

**ASIAN
DEVELOPMENT
BANK**
Annual Report 1994



Night view of
ADB Headquarters in
Manila, Philippines.

The Asian Development Bank

The Asian Development Bank, a multilateral development finance institution whose capital stock is owned by 55 member countries* as of end-1994, is engaged in promoting the economic and social progress of its developing member countries in the Asian and Pacific region.

The Bank started functioning in December 1966 with its Headquarters in Manila, Philippines. It is owned by the governments of 39 countries from the region and 16 countries from outside the region.

In 28 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 developing 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, subregional 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 69% 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 Asia, Europe, the Middle East and United States. The Bank's callable capital, which at the

end of 1994 accounted for nearly 90% of its subscribed capital, backs its borrowings in the capital markets.

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

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

The Bank's highest policy-making body is its Board of Governors which meets annually. The direction of the Bank's general operations is the responsibility of the Board of Directors – composed of 12 Directors (each with an Alternate) – eight representing regional countries and four representing nonregional 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, and may be re-elected. The President is Chairman of the Board of Directors and under its direction the President conducts the business of the Bank. The President is responsible for the organization, appointment and dismissal of officers and staff in accordance with regulations adopted by the Board. In this the President is assisted by three Vice-Presidents, who are appointed by the Board of Directors on the recommendation of the President.

The Bank has 21 departments and offices at Headquarters, a Regional Office for the South Pacific based in Port Vila, Vanuatu, and five Resident Offices, one each in Dhaka, Bangladesh; New Delhi, India; Jakarta, Indonesia; Kathmandu, Nepal; and Islamabad, Pakistan.** At the end of 1994, the Bank had 645 professional staff and 1,281 supporting staff.

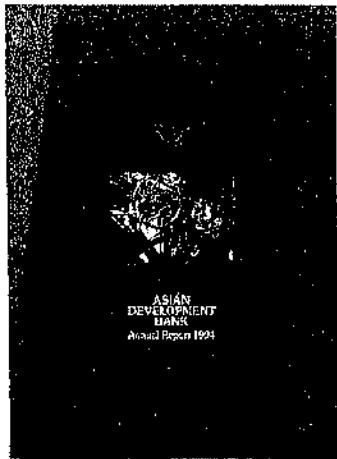
* The term "country," as used in the context of the Bank, refers to members of the Bank and does not imply any view on the part of the Bank as to their sovereignty or independent status.

** Effective 1 January 1995, the regional and resident offices are called regional and resident missions.

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Asian Development Bank

Annual Report 1994



COVER: Operating a small irrigation pumping substation in Davao del Norte province in the Philippines. The substation serves low-income farmers who are among the beneficiaries of the Bank's NGO-Microcredit Project, aimed at reducing poverty in rural areas.

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ASIAN DEVELOPMENT BANK
Manila

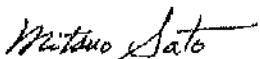
Office of the President

20 March 1995

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 1994, 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,



MITSUO SATO
President and
Chairman of the
Board of Directors

Chairman of the
Board of Governors
Asian Development Bank

THE BOARD OF DIRECTORS
(As of 31 December 1994)

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

Mitsuo Sato

Directors

Daniel Besson
Che Peiqin
Shigeo Kashiwagi
Kyung-Woo Kim
P.K. Lahiri
Peter McCawley
Julian H. Payne
Soegito Sastromidjojo
A.B. Soomro
Hans-Jürgen Stryk
U Soe Thwin
Linda Tsao Yang

Alternate Directors

Hermann Escher
Zhou Yuequn
Soichi Yoshimura
Lloyd Fernando
Kamaluddin Siddiqui
John S. Evers
Raimo Anttola
Colin Pratt
Vicente R. Jayme
Teoman Kerman
Syed Muhammad Abdul Kadir
N. Cinnamon Domisile



A view of the library
at the ADB
Headquarters.

MEMBER COUNTRIES WITH CAPITAL STOCK AND VOTING POWER

31 December 1994

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			
REGIONAL								
Afghanistan	0.058	0.410	Thailand	2.332	2.230			
Australia	4.956	4.329	Tonga	0.003	0.366			
Bangladesh	1.749	1.763	Tuvalu	0.001	0.365			
Bhutan	0.005	0.368	Vanuatu	0.006	0.368			
Cambodia	0.042	0.398	Viet Nam	0.292	0.598			
China, People's Rep. of	5.520	4.779	Western Samoa	0.003	0.366			
Cook Islands	0.002	0.365						
Fiji	0.058	0.410	Total Regional	69.444	69.737			
Hong Kong	0.467	0.737						
India	5.423	4.702						
Indonesia	4.665	4.096	NONREGIONAL					
Japan	26.737	21.753	Austria	0.291	0.597			
Kazakhstan	0.691	0.916	Belgium	0.291	0.597			
Kiribati	0.003	0.366	Canada	4.481	3.948			
Korea, Rep. of	4.315	3.816	Denmark	0.291	0.597			
Kyrgyz Republic	0.256	0.569	Finland	0.291	0.597			
Lao PDR	0.012	0.373	France	1.994	1.959			
Malaysia	2.333	2.230	Germany	3.706	3.328			
Maldives	0.003	0.366	Italy	1.548	1.602			
Marshall Islands	0.002	0.365	The Netherlands	0.879	1.067			
Micronesia, Fed. States of	0.003	0.366	Norway	0.291	0.597			
Mongolia	0.013	0.374	Spain	0.291	0.597			
Myanmar	0.467	0.737	Sweden	0.291	0.597			
Nauru	0.003	0.366	Switzerland	0.500	0.764			
Nepal	0.126	0.464	Turkey	0.291	0.597			
New Zealand	1.315	1.416	United Kingdom	1.749	1.763			
Pakistan	3.732	3.349	United States	13.368	11.058			
Papua New Guinea	0.080	0.428						
Philippines	2.041	1.996	Total Nonregional	30.556	30.263			
Singapore	0.291	0.597						
Solomon Islands	0.006	0.368	TOTALS	100.000	100.000			
Sri Lanka	0.497	0.761						
Taipei, China	0.933	1.110						

Note: Figures may not add due to rounding. Percentage of shareholding will fluctuate as member countries subscribe to the Fourth General Capital Increase (GCI IV). For tables with fuller details, see pages 142 and 143.

Glossary

ADF	—	Asian Development Fund, the Bank's soft lending window.
BOO	—	Build-Operate-Own, a mechanism by which private investors build, operate and continue to own infrastructure projects.
BOT	—	Build-Operate-Transfer, a mechanism by which private investors build and operate infrastructure projects and then transfer them to the government after a period of time.
CFS	—	Complementary Financing Scheme, under which two separate loans are extended to a DMC: one exclusively from the Bank and the other specially structured to meet commercial lender requirements. Any default on a CFS loan is a default on the Bank.
DFI	—	Development Finance Institution. The Bank uses such institutions in its DMCs as vehicles to finance small to medium projects in the private sector.
DMC	—	Developing Member Country of the Bank, as opposed to developed country members.
GDP	—	Gross Domestic Product, the total value of a country's goods and services produced during a specified period, excluding external accounts.
GNP	—	Gross National Product, the total value of a country's goods and services produced during a specific period and combining domestic and external accounts.
HRD	—	Human Resource Development, including population planning, identified as one of the Bank's medium-term strategic objectives.
JSF	—	Japan Special Fund, established in March 1988 and administered by the Bank to help DMCs restructure their economies and broaden the scope for new investments by recycling funds, and to support DMCs' efforts towards industrialization, natural and human resource development and technology transfer.
NIE	—	Newly Industrializing Economy. Among the Bank's DMCs, the term refers to Hong Kong, Republic of Korea, Singapore and Taipei, China.
NGO	—	Non-Governmental Organization. NGOs work as special interest groups at all levels.
OCR	—	Ordinary Capital Resources, the interest-bearing window for the Bank's ordinary lending operations.
PCR	—	Project Completion Report, which certifies the completion of a Bank project.
PPAR	—	Project Performance Audit Report.
Project Loan	—	Loan provided to finance specific projects.
Program Loan	—	Loan provided to support DMCs' efforts to improve the policy, institutional and investment environment of sector development. Helps meet short-term costs that policy adjustments entail.
Sector Loan	—	Loan provided to develop a specific sector or subsector. Finances a large number of subprojects in a single sector or subsector.
TASF	—	Technical Assistance Special Fund, the principal vehicle of technical assistance grants from the Bank's own resources.
WID	—	Women in Development, a cross-cutting concern aimed at enhancing the economic status of women, identified as one of the major strategic objectives of the Bank.

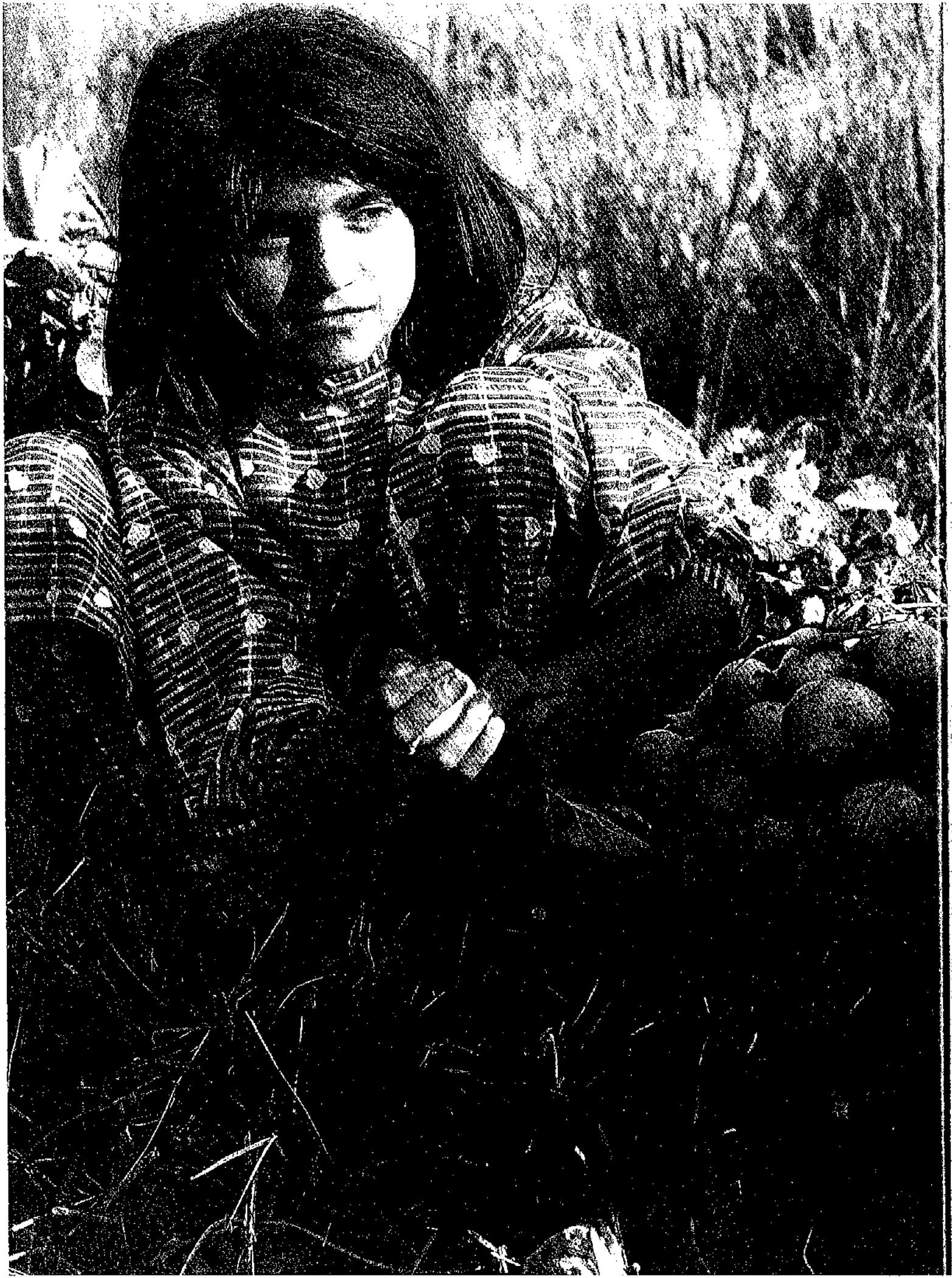
NOTE ON DOLLAR AMOUNTS

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

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

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Overview

THE BANK IN 1994

A NUMBER of major policies, designed to increase the Bank's capacity to assist its developing member countries (DMCs) and enhance its effectiveness, were approved in 1994, marking the highlight of its activities during the year. These included the Bank's Future Direction and Operational Agenda for the 1990s, and policies on improving project quality, regional cooperation, population, and confidentiality and disclosure of information. The last-named initiative, which makes a wide range of operational information available to the public on request, formed part of a broad information policy and strategy, which was also approved.

The year was also marked by a streamlining of the Bank's internal organization to give its operations a greater country focus. The reorganization came into effect on 1 January 1995.

The Board of Governors approved a 100% increase, amounting to \$25,847 million, in the Bank's authorized capital stock under the fourth General Capital Increase (GCI IV).

Among other major developments during the year was the introduction of a new, market-based loan window to provide funds at current terms prevailing in international capital markets. The Bank also floated its first US dollar global bond in the amount of \$750 million.

Two new members, Kazakhstan and Kyrgyz Republic, joined the Bank in 1994, raising its membership to 55.

The 27th Annual Meeting of the Bank's Board of Governors was held in Nice, France, from 3 to 5 May 1994.

With regard to operations, the Bank approved a total of \$3,737 million in new loans and investments in 1994. The total consisted of \$3,679 million in **government and government-guaranteed loans**; \$7.5 million in **direct private sector loan**; and \$50.9 million in **equity investments** in the private sector.

The total lending volume represented a 29% decline from the previous year. The decline was due mainly to the Bank's efforts to consolidate its lending program and spend more time on further improving the quality of its projects.

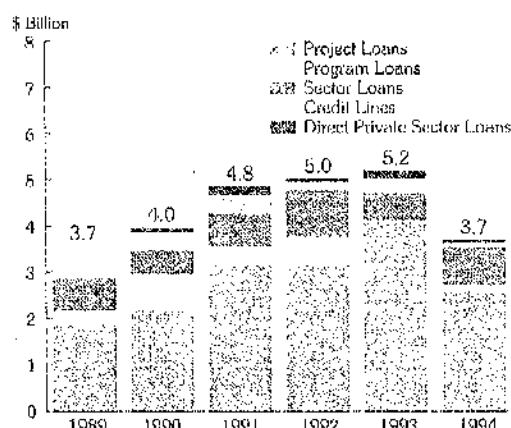
The lending volume in the public and private sectors amounted to \$3,687 million. Loans from **ordinary capital resources** (OCR) totalled \$2,510 million and those from the concessionary **Asian Development Fund** (ADF) \$1,177 million. The amounts represented declines of 36% and 9%, respectively, from the previous year.

By lending modality, **project loans** amounted to \$2,508 million, or 68% of the total. **Sector loans** rose to \$810 million, accounting for 22%. **Program loans**, amounting to \$160 million, had a 4% share. The volume of **credit lines** totalled \$101 million for a 3% share. A total of \$100 million was approved by way of **special assistance loans**. One direct loan was made to the **private sector** for \$7.5 million.

1994 LOANS BY SECTOR

Sector	Amount (\$ million)	% share of total
Transport and Communications	1,321.0	35.8
Energy	885.2	24.0
Agriculture and Agro-Industry	486.4	13.2
Social Infrastructure	485.9	13.2
Multisector	275.5	7.5
Industry and Non-Fuel Minerals	157.5	4.3
Finance	75.0	2.0
Total	3,686.5	100.0

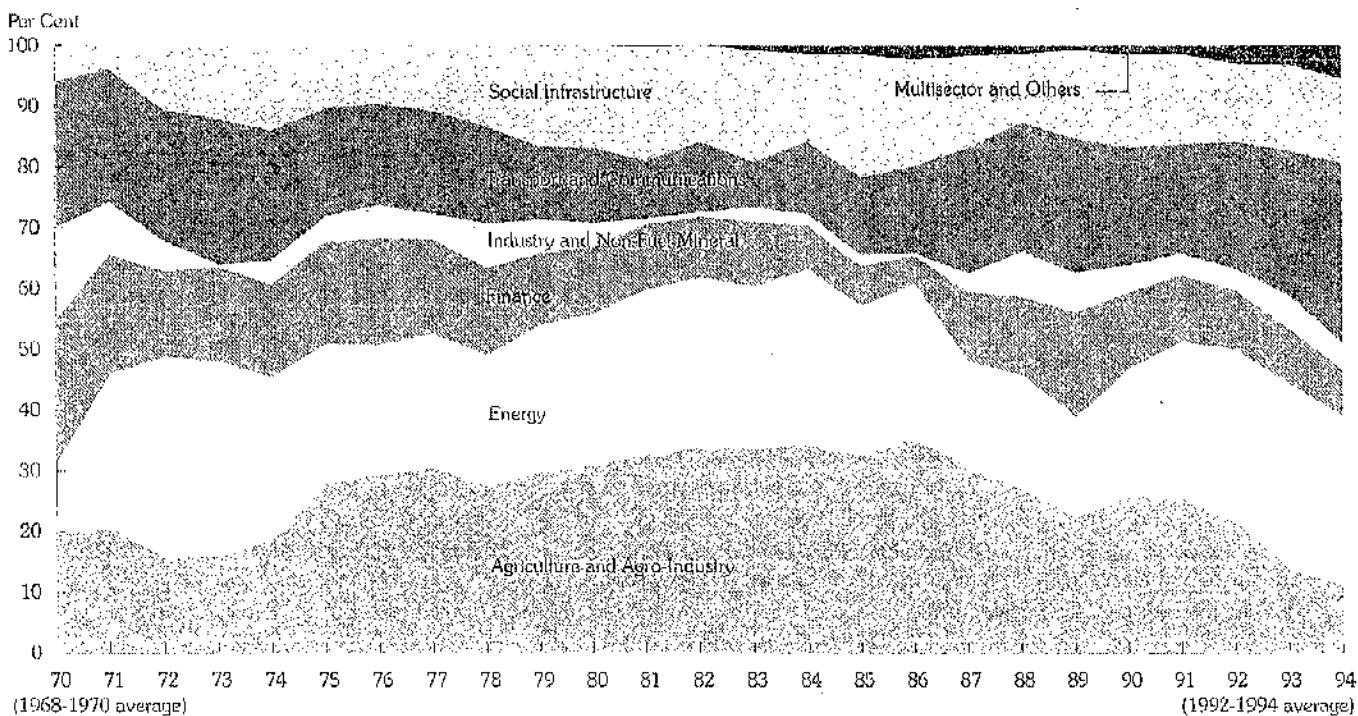
Loan Approvals*



* Including private sector. 1992 and 1993 approvals included engineering (EA) loans, but amounts were insignificant.

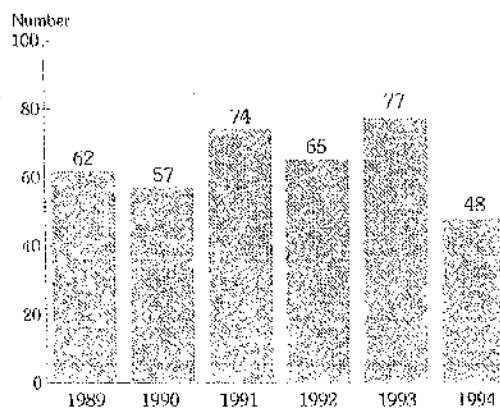
Loan Approvals: Three-Year Moving Averages 1968-1970 - 1992-1994

(% Share by Sector)



Note: Multisector lending began in 1979. For the first years, the volumes were insignificant.

Number of Loan Projects and Programs*



* Including private sector.

The three-year moving average share (1992-1994) of program lending was 6%.

By the end of 1994, the Bank had approved public and private sector loans for 1,223 projects in 34 DMCs.

During the year, \$129 million was approved as **technical assistance grants**, funded by the Bank and other sources.

Co-financing amounting to \$1,629 million was arranged for 18 projects. Of the total, \$1,234 million came from official sources, \$301 million from commercial sources and \$94 million from export credit agencies.

Net transfer of resources to DMCs (disbursements minus capital repayments, payments of interest and other charges, plus equity investments) increased by 18% to \$1,100 million.

Loan disbursements registered a record, increasing by 25% to \$3,688 million. Of the total, OCR disbursements accounted for \$2,501 million and ADF disbursements \$1,187 million.

A total of 88 projects were completed during the year, bringing the cumulative total number of completed projects to 903.

The **post-evaluation** exercise during the year included 24 project performance audit reports, three technical assistance performance audit reports, two impact evaluation studies and two re-evaluation studies.

On 31 December 1994, the Bank's **authorized capital** stood at \$50,789 million, of which \$30,151 million was subscribed.

Borrowings undertaken during the year raised a total of \$1,335

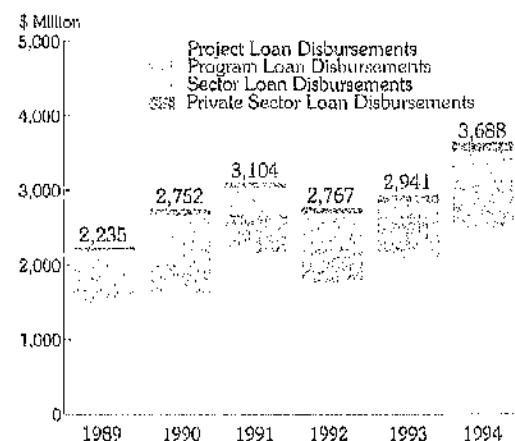
million. The average maturity of the borrowings was 10.4 years, compared to 10.5 years in 1993. The "after swap" weighted average cost of the funds raised rose to 5.47% from 5.16% in 1993.

At the end of the year, the Bank's **OCR investments** amounted to the equivalent of \$5,645 million, against \$5,641 million a year ago. Of the total portfolio, 68% was held in Bank instruments and 32% in securities issued or guaranteed by member governments. The realized rate of return on these investments was 4.9%, compared with 7% in 1993.

ADF investments amounted to \$614 million, compared with \$725 million at the end of 1993. Of the portfolio, 25% was held in securities issued or guaranteed by governments of member countries. The rest was invested in bank instruments in member countries. The return on ADF investments was 4.4%, against 5.5% in 1993.

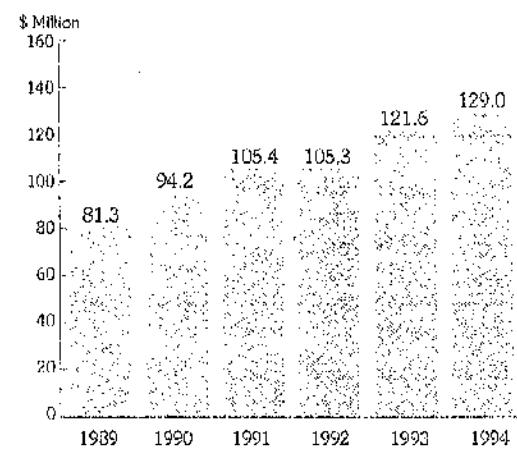
Net income for the year amounted to \$513 million, a decrease of 9.9% from the previous year.

Loan Disbursements*



* Including private sector.

Technical Assistance Approvals* (Grant-Financed)



* Including regional activities. Past years' data adjusted to exclude projects withdrawn by governments.

The Record

(amounts in \$ million)

	1966-1994 ^a	1991	1992	1993	1994
OPERATIONAL ACTIVITIES					
TOTAL LENDING (Amount)	51,191.4 ^b	4,750.7 ^b	5,000.6	5,231.3	3,686.5
Number of Projects ^c	1,223 ^b	74 ^b	65	77	48
OCR Loans (Amount)	35,154.0 ^b	3,403.5 ^b	3,846.7	3,933.8	2,509.8
Number of Loans	700 ^b	42 ^b	35	37	24
Disbursements	19,241.2	2,066.2	1,879.6	2,016.2	2,501.4
ADF Loans (Amount)	16,037.4	1,347.2	1,153.9	1,297.5	1,176.7
Number of Loans	635	33	32	40	26
Disbursements	9,602.3	1,037.4	887.5	925.1	1,186.5
A. Government & Government-Guaranteed Loans (Amount)	50,526.5	4,593.9	4,950.6	5,040.2	3,679.0
Number of Projects ^c	1,172	62	64	66	47
OCR Loans (Amount)	34,503.6	3,246.7	3,796.7	3,742.7	2,502.3
Number of Loans	653	30	34	26	23
Disbursements	18,758.7	1,993.9	1,819.9	1,917.2	2,375.2
ADF Loans (Amount)	16,022.9	1,347.2	1,153.9	1,297.5	1,176.7
Number of Loans	630	33	32	40	26
Disbursements	9,587.0	1,032.0	881.3	924.3	1,186.3
B. Private Sector Loans (Amount)	664.9	156.8 ^b	50.0	191.1	7.5
Number of Projects ^c	52	12 ^b	1	11	1
OCR Loans (Amount)	650.4	156.8 ^b	50.0	191.1	7.5
Number of Loans	47	12 ^b	1	11	1
Disbursements	482.5	72.3	59.7	99.0	126.2
ADF Loans (Amount)	14.5	-	-	-	-
Number of Loans	5	-	-	-	-
Disbursements	15.3	5.5	6.3	0.8	0.2
EQUITY INVESTMENTS (Amount)	244.0	20.5 ^b	10.6	22.7	50.9
Number of Investments	76	6 ^b	4	9	14
EQUITY UNDERWRITING (Amount)	45.7	-	5.2	-	-
Number of Commitments	7	-	1	-	-
TECHNICAL ASSISTANCE ^d (Amount)	3,836.0	369.4	477.7	524.0	324.0
Number of Projects	3,439	241	278	287	295
CO-FINANCING ^e (Amount)	18,755.9	1,432.0	3,007.2	3,323.6	1,629.4
Number of Projects	403	21	21	23	18
RESOURCES					
(amounts in \$ million)					
Ordinary Capital Resources					
Authorized Capital (at end of period)	50,789	24,160	23,224	23,200	50,789
Subscribed Capital (at end of period)	30,151	23,100	23,100	23,076	30,151
Borrowings (gross)	17,429	1,298	3,050	1,720	1,335
Outstanding Debt (at end of period)	13,717	9,434	10,961	12,245	13,717
Ordinary Reserve (at end of period)	4,650.3	3,219.1	3,705.5	4,180.4	4,650.3
Special Reserve (at end of period)	177.7	176.8	177.0	177.3	177.7
Gross Income	14,471.2	1,213.3	1,345.2	1,510.0	1,525.3
Net Income after Appropriation of Commissions/Guarantee Fees to Special Reserve	5,440.8	517.8	534.3	569.4	513.1
Special Funds Resources					
Asian Development Fund:					
Total Resources (at end of period)	19,444.8	13,878.4	15,263.5	15,948.5	19,444.8
Technical Assistance Special Fund:					
Total Resources (at end of period)	532.2	204.3	351.7	427.5	532.2
Japan Special Fund:					
Contributions (at end of period)	512.5	199.8	270.4	376.7	512.5

a Cumulative totals may not add due to rounding.

b Amounts and numbers adjusted to exclude withdrawals.

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

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

e Adjusted to reflect changes in co-financing arrangements.

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



Operational Highlights, 1966-1994

Sources of Funds

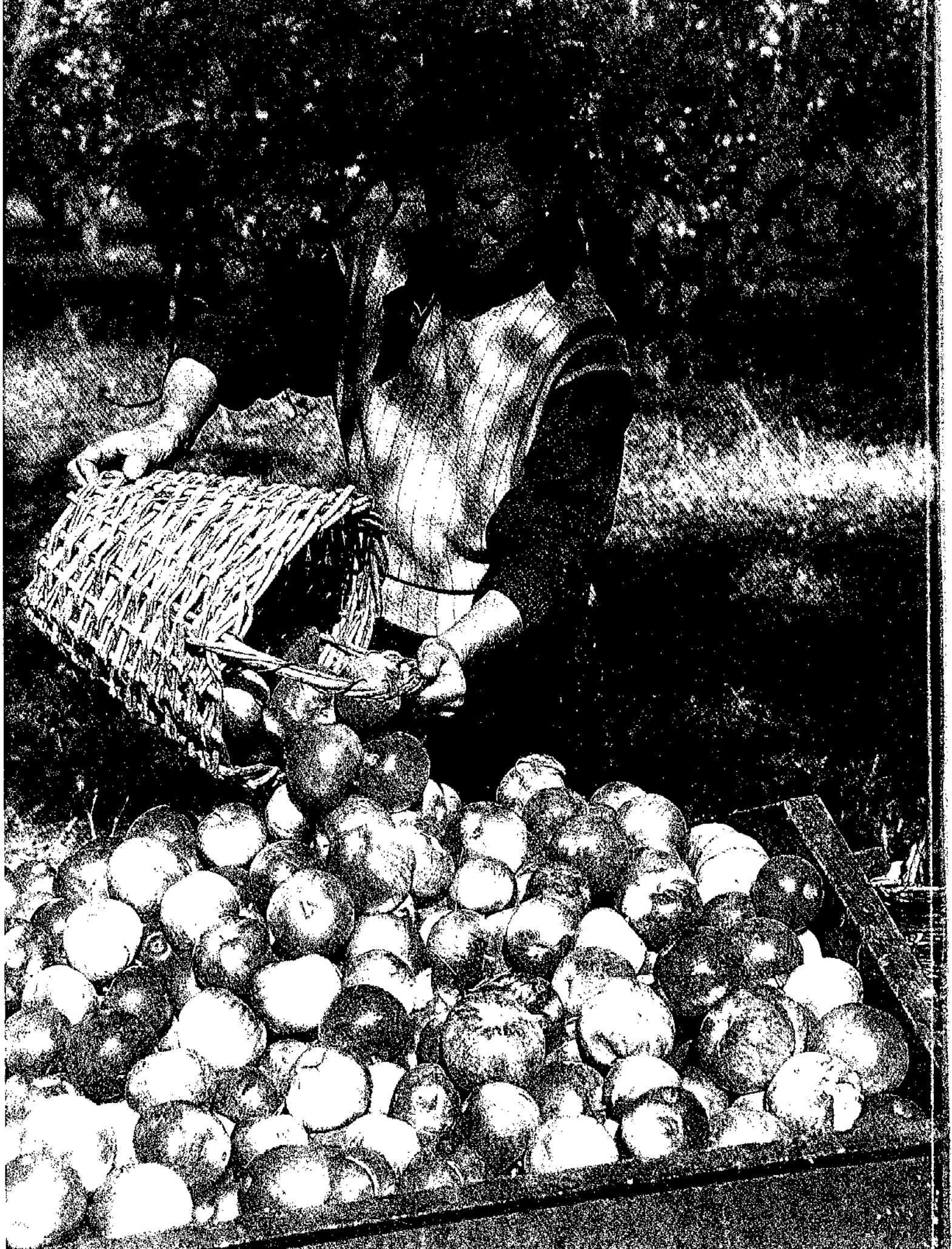
- * Authorized capital of the equivalent of \$50.8 billion as of 31 December 1994.
- * About \$17.4 billion borrowed from international capital markets for ordinary capital lending.
- * About \$19.4 billion from the Asian Development Fund for concessional lending to poorer DMCs, and about \$532.2 million in Technical Assistance Special Fund resources for financing technical assistance grants.

Uses of Funds

- * \$51.5 billion in total public and private sector operations involving 1,290 projects, including \$51.2 billion in loans and \$244 million in equity investments and \$45.7 million in equity underwritings.
- * \$3.8 billion in technical assistance: \$466 million for project preparation (resulting in 579 Bank loans totalling \$31 billion); \$3.2 billion for project implementation and advisory purposes and \$161 million for regional activities.
- * \$18.8 billion in co-financing, of which official sources contributed \$12.2 billion and commercial sources (including commercial banks, insurance companies and export credit sources), \$6.6 billion.

Sectoral Activities

- * Agriculture and Agro-Industry: 177 irrigation and rural development projects; 92 fisheries, livestock and forestry projects; 122 projects for industrial crops, agro-industry and support services; and eight fertilizer projects.
- * Energy: 208 projects, including 175 power projects for the creation of 23,000 MW of generation capacity, of which nearly 85% will be based on indigenous resources, and for about 112,000 km of transmission-distribution circuits. Nonpower energy projects provided for expanded production of natural gas and coal, rehabilitation of refineries and distribution networks for gas.
- * Finance: 121 credit lines totalling \$4.3 billion to 67 financial intermediaries in 23 DMCs, which have been used so far to create 22,500 subloans to small and medium-scale enterprises, as well as eight program loans amounting to \$1 billion.
- * Industry and Non-Fuel Minerals: 67 projects, including 60 industry projects and seven non-fuel mineral projects.
- * Social Infrastructure: 84 water supply and sanitation projects benefiting more than 101 million people; 73 education projects involving the establishment, as well as rehabilitation and expansion, of primary, secondary and tertiary level education and training institutions; 31 projects providing physical and institutional support for housing and/or a variety of urban infrastructure facilities; and 29 health and population projects, providing physical and institutional support.
- * Transport and Communications: 48 projects in the ports and shipping sector for the construction, rehabilitation, modernization and expansion of port facilities; 11 projects for the rehabilitation, maintenance and construction of primary, secondary and feeder roads; nine railway projects primarily to increase freight capacity; 11 airport projects for the expansion and upgrading of airport facilities; and 20 telecommunications projects to improve and extend services.



The Board of Directors

IN 1994, the Board met 54 times in formal sessions and approved a total lending of \$3,687 million (\$2,510 million from ordinary capital resources and \$1,177 million from the Asian Development Fund) and investments of \$50.9 million. These approvals consisted of 48 loan projects (47 government-guaranteed loan projects and one private sector loan project) and 14 private sector equity investments. The projects included the first loans for Kazakhstan and Kyrgyz Republic approved in the very first year of their becoming members of the Bank. The Board also approved 291 technical assistance grants amounting to \$129 million. The approved projects were in line with the Bank's strategic objectives of focusing on cross-cutting issues, emphasizing economic growth and reduction of poverty. The goal also was to make greater use of local expertise, encourage transfer of technology and ensure the sustainability of the projects.

Besides its formal meetings, the Board held a number of seminars and informal discussions. A three-day discussion on the Compendium of Country Notes 1994-1997, which summarizes the Bank's strategy of operations in developing member countries (DMCs), provided an opportunity to review country issues in detail. This was complemented by a discussion on the Bank's Medium-Term Strategic Framework (1994-1997). Other significant informal discussions included the Three-Year Rolling Work Program and Budget Framework (1995-1997); Reorganization of Operational Functions, and Implementation Status of the Task Force on Improving Project Quality.

Policy Decisions

During 1994, the Board reviewed and approved several major policy initiatives directed towards increasing the Bank's capacity to assist its DMCs and enhancing its effectiveness.

Financial Policies: The most significant policy matter decided by the Board in 1994 was the fourth General Capital Increase (GCI IV). A resolution authorizing GCI IV was adopted by the Board of Governors on 22 May 1994. By this decision, the Bank's authorized and subscribed capital stock was increased by 100%. Members have to subscribe to their shares by 31 December 1995, or a later date as may be determined by the Board.

During the year, the Board also approved the introduction of a market-based loan window. The new lending facility will provide funds to borrowers in three currencies at current terms prevailing in international capital markets, and also take advantage of interest rate swaps.

In addition to the above, the Board continued to closely monitor the efficient use of the Bank's resources. The Board reviewed the quarterly financial statements; the Bank's borrowing program; and ADF resources and lending. It monitored the overall project administration of the Bank through semi-annual Project Administration and Technical Assistance

The Boards and their Functions

THE BANK is governed by a **Board of Governors**, which, at the end of 1994, consisted of 55 members representing 39 regional and 16 nonregional member countries. Under Article 28 of the Bank's Charter, the Board of Governors is vested with all the powers of the Bank. In turn, the Governors delegate their authority to the Board of Directors, except for certain powers reserved to them under the Charter.

The Board of Governors meets in formal session once a year for the Bank's Annual Meeting.

The resolutions approved by the Board of Governors during 1994 and its membership are shown in Appendixes 2 and 3, respectively.

Under the same Article, the Board of Governors elects a 12-member **Board of Directors**, eight elected by regional members and four by nonregional members. Each Director appoints an Alternate. The President of the Bank is the Chairman of the Board of Directors.

The Board of Directors performs its duties on a full-time basis at the Bank's Headquarters in Manila, Philippines and meets in regular formal sessions under the chairmanship of the President. The Directors exercise their authority and functions through their quarterly and annual supervision of the Bank's financial statements, their annual approval of the Bank's administrative budget and their continuous review and approval of policy documents and all loans, equity and technical assistance operations.

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

Policy Papers Discussed by the Board During 1994

- The Bank's Future Direction and Operational Agenda for the 1990s
- Proposal for the Fourth General Capital Increase (GCI IV)
- Fourth General Capital Increase (GCI IV); (Draft) Report of the Board of Directors to the Board of Governors
- ADF VI: Progress Report
- Report of the Task Force on Improving Project Quality
- The Bank's Policy on Forestry
- Population Policy Paper: Framework for the Bank's Investment Priorities in the Population Sector
- Population Policy Paper: Framework for Assistance to the Population Sector
- Bank Policy Initiatives for Energy Sector
- Private Sector Operations Strategy
- Confidentiality and Disclosure of Information
- Information Policy and Strategy of the Asian Development Bank
- Classification of New Members: Tuvalu, Kazakhstan and Kyrgyz Republic
- Establishment of an Inspection Function
- Involuntary Resettlement
- Proposal to Introduce a Market-Based Loan Window
- Review of Lending Foreign Exchange for Local Currency Expenditures on Projects
- Provisions for Investment Losses in the Bank's Private Sector Operations
- Bank Support for Regional Cooperation
- Bank Support for Capacity Building in Developing Member Countries
- Reorganization of the Bank
- Bank Representative Offices in Donor Countries: Establishment of a North American Office
- Board Travel: Class of Travel on Official Business
- Revised Structure for the Internal Administrative Expenses Budget
- Tax Reimbursement Question
- Special Separation Program for Staff
- Organizational Changes to the Administrative Tribunal

Implementation reports.

Operational Policies: In connection with GCI IV, the Board discussed a paper on the Bank's Future Direction and Agenda for the 1990s and reached general agreement on the relevance and importance of the proposed agenda.

The Report of the Task Force on Improving Project Quality was one of the most important policy papers reviewed by the Board in 1994. The Board endorsed the proposed approach, which seeks to improve project quality by further strengthening project preparation, adopting a stronger country focus, undertaking an internal reorganization of the Bank, emphasizing capacity building in DMCs, increasing beneficiary participation and improving feedback mechanisms.

Discussing the Bank's proposed Forestry Policy, the Board emphasized the importance of this sector for sustainable development and supported the proposed approach to balance production, protection and participation in tackling complex issues, such as the trade-off between food gathering and fuel wood; logging; and the interests of resource-rich and resource-poor countries.

The paper on Population Policy highlighted the crucial but complex relationship between population growth and economic development. The Board stressed the role of women's education in population planning and the need to pay attention to social and cultural issues in designing country strategies.

The Board supported the policy paper on Confidentiality and Disclosure of Information and endorsed the presumption in favor of disclosure. Together with the new Information Policy, also approved during the year, this approach would transform the Bank into a more open, accessible and transparent institution, and win greater support for its agenda and objectives.

Internal Structure and Functioning

The Board also approved policies related to the internal structure and functioning of the Bank. These were the Reorganization of the Banks; Special Separation Program for Staff; Organizational Changes to the Administrative Tribunal; and the General Review of Salaries and Benefits. These policies were aimed at strengthening the internal functioning of the Bank through better staff mobilization, and improving staff motivation through appropriate incentives.

Board Committees

Audit Committee: The Audit Committee of the Board met on 13 occasions. The Committee reviewed 12 Project Performance Appraisal Reports, and three Impact Evaluation Studies in respect of the Bank's lending and technical assistance operations. It also reviewed the 1993 financial statements with the outside auditors of the Bank, appointed the outside auditors for 1995 and oversaw the activities of the Internal Audit Office.

The Committee presented its annual report to the Board of Directors in June. The report expressed special concern at the inadequate level of maintenance of project facilities which often impaired the sustainability of

project benefits. The Committee considered the matter important enough to be addressed at the design stage of all Bank projects. Unless the issue was addressed more forcefully, there was little prospect of improving the sustainability of projects in the critical infrastructure and agriculture sectors.

The Committee noted that a significant number of the Bank's agriculture projects faced serious implementation problems. Considering the continued importance of agriculture to the bulk of the Bank's DMCs, improvements in the design and implementation of the Bank's agriculture projects were required. Maintenance of large-scale irrigation projects was, in particular, often a problem. The Committee felt that the need for such projects in future should be re-evaluated.

The Committee recognized that benefits accruing from agriculture and social sector projects tended to be dispersed and, often being external to the project, were difficult to monitor. Improved evaluation techniques to capture all benefits were needed for a more realistic post-evaluation of projects. In this connection, the Committee – while reaffirming the importance of evaluating a project as measured against its objectives at appraisal – felt that evaluation methods should be refined to measure the intangible, social and other benefits that accrued from such projects to society in general and to the development of women in particular.

The Committee noted that the performance of the Internal Audit Office was highly commendable and appreciated its approach to look beyond a restricted accounting audit function towards a broader performance audit of the Bank.

Budget Review Committee: The Budget Review Committee discussed the work plans of various departments and offices, deliberated on substantive issues underlying Management's 1995 Budget proposal and reached a consensus on its recommendation with regard to the 1995 Budget.

The Committee noted with concern the substantial shortfall in new lending commitments to the public and private sectors in 1994, as well as in the volume of co-financing arranged. It hoped that the situation would improve in 1995.

In reviewing the status of last year's recommendations, the Committee expressed satisfaction, in particular, that Management had implemented the recommendation to include a detailed preview of the coming year's budget in the Three Year Rolling Work Program and Budget Framework, informally discussed in early October. This had given the Board an early opportunity to provide its views on the overall size, shape and directions of the 1995 Budget in the context of the medium-term work and budget framework.

The Committee welcomed the fact that the 1995 Budget provided for no increase in professional staff positions and virtually no increase in supporting staff positions. It noted that the expected increase in the Bank's overall workload was to be met through a streamlining of staff allocations through internal reorganization, productivity improvement and upgrading of staff skills resulting from the Special Separation Program. The Committee also expected that implementation of the Bank's network-based information technology program would have a significant impact on staff requirements, productivity and efficiency.

The Committee welcomed Management's commitment to circulate the Bank's Medium-Term Human Resource Development Operational Strategy in early 1995. Noting the 20 unassigned positions in the

Post-evaluation Reports Discussed by the Board in 1994

Project Performance Audit Reports

- Power System Development Project (Maldives)
- Planters' Development Bank Project (Philippines)
- Agriculture Program Loan (Nepal)
- Industrial Credit and Investment Corporation of India Limited (India)
- P. T. BBL Dharmala Finance (Indonesia)
- Industrial Sector Program (Pakistan)
- Cape Rodney Smallholder Development Project (Papua New Guinea)
- Secondary Science Education Sector Project (Bangladesh)
- Kemasin Rural Development Project (Malaysia)
- Health and Family Planning Services Project (Bangladesh)
- Semarang Water Supply Project (Indonesia)
- NGO-Microcredit Project (Philippines)

Impact and Re-evaluation Studies

- An Impact Evaluation Study of Bank Operations in the Education Sector in Indonesia
- Re-evaluation Study of Kankai Irrigation Project in Nepal
- Re-evaluation of the Laguna de Bay Development Project in the Philippines



Growing orchids for business under the Second NGO-Microcredit Project in the Philippines.

Budget, the Committee recommended that these positions be reviewed and allocated by Management following implementation of the internal reorganization, taking into account the Bank's operational priorities in the Pacific area and other requirements. The Committee agreed that widening the pool of potential candidates for external recruitment would assist the Bank to achieve both a better gender balance and a more representative geographical balance in its staff. The Committee also welcomed the idea of developing a policy to allow the recruitment of professional staff at all levels through internal as well as external competition.

The Committee supported the salary policy review for professional staff to be completed in the first half of 1995. It requested that this review also include studies on the currency denomination of Bank salaries and on the efficiency and effectiveness of the rental subsidy scheme.

In the light of its deliberations and based on consistency with the Three-Year Rolling Work Program and Budget Framework, the Committee unanimously agreed to recommend Board approval of the proposed Budget for 1995 amounting to \$188.3 million.

Directors' Visits

The Board of Directors undertook two group visits in 1994: the first to Bangladesh and Pakistan from 14 to 31 July, and the second to the People's Republic of China (PRC) and Mongolia from 28 August to 16 September. In all the countries, the groups held wide-ranging policy discussions with ministers and senior officials, and inspected a number of ADB-funded projects.

Eight Board members, including host Directors, participated in the visit to Bangladesh and Pakistan. The group had the honor of meeting Her Excellency Begum Khaleda Zia, Prime Minister of Bangladesh, and His Excellency Farooq Ahmad Khan Leghari, President of Pakistan. In Bangladesh, the group visited the site of the Jamuna Bridge and projects in Bogra, Rajshahi, Manikganj and Chittagong. In Pakistan, the group inspected the Tarbela dam and visited projects in Dera Ismail Khan, Lahore, Quetta and Karachi.

The group visiting PRC and Mongolia also comprised eight Board members, including host Directors. In Mongolia, the group met His Excellency Jasrai Puntsaglin, Prime Minister of Mongolia, and other senior officials. It also visited the thermal power plant and the airport project in Ulaanbaatar. In PRC, the group met a number of senior officials in charge of the Bank's program in the country and visited project sites in Dalian, Yantai, Shanghai and Kunming.

Appointment of Vice-President

On the recommendation of the President, the Board appointed Peter H. Sullivan as Vice-President (Operations), effective 6 July 1994.

Special Theme



*Sunday market in
Hanoi:
Economic cooperation among
the countries of the
greater Mekong subregion
holds up prospects
for a brighter
future for the area's
220 million people.*





Regional Cooperation For Development: *Opportunities and Challenges*

OVER the last two decades, the Asian and Pacific region has become the world's most dynamic in economic development. Economic interdependence among the Asian and Pacific developing countries has increased steadily, as have their efforts for greater regional cooperation for development. Results of such efforts can be seen in the development of the Asia-Pacific Economic Cooperation (APEC), the ASEAN Free Trade Area (AFTA), the South Asian Association for Regional Cooperation (SAARC) and other innovative types of cooperation such as in the greater Mekong subregion.

Support for regional cooperation among its developing member countries (DMCs) is a fundamental part of the Bank's operations. The Bank's Charter gives it a mandate to give priority to projects and programs that will contribute most effectively to the harmonious economic growth of the region as a whole. Over the years, the Bank has expanded its activities in promoting regional cooperation in line with the needs of its DMCs. In light of the changing external and internal environments faced by the DMCs, it will continue to do so in future.

Regional cooperation helps exploit complementarities among groups of countries and areas to generate a greater momentum of growth.

Background and Rationale

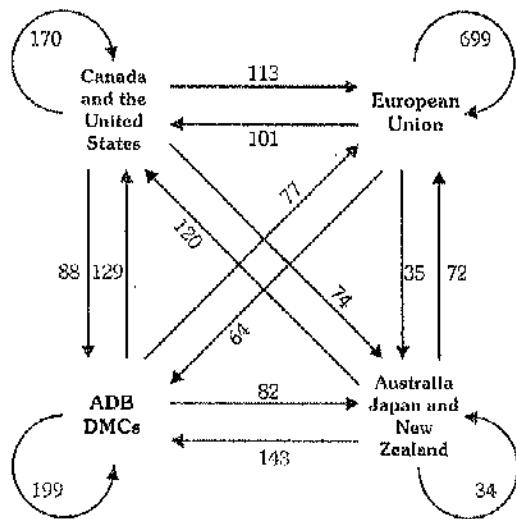
The economic argument for regional cooperation can be traced back to the concept of the customs union, which was formulated in the 1950s. The concept revolves around aspects of trade creation and trade diversion. Trade creation is aimed at increasing trade between partners but no change is assumed in their trade with the rest of the world. By contrast, trade diversion is accompanied by increased trade within the union at the expense of trade with the rest of the world. Recently, however, regional cooperation has been encouraged by considerations of benefits that geographically contiguous countries and areas could derive by working together.

The major rationale for regional cooperation is that it helps exploit complementarities among groups of countries and areas to generate a greater momentum of growth. Economic complementarity arises when differences occur among neighboring countries in the availability of natural resources and other inputs, such as labor and capital. Complementarity can also exist when countries are at different stages of economic development and possess different degrees of technological and labor skills. In such an environment, cooperation could lead to a more efficient use of resources and promote intra-regional trade and investment.

Economic cooperation could also take place among countries at similar levels of development. In this instance, the gains of cooperation



Figure 1. Trade Flows in 1992
(\$ Billion)



Source: International Monetary Fund, Direction of Trade Statistics Yearbook (Washington, DC 1993).

could be derived by extending markets among partners and through product specialization, labor mobility and technological exchange.

Regional cooperation could also involve joint development of public goods, e.g., transportation and communications, the environment, research, education and technical standards. Development of these goods is often hampered by conflicts about the distribution of costs and benefits among participants. To eliminate these obstacles, cooperation is desirable.

In recent years, a new concept of "open regionalism" has emerged. Under this concept, cooperation seeks not only to reduce intra-regional barriers to economic interaction, but also to lower external barriers for economies which are not part of the cooperation arrangement. Such an approach to world regionalism may not be necessarily in conflict with multilateralism, which emphasizes global liberalization of trade and investment. With appropriate formulation and implementation, open regionalism could even accelerate the multilateral process.

Though the pace of regional cooperation was slow among DMCs for many years, a number of forces and pressures have emerged in the last decade to stimulate the Asia-Pacific developing countries to enhance their efforts at regional cooperation.

First, trade interdependence among these countries has grown. High income levels achieved by some of these countries and shifting comparative advantages of many of them have resulted in a rapid expansion of intra-regional trade. Since the beginning of the 1980s, particularly after 1986, a profound shift has occurred in the geographic pattern of exports. The region itself has become its own important and rapidly expanding market. Consequently, the share of intra-DMC exports to total exports increased from 26% in 1980 to 40% in 1992 (see Figure 1)!

Second, direct investment flows within the region have rapidly expanded. Developing Asia has been generally very successful in attracting foreign direct investment since the 1980s. Net inflows of foreign direct investments into DMCs increased substantially from \$14 billion in 1991 to an estimated \$44 billion in 1994. As a result, the share of the Bank's DMCs in the total foreign direct investment in the developing world increased from 40% in 1991 to 56% in 1994. While Japan has, traditionally, been the most important source of such investments for DMCs, the share of other regional countries has grown in recent years. The newly industrializing economies (NIEs) have emerged as a major source. Large amounts are also flowing from Southeast Asia to the People's Republic of China (PRC) and Viet Nam.

The significance of increased intra-regional investments goes much beyond financial flows. Such investments have become an important instrument for the realization of the so-called "flying-goose" pattern of industrial development in Asia, i.e., the relocation of industries from one tier of economy to the next in response to shifting comparative advantages.

Third, most DMCs are going through a phase of economic liberalization, which provides a solid foundation for the success of regional cooperation. DMCs have increasingly recognized that trade liberalization is in their own interest. Indeed, many of them have unilaterally under-

¹ The figure includes entrepot trade of Hong Kong and Singapore with their neighboring countries.

taken to liberalize their trade and payments regimes since the mid-1980s. Among the NIEs, Hong Kong and Singapore have been virtually free trade economies. Trade liberalization has accelerated in Republic of Korea and Taipei, China. In Southeast Asia, Malaysia has further reduced its already low tariffs. Philippines and Thailand, which used to have stronger legacy of protectionism, have taken significant measures to liberalize imports and promote manufactured exports. Indonesia has reduced tariffs across the board and eased quantitative import restrictions. In recent years, a new wave of trade liberalization has hit most South Asian economies as part of their policy reform and structural adjustment programs. Both India and Bangladesh have substantially reduced their quantitative restrictions on imports. Pakistan and Nepal have taken concrete measures to promote exports and deregulate imports. Sri Lanka has agreed not to restrict current account transactions or engage in discriminatory currency practices.

Fourth, Asia's centrally planned economies are now open to the outside world, enlarging opportunities for business and cooperation. Since 1979, when PRC launched its 'open door' policy, it has made impressive progress in lowering import barriers and decentralizing external trade. The foreign exchange regime has also been liberalized. In Lao PDR and Viet Nam, trade policy liberalization has been an important component of market-oriented reforms. Since 1990, these countries have removed most export and import quotas, and abolished export subsidy and export proceeds retention schemes.

The opening of PRC has enabled the rapid growth of economic cooperation among Hong Kong, Taipei, China and PRC's two southern provinces of Guangdong and Fujian. Many manufacturing activities have moved from Hong Kong and Taipei, China to Guangdong and Fujian in search of lower labor and land costs. This has enabled the two economies to move up the technological ladder to higher-value activities, such as packaging, marketing and financial intermediation. These developments represent a new form of cooperation that differs significantly from conventional, arms-length trade. They engage participants in a vertically-integrated production structure crossing national borders, benefiting all of them.

Fifth, the formulation of the Maastricht Treaty for European Union (EU) and of the North American Free Trade Agreement (NAFTA) have reinforced the global trend toward open regionalism and encouraged DMCs to strengthen their own cooperative arrangements. EU and NAFTA show that greater internal integration not only benefits the economies involved, but can, if pursued in strict compliance with General Agreement on Tariffs and Trade (GATT) rules, complement the process of global trade liberalization. For instance, Asia's trade with the European Community has steadily grown together with the broadening and deepening of the EU. In addition, open regionalism can further the cause of global trade by bringing into focus issues of common concern on a much broader range.

Finally, the Bank's DMCs would benefit from cooperation in such areas as transportation, telecommunications, energy, forestry, environment, poverty and human resource development. Such cooperation will contribute to economic growth since the inadequacy of social and physical infrastructure has become an obstacle to growth in many DMCs. Though much of the necessary infrastructure is purely national in scope, important components can often be extended across national boundaries.

The Bank's DMCs would benefit from cooperation in such areas as transportation, telecommunications, energy, forestry, environment, poverty and human resource development.

Table: ESTABLISHED REGIONAL COOPERATION AMONG ASIAN AND PACIFIC DEVELOPING COUNTRIES

Grouping	Date of Inception	Current Participating Countries or Area	Population Involved	Focus
ASEAN	1967	Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand	316.7 million	Economic cooperation through a combination of market and resource pooling mechanisms.
AFTA	1992	ASEAN	316.7 million	To create a free trade zone by the year 2008.
SAARC	1985	Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka	1.1 billion	To promote active collaboration and mutual assistance in economic and social fields.
APEC	1989	ASEAN, Australia, Canada, PRC, Hong Kong, Japan, Republic of Korea, Mexico, New Zealand, Taipei, China and United States	2.3 billion	To reduce barriers to trade in goods and services, promote investment among participants and create a free trade zone by 2020.
Greater Mekong Subregion	1991	Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam and Yunnan Province of PRC	220 million	Joint development of natural and human resources and the strengthening of intraregional economic linkages through infrastructure development.
Southern China Growth Triangle	Early 1980s	Southern China, Hong Kong and Taipei, China	120 million	Relocation of manufactured production and export of labor-intensive goods.
Singapore-Johor-Riau Growth Triangle	1989	Indonesia, Malaysia and Singapore	6 million	Production relocation from Singapore to Johor and Riau Islands, and exploitation of economic complementarities among the three subregions.

Typically, cross-border road and railway linkages, development of inter-state telecommunications, control of transmittable diseases such as AIDS, and environmental regulations can have significant regional impacts. These components of infrastructure can be developed more efficiently on a regional rather than a national basis. In addition, infrastructure investments usually display significant externalities. Monopolistic supply situations of infrastructure projects could lead to failures of market mechanisms. In such cases, regional cooperation is particularly important in providing a higher level of efficiency.

Major Waves

Since the 1950s, the world has witnessed two major waves of regional cooperation. The first wave began in the early 1960s and continued through the 1970s. Encouraged by the creation of the European Community in 1958, regional trading arrangements rapidly spread throughout Africa, Latin America, and other parts of the developing world. However, for developing countries, the result of the first wave of regional cooperation was rather disappointing. First, the general institu-

Grouping	Date of Inception	Current Participating Countries or Area	Population Involved	Focus
Tumen River Area Development	1991	PRC, Democratic People's Republic of Korea and Russia	—	Joint natural resources, infrastructure and free trade zone development.
Indonesia-Malaysia-Thailand Growth Triangle	1993	Di Aceh and North Sumatra of Indonesia, Northern Malaysia and Southern Thailand	21 million	To exploit economic complementarities and enhance subregional competitiveness for trade and investment, and reduce production and distribution costs through improved infrastructure linkage.
Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area	1994	Brunei Darussalam, Indonesia, Malaysia and Philippines	24 million	To improve economic and transportation linkages and sector cooperation in mineral, forest and marine resources.
South Pacific Forum	1971	Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa	25.9 million	Trade, transportation, tourism, telecommunications, energy, legal, political and security matters.
South Pacific Commission	1947	The countries of the South Pacific Forum plus American Samoa, France, French Polynesia, Guam, New Caledonia, Northern Mariana Islands, Palau, Pitcairn Islands, Tokelau, United Kingdom, United States and Wallis and Futuna.	400 million	Agriculture, marine resources, health, socio-economic statistical services and community education.

tional problems associated with the distribution of gains and losses among the participating countries were much more difficult than anticipated. Second, cooperation arrangements in those days were based on regional import substitution and bureaucratic negotiation rather than on trade liberalization and the operation of market forces. Finally, cooperation took place mostly among developing countries with trade patterns that were parallel rather than complementary. As a result, the potential for trade expansion was restrained because of generally low per capita income and the dominance of resource-based primary commodities.

The second wave began in the mid-1980s. The Single European Act and free trade arrangements of the United States, first with Canada and later with Mexico, gave a regional cooperation a new stimulus. During this period, Australia and New Zealand decided to eliminate all tariffs and quota restrictions among themselves within a few years and liberalize trade in services between the two countries. The Organization of African Unity announced an ambitious plan to establish a continental common market within a few decades. Later, Argentina, Brazil, Paraguay and Uruguay were also headed towards a common market. In Asia, the AFTA agreement was signed in 1992. Ideas for the creation of APEC and the East Asian Economic Caucus (EAECA) were proposed in

Box 1: Asia-Pacific Economic Cooperation

THE Asia-Pacific Economic Cooperation (APEC) was established at a meeting of foreign and economic ministers in Canberra in 1989. Its objective is to promote the interdependence of trade and commerce and support economic growth in the Pacific region. Its current membership consists of Australia, Brunei Darussalam, Canada, PRC, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Taipei, China, Thailand and United States.

Encompassing a population of over 2 billion, the economies represented by APEC account for almost half the world's economic

activity and 40% of total world exports. There is also increasing trade within the APEC region. North America's dependence on trade with APEC members increased from 43.9% in 1980 to 57.5% in 1991. During the same period, Asia's trade dependence on APEC increased from 60.1% to 70.7%.

APEC provides a forum for the discussion of a broad range of regional economic issues. Since its first meeting in Australia, annual ministerial meetings have been held in Singapore (1990), Seoul (1991) and Bangkok (1992). In 1993, Asian Pacific region leaders met in Seattle for the first ever APEC summit, when a committee on trade and investment was created. In 1994, the second APEC summit in Bogor, Indonesia,

set target dates to achieve free trade within the APEC region: 2020 for the developing economies and 2010 for the developed nations.

APEC members are committed to "open regionalism" designed to encourage greater openness throughout the global economy as well as in the region. Progress under APEC could supplement the multilateral trade system and benefit the global economy.

Currently, the APEC members are working on the details and measures for implementation of the free trade agreement. It is expected that the APEC will play an increasing role in speeding up trade and investment liberalization as well as regional cooperation in the Asian and Pacific region.

late 1980s and early 1990s.

There are at least three important differences between the second wave and the first. For one thing, the current efforts are based on outward-looking and market-oriented development strategies. The driving force is private initiative and competition. For another, while the focus previously was more on supplying regional markets through cooperative arrangements which substituted domestic products for imports, the new regionalism has a much wider scope. The progress of trade reforms in the past decades has led to a generally more liberal trading environment, and countries have come to put greater emphasis on cooperation in transportation, communication, technology and environmental issues. Finally, the new phase of regional cooperation stresses both North-South and South-South integration. In contrast, during the first wave, developing countries sought integration almost exclusively among themselves alone. It is now realized that North-South cooperation can provide enormous opportunities for trade expansion, speed up technological transfer and encourage large-scale capital and labor movement.

Regional Initiatives

The spectacular economic growth of the Asian and Pacific region, particularly of the East and Southeast Asian economies, has vastly expanded the scope for regional economic cooperation. Quite a few groupings already exist in the region and several others are under discussion. The forms of such cooperation range from small subregional

growth triangles to larger regional initiatives, such as the Association of Southeast Asian Nations (ASEAN), SAARC and APEC (see Table).

ASEAN is the most well-established of the cooperation ventures in Asia. Formed in 1967, the group's primary objective is to promote the security, economic growth and social and cultural development of the subregion. Although ASEAN's direct economic achievements in the early years were modest, it has played a significant role in promoting peace and stability, thereby providing a sound environment for private sector development and foreign direct investments. Since the 1980s, ASEAN has reemphasized the importance of economic cooperation and proposed several cooperation schemes. In 1992, the ASEAN countries agreed to create AFTA with the goal of lowering all barriers to intra-ASEAN trade in manufactured goods to a minimum of 5% by the year 2008. To show their commitment to AFTA, the governments decided to accelerate the reduction of tariffs on 15 broad industrial product groupings. It is expected that the AFTA arrangement will greatly promote both intra-ASEAN and intra-Asian trade.

In 1985, seven South Asian countries – Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka – got together in a summit meeting and launched SAARC. The fundamental goal of SAARC is to accelerate economic and social development in the subregion. Since the formation of the group, several important steps have been taken to enhance cooperation among the member countries. A SAARC secretariat has been established, a SAARC Agricultural Information Center has been set up and a SAARC Meteorologic Research Center has been formed. A SAARC Preferential Trading Arrangement (SAPTA) was proposed in 1993. Under this arrangement, each member country is expected to exchange a request list of commodities for which it seeks tariff concessions from another SAARC country. Bhutan, Maldives, Nepal and Sri Lanka have already ratified SAPTA. Cooperation has also begun in the area of poverty alleviation. An action plan has been prepared, including a strategy for social mobilization, empowerment of the poor, promotion of agriculture and small-scale industry, and the development of human and financial resources.

APEC is by far the largest cooperative grouping in the world. The combined economies of the APEC members account for almost half the world's GDP and 40% of total world exports (see Box 1). Following the creation of the APEC forum in 1989 and the establishment of a secretariat in January 1993 in Singapore, APEC has grown from an informal group to a formal institution comprising major economies in the Asian and Pacific region. At its 1994 summit in Bogor, Indonesia, the institution decided that by the year 2010, its developed member countries would remove all trade barriers and that, by the year 2020, the whole APEC region would enjoy free trade.

A more informal arrangement for economic cooperation is being promoted by several countries interconnected by the Mekong River. The complementarity of the economies in the Mekong subregion was recognized as early as 1957, when the Committee for the Coordination of Investigations of Lower Mekong Basin was established. However, because of continued political turmoil in the area, the degree of cooperation was negligible for many years.

In 1992, economic cooperation in the Greater Mekong subregion, comprising Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam and Yunnan Province of PRC, entered a new phase. Since then, an invest-

The spectacular economic growth of the Asian and Pacific region has vastly expanded the scope for regional economic cooperation.

The non-discriminatory nature of a growth triangle makes it capable of extending economic benefits even to nonparticipating countries.

ment promotion forum and a network of chambers of commerce and industry have been established. Upon the request of the governments concerned, the Bank has implemented a comprehensive study to facilitate and support the cooperation arrangement. This includes reinforcing the subregional consultative process at the ministerial and senior official level, and preparing viable projects for implementation. Many initiatives have been proposed and some of the work programs are already producing substantial and tangible benefits for the subregion (see Box 2).

Since the East Asian subregion is expected to continue experiencing economic growth in the coming decades, economic linkages among East Asian countries will increase and become more intertwined. As such, development issues need to be addressed collectively. The East Asia Economic Caucus (EAEC), which is a loose consultative forum, would be an effective vehicle to strengthen the cooperative links among the East Asian economies and promote a free and global trading system. In addition, EAEC would also provide opportunities for discussion on developmental issues that have relevance to the continued growth of East Asia.

There are two major cooperative arrangements among the Pacific island countries: the South Pacific Forum and the South Pacific Commission.

Through its permanent secretariat, the South Pacific Forum promotes cooperation in economic, trade, transport, tourism, telecommunications, energy, legal, political and security matters. Among the institutions set up by it are the Forum Fisheries Agency, established in 1979 to provide technical assistance to members in the development and management of fisheries, and the Pacific Forum Line, set up in 1977 to improve shipping links within the region.

The South Pacific Commission is the South Pacific region's largest and oldest cooperative arrangement. It is involved in advisory and consultative activities aimed at promoting the region's economic and social development. The commission's work program comprises five major sectors: agriculture, marine resources, health, socioeconomic statistical services and community education.

More recently, the definition of regional cooperation has been extended to include even sections of different countries which have incentives to cooperate on a limited basis. The term "growth triangle" has now come to be adopted to describe such limited arrangements after it was first used in 1989 to describe the initiative involving Singapore, South Johor in Malaysia and Riau Islands in Indonesia. Economic cooperation among Hong Kong, Taipei, China and southern China (mainly Guangdong and Fujian provinces) is known as the Southern China Growth Triangle. The Tumen River Area Development Program, which includes parts of PRC's Jilin province, parts of the Siberian region of Russia and the Democratic People's Republic of Korea, have also been described as a growth triangle. Mongolia, Republic of Korea and Japan are participants in this triangle through the provision of capital and natural resources. Recently, a growth triangle involving parts of Indonesia, Malaysia and Thailand has been identified. A proposal to create an east ASEAN growth area is under consideration. It will involve Brunei Darussalam and parts of Indonesia, Malaysia and Philippines (see Box 3).

Compared with other forms of regional cooperation, growth triangles have distinct characteristics of their own. First, unlike a free

Box 2: Economic Cooperation in the Greater Mekong Subregion

WITH a combined land area of about 2.3 million sq km, the Greater Mekong subregion comprises Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam and Yunnan Province of PRC. The region is home to some 220 million people who not only share the world's twelfth largest river, but also have close cultural and historical links. Recent political and economic developments in the area have created the environment for closer economic cooperation among the neighboring countries. Peace once more reigns over most of the area and the formerly centrally-planned economies are in various stages of transition to a more open and market-based system.

Through a regional technical assistance, the Bank has conducted substantive research and held

detailed consultation to assist the six countries in identifying the scope, opportunities, benefits, costs and mechanisms of cooperation. The objective is to identify viable joint projects and help mobilize resources from the international donor community and private investors.

Infrastructure has been identified as essential in expanding cooperation in the subregion. Within infrastructure, the most urgent need is in the transport sector. Energy and telecommunications sectors are also regarded as important areas where cooperation is called for and will offer the maximum benefits.

Following the Third Conference on Subregional Economic Cooperation held in Hanoi in April 1994, the Bank's emphasis shifted from project identification to project preparation

and implementation. A total of 76 priority subregional projects have been identified so far. These are at different stages of development - from preliminary assessment to actual implementation. Specific areas covered by these projects include transportation, energy, human resource development, environment and natural resource management, trade and investment, tourism and telecommunications.

The Bank is seeking to generate private sector interest in these projects. Two seminars have already been held to assess the views of the private sector in investing in the Greater Mekong subregion. In this regard, the Bank will continue to play a catalytic role in enhancing cooperation within the subregion.

trade area, which needs nationwide institutional arrangements for tariffs and other facilities, a growth triangle is a localized arrangement and usually involves only portions of countries. Second, the main objective of a growth triangle is not only to promote trade within the subregion, but also to exploit the comparative advantages of the participating economies through the reallocation of production bases for purposes of export. This outward-oriented structure makes growth triangles particularly appropriate for countries in developing Asia, whose internal markets are often small. Finally, non-discriminating nature of a growth triangle makes it capable of extending economic benefits to nonparticipating countries, both by offering market access and by attracting foreign investment.

Problems and Prospects

Looking ahead, the prospects for regional cooperation in Asia remain bright. The recent completion of the GATT and the establishment of the World Trade Organization (WTO) reinforce the multilateral foundation of the world trade system and will provide large additional gains from trade through further liberalization in the region. It is expected that economic cooperation in Asia will become an important driving force for accelerating intra-regional trade and investment and maintaining the region's economic dynamism.

However, cooperation has its challenges, too. First, the Asian and Pacific region comprises many economies at different stages of develop-

Box 3: Growth Triangles in Asia

ONE of the most important developments in the Asian regional economic scene in recent years is the emergence of "growth triangles." These are transitional economic zones spread over well-defined and proximate geographical areas and usually involving three or more countries.

The first and so far the most established growth triangle in Asia involves cooperation among Hong Kong, Taipei, China and southern China, mainly parts of Guangdong and Fujian provinces. Since 1979, PRC's 'open door' policy and its establishment of special economic zones have provided investors from Hong Kong and Taipei, China with the most convenient and logical venue for diversifying their production bases. Unlike the other triangles which are formed mostly out of the deliberate initiatives of governments, the Southern China

Growth Triangle is largely a market and private sector-driven arrangement. Common cultural heritage also played an important role in the development of the triangle.

In the beginning, cooperation was limited mainly to four special economic zones. Later, the entire Pearl River delta area was involved. Now, business operations under this growth triangle have extended to almost all of Guangdong and Fujian provinces and are gradually moving inland to other provinces.

The second major growth triangle to emerge involves Singapore, the southern part of the Malaysian state of Johor, and the islands of Indonesia's Riau Province. Singapore is the principal force behind this triangle. As production costs in Singapore increase, manufacturing plants are expected to move to Johor and the Riau Islands to take

advantage of low-cost land and cheaper labor. The products of these plants are then to be designed, marketed and distributed by service industries located in Singapore, where they would benefit from the excellent infrastructure. The Riau Province/Singapore part of the triangle is more recent than the Johor/Singapore part. It dates from the signing of an agreement between Indonesia and Singapore in 1990. To facilitate the movement of labor-intensive factories to Riau Islands, the Batam Industrial Corporation, jointly owned by Singaporean and Indonesian public and private sector interests, was created.

The third growth triangle focuses on the Tumen River delta in Northeast Asia at the convergence of the borders of PRC's Jilin province, Russia's Siberian

ment. There are wide disparities in the levels of income, scales of economic and social organization, and market size. As a result, the benefits of cooperation may not be similar for all the participating economies. Considerable efforts must, therefore, be made to design and implement cooperative arrangements in terms of cost sharing and benefit distribution.

Second, regional cooperation requires strong political will and a sustained commitment from all the participating governments. At the national level, there is a need to implement appropriate policies relating to tariffs, employment regulations, foreign investment and foreign exchange. Institutional arrangements and mechanisms for supporting cooperation also require considerable strengthening. In particular, appropriate financial mechanisms need to be developed to allocate resources and manage the risks of regional programs and projects effectively.

Finally, although the GATT agreement provides a solid foundation for regional cooperation, attention will have to be paid to issues which have not yet been covered by the agreement. There are also some concerns like bilateral disputes and dumping, which could adversely affect cooperation.

The success of regional cooperation in Asia, therefore, cannot be taken for granted. The developing nations of Asia need to make greater efforts to create a more liberal trading and investment environment to

territory and the Democratic People's Republic of Korea (DPRK). Japan, Republic of Korea and Mongolia are involved in the triangle through their roles in providing capital and natural resources. The rationale for the triangle is that natural resources of Siberia and Mongolia could be processed in PRC and DPRK with the help of capital and technology from Japan and Republic of Korea. The triangle is also strategically located at one pole of the trans-Siberian land bridge between Europe and Asia. According to an estimation by the United Nations Development Programme, the development of specialized ports, roads, airports and an international city in the Tumen River economic zone will cost \$30 billion over a period of 20 years. A number of steps to establish the triangle have already been taken.

A fourth one is the Indonesia-Malaysia-Thailand Growth Triangle, consisting of the states of northern Sumatra and DI Aceh in Indonesia, four states in northern Malaysia, and five provinces in southern Thailand. The total area of this triangle is 180,000 sq km and the combined population is about 22 million. The area displays significant differences in natural resource endowments, giving rise to numerous potential trade and investment complementarities. The overall goal of this triangle is to accelerate private sector-led economic growth, exploiting these complementarities. A study of the area's potential was initiated by the Bank in late 1993 at the request of the governments concerned and completed in September 1994. The study recommends a comprehensive set of policies and projects to achieve the area's overall growth objectives.

A fifth growth triangle being

proposed is the East ASEAN Growth Area involving Brunei Darussalam, west and east Kalimantan and north Sulawesi in Indonesia; Sabah and Sarawak in Malaysia, and Mindanao and Palawan in the Philippines. The zone has a total land area of 700,000 sq km and a population of more than 24 million. While the potential for cooperation is enormous owing to the area's rich natural resources, including forestry and timber products, marine products, oil, gas, gold, diamond and crystal sand, the main constraint is lack of infrastructure. In April 1994, the Bank was requested by the four governments to finance and coordinate a study of the area to identify ways in which existing interactions may be better developed and new links established. The study is expected to be completed in 1995.

consolidate the impressive gains of the past and to promote further economic prosperity. Only through the principle of "open regionalism" can they expect to maximize the benefits of trade creation and minimize the effects of trade diversion. In this regard, APEC and AFTA should be encouraged in their pursuit of a non-discriminatory and non-preferential agenda for reform and harmonization. The goal of regional cooperation is not only to reduce trade barriers, but also to make sure that the cooperation arrangement is not prejudicial to the well-being of non-participating parties.

It is important to emphasize that the scope of regional cooperation can be expanded beyond mere free trade arrangements. Cooperation can help substantially in liberalizing investments, integrating financial markets, enhancing technology transfer, improving infrastructure, developing natural and human resources, protecting the environment and fulfilling common objectives in research and education.

Given that the progress of GATT and trade liberalizations of the past decades have already led to more liberal trading environments and that the trend will probably continue, regional cooperation in the future could focus on these other areas. In particular, infrastructure linkages between the countries are vitally important for the region's continued economic success. However, because infrastructure investments usually involve large amounts of capital, a sophisticated system of benefit distribution, as well as security and environment problems, the challenges in this regard

The Bank's Medium-Term Strategic Framework emphasizes the promotion of regional cooperation as one of its strategic goals.

are as considerable as opportunities.

Environmental protection is another important area where regional cooperation is badly needed. Over the past decades, rapid economic development in Asia has been accompanied by a depletion of natural resources and degradation of the environment, particularly in burgeoning urban and industrial areas. Environmental degradation is no longer only a national issue. It is a regional and global issue as well. Regional cooperation on natural resource management and environmental protection are, therefore, vital for the long-term sustainable development of the Bank's DMCs.

Cooperation can be promoted in a number of ways. While APEC and ASEAN promote large-scale cooperation, subregional cooperation or the growth triangle approach has its own distinct attractions. The low-cost, low-risk, localized and outward-oriented approach of subregional cooperation makes it an appropriate modality for cooperation among countries having similar needs. The advantage here is that the beginning can be small and future expansion of the arrangement can be better planned. Through such planned expansion, the benefits of subregional cooperation could spill over to a much larger area. While trade and investment are the major concerns of growth triangles, cooperation could also promote social and infrastructural development in the participating areas. The subregional approach may be well suited to countries such as Cambodia, Lao PDR, Mongolia, Viet Nam and the Central Asian republics, which are in the process of transitioning from centrally-planned economy to market-oriented economies. Growth triangles provide a good way of demonstrating the potential of export-led strategies to accelerate economic development. They also help countries to enter world markets and attract foreign investment. In the same way, for some South Asian countries which have recently discarded their biases against exports, the subregional approach could be an effective means of pursuing outward-oriented and export-led growth strategies. A series of further studies are needed to identify other potential areas in Asia where subregional cooperation can be developed in the future.

The Bank's Role

The Bank's Charter gives it a mandate to foster economic cooperation in the Asian and Pacific region.

The Bank's Medium-Term Strategic Framework emphasizes the promotion of regional cooperation as one of its strategic roles. The Bank recognizes that such cooperation could produce substantial benefits in trade, investment, finance, technology, infrastructure, natural and human resource development, and environmental protection.

The Bank has three complementary functions in promoting regional cooperation. First, through its research and regional technical assistance activities, it provides information to increase DMCs' understanding of the importance of cooperation. It applies its experience to identify possible bottlenecks to cooperation and suggest how these could be overcome. Second, because of its nonpartisan character, the Bank is in a position to act as an "honest broker". While cooperation depends on the individual and collective political will of the DMCs concerned, the Bank plays an important supportive role by encouraging dialogue, suggesting approaches and identifying possible projects. Third, as a development

catalyst, the Bank is able not only to provide its own funds to support regional cooperation, but can also help mobilize funds from other sources, such as multilateral and bilateral agencies, and the private sector.

The nature of the Bank's involvement in regional cooperation has evolved in line with the needs of its DMCs. In its early years, the Bank coordinated studies for a number of subregional projects, such as the Nong Khai-Vientiane bridge across the Mekong River linking Lao PDR and Thailand, and the trans-Malacca ferry service between North Sumatra in Indonesia and Penang in Malaysia. The Bank also funded and acted as the administrator of subregional activities related to the Nam Ngum Hydropower project in Lao PDR, which supplies its surplus power to Thailand.

In the 1960s and 1970s, the Bank's regional activities also included contributions to regional research institutions such as the International Rice Research Institute, the Asian Productivity Organization and the Asian Vegetable Research and Development Center, etc. It sponsored such major regional surveys as the Asian Agriculture Survey (1967 and 1976), the Asian Industrial Survey (1971), the Fish Market Study (1975), the Southeast Asian Regional Transport Survey (1968-1970), the South Pacific Agricultural Survey (1978) and the Regional Energy Survey (1980).

Following the recommendations of two strategic studies, the Study of Operational Priorities and Plans of the Asian Development Bank for the 1980s (June 1983) and the Panel Report on the Asian Development Bank in the 1990s (January 1989), the Bank has strengthened its regional role in recent years. It uses its regional technical assistance program to support more diversified regional activities (see Figure 2). Such assistance from the Bank increased from an average of \$700,000 a year in the 1970s to \$17.5 million a year in the first half of the 1990s.

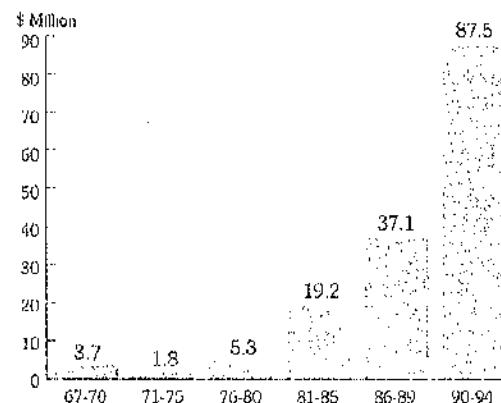
One regional activity the Bank has supported is economic cooperation in the greater Mekong subregion. The Bank has funded a comprehensive study of the prospects of such cooperation among the six countries of the subregion: Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam and Yunnan Province of PRC. A series of reports have been prepared to identify the scope, opportunities, benefits, costs and mechanisms for enhancing cooperation. The transport and energy sectors have been identified as essential to expanding subregional cooperation and detailed sector studies have been prepared. Many possible joint actions have also been cited in the areas of tourism, trade, investment, environment and human resource development.

The Bank has also actively promoted the concept of growth triangles. In early 1993, the Bank conducted a workshop to evaluate the experience of existing growth triangles in Asia. In late 1993, as requested by the governments concerned, the Bank initiated a study on the Indonesia-Malaysia-Thailand growth triangle. The study, completed in September 1994, has clearly established that, whatever the constraints, complementarities among the three countries are strong enough for substantial cooperation. Nearly 100 policy, program, project and institutional actions have been recommended by the study.

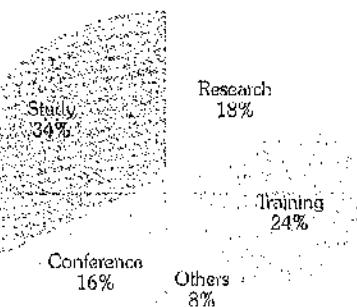
More recently, a proposal has been made for a similar study exploring the potential for an east ASEAN growth area involving Brunei Darussalam, Indonesia, Malaysia and Philippines. The study is expected to be completed in the second half of 1995.

In addition, the Bank has supported studies on such specific regional

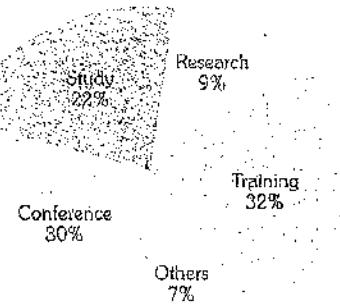
Figure 2: Regional Technical Assistance Approvals, 1967-1994



Distribution of Regional Technical Assistance by Amount, 1967-1994



Distribution of Regional Technical Assistance by Number of Projects, 1967-1994



Although government must play an important part, it is crucial to encourage private sector participation in regional activities.

issues as capital market development, population control, environmental protection, technology transfer, economic reforms and the development of a legal framework for water resource management in the lower Mekong River basin. It has also sponsored a regional conference on debt recovery as part of its 'Law and Development' activities. Annual forums, such as development round tables, workshops on Asian economic outlook and conferences on development economics, provide occasions for multilateral policy dialogue on matters that concern the region as a whole.

Future Directions

Bank support for regional cooperation activities depends on the development priorities of the DMCs and their need for assistance. The Bank has drawn up guidelines to determine the nature of its support for specific regional initiatives. According to these guidelines, support should:

- (i) be congruent with global trade and investment liberalization, as under the GATT agreement. It should be a means of hastening the application of competitive forces that will strengthen DMCs' abilities to compete in the international marketplace;
- (ii) be financially and administratively feasible and sustainable;
- (iii) not duplicate or compete with related efforts of other international organizations and national entities; and
- (iv) be integral to the development strategic framework in both DMCs and the Bank.

The Bank will use a "phased approach" to expand its support for regional cooperation in keeping with its increasing understanding of regional issues and its capability of assisting DMCs. In the first phase, the emphasis will be on enhancing DMCs' understanding of the potential of cooperation. This will be done by (i) reviewing existing research to identify areas of possible cooperation; (ii) providing technical assistance to undertake new research to quantify potential benefits and help DMCs learn from one another; and (iii) facilitating discussion among the DMCs, the Bank and other international and bilateral agencies on the results of such research. Research results will be disseminated through Bank-sponsored seminars and/or publications. The Bank will make a special effort to catalyze cooperation in areas where cooperation has been the least but potential benefits are substantial.

In the second phase, potential projects and programs which have regional impact will be identified. Studies will be undertaken on such projects and discussions will be held on problems involved to work out possible solutions.

In the third phase, the Bank will select and finance pilot projects which have strong economic rationale. In addition to regional projects, national projects which have regional impact will also be considered for lending.

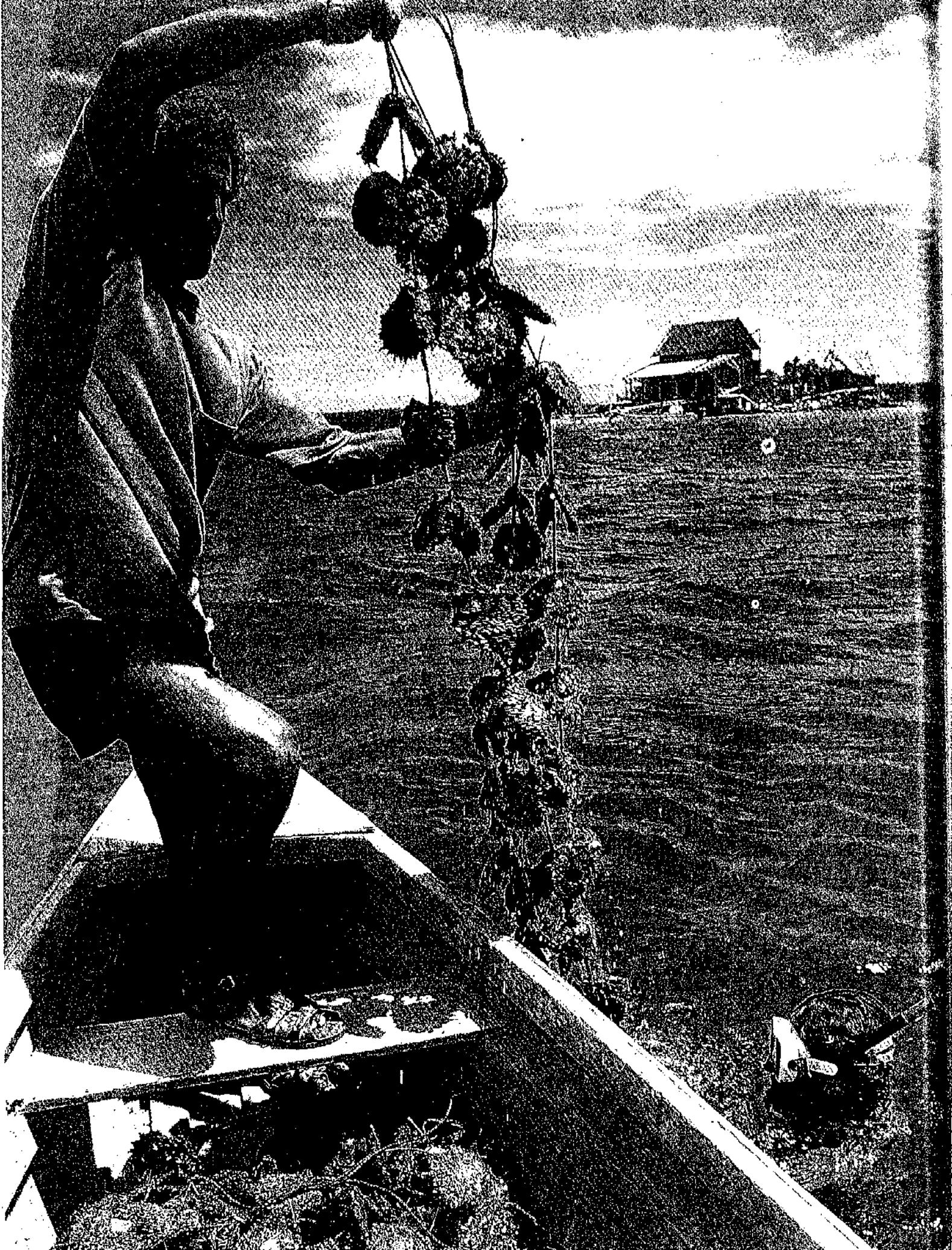
While its own role is important, the Bank will coordinate with other multilateral, bilateral, official and private organizations in promoting regional cooperation. In particular, the Bank will ensure that its support for regional cooperation projects is consistent with the spirit of the GATT agreement. Although government must play an important part, especially in implementing necessary policy reforms, it is crucial to encourage private sector participation in regional activities, since the bulk of investments could be expected to come from private investors. When neces-

sary, the Bank will use its own resources to encourage additional investments from the private sector.

It is important for the Bank that regional projects are beneficial to concerned DMCs regardless of the nature of their participation in the cooperation arrangement. "Third-party" interests will be adequately considered. As a principle, cooperation projects assisted by the Bank will be congruent with global trade and investment liberalization trends.

In summary, regional cooperation is an important means for the DMCs to accelerate their economic and social development. As the region's premier development financing institution, the Bank will seek to promote such cooperation in any way it can. The Bank recognizes that the new global political and economic environment offers unprecedented opportunities for economic cooperation on a regional level. To seize those opportunities will require quick and decisive action.

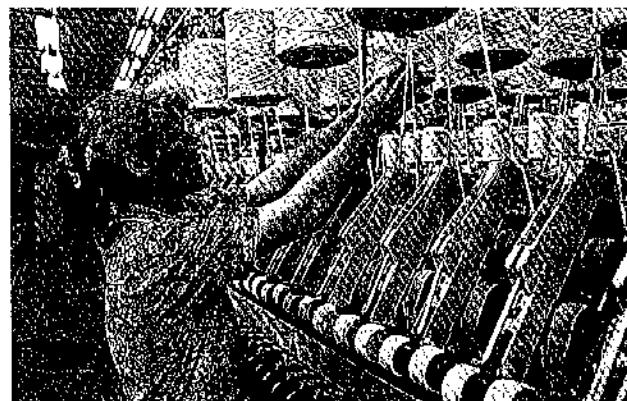
The Bank will make a special effort to catalyze cooperation in areas where potential benefits are substantial.



Economic Developments in DMCs

THE WORLD economy staged a vigorous and broadbased recovery in 1994 following slow growth for several years. All regions showed signs of the recovery. Among the industrial countries, Australia, Canada, New Zealand, United Kingdom and United States performed quite well. In continental Europe and Japan, growth also began to accelerate particularly during the second half of the year. While the recovery remained tentative in many transitional economies, some countries in central and eastern Europe began to grow after several years of declining incomes. Among the developing regions, Asia continued to perform very well, while growth was relatively modest in the others.

Unemployment rates remained high, particularly in Europe. Inflation rates remained low in most industrial economies. Commodity prices recovered strongly during the year, reversing the downward trend in the terms of trade for exporters of primary products. The volume of world trade increased quite rapidly, reflecting not only the revival of industrial economies but also greater trade among developing nations. The successful completion of the Uruguay round of negotiations under the



A textile worker in the Kyrgyz Republic, one of the Bank's newest members.

ECONOMIC INDICATORS OF ADB DMCs AND REST OF DEVELOPING WORLD

	DMCs			Latin America			Africa		
	1992	1993	1994 ^a	1992	1993	1994 ^a	1992	1993	1994 ^a
GDP Growth Rate (%)	7.5	7.9	8.2	2.5	3.2	3.9	0.2	1.7	2.3
Inflation Rate (%)	6.9	7.5	10.3	165.8	236.4	244.8	40.6	32.6	39.3
Current Account Balance (\$ billion)	3.4	-22.0	-14.5	-37.0	-45.8	-47.4	-8.8	-7.9	-10.5
Exports (Growth Rate: %)	13.3	11.1	16.5	4.9	4.7	9.0	-1.7	-3.8	2.5
Imports (Growth Rate: %)	13.3	13.2	15.5	20.3	7.9	10.2	6.7	-4.4	5.8
External Debt Outstanding (\$ billion)	460.7	502.1	509.1	469.5	490.7	525.6	225.4	228.2	212.7
Debt-Service Ratio ^b	14.3	15.6	13.9	14.2	18.9	14.1	11.5	10.7	18.4

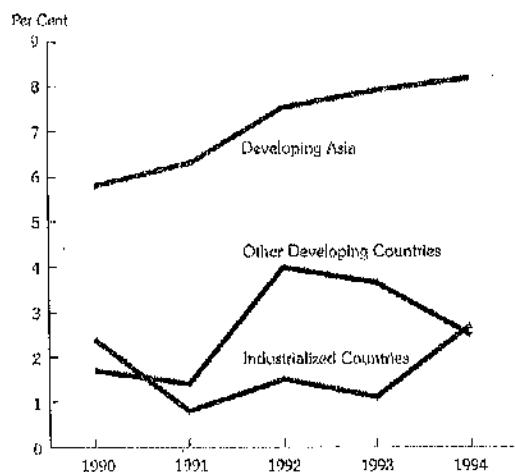
a. Preliminary estimates.

b. As percentage of exports of goods and services.

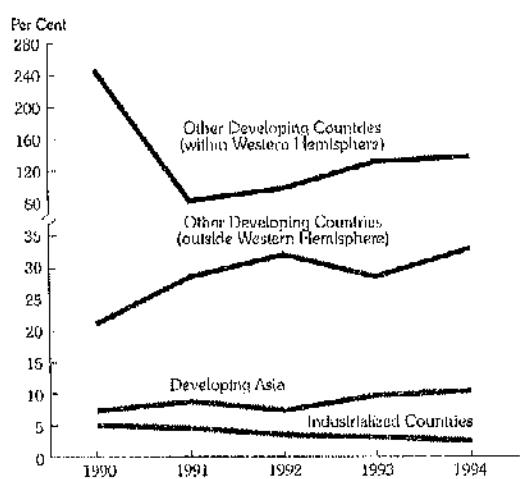
Sources: IMF, *World Economic Outlook*, October 1994.
ADB data file.

The pearl industry in Cook Islands will benefit from a Bank loan approved in 1994.

World Economic Growth Rates



Inflation*



* Refers to consumer prices.

General Agreement on Tariffs and Trade (GATT) provided additional stimulus to international trade.

Among the industrial countries, the United States grew by close to 4%, its best economic performance since 1988. The expansion was led by capital goods investment and private consumption. Exports also increased rapidly, benefiting from exchange rate adjustments and growth in Canada and the countries of the European Union. Capacity utilization increased and unemployment fell. Monetary policy was tight throughout the year and inflation remained low.

Japan began a slow recovery during the year from its severest business downturn of the postwar era. The cycle of inventory and balance sheet adjustments ended. GDP increased by almost 1%. Consumption expenditure provided the major stimulus for the expansion. Spending on durable goods increased as significant tax cuts boosted disposable income. Housing demand responded to low interest rates and a relaxed monetary policy. However, plant and equipment investment remained weak. Despite a large current account surplus, external trade continued to be a drag on the economy. Exchange rate adjustments stimulated imports and dampened export demand.

Germany recovered strongly from recession as exports expanded rapidly. Overall economic growth reached 2.8%. However, despite a revival in investment spending after a negative growth in 1993, the domestic economy remained relatively weak. Private consumption expenditure did not show much change as wages and salaries rose only slightly. Although fiscal policy remained tight, interest rates were lowered in a series of steps. Money supply expanded rapidly. Unemployment remained high, although it fell slightly toward the end of the year.

The rest of the industrial economies of continental Europe performed well. Monetary policy was more relaxed, providing the primary macroeconomic stimulus. Output growth was generally strong. Foreign trade made an important contribution to the expansion in many countries. France and Italy grew by more than 2%, while the United Kingdom registered a 3.8% growth. On the other hand, most countries faced large budget deficits and high rates of unemployment, which remained intractable despite improved economic performance.

The transitional economies of eastern Europe and the former Soviet Union continued the process of structural adjustment which began several years ago. Positive growth rates were recorded in some central European economies and the Baltic states. These countries had instituted market reforms and effectively stimulated the private sector. However, in other economies, including Russia, the process of transition proceeded more slowly as output continued to decline and inflationary pressures persisted.

The developing countries outside of Asia benefited from the rapid growth in the industrial countries, higher commodity prices, better terms of trade, low rates of interest and a more liberal trading environment. The process of domestic structural and policy adjustments also enhanced economic efficiency. Despite this, there was only a slight increase in growth for this group of countries, compared with the previous year.

Overview of Developing Member Countries

With the recovery of the world economy, the Bank's developing member countries (DMCs) improved their growth performance across the board. The People's Republic of China (PRC) maintained its lead with another double-digit growth in GDP. Despite a slight cooling off of the economy, its almost 12% growth was only slightly lower than that in 1993. Singapore also turned in a double-digit performance, benefiting from continued high export demand for its electronic products. Lao PDR, Malaysia, Thailand and Viet Nam all achieved growth rates of 8% to 9%. The Philippines experienced a marked recovery after several years of slow growth due to an easing of the power crisis and a more stable policy environment.

Reforms in South Asia began to yield positive benefits. Most economies in the subregion performed better. Pakistan, despite its continued problems with agriculture, achieved a 4% growth. Industrial growth accelerated in Bangladesh, India and Nepal. The reform process in the transitional economies of Southeast Asia continued to proceed well, thus enhancing their economic performance.

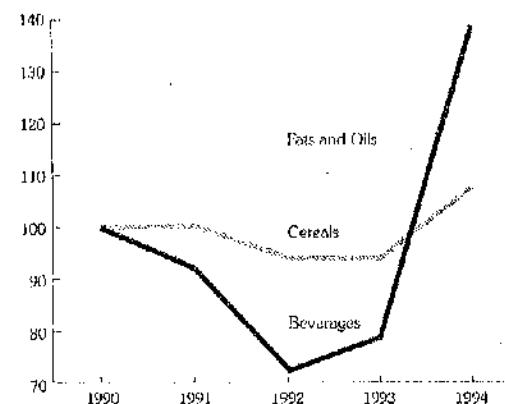
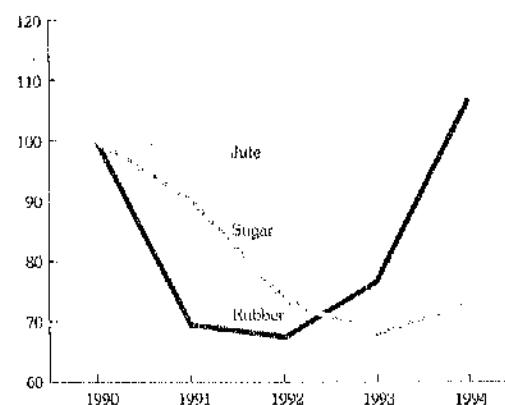
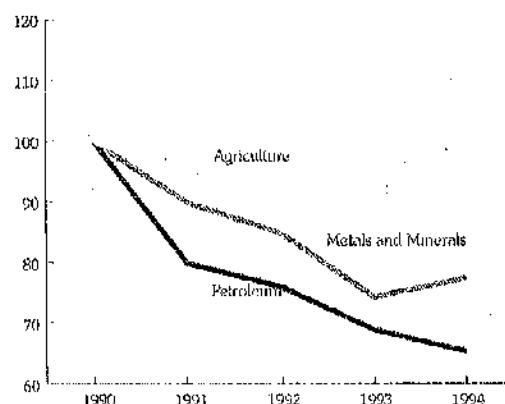
Despite their problems, Mongolia, Kazakhstan and Kyrgyz Republic showed signs of stability. Mongolia registered a positive growth after several years of declining output. Both Kazakhstan and Kyrgyz Republic continued to experience fairly rapid declines in output.

Inflation in the Bank's DMCs generally remained high, with only marginal improvements in some of them. Among the newly industrializing economies (NIEs), Hong Kong registered the sharpest rise in price levels. In PRC, the inflation rate rose to 22%, despite attempts to curb overheating. In Southeast Asia, all countries except Cambodia and Indonesia had higher inflation rates than in 1993. In South Asia, Bangladesh was the only country which was able to attain a very low general price level, thanks to prudent fiscal management and a very good food grain output. Mongolia and Kyrgyz Republic reduced inflationary pressures through concerted stabilization efforts.

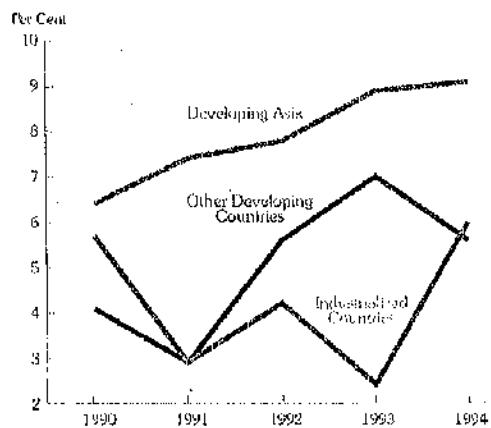
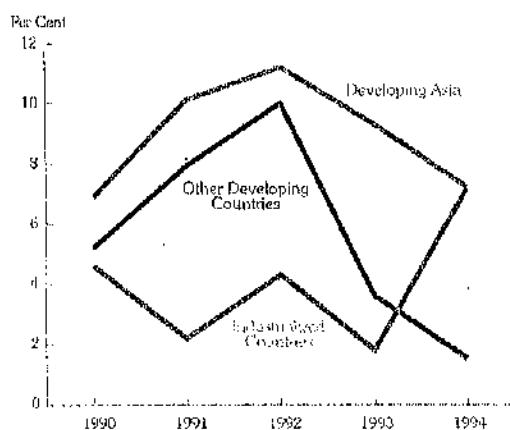
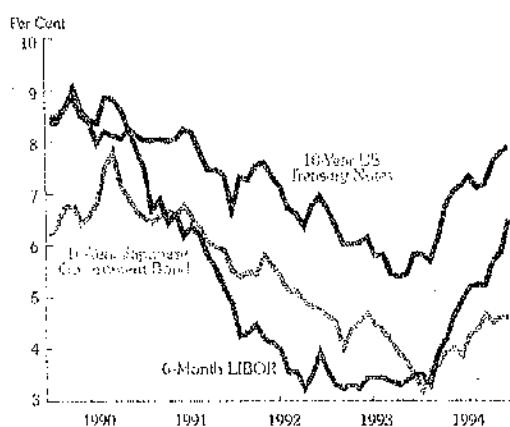
With the upturn in the world economy and further removal of trade barriers, exports from most of the Bank's DMCs performed better in 1994. The aggregate current account deficit of the DMCs declined considerably, largely due to PRC reversing its deficit into a substantial surplus. However, most countries experienced a deterioration in their current account positions. The newly industrializing economies suffered declines in their surpluses. For Southeast and South Asian countries, the gaps widened. The current account deficits in both Kazakhstan and Kyrgyz Republic increased substantially, mainly as a result of the breakdown of trade links with other states of the former Soviet Union.

While Asian DMCs continued to perform well and showed an overall improvement, intraregional differences in growth, output and per capita income remained. Poverty continued to be a major problem in the region and wide disparities existed both within and among countries.

Index of Commodity Prices*
1990 = 100



* In current US\$.

Growth in Export Volumes**Growth in Import Volumes****Interest Rates****Newly Industrializing Economies*****Economic Growth**

Hong Kong's GDP was estimated to have grown by 5.5% in 1994. The rate was slightly lower than that in 1993. The construction subsector performed well as public sector projects and infrastructure development activities intensified. Further acceleration is expected now that the financing package for the new airport project has been agreed upon. There was also an increase in private sector construction activity. However, falling domestic exports damped the manufacturing subsector in the first half of the year. This was due to a combination of factors, such as the shifting of processing activities abroad, financial controls in PRC and continued weakness in overseas markets. Property prices also weakened as a result of new measures introduced in the early part of the year and rising interest rates.

Singapore's GDP grew by about 10%, the same level as in 1993. All sectors, except for finance and business services, registered high growth rates. External demand remained robust. Manufacturing, which accounts for more than 25% of GDP, was the star performer with a growth rate of about 13%. Electronic products led the sector's performance. Driven mainly by demand from the United States and Europe, the output of the electronics industry rose by an average of 26% in the first half of the year. Financial and business services performed poorly, with a growth rate of 7% compared to about 14% in 1993, mainly because subdued equity market activities eroded margins.

The Republic of Korea experienced a marked economic upswing in 1994. Aided by strong business investment, improved exports, recovery of the world economy and a sharp rise in private consumption, GDP grew by about 8.3%, compared with 5.5% in 1993. Large-scale investment in equipment played a key role in the recovery. Despite a drought in the summer, agricultural output expanded by almost 4%, a marked improvement after a 2.4% decline in 1993. In manufacturing, heavy and chemical industry continued to lead the growth in output, especially in production for export. The services sector also improved. Real GDP growth in Taipei, China increased slightly to 6.5%. There was strong growth in real private investment, stimulated by relatively low interest rates and a buoyant economic situation. The services sector and industry grew by about 8% and 6%, respectively, because of increased activity in the export sector.

Inflation

Inflation in Hong Kong, based on the Consumer Price Index A, rose to nearly 10% in August 1994, following a declining trend since 1991. Inflation for the whole year moderated to 8%. A weak Hong Kong dollar and increased commodity prices led to an increase in the price of imports. However, the inflationary pressures were offset by stable property prices resulting from government measures to control specula-

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

tion and a slowdown in investment from PRC. Housing costs rose by about 11% during January to August.

In Singapore, inflation was estimated at 3.6%, partially offset by the implementation of the 3% goods and services tax in April and the appreciation of the Singapore dollar. Interest rates also rose during the year, lagging behind increases in United States rates.

In the Republic of Korea, inflation rose from almost 5% in 1993 to over 6% in 1994, driven by an expansion in aggregate demand and increase in factor costs. Wages in the manufacturing sector went up by close to 15%. Prices of agricultural products rose sharply because of a severe drought. Public utility prices also increased.

In Taipei, China, inflation was estimated at 4%, about one percentage point higher than in 1993. Food prices, particularly those for fresh fruits and vegetables, were high following damage caused by a series of typhoons. However, continuing moderation in wage demands and relatively softer land and property prices helped temper inflationary pressures to some extent.

External Sector

Hong Kong's entrepôt trade continued to benefit from PRC's trade expansion. External trade improved significantly towards the later part of the year, partly because of a weaker US dollar and partly because of rapid economic growth in the United States and other trading partners. Domestic exports and re-exports increased by about 2% and 17%, respectively, with re-exports to PRC growing by 29%. Imports increased rapidly, too, by 16%, mainly fueled by extensive re-exports and imports of capital goods.

In Singapore, the slowdown in domestic demand caused by the implementation of the goods and services tax was offset by robust growth in external demand. The strong growth of electronics output in 1994 was fully reflected in the growth of exports. Both domestic exports and re-exports performed strongly. Singapore's current account surplus was 9.6% of GDP. The merchandise trade account deficit was more than offset by a large income and services account surplus. Merchandise exports and imports both rose by an estimated 24%.

In the Republic of Korea, merchandise exports grew by more than 14% in 1994, nearly double the rate of 1993. Imports, however, grew more rapidly than exports as domestic demand expanded sharply. This resulted in a significant trade deficit, particularly with Japan. The emergence of the trade deficit, from a surplus in 1993, was the main factor behind the deterioration of the current account balance from a surplus of 0.1% of GDP in 1993 to a deficit of 1% of GDP in 1994.

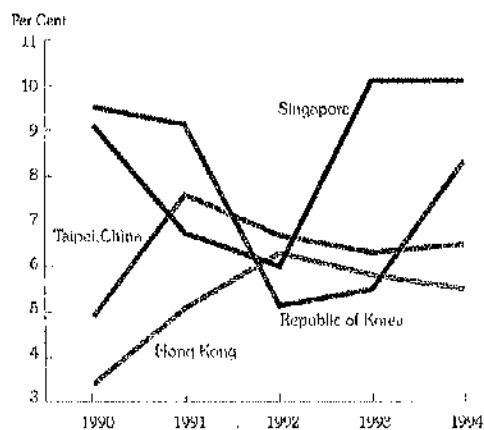
Merchandise exports from Taipei, China grew by an estimated 5%, with heavy industry exports, such as machinery and electrical equipment, having the major share. However, imports grew more rapidly at 9%, contributing to the diminishing trade surplus. The current account surplus also declined to 2.7% of GDP from 3% of GDP in 1993.

Domestic Policies

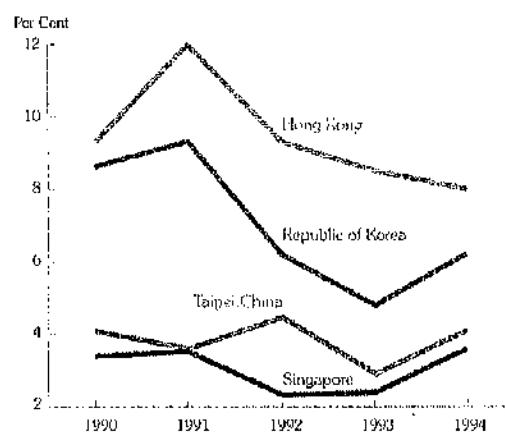
In Hong Kong, major tax relief measures were announced in the budget for 1994-1995, which were expected to stimulate consumption and investment. The top marginal tax rate was reduced, although the

Newly Industrializing Economies

GDP Growth Rates

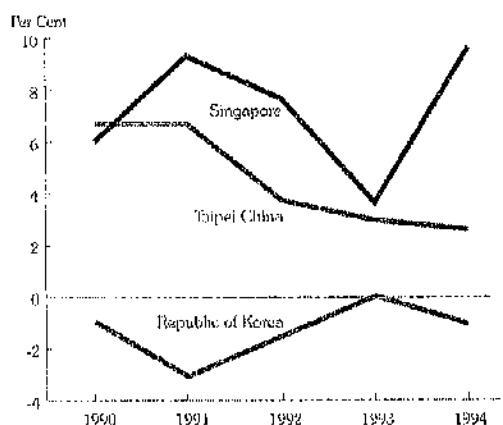


Changes in Consumer Prices



Newly Industrializing Economies

Current Account Balance (Per Cent of GDP)



level of basic exemption remained the same. There were reductions, too, in the profits tax and the stamp duty on certain property transactions. Interest rate ceilings on time deposits of maturity beyond one month were deregulated in October 1994 which was expected to lead to an increase in Hong Kong dollar deposit rates. As a result, some switching was expected from foreign currency deposits into Hong Kong dollar deposits.

In Singapore, the recent financial deregulation allows Singaporeans to invest and raise capital abroad, opening up a pool of savings for investment in foreign stocks and bonds. Another major policy change, to be implemented gradually, will allow further liberalization in the use of the Central Provident Fund resources for stock market investments.

In the Republic of Korea, various liberalization measures were introduced in the foreign exchange market to minimize the adverse effects of excessive capital inflows. Among other things, regulations on capital outflows and foreign currency holdings were relaxed.

Taipei, China announced a number of fiscal policy measures. The ceiling on the ratio of aggregate unpaid state bonds issued to total budgeted government expenditure was raised from 95% to 113%. Income tax on dividends from global depository receipts was reduced. Tariffs on additional items were cut.

Southeast Asia*

Economic Growth

Southeast Asia registered a 7.5% economic growth in 1994, compared to 6.8% in the previous year. Once again, the export sector was the engine of growth. Domestic demand, particularly investment, was also robust. The overall regional performance was influenced by a significant improvement in the Philippine economy.

Indonesia's growth performance exceeded the 1993 level of 6.5%. The Government continued to follow sound macroeconomic policies and the favorable external environment helped. Expenditure growth was broadbased. Consumption and investment growth was accompanied by a brisk expansion of exports.

Malaysia's 8.5% growth rate was also broadly unchanged from the previous year. The economy continued to be propelled by a rapid expansion of exports. Both government development expenditure and private sector spending maintained strong growth.

The Thai economy grew by 8.5%, improving on its 1993 rate of 8.2%. Both exports and domestic demand remained strong. There was a vigorous demand for capital goods. Government consumption demand picked up following political changes in 1993.

The Philippine economy grew by 4.3%, its highest rate in five years. This was a substantial improvement on 1993 when GDP had recorded only a 2% growth. Improvement in the power situation and a more stable economic and political climate were largely responsible for the growth, which was led by exports and investment.

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

Viet Nam recorded a 9% growth in GDP, against 8% in the preceding year. Although the performance in agriculture was disappointing, exacerbated by a poor second rice crop, the energy, construction and service sectors did well. In industry, textiles turned in a strong 14% growth.

The economy of Lao PDR showed a marked improvement with an 8% growth in 1994 against the previous year's 5.9%. Growth in Cambodia accelerated to 4.9% from 4.3% in 1993, despite lingering political disturbances.

Inflation

Inflation among the Southeast Asian countries rose to 6.7% from 6.3% in 1993. This was due partly to buoyant consumption and investment spending in both public and private sectors, and partly to poor harvest in some countries.

In Indonesia, strong domestic demand, the effects of drought and disruptions in transportation accounted for an inflation rate of 8.5%, over one percentage point lower than in the previous year.

In Malaysia, consumer price inflation rose to 3.7%. Although some concerns about overheating of the economy remain, inflationary pressures have so far been successfully contained.

The Philippines had a 9% inflation rate, a consequence of strong economic recovery and large foreign exchange inflows. The appreciation of the peso, especially in the second half of the year, did however help to contain imported inflation.

In Thailand, inflation edged up to 5% from 3.3% in the previous year. Rising crop prices, increased demand and higher liquidity fueled by foreign portfolio investment contributed to the acceleration.

Viet Nam, which had been able to contain inflation at 5.8% in 1993, saw the rate go up to 9.5% as a result of its strong economic growth and a poor second rice crop.

In Lao PDR, inflation was slightly higher than the 6.3% in 1993 due to continuing domestic bottlenecks. Inflation remained high in Cambodia, partly due to lingering political uncertainties, but seemed to be on a downward trend.

External Sector

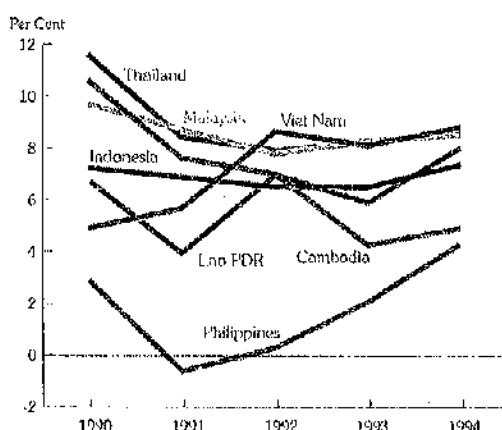
In nominal US dollar terms, the current account balance of the Southeast Asian countries as a group moved further into deficit. For some countries, however, the deficits as a fraction of GDP were smaller than in previous years. In general, these deficits were financed by long-term capital inflows.

Indonesia has had persistent current account deficits. In 1994, the gap widened to \$3.1 billion from \$2 billion in the previous year. This gap was financed by foreign direct investment and loans. While the growth of non-oil exports, particularly textiles, was disappointing, the demand for consumer, intermediate and capital goods imports remained strong. The trade surplus shrank from \$8.2 billion in 1993 to \$7.8 billion.

In Malaysia, the trade account moved into deficit for the first time since 1982. A deficit on the service account amplified the trade deficit and led to a current account deficit of 9% of GDP. The deficit was covered largely by long-term capital inflows.

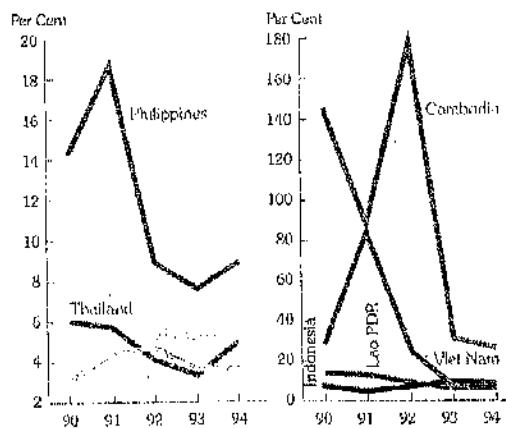
Selected Southeast Asian Economies

GDP Growth Rates



Selected Southeast Asian Economies

Changes in Consumer Prices



Thailand's current account deficits have been consistently large as a proportion of GDP and rose to \$7.4 billion in 1994. Nevertheless, a rapid expansion of exports has enabled Thailand to reduce its debt-service ratio. The country's strong export performance is based on its international competitiveness. However, traditional exports, such as textiles, are now coming under increasing competition from other countries.

The Philippines has traditionally had large trade and current account deficits. While merchandise exports grew by 18% in 1994, imports also rose at a more rapid pace in the wake of strong GDP growth. The current account deficit stood at \$3 billion, representing 5% of GDP. This was financed by remittances, foreign direct investment and portfolio investment.

Viet Nam ran up a current account deficit of \$800 million. Imports grew strongly as a consequence of economic restructuring and fast economic growth. The marked increase in foreign investment was able to cover the deficit.

Trade and current account deficits were both on the rise in Cambodia and Lao PDR. Again, the deficits in both cases, financed by foreign aid and loans, were linked to strong surges in imports.

Domestic Policies

Major policy reforms were underway in a number of Southeast Asian countries. Significant reforms had already been undertaken in the Philippines, and more were expected. Lao PDR and Viet Nam continued the process of transition from centrally planned to market economies. Cambodia followed the same path despite its political problems. In Indonesia and Thailand, reforms were pursued within the context of an open trading system and liberalized markets.

Malaysia was focusing mainly on downsizing the public sector and ensuring that the economy had an adequate skill base to absorb advanced technology and move on to higher value-added activities. The Government's intention was to prevent an overheating of the economy. Its fiscal stance, as reflected in the 1995 budget, remained prudent. A number of modest fiscal reforms were announced. Import duties on more than 2,600 items were abolished or reduced. Excise duties on a number of items of importance to the transport sector were abolished. These measures were prompted by the desire to contain inflation. Monetary policy was also directed toward reducing inflation. The growth of monetary aggregates slowed down.

In Thailand, decentralization of economic activity continued to be a strong theme of economic policy. Currently, Bangkok accounts for approximately 50% of Thailand's GDP. A two-pronged approach has been adopted to correct regional imbalances. Fiscal inducements have been provided to encourage devolution of activity to other regions, while the private sector is encouraged to undertake major infrastructural improvements in Bangkok.

Late in the year, Indonesia revised its tax laws to broaden the tax base of its non-oil economy. The new tax measures are expected to take effect in 1995. The coverage of value-added tax will be widened, and both corporate and personal income taxes will be reduced. New tax incentives will be introduced to encourage the location of industries in remote areas of East Indonesia. A number of other measures are planned to attract foreign investors. There was some fiscal tightening in 1994,

with government nominal expenditures growing more slowly than nominal income. In response to underlying inflationary pressures and rising interest rates elsewhere in the world, Bank Indonesia raised short-term interest rates on a number of occasions during the year.

Various structural reforms and sectoral policy initiatives have been undertaken in the Philippines with a view to enhancing its competitiveness in world markets. Foreign trade has been liberalized, private sector investment in infrastructure has been encouraged and there has been a liberalization of the foreign investment and foreign exchange regimes. During the early part of the year, the banking sector was opened up to foreign competition. The coverage of the value-added tax was extended to the services sector. A range of incentives was introduced for investment in infrastructure. The Government pursued a cautious fiscal policy. The fiscal deficit came to only 1% of GNP. The appreciation of the peso also improved the Government's fiscal position. Monetary control was more difficult though, with large inflows of foreign, mainly portfolio, capital, which increased the supply of liquidity. Despite this, however, the Philippines operated within the monetary targets agreed with the International Monetary Fund (IMF).

South Asia*

Economic Growth

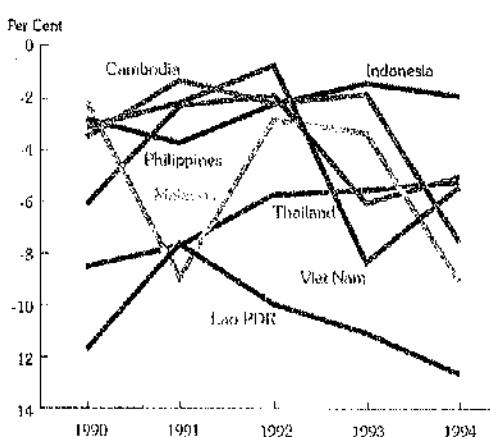
The Bangladesh economy remained stable in 1994, posting a 4.6% GDP growth. Agriculture grew by 1.8%, the same level as in 1993. Food grain production was adversely affected by a disruption of input supplies to some parts of the country. However, this was offset by a rise in activity in livestock and fisheries as the Government attempted to steer credit to these subsectors. Industry grew by 8.5% against 8% in 1993. The strong performance of small-scale private enterprises helped the manufacturing sector achieve a 13% growth in 1994. The services sector grew by 5.3%, led by transport and communications, and trade. Greater mobilization of domestic resources contributed to a significant improvement in the fiscal balances. After a period of stagnation, gross domestic investment rose to about 15% of GDP in 1994. An easing of local fund shortages, regular monitoring of the implementation of large projects and changes in the guidelines for project processing helped raise the level of public investment. Private investment, on the other hand, remained low due to infrastructure constraints.

Bhutan's economy posted a growth of 5.1% in 1994, about the same as in the previous year. Output growth in the agriculture and forestry sector declined to 4% owing to a poor tree crop harvest and disruption in rice production in some areas. Mainly because of continued stagnation in hydropower generation, industrial growth remained at 5.5%. However, growth in the services sector increased at 6.1%.

GDP growth in India improved from 4.3% in 1993 to about 5.3%, marking the revival of growth after a period of industrial recession. The weather remained favorable for the seventh consecutive year and agricul-

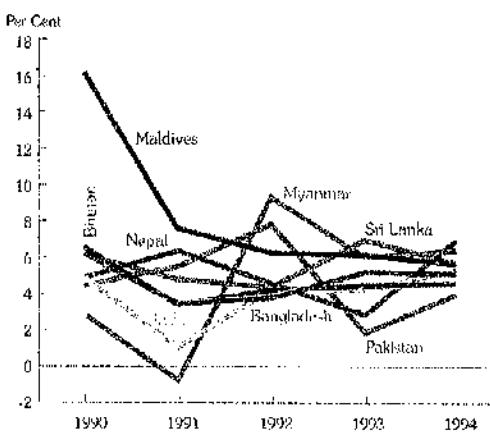
Selected Southeast Asian Economies

Current Account Balance (Per Cent of GDP)



Selected South Asian Economies

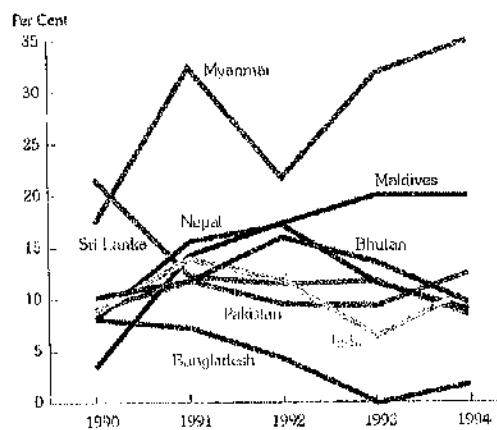
GDP Growth Rates



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

Selected South Asian Economies

Changes in Consumer Prices



tural output increased by 2.4%. Industrial production registered a growth of 7.6% with a strong performance in the capital goods subsector. This was mainly attributable to the adoption of a more expansionary macroeconomic policy stance. The services sector grew by 5.7%. Its performance was influenced by substantial government procurement, sustained increase in exports and trade-related activities, the recovery in industry, and an increase in infrastructure and financial sector investment.

A spurt in agriculture and tourism pushed real GDP growth in Myanmar to 6.4%. Agricultural growth improved to 6.4% owing to increased production of rice, export crops such as beans and pulses, and crops for industries. The services sector grew by nearly 6% as increased tourism and foreign investment benefited hotels and restaurants.

Maldives attained a growth rate of 5.5%, supported by rising world prices and better utilization of fish, the country's main export and source of employment. Economic recovery in industrial countries combined with expanded facilities and better promotion led to a resurgence in tourism.

Despite the adverse effects of devastating floods in July 1993, Nepal achieved a GDP growth rate of 7% in 1994. This was among its best performance in a decade. Growth was broadbased, and was particularly strong in cottage industries, construction, transport and financial services.

In Pakistan, the economic indicators improved marginally despite domestic supply shocks and an unfavorable external trade situation. GDP growth, which had gone down to a record low of 1.9% in 1993, recovered to about 4%, notwithstanding the weak performance of the cotton crop because of virus and pest attacks, and shortfalls in wheat. However, growth was still below the target set for the year. Continuing power shortage and generally unfavorable external demand affected growth in all sectors.

Economic growth in Sri Lanka declined at 5.7%. While tea, rubber and coconut production did well, the rice crop was adversely affected by drought and floods, pulling down the growth in agriculture to 3.4%. Export earnings improved on the strength of manufactured exports.

Inflation

Inflation in Bangladesh remained low at about 2% in 1994, thanks to fiscal prudence and tough demand management policies. The cost of living index went up by 3.3% against a 2.4% decline in 1993. Broad money supply grew by 15% despite lower public sector requirements and only a moderate increase in private sector credit.

Given the ready availability of imported goods from India and adequate domestic agricultural output, inflation in Bhutan declined to less than 10% from nearly 14% in 1993.

In India, the inflation rate, which had dropped to about 6% in 1993, rose to about 11% in 1994. The increase resulted from an upward revision in administered prices and shortfalls in the production of some essential items. An expansionary fiscal policy also contributed to aggregate demand pressures. The Government took steps to curb the rising trend in prices. It imposed stricter monetary control, liberalized the imports of essential consumer goods, and strengthened the public distribution system.

Inflation in Maldives was 20%, while it was about 35% in Myanmar. In Nepal, money supply was tightly controlled. The increase in broad money supply was held down to 20% in 1994 against over 30% in the

previous year. However, the consumer price index rose by about 9%, exceeding the 8% target due to increases in food prices.

In Pakistan, inflation rose to over 12% from 9% in 1993. This was due mainly to the monetary overhang of expansionary policies in the past two years and additional pressures created by increases in administered prices.

In Sri Lanka, the restrained growth of money supply helped moderate inflation to 8.4%. The major factor, however, was a reduction in the administered prices of important consumer items and intermediate products.

External Sector

Bangladesh's external position further improved in 1994 despite a somewhat disappointing export performance. Exports grew by only 6% against 20% in the previous year. While shipments of leather goods and frozen shrimps continued to grow, readymade garments, the country's leading exports, performed poorly due to a temporary disruption in the supply of imported fabrics. In addition, earnings from tea, raw jute and jute goods exports also fell. Import growth was nearly zero, against an increase of 17.5% in 1993. This was mainly due to lower requirements of food grains and petroleum products. The current account deficit thus shrank to 1.4% of GDP from almost 3% in 1993. In Bhutan, a slowdown in external trade activities in 1994 led to a reduction in the current account deficit to 14% of GDP from 25% in 1993. Merchandise trade deficit contracted significantly to \$21 million, mainly because of a 22% decline in import growth.

In India, exports grew by about 16% during the year, while imports, influenced by the revival in economic activity, grew by about 21%. A current account deficit of about \$1.6 billion, less than 1% of GDP, was recorded, against a surplus in 1993. However, this was more than covered by large inflows on capital account, mainly in the form of portfolio investment. Such inflows raised India's foreign exchange reserves to over \$20 billion.

In Maldives, exports in value terms recovered mainly due to an upturn in the world prices of tuna. Imports, which were more than three times the value of exports, also grew rapidly as a result of increased tourism and domestic demand. The current account deficit declined from 22% of GDP in 1993 to about 18% and was financed to a large extent by foreign investment and grant assistance.

In Myanmar, trade remained in the deficit despite higher export earnings, particularly from fisheries and garments. The current account deficit remained below 1% of GDP.

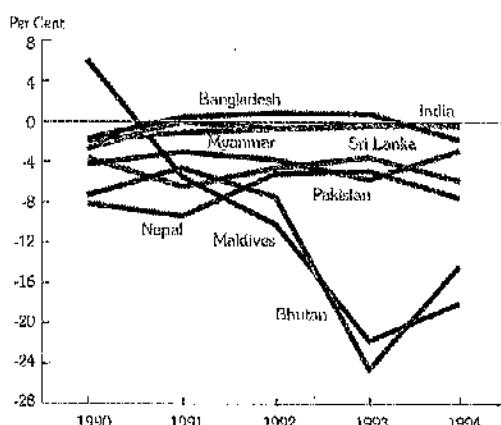
Nepal's trade deficit worsened during the year, as an almost 33% surge in imports far outstripped the export growth of only 10%. Consequently, the current account deficit as a percentage of GDP worsened to 7.7% from 6% in 1993.

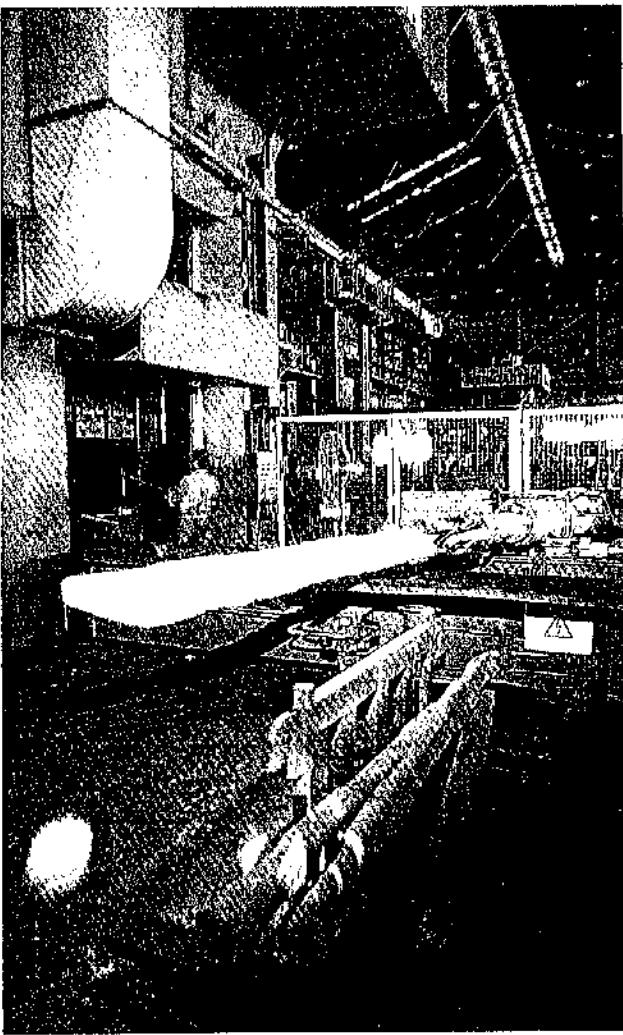
During 1994, world demand for Pakistan's exports remained depressed. Because of weak export prices, high domestic inflation and increased competitiveness from other markets, exports declined by 1%. However, imports also fell by almost 15%, reducing the trade deficit. The current account deficit narrowed to about 3% of GDP from over 6% in 1993.

Sri Lanka's export earnings increased by about 10.6%. Overall

Selected South Asian Economies

Current Account Balance (Per Cent of GDP)





A private sector steel plant which benefited from a Bank loan provided to the Industrial Credit and Investment Corporation of India.

imports rose by about 17% due to increases in imports of consumer and intermediate goods. The trade deficit of about \$1 billion was offset to a large extent by inflows of unrequited transfers, leaving a current account deficit of about \$685 million.

Domestic Policies

Bangladesh completed a three-year IMF-supported structural adjustment program in 1994, which restored macroeconomic stability. At the same time, liberalization measures were taken, which benefited agriculture. The Government has also augmented economic reforms in a number of areas: the role of the private sector in infrastructure development has been expanded; some state-owned enterprises have been restructured to improve efficiency and productivity; and trade and exchange systems have been substantially liberalized.

In Bhutan, efforts over the past few years to strengthen tax enforcement and broaden the revenue base have helped raise tax receipts by about 2% of GDP. However, the tax base was still narrow, with current revenues measuring to only about 7% of GDP in 1994. Current expenditure rose more sharply than planned so that a small deficit was incurred. Domestic financial policies remained prudent. A number of steps were taken to improve monetary management and strengthen the portfolios of financial institutions. The exchange and trade systems had been gradually liberalized. There were no restrictions on payments or transfers relating to current account transactions, except for large capital goods from India and all capital and intermediate goods from third world countries.

In India, substantial progress was made during the year in reforming the tax structure and in liberalizing industry, banking and finance, the exchange rate regime, trade and foreign investment. This was one of the principal factors behind the growing confidence of international investors in the Indian economy, which led to a large inflow of external capital during 1994. Both direct and indirect taxes were rationalized and progress was made toward the introduction of a value-added tax. In the financial sector, lending rates were deregulated while public sector banks were allowed to sell fresh equity to the public up to 49% of total equity to strengthen their capital base. Private banks were authorized to operate and steps were taken to improve the regulation and operation of the stock market. In industry, entry restrictions were further reduced for domestic and foreign capital. Among other important policy developments, the exchange rate was made fully convertible on the current account. The Reserve Bank of India adopted a more restrained monetary policy. The Reserve Bank and the Central Government reached an agreement on placing a ceiling on deficit monetization through the sale of treasury bills. The Reserve Bank also introduced open-market operations to neutralize the impact of foreign capital inflows, which had become a major source of monetary expansion.

The fiscal deficit of Maldives rose to almost 18% of GDP from below 17% in 1993. The poor fiscal situation further reduced the effectiveness of monetary policy in controlling inflation, providing credit to the private sector, and managing foreign exchange rates and reserves. However, efforts to expand the revenue base by eliminating import duty exemptions, increasing rents on government properties, introducing a property tax on nonresidential real estate, privatizing and recovering arrears are expected to increase government revenue.

Myanmar is pursuing well-defined financial programs to mobilize and utilize financial resources both domestic and foreign. The reforms implemented so far have had a tangible impact on economic growth, particularly in the last two years. The most notable reforms have been in the agriculture sector, where price reform has led to real growth, and border area exports which consist largely of agricultural products.

Nepal further strengthened its economic reform programs during the year. To prioritize expenditure, a system of core projects was established and a three-year rolling expenditure program was prepared. A system was put in place to improve project analysis and monitoring, and review expenditure and project implementation results regularly. Tax reform and privatization measures were continued. Rules relating to licensing, registration and access to foreign exchange were further simplified.

In Pakistan, privatization, liberalization and deregulatory measures, initiated in 1990, were expanded and strengthened. A new concept of public-private partnership was introduced in the social sectors. To broaden the privatization process, the Government encouraged the participation of the public and the employees in the acquisition of industrial assets.

Sri Lanka continued its stabilization program and further liberalized the economy. Tax concessions were announced for export activities.

People's Republic of China and Mongolia

Economic Growth

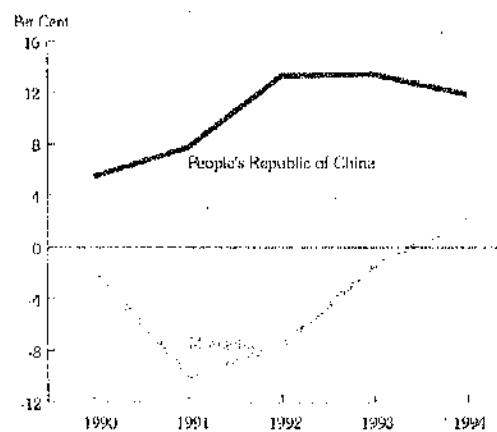
Continuing the double-digit growth of the past two years, the economy of PRC grew by an estimated 11.8% in 1994. The rate, however, was about two percentage points lower than that in 1993. There were many signs that the PRC economy was cooling down. Fixed capital investment by state-owned enterprises fell back substantially and industrial output growth slowed down.

Although rural areas suffered damage from summer floods, agriculture posted a growth of 3.5%. Forestry, animal husbandry and fisheries remained buoyant. Industrial output rose by 16%, but the growth rate was 4% less than in 1993. The slower growth in industry was due mainly to tight monetary policy and lower capital investment.

In Mongolia, key macroeconomic indicators suggested that the prolonged decline of the economy was ending. Real GDP grew by 2.1% in 1994, the first year of positive growth since 1989. Agricultural output grew by 7%, rebounding from the adverse effects of livestock losses during the severe winter of 1993. Industrial production increased by 2.8%. This was mainly due to the production of the Darhan mini-metal plant, that started operation in December 1993, and increases in the output of energy and nonferrous metals as well as of private enterprises. The services sector provided an additional stimulus to growth. Private trading and retail activities expanded rapidly. Food and other basic consumer goods were more readily available and shops were better stocked.

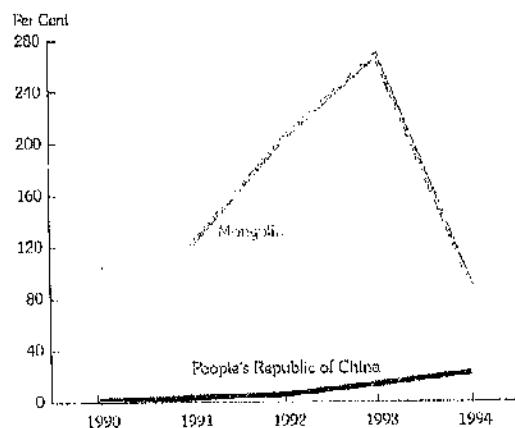
PRC and Mongolia

GDP Growth Rates



PRC and Mongolia

Changes in Consumer Prices



Inflation

Inflation in PRC remained high at an annual rate of about 22%. This was partly the result of upward adjustments in procurement prices of agriculture products. It was estimated that the price reform resulted in a more than 50% increase in retail prices of grain and almost doubled the prices for cotton. The unification of the two-tier exchange rate system by a 33% depreciation of the official exchange rate in early 1994 also exerted pressure on the inflation rate.

Mongolia made considerable progress in controlling inflation. Despite large increases in transport and communications costs, the rate of inflation declined from 268% in 1993 to 88% in 1994. Faced with a rapid expansion of monetary aggregates during the first half because of subsidized lending to public enterprises, the Government tightened monetary policy in the second half of the year.

External Sector

PRC's exports performed particularly well as a result of the depreciation of the yuan and trade reforms. Exports grew by over 30% against an 11% increase in imports. As a result, the trade balance revived from a deficit of \$10.7 billion in 1993 to a surplus of \$3.4 billion in 1994. The services sector remained healthy. The current account registered a \$4.4 billion surplus in 1994 compared with a deficit of \$11.6 billion in 1993. Foreign direct investment surged by more than 35% on top of \$25 billion inflows in 1993.

Mongolia's deficit on the current account (excluding official transfers) was about 8% of GDP, well below earlier expectations. Copper exports grew rapidly due to robust foreign demand and higher international prices. Imports were lower than expected. The floating exchange rate was largely stable at around Tg 400 per US dollar.

Domestic Policies

During the year, PRC unified the exchange rate, restored tax buoyancy and imposed greater control on budgetary revenues of the Central Government. The unification of the exchange rate boosted exports and attracted greater foreign direct investment. The sweeping tax reforms introduced led to a 25% increase in revenues.

Reforms on several other fronts proceeded on schedule. To prevent an overheating of the economy, measures were introduced to improve control over investment expenditures. Fixed investments were categorized into three groups: (i) projects with social benefits to be funded through the budget; (ii) key infrastructure projects to be funded by the newly created policy banks; and (iii) commercial projects to be financed by state banks based on commercial criteria. To improve budgetary procedures, a new Budget Law defining the principles of budgetary management was approved by the National People's Congress in March. A new Central Bank Law was under preparation to establish the People's Bank of China as an independent central bank and preclude direct government borrowing from it. In the area of enterprise reform, a significant step forward was made when the Company Law came into effect on 1 July. The law provides the legal basis for the establishment of limited-liability and limited-shareholding companies.

As part of its continuing efforts to meet the General Agreement on Tariffs and Trade (GATT) requirements, PRC unveiled a timetable for removing all quota restrictions on imports. About 50 types of imports, mainly capital goods, are currently subject to quota restrictions. The stated policy is to remove all quotas and licenses by 1997. On 31 December 1993, customs tariffs were reduced on 2,898 goods, reducing the weighted average tariff rate from 22% to about 20%. GATT requires a level of about 15% for developing countries.

In Mongolia, macroeconomic management was further improved. Measures were introduced to enhance revenue collection and control public expenditure. To control the excessive expansion in credit and money supply, the Government raised the minimum reserve requirements for commercial banks and issued additional central bank bills. In the external sector, efforts were made to diversify foreign trade and smoothen exchange rate fluctuations.

Progress was also made towards facilitating structural reforms. Government subsidies were further reduced. A new budgetary system was established. Privatization on a cash basis was initiated. The Government also initiated a program for the restructuring or closure of insolvent public enterprises. The enactment of new laws regarding land and securities trading helped create a legal environment for a market economy. To address the growing incidence of poverty, the Government formulated a poverty reduction program.

Central Asian Republics*

Economic Growth

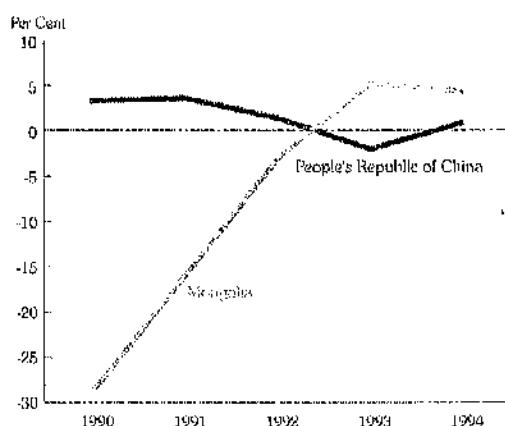
The Bank's two newest members, Kazakhstan and Kyrgyz Republic, have faced severe economic downturns since the breakup of the former Soviet Union in 1991. In Kazakhstan, real output declined by an estimated 34% between 1990 and 1993, all sectors being affected. GDP contracted further by 21% in 1994, about double the decline in 1993. In the Kyrgyz Republic, real output in 1993 was only 65% of the 1990 level. The decline continued in 1994. The breakdown of trade and output links with the former Soviet Union imposed a severe strain on supplies. Shortages affected all commodities. The disintegration of the centralized production system resulted in a scarcity of intermediate inputs and a loss of markets for output.

Inflation

After decades of price stability, inflation has emerged as a serious problem since 1991. Prices rose more than 30 times between 1991 and 1993 in Kazakhstan. The principal factors responsible were: (i) the monetization of large budget and off-budget deficits; (ii) the impact of the output contraction itself; and (iii) successive rounds of administered price liberalization. The high inflation eroded confidence in the currency and there was no incentive to hold financial assets. However, the Government was trying hard to bring inflation down. The situation was similar, though

PRC and Mongolia

Current Account Balance (Per Cent of GDP)



*Kazakhstan and Kyrgyz Republic.



The Bank has provided three loans totalling \$146.8 million to improve vocational education in Malaysia.

slightly less severe, in the Kyrgyz Republic. High inflation there also resulted from price reforms after 1991. It was exacerbated by expansionary monetary policies established by the former Russian authorities and trading with the Russian ruble which was then the national currency. The introduction of an independent domestic currency, the som, in May 1993 was designed to give the Kyrgyz monetary authorities the ability to set low inflation as a national economic priority. Through its concerted effort, the Government was able to lower inflation from more than 1,200% in 1993 to slightly over 280% in 1994.

External Sector

The breakdown of the former Soviet Union disrupted trade between the republics and Russia. The dismantling of the ruble zone exacerbated the situation even further. In Kazakhstan, the current account deficit of over \$1 billion per annum during 1992 and 1993 was not sustainable without serious external debt problems. The Government moved to strengthen trade with other countries, and PRC emerged as a trading partner.

IMF identified an external financing gap of \$450 million for Kazakhstan in 1994. This was covered by external financial assistance which ensured an import level necessary to contain economic contraction, permitted the buildup of official reserves to 2.6 months of imports, and helped limit the domestic bank financing of the fiscal deficit to a minimum. There is also an effort to attract foreign direct investment and to expand trade credits.

The Kyrgyz Republic also suffered as a result of the breakdown of its trade links with other states of the former Soviet Union. The disruption of the centralized system of production had a downward effect on inter-republican trade. A dramatic reduction in export growth, coupled with a high growth in imports and disruptions in service payments and transfers, led to a large current account deficit equal to over 8% of GDP. This deficit was also financed through external assistance and trade credits. The foreign debt problem of the Kyrgyz Republic may become fairly acute mainly because of past arrears with the former Soviet Union. The debt-service ratio increased to about 7% in 1994 from less than 1% in the previous year.

Domestic Policies

Both Kazakhstan and Kyrgyz Republic have adopted comprehensive structural reform and stabilization programs to help ease their severe economic and fiscal crises and to facilitate their transition to market economies. A stabilization program under the supervision of IMF was introduced in both republics during 1993. The objectives were to adopt tight fiscal and monetary policies to reduce inflation, contain the decline in real output and living standards, build up net official international reserves and institute a range of systemic reforms. Structural reforms focused on developing competitive markets, reforming enterprises, the financial sector and prices, and strengthening the social safety net.

The Kyrgyz Republic has one of the most ambitious reform programs in Central Asia, based on rapid price reforms and a bold privatization effort. However, as a result of the restructuring and transi-

tion process, both republics are facing severe pressures on the social protection system and poverty has become a serious problem.

Pacific Island DMCs*

Economic Growth

Average GDP growth in the Pacific island DMCs (PIDMCs) slowed considerably to 1.4% in 1994 from 12% in 1993. The deceleration was due largely to a sharp fall in Papua New Guinea's GDP growth from over 16% in 1993 to less than 1%. The country suffered an output decline in the mining and petroleum sector. After a gain of 6% in 1993, GDP in Western Samoa was estimated to have fallen by about 7% in 1994, mainly as a result of the destruction of its principal crop, *taro*, through leaf blight. In Tuvalu, economic growth receded to an estimated 2.6% from an average of 9% per annum in the previous four years. The decline resulted mainly from setbacks in agriculture (fishing) and public sectors, which together account for more than half of the country's GDP. In Cook Islands, growth receded slightly to 1.5% from 1.7% in 1993. There was some revival in housing construction and an increase in tourist arrivals during the first half of the year. Kiribati was estimated to have suffered a further decline of about 0.4% in its GDP.

Fiji had a GDP growth of over 3%, with most sectors doing well. Tonga had an estimated 4.7% expansion after declines in each of the previous two years. Much of the growth came from the agriculture sector, with substantially increased outputs of squash, vanilla and fish for export.

Inflation

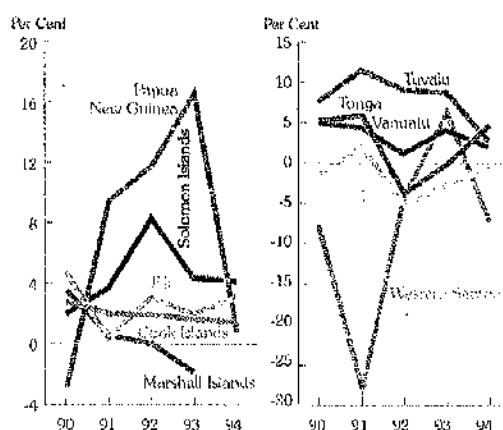
Consumer price inflation, on average, accelerated slightly but remained moderate. In Solomon Islands, rapid growth in money supply and a depreciation of the local currency pushed up inflation from 9% in 1993 to 13%. A sharp increase from 2% to 18% was noted in Western Samoa. A decline in *taro* supply coupled with changes in some administered prices and the introduction of a value-added goods and services tax were mainly responsible. By contrast, inflation was contained at 1.5% in Fiji because of the low level of inflation in Australia and New Zealand, the country's main sources of imports, and more prudent fiscal and monetary management.

External Sector

The external account position of the Pacific Island DMCs in 1994 was less favorable than in the previous year. Although merchandise imports continued to decline, exports also fell by 3% compared with a growth of over 30% in the previous year. Again, the impact of Papua New Guinea on the regional average was pronounced. Against a 38% growth rate in 1993, Papua New Guinea's exports fell by 6.3% in 1994 on account of a decline in mining activity. Imports, on the other hand,

Selected Pacific Island Economies

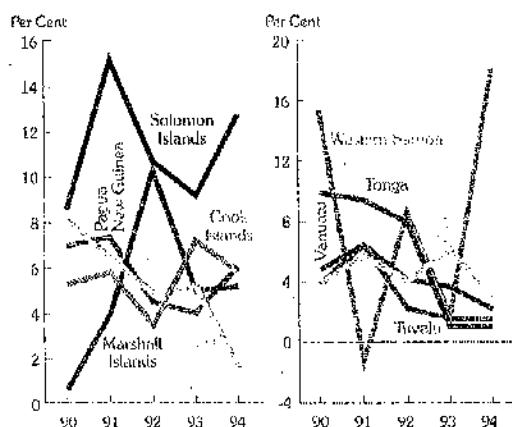
GDP Growth Rates



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

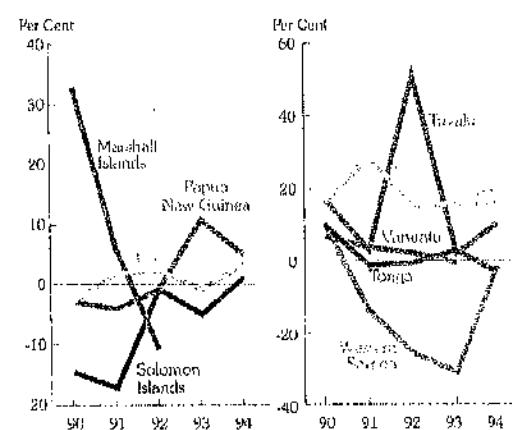
Selected Pacific Island Economies

Changes in Consumer Prices



Selected Pacific Island Economies

Current Account Balance (Per Cent of GDP)



remained at much the same level as in 1993. The trade surplus was thus lower. The current account surplus shrank to about 5% of GDP, less than half of what it was the year before. The performance of Fiji was better. Its current account showed a surplus of 3.6% of GDP compared with a deficit of about 1% of GDP in 1993. Exports were strong largely as a result of gains in sugar, timber and fish products, while there was a marginal increase in the level of imports. Solomon Islands recorded a small current account surplus, against a deficit in the previous year. Exports remained strong, mainly on account of an unsustainable level of harvesting of saw logs.

Domestic Policies

A number of PIDMCs reassessed their economic policies. Papua New Guinea introduced far-reaching economic reforms to stabilize the economy affected by loss in mineral revenue in Bougainville, natural disaster, subsidies on tree crop exports, the overvalued exchange rate and overdependence on the export of mining products. To bring the fiscal deficit under control, the Government introduced substantial cuts in expenditure in November. Reduction in external aid highlighted the need for structural adjustment and the development of a tradeable goods sector in Marshall Islands and the Federated States of Micronesia. Solomon Islands began to introduce measures to accommodate future reductions in forestry revenues. It plans to reduce its large fiscal deficit through cuts in expenditure, expansion of the revenue base, reduction in the size of the civil service and privatization of government commercial activities.

Generally, small populations dispersed over large areas have led to lopsided public sectors and shortages of qualified personnel in many of the PIDMCs. In Cook Islands, the public sector accounts for more than half the employed workforce and about 60% of government outlays. Fiji, the most heavily populated of the smaller PIDMCs, faces a shortage of professional and skilled labor and deteriorating social services, partly due to heavy emigration since 1987. In Vanuatu, shortage of qualified personnel at virtually all levels in the Government continues to limit its capacity to absorb investment resources provided through external assistance. For the PIDMCs as a group, capacity building and export diversification remain key challenges.

Outlook for 1995

The outlook for the world economy, projected to grow by 2.7% in 1995, will largely depend upon the strength of the expansion in industrial countries. All industrial countries are expected to be in the expansion phase in 1995. As a group, these countries will grow by 2.9%, which will be their strongest economic expansion in nearly a decade. Most individual countries will grow between 2% and 3.5%. Germany and United States are both expected to have a 3% growth. A 1% growth is forecast for Japan.

This is good news for the rest of the world economy. Rapid growth in the industrial countries will bring with it robust international trade, higher commodity prices and improved terms of trade for exporters of primary products. While there is expected to be some increase in interest rates, inflationary pressures are likely to remain low, particularly in view

of low rates of capacity utilization in several industrial countries and high unemployment rates in Europe.

Prospects for the developing economies will depend upon the effectiveness of domestic structural adjustment and macroeconomic policies. In Latin America, the difficulties faced by Mexico early in 1995 point to the importance of maintaining fiscal discipline. However, it is not anticipated that this episode will have a lasting adverse impact on economic growth in Latin America or in other developing regions. Africa will benefit from firmer commodity prices and from structural adjustment and macroeconomic policies. A more peaceful political environment will encourage a more rapid economic growth in West Asia. Among the countries in transition, there are bright spots in the Baltic republics and central Europe, and the stronger performances of western European economies will provide further stimulus. The adjustment process in Russia and many other countries of the former Soviet Union will be affected by problems in establishing a viable legal, regulatory and administrative apparatus.

The outlook for the Bank's DMCs continues to look good. However, there will be some levelling off in growth rates for most countries in the region. On average, the NIEs are expected to have a slight reduction in their growth in 1995. The economies of Southeast Asia will perform at about the same level. The exception will be Cambodia and Philippines, which are expected to continue to improve their performance. Policy reforms will continue to strengthen the South Asian economies, although their performance will lag behind that of the rest of the continent.

The NIEs

Among the NIEs, Hong Kong will gain from a better global environment. A healthier investment climate in PRC should benefit Hong Kong as a facilitator of foreign investment. Its financial services and real estate subsectors will gain in particular. Implementation of major infrastructure projects started in 1994 and continued expansion of the services sector should boost employment, which will benefit the retail sector. Sustained growth is likely to continue.

Singapore is expected to achieve a 9% growth in 1995. Growth in the Republic of Korea will continue to be driven by private consumption, but will move at a slower pace as investment and exports gradually decline. Prospects for Taipei, China in the next few years will largely depend on the extent of recovery in the world economy and on the progress of industrial restructuring under the country's Six-Year National Development Plan. Its GDP is projected to grow by about 7%, slightly higher than in the previous year.

Inflation in Hong Kong is projected to remain at about 8%. A combination of factors like strong economic growth, a firm yen, a stable yuan and a weak US dollar (to which the Hong Kong dollar is linked) will exert the inflationary pressure. The growth of broad money supply is expected to accelerate slightly. In Singapore, a 3% inflation is projected for 1995 following the slight increase in 1994 due to the implementation of the goods and services tax. The Republic of Korea is expected to maintain a nonmonetary stance. The growth of broad money supply is targeted to be held between 12% and 15% through a tightening of domestic credit supply. Inflation is projected to stay at its 1994 level. Inflation in Taipei, China is projected to remain in the 3% to 4% range in



Fish seller at a township market in Thailand, developed under the Shelter Sector Project.



A candle factory in the Philippines, which benefited from the Bank-financed NGO-Microcredit Project.

the next two years.

Hong Kong's trade performance will be affected by PRC's trade growth. The ongoing market reforms in PRC and its improved trade relations with the United States are expected to affect Hong Kong positively. Exports, particularly re-exports, are projected to grow rapidly, but imports will grow even faster because of strong economic performance and infrastructure investments. In Singapore, a slowdown in external trade is forecast for 1995 due to the expected downturn in the electronic products and rising labor costs. In the Republic of Korea, exports are likely to grow steadily in the next year, but import growth is projected to slow down due to lower economic growth and reduced investment demand.

Southeast Asia

Economic growth in Southeast Asia will continue to be spurred by both exports and domestic demand. In most Southeast Asian countries, social overhead capital investment will continue to expand to reduce supply bottlenecks. Malaysia, Thailand and Viet Nam are likely to achieve the most rapid GDP growth of 8.5% or better in the subregion. Foreign investment will continue to be robust in Thailand and manufacturing production will be buoyant.

The Malaysian economy will continue to address infrastructural bottlenecks, maintain anti-inflationary policies and seek a solution to shortage of skilled personnel. Indonesia will maintain its economic growth in the next two years, as export and financial markets are expected to be favorable. An easier monetary policy should stimulate consumer demand and investment. Infrastructure investment will continue to be brisk to accommodate the requirements of economic growth. In the Philippines, sustained progress in policy reforms should lead to higher growth rates. Real GDP growth is forecast to accelerate to about 5% in 1995. However, major infrastructure investments will be required to sustain this growth rate. Both Lao PDR and Viet Nam are expected to experience strong economic growth rates of between 6% and 9% as reforms and foreign investment inflows continue. In Cambodia, economic performance will depend on the success of the Government's efforts at policy reforms and achieving political stability.

A relaxation of monetary policy will result in some pressure on prices in Thailand. Adjustments in fuel prices and salary increases for government employees could also be important inflationary factors. But this could be countered by low fuel and commodity prices, satisfactory growth in agricultural production and the generally low inflation and interest rates in world markets. Inflation is expected to decline in Indonesia and accelerate in Malaysia. In the Philippines, inflationary pressures could be generated as the economy continues to recover strongly. In Cambodia, Lao PDR and Viet Nam, inflation is expected to moderate or remain at about the same levels as in 1994.

Exports from the Southeast Asian countries are expected to continue to grow rapidly in 1995 as demand in major international markets grows further and intraregional trade expands. A 12% to 13% export growth is projected for Indonesia and Viet Nam, while Malaysia, Philippines and Thailand could achieve higher rates. Imports are also forecast to increase rapidly. However, import growth in the Southeast Asian countries will decelerate, except for Indonesia and Viet Nam. Normalization of trade

relations with the United States should boost Viet Nam's imports of capital goods. The current account balances of most Southeast Asian countries are expected to deteriorate in 1995.

South Asia

Economic growth in Bangladesh is expected to increase to 5% in 1995. This, however, is predicated on the assumption that the planting of summer rice will not be delayed by drought in the northwest of the country and that the manufacturing industry will grow on the strength of increased availability of imported inputs and credit for the private sector.

The medium-term outlook for Bhutan is fairly optimistic. The completion of the ferro-silicon plant in late 1994 will boost manufacturing output and help raise GDP growth to 7% in 1995. Exports will continue to be dominated by hydropower, followed by wood products and agricultural produce (and cement in the near future). Manufactured exports are expected to increase when the ferro-silicon and Dungsum cement plants come on stream.

GDP growth in India is also projected at about 6% assuming that the monsoon is normal, the international trade environment remains favorable, the scope and intensity of economic reforms are maintained. Industrial growth is expected to be between 8.5% and 9%, while services are projected to grow between 6% and 7%.

Maldives is expected to sustain growth at between 5% and 6.5% through the remainder of the 1990s despite its difficult macroeconomic environment and the need to restrain further government spending. However, this growth rate assumes that the external environment for two of Maldives' key sectors, tourism and fisheries, will remain favorable. In Nepal, the real GDP is projected to increase by about 3%.

The improved growth prospects for Pakistan will depend heavily on the performance of agriculture, particularly on the recovery of the cotton crop. GDP is forecast to grow by about 5% in 1995. Sri Lanka's economy is forecast to grow by about 6%.

Bangladesh can expect an 11% growth in exports as shipments of readymade garments improve with the easing of supply constraints on imported fabrics. Exports of leather and leather products, frozen shrimps and fertilizers are also expected to grow. Moreover, the recent tax exemption on imported capital machinery for wholly export-oriented industry, and the creation of the Export Assistance Facility to provide matching grants for export products, will further strengthen the export sector.

In India, imports are projected to grow by about 17% in 1995. Exports on the other hand are forecast to grow by 18%. The corresponding forecasts for Sri Lanka are 8% and 10%.

PRC and Mongolia

PRC is likely to maintain its rapid economic growth, though the growth rate would be slightly below 10% for the first time in several years. The industrial sector will slow down, but agriculture will gain from the rising prices of grain products. Monetary policy is likely to be tight to ease inflationary pressures. Inflation will hopefully be stabilized in the second half of 1995. The trade balance should continue to remain in surplus. The trade policy will be more liberal as the Government makes



Engineers monitoring calibration of equipment at the D.G. Khan cement plant in Pakistan. The plant was supported by a Bank loan.



*Pipeline conveying
water for
power generation
under the
Afufilo Hydroelectric
Power Project
in Western Samoa.*

efforts to reenter the GATT.

With marked improvement in macroeconomic management and general adherence to the structural adjustment program targets, the prospects for the Mongolian economy appear much brighter than they had been in the past several years. Real GDP is expected to increase steadily, improving by 3.5% in 1995. If fiscal and monetary restraint is maintained, inflation is likely to be reduced further to 30% in 1995. Exports are expected to perform well and grow by over 7.5% in 1995. With higher investment demand, imports are likely to grow by over 11%. The current account deficit will continue to increase as a percentage of GDP, reaching over 10% in 1995.

Central Asian Republics

Under the IMF-supported programs, growth in output in both Kazakhstan and the Kyrgyz Republic will recover gradually over the next year. The countries are expected to achieve positive GDP growth between 1996 and 1997. Inflation will remain high in 1995, but concerted efforts at restraining monetary growth and a tighter fiscal policy should bring inflation down to a more manageable level over the next two to three years. With increased trade with countries outside the former Soviet Union and steady increases in savings and investment, including foreign direct investment, the balance-of-payments and current account deficit are expected to improve.

Pacific Island DMCs

The outlook for the Pacific island DMCs will depend to a large extent on external factors as well as government policies, particularly fiscal and monetary policies. Tourism may increase as economic expansion picks up in the industrial countries. In Papua New Guinea, GDP is expected to decline by nearly 4% because of a lower contribution of public services to GDP and a contraction in mining and petroleum output. The outlook for Fiji remains positive though the growth rate is likely to decelerate slightly as changes in the international environment may affect sugar exports. Positive, though slightly lower, growth rates are also expected in Cook Islands, Solomon Islands and Tonga. Tonga will benefit from further increases in output of squash, vanilla and fish as well as increased tourist arrivals and buoyant construction activity. Further declines in GDP growth are expected in Marshall Islands and Western Samoa, where the need for tighter fiscal and monetary policies to contain inflation and reduce the fiscal deficit will become unavoidable. In Tuvalu and Vanuatu, growth is projected to remain at about the same level as in 1994.

More prudent fiscal and monetary policies are expected to lower inflation in Western Samoa. Fiji can expect to contain inflation at about the 1994 level because of its restraint in money supply growth. An improvement is expected in the external accounts of both Fiji and Papua New Guinea. For Papua New Guinea, export receipts are expected to be much the same as in 1994 while imports will decline slightly as a result of increased customs duties, the lower level of economic activity and the depreciation of the kina. An increase in services receipts, especially from tourism, is expected to improve Fiji's current account balance. In Tonga, the current account deficit is forecast to double as a percentage of GDP on account of a large increase in imports.

Operational Priorities and Policies

THE development objectives and thematic priorities discussed in this chapter reflect the Bank's growing preoccupation with social sectors while retaining its emphasis on integrated, growth-oriented projects.

While the Bank recognizes that economic growth remains essential to the region's development, it is aware of the many socioeconomic and environmental problems the region continues to face.

Income and quality-of-life gaps between men and women, between and within urban and rural populations, between landowners and the landless, and between the employed and the unemployed continue to be substantial and to widen in many parts of the region. Of the more than 1 billion poor people in the developing world, between 700 million and 800 million are in Asia. About 500 million of them live in absolute poverty.

Poverty, high population growth and rapid rates of industrialization and urbanization have aggravated environmental degradation. Such degradation includes deforestation, related soil erosion, desertification, loss of biodiversity, global warming, toxic and hazardous wastes, and urban pollution. The policy of the Bank is to confront the issues of poverty, population growth and environmental protection while helping DMCs promote economic growth.

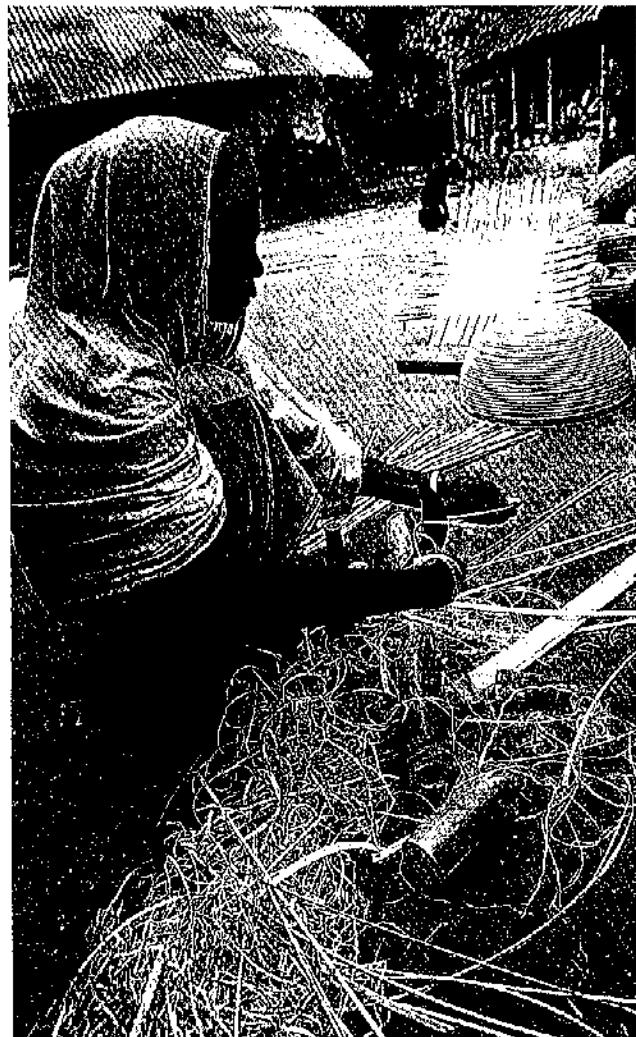
Future Direction and Operational Agenda

The Bank's Medium-Term Strategic Framework (1995-1998) sets out an expanded role and operational agenda for the Bank over the medium term. Instead of merely financing projects, the Bank will offer its borrowing member countries an integrated package of development services, linking project financing with policy review, capacity building and regional cooperation. This realignment of position is considered appropriate in the context of the changing roles of governments and the private sector in DMCs.

Increasingly, DMC governments perceive themselves less as principal providers of development finance and more as catalysts, promoters and regulators of development. Correspondingly, the private sector is being encouraged to play a bigger role. However, governments continue to be responsible for creating conditions conducive to the development of the private sector.

The realignment of the Bank's role is also prompted by the evidence that the impacts of development investments are, in large measure, contingent on the quality of the policy framework and the capacity of governments to implement and manage these investments.

The Bank will support governments in their efforts to create conditions necessary for private sector-led development. It will continue to finance development projects, particularly in the physical and social infrastructure sectors. In addition, there will be a growing emphasis on



The Rural Women Employment Creation Project has provided women in Bangladesh with new livelihood opportunities.



Sempur Dam in Indonesia, one of the earliest projects in that country to receive Bank assistance.

strengthening policy and capacity frameworks in key sectors.

In the area of regional cooperation, the Bank will work to promote interaction among the economies of the region. This interaction will potentially cover facilitation of trade and investment, coordination of macroeconomic policies, mutual recognition of technical standards, complementary environmental policies and cooperation in the management of common natural resources. Bank activities in this regard are described in greater detail in a separate chapter.

Country Focus

In implementing its strategic priorities, the Bank will sharpen its country focus. The Bank is aware that considerable differences exist among DMCs in terms of their levels of development, needs, constraints and priorities. Even within individual countries, different sectors and geographic areas may differ considerably in the type of assistance required to foster development. By placing their needs at the center of all its operations, the Bank should be able to strengthen its partnership with its DMCs. This should further improve project performance.

The country approach requires the Bank's departments and offices to better coordinate their activities, so that Bank operations result in a balanced portfolio of lending and technical assistance over the medium term. Country operational strategy studies and country operational programs reflect these efforts and guide Bank operations accordingly. They seek to identify the Bank's distinctive role in each DMC. Country operational programs are now prepared in line with planning directions issued by the President every year, and reinforce the strategic directions of Bank operations in the DMCs. They provide for an appropriate mix of growth, social and environmental projects.

Growth Projects

Economic growth is necessary for the improvement of the region's income levels and living standards. This requires a mix of public sector investment in physical infrastructure and human resources, private sector initiative, appropriate macroeconomic and sector policies, and protection of the environment.

The Bank assists DMCs in eliminating physical infrastructure bottlenecks (particularly in power, transportation, water supply and communications), which can hinder growth. It finances public investment in power generation and distribution and fosters private involvement in power projects, such as the Theun-Hinboun Hydropower Project in Lao PDR. It also supports policy reforms aimed at transforming power utilities into financially viable autonomous entities. In road transportation, the emphasis is on completing missing links (such as the Jamuna Bridge in Bangladesh and the Sukkur Bridge in Pakistan), on cost recovery when feasible and on the maintenance and upgrading of the existing infrastructure. Railway modernization has been supported in Bangladesh through the Railway Recovery Program loan.

The Bank supports private sector involvement in growth projects. It seeks to develop the private sector directly through equity investments and loans and indirectly by providing lines of credit through financial

institutions and supporting policy reforms. Market-oriented reforms are promoted through specific covenants at the project level and through program loans.

Social infrastructure and human resource development are a significant component of the Bank's operations in support of economic growth. Skilled, capable and healthy human resources are necessary for productivity growth and the absorption of new technology. Bank activities in this area are described in the following sections on Social Dimensions and Social Infrastructure. Several Bank projects primarily aimed at promoting economic growth have significant social or environmental implications, such as the irrigation management activities in Indonesia, Nepal and Pakistan, or the Yunnan-Simao Forestation Project in PRC.

A classification of Bank projects by overall objective is presented in the accompanying table.

Social Dimensions

Two factors have spurred the Bank into paying greater attention to the social dimensions of development. First is the fact that, despite the relatively rapid economic growth in the Bank's region as a whole, poverty persists in many of its DMCs. Second is an awareness that the participation by people is essential for sustained economic growth. There is increasing recognition that people should be at the center of development, and development should be for all people.

The Bank's social concerns have been incorporated in its operations through a range of policies, guidelines and instructions to staff. Following the publication of the Bank's *Guidelines for Incorporation of Social Dimensions in Bank Operations* in 1993, a *Handbook for Incorporation of Social Dimensions in Projects* was published in 1994 for the guidance of Bank staff, staff of executing agencies and consultants.

Four specific but closely interrelated social dimensions have been identified in this respect: poverty reduction, women in development, human resource development (including population planning), and protection of vulnerable groups from adverse effects of development interventions.

Poverty Reduction: Poverty reduction remains the most formidable development challenge facing DMCs and the Bank. The Bank's response is to fund projects that create employment and generate income; encourage policies pertinent to employment and income generation; and expand the access of the poor to health, family planning,

CLASSIFICATION OF PROJECTS BY OBJECTIVE, 1991-1994^a (by number)

Classification	1991		1992		1993		1994		1991-1994	
	No.	%	No.	%	No.	%	No.	%	No.	%
Traditional Growth Projects	32	51	28	44	32	49	26	55	118	49
Social Projects	12	19	17	27	22	34	10	21	61	26
Poverty Reduction	2	3	5	8	4	6	—	—	11	5
Human Resource Development	10	16	12	19	17	26	9	19	48	20
Women in Development	—	—	—	—	1	2	1	2	2	1
Environment Projects	3	5	5	8	3	5	1	2	12	5
Growth-Oriented Projects	16	25	14	22	8	12	10	21	48	20
Total	63	100	64	100	65	100	47	100	239	100

^a Excludes private sector loans/equity.

Addressing the Poverty Problem

TWO examples of how Bank projects help reduce poverty, directly or indirectly:

Philippines: Fisheries Sector Program: In 1989, the Bank approved loans totalling \$80 million for the Fisheries Sector Program in the Philippines. The program also generated \$80 million equivalent in co-financing from Japan's Overseas Economic Cooperation Fund. The purpose of the program was to assist the Government in undertaking policy and institutional reforms in the fisheries sector.

The program has brought about a variety of policy reforms designed to ensure a sustainable development of marine resources. Bills have been filed in the National Congress to enact a Fisheries Code. In addition to actual work to improve coastal resources — coral reefs, mangrove forests and coastal shelves — the program has increased awareness at all levels of the importance of conservation, resource management and responsible development.

The program has improved incomes and living standards of individuals in poor fishing communities. Preliminary evaluation

indicated that average fish catch in coastal areas increased from 3.5 kg per day in 1991 to 10-15 kg per day in 1994. Fish pond production increased from 1 mt per ha in 1990 to 1.5 mt per ha in 1994.

The program will end in 1995. To follow up on the program's achievements, the Bank approved a technical assistance project in 1994 that will again review the fisheries sector, undertake a policy and institutional study, and initiate further feasibility studies for subprojects.

Nepal: Microcredit Project

Enhancing Women's Role in Indonesia

IN LATE 1993, the Bank approved a technical assistance grant for institutional strengthening of Indonesia's State Ministry for the Role of Women. The ministry is responsible for preparing and formulating overall government policies and plans to enhance the role of women in development. It coordinates all sectoral policies and activities for this purpose.

The objectives of the assistance are to strengthen the ministry's capacity to mainstream women's concerns in all sectoral policies, plans and programs. The project will assist in the development of a medium-term strategic plan in the context of national development plans. Also, an action program to address women's issues will be developed.

education and other services. Poverty reduction projects are directed specifically at small farmers, landless laborers, marginal fisherfolk, upland communities, and the urban and rural poor.

Bank loans and technical assistance address the poverty problem in a variety of ways. Virtually every Bank project has a poverty reduction element, directly or indirectly. Projects in areas such as agriculture, rural development and social infrastructure address the problem directly through the creation of new economic opportunities and the improvement of social and infrastructure services. The Fisheries Sector Program in the Philippines is an example of such projects (see box). Projects that provide credit to microenterprises also help reduce poverty, as the Microcredit Project for Women in Nepal shows.

Women in Development: The Bank is actively involved in promoting policies and projects that help women enhance their economic and social status, expand their contribution to the economy and share the rewards of development as equal partners. Despite the region's rapid economic development, inequalities faced by women sometimes remain marked. In some countries, for example, literacy rates among women are below 20%. In many countries, women have lower social, economic and political status.

The Bank's policy is to integrate gender considerations into all aspects of its operations. Gender analysis is now part of country operational strategies and programs. Accordingly, women-in-development country profiles are regularly prepared. Concerns about women were addressed specifically in the country operational strategy study for Indonesia prepared during the year. A number of ongoing projects provide microcredit for women, support female education and offer family planning and health services for women. The Women's Health and Safe Motherhood Project in the Philippines, approved in 1994, is targeted at women exclusively.

Technical assistance approvals in 1994 included a regional technical

for Women: The project was approved in June 1993. The Bank provided a loan of \$5 million and co-financing of \$2 million was arranged from the Government of Norway.

The project is intended to improve the socioeconomic status of women through social preparation and skills training, provision of microcredit and institutional support to non-governmental organizations (NGOs). Specifically, it aims to improve income and employment for poor women in selected rural areas. As a pilot program, the project seeks to

develop alternative mechanisms for the delivery and recovery of micro-level credit for women that can be introduced in other areas.

Under the project, women's groups will be formed, through which training for social preparation and skills development can be provided. With training and new skills, women will be able to gain new remunerative employment or start their own small-scale enterprises. Credit will be provided to women who have received appropriate skills training for activities such as agricultural production and running small businesses.

NGOs will be strengthened so that they can act as effective financial intermediaries in the provision and supervision of credit.

It is expected that about 20,000 women will benefit from the skills training and microcredit components of the project. The project is expected to have a direct impact on the development of effective systems to promote coordinated public and private sector services. These, in turn, will boost agricultural production and promote cottage and agro-industries, reducing poverty and increasing self-reliance.

assistance project to examine how well women-in-development and poverty reduction concerns are addressed in Bank-financed projects. Another project is designed to address these issues through human resource development.

Human Resource Development: The Bank recognizes that investment in human resources, including population planning, is a vital part of development. The Bank believes that if services and facilities in the health and population, education, water supply and sanitation, and urban and rural development areas are upgraded, skills, living standards and the quality of life of people will improve. This will help expand individuals' contributions toward sustained economic growth.

Human resource development was a major focus of the Bank's 1994 lending for social projects. Of ten social sector loans approved during the year, nine reflected a direct concern for human resource development. Specific activities in this respect are discussed in the section on Social Infrastructure.

Protection of Vulnerable Groups: Vulnerable groups include children, indigenous and tribal people, ethnic minorities, illegal settlers and squatters, disabled persons, new and old immigrants, and people at the bottom of the socioeconomic ladder. Usually poor, such people are unable to absorb the economic, environmental and social shocks that development may entail. It may often be necessary to provide social safety nets and compensation mechanisms to protect vulnerable groups from such shocks.

The Bank pays special attention to needs of vulnerable groups affected by development projects. The objective of its involuntary resettlement policy is to ensure that people displaced by a development intervention also receive social and economic benefits from projects. For indigenous and tribal people, such benefits should also be compatible to their culture.

Social Infrastructure

In view of the Bank's increased emphasis on social sectors, a new pipeline of projects was put together during the year to better respond to social goals and policies. The pipeline, extending over the next two to three years, includes projects in Cambodia, Indonesia, Kazakhstan, Mongolia, Pakistan, Philippines, Sri Lanka and Thailand. These projects will seek to improve basic, secondary and higher education, rehabilitate basic skills, strengthen technical and vocational training, develop science and technology personnel, and support population planning.

In achieving its social sector goals, the Bank takes note of the specific socioeconomic conditions of a DMC and draws on its accumulated experience. The objectives are (i) to sustain long-term growth and productivity, (ii) to make selective interventions to induce development, and (iii) to provide security and welfare for vulnerable groups.

Institutional development and capacity building are regarded as particularly important to achieving social sector goals. As the Financing of Social Services project in Viet Nam shows, the Bank is also concerned about ensuring the financial viability of social sector policies and projects. Among other projects that reflect such concerns are those for the institutional strengthening of the State Education Commission in PRC and for human resource development in the health sector in Papua New Guinea. Regional cooperation and the sharing of experiences among DMCs have been identified as an effective way to transfer capacity-building know-how.

The Bank's objectives with regard to specific social subsectors are as follows:

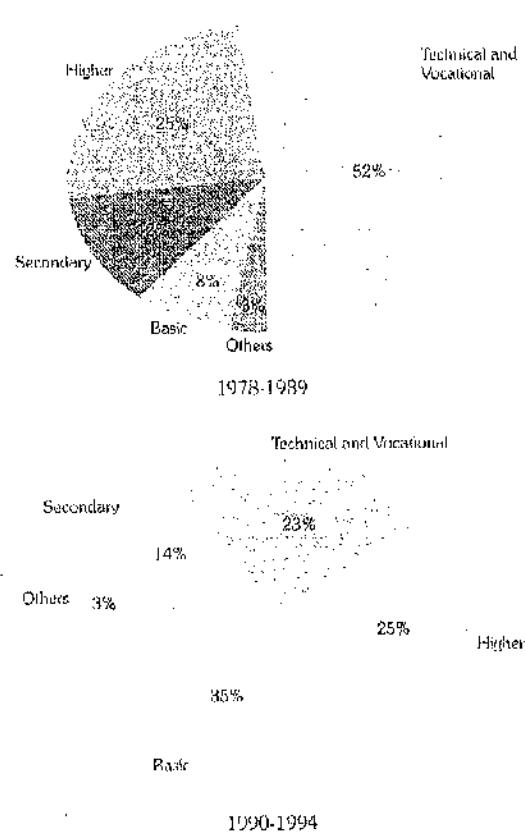
Education: The Bank not only supports physical expansion of and equitable access to educational services, but also seeks to improve their quality and relevance. Primary and nonformal education is increasingly emphasized to boost literacy and women's education. The focus is more on institutional and curriculum development than on physical facilities. To achieve these ends, the strengthening of DMC institutions in sectoral analysis, planning and management of education is emphasized. The education master plan developed with Bank support in Mongolia, the sector resource study undertaken in Papua New Guinea and the regional study on secondary education reflect the Bank's strategic considerations. Two technical assistance grants were provided to PRC for capacity building and human resource development.

The regional study on secondary education highlighted the importance of policy analysis. It identified a number of issues related to financing, quality, access and efficiency. A consultative seminar was held, involving 13 countries, to apprise educational policymakers in DMCs of these issues.

Health and Population: The Bank's main objective in the health and population subsector is to improve the equity, accessibility, quality and efficiency of primary health care as well as referral and family planning services, particularly in remote rural areas. Bank assistance is largely concentrated on preventive and primary health services; safe motherhood and women's health; control of communicable diseases; and integration of health activities into a larger package of services promoting family planning, nutrition and community development.

A population policy was approved in July, setting out the directions of the Bank's activities in this area. The policy endorses a three-pronged

The Changing Scenario Bank Lending for Education Sector



strategy for the Bank. First, assistance will be provided to reduce gender disparities in school enrolment, since educated women are the most persistent advocates of small family. Second, attention will be paid to safeguarding women's reproductive health, since safe pregnancy and childbirth are seen as precursors to fertility decline. Third, efforts will be supported to make access to family planning services equitable. The Bank's policy was presented at the International Conference on Population and Development held in Cairo during the year.

The technical assistance provided to Cambodia to prepare a project to improve basic health services reflects some of the Bank's concerns in this subsector. Sector work, loan projects and technical assistance grants approved in 1994 emphasized the importance of women's health, supply of essential drugs, early childhood development, reproductive health care and health financing. Signifying its commitment to improving health services for children and young mothers, the Bank approved the Women's Health and Safe Motherhood Project in the Philippines, its first project solely supporting the health and well-being of women. The Population and Family Planning Project in Papua New Guinea represented the Bank's increasing involvement in the area of population. Regional technical assistance covered such broad themes as health reform and the role of the private sector in providing health services.

Water Supply and Sanitation: The Bank favors an integrated approach to the use and conservation of water resources for human consumption. The major goals of this subsector are to provide for adequate, reliable and safe supply of potable water and for effective sanitation facilities and wastewater disposal. These objectives stem from the need to safeguard public health, reduce poverty, develop human resources and enhance the quality of the environment. The two projects approved during the year – Dalian Water Supply Project for PRC (see box) and Chonburi Water Supply Project in Thailand – reflected these objectives.

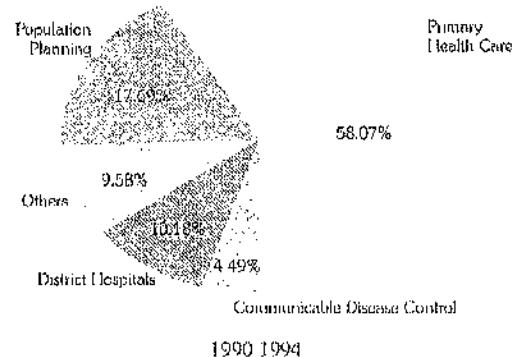
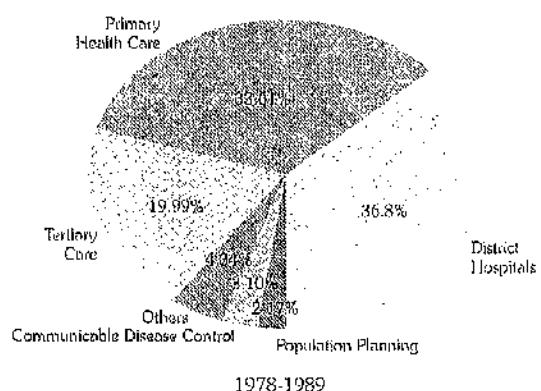
Recently, the Bank convened a regional consultation on managing water resources to meet the needs of megacities. Since water requirements in megacities exceed available resources, it was felt desirable to adopt a comprehensive management plan based on a river basin unit.

The consultation called for increased efforts to assess the economic and financial costs of managing water demand. While economic costs should include environmental and opportunity costs, investment cost analyses should include both public and private expenditure. It was suggested that future demand should be met through reduction of water losses, demand management, reallocation of use, reuse of wastewater and development of new sources. Governments were asked to make clear statements on tariffs. Water utilities were advised to operate as commercial entities.

Urban Development and Housing: Many of the Bank's DMCs are experiencing the problem of rapid urbanization, a result of their dynamic economic growth. In some cases, the rate of urban growth, and hence the demand for services, is outstripping the capacity of existing infrastructure and the ability of municipal authorities to improve facilities. In addition to developing the physical infrastructure to meet basic needs, improve living conditions and protect the environment, the Bank places considerable importance on enhancing urban areas' contribution to economic growth. This is sought to be achieved by strengthening national and local government agencies responsible for urban planning and

The Changing Scenario

Bank Lending for Health and Population Sector



Dalian Water Supply Project

SEVERE water shortages have affected Dalian City in PRC's Liaoning province, marked as an export-oriented growth area, as a result of rapid increases in population and industrial establishments. Normal residential demand cannot be met and service interruptions occur for extended periods. Because of low pressure in some areas of the city, the district heating system cannot function properly during winter. Use of polluted surface water from the Dalian River overloads the water treatment plants, contaminating treated water and posing a danger to public health. Groundwater suffers from overuse, which

triggers the intrusion of polluted surface water and seawater.

The Dalian Water Supply Project, approved by the Bank in 1994, will help to improve water supply for both the current population and for an estimated additional 400,000 residents by the year 2000. A total of 2.2 million residents will receive 24-hour supply of good quality water. In addition, industries will be able to expand production, reduce their use of scarce groundwater and lower their production costs. The threat to public health will be largely eliminated. Further, an estimated one million users in nearby rural towns will receive increased raw water supplies. Additionally, more

water will be available for agricultural production. Living conditions of residents will improve. Women and children will be spared a great deal of the inconvenience now faced in obtaining and storing water. As a result of increased industrial activity, economic development of the Dalian area will be accelerated.

The project, which is the Bank's first in PRC's water supply subsector, will also help improve the overall management of water sources in the area, reduce leakage and wastage, strengthen conservation measures, recover operation and maintenance costs, and finance replacement costs.

management. The Bank supports measures to expand revenue generation through the introduction of cost-recovery mechanisms, a broadening of the tax base, fees and consumer charges, and improving collection efficiency. The private sector is encouraged to invest in urban infrastructure and the contracting-out of public services is supported.

Environmental Priorities and Policies

The goal of the Bank's environment program is to promote environmentally sound and sustainable development in its DMCs. The immediate objectives are to increase the share of environmental projects in Bank operations, minimize any likely adverse environmental impacts arising from its projects and programs, and establish mechanisms to make development sustainable over the long term.

The Bank expects that environmental impact assessment (EIA) reports prepared by its DMCs are of a high quality. Under its new policy on disclosure of information, the Bank will ensure that summary EIAs and initial environmental examination reports on sensitive projects are made available to interested parties on request. Comments from concerned groups will be given adequate attention. Where appropriate, these will be incorporated into project design.

Finding financial resources for environmental investment projects is a major Bank concern. Such projects are intended to help prevent pollution and the degradation of natural resources. The Bank will formulate action programs to raise public awareness and build up the environmental management capacity of its DMCs. Institutional, legal and regulatory frameworks will be further reviewed, developed and strengthened to promote programs to prevent or control pollution.

In the area of capacity building, the focus will be on improving environmental planning and management, policy analysis and formulation, and the preparation, implementation and monitoring of environmental aspects of projects.

Two policy issues will receive increasing attention from the Bank. First, pollution prevention will be adopted as the major approach to arresting environmental degradation. Second, an integrated regional development planning approach will be taken in identifying potential projects and programs. Such an approach will take account of environmental parameters right from the very beginning.

Country operations will be made more focused and analytical. Country operational strategy studies will be prepared at greater depth to make assistance to DMCs more effective. Environmental inputs will be provided in support of the policy, capacity-building and regional cooperation agenda of the Bank in respect of its DMCs.

The Bank will also promote cooperation with regional, international and non-governmental organizations (NGOs), including the media, to promote its environmental interest. Common concerns of DMCs in implementing national programs under the global environmental action plan, known as Agenda 21, will continue to be addressed.

Cooperation with NGOs

In line with the social orientation embodied in its strategic objectives, the Bank emphasizes cooperation with NGOs in its operational activities. Many of its poverty reduction, human resource development and women in-development activities have included direct NGO involvement.

The Bank believes that, having direct knowledge of local communities, NGOs can share expertise with the Bank and with governments in identifying, preparing, implementing, monitoring and evaluating projects. They can be particularly useful in identifying and avoiding potential problems.

Project and policy consultations between NGOs and the Bank are an important feature of the Bank's annual meetings. During the year, NGO inputs were sought in the development of a number of sector and operational policy papers. A review of the Bank's cooperation with NGOs was undertaken to update its overall policy in this regard. Work continued on the development of a database on NGOs in the region, with more than 2,000 NGOs already included in the Bank's roster.

Improving Project Quality

The in-house Task Force on Improving Project Quality, set up in 1993, submitted its report to the President in January. Three major themes ran through the report's findings and recommendations.

The first theme was that the Bank needed to pay greater attention to local needs, demands, absorptive capacity and project preparation and implementation. It also meant that the Bank should strengthen the country focus of its operations. Links between economic and sector work, programming and project design should be improved and lessons learnt from its experience over the medium term should be incorporated.

The second theme was that the Bank needed to pay greater atten-



This farmer in the Philippines bought these cows with money he received under the Bank-funded Small Farmers Credit Project. He uses the cows for a variety of purposes, from ploughing land to carrying goods to market.



A clinic in Malaysia which benefited from the Bank-funded Health Services Development (Sector) Project

tion to the development of institutional capacity in its DMCs and to foster their commitment to Bank assisted projects. This meant that the Bank needed to develop stronger and longer-term programs in DMCs and involve DMC officials and beneficiaries at all stages of the project cycle.

The third theme was that there should be more accountability within the Bank for ensuring project quality. This meant that project implementation should in future be given the same priority as project processing, that Bank systems and procedures should be more decentralized to allow for greater flexibility and initiative, and that feedback on the lessons of past experience should be better utilized in the design and implementation of projects and programs.

The key recommendations of the report were drawn together in an action plan. While some recommendations required further study, others were implemented during the year. Specifically, a preliminary project brief was introduced to encourage greater attention to macroeconomic and sectoral aspects of projects. A new normative project processing period was adopted to enhance quality. Greater emphasis was placed on the use of the logical project framework. The format of a project administration memorandum was designed to clarify the respective roles of the Bank, governments and beneficiaries during project implementation. In cooperation and consultation with DMC governments, a review was undertaken of country portfolios to restructure certain projects for the sake of cost-efficiency or weed out poorly-performing ones. The exercise helped identify remedial actions that the Bank and DMC executing agencies could take to improve the implementation of poorly performing projects. The framework of an annual performance evaluation program was also prepared. This will bring together activities throughout the Bank related to project performance, and will form the basis for better integration of lessons learned into future operational activities.

A number of working groups were set up during the year to examine such matters as the possibility of delegating more project implementation responsibility to resident offices; to review the Bank's business practices for the sake of greater efficiency and accountability; and to expand project completion reports to provide for initial assessments of project impact. An internal reorganization of the Bank, effective from January 1995, will enhance the country focus of its activities.

A workshop on improving project quality was held in November, with representatives of almost all the Bank's borrowing countries attending. The workshop provided an opportunity for the DMCs to discuss the implementation of the Task Force report, and resulted in an agenda for action.

The agenda complements the Bank's own action plan and in many respects mirrors the Task Force findings. An important overall theme that emerged from the workshop is the need for greater support from the Bank to expand DMCs' capacity for economic and sector work as well as for project formulation, implementation and evaluation.

Support for Capacity Building

The Bank has identified capacity building for development management as an operating objective directly linked to achieving economic growth, reducing poverty, improving the status of women, developing human resources and protecting the environment.

During 1994, a substantial portion of the Bank's advisory technical assistance effort was devoted solely to building capacity in DMCs. Several loans also had similar components. An example was the capacity building project in the water resources subsector in Indonesia. In the Pacific island DMCs, capacity building is at the center of Bank operations. Legal workshops were organized in Kathmandu, Phnom Penh, Vientiane, Port Vila, Hanoi and Beijing as part of the Bank's 'Law and Development' activities. The subjects discussed at these workshops included privatization, banking law, negotiation of international contracts and legal training.

In general, the Bank's capacity-building support to DMCs will be focused on three broad areas: (i) capacity for policy analysis, formulation and impact assessment; (ii) public sector reform and the strengthening of public administration; and (iii) government capacity to create an environment conducive to the private sector.

Participatory Approach to Development

The report of the Task Force on Improving Project Quality underscored the need to enhance the sense of 'ownership' of projects on the part of DMCs and beneficiaries. The Bank realizes that their roles in programming, planning and implementing projects can have a major impact on the quality, impact and sustainability of these interventions. The Bank particularly recognizes the role of local consultative groups.

Under the guidelines for incorporation of social dimensions in Bank operations, social analyses are undertaken during the preparation and implementation of projects, and participatory development processes are incorporated. Several loans and technical assistance projects reflect this participatory approach, such as the Khulna-Jessore Drainage Rehabilitation Project in Bangladesh, the Irrigation Management Transfer Project in Nepal, the Applications for Strengthening Community and Local Government Participation Project in the Philippines and the Third Livestock Development Project in Nepal.

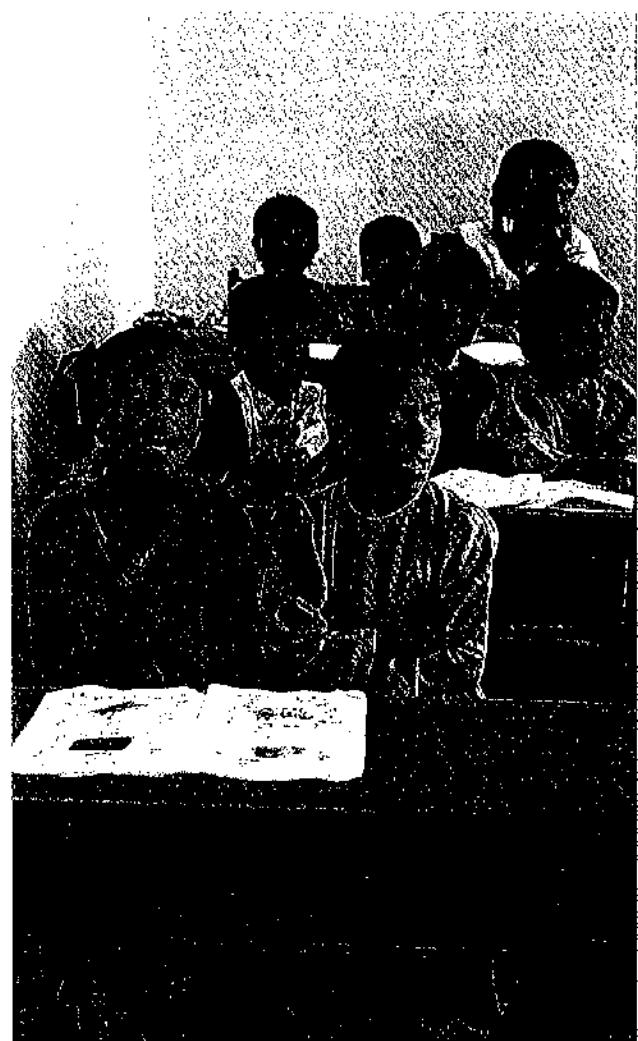
A staff workshop on the incorporation of participatory approaches into Bank operations was held in November.

Aid Coordination

The Bank cooperates actively with multilateral and bilateral aid agencies to ensure that scarce development resources are used in a coordinated manner. During 1994, it worked closely with major donors to promote macroeconomic stabilization in DMCs like Kazakhstan, Kyrgyz Republic, Mongolia and Solomon Islands. Reports and programming documents are shared in respect of a variety of sectors, including agriculture, education, energy, industry, transport and communications, and urban development.

The 16th ADB-World Bank coordination meeting was held in May in conjunction with the Bank's 27th Annual Meeting in Nice, France. In October, the President attended the meeting of the Development Committee and heads of multilateral financial institutions in Madrid in connection with the meetings of the World Bank and IMF.

In addition, the Bank participated during the year in donor and



The Bank has provided a \$64.2 million loan to improve primary education for girls in Pakistan.



A stuffed toy factory in Sri Lanka, which benefited from a Bank subloan under the Small and Medium Industries Project.

consultative group meetings on Bangladesh, India, Indonesia, Kazakhstan, Kyrgyz Republic, Lao PDR, Maldives, Mongolia, Pakistan and Papua New Guinea. The Bank organized an informal meeting of donors to discuss preparations for consultative group meetings for Marshall Islands and Republic of Micronesia.

The Bank was requested by the Government of Cambodia to play the lead coordinating role in the country's energy sector and organize donor coordination meetings in the agriculture, education and transport sectors. Coordination meetings on these sectors were held in Phnom Penh, the Cambodian capital, from October through December. The Bank also assisted the Government in preparing for the meeting of the International Committee on the Reconstruction of Cambodia in March 1995.

The Bank also plays the lead coordinating role in Viet Nam's agriculture sector.

Operations

Project Approvals

T

HE TOTAL volume of Bank operations (lending and equity investments) during the year amounted to \$3,737 million for 62 projects, a 29% decline from \$5,254 million in 1993¹.

Total lending to both public and private sectors amounted to \$3,687 million, against last year's level of \$5,231 million, reflecting a decrease of about 29.5%. Loans from ordinary capital resources (OCR) declined 36% to \$2,510 million. Those from the concessionary Asian Development Fund (ADF) declined 9% to \$1,177 million.

Of the total lending, government and government-guaranteed loans accounted for \$3,679 million, comprising \$2,502 million from OCR and \$1,177 million from ADF.

In the private sector, one direct loan amounting to \$7.5 million was approved without government guarantee.

In addition, the Bank approved 14 equity investments in the private

LENDING AND INVESTMENT MODALITIES, 1993 AND 1994

	1993	1994		
	Number of Projects	Amount (\$ million)	Number of Projects	Amount (\$ million)
LENDING				
Project Loans	52	4,121.8	35	2,508.3
Program Loans	2	50.6	2	160.0
Sector Loans	4	585.2	6	810.0
Credit Lines	4	258.0	2	100.7
Special Assistance	-	-	2	100.0
Detailed Engineering (TA) Loans	4	24.6	-	-
Private Sector Loans without Government Guarantee	11	191.1	1	7.5
Total Lending	77	5,231.8	48	3,686.5
INVESTMENT				
Direct Investment	9	22.7	14	50.9

¹ The 1993 figure was adjusted due to the withdrawal by the borrower of the \$50 million loan for the Thai Petroleum Pipeline Co. Ltd. project.

BANK OPERATIONS

	Volume (\$ million)		
	1993	1994	% change
OCR	3,934	2,510	-36.2
ADF	1,297	1,177	-9.2
Total Lending	5,231	3,687	-29.5
Equity Investments/ Underwriting*	23	50.9	121.3
Total	5,254	3,737	-28.9

* Including supplementary investment.

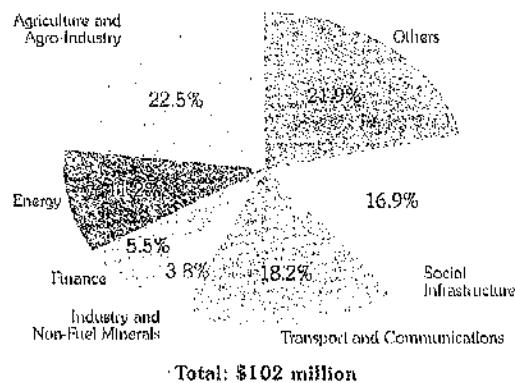
Classification of Country Groups

UNDER the Bank's general classification, Group A countries are those with a per capita GNP of less than \$610 in 1990. Twenty-three DMCs have been classified as Group A. These include eight Pacific island DMCs with a per capita GNP higher than \$610 in 1990. They have been classified as Group A because of their special economic circumstances.

Group B includes Indonesia with a 1990 per capita GNP of \$550 and three countries with per capita GNP in the range of \$760 and \$1,420. Kazakhstan, with a per capita GNP of \$1,680 in 1992, has also been classified as Group B.

Group C DMCs had per capita GNP of \$1,770 or more in 1990.

Technical Assistance by Sector: 1994*



* Excludes technical assistance loans, which are included in loan data and regional activities.

Distribution of Technical Assistance Grants and Loans

COUNTRY-specific grants to DMCs accounted for \$102 million of the total grant assistance in 1994, an increase of 1% from 1993 (for sectoral breakdown, see Table 34 in the Statistical Annex). Group A (low-income) DMCs received 77% of the country-specific grants (79% in 1993). PRC was the major recipient. Group B (middle-income) DMCs received 20% (18% in 1993), Indonesia being the major recipient. Group C (higher-income) DMCs accounted for the remaining 3% (3% in 1993). For an explanation of country classification, see page 69.

Of the technical assistance loans of \$195 million, 94% was provided for advisory and project implementation purposes and 6% for project preparation. Group A DMCs received about 31% of the total technical assistance loans (51% in 1993), Group B DMCs 69% (48% in 1993) and Group C DMCs none (1% in 1993).

sector amounting to \$50.9 million.

By the end of 1994, the Bank had approved public and private sector loans for 1,223 projects in 34 developing member countries (DMCs). The Bank's equity operations, which began in 1983, reached a cumulative total of \$290 million in direct investments and underwriting commitments.

Technical Assistance

During 1994, the Bank provided technical assistance grants for 291 projects, amounting to \$129 million (an increase of 6% from 1993). The amount included \$27 million for regional activities. Technical assistance components of loans amounted to \$195 million (a decrease of 51% from a year ago).

Twenty-nine of the Bank's 1994 loans, involving an amount of \$2,238 million, resulted from earlier technical assistance projects. Of this, \$1,843 million was from OCR and \$390 million from ADF.

The Bank's technical assistance is financed through grants, or loans, or a combination of both. Grants are funded from voluntary contributions to the Technical Assistance Special Fund (TASF) by both developed and developing member countries, regularized allocation to TASF from ADF VI, TASF income, reflows from reimbursable technical assistance, annual transfer of OCR net income to TASF where necessary, annual contributions received from the Japan Special Fund (JSF) and grants from multilateral and bilateral sources (under co-financing and exclusive financing arrangements). The latter include the United Nations Development Programme (UNDP) and the governments of Australia, Denmark, Finland, France, Netherlands, Norway, Sweden and Switzerland.

The Government of Japan made its seventh-year contribution to the JSF in 1994 amounting to a total of ¥9.87 billion (\$100.1 million). This included a supplementary amount of ¥2.268 billion, which was allocated to support activities related to environmental protection (¥1.3 billion), women in development (¥250 million), promotion of the private sector (¥693 million) and seminars and symposia (¥24.916 million).

During the year, the governments of Australia and France made further contributions to finance mutually agreed technical assistance projects. Australia committed A\$200,000 for the 1994/1995 financial year, while France offered FF30 million per year for 1994 and 1995. The contributions were made available as untied grants, with the Bank acting as administrator of the funds.

In addition, Switzerland agreed to utilize the remaining balances identified under Swiss grants I, II and III amounting to approximately \$980,000. This amount, which also included some savings from investments earned thereon, was aimed at financing Phase II of the Regional Community Forestry Training Center in Bangkok.

The Global Environment Facility, through UNDP, agreed to provide \$8.1 million to finance a study for a least-cost greenhouse gas abatement strategy for Asia, under a regional technical assistance project approved by the Bank in August 1994.

The other bilateral donors, such as Denmark, Finland, Netherlands, Norway and Sweden, continued to provide untied grant assistance covering either stand-alone technical assistance projects or soft components (training or institutional strengthening) included in the Bank loans.

Of the \$27 million approved for regional projects, 50% was used for studies and workshops, 20% for training, 16% for research, 10% for conferences and seminars, and 4% for other activities.

Review of Operations

Lending in the public sector during 1994 declined in both volume (27%) and number of loans (29%) from the previous year. This was largely due to the Bank's efforts to consolidate its lending program and spend more time to further improve the quality of projects. The Bank also took a harder look at the absorptive capacity of some of its borrowers.

During the year, the Bank approved its first loans to Kazakhstan and Kyrgyz Republic as special assistance to these countries. Emergency loans for disaster rehabilitation were approved for Indonesia and Papua New Guinea.

The average size of the year's loans to the public sector was \$75 million, against \$76 million in 1993.

A review of the year's lending and technical assistance operations by sector follows:

Agriculture and Agro-Industry: Bank operations in the agriculture and agro-industry sector cover the broad areas of agriculture, natural resource management and rural development. In agriculture, the objective is to promote productivity, exports, economic efficiency, diversification and sustainable agricultural practices. In the area of natural resource management, the objectives are to introduce, institutionalize and strengthen strategies that promote conservation and protect the environment. The primary focus in rural development is on rural infrastructure, rural employment, poverty reduction, improvement of the status of women and enhancement of the quality of life.

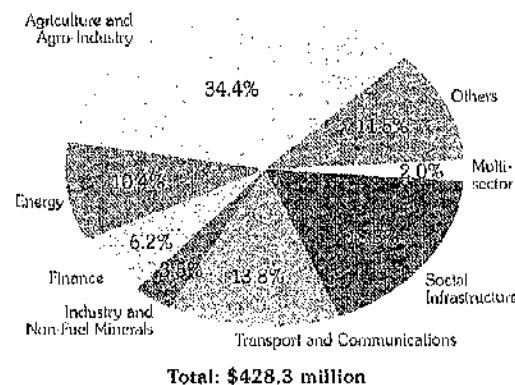
Lending to the agriculture and agro-industry sector increased by 35% during the year to \$486.4 million for 11 projects in eight DMCs (see accompanying table). Two DMCs – Indonesia and Viet Nam – accounted for over 60% of it.

Altogether, 45 technical assistance grants totalling \$23 million were also approved. Of these, 16 were for project preparation and 29 were advisory and operational in nature.

Of the 11 loan projects approved in 1994, one – the Agriculture Sector Program in Viet Nam – was focused solely on economic growth. Two projects, the Pearl Industry Development Project in Cook Islands and the Capacity Building Project in the Water Resources Sector in Indonesia, had human resource development as the primary objective. The remaining eight projects had poverty reduction as the strategic development objective. In addition to poverty reduction, one project had the promotion of the status of women and another had environmental protection as secondary objectives.

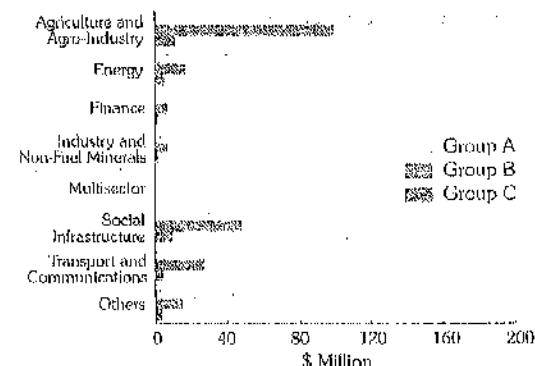
Natural resource management remained a major focus of activities in the agriculture and agro-industry sector. Development and management of water resources was addressed under the Second Integrated Irrigation Sector Project and the Capacity Building Project in the Water Resources Sector in Indonesia; Red River Delta Water Resources Sector in Viet Nam; Irrigation Management Transfer Project in Nepal; and the Third

Technical Assistance by Sector: 1989-1993*



* Excludes regional activities and technical assistance loans.

1967-1994 Grant-Financed Technical Assistance Approvals: Sector Distribution (by DMCs)



Note: For explanations on country groups, see box on page 69.

GRANT-FINANCED TECHNICAL ASSISTANCE FROM OTHER SOURCES, 1994 (amounts in \$ thousand)

Agency	Number of Projects	Amount
UNDP	3	9,519.4
Norway	4	4,910.0
The Netherlands	2	3,080.0
France	2	1,715.0
Sweden	2	1,210.0
Switzerland	1	980.0
Denmark	1	300.0
Australia	2	149.0
Finland	1	75.0
Total	18	21,938.4

**AGRICULTURE & AGRO-INDUSTRY
LOANS & TA GRANTS IN 1994**

	Loans		TA Grants	
	\$ million	No.	\$ million	No.
Irrigation & Rural Development	280.3	6	4.6	15
Agricultural Support Services	106.5	3	13.1	20
Forestry	77.0	1	0.6	1
Fisheries	22.6	1	1.2	3
Livestock	-	-	1.7	3
Industrial Crops & Agro-Industry	-	-	1.8	3
Total	486.4	11	23.0	45

Punjab On-Farm Water Management Project in Pakistan. Environmental enhancement, forestation and the sustainable use of natural resources were addressed by the Yunnan-Simao Forestation and Sustainable Wood Utilization projects in PRC.

All agriculture projects incorporated social dimensions in addition to specific concerns. Infrastructure development was the objective of the Fisheries Infrastructure Improvement Project in Malaysia and the Rural Infrastructure Development Project in the Philippines. Both projects sought to reduce poverty. The Microcredit Project in Indonesia was aimed at providing access to credit for the poor, particularly women. The Bank made its first program loan for Viet Nam's agriculture sector. It sought to develop a policy environment that would sustain economic growth and increase the efficiency of the agriculture and agro-processing sector, strengthen rural financial intermediation and enhance social equity.

Several in-house initiatives were taken to enhance project quality in the agriculture and agro-industry sector. The 'logical project framework' was widely used in preparing projects. Studies were initiated to revamp the Bank's policies with regard to forestry, fisheries, livestock, crops, rural finance, water resource development and agricultural research. The objective was to relate these activities more closely to the region's evolving development priorities, as reflected in the Bank's Medium-Term Strategic Framework.

Energy: The Bank continued to promote fuel diversification, environmental improvement and substitution of oil by indigenous and renewable energy. It also pursued least cost planning, construction and operation of energy systems, pricing reforms and measures to make energy utilities operationally autonomous and financially viable. Institutional assistance was provided to strengthen demand management, expand subsector restructuring and encourage privatization. Improvement of energy efficiency also received attention.

Loans totalling \$885 million were made in 1994 for eight projects. All the projects were in the electric power subsector. Two of them were in PRC - one for a cogeneration plant coupled with the expansion of district heating facilities at Qitaihe, and the other for a large hydropower scheme in Hunan province. There were also two projects in Lao PDR - one to finance the cost overrun of Nam Ngum-Luang Prabang Power Transmission Project and the other for the Theun-Hinboun Hydropower Project, a joint venture between the Government and foreign partners. A project was approved for Indonesia to expand the power supply network in Sumatra and develop the low-cost hydropower potential of East Timor and South Kalimantan. Expansion of transmission and distribution networks was the focus of a project approved for Pakistan, while rehabilitation of the power system was the focus of one in Cambodia. Mongolia received a loan for the rehabilitation of power and heat-generating facilities in Ulaanbaatar.

Twenty-five technical assistance grants, amounting to over \$11 million, were also approved. Nine of them were for project preparation and 16 were for advisory purposes. The grants reflected the Bank's emphasis on environmental improvement, development of build-operate-own (BOO) and build-operate-transfer (BOT) concepts, efficiency of energy supply and demand, and subsector restructuring and privatization.

Finance: In the financial sector, the Bank seeks the liberalization of

financial regimes, restructuring of banking systems, adoption of prudential norms and sound banking practices, and stronger regulation and supervision. The Bank supports measures to deepen and broaden capital markets, reduce intermediation costs and build the support infrastructure, e.g., the regulatory framework; enforcement and surveillance systems; credit rating agencies; and clearing, settlement and depository systems.

One loan of \$75 million was approved for the financial sector during the year. This was the Fourth Development Finance Loan project in Sri Lanka. Designed as an umbrella credit line to the Government, the amount will be relent to nine private financial institutions to finance foreign currency investments of private enterprises in manufacturing, services and tourism. For the first time, funds will be channeled solely through private financial intermediaries, all of which are listed on the Colombo Stock Exchange.

The Bank continued to help diversify financial services in its DMCs. It approved equity investments in new venture capital companies in the Philippines and new commercial banks in India, and placed additional equity in existing venture capital companies and commercial banks.

Fifteen technical assistance grants totalling \$5.6 million were also approved for the development of DMC capital markets and financial sectors.

Industry and Non-Fuel Minerals: Loans and technical assistance to the industrial sector are intended to help DMCs adopt outward-looking, export-oriented policies, promote privatization, encourage state enterprise reform and industrial restructuring, and support efficiency improvement and diversification of the industrial base.

Two loans amounting to \$157.5 million were made to this sector in 1994 - for Bangladesh and India. The loan to Bangladesh (\$7.5 million) was for a private sector textile mill, while that to India was to improve industrial energy efficiency. Nine technical assistance projects totalling \$3.9 million were also approved to strengthen public sector institutions and develop policies for industrial development, waste management and environmental protection.

Social Infrastructure: Activities in this sector continued to reflect the sectoral aims as described in the previous chapter on Operational Policies and Priorities. Loans totalling \$486 million were made to this sector in 1994. The subsectoral distribution of the loans and technical assistance grants is shown in the accompanying table.

In the education subsector, the Bank supported a project in Indonesia to improve vocational and technical education. A project approved for Cook Islands will focus on quality improvement through teacher training and curriculum development. The project will also examine the scope of special education for the disabled, early childhood education and distance learning.

The objectives of the technical assistance grants in this subsector were to assess resource requirements, sectoral priorities and institutional capacities in basic, secondary and engineering education.

Loans in the health and population subsector were made to Indonesia, Marshall Islands, Pakistan and Philippines. Improvement of primary health care delivery and referral services were the main objectives of these projects. Promotion of women's health and the integration of family planning into primary health care services were emphasized.

SOURCES OF 1994 LOANS

(amounts in \$ million)

Countries Receiving OCR Loans

China, People's Republic of	1,167.0
India	150.0
Malaysia	22.6
Thailand	208.5

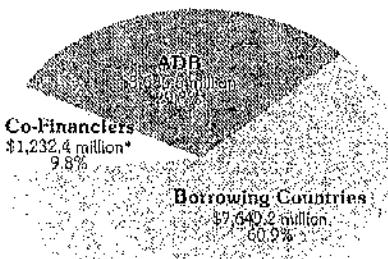
Countries Receiving ADF Loans

Bangladesh	280.0
Cambodia	28.2
Cook Islands	3.5
Kyrgyz Republic	40.0
Lao PDR	64.0
Marshall Islands	5.7
Mongolia	64.5
Nepal	12.9
Papua New Guinea	0.5
Sri Lanka	130.0
Tonga	10.0
Viet Nam	140.0

Countries Receiving Both OCR and ADF Loans

Indonesia	704.7 (OCR)
	43.7 (ADF)
Kazakhstan	40.0 (OCR)
	20.0 (ADF)
Pakistan	145.0 (OCR)
	262.2 (ADF)
Philippines	64.5 (OCR)
	71.5 (ADF)

Loan Projects Approved in 1994: Total Cost and Sources of Finance



Total: \$12,568.1 million

* Total includes \$1,147.9 million arranged by the Bank and \$84.5 million arranged by DMCs. In addition, a total of \$397 million co-financing was arranged for six loans approved previously.

**SOCIAL INFRASTRUCTURE LOANS
AND TA GRANTS IN 1994**

	Loans		TA Grants	
	\$ million	No.	\$ million	No.
Education*	187.7	3	7.1	20
Health and Population	99.7	3	3.5	9
Water Supply and Sanitation	198.5	2	4.4	13
Urban Development	-	-	2.2	6
Total	485.9	8	17.2	48

* Includes Social Action Program.

Technical assistance grants were provided primarily to develop the planning and management of health services.

One project that reflected all the Bank's basic goals in the education and health and population subsectors was the Social Action Program project in Pakistan. The project emphasized the upgrading of education and skills, maintenance of health standards and population control, among other things.

In the water supply and sanitation subsector, two loans were made - one to PRC for the Dalian Water Supply Project and one to Thailand for the Chonburi Water Supply Project. Technical assistance grants were approved for the preparation of a water supply and sewerage project in the Federated States of Micronesia, a wastewater treatment project in PRC and a secondary towns water supply and sanitation project in Viet Nam. A grant was also approved for a study of the water supply and sanitation sector in Papua New Guinea.

No loan was made for the urban development subsector, but six technical assistance grants were approved. Activities covered by these grants included studies for integrated urban development in Cook Islands and Kiribati; urban infrastructure sector profile in India; an urban development sector project in Indonesia; tourism infrastructure development in Nepal; and an urban sector strategy in Viet Nam.

Transport and Communications: Thirteen loans totalling \$1,321 million were approved for the transport and communications sector. The subsectoral distribution of the loans and technical assistance grants is shown in the accompanying table.

The roads subsector included loans to Bangladesh for the Jamuna Bridge Project to connect the less developed western region of the country to the more developed eastern areas; to PRC for the construction of toll expressways; to Indonesia for the development of national and provincial roads in the eastern provinces; to Pakistan for a project to ease traffic congestion on the Sukkur Bridge linking Balochistan and the northern part of Sindh; to the Philippines for the improvement and maintenance of national roads; to Sri Lanka to help develop the road construction capability of private contractors; and to Thailand for the improvement of regional roads. The emphasis of activities in this subsector was on construction or rehabilitation of facilities and appropriate user charges.

The railways subsector included a loan to Bangladesh for a railway recovery program and to PRC for the technical enhancement of the railway connection between Hong Kong and Beijing. The subsectoral objective was to make railways more competitive in terms of cost and quality of service.

One loan was made to the airports subsector. It was to the Philippines to upgrade Davao Airport in Mindanao, which is set to become a key center in the proposed east ASEAN growth area.

The telecommunications subsector also received one loan, under which Mongolia will establish an integrated digital telecommunications network in three cities, including Ulaanbaatar.

Thirty seven technical assistance grants, amounting to \$18.5 million, were approved for the transport and communications sector to support mainly project preparation, institutional strengthening, policy reforms, and service enhancement.

Environmental Activities

During the year, the Bank approved four environment-oriented loan projects amounting to about \$500 million. These included two environmental improvement projects in PRC focusing on energy conservation and the use of cleaner energy forms; an on-farm water management project in Pakistan; and a forestation and sustainable wood utilization project in PRC to prepare a sustainable forest management plan and develop pollution prevention measures in a pulp mill.

In addition, technical assistance grants were approved to help DMCs in environmental improvement. These involved projects for industrial energy conservation and pollution abatement in PRC and for assisting public and private enterprises in adopting sustainable industrial practices.

During the year, the quality of summary environmental impact assessment (SEIA) reports was further improved. Thirty-five SEIAs and summary initial environmental examination reports – more than double last year's number – were circulated to the Board. Copies of these reports were sent to depository libraries and non-governmental organizations (NGOs) in Bank member countries. The Bank placed special emphasis on analyzing alternatives and incorporating the views of locally affected groups and NGOs in designing environmental mitigation measures. The enhanced Environmental Monitoring Information System continued to be a useful tool in monitoring environmental requirements of projects and borrowers' compliance with such requirements. A post-evaluation of the Bank's experience in this area was initiated.

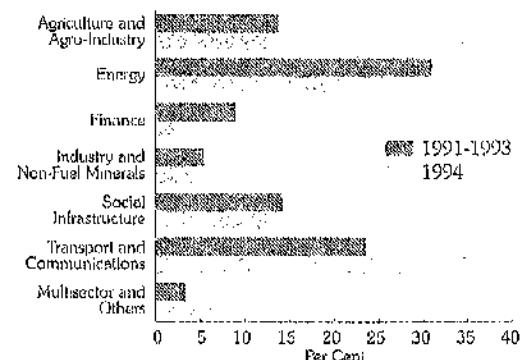
Training programs continued to focus on environmental policy and requirements. Bank staff were introduced to a Bank-funded study on the development of environmental indicators and indices necessary to monitor DMCs' environmental performance. Other topics taken up during the year included biodiversity conservation, economic analysis of environmental impacts of projects, poverty and environment, and a least-cost strategy against greenhouse gas emissions. A paper outlining training directions for the Bank's environment specialists and project staff was initiated.

The Bank used its technical assistance operations to help DMCs, such as Cambodia, Nepal and Viet Nam, strengthen their environmental and review procedure and their capability for environmental impact assessment. PRC received assistance for improving its environmental legislation. Two grants were made to Pakistan and Thailand for the preparation and implementation of sustainable development strategies.

Regional technical assistance projects funded by the Bank in 1994 covered topics ranging from the establishment of environmental monitoring information centers to the preparation of an environment status report for the Asian and Pacific region. One technical assistance project was co-financed by the UNDP to develop a least-cost greenhouse gas abatement strategy for Asia.

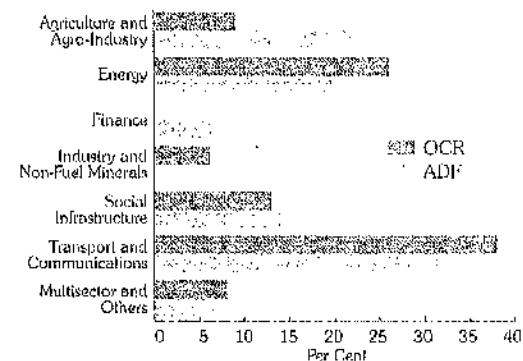
Several activities were undertaken to develop financing modalities for environmental investments. As a potential regional executing agency for the Global Environment Facility, the Bank continued to negotiate with the World Bank, United Nations Environment Programme and UNDP. A study was commissioned to develop the concept of an environment fund for the national Environmental Protection Agency of PRC. A paper, entitled *Financing Environmental Programs and Projects for Bank DMCs* and outlining various financing modalities, was published.

Sectoral Distribution of Project Approvals: 1991-1993 (Average) and 1994 - By Value*



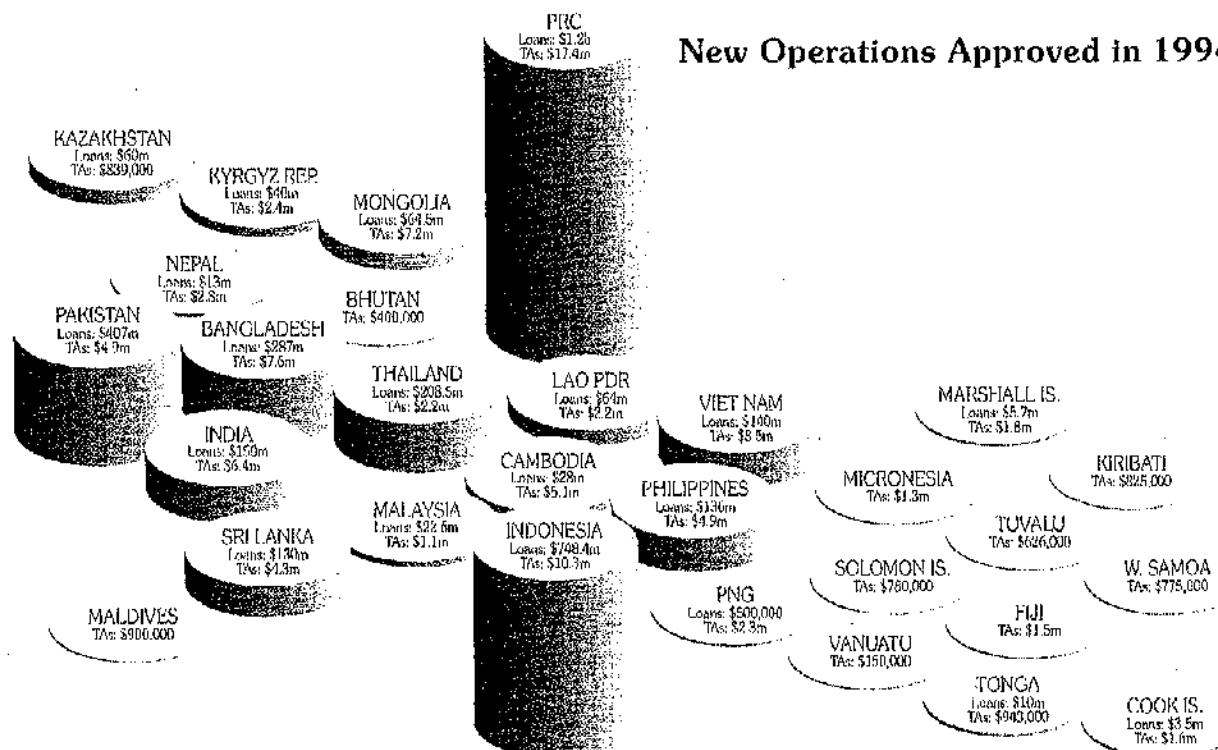
* Per cent of total approved loan commitments.

Sectoral Distribution of Project Approvals from OCR and ADF, 1994*



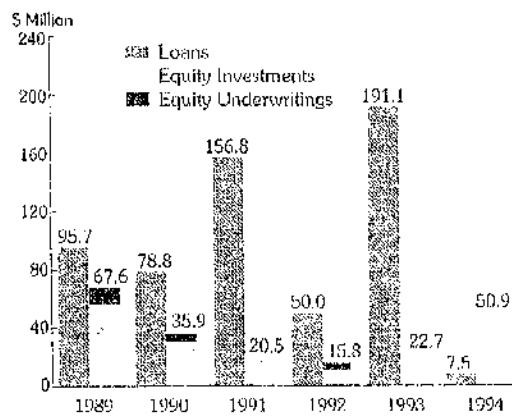
* Percent of values of OCR and ADF loan approvals, respectively.

New Operations Approved in 1994



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

Amount of Private Sector Loans, Equity Investments and Underwritings



Studies were initiated during the year to improve the in-house EIA review system and assess the enforcement of environmental legislation in selected DMCs. In addition, several papers were prepared for publication, including *Environmentally Sound Technology Transfer; Energy End Use – An Environmentally Sound Development Pathway; Global Climate Change: Issues and Options for China; and Industrial Pollution Prevention Manual*.

Private Sector Activities

By the end of the year, when it completed a decade of private sector activities, the Bank had approved equity investments and private sector loans totalling \$954.7 million in 104 operations. In 1994, a total of \$133.4 million was approved for projects which would benefit the private sector directly or indirectly (see Table 17 in the Statistical Annex). This included a loan of \$75 million to Sri Lanka to be channeled to the private sector through public sector financial intermediaries. Direct assistance, without government guarantee, comprised \$50.9 million in equity investments and a loan of \$7.5 million. The loan will benefit a new joint venture textile mill in Bangladesh and generate economic benefits through increased value-added production, transfer of technology, foreign exchange savings and additional employment.

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

	1994 Approvals					Investments Held (as of 31 Dec. 1994)				
	Bank Investments		Private ^b Banks/ Investors	Institutional Investors ^c	Total Project Cost	Bank Investments		Loans under Complementary Financing Scheme		
	No.	Amount				No.	Amount	No.	Amount	Total
Financing, Insurance, Leasing and Business Services										
Financial Institutions ^d	9	40.15	489.31	75.53	604.99	32	136.63	-	-	136.63
Insurance	-	-	-	-	-	1	0.30	-	-	0.30
Leasing and Business Services	1	0.30	1.22	-	1.52	20	73.03	5	11.81	84.84
Manufacturing Sector										
Textile, wearing apparel and leather	2	10.50	34.54 ^e	9.75	54.79	8	25.35	2	6.61	31.96
Chemicals, petroleum, coal, rubber and plastic products	-	-	-	-	-	12	62.74	1	16.67	79.41
Cement and ceramics	-	-	-	-	-	2	14.16	2	17.99	32.15
Basic metal industries	-	-	-	-	-	1	0.24	-	-	0.24
Fabricated metal products, machinery and equipment	-	-	-	-	-	3	25.40	1	47.81	73.21
Electrical machinery, apparatus, appliances and supplies	-	-	-	-	-	2	0.55	-	-	0.55
Others										
Mining	-	-	-	-	-	1	11.25	1	22.25	33.50
Electricity, Gas and Steam	-	-	-	-	-	5	114.53	-	-	114.53
Transport and Storage	1	7.10	150.68	-	157.78	1	19.85	1	11.80	31.65
Telecommunications	-	-	-	-	-	1	14.84	-	-	14.84
Agribusiness	1	0.30	2.31	0.48	3.09	2	6.61	-	-	6.61
TOTAL^f	14^g	58.35	678.05	85.76	822.17	91	505.46	13	134.94	640.40

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

b. Includes Asian Finance and Investment Corporation which is majority private-owned.

c. Commonwealth Development Corporation, Netherlands Development Financing Corporation, International Finance Corporation and Overseas Economic Cooperation Fund.

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

e. Includes one loan for \$7 million under the Bank's Complementary Financing Scheme (CFS).

f. Amounts may not total due to rounding.

g. Includes six supplementary approvals.

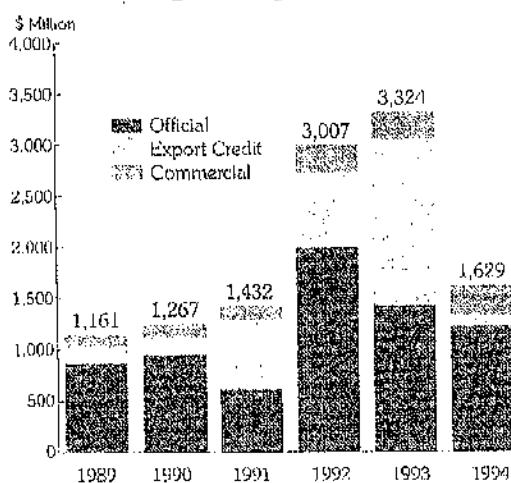
Note: The "Total Project Cost" column of \$822.17 million appears relatively large merely because of one project.

We refer to the Asian Infrastructure Fund where the Bank invested \$20 million and the total Fund size is \$500 million.

See Glossary for an explanation of the Complementary Financing Scheme.

Equity investments were made in two new commercial banks in India, a new venture capital fund in the Philippines and in the Asian Infrastructure Fund, which has been set up at the Bank's initiative. The Bank also made additional equity investments in an agro industrial project in the Philippines, venture capital companies in India and Sri Lanka, a leasing company in Indonesia and an expressway project in Thailand.

Co-financing Arrangements



Law and Development

As part of the Bank's efforts to strengthen legal frameworks for development in its DMCs, a technical assistance grant was approved during the year to strengthen PRC's legal framework for customs administration. Assistance was also provided for urgent reforms to the insolvency law applicable to state-owned enterprises. Under another advisory technical assistance project, the Bank assembled a team of legal advisers to assist Mongolia in developing a legal framework and formulating legal training programs.

Co-financing and Guarantee Operations

Co-financing arranged in support of Bank-assisted operations in 1994 amounted to \$1,629 million for 18 projects. This compared with 23 projects co-financed in 1993 amounting to \$3,324 million. The decline in 1994 was partly due to steps taken by the Bank to rationalize project processing schedules, which postponed some projects involving co-financing. Also, the Bank's 1994 portfolio did not contain infrastructure projects requiring large amounts of export credit.

In 1994, external finance mobilized through various co-financing modalities amounted to 44% of the total Bank lending for all projects and programs. The volume was almost equal to the Bank's own lending of \$1,641 million for the projects and programs co-financed.

During 1994, co-financing operations continued to focus on infrastructure, with the energy sector receiving the biggest share of co-financing (42%). It was followed by transport and communications (40%), social infrastructure (16%), and industry and non-fuel minerals (2%). The largest official co-financing project arranged during the year 1994 was Bangladesh's multipurpose Jamuna Bridge Project, which attracted a total of \$600 million. For details, see *Table 15 in the Statistical Annex*.

Official sources of co-financing, other than export credits, contributed \$1,234 million or 75% of the total in 1994. Of this, about \$706 million was provided by bilateral agencies and \$528 million by multilateral institutions.

Co-financing from **commercial sources** amounted to \$301 million for six projects. Of these, three were arranged in the syndicated loan market under the Bank's Complementary Financing Scheme, two were parallel term loans, and one was a grant from a private group providing advisory service.

Co-financing from **export credit agencies** amounted to \$94 million.

As of end-1994, 403 Bank-assisted loan projects and programs had received co-financing for a cumulative total of \$18.8 billion.

The Theun-Hinboun Hydropower Project in Lao PDR, approved in 1994, provided an example of the Bank's approach to co-financing. The project is the first major (210 MW) hydropower plant to be built in the country by a joint venture between the Government and private sector companies. The Bank allowed the Government to use the \$60 million Bank loan to finance its portion of equity in the joint venture company. This enabled the Government to take a majority share in the company. The Bank also brought together a group of private partners with different

comparative strengths and took the lead role in drawing up an optional financing plan. A total co-financing of \$166 million will be mobilized from international commercial banks, export credit agencies, and bilateral and multilateral aid agencies. Private partners will contribute \$44 million by way of equity.

Bank's Role in Resource Transfer

The net transfer of resources (defined as disbursements less principal repayments and prepayments, payments of interest and other charges plus net equity investments) from the Bank to the DMCs increased from \$931 million in 1993 to \$1,100 million in 1994. This represented an increase of 18%, compared with a decrease of 21% in the previous year.

Of the total net transfer, \$124 million was from OCR and \$976 million from ADF. The net transfer from OCR continued to fall, showing a 29% decrease from 1993, mainly due to a negative flow to Indonesia. On the other hand, there was a 29% increase in the net transfer from ADF because of higher disbursements to Bangladesh and Pakistan.

Several factors contributed to the 1994 increase: (i) there were more loans under implementation, although fewer new loans were approved; (ii) the Bank and its borrowers redoubled their efforts to improve project quality; and (iii) project administration procedures were further streamlined in coordination with the Bank's regional and resident offices.

Loan disbursements reached an all-time high of \$3,688 million in 1994, up 25% from 1993. This was the result of better project implementation in Bangladesh, India, Indonesia and Pakistan, and a substantial increase in disbursements to PRC. However, several DMCs, including Malaysia, Philippines and Sri Lanka, continued to experience decreases in disbursements. For details of disbursements, see page 115 and Table 21 in the Statistical Annex.

The disbursement ratio, including program loans and defined as the ratio of disbursements during the year over the undischarged net loan balance at the beginning of the year, remained unchanged at 18%.

By volume of net flow, Bangladesh, PRC, India and Pakistan were the top four recipients of net transfers from the Bank. Although loan disbursements to Indonesia increased, it made a prepayment of \$347.5 million in 1994. As a result, Indonesia experienced for the first time a negative net transfer amounting to \$413 million. Others who experienced negative transfers were Fiji, Republic of Korea, Malaysia, Myanmar and Philippines.

For details of net transfers, see tables 35-37 in the Statistical Annex.

Economic Research and Development Studies

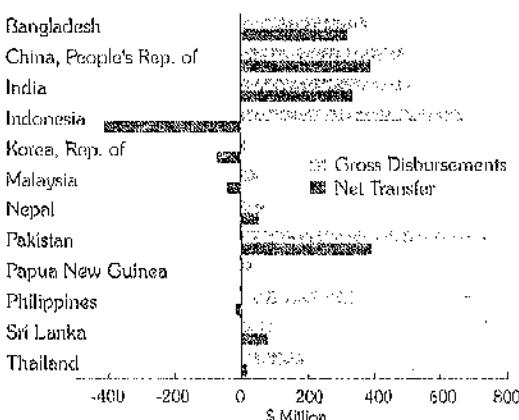
The Bank continued to direct its research activities to support its operations. The focus of such activities was on various aspects of regional economics, human resource development, macroeconomic performance, international labor movements, international trade and health economics.

In addition to in-house research, technical assistance was provided to research institutions in DMCs for regional and country-specific research.

RESOURCE TRANSFER TO DMCs (\$ million)

	1993	1994	% change
OCR	176	124	-29.5
ADF	755	976	+29.2
Total	931	1,100	+18.1

1994 Net Transfer of ADB Resources to Selected DMCs



Research Publications

In addition to regular economic publications, the Bank published the following books during the year: *Rural Poverty in Developing Asia: Bangladesh, India and Sri Lanka* (Volume 1), which was the result of a cross-country study on rural poverty; *Critical Issues In Asian Development: Theories, Experiences and Policies*, the outcome of the Second ADB Conference on Development Economics; and *Growth Triangles in Asia: A New Approach to Regional Economic Cooperation*, the product of a workshop exploring issues surrounding the establishment of growth triangles and their potential. In addition, two sets of guidelines were published on project evaluation - *Framework and Criteria for the Appraisal and Socioeconomic Justification of Education Projects*, and *Framework for the Economic and Financial Appraisal of Urban Development Sector Projects*. Also published was *Escaping the Poverty Trap*, a compendium of Bank studies on poverty. (For a list of recent economic publications, see pages 244-246.)

Regional technical assistance initiated or continued during the year included economic implications of the HIV/AIDS epidemic; public finance issues in the transition economies of Asia; financing human resource development; and economic implications for DMCs of the emerging international trading environment.

The following technical assistance studies were completed: economic reforms in selected Asian centrally-planned economies; impact of the Gulf crisis; perspective study of multilateral development banks; urban poverty; growth triangles in Asia; financial sector policies; population policy and economic development; and the Indonesia-Malaysia-Thailand Growth Triangle. In collaboration with the General Agreement on Tariffs and Trade (GATT), a technical assistance project was initiated for training workshops on anti-dumping and countervailing measures.

In line with the recommendations of the Task Force on Improving Project Quality, efforts were made to strengthen the existing guidelines for economic analysis. A number of methodological and sector research studies were completed or substantially developed during the year. These included *Economic Analysis of Water Projects*; *Framework for Economic Evaluation of BOOT Projects*; *Structure of Rural Enterprises and Rural Employment in China: Evidence, Implications and Policies*; and *Township and Village Enterprises and Labor Absorption in China: An Econometric Estimation*. New regional technical assistance projects were initiated on economic analysis of water supply and sanitation projects, and economic analysis of BOT projects.

In the area of statistics and data systems, data updating and generation facilities were upgraded and database interfaces with other international institutions were improved. Technical assistance was provided to Cambodia, Indonesia and Viet Nam for strengthening their statistical systems and services and for holding two seminars on the revised system of national accounts.

Conferences and seminars were held to strengthen the Bank's development resource center role. These included the Third Conference on Development Economics, the Asian Development Outlook workshop, the Development Round Table, the Round Table on Development Strategies, the Fourth Symposium on Tax Policy and Reforms in the Asian and Pacific Region, and the Fourth Seminar on International Finance.

To strengthen institution building and human resource development in DMCs, the Bank undertook several training activities, such as the training program on taxation for policymakers and the special secondment scheme. Some training activities were undertaken in collaboration with other development institutions, for example, the ADB/Asian Productivity Organization Joint Program.

Country Highlights

T

HIS CHAPTER provides brief accounts of the Bank's operational strategies, policy discussions, lending and technical assistance activities, and project implementation in its borrowing DMCs. Policy dialogue on both macro and microeconomic issues form an increasingly important part of the Bank's efforts to improve the climate for economic development in its DMCs.

For details of country operations, see the Statistical Annex (Tables 9-14 for loans by country and sector, Tables 19-29 for contract awards and disbursements, and Tables 30-34 for technical assistance grants listed by country).

The DMCs are arranged alphabetically. Kazakhstan and Kyrgyz Republic, once part of the former Soviet Union, became members of the Bank in 1994. Both received their first loans during the year.

Bangladesh

Operational Strategy: Poverty reduction remains the main objective of the country strategy for Bangladesh in the medium term. Broadbased economic growth is encouraged through greater market orientation and support for the private sector. To make growth equitable, policies and projects favoring the productive and sustainable use of labor will be adopted. Greater attention will be paid to expanding basic social services for the poor by targeting them better and protecting the environment.

Policy Dialogue: The Bank's policy dialogue with the Government focused on ways to reduce poverty. In agriculture, the Bank supported the development of an agricultural strategy and a medium-term policy perspective in the foodgrain sector. It encouraged greater participation from the private sector in minor irrigation. In the infrastructure sector, discussions took place on forming a rural power company jointly with the private sector, improving rural roads and reforms in railway and gas enterprises. The matter of preparing an education sector strategy study was also taken up.

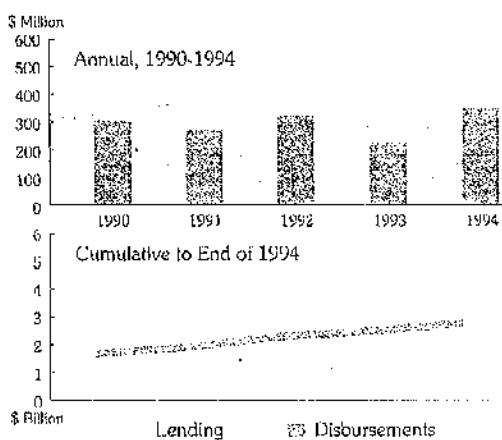
Loans and Technical Assistance: In 1994, the Bank provided three loans amounting to \$287.5 million, including one in the private sector for a textile mill and two in the transport sector. The Bank also approved 18 technical assistance grants totalling \$7.6 million. Of this amount, \$5.5 million was advisory technical assistance and \$2.1 million was for project preparation.

Project Implementation: Of the 114 loans approved for Bangladesh as of end-1994, 74 had been closed and 40 were under administration. Contracts worth \$406.9 million were awarded during the year, bringing the cumulative total to \$2,989.7 million. Disbursements totalled \$380.4 million, bringing cumulative disbursements to

Cumulative Bank Lending to Bangladesh
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	52	1,746.8	39.2
Energy	16	885.4	19.9
Transport and Communications	13	783.1	17.6
Social Infrastructure	18	664.8	15.0
Industry and Non-Fuel Minerals	8	230.0	5.2
Finance	7	137.6	3.1
Total	114	4,447.7	100.0

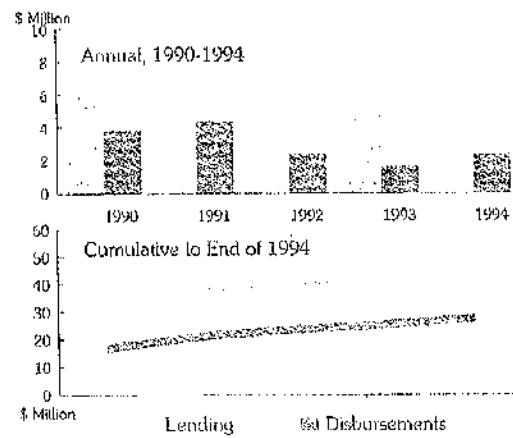
Bangladesh: Lending and Disbursements



Cumulative Bank Lending to Bhutan
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Multisector	2	12.40	28.2
Social Infrastructure	2	10.43	23.7
Transport and Communications	2	9.70	22.1
Agriculture and Agro-Industry	2	7.78	17.7
Finance	1	2.50	5.7
Industry and Non-Fuel Minerals	1	1.15	2.6
Total	10	43.96	100.0

Bhutan:
Lending and Disbursements



\$2,910.3 million. The Bangladesh Resident Office continued to assist the Government in coordinating and monitoring Bank projects and programs. It helped process new projects, administered delegated loan projects and technical assistance, and assisted dialogue on policy issues through economic and sector work. A portfolio performance review mission was undertaken in July 1994 to resolve issues affecting project implementation and to spring-clean the loan portfolio to improve project quality. A country project implementation management seminar was held in September for executing agency staff.

Bhutan

Operational Strategy: Since Bhutan suffers from a shortage of trained manpower, improving the human resources of development institutions is a major element of the Bank's strategy. The Bank also assists in the development of physical and social infrastructure. It supports the Government's efforts to develop a more diversified economy, balance social and economic development, and preserve the environment. However, the Bank limits its assistance to Bhutan to avoid straining the country's administrative and debt-servicing capacity.

Policy Dialogue: In preparation for a proposed power development project in 1995, policy dialogue centered on strengthening the institutional capacity of the Department of Power and setting more realistic tariff levels. The Government was also encouraged to improve the mobilization of domestic resources and the policy climate for private investment. Discussions were held on how to inject more competition into the commercial banking system and improve the Department of Industry's capacity to formulate trade and industrial policies.

Loans and Technical Assistance: No loan was made in 1994 but one technical assistance grant of \$400,000 was approved.

Project Implementation: Of the ten loans approved as of end-1994, four had been closed and six were under implementation. Contracts amounting to \$3.9 million were awarded during 1994, bringing the cumulative total to \$28.5 million. Disbursements during the year amounted to \$2.4 million and brought cumulative disbursements to \$27.4 million. A country project review mission was undertaken in September-October to review and resolve issues affecting project implementation. The shortage of qualified staff and counterpart funds, and administrative constraints continued to affect project implementation.

Cambodia

Operational Strategy: The interim strategy is to help ease the country's economic and social constraints. Technical assistance will be provided to strengthen institutional capacity and improve macroeconomic and sector efficiency. Basic physical infrastructure in respect of agriculture, energy, transport and water supply will be rehabilitated. The social sectors will be supported, particularly education, health, urban development and the role of women in development. Assistance will be provided for the

management of natural resources and the environment. Policies to boost domestic resource mobilization and capital investment will be supported. Special consideration will be given to rural development and to efforts to bring refugees and displaced persons back into the mainstream of society.

Policy Dialogue: Discussions continued to be focused on establishing a legal framework that would encourage public and private investments, boost domestic resource mobilization, help formulate a public investment program, delineate responsibilities of the public and private sectors in infrastructure development, and enhance aid coordination.

Loans and Technical Assistance: A \$28.2 million loan for the Power Rehabilitation Project was approved in 1994. In addition, 11 technical assistance grants, totalling \$5 million, were provided.

Project Implementation: Of the three loans, totalling \$97.6 million, approved as of end-1994, one had been closed and two were under administration. Contracts amounting to \$35.8 million were awarded, bringing the cumulative total to \$41.8 million. Disbursements in 1994 totalled over \$12 million. As the country is in the midst of transition to a market-based economy, institutional, financial and human resource constraints were encountered in project implementation.

China, People's Republic of

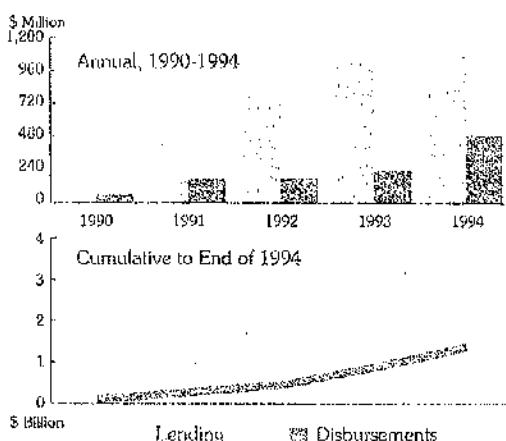
Operational Strategy: The Bank's operations in the People's Republic of China seek to improve economic efficiency, reduce poverty, protect the environment and conserve natural resources. The Bank will continue to assist the Government in reinforcing market-oriented reforms and developing institutional systems appropriate for a market economy. Critical issues associated with rapid economic growth, such as infrastructure bottlenecks, energy shortages, environmental degradation and growing income disparities, will continue to be addressed. To help the Government achieve a more balanced regional growth, the Bank has shifted the focus of its operations to the less-developed inland provinces where the pace of economic growth has been slower.

Policy Dialogue: Strengthening macroeconomic management through monetary, fiscal, financial and enterprise reforms was the focus of the Bank's discussions with the Government. The dialogue was facilitated through Bank-financed conferences and seminars attended by policymakers and foreign experts. The Bank also helped organize international conferences that discussed the private sector's role in developing transport, communications and power facilities through the BOT and BOO schemes. Options to restructure state or other publicly-owned enterprises, separate social welfare functions from the commercial activities of enterprises and manage the country's huge labor force were also discussed. Operations in the energy and environment sectors provided opportunities to adopt measures on energy pricing and demand-side management. Improving nonstate enterprises' access to credit, particularly in less-

Cumulative Bank Lending to the People's Republic of China
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	14	1,503.0	36.8
Energy	7	736.3	18.1
Industry and Non-Fuel Minerals	4	574.8	14.1
Finance	5	470.0	11.5
Multisector	3	400.0	9.8
Agriculture and Agro-Industry	4	231.6	5.8
Social Infrastructure	1	160.0	3.9
Total	38	4,075.7	100.0

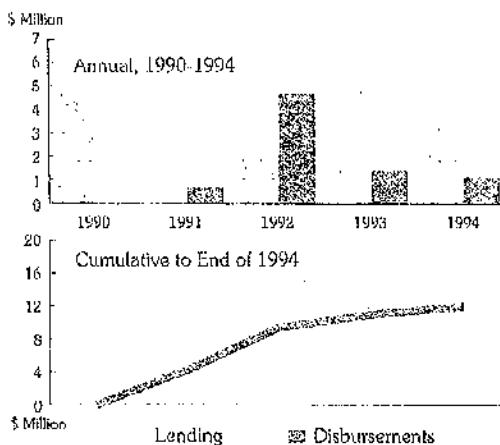
PRC: Lending and Disbursements



**Cumulative Bank Lending to Cook Islands
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	2	5.4	34.5
Multisector	2	3.8	23.9
Finance	2	3.0	19.1
Social Infrastructure	1	2.7	17.2
Agriculture and Agro-Industry	1	0.8	5.2
Total	8	15.7	100.0

Cook Islands: Lending and Disbursements



developed inland areas, and the management of natural resources were the main subjects of policy discussions in the agriculture sector.

Loans and Technical Assistance: Eight loans totalling \$1,167 million were approved in 1994. Three were for transport and communications projects (\$192 million), two for power projects (\$281 million), and one each for environmental improvement (\$157 million), urban water supply (\$160 million) and forestry (\$77 million). A total of 41 technical assistance grants were approved, amounting to \$17.4 million. Of these, ten were for the preparation of new projects.

Project Implementation: Of the 38 loans approved as of end-1994 (excluding one that had lapsed), eight had been closed and 30 were under implementation (including eight waiting to become effective). All ongoing projects were generally performing well. During the year, contracts amounting to \$576.7 million were awarded, bringing cumulative contract awards to \$1,617.7 million. Disbursements for the same period amounted to \$492 million, exceeding projections by 36.8%. Cumulative disbursements reached \$1,374.8 million. A country project review mission was carried out in October to discuss cross-sectoral and project-specific implementation issues. A seminar was held on loan disbursements, procurement and the use of consultants to improve project implementation.

Cook Islands

Operational Strategy: The Bank's primary aim is to promote the private sector, reduce the role of the public sector and develop systematic approaches to economic policy-making and financial management. Other concerns are to develop the outer islands, improve human resources and protect the environment.

Policy Dialogue: Policy dialogue centered on fiscal, planning and strategic issues, and the relative roles of the public and private sectors. Prospective debt servicing problems were discussed. Sector-specific dialogue was held on pearl farming, agribusiness development and education.

Loans and Technical Assistance: Two loans totalling \$3.5 million were approved in 1994, one for the development of the pearl industry and one for the development of education. Four technical assistance grants were also approved, amounting to \$1.6 million. Two were in connection with the loans and two were to prepare an urban infrastructure plan and a power development project.

Project Implementation: Of the eight loans approved as of end-1994, four had been closed and four were under administration, including one waiting to become effective. Contract awards in 1994 totalled \$1 million while disbursements amounted to \$1.2 million. Cumulative contract awards and disbursements reached \$11.6 million and \$12.1 million, respectively. Shortage of qualified staff and

weaknesses in management and accounting systems affected project implementation.

Fiji

Operational Strategy: The Bank continues to support the Government's efforts to develop market-oriented policies and improve the performance of the public sector. The emphasis is on infrastructure since it is the key to private sector development and overall economic growth. Measures to liberalize and deepen capital markets will be supported.

Policy Dialogue: Discussions were focused on sector-level initiatives, including efforts to improve the efficiency of public works, the Housing Authority and the Ministry of Agriculture. Cost-efficiency issues in the health sector as well as trade issues were also addressed.

Loans and Technical Assistance: No loan was made in 1994, but three technical assistance grants totalling \$1.5 million were approved. One was for the preparation of a road project and two were for developing environmental awareness and legislation, and restructuring the Housing Authority.

Project Implementation: Of the 12 loans approved as of end-1994, ten had been closed. Contract awards for the year amounted to \$4.4 million, bringing the cumulative total to \$113.3 million. Disbursements amounted to \$9.2 million and cumulative disbursements reached \$98.5 million. Project implementation suffered due to the shortage of trained manpower and institutional weaknesses.

India

Operational Strategy: The thrust of the Bank's operational program for India is to foster economic growth and efficiency through the development of infrastructure and the creation of a climate conducive to private sector investment. The program emphasizes the power, hydrocarbon, roads, ports and telecommunications sectors. Support is also provided for social improvements in urban areas, initiatives to reduce poverty, the development of renewable energy resources, controlling environmental pollution and improving energy efficiency.

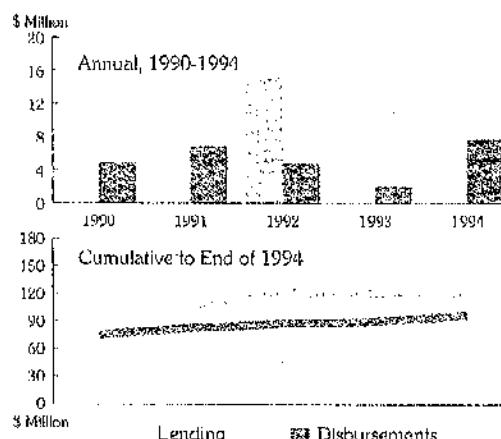
Policy Dialogue: The Bank continued discussions with Indian authorities on ongoing economic reforms. In line with the operational program, the policy dialogue focused on industrial liberalization and reforms of the financial and energy sectors. In the infrastructure sector, the Bank advocated greater private sector participation, better incentives and minimum administrative control.

Loans and Technical Assistance: During 1994, the Bank approved a public sector loan amounting to \$150 million and three private sector equity investments, without government guarantee, totalling \$16.1 million. The loan was used to provide investible funds through a financial intermediary to make energy-intensive industries more efficient.

Cumulative Bank Lending to Fiji
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	3	38.0	31.4
Energy	3	36.9	30.5
Agriculture and Agro-Industry	3	27.6	22.8
Social Infrastructure	1	9.6	7.9
Finance	2	9.0	7.4
Total	12	121.1	100.0

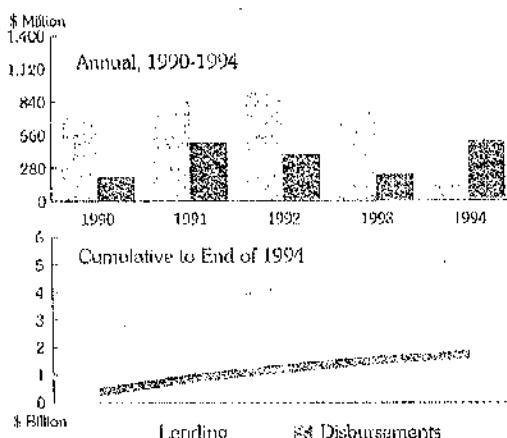
Fiji: Lending and Disbursements



Cumulative Bank Lending to India
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Energy	13	2,306.1	44.4
Transport and Communications	11	1,875.3	36.2
Finance	9	830.0	16.0
Industry and Non-Fuel Minerals	4	175.9	3.4
Total	37	5,187.3	100.0

India: Lending and Disbursements



Equity investments were made in several new private banks and an investment fund. In addition, eight technical assistance grants totalling \$6.4 million were approved.

Project Implementation: Of the 37 loans approved as of end-1994, five had been closed and 32 were under administration, including five waiting to become effective. Contract awards for the year totalled \$497.4 million, bringing the cumulative total to \$2,349.6 million. Total disbursements for the year amounted to \$509.7 million, with cumulative disbursements reaching \$1,976.6 million. As a result of a country project review mission in October, the Government agreed to establish a task force to streamline procurement procedures, monitor aid utilization and review project implementation on a monthly basis, in consultation with the India Resident Office. A technical assistance grant was provided to help in this matter. A review of the Indian loan portfolio was undertaken and ongoing loans were rationalized. A country seminar on procurement was held in August. Delays were encountered in starting up projects, procuring goods and civil works, and engaging consultants. The Government's centralized release of project funds also caused some implementation problems.

Indonesia

**Cumulative Bank Lending to Indonesia
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	81	3,054.60	27.5
Social Infrastructure	44	2,526.65	22.8
Energy	24	2,175.10	19.6
Transport and Communications	27	1,980.86	17.8
Finance	7	940.00	8.5
Industry and Non-Fuel Minerals	12	351.70	3.2
Multisector	3	69.00	0.6
Total	198	11,097.91	100.0

Operational Strategy: The current Bank operational strategy for Indonesia was formulated in 1993 to coincide with the start of the country's Sixth Five-Year Development Plan (FY1994/95-1998/99). The objectives are to enhance economic efficiency, develop human resources and make utilization of natural resources sustainable. Operational programs will seek to raise productivity and the country's international competitiveness.

Policy Dialogue: The Bank continued to discuss matters related to cost recovery, operation and maintenance, and capacity building in the areas of power, irrigation, education, roads, urban development and health. In the power sector, the discussions led to the corporatization of the state utility, an increase in tariffs and the introduction of a formula for automatic tariff adjustment. In the roads subsector, the Bank supported the implementation of the second road action plan, particularly relating to road safety. Dialogue was initiated on involuntary resettlement and on future road development in eastern Indonesia. In the water resource subsector, the Bank sought the establishment of a national coordinating framework for the planning and management of water resources on a sustainable basis. In addition, policy initiatives were taken in the areas of sustainable agricultural development.

Loans and Technical Assistance: Eight loans, totalling \$748.4 million, were approved during the year, including two from the Bank's concessional funds. Three of the loans were for the agriculture sector (\$153.4 million), two for health and education (\$125 million), two for transport (\$198 million), and one for the energy sector (\$272 million). In addition, the Bank approved 19 technical assistance grants totalling \$10.3 million.

Project Implementation: Of the 198 loans approved as of end-1994, 130 had been closed and 68 were under administration, including seven waiting to become effective. Contract awards during the year totalled \$523.4 million, bringing the cumulative total to \$6,379.8 million. Total disbursements for the year amounted to \$669.5 million, with cumulative disbursements reaching \$6,109.3 million. Project implementation continued to be satisfactory, with the Indonesia Resident Office providing assistance to the Government and executing agencies. A project implementation management seminar was held for executing agency staff to identify ways to speed up the implementation process.

Kazakhstan

Operational Strategy: Kazakhstan joined the Bank in January 1994. The interim strategy is to facilitate the country's transition to a market-based economy through policy and institutional reforms. Assistance will be provided to rationalize policy and institutional frameworks, and improve the country's absorptive capacity. Social and physical infrastructure will be financed to attract private investment in productive sectors. Because of the current fiscal crisis and the need to support policy reforms, a large part of the Bank's operations in the medium term may involve quick-disbursing program lending. Policies to promote cost recovery, efficient pricing and enterprise reform will be considered.

Policy Dialogue: Discussions were held with the Government to formulate an operational program for the country, covering macroeconomic management, enterprise reform, social protection and private sector development.

Loans and Technical Assistance: The Bank approved its first loan to Kazakhstan during the year, a special assistance of \$60 million (\$20 million from ADF and \$40 million from OCR). The loan will finance imports needed critically by the Government, and public and private enterprises. Four technical assistance grants totalling \$839,000 were approved for institutional capacity building, policy advice and project preparation in the education sector.

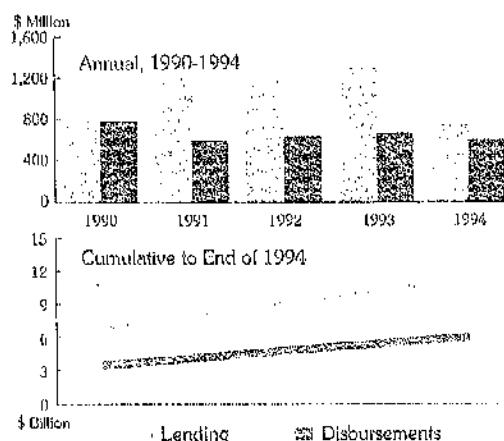
Project Implementation: Institutional support under a technical assistance linked to the loan will help acquaint government personnel with the Bank's procurement and disbursement policies and procedures.

Kiribati

Operational Strategy: The Bank will support efforts to raise the standard of living through the development of key infrastructure facilities, like water supply and sanitation, and environmental improvement. Manpower development and institution building are of increasing importance in all sectors.

Policy Dialogue: Macroeconomic management and greater efficiency in the public sector were among the key issues discussed during the year. The Pacific Island Economic Report provided an opportunity for

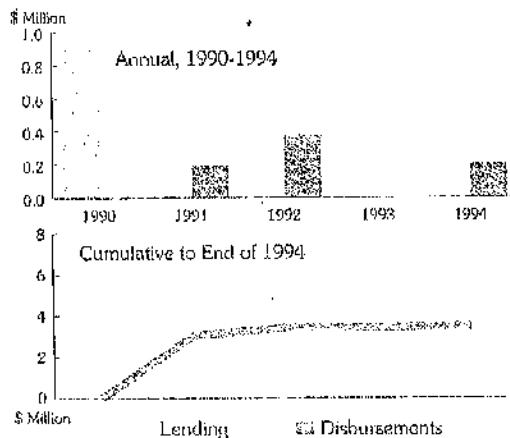
Indonesia: Lending and Disbursements



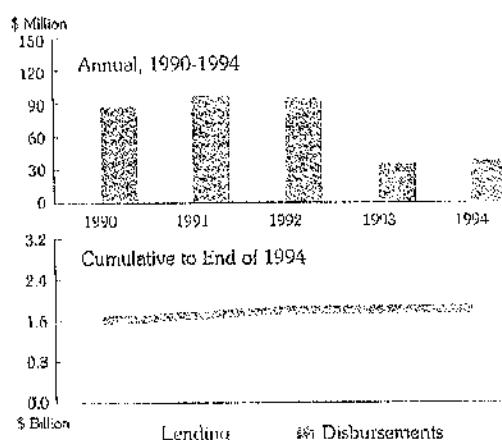
Cumulative Bank Lending to Kiribati
(As of 31 December 1994)

Sector	No. 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

Kiribati: Lending and Disbursements



Republic of Korea: Lending and Disbursements



dialogue in areas like public finance, budget and privatization.

Loans and Technical Assistance: No loan was approved in 1994. Two technical assistance grants amounting to \$825,000 were approved. One will assist in drawing up urban plans and programs, while the other will strengthen the Environment Unit of the Government.

Project Implementation: Of the five loans approved as of end-1994, four had been closed. Contract awards for the year amounted to \$410,000, bringing the cumulative total to \$3.6 million. Disbursements made during the year amounted to \$200,000, with cumulative disbursements reaching \$3.6 million.

Korea, Republic of

Project Implementation: Three loans were still under implementation in 1994. No additional contracts were awarded. Disbursements during the year amounted to \$13.2 million. No major issues affected project implementation.

Kyrgyz Republic

Operational Strategy: The Kyrgyz Republic became a member of the Bank in April 1994. The main objective of the Bank's interim strategy is to facilitate the country's transition to a market economy. Accordingly, policy reforms aimed at macroeconomic stabilization will be promoted in close coordination with the World Bank and the International Monetary Fund. Institutional strengthening, upgrading of human resources and infrastructure development will be supported to facilitate the development of the private sector. The Bank's programs are also intended to address social safety net issues. Although sustainable growth and job creation are the longer-term goals, the Bank, for the time being, will focus on the Government's social and budgetary concerns.

Policy Dialogue: In the process of developing the Bank's operational program and formulating the initial Special Assistance Loan, discussions were held on the need for macroeconomic stabilization, private sector development, social safety nets, and reforms in agriculture, enterprises and the financial sector.

Loans and Technical Assistance: During the year, the Kyrgyz Republic received its first loan from the Bank, a \$40 million special assistance loan from ADF to finance imports needed by public and private enterprises. Five technical assistance grants, totalling \$2.4 million, were approved to strengthen institutional capacity and policymaking, and prepare projects in the agriculture and transport sectors.

Project Implementation: The Kyrgyz Republic's first loan will finance essential imports to strengthen energy, transport and educational services, and help revitalize commercial activities of public and private enterprises. Additional assistance will be provided to acquaint govern-

ment agencies with the Bank's operational policies and procedures to facilitate project implementation.

Lao People's Democratic Republic

Operational Strategy: The Bank supports the Government's efforts to restructure the economy through policy and administrative reforms. It encourages an expansion of the private sector's role, particularly in physical infrastructure development. Mobilizing domestic resources, expanding exports and strengthening the country's economic links with its neighbors are also part of the Bank's strategy. Social problems are addressed as the basis for long-term development.

Policy Dialogue: During the year, policy discussions emphasized the need to reduce poverty and develop rural areas. Issues related to shifting cultivation were also covered. Greater attention was paid to the development of social infrastructure, cost recovery and pricing issues.

Loans and Technical Assistance: Two loans totalling \$64 million were approved in 1994. Seven technical assistance grants were also approved for a total of \$2.2 million in 1994, all but one of which were advisory in nature.

Project Implementation: Of the 32 loans approved as of end-1994, 16 had been closed and 16 were under administration. During the year, contracts amounting to \$32.2 million were awarded, bringing the cumulative total to \$275 million. Disbursements in 1994 totalled \$23.5 million and cumulative disbursements amounted to \$221.5 million. Shortage of skilled personnel and institutional weaknesses were the major constraints affecting project implementation.

Malaysia

Operational Strategy: The Bank's operational strategy for Malaysia has evolved in step with the country's rapid economic growth and move toward a manufacturing and export-oriented economy. The strategy supports the objectives of the Sixth Malaysia Plan (1991-1995) and the Second Outline Perspective Plan (1991-2000), and emphasizes human resource development, environmental protection and projects in rural areas.

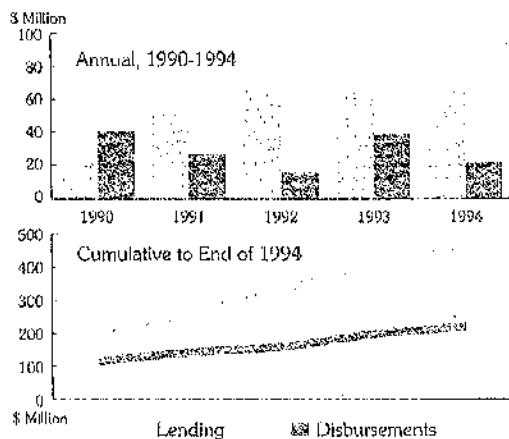
Policy Dialogue: The Bank discussed with the Government the future direction of technical and vocational education in the country. The Bank also worked closely with the Government in assessing the future competitiveness of Malaysia's exports. Support was extended to strengthen agricultural planning and policy analysis, assist urban transport planning and improve the management of state economic development corporations.

Loans and Technical Assistance: The Bank approved a \$22.6 million loan during the year for the improvement of port facilities to support the fishing industry. Four technical assistance grants amounting

Cumulative Bank Lending to Lao PDR
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	7	153.0	33.1
Energy	11	141.3	30.6
Agriculture and Agro-Industry	8	91.0	19.7
Social Infrastructure	5	51.4	11.1
Finance	1	25.0	5.4
Total	32	461.7	100.0

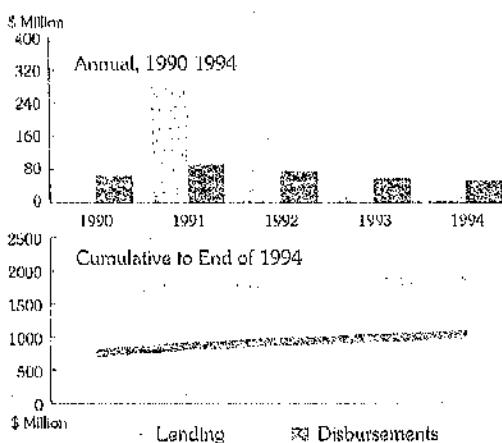
Lao PDR: Lending and Disbursements



Cumulative Bank Lending to Malaysia
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Social Infrastructure	19	638.64	34.5
Agriculture and Agro-Industry	26	565.96	30.6
Energy	11	321.50	17.4
Transport and Communications	15	255.14	13.8
Industry and Non-Fuel Minerals	1	53.00	2.9
Finance	1	15.00	0.8
Total	73	1,849.24	100.0

Malaysia: Lending and Disbursements



**Cumulative Bank Lending to Maldives
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	3	16.20	46.6
Energy	2	15.30	38.4
Multisector	1	2.38	15.0
Total	6	33.88	100.0

to \$986,000 were also approved.

Project Implementation: Of the 73 loans approved as of end-1994, 63 had been closed and ten were under administration, including one awaiting effectiveness. Contract awards for the year amounted to \$20.9 million, bringing cumulative contract awards to \$1,061 million. Disbursements amounted to \$54.2 million, with cumulative disbursements reaching \$1,035.1 million.

Maldives

Operational Strategy: The preparation of a formal operational strategy for Maldives began during 1994. While assistance in the past was directed mainly to the power and ports subsectors, the Bank's future strategy will be to improve fiscal management through financial reforms, boost regional development, develop human resources and protect the environment.

Policy Dialogue: Based on the proposed strategy, policy dialogue dwelt on measures to strengthen fiscal management, develop the financial sector and encourage greater private sector participation in development.

Loans and Technical Assistance: No loan was made during the year. Two technical assistance grants totalling \$900,000 were approved. Both were for advisory activities, one to undertake regional planning and the other for restructuring the financial sector.

Project Implementation: Of the six loans provided as of end-1994, three had been closed and three were under administration. Contract awards in 1994 amounted to \$6.4 million, bringing the cumulative total to \$26.8 million. Disbursements for the year amounted to over \$1.4 million, with cumulative disbursements reaching \$20.3 million.

Marshall Islands, Republic of the

Operational Strategy: The operational strategy for Marshall Islands emphasizes donor coordination and structural adjustment of the economy to prepare for the end of large fund transfers from the United States by 2003. Lending will be directed towards basic social infrastructure as well as fisheries and tourism, where the growth potential is high. The country's high population growth rate of about 4.2% per annum was a matter for concern.

Policy Dialogue: Macroeconomic management, especially fiscal management, was a key issue. In view of the sharp reduction of external assistance, issues such as domestic resource mobilization, cost recovery, investment planning, maintenance budgeting, aid coordination and civil service reforms were discussed.

Loans and Technical Assistance: A \$5.7 million loan was approved in 1994 in the social infrastructure sector for a health and population project. Five technical assistance grants were also approved for

a total of \$1.8 million.

Project Implementation: Of the five loans approved as of end-1994, one had been closed and four were under administration, including one yet to become effective. Contract awards for the year amounted to \$4.2 million. Disbursements amounted to \$1.2 million, bringing the cumulative total to about \$2.4 million. A shortage of skilled manpower and institutional weaknesses affected the work of executing agencies.

Micronesia, Federated States of

Operational Strategy: Donor coordination and support for structural adjustment are the cornerstones of the Bank's strategy for Micronesia. Institutional development to cope with the future loss of grant assistance from the United States is emphasized. Lending will be directed towards basic social infrastructure projects and growth sectors such as fisheries and tourism.

Policy Dialogue: In view of eventual withdrawal of assistance from the United States, the Bank encouraged domestic resource mobilization, cost recovery, investment planning, maintenance budgeting, aid coordination and reforms in the civil service.

Loans and Technical Assistance: No loan was made in 1994. Four technical assistance grants totalling \$1.3 million were approved.

Project Implementation: A loan for the Fisheries Development Project, approved in October 1993, became effective during the year.

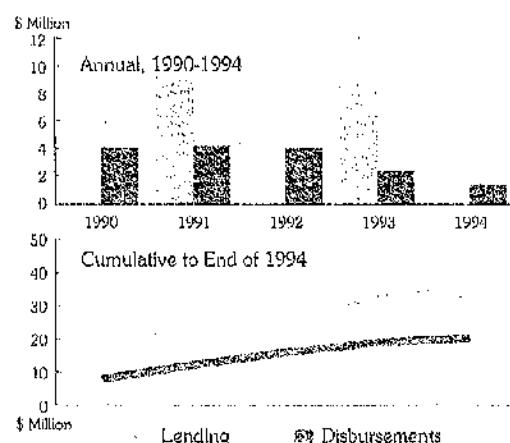
Mongolia

Operational Strategy: The thrust of the Bank's strategy is to facilitate Mongolia's transition from a centrally planned to a market economy. Priority is given to the creation of an environment for a competitive and efficient economy, the development of human resources, the strengthening of institutions and the improvement of infrastructure.

Policy Dialogue: Discussions touched on policy reforms needed to enhance market orientation, increase competition, develop the financial sector, strengthen institutions, improve the legal and regulatory framework, and develop human resources. In the agriculture sector, the discussions centered on land use policies and administrative mechanisms, restructuring of the livestock and crop subsectors, and the need for small and medium-scale storage and distribution facilities. Discussions in the telecommunications sector identified policy reforms and activities that will give the sector a commercial orientation. Financial resource mobilization, sector restructuring, energy conservation, human resource development and environmental management were the key issues discussed in the energy sector.

Loans and Technical Assistance: Two loans totalling \$64.5 million were approved in 1994 for a telecommunications project

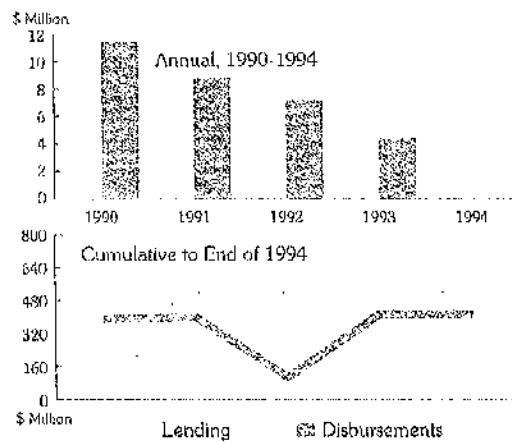
Maldives: Lending and Disbursements



**Cumulative Bank Lending to Myanmar
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	15	316.1	59.5
Social Infrastructure	6	99.0	18.7
Transport and Communications	2	42.5	8.0
Energy	5	31.8	6.0
Industry and Non-Fuel Minerals	2	21.4	4.0
Finance	2	20.0	3.8
Total	32	530.8	100.0

**Myanmar:
Lending and Disbursements**



**Cumulative Bank Lending to Nepal
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	44	622.0	53.5
Energy	10	185.9	16.0
Transport and Communications	10	157.7	13.6
Social Infrastructure	9	112.1	9.6
Industry and Non Fuel Minerals	5	75.1	6.4
Others	1	10.4	0.9
Total	79	1,163.2	100.0

(\$24.5 million) and a power rehabilitation project (\$40 million). Thirteen technical assistance grants amounting to \$7.2 million were also approved. One was a \$2 million grant funded by the Government of Norway for the telecommunications project.

Project Implementation: Of the seven loans approved as of end-1994, one had been closed and six were under administration. All ongoing projects were being implemented satisfactorily. During the year, contract awards and disbursements amounted to \$52 million and \$21.5 million, respectively.

Myanmar

Operational Strategy: The Bank continues to monitor economic developments in Myanmar and an operational strategy will be formulated when appropriate.

Loans and Technical Assistance: No loan has been provided to Myanmar since 1986 and no technical assistance since 1987.

Project Implementation: Of the 32 loans approved until 1986, one was still under implementation during the year. Cumulative contracts amounted to \$418.4 million and disbursements totalled \$411.8 million.

Nepal

Operational Strategy: The Bank's strategy for Nepal is to reduce poverty by promoting broadbased economic growth and augmenting basic social services. The Bank will support projects in the agriculture, tourism, infrastructure (including social infrastructure) and power sectors. Social sector programs will seek to improve the ability of the poor to prepare themselves for jobs created as a result of economic growth. As poverty and environmental degradation are closely interlinked, the Bank will improve and protect the environment, mainly through technical assistance. The Bank will also encourage policy reforms to develop the private sector and strengthen macroeconomic management.

Policy Dialogue: In the power subsector, the Bank sought to improve the technical and institutional viability of the Nepal Electricity Authority. An independent tariff commission was established to monitor and set tariff levels. In the area of fiscal policy, the Government was encouraged to improve the prioritization of development expenditures, provide adequate financing for the social sectors, develop a medium-term budget program, improve the criteria for selecting new projects and expand domestic revenue mobilization. In the agriculture sector, the Bank supported the Government's perspective plan, which is expected to chart the course of Nepal's agricultural development over the next two decades. The Bank also discussed ways to promote greater involvement of NGOs and private sector groups in improving Kathmandu's environment.

Loans and Technical Assistance: In 1994, the Bank approved a \$12.9 million loan for the Irrigation Management Transfer Project. In

addition, nine technical assistance grants totalling \$2.9 million were approved.

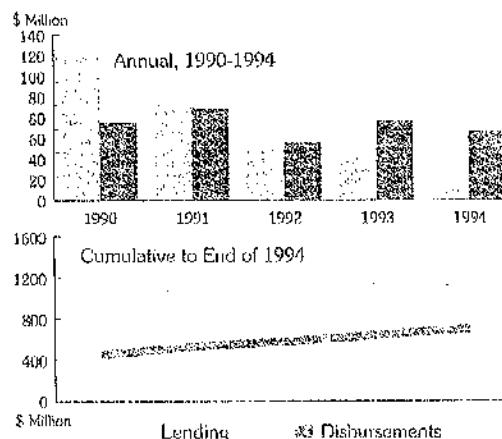
Project Implementation: Of the 79 loans approved as of end-1994, 48 had been closed and 31 were under implementation, including one awaiting effectiveness. Contract awards in 1994 totalled \$73.4 million, bringing the cumulative total to \$768.7 million. Disbursements for the year totalled \$70.8 million, with cumulative disbursements standing at \$710.7 million. Both contract awards and disbursements improved in 1994 due to the Government's efforts to address implementation problems and improve the utilization of development assistance. The Nepal Resident Office assisted the Government and executing agencies in project administration and other Bank operations in the country. It continued to convene project managers' meetings on a monthly basis to monitor project implementation and discuss related issues. A workshop on project accounting and disbursement procedures was held in Kathmandu in November.

Pakistan

Operational Strategy: The Bank's strategy has been revised in close consultation with the Government and in support of the Government's Eighth Five-Year Plan (1994-1998). The strategy focuses on economic growth, the development of human resources, including the status of women, and the strengthening of natural resource management. It also emphasizes capacity building, particularly in the social and agriculture sectors, to improve the efficiency of public sector investment and management. Bank assistance for the energy and transport and communications sectors will continue, with greater private sector participation. For the first time, the Bank undertook a thorough review of its portfolio in Pakistan. The Bank's future operations will be aimed to increase the participation and ownership of beneficiaries in preparing, implementing and maintaining project facilities, and in recovering costs. In April 1994, the Bank, along with the World Bank and Japan's Overseas Economic Cooperation Fund, undertook a detailed review of the Government's proposed public sector development program.

Policy Dialogue: In the context of the Agriculture Inputs Program Loan and the Agriculture Program Loan (the latter being fully disbursed in June 1994), progress was made in initiating and implementing reforms in the agriculture sector. The program loan was instrumental in introducing the agricultural wealth tax (to augment resource mobilization) and reducing fertilizer subsidies and increasing operation and maintenance charges for irrigation. Policy dialogue in the industry and financial sectors encouraged the creation of a policy environment more conducive to the private sector. The Government reformed trade policies. Tariff exemptions were streamlined, the restricted list of imports was abolished and the negative list was rationalized. The Bank will work with the Government to further rationalize the tariff regime and remove the remaining regulatory obstacles. In the financial sector, the discussions dwell on ways to develop capital markets and financial intermediaries, facilitate the flow of domestic and foreign investments, and privatize development financing institutions.

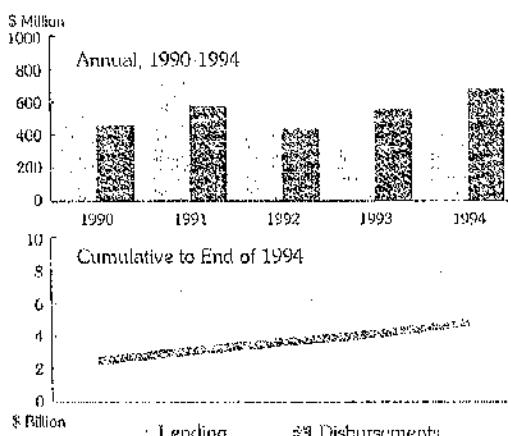
Nepal: Lending and Disbursements



Cumulative Bank Lending to Pakistan
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	47	2,424.1	31.2
Energy	41	2,375.0	30.6
Finance	26	1,012.0	13.0
Social Infrastructure	19	840.2	10.9
Transport and Communications	10	627.0	8.1
Industry and Non-Fuel Minerals	12	341.4	4.4
Multisector	2	144.0	1.8
Total	157	7,763.7	100.0

Pakistan: Lending and Disbursements



Loans and Technical Assistance: Five loans for four projects were approved during the year, totalling \$407 million. Thirteen technical assistance grants totalling \$4.9 million were also approved.

Project Implementation: Of the 157 loans approved as of end-1994, 84 had been closed and 73 were under administration, including three waiting to become effective. Contract awards during the year amounted to \$678.8 million, bringing cumulative contract awards to \$5,125 million. Disbursements for the year totalled \$737.7 million, with cumulative disbursements reaching \$4,860 million. The Pakistan Resident Office continued to assist in project preparation and implementation. It took a lead role in reviewing the loan portfolio for Pakistan under the Bank's effort to improve project quality. In addition, it held project review meetings with four provincial governments and country-level review meetings with the federal government and associated entities. For the first time, a country programming mission was fielded to coincide with the country project review mission to ensure that cross-sectoral issues affecting project performance were resolved.

Papua New Guinea

Operational Strategy: The Bank assists the Government in achieving its key development objective: providing job and income opportunities. Since the non-mineral base of the economy needs to be expanded to achieve this objective, the Bank emphasizes international competitiveness and a policy environment that encourages private investment. Five key areas will continue to be stressed: agriculture; fisheries and marine resources; health; urban water supply and sewerage; and education. The Bank will also work with other donors to develop the transport and industrial sectors to generate more employment and income.

Policy Dialogue: The Bank emphasized the need to correct the growing fiscal imbalance and encouraged the Government to move away from current expenditure toward more investments. Given the tight fiscal situation in 1994, the Bank sought the speedy completion of ongoing projects rather than starting new ones.

Loans and Technical Assistance: A \$500,000 loan from ADF was approved for emergency assistance following a volcanic eruption. Six technical assistance projects totalling \$2.3 million were also approved.

Project Implementation: Of the 42 loans approved as of end-1994, 27 had been closed and 15 were under administration, including one yet to become effective. Contract awards for the year amounted to \$41 million, bringing the cumulative total to \$424.2 million. Disbursements totalled \$30 million for the year, with cumulative disbursements standing at \$395 million. A country project review mission was undertaken to help the Government identify problems affecting project implementation, such as inadequate counterpart funds and a shortage of qualified manpower.

**Cumulative Bank Lending to
Papua New Guinea
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Transport and Communications	10	171.05	31.3
Agriculture and Agro-Industry	9	164.64	30.1
Social Infrastructure	11	120.10	22.0
Energy	5	43.03	7.9
Finance	3	22.50	4.1
Multisector	3	16.00	2.9
Industry and Non-Fuel Minerals	1	8.40	1.5
Total	42	545.72	100.0

Philippines

Operational Strategy: The Bank's strategy in the Philippines is focused on promoting economic growth through greater private sector involvement and sustainable development. This is in line with the Government's Medium-Term Development Plan (1993-1998). The objective is to boost growth, create jobs and promote a more open economy. In the medium term, increased support will be provided for infrastructure development. Ways to expand the capacity and improve the efficiency of existing investments will be emphasized. Measures to increase agricultural productivity, develop natural resources and protect the environment will be encouraged. The strategy also envisages support for human resource development in the health and education sectors.

Policy Dialogue: The Bank intensified its dialogue with the Government on micropolicy issues in key sectors. In agriculture and agro-industry, tariff adjustments, market and trade liberalization, and the need to strengthen basic support services and rural financial institutions were among the issues discussed. Dialogue continued on the management and protection of natural resources, particularly in the forestry and fisheries subsectors. In the power, water supply, roads and transport sectors, issues relating to pricing and cost recovery, operation and maintenance, improvement of public administration and the privatization of public services were emphasized. In the health and education sectors, dialogue centered on the absorptive capacity of executing agencies to implement expanded external assistance programs. The impact of decentralization and the Local Government Code on the administration and financing of basic services was also discussed.

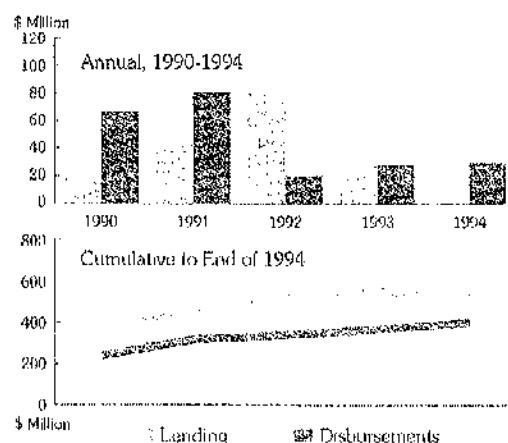
Loans and Technical Assistance: Bank lending to the Philippines in 1994 totalled \$136 million for four projects, two in the transport sector (roads and airport development), one in agriculture and one in the health sector. The Bank also approved ten technical assistance grants totalling \$4.9 million.

Project Implementation: Of the 139 loans approved as of end-1994, 91 had been closed and 48 were under administration, including four waiting to become effective. Contract awards totalled \$358.7 million, bringing the cumulative total to \$3,352.7 million. Total disbursements for the year amounted to \$349.3 million and cumulative disbursements reached \$3,299.5 million. The Government agreed to take steps to avoid start-up delays and improve implementation planning. It also decided to undertake a quarterly review of implementation problems.

Solomon Islands

Operational Strategy: The Bank's operational strategy is to foster the development of productive industries, especially through efforts to improve the business environment. The objective is to ensure that a greater share of incomes from fisheries and forestry is retained within the country. Financial and physical infrastructure development will be supported and the Government will be helped to become more efficient in its

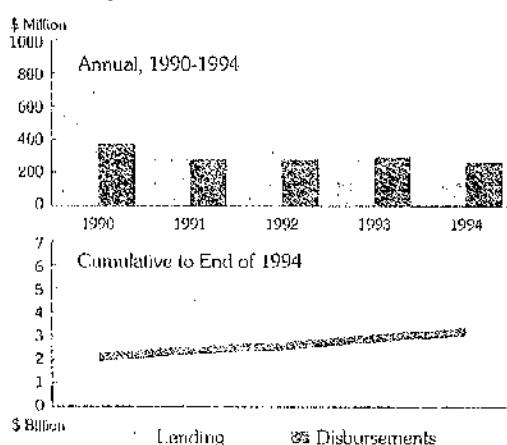
Papua New Guinea: Lending and Disbursements



**Cumulative Bank Lending to the Philippines
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Energy	23	1,516.9	29.2
Agriculture and Agro-Industry	50	1,392.9	26.8
Transport and Communications	22	760.9	14.6
Social Infrastructure	21	756.9	14.6
Finance	13	445.0	8.6
Multisector	6	283.7	5.4
Industry and Non-Fuel Minerals	4	42.8	0.8
Total	139	5,199.0	100.0

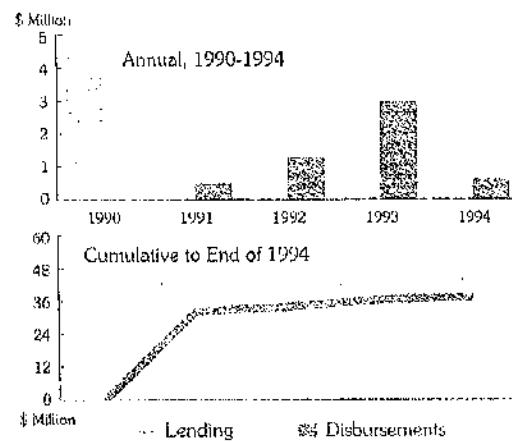
Philippines: Lending and Disbursements



Cumulative Bank Lending to Solomon Islands
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	4	20.22	46.7
Energy	2	8.91	20.6
Transport and Communications	3	8.03	18.5
Finance	2	4.00	9.2
Social Infrastructure	1	1.65	3.8
Multisector	1	0.50	1.2
Total	13	43.31	100.0

Solomon Islands:
Lending and Disbursements



Cumulative Bank Lending to Sri Lanka
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	33	664.92	40.6
Finance	11	336.00	20.5
Social Infrastructure	11	263.50	16.1
Transport and Communications	9	192.30	11.7
Energy	7	161.75	9.9
Multisector	1	14.70	0.9
Industry and Non-Fuel Minerals	2	5.15	0.3
Total	74	1,638.32	100.0

operations. A key strategy is to strengthen the policy formulation, planning and evaluation capacity of central government agencies.

Policy Dialogue: Dialogue was focused on essential fiscal reforms and, more generally, on improving financial and economic management. Discussion took place on the critical situation in the forestry sector and the need to reform both policies and practices. Health and population-related issues were also addressed.

Loans and Technical Assistance: No loan was made in 1994, but two technical assistance grants totalling \$780,000 were approved. One was for population planning and family health improvement, and the other for upgrading the database in the Statistics Office.

Project Implementation: Of the 13 loans approved as of end-1994, 11 had been closed and two were under administration. Contract awards for the year amounted to \$480,000, bringing the cumulative total to \$37.1 million. Disbursements for the year amounted to \$580,000, with cumulative disbursements reaching \$37.5 million. Project implementation suffered from a shortage of qualified manpower, institutional weaknesses and lack of adequate local funds.

Sri Lanka

Operational Strategy: Efforts to reduce unemployment and poverty and boost economic growth are the focus of the Bank's operational strategy in Sri Lanka. The strategy aims to remove obstacles to growth and expand the access of the poor to income and job opportunities. It also addresses the issue of environmental sustainability.

Policy Dialogue: The basic objective of the dialogue was to increase economic efficiency, enhance the role of the private sector and improve the performance of public enterprises. Extensive discussions took place on the financial sector during the preparation of the Fourth Development Finance Loan Project. The project emphasizes a broadening of the sources of domestic financing. Under the Third Road Improvement Project, dialogue was focused on expanding the role of the domestic contracting industry in road construction and repair, and on allocating sufficient resources for road maintenance. In the agriculture sector, under the ongoing Second Agriculture Program Loan, discussions took place on policy adjustments conducive to increased productivity and market orientation in pricing. A greater role is encouraged for the private sector in agricultural development.

Loans and Technical Assistance: Two loans amounting to \$130 million were approved in 1994, one in the financial sector and one for road development. In addition, nine technical assistance grants totalling \$4.3 million were approved, four of which were for project preparation and five for advisory assistance.

Project Implementation: Of the 74 loans approved as of end-1994, 46 had been closed and 28 were under administration, including one yet to become effective. Contract awards amounted to \$104.5 million,

bringing the cumulative total to \$1,088.4 million. Disbursements during the year amounted to \$92.2 million, with cumulative disbursements reaching \$1,040.9 million. A country project review mission took place during the year to discuss project implementation constraints with the Government. Implementation of some projects suffered due to procurement difficulties and an unstable peace and order situation. Other major implementation problems included the frequent change of, and inadequate provision for, project staff and delay in releasing counterpart funds.

Thailand

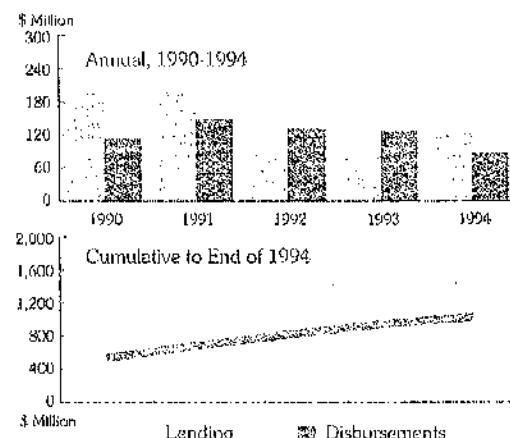
Operational Strategy: The Bank's operational strategy in Thailand is to help the country address issues that are likely to condition the next phase of its development. More specifically, it aims to assist the country in improving its long-term competitiveness and achieving a balanced development of all its regions. The priorities will be on the development of physical infrastructure, particularly in underdeveloped regions; enhancement of human resources, particularly to avoid a mismatch of skills; and effective management of the environment and natural resources. Appropriate measures will be encouraged to mitigate adverse environmental effects of ongoing activities.

Policy Dialogue: The Bank continued to emphasize privatization and increased private sector investments in infrastructure and public utilities; energy conservation and demand management; improvements in the management efficiency of state enterprises; policy and institutional issues in the fields of education and skills development; environment and natural resource management; and rural and regional development. There were extensive discussions on the water supply sector in connection with the processing of the Chonburi Water Supply Project. The issues addressed included water resource management, wastewater management and tariff reform. The dialogue also involved discussion of options for promoting and regulating private water supplies. In the telecommunications subsector, discussions in connection with a technical assistance are expected to enhance private sector participation in this area and identify measures needed to ensure the sector's development.

Loans and Technical Assistance: Two loans totalling \$208.5 million were approved in 1994. One loan was in the transport and communications sector (\$170 million) and one was for a water supply project (\$38.5 million). Five technical assistance grants totalling \$2.2 million were also approved, three of which were for project preparation and two were advisory in nature.

Project Implementation: Of the 68 loans approved as of end-1994, 54 had been closed and 14 were under administration. Contracts amounting to \$290.9 million were awarded during the year, bringing the cumulative value of contract awards to \$1,996.8 million. Disbursements totalled \$186.8 million, with cumulative disbursements reaching \$1,846.6 million.

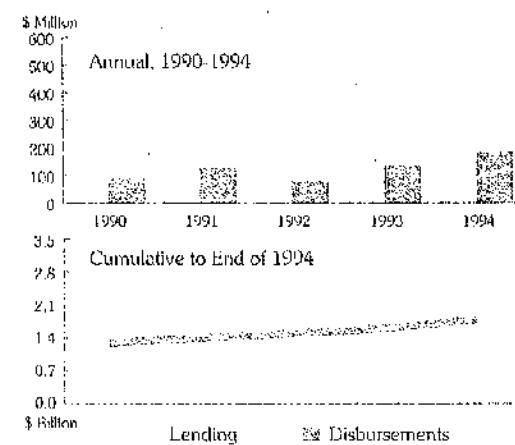
Sri Lanka: Lending and Disbursements



Cumulative Bank Lending to Thailand
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)		%
			%	
Energy	26	1,532.30	48.7	
Transport and Communications	15	934.50	29.7	
Social Infrastructure	10	339.40	10.8	
Agriculture and Agro-Industry	10	159.05	5.1	
Finance	6	140.00	4.5	
Industry and Non-Fuel Minerals	1	39.00	1.2	
Total	68	3,144.25	100.0	

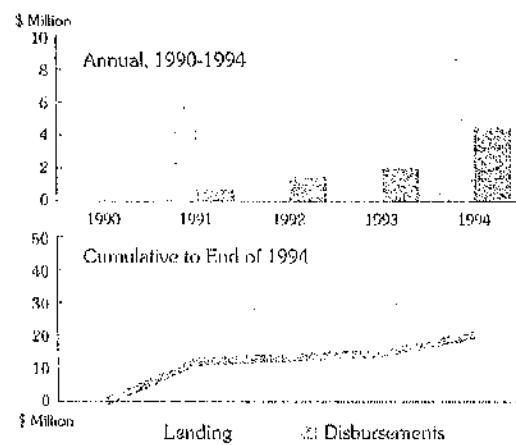
Thailand: Lending and Disbursements



Cumulative Bank Lending to Tonga
(As of 31 December 1994)

Sector	No. of Loans	Amount of Loans (\$ million)	%
Multisector	5	11.38	29.0
Transport and Communications	2	11.30	28.8
Energy	1	7.30	18.6
Finance	2	6.50	16.6
Agriculture and Agro-Industry	1	2.40	6.1
Industry and Non-Fuel Minerals	1	0.37	0.9
Total	12	39.25	100.0

Tonga:
Lending and Disbursements



Tonga

Operational Strategy: The Bank's strategy emphasizes economic growth, institutional strengthening, private sector development and greater public sector efficiency. Government efforts to improve economic and financial management systems, enhance the cost efficiency of infrastructure services and simplify the regulatory environment to promote the private sector will be supported.

Policy Dialogue: The Bank's economic report of December 1992 has formed the basis of much of the policy discussions with the Government. Follow-on economic work and an advisory technical assistance to strengthen financial and economic management and planning provided the focus for policy dialogue in 1994. Issues related to agriculture, transport (ports and roads), human resource development and women in development were also addressed.

Loans and Technical Assistance: A \$10 million loan was approved in 1994 for the development of transport infrastructure. Six technical assistance grants amounting to \$943,000 were approved. Two of the grants were piggybacked to the loan to examine road cost recovery and safety strategies and institutional development of the ports subsector. Of the others, one was for the coordination of women's development programs; one to assist in establishing a pension scheme for civil service; one to strengthen economic management; and one for a power development study.

Project Implementation: Of the 12 loans approved as of end-1994, seven had been closed and five were under administration, including one yet to become effective. Contract awards during the year totalled over \$7.5 million, bringing the cumulative total to \$23.3 million. Disbursements for the year totalled \$5.1 million, with the cumulative total reaching \$20.4 million. Project implementation continued to suffer from problems such as shortage of qualified manpower, insufficient local funds and inadequate institutional capacity.

Tuvalu

Operational Strategy: Tuvalu joined the Bank in May 1993. The initial operational strategy focuses on sustainable institution-building, export promotion and infrastructure development. Promotion of the private sector is an important element of this strategy.

Policy Dialogue: Areas for policy dialogue will include privatization, public sector efficiency, fisheries development, resource mobilization and user fees.

Loans and Technical Assistance: No loan was made in 1994. Two technical assistance grants were approved for a total amount of \$626,000. One was for assistance to the Department of Planning and Statistics, and the other for a transport infrastructure study.

Vanuatu

Operational Strategy: In its strategy for Vanuatu, the Bank notes the Government's goals of improving the quality of rural life, achieving self-reliance and promoting balanced regional development. The Bank will continue to support productive activities. In particular, it will promote private sector development and efficiency improvement in the public sector.

Policy Dialogue: The Government has requested Bank technical assistance for strengthening macroeconomic policy analysis; drafting environment legislation; undertaking a privatization exercise; and setting up a ports authority. This will allow the Bank to engage in dialogue to encourage necessary policy reforms.

Loans and Technical Assistance: No loan was approved for Vanuatu in 1994. Two technical assistance grants totalling \$150,000 were provided for a business and informal sector survey, and for the preparation of a population policy and action plan.

Project Implementation: As of end-1994, the Bank had approved six loans to Vanuatu. Four loans had been closed and two were under administration. Contract awards in 1994 totalled \$1.1 million, bringing cumulative contract awards to \$15.4 million. Disbursements for the year amounted to \$1.1 million, with cumulative disbursements totalling \$15.6 million. The implementation of projects suffered due to a shortage of qualified manpower, institutional weaknesses and difficulties in land acquisition.

Viet Nam

Operational Strategy: The Bank's interim strategy for Viet Nam is to encourage economic growth through greater private sector activity, reduce poverty by developing human resources and upgrade social infrastructure. The initial priorities also include the rehabilitation of physical infrastructure, particularly transport facilities, power systems and water supply, and the development of agriculture. Macroeconomic and sectoral policy reforms will be encouraged to improve the efficiency of the public sector and develop the private sector. Financial sector reforms will be supported to increase the mobilization of domestic resources.

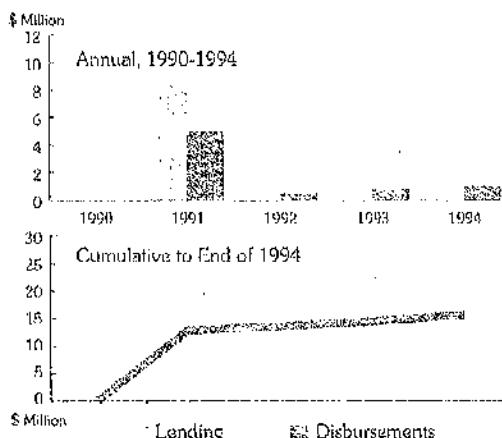
Policy Dialogue: The agriculture sector was the major focus of policy dialogue in 1994 in connection with preparations for an agriculture sector program loan. Discussions continued on policy reforms in the financial sector to support greater domestic resource mobilization. The Bank has encouraged efficient resource use through cost-recovery policies.

Loans and Technical Assistance: The Bank approved two loans totalling \$140 million for the agriculture and water resource sectors. A total of \$8.5 million in grants was approved in 1994 for 17 technical assistance projects, of which 15 were for advisory activities and two for project preparation. This included \$2.8 million for three technical assistance

Cumulative Bank Lending to Vanuatu
(As of 31 December 1994)

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

Vanuatu: Lending and Disbursements



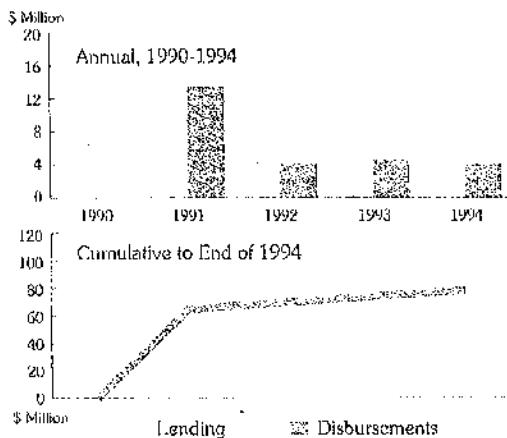
**Cumulative Bank Lending to Viet Nam
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	8	237.0	53.1
Transport and Communications	3	126.2	28.3
Social Infrastructure	3	69.6	15.6
Finance	1	7.0	1.6
Energy	1	6.3	1.4
Total	16	446.1	100.0

**Cumulative Bank Lending to Western Samoa
(As of 31 December 1994)**

Sector	No. of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	9	41.51	36.5
Finance	5	16.00	17.8
Energy	6	15.05	16.8
Transport and Communications	4	12.96	14.4
Multisector	1	4.40	4.9
Total	25	89.92	100.0

**Western Samoa:
Lending and Disbursements**



grants processed with the loan projects. The rest included grants to develop small-scale agricultural credit, secondary education and financial sector reforms, and improve the environment and the national income accounts data.

Project Implementation: Of the 16 loans approved as of end-1994, 11 had been closed and five were under administration. No contract was awarded in 1994. Disbursements amounted to \$3 million, bringing cumulative disbursements to \$28.4 million. The country is still in the process of transition to a market-based economy, thus experiencing institutional, financial and human resource constraints in project implementation.

Western Samoa

Operational Strategy: The Bank seeks to supplement the Government's efforts to bring about structural changes in the productive sectors of the economy. The emphasis is on promoting the private sector, improving basic infrastructure, strengthening institutional capabilities and training manpower. In formulating traditional growth-oriented projects, efforts will be made to incorporate social dimensions.

Policy Dialogue: The Bank emphasized the importance of analyzing the impact of reforms and institutional changes in formulating policies to stimulate growth. Discussions took place on how to ensure a financially sustainable level of investment, given the country's low absorptive capacity. The need to promote the private sector in agriculture, forestry and fisheries was stressed.

Loans and Technical Assistance: No loan was made in 1994, but four technical assistance grants totalling \$775,000 were approved. The establishment of a database for gender-disaggregated statistics and an agriculture sector strategy study were among the objectives of the grants.

Project Implementation: Twenty-five loans totalling \$89.9 million had been approved as of end-1994, of which 21 had been closed and four were under administration. Contract awards during the year totalled \$8.2 million, bringing the cumulative amount to \$84.2 million. Disbursements for the year totalled \$4.8 million, with cumulative disbursements reaching \$78.8 million. Project implementation continued to suffer from a shortage of qualified staff and institutional weaknesses of executing agencies.

Ordinary Capital Resources and Financial Management

Fourth General Capital Increase

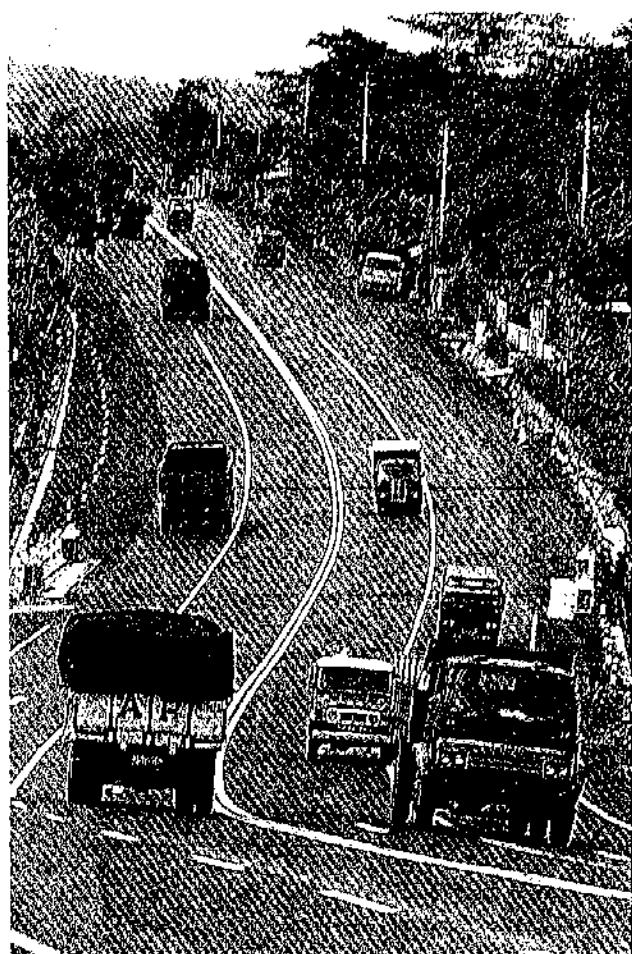
A STUDY of the Bank's future resource requirements for financing its ordinary operations was completed by the Board of Directors in early 1994. The study had been undertaken pursuant to Resolution No. 179 of the Board of Governors. The Board concluded that a substantial increase in the Bank's authorized and subscribed capital stock was urgently required, and accordingly recommended to the Board of Governors a capital increase of 100%. On 22 May 1994, the Board of Governors adopted Resolution No. 232 authorizing a fourth General Capital Increase (GCI IV) as recommended by the Board of Directors. The increase, which became effective on the date of adoption of the resolution, amounts to \$25,847 million (SDR 17,705 million) and is divided into 1,770,497 shares, each having a par value of \$10,000 in terms of US dollars of the weight and fineness in effect on 31 January 1966. Subscriptions to GCI IV should consist of a 2% paid-in portion, with the remaining 98% in the form of callable shares. Of the payments for paid-in shares, 40% should be in convertible currency and 60% in the national currency of the subscribing member. The final date for subscribing to GCI IV is 31 December 1995 or such later date as the Board of Directors may determine.

Capitalization

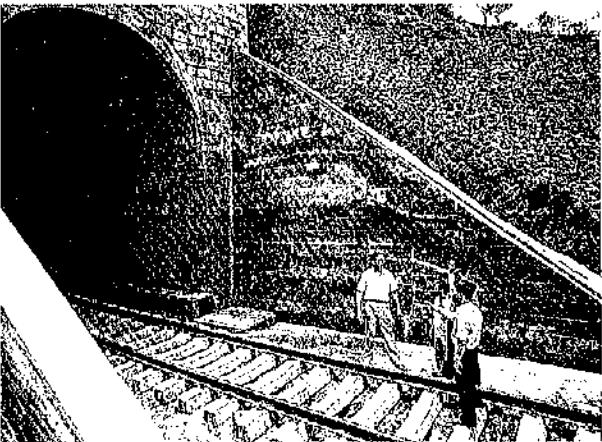
In March 1994, the United States completed the remaining payment (relating to 1,080 paid-in shares and 7,912 callable shares) for the special increase in its capital subscription authorized by Resolution No. 195 of the Board of Governors in September 1988. Accordingly, the balance of the United States subscription was deemed to have become effective as of the date of payment.

During the year, subscriptions to GCI IV were received from Bangladesh, Japan, Pakistan and Thailand, while new membership subscriptions were received from Kazakhstan and the Kyrgyz Republic.

Including the additional shares authorized for GCI IV, the Bank's authorized capital stock as of 31 December 1994 amounted to \$50,789.3 million (SDR 34,791 million). The subscribed capital stock stood at \$30,151.4 million (SDR 20,653.8 million).



A highway in Indonesia developed under the Seventh Road (Sector) Project.



The Bank provided a technical assistance grant for the Guangdong Railway Project in the People's Republic of China.

Review of Income Outlook

In April 1994, the Board undertook a review of (i) the Bank's net income in recent years, (ii) the outlook for the coming years, taking into account the interest rate and loan portfolio risks, and (iii) the adequacy of the Bank's loan charges, particularly its lending spread. Projections in the review indicated that over the next five years, the Bank's critical income ratios would remain significantly above the minimum requirements. Because of the gradual decline in the proportion of cost-free funds to the total earning assets and low interest rates prevailing, the Bank's reserve:loan ratio (RLR) was projected to exhibit a gradual decline over the next five years. In this context, it was suggested that in the near future the Bank start considering alternative ways of immunizing the RLR from exchange rate fluctuations, for example, by aligning the currencies of its reserves with those of its loans. Furthermore, on the basis of the review, the Board concluded that the lending spread for variable-rate loans should be maintained at the existing level of 40 basis points.

The Board also decided to recommend to the Board of Governors that \$70 million of the 1993 OCR net income be allocated to the Technical Assistance Special Fund.

Market-Based Loan Window

The Board approved the establishment of a new market-based loan window that will provide funds at current terms prevailing in international capital markets. The new window, which is in keeping with the Bank's continuing efforts to provide products that clients in DMCs need, is the Bank's third lending window. The other two are the pool-based multicurrency loan window and the pool-based single-currency loan window in US dollars. The lending rate on each of these two windows is based on the historic cost of a pool of borrowings undertaken separately for each facility. In contrast, the lending rate on each market-based loan will be based on the Bank's current cost of borrowings used to support such a loan.

The purpose behind the new window is threefold. First, there is a growing demand for market-related lending instruments from financial intermediaries which relend Bank funds to sub-borrowers that prefer to borrow at current terms in international markets, e.g., the London Inter-Bank Offered Rate (LIBOR). Second, pricing for the Bank's private sector loans will become more transparent as interest rates on such loans will be based on explicit current costs of Bank borrowings. Third, the financial operations of private sector lending on market-related terms will be rationalized through the matching of assets and liabilities to reduce the volatility of the Bank's income. The new window will primarily benefit the private sector which is the main engine of growth in the DMCs. Its introduction broadens the product line offered by the Bank and, consequently, strengthens the Bank's developmental role.

Access to the window is limited to financial intermediaries in the public sector and to all borrowers in the private sector. Access by financial intermediaries will be limited to \$1 billion for the first two years of the window's operations. Because the scope of market-based lending operations is limited and because of the eligible borrowers' currency preferences, the currencies offered under the new window are the

Japanese yen, the Swiss franc and the US dollar. Since the availability of swaps beyond ten years is limited and since the disbursement profile of market-based loans is expected to be around five years, the Bank is able to offer borrowers maturities of up to 15 years. Maturities will normally be eight to 15 years. Longer maturities will depend on suitable funding.

The lending rate for market-based loans is determined by adding a lending spread over a base rate, the six-month LIBOR. While the spread will be determined at the time of approval and fixed throughout the life of a loan, the base rate will vary over time and will reflect the Bank's current cost of borrowing. Borrowers may choose either floating-rate or fixed-rate loans. For floating-rate loans, the interest rate, computed on 15 March and 15 September, or 15 June and 15 December, is equivalent to the six-month LIBOR plus the lending spread. For fixed-rate loans, the interest rate, which will be set at each disbursement, is equivalent to the swap rate of the six-month LIBOR plus the lending spread. A borrower is given a one-time option to convert its floating-rate loan into a fixed-rate loan or vice versa, subject to a one-time fee of 0.125% and the availability of swap opportunities. The new fixed lending rate is equal to the swap rate of the six-month LIBOR plus the original lending spread and 0.125% for swap exposure. The new floating interest rate is equal to the six-month LIBOR plus the original lending spread and 0.125% for swap exposure. Offering financial intermediaries a choice of loan terms will allow them to make the terms and conditions of their relending activities more flexible to meet the diverse needs of their sub-borrowers.

With the introduction of the market-based loan window, private sector borrowers and public sector financial intermediaries borrowing from the Bank will have four loan alternatives: (i) pool-based multicurrency, (ii) pool-based single-currency in US dollars, (iii) fixed-rate Japanese yen or Swiss francs or US dollars, and (iv) floating-rate Japanese yen or Swiss francs or US dollars.

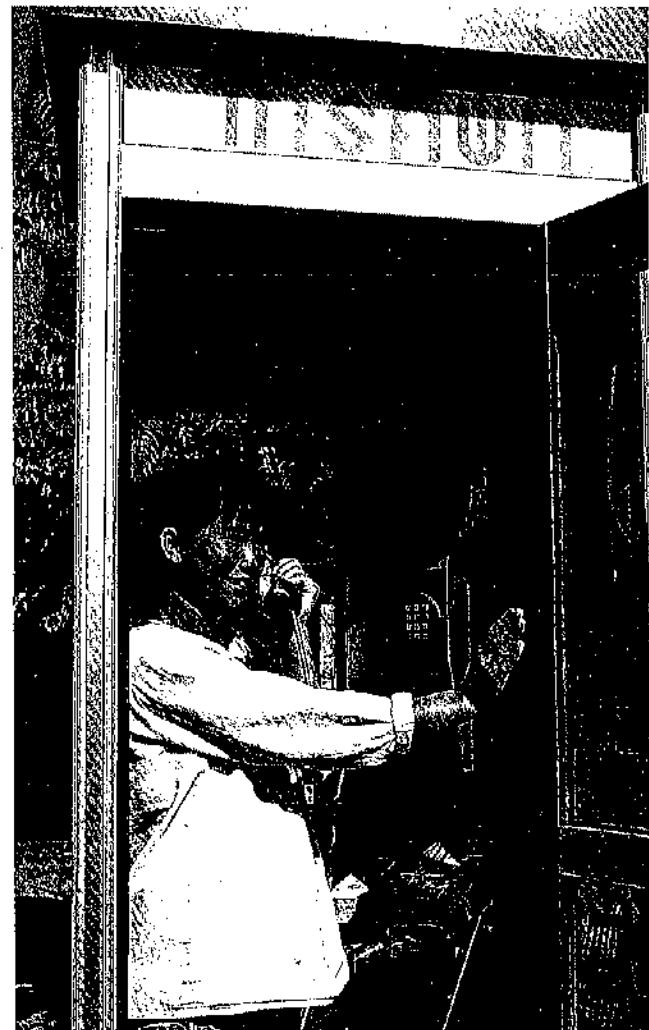
The current commitment fee of 0.75% per annum on pool-based loans also applies to loans to financial intermediaries under the market-based lending facility. Such loans do not carry any front-end fee. For private sector loans, there is a front-end fee of 1% of the loan amount and a commitment fee of 0.5% per annum levied on the increasing portions of the loan.

Market-based loans are priced individually in contrast to the pool-based lending system where a uniform interest rate and lending spread are applied to all loans covered by the pool. As a result, interest rate risk management for the new window will be more complex than for the existing pool-based windows. With a view to controlling the basic sources of interest rate risk, the Bank has adopted a matched funding policy through which loans and borrowings will have broadly similar terms.

The operation of the market-based loan window will be reviewed after two years.

Financial Ratios

The interest coverage ratio (ICR), which is the ratio of net income (before deducting interest on borrowings) to interest on borrowings, measures the Bank's ability to meet its debt obligations out of earnings. As of 31 December 1994, the ICR stood at 1.6 compared with 1.71 at the end of 1993. The RIR, which is the ratio of reserves to disbursed



The Bank has provided \$156.7 million to improve rural telecommunications in Thailand.

LENDING RATE*
(% per annum)

	1993	1994	
1 January	6.47	6.26	(Multicurrency)
	6.63	6.67	(US dollar)
1 July	6.34	6.21	(Multicurrency)
	6.64	6.68	(US dollar)

* Since 1 July 1992, borrowers have had a choice of multicurrency or US-dollar-denominated loans.

and outstanding loans, measures the Bank's ability to protect itself against capital impairment due to possible loan losses. At the end of 1994, the RLR was 33.5%, compared to 35.8% at the end of 1993.

Lending Rate

The lending rate on multicurrency loans applies to all ordinary operations loans approved after 30 June 1986 and to nearly all ordinary operations loans approved between 24 September 1985 and 30 June 1986. It is determined by adding a spread (currently 0.4% per annum) to the average cost of a pool of the Bank's outstanding qualified borrowings. From an initial level of 7.65% per annum, set on 1 July 1986, the lending rate progressively declined until 1 January 1990 when it reached its lowest level of 6.33% per annum. Following increases on 1 July 1990, 1 January 1991 and 1 July 1991 (when it reached 6.61% per annum), the rate has again progressively declined. The rate was reduced on 1 January 1994 to 6.26% per annum from 6.34% per annum set on 1 July 1993, and was further reduced on 1 July 1994 to 6.21% per annum. In December 1994, the Bank announced that the lending rate to apply from 1 January 1995 to 30 June 1995 on multicurrency loans would be 6.11% per annum, the lowest level yet.

The lending rate on US dollar loans is set at a spread (currently 0.4% per annum) over the average cost of borrowings undertaken to fund the US dollar pool. From its initial level of 6.63% per annum for the first half of 1993, the rate was increased to 6.64% per annum on 1 July 1993, to 6.67% per annum on 1 January 1994, to 6.68% per annum on 1 July 1994, and to 6.9% per annum on 1 January 1995.

Currency Composition of Loans

In 1994, the major currencies of loan disbursement were yen (61.13%), Swiss franc (3.72%), and US dollar (35.15%). The concentration in yen and Swiss francs was in line with the Bank's practice of borrowing and disbursing in low-coupon currencies under the multicurrency loan facility to keep the lending rate low. Disbursements in US dollars were principally for loans under the US dollar lending facility.

Status of Loans

Altogether, 24 OCR loans were approved in 1994. Of cumulative OCR loan approvals as of end-1994, about 77% went to five countries, viz., People's Republic of China (11.7%), India (14.7%), Indonesia (29.3%), Pakistan (9.2%) and Philippines (12%). The same five countries had received 76% of the cumulative total as of end-1993.

At the end of 1994, four private sector loans were in arrears. All four loans with an aggregate outstanding disbursed balance of about \$26 million were in nonaccrual status.

Loan Disbursements and Repayments

Disbursements of OCR loans in 1994 reached a record level and totalled \$2,501 million, an increase of 24.1% over 1993. Principal repayments for the year were \$1,221 million, of which \$392 million represented prepayment on loans by Fiji, Indonesia, Philippines and Thailand. On 31 December 1994, cumulative loans outstanding after allowance for possible losses amounted to \$16,465 million.

Borrowings

The major objectives of the Bank's borrowing and liability management strategy are to ensure the availability of long-term funds for lending operations, fund the liquidity portfolio and minimize the cost of borrowing for the Bank and its borrowing member countries. To achieve these objectives, the Bank seeks to:

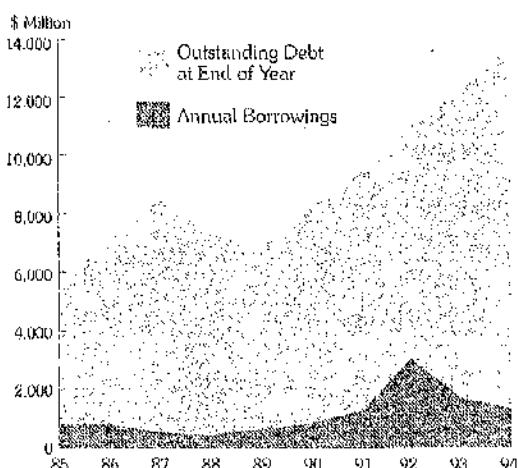
- (i) maintain a borrowing presence in the major capital markets and, where possible, increase the size of its public bond issues to improve the liquidity of its bonds in secondary markets, broaden the distribution of its bonds, and align its funding and trading spreads with those of other supranational borrowers;
- (ii) emphasize borrowings in the longer maturity range to minimize fluctuations in its lending rates and to ensure a reasonable maturity relationship between borrowings and loans;
- (iii) expand its investor base by borrowing in the private placement markets of various currencies;
- (iv) tap new markets, especially where this would contribute to the development of capital markets in the Asian and Pacific region;
- (v) utilize swap markets where cost-efficient arbitrage can significantly lower the cost of target currencies and transform structured financing into 'plain vanilla' fixed-rate liabilities; and
- (vi) use short-term bridge financing should temporary deficiencies in disbursement or debt-service currencies arise and if market conditions are not attractive for bond issues with longer maturities.

During 1994, the Bank raised funds totalling \$1,335 million (see table). After a total notional amount of \$645.8 million in interest rate swaps, the year's borrowings, except for \$250 million of the inaugural US dollar global bonds, were fixed-rate liabilities denominated in US dollars and Japanese yen. The average maturity of the borrowings undertaken in 1994 was 10.4 years compared to 10.5 years in 1993, and the after-swap cost of the fixed-rate liabilities was 5.47%, compared to 5.16% in 1993. The average cost of funds raised during 1994 was 4.33% per annum for the multicurrency variable lending rate facility (i.e., all borrowings except the US dollar global bonds) and 6.81% per annum for the US dollar variable-rate lending facility.

The Bank's first US dollar global bond issue was undertaken in February with a principal amount of \$750 million and a ten-year maturity. A \$250 million portion of this issue was swapped into a US dollar floating-rate liability and used for the newly approved market-based loan window.

With a view to diversifying its sources of funding, the Bank entered into three structured Japanese yen private placements, each with a principal amount of ¥10 billion. These borrowings were swapped into

Borrowings: 1985-1994



BORROWINGS, 1994

Country	Type	Borrowing	Amount in Currency of Borrowing (million)	US\$ Equivalent ^a (million)
Global	Public Offering	6.125% 10-Year Bonds due 2004	\$ 750	750.0
Eurobond Market	Private Placement	10-Year Structured Notes due 2004	¥ 10,000	95.6
	Private Placement	5.50% 10-Year Structured Notes due 2004	¥ 10,000	101.6
Japan	Private Placement	15-Year Structured Loan due 2009	¥ 10,000	97.0
	Direct Borrowing	4.40% 10 Year Loan due 2004	¥ 30,000	291.0
Total				1,335.2

a At the Bank's exchange rates effective at the time the terms of the borrowing were determined by the President.

plain vanilla bullet-maturity liabilities at cost levels well below those available in the public markets. In addition, a ¥30 billion direct loan was undertaken in July with a group of Japanese life insurance companies.

Apart from the 1994 borrowings, a number of Euro-commercial paper transactions, totalling approximately \$448 million, were undertaken by the Bank to counteract temporary deficiencies in disbursement and debt-service currencies.

As of 31 December 1994, the Bank's outstanding borrowings amounted to \$13,716.6 million, with an average maturity of 6.82 years and an average after-swap cost of 6.1%.

Liquid Asset Investments

As of 31 December 1994, the Bank's liquid assets totalled \$5,552 million, or approximately 44.3% of undisbursed loan balances. The Bank's liquid assets consist of investment holdings (net of special reserve investments) and unrestricted cash. Year-end levels of liquid assets are maintained at no less than 40% of undisbursed balances of both effective and not-yet-effective loans. This helps to ensure the uninterrupted availability of funds for the Bank's operations and adds to the Bank's flexibility in its borrowing activities, especially when borrowings may be temporarily affected by adverse conditions in the capital markets.

Investment of the Bank's liquid assets is governed by the primary objective of ensuring the security and liquidity of funds invested. Subject to this objective, the Bank seeks to maximize the income on funds

invested. It actively manages its liquid asset portfolio within the credit and market risk parameters outlined under the Investment Authority approved by the Board in October 1991. Under this Authority, the Bank is permitted, among other things, to invest in the obligations of government and government-guaranteed entities, to engage in securities lending and borrowing, to enter into 'short' securities positions, to execute transactions in exchange-traded financial futures and options, and to engage in covered forward investments. The Bank may not assume foreign exchange risk in its investment portfolio.

As a result of the poor climate for fixed-income securities in 1994, the Bank assumed a generally defensive posture with regard to market risk exposure on its portfolio. This was evidenced by a substantial increase in short-dated time deposits and other bank instruments held in the portfolio. Of the total OCR investment portfolio, 68% was held in bank instruments while 32% was held in securities issued or guaranteed by member governments (compared with 21% and 79%, respectively, in 1993). Furthermore, during 1994, the Bank began using exchange-traded financial futures contracts in managing market risk exposure.

As of 31 December 1994, the Bank's OCR investments totalled \$5,645 million equivalent, compared to \$5,641 million equivalent as of 31 December 1993. The investment portfolio was denominated in 23 different currencies. The realized rate of return on OCR investments in 1994 was 4.9% compared with 7% in 1993. The decline in the realized rate of return was attributed to adverse market conditions prevailing in international fixed-income markets during the year.

To further improve the efficiency of the Bank's investment operations, risk management of derivative operations was enhanced, performance measurement was improved and the systems infrastructure was further developed.

Income and Expenses

Gross income increased by 1%, from \$1,510 million in 1993 to \$1,525 million in 1994, despite a 12% growth in the Bank's average operating assets. The marginal increase in gross income was due mainly to a drop in the realized rate of return on the investment portfolio. Of the total gross income, \$1,188 million was generated by the loan portfolio and \$296 million by the investment portfolio.

The average yield on the loan portfolio declined to 7.7% from 8% in 1993, due mainly to the increasing share of lower-yielding variable-rate loans in the portfolio (from 60.5% to

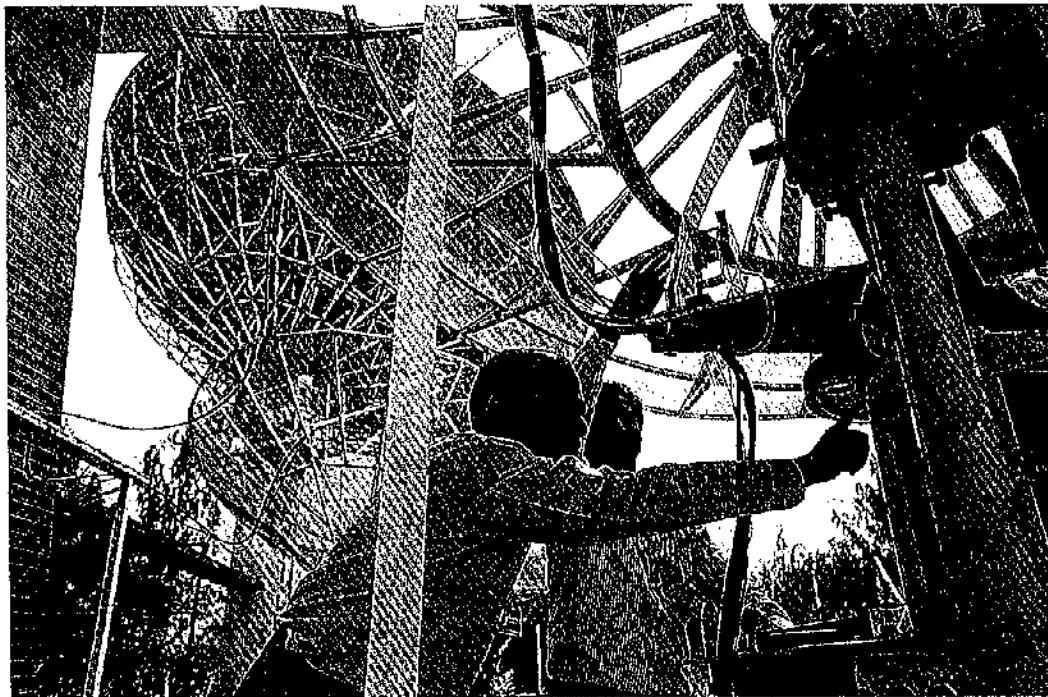
INCOME AND EXPENSES - ORDINARY CAPITAL RESOURCES (amounts in \$ million)

Income and Expenses	Actual				
	1990	1991	1992	1993	1994
1. Total Income	1,103.4	1,213.3	1,345.2	1,510.0	1,525.3
a. From Loans	724.9	825.5	943.4	1,075.8	1,187.5
b. From Investments	369.3	374.8	392.1	410.0	296.1
c. From Other Sources	9.2	13.0	9.7	24.2	41.7
2. Less: Expenses					
a. Interest and Other Financial Expenses	528.4	609.8	729.0	831.8	878.4
b. Administrative Expenses ^a	64.8	83.1	81.0	88.9	110.7
c. Provision for Losses	-	-	0.6	19.5	22.7
d. Services to Member Countries	1.7	2.5	-	-	-
Total Expenses	594.8	695.3	810.6	940.2	1,011.8
3. Net Income ^b	508.6	518.0	534.6	569.8	513.5

Note: Figures may not add due to rounding.

a Net of Administration Charge allocated to Asian Development Fund.

b Before appropriation of guarantee fees to Special Reserve.



The Bank has approved two loans totalling \$253 million to improve India's telecommunications system.

administrative expenses and a \$3 million increase in the provision for losses. Total operating expenses accounted for 66.4% of the gross income, compared with 62.3% in 1993.

Net income for the year, before appropriation of guarantee fees to Special Reserve, amounted to \$513.5 million, a 9.9% decrease from the previous year. This compared with a 6.6% increase in net income in 1993.

69.2%). The yield on the investment portfolio declined to 4.9% from 7% in 1993 due to lower interest rates in the major investment currencies. The overall return on average operating assets achieved for the year was 2.1% compared with 3% in 1993.

Total operating expenses amounted to \$1,012 million, up \$72 million, or 7.6% from the previous year. The rise in expenses was due to a \$47 million increase in financial expenses, a \$22 million increase in

Special Funds: Asian Development Fund, Technical Assistance Special Fund & Japan Special Fund

Asian Development Fund

ADF and TASF Replenishment (ADF VI)

THE CURRENT Asian Development Fund (ADF) and Technical Assistance Special Fund (TASF) replenishment (ADF VI), authorized by Resolution No. 214 of the Board of Governors in February 1992, is intended to finance the Bank's concessional lending operations during the four years from 1992 to 1995. The replenishment total, based on the exchange rates specified in the resolution (the average of daily exchange rates during the first quarter of 1991) is \$4.2 billion. Of this amount, \$140 million is for allocation to the TASF, primarily for project-related technical assistance to poorer DMCs and for regional technical assistance.

During 1994, ADF VI Instruments of Contribution were received from Turkey and United States, bringing the total amount of instruments received by the end of the year to \$4,028 million (at the exchange rates specified in the resolution). Only the Instrument of Contribution of Italy remained outstanding. The Instruments of Contribution of Canada and United States contain a qualification, as permitted by the resolution, that all payments for their contributions except the first would be subject to budgetary appropriations.

The resolution envisaged that contributions would become available to the Bank for operational commitments in four equal tranches during the years 1992 to 1995. In early 1991, the United States made available \$75,022,950, or 44.13%, of its first tranche, and in November it made available a further \$167,960,000, representing the balance of \$94,977,050, or 55.87%, of its first tranche and \$72,982,950, or 42.93%, of its second tranche. The resolution envisaged that the second, third and fourth tranches of the unqualified contributions would become available for operational commitments as from 1 January 1993, 1 January 1994 and 1 January 1995, respectively. However, during 1994, with the United States unable to release its contribution on the schedule envisaged in the resolution, several other donors exercised their right, pending the availability of a further amount of the United States' contribution, to reduce the amount of their second and/or third tranches which would be available to the Bank for operational commitments. Donors which exercised this right were Austria, Belgium, Canada,



Rubber factory in
Sri Lanka, a
beneficiary of the
Development Financing
Project.

ADF COMMITMENT AUTHORITY
 (at end of period; \$ million)

	1993	1994
ADF Lending Limitation	6,390	7,877
Total ADF Commitment Authority	720	2,099
Lending Headroom	393	1,887
Advance Commitment Authority	327	212

France, Germany, Nauru, Spain, Switzerland, Turkey and United Kingdom.

ADF Commitment Authority

At the beginning of 1994, total ADF commitment authority, i.e., the maximum amount of ADF lending which the Bank could undertake with the available resources, was about \$720 million. Amounts which became available during the year from donor contributions added about \$1,870 million to the resources (at the exchange rates applicable at the time of release). During the year, the US dollar value of resources contributed by nearly all donors increased significantly as a result of currency appreciations against the US dollar.

Under the financial policies approved by the Board in January 1991, the ADF lending limitation is defined as a certain proportion, referred to as the gearing ratio, of undisbursed resources. At the end of 1994, the ADF lending limitation was about \$7,877 million. The ADF lending headroom (equal to the difference between the lending limitation and the amount of committed but undisbursed loans) amounted to \$1,887 million. In addition, the Bank had advance commitment authority of \$212 million (equivalent to 85% of projected ADF investment income and loan repayments during the period 1 January 1995 to 31 December 1995). The Bank's total ADF commitment authority at the end of 1994 therefore stood at \$2,099 million.

ADF Loan Disbursements and Repayments

The total ADF disbursements during 1994 increased by 28.2% to \$1,186 million from \$925 million in 1993. At the end of the year, cumulative disbursements from ADF resources reached \$9,602 million. Loan repayments for the year amounted to \$105 million and cumulative repayments came to \$641 million. During 1994, three ADF loans were fully repaid and 26 new ADF loans were approved by the Board.

ADF Revenue and Expenses

In 1994, the excess of ADF revenue over expenses (net income) was \$61 million, bringing the accumulated surplus to \$870 million at the end of the year.

Gross revenue, consisting mainly of revenue from ADF investments and service fees on ADF loans, amounted to \$137 million. Expenses, consisting mainly of administration charge payable to ordinary capital resources, were \$76 million.

Portfolio Position

The ADF investment portfolio amounted to \$614 million at the end of 1994, compared with \$725 million at the end of 1993. Of the portfolio, 25% was held in securities issued or guaranteed by governments of member countries. The rest was invested in deposits and other

bank instruments in member countries. The return on ADF investments was 4.4%, compared with 5.5% in 1993.

Cumulative ADF loans grew by 12.8% to \$17,346 million. The loans were concentrated in Pakistan (29.1%), Bangladesh (27.6%), Sri Lanka (10.3%), Nepal (6.4%) and Philippines (6.3%).

The portfolio was denominated in 18 currencies. Japanese yen and US dollars formed 72% of the portfolio.

Loans to Afghanistan have been in nonaccrual status since the beginning of 1993. The country's loans outstanding amounted to \$34 million, about 0.3% of total outstanding ADF loans.

Technical Assistance Special Fund

The TASF portion of ADF VI contributions received by the Bank as of 31 December 1994 amounted to \$144.7 million (equivalent to \$134.6 million at the exchange rates specified in Governors' Resolution No. 214).

In May 1994, the Board of Governors allocated \$70 million from the 1993 net income of OCR to TASF. During the year, Pakistan made a direct voluntary contribution to TASF amounting to \$62,000 equivalent. The contribution (Pakistan's 18th) was partly untied, available for use in financing costs of services and facilities procured from all DMCs.

As of end-1994, total TASF resources amounted to \$532.2 million, composed of allocations from ADF V and ADF VI contributions (\$235.5 million), allocations from OCR net income (\$180 million), direct voluntary contributions to TASF (\$85.6 million), income from investments and other sources (\$32.4 million) and transfers out of TASF to ADF (\$1.3 million). Out of the total TASF resources, \$330.8 million had been utilized, leaving an unutilized balance of \$201.4 million.

Operations and Resource Position

The TASF contributed 51% of funding for services to member countries, with 138 new projects approved during the year. Revenue from investments increased from \$1 million in 1993 to \$2.2 million, in spite of a decline in the yield on TASF investments from 3.8% in 1993 to 2.6%. The revenue increase was due mainly to additional resources available from the allocation from OCR income and the second regularized TASF replenishment. Total revenue and contributions amounted to \$97 million. Against the TASF undisbursed balance of \$201 million, there were outstanding commitments of \$95 million.

The \$48 million cash contribution received in 1994 more than fully funded the \$40 million TASF expenditure. The balance was used to increase the investment portfolio.

At the end of the year, TASF investments stood at \$98 million. Other assets, comprising dues from banks, accounts receivable from ADF and contributors, advances to consultants and others, totalled \$127 million. Accounts payable to consultants and others amounted to \$24 million.

TASF RESOURCES (at end of period; \$ million)

	1993	1994
Allocations from ADF V and ADF VI Contributions	204.0	235.5
Allocations from OCR Net Income	110.0	180.0
Direct Voluntary Contributions	85.5	85.6
Income from Investment and Other Sources	29.3	32.4
Transfers out of TASF to ADF	(1.3)	(1.3)
Total TASF Resources	427.5	532.2

Japan Special Fund

During 1994, the Government of Japan provided a total amount of ¥9.87 billion (equivalent to about \$100.1 million) for its seventh-year contribution to the Japan Special Fund (JSF). The amount included ¥7.6 billion in regular contributions and ¥2.27 billion in supplementary contributions. This brought Japan's cumulative commitments to JSF since its inception on 10 March 1988 to ¥53.13 billion (equivalent to about \$512.5 million, including translation adjustments).

The cumulative total included regular contributions amounting to ¥45.5 billion (equivalent to approximately \$436.3 million) and supplementary contributions of ¥7.63 billion (about \$76.2 million). The supplementary contributions were to be used for organizing symposia/training (¥0.23 billion), women-in-development activities (¥1 billion), environment-related activities (¥4.7 billion), and activities to promote the private sector (¥1.7 billion).

Of the total contributions received, \$151.8 million had been utilized as of 31 December 1994, including \$149.7 million for technical assistance and \$2.1 million for equity investments. Funds awaiting disbursement are invested. In 1994, income from such investments amounted to \$7.2 million. As agreed with the Japanese Government, part of the investment income was used to defray the Bank's direct and identified administrative expenses.

Operations and Resource Position

Total expenditure amounted to \$41 million (up 20%) for services to member countries, \$0.97 million (up 54%) in administrative expenses and \$1.2 million in provision for losses. The revenue from investments of JSF resources amounted to \$7.2 million, a decrease of 6.9%. The realized rate of return on investment declined from 3.1% in 1993 to 2.2%.

With additional contributions committed during the year, there was an operational surplus, which raised unexpended JSF balances to \$400 million.

The cashflow position remained satisfactory. The \$100 million received on account of contributions provided the major source of funds. Together with the \$7 million in interest earned on investments, this was far in excess of the expenditure. The surplus was used to increase the investment portfolio.

At year-end, the quantum of JSF investments stood at \$404 million, up 32%. Other assets, comprising advances to consultants and others, rose by 41% to \$10 million, while accounts payable (mainly for consulting services) stood at \$14 million.

Farmers at work against the background of transmission towers in Lao PDR. The Bank provided a technical assistance grant for the Vientiane Plain Rural Electrification Project.



Project and Program Administration

ATOTAL of 435 projects was under administration as of end-1994. These included 384 projects in the public sector and 51 projects in the private sector. Of the public sector projects, 337 were performing satisfactorily (by conforming to target dates and project costs, and complying with loan covenants established during appraisal), 46 faced implementation or operational problems and one was considered inactive.

During the year, 422 project administration missions, including private sector loan missions and multiproject missions, were fielded to review the progress of projects and to discuss remedial measures with executing agencies. These missions spent a total of 5,135 persondays, or an average of 8.26 persondays per project. The average was higher than last year's 7.5 persondays per project as the Bank paid greater attention to project quality. In addition, implementation support was provided to executing agencies by the Bank's regional and resident offices. Portfolio performance reviews were carried out to improve disbursements by restructuring or reformulating slow-moving projects and identifying loan proceeds for cancellation.

Country project review missions were undertaken in nine DMCs. The purpose was to discuss implementation problems, cross-sectoral issues and necessary remedial measures with senior government officials.

The implementation of 88 projects was completed, bringing to 903 the cumulative number of completed projects. Project completion reports were prepared for 55 projects. The total number of reports prepared as of end-1994 was 628. For details, see *Table 20 in the Statistical Annex*.

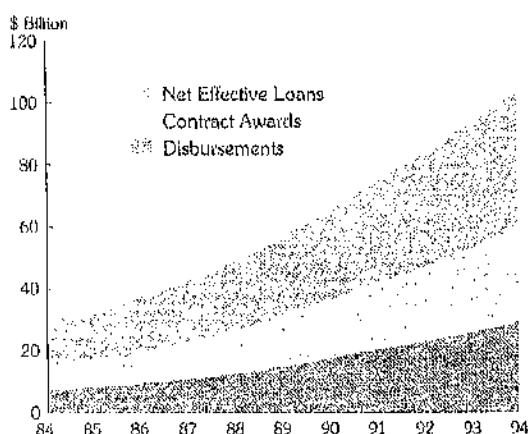
Project administration procedures continued to be revised in the light of the Bank's Strategic Plan. Computer systems continued to be developed for better monitoring and evaluation of benefits. The curricula of project implementation seminars for executing agencies were restructured and a training program was established at the request of borrowers. Technical assistance was provided to acquaint government personnel with the Bank's operational requirements, policies and procedures, particularly those related to procurement and disbursement.

In addition, nine seminars and workshops were held to enhance the implementation capabilities of executing agencies (see table). A total of 284 senior and middle-level officials benefited from this activity. Besides, 48 in-house seminars were held for Bank staff dealing with project processing and administration.

SEMINARS ON PROJECT IMPLEMENTATION AND ADMINISTRATION, 1994

Type	Country/ City	Seminar Dates
Regional Seminar on Project Implementation and Administration	Philippines/Manila	16-27 May
Country Procurement Seminar	People's Rep. of China/Anhui	19-24 May
Country Procurement Seminar	Pakistan/Islamabad	6-11 August
Country Project Implementation Management Seminar	Viet Nam/Ho Chi Minh	15-24 August
Country Project Implementation Management Seminar	India/Delhi	6-16 September
Country Project Implementation Management Seminar	Bangladesh/Dhaka	17-24 September
Country Procurement Seminar	Laos/Vientiane	4-12 October
Regional Seminar on Project Implementation Management	Philippines/Manila	17-28 October
Regional Seminar on Project Implementation Management	Philippines/Manila	7-17 November

Contract Awards and Disbursements: 1984-1994



Contract Awards

During 1994, contracts totalling \$3,731 million were awarded by executing agencies in DMCs for consulting services, procurement of goods and related services, and civil works. This represented a 6% increase from 1993. Consultancy contracts under loan projects, although a small proportion of total contract awards, play a vital role in transferring skills and technologies to promote the development of domestic consultants. During 1994, consultancy contracts under loan projects totalled \$233 million. These involved 176 consulting firms (84 international and 92 domestic) and 36 individual consultants (26 international and ten domestic).

For technical assistance projects, the Bank awarded 395 contracts for consultancy services amounting to \$94.2 million and involving 298 consulting firms and 279 individual consultants.

Seminars on business opportunities were held in Austria, Canada, France, Germany, Hong Kong, Italy, Republic of Korea, Malaysia, New Zealand, Philippines, Spain, Switzerland, Taipei, China, Thailand and United Kingdom.

For details, see Tables 19-29 in the Statistical Annex.

Loan Disbursements

Loan disbursements for the year ending 1994 reached a record high of \$3,688 million. This amount exceeded the last highest level of loan disbursements achieved in 1991 of \$3,104 million by 19% and exceeded the previous year's loan disbursements by 25%. Of this, OCR disbursements amounted to \$2,501 million and ADF disbursements \$1,187 million, up 24% and 28%, respectively, as compared to 1993 (up 21% and 14%, respectively, as compared to 1991). The total loan disbursements exceeded the 1994 target of \$3,230 million by 14%.

The comparative details of disbursements in 1993 and 1994 by lending modality are shown on the accompanying table.

Countries with significant disbursements during the year and which did well in implementing Bank-financed projects included Bangladesh, People's Republic of China, India, Indonesia and Pakistan.

The increase in disbursements in 1994 partly reflected the continuing efforts by the Bank and its borrowers towards improving project quality with increased accountability in project implementation aspects.

Private Sector Investment Portfolio

The private sector portfolio stood at \$505 million as of end-1994, compared to \$444 million at the end of 1993. The investments were in 79 local companies in 11 DMCs and in six regional companies. Loans accounted for 73% of the portfolio, or \$369 million, against \$320 million (72%) in 1993.

Of the 85 companies which received Bank investments, 52 were in full-scale operation, seven were in their initial operation, nine were under implementation, two were having teething problems, six were underperforming and nine were either operating at a loss or were under liquidation.

LOAN DISBURSEMENTS, 1993 AND 1994

(amounts in \$ thousand)

		1	9	9	3	
	OCR	% of Total OCR	ADF	% of Total ADF	Total	% of Total Disbursements
A. Project Loan Disbursements						
Non-DFI	1,168,864	58	619,846	67	1,788,210	61
DFI	241,107	12	68,544	7	309,651	11
Special Assistance	-	0	-	0	0	0
Total Project Loans	1,409,971	70	687,890	74	2,097,861	71
B. Sector Loan Disbursements	382,269	19	167,256	18	549,525	19
C. Program Loan Disbursements	125,000	6	69,127	7	194,127	7
D. Private Sector	98,963	5	857	0	99,820	3
GRAND TOTAL	2,016,203	100	925,130	100	2,941,333	100

		1	9	9	4		% Change (1994/93)		
	OCR	% of Total OCR	ADF	% of Total OCR	Total ADF	% of Total Disbursements	OCR	ADF	Total
A. Project Loan Disbursements									
Non-DFI	1,493,765	60	735,899	62	2,229,664	60	28	19	25
DFI	217,478	9	19,074	2	236,552	6	(10)	(72)	(24)
Special Assistance	-	0	-	0	0	0	0	0	0
Total Project Loans	1,711,243	68	754,973	64	2,466,216	67	21	10	18
B. Sector Loan Disbursements	513,961	21	206,210	17	720,171	20	34	23	31
C. Program Loan Disbursements	150,000	6	225,096	19	375,096	10	20	226	93
D. Private Sector	126,185	5	215	0	126,400	3	28	(75)	27
GRAND TOTAL	2,501,389	100	1,186,494	100	3,687,883	100	24	28	25

Disbursements were in progress for 11 companies, amounting to \$109 million, net of loan recoveries, or 22% of the portfolio. Disbursements had been completed for 79 companies.

Interest and fee income earned in 1994 totalled \$33 million, compared to \$20 million in 1993. Dividends received amounted to \$3.9 million on total equity portfolio (3% yield) compared to \$5.5 million in 1993 (4.4% yield). Capital gains during the year, through the sale of shares and stock rights, amounted to \$30.3 million, compared to \$12.3 million in 1993. The Bank's specific provision against possible



Nepal has received two loans totalling \$16 million to improve technical education in the country.

losses totalled \$20.3 million at year-end. In addition, a general loss provision of \$29.3 million was made, equivalent to 6% of the outstanding private sector portfolio (excluding projects with specific provision and adjusted for exchange rate variations) as of 31 December 1994.

Benefit Monitoring and Evaluation

Benefit monitoring and evaluation refers to a group of activities that seek to improve the beneficial impact of loans, as well as to incorporate lessons of experience into current and future lending operations. In 1994, one seminar was conducted for Bank staff and one workshop was held for executing agencies to enhance awareness and understanding in this respect.

Many loan and technical assistance projects provided support to strengthen the capabilities of agencies to monitor and evaluate. Among these were the Socio-Environmental Assessment of the Meghna Dhonagoda Irrigation Project in Bangladesh and Health Management Information System and Health Planning in Marshall Islands. Technical assistance was provided to help develop capabilities to post-evaluate the benefits of completed projects in Bangladesh and PRC.

Further to the recommendation of the Task Force on Improving Project Quality, benefit monitoring and evaluation is being simplified and integrated into the Bank's operations by using the project framework as the basis for designing activities.

Post-evaluation and Internal Audit

THE WORK program completed during the year comprised 24 project performance audit reports, three technical assistance performance audit reports, two impact evaluation studies and two re-evaluation studies.

Project Performance Audit Reports

The 24 project performance audit reports prepared during 1994 covered one program loan and 24 projects (one report covered two projects). Of these, nine projects and one program were in seven Group A countries; 13 projects in three Group B countries; and two projects in one Group C country. Sectorwise, nine projects were in social infrastructure, seven in agriculture and agro-industry, four in energy, and two each in finance and transport and communications. The program loan pertained to the industry sector. A salient feature of the 1994 program was that it included the first post-evaluation of projects in People's Republic of China (two projects) and India (one project).

Cumulatively, by the end of the year, 432 project performance audit reports had been prepared for 452 projects and programs covering all major sectors and subsectors in 26 DMCs.

Of the 25 projects/program post-evaluated in 1994, 15 (60%) were rated as generally successful, eight (32%) as partly successful and two (8%) as unsuccessful. The performance rating was in line with that of all cumulative post-evaluated projects. Of the 450 post-evaluated projects

PERFORMANCE CLASSIFICATION BY INVESTMENT COSTS AND LOAN DISBURSED, 1994

	Investment Cost		Loan Disbursed	
	Amount (\$Mn)	%	Amount (\$Mn)	%
Generally Successful	749	68	587	73
Partly Successful	290	27	178	22
Unsuccessful	55	5	35	4
Total	1,094	100	800	100

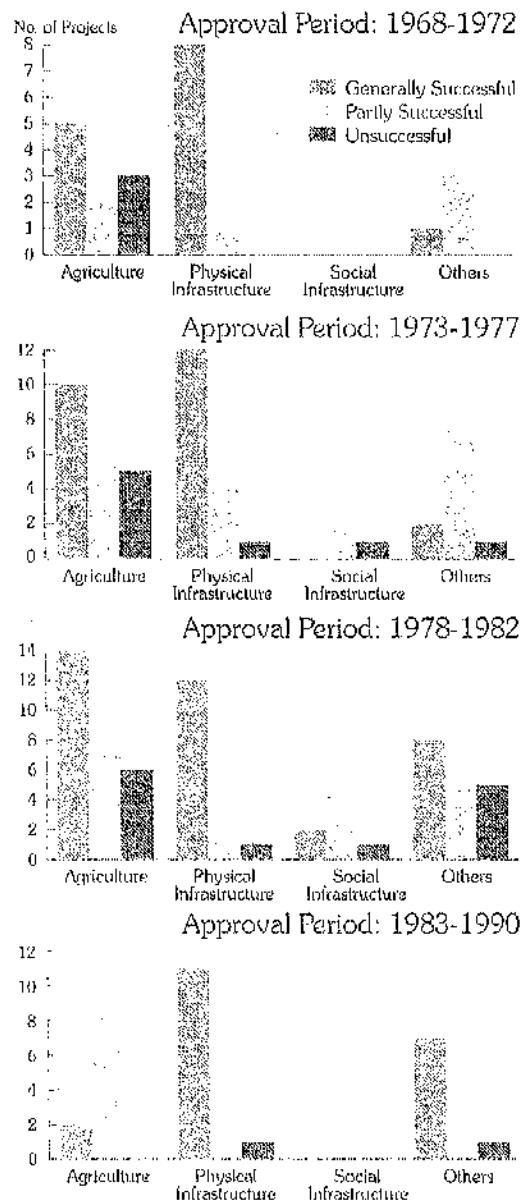
Note: Disbursement percentages do not add up because of rounding.

PERFORMANCE CLASSIFICATION, 1994

Sector	Generally Successful						Total
	No.	%	No.	%	No.	%	
Agriculture	5	71	1	14	1	14	7 100*
Energy	3	75	1	25	-	-	4 100
Finance	2	100	-	-	-	-	2 100
Industry	1	100	-	-	-	-	1 100
Social							
Infrastructure	2	22	6	67	1	11	9 100
Transport and Communications	2	100	-	-	-	-	2 100
Total	15	60	8	32	2	8	25 100

* The percentages do not add up to 100 because of rounding.

Performance of Post-evaluated Projects by Sector and Approval Period - Group A Countries



Note: 'Group A' includes 23 DMCs with very low per capita GNP. Projects financed by blended ADF/OCR loans are considered OCR projects if the size of OCR financing is bigger than ADF. 'Physical Infrastructure' includes transport and energy sectors. 'Others' includes multilateral development finance institutions and industry.

Post-evaluation Approach and Project Classification

THE BANK'S post-evaluation system has two principal objectives: (i) to improve the design and execution of future activities in the light of past experience; and (ii) to account to the Bank's shareholders for the effectiveness of Bank assistance to its DMCs. To achieve these objectives, the Bank undertakes independent post-evaluation of its projects/programs and technical assistance; carries out impact evaluation and special studies on topics of broader relevance to the Bank's future operations, practices and procedures; and feeds lessons learnt into the operational system of the Bank. It also assists the DMCs in developing and strengthening their own evaluation capabilities.

Post-evaluation is generally carried out about three years after a project is completed to ensure availability of adequate data relating to project costs and benefits to facilitate a more objective assessment of project performance and sustainability. Apart from reviewing the project experience in terms of formulation, implementation and operational performance, the exercise identifies issues or factors relevant to performance and the development impact for future Bank operations.

The general target of the Bank's post-evaluation exercise is that, at the end of each year, 50% of the cumulative total number of projects completed as of that date should be covered.

On the basis of implementation experience, expected performance and development impact, projects are classified as generally successful, partly successful or unsuccessful. A project is considered generally successful if it is expected to be economically viable or can generate socioeconomic benefits commensurate with original expectations and/or costs incurred. A project is rated as partly successful if its benefits are believed to be sustainable at reduced levels, with reasonable prospects for improvement if remedial actions are taken. If a project is not technically and/or economically viable, it is classified as unsuccessful. It is important to note that such classification made at the time of post-evaluation may be revised during subsequent re-evaluation. Also, a partly successful project is not to be viewed as an unsuccessful project.

and programs classified as of the end of 1994, 270 (60%) were generally successful, 135 (30%) partly successful and 45 (10%) were unsuccessful.

The program loan and most of the projects post-evaluated in 1994 had been approved during the 1980s and completed in the early 1990s. Among the problems that most of the projects encountered were failure to establish project implementation units on time; difficulties in the recruitment of consultants and in the procurement and delivery of equipment; lack of counterpart funds; less than satisfactory performance of contractors; inexperience of executing agencies; and land acquisition problems.

The total investment cost of the post-evaluated projects/program had originally been estimated at \$1,453 million. Actual costs upon completion came to \$1,095 million, about 25% lower. Loans from the

Bank amounted to \$996 million. Of this amount, \$800 million, or 80%, was actually disbursed. The underruns in project costs and Bank financing were also due to factors such as reduction in project scope, movements of exchange rates, lower-than-estimated costs of construction and equipment, and overestimation of costs and contingencies during appraisal.

In terms of actual investment costs, however, 68% of the projects/program post-evaluated in 1994 were generally successful, 27% partly successful and 5% unsuccessful. On the basis of loan amounts disbursed, the respective rates were 73%, 22% and 4%. This indicates that the more successful of the post-evaluated projects generally involved bigger investment costs and relatively large Bank loans.

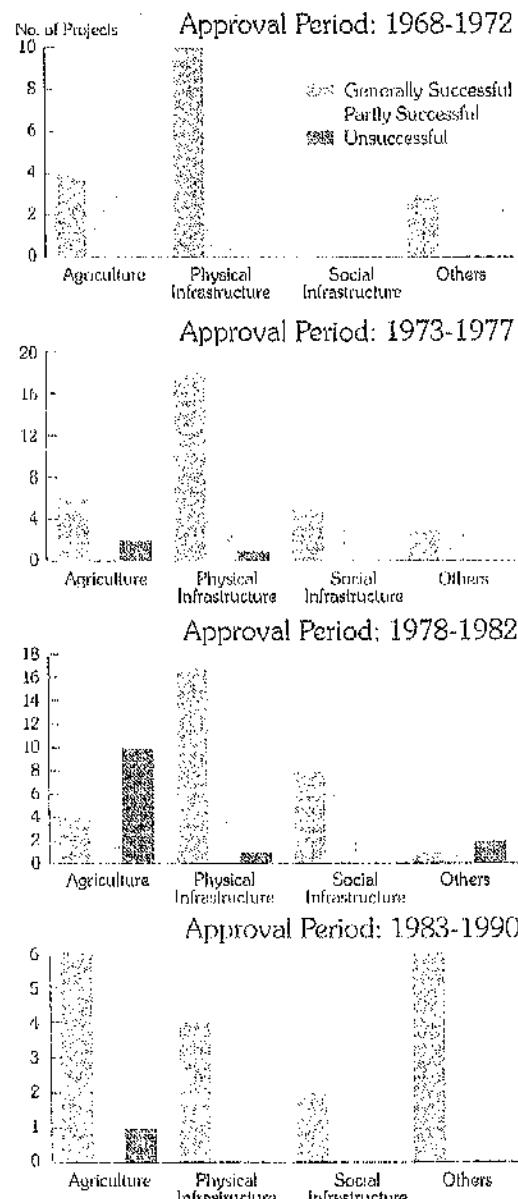
The analysis of project performance by sector and country is limited by the small number of projects post-evaluated. Nevertheless, five out of the seven post-evaluated projects in the agriculture sector, or 71%, were rated as generally successful. This was the best performance record for this sector in the past 15 years. These projects – in forestry, support services and rural development subsectors – were well prepared and unaffected by adverse exogenous circumstances. Projects in the electric power and ports sectors continued to fare well. Of the nine post-evaluated projects in the social infrastructure sector, only two urban development projects were rated as generally successful. All the water supply, education and health projects post-evaluated in 1994 were classified as either partly successful or unsuccessful. The partly successful or unsuccessful projects suffered from design deficiencies and inadequate funds for sustained operations after their completion.

The 15 generally successful projects have contributed to the social and economic developments of the countries concerned (see box on Economic and Social Benefits). Factors having a bearing on project performance included appropriateness of project preparation and design, implementation arrangements, capability of executing agencies, coordination among relevant agencies, operational sustainability and government policies and commitment. The 1994 exercise confirmed a number of useful lessons. First, it is pragmatic to keep the project design simple, well-focused, manageable in scope, and compatible with the DMCs' absorptive capacity. Second, the Bank should monitor the progress of implementation more systematically and carefully. Third, beneficiaries should be involved in the design and implementation of projects to encourage greater ownership.

Technical Assistance Performance Audit Reports

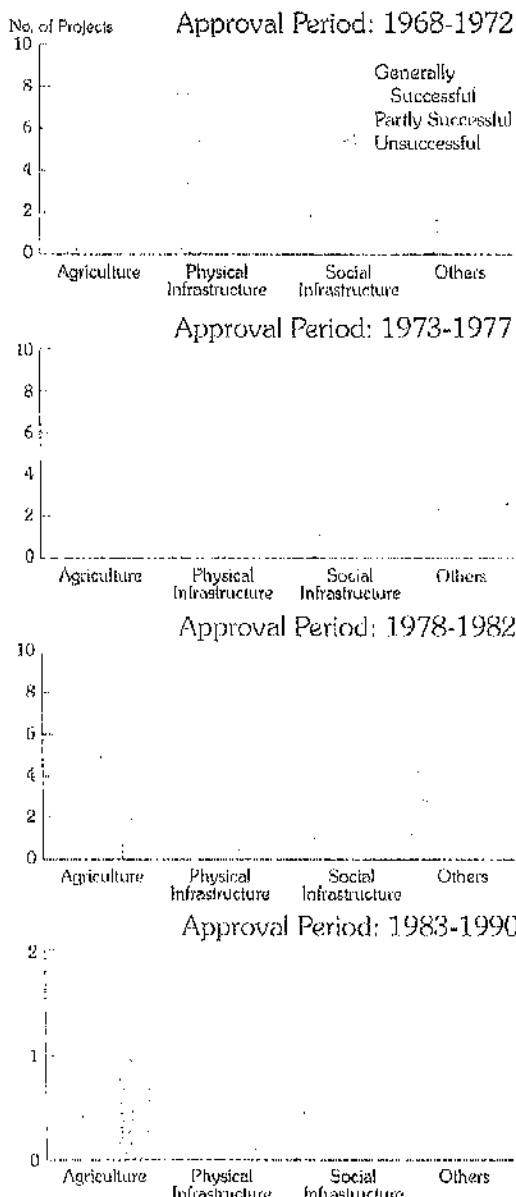
The three technical assistance performance audit reports prepared during the year were about a human resource planning project in Lao PDR, a study on the policy impact of a Bank-financed agriculture program loan in Sri Lanka and a feasibility study on a watershed conservation and management project in Bhutan. All three were found to be partly successful. While they were reasonably satisfactory in some aspects, they suffered from design deficiencies and inadequate supervision. The exercise underscored the need to adopt a logical framework approach in the design of technical assistance projects to ensure a coherence between the inputs provided and the expected outcome.

Performance of Post-evaluated Projects by Sector and Approval Period - Group B Countries



Note: 'Group B' includes four lower middle-income DMCs. Projects financed by blended ADF/OCR loans are considered OCR projects if the size of OCR financing is bigger than ADF. 'Physical Infrastructure' includes transport and energy sectors. 'Others' includes multilateral development finance institutions and industry.

Performance of Post-evaluated Projects by Sector and Approval Period - Group C Countries



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

Post-evaluation Studies

Of the two impact evaluation studies, one was on the irrigation sector in Nepal and the other on the water supply and sanitation sector in Malaysia. The studies provided insights useful for effective Bank operations in these sectors.

The study on the water supply and sanitation sector concluded that most of the Bank-financed water schemes in Malaysia had served a larger number of population than intended at appraisal and had overall positive health impacts. Moreover, it was found that conditionalities associated with the Bank loans and policy dialogue between the Bank and the Government had helped accelerate the move towards privatization of services. The study suggested greater Bank support for privatization, appropriate water pricing policies, and regulation of water services by independent authorities to protect consumers.

The study on the irrigation sector brought out the favorable impact of Bank projects on agricultural production, employment and income. However, it was observed that the impact of the irrigation projects was constrained by inadequate assessment of watershed characteristics and river hydrology, inadequate operation and maintenance, lack of trained staff, weak interagency linkages in the provision of agricultural support services, and unfavorable macroeconomic and sector policy environment. The findings pointed to the need for careful planning and design of irrigation projects, taking account of the absorptive capacity of the country, beneficiary participation, cost recovery, and the institutional framework for providing support services.

Re-evaluation Studies

Two re-evaluation studies were undertaken for an irrigation project and a fertilizer project to assess their performance and sustainability several years after their first post-evaluation.

The irrigation project was re-evaluated eight years after its post-evaluation in 1986. The project was found to be unsuccessful because its benefits in terms of the area irrigated and incremental paddy production were far below projections.

The re-evaluation of the fertilizer project reconfirmed its performance rating of "generally successful" concluded at post-evaluation in 1987. It was found that the design and operational problems of the project identified at post-evaluation had been overcome. It generated many unquantified socioeconomic benefits and helped improve the reliability of fertilizer supplies to meet farmers' requirements.

Feedback of Post-evaluation Findings

The Bank's feedback mechanisms were further strengthened during 1994 to ensure that the lessons learnt were effectively fed back into the operational system. The computerized Post-Evaluation Information System was made more user-friendly to operational departments. This was supplemented by the circulation of the Thirteenth Report of Post-Evaluation Abstracts in March and the Sixteenth Annual Review of Post-Evaluation Reports in April. Two feedback workshops were organized,

Economic and Social Benefits

A NUMBER of projects post-evaluated in 1994 were found to have provided tangible economic and social benefits to the DMCs concerned. Some of these projects also addressed cross-cutting issues, such as poverty reduction, development of the status of women and environmental protection. For example:

- ✓ Two power projects in PRC and in Lao PDR generated about 245 MW of electricity and helped conserve foreign exchange through the substitution of imported fuel with indigenous sources for power generation.

- ✓ A microcredit project in the Philippines, the first Bank project that provided credit support to low-income borrowers through non-governmental organizations, helped set up 8,854 new small enterprises and expand 11,720 existing ones. It generated some 46,000 jobs.

- ✓ An agricultural credit project in PRC supported the technical upgrading, modernization and expansion of 44 sub-projects, generating 7,000 direct

and about 20,000 indirect jobs. Two thirds of the jobs created were for women in low-income rural areas.

- ✓ A rural development project in Malaysia, by providing flood protection, drainage and irrigation facilities, improved incomes of about 21,000 farming families.

- ✓ A forestry development project in Indonesia resulted, among other things, in the establishment of about 36,000 ha of industrial plantations on cul-over forest land, creating employment and income opportunities for some 50,000 poor and landless farmers. A pilot project for soil conservation, land rehabilitation and agroforestry development helped watershed conservation.

- ✓ A regional development project in Malaysia provided for the establishment of seven township development centers complete with basic infrastructure, such as storm-water drains, solid waste disposal facilities, improved water reticulation, housing facilities and public amenities. This benefited 26,000 people who used to live under less-than-satisfactory environmental conditions in a

poverty-stricken area.

- ✓ A small towns urban development project in Indonesia provided housing, drainage and sanitary facilities to improve the health and quality of life for 40,000 people living in 38 small and medium towns in Central Java.

- ✓ An industrial credit project in India provided funds for 86 subprojects to modernize production facilities, upgrade technology and product quality, and expand plants to economic size.

- ✓ Three health and population projects, one in Bangladesh and two in Papua New Guinea, helped upgrade family planning, maternal and child health services and postnatal facilities, enhancing women's health and productivity.

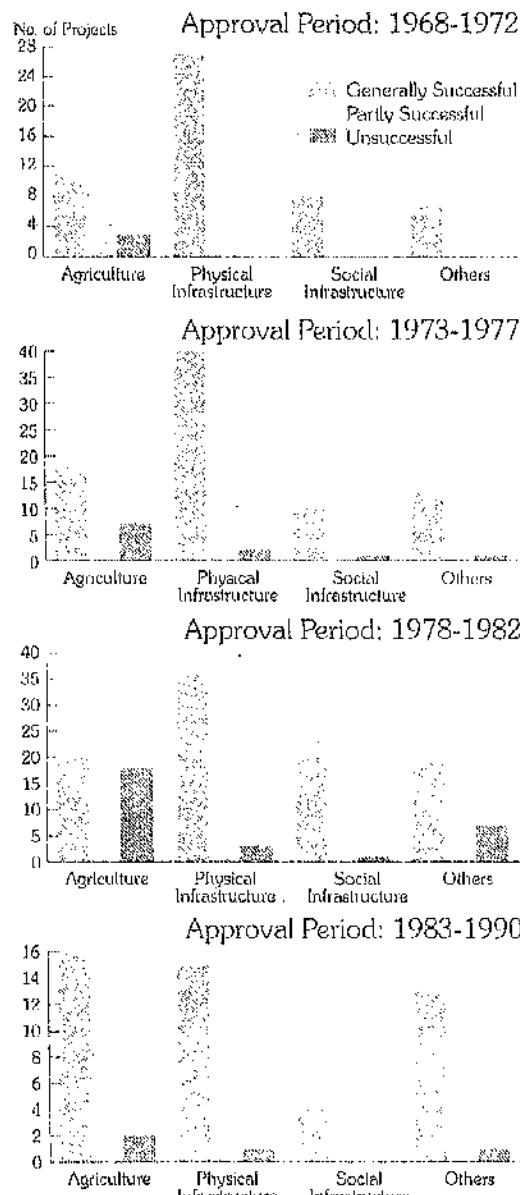
- ✓ An industrial program loan in Pakistan supported a number of industrial policy reforms, contributing to the promotion of the private sector and a more efficient export-oriented industrial sector.

one on issues arising from post-evaluation of Bank-financed projects in the Philippines, and the other on the impact evaluation study of Bank operations in the irrigation sector in Nepal. The workshops enhanced inter-departmental interaction and facilitated initiatives to address the issues relating to project quality.

The Management Committee on Post-Evaluation Findings held its biannual meetings in April and November to discuss issues emerging from post-evaluation studies that warrant Management's attention and guidance. The meetings reinforced the need to address more effectively the issues of capacity building, treatment of risk and uncertainty, benefit monitoring and evaluation, operation and maintenance of project facilities, and follow-up of completed projects.

To ensure that post-evaluation findings led to improved quality of new projects, the Bank's Post-Evaluation Office continued to be actively associated with the processing of loan and technical assistance projects by reviewing and commenting on draft Board documents. Country strategy

Performance of Post-evaluated Projects by Sector and Approval Period - All Projects



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

studies, operational programs and project appraisals took into consideration the Bank's experience with post-evaluated projects. The preparation of country and sector syntheses of post-evaluation findings was expanded. This proved effective in disseminating the lessons of post-evaluation in a form suitable for easy reference during operational work.

Building Post-evaluation Capacity in DMCs

The Bank stepped up its efforts to provide assistance to DMCs in developing and strengthening their own evaluation capabilities. Two advisory technical assistance grants were approved in 1994 for developing performance evaluation capabilities in Bangladesh and PRC, bringing to seven the number of countries receiving similar technical assistance. A regional technical assistance was approved for strengthening the post-evaluation feedback systems of the DMCs to improve the planning, preparation, implementation, management and operation of development projects. A technical assistance completion report was prepared for the advisory technical assistance to the Philippines. It concluded that the assistance was generally successful in strengthening the evaluation capability of the National Economic and Development Authority.

Inter-agency Cooperation

The Bank maintained close coordination with multilateral and bilateral aid agencies on post-evaluation activities through the Expert Group on Aid Evaluation of the Development Assistance Committee of the Organization for Economic Co-operation and Development. This has promoted professional contact and interaction among agencies on areas relating to evaluation policy, methodology and feedback and the sharing of information on post-evaluation results and findings.

Internal Audit

In view of its independent function and role in the Bank, the Internal Audit Office (IAO) reports to the President. It assists all levels of management in the Bank by conducting independent and objective appraisal and audit of financial, accounting, administrative, project-related, computer-based and other activities within their respective areas of responsibility. It helps identify possible means of improving the efficiency, effectiveness and economy of Bank activities and the use of its resources. IAO's activities are reviewed by the Audit Committee of the Board to ensure that these are adequate and efficient.

IAO's effort to promote operational and organizational efficiency in all areas of Bank operations continued to be reflected in the audits conducted during 1994. These encompassed various audit subjects, including cost overruns on Bank-financed projects, and post-implementation reviews of a number of computerized systems and subsystems, including the Mainframe Operating System. This enhanced the economy, efficiency and effectiveness of Bank procedures, strengthened internal controls and improved staff compliance with Bank

policies and procedures.

During the year, IAO also completed its audit on auditing and reporting standards of borrowers' auditors. The exercise formed part of a series of project-related audits concluded over the past six years pertaining to the loan covenant on the submission of audited financial statements from borrowers/executing agencies. These audits have enhanced the awareness within the Bank as well as its borrowers and executing agencies of the importance of the financial reporting and auditing requirements of the Bank, and the need to look beyond financial accountability to focus more on performance accountability.

In line with its overall objectives, IAO undertakes missions to the Bank's DMCs to gain first-hand knowledge of problems and issues identified in audit reports compiled at Headquarters. The idea is to ensure that project-related audits and IAO's advisory services to operational departments include recommendations aimed at improving the Bank's policies, systems and procedures, and thus contribute to enhancing project quality. In 1994, IAO undertook an independent mission to the Philippines.

As part of its advisory services to other departments and offices, IAO actively participated in a number of task forces and working groups, including those on (i) improving project quality; (ii) restructuring of the Operations Manual; (iii) review of the Bank's accounting systems; and (iv) rationalizing loan financial statistics.

In addition, IAO actively participated in the Bankwide effort to enhance productivity and performance through several new initiatives which commenced in 1994. The initiatives include (i) a review of the Bank's new financial instruments, including derivatives; (ii) further promotion of operational audits, focusing on economy, efficiency and effectiveness; (iii) updating of the Audit Manual to incorporate the latest audit techniques; (iv) expansion of its direct and integrated assistance to the Bank's external auditors; (v) development of an audit information management system to automate the auditor's work; and (vi) evaluation and documentation of the Bank's systems of internal control.

IAO continued to be actively involved in the annual audits of selected consultant contracts for technical assistance projects. Its direct and integrated assistance to the Bank's external auditors has been expanded to cover selected transactions on borrowing, in addition to investment, administrative expenses and loan disbursements. The Bank's external auditors evaluated IAO's work to be of very high quality.

IAO monitors the status of implementation of audit recommendations contained in audit reports and conveys the results periodically to Management and the Audit Committee of the Board, as well as to heads of departments and offices for necessary action. The length of the implementation period of a particular recommendation depends on its nature and complexity. The satisfactory level of implementation of audit recommendations during 1994 was reflective of the responsiveness of the various departments and offices. At the same time, it indicated the appropriateness of IAO's recommendations.



Preparing road construction material under a Multiproject loan in Western Samoa.



Administration

Appointment of Vice-President

THE BOARD of Directors, acting on the recommendation of President Mitsuo Sato, appointed Peter H. Sullivan as Vice-President (Operations) effective 6 July. Mr. Sullivan succeeded William R. Thomson, who resigned from his position at the end of June. Mr. Sullivan, who joined the Bank in 1975, has 22 years of legal and development bank experience. Prior to his appointment as Vice-President, he was the Bank's General Counsel.

Personnel Management and Development

At the end of 1994, the Bank had a staff of 1,926 coming from 42 of its 55 member countries. The total comprised 645¹ professional and 1,281 supporting staff. During the year, there were 62 appointments and 51 terminations of professional staff, while 78 supporting staff joined the Bank and 50 left.

A systematic bankwide assessment of staff skills was undertaken during the year. An inventory of available and desirable professional staff skills was completed. In the context of the Bank's reorganization effective 1 January 1995, detailed work was initiated to develop department-by-department human resource plans. The revised paper on the Bank's Human Resource Development Operational Strategy for the medium term was discussed in an informal meeting of the Board in August. The Board approved a Special Separation Program which provided for the voluntary separation of staff so as to enhance staffing flexibility, utilize human resources more effectively and provide better career opportunities for staff who remain on board.

Following a comprehensive study of the Bank's staff performance appraisal process, a substantially modified performance evaluation review system was introduced in April. The new system places considerable responsibility on the line division managers and department and office heads for the effective implementation of the performance appraisal process.

In the area of staff training and skills development, the main thrust during the year was on strengthening the analysis of training needs, consolidating activities and further improving the quality and delivery of in-house training programs. Greater attention was paid to strengthening staff skills in addressing cross-cutting issues, such as protection of the environment, reduction of poverty and development of the status of women. The third round of the Manager Development Program was



A beneficiary of the Bali Irrigation Sector Project in Indonesia.

¹ Includes Management but excludes Directors' Assistants.





This small-scale woodcraft enterprise in Western Samoa was among the beneficiaries of a \$4.4 million multiproject loan.

completed. Arrangements were initiated for a formal program of exchange of professional staff between the Bank and the World Bank.

The Bank was actively involved in pursuing a position paper prepared under the Spouse Employment Initiative of the United Nations Development Programme. The paper seeks the Philippine Government's waiver of employment permit requirements for expatriate spouses of the staff of international agencies.

Compensation and Benefits

Effective 1 June 1994, the Board approved overall pay increases of 3.2% for professional staff and 9.7% for supporting staff. The increases were distributed to staff according to performance and their relative positions in their respective salary ranges. The dependency allowance for supporting staff was increased. Authority was given to the President to adjust the allowance in accordance with changes in the dependency allowance of the general staff in the World Health Organization office in Manila. The office serves as the Bank's comparator institution in this case.

Recognizing the different costs of education in different countries, new, country-specific overseas education grant limits were adopted. In view of the recent steep escalation of house rents in Manila, new staff were given additional financial support in respect of their house rent subsidies. Home leave allowances were realigned to better reflect current costs. A provision for emergency leave was introduced in the case of death of close relatives of staff. The previous compassionate salary advance scheme was replaced by a more flexible and quick-disbursing multipurpose loan facility. The terms of the salary advance facility for new expatriate staff were improved.

The Bank concluded pension transfer agreements with IMF, the European Bank for Reconstruction and Development and the United Nations allowing staff from these organizations to transfer their pension rights to the Bank and vice versa.

Reorganization of the Bank

An internal reorganization of the Bank was approved by the Board of Directors in November to give its operations a sharper country focus and use Bank resources more efficiently. The reorganization, effective 1 January 1995, is based on broad geographic specialization at the regional vice presidency level, functional specialization (programs and projects) at the department level and technical specialization at the division level. The regional Vice-Presidents will be in charge of all operating functions for countries under them. The central policy offices, including the Strategy and Policy Office and the Office of Environment and Social Development, will report directly to the President, while the operating support offices will continue to be under the operational Vice-Presidents. The functions of Vice-President (Finance and Administration) remain unchanged. (For the new organization chart, see page 253.)

Confidentiality and Disclosure of Information

In September, the Board of Directors approved a new policy which, while recognizing practical and legal constraints, (i) provides for the greatest degree of transparency and disclosure in all areas and aspects of Bank activities and operations, and (ii) establishes procedures for its implementation, including a revised classification system concerning release of documents relating to the public and private sector operations of the Bank. The policy is effective from 1 January 1995.

The new policy is designed to (i) encourage a two-way flow of information, (ii) ensure local participation in decision-making and ownership of decisions, (iii) broaden understanding of the Bank's role and support for its mission, and (iv) facilitate cooperation and coordination with others having common goals.

Information Policy and Strategy

In October, the Board approved an Information Policy and Strategy to deliver the Bank's messages more effectively in member countries. The policy codifies the Bank's information requirements and objectives, while the strategy identifies the key messages the Bank should deliver, its target audiences and the most cost-effective modes of delivery.

Information Technology Program

The computing capabilities of the Bank were enhanced with the implementation of Network, Windows and Client-server-based platforms during 1994. These enhancements are based on the Information Technology Strategy adopted in 1992 to capitalize on the use of new technologies for more efficient data processing.

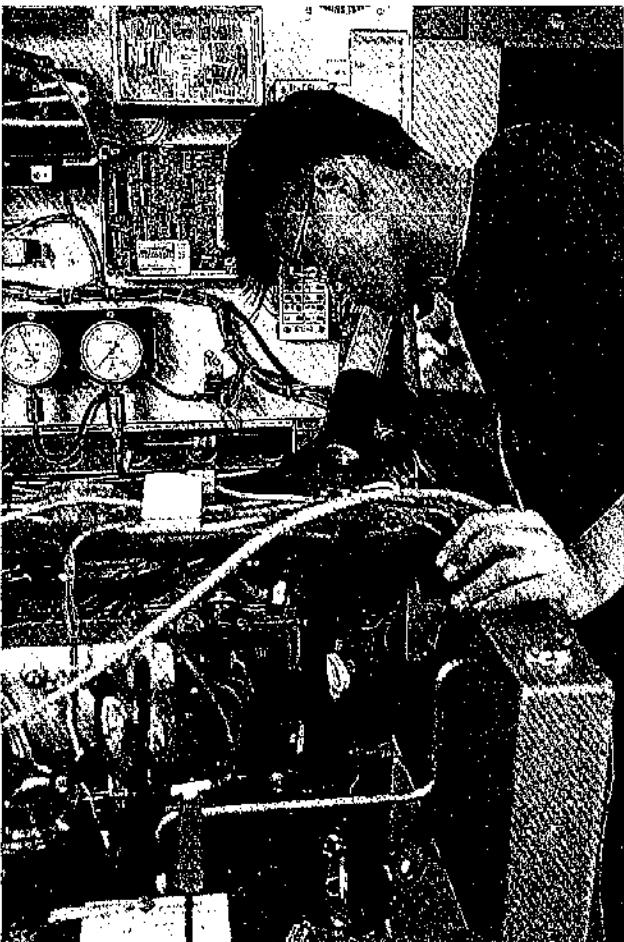
To ensure network access for most users, 799 microcomputers and notebooks were replaced or upgraded. The majority of the network infrastructure was implemented with the acquisition and installation of LAN servers, gateways, routers and concentrators. With the new platform in place, a Bankwide electronic mail system, cc:Mail, was implemented and an Internet link was established to promote access to internal and external information resources.

A Systems Development Methodology Standard has been established and systems development staff have been trained to provide better service.

A new Social Dimensions Information System was developed. An inter-application Message Handling System interfaced with the Banking Transaction System was implemented to automate the transfer of loan disbursement payment instructions to S.W.I.F.T. Other developments included a Staff Retirement System, automation of the Bank's financial statements for all major funds, automation of the calculation of the Bank's variable lending rates for the multicurrency and US dollar pool, enhancements to the Investment Portfolio System to evaluate the performance of investment portfolios, implementation of a new library system, tracking of memoranda, staff consultant recruitment, news releases and Board Discussion Summaries.



Dental check up at a Malaysian clinic, which benefited from the Third Health (Sector) Project.



Learning automotive maintenance in Singapore under a Bank loan to improve vocational and Industrial training.

The new infrastructure will improve data access within the Bank and will allow better and more efficient use of information.

Administrative Services

Several energy conservation measures were introduced in the Bank's Headquarters building following Board approval of an energy conservation project in April. The project is expected to achieve significant energy efficiency and could provide pointers for similar efforts in the Bank's DMCs. The development of an ADB Thesaurus and the automation of the library proceeded as scheduled. A more user-friendly library, bringing research materials directly to the offices of Bank staff through their PCs, is expected to be in place by mid-1995. The establishment of an archives program also commenced. The Bank's printing facility underwent further improvements through its acquisition of computerized map-making capability.

Administrative Tribunal

In December, the Board approved several changes in the Statute of the Administrative Tribunal, which had been established in April 1991. Under the changes, effective 1 January 1995, membership of the tribunal will be expanded from three to five; cases will usually be heard by a panel of three members, except in special circumstances; and dissenting minority opinions will be attached to the main judgment.

Budget

Internal Administrative Expenses for 1994 amounted to \$163.501 million against the original budget of \$168.259 million. The underutilization of \$4.758 million was mainly due to lower expenses for the Annual Meeting, lower-than-budgeted costs for staff consultants and business travel, slightly offset by the higher expenses for other administrative expenses and for the Board of Directors.

The Internal Administrative Expenses for 1995 of \$176.966 million (summarized in Appendix 1), approved by the Board during the year, represents an increase of \$13.465 million over the actual expenses of \$163.501 million incurred in 1994. The increase is due to normal price adjustments, provision for the inspection panel, increase in staff consultant requirements, increased business travel required to implement the recommendations of the Task Force on Improving Project Quality and the usual provision for general contingency.

The Board also approved a Special Separation Program in October. The program envisages special separation payments to eligible professional and supporting staff. A funding of \$11.3 million has been provided for the purpose for 1995, in addition to the Internal Administrative Expenses budget.

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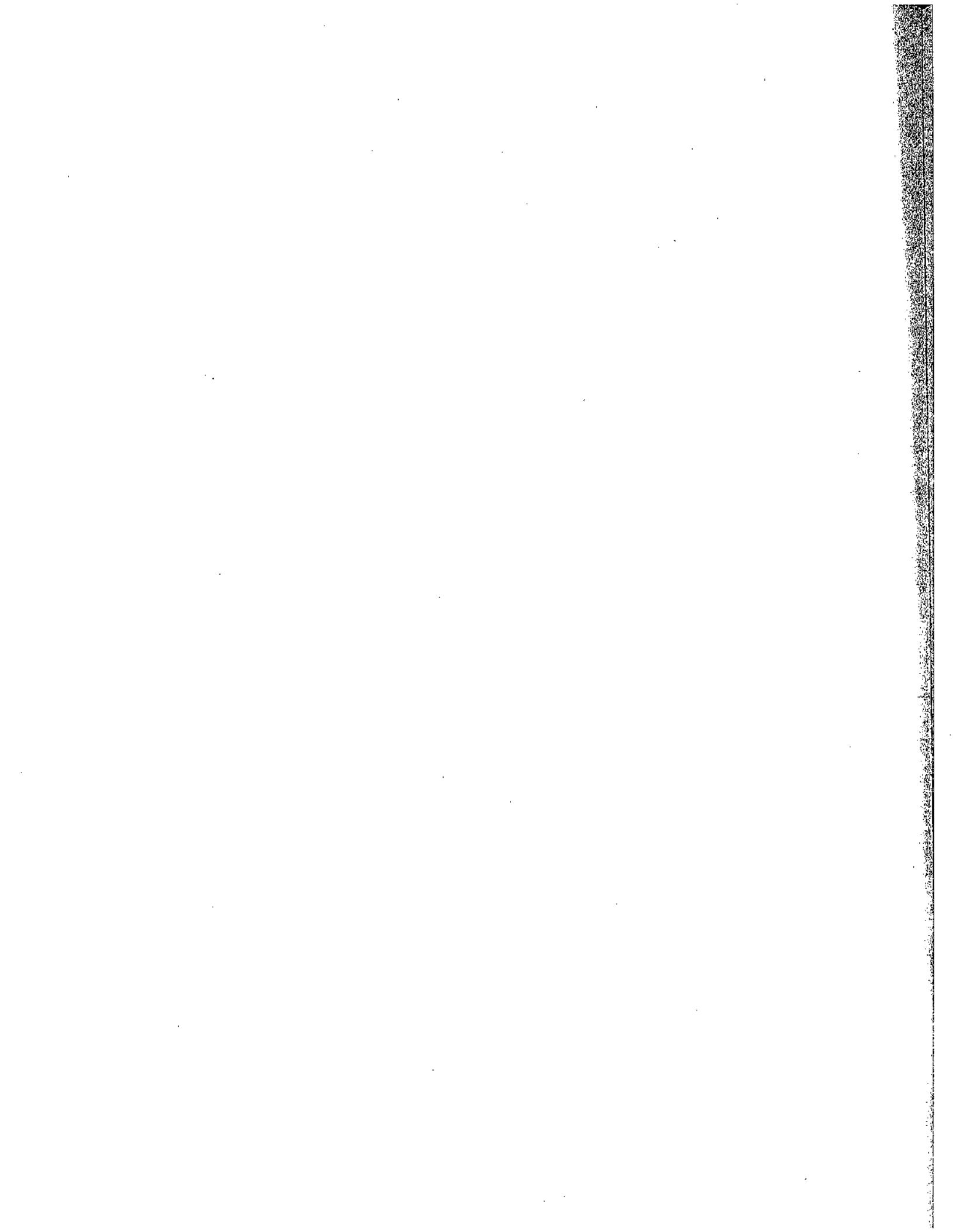
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Deloitte & Touche LLP



San Francisco, California

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 1994 and 31 December 1993
- OCR-2 Statement of Income and Expenses for the Years Ended
31 December 1994 and 31 December 1993
- OCR-3 Statement of Cash Flows for the Years Ended
31 December 1994 and 31 December 1993
- OCR-4 Statement of Changes in Capital and Reserves for the Years Ended
31 December 1994 and 31 December 1993
- OCR-5 Summary Statement of Loans, 31 December 1994 and
31 December 1993
- OCR-6 Summary Statement of Borrowings, 31 December 1994 and
31 December 1993
- OCR-7 Statement of Subscriptions to Capital Stock and Voting
Power, 31 December 1994
- OCR-8 Notes to Financial Statements, 31 December 1994 and
31 December 1993

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 1994 and 31 December 1993 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte + Touche LLP

22 February 1995

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

BALANCE SHEET

31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note A)

A S S E T S

	1994	1993
DUE FROM BANKS (Notes A and B)	\$ 147,464	\$ 169,705
INVESTMENTS (Notes A, B, C and J)		
Government and government guaranteed obligations	\$ 1,797,847	\$ 4,439,268
Time deposits and other obligations of banks	<u>3,846,856</u>	<u>5,644,703</u>
LOANS OUTSTANDING (OCR-5) (Notes A, D, O and P)		
Members and guaranteed by members	16,120,532	13,399,580
Private sector	<u>378,252</u>	<u>318,274</u>
	16,498,784	13,717,854
Less – allowance for possible losses	<u>33,466</u>	<u>13,242</u>
	16,465,318	13,704,612
EQUITY INVESTMENTS (Notes A, O and P)	130,666	114,343
Less – allowance for possible losses	<u>11,624</u>	<u>9,117</u>
ACCRUED INCOME		
On investments	73,682	64,151
On loans	<u>294,732</u>	<u>270,663</u>
	368,414	334,814
RECEIVABLE FROM MEMBERS		
Non-negotiable, non-interest-bearing demand obligations (Notes B and G)	305,975	290,886
Amounts required to maintain value of currency holdings (Note H)	3,897	3,026
Subscription Instalments (Note G)	<u>387</u>	<u>348</u>
	310,259	294,260
OTHER ASSETS		
Receivable from currency swaps (Note F)	4,022,880	3,981,987
Notional amounts required to maintain value of currency holdings (Note H)	621,581	541,006
Property, furniture and equipment (net of accumulated depreciation of \$34,547 – 1994, \$30,421 – 1993) (Notes A and F)	185,411	175,526
Unamortized issuance costs of borrowings	91,439	77,499
Administration charge receivable from the Asian Development Fund (Note I)	19,720	31,729
Miscellaneous	<u>101,968</u>	<u>5,042,999</u>
	5,042,999	53,681
TOTALS	\$28,098,199	\$25,110,920

See notes to financial statements (OCR-8).

LIABILITIES, CAPITAL AND RESERVES

	1994	1993
BORROWINGS (OCR-6) (Note F)	\$13,684,305	\$12,218,024
ACCRUED INTEREST ON BORROWINGS	349,898	322,316
ACCOUNTS PAYABLE AND OTHER LIABILITIES		
Payable for currency swaps (Note F)	\$ 4,976,634	\$ 4,510,678
Notional amounts required to maintain value of currency holdings (Note H)	357,691	286,336
Payable to Technical Assistance Special Fund (Note L)	70,000	-
Payable to Asian Development Fund	40,178	3,407
Miscellaneous (Note E)	<u>142,362</u>	<u>5,586,865</u>
	<u>142,362</u>	<u>5,586,865</u>
	<u>142,362</u>	<u>5,586,865</u>
CAPITAL AND RESERVES (OCR-4)		
Capital Stock (OCR-7) (Notes A and G)		
Authorized (SDR 34,790,770,000 - 1994, SDR 16,890,210,000 - 1993)		
Subscribed (SDR 20,653,760,000 - 1994, SDR 16,800,290,000 - 1993)	30,151,392	23,076,206
Less - "callable" shares subscribed	<u>27,038,159</u>	<u>20,292,110</u>
"Paid-in" shares subscribed	3,113,233	2,784,096
Less - subscription instalments not due	129,916	2,654
Subscription instalments matured	2,983,317	2,781,442
Less - capital transferred to the Asian Development Fund (Note K)	<u>69,503</u>	<u>65,395</u>
	<u>69,503</u>	<u>65,395</u>
	<u>2,913,814</u>	<u>2,716,047</u>
Unrealized investment holding gains (losses) (Notes A and C)	(12,947)	40,001
Accumulated translation adjustments (Note A)	235,186	(22,774)
Ordinary Reserve (Note L)	4,650,255	4,180,432
Special Reserve (Note J)	177,717	177,344
Net income after appropriation of guarantee fees to Special Reserve (OCR 2) (Note L)	<u>513,106</u>	<u>569,450</u>
	<u>513,106</u>	<u>569,450</u>
TOTALS	\$28,098,199	\$25,110,920

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note A)

	1994	1993
INCOME (Note I)		
From loans (Note P)		
Interest	\$1,139,155	\$1,030,440
Commitment charge	45,487	37,322
Other	2,869	7,982
From investments (Notes A and C)	296,099	409,995
From other sources - net	<u>41,700</u>	<u>24,211</u>
TOTAL INCOME	\$1,525,310	\$1,509,950
EXPENSES (Note I)		
Interest and other financial expenses	878,367	831,773
Administrative expenses (Notes M and N)	110,733	88,866
Provision for losses (Notes A and D)	<u>22,731</u>	<u>19,535</u>
TOTAL EXPENSES	<u>1,011,831</u>	<u>940,174</u>
NET INCOME	513,479	569,776
APPROPRIATION OF GUARANTEE FEES TO SPECIAL RESERVE (Note J)	(373)	(326)
NET INCOME AFTER APPROPRIATION OF GUARANTEE FEES TO SPECIAL RESERVE	\$513,106	\$ 569,450

See notes to financial statements (OCR-8).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note A)

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other charges on loans received	\$ 991,831	\$ 921,775
Interest on investments received	303,241	309,884
Interest and other financial expenses paid	(851,343)	(730,996)
Administrative expenses paid	(65,143)	(74,030)
Other - net	1,574	4,704
Net Cash Provided by Operating Activities	380,160	431,337
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	(2,448,819)	(235,805)
Sales of investment securities	10,422,091	16,643,887
Maturities of investment securities	24,070,786	21,925,733
Purchases of investment securities	(31,788,127)	(38,612,732)
Principal collected on loans	1,222,035	1,083,177
Loans disbursed	(2,301,711)	(1,870,281)
Property, furniture and equipment acquired	(15,936)	(2,362)
Sales of equity investments - net of purchases	19,034	16,416
Net Cash Used for Investing Activities	(820,647)	(1,051,967)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds of new borrowings	1,781,339	1,721,833
Bonds purchased for redemption and borrowings redeemed	(1,347,017)	(954,677)
Matured subscriptions collected	9,809	1,140
Demand obligations of members encashed	1,277	1,856
Net currency swaps	(17,484)	(10,488)
Resources transferred to Technical Assistance Special Fund	-	(67,856)
Net Cash Provided by Financing Activities	427,924	691,808
Effect of Exchange Rate Changes on Due from Banks	(9,678)	(25,134)
Net Increase (Decrease) in Due from Banks	(22,241)	46,044
Due from Banks at Beginning of the Year	169,705	123,661
Due from Banks at End of the Year	\$ 147,464	\$ 169,705
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	\$ 513,479	\$ 569,776
Adjustments to reconcile net income to net cash provided by operating activities:		
Accrued interest and other expenses	18,207	61,104
Accrued income including interest and commitment charges added to loans	(202,334)	(172,805)
Difference between reacquisition price and net carrying amount of borrowings extinguished prior to maturity	-	14,429
Depreciation and amortization	49,069	37,380
Net (gain) loss from sales of investments	15,038	(81,275)
Accrued administration charge	12,009	(7,172)
Other - net	(25,308)	9,900
Net Cash Provided by Operating Activities	\$ 380,160	\$ 431,337

See notes to financial statements (OCR-8).

1. In addition, non-negotiable, non-interest-bearing demand promissory notes amounting to \$12,603 (\$1,233 - 1993) were received from members.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

For the Years Ended 31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note A)

	Capital Stock	Unrealized Investment Holding Gains (Losses)	Accumulated Translation Adjustments	Ordinary Reserve	Special Reserve	Net Income After Appropriation of Guarantee Fees to Special Reserve	Surplus / Technical Assistance Special Fund	Totals
Balances -								
1 January 1993	\$2,716,210	\$ 17,138	\$3,705,519	\$177,018	\$534,308	\$ -	\$7,150,193	
Change in SDR value of paid-in shares subscribed		(2,914)					(2,914)	
Additional paid-in shares subscribed during the year		36					36	
Change in subscription installments not due		2,647					2,647	
Change in SDR value of capital transferred to Asian Development Fund		68					68	
Unrealized investment holding gains (Note C)		40,001					40,001	
Change in accumulated translation adjustments			(39,912)				(39,912)	
Allocation of 1992 net income (Note L)				474,308	(534,308)	60,000	-	
Allocation of 1992 net income to Technical Assistance Special Fund (Note L)						(60,000)	(60,000)	
Credit to ordinary reserve for change in SDR value of capital stock (Note L)				605			605	
Net income for the year 1993					326	\$69,450	\$69,776	
Balances -								
31 December 1993 (Forward)	\$2,716,047	\$40,001	\$(22,774)	\$4,180,432	\$177,344	\$569,450	\$ -	\$7,660,500

	Capital Stock	Unrealized Investment Holding Gains (Losses)	Accumulated Translation Adjustments	Ordinary Reserve	Special Reserve	Net Income After Appropriation of Guarantee Fees to Special Reserve	Surplus / Technical Assistance Special Fund	Surplus / Technical Assistance Special Fund Totals
Balances -								
31 December 1993 (Forward)	\$2,716,047	\$40,001	\$(22,774)	\$4,180,432	\$177,344	\$569,450	\$ -	\$7,660,500
Change in SDR value of paid-in shares subscribed	179,449							179,449
Additional paid-in shares subscribed during the year	127,451							127,451
Change in subscription instalments not due	(105,025)							(105,025)
Change in SDR value of capital transferred to Asian Development Fund	(4,108)							(4,108)
Unrealized investment holding losses (Note C)	(52,948)							(52,948)
Change in accumulated translation adjustments	257,960							257,960
Allocation of 1993 net income (Note L)				499,450		(569,450)	70,000	-
Allocation of 1993 net income to Technical Assistance Special Fund (Note L)							(70,000)	(70,000)
Charge to ordinary reserve for change in SDR value of capital stock (Note L)				(29,627)				(29,627)
Net income for the year 1994					373	513,106		513,479
Balances -								
31 December 1994	\$2,913,814	\$(12,947)	\$235,186	\$4,650,255	\$177,717	\$513,106	\$ -	\$8,477,131

See notes to financial statements (OCR-8).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF LOANS

31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note A)

Borrowers/Guarantors	Loans Outstanding ¹	Undisbursed Balances of Effective Loans ²	Loans Not Yet Effective	Total Loans	Per Cent of Total Loans
Bangladesh	\$ 934	\$ -	\$ 7,500	\$ 8,434	0.03
China, People's Rep. of	1,455,906	1,511,533	1,167,000	4,134,439	14.24
Fiji	64,953	15,001	-	79,954	0.28
India	2,093,456	2,343,258	472,000	4,908,714	16.91
Indonesia	5,536,677	3,483,651	573,721	9,594,049	33.04
Kazakhstan	-	-	40,000	40,000	0.14
Korea, Rep. of	634,327	9,748	-	644,075	2.22
Malaysia	579,400	332,750	22,600	934,750	3.22
Myanmar	3,685	-	-	3,685	0.01
Nepal	2,050	-	-	2,050	0.01
Pakistan	2,249,917	517,150	145,000	2,912,067	10.03
Papua New Guinea	157,153	58,487	-	215,640	0.74
Philippines	2,640,323	957,115	64,500	3,661,938	12.61
Thailand	1,053,353	767,452	38,500	1,859,305	6.40
	16,472,134	9,996,145	2,530,821	28,999,100	
Regional	26,650	8,350	-	35,000	0.12
TOTALS - 31 December 1994	16,498,784	10,004,495	2,530,821	29,034,100	100.00
Allowance for possible losses	(33,466)	-	-	(33,466)	
NET BALANCES - 31 December 1994	<u>\$16,465,318</u>	<u>\$10,004,495</u>	<u>\$2,530,821</u>	<u>\$29,000,634</u>	
TOTALS - 31 December 1993	\$ 13,717,854	\$ 10,042,790	\$ 3,143,300	\$ 26,890,944	
Allowance for possible losses	(13,242)	-	-	(13,242)	
NET BALANCES - 31 December 1993	<u>\$13,704,612</u>	<u>\$10,042,790</u>	<u>\$3,143,300</u>	<u>\$26,890,702</u>	

See notes to financial statements (OCR-8).

1. The interest rates charged on loans outstanding range from 6.21% per annum to 11.00% per annum for loans to governments or with government guarantee and 3.55% per annum to 11.35% per annum for loans to the private sector. Amounts outstanding on loans made under the Pool-Based Variable Interest Rate System and other floating interest rate loans totalled \$11,417,437 (\$8,296,593 - 1993). The average yield on loans was 7.40% in 1994 (7.70% - 1993).

2. Of the undisbursed balances, the Bank has made irrevocable commitments to disburse various amounts totalling \$707,772 (\$723,063 - 1993). Certain loans to the private sector are denominated in specific currencies. The undisbursed portions of such loans are translated into United States dollars at the applicable exchange rates as of the end of the reporting period.

MATURITY OF EFFECTIVE LOANS

<u>Twelve Months Ending 31 December</u>	<u>Amounts</u>	<u>Five Years Ending 31 December</u>	<u>Amounts</u>
1995	\$ 936,590	2004	7,286,203
1996	1,082,067	2009	6,274,663
1997	1,214,168	2014	5,185,833
1998	1,367,574	2019	1,762,152
1999	1,390,635	2020	3,394
		Total	\$26,503,279

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

<u>Currency</u>	<u>1994</u>	<u>1993</u>	<u>Currency</u>	<u>1994</u>	<u>1993</u>
Australian dollar	\$ 602	\$ 1,611	Malaysian ringgit	37,481	42,980
Austrian schilling	-	11,725	Netherlands guilder	42,267	49,744
Belgian franc	-	1,072	New Zealand dollar	6,085	6,000
Deutsche mark	294,471	441,727	Singapore dollar	-	7,943
French franc	61	-	Swiss franc	2,211,754	2,033,109
Hong Kong dollar	-	7,162	Thai baht	-	39
Japanese yen	11,610,406	9,451,086	United States dollar	2,295,657	1,663,656
			Totals	<u>\$16,498,784</u>	<u>\$13,717,854</u>

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF BORROWINGS

31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note A)

	Borrowings		
	Principal Outstanding ¹		Weighted Average Cost (%)
	1994	1993	
Austrian schilling	\$ 91,166	\$ 82,352	8.08
Canadian dollar	178,215	188,822	7.88
Deutsche mark	587,229	858,537	7.24
Hong Kong dollar	193,848	194,137	7.34
Japanese yen	6,427,491	5,530,698	5.74
Netherlands guilder	377,788	373,538	7.70
Pound sterling	349,219	331,048	11.01
Swiss franc	1,501,307	1,450,206	6.28
United States dollar	4,010,322	3,236,073	7.75
 Principal amounts outstanding	 13,716,585	 12,245,411	 6.70 ²
Unamortized discounts and premiums	(32,280)	(27,387)	
 TOTALS	 \$13,684,305	 \$12,218,024	

MATURITY STRUCTURE OF BORROWINGS OUTSTANDING

Twelve Months Ending 31 December	Amounts	Five Years Ending 31 December	Amounts
1995	\$ 715,926	2004	8,466,409
1996	530,992	2009	754,924
1997	799,079	2014	376,536
1998	1,073,266	2016	126,469
1999	872,984		
		Total	\$13,716,585

See notes to financial statements (OCR-8).

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

Currency	Aggregate Face Amounts		Discounted Values	
	1994	1993	1994	1993
Swiss franc	\$372,856	\$330,964	\$126,469	\$106,653
United States dollar	676,063	676,063	227,535	203,286

2 The weighted average cost of borrowings outstanding at 31 December 1994 after adjustment for swap activities, was 6.10% (6.21% – 1993).

Currency Swap Arrangements³

Payable (Receivable)			Weighted Average Cost (Return) %	Net Currency Obligations	
	1994	1993		1994	1993
\$ (91,394)	\$ (82,580)		(8.08)	\$ (228)	\$ (228)
(176,580)	(186,944)		(7.88)	1,635	1,878
(258,210)	(231,257)		(7.90)	329,019	627,280
(193,848)	(194,137)		(7.84)	-	-
3,639,531	3,237,932		5.88	10,067,022	8,768,630
(241,833)	(226,479)		(8.17)	135,955	147,059
(194,799)	(184,599)		(10.21)	154,420	146,449
929,912	865,555		5.86	2,354,970	2,248,079
(76,249)	(67,682)		(6.20)	-	-
407,191	407,191		5.18	1,627,546	834,955
(2,789,967)	(2,808,309)		(7.66)	-	-

INTEREST RATE SWAP ARRANGEMENTS⁴

	Notional Amounts	Average Rate (%)			Maturing Through
		Receive		Pay	
		Fixed	Floating		
Receive Fixed Swaps:					
Australian dollar ⁵	\$ 200,522	7.21	5.53		2001
Japanese yen	100,261	5.50		2.14	2004
United States dollar	300,000	6.75		5.29	1999-2004
Receive Floating Swaps:					
Japanese yen	526,370	3.62	4.99		1998-2004
Total	\$1,127,153				

3 At 31 December 1994, the remaining duration of currency swap agreements ranged from one to ten years. Approximately 69% of the currency swap receivables and 70% of the payables are due from 31 December 1999 through 31 December 2004.

4 The interest rate swap information is based on interest rates at 31 December 1994. To the extent that interest rates change, variable interest rate information will change.

5 Consists of a currency coupon swap with interest receivable in Australian dollars and interest payable in Japanese yen.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

31 December 1994

Expressed in Thousands of United States Dollars (Note A)

MEMBERS	SUBSCRIBED CAPITAL					VOTING POWER	
	Number of Shares	Per Cent of Total	Par Value of Shares			Number of Votes	Per Cent of Total
			Total	Callable	Paid-In		
REGIONAL							
Afghanistan	1,195	0.058	\$ 17,445	\$ 11,869	\$ 5,577	10,583	0.410
Australia	102,370	4.956	1,494,448	1,315,018	179,430	111,758	4.329
Bangladesh	36,128	1.749	527,415	490,480	36,934	45,516	1.763
Bhutan	110	0.005	1,606	1,299	307	9,498	0.368
Cambodia	875	0.042	12,774	8,686	4,088	10,263	0.398
China, People's Rep. of	114,000	5.520	1,664,229	1,461,361	199,868	123,388	4.779
Cook Islands	47	0.002	686	613	73	9,435	0.365
Fiji	1,203	0.058	17,562	15,445	2,117	10,591	0.410
Hong Kong	9,635	0.467	140,657	123,766	16,890	19,023	0.737
India	112,005	5.423	1,635,105	1,438,799	196,306	121,393	4.702
Indonesia	96,350	4.665	1,406,565	1,237,705	168,861	105,738	4.096
Japan	552,210	26.737	8,061,438	7,496,884	564,553	561,598	21.753
Kazakhstan	14,268	0.691	208,291	183,270	25,022	23,656	0.916
Kiribati	71	0.003	1,036	905	131	9,459	0.366
Korea, Rep. of	89,123	4.315	1,301,062	1,144,873	156,189	98,511	3.816
Kyrgyz Republic	5,291	0.256	77,241	67,971	9,270	14,679	0.569
Lao PDR	246	0.012	3,591	2,891	701	9,634	0.373
Malaysia	48,175	2.333	703,283	618,845	84,438	57,563	2.230
Maldives	71	0.003	1,036	905	131	9,459	0.366
Marshall Islands	47	0.002	686	613	73	9,435	0.365
Micronesia, Fed. States of	71	0.003	1,036	905	131	9,459	0.366
Mongolia	266	0.013	3,883	3,416	467	9,654	0.374
Myanmar	9,635	0.467	140,657	123,766	16,890	19,023	0.737
Nauru, Rep. of	71	0.003	1,036	905	131	9,459	0.366
Nepal	2,601	0.126	37,971	33,401	4,569	11,989	0.464
New Zealand	27,170	1.315	396,641	349,021	47,620	36,558	1.416
Pakistan	77,080	3.732	1,125,252	1,046,450	78,803	86,468	3.349
Papua New Guinea	1,660	0.080	24,234	21,343	2,891	11,048	0.428
Philippines	42,152	2.041	615,356	541,488	73,868	51,540	1.996
Singapore	6,020	0.291	87,883	77,328	10,555	15,408	0.597
Solomon Islands	118	0.006	1,723	1,518	204	9,506	0.368
Sri Lanka	10,260	0.497	149,781	131,795	17,985	19,648	0.761
Taipei, China	19,270	0.933	281,313	247,547	33,766	28,658	1.110
Thailand	48,174	2.332	703,268	654,013	49,255	57,562	2.230
Tonga	71	0.003	1,036	905	131	9,459	0.366
Tuvalu	25	0.001	365	321	44	9,413	0.365
Vanuatu	118	0.006	1,723	1,518	204	9,506	0.368
Viet Nam	6,038	0.292	88,146	69,693	18,453	15,426	0.598
Western Samoa	58	0.003	847	686	161	9,446	0.366
Total Regional (Forward)	1,434,278	69.444	\$20,938,307	\$18,931,218	\$2,007,089	1,800,410	69.737

MEMBERS	SUBSCRIBED CAPITAL					VOTING POWER		
	Number of Shares	Per Cent of Total	Par Value of Shares			Number of Votes	Per Cent of Total	
			Total	Callable	Paid-in			
Total Regional (Forward)	1,434,278	69.444	\$20,938,307	\$18,931,218	\$2,007,089	1,800,410	69.737	
NON-REGIONAL								
Austria	6,020	0.291	87,883	77,328	10,555	15,408	0.597	
Belgium	6,020	0.291	87,883	77,328	10,555	15,408	0.597	
Canada	92,543	4.481	1,350,989	1,188,800	162,189	101,931	3.948	
Denmark	6,020	0.291	87,883	77,328	10,555	15,408	0.597	
Finland	6,020	0.291	87,883	77,328	10,555	15,408	0.597	
France	41,178	1.994	601,137	528,962	72,175	50,566	1.959	
Germany	76,534	3.706	1,117,282	983,136	134,146	85,922	3.328	
Italy	31,975	1.548	466,787	410,743	56,044	41,363	1.602	
The Netherlands	18,147	0.879	264,919	233,123	31,796	27,535	1.067	
Norway	6,020	0.291	87,883	77,328	10,555	15,408	0.597	
Spain	6,020	0.291	87,883	77,328	10,555	15,408	0.597	
Sweden	6,020	0.291	87,883	77,328	10,555	15,408	0.597	
Switzerland	10,325	0.500	150,730	132,627	18,102	19,713	0.764	
Turkey	6,020	0.291	87,883	77,328	10,555	15,408	0.597	
United Kingdom	36,131	1.749	527,458	464,145	63,314	45,519	1.763	
United States	276,105	13.368	4,030,719	3,546,779	483,940	285,493	11.058	
Total Non-Regional	631,098	30.556	9,213,084	8,106,941	1,106,143	781,306	30.263	
TOTALS	2,065,376	100.000	\$30,151,392	\$27,038,159	\$3,113,233	2,581,716	100.000	

See notes to financial statements (OCR-8).

Note: Figures may not add due to rounding.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currencies and Reporting Currency

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

Valuation of Capital Stock

The authorized capital stock of the Bank is defined in Article 4, paragraph 1 of the Articles of Agreement Establishing the Asian Development Bank (the Charter) "in terms of United States dollars of the weight and fineness in effect on 31 January 1966" (the 1966 dollar) and the value of each share is defined as 10,000 1966 dollars. The capital stock had historically been translated into the current United States dollar (the Bank's unit of account) on the basis of its par value in terms of gold. From 1973 until 31 March 1978, the rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1 April 1978, at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, currencies no longer have par values in terms of gold. Pending the Bank's selection of the appropriate successor to the 1966 dollar, the capital stock has been valued for purposes of these financial statements in terms of the Special Drawing Right (SDR) at the value in current United States dollars as computed by the IMF, with each share valued at SDR 10,000.

As of 31 December 1994 the value of the SDR in terms of the current United States dollar was \$1.45985 (\$1.37356 – 1993) giving a value for each share of the Bank's capital equivalent to \$14,598.50 (\$13,735.60 – 1993). 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 H and L), are charged or credited to "Accumulated translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in income.

Investments

The Bank adopted a new accounting standard for certain investments in debt and equity securities as of 31 December 1993. All investment securities held by the Bank are considered by management to be available for sale and are reported at estimated fair value, with unrealized gains and losses excluded from net income and reported in "CAPITAL AND RESERVES". Estimated fair value generally represents market value. Cost or amortized cost is used to approximate fair value for certain short-term investments not traded in the market (time deposits, etc.). Realized gains and losses are included in income from investments and are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Short sales

Short sales are sales of securities not held in the Bank's portfolio at the time of the sale. The Bank must purchase the security at a later date and bears the risk that the market value of the security will move adversely between the time of the sale and the time the security must be delivered. The payable created upon entering into a short sale is stated at the market value of the security subject to the short sale and gains and losses resulting from changes in market value are included in income from investments in the period of the change.

Loans

The Bank's loans are 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. It is the policy of the Bank to place in non-accrual status all loans in which principal, interest or other charges are overdue by six months. Interest and other charges on non-accruing loans are included in income only to the extent that payments

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have actually been received by the Bank. The Bank follows a policy of not taking part in debt rescheduling agreements.

The Bank makes specific provisions for possible losses on loans in which principal or interest is in arrears for one year for loans made to or guaranteed by a member based on consideration by the Board of Directors; and six months for loans to the private sector based on an evaluation by management of the collectibility of loans outstanding. On the remainder of the private sector portfolio, the Bank makes a general loan loss provision at a rate approved by the Board of Directors.

Equity Investments

Equity investments are reported at the lower of cost or estimated net realizable value on an individual investment basis. The Bank makes provisions for possible loss of value quarterly based on management's evaluation of potential losses in the equity investments portfolio.

Property, Furniture and Equipment

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

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 35 (33 - 1993) developing member countries, cash in banks (due from banks) and demand obligations totalling \$62,548,000 (\$74,866,000 - 1993) and \$238,164,000 (\$234,500,000 - 1993), 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 \$15,000 (\$17,000 - 1993), \$972,000 (\$974,000 - 1993) and \$2,911,000 (\$2,437,000 - 1993), respectively, have been so restricted.

NOTE C - INVESTMENTS

The currency compositions of the investment portfolio as of 31 December 1994 and 31 December 1993 were as follows:

Currency	1994	1993
Australian dollar	\$ 458,392,000	\$ 359,501,000
Canadian dollar	550,672,000	546,542,000
Deutsche mark	396,456,000	505,800,000
Italian lira	354,547,000	309,549,000
Japanese yen	205,753,000	800,830,000
Pound sterling	280,318,000	271,866,000
Swiss franc	632,516,000	606,775,000
United States dollar	1,926,164,000	1,572,056,000
Others	839,885,000	668,456,000
Totals	<u>\$5,644,703,000</u>	<u>\$5,640,875,000</u>

The amortized cost and estimated fair value of the investments by contractual maturity at 31 December 1994 and 31 December 1993 were as follows:

	1994	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$4,932,748,000	\$4,930,411,000
Due after one year		
through five years	677,927,000	668,911,000
Due after five years		
through ten years	46,975,000	45,381,000
Totals	<u>\$5,657,650,000</u>	<u>\$5,644,703,000</u>

ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

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	1993	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$3,267,739,000	\$3,272,522,000
Due after one year		
through five years	1,517,212,000	1,537,129,000
Due after five years through ten years	815,923,000	831,224,000
Totals	\$5,600,874,000	\$5,640,875,000

Additional information relating to investments in government and government guaranteed obligations, is as follows:

	1994	1993
As of 31 December:		
Amortized cost	\$ 1,810,794,000	\$ 4,399,267,000
Estimated fair value	1,797,847,000	4,439,268,000
Gross unrealized gains	1,391,000	42,368,000
Gross unrealized losses	14,338,000	2,367,000
For the years ended 31 December:		
Change in net unrealized holding gains (losses)	(52,943,000)	14,681,000
Proceeds from sales	10,422,091,000	16,643,887,000
Gross realized gains	23,963,000	105,529,000
Gross realized losses	38,846,000	24,256,000

Investments are governed by the Investment Authority approved by the Board of Directors. The main investment management objective is to maintain security and liquidity. Subject to these parameters, the Bank seeks the highest possible return on its investments.

To reduce credit risk, the Bank is restricted by its Investment Authority to invest in (a) securities which are obligations of a limited universe of issuers, primarily government or government-guaranteed obligations, multilateral banks and selected commercial banks; and (b) exchange-traded derivatives of such securities. Exposure to interest rate risk may be adjusted within defined bands to reflect changing market circumstances. These adjustments are made through the purchase and sale of both physical securities and exchange-traded financial futures and options. The Bank's use of options has been minimal. To increase returns, the Bank may invest in securities denominated in currencies other than the original functional

currencies and then enter into covered forward foreign exchange agreements in order to maintain its original mix of functional currency holdings. Accordingly, the financial futures, options and covered forwards are held for risk management rather than trading purposes.

Futures: Futures are contracts for delayed delivery of securities or money market instruments in which the seller agrees to make delivery at a specified future date of a specified instrument at a specified price or yield. Initial margin requirements are met with cash or securities, and changes in the market prices are settled daily. Changes in the market value of open futures contracts are recognized as gains or losses in the period of the change and included in income from investments. Outstanding futures contracts at 31 December 1994 include purchase contracts with notional value of \$40,354,000 and sales contracts with notional value of \$49,783,000. All contracts are due in 1995.

Covered forwards: Covered forwards are agreements in which cash in one currency is converted into a different currency and simultaneously a forward exchange agreement is executed providing for a future exchange of the two currencies in order to recover the currency converted. The Bank records the covered-forward as an investment in the underlying currency. A receivable is created for the forward contract of the originating currency and a payable for the underlying instrument to be converted to the originating currency at maturity. Premiums or discounts are deferred and amortized into income from investments over the life of the underlying instrument. No covered forward agreements were outstanding at 31 December 1994.

NOTE D – LOANS

Loans outstanding to or guaranteed by members or their governments with interest rates which vary based on the pool-based variable lending rate system were fair valued using an entry value method. Under this method, fair value was determined based on the terms at which a similar loan would currently be made by the Bank to a similar borrower. For such loans, fair value approximated the carrying amount. For undisbursed balances of effective loans and for loans not yet effective, the contractual amount approximated fair value.

Loans outstanding to or guaranteed by members or their governments with fixed interest rates (principally loans

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made prior to 1 July 1986) were fair valued using a discounted cash flow method. This method takes into account the scheduled cash flows over the average life, by currency, of the loans, and current funding costs for the average life including a factor for administrative costs. The effect of possible prepayments was not considered material and was not included in the calculation.

The estimated fair value of loans to or guaranteed by members or their governments was not affected by credit risks based on the Bank's experience with its borrowers.

Loans outstanding to the private sector are not considered material to the loan portfolio and were fair valued at carrying amounts.

The carrying amounts and estimated fair value of loans outstanding at 31 December 1994 and 31 December 1993 were as follows:

	1994	
	Carrying Amounts	Estimated Fair Value
Loans to the public sector with interest at variable rates	\$11,182,855,000	\$11,182,855,000
Loans to the public sector with interest at fixed rates	4,937,677,000	5,753,613,000
Loans to the private sector	344,786,000	344,786,000
Totals	\$16,465,318,000	\$17,281,254,000
	1993	
	Carrying Amounts	Estimated Fair Value
Loans to the public sector with interest at variable rates	\$ 8,130,743,000	\$ 8,130,743,000
Loans to the public sector with interest at fixed rates	5,268,837,000	6,712,178,000
Loans to the private sector	305,032,000	305,032,000
Totals	\$13,704,612,000	\$15,147,953,000

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.

The Bank has not suffered any losses on loans made to or guaranteed by members or their governments. No loan loss provisions have been made against loans outstanding guaranteed by members or their governments, but specific and general provisions were made against private sector loans during the year. (See Note I.)

NOTE E - PROPERTY, FURNITURE AND EQUIPMENT

In 1991, under the terms of an agreement with the Republic of the Philippines (Government), the Bank returned the former headquarters premises which had been provided by the Government. In accordance with the agreement as supplemented by a memorandum of understanding, the Bank was compensated \$22,657,000 for the return of these premises. The compensation is in lieu of being provided premises under the agreement and accordingly, is deferred and amortized over the estimated life of the new headquarters building as a reduction of occupancy expense. The amortization for the year ended 31 December 1994 amounted to \$566,000 (\$566,000 - 1993) reducing depreciation expense for the new headquarters building from \$5,878,000 (\$4,295,000 - 1993) to \$5,312,000 (\$3,729,000 - 1993). At 31 December 1994, the unamortized deferred compensation balance (included in "ACCOUNTS PAYABLE AND OTHER LIABILITIES - Miscellaneous") was \$20,439,000 (\$21,005,000 - 1993).

In 1994, the Bank reached a settlement with the main building contractor of the Bank's new headquarters building to resolve claims for additional payments in connection with the construction of the building. The settlement was made for an amount that did not have a material effect on the financial statements of the Bank and has been capitalized in "Property, Furniture and Equipment", as an addition in 1994.

NOTE F - BORROWINGS AND SWAPS

The Bank uses derivative financial instruments in connection with its borrowing activities to facilitate access to

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public and private debt markets and to diversify its funding sources across markets, currencies and instruments. Currency swaps are used to convert a currency borrowed under advantageous terms into one of the Bank's major operational currencies, taking advantage of the opportunities offered in different financial markets. Such currency swaps enable the Bank to raise operationally needed currencies in a cost-efficient way and maintain its borrowing presence in the major capital markets. Interest rate swaps are used generally to reduce balance sheet interest rate mismatches arising from lending operations.

The Bank issues structured debt which includes embedded derivatives such as interest rate caps and floors in order to improve on its cost efficiency of borrowing. However, the Bank enters into simultaneous interest rate swaps to fully hedge against the effects of such embedded derivatives.

The Bank has a potential risk of loss if the swap counterparty fails to perform its obligations (See Note R). In order to reduce such credit risk, the Bank only enters into long-term swap transactions with counterparties eligible under the Bank's swap guidelines. The Bank does not anticipate that any of its counterparties will fail to perform their obligations under such agreements.

Interest rate swaps: Under a typical interest rate swap agreement used by the Bank, one party agrees to make periodic payments based on a notional principal amount and an interest rate that is fixed at the outset of the agreement. The counterparty agrees to make floating rate payments based on the same notional principal amount. Amounts receivable or payable under the terms of the swap are accrued over the period to which the payment relates and the related cost or income is included in interest and other financial expenses. The terms of the Bank's interest rate swap agreements specifically match the terms of particular borrowings.

Currency swaps: Under a typical currency swap agreement, one party agrees to make periodic payments in one currency while the counterparty agrees to make periodic payments in another currency. The payments may be fixed at the outset of the agreement or vary based on interest rates. A receivable is created for the periodic payments to be received and a payable is created for the payments to be made. Swap premiums and discounts are deferred and amortized into interest and other financial expenses over the life of the underlying instruments. The terms of the

Bank's currency swap agreements specifically match the terms of particular borrowings.

The fair value of borrowings outstanding is estimated using prevailing market prices where available, or estimated replacement values where market prices were not available.

Outstanding currency and interest rate swap agreements are fair valued at the estimated amount that the Bank would receive or pay to terminate the agreements based upon market quotes from dealers.

As of 31 December 1994 and 31 December 1993 the carrying amounts and estimated fair values of borrowings and swaps were as follows:

	1994	
	Carrying Amounts	Estimated Fair Value
Balance sheet financial instruments:		
Borrowings	\$13,684,305,000	\$13,670,846,000
Currency swap receivables	4,022,830,000	3,958,531,000
Currency swap payables	4,976,634,000	5,294,370,000
	Notional Amount	Unrealized Gain (Loss)
Off-balance sheet financial instruments:		
Interest rate swaps	\$1,127,153,000	\$(56,184,000)
	1993	
	Carrying Amounts	Estimated Fair Value
Balance sheet financial instruments:		
Borrowings	\$12,218,024,000	\$13,579,709,000
Currency swap receivables	3,981,987,000	4,372,385,000
Currency swap payables	4,510,678,000	5,144,804,000
	Notional Amount	Unrealized Gain (Loss)
Off-balance sheet financial instruments:		
Interest rate swaps	\$497,001,000	\$(12,011,000)

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NOTE G - CAPITAL STOCK

The authorized capital stock of the Bank consists of 3,479,077 shares (1,689,021 - 1993), of which 2,065,376 shares (1,680,029 - 1993) have been subscribed by members. Of the subscribed shares, 1,852,119 (1,477,337 - 1993) are "callable" and 213,257 (202,692 - 1993) are "paid-in". The "callable" share capital is subject to call by the Bank only as and when required to meet the Bank's obligations incurred on borrowings of funds for inclusion in its ordinary capital resources or on guarantees chargeable to such resources. The "paid-in" share capital has been paid or is payable in installments, partly in convertible currencies and partly in the currency of the subscribing member. In accordance with Article 6, paragraph 3 of the Charter, the Bank accepts non-negotiable, non-interest-bearing demand obligations in satisfaction of the portion payable in the currency of the member, provided such currency is not required by the Bank for the conduct of its operations. The settlement of such amounts is not determinable and, accordingly, it is not practicable to fair value these receivables.

As of 31 December 1994, all matured installments amounting to \$2,983,317,000 (\$2,781,442,000 - 1993) were received except for \$387,000 (\$348,000 - 1993). Instalments not due aggregating \$129,916,000 (\$2,654,000 - 1993) are receivable as follows:

	31 December	
	1994	1993
1994	\$ -	\$ 2,634,000
1995	29,184,000	10,000
1996	29,184,000	10,000
1997	29,173,000	-
1998	20,601,000	-
1999	20,601,000	-
2000	1,173,000	-

NOTE H - MAINTENANCE OF VALUE OF CURRENCY HOLDINGS

Prior to 1 April 1978, the effective date of the Second Amendment to the IMF Articles, the Bank implemented maintenance of value in respect of holdings of member currencies in terms of 1966 dollars, in accordance with the provisions of Article 25 of the Charter and relevant resolutions of the Board of Directors. The "Amounts required to

maintain value of currency holdings" under "RECEIVABLE FROM MEMBERS" represent the aggregate amounts receivable resulting from changes in exchange rates of member currencies from those previously used for the purpose of computing maintenance of value of the Bank's holdings of certain member currencies. The settlement of such amounts is not determinable and, accordingly, it is not practicable to fair value these receivables.

Since 1 April 1978, inasmuch as the valuation of the Bank's capital stock and the basis of determining possible maintenance of value obligations are still under consideration, notional amounts have been calculated provisionally as receivable from or payable to members in order to maintain the value of currency holdings in terms of the SDR. The timing of any establishment and settlement of such amounts is uncertain and, accordingly, it is not practicable to fair value such receivables and payables. The notional amounts as of 31 December 1994 consisting of receivables of \$621,581,000 (\$541,006,000 - 1993) and payables of \$357,691,000 (\$286,336,000 - 1993) consist of (a) the increase of \$475,317,000 (\$325,520,000 - 1993) 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 1994 and (b) the net increase of \$211,427,000 (\$70,850,000 - 1993) in the value of such currency holdings in relation to the United States dollar during the same period.

NOTE I - INCOME AND EXPENSES

Total income from loans for the year ended 31 December 1994 was \$1,187,511,000 (\$1,075,744,000 - 1993). The average yield on the loan portfolio during the year was 7.71% (8.01% - 1993).

Total income from investments for the year ended 31 December 1994 was \$296,099,000 (\$409,995,000 - 1993). 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, excluding unrealized gains and losses, was 4.87% (7.03% - 1993).

Total interest expense incurred for the year ended 31 December 1994 amounted to \$860,299,000 (\$800,384,000 - 1993).

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Other financial expenses consist of amortization of borrowings issuance costs and other expenses of \$18,068,000 (\$16,960,000 – 1993). During 1994, there were no charges which represent the difference between reacquisition price and net carrying amount of borrowings extinguished prior to maturity (\$14,429,000 – 1993).

Administrative expenses (other than those appertaining directly to ordinary operations and special operations) for the year ended 31 December 1994 were 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 \$186,218,000 (\$163,513,000 – 1993), \$75,485,000 (\$74,647,000 – 1993) was accordingly charged to the Asian Development Fund.

Through 18 January 1995, the Bank offered special benefits to eligible staff who elected to resign from the Bank before their normal retirement date. The administrative expenses for 1994 include the \$2,550,000 cost of benefits for staff members who applied for early retirement prior to 31 December 1994. The \$6,571,000 cost of benefits to be paid to staff members who applied for early retirement after 31 December 1994 will be recognized in 1995.

In 1994, administrative expenses also include the \$6,340,000 cumulative effect of changing from the pay-as-you-go method to an accrual method for certain postemployment benefits provided to staff members.

For the year ended 31 December 1994, the provision for losses totalled \$22,731,000 (\$20,224,000 for private sector loans and \$2,507,000 for equity investments). In 1993, the provision for losses totalled \$19,535,000 (\$12,900,000 for private sector loans and \$6,635,000 for equity investments).

NOTE J - SPECIAL RESERVE

The Special Reserve represents commissions on loans and guarantee fees on guarantees set aside pursuant to Article 17 of the Charter. Special Reserve assets consist principally of government and government guaranteed obligations and are included under the heading "INVESTMENTS". For the year ended 31 December 1994 guarantee fees amounting to \$373,000 (\$326,000 – 1993) were

appropriated to Special Reserve. The commission charged on loans was discontinued after 1985.

NOTE K - CAPITAL TRANSFERRED TO ASIAN DEVELOPMENT FUND

Pursuant to the provisions of Article 19, paragraph 1(i) of the Charter, the Board of Governors has authorized the setting aside of 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) of the Charter and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) of the Charter as of 28 April 1973 to be used as a part of the Special Funds of the Bank. The resources so set aside amounting to \$69,503,000 as of 31 December 1994 (\$65,395,000 – 1993) expressed in terms of the SDR on the basis of \$1.45985 (\$1.37356 – 1993) 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 L - 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. During 1994 and 1993, net income after appropriation of guarantee fees to Special Reserve for the years ended 31 December 1993 and 31 December 1992, respectively, were allocated to the Ordinary Reserve, except for \$70,000,000 in 1994 (\$60,000,000 – 1993), which was allocated to the Technical Assistance Special Fund.

The restatement of the capital stock for purposes of these financial statements on the basis of the SDR instead of the 1966 dollar (see Note A) resulted in a net charge of \$29,627,000 to the Ordinary Reserve during the year ended 31 December 1994 (net credit of \$605,000 – 1993). That charge (credit – 1993) is the increase (decrease – 1993) 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.

CONTINUED

NOTE M - STAFF RETIREMENT PLAN

The Bank has a contributory defined benefit Staff Retirement Plan (the Plan). Every employee, as defined under the Plan, shall, as a condition of service, become a participant as of the first day of service, provided that as of such a date, the employee shall not have reached the normal retirement date at age 60. The Plan applies also to members of the Board of Directors who elect to join the Plan. Retirement benefits are based on length of service and highest average remuneration during two years of eligible service. The Plan assets are segregated and held in trust and are not included in the accompanying balance sheet. The costs of administering the Plan are absorbed by the Bank, except for 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'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 1994, the amount contributed by the Bank was \$12,121,000 (\$11,955,000 - 1993) which was equivalent to 17.88% (18 2/3% - 1993) of participants' remuneration.

Net periodic pension cost for the years ended 31 December 1994 and 31 December 1993 consisted of the following components:

	1994	1993
Service costs-benefits earned for the year	\$15,746,000	\$ 14,312,000
Interest cost on projected benefit obligation	23,245,000	23,170,000
Return on Plan assets	(2,831,000)	(68,280,000)
Net amortization and deferral	<u>(19,846,000)</u>	<u>46,402,000</u>
Net periodic pension cost	<u>\$16,314,000</u>	<u>\$ 15,604,000</u>

The following table sets forth the Plan's funded status at 31 December 1994 and 31 December 1993:

	1994	1993
Actuarial present value of pension benefit obligations: Accumulated benefit obligation, including vested benefits of \$292,466,000 (\$285,824,000 - 1993)	<u>\$295,184,000</u>	<u>\$288,789,000</u>
Projected benefit obligation	\$352,870,000	\$317,735,000
Fair value of Plan assets, principally marketable securities	<u>361,950,000</u>	<u>351,710,000</u>
Plan assets over projected benefit obligation	9,080,000	33,975,000
Unrecognized net asset at transition net of amortization	(9,952,000)	(11,057,000)
Unrecognized prior service cost	6,867,000	7,690,000
Unrecognized net gain	<u>(18,021,000)</u>	<u>(38,441,000)</u>
Accrued pension cost	<u>\$ (12,026,000)</u>	<u>\$ (7,833,000)</u>

The discount rate used in determining the actuarial present value of the projected benefit obligation was 8% (7% - 1993). 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% (13% - 1993) at age 21 and decreasing to 5.50% (4.50% - 1993) at age 59. The expected long-term rate of return on assets was 8% (7% - 1993).

NOTE N - POSTRETIREMENT MEDICAL BENEFITS PLAN

In 1993, the Bank adopted a cost-sharing plan for retirees medical insurance premiums. Under the plan, the Bank is obligated to pay 80% of the Group Medical Insurance Plan premiums for retirees, including retired members of the Board of Directors, and their eligible dependents who elected to participate. The cost-sharing plan is currently unfunded. For the year ended 31 December 1994, the amount paid by the Bank for the retirees' premiums was \$389,000 (\$403,000 - 1993).

Generally accepted accounting principles require an actuarially determined assessment of the periodic cost of postretirement medical benefits. Net periodic postretirement medical benefit cost for the years ended 31 December 1994 and 31 December 1993 consisted of the following components:

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993.

	1994	1993
Service cost - benefits earned for the year	\$3,581,000	\$3,210,000
Interest cost on accumulated postretirement medical benefit obligation	2,680,000	2,351,000
Amortization of prior service cost	<u>2,409,000</u>	<u>2,409,000</u>
Net periodic postretirement benefit cost	<u>\$8,670,000</u>	<u>\$7,970,000</u>

The following table sets forth the plan's status at 31 December 1994 and 31 December 1993:

	1994	1993
Accumulated postretirement medical benefit obligation:		
Retirees	\$ 7,026,000	\$ 6,779,000
In-service participants	22,359,000	28,137,000
Total	<u>29,385,000</u>	<u>34,916,000</u>
Fair value of plan assets	—	—
Accumulated obligation in excess of plan assets	(29,385,000)	(34,916,000)
Unrecognized net obligation at transition, net of amortization	24,569,000	26,978,000
Unrecognized net (gain) loss	<u>(11,031,000)</u>	<u>371,000</u>
Accrued postretirement benefit cost	<u>(\$15,847,000)</u>	<u>\$(7,567,000)</u>

The accumulated postretirement medical benefit obligation was determined using medical cost trend rate of 8% (7% - 1993). Increasing the medical cost trend rate by 1% would increase the accumulated postretirement medical benefit obligation as of 31 December 1994 by \$3,135,000 (\$1,630,000 - 1993) and the net periodic postretirement benefit cost by \$631,000 (\$216,000 - 1993) for the year then ended. The weighted average discount rate used in determining the accumulated postretirement medical benefit obligation was 8% (7% - 1993).

NOTE O - LIMITATIONS ON LOANS, GUARANTEES AND EQUITY INVESTMENTS

Article 12, paragraph 1 of the Charter provides that the total amount outstanding of loans, equity investments and guarantees made by the Bank shall not exceed the total of the Bank's unimpaired subscribed capital, reserves and

surplus, exclusive of the special reserve. At 31 December 1994, the total of such loans, equity investments and guarantees aggregated approximately 82.6% (97.8% - 1993) of the total subscribed capital, reserves and surplus as defined.

Article 12, paragraph 3 of the Charter provides that equity investments shall not exceed 10% of the unimpaired actually paid-in capital together with reserves and surplus, exclusive of the special reserve. At 31 December 1994, such equity investments represented approximately 2.0% (1.8% - 1993) of the paid-in capital, reserves and surplus, as defined.

NOTE P - PRIVATE SECTOR

The Bank's equity investments are made in private enterprises located in developing member countries and at 31 December 1994 included an investment of \$35,454,000 (\$35,266,000 - 1993) in Asian Finance and Investment Corporation Ltd. (AFIC).

Undisbursed equity investment commitments were \$46,906,000 at 31 December 1994 (\$32,200,000 - 1993). Equity investments were not considered material and were not fair valued.

Private sector undisbursed loan commitments at 31 December 1994 were \$164,115,000 (\$332,806,000 - 1993). A committed loan to AFIC of \$35,000,000, of which \$26,650,000 (\$11,650,000 - 1993) was outstanding at 31 December 1994 and included in private sector loans.

Four private sector loans were placed in non-accrual status as of 31 December 1994 and 1993. The principal outstanding at that date was \$26,046,000 (\$38,177,000 - 1993) of which \$1,850,000 (\$361,000 - 1993) was overdue. Overdue interest and other charges on these loans totalled \$2,750,000 (\$4,678,000 - 1993). Placing these loans in non-accrual status resulted in a reduction of \$3,263,000 (\$5,214,000 - 1993) in income from loans for the year ended 31 December 1994.

NOTE Q - FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of the Bank's significant financial instruments as of 31 December 1994 and 1993 are summarized as follows:

	1994	
	Carrying Amounts	Estimated Fair Value
On-balance sheet financial instruments:		
ASSETS:		
Investments (Note C)	\$ 5,657,650,000	\$ 5,644,703,000
Loans outstanding (Note D)	16,465,318,000	17,281,254,000
Other assets		
Currency swap receivables (Note F)	4,022,880,000	3,958,531,000
LIABILITIES:		
Borrowings (Note H)	13,684,305,000	13,670,846,000
Other liabilities		
Currency swap payables (Note F)	1,976,634,000	5,294,370,000
Short sales	34,495,000	34,495,000
	Notional/Contract Amount	Unrealized Gain (Loss)
Off-balance sheet financial instruments:		
Investments (Note C)		
Futures – Purchase	\$ 40,354,000	\$ 28,000
Sell	49,783,000	8,000
Borrowings (Note F)		
Interest rate swaps	1,127,153,000	(56,184,000)
Guarantees (Note R)	145,112,000	–
	1993	
	Carrying Amounts	Estimated Fair Value
On-balance sheet financial instruments:		
ASSETS:		
Investments (Note C)	\$ 5,600,874,000	\$ 5,640,875,000
Loans outstanding (Note D)	13,704,612,000	15,147,953,000
Other assets		
Currency swap receivables (Note F)	3,981,987,000	4,372,385,000
LIABILITIES:		
Borrowings (Note F)	12,218,024,000	13,579,709,000
Other liabilities		
Currency swap payables (Note F)	4,510,678,000	5,144,804,000
Short sales	–	–
	Notional/Contract Amount	Unrealized Gain (Loss)
Off-balance sheet financial instruments:		
Investments (Note C)	\$	\$
Futures – Purchase	–	–
Sell	–	–
Borrowings (Note F)	497,001,000	(12,011,000)
Guarantees (Note R)	132,306,000	–

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

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

The fair value of financial instruments that are short-term approximates their carrying amounts.

If available, quoted market values are used to determine fair values. Financial instruments for which market quotations are not readily available are valued using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

NOTE R - OFF-BALANCE SHEET CREDIT RISK

The Bank is a party to off-balance sheet financial instruments. These financial instruments involve elements of credit risk in excess of amounts reflected on the balance sheet. Credit risk represents the maximum potential accounting loss due to possible nonperformance by obligors and counterparties under the terms of the contract.

	1994	1993
Credit risk at 31 December:		
Currency swaps	\$ 3,318,000	\$38,393,000
Interest rate swaps	13,189,000	19,631,000

In addition, the Bank extends guarantees for the benefit of its members which are not reflected in the financial statements. As of 31 December 1994, guarantees outstanding amounted to \$145,112,000 (\$132,306,000 – 1993). None of this amount was subject to call as of that date. The Bank estimates that the fair value of guarantees outstanding at 31 December 1994 and 31 December 1993 is immaterial as no guarantees are expected to be called.

Deloitte & Touche LLP



San Francisco, California

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 1994 and 31 December 1993
- ADF-2 Statement of Operations and Accumulated Surplus for the Years Ended 31 December 1994 and 31 December 1993
- ADF-3 Statement of Cash Flows for the Years Ended 31 December 1994 and 31 December 1993
- ADF-4 Summary Statement of Loans, 31 December 1994 and 31 December 1993
- ADF-5 Statement of Resources, 31 December 1994
- ADF-6 Notes to Financial Statements, 31 December 1994 and 31 December 1993

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 1994 and 31 December 1993 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

22 February 1995

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

BALANCE SHEET

31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note B)

ASSETS	1994	1993
DUE FROM BANKS (Note B)	\$ 18,341	\$ 10,154
INVESTMENTS (Notes B and C)		
Government and government guaranteed obligations	\$ 152,041	\$ 438,943
Time deposits and other obligations of banks	462,002	614,043
LOANS OUTSTANDING (ADF-4) (Notes B, D and H)	11,356,790	9,375,856
Less - allowance for possible losses	1,473	649
ACCRUED REVENUE		
On investments	7,263	5,309
On loans	29,835	37,098
NOTES OF CONTRIBUTORs (Notes B and E)		
Non-negotiable, non-interest bearing notes	7,503,585	6,615,023
RECEIVABLE FROM CONTRIBUTORs (ADF-5) (Note B)	22,458	32,634
RECEIVABLE FROM ORDINARY CAPITAL RESOURCES	40,178	3,407
OTHER ASSETS	13,711	11,287
TOTALS	\$19,604,731	\$16,803,178

LIABILITIES, UNEXPENDED BALANCES AND CAPITAL

ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note F)	\$ 19,720	\$ 31,729
PAYABLE TO TECHNICAL ASSISTANCE SPECIAL FUND (Note A)	40,759	56,318
OTHER LIABILITIES	23,151	15,180
UNEXPENDED BALANCES AND CAPITAL		
Amounts available for loan commitments (ADF-5)		
Contributed Resources (Note B)	\$18,394,187	\$15,025,598
Set-aside Resources (Note G)	69,503	65,395
Transfers from Technical Assistance Special Fund	1,270	1,168
	18,464,960	15,092,161
Advance payments on contributions (ADF-5)	76,284	751,479
Unrealized investment holding gains (losses) (Notes B and C)	(2,869)	4,318
Accumulated translation adjustments (Note B)	113,218	43,423
Accumulated surplus (ADF-2)	869,508	808,570
TOTALS	\$19,604,731	\$16,803,178

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 1994 and 31 December 1993
Expressed in Thousands of United States Dollars (Note B)

	1994	1993
REVENUE		
From loans (Notes B and D)	\$107,075	\$95,820
From investments (Notes B and C)	29,625	51,919
From other sources - net	<u>581</u>	<u>663</u>
	\$ 137,281	\$148,402
EXPENSES		
Administrative expenses (Note F)	75,519	74,658
Provision for losses (Notes B and D)	<u>824</u>	<u>649</u>
	76,343	75,307
EXCESS OF REVENUE OVER EXPENSES – NET INCOME	60,938	73,095
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	808,570	735,475
ACCUMULATED SURPLUS AT END OF THE YEAR	\$869,508	\$808,570

See notes to financial statements (ADF-6).

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note B)

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Service charges on loans received	\$ 86,692	\$ 80,460
Interest on investments received	28,032	52,367
Revenue received from other activities	581	663
Administrative expenses paid	<u>(87,528)</u>	<u>(67,486)</u>
Net Cash Provided by Operating Activities	<u>27,777</u>	<u>66,004</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	(151,255)	201,578
Sales of investment securities	821,000	1,183,000
Maturities of investment securities	7,447,434	7,641,431
Purchases of investment securities	(7,967,371)	(8,810,676)
Principal collected on loans	105,067	98,618
Loans disbursed	<u>(1,167,833)</u>	<u>(912,637)</u>
Net Cash Used for Investing Activities	<u>(912,958)</u>	<u>(598,686)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Demand obligations of contributors encashed	921,097	483,788
Contributions received ¹	750	921
Cash received (paid to) Ordinary Capital Resources and others - net	<u>(27,370)</u>	<u>5,567</u>
Net Cash Provided by Financing Activities	<u>894,477</u>	<u>490,276</u>
Effect of Exchange Rate Changes on Due from Banks	<u>(1,109)</u>	<u>(1,004)</u>
Net Increase (Decrease) in Due from Banks	<u>8,187</u>	<u>(43,410)</u>
Due from Banks at Beginning of the Year	<u>10,154</u>	<u>53,564</u>
Due from Banks at End of the Year	<u>\$ 18,341</u>	<u>\$ 10,154</u>
RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES - NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess of revenue over expenses - net income	\$ 60,938	\$ 73,095
Adjustments to reconcile excess of revenue over expenses - net income to net cash provided by operating activities:		
Accrued revenue on investments and loans	(4,292)	(937)
Accrued administration charge	(12,009)	7,172
Charges capitalized on loans	(17,914)	(14,693)
Other - net	<u>1,054</u>	<u>1,367</u>
Net Cash Provided by Operating Activities	<u>\$ 27,777</u>	<u>\$ 66,004</u>

See notes to financial statements (ADF-6).

1 In addition, non-negotiable, non-interest-bearing demand promissory notes amounting to \$ 1,254,452 (\$951,38/- 1993) were received from contributing members.



ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS

31 December 1994 and 31 December 1993

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	\$ 33,903	\$ -	\$ -	\$ 33,903	0.20
Bangladesh	3,482,537	1,307,178	-	4,789,715	27.61
Bhutan	29,789	14,682	-	44,471	0.26
Cambodia	18,702	50,295	28,025	97,022	0.56
Cook Islands	13,384	1,105	2,703	17,192	0.10
Indonesia	652,306	159,107	43,530	854,943	4.93
Kazakhstan	-	-	19,667	19,667	0.11
Kiribati	3,769	241	-	4,010	0.02
Kyrgyz Republic	-	-	39,334	39,334	0.23
Lao PDR	249,653	181,741	63,622	495,016	2.85
Malaysia	325	-	-	325	n.a. ⁴
Maldives	21,529	15,879	-	37,408	0.22
Marshall Islands	2,404	14,779	5,709	22,892	0.13
Micronesia, Fed. States of	-	6,742	-	6,742	0.04
Mongolia	63,810	73,151	39,623	176,584	1.02
Myanmar	553,840	47,667	-	601,507	3.47
Nepal	797,887	302,213	13,057	1,113,157	6.42
Pakistan	2,960,584	1,981,691	101,149	5,043,424	29.07
Papua New Guinea	282,152	84,687	495	367,334	2.12
Philippines	734,201	286,739	71,133	1,092,073	6.29
Solomon Islands	39,648	110	-	39,758	0.23
Sri Lanka	1,192,471	541,945	55,632	1,790,048	10.32
Thailand	77,700	-	-	77,700	0.45
Tonga	20,628	9,672	10,270	40,570	0.23
Vanuatu	16,468	4,696	-	21,164	0.12
Viet Nam	26,571	76,367	327,925	430,863	2.48
Western Samoa	82,529	7,879	-	90,408	0.52
 BALANCES - 31 December 1994	 11,356,790	 5,168,566	 821,874	 17,347,230	 <u>100.00</u>
Allowance for possible losses	(1,173)			(1,473)	
 NET BALANCES - 31 December 1994	 \$11,355,317	 \$5,168,566	 \$ 821,874	 \$17,345,757	
 BALANCES - 31 December 1993	 \$ 9,375,856	 \$ 4,926,923	 \$ 1,070,371	 \$ 15,373,150	
Allowance for possible losses	(649)			(649)	
 NET BALANCES - 31 December 1993	 \$ 9,375,207	 \$4,926,923	 \$1,070,371	 \$15,372,501	

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 \$17,680 (\$16,487 - 1993).

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.



MATURITY OF EFFECTIVE LOANS

Twelve Months Ending 31 December	Amounts	Five Years Ending 31 December	Amounts
1995	\$163,958	2004	1,901,650
1996	180,779	2009	2,588,557
1997	197,281	2014	3,277,376
1998	221,760	2019	3,349,015
1999	260,045	2024	2,754,423
		2029	1,303,500
		2034	327,012
		Total	\$16,525,356

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

Currency	1994	1993	Currency	1994	1993
Australian dollar	\$340,892	\$290,683	Japanese yen	6,724,913	5,373,857
Austrian schilling	81,572	65,211	Netherlands guilder	268,851	234,364
Belgian franc	72,804	59,492	New Zealand dollar	26,684	18,852
Canadian dollar	532,607	505,878	Norwegian krone	54,891	45,664
Danish krone	64,764	54,742	Pound sterling	295,413	254,257
Deutsche mark	692,434	560,903	Spanish peseta	38,191	30,355
Finnish markka	48,103	34,499	Swedish krona	57,144	47,981
French franc	313,551	247,186	Swiss franc	131,142	102,618
Italian lira	154,390	144,657	United States dollar	1,458,444	1,304,757
			Totals	\$11,356,790	\$9,375,856

3 Loans negotiated before 1 January 1983 were denominated in current United States dollars. Loans negotiated after that date are denominated in Special Drawing Rights (SDR) for the purpose of commitment. The undisbursed portions of such SDR loans are translated into United States dollars at the applicable exchange rates as of the end of a reporting period. Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse various amounts totalling \$65,500 (\$38,113 - 1993).

4 Less than 0.01%.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

STATEMENT OF RESOURCES

31 December 1994

Expressed in Thousands of United States Dollars (Note B)

	Amounts Committed During 1994	Cumulative Amounts Committed		Not Yet Available for Loan Commitments	Amounts Available for Loan Commitments	Amounts Received	Amounts Receivable
		At Exchange Rates Per Resolutions	At 31 Dec. 1994 Exchange Rates				
CONTRIBUTED RESOURCES							
Australia	\$ -	\$ 964,302	\$ 859,820	\$ 67,970	\$ 791,850	\$ 791,850	\$ -
Austria	-	121,216	160,772	14,084	146,688	146,688	-
Belgium	-	119,116	143,886	11,871	132,015	132,015	-
Canada	-	1,154,360	1,001,751	99,196	902,555	902,555	-
Denmark	-	130,199	148,284	10,144	138,140	138,140	-
Finland	-	82,734	79,555	2,108	77,447	76,338	2,109
Czech Republic	-	691,755	762,389	82,775	679,614	679,614	-
Germany	-	955,427	1,272,640	111,656	1,160,984	1,160,984	-
Hong Kong	-	4,880	4,880	750	4,130	4,130	-
Indonesia	-	4,960	4,960	-	4,960	4,960	-
Italy	-	419,850	317,278	-	317,278	317,278	-
Japan	-	5,422,521	10,876,288	531,240	10,345,048	10,345,048	-
Korea, Rep. of	-	22,900	22,900	3,750	19,150	19,150	-
Nauru, Rep. of	-	1,933	1,933	785	1,148	653	495
The Netherlands	-	347,887	460,190	26,250	433,940	433,940	-
New Zealand	-	47,923	42,533	3,045	39,488	39,488	-
Norway	-	114,158	103,607	8,347	95,260	95,260	-
Spain	-	90,013	87,923	9,824	78,099	78,099	-
Sweden	-	210,254	165,612	15,980	149,632	146,436	3,196
Switzerland	-	179,200	246,756	21,403	225,353	225,353	-
Taipei, China	-	16,500	16,500	3,750	12,750	12,750	-
Turkey	45,066	84,266	84,266	18,307	65,959	49,301	16,658
United Kingdom	-	622,877	537,731	52,943	484,788	484,788	-
United States	657,333	2,524,928	2,524,928	437,017	2,087,911	2,087,911	-
Totals	702,399	14,334,159	19,927,382	1,533,195	18,394,187	18,371,729¹	22,458
SET-ASIDE RESOURCES (NOTE G)							
TRANSFERS FROM TECHNICAL ASSISTANCE SPECIAL FUND ²	-	-	69,503	-	69,503	69,503	-
TOTALS	\$702,399	\$14,334,159	\$19,998,155	\$1,533,195	\$18,464,960	\$18,442,502	\$22,458

See notes to financial statements (ADF-6).

¹ Excludes \$76,284 equivalent representing advance payments received but not yet available for loan commitments as of 31 December 1994.² Includes translation adjustments amounting to \$14 as of 31 December 1994.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993

CONTINUED

NOTE A - GENERAL

The Asian Development Fund (the Fund) was established on 28 June 1974 to carry out more effectively the special operations of the Bank by providing resources on concessional terms.

The resources of the Fund have been subsequently augmented by five replenishments, the most recent of which was in August 1992 in a total amount equivalent to US\$4,200,000,000 to cover the operational requirements for the four years ending 31 December 1995. An aggregate amount equivalent to \$140,000,000 was allocated to the Technical Assistance Special Fund.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currencies and Reporting Currency

The currencies of contributing members are functional currencies. The reporting currency is the United States dollar, and the financial statements are expressed in thousands of current United States dollars.

Translation of Currencies

Assets, liabilities, amounts available for loan commitments and advance payments on contributions are translated from their functional currencies to the reporting currency generally at the applicable rates of exchange at the end of a reporting period. Revenue and expense amounts are translated for each semi-monthly period generally at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments relating to set-aside resources (see Note G) are recorded as receivable from or payable to Ordinary Capital Resources. Other translation adjustments are charged or credited to "Accumulated translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in revenue.

Investments

The Bank adopted a new accounting standard for certain investments in debt and equity securities as of 31 December 1993. All investment securities held by the Bank are considered by management to be available for sale and are reported at estimated fair value, with unrealized gains and losses excluded from revenue and reported in "UNEXPENDED BALANCES AND CAPITAL". Estimated fair value generally represents market value. Cost or amortized cost is used to approximate fair value for certain short-term investments not traded in the market (time deposits, etc.). Realized gains and losses are included in revenue from investments and 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. It is the policy of the Fund to place in non-accrual status all loans made to eligible developing member countries if the principal or service charges with respect to any such loan are overdue by six months. Service charges on non-accruing loans are included in revenue only to the extent that payments have actually been received by the Fund. The Bank follows a policy of not taking part in debt rescheduling agreements.

The Bank makes specific provisions for possible losses on loans in which principal or service charges are in arrears for one year for loans made to or guaranteed by a member based on consideration by the Board of Directors; and six months for loans to the private sector based on an evaluation by management of the collectibility of loans outstanding. On the remainder of the private sector portfolio, the Bank makes a general loan loss provision at a rate approved by the Board of Directors.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993

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.

Contributions are generally paid or to be paid in the currency of the contributor either in cash or notes.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Fund considers that its cash and cash equivalents are limited to "DUE FROM BANKS".

NOTE C - INVESTMENTS

The currency compositions of the investment portfolio as of 31 December 1994 and 31 December 1993 were as follows:

Currency	1994	1993
Australian dollar	\$ 40,206,000	\$ 44,555,000
Canadian dollar	25,797,000	59,904,000
Deutsche mark	41,261,000	30,030,000
Italian lira	17,673,000	6,593,000
Japanese yen	213,836,000	297,066,000
Netherlands guilder	11,613,000	6,320,000
Pound sterling	58,150,000	59,468,000
United States dollar	106,451,000	125,977,000
Others	99,056,000	95,525,000
Totals	<u>\$ 614,043,000</u>	<u>\$725,438,000</u>

The amortized cost and estimated fair value of the investments by contractual maturity at 31 December 1994 and 31 December 1993 were as follows:

	1994	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$544,532,000	\$544,757,000
Due after one year through five years	72,380,000	69,286,000
Due after five years through ten years	—	—
Totals	<u>\$616,912,000</u>	<u>\$614,043,000</u>

	1993	
	Amortized Cost	Estimated Fair Value
Due in one year or less	\$576,345,000	\$576,331,000
Due after one year through five years	131,296,000	135,539,000
Due after five years through ten years	13,479,000	13,568,000
Totals	<u>\$721,120,000</u>	<u>\$725,438,000</u>

Additional information relating to investments in government and government guaranteed obligations, is as follows:

	1994	1993
As of 31 December:		
Amortized cost	\$154,910,000	\$434,625,000
Estimated fair value	152,041,000	438,943,000
Gross unrealized gains	298,000	4,444,000
Gross unrealized losses	3,167,000	126,000

For the years ended

	31 December:
Change in net unrealized holding gains (losses)	(7,187,000) 4,671,000
Proceeds from sales	821,000,000 1,183,000,000
Gross gains	967,000 1,570,000
Gross losses	1,196,000 2,288,000

CONTINUED

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, excluding unrealized gains and losses, was 4.44% (5.48% - 1993).

Investments are governed by the Investment Authority approved by the Board of Directors. The main investment management objective is to maintain security and liquidity. Subject to these parameters, the Bank seeks the highest possible return on its investments.

NOTE D - LOANS

The principal amount outstanding of loans placed in non-accrual status as of 31 December 1994 was \$33,903,000 (\$31,086,000 - 1993) of which \$5,079,000 (\$3,599,000 - 1993) was overdue. Overdue charges on these loans totalled \$1,115,000 (\$680,000 - 1993). Placing these loans in a non-accrual status resulted in a reduction of \$364,000 (\$796,000 - 1993) in revenue from loans for the year ended 31 December 1994. The loans in non-accrual status as of 31 December 1994 and 31 December 1993 were loans made to Afghanistan.

The Fund has not suffered any loan losses on loans made to or guaranteed by members or their governments to date. To date, no loan loss provisions have been made against loans outstanding guaranteed by members or their governments, but loan loss provisions amounting to \$824,000 (\$649,000 - 1993) have been made against private sector loans. (See Note H.)

Loans are fair valued using an entry value method. Under this method, fair value is determined based on the terms at which a similar loan would currently be made by the Bank to a similar borrower. For such loans, fair value approximates the carrying amount. The estimated fair value of loans is not affected by credit risks because the amount of any such adjustment is not considered to have a material effect based on the Bank's experience with its borrowers.

NOTE E - NOTES OF CONTRIBUTORS

Notes of contributors are non-negotiable, non-interest-bearing and, subject to certain restrictions imposed by

applicable Board of Governors' resolutions, encashable by the Bank at par upon demand.

The Bank currently expects that the notes outstanding at 31 December 1994 will be encashed in varying amounts over the eight-year period ending 31 December 2002.

Notes of contributors are fair valued using an entry value method whereby fair value is determined based on the terms at which notes are currently being accepted from contributors. On this basis, fair value of outstanding notes of contributors approximates carrying amount.

NOTE F - ADMINISTRATIVE EXPENSES AND ADMINISTRATION CHARGE

Administrative expenses include an administration charge amounting to \$75,485,000 (\$74,647,000 - 1993). The charge represents an apportionment of all administrative expenses of the Bank (other than those appertaining directly to ordinary operations and special operations) based on the number of loans and equity investments approved for the year.

NOTE G - SET-ASIDE RESOURCES

Pursuant to the provisions of Article 19, paragraph 1(i) of the Articles of Agreement Establishing the Asian Development Bank (the Charter), the Board of Governors has authorized the setting aside of 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) of the Charter and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) of the Charter as of 28 April 1973, to be used as a part of the Special Funds of the Bank. The capital so set aside was allocated and transferred from the Ordinary Capital Resources to the Fund as Set-Aside Resources.

The capital stock of the Bank is defined in Article 4, paragraph 1 of the Charter, "in terms of United States dollars of the weight and fineness in effect on 31 January 1966" (the 1966 dollar). Therefore, Set-Aside Resources had historically been translated into the current United States dollar (the Bank's unit of account), on the basis of its



ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993

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 1994, the value of the SDR in terms of the current United States dollar was \$1.45985 (\$1.37356 - 1993). On this basis, Set-Aside Resources amounted to \$69,503,000 (\$65,895,000 - 1993). If the capital stock of the Bank as of 31 December 1994 had been valued in terms of \$12,063.50 per share, Set-Aside Resources would have been \$57,434,000.

NOTE H - PRIVATE SECTOR

Private sector loans outstanding as of 31 December 1994 were \$16,207,000 (\$15,569,000 - 1993), net of accumulated provision for loan losses as of 31 December 1994 of \$1,473,000 (\$649,000 - 1993), while undisbursed loan commitments were nil (\$269,000 - 1993).

NOTE I - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of financial instruments that are short-term approximates their carrying amounts.

If available, quoted market values are used to determine fair values. Financial instruments for which market quotations are not readily available are valued using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

The Fund's balance sheet carrying amounts are considered to approximate fair values for all significant financial instruments. See Notes B, D and E for discussions with respect to investments, loans and notes of contributors, respectively.

Deloitte & Touche LLP



San Francisco, California

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 1994 and 31 December 1993
- TASF-2 Statement of Operations and Unexpended Balances for the Years Ended 31 December 1994 and 31 December 1993
- TASF-3 Statement of Cash Flows for the Years Ended 31 December 1994 and 31 December 1993
- TASF-4 Statement of Resources, 31 December 1994
- TASF-5 Summary Statement of Services to Member Countries for the Year Ended 31 December 1994
- TASF-6 Notes to Financial Statements, 31 December 1994 and 31 December 1993

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 1994 and 31 December 1993 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte + Touche LLP

22 February 1995

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND**BALANCE SHEET****31 December 1994 and 31 December 1993**

Expressed in Thousands of United States Dollars (Note B)

ASSETS	1994	1993
DUE FROM BANKS (Note B)	\$ 4,896	\$ 2,898
INVESTMENTS (Notes B and C)		
Government and government guaranteed obligations	-	712
Time deposits and other obligations of banks	98,073	78,586
ACCRUED REVENUE	209	153
RECEIVABLE FROM CONTRIBUTORs	73	145
RECEIVABLE FROM ORDINARY CAPITAL RESOURCES (Note D)	70,000	-
RECEIVABLE FROM ASIAN DEVELOPMENT FUND (Note D)	40,759	56,318
OTHER ASSETS	11,416	12,247
TOTALS	\$225,426	\$151,059
LIABILITIES AND UNEXPENDED BALANCES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 23,997	\$ 18,478
UNEXPENDED BALANCES (TASF-2 and TASF-4) (Note D)	201,429	132,581
TOTALS	\$225,426	\$151,059

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 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note B)

	1994	1993
CONTRIBUTIONS COMMITTED (TASF-4) (Notes B and D)	\$ 94,283	\$ 69,691
REVENUE		
From Investments (Notes B and C)	\$ 2,160	\$ 1,025
From other sources - net (Note E)	<u>677</u>	<u>67</u>
Totals	97,120	70,783
EXPENSES		
Services to member countries (TASF-5) (Note E)	43,070	49,270
Administrative expenses	<u>2</u>	<u>2</u>
CONTRIBUTIONS AND REVENUE IN EXCESS OF EXPENSES	54,048	21,511
EXCHANGE GAIN - net (Note B)	<u>14,800</u>	<u>1,114</u>
INCREASE IN UNEXPENDED BALANCES	68,848	22,625
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR	132,581	109,956
UNEXPENDED BALANCES AT END OF THE YEAR	\$201,429	\$132,581

See notes to financial statements (TASF-6).



ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note B)

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 48,415	\$102,781
Interest on investments received	2,108	930
Cash received from other activities	721	64
Services to member countries paid	(39,598)	(42,744)
Administrative expenses paid	(2)	(2)
Net Cash Provided by Operating Activities	<u>11,644</u>	<u>61,029</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from time deposits and other obligations of banks	(19,636)	(61,856)
Sales of investment securities	34,506	34,318
Maturities of investment securities	184,152	2,558
Purchases of investment securities	(209,036)	(36,440)
Net Cash Used for Investing Activities	<u>(10,014)</u>	<u>(61,420)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from Ordinary Capital Resources and others - net	<u>544</u>	<u>615</u>
Effect of Exchange Rate Changes on Due from Banks	<u>(176)</u>	<u>(67)</u>
Net Increase in Due from Banks	<u>1,998</u>	<u>157</u>
Due from Banks at Beginning of the Year	<u>2,898</u>	<u>2,741</u>
Due from Banks at End of the Year	<u>\$ 4,896</u>	<u>\$ 2,898</u>
RECONCILIATION OF INCREASE IN UNEXPENDED BALANCES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in unexpended balances	\$ 68,848	\$ 22,625
Adjustments to reconcile increase in unexpended balances to net cash provided by operating activities:		
Contributions receivable and translation adjustments on contributions committed	(45,868)	33,090
Accrued expenses	2,611	5,426
Translation adjustments	(14,756)	(1,117)
Advances for services to member countries	861	1,100
Other - net	(52)	(95)
Net Cash Provided by Operating Activities	<u>\$ 11,644</u>	<u>\$ 61,029</u>

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF RESOURCES

31 December 1994

Expressed in Thousands of United States Dollars (Note B)

	Amounts Committed During 1994	Cumulative Amounts Committed	Amounts Utilized During 1994	Cumulative Amounts Utilized	Amounts Unutilized
DIRECT VOLUNTARY CONTRIBUTIONS					
Australia	\$ -	\$ 2,484	\$ -	\$ 2,484	\$ -
Austria	-	157	-	150	7
Bangladesh	-	47	-	47	-
Belgium	-	1,386	-	1,325	61
Canada	-	3,346	-	3,346	-
China, People's Rep. of	-	600	-	600	-
Denmark	-	1,963	-	1,963	-
Finland	-	237	-	237	-
France	-	1,697	-	1,697	-
Germany	-	3,315	-	3,315	-
Hong Kong	-	100	-	100	-
India	-	2,409	-	2,292	117
Indonesia	-	250	-	250	-
Italy	-	774	-	774	-
Japan	-	47,710	-	47,710	-
Korea, Rep. of	-	1,900	-	1,900	-
Malaysia	-	909	-	909	-
The Netherlands	-	1,337	-	1,337	-
New Zealand	-	1,096	-	1,096	-
Norway	-	3,279	-	3,279	-
Pakistan	62	1,053	-	991	62
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	62	85,558		85,311	247
REGULARIZED TASF REPLENISHMENTS AND ALLOCATION FROM ORDINARY CAPITAL RESOURCES NET INCOME (Note D)	94,221	415,462	35,857	229,715	185,747
TRANSFERS TO ASIAN DEVELOPMENT FUND	-	(1,256)	-	(1,256)	-
OTHER RESOURCES ¹	-	32,435	2	17,000	15,435
TOTALS	\$94,283	\$532,199	\$35,859²	\$330,770	\$201,429

See notes to financial statements (TASF-6).

1 Other resources represent income and reimbursements accruing to the TASF since 1 April 1980.

2 Includes exchange gain amounting to \$7,213.

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

SUMMARY STATEMENT OF SERVICES TO MEMBER COUNTRIES

For the Year Ended 31 December 1994

Expressed in Thousands of United States Dollars (Note B)

Recipients	Project Preparation	Project Implementation/ Advisory	Totals
Bangladesh	\$ (6)	\$ 2,817	\$ 2,811
Bhutan	63	153	216
Cambodia	248	1,117	1,365
China, People's Rep. of	600	6,337	6,937
Cook Islands	53	(11)	42
Fiji	-	69	69
India	1,367	2,787	4,154
Indonesia	1,691	1,393	3,084
Kiribati	-	110	110
Lao PDR	329	2,224	2,553
Malaysia	(19)	1,003	984
Maldives	-	91	91
Marshall Islands	-	322	322
Micronesia, Fed. States of	-	318	318
Mongolia	96	832	928
Nepal	240	1,471	1,711
Pakistan	667	887	1,554
Papua New Guinea	145	812	957
Philippines	113	797	910
Solomon Islands	-	36	36
Sri Lanka	19	1,186	1,205
Thailand	(34)	481	447
Tonga	-	85	85
Tuvalu	-	139	139
Vanuatu	100	811	411
Viet Nam	-	1,139	1,139
Western Samoa	-	168	168
Totals	\$5,672	\$27,074	32,746
Regional Activities			10,324
TOTAL			\$43,070

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993

CONTINUED

NOTE A - GENERAL

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*Functional Currency and Reporting Currency*

The functional currency of the TASF is deemed, as a matter of convenience, to be the same as the reporting currency, the United States dollar. The financial statements of TASF are expressed in thousands of current United States dollars.

Translation of Currencies

Assets, liabilities and unexpended balances in currencies other than United States dollars are translated at the applicable rates of exchange at the end of a reporting period. Contributions committed during the year are translated initially at applicable exchange rates as of the respective dates of commitment. As to cumulative contributions committed, the utilized portions are translated at the applicable exchange rates as of the respective dates of use whereas the unutilized portions are translated at the applicable exchange rates as of the end of a reporting period, with resulting translation adjustments included in contributions committed. Revenue and expense amounts in currencies other than United States dollars are translated for each semi-monthly period generally at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments are accounted for as exchange gains or losses and are charged or credited to operations.

Investments

The Bank adopted a new accounting standard for certain investments in debt and equity securities as of 31 December 1993. All investment securities held by the Bank are

considered by management to be available for sale and are reported at estimated fair value, with unrealized gains and losses excluded from revenue and reported in "UNEXPENDED BALANCES". Estimated fair value generally represents market value. Cost or amortized cost is used to approximate fair value for certain short-term investments not traded in the market (time deposits, etc.). Realized gains and losses are included in revenue from investments and are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Contributions

Contributions by member countries are included in the financial statements as amounts committed from the date contribution agreements become effective.

Statement of Cash Flows

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

NOTE C - INVESTMENTS

The currency compositions of the investment portfolio as of 31 December 1994 and 31 December 1993 were as follows:

Currency	1994	1993
Australian dollar	\$ 1,385,000	\$ 1,950,000
Deutsche mark	4,554,000	2,100,000
French franc	2,319,000	592,000
Japanese yen	78,689,000	69,587,000
Netherlands guilder	2,644,000	1,566,000
Pound sterling	1,070,000	934,000
Swedish krona	1,094,000	486,000
United States dollar	1,983,000	97,000
Others	4,335,000	1,986,000
Totals	\$98,073,000	\$79,298,000

At 31 December 1994 and 31 December 1993, the estimated fair value of investments approximates the amortized cost. All such investments are due in one year or less.

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993

Proceeds from sales of investments in government and government guaranteed obligations during the year ended 31 December 1994 were \$34,506,000 (\$34,318,000 – 1993). Gross gains and gross losses of \$2,000 and \$4,000 (\$38,000 and \$1,000 – 1993), respectively, were realized on such sales.

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, excluding unrealized gains and losses, was 2.60% (3.81% - 1993).

Investments are governed by the Investment Authority approved by the Board of Directors. The main investment management objective is to maintain security and liquidity. Subject to these parameters, the Bank seeks the highest possible return on its investments.

NOTE D - FUNDING

Since 1967, contributions have been made by 31 member countries. In February 1992, the Board of Governors, in authorizing a \$4,200,000,000 replenishment of the ADF, provided for an allocation to the TASF in an aggregate amount equivalent to \$140,000,000 to be used for technical assistance to poorer developing members and for regional technical assistance. This replenishment became effective in August 1992.

The Board of Governors allocated \$70,000,000 from the 1993 net income of the OCR to the TASF in 1994 and \$60,000,000 from the 1992 net income in 1993.

NOTE E - SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for grant-financed technical assistance projects and programs totalled approximately \$94,525,000 as of 31 December 1994

(\$103,740,000 - 1993). Technical Assistance Special Fund resources are used for these commitments. The fair value of such commitments approximates the amounts outstanding because the Bank expects that grants will be made for all projects and programs covered by the commitments. When technical assistance provided as a project preparatory grant leads to a Bank loan, the amount of the grant exceeding \$250,000 will be refinanced under the loan. Refinanced amounts of \$425,000 (\$1,000 – 1993) were charged to loans and credited to revenue from other sources of the TASF during the year ended 31 December 1994.

NOTE F - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of financial instruments that are short-term approximates their carrying amounts.

If available, quoted market values are used to determine fair values. Financial instruments for which market quotations are not readily available are valued using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

The Fund's balance sheet carrying amounts are considered to approximate fair values for all significant financial instruments. See Notes B and E for discussions with respect to investments and services to member countries, respectively.

Deloitte & Touche LLP



San Francisco, California

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 1994 and 31 December 1993
- JSF-2 Statement of Operations and Unexpended Balances for the Years Ended 31 December 1994 and 31 December 1993
- JSF-3 Statement of Cash Flows for the Years Ended 31 December 1994 and 31 December 1993
- JSF-4 Notes to Financial Statements, 31 December 1994 and 31 December 1993

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 1994 and 31 December 1993 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte + Touche LLP

22 February 1995

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

BALANCE SHEET

31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note B)

ASSETS	1994	1993
DUE FROM BANKS (Note B)	\$ 182	\$ 394
INVESTMENTS (Notes B and C)		
Government and government guaranteed obligations	\$ 20,477	\$ 258,829
Time deposits	<u>383,776</u>	<u>46,625</u>
EQUITY INVESTMENTS (Notes B and D)	1,252	1,253
Less - allowance for possible losses	<u>1,252</u>	<u>50</u>
ACCRUED REVENUE	443	16
OTHER ASSETS	9,832	7,290
TOTALS	\$414,710	\$314,357
LIABILITIES AND UNEXPENDED BALANCES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 14,295	\$ 13,807
UNEXPENDED BALANCES (JSF-2)	400,415	300,550
TOTALS	\$414,710	\$314,357

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 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note B)

	<u>1994</u>	<u>1993</u>
CONTRIBUTIONS COMMITTED (Note B)	\$ 100,080	\$ 88,614
REVENUE		
From investments (Notes B and C)	\$ 7,274	\$ 7,813
From other sources - net	<u>2</u>	<u>-</u>
Totals	7,276	7,813
EXPENSES		
Services to member countries (Note E)	41,252	34,255
Administrative expenses	969	632
Provision for losses (Notes B and D)	<u>1,202</u>	<u>50</u>
CONTRIBUTIONS AND REVENUE IN EXCESS OF EXPENSES	63,933	61,490
EXCHANGE GAIN (LOSS) -- net (Note B)	<u>209</u>	<u>(126)</u>
INCREASE IN UNEXPENDED BALANCES BEFORE TRANSLATION ADJUSTMENTS	64,142	61,364
TRANSLATION ADJUSTMENTS	35,707	17,706
UNREALIZED INVESTMENT HOLDING GAINS (LOSSES) (Notes B and C)	16	(12)
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR	300,550	221,492
UNEXPENDED BALANCES AT END OF THE YEAR	\$400,415	\$300,550

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1994 and 31 December 1993

Expressed in Thousands of United States Dollars (Note B)

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 99,777	\$ 85,444
Interest on investments received	6,847	7,948
Services to member countries paid	(42,803)	(28,988)
Administrative expenses paid	(1,083)	(870)
Net Cash Provided by Operating Activities	<u>62,738</u>	<u>63,534</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits	(340,675)	62,048
Sales of investment securities	206,253	299,589
Maturities of investment securities	1,014,361	477,256
Purchases of investment securities	(942,698)	(902,952)
Net Cash Used for Investing Activities	<u>(62,759)</u>	<u>(64,059)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from (paid to) Ordinary Capital Resources and others - net	<u>(223)</u>	<u>700</u>
Effect of Exchange Rate Changes on Due from Banks	<u>32</u>	<u>38</u>
Net Increase (Decrease) in Due From Banks	<u>(212)</u>	<u>213</u>
Due from Banks at Beginning of the Year	<u>394</u>	<u>181</u>
Due from Banks at End of the Year	<u>\$ 182</u>	<u>\$ 394</u>
RECONCILIATION OF INCREASE IN UNEXPENDED BALANCES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in unexpended balances before translation adjustments	\$ 64,142	\$61,364
Adjustments to reconcile increase in unexpended balances to net cash provided by operating activities:		
Contribution receivable	(303)	(3,170)
Other assets - advances	(2,268)	(2,508)
Accounts payable and other liabilities	603	7,537
Other - net	564	311
Net Cash Provided by Operating Activities	<u>\$ 62,738</u>	<u>\$ 63,534</u>

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993

CONTINUED

NOTE A - GENERAL

The Japan Special Fund (JSF) was established in March 1988 when Japan and the Bank entered into a financial arrangement whereby Japan agreed to make an initial contribution and the Bank became the administrator. The purpose of JSF is to help developing member countries of the Bank restructure their economies and broaden the scope of opportunities for new investments, thereby assisting the recycling of funds to developing member countries of the Bank. While the JSF resources are used mainly to finance technical assistance operations, these resources may also be used for equity investment operations in the Bank's developing member countries. The Bank may invest the proceeds of JSF pending disbursement and use the revenue 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 are translated at the applicable exchange rates as of the dates the contributions are 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

The Bank adopted a new accounting standard for certain investments in debt and equity securities as of 31 Decem-

ber 1993. All investment securities held by the Bank are considered by management to be available for sale and are reported at estimated fair value, with unrealized gains and losses excluded from revenue and reported in "UNEXPENDED BALANCES". Estimated fair value generally represents market value. Cost or amortized cost is used to approximate fair value for certain short-term investments not traded in the market (time deposits, etc.). Realized gains and losses are included in revenue from investments and 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. The Bank makes provisions for possible loss of value quarterly based on management's evaluation of potential losses in the equity investments portfolio.

Equity investments are not considered material and are not fair valued.

Contributions

Contributions by Japan are included in the financial statements as amounts committed from the date indicated by the government of Japan that funds are expected to be made available.

Statement of Cash Flows

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

NOTE C - INVESTMENTS

The investment portfolio was composed wholly of investments denominated in Japanese yen. As of 31 December 1994, the amortized cost and estimated fair value of the investments were \$404,249,000 and \$404,253,000 (\$305,466,000 and \$305,454,000 - 1993), respectively, and were due in one year or less.

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1994 and 31 December 1993

Additional information relating to investments in government and government guaranteed obligations, is as follows:

	1994	1993
As of 31 December:		
Amortized cost	\$ 20,473,000	\$258,841,000
Estimated fair value	20,477,000	258,829,000
Gross unrealized gains	4,000	23,000
Gross unrealized losses	-	35,000
For the years ended 31 December:		
Change in net unrealized holding gains (losses)	16,000	(370,000)
Proceeds from sales	206,253,000	299,589,000
Gross gains	20,000	45,000
Gross losses	1,000	27,000

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, excluding unrealized gains and losses, was 2.17% (3.10% - 1993).

Investments are governed by the Investment Authority approved by the Board of Directors. The main investment management objective is to maintain security and liquidity. Subject to these parameters, the Bank seeks the highest possible return on its investments.

NOTE D - EQUITY INVESTMENTS

The Bank has used JSF resources to make equity investments in India in 1990 totalling \$1,252,000. As of 31 December 1994, full provision for losses has been made against the equity investment (\$50,000 - 1993).

NOTE E - SERVICES TO MEMBER COUNTRIES

The JSF's outstanding commitments for projects and programs totalled approximately \$103,582,000 as of 31 December 1994 (\$81,083,000 - 1993). The fair value of such commitments approximates the amounts outstanding because JSF expects that disbursements will substantially be made for all the projects and programs covered by the commitments.

NOTE F - FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of financial instruments that are short-term approximates their carrying amounts.

If available, quoted market values are used to determine fair values. Financial instruments for which market quotations are not readily available are valued using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

The Fund's balance sheet carrying amounts are considered to approximate fair values for all significant financial instruments. See Notes B and E for discussions with respect to investments, equity investments and services to member countries, respectively.

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ECONOMIC DATA OF DMCs

Table 1
ESTIMATES OF REAL GDP GROWTH RATE, 1984-1994
AND PER CAPITA GNP, 1993 OF SELECTED DMCs

Country	GDP Growth Rate (%)			Per Capita GNP ^a (US\$) 1993
	Annual Average (1984-1991)	1992	1993	
NIEs	8.6	5.8	6.2	7.4
Hong Kong	6.9	6.3	5.8	17,860
Korea, Rep. of	9.6	5.1	5.5	7,670
Singapore	6.8	6.0	10.1	19,310
Taipei, China	8.4	6.7	6.3	10,530
PRC and MONGOLIA	9.8	13.2	13.4	11.8
China, People's Rep. of	9.8	13.2	13.4	490
Mongolia ^c	6.3	-7.6	-1.3	400
SOUTHEAST ASIA	6.2	6.3	6.8	7.5
Cambodia ^c	6.1 ^d	7.0	4.3	200 ^e
Indonesia	6.0	6.5	6.5	730
Lao PDR	4.6	7.0	5.9	290
Malaysia	6.2	7.8	8.3	3,160
Philippines	1.1	0.3	2.1	830
Thailand	8.9	7.9	8.2	2,040
Viet Nam	5.9	8.6	8.1	170
SOUTH ASIA	7.1	4.8	4.1	5.1
Afghanistan ^c	2.6 ^d
Bangladesh	4.2	4.2	4.5	220
Bhutan	6.6	3.7	5.2	170
India ^f	5.2	4.3	4.3	290
Maldives	12.8	6.3	6.2	820
Myanmar ^{c,f}	-0.3	9.3	6.0	200 ^e
Nepal ^f	5.7	4.6	2.9	160
Pakistan ^f	5.9	7.8	1.9	430
Sri Lanka	4.0	4.4	6.9	600
CENTRAL ASIAN REPUBLICS ^c				
Kazakhstan	...	-14.0	-12.0	-21.0
Kyrgyz Republic	...	-19.0	-16.0	-15.0
PACIFIC ISLAND DMCs	2.5	8.4	11.9	1.4
Cook Islands	5.8	2.0	1.7	1.5
Fiji	3.1	3.1	2.0	2,140
Kiribati	0.7	-5.1	-2.8	-0.4
Marshall Islands ^f	0.6 ^d	0.1	-1.8	...
Micronesia, Fed. States of	-0.2 ^d	...	5.0	1,500 ^e
Papua New Guinea	2.4	11.8	16.5	0.8
Solomon Islands	4.2	8.3	4.4	4.2
Tonga ^f	1.5	-3.7	-0.2	4.7
Tuvalu	5.9	8.9	8.7	2.6
Vanuatu	2.6	1.1	4.0	2.0
Western Samoa	-3.2	-4.3	6.0	7.1
WEIGHTED AVERAGE^g	7.7	7.5	7.9	8.2

... Data not available.

a World Bank Atlas methodology, 1990-92 base period, except for Marshall Islands, Mongolia, Myanmar, Taipei, China and Viet Nam; figures for Hong Kong, Marshall Islands, Mongolia and Viet Nam refer to GDP.

b Preliminary estimates.

c Country figure is excluded from respective group and total weighted averages.

d Refers to 1984-89 for Afghanistan, 1985-91 for Cambodia and 1989 for the Federated States of Micronesia.

e Estimates for Cambodia (1991), Marshall Islands, Federated States of Micronesia and Tuvalu (1993), and Myanmar (1986).

f Refers to fiscal year.

g Respective year GDP (in US dollars) is used as weights for 1992 and 1993. However, GDP in 1993 is used as weights to derive the averages for the other years. Figure excludes Central Asian Republics.

Sources: Country sources.

World Bank, *The World Bank Atlas 1995*.

ADB data file.



Table 2
DOMESTIC SAVINGS, CAPITAL FORMATION AND RESOURCE GAP
AS PERCENTAGE OF GDP OF SELECTED DMCs, 1992-1994

Country	Gross Domestic Savings as Percentage of GDP			Gross Capital Formation as Percentage of GDP			Resource Gap as Percentage of GDP		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
NIEs									
Hong Kong	33.8	34.5	33.0	28.5	27.7	31.1	-5.3	-6.8	-1.9
Korea, Rep. of	35.2	35.1	36.1	36.6	34.3	36.9	1.4	-0.8	1.8
Singapore	47.6	47.9	48.0	40.4	43.8	41.5	-7.2	-4.1	-6.5
Taipei, China	27.0	27.0	26.0	24.9	25.2	24.1	-2.1	-1.8	-1.9
PRC and MONGOLIA									
China, People's Rep. of	40.0	40.0	40.5	38.2	42.1	39.5	-1.8	2.1	-1.0
Mongolia	12.4	22.1
SOUTHEAST ASIA									
Cambodia	7.5	8.0	7.4	9.8	14.2	19.2	2.2	6.2	11.8
Indonesia	38.2	37.7	38.7	35.9	35.3	35.5	-2.3	-2.4	-3.2
Lao PDR	5.6	6.5	...	14.4	15.2	...	8.8	8.7	...
Malaysia	35.5	35.9	35.6	33.5	35.0	37.2	-2.0	-0.9	1.6
Philippines	14.9	13.8	15.4	21.3	24.5	25.3	6.4	10.7	9.8
Thailand	35.7	35.5	37.2	39.6	40.0	42.9	4.0	4.5	5.7
Viet Nam	17.0	19.4	19.5
SOUTH ASIA									
Afghanistan
Bangladesh	5.8	6.5	7.1	12.3	13.6	14.8	6.5	7.1	7.7
Bhutan	7.5	8.7	...	43.4	28.2	...	35.9	19.6	...
India	20.0	20.2	22.1	22.0	20.4	22.5	2.0	0.2	0.4
Maldives
Myanmar	12.8	11.1	11.7	13.6	12.1	12.5	0.7	0.9	0.8
Nepal	10.8	11.7	12.2	22.7	21.4	22.5	11.9	9.7	10.3
Pakistan	17.3	13.2	16.2	20.1	20.7	20.1	2.8	7.5	3.9
Sri Lanka	16.4	17.7	13.6	23.9	25.3	24.7	7.5	7.6	11.1
CENTRAL ASIAN REPUBLICS									
Kazakhstan
Kyrgyz Republic
PACIFIC ISLAND DMCs									
Cook Islands
Fiji	14.7	13.3	...	13.1	15.1	...	-1.6	1.8	...
Kiribati	23.3	56.6	80.0
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	19.7	23.8	4.1
Solomon Islands
Tonga	7.8	24.4	32.2
Tuvalu
Vanuatu	7.5	9.5	...	34.8	34.2	...	27.3	24.7	...
Western Samoa	0.1	9.9	10.0	20.0	19.9	19.9	19.9	10.0	9.9

... Data not available.

Source: ADB Data File.



Table 3
CHANGES IN CONSUMER PRICES OF SELECTED DMCs, 1992-1994^a
 (%)

Country	1992	1993	1994 ^b
NIEs	5.9	4.6	5.7
Hong Kong	9.3	8.5	8.0
Korea, Rep. of	6.2	4.8	6.3
Singapore	2.3	2.4	3.6
Taipei, China	4.5	2.9	4.1
PRC and MONGOLIA	5.3	13.0	21.7
China, People's Rep. of	5.3	13.0	21.7
Mongolia ^c	202.6	268.4	87.6
SOUTHEAST ASIA	6.8	6.3	6.7
Cambodia ^c	176.7	31.0	26.1
Indonesia	7.6	9.7	8.5
Lao PDR	9.8	6.3	6.7
Malaysia	4.7	3.6	3.7
Philippines	8.9	7.6	9.0
Thailand	4.1	3.3	5.0
Viet Nam	26.8	5.8	9.5
SOUTH ASIA	11.0	6.6	10.6
Bangladesh ^d	4.3	0.0	1.8
Bhutan	16.0	13.6	9.7
India	11.8	6.4	11.0
Maldives	17.4	20.1	20.0
Myanmar ^{c,d}	21.9	31.8	35.0
Nepal	17.8	11.5	8.9
Pakistan	9.5	9.4	12.5
Sri Lanka	11.4	11.8	8.4
CENTRAL ASIAN REPUBLICS			
Kazakhstan	1,381.0	1,659.0	1,889.0
Kyrgyz Republic	854.6	1,208.8	281.0
PACIFIC ISLAND DMCs	5.0	4.4	5.2
Cook Islands ^d	3.5	7.2	5.8
Fiji	4.9	5.2	1.5
Kiribati ^d	4.0	6.1	2.9
Marshall Islands ^d	10.3	5.0	5.2
Micronesia, Fed. States of ^c	5.0	6.0	5.0
Papua New Guinea ^d	4.5	4.0	6.1
Solomon Islands ^d	10.7	9.2	12.8
Tonga	7.9	1.0	1.0
Tuvalu	2.2	1.5	1.5
Vanuatu ^d	4.1	3.6	2.1
Western Samoa	8.5	1.7	18.4
WEIGHTED AVERAGE ^e	6.9	7.5	10.3

... Data not available.

a Unless otherwise indicated, data refer to changes in average consumer prices of all cities.

b Preliminary estimates.

c Countries' figures are excluded from respective group and total weighted averages.

d Data refer to capital city.

e Respective year GDP (in US dollars) is used as weights for 1992 and 1993. However, GDP in 1993 is used as weights to derive the averages for 1994. Weighted average excludes Central Asian Republics.

Sources: Country sources.

IMF, *International Financial Statistics*, January 1995.
 ADB data file.

TABLE 4
PER CAPITA COMMERCIAL ENERGY CONSUMPTION IN SELECTED DMCs, 1990-1992
(Standard kilogram of oil equivalent)

Country	1990	1991	1992
NIEs	2,245	2,422	2,593
Hong Kong	1,762	1,862	1,960
Korea, Rep. of	2,100	2,318	2,552
Singapore	3,889	4,044	4,156
Taipei, China	2,467	2,578	2,647
PRC and MONGOLIA	630	652	663
China, People's Rep. of	628	651	662
Mongolia	1,497	1,444	1,176
SOUTHEAST ASIA	298	333	358
Cambodia	19	19	19
Indonesia	275	300	319
Lao PDR	23	24	26
Malaysia	1,032	1,274	1,388
Philippines	243	241	267
Thailand	499	586	634
Viet Nam	97	100	107
SOUTH ASIA	214	227	245
Afghanistan	58	50	29
Bangladesh	62	57	58
Bhutan	35	35	35
India	223	235	245
Maldives	245	264	286
Myanmar	46	46	47
Nepal	20	27	31
Pakistan	248	247	256
Sri Lanka	124	131	137
CENTRAL ASIAN REPUBLICS			
Kazakhstan
Kyrgyz Republic
PACIFIC ISLAND DMCs	243	241	255
Cook Islands	412	412	412
Fiji	406	419	466
Kiribati	99	97	95
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	204	198	193
Solomon Islands
Tonga
Tuvalu
Vanuatu	147	144	127
Western Samoa	278	278	285
AVERAGE FOR DMCs	451	474	492

... Data not available.

Source: ADB, *Energy Indicators of Developing Member Countries of ADB*, December 1994.
UN, 1992 Energy Statistics Yearbook.

TABLE 5
FOREIGN TRADE OF SELECTED DMCs, 1992-1994
 (\$ million)

Country	Exports (fob)			Imports (cif)			Balance of Trade		
	1992	1993	1994 ^a	1992	1993	1994 ^a	1992	1993	1994 ^a
NIEs	341,034	376,512	434,952	349,337	384,672	448,994	-8,303	8,160	-14,042
Hong Kong	119,488	135,244	151,399	123,407	138,650	161,841	-3,919	-3,406	-10,442
Korea, Rep. of	76,632	82,236	94,000	81,775	83,800	99,400	-5,143	-1,564	-5,400
Singapore	63,444	73,941	96,456	72,143	85,161	102,393	-8,704	11,220	-5,937
Taipei, China	81,470	85,091	98,097	72,007	77,061	85,360	9,463	8,030	7,737
PRC and MONGOLIA	80,906	91,349	105,072	76,772	103,449	114,286	4,134	-12,100	-9,214
China, People's Rep. of	80,517	90,968	104,672	76,354	103,087	113,912	4,163	-12,119	-9,240
Mongolia	389	381	400	418	362	374	-29	19	26
SOUTHEAST ASIA	113,239	129,071	153,227	127,245	144,404	173,043	-14,006	-15,333	-19,816
Cambodia ^b	265	219	303	351	404	594	-86	-185	-291
Indonesia	27,279	30,010	35,100	27,887	28,086	32,580	-608	1,924	2,520
Lao PDR	133	232	290	244	392	504	-111	-160	-214
Malaysia	40,691	47,090	58,147	39,821	46,810	59,235	870	280	-1,088
Philippines	9,824	11,375	12,124	15,464	18,773	20,530	-5,640	-7,398	-8,406
Thailand	32,466	37,160	43,663	40,937	46,015	54,600	-8,471	-8,855	-10,937
Viet Nam ^b	2,581	2,985	3,600	2,541	3,924	5,000	40	-939	-1,400
SOUTH ASIA	32,507	31,558	37,736	41,991	41,881	44,912	-9,484	-10,323	7,176
Bangladesh	2,098	2,273	2,344	3,908	3,989	4,217	-1,810	-1,716	1,873
Bhutan ^b	63	66	66	74	112	87	-11	-46	-21
India	19,628	18,539	23,900	23,579	22,747	25,800	-3,951	-4,208	1,900
Maldives ^b	40	35	40	189	191	226	-149	-156	-186
Myanmar	531	589	794	651	813	880	-120	-224	-86
Nepal	374	390	398	792	837	1,191	-418	-447	793
Pakistan	7,320	6,681	6,614	9,381	9,433	8,028	-2,061	-2,752	-1,414
Sri Lanka	2,453	2,985	3,580	3,417	3,759	4,483	-964	-774	-903
CENTRAL ASIAN REPUBLICS	3,820	5,106	3,572	5,015	5,739	4,758	1,195	-633	-1,186
Kazakhstan	3,562	4,771	3,205	4,683	5,238	4,156	1,121	-467	-951
Kyrgyz Republic	258	335	367	332	501	602	74	-166	-235
PACIFIC ISLANDS	2,400	3,121	2,925	2,566	2,470	2,414	161	-1,825	.518
Cook Islands	3	59	56
Fiji	444	449	530	539	720	779	95	-271	-249
Kiribati ^b	5	19	14
Marshall Islands	9	9	...	62	62	...	-53	-53	...
Micronesia, Fed. States of
Papua New Guinea	1,794	2,483	2,198	1,520	1,305	1,250	274	1,171	948
Solomon Islands	103	134	144	111	134	133	-8	-117	11
Tonga	12	17	25	63	61	76	-51	-61	-51
Tuvalu	5	7	7
Vanuatu	24	23	24	82	80	86	-58	-57	-62
Western Samoa	6	6	4	106	101	83	-100	-95	-79
TOTAL	573,906	636,717	737,484	602,926	682,615	788,407	-29,015	-48,374	-50,916

... Data not available.

a. Preliminary estimates.

b. Import figures are based on fob.

Sources: Country sources.
 IMF, *International Financial Statistics*, February 1995.
 ADB data file.

Table 6
**INTERNATIONAL RESERVES AND RATIO OF RESERVES
 TO IMPORTS OF SELECTED DMCs, 1992-1994**

Country	International Reserves ^a (\$ million)			Ratio to Imports ^b (Months)		
	1992	1993	1994 ^c	1992	1993	1994 ^c
NIEs	139,443	152,027	173,016	4.8	4.7	4.7
Hong Kong
Korea, Rep. of	17,153	21,361	25,673	2.5	3.1	3.1
Singapore ^d	39,885	48,360	57,200	6.6	6.8	6.7
Taipei, China	82,405	82,306	90,143	13.7	12.8	13.5
PRC and MONGOLIA	21,271	23,064	41,980	3.3	2.7	6.0
China, People's Rep. of	21,230	22,999	41,893	3.3	2.7	6.0
Mongolia	41	65	87	1.2	2.2	6.7
SOUTHEAST ASIA	55,337	71,080	80,494	5.3	5.8	5.5
Cambodia
Indonesia	11,394	12,354	12,526	5.0	4.9	4.3
Lao PDR	80	3.9
Malaysia	17,342	27,365	30,333	5.2	7.0	6.1
Philippines	5,339	5,921	7,336	4.1	3.8	3.9
Thailand	21,182	25,440	30,299	6.2	6.6	6.7
Viet Nam
SOUTH ASIA	13,891	20,479	32,406	4.0	5.9	8.6
Afghanistan ^e	11	11	9
Bangladesh	1,847	2,437	3,204	5.7	7.3	9.1
Bhutan ^d	78	1	1	11.3	0.1	0.1
India	8,665	13,524	23,210	4.4	7.1	10.8
Maldives	28	26	30	1.8	1.6	1.6
Myanmar	292	315	403	5.4	4.6	5.5
Nepal	474	647	707	7.2	8.8	7.1
Pakistan	1,531	1,889	2,770	2.0	2.4	3.8
Sri Lanka	964	1,629	2,072	3.4	5.2	5.5
CENTRAL ASIAN REPUBLICS						
Kazakhstan	83	630	...	0.2	1.2	...
Kyrgyz Republic	...	46	1.1	...
PACIFIC ISLAND DMCs	725	579	539	3.3	2.9	2.7
Cook Islands
Fiji	317	270	297	6.0	5.1	5.1
Kiribati
Marshall Islands
Micronesia, Fed. States of
Nauru
Papua New Guinea	250	153	92	2.0	1.4	0.9
Solomon Islands ^d	24	20	23	2.5	1.8	2.0
Tonga ^d	32	37	35	4.8	5.4	4.7
Tuvalu
Vanuatu ^d	42	49	44	6.1	7.4	6.1
Western Samoa	61	51	48	6.9	6.0	7.0
TOTAL	230,667	267,230	328,435	4.6	4.7	5.2

a Consisting of gold, SDRs, reserve position with IMF and foreign exchange holdings; year-end figures unless otherwise specified.

b Imports, cif from trade statistics were used for computing the ratio.

c Preliminary estimates.

d Refers to total reserves minus gold.

e Refers to reserve position in the Fund and SDRs only.

Sources: IMF, *International Financial Statistics*, January 1995.
 ADB data file.

Table 7
TOTAL NET FLOWS OF FINANCIAL RESOURCES TO SELECTED DMCs, 1991-1993^a
 (\$ million)

Country	Concessional Flows (ODA)			Non-Concessional Flows ^b			Total Flows		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
NIEs	102	-10	26	5,402	6,032	8,182	5,504	6,021	8,209
Hong Kong	36	-39	30	2,487	1,786	2,937	2,523	1,747	2,967
Korea, Rep. of	55	3	35	2,771	2,416	2,963	2,825	2,419	2,928
Singapore	8	20	24	1,558	3,244	3,474	1,566	3,264	3,498
Taipei, China	3	6	7	-1,414	-1,414	-1,192	-1,410	-1,409	-1,184
PRC and MONGOLIA	2,069	3,181	3,399	3,148	3,055	4,446	5,216	6,236	7,844
China, People's Rep. of	1,999	3,058	3,273	3,134	3,043	4,426	5,133	6,101	7,699
Mongolia	70	123	126	14	12	20	83	135	145
SOUTHEAST ASIA	4,412	5,730	5,014	8,687	7,411	9,979	13,100	13,138	14,992
Cambodia	91	207	317	3	7	4	94	214	321
Indonesia	1,874	2,096	2,026	3,892	3,753	1,941	5,766	5,848	3,967
Lao PDR	143	145	207	0	0	0	144	145	207
Malaysia	290	209	100	1,180	1,000	4,373	1,470	1,208	4,473
Philippines	1,054	1,719	1,491	612	-275	1,853	1,666	1,442	3,344
Thailand	721	776	614	2,968	2,910	1,732	3,690	3,686	2,345
Viet Nam	239	580	259	32	16	76	270	595	325
SOUTH ASIA	8,140	6,837	5,371	2,586	1,633	1,571	10,724	8,467	6,941
Afghanistan	512	204	227	8	0	72	520	204	299
Bangladesh	1,889	1,832	1,386	139	114	96	2,028	1,947	1,483
Bhutan	64	56	65	-1	-13	8	63	44	73
India	2,745	2,437	1,503	1,633	685	627	4,378	3,122	2,130
Maldives	35	39	31	9	2	7	44	41	37
Myanmar	179	115	101	-12	13	8	167	128	109
Nepal	453	439	370	-4	63	0	449	498	369
Pakistan	1,371	1,072	1,065	836	741	626	2,207	1,813	1,691
Sri Lanka	891	641	623	-22	28	127	868	670	750
CENTRAL ASIAN REPUBLICS	112	14	57	-	101	118	112	114	175
Kazakhstan	112	10	11	-	101	118	112	110	129
Kyrgyz Republic	-	4	46	-	-	-	-	4	46
PACIFIC ISLAND DMCs	644	744	670	342	282	-58	985	1,050	611
Cook Islands	13	17	13	9	56	-130	23	73	-117
Fiji	45	63	62	15	58	-28	59	128	34
Kiribati	20	27	16	0	2	0	20	28	15
Marshall Islands	-	8	32	-	-	2	-	8	34
Micronesia, Fed. States of	-	14	64	-	-	0	-	14	65
Papua New Guinea	397	442	303	286	190	73	683	632	376
Solomon Islands	35	45	56	3	2	3	38	47	59
Tonga	19	24	32	0	0	0	20	24	32
Tuvalu	5	8	4	1	5	-	6	13	4
Vanuatu	53	41	35	25	-31	22	77	30	57
Western Samoa	57	54	53	3	0	0	60	53	52
TOTAL.	15,478	16,495	14,537	20,165	18,514	24,238	35,642	35,026	38,772

- Magnitude equals zero.

0 Magnitude is less than half of the unit employed.

a Net flows imply total flows minus repayments of principal for the year.

b Including bilateral and multilateral non-concessional flows and private flows.

Source: OECD, 10 February 1995.

Table 8
TOTAL EXTERNAL DEBT AND DEBT-SERVICE RATIO
OF SELECTED DMCs, 1991-1993
(\$ million)

Country	Debt Outstanding ^a			Service Payments ^b			Debt-service Ratio ^b (%)		
	1991	1992	1993	1991	1992	1993	1991	1992	1993
NIEs	39,734	44,157	47,203	6,051	6,973	9,173	7.1	7.6	9.2
Hong Kong
Korea, Rep. of	39,734	44,157	47,203	6,051	6,973	9,173	7.1	7.6	9.2
Singapore
Taipei, China
PRC and MONGOLIA	59,642	69,553	84,191	8,247	8,676	10,122	11.8	10.2	10.7
China, People's Rep. of	59,642	69,187	83,800	8,247	8,609	10,105	11.8	10.2	10.7
Mongolia	...	366	391	...	67	17	...	17.1	4.4
SOUTHEAST ASIA	186,881	201,427	220,555	22,318	25,583	31,985	17.4	17.2	19.2
Cambodia	416	394	383	1	13	34	0.4	4.1	11.8
Indonesia	76,091	83,755	89,539	10,719	11,694	13,298	32.0	30.6	32.6
Lao PDR	1,875	1,917	1,986	9	10	29	6.3	4.9	9.6
Malaysia	17,811	19,959	23,335	3,042	3,099	4,229	7.7	6.6	7.9
Philippines	32,454	32,102	35,269	3,398	4,302	4,785	23.1	24.5	24.9
Thailand	35,954	39,612	45,819	4,918	5,967	9,112	13.0	14.1	18.6
Viet Nam	22,280	23,688	24,224	231	498	498	9.1	15.4	13.6
SOUTH ASIA	133,134	141,160	146,180	11,192	11,238	12,553	26.0	25.5	25.2
Afghanistan
Bangladesh	12,906	13,207	13,879	597	541	533	20.3	15.9	13.5
Bhutan	86	84	85	7	6	7	7.6	6.9	7.4
India ^c	83,952	90,131	91,781	7,987	7,724	8,942	30.6	29.4	28.4
Maldives	81	97	115	8	7	8	4.0	3.2	3.8
Myanmar ^c	4,853	5,327	5,478	80	54	116	11.3
Nepal	1,772	1,805	2,009	66	66	68	13.7	11.5	...
Pakistan	22,936	24,097	26,050	2,018	2,354	2,460	21.5	24.0	24.7
Sri Lanka	6,548	6,412	6,783	430	486	419	13.9	13.1	9.9
CENTRAL ASIAN REPUBLICS									
Kazakhstan	...	35	1,640	...	0	10
Kyrgyz Republic	...	0	308	...	0	1
PACIFIC ISLAND DMCs	3,451	4,367	3,980	633	760	939	20.3	21.5	24.7
Cook Islands
Fiji	360	339	330	103	84	55	11.9	9.5	6.0
Kiribati
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	2,735	3,731	3,168	508	660	862	26.8	29.3	31.6
Solomon Islands	130	95	101	14	8	10	11.3	5.6	6.7
Tonga	45	44	44	2	2	2	3.6	3.0	3.2
Tuvalu	-	-	-	-	-	-	-	-	-
Vanuatu	39	40	144	2	2	5	1.4	1.3	4.7
Western Samoa	141	118	193	6	5	5	5.9	5.3	...
TOTAL	422,842	460,664	502,108	48,441	53,230	64,773	14.7	14.3	15.6

- Not reporting.

... Data not available.

a Debt outstanding is as of end of year which covers long and short-term debt of public and private entities in the country, as well as the use of IMF credit.

b Service payments include yearly payments on principal and interest on long-term debt, IMF repurchases and charges, and interest payments on short-term debt.

c The long-term debt data are on fiscal year basis.

Source: World Bank, *World Debt Tables* 1994-95.

BANK OPERATIONAL DATA

**Table 9
1994 LOAN APPROVALS AND TOTAL PROJECT COSTS, BY COUNTRY**

Country/Project	Amounts in \$ Million				
	OCR	ADF	Total	Total Project Cost ^a	Date of Approval
BANGLADESH					
Jamuna Bridge	-	200.00	200.00	696.00 ^b	8 Mar. 94
Railway Recovery Program	-	80.00	80.00	200.00 ^b	8 Sept. 94
International Textile Mills Ltd. ^c	7.50	-	7.50	41.60	8 Dec. 94
Sub-total	7.50	280.00	287.50	937.60	
CAMBODIA					
Power Rehabilitation	-	28.20	28.20	35.30	15 Dec. 94
Sub-total	-	28.20	28.20	35.30	
CHINA, PEOPLE'S REPUBLIC OF					
Yunnan Simao Forestation and Sustainable Wood Utilization	77.00	-	77.00	127.25	30 June 94
Jing-Jiu Railway Technical Enhancement	200.00	-	200.00	532.00	14 July 94
Dalian Water Supply	160.00	-	160.00	379.73	20 Sept. 94
Hunan Liugjintan Hydropower	116.00	-	116.00	366.80	27 Sept. 94
Heilongjiang Expressway	142.00	-	142.00	330.00	29 Sept. 94
Yunnan Expressway	150.00	-	150.00	461.40	29 Sept. 94
Qitaihe Thermal Energy and Environmental Improvement	165.00	-	165.00	540.00	27 Oct. 94
Beijing Environmental Improvement	157.00	-	157.00	459.00	29 Nov. 94
Sub-total	1,167.00	-	1,167.00	3,196.18	
COOK ISLANDS					
Pearl Industry Development	-	0.82	0.82	1.02	30 Aug. 94
Education Development	-	2.70	2.70	3.40	22 Sept. 94
Sub-total	-	3.52	3.52	4.42	
INDIA					
Industrial Energy Efficiency	150.00	-	150.00	375.00 ^b	13 Dec. 94
Sub-total	150.00	-	150.00	375.00 ^b	
INDONESIA					
Second Integrated Irrigation Sector	100.00	-	100.00	170.00	20 Jan. 94
Rural Health and Population	40.00	-	40.00	66.70	26 May 94
Vocational and Technical Education	85.00	-	85.00	142.40	27 Sept. 94
Sumatra Power Transmission	272.00	-	272.00	414.00	27 Sept. 94
West Lampung Emergency Reconstruction	-	18.00	18.00	30.00	27 Sept. 94
Microcredit	-	25.70	25.70	42.50	25 Oct. 94
Eastern Islands Roads (Sector)	180.00	-	180.00	332.90	29 Nov. 94
Capacity Building Project in the Water Resources Sector	27.72	-	27.72	46.20	6 Dec. 94
Sub-total	704.72	43.70	748.42	1,244.70	

a Total project cost includes Bank, government and co-financiers' contributions.

b Project cost not known at approval stage. This is an estimate.

c Private sector loan without government guarantee.



CONTINUED

Country/Project	Amounts in \$ Million				Date of Approval
	OCR	ADF	Total	Total Project Cost ^a	
KAZAKHSTAN					
Special Assistance	40.00	20.00	60.00	150.00 ^b	6 Dec. 94
Sub-total	40.00	20.00	60.00	150.00	
KYRGYZREPUBLIC					
Special Assistance	-	40.00	40.00	100.00 ^b	8 Dec. 94
Sub-total	-	40.00	40.00	100.00	
LAO PDR					
Nam Ngum-Luang Prabang Power Transmission (Supplementary)	-	4.00	4.00	7.80	30 Aug. 94
Theun-Hinboun Hydropower	-	60.00	60.00	270.00	8 Nov. 94
Sub-total	-	64.00	64.00	277.80	
MALAYSIA					
Fisheries Infrastructure Improvement	22.60	-	22.60	54.10	11 Aug. 94
Sub-total	22.60	-	22.60	54.10	
MARSHALL ISLANDS					
Health and Population	-	5.70	5.70	7.12	22 Sept. 94
Sub-total	-	5.70	5.70	7.12	
MONGOLIA					
Telecommunications	-	24.50	24.50	48.60	16 June 94
Power Rehabilitation	-	40.00	40.00	58.00	24 Nov. 94
Sub-total	-	64.50	64.50	106.60	
NEPAL					
Irrigation Management Transfer	-	12.91	12.91	18.43	13 Sept. 94
Sub-total	-	12.91	12.91	18.43	
PAKISTAN					
Third Punjab On-Farm Water Management	-	62.16	62.16	86.98	8 Mar. 94
Social Action Program (Sector)	-	100.00	100.00	4,020.00	23 June 94
KESC Sixth Power (Sector)	100.00	100.00	200.00	678.00	22 Sept. 94
Sukkur Bridge	45.00	-	45.00	64.70	29 Sept. 94
Sub-total	145.00	262.16	407.16	4,849.68	

a Total project cost includes Bank, government and co-financiers' contributions.

b Project cost not known at approval stage. This is an estimate.

c Private sector loan without government guarantee.

CONTINUED

Country/Project	Amounts in \$ Million				
	OCR	ADF	Total	Total Project Cost ^a	Date of Approval
PAPUA NEW GUINEA					
Rabaul Emergency Program	-	0.50	0.50	2.00	8 Nov. 94
Sub-total	-	0.50	0.50	2.00	
PHILIPPINES					
Fourth Road Improvement (Suppl.)	23.50	-	23.50	44.50	29 Sept. 94
Women's Health and Safe Motherhood	-	54.00	54.00	67.50	10 Nov. 94
Rural Infrastructure Development	-	17.50	17.50	26.62	10 Nov. 94
Airport Development	41.00	-	41.00	105.00	24 Nov. 94
Sub-total	64.50	71.50	136.00	243.62	
SRI LANKA					
Fourth Development Finance	-	75.00	75.00	187.50 ^b	28 June 94
Third Road Improvement	-	55.00	55.00	69.50	15 Sept. 94
Sub-total	-	130.00	130.00	257.00	
THAILAND					
Regional Roads (Sector)	170.00	-	170.00	356.00	19 July 94
Chonburi Water Supply	38.50	-	38.50	65.00	18 Oct. 94
Sub-total	208.50	-	208.50	421.00	
TONGA					
Transport Infrastructure	-	10.00	10.00	12.50	28 June 94
Sub-total	-	10.00	10.00	12.50	
VIET NAM					
Agriculture Sector Program	-	80.00	80.00	200.00 ^b	8 Dec. 94
Red River Delta Water Resources Sector	-	60.00	60.00	75.00	13 Dec. 94
Sub-total	-	140.00	140.00	275.00	
TOTAL	2,509.82	1,176.69	3,686.51	12,568.05	

a Total project cost includes Bank, government and co-financiers' contributions.

b Project cost not known at approval stage. This is an estimate.

c Private sector loan without government guarantee.

Table 10
LOAN APPROVALS BY SECTOR: THREE-YEAR MOVING AVERAGES, 1968-1970 - 1992-1994

	Total Lending ^a (\$ million)	Agriculture and Agro-Industry	Energy	Finance	Industry & Non-Fuel Minerals	Transport & Communications	Social Infrastructure	Multi-sector & Others
(Per Cent of Total Lending)								
Average during								
1968-1970	128.44	19.48	11.98	23.36	15.06	24.03	6.10	0.00
1969-1971	199.25	20.48	25.38	19.57	8.69	21.68	4.20	0.00
1970-1972	271.92	15.69	33.06	13.97	5.04	21.48	10.75	0.00
1971-1973	330.53	15.78	32.18	15.49	0.42	23.88	12.25	0.00
1972-1974	428.42	18.76	26.71	15.06	4.02	21.32	14.12	0.00
1973-1975	543.16	27.87	23.03	16.73	4.25	17.68	10.44	0.00
1974-1976	661.30	29.27	21.35	17.44	5.48	16.61	9.85	0.00
1975-1977	774.22	30.51	22.02	15.46	4.19	16.97	10.85	0.00
1976-1978	940.36	27.42	21.53	14.37	7.25	15.98	13.45	0.00
1977-1979	1,098.92	29.86	24.03	11.81	5.62	12.10	16.55	0.04
1978-1980	1,282.01	30.95	24.88	10.96	3.93	12.39	16.84	0.06
1979-1981	1,454.96	32.56	27.21	10.72	0.90	9.41	19.11	0.09
1980-1982	1,598.97	34.00	27.71	10.00	0.74	11.53	15.97	0.06
1981-1983	1,751.46	33.68	26.60	10.61	2.36	7.52	18.27	0.96
1982-1984	1,937.03	34.18	28.98	7.01	1.91	12.12	14.36	1.43
1983-1985	1,978.52	32.42	24.63	6.50	1.87	12.75	20.30	1.53
1984-1986	2,013.77	35.46	25.26	4.65	0.34	14.40	17.48	2.40
1985-1987	2,081.84	30.63	17.47	11.24	3.06	20.54	15.24	1.81
1986-1988	2,512.17	26.90	18.76	12.84	7.46	21.27	11.32	1.45
1987-1989	3,053.71	22.37	16.41	17.16	6.69	21.94	14.60	0.82
1988-1990	3,564.93	25.83	20.78	12.67	4.50	19.37	15.15	1.71
1989-1991	4,115.48	25.30	26.04	10.83	3.58	17.93	14.86	1.45
1990-1992	4,574.41	21.57	28.35	9.50	3.78	20.76	12.91	3.12
1991-1993	4,094.15	13.88	30.47	9.05	5.43	23.68	14.25	3.24
1992-1994	4,639.42	10.99	27.95	7.59	4.48	29.44	14.09	5.46
Cumulative (1968-1994)	51,191.26	23.51	25.18	10.17	4.16	20.08	14.66	2.23

^a Total column may not tally due to rounding.

Table 11
SECTORAL DISTRIBUTION OF LOANS, 1994^a
(amounts in \$ million)

Sector	OCR		ADF		TOTAL		
	No.	Amount	No.	Amount	No. ^b	Amount	%
Agriculture and Agro-Industry	4	227.32	7	259.09	11	486.41	13.2
Energy	4	653.00	5	232.20	8	885.20	24.0
Industry and Non-Fuel Minerals	2	157.50	-	-	2	157.50	4.3
Finance	-	-	1	75.00	1	75.00	2.0
Transport and Communications	8	951.50	5	369.50	13	1,321.00	35.8
Social Infrastructure	4	323.50	4	162.40	8	485.90	13.2
Multisector	2	197.00	4	78.50	5	275.50	7.5
Others	-	-	-	-	-	-	-
TOTAL	24	2,509.82	26	1,176.69	48	3,686.51	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.

Table 12
1994 LOAN APPROVALS, BY SECTOR

Country	Project Name	Amounts in \$ million		
		OCR	ADF	Total
AGRICULTURE AND AGRO-INDUSTRY				
PRC	Yunnan-Simao Forestation and Sustainable Wood Utilization	77.00	-	77.00
COO	Pearl Industry Development	-	0.82	0.82
INO	Second Integrated Irrigation Sector	100.00	-	100.00
INO	Microcredit	-	25.70	25.70
INO	Capacity Buikling Project in the Water Resources Sector	27.72	-	27.72
MAL	Fisheries Infrastructure Improvement	22.60	-	22.60
NEP	Irrigation Management Transfer	-	12.91	12.91
PAK	Third Punjab On-Farm Water Management	-	62.16	62.16
PHL	Rural Infrastructure Development	-	17.50	17.50
VIE	Agriculture Sector Program	-	80.00	80.00
VIE	Red River Delta Water Resources Sector	-	60.00	60.00
	Sub-Total	227.32	259.09	486.41
ENERGY				
CAM	Power Rehabilitation	-	28.20	28.20
PRC	Hunan Lingjintan Hydropower	116.00	-	116.00
PRC	Qitaihe Thermal Energy and Environmental Improvement	165.00	-	165.00
INO	Sumatra Power Transmission	272.00	-	272.00
LAO	Nam Ngum-Luang Prabang Power Transmission (Supplementary)	-	4.00	4.00
LAO	Theun-Hinboun Hydropower	-	60.00	60.00
MON	Power Rehabilitation	-	40.00	40.00
PAK	KESC Sixth Power (Sector)	100.00	100.00	200.00
	Sub-Total	653.00	232.20	885.20
FINANCE				
SRI	Fourth Development Finance Loan	-	75.00	75.00
	Sub-Total	-	75.00	75.00
INDUSTRY AND NON-FUEL MINERALS				
BAN	International Textile Mills Ltd. ^a	7.50	-	7.50
IND	Industrial Energy Efficiency	150.00	-	150.00
	Sub-Total	157.50	-	157.50

a Private sector loan without government guarantee.

Key: BAN (Bangladesh), CAM (Cambodia), PRC (People's Republic of China), COO (Cook Islands), IND (India), INO (Indonesia), KAZ (Kazakhstan), KGZ (Kyrgyz Republic), LAO (Lao People's Democratic Republic), MAL (Malaysia), RMI (Marshall Islands), MON (Mongolia), NEP (Nepal), PAK (Pakistan), PNG (Papua New Guinea), PHL (Philippines), SRI (Sri Lanka), THA (Thailand), TON (Tonga), VIE (Viet Nam).

CONTINUED

Country	Project Name	Amounts in \$ million		
		OCR	ADF	Total
TRANSPORT AND COMMUNICATIONS				
BAN	Jamuna Bridge	-	200.00	200.00
BAN	Railway Recovery Program	-	80.00	80.00
PRC	Jing-Jiu Railway Technical Enhancement	200.00	-	200.00
PRC	Heilungjiang Expressway	142.00	-	142.00
PRC	Yunnan Expressway	150.00	-	150.00
IND	Eastern Islands Roads (Sector)	180.00	-	180.00
MON	Telecommunications	-	24.50	24.50
PAK	Sukkur Bridge	45.00	-	45.00
PHL	Fourth Road Improvement (Supplementary)	23.50	-	23.50
PHL	Airport Development	41.00	-	41.00
SRI	Third Road Improvement	-	55.00	55.00
THA	Regional Roads (Sector)	170.00	-	170.00
TON	Transport Infrastructure	-	10.00	10.00
Sub-Total		<u>951.50</u>	<u>369.50</u>	<u>1,321.00</u>
SOCIAL INFRASTRUCTURE				
PRC	Dalian Water Supply	160.00	-	160.00
COO	Education Development	-	2.70	2.70
IND	Rural Health and Population	40.00	-	40.00
IND	Vocational and Technical Education	85.00	-	85.00
RMI	Health and Population	-	5.70	5.70
PAK	Social Action Program (Sector)	-	100.00	100.00
PHL	Women's Health and Safe Motherhood	-	54.00	54.00
THA	Chonburi Water Supply	38.50	-	38.50
Sub-Total		<u>323.50</u>	<u>162.40</u>	<u>485.90</u>
MULTISECTOR				
PRC	Beijing Environmental Improvement	157.00	-	157.00
IND	West Lampung Emergency Reconstruction	-	18.00	18.00
KAZ	Special Assistance	40.00	20.00	60.00
KGZ	Special Assistance	-	40.00	40.00
PNG	Rabaul Emergency Program	-	0.50	0.50
Sub-Total		<u>197.00</u>	<u>78.50</u>	<u>275.50</u>
TOTAL		<u>2,509.82</u>	<u>1,176.69</u>	<u>3,686.51</u>

Key: BAN (Bangladesh), CAM (Cambodia), PRC (People's Republic of China), COO (Cook Islands), IND (India), INO (Indonesia), KAZ (Kazakhstan), KGZ (Kyrgyz Republic), LAO (Lao People's Democratic Republic), MAL (Malaysia), RMI (Marshall Islands), MON (Mongolia), NEP (Nepal), PAK (Pakistan), PNG (Papua New Guinea), PHL (Philippines), SRI (Sri Lanka), THA (Thailand), TON (Tonga), VIE (Viet Nam).



Table 13
LOAN APPROVALS BY COUNTRY AND BY SOURCE OF FUNDS, 1994^a
(amounts in \$ million)

Country	O C R	A D F	TOTAL	%
Afghanistan	-	-	-	-
Bangladesh	7.50	280.00	287.50	7.80
Bhutan	-	-	-	-
Cambodia	-	28.20	28.20	0.76
China, People's Rep. of	1,167.00	-	1,167.00	31.66
Cook Islands	-	3.52	3.52	0.09
Fiji	-	-	-	-
Hong Kong	-	-	-	-
India	150.00	-	150.00	4.07
Indonesia	704.72	43.70	748.42	20.30
Kazakhstan	40.00	20.00	60.00	1.63
Kiribati	-	-	-	-
Korea, Rep. of	-	-	-	-
Kyrgyz Republic	-	40.00	40.00	1.09
Lao PDR	-	64.00	64.00	1.74
Malaysia	22.60	-	22.60	0.61
Maldives	-	-	-	-
Marshall Islands	-	5.70	5.70	0.15
Micronesia, Fed. States of	-	-	-	-
Mongolia	-	64.50	64.50	1.75
Myanmar	-	-	-	-
Nepal	-	12.91	12.91	0.35
Pakistan	145.00	262.16	407.16	11.04
Papua New Guinea	-	0.50	0.50	0.01
Philippines	64.50	71.50	136.00	3.69
Singapore	-	-	-	-
Solomon Islands	-	-	-	-
Sri Lanka	-	130.00	130.00	3.53
Taipei, China	-	-	-	-
Thailand	208.50	-	208.50	5.66
Tonga	-	10.00	10.00	0.27
Vanuatu	-	-	-	-
Viet Nam	-	140.00	140.00	3.80
Western Samoa	-	-	-	-
TOTAL	2,509.82	1,176.69	3,686.51	100.00

^a Includes loans to private sector without government guarantee.

Table 14

LENDING - DISTRIBUTION AMONG DEVELOPING MEMBER COUNTRIES, 1968-1994

Percentage of Value of Loans Approved in Period

Country	1968-1972		1973-1977		1978-1982	
	OCR	ADF	OCR	ADF	OCR	ADF
Afghanistan	-	2.6	-	7.1	-	0.9
Bangladesh	-	-	0.5	27.3	-	32.8
Bhutan	-	-	-	-	-	-
Cambodia	-	0.8	-	-	-	-
China, People's Rep. of	-	-	-	-	-	-
Cook Islands	-	-	-	-	-	0.1
Fiji	0.6	-	0.1	-	0.8	-
Hong Kong	2.9	-	1.7	-	0.8	-
India	-	-	-	-	-	-
Indonesia	-	34.6	17.2	4.5	28.4	2.1
Kazakhstan	-	-	-	-	-	-
Kiribati	-	-	-	0.2	-	-
Korea, Rep. of	26.2	1.8	20.9	-	18.4	-
Kyrgyz Republic	-	-	-	-	-	-
Lao PDR	-	2.2	-	0.8	-	1.1
Malaysia	10.6	1.6	10.9	-	9.6	-
Maldives	-	-	-	-	-	-
Marshall Islands	-	-	-	-	-	-
Micronesia, Fed. States of	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-
Myanmar	-	-	0.3	13.6	-	11.4
Nepal	0.3	17.7	-	9.1	-	7.3
Pakistan	8.9	9.0	12.8	19.2	5.1	27.1
Papua New Guinea	-	7.1	0.8	2.2	0.8	1.9
Philippines	13.5	1.7	21.2	1.2	19.1	2.7
Singapore	12.1	1.5	1.4	-	1.1	-
Solomon Islands	-	-	-	1.0	-	0.2
Sri Lanka	1.7	11.1	-	8.4	-	8.6
Taipei, China	13.3	-	-	-	-	-
Thailand	9.9	-	11.9	0.8	16.0	2.7
Tonga	-	-	-	0.2	-	0.2
Vanuatu	-	-	-	-	-	-
Viet Nam	-	5.6	0.2	3.0	-	-
Western Samoa	-	2.6	-	1.4	-	0.7
Regional	-	-	-	-	-	-
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Loan Approvals (\$ million)	753.9	201.5	2,326.9	964.9	4,856.2	2,351.1

1983-1987		1988-1992		1993-1994		Country
OCR	ADF	OCR	ADF	OCR	ADF	
-	-	-	-	-	-	Afghanistan
-	31.7	-	25.5	0.1	24.7	Bangladesh
-	0.8	-	0.2	-	0.2	Bhutan
-	-	-	1.1	-	1.1	Cambodia
2.0	-	12.3	-	34.4	-	China, People's Rep. of
-	0.1	-	0.1	-	0.1	Cook Islands
0.2	-	0.4	-	-	-	Fiji
-	-	-	-	-	-	Hong Kong
0.5	-	25.0	-	15.9	-	India
33.7	3.7	30.8	5.7	30.0	4.3	Indonesia
-	-	-	-	0.6	0.8	Kazakhstan
-	-	-	-	-	-	Kiribati
9.2	-	0.9	-	-	-	Korea, Rep. of
-	-	-	-	-	1.6	Kyrgyz Republic
-	1.9	-	3.5	-	5.2	Lao PDR
8.3	-	3.1	-	0.8	-	Malaysia
-	0.2	-	0.2	-	0.4	Maldives
-	-	-	0.1	-	0.6	Marshall Islands
-	-	-	-	-	0.3	Micronesia, Fed. States of
-	-	-	0.5	-	5.4	Mongolia
-	3.4	-	-	-	-	Myanmar
-	9.5	-	7.3	-	2.0	Nepal
15.9	34.3	10.0	29.0	2.5	22.8	Pakistan
1.3	1.6	0.6	2.4	-	1.1	Papua New Guinea
12.1	1.4	10.8	11.7	5.6	3.9	Philippines
-	-	-	-	-	-	Singapore
-	0.6	-	0.1	-	-	Salomon Islands
-	9.8	-	11.7	-	8.6	Sri Lanka
-	-	-	-	-	-	Taipei, China
7.8	-	5.5	-	10.0	-	Thailand
-	0.1	-	0.3	-	0.4	Tonga
-	0.3	-	0.1	-	-	Vanuatu
-	-	-	-	-	16.2	Viet Nam
-	0.4	-	0.6	-	0.1	Western Samoa
-	-	0.2	-	-	-	Regional
100.0	100.0	100.0	100.0	100.0	100.0	TOTAL
6,755.7	3,617.3	14,017.8	6,428.3	6,443.6	2,474.2	Loan Approvals (\$ million)

Table 15
PROJECTS INVOLVING CO-FINANCING IN 1994
(amounts in \$ million)

Project	Country	Bank Loan		Amount of Co-Financing	Sources of Co-Financing
		OCR	ADF		
Rural Poor Cooperative ^a	Bangladesh	-	28.69	1.31	Norway
Road Overlay and Improvement ^b	Bangladesh	-	68.00	45.00	Japan (OECF)
Jamuna Bridge	Bangladesh	-	200.00	200.00	World Bank (IDA)
				200.00	Japan (OECF)
International Textile ^c	Bangladesh	7.50	-	4.00 3.00 7.50	AFIC ^d KDB International ^d IFC
Anqing Acrylic Fiber ^e	PRC	105.00	-	15.00	commercial banks ^d
Guangzhou Pumped Storage (Stage II) ^b	PRC	200.00	-	63.00	commercial banks ^d
Qitaihe Thermal Energy & Environmental Improvement	PRC	165.00	-	55.00	Japan (EXIM)
Theun-Hinboun Hydropower	Lao PDR	-	60.00	81.50 70.00 14.50	commercial banks export credit NORAD/NDF
Telecommunications	Mongolia	-	24.50	6.80 3.00 2.00 6.42	NDF NORAD Norway Germany (KfW)
Power Rehabilitation	Mongolia	-	40.00	5.00 5.30 0.30	DANIDA NDF E7 Group
Irrigation Management Transfer	Nepal	-	12.91	3.00	USAID
WAPDA Twelfth Power (Sector) ^e	Pakistan	-	-	105.00 127.00 24.00	Germany (KfW) Citibank - JEXIM guarantee France
Social Action Program (Sector)	Pakistan	-	100.00	200.00 13.00	World Bank (IDA) The Netherlands
KESC Sixth Power (Sector)	Pakistan	100.00	100.00	40.00 75.00	EIB Japan (EXIM)
Power Transmission ^b	Philippines	164.00	-	6.00 10.70	OPEC Fund EDCF (Korea)
Women's Health and Safe Motherhood	Philippines	-	54.00	14.23 10.55 13.00 18.00	Germany (KfW) Australia (AIDAB) EU World Bank
Airports Development	Philippines	41.00	-	31.30	EIB
Regional Roads (Sector)	Thailand	170.00	-	150.00	Japan (OECF)
TOTAL (18)		952.50	688.10	1,629.41	

a Bank loan approved in 1992.

b Bank loan approved in 1993.

c Private sector loan.

d Complementary Financing Scheme.

Table 16
PRIVATE SECTOR INVESTMENTS APPROVED IN 1994
(amounts in \$ million)

Country	Equity Investment	Underwriting	Loan	Total Bank Funds	Complementary Loan	Total
BANGLADESH						
International Textile Mills Ltd.	2.250	-	7.500	9.750	7.000	16.750
INDIA						
DCL Polyesters Ltd. ^a	0.749	-	-	0.749	-	0.749
Centurion Bank Limited	8.100	-	-	8.100	-	8.100
Global Trust Bank Limited	3.200	-	-	3.200	-	3.200
SARA Fund	4.820	-	-	4.820	-	4.820
Creditcapital Venture Fund ^a	0.600	-	-	0.600	-	0.600
INDONESIA						
P. T. Media Sarana Interbuana Leasing ^a	0.304	-	-	0.304	-	0.304
PHILIPPINES						
Walden AB Ayala Ventures Co., Inc.	2.892	-	-	2.892	-	2.892
Walden AB Ayala Management Co., Inc.	0.019	-	-	0.019	-	0.019
Bukidnon Resources Co., Inc. ^a	0.300	-	-	0.300	-	0.300
THAILAND						
Bangkok Expressway Co. Ltd. ^a	7.100	-	-	7.100	-	7.100
SRI LANKA						
Lanka Ventures Ltd. ^a	0.417	-	-	0.417	-	0.417
REGIONAL						
Asian Infrastructure Fund	20.000	-	-	20.000	-	20.000
Asian Infrastructure Fund Management Co.	0.100	-	-	0.100	-	0.100
TOTAL	50.851	0.000	7.500	58.351	7.000	65.351

^a Supplementary approval.

Table 17
ANNUAL PRIVATE SECTOR OPERATIONS, 1986-1994
(amounts in \$ million)

Year	Public Sector Loans (1)		Private Sector Loans & Investments (2)			Total of (1) and (2)		Private Sector's Share in Bank's Total Annual Lending %	
	No.	Total Amount	Equity Amount	Loan Amount	No.	Total Amount	No.	Amount	
1986	2	101.0	6.0	6.5	4	12.5	6	113.5	5.6
1987	6	625.0	27.6	20.5	7	48.1	13	673.1	27.8
1988	5	392.5	35.7	58.0	11	93.7	16	486.2	15.4
1989	5	705.0	67.6	95.7	19	163.3	24	868.3	23.6
1990	5	256.0	35.9	78.9	17	114.8	22	370.8	9.3
1991	5	285.0	20.5	156.8	16	177.3	21	462.3	9.7
1992	4	671.5	15.9	50.0	5	65.9	9	737.4	14.7
1993	2	250.0	22.7	191.1	13	213.8	16	463.8	8.9
1994	1	75.0	50.9	7.5	14	58.4	15	133.4	3.6

Table 18
PRIVATE SECTOR INVESTMENTS BY COUNTRY,^a 1983-1994
(amounts in \$ million)

Country	Number of Projects	Loans	Equity Investments and Lines of Equity	Equity Underwriting	Total Bank Funds	Complementary Loans	Total
Bangladesh	4	18.00	5.11	-	23.11	7.00	30.11
China, People's Rep. of	4	50.00	17.30	-	67.30	-	67.30
Fiji	1	-	0.25	-	0.25	-	0.25
India	15	135.70	34.44	-	170.14	5.00	175.14
Indonesia	13	91.00	19.65	6.00	116.65	63.50	180.15
Korea, Rep. of	3	-	8.96	-	8.96	-	8.96
Malaysia	1	-	2.00	-	2.00	-	2.00
Nepal	2	5.05	2.01	-	7.06	-	7.06
Pakistan	24	149.80	19.01	4.32	173.13	64.90	238.03
Philippines	16	147.90	30.12	-	178.02	47.50	225.52
Sri Lanka	5	1.00	5.82	-	6.82	-	6.82
Thailand	6	31.46	21.82	5.00	58.28	-	58.28
Regional	10	35.00	77.57	30.43	142.99	-	142.99
TOTAL^b	104	664.91	244.05	45.75	954.70	187.90	1,142.60

a Excluding facilities cancelled and withdrawn.

b Amounts may not total due to rounding.

Table 19

CONTRACTS AWARDED AND DISBURSEMENTS UNDER EFFECTIVE LOANS,^a 1968-1994

(As of 31 December 1994)

(amounts in \$ million)

Year	Cumulative Effective Loans ^b		Cumulative Contracts Awarded ^c		Cumulative Disbursements ^b	
	No.	Amount ^d	Amount	Percentage of Cumulative Effective Loans	Amount ^e	Percentage of Cumulative Effective Loans
1968	4	20	4.5	23	1.8	9
1969	13	67	13.5	20	9.3	14
1970	28	137	54.4	40	26.4	19
1971	67	404	115.0	28	75.1	19
1972	93	696	271.5	39	136.2	20
1973	130	998	453.2	45	282.7	28
1974	187	1,612	836.1	52	470.2	29
1975	221	2,052	1,150.2	56	832.1	41
1976	264	2,846	1,505.9	53	1,158.7	41
1977	294	3,461	1,862.0	54	1,514.9	44
1978	340	4,289	2,432.8	57	1,977.1	46
1979	391	5,274	2,941.5	56	2,463.4	47
1980	451	6,592	3,820.4	58	3,042.4	46
1981	510	7,953	4,503.6	57	3,709.5	47
1982	570	9,672	5,570.7	58	4,504.6	47
1983	621	11,100	6,296.3	57	5,441.5	49
1984	675	13,027	7,299.8	56	6,442.0	49
1985	727	14,793	8,279.0	56	7,452.1	50
1986	771	16,135	9,443.1	59	8,476.4	53
1987	815	17,807	10,883.2	61	9,707.8	55
1988	887	20,589	12,812.4	62	11,356.9	55
1989	958	23,727	14,858.5	63	13,591.8	57
1990	1,016	27,630	17,666.9	64	16,343.5	59
1991	1,078	31,360	20,507.2	65	19,447.2	62
1992	1,149	35,909	23,175.5	65	22,214.3	62
1993	1,221	40,099	26,755.8	67	25,155.7	63
1994	1,282	44,030	30,569.4	69	28,843.6	66

^a After the signing of the loan agreement, certain requirements must be complied with for the loan to become effective.^b Includes private sector loans without government guarantee.^c Excludes private sector loans without government guarantee.^d Net of cancellations and amount transferred to subsequent loans.^e Includes interest and other charges financed during construction.

Table 20

**NUMBER OF LOANS AND PROJECTS APPROVED AND UNDER ADMINISTRATION,
PCRs CIRCULATED, PROJECTS COMPLETED, LOANS CLOSED AND PPARs CIRCULATED IN 1994
(As of 31 December 1994)**

Country	Cumulative No. of Loans Approved ^a	Cumulative No. of Effective Loans	Cumulative No. of Projects Approved ^b	Cumulative No. of Blended Loans	Cumulative No. of Supplementary Loans	Cumulative No. of Co-Financed Projects	No. of Projects Under Administration ^c As of 31/12/94
Afghanistan	9	8	8	-	1	2	-
Bangladesh	114	112	106	3	5	45	40
Bhutan	10	10	10	-	-	5	6
Cambodia	3	2	3	-	-	1	2
China, People's Rep. of	38	30	38	-	-	9	30
Cook Islands	8	7	8	-	-	1	4
Fiji	12	12	12	-	-	5	2
Hong Kong	5	5	5	-	-	-	-
India	37	32	37	-	-	13	32
Indonesia	198	191	183	12	2	46	62
Kazakhstan	2	-	1	-	-	-	1
Kiribati	5	5	5	-	-	1	1
Korea, Rep. of	79	79	79	-	-	10	3
Kyrgyz Republic	1	-	1	-	-	-	1
Lao PDR	32	30	29	-	3	16	15
Malaysia	73	72	71	1	1	11	10
Maldives	6	6	6	-	-	2	3
Marshall Islands	5	4	5	-	-	-	4
Micronesia, Fed. States of	1	1	1	-	-	-	1
Mongolia	7	6	7	-	-	3	6
Myanmar	32	32	28	2	2	12	1
Nepal	79	78	69	1	9	32	30
Pakistan	157	153	131	21	5	66	68
Papua New Guinea	42	41	33	9	-	6	12
Philippines	139	135	122	12	4	42	42
Singapore	14	14	14	-	-	2	-
Solomon Islands	13	13	13	-	-	5	2
Sri Lanka	74	73	68	1	5	19	28
Taipei, China	12	12	12	-	-	-	0
Thailand	68	67	65	2	1	33	14
Tonga	12	11	12	-	-	3	5
Vanuatu	6	6	5	-	1	2	1
Viet Nam	16	10	14	2	-	1	5
Western Samoa	25	24	21	-	4	10	3
Regional	1	1	1	-	-	-	1
TOTAL	1,335	1,282	1,223	66	43	403^e	435

a Includes Special Implementation Assistance Loans, Special Assistance, private sector loans, but excludes the loans withdrawn by borrowers before loan signing.

b Blended loans are counted as one project. supplementary loans and Special Implementation Assistance Loans are not counted as separate projects.

c Includes projects/loans which have been approved but still awaiting effectiveness, inactive loans, fully disbursed private sector loans without government guarantee but still under administration, and excludes projects/loans exclusively financed from other sources.

d Projects which were physically completed in 1994

e The total number of projects co-financed did not necessarily tally because some projects had been co-financed by more than one source of co-financing.

No. of Loans Under Administration ^c as of 31/12/94	Cumulative No. of PCRs Circulated/ Prepared	No. of Projects Completed in 1994 ^d	No. of Closed Loans in 1994	No. of PCRs Circulated in 1994	No. of PPARs Circulated in 1994	Country
40	59	6	10	4	2	Afghanistan
6	3	3	1	2	-	Bangladesh
						Bhutan
2	-	-	-	-	-	Cambodia
30	5	2	6	2	2	China, People's Rep. of
4	3	2	1	-	-	Cook Islands
2	8	1	1	2	-	Fiji
	5	-	-	-	-	Hong Kong
32	4	2	1	-	1	India
68	96	12	13	10	5	Indonesia
2	-	-	-	-	-	Kazakhstan
1	3	-	-	-	-	Kiribati
3	55	1	-	2	-	Korea, Rep. of
1	-	-	-	-	-	Kyrgyz Republic
16	10	2	-	1	1	Lao PDR
10	40	3	4	3	2	Malaysia
3	4	1	1	-	1	Maldives
4	1	-	1	1	-	Marshall Islands
1	-	2	-	-	-	Micronesia, Fed. States of
6	1	1	-	-	-	Mongolia
1	26	-	-	2	-	Myanmar
31	34	6	3	1	1	Nepal
73	61	18	8	11	2	Pakistan
15	17	2	1	1	2	Papua New Guinea
48	70	5	2	6	5	Philippines
	7	-	-	-	-	Singapore
2	11	2	-	-	-	Solomon Islands
28	34	10	4	7	-	Sri Lanka
	1	-	-	-	-	Taipei, China
14	38	3	2	-	-	Thailand
5	9	2	-	-	-	Tonga
2	3	-	-	-	-	Vanuatu
5	5	-	2	-	-	Viet Nam
4	15	2	1	-	-	Western Samoa
1	-	-	-	-	-	Regional
460	628	88	63	55	24	TOTAL

Table 21
AMOUNTS OF LOANS APPROVED, CONTRACTS AWARDED AND DISBURSEMENTS
(As of 31 December 1994)
(amounts in \$ million)

Country	Cumulative Loan Amounts Approved ^a	Cumulative Net Effective Loans ^{b,c}	Contracts Awarded in 1994 ^{c,d}	Cumulative Contracts Awarded ^{c,d} As of 31/12/94
Afghanistan	95.10	27.90	-	34.21
Bangladesh	4,447.50	4,216.94	406.92	2,989.76
Bhutan	43.96	42.08	3.91	28.54
Cambodia	97.57	68.32	35.85	41.82
China, People's Rep. of	4,075.70	2,886.36	576.74	1,617.68
Cook Islands	15.67	13.22	1.04	11.62
Fiji	121.10	113.47	4.39	113.28
Hong Kong	101.50	94.50	-	94.50
India	5,187.30	4,334.22	497.35	2,349.62
Indonesia	11,097.91	9,752.07	523.44	6,379.78
Kazakhstan	60.00	-	-	-
Kiribati	4.90	3.82	0.41	3.55
Korea, Rep. of	2,323.33	1,854.97	0.28	1,866.94
Kyrgyz Republic	40.00	-	-	-
Lao PDR	461.74	403.19	32.22	275.03
Malaysia	1,849.24	1,367.84	20.92	1,061.01
Maldives	33.88	36.14	6.43	26.75
Marshall Islands	21.85	17.15	4.18	5.10
Micronesia, Fed. States of	6.50	6.74	-	-
Mongolia	167.30	131.94	52.27	87.58
Myanmar	530.86	459.50	-	418.42
Nepal	1,163.18	1,012.69	73.36	768.67
Pakistan	7,763.64	7,357.89	678.84	5,124.96
Papua New Guinea	545.73	538.08	41.07	424.23
Philippines	5,199.00	4,543.62	358.68	3,352.74
Singapore	181.08	144.44	-	130.22
Solomon Islands	43.31	37.61	0.48	37.08
Sri Lanka	1,638.32	1,582.82	104.53	1,088.39
Taipei, China	100.39	91.14	-	90.28
Thailand	3,144.25	2,614.07	290.93	1,996.78
Tonga	39.25	30.10	7.54	23.28
Vanuatu	19.25	20.27	1.06	15.41
Viet Nam	446.10	101.79	-	27.96
Western Samoa	89.92	86.66	8.15	84.23
Regional	35.00	35.00	-	-
TOTAL	51,191.34	44,029.55	3,730.96	30,569.43

a Includes Special Assistance loans and private sector loans but excludes loans withdrawn before signing. The US dollar equivalent in accordance with the exchange rate prevailing within the Bank at the time of loan signing.

b Net refers to cancellation and refund of unused loan amounts.

c The US dollar equivalent is in accordance with the exchange rate prevailing within the Bank on 31 December 1994. The cumulative contracts awarded exceed the net effective loan amounts due to the following reasons:

(i) for countries without active loans, the base contract amount of loans that closed prior to computerization does not reflect the adjustment with regard to procurement data; i.e. Afghanistan;

(ii) for countries with active loans, the contract amount inputted is basically the percentage of Bank-financed portion and each contract amount was adjusted upon completion of disbursement.

d Excluding private sector loans without government guarantee.

% of Cumulative Contracts Awarded to Cumulative Net Effective Loans	Disbursements in 1994	Cumulative Disbursements As of 31/12/94	% of Cumulative Disbursements to Cumulative Net Effective Loans	Country
122.6 ^(b)	-	27.90	100.0	Afghanistan
70.9	380.43	2,910.31	69.0	Bangladesh
67.8	2.39	27.40	65.1	Bhutan
61.2	12.02	18.03	26.4	Cambodia
56.0	492.09	1,374.83	47.6	China, People's Rep. of
87.9	1.17	12.11	91.6	Cook Islands
99.8	9.24	98.47	86.8	Fiji
100.0	-	94.50	100.0	Hong Kong
54.2	509.66	1,976.63	45.6	India
65.4	669.46	6,109.31	62.6	Indonesia
-	-	-	-	Kazakhstan
93.0	0.20	3.58	93.7	Kiribati
100.6 ^(b)	13.20	1,845.22	99.5	Korea, Rep. of
-	-	-	-	Kyrgyz Republic
68.2	23.47	221.45	54.9	Lao PDR
77.6	54.16	1,035.09	75.7	Malaysia
74.0	1.41	20.26	56.1	Maldives
29.8	1.23	2.37	13.8	Marshall Islands
-	-	-	-	Micronesia, Fed. States of
66.4	21.51	58.79	44.6	Mongolia
91.1	-	411.83	89.6	Myanmar
75.9	70.79	710.74	70.2	Nepal
69.7	737.73	4,859.87	66.0	Pakistan
78.8	29.89	394.90	73.4	Papua New Guinea
73.8	349.31	3,299.52	72.6	Philippines
90.2	-	144.44	100.0	Singapore
98.6	0.58	37.50	99.7	Solomon Islands
68.8	92.24	1,040.87	65.8	Sri Lanka
99.1	-	91.14	100.0	Taipei, China
76.4	186.75	1,846.62	70.6	Thailand
77.3	5.12	20.43	67.9	Tonga
76.1	1.06	15.57	76.8	Vanuatu
26.7 ^(b)	3.00	28.43	27.1	Viet Nam
97.2	4.77	78.79	90.9	Western Samoa
-	15.00	26.65	76.1	Regional
69.4	3,687.88	28,843.55	65.5	TOTAL

Table 22
DISTRIBUTION OF CONTRACTS AWARDED BY COUNTRY OF ORIGIN^a
ORDINARY CAPITAL RESOURCES

Country	1967 - 1976		1977 - 1986		1987 - 1994	
	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %
Afghanistan	0.00	0.00	0.00	0.00	0.00	0.00
Australia	1.15	3.91	1.43	2.46	1.61	4.22
Austria	2.38	0.84	0.57	0.30	0.24	0.41
Bangladesh	0.00	0.00	0.00	0.03	0.00	0.00
Belgium	0.22	0.53	0.49	0.04	0.58	0.00
Bhutan	0.00	0.00	0.00	0.00	0.00	0.00
Canada	2.19	2.29	0.91	6.79	0.96	4.31
China, People's Rep. of	0.00	0.00	0.00	0.00	6.54	0.00
Cook Islands	0.00	0.00	0.00	0.00	0.00	0.00
Denmark	0.13	1.94	0.29	2.91	0.16	1.26
Fiji	0.09	0.00	0.24	0.00	0.20	0.03
Finland	0.05	0.00	0.04	0.31	0.30	0.16
France	3.78	6.05	2.02	2.98	1.91	5.51
Germany	7.57	10.36	4.79	4.34	6.03	6.51
Hong Kong	0.60	0.00	1.65	0.47	1.31	0.07
India	1.45	3.35	0.67	0.34	8.20	1.36
Indonesia	0.00	0.00	8.54	9.58	18.82	26.88
Italy	3.36	11.06	1.35	4.08	3.52	2.31
Japan	42.33	7.33	22.82	12.58	12.65	8.53
Kiribati	0.00	0.00	0.00	0.00	0.00	0.00
Korea, Rep. of	9.67	1.31	16.74	4.06	7.62	1.03
Lao PDR	0.00	0.00	0.00	0.00	0.00	0.00
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	3.32	0.17	4.86	0.88	3.38	1.58
Maldives	0.00	0.00	0.00	0.00	0.00	0.00
Mongolia	0.00	0.00	0.00	0.00	0.00	0.00
Myanmar	0.00	0.00	0.00	0.00	0.00	0.00
Nepal	0.00	0.00	0.00	0.00	0.00	0.00
The Netherlands	2.17	2.20	0.90	2.60	0.00	0.00
New Zealand	0.17	1.42	0.42	1.46	0.52	6.97
Norway	0.15	0.00	0.03	0.25	0.11	0.22
Pakistan	0.01	0.00	0.57	0.04	0.04	-0.04
Papua New Guinea	0.00	0.00	0.25	0.07	3.45	0.49
Philippines	1.14	0.94	8.43	1.59	0.37	0.25
Singapore	0.56	0.00	1.53	0.32	3.90	3.68
Solomon Islands	0.00	0.00	0.00	0.00	1.89	0.08
Spain	0.00	0.00	0.00	0.00	0.00	0.00
Sri Lanka	0.00	0.00	0.00	0.03	0.17	0.00
Sweden	0.57	0.13	0.54	0.04	0.00	0.03
Switzerland	1.91	1.07	1.51	5.86	0.97	0.20
Taipei, China	1.77	0.09	1.70	3.20	2.15	8.07
Thailand	2.28	0.00	6.94	0.09	0.95	1.10
Tonga	0.00	0.00	0.00	0.00	3.26	0.49
Turkey	0.00	0.00	0.00	0.00	0.00	0.00
United Kingdom	4.03	3.61	2.76	11.08	0.13	0.00
United States	6.94	41.40	7.01	21.26	1.48	5.61
Vanuatu	0.00	0.00	0.00	0.00	6.03	8.69
Viet Nam	0.00	0.00	0.00	0.00	0.55	0.00
Western Samoa	0.00	0.00	0.00	0.00	0.02	0.00
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00
TOTAL VALUE (\$ million)	1,151.814	65.585	5,006.384	327.457	12,957.411	630.72

a. Based on US\$ value equivalent of contract.

Table 23

DISTRIBUTION OF CONTRACTS AWARDED BY COUNTRY OF ORIGIN^a
ASIAN DEVELOPMENT FUND

Country	1967 - 1976		1977 - 1986		1987 - 1994	
	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %
Afghanistan	0.00	0.00	0.37	0.00	0.00	0.00
Australia	4.89	6.10	0.83	3.75	1.40	4.03
Austria	0.12	0.00	0.34	0.00	0.19	0.00
Bangladesh	0.20	0.00	5.80	0.94	13.80	4.22
Belgium	0.18	0.00	0.58	0.05	0.42	0.00
Bhutan	0.00	0.00	0.00	0.00	0.14	0.01
Cambodia	0.00	0.00	0.00	0.00	0.15	0.00
Canada	0.61	18.30	0.51	7.39	0.41	1.97
China, People's Rep. of	0.00	0.00	0.00	0.00	4.84	0.00
Cook Islands	0.00	0.00	0.04	0.00	0.04	0.00
Denmark	0.02	0.93	0.79	0.00	0.40	1.42
Fiji	0.12	0.00	0.05	0.00	0.00	0.00
Finland	0.01	0.00	0.07	1.34	0.22	0.27
France	0.13	0.00	1.37	2.57	1.39	3.11
Germany	14.61	22.63	5.08	1.68	4.00	5.57
Hong Kong	0.27	0.00	0.74	0.00	0.82	0.00
India	4.42	1.63	6.30	9.30	2.54	1.47
Indonesia	0.00	0.00	1.14	1.85	3.60	4.98
Italy	5.68	5.49	2.75	0.82	0.97	3.91
Japan	38.73	21.17	25.35	15.18	6.60	4.13
Kiribati	0.00	0.00	0.00	0.00	0.02	0.00
Korea, Rep. of	5.66	1.84	5.31	2.01	6.98	1.91
Lao PDR	0.00	0.00	0.05	0.00	0.53	0.02
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	0.57	2.56	0.36	0.54	1.30	0.00
Maldives	0.00	0.00	0.02	0.00	0.00	0.00
Marshall Islands	0.00	0.00	0.00	0.00	0.01	0.00
Mongolia	0.00	0.00	0.00	0.00	0.02	0.00
Myanmar	0.00	0.00	0.78	0.00	0.17	0.00
Nepal	0.82	0.00	2.28	0.50	3.09	1.14
The Netherlands	1.68	5.57	1.22	2.22	2.07	3.76
New Zealand	0.56	2.46	0.81	2.00	0.48	4.04
Norway	0.05	0.00	0.02	0.57	0.48	0.39
Pakistan	0.00	0.00	4.76	0.47	13.91	9.31
Papua New Guinea	2.60	0.00	1.52	0.19	1.36	0.45
Philippines	0.14	1.10	2.74	2.83	4.77	4.96
Singapore	4.83	0.00	1.85	0.11	4.68	0.09
Solomon Islands	0.00	0.00	0.28	0.09	0.13	0.00
Spain	0.00	0.00	0.00	0.00	0.07	0.00
Sri Lanka	0.00	0.12	3.11	0.26	4.07	1.25
Sweden	0.01	0.14	1.64	0.04	0.67	2.65
Switzerland	0.33	0.00	2.64	6.18	1.16	3.38
Taipei, China	0.74	0.11	0.20	0.04	0.91	0.00
Thailand	1.66	0.20	2.35	0.05	0.91	0.01
Tonga	0.00	0.00	0.15	0.00	0.06	0.08
Turkey	0.00	0.00	0.00	0.00	0.27	0.00
United Kingdom	6.96	2.83	6.44	21.11	2.34	19.46
United States	3.30	6.82	8.98	15.96	7.21	11.96
Vanuatu	0.00	0.00	0.01	0.00	0.04	0.00
Viet Nam	0.00	0.00	0.08	0.00	0.35	0.00
Western Samoa	0.09	0.00	0.28	0.07	0.07	0.06
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00
TOTAL VALUE (\$ million)	260.832	27.689	2,447.946	155.369	7,051.010	404.542

^a Based on US\$ value equivalent of contract.

Table 24
DISTRIBUTION OF CONTRACTS AWARDED BY COUNTRY OF ORIGIN^a
ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED

Country	1967 - 1976		1977 - 1986		1987 - 1994	
	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %	Goods, Related Services & Civil Works %	Consulting Services %
Afghanistan	0.00	0.00	0.12	0.00	0.00	0.00
Australia	1.84	4.56	1.23	2.87	1.36	4.99
Austria	1.96	0.59	0.49	0.21	0.20	0.20
Bangladesh	0.04	0.00	1.91	0.32	4.79	1.82
Belgium	0.21	0.38	0.52	0.04	0.46	0.00
Bhutan	0.00	0.00	0.00	0.00	0.06	0.00
Cambodia	0.00	0.00	0.00	0.00	0.09	0.00
Canada	1.90	7.04	0.78	6.98	0.90	2.99
China, People's Rep. of	0.00	0.00	0.00	0.00	6.41	0.00
Cook Islands	0.00	0.00	0.01	0.00	0.01	0.00
Denmark	0.11	1.64	0.45	1.97	0.27	1.23
Fiji	0.10	0.00	0.18	0.00	0.13	0.02
Finland	0.04	0.00	0.05	0.64	0.24	0.26
France	3.11	4.25	1.80	2.85	1.70	4.66
Germany	8.87	14.00	4.89	3.49	5.51	6.13
Hong Kong	0.54	0.00	1.31	0.32	1.18	0.04
India	2.00	2.84	2.52	3.22	6.22	1.64
Indonesia	0.00	0.00	5.93	7.09	12.74	18.51
Italy	3.79	9.41	1.81	3.03	2.61	3.39
Japan	41.67	11.44	23.65	13.41	10.29	7.32
Kiribati	0.00	0.00	0.00	0.00	0.01	0.00
Korea, Rep. of	8.93	1.46	13.32	3.40	8.07	1.16
Lao PDR	0.00	0.00	0.02	0.00	0.20	0.01
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00
Malaysia	2.81	0.88	3.29	0.77	2.39	1.22
Maldives	0.00	0.00	0.01	0.00	0.00	0.00
Marshall Islands	0.00	0.00	0.00	0.00	0.00	0.00
Mongolia	0.00	0.00	0.00	0.00	0.01	0.00
Myanmar	0.00	0.00	0.26	0.00	0.05	0.00
Nepal	0.15	0.00	0.75	0.16	1.17	0.39
The Netherlands	2.08	3.20	1.01	2.48	1.34	6.54
New Zealand	0.24	1.73	0.55	1.63	0.24	1.89
Norway	0.13	0.00	0.03	0.35	0.16	0.10
Pakistan	0.01	0.00	1.95	0.18	7.02	3.56
Papua New Guinea	0.48	0.00	0.66	0.11	0.70	0.28
Philippines	0.95	0.99	6.54	1.99	4.05	3.94
Singapore	1.34	0.00	1.65	0.25	2.74	0.07
Solomon Islands	0.00	0.00	0.09	0.03	0.04	0.00
Spain	0.00	0.00	0.00	0.00	0.12	0.00
Sri Lanka	0.00	0.04	1.02	0.11	1.41	0.57
Sweden	0.46	0.13	0.90	0.04	0.92	0.94
Switzerland	1.62	0.75	1.88	5.96	1.72	5.29
Taipei, China	1.58	0.10	1.21	2.18	0.83	0.66
Thailand	2.17	0.06	5.41	0.08	2.54	0.44
Tonga	0.00	0.00	0.05	0.00	0.02	0.03
Turkey	0.00	0.00	0.00	0.00	0.17	0.00
United Kingdom	4.57	3.38	3.97	14.31	1.76	10.11
United States	6.27	31.13	7.66	19.55	6.41	9.58
Vanuatu	0.00	0.00	0.00	0.00	0.61	0.00
Viet Nam	0.00	0.00	0.03	0.00	0.12	0.00
Western Samoa	0.02	0.00	0.09	0.02	0.02	0.03
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00
TOTAL VALUE (\$ million)	1,412.646	93.274	7,454.330	482.826	20,008.524	1,035.266

a Based on US\$ value equivalent of contract.



Table 25
CONTRACTS AWARDED BY COUNTRY OF ORIGIN IN 1994
ORDINARY CAPITAL RESOURCES

(amounts in \$ million)

Country	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Australia	3.774	0.17	15.012	10.77	18.786	0.79
Austria	2.513	0.11	0.000	0.00	2.513	0.11
Bangladesh	0.000	0.00	0.000	0.00	0.000	0.00
Belgium	2.832	0.13	0.000	0.00	2.832	0.12
Canada	55.252	2.46	2.315	1.66	57.567	2.41
China, People's Rep. of	266.712	11.87	0.000	0.00	266.712	11.18
Denmark	7.093	0.32	0.000	0.00	7.093	0.30
Fiji	3.702	0.16	0.000	0.00	3.702	0.16
Finland	0.871	0.04	0.866	0.62	1.737	0.07
France	48.513	2.16	5.437	3.90	53.950	2.26
Germany	204.612	9.11	5.485	3.93	210.097	8.80
Hong Kong	46.071	2.05	0.000	0.00	46.071	1.93
India	207.309	9.23	2.296	1.65	209.605	8.78
Indonesia	261.917	11.66	40.719	29.20	302.636	12.68
Italy	85.459	3.80	1.348	0.97	86.807	3.64
Japan	244.471	10.88	18.922	13.57	263.393	11.04
Korea, Rep. of	249.014	11.08	0.500	0.36	249.514	10.46
Malaysia	31.010	1.38	5.553	3.98	36.563	1.53
Myanmar	0.000	0.00	0.000	0.00	0.000	0.00
The Netherlands	14.105	0.63	21.355	15.31	35.460	1.49
New Zealand	0.080	0.00	0.000	0.00	0.080	0.00
Norway	0.010	0.00	0.000	0.00	0.010	0.00
Pakistan	37.486	1.67	0.000	0.00	37.486	1.57
Papua New Guinea	1.864	0.08	0.140	0.10	2.004	0.08
Philippines	48.636	2.16	2.870	2.06	51.506	2.16
Singapore	19.500	0.87	0.033	0.02	19.533	0.82
Spain	0.564	0.03	0.000	0.00	0.564	0.02
Sri Lanka	0.000	0.00	0.172	0.12	0.172	0.01
Sweden	25.231	1.12	0.000	0.00	25.231	1.06
Switzerland	22.860	1.02	2.446	1.75	25.306	1.06
Taipei, China	4.586	0.20	1.433	1.03	6.019	0.25
Thailand	99.546	4.43	2.393	1.72	101.939	4.27
Turkey	2.353	0.10	0.000	0.00	2.353	0.10
United Kingdom	23.555	1.05	2.630	1.89	26.185	1.10
United States	154.584	6.88	7.519	5.39	162.103	6.79
Vanuatu	70.680	3.15	0.000	0.00	70.680	2.96
TOTAL	2,246.765	100.00	139.444	100.00	2,386.209	100.00

Table 26
CONTRACTS AWARDED BY COUNTRY OF ORIGIN IN 1994
ASIAN DEVELOPMENT FUND

(amounts in \$ million)

Country	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	0.006	0.00	0.000	0.00	0.006	0.00
Australia	8,244	0.66	5,386	5.77	13,630	1.01
Austria	0.197	0.02	0.000	0.00	0.197	0.01
Bangladesh	151,279	12.09	5,975	6.40	157,254	11.69
Belgium	0.269	0.02	0.000	0.00	0.269	0.02
Bhutan	3,671	0.29	0.000	0.00	3,671	0.27
Cambodia	10,483	0.84	0.000	0.00	10,483	0.78
Canada	0.990	0.08	0.360	0.39	1,350	0.10
China, People's Rep. of	51,890	4.15	0.000	0.00	51,890	3.86
Cook Islands	0.639	0.05	0.000	0.00	0.639	0.05
Denmark	7,580	0.61	1,893	2.03	9,473	0.70
Fiji	0.045	0.00	0.000	0.00	0.045	0.00
Finland	2,362	0.19	0.352	0.38	2,714	0.20
France	5,749	0.46	6,284	6.73	12,033	0.89
Germany	26,892	2.15	8,685	9.30	35,577	2.65
Hong Kong	3,512	0.28	0.000	0.00	3,512	0.26
India	13,145	1.05	4,012	4.30	17,157	1.28
Indonesia	40,728	3.25	4,322	4.63	45,050	3.35
Italy	4,265	0.34	11,259	12.06	15,524	1.15
Japan	69,346	5.54	3,396	3.64	72,742	5.41
Kiribati	0.391	0.03	0.000	0.00	0.391	0.03
Korea, Rep. of	172,548	13.79	0.000	0.00	172,548	12.83
Lao PDR	9,592	0.77	0.000	0.00	9,592	0.71
Malaysia	1,322	0.11	0.000	0.00	1,322	0.10
Marshall Islands	0.089	0.01	0.000	0.00	0.089	0.01
Mongolia	0.700	0.06	0.000	0.00	0.700	0.05
Myanmar	0.180	0.01	0.000	0.00	0.180	0.01
Nepal	57,562	4.60	0.379	0.41	57,941	4.31
The Netherlands	87,184	6.97	2,367	2.53	89,551	6.66
New Zealand	9,319	0.74	6,220	6.66	15,539	1.16
Norway	0.000	0.00	0.000	0.00	0.000	0.00
Pakistan	184,514	14.75	4,381	4.69	188,895	14.05
Papua New Guinea	19,748	1.58	0.015	0.02	19,763	1.47
Philippines	61,167	4.89	3,865	4.14	65,032	4.84
Singapore	50,145	4.01	0.000	0.00	50,145	3.73
Solomon Islands	0.269	0.02	0.000	0.00	0.269	0.02
Spain	0.447	0.04	0.000	0.00	0.447	0.03
Sri Lanka	44,118	3.53	1,836	1.97	45,954	3.42
Sweden	17,474	1.40	0.000	0.00	17,474	1.30
Switzerland	21,260	1.70	0.000	0.00	21,260	1.58
Taipei, China	2,404	0.19	0.000	0.00	2,404	0.18
Thailand	11,228	0.90	0.000	0.00	11,228	0.83
Tonga	0.167	0.01	0.122	0.13	0.289	0.02
Turkey	0.931	0.07	0.000	0.00	0.931	0.07
United Kingdom	33,734	2.70	11,442	12.25	45,176	3.36
United States	62,930	5.03	10,751	11.51	73,681	5.48
Vanuatu	0.191	0.02	0.000	0.00	0.191	0.01
Viet Nam	0.216	0.02	0.000	0.00	0.216	0.02
Western Samoa	0.239	0.02	0.089	0.10	0.328	0.02
TOTAL	1,251,361	100.00	93,391	100.00	1,344,752	100.00

Table 27

**CONTRACTS AWARDED BY COUNTRY OF ORIGIN IN 1994
ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED**

(amounts in \$ million)

Country	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	0.006	0.00	0.000	0.00	0.006	0.00
Australia	12.018	0.34	20.398	8.76	32.416	0.87
Austria	2.710	0.08	0.000	0.00	2.710	0.07
Bangladesh	151.279	4.32	5.975	2.57	157.254	4.21
Belgium	3.101	0.09	0.000	0.00	3.101	0.08
Bhutan	3.671	0.10	0.000	0.00	3.671	0.10
Cambodia	10.483	0.30	0.000	0.00	10.483	0.28
Cariada	56.242	1.61	2.675	1.15	58.917	1.58
China, People's Rep. of	318.602	9.11	0.000	0.00	318.602	8.54
Cook Islands	0.639	0.02	0.000	0.00	0.639	0.02
Denmark	14.673	0.42	1.893	0.81	16.566	0.44
Fiji	3.747	0.11	0.000	0.00	3.747	0.10
Finland	3.233	0.09	1.218	0.52	4.451	0.12
France	54.262	1.55	11.721	5.03	65.983	1.77
Germany	231.504	6.62	14.170	6.09	245.674	6.58
Hong Kong	49.583	1.42	0.000	0.00	49.583	1.33
India	220.454	6.30	6.308	2.71	226.762	6.08
Indonesia	302.645	8.65	45.041	19.34	347.686	9.32
Italy	89.724	2.56	12.607	5.41	102.331	2.74
Japan	313.817	8.97	22.318	9.59	336.135	9.01
Kiribati	0.391	0.01	0.000	0.00	0.391	0.01
Korea, Rep. of	421.562	12.05	0.500	0.21	422.062	11.31
Lao PDR	9.592	0.27	0.000	0.00	9.592	0.26
Malaysia	32.332	0.92	5.553	2.38	37.885	1.02
Marshall Islands	0.089	0.00	0.000	0.00	0.089	0.00
Mongolia	0.700	0.02	0.000	0.00	0.700	0.02
Myanmar	0.180	0.01	0.000	0.00	0.180	0.00
Nepal	57.562	1.65	0.379	0.16	57.941	1.55
The Netherlands	101.289	2.90	23.722	10.19	125.011	3.35
New Zealand	9.399	0.27	6.220	2.67	15.619	0.42
Norway	0.010	0.00	0.000	0.00	0.010	0.00
Pakistan	222.000	6.35	4.381	1.88	226.381	6.07
Papua New Guinea	21.612	0.62	0.155	0.07	21.767	0.58
Philippines	109.803	3.14	6.735	2.89	116.538	3.12
Singapore	69.645	1.99	0.033	0.01	69.678	1.87
Solomon Islands	0.269	0.01	0.000	0.00	0.269	0.01
Spain	1.011	0.03	0.000	0.00	1.011	0.03
Sri Lanka	44.118	1.26	2.008	0.86	46.126	1.24
Sweden	42.705	1.22	0.000	0.00	42.705	1.14
Switzerland	44.120	1.26	2.446	1.05	46.566	1.25
Taipei, China	6.990	0.20	1.433	0.62	8.423	0.23
Thailand	110.774	3.17	2.393	1.03	113.167	3.03
Tonga	0.167	0.00	0.122	0.05	0.289	0.01
Turkey	3.284	0.09	0.000	0.00	3.284	0.09
United Kingdom	57.289	1.64	14.072	6.04	71.361	1.91
United States	217.514	6.22	18.270	7.85	235.784	6.32
Vanuatu	70.871	2.03	0.000	0.00	70.871	1.90
Viet Nam	0.216	0.01	0.000	0.00	0.216	0.01
Western Samoa	0.239	0.01	0.089	0.04	0.328	0.01
TOTAL	3,498.126	100.00	232.835	100.00	3,730.961	100.00

Table 28

**CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF ORIGIN
TECHNICAL ASSISTANCE OPERATIONS**

(As of 31 December 1994)

(amounts in \$ million)

Country	Bank's Own Resources	% Distribution	Administered Trust Funds	% Distribution	Japan Special Fund	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	0.000	0.00	0.000	0.00	0.023	0.01	0.023	0.00
Australia	41.455	10.53	12.459	8.50	18.419	10.43	72.333	10.09
Austria	0.120	0.03	0.000	0.00	0.000	0.00	0.120	0.02
Bangladesh	2.380	0.60	0.775	0.53	0.960	0.54	4.115	0.57
Belgium	1.561	0.40	0.309	0.21	0.465	0.26	2.335	0.33
Bhutan	0.001	0.00	0.017	0.01	0.000	0.00	0.018	0.00
Cambodia	0.005	0.00	0.000	0.00	0.000	0.00	0.005	0.00
Canada	26.630	6.76	10.464	7.14	14.932	8.46	52.026	7.26
China, People's Rep. of	0.721	0.18	0.021	0.01	0.136	0.08	0.878	0.12
Cook Islands	0.002	0.00	0.000	0.00	0.000	0.00	0.002	0.00
Denmark	6.551	1.66	1.810	1.23	3.987	2.26	12.348	1.72
Fiji	0.197	0.05	0.000	0.00	0.000	0.00	0.197	0.03
Finland	2.406	0.61	4.523	3.09	2.239	1.27	9.168	1.28
France	8.232	2.09	9.369	6.39	6.898	3.91	24.499	3.42
Germany	7.851	1.99	3.246	2.21	6.806	3.85	17.903	2.50
Hong Kong	5.619	1.43	0.046	0.03	2.255	1.28	7.920	1.10
India	14.907	3.79	3.723	2.54	3.973	2.25	22.603	3.15
Indonesia	5.275	1.34	1.268	0.86	3.113	1.76	9.656	1.35
Italy	2.865	0.73	0.643	0.44	0.606	0.34	4.114	0.57
Japan	14.122	3.59	5.565	3.80	4.444	2.52	24.131	3.37
Korea, Rep. of	3.601	0.91	0.985	0.67	2.627	1.49	7.213	1.01
Lao PDR	0.065	0.02	0.000	0.00	0.297	0.17	0.362	0.05
Malaysia	4.027	1.02	0.081	0.06	2.167	1.23	6.275	0.88
Mongolia	0.009	0.00	0.000	0.00	0.000	0.00	0.009	0.00
Myanmar	0.143	0.04	0.432	0.29	0.000	0.00	0.575	0.08
Nepal	2.850	0.72	0.916	0.62	0.555	0.31	4.321	0.60
The Netherlands	9.842	2.50	5.263	3.59	7.983	4.52	23.088	3.22
New Zealand	20.711	5.26	2.258	1.54	16.640	9.42	39.609	5.52
Norway	1.369	0.35	2.396	1.63	0.912	0.52	4.677	0.65
Pakistan	3.145	0.80	0.084	0.06	0.594	0.34	3.823	0.53
Papua New Guinea	0.353	0.09	0.000	0.00	0.000	0.00	0.353	0.05
Philippines	20.858	5.30	7.094	4.84	4.797	2.72	32.749	4.57
Singapore	5.594	1.42	0.000	0.00	0.646	0.37	6.240	0.87
Solomon Islands	0.012	0.00	0.000	0.00	0.000	0.00	0.012	0.00
Spain	0.345	0.09	1.289	0.88	0.000	0.00	1.634	0.23
Sri Lanka	2.911	0.74	1.104	0.75	0.318	0.18	4.333	0.60
Sweden	2.486	0.63	1.930	1.32	2.238	1.27	6.654	0.93
Switzerland	4.845	1.23	4.650	3.17	3.703	2.10	13.198	1.84
Taipei, China	0.979	0.25	0.068	0.05	1.993	1.13	3.040	0.42
Thailand	3.648	0.93	0.856	0.58	2.934	1.66	7.438	1.04
Tonga	0.180	0.05	0.000	0.00	0.000	0.00	0.180	0.03
Turkey	0.103	0.03	0.082	0.06	0.000	0.00	0.185	0.03
United Kingdom	64.858	16.47	25.622	17.48	27.813	15.75	118.293	16.50
United States	76.406	19.40	33.177	22.63	30.135	17.07	139.718	19.49
Vanuatu	0.163	0.04	0.000	0.00	0.000	0.00	0.163	0.02
Viet Nam	0.084	0.02	0.000	0.00	0.000	0.00	0.084	0.01
Western Samoa	0.378	0.10	0.000	0.00	0.289	0.16	0.667	0.09
International Organizations	22.892	5.81	4.067	2.77	0.672	0.38	27.631	3.85
TOTAL	393.757	100.00	146.592	100.00	176.569	100.00	716.918	100.00

Table 29
CONTRACTS AWARDED BY COUNTRY OF ORIGIN, 1992-1994
TECHNICAL ASSISTANCE OPERATIONS

(amounts in \$ million)

Country	1992		1993		1994	
	Value	%	Value	%	Value	%
Afghanistan	0.023	0.03	0.000	0.00	0.000	0.00
Australia	9.646	12.50	11.413	12.90	9.933	10.00
Austria	0.000	0.00	0.011	0.01	0.000	0.00
Bangladesh	0.755	0.98	0.585	0.66	0.802	0.81
Belgium	0.065	0.08	0.443	0.50	0.047	0.05
Bhutan	0.001	0.00	0.000	0.00	0.000	0.00
Cambodia	0.000	0.00	0.000	0.00	0.005	0.01
Canada	2.907	3.77	6.895	7.80	14.688	14.79
China, People's Rep. of	0.000	0.00	0.126	0.14	0.343	0.35
Cook Islands	0.000	0.00	0.000	0.00	0.000	0.00
Denmark	1.498	1.94	0.608	0.69	0.846	0.85
Fiji	0.001	0.00	0.000	0.00	0.000	0.00
Finland	0.044	0.06	0.924	1.04	1.896	1.91
France	4.779	6.19	0.149	0.17	3.697	3.72
Germany	1.850	2.40	1.390	1.57	1.872	1.88
Hong Kong	1.111	1.44	2.212	2.50	1.829	1.84
India	2.055	2.66	2.673	3.02	1.120	1.13
Indonesia	2.662	3.45	0.938	1.06	2.010	2.02
Italy	0.000	0.00	0.216	0.24	0.640	0.64
Japan	1.496	1.94	2.882	3.26	0.329	0.33
Korea, Rep. of	2.288	2.97	0.045	0.05	0.629	0.63
Lao PDR	0.000	0.00	0.303	0.34	0.017	0.02
Malaysia	0.876	1.14	0.542	0.61	1.437	1.45
Mongolia	0.000	0.00	0.000	0.00	0.000	0.00
Myanmar	0.000	0.00	0.439	0.50	0.087	0.09
Nepal	0.735	0.95	1.029	1.16	0.657	0.66
The Netherlands	1.923	2.49	5.790	6.55	4.069	4.10
New Zealand	1.447	1.88	4.526	5.12	8.572	8.63
Norway	0.015	0.02	0.916	1.04	0.000	0.00
Pakistan	0.201	0.26	0.189	0.21	0.633	0.64
Papua New Guinea	0.045	0.06	0.012	0.01	0.000	0.00
Philippines	3.345	4.34	4.075	4.61	2.529	2.55
Singapore	0.866	1.12	1.584	1.79	0.008	0.01
Solomon Islands	0.000	0.00	0.000	0.00	0.000	0.00
Spain	0.000	0.00	0.048	0.05	0.345	0.35
Sri Lanka	0.753	0.98	0.508	0.57	0.388	0.39
Sweden	0.606	0.79	1.702	1.92	1.167	1.17
Switzerland	1.506	1.95	1.761	1.99	0.981	0.99
Taipei, China	1.963	2.54	0.599	0.68	0.000	0.00
Thailand	0.000	0.00	1.728	1.95	1.101	1.11
Tonga	0.000	0.00	0.000	0.00	0.000	0.00
Turkey	0.015	0.02	0.090	0.10	0.080	0.08
United Kingdom	13.450	17.43	17.071	19.30	11.270	11.35
United States	14.597	18.92	13.963	15.79	25.048	25.21
Vanuatu	0.000	0.00	0.000	0.00	0.000	0.00
Viet Nam	0.000	0.00	0.005	0.01	0.030	0.03
Western Samoa	0.153	0.20	0.050	0.06	0.233	0.23
International Organizations	3.471	4.50	0.000	0.00	0.000	0.00
TOTAL	77.148	100.00	88.440	100.00	99.338	100.00

Table 30
GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS, 1994
(amounts in \$ thousand)

Country/Project	Project Preparatory	Advisory & Operational
BANGLADESH		
Preparation of a Road Master Plan (Supplementary)	470.0 ^a	-
Vocational Training	400.0 ^b	-
Mongla Port Area Development	600.0 ^b	-
Fourth Railways	594.0 ^b	-
Foodgrain Management Operations	-	840.0 ^b
Institutional Strengthening of Bangladesh Rural Development Board	-	600.0 ^c
Training of Cooperative and Field Staff (Part C of Rural Poor Cooperative)	-	1,310.0 ^c
Improvement of the Household Expenditure Survey of the Bangladesh Bureau of Statistics	-	350.0
Strengthening the Post-Evaluation Capability of the Implementation Monitoring and Evaluation Division	-	100.0
Regulatory Framework for Import of Hazardous and Toxic Materials	-	520.0 ^b
Institutional Strengthening for Government-NGO Cooperation	-	325.0
Study of the Socioeconomic Impact of the Serajgonj Integrated Rural Development Project	-	60.0
Socio-Environmental Assessment of the Meghna-Dhonagoda Irrigation (Supplementary)	-	20.0
Social Sector Strategy Study	-	100.0
Horticulture Research and Development (Supplementary)	-	912.4 ^a
Monitoring of Policy Reforms under the Railway Recovery Program Loan	-	100.0
Study of Urban Poverty in Bangladesh	-	190.0
Project Implementation	-	150.0
BHUTAN		
Institutional Strengthening of the Department of Trade and Industry	-	400.0
CAMBODIA		
Rural Infrastructure Improvement	98.0	-
Skills Development	100.0	-
Basic Education	100.0	-
Airports Improvement	500.0	-
Basic Health Services	300.0 ^d	-
Strengthening Environmental Impact Assessment Procedures and Capabilities	-	550.0 ^b
Establishment of a Central Procurement Office and Regulations and Procedures for Procurement of Goods and Works	-	600.0
Women in Development	-	546.0 ^b
Strengthening the Institutional and Legal Framework for the Energy and Mineral Sectors	-	595.0 ^a
Power Sector Manpower Development and Training	-	500.0
Statistical System Development	-	1,200.0
CHINA, PEOPLE'S REPUBLIC OF		
Second Telecommunications	282.0 ^b	-
Preliminary Analysis of the Fujian Mianhuatan Hydropower and Henan Power Projects	100.0	-
Second Industrial Energy Conservation and Environment Improvement	393.0 ^b	-
Daxiari-Wanxian Railway	250.0 ^b	-
Sichuan Expressway	350.0 ^b	-
Fujian Mianhuatan Hydropower	385.0 ^b	-
Anhui Municipal Wastewater Treatment	283.0 ^b	-
Anhui Industrial Pollution Abatement	450.0 ^b	-
Hebei and Liaoning Expressways	560.0 ^b	-
Henan Integrated Power	100.0	-
Hydrocarbon Sector Study	-	100.0
Changjiang Water and Soil Conservation and Environmental Protection	-	600.0 ^b
Legislative Reform for Protecting the Environment and Natural Resources	-	500.0
Institutional Strengthening of the State Education Commission	-	400.0 ^b
Rural Energy Development Study	-	500.0
A Study of Subprovincial Fiscal Relations	-	500.0

a To be financed by UNDP with the Bank acting as Executing Agency.

b To be financed from JSE.

c To be financed by the Government of Norway with the Bank acting as Executing Agency.

d To be financed by the Government of Denmark with the Bank acting as Executing Agency.

e Of this amount, \$450,000 is to be financed by Sweden with the Bank acting as Executing Agency.

CONTINUED

Country/Project	Project Preparatory	Advisory & Operational
CHINA, PEOPLE'S REPUBLIC OF (cont'd.)		
Forest Ecosystem Planning and Agro-Industrial Pollution Control		600.0 ^a
Corporate Ownership and Management Systems for Yunnan Yun-Jing Forestry and Pulpmill Company, Ltd.		400.0 ^a
Policy Support to the Ministry of Railways		600.0 ^a
Developing the Performance Evaluation Capability of the People's Bank of China		100.0
Improvement of Northern Grassland Ecosystems		746.0 ^a
Institutional Strengthening of the Hunan Electric Power Company		400.0 ^a
Introducing BOO/BOT Concept for Shanghai Waigaoqiao Stage II Project		600.0 ^a
Preparation of a Road Safety Program		600.0 ^a
Provincial Highway Network Planning		600.0 ^a
Industrial Enterprise Restructuring		600.0
Strengthening the Legal Framework for Customs Administration		585.0 ^a
Institutional and Management Strengthening of Heilongjiang Electric Power Co.		600.0 ^a
Energy Efficiency and Environmental Improvement Study		150.0
Capacity Building of the Beijing Municipal Environmental Protection Bureau and Affiliated Agencies		600.0 ^a
Capacity Building of the Beijing Industrial Hazardous Waste Management Center		425.0 ^a
Beijing Urban Transport		715.0 ^b
Cooperative Banking Development		600.0 ^a
Loan Administration and Subproject Accounting Systems Support		100.0
Market Orientation of Industrial Research and Development Institutes		500.0
Upgrading Monetary Statistics		300.0 ^a
Enterprise Accounting System Reform		167.0 ^a
Capacity Building in Agencies in Planning and Implementing Bank-Assisted Projects and Programs		96.0
Middle School Teacher Training in Qinghai Province		500.0 ^a
State Enterprise Insolvency Reform		690.0
A Study of the Local Consulting Industry		210.0
COOK ISLANDS		
Integrated Urban Infrastructure	455.0 ^a	
Outer Islands Power Development Study	250.0 ^a	
Lagoon Ecology Monitoring and Management		552.0 ^a
Institutional Strengthening of the Ministry of Education		355.0 ^a
Fiji		
Third Road Upgrading	600.0	
Environmental Awareness, Legislation and Database		450.0
Restructuring of the Housing Authority		450.0 ^a
INDIA		
Power System Planning in Orissa	600.0 ^a	
Hazardous Waste Management	500.0	
Implementation of Clean Technology through Coal Beneficiation	300.0 ^a	
Earthquake Emergency Rehabilitation Management		600.0
Urban Sector Profile		400.0
Foreign Aid Management Information System		361.0
Energy Efficiency Support		3,000.0 ^c
Capacity Building for Improved Infrastructure Development in Selected Municipalities in Karnataka State		600.0
INDONESIA		
Third Telecommunications	583.0 ^a	
Second West Java and Sumatra Urban Development Sector	100.0	
Engineering Education Development	800.0 ^b	

^a To be financed from JSF.^b To be financed by the Government of France with the Bank acting as Executing Agency.^c To be financed by the Government of the Netherlands with the Bank acting as Executing Agency.

CONTINUED

Country/Project	Project Preparatory	Advisory & Operational
INDONESIA (cont'd.)		
Segara Anakan Conservation and Development	100.0	-
Basic Education	600.0 ^a	-
Second National Estate Crop Protection	570.0 ^a	-
Java Flood Control	900.0 ^a	-
Integrated Area Development Project in Irian Jaya	600.0 ^a	-
Coastal Environment Management Planning	-	1,200.0 ^a
Establishment of a Construction Quality Panel	-	385.0
Productivity Enhancement and Quality Assurance System in the Ministry of Public Works	-	600.0
Development and Financing of Small and Medium Scale Enterprises	-	250.0
Environment and Energy Efficiency	-	416.0 ^a
Institutional Strengthening of the Central Bureau of Statistics	-	600.0
Land Acquisition and Resettlement Program for the Proposed North Java Road Improvement	-	100.0
Resource Mobilization and Budgeting for Decentralized Health Services	-	600.0
Load Characteristics Survey Outside Java	-	600.0
Capacity Building for Resettlement Management in Road Projects	-	265.0 ^b
Microcredit	-	1,000.0 ^b
KAZAKHSTAN		
Educational Rehabilitation and Management Improvement	100.0	-
Almaty Air Quality Study	100.0	-
Seminars on Bank Operational Policies and Procedures in 1995 and 1996	-	85.0
Institutional Support	-	554.0
KIRIBATI		
Integrated Urban Plans and Program Study	-	385.0 ^a
Institutional Strengthening of the Environment Unit	-	440.0
KYRGYZ REPUBLIC		
Road Rehabilitation	600.0 ^a	-
Agriculture Sector Program	600.0 ^a	-
Seminars on Bank Operational Policies and Procedures in 1995 and 1996	-	80.0
Strengthening of the Banking System	-	600.0
Institutional Support for Procurement and Disbursement	-	476.0
LAO PEOPLE'S DEMOCRATIC REPUBLIC		
Xieng Khouang Road Improvement	530.0 ^a	-
Theun-Hinboun Power	-	100.0
Commercial Bank Training (Supplementary)	-	20.0 ^a
Private Sector Education Development	-	400.0
Human Resource Development in Banks	-	350.0 ^a
Development of Commercial Bank Linkages to Micro and Small Enterprises	-	500.0
Upgrading of the School of Communication and Transport	-	300.0 ^a
MALAYSIA		
Kalaka-Saribas Integrated Agricultural Development - Phase II	700.0 ^a	-
Impact Evaluation Study of the Water Supply and Sanitation Sector	-	100.0
Corporatization of LKIM's Fisheries Complexes	-	86.0
Post-Evaluation of Pahang Barat Integrated Agriculture Development	-	100.0
MALDIVES		
Regional Development Planning	-	600.0 ^a
Development of a Strategic Framework for Financial Sector Restructuring	-	300.0

a To be financed from JSF.

b To be financed by the Government of Norway with the Bank acting as Executing Agency.

CONTINUED

Country/Project	Project Preparatory	Advisory & Operational
MARSHALL ISLANDS, REPUBLIC OF		
Transport Infrastructure Development	600.0 ^a	-
Nonformal Environmental Education	-	300.0 ^a
Health Management Information System and Health Planning	-	400.0 ^a
Institutional Strengthening of the Marshall Islands Development Bank - Phase II	-	202.0 ^a
Small Enterprise Development	-	297.0
MICRONESIA, FEDERATED STATES OF		
Water Supply and Sewerage	250.0 ^a	-
Financial Resources Management (Supplementary)	-	81.0
Strengthening the Office of Planning and Statistics	-	565.0
Institutional Strengthening of the Federated States of Micronesia Development Bank	-	385.0 ^a
MONGOLIA		
Power Rehabilitation	100.0	-
Agriculture Sector Program	300.0 ^a	-
Education Development	400.0 ^a	-
Strengthening State Strategic Planning and Coordination in the National Development Board	-	562.0 ^a
Power System Master Plan Study	-	595.0 ^a
Sector Reform	-	588.0 ^a
Accounting and Management Information Systems and Tariff Reform	-	599.0 ^a
Institutional Strengthening of Agricultural Banking Services	-	300.0 ^a
Telecommunications	-	2,000.0 ^b
Strengthening the Environmental Management Capability of the Ministry of Nature and Environment	-	574.0 ^a
Strengthening of the Commercial Banking System	-	600.0 ^a
Strengthening Social Insurance	-	84.0
Strengthening Health Insurance	-	500.0 ^a
NEPAL		
Tribhuvan International Airport Improvement	550.0	-
Second Irrigation Sector	500.0 ^a	-
Third Livestock Development	562.0 ^a	-
Second Tourism Infrastructure Development	460.0 ^a	-
Third Road Improvement (Supplementary)	18.0	-
Impact Evaluation Study of Bank Operations in the Irrigation Sector	-	100.0
Training in Accounting and Disbursements of Accounting Staff of Selected Executing Agencies and Government Departments	-	100.0
Agriculture Perspective Plan (Supplementary)	-	80.0
Strengthening Interministerial Capabilities for Environmental Impact Assessment Guidelines	-	500.0 ^a
PAKISTAN		
Sukkur Bridge	100.0	-
Second Primary Education for Girls	250.0 ^a	-
Technical Education	100.0	-
Institutional Strengthening of the Public Health Engineering Department in the Province of Punjab and North West Frontier Province	-	520.0
Impact Assessment of Policy and Institutional Reform Measures	-	80.0 ^c
Assistance to Multi-Donor Support Unit	-	500.0
Balochistan Groundwater Resources Reassessment	-	224.0
KFSC Restructuring and Privatization Study	-	300.0 ^a
Demand Side Management Study	-	90.0

^a To be financed from JSP.^b To be financed by the Government of Norway with the Bank acting as Executing Agency.^c To be financed by the Government of the Netherlands with the Bank acting as Executing Agency.

CONTINUED

Country/Project	Project Preparatory	Advisory & Operational
PAKISTAN (cont'd.)		
Private Sector Participation in Highway Financing, Construction and Operation	-	475.0
Strengthening the Economic Analysis Capabilities of the State Bank of Pakistan	-	536.0
Strengthening the Aid Management Capacity of the Ministry of Finance	-	860.0
Implementation of National Conservation Strategy	-	850.0 ^a
PAPUA NEW GUINEA		
Human Resources Development Project in the Health Sector	296.0	-
Fisheries Management	460.0	-
National Health Plan Development	-	450.0 ^a
Education Resources Study	-	340.0 ^a
Water Supply and Sanitation Sector Study	-	390.0
Development of a Cost Accounting System for the Department of Works	-	380.0 ^a
PHILIPPINES		
Western Visayas Agro-Industrial Development	822.3 ^a	-
Preparation of a Second Secondary Education Development Project	400.0 ^a	-
Fisheries Sector Development	550.0 ^a	-
Metropolitan Waterworks and Sewerage System Water Supply Improvement Study	582.0 ^a	-
Small Towns Water Supply and Sanitation Sector	100.0	-
ZOPP Applications for Strengthening Community and Local Government Participation	-	600.0 ^a
Socioeconomic Survey and Evaluation of the Island Provinces Rural Water Supply Sector	-	100.0
Institutional Strengthening of Civil Aviation Sector	-	592.0 ^a
Biodiversity Conservation and National Integrated Protected Areas	-	600.0 ^a
Metropolitan Waterworks and Sewerage System Operational Strengthening Study	-	600.0
SOLOMON ISLANDS		
Population and Family Health Improvement	350.0 ^a	-
Upgrading the Database in the Statistics Office	-	430.0
SRI LANKA		
Second Livestock Development	400.0	-
Second Agriculture Rehabilitation	99.6	-
Road Network Improvement	700.0 ^a	-
Area Development Project in the North Central Region	600.0 ^a	-
Institutional Strengthening of National Savings Bank	-	713.0 ^a
Development of an Institutional and Regulatory Framework for the Leasing Industry in Sri Lanka	-	198.0 ^a
Road Safety Study	-	800.0 ^a
Quarry Industry Study	-	430.0 ^a
Industrial Sector Policy Review	-	345.0 ^a
THAILAND		
Skills Development	484.0 ^a	-
Higher Education Development	400.0 ^a	-
Songkhla and Phuket Port Development	600.0 ^a	-
Preparation and Implementation of a National Sustainable Development Strategy (Agenda 21)	-	250.0
Strengthening Financial Management and Planning	-	440.0
TONGA		
Second Power Development Study	100.0 ^a	-
Coordination of Women's Development Programs	-	99.0 ^a
Road Cost Recovery and Safety Strategies	-	170.0 ^a
Institutional Development of the Ports Sector	-	400.0 ^a
Pension Scheme for Civil Service	-	100.0
Economic Management Study	-	74.0 ^b

a To be financed from JSF.

b To be financed by the Government of Australia with the Bank acting as Executing Agency.

CONTINUED

Country/Project	Project Preparatory	Advisory & Operational
TUVALU		
Transport Infrastructure	300.0 ^a	
Institutional Strengthening of the Department of Planning and Statistics		326.0 ^a
VANUATU		
Small Business and Informal Sector Surveys		100.0
Preparation of Population Policy and Action Plan		50.0
VIET NAM		
Second Provincial Towns Water Supply and Sanitation	550.0 ^a	
Financial Sector Review	325.0 ^a	
Institutional Strengthening of a Special Procurement Unit of the State Planning Committee		100.0
Financial Markets Development		600.0 ^a
Improving National Accounts		700.0 ^a
Strengthening Environmental Planning and Environmental Impact Assessment Capabilities		600.0 ^a
Financing of Social Services		575.0 ^a
Urban Sector Strategy Study		300.0
Water Resources Sector Review		99.5
Training Seminar on the Project Cycle for Vietnamese Officials		95.0
External Debt Management		416.0
Rice Market Monitoring and Policy Options Study		832.0 ^a
Land Information System and Agricultural Taxation Study		646.0 ^a
Review of Agricultural Strategy, Planning and Programming		98.7
Capacity Building in the Water Resources Sector		1,350.0 ^a
Institutional Strengthening of the State Planning Committee in Energy Planning		580.0
Institutional Strengthening of the National Office for Procurement Evaluation (Phase II)		600.0
WESTERN SAMOA		
Industrial Center Development	250.0 ^a	
Institutional Support and Power Development Study for the Electric Power Corporation	350.0 ^a	
Database for Gender-Disaggregated Statistics		100.0 ^a
Agriculture Sector Strategy Study		75.0 ^b
TOTAL	28,811.9	73,203.6

a To be financed from JSF.

b To be financed by the Government of Australia with the Bank acting as Executing Agency.

Table 31
1994 LOANS THAT RESULTED FROM EARLIER BANK TECHNICAL ASSISTANCE
(amounts in \$ million)

Country/Project	Year of T/A Approval	Amount of T/A	Total Project Cost	Amount of Bank Financing			Amount of Co-Financing	Amount of Financing by Borrower
				OCR	ADF	Total		
BANGLADESH								
Railway Recovery Program	1992	0.100	-	-	80.00	80.00	-	-
CHINA, PEOPLE'S REPUBLIC OF								
Yunnan-Simao Forestation and Sustainable Wood Utilization	1992	0.395 ^a	127.25	77.00	-	77.00	-	50.25
Jing-Jiu Railway Technical Enhancement	1993	0.400 ^a	532.00	200.00	-	200.00	-	332.00
Dalian Water Supply	1991	0.600 ^a	379.72	160.00	-	160.00	-	219.72
	1993	0.100						
Hunan Lingjintan Hydropower	1992	0.998 ^b	366.77	116.00	-	116.00	-	250.77
	1993	0.100						
Heilongjiang Expressway	1993	0.320 ^a	330.00	142.00	-	142.00	-	188.00
Yunnan Expressway	1993	0.320 ^a	461.40	150.00	-	150.00	-	311.40
Qitaihe Thermal Energy and Environmental Improvement	1993	0.438 ^a	540.00	165.00	-	165.00	55.00	320.00
Beijing Environmental Improvement	1993	0.600	459.00	157.00	-	157.00	-	302.00
COOK ISLANDS								
Education Development	1991	0.292 ^a	3.37	-	2.70	2.70	-	0.67
INDIA								
Industrial Energy Efficiency	1993	0.275	-	150.00	-	150.00	-	-
INDONESIA								
Second Integrated Irrigation Sector	1990	0.600 ^a	170.00	100.00	-	100.00	-	70.00
Rural Health and Population	1991	0.480 ^a	66.70	40.00	-	40.00	-	26.70
Vocational and Technical Education	1992	0.450 ^a	142.39	85.00	-	85.00	-	57.39
Microcredit	1993	0.455	42.50	-	25.70	25.70	-	16.80
Capacity Building Project in the Water Resources Sector	1993	0.600 ^b	46.20	27.72	-	27.72	-	18.50
MALAYSIA								
Fisheries Infrastructure Improvement	1993	0.980	54.10	22.60	-	22.60	-	31.50
MARSHALL ISLANDS								
Health and Population	1992	0.250 ^b	7.12	-	5.70	5.70	-	1.42
MONGOLIA								
Telecommunications	1992	0.600 ^a	48.60	-	24.50	24.50	18.22	5.88
Power Rehabilitation	1994	0.100	58.00	-	40.00	40.00	10.60	7.40
NEPAL								
Irrigation Management Transfer	1990	0.245 ^b	18.43	-	12.91	12.91	-	5.52

a Financed from JSE.

b Financed by the Government of Norway.



CONTINUED

Country/Project	Year of T/A Approval	Amount of T/A	Total Project Cost	Amount of Bank Financing			Amount of Co-Financing	Amount of Financing by Borrower
				OCR	ADF	Total		
PAKISTAN								
Third Punjab On-Farm Water Management	1992	0.998	86.98	-	62.16	62.16	-	24.82
Sukkur Bridge	1994	0.100	64.70	45.00	-	45.00	-	19.70
PHILIPPINES								
Women's Health and Safe Motherhood	1993	0.100	67.50	-	54.00	54.00	-	13.50
Rural Infrastructure Development	1991	0.495 ^a	26.62	-	17.50	17.50	-	9.12
Airport Development	1993	0.100	105.00	41.00	-	41.00	31.30	32.70
SRI LANKA								
Third Road Improvement	1987	0.150	69.50	-	55.00	55.00	-	14.50
THAILAND								
Regional Roads (Sector)	1990	0.560	356.00	170.00	-	170.00	-	186.00
TONGA								
Transport Infrastructure	1991	0.250	12.50	-	10.00	10.00	-	2.50
TOTAL		11.568	4,642.35	1,848.32	390.17	2,238.49	115.12	2,518.76

a Financed from JSE.

b Financed by the Government of Norway.

Table 32
REGIONAL TECHNICAL ASSISTANCE ACTIVITIES, 1994

Project	Amount (\$ thousand)
Seminar on Development Strategy for the Central Asian Republics: Learning from the Experience of the Asian Transition Economies	100.0
Technical Assistance to Support the 21st Pacific Trade and Development Conference	20.0
Technical Assistance to Support a Conference on Regional Trade in the Far East	60.0
1994 Special Secondment Scheme	200.0
Review of Performance of WID and Poverty Reduction Efforts in Bank-Financed Projects	450.0
South Asia Cooperative Environment Programme for Regional Environment and Natural Resources Information Centre II (RENRIC II)	98.9
1994 ADB/Asian Productivity Organization Program	152.5
World Conference on Natural Disaster Reduction	100.0
Seminars on 1993 System of National Accounts	175.0
Preparation of Country Project Implementation Profiles (CPIPs) for Viet Nam and Cambodia	100.0
Third ADB Conference on Development Economics	200.0
ADB Development Round Table on Employment Creation for Broad-Based Growth	150.0
Fourth Seminar on International Finance	105.0 ^a
Regional Workshop on Improving Project Quality	275.0
A Workshop on Vegetable Research and Development in Cambodia, Lao PDR, and Viet Nam	94.5
Addressing Poverty Reduction and Women in Development through Human Resource Development	450.0
1994 Seminars on Project Implementation and Administration and Training of Trainers Program	497.0
Ministerial-Level Conference on the Environment and Development and Preparation of the State of Environment Report	450.0
Coastal and Marine Environmental Management in South China Sea (Supplementary)	600.0
Study of the Lao-Thailand-Viet Nam-East-West Transport Corridor	1,000.0 ^b
International Monetary Fund Institute-Asian Development Bank Course on Macroeconomic and Structural Policies for Officials from Transitional Economies in Asia	230.0
Seventh Workshop on Asian Economic Outlook	120.0
Audit Training Program in the South Pacific	140.0
Coconut Genetic Resources Network in Asia and the Pacific Region	800.0 ^a
A Study of the Status of Forestry and Forest Industries in the Asian and Pacific Region	195.0 ^c
A Study of a Least-Cost Greenhouse Gas Abatement Strategy for Asia	8,237.0 ^d
Strengthening Post-Evaluation Feedback Systems	220.0
External Debt Management in Pacific Island Developing Countries	500.0
Regional Community Forestry Training Center in Kasetsart University, Bangkok, Thailand - Phase II	1,580.0 ^e
ADB-UNESCO Regional Workshop on Education Indicators in Asia and Pacific	90.0
Fourth Asia-Pacific Mining Conference and Exhibition	100.0
Promoting Subregional Cooperation among Cambodia, People's Republic of China, Lao PDR, Myanmar, Thailand and Viet Nam (Supplementary)	1,260.0 ^f
Study on the Indonesia-Malaysia-Thailand Growth Triangle Development (Supplementary)	50.0
Regional Training Course on Airport Operations and Management	190.0
Seminar on the Use of Consulting Services	198.0
Development of Domestic Consultant Services in DMCs	120.0
Regional Conference on Health Sector Reform in Asia	100.0
1995/1996 Business Opportunities Seminars	400.0
Strengthening Regional Collaboration on Cereals and Legumes Research in Asia	600.0

a. To be financed from JSF.

b. To be financed by the Government of France with the Bank acting as Executing Agency.

c. Of this amount, \$75,000 is to be financed by the Government of Finland with the Bank acting as Executing Agency.

d. Of this amount, \$8,137,000 is to be financed by UNDP-GEF with the Bank acting as Executing Agency.

e. Of this amount, \$980,000 is to be financed by the Government of Switzerland with the Bank acting as Executing Agency.

f. Of this amount, \$500,000 is to be financed from JSF and \$760,000 from the Government of Sweden with the Bank acting as Executing Agency.

CONTINUED

Project	Amount (\$ thousand)
Training Assistance with the IMF/UNDP Pacific Financial Technical Assistance Centre	300.0
Governance and Development: Lessons of the East Asian Experience	350.0
International Rice Research Institute for Rainfed Lowland Rice Ecosystem Research	1,100.0
Joint ADB/GATT Training Workshops on Anti-Dumping and Countervailing Measures Emerging from the Uruguay Round Agreement for Selected DMCs	90.0
Economic Evaluation Methodology in Water Supply Projects	600.0
Regional Conference on Natural Gas Supplies to South Asia (Supplementary)	40.0
Preparation of an Energy Efficiency Reference for Asian Application	55.0 ^a
Pacific Airports Project Facility	600.0 ^a
Megacities Management in Asia and the Pacific	550.0
Forestry Research Support Program for Asia and the Pacific (FORSPA) - Phase II	600.0
Third Training Program on Taxation for Policymakers in DMCs	30.0 ^a
Issues Related to Private Sector Growth in the Health Sector in Asia	550.0 ^a
Fifth Symposium on Tax Policy and Reforms in the Asia-Pacific Region	117.0 ^a
Study on Public Finance Issues in the Transition Economies of Asia	400.0
Financing Human Resource Development in Asia	585.0
Establishment of an Asian Maize Training Center	600.0
TOTAL	26,974.9

^a To be financed from JSP.

Table 33
GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS BY COUNTRY AND REGIONAL
ACTIVITIES,^a 1993, 1994, 1967-1994
(amounts in \$ thousand)

Country	No.	1 9 9 3			1 9 9 4		
		Bank Financing	JSF Financing	Other Sources	Total	%	No.
							Bank Financing
Afghanistan	-	-	-	-	-	-	-
Bangladesh	18	4,013.00	2,970.00	600.00	7,583.00	6.24	18
Bhutan	6	100.00	1,725.00	560.00	2,385.00	1.96	1
Cambodia	5	615.00	-	5,819.40	6,434.40	5.29	11
China, People's Rep. of	38	7,159.00	9,139.30	-	16,298.30	13.41	41
Cook Islands	1	265.00	-	-	265.00	0.22	4
Fiji	4	450.00	933.00	-	1,383.00	1.14	3
India	13	3,569.00	600.00	-	4,169.00	3.43	8
Indonesia	16	2,795.50	4,730.00	-	7,525.50	6.19	19
Kazakhstan	-	-	-	-	-	-	4
Kiribati	2	11.00	503.00	-	514.00	0.42	2
Korea, Rep. of	-	-	-	-	-	-	-
Kyrgyz Republic	-	-	-	-	-	-	5
Lao PDR	19	4,357.50	3,300.00	2,348.00	10,005.50	8.23	7
Malaysia	5	629.00	800.00	600.00	2,029.00	1.67	4
Maldives	3	390.00	-	-	390.00	0.32	2
Marshall Islands	5	400.00	800.00	-	1,200.00	0.99	5
Micronesia, Fed. States of	3	520.00	1,180.00	-	1,700.00	1.40	4
Mongolia	10	1,799.15	2,938.00	-	4,737.15	3.90	13
Myanmar	-	-	-	-	-	-	-
Nepal	16	2,033.00	1,132.50	2,690.00	5,855.50	4.82	9
Pakistan	6	1,565.00	2,500.00	-	4,065.00	3.34	13
Papua New Guinea	4	550.00	1,482.00	-	2,032.00	6.00	6
Philippines	16	499.50	4,329.50	1,648.00	6,477.00	5.33	10
Singapore	-	-	-	-	-	-	-
Solomon Islands	-	-	-	-	-	-	-
Sri Lanka	4	750.00	188.00	552.00	1,490.00	1.23	9
Taipei, China	-	-	-	-	-	-	-
Thailand	6	702.00	1,200.00	100.00	2,002.00	1.65	5
Tonga	4	180.00	995.00	-	1,175.00	0.97	6
Tuvalu	2	200.00	-	-	200.00	0.16	2
Vanuatu	3	100.00	586.00	-	686.00	0.56	2
Viet Nam	11	3,130.00	6,818.00	-	9,948.00	8.18	17
Western Samoa	1	-	270.00	-	270.00	0.22	4
Sub-total	221	36,782.65	49,119.30	14,917.40	100,819.35	82.95	236
Regional	48	12,699.80	4,855.50	3,165.00	20,720.30	17.05	55
TOTAL	269	49,482.45	53,974.80	18,082.40	121,539.65	100.00	291
							48,251.70

a Excluding technical assistance financed under loans, which are included in the Bank's loan data.

b Cumulative data are adjusted to exclude technical assistance projects withdrawn by the government.

1994				1967-1994 ^b			
JSF Financing	Other Sources	Total	%	No.	Amount	%	Country
2,954.00	3,292.40	7,641.40	6.29	16	2,565.70	0.26	Afghanistan
-	-	400.00	0.33	194	100,953.97	10.36	Bangladesh
1,596.00	750.00	5,089.00	4.19	21	19,715.60	2.02	Cambodia
13,076.00	715.00	17,437.00	14.35	167	72,126.05	7.40	China, People's Rep. of
1,612.00	-	1,612.00	1.33	14	3,432.00	0.35	Cook Islands
1,050.00	-	1,500.00	1.23	42	9,990.30	1.03	Fiji
900.00	3,000.00	6,361.00	5.23	59	26,243.50	2.69	India
5,934.00	1,000.00	10,269.00	8.45	280	95,797.77	9.83	Indonesia
-	-	839.00	0.69	4	839.00	0.09	Kazakhstan
385.00	-	825.00	0.68	18	4,174.50	0.43	Kiribati
-	-	-	-	33	5,010.15	0.51	Korea, Rep. of
1,200.00	-	2,356.00	1.94	5	2,356.00	0.24	Kyrgyz Republic
1,200.00	-	2,200.00	1.81	111	49,326.78	5.06	Lao PDR
700.00	-	1,086.00	0.89	81	21,448.30	2.20	Malaysia
600.00	-	900.00	0.74	22	6,113.00	0.63	Maldives
1,502.00	-	1,799.00	1.48	19	6,051.00	0.62	Marshall Islands
635.00	-	1,281.00	1.05	11	4,442.00	0.46	Micronesia, Fed. States of
5,018.00	2,000.00	7,202.00	5.93	38	18,980.35	1.95	Mongolia
-	-	-	-	38	10,716.00	1.10	Myanmar
2,022.00	-	2,870.00	2.36	166	67,725.70	6.95	Nepal
1,400.00	80.00	4,885.00	4.02	159	56,749.85	5.82	Pakistan
1,170.00	-	2,316.00	1.91	80	22,042.10	2.26	Papua New Guinea
4,146.25	-	4,946.25	4.07	200	76,745.05	7.88	Philippines
-	-	-	-	2	577.42	0.06	Singapore
350.00	-	780.00	0.64	39	8,060.24	0.83	Solomon Islands
3,786.00	-	4,285.60	3.53	126	35,970.60	3.69	Sri Lanka
-	-	-	-	1	100.00	0.01	Taipei, China
1,484.00	-	2,174.00	1.79	88	25,023.60	2.57	Thailand
769.00	74.00	943.00	0.78	37	8,175.50	0.84	Tonga
626.00	-	626.00	0.52	4	826.00	0.08	Tuvalu
50.00	-	150.00	0.12	26	5,539.76	0.57	Vanuatu
6,178.00	-	8,467.20	6.97	39	19,525.80	2.00	Viet Nam
700.00	75.00	775.00	0.64	48	10,064.50	1.03	Western Samoa
61,043.25	10,986.40	102,015.45	79.09	2,234	813,242.74	83.47	Sub-total
2,757.00	10,952.00	26,974.90	20.91	611	161,033.93	16.53	Regional
63,800.25	21,938.40	128,990.35	100.00	2,845	974,276.67	100.00	TOTAL

Table 34
GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS BY SECTOR, 1993, 1994, 1967-1994^a
(amounts in \$ thousand)

Sector	1993			1994			1967-1994 ^b		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
Agriculture and Agro-Industry	60	31,073.95	30.82	45	22,978.45	22.52	779	310,303.72	38.16
Energy	22	8,896.50	8.82	25	11,411.00	11.19	252	93,243.35	11.47
Industry and Non-Fuel Minerals	12	4,387.50	4.35	9	3,863.00	3.79	102	28,151.70	3.46
Finance	18	5,523.50	5.48	15	5,640.00	5.53	173	44,256.45	5.44
Transport and Communications	35	19,327.40	19.17	37	18,501.00	18.14	303	114,133.95	14.03
Social Infrastructure	43	18,765.00	18.61	48	17,281.00	16.94	387	132,096.97	16.24
Multisector	1	3,200.00	3.17	-	-	-	18	10,424.00	1.28
Others	30	9,645.50	9.57	57	22,341.00	21.90	220	80,632.60	9.91
TOTAL	221	100,819.35	100.00	236	102,015.45	100.00	2,234	813,242.74	100.00

a Excludes technical assistance loans (which are included in loan data) and regional activities.

b Cumulative data adjusted to exclude technical assistance grants withdrawn by governments.

Table 35

NET TRANSFER OF RESOURCES TO DMCs (OCR), 1983-1994

(amounts in \$ million)

DMC	1983-1987 Average	1988	1989	1990	1991	1992	1993	1994
Afghanistan	-	-	-	-	-	-	-	-
Bangladesh	(0.92)	0.01	0.44	(0.33)	(0.32)	1.05	(0.32)	(0.36)
Bhutan	-	-	-	-	-	-	-	-
Cambodia	-	-	-	-	-	-	-	-
China, People's Rep. of	-	2.57	50.38	47.98	171.99	142.41	363.37	390.38
Cook Islands	-	-	-	-	-	-	-	-
Fiji	(0.04)	13.71	(7.23)	(12.28)	(0.24)	(3.99)	(7.99)	(9.49)
Hong Kong	(14.48)	-	-	-	-	-	-	-
India	2.15	52.74	72.49	182.82	445.89	293.16	84.53	339.05
Indonesia	99.23	241.36	391.56	348.73	176.17	113.21	58.09	(442.00)
Kiribati	-	-	-	-	-	-	-	-
Korea, Rep. of	(63.88)	(169.33)	(438.81)	(17.87)	22.07	22.63	(62.49)	(73.54)
Lao PDR	-	-	-	-	-	-	-	-
Malaysia	(10.99)	(47.34)	(50.79)	(26.09)	(3.82)	(35.18)	(247.93)	(40.06)
Maldives	-	-	-	-	-	-	-	-
Marshall Islands	-	-	-	-	-	-	-	-
Mongolia	-	-	-	-	-	-	-	-
Myanmar	(0.64)	(0.73)	(0.76)	(0.79)	(0.77)	(0.77)	(0.78)	(1.04)
Nepal	-	-	-	0.56	0.71	2.34	(0.01)	(0.04)
Pakistan	0.13	20.75	139.82	109.15	136.53	63.60	76.35	2.88
Papua New Guinea	1.70	7.74	6.90	14.48	13.76	(7.59)	(13.69)	(15.79)
Philippines	19.56	(76.71)	(41.00)	46.43	(47.84)	(56.65)	(86.44)	(60.35)
Singapore	(9.59)	(15.35)	(13.29)	(16.76)	(9.84)	(14.89)	(2.85)	-
Solomon Islands	-	-	-	-	-	-	-	-
Sri Lanka	(0.97)	0.30	-	-	0.19	0.97	1.25	0.71
Taipei, China	(7.30)	(7.65)	(7.19)	(4.06)	(1.43)	-	-	-
Thailand	9.49	(80.43)	(61.86)	(174.98)	(186.77)	(89.43)	9.54	18.44
Tonga	-	-	-	-	-	-	-	-
Vanuatu	-	-	-	-	-	-	-	-
Viet Nam	0.17	(0.11)	(0.22)	(0.22)	(0.44)	-	(0.43)	-
Western Samoa	-	-	-	-	-	-	-	-
Regional Equity Investments	-	5.00	34.98	11.66	0.75	-	5.79	15.24
TOTAL	23.30	(53.46)	75.43	508.44	716.60	430.87	175.99	124.03

Note: Net Transfer of Resources defined as disbursements less repayments and interests/charges received. Includes private sector loans and net equity investments.

Table 36
NET TRANSFER OF RESOURCES TO DMCs (ADF), 1983-1994
(amounts in \$ million)

DMC	1983-1987 Average	1988	1989	1990	1991	1992	1993	1994
Afghanistan	(0.78)	(1.50)	(1.34)	(1.32)	(1.32)	-	-	-
Bangladesh	111.64	208.52	300.13	279.80	243.84	287.56	183.27	322.42
Bhutan	1.25	3.38	2.97	3.66	4.21	2.14	1.33	2.01
Cambodia	-	-	-	-	-	(1.38)	5.35	11.86
China, People's Rep. of	-	-	-	-	-	-	-	-
Cook Islands	0.31	-	0.29	0.74	1.14	4.63	1.28	0.98
Fiji	-	-	-	-	-	-	-	-
Hong Kong	-	-	-	-	-	-	-	-
India	-	-	-	-	-	-	-	-
Indonesia	5.08	54.92	53.59	106.98	13.48	35.61	45.03	28.59
Kiribati	0.21	0.26	0.02	0.67	0.37	0.33	(0.05)	0.15
Korea, Rep. of	(0.32)	(0.34)	(0.32)	(0.32)	(0.31)	-	-	-
Lao PDR	3.20	4.77	30.22	39.32	25.42	13.43	36.03	19.61
Malaysia	(0.26)	(0.28)	(0.27)	(0.27)	(0.27)	(0.27)	(0.26)	(0.66)
Maldives	0.47	0.86	0.61	4.06	4.15	3.96	2.25	1.12
Marshall Islands	-	-	-	-	-	0.25	0.89	1.22
Mongolia	-	-	-	-	10.00	15.90	10.95	20.99
Myanmar	24.84	31.46	20.90	1.74	(2.82)	(5.32)	(8.67)	(15.58)
Nepal	29.73	35.52	73.20	57.04	66.66	34.16	54.25	51.75
Pakistan	97.94	174.05	199.28	201.01	256.00	152.61	210.94	389.37
Papua New Guinea	3.43	8.31	6.79	38.20	50.43	8.32	19.74	20.31
Philippines	13.84	31.51	41.09	116.76	91.51	74.66	89.53	43.12
Singapore	(0.27)	(0.30)	(0.29)	(1.40)	-	-	-	-
Solomon Islands	1.59	5.39	3.46	1.98	(0.81)	0.68	2.36	(0.17)
Sri Lanka	31.15	57.09	68.70	101.82	139.45	118.35	109.90	73.86
Taipei, China	-	-	-	-	-	-	-	-
Thailand	8.64	1.99	0.09	(1.28)	(1.78)	(2.00)	(1.97)	(2.23)
Tonga	0.62	1.32	0.48	0.80	0.64	1.22	1.50	4.79
Vanuatu	0.37	0.74	3.02	2.54	4.83	0.37	0.62	0.86
Viet Nam	0.44	(0.23)	-	-	-	-	-	(0.11)
Western Samoa	1.42	1.04	1.25	9.85	13.00	2.41	2.87	2.53
Regional Equity Investments	-	-	-	-	-	-	-	-
TOTAL	334.55	618.48	803.87	962.41	918.33	747.64	755.06	976.80

Note: Net Transfer of Resources defined as disbursements less repayments and interests/charges received. Includes private sector loans and net equity investments.

Table 37**NET TRANSFER OF RESOURCES TO DMCs (OCR and ADF), 1983-1994**

(amounts in \$ million)

DMC	1983-1987 Average	1988	1989	1990	1991	1992	1993	1994
Afghanistan	(0.78)	(1.50)	(1.34)	(1.32)	(1.32)	-	-	-
Bangladesh	110.72	208.53	300.58	279.47	243.52	288.60	182.95	322.06
Bhutan	1.25	3.38	2.97	3.66	4.21	2.14	1.33	2.01
Cambodia	-	-	-	-	-	(1.38)	5.35	11.86
China, People's Rep. of	-	2.57	50.38	47.98	171.99	142.41	363.37	390.38
Cook Islands	0.31	-	0.29	0.74	1.14	4.63	1.28	0.98
Fiji	(0.40)	13.71	(7.23)	(12.28)	(0.24)	(3.99)	(7.99)	(9.49)
Hong Kong	14.48	-	-	-	-	-	-	-
India	2.15	52.74	72.49	182.82	445.89	293.16	84.53	339.05
Indonesia	104.82	296.28	445.15	455.71	189.65	148.82	103.12	(413.41)
Kiribati	0.21	0.26	0.02	0.67	0.37	0.33	(0.05)	0.15
Korea, Rep. of	(64.20)	(169.67)	(439.13)	(18.19)	21.76	22.63	(62.49)	(73.54)
Lao PDR	3.20	4.77	30.22	39.32	25.42	13.43	36.03	19.61
Malaysia	(11.25)	(47.63)	(51.07)	(26.36)	(4.09)	(35.44)	(248.19)	(40.72)
Maldives	0.47	0.86	0.61	4.06	4.15	3.96	2.25	1.12
Marshall Islands	-	-	-	-	-	0.25	0.89	1.22
Mongolia	-	-	-	-	10.00	15.90	10.95	20.99
Myanmar	24.19	30.74	20.15	0.95	(3.09)	(6.09)	(9.44)	(16.62)
Nepal	29.73	35.52	73.20	57.61	67.37	36.50	54.23	51.71
Pakistan	98.07	194.81	339.10	310.17	392.52	216.22	287.29	392.25
Papua New Guinea	5.13	16.05	13.69	52.68	64.19	0.74	6.05	4.51
Philippines	33.40	(15.20)	0.09	163.19	43.67	18.01	3.08	(17.23)
Singapore	(9.86)	(15.65)	(13.58)	(18.16)	(9.84)	(14.89)	(2.85)	-
Solomon Islands	1.59	5.39	3.46	1.98	(0.81)	0.68	2.36	(0.17)
Sri Lanka	30.19	57.39	68.70	101.82	139.64	119.32	111.15	74.57
Taipei, China	(7.30)	(7.65)	(7.19)	(4.06)	(1.43)	-	-	-
Thailand	18.13	(78.44)	(61.78)	(176.26)	(188.55)	(91.42)	7.56	16.21
Tonga	0.62	1.32	0.48	0.80	0.64	1.22	1.50	4.79
Vanuatu	0.37	0.74	3.02	2.54	4.83	0.37	0.62	0.86
Viet Nam	0.27	(0.33)	(0.22)	(0.22)	(0.44)	-	(0.43)	(0.11)
Western Samoa	1.42	1.04	1.25	9.85	13.00	2.41	2.87	2.53
Regional Equity Investments	-	5.00	34.98	11.66	0.75	-	5.79	15.24
TOTAL	357.01	565.01	879.30	1,470.85	1,634.93	1,178.51	931.04	1,100.83

Note: Net Transfer of Resources defined as disbursements less repayments and interests/charges received. Includes private sector loans and net equity investments.

FINANCIAL RESOURCES

Table 38
STATUS OF ASIAN DEVELOPMENT FUND RESOURCES
(amounts in \$ million)

	Change in 1994					
	Valued as of 31/12/93 US\$Equiv.	Addition US\$Equiv.	Exchange Rate Adjustments ^a US\$Equiv.	Net Change US\$Equiv.	Valued as of 31/12/94 US\$Equiv.	SDREquiv. ^b
Contributed Resources^c						
Australia	571.73	124.48	95.64	220.12	791.85	542.42
Austria	120.93	12.52	13.24	25.76	146.69	100.48
Belgium	106.87	10.46	14.69	25.15	132.02	90.43
Canada	860.63	93.15	(51.22)	41.93	902.56	618.25
Denmark	105.85	18.06	14.23	32.29	138.14	94.63
Finland	60.05	3.54	13.86	17.40	77.45	53.05
France	547.97	73.86	57.78	131.64	679.61	465.54
Germany	946.23	100.68	114.07	214.75	1,160.98	795.28
Hong Kong	2.63	1.50	-	1.50	4.13	2.83
Indonesia	4.96	-	-	-	4.96	3.40
Italy	303.46	-	13.82	13.82	317.28	217.34
Japan	8,268.26	997.85	1,083.94	2,081.79	10,345.05	7,086.38
Korea, Rep. of	11.65	7.50	-	7.50	19.15	13.12
Nauru	0.43	0.72	-	0.72	1.15	0.79
The Netherlands	310.99	46.58	46.37	92.95	433.94	297.25
New Zealand	29.08	5.43	4.98	10.41	39.49	27.05
Norway	70.67	14.94	9.65	24.59	95.26	65.25
Spain	63.96	8.50	5.64	14.14	78.10	53.50
Sweden	105.56	29.59	14.48	44.07	149.63	102.50
Switzerland	182.75	17.94	24.66	42.60	225.35	151.37
Taipei, China	5.25	7.50	-	7.50	12.75	8.73
Turkey	39.20	26.76	-	26.76	65.96	45.18
United Kingdom	413.89	47.99	22.91	70.90	484.79	332.08
United States	1,867.60	220.31	-	220.31	2,087.91	1,430.22
Total Contributed Resources	15,025.60^d	1,869.86^e	1,498.73	3,368.59	18,394.19	12,600.05
Additional Resources						
Set-Aside Resources	65.40	-	4.10	4.10	69.50	47.61
Transfers from TASF	1.17	-	0.10	0.10	1.27	0.87
Unrealized Investment Holding Gains (Losses)	4.32	(7.19)	-	(7.19)	(2.87)	(1.97)
Accumulated Translation Adjustments ^f	43.42	69.80	-	69.80	113.22	77.56
Accumulated Surplus	808.57	60.94	-	60.94	869.51	595.62
Total Additional Resources	922.88	123.55	4.20	127.75	1,050.63	719.69
Total Resources	15,948.48	1,993.41	1,502.93	3,496.34	19,444.82	13,319.74
Less: Amounts Disbursed and Outstanding	9,375.21 ^g	1,080.61	899.50	1,980.11	11,355.32 ^h	7,778.42
Total Undisbursed Resources	6,573.27	912.80	603.43	1,516.23	8,089.50	5,541.32
ADF Lending Limitationⁱ	6,390.03				7,877.42	5,396.05
Less: Amounts Committed but Undisbursed:						
Denominated in US Dollars	26.44	(26.44)	-	(26.44)	-	-
Denominated in SDRs	5,070.85	(336.28)	355.87	19.59	5,900.44	4,103.46
ADF Lending Headroom^j	392.74				1,886.98	1,292.59
Advance Commitment Authority	326.92^k				212.42^l	145.51
Total Commitment Authority	719.66				2,099.40	1,438.10

Note: Figures may not add due to rounding.

a Relates to balances as of 31 December 1993 and additions during 1994.

b Valued at the rate of \$1.45985 per SDR as of 31 December 1994.

c Amounts are adjusted for exchange rate changes and do not necessarily correspond to the initial ADF contributions of individual countries.

d Excludes \$76.28 million representing amounts of ADF contributions paid but not available for loan commitments as of 31 December 1994.

e Represents amounts made available for loan commitments towards the first and second tranches of the United States' contribution, the first, second and third tranches of Turkey,

and the second and third tranches of other donors' contributions to the Fifth ADF Replenishment (ADF VI).

f Accumulated Translation Adjustments are the cumulative changes, up to the end of the reporting period, in the US dollar value of net assets created by accumulated surplus.

g Net of \$0.65 million allowance for possible losses as of 31 December 1993.

h Net of \$1.47 million allowance for possible losses as of 31 December 1994.

i Equal to a proportion, referred to as the gearing ratio, of total undisbursed resources. The gearing ratio is the ratio, determined on the basis of a US dollar appreciation of 10 per

cent, of the total value of the basket of contributed resources to the total value of the basket of committed but undisbursed loans.

j Equal to the difference between the lending limitation and the amount of committed but undisbursed loans.

k Equal to 85 per cent of projected ADF investment income and loan repayments during the period 1 January 1995 to 31 December 1995.

l Equal to 85 per cent of projected ADF investment income and loan repayments during the period 1 January 1994 to 31 December 1994.



Table 39
TECHNICAL ASSISTANCE SPECIAL FUND
(US Dollar Equivalent; as of 31 December 1994)^a

Contributor	Total Contributions	Amount Utilized
Direct Voluntary Contributions		
Australia	2,484,371	2,484,371
Austria	156,753	149,704
Bangladesh	47,352	47,352
Belgium	1,386,321	1,325,523
Canada	3,345,751	3,345,751
China, People's Rep. of	600,000	600,000
Denmark	1,962,529	1,962,529
Finland	237,201	237,201
France	1,697,451	1,697,451
Germany	3,314,813	3,314,813
Hong Kong	100,000	100,000
India	2,408,284	2,291,549
Indonesia	250,000	250,000
Italy	774,147	774,147
Japan	47,710,427	47,710,427
Korea, Rep. of	1,900,000	1,900,000
Malaysia	909,129	909,129
The Netherlands	1,337,478	1,337,478
New Zealand	1,095,632	1,095,632
Norway	3,278,953	3,278,953
Pakistan	1,052,989	990,830
Singapore	100,000	100,000
Spain	189,580	189,580
Sri Lanka	6,309	6,309
Sweden	861,358	861,358
Switzerland	1,035,043	1,035,043
Taipei, China	200,000	200,000
United Kingdom	5,616,740	5,616,741
United States	1,500,000	1,500,000
Sub-total	85,558,613	85,311,372
Regularized Replenishment Contributions ^b	235,461,485	195,027,969
Transfers to Asian Development Fund	(1,255,517)	(1,255,517)
Allocation from OCR Net Income	180,000,000	34,687,050
Other Resources ^c	32,434,957	16,999,364
TOTAL	532,199,539	330,770,237

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 1994.

b Represents the TASF portion of contributions to the Replenishment of the Asian Development Fund and the Technical Assistance Special Fund authorized by Governors' Resolution Nos. 182 and 214.

c Represents income, repayments and reimbursements accruing to TASF since April 1980.

Table 40
JAPAN SPECIAL FUND
Statement of Operations and Unexpended Balances
(amounts in \$ million)

	1988	1989	1990	1991	1992	1993	1994	Total
Contributions committed	35.8	58.8	63.4	32.9	69.4	88.6	100.1	449.0
Translation adjustments	—	(8.0)	5.8	11.1	1.2	17.7	35.7	63.5
	35.8	50.8	69.2	44.0	70.6	106.3	135.8	512.5
Revenue	1.2	3.2	7.0	9.9	7.9	7.8	7.2	44.2
Total	37.0	54.0	76.2	53.9	78.5	114.1	143.0	556.7
Expenses	1.6	9.6	16.0	22.8	27.5	34.9	43.4	155.8
Exchange gain (loss)	—	—	—	(0.5)	(0.1)	(0.1)	0.2	(0.5)
Unexpended Balances at End of the Year	<u>35.4</u>	<u>44.4</u>	<u>60.2</u>	<u>30.6</u>	<u>50.9</u>	<u>79.1</u>	<u>99.8</u>	<u>400.4</u>

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SUMMARY OF BUDGET FOR 1995
Internal Administrative Expenses
(amounts in \$ thousand)

	1994			
	Budget	After Transfers^a	Actual^b	1995 Budget
I. BOARD OF GOVERNORS	<u>887</u>	<u>887</u>	<u>616</u>	<u>709</u>
II. BOARD OF DIRECTORS	<u>7,251</u>	<u>7,298</u>	<u>7,235</u>	<u>8,103</u>
Salaries	3,983	3,970	3,907	4,499
Benefits	1,952	1,894	1,894	2,137
Relocation	231	456	456	324
Business Travel	504	373	373	485
Staff Services	581	605	605	658
III. OPERATIONAL EXPENSES	<u>132,815</u>	<u>132,815</u>	<u>129,510</u>	<u>139,572</u>
Salaries	66,303	66,868	66,868	68,642
Benefits	43,566	44,132	44,018	47,044
Staff Development	1,575	1,009	1,009	1,575
Relocation	2,373	2,373	2,187	2,765
Consultants	7,689	7,124	5,798	7,350
Business Travel	11,094	11,094	9,453	11,970
Representation	215	215	177	226
IV. ADMINISTRATIVE EXPENSES	<u>25,640</u>	<u>26,140</u>	<u>26,140</u>	<u>26,830</u>
Communications	2,806	2,747	2,747	2,985
Office Occupancy	5,553	5,400	5,400	6,019
Library	619	630	630	621
Expendable Supplies	1,639	1,352	1,352	1,559
Office Equipment	2,331	2,554	2,554	2,695
Contractual Services	3,802	3,211	3,211	3,913
Insurance	421	438	438	580
Depreciation	8,347	9,683	9,683	8,329
Miscellaneous	122	125	125	129
V. GENERAL CONTINGENCY	<u>1,666</u>	<u>1,119</u>	<u>-</u>	<u>1,752</u>
TOTAL	<u>168,259</u>	<u>168,259</u>	<u>163,501</u>	<u>176,966</u>
Special Separation Program				11,300
TOTAL				188,266

- a An amount of \$547,000 was allocated out of the General Contingency to the Budget Categories Board of Directors (\$47,000) and Other Administrative Expenses (\$500,000). Transfers were made between Budget Items within the other Budget Categories without exceeding the amount of each category.
- b Excludes: (1) \$1,633,000 as provision for severance pay; (2) \$730,000 as provision for accumulated compensated absences; (3) \$36,000 as bank charges pertaining directly to ADF and JSF; (4) an adjustment of \$4,193,000 on account of pension costs computed in compliance with US Financial Accounting Standards (FAS) 87; (5) an adjustment of \$8,281,000 as provision for accrued post-retirement benefit in compliance with FAS 106; (6) an adjustment for \$6,340,000 as provision for accrued resettlement/repatriation allowances in compliance with FAS 112; and (7) an adjustment for \$2,550,000 as provision for the Special Separation Program in compliance with FAS 88 which are included in the total internal administrative expenses of \$187,263,000 as shown in the financial statements. After deducting \$40,000 directly charged to the Scholarship Program, the total internal administrative expenses have been distributed as follows: OCR - \$110,733,000 (Ref. OCR-2), ADF - \$75,519,000 (Ref. ADF-2), TASF - \$2,000 (Ref. TASF-2), and JSF - \$969,000 (Ref. JSF-2).

APPENDIX 2**RESOLUTIONS OF BOARD OF GOVERNORS ADOPTED DURING 1994**

Resolution No.	Subject	Date Adopted
229	Financial Statements and Independent Auditors' Reports	5 May 1994
230	Allocation of Net Income	5 May 1994
231	Place and Date of Twenty-Eighth Annual Meeting	5 May 1994
232	Increase in Authorized Capital Stock and Subscriptions Thereto	22 May 1994
233	Decisions Relating to Section 5 of the By-Laws	25 November 1994
234	Decisions Relating to Sections 7(B)(a) & 7(C)(a) of the By-Laws	25 November 1994

BOARD OF GOVERNORS
(As of 31 December 1994)

WILLIAM F. BIRCH (New Zealand) (Chairman)
MOHAMMAD SAIFUR RAHMAN (Bangladesh) (Vice-Chairman)
NICOLAS IMBODEN (Switzerland) (Vice-Chairman)

MEMBER	GOVERNOR	ALTERNATE GOVERNOR
AFGHANISTAN, REPUBLIC OF ¹	(to be advised)	(to be advised)
AUSTRALIA	Ralph Willis	Gordon Bilney
AUSTRIA	Ferdinand Lacina	Hans Dietmar Schweisgrut
BANGLADESH	Mohammad Saifur Rahman	M. L. Majid
BELGIUM	Ph. Maystadt	J. P. Arnoldi
BHUTAN	Yeshey Zimba	Sonam Wangchuk
CAMBODIA	Keat Chhon ¹	Chanthol Sun ²
CANADA	André Ouellet	Louise Fréchette ³
CHINA, PEOPLE'S REPUBLIC OF	Zhu Rongji	Chen Yuan
COOK ISLANDS	G. A. Henry	Alistair Rutherford
DENMARK	Ole Loensmann Poulsen	Peter Brückner ⁴
Fiji	Berenado Vuniabobo ⁵	Ratu Jone Y. Kubuabola
FINLAND	Mauri Eggert	Kirsti Eskelinen
FRANCE	Edmond Alphandery	Christian Noyer
GERMANY	Hans-Peter Repnik	Klaus Regling
HONG KONG	N.W.H. Macleod	Joseph Yam
INDIA	Manmohan Singh	M. S. Ahluwalia
INDONESIA	Marie Muhammad	J. Soedradjad Djiebandono
ITALY	Antonio Fazio	Mario Draghi
JAPAN	Masayoshi Takemura ⁶	Yasuo Matsushita ⁷
KAZAKHSTAN	Akezhan Kazhegeklin ⁸	Serik Akhanov ⁹
KIRIBATI	Beniamina Tinga ¹⁰	Bureti Williams ¹¹
KOREA, REPUBLIC OF	Jae-hyong Hong ¹²	Myung-Ho Kim
KYRGYZ REPUBLIC	Kemelbek Nanaev ¹³	Askar Sarygulov ¹⁴
LAO PEOPLE'S DEMOCRATIC REPUBLIC	Khamxay Souphanouvong	Pany Yathotou
MALAYSIA	Datuk Seri Anwar Ibrahim	Datuk Clifford E. Herbert ¹⁵

¹ Succeeded Sam Rainsy in November.

² Succeeded Charn Prasidh in November.

³ Succeeded C. Scott Clark in November.

⁴ Succeeded Ellen Margrethe Löj in October.

⁵ Succeeded Paul F. Manuelli in August.

⁶ Succeeded Hirokisa Fujii in July.

⁷ Succeeded Yasushi Mieno in December.

⁸ Succeeded Derbisov D. Zh. in April. Derbisov E. Zh. appointed in January.

⁹ Succeeded Sembaev D. Kh in April. Sembaev D. Kh appointed in January.

¹⁰ Succeeded Taomati Iuta in October.

¹¹ Succeeded Ntina Tetimaniko in October.

¹² Succeeded Jae-Yoon Park in December. Jae-Yoon Park succeeded Jae hyong Hong in October.

¹³ Succeeded Kamchybek Shakirov in August. Kamchybek Shakirov appointed in April.

¹⁴ Appointed in April.

¹⁵ Succeeded Tan Sri Dato' Mohd. Sheriff Mohd. Rassim in September.

CONTINUED

MEMBER	GOVERNOR	ALTERNATE GOVERNOR
MAURITIUS	Ismail Shafeeu	Khadeeja Hassan
MARSHALL ISLANDS	Ruben R. Zackhras	Amon Tibon
MICRONESIA, FEDERATED STATES OF	Aloysius J. Tuuth	Lorin Robert
MONGOLIA	Demchigjavyn Molomzhams	S. Ochirpurey
MYANMAR	Win Tin	(to be advised)
NAURU	Vinson Detenamo ¹⁶	Kinza Clodumar
NEPAL	Bharat Mohan Adhikary ¹⁷	R.B. Bhatarai ¹⁸
THE NETHERLANDS	Gerrit Zalm ¹⁹	J. P. Pronk
NEW ZEALAND	William F. Birch	Murray Horn
NORWAY	Ashjøern Mathisen	Knut Volleback ²⁰
PAKISTAN	V. A. Jafarey	Aftab Ahmed Khan ²¹
PAPUA NEW GUINEA	Chris Haiveta ²²	Gereia Aopi
PHILIPPINES	Roberto F. de Ocampo ²³	Gabriel Singson
SINGAPORE	Richard Hu Tsu Tau	Ngiam Tong Dow
SOLOMON ISLANDS	Christopher C. Abe ²⁴	Manasseh Sogavare ²⁵
SPAIN	Javier Gomez-Navarro	Apolonio Ruiz Ligero ²⁶
SRI LANKA	Chandrika Bandaranaike Kumaratunga ²⁷	A. S. Jayawardena ²⁸
SWEDEN	Mats Karlsson ²⁹	Malin Karre ³⁰
SWITZERLAND	Nicolas Imboden	Rudolf Dannecker ³¹
TAIPEI, CHINA	Kuo-shu Liang ³²	Chung-Ying Lee
THAILAND	Tarinn Nimmannahaeminda	Aran Tharumaro
TONGA	J. C. Cocker	Kinikinilau Tutoataasi Fakafanua
TURKEY	Osman Birsen ³³	M. Bülent Özgün
TUVALU	Koloa Talake ³⁴	Mose Saitala
UNITED KINGDOM	Lynda Chalker	N. B. Hudson
UNITED STATES	Lloyd Bentsen	Joan E. Spero
VANUATU	Willie Jimmy	Antoine Pikioune ³⁵
VIET NAM	Cao Sy Kiem	Le Van Chau
WESTERN SAMOA	Tuilaepa S. Malielegaoi	Epa Tuioti

16 Succeeded Vinci N. Clodumar in August.

17 Succeeded Mahesh Acharya in December.

18 Succeeded Thakur Nath Pant in December.

19 Succeeded W. Kok in September.

20 Succeeded Torild Skard in August.

21 Succeeded Mazharul Haq Siddiqui in April. Mazharul Haq Siddiqui succeeded R.A. Akhund in January.

22 Succeeded Maskel Langalio in September. Maskel Langalio succeeded Julius Chan in January.

23 Succeeded Ernest Leung in February.

24 Appointed in December. Andrew G.H. Nori resigned in September. Andrew G.H. Nori succeeded Christopher C. Abe in February.

25 Succeeded George Kejoe in December. George Kejoe succeeded Synder Rini in February.

26 Succeeded Miguel Angel Teito Hernandez in February.

27 Succeeded D.B. Whjetfunga in August.

28 Succeeded R. Paskaralingam in August.

29 Appointed in December. Alf Samuelsson resigned in October.

30 Succeeded Lennart Boage in December.

31 Succeeded Louis Curvat in January.

32 Succeeded Samuel C. Hsieh in June.

33 Succeeded Osman Unsal in May.

34 Appointed in January.

35 Succeeded Harry Collins in February.

BOARD OF DIRECTORS AND VOTING GROUPS
 (As of 31 December 1994)

DIRECTOR	ALTERNATE DIRECTOR	MEMBERS REPRESENTED ¹
Daniel Besson	Hermann Escher ²	Belgium; France; Italy; Spain; Switzerland
Che Peiqin	Zhou Yuequn	People's Republic of China
Shigeo Kashiwagi ³	Soichi Yoshimura	Japan
Kyung-Woo Kim	Lloyd Fernando	Republic of Korea; Papua New Guinea; Sri Lanka; Taipei, China; Vanuatu
P.K. Lahiri	Kamaluddin Siddiqui ⁴	Bangladesh; Bhutan; India; Lao People's Democratic Republic; Viet Nam
Peter McCawley	John S. Evers	Australia; Cambodia; Hong Kong; Kiribati; Federated States of Micronesia; Nauru; Solomon Islands ⁵ ; Tuvalu
Julian H. Payne ⁶	Raimo Anttola	Canada; Denmark; Finland; Netherlands; Norway; Sweden
Snegito Sastromidjojo	Colin Pratt	Cook Islands; Fiji; Indonesia; Kyrgyz Republic; New Zealand; Tonga; Western Samoa
A. B. Soomro ⁷	Vicente R. Jayme	Maldives; Marshall Islands; Mongolia; Pakistan; Philippines
Hans-Jürgen Stryk ⁸	Teoman Kerman ⁹	Austria; Germany; Turkey; United Kingdom
U Soe Thwin	Syed Muhammad Abdul Kadir	Malaysia; Myanmar; Nepal; Singapore; Thailand
Linda Tsao Yang	N. Cinnamon Dornsite ⁹	United States

1 In alphabetical order within each group.

2 Succeeded René Legrand on 1 August.

3 Succeeded Susumu Fujimoto on 11 July.

4 Succeeded Qazi Shamsul Alam on 1 October.

5 Succeeded Anthony F. Burger on 1 August.

6 Succeeded Muhammad Akbar on 22 October.

7 Succeeded Adrian Davis on 1 July.

8 Succeeded Hans-Jürgen Stryk on 1 July.

9 Succeeded Carl T. Delfeld on 10 January.

COMMITTEES OF THE BOARD OF DIRECTORS
(As of 31 December 1994)

AUDIT COMMITTEE

Peter McCawley (Chairman)
Julian H. Payne
Soegito Saslromidjojo
A. B. Soamro
Hans-Jürgen Stryk
U Soe Thwin

BUDGET REVIEW COMMITTEE

P. K. Lahiri (Chairman)
Daniel Besson
Che Peiqin
Shigeo Kashiwagi
Kyoung-Woo Kim
Linda Tsao Yang

PRINCIPAL OFFICERS AND SENIOR STAFF^a

(As of 31 December 1994)

PRESIDENT'S OFFICE	
Mitsuo Sato	President
Günther G. Schulz	Vice-President (Finance and Administration)
Bong-Suh Lee	Vice-President (Projects)
Peter H. Sullivan	Vice-President (Operations)
William R. Thomson	Senior Counselor (External Relations)
STRATEGIC PLANNING UNIT	
Shoji Nishimoto	Manager
CO-FINANCING AND COORDINATION UNIT	
Vacant	Manager
OFFICE OF THE SECRETARY	
D.C. Amerasinghe	Secretary
Ian M. Hay	Assistant Secretary
OFFICE OF THE GENERAL COUNSEL	
Vacant	General Counsel
Eisuke Suzuki	Assistant General Counsel
Bruce A. Purdue	Assistant General Counsel
PROGRAMS DEPARTMENT (EAST)	
Etsushi Watanabe	Director
Vacant	Deputy Director
Bruce Murray	Programs Manager (Programs East I - People's Republic of China; Kazakhstan; Kyrgyz Republic; Mongolia; Taipei, China)
R. Swaminathan	Programs Manager (Programs East II - Hong Kong; Indonesia; Malaysia; Singapore)
Werner M. Schelzig	Programs Manager (Programs East III - Republic of Korea; Marshall Islands; Federated States of Micronesia; Nauru; Papua New Guinea; Philippines)
SOUTH PACIFIC REGIONAL OFFICE	
Lewis Hayashi	Director
INDONESIA RESIDENT OFFICE	
Theodore C. Patterson	Chief
PROGRAMS DEPARTMENT (WEST)	
Noritada Morita	Director
Dinh Xuan Vinh	Deputy Director
Frank J. Polman	Programs Manager (Programs West I - Afghanistan; Maldives; Pakistan; Sri Lanka)
Bhanuphol Horayangura	Programs Manager (Programs West II - Bangladesh; Bhutan; India; Nepal)
Ricardo M. Tan	Programs Manager (Programs West III - Cambodia; Lao People's Democratic Republic; Myanmar; Thailand; Viet Nam)
BANGLADESH RESIDENT OFFICE	
G.H.P.B. van der Linden	Chief
PAKISTAN RESIDENT OFFICE	
Akira Seki	Chief
NEPAL RESIDENT OFFICE	
Abdul Gaffar Nasution	Chief
INDIA RESIDENT OFFICE	
Richard O. Wada	Chief

a A reorganization of the Bank came into effect on 1 January 1995. For the new organization chart, see page 253.

DEVELOPMENT POLICY OFFICE

Vacant	Chief
K.H. Molnuddin	Assistant Chief

ECONOMICS AND DEVELOPMENT RESOURCE CENTER

Vishvanath V. Desai	Chief Economist
John Malcolm Dowling, Jr.	Assistant Chief Economist (Economic Analysis and Research)
Jungsoo Lee	Assistant Chief Economist (Project Economic Evaluation)
William T.C. Ho	Assistant Chief Economist (Statistics and Data Systems)

AGRICULTURE DEPARTMENT

Richard M. Bradley	Director
Yang Weinan	Deputy Director
Nihal Amerasinghe	Manager (Agriculture Division I – People's Republic of China; Mongolia; Myanmar; Philippines; Taipei,China)
M.E. Tusneem	Manager (Agriculture Division II – Hong Kong; Indonesia; Republic of Korea; Malaysia; Singapore)
Hans-Juergen Springer	Manager (Agriculture Division III – Bangladesh; Cambodia; Lao People's Democratic Republic; Thailand; Viet Nam)
Robert C. May	Manager (Agriculture Division IV – Bhutan; India; Kiribati; Marshall Islands; Federated States of Micronesia; Nauru; Nepal; Papua New Guinea; South Pacific DMCs)
Vacant	Manager (Agriculture Division V - Afghanistan; Kazakhstan; Kyrgyz Republic; Maldives; Pakistan; Sri Lanka)

SOCIAL DIMENSIONS UNIT

Musunuru S. Rao	Manager
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INFRASTRUCTURE DEPARTMENT

Vacant	Director
Eustace A. Nonis	Deputy Director
Günter Hecker	Manager (Transport and Communications Division – East)
Nalin P. Samarasinghe	Manager (Transport and Communications Division – West)
Asad Ali Shah	Manager (Water Supply and Urban Development Division – East)
James E. Rockett	Manager (Water Supply and Urban Development Division – West)
William M. Fraser	Manager (Education, Health and Population Division – East)
Shigeko M. Asher	Manager (Education, Health and Population Division – West)

PRIVATE SECTOR DEPARTMENT

John D. Taylor	Director
A. Timothy Peterson	Deputy Director
Keon-Woo Lee	Manager, Private Sector Support Unit
Mumtaz Iqbal	Manager (Area Division I – Afghanistan; Bhutan; Maldives; Marshall Islands; Federated States of Micronesia; Nepal; Papua New Guinea; Philippines; Sri Lanka)
Vacant	Manager (Area Division II – Cambodia; People's Republic of China; Indonesia; Lao People's Democratic Republic; Myanmar; Thailand; Viet Nam)
J. Antonio M. Quila	Manager (Area Division III - Bangladesh; Hong Kong; India; Kazakhstan; Kiribati; Republic of Korea; Kyrgyz Republic; Malaysia; Mongolia; Nauru; Pakistan; Singapore; South Pacific DMCs; Taipei,China)

ENERGY AND INDUSTRY DEPARTMENT

Shehzad M. Sadig	Director
Vacant	Deputy Director
Paul M. Dickie	Manager (Industry and Minerals Division)



CONTINUED

Alan D. Burrell	Manager (Power Division East – People's Republic of China; Hong Kong; Indonesia; Kazakhstan; Kiribati; Republic of Korea; Kyrgyz Republic; Malaysia; Marshall Islands; Federated States of Micronesia; Mongolia; Nauru; Papua New Guinea; Philippines; Singapore; South Pacific DMCs; Taipei, China)
Vladimir Bohun	Manager (Power Division West – Afghanistan; Bangladesh; Bhutan; Cambodia; India; Lao People's Democratic Republic; Maldives; Myanmar; Nepal; Pakistan; Sri Lanka; Thailand; Viet Nam)
OFFICE OF THE ENVIRONMENT	
Kazi F. Jalal	Chief
B.N. Lohani	Assistant Chief
CENTRAL PROJECTS SERVICES OFFICE	
Vacant	Chief
Lim Say Hup	Manager (Consulting Services Division)
Vacant	Manager (Central Projects Administration Coordination Division)
BUDGET, PERSONNEL AND MANAGEMENT SYSTEMS DEPARTMENT	
Tsuyoshi Takahashi	Director
Tony Wan	Deputy Director
Suresh A. Seshan	Manager (Budget and Management Services)
Charles F. Coe	Manager (Human Resources)
Chua Siaw Bah	Manager (Training and Development)
Richard Eyre	Manager (Compensation and Benefits)
OFFICE OF ADMINISTRATIVE SERVICES	
N. Viswanathan	Chief
John Ling	Manager (General Services)
Turhan K. Mangun	Manager (Support Services)
K.S. Subramanian	Manager (Facilities Management)
CONTROLLER'S DEPARTMENT	
Ivan L. Zimonyi	Controller
Than Win	Assistant Controller (Accounting)
S. Kalyanaraman	Assistant Controller (Disbursement Division – East)
Louis Wong	Assistant Controller (Disbursement Division – West)
TREASURER'S DEPARTMENT	
Tadahiro Asami	Treasurer
Rip Min	Deputy Treasurer
Erikki K. Jappinen	Assistant Treasurer (Funding)
Chi-Chuan Hung	Assistant Treasurer (Investments)
Dalheue Coue	Assistant Treasurer (Treasury Services)
Ifzal Ali	Assistant Treasurer (Financial Policy)
INFORMATION OFFICE	
Maurice D. Bauche	Chief Information Officer
Robert H. Salomon	Assistant Chief Information Officer
OFFICE OF COMPUTER SERVICES	
John W. Thorp	Chief
INTERNAL AUDIT OFFICE	
Bernard Donge	Chief
M. Kaleemuddin Haquani	Assistant Chief
POST-EVALUATION OFFICE	
A.I. Aminul Islam	Chief
Devinder Singh	Assistant Chief

FORMER ADB PRESIDENTS AND VICE-PRESIDENTS**PRESIDENTS**

Mr. Takeshi Watanabe	—	24 November 1966 - 24 November 1972
Mr. Shiro Inoue	—	25 November 1972 - 23 November 1976
Mr. Taroichi Yoshiida	—	24 November 1976 - 23 November 1981
Mr. Masao Fujioka	—	24 November 1981 - 23 November 1989
Mr. Kimimasa Tarumizu	—	24 November 1989 - 24 November 1993

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
Mr. In Yong Chung	—	1 August 1988 - 31 July 1993
Mr. William R. Thomson	—	17 September 1990 - 30 June 1994

Major ADB Publications

STUDIES AND REPORTS

Agriculture and Agro-Industry

- Agricultural Development in Papua New Guinea: Policies and Issues (1992)
Comparative Advantage in the Livestock and Feedstuff Sectors in the ASEAN Region (Agriculture Dept. Staff Paper No. 2) (1991)
Evaluating Rice Market Intervention Policies: Some Asian Examples (1980)
Fisheries Sector Profile of Papua New Guinea (1991)
Fisheries Sector Profile of the Philippines (1993)
Gender Issues in Agriculture (1990)
Handbook on the Use of Pesticides in the Asia-Pacific Region (1987)
Industrial Crops in Asia (Agriculture Dept. Staff Paper No. 7) (1993)
Mangrove Forests: A Valuable but Threatened Indo-Pacific Resource (Agriculture Dept. Staff Paper No. 5) (1992)
Rainfed Agriculture in Asia and the Pacific (1988)
Regional Seminar on Policies and Strategies for Livestock Development (1993)
Regional Workshop on Sustainable Agricultural Development in Asia and the Pacific Region (1992)
Review of Bank Operations in the Irrigation Sector 1966-1985
Sector Paper on Livestock (Agriculture Dept. Staff Paper No. 4) (1991)
Sustainable Agricultural Development (Concepts, Issues and Strategies) (Agriculture Dept. Staff Paper No. 1) (1991)
Tree Crop Sector Development in Indonesia (Agriculture Dept. Staff Paper No. 6) (1993)

Economy and Finance

- Asian Development Bank Economic Staff Paper Series
Asian Development Bank Economics and Development Resource Center Report Series
Asian Development Bank Occasional Paper Series
Asian Development Bank Statistical Report Series
Asian Development Outlook (annually) **
Economic Policies for Sustainable Development (1990)
Economic Policies for Sustainable Development - Indonesia (1992)
Economic Policies for Sustainable Development - Nepal (1992)
Export Finance: Some Asian Examples (1990)
Financing Public Sector Development Expenditures in Selected Countries (Overview and Country Studies) (1988)
Foreign Direct Investment in the Asia-Pacific Region (1988)
Improving Domestic Resource Mobilization Through Financial Development (Overview and Country Studies) (1986)
Informal Finance: Some Findings from Asia (1992) **
Key Indicators of Developing Asian and Pacific Countries (annually) **
Leasing in Developing Asia (1987)
Managing Financial Sector Distress and Industrial Adjustment (1992)
Mongolia: A Centrally Planned Economy in Transition (1992) **

Energy

- Costing and Pricing of Electricity in Developing Countries (1982)
Electric Utilities Data Book for the Asian and Pacific Region, Fourth Edition (1993) *
Energy Data Training Program and Workshop Proceedings (1989)
Energy End Use: An Environmentally Sound Development Pathway (1993) *
Energy Indicators of Developing Member Countries of ADB *
Environmental Considerations in Energy Development (1991)
Power Plant Maintenance Management (Volumes I & II) (1988)

Environment

- Environment and Development: A Pacific Island Perspective (1992) *
- Environment Legislation and Administration: Briefing Profiles of Selected Developing Member Countries of the Asian Development Bank (ADB Environment Paper No. 2) (1989) *
- Environmental Challenges in the People's Republic of China
- Environmental Evaluation of Coastal Zone Projects: Methods and Approaches (ADB Environment Paper No. 8) (1991)
- Environmental Loan Covenants: Helping Ensure the Environmental Soundness of Projects Supported by the Asian Development Bank (ADB Environment Paper No. 10) (1992)
- Environmental Loan Covenants: Principles, Checklists and Samples (ADB Environment Paper No. 12) (1993)
- Environmental Planning and Management (1986)
- Environmental Risk Assessment: Dealing with Uncertainty in Environmental Impact Assessment (ADB Environment Paper No. 7) (1991)
- Financing Environmentally Sound Development (1994) *
- How to Assess Environmental Impacts on Tropical Islands and Coastal Areas - Training Manual (1990)
- Integration of Environmental Considerations in the Program Cycle (ADB Environment Paper No. 5) (1990)
- Minimum Quality Criteria for Ecologically Sensitive Areas (ADB Environment Paper No. 4) (1989)
- Remote Sensing and Geographic Information System for Natural Resource Management (ADB Environment Paper No. 9) (1991) *
- Training Workshop on Environmental Impact Assessment and Evaluation: Proceedings and Training Manual (Volumes I & II) (1988)
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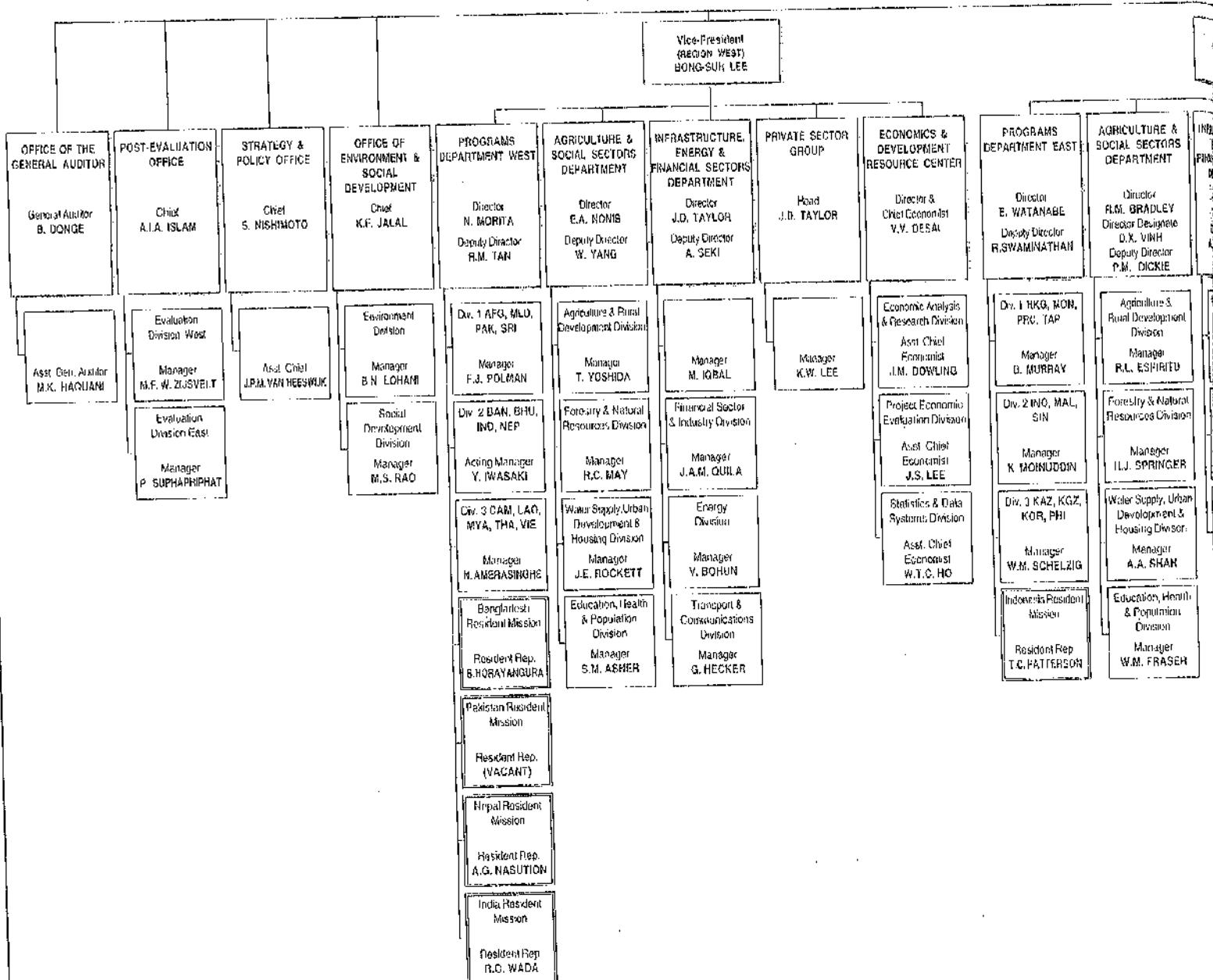
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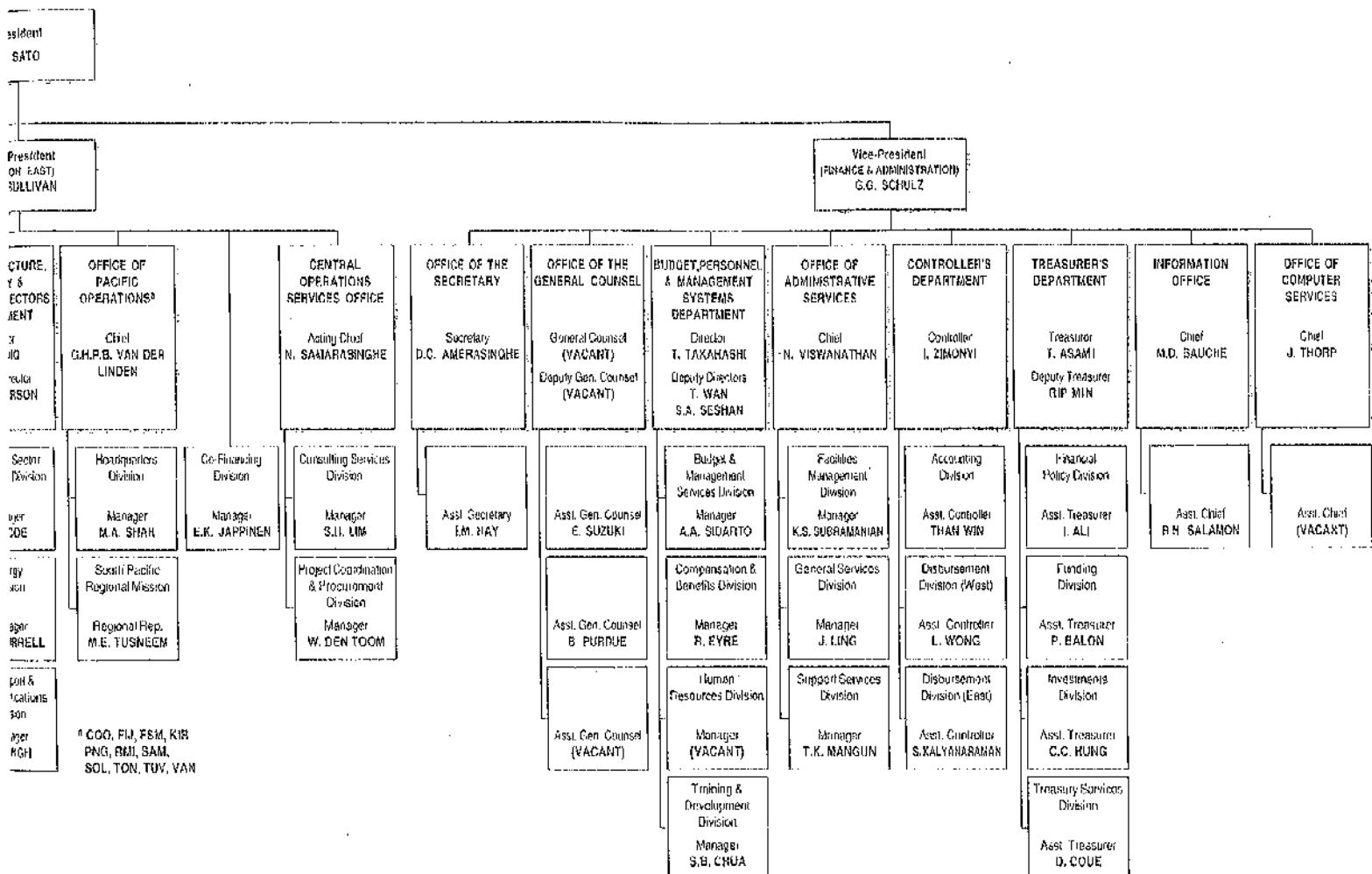
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^a COO, FIJ, FSM, KIR, PNG, RMI, SAM, SOL, TON, TUV, VAN



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Members

(year of membership)

Afghanistan, Republic of	(1966)	Marshall Islands	(1990)
Australia	(1966)	Micronesia, Federated States of	(1990)
Austria	(1966)	Mongolia	(1991)
Bangladesh	(1973)	Myanmar	(1973)
Belgium	(1966)	Nauru	(1991)
Bhutan	(1982)	Nepal	(1966)
Cambodia	(1966)	The Netherlands	(1966)
Canada	(1966)	New Zealand	(1966)
China, People's Republic of	(1986)	Norway	(1966)
Cook Islands	(1976)	Pakistan	(1966)
Denmark	(1966)	Papua New Guinea	(1971)
Fiji	(1970)	Philippines	(1966)
Finland	(1966)	Singapore	(1966)
France	(1970)	Solomon Islands	(1973)
Germany	(1966)	Spain	(1986)
Hong Kong	(1969)	Sri Lanka	(1966)
India	(1966)	Sweden	(1966)
Indonesia	(1966)	Switzerland	(1967)
Italy	(1966)	Taipei, China	(1966)
Japan	(1966)	Thailand	(1966)
Kazakhstan	(1994)	Tonga	(1972)
Kiribati	(1974)	Turkey	(1991)
Korea, Republic of	(1966)	Tuvalu	(1993)
Kyrgyz Republic	(1994)	United Kingdom	(1966)
Lao People's Democratic Republic	(1966)	United States	(1966)
Malaysia	(1966)	Vanuatu	(1981)
Maldives	(1978)	Viet Nam	(1966)
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