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Countries Covered:
14 European members: Austria, Belgium,
Denmark, Finland, France, Germany,
Italy, The Netherlands, Norway, Spain,
Sweden, Switzerland, Turkey, and
The United Kingdom

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Keon-Woo Lee

Halting Asia's Environmental Decline

The Asian Environment Outlook 2001

Environmental degradation in the Asian and Pacific region is pervasive, accelerating, and unabated, putting at risk people's health and livelihood and hampering the economic growth needed to reduce the level of poverty in the region.

This is the scenario depicted by the *Asian Environment Outlook 2001* (AEO) released in June by the Asian Development Bank (ADB). AEO provides in-depth analyses of the environmental issues facing the region and a workable framework to improve the environment and reduce poverty.

Asia's economic development over the past few decades has come at a high environmental cost, according to AEO.

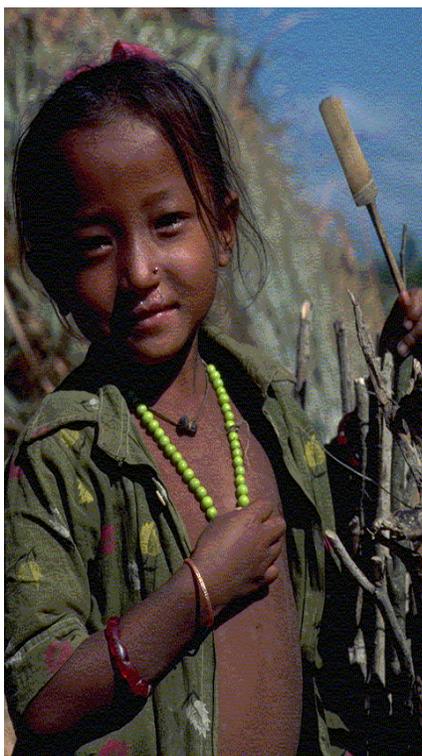
- By 2020, over half of Asia's population is likely to live in cities, with the urban population tripling to over a billion in 2020 from 360 million in 1990, further straining an already

inadequate infrastructure for water supply, housing, and sanitation.

- The region has already lost up to 90 percent of its original wildlife habitat to agriculture, infrastructure, deforestation, and land degradation.
- One in three Asians lacks access to safe drinking water within 200 meters of home, with South and Southeast Asia suffering the most.
- The region is expected to replace the Organisation for Economic Cooperation and Development countries as the world's largest source of greenhouse gas emissions by 2015.
- Air pollution is a major cause of respiratory ailments and premature death in several Asian cities.

The poor, particularly children and women, suffer most from the accelerating urban and rural environmental degradation. Asia is home to two thirds of

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G-7 Hurries Reform of Development Banking

On 7 July, finance ministers from the world's leading industrialized countries agreed to continued reform of the African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, and World Bank.

The Group of Seven finance ministers confirmed that the banks are an essential component of the development architecture and that they have made considerable progress in improving their efficiency and effectiveness. But they cautioned that progress must continue if they are to carry on their crucial role of combating poverty and supporting equitable, sustainable development. Their recommendations for reform are contained in the report on Strengthening the International Financial System and the Multilateral Development Banks that was released on 9 July by the ministers.

The report includes calls for (i) improved coordination at the country and institutional level to achieve a



more selective approach to development issues and avoid overlap or duplicated efforts; (ii) enhanced internal governance, accountability, and transparency; (iii) closer attention to strengthening public sector management,

accountability, and anticorruption measures in all countries; (iv) a review of lending instruments and pricing; and (v) deeper involvement in providing global public goods, such as fighting infectious diseases, promoting environmental improvement, facilitating trade, and supporting financial stability, and enhancing action to help borrowing countries strengthen their financial sector consistently.

A second report, *Fighting the Abuses of the Global Financial System*, will also be released. It focuses on international efforts to combat money laundering and harmful tax practices and the need for improved supervisory and regulatory practices in some offshore financial centers. Both reports were presented to a summit meeting of G-8 leaders—the G-7, plus Russia—in Genoa on 20–22 July.

The heads of all five development banks joined the ministers to discuss the proposed reforms. ADB President Tadao Chino presented ADB's policy to promote good governance in ADB member countries. ■

Lending Rates for the Second Half of 2001

The variable lending rates for the Asian Development Bank (ADB)'s multi-currency and US dollar loan facilities are adjusted on 1 January and 1 July each year. For each facility, the lending rate is determined by adding a spread of 0.60 percent per annum to the preceding six months' average cost of the relevant pool of outstanding ADB borrowings.

For multi-currency loans, the average cost of the pool of outstanding borrowings during the period



1 January to 30 June 2001 was 4.61 percent. Accordingly, the variable lending rate to be in effect from 1 July to 31 December 2001 for such loans is 5.21 percent per annum.

For US dollar loans, the average cost of the pool of outstanding borrowings during the period 1 January to 30 June 2001 was 6.10 percent. Accordingly, the variable lending rate to be in effect from 1 July to 31 December 2001 for such loans is 6.70 percent per annum. ■

Halting Asia's Environmental Decline

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the world's poor. "The poor are often most directly dependent upon forests, fisheries, and other natural resources threatened by depletion and degradation," says Rolf Zelius, Chief of ADB's Office of Environment and Social Development. "The poor are especially vulnerable to lack of access to clean water and inadequate sanitation systems." Declining environmental quality and continued dependence on natural resources are constraining the economic growth that is needed to reduce poverty in the region over the next 20 years, the report says.

With only a few exceptions, Asia's "grow now, clean up later approach" has resulted in a long list of institutional, policy, and governance failures, says AEO. The separation of economic growth from environmental concerns has led to

- excessive reliance on centralized, top-down approaches;
- inadequate participation of civil society in environmental issues;
- weak enforcement;
- absence of political will;
- corruption;
- market distortions; and
- limited funding for environmental management.

Yet, as AEO points out, economic productivity and environmental improvement are not mutually exclusive, but can go hand-in-hand, with significant improvements achievable at low cost. The costs of remedying policy failures can be relatively low, while at the same time can produce major environmental benefits.



The report identifies three core elements of a new approach to meet ADB's vision of a region where consumption is based on services rather than ownership or assets; ecosystems and biodiversity are valued and protected; and environmental management is decentralized, participatory, and effective. The three elements are the following.

- Environmental and development policies must be integrated at the national and regional levels. Currently, a stand-alone agency is usually responsible for environmental protection but often lacks the authority.
- Development by design should guide sustainable development. This means guiding urban and industrial development according to publicly accepted and integrated environmental and economic development plans.

- A strong political will is essential to translate environmental rhetoric into actions. This means a minimum level of environmental compliance, adequate budget and human resources, access to information and public participation, and elimination of subsidies that aggravate resource degradation.

"As the region's capacity to support human activity becomes increasingly stressed, policymakers and leaders will discover that integrated solutions that transcend traditional disciplines and approaches are clearly more effective than parochial solutions that divide regions, institutions, infrastructure, and technology," AEO concludes.

AEO 2001 is the first in a biennial series. It will be followed by background reports on various environmental themes and reports on issues facing individual countries. ■

LIBOR-Based Loan Product Unveiled

Current LIBOR rates mean cheaper funds for borrowers

From 1 July 2001, the Asian Development Bank (ADB) will offer borrowers in the public and private sector a LIBOR (London interbank offered rate)-based loan that will carry a floating lending rate consisting of a six-month LIBOR and a spread fixed over the life of the loan. The new terms will apply only to loans from ADB's ordinary capital resources (OCR). In 2000, some 70 percent of ADB's loans were from OCR.

"This first step is a milestone in a process of adding new features to ADB's menu of loan products. I expect that, in a couple of years, ADB's borrowers will be able to design the financial features of each loan to the specific requirements of each project in a manner consistent with their debt management goals," says ADB President Tadao Chino. The new product also gives access to risk management products to many of ADB's developing member countries for the first time.

"This is a watershed event in ADB's role as a financial intermediary," says ADB Treasurer Shinji Ichishima. He adds, "To be more responsive to our members' needs, ADB completed a survey among borrowers last year. The new product is in response to many borrowers' wishes for a wider choice of loan terms and flexible hedging tools to meet their evolving sovereign asset and liability management needs. The new product is also more transparent."

Based on current LIBOR rates for US dollars of around 3.8 percent per

annum, the new ADB product will offer significantly lower interest rates than its current lending rate of 6.7 percent per annum for pool-based US dollar loans. Noting that LIBOR rates could move up as well as down, Ichishima says, "While floating rates are inherently riskier due to volatility in LIBOR, the new product has options to fix, cap, or collar the floating lending rates as appropriate."

that would be fixed for the life of the loan.

- Options to convert the lending rate from floating to fixed rate or vice versa at any time during the life of the loan.
- Options to convert the loan currency at any time during the life of the loan.
- Options to cap and collar the floating lending rate at any time during the life of the loan.

The choice of currency and interest rate basis will allow borrowers to structure loan terms that are most appropriate for the project and their risk management strategy.

The conversion options will provide borrowers with more flexibility to alter loan terms to suit their changing needs. Importantly, the new product will provide borrowers with potential cost savings in their debt service payments of ADB loans. While offering potentially cheaper loans and hedging options, ADB stresses the

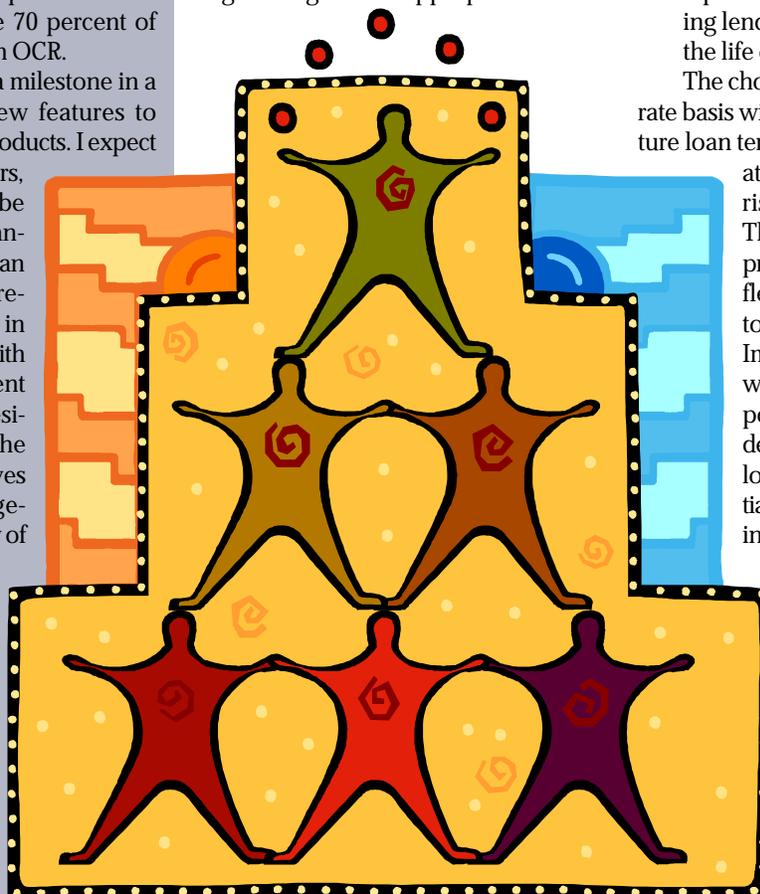
new product will not expose ADB to additional risk as it will maintain its policy of avoiding foreign exchange and interest rate risks.

ADB will now quickly evolve into a full-fledged LIBOR-based lender. Effective 1 July 2001, it will no longer offer pool-based multi-currency loans. ADB will

The following loan terms and conversion options will be available to borrowers from ADB's OCR under the new product.

- A choice of three loan currencies: the Euro, Japanese yen, or US dollar.
- A choice of floating or fixed lending rate based on LIBOR or the fixed rate equivalent of LIBOR, plus a spread

also withdraw its pool-based US dollar loans from 1 July 2002. In addition, ADB will offer borrowers the option to convert undisbursed amounts of their pool-based US dollar loans to the LIBOR-based product. It will also consider in the future offering borrowers more flexibility in repayment terms and free-standing hedging products. ■



Operations Evaluation

The Asian Development Bank's (ADB's) renewed concern over the impact of its assistance on poverty reduction has added a new dimension to operations evaluation. While learning through evaluation remains the key objective of its Operations Evaluation Department (OED), evaluation and learning activities now have a clearer focus on ADB's overarching goal of reducing poverty. Because of the broader significance of the impact of poverty reduction interventions, evaluation procedures must be strengthened through more rigorous evaluation standards and practices. Evaluation must produce results that are operationally useful.

So, OED pays increased attention to approaches, objectives, and designs that can be evaluated to facilitate monitoring and verification. Progress was significant when OED carried out the following.

- Introduced the project performance management system. This emphasizes identifying monitorable project performance indicators and

reporting on project progress and development impact, including poverty, through the project performance report. (Use of the logical framework is mandatory.)

- Carried out a special study on the effectiveness of ADB's approaches to poverty reduction in five countries.
- Examined crosscutting issues through three special evaluation studies covering governance (public expenditure management), non-government organizations, and the social and environmental impacts of hydropower projects.
- Completed a country assistance program evaluation for Viet Nam and a special evaluation study on ADB's lending operations in Thailand during the Asian financial crisis.

More recently, OED introduced revised Guidelines for the Preparation of Project Performance Audit Reports. The new edition includes a substantial revision of the criteria for rating success.

Undoubtedly, a major activity of

OED remains the preparation of project (or program) performance audit reports of completed projects (or programs) for which completion reports have been prepared by ADB's operational departments. These audit reports involve the comprehensive evaluation of effectiveness in achieving objectives and provide analytical commentary focusing on lessons of operational significance. But as indicated previously, OED also undertakes various intensive studies of broader relevance to ADB's operations. They include technical assistance performance audit reports, impact assessments and other special evaluation studies, and reevaluation studies. To ensure the usefulness of operations evaluation, OED also provides effective feedback on lessons learned for the operational system of ADB through several channels, including annual reviews of evaluation activities, country or sector syntheses of operations evaluation findings, and a computerized operations evaluation information system. Additionally, through technical assistance, OED assists ADB's developing member countries in developing and strengthening independent evaluation capabilities. ■

ADB's Evaluation Lexicon	
Project Performance Audit Reports and Program Performance Audit Reports	Evaluate comprehensively the effectiveness of projects or programs in achieving their objectives and give an analytical assessment focusing on issues and lessons of operational significance.
Technical Assistance Performance Audit Reports	Assess the need, adequacy, and effectiveness of technical assistance, including impact on technical, operational, institutional, and socioeconomic aspects.
Impact Evaluation Studies	Provide insights into the extent to which the benefits of ADB lending in a particular sector or subsector are spread and sustained.
Reevaluation Studies	Focus on project impact and sustainability about five years after the postevaluation stage.
Special Evaluation Studies	Analyze intensively a particular thematic issue across sectors or countries.
Country Assistance Program Evaluations	Examine all country operational strategy studies, country assistance plans, loans, technical assistance, and economic and sector work over a number of years in a particular country.
Country Syntheses of Operations Evaluation Findings	Analyze key factors affecting the implementation of projects; primarily based on evaluation reports.
Sector Syntheses of Operations Evaluation Findings	Analyze summarily evaluation experience in the sector and highlight the major issues and lessons that are of operational relevance to ongoing and future projects.
Annual Reviews of Evaluation Reports	Summarize the findings from evaluation reports prepared during the previous year; including (i) distilling lessons and best practices, as well as shortcomings and major issues raised in the reports, (ii) assessing current policies and practices of ADB in important areas, and (iii) discussing new initiatives taken to strengthen the feedback system and to establish a mechanism for follow-up on recommendations in evaluation reports.
Annual Performance Evaluation Programs	Bring together the activities of different departments and offices of ADB and present a comprehensive review of the previous year's ADB-wide program of activities related to project performance and planned activities for the current year.

ADB Online

ADB Web Sites

ADB Institute	www.adbi.org
ADB Review	www.adb.org/documents/periodicals/ADB_Review
Agriculture	www.adb.org/agriculture
Annual Report	www.adb.org/documents/reports/annual_report
Anticorruption	www.adb.org/anticorruption
Asian Development Fund	www.adb.org/finance
Business Opportunities	www.adb.org/business/opportunities
Calendar of Events	www.adb.org/news/calendar.asp
Central Asian Republics	www.adb.org/centralasia
Cofinancing Opportunities	www.adb.org/cofinancing
Consulting Services	www.adb.org/consulting
Country Assistance Plans	www.adb.org/documents/caps
Country Economic Reviews	www.adb.org/documents/cers
Country Operational Strategy Studies	www.adb.org/documents/coss
Country Operations	www.adb.org/countries
Depository Library Program	www.adb.org/publications/depositories
Development Topics	www.adb.org/development
East Asia	www.adb.org/eastasia
Economic and Social Statistics	www.adb.org/statistics
Economics and Development Resource Center	www.adb.org/edrc
Employment Opportunities	www.adb.org/employment
Environment	www.adb.org/environment
Financial Management	www.adb.org/finance
Gender and Development	www.adb.org/gender
Governance	www.adb.org/governance
Greater Mekong Subregion	www.adb.org/gms
Guarantee Operations	www.adb.org/documents/manuals/operations/om31.asp
Indigenous Peoples	www.adb.org/documents/policies/indigenous_peoples
Inspection	www.adb.org/inspection
Internship Program	www.adb.org/employment/internship.asp
Involuntary Resettlement	www.adb.org/documents/policies/involuntary_resettlement
Japan Scholarship Program	www.adb.org/documents/brochures/scholarship_program
Japan Special Fund	www.adb.org/documents/reports/japan_special_fund
Law and Policy Reform	www.adb.org/law
Microfinance	www.adb.org/microfinance
Newly Industrialized Economies	www.adb.org/nie
Nongovernment Organizations	www.adb.org/ngos
Office of External Relations	www.adb.org/oer
Office of Pacific Operations	www.adb.org/opo
Operations Evaluation Office	www.adb.org/oeo
Organization Chart	www.adb.org/about/orgchart.asp
Pacific	www.adb.org/pacific
Policies and Strategies	www.adb.org/development/policies.asp
Poverty Reduction	www.adb.org/poverty
Private Sector Development	www.adb.org/privatesector
Procurement	www.adb.org/procurement
Programs Department – East	www.adb.org/ped
Programs Department – West	www.adb.org/pwd
Publications	www.adb.org/publications
Regional Cooperation	www.adb.org/countries/cooperation.asp
South Asia	www.adb.org/southasia
Southeast Asia	www.adb.org/southeastasia
Technical Assistance	www.adb.org/ta
Technical Assistance Reports	www.adb.org/projects/reports.asp
Young Professionals Program	www.adb.org/employment/ypp.asp

Seeing the Forest and the Trees

Take a leaf from Maslow. Some needs are common to all people—at all times and in all places. They are the need to make a living, the need for social organization, the need for knowledge and learning, the need for normative and metaphysical expression, and the need for aesthetic manifestation. These nuts and bolts of everyday life work through the coevolving realms of environment, economy, society, polity, and technology to make up systems of mutual sustainability or (in opposition) mutual vulnerability.

Alone, cultural theory pays simultaneous and even attention to these needs and makes possible a focus on the whole and the parts, on contexts and contents, on values and value systems, and on strategic relationships between key variables. So, it yields conceptual insights and practical benefits. It enables us, for instance, to deal better with complexity and fragmentation—the emphasis is on systems rather than on parts of systems. And it helps to ensure that economies are contextualized properly and pointed in the right direction. For those reasons, among others, economies can be constrained and enriched by the larger cultures in which they are located. Consequently, they stop functioning as self-governing entities.

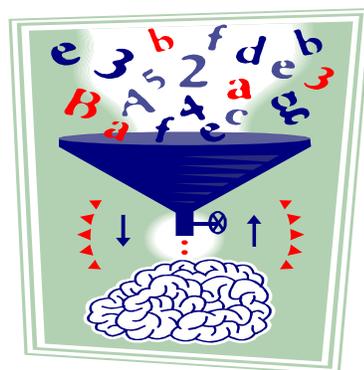
Culture, defined in its broadest sense, is the totality of a society's distinctive ideas, beliefs, values, and knowledge. Since people (not economies) are the main object and ultimate purpose of endeavors to progress, a society's culture is not just an instrument of development cooperation: it is its basis. The marriage of economy and environment has been overdue and has spawned a

world agenda for that purpose. Likewise, the relationship between culture and development should be clarified and deepened, in ways that are authentic, indigenous, self-reliant, sovereign, civilized, and creative. ■

Olivier Serrat, Liaison Officer, European Representative Office, Asian Development Bank, contributed this note.



Poverty Statistics



The Asian Development Bank (ADB) is building a database of key poverty indicators. Besides core poverty statistics (such as magnitude and depth of poverty), the database will also include key demographic and economic statistics and indicators of social and living conditions (such as health and mortality, education, gender inequality, housing and basic household amenities, employment, environ-

ment, and governance). An inventory of existing poverty reports and poverty-related surveys undertaken recently in each country is being carried out. Already, ADB's web site provides a glossary of poverty-related terms, much country data, and regional tables. Additional information will be regularly posted. ■

<http://www.adb.org/Statistics/Poverty/>

Flooding in Bangladesh

Flood losses in Bangladesh grow despite large investments in flood control infrastructure. There are only two plausible explanations: a physically driven increase in the occurrence and importance of floods and a man-driven increase in vulnerability caused by denser floodplain occupancy. Deforestation is occurring in the Himalayan region. But, without evidence to support arguments that environmental degradation there is exacerbating floods in Bangladesh, it is generally accepted that human actions are on the whole responsible.

Even though floodplains are one of the more obvious hazard-prone environments, widespread invasion has occurred because of countless individual decisions based on the belief that locational benefits outweigh risks.

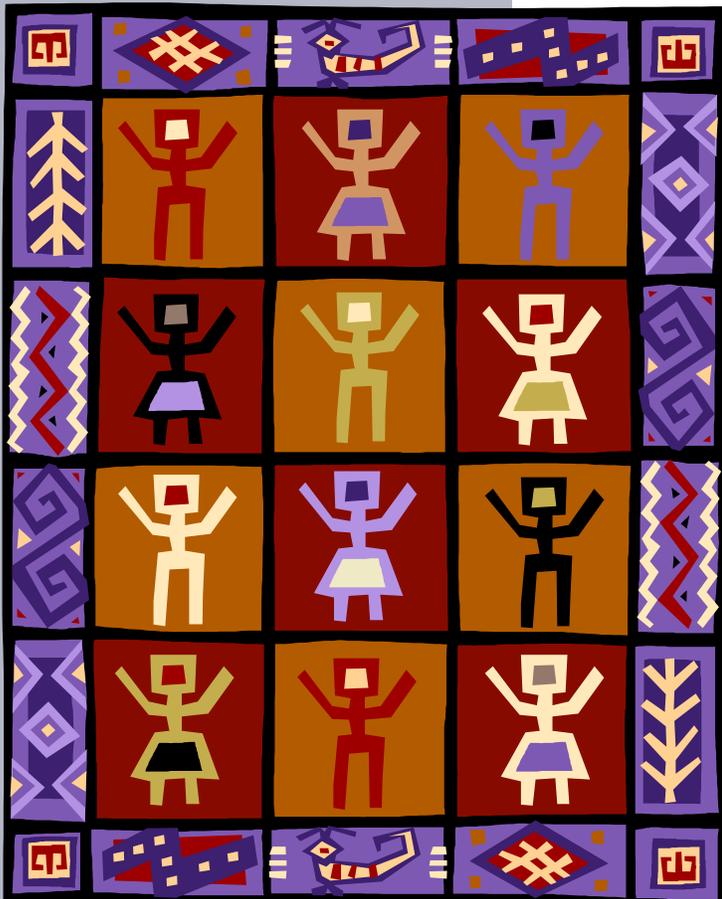
Population pressures and general poverty have encouraged this expectation further. Once floodplains become urbanized, however, there follows an almost inevitable demand for flood protection from (now organized and vocal) local communities. This is because the construction of flood embankments or other physical controls is perceived to render part of the floodplains safe. Next, land values rise and the development of floodplains gathers steam (even though structural works cannot withstand the most powerful river flows and channel changes that threaten human life in disaster years). Development encourages further human encroachments and it becomes more and more difficult to shake off the massive structural legacy. Yet in the meantime, flood

year to cope with the rising channel beds that result from deposition. And then again, history shows that the integrity of embankments is the exception rather than the rule.

Bangladesh may be in a no-win situation and failure to understand environmental management issues could have dire consequences. Experience confirms the need to develop more open systems of management permitting flexible attitudes to turbulent environments, where local community needs define the *modi vivendi*. Flood proofing—which entails going back to using floods as much as possible instead of trying to prevent or control them—may be a more appropriate behavioral approach preferable to structural responses. The latter usually aggravates the situation in many economic, social, ecological, and institutional ways and tends to impact the poorest most severely because they are not empowered to participate in making the decisions that shape their lives.

In Bangladesh, cost-benefit analysis of planned abandonment of the floodplain structures might show acceptable financial and economic returns that equal or surpass those from further investments in flood control infrastructure. Social analysis would reveal a complex of necessary concessions between winners and losers, but the opportunities to avoid poverty and conflict would then be richer overall. Ecological analysis would undoubtedly indicate greater possibilities for a return to ecosystem health and vitality. Institutional analysis would show also the need for a more open society where public servants serve the people better and calm their engineering fervor to supply management services that encourage and sustain development outside the floodplains. ■

Olivier Serrat, Liaison Officer, European Representative Office, Asian Development Bank, contributed this note.



Institutions for Development

Every day, we are reminded of the changes needed for economic and social progress, but not that institutions are the channels through which such changes can happen. We would do well to consider what is meant by (and can be accomplished through) participation, how participation grows out of democratic processes, how these processes depend on the structure of institutions, and how institutions originate from (and are supported by) human resources. Only then will we understand better the processes of progress and picture more accurately the necessarily diverse levels of the organizational setups on which progress depends.

Participation. The rights and responsibilities of people are central to progress. And participation is essential because privileged minorities seldom

■ Participation grows out of democratic processes ■

approve of reforms and concentration of political, economic, or social power in their hands has retarded development. Therefore, five questions must be asked. Who initiates? Who participates? Who decides? Who controls? And who benefits? If it is the people, then development activities will most likely succeed (bearing in mind that the chance to take part hinges in turn on access to information, freedom of association to hold discussions, and arrangement of regular meetings at which officials and representatives can listen and respond to communities and be held accountable for delivering particular outputs).

Democratic processes. But democracy is more than multipartyism or the granting of concessions by authorities. Civil society needs to be fortified at all levels in agreement with the customary checks and balances of cultures. So one should also ask what manner of democratic processes and what kinds of institutions are necessary to release the pro-



ductive energies of people, and what conditions are required to make these processes and institutions work. The answer is that democratic processes must start from where people are and that—for democratic processes to unfold—accountability, transparency, predictability, and participation are essential.

Institutions. It follows that institutions should be located at three levels.

- At the community level, a viable institution reflects the ideas, interests, and needs of communities. It has their confidence and the strength to communicate their views to higher authorities. Naturally, this assumes a degree of decentralization of decision making. It presupposes too a capacity to act on rights and responsibilities. Above all, perhaps, the right to organize must exist.
- At the regional level, a viable institution possesses a mix of technical,

managerial, and information-handling skills. It has also the ability to interpret communities to the nation (and vice versa). Most of all, it has a reasonable measure of autonomy (including independent revenues).

- At the national level, a viable institution has competence in policy making, in socioeconomic analysis, and in technical research. It has negotiating parity with international bilateral and multilateral agencies. It provides inputs to national policy making without relying on external advice. And it assists in identifying linkages among the national, regional, and community levels.

A tall order? Yes—on which economic and social progress depends. ■

Olivier Serrat, Liaison Officer, European Representative Office, Asian Development Bank contributed this article. This article can be read in conjunction with Institutional Change in East Asia, News from ERO, June 2001.

Conserving Biodiversity

Biodiversity, as defined under the Convention on Biological Diversity of 1992, is the variability among living organisms from all sources, including, inter alia, terrestrial, marine, and other aquatic ecosystems, and the ecological complexes of which they are part. This includes diversity within species, between species, and of ecosystems. Conservation of biodiversity is therefore a form of natural resource management that has, as its priority goal, maintenance of the long-term potential of biological resources to meet the needs and aspirations of future generations.

Biodiversity conservation in Asia is in critical need of (i) surveys and taxonomy, (ii) ex situ conservation in the form of gene banks and zoos, (iii) database and information systems, (iv) establishment and management of protected areas, and (v) public awareness and institutional development. Modern society has brought expanding populations, global markets, and new pressures on land and resources. Protected areas are an essential element to ensure that biodiversity is conserved for present and future generations. (The term “protected areas” is now held to include national parks, wildlife sanctuaries, conservation areas, biosphere reserves, sacred groves, and even some types of farmland allocated for conservation. They provide a wide range of economic, social, cultural, recreational, scientific, and spiritual values.)

The main threats to biodiversity arise from loss of habitat and disruption of ecosystems due to pressures of growing populations and unsustainable resource use. Factors include habitat destruction from clearing and burning of forests, exploitative and illegal logging, fuelwood collection, encroachment, wetlands conversion, degradation of grasslands, inappropriate development in coastal areas, and urbanization. Poaching, hunting, introduction of exotic species, and pollu-

tion also contribute substantially to biodiversity loss. Marine life is particularly vulnerable to outside intervention, such as the extensive oil explorations taking place in Asian waters. Adequate marine conservation will require developing and implementing integrated coastal zone management plans with the active participation of local communities.

Developing countries of the region face many competing demands

work (1993–1996) placed increased emphasis on environmental issues, seeking to support new biodiversity conservation projects (including protected areas) and incorporating biodiversity conservation objectives into more traditional loan and technical assistance schemes, ranging from agriculture and forestry to hydropower and poverty reduction.

ADB programmed about US\$37 million in technical assistance grants and US\$404 million in investments from 1995



on their limited funds, expertise, and political realities. Meeting their national conservation objectives and obligations under international law (such as the Convention on Biological Diversity) will require governments to mobilize support from more sources. ADB has a role to play in this regard.

ADB Work in Preserving Biodiversity. In 1989, ADB observed that virtually all types of development projects can incorporate biodiversity management components to benefit both development and conservation. In translating this principle into policy, ADB’s Medium-Term Strategic Frame-

to 2000 for biodiversity conservation projects. These included biodiversity conservation in the Sundarbans (Bangladesh); integrated area development and conservation in Central Sulawesi, Indonesia; fisheries resource management in the Philippines; and upper watershed management in Sri Lanka.

For instance, the livelihoods of more than 120,000 people will be improved through a US\$32 million loan approved in 1998 to conserve biodiversity in Central Sulawesi. The project area covers the 227,000-hectare Lore Lindu National park and about 117 poor rural villages in the four valleys and watershed adjoining the Park. In addition, in 1999, there was a

US\$40 million loan to Sri Lanka to establish integrated management of coastal resources to improve sustainability. The project will address the problem of coastal erosion and resource degradation, including pollution; promote sustainable coastal fishery management; improve fish quality and reduce handling losses; and strengthen the capacity of concerned institutions.

ADB's technical assistance grants connected with biodiversity have ranged from protecting and managing critical wetlands in the Mekong basin and preparing a bioregional development plan for one of the Lao People's Democratic Republic's largest and most important river basins, to strengthening coastal and marine resource management in the South China Sea and improving the forestry sector in

Bangladesh, Cambodia, Indonesia, Sri Lanka, and Viet Nam.

ADB Strategy on Biodiversity Conservation. With ADB's increasing emphasis on poverty reduction, the integration of biodiversity conservation with sustainable and equitable development is becoming more important. Thus, biodiversity conservation will feature prominently in ADB's new environment policy, which is being prepared. While ADB has sought to address biodiversity through conservation projects, it is recognizing that this issue will need to be addressed also by mainstreaming biodiversity concerns into many types of development projects.

For instance, entire river basins are now being considered in water resource project planning. The needs of coastal communities will be addressed by protecting

critical habitats, such as mangroves and coral reefs, and investing in coastal and marine resource management. Communities should be organized and empowered to manage their own reef systems, supported by local governments.

ADB will assist governments in ensuring that lending and grant operations do not negatively impact on biodiversity. The environmental assessment process is the main existing mechanism in avoiding or mitigating such impacts and in identifying opportunities for mainstreaming biodiversity conservation into development projects and programs. ■

This article is extracted from The Environment Program: Challenges and Changes at the Dawn of the New Millennium, Asian Development Bank 2001.

ADB-KfW Conference on Infrastructure and Poverty Reduction in Asia

On 26 September, ADB and Kreditanstalt für Wiederaufbau (KfW) will meet in the Berlin City Hall to discuss infrastructure's contribution to economic and social progress in Asia. The plenary session will emphasize the Federal Ministry for Economic Cooperation and Development's strategy for development cooperation in Asia,

the future of private-public partnerships, sectoral agendas for reform, approaches to commercializing public utilities, and requirements for infrastructure that reduces poverty. In the afternoon, parallel streams will bring to light KfW and ADB's experience in social and economic infrastructure and their plans. ■



ADB News Releases on the Web

Releases for July 2001

ADB's LIBOR-Based Loan Product Now Available, Lending Rates for Pool-Based Loans Announced (2 July)

Philippines Landslide Tragedy Gives Rise to Model Community Project (6 July)

ADB Opens Extra Office to Speed up Rehabilitation Work in Gujarat (9 July)

ADB's Board of Directors Authorize Independent Inspection of Samut Prakarn Wastewater Treatment Project (10 July)

<http://www.adb.org/news/>

ERO Calendar 2001

Date	Title	Venue	Contact E-Mail Address
20 September	Opportunities in the Chinese Environmental Market: China as a Market for Water Management	Berlin, Germany	keonwoolee@adb.org
26 September	ADB-KfW Conference on Infrastructure and Poverty Reduction in Asia	Berlin, Germany	oserrat@adb.org
8-9 October	Business Opportunities Seminar	Brussels, Belgium	oserrat@adb.org
11 October	Business Opportunities Seminar	Florence, Italy	oserrat@adb.org
25 October	Meeting Critical Ecological Challenges in Emerging Countries through Technological Solutions from and Partnerships with Small- and Medium-Sized Enterprises	Lausanne, Switzerland	keonwoolee@adb.org
22-26 October	ERO Presentations on ADB	Istanbul, Turkey	oserrat@adb.org

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News from ERO will be featuring an article on

- *NGOs in the Globalized Economy*

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ADB Launches A\$500 Million Public Bond Issue

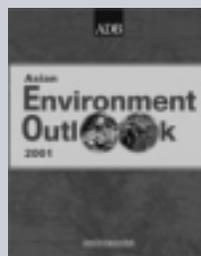
On 22 June 2001, ADB launched an A\$500 million public bond issue in the Australian domestic bond market through a syndicate headed by Commonwealth Bank of Australia and UBS Warburg. The syndicate group consists of Deutsche Bank and RBC Dominion Securities as co-managers.

The bond issue, with a coupon rate of 6.25 percent per annum payable semiannually and a maturity date of 15 June 2011, was priced at 99.411 percent to yield 47 basis points over the 5.75 percent Commonwealth Government Bond, which was due 15 June 2001. The transaction is ADB's third borrowing in the Australian dollar domestic bond market. The bonds will be

listed on the Australian Stock Exchange and settled through the domestic clearing system "Austraclear."

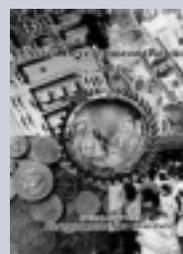
At 10 years, this is the longest maturity deal launched thus far by a supranational entity. The issue marks another step toward ADB's long-term objective of building its yield curve in the Australian dollar bond market. In total, ADB plans to borrow US\$3.4 billion equivalent in 2001/2002.

The entire principal amount of A\$500 million has been swapped into US dollar floating rate liability under related currency liability swap transactions, the proceeds of which will be included in the ordinary capital resources of ADB and used in its nonconcessional operations. ■



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