting their importance in official development assistance. The slight decrease in their total contribution in 1990 was mainly due to a decrease in bilateral co-financing. Multilateral sources increased their contribution from \$344 million a year ago to \$422 million.

Commercial banks, concerned with the need to comply with capital adequacy guidelines set by the Bank for International Settlements, continued to reduce sovereign risk exposure, and pricing increased significantly over the last nine to 12 months. While this has had a dampening effect on co-financing activities in the public sector, the Bank did achieve an increase in the amount of commercial co-financing over the previous year. This was possible due mainly to the growing acceptance by both borrowers and participating co-financiers of the benefits of the Bank's Complementary Financing Scheme (CFS) and guarantee operations.

The Bank increased the use of its guarantee facility in 1990 by arranging commercial co-financing for projects in

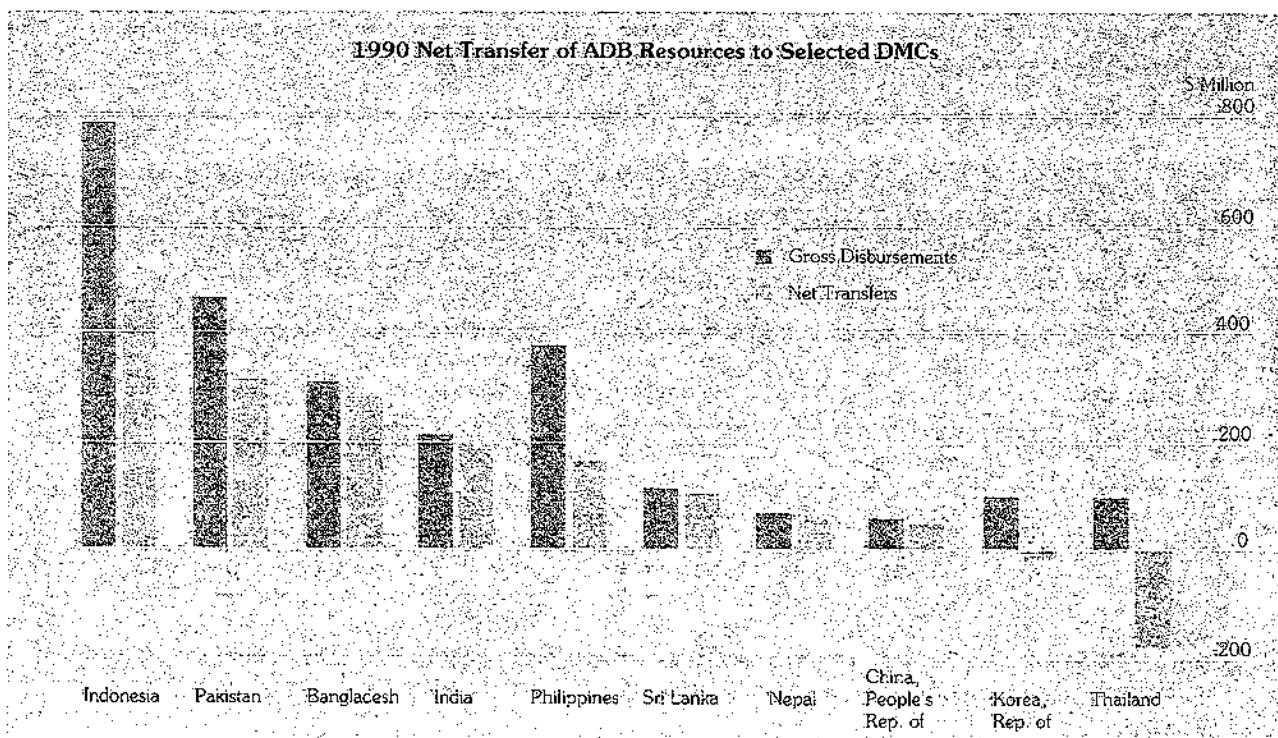
two of its DMCs under CFS. The first was for the Ramu Grid Reinforcement Project in Papua New Guinea where Banque Indosuez participated in a 12-year complementary loan of \$10 million, with the Bank guaranteeing the principal due in years eight through 12 plus the base interest cost on the guaranteed maturities.

The second application of the guarantee involved the largest co-financing arranged to date by the Bank and was used to finance two power projects in India. This loan, with a final maturity of 21 years arranged under CFS, was in two tranches comprising a dollar tranche of \$60 million with a 15-year final maturity, including a five-year grace period, and a yen tranche of ¥7.5 billion with a 21-year final maturity, including a 15-year grace period. The Bank guarantee covered the principal amount due in years 16 through 21. This was India's first commercial co-financing with the Bank.

Bank's Role in Resource Transfers

The net transfer of resources (loan disbursements minus principal payments and prepayments, payments of interest and other charges plus equity investments) to DMCs remained positive in 1990 and amounted to \$1,471 million, a 67 per cent increase from 1989. Of the total, \$963 million was from ADF and \$508 million was from OCR. The flow of OCR resources showed a positive net transfer for the second consecutive year.

The increase in the Bank's net resource transfers was



Lending and Operational Policies

DURING 1990, the Bank continued to evolve its lending and operational policies with a view to respond better to the changing circumstances and needs of its DMCs. The Board of Directors reviewed policies on program lending, country strategies and private sector operations.

The Bank's *program lending policy* was substantially revised in late 1987 to support medium-term sector or subsector development programs covering a varying mix of policy adjustments, institutional reforms and investment priorities. At that time, the Board required that the revised policy be reviewed in two years' time.

The review found that the special features of program lending have enabled the Bank's operations to acquire a wider scope than would have been possible through project lending alone, and thereby to better support economic development in DMCs. Through program lending, the Bank has begun to contribute to the process of policy adjustment, which has been among the principal factors behind the higher growth rates of many Asian economies. The review concluded that the existing policy had served the Bank and its DMCs well and no revisions were called for.

The review noted that the most effective contribution the Bank could make to the process of policy reform in its DMCs was to clarify sector issues through policy studies. It suggested greater recourse to sector analyses in order to better underpin policy and institutional restructuring objectives. The importance of the role played by governments in the preparation of reform programs was recognized. The need for flexibility in determining the coverage of positive procurement lists, to avoid delays in the drawdown of loan proceeds, was stressed. The review

also suggested that the allocation of counterpart funds should be generally determined by the circumstances of each case. The cap set on program lending to limit it to 15 per cent of total lending calculated as a three-year moving average was retained.

Another lending modality was introduced for the first time during the year, when the Bank approved a \$10.5 million Special Interventions Project loan for Papua New Guinea. Part of a multilateral effort, the loan is intended to help mitigate some of the possible social costs of the Government's structural adjustment program for the country's economy. Projects to be implemented with the loan, under the Government's Public Investment Program, will have a strong poverty alleviation focus and funds will be disbursed quickly to contain unemployment or income reduction.

The Board reviewed the Bank's *private sector operations*, emphasizing the need for a flexible response to the requirements of private enterprises depending on the economic environment, government policies and availability of project finance resources in each DMC. The review concluded that, as an agent of change, the Bank should focus on operations that have qualities of demonstrability, catalytic function and policy dialogue. Over time, increasing private sector operations could require administrative and procedural changes. In order to examine the whole gamut of private sector lending, including DFI lending, and to identify the ramifications of such changes, the appointment of an internal task force was approved. The Board also approved an increase in the existing ceiling of \$375 million for private sector investments without government guarantee to \$1 billion up to the end of 1992.

due to higher loan disbursements and equity investments and a marked decrease in amortization payments and prepayments. Total loan disbursements and equity investments increased by 22 per cent to \$2,774 million. Among the factors responsible for this increase were (i) the DMCs' continuing efforts to speed up project implementation and carry out policy reforms; (ii) the role of the Bank's regional/resident offices in improving project administration and implementation; (iii) greater use of imprest accounts, the statement of expenditure mechanism and retroactive financing to facilitate the flow of funds; and (iv) a 49 per cent increase in the disbursement of program loans from \$451 million in 1989 to \$671 million.

The decline in amortization payments resulted mostly from lower principal repayments for OCR loans due to prepayments made by several DMCs (e.g., Republic of Korea, Malaysia and Thailand) in previous years, and from a more than 50 per cent fall in the volume of prepayments from \$368 million in 1989 to \$155 million.

The magnitude of transfers varied from country to country. Five DMCs – Indonesia (\$456 million), Pakistan (\$310 million), Bangladesh (\$279 million), India (\$183 million) and Philippines (\$163 million) – were the major recipients of net positive resource transfers in 1990, accounting for about 95 per cent of the total. However, compared with the previous year, resource flows to Bangladesh, the PRC, Nepal and Pakistan, though still positive, fell due to either lower disbursements or higher amortization, or a combination of both.

The PRC, India, Indonesia, Pakistan and Philippines received positive net transfers of OCR resources, while Fiji, Republic of Korea, Malaysia, Singapore, Taipei, China and Thailand recorded negative flows. Thailand recorded the largest single negative net transfer of \$176 million, mainly due to prepayments. Three newly industrializing economies – Republic of Korea, Singapore and Taipei, China – have been in the net repayment phase for several years.

The net transfer of ADF resources to low and

middle-income DMCs was positive except for a few cases. Bangladesh, Pakistan, Philippines, Indonesia and Sri Lanka were the biggest recipients of positive ADF transfers, in that order. The Bank had inactive lending operations in Afghanistan (since 1980) and Viet Nam (since 1975), which explains the negative transfer to the former and no flows to the latter. Myanmar, a non-active borrower, experienced a sharp decline.

Country Strategies

Country strategy studies are intended to provide broad directions and the underlying basis for Bank operations in the medium term. These studies reflect the Bank's thinking on how best to contribute to the development of the DMCs and are based on the DMCs' development plans and priorities, growth constraints, macro and sectoral policy environments and the past experience of the Bank and other donors with whom it coordinates. They also take into account broad Bank concerns such as environmental protection, poverty alleviation and the role of women in development.

In 1990, a new country strategy study was completed for India while revised studies for Indonesia and Pakistan were circulated to the Board. Studies for Bhutan, the PRC, Cook Islands, Fiji, Kiribati, Solomon Islands, Tonga and Vanuatu were in preparation. Work began on a revision of the study for Malaysia. It will be completed in 1991 together with studies for Lao PDR and the remaining Pacific island DMCs.

Policy Dialogue

Policy dialogue continued to be an important element of the Bank's country studies and operations, since an appropriate framework of incentives and a generally conducive economic policy environment are necessary for efficient economic growth. Policy discussion takes place in the context of financing particular projects and economic sectors using the sector and program loan modalities. Technical assistance is often used as an instrument of such discussion.

During 1990, policy issues were discussed both in the context of processing and implementing projects, particularly in the finance, agriculture, physical and social infrastructure and energy sectors, and in the broader context of country programming activities. Attention was focused on improving efficiency in resource mobilization, allocation and use.

Program loans remained the Bank's major vehicle for policy dialogue. Such loans are used to prepare medium-term programs to improve sector performance through policy adjustments, institution building and sound investments. Such loans address policy constraints and opportunities that are underlying and sectorwide in nature, and provide a useful forum for policy interaction between the Bank and its DMCs.

In 1990, the Bank approved seven program loans

totalling \$820 million to improve policies in the agriculture, finance and transport sectors in the recipient DMCs. In the agriculture sector, the focus of the Food Crops Sector Program loan to Indonesia was on a phase-out of input subsidies, improved management of irrigation schemes, the abolition of concessional credit, further deregulation of the trade in food crops and improved land use planning and utilization. Program loans to Nepal for the forestry sector and to Pakistan and Bangladesh for agriculture were designed to improve the policy environment, streamline institutions, reduce subsidies, broaden the tax base, deregulate food trade and strengthen support services. Improving the efficiency of irrigation systems as well as of the power and road transport sectors was the focus of dialogue in the Philippines.

The overall policy environment for the finance sector in Lao PDR was improved through the introduction of more effective monetary management mechanisms, banking standards, financial instruments and the Government's privatization program. Rationalization of the interest rate structure in support of privatization and the development of the capital market were the key features of a financial sector program loan to Sri Lanka. In the PIDMCs, policy dialogue has generally been conducted within the framework of processing projects, but the emphasis has increasingly shifted to include broader economic and planning issues.

Sector loans are an important adjunct of program and project loans in the Bank's policy dialogue with DMCs. Although sector loans are similar to project loans in that they finance specific capital investments, they are also intended to improve sector policies and strengthen institutions when warranted. Such objectives were incorporated in six sector loans totalling \$441 million that the Bank approved in 1990 for irrigation, water supply, education, power and roads.

Bank Operations in the Pacific

At the 1989 Annual Meeting in Beijing, several Governors suggested that the Bank explore ways to better promote the economic development of its PIDMCs, taking into account their unique characteristics and constraints, such as small land area and population, limited resources, dependence on a few primary export commodities and geographical isolation. Accordingly, an internal Task Force was formed to recommend ways to improve Bank operations in the region. The Task Force focused on PIDMCs with the exceptions of Republic of the Marshall Islands, Federated States of Micronesia and Papua New Guinea.¹

In its report submitted in October 1989, the Task Force recommended that the Bank remain flexible and responsive to the needs of the PIDMCs and proposed several measures to improve project processing and implementation. It proposed that the Bank undertake comprehensive manpower reviews to better define the education and training

¹ Republic of the Marshall Islands and Federated States of Micronesia became members of the Bank only in April 1990.

needs of these countries and advocated greater support to develop the private sector and indigenous entrepreneurs. Also suggested was a South Pacific Fund (SPF), administered by the SPRO, to supplement existing funding sources and to finance, among other things, longer-term line and advisory positions. These proposals are under consideration.

At a meeting following the Bank's 1990 Annual Meeting in New Delhi, PIDMC Governors broadly endorsed the Task Force's recommendations. It was agreed that such special meetings of PIDMCs would be held annually.

Following discussion of the Task Force report in an informal meeting of the Board of Directors in November 1989, an ad hoc Working Group, involving both Board members and senior Bank staff, was established to review, assess and prioritize the recommendations, and prepare a clear statement of the Bank's role and mission in the Pacific region. The Working Group submitted its report to Bank management in September 1990, broadly supporting the specific recommendations of the Task Force and recommending that substantial additional authority and responsibility be delegated to the SPRO.¹ The Board discussed the report informally in mid-November. The central issue of

transfer of additional operational responsibilities and resources to the SPRO and the need for greater donor coordination and for the Bank to help member governments prioritize their respective development programs were particularly noteworthy. Similarly, proposals to simplify documentation and procedures were regarded as important. A discussion paper will be prepared to permit detailed examination of the proposed SPF.

Disaster Rehabilitation

The Bank formalized a policy on rehabilitation assistance in 1989 to be able to respond quickly to the adverse effects of natural disasters which affect economic development in its DMCs. When Western Samoa was struck by a severe cyclone in the first four days of February 1990 and suffered widespread damage, the Bank responded promptly to a request by the Government for emergency assistance. It approved a loan of \$500,000 under the Bank's emergency rehabilitation scheme to help replace damaged power generation units and a small-scale advisory technical assistance grant to facilitate the implementation of the loan. A sum of \$4.2 million from counterpart funds generated by the first tranche of the Agriculture Development Program

¹ SPRO, based in Vanuatu, serves seven PIDMCs: Cook Islands, Fiji, Kiribati, Solomon Islands, Tonga, Vanuatu and Western Samoa.



BANK staff survey damage at Dagupan, Philippines, following the earthquake of 16 July 1990. Subsequently, the Bank provided a \$100 million loan for the Earthquake-Damage Reconstruction Project.

loan was reallocated to rehabilitate rural infrastructure damaged by the typhoon.

On 16 July, an earthquake that registered 7.7 on the Richter scale devastated large areas of Luzon Island in the Philippines, causing widespread damage to property and infrastructure and considerable loss of life and injury. Ten days later, the Bank approved a technical assistance grant of \$100,000 for a study to assess the cost of rebuilding the damaged infrastructure. Based on the findings of this study, the Bank, on 22 November, approved a loan of \$100 million equivalent from its Special Funds resources to finance a part of the reconstruction of the damaged public infrastructure.

In 1990, the Bank implemented a technical assistance grant for a regional study on disaster mitigation, based on the assumption that the severe economic effects of natural disasters can be mitigated if appropriate measures are taken. A technical paper on disaster mitigation was prepared with four country case studies drawn from Bangladesh, Nepal, Philippines and the PIDMCs as a group. A regional seminar on disaster management was held in Bangkok in October 1990. A Disaster Managers Handbook is being prepared.

EDRC Activities

During the year, the Economics and Development Resource Center (EDRC) was involved in a number of research initiatives on both macro and microeconomic aspects of development. The topics of macroeconomic research included trade in services in developing Asia; urbanization and the environment; econometric modeling and forecasting; exchange rate policies and financial sector issues; the impact of the integration of the European Economic Community on the Bank's DMCs; and international capital flow and external debt issues.

Microeconomic research addressed such sector and project-related issues as rural credit delivery systems; disease impact assessment; strategies and policies for structural transformation; assessment of the impact of sector adjustments; economic analysis of water supply and road projects; assessment of the foreign exchange and fiscal effects of development projects; and estimation of the poverty alleviation impact of agricultural projects.

In addition to conducting in-house research, the EDRC provides technical assistance to support regional and country-specific research by governments and other research institutions. Topics addressed through technical assistance studies included demographic-economic forecasting; alleviation of rural poverty; the relationships between governments, financial systems and economic development; economic reforms in selected developing countries; socioeconomic indicators of women in development; and the impact of the Gulf crisis on DMCs.

The EDRC is also responsible for collecting and consolidating socioeconomic data on the Bank's DMCs and for maintaining and improving a Bankwide statistical data base. During the year, the EDRC began work on a centralized,

computer-based statistical data bank for use by the Bank and its member countries. In addition, the EDRC has seven technical assistance projects in progress to help DMCs improve and develop statistical systems and services.

A part of the EDRC's role as a development resource center is to provide opportunities for policymakers and experts from both within and outside the region to discuss issues that are relevant and important to development. Three such conferences were held during the year: the Round Table on Development Strategies in January; the Development Round Table on Management of Public Enterprises and Privatization in August; and the Asian Economic Outlook/World Project LINK Conference in November.

The EDRC also conducted training seminars on monetary and fiscal policies for senior government officials, and administered the Bank's Secondment Scheme, providing mid-level DMC government officials with work experience within the Bank. Several important regional conferences organized by other institutions were supported. Two guest lectures by eminent economists were organized under the Bank's Distinguished Speaker Series.

Publication of research results is an important part of the EDRC research program. During the year, 17 new titles were released (see list at the back of the book). The EDRC also produces the *Asian Development Outlook*, an annual report providing a broad view of economic progress in the Bank's major DMCs and analyses of short and medium-term economic prospects; *Key Indicators of Developing Asian and Pacific Countries*, providing relevant social and economic statistics for the Bank's DMCs; and the semiannual journal *Asian Development Review* containing contributions from eminent persons.

Aid Coordination

In order to ensure that scarce development resources are used effectively, the Bank actively cooperated with bilateral and multilateral aid agencies. The Twelfth ADB-World Bank Coordination Meeting was held in May 1990 in connection with the Bank's Twenty-Third Annual Meeting in New Delhi. The President attended the Development Committee Meeting and Heads of Multilateral Financial Institutions Meeting in Washington, D.C. in September.

The Bank's lending and technical assistance operations continued to rely on the United Nations Development Programme (UNDP) as an important source of grant assistance. Apart from being represented at the UNDP Governing Council Meeting and Inter-Agency Consultative Meeting, activities between the Bank and the UNDP were coordinated through the UNDP Resident Offices.

Bank participation in various country and sector-specific donor group meetings provided another opportunity to discuss and coordinate economic and social developments, including environmental strategies, in the DMCs. The Bank's Regional/Resident Offices are generally involved in donor coordination meetings, as well as in aid



PRIVATE sector participation in the energy sector is being encouraged, as reflected in this gas turbine power plant in Manila, Philippines, which was assisted by the Bank with a loan and an equity investment.

coordination at the local level.

The Bank attended the Second United Nations Conference on the Least Developed Countries in Paris in September.

Gulf Crisis and DMCs

The Gulf crisis resulting from Iraq's 2 August invasion of Kuwait has generally had an adverse effect on the budgetary and foreign exchange situations of the oil-importing DMCs (see box in 'Economic Developments' chapter). In particular, six DMCs most affected by the crisis – Bangladesh, India, Nepal, Pakistan, Philippines and Sri Lanka – may require additional external assistance to support their programs of short-term stabilization and medium-term recovery. In December, the Board informally considered possible Bank assistance to these countries.

Possible short-term measures might include: (i) the utilization of loan savings in Bangladesh, Nepal, Pakistan and Sri Lanka; (ii) the provision of special assistance to India and Philippines; (iii) temporary increase in Bank share of project costs in these DMCs to 90 per cent; (iv) financing import of commodities, such as fertilizer, fuel inputs, etc., to

sustain ongoing Bank projects as well as meeting shortfalls in equipment imports required for project implementation; (v) accelerated disbursement through the imprest account facility; (vi) supplementary finance for projects with cost overruns; and (vii) support for resettlement of workers returning from the Gulf area through co-financing of possible World Bank projects.

In the medium term, the Bank might seek to assess the impact of the Gulf crisis on its DMCs and, if needed, adapt its lending strategies appropriately. This may require greater emphasis on projects and programs that support energy conservation, demand management and the development of alternative energy sources.

Energy Policy

Traditionally, the Bank's assistance to the DMCs' energy sector has revolved around generation, transmission and exploration activities. Increasingly, however, and particularly in response to events in the Gulf region since August 1990, the Bank emphasizes issues like diversification of energy resources, demand management, improved efficiency in energy supply, use and conservation, and more

effective energy planning. These will be the focus of the Bank's energy policy in the 1990s. At the same time, private sector participation in the energy sector will be encouraged, internal resource mobilization by public utilities to finance expansion will be emphasized and comprehensive environmental protection measures will be incorporated in energy development projects.

The policy of energy diversification is reflected in projects to harness renewable resources like hydro and geothermal power, coal and natural gas. The operational emphasis is on more efficient and least-cost planning, construction and running of energy systems. In addition to improving the operation and maintenance of conventional generating units, the Bank seeks to encourage the use of energy-efficient technologies like gas-fired combined cycle generation and cogeneration. Through technical assistance grants, it will continue to support tariff studies, energy conservation, effective pricing schemes, integrated energy planning and the development of better energy statistics.

The Bank is also involved in various biomass production programs in its DMCs to conserve fuelwood and has promoted the use of biogas as an energy alternative. It

emphasizes effective pricing policies for fuelwood and other forms of alternative energy and assists the DMCs in formulating pricing strategies in a manner that would rationalize demand, taking into account economic, financial and social considerations.

Strategic Planning

In order to sharpen its strategic focus and to increase the effectiveness and efficiency of its operations, the Bank has established an internal Task Force on strategic planning. The Task Force will undertake a study covering the entire planning cycle, the interrelationships between short, medium and longer-term plans, the processes of strategy formulation, implementation, monitoring and evaluation, and the organizational set-up appropriate for operating a strategic planning system. It will examine the Bank's existing activities and strategic planning processes, assess the current institutional arrangements and recommend suitable improvements and changes for the establishment of a formal, integrated strategic planning framework.



A BHUTANESE farmer is a beneficiary under the Bank-assisted First Multiproject which was partly aimed at increasing farm mechanization.

COUNTRY ACTIVITIES

Introduction

THE BANK continued in 1990 to develop country studies with medium-term operational strategies for assistance aimed at employing the Bank's resources in sectors and activities which most fruitfully serve its developing member countries (DMCs).¹ The Bank also continued to discuss major policy issues in policy dialogue with the DMCs.

Bangladesh

Operational Strategy: The Bank aims to enhance economic growth through encouraging macro and sectoral policy reforms, particularly in mobilizing domestic resources and liberalizing the economy; improving productivity and efficiency; strengthening institutions; and raising standards of living. The Bank has diversified and expanded lending to agriculture, energy and power, industry, transport and the social sectors, and addressed poverty alleviation, women in development and environmental concerns. Agriculture remains the priority, with emphasis on increasing foodgrain production through better flood control, drainage and infrastructure and improved input supply (including credit) and pricing policies. In the energy sector, the Bank focuses on developing indigenous energy resources, particularly natural gas and coal. In industry, the Bank has played a role in the divestment and autonomy of public enterprises, in improving the financial viability of development finance institutions (DFIs) and in supporting the development of small-scale industries. In the transport sector, the effort has been to rehabilitate roads and bridges and increase the overall efficiency of the transport system. Bank lending includes projects to assist rural and disadvantaged groups through credits, training and employment creation programs.

Policy Dialogue: The Bank discussed the Government's medium-term adjustment program aimed at

achieving rapid growth, enhancing investment and savings, maintaining budgetary and balance of payments stability, fostering a dynamic private sector and developing human resources. The key subjects were domestic resource mobilization (through tax reforms, enhanced cost recovery and the reduction of subsidies) and the restructuring of public expenditure to meet growing operational, maintenance and investment needs.

The Bank coordinates with the World Bank and other donors in formulating policy and institutional reforms in agriculture and on issues in the power, transport, industry and railways sectors.

Cumulative Bank Lending to Bangladesh

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	46	1,468.54	46.5
Energy	15	778.35	24.7
Transport and Communications	9	406.30	12.9
Education	5	141.05	4.5
Finance	7	137.60	4.4
Industry and Non-Fuel Minerals	6	97.50	3.1
Urban Development, Water Supply and Sanitation	3	81.60	2.6
Health and Population	2	43.10	1.3
Total	93	3,154.04	100.0

¹ Afghanistan and Cambodia are not included in this section as no commitments or disbursements took place during the year.



PREPARING to build dykes in Bangladesh under the Flood Rehabilitation (Flood Control and Irrigation) Project which the Bank is supporting with a \$14.3 million loan.

Loans and Technical Assistance: Bank lending totalled \$356 million in 1990 for one program loan, one sector loan, two credit lines and four project loans, including one to the private sector.

Three loans went to agriculture. A \$125 million loan and three technical assistance grants totalling \$500,000 assisted the Foodcrops Development Program which supports government aims of raising rice and wheat production. The program comprises a package of investments for the foodcrops sector, supported by policy reforms and institutional measures. A \$60 million loan was approved for the Agriculture and Rural Credit Project which augments the resources of public and private banks lending to the rural sector and encourages policy and institutional reforms to improve rural credit delivery and recovery. The Rural Women Employment Creation Project, supported by an \$8 million loan, is designed to provide small loans to help women set up non-farming self-employment activities.

More than a third of 1990 lending went to the social sector. The Primary Education Sector loan of \$68.3 million is planned to help develop formal and non-formal primary schools, provide basic teaching aid packages, fellowships and training, upgrade training institutes and disseminate education on population and personal hygiene. The Second-

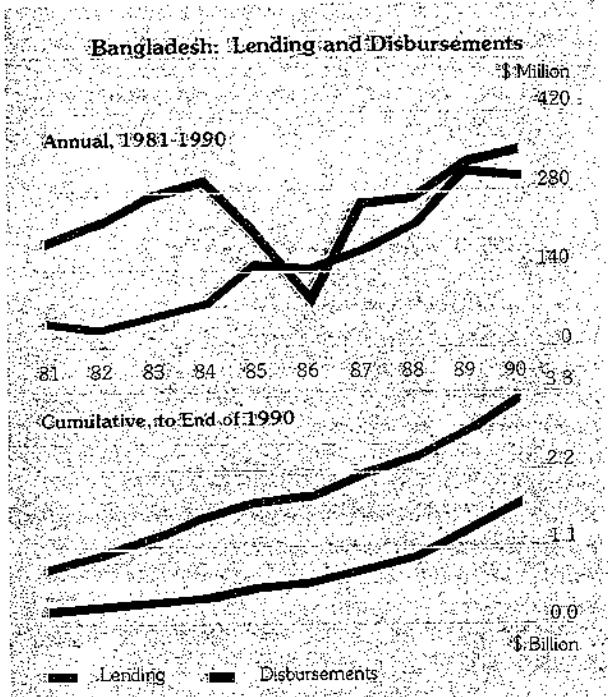
Tertiary Infrastructure Development Project entails a \$43 million loan to better the living conditions of the urban poor by improving urban infrastructure and services and strengthening the capabilities of the bodies which manage them. The Rural Training Project, supported by a loan of \$16.25 million, is the first Bank project in Bangladesh to focus on poverty alleviation and supports a government scheme to provide microcredit and training to generate self-employment among the landless rural poor. The Small and Cottage Industry Project provides a \$30 million loan to private commercial banks for onlending to private small-scale and cottage enterprises.

During the year, five loan projects were co-financed in the amount of \$137 million.

As of end-1990, the Bank had approved 93 loans to Bangladesh, amounting to \$3,154 million for 85 projects.

In 1990, the Bank approved technical assistance for 23 projects amounting to \$13 million. Cumulatively, the Bank had provided 135 technical assistance projects totaling \$68 million by end-1990.

Project Implementation: Of the 93 loans approved for Bangladesh as of end-1990, 46 had been closed and 47 were under administration. Six loans were waiting to



Cumulative Bank Lending to Bhutan

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Multisector	2	12.40	32.0
Agriculture and Agro-Industry	2	7.78	20.1
Education	1	7.13	18.4
Transport and Communications	1	4.50	11.6
Urban Development, Water Supply and Sanitation	1	3.30	8.5
Finance	1	2.50	6.4
Industry and Non-Fuel Minerals	1	1.15	3.0
Total	9	38.76	100.0

become effective. Contracts worth \$326 million were awarded during the year, bringing the cumulative total to \$1,893 million, or 63 per cent of the net effective loan amount. Disbursements totalled \$306 million, against \$322 million in 1989. This brought cumulative disbursements to \$1,698 million, or 56 per cent of the total net effective loan amount.

The improvement in disbursements reflects the closer attention paid by the Government and executing agencies to project implementation.

The Bangladesh Resident Office in Dhaka continued to work closely with the Government and its executing agencies. The information flow helped both sides take timely corrective action.

Private Sector Investment Management: One investment of \$6 million in a synthetic fiber plant was approved during the year. Cumulatively, three investments (equity and loan) totalling \$13 million equivalent had been approved by the end of 1990. Disbursements amounted to \$500,000 in 1990 and had been completed for one investment by the end of the year. The portfolio at the end of the year comprised two investments of \$4 million.

Bhutan

Operational Strategy: The Bank's strategy is focused on developing human resources, particularly by strengthening the institutional capability of key ministries and development agencies; encouraging a shift towards a more market-oriented economy and away from subsistence

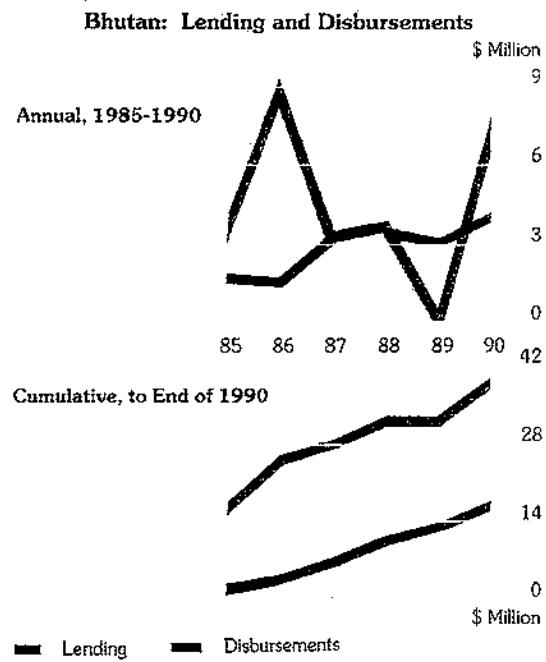
agriculture; especially by promoting export-oriented industries; and improving physical and social infrastructure. A country strategy for Bhutan was completed during 1990 and will be discussed with the Government.

Policy Dialogue: Policy discussion is focused on strengthening the capacity of development agencies, improving domestic resource mobilization, particularly through capital market development, and establishing more effective trade policies.

Loans and Technical Assistance: One loan of \$7.1 million and a \$750,000 technical assistance grant were provided for a Technical and Vocational Education and Training Project in 1990 to improve instructional programs, double the number of trained personnel and strengthen the Department of Education and the Royal Bhutan Polytechnic. To date, the Bank has provided Bhutan with nine loans totalling \$39 million and technical assistance for 31 projects amounting to \$10 million.

Project Implementation: Nine loans had been approved to Bhutan as of end-1990; one had been closed and eight were under administration. Contracts worth \$2.3 million had been awarded during the year, bringing the cumulative total to \$16.6 million, or 45 per cent of the net effective loan amount. Disbursements totalled \$3.8 million, against \$3.1 million in 1989. Cumulative disbursements stood at \$16.6 million, or 45 per cent of the total net effective loan amount.

Some recent projects were slow to start and some older projects experienced continuing delays. Institutional weak-



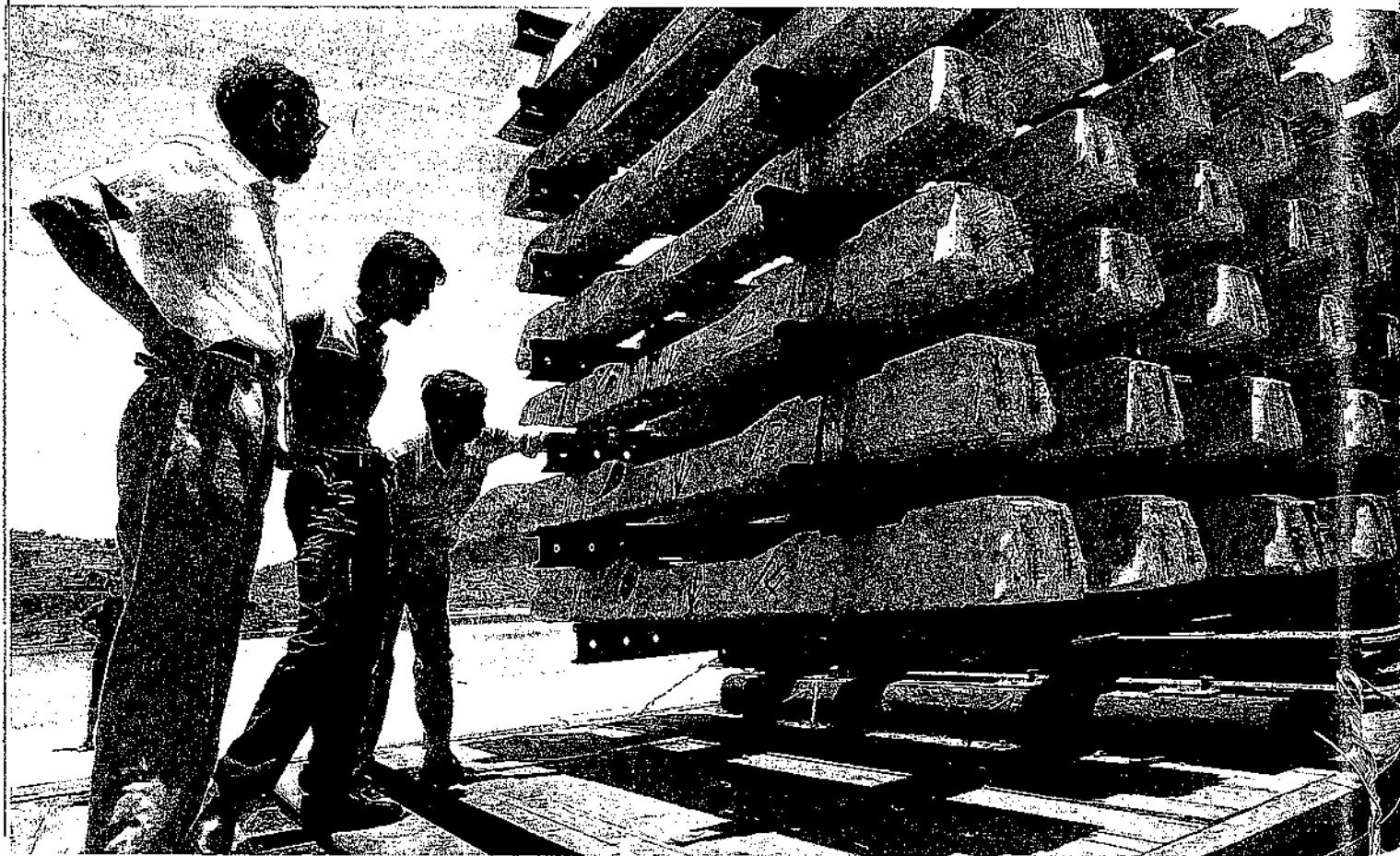
nesses and a shortage of qualified manpower are the major constraints which the Bank continues to address through technical assistance projects. A procurement seminar was held and communications between the Government and the Bank were improved to strengthen project implementation efforts.

People's Republic of China

Operational Strategy: The economic reforms adopted by the People's Republic of China (PRC) since 1979 produced rapid economic growth in the 1980s. The PRC's ambition to raise living standards further by doubling national output over the next ten years hinges on continuing economic reforms, allocating scarce resources efficiently and overcoming constraints in bottleneck sectors.

The Bank's interim operational strategy is supportive of the Government's economic reform policies. Its program will help eliminate infrastructure bottlenecks by improving the efficiency of the basic sectors and supporting the country's broader goal of poverty alleviation in harmony with the needs of environmental protection.

The interim strategy takes into consideration the PRC's size, development objectives and constraints; the



RAIL sleepers are provided under the Bank-assisted Shanxi-Ziaoliu Railway Project in the People's Republic of China.

Government's borrowing policy in relation to the terms of the Bank's loans from ordinary capital resources; the relatively modest level of Bank assistance available compared with the country's large requirements; and the programs of other external agencies.

Policy Dialogue: Since it has been only recently operational in the PRC, and limited in its involvement, the Bank's efforts to induce policy changes have been confined to the project level. Dialogue during project processing has been aimed at securing managerial and financial autonomy for several executing agencies and having prices of output from various Bank projects determined on market principles. Discussion has also taken place on the Bank's technical assistance program and has resulted in institutional reforms in various agencies and enterprises.

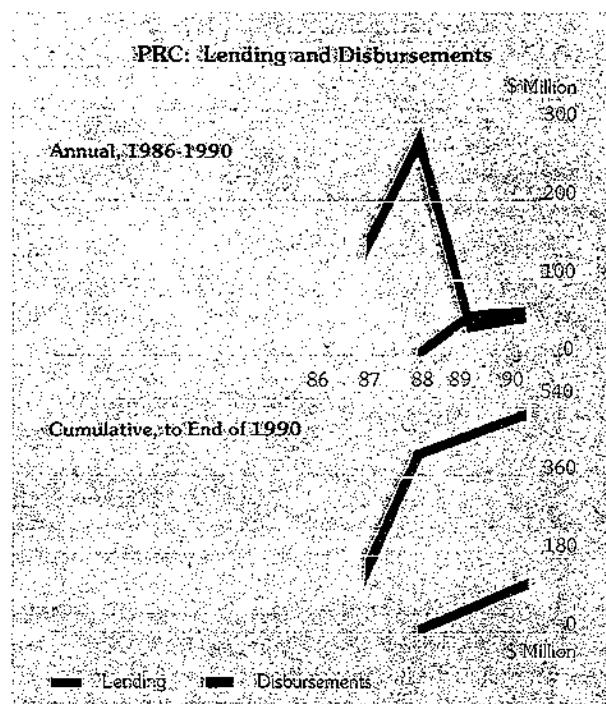
Loans and Technical Assistance: The Bank approved in 1990 a \$50 million loan to the Agricultural Bank of China (ABC) for the import of equipment, materials and services to modernize agro-industrial enterprises. The project is also intended to improve the living conditions of the rural poor, including those who earn \$40 or less per year.

This brought the Bank's cumulative lending to eight loans totalling \$506 million by end-1990.

During the year, the Bank also approved four technical assistance grants totalling \$1.8 million. One was associated with the ABC loan and will strengthen the ABC's capability in project lending and investment analysis. The other technical assistance grants were to develop an integrated rural development strategy for selected provinces in southwest China; to support a development economics training program for senior government officials; and to assist environmental impact assessment training.

Cumulative Bank Lending to People's Republic of China (As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Finance	2	200.0	39.5
Industry and Non-Fuel Minerals	2	133.3	26.3
Agriculture and Agro-Industry	2	99.6	19.7
Transport and Communications	1	39.7	7.8
Energy	1	33.3	6.7
Total	8	505.9	100.0



Project Implementation: By the end of 1990, eight loans had been approved for the PRC and all were under administration, including two waiting to become effective. Contract awards totalled \$34.5 million, bringing the cumulative contract amount to \$181 million or 45 per cent of the net effective loan amount. Disbursements came to \$55 million, compared with \$52 million in 1989. Cumulative disbursements stood at \$110 million or 27 per cent of the total net effective loan amount.

Implementation of projects proceeded smoothly, with the exception of one industrial project. Two country procurement and disbursement seminars were held to further enhance the project implementation capabilities of executing agencies. A business opportunities seminar was held for the first time.

Private Sector Investment Management: A \$3 million equivalent line of equity had been provided but no investment had been approved by the end of 1990.

India

Operational Strategy: The Bank's strategy is focused on assisting the development of a modern and technologically progressive economy. Assistance is targeted at upgrading industrial facilities, easing bottlenecks in key related infrastructure sectors such as energy and transport, and improving efficiency while taking environmental considerations into account. The emphasis is on private sector manufacturing to which assistance is channelled mainly through DFIs.

Cumulative Bank Lending to India

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	7	1,107.60	46.9
Energy	5	757.80	32.1
Finance	4	470.00	19.9
Industry and Non-Fuel Minerals	3	25.90	1.1
	19	2,361.30	100.0

Policy Dialogue: Policy discussions have been aimed at encouraging improvements in managerial, financial and technical efficiency, supporting a greater role for market forces, lowering trade barriers and reducing bureaucratic direction. During 1990, dialogue was based on profiles which the Bank had prepared on the energy, finance and industrial sectors.

Loans and Technical Assistance: The Bank approved five loans, including one to the private sector, totalling \$717 million in 1990.

A \$250 million loan was provided for the Second Road Project to improve part of the national highway network and important state roads serving industrial areas. The Second North Madras Thermal Power Project was supported with a \$200 million loan to develop additional coal-fired thermal generating capacity. The Bank approved a \$129 million loan for the Second Ports Project to upgrade facilities at Bombay and Kakinada. A loan of \$120 million was provided to the Industrial Credit and Investment Corporation of India Limited for onlending to private industrial enterprises, mainly for balancing, modernizing and expanding existing facilities.

Cumulative lending to India reached \$2,361 million by the end of the year.

The Bank also arranged a loan under its Complementary Financing Scheme to the Power Finance Corporation of India. A two-tranche package of \$60 million and Y7.5 billion was funded by eight international commercial banks and 20 Japanese institutional lenders, respectively, and the Bank guaranteed the principal of the latter tranche.

During 1990, the Bank approved nine technical assistance projects totalling \$4.5 million, bringing the cumulative amount to \$8.5 million.

Project Implementation: As of end-1990, 19 loans had been approved, of which five were waiting to become effective. During the year, contracts amounting to \$295

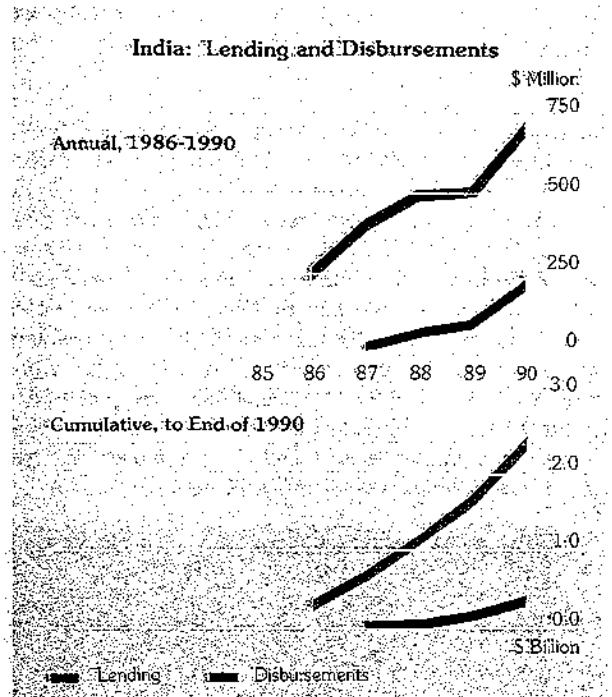


SHOE-MAKING in India is one of the activities promoted under the Small and Medium-Scale Industries Project assisted by a Bank loan of \$100 million.

million were awarded, bringing the total value to \$536 million, or 33 per cent of the cumulative net effective loan amount. Disbursements during 1990 amounted to \$205 million, against \$81 million in 1989. Cumulative disbursements totalled \$354 million, or 22 per cent of the total net effective loan amount.

The increase in disbursements was helped by the Government's decision to adopt imprest accounts for suitable projects. The Bank organized its first country projects review mission to India to discuss issues affecting project implementation. A country procurement seminar was held for officials from executing agencies. A business opportunities seminar was organized for domestic consultants and contractors.

Private Sector Investment Management: An \$18 million loan without government guarantee was



approved during the year to assist a private power utility. In addition, an equity investment of \$2 million was made in a new venture capital investment company. As of the end of 1990, seven investment facilities (equities and loans) had been approved for India, including one line of equity, for a total amount of \$60 million, or 14 per cent of all approved direct private sector investments. Disbursements amounted to \$23 million during the year and had been completed for four investments. The portfolio comprised seven investments totalling \$21 million.

Indonesia

Operational Strategy: The Bank supports Repelita V, the Government's five-year development plan covering the period up to 1994. Its objectives are: promoting non-oil exports; mobilizing domestic resources; generating employment; developing human resources and meeting basic needs; boosting private sector participation in development; enhancing the efficiency of existing investments; and optimizing resource utilization.

Within this framework of promoting sustainable growth, the Bank also emphasizes poverty alleviation, regional development, environmental management and human resource development.

Policy Dialogue: Discussions during the year were related to the agriculture, power, urban development and water supply sectors. Agricultural reforms associated with the Food Crop Sector Program included phasing out input subsidies, rationalizing rural credit, enhancing management

of the rice buffer stock, further deregulating trade in food crops, and ameliorating land use planning and utilization. Discussions on power were aimed at evolving a mechanism for electricity tariff changes to allow for exogenous cost factors. On issues of urban development and water supply, discussions were held on the need for decentralization, resource mobilization and cost recovery at regional government levels.

Loans and Technical Assistance: Loans totalling \$938 million were approved for seven projects in 1990, including one to the private sector. Nearly half the lending went to agriculture. Two loans totalling \$250 million were provided for the Food Crop Sector Program which will assist the Government in implementing a variety of policy reforms to improve productivity and efficiency. The Bank approved two loans totalling \$200 million for the Integrated Irrigation Sector to upgrade facilities in several provinces and help low-income farmers.

Three projects were for social infrastructure. A \$114 million loan was provided for the Six Universities Development and Rehabilitation Project to help meet the nation's professional manpower requirements and \$85 million was approved for the Agricultural Technology Schools Project to improve education at secondary level and extend access to the outer islands. The Second IKK Water Supply Sector loan of \$39 million is designed to provide safe water to about 150 small towns in several provinces.

Cumulative Bank Lending to Indonesia
(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	67	2,350.62	35.4
Energy	20	978.05	14.7
Transport and Communications	20	915.86	13.8
Education	17	776.35	11.7
Urban Development, Water Supply and Sanitation	14	703.05	10.6
Finance	5	490.00	7.4
Industry and Non-Fuel Minerals	10	319.70	4.8
Health and Population	2	80.90	1.2
Multisector	1	25.00	0.4
Total	156	6,639.53	100.0

A \$235 million loan supported the Power XX Project to develop hydropower facilities in West Sumatra and North Sulawesi.

Two projects involved co-financing amounting to \$118 million in 1990.

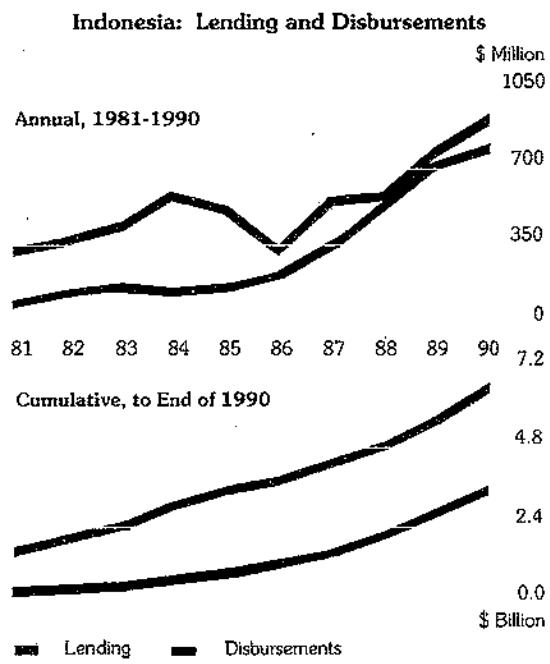
Cumulative lending totalled \$6,640 million for 156 loans by end-1990.

The Bank also approved 30 technical assistance projects amounting to \$12.4 million during the year, bringing the cumulative total to \$51.1 million.

Project Implementation: A total of 156 loans had been approved for Indonesia as of end-1990. Of these, 89 had been closed and 67 were under administration, including three waiting to become effective. Contract awards totalled \$732 million, bringing the cumulative amount to \$3,815 million, or 66 per cent of the net effective loan amount. Disbursements during the year totalled \$786 million, up 11 per cent from 1989, including \$253 million in program loans. Cumulative disbursements stood at \$3,536 million, or 61 per cent of the net effective loan amount.

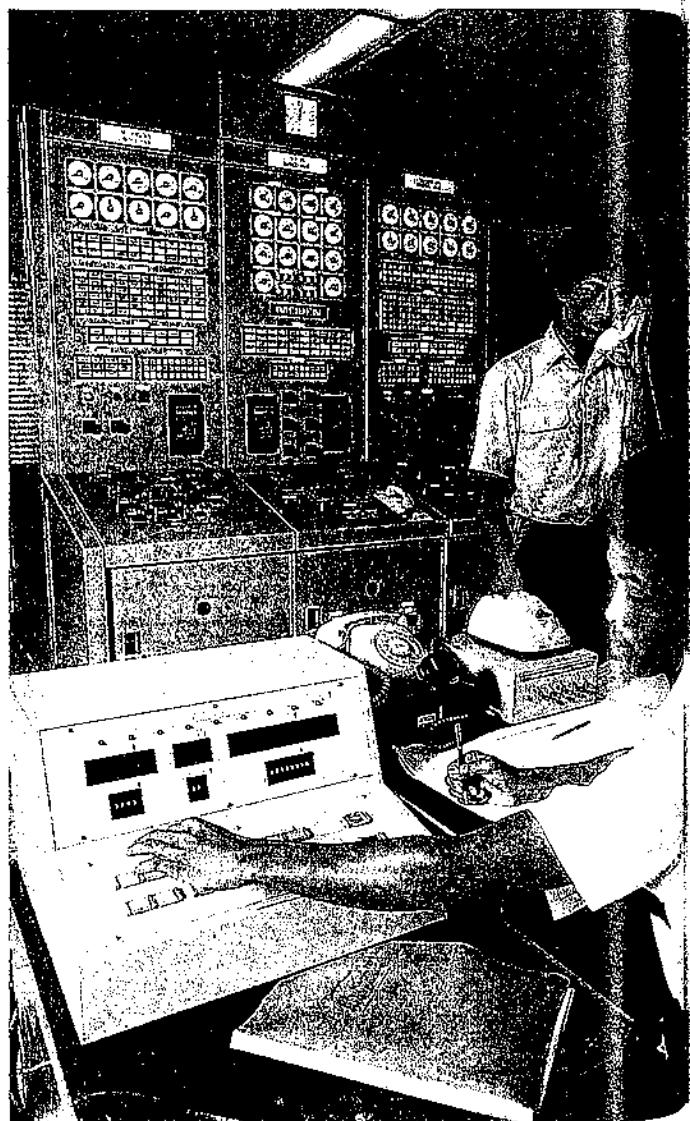
Despite some delays, implementation was generally satisfactory. Under the Food Crop Sector Program loan, policy reforms were implemented beyond expectations and the rapid availability of funds improved disbursements substantially.

The Indonesia Resident Office continued to monitor the implementation of projects and assisted the Government and executing agencies in resolving problems. Its monthly project implementation status reports were helpful to BAPPENAS, the central planning agency. The Bank continued its semi-annual country projects review meetings.



Seminars on procurement, the uses of consultants and business opportunities were held for domestic consultants and contractors.

Private Sector Investment Management: One private sector investment (loan and equity) of \$16 million was approved during the year for a leasing company in support of the finance sector, which the Bank had previously assisted with a program of reforms. The investment consisted of a loan of \$15 million and an equity investment of \$1.25 million. At the end of 1990, approvals totalled \$67 million equivalent for ten projects, including two lines of equity. This was equivalent to 15 per cent of the Bank's total direct private sector investments. Disbursements during the year amounted to \$10 million and had been completed for six investments by year-end. The year-end portfolio comprised eight investments for \$22 million.



CONTROL room operation in Indonesia under the Surabaya Distribution and Sulawesi Power Project for which the Bank provided a \$76 million loan.

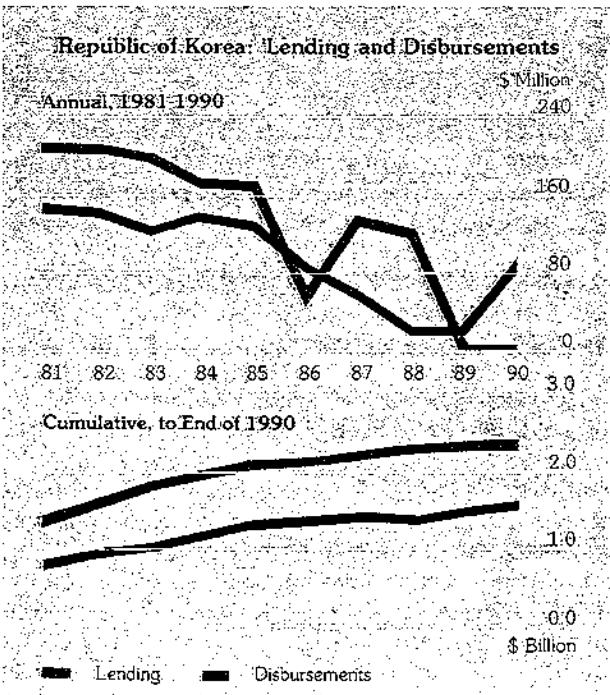
Korea, Republic of

Operational Strategy: The need for external assistance of the Republic of Korea declined steadily in the 1980s and the Government stopped borrowing from the Bank in 1989.

Project Implementation: By end-1990, the Bank had approved 79 loans totalling \$2,323.3 million to the Republic of Korea, of which 71 had been closed and eight were under administration. Contract awards during 1990 amounted to \$119 million, bringing the cumulative total to \$1,771 million, or 95 per cent of the cumulative net effective loan amount. Disbursements during the year rose to \$88 million, compared with \$24 million in 1989. Cumulative disbursements stood at \$1,600 million, or 86 per cent of the cumulative net effective loan amount.

Implementation of projects is proceeding smoothly although delays were encountered during the initial stages. A business opportunities seminar was held for domestic consultants and contractors.

Private Sector Investment Management: There was no new approval in 1990. Cumulatively, three equity investment facilities for \$9 million equivalent, including one line of equity, had been approved by the end of 1990. The portfolio comprised equity investments in six companies totalling \$8 million. Disbursements had been completed for all of them.



Lao PDR

Operational Strategy: The Bank supports the Government's reform program to increase the role of market forces and the private sector in the economy. The program is aimed at helping to expand and diversify the economy's productive base, especially in export-oriented activities; developing key physical infrastructure to support the productive sectors; promoting manpower development; and fostering policy and institutional reforms to improve economic management and mobilize domestic and foreign resources.

The Bank's operational strategy will be revised in early 1991 upon completion of the Government's Third Five-Year Plan.

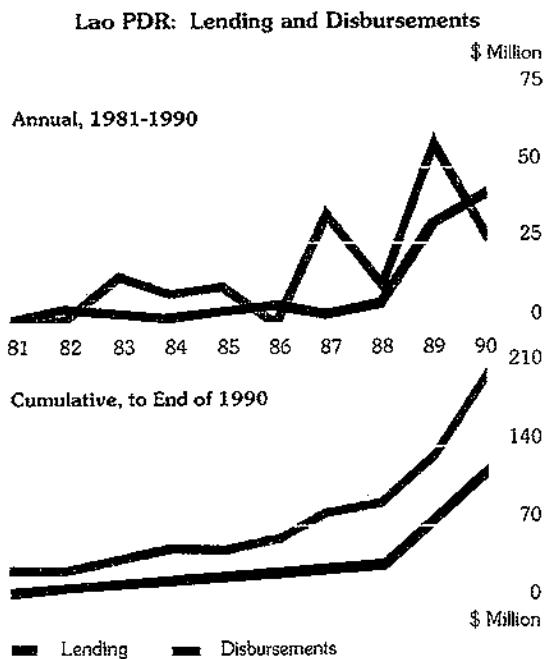
The Bank will continue to support road rehabilitation and improvement in view of the importance of transport infrastructure in agricultural production and trade. The Bank will also support hydropower development to generate foreign exchange earnings.

Policy Dialogue: Discussions were focused on the Financial Sector Program loan and two related technical assistance projects. The main issues included interest rate policy, money and credit management, separation of commercial bank functions from those of the central bank, credit market enhancement, development of an interbank payment system, recapitalization of commercial banks, accounting and auditing, and development of a legal framework for banking. The Bank coordinated closely with the International Monetary Fund and the World Bank on these issues.

During discussions on the Xeset Hydropower (Supplementary) Project, the Bank stressed issues related to

Cumulative Bank Lending to Lao PDR
(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	4	78.00	38.1
Agriculture and Agro-Industry	6	49.82	24.4
Energy	8	45.82	22.4
Finance	1	25.00	12.2
Urban Development, Water Supply and Sanitation	1	6.00	2.9
Total	20	204.64	100.0



pricing and management efficiency of public utilities in the power subsector.

Loans and Technical Assistance: The Bank approved two loans totalling \$28 million in 1990. A \$25 million loan and two technical assistance grants totalling \$853,000 were provided for the Financial Sector Program to help the Government develop a financial system to meet the needs of an emerging private sector and the economy in general. A supplementary loan of \$3 million was provided for the Xeset Hydropower Project to finance a cost overrun. Co-financing of \$8.1 million was made available for this project.

Cumulative lending came to \$205 million by end-1990.

In all, the Bank approved 16 technical assistance projects, mainly for institutional strengthening, totalling \$5.3 million in 1990, bringing the cumulative total to \$24.3 million.

Project Implementation: Of the 20 loans approved for Lao PDR as of end-1990, 11 had been closed and nine were under administration. During the year, contracts amounting to \$18.3 million were awarded, bringing the cumulative total to \$100 million, or 48 per cent of the net effective loan amount. Disbursements during the year totalled \$41 million, compared with \$31 million in 1989. Cumulative disbursements stood at \$116 million, or 56 per cent of the net effective loan amount. Two power and three road projects were being implemented smoothly and the implementation of two agriculture projects improved.

Malaysia

Operational Strategy: The Bank's involvement in Malaysia centers on enhancing the policy environment to increase the role of the private sector, supporting social and physical infrastructure, protecting the environment and alleviating poverty. Emphasis is also placed on improving productivity and efficiency in agriculture, particularly the rubber sector, and industry. The Bank is reviewing its operational strategy in light of the substantial developments which have taken place in the economy since the last strategy in 1987.

Policy Dialogue: Discussion was focused on the Government's subsidy for paddy and the recovery of operations and maintenance (O&M) costs of irrigation facilities during the processing of the Northern Terengganu Rural Development (Phase 1) Project. The Bank emphasized the need to phase out marginal paddy areas and shift to other crops, thereby reducing subsidies. The Bank also stressed the need to review periodically the level of irrigation fees and other sources of cost recovery to achieve full recovery of O&M costs.

Loans and Technical Assistance: The Bank provided one loan of \$15 million for the Northern Terengganu Rural Development (Phase 1) Project, designed to provide flood mitigation and drainage facilities, upgrade irrigation infrastructure and strengthen agricultural support services.

By end-1990, the Bank had provided 67 loans amounting to \$1,548 million for 65 projects. The Bank approved

Cumulative Bank Lending to Malaysia
(As of 31 December 1990)

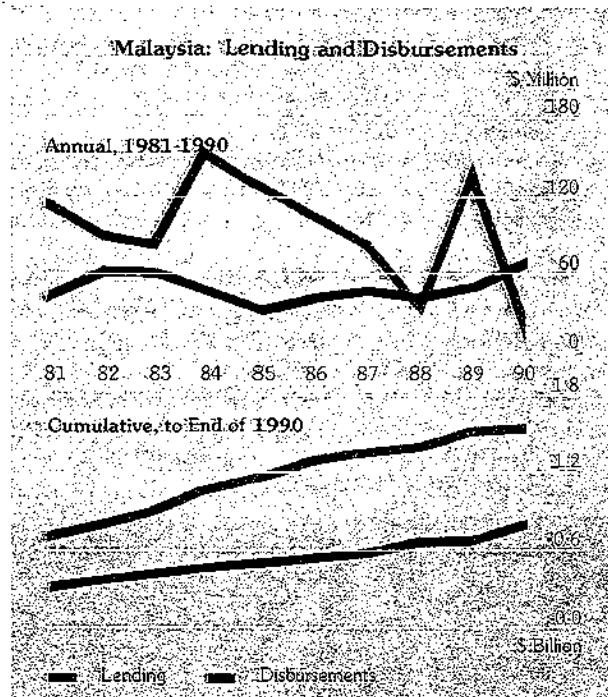
Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	23	471.86	30.5
Energy	10	272.00	17.6
Transport and Communications	15	255.14	16.5
Urban Development, Water Supply and Sanitation	12	205.31	13.2
Health and Population	3	181.53	11.7
Education	3	146.80	9.5
Finance	1	15.00	1.0
Total	67	1,547.64	100.0



FOREST rangers in Malaysia working under the Bank-financed Second Compensatory Forestry Sector loan amounting to \$29.5 million.

ten technical assistance grants totalling \$2.1 million in 1990, bringing the cumulative amount to \$14.6 million.

Project Implementation: By the end of 1990, 51 of the 67 loans to Malaysia had been closed and 16 were under administration, including two waiting to become effective. Contract awards for the year amounted to \$90.4 million and the cumulative total was \$876 million, or 78 per cent of the net effective loan amount. Disbursements totalled \$66 million against \$50 million in 1989. Cumulative disbursements stood at \$755 million, or 67 per cent of the net effective loan amount. Projects were generally implemented smoothly although there were some delays. A business opportunities seminar was held for domestic consultants and contractors.



Private Sector Investment Management: One line of equity for \$2 million had been approved by the end of 1990.

Maldives

Operational Strategy: Bank assistance is concentrated on infrastructure, particularly power and transport, to support investments by the Government and the private sector in tourism, fisheries and shipping. The Bank will also pay attention to institutional development, environmental concerns and export-oriented projects.

Loans and Technical Assistance: No loan was approved in 1990 but five technical assistance grants

Cumulative Bank Lending to Maldives
(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	2	7.40	46.6
Energy	1	6.10	38.4
Multisector	1	2.38	15.0
Total	4	15.88	100.0

totalling \$1.1 million were provided. Two grants were to strengthen the Maldives Port Authority. The others were to prepare the Second Power System Development Project, a Fisheries Sector Strategy Study and a study of Project Identification and Planning.

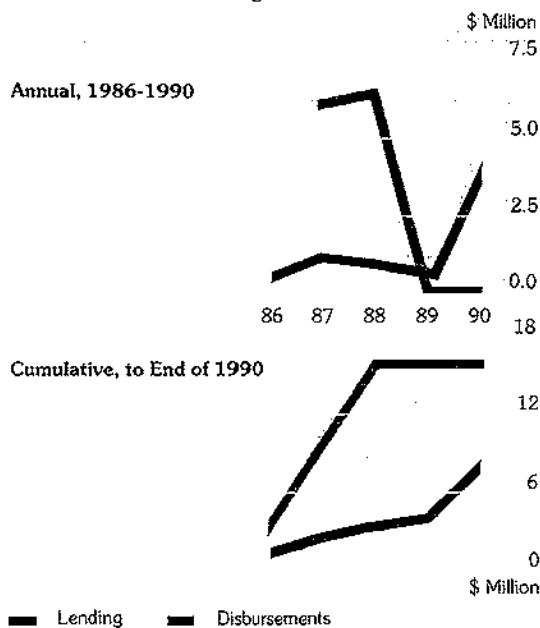
So far, the Bank has provided Maldives with four loans totalling \$16 million and 12 technical assistance grants amounting to \$3 million.

Project Implementation: Of the four loans to Maldives by end-1990, two had been closed and two were ongoing. Contract awards in 1990 totalled \$5.3 million, bringing the cumulative amount to \$11.3 million, or 65 per cent of the total net effective loan. Disbursements totalled \$4.1 million, compared with \$646,000 in 1989. Cumulative disbursements amounted to \$8 million, or 46 per cent of the net effective loans.



POWER generating equipment in Malé, Maldives, which was provided under the Bank-assisted Outports Project.

Maldives: Lending and Disbursements

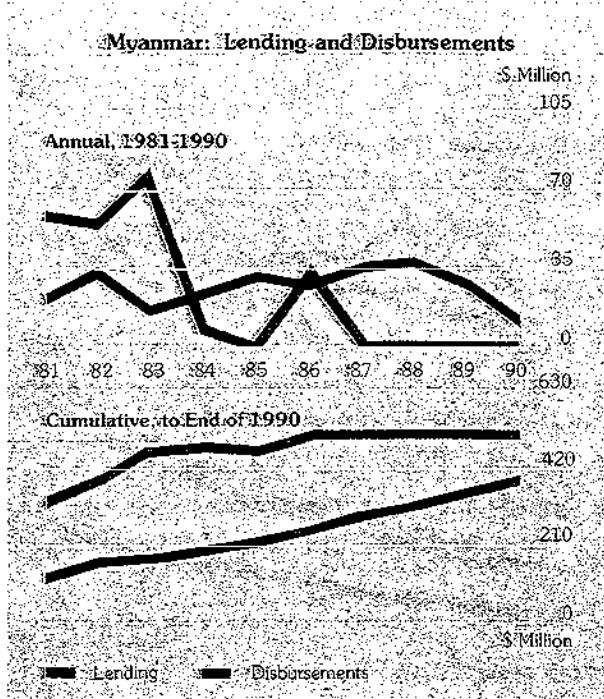


Myanmar

Operational Strategy: The Bank continues to monitor economic developments in Myanmar with a view to promoting export-oriented industries and expanding physical and social infrastructure.

Cumulative Bank Lending to Myanmar (As of 31 December 1990)

Sector	Number 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



Loans and Technical Assistance: No loan or technical assistance was provided in 1990.

Project Implementation: Of the 32 loans totalling \$531 million approved as of end-1990, 27 had been closed and five were under administration. Contract awards during the year amounted to \$7.7 million, bringing the cumulative total to \$412 million, or 78 per cent of the net effective loan amount. Disbursements totalled \$11.5 million, against \$30 million in 1989. Cumulative disbursements stood at \$391 million, or 74 per cent of the total net effective loan amount.

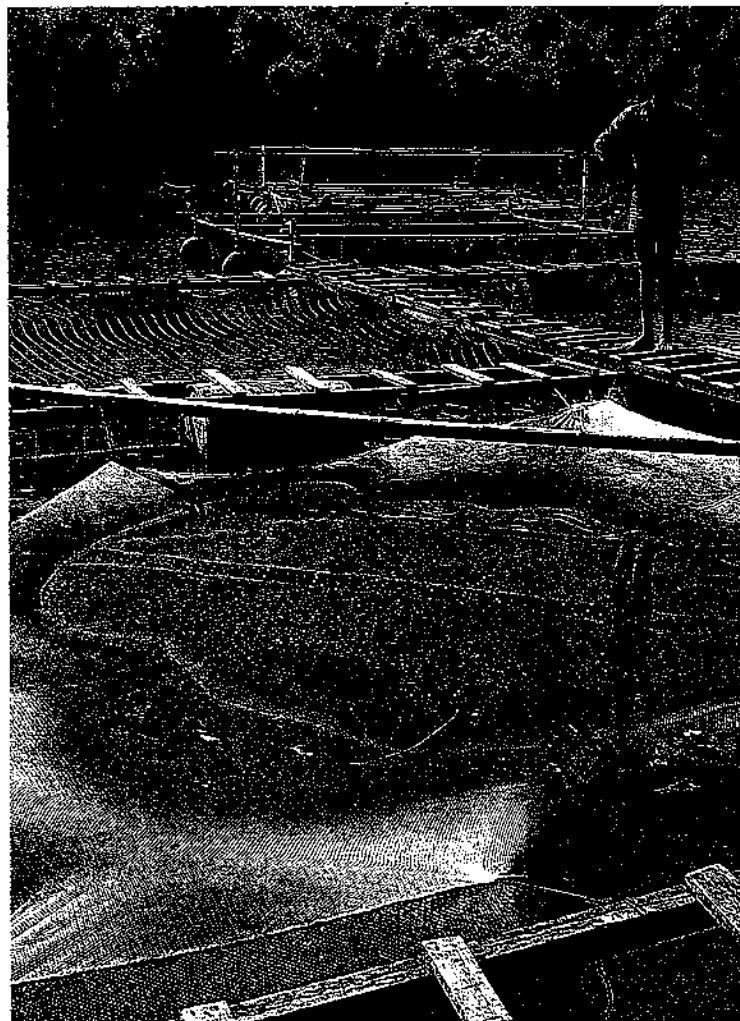
Nepal

Operational Strategy: The main objectives of the Bank's operational strategy for Nepal are to foster productivity in the agriculture sector; preserve the environment, which is endangered by heavy deforestation; develop physical and social infrastructure, especially in the areas of transport, health and education; and encourage industrial development, in particular through increased private sector participation.

Policy Dialogue: Financial rehabilitation and strengthening of the Agricultural Development Bank of Nepal formed the basis of intensive discussion between the Government and the Bank in the course of processing the Third Small Farmers Development Project. Dialogue was continued on the rationalization of fertilizer pricing and distribution. Serious environmental concerns regarding

deforestation and the need to devise strategies for energy pricing were addressed during the processing of the Forestry Sector Program loan.

Loans and Technical Assistance: Four loans totalling \$123 million, including a private sector loan, were approved for Nepal in 1990. The Seventh Power Project, supported by a \$51 million loan and a technical assistance grant of \$780,000, is designed to rehabilitate and expand distribution and transmission networks as well as strengthen the capability of the Nepal Electricity Authority. A loan of \$40 million and two technical assistance grants totalling \$698,000 were approved for the Nepal Forestry Sector Program, which is the first phase of the Government's systematic scheme to restore and preserve the country's vital forest cover. The Third Small Farmers Development Project, assisted by a \$30 million loan and technical assistance grants totalling \$410,000, is aimed at establishing grassroots rural institutions and providing small-scale farmers with access to credit.



FISHPEN in Nepal under the Second Aquaculture Development Project which the Bank has supported with an \$11 million loan.

Cumulative Bank Lending to Nepal

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	39	539.20	54.7
Energy	10	185.90	18.9
Transport and Communications	10	157.66	16.0
Industry and Non-Fuel Minerals	4	54.55	5.5
Education	3	24.00	2.4
Urban Development, Water Supply and Sanitation	2	24.00	2.4
Total	68	985.31	100.0

Co-financing of \$11.7 million was provided for two projects in 1990.

Cumulative lending consisted of 68 loans amounting to \$985 million for 58 projects by end-1990.

The Bank approved 11 technical assistance projects totalling \$4.1 million in 1990. This brought the cumulative total of technical assistance to 126 projects amounting to \$51 million.

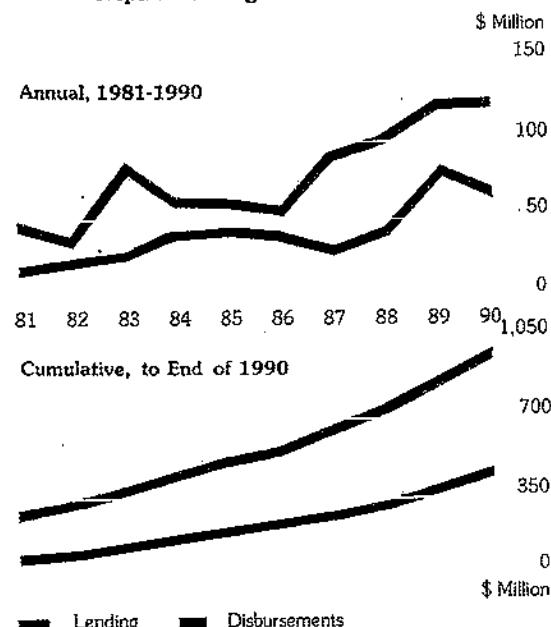
Project Implementation: Of the 68 loans approved for Nepal as of end-1990, 35 had been closed and 33 were under administration, including two waiting to become effective. Five loans were closed in 1990. Contract awards totalled \$56 million, bringing the cumulative figure to \$490 million, or 50 per cent of the net effective loan amount. Disbursements totalled \$66 million, compared with \$81 million in 1989. Cumulative disbursements stood at \$448 million, or 46 per cent of the net effective loan amount.

The Government's budgetary difficulties affected project implementation since allocations for ongoing projects were inadequate and the release of funds was delayed.

The Nepal Resident Office in Kathmandu completed its first year of operation in 1990 and coordinated with the Government on project implementation. Its efforts were supported by regular review missions. Seminars were held on country procurement and the uses of consultants.

Private Sector Investment Management: The Bank approved its second private sector investment (loan and equity) in Nepal during the year for an amount of \$3 million for a rubber tire manufacturing project. This

Nepal: Lending and Disbursements



raised the total of Bank investments to \$7 million equivalent. Disbursements during the year amounted to \$600,000. By year-end, the portfolio comprised one investment for \$600,000.

Pakistan

Operational Strategy: The Bank's strategy is aimed at mobilizing domestic resources, promoting exports, increasing private sector participation, enhancing existing investments, meeting basic needs and alleviating poverty, and developing human resources.

In agriculture, the Bank seeks increased productivity and market-oriented pricing for agricultural input and output. The focus in the industry sector is on removing impediments to a strong export-led industrial growth and eliminating non-tariff barriers and tariff anomalies. Improved efficiency and enhanced competition continue to be sought in the finance sector through the introduction of market-oriented interest rates and the strengthening of the domestic capital market and of privately-owned financial institutions. Privatization of government-owned financial institutions is also being encouraged. The key objective in the energy sector is to increase the supply of electricity and indigenous oil and gas substantially to sustain economic growth and encourage private sector involvement. The Bank's efforts in the social sector will be directed to reducing the general weaknesses of concerned institutions and ensuring adequate budget allocation of funds for development and recurrent expenditures. Institutional development in all sectors will continue to be the priority for advisory technical assistance.

Cumulative Bank Lending to Pakistan

(As of 31 December 1990)

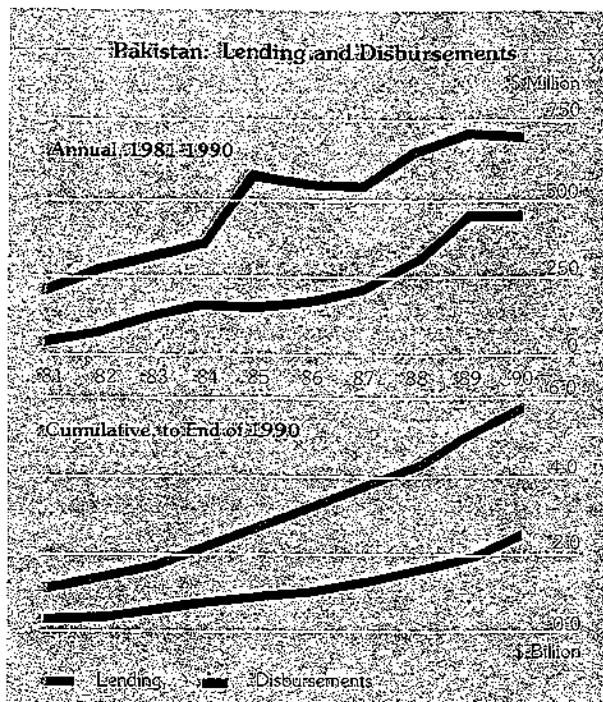
Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	41	1,954.85	33.5
Energy	35	1,695.02	29.0
Finance	21	977.00	16.7
Transport and Communications	7	397.60	6.8
Industry and Non-Fuel Minerals	10	321.40	5.5
Urban Development, Water Supply and Sanitation	6	267.70	4.6
Education	4	124.00	2.1
Health and Population	3	61.40	1.1
Multisector	1	44.00	0.7
Total:	128	5,842.97	100.0

Policy Dialogue: The Bank has had discussions with the Government on its policy-based lending for the agriculture and industry sectors and on its telecommunications and power projects. The focus of this dialogue has been on resource mobilization, reduction of subsidies, cost recovery in public infrastructure projects, privatization of commercially-oriented public sector enterprises and a more active role for the private sector.

Under the Agriculture Program loan, the Government will seek to increase resource mobilization in the agriculture sector, increase production and improve productivity through the implementation of appropriate policy reforms. In the Agricultural Credit Project, interest rates on onlending from the State Bank to the Agricultural Development Bank of Pakistan (ADB) will be moved towards more market-oriented levels as will the terms of the ADB's loans to sub-borrowers. Under the Third Telecommunications Project, the Government has agreed to convert the Telephone and Telegraph Department into a corporation by mid-1992. In the power sector, the onlending rate to the Water and Power Development Authority (WAPDA) will be increased to enhance project self-reliance.

Loans and Technical Assistance: The Bank approved five loans totalling \$705 million to Pakistan in 1990.

The Second Barani Area Development Project, supported by a \$25 million loan, is aimed at alleviating agricul-



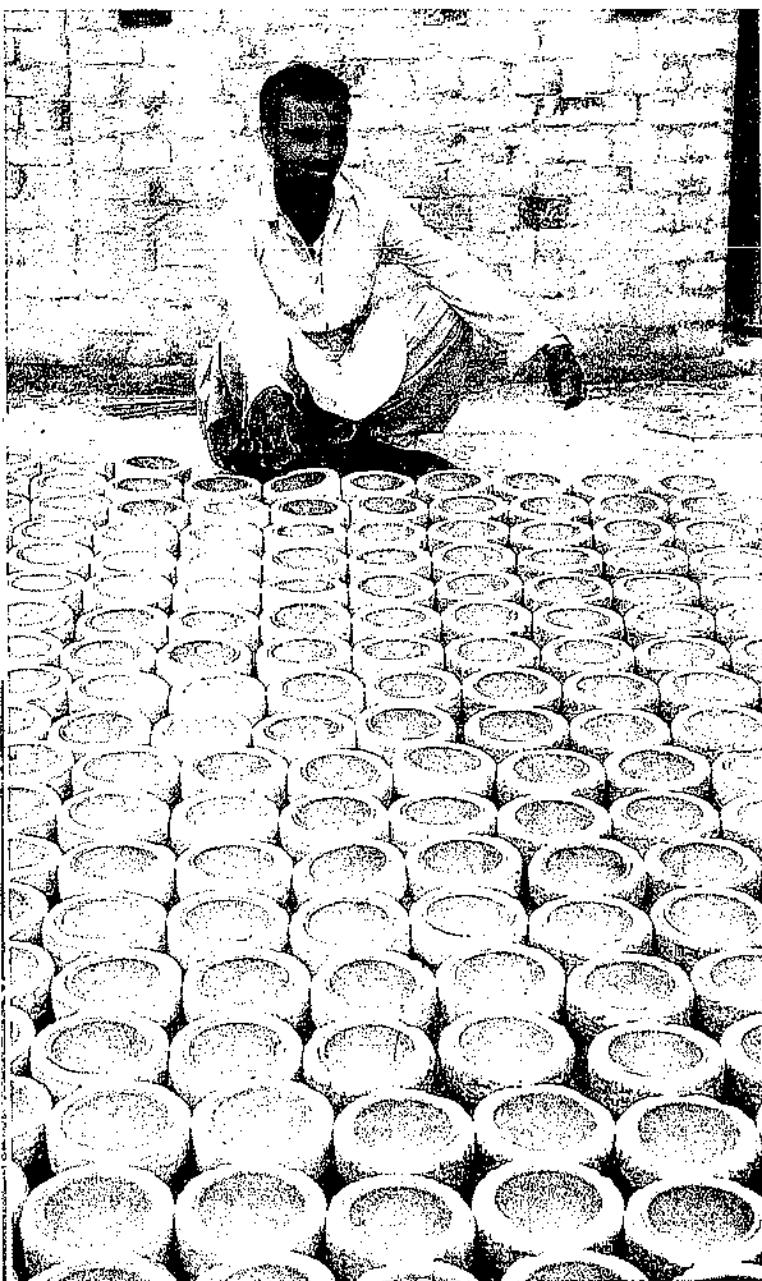
tural constraints such as erratic rainfall and soil erosion in the rainfed farming area. The Third Telecommunications Project, assisted by a \$115 million loan, is designed to add about 300,000 telephone lines throughout the country. The Bank approved a \$150 million loan and three technical assistance grants totalling \$1 million for the Agricultural Credit Project which supports the lending programs of the Agricultural Development Bank of Pakistan. As well as providing farm equipment, the project is aimed at promoting market-driven interest rates in agricultural lending. The Agriculture Program, assisted by a loan of \$200 million and a \$300,000 technical assistance grant, supports the Government's policy reforms aimed at resource mobilization and increased productivity. The Bank provided a \$215 million loan and two technical assistance grants totalling \$1.2 million for the WAPDA Eleventh Power Project which will help meet anticipated load growth, improve the reliability of electric power supply and reduce power losses.

Co-financing totalled \$412.8 million for six projects in 1990.

Cumulative lending for Pakistan reached \$5,843 million for 128 loans and 103 projects by end-1990.

During the year, the Bank approved 17 technical assistance projects totalling \$5.8 million. Cumulatively, the total reached 121 projects amounting to \$38.9 million.

Project Implementation: Of the 128 loans approved for Pakistan by end-1990, 63 had been closed and 65 were under administration, including six waiting to be effective. Contract awards during the year totalled \$421 million, bringing the cumulative amount to \$2,724 million, or 52 per cent of the net effective loan amount. Disburse-



CERAMIC pots are made in Pakistan under a credit component of the Gujranwala Agricultural Development Project which the Bank has supported with a \$28 million loan.

ments totalled \$459 million, compared with \$461 million in 1989. Cumulative disbursements stood at \$2,556 million, or 49 per cent of the total amount of net effective loans.

The first ADB-World Bank joint seminar on disbursement procedures was held on co-financed projects. Semi-annual country projects review meetings continued to be held and there was a country procurement seminar for senior officials from executing agencies.

The Bank's Resident Office in Islamabad, established in 1989, supports all aspects of the Bank's operation in Pakistan.

Private Sector Investment Management: New commitments during the year amounted to \$13 million for four projects, all related to capital market institutions. They

included three equity investments, one equity underwriting and one complementary loan connected with a basic facility approved earlier. The underwriting commitment of \$5.4 million was for the Pakistan Fund which is aimed at mobilizing resources from international capital markets for investment in Pakistan. By the end of 1990, a total of \$96 million equivalent in investment facilities (equity investments, underwritings and loans) had been approved for 15 projects, including two lines of equity. This represented 22 per cent of the Bank's total direct private sector investments. The bulk of these investments went to chemicals (37 per cent), finance and leasing (40 per cent), and cement and ceramics (16 per cent). Disbursements amounted to \$49 million during the year and had been completed for 12 investments by year-end. One equity investment in a leasing company was partially disposed of, producing a net gain of \$800,000. The disposal was made through the Karachi stock exchange, thereby helping to boost the securities market. At the end of the year, the portfolio comprised 15 investments in 13 companies totalling \$62 million.

Philippines

Operational Strategy: The Bank's operational strategy for the Philippines is focused on supporting poverty alleviation and employment generation, particularly in the rural areas. It also is cognizant of the need to redress the wide disparities in incomes and quality of life between different regions.

There are a number of considerations in implementing the strategy. Existing physical infrastructure such as roads, ports and communications should be rehabilitated and made more efficient. Power generation and distribution need to be expanded. In view of widespread poverty, social infrastructure, including high-priority projects in health, education, water supply and sewerage, should be provided with more assistance. Agricultural policy needs to be complemented by balanced regional development. Environmental considerations need more attention. Policy-based program and sector lending should be extended to support weak balance of payments and the modalities for such lending should facilitate policy and institutional reform.

Policy Dialogue: A wide range of policy issues was discussed with the Government in 1990 during the processing of projects. Reforms proposed under the Road and Road Transport Sector Program included improvements in road maintenance policies, practices and financing, and the deregulation of provincial transport fares. Dialogue during processing of the Irrigation Systems Improvement Project resulted in arrangements being made for the rehabilitation of watersheds, the provision of extension services and production credit in project areas, and better operation and maintenance of the systems. As in the case of other recent Bank loans to the National Power Corporation, the Sixteenth Power (Masinloc Thermal Power) Project is aimed at

Cumulative Bank Lending to the Philippines
 (As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Energy	19	1,148.35	28.0
Agriculture and Agro-Industry	41	1,057.84	25.8
Transport and Communications	20	696.35	17.0
Urban Development, Water Supply and Sanitation	12	471.60	11.5
Finance	12	345.00	8.4
Multisector	5	246.70	6.0
Education	4	128.86	3.1
Industry and Non-Fuel Minerals	1	8.00	0.2
Total	114	4,102.70	100.0

a continuation of measures to improve the power utility's operational efficiency and expand its generation capacity as well as reducing the country's oil dependency by diversifying its energy sources.

Discussions were held on other issues, such as domestic resource mobilization, capital market development, regional development and the capacity of the country to absorb external financial assistance.

Loans and Technical Assistance: Bank lending to the Philippines in 1990 totalled \$691 million for nine projects, including a private sector project.

The Bank approved a \$100 million loan for the Earthquake-Damage Reconstruction Project, which represented the Bank's prompt response to the situation created by the severe earthquake of 16 July 1990. The Sixteenth Power (Masinloc Thermal Power) Project, supported by a \$200 million loan and co-financed to the amount of \$150 million, will cover the first phase of a 600-megawatt coal-based thermal power generation scheme. An associated technical assistance grant was provided to help the National Power Corporation monitor and control the project's environmental impact and utilize the resulting fly ash – usually a problem to dispose of – for commercial application.

The Road and Road Transport Sector Program, assisted by loans totalling \$100 million, co-financing of \$100 million and three technical assistance grants totalling \$2.2 million, has the aim of developing this sector through policy reforms and related measures. The Fifth Road Im-

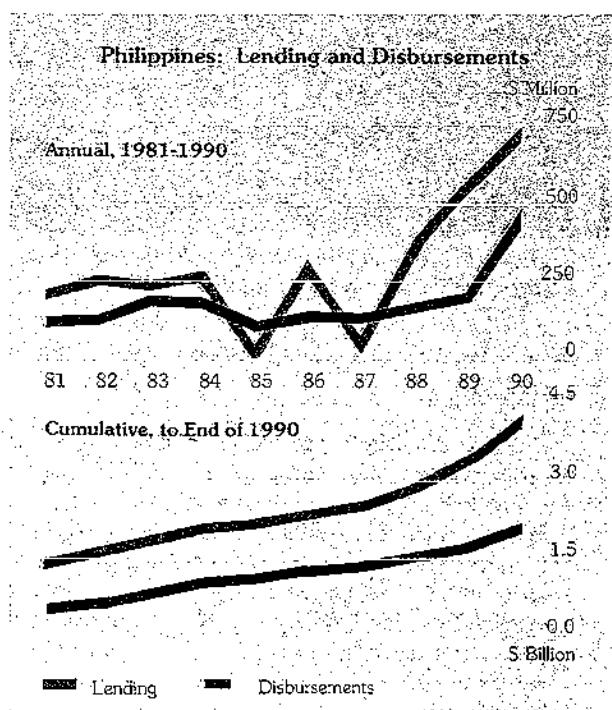
provement Project, supported by a \$150 million loan and technical assistance of \$800,000, is designed to improve stretches of national and rural roads in various regions and the maintenance capacities of the concerned agencies. The Bank provided loans amounting to \$29 million for the Irrigation Systems Improvement Project to enhance five irrigation systems in North and South Mindanao. The Second Island Provinces Rural Water Supply Sector loan of \$24 million, supported by \$130,000 in technical assistance, will help bring safe drinking water to about 180 rural municipalities in 15 island provinces. The Metropolitan Cebu Water Supply Project, assisted by loans totalling \$22 million, will provide 33,000 cubic meters of potable water daily. The Bank approved \$58 million in loans and \$295,000 in technical assistance for the Second Palawan Integrated Area Development Project to promote agriculture, irrigation and infrastructure development, land survey and titling, social services, forestry and environmental stabilization.

Four projects involved co-financing to the extent of \$276 million in 1990.

Cumulatively, the Bank had approved 114 loans amounting to \$4,103 million for 99 projects by the end of 1990.

During the year, the Bank approved 18 technical assistance projects amounting to \$8.6 million. Of these, five were in the agriculture sector, four in transport and communications, five in social infrastructure and two in energy. One technical assistance grant was provided to government agencies for increasing administrative capacity.

Cumulatively, the Bank had provided technical assis-





IRRIGATION work in the Philippines under the Palawan Integrated Area Development Project which the Bank has supported with two loans totalling \$47 million.

tance amounting to \$47.5 million for 149 projects by end-1990.

Project Implementation: Of the 114 loans approved for the Philippines by the end of 1990, 67 had been closed and 47 were under administration. Contract awards in 1990 amounted to \$285 million, bringing the cumulative total to \$1,963 million, or 63 per cent of the net effective loan amount. Disbursements totalled \$370 million, up 90 per cent from 1989. Much of the improvement came from a quick-disbursing program loan. Cumulative disbursements amounted to \$2,098 million, or 67 per cent of total net effective loans.

Two country projects review meetings were held in 1990. A country procurement seminar was organized for executing agencies.

Private Sector Investment Management: New commitments (equity investments and loans) amounted to \$13 million in three projects. Cumulatively, investment approvals (equity investments and loans) as of end-1990 amounted to \$51 million equivalent for eight projects, including one line of equity, or 12 per cent of all direct private sector investments. Disbursements during the year totalled \$26 million and had been completed for three investments. The portfolio at the end of the year comprised five investments totalling \$35 million.

Sri Lanka

Operational Strategy: The Bank supports the Government's efforts to adjust the economy structurally towards a more market-based and export-oriented model with full participation of the private sector. To this end, Bank assistance has been directed to rationalizing the agriculture and finance sectors in close coordination with the programs of the International Monetary Fund and the World Bank.

The Bank also provides economic and social infrastructure investments which directly or indirectly contribute to productive activities in the private sector through which employment and income are generated. The Bank's finance, power and telecommunications projects reflect these goals.

Policy Dialogue: Policy dialogue during processing of the loan for the Power System Expansion Sector Project was focused on the need to adjust power tariffs and improve the financial viability of the Ceylon Electricity Board and the Lanka Electricity Company (Private) Ltd. In dialogue related to the Second Telecommunications Project, the need was emphasized to maintain telephone tariffs high enough to ensure the viability of the newly-established Sri Lanka Telecoms. Under the Financial Sector Program loan, the Bank underscored the need to liberalize interest rates, improve credit recovery, reduce intermediation costs, rationalize capital markets and promote equity financing.

Cumulative Bank Lending to Sri Lanka

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	28	500.42	45.2
Finance	8	181.00	16.4
Energy	7	161.75	14.6
Transport and Communications	8	137.30	12.4
Education	3	67.10	6.1
Urban Development, Water Supply and Sanitation	1	30.00	2.7
Multisector	1	14.70	1.3
Health and Population	1	9.30	0.8
Industry and Non-Fuel Minerals	2	5.15	0.5
Total	59	1,106.72	100.0

Loans and Technical Assistance: The Bank approved four loans, including a private sector loan, totalling \$196 million for Sri Lanka in 1990.

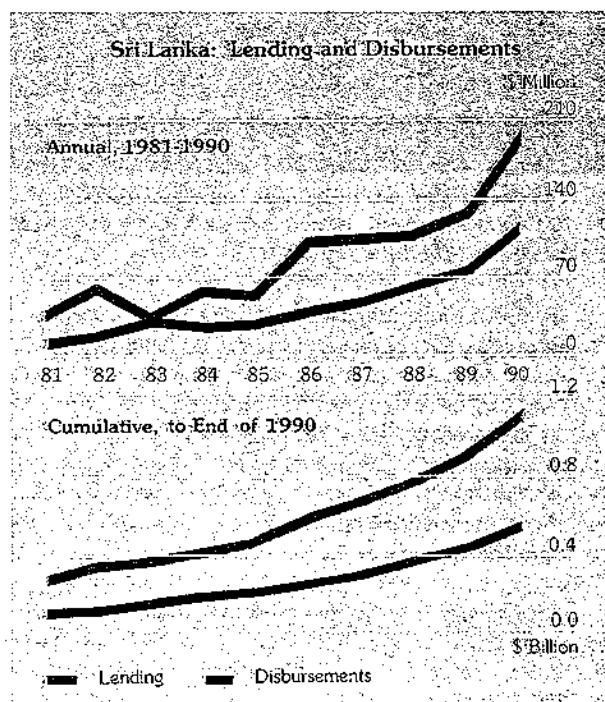
The Power System Expansion Sector loan of \$74.3 million, supported by three technical assistance grants totalling \$1.8 million, is designed to support the Government's continuing rural electrification program as well as overall expansion of the power system. A loan of \$41.1 million and a technical assistance grant of \$460,000 were provided for the Second Telecommunications Project to expand and improve international and domestic telecommunications. The Financial Sector Program, supported by an \$80 million loan and three technical assistance grants totalling \$1.22 million, is intended to promote policy reforms and strengthen institutions by developing the capacity to mobilize domestic capital resources and use them efficiently.

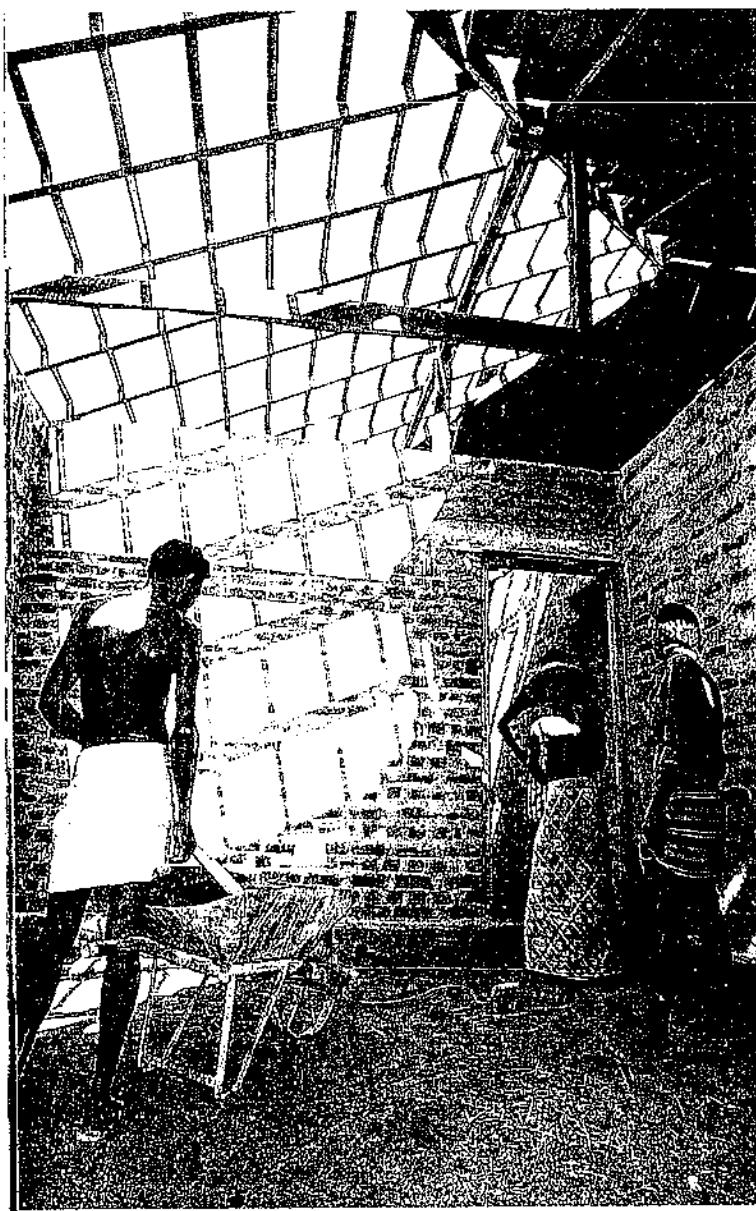
One loan was co-financed to the amount of \$125.5 million in 1990.

By the end of 1990, the Bank had approved 59 loans totalling \$1,107 million for 52 projects.

The Bank approved 15 technical assistance grants totalling \$5.4 million in 1990, bringing the cumulative total to 89 projects amounting to \$20 million.

Project Implementation: Of the 59 loans approved as of end-1990, 32 had been closed and 27 were under administration. Contract awards during the year amounted to \$103.3 million, bringing the cumulative total to \$576 million, or 52 per cent of the total net effective loan amount. Disbursements totalled \$112 million, compared with \$77 million in 1989.





CONSTRUCTION under the Kirindi Oya Irrigation and Settlement Project, Sri Lanka, which has been assisted by Bank loans totalling \$60 million.

Cumulative disbursements amounted to \$540 million, accounting for 49 per cent of total net effective loans.

The security situation improved significantly during the year and facilitated project implementation. There was a greater availability of local counterpart funds. Imprest accounts and statement of expenditure procedures were widely used to speed up disbursements. Meetings were held by a country projects review mission and a special loan disbursement mission.

Private Sector Investment Management: New commitments of \$3.3 million were made for two projects in 1990. Total investment approvals (equity and loan) stood at \$4 million equivalent for three projects, including one line

of equity. Disbursements had been completed for one investment. The year-end portfolio consisted of one investment for \$303,000.

Thailand

Operational Strategy: The Bank supports the Government in developing physical infrastructure and services to promote private sector investment; developing social infrastructure, particularly water supply and sewerage systems; increasing the efficiency of resource use, particularly in the management of state enterprises; and formulating programs aimed at reducing environmental damage caused by rapid economic growth.

The emphasis on infrastructure development reflects the Government's concern to remove bottlenecks, especially in water supply, communications, transport and energy.

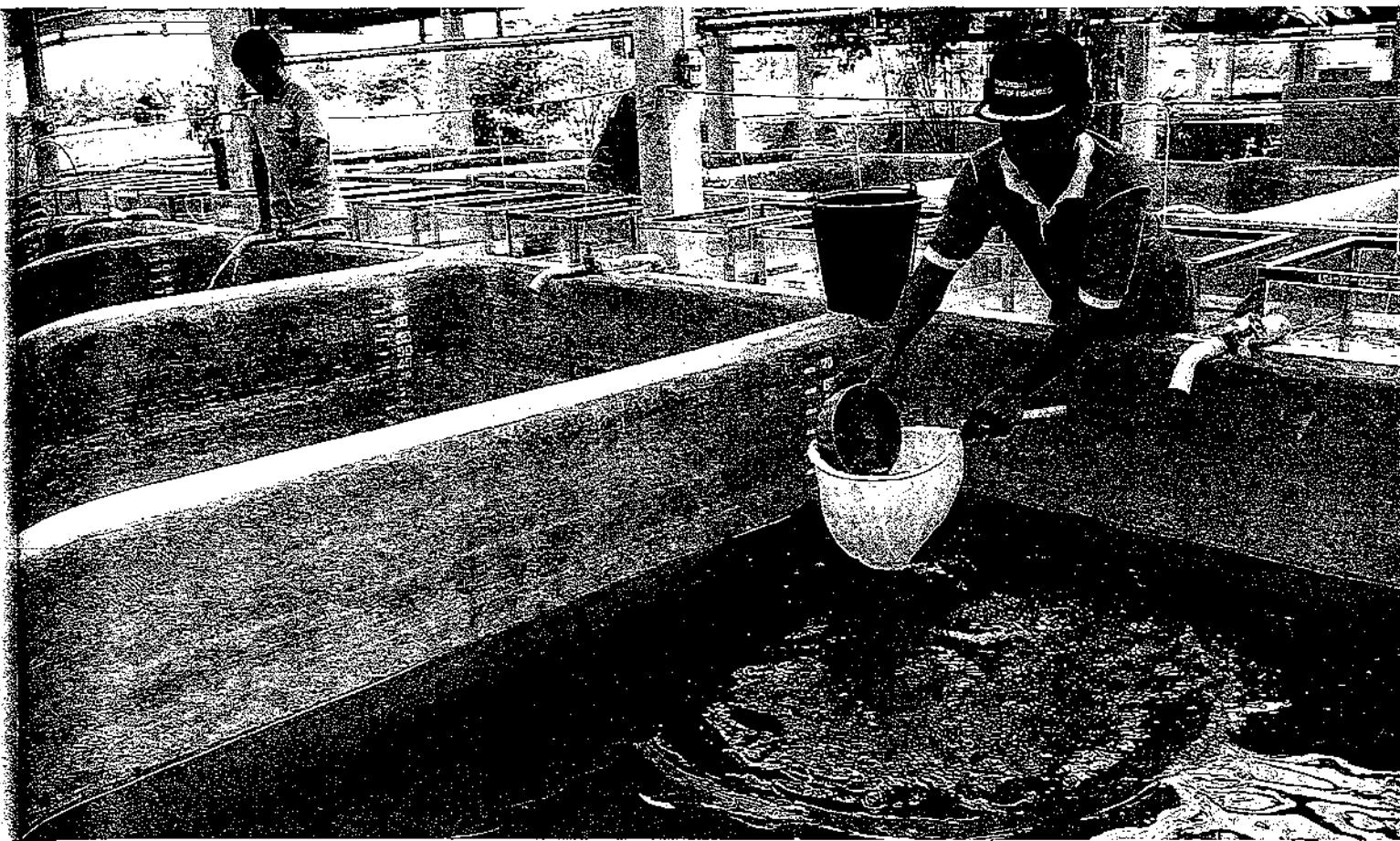
In energy, the Bank will continue financing additional generating capacity and transmission facilities while helping to develop mechanisms to attract more private sector investment in power generation. The Bank will continue supporting the transport sector, with emphasis on institutional assistance. In the water supply and sewerage sector, the Bank sees an urgent need for a marked increase in investment to meet both social and industrial development needs exacerbated by rapid growth.

Policy Dialogue: Policy dialogue has been increasingly focused on structural reforms in some state enterprises and institution building. Discussions have also begun on the

Cumulative Bank Lending to Thailand

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Energy	20	920.85	45.6
Transport and Communications	10	457.10	22.7
Urban Development, Water Supply and Sanitation	6	279.50	13.9
Agriculture and Agro-Industry	10	159.05	7.9
Finance	6	140.00	6.9
Industry and Non-Fuel Minerals	1	39.00	1.9
Education	3	21.40	1.1
Total	56	2,016.90	100.0



FEEDING fish at a central Thailand hatchery under the Aquaculture Development Project which the Bank has assisted with a \$14 million loan.

difficult question of privatizing state enterprises and both the Government and the Bank have taken initiatives to formalize a continuing dialogue on this matter.

Loans and Technical Assistance: Three loans totalling \$113.8 million, including one to the private sector, were approved for Thailand in 1990. The Transmission System for Mae Moh Power (Units 10 and 11) Project, supported by a \$48.8 million loan, will reinforce power supplies in the central and northeast areas as well as in Bangkok. A \$35 million loan was approved for the highways sector to help upgrade highways throughout the country.

One loan was co-financed to the extent of \$18.4 million during the year.

Cumulatively, the Bank had approved 56 loans totalling \$2,017 million for 53 projects in Thailand by end-1990.

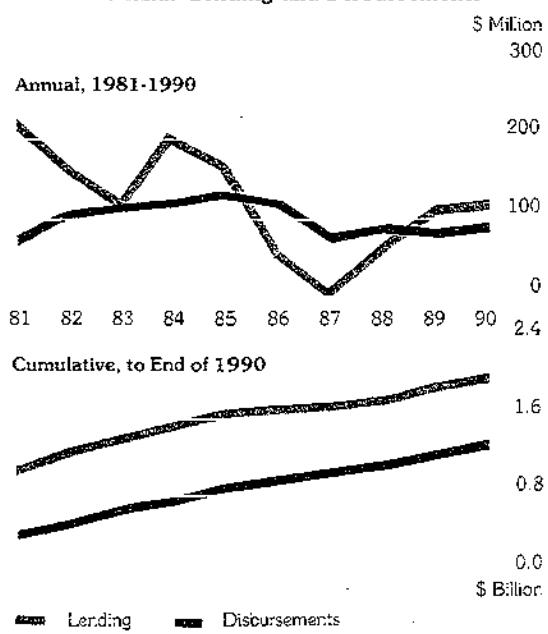
In 1990, the Bank approved five technical assistance grants totalling \$2.3 million. These were for projects concerned with manpower planning and information systems, a volunteer program for natural resources and environmental conservation, regulation of securities markets, training in stock market automation, and preparation of an investment program for the Department of Highways.

By end-1990, technical assistance totalling \$17 million had been provided for 65 projects.

Project Implementation: Of the 56 loans approved by 1990, 46 had been closed and ten were under administration. Contracts amounting to \$150 million were awarded

during the year, bringing the cumulative value to \$1,428 million, or 94 per cent of the net effective loan amount. Disbursements totalled \$87 million, against \$81 million in

Thailand: Lending and Disbursements



1989. Cumulative disbursements stood at \$1,314 million, or 87 per cent of the total net effective loan amount.

Private Sector Investment Management: Facilities totalling \$42 million were approved for two projects in 1990. A \$30 million loan and a \$10 million equity were approved for an elevated multi-lane toll expressway in Bangkok. A \$2 million line of equity was approved for investments in small-scale and medium-scale industries. Cumulative approvals (loans, equity investments and underwritings) amounted to \$51 million equivalent for five projects, including two lines of equity, or 12 per cent of total direct private sector investments. Disbursements during the year totalled \$3 million and had been completed for four investments by end-1990. The portfolio comprised five investments amounting to \$10 million by year-end.

Viet Nam, Socialist Republic of

Following its Economic Report on Viet Nam in 1989, the Bank carried out further economic and sector work in the country during 1990. Several Bank missions visited Viet Nam to assess developments in the economy, particularly those relating to the Government's program on economic liberalization.

Pacific Island DMCs

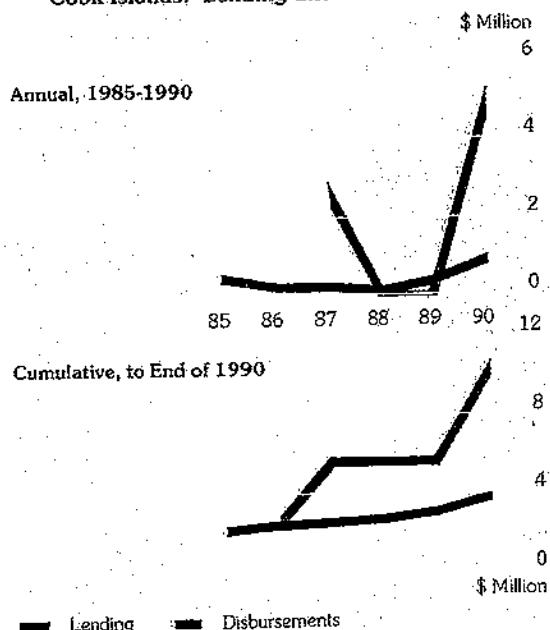
Cook Islands

Operational Strategy: The Bank supports the Government's development plans aimed at a greater role for the private sector, inter-island development, poverty alleviation and environmental protection. Tourism, the leading

Cumulative Bank Lending to Cook Islands
(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	1	4.90	48.3
Multisector	2	3.75	36.9
Finance	1	1.50	14.8
Total	4	10.15	100.0

Cook Islands: Lending and Disbursements



sector, agriculture and fisheries will continue to be supported.

Policy Dialogue: The Bank discussed with the Government possible ways of improving aid coordination, project prioritization and implementation, and institutional strengthening. The Bank also had a discussion with the Government on inter-island shipping.

Loans and Technical Assistance: One loan for \$4.9 million was approved in 1990 for the Outer Islands Telecommunications Project to link the country's population centers electronically. An associated technical assistance grant of \$289,000 was provided to strengthen the Cook Islands Post Office's ability to regulate the telecommunications sector. Another technical assistance grant of \$275,000 was approved to help prepare a tourism master plan.

Cumulatively, four loans totalling \$10 million and eight technical assistance grants amounting to \$1.3 million had been approved by end-1990.

Fiji

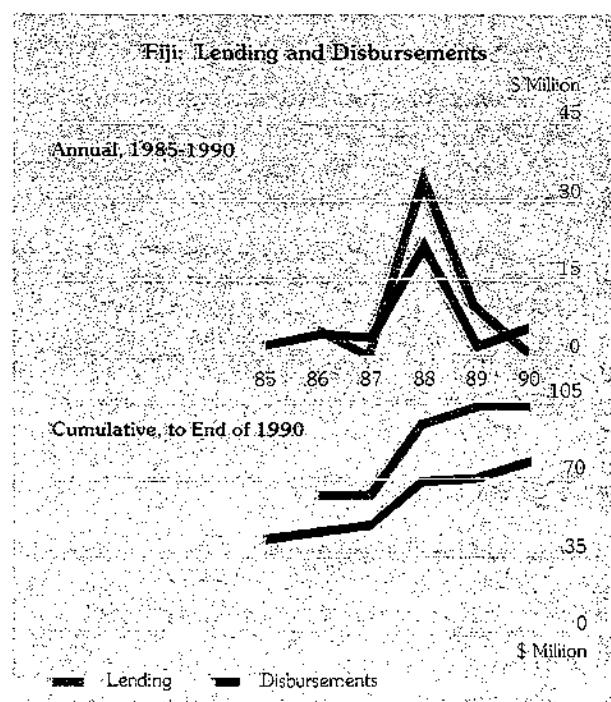
Operational Strategy: The Bank supports the Government's strategy of stabilizing the economy and encouraging the private sector.

Bank efforts are directed to helping consolidate economic recovery in the short term and broaden the base of the economy in the long term. One equally important

Cumulative Bank Lending to Fiji
(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Energy	3	36.90	35.8
Agriculture and Agro-Industry	3	27.60	26.8
Transport and Communications	2	20.00	19.4
Urban Development	1	9.60	9.3
Finance	2	9.00	8.7
Total	11	103.10	100.0

objective is a wider spread of the benefits of development and an expansion of employment and income opportunities. The Bank aims to help strengthen institutions and improve human resources. It also emphasizes continuing assistance to the agriculture sector, particularly for smallholder development and agricultural diversification, and the provision of upgraded physical infrastructure to support directly productive sectors.



Policy Dialogue: Discussions relating to the Low-Income Housing Development Project approved the previous year resulted in measures being taken in 1990 to increase domestic resource mobilization and capital market development for the housing sector. Dialogue during the year focused on the institutional strengthening of government ministries, particularly in staff training for the formulation and implementation of projects.

Loans and Technical Assistance: No loan was provided in 1990 but two technical assistance grants were approved. One grant of \$200,000 was to prepare an Agricultural Pricing and Marketing Study and the other, for \$160,000, was for a Tariff Study for the Fiji Electricity Authority.

Cumulative lending remained unchanged at \$103 million for 11 loans. Cumulative technical assistance reached \$6.4 million for 32 projects by end-1990.

Project Implementation: As of end-1990, 11 loans had been approved for Fiji of which seven had been closed and four were under administration. Contract awards during 1990 totalled \$1.7 million, bringing the cumulative amount to \$84.4 million, or 87 per cent of the net effective loan amount. Disbursements stood at \$5 million, bringing cumulative disbursements to \$75 million, or 78 per cent of the net effective loan amount.

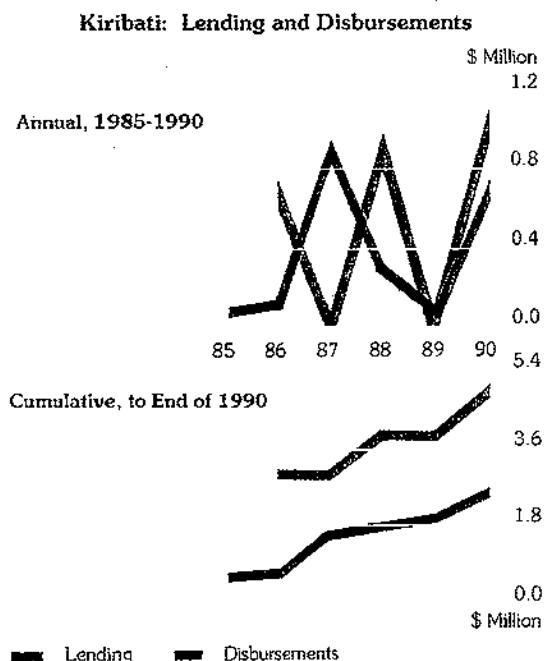
Project implementation has been satisfactory except for initial delays in the Agricultural Development Project and budgetary constraints for a rural development project.

Kiribati

Operational Strategy: Bank assistance to Kiribati supports developing and diversifying the productive sectors, particularly those with export potential; improving infrastructure to support transport, communications and power; training manpower to enhance the country's capacity to absorb financial assistance; the Government's

Cumulative Bank Lending to Kiribati
(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	2	2.3	46.9
Energy	2	1.6	32.7
Finance	1	1.0	20.4
Total	5	4.9	100.0



privatization efforts and the establishment of small-scale and medium-scale agro-based industries in the private sector through the Development Bank of Kiribati.

Policy Dialogue: In the past, discussions had been conducted within the framework of specific projects. In 1990, dialogue was focused more broadly on development constraints. The Bank helped the Government address problems of overpopulation on the main island of Tarawa by promoting an integrated development plan for the Northern Line Islands. The organization and operation of public enterprises and institutions have also been discussed to make these more effective in using resources and fulfilling targets.

Loans and Technical Assistance: One loan of \$1 million and two associated technical assistance grants totalling \$246,500 were approved for the Development Bank of Kiribati (DBK). The DBK will use the funds to finance private sector projects in agriculture and fisheries, trade and industry, services and transport, and to increase business activity in the outer islands. The technical assistance will strengthen the DBK's senior management and its institutional capability.

The loan brought cumulative lending to Kiribati to \$4.9 million for five loans and cumulative technical assistance to \$1.8 million for 12 projects by the end of 1990.

Marshall Islands, Republic of the

Operational Strategy: Since the Republic of the Marshall Islands joined the Bank in April 1990, the Bank

has formulated a tentative operational strategy and identified a pipeline of loan and technical assistance projects.

In line with the Government's Five-Year Development Plan, the Bank's strategy is to help strengthen the country's self-reliance by developing its marine resources; upgrading its human resources through education, manpower training and family planning; encouraging the private sector so it can become the engine of economic growth; and strengthening institutions to improve efficiency in the public sector. The Bank may also consider assistance for infrastructure to support productive sectors.

Policy Dialogue: Policy dialogue is expected to cover the important issues of domestic resource mobilization and diversification of the economic base to reduce a high dependence on external assistance. Technical assistance provided by the Bank will be the basis for these discussions.

Loans and Technical Assistance: Two technical assistance grants were provided during the year. One grant of \$100,000 is for the Fisheries Development Project and another grant of \$220,000 is for institutional strengthening of the Marshall Islands Development Bank.

Micronesia, Federated States of

Operational Strategy: The Federated States of Micronesia joined the Bank in April 1990 and the Bank sent a contact-cum-economic mission to prepare a preliminary operational strategy. The Bank supports the Government's Second National Development Plan (1990-1994), which seeks to promote private sector activities in agriculture and fisheries. It will also focus on human resource development and on improving the efficiency of the public sector, especially in infrastructure and public utilities management.

Policy Dialogue: Policy dialogue will be concentrated on strengthening and diversifying the economy's productive base, developing human resources and mobilizing domestic resources to increase self-reliance.

Loans and Technical Assistance: Two technical assistance projects were provided in 1990. One grant of \$100,000 is to prepare a Fisheries Development Project. The other, for \$153,000, is for institutional strengthening and staff development of the Federated States of Micronesia Development Bank.

Papua New Guinea

Operational Strategy: The Bank supports the Government in diversifying and expanding non-mining sectors and in developing personnel with skills to formulate and implement policies, programs and projects. Although mining will remain the main source of export earnings and government revenues for the foreseeable future, growth in

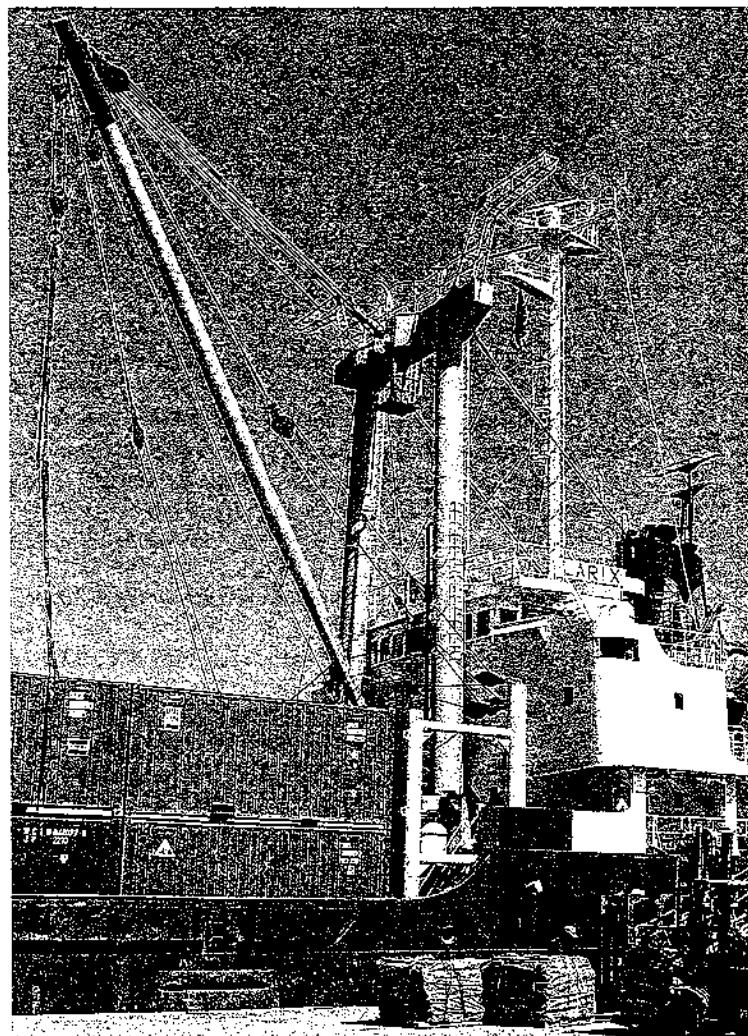
non-mining sectors is the key to the long-term improvement of living standards and the creation of employment opportunities for a rapidly-growing labor force. The crisis at the Bougainville copper mine highlighted the need, and provided the opportunity, for the Government to introduce fundamental structural adjustments to accelerate the development of the non-mining economy.

Policy Dialogue: The scope of policy dialogue has widened since the Bank adopted a lead role among donors in many key sectors and has taken a more active role in donor coordination.

The Agriculture Sector Program approved in December 1989 led in 1990 to reforms of agricultural taxation, price stabilization funds and credit systems, investment laws and the abolition of non-productive subsidies and grants. Discussions were held during the year on institutional reforms and the need for balanced investment to encourage growth in production, employment and incomes. The Bank has also worked with the World Bank and the Food and Agriculture Organization to provide a policy framework for sustainable management of forest resources. Bank studies in water supply, urban development, highways, ports and health sectors have set the stage for further sectoral discussions. The Bank has also discussed streamlining the Government's loan approval procedures.

Loans and Technical Assistance: Two loans totaling \$18.9 million were approved in 1990. The Industrial Center Development Project, supported by a loan of \$8.4 million, will help establish an industrial estate at Lae, the country's main port and second largest town. An associated technical assistance grant of \$550,000 will help strengthen the institutional capability, trade strategy and market development functions of the Department of Trade and Industry. The Special Interventions program, assisted by a loan of \$10.5 million and undertaken by the Bank and other donors, supports the Government's structural adjustment efforts. The program is intended to offset some of the substantial social costs and to reduce adverse effects on the most economically vulnerable groups through immediate job creation.

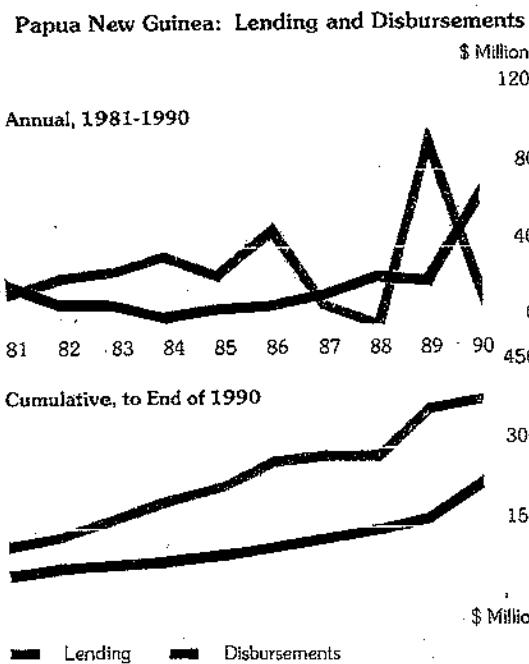
Cumulatively, the Bank had approved 34 loans totalling \$395 million for 26 projects and programs by the end of 1990.



Cumulative Bank Lending to Papua New Guinea
(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	8	142.64	36.1
Transport and Communications	8	102.05	25.8
Energy	5	43.03	10.9
Health and Population	3	25.90	6.6
Finance	3	22.50	5.7
Urban Development, Water Supply and Sanitation	2	18.90	4.8
Education	2	16.00	4.1
Multisector	2	15.50	3.9
Industry and Non-Fuel Minerals	1	8.40	2.1
Total	34	394.92	100.0

CONTAINER traffic has been improved in Papua New Guinea under the Lae Port Project for which the Bank has provided loans totaling \$20 million.



In 1990, ten technical assistance projects totalling \$2.8 million were approved, bringing the cumulative total to \$13.1 million for 58 projects.

Project Implementation: Of the 34 approved loans to Papua New Guinea by end-1990, 18 had been closed and 16 were under administration, including two waiting to become effective. A total of \$73 million worth of contracts were awarded during the year, bringing the cumulative amount to \$284 million, or 75 per cent of the net effective loan amount. Disbursements amounted to \$67 million against \$24 million in 1989. Cumulative disbursements stood at \$236 million, or 63 per cent of the total net effective loan amount.

Project implementation improved slightly but continued to be affected by delays. Implementation was also affected by government budgetary difficulties caused by the closure of the Bougainville copper mine and further declines in prices of most of Papua New Guinea's agricultural exports.

Solomon Islands

Operational Strategy: In line with the Government's Program of Action, Bank assistance is aimed at expanding the productive sectors with an emphasis on private investment, supporting investment in physical infrastructure and improving the efficiency of government operations.

Institutional weaknesses and a lack of skills, both technical and managerial, will continue to be major constraints on development. Accordingly, institution-building assistance

Cumulative Bank Lending to Solomon Islands

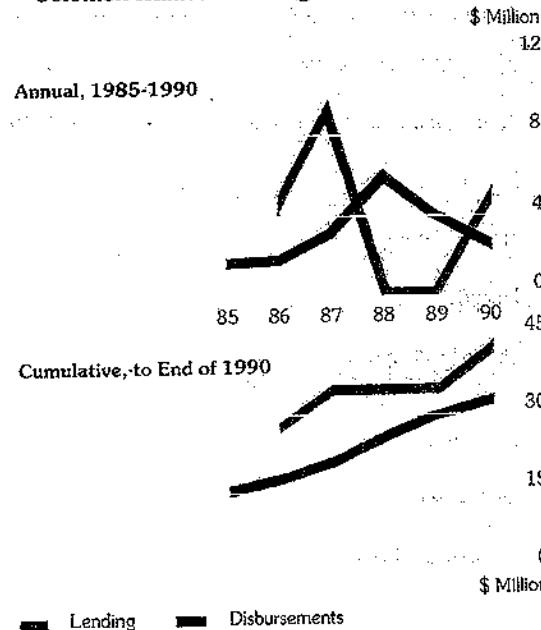
(As of 31 December 1990)

Sector	Number 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

through manpower training will remain a major element of Bank assistance. The Bank is looking at a complementary role in social infrastructure in view of grant funds available from other donors in this sector.

Policy Dialogue: Policy dialogue relating to assistance to the power sector was focused on tariff rates and their adjustment mechanisms. Discussions have increasingly included developmental and planning issues such as donor coordination, aid monitoring, privatization and government subsidies. The Bank also held discussions on the finance

Solomon Islands: Lending and Disbursements



sector and on a wider mobilization of private investment resources, both domestic and foreign.

Loans and Technical Assistance: One loan of \$4.7 million was approved for the Second Power Expansion Project, aimed at expanding diesel-generating capacity to meet Honiara system demand before the commissioning of the Komarindi Hydropower Project. Cumulative lending totalled \$42.8 million for 12 loans by the end of 1990.

Technical assistance was provided for two projects in 1990. One grant of \$1.3 million was for a detailed design study of the Komarindi Hydropower Project. The other grant, for \$469,000, is for institutional strengthening of the Office of the Auditor General. These brought the cumulative total of technical assistance grants to 35 for an amount of \$6.8 million.

Tonga

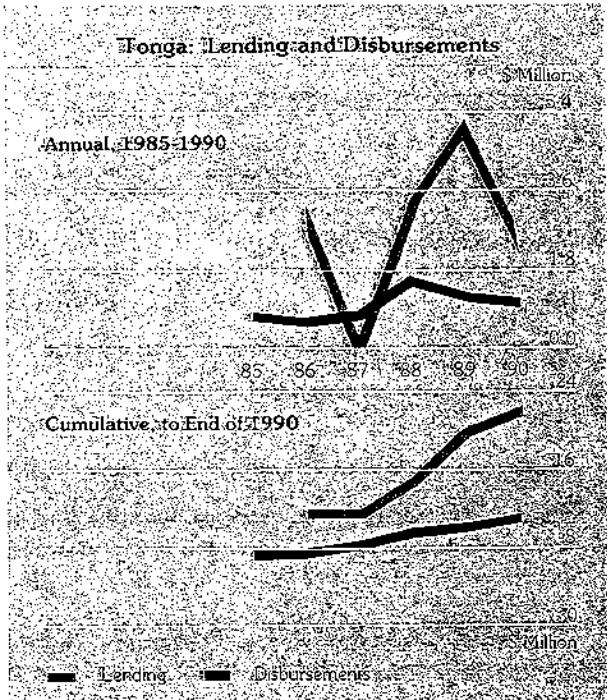
Operational Strategy: The Bank supports Government efforts to bring about structural changes. A fundamental weakness of the Tongan economy is the low level of domestic savings and the meager flow of resources into productive investments. Thus, a major Bank objective is to increase domestic resource mobilization and reduce dependence on external assistance. Bank assistance is directed to the service sector, especially tourism, and manufacturing; agricultural diversification into higher-value crops for export and domestic markets; and expansion of the domestic fisheries industry; development of the private sector in all economic activities and the promotion of an open, outward-looking economy; infrastructure and institution building; and manpower development to identify, plan and implement development projects.

Policy Dialogue: With the Bank's increased involvement in Tonga, discussions have included broad policy issues

Cumulative Bank Lending to Tonga

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Multisector	5	11.38	51.9
Finance	2	6.50	29.6
Agriculture and Agro-Industry	1	2.40	10.9
Transport and Communications	1	1.30	5.9
Industry and Non-Fuel Minerals	1	0.37	1.7
Total	10	21.95	100.0



of economic management, development planning, privatization and the efficiency of public organizations and agencies. Sector-related issues discussed included the need to evolve suitable policies to diversify the productive sectors, particularly agriculture. Policy dialogue was also focused on the need to strengthen capabilities in project identification, formulation and implementation. As a result, the Government has proposed establishing a loan projects management unit in the Ministry of Finance, with assistance from the Bank.

Loans and Technical Assistance: A loan of \$2.4 million and an associated technical assistance grant of \$770,000 were provided for the Fisheries Development Project to help the Government establish a small commercial tuna fishing fleet.

Four other technical assistance grants totalling \$942,000 were provided for a tourism development study; to help privatize the Commodities Board; for institutional strengthening of the Ministry of Finance; and to assist in the preparation of the Fourth Multiproject loan.

These projects brought cumulative lending to \$22 million for ten loans and the technical assistance total to \$4.3 million for 19 projects by the end of 1990.

Vanuatu

Operational Strategy: The Bank's operational strategy takes into account constraints such as budget limitations and the country's relatively small capacity to absorb external finance. Bank assistance will continue to support infrastructure and manpower development.

Cumulative Bank Lending to Vanuatu

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)		%
Transport and Communications	1	5.75	53.0	
Multisector	1	3.00	27.7	
Agriculture and Agro-Industry	1	1.10	10.1	
Finance	1	1.00	9.2	
Total	4	10.85	100.0	

Cumulative Bank Lending to Western Samoa

(As of 31 December 1990)

Sector	Number of Loans	Amount of Loans (\$ million)		%
Agriculture and Agro-Industry	8	32.87	41.5	
Finance	5	16.00	20.2	
Energy	5	13.05	16.5	
Transport and Communications	4	12.96	16.3	
Multisector	1	4.40	5.5	
Total	23	79.28	100.0	

Policy Dialogue: Policy dialogue has largely been conducted within the framework of processing and implementing projects. The Bank has proposed quarterly meetings with donors, under the auspices of the National Planning Office, to improve aid coordination. Dialogue has been facilitated by the location of the South Pacific Regional Office at Port Vila, Vanuatu.

Loans and Technical Assistance: No loan was approved for Vanuatu in 1990. Two technical assistance grants were provided, one of \$58,000 to prepare an operating strategy for the country's development bank and one of \$87,000 as supplementary assistance for institutional strengthening of the Public Works Department.

Cumulative lending remained unchanged at \$10.8 million for four loans while technical assistance reached \$2.9 million for 16 grants by the end of 1990.

Western Samoa

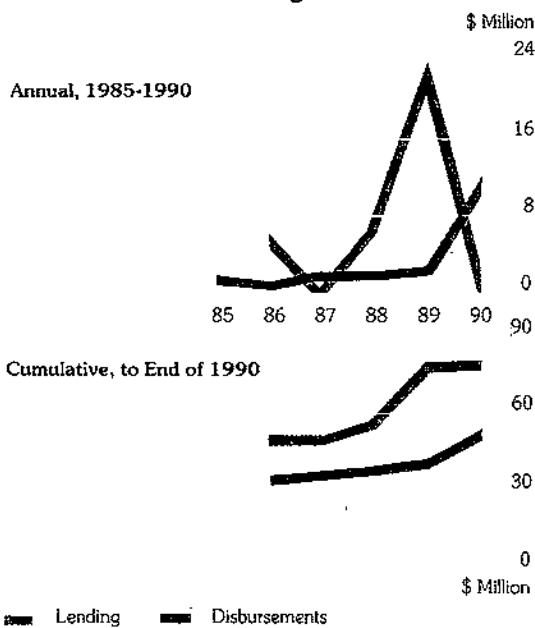
Operational Strategy: The Bank supports the Government's effort to make structural changes to improve the performance of the economy. Its assistance to the finance sector will facilitate the transformation. Bank assistance will emphasize expansion of productive sectors. Lending will be continued for supportive infrastructure. Technical assistance will be continued to supplement manpower and skill levels.

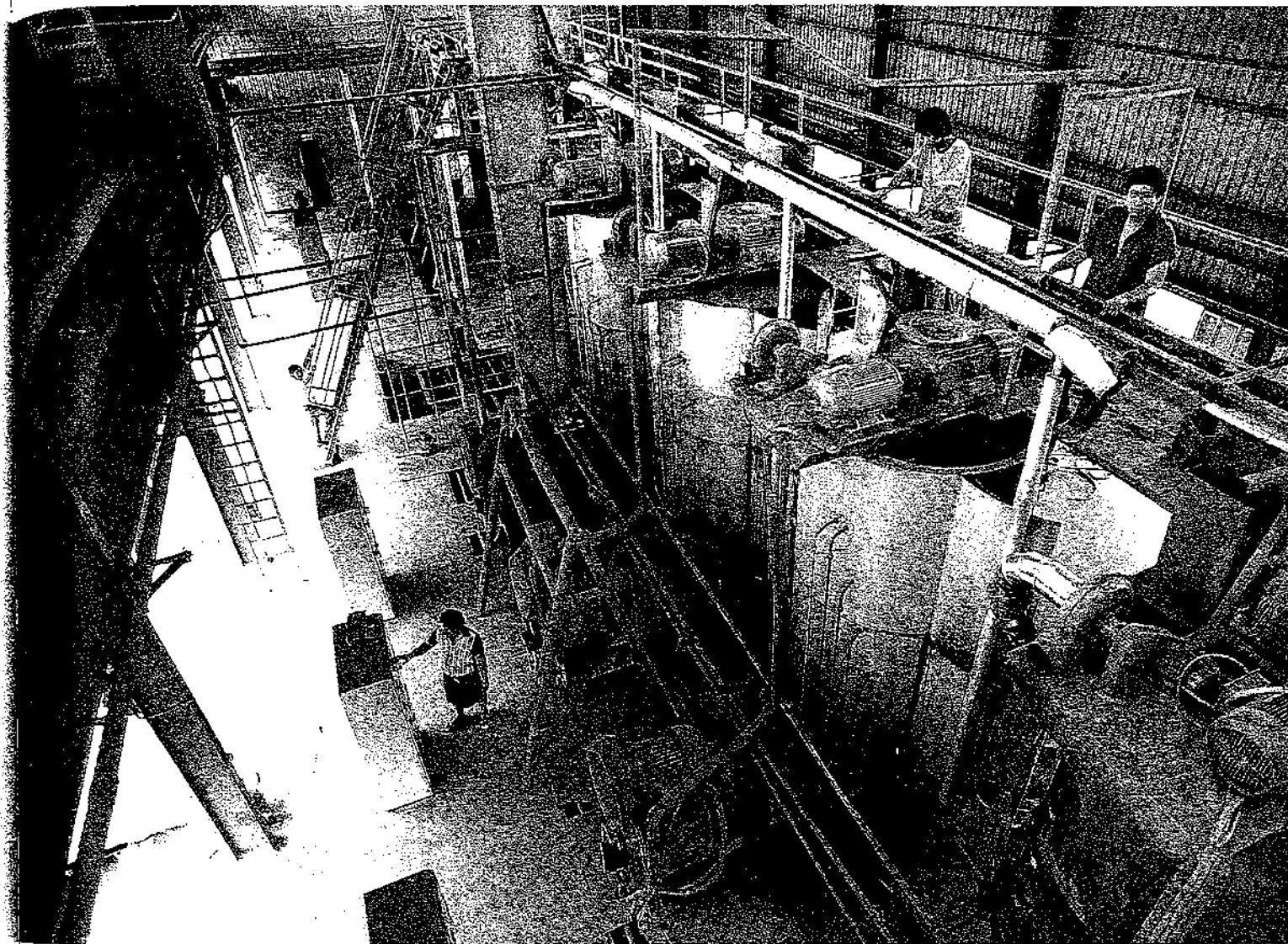
Policy Dialogue: Discussions have related to the operation of the Development Bank of Western Samoa, the viability of the power sector and environmental protection. Broad agreement has been reached on policy issues relating to the telecommunications sector. The Government has made a number of policy changes and an Action Plan has been formulated.

Loans and Technical Assistance: One loan of \$500,000 and a technical assistance grant of \$40,000 were provided for the Emergency Power Rehabilitation Project to replace power-generation units on the island of Savaii damaged by a cyclone during the year. This brought cumulative lending to \$79 million for 23 loans and 21 projects.

Four other technical assistance grants totalling \$1.3 million were provided during the year. These were for a housing sector study; for strengthening planning, program budget and project monitoring systems; for a power system planning study; and to help rehabilitate the development bank.

Western Samoa: Lending and Disbursements





THE COCONUT Oil Mill Project is Western Samoa's first major industrial venture and is supported by a Bank loan of \$2.25 million.

Cumulatively, the Bank had approved 39 technical assistance projects, amounting to \$8 million, by the end of the year.

Project Implementation in Smaller Pacific Island DMCs

Of the 58 loans approved for the smaller Pacific island DMCs (Cook Islands, Kiribati, Solomon Islands, Tonga,

Vanuatu and Western Samoa), 39 had been closed and 19 were under administration by the end of 1990, including five waiting to become effective. Contract awards during the year totalled \$17 million, bringing the cumulative total to \$118 million, or 78 per cent of the net effective loan amount. Disbursements totalled \$19 million, bringing the cumulative amount to \$109 million, or 72 per cent of the net effective loan amount.

A project implementation management seminar was held for executing agencies.



LINING an irrigation canal in the Chashma Right Bank Irrigation Project in Pakistan which the Bank has supported with loans totalling \$120 million.

PROJECT ADMINISTRATION

THERE were 389 projects under administration at the end of 1990, of which 364, or 94 per cent, were classified as satisfactory and 25, or 6 per cent, as unsatisfactory. The number of unsatisfactory projects declined by 2 per cent from a year ago. A total of 58 projects were completed and 61 project completion reports (PCRs) were circulated to the Board during the year. This brought the cumulative total of PCRs to 425, or 44 per cent of the 964 projects approved as of end-1990.

The Bank's loan administration missions play an important role in offering guidance to executing agencies on project implementation. In 1990, 336 loan administration missions were fielded, utilizing 3,997 man-days, covering 493 projects and spending an average of 8.1 man-days per project.

In addition, the Bank sent out high-level country projects review missions to discuss country and sector-specific implementation problems and remedial measures with senior government officials. Such missions have covered large borrowers such as Bangladesh, India, Indonesia, Pakistan and Philippines. For more in-depth assessment of project implementation, mid-term review missions were recently introduced and will be carried out more and more frequently to ensure that implementation will be on schedule and project objectives achieved.

Project administration is also facilitated by the Bank's resident offices in Bangladesh, Indonesia, Nepal, Pakistan and the South Pacific Regional Office in Vanuatu. These are in areas where there are either significant numbers of Bank projects or special problems with regard to project implementation.

The Bank also seeks to enhance the implementation capabilities of executing agencies through seminars and workshops. This activity continued in 1990, as detailed in the accompanying table.

In addition, in-house seminars were conducted to enhance the skills of Bank staff dealing with project processing and administration. This included a seminar for appraisal mission leaders, a seminar on procurement operations and two separate seminars for heads of project administration

SEMINAR ACTIVITIES IN 1990

Type	Country/ City	Seminar Dates
Regional Seminar on Project Implementation Management (Agriculture Sector)	Philippines/Manila	21 May - 1 June
Regional Seminar on Project Implementation Management (Social Infrastructure Sector)	Philippines/Manila	1 - 12 Oct.
Country Project Implementation Management Seminar	Vanuatu/Port Vila	13 - 21 Sept.
Country Procurement Seminar	Nepal/Kathmandu	23 - 27 Apr.
Country Procurement Seminar	Philippines/Manila	9 - 13 July
Country Procurement Seminar	Indonesia/Jakarta	30 July - 3 Aug.
Country Procurement Seminar	India/New Delhi	8 - 12 Oct.
Country Procurement Seminar	PRC/Beijing	22 - 26 Oct.
Country Procurement Seminar	Pakistan/Lahore	18 - 22 Nov.
Country Seminar on Uses of Consultants	Indonesia/Jakarta	14 - 17 May
Country Seminar on Uses of Consultants	Philippines/Manila	4 - 6 Sept.
Country Seminar on Uses of Consultants	Bangladesh/Dhaka	11 - 13 Sept.
Country Seminar on Uses of Consultants	Nepal/Kathmandu	13 - 15 Nov.
Development of Domestic Consultants	Philippines/Manila	20 - 21 Nov.

units and supporting staff dealing with project administration work.

The Bank continued the process of streamlining loan administration procedures to facilitate and expedite project implementation. The Bank's Project Administration Instructions (PAIs) were updated and improved. Management approved the dissemination of PAIs to executing agencies to enhance their understanding of Bank procedures. Work was also started on the production of instructional video tapes on project implementation management to increase the effectiveness of seminars held for executing agency staff.

Business opportunities seminars were held during the year for contractors, manufacturers, suppliers and consultants from the Bank's member countries. These were held in Australia, Belgium, Canada, People's Republic of China, India, Indonesia, Italy, Japan, Republic of Korea, Malaysia, New Zealand, Norway and United Kingdom. The seminars advised potential bidders and consultants on how to prepare bids and proposals. The Bank has a monthly publication, renamed in 1990 as *ADB Business Opportunities*, which enables contractors, manufacturers, suppliers and consultants to obtain information on proposed loans and technical assistance.

There were informal discussions with the Board of Directors on Bank procedures and practices relating to procurement and selection of consultants.

Contract Awards and Consulting Services

Contract awards reached \$2,737 million by the end of 1990, a 30 per cent increase over 1989. Of the total awards, \$1,777 million was from ordinary capital resources

(OCR) and \$960 million from the Asian Development Fund (ADF). Cumulative contract awards amounted to \$17,667 million by end-1990.

Although consulting services form a small portion of total contract awards, they play a vital role in project implementation. During the year, borrowers engaged 136 consulting firms and 32 individual consultants to help implement Bank-financed projects. Consulting services contracted in 1990 totalled \$96 million, bringing the cumulative amount to \$948 million by end-1990 and accounting for 4 per cent of total cumulative loan contract value. In addition, the Bank employed 180 consulting firms and 324 individual consultants to help implement technical assistance projects. During 1990, the Bank approved 261 technical assistance projects amounting to \$302.6 million.

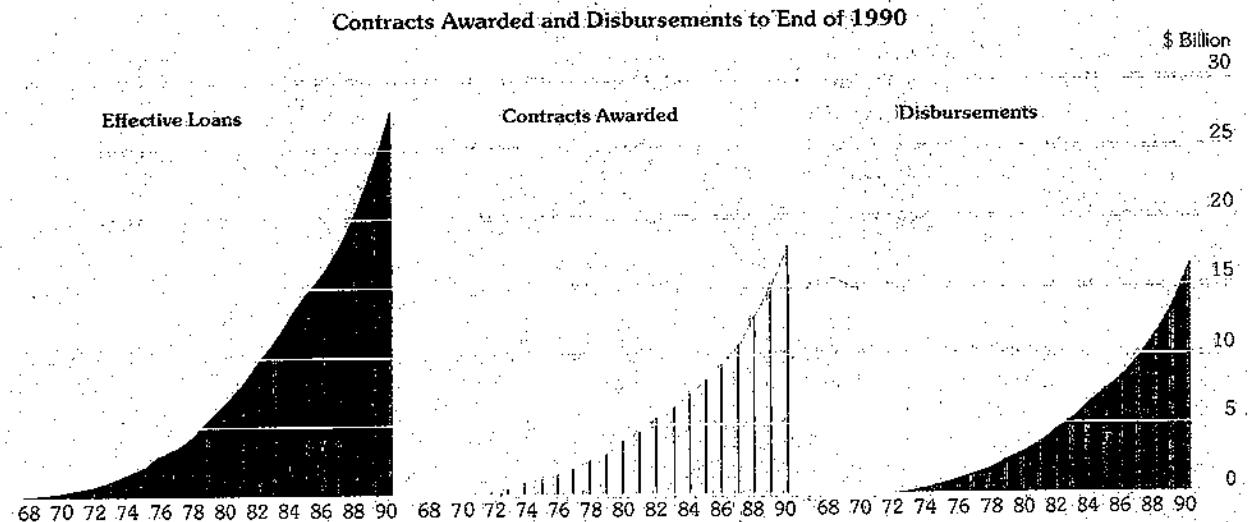
Six country seminars were organized during the year in Bangladesh, Indonesia, Nepal and Philippines to help develop domestic consultants' capability and to familiarize government officials with the use of consultants. An in-house seminar was also held to guide Bank staff on procedures for selecting consultants.

Loan Disbursements

Loan disbursements rose 23 per cent to \$2,752 million in 1990. Of this, OCR disbursements amounted to \$1,689 million (up 25 per cent) and ADF disbursements \$1,063 million (up 20 per cent).

Program loan disbursements, accounting for 24 per cent of total disbursements in 1990, amounted to \$671 million, a 49 per cent increase over 1989.

Sector loan disbursements, accounting for 14 per cent of total disbursements for the year, amounted to



\$373 million, showing a 53 per cent increase over 1989.

Project loan disbursements, making up 62 per cent of the year's total disbursements, rose 11 per cent to \$1,708 million, of which \$281 million were under loans to development finance institutions.

Many factors contributed to the improvement in loan disbursements: the DMCs' continued efforts to speed up project implementation and to carry out policy reforms, supported by a flexible Bank attitude; the Bank's continued effort to enhance the project implementation capabilities of executing agencies through missions and seminars; the use of imprest accounts, the statement of expenditure mechanism and retroactive financing to facilitate the flow of loan funds; and the role of quick-disbursing program loans.

Private Sector Investment Portfolio

The Board approved in 1990 private sector investments (equity and loans without government guarantee) and underwritings totalling \$116 million for 17 projects.

Cumulatively, by the end of 1990, the Board-approved portfolio of investments (equity, loans without government guarantee) and underwritings amounted to \$440 million. This included \$181 million in equity investments and \$259 million in loans. In addition, complementary loans amounted to \$80 million.

The Bank focuses on private sector operations which produce social and economic benefits such as employment opportunities, improvement in management techniques, technology transfer and foreign exchange savings. It also prefers projects which have a catalytic effect in encouraging other investments.

Excluding complementary loans, Pakistan accounted for \$62 million, or 29 per cent of the total portfolio, followed by the Philippines with \$35 million (16 per cent), India with \$21 million (10 per cent) and Indonesia with \$22 million (10 per cent). Investments in companies classified as regional in scope stood at \$52 million (24 per cent).

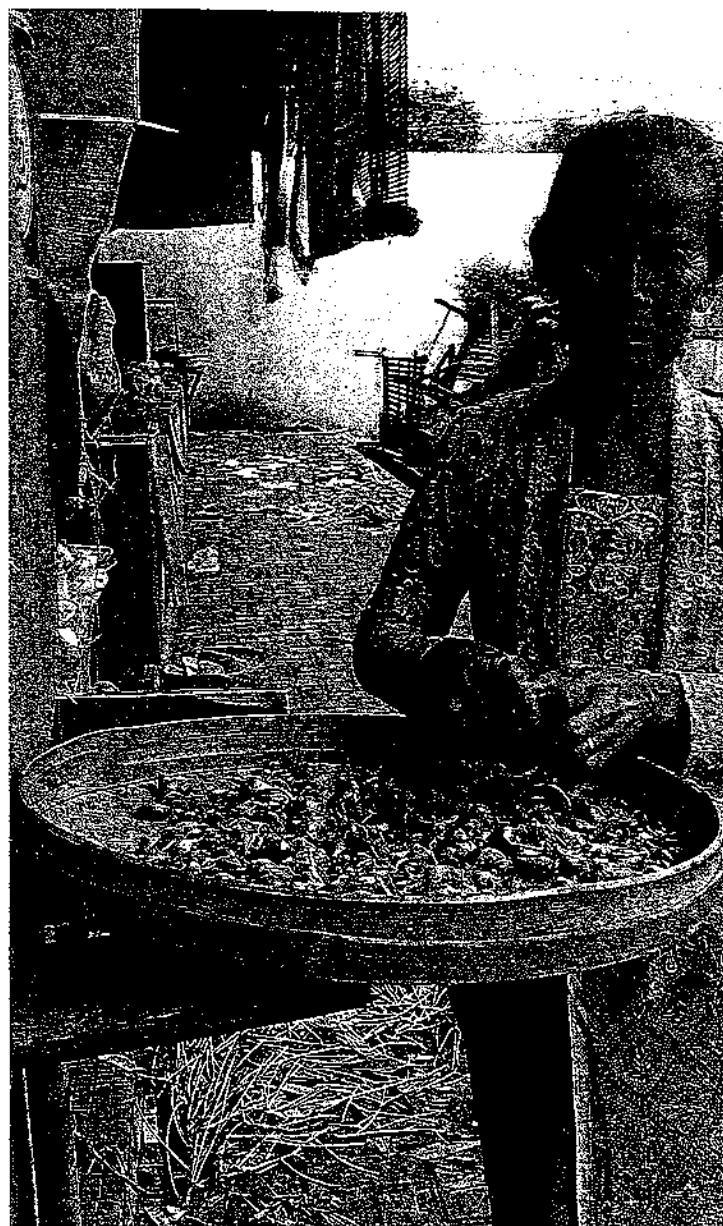
By sector, financial institutions, insurance and leasing companies made up the biggest component of the portfolio with \$100 million (47 per cent), reflecting high investment approvals for, and generally quick disbursements in, this category. The manufacturing sector accounted for \$79 million (37 per cent) of the portfolio, with the chemicals sub-sector weighing in heavily with \$41 million, followed by textiles with \$19 million and fabricated metal products and machinery with \$17 million. Investments in infrastructure projects (telecommunications, power generation) accounted for \$35 million (16 per cent).

Disbursements totalled \$106 million during 1990 and, at the end of the year, were under way for 13 investments, which accounted for \$39 million or 18 per cent of the portfolio. Disbursements had been completed for 43 investments, making up \$161 million or 75 per cent of the portfolio. Five investments have loans in the repayment stage.

Of the investee companies, 14 had projects still under

implementation and for which the Bank had disbursed \$56 million (26 per cent). Another 13 companies, accounting for investments of \$47 million (22 per cent), were in initial operations, and 30 companies with Bank investments of \$111 million (52 per cent) had reached full-scale operations. These percentages are typical for a portfolio which still has some way to go before reaching maturity.

The dividend income from the Bank's equity investments is still modest, reflecting the fact that only a few of the investee companies have been in operation long enough to build up a record of profits that would permit a declaration of dividends. Those which have reached this stage are mostly financial institutions in which the Bank's stakes are small. In



VENDOR in an Indonesian market paved as part of the Bank-financed Small Towns Urban Development Sector loan of \$36.7 million.



PROCESSING information at the Asian Institute of Technology in Bangkok, Thailand. The Bank provided technical assistance to strengthen information systems for environmental sanitation.

total, dividends received during 1990 amounted to \$1.1 million against \$200,000 in 1989. One investment in a leasing company in Pakistan was partially divested, which resulted in a net gain of around \$800,000.

Unlike equity investments, loans generate an agreed income to the lender in the form of interest and other charges. Interest and fee income amounted to \$5.7 million during 1990, against \$1.4 million in 1989. Of the Bank's 16 unguaranteed loans, for which disbursements had been made, three carried pool-based variable interest rates, one carried currency-specific floating interest rates, and 12 carried currency-specific fixed interest rates. The rates charged to borrowers, therefore, vary in terms of currency, interest rate, interest regime, charges other than interest and spread. Complementary loans all carry currency-specific floating interest rates.

Following an evaluation of the total investment portfolio, the Bank made a general provision of \$1 million in 1990 against possible losses. Total provision at year-end stood at \$2 million.

Project Benefit Monitoring and Evaluation

Project benefit monitoring and evaluation (PBME) 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 PBME has evolved in response to important changes in the Bank's operations. PBME activities have been adapted to the needs of program lending, the

increased emphasis on poverty alleviation and lending for protection of the environment.

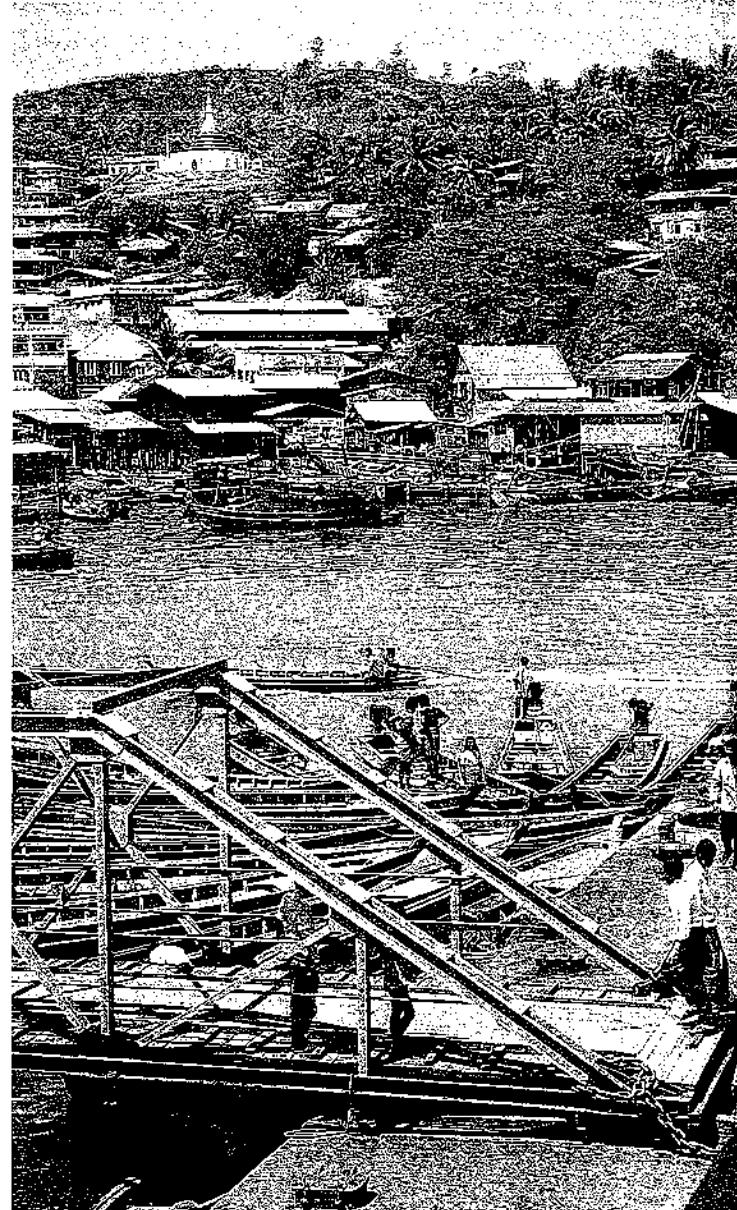
A more selective approach to the evaluation of benefits of completed projects has been introduced. Accordingly, before a project is evaluated, its readiness for evaluation is assessed, terms of reference are prepared and guidance is provided to the organizations which conduct evaluations.

In Nepal, local consultants are closely supervised by the Department of Irrigation, the International Labour Organisation and the Bank in their evaluation of benefits from the Hill Irrigation (Western Region) Project. When this study is completed, it is hoped that the Department of Irrigation will be able to replicate these procedures to evaluate the benefits of other completed irrigation projects. Similar activities have been started or are contemplated for other countries. The benefits of the Sixth Road Project in Indonesia were evaluated, using procedures that had been developed by the Bank.

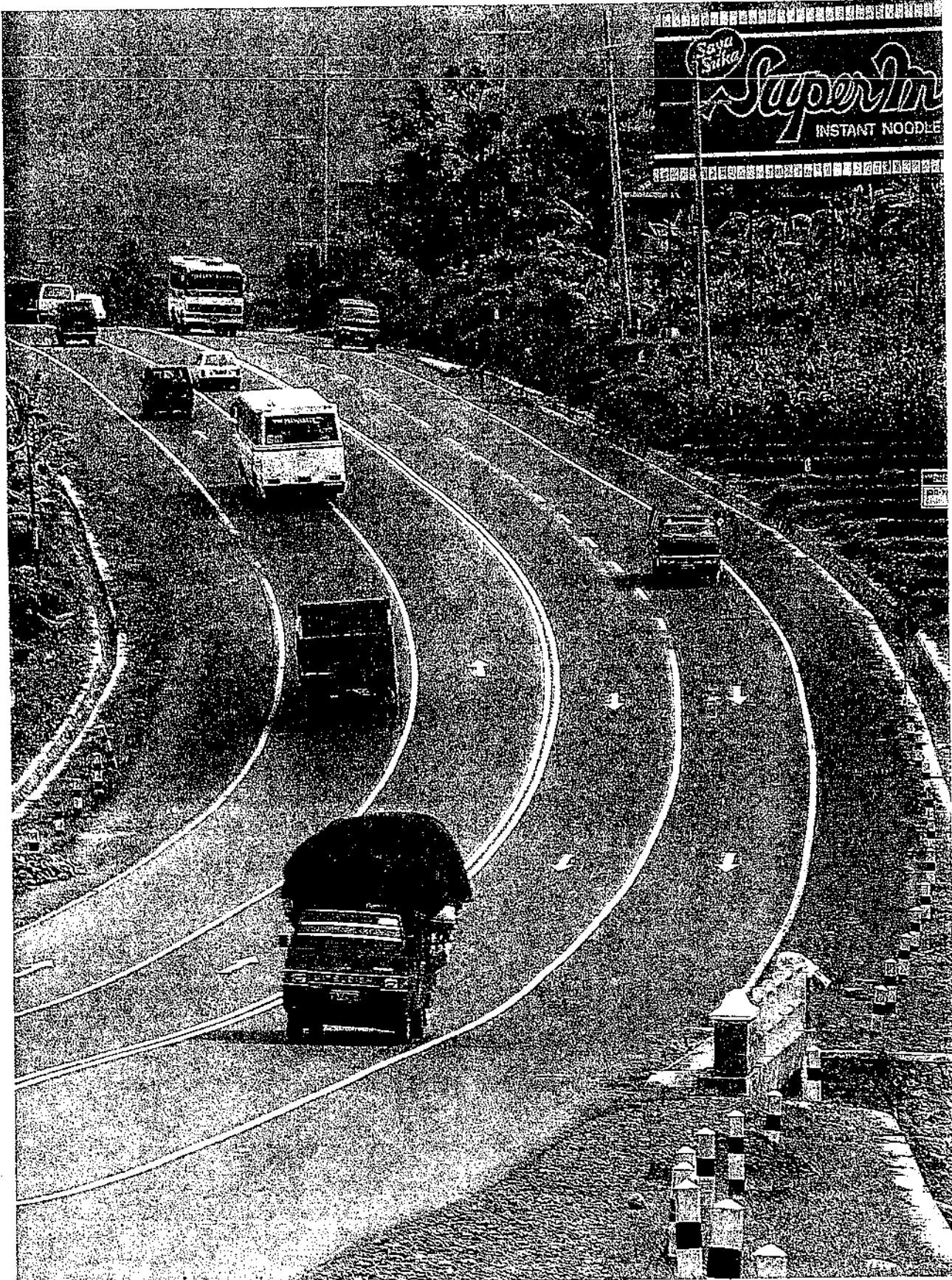
In general, evaluations of the benefits of completed projects are conducted by the concerned executing agency or government department. However, the Bank may become directly involved, through either its own staff or consultants, if there are complex issues to examine. So far, it has prepared one reconnaissance grade project benefit evaluation study for an integrated area development project in this way and the results of this study were used during the preparation of a follow-on loan in the same area of the country.

Procedures to monitor and evaluate the benefits of subloans provided through loans to development finance institutions (DFIs) were developed and tested through a small-scale technical assistance. This system is presently being applied to several additional lines of credit to DFIs and plans have been made to train concerned DFI staff in computer-based monitoring techniques.

Four advisory technical assistance grants were approved during the year to help executing agencies improve their PBME capabilities.



PASSENGER landing facilities at Kauthaung, Myanmar, provided under the Bank-assisted Outports Project



HIGHWAY section in Indonesia improved under the Bank-financed Seventh Road (Sector) loan of \$95 million.

POST-EVALUATION

POST-EVALUATION of completed projects is an important tool the Bank uses to assess the effectiveness of its assistance to its developing member countries (DMCs), gain insights into the formulation, implementation and operation of past projects, and draw lessons for the Bank's operations in the future. Results of post-evaluation thus form invaluable inputs for the design and implementation of new projects. The evaluation function is the responsibility of the Post-Evaluation Office (PEO), which reports directly to the President. The Board's Audit Committee closely monitors the activities of the Office and during 1990 reviewed 23 Project Performance Audit Reports (PPARs), one Special Study Report, one Impact Evaluation (Re-evaluation) Report and the Twelfth Annual Review of Post-Evaluation Reports.

The growth over the years in the Bank's lending operations and an increase in the number of completed projects required a prudent use of the PEO's resources. In 1988, the Bank switched from a policy of post-evaluating all completed projects/programs to one of selective post-evaluation. A judicious formulation of selection criteria ensures that the integrity of the Bank's post-evaluation system is not compromised or jeopardized.

During 1990, 27 projects, including one program loan, were assessed in depth and were covered by PPARs. The PEO also undertook, for the first time, in-depth evaluations of two technical assistance projects – a technical assistance for project preparation in Indonesia and an advisory technical assistance project in Solomon Islands. In addition, the PEO reviewed PCRs for eight projects in which accountability and lesson-learning functions were adequately fulfilled and no PPARs were considered necessary.

By the end of the year, the PEO had prepared 324 PPARs covering 340 projects in 23 countries and spanning all major sectors and subsectors. They represented 88 per cent of the 386 completed projects for which PCRs had been prepared as of December 1989.

The 27 projects evaluated in 1990 covered 12 countries and 12 subsectors and had been approved between 1977 and 1985. Eight, or 30 per cent, were considered generally successful, compared with the long-run

average success rate of 63 per cent. Another eight were assessed as partly successful, while the remaining 11 were rated unsuccessful.

Several factors affected the year's results. Under its policy of selective evaluation, the PEO concentrates on projects which have special problems to contend with and lessons to offer, and the success rate in such cases tends to be lower. Sector mix was another factor. There was a larger proportion of agricultural projects/programs among the cases evaluated during 1990 than in the year earlier and agriculture projects are more complex and difficult to implement. In addition, a number of education and development finance institution (DFI) projects evaluated were also found to perform relatively poorly.

As in the past, the less-than-successful projects were often plagued by factors such as inadequate and inappropriate project design, institutional weaknesses, adverse macro policy environment and changes in government policies.

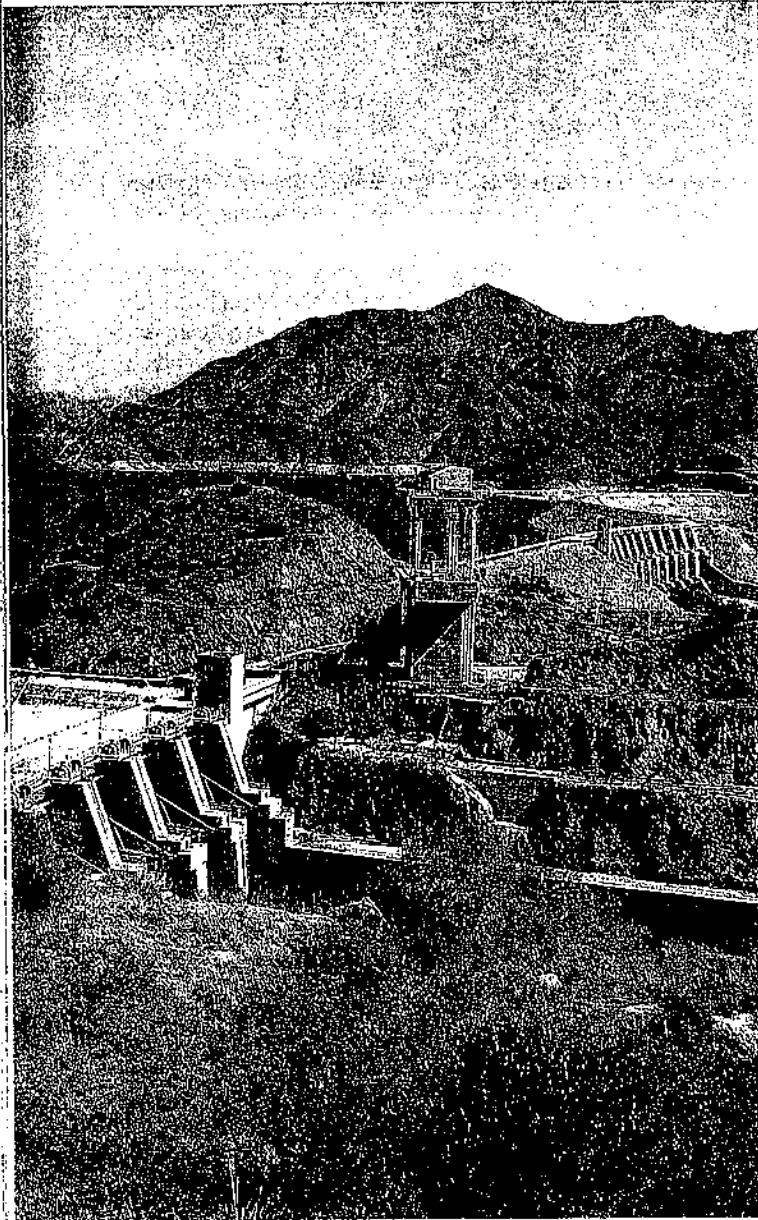
Re-evaluation and Special Studies

In addition to preparing PPARs and reviewing PCRs, the PEO also completed a re-evaluation of three projects (one each in Indonesia, Pakistan and Papua New Guinea), a special study on DFIs in selected South Asian countries and two special country studies for Papua New Guinea and Western Samoa. Re-evaluation studies take a second look at projects on the basis of a sufficiently long period of operation to assess actual benefits and reassess their technical and economic viability.

The re-evaluation of the Baturaja Cement Project in Indonesia confirmed the "partly successful" rating given during its post-evaluation five years earlier. The project suffered from operational problems and high energy consumption. The re-evaluation study suggested additional investments and technical upgrading to facilitate energy conservation and full capacity utilization. It also called for removal of price controls and market segmentation to put

the cement industry in line with other sectors of the Indonesian economy.

The Pipri I and II Thermal Generation projects in Pakistan were reconfirmed as "generally successful" in re-evaluation. The projects' operational performance was found generally satisfactory except for some problems in the treatment of cooling water. The financial performance of the executing agency has suffered somewhat because of the use of imported diesel oil in place of natural gas and because account receivables continue to be heavy. The study suggested a review of the Government's general policy banning the use of natural gas for power projects set up after 1981.



THE ELECTRICITY generating capacity of Pakistan's Tarbela Dam in Northwest Frontier Province has been greatly expanded with the help of Bank loans totalling more than \$400 million.

as well as the specific question of making available natural gas for power generation at Pipri.

On re-evaluation, the benefits of the Hiritano Highway Project in Papua New Guinea were found to be less than previously assessed, with an economic internal rate of return of 8 per cent compared with 13 per cent at the stage of post-evaluation. Delays in implementation had a significant impact on the project in terms of cost overruns and foregone benefits. Data limitations hindered re-evaluation of the project. While fruit and vegetable production had apparently increased as a result of the project, the volume of marketed fresh food was well below appraisal expectations. Production constraints were thought to have limited the project's development impact and the rapid growth in economic activity anticipated at the time of project appraisal appeared, in hindsight, to be overly optimistic. The report concluded that project appraisal had not made a realistic assessment of how transport cost savings would increase agricultural output and whether government departments had an adequate capacity to promote agricultural development in the areas served by the highway. The case highlighted the importance of completing detailed engineering designs before project approval, and emphasized that the Government's macroeconomic policies with regard to the demand for transport should have been better evaluated.

A special study on DFIs in selected South Asian countries identified issues and lessons on the basis of previously completed PPARs and other post-evaluation reports on DFIs in Bangladesh, Pakistan and Sri Lanka. The study noted that the operating conditions of DFIs have become more competitive in the recent past, mainly on account of the entry of commercial banks in term financing. The DFIs, however, have been rather slow to initiate institutional reforms needed to be in line with new trends in the market. In addition, because of the poor performance of subprojects, most of the DFIs reviewed suffered from collection problems, which in turn affected their financial performance. The study revealed that some of the issues that affected DFI operations are beyond the control of DFIs, including the legal system related to loan recovery procedures and government policies which restrict the DFIs' ability to diversify into new fields such as capital market activities. Thus, the study suggested that the Bank continue and strengthen policy dialogue with borrowers and DFIs on broad sectoral issues, and develop closer links between its operations in the DFI sector and its economic and sector work.

Two other special studies reviewed and consolidated the major findings of post-evaluation reports undertaken by the Bank in Papua New Guinea and Western Samoa.

Feedback of Post-Evaluation Findings

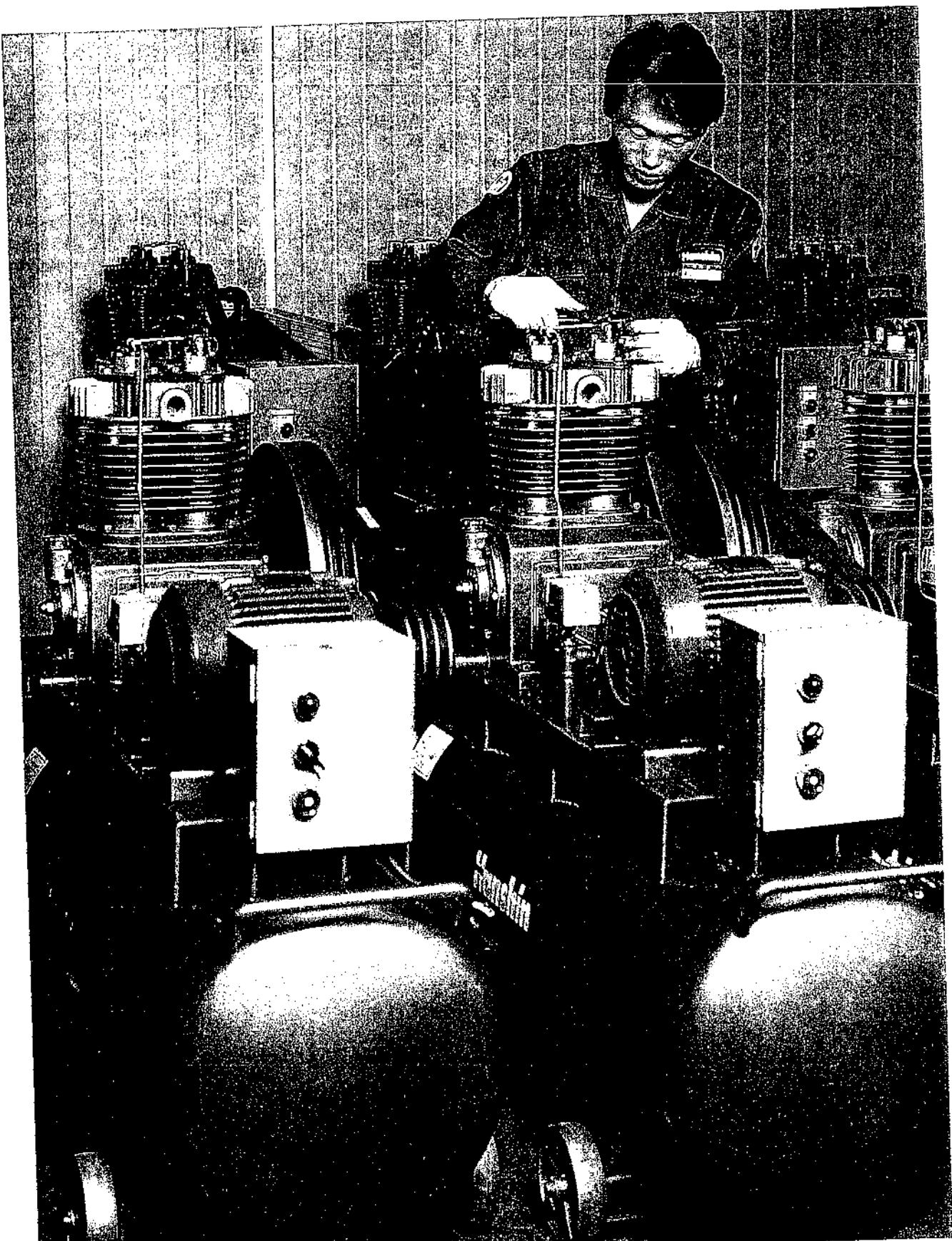
In order to offer timely feedback, the PEO's computerized Post-Evaluation Information System continues to provide the Bank's operational departments with data and analysis on post-evaluated projects/programs. This was supplemented by the circulation of the Ninth Report of

Synopsis of Post-Evaluation Reports in January 1990 and the Twelfth Review of Post-Evaluation Reports in March. Additionally, the PEO continues to review and comment on draft Board documents as well as participate in loan processing meetings.

In recent years, the PEO's feedback mechanism has been further strengthened through the organization of feedback workshops, usually with selected operational departments or groups of such departments. These workshops disseminate and discuss the findings and lessons of past post-evaluation reports and allow for an exchange of views on the Bank's current and future operations. During the year, feedback workshops were organized for the highways and roads, DFI and education subsectors.

Development of Evaluation Capabilities in DMCs

The PEO is also entrusted with the responsibility of formulating and initiating action to assist DMCs in developing and strengthening their own evaluation capabilities. A beginning was made during the year with the implementation of a technical assistance project to assist the Government of Papua New Guinea in providing on-the-job training to evaluators and planners of its Department of Finance and Planning and other concerned ministries and line departments. The project included establishing a computerized information system for the storage and retrieval of ex-post evaluation findings.



A MACHINE company in the Republic of Korea's private sector benefited from Bank assistance to the Korea Technology Development Corporation to promote industrial technology.

ORDINARY CAPITAL RESOURCES AND FINANCIAL MANAGEMENT

Financial Policies

IN ACCORDANCE with the income policies approved by the Board in 1987, the Bank ensures that its interest coverage ratio (ICR), which measures the extent to which the Bank's financial expenses are covered by its net income, does not fall substantially below 1.25 in the long run and that its minimum long-term reserves to outstanding loans ratio (RLR) is within a range of 20 to 25 per cent. As of 31 December 1990, the ICR stood at 1.98 and the RLR at 38 per cent.

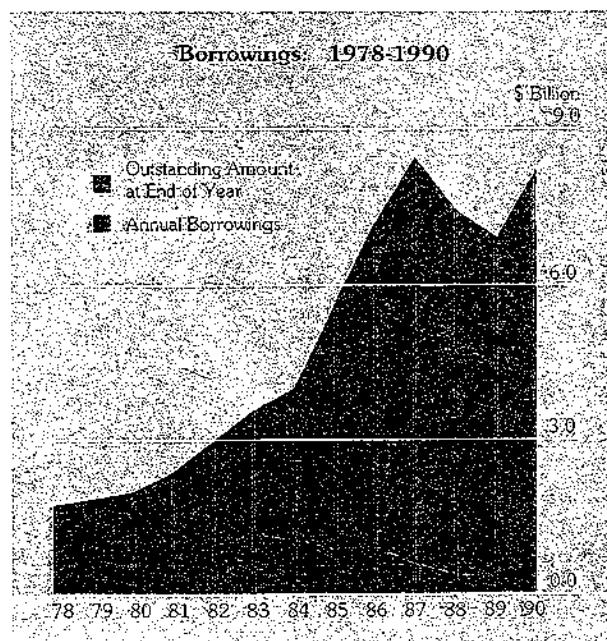
Variable Lending Rate

The Bank's pool-based variable lending rate, which is adjusted on 1 January and 1 July each year, 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. The lending rate is determined by adding a spread (currently 0.4 per cent per annum) to the average cost of a pool of outstanding Bank borrowings. From its initial level of 7.65 per cent per annum set on 1 July 1986, the lending rate progressively declined until 1 January 1990 when it was reduced from 6.37 per cent per annum to 6.33 per cent per annum. On 1 July it was increased to 6.36 per cent per annum.¹

Under the old 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 1990, the variable lending rate applied to \$2,645.2 million of disbursed and outstanding loans and to \$5,485.2 million of undisbursed loans, representing about 36.09 per cent and 89.19 per cent of the respective totals.

Borrowings

In January 1990, the Board considered an indicative borrowing program for the year of \$1,200 million. By mid-year, however, a number of factors had emerged which indicated that the liquidity ratio at the end of the year could be higher than previously expected. These factors included postponement of the 1990 liability management activities due to increased yen interest rates, unanticipated loan prepayments and cancellations and indications that 1990 loan commitments would fall short of the projection made at the beginning of the year. As a result, it was considered appropriate to reduce the borrowing program for 1990 by about 30 per cent. The Bank undertook five borrowings during the year totalling \$848.6 million. An external yen



¹ The rate from 1 January 1991 is 6.50 per cent per annum.

bond issue for ¥20 billion was launched in May in the Eurobond market. Also in yen, the Bank launched a special public bond issue in Japan in October. The issue, with special settlement features, was the Bank's third such issue and amounted to ¥30 billion. Two public bond issues were undertaken in Switzerland - the first, for SwF150 million, in May and the second, for SwF100 million, in October. In the US capital market, a \$300 million public offering was floated in May, the proceeds of which were swapped into yen. In January 1990, the Bank launched a Eurocommercial paper program in amounts of up to \$500 million or its equivalent in alternative currencies with a view to improving the flexibility of its financial management. The Eurocommercial paper has maturities of not less than seven days and not

more than 365 days and is issued at a discount. During the year, the Bank issued six tranches of US dollar-denominated commercial paper, in an aggregate amount of \$275 million, which were swapped into yen and Swiss francs.

The average original life of the year's borrowings, weighted by amount, was 10 years, compared to 9.8 years in 1989. At the end of 1990, the remaining average life of the Bank's outstanding borrowings, weighted by the amount of each borrowing, was 6.9 years. The "after-swap" average cost of the year's borrowings, weighted by amount, was 7.16 per cent per annum compared with 5.24 per cent per annum in 1989. This increase in borrowing costs was reflected in the upturn in the variable lending rate referred to above.



OPERATIONS room of the National Power Corporation of the Philippines. The power sector has been assisted by Bank loans totalling more than \$1 billion.

Capitalization

The capital stock is defined in the Bank's Articles of Agreement in terms of United States dollars of the weight and fineness in effect on 31 January 1966. Since the coming into effect of the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) on 1 April 1978, currencies no longer have par values in terms of gold. Pending the Bank's selection of the appropriate successor to the 1966 dollar, the value of the Bank's capital stock has been expressed in terms of the SDR on the basis that each share has the value of SDR10,000. The mutual obligations of each member and the Bank with respect to maintenance of the value of currency holdings have also been measured by the same standard, but settlement of such obligations has been held in abeyance. For purposes of the financial statements, the SDR has been translated into current United States dollars at the current rate as computed by the IMF. As of 31 December 1990, the rate was \$1.42266 per SDR. Further information on the Bank's current practice regarding valuation of capital and maintenance of value is given in Notes A and F of the Notes to Financial Statements of Ordinary Capital Resources, OCR-7.

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. As of 31 December 1990, Japan, Sweden and United States had not subscribed to their entitlements.

In April, new membership subscriptions were received from the Republic of the Marshall Islands and the Federated States of Micronesia.

At the end of 1990, the Bank's authorized capital stock amounted to \$23,938 million (SDR16,826.4 million). The subscribed capital stock stood at \$22,884 million (SDR16,085.7 million).

Future Resource Requirements

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 will lead to 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 March 1990 for submission to the Board of Governors. The report was considered by the Board of Governors at the 23rd Annual Meeting. A working paper on the Bank's ordinary capital resources operational program for 1991-1998 was under preparation as of year-end and was expected to be considered by the Board of Directors around



A MALAYSIAN farmer in front of an irrigation pumping station provided under the Kemasin Rural Development Project which the Bank assisted with a \$40 million loan.

the middle of 1991. A further report of the Board of Directors on the progress of the study has been submitted to the Board of Governors for consideration at the 24th Annual Meeting. A number of papers on related matters are expected to be considered by the Board of Directors during 1991.

アジア開発銀行 第3回特別円貨債券調印式



SIGNING ceremony for a ¥30 billion Daimyo bond issue in Tokyo, Japan on 31 October 1990. Seated at the head table, second from right, is ADB Treasurer Tomoo Hayakawa.

Investments

At the end of 1990, the Bank's OCR investments were denominated in 19 currencies and amounted to the equivalent of \$4,098 million (\$3,785 million at the end of 1989). Of the total investments, 69 per cent (60 per cent at the end of 1989) was held in securities issued or guaranteed by member governments and obligations of other multilateral development banks. The remainder was invested in deposits and other bank instruments in member countries. The realized rate of return on the Bank's OCR investments over the year was 9.38 per cent, compared with 9.39 per cent in 1989.

Loan Disbursements and Repayments

OCR loan disbursements in 1990 amounted to \$1,689 million, an increase of \$343 million over the previous year. At the end of the year, cumulative OCR

disbursements reached \$10,778 million. Repayments by the Bank's borrowers in 1990 amounted to \$492 million, bringing cumulative loan repayments to \$3,448 million, including cumulative prepayments of \$808 million.

Income, Expenses and Reserves

The net income of the Bank in 1990 before appropriation of guarantee fees to Special Reserve was \$509 million, a 17 per cent increase over the preceding year. Gross income was \$1,103 million, an increase of \$67 million over the previous year's income. Income rose mainly due to an increase in disbursed and outstanding loans.

The expenses of the Bank in 1990 totalled \$595 million, a decrease of \$6 million from the previous year. This decrease was accounted for by an \$8 million fall in financial expenses and the cost of services to member countries, offset by an increase of \$2 million in administrative expenses.

INCOME, EXPENSES AND RESERVES — ORDINARY CAPITAL RESOURCES
 (amounts in \$ million)

	1989 Actual	1990		1991 Budget
		Budget	Actual	
1. Total Income	<u>1,036.3</u>	<u>1,037.7</u>	<u>1,103.4</u>	<u>1,254.4</u>
2. Less: Expenses Charged to Ordinary Capital Resources				
a. Interest and Other Financial Expenses	536.1	514.7	528.4	636.4
b. Administrative Expenses ^a	63.0	76.3	64.8	85.4
c. Services to Member Countries	1.9	8.5	1.6	2.5
TOTAL	601.0	599.5	594.8	724.3
3. Net Income	<u>435.3</u>	<u>438.2</u>	<u>508.6</u>	<u>530.1</u>
4. Appropriation of Guarantee Fees to Special Reserve			0.1	
5. Net Income after Appropriation of Guarantee Fees to Special Reserve	<u>435.3</u>	<u>438.2</u>	<u>508.5</u>	<u>530.1</u>

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.

In 1990, the Bank's Ordinary Reserve rose to \$2,713 million after the transfer of \$435 million net income for the year ended 31 December 1989, which was partly offset by a net charge of \$37 million resulting from the restatement of the Bank's capital stock in terms of the SDR.

In 1990, pursuant to Articles 16 and 17 of the Charter, guarantee fees earned were appropriated to the Special Reserve, bringing the Special Reserve to \$176.6 million in 1990 from \$176.5 million in 1989.



TECHNICIANS in Bangladesh at the Chittagong Urea Fertilizer Project which the Bank has supported with loans totalling nearly \$100 million.

SPECIAL FUNDS: Asian Development Fund, Technical Assistance Special Fund and Japan Special Fund

Asian Development Fund

Replenishment of ADF and TASF (ADF V)

THE CURRENT Asian Development Fund (ADF) and Technical Assistance Special Fund (TASF) replenishment (ADF V) was authorized by Governors' Resolution No. 182 in October 1986. The replenishment, amounting to \$3.6 billion at the exchange rates specified in the Resolution, was intended to finance the Bank's concessional lending over the four-year period 1987-1990. Of the replenishment total, \$72 million was for allocation to the TASF for technical assistance to poorer developing member countries and for regional technical assistance.

The contributions of Canada and the United States are qualified, whereby, as permitted by the Resolution, the second, third and fourth instalments are subject to budgetary appropriations. Under the ADF V "trigger" arrangements, the availability for operational commitments of the second, third and fourth tranches of the unqualified contributions is subject to the availability of the first, second and remaining two tranches, respectively, of the qualified contributions. The fourth tranche will be released in proportion to the extent that each qualified contribution has become available for operational commitments beyond three-fourths of its total amount. The arrangements for ADF V envisaged that the second tranches of the unqualified contributions would be released on 1 January 1988 and the third tranches on 1 January 1989.

By the end of 1989, Canada had obtained appropriations for its first three instalments. The United States had obtained appropriations for its first instalment and 93.38 per cent of its second instalment and had made these resources available to the Bank for operational

commitments. As a result, in accordance with the provisions of the Resolution, the first two tranches of all contributions other than that of the United States had become available in full, and their third tranches had become available to the extent of 93.38 per cent. In November 1990, the United States made available a further \$124.4 million of its contribution. Of this amount, \$9.7 million was for the remaining 6.62 per cent of the second tranche, and the balance of \$114.8 million was for about 78.58 per cent of the third tranche. Accordingly, pursuant to the Resolution, the 6.62 per cent balance of other donors' third tranches also became available for operational commitments.

ADF Financial Policies

In view of the past steady growth in the ADF accumulated surplus and accumulated loan repayments, the need arose during 1990 for the Board of Directors to commence a review of three related financial policy issues. The first issue concerned the possibility of using ADF income and loan repayments for loan disbursements. The use of these funds for disbursements would result in ADF liquidity growing less rapidly than in the past. The second issue concerned the Bank's policy of deducting a provision for exchange rate fluctuations from total uncommitted resources in determining the availability of ADF resources for loan commitments. The provision, whose size was based largely on the amount of the accumulated surplus and accumulated loan repayments, was growing strongly and becoming large. In reviewing the policy, the Board considered the possibility of replacing it with a lending limitation policy under which the lending limitation would be determined on the basis of the amount and currency mix of undisbursed resources and committed but undisbursed loans. The third issue concerned

the possibility of making available amounts of future ADF investment income and loan repayments for loan commitments. The availability of these amounts in advance of actual receipt would increase ADF commitment authority and enable ADF borrowers to benefit from this growing source of funds at the earliest possible date.¹

Future Resource Requirements

Since the period over which ADF V was intended to finance the Bank's concessional lending was scheduled to end on 31 December 1990, a meeting of ADF donor countries was held in New Delhi at the time of the 23rd Annual Meeting to consider the current ADF resource position and the timeframe for the next ADF replenishment (ADF VI). ADF donors met in Washington, D.C., in September to discuss a number of issues relating to the replenishment, including the financial policy issues mentioned above and such operational issues as poverty alleviation, environmental protection, health and population, and women in development. They also agreed to hold a further meeting in Tokyo in January 1991 for discussions on a number of policy issues and for commencing consideration of the replenishment itself.

Availability and Utilization of ADF Resources

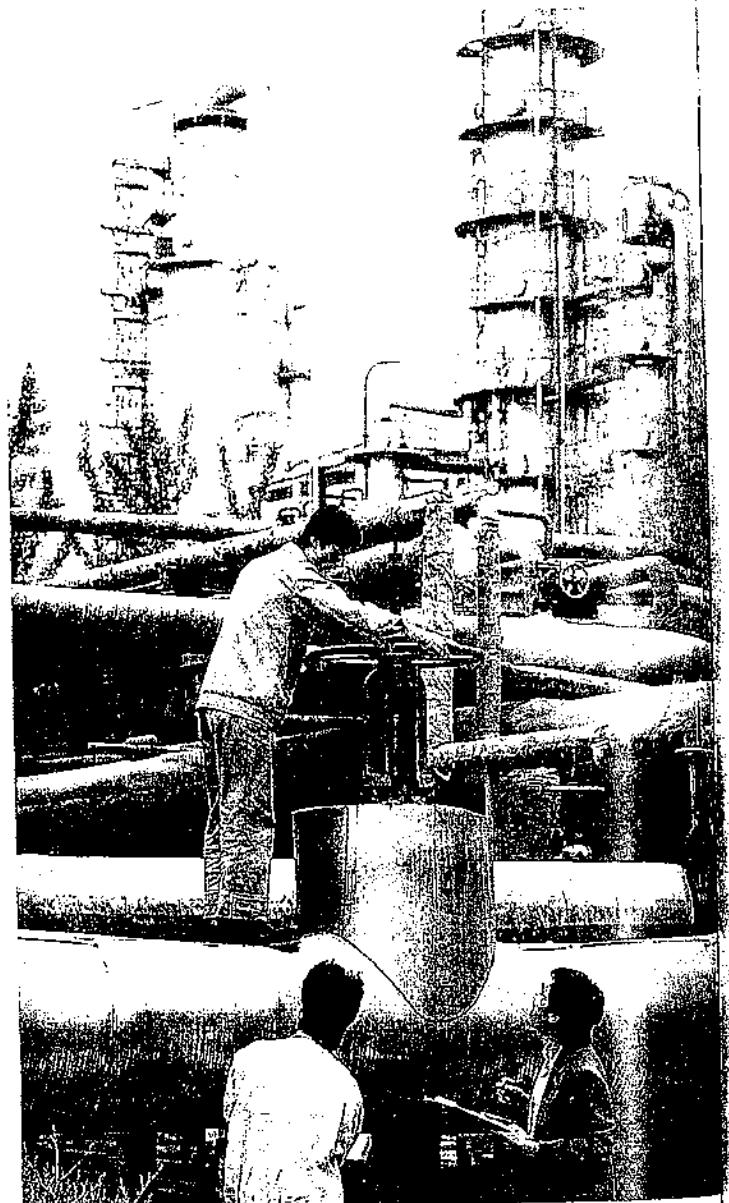
At the beginning of 1990, the net resources available for ADF loan commitments, after allowing for a provision of \$723 million for exchange rate fluctuations, totalled about \$1,415 million. Releases of further amounts of ADF V contributions in November 1990 added about \$193 million to resources (at the exchange rates applicable at the time of such releases), while net income for the year added about \$107 million. ADF loan approvals during the year totalled \$1,480 million (at the exchange rates applicable at the time of loan negotiation). After taking account of repayments, cancellations and exchange rate adjustments, total uncommitted resources amounted to \$1,163 million. During the year, the provision for exchange rate fluctuations increased from \$723 million to \$951 million. After deduction of this latter amount, the net resources available for further loan commitments at the end of 1990 amounted to about \$212 million.²

Loan Disbursements and Repayments

Disbursements from ADF resources during 1990 totalled \$1,063 million (\$888 million in 1989), bringing cumulative disbursements at the end of the year to \$5,566 million. ADF loan repayments during the year

1 Policies on these three issues were approved by the Board on 31 January 1991.

2 A further \$1,496 million was added to available ADF resources on 31 January 1991 as a result of the financial policy changes approved by the Board.



TECHNICIANS working at a refinery under the Bank-assisted Industry Energy Conservation Program in the People's Republic of China.

amounted to \$46 million, with cumulative repayments as of end-1990 amounting to \$253 million.

ADF Revenue and Expenses

For 1990, the excess of revenue over expenses (net income) of ADF was \$107 million, increasing accumulated surplus to \$513 million at the end of the year.

Income, consisting mainly of income from investments and service fees on loans, amounted to \$161 million while expenses, consisting principally of administrative charges paid to ordinary capital resources, amounted to \$54 million.

At the end of 1990, the Bank's investments of ADF resources were denominated in 18 currencies and amounted

to the equivalent of \$903 million (\$797 million at the end of 1989). Of the total investments, 27 per cent (20 per cent at the end of 1989) was held in securities issued or guaranteed by member governments. The balance was invested in deposits and other bank instruments in member countries. The realized rate of return on ADF investments over the year was 10.40 per cent, compared with 9.89 per cent in 1989.

Technical Assistance Special Fund

As of 31 December, an aggregate amount of \$91.9 million had been set aside and allocated to the TASF from ADF V contributions pursuant to Governors' Resolution No. 182. At the exchange rates specified in the Resolution, this amount was equivalent to \$72 million. By the end of 1990, \$68.7 million had been utilized.

During the year, the PRC and Pakistan made direct voluntary contributions to the TASF totalling the equivalent of \$664,000. The PRC's contribution, its first, of \$600,000 is fully untied and may be used to finance the costs of services and facilities from all member countries. The contribution of Pakistan, its fourteenth and the equivalent of \$64,000, can only be used to finance the costs of services and facilities from Pakistan and other DMCs. As of end-1990, direct voluntary contributions to the TASF amounted to the equivalent of \$85.1 million. \$83.7 million had been utilized.

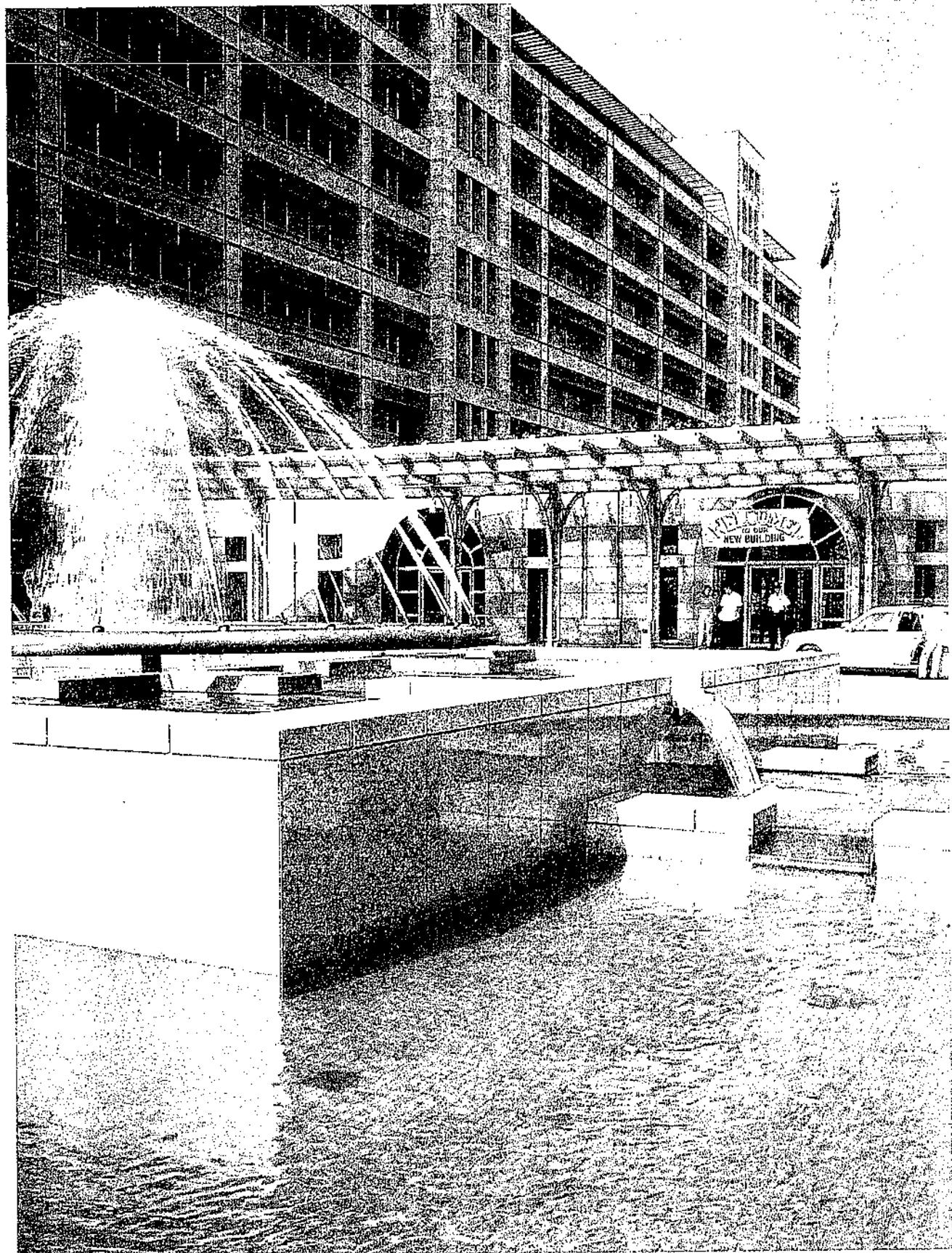
Including income from investments and other sources, total unutilized TASF resources as of the end of 1990 amounted to the equivalent of \$36.6 million.

Japan Special Fund

Since the establishment of the Japan Special Fund (JSF) on 10 March 1988, the Government of Japan has committed over a three-year period a total of ¥21.07 billion (equivalent to about \$155.8 million), including supplementary amounts contributed for the second and third years. Of this committed amount, ¥16.07 billion (equivalent to about \$118.8 million) had been received by 31 December 1990, of which \$25 million had been utilized for technical assistance operations and \$1.6 million for one equity investment.

During 1990, Japan committed ¥8 billion (equivalent to \$58.52 million as of 31 December 1990) as its third-year contribution to the JSF. Of this, ¥3 billion had been received by March 1990. In addition to its third-year contribution, in 1990 the Japanese Government contributed, and remitted, ¥661 million (equivalent to about \$4.93 million) for training projects on monetary and fiscal issues and for environment-related activities. A further amount of ¥9.518 million (equivalent to about \$70,000) was received from the Government during the year as an addition to its second-year contribution of ¥7.9 billion (equivalent to about \$59.2 million).

In 1990, a total of \$15.44 million was utilized for technical assistance expenditures and \$1.6 million for one equity investment. From the investment income earned, \$586,000 was used to defray direct and identified administrative expenses during the year, as agreed upon with the Government of Japan.



THE BANK's new headquarters in Mandaluyong, Manila, which was operational in the first quarter of 1991.

ADMINISTRATION

New Vice-President

THE BOARD of Directors, acting on the recommendation of the President, appointed Mr. William R. Thomson as Vice-President, responsible for the operational functions of the Bank, with effect from 1 October 1990. Mr. Thomson succeeded Mr. S. Stanley Katz, who retired from the Bank.

Prior to his appointment, Mr. Thomson was the US Alternate Director on the Bank's Board of Directors. Previously, he had worked in various capacities in the US Treasury Department for 16 years.

Staff

At the end of 1990, the Bank had a staff of 1,668 from 40 of the 49 member countries: 606 professional staff and 1,062 supporting staff. During the year, there were 55 appointments and 53 terminations of professional staff, while 71 supporting staff joined the Bank and 69 left.

Five young professionals joined in 1990. They replaced the 1988 intake who progressed to regular professional staff positions. It is proposed to recruit the same number of young professionals in 1991.

The draft of a Personnel Handbook codifying the Bank's personnel policies and practices was completed and was the subject of a series of Board discussions. Based on the discussions, a Personnel Policy Statement was developed, discussed and approved by the Board. The Statement and the Handbook will be issued shortly and will serve to improve the understanding and transparency of the Bank's personnel policies, including in-house and external grievance redress procedures.

In recognition of the need to improve the representation of women on the Bank's professional staff, a policy statement was adopted along with an action plan to promote the recruitment and career development of women professionals in the Bank.

The Bank has continued to expand its career development activities for professional and supporting staff. The job

rotation plan for selected high-potential staff to broaden their experience and prepare them for higher responsibilities continued for the second year. A scheme to second younger professionals to agencies in developing member countries was implemented, the first secondment – to Nepal – being arranged in October 1990 and the second one – to India – scheduled for early 1991.

The Board approved an 8 per cent across-the-board salary increase for supporting staff, effective 1 August. Dependency allowances of supporting staff were also increased. On 18 December, the Board also approved a one-time special advance payment of one month's salary to the supporting staff in light of rising living costs in Manila.

The review of the professional staff salary policy and structure is continuing. Pending the outcome of this review, the Board approved a 4.2 per cent general salary increase, effective 1 August, and a special one-time lump sum payment (equivalent to 7.5 per cent of the professional staff payroll as of 1 August 1990) to staff stationed at Headquarters in order to maintain the Bank's competitiveness in recruiting and retaining high-quality international staff. The Force Majeure Protection Program was improved in 1990 and a new Medical Evacuation Facility and Dependents Life and Disability Insurance Plan were introduced. The education grant ceiling for children schooling outside the duty station was also increased.

Organization

With effect from 1 August 1990, the loan and technical assistance disbursement functions in the Controller's Department were redefined primarily to combine interrelated functions, optimize the utilization of staff and realign disbursement activities in line with the regionalized configuration in the operational departments. The technical assistance and Trust Funds functions, which used to be under the Administrative Expense Division (CTAE), were merged with the functions of the present Loans Division and then split into Disbursement Divisions East and West. The

remaining functions of the former CTAE were assigned to the new Administrative Expense Section

In July 1990, the decision was taken to realign the existing sectoral functions of the Infrastructure Department, effective 1 January 1991. Accordingly, the functions pertaining to airports and highways and ports, railways and telecommunications have been merged and regionalized into Transport and Communications Divisions East and West; the functions concerning water supply and sanitation and urban development (including housing and tourism) have been reorganized into Water Supply and Urban Development Divisions East and West; and the functions relating to

education, health and population have been restructured into Education, Health and Population Divisions East and West.

To strengthen its role and raise its profile in the environmental field, the Environment Division of the Infrastructure Department was elevated to the Office of the Environment, headed by a Chief and reporting directly to Vice-President (Projects), effective 1 September 1990. A Private Sector Section was created in the Office of the General Counsel to take responsibility for all legal work relating to the Bank's private sector activities, effective 3 September 1990.

Following the recommendations of an Ad Hoc Working Group on Bank Operations in the South Pacific, the Board informally discussed expanding the role of the South Pacific Regional Office and transferring to it both functions and personnel.

In preparation for the Bank's move to the new headquarters building, the Office of Administrative Services was reorganized with effect from 2 January 1991. The reorganization involves the redistribution of functions in terms of their interrelatedness among sections of the General Services Division and Support Services Division and the creation of a Facilities Management Division, which will absorb the present building maintenance functions and incorporate functions arising from the eventual winding up of the Special Projects Office.

Internal Audit

The Internal Audit Office (IAO) reviews the adequacy and effectiveness of controls, systems and procedures relating to financial, accounting, administrative, data processing and loan and technical assistance operations. It provides an independent and objective evaluation and identifies means of improving the efficiency and economy of Bank activities and the use of its resources. The IAO reports to the President, but its activities are also reviewed by the Audit Committee of the Board.

In 1990, the IAO audited the financial and accounting aspects of the resident offices in Indonesia and Pakistan and reviewed certain audit-related issues of loan operations in the two countries. This was part of the IAO's program to undertake such reviews in all the Bank's borrowing countries. In coordination with the Bank's external auditors, the IAO provided direct and integrated assistance, which also included reviews of internal control questionnaires. The Office also played an active role in auditing the contracts of selected consultants. The results of the IAO's audits and recommendations were conveyed to management for information and to heads of departments and offices for necessary action.

The Board's Audit Committee expressed satisfaction with the conduct of the IAO's activities and with the implementation of its recommendations. This was reflected in the responsiveness of the departments concerned, which further improved the Bank's operations.



WORKER in the lignite-fuelled Mae Moh power station in Thailand which the Bank has assisted with several loans amounting to more than \$300 million.



PLANTING seedlings at Nueva Ecija, Philippines, is part of the Forestry Sector Program which the Bank is assisting with a \$120 million loan.



MEDICAL attention in Bangladesh under the Health and Family Planning Services Project which the Bank has assisted with a loan of \$27.5 million.

Computer and Office Automation Program

The Office of Computer Services provides full-time computing capability at the Bank's headquarters in Manila, its resident offices in Bangladesh, Indonesia, Nepal and Pakistan and the South Pacific Regional Office in Vanuatu. The Office also supports Bank-financed computer-related projects in the Bank's developing member countries.

During 1990, the mainframe computer data communications network was expanded to provide on-line mainframe access to 1,119 staff using 832 computer workstations. An additional 305 IBM PS/2 microcomputers and 187 HP laserjet and EPSON printers were installed.

Major systems development work during the year included: integration of the Loan Financial Information System and Technical Assistance Information System to reduce manual interaction in the processing of loan and technical assistance disbursements; implementation of the Loan Covenant Subsystem and the Project Administration

MOVE TO NEW HEADQUARTERS

The Bank was due to move to its new headquarters in Mandaiuyong, northeast Metro Manila, in the first quarter of 1991. It had occupied its previous premises in Roxas Boulevard for 19 years.

The move allows the Bank to centralize its operations for the first time since 1980 in one building rather than in six locations around Manila.

The new headquarters, on a six-hectare site, consists of a nine-storey office block and a two-storey facility block. Apart from office space, the building provides for a library, training center, communications center, computer center, auditorium, conference rooms, printing center, records center, cafeteria and dining room, telephone exchange, post office, commercial bank and staff recreational facilities.

Committee Note Subsystem under the Project Administration System; and development of facilities to monitor budget commitments under the Bankwide Budget Monitoring and Control System.

Other activities progressed generally in accordance with the current three-year (1989-1991) Computer and Office Automation Program approved by management and the Board.

Budget

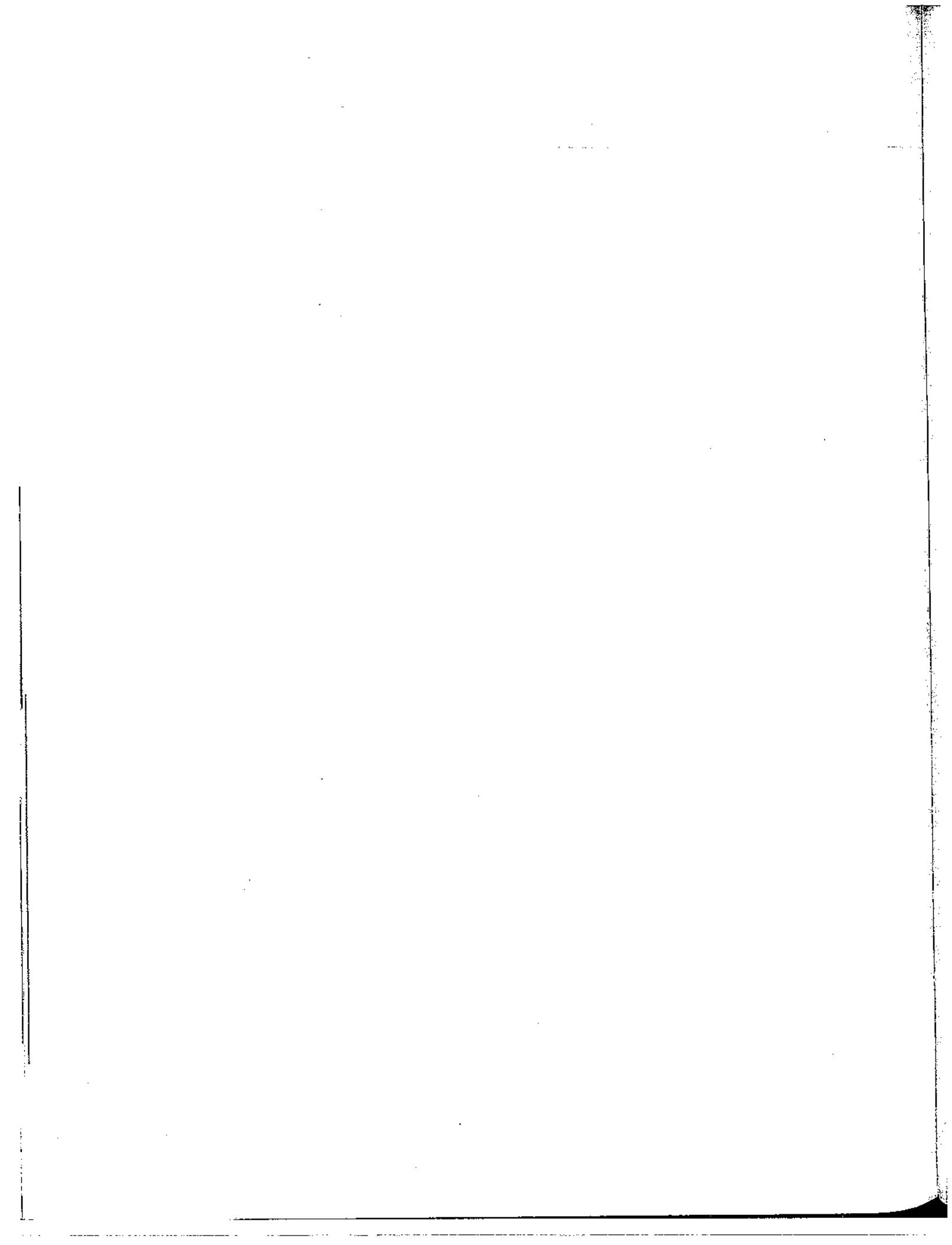
Internal Administrative Expenses for 1990 amounted to \$117.276 million against the original budget of \$120.052 million. The under-utilization of \$2.776 million is mainly due to savings arising from the non-use of

provisions related to the new headquarters building and the lower-than-budgeted expenses for the Board of Directors, staff salaries, relocation, consultant services and other administrative expenses, but partly offset by higher-than-budgeted expenses for the Annual Meeting, staff benefits, business travel and representation.

The Internal Administrative Expenses Budget for 1991, as summarized in Appendix 1, is \$135.280 million, representing an increase of \$18.004 million over actual expenses incurred in 1990. The increase is for: the full-year effect of improvements in salaries and benefits; additional staff, consultant services, business travel and other overhead expenses in support of the Bank's operations; provisions for higher expenses related to occupancy of the new headquarters building; provisions for prospective price escalation; and provision for general contingency.

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Deloitte & Touche



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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 1990 and 31 December 1989
- OCR-2 Statement of Income and Expenses for the Years Ended
31 December 1990 and 31 December 1989
- OCR-3 Statement of Cash Flows for the Years Ended
31 December 1990 and 31 December 1989
- OCR-4 Summary Statement of Loans, 31 December 1990 and
31 December 1989
- OCR-5 Summary Statement of Borrowings, 31 December 1990 and
31 December 1989
- OCR-6 Statement of Subscriptions to Capital Stock and Voting
Power, 31 December 1990
- OCR-7 Notes to Financial Statements, 31 December 1990 and
31 December 1989

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 1990 and 31 December 1989 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

26 February 1991

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

BALANCE SHEET

31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note A)

	ASSETS			
	1990		1989	
DUE FROM BANKS (Note B)		\$ 103,565		\$ 118,099
INVESTMENTS (Notes B, C and H)				
Government and government guaranteed obligations	\$2,810,899		\$2,286,838	
Time deposits and other obligations of banks	<u>1,286,654</u>	4,097,553	<u>1,497,770</u>	3,784,608
LOANS OUTSTANDING (OCR-4)		9,390,595		7,520,930
EQUITY INVESTMENTS (Note A)		84,407		65,061
ACCRUED INCOME				
On investments	69,170		57,003	
On loans	<u>218,275</u>	287,445	<u>187,028</u>	244,031
RECEIVABLE FROM MEMBERS				
Non-negotiable, non-interest-bearing demand obligations (Notes B and E)	334,973		375,022	
Amounts required to maintain value of currency holdings (Note F)	1,765		1,451	
Subscription instalments (Note E)	<u>428</u>	337,166	<u>395</u>	376,868
OTHER ASSETS				
Notional amounts required to maintain value of currency holdings (Note F)	470,411		357,226	
Unamortized issuance costs of borrowings	<u>75,757</u>		68,296	
Property, furniture and equipment (net of accumulated depreciation of \$6,561 - 1990, \$6,282 - 1989) (Note A)	182,381		154,983	
Administration charge receivable from the Asian Development Fund (Note G)	16,712		14,781	
Miscellaneous	<u>42,424</u>	787,685	<u>38,206</u>	633,492
TOTALS		\$15,088,416		\$12,743,089

See notes to financial statements (OCR-7).

LIABILITIES, CAPITAL AND RESERVES

	1990	1989
BORROWINGS (OCR-5)	\$ 8,195,690	\$ 6,849,909
ACCRUED INTEREST ON BORROWINGS	202,889	173,112
ACCOUNTS PAYABLE AND OTHER LIABILITIES		
Notional amounts required to maintain value of currency holdings (Note F)	\$ 182,796	\$ 167,822
Miscellaneous (Note D)	<u>212,131</u>	<u>58,644</u>
CAPITAL AND RESERVES		
Capital Stock (OCR-6) (Notes A and E)		
Authorized		
(SDR 16,826,390,000 - 1990, SDR 16,825,210,000 - 1989)		
Subscribed		
(SDR 16,085,670,000 - 1990, SDR 16,084,490,000 - 1989)	22,884,439	21,137,593
Less - "callable" shares subscribed	<u>20,121,648</u>	<u>18,585,692</u>
"Paid-in" shares subscribed	2,762,791	2,551,901
Less - subscription instalments not due	<u>149</u>	<u>—</u>
Subscription instalments matured	2,762,642	2,551,901
Less - capital transferred to the Asian Development Fund (Note I)	<u>67,732</u>	<u>62,567</u>
	2,694,910	2,489,334
Advance payments on subscriptions (Note E)	—	64
Accumulated translation adjustments (Note A)	201,729	77,552
Ordinary Reserve (Note J)	2,713,140	2,314,851
Special Reserve (Note H)	176,650	176,547
Net income after appropriation of guarantee fees to Special Reserve (OCR-2) (Note J)	<u>508,481</u>	<u>435,254</u>
TOTALS	\$15,088,416	\$12,743,089

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note A)

	1990	1989
INCOME		
From loans:		
Interest	\$697,105	\$613,622
Commitment charge	26,358	26,823
Other	1,483	9,834
From investments (Note C)	369,272	381,315
From other sources - net	<u>9,168</u>	<u>4,665</u>
TOTAL INCOME	\$1,103,386	\$1,036,259
EXPENSES		
Interest and other financial expenses (Notes A and G)	528,367	536,128
Administrative expenses (Notes G and K)	64,772	63,025
Services to member countries (Note L)	<u>1,663</u>	<u>1,852</u>
TOTAL EXPENSES	<u>594,802</u>	<u>601,005</u>
NET INCOME	508,584	435,254
APPROPRIATION OF GUARANTEE FEES TO SPECIAL RESERVE (Note H)	(103)	—
NET INCOME AFTER APPROPRIATION OF GUARANTEE FEES TO SPECIAL RESERVE	\$ 508,481	\$ 435,254

See notes to financial statements (OCR-7).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note A)

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other charges on loans received	\$ 627,645	\$ 578,046
Interest on investments received	373,535	396,024
Interest and other financial expenses paid	(464,146)	(440,769)
Administrative expenses paid	(55,025)	(58,518)
Services to member countries paid	(1,909)	(3,203)
Other - net	10,333	(1,606)
Net Cash Provided by Operating Activities	490,433	469,974
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	307,476	191,067
Sales and maturities of investment securities	18,206,942	14,699,835
Purchases of investment securities	(18,679,208)	(14,787,062)
Principal collected on loans	673,260	912,806
Loans disbursed	(1,608,957)	(1,278,295)
Property, furniture and equipment acquired	(29,775)	(34,542)
Purchases of equity investments	(21,865)	(42,921)
Net Cash Used for Investing Activities	(1,152,127)	(339,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds of new borrowings	1,128,206	642,433
Bonds purchased for redemption and borrowings redeemed	(519,353)	(842,792)
Matured subscriptions collected ¹	145	48,520
Demand obligations of members encashed	41,160	40,837
Net Cash Provided by (Used for) Financing Activities	650,158	(111,002)
Effect of Exchange Rate Changes on Due from Banks	(2,998)	(19,185)
Net Increase (Decrease) in Due from Banks	(14,534)	675
Due from Banks at Beginning of the Year	118,099	117,424
Due from Banks at End of the Year	\$ 103,565	\$ 118,099
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	\$ 508,584	\$ 435,254
Adjustments to reconcile net income to net cash provided by operating activities:		
Accrued interest and other expenses	14,242	(11,050)
Accrued income including interest and commitment charges added to loans	(106,771)	(56,659)
Difference between reacquisition price and net carrying amount of borrowings extinguished prior to maturity	(24)	42,850
Depreciation and amortization	62,004	58,317
Net loss (gain) from sales of investments	13,733	(695)
Accrued administration charge	(1,931)	(2,729)
Other - net	596	4,686
Net Cash Provided by Operating Activities	\$ 490,433	\$ 469,974

See notes to financial statements (OCR-7).

1 In addition, non-negotiable, non-interest-bearing demand promissory notes amounting to \$65 were refunded (\$6,034 were received - 1989).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF LOANS

31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note A)

Borrowers/Guarantors ¹	Loans Outstanding ²	Undisbursed Balances of Effective Loans ³	Loans Not yet Effective	Total Loans	Per Cent of Total Loans
Bangladesh	\$ 1,336	\$ —	\$ —	\$ 1,336	0.01
China, People's Republic of	107,939	292,713	96,500	497,152	3.20
Fiji	47,984	21,481	—	69,465	0.45
India	345,074	1,273,034	716,800	2,334,908	15.05
Indonesia	2,780,144	2,046,227	374,000	5,200,371	33.52
Korea, Republic of	360,902	263,731	—	624,633	4.03
Malaysia	499,445	364,472	48,200	912,117	5.88
Myanmar	3,940	—	—	3,940	0.02
Nepal	—	—	2,050	2,050	0.01
Pakistan	944,640	908,513	364,000	2,217,153	14.29
Papua New Guinea	93,175	58,632	—	151,807	0.98
Philippines	1,382,896	726,042	398,000	2,506,938	16.16
Singapore	22,352	—	—	22,352	0.14
Taipei, China	1,348	—	—	1,348	0.01
Thailand	738,404	195,492	35,000	968,896	6.24
Viet Nam	666	—	—	666	0.01
TOTALS - 31 December 1990	7,330,245	6,150,337	2,034,550	15,515,132	100.00
Adjustments in US\$ equivalents	<u>2,060,350⁴</u>	—	—	<u>2,060,350⁴</u>	
BALANCES - 31 December 1990	<u>\$9,390,595</u>	<u>\$6,150,337</u>	<u>\$2,034,550</u>	<u>\$17,575,482</u>	
TOTALS - 31 December 1989	\$6,133,520	\$5,838,733	\$1,698,130	\$13,670,383	
Adjustments in US\$ equivalents	<u>1,387,410⁴</u>	—	—	<u>1,387,410⁴</u>	
BALANCES - 31 December 1989	<u>\$7,520,930</u>	<u>\$5,838,733</u>	<u>\$1,698,130</u>	<u>\$15,057,793</u>	

See notes to financial statements (OCR-7).

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 \$245,556 (\$171,275 - 1989).

2 The interest rates charged on loans outstanding range from 6.32% per annum to 11.35% per annum. Amounts outstanding on loans made under the Pool-Based Variable Interest Rate System totalled \$2,645,245 (\$1,373,465 - 1989).

MATURITY OF EFFECTIVE LOANS

Twelve Months Ending 31 December	Amounts	Five Years Ending 31 December	Amounts
1991	\$389,912	2000	3,838,121
1992	463,488	2005	3,655,208
1993	552,936	2010	2,352,718
1994	609,765	2015	968,895
1995	655,507	2017	7,862
		Undetermined	2,046,520 ⁵
		Total	\$15,540,932

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

Currency	1990	1989	Currency	1990	1989
Australian dollar	\$ 4,865	\$ 5,499	Malaysian ringgit	44,471	40,201
Austrian schilling	38,892	35,830	Netherlands guilder	252,219	307,724
Belgian franc	26,412	23,012	New Zealand dollar	6,400	6,059
Canadian dollar	517	515	Norwegian kroné	1,161	1,037
Deutsche mark	1,379,159	1,335,434	Pound sterling	22	119
French franc	22	122	Singapore dollar	9,709	7,835
Hong Kong dollar	7,343	7,495	Swedish krona	161	147
Italian lira	5	5	Swiss franc	2,044,718	1,764,007
Japanese yen	4,503,336	3,542,187	Thai baht	1,264	3,946
Kuwaiti dinar	738	899	United States dollar	1,069,181	438,857
			Totals	\$9,390,595	\$7,520,930

3 Of the undisbursed balances, the Bank has made irrevocable commitments to disburse various amounts totalling \$271,462 (\$248,194 -1989). 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.

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 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note A)

	Borrowings		
	Principal Outstanding¹		Weighted Average Cost (%)
	1990	1989	
Deutsche mark	\$1,650,033	\$1,493,992	7.99
Japanese yen	3,102,173	2,602,524	6.56
Kuwaiti dinar	—	15,710	—
Netherlands guilder	478,106	484,208	8.36
Pound sterling	286,308	238,417	11.11
Swiss franc	1,329,091	968,908	5.95
United States dollar	1,369,568	1,068,671	11.03
Principal amounts outstanding	8,215,279	6,872,430	7.76 ²
Unamortized discounts and premiums	(19,589)	(22,521)	
TOTALS	\$8,195,690	\$6,849,909	

MATURITY STRUCTURE OF

Twelve Months Ending 31 December	Amounts
1991	\$272,935
1992	764,573
1993	543,509
1994	946,362
1995	691,779

See notes to financial statements (OCR-7).

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	
	1990	1989	1990	1989
Swiss franc	\$ 385,951	\$ 323,311	\$106,652	\$ 84,880
United States dollar	1,067,650	1,112,650	434,988	390,713

2 The weighted average cost of borrowings outstanding at 31 December 1990, after adjustment for swap activities, was 7.19% (7.21% - 1989).

Currency Swap Arrangements

Payable (Receivable)	Currency Swap Arrangements		Weighted Average Cost (Return)-%	Net Currency Obligations	
	1990	1989		1990	1989
\$267,665	\$235,533		(8.21)	\$1,382,368	\$1,258,459
719,151	280,195		6.13	3,821,324	2,882,719
—	(14,680)		—	—	1,030
(118,388)	(104,458)		(8.01)	359,718	379,750
(96,252)	(80,110)		(9.33)	190,056	158,307
864,874	726,906		5.58	2,116,775	1,695,814
(77,190)	—		(5.91)	—	—
(865,356)	(571,257)		(9.55)	504,212	511,934
—	14,520		—	—	—

BORROWINGS OUTSTANDING

Five Years Ending 31 December	Amounts
2000	3,734,295
2005	700,671
2010	454,503
2015	—
2016	106,652
Total	<u>\$8,215,279</u>

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

31 December 1990

Expressed in Thousands of United States Dollars (Note A)

MEMBERS	Number of Shares	Per Cent of Total	SUBSCRIBED CAPITAL			VOTING POWER	
			Total	Callable	Paid-in	Number of Votes	Per Cent of Total
REGIONAL							
Afghanistan, Rep. of	1,195	0.074	\$ 17,001	\$ 11,566	\$ 5,435	9,401	0.468
Australia	102,370	6.364	1,456,377	1,281,518	174,859	110,576	5.499
Bangladesh	18,064	1.123	256,989	226,132	30,857	26,270	1.307
Bhutan	110	0.007	1,565	1,266	299	8,316	0.414
Cambodia	875	0.055	12,448	8,465	3,983	9,081	0.452
China, People's Rep. of	114,000	7.087	1,621,832	1,427,056	194,776	122,206	6.078
Cook Islands	47	0.003	669	597	72	8,253	0.410
Fiji	1,203	0.075	17,115	15,052	2,063	9,409	0.468
Hong Kong	9,635	0.599	137,073	120,613	16,460	17,841	0.887
India	112,005	6.963	1,593,450	1,402,145	191,305	120,211	5.979
Indonesia	96,350	5.990	1,370,733	1,206,174	164,559	104,556	5.200
Japan	240,875	14.975	3,426,832	3,015,413	411,419	249,081	12.388
Kiribati	71	0.004	1,010	882	128	8,277	0.412
Korea, Rep. of	89,123	5.541	1,267,917	1,115,707	152,210	97,329	4.841
Lao P.D.R.	246	0.015	3,500	2,817	683	8,452	0.420
Malaysia	48,175	2.995	685,367	603,080	82,287	56,381	2.804
Maldives	71	0.004	1,010	882	128	8,277	0.412
Marshall Islands	47	0.003	669	597	72	8,253	0.410
Micronesia, Fed. States of	71	0.004	1,010	882	128	8,277	0.412
Myanmar	9,635	0.599	137,073	120,613	16,460	17,841	0.887
Nepal	2,601	0.162	37,003	32,550	4,453	10,807	0.537
New Zealand	27,170	1.689	386,537	340,130	46,407	35,376	1.759
Pakistan	38,540	2.396	548,293	482,467	65,826	46,746	2.325
Papua New Guinea	1,660	0.103	23,616	20,799	2,817	9,866	0.491
Philippines	42,152	2.621	599,680	527,693	71,987	50,358	2.505
Singapore	6,020	0.374	85,644	75,358	10,286	14,226	0.708
Solomon Islands	118	0.007	1,679	1,480	199	8,324	0.414
Sri Lanka	10,260	0.638	145,965	128,438	17,527	18,466	0.918
Taipei, China	19,270	1.198	274,147	241,240	32,907	27,476	1.366
Thailand	24,087	1.498	342,676	301,533	41,143	32,293	1.606
Tonga	71	0.004	1,010	882	128	8,277	0.412
Vanuatu	118	0.007	1,679	1,480	199	8,324	0.414
Viet Nam, Soc. Rep. of	6,038	0.375	85,900	67,918	17,982	14,244	0.708
Western Samoa	58	0.004	825	669	156	8,264	0.411
Total Regional	1,022,331	63.556	14,544,294	12,784,094	1,760,200	1,301,335	64.722
NON-REGIONAL							
Austria	6,020	0.374	85,644	75,358	10,286	14,226	0.708
Belgium	6,020	0.374	85,644	75,358	10,286	14,226	0.708
Canada	92,543	5.753	1,316,572	1,158,515	158,057	100,749	5.010
Denmark	6,020	0.374	85,644	75,358	10,286	14,226	0.708
Finland	6,020	0.374	85,644	75,358	10,286	14,226	0.708
France	41,178	2.560	585,823	515,487	70,336	49,384	2.456
Germany	76,534	4.758	1,088,819	958,090	130,729	84,740	4.214
Italy	31,975	1.988	454,896	400,280	54,616	40,181	1.998
Netherlands	18,147	1.128	258,170	227,185	30,985	26,353	1.310
Norway	6,020	0.374	85,644	75,358	10,286	14,226	0.708
Spain	6,020	0.374	85,644	75,358	10,286	14,226	0.708
Sweden	2,408	0.150	34,258	28,866	5,392	10,614	0.528
Switzerland	10,325	0.642	146,890	129,249	17,641	18,531	0.921
United Kingdom	36,131	2.246	514,021	452,321	61,700	44,337	2.205
United States	240,875	14.975	3,426,832	3,015,413	411,419	249,081	12.388
Total Non-Regional	586,236	36.444	8,340,145	7,337,554	1,002,591	709,326	35.278
TOTALS	1,608,567	100.000	\$22,884,439	\$20,121,648	\$2,762,791	2,010,661	100.000

See notes to financial statements (OCR-7).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1990 and 31 December 1989

CONTINUED

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 capital stock is defined in Article 4, paragraph 1 of the Articles of Agreement Establishing the 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 1990, the value of the SDR in terms of the current United States dollar was \$1.42266 (\$1.31416 - 1989) giving a value for each share of the Bank's capital equivalent to \$14,226.60 (\$13,141.60 - 1989). 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 exchange 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 F and J), 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.

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 has not suffered any loan losses to date and follows a policy of not taking part in debt rescheduling agreements. It is the policy of the Bank to place in non-accrual status all loans made to or guaranteed by a member if principal, interest, or other charges with respect to any such loan are overdue by one year. 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.

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

The Bank's equity investments are made in private enterprises located in developing member countries and include the Bank's investment in 1989 of \$34,984,000 in Asian Finance and Investment Corporation Ltd. (AFIC).

Equity investments are reported at cost, net of allowance for possible losses. Such allowance is determined annually based on management's evaluation of potential losses in the equity investments portfolio.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1990 and 31 December 1989

Property, Furniture and Equipment

The headquarters building of the Bank, including land, facilities and fixtures and the initial cost of necessary staff amenities and other related furnishings have been provided to the Bank by the Government of the Republic of the Philippines (Government). The Bank has leased additional office space in other buildings and has fitted and furnished all additional office space. Significant purchases of property, furniture and equipment by the Bank are capitalized and depreciated over estimated useful lives of related assets using the straight-line method. Other purchases are charged to expense.

To meet the Bank's need for future office accommodations, the Bank purchased parcels of land in Metropolitan Manila at a cost of \$10,052,000 and awarded a contract for the construction of a new headquarters building. Other costs capitalized in connection with this project, including interest (see Note G), totalled \$165,850,000 as of 31 December 1990 (\$136,046,000 - 1989). Outstanding commitments related to the project aggregate approximately \$12,240,000. The main building contractor of the Bank's new headquarters building has indicated that it may seek to assert, in connection with the construction of such building, substantial claims for additional payment against the Bank. On the basis of present information, the Bank is of the view that such claims are without merit.

The Bank took possession of the newly constructed building in February 1991. Under terms of an agreement with the Government, the Bank will return the present headquarters premises to the Government upon completion of its transfer to the new headquarters and the Bank will be compensated for the premises returned as determined in accordance with the agreement as supplemented by a memorandum of understanding.

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 30 (28 - 1989) developing member countries, cash in banks (due from banks) and demand obligations totalling \$97,261,000 (\$102,143,000 - 1989) and \$251,867,000 (\$259,017,000 - 1989), respectively, may be, but are not currently so restricted.

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 \$32,000 (\$67,000 - 1989), \$2,763,000 (\$2,772,000 - 1989) and \$1,069,000 (\$1,479,000 - 1989), respectively, have been so restricted.

NOTE C - INVESTMENTS

As of 31 December 1990, the market value of investments was \$4,096,959,000 (\$3,762,381,000 - 1989), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$1,704,910,000 (\$1,690,692,000 - 1989). During the year ended 31 December 1990, sales of investments resulted in a net loss of \$13,733,000 (net gain of \$695,000 - 1989). 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 9.38% (9.39% - 1989).

As of 31 December 1990, the amortized cost, gross unrealized gains, gross unrealized losses and estimated market value of investments in government and government guaranteed obligations were \$2,810,899,000, \$8,620,000, \$8,702,000 and \$2,810,817,000, respectively. The amortized cost and estimated market value of these investments by contractual maturity at 31 December 1990 were as follows:

	Amortized Cost	Estimated Market Value
Due in one year or less	\$1,291,613,000	\$1,290,968,000
Due after one year through five years	1,273,192,000	1,274,950,000
Due after five years through ten years	246,094,000	244,899,000
Totals	<u>\$2,810,899,000</u>	<u>\$2,810,817,000</u>

CONTINUED

Proceeds from sales of investments in government and government guaranteed obligations during the year ended 31 December 1990 were \$5,822,610,000. Gross gains and gross losses of \$7,511,000 and \$21,211,000, respectively, were realized on such sales.

NOTE D - BORROWINGS AND SWAPS

The Bank enters into currency swap agreements 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. 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 1990, the Bank had outstanding currency swap receivables aggregating \$1,504,852,000 (\$1,086,038,000 - 1989) and payables aggregating \$1,664,026,000 (\$1,101,621,000 - 1989). The resulting net payables of \$159,174,000 (\$15,583,000 - 1989) are included in miscellaneous liabilities. Nominal amount of interest rate swaps outstanding totalled \$127,190,000 (nil - 1989).

In connection with its swap agreements the Bank has a potential risk of loss if the counterparty to such transactions failed completely. For swaps on which a potential loss exists at 31 December 1990, the amount of such potential loss, representing the estimated net cost of replacing the swaps at current market rates, aggregated \$152,680,000 and \$4,305,000 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 not perform completely.

NOTE E - CAPITAL STOCK

The authorized capital stock of the Bank consists of 1,682,639 shares (1,682,521 - 1989), of which 1,608,567 shares (1,608,449 - 1989) have been subscribed by members. Of the subscribed shares, 1,414,368 (1,414,264 - 1989) are "callable" and 194,199 (194,185 - 1989) 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 or on guarantees. 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.

As of 31 December 1990, all matured instalments amounting to \$2,762,642,000 (\$2,551,901,000 - 1989) were received except \$428,000 (\$395,000 - 1989). Instalments not due aggregating \$149,000 (nil - 1989) are receivable as follows:

1991	\$50,000
1992	50,000
1993	49,000

Payments in respect of capital subscription instalments in advance of due dates are shown in the balance sheet (under the caption "CAPITAL AND RESERVES") as "Advance payments on subscriptions" pending the determination of the full value of such payments based on the rate of exchange to be used by the Bank as of the date on which such payments are actually due.

NOTE F - 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 its 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.

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. The notional amounts as of 31 December 1990

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1990 and 31 December 1989

consisting of receivables of \$470,411,000 (\$357,226,000 - 1989) and payables of \$182,796,000 (\$167,822,000 - 1989) consist of (a) the increase of \$390,288,000 (\$216,587,000 - 1989) 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 1990 and (b) the net increase of \$102,673,000 (\$27,183,000 - 1989) in the value of such currency holdings in relation to the United States dollar during the same period.

NOTE G - INCOME AND EXPENSES

Total interest expense incurred amounted to \$463,815,000 (\$431,005,000 - 1989). Of this amount \$8,879,000 (\$7,576,000 - 1989) was capitalized as a part of the cost of the new headquarters building.

Other financial expenses include a provision of \$1,000,000 for possible losses on equity investments (a provision of \$1,000,000 for possible losses on equity investments and charges of \$42,850,000 which represent the difference between reacquisition price and net carrying amount of borrowings extinguished prior to maturity - 1989).

Administrative expenses (other than those appertaining directly to ordinary operations and special operations) for the year ended 31 December 1990 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 \$119,079,000 (\$108,000,000 - 1989), \$54,307,000 (\$44,975,000 - 1989) has accordingly been charged to the Asian Development Fund.

NOTE H - SPECIAL RESERVE

The Special Reserve represents commissions on loans and guarantee fees on guarantees set aside pursuant to Articles 16 and 17 of the Charter. Special Reserve assets consist principally of government and government guaranteed obligations and are included under the heading "INVESTMENTS". The commission charged on loans was discontinued after 1985.

NOTE I - 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) and of the convertible currency portion paid by members pursuant to

Article 6, paragraph 2(b) 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 \$67,732,000 as of 31 December 1990 (\$62,567,000 - 1989) expressed in terms of the SDR on the basis of \$1.42266 (\$1.31416 - 1989) 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 J - 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 for the year ended 31 December 1989 was allocated to the Ordinary Reserve.

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 charge of \$36,965,000 to the Ordinary Reserve during the year ended 31 December 1990 (net credit of \$11,641,000 - 1989). That charge (credit - 1989) is the increase (decrease - 1989) 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 K - 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.

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 1990, the amount contributed by the Bank was \$9,433,000 (\$8,900,000 - 1989).

Net periodic pension cost for the years ended 31 December 1990 and 31 December 1989 consisted of the following components:

	1990	1989
Service costs-benefits earned during the year	\$11,700,000	\$10,783,000
Interest cost on projected benefit obligation	16,078,000	14,107,000
Return on Plan assets	7,756,000	(32,741,000)
Net amortization and deferral	<u>(25,892,000)</u>	16,440,000
Net periodic pension cost	<u>\$ 9,642,000</u>	<u>\$ 8,589,000</u>

The following table sets forth the Plan's funded status at 31 December 1990 and 31 December 1989:

Actuarial present value of pension benefit obligations:

Accumulated benefit obligation, including vested benefits of \$157,092,000 (\$128,750,000 + 1989)	<u>\$161,928,000</u>	\$133,491,000
Projected benefit obligation	\$215,627,000	\$187,884,000
Fair value of Plan assets, principally marketable securities	<u>218,284,000</u>	<u>219,406,000</u>
Excess of Plan assets over the projected benefit obligation	2,657,000	31,522,000
Unrecognized net asset at transition net of amortization	(14,372,000)	(15,477,000)
Unrecognized net loss (gain)	<u>11,817,000</u>	<u>(15,734,000)</u>
Prepaid pension cost	<u>\$ 102,000</u>	<u>\$ 311,000</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 L - SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for grant-financed technical assistance projects and programs totalled approximately \$87,750,000 as of 31 December 1990 (\$58,300,000 - 1989). Ordinary capital resources income is used for these commitments if Technical Assistance Special Fund resources are not available. When technical assistance provided as a grant leads to a Bank loan, the amount of the grant exceeding \$250,000 will be refinanced under the loan. Refinanced amounts of \$176,000 were charged to loans and credited to income of ordinary capital resources during the year ended 31 December 1990 (\$170,000 - 1989).

NOTE M - GUARANTEES

The Bank extends guarantees for the benefit of its members which are not reflected in the financial statements. As of 31 December 1990, outstanding guarantees amounted to \$79,042,000 (\$16,619,000 - 1989). None of this amount was subject to call as of that date.

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 1990 and 31 December 1989
- ADF-2 Statement of Operations and Accumulated Surplus for the Years Ended 31 December 1990 and 31 December 1989
- ADF-3 Statement of Cash Flows for the Years Ended 31 December 1990 and 31 December 1989
- ADF-4 Summary Statement of Loans, 31 December 1990 and 31 December 1989
- ADF-5 Statement of Resources, 31 December 1990
- ADF-6 Notes to Financial Statements, 31 December 1990 and 31 December 1989

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 1990 and 31 December 1989 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

26 February 1991

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

BALANCE SHEET

31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note B)

<u>ASSETS</u>	1990		1989	
DUE FROM BANKS	\$ 2,577		\$ 4,506	
INVESTMENTS (Note C)				
Government and government guaranteed obligations	\$ 244,803		\$ 156,091	
Time deposits and other obligations of banks	658,330	903,133	640,972	797,063
LOANS OUTSTANDING (ADF-4) (Note D)		6,371,061		4,999,069
ACCRUED REVENUE				
On investments	8,398		4,744	
On loans	16,555	24,953	16,485	21,229
NOTES OF CONTRIBUTOR				
Non-negotiable, non-interest-bearing notes		6,712,822		6,210,582
RECEIVABLE FROM CONTRIBUTOR (ADF-5)		2,172		309,507
OTHER ASSETS		11,598		8,805
TOTALS		\$14,028,316		\$12,350,761
<u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>				
ADMINISTRATION CHARGE PAYABLE TO ORDINARY				
CAPITAL RESOURCES (Note E)	\$ 16,712		\$ 14,781	
ACCOUNTS PAYABLE AND OTHER LIABILITIES		7,407		20,422
UNEXPENDED BALANCES AND CAPITAL				
Amounts available for loan commitments (ADF-5)				
Contributed Resources	\$12,671,632		\$11,680,428	
Set-Aside Resources (Note F)	67,732		62,567	
Other Resources	5,080		5,080	
	12,744,444		11,748,075	
Advance payments on contributions (ADF-5)	649,727		100,711	
Accumulated translation adjustments (Note B)	97,490		61,583	
Accumulated surplus (ADF-2)	512,536	14,004,197	405,189	12,315,558
TOTALS		\$14,028,316		\$12,350,761

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 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note B)

	<u>1990</u>	<u>1989</u>
REVENUE		
From investments (Note C)	\$107,986	\$ 67,987
From loans	52,839	49,048
From other sources - net	<u>841</u>	<u>764</u>
TOTAL REVENUE	161,666	117,799
EXPENSES		
Administrative expenses (Note E)	<u>54,319</u>	<u>44,990</u>
EXCESS OF REVENUE OVER EXPENSES - NET INCOME	107,347	72,809
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	405,189	332,380
ACCUMULATED SURPLUS AT END OF THE YEAR	\$512,536	\$405,189

See notes to financial statements (ADF-6).

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note B)

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Service charges on loans received	\$ 48,774	\$ 42,714
Interest on investments received	104,721	68,723
Cash received from other activities	841	764
Administrative expenses paid	<u>(52,388)</u>	<u>(42,261)</u>
Net Cash Provided by Operating Activities	<u>101,948</u>	<u>69,940</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	42,532	(151,040)
Sales and maturities of investment securities	5,109,034	5,014,838
Purchases of investment securities	<u>(5,181,987)</u>	<u>(5,079,715)</u>
Principal collected on loans	60,712	46,861
Loans disbursed	<u>(1,063,088)</u>	<u>(884,507)</u>
Net Cash Used for Investing Activities	<u>(1,032,797)</u>	<u>(1,053,563)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Demand obligations of contributors encashed	928,156	985,453
Contributions received ¹	599	627
Cash received from (paid to)		
Ordinary Capital Resources and others	8	<u>(1,290)</u>
Net Cash Provided by Financing Activities	<u>928,763</u>	<u>984,790</u>
Effect of Exchange Rate Changes on Due from Banks	<u>157</u>	<u>(631)</u>
Net Increase (Decrease) in Due from Banks	<u>(1,929)</u>	<u>536</u>
Due from Banks at Beginning of the Year	4,506	3,970
Due from Banks at End of the Year	<u>\$ 2,577</u>	<u>\$ 4,506</u>
RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES - NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess of revenue over expenses - net income	\$ 107,347	\$ 72,809
Adjustments to reconcile excess of revenue over expenses - net income to net cash provided by operating activities:		
Accrued revenue on investments and loans	(2,162)	(1,790)
Accrued administrative expenses	1,931	2,729
Charges capitalized on loans	(5,189)	(3,861)
Other-net	<u>21</u>	<u>53</u>
Net Cash Provided by Operating Activities	<u>\$ 101,948</u>	<u>\$ 69,940</u>

See notes to financial statements (ADF-6).

1 In addition, non-negotiable, non-interest-bearing demand promissory notes amounting to \$1,001,860 (\$931,633 - 1989) were received.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS

31 December 1990 and 31 December 1989

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	\$ 20,729	\$ 46,154	\$ 20,100	\$ 86,983	0.78
Bangladesh	1,652,072	1,308,427	233,443	3,193,942	28.69
Bhutan	16,641	20,006	7,404	44,051	0.40
Cambodia	643	1,027 ⁴	—	1,670	0.01
Cook Islands	3,598	1,870	5,090	10,558	0.09
Indonesia	360,943	218,111	—	579,054	5.20
Kiribati	2,571	217	1,027	3,815	0.03
Korea, Republic of	292	—	—	292	n.a. ⁵
Lao P.D.R.	110,516	92,672	2,983	206,171	1.85
Malaysia	997	—	—	997	0.01
Maldives	8,043	9,315	—	17,358	0.16
Myanmar	366,743	138,992	—	505,735	4.54
Nepal	414,134	529,464	31,149	974,747	8.76
Pakistan	1,271,170	1,781,425	209,894	3,262,489	29.30
Papua New Guinea	119,768	82,240	19,500	221,508	1.99
Philippines	290,898	305,304	86,096	682,298	6.13
Solomon Islands	31,297	2,472	4,674	38,443	0.35
Sri Lanka	498,031	558,211	43,263	1,099,505	9.88
Thailand	58,877	6,807	—	65,684	0.59
Tonga	10,547	8,856	2,596	21,999	0.20
Vanuatu	8,294	3,335	—	11,629	0.10
Viet Nam	20,310	—	13,000	33,310	0.30
Western Samoa	45,556	25,623	—	71,179	0.64
TOTALS – 31 December 1990	5,312,670	5,140,528	680,219	11,133,417	100.00
Adjustments in US\$ equivalents	<u>1,058,391⁶</u>	—	—	<u>1,058,391⁶</u>	
BALANCES – 31 December 1990	<u>\$6,371,061</u>	<u>\$5,140,528</u>	<u>\$680,219</u>	<u>\$12,191,808</u>	
TOTALS – 31 December 1989	\$4,296,336	\$4,295,534	\$781,961	\$ 9,373,831	
Adjustments in US\$ equivalents	<u>702,733⁶</u>	—	—	<u>702,733⁶</u>	
BALANCES – 31 December 1989	<u>\$4,999,069</u>	<u>\$4,295,534</u>	<u>\$781,961</u>	<u>\$10,076,564</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 \$15,654 (\$8,621 – 1989).
- 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 made irrevocable commitments to disburse various amounts totalling \$103,502 (\$92,993 – 1989).

Maturity of Effective Loans

Twelve Months Ending 31 December	Amounts	Five Years Ending 31 December	Amounts
1991	\$ 60,757	2000	879,969
1992	63,390	2005	1,406,298
1993	72,395	2010	1,832,256
1994	88,757	2015	2,171,312
1995	107,779	2020	2,011,666
		2025	1,433,663
		2030	316,632
		Undetermined	1,066,715 ⁷
		Total	\$11,511,589

Summary of Currencies Receivable on Loans Outstanding

Currency	1990	1989	Currency	1990	1989
Australian dollar	\$150,716	\$119,510	Japanese yen	3,407,159	2,709,224
Austrian schilling	50,660	37,827	Netherlands guilder	105,442	89,743
Belgian franc	46,008	34,075	New Zealand dollar	6,849	6,091
Canadian dollar	383,510	300,530	Norwegian krone	25,423	17,877
Danish krone	38,353	27,905	Pound sterling	203,487	147,563
Deutsche mark	490,382	354,545	Spanish peseta	24,701	15,366
Finnish markka	28,926	20,905	Swedish krona	40,011	29,526
French franc	176,682	115,397	Swiss franc	83,939	52,863
Italian lira	132,717	93,683	United States dollar	976,096	826,439
Totals				\$6,371,061	\$4,999,069

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. Below 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 1990

Expressed in Thousands of United States Dollars (Note B)

	Cumulative Amounts Committed At Exchange Rates Per Resolutions	Amounts Committed At 31 Dec. 1990 Exchange Rates	Amounts Not Yet Available for Loan Com- mitments	Amounts Available for Loan Commitments	Amounts Received	Amounts Receivable
CONTRIBUTED RESOURCES						
Australia	\$ 700,950	\$ 594,302	\$ 79,262	\$ 515,040	\$ 515,040	\$ —
Austria	85,894	129,549	12,107	117,442	117,442	—
Belgium	89,598	117,828	11,182	106,646	106,646	—
Canada	857,980	915,884	90,434	825,450	825,450	—
Denmark	89,599	114,856	12,006	102,850	102,850	—
Finland	72,244	92,992	10,415	82,577	82,577	—
France	482,665	582,253	68,298	513,955	513,955	—
Germany	689,091	1,027,681	74,685	952,996	952,996	—
Hong Kong	1,980	1,980	250	1,730	1,730	—
Indonesia	4,960	4,960	500	4,460	4,427	33
Italy	419,850	457,536	56,306	401,230	401,230	—
Japan	3,891,866	6,547,020	461,359	6,085,661	6,085,661	—
Korea, Republic of	8,400	8,400	1,250	7,150	7,150	—
Netherlands	245,869	368,262	35,524	332,738	332,738	—
New Zealand	36,961	28,294	4,046	24,248	24,248	—
Norway	77,618	81,651	8,715	72,936	72,936	—
Spain	56,721	86,662	10,696	75,966	73,827	2,139
Sweden	129,054	135,954	16,043	119,911	119,911	—
Switzerland	126,362	196,464	16,915	179,549	179,549	—
Taipei, China	2,000	2,000	—	2,000	2,000	—
United Kingdom	463,764	502,698	45,830	456,868	456,868	—
United States	1,867,594	1,867,594	177,365	1,690,229	1,690,229	—
Totals	10,401,020	13,864,820	1,193,188	12,671,632	12,669,460 ¹	2,172
SET-ASIDE RESOURCES (Note F)	—	67,732	—	67,732	67,732	—
OTHER RESOURCES	—	5,080	—	5,080	5,080	—
TOTALS	\$10,401,020	\$13,937,632	\$1,193,188	\$12,744,444	\$12,742,272	\$ 2,172

See notes to financial statements (ADF-6).

1 Excludes \$649,727 equivalent representing advance payments from donor countries not available for loan commitments as of 31 December 1990.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1990 and 31 December 1989

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 four replenishments, the most recent of which was in May 1987 in a total amount equivalent to US\$3,600,000,000 to cover the operational requirements for the four years ending 31 December 1990. Approximately 2% of this amount (an aggregate amount equivalent to \$72,000,000) 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 F) 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.

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. 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. 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.

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".

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1990 and 31 December 1989

NOTE C - INVESTMENTS

As of 31 December 1990, the market value of investments was \$902,726,000 (\$796,843,000 - 1989), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$768,165,000 (\$601,637,000 - 1989). During the year ended 31 December 1990, sales of investments resulted in a net loss of \$21,000 (\$53,000 - 1989). 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 10.40% (9.89% - 1989).

NOTE D - LOANS

Loans made to Viet Nam and Cambodia were placed in a non-accrual status on 31 December 1990. The principal outstanding at that date was \$29,845,000 for Viet Nam of which \$5,196,000 was overdue and \$1,303,000 for Cambodia of which the entire amount was overdue. Placing these loans in a non-accrual status resulted in a reduction in revenue from loans for the year ended 31 December 1990 of \$3,411,000.

NOTE E - ADMINISTRATIVE EXPENSES AND ADMINISTRATION CHARGE

Administrative expenses include an administration charge amounting to \$54,307,000 (\$44,975,000 - 1989). 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 F - SET-ASIDE RESOURCES

Pursuant to the provisions of Article 19, paragraph 1 (i) of the Articles of Agreement Establishing the Bank, 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) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2 (b) 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 "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 1990, the value of the SDR in terms of the current United States dollar was \$1.42266 (\$1.31416 - 1989). On this basis, Set-Aside Resources amounted to \$67,732,000 (\$62,567,000 - 1989). If the capital stock of the Bank as of 31 December 1990 had been valued in terms of \$12,063.50 per share, Set-Aside Resources would have been \$57,434,000.

Deloitte & Touche



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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 1990 and 31 December 1989

TASF-2 Statement of Operations and Unexpended Balances for the Years Ended
31 December 1990 and 31 December 1989

TASF-3 Statement of Cash Flows for the Years Ended 31 December 1990 and
31 December 1989

TASF-4 Statement of Contributed Resources, 31 December 1990

TASF-5 Summary Statement of Services to Member Countries for the Year Ended
31 December 1990

TASF-6 Notes to Financial Statements, 31 December 1990 and
31 December 1989

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 1990 and 31 December 1989 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

26 February 1991

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

BALANCE SHEET**31 December 1990 and 31 December 1989**

Expressed in Thousands of United States Dollars (Note A)

	<u>1990</u>	<u>1989</u>
ASSETS		
DUE FROM BANKS	\$ 2,564	\$ 4,630
INVESTMENTS (Note B)		
Government and government guaranteed obligations	9,218	2,981
Time deposits and other obligations of banks	31,339	29,992
ACCRUED REVENUE	420	193
RECEIVABLE FROM CONTRIBUTOR(S) (TASF-4)	—	8,866
OTHER ASSETS	12,325	23,463
TOTALS	\$55,866	\$70,125
LIABILITIES AND UNEXPENDED BALANCES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$19,287	\$19,942
UNEXPENDED BALANCES (TASF-2) (Note C)	36,579	50,183
TOTALS	\$55,866	\$70,125

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 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note A)

	1990	1989
CONTRIBUTIONS COMMITTED (TASF-4)	\$ 664	\$ 1,221
REVENUE		
From investments (Note B)	\$ 4,478	\$ 3,243
From other sources - net (Note D)	<u>550</u>	<u>431</u>
Totals	5,692	4,895
EXPENSES		
Services to member countries (TASF-5) (Note D)	22,980	22,880
Administrative expenses	<u>5</u>	<u>7</u>
EXPENSES IN EXCESS OF CONTRIBUTIONS AND REVENUE	(17,293)	(17,992)
EXCHANGE GAIN (LOSS) - net (Note A)	3,689	(2,978)
DECREASE IN UNEXPENDED BALANCES	(13,604)	(20,970)
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR	50,183	71,153
UNEXPENDED BALANCES AT END OF THE YEAR	\$36,579	\$50,183

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note A)

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 22,473	\$ 28,708
Interest on investments received	4,269	2,505
Cash received from other activities	772	411
Services to member countries paid	(25,186)	(22,312)
Administrative expenses paid	<u>(5)</u>	<u>(7)</u>
Net Cash Provided by Operating Activities	<u>2,323</u>	<u>9,305</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	2,426	(12,613)
Sales and maturities of investment securities	40,943	32,486
Purchases of investment securities	<u>(47,047)</u>	<u>(30,054)</u>
Net Cash Used for Investing Activities	<u>(3,678)</u>	<u>(10,181)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from (paid to) Ordinary Capital Resources and others	<u>(830)</u>	<u>4,704</u>
Effect of Exchange Rate Changes on Due from Banks	<u>119</u>	<u>(110)</u>
Net Increase (Decrease) in Due from Banks	<u>(2,066)</u>	<u>3,718</u>
Due from Banks at Beginning of the Year	<u>4,630</u>	<u>912</u>
Due from Banks at End of the Year	<u>\$ 2,564</u>	<u>\$ 4,630</u>
RECONCILIATION OF DECREASE IN UNEXPENDED BALANCES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Decrease in unexpended balances	\$ (13,604)	\$ (20,970)
Adjustments to reconcile decrease in unexpended balances to net cash provided by operating activities:		
Contributions receivable and translation adjustments on contributions committed	21,809	27,487
Accrued expenses	63	4,364
Exchange (gain) loss	(3,467)	2,978
Advances for services to member countries	(2,269)	(3,816)
Other - net	<u>(209)</u>	<u>(738)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,323</u>	<u>\$ 9,305</u>

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF CONTRIBUTED RESOURCES

31 December 1990

Expressed in Thousands of United States Dollars (Note A)

Contributors	Contributions Committed During 1990	Cumulative Contributions Committed	Cumulative Amounts Received
Direct Voluntary Contributions			
Australia	\$ —	\$ 2,484	\$ 2,484
Austria	—	158	158
Bangladesh	—	47	47
Belgium	—	1,405	1,405
Canada	—	3,346	3,346
China, People's Republic of	600	600	600
Denmark	—	1,963	1,963
Finland	—	237	237
France	—	1,700	1,700
Germany	—	3,315	3,315
Hong Kong	—	100	100
India	—	2,087	2,087
Indonesia	—	250	250
Italy	—	774	774
Japan	—	47,713	47,713
Korea, Republic of	—	1,900	1,900
Malaysia	—	909	909
Netherlands	—	1,337	1,337
New Zealand	—	1,096	1,096
Norway	—	3,343	3,343
Pakistan	64	806	806
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	664	85,079	85,079
Transfer to Asian Development Fund	—	(400)	(400)
First Regularized TASF Replenishment (Note C)	—	91,866	91,866
TOTALS	\$664	\$176,545	\$176,545

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND**SUMMARY STATEMENT OF SERVICES TO MEMBER COUNTRIES****For the Year Ended 31 December 1990**

Expressed in Thousands of United States Dollars (Note A)

Recipients	Project Preparation	Project Implementation/ Advisory		Totals
		\$	451	
Bangladesh	\$ 514	\$	451	\$ 965
Bhutan	14		335	349
China, People's Republic of	(5)		221	216
Cook Islands	(9)		45	36
Fiji	—		9	9
India	25		474	499
Indonesia	208		1,992	2,200
Kiribati	14		322	336
Lao P.D.R.	539		2,429	2,968
Maldives	40		278	318
Myanmar	125		119	244
Nepal	2		1,508	1,510
Pakistan	138		472	610
Papua New Guinea	458		967	1,425
Philippines	283		1,289	1,572
Solomon Islands	11		18	29
Sri Lanka	158		1,081	1,239
Tonga	112		164	276
Vanuatu	—		255	255
Western Samoa	—		374	374
Totals	\$2,627		\$12,803	15,430
Regional Activities				7,550
TOTAL				\$22,980

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1990 and 31 December 1989

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 at applicable exchange rates as of the respective dates of commitment. As to cumulative contributions committed, the used portions have been translated at the applicable exchange rates as of the respective dates of use whereas the unused 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.

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".

Restatement of Certain Amounts

Certain 1989 amounts have been restated to conform to 1990 classifications:

NOTE B - INVESTMENTS

As of 31 December 1990, the market value of investments was \$40,579,000 (\$32,970,000 - 1989), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$33,230,000 (\$29,992,000 - 1989). 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 10.76% (9.79% - 1989).

NOTE C - FUNDING

Since 1967, contributions have been made by 29 member countries. Contributions in earlier years were restricted in one form or another, but there has been a trend in recent years towards contributions being made in a substantially or wholly unrestricted manner.

On 1 October 1986, the Board of Governors, in authorizing a \$3,600,000,000 replenishment of the Asian Development Fund, provided for an allocation to the TASF in an aggregate amount equivalent to \$72,000,000 (First Regularized TASF Replenishment) to be used during 1987-1990 for technical assistance to poorer developing members and for regional technical assistance. This replenishment became effective in May 1987.

NOTE D - SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for grant-financed technical assistance projects and programs totalled approximately \$87,750,000 as of 31 December 1990 (\$58,300,000 - 1989). Technical Assistance Special Fund resources are used for these commitments where available and any balance is financed from Ordinary Capital Resources income. When technical assistance provided as a grant leads to a Bank loan, the amount of the grant exceeding \$250,000 will be refinanced under the loan. Refinanced amounts of \$512,000 were charged to loans and credited to revenue from other sources of the TASF during the year ended 31 December 1990 (\$392,000 - 1989).

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 1990 and 31 December 1989
- JSF-2 Statement of Operations and Unexpended Balances for the Years Ended 31 December 1990 and 31 December 1989
- JSF-3 Statement of Cash Flows for the Years Ended 31 December 1990 and 31 December 1989
- JSF-4 Notes to Financial Statements, 31 December 1990 and 31 December 1989

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 1990 and 31 December 1989 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

26 February 1991

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

BALANCE SHEET

31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note B)

<u>ASSETS</u>	<u>1990</u>	<u>1989</u>
DUE FROM BANKS	\$ 494	\$ 242
INVESTMENTS (Note C)		
Government and government guaranteed obligations	67,094	—
Time deposits	36,825	80,941
EQUITY INVESTMENTS (Note B)	1,614	—
ACCRUED REVENUE	37	181
RECEIVABLE FROM CONTRIBUTOR	37,028	—
OTHER ASSETS	3,821	3,080
 TOTALS	 \$146,913	 \$84,444
 <u>LIABILITIES AND UNEXPENDED BALANCES</u>		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 6,913	\$ 4,723
UNEXPENDED BALANCES (JSF-2)	140,000	79,721
 TOTALS	 \$146,913	 \$84,444

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 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note B)

	1990	1989
CONTRIBUTIONS COMMITTED	\$ 63,417	\$ 58,806
REVENUE		
From investments (Note C)	\$ 7,014	\$ 3,163
From other sources	<u>—</u>	<u>9</u>
Totals	70,431	61,978
EXPENSES		
Services to member countries (Note D)	15,445	9,023
Administrative expenses	<u>586</u>	<u>611</u>
CONTRIBUTIONS AND REVENUE IN EXCESS OF EXPENSES	54,400	52,344
EXCHANGE GAIN (LOSS) – net (Note B)	<u>63</u>	<u>(50)</u>
INCREASE IN UNEXPENDED BALANCES BEFORE TRANSLATION ADJUSTMENTS	54,463	52,294
TRANSLATION ADJUSTMENTS	5,816	(7,957)
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR	79,721	35,384
UNEXPENDED BALANCES AT END OF THE YEAR	\$140,000	\$ 79,721

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1990 and 31 December 1989

Expressed in Thousands of United States Dollars (Note B)

	1990	1989
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 24,899	\$ 58,806
Interest on investments received	7,157	3,075
Cash received from other activities	<u>—</u>	9
Services to member countries paid	(13,625)	(7,636)
Administrative expenses paid	(739)	(1,270)
Net Cash Provided by Operating Activities	<u>17,692</u>	<u>52,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	52,542	(52,802)
Sales and maturities of investment securities	263,087	<u>—</u>
Purchases of investment securities	(331,454)	<u>—</u>
Purchases of equity investments	(1,682)	<u>—</u>
Net Cash Used for Investing Activities	<u>(17,507)</u>	<u>(52,802)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance to UNDP	(92)	<u>—</u>
Effect of Exchange Rate Changes on Due from Banks	159	(28)
Net Increase in Due from Banks	252	154
Due from Banks at Beginning of the Year	242	88
Due from Banks at End of the Year	<u>\$ 494</u>	<u>\$ 242</u>
RECONCILIATION OF INCREASE IN UNEXPENDED BALANCES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in unexpended balances before translation adjustments	\$ 54,463	\$ 52,294
Adjustments to reconcile increase in unexpended balances to net cash provided by operating activities:		
Contribution receivable	(38,518)	<u>—</u>
Other assets - advances	(521)	(2,672)
Accounts payable and other liabilities	2,188	3,400
Other-net	80	(38)
Net Cash Provided by Operating Activities	<u>\$ 17,692</u>	<u>\$ 52,984</u>

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK – JAPAN SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1990 and 31 December 1989

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. Its purpose 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.

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.

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".

Restatement of Certain Amounts

Certain 1989 amounts have been restated to conform to 1990 classifications.

NOTE C – INVESTMENTS

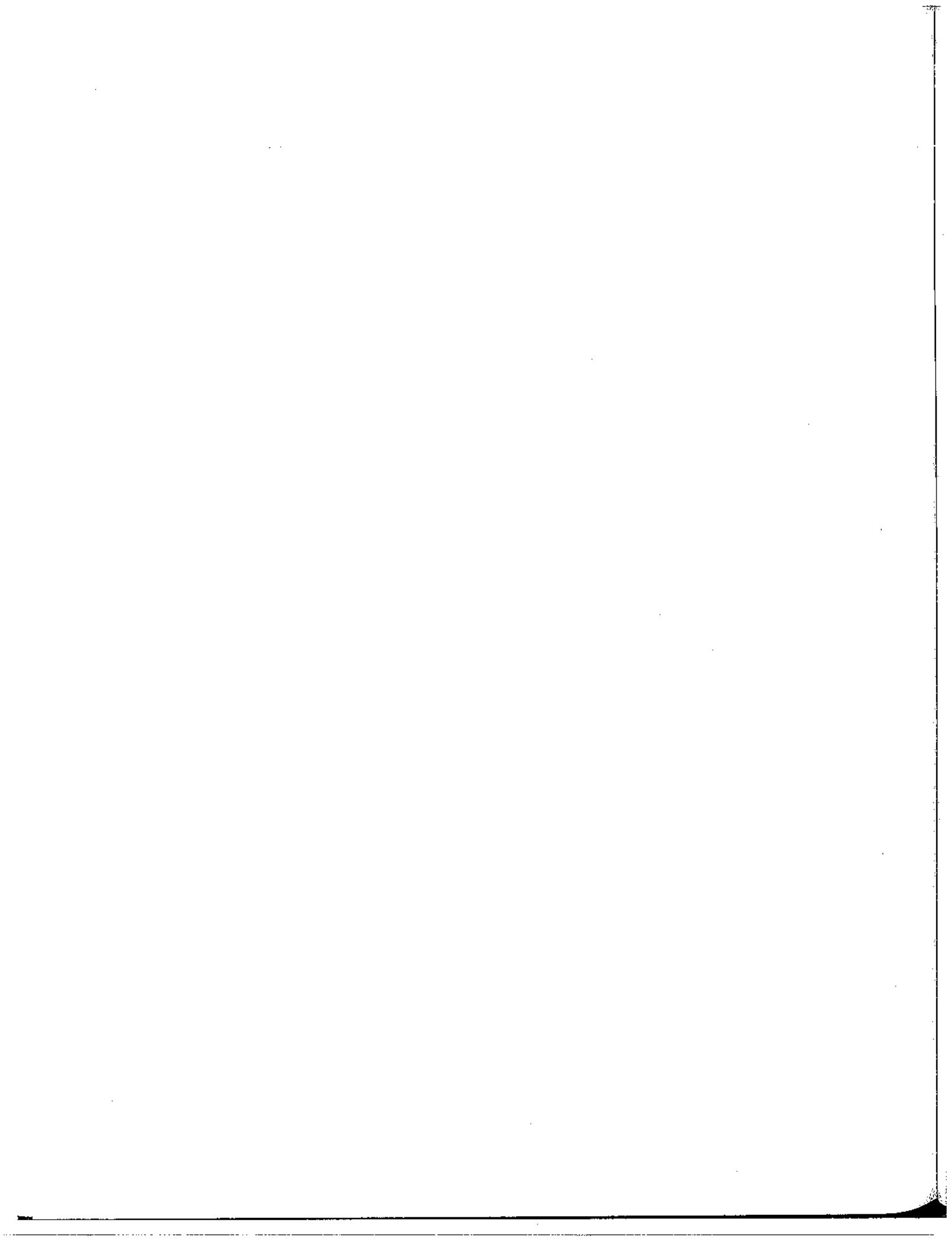
As of 31 December 1990, the market value of investments was \$103,919,000 (\$80,941,000 – 1989), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$36,825,000 (\$80,941,000 – 1989). The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month was 7.68% (5.32% – 1989).

NOTE D – SERVICES TO MEMBER COUNTRIES

The JSF's outstanding commitments for projects and programs totalled approximately \$44,735,000 as of 31 December 1990 (\$31,581,000 – 1989).

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ECONOMIC DATA OF DMCs

TABLE 1
ESTIMATES OF REAL GDP GROWTH RATE, 1980-1990
AND PER CAPITA GNP, 1989 OF SELECTED DMCs

Country	GDP Growth Rate (%)				Per Capita GNP ^a (US\$)
	Annual Average (1980-1987) (1)	1988 (2)	1989 (3)	1990 ^b (4)	1989 (5)
NIEs	8.0	9.6	6.2	6.5	
Hong Kong	8.1	7.9	2.3	2.3	10,320
Korea, Rep. of	8.1	11.5	6.1	8.5	4,400
Singapore	6.5	11.1	9.2	8.3	10,450
Taipei, China	8.1	7.3	7.6	5.1	7,510
SOUTHEAST ASIA ^c	4.8	8.4	8.6	7.4	
Indonesia	5.6	5.7	7.4	7.0	490
Lao PDR	6.4 ^d	4.0	10.7	9.1	180
Malaysia	5.0	8.9	8.8	9.4	2,130
Philippines	1.1	6.3	5.6	2.5	700
Thailand	5.9	13.2	12.0	10.0	1,160
Viet Nam, Soc. Rep. of	5.0 ^d	5.7	5.5	2.4	200 ^e
SOUTH ASIA	5.4	8.3	4.9	4.6	
Afghanistan, Rep. of	0.0	-8.3	-2.2
Bangladesh ^f	4.2	2.9	2.5	6.2	180
Bhutan	8.9 ^d	3.3	190 ^e
India ^f	5.4	9.8	5.0	4.3	350
Maldives	9.4	8.6	9.3	10.8	420
Myanmar ^f	3.4	-11.4	7.4	5.1	200 ^e
Nepal ^f	3.9	7.8	2.3	2.0	170 ^e
Pakistan ^f	6.7	7.6	5.0	5.3	360
Sri Lanka	4.6	2.8	2.0	5.1	430
CHINA, PEOPLE'S REP. OF	9.7	10.8	4.0	5.0	360
PACIFIC ISLAND DMCs	1.2	2.4	2.3	0.4	
Cook Islands	8.2 ^d
Fiji	0.6	0.8	12.5	5.3	1,640
Kiribati	700
Papua New Guinea	1.2	3.0	-1.5	-1.6	900
Solomon Islands	2.1	5.4	6.8	5.1	570
Tonga	8.2	-1.7	1.7	0.8	910
Vanuatu ^b	1.6 ^d	0.6	4.5	4.7	860
Western Samoa	2.0 ^d	0.8	1.2	-3.0	730
Weighted Average^g	7.3	9.4	5.7	5.7	

... data not available.

a World Bank Atlas Methodology, 1987-89 base period, except for Taipei, China.

b Preliminary estimates.

c Lao PDR and Viet Nam are excluded.

d Relates to 1981-87 for Lao PDR and Bhutan; 1984-87 for Viet Nam and Vanuatu; 1983-86 for Cook Islands; and 1983-87 for Western Samoa.

e Refers to 1986 for Myanmar; 1988 for Nepal and Bhutan; staff estimate for Viet Nam.

f Refers to fiscal year beginning 1 April for India and Myanmar; ending 30 June for Bangladesh and Pakistan; ending 15 July for Nepal.

g For 1988, weights used are GDP (in US dollars) in 1988; for 1980-87, 1989 and 1990, weights used are GDP (in US dollars) in 1989.

Sources: Country sources.

World Bank Atlas 1990:

ADB data file.

TABLE 2
CHANGES IN CONSUMER PRICES OF SELECTED DMCs, 1988-1990^a
(Per Cent)

Country	1988	1989	1990 ^b
NIEs	4.9	5.7	7.0
Hong Kong	7.5	10.1	9.8
Korea, Rep. of	7.1	5.7	8.6
Singapore	1.5	2.4	3.4
Taipei, China ^c	1.3	4.4	4.1
SOUTHEAST ASIA	5.3	5.9	8.1
Indonesia	5.2	5.8	8.6
Lao PDR	11.9	68.1	18.6
Malaysia	2.5	2.8	3.1
Philippines	10.1	9.6	14.9
Thailand	3.8	5.4	6.0
Viet Nam, Soc. Rep. of	310.9	76.0	90.0
SOUTH ASIA	9.6	7.7	9.2
Afghanistan, Rep. of	22.0	71.8	40.0
Bangladesh ^c	9.3	10.0	8.1
Bhutan	10.1	8.8	...
India ^c	9.4	6.2	8.5
Maldives
Myanmar	16.9	27.2	17.5
Nepal ^c	9.1	8.5	9.3
Pakistan ^c	8.8	7.9	9.2
Sri Lanka	14.0	11.6	21.3
CHINA, PEOPLE'S REP. OF	20.7	16.3	3.1
PACIFIC ISLAND DMCs	7.3	5.5	7.3
Cook Islands	8.3	6.0	4.9
Fiji ^c	11.8	6.2	8.5
Kiribati	6.1	3.1	...
Papua New Guinea	5.4	4.5	7.0
Solomon Islands ^c	16.7	14.0	7.5
Tonga ^c	9.9	4.1	6.5
Vanuatu	8.5	9.2	5.1
Western Samoa ^c	9.3	12.2	8.4
Weighted Average^d	10.7	9.2	6.6

... data not available.

a Unless otherwise indicated, data refer to changes in consumer prices in the capital cities.

b Preliminary estimates.

c Data refer to average of all cities.

d For 1988, weights used are GDP (in US dollars) in 1988; for 1989 and 1990, weights used are GDP (in US dollars) in 1989.

Sources: Country sources.
ADB data file.

TABLE 3
TOTAL NET FLOWS OF FINANCIAL RESOURCES TO DMCs, 1987-1989^a
(\$ million)

Country	Concessional Flows (ODA)			Non-Concessional Flows ^b			Total Flows		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
NIEs	55.4	60.2	181.6	2,289.2	2,280.2	3,468.4	2,344.6	2,340.4	3,650.0
Hong Kong	23.8	30.6	67.3	4,145.1	2,632.2	1,546.6	4,168.9	2,662.8	1,613.9
Korea, Rep. of	15.9	13.3	16.2	-2,448.8	-1,915.8	-778.5	-2,432.9	-1,902.5	-762.3
Singapore	24.2	23.2	96.0	889.4	1,636.1	2,066.3	913.6	1,659.3	2,162.3
Taipei, China	-8.5	-6.9	2.1	-296.5	-72.3	634.0	-305.0	-79.2	636.1
SOUTHEAST ASIA	3,228.7	3,571.6	3,991.4	2,387.3	2,371.6	5,129.2	5,616.0	5,943.2	9,120.6
Indonesia	1,290.8	1,672.3	1,883.9	1,895.6	1,595.9	2,901.0	3,186.4	3,268.2	4,784.9
Lao PDR	74.7	100.1	155.1	0.1	0.3	0.5	74.8	100.4	155.6
Malaysia	371.8	114.0	151.1	26.3	524.1	432.5	398.1	638.1	583.6
Philippines	791.4	874.0	873.5	77.9	456.2	329.6	869.3	1,330.2	1,203.1
Thailand	543.6	603.3	753.1	414.7	-218.1	1,447.2	958.3	385.2	2,200.3
Viet Nam, Soc. Rep. of	156.4	207.9	174.7	-27.3	13.2	18.4	129.1	221.1	193.1
SOUTH ASIA	6,162.3	7,183.0	6,791.8	1,787.4	2,544.7	4,554.9	7,949.7	9,727.7	11,346.7
Afghanistan, Rep. of	54.1	79.7	215.4	0.6	2.5	-2.2	54.7	82.2	213.2
Bangladesh	1,755.5	1,700.3	1,920.5	-26.8	-0.1	5.8	1,728.7	1,700.2	1,926.3
Bhutan	52.4	53.4	55.4	—	18.0	-1.2	52.4	71.4	54.2
India	1,940.3	2,248.6	2,052.9	1,660.1	2,026.0	3,213.5	3,600.4	4,274.6	5,266.4
Maldives	21.4	29.6	31.5	5.2	-2.4	30.8	26.6	27.2	62.3
Myanmar	388.6	469.4	200.9	-15.9	21.6	-93.0	372.7	491.0	107.9
Nepal	374.2	432.7	530.5	26.7	29.3	2.4	400.9	462.0	532.9
Pakistan	1,049.5	1,541.9	1,220.4	95.2	467.6	1,201.8	1,144.7	2,009.5	2,422.2
Sri Lanka	526.3	627.4	564.3	42.3	-17.8	197.0	568.6	609.6	761.3
CHINA, PEOPLE'S REP. OF	1,602.9	2,142.7	2,238.1	2,901.7	3,277.9	3,524.5	4,504.6	5,420.6	5,762.6
PACIFIC ISLAND DMCs	565.5	627.2	578.5	-18.3	66.3	469.7	547.2	693.5	1,048.2
Cook Islands	11.9	12.8	13.5	—	2.2	7.7	11.9	15.0	21.2
Fiji	37.4	56.3	45.1	-13.6	2.3	13.2	23.8	58.6	58.3
Kiribati	19.2	17.1	18.7	-0.1	—	—	19.1	17.1	18.7
Papua New Guinea	326.3	387.0	348.6	-17.1	68.5	402.2	309.2	455.5	750.8
Solomon Islands	58.6	60.1	51.2	13.3	6.8	0.7	71.9	66.9	51.9
Tonga	22.3	19.6	25.4	15.3	-12.9	7.2	37.6	6.7	32.6
Vanuatu	52.6	41.3	41.6	-15.7	-0.7	39.4	36.9	40.6	81.0
Western Samoa	37.2	33.0	34.4	-0.4	0.1	-0.7	36.8	33.1	33.7
TOTAL^c	11,614.8	13,584.7	13,781.4	9,347.3	10,540.7	17,146.7	20,962.1	24,125.4	30,928.1

— magnitude zero.

a. Net flows imply total flows minus repayments of principal for the year.

b. Including bilateral and multilateral non-concessional flows and private flows.

c. DMCs figures may have been revised since last published.

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries, 1986/1989.

TABLE 4
PRODUCTION AND IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS OF SELECTED DMCs,
1987-1990

Country	Production of Petroleum ('000 metric ton)				Imports of Petroleum ('000 metric ton)			
	1987	1988	1989	1990 ^a	1987	1988	1989	1990 ^a
NIEs	127	126	122	164	79,750	91,390	101,399	105,566
Hong Kong ^b	—	—	—	—	—	—	—	—
Korea, Rep. of	—	—	—	—	29,418	35,666	40,493	41,882
Singapore	—	—	—	—	31,089	34,390	36,776	39,000
Taipei, China	127	126	122	164	19,243	21,334	24,130	24,684
SOUTHEAST ASIA	90,128	93,048	99,577	104,622	22,016	23,322	26,667	27,130
Indonesia ^a	64,625	66,031	70,350	73,700	3,928	4,100	4,643	4,863
Lao PDR
Malaysia	24,257	25,749	27,950	29,537	1,547	1,509	1,019	930
Philippines	290	309	270	250	8,681	10,049	10,500	10,900
Thailand	956	959	1,007	1,135	7,860	7,664	10,505	10,437
Viet Nam, Soc. Rep. of
SOUTH ASIA	33,196	34,567	36,806	32,600	24,704	24,918	24,104	25,679
Afghanistan, Rep. of
Bangladesh	25	27	31	...	1,000	1,212
Bhutan ^b	—	—	—	—	—	—	—	—
India	30,142	31,580	33,685	32,600	17,997	17,712	18,919	20,800
Maldives ^b	—	—	—	—	—	—	—	—
Myanmar	979	732	757
Nepal ^b	—	—	—	—	—	—	—	—
Pakistan	2,050	2,228	2,333	...	4,003	4,100	3,910	3,100
Sri Lanka	—	—	—	—	1,704	1,894	1,275	1,779
CHINA, PEOPLE'S REP. OF	134,140	137,050	137,640	138,102	500	855	3,263	2,923
PACIFIC ISLAND DMCs	—	—	—	—	—	—	—	—
Cook Islands ^b	—	—	—	—	—	—	—	—
Fiji ^b	—	—	—	—	—	—	—	—
Kiribati ^b	—	—	—	—	—	—	—	—
Papua New Guinea ^b	—	—	—	—	—	—	—	—
Solomon Islands ^b	—	—	—	—	—	—	—	—
Tonga ^b	—	—	—	—	—	—	—	—
Vanuatu ^b	—	—	—	—	—	—	—	—
Western Samoa ^b	—	—	—	—	—	—	—	—
TOTAL (Reporting)	257,591	264,791	274,145	275,488	126,970	140,502	155,433	161,298

... data not available.

— magnitude zero.

^a Preliminary estimates.

^b No refining capacity.

Sources: Country sources.

ADB, *Key Indicators and Energy Indicators 1991* (forthcoming).

ESCAP, *Statistical Indicators for Asia and the Pacific*.

IMF, *International Financial Statistics*.

	Imports of Petroleum (\$ million)				Imports of Petroleum and Products (\$ million)			
	1987	1988	1989	1990 ^a	1987	1988	1989	1990 ^a
10,764	9,921	12,127	16,210	16,049	14,032	17,160	25,358	
—	—	—	—	926	897	1,345	1,621	
3,702	3,841	4,929	6,638	6,022	4,320	5,770	9,135	
4,246	4,105	4,664	6,200	5,943	6,168	6,870	9,859	
2,816	1,975	2,534	3,372	3,158	2,647	3,175	4,743	
1,894	2,495	3,182	4,290	4,007	4,110	5,609	7,461	
575	469	576	796	1,079	849	1,102	1,438	
201	153	117	133	945	619	804	935	
108	1,008	1,199	1,725	266	1,113	1,378	1,911	
1,010	864	1,290	1,636	1,717	1,530	2,325	3,176	
...	
3,280	2,614	2,772	4,184	4,676	4,387	5,795	7,762	
130	126	204	232	308	302	
2,411	1,880	2,183	3,457	3,099	2,935	3,992	5,759	
—	—	—	—	11	12	13	...	
...	
496	396	426	418	1,030	913	1,219	1,285	
242	212	164	310	290	246	232	359	
61	97	467	424	
—	—	—	—	264	213	203	156	
—	—	—	—	4	5	5	5	
—	—	—	—	80	60	76	102	
—	—	—	—	2	2	3	...	
—	—	—	—	150	119	73	...	
—	—	—	—	13	11	27	25	
—	—	—	—	5	5	6	7	
—	—	—	—	6	6	6	7	
—	—	—	—	4	5	7	10	
15,999	15,128	18,548	25,108	24,996	22,742	28,768	40,738	

TABLE 5
TOTAL EXTERNAL DEBT AND DEBT-SERVICE RATIO
OF SELECTED DMCs, 1987-1989
(\$ million)

Country	Debt Outstanding ^a			Service Payments ^b			Debt-Service Ratio ^b (%)		
	1987	1988	1989	1987	1988	1989	1987	1988	1989
NIEs	44,241	35,694	33,111	20,655	10,459	8,417	13.3	14.8	11.4
Hong Kong
Korea, Rep. of	39,808	35,694	33,111	18,196	10,459	8,417	32.3	14.8	11.4
Singapore	2,543	503	1.3
Taipei, China	1,890	1,956	3.2
SOUTHEAST ASIA	124,468	125,686	126,295	18,170	20,676	19,327	27.2	25.9	20.3
Indonesia ^c	50,239	53,474	54,402	6,793	7,539	7,461	34.3	34.5	28.8
Lao PDR	726	824	949	13	13	13	14.3	16.0	12.7
Malaysia	22,758	20,400	18,576	4,280	5,434	4,202	20.4	22.2	14.6
Philippines	30,038	29,161	28,902	3,613	3,482	3,364	38.5	31.5	26.3
Thailand	20,707	21,827	23,466	3,471	4,208	4,287	21.0	18.8	15.5
Viet Nam, Soc. Rep. of
SOUTH ASIA	91,847	95,547	102,507	8,694	9,150	9,307	28.0	26.7	24.7
Afghanistan, Rep. of
Bangladesh	9,891	10,389	10,712	526	482	488	26.9	21.2	19.9
Bhutan	41	68	79	1	1	4	0.8	2.2	...
India ^d	55,034	57,254	62,509	5,590	6,190	6,364	29.0	28.9	26.3
Maldives	73	71	67	7	10	10	7.0	8.0	7.2
Myanmar ^d	4,387	4,414	4,171	226	130	197	73.1	35.0	30.4
Nepal	981	1,167	1,359	36	43	66	9.3	10.0	17.2
Pakistan	16,708	16,996	18,509	1,813	1,810	1,770	26.7	24.6	23.2
Sri Lanka	4,732	5,187	5,101	495	484	408	23.1	21.7	17.8
CHINA, PEOPLE'S REP. OF	35,304	42,406	44,857	3,813	4,628	5,684	8.6	8.6	9.8
PACIFIC ISLAND DMCs	3,006	3,013	3,147	440	555	644	19.2	20.2	25.0
Cook Islands
Fiji	466	467	398	67	67	94	12.2	10.2	11.8
Kiribati
Papua New Guinea	2,292	2,294	2,496	356	468	530	24.6	26.6	34.3
Solomon Islands	98	105	102	6	7	10	6.4	6.5	9.0
Tonga	45	45	45	1	1	2	2.0	2.3	...
Vanuatu	24	27	32	2	3	2	2.6	3.2	3.1
Western Samoa	81	76	74	8	9	7	11.7	10.6	15.0
TOTAL	298,865	302,346	309,917	51,772	45,468	43,379	17.3	18.8	16.2

... 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.

b Service payments include yearly payments on principal and interest on long-term debt. Debt-service ratio is the percentage of service payments to exports of goods and services (including workers' remittances).

c All data relate to long and medium-term debt on fiscal year basis.

d The long-term debt data are on fiscal year basis.

Sources: World Bank, *World Debt Tables*, 1990-91 edition.
Country sources.

TABLE 6
EXCHANGE RATES (Year Average)
(Currency per US\$)

Country	Currency	1988	1989	1990
A. DEVELOPING MEMBER COUNTRIES				
NIEs				
Hong Kong	Dollar (HK)	7.806	7.800	7.790
Korea, Rep. of	Won	731.470	671.460	707.768
Singapore	Dollar (S)	2.012	1.950	1.813
Taipei, China	Dollar (NT)	28.589	26.407	26.860
SOUTHEAST ASIA				
Indonesia	Rupiah	1,685.700	1,770.100	1,842.825
Lao PDR	Kip ^a	480.000	723.000	714.000
Malaysia	Ringgit	2.619	2.709	2.705
Philippines	Peso	21.095	21.737	24.311
Thailand	Baht	25.294	25.702	25.585
Viet Nam, Soc. Rep. of	Dong ^a	3,000.000	3,900.000	6,500.000
SOUTH ASIA				
Afghanistan, Rep. of	Afghani	50.600	50.600	50.600
Bangladesh	Taka	31.733	32.270	34.567
Bhutan	Ngultrum	13.917	16.226	17.504
India	Rupee (I)	13.917	16.226	17.504
Maldives	Rufiyaa	8.785	9.041	9.525
Myanmar	Kyat	6.395	6.705	6.339
Nepal	Rupee (N)	23.289	27.189	29.371
Pakistan	Rupee (P)	18.003	20.541	21.707
Sri Lanka	Rupee (SL)	31.807	36.047	40.063
CHINA, PEOPLE'S REP. OF	Yuan	3.722	3.765	4.783
PACIFIC ISLAND DMCs				
Cook Islands	Dollar (NZ)	1.524	1.671	1.675
Fiji	Dollar (F)	1.430	1.483	1.481
Kiribati	Dollar (A)	1.275	1.262	1.280
Papua New Guinea	Kina	0.867	0.856	0.955
Solomon Islands	Dollar (SI)	2.083	2.293	2.529
Tonga	Dollar (T)	1.280	1.264	1.281
Vanuatu	Vatu	104.430	116.040	116.563
Western Samoa	Tala	2.079	2.269	2.309
B. DEVELOPED MEMBER COUNTRIES				
Australia	Dollar (A)	1.275	1.262	1.280
Austria	Schilling	12.348	13.231	11.370
Belgium	Franc (B)	36.768	39.404	33.418
Canada	Dollar (C)	1.231	1.184	1.167
Denmark	Krone	6.732	7.310	6.189
Finland	Markka	4.183	4.291	3.823
France	Franc	5.957	6.380	5.445
Germany	Deutsche mark	1.756	1.880	1.616
Italy	Lira	1,301.600	1,372.100	1,198.100
Japan	Yen	128.150	137.960	144.793
Netherlands	Guilder	1.977	2.121	1.821
New Zealand	Dollar (NZ)	1.524	1.671	1.675
Norway	Krone	6.517	6.905	6.260
Spain	Peseta	116.490	118.380	101.933
Sweden	Krona	6.127	6.447	5.919
Switzerland	Franc (Sw)	1.463	1.636	1.389
United Kingdom	Pound	0.561	0.610	0.560

a End of period exchange rates.

Sources: IMF, *International Financial Statistics*, February 1991.
Country sources.

BANK OPERATIONAL DATA

LOAN APPROVALS IN 1990 AND TOTAL PROJECT COSTS
(amounts in \$ million)

Country/Project	Ordinary Capital Resources	Asian Development Fund	Total Project Cost ^a
BANGLADESH			
Foodcrops Development Program	—	125.00	312.50
Primary Education Sector	—	68.30	81.65
Secondary Towns Infrastructure Development	—	43.00	53.43
Small and Cottage Industry	—	30.00	75.00
Rural Training	—	16.25	19.35
Agriculture and Rural Credit	—	60.00	150.00
Rural Women Employment Creation	—	8.00	10.80
Kader Synthetic Fibres Limited ^b	—	5.00	25.80
BHUTAN			
Technical and Vocational Education and Training	—	395.55 397.13	8.96
CHINA, PEOPLE'S REP. OF			
Agricultural Bank of China	50.00	—	125.00
COOK ISLANDS			
Outer Islands Telecommunications	—	+ 4.90	8.00
INDIA			
Second North Madras Thermal Power	200.00	—	428.20
Second Ports	129.00	—	181.02
Second Road	250.00	—	313.00
Second Industrial Credit and Investment Corporation of India Limited	120.00	—	300.00
Calcutta Electric Supply Company Limited ^b	17.80	—	91.60
INDONESIA			
Integrated Irrigation Sector	170.00	30.00	264.00
Power XX	235.00	—	450.00
Six Universities Development and Rehabilitation	114.00	—	142.56
Food Crop Sector Program	150.00	—	625.00
Agricultural Technology Schools	85.00	—	119.52
Second IKK Water Supply Sector	39.00	—	52.00
P.T. Bakrie Nusantara Multi Finance Company ^b	15.00	—	—
KIRIBATI			
Development Bank of Kiribati	—	1.00	2.50
LAO PDR			
Financial Sector Program	—	25.00	62.50
Xeset Hydropower (Supplementary)	—	3.00	10.38
MALAYSIA			
Northern Terengganu Rural Development (Phase 1)	15.00	—	54.68
NEPAL			
Seventh Power	—	51.00	64.00
Forestry Sector Program	—	40.00	100.00
Third Small Farmers Development	—	30.00	45.20
Gorakhkali Rubber Udyog Limited ^b	2.05	—	23.04

a Total cost of credit lines, program and sector loans is estimated.

b Private sector loan without government guarantee.

Country/Project	Ordinary Capital Resources	Asian Development Fund	Total Project Cost ^a
PAKISTAN			
Second Barani Area Development	—	25.00	59.90
Third Telecommunications	115.00	—	415.00
Agricultural Credit	—	150.00	375.00
Agriculture Program	—	200.00	500.00
WAPDA Eleventh Power	215.00		396.42
PAPUA NEW GUINEA		375	
Industrial Center Development	—	8.40	10.58
Special Interventions	—	10.50	13.16
PHILIPPINES			
Second Palawan Integrated Area Development	33.00	25.00	73.50
Irrigation Systems Improvement	9.00	20.00	36.30
Road and Road Transport Sector Program	50.00	50.00	250.00
Sixteenth Power (Masinloc Thermal Power)	200.00	—	441.00
Second Island Provinces Rural Water Supply Sector	—	24.00	31.30
Earthquake-Damage Reconstruction	—	100.00	123.00
Metropolitan Cebu Water Supply	6.00	16.00	33.00
Fifth Road Improvement	150.00	—	205.35
Avantex Mill Corporation ^b	8.00		51.00
SOLOMON ISLANDS		235.00	
Second Power Expansion	—	4.70	5.59
SRI LANKA		4.70	
Power System Expansion Sector	—	74.30	97.50
Second Telecommunications	—	41.10	62.10
Financial Sector Program	—	80.00	200.00
Merchant Bank of Sri Lanka ^b	—	1.00	—
THAILAND		196.90	
Transmission System for Mae Moh Power (Units 10 and 11)	48.80	—	210.00
Third Highway (Sector)	35.00	—	67.61
Bangkok Expressway Company Limited ^b	30.00	—	1,049.60
TONGA			
Fisheries Development	—	2.40	2.65
WESTERN SAMOA			
Emergency Power Rehabilitation	—	0.50	0.76
GRAND TOTAL	2,491.65	1,480.48	8,910.01

a Total cost of credit lines, program and sector loans is estimated.

b Private sector loan without government guarantee.

LOAN APPROVALS BY SECTOR, 1989, 1990, 1968-1990^a
 (amounts in \$ million)

Sector	1989				Total		
	OCR		ADF		No. ^b	Amount	%
	No.	Amount	No.	Amount			
Agriculture and Agro-Industry	7	282.50	14	563.76	18	846.26	23.35
Energy	4	408.43	2	196.50	6	604.93	16.69
Industry and Non-Fuel Minerals	7	49.70	2	6.00	7	55.70	1.54
Finance	4	665.00	2	40.00	5	705.00	19.46
Transport and Communications	5	409.70	4	176.40	9	586.10	16.17
Social Infrastructure	7	445.00	8	311.60	12	756.60	20.88
Multisector	—	—	3	69.00	3	69.00	1.90
TOTAL	34	2,260.33	35	1,363.26	60	3,623.59	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.

1990							1968-1990						
OCR		ADF		Total			OCR		ADF		Total		
No.	Amount	No.	Amount	No. ^b	Amount	%	No.	Amount	No.	Amount	No. ^b	Amount	%
6	427.00	13	815.40	15	1,242.40	31.28	135	4,000.47	231	5,467.54	329	9,468.01	29.07
7	916.60	5	133.50	11	1,050.10	26.44	115	5,705.13	76	1,735.75	168	7,440.88	22.85
6	25.05	3	13.40	5	38.45	0.97	38	797.52	17	407.82	50	1,205.34	3.70
1	120.00	6	137.00	6	257.00	6.47	67	3,059.10	42	715.00	101	3,774.10	11.59
8	759.00	3	96.00	9	855.00	21.52	102	4,289.23	58	1,122.72	147	5,411.95	16.62
4	244.00	6	174.68	9	418.68	10.54	101	3,553.58	61	1,331.70	149	4,885.29	15.00
—	—	2	110.50	2	110.50	2.78	3	101.70	19	281.51	18	383.21	1.18
32	2,491.65	38	1,480.48	57	3,972.13	100.00	561	21,506.73	504	11,062.04	962	32,568.78	100.00

LOAN APPROVALS BY COUNTRY AND BY SOURCE OF FUNDS, 1989, 1990, 1968-1990^a
 (amounts in \$ million)

Country	1989			1990			1968 - 1990			
	O C R	A D F	Total	O C R	A D F	Total	O C R	A D F	Total	%
Afghanistan, Rep. of	—	—	—	—	—	—	—	95.10	95.10	0.29
Bangladesh	—	338.30	338.30	—	355.55	355.55	11.40	3,142.64	3,154.04	9.68
Bhutan	—	—	—	—	7.13	7.13	—	38.76	38.76	0.12
Cambodia	—	—	—	—	—	—	—	1.67	1.67	0.01
China, People's Rep. of	39.70	—	39.70	50.00	—	50.00	505.90	—	505.90	1.55
Cook Islands	—	—	—	—	4.90	4.90	—	10.15	10.15	0.03
Fiji	9.60	—	9.60	—	—	—	103.10	—	103.10	0.32
Hong Kong	—	—	—	—	—	—	101.50	—	101.50	0.31
India	503.90	—	503.90	716.80	—	716.80	2,361.30	—	2,361.30	7.25
Indonesia	667.30	105.00	772.30	808.00	130.00	938.00	6,027.13	612.38	6,639.51	20.39
Kiribati	—	—	—	—	1.00	1.00	—	4.90	4.90	0.02
Korea, Rep. of	—	—	—	—	—	—	2,319.63	3.70	2,323.33	7.13
Lao PDR	—	59.00	59.00	—	28.00	28.00	—	204.64	204.64	0.63
Malaysia	138.20	—	138.20	15.00	—	15.00	1,544.34	3.30	1,547.64	4.75
Maldives	—	—	—	—	—	—	—	15.88	15.88	0.05
Myanmar	—	—	—	—	—	—	6.60	524.26	530.86	1.63
Nepal	—	122.10	122.10	2.05	121.00	123.05	4.05	981.26	985.31	3.03
Pakistan	337.80	386.20	724.00	330.00	375.00	705.00	2,682.32	3,160.65	5,842.97	17.94
Papua New Guinea	32.43	61.00	93.43	—	18.90	18.90	174.68	220.24	394.92	1.21
Philippines	421.40	137.00	558.40	456.00	235.00	691.00	3,423.44	679.26	4,102.70	12.60
Singapore	—	—	—	—	—	—	178.08	3.00	181.08	0.56
Solomon Islands	—	—	—	—	4.70	4.70	—	42.81	42.81	0.13
Sri Lanka	—	127.26	127.26	—	196.40	196.40	14.14	1,092.59	1,106.73	3.40
Taipei, China	—	—	—	—	—	—	100.39	—	100.39	0.31
Thailand	110.00	—	110.00	113.80	—	113.80	1,944.80	72.10	2,016.90	6.19
Tonga	—	5.00	5.00	—	2.40	2.40	—	21.95	21.95	0.07
Vanuatu	—	—	—	—	—	—	—	10.85	10.85	0.03
Viet Nam, Soc. Rep. of	—	—	—	—	—	—	3.93	40.67	44.60	0.14
Western Samoa	—	22.40	22.40	—	0.50	0.50	—	79.28	79.28	0.24
TOTAL	2,260.33	1,363.26	3,623.59	2,491.65	1,480.48	3,972.13	21,506.73	11,062.04	32,568.77	100.00

a Includes loans to private sector without government guarantee.

LOAN APPROVALS BY SECTOR: THREE-YEAR MOVING AVERAGES, 1968-1970 — 1988-1990
(amounts in \$ million)

	Total Lending ^a	Agriculture and Agro-Industry	Energy	Finance	Industry and Non-Fuel Minerals	Transport and Communications	Social Infrastructure	Multi-sector
Average during								
1968-1970	128.54	25.02	15.38	30.00	19.44	30.87	7.83	0.00
1969-1971	199.25	40.80	50.56	39.00	17.32	43.20	8.37	0.00
1970-1972	271.92	42.65	89.90	38.00	13.72	58.42	29.23	0.00
1971-1973	330.53	52.17	106.38	51.20	1.38	78.92	40.49	0.00
1972-1974	428.42	80.37	114.44	64.53	17.23	91.35	60.49	0.00
1973-1975	543.16	151.38	125.11	90.87	23.07	96.02	56.72	0.00
1974-1976	661.30	193.57	141.17	115.33	36.23	109.87	65.12	0.00
1975-1977	774.22	236.23	170.47	119.67	32.46	131.38	84.02	0.00
1976-1978	940.36	257.86	202.50	135.17	68.16	150.23	126.45	0.00
1977-1979	1,098.92	328.09	264.03	129.83	61.72	132.98	181.87	0.40
1978-1980	1,282.01	396.74	318.98	140.50	50.33	158.78	215.95	0.73
1979-1981	1,454.96	473.69	395.94	156.00	13.13	136.88	278.02	1.29
1980-1982	1,598.97	543.60	443.08	159.83	11.80	184.41	255.35	0.89
1981-1983	1,751.46	589.95	465.85	185.83	41.40	131.77	319.90	16.76
1982-1984	1,937.03	662.09	561.38	135.83	37.07	234.70	278.17	27.79
1983-1985	1,978.52	641.47	487.38	128.67	36.93	252.23	401.57	30.26
1984-1986	2,013.77	714.10	508.75	93.67	6.93	289.98	351.94	48.39
1985-1987	2,081.84	637.76	363.75	234.00	63.77	427.53	317.31	37.72
1986-1988	2,527.67	675.87	471.19	322.50	202.98	534.33	284.45	36.35
1987-1989	3,069.21	683.02	501.21	524.17	219.88	670.12	445.80	25.02
1988-1990	3,580.43	920.82	740.68	451.50	175.87	690.50	540.13	60.93
Cumulative (1968-1990)	32,569.08	9,468.01	7,440.88	3,774.10	1,205.64	5,411.95	4,885.29	383.21
Percentage Distribution								
1968-1970	100.00	19.46	11.97	23.34	15.12	24.02	6.09	0.00
1969-1971	100.00	20.47	25.38	19.57	8.69	21.68	4.20	0.00
1970-1972	100.00	15.68	33.06	13.97	5.04	21.48	10.75	0.00
1971-1973	100.00	15.78	32.18	15.49	0.42	23.88	12.25	0.00
1972-1974	100.00	18.76	26.71	15.06	4.02	21.32	14.12	0.00
1973-1975	100.00	27.87	23.03	16.73	4.25	17.68	10.44	0.00
1974-1976	100.00	29.27	21.35	17.44	5.48	16.61	9.85	0.00
1975-1977	100.00	30.51	22.02	15.46	4.19	16.97	10.85	0.00
1976-1978	100.00	27.42	21.53	14.37	7.25	15.98	13.45	0.00
1977-1979	100.00	29.86	24.03	11.81	5.62	12.10	16.55	0.04
1978-1980	100.00	30.95	24.88	10.96	3.93	12.39	16.84	0.06
1979-1981	100.00	32.56	27.21	10.72	0.90	9.41	19.11	0.09
1980-1982	100.00	34.00	27.71	10.00	0.74	11.53	15.97	0.06
1981-1983	100.00	33.68	26.60	10.61	2.36	7.52	18.27	0.96
1982-1984	100.00	34.18	28.98	7.01	1.91	12.12	14.36	1.43
1983-1985	100.00	32.42	24.63	6.50	1.87	12.75	20.30	1.53
1984-1986	100.00	35.46	25.26	4.65	0.34	14.40	17.48	2.40
1985-1987	100.00	30.63	17.47	11.24	3.06	20.54	15.24	1.81
1986-1988	100.00	26.74	18.64	12.76	8.03	21.14	11.25	1.44
1987-1989	100.00	22.25	16.33	17.08	7.16	21.83	14.53	0.82
1988-1990	100.00	25.72	20.69	12.61	4.91	19.29	15.09	1.70
Cumulative (1968-1990)	100.00	29.07	22.85	11.59	3.70	16.62	15.00	1.18

a Total column may not tally due to rounding.

CO-FINANCING ARRANGEMENTS, 1990

(amounts in \$ million)

Project	Country	Bank Loan		Amount of Co-Financing	Sources of Co-Financing
		OCR	ADF		
Agriculture and Rural Credit	Bangladesh	—	60.00 3.00	50.00 3.00	World Bank (IDA) USAID
Primary Education Sector	Bangladesh	—	68.30	7.40	Sweden (SIDA) Netherlands/ UNFPA
Foodcrops Development Program	Bangladesh	—	125.00	75.00	World Bank (IDA)
Rural Women Employment Creation	Bangladesh	—	8.00	1.43	Norway
Small and Cottage Industry	Bangladesh	—	30.00	0.27	USAID
Technical and Vocational Education and Training	Bhutan	—	7.13	2.10 ^a	UNDP
Outer Islands Telecommunications	Cook Islands	—	4.90	2.70	Australia (EFIC/AIDAB)
Power Finance Corporation (i) North Madras Thermal Power ^c (ii) Rayalaseema Thermal Power ^d	India	150.00 230.00	— —	110.00	CFS Guarantee ^b
Calcutta Electric Supply Company Limited	India	17.80	—	20.00	IFC
Integrated Irrigation Sector	Indonesia	170.00	30.00	8.00	Netherlands
Power XX	Indonesia	235.00	—	110.00	Eximbank of Japan
Xeset Hydropower (Supplementary)	Lao PDR	—	3.00	1.00 6.23 0.88	Norway Sweden (SIDA) UNDP
Third Small Farmers Development	Nepal	—	30.00	1.00	Germany (GTZ)
Gorakhkali Rubber Udyog Limited ^e	Nepal	2.05	—	10.70	Suppliers' Credit
Agricultural Credit	Pakistan	—	150.00 25.00	150.00 25.00	World Bank IFAD

a Standby co-financing.

b Complementary Financing Scheme with Bank guarantee.

c Bank loan was approved in 1986.

d Bank loan was approved in 1989.

e Private sector loan.

Project	Country	Bank Loan		Amount of Co-Financing	Sources of Co-Financing
		OCR	ADF		
WAPDA Tenth Power (Sector) ^f	Pakistan	—	—	7.10 141.10	Belgium German Export Credit
Third Telecommunications	Pakistan	115.00	—	30.00 15.00 15.00	Germany (KfW) France Sweden (Svenska Handelsbanken)
Second Barani Area Development	Pakistan	—	25.00	19.40 0.69	IFAD UNDP
Second National Development Leasing Corporation Limited ^g	Pakistan	15.00	—	5.00	CFS ^h
Primary Education (Girls) Sector ^c	Pakistan	—	64.20	4.50	Norway
Ramu Grid Reinforcement ^c	Papua New Guinea	19.65	—	10.00	CFS Guarantee ^b
Divune Hydropower ^c	Papua New Guinea ^a	8.43	—	4.00	United Kingdom (CDC)
Sixteenth Power (Masinloc Thermal Power)	Philippines	200.00	—	150.00	Eximbank of Japan
Second Palawan Integrated Area Development	Philippines	33.00	25.00	9.90	EEC
Road and Road Transport Sector Program	Philippines	50.00	50.00	100.00	Japan (OECP)
Avantex Mill Corporation ^e	Philippines	8.00	—	11.25 5.00	IFC CFS ^h /AFIC
Second Telecommunications	Sri Lanka	—	41.10	67.50 58.00	Japan (OECP) World Bank
Transmission System for Mae Moh Power (Units 10 and 11)	Thailand	48.80	—	15.70 2.70	Germany (KfW) French Export Credit
TOTAL (29)		1,302.73	721.63	1,256.55	

^f Additional co-financing; Bank loan of \$150 million was approved in 1986.

^g Private sector loan without government guarantee; approved in 1988.

^h Complementary Financing Scheme.

PRIVATE SECTOR INVESTMENT MANAGEMENT STATUS, 1983-1990
 (amounts in \$ million)

CUMULATIVE BOARD APPROVALS

Country	Number of Projects	Equity Investments and Lines of Equity ^a	Equity Underwritings	Loans	Total Bank Funds	Complementary Loans	Total
Bangladesh	3	2.86	—	10.50	13.36	—	13.36
China, People's Rep. of	1	3.00	—	—	3.00	—	3.00
India	7	15.87	—	43.70	59.57	5.00	64.57
Indonesia	10	10.85	6.00	50.00	66.85	7.00	73.85
Korea, Rep. of	3	8.96	—	—	8.96	—	8.96
Malaysia	1	2.00	—	—	2.00	—	2.00
Nepal	2	2.01	—	5.05	7.06	—	7.06
Pakistan	15	15.19	5.40	75.80	96.39	53.10	149.49
Philippines	8	9.00	—	42.00	51.00	15.00	66.00
Sri Lanka	3	2.58	—	1.00	3.58	—	3.58
Thailand	5	14.52	5.00	31.46	50.98	—	50.98
Regional	6	52.24	25.20	—	77.44	—	77.44
TOTAL	64	139.08	41.60	259.51	440.19	80.10	520.29

INVESTMENTS HELD
 (As of 31 December 1990)

Country	Number of Companies	Equity Investments ^b	Loans ^c	Total Bank Funds	Complementary Loans	Total
Bangladesh	2	1.28	2.48	3.76	—	3.76
India	7	6.88	14.31	21.19	5.00	26.19
Indonesia	8	3.87	18.34	22.21	4.30	26.51
Korea, Rep. of	6	7.75	—	7.75	—	7.75
Nepal	1	0.56	—	0.56	—	0.56
Pakistan	13	5.49	56.46	61.95	26.03	87.98
Philippines	5	3.38	31.27	34.65	9.58	44.23
Sri Lanka	1	0.30	—	0.30	—	0.30
Thailand	5	8.24	1.39	9.63	—	9.63
Regional	5	51.58	—	51.58	—	51.58
TOTAL	53	89.33	124.25	213.58	44.91	258.49

Excluding facilities cancelled/withdrawn/expired.

a Lines of Equity are administrative arrangements by which local financial institutions are advisors and agents under which actual investments are made.

b At cost of acquisition in US dollar terms.

c Non-US dollar currencies translated at exchange rates as at time of disbursement.

PRIVATE SECTOR INVESTMENT FACILITIES APPROVED IN 1990

(amounts in \$ million)

	Equity Investment	Underwriting	Loan	Total Bank Funds	Complementary Loan	Total
Bangladesh						
Kader Synthetic Fibres Limited	1.400	—	5.000	6.400	—	6.400
India						
CESC Limited	—	—	17.800	17.800	—	17.800
Twentieth Century Venture Capital Corporation	1.830	—	—	1.830	—	1.830
Indonesia						
P.T. Bakrie Nusantara Multi Finance Company	1.250	—	15.000	16.250	—	16.250
Nepal						
Gorakhkali Rubber Udyog Limited	1.020	—	2.050	3.070	—	3.070
Pakistan						
Pakistan Industrial Leasing Corporation	0.227 ^a	—	—	0.227	—	0.227
National Development Leasing Corporation II	—	—	—	—	5.000 ^b	5.000
Pakistan Fund	—	5.400	—	5.400	—	5.400
Fund Management Company	0.030	—	—	0.030	—	0.030
Pakistan Venture Capital Limited	1.160	—	—	1.160	—	1.160
Atlas BOT Investment Bank	0.920	—	—	0.920	—	0.920
Philippines						
BPI and PCICC	4.000 ^c	—	—	4.000	—	4.000
Avantex Mill Corporation	—	—	8.000	8.000	5.000	13.000
Asiatrust Development Bank	0.536	—	—	0.536	—	0.536
Sri Lanka						
Merchant Bank of Sri Lanka	0.250	—	1.000	1.250	—	1.250
NDBSL/DFCC/CDIC/MBSL	2.000 ^c	—	—	2.000	—	2.000
Thailand						
Thai Farmers Bank	2.000 ^c	—	—	2.000	—	2.000
Bangkok Expressway Company Limited	10.000	—	30.000	40.000	—	40.000
Regional						
Asia-Pacific Ventures Limited	5.000	—	—	5.000	—	5.000
TOTAL	31.623	5.400	78.850	115.873	10.000	125.873

a Supplementary.

b Basic facility approved in 1988.

c Line of Equity.

NUMBER OF LOANS AND PROJECTS APPROVED AND UNDER ADMINISTRATION,
 PCRs CIRCULATED, PROJECTS COMPLETED AND LOANS CLOSED IN 1990
 (As of 31 December 1990)

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
Afghanistan, Rep. of	9	8	8	—	1	2
Bangladesh	93	87	85	3	4	39
Bhutan	9	8	9	—	—	5
Cambodia	1	1	1	—	—	0
China, People's Rep. of	8	6	8	—	—	3
Cook Islands	4	3	4	—	—	1
Fiji	11	11	11	—	—	4
Hong Kong	5	5	5	—	—	0
India	19	14	19	—	—	7
Indonesia	156	153	140	13	2	32
Kiribati	5	4	5	—	—	1
Korea, Rep. of	79	79	79	—	—	8
Lao PDR	20	19	18	—	2	12
Malaysia	67	65	65	1	1	9
Maldives	4	4	4	—	—	2
Myanmar	32	32	28	2	2	12
Nepal	68	66	58	1	9	26
Pakistan	128	122	103	20	5	53
Papua New Guinea	34	32	26	8	—	5
Philippines	114	104	99	11	2	30
Singapore	14	14	14	—	—	2
Solomon Islands	12	11	12	—	—	5
Sri Lanka	59	57	53	1	4	17
Taipei, China	12	12	12	—	—	0
Thailand	56	55	53	2	1	23
Tonga	10	9	10	—	—	3
Vanuatu	4	4	4	—	—	2
Viet Nam, Soc. Rep. of	11	9	9	2	—	0
Western Samoa	23	22	20	—	2	9
TOTAL	1,067	1,016	962	64	35	314^g

a Includes Special Assistance loans, 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 assistance loans are not counted as separate projects.

c Includes projects/loans which have been approved but still awaiting effectivity.

d Prior to 1979, PCRs were approved but still awaiting effectivity.

e Projects which were physically completed in 1990.

f Includes 15 inactive projects and 23 private sector projects but excludes seven projects exclusively financed from other sources.

g The total number of projects co-financed do not necessarily tally because some projects have been co-financed by more than one source of co-financing.

h Includes the three retro-closed loans in 1989: 891 BAN and 825(SF)/826 PAK.

	No. of Projects Under Administration ^c As of 31/12/90	No. of Loans Under Administration ^c As of 31/12/90	Cumulative No. of PCRs Circulated/ Prepared ^d	No. of Projects Completed in 1990 ^e	No. of Loans Closed in 1990	No. of PCRs Circulated in 1990	No. of PPARs Circulated in 1990
8	9	0	0	0	0	0	0
46	47	36	7	10	5	2	
8	8	1	1	1	1	0	0
1	1	0	0	0	0	0	0
8	8	0	0	0	0	0	0
2	2	2	0	0	0	0	1
4	4	4	0	0	1	0	
0	0	5	0	0	0	0	0
19	19	0	0	0	0	0	0
60	67	57	11	11	11	5	
2	2	2	0	0	0	0	1
8	8	50	0	0	1	0	
8	9	7	3	3	2	0	
16	16	29	2	4	2	1	
2	2	2	0	0	0	1	
5	5	19	6	4	4	0	
30	33	24	4	5	4	4	
58	65	36	4	8	7	4	
11	16	13	1	0	3	1	
39	47	47	4	6	9	5	
0	0	7	0	0	0	0	
3	3	9	1	1	2	0	
27	27	17	5	6	3	0	
0	0	1	0	0	0	0	
10	10	30	4	5	5	1	
4	4	8	0	0	0	0	
2	2	2	0	0	1	1	
2	2	5	0	0	0	0	
6	6	12	0	0	0	0	
389^f	422	425	53	64^b	61	27	

AMOUNTS OF LOANS APPROVED, CONTRACTS AWARDED AND DISBURSEMENTS
 (As of 31 December 1990)

(amounts in \$ million)

Country	Cumulative Loan Amounts Approved ^a	Cumulative Net Effective Loans ^b	Contracts Awarded in 1990 ^c
Afghanistan, Rep. of	95.10	74.05	0.00
Bangladesh	3,154.04	3,011.17	326.33
Bhutan	38.76	36.65	2.26
Cambodia	1.67	1.67	0.00
China, People's Rep. of	505.90	402.90	34.50
Cook Islands	10.15	5.47	0.83
Fiji	103.10	96.77	1.70
Hong Kong	101.50	94.50	0.00
India	2,361.30	1,627.60	295.40
Indonesia	6,639.51	5,800.18	731.65
Kiribati	4.90	2.82	0.70
Korea, Rep. of	2,323.33	1,863.37	119.06
Lao PDR	204.64	208.47	18.29
Malaysia	1,547.64	1,119.75	90.37
Maldives	15.88	17.36	5.26
Myanmar	530.86	530.24	7.66
Nepal	985.31	976.63	55.88
Pakistan	5,842.97	5,244.80	420.82
Papua New Guinea	394.92	377.32	72.93
Philippines	4,102.70	3,120.88	284.92
Singapore	181.08	144.44	0.00
Solomon Islands	42.81	34.45	1.76
Sri Lanka	1,106.72	1,097.91	103.30
Taipei, China	100.39	91.14	0.00
Thailand	2,016.90	1,515.91	150.07
Tonga	21.95	20.02	0.62
Vanuatu	10.85	11.63	0.27
Viet Nam, Soc. Rep. of	44.60	25.43	0.00
Western Samoa	79.28	76.67	12.41
TOTAL	32,568.77	27,630.20	2,736.96

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 enforced within the Bank at the time of loan signing.

b The US dollar equivalent in accordance with the exchange rate enforced within the Bank as of 31 December 1990.

c Figures obtained from Procurement Statistics.

Cumulative Contracts Awarded As of 31/12/90 ^c	% of Cumulative Contracts Awarded to Cumulative Net Effective Loans	Disbursements in 1990	Cumulative Disbursements As of 31/12/90	% of Cumulative Disbursements to Cumulative Net Effective Loans
34.21	46.20	0.00	27.90	37.67
1,893.13	62.87	306.18	1,698.02	56.39
16.57	45.20	3.80	16.64	45.41
1.58	94.43	0.00	0.64	38.50
180.75	44.86	55.44	110.19	27.35
3.49	63.82	0.78	3.60	65.81
84.44	87.26	5.01	75.29	77.80
102.46	108.42	0.00	94.50	100.00
536.20	32.94	205.30	354.31	21.77
3,814.67	65.77	786.06	3,535.84	60.96
2.60	92.27	0.70	2.61	92.55
1,770.84	95.03	88.06	1,599.63	85.85
99.79	47.87	41.01	115.80	55.55
876.35	78.26	66.12	755.28	67.45
11.25	64.83	4.11	8.04	46.34
412.47	77.79	11.49	391.25	73.79
489.99	50.17	65.94	447.53	45.82
2,723.76	51.93	458.83	2,555.66	48.73
284.35	75.36	67.04	236.44	62.66
1,963.29	62.91	369.56	2,097.54	67.21
130.22	90.15	0.00	144.44	100.00
31.96	92.77	2.50	31.97	92.82
576.00	52.46	111.72	539.71	49.16
90.28	99.06	0.00	91.14	100.00
1,427.90	94.19	87.35	1,313.61	86.66
12.34	61.63	1.01	11.16	55.75
10.52	90.51	2.60	8.29	71.32
27.96	109.98	0.00	25.43	100.00
57.49	74.99	11.08	51.05	66.58
17,666.87	63.94	2,751.69	16,343.51	59.15

CONTRACTS AWARDED AND DISBURSEMENTS UNDER EFFECTIVE LOANS,^a 1968-1990
 (As of 31 December 1990)

(amounts in \$ million)

Year	Cumulative Effective Loans		Cumulative Contracts Awarded		Cumulative Disbursements	
	No. ^b	Amount ^c	Amount	Percentage of Cumulative Effective Loans	Amount ^d	Percentage of Cumulative Effective Loans
1968	4	20	4.5 ^e	23	1.8	9
1969	13	67	13.5 ^e	20	9.3	14
1970	28	137	54.4 ^f	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 ^g	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	27,645	17,666.9	64	16,343.5	59

^a After the signing of the loan agreement, certain requirements must be complied with for the loan to become effective.

^b For years 1980 and 1981, includes one fully cancelled and seven refinanced loans.

^c Net of cancellations and amount transferred to subsequent loans.

^d Includes interest and other charges financed during construction.

^e Figures for 1968 and 1969 are based on Bank's Monthly Statement of Loans as no Quarterly Procurement Statistics were prepared during those years.

^f Figures from 1970 onwards are based on Quarterly Procurement Statistics of the Bank.

^g Number of loans adjusted from 1985 Annual Report to reflect Loan Nos. 624/625-TON and 646/647-SOL as single loans.

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT
 (As of 31 December 1990)

ORDINARY CAPITAL RESOURCES

(Net of Adjustments)

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Australia	176.692	1.59	16.741	2.67	193.433	1.65
Austria	81.387	0.73	1.590	0.25	82.977	0.71
Bangladesh	0.108	0.00	0.091	0.01	0.199	0.00
Belgium	73.060	0.66	0.477	0.08	73.537	0.63
Canada	103.127	0.93	40.811	6.50	143.938	1.23
China, People's Rep. of	80.887	0.73	0.000	0.00	80.887	0.69
Cook Islands	2.234	0.02	0.000	0.00	2.234	0.02
Denmark	20.484	0.18	15.090	2.40	35.574	0.30
Fiji	24.207	0.22	0.002	0.00	24.209	0.21
Finland	14.938	0.13	1.143	0.18	16.081	0.14
France	191.463	1.73	28.836	4.59	220.299	1.88
Germany	562.687	5.07	27.016	4.30	589.703	5.03
Hong Kong	145.032	1.31	2.108	0.34	147.140	1.25
India	472.384	4.26	4.643	0.74	477.027	4.07
Indonesia	1,726.595	15.56	85.496	13.61	1,812.091	15.45
Italy	231.621	2.09	26.172	4.17	257.793	2.20
Japan	2,178.704	19.63	71.015	11.31	2,249.719	19.19
Korea, Rep. of	1,345.942	12.13	16.476	2.62	1,362.418	11.62
Luxembourg*	0.035	0.00	0.000	0.00	0.035	0.00
Malaysia	521.554	4.70	5.557	0.88	527.111	4.50
Myanmar	0.270	0.00	0.000	0.00	0.270	0.00
Netherlands	90.894	0.82	21.334	3.40	112.228	0.96
New Zealand	30.838	0.28	7.091	1.13	37.929	0.32
Norway	3.507	0.03	0.844	0.13	4.351	0.04
Pakistan	249.181	2.25	3.294	0.52	252.475	2.15
Papua New Guinea	39.775	0.36	0.964	0.15	40.739	0.35
Philippines	648.690	5.85	12.854	2.05	661.544	5.64
Singapore	175.436	1.58	1.416	0.23	176.852	1.51
Solomon Islands	0.029	0.00	0.000	0.00	0.029	0.00
Spain	12.854	0.12	0.000	0.00	12.854	0.11
Sri Lanka	0.041	0.00	0.107	0.02	0.148	0.00
Sweden	78.567	0.71	1.358	0.22	79.925	0.68
Switzerland	191.771	1.73	32.413	5.16	224.184	1.91
Taipei, China	167.395	1.51	14.137	2.25	181.532	1.55
Thailand	520.568	4.69	0.792	0.13	521.360	4.45
United Kingdom	242.662	2.19	59.861	9.53	302.523	2.58
United States	691.804	6.23	128.237	20.42	820.041	6.99
Viet Nam, Soc. Rep. of	0.368	0.00	0.000	0.00	0.368	0.00
Western Samoa	0.064	0.00	0.000	0.00	0.064	0.00
TOTAL	11,097.855	100.00	627.966	100.00	11,725.821	100.00

* While Luxembourg is not a member country of ADB, it was however an eligible source of procurement under Bank-financed /co-financed projects until June 1977.

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT

(As of 31 December 1990)

ASIAN DEVELOPMENT FUND

(Net of Adjustments)

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan, Rep. of	8.991	0.16	0.000	0.00	8.991	0.15
Australia	70.872	1.26	11.176	3.50	82.048	1.38
Austria	14.458	0.26	0.000	0.00	14.458	0.24
Bangladesh	575.724	10.24	5.324	1.67	581.048	9.78
Belgium	39.395	0.70	0.058	0.02	39.453	0.66
Bhutan	2.367	0.04	0.030	0.01	2.397	0.04
Canada	19.666	0.35	19.374	6.06	39.040	0.66
China, People's Rep. of	126.140	2.24	0.000	0.00	126.140	2.12
Cook Islands	1.513	0.03	0.000	0.00	1.513	0.03
Denmark	25.239	0.45	2.047	0.64	27.286	0.46
Fiji	3.686	0.07	0.000	0.00	3.686	0.06
Finland	6.489	0.12	2.096	0.66	8.585	0.14
France	101.140	1.80	5.582	1.75	106.722	1.80
Germany	233.793	4.16	14.610	4.57	248.403	4.18
Hong Kong	55.648	0.99	0.000	0.00	55.648	0.94
India	261.462	4.65	20.845	6.52	282.307	4.75
Indonesia	79.978	1.42	3.923	1.23	83.901	1.41
Italy	124.077	2.21	2.795	0.87	126.872	2.14
Japan	980.408	17.44	43.338	13.56	1,023.746	17.23
Kiribati	0.356	0.01	0.000	0.00	0.356	0.01
Korea, Rep. of	344.083	6.12	9.580	3.00	353.663	5.95
Lao PDR	6.748	0.12	0.072	0.02	6.820	0.11
Malaysia	59.605	1.06	1.490	0.47	61.095	1.03
Maldives	0.388	0.01	0.000	0.00	0.388	0.01
Myanmar	26.803	0.48	0.000	0.00	26.803	0.45
Nepal	116.516	2.07	1.863	0.58	118.379	1.99
Netherlands	58.169	1.03	13.553	4.24	71.722	1.21
New Zealand	38.707	0.69	8.581	2.68	47.288	0.80
Norway	34.682	0.62	0.458	0.14	35.140	0.59
Pakistan	452.119	8.04	9.899	3.10	462.018	7.78
Papua New Guinea	77.102	1.37	1.368	0.43	78.470	1.32
Philippines	151.212	2.69	5.797	1.81	157.009	2.64
Singapore	201.798	3.59	0.192	0.06	201.990	3.40
Solomon Islands	15.569	0.28	0.171	0.05	15.740	0.26
Spain	5.356	0.10	0.000	0.00	5.356	0.09
Sri Lanka	196.214	3.49	2.213	0.69	198.427	3.34
Sweden	56.520	1.01	3.657	1.14	60.177	1.01
Switzerland	120.321	2.14	11.734	3.67	132.055	2.22
Taipei, China	47.551	0.85	0.088	0.03	47.639	0.80
Thailand	89.301	1.59	0.219	0.07	89.520	1.51
Tonga	5.828	0.10	0.000	0.00	5.828	0.10
United Kingdom	265.364	4.72	74.298	23.25	339.662	5.72
United States	505.113	8.99	43.085	13.48	548.198	9.23
Vanuatu	1.523	0.03	0.000	0.00	1.523	0.03
Viet Nam, Soc. Rep. of	2.355	0.04	0.000	0.00	2.355	0.04
Western Samoa	11.072	0.20	0.109	0.03	11.181	0.19
TOTAL	5,621.421	100.00	319.625	100.00	5,941.046	100.00

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT
 (As of 31 December 1990)

ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED
 (Net of Adjustments)

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan, Rep. of	8.991	0.05	0.000	0.00	8.991	0.05
Australia	247.564	1.48	27.917	2.95	275.481	1.56
Austria	95.845	0.57	1.590	0.17	97.435	0.55
Bangladesh	575.832	3.44	5.415	0.57	581.247	3.29
Belgium	112.455	0.67	0.535	0.06	112.990	0.64
Bhutan	2.367	0.01	0.030	0.00	2.397	0.01
Canada	122.793	0.73	60.185	6.35	182.978	1.04
China, People's Rep. of	207.027	1.24	0.000	0.00	207.027	1.17
Cook Islands	3.747	0.02	0.000	0.00	3.747	0.02
Denmark	45.723	0.27	17.137	1.81	62.860	0.36
Fiji	27.893	0.17	0.002	0.00	27.895	0.16
Finland	21.427	0.13	3.239	0.34	24.666	0.14
France	292.603	1.75	34.418	3.63	327.021	1.85
Germany	796.480	4.76	41.626	4.39	838.106	4.74
Hong Kong	200.680	1.20	2.108	0.22	202.788	1.15
India	733.846	4.39	25.488	2.69	759.334	4.30
Indonesia	1,806.573	10.81	89.419	9.44	1,895.992	10.73
Italy	355.698	2.13	28.967	3.06	384.665	2.18
Japan	3,159.112	18.90	114.353	12.07	3,273.465	18.53
Kiribati	0.356	0.00	0.000	0.00	0.356	0.00
Korea, Rep. of	1,690.025	10.11	26.056	2.75	1,716.081	9.71
Lao PDR	6.748	0.04	0.072	0.01	6.820	0.04
Luxembourg*	0.035	0.00	0.000	0.00	0.035	0.00
Malaysia	581.159	3.48	7.047	0.74	588.206	3.33
Maldives	0.388	0.00	0.000	0.00	0.388	0.00
Myanmar	27.073	0.16	0.000	0.00	27.073	0.15
Nepal	116.516	0.70	1.863	0.20	118.379	0.67
Netherlands	149.063	0.89	34.887	3.68	183.950	1.04
New Zealand	69.545	0.42	15.672	1.65	85.217	0.48
Norway	38.189	0.23	1.302	0.14	39.491	0.22
Pakistan	701.300	4.19	13.193	1.39	714.493	4.04
Papua New Guinea	116.877	0.70	2.332	0.25	119.209	0.67
Philippines	799.902	4.78	18.651	1.97	818.553	4.63
Singapore	377.234	2.26	1.608	0.17	378.842	2.14
Solomon Islands	15.598	0.09	0.171	0.02	15.769	0.09
Spain	18.210	0.11	0.000	0.00	18.210	0.10
Sri Lanka	196.255	1.17	2.320	0.24	198.575	1.12
Sweden	135.087	0.81	5.015	0.53	140.102	0.79
Switzerland	312.092	1.87	44.147	4.66	356.239	2.02
Taipei, China	214.946	1.29	14.225	1.50	229.171	1.30
Thailand	609.869	3.65	1.011	0.11	610.880	3.46
Tonga	5.828	0.03	0.000	0.00	5.828	0.03
United Kingdom	508.026	3.04	134.159	14.16	642.185	3.63
United States	1,196.917	7.16	171.322	18.08	1,368.239	7.74
Vanuatu	1.523	0.01	0.000	0.00	1.523	0.01
Viet Nam, Soc. Rep. of	2.723	0.02	0.000	0.00	2.723	0.02
Western Samoa	11.136	0.07	0.109	0.01	11.245	0.06
TOTAL	16,719.276	100.00	947.591	100.00	17,666.867	100.00

* While Luxembourg is not a member country of ADB, it was however an eligible source of procurement under Bank-financed /co-financed projects until June 1977.

CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT IN 1990
ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED
(Net of Adjustments)

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan, Rep. of	0.000	0.00	0.000	0.00	0.000	0.00
Australia	71.622	2.71	2.849	2.97	74.471	2.72
Austria	4.597	0.17	0.000	0.00	4.597	0.17
Bangladesh	132.141	5.00	1.689	1.76	133.830	4.89
Belgium	21.411	0.81	0.000	0.00	21.411	0.78
Bhutan	1.434	0.05	0.000	0.00	1.434	0.05
Cambodia	0.000	0.00	0.000	0.00	0.000	0.00
Canada	18.394	0.70	10.461	10.89	28.855	1.05
China, People's Rep.of	61.926	2.34	0.000	0.00	61.926	2.26
Cook Islands	2.677	0.10	0.000	0.00	2.677	0.10
Denmark	5.514	0.21	0.066	0.07	5.580	0.20
Fiji	1.652	0.06	0.002	0.00	1.654	0.06
Finland	1.839	0.07	0.000	0.00	1.839	0.07
France	49.389	1.87	7.341	7.65	56.730	2.07
Germany	109.657	4.15	4.712	4.91	114.369	4.18
Hong Kong	27.570	1.04	0.305	0.32	27.875	1.02
India	288.778	10.93	1.176	1.22	289.954	10.59
Indonesia	313.355	11.87	17.052	17.76	330.407	12.07
Italy	39.118	1.48	1.401	1.46	40.519	1.48
Japan	268.202	10.16	2.713	2.83	270.915	9.90
Kiribati	0.078	0.00	0.000	0.00	0.078	0.00
Korea, Rep. of	183.608	6.95	0.205	0.21	183.813	6.72
Lao PDR	1.561	0.06	0.000	0.00	1.561	0.06
Malaysia	95.818	3.63	0.017	0.02	95.835	3.50
Maldives	0.000	0.00	0.000	0.00	0.000	0.00
Myanmar	4.255	0.16	0.000	0.00	4.255	0.16
Nepal	7.742	0.29	0.639	0.67	8.381	0.31
Netherlands	8.361	0.32	2.785	2.90	11.146	0.41
New Zealand	10.517	0.40	1.572	1.64	12.089	0.44
Norway	0.449	0.02	0.000	0.00	0.449	0.02
Pakistan	190.803	7.22	5.993	6.24	196.796	7.19
Papua New Guinea	18.098	0.69	0.474	0.49	18.572	0.68
Philippines	150.183	5.69	1.274	1.33	151.457	5.53
Singapore	70.986	2.69	0.166	0.17	71.152	2.60
Solomon Islands	1.626	0.06	0.000	0.00	1.626	0.06
Spain	7.329	0.28	0.000	0.00	7.329	0.27
Sri Lanka	57.387	2.17	0.355	0.37	57.742	2.11
Sweden	32.832	1.24	3.815	3.97	36.647	1.34
Switzerland	56.248	2.13	2.672	2.78	58.920	2.15
Taipei,China	50.828	1.92	0.209	0.22	51.037	1.86
Thailand	98.136	3.72	0.085	0.09	98.221	3.59
Tonga	0.384	0.01	0.000	0.00	0.384	0.01
United Kingdom	37.707	1.43	15.548	16.19	53.255	1.95
United States	133.928	5.07	10.444	10.88	144.372	5.27
Vanuatu	0.184	0.01	0.000	0.00	0.184	0.01
Viet Nam, Soc. Rep. of	0.014	0.00	0.000	0.00	0.014	0.00
Western Samoa	2.598	0.10	0.000	0.00	2.598	0.09
TOTAL	2,640.936	100.00	96.020	100.00	2,736.956	100.00

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT
 (As of 31 December 1990)

TECHNICAL ASSISTANCE OPERATIONS
 (Net of Adjustments)

(amounts in \$ million)

Country of Procurement	Bank's Own Resources	% Distribution	Administered Trust Funds	% Distribution	Japan Special Fund	% Distribution	Total Contracts Awarded	% Distribution
Australia	21.322	9.29	6.950	7.13	2.839	7.48	31.111	8.52
Austria	0.109	0.05	0.000	0.00	0.000	0.00	0.109	0.03
Bangladesh	1.070	0.47	0.516	0.53	0.000	0.00	1.586	0.43
Belgium	1.226	0.53	0.270	0.28	0.000	0.00	1.496	0.41
Bhutan	0.000	0.00	0.017	0.02	0.000	0.00	0.017	0.00
Canada	13.911	6.06	5.789	5.94	2.777	7.31	22.477	6.16
China, People's Rep. of	0.224	0.10	0.000	0.00	0.040	0.11	0.264	0.07
Cook Islands	0.002	0.00	0.000	0.00	0.000	0.00	0.002	0.00
Denmark	5.137	2.24	1.829	1.88	0.065	0.17	7.031	1.93
Fiji	0.163	0.07	0.000	0.00	0.000	0.00	0.163	0.04
Finland	2.044	0.89	2.867	2.94	0.195	0.51	5.106	1.40
France	5.679	2.47	7.688	7.89	2.757	7.26	16.124	4.42
Germany	5.498	2.39	3.194	3.28	2.488	6.55	11.180	3.06
Hong Kong	1.324	0.58	0.046	0.05	0.022	0.06	1.392	0.38
India	10.596	4.61	3.315	3.40	0.500	1.32	14.411	3.95
Indonesia	1.768	0.77	0.099	0.10	0.041	0.11	1.908	0.52
Italy	2.454	1.07	0.643	0.66	0.016	0.04	3.113	0.85
Japan	9.915	4.32	4.269	4.38	1.133	2.98	15.317	4.20
Korea, Rep. of	1.935	0.84	0.985	1.01	0.793	2.09	3.713	1.02
Lao PDR	0.023	0.01	0.000	0.00	0.000	0.00	0.023	0.01
Malaysia	1.781	0.78	0.062	0.06	0.369	0.97	2.212	0.61
Myanmar	0.045	0.02	0.000	0.00	0.000	0.00	0.045	0.01
Nepal	1.185	0.52	0.462	0.47	0.029	0.08	1.676	0.46
Netherlands	7.027	3.06	1.434	1.47	1.060	2.79	9.521	2.61
New Zealand	13.023	5.67	2.089	2.14	4.290	11.30	19.402	5.32
Norway	1.352	0.59	2.203	2.26	0.000	0.00	3.555	0.97
Pakistan	2.303	1.00	0.046	0.05	0.026	0.07	2.375	0.65
Papua New Guinea	0.295	0.13	0.000	0.00	0.000	0.00	0.295	0.08
Philippines	13.249	5.77	6.236	6.40	0.588	1.55	20.073	5.50
Singapore	2.274	0.99	0.000	0.00	0.000	0.00	2.274	0.62
Solomon Islands	0.012	0.01	0.000	0.00	0.000	0.00	0.012	0.00
Sri Lanka	1.239	0.54	0.525	0.54	0.224	0.59	1.988	0.54
Sweden	1.909	0.83	0.619	0.64	0.370	0.97	2.898	0.79
Switzerland	2.526	1.10	3.605	3.70	1.688	4.45	7.819	2.14
Taipei, China	0.411	0.18	0.068	0.07	0.011	0.03	0.490	0.13
Thailand	1.616	0.70	0.361	0.37	1.367	3.60	3.344	0.92
Tonga	0.193	0.08	0.000	0.00	0.000	0.00	0.193	0.05
United Kingdom	37.480	16.32	18.800	19.29	6.055	15.95	62.335	17.08
United States	45.574	19.85	18.403	18.88	8.217	21.64	72.194	19.78
Vanuatu	0.166	0.07	0.000	0.00	0.000	0.00	0.166	0.05
Viet Nam, Soc. Rep. of	0.051	0.02	0.000	0.00	0.000	0.00	0.051	0.01
Western Samoa	0.134	0.06	0.000	0.00	0.000	0.00	0.134	0.04
International Organizations	11.356	4.95	4.067	4.17	0.005	0.01	15.428	4.23
TOTAL	229.601	100.00	97.457	100.00	37.965	100.00	365.023	100.00

CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT, 1988-1990

TECHNICAL ASSISTANCE OPERATIONS

(Net of Adjustments)

(amounts in \$ million)

Country of Procurement	1988		1989		1990	
	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent
Afghanistan, Rep. of	0.000	0.00	0.000	0.00	0.000	0.00
Australia	3.577	12.37	5.499	9.75	3.971	6.76
Austria	-0.001	0.00	0.049	0.09	-0.005	-0.01
Bangladesh	0.040	0.14	0.233	0.41	0.280	0.48
Belgium	0.299	1.03	0.202	0.36	0.095	0.16
Bhutan	0.021	0.07	-0.004	-0.01	0.000	0.00
Cambodia	0.000	0.00	0.000	0.00	0.000	0.00
Canada	2.463	8.52	3.150	5.59	4.423	7.53
China, People's Rep. of	0.047	0.16	0.015	0.03	0.191	0.33
Cook Islands	0.000	0.00	0.000	0.00	0.000	0.00
Denmark	0.084	0.29	1.102	1.95	1.393	2.37
Fiji	0.000	0.00	0.030	0.05	0.002	0.00
Finland	1.293	4.47	0.704	1.25	0.369	0.63
France	-0.053	-0.18	4.398	7.80	3.494	5.95
Germany	0.535	1.85	2.890	5.13	1.016	1.73
Hongkong	0.086	0.30	0.164	0.29	0.343	0.58
India	1.410	4.88	1.458	2.59	1.080	1.84
Indonesia	0.732	2.53	0.140	0.25	0.099	0.17
Italy	0.329	1.14	0.103	0.18	-0.023	-0.04
Japan	1.554	5.38	1.591	2.82	0.197	0.34
Kiribati	0.000	0.00	0.000	0.00	0.000	0.00
Korea, Rep. of	0.383	1.32	0.244	0.43	0.937	1.60
Lao PDR	0.000	0.00	0.000	0.00	0.023	0.04
Luxembourg	0.000	0.00	0.000	0.00	0.000	0.00
Malaysia	0.077	0.27	0.266	0.47	0.871	1.48
Maldives	0.000	0.00	0.000	0.00	0.000	0.00
Myanmar	-0.001	0.00	0.001	0.00	0.024	0.04
Nepal	0.044	0.15	0.346	0.61	0.822	1.40
Netherlands	1.046	3.62	0.792	1.40	1.519	2.59
New Zealand	1.541	5.33	5.452	9.67	4.714	8.03
Norway	1.663	5.75	0.119	0.21	0.031	0.05
Pakistan	0.180	0.62	0.264	0.47	0.340	0.58
Papua New Guinea	-0.033	-0.11	0.055	0.10	0.002	0.00
Philippines	1.625	5.62	3.496	6.20	2.345	3.99
Singapore	0.026	0.09	0.476	0.84	0.084	0.14
Solomon Islands	0.013	0.04	-0.001	0.00	0.000	0.00
Spain	0.000	0.00	0.000	0.00	0.000	0.00
Sri Lanka	0.105	0.36	0.128	0.23	0.466	0.79
Sweden	0.124	0.43	0.604	1.07	0.352	0.60
Switzerland	0.070	0.24	0.057	0.10	2.342	3.99
Taipei, China	0.075	0.26	0.019	0.03	0.089	0.15
Thailand	-0.897	-3.10	0.840	1.49	1.332	2.27
Tonga	0.000	0.00	0.000	0.00	0.164	0.28
United Kingdom	3.918	13.55	8.909	15.80	12.276	20.91
United States	4.286	14.83	12.438	22.06	12.162	20.71
Vanuatu	0.000	0.00	0.014	0.02	0.152	0.26
Viet Nam, Soc. Rep. of	0.016	0.06	0.001	0.00	0.031	0.05
Western Samoa	-0.004	-0.01	0.000	0.00	0.043	0.07
International Organizations	2.233	7.73	0.133	0.24	0.672	1.14
TOTAL	28.906	100.00	56.377	100.00	58.718	100.00

GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS, 1990
 (amounts in \$ thousand)

CONTINUED

Country/ Project	Project Preparatory	Advisory & Operational
BANGLADESH		
Second Pabna Irrigation and Rural Development	250.0	—
Institutional Support to the Ministry of Finance	—	600.0
Second Bhola Irrigation	250.0	—
Higher Secondary Education	100.0	—
Railway Sector Analysis	100.0	—
Dhaka Integrated Flood Protection	600.0 ^a	—
Second Rural Infrastructure Development	240.0	—
Railway Institutional Development	—	100.0
Capital Market Development	100.0	—
Institutional Strengthening of Directorate of Primary Education	—	400.0
Forestry Master Plan	—	1,708.0 ^b
Secondary Towns Integrated Flood Protection	600.0 ^c	—
Review of Options for Ground and Surface Water Development	—	170.0
Strengthening the Food Planning and Monitoring Unit within the Ministry of Food	—	260.0
Formulation of a New Tariff Structure for Agricultural Equipment Imports	—	70.0
Institutional Strengthening of Pourashavas	—	978.0
Staff Development and Training Materials	—	776.0
Research and Development	—	879.0
Institutional Strengthening of the Department of Women's Affairs	—	700.0 ^c
Ganges-Kobadak Irrigation Rehabilitation (Phase II)	—	2,129.0 ^d
Social Preparation and Training of Beneficiaries and Project Staff	—	1,430.0 ^e
Strengthening Entrepreneurial Training Program of BSCIC	—	290.0
Strengthening SCI Term-Lending Capabilities of PCBs	—	270.0 ^f
BHUTAN		
Institutional Improvements in Technical and Vocational Education and Training	—	750.0
CHINA, PEOPLE'S REPUBLIC OF		
Integrated Rural Development of Selected Provinces in Southwest China	—	597.0
Development Economics Training Program for the People's Republic of China	—	100.0
Institutional Strengthening of Agricultural Bank of China	—	480.0
Environmental Impact Assessment Training	—	600.0
COOK ISLANDS		
Institutional Strengthening of Cook Islands Post Office	—	289.0
Tourism Master Plan Study	—	275.0
Fiji		
Agricultural Pricing and Marketing Study	—	200.0 ^c
Tariff Study for the Fiji Electricity Authority	—	160.0
INDIA		
Vadodara-Bombay Expressway	600.0 ^g	—
Development of Ship Repair Facilities	—	400.0 ^c
Operational and Financial Assistance for Bombay Ports	—	600.0 ^c
Tamil Nadu Electricity Board Operations Improvement	—	740.0
Environment Monitoring and Pollution Control	—	490.0
Pavement Management for National Highways	—	760.0
Private Sector Participation in Expressway Financing, Construction and Operation	—	500.0
Road Construction Industry	—	340.0
Review of the Hydrocarbon Sector Operations	—	100.0

a Of this amount, \$350,000 is to be financed by FINNIDA on a grant basis with the Bank acting as Executing Agency.

b Of this amount, \$854,000 is to be financed from JSF and \$854,000 by UNDP with the Bank acting as Executing Agency.

c To be financed from JSF.

d To be financed by UNDP with the Bank acting as Executing Agency.

e To be financed by the Government of Norway with the Bank acting as Administrator.

f To be financed by USAID with the Bank acting as Executing Agency.

g To be financed by the Government of France with the Bank acting as Executing Agency.

GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS, 1990

(amounts in \$ thousand)

Country/ Project	Project Preparatory	Advisory & Operational
INDONESIA		
Study on Policies for Development of Agribusiness	—	400.0
Monitoring the Impact of Policy Changes on Food Crop Production, Employment, Income and Poverty Alleviation	—	600.0
Strengthening the Capability for Environmental Impact Assessment in the Ministry of Agriculture and Ministry of Forestry	—	600.0 ^a
Third Nucleus Estate and Smallholder Oil Palm	554.0 ^b	—
Strengthening of Term-Lending Capabilities of Participating Private Commercial Banks under Bank's Development Finance Loan	—	100.0
Development of the Venture Capital Industry	—	92.0
Development of the Leasing Industry	—	92.0
Survey of Capital Investment Demand of Private Sector Industry	—	100.0
Strengthening Fiscal Information System	—	521.0
Tree Crop Processing	500.0 ^a	—
Study on Electricity Tariff Adjustment Mechanism	—	100.0
Estate Crops Development in Critical Watershed Areas	550.0 ^a	—
Secondary Cities Urban Development Sector	600.0 ^a	—
Review of the Pension Fund Industry	85.0	—
Review of the Insurance Industry	85.0	—
Strengthening Project Benefit Monitoring and Evaluation Activities of the Directorate General for Water Resources Development	—	458.0
Introduction of Private Sector Participation in the PT Garuda Indonesia	—	595.0
Enhancement of Investment Services through Badan Koordinasi Penanaman Modal (BKPM)	—	375.0 ^a
Second Integrated Irrigation Sector	600.0 ^a	—
Biodiversity Conservation	597.0 ^a	—
Sustainable Agriculture Development Project in Irian Jaya	600.0 ^a	—
Marginal Farmer Community Development	560.0 ^a	—
Marine Resources Evaluation and Planning	480.0 ^a	—
Institutional Strengthening for Second IKK Water Supply Sector	—	290.0
Manpower Planning and Improvement in the Mining and Energy Sector	—	600.0 ^a
Strengthening the Capability for Environmental Impact Assessment in the Ministry of Mines and Energy	—	340.0 ^a
Strengthening the Capability for Environmental Impact Assessment in the Ministry of Industry	—	340.0 ^a
Sumatra Telecommunications	600.0	—
Rationalization of Operation and Maintenance in Primary and Secondary Education	350.0 ^a	—
Financial Information Systems Development II for the Ministry of Agriculture	—	600.0 ^a
KIRIBATI		
Institutional Strengthening of the Development Bank of Kiribati and the Office of the Director of Audit	—	234.0
Technical Assistance to Development Bank of Kiribati for External Training of Deputy General Manager	—	12.5
LAO PEOPLE'S DEMOCRATIC REPUBLIC		
Tropical Forestry Action Plan (Supplementary)	—	25.0
Livestock Sector Policy Development and Industry Restructuring	—	100.0
Study on Privatization in Lao PDR	—	100.0
Preparation of an Education Project	300.0 ^b	—
Assistance in Preparation of Third Five-Year Plan	—	99.5
Agriculture Sector Third Five-Year Plan Programming	—	380.0
Restructuring of the Monetary and Banking Systems - Phase II	—	585.0 ^a
Southern Provincial Water Supply	362.0	—
Industrial Sector Study and Strengthening of the Ministry of Industry and Handicrafts	—	572.0

a To be financed from JSF.

b Of this amount, \$350,000 is to be financed from JSF.

CONTINUED

Country/ Project	Project Preparatory	Advisory & Operational
LAO PEOPLE'S DEMOCRATIC REPUBLIC (cont'd.)		
Formulating the Third Five-Year Plan - Phase II	—	435.0
Establishing of a Privatization Coordination Unit in Lao PDR	—	100.0
Third Forestry Development	320.0 ^a	—
Debt Recording and Management System	—	96.0
Nam Ngum-Luang Prabang Power Transmission (Part C)	—	960.0 ^b
Debt Disposal Unit	—	555.0
Long-Term Credit Facility Support	—	298.0
MALAYSIA		
Seminars to Promote Awareness of Women's Role in Rural Development	—	100.0
Community (Kampung)-Based Human Development	100.0	—
East-West Highway (Western Section)	100.0	—
Technical and Vocational Education and Industrial Training Study	468.0 ^a	—
Northern Terengganu Rural Development (Phase I)	99.0	—
Study on Regional and Rural Nonfarm Sector Development Issues in Selected States	—	54.0
Study on Key Issues Relating to Human Resource Development in Sabah and Sarawak	—	99.5
National Coastal Erosion Control Sector	210.0	—
Small and Medium Industry Technology Development	430.0 ^a	—
North Terengganu Rural Development (Phase II)	489.0	—
MALDIVES		
Second Power System Development	100.0	—
Project Identification and Planning	—	305.0
Institutional Strengthening of the Maldives Port Authority (Supplementary)	—	100.0 ^a
Fisheries Sector Strategy Study	—	490.0
Maldives Port Authority	—	100.0
MARSHALL ISLANDS		
Fisheries Development	100.0	—
Institutional Strengthening of the Marshall Islands Development Bank	—	220.0
MICRONESIA, FEDERATED STATES OF		
Fisheries Development	100.0	—
Institutional Strengthening and Staff Development of Federated States of Micronesia Development Bank	—	153.0
NEPAL		
Institutional Support for Distribution Planning and Commercial Operations in NEA	—	780.0 ^a
Bagmati Command Area Development	600.0	—
Preparation of an Economic and Environmental Development Plan for the Bagmati Zone	—	600.0
Secondary Education Development	300.0 ^a	—
Evaluation and Impact Assessment	—	350.0
Monitoring and Evaluation of Program Activities	—	208.0
Equitable and Efficient Energy Pricing Policies	—	490.0
Women in Development Advisory Services	—	60.0
Tourism Development	100.0	—
Irrigation Management Transfer	245.0 ^a	—
Preparation of a Livestock Sector Master Plan	—	363.0 ^a
PAKISTAN		
Second Barani Area Development	—	650.0 ^c
Southern Gas Transmission and Division (Supplementary)	90.0	—

^a To be financed from JSF.^b To be financed by the Government of Switzerland with the Bank acting as Executing Agency.^c To be financed by UNDP with the Bank acting as Executing Agency.

GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS, 1990

(amounts in \$ thousand)

Country/ Project	Project Preparatory	Advisory & Operational
PAKISTAN (cont'd.)		
Master Plan for the Development of Education	—	100.0
Fourth Health and Population (Manpower Development)	100.0 ^a	—
NWFP Barani Area Development	460.0 ^a	—
Rural Development Strategy for Sindh Arid Zone (Supplementary)	—	146.0 ^b
Urban Water Supply and Sanitation	635.0 ^c	—
Teacher Training	260.0 ^d	—
Oil Terminal Study (Supplementary)	53.5	—
Land Resource and Planning	557.0 ^a	—
Domestic Resource Mobilization	—	600.0
Agricultural Development Bank of Pakistan Legal Services	—	71.0
Improved Tillage Technology	—	371.0
Power and Water Institutional Study	—	788.0
Development of a Management Information System for WAPDA	—	415.0
Study on Policies for Fertilizer Importation and Marketing	—	300.0
Education Program for Technical Education and Vocational Training	—	160.0 ^a
PAPUA NEW GUINEA		
Ports Subsector Tariff Revision and Training	—	100.0
Strengthening Ex-Post Evaluation Capability of the Department of Finance and Planning	—	139.0
Institutional Strengthening of Department of Trade and Industry	—	550.0 ^a
Fisheries and Coastal Resource Management and Development	250.0	—
Smallholder Rubber Development in Selected Provinces	250.0	—
Central Province Smallholder Rubber Development	250.0	—
Third Rural Health Services	250.0	—
Agricultural Research and Extension	56.5	—
Institutional Strengthening of the Ports Subsector	—	367.0
Third Urban Water Supply and Sewerage	587.0 ^a	—
PHILIPPINES		
Mindanao Smallholder Development	333.0 ^a	—
Cebu Water Supply – Phase II	670.0 ^a	—
Umiray-Angat Transbasin Study	1,267.0 ^a	—
Livestock Sector Program	600.0 ^a	—
Establishing MIS in the International Finance Group of the Department of Finance and in the PFC of the CODA	—	93.0
Environmental Education	—	417.5
Agro-Processing and Rural Enterprises	—	295.0
Review of National Power Corporation's Asset Revaluation	—	96.0
Assessment of Reconstruction Costs of Earthquake-Damaged Infrastructure in Luzon	100.0	—
Second Manila Sewerage	250.0	—
Second NGO Microcredit	98.9	—
Kabulnan Irrigation and Area Development	600.0 ^a	—
Road Classification Study	—	760.0 ^a
Provincial Road Passenger Transport Study and Program Monitoring	—	590.0 ^a
Study on Vehicular Emission Control Planning in Metro Manila	—	830.0 ^a
Improvement of the National Road Maintenance Management System	—	800.0
Training System for Rural Water Supply Personnel	—	130.0
Environmental Management of Coal-Based Power Generation	—	636.0
SOLOMON ISLANDS		
Komarindi Hydropower	1,300.0 ^a	—
Institutional Strengthening of the Office of the Auditor General	—	469.0

a To be financed from JSF.

b To be financed by UNDP with the Bank acting as Executing Agency.

c To be financed by the Government of France with the Bank acting as Executing Agency.

d Of this amount, \$250,000 is to be financed from JSF and \$10,000 by the Government of Norway with the Bank acting as Executing Agency.

Country/ Project	Project Preparatory	Advisory & Operational
SRI LANKA		
Second Health and Population	100.0 ^a	—
Low-Income Housing Development	108.0	—
Education Development	302.0 ^a	—
Southern Province Development	420.0 ^b	—
North Western Province Water Resources Development	400.0	—
Fisheries Sector	200.0 ^c	—
Preparation of CEB's New Thermal Power Station	690.0 ^a	—
Koggala Export Processing Zone Study	250.0	—
Institutional Strengthening of Sri Lanka Telecommunications	—	460.0 ^a
Institutional Review and Development of CEB	—	700.0 ^a
Rural Electrification Development	—	445.0 ^a
Review of Industrial Pollution Regulations	—	87.0
Study of the Regulatory Framework of the Securities Market	—	292.0
Review of the Role of National Savings Bank	—	108.0
International Financial Audit of Bank of Ceylon and People's Bank	—	822.0
THAILAND		
A Volunteer Program for Natural Resources and Environmental Conservation	—	812.0 ^d
Preparation of an Investment Program for the Department of Highways	—	560.0
Government Manpower Planning and Information System II	—	600.0
Assistance in the Regulation of Securities Market	—	265.0
Training in Stock Market Automation	—	100.0
TONGA		
Tourism Development	65.0	—
Strengthening the Management Function of Sea Star Fishing Company Ltd.	—	770.0
Privatization of the Commodities Board	—	385.0
Institutional Strengthening of the Ministry of Finance	—	392.0 ^a
Preparing Special Studies, Plans and Designs for the Fourth Multiproject Loan	—	100.0
VANUATU		
Preparation of Operating Strategy and Business Plan for 1991-93 for the Development Bank of Vanuatu	—	58.0
Institutional Strengthening of Public Works Department (Supplementary)	—	87.0
WESTERN SAMOA		
Housing Sector Study	—	350.0
Consultancy Services Related to the Western Samoa Emergency Power Rehabilitation Loan	—	40.0
Strengthening Planning, Program Budgeting and Project Monitoring Systems	—	590.0 ^a
Power System Planning Study	—	140.0
Rehabilitation of Development Bank of Western Samoa	—	203.0 ^a
TOTAL	24,976.9	51,608.0

a To be financed from JSF.

b Of this amount, \$410,000 is to be financed from JSF and \$10,000 by the Government of Norway with the Bank acting as Executing Agency.

c In addition, FAO will provide \$74,000 under a cost-sharing arrangement.

d Of this amount, \$214,000 is to be financed by the Government of France with the Bank acting as Executing Agency.

1990 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 Government Financing
				OCR	ADF	TOTAL		
BANGLADESH								
Primary Education Sector	1989	0.100	81.60	—	68.30	68.30	7.40	13.30
Secondary Towns Infrastructure Development	1989	0.350 ^a	53.43	—	43.00	43.00	—	10.43
Small and Cottage Industry	1989	0.100	—	—	30.00	30.00	0.27	—
Rural Training	1989	0.230 ^a	19.35	—	16.25	16.25	—	3.10
Rural Women Employment Creation	1989	0.099	10.80	—	8.00	8.00	1.43	1.37
BHUTAN								
Technical and Vocational Education and Training	1989	0.100	8.96	—	7.13	7.13	2.10	1.83
INDIA								
Second Road	1989	0.100	313.00	250.00	—	250.00	—	63.00
INDONESIA								
Six Universities Development and Rehabilitation	1988	0.450 ^a	142.50	114.00	—	114.00	—	28.50
Agricultural Technology Schools	1989	0.362 ^b	119.50	85.00	—	85.00	—	34.50
Integrated Irrigation Sector	1986 ^c	2.450 ^c	264.00	170.00	30.00	200.00	8.00	56.00
	1987 ^d	0.650						
MALAYSIA								
Northern Terengganu Rural Development (Phase II)	1990	0.099	54.68	15.00	—	15.00	—	39.68
NEPAL								
Seventh Power	1986	0.075	64.00	—	51.00	51.00	—	13.00
Third Small Farmers Development	1989	0.099	45.20	—	30.00	30.00	1.00	15.20 ^d
Forestry Sector Program	1985	1.100	—	—	40.00	40.00	—	—
PAKISTAN								
Second Barani Area Development	1985	1.300 ^e	59.85	—	25.00	25.00	20.09 ^f	14.80 ^g
PAPUA NEW GUINEA								
Industrial Center Development	1986	0.230	10.58	—	8.40	8.40	—	2.18
PHILIPPINES								
Second Palawan Integrated Area Development	1988	0.355 ^h	73.50	33.00	25.00	58.00	9.90	15.50
Irrigation Systems Improvement	1988 ⁱ	0.350	36.30	9.00	20.00	29.00	—	7.30
	1989 ^j	0.400 ^a						
Earthquake-Damage Reconstruction	1990	0.100	123.00	—	100.00	100.00	—	23.00
Fifth Road Improvement	1982 ^k	0.150	205.40	150.00	—	150.00	—	55.40
	1986 ^l	1.050						
SRI LANKA								
Second Telecommunications	1988	0.350	62.10	—	41.10	41.10	125.50 ⁱ	21.00
TOTAL		10.649	1,747.75	826.00	543.18	1,369.18	175.69	419.09

a Financed from JSF.

b Of this amount, \$350,000 is financed from JSF; \$12,000 by the Government of Norway.

c TA Loan.

d Of this amount, \$3.0 million is financed by farmers.

e Financed by UNDP.

f Of this amount, \$19.4 million is financed by IFAD; \$0.69 million by UNDP.

g Of this amount, \$0.8 million is financed by ADBP; \$3.2 million by farmers.

h Of this amount, \$150,000 is financed by the Bank; \$205,000 by UNDP.

i Of this amount, \$67.5 million is financed by OECF; \$58.0 million by World Bank.

REGIONAL TECHNICAL ASSISTANCE ACTIVITIES, 1990

	Amount (\$ thousand)
Development of Domestic Consultants Services in Developing Member Countries for 1990	80.0
Special Secondment Scheme with the Bank	140.0
1990 Asian Productivity Organization (APO) Program	109.0
ASEAN Federation of Mining Association (AFMA)	80.0
1990 and 1991 Seminars on Project Implementation Management and Procurement	600.0
Regional Study of Resource Flows and Financial Intermediation	360.0
Seminar on the Design and Management of Sustainable Poverty Alleviation Projects	98.0
Southern Thai-Lao Mekong River Bridge	590.0 ^a
Regional Seminars on Management of Industrial Adjustment and Restructuring	250.0
Evaluation of Bank Training Programs for Borrowers on Project Implementation	70.0
Loan Disbursement Seminars in Selected DMCs	75.0
Capital Markets Conference	75.0
South Asian Vegetable Research Planning and Consultation Workshop	100.0
Training Seminar on Monetary and Fiscal Policies for Economic Development	65.6 ^b
International Jute Organization for the Development of Improved Varieties of Jute and Allied Fiber Crops - Phase II	600.0
Regional Training Program on Equity Investment Analysis	215.0
Regional Technical Assistance for Impact, Re-Evaluation and Tracer Studies	160.0
Regional Symposium on "The Technological and Economic Cooperation in the Asia Pacific Region"	64.0
Regional Conference in Gender Issues in Agriculture	100.0
Regional Community Forestry Training Center (Supplementary)	170.0 ^c
Regional Seminar on the Urban Poor and Basic Infrastructure Services in Asia and the Pacific	261.0
APDC Organized Conference on "The Future of Asia-Pacific Economies: Challenge of the South Asian Economies"	70.0
Comparative Advantage Study of Selected Industrial Crops in Asia	600.0
Seminar on Poverty Alleviation Through Agriculture Projects	100.0
Asian Organization of Supreme Audit Institutions (ASOSAI) Audit Training Program	446.0
20th World Conference of the Society for International Development	10.0
Regional Seminar on Power System Efficiency and Loss Reduction	50.0
Training Course on Project Supervision for Development Finance Institutions in the Pacific Region	220.0
Eighth ADB DRT on the Management of Public Enterprises and Privatization	95.0
Regional Conference on Telecommunications	373.0
Regional Seminar on Computer Aided Distribution Management	250.0
Study on Sustainability of Public Sector Projects	90.0
Seminar on Financial Information for Project Managers	99.5
International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) for Strengthening Grain Legume Research in Asia	590.0
Preparation of an Electric Utilities Data Book for the Asian and Pacific Region	230.0
ASIAN Economic Outlook-Project Link Conference	160.0
Advisory Services on External Debt in the Pacific Island Developing Member Countries	489.0
Smaller DMCs for Short-Term Training (II)	600.0
Seminar on Bank Assistance to the Private Sector in 1990/91	100.0
Assessment of the Economics of Remote Sensing Applications to Natural Resource and Environment Development Projects	100.0
Research on the Management of Sloping Lands for Sustainable Smallholder Agriculture in the South Pacific	262.0
Regional Study on Increased Utilization of Natural Gas Resources	450.0
Regional Training Program in Vegetable Production and Research (Phase III)	900.0 ^d
Strengthening Environmental Management Capabilities in the Pacific Island Developing Member Countries	900.0
ICRISAT: Strengthening the Genetic Resource Unit	600.0
Socio-Economic Indicators to Reflect the Participation of Women in Development	80.0 ^e
Study of Economic Reforms in Selected Planned Asian Developing Countries	520.0
ADB-IFMP Training Seminar on Monetary and Fiscal Policies	179.1 ^b
19th Pacific Trade and Development Conference	20.0
Research Project on "Government Systems and Economic Development: A Comparative Study of Selected Asian and Latin American Countries"	76.0
Forestry Research Support Program for the Asian-Pacific Region	2,000.0 ^f
Capital Market Conference	80.0
Asia-Pacific Seminar on Climate Change	83.0
Study on the Middle East Crisis: Impact Assessment and Policy Responses in Selected DMCs	100.0
Decentralized Participatory Research for Less Favorable Rice Ecosystems and Rice Wheat Systems	3,000.0
Regional Training Course on International Finance	280.0
Third Round Table on Development Strategies	150.0
Symposium on Tax Policy Reforms in Asia-Pacific Region	75.0 ^b
TOTAL	18,690.2

a Of this amount, \$550,000 is to be financed by the French Government with the Bank acting as Executing Agency.

b To be financed from JSF.

c To be financed by the Government of Switzerland with the Bank acting as Executing Agency.

d Of this amount, \$500,000 is to be financed by the Government of Switzerland with the Bank acting as Executing Agency.

e To be financed by the Government of Norway with the Bank acting as Executing Agency.

f Of this amount, \$500,000 is to be financed by UNDP with the Bank acting as Executing Agency.

**GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS BY COUNTRY AND REGIONAL ACTIVITIES,^a
1989, 1990, 1967-1990
(amounts in \$ thousand)**

Country	No.	1989				%
		Bank Financing	JSF Financing	Other Sources	Total	
Afghanistan, Rep. of	—	—	—	—	—	—
Bangladesh	15	799.00	2,428.00	5,215.00	8,442.00	10.41
Bhutan	2	100.00	300.00	—	400.00	0.49
Cambodia	—	—	—	—	—	—
China, People's Rep. of	6	285.00	3,300.00	—	3,585.00	4.42
Cook Islands	1	97.00	—	—	97.00	0.12
Fiji	9	1,564.80	600.00	—	2,164.80	2.67
India	9	3,314.00	—	—	3,314.00	4.09
Indonesia	17	3,443.00	1,872.00	12.00	5,327.00	6.57
Kiribati	3	475.00	—	—	475.00	0.59
Korea, Rep. of	—	—	—	—	—	—
Lao PDR	20	5,194.00	—	1,669.00	6,863.00	8.47
Malaysia	8	1,654.00	790.00	—	2,444.00	3.02
Maldives	—	—	—	—	—	—
Marshall Islands	—	—	—	—	—	—
Micronesia, Fed. States of	—	—	—	—	—	—
Myanmar	—	—	—	—	—	—
Nepal	15	4,134.80	1,375.00	2,765.00	8,274.80	10.21
Pakistan	16	2,187.40	4,397.00	1,150.00	7,734.40	9.54
Papua New Guinea	10	1,383.00	1,550.00	—	2,933.00	3.62
Philippines	22	2,583.00	3,820.00	595.00	6,998.00	8.63
Singapore	—	—	—	—	—	—
Solomon Islands	1	52.00	—	—	52.00	0.06
Sri Lanka	11	1,475.00	1,932.00	—	3,407.00	4.20
Taipei, China	—	—	—	—	—	—
Thailand	7	1,146.00	1,130.00	—	2,276.00	2.81
Tonga	4	1,118.00	—	—	1,118.00	1.38
Vanuatu	2	405.00	—	—	405.00	0.50
Viet Nam, Soc. Rep. of	—	—	—	—	—	—
Western Samoa	7	864.50	1,135.00	200.00	2,199.50	2.71
Sub-Total	185	32,274.50	24,629.00	11,606.00	68,509.50	84.51
Regional	50	11,471.87	—	1,090.00	12,561.87	15.49
TOTAL	235	43,746.37	24,629.00	12,696.00	81,071.37	100.00

a Excluding loan-financed technical assistance which are included in the Bank's loan data.

No.	1990			1967-1990				
	Bank Financing	JSF Financing	Other Sources	Total	%	No.	Total Amount	%
23	5,813.00	2,154.00	5,033.00	13,000.00	13.64	15	2,465.70	0.48
1	750.00	—	—	750.00	0.79	135	68,059.32	13.20
—	—	—	—	—	—	31	10,014.00	1.94
4	1,777.00	—	—	1,777.00	1.86	2	111.00	0.02
2	564.00	—	—	564.00	0.59	26	10,198.00	1.98
2	160.00	200.00	—	360.00	0.38	8	1,263.00	0.24
9	2,930.00	1,000.00	600.00	4,530.00	4.75	32	6,427.30	1.24
30	4,322.00	8,042.00	—	12,364.00	12.98	22	8,489.50	1.65
2	246.50	—	—	246.50	0.26	197	51,073.27	9.90
—	—	—	—	—	—	12	1,846.50	0.36
—	—	—	—	—	—	33	5,010.15	0.97
16	3,122.50	905.00	1,260.00	5,287.50	5.55	67	24,325.28	4.72
10	1,251.50	898.00	—	2,149.50	2.25	62	14,583.30	2.83
5	995.00	100.00	—	1,095.00	1.15	12	2,928.00	0.57
2	320.00	—	—	320.00	0.34	2	320.00	0.06
2	253.00	—	—	253.00	0.27	2	253.00	0.05
—	—	—	—	—	—	38	10,716.00	2.08
11	2,408.00	1,688.00	—	4,096.00	4.30	126	51,140.50	9.92
17	2,788.50	1,527.00	1,441.00	5,756.50	6.04	121	38,867.05	7.54
10	1,662.50	1,137.00	—	2,799.50	2.94	58	13,091.10	2.54
18	2,916.40	5,650.00	—	8,566.40	8.99	149	47,548.30	9.22
—	—	—	—	—	—	2	577.42	0.11
2	469.00	1,300.00	—	1,769.00	1.86	35	6,788.74	1.32
15	2,267.00	3,107.00	10.00	5,384.00	5.65	89	20,299.00	3.94
—	—	—	—	—	—	1	100.00	0.02
5	2,123.00	—	214.00	2,337.00	2.45	65	17,042.60	3.30
5	1,320.00	392.00	—	1,712.00	1.80	19	4,296.00	0.83
2	145.00	—	—	145.00	0.15	16	2,923.76	0.57
—	—	—	—	—	—	11	1,110.60	0.21
5	530.00	793.00	—	1,323.00	1.39	39	8,033.00	1.56
198	39,133.90	28,893.00	8,558.00	76,584.90	80.38	1,427	429,901.39	83.37
58	16,570.50	319.74	1,800.00	18,690.24	19.62	412	85,755.71	16.63
256	55,704.40	29,212.74	10,358.00	95,275.14	100.00	1,839	515,657.10	100.00

GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS BY SECTOR,^a 1989, 1990, 1967-1990

(amounts in \$ thousand)

Sector	1989			1990			1967-1990		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
Agriculture and Agro-Industry	65	30,019.30	43.82	65	27,600.40	36.04	589	197,904.37	46.04
Energy	14	4,237.00	6.18	22	10,200.00	13.32	163	51,631.60	12.01
Industry and Non-Fuel Minerals	11	2,651.00	3.87	6	2,517.00	3.29	66	14,616.20	3.40
Finance	17	4,097.00	5.98	27	6,299.50	8.23	111	23,844.60	5.55
Transport and Communications	24	7,415.00	10.82	23	9,196.50	12.01	179	53,358.55	12.41
Social Infrastructure	33	11,374.20	16.60	31	13,439.50	17.55	228	61,563.97	14.32
Multisector	3	785.00	1.15	2	200.00	0.26	15	2,974.00	0.69
Others	18	7,931.00	11.58	22	7,132.00	9.31	76	24,008.10	5.58
TOTAL	185	68,509.50	100.00	198	76,584.90	100.00	1,427	429,901.39	100.00

a Excluding loan-financed technical assistance which are included in the Bank's loan data as well as regional activities.

NET TRANSFER OF RESOURCES^a TO DMCs (OCR)

(amounts in \$ million)

D M C	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Bangladesh	-0.73	-1.20	-1.01	-0.96	-0.87	-0.89	-0.88	0.01	0.45	-0.33
China, People's Rep. of	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.57	50.38	47.98
Fiji	0.05	1.43	3.34	4.54	-2.49	-2.15	-3.42	13.71	-7.23	-12.28
Hong Kong	0.53	1.97	-1.90	-7.05	-9.33	-10.87	-43.24	0.00	0.00	0.00
India	0.00	0.00	0.00	0.00	0.00	0.00	10.77	52.74	72.49	182.76
Indonesia	61.77	91.45	110.17	91.13	74.09	72.35	148.71	241.36	391.56	348.68
Korea, Rep. of	50.00	37.38	7.40	13.74	-19.76	-87.00	-228.89	-169.33	-438.81	-17.87
Malaysia	10.20	27.58	20.85	-0.80	-18.38	-26.39	-30.22	-47.34	-50.79	-26.09
Myanmar	-0.57	-0.61	-0.55	-0.59	-0.60	-0.71	-0.77	-0.73	-0.76	-0.79
Nepal	-0.32	-0.31	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.55
Pakistan	-3.61	-1.54	13.26	11.43	8.54	-10.81	-20.36	20.75	139.82	109.30
Papua New Guinea	3.29	4.98	-1.26	-0.57	1.51	4.43	4.40	7.74	6.90	14.48
Philippines	73.79	61.45	113.70	84.96	6.57	-31.03	-75.89	-76.71	-41.00	46.17
Singapore	-3.84	2.35	1.85	-6.43	-11.76	-15.16	-16.45	-15.35	-13.29	-16.76
Sri Lanka	-1.84	-1.79	-1.66	-1.46	-1.07	-0.64	0.00	0.30	0.00	0.00
Taipei, China	-9.17	-7.68	-7.21	-6.98	-7.01	-7.55	-7.74	-7.65	-7.19	-4.06
Thailand	29.94	56.67	48.27	51.96	45.46	-11.49	-86.21	-80.43	-61.87	-174.98
Viet Nam, Soc. Rep. of	0.81	-0.09	-0.18	-0.18	-0.17	-0.10	-0.21	-0.11	-0.22	-0.22
Regional Equity Investments	—	—	—	—	—	—	—	5.00	34.98	11.73
TOTAL	210.31	272.04	305.08	232.74	64.74	-128.01	-350.41	-53.46	75.44	508.28

a. Net transfer of resources defined as disbursements less repayments and interest/charges received.

Includes private sector loans and equity investments.

NET TRANSFER OF RESOURCES^a TO DMCs (ADF)

(amounts in \$ million)

D M C	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Afghanistan, Rep. of	0.68	-0.69	-0.48	-0.48	-0.09	-1.12	-1.75	-1.50	-1.34	-1.32
Bangladesh	42.49	29.20	45.88	74.57	139.79	133.53	164.43	208.52	300.13	279.80
Bhutan	0.00	0.00	0.00	0.00	1.58	1.48	3.17	3.38	2.97	3.66
Cambodia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cook Islands	0.56	0.26	0.77	0.09	0.39	0.17	0.14	0.00	0.29	0.74
Indonesia	-0.16	-1.32	-2.00	-0.99	2.78	-0.60	26.23	54.92	53.59	106.98
Kiribati	0.00	-0.01	0.00	0.00	0.06	0.10	0.89	0.26	0.02	0.67
Korea, Rep. of	-0.33	-0.31	-0.32	-0.31	-0.31	-0.33	-0.34	-0.34	-0.32	-0.32
Lao PDR	1.09	5.04	3.78	1.48	3.61	5.02	2.11	4.77	30.22	39.32
Malaysia	-0.26	-0.25	-0.25	-0.25	-0.25	-0.27	-0.28	-0.28	-0.27	-0.27
Maldives	0.00	0.02	0.70	0.02	0.08	0.48	1.05	0.86	0.61	4.06
Myanmar	20.40	33.15	15.18	22.94	30.40	23.80	31.86	31.46	20.90	1.74
Nepal	13.07	18.42	21.06	34.26	39.46	30.62	23.26	35.52	73.20	57.04
Pakistan	16.49	42.32	61.26	98.88	94.68	96.59	138.30	174.05	199.28	201.01
Papua New Guinea	15.26	2.98	7.79	2.34	2.59	0.29	4.12	8.31	6.79	38.20
Philippines	1.00	3.37	5.85	1.39	1.99	27.67	32.30	31.51	41.09	116.76
Singapore	-0.26	-0.26	-0.25	-0.25	-0.25	-0.28	-0.29	-0.30	-0.29	-1.40
Solomon Islands	3.10	1.74	1.12	0.86	1.60	1.64	2.74	5.39	3.46	1.98
Sri Lanka	8.08	15.71	27.01	24.12	26.85	35.47	42.34	57.09	68.70	101.82
Thailand	0.25	2.98	7.14	8.61	8.82	11.17	7.45	1.99	0.09	-1.28
Tonga	0.61	0.12	0.57	0.97	0.57	0.45	0.56	1.32	0.48	0.80
Vanuatu	0.00	0.00	0.00	0.27	0.34	0.22	1.02	0.74	3.02	2.54
Viet Nam, Soc. Rep. of	2.70	-0.46	0.19	-0.01	1.47	0.50	0.06	-0.23	0.00	0.00
Western Samoa	2.94	1.07	3.15	2.64	0.52	-0.14	0.94	1.04	1.25	9.85
TOTAL	127.70	153.08	198.14	271.16	356.68	366.45	480.31	618.48	803.87	962.41

a. Net transfer of resources defined as disbursements less repayments and interest/charges received.

NET TRANSFER OF RESOURCES^a TO DMCs (OCR and ADF)

(amounts in \$ million)

D M C	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Afghanistan, Rep. of	0.68	-0.69	-0.48	-0.48	-0.09	-1.12	-1.75	-1.50	-1.34	-1.32
Bangladesh	41.77	28.00	44.87	73.61	138.92	132.64	163.55	208.53	300.58	279.47
Bhutan	0.00	0.00	0.00	0.00	1.58	1.48	3.17	3.38	2.97	3.66
Cambodia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
China, People's Rep. of	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.57	50.38	47.98
Cook Islands	0.56	0.26	0.77	0.09	0.39	0.17	0.14	0.00	0.29	0.74
Fiji	0.05	1.43	3.34	4.54	-2.49	-2.15	-3.42	13.71	-7.23	-12.28
Hong Kong	0.53	1.97	-1.90	-7.05	-9.33	-10.87	-43.24	0.00	0.00	0.00
India	0.00	0.00	0.00	0.00	0.00	0.00	10.77	52.74	72.49	182.76
Indonesia	61.62	90.14	108.17	90.14	76.87	71.75	174.94	296.28	445.15	455.66
Kiribati	0.00	-0.01	0.00	0.00	0.06	0.10	0.89	0.26	0.02	0.67
Korea, Rep. of	49.68	37.07	7.09	13.43	-20.07	-87.33	-229.23	-169.67	-439.13	-18.19
Lao PDR	1.09	5.04	3.78	1.48	3.61	5.02	2.11	4.77	30.22	39.32
Malaysia	9.94	27.33	20.60	-1.04	-18.63	-26.66	-30.50	-47.63	-51.07	-26.36
Maldives	0.00	0.02	0.70	0.02	0.08	0.48	1.05	0.86	0.61	4.06
Myanmar	19.83	32.54	14.63	22.35	29.80	23.09	31.09	30.74	20.15	0.95
Nepal	12.76	18.11	21.06	34.26	39.46	30.62	23.26	35.52	73.20	57.59
Pakistan	12.88	40.78	74.52	110.31	103.22	85.78	117.94	194.81	339.10	310.32
Papua New Guinea	18.55	7.96	6.54	1.77	4.10	4.72	8.52	16.05	13.69	52.68
Philippines	74.79	64.82	119.55	86.35	-8.56	-3.37	-43.59	-45.20	0.09	162.94
Singapore	-4.10	2.09	1.60	-6.68	-12.01	-15.44	-16.75	-15.65	-13.58	-18.16
Solomon Islands	3.10	1.74	1.12	0.86	1.60	1.64	2.74	5.39	3.46	1.98
Sri Lanka	6.25	13.93	25.34	22.66	25.78	34.83	42.34	57.39	68.70	101.82
Taipei, China	-9.17	-7.68	-7.21	-6.98	-7.01	-7.55	-7.74	-7.65	-7.19	-4.06
Thailand	30.19	59.65	55.41	60.57	54.28	-0.38	-78.76	-78.44	-61.78	-176.26
Tonga	0.61	0.12	0.57	0.97	0.57	0.45	0.56	1.32	0.48	0.80
Vanuatu	0.00	0.00	0.00	0.27	0.34	0.22	1.02	0.74	3.02	2.54
Viet Nam, Soc. Rep. of	3.51	-0.56	0.01	-0.19	1.30	0.40	-0.15	-0.33	-0.22	0.00
Western Samoa	2.94	1.07	3.15	2.64	0.52	-0.14	0.94	1.04	1.25	9.85
Regional Equity Investments	—	—	—	—	—	—	—	5.00	34.98	11.73
TOTAL	338.01	425.11	503.23	503.90	421.41	238.43	-129.89	565.01	879.30	1,470.90

a Net transfer of resources defined as disbursements less repayments and interest/charges received.

Note: Includes private sector loans and equity investments.

FINANCIAL RESOURCES

BORROWINGS, 1990

	Country	Borrowing		Amount in Currency of Borrowing (million)	US\$ Equivalent^a (million)
	Japan	7.50% 10-Year Bonds due 2000	¥	30,000	231.3
	Switzerland	7.25% 10-Year Bonds due 2000	SwF	150	107.4
		7.375% 10-Year Bonds due 2000	SwF	100	78.2
	United States	9.125% 10-Year Notes due 2000	US\$	300	300.0
	International	7.25% 10-Year Bonds due 2000	¥	20,000	131.7
	TOTAL				848.6

^a Based on exchange rates effective at the date of Board approval of each borrowing except for 7.375% SwF Bonds of 1990/2000 which was translated at the Bank's exchange rate as of 14 October 1990.

STATUS OF ASIAN DEVELOPMENT FUND RESOURCES

	Valued as of 31/12/89 US\$m.	Addition US\$m.	Change in 1990 Exchange Rate Adjustments ^a US\$m.	Net Change US\$m.	Valued as of 31/12/90 US\$m.	SDRm. ^b
Contributed Resources^c						
Australia	522.59	5.32	(12.87)	(7.55)	515.04	362.03
Austria	105.41	0.80	11.23	12.03	117.44	82.55
Belgium	91.76	0.73	14.16	14.89	106.65	74.96
Canada	821.23	5.95	(1.73)	4.22	825.45	580.22
Denmark	89.21	0.79	12.85	13.64	102.85	72.29
Finland	73.33	0.69	8.56	9.25	82.58	58.04
France	451.43	4.56	57.96	62.52	513.95	361.26
Germany	834.88	4.97	113.15	118.12	953.00	669.87
Hong Kong	1.71	0.02	—	0.02	1.73	1.22
Indonesia	4.43	0.03	—	0.03	4.46	3.13
Italy	353.59	3.70	43.94	47.64	401.23	282.03
Japan	5,673.11	31.73	380.82	412.55	6,085.66	4,277.66
Korea, Republic of	7.07	0.08	—	0.08	7.15	5.03
Netherlands	291.49	2.32	38.93	41.25	332.74	233.88
New Zealand	24.17	0.28	(0.20)	0.08	24.25	17.04
Norway	64.62	0.58	7.74	8.32	72.94	51.27
Spain	66.47	0.72	8.78	9.50	75.97	53.40
Sweden	108.75	1.07	10.09	11.16	119.91	84.29
Switzerland	149.47	1.13	28.95	30.08	179.55	126.21
Taipei, China	2.00	—	—	—	2.00	1.41
United Kingdom	377.92	3.06	75.89	78.95	456.87	321.14
United States	1,565.78	124.45	—	124.45	1,690.23	1,188.08
Total Contributed Resources	11,680.43	192.99	798.21	991.20	12,671.63^d	8,907.00
Additional Resources						
Set-Aside Resources	62.57	—	5.16	5.16	67.73	47.61
Other Resources ^e	5.08	—	—	—	5.08	3.57
Accumulated Translation Adjustments	61.58	35.91	—	35.91	97.49	68.53
Accumulated Surplus	405.19	107.35	—	107.35	512.54	360.27
Total Additional Resources	534.42	143.26	5.16	148.42	682.84	479.98
Total Resources	12,214.85	336.25	803.37	1,139.62	13,354.47	9,386.98
Less: Amounts Disbursed and Outstanding	4,999.07	1,001.86	370.13	1,371.99	6,371.06	4,478.27
Amounts Committed but Undisbursed:						
Denominated in US Dollars	429.77	(142.74)	—	(142.74)	287.03	201.76
Denominated in SDRs	4,647.73	512.85	373.13	885.98	5,533.71	3,889.69
Total Uncommitted Resources	2,138.28	(1,035.72)	60.11	(975.61)	1,162.67	817.26
Less: Provision for Exchange Rate Fluctuations ^f	723.01	227.92	—	227.92	950.93	668.42
Net Amount Available for Loan Commitments	1,415.27	(1,263.64)	60.11	(1,203.53)	211.74	148.84

Note: Figures may not add due to rounding.

a Relating to balances as of 31 December 1989 and additions in 1990.

b Valued at the rate of \$1.42266 per SDR as of 31 December 1990.

c Amounts are adjusted for exchange rate changes and do not necessarily correspond to the initial ADF contributions of individual countries.

d Excludes advance payments totalling \$649.73 million representing amounts of ADF V contributions paid but not available as of 31 December 1990 for loan commitments.

e Amounts initially accrued or allocated to other Special Funds.

f Equivalent to the sum of Other Resources, Accumulated Translation Adjustments, Accumulated Surplus and Accumulated Loan Principal Repayments.

TECHNICAL ASSISTANCE SPECIAL FUND
 (US Dollar Equivalent; as of 31 December 1990)^a

Contributor	Total Contributions	Amount Utilized
Direct Voluntary Contributions		
Australia	2,484,371	2,484,371
Austria	158,129	150,265
Bangladesh	47,352	47,352
Belgium	1,404,781	990,581
Canada	3,345,751	3,345,751
China, People's Rep. of	600,000	51,088
Denmark	1,962,529	1,962,529
Finland	237,201	237,201
France	1,699,526	1,699,526
Germany	3,314,813	3,314,813
Hong Kong	100,000	100,000
India	2,087,475	2,087,475
Indonesia	250,000	250,000
Italy	774,147	774,147
Japan	47,713,113	47,440,361
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	3,343,130	3,228,774
Pakistan	805,641	742,037
Singapore	100,000	99,923
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	85,079,229	83,657,464
Regularized Replenishment Contributions ^b	91,866,413	68,655,999
Other Resources ^c	25,675,995	13,728,673
TOTAL	202,621,637	166,042,136

- 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 1990.
- 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 No. 182.
- 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	Total
Contributions committed	35.8	58.8	63.4	158.0
Translation adjustments	—	(8.0)	5.8	(2.2)
	35.8	50.8	69.2	155.8
Revenue	1.2	3.2	7.0	11.4
Total	37.0	54.0	76.2	167.2
Expenses	1.6	9.6	16.0	27.2
Unexpended Balances at End of Year	<u>35.4</u>	<u>44.4</u>	<u>60.2</u>	<u>140.0</u>

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SUMMARY OF BUDGET FOR 1991**Internal Administrative Expenses**

(amounts in \$ thousand)

	1990		Actual ²	1991 Budget
	Budget	After Transfers ¹		
I. BOARD OF GOVERNORS	295	347	347	482
II. BOARD OF DIRECTORS	5,437	5,437	5,352	5,922
Salaries	2,876	2,876	2,844	3,159
Benefits	1,307	1,307	1,261	1,408
Relocation	393	325	325	350
Business Travel	395	499	499	524
Staff Services	466	430	423	481
III. STAFF	87,910	88,241	88,241	95,362
Salaries	51,010	49,650	49,650	53,567
Benefits	29,171	31,202	31,202	32,494
Relocation	1,850	1,577	1,577	2,336
Consultants	5,879	5,812	5,812	6,965
IV. BUSINESS TRAVEL & REPRESENTATION	7,926	8,275	8,275	8,885
Business Travel	7,783	8,118	8,118	8,718
Representation	143	157	157	167
V. OTHER ADMINISTRATIVE EXPENSES	17,295	17,295	15,061	23,290
Communications	2,396	2,396	2,216	2,665
Office Occupancy	8,152	2,955	2,926	4,530
Library	320	336	336	450
Expendable Supplies	1,575	1,575	1,561	1,775
Office Equipment	2,045	2,313	2,313	2,150
Contractual Services	3,268	3,126	2,889	3,460
Insurance	200	200	182	290
Depreciation	2,494	2,549	2,548	7,825
Miscellaneous	145	145	90	145
New Headquarters Building	1,700	1,700		
VI. GENERAL CONTINGENCY	1,189	457		1,339
TOTAL	120,052	120,052	117,276	135,280

1 An amount of \$732,000 was allocated out of the General Contingency to the Budget Categories BOARD OF GOVERNORS (\$52,000), STAFF (\$331,000) and BUSINESS TRAVEL AND REPRESENTATION (\$349,000). Transfers were made between Budget Items within the Budget Categories BOARD OF DIRECTORS, STAFF and OTHER ADMINISTRATIVE EXPENSES.

2 Excludes: (1) \$1,268,000 as provision for severance pay; (2) \$948,000 as provision for accumulated compensated absences; (3) \$12,000 as bank charges pertaining directly to ADF; and (4) an adjustment of \$209,000 on account of pension cost computed in compliance with U.S. Financial Accounting Standards (FAS 87). The total expenses of \$119,713,000 as shown in the financial statements (after deducting \$31,000 directly charged to the Scholarship Program) have been distributed as follows: OCR-\$64,772,000 (Ref. OCR-2), ADF-\$54,319,000 (Ref. ADF-2), TASF-\$5,000 (Ref. TASF-2), and JSF-\$586,000 (Ref. JSF-2).

RESOLUTIONS OF BOARD OF GOVERNORS ADOPTED DURING 1990

Resolution No.	Subject	Date Adopted
201	Membership of the Republic of the Marshall Islands and Increase in Authorized Capital Stock	16 February 1990
202	Membership of the Federated States of Micronesia and Increase in Authorized Capital Stock	18 April 1990
203	Financial Statements and Opinions of Independent Auditors	4 May 1990
204	Allocation of Net Income	4 May 1990
205	Membership of Turkey and Increase in Authorized Capital Stock	6 July 1990
206	Membership of the Mongolian People's Republic and Increase in Authorized Capital Stock	14 September 1990
207	Amendment of Section 7(B)(a) of the By-Laws	9 November 1990

BOARD OF GOVERNORS
 (As of 31 December 1990)

JOE CLARK (Canada) (Chairman)

M. A. MUNIM (Bangladesh) (Vice-Chairman)

TEATAO TEANNAKI (Kiribati) (Vice-Chairman)

MEMBER	GOVERNOR	ALTERNATE GOVERNOR
Afghanistan, Republic of	Mohammad Hakim ¹	Mohammad Kabir ²
Australia	P. J. Keating	R. B. Dun
Austria	Ferdinand Lacina	Othmar Haushofer
Bangladesh	M. A. Munim ³	Enam Ahmed Chaudhury
Belgium	Ph. Maystadt	Jan Vanormelingen
Bhutan	Dawa Tsering	Bap Kesang ⁴
Cambodia		
Canada	Joe Clark	Frederick W. Gorbet
China, People's Republic of	Li Guixian	Chen Yuan ⁵
Cook Islands	G. A. Henry	Alistair Rutherford
Denmark	Ole Loënsmann Poulsen	Sten Lilholt
Fiji	J. N. Kamikamica	Ratu Jone Y. Kubuabola
Finland	Ilkka Ristimaki ⁶	Jorma Paukku ⁷
France	Pierre Beregovoy	Jean-Claude Trichet
Germany	Jürgen Warnke	Eckard Pieske
Hong Kong	Piers Jacobs	D. A. C. Nendick
India	Yashwant Sinha ⁸	S. P. Shukla ⁹
Indonesia	J. B. Sumarlin	Adrianus Mooy
Italy	Carlo Azeglio Ciampi	Mario Sarcinelli
Japan	Ryutaro Hashimoto	Yasushi Mieno
Kiribati	Teatao Teannaki	Baraniko Baaro
Korea, Republic of	Yung Euy Chung ¹⁰	Kun Kim
Lao People's Democratic Republic	Sisavath Sisane	Souignong Nhousyvanisvong
Malaysia	Daim Zainuddin D.H.M.S.	Tan Sri Datuk Zain Azraai

1 Succeeded Hamidullah Tarzi in June.

2 Succeeded Abdul Ghafoor Joushan in April.

3 Succeeded A.V.M. (Retd.) A. K. Khandker in April.

4 Succeeded Nado Rinchen in July.

5 Succeeded Qiu Qing in April.

6 Succeeded Kai Helenius in August.

7 Succeeded Pasi Rutanen in January.

8 Succeeded Madhu Dandavate in November.

9 Succeeded Bimal Jalan in December.

Bimal Jalan succeeded G. K. Arora in January.

10 Succeeded Kyu Sung Lee in March.

MEMBER	GOVERNOR	ALTERNATE GOVERNOR
Maldives	Ahmed Mujuthaba	Khadieja Hassan ¹¹
Marshall Islands	Hench Balos	Amor Tibon
Micronesia, Federated States of	Aloysius J. Tuuth	Asterio R. Takesy
Myanmar	Coi. D. O. Abel	U Soe Thwin
Nepal	Devendra Raj Panday ¹²	Shashi N. Shah
Netherlands	W. Kok	J. P. Pronk
New Zealand	Ruth Richardson ¹³	Graham Scott
Norway	Einar Risa ¹⁴	Torild Skard ¹⁵
Pakistan	Sartaj Aziz ¹⁶	R. A. Akhund ¹⁷
Papua New Guinea	Paul Pora	Morea Vele
Philippines	Jesus P. Estanislao ¹⁸	Jose L. Cuisia ¹⁹
Singapore	Richard Hu Tsu Tau	Ngiam Tong Dow
Solomon Islands	Christopher C. Aoe	Reuber Natowan ²⁰
Spain	Carlos Solchaga Catalán	Apolonio Ruiz Ligero
Sri Lanka	D. B. Wijetunga	R. Paskaralingam
Sweden	Bengt Sæve-Soederbergh	Carl-Johan Groth
Switzerland	Pierre-Louis Girard	Louis Currat
Taipei, China	Samuel C. Hsieh ²¹	Tsung-Han Liu ²²
Thailand	Banarn Silpa-Archa ²³	Panas Simasathien
Tonga	J. C. Cocker	Baron Vaea
United Kingdom	Lynda Chalker, M.P.	J. A. L. Faint ²⁴
United States	Nicholas F. Brady	Richard T. McCormack
Vanuatu	Sela Molisa	John Sethy Regenvanu
Viet Nam, Socialist Republic of	Cao Sy Kiem	N. V. Dam ²⁵
Western Samoa	Tuilaepa S. Malielegaoi	Kolone Va'ai

11 Succeeded Mohamed Zuhair in March.

12 Succeeded Pasupati S. Rane on 20 April.

Pasupati S. Rane succeeded Bharat Bahadur Pradhan on 9 April.

13 Succeeded David Caygill in November.

14 Succeeded Torun Drandal in December.

15 Succeeded Bernt H. Lund in December.

16 Succeeded Ihsan U. Haq Piracha in August.

17 Succeeded Khalid Mahmud Chima in August.

18 Succeeded Vicente R. Jayme in January.

19 Succeeded Jose B. Fernandez, Jr. in February.

20 Succeeded Mathias Pepena in April.

21 Succeeded Shirley W.Y. Kuo in July.

22 Succeeded Yu-Chi Hsueh in February.

23 Succeeded Virabongsa Ramangkura in December.

Virabongsa Ramangkura succeeded Pramual Sabhavastin in August.

24 Succeeded J. L. F. Buist in June.

25 Succeeded Le Hoang in July.

BOARD OF DIRECTORS AND VOTING GROUPS
 (As of 31 December 1990)

DIRECTOR	ALTERNATE DIRECTOR	ELECTED BY ¹
K.D. Adhikary	Anthony Tan Song Chuan	Malaysia; Myanmar; Nepal; Singapore; Thailand
Aitezazuddin Ahmad	Vicente R. Jayme ²	Maldives; Republic of the Marshall Islands; Pakistan; Philippines
Nicholas Bailey ³	Heinz Bühlert ⁴	Austria; Germany; United Kingdom
D. Bandyopadhyay	Quazi Azher Ali	Bangladesh; Bhutan; India; Lao People's Democratic Republic; Socialist Republic of Viet Nam
Anthony F. Burger ⁵	Asbjørn Løvbraek ⁶	Canada; Denmark; Finland; Netherlands; Norway; Sweden
Che Peiqin	Wei Benhua	People's Republic of China
Sofjan Djajawinata	Colin Pratt ⁷	Cook Islands; Fiji; Indonesia; New Zealand; Tonga; Western Samoa
Victor H. Frank, Jr.	(vacant) ⁸	United States
Giovanni Montagna ⁹	Luis López	Belgium; France; Italy; Spain; Switzerland
Hyung-Sup Shim	Vai Reva ¹⁰	Republic of Korea; Papua New Guinea; Sri Lanka; Taipei, China; Vanuatu
Kenneth Waller	Dereck Rooken-Smith	Australia; Hong Kong; Kiribati; Federated States of Micronesia; Solomon Islands
Ken Yagi ¹¹	Toshiki Kanamori ¹²	Japan

1 In alphabetical order within each group.

2 Succeeded Joker P. Arroyo on 6 June.

3 Succeeded Heinz Bühlert on 1 July.

4 Succeeded Nicholas Bailey on 1 July.

5 Succeeded Jean-Marc Métivier on 24 August.

6 Succeeded Gerben de Jong on 1 September.

7 Succeeded Cliff F. Sproule on 16 January.

8 William R. Thomson resigned on 16 September.

9 Succeeded Michel Rougé on 1 July.

10 Succeeded G. Cumaranatunge on 1 July.

11 Succeeded Shoji Mori on 24 June.

12 Succeeded Saloshi Hashimoto on 10 July.

COMMITTEES OF THE BOARD OF DIRECTORS
(As of 31 December 1990)

AUDIT COMMITTEE

Aitezazuddin Ahmad (Chairman)

K.D. Adhikary

Nicholas Bailey

Anthony F. Burger

Che Peiqin

Giovanni Montagna

BUDGET REVIEW COMMITTEE

Sofjan Djajawinata (Chairman)

D. Bandyopadhyay

Victor H. Frank, Jr.

Hyung-Sup Shim

Kenneth Waller

Ken Yagi

PRINCIPAL OFFICERS

(As of 31 December 1990)

OFFICE OF THE PRESIDENT

Kimimasa Tarumizu	President
Günther Schulz	Vice-President
In Yong Chung	Vice-President
William R. Thomson	Vice-President

OFFICE OF THE SECRETARY

Arun B. Adarkar	Secretary
William G. Brown	Assistant 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
Sharda P. Srivastava	Deputy Director
Bhanuphol Horayangura	Programs Manager (Division I - People's Rep. of China; Philippines; Taipei, China)
Paul M. Dickie	Programs Manager (Division II - Hong Kong; Indonesia; Malaysia; Singapore)
R. Swaminathan	Programs Manager (Division III - Rep. of Korea; Papua New Guinea; Pacific Island DMCs)

SOUTH PACIFIC REGIONAL OFFICE

Lewis Hayashi	Chief
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INDONESIA RESIDENT OFFICE

Richard M. Bradley	Chief
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PROGRAMS DEPARTMENT (WEST)

Noritada Morita	Director
Dinh Xuan Vinh	Deputy Director
Maurice D. Bauche	Programs Manager (Division I - Rep. of Afghanistan; Maldives; Pakistan; Sri Lanka)
Eustace A. Nonis	Programs Manager (Division II - Bangladesh; Bhutan; India; Nepal)
Ricardo M. Tan	Programs Manager (Division III - Cambodia; Lao People's Dem. Rep.; Myanmar; Thailand; Soc. Rep. of Viet Nam)

BANGLADESH RESIDENT OFFICE

Basudev Dahal	Chief
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PAKISTAN RESIDENT OFFICE

Grahame G. Muller	Chief
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NEPAL RESIDENT OFFICE

Dalheue Coue	Chief
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DEVELOPMENT POLICY OFFICE

Sayed A. Baha	Director
William T.C. Ho	Manager

CONTINUED

ECONOMICS AND DEVELOPMENT RESOURCE CENTER

Hakchung Choo	Director and Chief Economist
John Malcolm Dowling, Jr.	Assistant Chief Economist (Economic Analysis and Research)
A.I. Aminul Islam	Assistant Chief Economist (Project Economic Evaluation)
Richard O. Wada	Assistant Chief Economist (Statistics and Data Systems)

CO-FINANCING AND COORDINATION UNIT

(Under the Vice-President – Operations)

Hatsuya Azumi	Manager
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AGRICULTURE DEPARTMENT

M. Zaki Azam	Director
Satish C. Jha	Deputy Director
Eiji Kobayashi	Deputy Director
Nihal Amerasinghe	Manager (Division I – People's Rep. of China; Papua New Guinea; Philippines; Taipei,China)
M.E. Tusneem	Manager (Division II – Hong Kong; Indonesia; Singapore)
Abdul Gaffar Nasution	Manager (Division III – Rep. of Korea; Malaysia; Pacific Island DMCs)
Theodore C. Patterson	Manager (Division IV – Rep. of Afghanistan; Maldives; Pakistan; Sri Lanka)
Musunuru S. Rao	Manager (Division V – Bhutan; India; Myanmar; Nepal)
Hans-Juergen Springer	Manager (Division VI – Bangladesh; Cambodia; Lao People's Dem. Rep.; Thailand; Soc. Rep. of Viet Nam)

INFRASTRUCTURE DEPARTMENT

S.V.S. Juneja	Director
Neil R. Collier	Deputy Director
Mahesan Ganesan	Manager (Airports and Highways)
Akira Seki	Manager (Ports, Railways and Telecommunications)
Javier M. Gomez	Manager (Water Supply)
P.K. Thomas	Manager (Social Infrastructure)
G.H.P.B. van der Linden	Manager (Education)

PRIVATE SECTOR DEPARTMENT

A. Cushman May	Director
Nobuyuki Yamamura	Deputy Director
J. Antonio M. Quila	Manager (Area Division I – Rep. of Afghanistan; Bangladesh; Bhutan; Maldives; Nepal; Pakistan; Sri Lanka)
Ivan L. Zimonyi	Manager (Area Division II – Cambodia; India; Indonesia; Lao People's Dem. Rep.; Myanmar; Thailand; Soc. Rep. of Viet Nam)
Mumtaz Iqbal	Manager (Area Division III – People's Rep. of China; Hong Kong; Rep. of Korea; Malaysia; Papua New Guinea; Philippines; Singapore; Pacific Island DMCs; Taipei,China)

ENERGY AND INDUSTRY DEPARTMENT

Ronald S. Skeates	Director
Stephen Y.C. Lau	Deputy Director
Vishvanath V. Desai	Manager (Industry and Minerals)
V. Krishnaswamy	Manager (Power Division East – People's Rep. of China; Hong Kong; Indonesia; Rep. of Korea; Malaysia; Papua New Guinea; Philippines; Singapore; Pacific Island 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)

PRINCIPAL OFFICERS

(As of 31 December 1990)

OFFICE OF THE ENVIRONMENT

S.V.S. Juneja	Officer-in-Charge
B.N. Lohani	Acting Assistant Chief

CENTRAL PROJECTS SERVICES OFFICE

Osman R.I. Bako	Chief
Jean-Pierre Vu	Manager (Consulting Services)
Devinder Singh	Manager (Central Projects Administration Coordination)

BUDGET, PERSONNEL AND MANAGEMENT SYSTEMS DEPARTMENT

Dang Fook Lee	Director
Osamu Tsukahara	Deputy Director
Vernon G. Jorssen	Manager (Budget and Planning)
Tony Wan	Manager (Human Resources)
Robert C. May	Manager (Compensation and Benefits)
N. Viswanathan	Manager (Systems and Procedures)

OFFICE OF ADMINISTRATIVE SERVICES

Jayanta Madhab	Chief
Hi Young Kim	Manager (General Services)
Lim Say Hup	Manager (Support Services)

SPECIAL PROJECTS OFFICE

Jwala Prasad Pradhan	Chief
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CONTROLLER'S DEPARTMENT

Shamshad Ali Khan	Controller
Francis W. Mentus	Assistant Controller (Accounting)
S. Kalyanaraman	Assistant Controller (Disbursement Division - East)
Bernard Donge	Assistant Controller (Disbursement Division - West)

TREASURER'S DEPARTMENT

Tomoo Hayakawa	Treasurer
(Vacant)	Deputy Treasurer
Rip Min	Assistant Treasurer (Funding)
Erkki K. Jappinen	Assistant Treasurer (Investments)
Chi-Chuan Hung	Assistant Treasurer (Treasury Services)
Ian M. Hay	Assistant Treasurer (Financial Policy)

INFORMATION OFFICE

George V. Liu	Chief Information Officer
(Vacant)	Assistant Chief Information Officer

OFFICE OF COMPUTER SERVICES

Gene Lindsey	Chief
Louis Wong	Assistant Chief

INTERNAL AUDIT OFFICE

M.M. Soerakoesoemah	Chief
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POST-EVALUATION OFFICE

S. Mahboob Alam	Chief
A. Timothy Peterson	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. Tarōichi Yoshioka	—	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

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 Asian Development Bank: Questions and Answers (English, French, German and Japanese)
 Asian Development Bank: Technical Assistance Activities
 Asian Development Bank: What It Is, What It Does, How It Works (English, French, German and Japanese)
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 Handbook on Policies, Practices and Procedures Relating to Procurement Under Asian Development Bank Loans* (1983)
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 Sample Bidding Documents — Procurement of Civil Works* (1988)
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 Staff Appointments with the Asian Development Bank

* Publications may be obtained from the Central Projects Services Office, Asian Development Bank, P.O. Box 789, 1099 Manila, Philippines (\$5.00 each, except Handbook for Users of Consulting Services — \$10.00 each).

** For member government institutions only. These publications may be obtained from Central Projects Services Office.

Abbreviations

ADF	—	Asian Development Fund
BOO	—	Build-Operate-Own
BOT	—	Build-Operate-Transfer
CFS	—	Complementary Financing Scheme
DFI	—	Development Finance Institution
DMC	—	Developing Member Country
EDRC	—	Economics and Development Resource Center
GDP	—	Gross Domestic Product
GNP	—	Gross National Product
HRD	—	Human Resource Development
JSF	—	Japan Special Fund
LAO PDR	—	Lao People's Democratic Republic
LCF	—	Local Cost Financing
LFI	—	Local Financial Institution
NIE	—	Newly Industrializing Economy
NGO	—	Non-Governmental Organization
OCR	—	Ordinary Capital Resources
PIDMC	—	Pacific Island Developing Member Country
PRC	—	People's Republic of China
SPRO	—	South Pacific Regional Office
TA	—	Technical Assistance
TASF	—	Technical Assistance Special Fund
WID	—	Women in Development

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