

# East Asia Department

## Regional Perspectives & Operations

Presentation by

Klaus Gerhaeuser

Deputy Director General

8 November 2007

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# EAST ASIAN REGION



- National Capital
- Provincial Capital
- City/Town
- SAR Special Administrative Region
- National Road
- River
- Provincial Boundary
- International Boundary
- Boundaries are not necessarily authoritative.



Note: FirstProof, 22 August 2006

## 2006 Country Indicators

Indicator	unit	PRC	MON
Land Area	million sq km	9.6	1.6
Population	million	1,315.5	2.6
GDP	\$ billion	2,684.7	2.7
Per Capita GDP	\$	2,012.0	1,043.0
GDP growth	%	10.7	8.4
Domestic Investment	% of GDP	44.9	36.0
Gross National Saving	% of GDP	47.8	38.2
Poverty Incidence	\$1/day, %	8.0	32.6

## EARD Share in ADB Operations - 2006

Amounts in \$ million

Items	EARD	ADB	% Share
Loans Approved during the Year <sup>a/</sup>	1,568.2	6,821.3	23%
- Active Loan Portfolio	8,560.1	37,349.6	23%
TA Approved during the Year	16.0	139.4	12%
- Active TA Portfolio	56.4	857.3	7%
Contract Awards	786.1	6,372.8	12%
Disbursements	1,013.4	5,400.0	19%
Net Resource Transfers	484.6	1,967.6	25%
Project Ratings - PS/U (%)	3.1	3.0	103%
Projects At Risk (%)	3.1	10.0	31%
Average Time Elapse (months)	9.2	8.4	109%
- Approval to signing	5.3	3.9	136%
- Signing to effectiveness	3.9	4.5	85%

<sup>a/</sup> Public sector only.

# Challenges for Mongolia

- Wide expanse [how to achieve physical connectivity (Roads)]
- Thinly populated & widely dispersed [how to provide services]
- Narrow economic base (Livestock and minerals) [how to diversify the economy]
- High economic vulnerability (weather and commodity prices) [how to diversify the economy]
- Political volatility [how to ensure continuity of policies]
- Stubborn poverty [how to make growth more inclusive]

# Challenges for PRC

## Past successes [future challenges]

- Remarkable growth (25 yrs, over 9%) [sustain with particular attention to environment]
- Multiple increase in per capita income [better income distribution/equity]
- Rapid development of coastal region [reduce regional disparity with Central and Western China]
- Urban rich [bridge urban-rural divide through rural development]
- Population (fertility rate 1.7%) [demographic change & labor shortage]
- Manufacturing [diversify into higher value products/services]

# Challenges for PRC

Past successes [future challenges]

- Exports [reduce export dependence and boost domestic consumption]
- Infrastructure investment [greater need for social investment: health, education, sanitation, etc.]
- Adoption/adaptation [how to move to invention/innovation]

# Challenges for EARD

## 1. General

- Diverse countries with different requirements
  - PRC: large borrower (98%), OCR only, middle-income country, stable rapid growth
  - MON: small borrower (2%), ADF only, low-income country, vulnerable average growth
- Regional cooperation mainly outside of the region
  - With non-member Russia
  - With non-borrowers KOR and JAP
  - CAREC (CWRD) and GMS (SERD)
- Diverse programs in the 2 countries, diverse skills requirements (MON – soft sectors; PRC – infrastructure). Hence, poor economies of scale for skills mix.

# Challenges for EARD

## 2. MON

- Scaling up [ADF only]
- OCR lending [debt limitation]
- Diversified portfolio [slow RM delegation]
- Private sector development [debt situation]
- Poverty reduction and MDGs

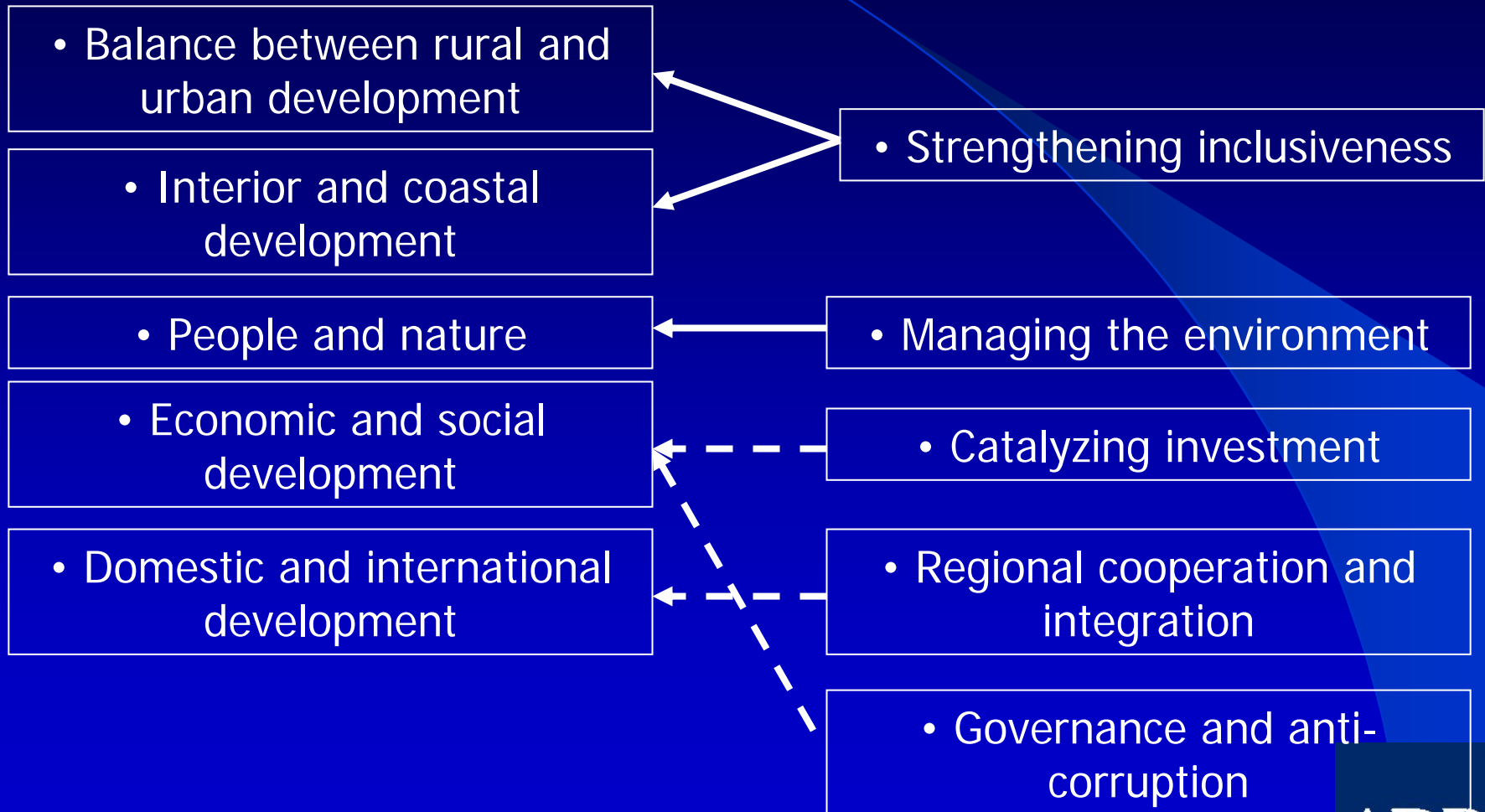
## 3. PRC

- Knowledge products [TA/budget/skills limitations]
- Scaling up [PRC public sector lending cap of \$1.5 bn/year]
- IEI [slow acceptance]
- Social lending [softer funds]
- Regional cooperation [Dozen countries border PRC]
- Private sector development
- Environment improvement
- Rural development/financing

# Alignment of Country Priorities and MTS II: PRC

## 11 FYP - Five Balances

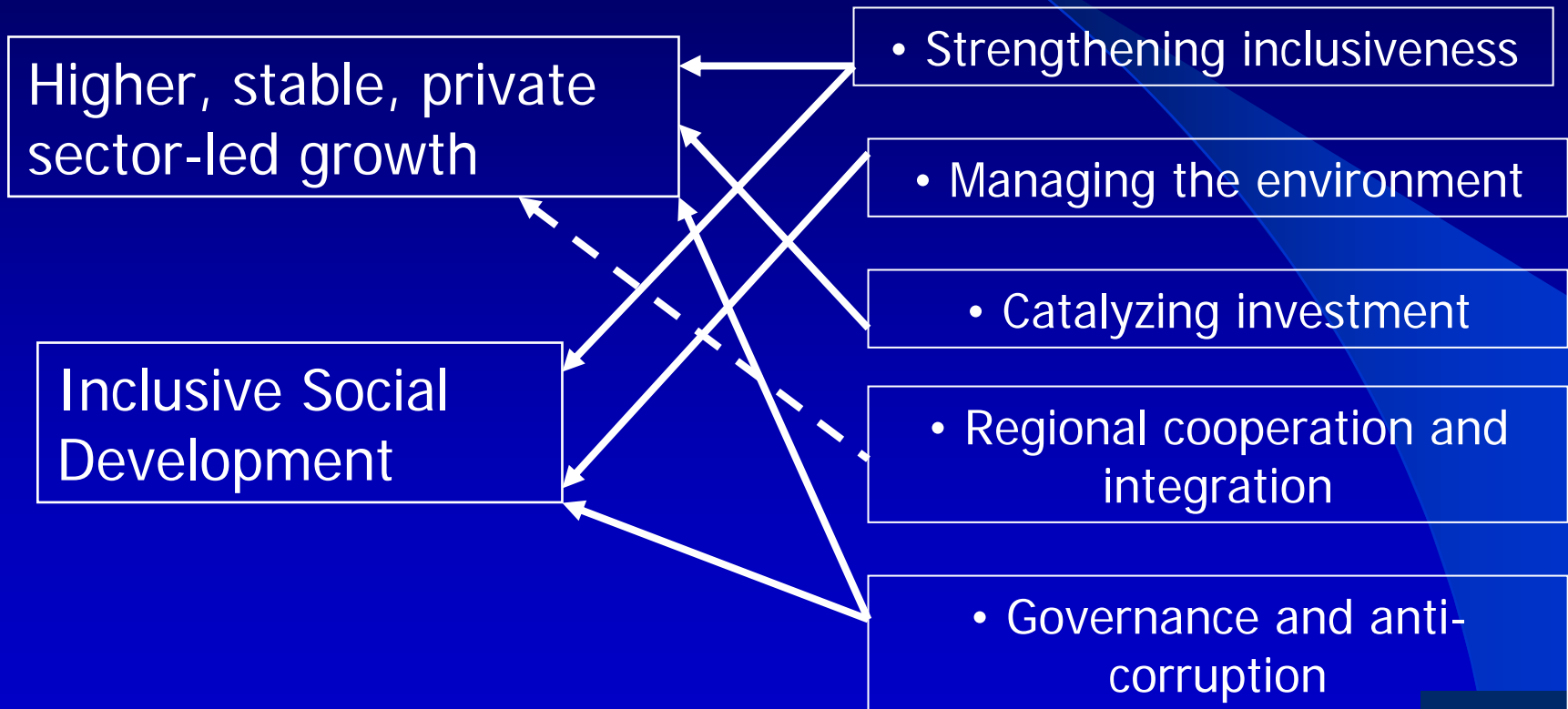
## MTS II Priorities



# Alignment of Country Priorities and MTS II: Mongolia

EGPRS\*

MTS II Priorities



\* Economic Growth Support & Poverty Reduction Strategy

# Program Alignment with MTS II - by Loan Amount

MTS II Group <b>PRC</b>		Ongoing*		2007-2009	
		\$ mn	%	\$ mn	%
I	Agriculture - Rural Development	64	1	170	3
I	Water Supply, Sanitation & Waste Management	801	10	280	6
I	Energy	508	6	458	9
I	Transport - Roads	4,035	49	1,450	29
I	Urban Development	100	1	280	6
I	Multisector	390	5	700	14
<b>Group I Subtotal</b>		<b>5,898</b>		<b>3,338</b>	
II	Agriculture - Natural Resources	515	6	895	18
II	Transport - Railways	1,880	23	850	17
<b>Group II Subtotal</b>		<b>2,395</b>		<b>1,745</b>	
<b>Total</b>		<b>8,293</b>	<b>100</b>	<b>5,083</b>	<b>100</b>

\* as of 31 Dec06

MTS II Group <b>Mongolia</b>		Ongoing*		2007-2009	
		\$ mn	%	\$ mn	%
I	Agriculture - Rural Development	10	4		
I	Energy	40	14		
I	Education	27	10	12	9
I	Finance	34	12		
I	Transport	62	22	40	30
I	Urban Development	48	17	29	21
I	Multisector			30	
<b>Group I Subtotal</b>		<b>221</b>		<b>111</b>	
II	Agriculture - Natural Resources	10	4	10	7
II	Health, Nutrition, and Social Protection	26	9	14	10
II	Trade	5	2		
II	Law and Public Sector Management	16	6		
<b>Group II Subtotal</b>		<b>56</b>		<b>24</b>	
<b>Total</b>		<b>278</b>	<b>100</b>	<b>135</b>	<b>100</b>

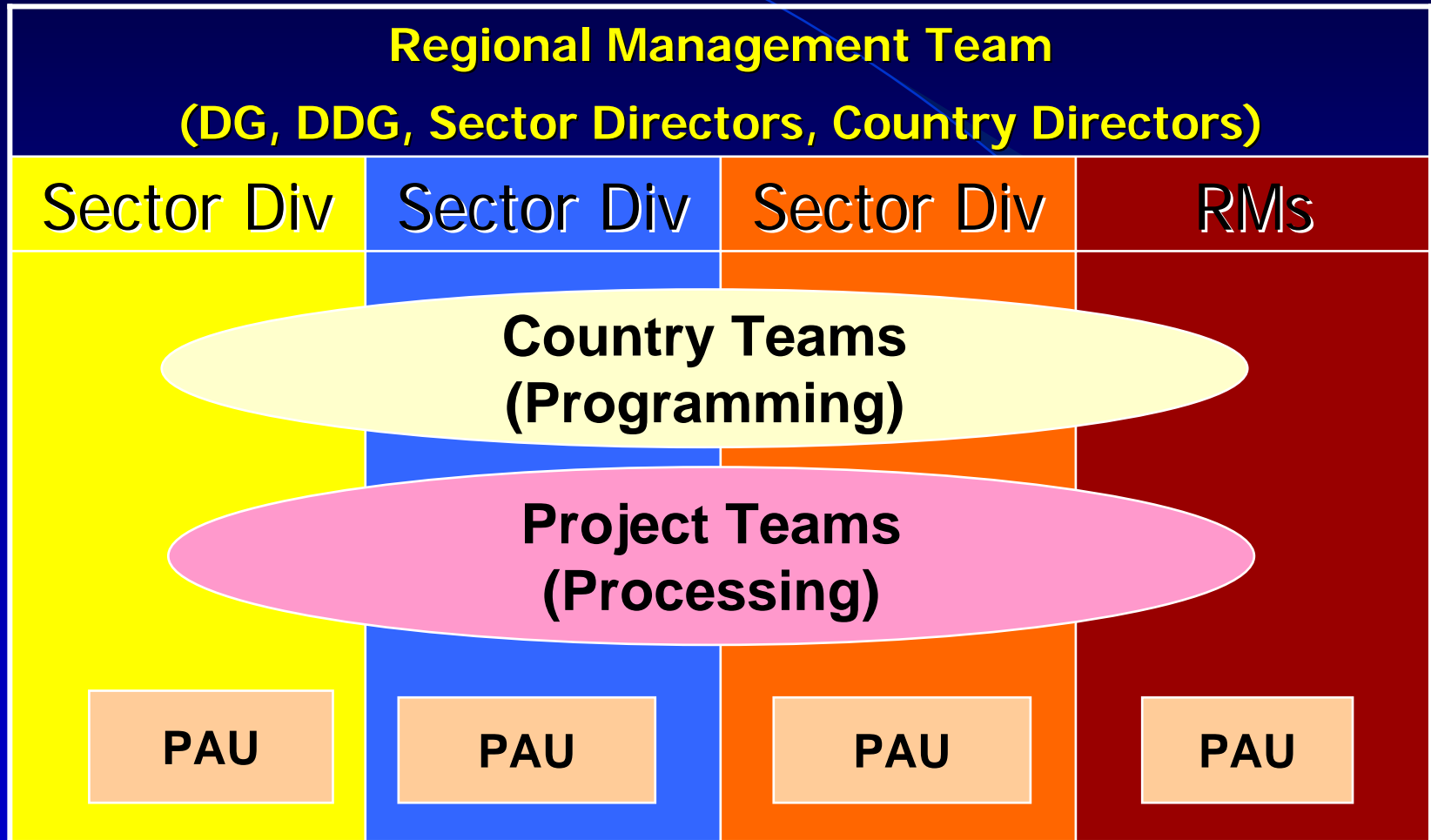
\* as of 31 Dec06

# Program Alignment with MTS II - by Number of Projects

MTS II Group <b>PRC</b>		Ongoing*		2007-2009	
		No.	%	No.	%
I	Agriculture - Rural Development	1	2	2	5
I	Water Supply, Sanitation & Waste Management	9	19	2	5
I	Energy	6	13	6	16
I	Transport - Roads	16	34	7	19
I	Urban Development	1	2	3	8
I	Multisector	4	9	4	11
<b>Group I Subtotal</b>		<b>37</b>		<b>24</b>	
II	Agriculture - Natural Resources	4	9	10	27
II	Transport - Railways	6	13	3	8
<b>Group II Subtotal</b>		<b>10</b>		<b>13</b>	
<b>Total</b>		<b>47</b>	<b>100</b>	<b>37</b>	<b>100</b>
* as of 31 Dec06					

MTS II Group <b>Mongolia</b>		Ongoing*		2007-2009	
		No.	%	No.	%
I	Agriculture - Rural Development	1	6		
I	Energy	1	6		
I	Education	2	11	1	17
I	Finance	3	17		
I	Transport	2	11	1	17
I	Urban Development	2	11	1	17
I	Multisector			1	17
<b>Group I Subtotal</b>		<b>11</b>		<b>4</b>	
II	Agriculture - Natural Resources	1	6	1	
II	Health, Nutrition, and Social Protection	3	17	1	17
II	Trade	1	6		
II	Law and Public Sector Management	2	11		-
<b>Group II Subtotal</b>		<b>7</b>		<b>2</b>	
<b>Total</b>		<b>18</b>	<b>100</b>	<b>6</b>	<b>100</b>
* as of 31 Dec06					

# Functional Teams in RDs



## For More Information:

### EARD Regional Management Team

- H. Satish Rao, Director General
- Klaus Gerhaeusser, Deputy Director General
- Edgar Cua, Advisor
- Toru Shibuichi, Country Director, PRCM
- Kunhamboo Kannan, Director, Agriculture, Environment & Natural Resources Division (EAAE)
- Anil Terway, Director, Energy Division (EAEN)
- Barry Hitchcock, Director, Country Coordination, Regional Cooperation, Governance, Finance, and Trade Division (EARG)
- Robert Wihtol, Director, Social Sectors Division (EASS)
- Nigel Rayner, Director, Transport Division (EATC)
- Adrian Ruthenberg, Country Director, MNRM

# Thank You



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