

# East Asia Department

## Regional Perspectives & Operations

Presentation by

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ADB

# EAST ASIAN REGION



## 2005 Country Indicators

Indicator	unit	PRC	MON
Land Area	million sq km	9.6	1.6
Population	millions	1,307.6	2.6
GDP	\$ billions	2,232.3	1.9
Per capita GDP		1,707	724
GDP Growth	%	9.9	6.2
Domestic Investment	% of GDP	43.5	35.5
Gross National Saving	% of GDP	43.5	31.6
Poverty Incidence	(\$1/day), %	10.0	36.1 *

\* 2002 data

## EARD Share in ADB Operations - 2005

Items	EARD	ADB	% Share
Loan Approvals (public sector only)      Amount (\$ m)	1,488.8	5,260.8	28.3%
TA Approvals      Amount (\$ m)	17.5	198.8	8.8%
Loans under Administration      Amount (\$ m)	7,565.0	33,906.9	22.3%
Contract Awards-amounts (\$m)	1,405.0	5,707.7	24.6%
Disbursements-amounts (\$m)	904.7	4,540.7	19.9%
Project Ratings      % of portfolio			
PS, U	0	7.2	-
Projects At Risk - % of portfolio	0	8.6	-
Times (in months)			
Ave. time from Approval to Signing			
PRC	6.24	}      3.71	-
MON	3.47		
Ave. time from Signing to Effectiveness			
PRC	4.1	}      4.60	-
MON	3.93		
Average Loan Extension (in months)	11.2	24.5	-
Delegation of loans (percentage of portfolio)	29.1	34.0	-

# 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

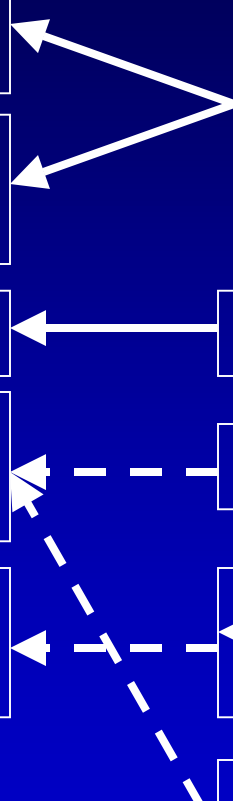
# Alignment of Country Priorities and MTS II: PRC

## 11 FYP - Five Balances

- Balance between rural and urban development
- Interior and coastal development
- People and nature
- Economic and social development
- Domestic and international development

## MTS II Priorities

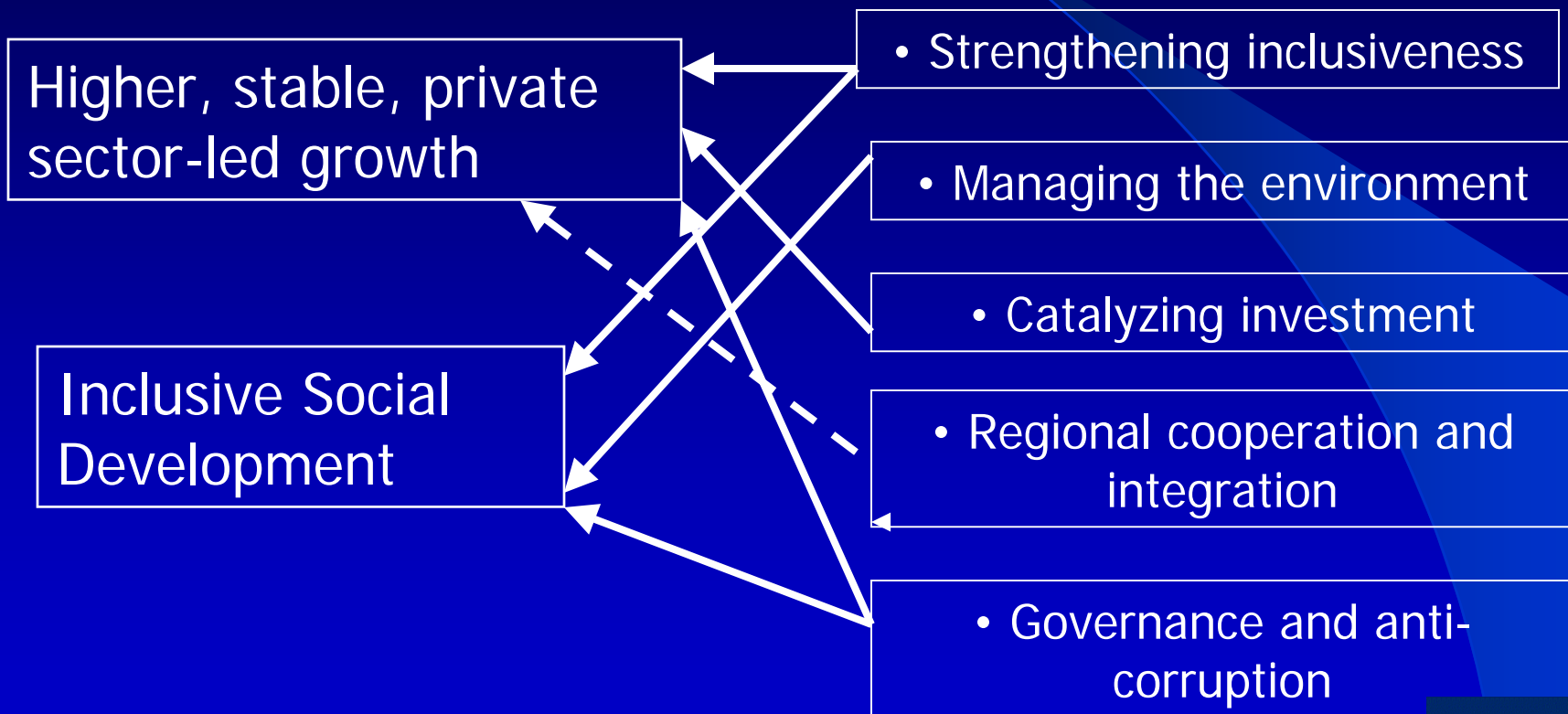
- Strengthening inclusiveness
- Managing the environment
- Catalyzing investment
- Regional cooperation and integration
- Governance and anti-corruption



# 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		Ongoing*		2006-2008	
Group	PRC	\$ mn	%	\$ mn	%
I	Agriculture - Rural Development	64	1	295	7
I	Water Supply, Sanitation & Waste Management	686	9	940	21
I	Energy	531	7	450	10
I	Transport - Roads	3,785	52	1,350	30
I	Multisector	360	5	-	-
<b>Group I Subtotal</b>		<b>5,426</b>	<b>74</b>	<b>3,035</b>	<b>67</b>
II	Agriculture - Natural Resources	315	4	645	14
II	Transport - Railways	1,580	22	850	19
<b>Group II Subtotal</b>		<b>1,895</b>	<b>26</b>	<b>1,495</b>	<b>33</b>
<b>Total</b>		<b>7,321</b>	<b>100</b>	<b>4,530</b>	<b>100</b>

MTS II		Ongoing*		2006-2008	
Group	Mongolia	\$ mn	%	\$ mn	%
I	Agriculture - Rural Development	11	5	14	15
I	Energy	41	17	-	-
I	Education	16	6	13	14
I	Finance	37	15	-	-
I	Transport - Roads	62	26	24	25
I	Urban Development	22	9	28	30
<b>Group I Subtotal</b>		<b>189</b>	<b>77</b>	<b>79</b>	<b>84</b>
II	Agriculture - Natural Resources	10	4	-	-
II	Health, Nutrition, and Social Protection	28	12	10	11
II	Law and Public Sector Management	16	7	5	5
<b>Group II Subtotal</b>		<b>55</b>	<b>23</b>	<b>15</b>	<b>16</b>
<b>Total</b>		<b>244</b>	<b>100</b>	<b>94</b>	<b>100</b>

\* Portfolio as of 31 Dec05

## Program Alignment with MTS II - by Number of Projects

MTS II Group	PRC	Ongoing*		2006-2008	
		No.	%	No.	%
I	Agriculture - Rural Development	1	2	4	12
I	Water Supply, Sanitation & Waste Management	7	17	9	26
I	Energy	6	15	6	18
I	Transport - Roads	15	37	6	18
I	Multisector	4	10	-	-
<b>Group I Subtotal</b>		<b>33</b>	<b>80</b>	<b>25</b>	<b>74</b>
II	Agriculture - Natural Resources	3	7	6	18
II	Transport - Railways	5	12	3	9
<b>Group II Subtotal</b>		<b>8</b>	<b>20</b>	<b>9</b>	<b>26</b>
<b>Total</b>		<b>41</b>	<b>100</b>	<b>34</b>	<b>100</b>

MTS II Group	Mongolia	Ongoing*		2006-2008	
		No.	%	No.	%
I	Agriculture & Natural Resources	1	7	1	14
I	Energy	1	7	-	-
I	Education	1	7	1	14
I	Finance	3	20	-	-
I	Transport - Roads	2	13	2	29
I	Urban Development	1	7	1	14
<b>Group I Subtotal</b>		<b>9</b>	<b>60</b>	<b>5</b>	<b>71</b>
II	Agriculture - Natural Resources	1	7	-	-
II	Health, Nutrition, and Social Protection	3	20	1	14
II	Law and Public Sector Management	2	13	1	14
<b>Group II Subtotal</b>		<b>6</b>	<b>40</b>	<b>2</b>	<b>29</b>
<b>Total</b>		<b>15</b>	<b>100</b>	<b>7</b>	<b>100</b>

\* Portfolio as of 31 Dec05

## For More Information:

### EARD Regional Management Team

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