

**ASIAN
DEVELOPMENT
BANK**
ANNUAL REPORT
1991



The Asian Development Bank

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

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

In 25 years of operations, the Bank has become a major catalyst in promoting the development of the most populous and fastest-growing region in the world today. The Bank's principal functions are: (i) to make loans and equity investments for the economic and social advancement of developing member countries; (ii) to provide technical assistance for the preparation and execution of development projects and programs and advisory services; (iii) to promote investment of public and private capital for development purposes; and (iv) to respond to requests for assistance in coordinating development policies and plans of member countries. In its operations, the Bank is also required to give special attention to the needs of the smaller or less developed countries and give priority to regional, sub-regional and national projects and programs which will contribute to the harmonious economic growth of the region as a whole.

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

The Bank has borrowed funds for its ordinary operations from the capital markets of Europe, Asia, the Middle East and United States. The Bank's callable capital,

which at the end of 1991 accounted for nearly 88 per cent of its subscribed capital, backs its borrowings in the capital markets.

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

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

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

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

The Bank has 21 departments and offices at Headquarters, one Regional Office in Port Vila, Vanuatu, and four Resident Offices, one each in Dhaka, Bangladesh; Jakarta, Indonesia; Islamabad, Pakistan; and Kathmandu, Nepal. At the end of 1991, the Bank had 612 professional staff and 1,106 supporting staff.

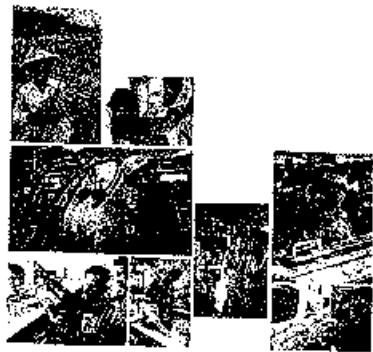
* The term 'country,' as used in the context of the Bank, refers to members of the Bank and does not imply any view on the part of the Bank as to their sovereignty or independent status.

210. - 1990

Philippines

1990
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THE PICTURES used on the cover represent a few of the hundreds of projects the Bank has financed over the first 25 years of its existence. They also tell a fascinating story of the region's economic development: its remarkable growth in agriculture and industry, its efforts to build up a strong base of physical infrastructure, its concern to enhance the quality of its human resources and its increasing attention to the need to develop and enrich its social sectors. A special theme chapter in this Report, marking the Bank's 25th anniversary, recalls this story and the role the Bank has played in it.

ASIAN DEVELOPMENT BANK
Manila

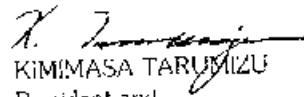
Office of the President

23 March 1992

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 1991, including a separate report on the activities of the Special Funds of the Bank, which has been prepared under the direction of the Board of Directors. The Annual Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,


KIMIMASA TARUMIZU
President and
Chairman of the
Board of Directors

Chairman of the
Board of Governors
Asian Development Bank

BANK HIGHLIGHTS, 1966-1991

Loans, Equity Operations and Technical Assistance

- * The Bank has committed a total of \$37.8 billion in loans and investments for 1,102 projects, including private sector entities. Total lending amounted to \$37.6 billion.
- * Under the Bank's private sector operations, which began in 1983, the Bank's cumulative commitments have amounted to \$655 million for 79 projects. Of this amount, \$168.2 million was for equity investments and lines of equity, \$10.5 million for equity underwritings and \$446.3 million for Bank loans. Complementary loans amounted to \$80 million.
- * Technical assistance, in grants and loans, has amounted to \$2.7 billion. Of this amount, \$347 million was provided for project preparation technical assistance which has so far resulted in 460 Bank loans totalling \$15.9 billion; \$2.3 billion was provided for project implementation and advisory technical assistance and \$100 million for regional technical assistance.
- * Co-financing, which has become an integral part of Bank operations, has amounted to \$10.8 billion, out of which official sources have contributed \$7.5 billion and commercial sources (including commercial banks, insurance companies and export credit sources), \$3.3 billion.

Resource Mobilization

- * Authorized capital stood at the equivalent of \$24.2 billion as of 31 December 1991.
- * A total of about \$11.3 billion has been borrowed from international capital markets for lending from ordinary capital resources.
- * About \$13.9 billion has been made available from the Asian Development Fund for concessional lending to poorer DMCs, and about \$176.2 million in Technical Assistance Special Fund contributions for financing technical assistance grants.

Sectoral Activities

- * Agriculture and Agro Industry: 159 irrigation and area development projects benefiting about 28.3 million people; 82 fisheries, livestock and forestry projects; 99 projects for industrial crops, agro-industry and support services; and eight fertilizer projects.
- * Energy: 178 projects, including 152 power projects for the creation of 18,000 MW of generation capacity, of which nearly 83 per cent will be based on indigenous resources, and for about 100,000 km of transmission-distribution circuits. Non-power energy projects provided for expanded production of natural gas and coal, rehabilitation of refineries and distribution networks for gas.
- * Finance Sector: 111 credit lines totalling \$3,800 million to 56 financial intermediaries in 23 DMCs, which have been used so far to create 18,500 subloans to small and medium-scale enterprises, as well as six program loans amounting to \$455 million.
- * Transport and Communications: 46 projects in the ports and shipping sector for the construction, rehabilitation, modernization and expansion of port facilities; 81 projects for the rehabilitation, maintenance and construction of primary, secondary and feeder roads; seven railway projects to increase freight capacity by about 70 million tons; and 14 telecommunications projects to improve and extend services.
- * Social Infrastructure: 69 water supply and sanitation projects benefiting more than 85 million people; 51 education projects involving the establishment, as well as rehabilitation and expansion, of primary, secondary and tertiary level education and training institutions directly benefiting millions of students to date and about 8,330 teaching and administrative staff in 1991, and the provision of 64 non-project related scholarships for nationals of the Bank's DMCs; 26 projects providing physical and institutional support for housing and/or a variety of urban infrastructure facilities covering components such as sites and services, slum upgrading, water supply, sewerage, drainage, solid waste management, flood control and urban transportation; and 19 health and population projects, providing physical and institutional support such as establishment or upgrading of rural health facilities and referral hospitals, health manpower development, production of essential drugs, improvement of storage and distribution of medical and family planning supplies, repair and maintenance of equipment, and provision of better malaria control measures.

LIST OF MEMBER COUNTRIES WITH CAPITAL STOCK AND VOTING POWER¹
 31 December 1991

MEMBERS	SUBSCRIBED CAPITAL Per Cent of Total	VOTING POWER Per Cent of Total	MEMBERS	SUBSCRIBED CAPITAL Per Cent of Total	VOTING POWER Per Cent of Total			
REGIONAL								
Afghanistan	0.074	0.444	Thailand	1.492	1.578			
Australia	6.339	5.456	Tonga	0.004	0.388			
Bangladesh	1.119	1.279	Vanuatu	0.007	0.390			
Bhutan	0.007	0.390	Viet Nam, Soc. Rep. of	0.374	0.684			
Cambodia	0.054	0.428	Western Samoa	0.004	0.387			
China, People's Rep. of	7.059	6.032	Total Regional	63.326	64.507			
Cook Islands	0.003	0.387	NON-REGIONAL					
Fiji	0.075	0.444	Austria	0.373	0.683			
Hong Kong	0.597	0.862	Belgium	0.373	0.683			
India	6.936	5.933	Canada	5.730	4.969			
Indonesia	5.966	5.158	Denmark	0.373	0.683			
Japan	14.916	12.317	Finland	0.373	0.683			
Kiribati	0.004	0.388	France	2.550	2.424			
Korea, Rep. of	5.519	4.800	Germany	4.739	4.176			
Lao PDR	0.015	0.397	Italy	1.980	1.969			
Malaysia	2.983	2.771	Netherlands	1.123	1.283			
Maldives	0.004	0.388	Norway	0.373	0.683			
Marshall Islands	0.003	0.387	Spain	0.373	0.683			
Micronesia, Fed. States of	0.001	0.388	Sweden	0.149	0.504			
Mongolia	0.016	0.398	Switzerland	0.639	0.896			
Myanmar	0.597	0.862	Turkey	0.373	0.683			
Nauru, Rep. of	0.004	0.388	United Kingdom	2.237	2.174			
Nepal	0.161	0.513	United States	14.916	12.317			
New Zealand	1.682	1.731	Total Non-Regional	36.674	35.493			
Pakistan	2.387	2.294	TOTAL	100.00	100.00			
Papua New Guinea	0.103	0.467						
Philippines	2.610	2.473						
Singapore	0.373	0.683						
Solomon Islands	0.007	0.390						
Sri Lanka	0.635	0.893						
Taipei, China	1.193	1.339						

¹ For tables with fuller details, see page 150

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THE ANNUAL REPORT OF THE ASIAN DEVELOPMENT BANK, 1991, WHICH WAS PREPARED AND APPROVED IN ACCORDANCE WITH THE APPLICABLE LAW.

Abbreviations

ADF	—	Asian Development Fund
BOO	—	Build-Operate-Own
BOT	—	Build-Operate-Transfer
CFS	—	Complementary Financing Scheme
DFI	—	Development Finance Institution
DMC	—	Developing Member Country
EDRC	—	Economics and Development Resource Center
GDP	—	Gross Domestic Product
GNP	—	Gross National Product
HRD	—	Human Resources Development
JSF	—	Japan Special Fund
LAO PDR	—	Lao People's Democratic Republic
LCF	—	Local Cost Financing
LFI	—	Local Financial Institution
NIE	—	Newly Industrializing Economy
NGO	—	Non-Governmental Organization
OCR	—	Ordinary Capital Resources
PAC	—	Pacific region
PIDMC	—	Pacific Island Developing Member Country
PRC	—	People's Republic of China
SA	—	South Asia
SP	—	South Pacific
SEA	—	Southeast Asia
SPRO	—	South Pacific Regional Office
TA	—	Technical Assistance
TASF	—	Technical Assistance Special Fund
WID	—	Women in Development

THE BANK IN 1991

THE BANK's loans and investments during 1991, its 25th anniversary year, rose 25 per cent from a year before to \$5,012 million for both public and private sectors. The total consisted of \$4,797 million in **government and government-guaranteed** loans (an increase of over 23 per cent), including credit lines routed through financial intermediaries, and \$215 million in **private sector operations** (up 85 per cent), which included direct loans without government guarantee of \$187 million and equity investments of \$28 million. Direct private sector lending showed a 137 per cent increase over the previous year while equity investments showed a 24 per cent decline.

Of the total public and private sector lending volume of \$4,984 million, loans from ordinary capital resources (OCR) rose 46 per cent to \$3,637 million and those from the concessional Asian Development Fund (ADF) decreased 9 per cent to \$1,347 million.

By lending modality, project loans accounted for \$3,219 million (65 per cent) of the total lending volume and showed a 46 per cent increase over 1990. Sector loans amounted to \$663 million (13 per cent), a 50 per cent increase from the previous year. Program loans of \$435 million (9 per cent of total lending) represented a

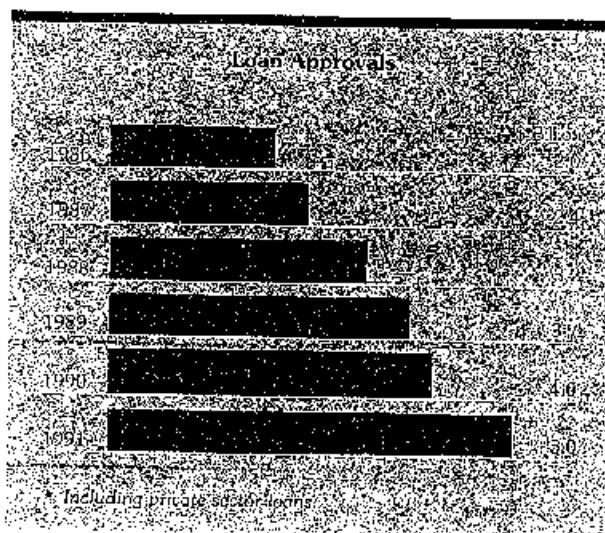
47 per cent decline from a year ago. Of the remaining lending volume, credit lines accounted for \$450 million (up 9.4 per cent from 1990) and unguaranteed private sector loans \$187 million (up 137 per cent).

The higher lending volume in 1991, involving 76 projects (against 57 a year ago), resulted mainly from an increased number of OCR projects in the pipeline. Of the 1991 project loans, which included \$180 million in fast-disbursing special assistance projects, 73 per cent (\$2,362 million) was from OCR and 27 per cent (\$887 million) from ADF. By comparison, 81 per cent of the 1990 project loans had been from OCR and 19 per cent from ADF. Of the \$663 million sector loans, 81 per cent (\$538 million) was from OCR and only 19 per cent (\$125 million) was from ADF. The volume of program loans declined in 1991 to \$435 million from \$820 million a year earlier, but 57 per cent of it (\$250 million) was from OCR and 43 per cent (\$185 million) from ADF. By comparison, in 1990, 76 per cent of program loans was from ADF and only 24 per cent from OCR.

NOTE ON DOLLAR AMOUNTS

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

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



OTHER HIGHLIGHTS OF THE YEAR

* The Twenty Fourth Annual Meeting of the Board of Governors was held in Vancouver, B.C., Canada, from 24 to 26 April.

* The Board of Governors unanimously re-elected Kimimasa Tarumizu as President. His five-year term began on 24 November.

* The Bank moved into its new Headquarters in Mandakuyong, Metro Manila, in March. The new Headquarters building was formally inaugurated by Philippine President Her Excellency Corazon C. Aquino in May.

* The variable lending rate on ordinary operations loans was raised to 6.61 per cent on 1 July from 6.50 per cent set on 1 January.¹

* An Administrative Tribunal, consisting of three judges, was established as an independent external and impartial appeal mechanism for the resolution of employment disputes between Management and staff.

* A high-level internal Task Force was appointed to recommend ways in which the Bank's private sector operational activities could be integrated with overall operations across the Bank to enhance their effectiveness and response to changing DMC requirements.

* A Strategic Planning Unit was established in July to develop and coordinate strategic planning in the Bank.

* The Private Sector Department was reorganized to create a Portfolio Management Unit in the Office of

the Director.

* Cooperation agreements were signed between the Bank and the Governments of Norway and Netherlands relating to the financing of technical assistance projects.

* The Domestic Preference Scheme for Bank-financed procurement was extended for another five years.

* The Bank hosted the Meeting of the Heads of Multilateral Financial Institutions (MFIs) on 18 October in Bangkok in conjunction with the IMF-World Bank annual meetings.

* The Bank sponsored the first Co-Financing Conference for Multilateral Financial Institutions in Vancouver in May during the Bank's 24th Annual Meeting.

* A joint ADB-World Bank seminar on Asian poverty was held in Kuala Lumpur.

* The third ADB Round Table on Development Strategies was held in Manila in January on the general theme of 'Resource Mobilization.' The ninth ADB Development Round Table was held in Manila in August on the general theme of External Resource Requirements and Debt Management.

* The Bank hosted an Asian Economic Outlook/World Project LINK conference in October to discuss economic forecasts for its developing member countries.

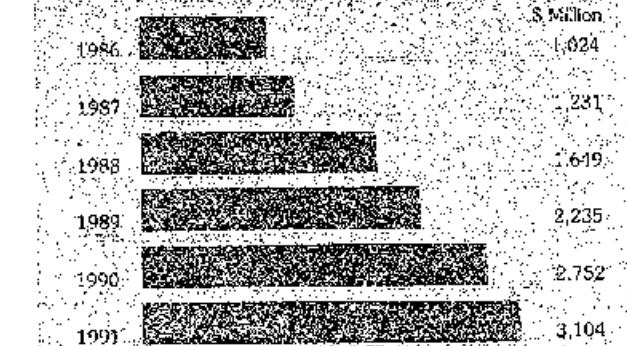
¹ The lending rate was reduced to 6.58 per cent on 1 January 1992.

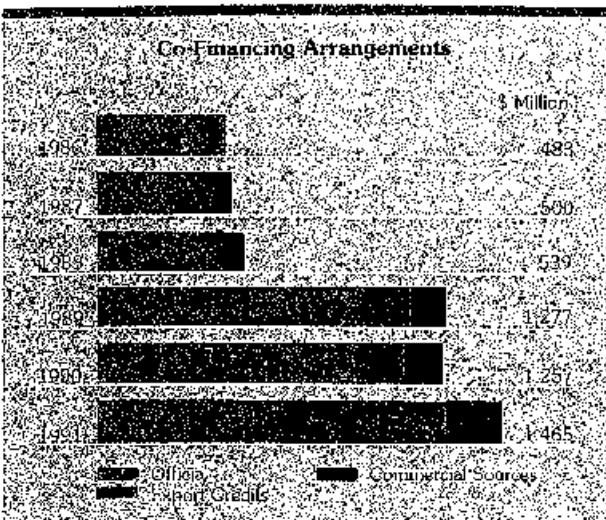
Number of Projects and Programs*



* Including private sector projects.

Loan Disbursements



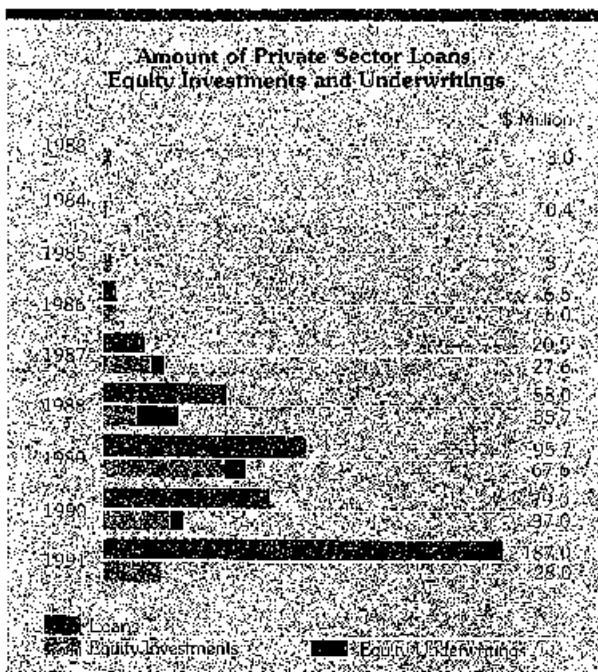


Despite the 1991 decline, the three-year moving average share (1990-1992) of program lending is expected to be about 15 per cent.

The average size of projects in 1991 (including both public and private sectors) was \$66 million, compared with \$70 million in 1990.

Government and government-guaranteed lending, of which \$3,450 million came from OCR (up 43 per cent) and \$1,347 million from ADF (down 9 per cent), involved 64 loans for 63 projects in 17 developing member countries (DMCs), against 56 loans for 50 projects in 18 DMCs in 1990. The year's biggest single loan was made to Indonesia in the amount of \$300 million for the Power XXI Project. Credit lines routed through financial intermediaries came to \$285 million.

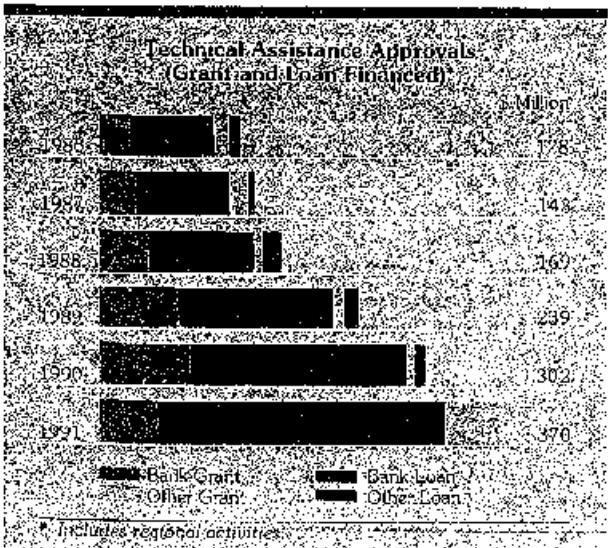
The Bank's total private sector operations in 1991 involved 13 loan projects and seven equity investments for 17 private enterprises and financial intermediaries.



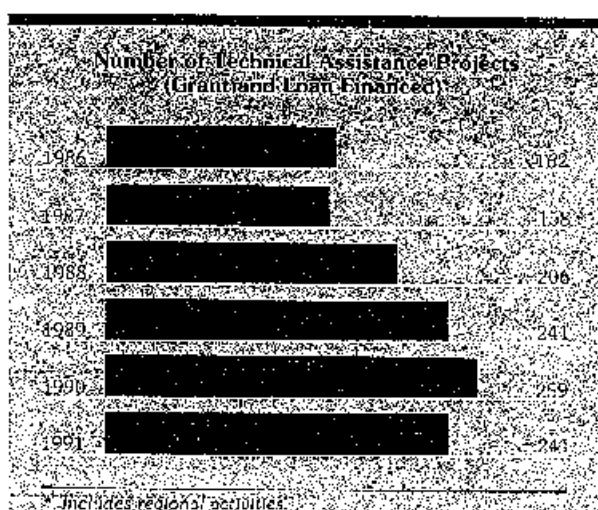
By sector, **energy** emerged as the foremost area of Bank lending during the year, accounting for \$1,763.5 million, or 35 per cent of the total lending, and showing an increase of 68 per cent from the previous year's total. The amount included \$1,731.5 million in public sector loans and \$32 million in unguaranteed loans to the private sector.

Agriculture and agro-industry was the second most important sector, accounting for \$1,035 million, or 20.8 per cent of the total lending volume, which, however, was a decline of 16.7 per cent from the previous year.

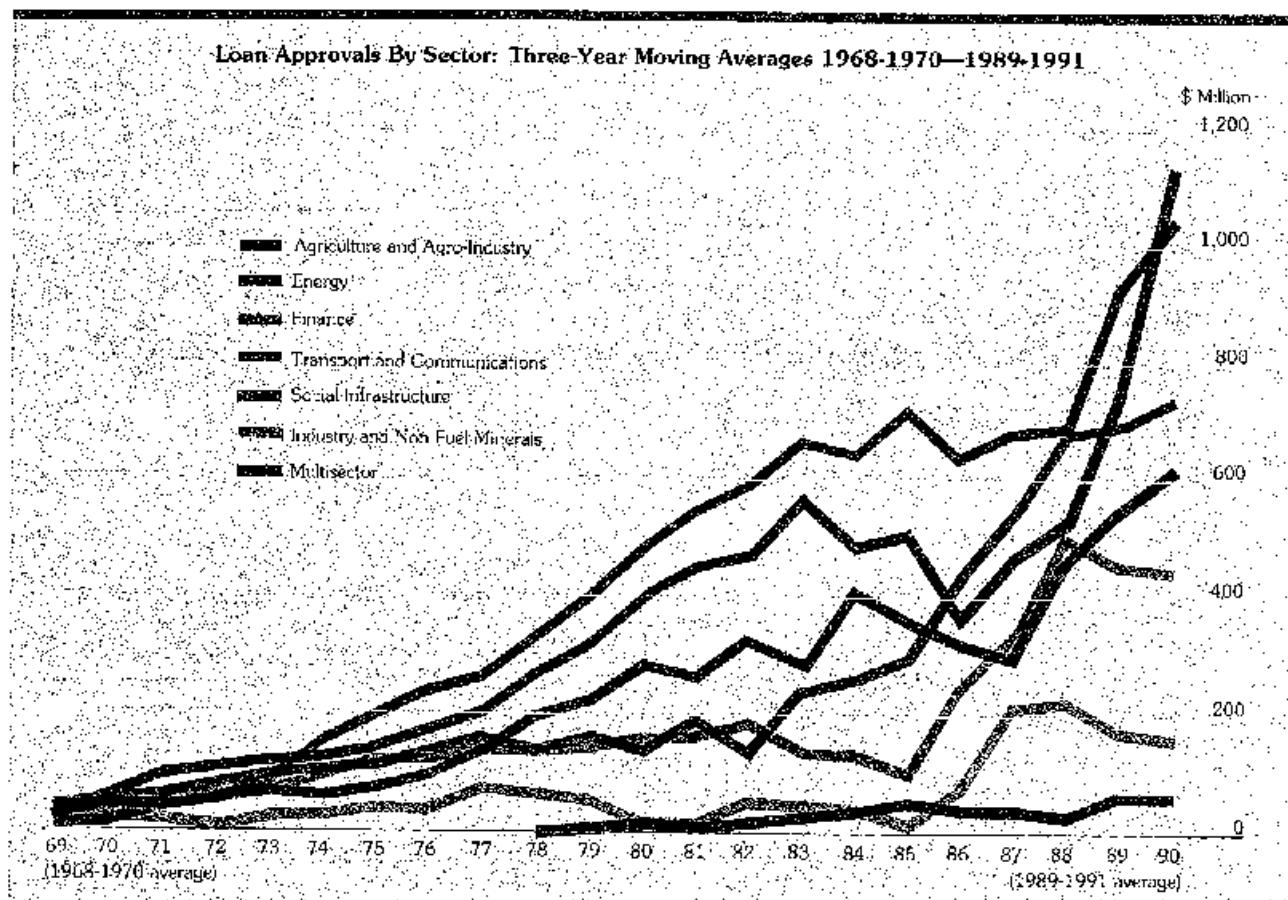
Loans to **industry and non-fuel minerals** were up 882 per cent to \$378 million, or 7.6 per cent of the total, and comprised \$313 million in the public sector and \$65 million in the private.



* Includes regional activities.



* Includes regional activities.



The **financial** sector, which includes loans to DFIIs, showed a 46 per cent increase to \$375 million, or 7.5 per cent of the total lending. The amount included \$90 million in unguaranteed private sector loans.

Transport and communications received \$772.5 million (down 9.6 per cent) for a 15.5 per cent share of the total lending. All the loans were for public sector projects.

Social infrastructure had a 13 per cent share of the total lending, or \$659.5 million, which was 57.5 per cent more than in 1990.

There were no **multisector** loans in 1991.

A total of \$105 million was approved as **technical assistance grants** during the year, funded by the Bank and other sources. This was an increase of 11 per cent from the previous year. Of the amount, \$445,000 is recoverable through the refinancing of technical assistance in the resulting loans.

The Bank arranged to mobilize \$1,465 million by way of **co-financing** for its projects, up 16.5 per cent. Of this amount, \$576 million came from official sources (down 40 per cent), \$682 million from export credits (up 342 per cent) and \$206 million from commercial banks and insurance companies (up 42 per cent).

The **net transfer of resources** to the DMCs

(disbursements minus capital repayments, payments of interest and other charges, plus equity investments) remained positive and amounted to \$1,634 million, up 11 per cent.

Loan disbursements rose 13 per cent to \$3,104 million, of which OCR disbursements accounted for \$2,066 million (up 22 per cent) and AIDF disbursements \$1,038 million (a drop of 2.3 per cent).

Project loan disbursements, making up 70 per cent of the year's total disbursements, rose 34 per cent to \$2,175 million. This included \$400 million disbursed under loans to development finance institutions and \$297 million under special and Gulf war assistance loans to affected member countries.

Program loan disbursements decreased 47 per cent to \$355 million and accounted for 11 per cent of aggregate disbursements.

Sector loan disbursements accounted for 16 per cent of total disbursements and showed a 33 per cent volume increase to \$196 million.

Disbursements from private sector loans made up the remaining 3 per cent of total disbursements and amounted to \$78 million.

Many factors contributed to the steady increase in the rate of loan disbursements. The DMCs continued their

efforts to speed up project implementation and carry out policy reforms. On its part, the Bank continued to enhance project implementation capabilities of executing agencies through technical assistance, seminars, missions and the streamlining of project administration procedures as well as close coordination with borrowers through its Resident Offices. Quick-disbursing special assistance and program loans also had a role to play.

Seventy-six projects were completed during the year, bringing the total number of completed projects to 665 out of 1,039 projects approved as of end-1991. Post-evaluation was made of 31 projects, including five program loans and two sector loans, which brought the total number of post-evaluated projects to 373 by year-end.

On 31 December 1991, the Bank's **authorized capital** amounted to \$24,160 million (SDR16,890 million), of which \$23,100 million (SDR16,149 million) was subscribed.

During the year, the Bank undertook eight **borrowings** totalling \$1,298 million. The first Asian region US dollar public bond issue ("Dragon" bond issue) was launched by the Bank simultaneously in the capital markets of Hong Kong, Singapore and Taipei. The other borrowings were undertaken in the capital markets of Austria, Japan, Switzerland and the United States and in the Eurosterling market.

The average original life of the year's borrowings, weighted by amount, was 9.4 years, compared with 10 years in 1990, while the average life of outstanding borrowings stood at 6.5 years. The "after swap" average cost of the year's borrowings declined to 6.8 per cent from 7.16 per cent in 1990. At the end of 1991, OCR **investments** amounted to the equivalent of \$1,331 million (\$4,098 million at end-1990). The realized rate of return on these investments was 9.08 per cent, against 9.38 per cent in the previous year.

Net income for the year came to \$518 million, an increase of 1.8 per cent from the previous year.

Negotiations on the fifth **Asian Development Fund** replenishment (ADF VI), which is intended to finance the Bank's concessional lending program in the four years from 1992 to 1995, were concluded in December. The replenishment agreed upon was \$4.2 billion (at the average daily exchange rates during the first quarter of 1991). Of this amount, \$140 million will be set aside and allocated to the Technical Assistance Special Fund primarily for project-related technical assistance to poorer DMCs and for regional technical assistance.

The Bank's **membership** increased to 52 during the year with three new members joining: Mongolia on 22 February, Turkey on 15 April and Republic of Nauru on 17 September.



A CHINESE ship berthed at Port Qasim in Pakistan. The Bank has so far approved two loans totalling \$48.6 million from both OCR and ADF for the port's development.

THE RECORD

	1966-1987	1988	1989	1990	1991	1966-1991 ^a
OPERATIONAL ACTIVITIES						
		(amounts in \$ million)				
TOTAL LENDING (Amount)	21,827.6^b	3,145.6	3,623.6	3,972.2	4,983.7	37,552.5
Number of Projects ^c	792 ^b	56	62	57	75	1,639 ^b
OCR Loans (Amount)	14,692.7^b	2,062.2	2,260.3	2,491.7	3,636.5	25,143.2
Number of Loans	473	29	34	27	44	607
Disbursements	6,781.8	957.4	1,346.5	1,689.1	2,066.2	12,844.0
ADF Loans (Amount)	7,134.9	1,083.4	1,363.3	1,480.5	1,347.2	12,409.3
Number of Loans	401	32	35	36	33	537
Disbursements	2,923.0	691.7	888.4	1,062.6	1,037.4	6,603.1
A. Government and Government-Guaranteed Loans (Amount)	21,800.6	3,087.6	3,527.9	3,893.3	4,796.9	37,106.2
Number of Projects ^c	789	52	51	50	63	999
OCR Loans (Amount)	14,668.2	2,004.2	2,170.6	2,418.8	3,449.7	24,711.4
Number of Loans	469	25	25	22	31	572
Disbursements	6,781.0	952.1	1,312.0	1,607.3	1,993.9	12,646.3
ADF Loans (Amount)	7,132.4	1,083.4	1,357.3	1,474.6	1,347.2	12,394.8
Number of Loans	400	32	33	34	33	532
Disbursements	2,923.0	691.7	886.4	1,062.1	1,031.9	6,595.1
B. Private Sector Loans (Amount)	27.0^b	58.0	95.7	78.8	186.8	446.3
Number of Projects ^c	5 ^b	4	11	7	18	40
Disbursements	3.8	5.3	36.5	82.3	77.7	205.6
OCR Loans (Amount)	24.5 ^b	58.0	89.7	72.8	186.8	431.8
Number of Loans	4 ^b	4	9	5	13	35
Disbursements	3.8	5.3	34.5	81.8	79.3	197.7
ADF Loans (Amount)	2.5	—	6.0	6.0	—	14.5
Number of Loans	1	—	2	2	—	5
Disbursements	—	—	2.0	0.5	5.5	8.0
EQUITY INVESTMENTS						
Amount	35.4 ^b	15.7 ^b	56.4	32.7	28.0	168.2
Number of Investments	16 ^b	7 ^b	15	16	7	57
EQUITY UNDERWRITING						
Amount	5.0	20.0	11.2	4.3	—	40.5
Number of Commitments	1	2	2	1	—	6
TECHNICAL ASSISTANCE^d						
Number of Projects	1,698.3	169.5	239.2	301.7	369.8	2,778.5
Number of Projects	1,706	206	241	259	241	2,625
CO-FINANCING^e						
Number of Projects	6,309.6	538.8	1,277.7	1,256.6	1,464.5	10,847.1
Number of Projects	246	12	25	29	24	329
RESOURCES						
		(amounts in \$ million)				
Ordinary Capital Resources						
Authorized Capital (at end of period)	22,987	22,642	22,111	23,938	24,160	24,160
Subscribed Capital (at end of period)	22,770	21,645	21,138	22,884	23,100	23,100
Borrowings (gross)	8,098	435	645	849	1,298	11,324
Outstanding Debt (at end of period)	8,475	7,347	6,872	8,215	9,434	9,434
Ordinary Reserve (at end of period)	1,601.5	1,929.0	2,814.9	2,713.1	3,219.1	3,219.1
Special Reserve (at end of period)	176.5	176.5	176.5	176.6	176.8	176.8
Gross Income	5,714.5	1,023.2	1,036.3	1,103.4	1,213.3	10,090.7
Net Income after Appropriation of Commissions/Guarantee Fees to Special Reserve	1,988.2	374.2	435.3	508.5	517.8	3,824.0
Special Funds Resources						
Asian Development Fund:						
Total Resources (at end of period)	10,200.9	11,532.5	12,214.9	13,354.5	13,878.4	13,878.4
Technical Assistance Special Fund:						
Total Resources (at end of period)	151.4	174.9	173.2	176.9	176.2	176.2
Japan Special Fund:						
Contributions (at end of period)	—	35.8	86.6	155.8	199.8	199.8

a. Cumulative totals may not add due to rounding.

b. Amounts and numbers adjusted to exclude write-downs and cancellations.

c. A project financed from both OCR and ADF is counted only once. Cumulative number of projects includes 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.

THE BOARD OF DIRECTORS

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

President Kimimasa Taniguchi's initial term as President and Chairman of the Board expired on 23 November 1991. He was unanimously re-elected under Special Procedures of Section 3 of the Bank's By-Laws for a further five-year term.

Governors elect a Board of 12 Directors, with each Director appointing an Alternate. At the 24th Annual Meeting two new Directors were elected. A list of the Directors and their Alternates follows this chapter and Appendix 1 shows the countries they represent.

General Operations

The Board held 47 formal meetings in 1991 and approved a total lending and investment program of \$5,012 million. This comprised 63 government guaranteed loans, 13 unguaranteed private sector loans and seven private sector equity investments. During the year the Board approved the Bank's first loans to Marshall Islands and Mongolia.

Either directly or through the authority delegated to the President, the Board approved 239 technical assistance grants of the value of \$105.3 million. The number approved was slightly smaller than in 1990 but the amount was up by just over 11 per cent.

The Board approved special Bank assistance to member countries which had been seriously affected by the Gulf war.

Policy Issues

The Board supported the establishment of a strategic planning capability in the Bank. The Board sees planning as an important tool in allocating human and financial resources to meet the Bank's changing priorities and better meet the development needs of the Bank's DMCs. In this context, the Board considered the Bank's Operational Program for 1991-1993 and, at a country level, reviewed strategy studies for People's Republic of China, India, Indonesia and Pakistan.

At the sector level, it reviewed the strategy for Health and Population and continued to pay attention to the environment and the role of women in development.

During the year, the Board held a series of seminars with Management. These provided an opportunity for the Board to make a direct input on a range of policy and administrative matters at an early stage of their formulation.

Topics included the Bank's role in assisting development finance institutions in DMCs, private sector operations and issues related to the management of the Bank's investments.

Financial Management

The Board continued to monitor closely the efficient use of the Bank's resources. As well as approving the Budget, it reviewed the quarterly financial statements, the Bank's borrowing program for the year, and ADF resources and lending. The Board discussed and approved an expanded investment authority for the Bank's liquid funds. It also examined the Bank's policy on advance procurement and retroactive financing and the domestic preference scheme.

Membership

Mongolia, Nauru and Turkey were admitted as members of the Bank in 1991. The Board approved the classification of Marshall Islands, Federated States of Micronesia and Mongolia as Group A developing member countries. Three constituencies were expanded to provide for representation on the Board of Directors of these countries. This resulted in some modification in constituencies represented by Directors as well as some changes in voting power.

Administration

The Board maintained its active role in personnel policy issues during 1991. The Board approved the articles and

members of the Administrative Tribunal which has been established as the final arbiter on staff grievances.

Following the approval by the Governors of the Remuneration Committee's recommendations on the salaries of the President and Board members, the Board approved an increase in the salaries of the Vice Presidents.

The Board approved a revised salary structure for professional staff. For support staff, the Board approved an increase in basic salaries and a number of improvements to the benefit package. In October, a proposal was approved to provide for ex-gratia payments to staff in response to special situations.

The Board also approved improvements in the Staff Retirement Plan.

Board Committees

The Board approved the Budget for 1992 on the recommendation of the Budget Review Committee. It is based on a total government and private sector lending and investment program of \$5,320 million. The Budget authorizes an increase of 11.9 per cent in administrative expenditure and forecasts net income for the year at \$518.4 million.

The Audit Committee met on 11 occasions during 1991. It assessed the activities of the Bank's Internal Audit Office and reviewed, with the external auditors, the 1991 Financial Statements. The Committee worked closely with Post-Evaluation Office (PEO) and discussed its work program for the year. It reviewed 11 project performance audit reports, two technical assistance performance audit reports and two re-evaluation studies. The Committee also reviewed PEO's Thirteenth Annual Review of Post Evaluation Reports and the actions taken by the Bank's operational departments on various recommendations and suggestions emanating from various post-evaluation reports.

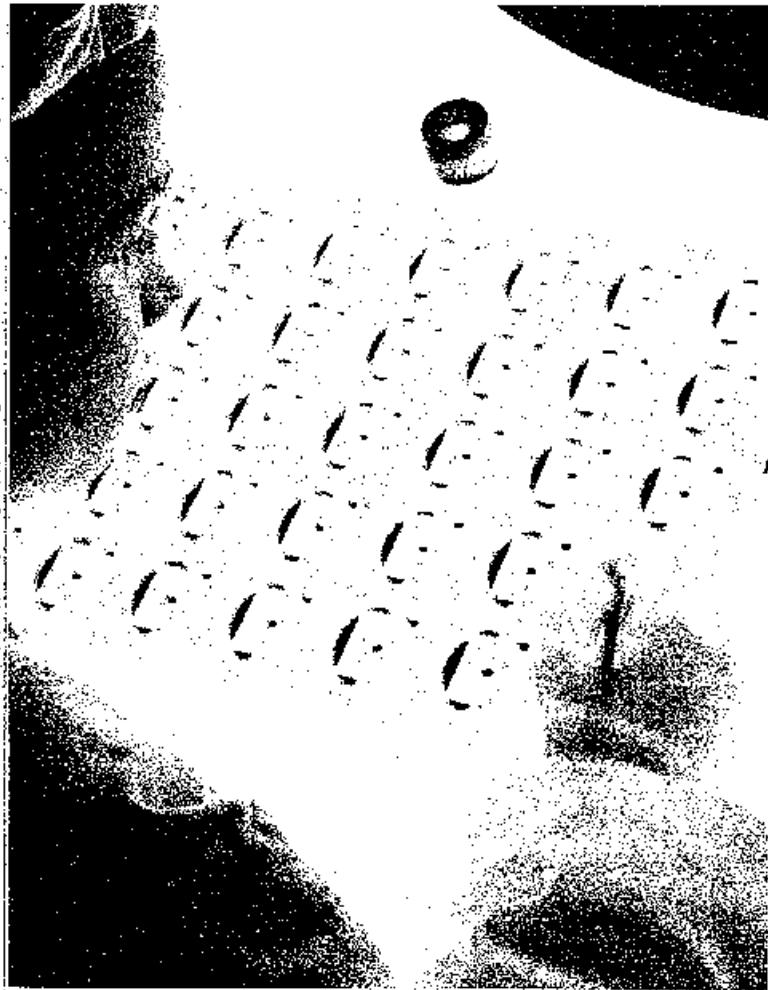
Appendix 5 shows the membership of the Budget Review and Audit Committees.

Directors' Visits

Two groups of Board members visited some of the Bank's developing member countries in order to obtain a better appreciation of the Bank's operations, development priorities and constraints and to inspect Bank projects. The Directors also took the opportunity to discuss policy and development issues with the authorities of the host countries.

In February, a group of Board members visited Nepal, Bhutan and Maldives and in May a further Group visited the People's Republic of China. This was the first occasion Board members had visited Bhutan, PRC and Maldives.

A further group of Directors made a visit to the Philippines in August and the full Board participated in a tour of the areas affected by the eruption of Mt. Pinatubo.



INSPECTING photostencils for the production of circuit boards at an electronics factory in Islamabad, Pakistan. The factory received a subloan under the \$100 million Development Finance Loan II Project financed from both OCF and ADF.



N. W. H. MACLEOD, Chairman of the Board of Governors.



KIMIMASA TARUMIZU, Chairman of the Board of Directors.

THE BOARD OF DIRECTORS

(As of 31 December 1991)

President and Chairman of the Board of Directors

Kimimasa Tarumizu

Directors

Heinz Bübler
Anthony F. Burger
Che Peiqin
Sofjan Djajawinata
Victor H. Frank, Jr.
Vicente R. Jayne
P.K. Lahiri
Giovanni Montagna
Hyung-Sup Shin
Anthony Tzu Song Chuan
Kenneth Waller
Ken Yagi

Alternate Directors

Eva Stobatz
Ashbjørn Lovbræk
Wei Benhua
Colin Pratt
Carl T. Delfeld
Aitzazuddin Ahmad
Qazi Shamsul Alam
René Legrand
Vai Reva
U Soe Thwin
Dereck Rooken Smith
Toshiki Katamori



HARVESTING paddy at a farm in Thailand, which benefited from the Medium Scale Irrigation Package Project. The Bank funded the Project with a \$15 million loan from ADF and a \$25 million loan from OCB.

THE FIRST 25 YEARS

"We have had a long sleep. Asians have been all too ready to rest upon the laurels of a distinguished past; a past which will always signify beauty and cultural grace to the rest of the world. But the time has come to roll up our sleeves and prepare to cultivate this new era of self-discipline."

— Takeshi Watanabe,
first ADB President, November 1966

"Asia-Pacific has become the fastest-growing region in the world. At the same time, it is still home to large numbers of the poor, the malnourished and the disadvantaged. A major challenge today is to strike a balance between economic growth and poverty reduction while at the same time protecting the environment."

— Kimimasa Tarumizu,
current ADB President, March 1992

ASIA IN TRANSITION

Changing Challenges

The above statements illustrate how much the development challenge has changed over the past 25 years. This chapter will look at how the Bank's role and functions have evolved in response to the diverse needs of its developing member countries (DMCs) — and the directions in which it is likely to move in the future.

In 1966, when the Asian Development Bank was established, the region's economies were much simpler and the challenges they faced more fundamental. Many countries were adjusting after political and economic dependence upon colonial rulers. Their economies were predominantly agricultural and trade was mainly limited to the export of primary commodities. Hunger was a major

concern. Although most of Asia's 1.7 billion lived in rural areas, their attempts at food self-sufficiency were hampered by high population growth rates, limited agricultural technology and natural calamities such as flood and drought.

Industrialization was another major challenge. Export-led industry was viewed by many countries as the key to expanding their economic base, generating more employment and earning foreign exchange. A third need was to provide basic infrastructure — including transport, power, water supply and sanitation facilities — which had to precede industrialization. Another major need was for capital resources to finance such investments.

Today, with the growth of inter-regional and intra-regional trade, investment and cooperation, the development process has become more complex and new tools are needed.

The Bank's DMCs present an even greater contrast than before. The newly industrializing economies (NIEs) — Hong Kong, Republic of Korea, Singapore and Taipei, China — have graduated to non-borrower status. Several DMCs can be considered quasi-NIEs. Others remain extremely poor. Alongside the small Pacific island DMCs, the ranks of the Bank's borrowers include the giant DMCs of People's Republic of China (PRC) and India.

Sectorally, too, the challenges are different. In agriculture, the "Green Revolution" kept the specter of famine at bay, but the region is still a net importer of food and its food security situation remains fragile. In industry, there are doubts whether the export-led growth of the past can be sustained in view of the currently sluggish markets of the West. Moreover, the adverse effects of industrialization on the environment have led to concerns about pollution.

The assistance of multilateral and bilateral agencies, and the development of domestic capital markets, have greatly increased capital flows to Asia and the Pacific. But recent competition for development funds from Eastern Europe and the new Commonwealth of Independent States raises questions as to whether Asia and the Pacific will receive adequate development funds from traditional sources.

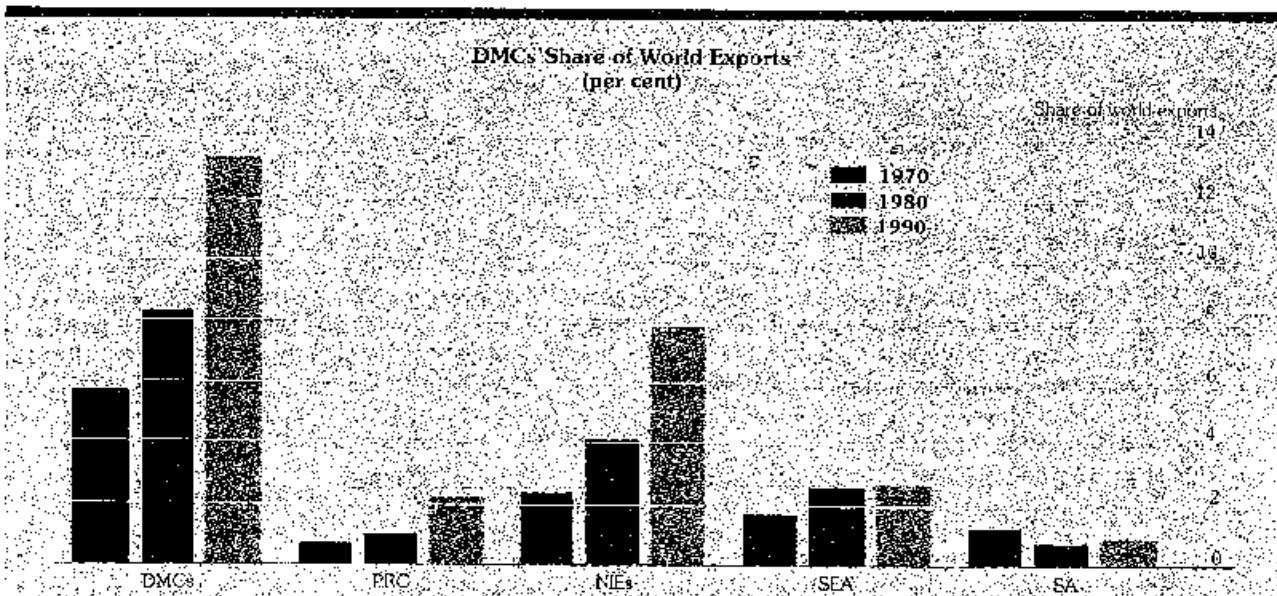
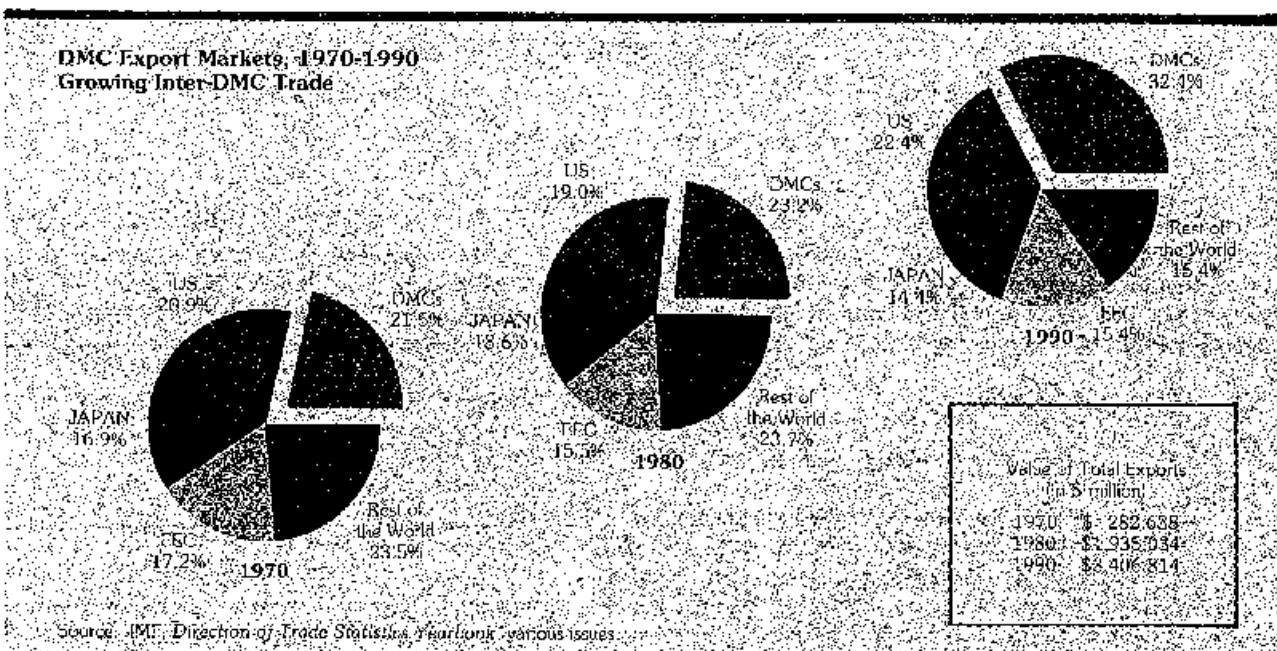
Faced by the growing diversity of its DMCs, and the

challenges facing them, the Bank has over the past quarter century stretched its flexible mandate in new directions. Traditionally a lender to the public sector, for example, the Bank has widened its assistance to include direct assistance to the private sector. Furthermore, its traditional focus on project lending has broadened to sector and program lending - oriented first to supporting the fuller utilization of productive capacity and, more recently, to the medium-term development or adjustment of a particular sector.

Traders with the World

Trade has played an important role in the economic development of Asia. Export-led growth has been the foundation for development in many DMCs, particularly the NIEs, Southeast Asia and PRC. Deregulation and liberalization, two cornerstones of that foundation, have been adopted by most DMCs.

DMC exports have expanded faster than world exports



Source: IMF, *Direction of Trade Statistics Yearbook*, various issues

over the past 20 years for many reasons. Industrialized countries within the region, facing rising labor costs, have found it in their economic interests to invest in developing countries in sectors in which the latter have comparative advantages. At the same time, many developing countries have diversified their exports from primary commodities to non-traditional manufactured goods. Moreover, the quality of these exports has improved and has become more competitive.

As a result, DMC exports grew at an annual rate of 26 per cent in value terms compared with 21 per cent worldwide in the 1970s and at 11 per cent compared with 6 per cent for the world in the 1980s. The share of DMCs in world trade more than doubled from 5.6 per cent in 1970 to 13.2 per cent in 1990.

The most rapid growth was in the NIEs, whose share of world trade increased from 2.2 per cent in 1970 to 7.7 per cent in 1990. PRC and Southeast Asia also increased their shares – from 0.6 per cent and 1.6 per cent to 2 per cent and 2.6 per cent, respectively, in the same period. South Asia's share, however, declined sharply in the 1970s before recovering somewhat in the 1980s.

By the latter half of the 1980s, intra-regional trade was also rising sharply as imports that were previously sourced from the West were now available in Asia and the Pacific and as the NIEs expanded their investments in Indonesia, Malaysia, Philippines and Thailand.

By 1990, trade between countries in Asia (including Japan) totaled \$306 billion, significantly more than the \$207 billion worth of Asian exports to North America and the \$124 billion worth to the European Community. Trade between Japan and the DMCs accounted for 30 per cent of total intra-Asian trade.

Investing in the Region

Today's investment is tomorrow's trade. The links between foreign direct investment and international trade are strong. Both are market responses to opportunities provided by differences in production capabilities among countries. By investing in DMCs, the Bank attracts funds from other sources, both foreign and domestic.

In the 1950s and 1960s, foreign direct investment in Asia was largely for natural resource extraction or to gain access to markets in developing countries. In the 1970s and 1980s, however, investment in labor-intensive export industries acquired special importance in Asia.

During the last 25 years, Japan has been the main source of foreign direct investment in Asia, with the NIEs claiming the largest share, followed by Southeast Asia and PRC. South Asia, despite large markets and inexpensive labor, has not yet attracted significant investment. However, India, Pakistan and Bangladesh are taking steps to remove restrictions to investment, trade and business.

The NIEs, whose comparative advantage in labor-intensive manufacturing is in decline, have recently become major foreign investors in Asia, especially in PRC, Indonesia,

Malaysia, Philippines and Thailand. This signals an upward move for the NIEs towards more capital-intensive and technology-intensive activities, and an opening for a new wave of emerging market economies.

MEETING THE CHALLENGES

Origins of the ADB

The rise of nationalism led to independence for many countries in Asia and the Pacific after the Second World War. By the 1960s, another concept began to develop: regionalism. One particular idea which began to gain strength was that the relatively weak individual countries of Asia and the Pacific should work together to reduce economic dependency upon Europe and North America.

In 1963, the idea was given shape in a resolution of the United Nations' Economic Commission for Asia and the Far East (ECAFE). In late 1965, the resolution became a formal commitment when representatives from 22 countries met in Manila and signed the Charter of the Asian Development Bank. Nine more countries signed the document in early 1966. The Philippines was selected to host the Bank and, on 19 December 1966, less than a month after the inaugural meeting in Tokyo, the ADB opened for business in Manila.

Growing Together

The region's economies have grown at a remarkable average rate of 5.6 per cent annually for the past quarter century. This compares with 4.5 per cent for developing countries worldwide.

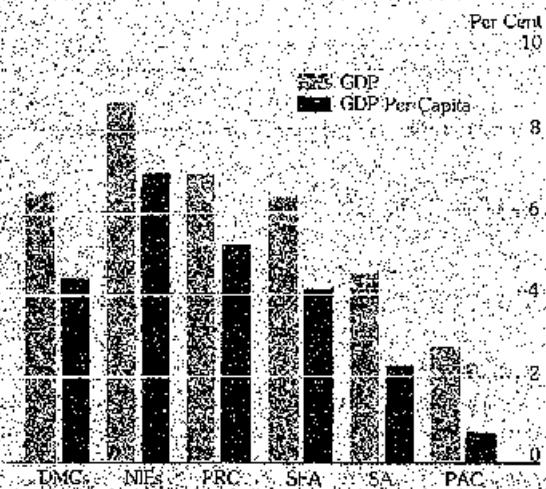
During this period, the NIEs posted a real average annual GDP growth of 8.8 per cent, PRC 7.1 per cent, Southeast Asia 6.5 per cent, South Asia 4.6 per cent and the Pacific island developing member countries (PIDMCs) 2.8 per cent.

The population of the region's developing countries has roughly doubled to nearly 3 billion in the past 25 years and in most countries the economy has grown faster than the population. Life expectancy has risen from 46 years to 64 years during this period. Per capita GDP has increased from \$100 to \$150 in real terms (and from \$100 to \$600 in current terms).

The Bank, which has provided support in every major economic sector as well as in the area of policy reform, has grown alongside its members.

Its number of member countries rose from 31 in 1966 to 52 in 1991. Much of the growth in membership resulted from PIDMCs joining the Bank after gaining independence. Bangladesh joined in 1973 and PRC in 1986. In terms of population, the Bank's membership now covers more than half the world.

**GDP and GDP Per Capita Growth: 1966-1990
(average annual rates)**

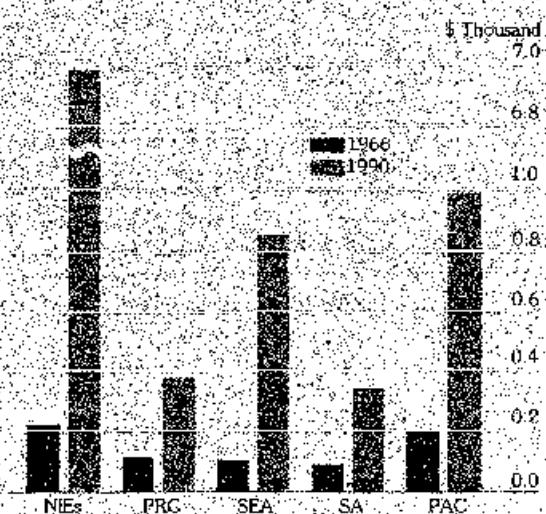


Sources: World Bank, *World Tables 1991*, and past issues, and staff estimates.

Annual Bank loan approvals increased from \$41.6 million in 1968 to approximately \$5 billion in 1991. Technical assistance grants rose from \$235,000 in 1967 to more than \$105 million in 1991.

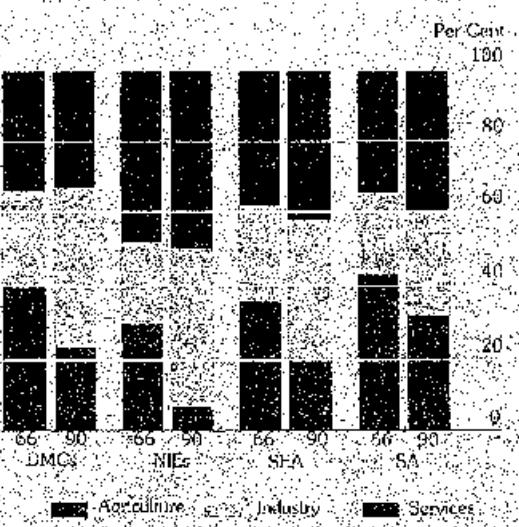
Cumulatively, the Bank had approved loans totalling over \$37 billion by the end of last year. Since every dollar which the Bank lends is normally matched by another \$1.50 from the borrowing country or co-financiers, the total capital formation resulting from its projects is estimated at more than \$90 billion.

GNP Per Capita: 1966-1990



Sources: World Bank, *World Tables Third Edition* and staff estimates.

GDP by Industrial Structure: 1966-1990



Sources: World Bank, *World Tables Third Edition* and staff estimates.

Evolution of Bank Lending

The Bank's mandate has been to provide principally for the financing of specific projects, including those which form part of a national, sub regional, or regional program. A measure of the Bank's success over its first 25 years has been its readiness to respond creatively and positively to the changing needs of its DMCs. The composition of membership has changed and the new borrowing members have placed new and different demands on it. Also, the original DMCs have experienced major changes in their development needs as their economies have changed over time. The Bank's principal response has been to expand its range of services by widening the scope of lending activities and modalities to reflect the changing needs and imperatives of its DMCs.

In the early years, as the Bank sought to establish itself as a sound and reputable institution, it gave priority to public sector, government-guaranteed investment projects which were designed to have maximum impact on economic growth. Lending was predominantly project-oriented and was provided for the creation of new productive capacity and infrastructure and for the rehabilitation and modernization of existing facilities. There was a strong demand for project financing from DMCs to supplement assistance from the World Bank and bilateral sources.

The demand for Bank assistance rose sharply in the 1970s as DMCs struggled to cope with the effects of two large increases in oil prices. Oil-deficient countries experienced severe pressures on their balance of payments as the cost of oil imports rose at the same time as the prices of primary commodity exports fell. The Bank responded by

financing projects to develop indigenous energy resources and to conserve energy. It also continued to focus on projects to raise food production and expand infrastructure. The Bank's assistance to DMCs rose from \$1.8 billion during the five-year period between 1970 and 1974 to \$4.7 billion between 1975 and 1979.

In the 1980s, with increasing acceptance of the need for direct action to reduce poverty, the Bank stepped up lending for social infrastructure projects to meet the basic needs of the poor. By the end of 1991, assistance to the social sectors amounted to \$5.5 billion, or 15 per cent of total Bank lending.

To meet the special needs of the Bank's small DMCs, Bhutan, Maldives and the PIDMCs, the Bank introduced multiproject loans covering a number of small projects in one or more sectors. The first multiproject loan was made to Tonga in 1979. Understandably, since multiproject loans are made to the Bank's smallest DMCs, their share of total Bank lending has been modest. Nevertheless, they have provided a valuable and cost-effective means of funding projects otherwise too small for Bank involvement. By the end of 1991, the Bank had made a total of 18 such loans totalling \$383 million to 11 countries.

Special implementation loans have been made available to members at times when the execution of ongoing Bank-financed projects was being affected adversely by a shortage of local currency resources.

While project lending was achieving its development objectives, the Bank realized that this form of assistance did not address fully the wider and deeper problems facing some of the DMCs. To tackle these, the Bank initiated a number of new lending modalities. Nevertheless, government-guaranteed project loans remained the principal focus of the Bank's lending operations and, in 1991, still accounted for about 66 per cent of the value of total loan approvals.

In addition to loans for individual projects, the Bank introduced more flexible modalities for financing smaller projects. The Bank extended credit lines to development finance institutions (DFIs) which permitted them to make loans to small-scale and medium-scale enterprises of a size too small to justify direct Bank involvement. In this way the Bank was able to assist borrowers who would otherwise be out of reach. The Bank made its first loan to a DFI, in Thailand, as early as 1968 and has since been associated with a growing network of DFIs in its DMCs. The bulk of the Bank's assistance to industry and to the non-fuel minerals sector has been provided through lines of credit to DFIs. In the first ten years, this type of lending amounted to \$590 million, while from 1981 to 1991 it exceeded \$3 billion.

The Bank introduced quick-disbursing program lending in 1978 as part of its response to the adverse impact of the oil shocks on DMCs. The initial purpose of program lending was to assist in situations where existing productive capacity was being underutilized because of a shortage of foreign exchange to pay for the import of necessary inputs. To preserve the Bank's traditional project financing role, pro-

gram lending was initially restricted to 7.5 per cent of total Bank lending, with a limit of 20 per cent of annual lending to any individual DMC. The limit was revised in 1987 to 15 per cent of total lending on a three-year average. Although all productive sectors were eligible, in practice almost all program loans before 1987 were used to finance agricultural inputs such as fertilizers and pesticides.

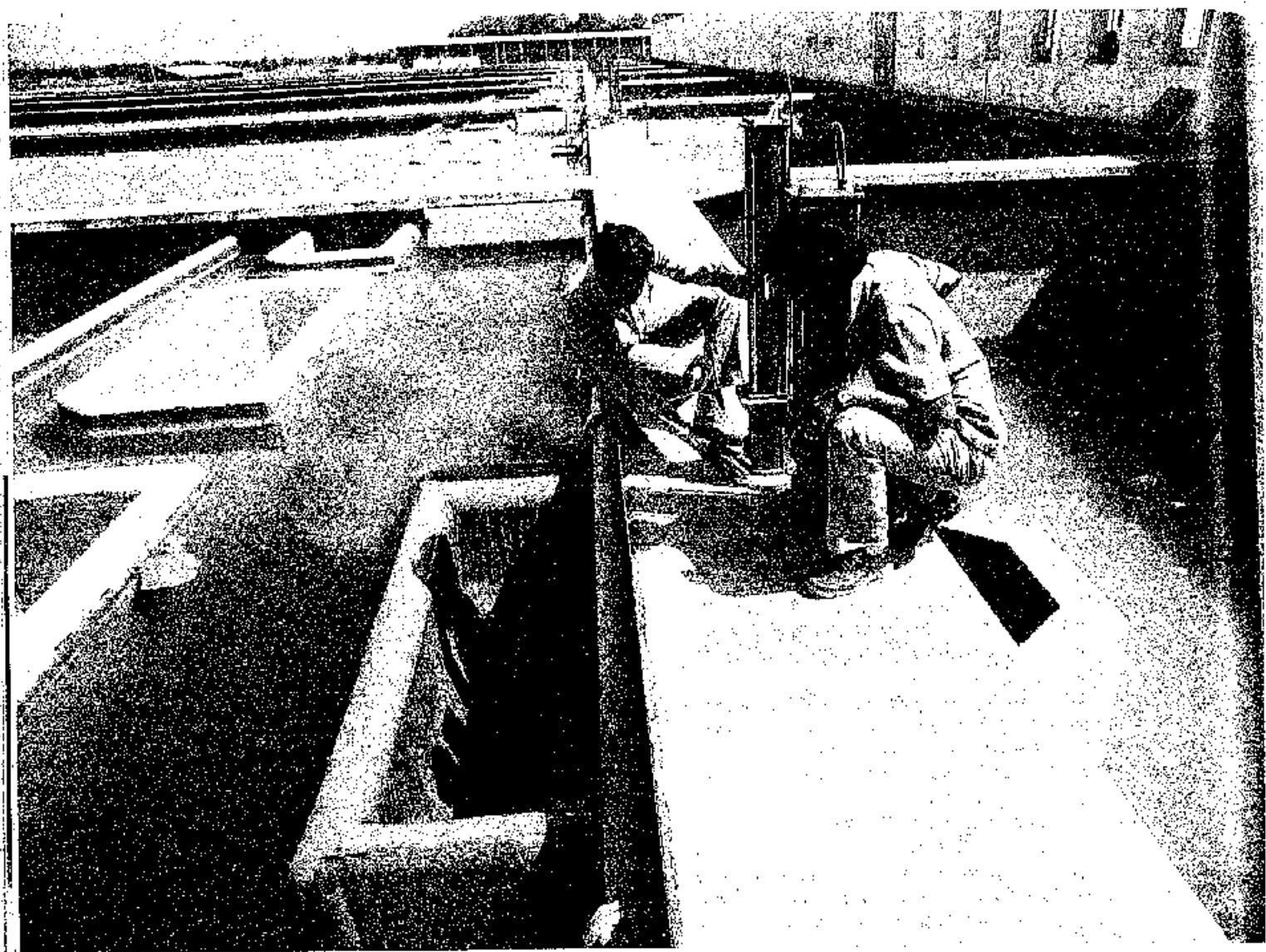
In 1987, the Bank revised substantially its program lending policies. The focus was shifted from financing inputs to supporting medium-term sector policies and adjustment programs. As such, program loans are now the culmination of sustained policy dialogue with the DMC concerned. The understanding reached between the DMC and the Bank is reflected in a Development Policy Letter. In addition to being quick-disbursing, another salient feature of the program loan facility is the tranching of loans in step with the progress in policy adjustments. By the end of 1991, the Bank had approved 39 program loans totalling nearly \$3 billion to 12 DMCs. The major recipients were Indonesia (\$600 million), Pakistan (\$564 million), Bangladesh (\$530 million) and Philippines (\$430 million).

In 1980, the Bank introduced sector lending under which a single loan is used to finance a cluster of subprojects within a specific sector or subsector. The subprojects can relate to a defined geographic area or to a time slice of an investment program. The Bank has found sector loans to be a cost-effective means of resource transfer. Further, the relatively large size of the loan and its tight sector focus has enabled the Bank to engage in policy dialogue with DMCs and to assist in institutional strengthening of the agencies implementing the projects. By 1991, sector loans amounted to \$4.2 billion, or 11 per cent of total Bank lending.

In response to the policy of several DMCs to encourage the development of the private sector, the Bank began in 1983 to make loans and direct equity investments to the private sector. This was a marked departure from the previous policy of providing only government-guaranteed loans. The Bank's involvement in assisting the private sector so far has been relatively modest in terms of the amounts involved. By the end of 1991, the Bank had provided direct assistance to 79 enterprises amounting to \$655 million. A large part of the assistance has been directed towards 53 financial intermediaries in 30 countries.

A fuller description of the Bank's role and policies in promoting the development of the private sector is given later in this chapter.

A number of the Bank's DMCs have suffered periodic natural disasters, including floods, cyclones, typhoons, earthquakes and volcanic eruptions. Other disasters such as the Gulf war have had a serious adverse impact on a number of DMCs. The Bank has increasingly recognized the need to respond to such crises quickly, effectively and at minimum cost to the member country. It has been prompt to allocate the savings from existing loans to fund urgent rehabilitation and essential imports. The Bank has also made available emergency loans to meet special needs directly resulting from disasters beyond the control of member countries.



CHECKING water quality at the water treatment plant in Penang, Malaysia. Penang Water Supply was the Bank's first project in Malaysia and received a \$7.2 million loan from OCR (September 1968). The photo was taken in 1975.

Technical Assistance and Policy Dialogue

In many DMCs, the lack of indigenous expertise in planning and implementing projects has been as important a constraint as the shortage of resources to finance them. The Bank has made technical assistance an integral part of its operations from the start, with the first technical assistance project being approved in 1967.

The Bank provides technical assistance through consulting services, training and equipment to facilitate the efficient use of development funds and to provide for the transfer of technical skills for project identification and implementation. However, with the Bank's growing emphasis on policy issues and institutional development in DMCs, there has been a corresponding increase in advisory technical assistance. Regional technical assistance, involving

two or more DMCs, has also gained in importance with the expansion of the Bank's Resource Center activities.

In recent years, the Bank has come to focus more sharply on development policy issues, especially at the sectoral level. Policy dialogue with DMC governments is conducted in several contexts: during country programming, in loan processing (particularly, though not exclusively, in program and sector loans) and through regional roundtables, seminars and workshops. Such policy dialogue is likely to be expanded in future.

The Bank as a Catalyst

The Bank's financial resources are very limited compared to the needs of the DMCs and can meet only a fraction

of their external financing requirements. In this context, the Bank's importance lies not only in its capacity to provide funds but also in its ability to mobilize funds from other sources.

For this reason, co-financing has always been an important part of the Bank's activity and has assumed greater significance in recent years. Co-financing grew from \$85 million in 1970 to \$1.46 billion in 1991. Co-financing was involved in one third of all loans approved in 1991. In the early years, the impetus for co-financing stemmed largely from the need to fill gaps in the financing plans of Bank-supported projects at a relatively late stage in the project cycle.

Over time, while gap-filling has remained a main objective of Bank co-financing, the strategic objective has shifted towards the broader goal of assisting DMCs in their overall resource mobilization efforts. The Bank expects to broaden this objective by using its resources to facilitate, and perhaps increase, the total resource transfer to DMCs.

The Bank has been active in assisting its DMCs in mobilizing capital resources. The Bank has played a significant role in encouraging investment in the region by helping DMCs restructure their economies, particularly their financial sectors. By increasing emphasis on promoting capital markets, strengthening stock markets and working with strategic private sector enterprises, the Bank has also improved the business climate and raised investor confidence in several DMCs.

In trade, the Bank has facilitated the growth of exports in Asia since the 1960s. It has supported trade-related research and training and has helped DMCs develop their export capabilities by promoting manufacturing industries, strengthening infrastructure, improving financial systems and economic policies, and encouraging investment.

The Bank has also played a catalytic role in the transfer of technology through its technical assistance program.

Addressing Rural Needs

Despite rapid urbanization, Asia is still predominantly rural. In most DMCs, between 70 per cent and 90 per cent of the population live in the countryside.

Agricultural production and related activities provide a significant proportion of GDP in almost all DMCs, ranging from 10 per cent to 15 per cent for more developed countries such as Republic of Korea and Thailand to between 35 per cent and 60 per cent in less developed countries like Bangladesh, Lao PDR and Nepal. The Bank's DMCs are largely dependent on agriculture for food, employment and foreign exchange earnings.

Since most of the poor are to be found in rural areas, the effort to reduce poverty has been focused on agriculture.

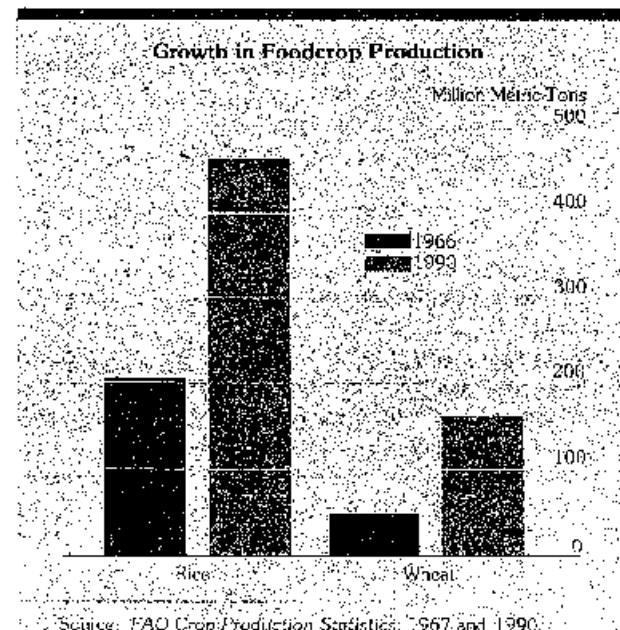
Asian agriculture has improved dramatically since 1966. An increase in the total land under cultivation and the "Green Revolution", with the development of food crop varieties that are highly responsive to water and fertilizer, enabled DMCs to more than double rice production, nearly

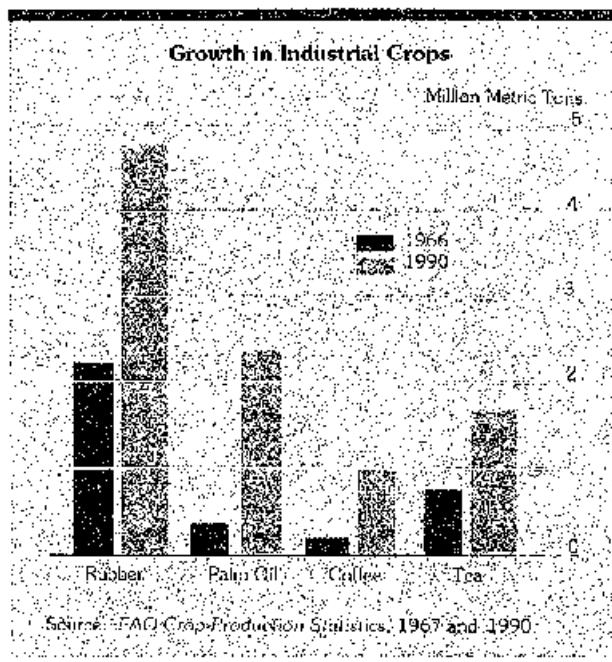
quadruple wheat output and in some cases achieve or approach foodgrain self-sufficiency. Significant gains were also made in the industrial crops sector which accounts for a large proportion of the exports and foreign exchange earnings of DMCs. Palm oil production rose more than sevenfold, coffee output increased more than fivefold and rubber and tea production more than doubled. Through its assistance in many irrigation schemes, and its support for the International Rice Research Institute, the International Crops Research Institute for the Semi-Arid Tropics, the Asian Vegetable Research and Development Center and other institutions, the Bank has been an important factor in this process.

However, continuing high population growth rates in many DMCs, along with a trend towards converting agricultural land for housing and industry, pose serious challenges for the sector. The region's food security balance is still fragile. The Asian and Pacific region continues to be a net food and grain importer. There is still hunger and malnutrition in many countries. The challenge today is how to produce adequate quantities of food while promoting equity and environmental sustainability.

In the early years, Bank lending to agriculture averaged only 15 per cent of total lending. By the mid-1970s, the share of agriculture had risen to 30 per cent and has remained around that level since then. Bank assistance to the sector has gone through several distinct phases. In the early years, the Bank often supported cash crop and agroprocessing activities such as palm oil processing factories, rice mills and jute development.

Following the Bank's first Asian Agricultural Survey in 1969, projects became more production-oriented and were focused largely on food production, especially through rice-





based irrigation projects. These projects were designed to capitalize on technological advances and the development of high-yielding varieties of major grain crops, especially rice and wheat. The focus on production continued in the late 1970s and 1980s with the additional emphasis on equity and social improvement.

The Bank's Second Asian Agricultural Survey in 1976 stressed the need for broader-based rural investment. This led to a shift towards the formulation of projects incorporating social components, projects in subsectors such as fisheries, livestock and community forestry, and a series of integrated rural development projects.

A new element, policy adjustment, was added to the Bank's agricultural assistance from the mid-1980s. This was achieved through a series of program loans aimed at improving the institutional and policy framework for producers and private entrepreneurs through deregulation and enhanced fiscal responsibility in the public sector.

The Bank is placing an increased emphasis on resource sustainability, land management and environmental protection in its agricultural lending.

There has also been a trend away from financing individual projects towards sector lending based on broad development planning for a particular region or subsector. This type of lending reflects increasing institutional capability in the DMCs and is often preferred by governments as it provides the flexibility to adapt development plans, targets and methodologies during the implementation of projects. In addition, since sector loans normally consist of a number of small projects, they are often less technically demanding than large single-project loans.

In line with the Bank's priorities for the 1990s, agriculture projects increasingly include components directly aimed at reducing poverty, enhancing the role of women

and protecting the environment. Also included are policy reforms aimed at removing constraints on private enterprise.

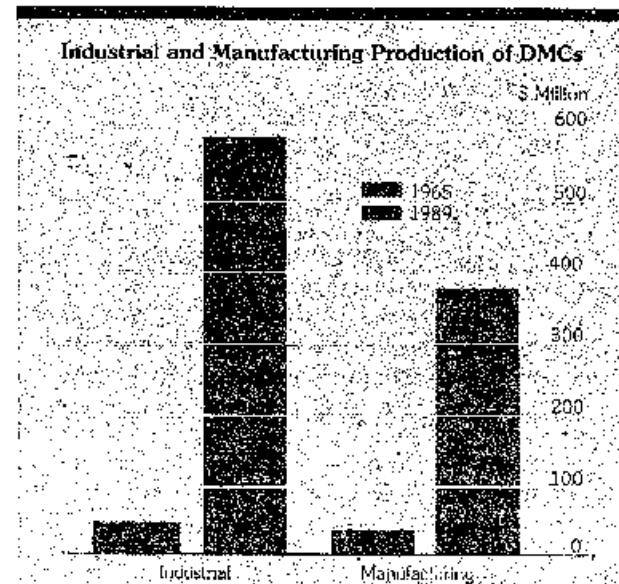
In providing safe water supply and sanitation facilities, the Bank has shifted its focus from large urban areas to smaller provincial urban areas and rural areas. In 1980, the Bank's decision to provide sector loans made it possible to finance a large number of rural water supply and sanitation development projects. These projects had previously been difficult to finance because of their small scale. In addition, the provision of drinking water is a frequent, although often small, component of Bank-assisted irrigation and rural development projects.

To date, Bank assistance in the water supply and sanitation sector has benefited an estimated 85 million people.

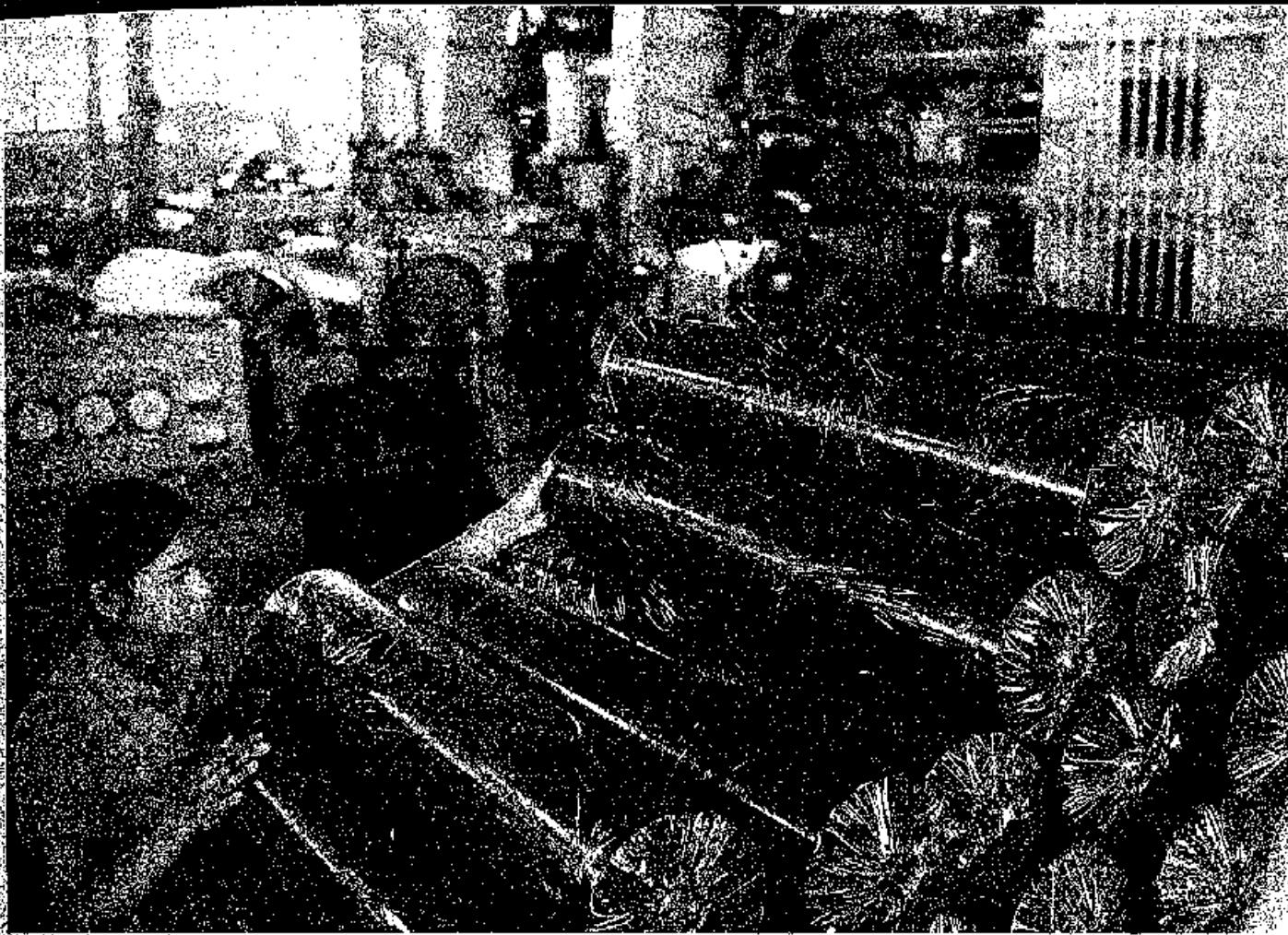
Supporting Industrialization

Industry has been the most rapidly growing sector in most DMCs over the past 25 years. Its contribution to GDP has increased considerably as market-oriented reforms have taken root. In the NIEs, industry's average share of GDP doubled from 23 per cent in 1966 to 46 per cent in 1990. In Southeast Asia, it rose from 27 per cent to 38 per cent; in South Asia, from 23 per cent to 29 per cent.

The Bank's early lending to industry focused on the import substitution efforts of the DMCs and supported relatively large projects in the public sector such as cement, petrochemical and fertilizer plants. On a more limited scale, the Bank also financed projects to manufacture machinery and automobile components and supported the development of industrial research and extension facilities. In later years, Bank operations concentrated on export



Source: World Development Report 1991, World Bank



A PLASTIC factory in Thailand, which was one of the beneficiaries of the Bank's loans to the Industrial Finance Corporation of Thailand (IFCT). IFCT was the recipient of the first Bank loan to Thailand (for \$5 million, made in January 1968), which was also the Bank's first loan ever to any DMC. The photo was taken in 1972.

production based on comparative advantages of the DMCs. In general, funds were made available to develop industries producing essential goods for development, especially agricultural inputs, to support efficient import substitution and to promote exports.

In more recent years, Bank assistance has shifted towards enhancing the efficiency, autonomy and accountability of state-owned enterprises, supporting technology assessment and management, industrial research and development, and promoting small-scale and medium-scale private enterprises. Increased emphasis is also being placed on implementing policy reforms to liberalize the trade and investment environment and pricing policies.

Bank assistance to industry has been widely dispersed across its DMCs. The Bank has channelled its resources directly through governments or through arrangements guaranteed by governments. However, in recent years, largely because of the inadequate performance of public sector enterprises, most DMCs are gradually relying more on the private sector, including privatizing public sector enterprises, as the vehicle of economic growth.

In line with this trend, the Bank has encouraged DMCs to develop a policy framework that will lead to greater private sector-oriented industrial growth. Consistent with this strategy, the Bank has used its policy-based program lending

facility in Bangladesh, Indonesia and Pakistan to support the creation of a more conducive policy environment and to strengthen the institutional set-up to promote growth and efficiency of the industrial sector. The Bank has also supported industry indirectly through support for the provision of physical and social infrastructure, encouragement of policy reform and efficient financial intermediation.

Promoting the Private Sector

Throughout its 25-year history, the Bank has assisted the private sector by financing infrastructure and providing technical assistance to governments to support independent private sector activity. The Bank has supported private enterprises through DFIs and other institutions. It has promoted the development of capital markets and made direct loans to the private sector. The Bank has also supported innovative schemes aimed at introducing private sector methods of operation into traditional infrastructure investment projects through the mechanism of Build-Operate-Transfer and Build-Operate-Own contracts.

Experience of the last 25 years shows that government policies which free the private sector from excessive regulation are an important step toward economic health.

The Bank encourages DMCs to remove, in a consistent manner, unnecessary restrictions on private sector activity and support the development of physical, institutional, financial and social infrastructure.

The Bank's commitment to the private sector has strengthened over the years. In 1983, the Bank began making direct equity investments in private enterprises, a move designed to help fill investment gaps and bring together foreign and domestic investors in joint ventures. Since then, the Bank has made equity investments in specific private sector projects, in privately-owned DFIs and other financial intermediaries, and extended lines of equity to DFIs and other such institutions (which act as the Bank's agents in making equity investments in small-scale and medium scale enterprises). The Bank has also helped promote the establishment of country and regional mutual funds through equity participation and underwriting commitments.

In 1985, the Bank expanded assistance to the private sector through initiating project loans without government guarantee. Since such operations involve higher risks, the Bank has imposed a ceiling on non-guaranteed private sector lending, reflecting prudent asset management. Because such lending is limited, it is all the more important that it be strategically directed.

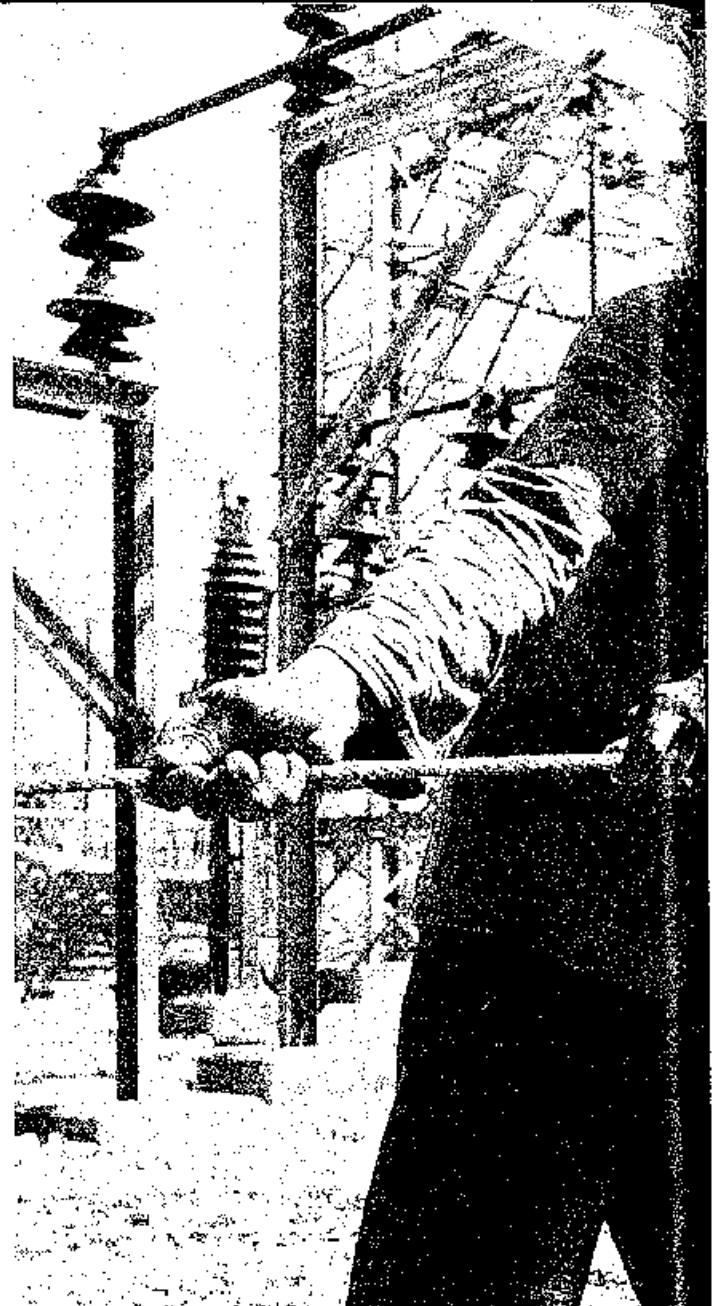
The Bank established a Private Sector Division in 1985 to act as a focal point for its private sector operations and upgraded this to a Private Sector Department in 1989.

In recent years, employing both direct and indirect ways of assisting private sector growth, the Bank has shifted towards developing the financial sector and capital markets of DMCs. The Bank has used DFI lending and quick-disbursing program loans to bring about policy and regulatory reforms in the financial and securities markets through policy dialogue. By the end of 1992, the Bank had provided 111 loans totalling \$3.8 billion of 56 DFIs in 23 countries to benefit some 18,500 private enterprises. Direct assistance to the private sector (excluding indirect assistance through DFIs) totalled \$655 million (excluding \$80.1 million in complementary loans).

To promote a policy environment that is conducive to private sector development, the Bank has also made extensive use of its technical assistance to study financial sectors and capital markets, to review the prospects for mutual funds, specialized financial intermediaries and new financial instruments, and to develop strategies for privatization. Through policy dialogue, the Bank has been able to help selected DMCs strengthen their financial infrastructure and improve the climate for private enterprise.

Energizing the Region

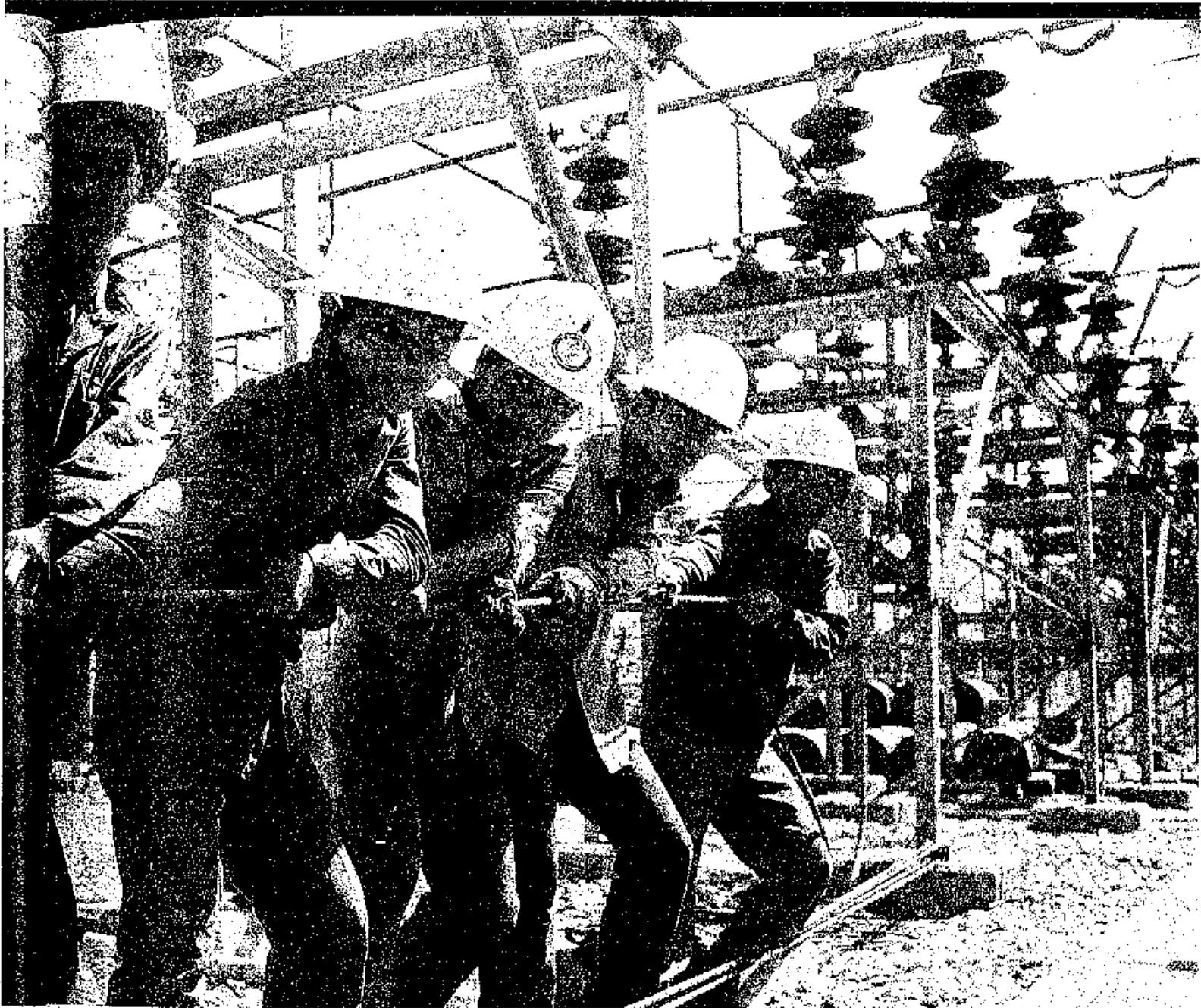
Bank lending of over \$9 billion for energy development reflects the high priority assigned to this sector. Support began in 1969 with a loan of \$3 million for a power supply project in Malaysia. Since then, 81 per cent of energy assistance has been for the electrical power sector. Support for non-electrical power has gone mainly to oil and gas



development, natural gas transmission and distribution, and coal development. Eighty per cent of loans to the energy sector has come from the Bank's ordinary capital resources.

Technical assistance grants to the energy sector have amounted to \$60 million. Nearly two-thirds of this was allocated to studies of such issues as energy planning and pricing, efficiency and conservation, institutional strengthening and environmental management. The remainder went towards preparatory studies linked with projects. In addition, the Bank has provided \$6.4 million for studies, surveys and seminars on regional energy issues.

With the volatile energy prices of the past two decades, the Bank has supported fundamental changes in the planning and development of energy systems for energy-rich and energy-scarce countries alike. Early Bank operations were concentrated on improving the capacity and efficiency of electric power generation and transmission and expanding natural gas transmission and distribution; but, with sharp



PULLING a transmission line into place under the Bank's first Power Transmission and Substation Expansion Project in Thailand, funded by a \$19 million Bank loan from OCR (December 1970). As of end-1991, the Bank had approved loans totalling \$880.85 million for Thailand's power sector.

Increases in oil prices in 1973 and from 1979 to 1980, the Bank placed more emphasis on developing domestic resources. This meant increased exploitation of hydropower and geothermal potential and diversification of the energy sources in oil-dependent DMCs to include coal and natural gas.

In the 1980s, the Bank emphasized system rehabilitation and modernization, efficiency improvements and demand management. While early efforts were concentrated on supply-side issues, the Bank paid more attention to price and non price instruments for improving efficiency on the demand side. The Bank also began to encourage increased participation of the private sector in energy development and power generation. To come to terms with fluctuating prices, the Bank turned increasingly toward assisting DMCs

in the development of coherent energy strategies and policies.

Power consumption has increased sharply over the past decade. The demand for electricity in DMCs has doubled while overall energy consumption has risen 50 per cent. Still, the region's per capita consumption is small compared with much of the rest of the world and demand is expected to continue its rapid growth for some time to come. Measured in terms of the energy consumed to produce each unit of GDP, many DMCs use energy inefficiently and there is significant scope for improvements through appropriate pricing of energy and adopting energy-efficient technologies and processes. This could lead to some moderation in the rapid demand growth driven by the imperatives of population and GDP growth. The need to adopt environmentally

sound and socially acceptable energy alternatives will, on the other hand, tend to increase the capital intensity of future energy projects. This will require additional investment in the energy sector, as well as increased attention to the social and environmental impact of rapid energy sector development.

As the financial demands of the energy sector increase, so does the need to develop innovative funding strategies. The Bank has therefore encouraged the use of such schemes as Build-Operate-Transfer and, Build-Operate-Own. By

mobilizing private sector resources, these approaches help reduce the impact of government budgetary constraints on the power sector. Policy-based programs and sector loans will address these and related issues in the 1990s.

Providing Infrastructure

Good transport and communications systems are essential to support economic development and to facilitate private sector investment. The movement of goods is dependent on roads, railways, inland waterways and ports.

Because economic development is accompanied by growing numbers of passenger and freight vehicles and migration from the countryside to cities, most DMCs accord a high priority to improving and rehabilitating road networks.

To support the rapid economic development of the NIEs, some of the Bank's early loans in the transport sector were provided to construct key highways in Republic of Korea, Singapore and Taipei, China.

In the 1970s, the emphasis moved to upgrading existing roads. In the 1980s, the focus was on rehabilitating roads built during the 1950s and 1960s and on road maintenance. The Bank has also addressed rural needs by financing roads that link rural with urban areas. The Bank has invested large sums in improving the road systems of Bangladesh, Indonesia, Republic of Korea, Malaysia, Pakistan, Philippines and Thailand.

Nearly all the region's imports and exports are handled at ports. Some of the Bank's DMCs such as Indonesia and Philippines are archipelagos and others, such as PRC, Indonesia and Malaysia, have extensive coastlines. Still others are islands widely dispersed over the Pacific.

Cargo handled at Asian ports has grown significantly faster than the volume of cargo handled at ports on a worldwide basis, particularly in the 1980s. Containerization was introduced on a large scale in the NIEs and ASEAN countries in the late 1970s and has developed rapidly since then.

In the ports sector, the Bank has financed rehabilitation and modernization projects and specialized terminals to handle containers and bulk cargos.

The Bank provided only modest assistance to the railways during its first two decades. However, it has been more active in recent years with the financing of railway projects in PRC and India. Both countries have extensive railway systems which are heavily used to transport bulk commodities, especially coal. The Bank supports both PRC and India in alleviating transport bottlenecks.

Bank assistance to the airports sector has so far been modest. In landlocked Nepal, for example, where air transport is crucial to the development of international business and tourism, the Bank has extended substantial help in the construction of a modern airport. Activity in this sector is expected to grow with airport projects planned for Mongolia and, possibly, Indonesia.

The Bank is placing greater priority on developing the



PAVING work in progress under a Bank project to develop Santo Port on Espiritu Santo island, Vanuatu. The Project has received total Bank loans of \$9.15 million from ADF.

telecommunications sector in recognition that modern telecommunications facilities promote economic development. Within this context, after years of relatively modest operations, the Bank has stepped up its activity by assisting with sector reform through technical assistance, providing infrastructure projects and sponsoring conferences and training.

The Bank's assistance to the sector strives to maintain a balance between physical and institutional development while improving the efficiency and effectiveness of the sector as a whole in the delivery of services. The Bank has supported telecommunications development on three fronts: international gateways, domestic long-distance systems and local networks. Telecommunications projects have covered both urban and rural areas.

Urban Development

The migration from the countryside to cities in search of better employment opportunities has been one of the major demographic trends of the past 25 years.

In 1965, only 23 per cent of Asia's population lived in urban areas. By 1990, this figure had risen to 30 per cent and it is projected to increase to 36 per cent by the turn of the century.

Twenty-five years ago, there were only five cities with populations of five million or more in Asia. By the year 2000, Asia will have 16 of the world's mega-cities, with populations of over 10 million.

This rapid urbanization has been one result of the changing economic structure of the region. It has posed a



CONSTRUCTION workers put the finishing touches on pavement work under the Taipei-Yangmei Freeway Project, financed by two Bank loans totalling \$31.5 million from OCB (in March 1970 and November 1971). The Bank's first project in Taipei, China was a feasibility study of the North-South Freeway, for which a \$400,000 loan was made in November 1968.

number of challenges. One is to provide adequate basic services to keep up with the growth in urban population. A second is to create a sufficient number of jobs in the urban economy. A third is to help curb migration by creating more job opportunities in rural areas. Urbanization creates a need for integrated planning of linked activities and for strengthening of institutions concerned with urban management and development. Land use, transportation, living conditions of the poor, water resources management, solid waste management (including recycling) and environmental protection must receive close attention in the development of urban areas.

In recent years, the predominant role of governments and the Bank has been to finance the essential requirements for water supply, low-cost sanitation, drainage and flood protection, solid waste collection and disposal, and the provision of public transport and low-cost housing. However, increasing attention is being paid now to local resource mobilization, devolution and local institutional development and the participation of communities and NGOs.

Education, Health and Population

The Bank recognizes that investment in social infrastructure is justified not only by gains in productivity but also by reductions in the potential economic costs of neglecting this sector.

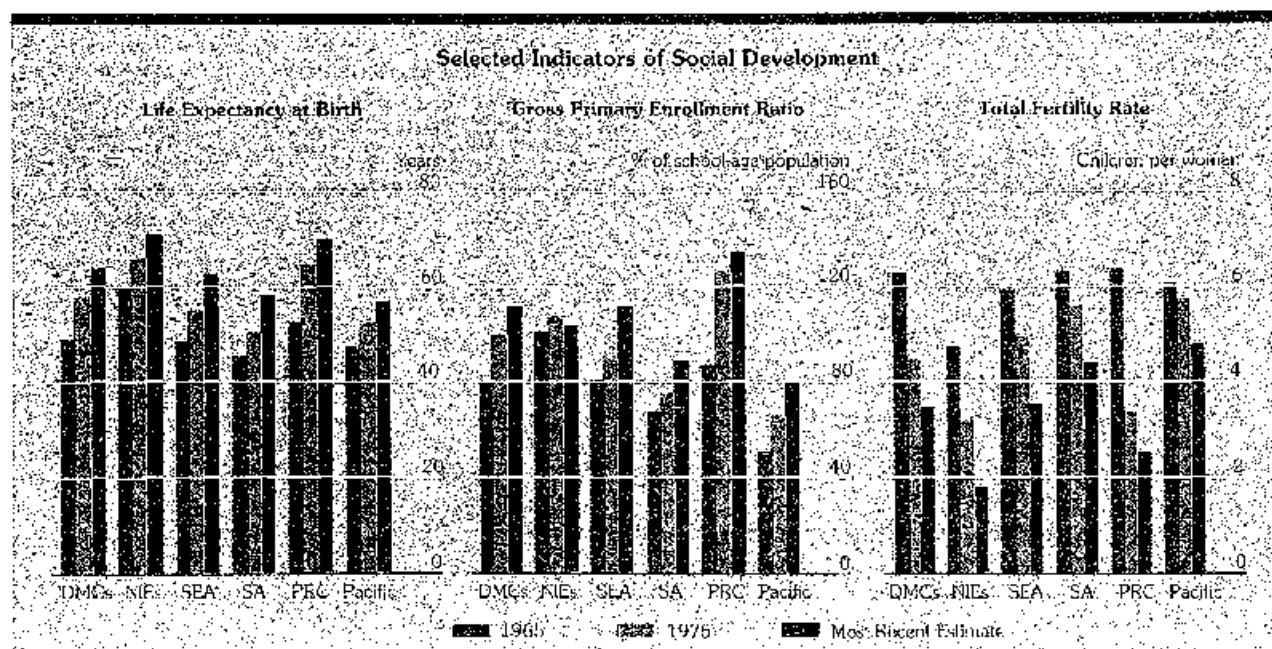
The close links between education, health and population – and their impact on the development process – have been well researched over the past 25 years.

On the one hand, rapid population growth dilutes and, in some cases, impedes economic development. A rise in population puts more pressure upon finite resources, both financial and natural, which in DMCs leads to worsening income distribution, increased poverty incidence and environmental degradation. Rapid population growth often increases poverty by straining resources while poverty, through its adverse impact on access to education and decreased prospects for child survival, encourages larger families.

On the other hand, an increased level of schooling leads to an increase in GDP and, where education is targeted at the poor, improves productivity and equity in income distribution. In addition to its direct benefits, education results in a lowering of fertility and infant mortality rates. There is a positive link between the level of education and the provision of nutrition for children.

Substantial improvements in the status of education and health over the past two decades in Asia and the Pacific can be attributed to both socioeconomic development and an expansion in educational and health services infrastructure. Progress in the field of population, although not as substantial overall, has been notable in a few individual DMCs such as PRC, Indonesia and Sri Lanka.

Some broad social indicators reflect these advances. Generally, population growth and infant mortality rates have fallen across the region while school enrolment has risen. In the NIEs, social indicators are almost on a level with established industrialized countries. In PRC, the infant mortality rate has dropped from 69 per 1,000 live births to 30, life expectancy has increased from 47 years to 70 years



Sources: World Bank, *Social Indicators of Development 1989*; World Development Report 1991.

and the gross primary school enrollment rate has increased 100 per cent for males and females. Southeast Asia has seen similar changes. In South Asia, the infant mortality rate has fallen from 147 to 96 per 1,000 live births and life expectancy has risen from 44 to 58 years. The adult literacy rate in the mid-1980s was 40 per cent and the gross primary school enrollment rates were 82 per cent for boys and 41 per cent for girls.

Despite these gains, there is a growing recognition that attention to education, health and population concerns has not thus far been adequate. It is increasingly recognized as incongruous that the Asian and Pacific region, which has experienced dramatic rates of economic growth, has three-fourths of the world's illiterate adults and children without access to primary education and areas of extremely poor health.

Providing quality basic education for all, improving the delivery of health services and increasing control over population growth are major challenges for the region and the Bank.

In education, Bank lending during the first decade focused on developing education and training systems to produce manpower skills to meet the needs of strategic economic sectors. Priority was given to on-the-job training, vocational and technical education in secondary schools, education and training in science and technology and manpower training.

A significant change in approach came as a result of the Bank's policy paper on education in 1988. The Bank broadened its operational scope to include the entire sector, including primary, non-formal and environmental education. In 1989, an external panel which examined the Bank's role for the 1990s recommended an expansion of investment in public health and education to enhance the quality of life and promote growth in the longer term. Between 1989 and 1991, the Bank provided its first loans for primary education in Bangladesh, Lao PDR, Nepal and Pakistan. The Bank also co-sponsored the World Conference on Education for All in 1990.

The Bank approved its first loan to the health sector in 1978 and its earliest loans were focused on supporting urban teaching hospitals and rural primary health care. Over the next decade, the Bank shifted to providing support for health delivery infrastructure, the administration and management of health services, the development of health manpower and the strengthening of critical support areas. The emphasis has been on the provision of physical facilities.

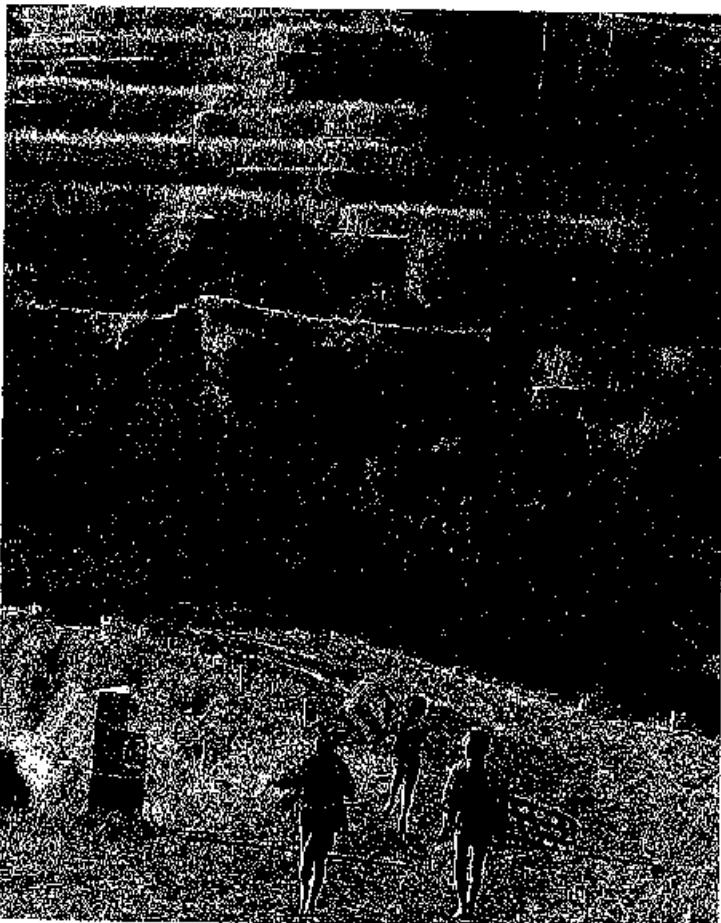
The Bank has also initiated assistance to the population sector as components of health projects. All this changed in 1991 with a major policy paper on health and population which signaled a significant shift in approach. The Bank's health objectives are now more concentrated on providing primary health care and community-level health services and in promoting greater awareness of sectoral resource allocation concerns. Its aims in the population subsector are to assist DMCs in keeping population growth and fertility rates at levels most appropriate to their specific conditions. The Bank is preparing its first population-specific project. This

is aimed at developing health education activities that will enhance awareness of modern family planning services in Papua New Guinea.

Poverty Reduction

One of the region's ironies is that it sustains the highest growth rate in the world while at the same time being home to the largest number of very poor people. An estimated 700 million people live in dire poverty. Poverty is most acute in the lower-income DMCs. It is extensive in Bangladesh, India and Pakistan and rising in Nepal and Sri Lanka. PRC has been reasonably successful in reducing poverty although about 130 million remain poor. Poverty is a major problem in the middle-income DMCs such as Indonesia, Philippines and Thailand. Even in the higher-income DMCs, pockets of poverty remain.

Reducing poverty is a major priority both for the Bank and the DMCs. The Bank's approach to the problem has



TERRACING makes rice cultivation on Indonesia's Bali island particularly dependent on irrigation. The Bank provided two loans (in September 1978 and September 1981) totalling \$51.6 million to improve irrigation facilities in the important rice-growing area. The photo was taken in 1978.

evolved substantially over the past few years. In the early days, traditional attempts to reduce poverty relied on economic growth. It was argued that high growth rates created more jobs and increased incomes through the multiplier effect and thus reduced the number of poor.

Adopting that approach, the Bank has addressed poverty reduction by emphasizing economic growth and the efficient use of resources which, in turn, contribute to the creation of jobs and the raising of incomes.

Although the Bank has made important contributions to poverty reduction, particularly in supporting the poorer DMCs with concessional resources, it recognized in the late 1980s that, because of its magnitude and importance, the poverty problem had to be addressed directly and more intensively.

In 1988, after the Governors of the Bank called for a sharper focus on the problem, the Bank established an internal task force on poverty reduction. As a result of the task force's recommendations, the Bank has adopted three inter-related approaches to the problem. First, it has given more attention to poverty issues in the formulation and implementation of traditional projects. While such projects are intended to promote broad-based growth, it was felt that the poor should be able to benefit at least indirectly from them.

Second, the Bank has increased the number of projects that were specifically designed to reduce poverty. It has done this through social sector investments and through income-generating projects. Social sector investments are not only necessary for meeting basic needs but also contribute to growth and development through human capital formation. Such investments are especially well suited to benefit specific target groups such as urban dwellers, the landless and women. Examples include the Second Health and Family Planning Services Project in Bangladesh and the Low-Income Housing Project in Sri Lanka.

The Bank has complemented such investments with projects that have a direct impact on the employment and income of the poor in the short term. The methods of doing this include supporting self employment of the poor through microcredit schemes and wage employment through labor-intensive investments or public works programs. The NGO-Microcredit Project in the Philippines and the Second Small Farmer Development Project in Nepal have shown that such income-generating projects can be highly viable.

Third, the Bank has used program loans to improve the economic and social conditions of the poor by supporting sectoral policies specifically designed to benefit them. For example, policy changes which result in higher market prices for products made by the poor have an immediate beneficial impact on the poor.

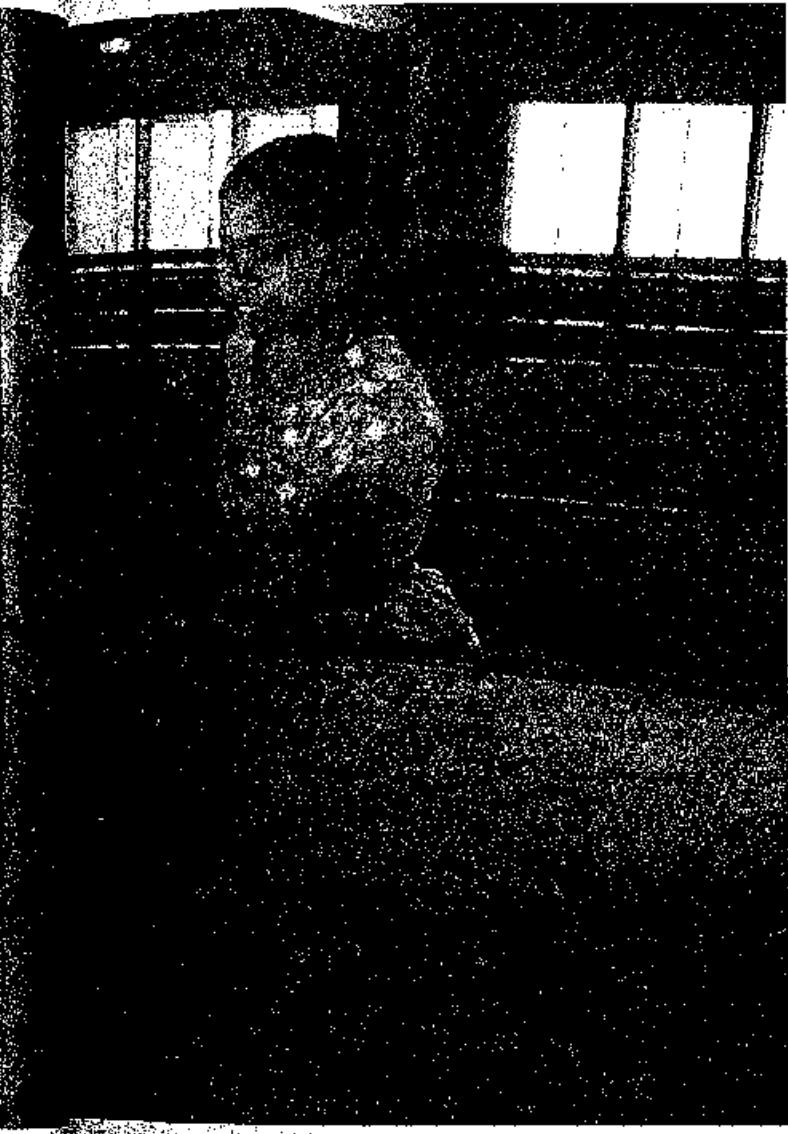
Enhancing the Role of Women

Since its policy paper on The Role of Women in Development in 1985, the Bank has increased efforts to help women enhance their status and quality of life and to



improve their share of education, employment and income opportunities. The Bank recognizes that its effectiveness in assisting DMCs to increase income and production and to reduce poverty and population growth rates will be limited if it does not adequately address women in development (WID) issues.

The Bank has adopted a conscious approach since 1985 to incorporate WID considerations into the formulation and implementation of projects. Measures were taken to ensure that women received tangible benefits, including training, extension services, credit and employment opportunities in a number of projects. In 1989, the Bank approved its first loan in which women were targeted exclusively as beneficiaries. The Primary Education (Girls) Sector loan in Pakistan was designed to train female teachers and tackle sociocultural constraints on the enrolment and attendance of girls at schools.



WORKERS prepare tea leaves for processing at a factory in Sri Lanka. The modernization of tea factories was the Bank's first project in Sri Lanka (July 1968) and has received total loans of \$42.5 million from OIC and ADF. The photo was taken in 1977.

In 1990, a major step was taken to incorporate WID issues in macro-level formulation and project planning when the Bank organized a regional conference on gender issues in agriculture for senior policymakers from 12 DMCs. At a national level, the Bank supported a series of seminars in Malaysia to promote awareness of the role of women in rural development. Policy planners and extension workers were trained in the use of gender analysis in project design and implementation.

Also in 1990, the Bank strengthened moves to incorporate gender considerations into its overall operations when it established a network of WID liaison coordinators

in its programs and projects departments. Guidelines are being revised to assist staff in incorporating WID considerations at every stage of the project cycle. The Bank has promoted staff awareness about WID issues through seminars.

Protecting the Environment

As international awareness of the need to protect the global environment and to adopt strategies for sustainable development has increased, the Bank has taken a number of steps to expand its attention to environmental questions.

Economic development has caused pollution, deforestation and land degradation in many DMCs. At the same time, DMC population has nearly doubled since 1966 and is expected to increase by another 40 per cent in the next 15 years. In addition to recognizing the importance of protecting the environment from the pressures of development and population growth, the Bank supports projects aimed at remedying past degradation of the environment and depletion of natural resources.

The experience of the last 25 years in Asia and the Pacific has shown that problems such as pollution, deforestation, river siltation, water contamination, soil depletion and loss of biodiversity not only diminish economic productivity and the quality of life, but can also lead to calamities such as drought, floods and epidemics.

Environmental protection is, therefore, an integral part of sustainable development. The Bank's first environment specialist was appointed in 1981, the Environment Unit was established in 1987 and was subsequently upgraded to a Division in 1989 and to an Office in 1990. Lending for projects which have positive benefits on the environment has risen from less than \$10 million annually in the early 1980s to \$550 million in 1991. At the same time, environmental planning and assessment have been wholly integrated into project and program planning, design and implementation. A process has been set in place to introduce a system of environmental impact assessment for projects which have a major impact on the environment.

The Office of the Environment acts as a resource for Bank staff, DMC governments and NGOs. It also plays a role in building institutions and improving the capability of environmental planners and managers throughout the region. While an increasing number of Bank projects are aimed specifically at enhancing the environment and addressing environmental problems, many more are designed to accelerate economic development in an environmentally responsible way. Projects in the agriculture, industry, energy and infrastructure sectors, as well as those designed to reduce poverty, are planned and executed with environmental considerations in the foreground.

By integrating environmental considerations into its operations, the Bank has sought to move from being an institution that only solves problems to one that anticipates problems and develops strategies to assist DMCs in facing increasingly complex environmental challenges.

THE BANK AS AN INSTITUTION

OCR Operations

The Bank's ability to raise capital for development is reflected in the rise of its authorized capital from \$1.3 billion in 1966 to \$24.1 billion at the end of 1991. The authorized capital of the Bank has been increased three times by general capital increases (GCIs). These GCIs have been authorized by the Board of Governors as follows: 150 per cent in 1971, 135 per cent in 1976 and 105 per cent in 1983. A study in preparation for a fourth GCI is expected to be completed in 1992.

Other factors contributing to the increase in the authorized capital stock have been special capital increases for five regional countries and nine non-regional member countries and the admission of 21 new members since the Bank began operations.

As the Bank's lending operations have grown, and with

the need to maintain its liquidity target, the Bank has supplemented its paid-in capital with borrowings. There have been three important stages in the evolution of the Bank's borrowing program. The first stage was from 1968 to the mid-1970s when the Bank's main concern was to become known in as many capital markets as possible and to maintain a regular presence in them. The Bank made its first bond issue in the Federal Republic of Germany in 1969 and followed this with issues in Austria and Japan in 1970. The Japanese issue, which was the first public bond issue in that country by a foreign borrower, was an example of the Bank's ability to be innovative. In 1971, the Bank further extended its range with public bond issues in United States and Switzerland. After ten years of operations, the Bank had diversified its borrowings to 11 currencies, including the US dollar and other high-interest rate borrowings. A significant portion of those early borrowings has been redeemed or prepaid.

The second stage commenced when interest rates in the major capital markets started to rise in the mid-1970s, reaching their peaks in 1983 and 1984. Because of rising



FISHERMEN load ice on boats under a *Fisheries Development Project* in the Republic of Korea. The Bank has provided two loans totaling \$32.3 million from OCR for fisheries development in the country.

borrowing costs, the Bank was compelled to concentrate its borrowings in low-interest rate currencies such as Swiss francs, Deutsche marks and yen to reduce the negative spread between the average lending rate on outstanding fixed-rate loans and the average cost of borrowings to fund those loans. Between 1975 and 1986, the average cost of providing funds for fixed-rate loans was consistently higher than the average lending rate on those loans.

The third stage came with the Bank's introduction of a pool-based variable lending rate system in 1986. It came at a time when globalization and deregulation were sweeping world capital markets. Under this system, the Bank continued to concentrate its borrowings in low-coupon currencies but, by using financial engineering techniques such as swaps, it was able to extend its presence into high-coupon markets such as the US dollar and sterling markets. This decision to concentrate the Bank's variable rate loans in low-coupon currencies was reinforced by the favorable historical movements of the effective costs (i.e. the combined effects of nominal cost and exchange rate risk) of previous borrowings in low-interest rate currencies compared with alternative borrowing costs in US dollars.

Except in 1987, the exchange risk-adjusted effective costs of Bank borrowings in non-US dollar currencies since 1976 were always lower than the corresponding hypothetical costs of US dollar borrowings. The Bank continued its thrust into new markets with its 1991 launch of a \$300 million 'Dragon bond' issue which was offered simultaneously in the capital markets of Hong Kong, Singapore and Taipei.

Special Funds

The Bank's Charter requires it to pay special attention to the needs of its smaller or less-developed members. Accordingly, as authorized by the Charter, Special Funds were established in the Bank's early years for financing concessional loans, i.e. loans with longer maturities, longer grace periods and lower charges than those applicable for ordinary operations loans.

Contributions to the early Special Funds – the Agriculture Special Fund and the Multi-Purpose Special Fund – were made on a voluntary basis at the initiative of individual donors. However, with the increase in concessional lending, it became necessary to mobilize additional resources on an organized and regular basis.

The Asian Development Fund (ADF) was established in 1974 to restructure and streamline the Bank's means for financing concessional loans. ADF resources are replenished periodically under agreed multilateral arrangements. Since the initial resource mobilization (ADF I) of \$525 million, there have been five ADF replenishments. Negotiations for the fifth replenishment (ADF VI) concluded in December 1991 with agreement being reached on a replenishment total of \$4.2 billion for the period 1992 to 1995. Although donor contributions to ADF VI rose by 16.7 per cent in dollar terms, because of currency

fluctuations they fell by 7.3 per cent in SDR terms. Largely offsetting this decline was a bigger carryover at the beginning of 1992 than the carryover at the beginning of 1987. By the end of 1991, the Bank had mobilized a total of \$13.9 billion in ADF resources. ADF loans account for approximately one third of total Bank lending. In general, however, the Bank has not been able to match the pace of growth in demand for its concessional resources.

The provision of technical assistance to help DMCs design, prepare and implement projects has always been an integral part of Bank operations. In 1967, the Bank established a Technical Assistance Special Fund (TASF) to finance technical assistance activities. This is financed by voluntary contributions from member countries and allocations from ADF replenishments and OCR income. In 1967, voluntary contributions to the TASF amounted to less than \$1 million. At the end of 1991, cumulative direct voluntary contributions to the TASF amounted to the equivalent of \$86.3 million, of which \$83.9 million had been utilized.

In 1988, a bilateral fund, financed by the Government of Japan, was established. The Japan Special Fund (JSF) is used to finance or co-finance technical assistance projects, on a grant basis, in both the public and private sectors. The JSF is aimed at helping DMCs restructure their economies, broadening the scope of new investment opportunities and assisting in recycling of funds to DMCs. By the end of 1991, the Government of Japan had contributed \$199.78 million for such financing.

Building from Within

The Bank has significantly expanded its activities over the years. As well as approving new loan and technical assistance projects each year, thus adding to the number of projects under administration, the Bank has added several special offices and expanded its economic and sector work.

The increase in scope, diversity and complexity of Bank operations has led to changes in its functions. The Bank has responded by making adjustments in its organizational structure, in staffing allocations to departments and offices, and in staff recruitment practices and training and development policies.

When the Bank opened for business, there was a President and a Vice-President, an Operations Department and an Economic and Technical Assistance Department for operational functions, and an Administrative Department for service functions. The Treasurer, Secretary, Legal Counsel, Information Officer and Internal Auditor completed the picture. In 1967, the staff consisted of 57 professional and 132 support staff.

Today, the Bank has 21 departments and offices – further divided into 43 divisions – at Headquarters, plus a regional office for the South Pacific in Vanuatu and four other resident offices in Bangladesh, Indonesia, Nepal and Pakistan. In 1991, there were 612 professional and 1,106 support staff.

As the Bank's functions have become more complex,

It has established units such as, in 1978, the Post-Evaluation Office which conducts an independent evaluation of past projects and programs to determine lessons for the future and, in 1991, the Strategic Planning Unit which assists management in the planning process. Both these units report directly to the President. Physically, the Bank has moved twice since it began operations on two floors of an office block in Makati, the financial district of Metro Manila. In 1972, it shifted to a bigger building on Roxas Boulevard in Pasay City, Metro Manila. In 1991, the Bank moved to larger and more modern premises in Mandaluyong, Metro Manila, enabling it to centralize operations which had expanded to seven locations around the Philippine capital.

In the early days, the Bank's project work had a functional or sectoral focus. This was reflected in the organization structure of the Projects Department as it developed from one department with four sectoral divisions in 1969 to three departments formed in 1978 along functional lines, namely Agriculture and Rural Development, Infrastructure, and Industry and Development Banks.

There was a shift in the projects area to a regional focus from 1984 when the then Irrigation and Rural Development Department, comprising three divisions, was organized on a geographical basis. A major step towards regionalizing the Bank's operations came in 1987 with the establishment of six country-based divisions in the reorganized Agriculture Department. This was followed in 1989 by a similar realignment in the Private Sector Department and in 1991 in the Infrastructure Department.

Along with the change in focus, the Bank's staffing requirements have evolved. There has been a gradual increase in emphasis given to economic planning and policy analysis skills in staffing as well as the hiring of personnel with interdisciplinary backgrounds. Women are actively encouraged to apply for professional positions.

In addition, since 1984, the Bank has annually recruited five Young Professionals under a program designed to provide the Bank with a core of well-trained generalist staff who will focus more on policy issues than on technical or specialized concerns.

The Bank established a Training Section in 1977 to provide training focused on operational priority needs. In the early years, the Training Section emphasized Bank skills and project design analysis. In the 1980s, the concentration moved to development economics and finance. Recently, the emphasis has shifted to thematic or cross-cutting issues such as poverty reduction, the environment, private sector-led growth and the role of women in development.

Indicators show that the Bank's operational performance has improved during the past five years. While the Bank's internal administrative expenses have increased from \$2.4 million in 1987 to \$130.1 million in 1991, the average growth rates in the number of professional staff and overall administrative expenses have been less than the growth in loan approvals.

FUTURE DIRECTIONS

The challenge of Asian development in the 1990s will require the Bank to make greater use of the diverse and flexible mandate provided by its Charter. There is a consistent theme in the strategic direction that the Bank is being encouraged to take. The dominant theme is that there should be a greater emphasis on poverty reduction, social infrastructure and conservation of the natural environment.

Economic growth is a necessary condition for poverty reduction, but poverty can also inhibit and even disrupt growth. The Bank's activities will thus be directed towards maximizing its impact on DMCs' achievement of sustainable economic growth and corresponding reductions in poverty, bearing in mind the need to strike a balance between the investments needed to achieve these objectives.

In promoting economic growth, the Bank will emphasize the importance of increasing productivity. Productivity improvements depend on new investments, the efficiency with which new and existing capital are used and the incorporation of technological changes. The Bank will encourage domestic resource mobilization to finance new investments, private sector development and public sector reform to improve efficiency. The Bank will also promote increased absorptive capacity for new technology through supporting policy and institutional reform.

The Bank will pay more attention to human resource development, an essential component of strategies to achieve growth. In any country, growth requires suitably skilled and capable manpower. In DMCs, where the availability and productivity of labor is the source of their comparative advantage, the health and skills of this key resource are critical.

The role of government is expected to change, with a greater focus on ensuring a stable macroeconomic environment, facilitating the development of a proficient and judiciously regulated private sector and ensuring the efficient provision of public goods and services.

Where appropriate, the Bank will support the reform of the public sector through assistance with commercialization and privatization. It will advise on reforming subsidies and tariffs to encourage resource mobilization, competition and growth. The Bank will target resources where private sector provision is inadequate and seek to involve the private sector in services formerly left to the public sector.

In reducing poverty, the route to improving the quality of life for the poor, especially women and disadvantaged groups, is primarily through access to employment and income-generation opportunities. Strategies are therefore needed to ensure that DMC policies and Bank project designs do not contain anti-labor biases and that growth generates employment opportunities. Target groups will be provided with access to education and health services and to markets and credit so that their opportunities for employment and income generation are improved while at the same



MAINTAINING a tree nursery under the Sagarmatha Forestry Development Project in Nepal financed by a \$4.9 million Bank loan from ADF (December 1977). It was the Bank's first forestry project in the Himalayan Kingdom and reflected its environmental concerns. The photo was taken in 1981.

time their productivity and returns from activity are increased. The Bank will also address the problem of poverty by directing resources to improve the availability of education, health care and water supply systems. Within this, the Bank is establishing expertise to ensure that project selection and design take into account the impact on women. Related to this, there is also a consensus on the need to reduce rapid rates of population growth which might otherwise undermine the prospects for improving health and reducing poverty. The Bank aims to increase its involvement in family planning within the context of individual country circumstances.

To protect the environment, the Bank has identified six priorities: pollution control in the industry and power sectors; energy conservation and end-use efficiency; environmental improvement in urban areas; interlinked poverty reduction and environmental improvement; tropical forest management; and conservation of biological diversity; and agricultural and land use policies.

In addition to country-level action, the Bank will initiate and encourage regional cooperation on environmental issues and seek to develop projects to tackle common environmental problems.

The Bank attaches importance to strengthening intra-regional trade, investment and cooperation. The Bank will continue and, where practical, expand its regional role from the current focus on research and training to include support for regional initiatives such as strengthening transport links or tackling common environmental problems.

The Bank has learned a great deal over the past 25 years. Project monitoring and post-evaluation have been two important tools of the Bank to assess the effectiveness of its assistance and to draw lessons from them. This experience will be the foundation upon which to build for the future.



WORKER at a soil conservation demonstration farm in the province of La Trinidad, Philippines. The farm is part of the Highland Agricultural Development Project, which has received an \$18.8 million Bank loan from OCB.

ECONOMIC DEVELOPMENTS

THE SLOWDOWN in the world economy that began in 1990 led to zero growth in aggregate output in 1991. The downturn, accentuated by the Gulf war and especially noticeable in North America and the United Kingdom, was further aggravated by a sharp contraction of output in the former Soviet Union and Eastern Europe. However, the economic recession did not spread as widely as feared and 1992 promises a modest upturn.

Given the poor performance of the industrialized countries, developing economies as a whole (excluding Eastern Europe and the Commonwealth of Independent States) grew by 2.1 per cent in 1991, lower than the preceding year's performance. Growth decelerated slightly in Africa but picked up in Latin America. The Middle East, on the other hand, suffered a marked recession. The Bank's developing member countries (DMCs) as a whole also experienced some slowdown but still remained the fastest-growing among the world's regions.

While growth in the newly industrializing economies (NIEs) and in the People's Republic of China (PRC) was led largely by exports, economic expansion in Southeast and South Asia was driven by buoyant domestic demand. Inflationary pressures were strong in most DMCs. Accordingly, tight monetary policies were introduced and their impact is likely to spill over into 1992 in terms of lower inflation and greater stability.

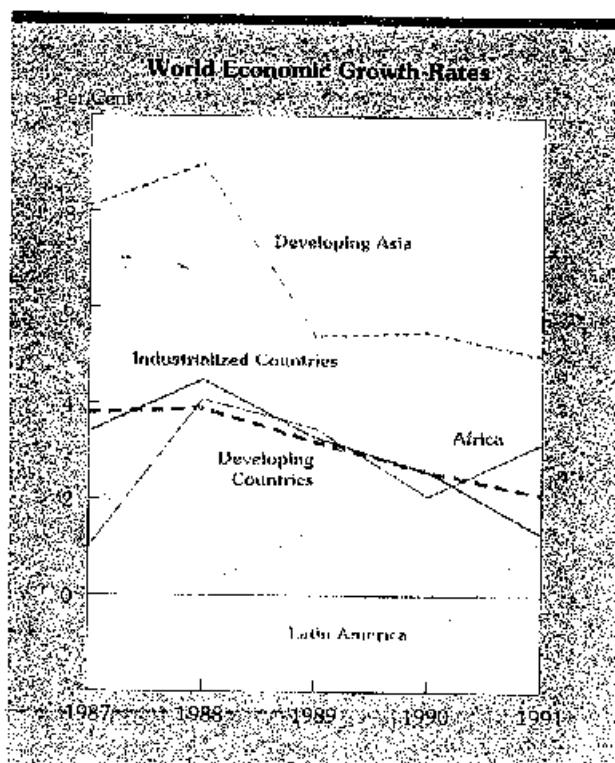
The International Setting

The performance of the international economy in 1991 was one of the poorest on post-war record. World output growth was zero as a result of a drastic decline in output in the former Soviet Union and Eastern Europe combined with either recession or slower growth in industrial countries. The rate of increase in world trade slid to 3 per cent from more than 4 per cent in 1990. Prices of manufactured exports fell slightly from the preceding year's level.

Despite early optimism caused by the speedy resolution of the Gulf war and a return to stability in oil markets, the

recession in the Anglo-Saxon economies deepened through the first half. Although the prospects brightened somewhat in the second half, output fell by 1.1 per cent in Canada, 0.8 per cent in the United States and 2.2 per cent in the United Kingdom in 1991 as a whole. Monetary and credit conditions were tight in these countries during the early stages of the decline and real public consumption expenditures fell. As a result, while inflation was tempered, recession persisted through the fourth quarter. The downturn was particularly steep in Canada and United Kingdom.

In the United States, recession was protracted and recovery delayed. After the savings and loan association bail-out and with weaknesses perceived in the banking

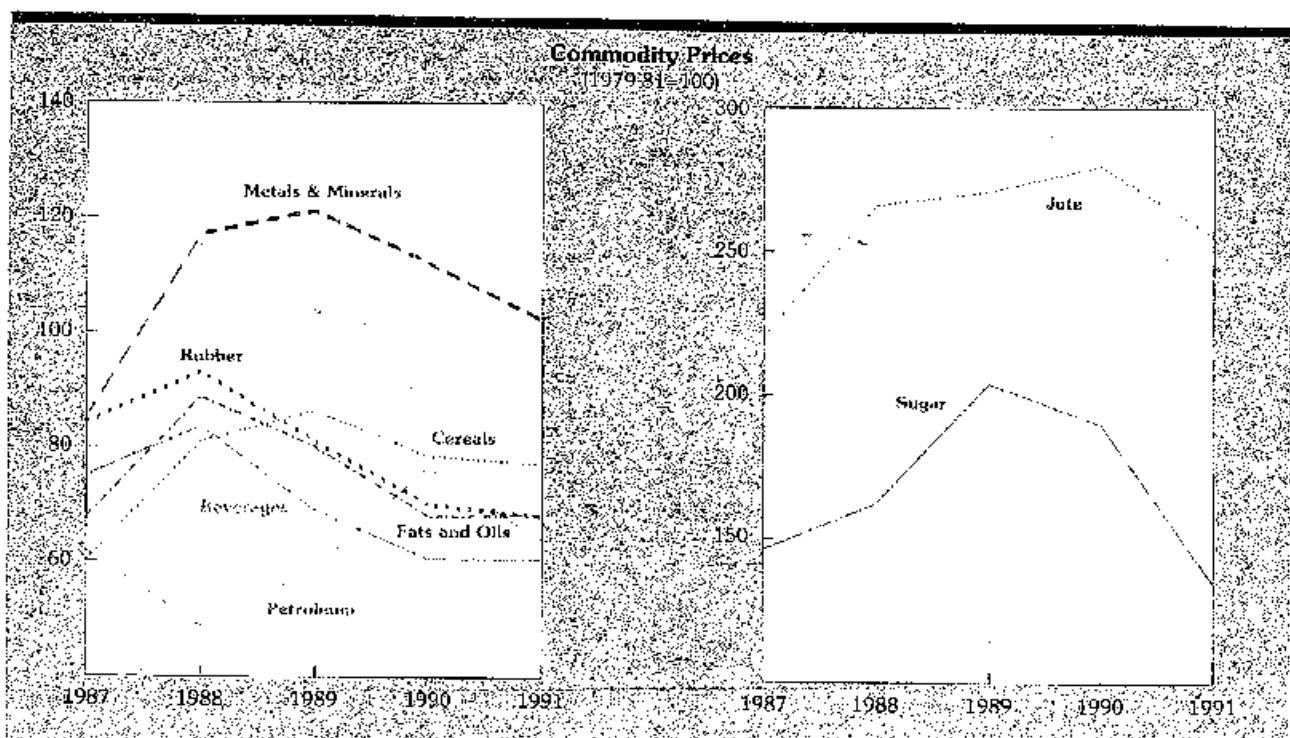
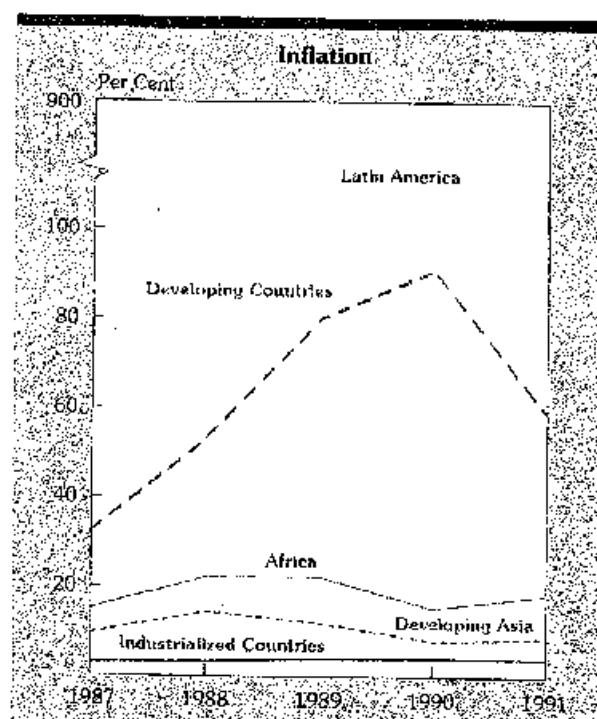


system as a whole, financial institutions exhibited greater concern for their balance sheets and became generally more reluctant to lend. Money supply growth was slower than anticipated, despite the Federal Reserve's downward pressures on interest rates. The housing sector, particularly commercial real estate, remained extremely weak. The

service sector, which was the primary source of job creation in the 1980s, especially the financial subsector, remained lethargic as restructuring resulted in employment contraction. Large budget deficits also inhibited the recovery, as a crowding-out phenomenon kept interest rates high during the first half of the year. Despite the weak macroeconomic performance, the US dollar remained relatively strong – partly because of the enhanced status of the US following the Gulf war and the collapse of the Soviet Union. The external sector continued to improve as the trade deficit diminished significantly to its lowest level since 1983.

In Germany, the cost of rehabilitating the eastern part proved to be far greater than expected. This resulted in significant strains on the budget, increased inflationary pressures and a slower growth (of 3.1 per cent) in the west as monetary policy remained tight to counter the expansionary stimulus of a large budget deficit. Inflation was higher than in France though lower than in the UK. Imports continued to grow rapidly since unification while exports suffered from weak foreign demand in certain sectors and capacity constraints in others. The current account balance shifted from a surplus to a deficit of about \$20 billion.

In Japan, growth fell to about 4.5 per cent as a result of a weak investment climate and selective reduction in durable goods demand. Large electronics firms cut back on capital spending because of sluggish demand for memory chips and lower profit margins. Housing investment also weakened, particularly at the high end of the market, following adverse developments in the Japanese financial sector. Consumer spending was firm, except for automobiles, the





CONDUCTING laboratory tests at the Applied Research Institutes in the Republic of Korea, which received a \$33 million Bank loan from OCR.

market for which was adversely affected by the requirement that new car buyers must be able to show their allocated parking space. At the same time, Japan's trade surplus began to increase again, largely because imports slowed down. Prices of primary products continued to be low and imports of luxury goods dropped sharply. As a result, the current account surplus reached a level of about \$70 billion.

The economies of Eastern Europe continued to be affected adversely by the abolition of the Council of Mutual Economic Assistance (CMEA) trading system. This depressed their exports and caused a deterioration in their trade positions. At the same time, the economic reform process forced output to contract or inefficient state enterprises to close down, and led to sharp declines in aggregate output. Inflation accelerated and current account deficits widened as import restrictions were eased and import subsidies reduced. Between \$10 billion and \$15 billion would be needed annually to finance these deficits in 1991 and 1992. There was, however, some evidence of a turnaround as privatization seemed to take hold in some East European countries.

The economies of the republics that comprised the former Soviet Union have not progressed much in the direction of a private enterprise system. Restructuring toward a market economy has been hindered by political problems associated with the independence moves of several republics. Estimates of economic activity are currently available only for the Soviet Union as it existed in the past and these suggest that the situation remains critical. Aggregate output continued to shrink during 1991. Commodity shortages, price deregulation, increased money supply and budget deficits pushed inflation up. As output

declined by over 15 per cent, the authorities struggled to find an appropriate method for integrating the economies of the republics in both financial and trade terms.

Meanwhile, developing economies (minus Eastern Europe and the Commonwealth of Independent States) experienced a slower aggregate economic performance of around 2.1 per cent. Output shrank by nearly 10 per cent in the Middle East mainly because of the destruction caused by the Gulf war. Economic growth in the rest of the developing world was affected by recession in the industrial countries, poor agricultural output owing to drought and weaker terms of trade in nonfuel primary commodities. However, Asia continued to experience virtually steady growth. On the other hand, Africa maintained its modest growth rate, while Latin America recovered from recession in the previous year.

Latin America revived from a negative growth rate in 1990 to a growth of 3 per cent. Argentina, Mexico and Venezuela performed better as the adjustment process continued to increase efficiency and improve competitiveness. Brazil showed a poor economic performance and was hamstrung by measures to grapple with inflation. Overall growth in Africa was recorded at 2.4 per cent, which was just below the rate achieved in 1990.

Overview of Developing Member Countries

The Bank's DMCs experienced a wider variation in growth performance in 1991 relative to the preceding year. The range was from very high growth rates in PRC, Republic of Korea and Malaysia to no growth or contraction in Mongolia and Philippines. In spite of the slowdown in world economic activity and relatively tight domestic economic policies, the developing Asian region as a whole posted an aggregate GDP growth of 5.8 per cent. However, the rate was below that achieved in 1990. Average growth accelerated in the NIEs, PRC and Pacific island DMCs, while it slowed down in Southeast and South Asia.

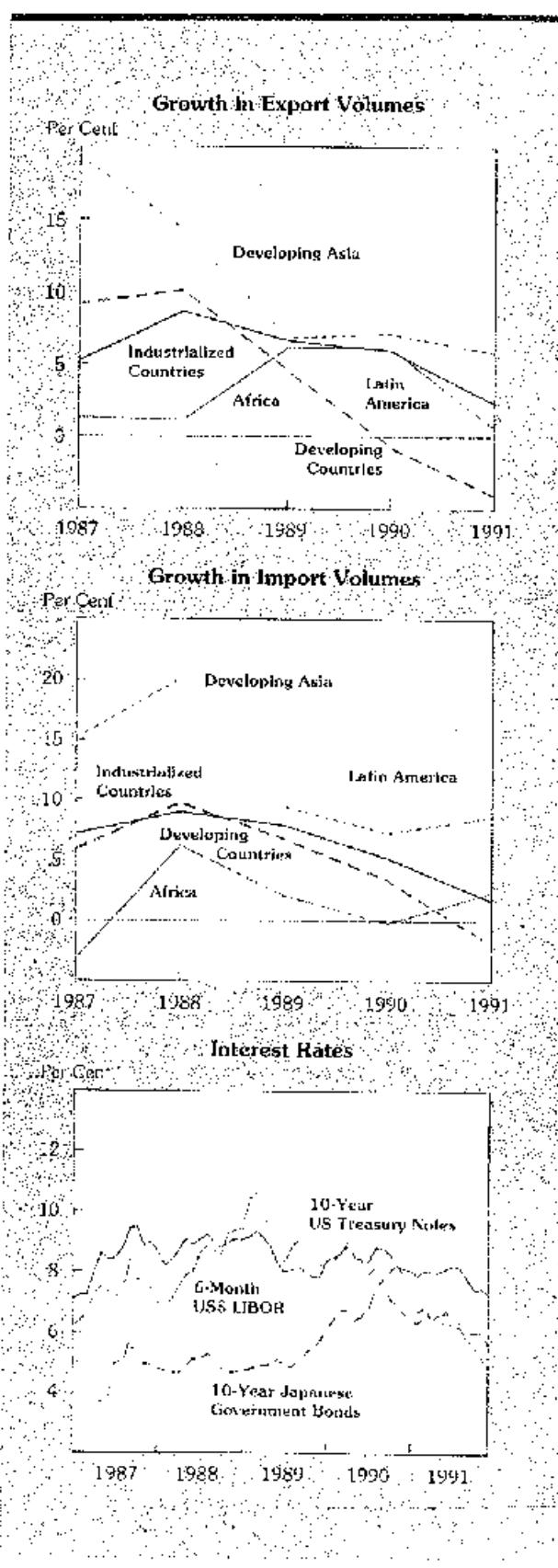
Several things explain the divergence in the economic performance of the Asian economies.

First, growth acceleration in the NIEs (except in Republic of Korea and Singapore) and PRC was attributable to buoyant exports following supply-side adjustments and market diversification, including new markets in Europe and within Asia.

Second, respectable, if slower, growth was achieved in Southeast Asia owing to the strength of domestic demand, particularly investment in manufacturing, construction and infrastructure, which had become a major economic driving force in a number of DMCs, including the NIEs, in the past few years.

Third, generally slow growth was experienced in South Asia on account of structural adjustments, weak fiscal positions and shortage of foreign exchange.

Finally, a sharp contraction in output was recorded for Mongolia as a consequence of its radical transformation,



while negative growth was experienced in the Philippines as a series of natural disasters exacerbated the economy's structural weaknesses and debt overhang.

Newly Industrializing Economies*

Economic Growth Accelerates

The NIEs as a group showed a 7.3 per cent growth in 1991, against 6.8 per cent a year ago. The Republic of Korea logged the fastest rate, 8.3 per cent, although lower than in the previous year. The slowdown in Hong Kong and Taipei, China bottomed out, with the former recording a growth rate of 4 per cent (against 2.8 per cent a year ago) and the latter 7.3 per cent (against 4.9 per cent). Singapore's growth, on the other hand, slowed to 7 per cent from 8.3 per cent in 1990.

The Republic of Korea benefited from stronger domestic demand (particularly plant expansion), government investment in infrastructure and housing construction. Hong Kong was helped by relatively buoyant exports (particularly to PRC), rising consumer confidence and a revival in business fixed investment. In Taipei, China, strong government investment under the Six-Year National Development Plan and a rise in exports provided the main economic boosts. Singapore, on the other hand, was affected by a tight labor market, slower economic growth in the neighboring countries and recession in the US.

Reflecting the strong economic growth, per capita incomes in the NIEs rose in 1991, with Singapore having the highest level of more than \$12,000.

Inflation accelerated to 7.7 per cent from about 7 per cent in 1990, pushed by rising labor costs, infrastructure bottlenecks and strong domestic demand. Inflation was particularly high in Hong Kong and Republic of Korea, where consumer prices rose by about 12 per cent and 10 per cent per annum, respectively. The problem in Hong Kong was partly related to the economic shift from manufacturing to services. In turn, mounting inflationary pressures have prompted a rush into property investments. In the Republic of Korea, relatively high wage increases, higher oil prices and buoyant domestic demand contributed to inflation. On the other hand, inflation remained at about 3.5 per cent in Singapore, where a tight monetary policy was supported by some appreciation of the Singapore dollar. In Taipei, China, inflation moderated to 3.5 per cent from 4.1 per cent in 1990 owing to lower oil prices and weaker consumer demand.

Robust Exports

Merchandise exports of the NIEs increased by 14.6 per cent in 1991, compared with an 8.3 per cent growth in 1990. Hong Kong and Taipei, China did particularly well as a result of improvements in PRC's economy

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

Economic Indicators of Developing World and DMCs

Indicator	Developing World ^a			DMCs ^b		
	1989	1990	1991	1989	1990	1991 ^c
GDP Growth Rate (%)	3.6	2.6	2.1	5.8	5.2	5.8
Inflation Rate (%)	79.9	91.0	68.7	9.7	6.5	8.5
Current Account Balance (\$ billion)	-19.0	-24.6	-103.8	-2.6	-2.1	-9.7
Exports (Growth Rate: %)	8.8	8.4	3.3	11.9	11.2	14.1
Imports (Growth Rate: %)	9.0	9.0	0.9	14.6	11.5	15.3
External Debt Outstanding (\$ billion)	1,368.7	1,466.4	1,493.7	311.6	350.0	379.9
Debt-Service Ratio ^d	15.4	14.1	16.1	17.2	16.0	15.5

^a Excludes Eastern Europe and the Commonwealth of Independent States.

^b Preliminary estimates.

^c As percentage of exports of goods and services.

Sources: IMF, *World Economic Outlook*, October 1991; United Nations, University of Pennsylvania, University of Toronto, Project Link, *World Outlook*, Mimeo New York, Spring 1992; ADB database.

and a revival of its import demand. The Republic of Korea also posted a strong gain after two years of stagnation. In contrast, Singapore experienced a slowdown as capacity limits were reached and the economy continued to acquire a service orientation. For the NIEs in general, reliance on the US market continued to diminish, while Europe, Southeast Asia and PRC gained in importance.

Imports also were up for the NIEs, except for Singapore, with a 16.5 per cent growth in the group total, compared with 13.6 per cent in the previous year. Imports grew rapidly in the Republic of Korea, the major items being machineries to replace high-cost labor and construction materials to meet the construction boom. In Hong Kong, imports rose rapidly reflecting an increase in re-exports, while in Taipei, China, the growth reflected the recovery of domestic demand and the rising government purchases of equipment and materials in connection with the Six-Year Plan.

The combined trade deficit of the NIEs increased from

about \$0.7 billion in 1990 to about \$6 billion, largely reflecting the increased deficits in Hong Kong and Republic of Korea. The combined external current account surplus of the NIEs also declined from about \$11 billion to about \$7 billion, again because of the Republic of Korea's current account deficit. The other economies maintained substantial amounts of current account surpluses. In Taipei, China, foreign exchange reserves reached a new peak of over \$80 billion.

Domestic Policies

Rising inflation induced some NIEs to place a high priority on the stabilization of prices. The Republic of Korea continued its tight monetary policy and formulated a plan to improve the marketing of agricultural and fishery products. Businesses were encouraged to absorb cost increases by enhancing productivity. In Hong Kong, interbank liquidity was squeezed during the year, resulting in a temporary

increase in interest rates. To dampen a sharp rise in property prices, the Government made land available for public housing and private residential construction. In Singapore, slow money supply growth and a strong currency helped contain inflation at a low level. On the other hand, Taipei,China relaxed its monetary policy as inflationary pressures eased. Rediscount rates were lowered four times and the reserve requirement ratio was reduced three times during the year.

Exchange rate policies of the NIEs differed significantly. The Republic of Korea, which experienced a big trade deficit, depreciated its currency against the US dollar and other major currencies during the year. Hong Kong maintained the fixed exchange rate between Hong Kong and US dollars despite a temporary strengthening of its currency. Singapore let its dollar appreciate substantially against the US currency, believing that a strong exchange rate policy would neutralize foreign inflationary pressures and prevent sharp increases in wages and other domestic costs, thereby maintaining Singapore's export competitiveness. In 1990, the New Taiwan dollar had depreciated against the US dollar after a few years of appreciation. This depreciation continued in 1991.

Both Republic of Korea and Taipei,China continued to significantly reduce their tariff and non-tariff barriers to imports. As a result, the Republic of Korea's import liberalization ratio increased sharply from 69 per cent in 1980 to 97 per cent in 1991. Taipei,China lowered the average tariff rate to 4.9 per cent from 7.8 per cent in 1986. The liberalization of imports helped lessen inflationary pressures and encouraged competition in the domestic market.

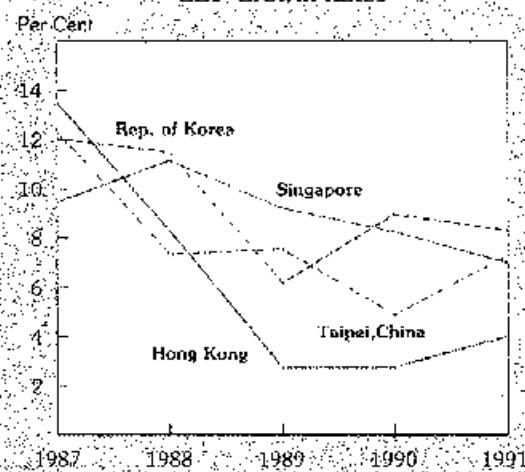
As part of its effort to liberalize and internationalize the financial sector, Taipei,China granted 15 new private commercial bank licenses and opened the stock market partially to direct investments by foreign institutions. In the Republic of Korea, a step-by-step approach in opening the stock market began in January. Singapore, with its emphasis on financial soundness through a higher capital adequacy ratio and new regulatory measures, allowed foreign security companies to operate fully-owned subsidiaries and to become stock exchange members under a special status. On the Hong Kong financial scene, an interesting phenomenon was the emergence of banks owned by residents of Taipei,China. Three such banks set up representative offices during the year and applied for banking licenses.

Labor shortage posed a serious problem for all the NIEs. To overcome the problem, the Republic of Korea is planning to institute measures to utilize all sectors of the population, including women and senior citizens. Hong Kong and Singapore have been revising regulations that restrict the use of foreign workers. Taipei,China announced that foreign workers would be allowed in some selected manufacturing industries and construction projects.

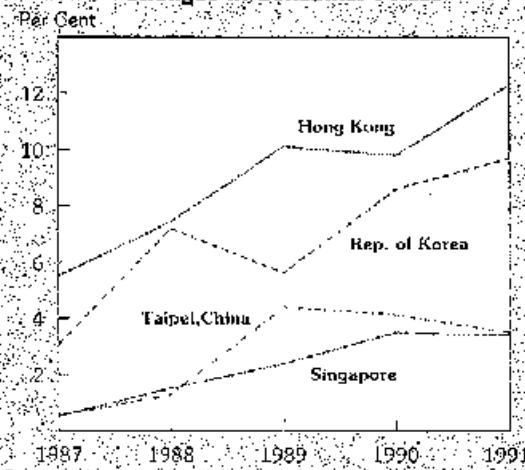
The changing international and domestic environment has obliged the NIEs to pursue long term structural changes in their economies. Restructuring from labor-intensive to technology-intensive industries continued in view of rising labor and operating costs. Labor-intensive manufacturing

The Newly Industrializing Economies

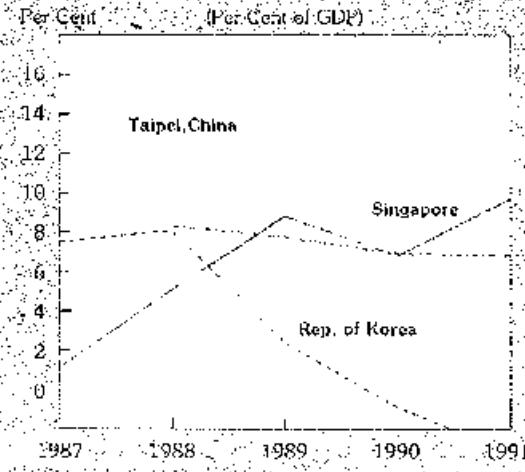
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances



activities are being relocated to lower-cost countries, mainly Southeast Asia and PRC. While the long-term objective of Republic of Korea and Taipei, China is to upgrade their industries, Hong Kong and Singapore intend to make their economies more service-oriented.

The Republic of Korea undertook measures to enhance the country's infrastructure, such as roads, ports and railroads, and increased investments in scientific and technological projects. Its Seventh Five-Year Development Plan, to start in 1992, will seek to strengthen industrial competitiveness, enhance social equity, balance regional development, and further liberalize and internationalize the economy.

Taipei, China launched its Six-Year National Development Plan seeking to improve the quality of life while maintaining social stability and economic prosperity. Among other things, investments will be concentrated on highways, mass transit systems and pollution control. Singapore initiated a Strategic Economic Plan during the year, hoping to transform the country into an ultra-modern economy with world-class infrastructure and facilities.

Southeast Asia*

Slower Growth

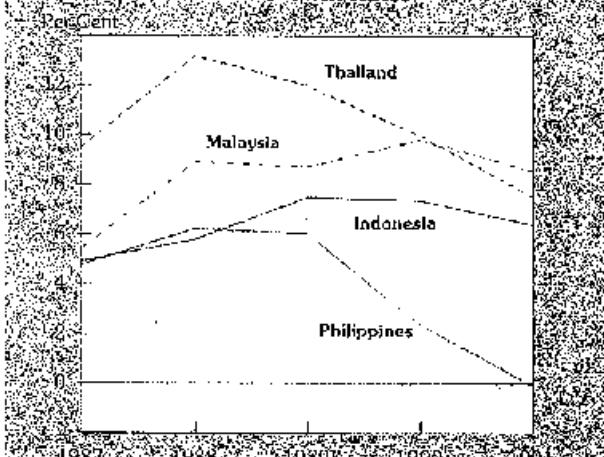
Economic growth continued to decelerate in Southeast Asia, slipping to just below 6 per cent in 1991 from well above 7 per cent in the previous year. Unlike in 1990, the deceleration was pervasive, involving all countries. This was attributable to capacity constraints, infrastructure bottlenecks and tight monetary and fiscal policies, besides the soft import demand in the industrialized countries.

In Indonesia, the slowdown was brought about by a tight monetary policy that dampened the investment boom. Tight money and the policy to limit foreign commercial borrowing were intended to cool down what appeared to be an overheated economy and reduce the current account deficit and increasing external debt. The impact of these policies was compounded by lower oil prices, sluggish growth in non-oil exports, and a protracted drought affecting agriculture. Thus, the growth rate of Indonesia's GDP fell to about 6.4 per cent in 1991 from 7.4 per cent in 1990.

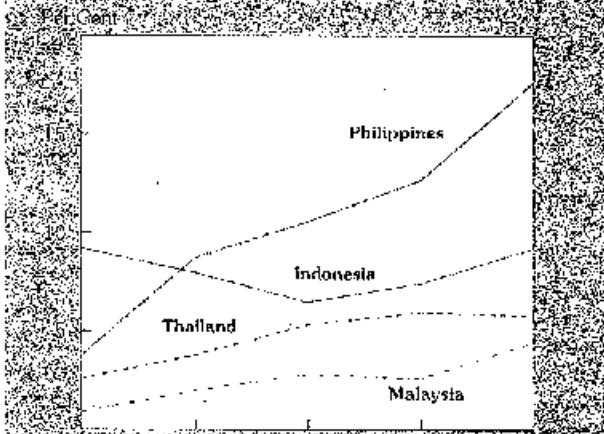
After posting a record growth of close to 10 per cent in 1990, the Malaysian economy experienced a slower growth rate of about 8.6 per cent in 1991. Although capital inflows continued and domestic demand remained relatively strong, a tighter monetary policy pushed up interest rates. Moreover, external demand for Malaysian exports weakened, and the commodity-producing sectors were affected by soft commodity prices. However, the employment situation was hardly affected - the unemployment rate

The Southeast Asian Economies

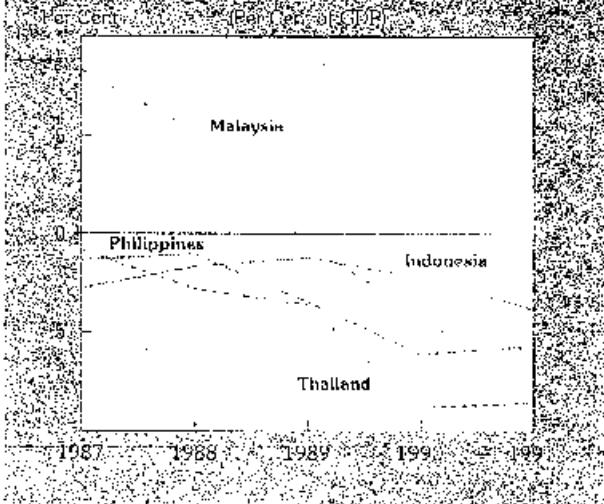
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances



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

remained at around 6 per cent – and labor shortages emerged in agriculture, construction and labor-intensive manufacturing.

The slowdown affected Thailand, too, as capacity and infrastructure constraints became more binding. GDP growth slid to about 7.5 per cent from about 10 per cent in the previous year. Steps were taken to cool the overheated economy, rein in inflation and domestic demand, and stem the deterioration of the current account deficit. Consequently, inflation was contained at about 6 per cent as in 1990, while the current account deficit improved somewhat to 8.6 per cent of GDP. Exports remained buoyant, however, reflecting the coming on stream of past foreign investments and the fruition of sustained export diversification efforts.

In the Philippines, economic growth was negative as structural weaknesses were compounded by unfavorable exogenous factors. After receding during the first three quarters, aggregate output was expected to recover somewhat, but recovery was retarded by the impact of natural calamities. Thus, for the whole of 1991, GDP growth was -1 per cent, well below the rate in 1990 and most forecasts. Economic activity was governed by a stabilization program designed to check the current account and fiscal deficits and temper inflation. An import levy was introduced, succeeding to some extent in raising needed revenue and slowing imports, but it weakened output and pushed up inflation. The recession in construction activity and durable equipment investment was especially dramatic owing to a slump in demand and bottlenecks in supply.

GDP growth was cut by more than a third in Lao PDR to 4 per cent, reflecting a drastic reduction in agricultural output owing to both drought and floods during the main growing season. Rice production alone fell by some 20 per cent. Industry and services, however, held up and grew by nearly 30 per cent and 3 per cent, respectively. The Government's economic stabilization program, including the continuation of tight monetary policy to hold down inflation, also contributed to the slowdown in GDP growth.

Viet Nam's economy grew by about 3.8 per cent. The services sector was the main source of growth, with non-material services expanding by about 9 per cent. Agricultural production was stagnant, while industrial output expanded by close to 5 per cent.

Inflationary Pressures

Strong inflationary pressures persisted during the year in Southeast Asia owing to capacity constraints and infrastructure bottlenecks in the face of brisk domestic demand. Moreover, the effects of the steep oil price hike in late 1990 continued to be felt, apart from rising wages.

Inflation was high in the Philippines – about 17.7 per cent – owing to sharp oil price increases in the last quarter of 1990, supply bottlenecks due to natural disasters and spurs in money supply during 1991. The rate would have been higher but for the reversal of the Oil Price Stabilization Fund deficit, reduction in the import levy and

lower capacity utilization. In Indonesia, increases in energy and transportation prices as well as in public sector wages contributed to an already overheated economy, resulting in nearly double-digit inflation.

In Thailand and Malaysia, economic overheating persisted with continuing infrastructure bottlenecks and manpower shortages. Wage increases have been marked and consumption has been booming in both economies during the last few years. Because of strong anti-inflationary policies and reductions in import duties, however, Thailand was able to prevent inflation from rising above the 1990 rate of 6 per cent. In Malaysia, inflation accelerated to 4.5 per cent, and although it was relatively low by international standards, the country had not experienced such a rate since 1982.

In Lao PDR, the marked economic slowdown, in addition to the Government's emphasis on stabilization and tight monetary policy, brought the inflation rate down from close to 20 per cent in 1990 to around 10 per cent in 1991. Inflation in Viet Nam was around 79 per cent in view of continuing large budgetary deficits and pressures to provide subsidized credit to state enterprises through the banking system.

Trade Performance

Because of weak external demand and lower prices for oil and primary commodities, the growth rate of Malaysia's exports was estimated to have accelerated to 16.5 per cent from about 17.5 per cent in 1990. The growth of imports was expected to rise to about 30 per cent from just above 13 per cent in the previous year. This resulted in a negative trade balance which, coupled with the traditional deficit in the services balance, led to Malaysia's current account deficit more than doubling to 9.4 per cent of GDP.

The Philippines recorded an improvement in its external sector, with its current account deficit narrowing slightly to 5.7 per cent of GDP. Contributing to this was a faster export growth of 6.7 per cent, coupled with a decline of 1.8 per cent in imports. The improvement in exports was attributable to a modest recovery in world demand for Philippine nontraditional and traditional products, while the slump in imports followed from the effect of the import levy and the general economic slowdown.

Exports from Thailand showed a remarkable resilience, expanding by more than 23 per cent, compared with about 15 per cent in 1990, despite unfavorable prices for primary commodities. With the growth of imports dropping from about 30 per cent in the previous year to about 17 per cent, Thailand's current account gap narrowed somewhat to 8.6 per cent of GDP.

Indonesia recorded a 9.4 per cent growth in exports, against about 16 per cent in 1990, partly because of lower oil prices. Additionally, non-oil exports weakened due to higher inflation and interest rates. Although the growth rate of imports also dropped from about 34 per cent in 1990 to 11.3 per cent, the current account deficit widened to 3.8 per cent of GDP.



THE 400-MEGAWATT Trengganu Hydropower Plant in Malaysia along the Trengganu River. Funded by a \$45.4 million Bank loan from OICR, the Project is the first major generation plant on the east coast of Malaysia.

Meanwhile, exports from Lao PDR and Viet Nam increased by about 2 per cent and 7 per cent, respectively. However, imports grew by 8.5 per cent in Lao PDR and by 20 per cent in Viet Nam.

Domestic Policies

Incentives to carry out and sustain policy reforms have produced tangible benefits for Southeast Asian economies. Prudent domestic policies have enabled Southeast Asia to absorb the shocks of unfavorable external events and perform better than other developing countries in Asia and elsewhere.

Indonesia maintained a tight monetary policy, imposed limits on foreign commercial borrowing and postponed major infrastructure projects to cool down its overheated economy. A further trade reform package was announced in June to reduce tariff and non-tariff barriers, thereby cutting the cost of inputs for downstream industries and increasing efficiency in the manufacturing and export sectors. A new negative list for investment was issued, reducing the number of closed sectors from 75 to 60. The open sectors now include commercial vehicles and motor cycles (with the proviso that 65 per cent of the production

should be exported), automotive components, heavy equipment, gasoline and diesel engines, and palm and coconut oil processing.

Malaysia continued to push privatization and reduce the Government's development expenditure. Considerable attention was given to lessening the economy's dependence on foreign direct investment, mobilizing domestic savings and reforming the Employee Provident Fund to facilitate investment in private enterprises.

In the Philippines, major policy reforms were passed under an economic stabilization program to correct macroeconomic imbalances. The tariff structure was further streamlined, narrowing the effective tariff range and reducing the bias against agriculture vis-à-vis manufacturing. Deregulation of the financial sector reduced barriers to entry into the banking system and made it easier to open new commercial bank branches. Foreign investment was liberalized to allow 100 per cent ownership by foreigners except in selected industries. Moves were initiated to decentralize important government functions.

Among its notable policy initiatives, Thailand passed a value-added tax bill, with effect from January 1992; established an Environment Fund to finance projects for the protection and improvement of the environment, with the

Government making an initial contribution of 500 million bahts; approved a two-phased deregulation program for oil prices, with the first phase taking effect in June 1991; pruned the list of items under price control from 109 to 63; and relaxed import restrictions on new and used cars as well as other motor vehicles and their components to promote competition in the motor vehicle industry.

Lao PDR announced further measures in October in connection with the reform of state enterprises, a key component of its New Economic Mechanism. Only five enterprises (three under the Ministry of Defense) were to be exempted from divestment. A Department of Supervision for State-Owned Enterprises was established to oversee enterprise finances and the Government's privatization program. A decree was passed in August centralizing all budgetary authority and revenues in the State Budget and National Treasury at the Ministry of Economic Planning and Finance. With the establishment of the Aloun May (New Dawn) Bank in September, the separation of the commercial and central banking functions of the Bank of Lao PDR was completed. Other policy developments included a new ban on logging and continued efforts to boost foreign investment.

Viet Nam pursued further market-oriented reforms. In early 1991, the Government established a Committee on Debt Clearance to look into the failure of state-owned enterprises to repay their debts to state banks. Towards the end of the year, a series of decrees were issued concerning the formation and dissolution of state-owned enterprises. Some of these enterprises were either privatized or liquidated. In other cases, remaining subsidies to state-owned enterprises were scrapped.

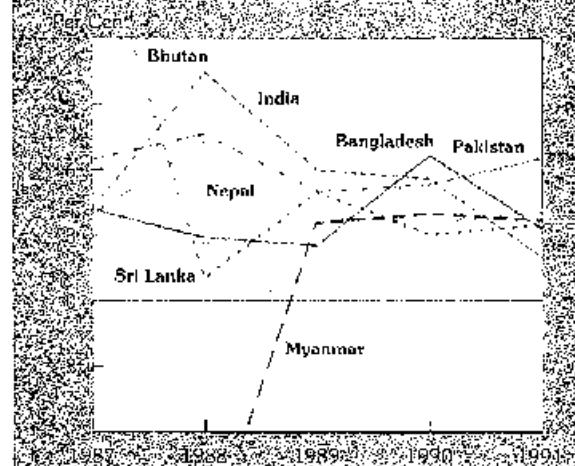
South Asia*

Slowdown in Agriculture

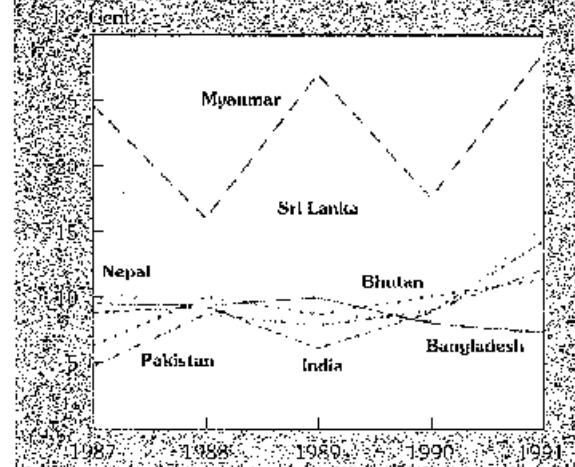
South Asia's performance continued to be mixed. Aggregate GDP for the subregion grew by 2.7 per cent, lower than the 5.5 per cent growth in the previous year. Bangladesh and Sri Lanka, both adversely affected by the Gulf war, faced unfavorable conditions in agriculture and suffered a significant slowdown in overall growth. Bangladesh's 3.3 per cent GDP growth was a substantial decline from 6.6 per cent in 1990. Suffering from a severe cyclone that hit the coastal areas, agricultural growth decelerated to 1.3 per cent from 10 per cent in 1990, while the industrial growth rate came down to 2.6 per cent from 6.3 per cent in the previous year. The textile sector, specifically jute and cotton, which together constitute about 30 per cent of total value added in manufacturing, was particularly affected. In Sri Lanka, which was also unfavorably affected by internal factors, agriculture grew by less than 1 per cent, compared with about 9 per cent in 1990, and brought the

The South Asian Economies

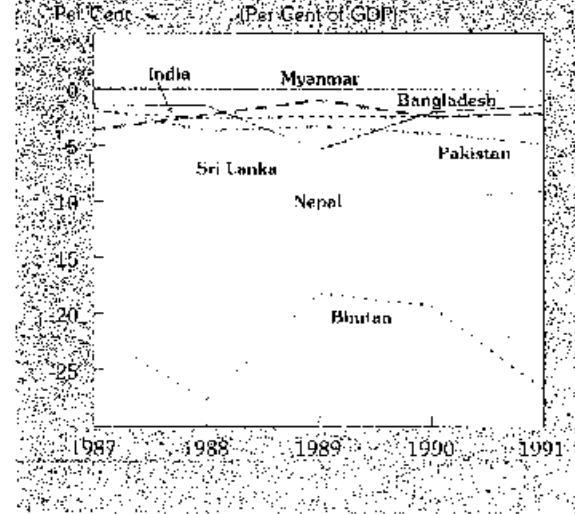
GDP Growth Rates



Changes in Consumer Prices



Current Account Balances



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

overall GDP growth down to about 5 per cent from about 6 per cent in 1990. Rubber and coconut production declined significantly.

India's economic growth declined to 2 per cent from 5.6 per cent in 1990, as agriculture was stagnant compared with about 4 per cent growth in the previous year. Moreover, growth in industry and services slipped sharply while export growth was -2.3 per cent compared to 15 per cent in 1990. Myanmar achieved a growth rate of about 3.7 per cent, down from 4 per cent in 1990. In Maldives, where economic growth is largely a function of fishing and tourism, the Gulf war caused a shortfall in tourist arrivals, resulting in a growth rate substantially lower than that achieved in recent years.

The only South Asian countries that experienced some acceleration in growth were Bhutan, Nepal and Pakistan. In these countries, conditions in agriculture were favorable. In Nepal, the economic climate improved with the onset of democracy and the impact of the Gulf war on the fiscal and current account balances was limited. As a result, economic growth rose to about 4 per cent from 3.6 per cent in 1990. Domestic activity relating to construction and nontraditional manufacturing expanded. Strong domestic demand and a robust export performance boosted nonagricultural production.

In Pakistan, GDP grew by 6.5 per cent—an improvement over the 5.3 per cent growth achieved in the previous year—mainly due to a vigorous performance of agriculture, which accounts for one fourth of total production. Besides favorable weather, improved irrigation, greater use of high quality seeds, better procurement prices and increased disbursement of agricultural credit were behind the sector's strong growth. As in 1990, the industrial sector posted a 6.2 per cent growth, performing well below target. Manufacturing, especially large scale manufacturing, remained sluggish.

Inflation continued to be a major problem for some countries in South Asia. In Pakistan, inflation accelerated to about 12 per cent from 9 per cent in 1990, reflecting the impact of higher fuel prices and a larger budget deficit. Monetary policy was relaxed, subsidies on some producer and consumer commodities were reduced and energy prices were adjusted upwards due to the Gulf war, all of which contributed to push up inflation.

In Nepal, the supply of essential goods improved following the resolution of the trade impasse and the Government implemented a policy to mop up liquidity. Despite this, inflation rose to more than 15 per cent from about 8 per cent in 1990.

In Sri Lanka, inflation remained in double digits, but the 12 per cent rate was an improvement over 21.5 per cent in 1990. The latter figure had resulted from the depreciation of the currency in late 1989 and adjustments and liberalization of certain key administered prices. In Myanmar, inflation accelerated to about 29 per cent from about 18 per cent in the previous year.

In India, persistent and large fiscal deficits, demand and supply imbalances in sensitive commodities (mainly due to a

shortfall in domestic production and imports), and the wage-price spiral in a number of industries resulted in an inflation rate of about 14 per cent. Bangladesh was able to contain inflation to about 7 per cent, largely due to budgetary control and measures to facilitate the supply of essential goods.

External Sector

Despite unfavorable external circumstances, exports continued to grow. Countries dependent on primary commodities suffered, but overall export performance was enhanced by diversification and an improved policy environment.

Despite the Gulf war, Bangladesh enjoyed a comfortable balance-of-payments position and its current account deficit decreased to 1.4 per cent of GDP. The Government moved to contain imports of luxury and non-essential goods, thereby reducing merchandise imports by about 12 per cent. The growth in exports, however, slowed to about 2.6 per cent from about 28 per cent in 1990, as the Gulf war disrupted sales of raw jute, jute manufactures, leather and ready-made garments. Coastal shrimp culture and marine fisheries projects were affected by cyclone, which reduced the export of frozen food.

Sri Lanka saw its current account deficit widen by about 23 per cent as its exports, affected by lower prices of tea, rubber and coconut, slowed to a 9.5 per cent growth rate. Imports showed a 13.4 per cent growth, reflecting higher prices of investment and intermediate goods.

Since the normalization of trade with India in 1990, Nepal's exports to India have gradually returned to their normal levels. Its trade deficit widened. Both exports and imports grew rapidly. In India, there was a significant improvement in both current account and trade balances, basically reflecting drastic measures to limit imports. Imports contracted by about 6 per cent compared with a 14 per cent expansion in 1990. Pakistan managed to contain its current account deficit at 4.8 per cent of GDP partly reflecting the rise in its export growth to about 17 per cent.

Domestic Policies

The Indian Government adopted important measures to stabilize the macroeconomic situation as a major step towards economic recovery. A tight monetary policy was implemented in order to limit the growth in money supply to 13 per cent. This was to be accomplished mainly through increases in interest rates, withdrawal of refinancing facilities, increases in the cash reserve ratio and a reduction in Central Bank lending to the Government. The Government undertook to trim the fiscal deficit by cutting down growth in expenditure (fertilizer and export subsidies, defense and transfers to public enterprises), raising indirect taxes and corporate tax rates, lowering depreciation allowances, imposing a tax on the interest income of commercial banks, and selling off portions of public enterprises.

Bangladesh made substantial progress in implementing its financial sector reform program. A list was prepared of

100 largest defaulters and efforts were underway to intensify debt recovery. In Myanmar, fiscal policy efforts were aimed at stimulating economic growth and employment, and curbing inflation. At the same time, the Government pursued a course toward a more liberalized economy, allowing the private sector to extract hardwood and other forest products (other than teak) as well as giving concessions to foreign private entrepreneurs for hardwood extraction.

Nepal's macroeconomic policy was aimed at maintaining economic stability through prudent budgetary and monetary measures. In Pakistan, in order to improve the efficiency of the financial sector, an effort was made to realign the rates of return on government debt instruments and further improve the system for auctioning government securities. Significant steps were also taken to break up the state monopoly in commercial banking and improve the level of competition, efficiency and resource mobilization in the banking sector.

As to the external sector, despite short-term pressures from current account deficits, most South Asian countries continued to pursue liberalization policies. These reforms are designed to offset the structural impediments to exports.

In India, trade and industrial policy reforms were announced to set industry on a more market-oriented basis. The trade policy reforms are expected to boost exports, make imports of inputs and capital goods easier, and render import substitution more efficient. The most significant trade policy reform introduced, however, was the broad extension of the replenishment license system, whereby exporters are allowed to utilize a specific percentage of their export receipts to replenish imported inputs or sell these at market rates to other importers. This measure serves as an export incentive and allows importers to avoid detailed licensing procedures. A major devaluation of the currency further improved the trade environment. Major industrial reforms included the delicensing of a large part of industrial activity, liberalization of foreign direct investment procedures, and a commitment to reform public enterprises.

To improve its trade balance, Bangladesh has lifted quantitative restrictions on 59 categories of imports and plans for a phased program of import liberalization are underway. Myanmar is adjusting its trade policy to convert the economy from an import-substituting to an export-oriented one. In line with this approach, the role of the private sector is being expanded through the removal of bureaucratic restrictions and the encouragement of private entrepreneurs in foreign trade.

In Nepal, procedural requirements are being simplified to promote and diversify exports. In Pakistan, a number of measures to liberalize the exchange and trade system has been introduced. These include liberalization of rules relating to foreign currency accounts held by Pakistani nationals, greater availability of foreign exchange for certain transactions and the introduction of dollar bearer certificates.

A new industrial policy was introduced in Bangladesh, placing greater emphasis on private sector participation and foreign investment, promotion of export-oriented, small-scale and agro-based industries, and partial or complete

privatization of public manufacturing enterprises.

In Nepal, as an encouragement to the private sector, new areas are being opened up for investment; licensing and control measures are being removed, and investment rules and regulations are being simplified. Pakistan's new industrial policy is aimed at adding higher value to exports and promoting labor-intensive industries. In addition to its privatization efforts, the Government has expanded the autonomy of several public sector enterprises.

People's Republic of China and Mongolia

The Chinese economy continued to pick up from slower growth in 1989 to record a 7 per cent expansion in GNP in 1991. A strong rebound in industrial output and continued buoyancy in external trade contributed to this achievement. However, while the economic expansion gathered momentum, a gradual build-up of inflation again became a matter for concern and the problem of low public sector efficiency remained unsolved.

Supported by a cautiously expansionary monetary policy, a double-digit growth in retail sales and a surge in external trade, gross industrial output increased by 14 per cent. However, economic efficiency, particularly in state-owned enterprises, remained low as more than one third of them were operating at a loss. As a result, government revenue, which depends heavily on taxes and profits contributed by state firms, deteriorated.

Though certain regions were adversely affected by disastrous summer floods, overall agricultural production remained good. Grain output was expected to reach 435 million tons, the second largest harvest in Chinese history, and agricultural output was estimated to grow by 3 per cent.

Although the National Retail Price Index, the indicator of Chinese inflation, was held at about 3 per cent at the end of 1991, inflation was high in urban areas, with several major cities experiencing double-digit inflation. While rapid economic growth was partly the cause, periodic adjustments of prices of goods such as cement, steel, grains and cooking oil were also responsible for an increase in the general price level.

The external sector remained buoyant, with exports, supported by a rapid expansion of export-oriented industries, registering a 15.8 per cent growth. Imports also rebounded strongly to a 19.5 per cent growth from a negative 9.8 per cent rate in 1990, as the recovery of the domestic economy boosted demand for foreign inputs. The trade surplus was estimated at around \$8 billion, somewhat lower than the year-before level. The service account also showed some improvement, partly reflecting a sharp increase in tourist arrivals. The current account surplus was estimated at \$12.2 billion. With the economic environment improving, foreign direct investment boomed. At the end of the year, PRC's international reserves were estimated at

\$40 billion, equivalent to about nine months' imports. The country's total external debt was estimated to be about \$55.5 billion, and the debt-service ratio was at a comfortable level of about 9 per cent.

Since mid-1990, Mongolia has undertaken bold and comprehensive reforms to transform its economy into a market-oriented one as quickly as possible. Though the long-term prospect for the reforms remains bright, the abolition of the Council of Mutual Economic Assistance (CMEA) and its preferential trading and capital assistance program resulted in macroeconomic instability, severe shortages of raw materials and spare parts and a drastic reduction in investment. GDP growth, which had suffered a 2 per cent decline in 1990, recorded an estimated 18 per cent slide in 1991. The industrial sector was the most severely hit with output falling by 30 per cent.

As a consequence mainly of the liberalization of prices, inflation surged to about 130 per cent in 1991 from the controlled price level of 1990. Also contributing to the increase was an estimated 34 per cent expansion in money supply.

Since the beginning of 1991, trade and payments arrangements among the former CMEA countries have been on the basis of hard currency settlement with values being

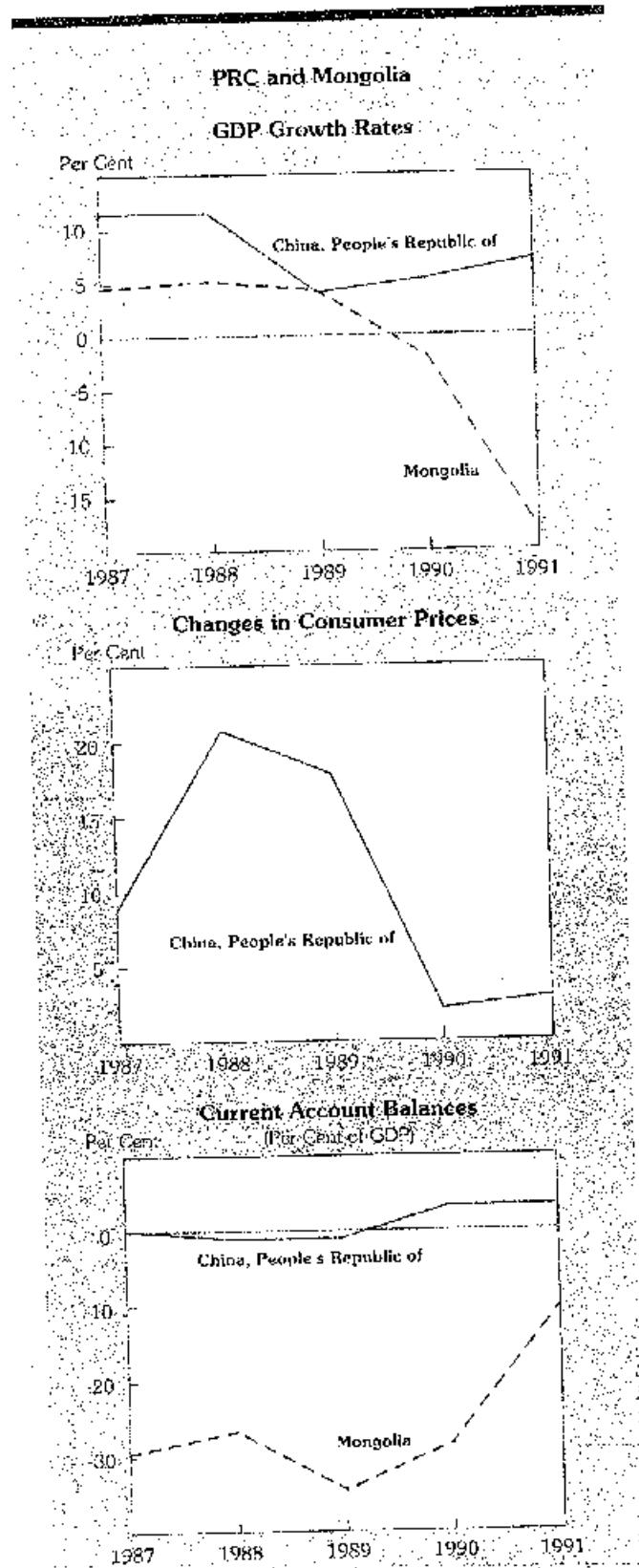
determined at world market prices. This new arrangement, compounded by a decline in Soviet assistance and the absence of subsidized trade credit from the former International Bank for Economic Development, has caused a severe shortage of foreign exchange, reducing Mongolia's ability to import essential items, such as raw materials and spare parts. The country's exports were expected to decrease by 2 per cent while imports were likely to have a 44 per cent decline. The current account deficit was expected to improve from \$644 million in 1990 to \$100 million. To resolve the issues relating to Mongolia's external debt, which stood at 10.4 billion transferable rubles at the end of 1990, a bilateral committee was set up comprising high-level members from Mongolia and the former Soviet Union.

Domestic Policies

Economic reforms and opening up to the outside world had been at the center of PRC's policies in the past decade. They remained so in 1991. The success of the austerity program encouraged the Government to accelerate the reform agenda, which had slowed down in the late 1980s. Price reforms, a key and sensitive issue, were carried out



MANNING a computerized control center under the Industry Energy Conservation Program in the People's Republic of China, which received an S\$30,000 technical assistance grant.



with great caution on an experimental basis in selected areas. Two-tier pricing of some raw materials, such as cement and steel, was replaced by a unified system. Prices of foodgrains and edible oil were adjusted in order to reduce the gap between market and controlled prices. Housing reforms are being carried out gradually.

The industrial policy was re-emphasized in the newly published Eighth Five-Year Plan and the Ten-Year Development Program. Agriculture, raw material production, water supply and irrigation, physical infrastructure, the electronics industry, the agricultural processing sector, construction, and the service industries will have priority in the provision of incentives and resources. The Government announced several new measures in September to improve the efficiency of state enterprises. The scope of mandatory quotas for public firms was reduced, the income tax rate was gradually lowered from 56 per cent to 35 per cent, the interest rate for bank loans was reduced and the depreciation rate for fixed assets was increased. In addition, a new retirement pension fund as well as other social security reforms were launched to shift the financial burden of social security from enterprises to the state.

The Government's monetary policy has continued to be cautiously expansionary since the second half of 1990. Interest rates on savings deposits and loans were lowered as inflation abated. However, to prevent any rapid resurgence of inflation, monetary policy was tightened up in the second half of 1991.

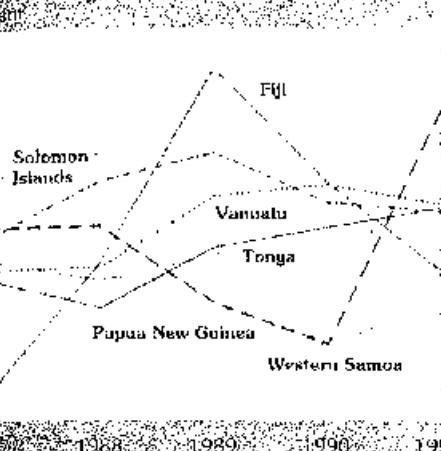
Capital market development is underway. Following the first stock exchange established in Shanghai in December 1990, the second stock exchange in Shenzhen was formally opened in July 1991. A number of new stocks were listed in the two stock exchanges. At the end of 1991, PRC offered the first public shares to foreign investors in the Shanghai Stock Exchange. It is also moving to rely more on market forces to allocate treasury bonds. About one quarter of treasury bonds were issued through a domestic underwriting syndicate rather than through the government committees that previously arranged mandatory purchases by workers.

Encouraged by the good performance of the external sector, the Government launched a new round of trade reforms in 1991. In January, all subsidies on external trade were removed and a trade contract responsibility system was introduced. Provincial and foreign trading companies were given incentives to improve their efficiency and earn larger profits. At the same time, they would take responsibility for their losses. Unlike in the past, when the depreciation of the exchange rate occurred once a year, the monetary authority has tried a managed 'float' exchange policy since early 1991 to bring the official exchange rate closer to its market value. To encourage foreign investment, a new tax law for foreign investment was approved, reducing tax charges from 50 per cent to 33 per cent. In addition, a free-trade zone was opened in the port city of Tianjin to facilitate foreign investment in export-processing industries. Firms located in the zone will be free of tariffs and receive preferential tax treatment.

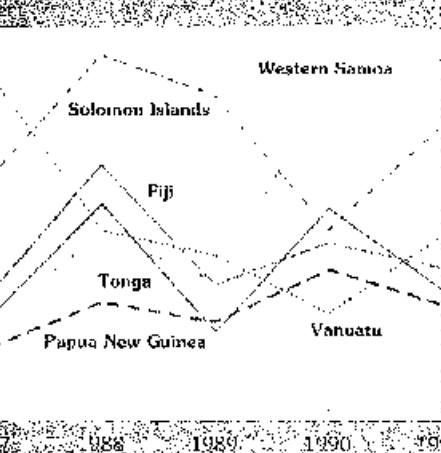
Current economic policies in Mongolia are based on

Selected Pacific Island Economies

GDP Growth Rates

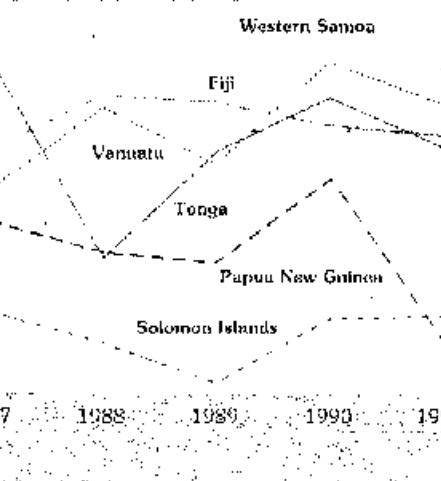


Changes in Consumer Prices



Current Account Balances

(Per Cent of GDP)



three objectives, namely, stabilization of the economy in the short run, implementation of a broad range of structural reforms, and expansion and diversification of external economic relations. At the center of the reform program is the privatization of state-owned assets. Under the Company Law enacted in 1991, all enterprises were to be converted to an approved mode of ownership by the end of the year and 70 per cent of the total assets of state enterprises were to be privatized by the end of 1994.

To stabilize the economy, a tight fiscal policy was adopted. The Government introduced a system of corporate and personal income tax and customs duty, and a 10 per cent windfall profit tax and import surcharge were planned in order to increase revenue. In the meantime, government expenditures on various subsidies, social welfare and investment were reduced.

On the monetary front, a two-tier banking system was introduced in August 1990, creating a central bank and two commercial banks out of the existing State Bank. The new central bank, Mongol Bank, started operations in May, enjoying greater autonomy and overseeing the formulation and implementation of monetary policy. The new Banking Law, which formalizes the two-tier banking system, also provides for the establishment of privately owned banks and foreign bank branches.

In the external sector, the system of mandatory state orders for exports was partially liberalized. Firms and individuals in the private sector were encouraged to export. The Government also plans to pursue the medium-term objective of letting market forces determine the exchange rate. To this end, the Government has on several occasions devalued the Mongolian currency, the latest being a major devaluation from tugrik 7.1 per dollar to tugrik 40 per dollar in June.

Pacific Island DMCs*

A Mixed Bag

Following the disappointing economic performance in 1990, the Pacific island DMCs (PIDMCs)¹ had varied experiences in 1991. The economy of Papua New Guinea recovered significantly to record an estimated GDP growth of about 9.3 per cent, a strong rebound from negative growth in the two previous years. There was a 25 per cent expansion in industrial output, as the production of gold increased substantially from the newly commissioned Misima and Porgera mines. However, a surge in domestic investments, mostly related to mineral development and the Kutubu oil project, resulted in some overheating of the economy. In Tonga, GDP growth improved to 3.9 per cent from 2.8 per cent in the previous year, primarily because of higher agricultural production due to favorable weather and

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

consequent growth in exports.

Following two consecutive years of strong growth, Fiji's economic growth slowed down significantly to 0.4 per cent, against 5.4 per cent in 1990. While industry performed modestly, the services sector declined by 0.9 per cent compared with an increase of 8.3 per cent in 1990. This setback was caused mainly by the adverse performance of the tourism and wholesale and retail sectors. Output from the mining sector declined by 39 per cent owing to a prolonged industrial strike and a fall in gold prices.

Economic growth in Solomon Islands narrowed to 3.7 per cent in 1991 from 4.2 per cent in 1990 as a result of a slowdown in the industrial and services sectors. In Western Samoa, economic growth was -1 per cent, reflecting an extensive cyclone damage. Other PIDMCs experienced an economic slowdown largely reflecting the generally poor performance of the primary sector because of unfavorable weather.

Inflation remained high in the first half in most PIDMCs, reflecting higher import prices due partly to oil price increases emanating from the Gulf war. However, falling oil prices in the second half and a decline in inflation in the PIDMCs' major trading partners, especially Australia and New Zealand, helped reduce price pressures in many PIDMCs. Papua New Guinea ended up with a 5.3 per cent inflation rate for the year, down from 6.9 per cent in 1990. Inflation also decelerated in Fiji to 7 per cent from about 8 per cent in the previous year. This was partly attributable to improved agricultural supply which helped reduce food prices. A slower growth in money supply and only a moderate increase in wages also played a role in dampening inflation.

In Solomon Islands, inflation reached double digits due to higher import prices and a 25 per cent increase in money supply. Inflation in Tonga declined to 6 per cent from 9.7 per cent in 1990, as a result of a tight labor market, higher import prices arising from the continued fall in the value of Tonga's currency and increased import duties. In Western Samoa, inflation moderated from a high rate in the previous year.

Exports

The export performance of most PIDMCs improved in 1991, led by minerals and primary commodities. Gold sales, in particular, contributed to PNG's 30.7 per cent export growth in 1991. However, its imports grew at an even higher rate of about 42 per cent, mainly to support mineral development, and the current account deficit widened as the deficits in the trade and services accounts remained large.

In Fiji, both exports and imports lost their momentum after rapid expansion in the previous years. While exports contracted by 9.5 per cent, mainly reflecting a drop in sugar and gold sales, imports shrank by 13.3 per cent as economic activity continued to decelerate sharply. Fiji's current account suffered a deficit of \$4 million or 0.3 per cent of GDP in 1991, compared with a \$7 million surplus in 1990.



In Solomon Islands, exports fell by 7 per cent as sales of traditional commodities continued to decline, but imports increased by about 4 per cent. As a result, the current account deficit narrowed somewhat to 14.1 per cent of GDP. In Tonga, the trade deficit widened to \$63 million, while the current account incurred a deficit despite increased remittances from emigrants and tourism income. Western Samoa's current account also recorded a deficit of \$4 million as exports continued to fall while imports rose.

Domestic Policies

A number of reforms and policy initiatives were undertaken by the PIDMCs in 1991 to make their economies more efficient and dynamic. Fiji implemented a set of deregulatory policies, progressively reducing tariffs and import licensing and allowing a greater degree of domestic competition, to make its import substituting industries internationally competitive. The maximum tariff on imports was reduced from 50 per cent to 40 per cent. Further reductions of 10 per cent each year have been planned for 1992 and 1993. Other policy changes included tax relief to low-income earners and tax on farm incomes and on profits of



WOMEN work beside men at a factory in Madras, India, which is one of the beneficiaries of a \$100 million Small and Medium-Scale Industries loan.

public enterprises.

Papua New Guinea continued implementing the structural adjustment program it began in 1990 in order to cope with losses in export receipts and contain the current account deficit. Fiscal policy was tight and government expenditure as a percentage of GDP declined by 4 percentage points. In Solomon Islands, a reorganization of the tax base, including increased import duties and a greater emphasis on indirect taxes, was implemented.

Tonga attempted to balance its budget through tighter controls on expenditure and higher duties on certain imports. On the monetary front, interest rates were deregulated to enable financial intermediaries to establish an interest rate structure that reflected market forces. Fiscal policy in Western Samoa was directed towards reducing the size of the government deficit and the public sector's contribution to the economy. Monetary policy was tightened to control domestic liquidity, and the maximum lending rate was increased.

Outlook for 1992

The world economy is expected to improve in 1992. Global economic activity is projected to grow by nearly 2 per cent as most groups of countries will experience an economic rebound. The Anglo-Saxon economies are expected to lead the recovery with positive growth rates of 1.6 per cent for US, 2.8 per cent for Canada and 1.1 per cent for UK.

A slowdown is expected in Germany and Japan. Fears about inflation are haunting Germany, although rebuilding the East is creating a business boom not just for the country but also for its trading partners. Tight monetary policy will most likely be used to fight inflation and the temptation to raise interest rates will be stronger, much to the dismay of the US, which has been urging Germany to lower them. Furthermore, aggregate demand will be constrained by higher taxes and increased contributions to social security.

In Japan, corporate bankruptcies related to real estate are still on the rise despite recent reductions in interest rates. The negative wealth effects of the decline in land and stock market prices, combined with troubles in the financial sector, will not be shaken off easily. Thus, spending by higher-income groups will continue to be adversely affected. However, average household spending as well as business investment will remain firm, and housing investment is expected to recover, which will enable slower but sustainable growth in 1992. Under such circumstances, major changes in monetary policy are not envisaged. There will be some expansion in the Japanese trade surplus resulting from recovery of the North American economies and resumed growth in Western Europe. But the expansion in the surplus is expected to be moderate in part because of structural changes in the Japanese economy, which are generating increased domestic consumption. As in 1991, the composition of the surplus will shift away from the US towards Europe and other Asian countries.

In the developing regions of the world, growth prospects look bright. In Latin America, there is optimism that the structural adjustment programs stressing macroeconomic stabilization, increased competition, open trading systems and a greater reliance on the private sector will bear fruit. Latin American countries could grow by an average 3.5 per cent and a more rapid growth in world economy and world trade will improve their current account positions.

Africa's economic performance is also expected to improve to a 3.4 per cent growth, although industrialization will continue to be constrained by a lack of capital and entrepreneurial expertise.

The outlook for the economies constituting the new Commonwealth of independent States appears problematic because of political and economic uncertainties. Little progress has been made in bringing inflation under control or in improving fiscal performance. Besides, trade and macroeconomic issues among the republics have not been appropriately addressed. Given these considerable difficulties, even the most optimistic observer cannot but predict a

negative growth of approximately 1.0 per cent in that part of the world.

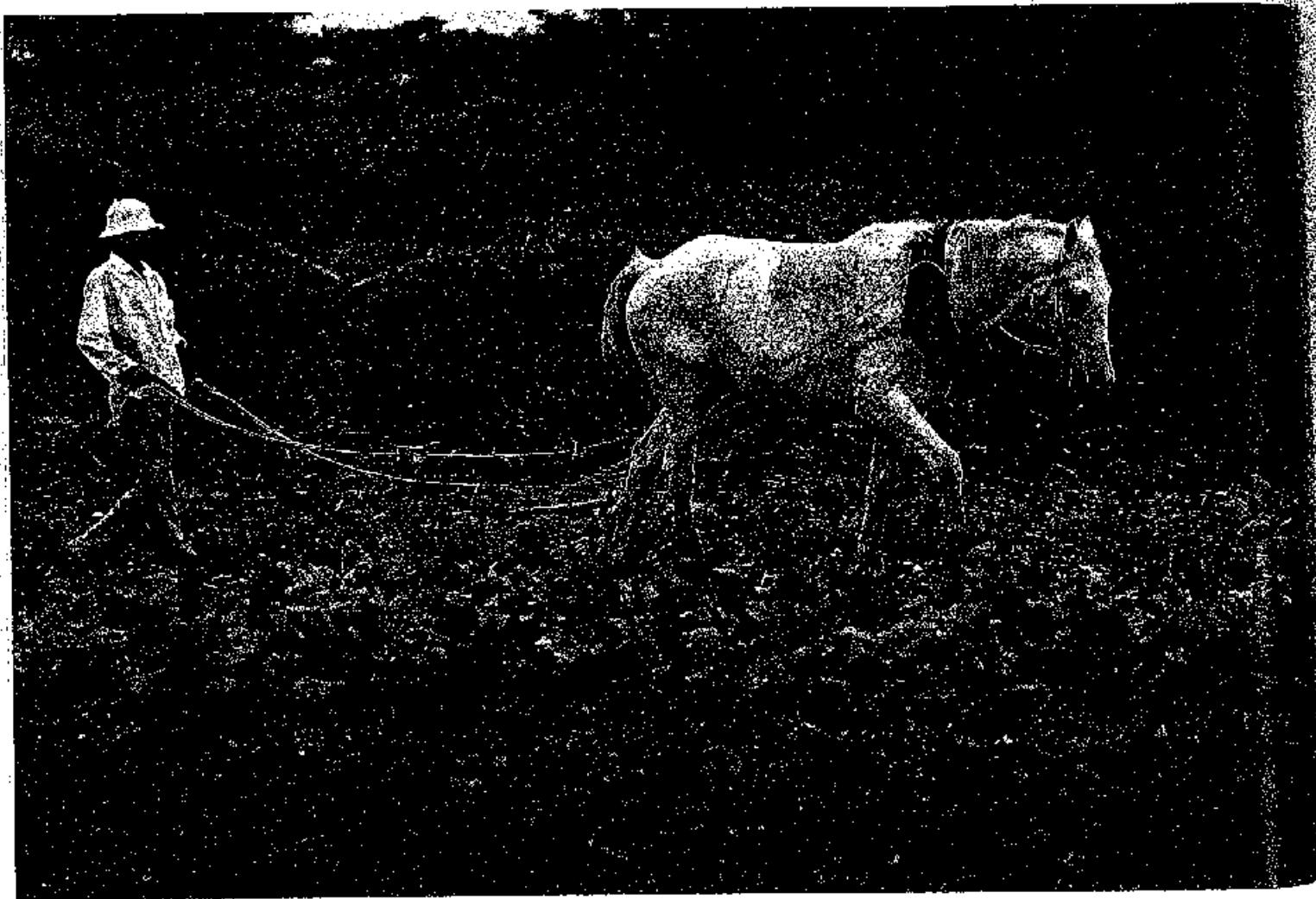
The role of global trade will remain vital to the region, and hence the continuing delay in reaching GATT agreements will remain a cause for concern. Aggregate GDP growth for Asia is projected at 6.5 per cent, with growth accelerating in Southeast Asia and South Asia. However, despite the improved growth performance projected for the world economy in general and for the industrial countries in particular, the Asian and Pacific region will have to rely increasingly on domestic demand and intra-regional trade if the growth rates enjoyed by many DMCs in the 1980s are to be sustained in the 1990s.

The NIEs will probably grow by about 7 per cent, against the 1991 record of 7.3 per cent. Individually, Hong Kong and Taipei, China will accelerate in growth, while economic expansion in Republic of Korea and Singapore will decelerate. In general, with increasing

maturity, the NIEs will achieve lower but more stable growth, similar to that in the industrialized economies.

The Republic of Korea needs to slow its growth momentum in order to reduce inflation and the trade deficit. Tight monetary policy will likely be maintained and the Government will continue to dissuade consumer spending. In any case, GDP growth is projected at 7.3 per cent. However, if the American economy grows more slowly than expected, the Korean economy could decelerate more rapidly.

With labor shortages and slower productivity growth, Singapore is expected to achieve an expansion rate of 6.1 per cent, down from 7 per cent in 1991. As the monetary authorities are serious about keeping inflation in check, they are likely to hold interest rates relatively high, which will dampen consumption and investment expenditures further and keep the Singaporean currency from appreciating sharply.



A FARMER in Fiji uses a horse to plow an irrigated cabbage farm under the Sigatoka Valley Development Project, which is supported by a \$4.4 million Bank loan from OICR.

In Taipei, China, spending for the six-year infrastructure development program officially introduced in July 1991 will bolster the economy. GDP is expected to increase by 7.5 per cent - a rate higher than in 1991. In contrast, Hong Kong's GDP growth is expected to accelerate to 5.8 per cent from 4 per cent in 1991, stimulated by a strong export and re-export trade and a sizeable increase in public investment in infrastructure. Although fears of a possible ballooning of the trade deficit have been allayed, inflation will remain a problem if the banking sector does not trim monetary growth, with a likely double-digit rate in 1992.

Southeast Asia is expected to expand by 6.7 per cent in 1992, with acceleration in most countries. A 6.7 per cent growth is predicted for Indonesia, against 6.4 per cent in 1991. The Government will stick to a tight monetary policy adopted more than a year ago to control inflation. Combined with the postponement of some major infrastructure projects, this is expected to moderate inflation to about 9 per cent. Monetary discipline has to be matched by fiscal restraint to weaken demand. Indonesia's decision to halt offshore borrowing for a series of petrochemical and other infrastructure projects is a good sign. Foreign direct investment is expected to continue flowing.

In the Philippines, some major economic policy reforms, reconstruction efforts and other public expenditures, including those associated with the election, could help the economy rebound to a growth rate of 2.8 per cent from negative growth in 1991. A tightening of fiscal policy under a stabilization and structural adjustment program is likely to impede a stronger economic recovery. The pursuit of tight monetary policy and improvement in the fiscal balance would lead to some easing of inflation in 1992.

The growth of the Malaysian and Thai economies will remain robust, projected to be about 8.5 and 8 per cent, respectively. In both countries, monetary policy will remain tight to mop up excess liquidity and apply a brake on inflation. Interest rates will likely be kept at relatively high levels. In Thailand, overheating and infrastructure

constraints, however, may push the inflation rate higher.

Aggregate GDP in South Asia is expected to grow by less than 5 per cent, against a backdrop of governments grappling with policy reforms, especially in India and Pakistan, which have liberalized their economies and given the private sector a larger role. Apprehensions over the adverse impact of the Gulf war of 1990-1991 have receded. In India, foreign direct investment under its new industrial policy may fuel growth in 1992. With exports growing faster, the GDP of Bangladesh and Sri Lanka could expand by 4.7 and 5.9 per cent, respectively. Growth could accelerate in Pakistan and be at 3.5 per cent in Nepal as the growth in exports is expected to decelerate.

In the People's Republic of China, with domestic demand strengthening and external demand being sustained, GDP growth can be expected to reach 7.8 per cent in 1992. The agriculture sector should perform better following the 1991 disasters, further pushing up aggregate growth. At the same time, there are signs of a strong revival in PRC's already sizeable private sector, which benefited from the expansionary policies of 1990-1991. Nonstate enterprises account for half of PRC's industrial production and most of the farming has been privatized.

In Mongolia, a further decline in economic growth is expected in 1992 as a result of structural adjustments and the continuing deterioration of its external environment. GDP is projected to shrink by 6 per cent in 1992 following the 18 per cent decline in 1991.

Among the RIMDCs, economic growth is likely to rebound in Fiji and Tonga, but slow down in Papua New Guinea, Solomon Islands and Vanuatu. Fiji's GDP is expected to grow by nearly 4 per cent in 1992 as a result of a recovery in tourism and related services. In Papua New Guinea, a sluggish industrial sector will be mainly responsible for slowing GDP growth down to 5.4 per cent in 1992, while economic growth in Solomon Islands will decelerate to 3.6 per cent. Tonga is expected to improve its growth performance to 4.5 per cent.



A MALAYSIAN girl bathes by a well which was constructed under the Kedah Regional Development Sector Project, supported by a \$45 million Bank loan from OCR.

BANK OPERATIONS

THE BANK's total lending during the year, comprising the public and private sectors, amounted to \$4,984 million, an increase of 25 per cent over the 1990 volume. Loans from ordinary capital resources (OCR) rose 16 per cent to \$3,637 million, while those from the concessional Asian Development Fund (ADF) decreased 9 per cent to \$1,347 million over the same period.

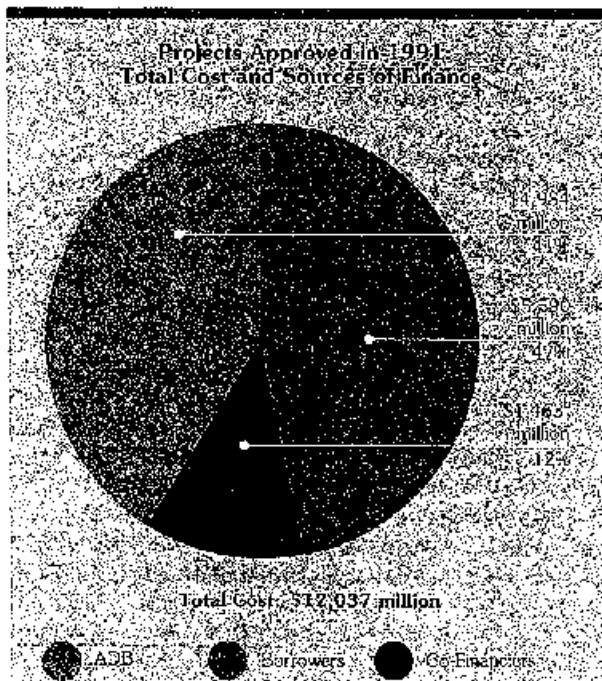
In addition, the Bank approved seven direct equity investments in the private sector for a total amount of \$28 million, which brought the total volume of Bank operations in 1991 to \$5,012 million.

The 1991 lending total included \$4,797 million in government and government-guaranteed loans and \$187 million in unguaranteed loans to the private sector.

By year-end, cumulative lending to the public and private sectors reached \$37.6 billion for 1,039 projects in 31 developing member countries (DMCs). Of this, \$25.2 billion was from OCR and \$12.4 billion from ADF. The Bank's equity operations, which began in 1983, reached a cumulative total of \$209 million in direct investments and underwriting commitments.

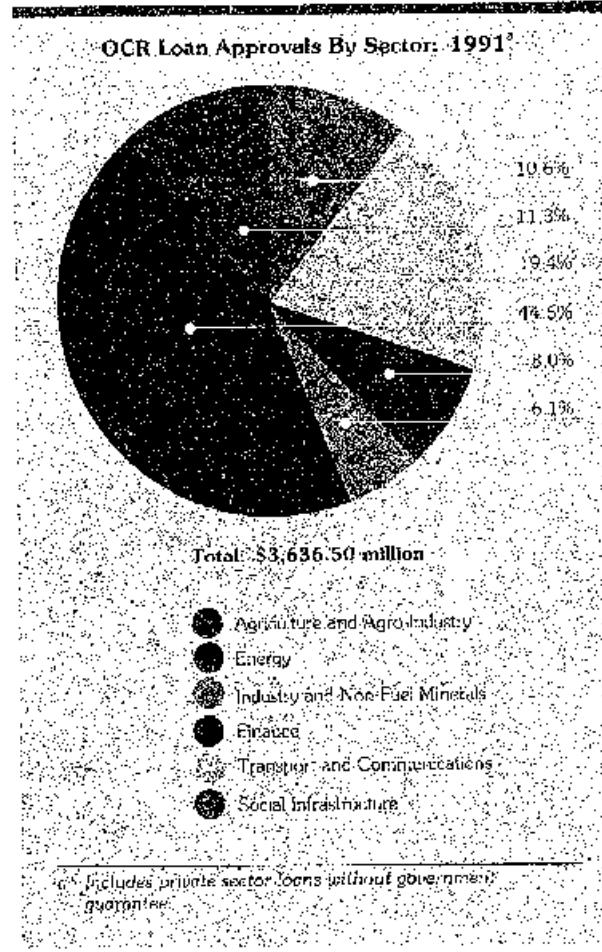
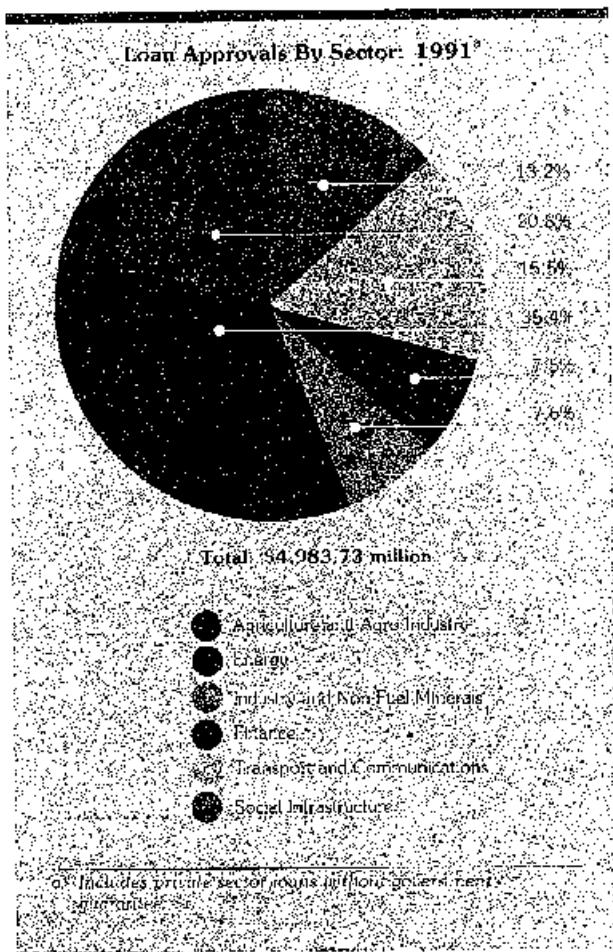
Lending and Investment Modalities, 1991

	Number of Projects	Amount (\$ million)
LENDING		
Project Loans	46	3,248.93
Program Loans	3	435.00
Sector Loans	6	663.00
Credit Lines	8	450.00
Private Sector Loans without Government Guarantee	13	186.80
INVESTMENT		
Direct Investment	7	28.02
Lines of Equity	—	—
Equity Underwriting	—	—
TOTAL	83	5,014.75



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

b In addition, \$1.7 million co-financing was arranged for a loan approved previously.



Public Sector Operations

The Bank's public sector lending in 1991, with government guarantees and including credit lines through development finance institutions (DFIs) for industry and agriculture, was up 23 per cent from 1990.

It included \$3,450 million (72 per cent of the public sector total) in OCR loans (up 43 per cent) and \$1,347 million (28 per cent of the total) in ADF loans, which showed a 9 per cent decrease from the previous year. A total of 64 public sector loans were approved for 63 projects in 17 DMCs, against 56 loans for 50 projects in 18 DMCs a year earlier.

The growth in lending was due mainly to an increase in the number of OCR loan approvals. Of the 1991 project loans of \$3,249 million, which included \$180 million in fast-disbursing special assistance project loans, 73 per cent was from OCR and 27 per cent from ADF. Of the \$663 million sector loans, 81 per cent was from OCR and only 19 per cent from ADF. In the case of program loans (\$435 million), 43 per cent was from ADF and 57 per cent from OCR.

In comparison with 1990, project and sector loans represented an increase of 46 per cent and 50 per cent,

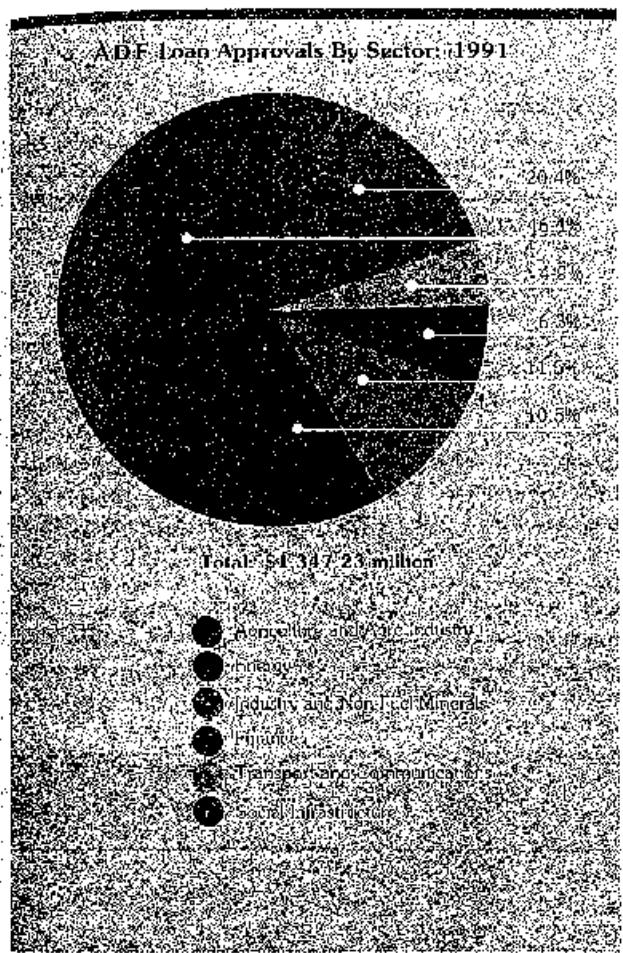
respectively, but program lending declined by 47 per cent.

The average size of the year's public sector projects was \$76 million, slightly smaller than \$78 million in 1990.

During the year, the Bank resumed full lending to the People's Republic of China (PRC). Five DMCs received loans exclusively from OCR: People's Republic of China (\$496 million), India (\$892 million), Indonesia (\$1,191 million), Malaysia (\$299 million) and Thailand (\$60 million). Two DMCs received loans from both OCR and ADF: Pakistan (\$727 million, comprising \$355 million from OCR and \$372 million from ADF) and Philippines (\$269 million, comprising \$156 million from OCR and \$113 million from ADF).

Ten DMCs received loans exclusively from ADF: Bangladesh (\$419 million), Lao PDR (\$57 million), Maldives (\$9.2 million), Marshall Islands (\$6.93 million), Mongolia (\$30 million), Nepal (\$81.38 million), Papua New Guinea (\$43 million), Sri Lanka (\$198 million), Tonga (\$7.3 million) and Vanuatu (\$8.4 million). Marshall Islands and Mongolia received loans from the Bank for the first time.

The Bank's cumulative lending to the public sector reached \$37.1 billion for 999 projects in 31 DMCs by the end of 1991, of which \$24.7 billion was from OCR and \$12.4 billion from ADF.



Sectoral Review

Lending to the **agriculture and agro-industry** sector remained over the billion-dollar mark, with 20 loans, amounting to \$1,035 million, being approved during the year. The sector's share of the Bank's total lending fell to 20.8 per cent from 31 per cent a year earlier, making it the second largest sector of Bank activity. On a cumulative basis, however, it remained the most important sector of the Bank's operations, accounting for 28 per cent of lending and 45 per cent of grant-financed technical assistance. The particular challenges of assisting the agriculture sector are recognized by the Bank, which has consistently devoted a larger share of its technical assistance budget to agriculture than is reflected in project lending.

As in previous years, the Bank focused on irrigation as a means of improving food and cash crop production, while not neglecting other important sectors like fisheries and forestry. Agricultural credit projects covering a broad range of productive activities were included, as were projects aimed at resource management and conservation.

In the food and cash crop subsector, water resource projects aimed at enhancing food production, increasing rural incomes and generating employment formed the bulk

of the lending. They included the Kabuian Irrigation and Area Development Project in the Philippines; the Central Java Groundwater Irrigation Development Project in Indonesia; the Kotri Barrage Rehabilitation Project; and Cheshma Righ Bank Irrigation Project (Stage III) in Pakistan; the Southern Province Rural Development Project in Sri Lanka; the Rajapur Irrigation Rehabilitation Project; and the Upper Sagarmatha Agricultural Development Project in Nepal and the Northeast Minor Irrigation Project in Bangladesh.

Most of these projects also included specific components for rural infrastructure, agricultural support services and environmental measures, such as watershed stabilization and protection from riverbank erosion. Some of these projects, for example, the Southern Province Rural Development Project and the Upper Sagarmatha Agricultural Development Project, had special components for specific target groups, such as women.

Other projects in the food and cash crop subsector included the Tree Crop Smallholder Sector Project in Indonesia aimed at generating cash incomes for sections of the poorest rural inhabitants in one of the most depressed regions of the country; the Special Agricultural Inputs Supply Project in the Philippines, which has already been completed and has helped the country overcome the consequences of a series of natural disasters; the Second Agricultural Program loan to Sri Lanka aimed at rationalizing fertilizer marketing and the Agricultural Research and Extension Project in Papua New Guinea, designed to improve agricultural services for smallholder farmers.

Among the year's agricultural and rural credit projects was the Second NGO Microcredit Project in the Philippines, designed to build on the positive results of the first. It covers the whole country and concentrates on the provision of small amounts of credit to disadvantaged groups, particularly women, to enable them to engage in a range of economically productive activities. The Sixth Agricultural Credit Project in Nepal will make credit available for a variety of productive rural activities, including small-scale irrigation, livestock, cottage industries, small and medium-scale agro-industries and farm mechanization. It also offers institutional support to the country's agricultural development bank.

Loans were also made during the year for two land resource evaluation and conservation projects, two forestry projects and two fisheries projects. The Second Land Resource Evaluation and Planning Project in Indonesia is designed to expand nationwide the coverage of resource evaluation and planning activities initiated under the first such project; while the National Coastal Erosion Control Sector Project in Malaysia will protect agricultural and non-agricultural coastal areas.

Both forestry projects have significant conservation and environmental protection aspects. The Industrial Forest Plantations (Sector) Project in the Philippines is aimed at stimulating private sector initiative to raise commercial production of wood, rattan, bamboo and other forest products which are becoming increasingly scarce in their natural habitats. The Sindh Forestry Project in Pakistan is

broader-based and includes provisions for community forestry, shelter-belt planting along canals and waterways, private woodlots and the rehabilitation and reforestation of government reserve forests.

In the fisheries subsector, the Second Fisheries Industries Credit Project in Indonesia is designed to improve the marketing orientation of fishing enterprises, while the Fisheries Development Project in the Marshall Islands seeks to promote a joint venture enterprise to exploit the country's extensive offshore fishery resource.

Almost all the agriculture and agro-industry projects approved during the year reflected the Bank's special concerns and priorities. The forestry, land resource evaluation and conservation and several of the water resources projects were designed to include elements of environmental protection and improvement. Private sector initiative was emphasized in most of the projects approved, especially the agricultural and fisheries credit projects, the Industrial Forest Plantations (Sector) Project in the Philippines, the Tree Crop Smallholder Sector Project in Indonesia and the Second Agricultural Program loan in Sri Lanka. Women's participation was made a special component of the area development projects and was a primary concern of the Second NGO Microcredit Project in the Philippines. As in past years, poverty reduction was the fundamental principle behind the selection and design of projects in this sector.

The modality of lending to agriculture and agro-industry in the public sector changed somewhat during the year. Most of the loans were project loans. Only one program loan was approved as opposed to five in 1990, reflecting the fact that several of the agricultural program loans of previous years were still ongoing and that follow-on program loans for other countries were still being formulated. Three sector loans were made, reflecting the DMCs' increased knowledge of specific subsectors and recognizing the flexibility of this type of lending, especially when a large number of subprojects is involved.

Altogether, 53 technical assistance grants totalling \$84.6 million were approved in the agriculture and agro-industry sector in 1991. Twenty-one of these were project preparatory grants for projects as diverse as on-farm water management, rainfed agriculture development, mangrove and coastal zone management, forestry program formulation and tropical crop development. A further 32 were advisory in nature, meant for institutional strengthening, training, skills development and strategy studies.

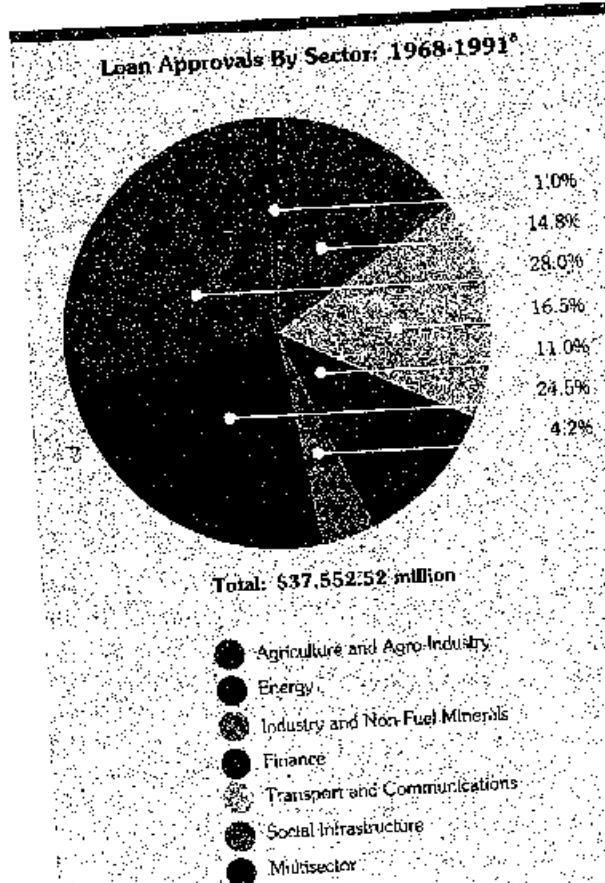
Reflecting the priority attached to it by the DMC governments, the **energy** sector dominated Bank lending in 1991, and its share of total lending increased from 26 per cent in 1990 to 36 per cent. Eleven government-guaranteed loan projects totalling \$1,731.5 million, all in the public sector, and 20 technical assistance grants totalling \$8.52 million were approved during the year. Five of them were for project preparation and 15 were advisory in nature.

Six loans totalling \$834 million were approved for the electric power subsector and financed natural gas-based energy-efficient combined cycle power projects in Malaysia and Pakistan, a hydropower project in Pakistan, a

geothermal power generation project in Indonesia, coal-fired power generation in PRC, and diesel generators in Tonga and Maldives. The loans also financed expansion of the extra high-voltage transmission system in Indonesia and distribution reinforcement and system loss reduction in Tonga and Maldives. The use of indigenously available energy sources in an environmentally acceptable manner continued to be emphasized. The DMCs were encouraged to keep a balance of investments among generation, transmission and distribution in order to maximize returns on investments.

In the natural gas and fuel minerals subsector, three project loans (\$497 million) and one program loan (\$250 million) were approved to support increased oil and gas production (India and Pakistan), rehabilitation and expansion of gas transmission (Pakistan) and policy improvements to increase efficiency and encourage private sector participation (India). A special assistance project loan of \$150 million was approved to assist India tide over the adverse effects of the Gulf war.

Technical assistance projects for this sector addressed not only such traditional concerns as project preparation, institutional development, accounting reforms, least-cost planning and efficiency improvement, but also focused on



* Includes private sector loans without government guarantee.

current concerns such as resource pricing, environmental protection, energy conservation, global warming and privatization.

For **industry and minerals**, four loans totaling \$313 million were approved in the public sector to support technology development in Malaysia, public enterprise reform in Bangladesh, increased production of synthetic fibers in PRC and industrial raw material imports in Mongolia. Six technical assistance projects totalling \$2.2 million focused on corporatization and privatization, industrial sector restructuring and development, environmental improvement, technology contracts management and safety improvements.

Government-guaranteed loans to the **financial** sector amounted to \$285 million, against \$256 million in 1990. They constituted 6 per cent of public sector loans and included loans to DFIs.

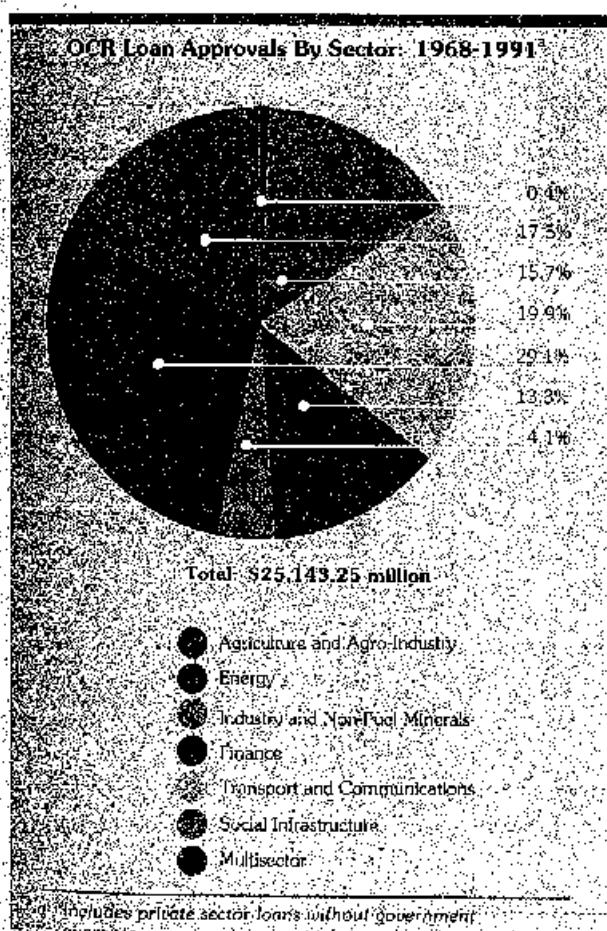
Lending to the **transport and communications** sector under government guarantee amounted to \$772.5 million. This included four projects in the roads and road transport subsector (\$314 million), two in the railways subsector (\$292.5 million), three in the ports and inland waterways subsector (\$137.2 million) and a Cyclone Damaged Road Reconstruction Project (\$28.8 million). In

addition, 23 technical assistance projects totalling \$10.4 million were approved.

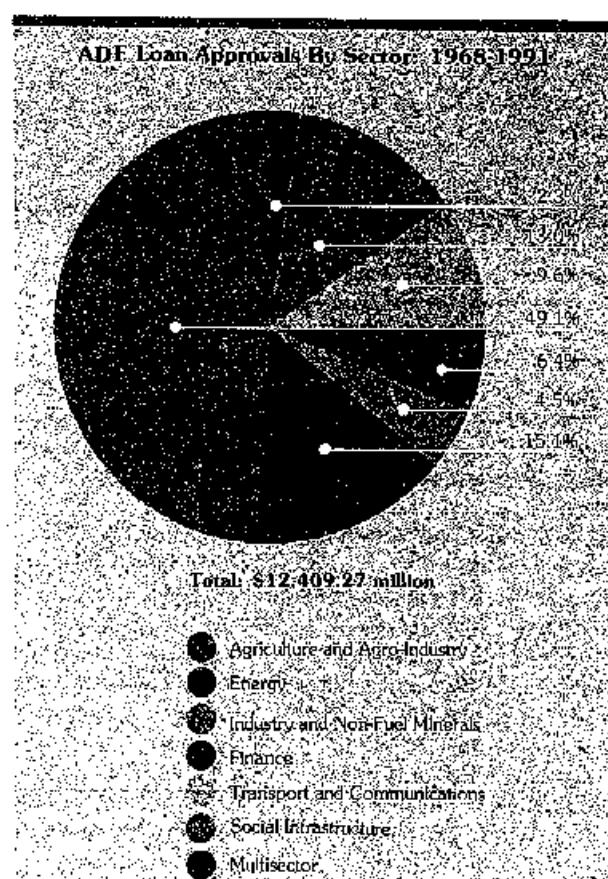
In the road transport subsector, loans for the improvement of national and provincial road projects were made to Indonesia (\$150 million), Lao PDR (\$34 million) and Thailand (\$60 million). A bridge construction project was approved for PRC (\$70 million). Loans to improve railway systems were made to PRC (\$67.5 million) and India (\$225 million). One port development project was approved for PRC (\$88.8 million) and a supplementary port loan was approved for Vanuatu (\$3.4 million). An Inland Waterways and Rehabilitation Project was approved for Indonesia (\$45 million). A Cyclone Damaged Road Reconstruction Project for \$28.8 million was approved for Bangladesh.

The Bank continued to stress the importance of maintenance and institutional strengthening in respect of road, ports and inland waterways systems.

Twenty-three technical assistance grants were approved in the transport and communications sector for port tariff review, maintenance training, enhancement of operational effectiveness, rationalization of cargo traffic management, improvement of cost-recovery, design and implementation of transport and port infrastructure, telecommunications sectoral review, toll bridge



^aIncludes private sector loans without government guarantee.





TRACTOR smoothes a half-completed pavement in Fiji under the Road Maintenance Sector Project, supported by a \$13 million Bank loan from OCR.

management and transport financial management.

Bank lending for **social infrastructure** amounted to \$659.5 million, in the public sector. The sector also received 40 technical assistance grants totalling \$20.8 million. The focus of the lending during the year was on policy dialogue and economic and sector work aimed at poverty reduction. Thirteen projects were approved for Education, Health and Population (\$254 million) and Water Supply, Sanitation and Urban Development (\$405.5 million).

These projects included the Second Health & Family Planning Services Project in Bangladesh (\$51 million), the Education Quality Improvement Project in Lao PDR (\$13.3 million), the Higher Secondary Education Project in Bangladesh (\$49.2 million), the Primary Education Project in Nepal (\$19.5 million), the Low-Income Housing Development Project in Sri Lanka (\$20 million), the Southern Provincial Towns Water Supply Project in Lao PDR (\$9.6 million), the Dhaka Integrated Flood Protection Project in Bangladesh (\$91.5 million), the Third Rural Health Services Project in Papua New Guinea (\$21 million),

the Technical Education Development Project in Indonesia (\$100 million), the Botabek Urban Development Project in Indonesia (\$80 million), the Bandar Lampung Urban Development Project in Indonesia (\$33 million), the Bogor and Palembang Urban Development Project in Indonesia (\$140 million) and the Manila South Water Distribution Project in the Philippines (\$31.4 million).

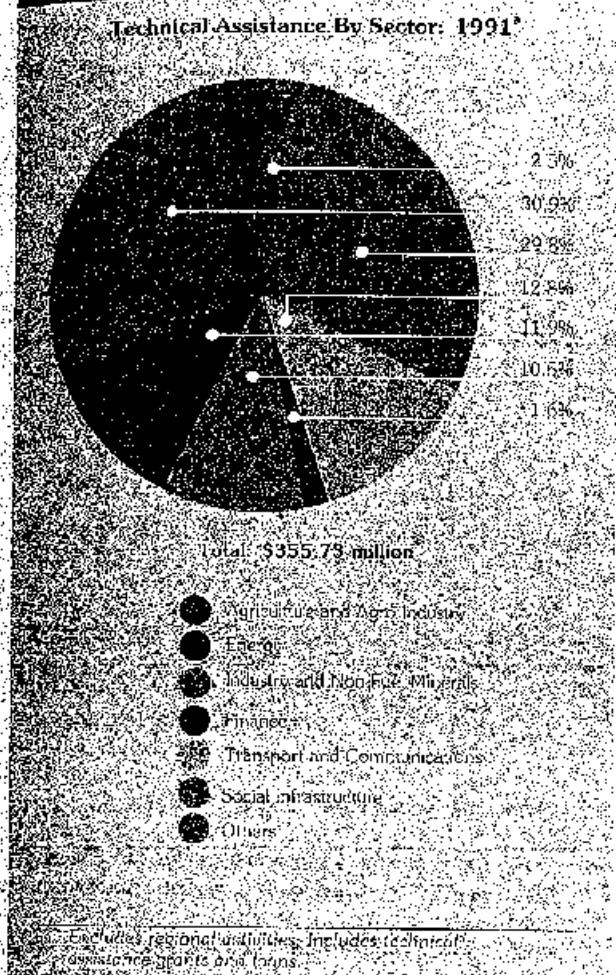
Using technical assistance, the Bank reviewed a variety of major issues in the social infrastructure subsectors, including reviews of financial management and institutional strengthening, sectoral surveys, institution building of public utilities and ministries, reviews of curriculum development, sectoral rationalization and reformulation, education training and human resource development, strengthening and monitoring of health services delivery, private sector education, urban infrastructure development, water supply and sanitation sectoral review, institutional strengthening of urban transport policy and training, financial accounting and reporting assistance to public authorities and ministries, housing sector policy reviews, formulation of land development, sewerage disposal studies, urban and regional development reviews, national tourism plans, urban planning, environmental management of urban development and urban transport planning and management.

Technical Assistance Operations

Technical assistance continues to play an important and active role in the Bank's operations and is an integral part of its country programming exercises. Such assistance helps DMCs identify, design, implement and operate development projects, and strengthens their ability to formulate strategies, policies, programs and plans. It also enhances the Bank's role as a regional resource center and improves regional cooperation.

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

Established in 1988 and administered by the Bank, JSF seeks to help DMCs restructure their economies and broaden the scope for new investments by recycling funds, and to support the DMCs' efforts towards industrialization, natural and human resource development and technology transfer. In 1991, the Government of Japan's fourth-year contribution to JSF amounted to ¥3.4 billion. Supplementary amounts of about ¥911 million were received by the

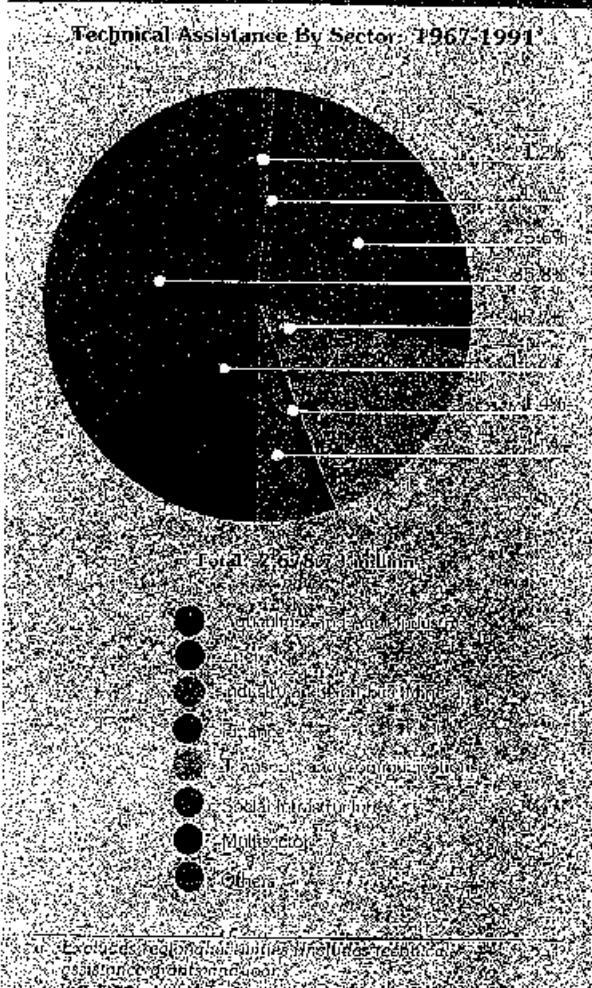


Bank, which it used to enhance its environment-related activities (\$600 million), women-in-development related activities (\$250 million), and seminars and symposium-type activities (\$91.357 million).

During 1991, total technical assistance amounted to \$369.8 million for 241 projects. Of this, technical assistance grants accounted for \$105.3 million for 230 projects (against \$94 million for 254 projects in 1990) and technical assistance components of loans \$264.4 million (an increase of 28 per cent from a year ago).

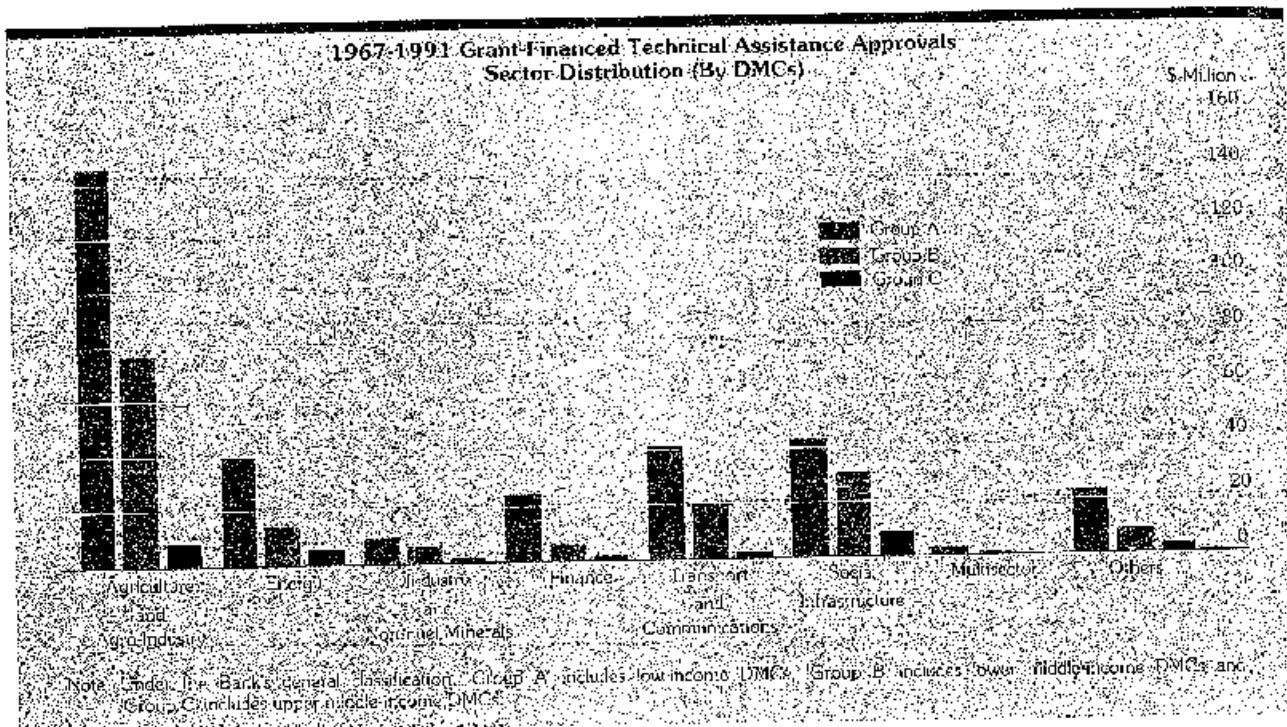
Thirty-five of the Bank's 1991 loans, involving an amount of \$2.029 million, resulted from earlier technical assistance projects. Of this, about \$1,322 million was from OCR and \$707 million from ADF, representing 38 per cent and 52 per cent of the OCR and ADF loans approved, respectively.

Grant assistance in 1991 comprised \$54 million from TASF/OCR income, \$31 million from JSF and \$20 million from bilateral and multilateral sources, such as FINNIDA, UNDP, Japan, Netherlands, France, Norway and Switzerland, for which the Bank acted as the executing agency.



Country-specific grants to DMCs accounted for \$91.3 million of the total grant assistance for 1991 (for sectoral breakdown, see Statistical Annex), an increase of 21 per cent from 1990. Group A (low-income) DMCs received 62 per cent of the country-specific grants (same as in 1990), with the People's Republic of China as the major recipient. Group B (middle-income) DMCs received 35 per cent (same as in 1990), Indonesia being the major recipient. Group C (higher-income) DMCs accounted for the remaining 3 per cent (same as in 1990).

Of the loan-financed technical assistance of \$264.4 million, incorporated in loan projects, 94 per cent was provided for advisory and project implementation purposes and 6 per cent for project preparation. Group A DMCs received about 30 per cent of the total technical assistance loans (20 per cent in 1990), Group B DMCs received 57 per cent (80 per cent in 1990) and Group C DMCs received 13 per cent (1 per cent in 1990). The increase was due to the higher volume of lending to Group C DMCs in 1991 (\$299 million) than in the previous year (\$15 million).



**Grant-Financed Technical Assistance
Approvals Funded from Other Sources,^a 1991**
(amounts in \$ thousand)

Agency	Number of Projects	Amount
Norway	3	3,600.0
United Nations Development Programme	3	5,228.0
France	6	3,810.0
Netherlands	1	3,450.0
Finnish International Development Agency	2	1,487.0
Australia	1	390.0
Japan	1	100.0
Switzerland	1	98.0
TOTAL	18	20,163.0

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

Private Sector Activities

The economic success of several countries in the region has clearly demonstrated the vast potential of private enterprise in efficient economic development. The year witnessed greater efforts in a number of DMCs to enlarge the role of the private sector and market forces in economic activity, particularly in fields till recently reserved for the state.

The Bank strengthened its efforts to assist the DMCs in this process through policy discussions and advice, and by commissioning studies aimed at improving the basic framework and conditions for private enterprise, attracting overseas technology and capital, privatizing state enterprises and financial intermediaries and operations, and developing a strong and diversified financial system capable of efficiently servicing the needs of the private sector.

Assistance to the private sector is provided both directly to selected enterprises and financial intermediaries and indirectly through selected local intermediaries to targeted groups of enterprises. Direct financing, through minority equity participation and long-term loans, is essentially catalytic, of demonstration value and developmental in character, the Bank supplementing other foreign and domestic funding sources.

Nineteen investment projects (loans and equity) amounting to \$215 million were approved during 1991. The total cost of the projects financed was \$2,240 million. The direct financing comprised \$28 million in equity investments and \$187 million in loans without government guarantee. The financial sector accounted for \$105 million (49 per cent) of the 1991 approvals, the manufacturing sector \$63 million

(29 per cent), the energy sector \$32 million (15 per cent), and the mining sector \$15 million (7 per cent). The beneficiaries included an existing power company in India undertaking an expansion; two new Indonesian companies for production of various steel products; an existing copper mining company in the Philippines; and a new venture, also in the Philippines, for producing an exportable chemical from seaweed.

Equity funds were provided to the first joint-venture commercial bank in PRC, an offshore fund based in Hong Kong focusing on investments in PRC enterprises and a small development bank in the Philippines through a rights issue. In addition, unguaranteed loans were approved for six private leasing companies and an investment bank in Pakistan, and for the Asian Finance and Investment Corporation Ltd (AFIC), which had been set up in 1989 with the Bank's equity support (see box).

By year-end, cumulative approvals of unguaranteed private sector financing reached \$635 million and all outstanding borrowers were current with their obligations. It may be recalled that the Bank first introduced a private enterprise equity financing facility in 1982 and followed it in 1985 with a new window for loans to private entities without government guarantee. In addition, and in continuation of a function the Bank has undertaken since its inception, four credit lines totalling \$280 million (up from \$151 million in 1990) were approved during the year, with the guarantee of DMC governments, to be made available to selected financial intermediaries for onlending to productive enterprises. These included a credit line of \$100 million for the largest commercial bank in PRC to finance mainly the technological upgrading of established enterprises, including Sino-overseas joint ventures and collectives. The loan was combined with a technical assistance grant of \$850,000 for the bank's institutional improvement. A credit line of \$100 million, the third such, was extended to a large development bank in the Philippines to be re lent to several other intermediaries for funding private small and medium industrial enterprises (SMIEs). An apex credit line of \$30 million was provided to a development finance institution in Sri Lanka to be extended to ten other financial intermediaries for SMIE financing. The credit line was coupled with two technical assistance grants totalling \$348,000 for a study of SMIE development policies and strategies, and for strengthening the capabilities of a credit information bureau. An umbrella credit line of \$50 million was approved for simultaneous utilization by a group of state and privately-owned financial institutions in Sri Lanka for funding export-oriented and other private industrial enterprises. An accompanying technical assistance grant of \$240,000 will assist in the research and training activities of a recently established securities institution in the country.

With these approvals, by end-1991, the Bank had approved 111 credit lines aggregating about \$4 billion for use by a network of DMC financial intermediaries. These have been committed by the recipient institutions to finance nearly 18,500 enterprises, mostly in the private sector.

Additionally, as part of efforts to develop and diversify

AFIC: A Joint Venture with Private Financiers

THE ASIAN Finance and Investment Corporation Ltd (AFIC) represents a joint venture between the Bank and a group of 25 prominent, mostly privately-owned, financial institutions – commercial, development and investment banks, and insurance, securities and leasing companies – based in nine countries in Asia, Europe and America. AFIC has been incorporated as a limited liability company, and approved as a merchant bank, in Singapore, with its regional headquarters located in Manila. The Bank is AFIC's largest shareholder, holding about 30 per cent of its paid up capital of about \$115.5 million.

Established in August 1989 largely on the Bank's initiative, AFIC's primary purpose is to contribute to the development of private enterprise in the Bank's DMCs. It seeks to provide additionality to external financial flows to DMC private enterprises and complement local funding sources for private investment. AFIC functions as an autonomous commercial institution, but endeavors to maintain in its operations an appropriate balance between considerations of profitability and developmental concerns. It has a policy mandate to pay particular attention to the low and middle-income DMCs. The Bank perceives AFIC as a significant regional vehicle to supplement the Bank's own private sector operations.

AFIC provides loans and equity funds, and functions as a guarantor and an underwriter of corporate issues. By end-1991, AFIC had approved financial facilities totalling \$131.5 million for private enterprises and financial intermediaries located in ten DMCs. AFIC is actively exploring avenues for expanding and diversifying its operations in the near future, with additional funding support from its shareholders, including the Bank, and others.

DMC financial systems, particularly their securities markets, the Bank approved 22 technical assistance grants totalling \$6.3 million during the year. These financed studies of the financial sector development policies and issues in Indonesia; the venture capital industry in PRC; the leasing industry in PRC, Indonesia and Nepal; the mutual fund industry in India; the further development of securities markets, modernizing the operations and strengthening the regulation and supervision of stock exchanges in PRC, Indonesia, Mongolia and Philippines. Technical assistance was also approved for strengthening the institutional capabilities of development banks in Bhutan, Nepal and Vanuatu; the privatization of a state-owned development bank in Sri Lanka; and for conducting a training program for officials of developmental finance institutions in the South Pacific DMCs. A regional technical assistance grant was

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

	1991						Cumulative					
	No.	Equity	Loan	Total Bank Funds	Complementary Loan	Total	No.	Equity	Loan	Total Bank Funds	Complementary Loan	Total
Financing, Insurance, Real Estate and Business Services												
Financial institutions ^c	6	14.98	45.00	59.98	—	59.98	29	127.81	46.00	173.81	—	173.81
Insurance	—	—	—	—	—	—	—	0.33	—	0.33	—	0.33
Real Estate and Business Services (including leasing)	8	0.39	45.00	45.39	—	45.39	20	4.74	113.00	117.74	19.00	136.74
Manufacturing Sector												
Food, beverage and tobacco	—	—	—	—	—	—	10	0.52	1.46	1.98	—	1.98
Textile, wearing apparel and leather	—	—	—	—	—	—	—	—	—	—	10.00	52.92
Chemicals, petroleum, coal, rubber and plastic products	4	0.66	4.80	5.46	—	5.46	10	9.66	51.05	60.71	20.00	80.71
Cement and ceramics	—	—	—	—	—	—	2	6.00	31.50	37.50	21.10	36.60
Basic metal industries	1	7.50	30.00	37.50	—	37.50	2	7.74	30.00	37.74	—	37.74
Fabricated metal products, machinery and equipment	1	5.00	15.00	20.00	—	20.00	9	6.70	30.00	36.70	—	36.70
Others:	—	—	—	—	—	—	—	—	—	—	—	—
Mining	1	—	15.00	15.00	—	15.00	1	—	15.00	15.00	—	15.00
Electricity, Gas and Steam	2	—	32.00	32.00	—	32.00	3	1.10	59.80	60.90	10.00	70.90
Transport and Storage	—	—	—	—	—	—	4	10.00	30.00	40.00	—	40.00
Telecommunications	—	—	—	—	—	—	1	—	24.00	24.00	—	24.00
TOTAL^d	19	28.51	186.80	215.31	—	215.31	90	181.01	446.31	627.32	80.10	707.42

- ^a For purposes of private sector activities, the term "investment" comprises loans, equity investments (direct and under lines of equity) and equity underwritings.
^b Including banks, venture capital companies, investment management and securities companies, etc.
^c The 1991 and cumulative totals of Bank funds do not match the aggregate Board approvals of investment facilities of \$214.82 million and \$658.01 million, respectively, as only the utilized portion of lines of equity are taken into account in this table.
^d Amounts may not total due to rounding.

For details of 1991 and cumulative approvals, see Statistics Annex.

utilized for instituting a system for monitoring the benefits of subprojects financed under Bank credit lines.

Bankwide Priorities

Poverty Reduction

Poverty still remains a trap for an estimated 700 million Asians, with some 420 million of them facing extreme degrees of it. The total figure represents more than two-thirds of the world's poor. Even though the number of poor in Asia is expected to decrease to about 435 million by the year 2000, the region will still have more than half the world's poor living in it. Because its roots lie in a complex mesh of sociological factors, poverty reduction is a difficult task. Among these factors are the state of the distribution of

productive assets, development strategies, institutional development and international markets for trade and finance. The problem is also part of the broad process of social change, with all its attendant unquantifiable dimensions.

The Bank has developed a two-pronged action plan for poverty reduction based on the findings and recommendations of the Task Force on the Bank's Role in Poverty Alleviation and of the External Panel. First, greater attention will be paid to poverty issues during country programming and project processing activities in order to enhance the quality and scope of conventional projects. Secondly, DMC programs and policies for direct poverty reduction will be supported and projects and project components will be specifically developed to improve the livelihood prospects and living standards of targeted groups of poor people.

The Bank has also issued guidelines for social analysis of development projects to ensure that social aspects of a project's design are taken into account on a uniform basis. It coordinates with other international development agencies on the selection of appropriate indices of social development, standardization of data and determination of policy goals. The Bank has an inter-departmental Poverty Alleviation Working Group, which has been active in providing direction to improve the depth and coherence of poverty reduction components in economic and sector work, and in addressing crosscutting policy initiatives relating to environmental concerns, women in development and health and population.

In operational terms, the Bank ensures that poverty reduction projects meet established standards of economic viability and adhere to the Bank's current policies on funding of local costs and recurrent expenditures. Based on these standards, the Bank's lending for specific poverty reduction projects continues to rise significantly. Projects with poverty reduction components were focused largely on specific target groups living below the poverty line (small farmers, landless laborers, poor fishermen, upland tribal communities and urban poor), and some were aimed at specific regions in which the majority of beneficiaries are poor.

Altogether, 29 projects with poverty reduction components were approved in 1991, covering agriculture, water supply, education and urban development. Bangladesh, Indonesia and Pakistan were the major recipients, sharing among them 11 projects totalling \$917 million. Sixty-two per cent of the poverty reduction projects were in the agriculture sector, which includes irrigation, rural development, forestry and fisheries.

Among the five irrigation projects approved by the Bank in 1991, the Kabulnari Irrigation and Area Development Project in southern Philippines is expected to have a significant poverty reduction impact. Overall, the irrigation projects have been designed to increase agricultural production and productivity, and thereby create more farm jobs and raise farm incomes.

Following on the success of the NGO Microcredit Project in the Philippines, which benefited almost 16,000 microentrepreneurs and 320 self-help groups and small NGOs, a second project was approved in 1991. The Second NGO Microcredit Project is expected to increase employment and income opportunities for low-income groups – particularly landless and subsistence farmers, poor women and unemployed – through the *Tulong sa Tao* Self-Employment Loan Assistance Program and benefit some 55,000 microenterprises.

Under the Second Agriculture Program loan to Sri Lanka, low-income smallholders will benefit from increased yields generated through a steady supply of agricultural inputs and improved extension services. The pilot fishing component of the Marshall Islands' Fisheries Development Project targets Ebeye Island, an overpopulated, impoverished and remote island community in the Pacific Ocean, as the base for commercial fishing and mariculture. Fishermen in the Philippines are deriving

perceivable benefits from the ongoing Fisheries Sector Program, which involves a major policy-based restructuring of the sector. The Sindh Forestry Development Project in Pakistan and the Industrial Forest Plantations (Sector) Project in the Philippines are expected to create significant employment opportunities for poor upland dwellers and, in the case of the former, provide firewood, small timber and poles to the rural and semi-urban poor heavily dependent on forest produce.

In the infrastructure sector, poverty reduction was addressed through projects for urban development (Botabek and Bogor/Palembang Urban Development projects, Indonesia; Dhaka Integrated Food Protection Project, Bangladesh); water supply improvement (Southern Provincial Towns Water Supply Project, Lao PDR; Manila South Water Distribution Project, Philippines); health and family planning services (Second Health and Family Planning Services Project, Bangladesh; Third Rural Health Services Project, Papua New Guinea); housing for low and very low-income groups (Low-Income Housing Development Project, Sri Lanka); and education (Education Quality Improvement Project, Lao PDR; Higher Secondary Education Project, Bangladesh). Although direct poverty reduction impacts are somewhat difficult to measure in infrastructure projects, experience has shown that indirect effects are considerable. For example, the Low-Income Housing Development Project in Sri Lanka will boost the demand for unskilled and semi-skilled labor in the construction industry and encourage small-scale home-based economic activities.

The Bank is seeking not only to deepen its understanding of poverty reduction issues, but also to improve the design and management of future poverty reduction programs and projects. Complementing a study on rural poverty issues in seven DMCs (Bangladesh, India, Indonesia, Republic of Korea, Philippines, Sri Lanka and Thailand), which will be published in 1992, technical assistance was approved for a study on urban poverty issues in the same seven countries. Two seminars were co-sponsored with the Economic Development Institute of the World Bank on the subjects of *Urban Poor and Basic Infrastructure Services in Asia and the Pacific* and the *Design and Management of Sustainable Poverty Alleviation Projects in South Asia*. The seminar on urban poor surveyed the actions being undertaken in DMCs by community-based organizations, NGOs and governments, and prepared recommendations for improving the access of the poor to basic infrastructure services. The latter seminar presented findings of recent research undertaken by both the Bank and the World Bank and provided a forum for participants to exchange ideas about policies to reduce poverty and measures to strengthen the analytical and policy-making capabilities of DMC officials. The Bank also sponsored an *International Workshop on New Technologies for the Rural Poor*, which assessed the experience and future potential of biotechnology research. To increase awareness among its own staff, the Bank conducted a *Workshop on Designing Projects for Sustainable Poverty Alleviation*.

Social Infrastructure

Support to social infrastructure to improve the quality of life and to promote economic growth is an increasingly important objective of the Bank. This is a recognition of the fact that economic growth is hard to sustain unless the basic human services are made available to the majority of a country's population. A healthier and better-educated populace is more likely to place fewer demands on limited public resources, have a greater opportunity to secure gainful employment and enhance national productivity.

In designing social infrastructure projects, the Bank ensures that environmental concerns as well as issues related to the reduction of poverty are addressed.

Education, Health and Population: With the integration of the Bank's operating units responsible for the education, health and population subsectors, the Bank should be able to play a more effective role in the development of human resources in its DMCs. The three areas are inextricably interlinked and investment in any one of them is likely to generate additional social benefits. For example, people with basic education have been found to more readily accept improved sanitary practices and to more effectively respond to health education campaigns. Similarly, women in the reproductive age group who have received basic education tend to demonstrate a lower fertility rate and to respond more favorably to modern methods of family planning.

Primary education has been shown to have direct positive effects on productivity and income. Studies have revealed that significant increases in small-farm productivity take place where farmers have had four years of basic education. In addition to strengthening basic education (as reflected in the Primary Education (Girls) Sector Project in Pakistan and the Primary Education Sector Project in Bangladesh), the Bank's goals in the education subsector include improving and reforming secondary education (including technical and vocational education); rationalizing higher education; supporting alternative approaches, such as distant education; developing nonformal education as a flexible, low cost supplement to formal education; and strengthening institutional and research capabilities. These objectives are reflected, among others, in the Technical Education Development Project and the Six Universities Development and Rehabilitation Project in Indonesia and the Secondary Education Development Sector Project in the Philippines.

In the area of health, the emphasis is on primary health care provided through promotive and preventive programs, technical and financial viability of referral networks, and institutional support and planning. A high priority is accorded to the development of health manpower, especially in respect of basic health care and family planning services. This is reflected in the Third Rural Health Services Project in Papua New Guinea, the Health Services Development (Sector) Project in Malaysia and the Public Health Program in Bangladesh.



In the population subsector, the Bank will finance integrated packages of health and population projects, as is shown in the Second Health and Family Planning Services Project in Bangladesh, in order to improve people's access to such services.

In addition to conventional project activities, the Bank also administers two programs to support human resource development in its DMCs. One is the ADB-Japan Scholarship Program, funded by the Government of Japan, for postgraduate study in management, technology and other development-related fields at leading regional institutions. The other is a short-term job-related training program for technical and managerial personnel of the Bank's smaller DMCs.

Urban Development: Operations in this subsector are aimed at improving living conditions in urban areas, especially for low-income groups, and providing



STUDENTS assemble outside the Ngele'ia General Public School in Tonga's capital, Nuku'alofa. The school building, damaged by a cyclone, was restored under a \$2.2 million Development and Redevelopment Project funded from ADF.

infrastructure facilities necessary for the use of residents and for urban economic growth. The Bank feels that urban development projects should include elements of poverty reduction, environmental improvement and community development, and should seek to reduce inter-regional disparities.

The Bogor and Palembang Urban Development Project in Indonesia is an example of integrated infrastructure development which reflects the Bank's policy concerns in this subsector. Four other projects were approved for the subsector in 1991, of which two were focused on food protection and low-income housing in a broader urban development framework.

Water Supply and Sanitation: The Bank's overall objective in this subsector can be summarized as follows:

Improvement of human health and productivity and betterment of the living environment, through the provision of sustainable and effectively-used water and sanitation systems to as many people as possible. This overall objective is reflected in the Manila South Water Distribution Project in the Philippines and the Southern Provincial Towns Water Supply Project in Lao PDR.

Adequate cost recovery, satisfactory operation and maintenance of water supply systems, community participation, poverty reduction, and environmental protection are critical concerns. Projects are designed to correct past imbalances between water supplies for domestic and industrial consumption on the one hand, and facilities for wastewater treatment and disposal on the other. Protection and management of water resources are given high priority and projects in rural and peri-urban areas are emphasized.

Environmental and Natural Resource Management

The Bank's environmental activities can be grouped in three categories: those relating to the assessment of the environmental impact of proposed projects; those relating to institution-building in the DMCs; and those relating to the enhancement of the physical environment. All three categories of activity must be set in the context of increasing pressures on ecology occasioned by population growth and the resulting needs for industrialization and increased agricultural output.

In order to ensure that economic development is essentially sustainable, a system for integrating environmental considerations into relevant aspects of the Bank's operations is being institutionalized. Several initiatives were developed and implemented during 1991. Nonetheless, the Bank recognizes that a lot more needs to be done and is committed to do more in association with its donors and DMCs.

Ever since it became clear in the early 1970s that the key to lasting development lies in balancing economic growth with sustainable use of natural resources and in reducing the adverse environmental effects of development projects to acceptable levels, the Bank has shown an increasing concern for environmental issues in its operations. The environmental dimension has become an important component in the design and implementation of Bank projects and programs.

The Bank's information system for environmental review and monitoring has proven to be effective. It ensures that measures to counter potential environmental impacts of a project are integrated into its design and are implemented at every stage of the project cycle. Each project is classified according to the environmental assessment report which may be required early in the project cycle.

The Bank requires and reviews initial environmental examination (IEE) and environmental impact assessment (EIA) reports of loan projects that are expected to have a significant impact on the environment. For such projects, it now provides summary environmental impact assessment reports to the Board as well as to concerned local groups or NGOs 120 days before their consideration by the Board. This procedure became effective in December 1991.

To assist Bank staff in their environmental work, six project cycle review reports are prepared annually. The environment specialists accompany fact-finding, appraisal and project review missions to ascertain the potential impact of environmentally sensitive projects proposed for Bank financing. They specify mitigating measures and monitor borrowers' compliance with agreed environmental agenda.

Strengthening institutions dealing with the planning and management of environmental resources in DMCs and supporting line agencies concerned with monitoring and enforcing environmental laws are an important element of the Bank's environmental activity. To this end, the Bank has granted technical assistance for a wide range of purposes, such as revising environmental legislation (Vanuatu), formulating environmental quality standards (Bangladesh),

strengthening the planning and management of natural resources and the environment (PRC, Indonesia, Maldives, Nepal, Pakistan and Philippines), and environmental monitoring and pollution control (Bangladesh). The Bank has also established and strengthened regional environmental information centers.

Environment sector strategy reports have been prepared for Bangladesh, PRC, Indonesia, Mongolia, Pacific island DMCs and Sri Lanka. Similar reports for Nepal and Pakistan were initiated during the year and further reports for other DMCs are planned. Strategy reports are primarily



COLLECTING soil samples at a watershed rehabilitation project site in Atok, Benguet province, Philippines, under the Forestry Sector Program which received a \$69 million Bank loan from ADB.

intended as guides to help country programming missions in their discussions with DMC authorities.

A major focus of the regional technical assistance project, 'Economic Policies for Sustainable Development: Implementing the Brundtland Commission's Recommendations,' was to examine the existing economic and environmental policies of selected DMCs. Seven countries laid out policies which allowed the Bank to hold environmental dialogue with their governments.

To date, the Bank has discussed environmental policy with government officials in Bangladesh, PRC, Sri Lanka and several Pacific island DMCs. This policy dialogue has become a useful way to convince policymakers to allocate adequate funds for environmental activities.

As regards environmental lending, the proportion of projects designed to improve the physical environment in total Bank lending to DMCs has been small compared to the total borrowed funds. However, there has been a clear upward trend in environment-oriented lending since 1985. A similar trend has been observed in lending for urban development, forestry, land use and other resource conservation projects.

Since 1986, as part of its resource center and training activities, the Bank has initiated several studies to improve the environmental coverage in project formulation, selection and appraisal methodologies. In house seminars and workshops have been held to stress the importance of such coverage in the Bank's developmental activities. An external training program has been developed to provide staff with the opportunity to enhance their skills in sector-related environmental work.

In pursuing its environmental objectives, the Bank cooperates closely with other development organizations, particularly through the Committee of International Development Institutions on the Environment (CIDIE), and with environmental NGOs. A compendium on the Bank's cooperation with environmental NGOs is currently under preparation.

To remain responsive to the changing needs of the DMCs, the Bank is preparing a strategic environmental agenda, which will focus, among other things, on efficient resource management, the rehabilitation or enhancement of the physical environment and pollution control. Environmental considerations will be further integrated into the design and implementation of projects; environmental institutions will continue to be strengthened through technical assistance grants, ultimately creating a capacity to effectively deal with environmental investments; and direct environmental lending will be made in areas where the Bank has sufficient experience and comparative advantage, such as pollution control in the industry and power sectors, tropical forest management and conservation of biodiversity and environmental improvement in urban areas.

In addition, the Bank will initiate and encourage regional and global cooperation on environmental issues. Where appropriate, projects will be developed to tackle common environmental problems experienced by several DMCs.

Women in Development

The Bank took a further step during the year in integrating gender considerations into its overall operations when it established a network of Women-in Development (WID) Liaison Coordinators in Programs and Projects departments. In cooperation with the Project Specialist (WID), liaison coordinators ensured that the role and needs of women were taken into account at all major stages of the project cycle. A number of country operational program papers identified and spelled out women's opportunities and constraints in the macroeconomic context and reflected specific issues and requirements in relevant projects listed under them.

At the beginning of the year, 14 agriculture and agro-industry projects and ten social infrastructure projects (education, health and population, water supply and urban development) had been classified as having WID potential. By the end of the year, eight and seven of these projects, respectively, had been approved, accounting for 38 and 46 per cent, respectively, of the total number of projects approved in these sectors.

Tangible and direct WID benefits were involved in the Upper Segarmatha Agricultural Development Project in Nepal, designed to provide non-formal education and skills, leadership and management training to women; the Second NGO Microcredit Project in the Philippines, under which subloans would be made available to women to engage in livelihood activities; Southern Province Rural Development Project in Sri Lanka, which includes a component aiming, among other things, at imparting computer skills to women to expand their employment opportunities in the industrial sector; and the Higher Secondary Education Project in Bangladesh, aimed at expanding the enrolment of girls and providing dormitories for female teachers to make their recruitment easier.

Also approved was a technical assistance project entitled Second Regional Training Program to Develop the Management and Employment Skills of Women to improve the management capabilities of NGOs and enhance the livelihood skills of women beneficiaries through a number of training programs in Bangladesh, Indonesia, Nepal, Pakistan and Philippines.

In order to facilitate Bank technical assistance operations relating to WID, the Government of Japan contributed a supplementary amount of ¥250 million as part of its fourth-year contribution to the Japan Special Fund. The contribution will finance such activities as the institutional strengthening of government agencies responsible for WID, training of women beneficiaries and regional studies/seminars to enhance women's welfare.

Work commenced in late 1991 to revise the WID guidelines and checklists drafted a few years ago, which will enable gender analysis to be carried out more systematically as a routine of project processing. Set criteria will be applied to select projects which potentially possess gender implications and detailed guidelines and checklists will assist project staff in incorporating specific WID considerations at each

stage of the project cycle.

One of the major objectives of the Bank's WID policy is to promote staff awareness about WID. During 1991, a training seminar on WID was conducted for staff in operational departments, which included a session for newly appointed staff.

Major WID-related publications in 1991 included the report of a regional conference on Gender Issues in Agriculture and that of a gender-sensitization seminar on Women's Role in Malaysia's Rural Development. It is expected that these reports will serve as resource materials for future interventions. Follow-up activities on the recommendations made at the regional conference are being planned in a few countries. WID Country Briefing Papers were prepared for Sri Lanka and Marshall Islands and the paper on Indonesia was revised.

Cooperation with NGOs

The comparative advantage of NGOs over other organizations, especially in poverty reduction programs,

makes them an important partner in the implementation of Bank projects. This advantage stems from the NGOs': (i) limited and highly localized operations; (ii) being independent and usually compact groups; (iii) being helpful in identifying target beneficiaries; (iv) having a comprehensive approach to the delivery of assistance and (v) being able to reach down to the grass roots level. However, NGOs do have their limitations. They are often small in size and scope, thus having only a limited impact; and lacking a broader development perspective and financial and technical resources. Consequently, NGOs can be a useful alternative mechanism for project development and implementation only in respect of certain types of projects, particularly those related to poverty reduction.

In 1991, the Bank approved a number of projects involving NGOs. Notable among these was the Second NGO Microcredit Project in the Philippines, a follow-on to the successful first project that involved some 320 NGOs and 60 per cent of whose beneficiaries were women. The second project will raise the number of participating NGOs to about 700 and increase the number of clients from



FARMERS in Fiji discuss plans under the Sigatoka Valley Rural Development Project for which the Bank has provided a \$4.4 million loan from OCB.

16,000 to over 55,000 microenterprises. The project is unique in the sense that the primary responsibility for addressing the needs of target groups has been given to NGOs that have demonstrated ability to act as implementing agencies. In connection with the project, the Bank organized a conference to identify the needs and constraints of NGOs organized by women.

Among other projects approved in 1991 involving cooperation with NGOs were the Kabulnan Irrigation and Area Development Project (Philippines), Tree Crop Smallholder Sector Project (Indonesia), Sindh Forestry Project (Pakistan), Northeast Minor Irrigation Project (Bangladesh) and Southern Province Development Project (Sri Lanka).

The Sindh Forestry Project is similar to the NGO Microcredit Project in its focus on women as it will use local NGOs to act as facilitators between the Government and women's groups for community reforestation and nursery operations. As women customarily do not possess any land of their own, the Project will enable the NGOs to lease government-owned forest land for group-operated nursery businesses.

The Kabulnan Project includes a three-year NGO-administered cooperative development program to organize farmers for enterprise development, thereby giving them access to institutional credit and enabling them to obtain better prices for their produce.

One of the successes of the ongoing Forestry Sector Program in the Philippines has been the way in which NGOs are not only involved in reforestation but have become central to it. The number of grass roots organizations responding to the Program reflects the ability of NGOs to be as much a part of the development process itself as of the implementation of particular projects. Another ongoing activity in the Philippines, the Fisheries Sector Program, is successfully using NGOs to organize municipal fishermen into self-directing groups that, with appropriate training, will be able to undertake community-based programs for self-regulation, resource management and income diversification activities. The NGOs are critical in explaining to fishermen and their communities the nature and relevance of coastal resource management and the role of fishing communities in management planning for a future that they themselves will determine.

As part of its efforts to promote the active participation of NGOs in the development process, the Bank approved technical assistance to co-sponsor with OISCA International (Organization for Industrial, Spiritual and Cultural Advancement) the Asia-Pacific NGO Conference on Environment and Development. The conference was attended by some 250 delegates and observers representing major multilateral and bilateral development assistance agencies and governments, NGOs, universities and business corporations from 16 countries.

Recognizing that many women-based NGOs play an active role in promoting family planning and delivering health and social services to women at the grass roots levels, the Bank approved a technical assistance grant for an

international NGO, the International Council on Management of Population Programmes, for a second training program to develop the management and employment skills of some 2,000 women in five DMCs (Bangladesh, Indonesia, Nepal, Pakistan and Philippines).

Private Sector Support

Promoting an economic and policy environment which will encourage the development of the private sector throughout the region is one of the Bank's basic objectives. In addition to its traditional indirect financial assistance to private enterprises through DF credit lines, the Bank also lends directly to the private sector without government guarantee and makes equity investments in eligible private entities.

By assisting DMCs wishing to privatize state owned enterprises, the Bank helps them achieve a more market-based allocation of resources in line with comparative advantage. It also assists DMCs in developing their capital markets through the upgrading of local stock exchanges, the establishment of credit rating agencies and country and regional mutual funds. As an encouragement to private sector investment, the Bank supports measures to restructure the financial sector, such as liberalization of interest rates, market determined allocation of credit and improvement of the regulatory environment.

In March, a Task Force on Private Sector Operations was established to assess the Bank's experience in this regard and to recommend appropriate modifications, including further integration of such activities with overall Bank operations. The report of the Task Force will be reviewed and a course of action will be determined in 1992.

Co-Financing and Guarantee Operations

A total of 24 Bank-assisted loan projects and programs were co-financed in 1991, involving about 83 per cent of loans made during the year. In terms of financial volume, contributions of co-financiers surpassed the billion-dollar mark for the third consecutive year to reach \$1,465 million, compared to \$1,257 million in 1990. The Bank's own lending to the co-financed projects amounted to \$1,639 million, a decrease of 19 per cent over the previous year.

Official sources of co-financing, other than officially-supported export credits, contributed \$576 million, a 40 per cent decrease from 1990. Of this, about \$255 million was sourced from multilateral agencies and \$321 million from bilateral agencies. Co-financing from commercial sources amounted to \$206 million, an increase of 42 per cent while sources from export credit agencies increased about fourfold to \$682 million. As of the end of 1991, 329 Bank projects involved co-financing since Bank operations began in 1967, with co-financiers providing a cumulative total of about \$10.8 billion.

The decline in official co-financing was due mainly to a fall in bilateral co-financing, which in turn was mainly caused

by the slippage of a few sizeable co-financing deals to 1992. It is anticipated, however, that this trend in official co-financing will be reversed in 1992.

The Bank continued to effectively utilize its co-financing modalities, including the use of the Complementary Financing Scheme (CFS) and Guarantee facilities. In 1991, the Bank arranged commercial co-financing for projects in five of its DMCs through the application of the CFS/Guarantee, including the first commercial co-financing provided for the People's Republic of China by a multilateral institution to finance the Nanpu Bridge in Shanghai.

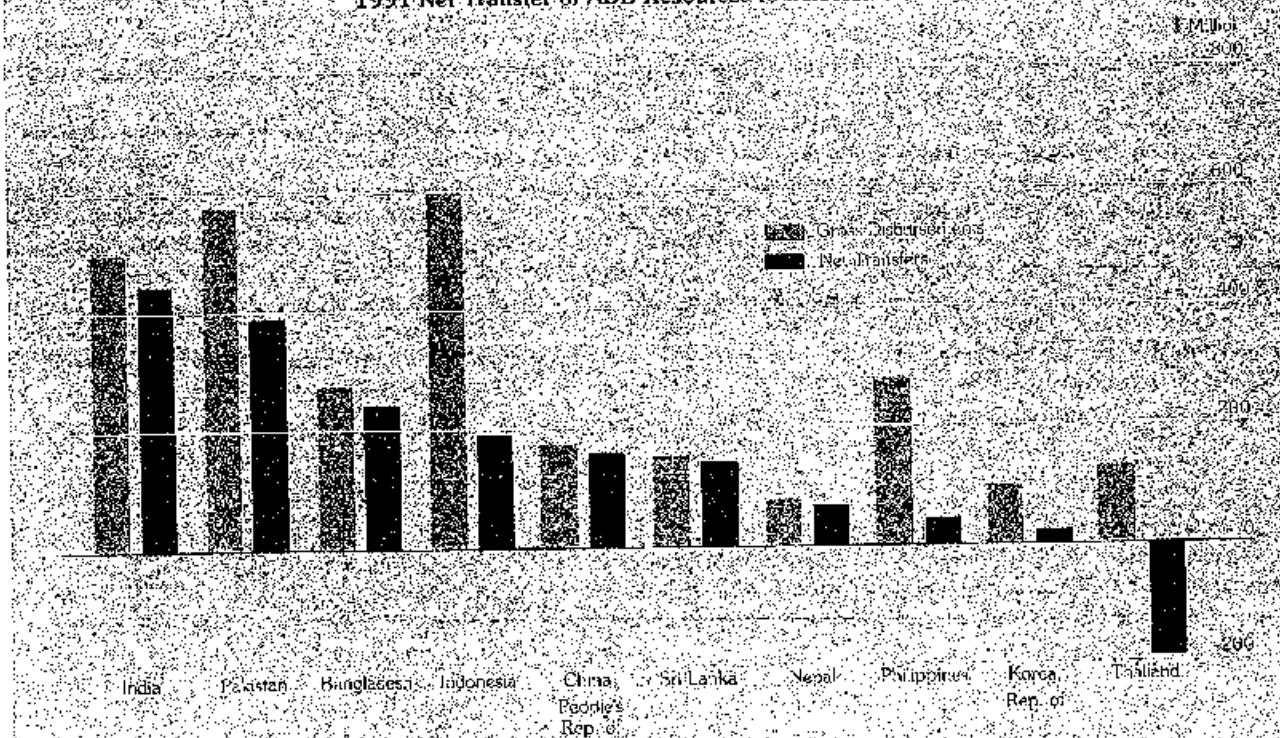
The Bank's co-financing program is at a crossroads. Despite the numerous incremental improvements and enhancements of the program that have been introduced by the Bank over the years, recent fundamental and probably long-lasting changes in the external environment argue for a thorough re-evaluation of the Bank's strategic objective for co-financing and an analysis of the implications of that objective in terms of priorities, resource requirements, modalities and organizational structure. The Bank is, therefore, carrying out a review of its co-financing activities, the report of which is expected to be presented to the Board in 1992.

Bank's Role in Resource Transfers

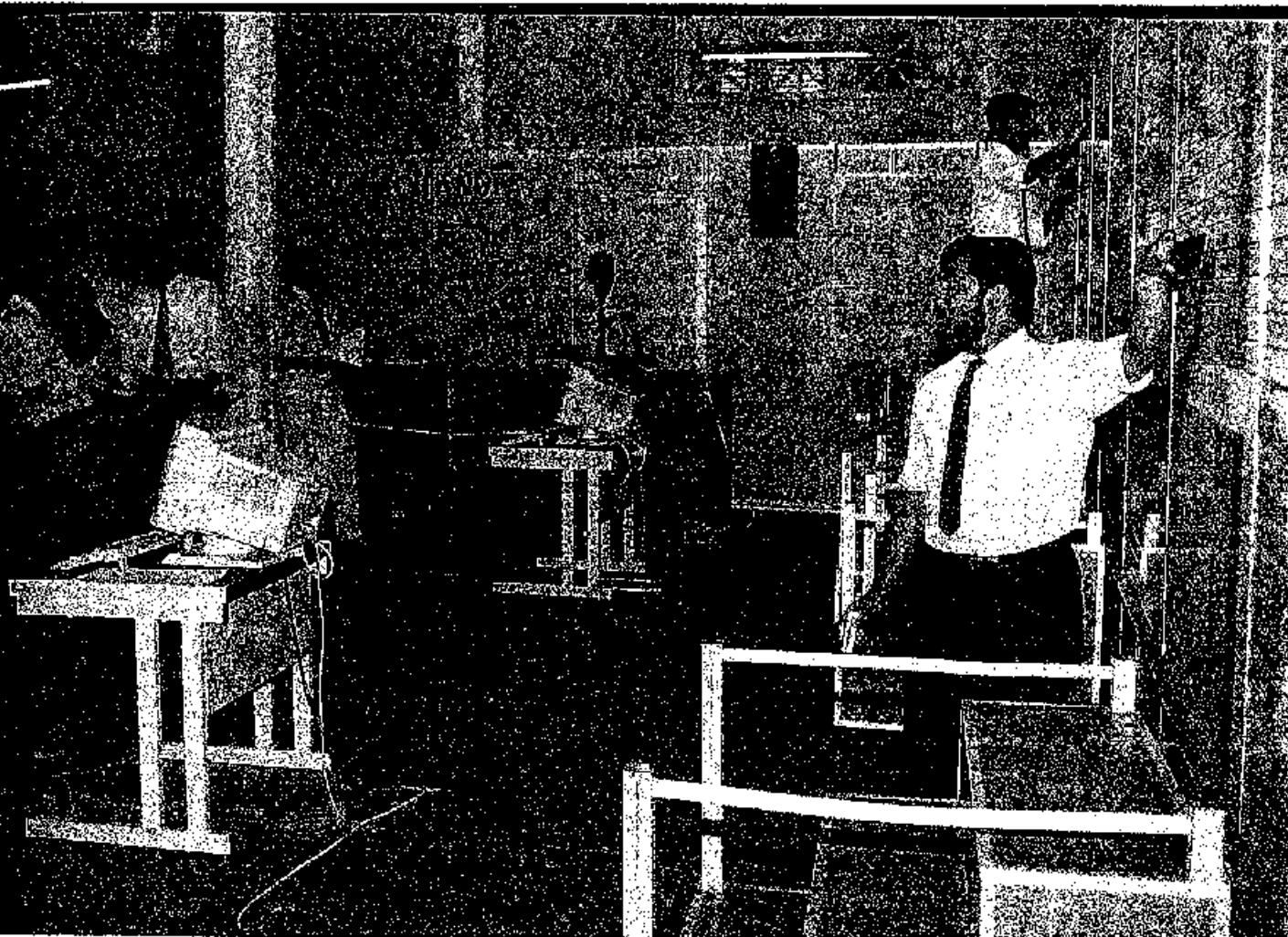
Despite the slowdown in world economic activity, the economies of the DMCs continued to grow steadily in 1991. With an adequate supply of external resources, a number of DMCs were able to increase public and private investments to sustain their GDP growth. In the past two years, multilateral flows, including funds from the Bank, have become an important source of external funds for the DMCs as there have been new demands on world savings arising from the reconstruction of the Middle East after the Gulf war, the unification of Germany, the economic transformation of Eastern Europe and reforms in the former Soviet Union.

The net transfer of resources (gross loan disbursements minus principal repayments and prepayments, payments of interest and other charges plus net equity investments) from the Bank to DMCs increased by 11 per cent from \$1,471 million in 1990 to \$1,634 million in 1991, the highest since Bank operations began in 1967. The relative share of the Bank's resource transfer in the total net transfers of resources to DMCs from all sources stood at 13.2 per cent in 1991, approximately the same level as in 1990. Of the total net transfer of Bank resources, \$716 million was from

1991 Net Transfer of ADB Resources to Selected DMCs



Note: The large resource flow from Thailand reflects prepayments made by the Thai Government on certain loans.



TRADING room at the Colombo Stock Exchange in Sri Lanka. Facilities at the Exchange are being upgraded as part of the Bank's \$80 million Financial Sector Program loan, financed from ADF.

OCR and \$918 million from ADF, compared with \$508 million and \$963 million in 1990, respectively. For OCR, 1991 was the third consecutive year of positive net transfers. Net transfers from ADF declined for the first time since the initial mobilization of ADF resources.

The major factors contributing to the higher OCR resource transfers were a faster increase in loan disbursements than in amortization, and a significant reduction in principal prepayment before maturity. The continuing positive net transfer of ADF was due to higher disbursements and lower principal and interest payments associated with concessional terms of ADF lending.

For the first time, gross loan disbursements exceeded \$3 billion, of which \$2.1 billion was from OCR and \$1 billion from ADF. The disbursement ratio (excluding program loans) for all borrowing member countries stood at 20.1 per cent in 1991, against 16.5 per cent in 1990. For OCR and ADF, the ratios were 23.2 per cent (19.1 per cent in 1990) and 11.9 per cent (12.7 per cent in 1990), respectively. Among the factors contributing to increased disbursements were concerted efforts by DMCs and the Bank to improve project implementation; a greater delegation of authority to both executing agencies and the Bank's Resident Offices; a streamlining of Bank procedures for project implementation; and the provision of quick-disbursing program loans. The DMCs simplified government

procedures, strengthened the institutional capability of executing agencies, improved policy environments and made resource allocation and utilization more efficient. The Bank also facilitated this process through the provision of technical assistance and seminars.

In 1991, India, Pakistan, Bangladesh, Indonesia, PRC and Sri Lanka were the major recipients of Bank resources, accounting for about 96 per cent of the total net transfer of Bank resources. The most significant increases in resource transfers were for PRC, India and Pakistan. On the other hand, Fiji, Malaysia, Myanmar, Singapore, Solomon Islands, Taipei, China and Thailand registered negative net transfers. Singapore and Taipei, China were in the net repayment phase. Myanmar has been a non-active borrower since 1987. The net negative resource flow to Fiji was accounted for by the absence of new loans in 1990-1991, to Malaysia by increasing amortization payments, and to Solomon Islands by fluctuating disbursement and amortization profiles. In the case of Thailand, prepayment was a major contributing factor.

Although the Philippines showed a positive net transfer of Bank resources overall, it registered a negative net transfer of OCR mainly due to slow project implementation and loan disbursements. The flows of ADF resources were positive because of fast-disbursing program loans, which more than offset the negative OCR flows.

Lending and Operational Policies

The Bank continued to develop its lending and operational policies in light of the evolving needs of its DMCs, the international environment and the future directions that have been identified. The Board of Directors approved the classification of new members (Marshall Islands, Federated States of Micronesia and Mongolia) and reviewed the policy on domestic procurement. This policy will remain operative in Bank-financed procurement and will be reviewed after five years.

An Interdepartmental Review Committee on Technical Assistance Operations was established by Management in February 1991 to undertake a wide-ranging and comprehensive review covering all major aspects of technical assistance operations. The scope of the review included: (a) planning, prioritization and control of such operations; (b) financial planning, control and streamlining; (c) processing and administration of technical assistance; (d) use of consultants and (e) assessment of the effectiveness of technical assistance. The conclusions of the review will be submitted to Management in 1992.

In March, a Private Sector Task Force was established by the President to respond to the need for a closer integration of the Bank's private sector operations with its mainstream activities. In particular, the Task Force was expected to assess the Bank's experience in supporting the development of the private sector in its DMCs and recommend measures to enhance the impact of such activities; define the role and extent of the Bank's private sector operations in terms of resources and operational focus; and review the Bank's financial sector activities.

A Task Force on Strategic Planning, established in 1990, assessed the Bank's existing framework for forward planning and recommended a detailed process for strategy plan formulation, implementation, monitoring and evaluation. The report of the Task Force was completed and circulated to the Board for information on an informal basis in early 1991 and a Strategic Planning Unit was set up in July.

The Bank has provided 18 program loans in the amount of \$2,340 million since the program lending policy was revised in November 1987. Since then, such loans have represented 14 per cent of total Bank lending. During this period, loans were provided to seven Group A DMCs (Bangladesh, India, Lao PDR, Nepal, Pakistan, Sri Lanka and Western Samoa), three Group B DMCs (Indonesia, Papua New Guinea and Philippines) and one Group C DMC (Fiji). They covered the agriculture, energy, industry, financial, roads and export sectors.

Program lending has been mainly an ADF instrument. During the period 1988-1991, the first four full years of the revised program lending policy, ADF program loans comprised 9 per cent of all Bank loans and 62 per cent of all program loans. The comparable OCR figures were 5 per cent and 38 per cent, respectively.

Country Strategies

The Bank undertakes country strategy studies as an underlying basis for its operations in the medium term. Such studies are based on the DMCs' development plans and priorities, their economic constraints and the policy environments in which they function, and reflect the Bank's thinking on how best it can contribute to the DMCs' economic growth in light of its own overall strategic objectives. Broad concerns, such as the protection of the environment, poverty reduction and the role of women in development are also taken into account.

In 1991, strategy studies were completed for PRC, Kiribati, Lao PDR, Malaysia, Solomon Islands and Vanuatu, and an interim strategy paper was prepared for Mongolia. The existing study for Pakistan was reviewed and revised and the study for Bhutan, begun in 1990, was discussed with the Government and made operative. In anticipation of the Bank's involvement in the economic rehabilitation of Viet Nam and Cambodia, economic and sector work on these countries was undertaken during the year.

Policy Dialogue

Policy dialogue, designed to promote an environment generally conducive to economic growth, forms an important element of the Bank's operations in its DMCs. In recent years, the scope of such dialogue has expanded to the extent that, in addition to project-specific issues, broader macroeconomic and sector concerns facing individual DMCs are addressed on a more general basis. Several program loans have been approved to continue and expand the reform process. In several sectors, the liberalization process and the emphasis on private sector involvement have gathered momentum and some of the DMCs have undertaken significant measures in this respect.

The range of policy issues discussed during the year included general economic reforms in PRC to improve the efficiency of the economy together with specific ones relating to pricing and enterprise management; economic stabilization and structural reforms in Mongolia, including measures to expand and diversify its foreign economic relations; and measures to improve the environment to promote the role of the private sector in Malaysia. In India, the Bank, in coordination with the International Monetary Fund and the World Bank, supported the Government in its efforts to deal with severe balance-of-payments difficulties experienced during the year. Policy discussions were also held in the context of a program loan in the hydrocarbon sector, relating to areas complementary to those addressed by the World Bank.

Bank Operations in the Pacific

Following Board discussion, in November 1990, of a Working Group report, which followed an earlier Task Force report, Management transferred additional responsibilities

to the Bank's South Pacific Regional Office (SPRO) in April 1991. The SPRO, concerned with the Bank's seven South Pacific DMCs (Cook Islands, Fiji, Kiribati, Solomon Islands, Tonga, Vanuatu; and Western Samoa), is now responsible for: (i) all country programming, economic review and operational strategy work; (ii) administration of most loan and technical assistance projects, including project completion reports, (iii) program aspects of project processing and the preparation of some stand-alone advisory technical assistance projects; (iv) a greater degree of aid coordination in the region, particularly as providers of economic and sector work; and (v) facilitating communications with the SPDMCs.

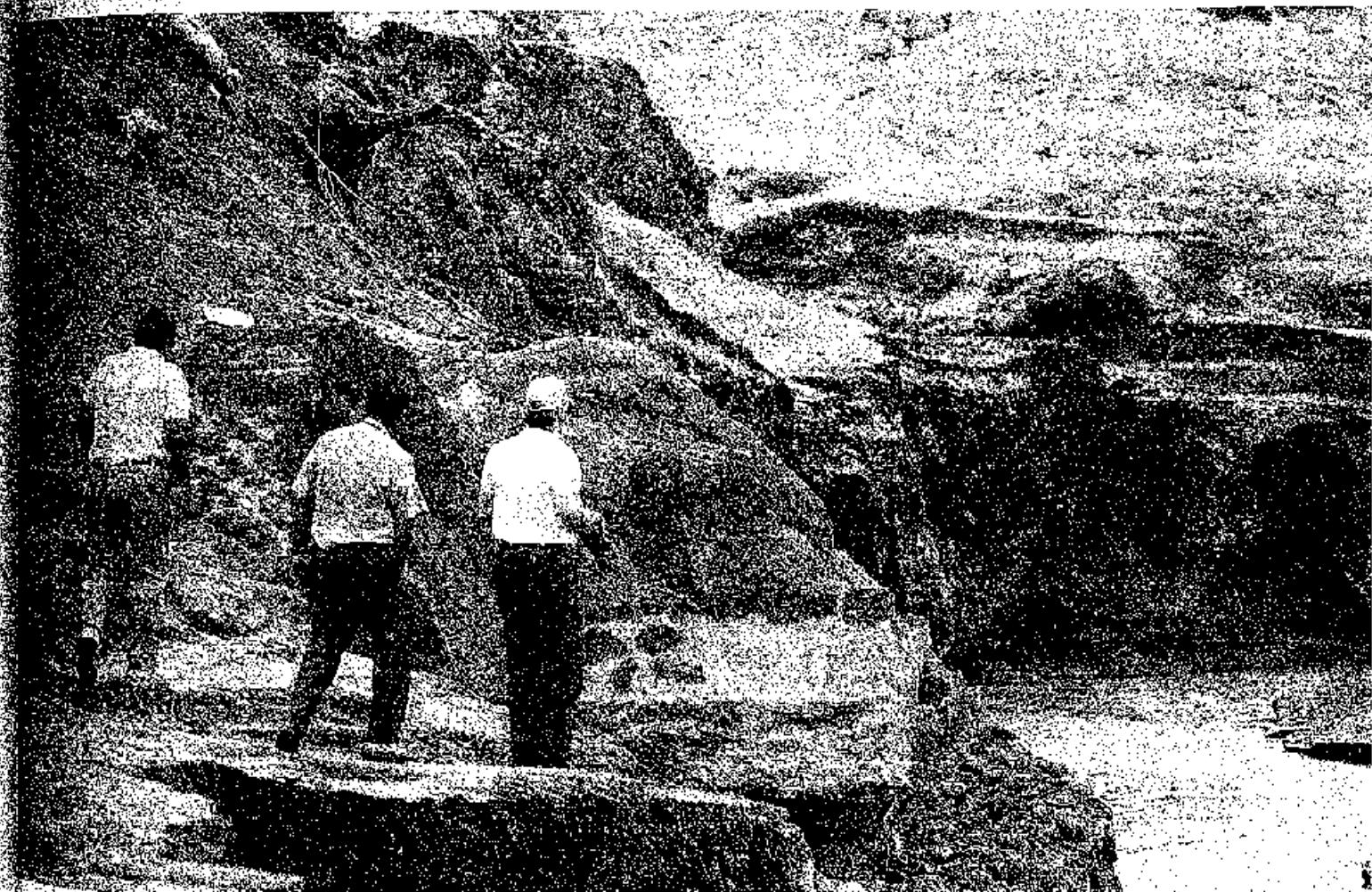
The SPRO's manpower strength has been increased from seven to ten professionals and an equal number of supporting staff. Under the Director, the office is organized into a country programming and economics group consisting of four economists and a project administration group of five project specialists. One person in the Programs Department (East) has been assigned to coordinate between the Headquarters and SPRO.

One of the Task Force's recommendations was to create a Small Pacific Island Fund to enable the Bank to address problems unique to these countries but for which the Bank's present modalities are unsuitable. The Board, during its discussion of the Working Group report, requested that a Working Paper be prepared on the subject, and the Development Policy Office started work on it during the year.

Disaster Rehabilitation

Under a policy formalized in 1989, the Bank is in a position to provide quick rehabilitation assistance to DMCs adversely affected by natural disasters. Such assistance was provided to two countries in 1991.

In Bangladesh, a devastating cyclone struck in April and the Bank, responding to a Government request for immediate assistance for the repair and rehabilitation of damaged infrastructure, reallocated \$40 million saved from four Bank-financed projects in the country. The assistance



BANK consultants assessing the extent of damage to infrastructure caused by the eruption of Mount Pinatubo in Central Luzon in the Philippines

was designed to rehabilitate schools, roads, railways and rural infrastructure. In addition, a loan of \$28.8 million was approved for a project to reconstruct major roads in coastal areas and on offshore islands. The project is expected to benefit a population of about three million in areas most affected by cyclones.

In the Philippines, the volcanic eruption of Mt. Pinatubo in mid-June and subsequent mudflows resulted in widespread damage to infrastructure and agriculture, a considerable loss of life and the dislocation of thousands of families in Central Luzon. In response to a request from the Government, the Bank provided the services of consultants to assess the damage as a basis for the Government's reconstruction planning and for external donors' assistance. Additionally, emergency assistance from the Bank's Special Funds resources is being processed to support rehabilitation and recovery plans for the affected areas.

On 5 November, Typhoon Uring caused extensive loss of life and property in the province of Leyte in Central Philippines. Within ten days, to support the reconstruction of public infrastructure in the affected areas, the Bank approved the utilization of about \$5 million that had remained uncommitted from an earlier infrastructure loan.

The Bank's earlier policy toward disaster mitigation was largely reactive in nature and limited to financing rehabilitation activities. Being increasingly aware of the need for proactive action, the Bank now follows a policy to include vulnerability assessment and risk analysis in its projects and to incorporate disaster mitigation elements in project design.

In July, the Bank published the findings of a regional study, 'Disaster Mitigation in Asia and the Pacific,' providing an overview of disaster management practices in Bangladesh, Nepal, Philippines and the South Pacific DMCs. It also finalized a 'Disaster Manager's Handbook,' to be published in 1992, as a practical guide for national agencies in disaster-prone DMCs.

During the year, the Bank also participated in a number of regional activities, including a symposium in Bangkok on the International Decade for Natural Disaster Reduction, a seminar in Suva, Fiji, on Disaster Management in the South Pacific and a round table in Manila on Disaster Mitigation Policies and Management.

EDRC Activities

Besides its traditional role as the Bank's research arm, the Economics and Development Resource Center (EDRC) continued its involvement in operational activities. EDRC staff collaborated closely with the Programs and Projects departments in macroeconomic and sector work. This included the ongoing modification of macroeconomic models to better suit the needs of the Programs departments. In addition, EDRC actively participated in country economic and programming missions, including the preparation of program loans. Likewise, EDRC economists undertook a number of sector studies to support the work of the Projects departments. EDRC also extended technical assistance and

advice to DMC governments in their economic modeling efforts as well as on specific development issues, including economic reforms, educational finance, poverty reduction and the environment. Furthermore, EDRC staff participated as speakers and discussants in regional and international conferences dealing with significant economic issues.

EDRC initiated a Bankwide economics seminar series as a forum for discussing topical development issues. Topics discussed during the year included economic growth and income inequality, macroeconomic models, education and poverty reduction, remote sensing techniques and applications, and key issues in the development of the world economy. The extent of participation in the seminars suggests that the program is an effective vehicle for enhancing interaction and dialogue among Bank staff.

On the research side, EDRC continued to work on macro and microeconomic aspects of development. Research topics included: rural poverty and access to land; gender issues and poverty; urbanization and the environment; higher education and educational finance; education and poverty alleviation; issues in the revitalization of rural Southeast Asia; foreign direct investment in the People's Republic of China; external debt in Asian and Pacific DMCs; intra-regional foreign direct investment in Asia; and intra-regional labor migration.

Sector-oriented research covered the economic analysis of investment in power systems; disease impact assessment; rural financial markets in DMCs; and the economic evaluation of water supply, power, education, health, population and rural road projects.

EDRC also undertook regional and country-specific research activities, supported by technical assistance grants, on such topics as alleviation of rural poverty, economic reforms in selected planned Asian developing countries, the impact of the Gulf war and policy responses in selected DMCs, institutional development of the Ministry of Finance in Bangladesh, demographic/economic forecasting in Indonesia, and statistical development in a number of countries. Moreover, a technical assistance project was developed with the North-South Institute of Ottawa, Canada, to undertake a comprehensive and comparative study of regional development banks, including those for Africa, Latin America and the Caribbean, besides ADB.

Regarding statistics and data development, EDRC continued to collect and consolidate economic and social data on the Bank's DMCs and maintain a socioeconomic data base. It also upgraded and expanded the body of statistical data in the system, and made these available to users within and outside the Bank. In this regard, significant progress was made during the year toward implementing a central computer-based data bank that facilitates access and information update.

As part of its role as a development resource center, EDRC organized three annual conferences to provide a platform for policymakers and researchers from within and outside the region to discuss relevant economic development issues. These were the Development Round Table, which in 1991 focused on external resource requirements and debt

management; the Round Table on Development Strategies, which addresses overall development policy issues on an annual basis; and the Asian Economic Outlook Workshop, which examines macroeconomic trends and issues in DMCs. Additionally, regional seminars were held on tax policies and tax reforms, international finance, and monetary and fiscal policies. Furthermore, EDRC collaborated with the World Bank's Economic Development Institute on a regional seminar on poverty in Asia.

The Special Secondment Program that provides opportunities for mid-level DMC officials to work in the Bank and gain on-the-job experience was continued during the year, as was the joint training program with the Asian Productivity Organization.

Publication of research is an important part of EDRC's resource center role. The three regular publications are: the *Asian Development Outlook*, which provides a review and short term outlook of DMCs and the region; the *Asian Development Review*, a semi-annual journal containing contributions from Bank staff and eminent scholars on economic development topics; and the *Key Indicators of Developing Asian and Pacific Countries*, an annual compilation of current socioeconomic indicators for the Bank's DMCs. In addition, among the articles written by the staff that appeared in various publications in 1991 were: "External Finance and the Role of Multilateral Financial Institutions in South Asia"; "The Impact of EC 1992 on Asian Developing Countries"; "Exchange Rate Experiences in Asian Economies: A Survey"; "Understanding Poverty: An Introduction to Conceptual and Measurement Issues"; "Aspects of Urbanization and the Environment in Southeast Asia"; "The Political Economy of Agricultural Pricing Policy in Pakistan"; and "Higher Education in Asia: Indonesia in Comparative Perspective".

Aid Coordination

The Bank has increasingly coordinated its policies and strategies in many of its DMCs with bilateral and multilateral aid agencies to optimize the use of scarce development resources. It is involved with the World Bank and the International Monetary Fund in monitoring macroeconomic developments in its DMCs and participates in various country and sector-specific donor group meetings to coordinate socioeconomic strategies. The Bank has come to be recognized as a major partner in the process of economic restructuring in several DMCs.

The Thirteenth ADB-World Bank Coordination Meeting was held in April in conjunction with the Bank's Twenty-Fourth Annual Meeting in Vancouver. In October, the President chaired the meeting of the heads of multilateral financial institutions in Bangkok. The Bank also attended

the meetings of the Development Committee in Washington in April and Bangkok in October.

During the year, the Bank participated in the first Mongolia Assistance Group meeting held in Tokyo on 5 and 6 September. The meeting was coordinated by the World Bank and the Government of Japan and attended by delegations from 14 countries and five international organizations. The major purpose of the meeting was to assess the depth of Mongolia's economic problems and seek financial resources to help the country address its immediate economic difficulties.

A donor consultation meeting, organized by the Mongolian Government and the United Nations Development Programme (UNDP), was held in Ulaanbaatar in October to coordinate the various assistance programs for Mongolia. It was attended by ten international organizations, including the Bank, and 14 countries, including new donors such as India, Republic of Korea and Thailand.

The Bank also worked with the Mekong Committee in the development of the Lower Mekong River Basin and considerable efforts were made during the year by the Government of Lao PDR and donor agencies to improve aid coordination. In this regard, the UNDP Resident Office in Vientiane plays a major role, especially in organizing periodic discussions among donors on specific development issues.

As during the Bank's New Delhi Annual Meeting in 1990, a coordination meeting with the Pacific Island DMCs was again held after the Annual Meeting in Vancouver in 1991 to hold high-level discussions on the group's particular needs and problems. The Bank has decided that such discussions will be held as an annual event in conjunction with its annual meetings.

Strategic Planning

In response to suggestions made at the Annual Meeting in 1990, a Task Force was established to consider a framework for introducing strategic planning in the Bank. In June 1991, the Task Force submitted its final report, which concluded that, while the identification of strategic objectives and planning took place at a number of levels within the Bank, there was no coordination between these activities, nor was there a consolidated statement of Bankwide aims and objectives for the medium term. Management, therefore, decided to introduce a strategic planning system, and in July a Strategic Planning Unit was established to develop and coordinate the process. The purpose of strategic planning is to maximize the effectiveness of the Bank's resources by establishing a close relationship between resource allocation and strategic goals and priorities.



PRODUCING stuffed toys at a factory in Sri Lanka, one of the beneficiaries of the Small and Medium Industries Project, supported by a \$15 million Bank loan from ADF.

COUNTRY ACTIVITIES

Undertaking country strategy studies and preparing medium-term operational strategies have evolved over recent years as major elements of the Bank's activities in its DMCs. At the same time, policy issues are discussed with DMC governments to facilitate project implementation and improve the climate for economic development. The objective is to help employ the Bank's resources in sectors and activities which will most fruitfully serve its DMCs.¹

Bangladesh

Operational Strategy: A multisectoral approach covering agriculture, energy, social infrastructure, transportation and industry has been adopted for Bangladesh to enhance productivity, support policy and institutional reforms (particularly those concerning domestic resource mobilization and institutional strengthening), and help accelerate economic growth. Attention is also given to women's role in development and to environmental protection. Agriculture remains the priority with a focus on water resources development, flood control and drainage, agricultural inputs and services, and rural infrastructure development. In the energy sector, the Bank emphasizes the development of natural gas and coal. Social infrastructure and transportation remain important concerns, particularly projects in the education, health, water supply and roads subsectors. In the industry sector, the Bank will encourage the Government to take measures to stimulate growth and efficiency, enhance private sector participation, and reduce government ownership and management of industries.

Policy Dialogue: The Bank has supported the Government's medium-term adjustment program which aims to achieve rapid economic growth, enhance investments and savings, maintain budgetary and balance-

of-payments stability, promote a dynamic private sector and develop human resources. Special emphasis has been placed on domestic resource mobilization, particularly through cost-recovery schemes, restraints on subsidies and the restructuring of public expenditures to meet the country's growing investment needs. Improved economic efficiency is being sought through the liberalization of the financial sector, privatization of and autonomy for public enterprises, price deregulation and the lifting of other controls. In the agriculture sector, the focus is on the deregulation of the marketing and distribution of minor irrigation equipment and other agricultural inputs through import liberalization, tax incentives and improvements in the rural credit delivery system, as well as on food management and the development of rural infrastructure. Further simplification of administrative procedures, flexibility in the processing of projects, improvement in aid utilization and

Cumulative Bank Lending to Bangladesh

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	47	1,541.54	43.1
Energy	16	778.35	21.8
Social Infrastructure	13	457.45	12.8
Transport and Communications	10	436.10	12.2
Industry and Non-Fuel Minerals	7	222.50	6.2
Finance	7	137.60	3.9
Total	99	3,572.54	100.0

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

the strengthening of the institutional framework are also being pursued.

Loans and Technical Assistance: Bank lending totaled \$418.5 million in 1991, including a program loan, a disaster rehabilitation loan and four project loans.

The agriculture sector received a \$73 million loan and a \$388,000 technical assistance grant under the Northeast Minor Irrigation Project to expand investments in low-cost



BASKET weaver in Bangladesh, one of the beneficiaries of the Northwest Rural Development Project, which the Bank has supported with a \$45 million loan from ADR.

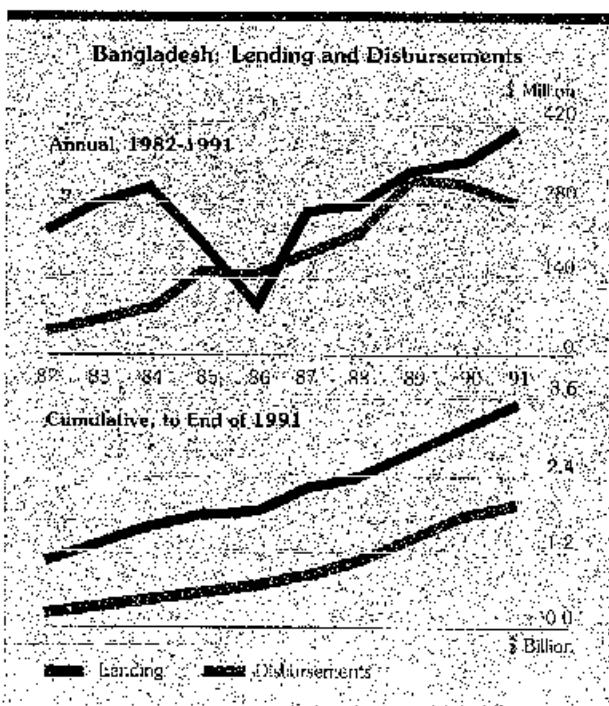
minor irrigation and encourage better cultivation practices.

Three loans were approved for the social infrastructure sector amounting to \$191.7 million. A \$61 million loan and a \$240,000 technical assistance grant were approved for the Second Health and Family Planning Services Project to renovate, upgrade and equip selected secondary and tertiary-care hospitals, five nursing institutes and two health technology institutes and to provide in-service training to health personnel. A \$49.2 million loan was approved for the Higher Secondary Education Project to initiate reforms in higher secondary education and establish mechanisms for policy formulation and implementation. The Dhaka Integrated Flood Protection Project, supported by a \$91.5 million loan and a \$570,000 technical assistance grant, is designed within the framework of an Integrated Environmental Management Plan, which provides guidelines for land-use management, flood control, drainage, water quality and sewage management, slum area improvement and institutional strengthening.

The \$125 million Second Industrial Program loan will support the Government's plans to stimulate industrial growth and efficiency by reducing government ownership and management of manufacturing activities in order to ease the burden on the national budget and revive private sector initiative. A disaster rehabilitation loan of \$28.8 million was approved for the Cyclone Damaged Road Reconstruction Project to reconstruct main road links serving coastal areas and offshore islands to allow the normal flow of commodities and people.

As of end 1991, the Bank had approved 99 loans, amounting to \$3,573 million for 91 projects.

Technical assistance for nine projects amounting to \$9.4 million was approved during the year. Cumulatively,



the Bank had provided Bangladesh with 143 technical assistance grants totalling \$77 million by end-1991.

Project Implementation: Of 99 loans approved for Bangladesh as of end-1991, 51 had been closed and 48 were under administration. Seven loans were waiting to become effective and four loans were closed in 1991. Contracts worth \$235 million were awarded during the year, bringing the cumulative total to \$2,123 million, or 66 per cent of the net effective loan amount. Disbursements totalled \$276 million against \$306 million in 1990. This brought cumulative disbursements to \$1,974 million, or 61.5 per cent of the total net effective loan amount.

The Bangladesh Resident Office continues to monitor implementation of projects (especially delegated ones) and loan disbursements. It also assists the Government and its executing agencies in project administration matters.

Private Sector Investment Management: By end-1991, three investments totalling \$13 million equivalent had been approved for Bangladesh. Two of the investments, amounting to \$6.5 million equivalent, were still active. Disbursements amounted to \$2.8 million equivalent in 1991.

Bhutan

Operational Strategy: The Bank's operational strategy is directed towards easing institutional and manpower constraints and assisting the Government in strengthening the country's economy and developing its foreign exchange earning capacity. The Government's efforts to balance social and economic development are also supported. A country strategy for Bhutan was completed in 1991 and was discussed with the Government.



A WOOD products firm in Bhutan, which received a subloan out of a \$2.5 million Bank loan channeled through Bhutan Development Finance Corporation.

Cumulative Bank Lending to Bhutan
(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Multisector	2	12.40	31.99
Social Infrastructure	2	10.43	26.91
Agriculture and Agro-Industry	2	7.78	20.07
Transport and Communications	1	4.50	11.61
Finance	1	2.50	6.45
Industry and Non-Fuel Minerals	1	1.15	2.97
Total	9	38.76	100.0

Policy Dialogue: Policy discussions sought to strengthen the administrative capacities of development agencies, promote the private sector through capital market development, induce effective trade policies and improve domestic resource mobilization.

Loans and Technical Assistance: In 1991, no loans were approved for Bhutan but technical assistance grants amounting to \$1.7 million were extended for four projects. Three of these grants were intended to strengthen

the Bhutan Development Finance Corporation, the Department of National Budget and Accounts, and the Department of Roads. The fourth project was to prepare a renewable resources sector development plan. Cumulatively, up to the end of 1991, the Bank had provided Bhutan with nine loans totalling \$39 million and technical assistance for 35 projects amounting to \$12 million.

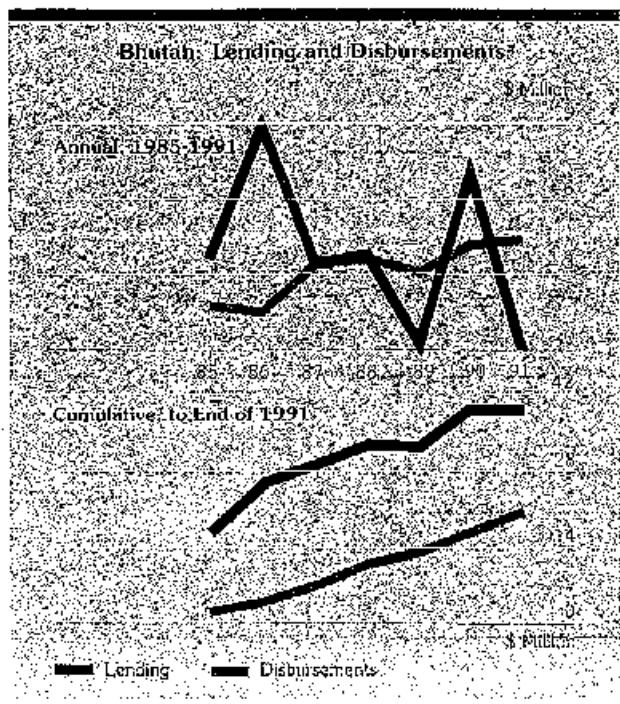
Project Implementation: Of the nine loans approved for Bhutan as of end-1991, two had been closed and seven were under administration. Contracts worth \$3.4 million were awarded during the year, bringing the cumulative total to \$20.8 million or 52 per cent of the total net effective loan amount. Disbursements totalled \$4.4 million compared to \$3.8 million in 1990. Cumulative disbursements stood at \$21 million, or 52 per cent of the total net effective loan amount.

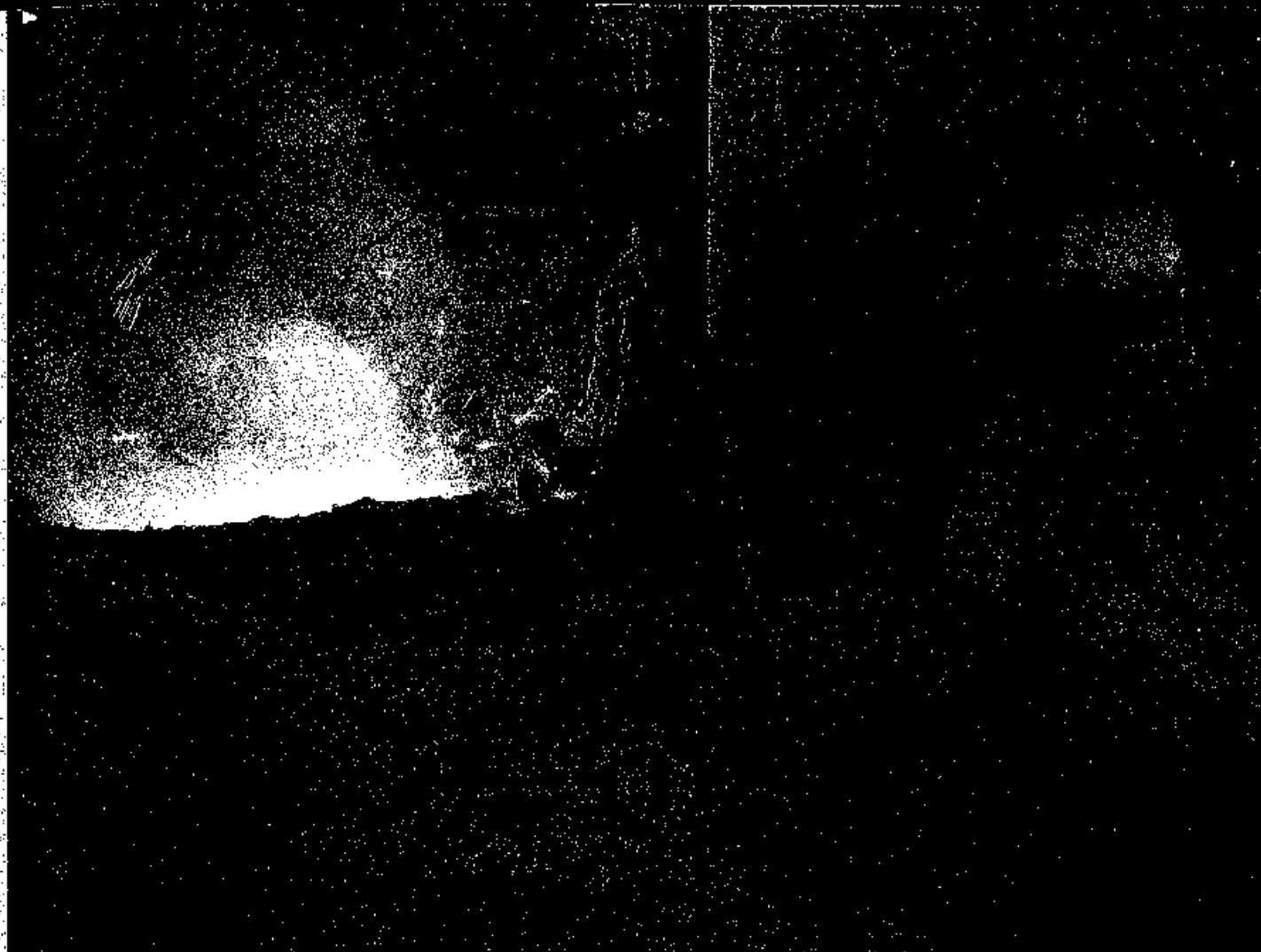
Institutional weaknesses and a shortage of skilled manpower continued to hamper project implementation. The Bank addressed some of these constraints through technical assistance projects.

People's Republic of China

Operational Strategy: An operational strategy study for the People's Republic of China (PRC) was discussed with the Board in April 1991. The study recommends operational activities that would assist the country achieve efficient, sustainable and equitable growth. It emphasizes economic efficiency, poverty reduction, environmental protection and natural resource conservation. The Bank supports the Government's efforts to bring about policy reforms that promote competition, permit market-based pricing, encourage financial discipline in enterprise management, and facilitate technology improvement in state and non-state sectors. At the same time, attention is given to removing constraints in such basic sectors as energy, transport and communications, and in basic raw materials industries. To make growth sustainable, the Bank pays close attention to improving the environmental impact of Bank projects through energy-saving measures, technological upgrading, industrial energy conservation and personnel training in environment management.

Policy Dialogue: Through regular policy consultations, the Bank has supported PRC's ongoing reforms aimed at creating an efficient economy. At the macroeconomic level, policy dialogue has dealt with economic reforms and specific improvements in pricing and enterprise management. The State Statistical Bureau availed of an earlier Bank technical assistance grant to gather information which was used by the State Planning Commission (SPC) to formulate the Eighth Five-Year Plan. Following discussions with SPC, the Bank has agreed to fund a technical assistance project to strengthen SPC's capability to develop techniques for the management of the national economy.





FURNACE at the Lai-Wu Iron and Steel Mill in the People's Republic of China, which received a \$227,600 technical assistance grant for its modernization and expansion.

The Bank also held discussions with the Ministry of Finance on the formulation and implementation of fiscal policies during PRC's transition from central to indicative

planning based on liberalization of policies.

Policy matters addressed at the sectoral level included the need to use resources efficiently through subsidy reduction and improved cost recovery, and to strengthen executing agencies in terms of capital expenditure control, financial planning and debt management.

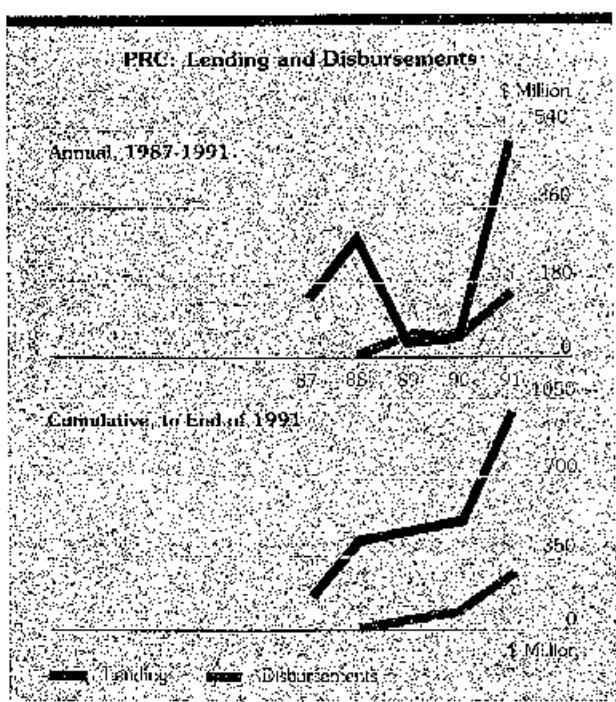
In the energy sector, policy dialogue was focused on the diversification of power generation, energy conservation, demand management, an appropriate tariff structure and institutional reforms. The Bank's involvement in PRC's power sector has resulted in the establishment of a commercially-run and independent power generation entity with full autonomy and managerial and financial accountability.

In the industrial sector, policy discussions centered on reforms towards a market-determined pricing system. The abolition or limitation of enterprise subsidies, the enhancement of financial and managerial autonomy, and the promotion of industrial efficiency are among the Bank's policy objectives.

Bank loans and technical assistance to PRC also emphasize environmental safeguards. The objective of several recent technical assistance projects has been to help formulate environmental master plans to strengthen the

Cumulative Bank Lending to People's Republic of China
(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Finance	3	300.0	30.0
Transport and Communications	4	260.0	26.5
Industry and Non-Fuel Minerals	3	238.3	23.8
Agriculture and Agro-Industry	2	99.6	9.9
Energy	2	98.3	9.8
Total	14	1,002.2	100.0



Government's environmental assessment and monitoring capability. The issue of poverty reduction also has been discussed with the Government.

Loans and Technical Assistance: In 1991, the Bank approved six loans totalling \$496.3 million. A \$70 million loan for the Shanghai Nanpu Bridge Project was followed by a \$67.5 million loan for the Yaogu-Maoming Railway Project. The other projects were the \$65 million Shanxi-Lijiu Thermal Power Project, the \$105 million Anqing Acrylic Fiber Project and the \$88.8 million Ports Development Project. A credit line of \$100 million was provided for the Industrial and Commercial Bank of China.

A co-financing of \$48 million equivalent was approved for the Shanghai Nanpu Bridge Project under the Bank's complementary financing scheme, with the Bank guaranteeing the last part of maturities. The funds were provided by a syndicate of international financial institutions.

During the year, the Bank provided PRC with eight project preparatory technical assistance grants and 22 grants for advisory and operational purposes totaling \$14.4 million.

Project Implementation: With the six loans approved in 1991, cumulative approvals had amounted to \$1,002.2 million for 14 loans by year-end. All the 14 loans were under administration, including four awaiting the signing of loan agreements or loan effectiveness. During the year, contracts amounting to \$243.8 million were awarded, bringing the cumulative contract amount to \$411 million or 63 per cent of the net effective loan amount. Disbursements amounted to \$172.7 million, compared with \$55 million in 1990. Cumulative disbursements stood at \$282.9 billion,

or 43 per cent of the total net effective loan amount.

All projects, except an industrial one, proceeded smoothly, with two in the advanced stage of completion and initial operation. A country project review mission was held for the first time to expedite project implementation. Three seminars were held on loan disbursements, business opportunities under Bank financing, and the use of consultants.

Private Sector Investment Management: Two new equity investments totalling \$14.3 million equivalent were approved during 1991, bringing to three the cumulative number of investments amounting to \$17.3 million equivalent by the end of the year. Disbursements for both new investments were completed during the year.

India

Operational Strategy: Since lending to India commenced in 1986, the Bank's operational strategy has focused on industrialization, one of the Government's most important objectives. Bank assistance is intended to improve the industrial structure and its efficiency and to promote private sector manufacturing. The strategy is also designed to ease infrastructure bottlenecks in the energy, transport and telecommunications sectors. Environmental protection is one of the primary considerations.

Policy Dialogue: Policy-related discussions with the Government covered issues on power, finance, trade, industry and energy. The discussions on programs and projects were coordinated with the International Monetary Fund, World Bank and bilateral donors. These discussions addressed the need for further reforms in these areas.

Policy dialogue was also focused on the need to allow market forces a greater role and to ease bureaucratic direction and control of the economy.

Cumulative Bank Lending to India

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Energy	9	1,456.80	44.3
Transport and Communications	8	1,332.60	40.6
Finance	4	470.00	14.3
Industry and Non Fuel Minerals	3	26.90	0.8
Total	24	3,285.30	100.0



WORKER at an electronics factory in India, which received a subloan from the Industrial Credit and Investment Corporation of India Ltd. The Bank had channeled \$220 million by end-1991 through ICICI for lending to small and medium private enterprises.

Loans and Technical Assistance: In 1991, the Bank approved five loans, including an unguaranteed private sector loan, totalling \$924 million.

In response to the Government's request for assistance to counter the adverse impact of the Gulf war, a \$150 million special assistance loan was provided. The funds were used to support policy reforms in the energy sector and to finance imports of diesel fuel to alleviate shortages experienced by the industrial and transport sectors. A \$267 million loan for the Ganchar Field Development Project was approved to increase oil and gas production at the onshore Ganchar belt area to lessen dependence on oil imports. A technical assistance grant of \$180,000 was extended along with the loan to undertake a study on the evaluation of petroleum exploration and development risk contracts. For the Second Railways Project, a \$225 million loan was provided to increase line capacity, particularly for carrying coal cargoes to thermal power stations. In addition, three technical assistance grants totalling \$1.94 million were provided to improve the operations of Indian Railways, rationalize non-bulk general

cargo traffic, and improve traffic costing and financial management reporting. The Bank also provided a \$250 million program loan to support reforms in the hydrocarbon sector. A \$32 million unguaranteed loan was approved for the Second Calcutta Electric Supply Company Limited Project to finance electric power transmission and distribution facilities by the private sector power utility.

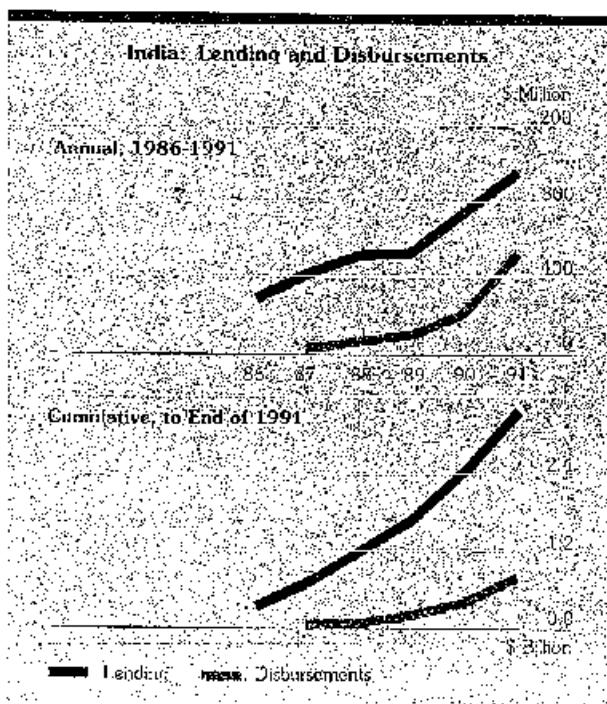
Altogether, 24 loans amounting to \$3,285.3 million had been provided to India by end-1991.

During 1991, the Bank approved six technical assistance projects totalling \$2.7 million, bringing cumulative technical assistance to \$11.2 million for 27 projects.

Project Implementation: Of the 24 loans approved for India as of end-1991, two were closed and 22 were under administration. During the year, contracts amounting to \$382 million were awarded, bringing the total value to \$836.9 million, or 31 per cent of the cumulative net effective loan amount. Disbursements during 1991 amounted to \$496.2 million, against \$205 million in 1990. Cumulative disbursements totalled \$850.5 million, or 31 per cent of the total net effective loan amount.

The Government's decision to adopt imprest accounts for suitable projects in 1990 had increased disbursements during that year. Further utilization of the funds advanced was made during 1991. The Bank undertook a country project review mission to India to discuss project implementation. A country project implementation management seminar was held for officials from executing agencies.

Private Sector Investment Management: A second unguaranteed loan, of \$32 million equivalent, was



approved during the year to assist a private power utility company. By the end of 1991, eight investment facilities (equity and loans) had been approved for India, including a line of equity, for a total amount of \$92 million, or 14 per cent of the Bank's total approved direct private sector investments for all countries. Nine investments totalling \$23 million equivalent were still active. Disbursements during the year amounted to \$4.7 million equivalent.

Indonesia

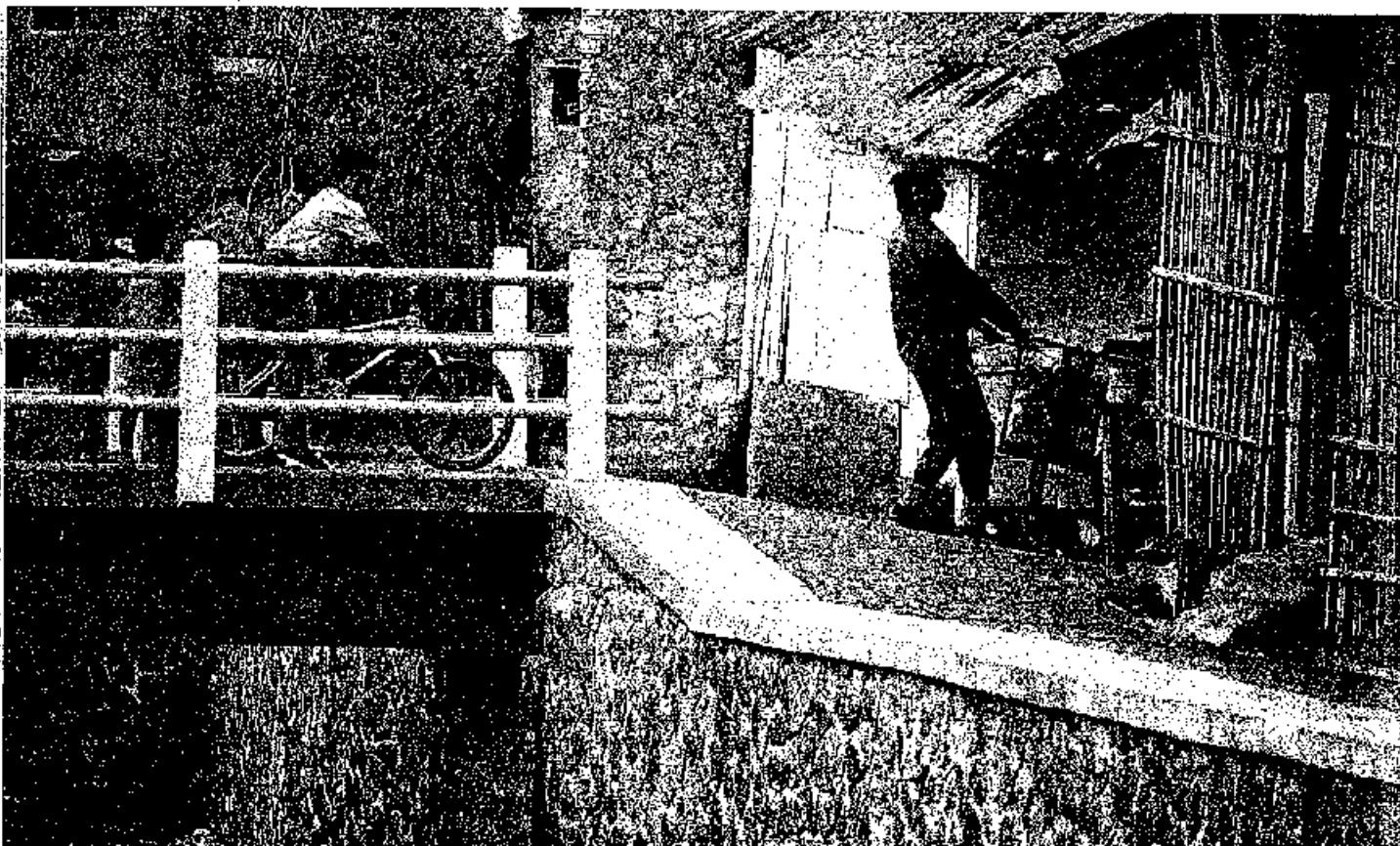
Operational Strategy: The Bank continues to support Repelita V, the Government's five-year development plan covering the period up to 1994. The strategic objectives governing the Bank's operations in Indonesia include the promotion of non-oil exports; mobilization of domestic resources; employment generation; human resource development and the provision of basic needs; increased private sector participation in development; improved efficiency of existing investments; and optimal resource utilization.

In formulating programs, due consideration is given to the country's current development thrust, and Bankwide concerns, such as poverty reduction, social infrastructure,

environment and women in development, are reflected. In 1991, removing bottlenecks affecting the country's infrastructure projects was the Government's priority.

Policy Dialogue: During the year, issues relating to sector efficiency through improved cost-recovery measures, tariff adjustments and institutional strengthening were addressed in power and road development projects. Providing access to credit for small rubber and tea farmers, and the financing mechanism for the development of groundwater irrigation in Central Java also featured in the discussions. Policy dialogue was intensified on establishing a relending mechanism and a market rate of interest for financing local government urban development programs, the mobilization of domestic resources and the adoption of cost-recovery measures. In the financial sector, issues relating to prudential safeguards, intermediation efficiency, market based allocation of credit and further development of the capital markets were addressed. The importance of environment-related measures on the entire operational program was also emphasized.

Loans and Technical Assistance: Loans totalling \$1,236 million were approved for 13 projects in 1991, including two in the private sector. Cumulatively, Indonesia



A BRIDGE built across a drainage channel under the Bandung Urban Development Project in Indonesia, financed by two Bank loans amounting to \$33.45 million from OCR.

Cumulative Bank Lending to Indonesia

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	71	2,693.62	34.2
Energy	21	1,278.05	16.3
Transport and Communications	22	1,110.86	14.1
Urban Development Water Supply and Sanitation	17	956.05	12.1
Education	18	876.35	11.1
Finance	5	490.00	6.3
Industry and Non-Fuel Minerals	12	364.70	4.6
Health and Population	2	80.90	1.0
Multisector	1	25.00	0.3
Total	169	7,875.53	100.0

had received 169 loans amounting to \$7,875.5 million by the end of the year.

Almost one third of the 1991 loans were for four agricultural projects, the two largest being the Tree Crop Smallholder Development Project (\$135 million) and the Second Fisheries Industries Credit Project (\$100 million). Both projects were designed to provide jobs and improve income levels of poor agricultural communities.

Four social infrastructure projects accounted for another one third of the approved loans. Three of the projects totalling \$253 million were for urban development in the Palembang/Bandar Lampung/Bogor corridor. These will provide an integrated package of urban infrastructure to improve the living conditions of the urban population, particularly lower-income groups. The other was the \$100 million Technical Education Development Project, designed to enhance the quality and supply of skilled technical manpower in Indonesia. The Project will also help distribute vocational training facilities more equitably throughout the country.

The development of infrastructure is a Bank priority in Indonesia, and the Eleventh Road (Sector) loan (\$150 million) approved during the year was designed to improve the national and provincial road network, particularly in the eastern part of the country. A \$45 million loan was approved to upgrade the inland water transport systems of east, south and central Kalimantan. In view of

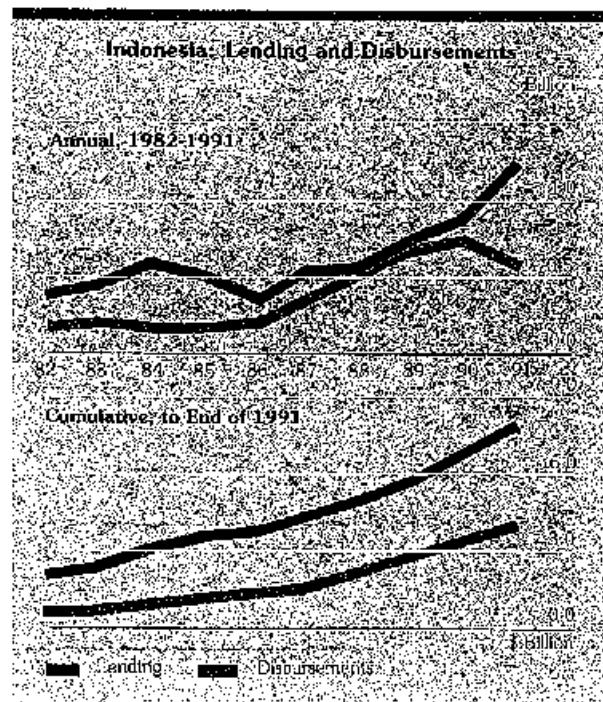
power shortage in Java due to an increasing demand for electricity, a \$300 million loan for the Power XXI Project was approved.

In 1991, the Bank also approved 29 technical assistance projects for Indonesia amounting to \$18 million, bringing its cumulative total technical assistance to the country to about \$69 million.

Project Implementation: A total of 169 loans were approved for Indonesia as of end-1991. Of these, 99 had been closed and 70 were under administration, including eight waiting to become effective. Contract awards totalled \$578.2 million, bringing the cumulative amount to \$4,395.7 million, or 66 per cent of the net effective loan amount. Disbursements declined during the year and totalled \$597.6 million. However, project related disbursements (netting out the impact of the Food Crop Sector Program loan) actually improved between 1990 and 1991. Cumulative disbursements stood at \$4,133.4 million, or 63 per cent of the net effective loan amount.

Project implementation was generally satisfactory. The Indonesia Resident Office (IRO) continued to monitor the implementation of projects and assisted the Government and executing agencies in resolving implementation problems. IRO's project monitoring information system and monthly reporting to the Government have provided significant support for the central planning agency's monitoring activity and helped it make timely interventions to speed up project implementation. A project implementation management seminar was held for executing agency staff.

Private Sector Investment Management: Private sector loans and equity investments totalling \$57.5 million



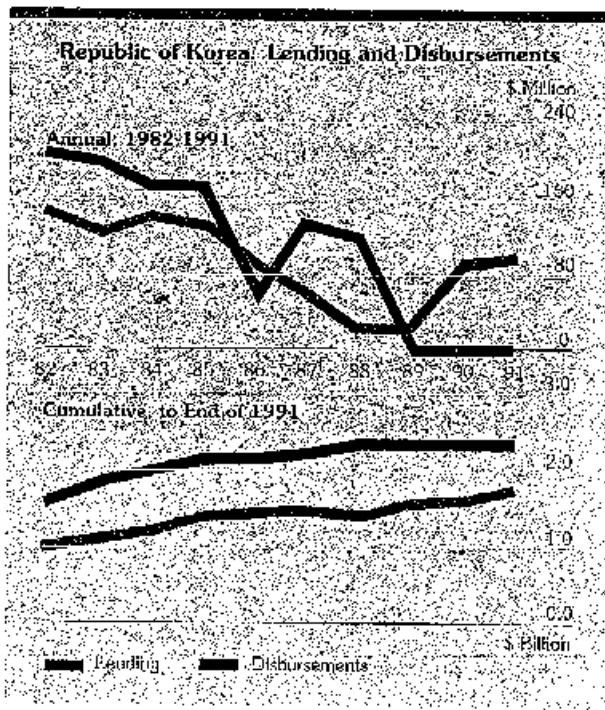
equivalent were approved during the year for two steel companies. Cumulative approvals up to the end of 1991 totalled \$124.36 million equivalent for 12 projects, including two lines of equity. This was equivalent to 19 per cent of the Bank's total private sector investments for all countries. Nine projects, with aggregate investments amounting to \$34 million equivalent, were still active. Disbursements during the year amounted to \$19.5 million equivalent and had been completed for eight investments by year-end.

Korea, Republic of

Operational Strategy: In 1989, the Republic of Korea stopped borrowing from the Bank as its need for external assistance declined steadily through the 1980s. However, disbursements for earlier projects still under administration continued.

Project Implementation: Of the 79 loans approved for the Republic of Korea by 1991, 71 had been closed and eight were under administration. Contract awards during 1991 amounted to \$50.4 million, bringing the cumulative total to \$1,828.3 million, or 98 per cent of the cumulative net effective loan amount. Disbursements during the year amounted to \$97.3 million, compared with \$88 million in 1990. Cumulative disbursements totalled \$1,697 million, or 91 per cent of the cumulative net effective loan amount.

Private Sector Investment Management: Cumulative approvals for the Republic of Korea amounted to \$9 million equivalent, including one line of equity.



Investments in six companies totalling \$8 million were still active at the end of the year. Disbursements had been completed for all of them.

Lao PDR

Operational Strategy: The main objective of the Bank's strategy is to support the Government's efforts to develop a market-oriented economy and undertake direct investment interventions to support private sector activity, particularly in physical infrastructure development. Importance is also given to social problems affecting women and the disadvantaged minorities in the health sector, and to the quality and relevance of education.

The Bank's assistance program is aimed at increasing the foreign exchange earning capacity of the country by focusing on power generation, agriculture production, forestry, industry and mining, as well as developing physical infrastructure and banking. Urgent basic needs and human resource development are also addressed.

Policy Dialogue: Improving the operational and financial performance of Electricité du Laos, the power utility, and assisting the Government in implementing domestic electricity tariff increases were the main areas of policy discussions in the power sector during 1991. In the roads subsector, the Bank continued to encourage the Government to improve its capacity to finance and carry out road maintenance programs. In social infrastructure, cost recovery and the economic viability of rural water supply systems were among the major topics discussed.

Loans and Technical Assistance: The Bank approved three loans for Lao PDR amounting to \$56.9 million in 1991. The Education Quality Improvement Project, funded by a \$13.3 million loan and a \$500,000

Cumulative Bank Lending to Lao PDR
(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	5	112.00	42.82
Agriculture and Agro-industry	6	49.82	19.05
Energy	8	45.82	17.52
Social Infrastructure	3	28.90	11.05
Finance	1	25.00	9.26
Total	23	261.54	100.0

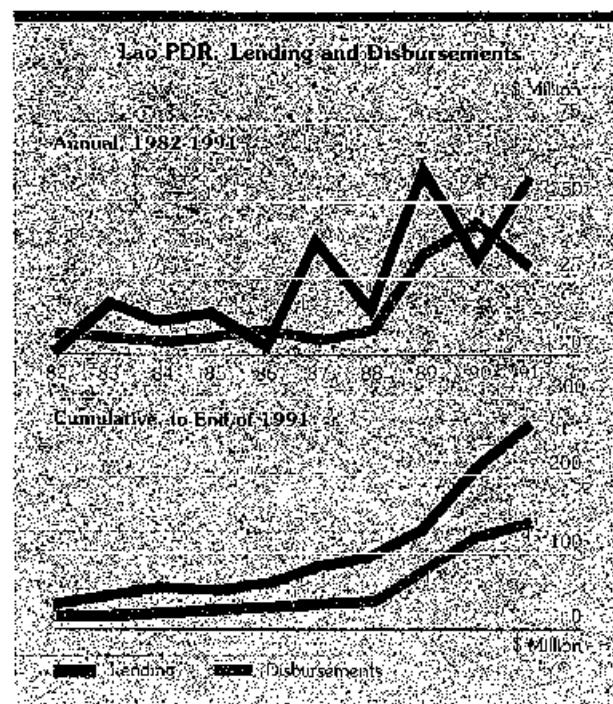


A FERRY in Lao People's Democratic Republic linking roads developed under the Vientiane Plain Road Improvement Project, funded by an \$8 million Bank loan from ADF.

technical assistance grant, is intended to improve the quality of primary and lower secondary education through the development of educational systems and the production and distribution of instructional materials. A \$31 million loan for the Fifth Road Improvement Project will be used to provide access to the northern provinces from Luang Prabang. The third loan of \$9.6 million for the Southern Provincial Towns Water Supply Project will assist the Government in providing adequate safe water supply and support economic growth.

Ten technical assistance projects totalling \$6.4 million were approved in 1991. Of these, four were for project preparation and six were of an advisory nature, focusing on institutional strengthening and training.

Project Implementation: Of the 23 loans to Lao PDR as of end-1991, 12 had been closed and 11 were under administration. During the year, contracts amounting to \$39.2 million were awarded, bringing the cumulative total to \$139.3 million, or 66 per cent of the total net effective loan amount. Disbursements in 1991 totalled \$27.3 million, compared with \$41 million in 1990, which had included program loan disbursements. Cumulative disbursements amounted to \$143 million, or 68 per cent of the total net effective loan. Four road projects, three power projects, two social infrastructure projects, a forestry project, and a financial sector program were ongoing.



Malaysia

Operational Strategy: The Bank's operational strategy was reviewed in the light of Malaysia's robust economic performance since the last study in 1989. Under the revised strategy, the Bank will help strengthen the Government's role in support of the private sector to increase productivity and efficiency in line with the country's policy of growth with equity. Support for social and physical infrastructure, protection of the environment, and poverty reduction are among the Bank's other goals in Malaysia.

Policy Dialogue: Discussions during the year were focused on improving the economy with the private sector playing a leading role. The Bank urged the adoption of market-related pricing policies, especially for power and water utilities. In addition, it emphasized cost-recovery measures in agriculture and social sectors. Innovative income-generating schemes were suggested for poverty reduction rather than subsidizing traditional agriculture. To ensure sustainable development, the Bank also emphasized the need for environmental impact assessment for all projects.

Loan and Technical Assistance: Loans totalling \$299 million were approved for three projects in 1991. A \$203 million loan was approved for power generation to meet the increasing demand for electricity. A \$53 million loan was provided to improve the country's industrial technology development and management. Another loan of

Cumulative Bank Lending to Malaysia
(As of 31 December 1991)

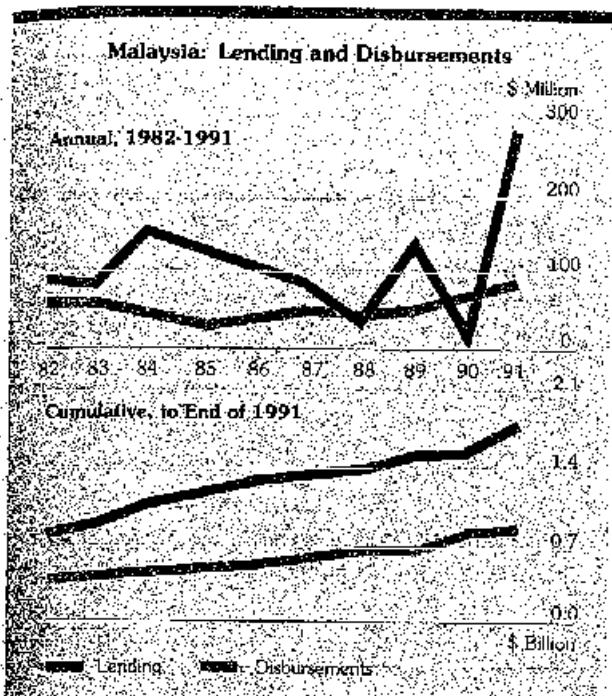
Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	24	514.86	27.9
Energy	11	475.00	25.7
Transport and Communications	15	255.14	13.8
Water Supply and Sanitation, Urban Development	12	205.31	11.1
Health and Population	3	181.53	9.8
Education	3	146.80	8.0
Industry and Non-Fuel Minerals	1	53.00	2.9
Finance	1	15.00	0.8
Total	70	1,846.64	100.0

\$43 million will support the Government's ongoing plan to control coastal erosion. By the end of 1991, the Bank had approved 70 loans amounting to \$1,846.6 million for 68 projects. During 1991, six technical assistance grants totalling \$2.6 million were also approved, bringing the cumulative total to \$17.2 million.

Project Implementation: Of the 70 loans approved for Malaysia as of end-1991, 55 had been closed and 15 were under administration, including three waiting to become effective and one due for signing. Contract awards for the year amounted to \$56.3 million and the cumulative total was \$934.8 million, or 79 per cent of the total net



A FARM worker carries off palm kernels in Malaysia. He is one of the beneficiaries of the Trengganu Tengah Township Development Project, financed by a \$16 million Bank loan from OICR.



effective loan amount. Disbursements totalled \$93.2 million, against \$66 million in 1990. Cumulative disbursements stood at \$848.4 million, or 72 per cent of the total net effective loan amount.

A seminar on business opportunities was held to encourage domestic consultants and contractors to participate more actively in Bank financed projects. In addition, one country loan disbursement mission was fielded to expedite loan disbursements.

Private Sector Investment Management: No new private sector investment was made in 1991. A line of equity for \$2 million, approved in 1989, was still under management.

Maldives

Operational Strategy: The Bank's activities in Maldives are directed toward providing basic infrastructure, particularly power and transportation, to create a favorable environment for the development of tourism, fisheries and shipping. Institutional development is also emphasized.

Policy Dialogue: Under the Second Power System Development Project, the Bank emphasized the need to review and rationalize tariffs on islands served by the Maldives Electricity Board.

Loans and Technical Assistance: A \$9.2 million loan and a \$450,000 technical assistance grant were approved in 1991 for the Second Power System Development Project to augment the generating capacity of

Cumulative Bank Lending to Maldives

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Energy	2	15.30	61.0
Transport and Communications	2	7.40	29.5
Multisector	1	2.38	9.5
Total	5	25.08	100.0

the present power station and improve power distribution in Male. A technical assistance grant of \$500,000 was also approved to prepare an environmental management strategy.

Cumulatively, by end-1991, the Bank had provided Maldives with five loans totaling \$25.1 million and 14 technical assistance grants amounting to \$3.9 million.

Project Implementation: Of the five loans to Maldives as of end-1991, two had been closed and three were under administration. Contract awards in 1991 totalled \$4.1 million, bringing the cumulative amount to \$15.9 million, or 92 per cent of the total net effective loan amount. Disbursements totalled \$4.2 million, compared with \$4.1 million in 1990. Cumulative disbursements amounted to \$12.3 million, or 71 per cent of the net effective loan amount.

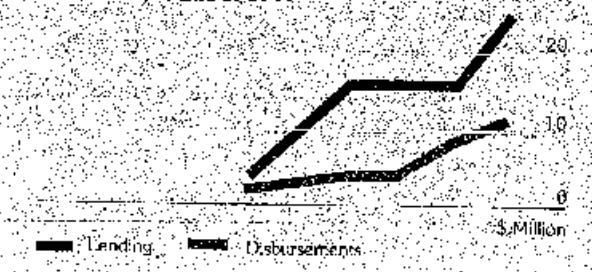
Maldives: Lending and Disbursements

\$ Million

Annual, 1986-1991



Cumulative, to End of 1991





COMPUTER training to improve data gathering and storage is one of the components of a Multiproject in Maldives, assisted by a Bank loan of \$2.38 million from ADF.

Mongolia

Operational Strategy: The main objective of the Bank's interim operational strategy is to support the Government's efforts to transform Mongolia's economy into a market oriented one. The following priorities will be emphasized: institutional strengthening of government agencies, the creation of an agro-industrial base in accordance with the country's comparative advantage and the development of infrastructure. The strategy will assist the country in emerging from its economic isolation, developing international competitiveness and gaining access to international markets.

Policy Dialogue: Together with the International Monetary Fund and the World Bank, the Bank assisted the Government in designing a medium-term strategy which aims to stabilize the economy and accelerate the pace of economic reforms. The strategy will be implemented over a three-year period that began in October 1991 and the Bank will monitor its implementation.

Loans and Technical Assistance: Mongolia became a member of the Bank on 22 February 1991. Bank lending to the country started in October with a Special

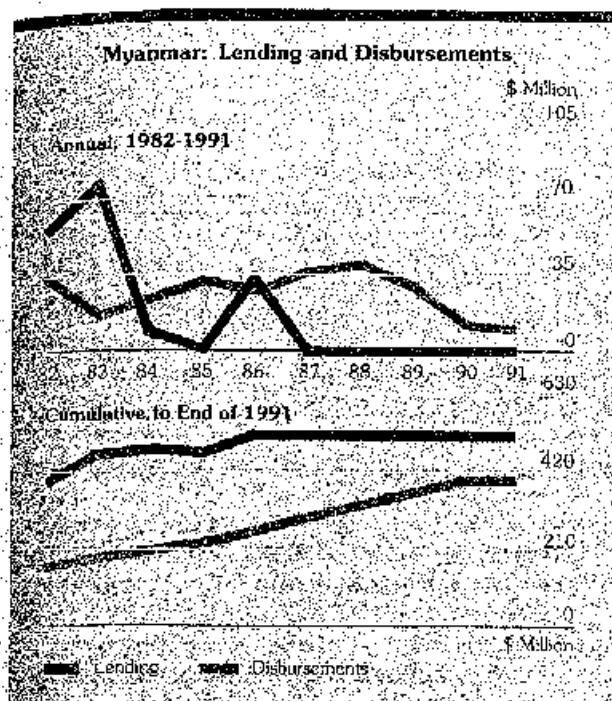
Assistance loan (\$30 million equivalent) to help alleviate the serious economic difficulties that followed the sudden termination in January of the preferential trading and financing arrangements among countries belonging to the former Council for Mutual Economic Assistance. The Special Assistance loan will finance critical imports needed by selected productive sectors of the economy.

The Bank also approved four technical assistance grants totalling \$1.1 million. Two are for strengthening the institutional capacity of the Mongolian Stock Exchange. The third is designed to assist government agencies and train their staff in procurement, disbursement and other operational procedures. The fourth will support government efforts to restructure and develop the industrial sector.

Myanmar

Operational Strategy: The Bank is presently monitoring economic developments in Myanmar in close consultation with the International Monetary Fund. An operational strategy will be prepared when appropriate.

Loans and Technical Assistance: No loan or technical assistance was provided in 1991.

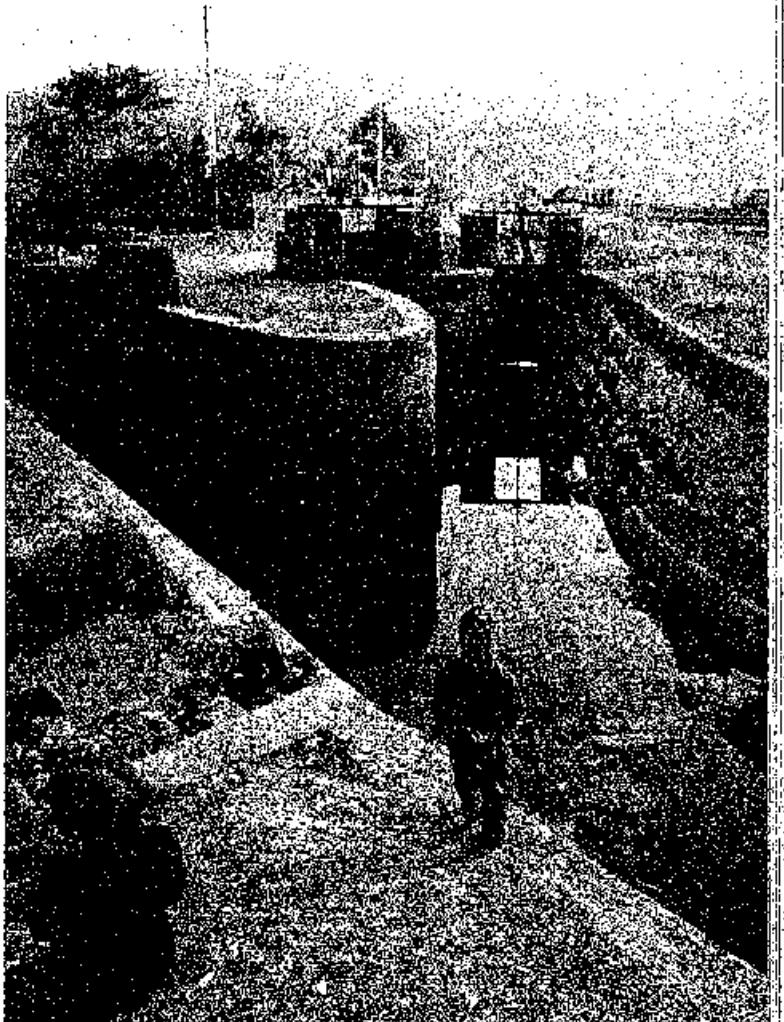


Project Implementation: Of the 32 loans totalling \$531 million approved as of end-1991, 28 had been closed and four were under administration. Contract awards during the year amounted to \$6.4 million, bringing the cumulative total to \$417.3 million, or 81 per cent of the net effective loan amount. Disbursements totalled \$8.8 million, against \$11.5 million in 1990. Cumulative disbursements stood at \$400 million, or 78 per cent of the total net effective loan amount.

Nepal

Operational Strategy: The Bank follows a broadly based strategy for Nepal, reflecting its relatively large role in the country's economic development. The strategy seeks to increase productivity in the agriculture sector; protect the environment endangered by heavy deforestation; develop physical and social infrastructure in the transport, health and education areas; foster industries with export potential; encourage the private sector and strengthen institutions involved in national development.

Policy Dialogue: Discussions continued during the year with the newly elected Government on its policy agenda and sectoral priorities. The policy dialogue covered issues relating to public resource allocation and management, administrative reforms and prospects for private sector involvement in the development process. In the energy sector, attention was focused on potential hydropower development schemes, while fertilizer distribution and management issues dominated discussions on agriculture. The financial rehabilitation and institutional strengthening of



AN IRRIGATION dam in Pokhara, Nepal. The Bank has so far provided a total of \$126.4 million to develop irrigation facilities in the Himalayan Kingdom.

Cumulative Bank Lending to Nepal

(As of 31 December 1991)

Sector	?	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry		42	604.08	56.5
Energy		10	185.90	17.4
Transport and Communications		10	157.66	14.7
Industry and Non-Fuel Minerals		4	54.55	5.1
Education		4	43.30	4.1
Urban Development, Water Supply and Sanitation		2	24.00	2.2
Total		72	1,069.69	100.0

the Agricultural Development Bank of Nepal continued to be the focus of discussions in the financial sector.

Loans and Technical Assistance: Four loans totalling \$84.4 million were approved in 1991. A \$35 million loan was approved for the Sixth Agricultural Credit Project which is aimed at providing farmers with access to credit for on and off-farm development and other small and medium-scale private sector investments in the agriculture sector. The Rajapur Irrigation Rehabilitation Project, supported by a \$16.62 million loan and a \$650,000 technical assistance grant, is designed to improve and rehabilitate the largest group of private farmer-managed irrigation systems in the country and strengthen the institutional base and technical capabilities of existing systems. The Upper Sagarmatha Agricultural Development Project, supported by a \$13.2 million loan and technical assistance grants amounting to \$616,000, is designed to increase rural employment and income in the three northern districts of the Sagarmatha zone through improved crop and livestock productivity, better transport infrastructure, easier access to credit and women-in-development activities. A \$19.5 million loan and a \$400,000 technical assistance grant were approved for the Primary Education Development Project which will help the Government achieve the objective of universal primary education through improved quality and a more equitable access.

Cumulative lending for Nepal had reached \$1,069.7 million for 72 loans and 62 projects by end-1991.

During the year, the Bank approved 12 technical assistance grants totalling \$2.8 million. Of these, seven were in the agriculture sector and one each for energy, urban

development, water supply and education sectors, and for private sector development. By year-end, the Bank had provided about \$54 million in technical assistance for 136 projects.

Project Implementation: Of the 72 loans approved for Nepal up to the end of 1991, 39 had been closed and 33 were under administration, including four waiting to become effective. Four loans were closed in 1991. Contract awards in 1991 totalled \$64.8 million, resulting in a cumulative total of \$559 million, or 56 per cent of the net effective loan amount. Disbursements totalled \$77 million, compared with \$66 million in 1990. Cumulative disbursements stood at \$524.5 million, or 53 per cent of the net effective loan amount.

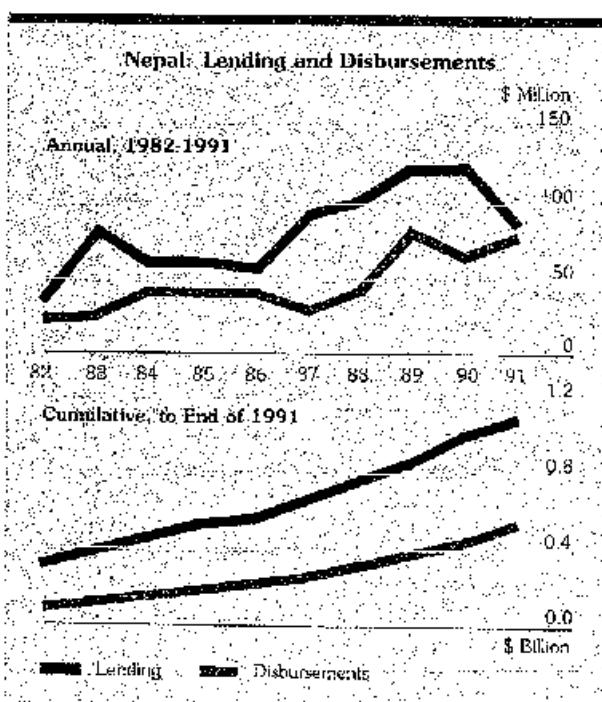
The Nepal Resident Office (NRO) in Kathmandu, established in 1989, continued to assist the Government and executing agencies in project implementation and various aspects of Bank operations in Nepal. NRO has also been increasingly involved in processing new projects and undertaking a wide range of policy dialogue with the Government.

Private Sector Investment Management: A technical assistance grant was provided during the year for a feasibility study to establish a leasing operation in the country. There were no new investment approvals. Of the two investments totalling \$7 million approved in the past, \$4 million was still active. Disbursements during the year amounted to \$3.4 million equivalent.

Pakistan

Operational Strategy: The Bank's strategy is aimed at developing a more self-sustained economy based on greater mobilization of domestic and external resources through fiscal, financial and other policy reforms. The emphasis is on promoting a more open and outward-looking economy, improving its efficiency, strengthening domestic capital markets and privatizing government entities. At the same time, the need to provide for basic human necessities, reduce poverty and develop human resources is emphasized.

Considering Pakistan's climate, limited water resources and scarce domestic financing, the Bank's assistance to the agriculture sector continues to focus on increasing crop productivity through better water use management, irrigation systems and farm-to-market roads. In the energy sector, the major objective is to bridge the gap between demand and supply, and the development of indigenous energy resources to reduce costly premium imports. In industry, the aim is to promote the private sector through equity investment, leasing and direct lending schemes as well as indirectly through development finance institutions (DFIs) and commercial banks. In the social sector, Bank's efforts are focused principally on education, health, water supply and sewerage, and urban rehabilitation and development. The introduction of market-oriented interest rates and the strengthening of domestic capital markets will continue to



be sought in the financial sector. Institutional development in all sectors is the priority for advisory technical assistance.

Policy Dialogue: Discussions relating to the agriculture sector were focused on phasing out fertilizer subsidies, full recovery of operation and maintenance costs of irrigation systems through service fees, and resource mobilization from the agriculture sector. Self-financing through adequate tariff adjustment, private sector participation in power generation and distribution, and technical integration of the major institutions were the major concerns in the power sector. The Bank joined other donor agencies in assisting the Government formulate a comprehensive petroleum sector policy, which was issued in November. Under the Sui-Southern Gas System Rehabilitation and Expansion Project, the Bank is helping the Government privatize Sui-Southern Gas Company Limited by fiscal year 1993.

Loans and Technical Assistance: The Bank approved 13 loans totalling \$781.6 million in 1991, including seven unguaranteed loans to the private sector.

Co-financing totaling \$653.7 million was arranged for four projects.

The Sindh Forestry Development Project, supported by a \$41.6 million loan and a \$560,000 technical assistance grant, is designed to mitigate deforestation along the lower Indus River and encourage farmers to join afforestation activities. The Second Oil and Gas Development Project, for which a \$52 million loan was approved, is designed to develop indigenous oil and gas resources and further encourage private sector participation. The Chashma Right Bank Irrigation Project (Stage III), supported by a loan of \$185 million equivalent, will provide irrigation and drainage facilities to about 135,000 hectares. Additionally, a technical assistance grant was approved to develop a comprehensive environmental monitoring program for water resource development. The Kotri Barrage Rehabilitation Project, assisted by a loan of \$20 million, will help rehabilitate the barrage which is the main source of irrigation for lower Sindh agriculture and of potable water for Karachi. The Sui-Southern Gas System Rehabilitation and Expansion Project, assisted by a \$178 million loan and two technical assistance grants totalling \$1.5 million, will increase gas



CAPTFE cross a segment of the irrigation canal built under the Gwadar Agricultural Development Project in Pakistan, which received a Bank loan of \$28 million from ADF.

Cumulative Bank Lending to Pakistan

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	44	2,201.45	33.2
Energy	39	2,175.02	32.8
Finance	28	1,032.00	15.6
Transport and Communications	7	397.60	6.0
Industry and Non-Fuel Minerals	10	321.40	4.9
Urban Development, Water Supply and Sanitation	6	267.70	4.0
Education	4	124.00	1.9
Health and Population	3	61.40	0.9
Multisector	1	44.00	0.7
Total	142	6,624.57	100.0

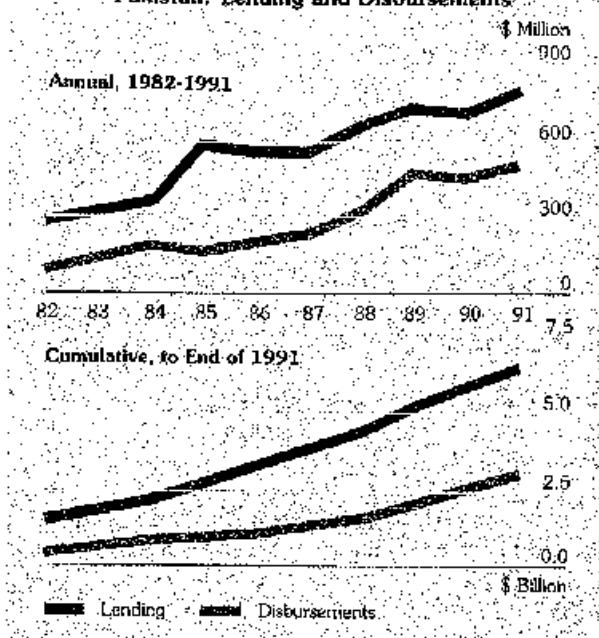
supply by 260 million cubic feet per day and replace costly imports of oil products. The Project will also assist the Government in transforming the Sui-Southern Gas Company Limited into a private entity. The Water and Power Development Authority (WAPDA) Twelfth Power Sector loan, equivalent to \$250 million, will finance the power subsector's medium-term investment program for generation, transmission and the rehabilitation of distribution systems.

A total of 142 loans amounting to \$6,624.6 million for 117 projects had been approved for Pakistan by end-1991. Eleven technical assistance projects amounting to \$6.7 million were also approved during the year, bringing the cumulative total of technical assistance grants to \$45 million.

Project Implementation: Of the 142 loans approved for Pakistan by end-1991, 73 had been closed and 69 were under administration, including 12 waiting to be effective. Contract awards during the year totalled \$488 million, bringing the cumulative amount to \$3,213.7 million, or 55 per cent of the net effective loan amount. Disbursements totalled \$578.3 million, compared with \$459 million in 1990. Cumulative disbursements stood at \$3,129 million, or 53 per cent of the total amount of net effective loans.

The Bank assisted the Government in holding an International Petroleum Seminar in Islamabad in November

Pakistan: Lending and Disbursements



1991 soon after the petroleum policy had been announced.

The Bank's Resident Office in Islamabad provided support in project implementation matters and with regard to dialogue with the Government on macroeconomic and sectoral policies. The Bank continued to undertake country project review missions to discuss and resolve issues affecting project performance. A country project implementation seminar was held in Islamabad for executing agency staff and government officials. A country seminar on the use of consultants was also conducted to enhance the capabilities of executing agencies to recruit consultants more expeditiously. A similar seminar was held to acquaint executing agencies with the Bank's policies and procedures for disbursements.

Private Sector Investment Management: New commitments during the year to Pakistan for private sector operations amounted to \$55.2 million. This represented about 26 per cent of the Bank's total 1991 commitments to the private sector in all countries. The operations included an equity investment in Pakistan Industrial Leasing Corporation (PILC) for \$208,000 and a \$55 million facility approved for six leasing companies and one investment bank. In addition, the Bank also assisted the Ministry of Industry in organizing an investment promotion conference jointly with the World Bank's Multilateral Investment Guarantee Agency in Islamabad. The objective of the conference was to present the Government's newest policies to potential foreign investors and local entrepreneurs.

By the end of 1991, a total of \$152 million equivalent in investment facilities (equity investments, underwritings and loans) had been approved for 22 projects, including two lines of equity. This represented 23 per cent of the Bank's

cumulative direct private sector investment for all countries. The bulk of these investments went to finance and leasing (67 per cent) and chemicals (23 per cent) sectors. Disbursements amounted to \$18.4 million equivalent during the year and had been completed for 16 investments by year-end. One equity investment in a textile company under a line of equity was partially divested, producing a net gain of \$551,000 equivalent. At the end of the year, the portfolio comprised 18 investments in 16 companies totalling \$78 million equivalent.

Philippines

Operational Strategy: The main objective of the Bank's operational strategy in the Philippines is to support poverty reduction and employment generation efforts, especially in rural areas, and a more equitable distribution of the benefits of development. The strategy also seeks to

promote balanced regional development in view of wide disparities in income and quality of life among the different regions of the country. In implementing the strategy, three important considerations are emphasized. First, increased attention should be given to policy-based program and sector lending to facilitate discussions with the Government on policy issues and sectoral reforms and to support the balance of payments. Second, greater effort should be made to rehabilitate and improve the efficiency of existing infrastructure. Third, in light of the serious poverty situation in the country and the Government's increased commitment to develop the social sectors under the Medium-Term Philippine Development Plan (1987-1992), more support should be provided for upgrading social infrastructure, particularly in the health, education, water supply and sanitation sectors. Environmental rehabilitation, natural resource management and women's role in development also feature prominently in the Bank's strategy.



FISHERMEN use rubber tires to create artificial reefs around Alabat island off the coast of Quezon province, Philippines, under two loans for a Fisheries Sector Program amounting to \$80 million, of which \$50 million is from ADF

Cumulative Bank Lending to the Philippines

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	45	1,195.84	27.2
Energy	19	1,148.35	26.2
Transport and Communications	20	696.35	15.9
Urban Development, Water Supply and Sanitation	13	503.00	11.5
Finance	13	445.00	10.1
Multisector	5	246.70	5.6
Education	4	128.80	2.9
Industry and Non-Fuel Minerals	3	37.80	0.6
Total	122	4,391.90	100.0

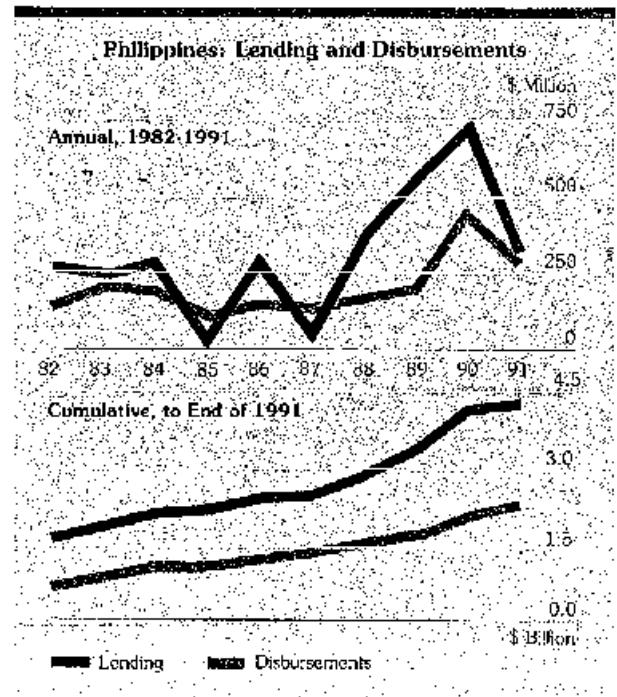
Policy Dialogue: In 1991, the Bank continued its policy dialogue with the Government in key sectors. Under the Industrial Forest Plantations (IFP) Sector Project, important measures were initiated to prevent the degradation of forest resources and the environment, including incentives for the accelerated development of IFPs by the private sector. Under the Special Agricultural Inputs Supply Project, a study has been initiated to analyze policy reforms to enhance the efficiency of the food crop (rice and corn) sector. Extensive policy dialogue on administrative decentralization and project implementation was undertaken in processing the Kabulinan Irrigation and Area Development Project in Maguindanao Province in Mindanao. A policy dialogue on improving system efficiency was pursued with the Metropolitan Waterworks and Sewerage System during the processing of the Manila South Water Distribution Project.

Discussions were also held on the fiscal and administrative policy implications of the new Local Government Code, the formulation of an agroindustry-based master plan for the development of Western Visayas, the development of rural credit institutions, power system development and energy pricing, domestic resource mobilization and the country's absorptive capacity to carry out an expanded external assistance program.

Loans and Technical Assistance: Bank lending to the Philippines in 1991 totalled \$289.2 million for eight projects, including two private sector ones.

A \$35 million loan was approved for the Special Agricultural Inputs Supply Project for fertilizer importation in response to a prolonged drought and the impact of a destructive earthquake on distribution systems and physical infrastructure. An associated \$400,000 technical assistance grant was provided to carry out a food crop sector study to analyze policy reforms needed to make the food crop sector more efficient. The Third Development Bank of the Philippines Project, supported by a \$100 million loan, will help establish, expand and upgrade existing small and medium industries.

The Industrial Forest Plantations Sector (IFP) loan of \$25 million will provide credit through the Land Bank of the Philippines for the private sector to establish tree plantations, including rubber and bamboo. Two related technical assistance grants totalling \$1.22 million were provided to strengthen the Department of Environment and Natural Resources' technical and administrative capacity for identifying and monitoring IFP projects and to formulate a program for improving the quality of tree species. The Second NGO Microcredit Project in the amount of \$30 million is designed to provide small-scale credit to microenterprises through a program to reduce poverty and generate employment, particularly in rural areas. It is supported by grants from the Governments of Norway (\$3 million) and the Netherlands (about \$1.8 million) and a \$640,000 technical assistance grant for a study of rural credit policies, programs and institutions. The Kabulinan Irrigation and Area Development Project in Mindanao, assisted by a \$48 million loan, will contribute to the Government's efforts to increase food production and promote balanced regional development. The Manila South Water Distribution Project, with a \$31.4 million loan and a



parallel financing of \$20.1 million, is designed to ensure potable water supply for nearly 800,000 people in four municipalities covered by the project area.

Cumulatively, the Bank had approved 122 loans for the Philippines amounting to \$4,392 million for 107 projects by end-1991.

During the year, the Bank also approved 17 technical assistance grants amounting to \$11 million. Of these, ten were agriculture related, three were for social infrastructure, two for financial institutional strengthening, one for upgrading the quality of environmental impact assessment and one for the institutional strengthening of the Bureau of Internal Revenue. The cumulative total of technical assistance was \$58.5 million for 163 projects.

Project Implementation: Of the 122 loans approved for the Philippines as of end-1991, 74 had been closed and 48 were under administration. Contract awards in 1991 amounted to \$462.3 million, bringing the cumulative total to \$2,430.8 million, or 69 per cent of the net effective loan amount. Disbursements totalled \$278.9 million, a 25 per cent decrease from 1990. Large disbursements totalling \$370 million in 1990 were responsible for the smaller pipeline in 1991. Cumulative disbursements amounted to \$2,376.4 million, or 67 per cent of total net effective loans.

Two country project review missions were carried out to discuss project implementation problems with the Government officials. A seminar was held to make potential consultants and bidders aware of the business opportunities available under Bank financing.

Private Sector Investment Management: Two new commitments (equity investment and loans) amounting to \$20.5 million equivalent were approved during the year for two projects: a copper mining company and a seaweed processing company. Cumulatively, up to the end of 1991, investment approvals (equity investments and loans) for the Philippines amounted to \$72 million equivalent for 10 projects, including one line of equity, or 11 per cent of the cumulative private sector investment total for all countries. Disbursements during the year totalled \$10.6 million equivalent and had been completed for four investments. The portfolio at the end of the year comprised seven investments totalling \$44 million equivalent.

Sri Lanka

Operational Strategy: The Bank supports the Government's policy and institutional reforms for a structural adjustment of the economy from agriculture to industry, and from the public to the private. Assistance for poverty reduction is also an important objective.

Policy Dialogue: Agricultural reforms associated with the Second Agriculture Program figured prominently in the policy issues discussed with the Government during

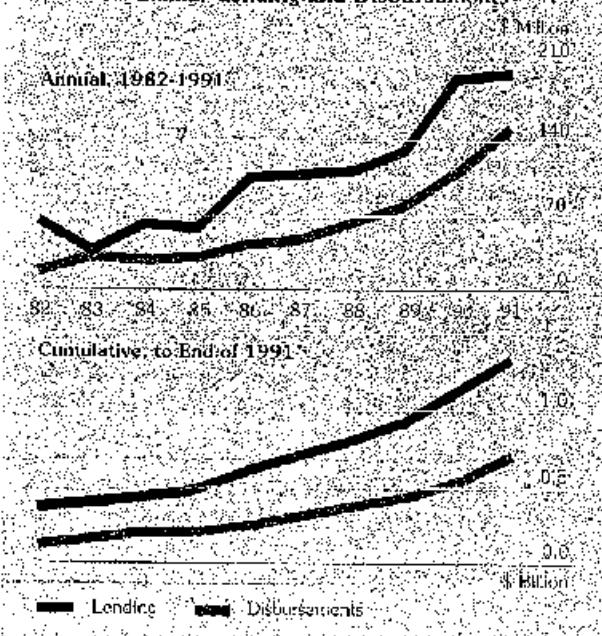
Cumulative Bank Lending to Sri Lanka

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	30	598.43	45.9
Finance	10	261.00	20.0
Energy	7	161.75	12.4
Transport and Communications	8	137.30	10.5
Education	3	67.10	5.2
Urban Development, Water Supply and Sanitation	2	50.00	3.8
Multisector	1	14.70	1.1
Health and Population	1	9.30	0.7
Industry and Non-Fuel Minerals	2	5.15	0.4
Total	64	1,304.73	100.0

the year. The issues also included a phased reduction of export duties; ad valorem taxes on plantation crops; rationalization of sugar pricing; and privatization of several

Sri Lanka: Lending and Disbursements





CLASSES at a school in Galle province in Sri Lanka, rehabilitated under the Emergency Schools Restoration Project, financed by a \$15 million Bank loan from ADF

state-owned corporations. The Financial Sector Program loan involved discussions on the issuance of treasury bonds to establish a long-term benchmark in the capital market; improving financial intermediation; and restructuring state-owned development finance institutions.

Loans and Technical Assistance: Five loans amounting to \$198 million were approved in 1991.

The Second Small and Medium Industries Project with a loan of \$30 million and two technical assistance grants totalling \$348,000, and the Third Development Financing loan of \$50 million with a \$240,000 technical assistance grant were provided to meet the demand for long-term credit for small and medium-scale industries. A \$20 million loan and two technical assistance grants totalling \$1.3 million under the Low Income Housing Development Project were approved for the State Mortgage and Investment Bank and the Housing Development Finance Corporation to provide housing loans for low-income families. The \$60 million Second Agriculture Program loan was intended to support

ongoing policy reforms in the agriculture sector. The Southern Province Rural Development Project, funded by a \$38 million loan and two technical assistance grants amounting to \$740,000, was designed to raise incomes and improve the quality of life in the project area.

By end-1991, the Bank had approved 64 loans with a cumulative total of \$1,304.7 million for 58 projects. Seventeen technical assistance grants totalling \$6.2 million were also approved, bringing cumulative technical assistance to \$25.5 million for 105 projects.

Project Implementation: Of the 64 loans approved as of end-1991, 33 had been closed and 31 were under administration. Contracts awarded during the year amounted to \$167 million, bringing the cumulative total to \$744.2 million, or 61 per cent of the total net effective loan amount. Disbursements during the year amounted to \$161 million, compared with \$112 million in 1990. Cumulative disbursements amounted to \$690.7 million, or 57 per cent of the total net effective loan amount.

Private Sector Investment Management: As of end-1991, total investment approvals (equity and loan) stood at \$3.5 million equivalent for three projects, including one line of equity. Disbursements during the year amounted to \$243,000 equivalent and had been completed for one investment. Subscription rights issued to the Bank by an investee company for new shares were sold instead for \$755,000. At year-end, the portfolio consisted of two investments for \$546,000.

Thailand

Operational Strategy: The Bank's medium-term strategy for Thailand is aimed at promoting structural change in the economy, efficient use of resources and equitable income distribution. In pursuing these objectives, assistance is provided to improve physical infrastructure and services; encourage private sector investment; develop social infrastructure, particularly water supply and sewerage systems to meet social and industrial needs; enhance the management of state enterprises; and formulate programs to contain the environmental impact of rapid economic growth.

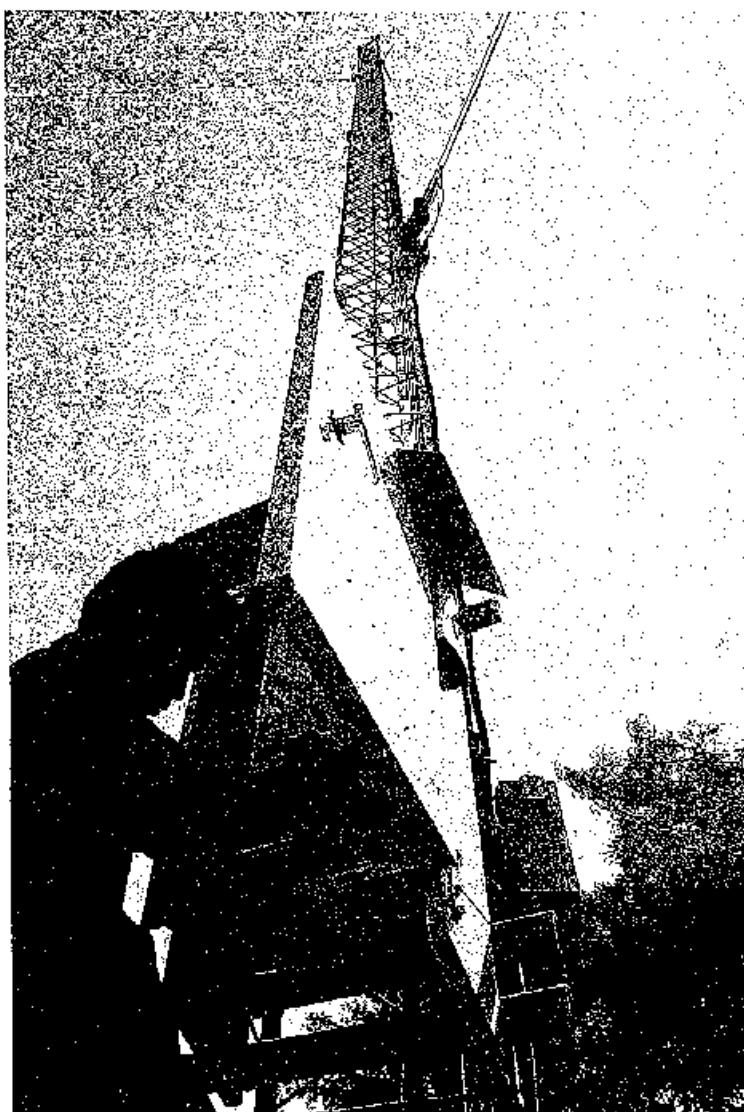
In the energy sector, projects will continue to be financed to increase generating capacity and improve transmission facilities, and to encourage private sector investment in power generation. In the transport sector, the emphasis will be on institutional assistance.

Policy Dialogue: The need to address physical infrastructure and labor bottlenecks in the economy has been

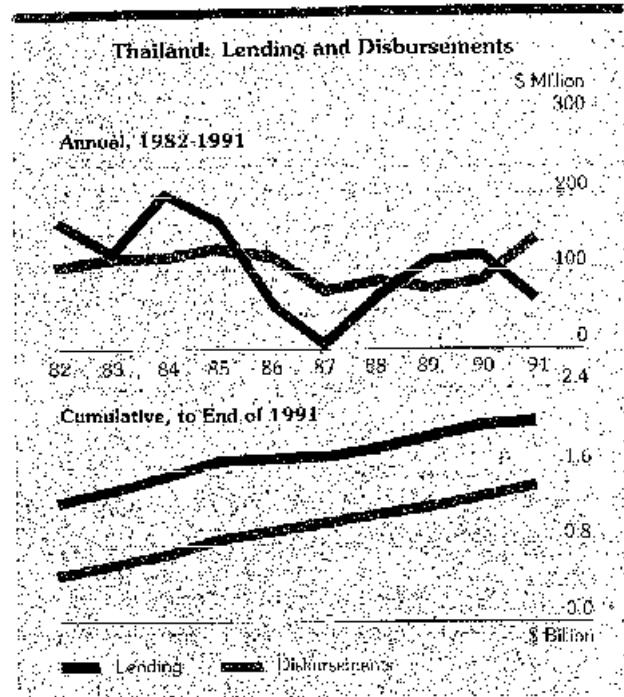
the main focus of the policy dialogue. Discussions are also focused on the issue of privatizing state enterprises.

Loans and Technical Assistance: The Fourth Highway Sector Loan of \$60 million was the only loan approved for Thailand in 1991. It represented the Bank's eleventh loan to the country in the transport sector, and brought the cumulative number of loans to 57 totalling \$2,077 million by end-1991.

Two technical assistance grants totalling \$820,000 were approved during the year for projects designed to strengthen the Government's urban transport planning and policy unit, and to prepare a national strategy on global climate change. By end-1991, technical assistance totalling \$17.86 million had been provided for 67 projects.



A TECHNICIAN of the Telephone Organization of Thailand checks out a microwave transmission station in Ayutthaya, built from the proceeds of a \$72.6 million loan to improve rural telecommunications in the country.



Project Implementation: Of 57 loans approved as of end-1991, 48 had been closed and nine were under administration. Contracts amounting to \$54.1 million were awarded during the year, bringing the cumulative value to \$1,475 million, or 92 per cent of the net effective loan amount. Disbursements totalled \$126 million, against \$87 million in 1990. Cumulative disbursements stood at \$1,439.6 million, or 90 per cent of the total net effective loan amount.

Private Sector Investment Management: There were no new investments in 1991. Up to the end of the year, investments totalling \$51 million equivalent had been approved for Thailand, which was 8 per cent of the total cumulative private sector approvals for all DMCs. Disbursements during the year totalled \$31.8 million equivalent and had been completed for four investments by year-end. Five investments amounting to \$41 million equivalent were still active.

Viet Nam, Socialist Republic of

In 1991, the Bank prepared an economic review and operations paper on Viet Nam and continued sector and project preparatory work. Bank missions visited the country regularly to prepare, among other things, a prospective program of assistance. A delegation from Viet Nam participated in the Bank's Round Table on Development Strategies and the workshop seminar on Managing Growth in a Market-Oriented Economy. The country also benefited

from two regional technical assistance projects funded by the Bank during the year: a training seminar on statistical improvement for selected planned Asian developing economies and a legal training seminar executed by the Mekong Committee. Viet Nam also continued to participate in the Bank's Special Secondment Scheme.

Project Implementation: Several missions visited Viet Nam during the year to prepare a country project implementation profile, and collect statistics and information on the economic outlook.

Pacific Island DMCs

Cook Islands

Operational Strategy: An operational strategy study was under preparation during the year, emphasizing infrastructure development in support of tourism and other private sector activities. Technical assistance with special reference to training, project implementation and management is a high priority.

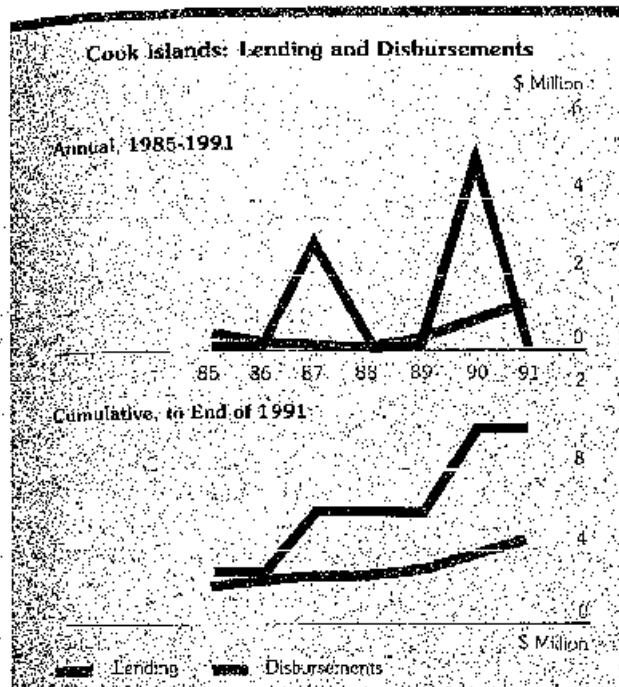
Policy Dialogue: Discussions on ways to strengthen institutional capabilities, especially in project prioritization and implementation, continued. The dialogue was focused on the education, tourism and mariculture sectors.

Loans and Technical Assistance: Although there was no new loan in 1991, a \$292,000 technical assistance grant was approved during the year to prepare a study on education and training. Cumulative lending remained at \$10 million for four loans, while nine technical assistance grants amounting to \$1.6 million had been approved by the end of 1991.

Cumulative Bank Lending to Cook Islands

(As of 31 December 1991)

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



institutional strengthening and manpower resources development will remain the objective of technical assistance.

Policy Dialogue: Dialogue was focused on the role of external assistance in view of the Government's policy to restrict foreign borrowing for public sector undertakings due partly to high levels of domestic liquidity and bilateral grant assistance. The Bank discussed ways to improve planning procedures and strengthen development programming systems to utilize external assistance effectively and meet the longer-term development needs of the growing economy.

Loans and Technical Assistance: No loan or technical assistance grant was approved in 1991, although some projects were under processing.

Cumulative lending remained at \$103 million for 11 loans, while technical assistance totaled \$6.4 million for 32 projects by the end of 1991.

Project Implementation: Of the 11 loans approved as of end-1991, eight had been closed and three were under administration. Contract awards in 1991 totalled \$572,000, bringing the cumulative amount to \$85 million, or 88 per cent of the net effective loan amount. Disbursements during the year amounted to \$6.9 million, bringing cumulative disbursements to \$82 million, or 85 per cent of the net effective loan amount.

Project implementation was satisfactory. The Government, however, experienced budgetary constraints, which were eased due to the availability of local currency funds arising from the Bank's program loan for the

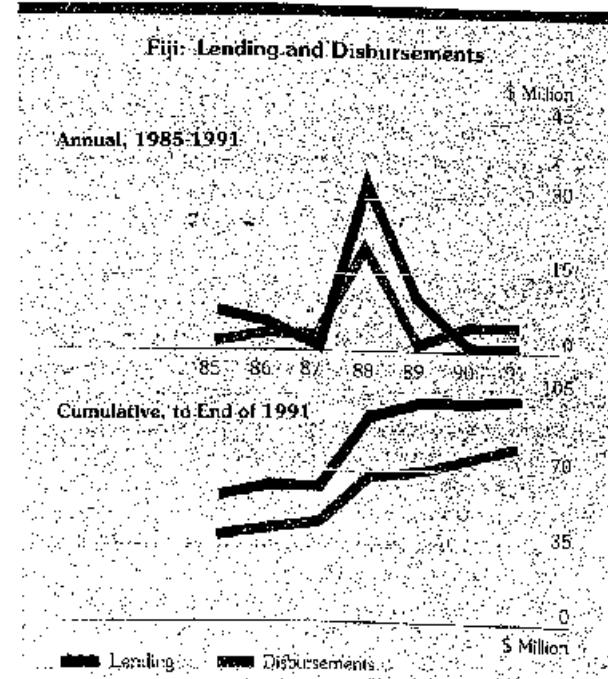
Fiji

Operational Strategy: The Bank supports the Government's policy of economic deregulation and encouragement of the private sector. The operational strategy is focused on broadening and restructuring the agricultural and manufacturing sectors to give them an export orientation, and promoting private sector investment. Lending will be continued for infrastructure development, including tourism-related facilities, while

Cumulative Bank Lending to Fiji

(As of 31 December 1991)

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





A ROAD under repair in Fiji, on the way to Lautoka, under the Road Maintenance Sector Project for which the Bank has provided a \$13 million loan from OCR.

agriculture sector. The South Pacific Regional Office continued to monitor implementation of projects and assisted the Government and executing agencies in resolving implementation problems.

Kiribati

Operational Strategy: Bank assistance to Kiribati is intended to support the development and diversification of the productive sectors, particularly those with export potential; the provision of infrastructure to improve transportation, communications and power facilities; the development of manpower to improve absorptive capacity and economic management; privatization; and the establishment of small and medium-sized private industries.

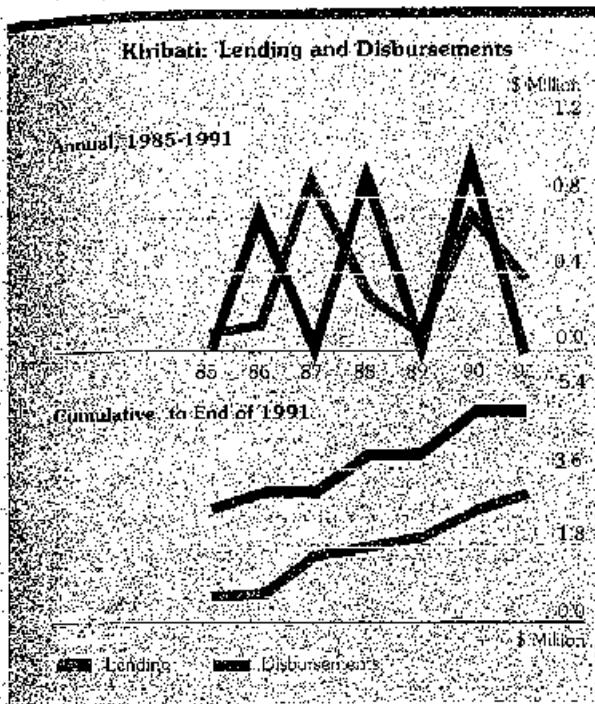
Policy Dialogue: Policy dialogue since 1990 has emphasized macro and sectoral issues, as compared with more project-specific dialogue in the past. The Bank is particularly concerned with improving the efficiency of public enterprises and institutions, and cost recovery and

user charges for services provided by public utilities. Further dialogue was held during the year on macroeconomic issues, particularly fiscal measures, strategic planning, and project selection and evaluation.

Cumulative Bank Lending to Kiribati

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	2	2.30	46.9
Energy	2	1.60	32.7
Finance	1	1.00	20.4
Total	5	4.90	100.0



Loans and Technical Assistance: A \$300,000 technical assistance grant was approved in 1991 to help formulate an integrated development plan for the Northern Line Islands, partly to relieve population pressures in the Gilbert group.

Cumulative lending for five loans totaled \$4.9 million as of end-1991, while cumulative technical assistance grants amounted to \$2.1 million for 13 projects.

Marshall Islands, Republic of the

Operational Strategy: A tentative operational strategy has been formulated for the Republic of the Marshall Islands, which became a Bank member in 1990. In line with the Government's Five-Year Development Plan, the Bank will follow a resources-based strategy in lending and technical assistance operations. Assistance will seek to increase the country's self-reliance by developing its marine resources, upgrading human resources through education, manpower training and family planning; encouraging the private sector; strengthening institutions to improve efficiency in the public sector; and upgrading infrastructure to support the productive sectors.

Policy Dialogue: Discussions were held with the Government on the possibility of issuing bonds as a source of development financing as well as on external debt management. Future topics will include domestic resource mobilization, diversification of the economic base and better aid management.

Loans and Technical Assistance: The first Bank loan to the Republic of the Marshall Islands was approved in September for the Fisheries Development Project, a private sector venture based in Kwajalein Atoll. A \$300,000 technical assistance grant was tied to the loan for activities regarding privatization and the institutional strengthening of the fishing industry. The \$6.95 million project was developed under a Bank technical assistance provided in 1990. A \$326,000 technical assistance grant was also provided during the year for human resource development.

Micronesia, Federated States of

Operational Strategy: Since the Federated States of Micronesia joined the Bank in April 1990, a preliminary country strategy has been prepared to support the Government's Second National Development Plan (1992-1996). The Plan seeks to encourage the private sector in agriculture and fisheries, promote human resource development, and increase the efficiency of the public sector, especially in infrastructure and public utilities management.

Policy Dialogue: Policy dialogue began on the fisheries sector, especially concerning tax issues and the role of private entrepreneurship. In the future, dialogue will cover diversification of the economy, human resources development, and improved domestic resource mobilization.

Loans and Technical Assistance: Appraisal was completed for the country's first loan from the Bank, the Fisheries Development Project, following a 1990 project preparatory technical assistance grant. A grant of \$450,000 was provided during the year to prepare an agriculture sector development study.

Papua New Guinea

Operational Strategy: The Bank's operational strategy supports the Government's objective of broad-based economic and employment growth. The main targets are to diversify and expand the non-mining sectors and develop manpower to formulate and implement policies, programs and projects. Although mining will remain the main source of export earnings and government revenues, growth in the non-mining sectors is the key to the long-term improvement of living standards and the creation of job opportunities for a rapidly-growing labor force. The Bank supports the Government's introduction of structural reforms to accelerate the development of the non-mining economy and reduce the economy's vulnerability to events such as the closing of the Bougainville copper mine and the fall in export commodity prices.

Policy Dialogue: During the year, discussions on policy were focused on agriculture, ports, roads and health issues. The Government has asked the Bank to assume a

issues. The Government has asked the Bank to assume a leading role among donors in these sectors. In connection with the Agriculture Sector Program loan, the Government has agreed to implement several policy reforms, such as the suspension of tariffs on imported agricultural production inputs; revision of commodity price support formulas; review and implementation of a scheme to enable the commodity stabilization funds to be self-financing; liberalization of allocation of licences and work permits for overseas contractual staff; simplification of existing investment regulations and establishment of an investment promotion authority; and the establishment of commodity corporations. To expedite project implementation, the requirement that loans have to be approved by Parliament prior to effectiveness has been discontinued. In addition, the Bank helped the Government conduct a seminar on agricultural policies and options which addressed a wide range of policy issues. In the roads sector, in connection with the Transport Infrastructure Development Project, the Government has given assurances on measures it will take to help provide adequate maintenance funds. For ports, the Government has agreed to identify the social service obligation of operating non-remunerative outlets. The Government has also agreed on measures designed to increasingly recover costs from users of public health services.

Cumulative Bank Lending to Papua New Guinea
(As of 31 December 1991)

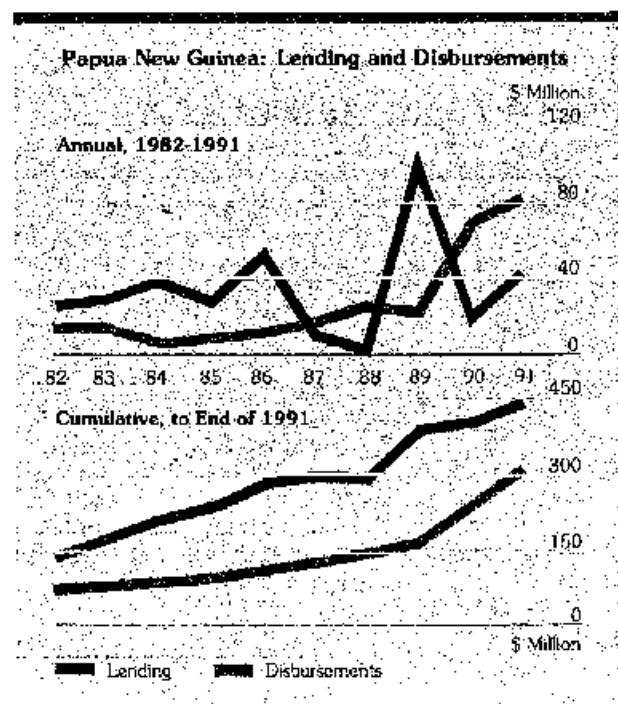
Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	9	164.64	37.6
Transport and Communications	8	102.05	23.3
Health and Population	4	46.90	10.7
Energy	5	43.03	9.8
Finance	3	22.50	5.2
Urban Development, Water Supply and Sanitation	2	18.90	4.3
Education	2	16.00	3.7
Multisector	2	15.50	3.5
Industry and Non-Domestic Minerals	1	8.40	1.9
Total	36	437.92	100.0

Loans and Technical Assistance: Loans totalling \$43 million were approved during the year for two projects in health and agriculture. A \$21 million concessional loan was provided for the Third Rural Health Services Project, which aims to improve the quality and delivery of rural health services. A \$350,000 technical assistance grant will strengthen the monitoring of health service delivery.

The \$22 million concessional loan for the Agricultural Research and Extension Project will be used to provide greater income and employment benefits to a large number of smallholder farm families. A \$436,000 technical assistance grant associated with it will help the Government determine long-term research and extension requirements in the agriculture sector and strengthen organizations involved in research and extension.

Cumulative lending totalled \$437.9 million for 28 projects. Of this, \$174.7 million for 16 loans was from OCR and \$263.2 million for 21 loans was from ADF. The Bank approved a total of five technical assistance projects amounting to \$2 million during the year, bringing the cumulative total of technical assistance to \$15.1 million.

Project Implementation: Of the 36 loans approved for Papua New Guinea by the end of 1991, 18 had been closed and 18 were under implementation, including two waiting to become effective and one due to be signed. Contract awards for the year amounted to \$63.5 million and the cumulative contract awards totalled \$347.9 million or 88 per cent of the total net effective loan amount. Disbursements totalled \$80.4 million, compared with \$67 million in 1990. Cumulative disbursements stood at





A PRIVATE sector leather factory in Papua New Guinea which benefited from a subloan from the Agricultural Bank of Papua New Guinea. The Bank has so far channeled three ADF loans totalling \$22.5 million through the Agricultural Bank for private sector development in the country.

\$316.9 million, or 81 per cent of the total net effective loan amount.

Project implementation continued to suffer delays due to budgetary difficulties, lack of qualified staff and the weakness of executing agencies. A country procurement seminar was held to strengthen the capability of executing agencies to carry out the procurement process. A similar seminar on the use of consultants was conducted to help executing agencies recruit consultants more expeditiously.

Solomon Islands

Operational Strategy: The Bank's aims are to widen the productive base of the economy, promote the private sector, improve the physical infrastructure and strengthen the capabilities of central agencies. In particular, this involves support for the development and diversification of agriculture.

Cumulative Bank Lending to Solomon Islands

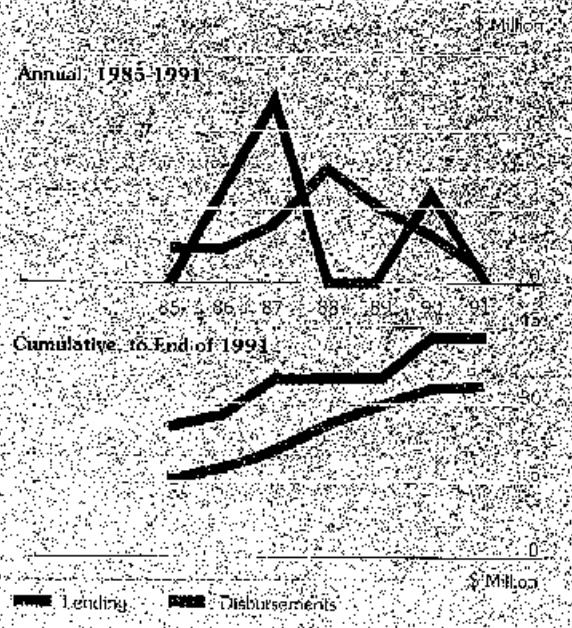
(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	4	20.22	47.2
Energy	2	8.91	20.8
Transport and Communications	3	8.03	18.8
Finance	2	4.00	9.3
Urban Development, Water Supply and Sanitation	1	1.65	3.9
Total	12	42.81	100.0

Policy Dialogue: Given the severe budgetary constraints of the Government, discussions continued to focus on ways to mobilize private investment resources, both domestic and foreign, and strengthen the central agencies. The power sector was also the subject of discussion.

Loans and Technical Assistance: No loan was approved for Solomon Islands in 1991. Cumulative lending remained at \$42.8 million for 12 loans. A \$263,000

Solomon Islands: Lending and Disbursements



technical assistance grant was provided during the year for institutional strengthening of the Development Bank of Solomon Islands. This brought the cumulative total of technical assistance grants to 36 for a total of \$7.1 million.

Tonga

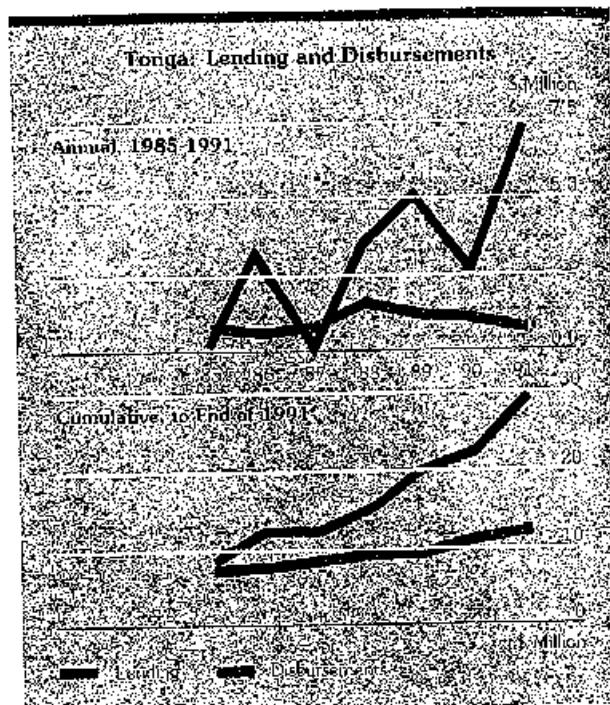
Operational Strategy: An operational strategy study was under preparation during the year. The Bank seeks to expand and diversify the productive base of the Tongan economy and assist the private sector. In line with the Government's policies, the Bank also aims to increase domestic resource mobilization and reduce dependence on external assistance.

Policy Dialogue: Discussions have been wide-ranging, particularly covering issues relating to privatization, the efficiency of public agencies, tourism and agriculture.

Loans and Technical Assistance: Only one loan amounting to \$7.3 million was approved during the year for a power development project to improve electricity supply. This brought cumulative lending to \$29.2 million involving 11 loans. Five technical assistance grants totalling \$1.5 million were provided for a national tourism plan; institutional and financial development of the Tonga Electric Power Board; preparation of a marine infrastructure project; preparation of a water supply project; and a study on the rationalization of the coconut industry. Cumulative technical assistance amounted to \$5.7 million for 24 projects by end-1991.

Cumulative Bank Lending to Tonga
(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Multisector	5	11.38	38.9
Energy	1	7.30	25.0
Finance	2	6.50	22.2
Agriculture and Agro-Industry	1	2.40	8.2
Transport and Communications	1	1.30	4.4
Industry and Non-Fuel Minerals	1	0.37	1.3
Total	11	29.25	100.0



Vanuatu

Operational Strategy: The Bank's operational strategy takes account of budget limitations, the absorptive capacity, and the active involvement of other donors. The lending strategy addresses the need to involve the private sector to expand the economy and supports infrastructure development. The Bank will continue to provide technical assistance to enhance the Government's planning and implementation capabilities.

Cumulative Bank Lending to Vanuatu
(As of 31 December 1991)

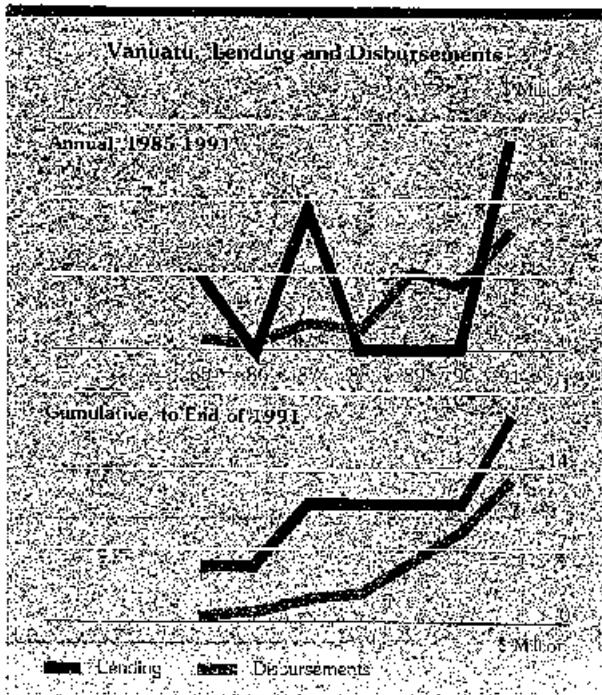
Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	2	9.15	47.5
Finance	2	6.00	31.2
Multisector	1	3.00	15.6
Agriculture and Agro-Industry	1	1.10	5.7
Total	6	19.25	100.0



CEMENTING the wharf at Santo Port in Vanuatu. The project is supported by loans totalling \$9.15 million from ADF.

Policy Dialogue: Discussions during the year related to the Government's budgetary constraints and the lack of local counterpart funds for development projects. The Bank also stressed the need to reassess the Government's policy of strictly limiting investment projects and urged active efforts to achieve the country's medium-term growth and development objectives. Dialogue will continue on the design of appropriate development and budgeting systems which can project, systematically and accurately, the recurrent cost implications of development programs.

Loans and Technical Assistance: Two loans totaling \$8.4 million were approved for Vanuatu in 1991. One was a \$3.4 million supplementary loan for an ongoing construction of an earthquake-resistant wharf at the Santo Port and the other a \$5 million Development Financing loan to make investment resources available through the Development Bank of Vanuatu (DBV) and three local commercial banks. There was a \$650,000 technical assistance grant for DBV's institutional strengthening. Another technical assistance grant of \$525,000 was approved to help prepare an inter-island shipping study. These projects brought cumulative lending to \$19 million for six loans and cumulative technical assistance to \$4 million for 18 projects by end-1991.



Western Samoa

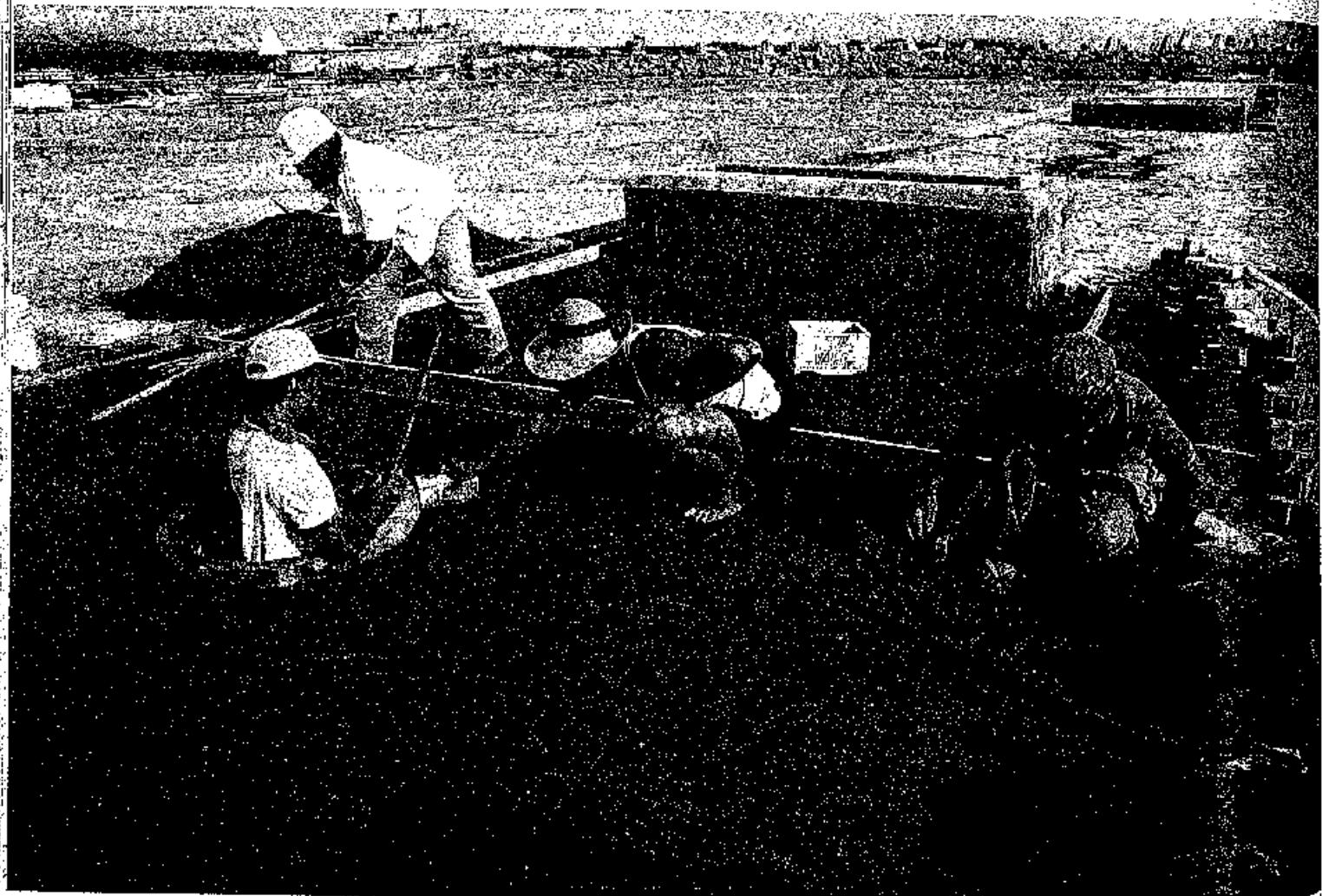
Operational Strategy: The Bank supplements the Government's efforts to improve the productive sectors of the economy, achieve a substantial measure of privatization, and strengthen institutional capabilities and manpower training. It encourages structural reforms to improve productivity and efficiency in the agriculture sector and to promote the small-scale industrial sector. Assistance continues to be provided for infrastructure development to support economic activities.

Policy Dialogue: Dialogue focused on agricultural development as part of the Government's medium-term program to restructure and diversify the economy. The program provides a vehicle for dialogue on issues affecting the direction of the Samoan economy, particularly in respect of agro-processing, public sector efficiency and private sector activities.

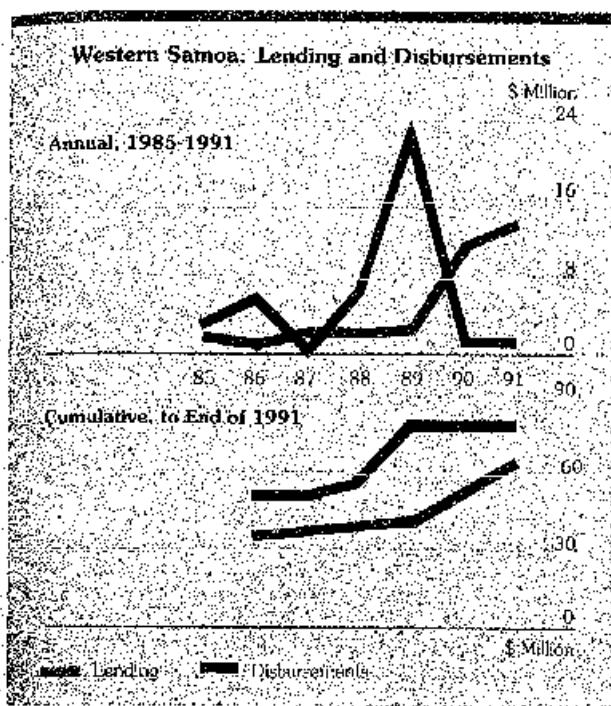
Cumulative Bank Lending to Western Samoa

(As of 31 December 1991)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	8	32.87	41.5
Finance	5	16.00	20.2
Energy	5	13.05	16.5
Transport and Communications	4	12.96	16.3
Multisector	1	4.43	5.5
Total	23	79.28	100.0



CONTAINER yard under construction in Apia, capital of Western Samoa, under a multiproject loan.



Loans and Technical Assistance: No loan was approved in 1991. Three technical assistance grants totalling \$850,000 were provided to strengthen the

supervisory capability of the Central Bank of Samoa; prepare a watershed management and community forestry project; and implement privatization.

Cumulative lending remained at \$79 million for 23 loans covering 21 projects. Cumulative technical assistance had reached \$8.9 million for 42 projects by end-1991.

Project Implementation in South Pacific DMCs

Of the 61 loans totalling \$185.6 million approved for the smaller South Pacific DMCs (Cook Islands, Kiribati, Solomon Islands, Tonga, Vanuatu and Western Samoa) as of end-1991, 43 had been closed and 18 were under administration, including three waiting to become effective. Contract awards during the year totalled \$22.9 million, bringing the cumulative total to \$141.7 million, or 86 per cent of the net effective loan amount. Disbursements totalled \$22.5 million, bringing the cumulative amount to \$131.2 million, or 80 per cent of the net effective loan amount.

Project implementation in smaller Pacific island DMCs was generally satisfactory, except for two projects in Western Samoa. The South Pacific Regional Office extended assistance to the governments and executing agencies in resolving project implementation problems.



WORKER at a garments factory in Tonga, which benefited from a Multiproject loan from the Bank. Tonga had received four Multiproject loans totalling \$9.18 million as of end-1991.

PROJECT ADMINISTRATION

A TOTAL of 415 projects were under administration as of end-1991, of which 371 projects (90 per cent) were classified as satisfactory, 29 projects (7 per cent) as unsatisfactory, and 14 projects (3 per cent) as inactive.

During the year, 260 project administration missions were fielded to review the progress of projects and discuss with executing agencies measures to remedy project problems. These missions spent 3,048 persondays, which worked out at an average of 7.3 persondays per project. In addition, project implementation support was provided to executing agencies by the Bank's resident offices in Bangladesh, Indonesia, Nepal and Pakistan and the South Pacific Regional Office in Vanuatu.

The Bank also sent out country project review missions led by senior staff to discuss implementation problems, cross-sectoral issues and necessary remedial measures with senior country officials at the national level. Such missions have, in particular, covered large borrowers like Bangladesh, People's Republic of China, India, Indonesia, Nepal, Pakistan and Philippines.

The implementation of 76 projects was completed by executing agencies during the year, bringing to 665 the cumulative total of completed projects. Project completion reports (PCRs) were prepared for 47 projects, which had been evaluated to learn from the experience gained from their implementation, particularly in respect of their appraisal, implementation arrangements and schedules. The total number of PCRs prepared as of end 1991 came to 472.

The Bank has initiated the preparation of Country Project Implementation Profiles (CPIPs) on selected DMCs to serve as reference documents providing comprehensive information on policies, rules and regulations of the various governments and on major autonomous agencies concerned with project implementation. These documents are expected to facilitate the work of the Bank's appraisal and project administration missions. During the year, work on such profiles was started on Mongolia, Sri Lanka and Viet Nam.

The Bank circulated its revised Project Administration Instructions (PAIs) among executing agencies. The revised PAIs serve as a guide to the Bank's project administration procedures and make these procedures more transparent.

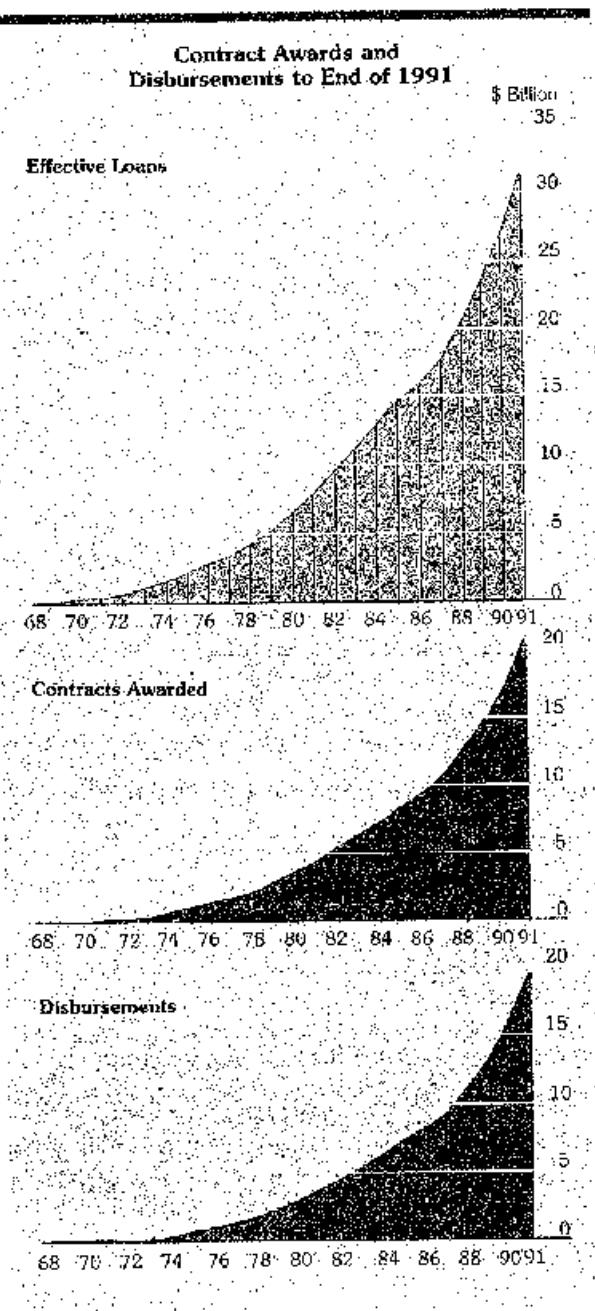
Seminars and workshops were held to enhance the implementation capabilities of executing agencies (see table). A total of 851 executing staff and government officials attended these seminars. In-house seminars were organized to enhance the skills of Bank staff dealing with project processing and administration, including one for appraisal mission leaders, one for heads of project administration units, one for supporting staff on project administration, one on program loans and one on procurement operations. A workshop was also conducted on how to record and analyze the important features of procurement under Bank financing.

Seminars on business opportunities were held for contractors, manufacturers, suppliers and consultants from member countries to enhance their awareness of business opportunities available under Bank financing and to apprise them of the requirements in preparing acceptable proposals for consultancy services and substantially responsive bids. Such seminars were held in People's Republic of China, Denmark, Finland, Germany, Malaysia, Norway, Philippines, Sweden, Switzerland, Thailand and United States.

Contract Awards

During 1991, contracts totalling \$2,922 million for consultancy services, procurement of goods, related services and civil works were awarded by executing agencies, a 7 per cent increase over 1990. Of the total, \$1,867 million was from OCR and \$1,055 million from ADF. Cumulative contract awards till the end of the year amounted to \$20,507 million.

Of the year's total contract awards, consultancy contracts under Bank-financed projects accounted for \$132.3 million, involving 114 consulting firms and 44



individual consultants. Although consulting services form a small portion of total contract awards, they play a vital role in project implementation. At the end of the year, the cumulative value of contract awards for consultancy services totalled \$1,104.4 million.

For technical assistance projects, the Bank awarded a total of 501 contracts for consultancy services in 1991. This involved the engagement of 271 consulting firms and 230 individual consultants.

Loan Disbursements

Loan disbursements rose 13 per cent to \$3,104 million in 1991. Of this, OCR disbursements amounted to \$2,066 million (up 22 per cent from 1990) and ADF disbursements \$1,038 million (down 2.3 per cent).

Program loan disbursements, accounting for 11 per cent of total disbursements in 1991, amounted to \$355 million (\$147 million from OCR and \$208 million from ADF), a 47 per cent decrease from 1990.

Sector loan disbursements amounted to \$496 million (\$384 million from OCR and \$112 million from ADF), accounting for 16 per cent of total disbursements for the year and showing a 33 per cent increase over 1990.

Private sector disbursements, 3 per cent of the total, amounted to \$78 million (down 4.8 per cent).

Project loan disbursements, making up 70 per cent of the year's total, rose 34 per cent to \$2,175 million, of which \$1,463 million was from OCR and \$712 million from ADF. The total included \$400 million in loans to development finance institutions and \$297 million as special assistance loans to member countries affected by the Gulf war and various natural calamities.

Many factors contributed to the steady increase in loan disbursements: the DMCs' continued efforts to speed up project implementation and to carry out policy reforms; the Bank's effort to enhance the project implementation capabilities of executing agencies through technical assistance missions and seminars; the use of imprest accounts and the statement of expenditures mechanism to facilitate the flow of loan funds; the streamlining of project administration procedures; the close coordination with borrowers through the Bank's Resident Offices; and the role of quick-disbursing special assistance and program loans.

Private Sector Investment Portfolio

The Board approved in 1991 private sector investments (equity and loans without government guarantee) totalling \$215 million for 17 projects, compared with \$120 million for 19 projects in 1990.

Cumulatively, by the end of 1991, the Board-approved portfolio of investments (equity, loans without government guarantee) and underwritings amounted to \$655 million. This included \$168 million in equity investments, \$41 million in underwritings and \$446 million in loans. In addition, complementary loans amounted to \$80 million.

The Bank seeks to achieve social and economic benefits through its private sector operations and to have a catalytic effect on other investments. Among the objectives its private sector investments have supported are employment opportunities, improvement in management techniques, technology transfer and foreign exchange savings. It also prefers projects which have a catalytic effect in encouraging other investments.

Excluding complementary loans, Pakistan accounted for \$152 million, or 23 per cent of the total approved

SEMINAR ACTIVITIES IN 1991

Type	Country/ City	Seminar Dates
Regional Seminar on Project Implementation Management: (Energy Sector)	Philippines/Manila	6-17 May
Regional Seminar on Project Implementation Management (Social Infrastructure Sector)	Philippines/Manila	19-30 Aug
Country Project Implementation Management Seminar (Agriculture Sector)	Indonesia/Jakarta	11-19 Sep
Country Project Implementation Management Seminar (Agriculture Sector)	Pakistan/Islamabad	16-23 Oct
Country Project Implementation Management Seminar (Transport and Communications Sector)	India/Hyderabad	21-28 Nov
Country Procurement Seminar	Sri Lanka/Colombo	25 Feb-1 Mar
Country Procurement Seminar	Bangladesh/Dhaka	22-26 Apr
Country Procurement Seminar	Papua New Guinea/ Port Moresby	22-26 July
Country Seminar on the Use of Consulting Services	Sri Lanka/Colombo	4-6 June
Country Seminar on the Use of Consulting Services	Pakistan/Islamabad	16-18 July
Country Seminar on the Use of Consulting Services	Papua New Guinea/ Port Moresby	31 July-2 Aug
Country Seminar on the Use of Consulting Services	People's Republic of China/Beijing	2-5 Sept
Loan Disbursement Seminar	Pakistan/Islamabad	13-17 Jan
Loan Disbursement Seminar	Indonesia/Jakarta and Bali	3-12 June
Loan Disbursement Seminar	Laos/Vientiane	12-15 Nov
Loan Disbursement Seminar	Nepal/Kathmandu	19-21 Nov
Loan Disbursement Seminar	People's Republic of China/Haikou Shanxi Province	25-30 Nov

portfolio, followed by Indonesia with \$124 million (19 per cent), India with \$92 million (14 per cent) and Philippines with \$72 million (11 per cent). Investments in companies classified as regional in scope stood at \$112 million (17 per cent).

By sector, financial institutions, insurance and leasing companies made up the biggest component of the portfolio with \$290 million (44 per cent), reflecting high investment approvals for, and generally quick disbursements in, this category. The manufacturing sector accounted for \$190 million (29 per cent) of the portfolio, with the chemicals subsector weighing in heavily with \$59 million, followed by textiles with \$41 million, basic metal industries with \$38 million, fabricated metal products and machinery with \$35 million, and non-metallic mineral products with \$15 million. Investments in infrastructure projects (telecommunications, power generation) accounted for \$85 million (13 per cent) while transportation accounted for \$40 million (6 per cent).

Investments held totalled \$307 million at the end of 1991 and disbursements were underway for 16 investments, which accounted for \$69 million, net of loan recoveries, or



PICKING strawberries at the Benguet State University, one of the sites of an Agricultural Technology Education Project in the Philippines, funded by a \$75,000 technical assistance grant.

23 per cent of the portfolio. Disbursements had been completed for 66 investments, making up \$238 million or 77 per cent of the portfolio. Ten investments have loans in the repayment stage.

Of the investee companies, 21 had projects still under implementation and for which the Bank had disbursed \$102 million (33 per cent). Another 11 companies, accounting for investments of \$55 million (18 per cent), were in initial operations, and 30 companies with Bank investments of \$146 million (48 per cent) had reached full-scale operations. These percentages are typical for a portfolio which still has some way to go before reaching maturity.

The dividend income from the Bank's equity investments is still modest, reflecting the fact that only a few of the investee companies have been in operation long enough to build up a record of profits that would permit a declaration of dividends. Those which have reached this stage are mostly financial institutions in which the Bank's stakes are small. In total, dividends received during 1991 amounted to \$3 million against \$1.3 million in 1990.

Unlike equity investments, loans generate an agreed income to the lender in the form of interest and other charges. Interest and fee income amounted to \$16.7 million during 1991, against \$5.7 million in 1990. Of the Bank's 22 unguaranteed loans, for which disbursements had been

made, three carried pool based variable interest rates, five carried currency-specific floating interest rates, and 14 carried currency-specific fixed interest rates. The rates charged to borrowers, therefore, vary in terms of currency, interest rate, interest regime, charges other than interest and spread. Complementary loans all carry currency-specific floating interest rates.

Following an evaluation of the total investment portfolio, the Bank made a general provision of \$0.2 million in 1991 against possible losses. Total provision at year-end stood at \$2.2 million.

Project Benefit Monitoring and Evaluation

Project benefit monitoring and evaluation (PBME) consists of preparing and analyzing benchmark information about beneficiaries, monitoring project benefits and preparing studies to evaluate the benefits of completed projects. The Bank's approach to PBME has evolved in response to changes in the Bank's operations. PBME activities have been adapted to the needs of program lending, the increased emphasis on poverty reduction and lending for protection of the environment.

A selective approach to the evaluation of benefits of



STAFF of the Bank's South Pacific Regional Office discuss the status of Bank projects with officials of Western Samoa's Ministry of Finance.

completed projects has been introduced so that, before a project is evaluated, its readiness for evaluation is assessed, terms of reference are prepared and guidance is provided to the organizations which conduct evaluations.

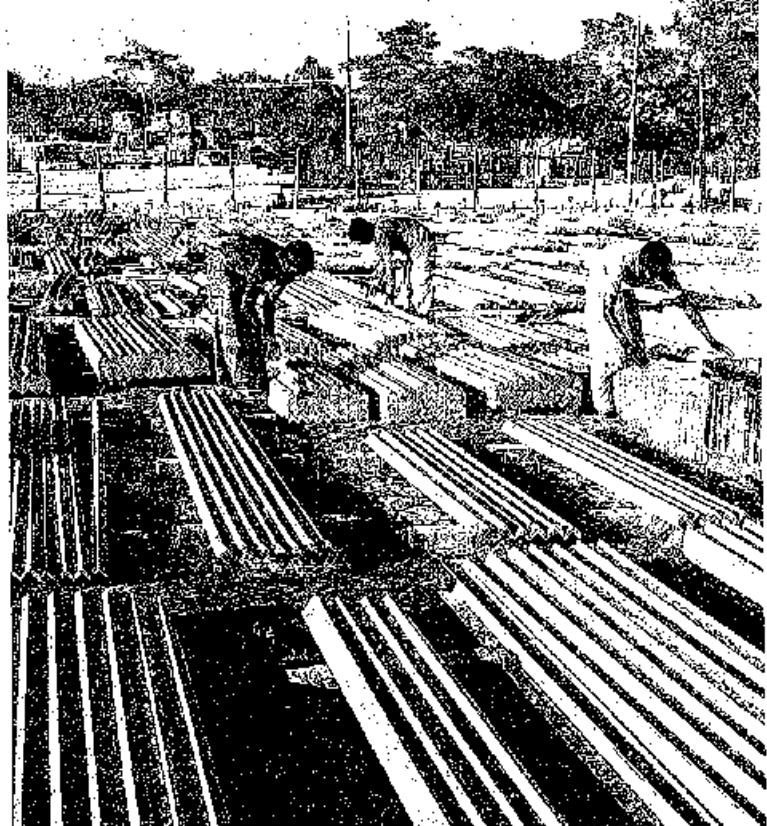
Evaluations of benefits were prepared during the year for several projects, including the Northwest Rural Development Project (irrigation component) in Bangladesh, the Irrigation Package in Indonesia and the Hill Irrigation Project in Nepal.

The data base which enables concerned departments/offices to monitor compliance with loan covenants was modified to enable these entities to better monitor the implementation of these activities.

Efforts to implement benefit monitoring and evaluation of subsidies provided through loans to development finance institutions (DFIs) were extended through a small-scale technical assistance grant which provided training to staff of DFIs in three DMCs.

While no advisory technical assistance was given during 1991 exclusively for PBME, advisory services are regularly incorporated into the overall project package, where needed.

A Handbook on Benefit Monitoring and Evaluation, providing technical guidance concerning these activities, was issued, and the relevant section in the Operations Manual was revised. A program to train staff on benefit monitoring and evaluation was also developed and offered.



CONSTRUCTION material stored at a yard near Chittagong, Bangladesh, under the Sixth Power (Sector) Project supported by a \$120 million Bank loan from ADB.



CARPET weaving is one of the cottage industries which have benefited from a \$28 million Bank loan for the Gujranwala Agricultural Development Project in Pakistan.

POST-EVALUATION

POST-EVALUATION of completed projects undertaken by the Post-Evaluation Office (PEO) is an important exercise for the Bank to assess the effectiveness of its assistance to its developing member countries (DMCs), obtain a better idea of project formulation, implementation and operation, and draw lessons for the future. Reporting directly to the President, PEO thus offers the Bank's management and staff invaluable inputs for the design and implementation of new projects.

Until 1987 the Bank followed a policy of post-evaluation of all completed projects. In order to improve the effectiveness of its resources, during 1988-1991, PEO switched to a system of a largely purposive selection of projects, while evaluating all program and sector loans; this provided scope for selection of a greater proportion of complex and problematic projects which provided more lessons than the straightforward projects. However, bearing in mind the statistical limitations which result from purposive sampling and in order to more closely reflect typical performance levels for projects financed by the Bank, it has been decided that from 1992, while all program and sector loans will continue to be evaluated, a largely random process of selection will be adopted for all other operations. As a result, the rate of success of projects post-evaluated in different years in the past is not comparable. During 1991, post-evaluation was undertaken for 31 operations, including five program loans and two sector loans. In addition, post-evaluation of technical assistance projects, an activity first initiated in 1990, was continued during the year. By the end of the year, 352 PPARs and two Technical Assistance Performance Audit Reports (TAPARs) had been prepared covering 373 programs/projects in 24 countries and all major sectors and subsectors.

The programs/projects evaluated in 1991 covered 14 countries, including Bhutan for the first time, and 16 sub-sectors. The projects, approved between 1978 and 1987, had been implemented mainly in the 1980s. Their total cost, exclusive of DFI loans for which project cost estimates are not presented at appraisal, had been estimated at \$2,193 million, although the actual investment came to only \$1,642

million. The Bank's loans for these programs/projects amounted to \$1,129 million, of which \$912 million or 81 per cent had been disbursed and the balance cancelled.

Post evaluated projects are classified as generally successful, partly successful, or unsuccessful. The projects are judged by their economic impact as reflected in economic internal rates of return and/or the extent to which their major purposes and goals, either as set out at appraisal or as modified and accepted subsequently, are achieved and are commensurate with costs actually incurred. Judgments made at post-evaluation are also subject to change during the operational life of projects. Of the 1991 group, 16 projects, or about 52 per cent, were considered generally successful. The long-run average success rate in all evaluated operations at the end of 1991 was 62 per cent compared with 62.9 per cent at the end of 1990. Another 13 were assessed as 'partly successful' while the remaining two were rated as 'unsuccessful.' The 'investment success' rate, or the proportion of the total value of Bank loans in satisfactory operations in 1991 was, however, 58 per cent compared with a long-term average of 69 per cent at the end of 1991.

Yearly performance results from post-evaluation activities are influenced by project specific factors as well as sector and country mix in the sample of projects evaluated during the year. Success rates are historically low for agriculture projects and the pattern was again evident in the projects evaluated during the year when only three of the 11 evaluated were assessed as 'generally successful.' In other sectors, seven out of nine in infrastructure, four out of six in energy and industry and two out of five in finance projects/programs were 'generally successful.' By country groups, 8 of the 18 evaluated projects/programs in Group A, 7 of 11 in Group B and 1 of 2 in Group C countries were rated as 'generally successful.'

The year's successful projects were generally well formulated and appropriately designed. In a number of cases, technology transfer played a positive role and training proved to be effective. The maturity and competence of the executing agencies also contributed to the favorable performance. The less-than-satisfactory outcome in other projects

were attributable to design shortcomings and conceptual weaknesses, constraints in local funding and material inputs, delays in land acquisition, adverse price movements and other external factors, low yields, underutilization of capacity, lack of labor and qualified staff, inexperience of executing agencies, inadequate project supervision, undercapacity of domestic contractors, delays in selecting consultants, onerous procurement procedures and practices, and lack of coordination.

The performance of the five program loans was evaluated in the light of the requirements or standards of the program lending policy applicable at the time of Board approval. Thus, a crop intensification program approved under the Bank's 1978 program lending policy, which primarily emphasized the financing of imported sector inputs, was rated as 'generally successful' since inputs to sustain agricultural production had been provided successfully. Two other crop intensification programs and an agriculture inputs program were rated as 'partly successful,' since their compliance with policy covenants required under the modified program lending policy of 1983 was less than satisfactory, although the input financing objectives were achieved. A non oil export promotion program, which was approved under the Bank's current program lending policy adopted in December 1987, was rated as 'generally successful' in view of the sustainability of its policy reform package and its positive impacts.

Two sector loans were evaluated during the year. A highway sector project had substantial policy accomplishments and had been successful in upgrading a number of provincial roads. A forestry sector project was rated 'generally successful' since it helped plant 35,000 ha with acacia and is expected to provide a substantial incremental production of logs and small wood.

Poverty Reduction

Poverty reduction did not receive focused attention at the time the 1991 audited projects were appraised. Nevertheless, where feasible, the PPARs recorded their impact on the poor. For example, in the agriculture sector, it was noticed that disadvantaged farmers, who had been sharecroppers, became titleholders with substantial increases in their incomes. Similarly, substantial employment benefits were found to have been generated by a compensatory forestry project. In some cases, however, it was the better off farmers who reaped the benefits more than the target group of low income smallholders or fish farmers. In the infrastructure sector, better roads, providing access to primary and secondary schools, health care clinics and community stores, markedly improved the quality of life of the rural population. Safe and reliable water supply and improved solid waste collection and disposal helped reduce the incidence of waterborne diseases, while education projects made technical education available to both low and middle income families by locating some of the schools in the rural areas.



THE PALICO Bridge in Nasugbu, Batangas province in the Philippines, was built under the Road Improvement Project, funded by a \$45 million loan from OICR.

Environmental Assessment

No vigorous assessment of environmental impacts was possible, since this aspect had not been considered during the appraisal of the projects evaluated in 1991. The PPARs nevertheless noted several positive effects, such as the elimination of air and noise pollution through the replacement of diesel generators by solar cells; reduction of noise through the installation of new generators in a power plant; energy conservation through rural telecommunications as substitutes for transport; reduction of dust pollution and flooding through better highway drainage; reduction of air and noise pollution in a city center through the construction of bridges to divert traffic; and control of land subsidence and the resulting damage to buildings and infrastructure through a water supply project providing surface water as a substitute for groundwater pumping.

Under the agriculture projects, pasture development programs and intercropping practices contributed to soil conservation. waterlogged and flood and tide-prone areas were converted for intensive rice cropping, and the pressure on natural forests was relieved by making available a sustainable supply of general utility timber. Negative environmental impacts were noted in some cases, including degradation of a coastal ecosystem as a result of its large-scale conversion to aqua farming; possible acidification of low-lying areas due to mismanagement of drainage; damage to soil by unsuitable tractors or harvesters; accelerated siltation in a lagoon due to construction of flood levees; and the flow of insufficiently treated waste water into rivers.

Impact of Projects on Women

Impact of development projects on women was noted in a number of projects. In the case of agriculture projects, women have increasingly become involved in transplanting, weed control, fertilizer application, harvesting and processing of intercrops, post-harvest activities, copra making, livestock tending and marketing of produce. In the education projects, female participation in vocational/trade courses has shown an increasing trend, particularly in garment sewing, building and electronic trades. Women teachers benefitted from a more conducive learning environment. New health centers in a South Pacific country benefitted the nursing profession largely staffed by women and meet the maternal and child care needs. A water supply project contributed to better health environment for general population, including women. The projects/programs which resulted in higher incomes or increased employment likewise benefitted both men and women.

Post-Evaluation Studies

In addition to PPARs, PEO undertakes various studies which focus on particular issues and subjects of broader relevance to the Bank's operations, practices and procedures. These studies comprise impact evaluation studies (including re-evaluation studies) and special studies, which cover a specific sector or one or more countries. Re-evaluation studies involve a re-visit to a project a few years after the PPAR in order to re-assess the actual long-term impacts and lessons and the technical and economic viability of the project. Three re-evaluation studies and three special studies were carried out during 1991.

The re-evaluation study of a road improvement project reaffirmed the conclusion made at the PPAR stage that the project was generally successful, although, in view of the lack of traffic growth due to economic recession, it is now marginally so. Notable findings of the study included: (i) the importance of carrying out road improvement works within an overall master plan; (ii) the decisive influence of reliable and qualified contractors, consultants and counterpart staff; and (iii) the significance for economic viability of traffic growth during the early years of project operations.

The re-evaluation of a river flood control and development project noted that crop production in the area protected from floods had increased and price movements had induced shifts to more profitable crops. There had been general economic development in the area which had increased employment and participation of local institutions in infrastructure projects. However, the viability and sustainability of the project had been affected by technical difficulties which had prevented the irrigation system constructed under the project from producing a single crop; floods that had overtopped embankments; the non-installation of an adequate drainage system; increased soil erosion in the uplands; and sparse survival of clove trees and of trees planted in regreening programs. Institutional development was limited and transfer of technology through technical assistance was low. There were also deficiencies in the flood plain management strategy and institutional coordination. As a result, the project was rated at the lower margin of the 'partly successful' category.

The re-evaluation of a port project led to an upgrading from a rating of 'unsuccessful' in the PPAR to 'partly successful' categorization. The PPAR in 1986 had indicated that deficiencies in the design had caused the quaywall structure to collapse, resulting in costly remedial works, cost overruns and implementation delays. Also, cargo throughput was substantially lower than anticipated. A re-visit to the project revealed a significant improvement. Throughput was higher than forecasts made at post-evaluation or even at appraisal, and traffic growth is now anticipated to necessitate an expansion of port capacity by 1995. The increase in traffic has also contributed to a steady improvement in the port authority's financial performance. The port has helped to stimulate growth and development in its hinterland. However, the substantial benefits now accruing cannot fully offset the adverse factors observed during and shortly after implementation. The re-evaluation stressed the importance of coordination and cooperation between nearby ports to avoid unnecessary duplication and underutilization of facilities. It also highlighted the need to pay special attention to traffic forecasting and the risk associated with delay in traffic growth in the development of new port projects.

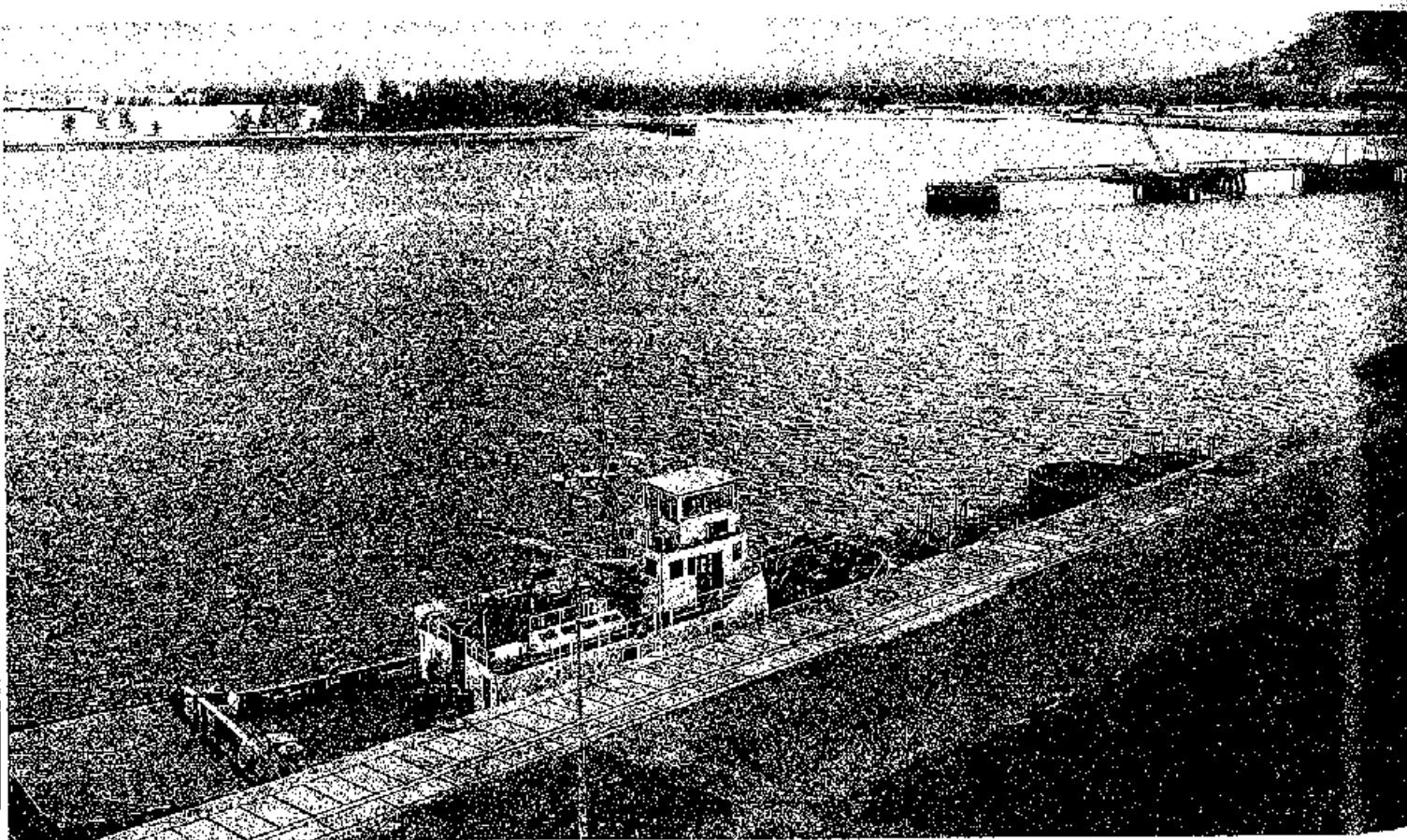
A special study of Bank operations in the livestock sector reviewed ten post-evaluated projects of which eight had been assessed as unsuccessful and two as partly successful. The study noted that most of these projects were pioneering endeavors involving introduction of new technologies and requiring institutional strengthening, staff training and extension services, whose benefits were difficult to quantify. It concluded that: (i) projects need to be based on proven technology compatible with local socioeconomic conditions; (ii) project design should take account of the need to sustain activities over the longer term through an appropriate institutional framework; (iii) large-scale livestock importations should take place only after assessing disease implications; (iv) attractive producer incentives are essential for the success of smallholder production systems; (v) governmental involvement in large-scale marketing and processing enterprises should be avoided; and (vi) research

to promote sustainable livestock development and efforts to address environmental impacts of overgrazing should receive greater encouragement. The study further noted that improved performance can be expected from later Bank projects in the livestock subsector because of greater emphasis on integrated farming, stronger institutional capacity, better project preparation, more consistent commitments by governments ensuring adequate allocation of financial and manpower resources, and more conducive operating environments in terms of relevant development policies, pricing, incentives and technical support services.

A review of post-evaluation findings in the South Pacific DMCs (SPDMCs) noted that, while all projects post evaluated in the only Group C country in the region were rated as 'generally successful,' only 39 per cent of the post-evaluated projects in the other six SPDMCs in Group A were rated as 'generally successful.' Of the eight DFI projects in the Group A SPDMCs, six were rated as 'partly successful' and two as 'unsuccessful.' One major factor that affected most projects reviewed was a serious shortage of qualified counterpart staff. Because of this problem, technical assistance to strengthen institutional capability was also greatly constrained. For training a cadre of suitable indigenous top and middle management staff, the study identified the need for expanded Bank support through

technical assistance following a longer-term plan for institutional development. The need for a review of social dimensions during project formulation was also stressed.

The PEO series of country summaries of post-evaluation results was continued in 1991 with a study of Bank operations in a South Asian country. The study noted that, while the sample of projects was not representative of the Bank's portfolio in the country, the relatively high success rate among the post evaluated projects in the country indicated basically sound programming choices and a strong mutual commitment by the Government and the Bank to overcome difficulties. The experience with successive projects in some subsectors shows evidence of growing institutional and technical maturity and capability of counterpart agencies, including the Government's policy formulation. The main conclusion nevertheless was that a state-regulated, subsidy-prone economy deprives individual projects of a reliable reference framework of prices to measure economic performance and to make corrective adjustments, thereby creating large project risks. The study found that the project environment had generally improved since the country's fourth plan, with growing government support for deregulation, and more competition in the context of a more private sector-oriented open macro economy.



THE KUANTAN Port in Malaysia which was developed with a \$30.4 million Bank loan from OICR.

Feedback

In order to offer timely feedback, PEO's computerized Post-Evaluation Information System (PEIS) continues to provide the Bank's operational departments with data and analyses on post evaluated projects/programs. This was supplemented by the circulation of the Tenth Report of Synopsis of Post-Evaluation Reports in January and the Thirteenth Annual Review of Post-Evaluation Reports in April. Additionally, PEO continues to review and comment on draft Board documents as well as participate in loan processing meetings.

In recent years, PEO's feedback mechanism has been further strengthened through the organization of feedback workshops, usually with selected operational departments or groups of such departments. These workshops disseminate and discuss the findings and lessons of past post-evaluation reports and allow for an exchange of views on the Bank's current and future operations. During the year, feedback workshops were organized for the livestock subsector and operations in the SPDMCs. A further step was taken when a Management Committee on Post-Evaluation Findings was established under the chairmanship of the President. This committee will meet twice a year to discuss conclusions and recommendations made in the Annual Review of Post-Evaluation Reports and formulate plans for those areas that warrant specific action and guidance by Management.

Development of Evaluation Capabilities in DMCs

As an important part of its work, PEO seeks to strengthen the evaluation and feedback capability of the DMCs to ensure that the lessons from past projects are considered in formulating new ones. The Bank's first advisory technical assistance (ADTA) for this purpose was initiated in 1990 to help the Government of a DMC train staff in the Ministry of Finance and Planning and several executing agencies in evaluation techniques. A similar advisory technical assistance was approved in 1991 for strengthening post-evaluation capabilities in one other country. These ADTAs seek to enhance post-evaluation methodology, techniques and procedures in those countries; provide on-the-job training to officials of nodal and line ministries; train government staff at the Bank's headquarters in Manila; make available microcomputers, ancillary equipment and software; and develop a computerized information system for storing and retrieving performance evaluation findings.

During the year, a regional technical assistance in the amount of \$215,000 was approved for the Bank to co-sponsor with the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD), Paris, a Regional Seminar on Performance Evaluation in Asia and the Pacific to be held in Kuala Lumpur, Malaysia in May 1992.



SPRAY-PAINTING steel fixtures under the Seventh Port Project in Indonesia, for which the Bank has provided an \$86 million loan from OICR.

ORDINARY CAPITAL RESOURCES AND FINANCIAL MANAGEMENT

In 1991, the Bank's key financial indicators continued to be above the minimum levels prescribed under the present policies which were approved by the Board in 1987. The ability of the Bank to meet its debt obligations out of its earnings, despite fluctuations in the amount of such earnings, is measured by the ratio which the Bank's net income, before deducting interest on borrowings, bears to such interest expenses. The Bank ensures that this ratio, known as the interest-coverage ratio (ICR), should not fall below 1.25. As of 31 December 1991, the ICR stood at 1.87 compared with 1.9 at the end of 1990. Another decisive financial indicator managed by the Bank is the ratio of its reserves to disbursed and outstanding loans (RLR), which measures the ability of the Bank to protect itself against capital impairment due to possible loan losses.¹ At the end of 1991, the RLR was 37.6 per cent, compared to 38.3 per cent at the end of 1990.

Major financial achievements for the Bank in 1991 included:

- A 22.3 per cent increase in OCR loan disbursements from \$1,689 million in 1990 to \$2,066 million;
- The borrowing of the equivalent of \$1,298 million in the world's financial markets, including the first Asian region US dollar public bond issue, launched simultaneously in the capital markets of Hong Kong, Singapore and Taipei, and the Bank's first dual currency yen/Australian dollar bonds;
- The start of a review of the Bank's currency management practices through consultations with borrowing members regarding the currencies they prefer for loan disbursements; and
- The continuing upward trend in net income, which rose by about \$9 million from 1990 to \$518 million.

Loans

Disbursements and Repayments: Disbursements on OCR loans totalled \$2,066 million in 1991, up by \$377 million over the previous year. Repayments on loans amounted to \$569 million, bringing cumulative repayments to \$4,017 million, including cumulative prepayments of \$986 million. At the end of 1991, outstanding loans amounted to about \$11 billion, representing about 57 per cent of the Bank's total assets.

Lending Rate: The Bank's pool-based variable lending rate, which is adjusted on 1 January and 1 July each year, applies to all ordinary operations loans approved after 30 June 1986 and to nearly all ordinary operations loans approved between 24 September 1985 and 30 June 1986. The lending rate is determined by adding a spread (currently 0.4 per cent per annum) to the average cost of a pool of the Bank's outstanding qualified borrowings. The spread is intended to ensure that the Bank's loan charges are sufficient to cover administrative expenses and any cost of carrying liquidity. From an initial level of 7.65 per cent per annum, set on 1 July 1986, the lending rate progressively declined until 1 January 1990 when it reached its lowest level of 6.33 per cent per annum. Following an increase to 6.36 per cent per annum in July 1990, the rate was increased on 1 January 1991 to 6.50 per cent per annum and was further increased on 1 July 1991 to 6.67 per cent per annum.²

Under the old lending rate system, which applied before the variable lending rate system was introduced, rates were fixed at the time of loan approval for the entire life of the loan. As of 31 December 1991, the variable lending rate applied to \$4,711.4 million of disbursed and outstanding loans and to \$6,739.8 million of undisbursed loans.

1. For purposes of this ratio, reserves include the following accounts: ordinary and special reserves, translation adjustment and unallocated net income.

2. The rate from 1 January 1992 is 6.55 per cent per annum.

representing about 42.7 per cent and about 95.4 per cent of the respective totals.

Currency Composition: Outstanding loans were disbursed mainly in four major currencies, namely, 54.5 per cent in yen, 22.3 per cent in Swiss franc, 9.6 per cent in deutsche mark and 10.8 per cent in US dollars. This currency concentration is mainly the result of the Bank's present practice of borrowing and disbursing in low-interest rate currencies with the objective of keeping the lending rate as low as possible. In response to some concerns expressed by borrowers regarding the Bank's present currency management practices, the Bank is currently reviewing ways of improving the manageability of borrowers' foreign exchange exposure on OCR loans.¹ The suggested improvements included the possibility of providing borrowers with repayment schedules in the currencies disbursed to them for the remaining maturities of their fixed-interest rate loans. Consideration is also being given to the possible introduction of currency-specific lending in US dollars in addition to the traditional variable-rate loans.

Country Distribution: About 75 per cent of cumulative loan approvals went to seven borrowers, namely, PRC, India, Indonesia, Malaysia, Pakistan, Philippines and Thailand.

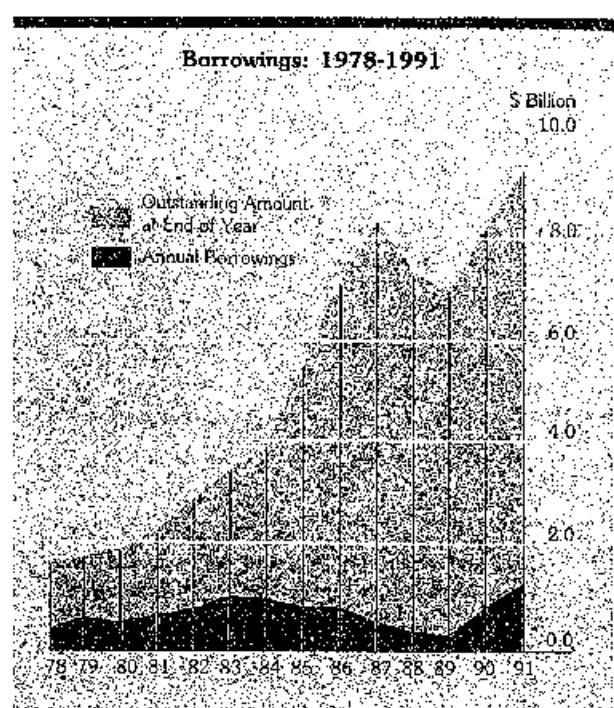
There were no arrears of OCR loans at the end of 1991 and no loans had been placed in non-accrual status. Only about 16.9 per cent of effective loans at the end of the year were due to mature within the next five years.

Borrowings

In January, the Board considered an indicative borrowing program for the year of \$1,500 million. The program was subsequently increased to \$1,700 million on the basis of projected increases in the levels of OCR loan commitments and disbursements. Closer to the end of 1991, however, it became apparent that the liquidity ratio would be higher than previously expected. Consequently, the size of the borrowing program was adjusted downward. During the year, the Bank undertook eight borrowings totalling \$1,298 million.

Two public bond issues were undertaken in the Swiss capital market, each for Swf 150 million – the first in January and the second in September. In February, the Bank launched its first dual currency yen/Australian dollar bonds for an amount of ¥20 billion. The coupon of these bonds is payable in Australian dollars, while the principal is repayable in yen. The Australian dollars needed for the coupon payments will be received from a related coupon currency swap transaction under which the Bank will be paying yen.

¹ A working paper on this subject was discussed by the Board on 20 February 1992.



In the same month, the Bank undertook a two-tranche ¥15 billion direct borrowing from a number of Japanese financial institutions. In March, public bonds amounting to £75 million were issued in the Eurosterling market. The pound sterling issue was swapped into a fixed-rate Swiss franc liability. Also in April, the Bank launched a \$300 million public bond issue in the US dollar domestic capital market. The issue was swapped into a fixed-rate yen liability. After an absence of eight years, the Bank returned to the Austrian schilling market in September with a \$1 billion public bond issue with warrants. This issue was swapped into a fixed-rate Swiss franc liability.

In November, a US dollar public bond issue amounting to \$300 million was launched by the Bank simultaneously in the capital markets of Hong Kong, Singapore and Taipei. The issue was swapped into a fixed-rate yen liability. This so-called "Dragon" bond issue was the first of its kind in the Asian region, and was formulated by the Bank in line with its efforts to contribute to the development of the capital markets of the Asian region. Under its Eurocommercial paper program, the Bank issued one tranche of \$200 million, the proceeds of which were swapped into yen.

The average original life of the year's borrowings, weighted by amount, was 9.4 years, compared with 10 years in 1990. At the end of 1991, the remaining average life of the Bank's outstanding borrowings, weighted by the amount of each borrowing, was 6.5 years. The "after-swap" average cost of the year's borrowings, weighted by amount, was 6.8 per cent per annum compared with 7.16 per cent per annum in 1990.

Liquid Assets Investments

The Bank has a policy of maintaining its year-end holdings of liquid assets at no less than 40 per cent of undisbursed balances of both effective and not yet effective loans.¹ The Bank's liquid assets consist of investment holdings (excluding special reserve investments) and unrestricted cash. At the end of 1991, the Bank's liquidity totalled \$4,163 million, equivalent to about 43 per cent of undisbursed loan balances, compared with \$3,927 million at the end of 1990, which was equivalent to about 48 per cent of the undisbursed balances. The Bank's primary objective in holding liquidity at this level is to ensure the uninterrupted availability of funds for its operations and to ensure flexibility in its borrowing decisions, especially when borrowings are temporarily affected by adverse conditions in the capital markets.

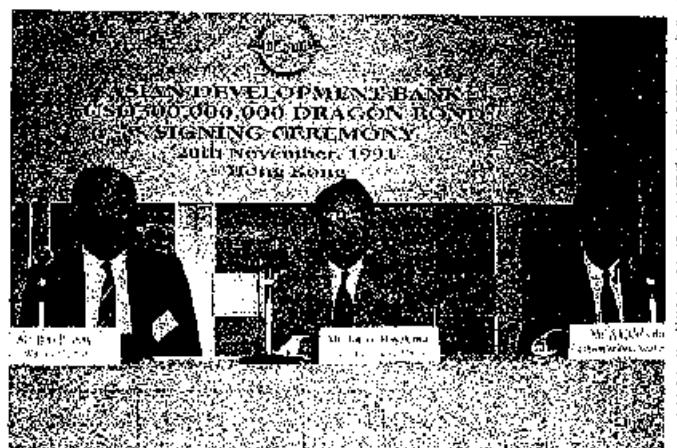
The liquid assets investment portfolio is actively managed, with the Bank according primary consideration to the security and liquidity of funds invested, and, subject to

these considerations, seeking to earn maximum income on these assets.

At the end of 1991, the Bank's OCR investments were denominated in 21 currencies and amounted to the equivalent of \$4,331 million (\$4,098 million at the end of 1990). Of the total investments, 69 per cent (the same as at the end of 1990) was held in securities issued or guaranteed by member governments and obligations of other multilateral development banks and certain governmental entities. The remainder was invested in deposits and other bank instruments in member countries. The realized rate of return on the Bank's OCR investments over the year was 9.08 per cent, compared with 9.38 per cent in 1990.

As a result of the significant changes in the financial markets over the last decade, and in particular the increasing volatility of interest rates, the Board undertook in 1991 a comprehensive review of the existing investment guidelines with the objective of enhancing the Bank's risk management practices. In so doing, the Board also sought to increase the

ASIAN DEVELOPMENT BANK DRAGON BOND SIGNING CEREMONY



SIGNING ceremonies for the Bank's US\$300 million "Dragon" bond issue launched simultaneously in the capital markets of Hong Kong, Singapore and Taipei. The issue was signed on behalf of the Bank by President Kimimasa Tarumizu in Taipei (top); by Vice-President Günther Schulz in Singapore (bottom left); and by Treasurer Tomoo Hayakawa in Hong Kong (bottom right).

Bank's flexibility in meeting its objective of earning maximum income on funds invested. As a result of this review, the Board, in October, authorized an expansion and streamlining of the guidelines. The guidelines were split into two parts, namely, (a) the Investment Authority dealing with the overall investment policy, to be approved by the Board, and (b) the Investment Guidelines containing guidance and relevant limits to be applied to the actual management of the portfolio, to be approved by the Management.

Under the new Investment Authority, the Bank has adopted the use of the duration concept for identifying and managing the interest rate risk of the portfolio. Duration can be thought of as the cashflow weighted average life of a security or a portfolio of securities and provides a measure of the expected change in the price of that security or portfolio given a change in yield. With the duration concept in place, the Bank will be better prepared for managing interest rate volatility. In addition, the new Investment Authority permits the Bank to execute transactions in financial futures and option contracts, enter into "short" securities positions and transact in a broader array of cash market securities than before. The new investment powers also include a formalization of the Bank's existing credit risk management practices.

The benefits to be derived from the new Investment Authority are expected to be significant. Futures and option contracts will allow the Bank to change the risk profile of its investment portfolio quickly without disturbing its cash market security positions. In some situations, it will permit the Bank to enhance the liquidity of certain higher yielding investments. Since transaction costs are substantially lower in the futures market than in the cash market, there will also be cost savings for the Bank. In the case of covered forward investments, the Bank will now have the ability to take advantage of certain profit opportunities which occasionally arise in the capital markets.

The duration concept is already in use and the Bank has commenced transactions in a wider array of cash market securities. On the other hand, the use of new techniques, such as futures and options, short sales and covered forward investments, will be undertaken gradually once the necessary systems, controls and procedures are properly in place.

Capitalization

In September 1988, the Board of Governors adopted Resolutions No. 193, 194 and 195 authorizing special increases in the capital subscriptions of Japan, Sweden and United States, to take effect in accordance with the provisions of those Resolutions. The Governors also adopted Resolution No. 192 authorizing an increase of 62,194 shares in the Bank's capital stock to be made available for these special increases. As of 31 December 1991, Japan and Sweden had deposited Instruments of Subscription for their entitlements. In accordance with the Resolutions, the subscriptions of Japan and Sweden would become effective in stages and pro rata as and when

payments for the paid-in shares are made.¹ In December 1991, at the request of the United States and as permitted by Resolution No. 195, the Board of Directors approved an extension of the deadline for the United States' subscription to the special capital increase from 31 December 1991 to 30 June 1992. The United States' request was based on the need for additional time to complete internal legislative processes.

During 1991, new membership subscriptions were received from Mongolia, Turkey and Nauru.

At the end of 1991, the Bank's authorized capital stock amounted to \$21,160 million (SDR16,890 million). The subscribed capital stock stood at \$23,100 million (SDR16,149 million).

Future Resource Requirements

In May 1986, the Board of Governors adopted Resolution No. 179 requesting the Board of Directors to undertake a study of the Bank's future resource requirements for financing its ordinary operations. The study will lead to the formulation of specific proposals for a further general capital increase (GCI IV). A report providing an updated review of progress on the study was approved by the Board of Directors in March 1991 for submission to the Board of Governors. The report was considered by the Board of Governors at the 24th Annual Meeting.

In the past, the Bank's borrowings have been restricted, as a result of covenants included in some of its earlier bond issues, to the callable capital subscribed by specified member countries whose currencies are convertible (the CCCC limit). There is now only one such borrowing outstanding. When the borrowing matures in June 1993, the CCCC limit will be removed. From that time on, the Bank's borrowing capacity will increase substantially. Therefore, in determining the timing and size of GCI IV, both the Bank's borrowing capacity as well as the lending limit contained in Article 12.1 of the Bank's Charter are being reviewed. Once either the borrowing capacity or the lending limit is reached, the Bank will be unable to continue its ordinary lending operations unless there is a further capital increase.

As of year-end, a working paper on the Bank's ordinary capita resources operational program for the next five year period was under preparation and was expected to be considered by the Board of Directors in early 1992.² Papers on related matters, including the financial implications of the projected OCR operational program, the Bank's income policies and currency management practices, are expected to be considered by the Board of Directors during 1992.³

1. Japan's subscription became effective in full on 14 January 1992.

2. The working paper was considered by the Board of Directors on 10 March 1992.

3. The working paper on the Bank's currency management practices was considered by the Board on 20 February 1992.

INCOME AND EXPENSES - ORDINARY CAPITAL RESOURCES
 (amounts in \$ million)

Income and Expenses	Actual				Budget	
	1987	1988	1989	1990	1991	1992
1. Total Income	976.2	1,023.2	1,036.3	1,103.4	1,213.3	1,254.4
2. Less: Expenses Charged to Ordinary Capital Resources						
a. Interest and other Financial Expenses	619.1	589.8	536.1	528.4	609.8	636.4
b. Administrative Expenses ^a	45.6	52.9	63.0	64.8	83.1	85.4
c. Services to Member Countries	4.7	6.3	1.9	1.7	2.5	2.5
Total Expenses	669.3	649.0	601.0	594.8	695.3	724.3
3. Net Income	306.9	374.2	435.3	508.6	518.0	530.1
						518.4

Note: Figures may not add due to rounding.

^a Net of Administration Charge to Special Operations which is allocated on the basis of a formula for apportioning administrative expenses between ordinary capital resources and the Asian Development Fund.

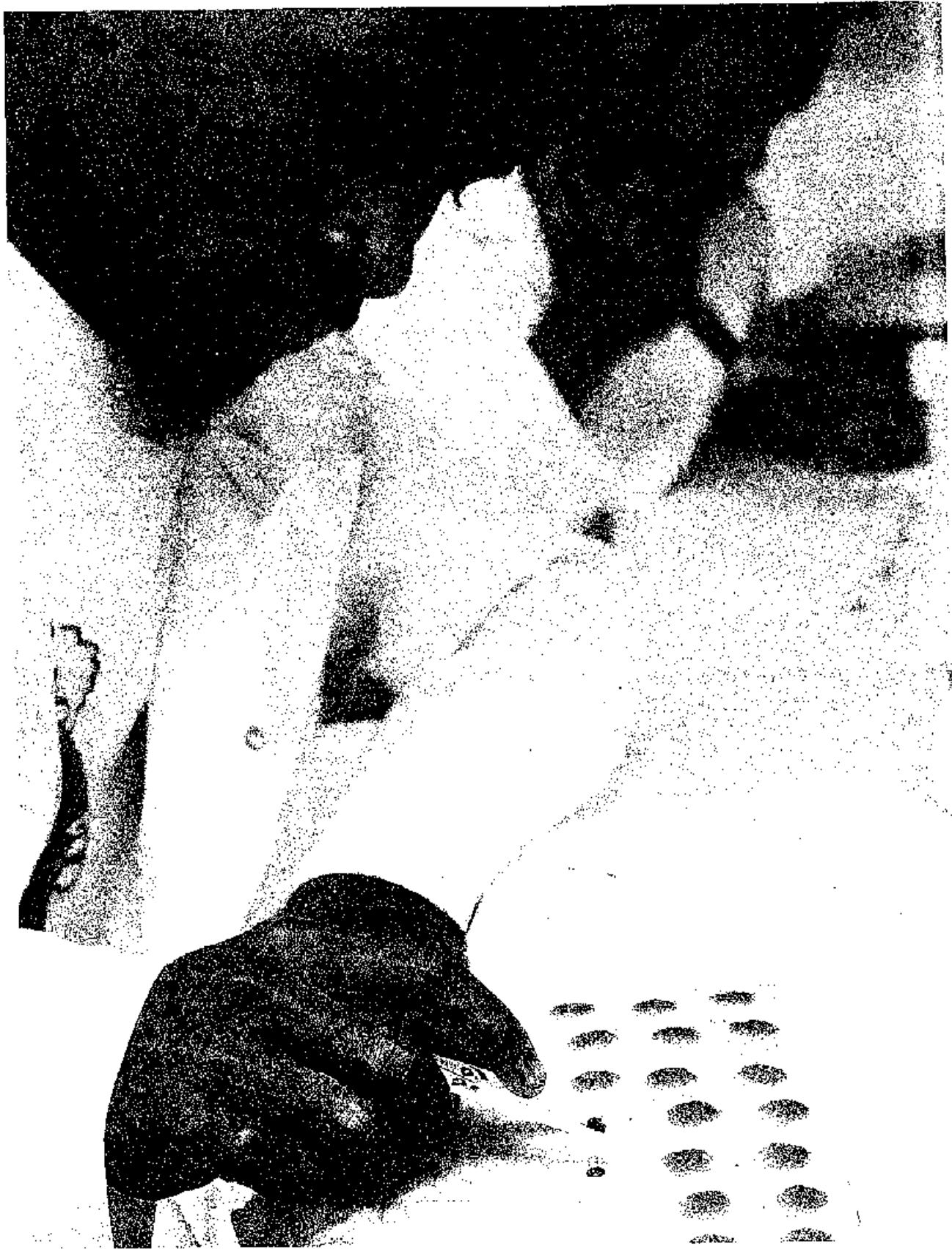
Income and Expenses

As a result of a growth of 14 per cent in the Bank's main operating assets (composed of loans outstanding and investment portfolio), gross income of the Bank rose by 10 per cent to \$1,213 million from \$1,103 million in the preceding year. Of the total gross income, \$826 million was generated by the loan portfolio and \$375 million by the investment portfolio. The income yield from the loan portfolio (including commitment charges), declined to 8.5 per cent from 8.8 per cent in 1990 due mainly to the increasing share of lower yield variable rate loans in the portfolio (from 30.4 per cent to 42.7 per cent). The income yield on the investment portfolio declined to 9.1 per cent from 9.4 per cent in 1990 due to lower interest rates on the major investment currencies. The overall return on operating assets achieved for the year was 3.6 per cent compared

with 4.1 per cent in 1990, indicating a declining trend due mainly to falling interest rates.

Total operating expenses amounted to \$695 million, up \$100 million, or 16.9 per cent from the previous year. A greater part of the rise in expenses was due to the \$81 million increase in financial expenses, which rose by 15.4 per cent due mainly to the increase in borrowings outstanding. Administrative expenses and services to member countries also rose by \$18 million and \$1 million, respectively. Total operating expenses accounted for 57.3 per cent of gross income, compared with 53.9 per cent in 1990.

Net income for the year, before appropriation of guarantee fees to Special Reserve, amounted \$518 million, a 1.8 per cent increase over the previous year. This compared with a 16.8 per cent increase in net income in 1990.



RESEARCHERS in Vanuatu working to develop hybrid coconut under the Agriculture Extension and Training Project, supported by a \$7.1 million Bank loan

SPECIAL FUNDS: Asian Development Fund, Technical Assistance Special Fund and Japan Special Fund

Asian Development Fund

Fifth ADF Replenishment (ADF VI)¹

NEGOTIATIONS ON the fifth Asian Development Fund replenishment (ADF VI), which is intended to provide resources for the Bank's concessional lending operations during the four-year period from 1992 to 1995, were concluded in December. The replenishment agreed upon was \$4.2 billion (SDR2.969 billion) at the average of daily exchange rates during the first quarter of 1991. Of this amount, \$140 million will be set aside and allocated to the Technical Assistance Special Fund (TASF) primarily for project-related technical assistance to poorer DMCs and for regional technical assistance. The contributions offered by individual donors are shown in the accompanying table.

During the ADF donors' meetings, several major policy issues were discussed, including poverty reduction, improvement of the environment, the role of women in development, population issues, and the Bank's efforts to support policy reforms in developing member countries (DMCs). A Report of the Donors was finalized, setting out donors' understandings on: the Bank's ADF lending operations during the ADF VI period, the allocation of ADF VI resources, and the recommended terms and conditions for the replenishment.²

The ADF VI arrangements will become effective when the Bank has received unqualified contribution commitments totalling at least \$2.1 billion (SDR1.485 billion). The target date for this purpose is 31 December 1992. It is envisaged

that contributions will become available for operational commitments in four equal tranches over the period 1992-1995, such availability depending on the actual progress in receiving contributions and in securing the necessary appropriations in respect of the annual instalments of qualified contributions.

Fourth ADF Replenishment (ADF V)

The fourth ADF replenishment (ADF V) was authorized by Governors' Resolution No. 182, adopted on 1 October 1986, to finance the Bank's concessional lending over the four years from 1987 to 1990. During 1991, Turkey, upon becoming a member of the Bank, deposited a contribution commitment to ADF V for \$40 million. At the beginning of the ADF VI period (1992-1995), a total of \$1.228.2 million of ADF V contributions had still to be made available to the Bank for operational commitments. This amount consisted of (a) the balance (\$28.9 million) of the United States' third tranche and the full amount (\$148.1 million) of its fourth tranche, and (b) the fourth tranches (totalling \$1,058.3 million) of all other contributions which, in accordance with the Resolution, will become available to the Bank to the extent that the United States' fourth tranche is released.³

ADF Financial Policies

In January, the Board of Directors completed a review of certain ADF financial policies and decided that (a) the Bank should commence using the ADF investment portfolio

1. The initial mobilization of ADF resources is referred to as ADF I, and the first replenishment as ADF II. Subsequent ADF replenishments are numbered accordingly.

2. The Report of the Donors, together with a draft Resolution of the Board of Governors incorporating the agreed replenishment arrangements, was submitted by the Board of Directors to the Board of Governors on 20 January 1992. The Resolution (Resolution No. 214) was adopted by the Board of Governors on 24 February 1992.

3. The balance (\$28.9 million) of the United States' third tranche, together with \$34.5 million (equivalent to about 23.65 per cent of its fourth tranche) became available to the Bank in January 1992. The availability of these resources triggered the release of 23.65 per cent of other donors' ADF V fourth tranches (equivalent to about \$249.1 million).

ADF VI: CONTRIBUTION AMOUNTS

(amounts in \$ million)^a

Contributing Member	Basic Contribution		Supplementary Contribution Amount	Total Contribution Amount
	Amount	Share (%)		
Australia	272.433	6.49		272.433
Austria	36.540	0.87		36.540
Belgium	30.536	0.73		30.536
Canada	306.600	7.30		306.600
Denmark	37.380	0.89	4.620	42.000
France	216.300	5.15		216.300
Germany	275.520	6.56		275.520
Italy	185.640	4.42		185.640
Japan	1,414.980	33.69	168.456	1,583.436
Korea, Rep. of	15.000	0.36		15.000
Nezu	2.000	0.05		2.000
Netherlands	102.060	2.43	3.476	105.536
New Zealand	11.340	0.27		11.340
Norway	37.800	0.90		37.800
Spain	32.760	0.78	1.680	34.440
Sweden	84.000	2.00		84.000
Switzerland	51.660	1.23	3.000	54.660
Taipei, China	15.000	0.36		15.000
Turkey	46.620	1.11		46.620
United Kingdom	159.600	3.80	5.000	164.600
United States	680.000	16.19		680.000
Sub-Total	4,013.768	95.57	186.232	4,200.000
Supplementary Contributions			186.232	4.43
Total	4,200.000	100.00		

Note: Totals may not add due to rounding.

a. At the average daily exchange rates during the first quarter of 1991.

for ADF loan disbursements with a view to gradually runing down the portfolio over the five years 1991-1995; (b) the Bank should discontinue the existing policy of maintaining a provision for exchange rate fluctuations in determining the availability of ADF resources for loan commitments, and instead should adopt an ADF lending limitation policy in order to reduce the risk of undiscussed resources becoming overcommitted as a result of exchange rate fluctuations; and (c) 85 per cent of projected ADF investment income and loan repayments during the period 1991-1995 should be made available to the Bank immediately as advance ADF

commitment authority, thereby enabling ADF borrowers to benefit from this growing source of funds at the earliest possible date.

Availability and Utilization of ADF Resources

At the beginning of the year, the net resources available for ADF loan commitments, after deducting a provision of \$951 million for exchange rate fluctuations, totalled \$212 million. In January 1991, ADF resources totalling about \$1,500 million (at the 31 December 1990 exchange

rate) became available to the Bank for loan commitments as a result of the Board's approval of the above-mentioned financial policy changes. The first three tranches of Turkey's ADF V contribution added a further \$29 million. Net ADF income for the year added about \$112 million. ADF loan approvals during the year totalled \$1,347 million (at the exchange rates applicable at the time of loan negotiation), as against \$1,480.5 million in 1990.

At the end of the year, the ADF lending headroom (equal to the difference between the lending limitation and the amount of committed but undisbursed loans) had been fully committed and loan commitments had been made against about \$21 million of the advance commitment authority of \$603 million (equal to 85 per cent of projected ADF investment income and loan repayments during the period 1 January 1992 - 31 December 1995). The Bank's net ADF commitment authority therefore stood at \$582 million.

This amount of \$582 million was available for ADF lending operations at the beginning of the ADF VI period (1992-1995). Other resources expected to become available during the ADF VI period were (a) the total of \$1,228 million of ADF V contributions which were still to be released and (b) the resources of ADF VI amounting to \$4,060 million (this figure excludes the TASF portion). Although these resources should enable the Bank to undertake a larger ADF lending program in real terms during the ADF VI period than the program undertaken during the ADF V period (1987-1990), they were less than had earlier been anticipated. In SDR terms, the ADF VI portion available for concessional lending (SDR2,870 million) is lower than the portion available under ADF V (SDR3,173 million).

Loan Disbursements and Repayments

ADF disbursements during 1991 amounted to \$1,036 million and brought cumulative disbursements from ADF resources to \$6,603 million at the end of the year. Repayments during the year amounted to \$54 million, with cumulative repayments reaching \$307 million.

ADF Revenue and Expenses

In 1991, the excess of ADF revenue over expenses (net income) was \$112 million, bringing the accumulated surplus, after the transfer of other resources, to \$630 million at the end of the year.

Gross revenue, consisting mainly of revenue from ADF investments and service fees on ADF loans, amounted to \$164 million, while expenses, consisting mainly of administration charge payable to ordinary capital resources, was \$52 million.

Note: Transfer from other resources under ADF represents the reclassification of \$5.08 million 'Other Resources' as Accumulated Surplus.

TASF-1, Other Assets are mainly advances to consultants.

Portfolio Position

The ADF investment portfolio, denominated in 18 currencies, increased during 1991 to \$1,176 million. Of the total portfolio, 38 per cent was held in securities issued or guaranteed by member governments, and the rest was invested in deposits and other bank instruments in member countries. Investment operations yielded a return of 9 per cent against 10.4 per cent in 1990.

ADF loans outstanding rose 20 per cent to \$7,612 million, equivalent to 69 per cent of the OCR loan portfolio. These loans were concentrated in Bangladesh (29 per cent), Pakistan (29 per cent), Sri Lanka (11 per cent) and Nepal (8 per cent). The Japanese yen and US dollars formed the bulk (70 per cent) of the ADF loan portfolio.

Loans to Viet Nam and Cambodia were in non accrual status. Total outstanding loans to these two countries amounted to \$38 million or approximately 0.429 per cent of all outstanding ADF loans.

Technical Assistance Special Fund

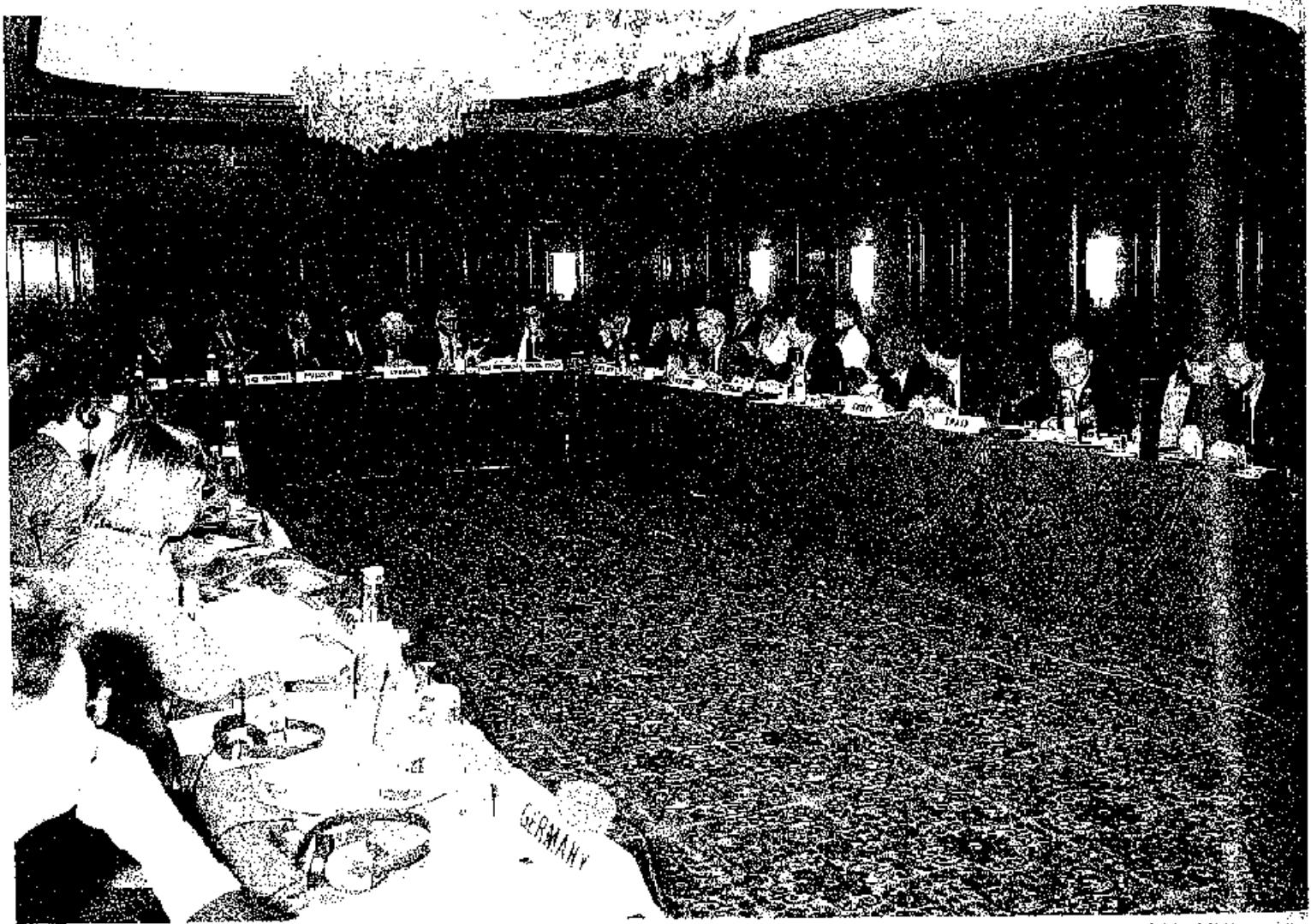
As of 31 December, an aggregate amount of \$90.8 million had been set aside and allocated to TASF from ADF V contributions pursuant to the Governors' Resolution No. 182. This amount, which was equivalent to \$72 million at the exchange rates specified in the Resolution, had been fully utilized by year-end.

During the year, India and Pakistan made direct voluntary contributions to TASF amounting to \$189,000 and \$62,000 equivalent, respectively. Both contributions (India's 12th and Pakistan's 15th) are partly uncleared, available for use in financing costs of services and facilities procured from all DMCs. As of end-1991, cumulative direct voluntary contributions to TASF amounted to the equivalent of \$85.3 million, of which \$83.9 million had been utilized.

Operations and Resource Position

The TASF remained a major source (50 per cent) of funding for services to member countries, with 167 new projects approved during the year. While the yield on TASF investments rose from 10.8 per cent in 1990 to 11.1 per cent, the total revenue from those investments decreased by 38 per cent to \$3 million, mainly because of a lower level of investments (time deposits, etc.). However, the drop was partially offset by a larger volume of contributions committed during the period (\$800,000 from Turkey under the first regularized TASF replenishment, \$189,000 from India and \$62,000 from Pakistan). Total revenue and contributions amounted to \$4 million.

Services to member countries from TASF rose 9 per cent to \$25 million, resulting in a larger operational deficit. This, together with \$3 million in adverse foreign currency translation adjustment, reduced the undisbursed TASF balances to \$13 million at the end of the year from



ASIAN Development Fund donors' meeting in London on 9-10 December 1991, when negotiations on the fifth ADF replenishment (ADF VI) were concluded. Donors agreed on a replenishment total of \$4.2 billion.

\$37 million at end-1990. Against these undisbursed balances, there were outstanding commitments of \$109 million.

Liquidation of investments funded around 91 per cent of the \$35 million TASF expenditure, the balance being financed from the income earned from investments.

At the end of the year, TASF investments stood at \$7 million. Other assets, comprising accounts receivable from OCR, advances to consultants and others, totalled \$16 million. Accounts payable to consultants, etc amounted to \$10 million.

Japan Special Fund

During 1991, the Government of Japan committed and remitted a total amount of ¥4.34 billion (equivalent to about \$34.7 million) for its fourth year contribution to the Japan

Special Fund (JSF). With this additional contribution, cumulative commitments by the Japanese Government to JSF since its inception on 10 March 1988 amounted to ¥25.41 billion (equivalent to about \$199.78 million).

These commitments included regular contributions amounting to ¥23.8 billion (equivalent to approximately \$186.9 million) and supplementary contributions of ¥0.16 billion (about \$1.30 million) used for symposium/training activities, ¥0.25 billion (about \$2 million) used for Women in Development activities and ¥1.2 billion (about \$9.58 million) used for environment related activities.

As of 31 December 1991, out of the total commitments, an amount of \$48.6 million had been utilized, including \$47.28 million for disbursements under technical assistance and \$1.52 million for equity investments. Pending disbursements, funds are invested, and income from such investments for the year amounted to

\$9.98 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

Revenue from JSI investments during the year rose 42 per cent to \$9.98 million due to a higher volume of investments. This compared with a total expenditure of \$22.29 million (up 44 per cent) on services to member countries and \$0.17 million (down 19 per cent) in administrative expenses.

The higher revenue, together with additional contributions committed during the year, resulted in an

operational surplus and raised unexpended JSF balances to \$170.63 million at the end of the year.

The cash flow position was satisfactory. The \$70.23 million received on account of contributions provided the major source of funds. Together with the \$10 million in interest earned on investments, this was far in excess of the required expenditure, and the surplus was used to increase the investment portfolio.

At year end, the quantum of JSF investments, including equity investments of \$1.52 million, stood at \$170.79 million, up 62 per cent. Other assets, comprising advances to consultants and others, rose 90 per cent to \$7.26 million, while accounts payable (mainly for consulting services) stood at \$8.04 million.



A NEPALESE farmer inspects a seedling before planting under the Hill Forest Development Project, financed by a \$16.7 million Bank loan from ADI.

ADMINISTRATION

Re-Election of President

THE BOARD of Governors unanimously re-elected Mr. Kimimasa Tarumizu as President for a five-year term beginning 24 November 1991. Mr. Tarumizu became President in November 1989, succeeding Mr. Masao Fujioka.

Mr. Tarumizu is the fifth President of the Bank.

Personnel Management and Development

At the end of 1991, the Bank had a staff of 1,718 coming from 42 of the 52 member countries and comprised 612 professional staff and 1,106 supporting staff. During the year, there were 70 appointments and 64 terminations of professional staff, while 80 supporting staff joined the Bank and 38 left.

The Young Professionals (YP) Program entered its eighth year in 1991. New guidelines were implemented to improve coordination and forward planning of assignments with a view to providing YPs wider exposure to the work of the Bank. A review of the Program is currently underway to initiate further improvements, including the possibility of increasing the present annual intake of five YPs.

Changes in the Bank's personnel policies, which took account of views expressed by Board members, were implemented effective April 1991. A number of the changes are aimed at enhancing the transparency of personnel management in the organization. These include internal advertisement of vacant staff positions to improve promotion opportunities within the Bank and the use of Selection Panels to review and recommend candidates for promotion and appointment at the more senior levels. A Personnel Handbook for Professional Staff incorporating a personnel policy statement adopted by the Board and codifying the Bank's personnel policies and procedures was completed and circulated to the professional staff. A similar handbook for supporting staff is expected to be circulated in early 1992.

Greater attention has been paid to the representation of women among the professional staff following the adoption of a policy statement on the subject. An Inter-Departmental Advisory Committee on Women Professionals has been established to assist in monitoring and implementing the policy. The Committee has submitted a number of recommendations on ways in which the Bank can better attract and retain women professional staff and enhance their career development. The number of women professionals among the staff at the end of 1991 grew to 37 compared with 33 at the end of 1990, an increase of 12 per cent.

Several major initiatives were taken in relation to the Bank's staff training and development activities. An in-house Manager Development Program (MDP) was launched in August 1991 aimed at enhancing the managerial and administrative skills of the Bank's present and potential future managers. Furthermore, five Task Forces were set up to undertake a comprehensive review of the Bank's training and staff development activities; and based on their recommendations in November, Management approved an Action Program for Staff Training and Development. Under this Action Program, Bank's training and staff development activities are to be revamped and strengthened with greater attention given to staff career planning and development.

Internal policies and practices on secondment of Bank staff to other institutions and on short-term attachments of officials from DMCs to the Bank are under review in view of the growing frequency of such secondments and attachments. The review will look into the feasibility of expanding the secondment scheme to achieve its objective of broadening professional knowledge and work experience of participants for the mutual benefit of the participating individuals and their institutions.

The Board approved a 14 per cent across-the-board salary increase for supporting staff, effective 1 August 1991, and a non-pensionable Special Salary Supplement equivalent to 4 per cent of basic salary, which was paid as a lump sum. The supplement was meant to provide additional assistance in view of the substantial increase in



WASHING rubber sheets at a latex factory under the Southern Land Settlements Project in Thailand, financed by a \$16.1 million Bank loan from OCR.

the cost of living noted during the review period. Dependency allowances for supporting staff were also increased.

In addition, to restore the competitiveness of the Bank's compensation system, the Board approved, effective 1 August, a new professional staff salary policy and structure. An Overall Pay Increase (OPI) of 10.58 per cent was approved for 1991. The OPI was distributed among staff so as to align staff salaries at appropriate levels relative to the Bank's major comparator (the World Bank) and also to rectify structural deficiencies in the previous system. The salary adjustment for individual staff had two components: (a) a flat 8 per cent distributed to all staff, and (b) the balance of 2.58 per cent distributed in varying amounts according to length of service and sustained good performance. Dependency allowances for professional staff were also increased.

To bring the Bank's retirement benefits more into line with those of other international organizations and to provide greater flexibility to staff in the timing of their retirement from service, the Board approved with effect from 1 October 1991 the following improvements in the Bank's Staff Retirement Plan: (a) an increase in the pension accrual rate from 2.90 to 2.95 per cent; (b) the introduction of age-plus service rules; (c) the early commutation of deferred pensions; (d) the provision of pensions, with accrued cost-of-living increases, for surviving spouses and eligible children of deferred pensioners, who die before the effectiveness of pensions; and (e) the payment of interest for withdrawal benefits taken by deferred pensioners in lieu of a pension.

Other improvements in staff benefits were approved and implemented as follows: (a) an increase in the Group Life and Group Accidental Death and Dismemberment Insurance coverages; (b) an increase in the ceiling for education grant for children attending schools outside the duty station; (c) an extension of the duration of Maternity Leave; (d) an increase in the rates for overtime pay and shift premium pay for supporting staff; (e) the introduction of full encashment of applicable excess annual leave credits for supporting staff; and (f) the provision for ex-gratia payments to staff in response to special situations.

The Early Separation Scheme for supporting staff, which was availed of by 23 staff members, ended on 31 August, some eight months following the termination of a similar scheme for professional staff.

Organizational Restructuring

The Infrastructure Department (IFD) was reorganized with effect from 1 January in line with the sectoral realignment and regional grouping approved by the Board in July 1990. The six new divisions of IFD are: Transport and Communications Divisions, East and West; Water Supply and Urban Development Divisions, East and West; and Education, Health and Population Divisions, East and West.

Acting on the recommendation of the Working Group on Bank Operations in the South Pacific for an expanded role of the South Pacific Regional Office (SPRO), the President approved in February 1991 a reorganization of the SPRO. Beginning in 1991, responsibilities for country strategy studies, economic work and country programming for the seven SPDMCs were assumed by SPRO from Programs Department (East) (PED). Responsibilities for processing and administering certain technical assistance projects and for administration of all loans are being gradually transferred from the Projects Departments to SPRO. Consequently, the President also approved in May 1991 a minor realignment of country assignments of the three PED divisions with effect from 1 July 1991.

A Portfolio Management Unit was established in the Office of the Director, Private Sector Department (PSD), effective 1 August 1991, to review and monitor all equity



HER EXCELLENCY Corazon C. Aquino, President of the Philippines, unveils the marker at the new Bank headquarters in Mandaluyong, Metro Manila. Looking on is Bank President Kinnirasa Tarumizu.

investments of the Bank; implement systems and procedures for quality control of investments with particular attention to investments in difficulty; and prepare project completion reports for selected investments and other reports to Management. The President also approved changes in the country distribution of the three Area Divisions of PSD to accommodate new DMCs (Federated States of Micronesia, Marshall Islands and Mongolia) and achieve greater balance in the divisional workloads.

To assist Management in the strategic planning process, including formulation, implementation, and monitoring and evaluation of the Bank's medium-term strategic plan, a Strategic Planning Unit was created under the President's Office, effective 1 July 1991.

In preparation for the move to the new headquarters building and the eventual winding up of the Special Projects Office (SPO), the Office of Administrative Services (OAS) was reorganized with effect from 2 January 1991, creating a Facilities Management Division to absorb the former Building Maintenance Section and take over the residual Special Projects technical activities.

Administrative Tribunal

The Board, on the recommendation of Management, established an Administrative Tribunal consisting of three eminent jurists as an independent external appeal mechanism for the resolution of employment disputes between Management and staff after internal administrative review procedures have been exhausted. Appointments of the three members of the Tribunal were effected in October 1991 following Board approval of the selected candidates. An Executive Secretary to support the Tribunal's functions was also appointed.

Internal Audit

The Internal Audit Office (IAO), which reports to the President and whose activities are reviewed by the Audit Committee of the Board, provides Management with independent and objective evaluation of the adequacy and effectiveness of controls, systems and procedures relating to financial accounting, administrative, data processing and

loan and technical assistance operations. It identifies ways of improving the efficiency and economy of Bank activities and the use of its resources.

During the year, IAO conducted an audit of the procedures of the Nepal Resident Office and reviewed audit-related issues of loan operations in Nepal. It also participated in the development and signing off of a number of computer systems and subsystems designed by the Office of Computer Services and played an active role in the audit of selected consultants' contracts. The IAO provided direct and integrated assistance to the Bank's external auditors, who were fully satisfied with IAO's performance. The results and recommendations of the audits were conveyed periodically to Management for information and to the heads of departments and offices for necessary action.

In reviewing its activities and the implementation of its recommendations by the departments and offices concerned, the Audit Committee of the Board expressed satisfaction at IAO's contribution towards enhancing the Bank's operational efficiency.

Computer and Office Automation Program

The Office of Computer Services, established in March 1980, provides computing capabilities at the Bank's headquarters and its resident offices in Bangladesh, Indonesia, Nepal and Pakistan and the South Pacific Regional Office in Vanuatu. The Office also provides assistance with regard to the computer-related components of Bank-financed projects, as required.

During 1991, the mainframe data communications network was expanded to provide on-line mainframe access to about 1,500 terminals. An additional 340 desktop microcomputers, 115 portable computers and 290 printers were installed, bringing the ratio of staff to computers to 1.2:1.

Several major systems development projects were undertaken during the year, including the implementation of the Private Sector System concerning user problems; Statistical Database System; Library Circulation System; Incident Reporting System for dealing with user problems; Phase 1 of the new Financial Projection System; Rental Assistance Subsystem; Housing Loan Approval Subsystem; and the first phase of the Budget Monitoring and Control System.

A major study was begun to formulate an information technology strategy that will meet the needs of the Bank

over the next three to five years, in line with its overall strategic objectives. The study, being conducted by a task force comprising members from core areas of the Bank, under the guidance of the Computer Applications Committee, is expected to be completed by June 1992.

Budget

Internal Administrative Expenses (IAE) for 1991 amounted to \$130.099 million against the original budget of \$135.280 million. The under-utilization of \$5.181 million was due mainly to savings arising from the lower-than-budgeted expenses for salaries, benefits, consultants and other administrative expenses, which were partly offset by higher expenses for business travel.

The IAE Budget for 1992, as summarized in Appendix 1, is \$145.612 million, representing an increase of \$15.513 million over actual expenses incurred in 1991. The increase was due to the effects of improvements in salaries and benefits implemented in 1991; additional staff, consultant services and business travel in support of a higher level of operational activities; increased overhead expenses, including the annualized effect of expenses consequent to the occupation of the new headquarters building and provisions for prospective price escalation and general contingency.

New Headquarters

The Bank moved into its new headquarters in Mandaluyong, Metro Manila, in March following practical completion of the complex in February. The movement of the staff and critical items was completed over three weekends with a minimum disruption to work. The Bank commenced operations in the new building on 25 March.

The building was inaugurated by the President of the Philippines, Her Excellency Corazon C. Aquino, on 31 May in the presence of Governors of member countries or their representatives, the diplomatic community, senior officials of the Philippine Government, other guests and Bank personnel.

The old headquarters building was turned over to the Philippine Government in June. The satellite offices were returned to their respective owners progressively during March and April, and most of the improvements made to those offices were purchased by the owners at depreciated values.

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Deloitte & Touche



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New York, New York 10048-0601

INDEPENDENT AUDITORS' REPORT

Asian Development Bank:

We have audited the following financial statements of the Asian Development Bank – Ordinary Capital Resources (OCR):

- OCR-1 Balance Sheet, 31 December 1991 and 31 December 1990
- OCR-2 Statement of Income and Expenses for the Years Ended
31 December 1991 and 31 December 1990
- OCR-3 Statement of Cash Flows for the Years Ended
31 December 1991 and 31 December 1990
- OCR-4 Summary Statement of Loans, 31 December 1991 and
31 December 1990
- OCR-5 Summary Statement of Borrowings, 31 December 1991 and
31 December 1990
- OCR-6 Statement of Subscriptions to Capital Stock and Voting
Power, 31 December 1991
- OCR-7 Notes to Financial Statements, 31 December 1991 and
31 December 1990

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 1991 and 31 December 1990 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

27 February 1992

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

BALANCE SHEET

31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note A)

A S S E T S

	1991	1990
DUE FROM BANKS (Note B)	\$ 100,885	\$ 103,565
INVESTMENTS (Notes B, C and H)		
Government and government guaranteed obligations	\$ 3,017,257	\$ 2,810,899
Time deposits and other obligations of banks	<u>1,313,607</u>	<u>1,286,654</u>
	4,330,864	4,097,553
LOANS OUTSTANDING (OCR-4)	11,042,543	9,390,595
EQUITY INVESTMENTS (Note A)	105,880	84,407
ACCRUED INCOME		
On investments	59,883	69,170
On loans	<u>246,788</u>	<u>218,275</u>
RECEIVABLE FROM MEMBERS		
Non-negotiable, non-interest-bearing demand obligations (Notes B and E)	289,505	334,973
Amounts required to maintain value of currency holdings (Note F)	1,683	1,765
Subscription installments (Note I)	<u>430</u>	<u>428</u>
	291,618	337,166
OTHER ASSETS		
Receivable from currency swaps (Note D)	2,308,474	1,504,852
National amounts required to maintain value of currency holdings (Note F)	497,789	470,455
Property, furniture and equipment (net of accumulated depreciation of \$13,325 - 1991, \$6,561 - 1990) (Note A)	186,431	182,381
Unamortized issuance costs of borrowings	78,914	75,757
Administration charge receivable from the Asian Development Fund (Note G)	14,086	16,712
Miscellaneous (Note A)	<u>53,366</u>	<u>42,424</u>
	3,139,080	2,292,537
TOTALS	\$19,317,541	\$16,593,268

See notes to financial statements (OCR-7).

LIABILITIES, CAPITAL AND RESERVES

	1991	1990
BORROWINGS (OCR-5)	\$ 9,410,339	\$ 8,195,690
ACCRUED INTEREST ON BORROWINGS	223,516	202,889
ACCOUNTS PAYABLE AND OTHER LIABILITIES		
Payable for currency swaps (Note D)	\$ 2,532,004	\$ 1,664,026
National amounts required to maintain value of currency holdings (Note F)	218,653	182,796
Miscellaneous (Note A)	<u>72,332</u>	<u>52,957</u>
CAPITAL AND RESERVES		
Capital Stock (OCR-6) (Notes A and F)		
Authorized (SDR 16,889,960,000 - 1991, SDR 16,826,390,000 - 1990)		
Subscribed (SDR 16,140,240,000 - 1991, SDR 16,086,670,000 - 1990)	23,100,357	22,884,439
Less - "callable" shares subscribed	<u>20,311,548</u>	<u>20,121,648</u>
"Paid-in" shares subscribed	2,788,899	2,762,791
Less - subscription installments not due	<u>8,296</u>	<u>149</u>
Subscription installments matured	2,789,513	2,762,642
Less - capital transferred to the Asian Development Fund (Note I)	<u>68,102</u>	<u>67,732</u>
	2,712,411	2,691,910
Accumulated translation adjustments (Note A)	234,629	201,729
Ordinary Reserve (Note J)	3,219,053	2,713,140
Special Reserve (Note H)	176,772	170,650
Net income after appropriation of guarantee fees to Special Reserve (OCR-2) (Note J)	<u>517,841</u>	<u>6,860,697</u>
TOTALS	\$19,317,541	\$16,593,268

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note A)

	1991	1990
INCOME		
From loans:		
Interest	\$707,440	\$697,105
Commitment charge	27,769	26,358
Other	299	1,483
From investments (Note C)	374,785	369,272
From other sources - net	<u>13,016</u>	<u>9,168</u>
TOTAL INCOME	\$ 1,213,309	\$ 1,103,386
EXPENSES		
Interest and other financial expenses (Note G)	609,801	528,367
Administrative expenses (Notes G and K)	83,077	64,772
Services to member countries (Note L)	<u>2,468</u>	<u>1,663</u>
TOTAL EXPENSES	<u>695,346</u>	<u>594,802</u>
NET INCOME	517,963	508,584
APPROPRIATION OF GUARANTEE FEES TO SPECIAL RESERVE (Note H)	(122)	(103)
NET INCOME AFTER APPROPRIATION OF GUARANTEE FEES TO SPECIAL RESERVE	\$ 517,841	\$ 508,481

See notes to financial statements (OCR-7).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note A)

	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest and other charges on loans received	\$ 707,765	\$ 627,645
Interest on investments received	373,276	373,535
Interest and other financial expenses paid	(523,215)	(464,146)
Administrative expenses paid	(77,695)	(55,025)
Services to member countries paid	(3,578)	(1,909)
Other - net	7,272	12,209
Net Cash Provided by Operating Activities	483,825	492,309
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	(49,717)	307,476
Sales and maturities of investment securities	24,299,597	18,206,942
Purchases of investment securities	(24,488,739)	(18,679,208)
Principal collected on loans	710,490	673,250
Loans disbursed	(1,972,755)	(1,508,957)
Property, furniture and equipment acquired	(12,435)	(29,775)
Purchases of equity investments	(24,620)	(21,865)
Compensation for return of Bank premises	16,420	—
Net Cash Used for Investing Activities	(1,527,759)	(1,152,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds of new borrowings	1,499,012	1,128,206
Bonds purchased for redemption and borrowings redeemed	(487,666)	(519,358)
Matured subscriptions collected	1,533	145
Demand obligations of members encashed	41,854	41,160
Net currency swaps	(7,380)	(1,876)
Net Cash Provided by Financing Activities	1,047,333	648,282
Effect of Exchange Rate Changes on Due from Banks	(6,099)	(2,998)
Net Decrease in Due from Banks	(2,680)	(34,534)
Due from Banks at Beginning of the Year	103,565	118,099
Due from Banks at End of the Year	\$ 100,885	\$ 103,565
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	\$ 517,963	\$ 508,584
Adjustments to reconcile net income to net cash provided by operating activities:		
Accrued interest and other expenses	16,050	14,242
Accrued income including interest and commitment charges added to loans	(107,854)	(106,771)
Difference between reacquisition price and net carrying amount of borrowings extinguished prior to maturity	(2,276)	(24)
Depreciation and amortization	76,594	62,004
Net (gain) loss from sales of investments	(11,398)	13,733
Accrued administration charge	1,461	(1,931)
Other - net	(5,715)	2,472
Net Cash Provided by Operating Activities	\$ 483,825	\$ 492,309

See notes to financial statements (OCR-7)

1. In addition, non-negotiable, non-interest-bearing demand promissory notes amounting to \$1,233 were received (\$65 were refunded - 1990).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF LOANS

31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note A)

Borrowers/Guarantors ¹	Loans Outstanding ²	Undisbursed Balances of Effective Loans ³	Loans Not Yet Effective	Total Loans	Per Cent of Total Loans
Bangladesh	\$ 1,146	\$ ---	\$ ---	\$ 1,146	0.01
China, People's Republic of	275,818	372,498	340,300	958,616	5.34
Fiji	52,257	14,457	—	66,714	0.36
India	823,576	1,892,304	524,000	3,239,880	17.51
Indonesia	3,245,962	2,284,970	763,000	6,293,932	34.00
Korea, Republic of	422,152	162,586	—	585,038	3.16
Malaysia	555,200	328,457	279,200	1,162,857	6.28
Myanmar	3,565	—	—	3,565	0.02
Nepal	5	2,045	—	2,050	0.01
Pakistan	1,179,902	985,933	405,000	2,570,835	13.89
Papua New Guinea	116,439	32,065	—	148,504	0.80
Philippines	1,497,682	831,120	271,400	2,600,202	14.05
Singapore	15,372	—	—	15,372	0.08
Thailand	637,738	158,141	—	795,879	4.30
Viet Nam	358	—	—	358	n.a. ⁴
	8,827,172	7,064,876	2,617,300	18,509,948	
Regional			35,000	35,000	0.19
TOTALS - 31 December 1991	8,827,172	7,064,876	2,617,300	18,509,948	100.00
Adjustments in US\$ equivalents	2,215,371 ^b			2,215,371 ^b	
BALANCES - 31 December 1991	\$11,042,543	\$7,064,876	\$2,617,900	\$20,725,319	
TOTALS - 31 December 1990	\$ 7,330,245	\$ 6,150,337	\$ 2,034,550	\$ 15,515,132	
Adjustments in US\$ equivalents	2,060,350 ^b			2,060,350 ^b	
BALANCES - 31 December 1990	\$ 9,390,595	\$6,150,337	\$2,034,550	\$17,575,482	

See notes to financial statements (OCR-7).

1. Loans other than those made directly to a member or to its central bank have been guaranteed by the member with the exception of loans to the private sector amounting to \$150,176 (\$202,188 - 1990).

2. The interest rates charged on loans outstanding range from 6.32% per annum to 11.35% per annum. Amounts outstanding on loans made under the Pool-Based Variable Interest Rate System totaled \$4,711,437 (\$2,654,241 - 1990).

MATURITY OF EFFECTIVE LOANS

<u>Twelve Months Ending 31 December</u>	<u>Amounts</u>	<u>Five Years Ending 31 December</u>	<u>Amounts</u>
1992	\$160,722	2001	4,379,279
1993	544,333	2006	4,063,735
1994	609,098	2011	2,902,278
1995	683,072	2016	1,494,062
1996	759,063	2020	15,407
		Undetermined	2,196,370 ⁶
		Total	<u>\$18,107,419</u>

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

<u>Currency</u>	<u>1991</u>	<u>1990</u>	<u>Currency</u>	<u>1991</u>	<u>1990</u>
Australian dollar	\$ 3,394	\$ 4,865	Kuwaiti dinar		738
Austrian schilling	35,587	38,892	Malaysian ringgit	45,882	44,471
Belgian franc	26,170	26,412	Netherlands guilder	174,306	252,219
Canadian dollar	5	517	New Zealand dollar	6,056	6,400
Danish krone	13	-	Norwegian krone	1,149	1,161
Deutsche mark	1,061,250	1,379,159	British sterling	48	22
French franc	28	22	Singapore dollar	10,865	9,709
Hong Kong dollar	7,336	7,343	Swedish krona	28	161
Italian lira	5	5	Swiss franc	2,462,457	2,044,718
Japanese yen	6,019,013	4,509,336	Thai baht	1,264	1,264
			United States dollar	1,187,687	1,069,181
			Totals	<u>\$11,042,543</u>	<u>\$9,390,595</u>

3. Of the undisbursed balances, the Bank has made irrevocable commitments to disburse various amounts totalling \$295,244 (\$271,462 - 1990). Certain loans in the private sector are denominated in specific currencies. The undisbursed portions of such loans are translated into United States dollars at the applicable exchange rates as of the end of the reporting period.

4. Below 0.01%.

5. These amounts represent adjustments in United States dollar equivalents arising from changes in the exchange rates used for translation of currencies disbursed and outstanding, and repayable to the Bank in such currencies.

6. Represents net of translation adjustments, prepayments and cancellations which have not been allocated to specific maturities.

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF BORROWINGS

31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note A)

Borrowings			
	Principal Outstanding ¹		Weighted Average Cost (%)
	1991	1990	1991
Austrian schilling	\$ 93,554	\$ —	8.08
Deutsche mark	1,486,577	1,650,033	8.00
Japanese yen	3,545,399	3,102,173	6.58
Netherlands guilder	388,213	478,106	8.11
Pound sterling	418,101	286,308	11.01
Swiss franc	1,473,627	1,329,091	6.15
United States dollar	<u>2,928,072</u>	<u>1,369,568</u>	10.24
Principal amounts outstanding	9,433,643	8,215,279	7.80²
Unamortized discounts and premiums	(23,204)	(19,589)	
TOTALS	<u>\$9,410,339</u>	<u>\$8,195,690</u>	

Maturity Structure			
	Twelve Months Ending 31 December		Amounts
	1992		\$847,918
	1993		517,649
	1994		930,639
	1995		709,164
	1996		829,019

See notes to financial statements (OCR 7).

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

Currency	Aggregate Face Amounts		Discounted Values	
	1991	1990	1991	1990
Swiss franc	\$ 300,792	\$ 585,951	\$104,929	\$106,652
United States dollar	1,067,550	1,067,650	495,285	431,985

² The weighted average cost of borrowings outstanding at 31 December 1991, after adjustment for swap activities, was 7.14% (7.19% in 1990).

Currency Swap Arrangements

Payable (Receivable)	Weighted Average Cost (Return) %			Net Currency Obligations	
	1991	1990	1991	1991	1990
\$ (93,858)	\$ —	(8.08)	\$ (304)	\$ —	
(263,784)	(267,665)	(8.38)	1,222,793	1,382,368	
1,407,588	719,151	6.36	4,952,987	3,821,324	
(105,275)	(118,388)	(8.01)	282,938	359,718	
(233,002)	(96,252)	(10.21)	185,099	190,056	
1,044,416	864,874	5.87	2,444,270	2,116,775	
(73,773)	(77,190)	(6.28)	—	—	
(1,458,782)	(865,356)	(8.95)	569,290	504,212	

BORROWINGS OUTSTANDING

Five Years Ending 31 December	Amounts
2001	4,533,479
2006	666,381
2011	294,371
2016	104,929
Total	<u>\$9,433,543</u>

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES
STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER
31 December 1991

Expressed in Thousands of United States Dollars (Note A)

MEMBERS	Number of Shares	Per Cent of Total	SUBSCRIBED CAPITAL			VOTING POWER	
			Total	Par Value of Shares Callable	Paid-In	Number of Votes	Per Cent of Total
REGIONAL:							
Afghanistan, Rep. of	1,195	0.074	\$ 17,093	\$ 11,629	\$ 5,464	8,959	0.444
Australia	102,370	6.339	1,464,331	1,288,517	175,814	110,134	5.456
Bangladesh	18,064	1.119	258,393	227,367	31,026	25,828	1.279
Bhutan	116	0.007	1,573	1,273	300	7,874	0.390
Cambodia	875	0.054	12,516	8,511	4,005	8,635	0.428
China, People's Rep. of	114,000	7.059	1,630,690	1,434,850	195,840	121,764	6.032
Cook Islands	47	0.003	672	601	71	7,811	0.387
Fiji	1,203	0.075	17,208	15,134	2,074	8,967	0.444
Hong Kong	9,635	0.597	137,822	121,272	16,550	17,399	0.862
India	112,005	6.936	1,602,153	1,409,803	192,350	119,769	5.933
Indonesia	96,350	5.966	1,378,219	1,212,761	165,458	104,114	5.158
Japan	240,875	14.916	3,445,548	3,031,882	413,666	248,639	12.317
Kiribati	71	0.004	1,016	887	129	7,835	0.388
Korea, Rep. of	89,123	5.519	1,271,842	1,121,800	153,042	96,887	4.800
Lao PDR	246	0.015	3,519	2,832	687	8,010	0.397
Malaysia	48,175	2.983	689,110	606,374	82,736	55,939	2.771
Maldives	71	0.004	1,016	887	129	7,835	0.388
Marshall Islands	47	0.003	672	601	71	7,811	0.387
Micronesia, Fed. States of	71	0.004	1,016	887	129	7,835	0.388
Mongolia	266	0.016	3,805	3,347	458	8,630	0.398
Myanmar	9,635	0.597	137,822	121,272	16,550	17,399	0.862
Nauru	71	0.004	1,016	887	129	7,835	0.388
Nepal	2,601	0.161	37,205	32,728	4,477	19,365	0.513
New Zealand	27,170	1.682	388,648	341,987	46,661	34,934	1.731
Pakistan	38,540	2.387	551,288	485,102	66,186	46,304	2.394
Papua New Guinea	1,660	0.103	23,745	20,913	2,832	9,424	0.467
Philippines	42,152	2.610	602,955	530,575	72,380	49,916	2.473
Singapore	6,020	0.373	86,112	75,770	10,342	13,784	0.683
Solomon Islands	118	0.007	1,688	1,488	200	7,882	0.390
Sri Lanka	10,260	0.635	146,762	129,139	17,623	18,024	0.893
Taipei, China	19,270	1.193	275,644	242,558	33,086	27,084	1.339
Thailand	24,087	1.492	344,548	303,180	41,363	31,851	1.578
Tonga	71	0.004	1,016	887	129	7,835	0.388
Vanuatu	108	0.007	1,688	1,488	200	7,882	0.390
Viet Nam, Soc. Rep. of	6,038	0.374	86,369	68,286	18,080	13,802	0.684
Western Samoa	58	0.004	830	672	158	7,822	0.387
Total Regional (Forward)	1,022,668		63,326	\$14,628,550	\$12,858,150	\$1,770,400	1,302,172
							64,507

MEMBERS	SUBSCRIBED CAPITAL			VOTING POWER					
	Number of Shares	Per Cent of Total		Par Value of Shares					
		Total		Total	Callable	Paid-in		Number of Votes	Per Cent of Total
Total Regional (Forward)	1,022,668	63.326		\$14,628,550	\$12,858,150	\$1,770,400	1,302,172	64.507	
NON-REGIONAL									
Austria	6,020	0.373	86,112	75,770	10,342	13,784	0.683		
Belgium	6,020	0.373	86,112	75,770	10,342	13,784	0.683		
Canada	92,543	5.730	1,323,763	1,164,842	158,921	100,307	4.969		
Denmark	6,020	0.373	86,112	75,770	10,342	13,784	0.683		
Finland	6,020	0.373	86,112	75,770	10,342	13,784	0.683		
France	41,178	2.550	589,022	518,302	70,720	48,942	2.424		
Germany	76,534	4.739	1,094,765	963,323	131,442	84,298	4.176		
Italy	31,975	1.980	457,380	402,466	54,914	39,739	1.969		
Netherlands	18,147	1.123	269,580	228,425	31,155	25,911	1.283		
Norway	6,020	0.373	86,112	75,770	10,342	13,784	0.683		
Spain	6,020	0.373	86,112	75,770	10,342	13,784	0.683		
Sweden	2,408	0.149	34,445	29,023	5,422	10,172	0.504		
Switzerland	10,325	0.639	147,692	129,954	17,738	18,089	0.896		
Turkey	6,020	0.373	86,112	75,770	10,342	13,784	0.683		
United Kingdom	36,131	2.237	516,828	454,791	62,037	43,895	2.174		
United States	240,875	14.916	3,445,548	3,031,882	413,666	248,639	12.317		
Total Non-Regional	592,256	36.674		8,471,807	7,453,398	1,018,409	716,480	35.493	
TOTALS	1,614,924	100.000		\$23,100,357	\$20,311,548	\$2,788,809	2,018,652	100.000	

See notes to financial statements (OCR-7).

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1991 and 31 December 1990

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currencies and Reporting Currency

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

Valuation of Capital Stock

The capital stock is defined in Article 4, paragraph 1 of the Articles of Agreement Establishing the Bank (the Charter) "in terms of United States dollars of the weight and fineness in effect on 31 January 1966" (the 1966 dollar) and the value of each share is defined as 10,000 1966 dollars. The capital stock had historically been translated into the current United States dollar (the Bank's unit of account) on the basis of its par value in terms of gold. From 1973 until 31 March 1978, the rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1 April 1978, at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, currencies no longer have par values in terms of gold. Pending the Bank's selection of the appropriate successor to the 1966 dollar, the capital stock has been valued for purposes of these financial statements in terms of the Special Drawing Right (SDR) at the value in current United States dollars as computed by the IMF, with each share valued at SDR 10,000.

As of 31 December 1991, the value of the SDR in terms of the current United States dollar was \$1,43043 (\$1,42266 - 1990) giving a value for each share of the Bank's capital equivalent to \$14,304.30 (\$14,226.60 - 1990). However, the Bank could decide to fix the value of each share at \$12,063.50 based on the 31 March 1978 par value of the United States dollar in terms of gold.

Translation of Currencies

Assets and liabilities are translated from their functional currencies to the reporting currency generally at the applicable rates of exchange at the end of a reporting period. Income and expense amounts are translated for each semi-monthly period generally at the applicable rates of ex-

change at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments other than those relating to maintenance of value of currency holdings (see Notes F and J), are charged or credited to "Accumulated translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in income. Currency swaps made in connection with borrowings are hedged by forward exchange commitments and, accordingly, do not result in any net exchange gain or loss.

Investments

investment securities are reported at cost or amortized cost. Gains and losses on sales of investments are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Loans

The Bank's loans have been made to or guaranteed by members or their governments, with the exception of loans to the private sector, and have maturities ranging between 10 and 30 years. The Bank requires its borrowers to absorb exchange risks attributable to fluctuations in the value of the currencies which it has disbursed. The Bank has not suffered any loan losses to date and follows a policy of not taking part in debt rescheduling agreements. It is the policy of the Bank to place in non-accrual status all loans in which principal, interest or other charges are overdue by one year for loans made to or guaranteed by a member and six months for loans to the private sector. Interest and other charges on non-accruing loans are included in income only to the extent that payments have actually been received by the Bank.

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.

CONTINUED

Equity Investments

The Bank's equity investments are made in private enterprises located in developing member countries and include the Bank's investment in 1989 of \$34,984,000 in Asian Finance and Investment Corporation Ltd. (AFIC). In 1991, the Bank approved a loan to AFIC of \$35,000,000 which is considered a private sector loan.

Equity investments are reported at cost, net of allowance for possible losses. Such allowance is determined quarterly based on management's evaluation of potential losses in the equity investments portfolio.

Property, Furniture and Equipment

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

Construction of a new headquarters building was substantially completed in 1991 at a cost of \$158,536,000 including capitalized interest (see Note G). Land for the building was acquired at a cost of \$10,052,000. During 1991, the Bank completed its transfer to the new building and, under terms of an agreement with the Republic of the Philippines (Government), the Bank returned the former headquarters premises which had been provided by the Government. In accordance with the agreement as supplemented by a memorandum of understanding, the Bank is to be compensated approximately \$20,840,000 for the return of premises. The compensation is in lieu of being provided premises under the agreement and accordingly, is deferred and amortized over the estimated life of the new headquarters building as a reduction of occupancy expense. The amortization for the year ended 31 December 1991 amounted to \$478,000 reducing depreciation expense for the new headquarters building from \$3,849,000 to \$3,371,000. At 31 December 1991, the uncollected balance of compensation (included in "OTHER ASSETS - Miscellaneous") was \$10,420,000 and the unamortized deferred compensation balance (included in "ACCOUNTS PAYABLE AND OTHER LIABILITIES - Miscellaneous") was \$20,362,000.

The main building contractor of the Bank's new headquarters building has indicated that it will seek to assert, in

connection with the construction of such building, substantial claims for additional payment against the Bank, and that it will shortly commence arbitration proceedings against the Bank over certain legal issues which have a bearing on part of such claims. However, on the basis of present information, the Bank is of the view that such claims are without merit.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Bank considers that its cash and cash equivalents are limited to "DUE FROM BANKS".

Restatement of Certain Amounts

Certain 1990 amounts have been restated to conform to 1991 classifications.

NOTE B - RESTRICTIONS ON USE OF CURRENCIES AND DEMAND OBLIGATIONS OF MEMBERS

In accordance with Article 24, paragraph 2(i) of the Charter, the use by the Bank or by any recipient from the Bank of certain currencies may be restricted by members to payments for goods or services produced and intended for use in their territories. With respect to the currencies of 32 (30 - 1990) developing member countries, cash in banks (due from banks) and demand obligations totalling \$92,203,000 (\$97,261,000 - 1990) and \$246,485,000 (\$251,867,000 - 1990), respectively, may be, but are not currently so restricted.

In accordance with Article 24, paragraphs 2(ii) and (iii) 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 \$5,000 (\$32,000 - 1990), \$1,409,000 (\$2,763,000 - 1990) and \$2,152,000 (\$1,069,000 - 1990), respectively, have been so restricted.

NOTE C - INVESTMENTS

As of 31 December 1991, the market value of investments was \$4,379,591,000 (\$4,096,959,000 - 1990), includ-

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1991 and 31 December 1990

ing investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$1,422,195,000 (\$1,704,910,000 - 1990). The currency composition of the investment portfolio was as follows:

Currency	1991	1990
Australian dollar	\$ 332,349,000	\$ 287,399,000
Canadian dollar	611,383,000	542,460,000
Deutsche mark	403,667,000	209,970,000
Italian lire	306,930,000	277,251,000
Japanese yen	101,071,000	196,490,000
Pound sterling	313,481,000	297,958,000
Swiss franc	241,851,000	316,982,000
United States dollar	1,468,694,000	1,467,604,000
Others	551,408,000	501,429,000
Totals	\$1,330,864,000	\$1,097,553,000

During the year ended 31 December 1991, sales of investments resulted in a net gain of \$11,398,000 (net loss of \$13,733,000 - 1990). The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month, including realized gains and losses, was 9.08% (9.38% - 1990).

As of 31 December 1991, the amortized cost, gross unrealized gains, gross unrealized losses and estimated market value of investments in government and government guaranteed obligations were \$3,017,257,000, \$51,514,000, \$2,717,000 and \$3,066,054,000 (\$2,810,899,000, \$8,620,000, \$8,702,000 and \$2,810,817,000 - 1990), respectively. The amortized cost and estimated market value of these investments by contractual maturity at 31 December 1991 and 31 December 1990 were as follows:

	1991	
	Amortized Cost	Estimated Market Value
Due in one year or less	\$1,331,898,000	\$1,368,530,000
Due after one year through five years	1,446,969,000	1,474,963,000
Due after five years through ten years	218,390,000	222,561,000
Totals	\$3,017,257,000	\$3,066,054,000

	1990	
	Amortized Cost	Estimated Market Value
Due in one year or less	\$1,291,513,000	\$1,290,968,000
Due after one year through five years	1,273,192,000	1,274,950,000
Due after five years through ten years	246,094,000	244,899,000
Totals	\$2,810,899,000	\$2,810,817,000

Proceeds from sales of investments in government and government guaranteed obligations during the year ended 31 December 1991 were \$8,059,011,000 (\$5,822,610,000 - 1990). Gross gains and gross losses of \$22,177,000 and \$10,795,000 (\$7,511,000 and \$21,211,000 - 1990), respectively, were realized on such sales.

NOTE D - BORROWINGS AND SWAPS

The Bank enters into currency swap agreements in which proceeds of borrowings are converted into a different currency and simultaneously a forward exchange contract is executed providing for a schedule of future exchanges of the two currencies. It also undertakes interest rate swaps, which transform a fixed-rate payment obligation in a particular currency into a floating-rate payment obligation in that currency and vice versa.

At 31 December 1991, the Bank had outstanding currency swap receivables aggregating \$2,308,474,000 (\$1,504,852,000 - 1990) and payables aggregating \$2,532,004,000 (\$1,664,026,000 - 1990). In 1991, the Bank adopted a policy to report such amounts gross as separate assets and liabilities. 1990 balances have been reclassified to reflect this change. Nominal amount of interest rate swaps outstanding totaled \$343,422,000 (\$127,190,000 - 1990).

In connection with its swap agreements the Bank has a potential risk of loss if the counterparty to such transactions failed completely. For swaps on which a potential loss exists at 31 December 1991, the amount of such potential loss, representing the estimated net cost of replacing the swaps at current market rates, aggregated \$70,504,000 (\$152,680,000 - 1990) and \$7,955,000.

CONTINUED

(\$4,305,000 - 1990) for currency swaps and interest rate swaps, respectively.

The Bank has definite policies governing the use of swaps and the counterparties with whom it may have such agreements. The Bank does not anticipate that any of its counterparties will not perform completely.

NOTE E - CAPITAL STOCK

The authorized capital stock of the Bank consists of 1,688,996 shares (1,682,639 - 1990), of which 1,614,924 shares (1,608,567 - 1990) have been subscribed by members. Of the subscribed shares, 1,419,961 (1,414,368 - 1990) are "callable" and 194,963 (194,199 - 1990) are "paid-in". The "callable" share capital is subject to call by the Bank only as and when required to meet the Bank's obligations incurred on borrowings or on guarantees. The "paid-in" share capital is payable or has been paid in instalments, partly in convertible currencies and partly in the currency of the subscribing member. In accordance with Article 6, paragraph 3 of the Charter, the Bank accepts non-negotiable, non interest-bearing demand obligations in satisfaction of the portion payable in the currency of the member, provided such currency is not required by the Bank for the conduct of its operations.

As of 31 December 1991, all matured instalments amounting to \$2,780,513,000 (\$2,762,642,000 - 1990) were received except \$430,000 (\$428,000 - 1990). Instalments not due aggregating \$8,296,000 (\$149,000 - 1990) are receivable as follows:

	<u>31 December</u>	
	<u>1991</u>	<u>1990</u>
1991		\$50,000
1992	\$2,782,000	50,000
1993	2,782,000	49,000
1994	2,732,000	

NOTE F - MAINTENANCE OF VALUE OF CURRENCY HOLDINGS

Prior to 1 April 1978, the effective date of the Second Amendment to the IMF Articles, the Bank implemented maintenance of value in respect of holdings of member currencies in terms of 1966 dollars, in accordance with the provisions of Article 25 of its Charter and relevant resolu-

tions of the Board of Directors. The "Amounts required to maintain value of currency holdings" under "RECEIVABLE FROM MEMBERS" represent the aggregate amounts receivable resulting from changes in exchange rates of member currencies from those previously used for the purpose of computing maintenance of value of the Bank's holdings of certain member currencies.

Since 1 April 1978, inasmuch as the valuation of the Bank's capital stock and the basis of determining possible maintenance of value obligations are still under consideration, notional amounts have been calculated provisionally as receivable from or payable to members in order to maintain the value of currency holdings in terms of the SDR. The timing of any establishment and settlement of such amounts is uncertain. The notional amounts as of 31 December 1991 consisting of receivables of \$497,789,000 (\$470,411,000 - 1990) and payables of \$218,653,000 (\$182,796,000 - 1990) consist of (a) the increase of \$403,241,000 (\$390,288,000 - 1990) 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 1991 and (b) the net increase of \$124,105,000 (\$102,673,000 - 1990) in the value of such currency holdings in relation to the United States dollar during the same period.

NOTE G - INCOME AND EXPENSES

Total interest expense incurred amounted to \$596,731,000 (\$525,289,000 - 1990). Of this amount, \$804,000 (\$8,879,000 - 1990) was capitalized as a part of the cost of the new headquarters building.

Other financial expenses consist of amortization of borrowings issuance costs and other expenses of \$13,374,000 (\$10,957,000 - 1990) and provision of \$500,000 for possible losses on equity investments (\$1,000,000 - 1990).

Administrative expenses (other than those appertaining directly to ordinary operations and special operations) for the year ended 31 December 1991 have been apportioned between ordinary capital resources and the Asian Development Fund according to the number of loans and equity investments approved for the year. Of the total

ASIAN DEVELOPMENT BANK - ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1991 and 31 December 1990

administrative expenses of \$134,879,000 (\$119,079,000 - 1990), \$51,802,000 (\$54,307,000 - 1990) has accordingly been charged to the Asian Development Fund.

NOTE H - SPECIAL RESERVE

The Special Reserve represents commissions on loans and guarantee fees set aside pursuant to Articles 16 and 17 of the Charter. Special Reserve assets consist principally of government and government guaranteed obligations and are included under the heading "INVESTMENTS". For the year ended 31 December 1991, guarantee fees amounting to \$122,000 (\$103,000 - 1990) were appropriated to Special Reserve. The commission charged on loans was discontinued after 1985.

NOTE I - CAPITAL TRANSFERRED TO ASIAN DEVELOPMENT FUND

Pursuant to the provisions of Article 19, paragraph 1(i) of the Charter, the Board of Governors has authorized the setting aside of 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as of 28 April 1973 to be used as a part of the Special Funds of the Bank. The resources so set aside, amounting to \$68,102,000 as of 31 December 1991 (\$67,732,000 - 1990) expressed in terms of the SDR on the basis of \$1.43043 (\$1.42266 - 1990) per SDR (\$57,434,000 in terms of \$1.20635 per 1966 dollar - see Note A), were allocated and transferred to the Asian Development Fund.

NOTE J - ORDINARY RESERVE AND NET INCOME

Under the provisions of Article 40 of the Charter, the Board of Governors shall determine annually what part of the net income shall be allocated, after making provision for reserves, to surplus and what part, if any, shall be distributed to the members. Net income after appropriation of guarantee fees to Special Reserve for the year ended 31 December 1990 was allocated to the Ordinary Reserve.

The restatement of the capital stock for purposes of these financial statements on the basis of the SDR instead of the

1966 dollar (see Note A) resulted in a net charge of \$2,568,000 to the Ordinary Reserve during the year ended 31 December 1991 (\$36,965,000 - 1990). That charge is the increase in the value of the matured and paid capita, subscriptions caused by the change during the period in the value of the SDR in relation to the United States dollar not allocated to members as notional maintenance of value adjustments in accordance with resolutions of the Board of Directors.

NOTE K - STAFF RETIREMENT PLAN

The Bank has a contributory Staff Retirement Plan (the Plan). Every employee, as defined under the Plan, shall, as a condition of service, become a participant as of the first day of service, provided that as of such a date, the employee shall not have reached the normal retirement date. The Plan applies also to members of the Board of Directors who elect to join the Plan. The Staff Retirement Plan assets are segregated and held in trust and are not included in the accompanying balance sheet. The costs of administering the Plan are absorbed by the Bank, except fees paid to the investment managers and related charges, including custodian fees, which are borne by the Plan.

Participants are required to contribute 9 1/3% of their remuneration to the Plan and may also make voluntary contributions. The Bank has contributed amounts equal to 18 2/3% of the participants' remuneration. The Bank's contribution is determined at a rate sufficient to cover that part of the costs of the Plan not covered by the participants' contributions. For the year ended 31 December 1991, the amount contributed by the Bank was \$10,014,000 (\$9,433,000 - 1990).

Net periodic pension cost for the years ended 31 December 1991 and 31 December 1990 consisted of the following components:

	1991	1990
Service costs-benefits earned for the year	\$ 12,522,000	\$ 11,700,000
Interest cost on projected benefit obligation	18,227,000	16,878,000
Return on Plan assets	(38,337,000)	7,756,000
Net amortization and deferral	18,801,060	(25,892,000)
Net periodic pension cost	<u>\$ 11,273,000</u>	<u>\$ 9,642,000</u>

The following table sets forth the Plan's funded status at 31 December 1991 and 31 December 1990:

	1991	1990
Actuarial present value of pension benefit obligations:		
Accumulated benefit obligation, including vested benefits of \$190,367,000 (\$157,092,000 - 1990)	<u>\$122,246,000</u>	<u>\$161,928,000</u>
Projected benefit obligation	<u>\$254,333,000</u>	<u>\$215,627,000</u>
Fair value of Plan assets, principally marketable securities	<u>262,527,000</u>	<u>218,284,000</u>
Excess of Plan assets over projected benefit obligation	8,194,000	2,657,000
Unrecognized net asset at transition: net of amortization	(13,267,000)	(14,372,000)
Unrecognized prior service cost	9,536,000	—
Unrecognized net (gain) loss	(5,420,000)	11,817,000
Prepaid (Accrued) pension cost	<u>\$ (1,197,000)</u>	<u>\$ 102,000</u>

The discount rate used in determining the actuarial present value of the projected benefit obligation was 8%. The effect of projected compensation levels was calculated based on a scale that provides for a decreasing rate of salary increase depending on age; beginning with 14% at age 21 and decreasing to 5.50% at age 59. The expected long-term rate of return on assets was 8%.

Effective 1 October 1991, certain Plan amendments were adopted to provide improved benefits to participants. The effect of such amendments was to increase the projected benefit obligation by \$9,542,000.

NOTE L - SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for grant-financed technical assistance projects and programs totalled approximately \$108,732,000 as of 31 December 1991

(\$87,750,000 - 1990). Ordinary capital resources income is used for these commitments if Technical Assistance Special Fund resources are not available. When technical assistance provided as a grant leads to a Bank loan, the amount of the grant exceeding \$250,000 will be refinanced under the loan. Refinanced amounts of \$340,000 were charged to loans and credited to income of ordinary capital resources during the year ended 31 December 1991 (\$176,000 - 1990).

NOTE M - GUARANTEES

The Bank extends guarantees for the benefit of its members which are not reflected in the financial statements. As of 31 December 1991, outstanding guarantees amounted to \$102,626,000 (\$79,042,000 - 1990). None of this amount was subject to call as of that date.

For loans guaranteed by the Bank, the principal outstanding as of 31 December 1991 amounted to \$91,929,000 (\$57,303,000 - 1990).

NOTE N - 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 shall not exceed the total amount of the Bank's unimpaired subscribed capital, reserves and surplus, exclusive of the special reserve. At 31 December 1991, the total of such loans, equity investments and guarantees aggregated approximately 77.7% (57.8% - 1990) of the total subscribed capital, reserves and surplus as defined.

Article 12, paragraph 3 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 1991, such equity investments represented approximately 2.5% (2.2% - 1990) of the paid-in capital, reserves and surplus, as defined.

Deloitte & Touche



One World Trade Center
New York, New York 10048-0601

INDEPENDENT AUDITORS' REPORT

Asian Development Bank:

We have audited the following financial statements of the Asian Development Bank - Asian Development Fund (ADF):

- ADF-1 Balance Sheet, 31 December 1991 and 31 December 1990
- ADF-2 Statement of Operations and Accumulated Surplus for the Years Ended 31 December 1991 and 31 December 1990
- ADF-3 Statement of Cash Flows for the Years Ended 31 December 1991 and 31 December 1990
- ADF-4 Summary Statement of Loans, 31 December 1991 and 31 December 1990
- ADF-5 Statement of Resources, 31 December 1991
- ADF-6 Notes to Financial Statements, 31 December 1991 and 31 December 1990

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 1991 and 31 December 1990 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

27 February 1992

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND**BALANCE SHEET****31 December 1991 and 31 December 1990**

Expressed in Thousands of United States Dollars (Note B)

ASSETS	1991		1990	
DUE FROM BANKS	\$	22,193	\$	2,577
INVESTMENTS (Note C)				
Government and government guaranteed obligations	\$	451,970	\$	244,803
Time deposits and other obligations of banks		724,126		658,330
				903,133
LOANS OUTSTANDING (ADF-4) (Note D)		7,611,559		6,371,061
ACCRUED REVENUE				
On investments		7,896		8,398
On loans		20,775		16,555
				24,953
NOTES OF CONTRIBUTOR				
Non-negotiable, non-interest-bearing notes		5,872,861		6,712,822
RECEIVABLES FROM CONTRIBUTORS (ADF-5)		20,000		2,172
OTHER ASSETS		15,602		11,598
TOTALS		\$14,745,982		\$14,028,316

LIABILITIES, UNEXPENDED BALANCES AND CAPITAL**ADMINISTRATION CHARGE PAYABLE TO ORDINARY**

CAPITAL RESOURCES (Note E)	\$	14,086	\$	16,712
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ACCOUNTS PAYABLE AND OTHER LIABILITIES

		9,330		7,407
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UNEXPENDED BALANCES AND CAPITAL

Amounts available for loan commitments (ADF-5)				
Contributed Resources		\$13,080,272		\$12,671,632
Set-Aside Resources (Note F)		68,102		67,732
Other Resources		—		5,080
		13,148,374		12,744,444
Advance payments on contributions (ADF-5)		844,158		649,727
Accumulated translation adjustments (Note B)		100,323		97,490
Accumulated surplus (ADF-2)		629,711		512,536
		14,722,566		14,004,197

TOTALS		\$14,745,982		\$14,028,316
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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 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note B)

	<u>1991</u>	<u>1990</u>
REVENUE		
From investments (Note C)	\$ 94,900	\$ 107,286
From loans	68,469	52,839
From other sources - net	<u>556</u>	<u>841</u>
TOTAL REVENUE	<u>163,925</u>	<u>161,666</u>
EXPENSES		
Administrative expenses (Note D)	<u>51,830</u>	<u>54,319</u>
EXCESS OF REVENUE OVER EXPENSES - NET INCOME	<u>112,095</u>	<u>107,347</u>
TRANSFER FROM OTHER RESOURCES	<u>5,080</u>	<u>-</u>
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR	<u>512,536</u>	<u>405,189</u>
ACCUMULATED SURPLUS AT END OF THE YEAR	\$629,711	\$512,536

See notes to financial statements (ADF-6).

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note B)

	1991	1990
CASH FLOWS FROM OPERATING ACTIVITIES		
Service charges on loans received	\$ 56,941	\$ 48,774
Interest on investments received	95,167	104,721
Cash received from other activities	556	841
Administrative expenses paid	<u>(53,291)</u>	<u>(52,388)</u>
Net Cash Provided by Operating Activities	<u>99,373</u>	<u>101,948</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	(59,824)	42,532
Sales and maturities of investment securities	6,166,855	5,109,034
Purchases of investment securities	<u>(6,366,923)</u>	<u>(5,181,987)</u>
Principal collected on loans	71,241	66,712
Loans disbursed	<u>(1,027,794)</u>	<u>(1,063,088)</u>
Net Cash Used for Investing Activities	<u>(1,216,445)</u>	<u>(1,032,797)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Demand obligations of contributors encashed	1,141,461	928,156
Contributions received ¹	23	599
Cash received from (paid to) Ordinary Capital Resources and others	<u>(4,185)</u>	<u>8</u>
Net Cash Provided by Financing Activities	<u>1,137,309</u>	<u>928,763</u>
Effect of Exchange Rate Changes on Due from Banks	<u>(621)</u>	<u>157</u>
Net Increase (Decrease) in Due from Banks	19,616	(1,929)
Due from Banks at Beginning of the Year	2,577	4,506
Due from Banks at End of the Year	<u>\$ 22,193</u>	<u>\$ 2,577</u>
RECONCILIATION OF EXCESS OF REVENUE OVER EXPENSES - NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess of revenue over expenses - net income	\$ 112,095	\$ 107,347
Adjustments to reconcile excess of revenue over expenses - net income to net cash provided by operating activities:		
Accrued revenue on investments and loans	(3,085)	(2,162)
Accrued administration charge	(1,461)	1,931
Charges capitalized on loans	7,980	(5,189)
Other - net	<u>(193)</u>	<u>21</u>
Net Cash Provided by Operating Activities	<u>\$ 99,373</u>	<u>\$ 101,948</u>

See notes to financial statements (ADF-G).

¹ In addition, non-negotiable, non-interest-bearing demand promissory notes amounting to \$179,442 (\$1,000,800 1990) were received.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS

31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note B)

Borrowers/Guarantors ¹	Loans Outstanding ²	Undisbursed Balances of Effective Loans ³	Loans Not Yet Effective ³	Total Loans	Per Cent of Total Loans
Afghanistan	\$ 19,723	\$ 46,154	\$ 20,100	\$ 85,977	0.69
Bangladesh	1,915,196	1,233,805	456,497	3,604,998	29.04
Bhutan	21,027	19,143	—	40,170	0.32
Cambodia	643	1,027 ⁴	—	1,670	0.01
Cook Islands	4,781	5,743	—	10,524	0.08
Indonesia	379,273	194,269	—	573,542	4.62
Kiribati	2,958	847	—	3,805	0.03
Lao PDR	137,023	67,938	60,160	265,121	2.14
Malaysia	787	—	—	787	0.01
Maldives	12,271	4,936	9,663	26,870	0.22
Marshall Islands	—	—	7,435	7,435	0.06
Mongolia	10,000	21,163	—	31,163	0.25
Myanmar	369,186	115,689	—	484,875	3.91
Nepal	486,026	469,028	88,373	943,427	8.41
Pakistan	1,542,725	1,743,923	345,894	3,632,542	29.26
Papua New Guinea	171,739	44,332	45,523	261,594	2.11
Philippines	385,978	325,894	81,925	793,797	6.39
Solomon Islands	30,811	6,504	—	37,315	0.30
Sri Lanka	543,907	528,057	125,307	1,297,271	10.45
Thailand	57,849	—	—	57,849	0.47
Tonga	11,295	7,995	9,880	29,170	0.24
Vanuatu	13,223	1,555	5,450	20,228	0.16
Viet Nam	20,310	—	13,000	33,310	0.27
Western Samoa	59,161	10,677	—	69,838	0.56
TOTALS - 31 December 1991	6,295,892	4,848,179	1,269,207	12,413,278	100.00
Adjustments in US\$ equivalents	<u>1,315,667⁵</u>	—	—	<u>1,315,667⁵</u>	—
BALANCES - 31 December 1991	<u>\$7,611,559</u>	<u>\$4,848,179</u>	<u>\$1,269,207</u>	<u>\$13,728,945</u>	—
TOTALS - 31 December 1990	\$ 5,312,670	\$ 5,140,528	\$ 680,219	\$ 11,133,417	—
Adjustments in US\$ equivalents	<u>1,058,391⁵</u>	—	—	<u>1,058,391⁵</u>	—
BALANCES - 31 December 1990	<u>\$6,371,061</u>	<u>\$5,140,528</u>	<u>\$ 680,219</u>	<u>\$12,191,808</u>	—

See notes to financial statements (ADF-6).

- 1 Loans other than those made directly to a member or to its central bank have been guaranteed by the member with the exception of loans to the private sector amounting to \$15,912 (\$15,710 - 1990).
- 2 For all Special Funds Loans approved prior to 21 March 1974, the Bank charges interest (including a service fee of 3/4 of 1%) on amounts disbursed and outstanding ranging from 1% per annum to 3% per annum. For loans approved after 21 March 1974, the Bank levies a service charge on amounts disbursed and outstanding at the rate of 1% per annum.
- 3 Loans negotiated before 1 January 1983 were denominated in current United States dollars. Loans negotiated after that date are denominated in Special Drawing Rights (SDR) for the purpose of commitment. The undisbursed portions of such SDR loans are translated into United States dollars at the applicable exchange rates as of the end of a reporting period. Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse various amounts totalling \$91,991 (\$103,502 - 1990).

MATURITY OF EFFECTIVE LOANS

<u>Twelve Months Ending 31 December</u>	<u>Amounts</u>	<u>Five Years Ending 31 December</u>	<u>Amounts</u>
1992	\$ 69,070	2001	1,026,619
1993	71,773	2006	1,546,925
1994	88,174	2011	2,040,716
1995	107,328	2016	2,327,815
1996	126,212	2021	2,116,561
		2026	1,345,239
		2031	268,375
		Undetermined	1,324,931 ^b
		Total	\$12,459,738

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

<u>Currency</u>	<u>1991</u>	<u>1990</u>	<u>Currency</u>	<u>1991</u>	<u>1990</u>
Australian dollar	\$213,210	\$150,716	Japanese yen	4,185,847	3,407,159
Austrian schilling	57,242	50,660	Netherlands guilder	126,236	105,142
Belgian franc	53,728	46,008	New Zealand dollar	7,014	6,849
Canadian dollar	415,093	383,510	Norwegian krone	28,831	25,423
Danish krone	41,949	38,353	Pound sterling	212,586	203,487
Deutsche mark	552,287	490,382	Spanish peseta	28,728	24,701
Finnish markka	28,739	28,926	Swedish krone	47,957	40,011
French franc	232,169	176,682	Swiss franc	92,212	83,939
Italian lira	146,728	132,717	United States dollar	1,111,203	976,096
			Totals	\$7,611,559	\$6,371,061

4 Pending consultation with the government concerning its intentions with respect to the project being financed, the Bank has suspended further disbursement of the loan.

5 These amounts represent adjustments in United States dollar equivalents, arising from changes in the exchange rates used for translation of currencies disbursed and outstanding, and repayable to the Bank in such currencies.

6 Represents translation adjustments and undisbursed amounts which have not been allocated to specific maturities.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

STATEMENT OF RESOURCES

31 December 1991

Expressed in Thousands of United States Dollars (Note 3)

			Cumulative		Amounts			
	Amounts Committed During 1991		At Exchange Rates Per Resolutions	At 31 Dec. 1991	Not Yet Available for Loan Commitments	Amounts Available for Loan Commitments	Amounts Received	Amounts Receivable
CONTRIBUTED RESOURCES								
Australia	\$ —	\$ 700,950	\$ 583,934	\$ 77,879	\$ 506,056	\$ 506,056	\$ —	\$ —
Austria		85,894	129,403	12,093	117,310	117,310		
Belgium		89,598	116,745	11,079	105,666	105,666		
Canada		857,980	919,609	90,802	828,807	828,807		
Denmark		89,599	112,185	11,726	100,459	100,459		
Finland		72,244	81,786	9,160	72,626	72,626		
France		482,665	576,529	67,525	508,895	508,895		
Germany		680,091	1,014,260	73,093	939,167	939,167		
Hong Kong		1,980	1,980	250	1,730	1,730		
Indonesia		4,960	4,960	500	4,460	4,460		
Italy		416,850	449,225	55,283	393,942	393,942		
Japan		3,891,866	7,028,111	495,261	6,532,850	6,532,850		
Korea, Republic of		8,400	8,400	1,250	7,150	7,150		
Netherlands		215,860	363,870	35,101	328,769	328,769		
New Zealand		36,961	25,927	3,708	22,219	22,219		
Norway		77,618	80,755	8,619	72,136	72,136		
Spain		56,721	86,948	10,732	76,216	76,216		
Sweden		129,054	139,554	16,468	123,086	123,086		
Switzerland		126,352	187,767	16,166	171,601	171,601		
Taipei, China		2,000	2,000	—	2,000	2,000		
Turkey	\$ 39,200	\$ 39,200	\$ 39,200	\$ 10,000	\$ 29,200	\$ 29,200	\$ 20,000	\$ 20,000
United Kingdom		463,764	487,757	41,468	443,289	443,289		
United States		1,867,594	1,867,594	174,955	1,692,639	1,692,639		
Totals		39,200	\$10,440,220	\$14,376,592	\$1,228,218	\$13,148,374	\$13,128,374	\$20,000
SET-ASIDE RESOURCES								
(Note 1)				68,102	—	68,102	68,102	—
TOTALS		\$39,200	\$10,440,220	\$14,376,592	\$1,228,218	\$13,148,374	\$13,128,374	\$20,000

See notes to financial statements (ADF-6)

1 - Excludes \$844,155 equivalent representing advance payments from donor countries not available for loan commitments as of 31 December 1991.

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1991 and 31 December 1990

CONTINUED

NOTE A - GENERAL

The Asian Development Fund (the Fund) was established on 28 June 1974 to carry out more effectively the special operations of the Bank by providing resources on concessional terms.

The resources of the Fund have been subsequently augmented by four replenishments, the most recent of which was in May 1987 in a total amount equivalent to US\$3,600,000,000 to cover the operational requirements for the four years ending 31 December 1990. Approximately 2% of this amount (an aggregate amount equivalent to \$72,000,000) was allocated to the Technical Assistance Special Fund.

In February 1992, the Board of Governors authorized the fifth replenishment of the Fund in a total amount equivalent to approximately \$4,200,000,000 for the four-year period from January 1992 under a four-year installment program. The replenishment shall come into effect on or before 31 December 1992 when Instruments of Contribution shall have been received by the Bank of unqualified contribution commitments in an aggregate amount equivalent to at least \$2,100,000,000. From the first instalment payments of all contributions, an aggregate amount equivalent to \$140,000,000 shall be allocated to the Technical Assistance Special Fund.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currencies and Reporting Currency

The currencies of contributing members are functional currencies. The reporting currency is the United States dollar, and the financial statements are expressed in thousands of current United States dollars.

Translation of Currencies

Assets, liabilities and amounts available for loan commitments and advance payments on contributions are translated from their functional currencies to the reporting currency generally at the applicable rates of exchange at the end of a reporting period. Revenue and expense

amounts are translated for each semi monthly period generally at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments relating to set-aside resources (see Note F) are recorded as receivable from or payable to Ordinary Capital Resources. Other translation adjustments are charged or credited to "Accumulated translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in revenue.

Investments

Investment securities are reported at cost or amortized cost. Gains and losses on sales of investments are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Loans

Loans of the Fund are extended to eligible developing member countries, bear only a service charge and require repayment over periods ranging from 35 to 40 years. The Fund requires Borrowers to absorb exchange risks attributable to fluctuations in the value of the currencies disbursed. The Fund has not suffered any loan losses to date and follows a policy of not taking part in debt rescheduling agreements. It is the policy of the Fund to place in non-accrual status all loans made to eligible developing member countries if principal or service charges with respect to any such loan are overdue by one year. Service charges on non-accruing loans are included in income only to the extent that payments have actually been received by the Fund.

Contributions

Contributions by member countries are included in the financial statements as amounts committed from the date Instruments of Contribution are deposited and related formalities are completed.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Fund considers that its cash and cash equivalents are limited to "DUE FROM BANKS".

ASIAN DEVELOPMENT BANK - ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1991 and 31 December 1990

NOTE C - INVESTMENTS

As of 31 December 1991, the market value of investments was \$1,176,404,000 (\$902,726,000 - 1990), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$1,007,513,000 (\$768,165,000 - 1990). The currency composition of the investment portfolio was as follows:

Currency	1991	1990
Australian dollar	\$ 92,511,000	\$112,698,000
Canadian dollar	84,175,000	54,170,000
Deutsche mark	71,971,000	70,453,000
Italian lira	84,535,000	58,623,000
Japanese yen	288,425,000	158,997,000
Netherlands guilder	77,147,000	56,034,000
Pound sterling	127,131,000	112,038,000
United States dollar	163,007,000	137,308,000
Others	187,194,000	142,812,000
Totals	\$1,176,096,000	\$903,133,000

During the year ended 31 December 1991, sales of investments resulted in a net gain of \$196,000 (net loss of \$21,000 - 1990). The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month, including realized gains and losses, was 9.01% (10.40% - 1990).

NOTE D - LOANS

Loans made to Viet Nam and Cambodia were in a non-accrual status as of 31 December 1991. The principal outstanding at that date was \$31,299,000 (\$29,845,000 - 1990) for Viet Nam of which \$6,705,000 (\$5,196,000 - 1990) was overdue and \$1,374,000 (\$1,303,000 - 1990) for Cambodia of which the entire amount was overdue. Overdue service charges on these loans totaled \$4,039,000 (\$3,271,000 - 1990). Placing these loans in a non-accrual status resulted in a reduction in revenue from loans for the year ended 31 December 1991 of \$561,000 (\$3,411,000 - 1990).

NOTE E - ADMINISTRATIVE EXPENSES AND ADMINISTRATION CHARGE

Administrative expenses include an administration charge amounting to \$51,802,000 (\$54,307,000 - 1990). The charge represents an apportionment of all administrative expenses of the Bank (other than those apportioned directly to ordinary operations and special operations) based on the number of loans and equity investments approved for the year.

NOTE F - SET-ASIDE RESOURCES

Pursuant to the provisions of Article 19, paragraph 1 () of the Articles of Agreement Establishing the Bank, the Board of Governors has authorized the setting aside of 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2 (a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2 (b) as of 28 April 1973, to be used as a part of the Special Funds of the Bank. The capital so set aside was allocated and transferred from the Ordinary Capital Resources to the Fund as Set-Aside Resources.

The capital stock of the Bank is defined in Article 4, paragraph 1 "in terms of United States dollars of the weight and fineness in effect on 31 January 1966" (the 1966 dollar). Therefore, Set-Aside Resources had historically been translated into the current United States dollar (the Bank's unit of account), on the basis of its par value in terms of gold. From 1973 until 31 March 1978, the rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1 April 1978, at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, currencies no longer have par values in terms of gold. Pending the Bank's selection of the appropriate successor to the 1966 dollar, the Set-Aside Resources has been valued for purposes of the accompanying financial statements in terms of the Special Drawing Right (SDR), at the value in current United States dollars as computed by the IMF. As of 31 December 1991, the value of the SDR in terms of the current United States dollar was \$1.43043 (\$1.42266 - 1990). On this basis, Set-Aside Resources amounted to \$68,102,000 (\$67,732,000 - 1990). If the capital stock of the Bank as of 31 December 1991 had been valued in terms of \$12,063.50 per share, Set-Aside Resources would have been \$57,434,000.

Deloitte & Touche



One World Trade Center
New York, New York 10048-0601

INDEPENDENT AUDITORS' REPORT

Asian Development Bank:

We have audited the following financial statements of the Asian Development Bank - Technical Assistance Special Fund (TASF):

- TASF-1 Balance Sheet, 31 December 1991 and 31 December 1990
- TASF-2 Statement of Operations and Unexpended Balances for the Years Ended 31 December 1991 and 31 December 1990
- TASF-3 Statement of Cash Flows for the Years Ended 31 December 1991 and 31 December 1990
- TASF-4 Statement of Contributed Resources, 31 December 1991
- TASF-5 Summary Statement of Services to Member Countries for the Year Ended 31 December 1991
- TASF-6 Notes to Financial Statements, 31 December 1991 and 31 December 1990

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 1991 and 31 December 1990 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

27 February 1992

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND**BALANCE SHEET****31 December 1991 and 31 December 1990**

Expressed in Thousands of United States Dollars (Note A)

ASSETS	1991	1990
DUE FROM BANKS	\$ 896	\$ 2,564
INVESTMENTS (Note B)		
Government and government guaranteed obligations	4,645	9,218
Time deposits and other obligations of banks	1,875	31,339
ACCRUED REVENUE	47	420
RECEivable FROM CONTRIBUTORs (TASF-4)	131	-
OTHER ASSETS	15,801	12,325
TOTALS	\$23,398	\$55,866
LIABILITIES AND UNEXPENDED BALANCES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 10,116	\$ 19,287
UNEXPENDED BALANCES (TASF-2) (Note C)	12,582	36,579
TOTALS	\$23,398	\$55,866

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 1991 and 31 December 1990**

Expressed in Thousands of United States Dollars (Note A)

	1991	1990
CONTRIBUTIONS COMMITTED	\$ 1,051	\$ 664
REVENUE		
From investments (Note B)	\$ 2,778	\$ 4,478
From other sources - net (Note D)	<u>167</u>	<u>550</u>
Totals	3,996	5,028
EXPENSES		
Services to member countries (TASF-a) (Note D)	25,049	22,980
Administrative expenses	<u>3</u>	<u>5</u>
	25,052	22,985
EXPENSES IN EXCESS OF CONTRIBUTIONS AND REVENUE	(21,056)	(17,293)
EXCHANGE GAIN (LOSS) - net (Note A)	(2,541)	3,689
DECREASE IN UNEXPENDED BALANCES	(23,597)	(13,604)
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR	36,579	50,183
UNEXPENDED BALANCES AT END OF THE YEAR	\$12,982	\$36,579

See notes to financial statements (TASF-6)

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND
STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note A)

	<u>1991</u>	<u>1990</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 320	\$ 22,473
Interest on investments received	3,144	4,269
Cash received from other activities	188	772
Services to member countries paid	(34,574)	(25,186)
Administrative expenses paid	<u>(3)</u>	<u>(5)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(30,925)</u>	<u>2,323</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash from time deposits and other obligations of banks	27,391	2,426
Sales and maturities of investment securities	20,745	40,943
Purchases of investment securities	(16,538)	(47,047)
Net Cash Provided by (Used for) Investing Activities	<u>31,598</u>	<u>(3,678)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to Ordinary Capital Resources and others	(2,306)	(830)
Effect of Exchange Rate Changes on Due from Banks	<u>(35)</u>	<u>119</u>
Net Decrease in Due from Banks	(1,668)	(2,066)
Due from Banks at Beginning of the Year	<u>2,564</u>	<u>4,630</u>
Due from Banks at End of the Year	<u>\$ 896</u>	<u>\$ 2,564</u>
RECONCILIATION OF DECREASE IN UNEXPENDED BALANCES TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Decrease in unexpended balances	\$ (23,597)	\$(13,604)
Adjustments to reconcile decrease in unexpended balances to net cash provided by (used for) operating activities:		
Contributions receivable and translation adjustments on contributions committed	(781)	21,809
Accrued expenses	(5,868)	63
Exchange (gain) loss	2,562	(3,467)
Advances for services to member countries	(3,657)	(2,269)
Other - net	<u>366</u>	<u>(209)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (30,925)</u>	<u>\$ 2,323</u>

See notes to financial statements (TASF 6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF CONTRIBUTED RESOURCES

31 December 1991

Expressed in Thousands of United States Dollars (Note A)

Contributors	Contributions Committed During 1991	Cumulative Contributions Committed	Cumulative Amounts Received	Amounts Receivable
Direct Voluntary Contributions				
Australia	\$ —	\$ 2,484	\$ 2,484	\$ —
Austria	—	158	158	—
Bangladesh	—	47	47	—
Belgium	—	1,390	1,390	—
Canada	—	3,346	3,346	—
China, People's Republic of	—	600	600	—
Denmark	—	1,963	1,963	—
Finland	—	237	237	—
France	—	1,699	1,699	—
Germany	—	3,315	3,315	—
Hong Kong	—	100	100	—
India	189	2,276	2,145	131
Indonesia	—	250	250	—
Ireland	—	774	774	—
Japan	—	47,711	47,711	—
Korea, Republic of	—	1,900	1,900	—
Malaysia	—	909	909	—
Netherlands	—	1,337	1,337	—
New Zealand	—	1,096	1,096	—
Norway	—	3,338	3,338	—
Pakistan	62	868	868	—
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	—
Total	251	85,307	85,176	131
Transfer to Asian Development Fund	—	(400)	(400)	—
First Regularized TASF Replenishment (Note C)	800	90,846	90,846	—
TOTALS	\$1,051	\$175,753	\$175,622	\$131

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

SUMMARY STATEMENT OF SERVICES TO MEMBER COUNTRIES

For the Year Ended 31 December 1991

Expressed in Thousands of United States Dollars (Note A)

Recipients	Project Preparation	Project Implementation/ Advisory	Totals
Bangladesh	\$1,004	\$ 228	\$ 1,632
Bhutan	—	367	367
China, People's Republic of	138	1,572	1,710
Cook Islands	—	405	405
India	(13)	465	452
Indonesia	847	1,023	1,870
Kiribati	12	48	46
Lao PDR	497	1,653	2,150
Maldives	60	550	610
Myanmar	20	199	219
Nepal	263	624	887
Pakistan	56	1,245	1,301
Papua New Guinea	530	449	979
Philippines	216	1,045	1,261
Solomon Islands	28	384	412
Sri Lanka	842	1,348	2,190
Tonga	101	395	496
Vanuatu	(4)	226	222
Western Samoa	73	175	248
Totals	\$6,656	\$12,801	\$19,457
Regional Activities			7,592
TOTAL			\$25,049

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK - TECHNICAL ASSISTANCE SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1991 and 31 December 1990

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*Functional Currency and Reporting Currency*

The functional currency of the Technical Assistance Special Fund (TASF) is deemed, as a matter of convenience, to be the same as the reporting currency, the United States dollar. The financial statements of TASF are expressed in thousands of current United States dollars.

Translation of Currencies

Assets, liabilities and unexpended balances in currencies other than United States dollars are translated at the applicable rates of exchange at the end of a reporting period. Contributions committed during the year are translated at applicable exchange rates as of the respective dates of commitment. As to cumulative contributions committed, the used portions have been translated at the applicable exchange rates as of the respective dates of use whereas the unused portions are translated at the applicable exchange rates as of the end of a reporting period, with resulting translation adjustments included in contributions committed. Revenue and expense amounts in currencies other than United States dollars are translated for each semi-monthly period generally at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments are accounted for as exchange gains or losses and are charged or credited to operations.

Investments

Investment securities are reported at cost or amortized cost. Gains and losses on sales of investments are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Contributions

Contributions by member countries are included in the financial statements as amounts committed from the date contribution agreements become effective.

Statement of Cash Flows

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

NOTE B - INVESTMENTS

As of 31 December 1991, the market value of investments was \$6,545,000 (\$40,579,000 - 1990), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$1,875,000 (\$33,230,000 - 1990). The investment portfolio was composed of \$4,648,000 (\$6,406,000 - 1990) Canadian dollars, \$1,205,000 (\$1,042,000 - 1990) Spanish pesetas and \$670,000 (\$33,109,000 - 1990) other currencies. The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month was 11.14% (0.76% - 1990).

NOTE C - FUNDING

Since 1967, contributions have been made by 29 member countries. Contributions in earlier years were restricted in one form or another, but there has been a trend in recent years towards contributions being made in a substantially or wholly unrestricted manner.

In February 1992, the Board of Governors, in authorizing a \$4,200,000,000 replenishment of the Asian Development Fund, provided for an allocation to the TASF in an aggregate amount equivalent to \$140,000,000 to be used for technical assistance to poorer developing members and for regional technical assistance.

NOTE D - SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for grant-financed technical assistance projects and programs totalled approximately \$108,732,000 as of 31 December 1991 (\$87,750,000 - 1990). Technical Assistance Special Fund resources are used for these commitments where available and any balance is financed from Ordinary Capital Resources income. When technical assistance provided as a grant leads to a Bank loan, the amount of the grant exceeding \$250,000 will be refinanced under the loan. Refinanced amounts of \$113,000 were charged to loans and credited to revenue from other sources of the TASF during the year ended 31 December 1991 (\$512,000 - 1990).

Deloitte & Touche



One World Trade Center
New York, New York 10048-0601

INDEPENDENT AUDITORS' REPORT

Asian Development Bank:

We have audited the following financial statements of the Asian Development Bank - Japan Special Fund (JSF):

- JSF-1 Balance Sheet, 31 December 1991 and 31 December 1990
- JSF-2 Statement of Operations and Unexpanded Balances for the Years Ended 31 December 1991 and 31 December 1990
- JSF-3 Statement of Cash Flows for the Years Ended 31 December 1991 and 31 December 1990
- JSF-4 Notes to Financial Statements, 31 December 1991 and 31 December 1990

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 1991 and 31 December 1990 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche

27 February 1992

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

BALANCE SHEET

31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note B)

ASSETS	1991	1990
DUCE FROM BANKS	\$ 619	\$ 494
INVESTMENTS (Note C)		
Government and government guaranteed obligations	166,538	67,094
Time deposits	2,728	36,825
EQUITY INVESTMENTS (Note B)	1,523	1,614
ACCRUED REVENUE	1	37
RECEIVABLES FROM CONTRIBUTOR	--	37,028
OTHER ASSETS	7,263	3,823
TOTALS	\$178,672	\$146,913
LIABILITIES AND UNEXPENDED BALANCES		
ACCOUNTS PAYABLE AND OTHER LIABILITIES	\$ 8,042	\$ 6,913
UNEXPENDED BALANCES (JST-2)	170,630	140,000
TOTALS	\$178,672	\$146,913

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 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note B)

	1991		1990
CONTRIBUTIONS COMMITTED	\$ 32,834		\$ 63,417
REVENUE			
From investments (Note C)	9,978		7,014
Total	42,812		70,431
EXPENSES			
Services to member countries (Note D)	\$22,293		\$15,445
Administrative expenses	474	22,767	586
CONTRIBUTIONS AND REVENUE IN EXCESS OF EXPENSES	20,045		54,400
EXCHANGE GAIN (LOSS) - net (Note B)	(509)		63
INCREASE IN UNEXPENDED BALANCES BEFORE TRANSLATION ADJUSTMENTS	19,536		54,463
TRANSLATION ADJUSTMENTS	11,094		5,816
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR	140,000		79,721
UNEXPENDED BALANCES AT END OF THE YEAR	\$170,630		\$140,000

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1991 and 31 December 1990

Expressed in Thousands of United States Dollars (Note B)

	<u>1991</u>	<u>1990</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 70,225	\$ 24,899
Interest on investments received	10,914	7,157
Services to member countries paid	(24,528)	(13,625)
Administrative expenses paid	(491)	(739)
Net Cash Provided by Operating Activities	<u>55,221</u>	<u>17,692</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash invested in time deposits and other obligations of banks	34,936	52,542
Sales and maturities of investment securities	577,258	263,087
Purchases of investment securities	(666,894)	(331,454)
Purchases of equity investments	(377)	(1,682)
Net Cash Used for Investing Activities	<u>(55,377)</u>	<u>(17,507)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to Ordinary Capital Resources and others	(84)	(92)
Effect of Exchange Rate Changes on Due from Banks	65	159
Net Increase in Due from Banks	125	252
Due from Banks at Beginning of the Year	494	242
Due from Banks at End of the Year	<u>\$ 619</u>	<u>\$ 494</u>
RECONCILIATION OF INCREASE IN UNEXPENDED BALANCES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in unexpended balances before translation adjustments	\$ 19,536	\$ 54,463
Adjustments to reconcile increase in unexpended balances to net cash provided by operating activities:		
Contribution receivable	37,392	(38,518)
Other assets - advances	(3,381)	(521)
Accounts payable and other liabilities	1,129	2,188
Other - net	545	80
Net Cash Provided by Operating Activities	<u>\$ 55,221</u>	<u>\$ 17,692</u>

See notes to financial statements (JSF-4).

ASIAN DEVELOPMENT BANK - JAPAN SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1991 and 31 December 1990

NOTE A - GENERAL

The Japan Special Fund (JSF) was established in March 1988 when Japan and the Bank entered into a financial arrangement whereby Japan agreed to make an initial contribution and the Bank became the administrator. Its purpose is to help developing member countries of the Bank restructure their economies and broaden the scope of opportunities for new investments, thereby assisting the recycling of funds to developing member countries of the Bank. The Bank may invest the proceeds of JSF pending disbursement and use the income from such investments to pay for direct and identifiable costs incurred in the administration of JSF.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currency and Reporting Currency

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

Translation of Currencies

Assets, liabilities and unexpended balances are translated from the functional currency to the reporting currency at the applicable rates of exchange at the end of a reporting period. Contributions committed have been translated at the applicable exchange rates as of the respective dates received. Revenue and expense amounts in Japanese yen are translated for each semi-monthly period at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Exchange gains or losses on currency transactions between the Japanese yen and other currencies are charged or credited to operations.

Investments

Investment securities are reported at cost or amortized cost. Gains and losses on sales of investments are measured by the difference between average cost or amortized cost and the net proceeds of sales.

Equity Investments

Equity investments are reported at cost.

Contributions

Contributions by Japan are included in the financial statements as amounts committed from the date indicated by Japan that funds are expected to be made available.

Statement of Cash Flows

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

NOTE C - INVESTMENTS

As of 31 December 1991 and 1990, the market value of investments, which were composed wholly of Japanese yen, was considered equal to their cost or amortized cost as such investments were not traded in the market. The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month was 7.51% (7.68% - 1990).

NOTE D - SERVICES TO MEMBER COUNTRIES

The JSF's outstanding commitments for projects and programs totalled approximately \$53,323,000 as of 31 December 1991 (\$44,735,000 - 1990).

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ECONOMIC DATA OF DMCs

TABLE 1
ESTIMATES OF REAL GDP GROWTH RATE, 1981-1991
AND PER CAPITA GNP, 1990 OF SELECTED DMCs

Country	Annual Average (1981-1987) (1)	GDP Growth Rate (%)				Per Capita GNP ^a (US\$) 1990 (6)
		1988 (2)	1989 (3)	1990 (4)	1991 ^b (5)	
NIEs	8.6	9.6	6.3	6.8	7.3	
Hong Kong	7.7	8.3	2.7	2.8	4.0	11,540
Korea, Rep. of	9.5	11.5	6.2	9.0	8.3	5,400
Singapore	6.1	11.1	9.2	8.3	7.0	12,310
Taipei, China	8.2	7.3	7.6	4.9	7.3	8,000
PRC and MONGOLIA ^c	10.0	11.5	4.0	5.2	7.0	
China, People's Rep. of	10.0	11.5	4.0	5.2	7.0	370
Mongolia	6.7	5.1	4.2	-2.1	-18.0	...
SOUTHEAST ASIA ^c	4.5	8.4	8.7	7.7	5.9	
Indonesia	4.9	5.8	7.5	7.4	6.4	550
Lao PDR	6.0	-1.8	13.5	6.6	4.0	170
Malaysia	4.6	8.9	8.7	9.8	8.6	2,320
Philippines	0.4	6.3	6.1	2.4	-1.0	760
Thailand	6.1	13.2	12.0	10.0	7.5	1,420
Viet Nam, Soc. Rep. of	5.2 ^d	6.1	7.1	4.5	3.8	200 ^e
SOUTH ASIA ^c	4.9	8.8	5.5	5.5	2.7	
Afghanistan	0.6	-8.3	-2.2
Bangladesh ^f	4.6	2.9	2.5	6.6	3.3	200
Bhutan	8.9	1.0	5.0	3.1	3.5	190
India ^f	4.8	10.5	6.0	5.6	2.0	350
Maldives	9.6	8.7	9.3	15.1	8.0	460
Myanmar ^f	2.7	-11.4	3.6	4.0	3.7	200 ^e
Nepal ^f	4.7	7.3	3.9	3.6	4.0	170
Pakistan ^f	6.4	7.6	5.0	5.3	6.5	380
Sri Lanka	4.5	2.7	2.3	6.2	5.0	470
PACIFIC ISLAND DMCs	1.8	2.4	2.3	-0.5	6.1	
Cook Islands	5.8 ^d	7.1	6.7	1.7	...	
Fiji	0.8	0.8	11.7	5.4	0.4	1,770
Kiribati	760
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	1.8	2.9	-1.4	-3.7	9.3	860
Solomon Islands	3.3	5.4	7.0	4.2	3.7	580
Tonga	7.0	-1.7	1.7	2.8	3.9	1,010
Vanuatu	1.6 ^d	0.6	4.5	5.2	4.1	1,060
Western Samoa	2.0 ^d	-0.2	1.3	-4.0	-1.0	730
Weighted average^g	7.2	9.7	5.8	6.2	5.8	

... Data not available.

a World Bank Atlas Methodology, 1988-1990 base period, except for Taipei, China.

b Preliminary estimates.

c Mongolia is excluded in the average for PRC and Mongolia; Lao PDR and Viet Nam are excluded in the average for Southeast Asia; and Afghanistan is excluded in the average for South Asia.

d Relates to 1984-1987 for Viet Nam and Vanuatu; 1983-1987 for Cook Islands and Western Samoa.

e Staff estimate for 1989.

f Refers to fiscal year ending 31 March for India and Myanmar; ending 30 June for Bangladesh and Pakistan; ending 15 July for Nepal.

g Respective year GDP (in US dollars) are used as weights for 1988 and 1989. However, GDP in 1990 are used as weights to derive the averages for the other years.

Sources: Country sources.
World Bank, 25 September 1991.
ADB data file

TABLE 2
DOMESTIC SAVINGS, CAPITAL FORMATION AND RESOURCE GAP
AS PERCENTAGE OF GDP OF SELECTED DMCs, 1988-1991

DMCs	Gross Domestic Savings				Gross Capital Formation				Resource Gap			
	1988	1989	1990	1991 ^a	1988	1989	1990	1991 ^a	1988	1989	1990	1991 ^a
NIEs												
Hong Kong	35.0	35.6	34.0	31.9	29.9	27.5	28.5	29.9	-5.1	-8.1	-5.5	-4.0
Korea, Rep. of	38.3	35.6	35.6	35.3	30.6	33.4	37.0	39.3	-7.7	-2.2	1.4	4.0
Singapore	42.1	44.1	44.9	45.6	36.5	34.5	38.7	38.2	-5.6	-9.6	-6.2	-7.4
Taipei, China	34.4	30.6	27.9	28.0	23.3	22.8	22.4	23.0	-11.1	7.8	-5.5	-5.0
PRC and MONGOLIA												
China, People's Rep. of	36.4	36.0	37.3	38.9	37.9	37.6	35.1	36.5	1.5	1.6	2.2	-2.4
Mongolia	14.1	12.9	2.9	3.5	42.1	46.0	29.9	12.0
SOUTHEAST ASIA												
Indonesia	34.0	37.6	39.2	37.0	31.5	35.2	36.9	35.0	-2.5	-2.4	-2.3	-2.4
Lao PDR	2.2	1.1	0.8	2.0	15.1	14.5	14.5	12.7
Malaysia	36.3	33.9	32.3	30.2	26.0	28.8	32.3	35.7	-10.3	-5.1	0.0	3.5
Philippines	21.4	20.6	18.6	16.6	18.4	21.8	22.5	20.0	-3.0	1.2	3.9	3.4
Thailand	29.8	31.1	31.0	33.3	28.8	31.5	36.8	35.7	-1.0	0.4	5.8	2.4
Viet Nam, Soc. Rep. of	7.2	4.4	6.9	5.8
SOUTH ASIA												
Bangladesh	2.6	2.0	2.1	4.3	12.0	12.2	12.1	11.7	9.4	10.2	10.0	7.4
Bhutan	38.6	32.2	35.2	35.6
India	20.9	22.3	21.9	20.5	23.8	24.7	24.6	22.5	2.9	2.4	2.7	2.0
Myanmar	11.1	9.4	12.4	11.6	12.8	9.2	13.2	12.5	1.7	-0.2	0.8	0.9
Nepal	11.6	9.8	9.3	7.6	21.4	22.0	18.2	21.7	9.8	12.2	8.9	14.1
Pakistan	12.4	12.6	13.2	14.5	18.0	18.9	18.6	18.3	5.6	6.3	5.4	3.8
Sri Lanka	12.0	12.2	14.8	16.0	22.8	21.7	22.6	23.5	10.8	9.5	7.8	7.5
PACIFIC ISLAND DMCs												
Fiji	16.7	18.2	19.8	16.7	14.8	14.7	19.3	17.3	-1.9	3.5	-0.5	0.6
Papua New Guinea	19.7	14.4	21.1	12.7	27.2	23.2	24.6	31.1	7.5	8.8	3.5	18.4
Solomon Islands	6.5	3.8	4.9	7.6	32.7	31.9	32.1	32.5	26.2	28.1	27.2	24.9
Tonga	-8.0	-5.4	-6.5	-3.5	21.4	21.5	22.5	24.2	29.4	26.9	27.0	27.1
Vanuatu	3.2	5.7	8.8	7.6	30.7	37.2	43.6	35.0	27.5	31.5	34.8	27.4
Western Samoa	4.8	-1.9	-6.7	-4.5	31.5	27.3	27.0	29.0	36.3	32.2

... Data not available.

a Preliminary estimates.

Source: ADB data file.

TABLE 3
CHANGES IN CONSUMER PRICES OF SELECTED DMCs, 1988-1991^a
(Per Cent)

Country	1988	1989	1990	1991 ^b
NIEs	4.9	5.7	7.0	7.7
Hong Kong	7.5	10.1	9.8	12.3
Korea, Rep. of	7.2	5.6	8.6	9.7
Singapore	1.5	2.4	3.5	3.4
Taipei, China	1.3	4.4	4.1	3.5
PRC and MONGOLIA ^c	20.7	17.8	2.1	2.9
China, People's Rep. of	20.7	17.8	2.1	2.9
Mongolia	130.0
SOUTHEAST ASIA ^d	6.0	6.3	7.1	8.8
Indonesia	8.0	6.5	7.4	9.2
Lao PDR	14.8	75.9	19.6	10.4
Malaysia	2.0	2.8	2.6	4.5
Philippines	8.8	10.6	12.7	17.7
Thailand	3.8	5.4	6.0	5.8
Viet Nam, Soc. Rep. of	308.2	95.8	36.4	78.9
SOUTH ASIA ^e	9.6	7.8	9.7	14.6
Afghanistan	19.7	75.1	41.9	...
Bangladesh ^f	9.4	10.0	8.1	7.4
Bhutan	10.1	8.8	10.2	11.5
India	9.4	6.2	9.0	14.4
Maldives
Myanmar ^f	16.0	27.2	17.6	28.7
Nepal	9.0	8.8	8.2	15.4
Pakistan	8.8	7.9	9.0	12.2
Sri Lanka	14.0	11.5	21.5	12.0
PACIFIC ISLAND DMCs	7.4	5.4	7.5	6.0
Cook Islands ^d	8.3	6.0
Fiji	11.7	6.2	8.1	7.0
Kiribati ^d	3.1
Marshall Islands ^d	2.6
Micronesia, Fed. States
Papua New Guinea	5.4	4.5	6.9	5.3
Solomon Islands ^d	16.7	14.9	8.7	13.5
Tonga ^d	9.9	4.1	9.7	6.0
Vanuatu ^d	8.7	7.6	4.9	8.5
Western Samoa	8.5	6.4	15.3	...
Weighted Average^g	10.8	9.7	6.5	8.5

... Data not available.

a Unless otherwise indicated, data refer to changes in average consumer prices of all cities.

b Preliminary estimates.

c Average for PRC and Mongolia excludes Mongolia; Southeast Asia excludes Lao PDR and Viet Nam; and South Asia excludes Afghanistan.

d Data refer to capital city.

e Respective year GDP (in US dollars) are used as weights for 1988 and 1989. However, GDP in 1990 are used as weights to derive the averages for the other years.

Sources: Country sources.

IMF, International Financial Statistics Yearbook 1991 and February 1992.

ADB data file.

TABLE 4
FOREIGN TRADE OF SELECTED DMCs, 1988-1991
(\$ million)

Country	Exports (fob)			
	1988	1989	1990	1991 ^a
NIEs	223,810	246,491	266,909	305,791
Hong Kong	63,165	73,142	82,151	98,557
Korea, Rep. of	60,696	62,377	65,016	72,100
Singapore	39,282	44,668	52,527	58,973
Taipei, China	60,667	66,304	67,244	76,161
PRC and MONGOLIA	48,836	53,336	62,636	72,337
China, People's Rep. of	47,520	52,540	62,090	71,900
Mongolia	816	796	445	437
SOUTHEAST ASIA	64,047	76,340	88,014	101,312
Indonesia	19,219	22,159	25,675	28,093
Lao PDR	63	63	75	76
Malaysia	21,101	25,039	29,415	34,259
Philippines	7,074	7,821	8,186	8,736
Thailand	15,857	19,038	22,881	28,245
Viet Nam, Soc. Rep. of ^b	733	1,320	1,782	1,903
SOUTH ASIA	21,494	24,150	28,230	29,156
Afghanistan	453	238	235	246
Bangladesh	1,324	1,305	1,674	1,718
Bhutan ^b	75	73	76	81
India	13,312	15,846	18,223	17,800
Maldives ^b	40	44	53	61
Myanmar	146	215	322	442
Nepal	190	158	210	240
Pakistan	4,474	4,730	5,525	6,474
Sri Lanka	1,481	1,540	1,913	2,094
PACIFIC ISLAND DMCs	1,890	1,958	1,802	2,118
Cook Islands	4	3	5	...
Fiji	356	420	467	423
Kiribati	5	5	6	...
Marshall Islands	2	2
Micronesia, Fed. States of	2
Papua New Guinea	1,396	1,409	1,221	1,596
Solomon Islands	82	75	70	65
Tonga	7	9	6	7
Vanuatu	20	22	19	19
Western Samoa	15	13	9	7
TOTAL	359,578	402,274	447,490	510,714

.. Data not available.

a. Preliminary estimates.

b. Import figures for Bhutan, Maldives and Viet Nam are based on fob.

Sources: Country statistics

ADB data file

IMF, *International Financial Statistics Yearbook*, 1991 and February 1992.

Imports (cif)				Balance of Trade			
1988	1989	1990	1991 ^a	1988	1989	1990	1991 ^a
209,225	235,548	267,635	311,706	14,585	10,943	-726	-5,915
63,900	72,152	82,492	100,242	-734	991	-341	1,685
51,811	61,465	69,844	82,500	8,885	912	-4,828	-10,400
43,842	49,666	60,583	66,102	4,560	4,998	-8,055	-7,129
49,673	52,265	54,716	62,862	10,994	14,039	12,498	13,299
57,059	61,052	54,374	64,327	-8,723	-7,716	8,161	8,010
55,280	59,140	53,350	63,753	-7,760	-6,600	8,740	8,147
1,779	1,912	1,024	574	963	1,116	-579	-187
59,862	80,444	98,830	115,494	4,186	-4,105	-10,817	-14,182
13,248	16,360	21,837	24,298	5,971	5,799	3,838	3,795
193	197	227	247	-130	-134	-153	-170
16,532	25,789	29,256	37,892	4,570	-751	159	3,633
8,731	11,171	13,042	12,801	-1,657	-3,350	-4,856	-4,065
19,746	25,257	32,696	38,130	-3,889	-5,319	-9,815	-9,885
1,412	1,670	1,772	2,126	679	-350	10	-223
33,378	35,345	39,140	38,962	-1,884	-10,995	-10,910	-9,806
1,121	798	937	763	-668	-561	-702	-518
3,120	3,650	3,646	3,220	-1,796	-2,345	-1,972	-1,502
125	105	110	118	-50	-32	-34	-37
19,181	20,485	23,353	21,900	-5,869	4,639	-5,130	-4,100
96	113	145	215	56	-69	-93	-155
241	201	270	713	-95	14	52	-271
681	580	686	752	-491	-422	476	-512
6,602	7,123	7,358	8,291	-2,129	-2,392	-1,833	-1,817
2,211	2,090	2,635	2,989	-730	-550	-722	-895
2,237	2,440	2,469	2,852	-317	-484	-667	-734
42	44	50	...	-38	-41	-45	...
461	580	732	652	-105	-160	-285	-229
27	27	28	...	-21	-22	-22	...
34	-32
68	-65
1,307	1,473	1,293	1,840	89	-64	-72	-264
98	114	105	110	16	39	-36	-45
54	54	62	70	-47	-45	-56	-63
79	71	96	93	-51	-49	77	-74
77	77	84	88	-61	-64	-75	-80
361,761	414,629	462,448	533,341	-2,183	-12,357	-14,958	-22,628

TABLE 5
INTERNATIONAL RESERVES AND RATIO OF RESERVES
TO IMPORTS OF SELECTED DMCs, 1988-1991

DMCs	International Reserves ^a (US\$ million)				Ratio to Imports ^b (Months)			
	1988	1989	1990	1991	1988	1989	1990	1991
NIEs								
Hong Kong	108,712	114,611	120,602	131,305	6.2	5.8	5.4	5.1
Korea, Rep. of	12,347	15,214	14,793	13,701	2.9	3.0	2.5	2.0
Singapore ^c	17,073	20,345	27,748	32,884	4.7	4.9	5.5	6.0
Taipei, China	79,292	79,052	78,061	84,721	19.2	18.2	17.1	16.2
PRC and MONGOLIA	18,690	18,239	29,763	43,060	3.9	3.6	6.6	8.1
China, People's Rep. of	18,541	17,960	29,586	43,060	4.0	3.6	6.7	8.2
Mongolia	149	279	177	...	1.0	1.8	2.1	...
SOUTHEAST ASIA	22,067	27,274	34,643	43,528	4.4	4.1	4.2	4.6
Indonesia	6,206	6,498	8,520	10,250	5.6	4.8	5.6	...
Lao PDR
Malaysia	6,638	7,892	9,871	10,336	4.8	3.7	4.0	3.4
Philippines	2,111	2,376	2,048	4,526	2.9	2.6	1.9	4.2
Thailand	7,112	10,508	14,204	18,416	4.3	5.0	5.2	5.8
Viet Nam, Soc. Rep. of
SOUTH ASIA	8,537	7,139	8,504	11,070	3.1	2.4	2.6	3.4
Afghanistan	506	489	511	498	5.4	7.3
Bangladesh	1,070	523	650	1,300	4.1	1.7	2.1	4.8
Bhutan ^c	94	99	86	88	9.0	11.2	9.4	9.0
India	5,082	4,020	5,188	6,603	3.2	2.4	2.7	3.6
Maldives	22	25	24	24	2.7	2.6	2.0	1.3
Myanmar	89	275	325	240	4.4	16.4	14.5	4.0
Nepal	227	218	302	392	4.0	4.5	5.3	6.3
Pakistan	1,215	1,237	985	1,230	2.2	2.1	1.6	1.8
Sri Lanka	232	254	433	695	1.3	1.5	2.0	2.8
PACIFIC ISLAND DMCs	798	749	831	753	4.3	3.7	4.0	3.2
Cook Islands
Fiji	234	212	261	271	6.1	4.4	4.2	5.0
Kiribati
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	405	395	414	334	3.7	3.2	3.8	2.2
Solomon Islands ^c	40	26	18	9	4.9	2.8	2.0	0.9
Tonga ^c	31	25	31	33	6.8	5.5	6.1	4.2
Vanuatu ^c	41	36	38	40	7.0	5.9	4.7	5.4
Western Samoa ^c	49	56	69	66	7.7	8.6	9.9	...
T O T A L	158,805	168,011	194,344	229,716	5.3	4.9	5.0	5.2

^a Data not available.

^b Gold + SDRs + Reserve position in IMF + Foreign exchange holdings; year-end figures unless otherwise specified.

^c Imports of from trade statistics were used for computing the ratio.

^c Refers to total reserves minus gold.

Sources: IMF, International Financial Statistics Yearbook, March 1992.
 ADB data file.

TABLE 6
TOTAL NET FLOWS OF FINANCIAL RESOURCES TO SELECTED DMCs, 1988-1990^a
(\$ million)

Country	Concessional Flows (ODA)			Non-Concessional Flows ^b			Total Flows		
	1988	1989	1990	1988	1989	1990	1988	1989	1990
NIEs	47	189	123	2,232	3,966	7,989	2,279	4,155	8,112
Hong Kong	22	41	38	2,584	1,226	3,916	2,606	1,267	3,954
Korea, Rep. of	10	52	52	-1,916	-859	1,024	-1,906	-807	1,076
Singapore	22	95	-3	1,636	2,868	2,761	1,658	2,963	2,758
Taipei, China	-7	2	36	-72	730	288	-79	732	324
PRC and MONGOLIA	1,992	2,160	2,089	3,278	3,536	2,741	5,270	5,696	4,830
China, People's Rep. of	1,989	2,154	2,076	3,278	3,534	27,42	5,267	5,687	4,818
Mongolia	3	6	13	—	2	-1	3	8	12
SOUTHEAST ASIA	3,378	8,831	4,618	2,379	5,317	5,408	5,756	9,148	10,026
Indonesia	1,632	1,839	1,724	1,603	2,994	1,800	3,235	4,834	3,525
Lao PDR	77	139	152	—	1	—	77	140	152
Malaysia	104	140	470	524	376	862	628	517	1,332
Philippines	854	845	1,277	456	371	821	1,311	1,216	2,098
Thailand	563	739	805	-218	1,556	1,927	345	2,295	2,733
Viet Nam, Soc. Rep. of	148	129	190	13	18	-3	161	147	188
SOUTH ASIA	6,687	6,287	6,318	2,545	4,635	3,306	9,231	10,921	9,626
Afghanistan	72	167	143	3	-2	-2	76	165	141
Bangladesh	1,592	1,801	2,103	—	11	63	1,592	1,812	2,166
Bhutan	42	42	47	18	-1	3	60	41	50
India	2,097	1,895	1,586	2,026	3,277	2,706	4,123	5,172	4,292
Maldives	28	28	22	-2	31	17	26	59	39
Myanmar	451	184	171	22	-97	-56	473	87	115
Nepal	399	494	429	29	2	-2	428	496	427
Pakistan	1,408	1,130	1,152	468	1,216	569	1,876	2,345	1,721
Sri Lanka	598	547	665	-18	198	8	581	745	673
PACIFIC ISLAND DMCs	609	557	633	64	470	328	674	1,027	961
Cook Islands	12	13	12	2	8	4	14	20	16
Fiji	54	43	49	2	13	21	57	56	70
Kiribati	16	18	21	—	—	—	16	18	21
Marshall Islands
Micronesia, Fed. States of
Papua New Guinea	380	339	376	67	402	186	446	742	562
Solomon Islands	58	49	44	7	1	12	65	50	57
Tonga	19	25	31	-13	7	0	6	32	31
Vanuatu	39	40	49	-1	39	99	39	79	148
Western Samoa	31	31	51	--	1	6	31	31	57
TOTAL	12,713	13,024	13,782	10,498	17,922	19,772	23,210	30,946	33,554

... Data not available.

— Magnitude zero.

^a Net flows imply total flows minus repayments of principal for the year.

^b Including bilateral and multilateral non-concessional flows and private flows.

Source: OECD, *Geographical Distribution of Financial Flows to Developing Countries*, 1987/1990 issue.

TABLE 7
TOTAL EXTERNAL DEBT AND DEBT-SERVICE RATIO
OF SELECTED DMCs, 1988-1990
(\$ million)

Country	Debt Outstanding ^a			Service Payments			Debt Service Ratio ^b (%)		
	1988	1989	1990	1988	1989	1990	1988	1989	1990
NIEs	35,716	32,796	34,014	10,459	8,764	8,315	14.8	11.8	10.7
Hong Kong	—	—	—	—	—	—	—	—	—
Korea, Rep. of	35,716	32,796	34,014	10,459	8,764	8,315	14.8	11.8	10.7
Singapore	—	—	—	—	—	—	—	—	—
Taipei, China	—	—	—	—	—	—	—	—	—
PRC and MONGOLIA	42,406	44,847	52,555	4,627	5,683	7,006	8.7	9.8	10.3
China, People's Rep. of	42,406	44,847	52,555	4,627	5,683	7,006	8.7	9.8	10.3
Mongolia	—	—	—	—	—	—	—	—	—
SOUTHEAST ASIA	125,271	126,668	144,797	22,477	21,204	21,508	28.5	22.5	19.7
Indonesia	52,775	54,637	67,908	8,855	8,944	9,151	41.2	35.0	30.9
Lao PDR	824	947	1,063	13	13	12	16.0	15.3	12.5
Malaysia	21,036	19,166	19,502	5,689	4,619	4,088	23.3	16.0	11.7
Philippines	28,972	28,468	30,456	3,534	3,235	2,823	32.0	25.3	21.2
Thailand	21,664	23,450	25,868	4,386	4,393	5,434	20.2	16.3	17.2
Viet Nam, Soc. Rep. of	—	—	—	—	—	—	—	—	—
SOUTH ASIA	96,800	104,225	115,351	9,278	9,385	10,260	27.3	25.2	25.2
Afghanistan	—	—	—	—	—	—	—	—	—
Bangladesh	10,387	10,709	12,245	483	488	695	21.2	19.9	25.4
Bhutan	66	76	83	1	4	7	1.6	5.3	—
India ^c	58,524	64,374	70,115	6,307	6,446	7,142	29.8	26.5	26.8
Maldives	71	67	78	10	10	9	8.3	6.9	5.0
Myanmar ^d	4,414	4,171	4,675	130	197	61	35.0	—	—
Nepal	1,172	1,359	1,621	50	65	73	12.3	15.8	18.2
Pakistan	16,966	18,309	20,683	1,810	1,754	1,889	24.6	23.0	23.7
Sri Lanka	5,199	5,161	5,851	487	421	385	21.7	18.6	13.8
PACIFIC ISLAND DMCs	2,974	3,100	3,319	578	631	685	21.5	23.1	24.9
Cook Islands	—	—	—	—	—	—	—	—	—
Fiji	467	405	399	67	93	106	10.5	11.9	11.3
Kiribati	—	—	—	—	—	—	—	—	—
Marshall Islands	—	—	—	—	—	—	—	—	—
Micronesia, Fed. States of	—	—	—	—	—	—	—	—	—
Papua New Guinea	2,256	2,445	2,606	491	517	557	28.6	32.0	36.1
Solomon Islands	105	101	123	7	10	12	6.5	9.0	11.9
Tonga	45	45	58	1	2	3	2.3	3.8	4.4
Vanuatu	27	30	40	2	2	2	2.8	2.4	2.1
Western Samoa	76	74	93	9	7	6	10.6	7.9	—
TOTAL	303,167	311,637	350,036	47,419	45,667	47,774	19.8	17.2	16.0

.. Data not available.

— Not applicable.

a. Debt outstanding is as of end of year and covers long- and short-term debt of public and private entities in the country as well as the use of IMF credit.

b. Service payments include yearly payments on principal and interest on long-term debt, IMF repurchases and charges, and interest payment on short-term debt.

c. Debt-service ratio is the percentage of service payments to exports of goods and services (including workers' remittances).

d. The long-term debt data are on fiscal year basis.

Sources: World Bank, *World Debt Tables*, 1991-92 edition.
Country sources.

BANK OPERATIONAL DATA

LOAN APPROVALS IN 1991 AND TOTAL PROJECT COSTS (amounts in \$ million)

CONTINUED

Country/Project	Ordinary Capital Resources	Asian Development Fund	Total Project Cost ^a
BANGLADESH			
Second Health and Family Planning Services	—	51.00	60.00
Dhaka Integrated Flood Protection	—	91.50	119.80
Northeast Minor Irrigation	—	73.00	93.10
Higher Secondary Education	—	49.20	60.90
Cyclone Damaged Road Reconstruction	—	28.80	36.00
Second Industrial Program	—	126.00	312.50
CHINA, PEOPLE'S REP. OF			
Shanghai Nanpu Bridge	70.00	—	238.00
Yaogu-Maoming Railway	67.50	—	244.60
Shanxi-Lulin Thermal Power	65.00	—	123.00
Industrial and Commercial Bank of China	100.00	—	250.00
Anqing Acrylic Fiber	105.00	—	386.25
Ports Development	88.80	—	259.64
INDIA			
Special Assistance	150.00	—	168.00
Gandhar Field Development	267.00	—	710.00
Second Railways	225.00	—	617.50
Hydrocarbon Sector Program	250.00	—	625.00
CESC Limited ^b	32.00	—	573.70
INDONESIA			
Botahok Urban Development	80.00	—	111.60
Bencar Lampung Urban Development	33.00	—	47.14
P. T. Seamless Pipe Indonesia Jaya ^b	15.00	—	310.00
Inland Waterways	45.00	—	75.00
Power XXI	300.00	—	420.00
Second Fisheries Industries Credit	100.00	—	250.00
Second Land Resource Evaluation and Planning	57.00	—	95.00
Technical Education Development	100.00	—	190.68
Bogor and Palembang Urban Development	140.00	—	234.70
Eleventh Road (Sector)	150.00	—	250.00
Tree Crop Smallholder Sector	135.00	—	225.00
P. T. Ispat Steel ^b	30.90	—	270.00
Central Java Groundwater Irrigation Development	51.00	—	85.00
LAO PDR			
Education Quality Improvement	—	13.30	18.40
Fifth Road Improvement	—	34.00	37.70
Southern Provincial Towns Water Supply	—	9.60	12.00
MALAYSIA			
Industrial Technology Development and Management	53.00	—	95.50
Pasir Gudang Combined-Cycle Generation	203.00	—	350.40
National Coastal Erosion Control Sector	43.00	—	92.00
MALDIVES			
Second Power System Development	—	9.20	10.30
MARSHALL ISLANDS			
Fisheries Development	—	6.95	8.90
MONGOLIA			
Special Assistance	—	30.00	37.00

^a Total cost of credit lines, programs and sector loans is estimated.

^b Private sector loan without government guarantee.

Country/Project	Ordinary Capital Resources	Asian Development Fund	Total Project Cost^a
NEPAL			
Sixth Agricultural Credit:	—	35.00	75.00
Rajapur Irrigation Rehabilitation	—	16.62	20.72
Upper Sagarmatha Agricultural Development:	—	13.26	18.19
Primary Education Development	19.50	24.40
PAKISTAN			
Sindh Forestry	—	41.60	52.00
Second Oil and Gas Development	52.00	—	88.00
Kotri Barrage Rehabilitation		20.00	50.80
Asian Leasing Corporation Limited ^b	7.00	—	17.50
Atlas BOT Lease Company Limited ^b	5.00	—	12.50
Crescent Investment Bank Limited ^b	10.00	—	25.00
National Development Leasing Corporation Limited ^b	10.00	—	25.00
ORIX Leasing Pakistan Limited ^b	10.00	—	25.00
Pakistan Industrial and Commercial Leasing Limited ^b	5.00	—	12.50
Pakistan Industrial Leasing Corporation Limited ^b	8.00	—	20.00
Sci-Southern Gas System Rehabilitation and Expansion	178.00	—	487.00
Chashma Right Bank Irrigation (Stage II)	— —	185.00	287.50
WAPDA Twelfth Power (Sector)	125.00	125.00	1,415.00
PAPUA NEW GUINEA			
Third Rural Health Services	—	21.00	26.32
Agricultural Research and Extension	—	22.00	27.52
PHILIPPINES			
Special Agricultural Inputs Supply	— —	35.00	87.50
Shemberg Biotech Corporation ^b	4.80	—	21.82
Third Development Bank of the Philippines	100.00	—	350.00
Marcopper Mining Corporation ^b	15.00	—	60.00
Industrial Forest Plantations (Sector)	25.00	—	41.10
Kabulinan Irrigation and Area Development	—	48.00	60.20
Second NGO Microcredit:		30.00	43.84
Manila South Water Distribution	31.40	—	62.30
SRI LANKA			
Second Small and Medium Industries	—	30.00	75.00
Third Development Financing	—	50.00	125.00
Low-Income Housing Development	—	20.00	32.40
Southern Province Rural Development	—	38.00	48.00
Second Agricultural Program	—	60.00	150.00
THAILAND			
Fourth Highway (Sector)	60.00	— —	119.50
TONGA			
Power Development	—	7.30	9.30
VANUATU			
Santo Port (Supplementary)	—	3.40	10.53
Development Financing	—	5.00	12.50
REGIONAL			
Asian Finance and Investment Corporation Limited ^b	35.00	—	87.50
GRAND TOTAL		3,636.50	1,347.23
12,036.75			

^a Total cost of credit lines, program and sector loans is estimated.

^b Private sector loan without government guarantee.

LOAN APPROVALS BY SECTOR: THREE-YEAR MOVING AVERAGES, 1968-1970 - 1989-1991
 (amounts in \$ million)

	Total Lending ^a	Agriculture and Agro-Industry	Energy	Finance	Industry & Non-Fuel Minerals	Transport & Communications	Social Infrastructure	Multi-sector
Average during								
1968-1970	128.44	25.02	15.38	30.00	19.34	30.87	7.83	0.00
1969-1971	199.25	40.80	50.56	39.00	17.32	43.20	8.37	0.00
1970-1972	271.92	42.65	89.90	38.00	13.72	58.42	29.23	0.00
1971-1973	330.53	52.17	106.38	51.20	1.38	78.92	40.49	0.00
1972-1974	428.42	80.37	114.44	64.53	17.23	91.35	60.49	0.00
1973-1975	543.15	151.38	125.11	90.87	23.07	96.02	56.72	0.00
1974-1976	661.29	193.57	141.17	115.33	36.23	109.87	65.12	0.00
1975-1977	774.22	236.23	170.47	119.67	32.46	131.38	84.02	0.00
1976-1978	940.36	257.86	202.50	135.17	68.16	150.23	126.45	0.00
1977-1979	1,098.92	328.09	264.03	129.83	61.72	132.98	181.87	0.40
1978-1980	1,282.01	396.74	318.98	140.50	50.33	158.78	215.95	0.73
1979-1981	1,454.96	473.69	395.94	156.00	18.13	136.88	278.02	1.29
1980-1982	1,598.97	543.60	443.08	159.83	11.80	184.41	255.35	0.89
1981-1983	1,751.46	589.95	465.85	185.83	41.40	181.77	319.90	16.76
1982-1984	1,937.03	662.09	561.38	135.83	37.07	234.70	278.17	27.79
1983-1985	1,978.52	641.47	487.38	128.67	36.93	252.23	401.57	30.26
1984-1986	2,013.77	714.10	508.75	93.67	6.93	289.98	351.94	48.39
1985-1987	2,081.84	637.76	363.75	234.00	63.77	427.53	317.31	37.72
1986-1988	2,527.67	675.87	471.19	322.50	202.98	534.33	284.45	36.35
1987-1989	3,069.22	683.02	501.21	524.17	219.88	670.12	445.80	25.02
1988-1990	3,580.43	920.82	740.68	451.50	175.87	690.50	540.13	60.93
1989-1991	4,193.15	1,041.36	1,139.51	445.67	157.32	737.87	611.59	59.83
Cumulative (1968-1991)	37,552.52	10,503.45	9,204.38	4,149.10	1,583.14	6,184.45	5,544.79	383.21
Percentage Distribution								
1968-1970	100.00	19.48	11.98	23.36	15.06	24.03	6.10	0.00
1969-1971	100.00	20.48	25.88	19.57	8.69	21.68	4.20	0.00
1970-1972	100.00	15.69	33.06	13.97	5.04	21.48	10.75	0.00
1971-1973	100.00	15.78	32.18	15.49	0.42	23.88	12.25	0.00
1972-1974	100.00	18.76	26.71	15.06	4.02	21.32	14.12	0.00
1973-1975	100.00	27.87	23.03	16.73	4.25	17.68	10.44	0.00
1974-1976	100.00	29.27	21.35	17.44	5.48	16.61	9.85	0.00
1975-1977	100.00	30.51	22.02	13.46	4.19	16.97	10.85	0.00
1976-1978	100.00	27.42	21.53	14.37	7.25	15.98	13.45	0.00
1977-1979	100.00	29.86	24.03	11.81	5.62	12.10	16.55	0.04
1978-1980	100.00	30.95	24.88	10.96	3.93	12.39	16.84	0.06
1979-1981	100.00	32.56	27.21	10.72	0.90	9.41	19.11	0.09
1980-1982	100.00	34.00	27.71	10.00	0.74	11.53	15.97	0.06
1981-1983	100.00	33.68	26.60	10.61	2.36	7.52	18.26	0.96
1982-1984	100.00	34.18	28.98	7.01	1.91	12.12	14.36	1.43
1983-1985	100.00	32.42	24.63	6.50	1.87	12.75	20.30	1.53
1984-1986	100.00	35.46	25.26	4.65	0.34	14.40	17.48	2.40
1985-1987	100.00	30.63	17.47	11.24	3.06	20.54	15.24	1.81
1986-1988	100.00	26.74	18.64	12.76	8.03	21.14	11.25	1.44
1987-1989	100.00	22.25	16.33	17.08	7.16	21.83	14.53	0.82
1988-1990	100.00	25.72	20.69	12.61	4.91	19.29	15.09	1.70
1989-1991	100.00	24.83	27.18	10.63	3.75	17.60	14.59	1.43
Cumulative (1968-1991)	100.00	27.97	24.51	11.05	4.22	16.47	14.76	1.02

^a Total column may not tally due to rounding.

LOAN APPROVALS BY SECTOR, 1990, 1991, 1968-1991^a
 (amounts in \$ million)

Sector	1990						% Total
	No.	OCR Amount	No.	ADF Amount	No. ^b	Total Amount	
Agriculture and Agro-Industry	6	427.00	13	815.40	15	1,242.40	31.28
Energy	7	916.60	5	133.50	11	1,050.10	26.44
Industry and Non-Fuel Minerals	6	25.05	3	13.40	5	38.45	0.97
Finance	1	120.00	6	137.00	6	257.00	5.47
Transport and Communications	8	759.00	3	96.00	9	855.00	21.52
Social Infrastructure	1	244.00	6	174.68	9	418.68	10.54
Multisector	—	—	2	110.50	2	110.50	2.78
TOTAL	32	2,491.65	38	1,480.48	57	3,972.13	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.

1991

1968-1991

1991						1968-1991							
OCR		ADF		Total		OCR		ADF		Total			
No.	Amount	No.	Amount	No. ^b	Amount	%	No.	Amount	No.	Amount	No. ^b	Amount	%
6	411.00	14	624.43	20	1,035.43	20.78	141	4,411.48	245	6,091.97	349	10,503.45	27.97
10	1,622.00	3	141.50	12	1,763.50	35.39	125	7,327.13	79	1,877.25	180	9,204.38	24.51
6	222.80	2	155.00	8	377.80	7.58	46	1,020.32	19	562.82	60	1,583.14	4.22
10	290.00	3	85.00	13	375.00	7.52	77	3,349.10	45	800.00	114	4,149.10	11.05
7	706.30	3	66.20	10	772.50	15.50	109	4,995.68	61	1,188.92	156	6,184.45	16.47
5	384.40	8	275.10	13	659.50	13.23	106	3,937.99	69	1,606.80	162	5,544.79	14.76
—	—	—	—	—	—	—	3	101.70	19	281.51	18	383.21	1.02
44	3,636.50	33	1,347.23	76	4,983.73	100.00	607	25,143.25	537	12,409.27	1,039	37,552.52	100.00

^a Includes loans to private sector without government guarantee.^b A project which is financed from both sources is counted as one project.

LOAN APPROVALS BY COUNTRY AND BY SOURCE OF FUNDS, 1990, 1991, 1968-1991^a
 (amounts in \$ million)

Country	1990		
	O C R	A D F	TOTAL
Afghanistan	—	—	—
Bangladesh	—	355.55	355.55
Bhutan	—	7.13	7.13
Cambodia	—	—	—
China, People's Rep. of	50.00	—	50.00
Cook Islands	—	4.90	4.90
Fiji	—	—	—
Hong Kong	—	—	—
India	716.80	—	716.80
Indonesia	808.00	130.00	938.00
Kiribati	—	1.00	1.00
Korea, Rep. of	—	—	—
Lao PDR	—	28.00	28.00
Malaysia	15.00	—	15.00
Maldives	—	—	—
Marshall Islands	—	—	—
Mongolia	—	—	—
Myanmar	—	—	—
Nepal	2.05	121.00	123.05
Pakistan	330.00	375.00	705.00
Papua New Guinea	—	18.90	18.90
Philippines	456.00	235.00	691.00
Singapore	—	—	—
Solomon Islands	—	4.70	4.70
Sri Lanka	—	196.40	196.40
Taipei, China	—	—	—
Thailand	113.80	—	113.80
Tonga	—	2.40	2.40
Vanuatu	—	—	—
Viet Nam, Soc. Rep. of	—	—	—
Western Samoa	—	0.50	0.50
Regional	—	—	—
T O T A L	2,491.65	1,480.48	3,972.13

a. Includes loans to private sector without government guarantee

1991

1968 - 1991

OCR	ADF	TOTAL	OCR	ADF	TOTAL	%
—	—	—	—	95.10	95.10	0.25
—	418.50	418.50	11.40	3,561.14	3,572.54	9.51
—	—	—	—	38.76	38.76	0.10
—	—	—	—	1.67	1.67	0.00
496.50	—	496.50	1,002.20	—	1,002.20	2.67
—	—	—	—	10.15	10.15	0.03
—	—	—	103.10	—	103.10	0.28
—	—	—	101.50	—	101.50	0.27
924.00	—	924.00	3,285.30	—	3,285.30	8.75
1,236.00	—	1,236.00	7,263.15	612.38	7,875.53	20.97
—	—	—	—	4.90	4.90	0.01
—	—	—	2,319.63	3.70	2,323.33	6.19
—	56.90	56.90	—	261.54	261.54	0.70
299.00	—	299.00	1,843.34	3.30	1,846.64	4.92
—	9.20	9.20	—	25.08	25.08	0.07
—	6.95	6.95	—	6.95	6.95	0.02
—	30.00	30.00	—	30.00	30.00	0.08
—	—	—	6.60	524.26	530.86	1.41
—	84.38	84.38	4.05	1,065.64	1,069.69	2.85
410.00	371.60	781.60	3,092.32	3,532.25	6,624.57	17.64
—	48.00	48.00	174.68	263.24	437.92	1.17
176.20	113.00	289.20	3,599.64	792.26	4,391.90	11.70
—	—	—	178.08	3.00	181.08	0.48
—	—	—	—	42.81	42.81	0.11
—	198.00	198.00	14.14	1,290.59	1,304.73	3.47
—	—	—	100.39	—	100.39	0.27
60.00	—	60.00	2,004.80	72.10	2,076.90	5.53
—	7.30	7.30	—	29.25	29.25	0.08
—	8.40	8.40	—	19.25	19.25	0.05
—	—	—	3.93	40.67	44.60	0.12
35.00	—	35.00	—	79.28	79.28	0.21
—	—	—	35.00	—	35.00	0.09
3,636.50	1,347.28	4,983.73	25,143.25	12,409.27	37,552.52	100.00

PROJECTS INVOLVING CO-FINANCING IN 1991
(amounts in \$ million)

Project	Country	Bank Loan OCR	Bank Loan ADF	Amount of Co-Financing	Sources of Co-Financing
Higher Secondary Education	Bangladesh	—	49.20	2.90	UNDP
Shanghai Nanpu Bridge	China, People's Rep. of	70.00	—	48.00	CFS with Guarantee
Anqing Acrylic Fiber	China, People's Rep. of	105.00	—	15.00	CFS
Special Assistance	India	150.00	—	150.00	Japan (OECF)
Gandhar Field Development	India	267.00	—	3.40 14.40 33.20	Denmark ^a World Bank CFS
CESC Limited (j) ^b	India	32.00	—	32.00 32.00 76.40	United Kingdom (CDC) IFC Suppliers' Credit
P.T. Seamless Pipe Indonesia Jaya ^b	Indonesia	15.00	—	26.00 50.00	Suppliers' Credit CFS
Bogor and Palembang Urban Development	Indonesia	140.00	—	14.70	Germany (KfW)
P.T. Ispat Steel ^b	Indonesia	30.00	—	25.00 30.00	United Kingdom (CDC) Germany (DEG) Netherlands (FMO) CFS
Education Quality Improvement	Laos PDR	—	13.80	2.00	Norway
Special Assistance	Mongolia	—	30.00	30.00 30.00	World Bank IMF
Sixth Agricultural Credit	Nepal	—	35.00	1.90	UNDP
Primary Education Development	Nepal	—	19.50	0.90	Norway ^a
Second Oil and Gas Development	Pakistan	52.00	—	5.00	CFS
Kotri Barrage Rehabilitation	Pakistan	—	20.00	15.70	United Kingdom (ODA)
Chasma Right Bank Irrigation (Stage II)	Pakistan	—	185.00	43.00 ^c	Germany (KfW)
WAPDA Twelfth Power (Sector)	Pakistan	125.00	125.00	5.00 5.00 580.00	NIB NDF Export Credit
Shemberg Biotech Corporation ^b	Philippines	4.80	—	4.70 4.70	Germany (DEG) United Kingdom (CDC)
Mar copper Mining Corporation ^b	Philippines	15.00	—	25.00	CFS
Second NGO Microcredit	Philippines	—	30.00	3.00 1.80	Norway Netherlands ^a
Manila South Water Distribution	Philippines	31.40	—	20.10	Taipei, China (IECDF/ICBC)
Multiproject Loan (Upolu Power) ^d	Western Samoa	—	4.40	1.70	OPEC
Second Small and Medium Industries	Sri Lanka	—	30.00	45.00	World Bank (IDA)
Fourth Highway (Sector)	Thailand	60.00	—	87.00	World Bank
TOTAL (24)		1,097.20	541.40	1,464.50	

^a Standby.

^b Private sector loan without government guarantee.

^c Based on the prevailing exchange rate at the time of loan approval.

^d Bank loan was approved in 1985.

PRIVATE SECTOR INVESTMENT MANAGEMENT STATUS, 1983-1991

(amounts in \$ million)

CUMULATIVE BOARD APPROVALS

Country	Number of Projects	Equity Investments and Lines of Equity ^a	Equity Underwritings	Loans	Total Bank Funds	Complementary Loans	Total
Bangladesh	3	2.86	—	10.50	13.36	—	13.36
China, People's Rep. of	3	17.30	—	—	17.30	—	17.30
India	8	15.87	—	75.70	91.57	5.00	96.57
Indonesia	12	23.35	6.00	95.00	124.35	7.00	131.35
Korea, Rep. of	3	8.96	—	—	8.96	—	8.96
Malaysia	1	2.00	—	—	2.00	—	2.00
Nepal	2	2.01	—	5.05	7.06	—	7.06
Pakistan	22	16.48	4.32	130.80	151.60	53.10	204.70
Philippines	10	10.01	—	61.80	71.81	15.00	86.81
Sri Lanka	3	2.58	—	1.00	3.58	—	3.58
Thailand	5	14.52	5.00	31.46	50.98	—	50.98
Regional	7	52.24	25.20	35.00	112.44	—	112.44
T O T A L	79	168.18	40.52	446.31	655.01	80.10	735.11

INVESTMENTS HELD

(As of 31 December 1991)

Country	Number of Companies	Equity Investments ^b	Loans ^b	Total Bank Funds	Complementary Loans	Total
Bangladesh	2	1,275	5,267	6,542	—	6,542
China, People's Rep. of	2	14,300	—	14,300	—	14,300
India	9	9,435	14,015	23,450	4,667	28,117
Indonesia	10	5,775	28,590	34,365	7,000	41,365
Korea, Rep. of	6	7,821	—	7,821	—	7,821
Nepal	2	1,273	2,686	3,961	—	3,961
Pakistan	16	7,392	70,676	78,068	37,000	115,069
Philippines	7	4,286	40,072	44,358	9,870	54,229
Sri Lanka	2	0.546	—	0.546	—	0.546
Thailand	5	10,012	31,242	41,254	—	41,254
Regional	6	52,332	—	52,332	—	52,332
T O T A L	67	114,450	192,550	307,000	58,537	365,537

Excluding facilities cancelled/withdrawn/expired.

^a At cost of acquisition in US dollar terms

^b Non-US dollar currencies translated at exchange rates as at time of disbursement

^c Amounts may not total due to rounding

PRIVATE SECTOR INVESTMENT FACILITIES APPROVED IN 1991^a
 (amounts in \$ million)

Country	Equity Investment	Underwriting	Loan	Total Bank Funds	Complementary Loan	Total
China, People's Rep. of						
Xiamen International Bank	10.300	—	—	10.300	—	10.300
China Assets (Holdings) Ltd.	4.000	—	—	4.000	—	4.000
India						
CESC II	—	—	32.000	32.000	—	32.000
Indonesia						
P.T. Seamless Pipe Indonesia Jaya	5.000	—	15.000	20.000	—	20.000
P.T. Ispat Steel	7.500	—	30.000	37.500	—	37.500
Pakistan						
Pakistan Industrial Leasing Corp. ^b	0.208	—	—	0.208	—	0.208
Asian Leasing Corporation	—	—	7.000	7.000	—	7.000
Atlas BOT Lease Co. Ltd.	—	—	5.000	5.000	—	5.000
Crescent Investment Bank	—	—	10.000	10.000	—	10.000
National Dev. Leasing Corp. Ltd.	—	—	10.000	10.000	—	10.000
Ortix Leasing Pakistan Ltd.	—	—	10.000	10.000	—	10.000
Pakistan Industrial and Commercial Leasing Ltd.	—	—	5.000	5.000	—	5.000
Pakistan Industrial Leasing Corp. Ltd.	—	—	8.000	8.000	—	8.000
Philippines						
Shemberg Biotech Corporation	0.659	—	4.800	5.459	—	5.459
Marcopper Mining Corporation	—	—	15.000	15.000	—	15.000
Planters Development Bank ^b	0.351	—	—	0.351	—	0.351
Regional						
Asian Finance and Investment Corporation Ltd.	—	—	35.000	35.000	—	35.000
TOTAL	28.018	—	186.800	214.818	—	214.818

^a Approved by the Board of Directors, excludes investments under lines of equity approved by Management.

^b Supplementary.

CONTRACTS AWARDED AND DISBURSEMENTS UNDER EFFECTIVE LOANS,^a 1968-1991

(As of 31 December 1991)

(amounts in \$ million)

Year	No.	Cumulative Effective Loans		Cumulative Contracts Awarded		Cumulative Disbursements	
		Amount ^b	Percentage of Cumulative Effective Loans	Amount	Percentage of Cumulative Effective Loans	Amount ^c	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	16,348.5	59	
1991	1,078	31,360	20,507.2	65	19,447.2	62	

a After the signing of the loan agreement, certain requirements must be complied with for the loan to become effective.

b Net of cancellations and amount transferred to subsequent loans.

c Includes interest and other charges financed during construction.

**NUMBER OF LOANS AND PROJECTS APPROVED AND UNDER ADMINISTRATION,
PCRs CIRCULATED, PROJECTS COMPLETED AND LOANS CLOSED IN 1991
(As of 31 December 1991)**

Country	Cumulative No. of Loans Approved ^a	Cumulative No. of Effective Loans	Cumulative No. of Projects Approved ^b	Cumulative No. of Blended Loans	Cumulative No. of Supplementary Loans	Cumulative No. of Co-Financed Projects
Afghanistan	9	8	8	—	1	2
Bangladesh	99	92	91	3	4	39
Bhutan	9	9	9	—	—	5
Cambodia	1	1	1	—	—	—
China, People's Rep. of	14	10	14	—	—	—
Cook Islands	4	4	4	—	—	4
Fiji	11	11	11	—	—	—
Hong Kong	5	5	5	—	—	4
India	24	21	24	—	—	12
Indonesia	169	161	154	13	2	39
Kiribati	5	5	5	—	—	1
Korea, Rep. of	79	79	79	—	—	8
Lao PDR	23	20	21	—	2	13
Malaysia	70	67	68	1	1	8
Maldives	5	4	5	—	—	2
Marshall Islands	1	0	1	—	—	—
Mongolia	1	1	1	—	—	—
Myanmar	32	32	28	2	2	12
Nepal	72	68	62	1	9	28
Pakistan	142	129	117	21	5	59
Papua New Guinea	36	34	28	8	—	5
Philippines	122	116	107	11	2	34
Singapore	14	14	14	—	—	2
Solomon Islands	12	12	12	—	—	5
Sri Lanka	64	61	58	1	4	18
Taipei, China	12	12	12	—	—	—
Thailand	57	57	54	2	1	24
Tonga	11	9	11	—	—	3
Vanuatu	5	5	5	—	1	2
Viet Nam, Soc. Rep. of	11	9	9	2	—	—
Western Samoa	23	22	20	—	2	1
Regional	1	0	1	—	—	—
T O T A L	1,144	1,078	1,039	65	36	329^e

^a Includes Special Assistance loans, private sector loans, but excludes the loans withdrawn by borrowers before loan signing.

^b Blended loans are counted as one project, supplementary loans and special implementation assistance loans are not counted as separate projects.

^c Includes projects/loans which have been approved but still awaiting effectiveness. 14 inactive loans but excludes six loans exclusively financed from other sources.

^d Projects which were physically completed in 1991.

^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 Projects Under Administration ^c As of 31/12/91	No. of Loans Under Administration ^c As of 31/12/91	Cumulative No. of PCRs Circulated/ Prepared	No. of Projects Completed In 1991 ^c	No. of Closed Loans In 1991	No. of PCRs Circulated In 1991	No. of PPARTs Circulated In 1991
8	9	—	—	—	—	—
47	48	42	17	4	6	3
7	7	1	—	1	—	—
1	1	—	—	—	—	—
14	14	—	1	—	—	—
2	2	2	1	—	1	—
3	3	5	1	1	1	—
—	—	5	—	—	—	—
22	22	—	—	2	—	—
62	70	69	13	9	12	5
2	2	3	1	—	1	1
8	8	50	1	—	—	—
10	11	7	—	1	—	—
15	15	32	2	4	3	2
3	3	2	1	—	—	—
1	1	—	—	—	—	—
1	1	—	—	—	—	—
4	4	22	2	1	3	—
31	33	26	5	4	2	—
63	69	41	9	8	5	3
14	18	14	2	—	1	1
41	48	51	9	6	4	—
—	—	7	0	—	—	—
2	2	9	1	1	—	2
31	31	22	5	1	5	1
—	—	1	—	—	—	—
9	9	34	3	2	4	4
4	4	8	—	1	—	2
2	3	2	2	1	—	1
2	2	5	—	—	—	—
5	5	12	—	1	—	—
1	1	—	0	—	—	—
415	446	472	76	48	47	28

AMOUNTS OF LOANS APPROVED, CONTRACTS AWARDED AND DISBURSEMENTS
 (As of 31 December 1991)

(amounts in \$ million)

Country	Cumulative Loan Amounts Approved ^a	Cumulative Net Effective Loans ^b	Contracts Awarded in 1991
Afghanistan	95.10	74.05	0.00
Bangladesh	3,572.54	3,207.15	235.16
Bhutan	38.76	40.17	8.35
Cambodia	1.67	1.67	0.00
China, People's Rep. of	1,002.20	655.40	243.82
Cook Islands	10.15	10.54	5.00
Fiji	103.10	96.63	0.57
Hong Kong	101.50	94.50	0.00
India	3,285.30	2,743.19	381.96
Indonesia	7,875.47	6,612.65	578.17
Kiribati	4.90	3.85	0.39
Korea, Rep. of	2,323.38	1,859.87	50.36
Lao PDR	261.54	211.01	39.21
Malaysia	1,846.64	1,176.90	56.31
Maldives	25.08	17.22	4.11
Marshall Islands	6.95	0.00	0.00
Mongolia	30.00	31.16	0.00
Myanmar	530.86	515.73	6.39
Nepal	1,069.69	995.30	64.82
Pakistan	6,624.57	5,858.49	487.99
Papua New Guinea	437.92	398.25	63.45
Philippines	4,391.90	3,533.43	462.30
Singapore	181.08	144.44	0.00
Solomon Islands	42.81	39.12	0.86
Sri Lanka	1,304.72	1,218.83	166.92
Taipei, China	100.39	91.14	0.00
Thailand	2,076.90	1,597.77	54.10
Tonga	29.25	20.02	0.79
Vanuatu	19.25	14.78	2.36
Viet Nam, Soc. Rep. of	44.60	25.43	0.00
Western Samoa	79.28	76.16	13.54
Regional	35.00	0.00	0.00
TOTAL	37,552.50	31,359.85	2,921.91

a. Includes Special Assistance loans and private sector loans but excludes loans withdrawn before signing.

The US dollar equivalent in accordance with the exchange rate enforced within the Bank at the time of loan signing.

b. The US dollar equivalent in accordance with the exchange rate enforced within the Bank as of 31 December 1991.

	Cumulative Contracts Awarded As of 31/12/91	% of Cumulative Contracts Awarded to Cumulative Net Effective Loans	Disbursements in 1991	Cumulative Disbursements As of 31/12/91	% of Cumulative Disbursements to Cumulative Net Effective Loans
1	34.21	46.20	0.00	27.90	37.67
	2,122.89	66.19	276.04	1,974.06	61.55
	20.79	51.76	4.39	21.03	52.35
	1.58	94.43	0.00	0.64	38.50
	411.04	62.72	172.72	282.90	43.16
	8.59	81.49	1.20	4.80	45.53
	84.97	87.93	6.89	82.18	85.04
	102.46	108.42	0.00	94.50	100.00
	836.87	30.51	496.17	850.47	31.00
	4,395.73	66.17	597.56	4,133.41	62.51
	2.99	77.62	0.39	3.00	77.98
	1,828.31	98.30	97.34	1,696.98	91.24
	139.33	66.03	27.27	148.07	67.80
	934.84	79.43	93.16	848.44	72.09
	15.87	92.14	4.24	12.28	71.34
	0.00	—	0.00	0.00	—
	0.00	0.00	10.00	10.00	32.09
	417.30	80.91	8.80	400.04	77.57
	559.07	56.17	76.98	524.50	52.70
	3,213.76	54.86	573.28	3,128.95	53.41
	347.85	88.46	80.41	316.85	80.57
	2,430.82	68.80	278.87	2,376.41	67.26
	130.22	90.15	0.00	144.44	100.00
	32.84	83.94	0.64	32.62	83.37
	744.23	61.06	151.06	690.77	56.67
	90.28	99.06	0.00	91.14	100.00
	1,475.08	92.32	126.02	1,439.63	90.10
	12.85	64.20	0.87	12.03	60.07
	13.86	93.77	4.93	13.22	89.48
	27.96	109.93	0.00	25.43	100.00
	70.60	92.69	14.44	65.49	85.98
	0.00	—	0.00	0.00	—
	20,507.18	65.39	3,103.67	19,447.18	62.01

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT
 (As of 31 December 1991)

ORDINARY CAPITAL RESOURCES

(Net of adjustments)¹

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Australia	202.322	1.58	18.549	2.59	220.871	1.63
Austria	88.815	0.69	1.487	0.21	90.302	0.67
Bangladesh	0.108	0.00	0.091	0.01	0.199	0.00
Belgium	84.243	0.66	0.477	0.07	84.718	0.63
Canada	103.986	0.81	40.676	5.68	144.662	1.07
China, People's Rep. of	176.880	1.38	0.000	0.00	176.880	1.31
Denmark	22.641	0.18	16.142	2.25	38.783	0.29
Fiji	24.503	0.19	0.002	0.00	24.506	0.18
Finland	19.007	0.15	1.143	0.16	20.150	0.15
France	329.912	2.58	44.009	6.14	373.921	2.76
Germany	617.731	4.82	28.881	4.03	646.612	4.78
Hong Kong	205.785	1.61	2.106	0.29	207.891	1.54
India	509.211	3.98	6.017	0.84	515.228	3.81
Indonesia	2,006.617	15.67	89.794	12.53	2,096.411	15.50
Italy	253.066	1.98	33.855	4.73	286.921	2.12
Japan	2,440.562	19.05	76.899	10.73	2,517.161	18.61
Korea, Rep. of	1,505.842	11.76	17.408	2.43	1,523.250	11.26
Luxembourg*	0.035	0.00	0.000	0.00	0.035	0.00
Malaysia	561.723	4.39	5.870	0.82	567.593	4.20
Netherlands	97.019	0.76	24.229	3.38	121.248	0.90
New Zealand	33.297	0.26	7.063	0.99	40.360	0.30
Norway	3.499	0.03	0.537	0.07	4.036	0.03
Pakistan	273.309	2.13	3.324	0.46	276.633	2.05
Papua New Guinea	42.956	0.34	1.009	0.14	43.965	0.33
Philippines	699.222	5.46	16.391	2.29	715.673	5.29
Singapore	271.369	2.12	1.459	0.20	272.828	2.02
Solomon Islands	0.029	0.00	0.000	0.00	0.029	0.00
Spain	14.605	0.11	0.000	0.00	14.906	0.11
Sri Lanka	0.041	0.00	0.107	0.03	0.148	0.00
Sweden	99.956	0.78	1.358	0.19	101.314	0.75
Switzerland	223.799	1.75	65.584	9.15	289.383	2.14
Taipei, China	183.807	1.41	14.817	2.07	198.624	1.47
Thailand	559.221	4.37	0.791	0.11	360.012	4.14
United Kingdom	287.440	2.24	63.454	8.86	350.904	2.59
United States	865.602	6.76	132.907	18.55	998.509	7.38
Viet Nam, Soc. Rep. of	0.368	0.00	0.000	0.00	0.368	0.00
Western Samoa	0.064	0.00	0.000	0.00	0.064	0.00
T O T A L	12,808.591	100.00	716.446	100.00	13,525.037	100.00

* While Luxembourg is not a member country of ADB, it was however an eligible source of procurement under Bank financed/co-financed projects until June 1977.

1 Adjustments due to any one or combination of: (i) changes in currency translation rates; (ii) cancellations of contracts; and (iii) changes in contract amounts.

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT
(As of 31 December 1991)

ASIAN DEVELOPMENT FUND
(Net of Adjustments)¹

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	8 991	0.14	0.000	0.00	8 991	0.13
Australia	89 912	1.36	11.673	3.01	101 585	1.45
Austria	16 801	0.25	0.000	0.00	16 801	0.24
Bangladesh	674.855	10.23	5.697	1.47	680 552	9.75
Belgium	37 825	0.57	0.058	0.01	37 883	0.54
Bhutan	3 785	0.06	0.030	0.01	3 815	0.05
Canada	25 805	0.39	21.384	5.51	47 189	0.68
China, People's Rep. of	159 229	2.41	0.000	0.00	159 229	2.28
Cook Islands	2 021	0.03	0.000	0.00	2 021	0.03
Denmark	26 385	0.40	3.357	0.87	29 742	0.43
Fiji	4 791	0.07	0.000	0.00	4 791	0.07
Finland	6 532	0.10	2 096	0.54	8 628	0.12
France	114 983	1.74	5.382	1.37	120 315	1.72
Germany	250 238	3.79	16.168	4.17	266 401	3.82
Hong Kong	89 104	1.35	0.000	0.00	89 104	1.28
India	288 679	4.38	20.983	5.40	309 612	4.43
Indonesia	111 149	1.69	7.182	1.85	118 331	1.69
Italy	128 275	2.10	4 108	1.06	142 383	2.04
Japan	1 056 987	16.03	44.004	11.34	1,100 991	15.77
Kiribati	0.566	0.01	0.000	0.00	0.566	0.01
Korea, Rep. of	114 725	6.29	10.182	2.62	424 907	6.09
Lao PDR	21 758	0.33	0.072	0.02	21 830	0.31
Malaysia	71 482	1.08	1 490	0.38	72 972	1.05
Maldives	0 388	0.01	0.000	0.00	0.388	0.01
Myanmar	28 215	0.43	0.000	0.00	28 215	0.40
Nepal	136 901	2.08	1.742	0.45	138 643	1.99
Netherlands	51 584	0.93	14.753	3.80	76 337	1.09
New Zealand	45 055	0.68	9.491	2.45	54 546	0.78
Norway	34 696	0.53	0.456	0.12	35 154	0.50
Pakistan	561 066	8.52	18.360	4.73	580 026	8.31
Papua New Guinea	89 717	1.36	1 520	0.39	91 237	1.31
Philippines	180 353	2.74	15.065	3.88	195 418	2.80
Singapore	314 535	4.77	0.623	0.13	315 058	4.51
Solomon Islands	16 150	0.24	0.169	0.04	16 310	0.23
Spain	3 591	0.05	0.000	0.00	3 591	0.05
Sri Lanka	240 280	3.64	2.652	0.68	262 932	3.48
Sweden	56 728	0.86	3.714	0.96	60 442	0.87
Switzerland	145 171	2.20	18.974	3.60	159 145	2.28
Taipei, China	49 894	0.76	0.088	0.02	49 982	0.72
Thailand	101 583	1.54	0.218	0.06	101 801	1.46
Tonga	5 847	0.09	0.000	0.00	5 847	0.08
United Kingdom	277 905	4.21	102.311	26.37	380 217	5.45
United States	612 346	9.20	49.074	12.65	661 420	9.47
Vanuatu	2 916	0.04	0.000	0.00	2 916	0.04
Viet Nam, Soc. Rep. of	2 457	0.04	0.000	0.00	2 467	0.04
Western Samoa	11 008	0.17	0.109	0.03	11 117	0.16
TOTAL	6,594.160	100.00	387.987	100.00	6,982.147	100.00

1. Adjustments due to any one or combination of: (i) changes in currency translation rates; (ii) cancellations of contracts, and (iii) changes in contract amounts.

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT

(As of 31 December 1991)

ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED

(Net of Adjustments)¹

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Afghanistan	8.991	0.05	0.000	0.00	8.991	0.04
Australia	292.234	1.51	30.222	2.74	322.456	1.57
Austria	105.616	0.54	1.487	0.13	107.103	0.52
Bangladesh	674.963	3.48	5.788	0.52	680.751	3.32
Belgium	122.056	0.63	0.535	0.05	122.601	0.60
Bhutan	3.785	0.02	0.030	0.00	3.815	0.02
Canada	129.791	0.67	62.060	5.62	191.851	0.94
China, People's Rep. of	336.109	1.73	0.000	0.00	336.109	1.64
Cook Islands	2.021	0.01	0.000	0.00	2.021	0.01
Denmark	49.026	0.25	19.499	1.77	68.525	0.33
Fiji	29.294	0.15	0.002	0.00	29.296	0.14
Finland	25.539	0.13	3.239	0.29	28.778	0.14
France	444.895	2.29	49.341	4.47	494.236	2.41
Germany	867.964	4.47	45.049	4.08	913.013	4.45
Hong Kong	294.889	1.52	2.106	0.19	296.995	1.45
India	797.890	4.11	26.950	2.44	824.840	4.02
Indonesia	2,117.766	10.91	96.976	8.78	2,214.742	10.80
Italy	391.341	2.02	37.963	3.44	429.304	2.09
Japan	3,497.549	18.03	120.903	10.95	3,618.452	17.64
Kiribati	0.556	0.00	0.030	0.00	0.556	0.00
Korea, Rep. of	1,920.567	9.90	27.590	2.50	1,948.157	9.50
Lao PDR	21.758	0.11	0.072	0.01	21.830	0.11
Luxembourg*	0.035	0.00	0.000	0.00	0.035	0.00
Malaysia	633.205	3.26	7.360	0.67	640.565	3.12
Maldives	0.388	0.00	0.000	0.00	0.388	0.00
Myanmar	28.215	0.15	0.000	0.00	28.215	0.14
Nepal	136.901	0.71	1.742	0.16	138.543	0.68
Netherlands	158.603	0.82	38.982	3.53	197.585	0.96
New Zealand	78.352	0.40	16.551	1.50	94.006	0.46
Norway	38.195	0.20	0.955	0.09	39.190	0.19
Pakistan	835.275	4.30	21.684	1.96	856.959	4.18
Papua New Guinea	132.673	0.68	2.529	0.23	135.202	0.66
Philippines	879.575	4.53	31.456	2.85	911.031	4.44
Singapore	585.904	3.02	1.982	0.18	587.886	2.87
Solomon Islands	16.179	0.08	0.169	0.02	16.348	0.08
Spain	18.197	0.09	0.000	0.00	18.197	0.09
Sri Lanka	240.321	1.24	2.759	0.25	243.080	1.19
Sweden	156.684	0.81	5.072	0.46	161.756	0.79
Switzerland	368.970	1.90	79.558	7.20	448.528	2.19
Taipei, China	233.701	1.20	14.905	1.35	248.606	1.21
Thailand	660.804	3.41	1.009	0.09	661.813	3.23
Tonga	5.847	0.03	0.000	0.00	5.847	0.03
United Kingdom	565.346	2.91	165.775	15.01	731.121	3.57
United States	1,477.948	7.62	181.981	16.48	1,659.929	8.09
Vanuatu	2.916	0.02	0.000	0.00	2.916	0.01
Viet Nam, Soc. Rep. of	2.835	0.01	0.000	0.00	2.835	0.01
Western Samoa	11.072	0.06	0.109	0.01	11.181	0.05
T O T A L	19,402.751	100.00	1,104.433	100.00	20,507.184	100.00

* While Luxembourg is not a member country of ADB, it was however an eligible source of procurement under Bank-financed/co-financed projects until June 1977.

1 Adjustments due to any one or combination of: (i) changes in currency translation rates; (ii) cancellations of contracts; and (iii) changes in contract amounts.

**CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT IN 1991
ORDINARY CAPITAL RESOURCES**

(Net of Adjustments)¹

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Australia	22,712	1.27	1,158	1.49	23,870	1.28
Austria	6,624	0.37	0,000	0.00	6,624	0.35
Belgium	11,650	0.65	0,000	0.00	11,650	0.62
Canada	1,288	0.07	0.137	0.18	1,425	0.08
China, People's Rep. of	91,630	5.12	0,000	0.00	91,630	4.91
Cook Islands	0,000	0.00	0,000	0.00	0,000	0.00
Denmark	3,195	0.18	0,000	0.00	3,195	0.17
Fiji	0,361	0.02	0,000	0.00	0,361	0.02
Finland	4,059	0.23	0,000	0.00	4,069	0.22
France	138,676	7.75	13,645	17.52	152,321	8.16
Germany	62,581	3.50	0,000	0.00	62,581	3.35
Hong Kong	61,007	3.41	0,000	0.00	61,007	3.27
India	117,739	6.58	1,456	1.87	119,195	6.39
Indonesia	273,505	15.29	7,563	9.71	281,068	15.06
Italy	21,887	1.22	6,385	8.20	28,272	1.51
Japan	260,973	14.59	3,744	4.81	264,717	14.18
Korea, Rep. of	150,580	8.42	0.518	0.07	151,098	8.09
Malaysia	46,851	2.62	0,205	0.26	47,056	2.52
Myanmar	0,000	0.00	0,000	0.00	0,000	0.00
Netherlands	6,037	0.34	2,389	3.07	8,426	0.45
New Zealand	0,225	0.01	0,000	0.00	0,225	0.01
Norway	0,000	0.00	0,000	0.00	0,000	0.00
Pakistan	32,363	1.81	0,002	0.00	32,365	1.73
Papua New Guinea	3,455	0.19	0,045	0.06	3,500	0.19
Philippines	47,876	2.68	2,817	3.66	50,723	2.72
Singapore	94,280	5.27	0,300	0.00	94,280	5.05
Spain	1,797	0.10	0,000	0.00	1,797	0.10
Sweden	25,848	1.45	0,000	0.00	25,848	1.38
Switzerland	33,828	1.89	31,392	40.31	65,220	3.49
Taipei, China	16,517	0.92	0,496	0.64	17,013	0.91
Thailand	41,774	2.34	0,000	0.00	41,774	2.24
United Kingdom	35,505	1.98	1,380	1.77	36,885	1.98
United States	173,890	9.72	4,521	5.80	178,411	9.56
T O T A L	1,788,723	100.00	77,883	100.00	1,866,606	100.00

¹ Adjustments due to any one or combination of: (i) changes in currency translation rates; (ii) cancellations of contracts; and (iii) changes in contract amounts.

CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT IN 1991
ASIAN DEVELOPMENT FUND
(Net of Adjustments)¹

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total Contracts Awarded	% Distribution
Australia	19.311	1.93	0.451	0.83	19.762	1.87
Austria	2.305	0.23	0.000	0.00	2.305	0.22
Bangladesh	94.384	9.43	0.052	0.10	94.436	8.95
Belgium	0.806	0.08	0.000	0.00	0.806	0.08
Brunei	1.331	0.13	0.000	0.00	1.331	0.13
Canada	6.856	0.69	1.999	3.67	8.855	0.84
China, People's Rep. of	42.545	4.25	0.000	0.00	42.545	4.03
Cook Islands	0.485	0.05	0.000	0.00	0.485	0.05
Denmark	0.830	0.08	1.351	2.48	2.181	0.21
Fiji	1.112	0.11	0.000	0.00	1.112	0.11
Finland	0.043	0.00	0.000	0.00	0.043	0.00
France	15.025	1.50	0.066	0.12	15.091	1.43
Germany	16.632	1.66	1.680	3.08	18.312	1.74
Hong Kong	19.921	1.99	0.009	0.00	19.921	1.89
India	27.467	2.74	0.000	0.00	27.467	2.60
Indonesia	20.107	2.91	2.974	5.46	32.081	3.04
Italy	14.116	1.41	1.313	2.41	15.459	1.46
Japan	75.401	7.53	0.177	0.32	75.578	7.16
Kiribati	0.200	0.02	0.000	0.00	0.200	0.02
Korea, Rep. of	68.367	6.83	0.000	0.00	68.367	6.48
Lao PDR	14.921	1.49	0.000	0.00	14.921	1.41
Malaysia	11.545	1.15	0.000	0.00	11.545	1.09
Myanmar	1.402	0.14	0.000	0.00	1.402	0.13
Nepal	21.386	2.14	0.039	0.07	21.425	2.03
Netherlands	3.837	0.39	0.754	1.38	4.641	0.44
New Zealand	7.948	0.79	0.717	1.32	8.665	0.82
Norway	0.000	0.00	0.000	0.00	0.000	0.00
Pakistan	122.277	12.22	8.078	14.83	130.355	12.35
Papua New Guinea	12.214	1.22	0.150	0.28	12.364	1.17
Philippines	34.115	3.41	8.931	16.39	43.046	4.08
Singapore	116.580	11.53	0.331	0.61	116.911	10.98
Solomon Islands	0.532	0.05	0.000	0.00	0.532	0.05
Spain	0.076	0.01	0.000	0.00	0.076	0.01
Sri Lanka	54.628	5.46	0.453	0.83	55.081	5.22
Sweden	0.190	0.02	0.014	0.03	0.204	0.02
Switzerland	25.470	2.54	0.197	0.36	25.667	2.43
Taipei, China	2.365	0.24	0.000	0.00	2.365	0.22
Thailand	13.066	1.31	0.028	0.05	13.094	1.24
Tonga	0.584	0.06	0.000	0.00	0.584	0.06
United Kingdom	13.237	1.32	18.296	33.58	31.533	2.99
United States	108.618	10.86	0.434	11.81	116.082	10.91
Vanuatu	0.323	0.03	0.000	0.00	0.323	0.03
Viet Nam, Soc. Rep. of	0.112	0.01	0.000	0.00	0.112	0.01
Western Samoa	0.036	0.00	0.000	0.00	0.036	0.00
T O T A L	1,000.816	100.00	54.485	100.00	1,055.301	100.00

1. Adjustments due to any one or combination of: (i) changes in currency translation rates, (ii) cancellations of contracts; and (iii) changes in contract amounts.

CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT IN 1991
ORDINARY CAPITAL RESOURCES AND ASIAN DEVELOPMENT FUND COMBINED
 (Net of Adjustments)¹

(amounts in \$ million)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	Total % Distribution	Contracts Awarded	% Distribution
Australia	42.023	1.51	1.609	1.22	43.632	1.49
Austria	8.929	0.32	0.000	0.00	8.929	0.31
Bangladesh	94.384	3.38	0.052	0.04	94.436	3.23
Belgium	12.456	0.45	0.000	0.00	12.456	0.43
Bhutan	1.331	0.05	0.000	0.00	1.331	0.05
Canada	8.144	0.29	2.136	1.61	10.280	0.35
China, People's Rep. of	134.175	4.81	0.000	0.00	134.175	4.59
Cook Islands	0.485	0.02	0.000	0.00	0.485	0.02
Denmark	4.025	0.14	1.351	1.02	5.376	0.18
Fiji	1.473	0.05	0.000	0.00	1.473	0.05
Finland	4.112	0.15	0.000	0.00	4.112	0.14
France	153.701	5.51	13.711	10.36	167.412	5.73
Germany	79.213	2.84	1.680	1.27	80.893	2.77
Hong Kong	80.928	2.90	0.000	0.00	80.928	2.77
India	145.206	5.21	1.456	1.10	146.662	5.02
Indonesia	302.612	10.85	10.537	7.96	313.149	10.72
Italy	36.033	1.29	7.698	5.82	43.731	1.50
Japan	336.374	12.06	3.921	2.96	340.295	11.65
Kiribati	0.200	0.01	0.000	0.00	0.200	0.01
Korea, Rep. of	218.947	7.85	0.318	0.39	219.465	7.51
Lao PDR	14.921	0.53	0.000	0.00	14.921	0.51
Malaysia	58.396	2.09	0.205	0.15	58.601	2.01
Myanmar	1.402	0.05	0.000	0.00	1.402	0.05
Nepal	21.386	0.77	0.039	0.03	21.425	0.73
Netherlands	9.924	0.36	3.143	2.37	13.067	0.45
New Zealand	8.173	0.29	0.717	0.54	8.390	0.80
Norway	0.000	0.00	0.000	0.00	0.000	0.00
Pakistan	154.640	5.54	8.080	6.10	162.720	5.57
Papua New Guinea	15.669	0.56	0.195	0.15	15.864	0.54
Philippines	31.991	2.94	11.778	8.99	93.769	3.21
Singapore	209.860	7.52	0.331	0.25	210.191	7.19
Solomon Islands	0.532	0.02	0.000	0.00	0.532	0.02
Spain	1.873	0.07	0.000	0.00	1.873	0.06
Sri Lanka	54.628	1.96	0.453	0.34	55.081	1.89
Sweden	26.038	0.93	0.014	0.01	26.052	0.89
Switzerland	59.298	2.13	31.589	23.86	90.887	3.11
Taipei, China	18.882	0.68	0.496	0.37	19.378	0.66
Thailand	54.840	1.97	0.028	0.02	54.868	1.88
Tonga	0.584	0.02	0.000	0.00	0.584	0.02
United Kingdom	48.742	1.75	19.676	14.86	68.418	2.34
United States	282.538	10.13	10.955	8.28	293.493	10.04
Vanuatu	0.323	0.01	0.000	0.00	0.323	0.01
Viet Nam, Soc. Rep. of	0.112	0.00	0.000	0.00	0.112	0.00
Western Samoa	0.036	0.00	0.000	0.00	0.036	0.00
TOTAL	2,789.539	100.00	132.368	100.00	2,921.907	100.00

1. Adjustments due to any one or combination of: (i) changes in currency translation rates; (ii) cancellations of contracts; and (iii) changes in contract amounts.

CUMULATIVE CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT
 (As of 31 December 1991)

TECHNICAL ASSISTANCE OPERATIONS
 (Net of Adjustments)¹

(amounts in \$ million)

Country of Procurement	Bank's Own Resources	% Distribution	Administered Trust Funds	% Distribution	Japan Special Fund	% Distribution	Total Contracts Awarded	% Distribution
Australia	27,941	9.98	8,616	7.92	4,784	7.38	41,341	9.11
Austria	0,109	0.04	0,000	0.00	0,000	0.00	0,109	0.02
Bangladesh	1,318	0.47	0,555	0.60	0,000	0.00	1,973	0.43
Belgium	1,471	0.53	0,309	0.28	0,000	0.00	1,780	0.39
Bhutan	0,000	0.00	0,017	0.02	0,000	0.00	0,017	0.00
Canada	16,583	5.92	6,230	5.73	4,717	7.28	27,536	6.07
China, People's Rep. of	0,324	0.12	0,000	0.00	1,238	1.91	1,562	0.34
Cook Islands	0,002	0.00	0,000	0.00	0,000	0.00	0,002	0.00
Denmark	6,172	2.20	1,848	1.70	1,376	2.12	9,396	2.07
Fiji	0,200	0.07	0,000	0.00	0,000	0.00	0,200	0.04
Finland	2,067	0.74	4,042	3.71	0,195	0.30	6,304	1.39
France	5,385	1.92	7,802	7.17	2,687	4.14	15,874	3.50
Germany	6,085	2.17	3,243	2.98	3,463	5.34	12,791	2.82
Hong Kong	2,618	0.93	0,047	0.04	0,103	0.16	2,768	0.61
India	11,699	4.18	3,346	3.07	1,710	2.64	16,755	3.69
Indonesia	2,975	1.06	0,098	0.09	0,973	1.50	4,046	0.89
Italy	2,603	0.93	0,641	0.59	0,016	0.02	3,263	0.72
Japan	11,863	4.24	4,269	3.92	3,292	5.08	19,424	4.28
Korea, Rep. of	2,475	0.88	0,985	0.91	0,791	1.22	4,251	0.94
Lao PDR	0,048	0.02	0,000	0.00	0,000	0.00	0,048	0.01
Malaysia	2,094	0.75	0,062	0.06	1,264	1.95	3,420	0.75
Myanmar	0,050	0.02	0,000	0.00	0,000	0.00	0,050	0.01
Mongolia	0,011	0.00	0,000	0.00	0,000	0.00	0,011	0.00
Nepal	1,265	0.45	0,606	0.56	0,029	0.04	1,900	0.42
Netherlands	7,455	2.66	1,801	1.66	2,050	3.16	11,306	2.19
New Zealand	15,963	5.70	2,258	2.08	6,843	10.55	25,064	5.32
Norway	1,351	0.48	2,396	2.29	0,000	0.00	3,747	0.83
Pakistan	2,667	0.95	0,050	0.05	0,083	0.13	2,800	0.62
Papua New Guinea	0,299	0.11	0,000	0.00	0,000	0.00	0,299	0.07
Philippines	14,742	5.26	6,571	6.04	1,487	2.29	22,800	5.03
Singapore	3,718	1.33	0,000	0.00	0,064	0.10	3,782	0.83
Solomon Islands	0,012	0.00	0,000	0.00	0,000	0.00	0,012	0.00
Spain	0,000	0.00	1,241	1.14	0,000	0.00	1,241	0.27
Sri Lanka	1,818	0.65	0,642	0.59	0,224	0.35	2,684	0.59
Sweden	1,873	0.67	0,619	0.57	0,687	1.06	3,179	0.70
Switzerland	3,667	1.31	3,605	3.31	1,688	2.60	8,950	1.97
Taipei, China	0,401	0.14	0,068	0.06	0,011	0.02	0,480	0.11
Thailand	2,955	1.06	0,862	0.83	1,366	2.11	4,683	1.03
Tonga	0,193	0.07	0,009	0.00	0,000	0.00	0,193	0.04
United Kingdom	42,448	15.16	22,415	20.60	11,639	17.95	76,502	16.86
United States	54,167	19.34	19,895	18.28	12,048	18.58	86,110	18.98
Vanuatu	0,167	0.06	0,000	0.00	0,000	0.00	0,167	0.04
Viet Nam, Soc. Rep. of	0,051	0.02	0,000	0.00	0,000	0.00	0,051	0.01
Western Samoa	0,231	0.08	0,000	0.00	0,000	0.00	0,231	0.05
International Organizations	20,550	7.34	4,068	3.74	0,005	0.01	24,623	5.43
TOTAL	280,076	100.00	108,816	100.00	64,833	100.00	453,725	100.00

¹ Adjustments due to any one or combination of: (i) changes in currency translation rates; (ii) cancellations of contracts; and (iii) changes in contract amounts.

CONTRACTS AWARDED BY COUNTRY OF PROCUREMENT, 1989-1991

TECHNICAL ASSISTANCE OPERATIONS
(Net of Adjustments)¹

(amounts in \$ million)

Country of Procurement	1989		1990		1991	
	Value	Percent	Value	Percent	Value	Percent
Afghanistan	0.000	0.00	0.000	0.00	0.000	0.00
Australia	5.499	9.75	3.971	6.76	10.230	11.53
Austria	0.019	0.09	-0.005	-0.01	0.000	0.00
Bangladesh	0.233	0.41	0.280	0.48	0.387	0.44
Belgium	0.202	0.36	0.095	0.16	0.284	0.32
Bhutan	-0.004	-0.01	0.000	0.00	0.000	0.00
Cambodia	0.000	0.00	0.000	0.00	0.000	0.00
Canada	3.150	5.59	4.423	7.53	5.059	5.70
China, People's Rep. of	0.015	0.03	0.191	0.33	1.298	1.46
Cook Islands	0.000	0.00	0.000	0.00	0.000	0.00
Denmark	1.102	1.95	1.393	2.37	2.365	2.67
Fiji	0.030	0.05	0.002	0.00	0.037	0.04
Finland	0.704	1.25	0.369	0.63	1.198	1.35
France	4.398	7.80	3.494	5.95	-0.250	-0.28
Germany	2.890	5.13	1.016	1.73	1.611	1.82
Hong Kong	0.164	0.29	0.343	0.58	1.376	1.55
India	1.458	2.59	1.080	1.84	2.344	2.64
Indonesia	0.140	0.25	0.099	0.17	2.138	2.41
Italy	0.103	0.18	-0.023	-0.04	0.150	0.17
Japan	1.591	2.82	0.197	0.34	4.107	4.63
Kiribati	0.000	0.00	0.000	0.00	0.000	0.00
Korea, Rep. of	0.214	0.43	0.937	1.60	0.538	0.61
Lao PDR	0.000	0.00	0.023	0.04	0.025	0.03
Luxembourg	0.000	0.00	0.000	0.00	0.000	0.00
Malaysia	0.266	0.47	0.871	1.48	1.208	1.36
Maldives	0.000	0.00	0.000	0.00	0.000	0.00
Myanmar	0.001	0.00	0.024	0.04	0.005	0.01
Mongolia	0.000	0.00	0.000	0.00	0.011	0.01
Nepal	0.346	0.61	0.822	1.40	0.224	0.25
Netherlands	0.792	1.40	1.519	2.59	1.785	2.01
New Zealand	5.452	9.67	4.714	8.03	5.662	6.38
Norway	0.119	0.21	0.031	0.05	0.192	0.22
Pakistan	0.264	0.47	0.340	0.58	0.425	0.48
Papua New Guinea	0.055	0.10	0.002	0.00	0.004	0.00
Philippines	3.496	6.20	2.345	3.99	2.727	3.07
Singapore	0.476	0.84	0.084	0.14	1.508	1.70
Solomon Islands	0.001	0.00	0.000	0.00	0.000	0.00
Spain	0.000	0.00	0.000	0.00	1.241	1.40
Sri Lanka	0.128	0.23	0.466	0.79	0.696	0.78
Sweden	0.604	1.07	0.352	0.60	0.281	0.32
Switzerland	0.057	0.10	2.342	3.99	1.131	1.28
Taipei, China	0.019	0.03	0.089	0.15	-0.010	-0.01
Thailand	0.840	1.49	1.332	2.27	1.339	1.51
Tonga	0.000	0.00	0.164	0.28	0.000	0.00
United Kingdom	8.909	15.80	12.276	20.91	14.167	15.97
United States	12.438	22.06	12.162	20.71	18.916	15.69
Vanuatu	0.014	0.02	0.152	0.26	0.001	0.00
Viet Nam, Soc. Rep. of	0.001	0.00	0.031	0.05	0.000	0.00
Western Samoa	0.000	0.00	0.043	0.07	0.097	0.11
International Organizations	0.133	0.24	0.672	1.14	0.195	0.37
T O T A L	56.377	100.00	58.718	100.00	88.702	100.00

¹ Adjustments due to any one or combination of: (i) changes in currency translation rates; (ii) cancellations of contracts; and (iii) changes in contract amounts.

GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS, 1991
 (Amount in \$ thousand)

Country/Project	Project Preparatory	Advisory & Operational
BANGLADESH		
Secondary Towns Infrastructure and Development (II)	630.0 ^a	—
Secondary Education Sector	297.0 ^b	—
Strengthening the Management and Maintenance Capabilities of NENEW and its Regional Workshop	—	240.0
A Survey of Higher Secondary Educational Institutions	—	210.0 ^c
Southwest Area Water Resources Management Study	—	3,837.0 ^c
Environmental Management Training	—	450.0 ^c
Institutional Strengthening of the Department of Agriculture and Extension for Minor Irrigation Development	—	388.0 ^c
Formulation of Land Development Controls and Procedures for Dhaka City	—	570.0
Higher Secondary Education	—	2,850.0 ^c
BHUTAN		
Institutional Strengthening of the Department of National Budget and Accounts (Phase II)	—	600.0 ^a
Renewable Resources Sector Development Plan	—	100.0
Institutional Strengthening of the Bhutan Development Finance Corporation	—	431.4
Institutional Strengthening of Department of Roads	—	530.0
CHINA, PEOPLE'S REPUBLIC OF		
Tropical Crops Development	420.0 ^a	—
Dafan Multipurpose Water Resources Development	600.0 ^a	—
Industry Energy Efficiency and Environment Management	100.0	—
Guang-Mei Short Railway	100.0	—
Ningguo Bridge	100.0	—
Design Review of the Yangpu Bridge	100.0	—
Power System Planning	600.0 ^a	—
Qingdao Environmental Improvement	100.0	—
Institutional Strengthening of the State Planning Commission	—	600.0
State Audit Administration of the PRC	—	600.0
Institutional Support to International Trade Research and Training Center for Asia and Pacific Region	—	597.0
Seminar on Bank Operations, Policies and Procedures in PRC	—	60.0
Toll Bridge Operations and Management	—	760.0
Institutional Strengthening of Guangdong-Sannao Railway Company	—	965.0
Regional Railway Sector Study	—	275.0
Formulation of Economic Reform Policies and Infrastructure Planning for the Development of Shanghai Pudong	—	920.0
Red Soil Development in Hunan Province	—	789.0 ^a
Institutional Strengthening of the Industrial and Commercial Bank of China	—	800.0
Study of the Leasing Industry	—	100.0
Development of the Securities Market	—	600.0
Study of the Venture Capital Industry	—	100.0
Improvement of National Accounts	—	600.0
Strengthening Management Information System of Environmental Protection Bureaus of Selected Municipalities	—	600.0 ^a

a To be financed from JISF.

b Of this amount, \$2,160,000 is to be financed from JISF and \$1,687,000 by UNDP with the Bank acting as Executing Agency.

c To be financed by UNDP with the Bank acting as Executing Agency.

CONTINUED

Country/Project	Project Preparatory	Advisory & Operational
CHINA, PEOPLE'S REPUBLIC OF (cont'd.)		
Restructuring of Anqing Petrochemical Works	—	500.0
Management of Environment and Natural Resources in Hainan Province	—	600.0
Monitoring and Management of Fragile Ecosystems in Shanxi-Shaanxi-Inner Mongolia	—	600.0 ^a
Institutional Development of the Power Company	—	500.0
Port Management and Operations	—	575.0
Financial Management	—	565.0
Energy Power Demand and Supply Analysis	—	600.0 ^b
COOK ISLANDS		
A Sector Study on Education and Training	—	292.0
INDIA		
Vadodara-Bombay Expressway (Supplementary)	250.0	—
Development of the Mutual Fund Industry	—	350.0
Evaluation of Petroleum Exploration and Development Risk Contracts	—	180.0
Improvement of Traffic Costing and Financial Management Reporting of Indian Railways	—	325.0
Rationalization of Nonbulk General Cargo Traffic	—	560.0 ^a
Enhancement of Operational Efficiency on Indian Railways	—	1,050.0 ^a
INDONESIA		
Urban and Regional Development of Eastern Islands	600.0 ^a	
Human Resources Development for Export Trade Promotion	400.0 ^a	
Financial Sector Review	390.0	—
Study of Water Supply and Sewage Disposal in Bandar Lampung	320.0	—
Ricefed Agriculture Development in the Eastern Region	690.0 ^a	—
Lower Secondary Education	571.0 ^a	—
Sustainable Mangrove and Coastal Zone Management	590.0 ^a	
Second Forestry Development	108.0 ^a	—
Environmental Impact Assessment for the Tampur Hydropower Scheme	560.0 ^a	—
Second Telecommunications	690.0 ^a	—
Tree Crop Smallholder Sector Project II	850.0 ^a	—
Inland Waterways	250.0	—
Institutional Strengthening of the Inland Water Transport Sector	—	1,000.0
Rotabek Institutional Development	—	600.0
Study of Urban Planning and Transport for Bandar Lampung	—	440.0
Environmental Management of Urban Development Projects	—	500.0
Strengthening of Fisheries Term Lending Capabilities of Participating Banks	—	380.0
Study of Fisheries Development Potential in East Indonesia	—	512.0
Private Secondary Education Study	—	450.0
Power Demand Analysis for Java	—	510.0
Securities Market Development: Phase II	—	592.0
Geothermal Steam Pricing Study	—	100.0
Agriculture Sector Policy Formulation	—	98.0
Urban Transportation Planning and Management	—	596.0
East Java Rainfed Agriculture	—	3,450.0 ^c
Private Sector Industrial Tree Plantations Program	—	80.0
Rural Financial Markets with Special Reference to Tree Crops Development	—	450.0

^a To be financed from JSP.^b To be financed by the Government of France with the Bank acting as Executing Agency.^c To be financed by the Government of Netherlands (Dutch Grant) with the Bank acting as Executing Agency.

Country/Project	Project Preparatory	Advisory & Operational
INDONESIA (cont'd.)		
Preparation of Segara Anakan Conservation and Development Community Health Services	1,700.0 ^a 480.0 ^b	—
KIRIBATI		
Integrated Development Plan for the Northern Line Islands	—	300.0
LAO PEOPLE'S DEMOCRATIC REPUBLIC		
Feasibility Study of Nam Song-Nam Leuk Hydropower Development Northern Provincial Towns Water Supply Development	1,300.0 ^b 420.0 ^b	—
Pre-Feasibility Study on Viability of the Nam Mang 3 Multipurpose Vientiane Water Supply Rehabilitation and Upgrading	50.0	—
Implementation of Second Road Improvement (Supplementary)	100.0	—
Prefabricated Concrete Bridge Training	—	250.0 ^c
Road Maintenance and Equipment Training	—	570.0
Institutional Strengthening of Ministry of Education and Sports	—	600.0
Institutional Strengthening of the Water Supply Sector	—	500.0
Curriculum Development for Teacher Education	—	630.0
		2,000.0 ^d
MALAYSIA		
Rehabilitation and Upgrading of Water Supply Systems	597.0 ^c	—
Bintulu-Miri Transmission Study	200.0 ^b	—
Energy Conservation Study	—	400.0 ^c
Study on the Role of the Services Sector in Economic Development	—	598.0
Institutional Strengthening for Shoreline Management	—	480.0 ^b
Study on Industrial Technology Contract Research Management	—	325.0
MALDIVES		
Institutional Improvements in the Maldives Electricity Board	—	450.0
Preparation of an Environmental Management Strategy	—	500.0 ^b
MARSHALL ISLANDS		
Human Resources Development	—	326.0
Privatization and Institutional Strengthening	—	300.0 ^b
MICRONESIA, FEDERATED STATES OF		
Agriculture Sector Development	450.0 ^c	—
MONGOLIA		
Adviser to Mongolian Stock Exchange	—	100.0
Training Program for the Mongolian Stock Exchange	—	95.0
Institutional Support for Procurement and Disbursements	—	247.8
Restructuring and Development of the Industrial Sector	—	635.0 ^b
NEPAL:		
Kathmandu Valley Urban Development	100.0	
Third Water Supply and Sanitation	80.0	—
Second Agriculture Program	94.0	—
Study on Equitable and Efficient Energy Pricing Policies (Supplementary)	—	110.0

- a. Of this amount, \$1,200,000 is to be financed from JSE.
b. To be financed by JSE.
c. To be financed by the Government of France with the Bank acting as Executing Agency.
d. To be financed by the Government of Norway with the Bank acting as Executing Agency.

CONTINUED

Country/Project	Project Preparatory	Advisory & Operational
NEPAL (cont'd.)		
Training and Project Benefit Evaluation	—	404.0
Rural Credit Review	—	588.0
Institutional Support for Project Implementation	—	650.0
Feasibility Study of Establishing a Leasing Operation in the Private Sector	—	74.0
Agricultural Pricing Policy	—	95.0
Women's Skill Development	—	22.0
Strengthening of the Ministry of Education and Culture	—	400.0
Rajapur Irrigation Rehabilitation (Supplementary)	30.0 ^a	—
PAKISTAN		
Restoration and Improvement of the Marala-Ravi Link System	1,150.0 ^a	—
Third On-Farm Water Management	98.0 ^b	—
Barani Farming System Training and Research	—	691.0 ^c
Study of Crop-Based Irrigation Operations in NWFP	—	850.0
Institutional Strengthening of Sindh Forest Department	—	560.0
Program for Safe Repair and Operation of the Gas Processing Plants Belonging to the Sui Southern Gas Company	—	100.0
Ports Subsector Tariff Review	—	100.0
Financial Restructuring and Management Strengthening of SSGC	—	860.0
Hydrocarbon Sector Strategy Study	—	600.0 ^a
Environmental, Safety and Efficiency Improvements SSGC's Operations	—	680.0 ^d
Strengthening Environmental Management for Water Resources Development in WAPDA	—	1,000.0 ^e
PAPUA NEW GUINEA		
Community Forestry Development	325.0	—
Fruits and Nuts Industry Development	250.0	—
Agricultural Research and Extension (Phase II)	436.0 ^a	—
Gas-Based Power Generation Study	—	185.0
Strengthening Monitoring of Health Services Delivery	—	350.0
Transport Infrastructure Development Plan Round Table Conference	—	100.0
Review of Industrial Assistance Policy	—	600.0
PHILIPPINES		
Urban Development (Supplementary)	50.0	—
Cebu Water Supply Phase II-Supplementary	53.0	—
Manila North-East Water Supply	1,283.0 ^c	—
Integrated Agriculture Infrastructure and Support Services	495.0 ^a	—
Second Forestry Sector Program	100.0	—
Western Visayas Development: Master Plan Study	1,336.0 ^a	—
Institutional Strengthening of the Bureau of Internal Revenue	—	599.0
Tree Improvement in Industrial Forest Plantations	—	535.0
Management, Supervision and Institutional Support to the Industrial Forest Plantations Program	—	683.5
Study on Foodcrop Policies	—	490.0
Master Plan for Forestry Development - Extension Phase	—	1,237.0 ^e
Institutional Strengthening of Financial Intermediaries	—	115.0
Rural Credit	640.0 ^a	—

^a To be financed from JIF.^b To be financed by the Government of Switzerland with the Bank acting as Executing Agency.^c To be financed by UNDP with the Bank acting as Executing Agency.^d To be financed by the Government of France with the Bank acting as Executing Agency.^e To be financed by the Government of Finland with the Bank acting as Executing Agency.

Country/Project	Project Preparatory	Advisory & Operational
PHILIPPINES (cont'd.)		
Assessment of Credit Needs for the Small Farmer Credit Program of LBP	43.0	—
NGO Development Program and Institutional Strengthening of DTI	—	3,000.0 ^a
Environmental Impact Assessment	—	300.0 ^b
Development of a Corporate Bond Market	—	100.0
SOLOMON ISLANDS		
Institutional Strengthening of the Development Bank of Solomon Islands	—	263.0
SRI LANKA		
Urban Development	600.0 ^b	—
Second Water Supply Sector	250.0 ^c	—
Rationalization of the Fertilizer Marketing System	—	97.0
Institutional Review and Development of CEB (Supplementary)	—	125.0
Study of Irrigation Management and Crop Diversification (Phase II)	—	750.0
Financial Accounting and Reporting Assistance to the NWSDS	—	100.0
Study on the Privatization of the National Development Bank of Sri Lanka	—	98.0
Study of Small and Medium Industries Development Policies and Strategies	—	238.0
Institutional Strengthening of the Credit Information Bureau of Sri Lanka	—	110.0
Livestock Sector Policy Review	—	350.0
Securities Council Training and Research Assistance Program	—	240.0
Institutional Support to the HDPC and the SMB	—	630.0
Housing Sector Development	—	680.0
Strengthening Post-Evaluation Capacity of the Ministry of Policy Planning and Implementation	—	100.0
Promotion of Micro Enterprises through Strengthening of Marketing	—	320.0
Institutional Strengthening of Southern Provincial Council	—	420.0
Accounting, Auditing and Financial Management (AAFM) Education and Training	99.0	—
THAILAND		
Institutional Strengthening of the NESDB for Urban Transport Planning and Policy	—	500.0
Preparation of a National Strategy on Global Climate Change	—	320.0
TONGA		
Tonga Water Supply	100.0	—
Marine Infrastructure	250.0	—
Rationalization of the Coconut Industry	—	206.0 ^b
National Tourism Plan	—	550.0
TEPB Institutional and Financial Development	—	365.0
VANUATU		
Interisland Shipping Study	—	520.0
Institutional Strengthening of the Development Bank of Vanuatu	—	650.0
WESTERN SAMOA		
Watershed Management and Community Forestry Development	94.0	—
Banking Supervisory Assistance to the Central Bank of Samoa	—	436.0
Privatization of MOF/WSTEC	—	322.0 ^f
GRAND TOTAL	22,569.0	68,715.7

a To be financed by the Government of Norway with the Bank acting as Executing Agency.

b To be financed from ADB.

c To be financed by the Government of Finland with the Bank acting as Executing Agency.

1991 LOANS THAT RESULTED FROM EARLIER BANK TECHNICAL ASSISTANCE
 (amounts in \$ million)

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		
BANGLADESH								
Second Health and Family Planning Services	1989	0.250	50.00	—	51.00	51.00	—	9.00
Dhaka Integrated Flood Protection	1990	0.600 ^a	119.80	—	91.50	91.50	—	28.30 ^b
Higher Secondary Education	1990	0.100	60.90	—	49.20	49.20	2.90	8.80
CHINA, PEOPLE'S REP. OF								
Shanghai Nanpu Bridge	1988	0.095 ^b	238.00	70.00	—	70.00	48.00	120.00
Yaogu-Maoming Railway	1988	0.095 ^b	244.00	67.50	—	67.50	—	177.10
Shanxi-Liuji Thermal Power	1988	0.100	123.00	65.00	—	65.00	—	58.00
INDIA								
Gandhar Field Development	1990	0.100	710.00	267.00	—	267.00	51.00 ^c	395.40
INDONESIA								
Batubek Urban Development	1983(1987)	0.250	—	—	—	—	—	—
1.950 ^d	111.60	80.00	—	80.00	—	—	31.60	—
Bandar Lampung Urban Development	1984	1.180 ^e	47.14	33.00	—	33.00	—	14.14
Inland Waterways	1985(1987)	0.073	75.00	45.00	—	45.00	—	30.00
1.820 ^d	—	—	—	—	—	—	—	—
Second Fisheries Industries Credit	1989	0.098	—	100.00	—	100.00	—	250.00
Second Land Resource Evaluation and Planning	1989	0.323 ^b	95.00	57.00	—	57.00	—	38.00
Tree Crop Smallholder Sector	1987(1989)	0.260	—	—	—	—	—	—
0.600 ^b	225.00	135.00	—	135.00	—	—	90.00	—
Central Java Groundwater Irrigation Development	1984(1985)	0.250	—	—	—	—	—	—
12.200 ^d	85.00	51.00	—	51.00	—	—	34.00	—
Water Supply	1985(1989)	0.150	—	—	—	—	—	—
0.095	—	—	—	—	—	—	—	—
1990)	0.362	12.00	—	9.60	9.60	9.60	—	2.40
LAO PDR								
Education Quality Improvement	1990	0.300 ^e	18.40	—	13.30	13.30	2.00	3.10
Fifth Road Improvement	1988	0.350	37.70	—	34.00	34.00	—	3.70
Southern Provincial Towns	1986	0.750 ^f	—	—	—	—	—	—
Water Supply	1989	0.095	—	—	—	—	—	—
1990)	0.362	12.00	—	9.60	9.60	9.60	—	2.40
MALAYSIA								
Industrial Technology Development and Management	1988	0.400 ^e	95.50	53.00	—	53.00	—	42.50
National Coastal Erosion Control Sector	1990	0.210	92.00	43.00	—	43.00	—	49.00
MALDIVES								
Second Power System Development	1990	0.100	10.30	—	9.20	9.20	—	1.10

^a Of this amount, \$300,000 is financed by Finland.

^b Financed from JGTF.

^c Includes standby co-financing.

^d Technical Assistance Loan.

^e Furnished by France.

^f Of this amount, \$600,000 is financed by UNDP.

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		
MARSHALL ISLANDS Fisheries Development	1990	0.100	8.90	—	6.95	6.95	—	1.95
NEPAL Rajapur Irrigation Rehabilitation	1988	0.456 ^a	20.72	—	16.62	16.62	—	4.10
Upper Sagarmatha Agricultural Development	1988	0.362 ^a	18.19	—	13.26	13.26	—	4.99
Primary Education Development	1989	0.100	24.40	—	19.50	19.50	0.90 ^b	4.90
PAKISTAN Sindh Forestry	1986	0.150	52.00	—	41.60	41.60	—	10.40
Second Oil and Gas Development	1988	0.315 ^a	88.00	52.00	—	52.00	5.00	31.00
Sui-Southern Gas System Rehabilitation and Expansion	1987 ^c	0.350	—	—	—	—	—	—
Chashma Right Bank Irrigation (Stage II)	1990	0.090	437.00	178.00	—	178.00	—	259.00
1989	0.575 ^a	287.50	—	185.00	185.00	43.00 ^{**}	62.50	
PAPUA NEW GUINEA Third Rural Health Services	1990	0.250	26.32	—	21.00	21.00	—	5.32
Agricultural Research and Extension	1990	0.057	27.52	—	22.00	22.00	—	5.52
PHILIPPINES Industrial Forest Plantations (Sector)	1983	0.249	41.10	25.00	—	25.00	—	16.10
1988	0.206 ^a	—	—	—	—	—	—	—
Kabuinan Irrigation and Area Development	1988	0.250 ^a	—	—	—	—	—	—
Second NGO Microcredit	1990	0.600 ^a	60.20	—	48.00	48.00	—	12.20
1990	0.099	43.84	—	—	30.00	30.00	3.00	10.83
SRI LANKA Southern Province Rural Development	1990	0.420 ^c	48.00	—	38.00	38.00	—	10.00
TONGA Power Development	1989	0.100	9.30	—	7.30	7.30	—	2.00
TOTAL		27.794	3,654.18	1,321.50	707.03	2,028.53	155.80	1,565.31

^a Financed from JSF.

^b Includes standby co-financing.

^c Of this amount, \$410,000 is financed by JSF and \$10,000 by the Government of Norway.

** Based on prevailing exchange rate at the time of loan approval.

REGIONAL TECHNICAL ASSISTANCE ACTIVITIES, 1991

CONTINUED

Project	Amount (\$ thousand)
19th Pacific Trade and Development Conference (PAFTAD) (Supplementary)	20.0
Regional Workshops on Sustainable Forestry Development	100.0
Standardization of Accounting and Financial Reporting	
Practices of ASEAN Power Utility Entities (PUEs)	210.0
Study of Food Situation and Outlook for Asia	598.0
Regional Research Program on Priority Health and Population Issues	560.0
Preparatory Study of Pacific Island Developing Countries	
for the 1992 U.N. Conference on Environment and Development	600.0
Translation of Bank's Guidelines for Procurement and Guidelines on the Use of Consultants	80.0
CERSARD: International Workshop on New Technologies for the Rural Poor	90.0
Two Technology Transfer Seminars to be Organized by Asian and Pacific Centre for Transfer of Technology (APCTT) of ESCAP	93.0
1991-1992 Regional Seminars on the Use of Consulting Services	300.0
Training Course on Project Appraisal for the Pacific Region	250.0
Tracer and Re-evaluation Studies in Selected Sectors and DMCs	98.0
Charting the Recruitment Process of Loan Consultants in Selected DMCs	96.0
Training in Regulation and Development of Emerging Capital Markets in DMCs	100.0
Loan Disbursement Seminars in 1991	100.0
Statistical Improvement of Selected Planned Asian Developing Economies	420.0
Conference on Waste Management Problems in the Coastal Areas of the ASEAN Region	100.0
Regional Conference on Integrated Pest Management	270.0
Seminars on Monetary and Fiscal Policy Issues at DMC Capitals	120.0 ^a
Special Secondment Scheme with the Bank	160.0
1991 ADB/APO Joint Collaboration Program	135.0
A Joint ADB-World Bank Seminar on Asian Poverty	60.0
Training Seminar on International Finance	75.0 ^a
Tourism Financing	100.0
The Mekong Geographic Information System for Natural Resource and Environmental Planning	600.0 ^a
Development of Domestic Consultant Services in Developing Member Countries 1991-1992	120.0
Regional Study on Environmental Considerations in Energy Development (Supplementary)	200.0
International Centre for Integrated Mountain Development (ICIMOD)	500.0
International Conference on Coal Technologies for Reduced Greenhouse Gas Emissions	90.0

^a To be financed from JSE.

Project	Amount (\$ thousand)
Private Sector Task Force	550.0
Development of National Plans for Education for All in the Asian and Pacific Region	580.0
Thai-Lao Conference on Private Sector Cooperation and Development	100.0
Implementation of a System for PHME for DFI Subloans	94.0
Symposium on Environment and Development (OISCA)	50.0
Workshop/Seminar on Managing Growth in a Market-Oriented Economy	100.0
ADB Development Round Table on External Resource Requirements and Debt Management	120.0
Technical Assistance to Determine Economic Costs of Outages and Poor Quality Electricity Supply	45.0
Regional Seminars on Management of Industrial Adjustment and Restructuring (Supplementary)	35.0
Economic Policies for Sustainable Development: Implementing the Brundtland Commission Recommendations in Selected DMCs (Supplementary)	130.0
Development of an Environmental Manual for Coal-Fired Power Plants	100.0
Fourth Workshop on Asian Economic Outlook	130.0
Seminar on Energy Conservation in the Electricity Sector	250.0
Interior Mekong Committee for Legal Training	295.0
Regional Seminar on Performance Evaluation in Asia	215.0
1991 Ninth General Meeting of ADBIPA	20.0
Second Regional Training Program to Develop the Management and Employment Skills of Women	511.0
Regional Training on Operation and Maintenance of Water and Wastewater Treatment Plants	357.0
South Asia Vegetable Research Network	600.0
Fourth ADB Round Table on Development Strategies	150.0
Regional Study on Global Environmental Issues	1,690.0 ^b
Regional Conference on Electric Power Supply Industry (CEPS) 1992	100.0
Development of the South Pacific Economic and Social Database (SPESD)	60.0
Technical Assistance to Support the Proposed "Multilateral Development Banks Project"	100.0
Environmental Information Systems in Selected Developing Member Countries	600.0 ^a
Second ADB-FMP Training Seminar on Monetary and Fiscal Policies	369.3 ^a
Second Symposium on Tax Policy and Reforms in the Asia-Pacific Region	75.8 ^a
Study of Technology Transfer and Development in DMCs	300.0 ^a
TOTAL	14,043.1

a To be financed from JSF
 b Of this amount, \$600,000 is to be financed from JSF, \$600,000 by the Government of Norway, \$390,000 by the Government of Australia and \$100,000 by the Environment Agency of Japan with the Bank acting as Executing Agency.

GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS BY SECTOR,^a 1990, 1991, 1967-1991
 (amounts in \$ thousand)

Sector	1990			1991			1967-1991		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
Agriculture and Agro-industry	64	26,950.40 ^b	35.62	53	34,631.50	37.94	639	231,885.87 ^c	44.57
Energy	22	10,200.00	13.48	20	8,525.00	9.34	181	60,156.60	11.56
Industry and Non-Fuel Minerals	6	2,517.00	3.33	6	2,198.00	2.41	72	16,814.20	3.23
Finance	26	6,029.50 ^c	7.97	20	5,874.40	6.44	130	29,449.00 ^c	5.66
Transport and Communications	23	9,196.50	12.15	23	10,400.00	11.39	200	63,758.55	12.26
Social Infrastructure	31	13,439.50	17.76	40	20,784.00	22.77	266	82,347.97	15.83
Multisector	2	200.00	0.26	1	50.00	0.05	16	3,024.00	0.58
Others	22	7,132.00	9.43	19	8,821.80	9.66	95	32,829.90	6.31
TOTAL	196	75,664.90	100.00	182	91,284.70	100.00	1,599	520,266.09	100.00

a. Excluding technical assistance-financed loans which are included in the Bank's loan data.

b. Adjusted to exclude \$610,000 of the Barani Area Development (Pakistan) which was cancelled due to financing arrangements.

c. Adjusted to exclude \$270,000 USAID-financed Strengthening of Small and Medium Industry Term Lending (Bangladesh).

**GRANT-FINANCED TECHNICAL ASSISTANCE APPROVALS BY COUNTRY AND REGIONAL ACTIVITIES,^a
1990, 1991, 1967-1991
(amounts in \$ thousand)**

Country	No.	1990			Total	%
		Bank Financing	JSF Financing	Other Sources		
Afghanistan	—	—	—	—	—	—
Bangladesh	22	5,813.00	2,154.00	4,763.00 ^b	12,730.00	13.49
Bhutan	1	750.00	—	—	750.00	0.80
Cambodia	—	—	—	—	—	—
China, People's Rep. of	4	1,777.00	—	—	1,777.00	1.88
Cook Islands	2	564.00	—	—	564.00	0.50
Fiji	2	160.00	200.00	—	360.00	0.38
India	9	2,930.00	1,000.00	600.00	4,530.00	4.80
Indonesia	30	4,322.00	8,042.00	—	12,364.00	13.10
Kiribati	2	246.50	—	—	246.50	0.26
Korea, Rep. of	—	—	—	—	—	—
Lao PDR	16	3,122.50	905.00	1,260.00	5,287.50	5.60
Malaysia	10	1,251.50	898.00	—	2,149.50	2.28
Maldives	5	995.00	100.00	—	1,095.00	1.16
Marshall Islands	2	320.00	—	—	320.00	0.34
Micronesia, Fed. States of	2	253.00	—	—	253.00	0.27
Mongolia	—	—	—	—	—	—
Myanmar	—	—	—	—	—	—
Nepal	11	2,408.00	1,688.00	—	4,096.00	4.36
Pakistan	19	2,788.50	1,527.00	791.00 ^c	5,106.50	5.41
Papua New Guinea	10	1,662.50	1,137.00	—	2,799.50	2.97
Philippines	18	2,916.40	5,650.00	—	8,566.40	9.08
Singapore	—	—	—	—	—	—
Solomon Islands	2	469.00	1,300.00	—	1,769.00	1.88
Sri Lanka	15	2,267.00	3,307.00	10.00	5,384.00	5.71
Taipei, China	—	—	—	—	—	—
Thailand	5	2,123.00	—	214.00	2,337.00	2.48
Tonga	5	1,320.00	392.00	—	1,712.00	1.81
Vanuatu	8	145.00	—	—	145.00	0.15
Viet Nam, Soc. Rep. of	—	—	—	—	—	—
Western Samoa	5	530.00	793.00	—	1,323.00	1.40
Sub-Total	196	39,133.90	28,893.00	7,638.00	75,661.90	80.19
Regional	58	16,570.50	319.74	1,800.00	18,690.24	19.81
TOTAL	254	55,704.40	29,212.74	9,438.00	94,355.14	100.00

a. Excluding technical assistance financed under loans, which are included in the Bank's loan data.

b. Adjusted to exclude \$270,000 USAID-financed Strengthening of Small and Medium Industry Term Lending (Bangladesh).

c. Adjusted to exclude \$350,000 of the Baruni Area Development (Pakistan) which was canceled due to financing arrangements.

No.	1991				1967-1991			
	Bank Financing	JSF Financing	Other Sources	Total	%	No.	Total Amount	%
9	810.00	4,095.00	4,537.00	9,442.00	8.96	15	2,465.70	0.40
4	1,061.40	600.00	—	1,661.40	1.58	143	77,231.32 ^b	12.46
—	—	—	—	—	—	35	11,675.40	1.88
—	—	—	—	—	—	2	111.00	0.02
30	10,217.00	3,609.00	600.00	14,426.00	13.70	56	24,624.00	3.97
1	292.00	—	—	292.00	0.28	9	1,555.00	0.25
—	—	—	—	—	—	32	6,427.30	1.04
6	1,105.00	1,610.00	—	2,715.00	2.58	27	11,204.50	1.81
29	7,678.00	6,859.00	3,450.00	17,987.00	17.08	226	69,060.27	11.14
1	300.00	—	—	300.00	0.28	13	2,146.50	0.35
—	—	—	—	—	—	33	5,010.15	0.81
10	2,450.00	1,720.00	2,250.00	5,420.00	6.10	76	30,745.28	4.96
6	923.00	680.00	997.00	2,600.00	2.47	68	17,183.30	2.77
2	450.00	500.00	—	950.00	0.90	14	3,878.00	0.63
2	326.00	300.00	—	626.00	0.59	4	946.00	0.15
1	—	450.00	—	450.00	0.43	3	703.00	0.11
4	442.80	635.00	—	1,077.80	1.02	4	1,077.80	0.17
—	—	—	—	—	—	38	10,716.00	1.73
12	2,807.00	30.00	—	2,837.00	2.69	136	53,977.50	8.71
11	2,480.00	2,750.00	1,169.00	6,699.00	6.36	131	44,916.05 ^c	7.24
7	1,610.00	436.00	—	2,046.00	1.94	65	15,137.10	2.64
17	2,678.50	2,771.00	5,520.00	10,969.50	10.41	163	58,517.80	9.44
—	—	—	—	—	—	2	577.42	0.09
1	263.00	—	—	263.00	0.25	36	7,051.74	1.14
17	4,357.00	600.00	250.00	5,207.00	4.94	105	25,506.00	4.11
—	—	—	—	—	—	1	100.00	0.02
2	820.00	—	—	820.00	0.78	67	17,862.60	2.88
5	1,265.00	206.00	—	1,471.00	1.40	24	5,767.00	0.93
2	1,175.00	—	—	1,175.00	1.12	16	4,098.76	0.66
3	530.00	320.00	—	850.00	0.81	11	1,110.60	0.18
3	—	—	—	—	—	42	8,883.00	1.43
182	44,040.70	28,171.00	19,073.00	91,284.70	86.67	1,399	520,266.09	83.91
57	10,213.00	2,740.10	1,090.00	14,043.10	13.33	465	99,798.81	16.09
239	54,253.70	30,911.10	20,163.00	105,327.80	100.00	2,064	620,064.90	100.00

NET TRANSFER OF RESOURCES TO DMCs (OCR), 1968-1991^a
 (amounts in \$ million)

D M C	1968-1979	1980	1981	1982	1983	1984	1985
Bangladesh	2.399	(0.088)	-0.73	1.20	-1.01	-0.96	-0.87
China, People's Rep. of	—	—	—	—	—	—	—
Fiji	9.497	7.208	0.05	1.43	3.34	4.54	-2.49
Hong Kong	21.630	8.358	0.53	1.97	-1.90	7.05	-9.33
India	—	—	—	—	—	—	—
Indonesia	69.438	36.645	61.77	91.45	110.17	91.13	74.09
Korea, Rep. of	313.629	5.492	49.99	37.38	7.40	13.74	-19.76
Malaysia	156.449	9.476	10.20	27.58	20.85	-0.80	-18.38
Myanmar	4.503	0.197	-0.57	-0.61	-0.55	-0.59	0.60
Nepal	0.236	(0.327)	-0.32	-0.31	—	—	—
Pakistan	165.517	3.933	-3.61	-1.54	13.27	11.43	8.54
Papua New Guinea	5.355	3.193	3.29	4.98	-1.26	0.57	1.51
Philippines	188.710	45.696	73.79	61.45	113.70	84.96	6.57
Singapore	27.476	1.652	-3.84	2.35	1.85	-6.43	-11.76
Sri Lanka	2.956	(1.869)	-1.84	-1.79	1.66	-1.46	-1.07
Taipei, China	16.601	(11.146)	9.17	7.68	-7.21	-6.98	7.01
Thailand	150.217	52.244	29.94	36.67	48.27	51.96	46.46
Viet Nam, Soc. Rep. of	-0.126	0.561	0.81	-0.09	-0.18	-0.18	-0.17
Regional Equity Investments	—	—	—	—	—	—	—
T O T A L	1,134.517	163.230	210.30	272.03	305.09	232.75	64.74

a. Net transfer of resources defined as disbursements less repayments and interests/charges received.
 Includes private sector loans and equity investments.

1986	1987	1988	1989	1990	1991	1980-1991	1968-1991
-0.89	-0.88	0.01	0.45	-0.33	-0.32	-6.825	-4.43
—	—	2.57	50.38	47.98	157.69	258.618	255.62
-2.15	3.42	13.71	-7.23	-12.28	-0.24	2.465	11.96
-10.87	-43.24	—	—	—	10.30	-51.226	-29.60
10.77	52.74	72.49	182.76	445.88	764.644	764.64	764.64
72.35	148.71	241.36	391.56	348.68	176.18	1,844.096	1,913.53
-87.00	-228.89	-169.33	-438.81	-17.87	21.99	-825.663	-512.03
-26.39	-30.22	47.34	-50.79	26.09	-3.82	-135.735	20.71
0.71	-0.77	-0.73	-0.76	-0.79	-0.77	-7.243	-2.74
—	—	—	—	0.55	0.71	0.304	0.54
-10.81	-20.36	20.75	139.82	109.30	136.59	407.426	572.94
4.43	4.40	7.74	6.90	14.48	13.76	64.866	70.22
-31.03	-75.89	-76.71	-41.00	46.17	-47.83	159.866	348.58
-15.16	16.46	-15.35	-13.29	-16.76	-9.09	-102.282	-74.81
-0.64	—	0.30	—	—	0.24	9.774	-6.82
7.56	-7.75	-7.65	-7.19	-1.06	1.43	-84.810	58.21
-11.49	-86.21	-80.43	-61.87	-174.98	-186.75	-317.194	-156.95
-0.10	0.21	-0.11	-0.22	-0.22	-0.14	-0.538	-0.66
—	—	5.00	34.98	11.73	2.96	54.670	54.67
-128.02	-350.42	-53.46	75.43	508.28	715.73	2,015.665	3,150.18

NET TRANSFER OF RESOURCES TO DMCs (ADP), 1968-1991^a
 (amounts in \$ million)

D M C	1968-1979	1980	1981	1982	1983	1984	1985
Afghanistan	20.879	4.140	0.68	-0.69	-0.48	-0.48	-0.09
Bangladesh	106.625	55.193	42.49	29.20	45.88	74.57	139.79
Bhutan	—	—	—	—	—	—	1.58
Cambodia	0.644	—	—	—	—	—	—
Cook Islands	—	—	0.56	0.25	0.77	0.09	0.39
Indonesia	82.873	0.813	-0.16	-1.32	-2.00	-0.99	2.78
Kiribati	0.509	(0.005)	0.00	-0.01	0.00	0.00	0.06
Korea, Rep. of	2.595	(0.323)	0.33	0.31	-0.32	-0.31	-0.31
Lao PDR	9.218	0.209	1.09	5.04	3.78	1.48	3.61
Malaysia	2.475	(0.263)	-0.26	-0.25	-0.25	-0.25	0.25
Maldives	—	—	—	0.02	0.70	0.02	0.08
Mongolia	—	—	—	—	—	—	—
Myanmar	94.040	11.349	20.40	33.15	15.18	22.94	30.40
Nepal	33.905	7.815	13.07	18.42	21.06	34.26	39.46
Pakistan	68.441	19.127	16.49	42.32	61.26	98.88	94.68
Papua New Guinea	15.096	6.901	15.26	2.98	7.79	2.34	2.59
Philippines	9.970	6.184	1.00	3.37	5.85	1.39	1.99
Singapore	2.665	(0.106)	-0.26	-0.26	-0.25	-0.25	-0.25
Solomon Islands	2.639	3.440	3.10	1.74	1.12	0.86	1.60
Sri Lanka	56.860	4.145	8.08	15.71	27.01	24.12	26.85
Thailand	6.359	1.165	0.25	2.98	7.14	8.01	8.82
Tonga	2.109	1.279	0.61	0.12	0.57	0.97	0.57
Vanuatu	—	—	—	—	—	0.27	0.34
Viet Nam, Soc. Rep. of	6.872	5.610	2.70	-0.46	0.19	-0.01	1.47
Western Samoa	15.171	3.093	2.94	1.07	3.15	2.64	0.52
T O T A L	539.945	130.770	127.70	153.08	198.14	271.16	356.68

^a Net transfer of resources defined as disbursements less repayments and interests/charges received.

1986	1987	1988	1989	1990	1991	1980-1991	1968-1991
-1.12	1.75	-1.50	-1.34	1.32	-1.32	-5.263	15.62
133.53	164.43	208.52	300.18	279.80	243.84	1,717.375	1,824.00
1.48	3.17	3.38	2.97	3.66	4.21	20.452	20.45
—	—	—	—	—	—	0.000	0.64
0.17	0.14	0.00	0.29	0.74	1.14	4.564	4.56
-0.60	26.23	54.92	53.59	106.98	13.48	253.733	336.61
0.10	0.89	0.26	0.02	0.67	0.37	2.347	2.86
-0.33	-0.34	-0.34	-0.32	0.32	-0.31	-3.860	-1.27
5.02	2.11	4.77	30.22	39.32	25.42	122.061	131.28
-0.27	-0.28	-0.28	-0.27	-0.27	-0.27	-3.148	-0.67
0.48	1.05	0.86	0.61	4.06	4.15	12.035	12.04
—	—	—	—	—	10.00	10.000	10.00
23.80	31.86	31.46	20.90	1.74	-2.32	240.864	334.90
30.62	23.26	35.52	73.20	57.04	66.66	420.383	454.29
96.59	138.30	174.05	199.28	201.01	256.00	1,397.981	1,466.42
0.29	4.12	8.31	6.79	38.26	50.43	146.001	161.10
27.67	32.30	31.51	41.09	116.76	91.51	360.612	370.58
-0.28	-0.29	-0.30	-0.29	-1.40	—	-3.947	-1.28
1.64	2.74	5.39	3.46	1.98	-0.81	26.256	28.90
35.47	42.34	57.09	68.70	101.82	139.45	550.781	607.64
11.17	7.45	1.90	0.09	-1.28	-1.78	46.598	52.96
0.45	0.56	1.32	0.48	0.80	0.64	8.356	10.47
0.22	1.02	0.74	3.02	2.54	4.83	12.995	13.00
0.50	0.06	-0.23	—	—	—	10.827	17.70
-0.14	0.94	1.04	1.25	9.85	13.00	39.350	54.52
366.45	480.31	618.48	803.87	962.41	918.33	5,387.353	5,927.30

NET TRANSFER OF RESOURCES TO DMCs (OCR and ADF), 1968-1991^a
 (amounts in \$ million)

DMC	1968-1979	1980	1981	1982	1983	1984	1985
Afghanistan	20.879	4.14	0.68	-0.69	-0.48	-0.48	-0.09
Bangladesh	109.024	55.11	41.77	28.00	44.87	73.61	138.92
Bhutan	—	—	—	—	—	—	1.58
Cambodia	0.644	—	—	—	—	—	—
China, People's Rep. of	—	—	—	—	—	—	—
Cook Islands	—	—	0.56	0.26	0.77	0.09	0.39
Fiji	9.497	7.21	0.05	1.43	3.34	4.54	-2.49
Hong Kong	21.630	8.36	0.53	1.97	-1.90	7.05	-9.33
India	—	—	—	—	—	—	—
Indonesia	152.311	37.46	61.62	90.14	108.17	90.14	76.87
Kiribati	0.509	-0.01	0.00	-0.01	0.00	0.00	0.06
Korea, Rep. of	316.224	5.17	49.67	37.07	7.09	13.43	-20.07
Laos PDR	9.218	0.21	1.09	0.04	3.78	1.48	3.61
Malaysia	158.924	9.21	9.94	27.33	20.60	-1.04	-18.62
Maldives	—	—	—	0.02	0.70	0.02	0.08
Mongolia	—	—	—	—	—	—	—
Myanmar	98.543	11.55	19.83	32.54	14.63	22.35	29.80
Nepal	34.141	7.49	12.76	18.11	21.06	34.26	39.46
Pakistan	233.958	23.06	12.88	40.78	74.53	110.31	103.22
Papua New Guinea	20.451	12.10	18.55	7.96	6.54	1.77	4.10
Philippines	198.680	51.88	74.79	64.62	119.55	86.35	8.36
Singapore	30.141	1.55	-4.11	2.09	1.60	-6.68	-12.01
Solomon Islands	2.639	3.44	3.10	1.74	1.12	0.86	1.60
Sri Lanka	59.816	2.28	6.25	13.93	25.34	22.66	25.78
Taipei, China	16.601	-11.15	-9.17	-7.68	7.21	-6.98	-7.01
Thailand	156.606	53.41	30.19	59.65	55.41	60.57	54.28
Tonga	2.109	1.28	0.61	0.12	0.57	0.97	0.57
Vanuatu	—	—	—	—	—	0.27	0.34
Viet Nam, Soc. Rep. of	6.746	7.17	3.51	-0.56	0.01	-0.19	1.30
Western Samoa	15.171	3.09	2.94	1.07	3.15	2.64	0.52
Regional Equity Investments	—	—	—	—	—	—	—
TOTAL	1,674.462	293.99	338.00	425.11	503.24	503.90	421.41

^a Net transfer of resources defined as disbursements less repayments and interests/charges received.
 Includes private sector loans and equity investments.

1986	1987	1988	1989	1990	1991	1980-1991	1968-1991
1.12	-1.75	-1.50	-1.34	-1.32	-1.32	-5.263	15.62
132.64	163.55	208.53	300.58	279.47	243.52	1,710.550	1,819.57
1.48	3.17	3.38	2.97	3.66	4.21	20.452	20.45
—	—	—	—	—	—	0.000	0.64
—	—	2.57	50.38	47.98	157.69	258.618	258.62
0.17	0.14	0.00	0.29	0.74	1.14	4.564	4.56
-2.15	-3.42	13.71	-7.23	-12.28	-0.24	2.465	11.96
-10.87	-43.24	—	—	—	10.30	-51.226	-29.60
—	10.77	52.71	72.49	182.76	445.88	764.644	764.64
71.75	171.94	296.28	445.15	455.66	189.65	2,097.829	2,250.14
0.10	0.89	0.26	0.02	0.67	0.37	2.347	2.86
-87.33	-229.23	-169.67	-439.18	-18.19	21.69	-829.523	-513.30
5.02	2.11	4.77	30.22	39.32	25.42	122.061	131.28
-26.56	-30.50	-47.63	-51.07	-26.36	-4.09	-138.583	20.04
0.48	1.05	0.86	0.61	4.06	4.15	12.035	12.04
—	—	—	—	—	10.00	10.000	10.00
23.09	31.09	30.74	20.15	0.95	3.09	233.621	332.16
30.62	23.25	35.52	73.20	57.59	67.37	420.687	454.83
85.78	117.94	194.81	339.10	310.31	392.69	1,805.407	2,030.37
4.72	8.53	16.05	18.69	52.68	64.19	210.867	231.32
-3.37	-43.59	-45.20	0.09	162.93	43.68	520.478	719.16
-15.44	16.75	-15.65	18.58	-18.16	-9.09	-106.229	-76.09
1.64	2.74	5.39	3.46	1.98	-0.81	26.256	28.90
34.83	42.34	57.39	68.70	101.82	139.70	541.007	600.82
7.56	-7.75	-7.65	-7.19	-4.06	-1.43	-84.810	-68.21
-0.33	78.76	-78.44	-61.78	-176.26	-186.53	-270.596	-113.99
0.45	0.56	1.32	0.48	0.80	0.64	8.356	10.47
0.22	1.02	0.74	3.02	2.54	4.83	12.995	13.00
0.40	-0.15	-0.33	-0.22	0.22	-0.44	10.289	17.04
-0.14	0.94	1.04	1.25	9.85	13.00	39.350	54.52
—	—	5.00	34.98	11.73	2.96	54.670	54.67
238.43	129.89	565.01	879.30	1,470.68	1,634.05	7,403.018	9,077.48

FINANCIAL RESOURCES

BORROWINGS, 1991

Country	Borrowing		Amount in Currency of Borrowing (million)	US\$ Equivalent ^a (million)
Austria	8.25% 10-Year Bonds due 2001	\$	1,000 ^b	81.7
Japan	7.20% 10 Year ^c Bonds due 2001	¥	20,000	147.6
	Direct Borrowing, ^d Tranche A 7-Year Loan due 1998	¥	7,500	57.2
	Tranche B 15-Year Loan due 2006	¥	7,500	57.2
Switzerland	7.125% 10-Year Bonds due 2001	SwF	150	116.6
	6.875% 10-Year Bonds due 2001	SwF	150	98.5
United States	8.50% 10-Year Notes due 2001	US\$	300	300.0
International	11.00% 10 Year Bonds due 2001	£	75	139.2
	7.50% 7-Year Bonds due 1998 ^e	US\$	300	300.0
T O T A L				1,297.9^f

a. Based on exchange rates effective at the date of Board approval of each borrowing.

b. Issued with 100,000 warrants at \$100 per warrant. Each warrant entitles holder to buy on the 5th anniversary of the original bonds from ADB one non-callable bond with the same terms and conditions (except for a five-year maturity) at \$10,025 of nominal \$10,000.

c. A dual currency bond issue — principal is payable in Japanese yen while the interest is payable in Australian dollars.

d. Both tranches carry long-term prime rate (LTPR) reset semi-annually. For Tranche B, the LTPR is fixed at 7.8 per cent for the first two years, thereafter to be reset on the second anniversary date subject to a cap rate of 7.8 per cent and a floor rate of 6 per cent.

e. Issued in the Asian region's capital markets of Hong Kong, Singapore and Taiwan.

f. Total does not tally due to rounding.

STATUS OF ASIAN DEVELOPMENT FUND RESOURCES

	Valued as of 31/12/90 US\$m.	Addition US\$m.	Change in 1991 Exchange Rate Adjustments ^a US\$m.	Net Change US\$m.	Valued as of 31/12/91 US\$m.	SDRm. ^b
Contributed Resources^c						
Australia	515.04	—	(8.99)	(8.99)	505.05	353.78
Austria	117.44	—	(0.13)	(0.13)	117.31	82.01
Belgium	106.65	—	(0.98)	(0.98)	105.67	73.87
Canada	825.45	—	3.36	3.36	828.81	579.41
Denmark	102.85	—	(2.39)	(2.39)	100.46	70.23
Finland	82.58	—	(9.95)	(9.95)	72.63	50.77
France	513.95	—	(5.06)	(5.06)	508.89	355.76
Germany	953.00	—	(13.83)	(13.83)	939.17	656.56
Hong Kong	1.73	—	—	—	1.73	1.21
Indonesia	4.46	—	—	—	4.46	3.12
Italy	401.23	—	(7.29)	(7.29)	393.94	275.40
Japan	6,085.66	—	447.19	447.19	6,532.85	4,567.05
Korea, Republic of	7.15	—	—	—	7.15	5.06
Netherlands	332.74	—	(3.97)	(3.97)	328.77	229.84
New Zealand	24.25	—	(2.03)	(2.03)	22.22	15.53
Norway	72.94	—	(0.80)	(0.80)	72.14	50.43
Spain	75.97	—	0.25	0.25	76.22	53.28
Sweden	119.91	—	3.18	3.18	123.09	86.05
Switzerland	179.56	—	(7.95)	(7.95)	171.60	119.96
Taipei, China	2.00	—	—	—	2.00	1.40
Turkey	—	29.20	—	29.20	29.20	20.41
United Kingdom	456.87	—	(13.58)	(13.58)	443.29	309.90
United States	1,690.23	2.41	—	2.41	1,692.64	1,183.31
Total Contributed Resources	12,671.63	31.61	377.03	408.64	13,080.27^d	9,144.25
Additional Resources						
Set-Aside Resources	67.73	—	0.37	0.37	68.10	47.61
Other Resources	5.08	(5.08)	—	(5.08)	—	—
Accumulated Translation Adjustments	97.49	2.83	—	2.83	100.32	70.13
Accumulated Surplus	512.54	117.17 ^e	—	117.17	629.71	440.22
Total Additional Resources	682.81	114.92	0.37	115.29	798.13	557.96
Total Resources	13,354.47	146.53	377.40	523.93	13,878.40	9,702.25
Less: Amounts Disbursed and Outstanding	6,371.06	966.22	274.28	1,240.50	7,611.56	5,321.17
Total Undisbursed Resources	6,983.41	(819.69)	103.12	(716.57)	6,266.84	4,381.08
ADF Lending Limitation^f						
Less: Amounts Committed but Undisbursed:	—	—	—	—	—	—
Denominated in US Dollars	287.03	(122.91)	—	(122.91)	164.12	114.73
Denominated in SDRs	5,633.71	389.40	30.16	419.56	5,953.27	4,161.87
ADF Lending Headroom^g	—	—	—	—	(20.92)	(14.62)
Advance Commitment Authority^h						
Total Commitment Authority	—	—	—	—	581.60	406.60

Note: Figures may not add due to rounding.

^a Relating to balances as of 31 December 1990 and additions in 1991.

^b Value at the rate of \$1.43043 per SDR as of 31 December 1991.

^c Amounts are adjusted for exchange rate changes and do not necessarily correspond to the initial ADF contributions of individual countries.

^d Excludes advance payments totalling \$844.16 million representing amounts of ADF contributions paid but not available for loan commitments as of 31 December 1991.

^e Includes \$5.08 million representing amounts initially accrued or allocated to other specific funds and shown prior to 1991 as "Other Resources".

^f Equal to a proportion, referred to as the gearing ratio, of total undisbursed resources. The gearing ratio is the ratio, determined on the basis of a US dollar appreciation of 10 percent, of the total value of the basket of contributed resources to the total value of the basket of committed but undisbursed loans.

^g Equal to the difference between the lending limitation and the amount of committed but undisbursed loans.

^h Equal to 85 percent of projected ADF investment income and loan repayments during the period 1 January 1992 to 31 December 1995.

TECHNICAL ASSISTANCE SPECIAL FUND
 (US Dollar Equivalent; as of 31 December 1991)^a

Contributor	Total Contributions	Amount Utilized
Direct Voluntary Contributions		
Australia	2,484,371	2,484,371
Austria	158,070	149,704
Bangladesh	47,352	47,352
Belgium	1,390,087	1,244,957
Canada	3,345,751	3,345,751
China, People's Rep. of	600,000	81,088
Denmark	1,962,529	1,962,529
Finland	237,201	237,201
France	1,699,228	1,699,228
Germany	3,314,813	3,314,813
Hong Kong	100,000	100,000
India	2,276,044	2,087,475
Indonesia	250,000	250,000
Italy	774,147	774,147
Japan	47,710,396	47,428,512
Korea, Rep. of	1,900,000	1,900,000
Malaysia	909,129	909,129
Netherlands	1,337,478	1,337,478
New Zealand	1,095,632	1,095,632
Norway	3,338,338	3,178,049
Pakistan	867,954	742,037
Singapore	100,000	99,923
Spain	189,580	189,580
Sri Lanka	6,309	6,309
Sweden	861,358	861,358
Switzerland	1,035,043	1,035,043
Taipei, China	200,000	200,000
United Kingdom	5,616,741	5,616,741
United States	1,500,000	1,500,000
Sub-Total	85,307,551	83,878,407
Regularized Replenishment Contributions^b	90,845,714	90,845,376
Other Resources^c	28,545,582	16,992,652
TOTAL	204,698,847	191,716,435

^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 1991.

^b Represents the TASF portion of contributions to the Replenishment of the Asian Development Fund and the Technical Assistance Special Fund authorized by Governors' Resolution No. 182.

^c Represents income, repayments and reimbursements according to TASF since April 1980.

JAPAN SPECIAL FUND

Statement of Operations and Unexpended Balances
 (amounts in \$ million)

	1988	1989	1990	1991	Total
Contributions committed	35.8	58.8	63.4	32.9	190.9
Translation adjustments	—	(8.0)	5.8	11.1	8.9
	<u>35.8</u>	<u>50.8</u>	<u>69.2</u>	<u>44.0</u>	<u>199.8</u>
Revenue	<u>1.2</u>	<u>3.2</u>	<u>7.0</u>	<u>9.9</u>	<u>21.3</u>
Total:	<u>37.0</u>	<u>54.0</u>	<u>76.2</u>	<u>53.9</u>	<u>221.1</u>
Expenses	1.6	9.6	16.0	22.8	50.0
Exchange loss	—	—	—	0.5	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>170.6</u>

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SUMMARY OF BUDGET FOR 1992
Internal Administrative Expenses
(amounts in \$ thousand)

	1991			
	Budget	After Transfers¹	Actual²	1992 Budget
I. BOARD OF GOVERNORS	<u>482</u>	<u>482</u>	<u>455</u>	<u>321</u>
II. BOARD OF DIRECTORS	<u>5,922</u>	<u>5,922</u>	<u>5,826</u>	<u>6,187</u>
Salaries	3,159	3,159	3,146	3,415
Benefits	1,408	1,362	1,295	1,497
Relocation	350	364	364	265
Business Travel	521	621	621	516
Staff Services	481	416	400	504
III. STAFF	<u>95,362</u>	<u>95,362</u>	<u>92,199</u>	<u>103,236</u>
Salaries	53,567	53,567	52,915	58,286
Benefits	32,494	32,423	30,584	34,648
Relocation	2,336	2,405	2,405	2,453
Consultants	6,965	6,965	6,295	7,849
IV. BUSINESS TRAVEL & REPRESENTATION	<u>8,885</u>	<u>9,114</u>	<u>9,114</u>	<u>10,173</u>
Business Travel	8,718	8,958	8,958	9,984
Representation	167	156	156	189
V. OTHER ADMINISTRATIVE EXPENSES	<u>23,290</u>	<u>23,290</u>	<u>22,505</u>	<u>24,250</u>
Communications	2,665	2,665	2,497	2,690
Office Occupancy	4,530	4,303	4,091	4,705
Library	450	450	437	490
Expendable Supplies	1,775	1,781	1,781	1,885
Office Equipment	2,150	2,371	2,371	2,525
Contractual Services	3,460	3,460	3,231	3,667
Insurance	290	290	283	330
Depreciation	7,825	7,825	7,699	7,808
Miscellaneous	145	145	115	150
VI. GENERAL CONTINGENCY	<u>1,339</u>	<u>1,110</u>		<u>1,442</u>
TOTAL	135,280	135,280	130,099	145,612

1 An amount of \$229,000 was allocated out of the General Contingency to the Budget Category BUSINESS TRAVEL & REPRESENTATION. Transfers were made between Budget Items within the other Budget Categories without exceeding the amount of each Category.

2 Excludes: (1) \$2,376,000 as provision for severance pay, (2) \$1,637,000 as provision for accumulated compensated absences; (3) \$28,000 as bank charges pertaining directly to ADF; and (4) an adjustment of \$1,259,000 on account of pension costs computed in compliance with U.S. Financial Accounting Standards (FAS 87). The total expenses of \$135,399,000 as shown in the financial statements (after deducting \$14,000 directly charged to the Scholarship Program) have been distributed as follows: OCR \$83,077,000 (Ref. OCR-2), ADF-\$51,830,000 (Ref. ADF-2), TASF \$3,000 (Ref. TASF-2), and JSF \$474,000 (Ref. JSF 2). (The breakdown figures may not add to the total because of rounding.)

RESOLUTIONS OF BOARD OF GOVERNORS ADOPTED DURING 1991

Resolution No.	Subject	Date Adopted
208	Procedures for the Election of Directors at the Twenty-Fourth Annual Meeting	25 April 1991
209	Place and Date of Forthcoming Annual Meetings	25 April 1991
210	Financial Statements and Independent Auditors' Reports	26 April 1991
211	Allocation of Net Income	26 April 1991
212	Membership of the Republic of Nauru and Increase in Authorized Capital Stock	3 September 1991
213	Decisions Relating to Sections 5 and 7(B)(a) of the By-Laws	8 October 1991

BOARD OF GOVERNORS
(As of 31 December 1991)

N.W.H. MACLEOD (Hong Kong) (Chairman)

J. B. SUMARLIN (Indonesia) (Vice Chairman)

EINAR RISA (Norway) (Vice-Chairman)

MEMBER	GOVERNOR	ALTERNATE GOVERNOR
Afghanistan, Republic of	Mohammed Niaim	Abdulwahab Asefi ¹
Australia	John Dawkins ²	John Kerr ³
Austria	Ferdinand Lacina	Othmar Haushofer
Bangladesh	Mohammad Saifur Rehman ⁴	Enam Ahmed Chaudhury
Belgium	Ph. Meystadt	Jan Vanormeingen
Bhutan	Dawa Tsering	Bap Kesang
Cambodia		
Canada	Barbara McDougal ⁵	Frederick W. Gorbet
China, People's Republic of	Li Guixian	Chen Yuan
Cook Islands	G. A. Henry	Alistair Rutherford
Denmark	Ole Loensmann Poulsen	Sten Loholt
Fiji	J. N. Kamikaznicia	Ratu Jene Y. Kububola
Finland	Ilaika Ristimaki	Erikki Lazolla ⁶
France	Pierre Beregovoy	Jean-Claude Trichet
Germany	Hans-Peter Repnik ⁷	Eckard Pieske
Hong Kong	N.W.H. Macleod ⁸	D.A.C. Nendick
India	Manmohan Singh ⁹	M. S. Ahluwalia ¹⁰
Indonesia	J. B. Sumarlin	Adrianus Mooy
Italy	Carlo Azeglio Ciampi	Mario Draghi ¹¹
Japan	Tsutomu Hata ¹²	Yasushi Mieno
Kiribati	Taonati Iuta ¹³	Baraniko Baaro
Korea, Republic of	Yong-Man Rhee ¹⁴	Kun Kim
Lao People's Democratic Republic	Sisavath Sisane	Soulignong Nhousyvanisvong
Malaysia	Datuk Seri Anwar Ibrahim ¹⁵	Dato Mohd. Sheriff Mohd. Kassim ¹⁶

1 Succeeded Mohammad Kabir in April.

2 Succeeded Ralph Willis on 27 December.
Ralph Willis succeeded John Kerr on 9 December.
John Kerr succeeded P. J. Keating in June.

3 Succeeded Neal Blawett in December.
Neal Blawett succeeded R. H. Dunn in October.

4 Succeeded M. A. Mumtaz in March.

5 Succeeded Joe Clark in May.

6 Succeeded Jorma Paaltonen in September.

7 Succeeded Jürgen Warneke in March.

8 Succeeded Piers Jacobs in August.

9 Succeeded Yashwant Sinha in June.

10 Succeeded S. P. Shukla in October.

11 Succeeded Mario Saccinelli in March.

12 Succeeded Toshiaki Kaijyu in November.
Toshiaki Kaijyu succeeded Ryutaro Hashimoto in October.

13 Succeeded Teetac Teannaki in July.

14 Succeeded Yung Kai Chung in May.

15 Succeeded Daim Zamuddin in March.

16 Succeeded Tan Sri Datuk Zain Azrael in July.

MEMBER	GOVERNOR	ALTERNATE GOVERNOR
Maldives	Ismail Shafeeu ¹⁷	Khaddeja Hassan
Marshall Islands	Jenchi Halos	Amon Tiono
Micronesia, Federated States of	Aloysius J. Tuoh	Asteno R. Takesy
Mongolia	Naidansurengijn Zhargalsalchhan ¹⁸	(to be advised) ¹⁹
Myanmar	D. O. Abel	(to be advised) ²⁰
Nauru	Kinza Clodumar ²¹	Obeira Menke ²²
Nepal	Maheesh Acharya ²³	Shashi N. Shah
Netherlands	W. Kok	J. P. Pronk
New Zealand	Ruth Richardson	Graham Scott
Norway	Einar Risa	Torild Skard
Pakistan	Sarlaq Aziz	R. A. Akhund
Papua New Guinea	Paul Pora	Gereba Aopi ²⁴
Philippines	Jesus P. Estanislao	Jose L. Cuisla
Singapore	Richard Hu Tsu Tau	Nglam Tong Dow
Solomon Islands	Christopher C. Abe	Snyder Rini ²⁵
Spain	Jose Claudio Aranzadi Martinez ²⁶	Miguel Angel Festo Hernandez ²⁷
Sri Lanka	D. B. Wijetunga	R. Paskaralingam
Sweden	Alf Samuelsson ²⁸	Lennart Baage ²⁹
Switzerland	Nicolas Imboden ³⁰	Louis Currat
Taipei, China	Samuel C. Hsieh	Chung-Ying Lee ³¹
Thailand	Suthee Singhavesan ³²	Panas Simasathien
Tonga	J. C. Cocker	Baron Vaea
Turkey	Tansu Ciller ³³	Tevik Altinck ³⁴
United Kingdom	Lynda Chalker	P.D.M. Freeman ³⁵
United States	Nicholas F. Brady	Robert B. Zoellnik ³⁶
Vanuatu	Willie Jimmy ³⁷	Antoine Pikiame ³⁸
Viet Nam, Socialist Republic of	Ceo Sy Kiem	Le Van Chau ³⁹
Western Samoa	Tuilaepa S. Malielegaoi	Epa Tutuhi ⁴⁰

¹⁷ Succeeded Ahmed Mujtaba in August.¹⁸ Succeeded G. Khurenbulag in February.¹⁹ Successor to D. Sukh-Erdene is to be advised.²⁰ Successor to U Soe Thwin is to be advised.²¹ Appointed in September.²² Appointed in September.²³ Succeeded Devendra Raj Panday in July.²⁴ Succeeded Morsa Vole in December.²⁵ Succeeded Reuben Natouen in April.²⁶ Succeeded Carlos Balibago Catada in April.²⁷ Succeeded Antonio Ruiz Iglesias in April.²⁸ Succeeded Bengt Svenn-Soderbergh in October.²⁹ Succeeded Carl-Johan Groth in February.³⁰ Succeeded Pierre-Louis Girard in September.³¹ Succeeded Tsung-Lan Lin in March.³² Succeeded Bankain Silpa-Archa in March.³³ Succeeded Elvren Hukilemili in December.³⁴ Elvrem Paldonculi was appointed in June.³⁵ Appointed in December.³⁶ Succeeded J.A.L. Saint in July.³⁷ Succeeded Richard T. McCormack in May.³⁸ Succeeded Selu Molisa in December.³⁹ Selu Molisa succeeded Sethy J. Regenvand in September.⁴⁰ Sethy J. Regenvand succeeded Selu Molisa in February.⁴¹ Succeeded E.S.G. Pakoa in December.⁴² E.S.G. Pakoa succeeded Sethy J. Regenvand in February.⁴³ Succeeded N. V. Dam in January.⁴⁴ Succeeded Kolone Vaai in March.

BOARD OF DIRECTORS AND VOTING GROUPS
 (As of 31 December 1991)

DIRECTOR	ALTERNATE DIRECTOR	MEMBERS REPRESENTED ¹
Heinz Bühl ²	Eva Stohanz ³	Austria; Germany; Turkey; United Kingdom
Anthony F. Burger	Asbjørn Levbræk	Canada; Denmark; Finland; Netherlands; Norway; Sweden
Che Peiqin	Wei Benhua	People's Republic of China
Sofjan Djajawinata	Colin Pratt	Cook Islands; Fiji; Indonesia; New Zealand; Tonga; Western Samoa
Victor H. Frank, Jr.	Carl T. Delfeld ⁴	United States
Vicente R. Jayme ⁵	Aitezazuddin Ahmad ⁶	Maldives; Marshall Islands; Mongolia; Pakistan; Philippines
P.K. Lahir ⁷	Qazi Shamsul Alam ⁸	Bangladesh; Bhutan; India; Lao People's Democratic Republic; Socialist Republic of Viet Nam
Giovanni Montagna	René Legrand ⁹	Belgium; France; Italy; Spain; Switzerland
Hyung-Sup Shim	Val Reva	Republic of Korea; Papua New Guinea; Sri Lanka; Taipei, China; Vanuatu
Anthony Tan Song Chuan ¹⁰	U Soe Thwin ¹¹	Malaysia; Myanmar; Nepal; Singapore; Thailand
Kenneth Waller	Derek Rooken-Smith	Australia; Hong Kong; Kiribati; Federated States of Micronesia; Nauru; Solomon Islands
Ken Yagn	Toshiaki Karamori	Japan

1. In alphabetical order within each group.

2. Succeeded Nicholas Bailey on 1 July.

3. Succeeded Heinz Bühl on 1 July.

4. Appointed on 10 June.

5. Succeeded Aitezazuddin Ahmad on 1 July.

6. Succeeded Vicente R. Jayme on 1 July.

7. Succeeded D. Bandyopadhyay on 16 December.

8. Succeeded Qazi Azher Ali on 1 April.

9. Succeeded Luis López on 1 August.

10. Succeeded K.D. Adhikary on 2 April.

11. Succeeded Anthony Tan Song Chuan on 12 April.

COMMITTEES OF THE BOARD OF DIRECTORS
(As of 31 December 1991)

AUDIT COMMITTEE

Heinz Bühl (Chairman)

Anthony F. Burger

Che Peiqin

Vicente R. Jayme

Giovanni Montagna

Anthony Tan Song Chuan

BUDGET REVIEW COMMITTEE

Sofjan Djajawinata (Chairman)

D. Bandyopadhyay¹

Victor H. Frank, Jr.

Hyung-Sup Shim

Kenneth Waller

Ken Yagi

¹ Resigned on 15 December

PRINCIPAL OFFICERS

(As of 31 December 1991)

OFFICE OF THE PRESIDENT

Klimintase Taruntijo	President
Günther Schulz	Vice-President (Finance & Administration)
In Yung Chung	Vice President (Projects)
William R. Thompson	Vice President (Operations)

STRATEGIC PLANNING UNIT

(Under the Office of the President)
Shoji Nishimoto Acting Manager

OFFICE OF THE SECRETARY

Arun B. Adarkar	Secretary
William G. Brown	Deputy Secretary

OFFICE OF THE GENERAL COUNSEL

Peter H. Sullivan	General Counsel
D. C. Amerasinghe	Deputy General Counsel
Pablo S. Trillana (I)	Assistant General Counsel
Eisuke Suzuki	Assistant General Counsel
Robert E. Bares	Assistant General Counsel

PROGRAMS DEPARTMENT (LAST)

Etsushi Watanabe	Director
Basudeb Datta	Deputy Director
Bhavuphol Hwyayangura	Programs Manager (Division I - People's Rep. of China; Mongolia; Taipei, China)
R. Swaminathan	Programs Manager (Division II - Hong Kong; Indonesia; Malaysia, Singapore)
Vacant	Programs Manager (Division III - Rep. of Korea; Marshall Islands; Fed. States of Micronesia, Papua New Guinea; Philippines)

SOUTH PACIFIC REGIONAL OFFICE

Jeanne Hayashi Director

INDONESIA RESIDENT OFFICE

Eiji Kobayashi Chief

PROGRAMS DEPARTMENT (WEST)

Noritada Morita	Director
Dinh Xuan Vinh	Deputy Director
Maurice D. Bouche	Programs Manager (Division I - Rep. of Afghanistan; Maldives; Pakistan; Sri Lanka)
Paul M. Dickie	Programs Manager (Division II - Bangladesh, Bhutan; India; Nepal)
Ricardo M. Tan	Programs Manager (Division III - Cambodia; Lao People's Dem. Rep.; Myanmar; Thailand; Soc. Rep. of Viet Nam)

BANGLADESH RESIDENT OFFICE

G.H.P. B. van der Linden Chief

PAKISTAN RESIDENT OFFICE

Grahame G. Muller Chief

NEPAL RESIDENT OFFICE

Dalheva Coote Chief

CONTINUED

DEVELOPMENT POLICY OFFICE

A.I. Amritul Islam	Chief
Werner M. Schelzig	Assistant Chief

ECONOMICS AND DEVELOPMENT RESOURCE CENTER

Vacant	Director and Chief Economist
John Malcolm Dowling, Jr.	Assistant Chief Economist (Economic Analysis and Research)
Richard O. Wada	Assistant Chief Economist (Project Economic Evaluation)
William T.C. Ho	Assistant Chief Economist (Statistics and Data Systems)

CO-FINANCING AND COORDINATION UNIT

(Under the Vice-President – Operations)	
Ishuya Azumi:	Manager

AGRICULTURE DEPARTMENT

Richard M. Bradley	Director
Satish C. Jha	Deputy Director
Yang Weimin	Deputy Director
Nihal Amerasinghe	Manager (Division I – People's Rep. of China; Mongolia; Papua New Guinea; Philippines; Taipei, China)
M.E. Tusneem	Manager (Division II – Hong Kong, Indonesia; Singapore)
Abdul Gaffar Nasution	Manager (Division III – Rep. of Korea; Malaysia; Pacific Island DMCs)
Theodore C. Patterson	Manager (Division IV – Rep. of Afghanistan; Maldives; Pakistan; Sri Lanka)
Musannun S. Rao	Manager (Division V – Bhutan; India, Myanmar; Nepal)
Hans-Juergen Springer	Manager (Division VI – Bangladesh; Cambodia; Lao People's Dem. Rep.; Thailand; Soc. Rep. of Viet Nam)

INFRASTRUCTURE DEPARTMENT

Sayed A. Baha	Director
Eustace A. Nonis	Deputy Director
Akira Seki	Manager (Transport and Communications – East)
Maheesan Ganesan	Manager (Transport and Communications – West)
Javier M. Gomez	Manager (Water Supply and Urban Development – East)
P.K. Thomas	Manager (Water Supply and Urban Development – West)
William M. Fraser	Manager (Education, Health and Population – East)
Vacant	Manager (Education, Health and Population – West)

PRIVATE SECTOR DEPARTMENT

A. Cushman May	Director
Nobuyuki Yamamura	Deputy Director
J. Antocio M. Quila	Manager (Area Division I – Rep. of Afghanistan; Bangladesh; Bhutan; Maldives; Nepal; Pakistan; Sri Lanka)
M.S. Parthasarathy	Manager (Area Division II – Cambodia; People's Rep. of China; Indonesia; Lao People's Dem. Rep.; Myanmar; Thailand; Soc. Rep. of Viet Nam)
Vacant	Manager (Area Division III – Hong Kong; India; Rep. of Korea; Malaysia; Mongolia; Pacific Island DMCs; Papua New Guinea; Philippines; Singapore; Taipei, China)
Mumtaz Iqbal	Manager (Portfolio Management Unit)

ENERGY AND INDUSTRY DEPARTMENT

Ronald S. Skeates	Director
V. Krishnaswamy	Deputy Director
Vishvanath V. Desai	Manager (Industry and Minerals)
Vacant	Manager (Power Division East – People's Rep. of China; Hong Kong; Indonesia; Rep. of Korea; Malaysia; Pacific Island DMCs; Papua New Guinea; Philippines; Singapore; Taipei, China)

PRINCIPAL OFFICERS

(As of 31 December 1991)

Alan D. Burnell Manager (Power Division West – Rep. of Afghanistan; Bangladesh; Bhutan; Cambodia; India; Lao People's Dem. Rep.; Maldives; Myanmar; Nepal; Pakistan; Sri Lanka; Thailand; Soc. Rep. of Viet Nam)

OFFICE OF THE ENVIRONMENT

Vacant Chief
B.N. Lohent Assistant Chief

CENTRAL PROJECTS SERVICES OFFICE

Neil R. Collier Chief
Jean-Pierre Vu Manager (Consulting Services)
Devinder Singh Manager (Central Projects Administration Coordination)

BUDGET, PERSONNEL AND MANAGEMENT SYSTEMS DEPARTMENT

Dang Fook Lee Director
Osamu Tsukahara Deputy Director
Suresh A. Seshan Manager (Budget and Planning)
Terry Wan Manager (Human Resources)
Robert C. May Manager (Compensation and Benefits)
N. Viswanathan Manager (Systems and Procedures)

OFFICE OF ADMINISTRATIVE SERVICES

Jayanta Majhab Director
John Ling Manager (General Services)
Lim Say Hop Manager (Support Services)
John T. Eglington Manager (Facilities Management)

CONTROLLER'S DEPARTMENT

Ivan L. Zimonyi Controller
Frances W. Mentus Assistant Controller (Accounting)
S. Kalyanaraman Assistant Controller (Disbursement Division – East)
Bernard Donge Assistant Controller (Disbursement Division – West)

TREASURER'S DEPARTMENT

Tomoo Hayakawa Treasurer
Vacant Deputy Treasurer
Rip Min Assistant Treasurer (Funding)
Erkki K. Jappinen Assistant Treasurer (Investments)
Chi-Chuan Hung Assistant Treasurer (Treasury Services)
Ian M. Hay Assistant Treasurer (Financial Policy)

INFORMATION OFFICE

George V. Liu Chief Information Officer
Robert H. Salomon Assistant Chief Information Officer

OFFICE OF COMPUTER SERVICES

John W. Thorp Chief
Louis Wong Assistant Chief

INTERNAL AUDIT OFFICE

M.M. Soerakoesoemah Chief

POST-EVALUATION OFFICE

S. Mahnoch Alam Chief
A. Timothy Peterson Assistant Chief

FORMER ADB PRESIDENTS AND VICE-PRESIDENTS

PRESIDENTS

Mr. Takeshi Watanabe	— 24 November 1966 – 24 November 1972
Mr. Shiro Inoue	— 25 November 1972 – 23 November 1976
Mr. Tarolchi Yoshida	— 24 November 1976 – 23 November 1981
Mr. Masao Fujieka	— 24 November 1981 – 23 November 1989

VICE-PRESIDENTS

Mr. C. S. Krishna Moorthi	— 19 December 1966 – 31 March 1978
Mr. A. T. Bambawale	— 1 April 1978 – 28 October 1985
Mr. M. Narashham	— 1 November 1985 – 31 July 1988
Mr. S. Stanley Katz	— 1 April 1978 – 28 September 1990

MAJOR ADB PUBLICATIONS

STUDIES AND REPORTS

- Agriculture Sector Profile of the Philippines (1991)
Asian Development Bank Economic Staff Paper Series
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Asian Development Bank Statistical Report Series
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