

# ADB REVIEW

NEWS FROM THE ASIAN DEVELOPMENT BANK

April 2004



## JAPAN FUND FOR POVERTY REDUCTION

**HELPING THE POOREST  
AND MOST VULNERABLE**



Ian Gill

**LOOKING UP** Afghanistan has shown great progress in structural reform and strong economic recovery, but much remains to be done. See story p 24.

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### ABOUT THE COVER

A boy in the upland areas of Luang Namtha province in the Lao People's Democratic Republic proudly displays his day's catch.

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In this publication, "\$" refers to US dollars.

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# JAPAN FUND FOR POVERTY REDUCTION



Helping the poorest and most vulnerable groups in Asia and the Pacific

**R**econstructing and rehabilitating infrastructure in Afghanistan. Financing non-government organization (NGO) activities to provide training for poor farmers in the Lao People's Democratic Republic. Fighting the battle in Central Asia against iodine deficiency, a cause of preventable mental retardation. Providing housing finance to the poor in Mongolia's congested cities.

These are some examples of how the Japan Fund for Poverty Reduction (JFPR) is helping the poorest and most vulnerable groups in developing member countries of ADB.

Funded by the Government of Japan and administered by ADB, the JFPR provides grants to finance activities in direct support of improving services and facilities for the poor. The JFPR also finances capacity building for local communities and NGOs.

The Government of Japan has made several contributions with total JFPR funds amounting to \$302.4 million as of the end of 2003.

JFPR grants complement and reinforce a wide range of ADB-financed operations and programs. Out of 43 JFPR projects approved as of December 2003, 21 projects address social sector problems, of which 13 are targeted at the urban poor, 4 are on primary health care, and 4 on education. The JFPR also assists in other sectors such as infrastructure, energy, agriculture, and rural development in light of the importance of economic growth as a means of poverty reduction.

This issue of *ADB Review* features examples of projects financed by JFPR grants. Among them are projects in health services, agriculture training, housing finance, community building, and post-conflict rehabilitation in Afghanistan. ■

**GIVING HOPE** The JFPR provides grants to finance activities in direct support of improving services and facilities for the poor



# Reshaping Afghanistan

From building roads to providing health care, JFPR projects are creating jobs—and a glimmer of hope

By Tsukasa Maekawa  
Principal External Relations Specialist

**P**rojects financed by the Japan Fund for Poverty Reduction (JFPR) are playing an important role in reconstructing and rehabilitating infrastructure in Afghanistan. By providing grant assistance for what is urgently required—as well as for what is needed to ensure the sustainability of reconstruction work—they are helping reshape the country. From improving roads, irrigation systems, education, and health care services, to helping communities raise the living standards, six JFPR projects are providing jobs and skills to help reintegrate refugees, internally displaced persons, and former combatants into society.

A JFPR grant of \$20 million, the largest so far, will cofinance the civil works for the urgently needed repair and rehabilitation of the Pule Khumri-Mazar Sharif-Sheberghan-Andkhoy section of the ring road (392 kilometer [km]) and an international link to Uzbekistan (Naibabad-Hairatan road, 55 km).

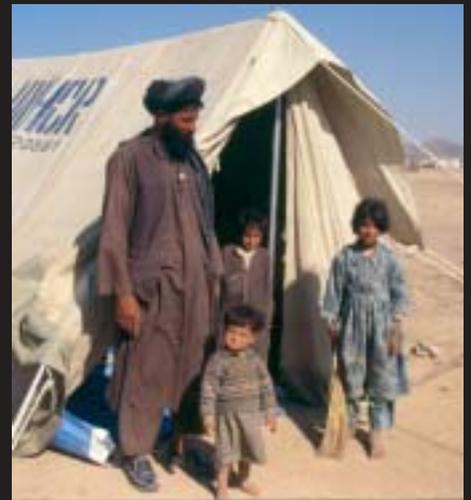
The grant will cofinance a portion of the road component of ADB's Emergency Infrastructure Rehabilitation and Reconstruction Project, approved in June 2003. In addition to rehabilitating electric power and gas production, transmission and distribution lines, the project will rehabilitate and reconstruct a 447-km section of the primary national road network in northern Afghanistan.

"The project will assist some of the

most vulnerable groups in the country by repatriating, resettling, and reintegrating them into communities, and developing their capacity and skills for new livelihoods," says Hasan Masood, ADB Project Specialist.

The project is expected to generate for three years a daily average of more than 1,000 jobs for refugees, internally displaced people, and former combatants. "Operating and maintaining facilities rehabilitated under the project will create additional permanent jobs," says Mr. Masood.

Women's welfare will be promoted through improved availability and access to social services, including education and health. The Government will work closely with local community leaders in the project area to ensure that both men and women



**PAVING THE WAY** Refugees, internally displaced persons, and former combatants are being trained to work on road projects



The project is expected to generate for three years a daily average of more than **1,000 jobs**

are given equal employment opportunities to benefit from the project.

Additional long-term employment would be generated from increased production, trade, transport, and services attributable to improved roads, power, and gas supply.

Another JFPR road project—a \$15 million grant that is rehabilitating a large portion of the 100-km Kandahar-Spin Boldak road, one of the country's major links with Pakistan—is already providing jobs for refugees who have returned from Pakistan, as well as for internally displaced persons and former combatants.

The project is also providing training to

develop skills in road construction, supporting education for children and adults, assisting with basic health services, and providing microcredit for those starting businesses.

In addition to road projects, the JFPR is also financing a project to help rebuild Afghanistan's educational system, improve the nutrition and general and reproductive health of the rural poor, repair severely damaged irrigation systems, and harness community participation to help improve the living standards of poor villages.

The JFPR projects are in line with the Ogata Initiative (Regional Comprehensive Development Assistance Program), a

Japanese Government-funded program aimed at providing development assistance—shelter, water, health, education, food, demining, and income generation—in postconflict communities.

“The JFPR has provided ADB with a generous grant facility, which is of particular importance in a postconflict situation,” says Yoshihiro Iwasaki, Director General of ADB's South Asia Department. “JFPR funding of reconstruction and rehabilitation projects has helped the poor by facilitating access to social services and generating incomes and jobs, and has contributed to structural and sustainable development of the country.” ■

A mix of information and small loans provides fresh opportunities for poor farmers in the Lao PDR

# KNOWLEDGE BRINGS CHANGE



By David Kruger  
External Relations Specialist

## XIENGHOUANG PROVINCE, LAO PDR

**P**honsavan Atsathong stands in a crowded one-room schoolhouse. “When you are buying a pig, what should you look for?” he asks the gathered men, women, and children of Xiengkiao Village in Kham District, Xiengkhouang Province, Lao People’s Democratic Republic (Lao PDR).

After a brief silence, Mr. Atsathong, a veterinarian and trainer for Handicap International, a nongovernment organization (NGO), begins to explain the basics of pig purchasing—sows should have a large udder to feed their young; piglets should be healthy and active.

The information is elementary. But for many farmers in remote Xiengkiao Village, it is new and practical, and could lead to a hefty profit—much-needed income that would help many families in the area overcome chronic shortages of rice that can last more than six months a year.

When the lecture is done, about 20 women, each clutching a wriggling chicken or duck, gather at the center of the village to learn how to vaccinate their birds. The novelty of vaccination is evi-

dent in the whoops and laughs of a crowd of onlookers as each woman tries her hand at sticking her uncooperative fowl.

For 55-year-old Ms. Hom, it’s a new experience. She has been raising chickens for years to supplement her food supply and income but has never vaccinated her animals. Several die each year, meaning a loss of investment and food, but Ms. Hom simply accepts the loss as normal.

She is not alone. Dr. Tienne Vannasouk, Deputy Director-General of the National Agriculture and Forestry Extension Service, says that despite the importance of livestock to many villagers’ incomes and food security, most farmers are either unaware of the need to vaccinate their animals or doubt the medicine’s effectiveness.

A farmer could sell one chicken and get enough money to buy vaccine for 100 birds, he says. But until they are convinced the vaccine will work, they will not make that investment.

### Raising Incomes through Training

Disease claims many livestock each year, says Mr. Meepiang, the head of Xiengkiao Village, but most farmers provide no preventive care for their animals. “When there is an outbreak, we go to the district government for help,” he says.

Changing that attitude is one of the goals of Mr. Atsathong’s training and of a

\$1 million grant to the Lao PDR from the Japan Fund for Poverty Reduction (JFPR).

The Community-Managed Livelihood Improvement Project targets more than 17,000 people in 36 poor villages and is linked to an ADB irrigation project in the same areas. The JFPR grant is designed to provide people—who lack land or own land that is difficult to irrigate—with small loans, information, and training in ways to increase their incomes from livelihoods such as livestock rearing; production of cash crops such as chili, peanuts, or garlic; fishpond expansion; and silk or cotton weaving.

Rice is the central crop in Kham District, where 85–90% of the population depends on agriculture for the primary source of food and income, says Thongthep Keomany, Head of the District Agriculture and Forestry Services Office. Unfortunately, lowland rice fields comprise only 2.5% of the mountainous district’s total area of 2,334 square kilometers.

The scarcity of land means many families are unable to produce enough rice to meet their basic needs. Many others are landless. About 60% of the district’s population relies on unsustainable slash-and-burn hillside farming, foraging in forests, and collecting nontimber forest products to supplement their rice production and trade for consumer goods, says Mr. Keomany.



David Kruger (KS)

needs and wins the support of villagers, each village, in cooperation with NGOs implementing the project, is responsible for determining the income-generating opportunities it wants to pursue, the types of training and study tours it needs to meet its goals, and the timetable under which beneficiary families will receive loans from the project's village revolving fund.

Boualay Chanthalangsy is heading Handicap International's work in the 11 participating villages in Kham District. He says villagers lacked the confidence to express their opinions and were suspicious of strangers when the project began.

"It seemed new to the villagers that they were able to be involved in the design of

nearby hills. When Mr. Ha, the village head, traveled to Kasi District in Vientiane Province on a project-funded study tour, he was surprised to learn that farmers there also plant peanuts in their rice fields after the rice harvest—expanding their harvest and their income.

"It is not our tradition to plant other crops in our rice fields after harvest," he says. "We have never done that before." This year they will and are looking forward to the extra income.

Back in Xiengkiao Village, new access to information and training is also bringing change. Ms. Hom is now planning to vaccinate all her chickens. Her neighbor, Mr. Bounhak, is planning to vaccinate his pigs. He will also move his pigpen, which, he learned from Mr. Atsathong, is too close to the stream that runs behind his wood-and-bamboo home.

**NEW EXPERIENCE** Ms. Hom (left) had never before vaccinated her chickens despite several of them dying each year

Mr. Bounhak will use half of the kip (KN)500,000 (\$50) he plans to borrow from the village revolving fund to buy two male pigs. If they stay healthy and grow as expected, he hopes to sell them for KN1 million

**PROGRESS** Mr. Bounhak plans to vaccinate his pigs and move his pigpen, which he learned is too close to the stream



**ROUGH TERRAIN** The JFPR project targets more than 17,000 people in 36 poor rural villages; it is linked to an irrigation project



**// It is not the amount of money you give that is important. It's the degree to which people change their thinking that will make the difference //**

Lam Ngeunh Phakaysone  
Lead consultant, JFPR project

Barely able to make ends meet, villagers have little time to spend learning about new crop possibilities or farming techniques. And with very small cash incomes, their ability and willingness to invest in unproven ideas is limited.

### Growing New Crops

To ensure the project meets practical

the project and that their participation was important," he says.

Veterinary training and cash crop production are the priorities in Tadlouang Village, where only 5 of 62 households own enough land to produce sufficient rice for their own consumption.

Peanuts are an important off-season crop that villagers have long planted on

(\$100) a few months later.

The project's lending of KN500,000 each are small, but it plays a crucial role in turning new information into practical benefits. "It is not the amount of money you give that is important," says Lam Ngeunh Phakaysone, the project's lead consultant. "It's the degree to which people change their thinking that will make the difference." ■

# BRAIN GAIN

New regulations and surveillance are helping ensure Central Asians get the iodine and iron they need—and that no more children needlessly suffer

By John Cole  
Principal External Relations Specialist

BISHKEK, KYRGYZ REPUBLIC

**Y**ou see? asks Artur Buiuklianov delightedly as he points to the telltale stain. “The salt is iodized.” We are visiting a small market in Kara-Balta, a town once famed for gold and uranium production. He has purchased a bag of salt and tested it by adding a drop of reagent. The salt has turned purple, showing the presence of iodine. More importantly, it shows that the battle against iodine deficiency disorder (IDD) is being won in Central Asia.

It is an important battle, for human beings need to ingest the right balance of micronutrients for healthy living, and micronutrients like iodine play a vital role. Regular iodine intake is particularly important for the development of healthy children, and if a woman has insufficient iodine in her body during pregnancy—especially in the first trimester—this can seriously damage the fetus.

According to the United Nations Children’s Fund (UNICEF) Executive Director Carol Bellamy, speaking at the International Meeting for the Sustained Elimination of Iodine Deficiency Disorders in Beijing in October 2003, 46 million children were born in 2002 unprotected from iodine deficiency, the world’s single greatest cause of preventable mental retardation. “There is no reason for so many children to be compromised by a disorder that can be prevented with only a few grains of iodized salt,” she said.

Even mild iodine deficiency can result in a significant loss in learning ability. According to UNICEF, IDD can lower the intelligence quotient of a population by as much as 13 points, with serious implica-



tions for human and economic development. Other effects include goiters, stillbirths, and miscarriages.

In the former Soviet Union, the connection between micronutrients and health and child development was well recognized, and almost all salt was iodized. But after the breakup of the Soviet Union in 1991, many linkages between Russia and the newly independent countries of Central Asia were sundered and, during the latter’s difficult period of transition from controlled to market economies, iodized salt generally ceased to be available.

In Central Asia, the poor eat little seafood, which is a good source of iodine, and their diets are generally iodine-deficient. With the collapse of systematic iodization of salt, half a generation of poor women and children—especially children—have suffered.

The problem is not limited to iodine. Toregeldy Sharmanov, President of the Kazakh Academy of Nutrition (KAN) in



**IODINE EFFORTS** (Counterclockwise from top left) IDD sufferers at a Shimkent hospital; art event at a Shimkent school; flour seller in a Kara-Balta market; more art for stimulating awareness; salt testing in Bishkek

Almaty, Kazakhstan, says half the women of reproductive age in Central Asia are affected by iron deficiency anemia. This can be overcome simply by fortifying flour with iron; but in most parts of Central Asia, fortified flour has never been available.

The World Bank has estimated the cost of micronutrient deficiency to the Central Asia subregion at about 5% of gross domestic product—an enormous price to pay for the absence of tiny amounts of inexpensive micronutrients.

## Spreading the Word

Recognizing the challenge, the governments of Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan reached an agreement in



John Cole (x5)

October 2001 to increase the consumption of iodized salt and iron-enriched flour. With a grant of \$6.85 million from the Japan Fund for Poverty Reduction (JFPR), a project has been put in place aimed at increasing awareness, mobilizing communities, promoting legislation and regulation, fostering production of iodized salt and fortified flour, and monitoring bioavailability of iron and iodine in people.

Throughout the subregion, information ministries, health authorities, and nongovernment organizations (NGOs) have been mobilized to make people aware of the importance of micronutrients in diet. A whole range of dissemination techniques is being deployed: pamphlets, TV advertisements, billboards, comics, children's art competitions, wall paintings, and lectures.

The campaigns are succeeding. In Kazakhstan and the Kyrgyz Republic, for example, near universal awareness of the need for iodization and fortification exists in target areas. These are those—like the

city of Shimkent in southern Kazakhstan—that have a high incidence of IDD among women and young children, goiters among schoolchildren, and iron-deficient anemia among infants and pregnant women.

Nurzhamal Kuderova is the Director of the Shimkent Center for Healthy Lifestyles, one of 205 centers that have recently been set up as the Government of Kazakhstan has come to recognize the cost of lifestyle diseases. A throat surgeon who is well acquainted with goiters and the danger that iodine deficiency presents, she stresses the need for continuing public information campaigns, not only about micronutrients but also about exercise and lifestyle generally.

To improve supply, iodizing and fortifying equipment is being given to producers. In the Kyrgyz Republic, for example, seven salt packaging companies have been given equipment, as well as being provided with subsidized supplies of potassium iodate. An association of salt producers has been formed with project assistance, and a further seven processors are joining the scheme. No salt is produced in the Kyrgyz Republic, and most is imported from Kazakhstan. Illegal noniodized imports and counterfeit products are a problem and require strict enforcement of laws and regulations, says Sarpek Eshaliev, President of the Salt Enterprises Association of the Kyrgyz Republic.

In fact, throughout the subregion, legis-

## Micronutrient deficiency is estimated to cost the Central Asia subregion about 5% of gross domestic product

She works closely with Kalima Kulbatchaeva, who heads the Federation of Business Women of South Kazakhstan, one of the NGOs recruited under the project to foster awareness and undertake monitoring. Ms. Kulbatchaeva underscores the importance of available supplies of “healthy foods” in the market, and points to the healthy food logo designed by KAN and adopted throughout the region as the campaign symbol.

*Children's Park*, a government-funded newspaper aimed at children in the Shimkent area, frequently carries articles about diet and tells children about the importance of iodization and iron fortification. The newspaper even sponsored a graffiti day on the general theme of healthy living. The idea came from five teenage activists who helped organize a daylong event where students from 23 schools created artwork on a wall at the Mendeleev Science School.

“It attracted considerable media coverage and greatly increased awareness of the significance of micronutrients,” says Olga Zorina, Editor of *Children's Park*. Similar promotional efforts are being made throughout the subregion.

### Making Micronutrients Available

The fundamental aim of the project is to make iodized salt and fortified flour available to the poor.

lation is being enacted, regulations established, and surveillance measures adopted to help improve and standardize supply. KAN is leading the subregion in setting standards, ensuring information disseminated is technically correct, and monitoring progress.

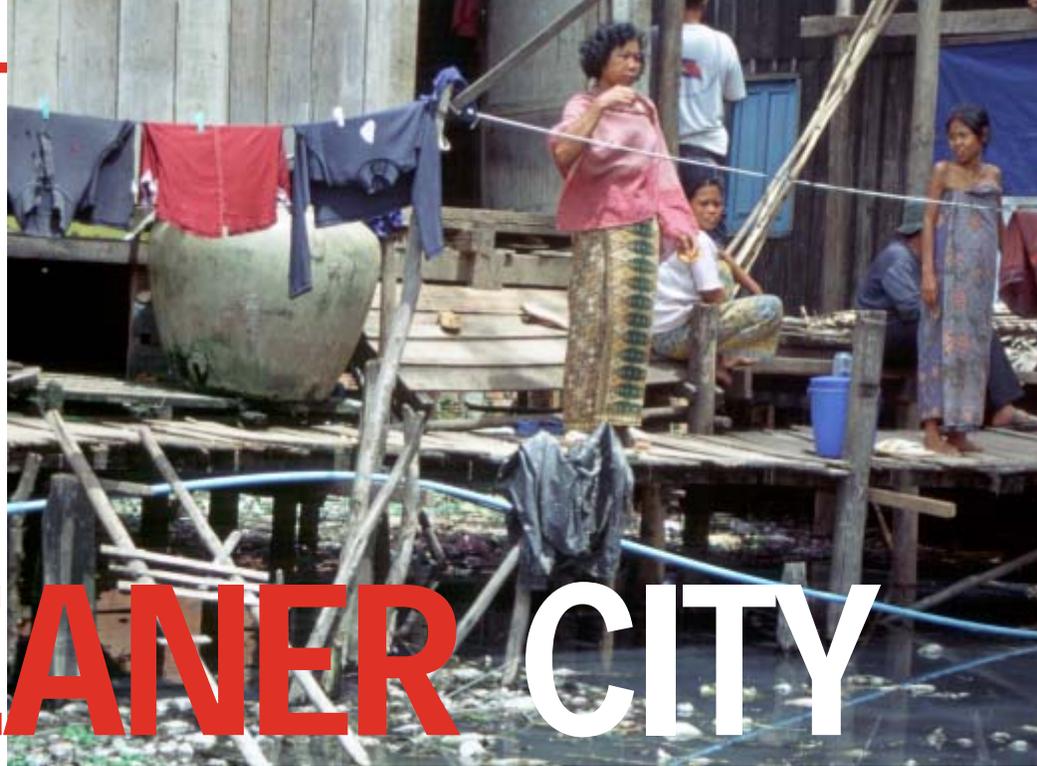
Equipment for flour fortification is also being provided free of charge to flour millers, and they are receiving subsidized supplies of a premix developed by KAN. This fortification additive provides iron and five other important micronutrients—zinc, folic acid, and vitamins B1, B2, and B3. A US firm is supplying the premix.

As a result of these ongoing efforts, awareness of the need for micronutrients has greatly increased, and the availability of iodized and fortified flour has improved, with prices mostly being held at reasonable levels. It is too early to accurately evaluate the effect on the health of Central Asia's women and children. What is certain, however, is that continuing commitment and support are needed to ensure that the poor children and mothers of Central Asia get the micronutrients they need. Let us hope Mr. Buiuklianov, and others like him, do not need to test salt for much longer. ■

Copies of *Central Asia's Hidden Hunger*, a video produced by ADB and BBC in 2001, can be ordered at <http://www.adb.org/publications/product.asp?sku=0030V>

# A project in Phnom Penh targets waste management to improve income and health

# A CLEANER CITY



By David Kruger  
External Relations Specialist

## PHNOM PENH, CAMBODIA

**A**long Phnom Penh's bustling Monivong Boulevard, the prosperity of modern Cambodia is on full display as a steady rush of small motorcycles and cars passes the tailors, restaurants, and shops selling everything from fresh fruit and French bread to electrical appliances.

But cut down a side street and the scene takes an unnerving turn. Within a few hundred meters, the depressing legacy of decades of conflict comes into sharp relief—paved roads give way to dirt, two- and three-story concrete shops are replaced by ramshackle homes, and prosperity fades into poverty.

For much of the past 30 years, Cambodia has been plagued by conflict and uncertainty. There was little time and fewer resources to build or improve infrastructure, either social or physical. Some 36% of the country's 13.5 million people now live below the national poverty line—meaning they lack sufficient income to buy 2,100 kilocalories worth of food each day.

As the relative prosperity of Phnom Penh draws a growing number of people from the provinces, the city is struggling to keep pace. The expanding population is increasing pressure on antiquated water supply and drainage systems; inadequate roads

prevent the provision of services in many parts of the city, contributing to sanitation, health, and hygiene problems.

### Communities Determine Own Needs

The new pressures and old problems collide right under Sory Monnyrataa's fragile wooden shack. In a corner of Village 4, Sangkat Psar Daeum Thkov, his family, and 130 others, crowd onto a stretch of land that was once a road.

There is no drainage and the shaky squatter settlement sits on wooden stilts less than a meter above a fetid black pool of sewage and waste. Sory Monnyrataa says the flooding is permanent. He would like to move, but there is nowhere to go. Instead he is leading efforts to improve the jerrybuilt footbridge that provides the only access to the squatters' homes.

His community has applied for financial assistance from the Income for the Poor through Community-Based Environmental Improvements in Phnom Penh Project funded by a \$1 million grant from the Japan Fund for Poverty Reduction (JFPR). The project is helping fund small infrastructure improvements, create self-help groups to expand collection of solid waste in poor communities, and raise awareness of the importance of environmental and personal hygiene to good health.

The project targets about 31,000 poor households in seven low-lying *sangkats* (local authorities) in Phnom Penh, and is designed to build each community's ability to work together to keep their areas clean

and reduce the incidence of illnesses such as diarrhea, dengue fever, cholera, and skin irritations related to improper solid waste management and persistent flooding.

Each community, working with nongovernment organizations (NGOs) implementing the project, is responsible for deciding its needs and the best way to meet them. "We are the facilitators," says Wan Maung, Project Management Consultant. "They are the initiators. They are the developers."

This unique community-based approach will be crucial to efforts at expanding the project to other areas of the city in the future, says Trac Thai Sieng, Vice-Governor of the Municipality of Phnom Penh.

After decades of conflict, social values have deteriorated and respect for public land has sharply declined, he says. The first challenge is to build a sense of community and a shared responsibility for sanitation and village development. "If there is no self-awareness about health and hygiene, it cannot be imposed from outside," he says.

### Forming Self-Help Groups

The establishment of waste pickers' self-help groups for community solid waste disposal is one way to achieve this goal. A central obstacle to improving the environment in Phnom Penh is the inadequacy of solid waste collection. Due to narrow or poorly maintained roads, waste collection trucks cannot access many areas of the city.

City authorities recognize the problem and are encouraging greater involvement of



David Kruger

self-help groups in primary waste collection in several neighborhoods.

Heng Yon Kora, Program Director of the Community Sanitation and Recycling Organization, an NGO helping waste pickers form self-help groups, says such arrangements benefit both waste collectors—who get a steady income—and the neighborhoods involved, which get daily waste collection and a cleaner environment.

Under the JFPR project, new self-help groups will be created this year to collect waste from an additional 3,000 homes. By the time the project is completed in 2005, some 12,000 homes will have better waste collection and about 4,000 poor households—involved in waste collection, transportation, composting, sorting, and recycling—are expected to increase their income by about 30%. Other main activities of the project include environmental awareness campaigns for the general public and skills training for waste pickers. In this regard, involvement in waste collection and recycling becomes an entry point for the development of entrepreneurial skills.

Vice-Governor Trac Thai Sieng is hoping success with this pilot project will convince other communities and local governments to follow suit. If the benefits are clear and the opportunity is there, people will respond, he says.

The key is to build on success and spread the word. “Awareness will bring us long-term benefits, not only for parents but also for the children,” he says. “This is our investment in the future.” ■

## One Day at a Time

In a quiet corner of Phnom Penh’s steamy Stung Mean Cheay dumpsite, Neou Yom sits with her husband and their 6-year-old daughter, sorting the day’s collection of plastic bags, glass bottles, and soda cans. The arrival of each new load of garbage sparks a rush among the 300 or so waste pickers gathered at the site. Children shimmy up the sides of garbage trucks as they back into position. Adults jostle for access as the huge containers rise and refuse spills out at their feet. Speed and a sharp eye can mean the difference between a common plastic bottle and a prized length of copper wire.

It is 10 a.m., but for Neou Yom and her family, the day is ending. They arrived more than 13 hours ago and are now packing up the night’s haul—mostly plastic bags and aluminum cans. Picking at night is dangerous and difficult, and requires the rental of a flashlight that eats into the family’s meager income, but there is less competition, says a weary Neou Yom.

As her 6-year-old daughter sits shoeless on a pile of rubbish, quietly chewing on strips of sugarcane picked from the more than 700 tons of garbage dumped at the site each day, Neou Yom explains the family’s finances.

When her husband, a soldier based in a nearby province, is in town and their 10-year-old daughter can pitch in, the family can collect enough recyclable goods to earn between riel (KR)5,000 (\$1.25) and KR10,000 (\$2.50) a day. Their two meals of rice and some vegetables—eaten atop the rubbish at the dumpsite—cost about KR6,000 (\$1.50). Rental for a flashlight is KR1,000 (\$0.25) a night. If there is some money left over, the children get a small treat. On a bad day, everyone gets less food, she says. During the long rainy season, they have many bad days.

Neou Yom says it is difficult to find the copper wire, glass bottles, or aluminum cans that fetch the best prices from the middlemen who buy the waste pickers’ goods for sale to local recyclers. Most of the waste that makes it to the dumpsite has already been thoroughly picked by primary collectors in the city.

Yet after five years of 12-hour days rummaging through Phnom Penh’s waste, the basic truth that rules Neou Yom’s life has not changed: “If I do not come here,” she says, “I will not have money for food.” (D.K.) ■



David Kruger

“ If I do not come here, I will not have money for food ”

Neou Yom  
Waste picker, Stung  
Mean Cheay dumpsite

A development center that will provide training, showers, and a rest area for waste pickers at the Stung Mean Cheay dumpsite will be built under the JFPR-supported Income for the Poor Through Community-Based Environmental Improvements in Phnom Penh Project.

# BUILDING COMMUNITY SPIRIT

A public-private sector partnership has the ambitious goal of having a direct impact on the lives of 35,000 urban poor through infrastructure projects and housing improvements

By Rita Festin  
Media Officer

PINAGBUHATAN, PASIG, PHILIPPINES

**R**ose Mosquera, a single mother of four, looks proudly at the almost completed multipurpose center that houses her community homeowners' association office and a day care for preschool children in Pinagbuhatan, Pasig City.

"On Sundays, residents helped construct it through the *bayanihan* spirit," says Ms. Mosquera. In the local language, Tagalog, *bayanihan* means "helping your neighbor in time of need."

And this is exactly what the newest Japan Fund for Poverty Reduction (JFPR) project in the Philippines, the Strategic Private Sector Partnerships for Urban Poverty Reduction (STEP-UP), is all about.



It seeks to improve the lives of almost 6,000 urban poor families in Metro Manila or about 35,000 people.

The center went up in record time: only 180 days. The speed with which it was built was brought about by the builders' own interests—and that of their children who attend the day care center.

Previously, classes were held in a far-away open lot. When it rained, classes were suspended. The new multipurpose center is right in the heart of the community in a three-story concrete building with ample ventilation.

## Direct Impact

STEP-UP is a public-private sector partnership that brings together two major Philippine-based institutions—ADB and the Philippine Business for Social Progress (PBSP), the largest Philippine business-led social development foundation in the coun-

try—in a project that has a direct impact on the urban poor.

PBSP counts among its members the Philippines' biggest business entities and corporations that are committed to contributing 1% of their net income before taxes every year to worthy projects. Government agencies, such as the Housing and Urban Development Coordinating Council, are also helping.

The JFPR, funded by the Government of Japan, has provided \$3.6 million of the \$7 million total project costs. PBSP is raising the remaining pesos (P)187 million (\$3.4 million) in cash and in kind as counterpart funds. Funds come not just from its members but from nonmembers as well. Eden Garde, PBSP Director for Operations, notes that "there are those who just want to help out."

To date, P15 million (\$272,727) had been raised. The project is being imple-



Richie Abrina (K2)

mented over three years and involves putting in place community infrastructure projects, housing improvements, and partnership building with professional organizations.

### Helping Themselves

But the approach being used is not the usual one. The community residents who benefit from the project contribute their skills. This provides them with a sense of ownership and makes them true stakeholders. One such community is in Pinagbuhatan.

Many residents are construction workers, so they have ample skills to contribute to the project. Other residents work in factories. Some are scavengers.

Once flood-prone and muddy, the community now boasts of a cemented main alley with a drainage facility for rainwater. Ms. Mosquera says that strong rains would leave their community with waist-high floodwaters. Skin diseases, especially among children, were quite common. Up front, project proponents identified it as the first project that the STEP-UP would undertake in the community. In less than six months, it was completed.

The STEP-UP also provides scholarships for the youth to equip them with skills to make them employable. Jovelyn del Rosario, 18, is studying to be a mechanic. But she nearly was not accepted in the program. Her mother explains: "The officials initially had doubts about accepting her into the scholarship program because they thought she was too feminine and might not be able to withstand the rigorous training. But my daughter reasoned with them that if she can withstand picking garbage, then she can certainly work with grease."

About P3 million (\$54,550) is earmarked for each community for the infrastructure component. Loans for livelihood and home upgrading are separate and

**BETTER FACILITY** Hirochimi Sakuma, Financial Attaché of the Japanese Embassy in Manila (second from right), visits the daycare center in Pinagbuhatan, Pasig

treated individually.

The project is the latest in a series of interrelated assistance efforts that ADB has provided to Metro Manila to tackle the problem of slum housing and to initiate a long-term, metropolitan-wide program of urban upgrading and slum improvement. ADB earlier approved two JFPR grant projects of \$1 million each to conduct on-site urban upgrading in Payatas, Quezon City, the dump site where a tragic garbage slide killed at least 200 people in July 2000, and assist informal settlers in leading their own relocation from a dangerous railroad right-of-way in Muntinlupa City. These activities are providing important lessons in the design of a proposed \$175 million ADB loan project to promote integrated urban development and urban upgrading for Metro Manila's poor, which is subject to approval by the ADB Board of Directors.

In Tagalog, the community's name, Pinagbuhatan, means something born out of labor. The STEP-UP project in Pinagbuhatan is showcasing this "labor of love," where people are producing something good out of their own labor and for their own benefit. ■

**The community residents who benefit from the project contribute their skills**

## Two parallel projects are making dreams of a better home come true for low- and middle-income households as well as the poorest in Mongolia

By Marcia R. Samson  
Senior Editorial Officer

ULAANBAATAR, MONGOLIA

**R**etired hospital nurse Garmaadorj Doljin walks with the aid of crutches as she dusts her one-room house in the neighborhood of Dari Ekh Khoroo. The 70-year-old grandmother shares her home with her mentally disabled daughter and seven grandchildren.

Although it is cramped and dilapidated,



# HOUSES OF THEIR

she is proud of her house. It is made of wood with mortar finishing, rather than being the traditional Mongolian *ger* (a circular tent made of wood and felt). But the extreme weather changes in Mongolia—from -40 to +40°C—have taken their toll on her home, which she bought in the 1970s.

“I used to live in a ger but I sold it. I prefer a house. It is difficult to put up a ger and it is not properly heated,” Ms. Doljin says. “In a regular house, insulation is better.”

Ms. Doljin supports her family on her government pension and disability allowance of *togrog* (MNT) 38,000 (about \$33) a month. This meager amount must cover food, electricity, garbage disposal, and bathing. Fortunately, the state provides free education for the children and free health care. But by the end of the month, there’s no money left to spend on housing maintenance.

### Crowding in the City

Ms. Doljin’s home is one among thousands of low-cost homes that have sprouted up around the increasingly congested city of

Ulaanbaatar. She says she applied for a one-room government apartment in Bayangol District a long time ago, but she never received a response.

Enkhbayar Tsendendorj, the Project Manager, says that like many others, Ms. Doljin prefers staying in Ulaanbaatar, which has more amenities and services than the less-congested countryside. But without proper urban planning, many housing areas in the city have become overcrowded, Ms. Tsendendorj says.

Despite Mongolia’s increasing urban population, there has been no commensurate improvements in basic services in the past three decades.

Today, Ulaanbaatar and other cities face a critical shortage of housing because housing finance is not available. Additionally, the construction industry collapsed as the country moved from a centrally planned to a market economy.

### Parallel Projects for Better Living

In October 2001, ADB approved the Housing Finance (Sector) Project, funded with a \$15 million loan from concessional

Asian Development Fund resources to help improve the ger housing areas and their surrounding environments, says Sangay Penjor, Senior Financial Specialist, East and Central Asia Department (ECRD). When completed by the end of 2006, the project will have directly benefited about 32,000 low- and middle-income households, or about 160,000 people, says Mr. Penjor.

Ms. Doljin aspires to have a better home. But given her income, she may not be able to borrow or repay a housing loan under the Housing Finance (Sector) Project.

However, Ms. Doljin may be eligible for support through a parallel grant from the Japan Fund for Poverty Reduction (JFPR), which aims to improve conditions for those unable to mobilize housing financing due to inadequate income.

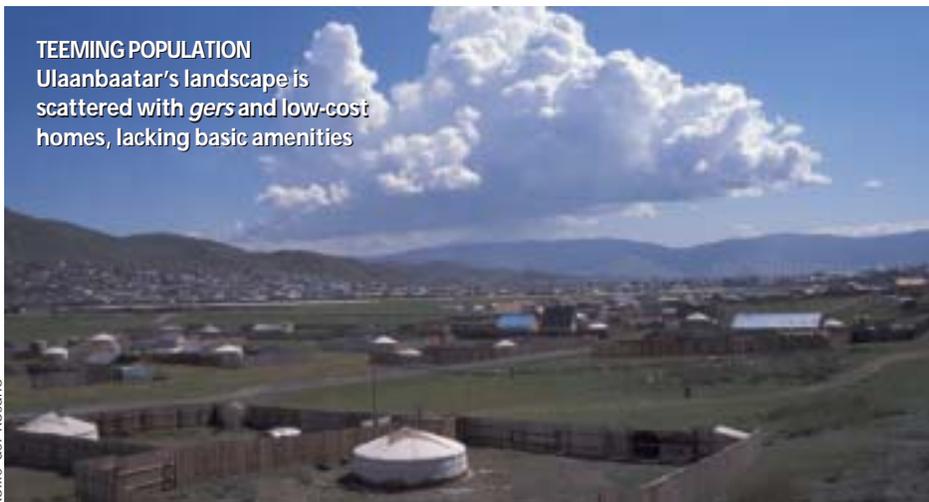
“For people in Ms. Doljin’s situation, the JFPR grant provides a safety net. Through this grant, ADB gives special attention to the poorest,” says William M. Fraser, Senior Director of ADB’s Social Sectors Division, ECRD.

In 2002, a \$2.2 million grant, funded by the JFPR, was approved for a related



Rolie del Rosario

Marcia R. Samson (x2)



**TEEMING POPULATION**  
Ulaanbaatar's landscape is scattered with *gers* and low-cost homes, lacking basic amenities

# OWN



**OUTDOOR PROJECT** Project officials meet with potential beneficiaries outside their homes due to limited floor area

project on Improving the Living Environment of the Poor in Ger Areas of Mongolia's Cities. This JFPR project allocates about \$1 million for the poor's housing finance by piloting sustainable opportunities for housing finance to the poor.

As a resident of the Dari-Ekh Ger Area Upgrading Housing Action Area Plan (HAAP) subproject being developed under the Housing Finance (Sector) Project in Ulaanbaatar, Ms. Doljin also stands to benefit from improved basic urban infrastructure including direct water supply, sewerage connection, and roads,

In the first phase, 112 households from the existing ger area will benefit from this project directly, says Mr. Penjor. Water

supply and sanitation facilities will be improved and better roads constructed. Septic tanks will be changed, and toilets and pit latrines will be set up in several kiosks.

Seventy-six new plots will be developed in connection with basic urban infrastructure under a subproject of the Housing Finance (Sector) Project, says Mr. Penjor. The serviced plots will be auctioned and the owners will be in charge of constructing their houses. They could take a loan for housing from participating commercial banks (PCBs) under the project, he adds.

Under the subproject, bathhouses are also being built—a comfort that Ms. Doljin dreams of having. Ms. Doljin says that to take a bath, she must travel 10 kilometers (km)—on crutches—downtown to her son-in-law's home. She usually bathes twice a month during summer, but she does not go out at all in winter.

"A privately run bathhouse was offering MNT500 (\$0.42) per bath, but the place was closed because it wasn't profitable," she says, adding that she would rather use her money to buy food.

A component of the JFPR grant project is giving the poor greater access to affordable baths. It aims to introduce social services cards for low-income households and develop more viable and sustainable ways to operate the bathhouses. The cards are intended to ensure access to bathhouses and other services for those who cannot afford to pay the full rate.

"Possibly through the social services card, Ms. Doljin may be able to afford both

food and baths without traveling 10 km," says Mr. Fraser.

## Affordable Financing

The lack of housing investments is being addressed through the Housing Finance (Sector) Project, which will provide the initial funding source for the country's Housing Development Fund. Relending and on-lending is through PCBs and intermediaries, including private and public enterprises.

Since the start of the project in May 2003, PCBs have made substantial progress with mortgage loans, says Mr. Penjor. Four PCBs have approved more than MNT2.4 billion or \$2 million for 364 housing loans, of which 25% are low-income households.

Through the loan, the project is leveraging financial contributions from commercial banks to respond to housing needs. The project is establishing a sustainable, market-based system for providing affordable housing finance to low- and middle-income households, including those headed by women. The project is also helping reduce poverty in ger housing areas by creating construction-related jobs and providing homes. The communities themselves are preparing housing area action plans for upgrading basic infrastructure and services.

With external assistance, many poor Mongolian families will benefit from having improved homes, which means greater protection from the ravages of weather. And for people like Ms. Doljin, having a functional home of their own is a barometer of a better standard of living. ■

**The project will directly benefit about 32,000 low- and middle-income households, or 160,000 people**

# Trading on Experience

## Developing member countries establish frameworks necessary for successful regional and global trade

By Arthur M. Mitchell  
General Counsel

**T**he World Trade Organization (WTO) is the touchstone of the international trading system but the International Monetary Fund (IMF) and international financial institutions, such as ADB, also form key components of the overall trade and financial architecture. The WTO provides the “rules-based” framework upon which stable trading relationships depend. The IMF focuses on macroeconomic policies and balance-of-payments stabilization. ADB provides trade-related loans and technical assistance to its developing member countries in the Asia and Pacific region.

### Catalyst for Development

While each organization’s primary goal differs, each supports the functions of others by focusing on critical crosscutting issues. ADB supports the development of regional trade as a catalyst for sustainable economic development, and this is intimately tied to ADB’s main goal of reducing poverty in Asia and the Pacific region.

example, ADB has advised the Government of the People’s Republic of China (PRC) on issues related to its accession to the WTO. It hopes to apply the lessons learned from this experience to other developing member countries.

### Three Challenges

ADB recognizes that developing countries face three major and interrelated challenges when they begin to address their relationship with the international trading regime: how to improve capacity to understand

issues in a multilateral and multidimensional context so that they can become more effective negotiating partners. This problem is further complicated by the divergence of the competitive positions of some countries in Latin America, Africa, and the PRC, as evidenced by the September 2003 WTO Ministerial Meeting in Cancun, Mexico.

ADB is assisting the PRC Government in holding policy consultations, preparing issue papers, and sponsoring conferences—such as the one held in November 2003 in Shanghai on implementation issues—to enhance understanding of the WTO negotiation process.

### Understanding the Rules

WTO member countries are legally bound by WTO rules. To be effective, however,

the rules must be understood and implemented domestically to ensure compliance. This often necessitates the promulgation of new laws regarding, among others, anti-dumping, customs valuations, and the origin of goods. New WTO members must decide how to change existing domestic legal frameworks to



Kollie del Rosario

## WTO member countries must establish a suitable environment for market forces to emerge in a way that does not stymie domestic industry

It has been predicted that global income will increase by more than \$500 billion annually by the year 2015. According to a recent World Bank study, more than 60% of this gain will go to poor countries, helping reduce poverty for about 144 million people.

Because of the success of the General Agreement on Tariffs and Trade (GATT) and the WTO in reducing trade barriers, developing country exports have recently grown almost twice as fast in value as total world exports.

ADB has built upon earlier efforts of other multilateral organizations, such as the World Bank, by assisting specific activities that promote trade in the region. For

complex issues and to develop politically sustainable policy responses; how to ensure that the domestic legal and regulatory framework complies with WTO rules; and how to promote private sector development so that domestic entrepreneurs are prepared to deal with international competition.

Negotiations about trading rules once focused on issues related to the movement of goods across borders. Starting with the Uruguay Round (1986–1992), the negotiations began to center around “behind border” issues.

Many of ADB’s developing member countries need to enhance the ability of their trade negotiators to understand these

comply with WTO rules.

Local courts must also have the authority and capacity to review administrative actions and decisions of other government bodies that relate to trade, as required by WTO rules.

WTO member countries must establish a suitable environment for market forces to emerge in a way that does not stymie domestic industry before it can gain market power. The country could lose domestic political support for reforms if it fails to do this.

ADB is particularly concerned that its developing member countries develop fair competition policy, particularly for eliminating fraud and counterfeiting; establish required linkages between trade and investment; promote transparency in public procurement; simplify customs procedures; and eliminate corruption. ■

# Good Neighbors Eye Growth

Since 1999, the Mekong countries have worked together to realize the economic and social advantages of the East-West Economic Corridor

By Tsukasa Maekawa  
Principal External Relations Specialist

## SAVANNAKHET, LAO PDR

**S**enior officials of the Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand, and Viet Nam met at a workshop in Savannakhet, on the Lao PDR border with Thailand, in February 2004 to discuss further action needed to realize the economic opportunities that will be made possible by the East-West Economic Corridor.

The corridor, when completed, will link Mawlamyine on the Andaman Sea to Da Nang on the South China Sea by a 1,500-kilometer all-weather road through four countries. Its completion will cut the time taken to travel from coast to coast from more than five days to just two days.

## Key Components

The east-west transport route is one of the key components of the Greater Mekong Subregion (GMS) Economic Cooperation Program of the six countries sharing the Mekong River: Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam, and Yunnan Province of the People's Republic of China.

ADB has assisted the GMS Program since the inception of the endeavor in 1992.

The workshop was hosted by the Lao PDR Government with support from Japan Bank for International Cooperation (JBIC), Japan International Cooperation Agency, Japan's Ministry of Foreign Affairs, and Asian Development Bank (ADB). Japan and ADB are financing most of the large-scale transport facility improvements in the East-West Economic Corridor.

The participants focused discussions on developing special economic zones, promoting tourism, implementing single-stop customs inspections, and having common use of an airport at the Lao PDR-Thai border.

## Gaining Momentum

As Lao PDR Deputy Prime Minister Somsavat Lengsavad told the workshop: "To yield maximum economic benefit and achieve sustainable development of the corridor, there is a need for the countries in the subregion to intensify their cooperation with Japan and ADB in defining and implementing related projects in a broader and deeper sense."

Participants also recommended a time-bound action plan to realize economic benefits.

## Mutual Benefits

The action plan called for increased coordination among neighboring countries to make special economic zones, which are planned to be established at border crossing points, mutually complementary and attractive to investors. It also advocated the

in the Lao PDR with Thailand, which would have potentially significant benefits given the expected completion of the second international bridge over the Mekong River by the end of 2006. JBIC is financing the construction of the bridge between Savannakhet and Mukdahan in Thailand.

At the joint cabinet meeting between Thailand and the Lao PDR on 21 March, the two prime ministers agreed on the shared use of the Savannakhet airport.

## Challenge

"The challenge for all of us is to make sure that the East-West Corridor will truly become a full-fledged economic corridor, where the economic and social benefits to be derived from the improved infrastructure are maximized," said Kazu Sakai, Deputy Director General, ADB's Mekong Department.

**// The challenge for all of us is to make sure that the East-West Corridor will truly become a full-fledged economic corridor //**

Kazu Sakai, Deputy Director General,  
ADB's Mekong Department

**NEW LINKS** The second international bridge over the Mekong is being constructed



Tsukasa Maekawa

acceleration of joint tourism promotion and marketing activities, and implementation of measures to facilitate the travel of tourists to and within the corridor.

Recognizing the importance of facilitating cross-border movement of goods along the corridor, the action plan included expediting the implementation of single-stop customs inspection, beginning with the Lao-Vietnamese border crossing, to reduce transaction costs and ease the flow of goods. The action plan also considered a proposal to share the Savannakhet Airport

Improvements to the road sections in the Lao PDR and Viet Nam are nearing completion. Construction of the Hai Van tunnel in Viet Nam, linking Hue and Da Nang, and the upgrading of Da Nang port, are progressing. Combined with the roads of other corridors now under implementation or almost completed, the East-West Economic Corridor is expected to bring about major economic and social changes to the GMS.

The next workshop will be held in Mukdahan in 2005. ■



Villagers in the Lao PDR are among the first to realize the advantages of the East-West Economic Corridor

# DOORS OPEN ON CORRIDOR

By Jet Damazo and Rattanatay Luanglatbandith  
Consultant, Office of External Relations; and Senior Economics Officer, Lao Resident Mission

## SAVANNAKHET, LAO PDR

**T**o put food on the table each day, residents of Ban Nam Kheeb village in the Lao People's Democratic Republic (Lao PDR) province of Savannakhet used to rely on the forests around them.

Inhabited by some 700,000 people, Savannakhet, sharing the border with Viet Nam in the east and Thailand in the west, is the largest province in the Lao PDR and is endowed with fertile land and abundant mineral deposits.

But as one villager, Ms. Cheam, says, "We only practiced slash-and-burn cultivation and hardly had enough food to eat for the whole year."

Now Ms. Cheam earns 200,000 kip a month (about \$20) from silk weaving that complements her husband's pay from a newly opened mining company. This is enough not only to buy them food, but also to send their children to school, complete with uniforms and books.

Ms. Cheam, with thousands of others, is reaping the early benefits of the East-West Economic Corridor being developed in the Greater Mekong Subregion (GMS). The only land route that traverses main-

land Southeast Asia on an east-west axis, the project, supported by ADB and the Government of Japan, is expected to be completed in 2006. The 1,500 kilometer (km) road directly connects the port of Mawlamyine, Myanmar, to the Da Nang deep-sea port in Viet Nam, passing through Thailand and the Lao PDR. But the corridor is more than just a transport network.

### Major Benefits

A key means of promoting regional cooperation in the region, the corridor will play a major role in integrating the GMS countries both physically and economically. Poverty reduction, development of rural and border areas, increased trade and investments, and employment opportunities are just some of the major benefits expected.

The corridor development includes improvements to National Road 9, which runs from Savannakhet to Da Nang. The road used to be so bad that, according to Sethamouak residents, many sick people died on their way to the provincial hospital in Khanthaboury, the capital of Savannakhet Province, some 100 km away.

In 1999, ADB approved a \$32 million loan to the Government of the Lao PDR, which contributed \$8 million to upgrade a 78-km stretch of Road 9. The road improvement for this stretch is expected to be completed by the end of 2004.



Rattanatay Luanglatbandith (x2)

**FORWARD** The corridor is bringing more opportunities and access to markets

"Now, it just takes a couple of hours to reach the provincial hospital," says Ms. Phai, a resident of Sethamouak town.

When Oxiana/Lane Xang Minerals Ltd. (Oxiana/LXM) learned that ADB and the Lao PDR Government agreed to upgrade Road 9, they decided to invest in a mine in Savannakhet Province, which is rich in gold and copper.

"Without an improved road, it would be very difficult for the company to operate successfully. Road 9 is vital to the successful operations of gold/copper mining operations," says Mick Wilkes, Field Manager of the Oxiana/LXM.

Oxiana/LXM, which employs Ms. Cheam's husband, has provided short training courses on cotton and silk production

**// Trade is growing**

to women in the six villages directly affected by the mining operations. After the training, Oxiana/LXM provided the women with cotton and silk fabric. The company also installed electric transmission lines, provided safe drinking water, and is refurbishing the district hospital.

Aside from improved living conditions in the villages, the province will benefit from the taxes that the company will pay. The central Government is expected to earn about \$5.3 million annually from 2005 to 2006, and about \$10 million each year after that from Oxiana/LXM's tax payments alone.

### Easier Access to Education

Besides economic and health benefits, the improved road is helping Savannakhet residents gain access to education facilities, with students able to ride their bicycles to secondary schools. Before this, parents rarely sent their children to school beyond the primary level.

In towns along Road 9, new concrete houses, markets, guesthouses, restaurants, gasoline stations, repair shops, and other microenterprises are emerging.

"After the completion of the road, our city will be cleaner and more beautiful. Trade is growing faster than ever before," says Ms. Panee, a shop owner in Seno, one of the towns along Road 9.

Farmers also see the opportunities opening up, thanks to the road improvement.

"I decided to use my life savings to buy this land, about 2-3 hectares, to diversify crop production. I have developed four big fish ponds and hope to sell my vegetables, cash crops, and fish products to Seno and Savannakhet and other markets in towns along Road 9," says Mr. Pjaouk, a farmer in a town 80 km from Savannakhet.

Even though it is still three years from completion, the benefits of the corridor are already evident. "In my view, poverty has been dramatically reduced," says Mr. Wilkes.

But if the Chinese proverb, "build roads if you want to be rich," is true, then the people of the Lao PDR can expect far more than just poverty reduction once the corridor is completed. ■

# First Woman Vice-President Appointed

## Khempheng Pholsena succeeds John Lintjer

In a landmark decision, ADB has appointed a senior woman official from the Lao People's Democratic Republic (Lao PDR) as its newest Vice-President. Khempheng Pholsena is ADB's new Vice-President for Finance and Administration. Khempheng Pholsena, whose appointment took effect on 5 April 2004, succeeds Vice-President John Lintjer, who retired from ADB in January. She is ADB's first female Vice-President.

Before her appointment, Khempheng Pholsena was Vice-Minister for Foreign Affairs of the Lao PDR, in charge of international cooperation. As a senior Lao PDR government official, Khempheng Pholsena was in charge of negotiating with foreign institutions, international agencies, and countries with the aim of furthering international economic relations and cooperation.

From 2001 to 2003, Khempheng Pholsena was Vice-President of the Lao PDR Government's Committee for Planning and Cooperation, responsible for aid coordination and resource mobilization relating to national planning and investments, including foreign direct investment.

Khempheng Pholsena brings to her new position a diverse background that includes expertise in economic and financial management, and resource mobilization. She rose through the Lao PDR civil service to become Vice-President of the Commission for Economic, Scientific and Technical Cooperation with Socialist Countries (1988); Vice-Minister of Trade and External Economic Relations (1989 to 1993); and Vice-President of the Committee for Planning and Cooperation and Secretary of the Official Development Assistance Management Committee (1993 to 1996).

In 1996, Khempheng Pholsena joined the Lao PDR Prime Minister's Office as Vice-Minister to help prepare for the country's accession to the Association of Southeast Asian Nations (ASEAN) Free Trade Area. From 1997 to 2001, she was Vice-Minister, Prime Minister's Office, in charge of international cooperation.

She has also been involved in the Greater Mekong Subregion economic cooperation initiative that has been supported by ADB since its inception in 1992.

Khempheng Pholsena, who speaks fluent French, English, and Russian, is also Vice-President of the Lao-Luxembourg Partnership Commission, the Lao-Japan Friendship Association, and the Joint Commission for Cooperation with the Federation of Russia. ■



**Khempheng Pholsena, ADB Vice-President (Finance and Administration)**

**Khempheng Pholsena has a diverse background, including expertise in economic and financial management, and resource mobilization**

**faster than ever before**

Ms. Panee, shop owner



# PNG's Quiet Killer

The rapid spread of HIV/AIDS has prompted urgent action to set up pilot clinics

By Graham Dwyer

External Relations Specialist

## MANILA, PHILIPPINES

In mid-2002, Papua New Guinea became the fourth country in the Asia and Pacific region—after Thailand, Cambodia, and Myanmar—to be recognized as having a generalized HIV/AIDS epidemic.

The first human immunodeficiency virus (HIV) infections in Papua New Guinea were reported in 1987. Since then, HIV prevalence and acquired immunodeficiency syndrome (AIDS) cases have been increasing at an alarming rate.

In the first half of 2002, the prevalence of HIV among antenatal women in the Port Moresby General Hospital reached 1%. This puts the situation on a par with the statistics seen in 1992 in South Africa, where about one fifth of the population is now believed to be HIV-positive.

Increasing poverty in urban and rural areas has led to rising levels of crime and sex trade growth, and about one in six sex workers in Papua New Guinea is now infected with HIV.

Heterosexual transmission accounts for almost 90% of cases. Although cases are split fairly evenly between the sexes, prevalence is much higher among females in the 13–22 age group compared with males of the same age.

A major cofactor in the rise of HIV/AIDS is the prevalence of sexually transmitted infections (STIs), which is among the highest in the world. The World Health Organization (WHO) estimates that Papua New Guinea generates more than 1 million new cases of curable STIs each year. Yet, STI services are seeing no more than 1% of these cases.

### Serious Threat to Future

“The rapid increase being seen in HIV/AIDS points to a southern African-style socioeconomic pattern in HIV transmission

that poses a serious threat to the country's future,” says Maryse Dugue, Project Specialist (Health), ADB's Pacific Operations Division.

“AIDS is now a major killer in Papua New Guinea, putting increasing strain on the country's public health system. The situation urgently requires a response that includes better access to the latest treatments and management of those treatments.”

Care of people infected with HIV remains almost nonexistent in Papua New Guinea, except where health services run by churches have attempted to build home-based and daycare programs. But their capacity is limited compared with the mag-



Marcia R. Samson

“ Without a radically new approach, the AIDS problem is going to become increasingly desperate in PNG ”

Robert Sly, Jr., Director  
ADB Pacific Operations Division (Area A)

nitude of the problem. WHO has recommended that Papua New Guinea be placed in the group of countries given priority for increased access to antiretroviral (ARV) drugs through the International Treatment Access Coalition (ITAC).

### Inadequate Facilities

Once unaffordable to developing countries, ARV drugs are now available in the region for as little as \$1 per day. However, facilities are inadequate to manage the impact of treatments, including toxicity, side effects, and adherence. Unsupervised treatment can cause increased resistance and side effects.

To pilot a model for HIV/AIDS care in the country, ADB has approved a technical assistance grant of \$450,000 that will set up two pilot AIDS clinics.

The total cost of the technical assistance is estimated at \$655,000 equivalent, of which WHO will contribute about \$72,000 and about \$133,000 equivalent will come from the Government of Papua New Guinea. The assistance will be carried out over 30 months to the end of 2005.

The model of care to be developed under the technical assistance is based on private-public networks and partnerships that expand care and treatment facilities for increased access of HIV-infected people to comprehensive care, treatment, and support.

One of the clinics will be established at the Port Moresby General Hospital, which will provide care, counseling, and support, including access to and monitoring of ARV treatment for at least 100 patients by the end of 2004. A second pilot center will be later established in a church hospital in a high prevalence area. The Catholic HIV/AIDS Program has already expressed interest in selecting a Catholic hospital as a pilot HIV treatment center.

The Port Moresby General Hospital will work with nongovernment organizations (NGOs) and churches to identify

the cases and guarantee compliance with treatment through social support to the patients and their families.

“ARVs can greatly improve the quality of life for people infected by HIV, allowing them to stay more economically and socially active,” adds Ms. Dugue. “Priority will be given to reducing mother-to-child transmission.”

#### Foundation for Outreach

The technical assistance will train staff for the centers, provide equipment, and build referral systems and partnerships necessary for its functioning. Discussions will be held with several NGOs, such as the Salvation Army, that can conduct home visits and care, thus providing the foundation for an outreach network.

Those living with HIV/AIDS will be closely involved in the design and operations of the pilot centers. Experience in establishing and running these pilot centers will be used in the design and planning of more HIV clinics in the provinces.

“Papua New Guinea is hoping for future financing for AIDS programs from the Global Fund, which could help in replicating this scheme and in ensuring its sustainability,” says Robert Siy Jr., Director, ADB’s Pacific Operations Division (Area A).

“Without a radically new approach, the AIDS problem is going to become increasingly desperate in the country,” he says.

By October 2005, the two centers will have treated about 3,000 patients. But another important outcome should be the reduced stigma and discrimination suffered by people infected by the virus.

Discrimination against those with HIV remains strong in the country, with some health workers reluctant to care for people infected and many children orphaned by AIDS rejected by their families. About 3,000 children, many of them AIDS orphans, are reported to be living on the streets of Port Moresby.

“Experience in Asia and Africa shows that, provided they have strong support from peers and families, HIV-positive people who are involved in awareness raising and care delivery can demonstrate that they can still live long, productive lives,” Ms. Dugue concludes. ■

For more on ADB’s work on HIV/AIDS, go to <http://www.adb.org/AIDS>

# Online: ADB in the News

## Innovative sites provide users with more information

By Cathy Reyes-Angus  
Assistant Web Administrator

#### Press Briefings Site

**V**ideo and audio files of ADB press briefings are now available online. This innovative feature on ADB’s web site includes media interviews on ADB’s latest activities and developments in the Asia and Pacific region.

Users can now access television interviews of ADB management and staff by news organizations such as the BBC, CNN, and Star World. The press briefings page will also archive these interviews. Users can also choose their Internet connection speed.

The site was launched with television interviews featuring Rajat Nag, Director General, Mekong Department; and Ann Quon, Director, Office of External Relations (OER). The press briefings page reflects ADB’s objective to continuously improve its web site.

“We continue to look for innovations and new technologies to better get our message across about ADB’s activities,” says Ainslie Smith, Senior External Relations Specialist (Web), OER.

The media interviews add significant value to ADB’s web content and information development, she says. This new online product will also improve the site’s interactivity and usability.

Ms. Smith says, “Posting of media in-

terviews and press briefings on the web is another way to promote awareness about our work in the region.”

The press briefings site can be accessed at the news and events section. Watch the interviews at <http://www.adb.org/news/interviews.asp>.

#### Bird Flu Site

ADB’s bird flu web site provides comprehensive information and updates of its initiatives to assist in containing the spread of avian influenza (bird flu) in ADB’s developing member countries.

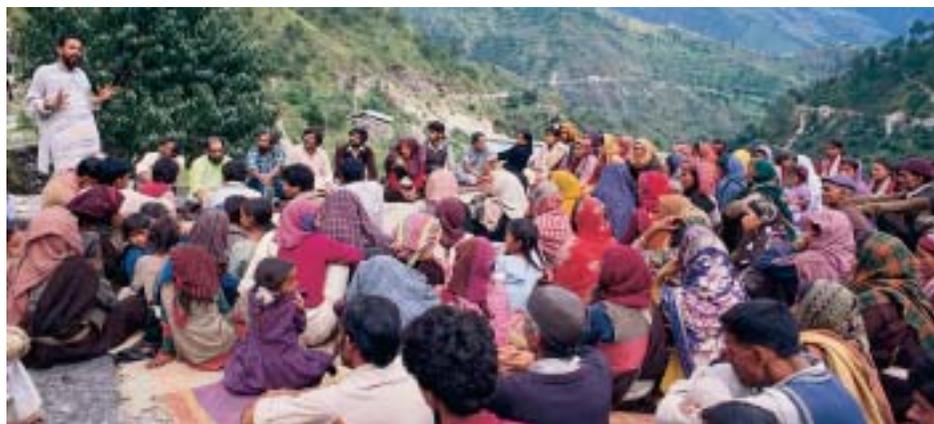
The site also includes links to related documents and web sites. For details, visit <http://www.adb.org/birdflu>.

#### Top 10 Publications

In January 2004, ADB’s web site posted its first list of the most downloaded ADB publications. The first list contained the 10 most popular publications in the last quarter of 2003. The list will be updated and posted monthly.

The book *Corporate Governance Principles for Business Enterprises*, which was first on last year’s list, remains as the ADB.org users’ favorite. Downloads for this publication increased from 11,902 downloads in December 2003 to 13,625 in January 2004. Find out the latest publications that made it to the top 10 at <http://www.adb.org/publications/toppublications.asp>. ■





Samir Acharya

# Airing Grievances Made Easier

A more responsible Accountability Mechanism is addressing concerns of people affected by projects

By Jet Damazo

Consultant, Office of External Relations

MANILA, PHILIPPINES

**T**he path to development is seldom easy or free from controversy. Families may have to be resettled or farmlands truncated for the sake of vital infrastructure. Environmental conditions may change with the construction of infrastructure, livelihoods may be interrupted, or disagreements over compensation may arise.

ADB seeks to anticipate problems that may arise from its development projects and applies strict social and environmental safeguards to its operations. But not all problems can be foreseen.

To address the concerns of people affected by ADB-assisted projects, ADB established a new Accountability Mechanism that came into effect in December 2003.

“We are trying to further enhance our reputation as a very caring institution,” says Nalin Samarasingha, ADB Special Project Facilitator. “This is an attempt to do things better than we did in the past, and in a more efficient and transparent way.”

The new mechanism replaced the Inspection Function established in 1995 to provide an independent forum to hear concerns of individuals about ADB’s compliance with its policies and procedures in the

context of specific projects even after efforts made in good faith with ADB’s operational departments have been exhausted.

“The funding community and other stakeholders of ADB felt that the old mechanism was cumbersome, as far as the procedures were concerned. There were also concerns about insufficient transparency,” Mr. Samarasingha adds.

In May 2003, after a participatory review of the Inspection Function that involved representatives of the public, private, and nonprofit sectors, including many non-government organizations, the new mechanism was approved.

## Two Phases

It consists of two complementary phases: a consultation phase and a compliance review phase. They are designed to be as independent and transparent as possible, be more responsive to the concerns of people affected by projects, and further enhance ADB’s development effectiveness.

Under the old mechanism, project-affected people had to first show that ADB had failed to follow its policies or procedures to some extent, before an inspection was undertaken. With the new procedure, people who are genuinely or materially affected by ADB-assisted projects can bring

their grievances to ADB regardless of whether it followed its policies and procedures. The first step is the consultation phase, handled by Mr. Samarasingha, which is an informal, consensus-building manner of looking into grievances and trying to bring about a settlement.

If a settlement is not reached or the complainants are not satisfied with the outcome of the consultation process, they can then bring the matter to the Compliance Review Panel, whose job is to determine whether ADB complied with its policies and procedures in implementing the project in question.

This phase works much like the old Inspection Function, but allows the complainants greater participation by giving them the chance to respond to the panel’s findings before the Board of Directors makes a decision on the case.

## Broader Scope

The new mechanism also has a broader scope. Unlike the old one, the new process covers not only public but also private sector operations. It also does away with the condition that complaints can only be filed before 95% of the loan has been disbursed.

**“ This is an attempt to do things better than we did in the past, and in a more efficient and transparent way ”**

Nalin Samarasingha  
ADB Special Project Facilitator

Now, people affected by projects can file a complaint until the day the project completion report is issued.

Aside from this, complaints no longer have to be submitted in English, but can now be made in any of the official languages of ADB’s developing member countries.

“How long the process takes depends on the nature of the problem, the complexity of it, the location, and the language in which the proceedings have to take place,” says Mr. Samarasingha. “But sometimes, justice delayed is justice denied so we have to try our best to expedite the process and address the issues as quickly as possible.” ■

To learn more about the Accountability Mechanism, go to [http://www.adb.org/Documents/Policies/ADB\\_Accountability\\_Mechanism/](http://www.adb.org/Documents/Policies/ADB_Accountability_Mechanism/)

# Moving to Greater Public Disclosure

A series of face-to-face consultations on a draft Public Communications Policy is scheduled in 12 countries

By Eric Van Zant

Consultant, Office of External Relations

**T**he Asian Development Bank (ADB) is unveiling more about its operations under a proposed new policy that aims to sharpen the institution's public profile, add verve to its poverty reduction efforts, and generate more open debate on development.

The draft Public Communications Policy (PCP) was distributed on 28 February 2004, launching a 90-day public comment period. In late April, ADB staff members will begin a series of face-to-face consultations on the document with representatives of the public, private, and non-profit sectors in 12 countries—Australia, Bangladesh, Canada, People's Republic of China, Fiji Islands, India, Indonesia, Japan, Kyrgyz Republic, United Kingdom, United States, and Viet Nam. This outreach program reflects the seriousness with which ADB views the need to strengthen its public communications.

ADB adopted its two existing policies on information and disclosure in 1994, but the world has changed a great deal since then with the rapid development of information and communication technologies, and the opening up of public institutions around the globe. In addition, the two policies predate, and therefore did not take into account, the adoption of key ADB strategies on reducing poverty (1999) and the long-term development action (2001). The PCP is expected to raise awareness of ADB's mission and activities, sustain and deepen support for the institution among development partners, and foster greater participation in ADB programs by civil society.

## Draft Available for Comment

The draft PCP was prepared after an extensive review, drawing on ADB's experience and international good practice, discussions with more than 150 staff

members, and input provided by dozens of interested parties, including governments, businesses, libraries, nongovernment organizations (NGOs), and others.

The draft policy is now available on the Internet at <http://www.adb.org/disclosure>. Comments received from the public will be given serious consideration when preparing the second draft. The final version will likely be presented to ADB's Board of Directors for approval in the second half of 2004.



Kollie del Rosario

**The draft policy strengthens ADB's presumption in favor of disclosure of information**

"We live in a new and dynamic age of communications and information exchange—an age that demands much more from international financial institutions," says Geert van der Linden, ADB Vice-President for Knowledge Management and Sustainable Development. "Accountability and transparency strengthen the development process by encouraging debate, building closer partnerships with stakeholders, and broadening understanding of ADB's role," he says.

Under the proposed policy, ADB will explain its work more proactively and solicit feedback from the widest possible audience. In addition, the draft PCP strengthens ADB's presumption in favor of disclosure of information.

## Much More Information

Many new documents will be made proactively available as well by either posting them on ADB's web site or releasing them through resident missions and representative offices. For the first time, the minutes, certain discussion summaries, and an advanced schedule of meetings of ADB's Board of Directors will be made publicly available.

Other innovations include a more detailed project information document, provision of project details to affected groups from the design stage through implementation, and translation of every new country strategy and program.

A new information unit within the Office of External Relations, dedicated to meeting public requests for information and monitoring compliance with the policy, will be created.

A more open policy is in keeping with a

trend toward greater transparency among many governments and at the other multilateral development banks.

A thirst for information about the work of development institutions, criticism directed at international finance

institutions by advocacy NGOs, and stepped-up competition for resources have motivated the change.

The first Board-approved disclosure policy at a multilateral development bank was approved by the World Bank in 1993. This and similar policies adopted during the mid- to late-1990s by other multilateral development banks made more information publicly available, but provided no guarantee that people in project areas could obtain information they needed to make meaningful contributions to project design and implementation. The public call for more details about development projects has grown steadily, and, as a result, multilateral development banks have expanded the reach of their disclosure policies, or are now doing so. ■

To read the draft policy, go to [http://www.adb.org/Disclosure/Draft\\_PCP-28Feb04.pdf](http://www.adb.org/Disclosure/Draft_PCP-28Feb04.pdf)

By Graham Dwyer  
External Relations Specialist

## MANILA, PHILIPPINES

**T**he Asian Development Bank's (ADB's) Postconflict Multisector Program loan for Afghanistan was the first loan by an international financial institution to the country since 1979, following a 23-year suspension in assistance when Afghanistan suffered invasions, civil war, and domestic turmoil. From the start, the Government has faced big challenges in trying to lay the foundation for growth and poverty reduction from the ruins of a shattered economy and infrastructure.

But the early signs have been positive. After taking office in 2001, the Government affirmed its commitment to the rule of law and promulgation of a new constitution; political, social, and economic development; transparency; and good governance that could provide an environment for private sector growth and foreign investment.

To provide the Government with the financial means to undertake some of the most important of these policy and institutional reforms, ADB approved the \$150 million concessional loan for the program on 4 December 2002. The first tranche of \$100 million was released two days after the loan was approved, with the final \$50 million to follow after a year if the Government reached 30 key program targets.

Since then, ADB has been working in partnership with the Government and international funding agencies to bring about policy and institutional reforms under the sectors supported by the program.

The program, being carried out over 18 months, focuses on policy and institutional reforms to improve governance; strengthen the financial, transport, and energy sectors; and contribute to economic recovery and growth in Afghanistan.

"More than one year on, highly commendable progress has been made in meeting the program targets," says Craig Steffensen, ADB Principal Programs Specialist, South Asia Department. "The Government has met 29 of the 30 conditions for the release of the second tranche, and substantially complied with the other."

So far, the Government has undertaken difficult financial sector reforms, includ-



Afghanistan is working hard to overcome the challenges it faces in rebuilding its shattered economy

# RIGHT DIRE

ing drafting a bank licensing decree and establishing a banking supervision department. Work has also started on establishing an accountancy board to develop accounting standards. A payments decree law was approved by Cabinet and enacted, and a national payments system has been in operation since May 2003.

Fiscal management reforms have included the establishment of a budget, reforms of customs procedures to strengthen revenue administration and streamline tariffs, and introduction of internationally recognized accounting standards.

In the transport sector, a review has been prepared and plans are under way to undertake structural and institutional reforms and promote private investment in transport, civil aviation, and tourism.

### Power Sector Push

In the energy sector, a plan has been drafted to promote private investment in gas exploration, and procedures are being prepared to enforce safety and efficiency standards in the gas subsector. Guidelines for developing the petroleum sector have also been prepared. A draft master plan, which outlines measures for institutional strengthening of the power sector, is soon due for completion.

Major steps in financial sector development have included the recent adoption of new central bank and banking laws, paving the way for further central bank modernization and entry of new commercial banks, and the introduction of a new currency, which has brought some measure of macroeconomic stability.

This stability has brought signs of economic recovery. Real gross domestic product (GDP), excluding outlawed opium production, is estimated by the International Monetary Fund to have grown by almost 30% in the fiscal year (FY) 2003 (ends 21 March 2003). GDP is expected to continue growing at a rate of about 20% during FY2004.

Recovery is most visible in agriculture, reflecting the end of a prolonged drought, and in construction and services, where the rapid expansion is largely driven by development assistance. Prices have remained broadly stable since the completion of currency conversion in early January 2003, reflecting sound monetary and fiscal policies. Average inflation for the year is virtually zero. Exchange rate stability has been established, signaling the population's confidence in the new currency.

Significant progress has also been made in improving fiscal management, with the

**IN MOTION** Structural and institutional reforms are planned for the transport sector

# CTION

biggest strides made in expenditure management, enabling the Government to resume providing basic public services. Difficulties remain in fiscal management in the provinces but efforts are under way to increase the Government's control over provincial finances.

The national development budget announced in March 2003 comprises an ordinary (recurrent) budget of \$550 million, of which \$350 million will be financed by

**ADVANCEMENT** Student nurses in Kabul



Vincent de Wit

external assistance. The other part is a development budget, which calls for an estimated expenditure of \$1.7 billion for FY2003. Although the Government projects a doubling of revenue collection in FY2004 compared with the previous year, Afghanistan will continue to rely on aid to finance the bulk of development expenditure.

For its part, ADB has earmarked \$610 million in assistance to Afghanistan for 2003–2005 in its Country Strategy and Program Update endorsed in June 2003. The assistance will fund priority interventions identified by the Government, including rehabilitating key infrastructure and natural resources, and promoting further policy and institutional reforms.

### Great Progress

"Afghanistan has shown great progress in structural reform and strong economic recovery," Mr. Steffensen adds.

"But much remains to be done and the financial requirements for continued progress are vast. Per capita GDP remains one of the lowest in the world: about \$190," he says. "Reducing poverty will require strong economic growth for many years to come if income levels are to reach those of neighboring countries."

Growth will also require substantial private investment, particularly as this will increasingly need to take the place of official development assistance.

"The Government has enacted a law on domestic and foreign private investments. But to attract private investment, there needs to be adequate security and stability as well as strong policies to create an enabling environment for investment," says Mr. Steffensen. "The Government seems to be firmly on the road to a market-oriented regulatory framework, and a fair and functioning legal system that will establish the necessary rule of law and secure property rights for this to happen." ■

To read the Country Strategy and Program Update, go to <http://www.adb.org/Documents/CSPs/AFG/2003/>

## NEWS FOR NGOS

### Tripartite Effort Against Poverty in the GMS

Twenty-five representatives of governments and NGOs from around the Greater Mekong Subregion (GMS) participated in the ADB-Government-NGO Regional Tripartite Workshop, held in Bangkok in January, and organized by ADB's NGO Center and World Vision Australia. The workshop was part of a technical assistance funded by the Poverty Reduction Cooperation Fund to support NGO involvement in poverty reduction in the GMS. For more information, contact Hemanta Mishra at [hmishra@adb.org](mailto:hmishra@adb.org).

### Partners Discuss Effective Grant Making

ADB, World Bank, and United Nations Development Programme/Global Environment Fund Small Grants Program jointly sponsored a workshop in February to share approached and good practices in small grants programs. Representatives of civil society organizations joined the sponsors in Bangkok to discuss results measurement, performance monitoring, the role of small grants in supporting development, and partnerships for development among businesses, civil society organizations, development agencies, and governments. For more information, contact Robert Dobias at [ngocoordinator@adb.org](mailto:ngocoordinator@adb.org)

### ADB Gives 21 NGO Initiatives a Boost

ADB's NGO Center has begun implementing a small grants window to support development initiatives of NGOs through a \$1 million regional technical assistance project funded by the United Kingdom's Department for International Development. The technical assistance supports innovative NGO development and capacity-building activities, and serves as a pilot test. To date, 35 NGO projects totaling \$400,000 have been approved in 10 countries. For more information, contact Grant Curtis at [gcurtis@adb.org](mailto:gcurtis@adb.org).

**" Afghanistan has shown great progress in structural reform and strong economic recovery "**

Craig Steffensen, ADB Principal Programs Specialist

# Countering Corruption

Will rising sentiment help eradicate one of the great obstacles to poverty reduction?

By Omana Nair

External Relations Specialist

KUALA LUMPUR, MALAYSIA

**C**orruption deters investment and hinders growth, creating inequality. It can increase the cost and reduce the effectiveness of public services and, as a result, often restricts poor people's access to key services such as water and sanitation, education, and health care.

Although many countries in Asia and the Pacific are taking steps to tackle corruption, insufficient human and financial resources, and a lack of political will and awareness of the negative impact of corruption continue to hamper the effectiveness of reforms.

Finding effective ways to counter corruption was discussed by more than 200 delegates from 35 countries attending the fourth regional anticorruption conference of ADB–Organisation for Economic Co-operation and Development (OECD) Anticorruption Initiative for Asia and the Pacific in Kuala Lumpur in December 2003. The conference was organized with the cooperation of the Anticorruption Agency Malaysia.

The participating ministers; senior anticorruption policy makers, investigators, and prosecutors; and representatives of the private sector, civil society, and international funding community acknowledged that corruption continues to be a serious obstacle to social and political stability, and a major constraint to poverty reduction.

The ADB-OECD Initiative was launched at a regional workshop in Manila in October 1999. Just two years after its endorsement in Tokyo by 17 Asian and Pacific countries, the Initiative's key instrument—the Anticorruption Action Plan for Asia-Pacific—is already bearing fruit. More countries are being attracted to the Plan's three pillars of action: developing effective and transparent systems for public service, strengthening antibribery actions, promoting integrity in business operations, and

supporting active public involvement.

## Sustained Fight

The delegates discussed the progress made in implementing the Action Plan, exchanged experiences in designing and implementing anticorruption policies, discussed mechanisms proven to be effective in curbing corruption, and strengthened regional cooperation to lay the foundation for a sustained fight against corruption in the region.

ADB Vice-President for Knowledge Management and Sustainable Development Geert van der Linden told delegates that several reports suggested that corruption had increased in most countries in the

many areas, the effective implementation of anticorruption measures “still lies ahead.” At the conference, Australia became the 21<sup>st</sup> country to endorse the Action Plan. Conference delegates endorsed the need for training to deal with complex corruption issues, and agreed that the Initiative is an integral component of international development. They agreed that assistance should be given to help establish domestic anticorruption policies and projects in the framework of reform efforts under the Action Plan.

Delegates also discussed the emergence of legal and institutional frameworks to stem

**“ It is estimated that goods and services cost between 20% and 100% more in Asia when corruption occurs ”**

Jak Jabes, Director,  
Governance and Regional Cooperation Division, ADB

corruption over the past two years as a result of the Action Plan, and the spread of improved anticorruption practices throughout the region. They cited increased

region, although he said people's awareness of the negative impact of corruption on their lives had also increased.

A “wave of anticorruption sentiment” had swept through Asia, Mr. van der Linden said as he praised the governments of the 21 countries that endorsed the Anticorruption Action Plan for taking positive steps to combat the problem. “Successful anticorruption programs depend on publicly available information, political leadership, and collective action,” he said.

## Costly Burden

Mr. van der Linden also told delegates that fighting corruption is no longer just a moral issue, but has become a major tool in the battle against poverty.

“Corruption imposes a costly burden on businesses with negative implications for economic growth and the creation of jobs,” he said. “Because bribery and other unethical behavior undermines development efforts, governments must act against corruption to promote prosperity.”

OECD Deputy Secretary-General Kiyotaka Akasaka told delegates that in

awareness and commitment among Asian and Pacific nations to fight corruption.

## Protection of Whistle-Blowers

Capacity-building workshops enabled participants to improve their knowledge in areas such as the use and protection of whistle-blowers, forensic accounting to cope with complex corruption incidences, detection of corruption in public procurement, and transnational judicial cooperation.

There is a need for more skills to fight corruption, said Jak Jabes, ADB Director, Governance and Regional Cooperation Division. “We need to equip prosecutors with the right tools. Some of the techniques to fight corruption were unheard of 15 years ago but now they have become essential.”

This was because increased awareness and enforcement against corruption in recent years had pushed the perpetrators to become more sophisticated in committing such crimes. He said the poor suffer most under corruption. “It is estimated that goods and services cost between 20% and 100% more in Asia when corruption occurs.” ■

**Commercialization of Microfinance: Indonesia**

ISBN 971-561-506-6

Price: \$10 (paperback)

This study is the fourth of a series of publications resulting from a regional technical assistance project on commercialization of microfinance. The other country reports focus on Bangladesh, Philippines, and Sri Lanka.

**Handbook for Borrowers on the Financial Governance and Management of Investment Projects Financed by the Asian Development Bank**

(Publication Stock No. 071303)

Price: \$10 (paperback)

This handbook reflects ADB policies as set out in the Guidelines for the Financial Governance and Management of Investment Projects Financed by ADB and supersedes all previous handbooks on financial management.

**Harmonization of Bond Market Rules and Regulations in Selected APEC Economies**

By Ismail Dalla

ISBN 971-561-509-0; Price: \$10 (paperback)

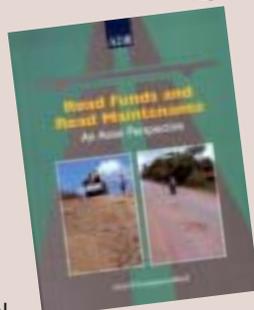
This study provides an outline of the development of bond markets in East Asian economies (People's Republic of China; Hong Kong, China; Indonesia; Republic of Korea; Malaysia; Philippines; Singapore; and Thailand) with a special focus on rules, regulations, and key issues that need to be addressed to build regional bond markets.

**Road Funds and Road Maintenance: An Asian Perspective**

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Adequate funding for road maintenance is an important factor. This report is the result of a study to review international experience with the implementation of road fund initiatives and to assess how this experience can best be applied in Asia.

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ISBN 971-561-502-3 (hardback);

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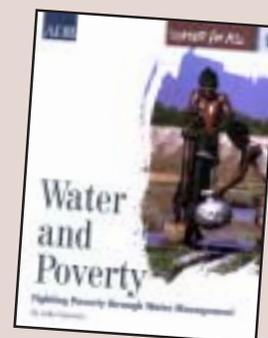
This award-winning\* book features the artwork of child artists from the streets of seven cities—Dhaka, Jakarta, Kathmandu, Manila, Phnom Penh, Port Moresby, and Ulaanbaatar—who participated in ADB's Second Street Children's Art Competition in 2002. Proceeds will be given to participating NGOs.

\* IABC Gold Quill Award of Excellence, 2003

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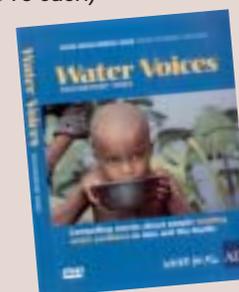
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For these and other publications, contact the Asian Development Bank Publications Unit (Office of External Relations), P.O. Box 789, 0980 Manila, Philippines; Fax: (632) 636-2648; E-mail: [adbpub@adb.org](mailto:adbpub@adb.org)



Rolie del Rosario

**TRUE BLUE**—For this elderly woman and many other heads of poor households in Mongolia, having a home that can stand the ravages of the weather is a dream that will be fulfilled through the support of the Japan Fund for Poverty Reduction (JFPR). This issue of *ADB Review* features stories on how the JFPR is helping provide basic services to the poor in Mongolia as well as in Afghanistan, Cambodia, Kyrgyz Republic, Lao People’s Democratic Republic, and Philippines.

## ADB REVIEW

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