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ASIAN  
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ANNUAL REPORT  
1977



ASIAN DEVELOPMENT BANK  
ANNUAL REPORT 1977

**ASIAN DEVELOPMENT BANK**  
Manila

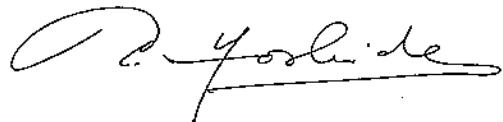
Office of the President

9 March 1978

Dear Mr. Chairman:

With respect to Article 39 of the Articles of Agreement of the Asian Development Bank and in accordance with Section 13 of the By-Laws of the Bank, I submit to the Board of Governors, on behalf of the Board of Directors, the enclosed Annual Report on the operations and policies of the Bank in 1977, including a separate report on the activities of the Special Funds of the Bank. The Annual Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,



TAROICHI YOSHIDA  
President and  
Chairman of the Board  
of Directors

Chairman  
Board of Governors  
Asian Development Bank



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## NOTE

The Bank's financial statements are expressed in current United States dollars; accordingly, the amounts expressed in United States dollars in this Report, which refer to the Bank's position in 1973 and subsequent years, are related to the United States dollar at its current value of 0.736662 gram of fine gold. United States dollar amounts which refer to the position in 1972 or in earlier years, unless otherwise stated, are related to the value of the United States dollar current at the time.

*CONSTRUCTION workers at the Hetauda-Narayangarh Road project in Nepal's Chitwan Valley. When completed the 80-km. road will bring added economic and social benefits to settlers in the Valley.*

# 1977 IN BRIEF

IN 1977 THE BANK maintained the rising tempo of its lending and technical assistance activities, augmented its own capital resources and tapped important new sources of development aid. Special efforts were made to help the poorest of its developing countries (DMCs).

A detailed account of the Bank's activities in 1977 appears later in the Report. Highlights are summarized below.

- The Bank's capital resources were increased by 135 per cent — from \$3,707 million to \$8,711 million — with the coming into effect of the Second General Capital Increase
- Negotiations began with developed member countries for the second replenishment of the Asian Development Fund (ADF III), to finance the Bank's projected concessional lending program over the period 1979-1982
- New loans approved from both ordinary capital and Special Funds resources totalled \$887 million, an increase of 14.3 per cent on 1976
- Total lending since 1968 passed the \$4,000 million mark and cumulative disbursements reached \$1,515 million
- Technical assistance activities expanded sharply — 42 projects costing \$7.2 million were approved, as against 24 projects costing \$4.6 million in 1976; preparations were made for further expansion, designed especially to accelerate investment in DMCs and also to attract project financing from other sources
- The Agriculture and Agro-Industry sector received 29 per cent of total lending and nearly 60 per cent of concessional lending; the percentage shares of other sectors were: Power — 25; Transport and Communications — 16; Industry (including Development Banks) — 16; Water Supply and Urban Development — 12; and Education — 2
- The Second Asian Agricultural Survey was completed and its findings circulated
- Innovative types of project activity were approved, including a loan for industrial standardization and quality control, as well as technical assistance for mineral resources development; greater attention was also given to the use of appropriate technology and the social impact of projects
- Institutional and operational links were developed and strengthened with other international funding institutions, including the newly established International Fund for Agricultural Development, the OPEC Special Fund and the European Economic Community. Close cooperation continued with bilateral aid sources and a co-financing agreement was concluded with Norway

# THE RECORD

(amounts in \$ million)

	1967-1971	1972	1973	1974	1975	1976	1977	1967-1977
<b>OPERATIONAL ACTIVITIES</b>								
Loan Projects								
Number <sup>1</sup>	83	30	39	39	40	36	45	309 <sup>2</sup>
Amount	640	316	421	548	660	776	887	4,246 <sup>2</sup>
Ordinary Loans								
Number	59	16	30 <sup>3</sup>	21	27	21	24	195 <sup>2</sup>
Amount	533	222	303	375	494	540	615	3,079 <sup>2</sup>
Disbursements (Amount)	69	50	120	160	285	263	272	1,220
Special Funds Loans								
Number	28	16	24	19	14	16	21	138
Amount	107	94	118	173	166	236	272	1,167
Disbursements (Amount)	7	11	26	27	77	63	84	295
Technical Assistance Projects (Grants) <sup>4</sup>								
Number	58	16	24	31	25 <sup>5</sup>	24	42	220
Amount	8.00	3.28	2.60	5.42	4.38 <sup>5</sup>	4.62	7.16	35.44
Regional Activities (Grants) <sup>4</sup>								
Number	11	4	5	3	7	6	7	43
Amount	4.08	0.19	0.16	0.17	0.94	0.89 <sup>6</sup>	0.91	7.34
<b>RESOURCES AND FINANCES</b>								
Authorized Capital (at end of period)								
In terms of current US dollar	1,327	3,317	3,366	3,366	3,676	3,707	8,711	—
(In terms of 1966 US dollar)	(1,100)	(2,750)	(2,790)	(2,790)	(3,048)	(3,073)	(7,221)	—
Subscribed Capital (at end of period)								
In terms of current US dollar	1,212	2,449	2,725	2,770	3,202	3,688	6,961	—
(In terms of 1966 US dollar)	(1,005)	(2,030)	(2,259)	(2,296)	(2,654)	(3,057)	(5,770)	—
Borrowings (gross) <sup>7</sup>	160	59	31	42	323	529	117	1,260
Outstanding Debt (at end of period)	159	229	249	283	530	1,084	1,205	—
Ordinary Reserve (at end of period)	22.4	31.2	35.0	50.6	77.1	101.6	142.2	—
Special Reserve (at end of period)	0.56	1.53	3.37	6.23	10.97	18.66	28.75	—
Gross Income	71.3	33.6	46.3	57.4	81.0	128.3	168.6	—
Net Income after Appropriation of Commission to Special Reserve	37.0	11.2	15.7	26.4	24.5	40.6	72.4	—
Special Funds Resources (at end of period) <sup>8</sup>	192.5	219.3 <sup>9</sup>	385.6 <sup>9</sup>	560.2	692.0	931.9	1,285.2 <sup>10</sup>	—
Member Countries (at end of period)	36	37	40	41	41	42	42	—
Professional Staff (at end of period)	191	207	222	231	254	288	304	—

(Cumulative amounts in last column may not tally with annual figures due to rounding.)

1 Projects financed by loans from both ordinary capital resources and Special Funds are counted only once.

2 Excluding three loans later incorporated in new loans.

3 Including 13 loans from ordinary capital resources under a scheme operated in 1973 (only) for supplementing limited Special Funds resources.

4 Including projects financed from sources outside the Bank, mainly UNDP. Technical assistance projects financed on a loan basis are included under loans.

5 Excludes South East Sulawesi Transmigration Area Development Project (\$495,600) and Bandung Urban Development and Sanitation Project (\$1,163,000) which were refinanced in 1976, partly by grants and partly by loans.

6 Original total was \$985,500, of which \$91,000 for updating the Asian Agricultural Survey (Phase II) was reallocated to 1977.

7 Gross contracted borrowings converted in US dollars at exchange rates prevailing at the end of the year of each borrowing.

8 Comprises contributions, resources set aside from capital, net income (expense) and other credit of the Agricultural Special Fund (prior to 1973), the Multi-Purpose Special Fund, the Asian Development Fund (after 1973), but excludes resources of the Technical Assistance Special Fund.

9 Including one contribution made in 1972 by Belgium which became effective in 1974.

10 Commitments from these resources totalled \$1,192.1 million at end of 1977.



# ECONOMIC BACKGROUND

## International Setting

DURING 1977 THE world economy continued to recover, although at a modest pace, from the severe recession experienced in 1974 and 1975. The overall growth in Gross National Product (GNP) was substantially lower than that attained in 1976. World trade increased in volume by only 5 per cent, compared with 11 per cent in 1976. The results for the year were affected by the difficulties encountered by many countries in reducing high rates of inflation and unemployment, the generally depressed levels of investment, and serious imbalances in the external accounts of major trading countries, leading to unstable exchange rates.

On the other hand, the output of foodgrains was at a high level for the third consecutive year; the world stock<sup>1</sup> of cereals increased from about 124 million metric tons (m.t.) in 1976 to about 160 million m.t. in 1977. As a result, the global food situation has improved considerably since the early 1970s; this has helped to contain inflationary pressures.

The aggregate GNP, in real terms, of the industrial countries which are members of the Organization for Economic Cooperation and Development (OECD) is estimated to have increased by 3.6 per cent in 1977, as against 5.2 per cent in 1976. In several major industrial countries, inflation and unemployment levels remained high; the policy measures adopted to contain inflation generally affected the pace of economic recovery. The aggregate current account deficit of the OECD countries during 1977 (\$32,000 million) was substantially larger than in 1976 (\$26,500 million). Moreover, the distribution of the increased deficit among these countries was more uneven. Some OECD countries resorted to restrictions on certain imports on grounds of severe external imbalances and persisting unemployment.

The oil-exporting (OPEC) developing countries continued to sustain high levels of investment and fairly rapid rates of economic growth in 1977, although some slowing down occurred as several of these countries faced bottlenecks in implementing their expanding development programs. The aggregate current account surplus of the oil-exporting countries declined marginally from \$42,300 million in 1976 to about \$40,000 million in 1977. This surplus accrued largely to a few countries, whose capacity to absorb imports remains comparatively small. On the other hand, some of the more populous countries had to accept sizeable current account deficits in supporting their

<sup>1</sup> Total carryover of cereals (excluding the People's Republic of China and U.S.S.R.) estimated by the Food and Agriculture Organization (FAO).

development programs.

There are indications that most of the non-oil developing countries were able to sustain fairly satisfactory rates of increase in their GNP in 1977, although the aggregate rate is likely to fall short of the 5.4 per cent rate achieved in 1976. This performance was accompanied by continuing high current account deficits — \$45,400 million in 1977 compared to \$44,000 million in 1976.<sup>1</sup> While the total foreign exchange reserves of the non-oil developing countries continued to increase in 1977, the improvement was largely accounted for by a few countries and was made possible by inflows of capital which exceeded their combined current account deficit.

The economic prospects for 1978 of the world economy appear, on the whole, to be less promising than in the previous two years. Due to unfavorable weather, the production of foodgrains in the 1978 crop year<sup>2</sup> is expected to be below the level attained in 1977. On the basis of the policies and economic situation prevailing at the end of 1977, the overall growth rate of OECD countries for 1978 was forecast at 3.5 per cent.<sup>3</sup> Unless higher rates of growth are achieved by major industrial countries, not only will they continue to experience unsatisfactory levels of unemployment but also the growth of world trade will be retarded, and many developing countries, especially those that are highly export-oriented, will suffer as a result. Increased restraints on imports by industrial countries could further affect exports of manufactured goods by developing countries, resulting in larger deficits in their external accounts. According to OECD estimates, the aggregate current account deficit of non-oil developing countries is expected to increase substantially from \$45,400 million in 1977 to \$59,000 million in 1978 — a level which would be difficult to sustain.

To maintain their growth momentum, the developing countries will have to intensify their efforts to mobilize higher domestic savings, exploit domestic natural resources, increase efficiency in industrial and agricultural production and expand exports both of traditional and non-traditional items. The success of these efforts will greatly depend upon the extent to which the major industrial countries reflate their economies, maintain growth in their imports from developing countries and also raise the level of their external assistance.

<sup>1</sup> As estimated in OECD Development Cooperation, 1977 Review, November 1977, p. 47.

<sup>2</sup> Relates mostly to the period July 1977 to June 1978; production during this period is influenced largely by weather conditions during 1977.

<sup>3</sup> See OECD Economic Outlook, December 1977.

## Economic Developments in the Region

In terms of several major indicators, such as growth in real incomes, food production, export earnings and foreign exchange reserves, the economic performance in 1977 of the developing member countries (DMCs) of the Bank, on the whole, gave cause for satisfaction. However, lower rates of growth in GNP were experienced by many DMCs, largely because the sharp rate of increase in production achieved in 1976, particularly in industry, was not sustained in 1977. Also, inflation rates, which had abated considerably in 1976, generally moved upward during 1977.

On the basis of preliminary estimates for 13 DMCs listed in Table 1,<sup>1</sup> it seems that rates of growth in real Gross Domestic Product (GDP) were generally satisfactory in 1977. In Burma, Fiji, Singapore and Sri Lanka the rates improved from 6 per cent, 2.5 per cent, 6.8 per cent and 3 per cent in 1976 to 6.6 per cent, 4 per cent, 7.5 per cent and 4.5 per cent, respectively, in 1977. In each of these countries, a general improvement occurred in all major economic sectors. In Indonesia, despite its poor performance in the agricultural sector, the rate remained steady at around 7 per cent. In the Philippines the rate declined from 7.3 per cent in 1976 to 5.8 per cent in 1977, reflecting slower growth in agriculture, manufacturing and construction activities and continued low prices for some important export

<sup>1</sup> Tables relevant to this chapter appear at pages 61 to 69

*RICE planting in Laguna de Bay region, Philippines, where a project is being carried out to cut down pollution of one of Asia's largest lakes and to increase rice production in the surrounding countryside.*



products. In Thailand also the rate declined from 8.2 per cent in 1976 to 6.2 per cent in 1977. In most of the more industrialized and economically advanced DMCs<sup>1</sup> — Republic of China, Hong Kong, Republic of Korea and Malaysia — there was a decline. However, GDP growth rates for this group ranged from 7.7 per cent to 11.6 per cent. Though impressive by international standards, these were below the high rates achieved in 1976 when the region as a whole benefited from the sharp recovery of the world economy from the relatively depressed conditions prevailing in 1975.

Bangladesh and Pakistan experienced considerably lower growth rates during 1977. In Bangladesh, agricultural production, on which the economy is heavily dependent, fell somewhat from the level achieved in 1976. As a result, the overall growth rate declined, despite improved performance in the non-agricultural sectors. In Pakistan, manufacturing output declined slightly in 1977, as it had in the previous two years, due mainly to a deterioration in the business climate and shortages of raw materials, including cotton. Moreover, heavy losses occurred in the agricultural sector due to severe floods. As a result, the overall growth rate in 1977 was negligible.

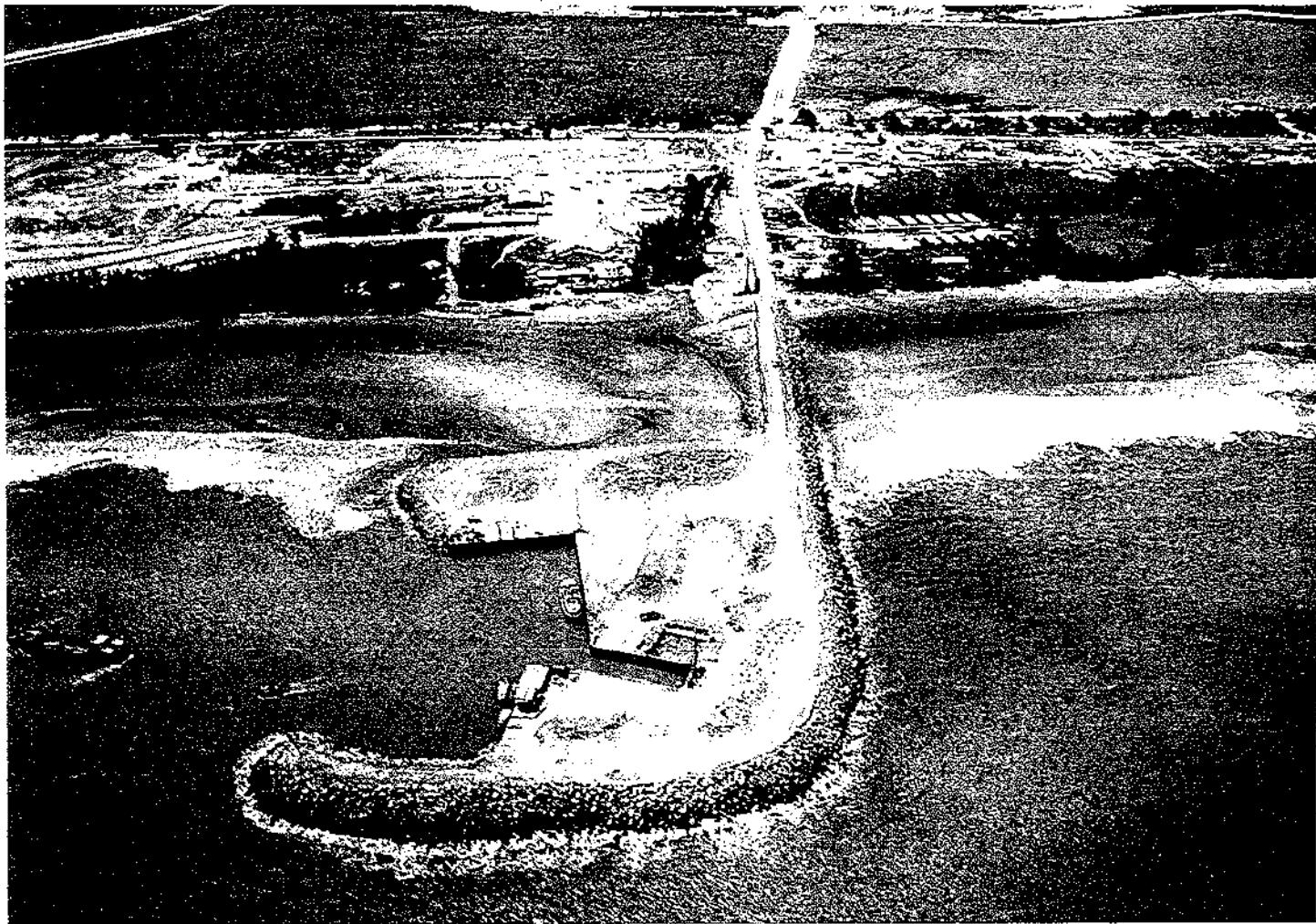
Of the DMCs for which national income data for 1977 are not yet available, production statistics for certain major sectors suggest that India may have achieved an increase in real income of around 5 per cent, which is much higher than that for 1976, due to a bumper food crop and growth in production in other sectors. The growth rate of Nepal is expected to remain more or less at the 4 per cent level achieved in 1976. In Cambodia, the Lao People's Democratic Republic and the Socialist Republic of Viet Nam, floods and prolonged drought seriously affected their agricultural production and, consequently, their overall GDP growth rates must have suffered. In respect of the Pacific countries, the information available on production and international prices of their principal exports indicates that they achieved a moderate growth in real income during 1977, with the exception of Gilbert Islands, which was affected by reduced prices for its principal export (phosphate).

Overall agricultural production in the region in 1977 showed a substantial improvement over 1976. However, the performance of individual DMCs varied widely. Some of the predominantly agricultural countries (Bangladesh, Lao People's Democratic Republic and Socialist Republic of Viet Nam) experienced unfavorable weather, which resulted in reduced output. However, in many other DMCs (Republic of China, India, Republic of Korea, Malaysia and Nepal), agricultural production increased, due both to favorable weather and continued improvements in development efforts in this sector.

During 1975-1977 considerable gains were made in food security. Production of foodgrains (rice, wheat and maize) in the region declined marginally from the record level of 222 million m.t. achieved in 1975 to 218 million m.t. in 1976. For 1977 a new record of 231 million m.t. has been estimated — 6 per cent more than in 1976 (Tables 2 and 3).<sup>2</sup> As a result, food stocks in many countries have reached high levels. For the DMCs as a whole, food im-

<sup>1</sup> As mentioned above, Singapore alone in this group experienced an increase in its GDP growth rate in 1977.

<sup>2</sup> Figures exclude the Socialist Republic of Viet Nam and some other smaller DMCs for which data are not available.



*SEAPORT under construction on the east coast of Malaysia, 16 miles north of Kuantan, capital of Pahang State.*

ports fell from 20.7 million m.t. in 1976 to 19.2 million m.t. in 1977, of which an increased proportion was met from surpluses within the region.

Among the foodgrains, the greatest gain was made in the output of rice, the staple food of the majority of the population in the region. Total rice production in the DMCs increased from 159 million m.t. in 1976 to 172 million m.t. in 1977, exceeding the previous record of 168 million m.t. set in 1975. Wheat production also was at a record level — about 42 million m.t. Maize production, which declined in 1976, failed to improve in 1977.

Preliminary data for ten DMCs, including most of the more industrialized countries, reveal that, with the exception of Bangladesh and Sri Lanka, the expansion in industrial production slowed down in 1977. The deceleration in growth rates was very sharp in the Republic of China (from 24.9 per cent in 1976 to 11.2 per cent in 1977), India (from 10.9 per cent to 5.8 per cent), the Republic of Korea (from 33.2 per cent to 14.1 per cent) and the Philippines (from 4.9 per cent to 3.3 per cent). This deterioration was due largely to sluggishness in domestic demand and a slowing down in the growth of exports to industrial countries. Restraints on exports of textiles was an important factor in the latter regard. New investment in manufacturing industries also remained generally depressed during the year.

Within the industrial sector, however, production of fossil fuels made significant gains. The output of crude petroleum in five DMCs (Burma, India, Indonesia, Malay-

sia and Pakistan) increased by 11.8 per cent from 92.1 million m.t. in 1976 to 103 million m.t. in 1977. Even excluding Indonesia (which is a member of OPEC) the increase was 10.5 per cent — from 18.1 million m.t. in 1976 to 20 million m.t. in 1977. Production of natural gas also increased substantially during the year — mostly in Indonesia, which is the major producer of natural gas in the region.

The DMCs succeeded, on average, in containing inflation in 1977 to about the same rate as in the previous year (Table 4). Excluding India, which has a very large relative weighting and which experienced considerable swings in price movements in each of the past three years, the weighted average rate of consumer price increases in 21 DMCs fell from 13.5 per cent in 1975 to 8.4 per cent in 1976 and to 8 per cent in 1977. This overall performance was much better than in the developing world as a whole and was about the same as the average rate of inflation in OECD countries in 1977. Price changes experienced by India during the same period were 6.6 per cent in 1975, minus 7.7 per cent in 1976 and 8.5 per cent in 1977.

While the average rate of inflation was slightly less than in 1976, the number of countries which experienced higher inflation in 1977 was much greater than the number which experienced the reverse (Table 4). The causes of inflationary pressures varied from country to country. In those industrialized DMCs which experienced higher price increases, the boost in monetary demand came largely from increases in international reserves and expansionary

financial policies pursued to sustain the rate of growth in GNP. The higher rate of inflation in some of the agricultural DMCs was mainly attributable to shortages due to poor performance of the agricultural sector. A general factor exerting upward pressure on prices in all DMCs was the continued high rate of inflation in the world economy. Any further major improvement in the situation in the region in this regard will therefore depend on greater price stabilization in world markets.

In the sphere of international trade, the aggregate merchandise trade deficit of the DMCs substantially increased from \$5,000 million in 1976 to \$5,700 million in 1977. The data on exports, imports and trade balances given in Table 5 show that some countries experienced a substantial improvement over 1976. Important among these countries were the Republic of Korea, the Philippines and Singapore, all of which experienced considerably reduced trade deficits in 1977; the Republic of China, whose trade surplus increased; and India, whose previous small trade deficit was converted into a surplus. However, these improvements were more than offset by larger trade deficits (or reduced surpluses) recorded by several other DMCs. Notable among the countries which increased their deficits in 1977 were Hong Kong, whose deficit more than doubled; Thailand, whose deficit nearly doubled; and Pakistan, whose large trade deficit increased further to a record level of \$1,300 million. Among the surplus countries, Indonesia's favorable balance was reduced by almost

two-thirds, while Malaysia also experienced a substantial reduction in its trade surplus.

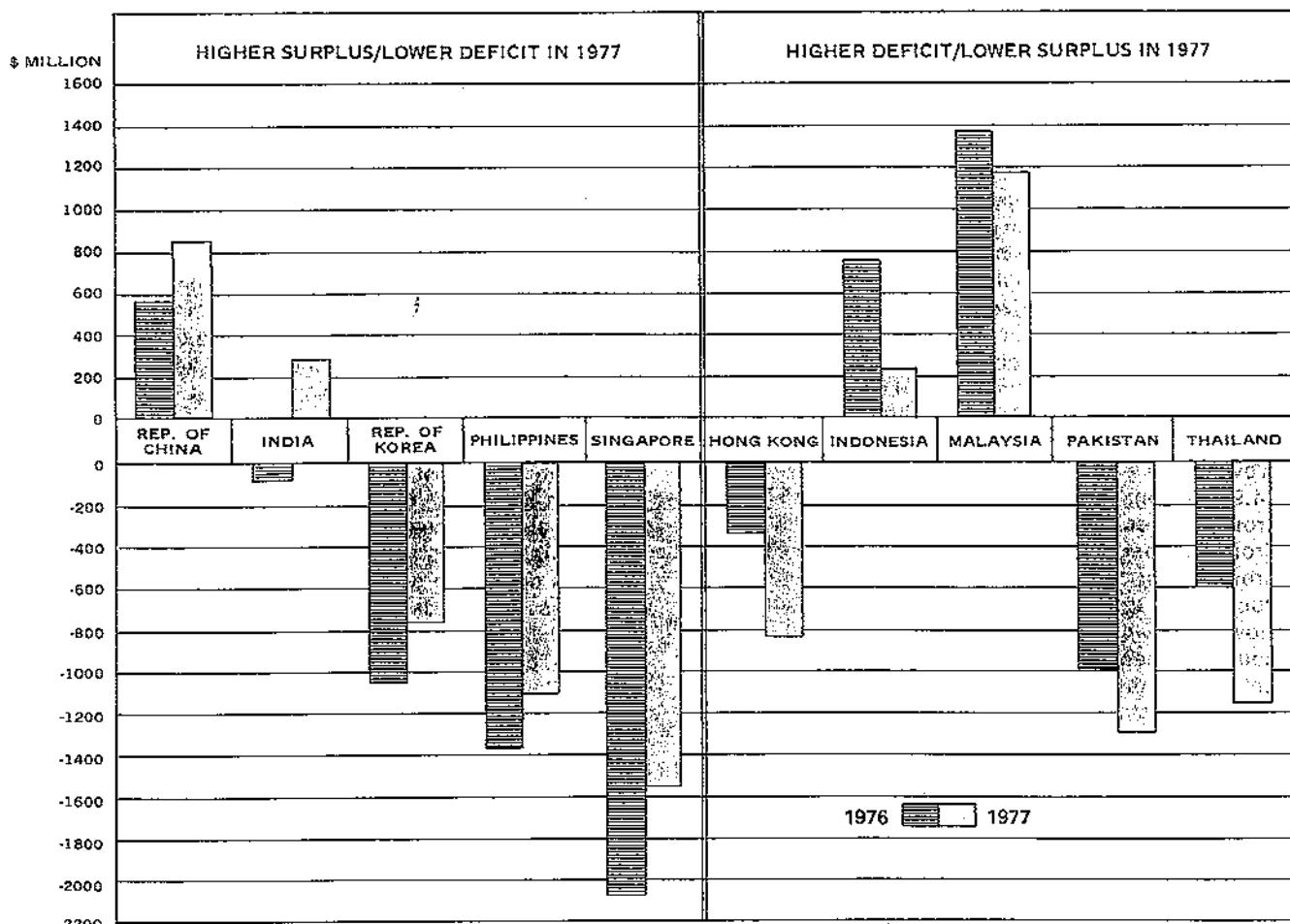
It may be noted that the four more industrialized DMCs and India reduced their aggregate trade deficit from \$3,000 million in 1976 to \$2,000 million in 1977 (Table 5). On the other hand, the remaining DMCs experienced a deterioration of \$1,700 million in their balance of trade — their overall deficit increasing from \$2,000 million in 1976 to \$3,700 million in 1977. For the four more industrialized DMCs and India, exports — particularly of manufactured goods — increased at a much faster rate than imports; for the remaining DMCs, export performance failed to keep pace with the growth in imports.

Overall, exports of DMCs increased in value by about 19.5 per cent in 1977. Although below the level achieved in 1976 (34 per cent), this was higher than the aggregate growth in world exports (estimated at 11 per cent). It was made possible by both an improvement in the unit prices of major export items and higher export volumes. This enabled the DMCs to provide for their import requirements somewhat more liberally than in the past. Aggregate imports increased by 19 per cent in 1977, as compared with 11 per cent in 1976. This was also substantially higher than the growth in world imports, reflecting the growing share of DMCs in world trade.

Data on the direction of trade flows of DMCs in 1976, the latest year for which such figures are available, show that

#### TRADE BALANCE OF SELECTED DMCs

1976-1977



the United States, Japan and Western Europe were the largest export markets, absorbing 24.3 per cent, 19.1 per cent and 18.7 per cent, respectively, of the exports from DMCs. These three markets were also the most important sources of imports, accounting for 16.9 per cent, 23.2 per cent and 15.7 per cent, respectively, of DMCs' total imports. Intra-regional trade was next in importance, absorbing 17.2 per cent of the region's exports and supplying 15.4 per cent of its imports in 1976. The only major development in the direction of trade in recent years has been the emergence of the Middle East countries as trading partners. Imports from these countries increased from 5.4 per cent of the total imports of DMCs in 1972 to 14 per cent in 1976; DMC exports to these countries increased similarly from 2.6 per cent of their total exports in 1972 to 5.6 per cent in 1976. Over the same period several DMCs, including India, the Republic of Korea, Pakistan and the Philippines benefited from a substantial increase in remittances from their nationals working in Middle East countries.

Indices of the terms of trade in 1977, available for eight DMCs, show an improvement for four countries, a deterioration for three, and no change for one country. For several countries, the terms of trade, with 1972 as the base year, remained at very low levels during 1977. For Bangladesh, the index stood at 53 — the same as in 1976. For the Republic of China, the index declined from 90 in 1976 to 86 in 1977. For the Philippines, the index has deteriorated every year since 1974, standing at 71 in 1977. For the Republic of Korea, the index rose, but was still only 83 in 1977. Improvements over the base year occurred only for Malaysia, Pakistan and Singapore; their indices in 1977 reaching 114, 102 and 105, respectively.

The aggregate international reserves of the DMCs continued to increase during 1977, although at a somewhat slower rate than in 1976. Data available for 19 DMCs (Table 6) show that their combined reserves increased from \$20,300 million at the end of 1976 to \$25,800 million by November/December 1977. Aggregate reserves rose from the equivalent of 3.4 months' imports in 1975 to 4.6 months' imports in 1976 and again to 4.9 months' imports in 1977. However, most of this increase was experienced by five DMCs — India, Indonesia, Republic of Korea, Malaysia and Singapore. Of the rest, some had to draw down their reserves to meet their current deficits while for others the gain in reserves was modest.

Despite the DMCs' success in containing the level of their trade deficits in 1976 and 1977 much below the high levels prevailing in 1974 and 1975, external debt seems to have continued to grow at a rapid pace. The data presented in Table 7 show that, for 17 DMCs,<sup>1</sup> total public debt outstanding increased by 19 per cent — from \$33,400 million to \$39,700 million — between 1974 and 1975, and by a further 18 per cent to \$46,900 million in 1976. Although no comprehensive data are available for 1977, there are indications that the external public debt of DMCs might have increased by about the same amount as in 1976. Debt-service payments in 1976 (the latest year for which data are available) were higher than in 1975. However, due to increased exports, the aggregate debt-service ratio, on the whole, declined from 6.2 per cent in 1975 to 5.9 per cent in 1976 (Table 7).

### Domestic Efforts and Policies

The satisfactory economic performance recorded by many DMCs in recent years is largely attributable to the pragmatic responses of the governments concerned to the changed international economic situation resulting from the events of the mid-1970s. In 1975 most DMCs sustained their growth targets, even though this involved sharp increases in external deficits and domestic price levels. The expansionary economic policies pursued at that time contributed in a modest way to cushioning the severity of the international recession. In 1976, as the recovery of the world economy began to exert expansionary impulses on their exports and economic growth, the DMCs adopted stabilization measures which, on the whole, were successful in curtailing inflation and sustaining relatively high GNP growth rates, as well as in reducing their trade deficits. In 1977, in view of the slowdown in international economic recovery, several DMCs resorted to expansionary fiscal and monetary policies to sustain their economic growth, while generally keeping inflation rates within manageable limits. Towards this end, a number of governments increased taxes and/or reduced subsidies and also adopted selective credit policies. Nevertheless, many DMCs continued to suffer from inadequate domestic savings to finance their investment programs.

The DMCs generally continued to pursue policies designed to realize the objective of increasing self-reliance. In respect of socio-economic priorities, more attention was devoted to rural development, the narrowing of regional imbalances and the encouragement of production to meet basic human needs. The emphasis placed on increasing production of foodgrains was maintained, since in the past imports of foodgrains had accounted for the major drain on foreign exchange resources of many — and in particular the poorer — DMCs. The record level of foodgrains production in the region in 1977, despite adverse weather in some countries, attests to the vigorous efforts being made by DMCs to improve agricultural productivity.

The need to reduce the incidence of urban unemployment and rural underemployment, while economizing on the use of capital resources, led the more populous DMCs to search for effective methods of promoting small-scale industries and development projects employing indigenous technologies because of their valuable impact on employment generation. Efforts to develop indigenous energy resources were also intensified. In several DMCs family planning measures received added emphasis, including budgetary allocations.

During the year several DMCs undertook measures designed to make their exports more competitive to stimulate private investment and to attract larger foreign capital inflows through the adoption of realistic exchange rates and the provision of fiscal and other incentives. A greater emphasis on liberal trade policies aimed at the expansion of both exports and imports was perceptible in public pronouncements, as well as in the policy changes made in a number of DMCs. The relatively good export performance and the availability of external resources to finance current account deficits helped in the adoption of such policies.

### Regional Cooperation

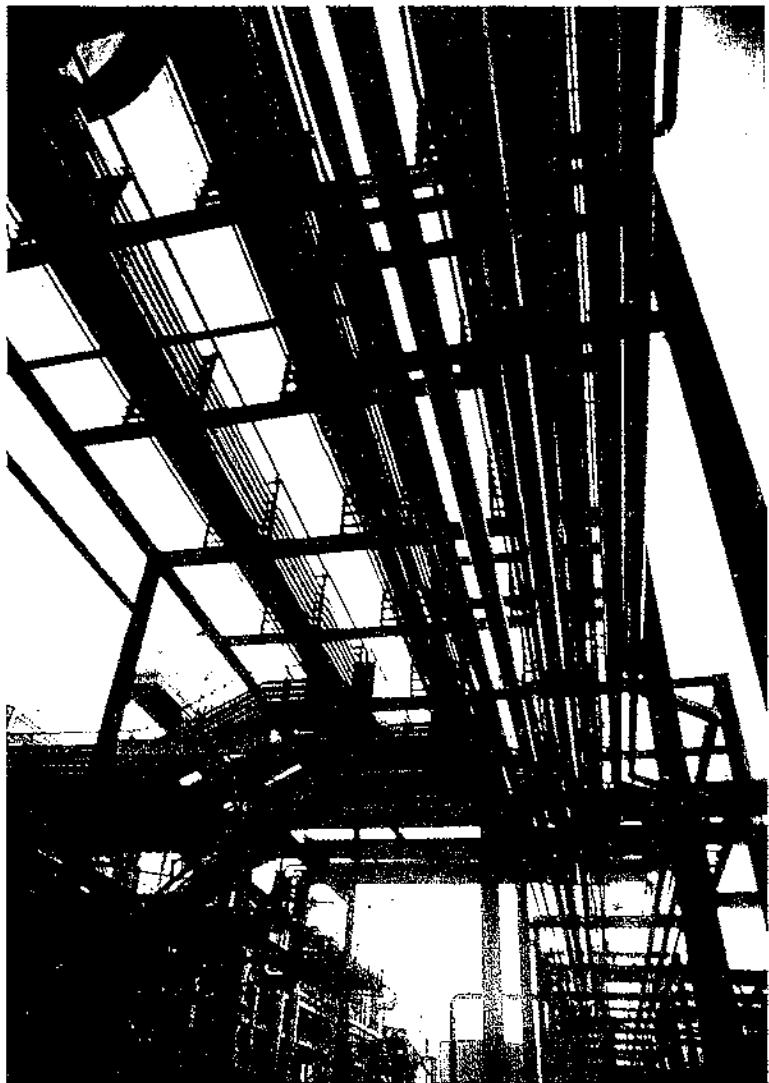
During 1977 several initiatives were taken to foster bila-

<sup>1</sup> Excluding Western Samoa, for which 1976 data are not available.

teral and multilateral economic cooperation among DMCs. Members of the Association of Southeast Asian Nations (ASEAN) granted tariff concessions on a large number of items in intra-regional trade. A swap facility of \$100 million was ratified by ASEAN members in August to help bridge temporary international liquidity problems. Further progress was made during the year towards integrating the economic infrastructure of ASEAN countries, notable among which was the allocation of certain major industries on the basis of regional specialization. Discussions were also held on the establishment of a regional shipping service and a pooling of expertise in port services and management.

The Asian Clearing Union, established in November 1975, handled an appreciably higher volume of transactions in 1977, amounting to 68 million Asian Monetary Units (AMU) as compared to 22.6 million AMU in 1976. It was also decided to extend the settlement period for unpaid balances accumulated by participating countries from one month to two months. Progress was made with

*PUSRI II fertilizer plant near Palembang, South Sumatra, Indonesia, where production of urea has been expanded from 100,000 tons to 480,000 tons annually with Bank assistance.*



respect to the establishment of institutions under the sponsorship of the Economic and Social Commission for Asia and the Pacific (ESCAP), such as a Regional Centre for the Development of Indigenous Technology in Asia and the Asian Institute for Broadcasting Development, in which most DMCs will participate.

South Asian countries took further steps to improve co-operation in that sub-region. An important development was the treaty between India and Bangladesh on the sharing of the waters of the River Ganges. India and Nepal agreed to strengthen their economic cooperation and decided to execute expeditiously several projects in order to exploit for their mutual benefit the water resources of four major rivers flowing from Nepal to India. They also agreed to execute appropriate trade and transit treaties. Trade relations between India and Pakistan continued to improve during the year.

Significant developments occurred in 1977 in cooperation among the Pacific countries. Through the efforts of the South Pacific Bureau for Economic Cooperation — the economic arm of the South Pacific Forum (SPF) — and the South Pacific Commission, eight countries entered into an agreement in June to explore the possibility of establishing a regional shipping line. In August the SPF decided to establish a South Pacific Regional Fishing Agency for controlling the exploitation of fishery resources. All DMCs in the Pacific are participating in these two cooperative arrangements.

### Developments in International Cooperation

Between 1974 (when the current deficits of DMCs surged upward) and 1976 there was a steady increase in the flow of external resources<sup>1</sup> to the region, from \$10,000 million in 1974 to \$14,300 million in 1976 (Table 8). Most of this increase was in non-concessional official and private capital inflows. Concessional aid inflows actually registered a decline. Official Development Assistance (ODA) from the Development Assistance Committee (DAC) countries and multilateral institutions combined, which increased from \$4,800 million in 1974 to \$5,300 million in 1975, declined to \$4,400 million in 1976. This has particularly affected the poorer countries, which cannot afford the alternative of borrowing at market terms.

No firm estimates of the total flow of external resources to the region during 1977 are yet available. However, a rough estimate based on data relating to trade deficits, preliminary figures of net receipts from services and private transfers, and movements in international reserves, suggests that net capital inflows in 1977 may have been at the level of 1976. While net official assistance is expected to be higher than in 1976, there was an offsetting decline in private export credits, bond issues and Euro-currency credits.

Several important measures were initiated during 1977 which either have contributed to increasing the availability of external resources to DMCs or will assist in doing so in future. First, the International Fund for Agricultural Development (IFAD), which has an initial capital of approximately \$1,000 million, became operational by the end of the year. Its primary objective is to help developing countries

<sup>1</sup> Other than the flow from centrally planned economies, for which complete data are not available.

increase their food production. The poorest food-deficit developing countries will be eligible for "special loans" from IFAD which will carry a service charge of 1 per cent per annum and be repayable over 50 years. Second, the Trust Fund established by the IMF in May 1976 from the proceeds of its gold auctions commenced operations. The Fund will be used to provide special balance-of-payments support for eligible developing countries on concessional terms. Third, a temporary Supplementary Financing Facility amounting to \$10,000 million was created by the IMF to help member countries meet their urgent balance-of-payments needs. Fourth, the Fifth Replenishment of the International Development Association (IDA V), amounting to \$7,600 million for the three-year period 1977/78 to 1979/80, was approved by member countries of the World Bank. This will enable IDA to increase considerably its concessional lending, of which the DMCs of the Bank can expect to receive a substantial share.

During the year developing countries continued to place great emphasis on efforts to stabilize commodity prices, to improve access to world markets, to diversify and expand the local processing of primary commodities, and to modernize the marketing and distribution systems for such goods, with a view to expanding merchandise trade in order to stimulate economic growth.

At the final Ministerial-level Meeting of the Conference on International Economic Cooperation (CIEC) held in Paris in May-June 1977, while several issues remained unresolved, there were also some concrete results. The industrial countries agreed to a \$1,000 million Special Action Program to meet the needs of the poorest developing countries. Agreement in principle was also reached on the establishment of a Common Raw Materials Fund with further negotiations on modalities to take place in the United Nations Conference on Trade and Development. Meanwhile, several existing specific commodity arrangements (e.g., wheat, tin, sugar, coffee and cocoa) are helping to improve the operations of commodity markets for the benefit of both developing and developed countries.

On the initiative of the World Bank, a new International Commission on Development Issues was set up under the chairmanship of former Chancellor Willy Brandt of the Federal Republic of Germany to consider the major international issues confronting the world today, including those discussed by CIEC, and to suggest solutions which may be of long-run interest and benefit to both developed and developing countries. Several eminent Asians are included among the 16 members of the Commission chosen by the Chairman.

There was further progress during the year in the development of an action program to eradicate world hunger. In June, the United Nations World Food Council approved a 22-point International Action Program to solve the problem of world hunger and malnutrition. This called for, among other things, a substantial increase in economic assis-

tance to expand food production in developing countries, and the establishment of an international food reserve system for wheat and possibly other foodgrains, including rice. Follow-up action on such a world food program will have a significant impact on the eradication of hunger and malnutrition, the incidence of which still remains heavily concentrated in DMCs of the Bank.

A central problem of development facing DMCs is that the vast majority of their population live in "absolute poverty". The Declaration on Relations with Developing Countries adopted by OECD member governments in June acknowledged the necessity to continue working towards improved and more effective development co-operation policies aimed at fostering growth in incomes and meeting basic human needs in developing countries. In particular, these governments expressed their determination to assist developing countries which seek to expand their own capabilities to meet more effectively the basic needs of their people, within the context of achieving self-sustaining growth.

The Bank remained responsive to the varied and changing requirements of its DMCs and expanded substantially both the size and range of its loan and technical assistance operations during 1977. Particular attention was devoted to efforts to promote an increased flow of official development assistance to the region. For this purpose, the Bank, in addition to maintaining and expanding existing arrangements, entered into new cooperative and co-financing agreements with the EEC and the OPEC Special Fund, and made considerable progress in arriving at similar arrangements with IFAD.

The amount of concessional lending by the Bank to poorer countries increased substantially in 1977, and within it the already high share of loans for agriculture and agro-industries was further increased. Special emphasis was given to integrated rural development projects, which aimed at directly reaching the marginal farmers and the rural poor, and to the creation of additional non-farm rural employment opportunities. This emphasis accords with the recommendations in the Second Asian Agricultural Survey<sup>1</sup> undertaken by the Bank. The use of appropriate technology and income and employment aspects were given careful consideration in the selection and formulation of projects. The search for innovative and challenging projects led the Bank into new areas of activity. Measures aimed at furthering local institution-building and improving the project implementation capabilities of DMCs through an expanded technical assistance program were introduced.

During the year the Bank's Second General Capital Increase became effective and initial steps were taken in the mobilization of additional Special Funds resources to enable the Bank to carry out its concessional lending program in future. These, and other efforts, are dealt with in subsequent chapters of this Report.

<sup>1</sup> Published in 1978 under the title "Rural Asia: Challenge and Opportunity".



# OPERATIONS AND POLICIES

## Lending Operations

THE BANK achieved steady growth in its assistance to the region in 1977. Project loans totalled \$887 million, nearly one-third of which was on concessional terms to the poorer countries. Significant advances were made in co-financing and in cooperation generally with other aid agencies. Technical assistance expanded sharply, much of it designed to increase the capacity of the poorer countries to accelerate their development efforts. Special attention was given to improving loan implementation and to strengthening the social impact of project loans.

A total of 45 loans for 45 projects in 16 developing member countries (DMCs) was approved during the year, compared to 37 loans for 36 projects in 16 DMCs in 1976. At \$887 million, total lending represented an increase of 14.3 per cent<sup>1</sup> over the previous year's total of \$776 million.

Loans from ordinary capital resources amounted to \$615 million, an increase of 13.9 per cent over the 1976 total of \$540 million.

Despite uncertainties about the availability of resources, Special Funds loans amounted to \$272 million, an increase of 15.3 per cent over the 1976 total of \$236 million, and 96 per cent of this amount went to DMCs with a 1975 per capita GNP of less than \$200.

Seven DMCs received loans exclusively from ordinary capital resources, namely, Hong Kong (\$20.5 million), Indonesia (\$136 million), Republic of Korea (\$135.2 million), Malaysia (\$43.3 million), Papua New Guinea (\$17.7 million), Philippines (\$147 million) and Thailand (\$47 million).

Eight DMCs received loans exclusively from Special Funds, namely, Afghanistan (\$14.7 million), Bangladesh (\$84.8 million), Burma (\$25.1 million), Nepal (\$23.5 million), Solomon Islands (\$5.6 million), Sri Lanka (\$41.5 million), Tonga (\$370,000) and Western Samoa (\$5.3 million).

Pakistan received loans totalling \$139 million from both ordinary capital resources (\$68 million) and Special Funds (\$71 million).

The Bank continued to pay special attention to its small Pacific Island DMCs, which received a record number of

seven loans totalling \$29 million during the year. Five of these loans were from Special Funds and four were also formulated under technical assistance previously provided by the Bank. Special attention was given to supporting efforts to expand productive capacity, both export-oriented and import-substitutive, and to the extension and improvement of economic infrastructure. The total of Bank loans to DMCs in this sub-region now totals 24 for \$91 million.

Loan approvals during the year included four supplementary loans totalling \$69.4 million.<sup>1</sup> Two of these loans, from ordinary capital resources and amounting to \$61 million, went to Indonesia (\$23 million) and Pakistan (\$38 million), while two from Special Funds (totalling \$8.4 million) went to Nepal. One technical assistance loan, for \$1.7 million, was approved for a feasibility study and preparation of detailed designs and tender documents for the expansion of a large power generation plant in the Republic of Korea.

The average size of loans approved in 1977 decreased slightly to \$19.7 million, or \$20.4 million if the supplementary and engineering loans are excluded, compared to \$21 million and \$23.6 million, respectively, in 1976. The decrease was due to the approval of 12 smaller loans totalling \$49.5 million from Special Funds to Afghanistan, Nepal, Solomon Islands, Tonga and Western Samoa. The smallest loan for the year was \$370,000 from Special Funds for the Small Industries Center Project in Tonga; the largest was \$47 million from ordinary capital resources for the Third Power Project in Thailand. The largest Special Funds loan was \$39.5 million for the Faisalabad Water Supply, Sewerage and Drainage Project in Pakistan.

The total cost of projects approved in 1977, excluding development finance institution (DFI) projects, is estimated at \$1,738 million, of which Bank financing accounted for 46 per cent. The subloans in the three loans to DFIs have not yet been fully identified, but on the Bank's past experience, the total costs of the projects financed by these three loans could be expected to reach about \$395 million.

By the end of the year the Bank's cumulative lending had reached \$4,246 million for 309 projects in 23 DMCs. Of this, loans totalling \$3,079 million were made from ordinary

<sup>1</sup> Applying the World Bank's Index of International Inflation, the increase in real terms is 6.1 per cent.

<sup>1</sup> Of this amount, about \$13 million was accounted for by extensions to two of the projects.

**LOAN APPROVALS IN 1977 AND TOTAL PROJECT COSTS**  
 (amounts in \$ million)

Country/Project	Ordinary Capital Loans	Special Funds Loans	Total Project Cost
<b>AFGHANISTAN</b>			
Khanabad Hydropower	—	9.00	11.40
Fertilizer and Agrochemicals Storage	—	5.70	8.67
<b>BANGLADESH</b>			
Khulna-Mongla Road	—	15.00	20.50
Chittagong Power Distribution	—	27.75	47.10
Aquaculture Development	—	18.00	38.10
Meghna-Dhonagoda Irrigation	—	24.00	46.00
<b>BURMA</b>			
Forestry	—	25.10	44.17
<b>HONG KONG</b>			
Sha Tin Urban Development (Housing)	20.50	—	100.70
<b>INDONESIA</b>			
Lodoyo Irrigation	20.50	—	37.60
Power Distribution	45.00	—	68.20
Fourth Port	17.50	—	30.55
Bank Pembangunan Indonesia (BAPINDO)	30.00	—	—
Baturaja Cement (Supplementary)	23.00	—	48.10
<b>KOREA, REPUBLIC OF</b>			
Nakdong River Basin Development	45.00	—	136.00
Industrial Products Inspection Centers	17.00	—	31.20
Second Road Improvement	41.50	—	102.00
Asan Bay Power	1.65	—	2.03
Regional Water Supply	30.00	—	66.30
<b>MALAYSIA</b>			
Second Penang Port Expansion	10.00	—	14.55
Sabah Water Supply	15.30	—	27.21
Second Pahang Tenggara Regional Development	18.00	—	54.44
<b>NEPAL</b>			
Third Agricultural Credit	—	6.00	7.87
Kankai Irrigation (Supplementary and Extension)	—	3.40	5.80
Chitwan Valley Development (Supplementary)	—	5.00	7.00
Vocational Education	—	4.20	5.00
Sagarmath Forestry Development	—	4.90	13.21

capital resources and \$1,167 million from Special Funds.<sup>1</sup>

In addition to the normal financing of the foreign exchange costs of goods and services required in its project loans, the Bank also finances, in certain circumstances, interest and other charges during the construction period of a project, and a reasonable portion of the total local currency expenditures on a project.

The financing of interest and other charges during con-

struction is designed to relieve executing agencies of financial strain during the period before a project becomes operational, and also eases the debt-servicing burden on a DMC before it starts to benefit from the project. In 1977, at the request of the borrowers, financing of interest and other charges amounted to \$22.8 million from ordinary capital resources spread over six loans to two countries.

In financing local currency expenditures with foreign exchange, the Bank places principal emphasis on the country's overall balance-of-payments position, and its

<sup>1</sup> Details may be found in the tables on pages 23 and 26.

Country/Project	Ordinary Capital Loans	Special Funds Loans	Total Project Cost
<b>PAKISTAN</b>			
National Development Finance Corporation	30.00	—	—
Chashma Right Bank Irrigation	—	31.50	104.41
Faisalabad Water Supply, Sewerage and Drainage	—	39.50	93.50
Tarbela Hydropower (Supplementary and Extension)	38.00	—	186.00
<b>PAPUA NEW GUINEA</b>			
Provincial Mini-Hydropower	2.70	—	4.50
Highlands Road Improvement	15.00	—	23.80
<b>PHILIPPINES</b>			
Tago River Irrigation	22.00	—	38.80
Engineering Education	16.00	—	22.79
Road Improvement	45.00	—	76.50
Second Development Bank of the Philippines	35.00	—	—
Fifth Mindanao Power	29.00	—	47.00
<b>SOLOMON ISLANDS</b>			
Fisheries Development	—	3.60	5.90
Honiara Port Development	—	2.03	2.73
<b>SRI LANKA</b>			
Canyon Hydropower	—	17.50	37.50
Kirindi Oya Irrigation and Settlement	—	24.00	39.27
<b>THAILAND</b>			
Third Power	47.00	—	73.30
<b>TONGA</b>			
Small Industries Center	—	0.37	0.55
<b>WESTERN SAMOA</b>			
Coconut Oil Mill	—	2.25	3.59
WSTEC Agricultural Development	—	3.00	3.98
<b>TOTAL</b>	<b>614.65</b>	<b>271.80</b>	<b>1,737.82</b>

ability to mobilize domestic resources. Preference is given to projects with a low foreign-exchange component or high economic and social benefits. In 1977 local currency components amounting to \$36.8 million were included in 13 loans to eight countries — \$11 million from ordinary capital resources and \$25.8 million from Special Funds. These accounted for 1.8 per cent and 9.5 per cent, respectively, of total loans approved in 1977 from ordinary capital resources and Special Funds. The two largest recipients of local cost financing were Bangladesh (\$14.5 million from

Special Funds) and the Philippines (\$7 million from ordinary capital resources). A review of the policy on local cost financing is expected to be undertaken in 1978.

In project formulation, the Bank has sought opportunities to apply appropriate technology, taking into account the typical features of the economies of DMCs, such as their predominantly agricultural base, low per capita incomes and wages, high levels of unemployment and abundant supplies of labor with varying degrees of skill. A review was made during the year of the Bank's experience

### CO-FINANCING ARRANGEMENTS CONCLUDED IN 1977

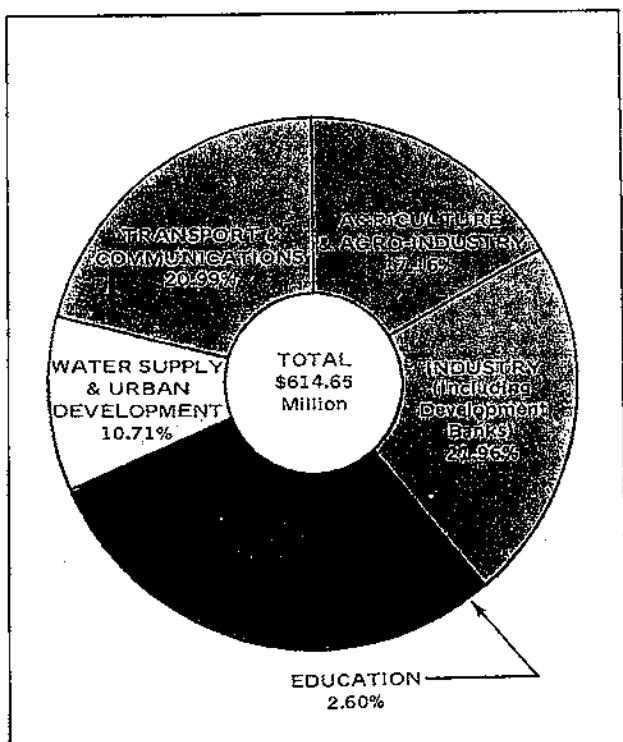
Source of Co-Financing	Beneficiary	Project	Amount of Financing Other Donors	Bank	Total Project Cost
(\$ million)					
Canada	Pakistan	Tarbela Hydropower (Supplementary and Extension)	37.50	38.00	186.00
New Zealand	Solomon Islands	Fisherles Development	0.20	3.60	5.90
	Western Samoa	Coconut Oil Mill	0.39	2.25	3.59
EEC	Afghanistan	Fertilizer and Agro-chemicals Storage	1.12	5.70 <sup>1</sup>	8.67
	Pakistan	Chashma Right Bank Irrigation	4.48	31.50	104.41
OPEC Special Fund <sup>2</sup>	Burma	Rangoon Water Supply	1.28	13.00	64.10
	Philippines	Cotabato-General Santos Road	8.25	10.60	36.00
	Sri Lanka	Bowatenna Power	3.15	5.97 <sup>3</sup>	29.40
TOTAL			<u>56.37</u>	<u>110.62</u>	<u>438.07</u>

1 Upon availability of EEC funds, the loan amount will be reduced by \$0.8 million, corresponding to the amount of foreign exchange financing by the EEC.

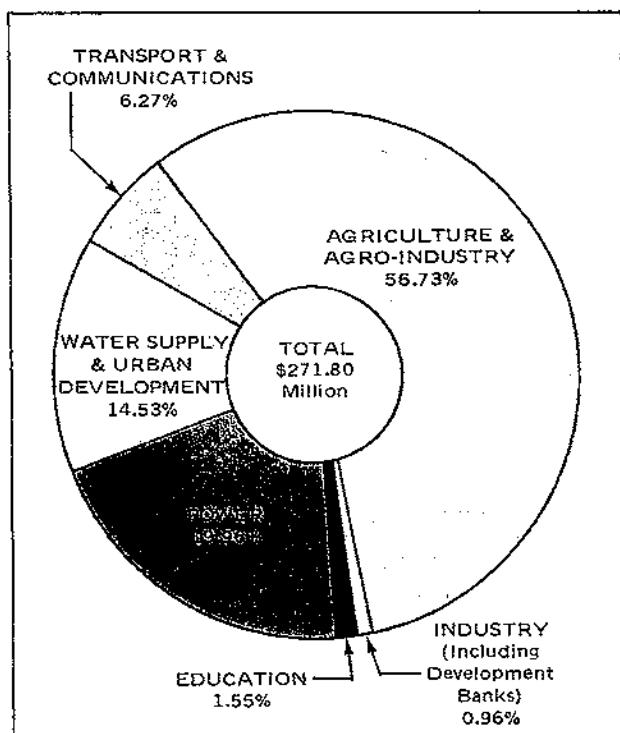
2 To meet cost overruns in earlier Bank-financed projects.

3 Reduced from the original amount of \$8 million to \$5.965 million.

ORDINARY LOAN APPROVALS  
BY SECTOR: 1977



SPECIAL FUNDS LOAN APPROVALS  
BY SECTOR: 1977



in this area, with a view to achieving a more systematic application of these techniques in its project loans in future.

The Bank also continued its aim of eliciting the maximum social benefit from its project loans, especially in the agricultural sector, where many opportunities exist for applying labor-intensive methods.

Following the completion of a review of its methodologies for economic and financial appraisal, social cost-benefit and social equity analyses are being gradually introduced into appraisals for Bank-assisted projects, initially on a selective and experimental basis. Further studies have been organized towards formulating appropriate guidelines in this field for operational use.

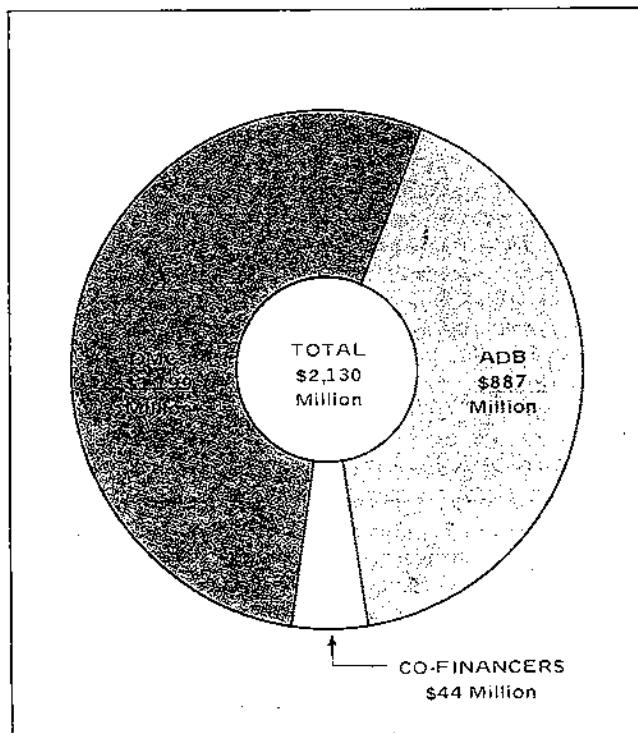
### Co-Financing

The Bank has continued to seek opportunities for co-financing, both with traditional aid-donors from inside and outside its membership, and with existing and newly established international organizations.

Co-financing enables the Bank to maximize its catalytic role in encouraging greater investment in the region. A key factor in the process of co-financing is the expertise already developed by the Bank in project appraisal and implementation. The willingness of other donors to join in co-financing enhances the impact of the Bank's own financial and technical resources.

During the year the Bank commenced co-financing operations with the OPEC Special Fund, and DMCs received the first benefits from the arrangements with the European Economic Community (EEC), which were finalized late in

### PROJECTS APPROVED IN 1977 — TOTAL COSTS AND SOURCES OF FINANCE



Note: Excludes OPEC Special Fund financing in 1977 of 3 earlier Bank-financed projects.



BANK RAKJAT INDONESIA, the country's major agricultural development bank, which has been modernized with Bank assistance.

1976. The links created with the newly established International Fund for Agricultural Development are expected to lead to additional opportunities for co-financing in the near future. Cooperation with member countries in bilateral co-financing continued, and this led to the completion of co-financing arrangements with Canada and New Zealand in three of the loan projects approved in 1977. A formal co-financing agreement with Norway was completed in August. The groundwork was also laid during the year for co-financing of other projects in future.

Altogether, co-financing arrangements were approved for eight Bank-financed projects during the year. The various co-financiers provided more than \$56 million in all, the Bank's share was \$111 million and the total cost of the projects involved was estimated at \$438 million.

Since the first co-financing arrangement in 1970, co-financing has been arranged for 29 projects, for which the Bank has provided \$567 million and other donors \$664 million.

### Sectoral Activities

The Bank's operations in 1977 again reflected the high priority placed by DMCs on the agricultural sector and a continuing attention to infrastructure, particularly those of high social content, such as water supply and urban development. The Agriculture and Agro-Industry sector received 29 per cent of total lending, followed by Power, 25 per cent; Transport and Communications, 16 per cent; Industry (including Development Banks), 16 per cent; Water Supply and Urban Development, 12 per cent; and Education, 2 per cent.

### LOAN APPROVALS BY SECTOR IN 1977

(amounts in \$ million)

Sector	Amounts			
	OCR	SFR	Total	%
Agriculture and Agro-Industry				
Agriculture	105.50	148.50	254.00	28.66
Agro-Industry	—	5.70	5.70	0.64
Sub-Total	<u>105.50</u>	<u>154.20</u>	<u>259.70</u>	<u>29.30</u>
Industry (including Development Banks)	135.00	2.62	137.62	15.52
Power	163.35	54.25	217.60	24.55
Water Supply and Urban Development	65.80	39.50	105.30	11.88
Transport and Communications	129.00	17.03	146.03	16.47
Education	16.00	4.20	20.20	2.28
<b>TOTAL</b>	<b><u>614.65</u></b>	<b><u>271.80</u></b>	<b><u>886.45</u></b>	<b><u>100.00</u></b>

### Agriculture and Agro-Industry

The Bank's strategy for agricultural assistance has placed emphasis on an integrated approach to rural development, land utilization, water management and expansion of rural employment, as a means of dealing with the persisting problems of unemployment and underemployment, poverty and malnutrition among the rural population in DMCs. In addition to raising productivity and increasing food supplies, this integrated approach has also been used as the main vehicle to bring about general improvements in the quality of life of the rural masses. The Bank has stressed the need for creating conditions in rural areas which encourage greater use of techniques that are appropriate to local resource availabilities, including organizational capacity and managerial skills, and which strengthen and improve existing institutions so that they can operate more efficiently and equitably. The Bank has supported efforts to encourage socially underprivileged and economically deprived segments of the rural population to form themselves into groups which, by facilitating their involvement in economic activity, increases the scope of rural development and improves the share of the poor in productivity gains. Provision has been made in the Bank's agricultural projects for farmer training centers, and pilot schemes to demonstrate better water management and other improved cultivation methods.

The Bank's agricultural development strategies have been guided by surveys and sectoral reviews undertaken from time to time. The Second Asian Agricultural Survey was finalized during the year and the report on the Survey was circulated to member governments. (A summary of its findings may be found on the opposite page.)

The Bank approved 16 loans totalling \$259.7 million to the Agriculture and Agro-Industry sector in 1977, compared to 12 for \$200.9 million in 1976. These included ten loans amounting to \$196.4 million for irrigation and land development projects. For the first time, the Bank provided

financing for forestry development — \$25.1 million to Burma and \$4.9 million to Nepal. Two fisheries development projects amounting to \$21.6 million, a fertilizer and agrochemicals storage project for \$6.7 million and an agricultural credit project for \$6 million were also approved.

An example of the integrated development approach referred to above is the Nakdong River Basin Development Project in the Republic of Korea, which includes provision for flood control and irrigation works, warehouses, small power tillers and extension services. The Second Pahang Tenggara Regional Development Project in Malaysia will assist in developing the whole of the Pahang Tenggara region through the provision of access roads, water supply schemes, housing units and commercial infrastructure. The Chashma Right Bank Irrigation Project in Pakistan will provide irrigation canals, drainage, service roads, agricultural support services and consultant services, and is expected to benefit 23,000 farm families. The Tago River Irrigation Project in the Philippines, apart from providing irrigation and infrastructure works, includes rural water supply and health facilities. Expansion of irrigation facilities in the dry zone in the Hambantota district in Sri Lanka through the Kirindi Oya Irrigation and Settlement Project will develop uncultivated dry areas into productive farm lands, and also foster new settlements through the provision of basic infrastructure.

In the fisheries sub-sector, the Aquaculture Development Project in Bangladesh, besides helping to meet the protein requirements of an estimated 3.7 million people, will employ labor-intensive methods of construction, which are expected to generate nine million man-days of employment for unskilled workers over a five-year period.

The forestry projects will, apart from the generation of additional employment opportunities, contribute to the conservation of forest resources and the environment, thereby reducing the uncontrolled destruction of forests and mitigating associated problems of soil erosion.

# AGRICULTURAL AND RURAL DEVELOPMENT PROBLEMS AND STRATEGIES

## An Outline of the Main Findings of the Second Asian Agricultural Survey

As a follow-up to the Asian Agricultural Survey that it undertook in 1967, the Bank conducted the Second Asian Agricultural Survey (AAS II) in 1976, the results of which were disseminated in 1977. The second Survey was directed towards an evaluation of significant aspects of recent agricultural and rural development experience in Asia, particularly during the period since the first Survey, and to an analysis of the tasks ahead for the next decade, in order to evolve the elements of strategy to deal with the emerging situation and problems.

**The Decade in Retrospect.** Priority in AAS II is placed on tracing the origins of problems relating to the level of effective demand for foodgrains, employment, the distribution of ownership of productive assets and income, and linkages between the agricultural and non-agricultural sectors of the economy. AAS II notes that, despite the introduction of superior agricultural technologies, the rural population has not shared much in the benefits. Rural poverty is widespread and what evidence is available suggests that it has worsened in the past decade.

There continues to be a substantial gap between yields obtained at the experimental station and those obtained by farmers. Major problems appear to be a lack of properly trained operators; the inability to organize farmers and rural workers effectively so that the potential for higher levels of production, efficiency and employment can be realized; inadequate extension and input delivery systems; and structures of asset ownership in the village, which allow the better-off farmers to benefit disproportionately from new methods of production.

It has been found that intersectoral linkages are constrained by many factors. The demand for agricultural production inputs from the non-agricultural sector and rural demands for non-agricultural consumer products continue to be weak.

The impression gained from the experiences of the past decade is that many government programs were worked out as responses to short-term situations, and that insufficient consideration was given to assessing the implications for the long-run orientation of policy.

**Tasks Ahead.** Attention is focused in AAS II on the nature and relative magnitudes of pressures in three critical areas of the economic system:

- (i) The capacity of domestic agriculture to provide food relative to both consumption needs and demands.
- (ii) The ability of agriculture to absorb labor relative to the workforce available for rural employment.
- (iii) The prospects for the agricultural sector of earning and saving foreign exchange relative to import requirements.

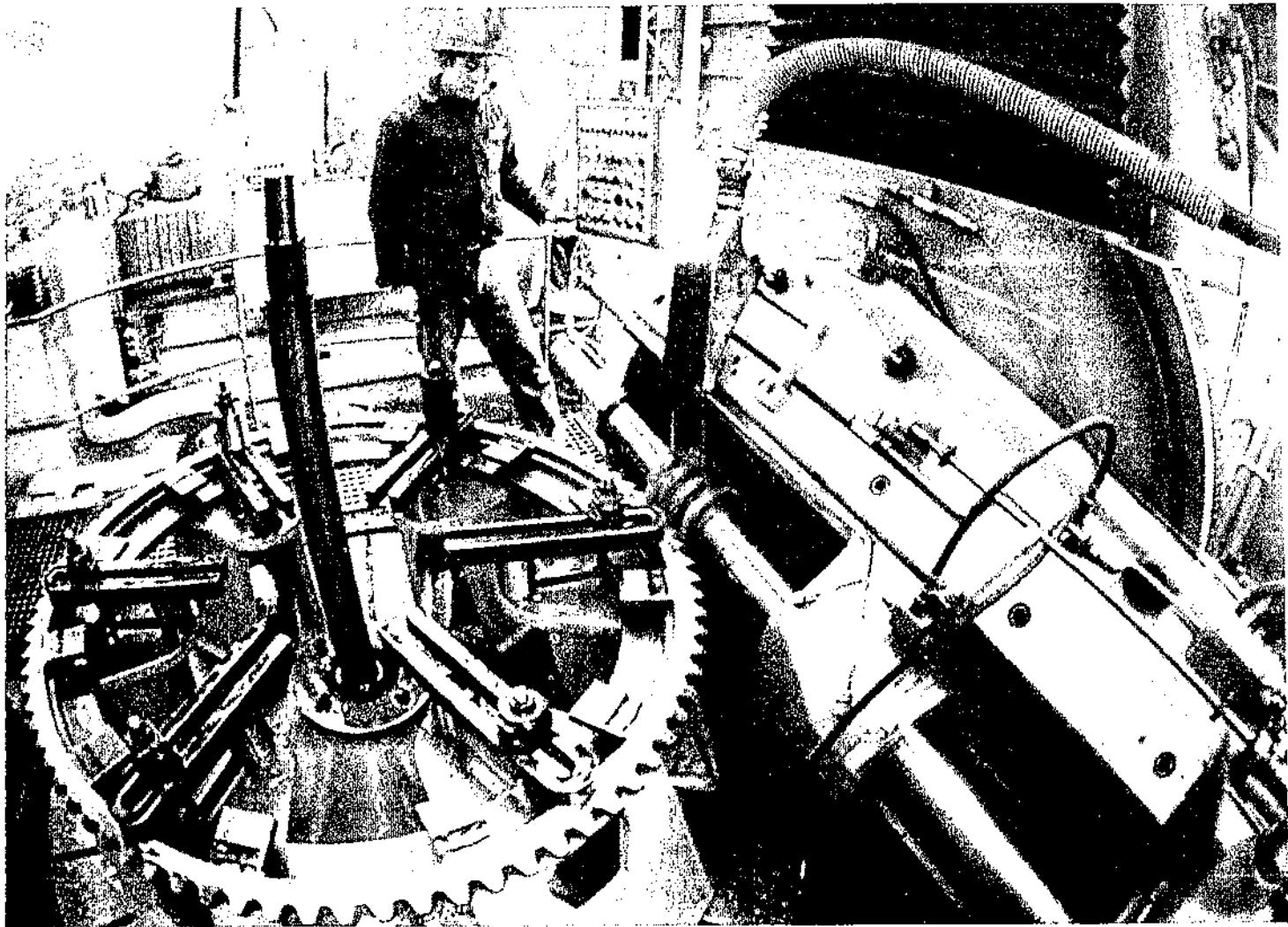
**Elements of Strategy.** The broad objectives of agricultural and rural development during the next decade have been identified as:

- (i) Acceleration of growth in agricultural output.
- (ii) Maximum benefits of this growth to go to the small farmers.
- (iii) Additional opportunities for wage-paid employment or supplementary occupations in both farm and non-farm activity in rural areas.
- (iv) Strengthening of links between agricultural and non-agricultural sectors.
- (v) Organization of production and trade in agricultural commodities in such a manner that the DMCs' economies can share in global increases in productivity and income, and be more adequately safeguarded from vulnerability to fluctuations in international trade.

AAS II examines the technological requirements for agricultural growth with special emphasis on the interaction between technological change and rural institutions. It also points out the shortcomings of present agricultural credit systems and suggests new approaches for dealing with the problem of designing viable credit programs for small farmers. AAS II also indicates other institutional changes, the reforms needed and the directions for agricultural price policies.

Analyzing the extent and characteristics of agricultural unemployment and underemployment, AAS II stresses the need for increasing off-farm employment and outlines key elements in a rural employment strategy.

**More Effective Foreign Aid.** AAS II examines the role of foreign aid in the context of agricultural and rural development and discusses the self-help measures required to make such aid more effective. In this context, among other things, the need for more program (as opposed to project) assistance, more local cost financing, further untying of aid, and the simplification of procedures have been noted as requiring closer attention.



*GIANT cog being finished at Hyundai International's plant in the Republic of Korea, which was established under a project to provide integrated facilities for the design and manufacture of industrial and construction machinery.*

#### **Industry (including Development Banks)**

The Industry (including Development Banks) sector received seven loans (four for industrial projects and three for DFIs) totalling \$137.6 million in 1977, compared to nine loans for \$204.5 million in 1976.

Bank lending to the industry sector has aimed at helping its DMCs to develop their basic industries and to strengthen institutions which are involved in the promotion of small and medium-scale industries. Four industrial projects received loans amounting to \$42.6 million. These included a supplementary loan to finance the cost overrun in the Bank-financed Baturaja Cement Project in Indonesia. With the objective of promoting better quality control in small and medium-scale industries in the Republic of Korea, the Bank approved a loan for the Industrial Products Inspection Centers Project — the first loan of its kind — aimed at upgrading facilities in Korea for the testing and inspection of industrial products. Two Pacific Island countries received assistance for industrial projects — the Small Industries Center Project in Tonga will assist the establishment of infrastructure facilities for the promotion of small-scale industries in that country, and

the Coconut Oil Mill Project in Western Samoa will assist that country to process its main agricultural output for export.

In 1977 three credit lines amounting to \$95 million were approved for three DFIs to meet the foreign exchange needs of industries in the countries concerned; the loan to the National Development Finance Corporation in Pakistan (\$30 million) will finance socio-economic development projects in the public sector in that country, while that to the Bank Pembangunan Indonesia (\$30 million) — the first by the Bank to a DFI in that country — will finance similar projects in the public and private sectors in Indonesia. The credit line to the Development Bank of the Philippines (\$35 million), the second to this institution, is intended for mining and manufacturing projects in the private sector.

Through its loans to DFIs, the Bank has been able to channel and disperse medium- and long-term development funds to a large number of small and medium-sized projects, whose individual financing requirements are not large enough to warrant the direct supervision of the Bank. In addition, assistance to DFIs tends to promote strong and effective domestic investment institutions which could



PRINTING plant in Fiji financed with a Bank subloan through the Fiji Development Bank.

play an important part in mobilizing and channelling domestic and foreign resources for investment projects. Also, DFIs have increasingly engaged in promotional activities by identifying and formulating projects and by assisting entrepreneurs of small and medium-sized projects. Finally, DFIs function as important centers for the dissemination of modern business management practices and promote adoption of appropriate technologies.

#### Power

In its lending to the Power sector, the Bank gives priority to meeting the growing energy requirements of its DMCs, with an emphasis on the development of indigenous energy resources, as well as on the balanced growth of transmission and distribution facilities to ensure a better quality of supply and reduced energy losses.

Nine loans totalling \$217.6 million were approved in this sector in 1977, compared to three loans for \$128.7 million in 1976. Five of the projects were for power generation and related facilities, three for power transmission and distribution facilities, and one (a technical assistance loan) for a feasibility study, detailed design and preparation of tender documents for a large thermal generating unit. All the generation projects were for hydropower development emphasizing the utilization of indigenous energy resources. They included a project for setting up mini-hydropower facilities in four provincial centers in Papua New Guinea — the first project of this nature to be assisted by the Bank — which is well suited to meet the peculiar demand conditions in Papua New Guinea. Similar attention was paid to particular local features in two of the distribution projects: the Power Distribution Project in Indonesia

includes a provision for coordinating the integration of various local and provincial projects financed by different aid agencies into a single compatible system; while the Chittagong Power Distribution Project in Bangladesh contains a large technical assistance component to prepare a project for rehabilitating the power systems in that country's east and west zones.

Power projects contribute towards improving the standard of living of the people in the areas served, and also open up new industrial investment and employment opportunities. The mini-hydropower project in Papua New Guinea mentioned above will enable development to take place in rural areas themselves and thus minimize the tendency for migration to urban areas with consequent socio-economic problems. The hydropower projects in Pakistan and Afghanistan will meet a significant power demand for irrigation purposes, and thus help improve agricultural incomes and accelerate more broadly based regional growth in those countries.

#### Water Supply and Urban Development

Four loans totalling \$105.3 million were approved in 1977 for the Water Supply and Urban Development sector.

*FLOOD control works on the Wampu River near Medan, provincial capital of North Sumatra, a project designed to benefit oil palm and rubber estates, padi fields, and about 110,000 people living in an agricultural area of about 28,000 hectares.*



compared to five loans for \$75.3 million in 1976. These included three water supply projects, one each in the Republic of Korea, Malaysia and Pakistan, and one urban development project in Hong Kong.

The water supply project in the Republic of Korea involves the construction of independent water supply systems in two regional areas and will supply potable water to various cities, towns, rural centers and industrial complexes. The Sabah Water Supply Project in Malaysia involves the expansion and improvement of water supply systems in Kota Kinabalu and Tawau and nearby rural areas. The project in Pakistan will rehabilitate and expand existing water supply and sewerage systems, and help to upgrade the present inadequate drainage system for the city of Faisalabad. These three projects together will provide an additional 700,000 CMD (cubic meters per day) of water, increasing the aggregate system capacities almost threefold to 1.1 million CMD. The additional number of people who will have access to safe potable water under these projects is estimated at nearly 1.9 million, including 500,000 in rural areas. This will be made possible by extensive pipelaying, amounting to about 500 km., to service additional areas. In one case, in addition to house connections, an estimated 800 standpipes will be set up to serve approximately 120,000 people from the low-income group. The project in Pakistan will make sewerage facilities available for the first time to approximately 120,000 people.

The urban development project in Hong Kong will assist in overcoming the present state of overcrowding and substandard living conditions for low-income families, and will alleviate the social problems associated with severe density of population in certain areas of Hong Kong.

*INSTALLATION of electrical equipment at a Singapore substation constructed under a power transmission and distribution project.*



## Transport and Communications

The Bank's lending in the Transport and Communications sector continued to emphasize the improvement of rural road networks and feeder roads, as also rehabilitation and development of port facilities. The main objective was to meet growing transport needs at low cost, particularly in the rural and undeveloped areas of the countries concerned.

Seven loans totalling \$146 million were approved in 1977, four for road projects and three for port development projects, compared to eight loans totalling \$166.6 million in 1976. The loans for the road projects, one each in Bangladesh, the Republic of Korea, Papua New Guinea and the Philippines, amounted to \$116.5 million, involving between them the construction and improvement of approximately 1,200 km. of roads. The projects in the Republic of Korea and the Philippines are designed to improve road networks in rural areas and will serve an estimated population of three million people, providing improved access to marketing facilities and stimulating economic activities in the areas influenced by them. These projects also include built-in provisions for feasibility studies of further packages of road networks for improvements envisaged in the coming years. The remaining two projects (in Bangladesh and Papua New Guinea), each involving a loan of \$15 million, are primarily aimed at providing improved access between deep-water ports and their hinterlands.

Apart from increasing incomes through better communications and improved access to markets for foodstuffs and goods produced in such areas, road projects are expected to generate various socio-economic benefits for rural people. Since, in the implementation of projects in labor-surplus countries, emphasis is laid on the use of more labor-intensive methods of construction, new job opportunities are also created for unskilled labor; for instance, about 4,000 such workers are expected to find jobs during the construction of the Khulna-Mongla Road Project in Bangladesh. Rural roads also promote balanced development by narrowing the gap between the rural and urban sections of society, as in the case of the projects in the Republic of Korea and the Philippines mentioned above.

The loans for three ports projects amounted to \$29.5 million. The Bank's main objective in this field has been to prepare ports in DMCs to cater for the development needs of the countries concerned and to handle an increasing volume of traffic as well as changing traffic demands, e.g., from conventional to specialized (container) vessels. Apart from the economic benefits which usually result from port improvements, namely, the reduction in overall costs in transferring cargo between ship and shore, port projects also assist in facilitating access to overseas markets for domestic products from the hinterland. Among the projects approved during the year was the Second Penang Port Expansion Project in Malaysia, which will enable that port to cope with growing seaborne container traffic (including roll on-roll off and lift on-lift off operations), and the Honiara Port Development Project in Solomon Islands. The need for port facilities for domestic shipping also received attention, with additional berths for inter-island ships being provided under the Fourth Port Project in Indonesia.

## HIGHLIGHTS OF THE BANK'S LENDING OPERATIONS TO THE END OF 1977

Since its first loan in 1968, the Bank's lending operations have been directed towards a wide spectrum of economic and social improvements in its DMCs. Some illustrations are as follows:

- 41 irrigation and area development projects covering about 849,000 ha., which support about 762,000 farmers. Total population expected to benefit — about 4.3 million.
- 17 fisheries development projects which will create additional employment opportunities for about 30,000 fishermen, raise fish catch by about 333,000 m.t. per year and benefit about 17.6 million consumers.
- 6 fertilizer projects which will help increase the region's fertilizer supplies by 1.6 million tons of nitrogen nutrients and 76,000 tons of phosphate nutrients per annum.
- 2,045 subloans to small and medium-scale enterprises through credit lines to DFIs.
- 64 projects for creation of 2,42 million kW of generation capacity and for about 23,000 km. of transmission-distribution circuits; of the generation capacity to be developed, over three-quarters will be in the form of low-cost hydropower.
- 26 water supply and sewerage projects, which will help increase water supply capacity by 5.6 million cubic meters per day to 13.5 million cubic meters per day, benefiting a population of nearly 36 million in metropolitan areas, smaller towns and provincial districts.
- Construction or upgrading and improvement of 3,633 km. of roads in 29 projects, serving an estimated population of 35.9 million
- Construction, rehabilitation, modernization and expansion of ports in ten countries to increase cargo-handling capacity by about 20 million tons per year.
- Establishment of new technical and vocational education facilities in 10 separate institutes with an annual output of 3,750 skilled workers, 3,550 technicians and 600 engineers.
- Upgrading of technical and vocational education facilities in 26 separate institutes which have an annual output of approximately 500 skilled workers, 1,850 technicians and 10,000 engineers.

By the end of the year, 81 of the 309 approved projects had been completed, and the benefits of many other well-advanced projects were already beginning to be felt.

### LOAN APPROVALS BY SECTOR TO END OF 1977

(amounts in \$ million)

Sector	1976		1977		1968-1977	
	Amount	%	Amount	%	Amount	%
Agriculture and Agro-Industry						
Agriculture	198.39	25.57	254.00	28.66	799.28	18.83
Agro-Industry	2.50	0.32	5.70	0.64	250.17	5.89
Sub-Total	<u>200.89</u>	<u>25.89</u>	<u>259.70</u>	<u>29.30</u>	<u>1,049.45</u>	<u>24.72</u>
Industry (including Development Banks)	204.50	26.36	137.62	15.52	910.09	21.43
Power	128.70	16.59	217.60	24.55	994.41	23.42
Water Supply and Urban Development	75.25	9.70	105.30	11.88	440.01	10.36
Transport and Communications	166.56	21.46	146.03	16.47	804.16	18.94
Education	—	—	20.20	2.28	47.80	1.13
<b>TOTAL</b>	<b><u>775.90</u></b>	<b><u>100.00</u></b>	<b><u>886.45</u></b>	<b><u>100.00</u></b>	<b><u>4,245.92</u></b>	<b><u>100.00</u></b>

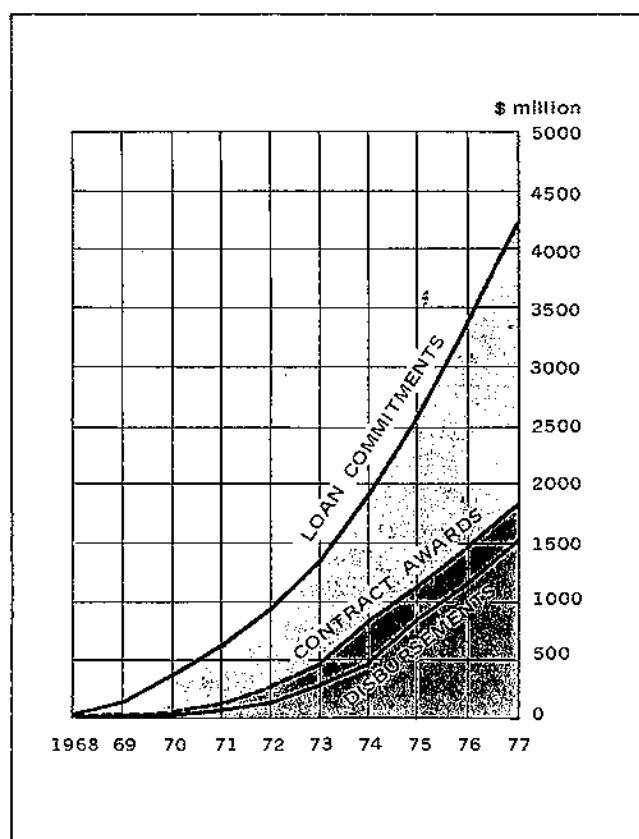
## Education

In the Education sector, the Bank provided two loans, totalling \$20.2 million during the year, both the result of earlier technical assistance provided by the Bank. The Vocational Education Project in Nepal will establish a campus of the Institute of Engineering in the eastern region of the country, where basic technical skills will be taught, with specific reference to immediate local needs and employment opportunities. The loan includes provision for new buildings, equipment, fellowships, expert services and student and staff housing. The Engineering Education Project in the Philippines is aimed at the graduate level. Through an accreditation program, staff upgrading, curricula development and the construction of buildings and provision of equipment, some 20 universities will be able to provide more practically oriented programs relevant to regional development needs in future. This project will effect an improvement in the quality of education provided to about 50 per cent of the total of engineering students throughout that country.

### Loan Administration

At the end of the year the Bank was administering 213 active loans, amounting to \$2,900 million. Cumulative loan disbursements since 1968 then exceeded \$1,500 million and disbursements had been completed in a total of 81 loans. As more projects entered the critical phases of physical construction and initial testing and operation, loan administration requirements — involving procure-

### CONTRACT AWARDS AND DISBURSEMENTS TO END OF 1977



*STUDENT at Singapore's Ngee Ann Technical College, one of seven Education sector projects assisted by the Bank in the region.*

ment supervision and the monitoring of progress in implementation — continued to expand. New staff were assigned and further efforts were made to improve and streamline relevant procedures through the preparation of operational manuals and staff training. A comprehensive review of disbursements and other loan administration matters was undertaken in order to see where further improvements could be made in existing practices and procedures. At year-end, the Guidelines on Uses of Consultants were under review.

Improvements introduced during the year in procedures for the review of procurement transactions have resulted in faster and more systematic action on the part of the Bank. A computerized monitoring system has been developed and is now being employed to analyze disbursement trends and to forecast future loan withdrawals, both on a project and sub-sectoral basis. Efforts were also made to widen the field of eligible consultants registered with the Bank, particularly in some of the more specialized areas of expertise.

Procurement of domestic goods and construction services under Bank loans was provided for in appropriate cases during the year, in accordance with the domestic procurement arrangements introduced in 1976, but it is still too early to assess the effect of this measure. A review of the operation of the Bank's domestic procurement policy is expected to be undertaken in 1978.

A total of 170 missions covering 185 projects were despatched to 20 DMCs in 1977. These included a number of special country disbursement missions mounted for the first time for the purpose of discussing with borrowers/ executing agencies, on a country basis, various possible ways and means of accelerating loan withdrawals in future.

**CONTRACTS AWARDED AND DISBURSEMENTS UNDER EFFECTIVE LOANS TO END OF 1977<sup>1</sup>**  
 (amounts in \$ million)

Year	Cumulative Effective Loans		Cumulative Contracts Awarded		Cumulative Disbursements	
	No. <sup>2</sup>	Amount <sup>3</sup>	Amount	% of Effective Loans	Amount <sup>4</sup>	% of Effective Loans
1968	4	20	4.5	22	1.8	9
1969	13	67	13.5	20	9.3	14
1970	28	137	58.7	43	26.4	19
1971	67	404	115.5	29	75.1	19
1972	93	696	270.8	39	136.2	20
1973	130	998	446.9	45	282.7	28
1974	187	1,612	803.1	50	470.2	29
1975	221	2,052	1,118.7	54	832.1	40
1976	264	2,846	1,483.9	52	1,158.7	41
1977	294	3,461	1,832.9	53	1,514.9	44

1 After the approval of a loan and the signing of the loan agreement, certain legal requirements must be complied with for the loan to become effective.

2 Excluding one fully cancelled and three refinanced loans.

3 Net of cancellations and amounts transferred to subsequent loans.

4 Includes interest and other charges financed during construction.

Thirty loans became effective during the year and disbursements were completed in 23 loans. The total value of procurement contracts awarded during the year was \$349.1 million, while disbursements amounted to \$356.2 million, compared to \$365.2 million and \$326.6 million, respectively, in 1976. The percentages of cumulative amounts of contracts awarded and disbursements, relative to the total amount of effective loans as of the end of 1977, were 53 per cent and 44 per cent, respectively, compared to 52 per cent and 41 per cent, respectively, in 1976.

#### Post-Evaluation

A Program for Action for evaluating completed projects was approved by the Bank in 1974. By the end of the year a total of 17 post-evaluation studies had been completed; 13 of these were carried out internally by staff and the remaining four were conducted by fully independent external evaluating agencies.

The primary purpose of post-evaluation is to ascertain the extent to which Bank-assisted projects have achieved their intended objectives, and to apply the experience gained thereby to improving the Bank's operational activities.

During 1977 the Bank completed three post-evaluation studies prepared by staff with the assistance of short-term outside consultants, covering an agricultural credit project, a petro-chemical (caprolactam) project, and a fisheries project. Two other studies, one on a port project and the other on a power project, were substantially completed. In addition, a group of outside experts completed a study of a

DFI project, while negotiations with another group for carrying out a study of another fisheries project were nearing completion.

Evaluation results show that the path towards successful project implementation has not always been smooth and that some common problems have been encountered during various stages of implementation in the project cycle. For example, virtually all projects experienced implementation delays and, in some cases, there was the problem of cost overruns. Another common problem was shortfall in physical performance, particularly in agricultural projects.

Based on the findings of post-evaluation studies, conditions for success and causes for failure of the projects reviewed have been identified. Such findings have contributed to a better understanding of project behavior which provides a basis for improving project design and implementation of subsequent projects. The nature of feedback of evaluation lessons varies. Some findings are project-specific, while others show promise of sectoral applicability. As the number of completed projects increases, post-evaluation results, systematically compiled and analyzed, will become an important tool of management for the Bank as well as for the executing agencies concerned. In the meanwhile, a review has been initiated of the post-evaluation policies and procedures of the Bank with a view inter alia to streamlining them and increasing their impact on the Bank's operational functions. The recently constituted Audit Committee<sup>1</sup> is fully involved in this matter.

<sup>1</sup> See page 57.

**LOAN APPROVALS BY COUNTRY AND BY SOURCE OF FUNDS TO END OF 1977**  
 (amounts in \$ million)

Country	1976			1977			1968-1977					
	OCR	SF	Total	OCR	SF	Total	OCR	%	SF	%	Total	%
Afghanistan	—	24.80	24.80	—	14.70	14.70	—	—	73.55	6.31	73.55	1.73
Bangladesh	—	53.50	53.50	—	84.75	84.75	11.40	0.37	263.63	22.60	275.03	6.48
Burma	—	45.90	45.90	—	25.10	25.10	6.60	0.21	131.20	11.25	137.80	3.25
Cambodia	—	—	—	—	—	—	—	—	1.67	0.14	1.67	0.04
China, Republic of	—	—	—	—	—	—	99.99	3.25	—	—	99.99	2.36
Fiji	—	—	—	—	—	—	6.70	0.22	—	—	6.70	0.16
Gilbert Islands	—	1.75	1.75	—	—	—	—	—	1.75	0.15	1.75	0.04
Hong Kong	—	—	—	20.50	—	20.50	62.00	2.01	—	—	62.00	1.46
Indonesia	109.34	—	109.34	136.00	—	136.00	399.27	12.97	113.28	9.71	512.55	12.07
Korea, Republic of	114.00	—	114.00	135.15	—	135.15	682.75	22.17	3.70	0.32	686.45	16.17
Lao People's Democratic Republic	—	—	—	—	—	—	—	—	11.69	1.00	11.69	0.28
Malaysia	42.00	—	42.00	43.30	—	43.30	333.86	10.84	3.30	0.28	337.16	7.94
Nepal	—	44.30	44.30	—	23.50	23.50	2.00	0.07	123.34	10.57	125.34	2.95
Pakistan	62.80	32.80	95.60	68.00	71.00	139.00	365.97	11.88	203.85	17.48	569.82	13.42
Papua New Guinea	—	21.24	21.24	17.70	—	17.70	17.70	0.57	35.54	3.05	53.24	1.25
Philippines	116.20	—	116.20	147.00	—	147.00	595.85	19.35	15.30	1.31	611.15	14.39
Singapore	23.60	—	23.60	—	—	—	124.98	4.06	3.00	0.26	127.98	3.01
Solomon Islands	—	3.57	3.57	—	5.63	5.63	—	—	9.20	0.79	9.20	0.22
Sri Lanka	—	5.00	5.00	—	41.50	41.50	14.13	0.46	103.21	8.85	117.34	2.76
Thailand	72.10	—	72.10	47.00	—	47.00	352.30	11.44	8.10	0.69	360.40	8.49
Tonga	—	—	—	—	0.37	0.37	—	—	1.67	0.14	1.67	0.04
Viet Nam, Socialist Republic of	—	—	—	—	—	—	3.93	0.13	40.67	3.49	44.60	1.05
Western Samoa	—	3.00	3.00	—	5.25	5.25	—	—	18.84	1.61	18.84	0.44
<b>TOTAL</b>	<b>540.04</b>	<b>235.86</b>	<b>775.90</b>	<b>614.65</b>	<b>271.80</b>	<b>886.45</b>	<b>3,079.43</b>	<b>100.00</b>	<b>1,166.49</b>	<b>100.00</b>	<b>4,245.92</b>	<b>100.00</b>



*CHILDREN splashing in an irrigation canal of the Nong Wai Pioneer Agriculture Project in northeast Thailand which was designed to promote and demonstrate integrated development on a 12,000-hectare area containing some 4,000 farms. The Project resulted from earlier Bank technical assistance.*

## **Technical Assistance and Regional Activities**

### **Technical Assistance Activities**

An important element of the Bank's developmental role is the provision of technical assistance to DMCs, especially to improve their capability to make effective use of external project financing, whether from the Bank or from other sources.

The main vehicle for Bank financing of this nature is the Technical Assistance Special Fund, established in 1968, to which both developed and developing member countries of the Bank had contributed a total of \$31.1 million by the end of 1977. Technical assistance operations are also financed from net income from the Bank's ordinary capital resources from time to time. In addition, the Bank administers technical assistance projects financed by other sources, such as UNDP and the EEC, while it cooperates with FAO on a cost-sharing basis in providing project pre-

paratory technical assistance in the field of agriculture.

Among the more specific objectives of technical assistance activities are efforts to improve the technical, managerial and organizational capabilities of DMCs; to identify, formulate and implement development projects more effectively; to establish and strengthen DMCs' various development institutions; and to formulate national or sectoral development strategies and plans.

The Bank's technical assistance operations expanded substantially in 1977, both in the amount of assistance provided and the number of projects assisted. Forty-two technical assistance projects amounting to \$7.2 million<sup>1</sup> were approved during the year, compared to 24 amounting to \$4.6 million in 1976. Of these, 14 projects were wholly or partly financed from other sources in 1977, with the Bank acting as Executing Agency.

<sup>1</sup> On a grant basis (technical assistance loans excluded).

**TECHNICAL ASSISTANCE APPROVALS IN 1977  
FUNDED FROM OTHER SOURCES**  
(amounts in \$ thousand)

Agency	No. of Projects	Amount
European Economic Community	7	1,511
Food and Agriculture Organization	5	244.5
United Nations Development Programme	2	620
<b>TOTAL</b>	<b>14</b>	<b>2,375.5</b>

Project preparatory technical assistance amounted to \$6 million for 34 projects, while advisory and operational technical assistance amounted to \$1.2 million for eight projects. In addition, technical assistance components were included in many of the Bank's loans — amounting to \$6.8 million in all, \$2.6 million for project preparatory purposes and \$4.2 million for project implementation.

Seventeen DMCs received technical assistance in 1977 — Cook Islands for the first time. The fully eligible Special Funds countries received \$4.5 million for 24 projects, compared to \$3.3 million for 15 projects in 1976.

Technical assistance continued to be a large and highly effective component of the Bank's activities in the Pacific region, where there are generally substantial gaps in technical know-how and expertise. A total of seven technical assistance grants, amounting to \$605,000, were provided to Pacific DMCs in 1977 — four advisory and three for project preparation.

On a sectoral basis, 55 per cent of the total amount of technical assistance approved in 1977 was provided for agriculture (irrigation, livestock, fisheries, forestry, palm oil and integrated rural development) and agro-industry (cotton storage and sugar). Of the remainder, about 13 per cent was provided for industry, 10 per cent for power development, 10 per cent for ports and roads, 9 per cent for education and 3 per cent for water supply and urban development.

Seventeen loan projects approved in 1977 resulted from earlier technical assistance provided by the Bank. The total amount of such loans was \$348 million. The total cost of the earlier technical assistance was \$7.5 million, comprising \$2 million provided on a grant basis and \$5.5 million provided on a loan basis. By the end of 1977, cumulatively, 91 loans totalling \$1,281 million had resulted from technical assistance provided by the Bank costing \$13.7 million in all.

Twenty-two technical assistance projects were completed in 1977, 18 for project preparation and four for advisory and operational purposes, bringing the total number of technical assistance projects completed thus far to 144.

The total amount of technical assistance approvals to the end of 1977 stood at \$35.4 million.<sup>1</sup>

#### **Regional Activities**

Seven regional activities, mainly in the fields of agriculture and development banking, were financed by the Bank in 1977 at a total cost of \$908,820 (see opposite page for details).

An amount of \$91,000 was approved for **Follow-Up Activities on the Findings of the Second Asian Agricultural Survey (AAS II)**. The Report on the Survey, which was undertaken in 1976, was provisionally printed in April for circulation primarily to member governments and for the Bank's own internal requirements. A summary of the major findings of AAS II may be found on page 19. The follow-up activities undertaken in 1977 were the printing of the edited Report for wide commercial distribution — the Report will appear early in 1978 — and a Press Seminar in Tokyo in October in conjunction with the Nomura Research Institute. Two sub-regional seminars, to analyze and discuss implications of the Survey with senior policy-makers from DMCs, and the production of a television program and radio broadcasts for dissemination in interested member countries, were scheduled for early 1978.

A grant of \$500,000 was made to the International Rice Research Institute (IRRI) at Los Baños to increase the size of its rice variety development program and to expand its genetic evaluation and utilization program. The grant will be used to procure equipment for a **Rice Genetic Resources Laboratory**, the construction cost of which (\$1.6 million) is being financed by Japan under the auspices of the Consultative Group on International Agricultural Research. The Laboratory will expedite the development of superior rice lines and varieties for use throughout the world, especially in Asia, and will be the focal point for an international complex which will collect, preserve, disseminate and test rice germ plasm. IRRI received an earlier grant of \$300,000 from the Bank in 1975 for the expansion of its research and training facilities, and the high-yielding rice varieties and breeding lines developed by IRRI over the last decade have been of great benefit to Bank-financed irrigation projects.

**A Regional Seminar on the Application of Appropriate Technology in Road Construction and Maintenance** was sponsored by the Bank in collaboration with the International Labor Organization (ILO) and the Swedish International Development Authority. The Bank contributed an amount of \$33,500 towards the cost of the Seminar, which was held in Manila from 16 to 25 May. Its main aim was to show how resource allocation in the roads sector, which often represents a substantial proportion of government investment in developing countries, can be made more effective by the inclusion of labor-intensive methods.

The Seminar was attended by senior government officials from 17 DMCs, specialists in particular aspects of appropriate technology in road construction and maintenance, representatives of various international organizations and institutions, and ILO staff members concerned with appropriate construction technology. Various aspects of labor-based and intermediate technologies in road construction and maintenance were examined and the current practices prevailing in the countries of Asia and the Pacific reviewed. Guidelines for future action to promote the use of appropriate technology in the region were formulated.

<sup>1</sup> Details may be found in the tables on page 32.

## REGIONAL ACTIVITIES IN 1977

	Amount (\$ thousand)
Establishment of a Rice Genetic Resources Laboratory at IRRI	500
Regional Seminar on the Application of Appropriate Technology in Road Construction and Maintenance	33.5
Working Group Meeting on Pre-Investment Planning for Water Supply and Sewerage Development	22
ADB-PNGDB-FDB Program on Development Banking for the South Pacific Region (Fifth ADB Regional Training Program)	114.5
Follow-up Activities on the Findings of the Second Asian Agricultural Survey	91
Asian Productivity Organization's Eighth Project Feasibility Study Training Course	31.5
ADB-BRI/YPPI-DSE Regional Course on Agricultural Development Banking (Second ADB Agricultural Training Program)	116.32
<b>TOTAL</b>	<b><u>908.82</u></b>

The Bank and the World Health Organization (WHO) sponsored a six-day Working Group Meeting on **Pre-Investment Planning for Water Supply and Sewerage Development** at WHO's Regional Headquarters in Manila in October. The Meeting was attended by senior government officials involved in development planning for this sector in 12 DMCs. It was conducted against the background of the emerging "basic needs" strategy, which emphasizes the commitments of governments to the provision of minimum human necessities of food, water, sanitation and housing as a major development objective. Ways and means of reducing investment backlogs and of accelerating investment in rural water supply and sanitation, and urban water supply and waste disposal, were examined and recommendations were made on ways of overcoming constraints on development in this sector, with special emphasis on institution-building and information transfer. The need for longer-term national and regional planning, and coordination with other sectors in the context of area development, was highlighted. The Bank contributed an amount of \$22,000 to the cost of the Meeting.

A **Training Program on Development Banking for the South Pacific Region** was held in Papua New Guinea (Port Moresby and Goroka) and Fiji (Suva) from 12 September to 29 October, in collaboration with the Papua New Guinea Development Bank and the Fiji Development Bank. An amount of \$114,500 was provided for this purpose by the Bank. Twenty-two professional staff from six Pacific DFIs and seven concerned government departments attended the Program, which was geared to an analysis of small agricultural and industrial projects. Particular emphasis was placed on the financial aspects of project appraisal and on the role of promotional activities in the development of the Pacific region. The Bank has so far organized five regional programs on development banking, which have helped to train 110 staff members

from 35 DFIs and seven concerned government departments in 20 DMCs.

The Bank held a **Regional Course on Agricultural Development Banking** (the second undertaken by the Bank) in Jakarta from 7 November to 16 December, in collaboration with the Bank Rakyat Indonesia, the Foundation for the Development of Banking in Indonesia and the German Foundation for International Development. The Course was attended by 25 participants from 18 agricultural finance corporations, cooperatives, commercial banks and other institutions dealing with the agricultural sectors in 11 DMCs. The Course, designed for training officers of agricultural credit institutions, covered institutional aspects of agricultural banking, particularly as these concern small farmers. Special consideration was given to a study of various possible forms of agricultural credit institutions, including their lending policies and procedures. The Bank provided an amount of \$116,320 for the Course.

A grant of \$31,500 was approved for the Asian Productivity Organization's (APO) **Eighth Project Feasibility Study Training Course**, to be held in the Philippines (Stage I) and Japan (Stage II) from January to March 1978. The Bank had earlier provided assistance for the preceding five APO Project Feasibility Study Training Courses. The Seventh Course was held in the Philippines in January and February 1977 and was attended by 29 participants from 12 countries, including 11 regional member countries of the Bank.

Throughout 1977 the Bank continued to assist in the implementation of Phase II of the **Nam Ngum Hydropower Project** in the Lao People's Democratic Republic in its role as Administrator of the Second Nam Ngum Development Fund and Coordinator of the execution of the Project. With the Bank's assistance, sufficient funds have been mobilized from ten Contributor Governments for financing the Project, now estimated to cost approximately \$44 million. Project works progressed considerably during the year, and the commissioning of the Project is expected to take place substantially on schedule in June 1978.

By the end of the year total approvals for regional activities amounted to \$7.3 million.

## Lending and Operational Policies

### Review of the Criteria for Lending from the Asian Development Fund

A review of the criteria for lending from the Asian Development Fund (ADF), the Bank's concessional lending window, was carried out in September. The main conclusions reached were as follows:

- (i) The eligibility of a DMC for ADF loans should continue to be determined on country considerations, i.e., on the basis of a country's economic situation.
- (ii) Per capita GNP should be used as a basic indicator of a DMC's economic situation for the purpose of grouping DMCs into those eligible and those not eligible for ADF loans, with \$380 in terms of per capita GNP in 1975 as the benchmark. In determining eligibility, a DMC's debt-repayment capacity should also be considered.
- (iii) Certain DMCs in the Pacific, because of their peculiar economic circumstances, should continue to receive special consideration in the application of the per capita

**TECHNICAL ASSISTANCE APPROVALS IN 1977<sup>1</sup>**

(amounts in \$ thousand)

Country/Project	Project Preparatory	Advisory and Operational
<b>AFGHANISTAN:</b> Cotton Storage and Ginning	92	—
<b>BANGLADESH:</b> Livestock Development and Training <sup>2</sup>	56	—
Educational Equipment Development	80	—
Pabna Irrigation and Rural Development	250 <sup>3</sup>	—
Chittagong Hill Tracts Development	500 <sup>4</sup>	—
Power Systems Rehabilitation <sup>5</sup>	150	—
Rural Vocational Training Institutes	147	—
<b>BURMA:</b> Palm Oil <sup>6</sup>	215	—
Myanma Economic Bank	—	289
Outports Study	250	—
<b>COOK ISLANDS:</b> National Development Corporation	—	91
<b>FUJI:</b> Suva Port Development	92	—
<b>INDONESIA:</b> Senior Technical Schools	196	—
Ball Irrigation <sup>6</sup>	100	—
Tulungagung Flood Control and Drainage <sup>5</sup>	150	—
Surabaya Port — Phase II <sup>5</sup>	150	—
University of Hasanuddin	205	—
<b>KOREA, REPUBLIC OF:</b> Asan Bay Power <sup>5</sup>	150	—
Sewage Treatment <sup>6</sup>	89	—
Mineral Resources Development	162	—
<b>LAO PEOPLE'S DEMOCRATIC REPUBLIC:</b> Forestry and Forest Industries	74	—
<b>MALAYSIA:</b> Sandakan Water Supply <sup>5</sup>	150	—
<b>NEPAL:</b> Agricultural Credit Training Institute <sup>6</sup>	—	280
Sagarnath Forestry Development <sup>2</sup>	35.7	—
Sagarmatha Integrated Rural Development	330	—
Forestry Training <sup>5</sup>	—	50
Sikta Irrigation and Rural Development <sup>7</sup>	470	—
<b>PAKISTAN:</b> Agricultural Processing Facilities Study <sup>5</sup>	150	—
Thermal Power Plants Maintenance	—	150
<b>PAPUA NEW GUINEA:</b> Fisheries Development <sup>2</sup>	49	—
Hydrological/Hydroelectric Planning <sup>5</sup>	—	100
<b>PHILIPPINES:</b> Second Mindanao Irrigation Study <sup>5</sup>	150	—
Aerial Mapping for Second Mindanao Irrigation Study <sup>5</sup> <sup>6</sup>	200	—
Road Improvement Study <sup>5</sup>	150	—
<b>SOLOMON ISLANDS:</b> Port Tariff and Accounting/Management Study <sup>5</sup>	—	50
<b>SRI LANKA:</b> Sevanagala Sugar Development <sup>6</sup>	350	—
Rural Electrification	190	—

Country/Project	Project Preparatory	Advisory and Operational
THAILAND		
Rock Salt-Soda Ash	350	—
Inland Fisheries Development <sup>6</sup>	146	—
Integrated Rural Development <sup>2</sup>	97.5	—
WESTERN SAMOA		
Agricultural Development <sup>2</sup>	73	—
WSTEC Agricultural Development Planning <sup>5</sup>	—	150
TOTAL	<u>5,999.2</u>	<u>1,160</u>

1 Excluding regional projects and technical assistance loans.

2 In addition, FAO contributed funds to these projects under a cooperation agreement with the Bank.

3 Of this, \$220,000 is to be financed by the EEC with the Bank acting as Executing Agency.

4 Of this \$150,000 is to be financed by UNDP with the Bank acting as Executing Agency.

5 Approved in conjunction with a loan.

6 To be financed by the EEC with the Bank acting as Executing Agency.

7 To be financed by UNDP with the Bank acting as Executing Agency.

#### TECHNICAL ASSISTANCE LEADING TO PROJECT LOANS IN 1977

(amounts in \$ thousand)

Country	Project	Cost (Year Approved)	Loan
<b>Project Preparatory Technical Assistance</b>			
BANGLADESH	Second Fisheries Development <sup>1</sup>	270 (1976)	18,000
	Meghna-Dhonagoda Irrigation	180 (1976)	24,000
BURMA	Forest Industries	98 (1975)	25,100
INDONESIA	Belawan and Surabaya Ports (Phase I)	100 (1975)	17,500
KOREA, REPUBLIC OF	Nakdong River Basin Development <sup>2</sup>	300 (1975)	45,000
	Integrated Water Supply	50 (1976)	30,000
	Road Improvement <sup>2</sup>	100 (1974)	41,500
NEPAL	Vocational Education	95 (1976)	4,200
	Sagarmāth Forestry Development	35.7 (1977)	4,900
PAKISTAN	Lyallpur Water Supply, Sewerage and Drainage Development	150 (1974)	39,500
PHILIPPINES	Luzon Roads Feasibility Study <sup>2</sup>	310 (1975)	45,000
	Mindanao Irrigation Study	100 (1975)	22,000
SOLOMON ISLANDS	Development of Honiara Port	50 (1976)	2,030
SRI LANKA	Lunuganwehera Reservoir (Irrigation and Agricultural Development)	49 (1976)	24,000
TONGA	Small Industries Center	50 (1976)	370
WESTERN SAMOA	Coconut Oil Processing Mill	37 (1976)	2,250
	Agricultural Development	73 (1977)	3,000
TOTAL		<u>2,047.7</u>	<u>348,350</u>

1 Partly financed by the EEC with the Bank acting as Executing Agency.

2 Financed by UNDP with the Bank acting as Executing Agency.

**TECHNICAL ASSISTANCE BY COUNTRY AND REGIONAL ACTIVITIES TO END OF 1977**  
 (amounts in \$ thousand)

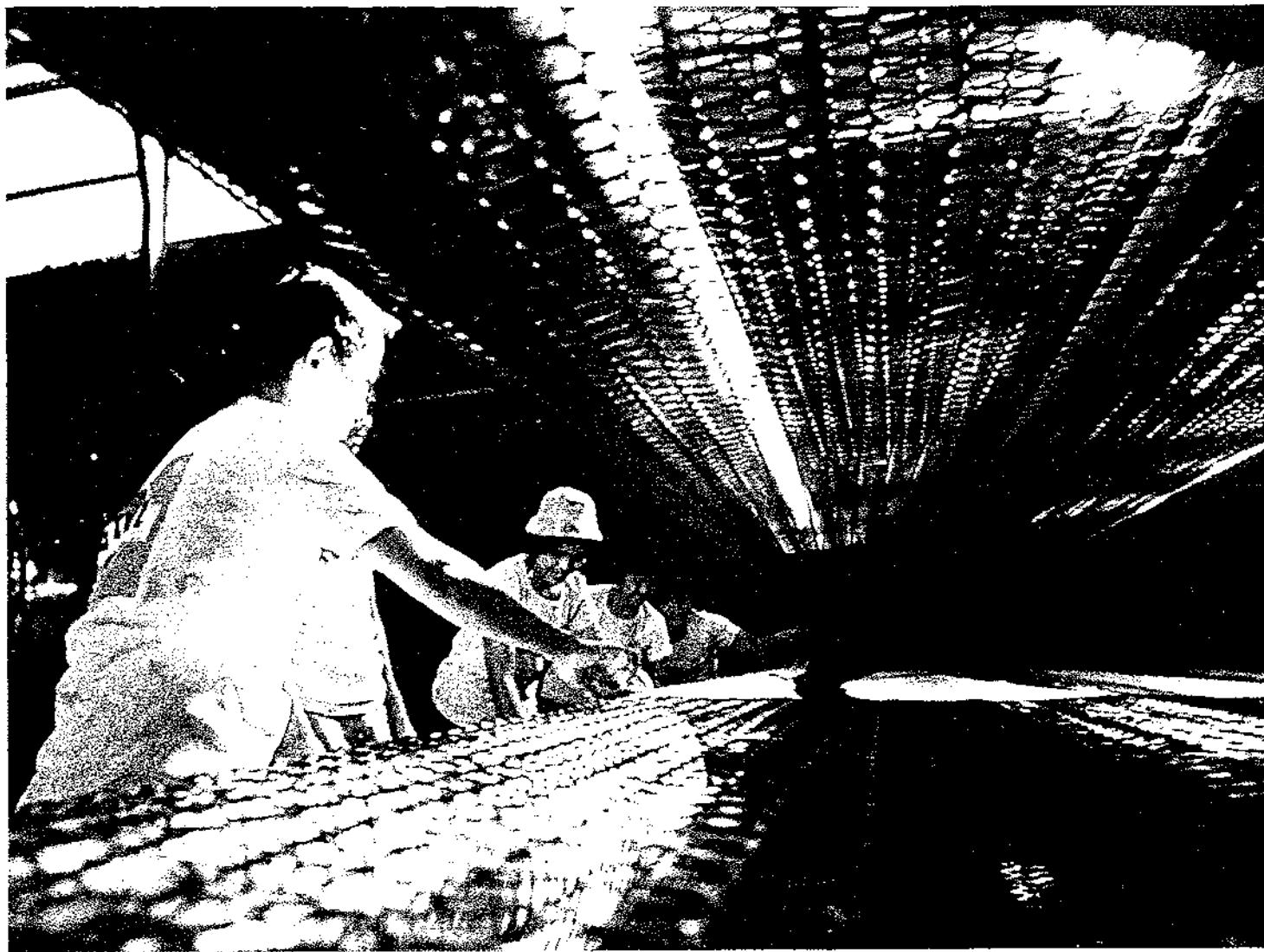
Country	1976			1977			1967-1977		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
<b>TECHNICAL ASSISTANCE</b>									
Afghanistan	—	—	—	1	92.00	1.14	13	2,218.50	5.19
Bangladesh	5	2,395.00	43.44	6	1,183.00	14.66	25	6,994.50	16.35
Burma	2	368.00	6.67	3	754.00	9.35	7	1,269.00	2.97
Cambodia	—	—	—	—	—	—	2	111.00	0.26
China, Republic of	—	—	—	—	—	—	1	100.00	0.23
Cook Islands	—	—	—	1	91.00	1.13	1	91.00	0.21
Fiji	—	—	—	1	92.00	1.14	4	319.00	0.75
Gilbert Islands	1	50.00	0.91	—	—	—	1	50.00	0.12
Indonesia	2	324.87	5.89	5	801.00	9.93	34	5,434.50	12.70
Korea, Republic of	1	50.00	0.91	3	401.00	4.97	11	1,445.30	3.38
Lao People's Democratic Republic	—	—	—	1	74.00	0.92	8	1,249.00	2.92
Malaysia	1	100.00	1.81	1	150.00	1.86	6	887.00	2.07
Nepal	1	95.00	1.72	5	1,165.70	14.45	19	3,333.70	7.79
Pakistan	—	—	—	2	300.00	3.72	7	1,100.00	2.57
Papua New Guinea	1	165.00	2.99	2	149.00	1.85	6	667.60	1.56
Philippines	—	—	—	3	500.00	6.20	24	3,969.00	9.28
Singapore	—	—	—	—	—	—	1	34.70	0.08
Solomon Islands	3	530.00	9.61	1	50.00	0.62	6	775.00	1.81
Sri Lanka	2	124.00	2.25	2	540.00	6.69	12	1,571.30	3.67
Thailand	1	50.00	0.91	3	593.50	7.36	8	1,168.50	2.73
Tonga	2	290.00	5.26	—	—	—	4	672.00	1.57
Viet Nam, Socialist Republic of	—	—	—	—	—	—	10	985.60	2.30
Western Samoa	2	77.50	1.41	2	223.00	2.75	10	993.50	2.32
Sub-Total	24	4,618.87	83.78	42	7,159.20	88.74	220	35,439.72	82.83
REGIONAL	6	894.50 <sup>1</sup>	16.22	7	908.82	11.26	43	7,344.77	17.17
<b>TOTAL</b>	<b>30</b>	<b>5,513.37</b>	<b>100.00</b>	<b>49</b>	<b>8,068.02</b>	<b>100.00</b>	<b>263</b>	<b>42,784.49</b>	<b>100.00</b>

<sup>1</sup> Original total was \$985,600, of which \$97,000 for updating the Asian Agricultural Survey (Phase II) was reallocated to 1977.

**TECHNICAL ASSISTANCE APPROVALS BY SECTOR TO END OF 1977**  
 (amounts in \$ thousand)

Sector	1976			1977			1967-1977		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
Agriculture and Agro-Industry	9	2,189.4	47.40	22	3,968.2	55.42	105	16,790.3	47.38
Industry (including Development Banks)	6	915.0	19.81	4	892.0	12.46	28	3,448.9	9.73
Power	1	230.0	4.98	5	740.0	10.34	25	4,504.5	12.71
Water Supply and Urban Development	3	315.0	6.82	2	239.0	3.34	14	2,835.5	8.00
Transport and Communications	4	874.5	18.93	5	692.0	9.67	35	6,099.8	17.21
Education	1	95.0	2.06	4	628.0	8.77	7	910.0	2.57
Others	—	—	—	—	—	—	6	850.7	2.40
<b>TOTAL</b>	<b>24</b>	<b>4,618.9</b>	<b>100.00</b>	<b>42</b>	<b>7,159.2</b>	<b>100.0</b>	<b>220</b>	<b>35,439.7</b>	<b>100.00</b>

<sup>1</sup> Excluding regional projects and technical assistance loans.



VENEER factory in Thailand, financed with a Bank subloan through the Industrial Finance Corporation of Thailand.

GNP and the debt-repayment capacity criteria in determining their eligibility for ADF loans.

In allocating ADF resources among eligible DMCs, the general principle to be observed is that DMCs which are least developed, or most seriously affected by recent world economic developments, will have first priority. A DMC fully eligible for ADF loans may also receive ordinary loans on a case-by-case basis if the size of the Bank's operational program in the country is larger than can reasonably be financed from the ADF, and if the country has the capacity to absorb the harder terms of ordinary loans. In applying the blending principle, priority in the allocation of ADF resources should be given to projects with a high social and economic value but a low financial rate of return, or low foreign exchange earning capacity, or long gestation period.

The criteria for lending from the ADF will be further reviewed in 1978.

#### Guarantee Operations

The possibility of the Bank engaging in guarantee operations was considered during the year. This was done in response to a recommendation by the Development Com-

mittee<sup>1</sup> that the World Bank and the regional banks should use their existing powers to consider requests for guarantees, or partial guarantees, of bond issues made by interested developing countries. The general question of guarantees by international financial institutions and the Bank's own position in the light of the limitations placed on such operations by its Charter was carefully examined. In the event it was decided that the Bank should take no further initiative in regard to this matter at the present time. However, the Bank would be prepared to consider, on its merits, and in partial substitution for a direct loan, any proposal that might be received from a potential borrower for the use of the guarantee mechanism in relation to specific major projects where the total foreign exchange costs are too large to be fully financed through Bank loan and co-financing arrangements. In the meantime, the Bank would continue to assist DMCs in obtaining co-financing on reasonable terms, including co-financing with commercial banks.

<sup>1</sup> Joint Ministerial Committee of the IBRD and IMF on the Transfer of Real Resources to Developing Countries.



*FLOW test of new well in the Philippines where the drinking water supply systems of five provincial water districts in Mindanao, Luzon and the Visayas are being improved and extended with Bank assistance.*

#### **Review of Loan Regulations**

Revised Ordinary Operations Loan Regulations (formerly Loan Regulations No. 1) and revised Special Operations Loan Regulations were adopted in February. The main objective of the revisions was to simplify and clarify the existing Regulations. Pursuant to Section 11 of the Bank's By-Laws, the revised Loan Regulations were reviewed and noted by the Board of Governors at the Tenth Annual Meeting.

#### **Review of Technical Assistance Activities**

In May the Bank's technical assistance policies were reviewed and modified, with a view to making technical assistance operations more responsive to the needs of DMCs in future.

It was decided that technical assistance would be provided by the Bank not only to prepare projects for its own financing, but also for financing by other aid agencies, and that technical assistance aimed at improving technical, managerial and administrative capabilities in borrowing countries would be expanded. In addition, increasing attention would be given to sectoral and problem-oriented studies, which may or may not be related to specific development projects. In all these endeavors, special attention would be paid to the needs of the less developed DMCs in view of the particular problems which they faced

in preparing and implementing development projects. A further objective set was to encourage, through technical assistance operations, closer cooperation among DMCs.

In order to pave the way for the realization of these objectives, operating procedures were liberalized in certain respects. The specific changes made were:

- (i) The limit which the Bank may provide as a grant in technical assistance for project preparation (e.g. for a feasibility study) would be \$150,000 in future, instead of \$100,000.
- (ii) Technical assistance programs, involving the preparation of a number of sub-projects, would be eligible for technical assistance loans.
- (iii) Retroactive financing of technical assistance would be provided under certain conditions, mainly in respect of consultants services for feasibility studies and detailed engineering.
- (iv) The services of local consultants would be financed on the same basis as if a foreign firm had been engaged, subject to conformity with the Bank's normal selection procedures for consultants.
- (v) Foreign exchange financing of certain local currency expenditures would be provided on a case-by-case basis, up to a maximum of 10 per cent of the amount of the relevant technical assistance grant.

## Interagency Cooperation

The Bank continued to recognize the importance of keeping in close contact with other institutions interested in economic development in Asia. Special attention was paid in 1977 to setting up institutional arrangements for cooperation with the newer funding agencies — initially the OPEC Special Fund and later IFAD — and for strengthening operational links with the EEC and with such specialized agencies as FAO, ILO, WHO etc. Working relations with the World Bank and UNDP continued to be close.

The annual consultations between the Presidents of the African, the Asian and the Inter-American Development Banks — the eighth in the series — were held in Washington, D.C. in September 1977. The World Bank was also represented. Topics discussed included the role of these international institutions in the development of mineral and energy resources, matters related to their financial policies and the status of the replenishment of their respective resources. A separate session was held with representatives of the Arab Fund for Economic and Social Development, the OPEC Special Fund, the European Investment Bank and the European Development Fund.

## World Bank Group

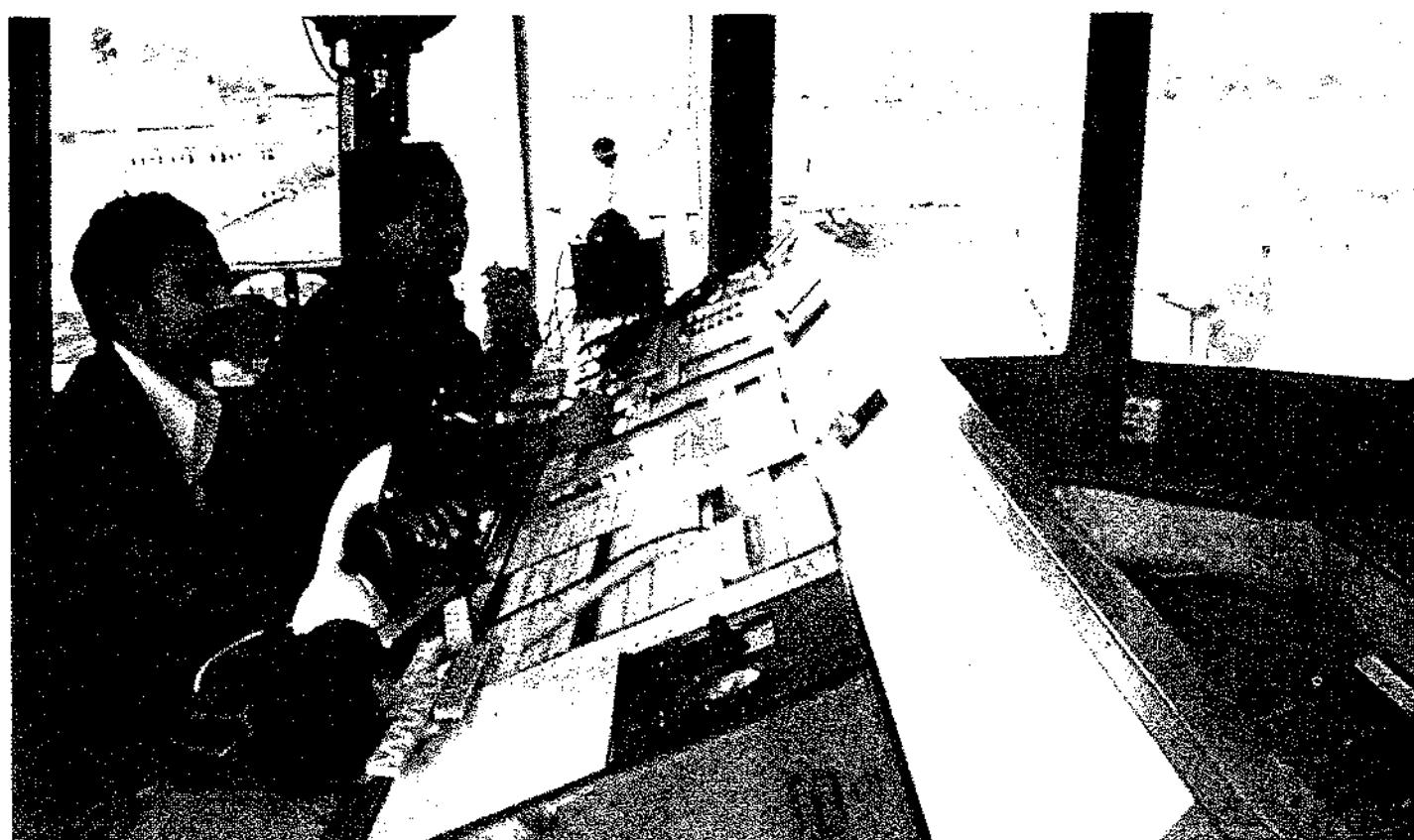
Cooperation between the Bank and the World Bank continued through frequent visits by officers and exchanges of information on operational activities and country economic developments. The Bank was represented as an observer

at the IMF-World Bank Annual Meetings held in Washington, D.C. in September. Furthermore, the President attended meetings of the Development Committee of the IMF-IBRD in Washington, D.C. in May and September. The Bank was also represented at the aid coordination meetings held in 1977 under the auspices of the World Bank for Bangladesh, the Republic of Korea, Nepal, Pakistan, the Philippines, Sri Lanka and Thailand.

## International Fund for Agricultural Development (IFAD)

The year 1977 marked the formal establishment of IFAD. After two further sessions of its Preparatory Commission in April and July, IFAD came into existence on 30 November. The inaugural sessions of the IFAD Governing Council and Executive Board were held in Rome in mid-December. The Bank was represented as an observer at the sessions of the Preparatory Commission and the Governing Council and strengthened its close association with, and assistance to, IFAD in various ways. The secondment of a staff member to the Preparatory Commission for IFAD was extended to almost the entire year. Close consultations were held with the Preparatory Commission, particularly on operational and financial matters. A draft cooperation agreement between IFAD and the Bank was provisionally approved in June. This took into account corresponding draft cooperation agreements between IFAD and other multilateral financial institutions. Potential projects suitable for early IFAD financing were discussed with IFAD representatives. From

*CONTROL tower at Nepal's Tribhuvan International Airport which is being rehabilitated and improved to meet the country's air traffic needs until 1985.*



1978 onwards the Bank expects to be actively involved in co-financing and administering projects financed by IFAD, with a view to accelerating agricultural development in the region.

#### European Economic Community (EEC)

The framework for cooperation between the EEC and the Bank, which was established towards the end of 1976, came into effect with a Financing Agreement concluded in January. Under this agreement, the EEC offered a grant of \$1.9 million from its 1976 budget to finance a number of technical assistance projects to be prepared and executed by the Bank in several of its less developed DMCs. Of those proposals considered, seven technical assistance projects totalling \$1.5 million were approved in 1977 for EEC financing with the Bank acting as Executing Agency. In addition to the above, the EEC provided \$200,000 for the inland fisheries portion of the Second Fisheries Development Project in Bangladesh approved by the Bank in 1976.

*HARVEST time at Davao del Norte grainfield, southern Philippines, where an integrated agricultural development program includes turning 3,000 hectares of second growth forest land into productive ricefields.*

In September the Bank entered into discussions with the EEC on its offer to co-finance selected rural development loan projects in less developed DMCs. As a result, the EEC agreed to co-finance projects with the Bank on a grant basis to the extent of about \$10 million from its 1977 budget. Part of this amount has already been allocated to two projects in Pakistan and Afghanistan (see Table on page 16). In addition, the EEC has agreed to allocate \$448,000 from its 1977 budget for financing various technical assistance projects to be executed by the Bank in 1978.

#### OPEC Special Fund

During the Tenth Annual Meeting of the Bank in April, the Director-General of the OPEC Special Fund had substantive discussions with delegations from several DMCs and Bank staff on possible cooperation between the Bank and the OPEC Special Fund. As a result of these discussions, cooperation between that Fund and the Bank, in the form



of co-financing with the Bank as well as exclusive financing by the Fund of projects to be administered by the Bank, was developed and confirmed.

Co-financing by the OPEC Special Fund of the cost overruns incurred on three Bank-financed projects was finalized (see Table on page 16). Loan agreements were entered into between the Fund and the DMCs concerned, and letters have been exchanged between the Fund and the Bank in regard to the execution of these projects.

#### United Nations Development Programme (UNDP)

The Bank continued its cooperation with UNDP during the year. There were frequent consultations and exchanges of information between UNDP Headquarters and field offices and the Bank. The Bank was represented at the Twenty-Third and Twenty-Fourth Sessions of the Governing Council of UNDP and also at the meetings of the Committee on Technical Cooperation among Developing Countries. During the year the Bank agreed to act as Executing Agency for UNDP-financed (\$470,000) technical assistance for the Sikta Irrigation and Rural Development Project in Nepal and for UNDP financing (\$150,000) of the Chittagong Hill Tracts Development Project in Bangladesh, to which the Bank itself contributed \$350,000.

#### Food and Agriculture Organization (FAO)

The Bank's association with FAO in project activity was more extensive in 1977 than in any year since the Interim Arrangements for Cooperative Action were established in 1968. FAO provided teams of experts on a cost-sharing basis for project preparatory technical assistance for five separate projects, two of which led to loans from the Bank within the year. An FAO specialist also participated in a Bank project identification mission to Bangladesh early in the year, while close contact has been maintained with FAO concerning its other activities in most DMCs.

#### Other International Organizations

Cooperation with WHO was continued through informal meetings and regular exchanges of information. Bank missions held discussions with WHO regional officers and experts on matters of common interest in pursuing relevant operational activities. In March the Bank approved, and co-sponsored with WHO, a Working Group on Pre-Investment Planning for Water Supply and Sewerage Development (see page 29).

In December 1976 discussions were held with senior officials of the ILO about the possibilities of cooperation between the Bank and that institution in future. This resulted in technical assistance being provided by the Bank for the Regional Seminar on the Application of Appropriate Technology in Road Construction and Maintenance (see page 28).

There was continuing cooperation, including exchanges of staff visits, between the Bank and other international organizations, such as the United Nations Educational, Scientific and Cultural Organization, the United Nations Children's Fund, the United Nations Capital Development



FISH being loaded into modern refrigerated van in Bangladesh provided under a Fisheries Development Project aimed at increasing supply of fish for domestic consumption and export.

Fund and the Mekong Committee, in 1977. Information was exchanged and consultations held on various matters of mutual interest. The Bank sent a staff member as an observer to the Inter-Governmental Meeting organized by the Economic and Social Commission for Asia and the Pacific (ESCAP) on the Role and Organizational Aspects of its Regional Mineral Resources Development Center, as well as to the World Scientific Conference on International Financing of Economic Development held in Dubrovnik, Yugoslavia. An officer deputed by the Bank continued to work with ESCAP as a member of the Inter-Agency Task Force on Integrated Rural Development.

## **Loan and Technical Assistance Approvals<sup>1</sup> — 1977**

### **Afghanistan**

#### **LOANS**

**Khanabad Hydropower Project:** \$9 million from Special Funds for the construction of a 6 MW hydroelectric power plant and related transmission and distribution lines in the northern region. The Project will provide a reliable and economical power supply to Khanabad town and the adjoining villages and will contribute to accelerated economic development in this area.

**Fertilizer and Agrochemicals Storage Project:** \$5.7 million from Special Funds for the provision of storage and distribution facilities for fertilizer, agrochemicals and veterinary medicines, including construction of 73 warehouses and depots, trucks for distribution purposes and a central workshop. The improved availability of fertilizer and agrochemicals is expected to lead to higher crop production and to increased incomes for farmers, particularly those at the subsistence level. EEC is providing co-financing amounting to \$1.12 million.

#### **TECHNICAL ASSISTANCE**

**Cotton Storage and Ginning Project:** \$92,000 for the preparation of a project for the establishment of an efficient cotton-processing industry, including improved storage and ginning capacity and institutional aspects.

<sup>1</sup> Loans are made from ordinary resources unless otherwise specified. Technical assistance is provided on a grant basis.

*COTTON harvest in Afghanistan's Gawargan-Chardarrah Agricultural Development Project under which water supply and irrigation conditions in the two project areas will be improved and the net irrigable area expanded from about 22,600 hectares to 25,300 hectares.*

### **Bangladesh**

#### **LOANS**

**Khulna-Mongla Road Project:** \$15 million from Special Funds for construction of 22 miles of new two-lane bituminized road linking Khulna City with Chalna Port (under construction) at Mongla, provision of two new motorized ferry vessels and construction of two ferry terminals at Khulna. The Project will make inland transport more efficient through the use of economical truck and bus services and decongestion of water transport facilities. It will also open up the hinterland and facilitate improved marketing of farm surpluses and increased farm incomes. Large-scale use of indigenous labor resources is envisaged in the implementation of the road component of the Project.

**Chittagong Power Distribution Project:** \$27.75 million from Special Funds for the rehabilitation and expansion of power distribution facilities, including 13 substations, 407 miles of transmission and distribution lines and distribution equipment. The improved power supply in the Greater Chittagong area is expected to contribute significantly to industrial development and employment generation (see also technical assistance on page 39).

**Aquaculture Development Project:** \$18 million from Special Funds for countrywide aquaculture development in rural areas, comprising eight sub-projects for fresh and brackish water aquaculture and storage facilities. The Project will help to meet domestic demand for fish and generate substantial foreign exchange earnings through shrimp exports.





*MODELS of molecular structures at a Bangladesh school. With technical assistance from the Bank, a project is being prepared under which urgently needed science and technical education equipment and teaching aids will be designed and manufactured in the country.*

**Meghna-Dhonagoda Irrigation Project:** \$24 million from Special Funds for irrigation and rural development in the Comilla District southeast of Dacca covering a total area of 17,580 ha. An area of 13,760 ha. will be provided with flood protection and drainage works, and gravity irrigation systems connected to pumping stations. Improved agricultural supporting services and marketing facilities, and fisheries development will also be covered.

#### TECHNICAL ASSISTANCE

**Livestock Development and Training Project:** \$56,000 for the preparation of a project for the improvement of livestock training institutes and extension services, and for improving livestock and poultry production. The total cost of the technical assistance (\$106,000) is being shared between the Bank and FAO.

**Educational Equipment Development Project:** \$80,000 for the preparation of a project for the expansion of the Bangladesh Educational Equipment Development Bureau at Dacca, including the establishment of facilities for the design and manufacture of laboratory and instructional equipment.

**Pabna Irrigation and Rural Development Project:** \$250,000, including \$220,000 financed by EEC with the Bank acting as Executing Agency, for preparing an integrated plan for the development of water, land and human resources in the heavily populated Pabna and Rajshahi districts.

**Chittagong Hill Tracts Development Project:** \$500,000, including \$150,000 to be financed by UNDP with the Bank acting as Executing Agency, for preparation of a project for the integrated development of the Chittagong Hill Tracts, which is one of the least developed regions of the country.

**Power Systems Rehabilitation Project:** \$150,000 for engineering services for the preparation of a project to rehabilitate the power system in the east and west zones of Bangladesh, in conjunction with the loan for the Chittagong Power Distribution Project (see Loans, page 38).

**Rural Vocational Training Institutes Project:** \$147,000 for preparing a project for the phased establishment of 50 rural vocational training institutes at Thana<sup>1</sup> level aimed at supplying the basic skills needed in the rural communities.

#### Burma

##### LOAN

**Forestry Project:** \$25.1 million from Special Funds for improving timber extraction, transport and marketing operations in Upper Central Burma, and for the rehabilitation and modernization of timber processing facilities. The Project will assist in increasing production of teak for export, and hardwood and sawn timber for domestic use.

#### TECHNICAL ASSISTANCE

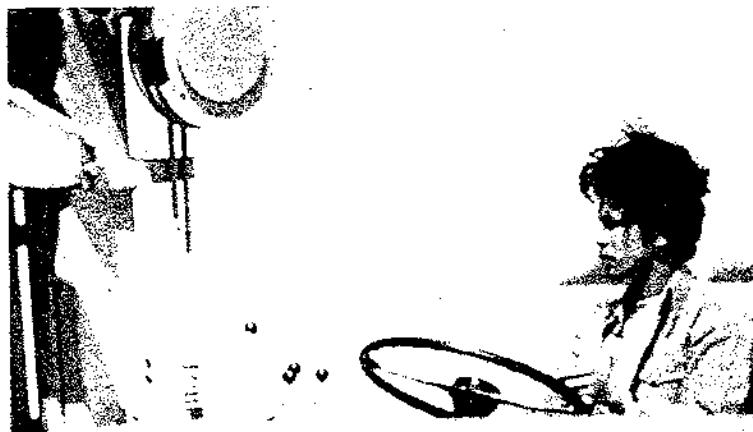
**Palm Oil Project:** \$215,000, financed by EEC with the Bank acting as Executing Agency, to formulate a project for palm oil development at the estate and smallholder levels aimed at improving nutritional standards.

**Myanma Economic Bank Project:** \$289,000 to upgrade and strengthen the Myanma Economic Bank, particularly its Industrial Finance Department, to assist in fitting it for its new role of lending to industrial enterprises and cooperatives.

**Outports Study Project:** \$250,000 for preparing a Master Development Plan for each of the country's eight coastal ports (Outports) up to the year 2010, together with a feasibility study for improvement of the ports to meet traffic needs up to 1990.

<sup>1</sup> Administrative unit in Bangladesh; there are about 420 thanes in the country.

*ROOF tiles being stacked at Manila factory financed with Bank subloan through the Development Bank of the Philippines.*



## Cook Islands

### TECHNICAL ASSISTANCE

**National Development Corporation Project:** \$91,000 for improving the organization and expanding the activities of the newly created National Development Corporation and for training local personnel.

## Fiji

### TECHNICAL ASSISTANCE

**Suva Port Development Project:** \$92,000 for the formulation of a detailed plan for the improvement and expansion of Suva Port.

## Hong Kong

### LOAN

**Sha Tin Urban Development (Housing) Project:** \$20.5 million for the construction of high-rise apartments to house some 61,000 low-income earners, four primary and four secondary schools, a health clinic, a commercial complex and a fire station.

*PRESSURE on congested urban areas such as this Hong Kong resettlement estate will be relieved when a project for the construction of two housing estates and associated facilities for low-income families is completed in Sha Tin Valley.*



## Indonesia

### LOANS

**Lodoyo Irrigation Project:** \$20.5 million for an irrigation project in East Java, including the construction of main and secondary canals, drainage facilities, service roads, establishment of three pilot tertiary blocks to demonstrate water management, provision of agricultural extension services, and improvement and expansion of village water supply facilities. A feasibility study and detailed design for flood control and drainage in the adjacent Tulungagung area is also included (see also technical assistance below).

**Power Distribution Project:** \$45 million for financing the expansion and rehabilitation of the 20 kV primary power distribution network, as well as the secondary distribution network including sub-stations and additional service connections, in the Cirebon (Central Java) and Medan (North Sumatra) areas.

**Fourth Port Project:** \$17.5 million for the first phase of development of Surabaya Port, involving construction of inter-island berths, transit sheds and ancillary installations. The Project includes a feasibility study for the second phase of development at the Port (see also technical assistance below).

**Bank Pembangunan Indonesia (BAPINDO) Project:** \$30 million to augment the foreign currency resources of BAPINDO to enable it to meet the foreign exchange requirements of private- and public-sector enterprises for financing development projects.

**Baturaja Cement Project (Supplementary):** \$23 million to meet part of the foreign exchange component of a cost overrun in the Baturaja Cement Project approved in 1974.

### TECHNICAL ASSISTANCE

**Senior Technical Schools Project:** \$196,000 for preparing a project for the rehabilitation and improvement of senior technical schools to fit students for immediate employment in industry.

**Bali Irrigation Project:** \$100,000, financed by EEC with the Bank acting as Executing Agency, for preparation of a feasibility study for the first phase of development of an irrigation and rural development project on the island of Bali.

**Tulungagung Flood Control and Drainage Project:** \$150,000 for a feasibility study and preparation of detailed designs for flood control and drainage in the Tulungagung area in East Java, in conjunction with the loan for the Lodoyo Irrigation Project (see above).

**Surabaya Port — Phase II:** \$150,000 for preparing a feasibility study for the second phase of development of Surabaya Port to provide for cargo traffic beyond 1982, including special handling facilities for containerized cargo, in conjunction with the loan for the Fourth Port Project (see above).

**University of Hasanuddin Project:** \$205,000 for pre-



*NATIONAL Industrial Research Institute in Seoul, Republic of Korea, which is being upgraded and modernized along with eight Provincial Industrial Testing Centers under a Bank project designed to help develop and maintain internationally acceptable standards for the country's industrial products.*

paring a project for upgrading the agriculture, engineering, science, medical and economics faculties of the University of Hasanuddin in South Sulawesi, and for relocating the campus.

#### **Korea, Republic of**

##### **LOANS**

**Nakdong River Basin Development Project:** \$45 million for the integrated agricultural development of the Nakdong River Basin southeast of Seoul, including flood control, agricultural development involving construction and improvement of irrigation systems, construction of warehouses, provision of small power tillers, and extension services and farmer training. The Project will contribute to improved living conditions and incomes for, predominantly, low-income farm families.

**Industrial Products Inspection Centers Project:** \$17 million for the expansion and rehabilitation of the facilities of the National Industrial Research Institute (NIRI) and eight Provincial Industrial Testing Centers (PITCs) and the establishment of one new PITC, with the objective of promoting industrial standardization and quality control of industrial products.

**Second Road Improvement Project:** \$41.5 million for the improvement of 520 km. of unpaved national and provincial roads in the southern regions of Korea to two-lane paved standard. The Project, which represents the second phase of a larger program involving about 1,300 km. of road network identified under a Bank-financed study, will contribute to balanced regional development by providing improved transport facilities at reduced cost.

**Asan Bay Power Project:** \$1.65 million (technical assistance loan) for a feasibility study and preparation of detailed design and tender documents for a project envisaging construction of two additional generating units of 500 MW each at a major thermal power station at Asan Bay (see also technical assistance in next column).

**Regional Water Supply Project:** \$30 million for the construction of two independent water supply systems, the Geum River System and the Gumi System, for supplying potable treated water to cities, towns, rural centers and industrial complexes in southern Korea.

##### **TECHNICAL ASSISTANCE**

**Asan Bay Power Project:** \$150,000 for a feasibility study and preparation of detailed designs and tender documents for the construction of two 500 MW generating units at Asan Bay, in conjunction with the technical assistance loan for the Asan Bay Power Project (see Loans).

**Sewage Treatment Project:** \$89,000 for a pre-feasibility study of a sewage treatment project for four industrial areas in southern Korea, including the Gumi Industrial area covered under the loan to the Regional Water Supply Project (see above).

**Mineral Resources Development Project:** \$162,000 for assisting the Korea Research Institute of Geoscience and Mineral Resources in formulating a project for the expansion and improvement of the Institute's facilities and equipment.

#### **Lao People's Democratic Republic**

##### **TECHNICAL ASSISTANCE**

**Forestry and Forest Industries Project:** \$74,000 for field work and review of data relating to the logging and wood processing industries, preparatory to the formulation of a forestry project in the Vientiane and Xaighaburi provinces.

#### **Malaysia**

##### **LOANS**

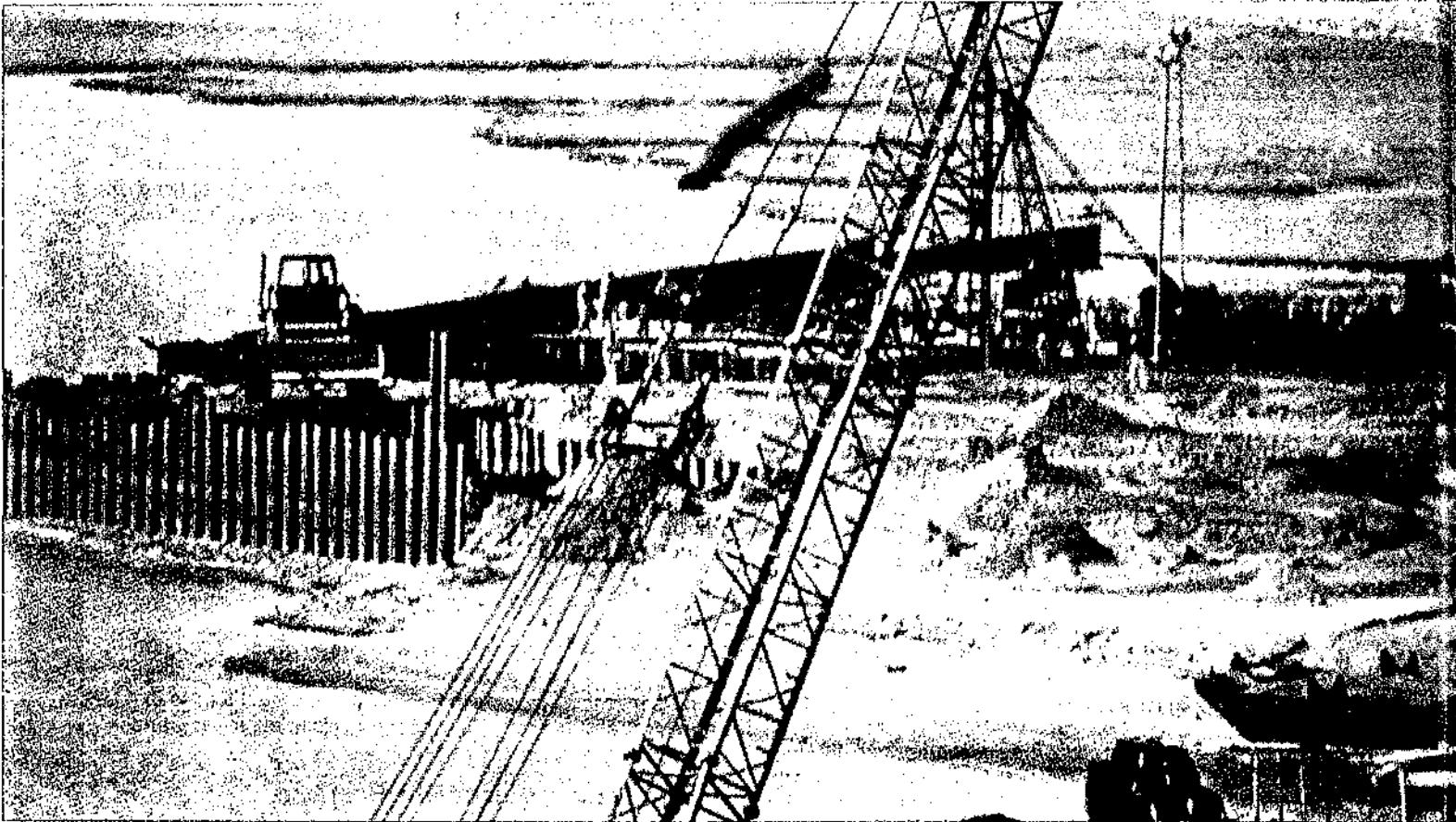
**Second Penang Port Expansion Project:** \$10 million for the expansion of facilities at Penang Port through the conversion of a general cargo berth to a container-cum-roll-on/roll-off berth, construction of a vegetable oil berth for ships with a capacity of 33,000 dwt., and a feasibility study for the next phase of development of the Port.

**Sabah Water Supply Project:** \$15.3 million for the expansion of the water supply and distribution system in the towns of Kota Kinabalu, Tawau and nearby rural areas to meet projected demand up to 1993, and for a feasibility study for a water supply system for the town of Sandakan (see also technical assistance below).

**Second Pahang Tenggara Regional Development Project:** \$18 million for financing priority infrastructure needs of the Pahang Tenggara Scheme on the east coast of Peninsular Malaysia, involving construction of 58 km. of access roads, trunk water supply schemes, 6,000 housing units and 400 commercial buildings, and for a water resources management study for the Pahang Tenggara Region.

##### **TECHNICAL ASSISTANCE**

**Sandakan Water Supply Project:** \$150,000 for preparing a feasibility study for water supply in Sandakan in conjunction with the loan for the Sabah Water Supply Project (see above).



*CONSTRUCTION at Pakistan's Port Qasim which, when completed with Bank assistance, will relieve congestion in Karachi Port and help the country in coping with its growing seaborne transport demands.*

## Nepal

### LOANS

**Third Agricultural Credit Project:** \$6 million from Special Funds for the installation of 2,800 shallow tube-wells and pumpsets, 400 dugwells with pumpsets for lifting surface water, and provision of office equipment and transport facilities. The Project will provide farm-level irrigation facilities over 15,000 ha., benefitting 8,000 families, two-thirds of whom are smallholders.

**Kankai Irrigation Project (Supplementary and Extension):** \$3.4 million from Special Funds to meet the foreign exchange cost overrun in the Project approved in 1971, and extension of the original area of 5,000 ha. by an additional 3,000 ha.

**Chitwan Valley Development Project (Supplementary):** \$5 million from Special Funds to meet the foreign exchange cost overrun in the Project approved in 1972.

**Vocational Education Project:** \$4.2 million from Special Funds for the establishment of a Campus of the Institute of Engineering in the Eastern Region, including provision of workshops, laboratory equipment and teaching materials, staff housing, residential hostel facilities, architectural advisory and training services and fellowships. The campus will provide skills training in mechanical, electrical, civil engineering and automotive trades.

**Sagarnath Forestry Development Project:** \$4.9 million from Special Funds for the establishment and maintenance of fast-growing tree plantations, residual forest

harvesting, sawlog and smallwood processing, infrastructure and community facilities (see also technical assistance below).

### TECHNICAL ASSISTANCE

**Agricultural Credit Training Institute Project:** \$280,000, financed by EEC with the Bank acting as Executing Agency, for the establishment of an agricultural credit training institute attached to the Agricultural Development Bank of Nepal, including provision of training equipment and materials, construction of a building to house the institute, and training of staff.

**Sagarnath Forestry Development Project:** \$35,700 for provision of expert services in various fields including forestry plantation, logging, road construction and institutional aspects, to formulate a reforestation project in the Janakpur area. The total cost of the Project (\$62,000) was shared between the Bank and FAO. This Project resulted in the loan to the Sagarnath Forestry Development Project (see above).

**Sagarmatha Integrated Rural Development Project:** \$330,000 for a detailed project feasibility study and the formulation of an integrated rural development project in three selected districts of Nepal.

**Forestry Training Project:** \$50,000 for providing overseas fellowships for strengthening the forestry staff of the Forest Products Development Board in the fields of operational planning, plantation establishment and management, in conjunction with the loan for the Sagarnath Forestry Development Project (see above).

**Sikta Irrigation and Rural Development Project:** \$470,000, to be financed by the UNDP, with the Bank acting as Executing Agency, for a detailed feasibility study to formulate an irrigation and rural development program in the Sikta area in the Western Rapti River Basin.

## Pakistan

### LOANS

**National Development Finance Corporation Project:** \$30 million as a first line of credit for augmenting the foreign exchange resources of the National Development Finance Corporation to enable it to meet the credit requirements of specific projects for socio-economic development in the public sector.

**Chasma Right Bank Irrigation Project:** \$31.5 million from Special Funds for irrigating an area of 230,000 ha. in the North West Frontier and Punjab Provinces, together with the strengthening of agricultural supporting services. The objective is to increase agricultural production in a food deficit area by more effective use of water from the Indus River (see also technical assistance below). EEC is providing co-financing amounting to \$4.5 million.

**Faisalabad Water Supply, Sewerage and Drainage Project:** \$39.5 million from Special Funds for the improvement and expansion of the water supply and sewerage systems in Faisalabad City, and further expansion of the drainage system.

**Tarbela Hydropower Project (Supplementary and Extension):** \$38 million to finance part of the foreign exchange cost overrun in the Project approved in 1974, plus extension of the original Project to cover the installation of plant and switchyard electrical equipment for two additional generating units for the Tarbela power station (see also technical assistance below). The Canadian Government is providing co-financing amounting to \$37.5 million to cover the cost of turbines and generators.

### TECHNICAL ASSISTANCE

**Agricultural Processing Facilities Study:** \$150,000 for a feasibility study for the establishment of processing facilities in the Chashma Right Bank area, for the additional production to be created by the Chasma Right Bank Irrigation Project (see above).

**Thermal Power Plant Maintenance Project:** \$150,000 for engineering and specialist services to assist the Water and Power Development Authority of Pakistan in preparing a Thermal Power Plant Maintenance Project, and to train technicians and engineers, in conjunction with the loan for the Tarbela Hydropower Project (Supplementary and Extension) (see above).

## Papua New Guinea

### LOANS

**Provincial Mini-Hydropower Project:** \$2.7 million for the construction of four run-of-the-river mini-hydropower plants of an aggregate generating capacity of 1,950 kW, located in four provincial centers; and the erection of 63 km. of associated 22 kW transmission lines (see also technical assistance in next column).

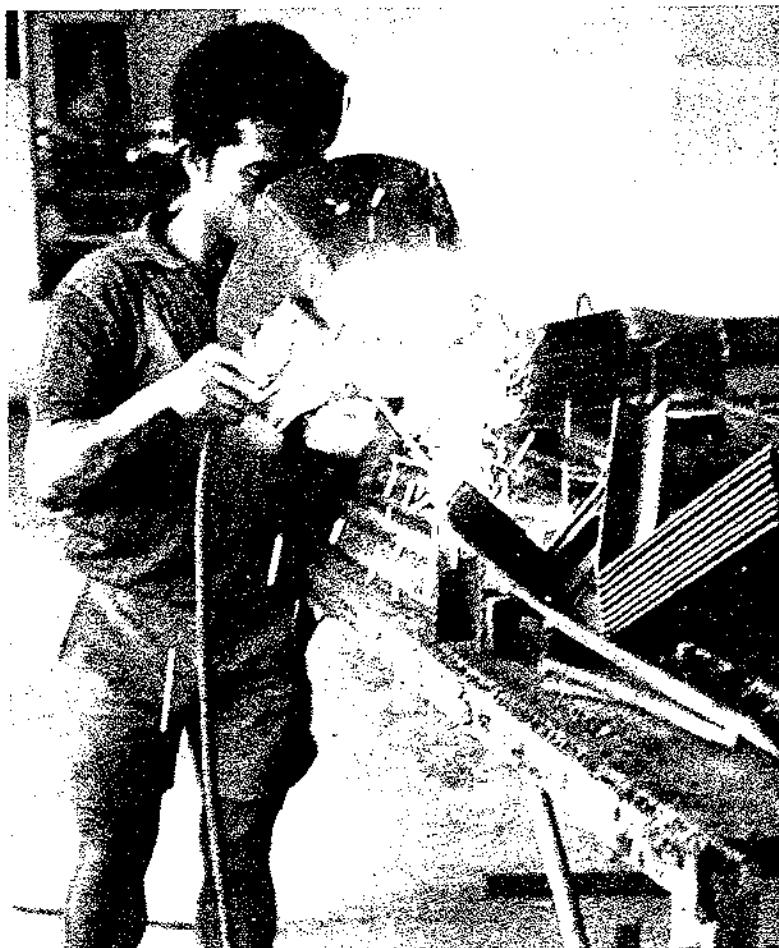
**Highlands Road Improvement Project:** \$15 million for the improvement of 112 km. of road between the Erat River and Yung Creek in Morobe Province to a two-lane standard with a bituminous surface-dressed pavement, including the repair and construction of bridges. The Project covers the Markham Valley section of the Highlands road, which is the country's major transport artery connecting the Port of Lae and the densely populated Highlands region.

### TECHNICAL ASSISTANCE

**Fisheries Development Project:** \$49,000 for the formulation of a project involving establishment of shore facilities for skipjack fleets; supply of pole-and-line fishing boats; the support of small-scale fishermen and pearl culture, and the provision of marketing, management and extension facilities. The total cost of the Project (\$92,000) is being shared between the Bank and FAO.

**Hydrological/Hydroelectric Planning Project:** \$100,000 to finance the cost of a hydrologist/hydroelectric planner to assist in setting up improved methods for the interpretation and use of hydrological data, and in preparing a detailed hydropower development plan, particularly for small- and medium-size plants, in conjunction with the loan for the Provincial Mini-Hydropower Project (see left).

*JOINERY in Papua New Guinea, financed with a Bank subloan through the Papua New Guinea Development Bank.*



## Philippines

### LOANS

**Tago River Irrigation Project:** \$22 million for the construction of irrigation and related facilities, including roads, bridges, dikes and rural water supply and health facilities in an area of 10,500 ha. in the Tago River region of Mindanao (see also technical assistance below).

**Engineering Education Project:** \$16 million for improving the quality of undergraduate engineering education in four basic disciplines (civil, mechanical, chemical and electrical engineering).

**Road Improvement Project:** \$45 million for the rehabilitation and improvement of two main roads totalling 327 km., and 12 associated minor roads of about 190 km. in the agricultural areas of West Central and Southwest Luzon, and a feasibility study for improving additional roads in the Visayas, Mindanao and Luzon regions (see also technical assistance below).

**Second Development Bank of the Philippines Project:** \$35 million as a second line of credit to augment the foreign currency resources of the Development Bank of the Philippines, to enable it to meet the foreign exchange requirements of manufacturing and mining projects in the private sector.

**Fifth Mindanao Power Project:** \$29 million for the construction of a 55 MW hydropower station at the Agus 5 site in Mindanao, together with provision of laboratories and development of specialized computer programs.

### TECHNICAL ASSISTANCE

**Second Mindanao Irrigation Study Project:** \$150,000 for feasibility studies for two irrigation projects in the Bukidnon and Davao areas in Mindanao and for the preparation of a Master Plan for future irrigation development in Mindanao, in conjunction with the loan for the Tago River Irrigation Project (see above).

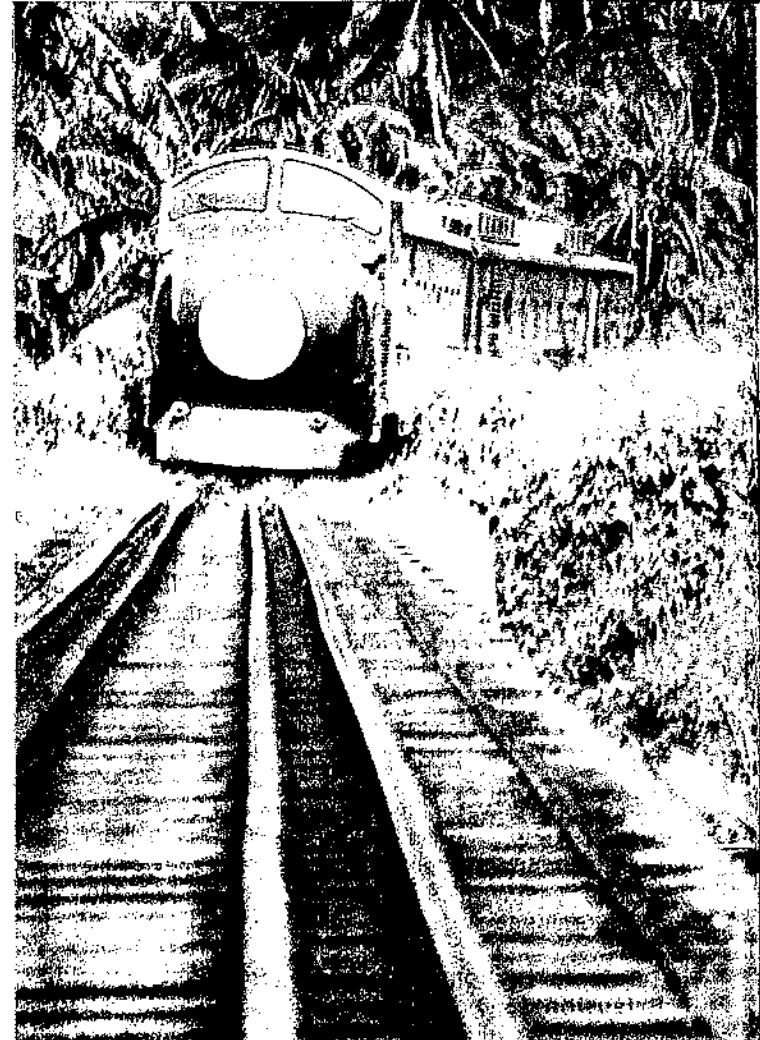
**Aerial Mapping for Second Mindanao Irrigation Study:** \$200,000, financed by EEC with the Bank acting as Executing Agency, for the preparation of aerial photography and topographic studies in connection with the feasibility studies for the Second Mindanao Irrigation Study. This project was approved in conjunction with the loan for the Tago River Irrigation Project (see above).

**Road Improvement Study Project:** \$150,000 for a feasibility study for improvement of 1,070 km. of primary and secondary roads in Luzon, Visayas and Mindanao, and for detailed engineering design for projects confirmed by the feasibility study, in conjunction with the loan for the Road Improvement Project (see above).

## Solomon Islands

### LOANS

**Fisheries Development Project:** \$3.6 million from Special Funds for the expansion of the existing fishing fleet by local construction of ferrocement skipjack pole-liners and smaller fiberglass bait-catching boats, for the locali-



*REHABILITATION work is being carried out on the 474-km. Philippine National Railways' Southern Line between Manila and Legaspi under a project that will introduce a number of technical and operational reforms in the organization.*

zation of the skipjack fishing industry and for the establishment of a National Fisheries Development Corporation. The Project will generate a substantial amount of local employment and increase export earnings in the fisheries sector. The New Zealand Government is providing co-financing amounting to \$200,000.

**Honiara Port Development Project:** \$2.03 million from Special Funds for the development of Honiara Port, aimed at optimizing cargo handling through extension of the existing deepwater wharf, provision of limited facilities for container handling, reconstruction of seawall protection works, and consultant engineering services for strengthening the capabilities of the Port Authority (see also technical assistance below).

### TECHNICAL ASSISTANCE

**Port Tariff and Accounting/Management Study Project:** \$50,000 for a tariff and accounting/management study, in conjunction with the loan for the Honiara Port Development Project (see above).

## Sri Lanka

### LOANS

**Canyon Hydropower Project:** \$17.5 million from Special Funds for the construction of a power tunnel, pen-

stock, hydropower station, transmission line, ancillary works, for the hydropower project located on Maskeliya River 70 km. east of Colombo, and for procurement of equipment for a power system control system.

**Kirindi Oya Irrigation and Settlement Project:** \$24 million from Special Funds for the rehabilitation and expansion of irrigation facilities for 12,900 ha. in the dry zone in the Hambantota district through construction of a high dam and main canals. An area of 8,400 ha. will be developed as farmland, with supporting infrastructural facilities such as research centers, schools and health clinics. Over 8,000 people will be settled on the newly irrigated land.

#### TECHNICAL ASSISTANCE

**Sevanagala Sugar Development Project:** \$350,000, financed by EEC with the Bank acting as Executing Agency, to carry out a comprehensive feasibility study for the proposed Sevanagala Sugar Development Project, forming part of the Walawe River Basin Development Scheme, which was assisted under a previous Bank loan.

**Rural Electrification Project:** \$190,000 for a comprehensive feasibility study for a phased rural electrification project to be implemented over a period of three to four years.

### Thailand

#### LOAN

**Third Power Project:** \$47 million to the Electricity Generating Authority of Thailand to finance a turbine-generator at Bhumibol hydropower plant in Northern Thailand, as well as the extension of transmission lines in various parts of the country, including the interconnection of the central and southern power grids.

#### TECHNICAL ASSISTANCE

**Rock Salt — Soda Ash Project:** \$350,000 for a comprehensive feasibility study for rock salt mining operation, including manufacture of soda ash and export of both products to markets in ASEAN countries.

**Inland Fisheries Development Project:** \$146,000, financed by EEC with the Bank acting as Executing Agency, for a study to formulate a project for the development of inland fisheries in various regions of Thailand.

**Integrated Rural Development Project:** \$97,500 for a study to formulate a project of integrated rural development in three provinces in the northern region of Thailand, including components such as feeder roads, seed supply, agricultural extension, irrigation, domestic water supply, training and health facilities. The total cost of the Project (\$168,300) is being shared between the Bank and FAO.

### Tonga

#### LOAN

**Small Industries Center Project:** \$0.37 million from Special Funds for the establishment of a Small Industries Center on 12 acres of land, to provide developed sites to accommodate existing and proposed new industries.

### Western Samoa

#### LOANS

**Coconut Oil Mill Project:** \$2.25 million from Special Funds to establish a coconut oil mill with a capacity for processing up to 24,000 tons of copra per annum to produce crude coconut oil and pellets for export. Co-financing of \$390,000 is being provided by New Zealand.

**WSTEC Agricultural Development Project:** \$3 million from Special Funds to help the Western Samoa Trust Estates Corporation (WSTEC) to rehabilitate six of its existing agricultural estates, improve infrastructure, provide facilities for processing of cocoa and copra and to establish a research station (see also technical assistance below).

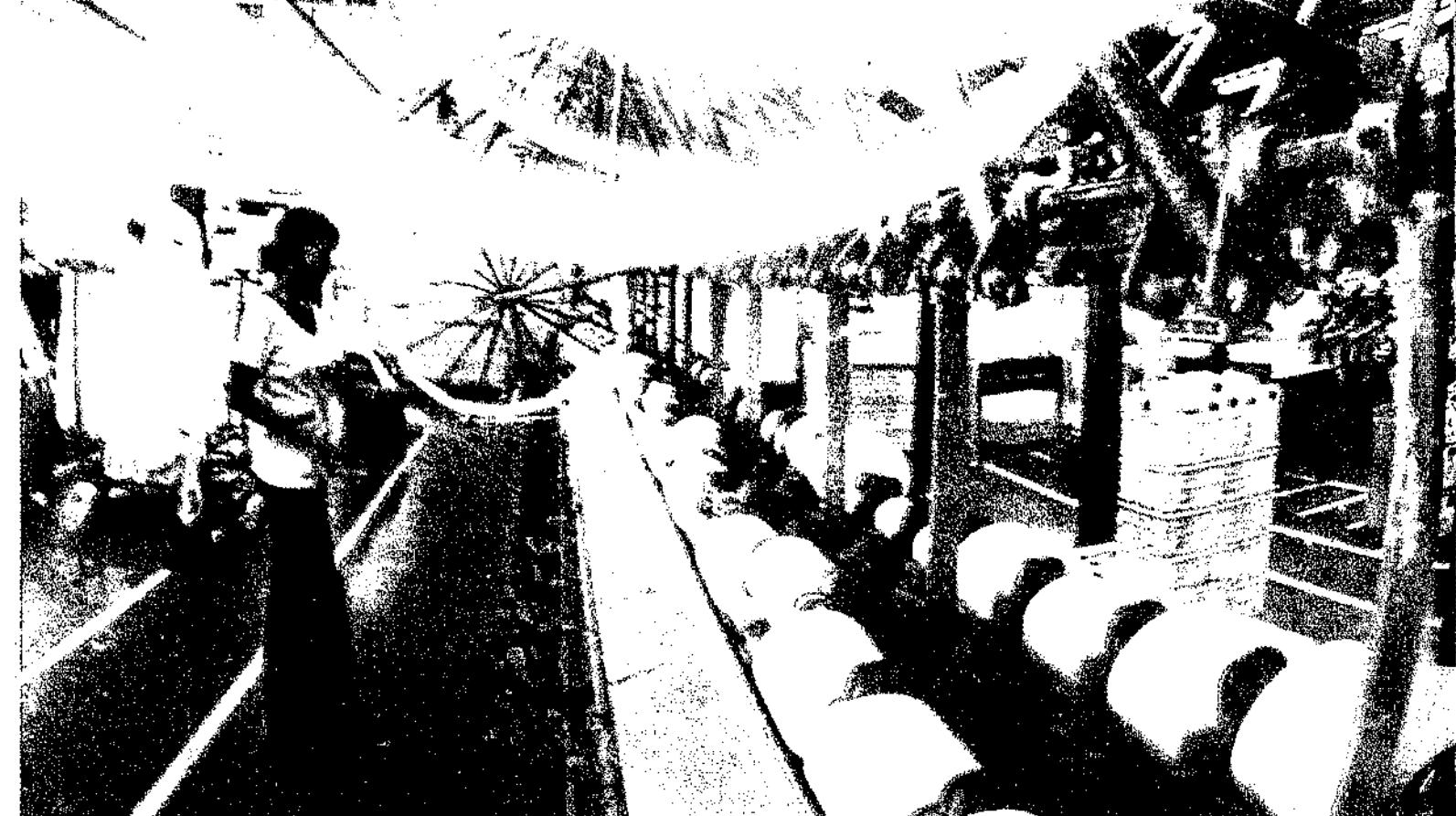
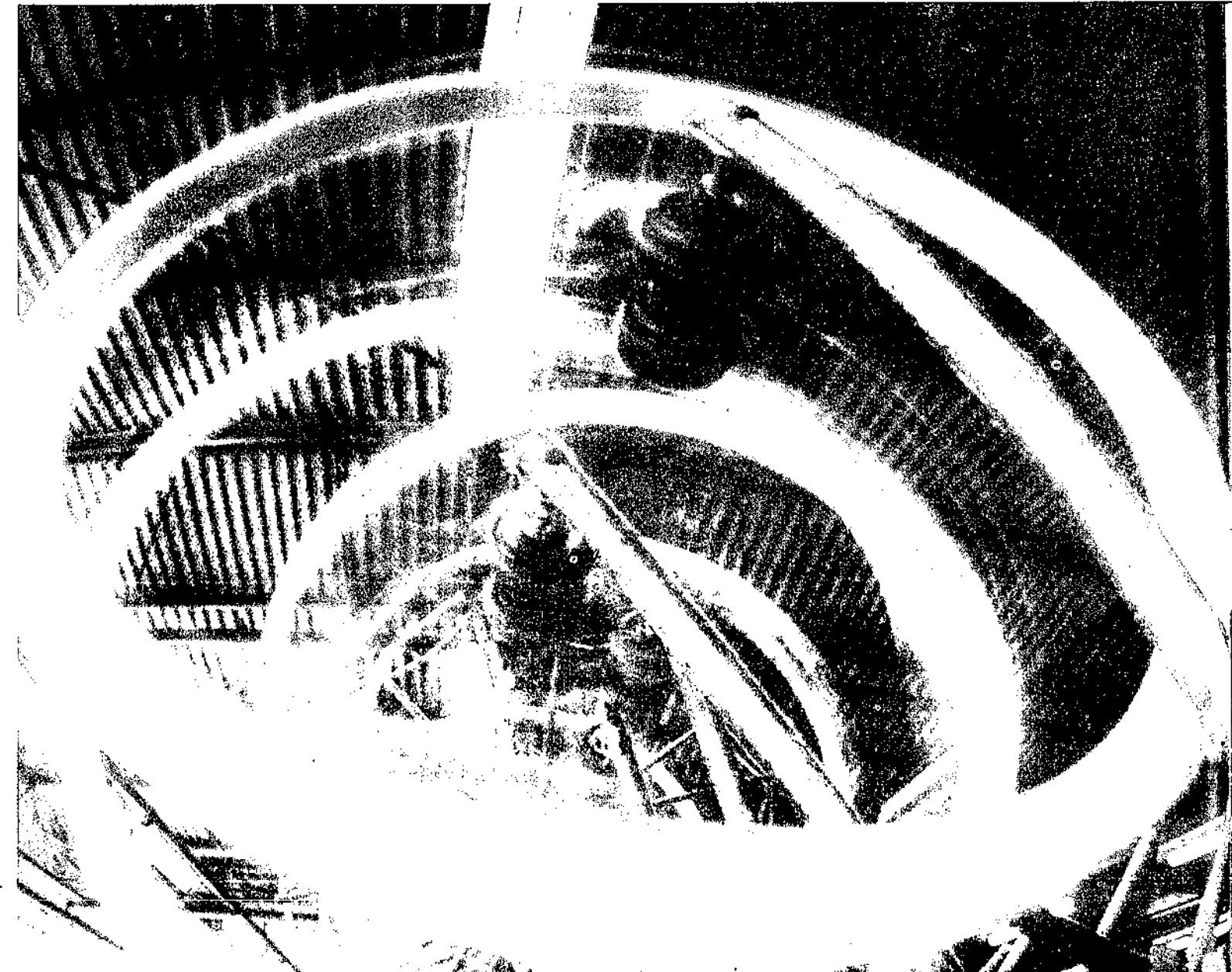
#### TECHNICAL ASSISTANCE

**Agricultural Development Project:** \$73,000 for the formulation of a rehabilitation and improvement project for Western Samoan agriculture, covering both the operations of WSTEC and the smallholder sector. The total cost of the Project (\$127,400) was shared between the Bank and FAO. This Project resulted in the loan to the WSTEC Agricultural Development Project (see above).

**WSTEC Agricultural Development Planning Project:** \$150,000 for agronomy studies, and to prepare plans for reorganization of WSTEC's farm management and bookkeeping systems, and rehabilitation and development of the corporation's estates, in conjunction with the loan for the WSTEC Agricultural Development Project (see above).

*HUSKING at coconut plantation in Western Samoa where an agricultural development project is helping the Western Samoa Trust Estates Corporation to increase its productivity.*





# ORDINARY CAPITAL RESOURCES AND FINANCIAL MANAGEMENT

## Review of Financial Policies

EARLY IN 1977 a comprehensive review was made of the Bank's financial policies, including the lending rate and commitment charge, liquidity policy and borrowings, and other factors affecting the Bank's financial position (see page 57). The maintenance of the Bank's net income and reserves at satisfactory levels was accepted as an important financial objective. The liquidity policy was modified; this resulted in a slight reduction in projected liquidity requirements. The Bank's financial policies are to be reviewed annually at the beginning of each year.

## Increase in Capital Stock

The Second General Capital Increase authorized under Board of Governors' Resolution No. 104<sup>1</sup> became effective on 30 September 1977, the date originally approved, when subscriptions were received from 20 member countries amounting to \$3,257 million. As of 31 December 1977 subscriptions amounting to \$3,272 million from a total of 24 member countries had been received.

## Capital

As of 31 December 1977 the authorized capital stock of the Bank was \$8,711 million (722,057 shares), having been increased by \$5,004 million (414,800 shares) when the second general capital increase mentioned above became effective. The subscribed capital stock was \$6,961 million (577,025 shares), consisting of \$5,451 million (451,873 shares) in callable capital and \$1,510 million (125,152 shares) in paid-in capital. The subscribed capital was increased during the year by \$3,273 million (271,277 shares) on account of: (i) a subscription by Western Samoa of \$108,572 (nine shares) under the first general capital increase authorized by Resolution No. 46<sup>2</sup> and a subscription by the same member country to a special capital increase of \$120,635 (ten shares); and (ii) the subscriptions by 24 member countries of \$3,272 million (271,258 shares) under the second general capital increase.

## Borrowings

Conditions in major long-term capital markets improved considerably and generally remained favorable throughout

the year. However, because of the Bank's comfortable liquidity position, the level of borrowing was considerably lower than in recent years. Two borrowings amounting to \$117 million were undertaken.

## Deutsche Mark Public Issue

In April the Bank made a public offering in the Federal Republic of Germany of DM100 million with an interest rate of 7 per cent per annum payable annually, a full maturity of eight years and an issue price at par.

## Two-Year United States Dollar Bonds

Also in April, Two-Year Bonds totalling \$70 million, with an interest rate of 6½ per cent per annum payable semi-annually, were sold at par to central banks and monetary authorities of 30 member countries. For the most part, purchases of the bonds were made by rolling over holdings of the maturing 1975 issue of Two-Year Bonds, the aggregate principal amount of which was also \$70 million.

## Lending Rate

The lending rate of the Bank was reviewed in February 1977, and also in April, July and October. Taking into account the trends in capital markets, the lending rates of other financial institutions and the financial situation of the Bank, the lending rate, which had been fixed at 8.70 per cent per annum with effect from 1 January 1977, was revised to 8.30 per cent per annum with effect from 1 July 1977.<sup>1</sup> Pursuant to the decision taken in July, the rate remained unchanged thereafter.

## Member Currencies

In terms of the decision taken on 31 August 1972, the Bank adopted new exchange rates in respect of the currencies of 27 member countries for translation in its accounts and for purposes relating to the maintenance of value of such currencies held by the Bank. Most amounts receivable from or payable to member countries in respect of such maintenance of value obligations falling due in 1977 had been settled by the end of the year.

## Loan Disbursements and Repayments

Loan disbursements from ordinary capital resources during the year amounted to \$272.5 million, bringing total dis-

<sup>1</sup> Adopted on 29 October 1976.

<sup>2</sup> Adopted on 30 November 1971.

<sup>1</sup> The lending rate was further reduced to 7.65 per cent with effect from 1 January 1978.



*SIGNING* of documents in Frankfurt of a public offering in April in the Federal Republic of Germany of a DM100 million 7 per cent eight-year bond issue.

bursements from this source up to the end of 1977 to \$1,220 million. Loan repayments in 1977 totalled \$47.7 million, consisting of \$46.2 million on loans held by the Bank and \$1.5 million on portions of loans sold to participants. Cumulative loan repayments up to the end of 1977 reached \$131.7 million, consisting of \$121.1 million on loans held by the Bank and \$10.6 million on portions sold to participants.

#### Participations

A decline in interest rate levels in the United States in the latter part of 1976 led to some revival of investor interest in participating in the Bank's loans. Sales of participations in several loans were negotiated with a number of financial institutions in late 1976/early 1977, resulting in sales during 1977 of \$2.4 million. Aggregate sales of participations as at the end of the year<sup>1</sup> amounted to \$17.2 million.

#### Investments

At the end of the year the Bank's total investments — held in 22 separate currencies — amounted to the equivalent of \$1,009 million, of which 33.6 per cent was held in government securities and government-guaranteed obligations of member countries and 66.4 per cent in time deposits and certificates of deposit with banks in member countries and the Bank for International Settlements.

Of the total investments in government securities and government-guaranteed obligations of member countries, 53.9 per cent was invested in securities maturing within one year and 46.1 per cent in securities maturing after one year. Of the total investments in time deposits and certificates of deposit with banks in member countries and the Bank for International Settlements, 50.2 per cent was invested in deposits maturing within one year and 49.8 per cent in deposits maturing after one year.

#### Income and Expenses

Gross income of the Bank in 1977, before net gain from changes in the value of currencies, was \$168.6 million, an increase of \$40.3 million, or 31.4 per cent on that for the preceding year.

Administrative Expenses, after deducting \$7.1 million attributable to Special Funds operations, were \$14 million. Services to Member Countries amounted to \$1.2 million, while Financial Expenses were \$90.9 million. Gross Expenses for the year thus amounted to \$106.1 million.

Net income for the year before net gain from changes in the value of currencies was therefore \$62.5 million. There was a net gain of \$19.9 million on account of changes in the value of currencies during the year which increased the net income to \$82.4 million, of which \$10.1 million was appropriated as commission to Special Reserve. The Bank's Net Income after Appropriation of Commissions to Special Reserve was therefore \$72.4 million, as shown in Appendix I-II.

#### Accumulated Net Income and Reserves

As of 31 December 1977, Ordinary Reserve amounted to \$142.2 million, having been increased by the Net Income After Appropriation of Commissions to Special Reserve for 1976 totalling \$40.6 million, which the Board of Governors allocated to Ordinary Reserve at the Tenth Annual Meeting.

The Bank also has a Special Reserve representing commissions appropriated pursuant to Articles 16 and 17. The amount was \$18.7 million as of 31 December 1976. This was increased by \$10.1 million during the year to \$28.8 million as of 31 December 1977.

The combined total of the two Reserves maintained by the Bank therefore amounted to \$171 million at the end of 1977.

<sup>1</sup> Excluding income and expenses of the Special Funds.

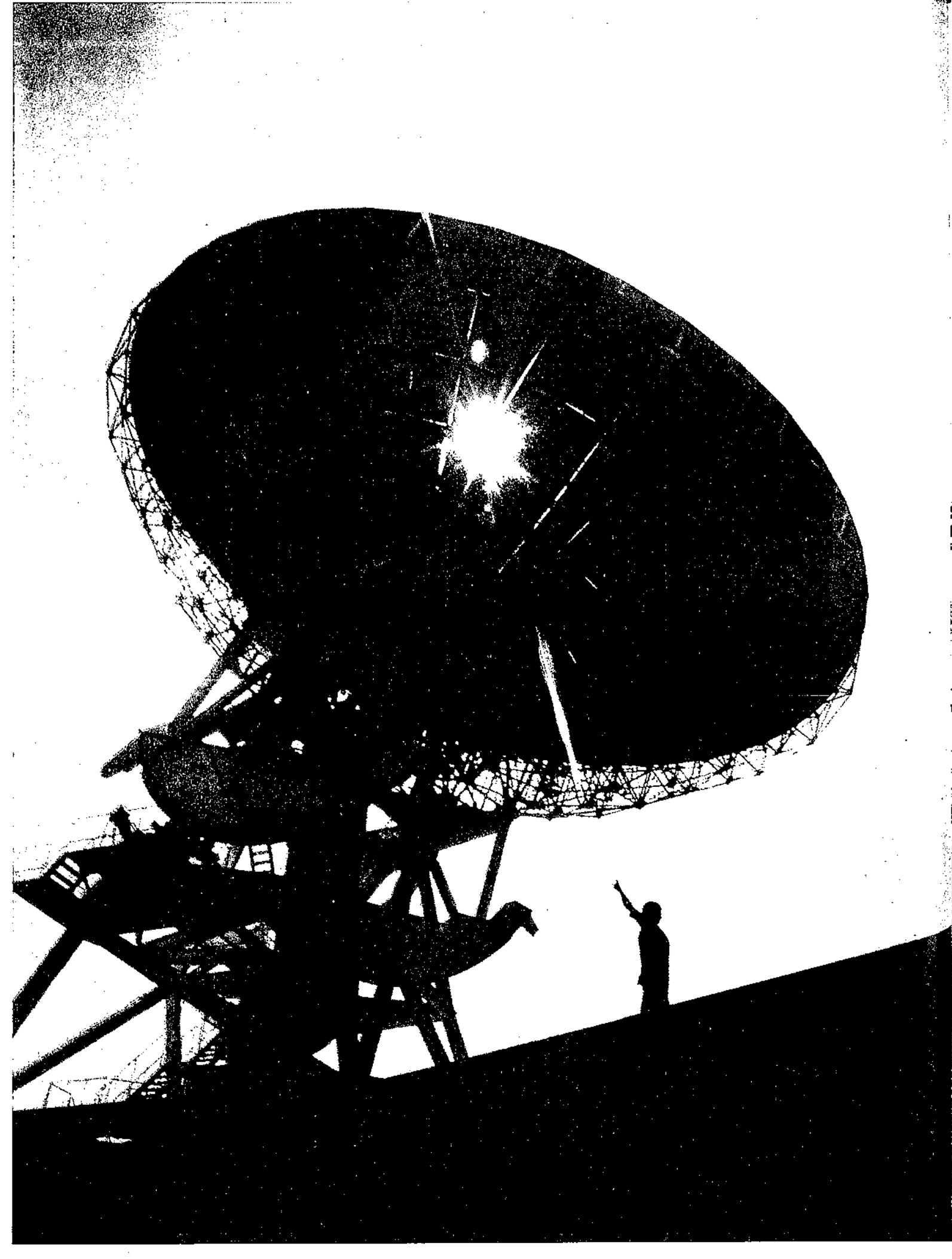
## INCOME AND EXPENSES

(in \$ million — totals may not tally because of rounding)

	1976 Actual	1977 Budget	1977 Actual	1978 Budget
<b>I. ORDINARY CAPITAL RESOURCES</b>				
1. Gross Income	<u>128.3</u>	<u>159.0</u>	<u>168.6</u>	<u>187.1</u>
2. Less Expenses Charged to Ordinary Capital Resources:				
a. Administrative Expenses <sup>1</sup>	12.8	14.9	14.1	17.4
b. Services to Member Countries	0.6	1.1	1.2	1.2
c. Financial Expenses	<u>72.6</u>	<u>92.5</u>	<u>90.9</u>	<u>100.7</u>
TOTAL	<u>86.0</u>	<u>108.5</u>	<u>106.1</u>	<u>119.3</u>
3. Income Before Net Gain from Changes in Value of Currencies	42.3	50.5	62.5	67.8
4. Net Gain from Changes in Value of Currencies	<u>6.0</u>	—	19.9	—
5. Net Income	<u>48.3</u>	<u>50.5</u>	<u>82.4</u>	<u>67.8</u>
6. Appropriation of Commissions to Special Reserve	( 7.7)	( 10.7)	( 10.1)	( 12.8)
7. Net Income After Appropriation of Commissions to Special Reserve	<u>40.6</u>	<u>39.8</u>	<u>72.4</u>	<u>55.0</u>
<b>II. SPECIAL FUNDS</b>				
1. Administrative Expenses Allocated to Special Funds <sup>2</sup>	<u>6.0</u>	<u>6.9</u>	<u>7.1</u>	<u>7.7</u>
2. Expenses Charged to Technical Assistance Special Fund				
a. Administrative Expenses	0.8	0.8	0.9	0.9
b. Services to Member Countries	<u>2.5</u>	<u>3.3</u>	<u>1.8</u>	<u>3.6</u>
TOTAL	<u>3.3</u>	<u>4.1</u>	<u>2.8</u>	<u>4.5</u>

1 An Administration Charge to Special Operations was instituted in 1971 and modified with effect from 1973. The Charge is allocated on the basis of a formula for apportioning administrative expenses between ordinary capital resources and Special Funds.

2 Excluding the Technical Assistance Special Fund.



# SPECIAL FUNDS

THE Asian Development Fund (ADF) was established in June 1974 in order to provide a systematic mechanism for mobilizing and administering resources for the Bank to lend on concessional terms. Administration of the earlier Special Funds — the Multi-Purpose Special Fund (MPSF) and the Agricultural Special Fund (ASF) — had been complicated by the fact that contributions of individual donors had been made voluntarily at the initiative of the countries concerned and were frequently tied to procurement in those countries. Under the restructuring proposals, the ASF was wound up in the first half of 1973 and its resources consolidated with those of the MPSF. Nearly all of the resources of the MPSF have now been transferred to the ADF.

The initial mobilization of ADF resources (ADF I) was intended to finance the Bank's concessional lending program for the three-year period ending 31 December 1975. Contributions to ADF I totalling \$486.1 million have been received from 14 countries. At the end of 1975 the Board of Governors authorized<sup>1</sup> a replenishment of the resources of the ADF (ADF II), intended to finance the Bank's concessional lending program over the period 1976-1978. The amount initially authorized was \$830 million, but this was subsequently reduced to \$809 million. By the end of 1977, 14 of the Bank's developed member countries had participated in ADF II with total contributions of \$581 million. During 1977 negotiations commenced on a second ADF replenishment (ADF III).

## Progress of the First ADF Replenishment (ADF II)

The scheme envisaged for ADF II had contemplated the release of contributions in three annual instalments in 1976, 1977 and 1978. The first instalments were released in June 1976, when the Bank had received instruments of contribution exceeding the trigger amount of \$475 million. By the end of 1976 eleven countries, namely, Australia, Austria, Belgium, Canada, Denmark, Federal Republic of Germany, Italy, Japan, Netherlands, Norway and United Kingdom, had contributed to the replenishment. In the first quarter of 1977 Switzerland deposited its instrument of contribution, thereby bringing contributions to \$565 million, of which the first instalments, totalling \$188.3 million, had been released to the Bank. The trigger figures specified in Resolution No. 92 for the release of the second instalments assumed, however, that the United States would have committed to the Bank its contribution of \$180 million and paid its first instalment of \$60 million. By the

early months of 1977 it had become clear that the United States would not be in a position to release its first instalment before the last quarter of 1977, at the earliest. Consequently, in order to enable the Bank to continue its concessional lending program for 1977, the Board of Governors agreed on 14 April 1977 to reduce the second instalment trigger figures from \$650 million to \$550 million in terms of commitments, and from \$200 million to \$185 million in terms of payments.<sup>2</sup> As a result, the second instalments of the 12 contributions committed as of that date became effective.

During the second quarter of 1977 the Bank received instruments of contribution from New Zealand and Sweden, thus bringing to 14 the number of countries which had contributed to ADF II. The total amount so committed by these 14 donor countries was \$581 million; of this amount, \$389 million, representing the first two instalments<sup>2</sup> was unconditionally available to the Bank. In the final months of the year legislative action was completed for the appropriation of a portion amounting to \$49.5 million of the United States' first instalment, thus clearing the way for the release of the third and final instalments of the contributions of the other donor countries.

## Inflow of Resources

The resources of the ADF and the MPSF at the end of 1976 totalled \$932 million at prevailing exchange rates. Against these resources, loan commitments totalling \$890 million had been approved, leaving a balance of only \$42 million available for further lending on concessional terms.

The second instalments of ADF II contributions added a total of \$206 million (at the exchange rates as of 31 December 1977) to the resources becoming unconditionally available to the Bank during 1977. The first instalments of the new contributions committed during the year by New Zealand, Sweden and Switzerland added a further \$9 million to available resources.

In June 1977 the Bank received the remaining \$25 million of the United States' contribution to ADF I. The Board of Governors had amended Resolution No. 68 in October 1976 to permit the Bank to accept the outstanding contribution of \$50 million to ADF I by the United States in two equal instalments.<sup>3</sup> The first such instalment was received

<sup>1</sup> Resolution No. 107 adopted on 14 April 1977.

<sup>2</sup> One contributor, New Zealand, agreed to pay its ADF II contribution in two, instead of three, equal instalments.

<sup>3</sup> Resolution No. 105 adopted on 3 October 1976.

**STATUS OF SPECIAL FUNDS**  
(As of 31 December 1977)

	Amount (US dollar equivalent)
<b>ASIAN DEVELOPMENT FUND</b>	
Contributed Resources	
Australia	\$ 54,036,170
Austria	4,970,582
Belgium	13,449,757
Canada	74,363,080
Denmark	10,844,310
Finland	3,452,912
Germany, Federal Republic of	109,099,610
Italy	28,470,590
Japan	611,944,800
Netherlands	29,616,542
New Zealand	9,093,319
Norway	8,192,950
Sweden	5,962,968
Switzerland	16,942,620
United Kingdom	56,942,025
United States	<u>150,000,000</u>
	<u>\$1,187,384,235</u>
Set-Aside Resources	57,433,902
Other Resources	3,613,107
Accumulated Net Income	<u>28,579,461</u>
	<u>1,277,010,705</u>
<b>MULTI-PURPOSE SPECIAL FUND</b>	
Contributed Resources	
Canada	7,416,762
Accumulated Net Income and Other Credit	<u>773,346</u>
	<u>8,190,108</u>
Total Contributions, Set-Aside Resources, Other Resources, Net Income and Other Credit	1,285,200,813
Loan Commitments	<u>1,192,059,855<sup>1</sup></u>
Balance	<u>\$ 93,140,958</u>

NOTE: Translated into US\$ at the exchange rates used by the Bank on 31 December 1977.

1 Net of cancellations and repayments (\$10,827,562) and including adjustments due to the effect of exchange rate changes on amounts of loans disbursed in currencies other than the US dollar (\$36,404,417).

In November 1976. Receipt of the second instalment completed the program of contributions by the 14 countries which had indicated their intention to participate in ADF I and brought their total contributions to \$486 million.

Individual contributions to the MPSF and ADF have been made in the national currencies of the respective contributors. Maintenance of value obligations, which apply in the case of subscriptions to the Bank's capital stock, do not apply to these contributions. Consequently, the total value of the resources made available to the Bank for these Funds fluctuates with changing exchange rates.

In some years, partly as a result of significant depreciations in the currencies of some major contributions against the United States dollar — in which the Bank's loan commitments are denominated — the Bank has found the resources available for meeting its lending targets to be substantially less than it had expected when those targets were established. However, sharp appreciations in some major currencies during 1977 resulted in an increase in resources of the equivalent of US\$116 million. Total resources of the ADF and MPSF at the end of 1977 stood at \$1,285 million, an increase of \$353 million since the end of 1976.

**SPECIAL FUNDS LOANS APPROVED IN 1977**  
(amounts in \$ million)

Country/Project	Amount
AFGHANISTAN	
Khanabad Hydropower	9.00
Fertilizer and Agrochemicals Storage	5.70
BANGLADESH	
Khulna-Mongla Road	15.00
Chittagong Power Distribution	27.75
Aquaculture Development	18.00
Meghna-Dhonogoda Irrigation	24.00
BURMA	
Forestry	25.10
NEPAL	
Third Agricultural Credit	6.00
Kankai Irrigation (Supplementary and Extension	3.40
Chitwan Valley Development (Supplementary)	5.00
Vocational Education	4.20
Sagarnath Forestry Development	4.90
PAKISTAN	
Chashma Right Bank Irrigation	31.50
Faisalabad Water Supply, Sewerage and Drainage	39.50
SOLOMON ISLANDS	
Fisheries Development	3.60
Honiara Port Development	2.03
SRI LANKA	
Canyon Hydropower	17.50
Kirindi Oya Irrigation and Settlement	24.00
TONGA	
Small Industries Center	0.37
WESTERN SAMOA	
Coconut Oil Mill	2.25
WSTEC Agricultural Development	3.00
<b>TOTAL</b>	<b><u>271.80</u></b>

**Utilization<sup>1</sup>**

The total of ADF loan commitments in 1977 was \$272 million, \$36 million above that of the previous year. As of 31 December 1977 the cumulative amount committed in loans (after allowing for exchange rate adjustments, cancellations and repayments) from the combined resources of the ADF and MPSF was \$1,192 million, leaving a balance of uncommitted resources at that time of \$93 million. Loan disbursements in 1977 amounted to \$83.8 million, bringing total disbursements from Special Funds resources to \$295 million. Loan repayments in 1977 totalled \$3.2 million; cumulative repayments up to the end of 1977 amounted to \$5.9 million.

<sup>1</sup> See chapter on Operations and Policies for description of lending from Special Funds and also tables above and on page 55.

**Criteria for Lending from the ADF**

The criteria for ADF lending were reviewed in September. An account of the review and its conclusions may be found on pages 29 and 33.

**Income and Expenses<sup>1</sup>**

At the end of 1976 the MPSF had an accumulated net income of \$289,378. In furtherance of the general objective of consolidating in the ADF to the greatest extent possible the resources still being administered in the MPSF, this amount was transferred in 1977 to the ADF, as reported to the Board of Governors at the Tenth Annual Meeting. In 1977 the MPSF had a gross income of \$555,480, expenses of \$186,946, a net gain from changes in the value of currencies of \$99,576, and a resultant net income of \$468,110. This has been credited to Accrued Resources of the MPSF in accordance with the Special Funds Rules and Regulations.

In 1977 the ADF had a gross income of \$22.6 million, gross expenses of \$6.9 million and a net gain from changes in the value of currencies of \$1.6 million. Net income for 1977 was therefore \$17.3 million, bringing accumulated net income to the end of 1977 to \$28.6 million (see table on page 55).

**Second Replenishment of the Asian Development Fund (ADF III)**

A meeting of ADF donor countries was held in Manila in April 1977 at the time of the Tenth Annual Meeting to consider the resource position of the ADF, and the steps needed to be taken towards a second replenishment. The Bank's proposals for ADF III, designed to cover the program of lending on concessional terms envisaged over the four-year period 1979-1982, were considered at a meeting of donor countries in Kyoto in October. Although not all donor countries were then in a position to express definitive views on the amount of the proposed replenishment, the need for a substantial replenishment was generally accepted. It was decided that a further meeting would be held in Geneva in February 1978 to discuss the Bank's proposals, as well as the matter of an appropriate framework for the implementation of those proposals.

**Transfer of Resources of the Multi-Purpose Special Fund**

A further step was taken in April 1977 towards completing the transfer to the ADF of the resources previously administered in the MPSF, when an agreement for the transfer of Australia's initial MPSF contribution (which had been fully disbursed by the end of 1976) was concluded. At the end of 1977 the only amounts remaining in the MPSF were the uncommitted balance of \$7.4 million of Canada's initial contribution and an amount of \$773,346 on account of accrued income and other credit. (Agreement for the transfer of Canada's tied contribution had been reached in March 1976 whereby a portion was then untied and transferred immediately, with the balance to be transferred as committed).

**Procurement and Drawdown Arrangements**

In February new arrangements were approved govern-

<sup>1</sup> Excluding Technical Assistance Special Fund.

ing the determination of procurement eligibility under loans financed from ADF resources, and the drawdown of such resources to finance loan disbursements. Under these arrangements, procurement under ADF loans is to be limited to suppliers from all developed member countries with contributions currently under administration in the ADF, as well as from DMCs. The drawdown arrangements are designed to give effect to the requirement of the ADF Regulations that contributions to the ADF be drawn upon in such a manner that, over reasonable periods of time, the proportion of all contributions drawn down would be uniform. Pursuant to these arrangements, a total of \$116 million was drawn down in 1977 from reciprocally untied ADF contributions. Until the Bank has accumulated in the ADF a substantial amount of resources other than contributed resources, disbursements under ADF loans are to be financed as far as practicable by drawing upon contributions. Net income, repayments of ADF loans, and set-aside resources are to be retained primarily as a source of investment income. Wherever possible, the Bank is to give priority to the utilization of tied contributions, which by their nature cannot be treated under the uniform drawdown arrangements. A total of \$2.9 million was drawn down from tied contributions in 1977.

#### Technical Assistance Special Fund

During 1977 initial contributions to the Technical Assistance Special Fund (TASF) were made by two member countries, while further contributions were made by six other countries, as follows:

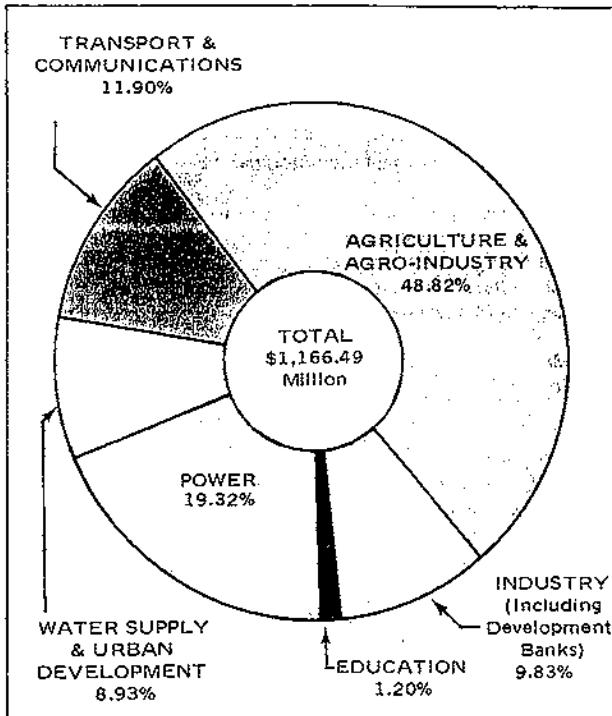
Country	Amount		US\$ Equivalent
<b>INITIAL CONTRIBUTIONS</b>			
Hong Kong	US\$	100,000	100,000
Sweden	SKr.	2,000,000	428,311
<b>FURTHER CONTRIBUTIONS</b>			
Canada	C\$	1,000,000	914,077
India	Rs.	1,800,000	274,763 <sup>1</sup>
Japan	¥	814,000,000	3,376,613
Netherlands	f.	200,000	87,719
Pakistan	PRs.	500,000	50,505
United Kingdom	£	250,000	473,188

The contribution from Japan was substantially untied, while those from Hong Kong, India, the Netherlands and Sweden were conditionally untied to procurement of goods and/or services from the donor country concerned and from DMCs generally. The contributions from Canada, Pakistan and the United Kingdom were tied to procurement of goods and/or services from those countries. The total amounts of substantially or conditionally untied contributions represented 74.8 per cent of all contributions made during the year.

As of 31 December 1977 total contributions to the Fund amounted to \$31.1 million, of which \$15 million had been utilized by the Bank.

<sup>1</sup> Temporarily converted into US dollars at central rate Rs. 6.55135/US\$1.00.

#### SPECIAL FUNDS LOAN APPROVALS BY SECTOR TO END OF 1977



#### TECHNICAL ASSISTANCE SPECIAL FUND (US Dollar Equivalent)<sup>1</sup>

Contributor	Amount of Contribution	Amount Utilized <sup>2</sup>
Australia	965,798	957,339
Austria	131,408	44,534
Bangladesh	25,528	—
Belgium	712,921	262,521
Canada	1,605,287	625,895
China, Republic of	200,000	162,122
Denmark	886,092	776,071
Finland	116,934	102,445
Germany, Federal Republic of	480,408	480,408
Hong Kong	100,000	32,491
India	493,364	252,592
Italy	140,621	17,226
Japan	19,983,253	7,316,412
Korea, Republic of	180,000	130,314
Netherlands	659,764	659,764
New Zealand	331,572	331,572
Norway	100,000	13,053
Pakistan	185,433	34,409
Sri Lanka	20,287	—
Sweden	428,311	( 63)
Switzerland	603,060	337,031
United Kingdom	1,479,297	1,187,997
United States	1,250,000	1,250,000
<b>TOTAL</b>	<b>31,079,318</b>	<b>14,974,233</b>

<sup>1</sup> The amount of contribution is valued as the sum of the amount utilized, translated at the exchange rates used by the Bank on the respective dates of utilization, and the amount unutilized, translated at the exchange rate used by the Bank on 31 December 1977.

<sup>2</sup> Net of income earned, \$2,474,455.

**COUNTRY AND SECTORAL DISTRIBUTION  
OF SPECIAL FUNDS LOANS TO END OF 1977**  
(amounts in \$ million)

Country	No.	Amount	% Share	Agriculture and Agro-Industry	Industry (incl. Development Banks)	Power	Water Supply and Urban Development	Transport and Communications	Education
Afghanistan	7	73.55	6.30	49.65	—	9.00	—	14.90	—
Bangladesh	18	263.63	22.60	122.68	46.00	53.75	—	41.20	—
Burma	8	131.20	11.25	112.60	—	10.10	8.50	—	—
Cambodia	1	1.67	0.14	—	—	1.67	—	—	—
Gilbert Islands	1	1.75	0.15	—	—	—	—	1.75	—
Indonesia	21	113.28	9.71	63.68	—	27.30	11.50	10.80	—
Korea, Republic of	1	3.70	0.32	—	—	—	—	—	3.70
Lao People's Democratic Republic	4	11.69	1.00	0.97	—	4.72	6.00	—	—
Malaysia	1	3.30	0.28	3.30	—	—	—	—	—
Nepal	19	123.34	10.57	39.73	39.50	9.00	—	30.91	4.20
Pakistan	12	203.85	17.48	51.25	6.00	74.30	61.50	10.80	—
Papua New Guinea	4	35.54	3.05	7.74	4.50	—	13.50	9.80	—
Philippines	4	15.30	1.31	14.30	—	—	—	1.00	—
Singapore	1	3.00	0.26	—	—	—	—	—	3.00
Solomon Islands	3	9.20	0.79	7.17	—	—	—	2.03	—
Sri Lanka	10	103.21	8.85	67.61	5.00	25.50	—	5.10	—
Thailand	2	8.10	0.69	5.00	—	—	—	—	3.10
Tonga	2	1.67	0.14	—	0.37	—	—	1.30	—
Viet Nam, Socialist Republic of	9	40.67	3.49	20.50	7.00	6.30	3.15	3.72	—
Western Samoa	10	18.84	1.62	3.33	6.25	3.70	—	5.56	—
<b>TOTAL</b>	138	1,166.49	100.00	569.51	114.62	225.34	104.15	138.87	14.00
<b>Sectoral Percentages</b>				48.82	9.83	19.32	8.93	11.90	1.20

**INCOME AND EXPENSES AND ACCUMULATED NET INCOME — SPECIAL FUNDS<sup>1</sup>**  
(in \$ million)

	MPSF		ADF	
	1976	1977		
			1976	1977
1. Gross Income	0.47	0.56	14.36	22.56
2. Administrative Expenses	0.18	0.19	5.83	6.91
3. Income Before Net Gain from Changes in Value of Currencies	0.29	0.37	8.53	15.65
4. Net Gain from Changes in Value of Currencies	* <sup>2</sup>	0.10	0.40	1.65
5. Net Income for the Year	0.29	0.47	8.93	17.30
6. Balance of Accumulated Net Income at Beginning of the Year	3.32	0.29	2.35	11.28
7. Transfers to ADF	(3.32)	(0.29)	—	—
8. Balance of Accumulated Net Income at the End of the Year	0.29	0.47	11.28	28.58

<sup>1</sup> Excluding Technical Assistance Special Fund.

<sup>2</sup> Insignificant.



# MEMBERSHIP AND ADMINISTRATION

## Members

ON 19 DECEMBER the Board of Governors approved the admission of the Republic of Maldives to membership of the Bank. On completion of certain formalities by the Republic of Maldives, the total membership of the Bank will increase to 43 countries.<sup>1</sup> The subscriptions and distribution of voting power of member countries are shown in Appendix I-VII.

## Board of Governors

The Tenth Annual Meeting of the Board of Governors of the Bank was held in Manila from 21 to 23 April 1977. At the Meeting, the Governor for Pakistan was elected Chairman of the Board of Governors, and the Governors for Italy and Burma were elected Vice-Chairmen, to hold office until the close of the Eleventh Annual Meeting. A list of Governors and Alternate Governors as of the end of the year, with notations of changes during the year, appears in Appendix 6.

The various resolutions adopted by the Board of Governors during 1977, including those adopted at the Tenth Annual Meeting, are listed in Appendix 3.

## Vice-President

On 11 October 1977, on the recommendation of the President, the Board of Directors appointed Mr. A. T. Bambawale as a Vice-President of the Bank, with effect from 1 April 1978, to succeed Mr. C. S. Krishna Moorthi; whose term will end on 31 March 1978. Mr. Bambawale will be in charge of operational functions in the Bank within such framework as the Board of Directors may in due course

decide in respect of the number of Vice-Presidents and their respective functions. To facilitate this transition, Mr. Bambawale took up duty in the Bank in the capacity of Special Adviser to the President on 21 November 1977.

## Board of Directors

The Board of Directors held 53 meetings in 1977. In pursuance of its responsibility for the general direction and oversight of the Bank's activities, the Board, *inter alia*,

— Approved 94 proposals for loans and technical assistance during the year.

— Reviewed the general financial policies of the Bank and set new lending rates with effect from 1 January and 1 July (see page 47).

— Reviewed the need for a further replenishment of the Asian Development Fund (ADF) designed to cover the program of lending on concessional terms envisaged by the Bank over the period 1979-1982, in preparation for negotiations with donor countries.

— Reviewed the criteria for lending from the ADF.

— Completed a review of the methodology used for appraising Bank-assisted projects.

— Approved arrangements for close cooperation between the Bank and the OPEC Special Fund.

— Drew up provisional arrangements for cooperation between the Bank and the International Fund for Agricultural Development (IFAD) to be approved by the Board of Governors in due course.

— Established an Audit Committee of the Board, with terms of reference concerned, *inter alia*, with the selection of the external auditors of the Bank as well as review of the Bank's audit and post-evaluation activities.

— Approved the Administrative Budget for 1978 (see page 58).

<sup>1</sup> Membership became effective on 14 February 1978.

## Elections

The biennial election of Directors for a new term commencing on 1 June 1977 was held during the Tenth Annual Meeting of the Board of Governors on 22 April 1977, in accordance with Resolution No. 108. The results of the election,<sup>1</sup> together with the subsequent appointments of Alternates, are set out in the following table.

Directors	Alternates
Mr. Kalyana Bikram Adhikary (Nepal)	Mr. Yeo Teng Yang (Singapore)
Mr. C. A. Coorey (Sri Lanka)	Mr. Le Duc Van (Socialist Republic of Viet Nam)
Mr. Francois Dupont <sup>2</sup> (France)	Mr. Paul Aenishanslin <sup>2</sup> (Switzerland)
Mr. Stanley Fryer <sup>2</sup> (United Kingdom)	Mr. Heiner Luschin (Austria)
Mr. Harold G. Heinrich <sup>2</sup> (Australia)	Mr. A. Agafonoff <sup>2</sup> (Australia)
Mr. R. A. Kartadjoemena <sup>2</sup> (Indonesia)	Mr. J. J. Bryant <sup>2</sup> (New Zealand)
Mr. Bong H. Kay <sup>2</sup> (Republic of Korea)	Mr. W. Lawrence <sup>3</sup> (Papua New Guinea)
Mr. M. R. Khan (Pakistan)	Mr. A. Melchor, Jr. (Philippines)
Mr. Ajit Mozoomdar <sup>2</sup> (India)	Mr. K. Mahmood (Bangladesh)
Mr. Ernest A. Oestreicher (Canada)	Mr. Jan J. Wijenberg <sup>2</sup> (Netherlands)
Mr. L. Roy Papp <sup>2</sup> (United States)	Mr. James W. Westcott <sup>2</sup> (United States)
Mr. Haruhisa Segawa <sup>2</sup> (Japan)	Mr. Hidetoshi Miyamoto <sup>2</sup> (Japan)

A list of Directors and Alternate Directors and their voting groups as of the end of 1977, with notations of interim changes, appears in Appendix 7.

## Organization

In June the role of the Internal Auditor's Office was re-defined and steps were taken to strengthen and improve the audit function in the Bank by effecting an increase in the staff of that Office. An Audit Committee of the Board of Directors was also established during the year (see page 57).

In the second half of the year, a consulting firm conducted a comprehensive study of the electronic data processing requirements of the Bank, with a view to developing a plan to guide the Bank in assessing the possible utilization of computers to meet its present and future management information and data processing needs. The final report of the consultants is expected to be submitted early in 1978.

<sup>1</sup> For further details, see Summary of Proceedings of the Tenth Annual Meeting.

<sup>2</sup> Reelected (Directors) or reappointed (Alternates).

<sup>3</sup> Appointment effective 3 January 1978.

A decision to proceed with computerization would have important organizational and staffing implications for the Bank in due course.

General salary increases of 5.5 per cent for professional staff and 6 per cent for supporting staff were approved by the Board of Directors with effect from 1 August. The rental subsidy scheme was modified and extended temporarily for a further year until 30 September 1978.

## Office Accommodation

Pursuant to the Supplementary Agreement to the Headquarters Agreement between the Philippine Government and the Bank, the Government purchased a plot of land in close proximity to the Headquarters, on which the Bank proposes to construct a building to provide additional office accommodation, for which there is a pressing and growing need. Meanwhile, the host Government has kindly offered the Bank the temporary rent-free use of space in the Central Bank building complex. The transfer of certain staff units to these temporary offices will take place early in 1978.

## Staff

By 31 December 1977, the Bank's staff had reached a total of 803 from 32 member countries. Of these, 304 belonged to the professional staff category and 499 to the supporting staff category. The overall increase during the year was 44, comprising 16 professional staff and 28 supporting staff.

The Secretary of the Bank,<sup>1</sup> Mr. D. C. Gunesekera, retired on 31 August and was succeeded by Mr. S. Sardadi on 30 November.

## Budget for 1978

Administrative Expenses for 1977 totalled \$22,064,387, representing 97.5 per cent of the original Budget figure of \$22,628,000.

The Budget for 1978 is summarized in Appendix 2.

Internal Administrative Expenses for 1978 are estimated at \$25,957,000,<sup>2</sup> representing an increase of 17.6 per cent on actual expenditure in 1977. This increase is attributable largely to: (i) the growth in loan, technical assistance and other activities, requiring additional staff, more business travel and greater use of consultants' services; (ii) the full-year effect of the salary increases and improvements in staff benefits approved in 1977; and (iii) anticipated general price increases in 1978.

Disbursements on Services to Member Countries in 1978 are estimated at \$4,756,100, which is 57.6 per cent above actual disbursements in 1977. This is mainly due to the expected impact on 1978 disbursements of the larger number of projects approved in 1977.

<sup>1</sup> The Secretary also acts as Secretary for both the Board of Governors and the Board of Directors.

<sup>2</sup> Consisting of expenses to be charged to ordinary capital resources and Special Funds.

# **STATISTICAL ANNEX**

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TABLE 1  
ESTIMATED RATE OF REAL GROWTH, 1974-1977 AND PER CAPITA GNP OF SELECTED DMCs, 1976

Country	Rate of Real Growth <sup>1</sup> (%)					Per Capita GNP in Current \$ 1976 (6)
	1965- 1974 (1)	1974 (2)	1975 (3)	1976 (4)	1977 (5)	
Bangladesh <sup>2</sup>	0.4	12.3	3.3	13.3	1.7	110
Burma <sup>2</sup>	3.0	2.6	4.8	6.0	6.6	120
China, Republic of	9.6	0.6	3.1	11.8	8.0	1,070
Fiji	7.6	2.6	0.2	2.5	4.0	1,150
Hong Kong	7.3	2.2	2.9	16.9	11.6	2,110
India <sup>3</sup>	3.6	-0.2	8.5	1.3	...	150
Indonesia	6.4	7.6	5.0	6.9	7.0	240
Korea, Republic of	10.5	8.8	8.8	15.0	9.8	670
Malaysia	6.4	6.7	3.5	12.0	7.7	860
Nepal <sup>2</sup>	2.2	6.3	3.5	4.0	...	120
Pakistan <sup>2</sup>	5.4	6.8	1.9	3.8	0.5	170
Philippines	5.7	5.3	6.6	7.3	5.8	410
Singapore	11.8	6.3	3.9	6.8	7.5	2,700
Sri Lanka	4.0	2.8	3.6	3.0	4.5	250
Thailand	7.4	5.0	7.7	8.2	6.2	380

... denotes data not available.

1 Column (1) shows the average annual rate of GNP growth. Columns (2), (3), (4) and (5) show rates of growth in GDP. Column (5) shows preliminary estimates.

2 Refers to fiscal years: 1 July to 30 June for Bangladesh and Pakistan; 1 October to 30 September for Burma; and 16 July to 15 July for Nepal.

3 The fiscal year of India ends on 31 March. For purposes of the data given in this table, India's fiscal year April 1974 to March 1975 is treated as 1974. The same is true of subsequent years.

Sources: World Bank Atlas 1976 and IBRD for Columns (1) and (6). National sources for Columns (2), (3), (4) and (5).

**TABLE 2**  
**RICE (PADDY) PRODUCTION IN SELECTED DMCs: 1974-1977<sup>1</sup>**  
(Million metric tons)

Country	1974	1975	1976	1977 <sup>2</sup>	Annual Growth Rate (%) <sup>3</sup>		
					1975	1976	1977 <sup>2</sup>
Bangladesh	16.93	19.14	17.63	18.50	13.1	-7.9	4.9
Burma	8.58	9.22	9.24	9.50	7.4	0.2	2.8
China, Republic of	3.25	3.04	3.30	3.22	-6.4	8.4	-2.4
India	59.65	73.35	64.36	74.00	23.0	-12.3	15.0
Indonesia	22.47	22.34	23.30	23.30	-1.7	4.3	0.0
Korea, Republic of	6.17	6.48	7.24	8.43	5.0	11.6	16.3
Malaysia	2.09	2.01	1.88	1.80	-3.8	-6.7	-3.9
Nepal	2.45	2.60	2.38	2.67	6.2	-8.4	11.9
Pakistan	3.47	3.93	4.11	4.27	13.1	4.6	4.0
Philippines	5.66	6.16	6.49	7.10	8.8	5.4	9.4
Sri Lanka	1.60	1.15	1.25	1.71	-28.0	8.5	36.5
Thailand	13.39	16.30	15.07	14.80	14.3	-1.5	-1.8
Other DMCs <sup>4</sup>	1.89	2.84	3.18	3.06	50.4	11.9	-3.9
<b>TOTAL<sup>4</sup></b>	<b>147.60</b>	<b>167.56</b>	<b>159.43</b>	<b>172.36</b>	<b>13.5</b>	<b>-4.9</b>	<b>8.1</b>

<sup>1</sup> Data refer to the calendar year in which the whole harvest or bulk of harvest takes place.

<sup>2</sup> Preliminary estimates.

<sup>3</sup> Growth rates are derived from raw data.

<sup>4</sup> Excludes the Socialist Republic of Viet Nam, data for which are not available.

Sources: Food and Agriculture Organization, December 1977, and country sources.

**TABLE 3**  
**WHEAT AND MAIZE PRODUCTION IN SELECTED DMCs: 1974-1977<sup>1</sup>**  
(Million metric tons)

Country	1974	1975	1976	1977 <sup>2</sup>	Annual Growth Rate (%) <sup>3</sup>		
					1975	1976	1977 <sup>2</sup>
<b>Wheat</b>							
Afghanistan	2.75	2.85	2.94	3.02	3.6	3.2	2.7
Bangladesh	0.11	0.12	0.22	0.26	5.4	86.3	21.1
Burma	0.02	0.06	0.06	0.08	156.0	-6.2	33.3
India	21.78	24.10	28.85	29.08	10.7	19.7	0.8
Korea, Republic of	0.07	0.10	0.08	0.05	31.1	-15.5	45.1
Nepal	0.31	0.33	0.39	0.36	7.3	17.0	-6.5
Pakistan	7.63	7.67	8.69	9.14	0.6	13.3	5.2
<b>TOTAL</b>	<b>32.67</b>	<b>35.23</b>	<b>41.23</b>	<b>41.99</b>	<b>7.8</b>	<b>17.0</b>	<b>1.8</b>
<b>Maize</b>							
Afghanistan	0.77	0.78	0.80	0.82	1.3	2.6	2.1
India	5.56	7.26	6.26	6.00	30.5	-13.8	-4.1
Indonesia	3.01	2.90	2.57	2.80	-3.6	-11.4	8.9
Nepal	0.83	0.75	0.79	0.94	-9.5	5.3	18.9
Pakistan	0.75	0.80	0.76	0.86	7.4	-4.7	13.1
Philippines	2.41	2.73	2.76	3.04	13.2	1.0	10.0
Thailand	2.50	3.05	2.70	1.90	22.0	-11.5	-29.6
Other DMCs	0.71	0.74	0.74	0.71	3.1	0.6	-4.1
<b>TOTAL</b>	<b>16.54</b>	<b>19.01</b>	<b>17.38</b>	<b>17.07</b>	<b>14.9</b>	<b>-8.6</b>	<b>-1.8</b>

1 Data refer to the calendar year in which the whole harvest or bulk of harvest takes place.

2 Preliminary estimates.

3 Growth rates are derived from raw data.

Sources: Food and Agriculture Organization, December 1977, and country sources.

TABLE 4  
CHANGES IN CONSUMER PRICES IN SELECTED DMCs: 1975-1977<sup>1</sup>  
(per cent)

Country	1975	1976	1977 <sup>2</sup>
Afghanistan <sup>3</sup>	11.8	0.6	-1.4 <sup>5</sup>
Bangladesh	24.3	-9.6	10.7
Burma	31.6	22.4	-1.2
China, Republic of <sup>3</sup>	5.2	2.5	6.3
Cook Islands	16.0	23.3	7.0
Fiji <sup>3</sup>	13.1	11.4	7.0
Gilbert Islands	9.4	12.8	...
Hong Kong	0.5	4.0	5.5
India <sup>3</sup>	6.6	-7.7	8.5
Indonesia	19.1	19.8	11.0
Korea, Republic of <sup>3</sup>	25.3	15.3	10.1
Malaysia	4.5	2.6	4.7
Nepal	10.2	-1.8	6.5 <sup>5</sup>
Pakistan <sup>3</sup>	21.3	7.2	10.1
Papua New Guinea	10.2	8.6	3.2
Philippines	8.1	6.2	7.9
Singapore	2.6	-1.9	3.2
Solomon Islands	10.1	4.3	3.7 <sup>5</sup>
Sri Lanka	6.7	1.2	1.2
Thailand	4.1	4.9	8.4
Tonga <sup>3</sup>	10.1	7.1	17.5
Western Samoa <sup>3</sup>	8.8	5.0	14.7
Weighted average (excl. India) <sup>4</sup>	13.5	8.4	8.0
Weighted average (incl. India) <sup>4</sup>	11.0	2.6	8.2

1 Unless otherwise indicated, data refer to changes in consumer prices in capital city of the DMC.

2 Preliminary estimates.

3 Data refer to whole country or all cities.

4 Weighted by 1976 GNP market prices.

5 Estimates based on latest available information.

Sources: IMF, International Financial Statistics, January 1978, and country sources.

TABLE 5  
BALANCE OF TRADE OF DMCs: 1974-1977  
(\$ Million)

Country	Exports (f.o.b.)				Imports (c.i.f.)				Balance of Trade			
	1974	1975	1976	1977 <sup>1</sup>	1974	1975	1976	1977 <sup>1</sup>	1974	1975	1976	1977 <sup>1</sup>
<b>More industrialized DMCs</b>												
China, Republic of	5,532	5,309	8,166	9,361	6,966	5,952	7,599	8,511	-1,434	-643	567	850
Hong Kong	5,916	6,039	8,474	9,616	6,721	6,776	8,828	10,446	-805	-737	-354	-830
Korea, Republic of	4,460	5,081	7,715	10,046	6,852	7,274	8,774	10,811	-2,392	-2,193	-1,059	-765
Singapore	6,468	5,779	6,987	8,873	8,380	8,134	9,070	10,428	-1,912	-2,355	-2,083	-1,555
<b>Sub-Total</b>	<b>22,376</b>	<b>22,208</b>	<b>31,342</b>	<b>37,896</b>	<b>28,919</b>	<b>28,136</b>	<b>34,271</b>	<b>40,196</b>	<b>-6,543</b>	<b>-5,928</b>	<b>-2,929</b>	<b>-2,300</b>
<b>Other DMCs</b>												
Afghanistan	210	236	225	235	276	294	295	287	-66	-58	-70	-52
Bangladesh	348	327	401	448	1,100	1,267	865	1,174	-752	-940	-464	-726
Burma	194	155	187	211	160	193	117	186	34	-38	70	25
Cambodia	15	17	98	120	452	117	135	164	-437	-100	-37	-44
Cook Islands	4	3	3	4	9	9	9	10	-6	-6	-6	-6
Fiji	154	173	136	168	273	269	264	280	-119	-96	-128	-112
Gilbert Islands	35	36	19	23	11	12	10	11	24	24	9	12
Indonesia	4,547	5,031	6,807	7,303	3,427	4,598	6,036	7,077	1,120	433	771	226
Lao P.D.R.	10	3	6	8	63	42	46	55	-53	-39	-40	-47
Malaysia	4,235	3,831	5,295	6,153	4,142	3,599	3,925	4,985	93	232	1,370	1,168
Nepal	66	99	97	85	134	171	163	166	-68	-72	-66	-81
Pakistan	1,113	1,049	1,144	1,154	1,732	2,151	2,135	2,454	-619	-1,102	-991	-1,300
Papua New Guinea	702	475	573	557	490	532	473	480	212	-57	100	77
Philippines	2,620	2,294	2,574	3,151	3,468	3,776	3,953	4,270	-848	-1,482	-1,379	-1,119
Solomon Islands	26	16	24	33	23	29	27	29	3	-13	-3	4
Sri Lanka	524	515	546	815	713	674	558	732	-189	-159	-12	83
Thailand	2,444	2,208	2,980	3,565	3,143	3,280	3,585	4,711	-699	-1,072	-605	-1,146
Tonga	7	7	4	7	17	20	16	19	-10	-13	-12	-12
Viet Nam, Soc. Rep. of	232	203	288	446	1,731	1,040	794	1,045	-1,499	-837	-506	-599
Western Samoa	13	7	7	15	26	36	30	37	-13	-29	-23	-22
<b>Sub-Total</b>	<b>17,499</b>	<b>16,685</b>	<b>21,414</b>	<b>24,501</b>	<b>21,390</b>	<b>22,109</b>	<b>23,436</b>	<b>28,172</b>	<b>-3,891</b>	<b>-5,424</b>	<b>-2,022</b>	<b>-3,671</b>
India	3,926	4,299	5,013	6,637	5,046	6,135	5,094	6,355	-1,120	-1,836	-81	282
<b>TOTAL</b>	<b>43,801</b>	<b>43,192</b>	<b>57,769</b>	<b>69,034</b>	<b>55,355</b>	<b>56,380</b>	<b>62,801</b>	<b>74,723</b>	<b>-11,554</b>	<b>-13,188</b>	<b>-5,032</b>	<b>-5,689</b>

1 Preliminary estimates.

Sources: IMF, International Financial Statistics, January 1978, and country sources.

TABLE 6  
INTERNATIONAL RESERVES AND RATIO OF RESERVES TO IMPORTS OF SELECTED DMCs: 1974-1977

Country	International Reserves <sup>1</sup> (\$ Million)				Ratio to Imports <sup>2</sup> (Months)			
	1974	1975	1976	1977	1974	1975	1976	1977
Afghanistan	68	125	169	299 <sup>3</sup>	3.0	5.1	6.9	12.5
Bangladesh	138	148	289	225	1.5	1.4	4.0	2.3
Burma	191	141	126	99	14.3	8.8	12.9	6.4
China, Republic of	1,191	1,169	1,607	1,448	2.1	2.4	2.5	2.0
Fiji	109	149	116	143	4.8	6.6	5.3	6.1
Gilbert Islands	16	41	43	...	17.5	41.0	51.6	...
India	1,325	1,373	3,074	5,285	3.2	2.7	7.2	10.0
Indonesia	1,492	586	1,499	2,492	5.2	1.5	3.0	4.2
Korea, Republic of	1,056	1,550	2,961	4,306	1.8	2.6	4.0	4.8
Lao People's Democratic Republic	13	9	12	7 <sup>4</sup>	2.5	2.6	3.1	1.5
Malaysia	1,618	1,524	2,472	2,843	4.7	5.1	7.6	6.8
Nepal	132	110	140	151	11.8	7.7	10.3	10.9
Pakistan	461	406	532	518	3.2	2.3	3.0	2.5
Papua New Guinea	...	180	227	368	...	4.1	5.8	9.0
Philippines	1,504	1,358	1,640	1,525	5.2	4.3	5.0	4.3
Singapore	2,812	3,007	3,364	3,788	4.0	4.4	4.4	4.4
Sri Lanka	78	58	92	362	1.3	1.0	2.0	5.9
Thailand	1,858	1,775	1,893	1,915	7.1	6.5	6.3	4.9
Tonga	9	12	12	10	6.4	7.2	9.0	6.3
Western Samoa	6	6	5	9	2.8	2.0	2.0	2.9
<b>TOTAL</b>	<b>14,077</b>	<b>13,727</b>	<b>20,273</b>	<b>25,784<sup>5</sup></b>	<b>3.6</b>	<b>3.4</b>	<b>4.6</b>	<b>4.9</b>

... denotes data not available.

1 Gold + SDRs + Reserve position in IMF + Foreign exchange holdings; year-end figures unless otherwise specified.

2 Imports c.i.f. from trade statistics are used for computing the ratio.

3 As of November.

4 As of October.

5 Excludes Gilbert Islands.

Sources: IMF, International Financial Statistics, March 1978, and country sources.

TABLE 7  
EXTERNAL PUBLIC DEBT AND DEBT SERVICE RATIO OF SELECTED DMCS: 1974-1976  
(\$ Million)

Country	Debt Outstanding <sup>1</sup>			Service Payments <sup>2</sup>			Debt Service Ratio (%) <sup>3</sup>		
	1974	1975	1976	1974	1975	1976	1974	1975	1976
Afghanistan <sup>4</sup>	769.3	802.3	911.2	37.1	23.2	26.9	16.5	9.5	11.4
Bangladesh	1,016.7	1,624.2	1,942.8	25.2	70.0	64.9	6.0	17.9	13.8
Burma <sup>4</sup>	277.8	278.8	320.9	30.1	33.5	33.1	13.3	18.0	16.4
China, Republic of	1,139.9	1,649.5	2,233.5	169.9	243.0	318.4	2.7	4.0	3.6
Fiji	41.3	49.2	57.0	4.6	4.6	5.9	1.7	1.6	2.0
Hong Kong	17.4	21.1	61.9	0.6	2.4	4.3	0.01 <sup>5</sup>	0.04 <sup>5</sup>	0.05 <sup>5</sup>
India <sup>4</sup>	11,242.2	11,882.7	12,321.0	731.9	745.8	754.0	17.5	16.3	13.1
Indonesia	6,211.0	8,124.1	10,141.1	278.8	497.6	789.0	3.8	7.1	9.2 <sup>5</sup>
Korea, Republic of	4,289.1	5,455.1	6,689.1	525.8	613.5	837.5	10.0	10.5	8.9
Malaysia	829.8	1,303.6	1,619.2	119.2	144.9	237.3	2.7	3.5	4.2
Nepal	27.1	33.7	44.3	0.8	1.7	1.7	1.1 <sup>5</sup>	2.4 <sup>5</sup>	1.8 <sup>5</sup>
Pakistan	4,624.3	5,088.2	5,968.2	195.3	248.4	268.8	15.8	19.1	18.6
Papua New Guinea	244.3	276.3	289.1	17.3	20.4	26.7	2.3	3.6	5.1
Philippines	1,085.7	1,362.0	2,126.2	187.7	230.2	222.7	5.1	7.6	6.8
Singapore	479.3	520.5	670.0	40.6	48.2	64.5	0.5	0.6	0.7
Sri Lanka	579.5	598.0	681.9	69.1	127.3	126.8	12.1	20.3	20.1
Thailand	512.8	615.5	821.7	94.0	109.9	123.9	2.0	2.6	3.0
Western Samoa	13.7	15.9	...	1.2	1.2	...	6.2	7.8	...
<b>TOTAL</b>	<b>33,401.2</b>	<b>39,700.7</b>	<b>46,899.1</b>	<b>2,529.2</b>	<b>3,165.8</b>	<b>3,906.4</b>	<b>4.9</b>	<b>6.2</b>	<b>5.9<sup>6</sup></b>

... denotes data not available.

<sup>1</sup> Disbursed only; data refer to debt outstanding at end of year; figures are not comparable with those published in previous Annual Reports, which include undisbursed portion of external public debt.

<sup>2</sup> Service payments consist of principal and interest payments made in foreign currencies; data refer to transactions during the year.

<sup>3</sup> Service payments as percentage of exports of goods and non-factor services.

<sup>4</sup> Data refer to the fiscal year.

<sup>5</sup> Service payments as percentage of merchandise exports.

<sup>6</sup> Excludes Western Samoa.

Note: This Table is derived from data collected by the IBRD, which is tabulated on a uniform basis, country by country, but does not necessarily conform in all cases to data on national external debt published elsewhere.

TABLE 8  
NET FLOW OF RESOURCES TO DMCs: 1974-1977<sup>1</sup>  
(\$ Million)

Country	Net Flows From DAC Countries			Net Flows From Multilateral Agencies			OPEC Assistance		
	1974	1975	1976	1974	1975	1976	1974	1975	1976
Afghanistan	18.1	28.2	32.8	14.8	21.0	29.1	28.6	21.7	14.7
Bangladesh	351.8	694.4	324.5	143.0	308.4	199.0	35.8	61.2	11.0
Burma	60.3	22.2	41.4	5.2	26.6	30.3	—	—	—
Cambodia	305.1	78.8	1.0	2.2	2.3	0.2	—	—	—
China, Republic of	322.4	370.3	163.5	32.5	2.9	-12.9	—	—	—
Cook Islands	5.6	5.4	6.5	0.1	0.2	0.5	—	—	—
Fiji	28.7	11.2	32.3	7.4	8.2	8.0	—	—	—
Gilbert Islands	5.5	5.5	3.8	0.2	0.1	0.2	—	—	—
Hong Kong	87.0	166.2	213.6	17.0	1.3	2.7	3.5	1.8	0.0
India	571.5	820.3	700.5	508.1	669.2	606.8	235.0	203.7	499.5
Indonesia	900.3	2,403.0	2,362.0	147.6	224.0	312.6	1.1	—	28.8
Korea, Republic of	414.3	745.7	837.7	155.7	330.8	416.7	19.1	—	26.7
Lao People's Dem. Rep.	60.3	32.5	26.0	2.8	6.3	4.4	—	—	—
Malaysia	213.4	243.6	129.9	55.2	68.8	81.6	—	3.0	4.9
Nepal	20.7	29.1	29.1	13.0	16.9	20.6	—	0.3	0.1
Pakistan	324.8	244.2	378.1	99.1	140.0	162.0	339.8	458.4	840.8
Papua New Guinea	321.4	276.7	268.6	17.2	20.6	13.1	—	—	—
Philippines	297.2	261.2	925.9	78.8	140.2	143.8	17.0	—	—
Singapore	139.9	99.4	142.8	17.0	23.2	11.1	—	—	—
Solomon Islands	12.2	24.9	18.0	0.4	0.7	0.4	—	—	—
Sri Lanka	71.7	30.4	101.0	24.7	54.2	40.0	21.0	63.0	22.0
Thailand	97.6	104.2	36.6	43.4	85.7	90.8	—	0.0	75.6
Tonga	2.9	2.9	3.6	0.1	0.5	0.8	—	—	—
Viet Nam, Socialist Rep. of	705.1	284.6	161.4	4.4	30.5	18.6	—	—	6.1
Western Samoa	4.4	8.8	7.2	1.3	4.6	4.3	—	—	—
<b>TOTAL</b>	<b>5,342.2</b>	<b>6,993.7</b>	<b>6,947.8</b>	<b>1,391.2</b>	<b>2,187.2</b>	<b>2,184.7</b>	<b>700.9</b>	<b>813.1</b>	<b>1,530.2</b>

— denotes magnitude zero.

1 Excludes net flow from centrally planned economies to DMCs.

2 Minus sign indicates net IMF sales of currency; no sign indicates net drawings during the year.

3 Figures are on gross basis.

Sources: IMF, International Financial Statistics, January 1978; OECD, Development Cooperation 1977 Review; IBRD, Borrowing in International Capital Markets, September 1977.

Country	IMF Oil Facilities <sup>2</sup>			Bond Issues and Eurocurrency Credits <sup>3</sup>				Total Net Flow of Resources		
	1974	1975	1976	1974	1975	1976	1977	1974	1975	1976
	—	—	—	—	—	—	—	61.5	70.9	76.6
Bangladesh	49.5	41.0	16.4	—	—	—	—	580.1	1,105.0	550.9
Burma	—	—	—	—	—	—	38.9	65.5	48.8	71.7
Cambodia	—	—	—	—	—	—	—	307.3	81.1	1.2
China, Republic of	—	—	—	225.0	142.7	214.5	595.5	579.9	515.9	365.1
Cook Islands	—	—	—	—	—	—	10.0	5.7	5.6	7.0
Fiji	0.4	—	—	—	—	—	—	36.5	19.4	40.3
Gilbert Islands	—	—	—	—	—	—	—	5.7	5.6	4.0
Hong Kong	—	—	—	131.1	557.9	85.0	136.2	238.6	727.2	301.3
India	245.0	225.0	-236.0	—	—	—	50.0	1,559.6	1,918.2	1,570.8
Indonesia	—	—	—	387.5	1,625.0	497.6	50.0	1,436.5	4,252.0	3,201.0
Korea, Republic of	40.2	120.8	62.6	318.7	325.6	1,120.5	626.2	948.0	1,522.9	2,464.2
Lao People's Dem. Rep.	—	—	—	—	—	—	—	63.1	38.8	30.4
Malaysia	—	—	—	140.0	425.0	210.2	273.0	408.6	740.4	426.6
Nepal	—	—	—	—	—	—	—	33.7	46.3	49.8
Pakistan	120.0	116.0	38.0	—	7.5	—	12.0	883.7	966.1	1,418.9
Papua New Guinea	—	—	17.2	16.2	25.0	—	50.0	354.8	322.3	298.9
Philippines	—	113.0	64.0	870.2	223.1	1,218.8	601.8	1,263.2	737.5	2,352.5
Singapore	—	—	—	—	12.0	175.1	153.7	156.9	134.6	329.0
Solomon Islands	—	—	—	—	—	—	—	12.6	25.6	18.4
Sri Lanka	42.0	34.0	14.0	—	—	—	—	159.4	181.6	177.0
Thailand	—	—	—	9.7	5.0	100.0	182.3	150.7	194.9	303.0
Tonga	—	—	—	—	—	—	—	3.0	3.4	4.4
Viet Nam, Socialist Rep. of	—	—	—	—	38.1	—	74.1	709.5	353.2	186.1
Western Samoa	—	0.3	0.2	—	—	—	—	5.7	13.7	11.7
<b>TOTAL</b>	<b>497.1</b>	<b>650.1</b>	<b>-23.6</b>	<b>2,098.4</b>	<b>3,386.9</b>	<b>3,621.7</b>	<b>2,853.7</b>	<b>10,029.8</b>	<b>14,031.0</b>	<b>14,260.8</b>



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Opinion of Independent Auditors

## ASIAN DEVELOPMENT BANK -

BALANCE

31 December 1977

Expressed in United

## ASSETS

	<u>1977</u>	<u>1976</u>
CASH IN BANKS (See Appendix 1-IV) (Note B)	\$ 59,514,459	\$ 48,912,729
INVESTMENTS (Note B)		
Government and government guaranteed obligations – amortized cost which approximates market (Face amounts \$344,675,024 – 1977, \$298,806,123 – 1976)	\$ 339,345,779	\$ 292,919,701
Time deposits and certificates of deposit	669,182,143	713,610,029
LOANS (See Appendix 1-V) (Note A)		
Loans approved – <u>\$3,080,783,000</u> – 1977, <u>\$2,466,133,000</u> – 1976	10% L.A.	1,008,527,922
Effective loans		
Held by Bank	2,521,403,057	2,052,952,354
Agreed to be sold	3,209,300	800,000
ACCRUED INCOME		
On investments	31,964,410	32,906,543
On loans	23,679,669	13,873,322
AMOUNTS RECEIVABLE FROM MEMBERS		
Non-negotiable, non-interest-bearing demand obligations (See Appendix 1-IV) (Notes B and C)	257,785,129	276,727,442
Amounts required to maintain value of currency holdings (Note D)	8,990,480	21,650,055
Subscription instalment (Note C)	253,334	253,334
OTHER ASSETS		
Administration Charge receivable from Special Funds (Note 1)	4,408,592	3,570,140
Unamortized issuance costs of borrowings (Note A)	9,189,399	9,863,729
Miscellaneous	5,867,593	2,971,393
SPECIAL RESERVE FUND ASSETS (Note E)	28,754,043	18,660,943
TOTAL	\$3,963,547,387	\$3,489,671,714

The accompanying notes to financial statements (Appendix 1-VIII) are an integral part of this statement.

## ORDINARY CAPITAL RESOURCES

## SHEET

and 31 December 1976

States Dollars (Note A)

## LIABILITIES, CAPITAL AND RESERVES

	1977	1976
<b>UNDISBURSED BALANCE OF EFFECTIVE LOANS</b> (See Appendix 1-V)		
Held by Bank	\$1,321,978,888	\$1,176,732,240
Agreed to be sold	<u>3,209,300</u>	<u>800,000</u>
	<u>\$1,325,188,188</u>	<u>\$1,177,532,240</u>
<b>BORROWINGS</b>		
Principal amounts outstanding (See Appendix 1-VI)	1,204,756,460	1,084,180,670
Less — net unamortized discounts and premiums (Note A)	<u>1,660,905</u>	<u>1,203,095,555</u>
	<u>2,020,284</u>	<u>1,082,160,386</u>
<b>ACCRUED INTEREST ON BORROWINGS</b>	35,321,636	30,380,101
<b>AMOUNTS PAYABLE TO MEMBERS</b>		
Amounts required to maintain value of currency holdings (Note D)	41,722,078	15,840,190
<b>ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>	2,727,281	3,342,489
<b>CAPITAL AND RESERVES</b>		
Capital Stock (See Appendix 1-VII) (Note C)		
Authorized — 139,803 "paid-in" shares and 582,254 "callable" shares (98,323 "paid-in" shares and 208,934 "callable" shares — 1976)		
Subscribed (577,025 shares — 1977, 305,748 shares — 1976)	6,960,941,087	3,688,390,998
Less — "callable" shares subscribed (451,873 shares — 1977, 207,727 shares — 1976)	<u>5,451,169,936</u>	<u>2,505,914,684</u>
"Paid-in" shares subscribed (125,152 shares — 1977, 98,021 shares — 1976)	<u>1,509,771,151</u>	<u>1,182,476,334</u>
Less — subscription instalments not due	<u>391,419,357</u>	<u>112,594,677</u>
Subscription instalments matured	1,118,351,794	1,069,881,657
Less — capital set aside and transferred to Special Funds (Note F)	<u>57,433,902</u>	<u>57,433,902</u>
Advance payments on subscriptions (Note C)	<u>1,060,917,892</u>	<u>1,012,447,755</u>
Ordinary Reserve (Note G)	51,312,960	7,151,030
Special Reserve (Note E)	142,156,580	101,594,616
Net income after appropriation of commissions to Special Reserve (Note G)	28,754,043	18,660,943
For the years ended 31 December 1977 and 31 December 1976	72,351,174	1,355,492,649
	40,561,964	1,180,416,308
<b>TOTAL</b>	<b>\$3,963,547,387</b>	<b>\$3,489,671,714</b>

## ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

## STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1977 and 31 December 1976

Expressed in United States Dollars (Note A)

	1977	1976
<b>INCOME</b>		
From investments	\$ 86,512,588	\$ 68,457,770
From loan operations		
Interest	65,986,727	48,084,781
Commissions	10,093,100	7,689,430
Commitment charge	5,237,858	3,408,267
From other sources	787,224	664,513
<b>GROSS INCOME</b>	<u>168,617,497</u>	<u>128,304,761</u>
<b>EXPENSES</b>		
Administrative expenses		
Board of Governors	61,813	107,588
Board of Directors		
Salaries	850,435	820,155
Benefits (Note H)	320,013	297,475
Travel	140,893	102,834
Relocation	231,893	67,272
Staff services	138,049	117,947
Total Board of Directors	<u>1,681,283</u>	<u>1,405,683</u>
Staff		
Salaries	9,791,929	8,582,418
Benefits (Note H)	4,014,526	3,448,573
Relocation	545,069	687,556
Consultants	378,102	102,471
Total Staff	<u>14,729,626</u>	<u>12,821,018</u>
Business travel and representation		
Business travel	1,506,893	1,395,575
Representation	43,650	49,044
Total business travel and representation	<u>1,550,543</u>	<u>1,444,619</u>
Other administrative expenses		
Communications	578,669	499,419
Office occupancy	1,214,667	1,186,967
Library	94,677	87,399
Expendable supplies	248,987	304,867
Office equipment	230,700	277,373
Contractual services	615,826	555,777
Insurance	52,278	47,105
Miscellaneous	66,762	57,852
Special activity	18,675	-
Total other administrative expenses	<u>3,121,241</u>	<u>3,016,759</u>
<b>Total administrative expenses -- (Forward)</b>	<b>\$ 21,144,506</b>	<b>\$ 18,795,667</b>

	1977	1976
Total administrative expenses — (Forward)	\$ 21,144,506	\$ 18,795,667
Deduct Administration Charge (Note I)	<u>7,090,000</u>	<u>6,013,000</u>
Net administrative expenses	<u>14,054,506</u>	<u>12,782,667</u>
Services to member countries (Note J)		
Project preparation and other loan-related technical assistance	359,492	447,695
Project implementation/advisory	22,772	4,011
Regional activities	787,848	188,826
Total services to member countries	<u>1,170,112</u>	<u>640,532</u>
Financial expenses		
Interest on borrowings	88,885,134	70,950,125
Other financial expenses (Note A)	<u>1,999,784</u>	<u>1,660,861</u>
Total financial expenses	<u>90,884,918</u>	<u>72,610,986</u>
GROSS EXPENSES	<u>106,109,536</u>	<u>86,034,185</u>
INCOME BEFORE NET GAIN FROM CHANGES IN VALUE OF CURRENCIES	62,507,961	42,270,576
NET GAIN FROM CHANGES IN VALUE OF CURRENCIES —		
resulting primarily from translation of currency holdings in excess of maintenance of value ceilings (Notes A and D)	<u>19,936,313</u>	<u>5,980,818</u>
NET INCOME	<u>82,444,274</u>	<u>48,251,394</u>
APPROPRIATION OF COMMISSIONS TO SPECIAL RESERVE (Note E)	<u>(10,093,100)</u>	<u>(7,689,430)</u>
NET INCOME AFTER APPROPRIATION OF COMMISSIONS TO SPECIAL RESERVE (Note G)	<u>\$72,351,174</u>	<u>\$ 40,561,964</u>

The accompanying notes to financial statements (Appendix 1-VIII) are an integral part of this statement.

## ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

## STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1977 and 31 December 1976

Expressed in United States Dollars (Note A)

	<u>1977</u>	<u>1976</u>
<b>FUNDS WERE PROVIDED BY</b>		
Operations		
Net income	\$ 82,444,274	\$ 48,251,394
Items not requiring or providing funds:		
Accrued interest and other expenses	5,940,972	21,392,522
Accrued income including capitalized interest and commitment charges on loans	(22,956,114)	(27,835,848)
Administration Charge	(7,090,000)	(6,013,000)
Commissions (transferred to Special Reserve Fund assets)	(10,093,100)	(7,689,430)
Other - net	1,631,681	1,426,796
Funds provided by operations	<u>49,877,713</u>	<u>29,532,434</u>
Increase in undisbursed balance of effective loans	452,010,000	649,780,000
Borrowings	112,249,356	548,589,269
Increase in borrowings as a result of currency revaluations	101,021,863	38,849,903
Capital subscriptions	92,632,067	117,408,570
Demand obligations of members encashed	63,696,928	89,902,763
Loans sold	—	450,000
Loans collected	46,830,882	32,175,673
Maintenance of value adjustments - net	38,316,561	17,484,737
Administration Charge collected	<u>6,251,548</u>	<u>7,407,218</u>
Total	<u>962,886,918</u>	<u>1,531,580,567</u>
<b>FUNDS WERE UTILIZED FOR</b>		
Increase in effective loans	452,010,000	649,780,000
Loans disbursed	258,395,409	254,271,137
Increase in loans disbursed and outstanding as a result of currency revaluations	97,547,628	28,123,187
Demand obligations of members received	39,934,520	50,424,793
Bonds purchased for redemption and borrowings redeemed	92,587,938	33,116,732
Increase (decrease) in other assets as a result of currency revaluations	4,658,893	(9,452,640)
Other - net	<u>5,152,608</u>	<u>10,101,431</u>
Total	<u>950,286,996</u>	<u>1,016,364,640</u>
<b>INCREASE IN CASH IN BANKS AND INVESTMENTS</b>		
	<u>\$ 12,599,922</u>	<u>\$ 515,215,927</u>
<b>INCREASE IN COMPONENTS OF FUNDS<sup>1</sup></b>		
Cash in banks	\$ 10,601,730	\$ 14,765,909
Investments	1,998,192	500,450,018
Total	<u>\$ 12,599,922</u>	<u>\$ 515,215,927</u>

The accompanying notes to financial statements (Appendix 1-VIII) are an integral part of this statement.

<sup>1</sup> Special Reserve Funds are not considered as a part of funds.

## ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

## STATEMENT OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS

31 December 1977

Expressed in United States Dollars (Note A)

Members	Unit of Currency	Cash in Banks	Non-Negotiable Non-Interest-Bearing Demand Obligations
Afghanistan	Afghani	\$ 1,821	\$ 2,220,282 <sup>1</sup>
Australia	Australian Dollar	239,891	12,590,466
Austria	Austrian Schilling	483,349	—
Bangladesh	Bangladesh Taka	8,204	3,758,364 <sup>1</sup>
Belgium	Belgian Franc	180,139	774,135
Burma	Kyat	718,439 <sup>1</sup>	2,890,450 <sup>1</sup>
Cambodia	Riel	46,898 <sup>1</sup>	171,811 <sup>1</sup>
Canada	Canadian Dollar	388,415	20,755,772
China, Republic of	New Taiwan Dollar	180,153 <sup>1</sup>	7,789,786 <sup>1</sup>
Cook Islands	New Zealand Dollar	8,139 <sup>1</sup>	—
Denmark	Danish Krone	38,450 <sup>1</sup>	722,714 <sup>1</sup>
Fiji	Fiji Dollar	43,451 <sup>1</sup>	616,789 <sup>1</sup>
Finland	Finnish Markka	5,541	—
France	French Franc	27,899	3,733,521
Germany, Federal Republic of	Deutsche Mark	142,137	—
Gilbert Islands	Australian Dollar	4,298	29,764 <sup>1</sup>
Hong Kong	Hong Kong Dollar	39,627 <sup>2</sup>	831,638 <sup>3</sup>
India	Indian Rupee	7,542	48,148,855 <sup>1</sup>
Indonesia	Rupiah	30,668,780 <sup>1</sup>	3,396,161 <sup>1</sup>
Italy	Italian Lira	4,753	—
Japan	Yen	1,074,121 <sup>1</sup>	46,313,598
Korea, Republic of	Won	6,740,043 <sup>1</sup>	27,925,540 <sup>1</sup>
Laos	Liberation Kip	189,161 <sup>1</sup>	27,646 <sup>1</sup>
Malaysia	Malaysian Ringgit	27,777	19,130,281 <sup>1</sup>
Nepal	Nepalese Rupee	17,825	1,002,783 <sup>1</sup>
Netherlands	Netherlands Guilder	101,435 <sup>3</sup>	1,716,001 <sup>3</sup>
New Zealand	New Zealand Dollar	191,001 <sup>3</sup>	10,136,548 <sup>3</sup>
Norway	Norwegian Krone	14,665	748,526
Pakistan	Pakistan Rupee	4,581,902 <sup>1</sup>	11,934,163 <sup>1</sup>
Papua New Guinea	Kina	14,308	702,147 <sup>1</sup>
Philippines	Philippine Peso	594,044	7,890,863 <sup>1</sup>
Singapore	Singapore Dollar	53,611	2,356,617 <sup>1</sup>
Solomon Islands	Solomon Islands Dollar	2,377	40,241 <sup>1</sup>
Sri Lanka	Sri Lanka Rupee	21,246	4,348,262 <sup>1</sup>
Sweden	Swedish Krona	14,570	—
Switzerland	Swiss Franc	292,858	—
Thailand	Baht	6,140 <sup>1</sup>	10,230,324 <sup>1</sup>
Tonga	Tongan Dollar	29,409 <sup>1</sup>	—
United Kingdom	Pound Sterling	494,755	4,851,081
United States	United States Dollar	5,462,727	—
Viet Nam	Dong	6,221,186 <sup>1</sup>	—
Western Samoa	Western Samoan Tala	9,852 <sup>1</sup>	—
Total Members		59,392,939	257,785,129
<hr/>			
Non-Members			
Kuwait	Kuwaiti Dinar	23,878	—
Luxembourg	Luxembourg Franc	56,778	—
Saudi Arabia	Saudi Arabian Riyal	40,864	—
<hr/>		<hr/>	
Total Non-Members		121,520	—
<hr/>		<hr/>	
TOTAL		\$59,514,459	\$257,785,129

The accompanying notes to financial statements (Appendix 1-VIII) are an integral part of this statement.

1 Restrictions on use may be imposed by members (Note B).

2 Of this amount, restrictions on use have been imposed in the amount of \$16,005.

3 Restrictions on use have been imposed by members (Note B).

ASIAN DEVELOPMENT BANK -

**SUMMARY STATEMENT**

31 December

Expressed in United

Borrower/Guarantor <sup>1</sup>	Principal Amount	Loans Not Yet Effective	Refundings and Cancellations	Payments Received	
				On Loans Held by Bank	For Loans Sold
BANGLADESH	\$ 11,400,000	\$ —	\$ 127,203	\$ 1,021,539	\$ —
BURMA	6,600,000	—	—	—	—
CHINA, REPUBLIC OF	100,390,000	—	9,215,926	19,981,781	2,800,000
FIJI	6,700,000	—	111,755	342,200	—
HONG KONG	62,000,000	—	—	3,799,173	1,150,000
INDONESIA	399,270,000	70,500,000	13,641,917	58,083	—
KOREA, REPUBLIC OF	683,700,000	135,150,000	10,482,592	41,913,968	3,456,100
MALAYSIA	333,858,000	33,300,000	7,524,334	8,861,245	1,639,600
NEPAL	2,000,000	—	—	728,800	—
PAKISTAN	365,970,000	38,000,000	29,490,056	8,874,352	—
PAPUA NEW GUINEA	17,700,000	17,700,000	—	—	—
PHILIPPINES	595,850,000	125,000,000	260,483	8,500,669	423,300
SINGAPORE	124,980,000	—	26,139,018	11,407,329	2,830,000
SRI LANKA	14,135,000	—	292,746	2,927,200	—
THAILAND	352,300,000	—	18,660,991	12,732,568	1,711,000
VIET NAM <sup>3</sup>	3,930,000	—	—	—	—
<b>ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED</b>					
<b>TOTAL</b>	<b>\$3,080,783,000</b>	<b>\$419,650,000</b>	<b>\$115,947,021</b>	<b>\$121,148,907</b>	<b>\$14,010,000</b>

The accompanying notes to financial statements (Appendix 1-VIII) are an integral part of this statement.

<sup>1</sup> Loans other than those made directly to a member or to its central bank have been guaranteed by the member.

<sup>2</sup> Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$17,594.

<sup>3</sup> The Socialist Republic of Viet Nam, upon its assumption of full responsibilities as the borrower of the loans extended by the Bank to the former Republic of South Vietnam, has with effect from 2 July 1976 been substituted for the latter as the borrower of these loans.

<sup>4</sup> This amount represents adjustments in United States Dollar equivalents, arising from the changes in the exchange rates used for translation of currencies disbursed and outstanding on loans, and repayable to the Bank in such currencies.

## ORDINARY CAPITAL RESOURCES

## OF LOANS

1977

States Dollars (Note A)

Effective Loans		Undisbursed Balance of Effective Loans <sup>2</sup>		Outstanding Balance	
Held by Bank	Agreed to be Sold	Held by Bank	Agreed to be Sold	On Loans Held by Bank	For Loans Sold
\$ 10,251,258	\$ —	\$ 3,567,943	\$ —	\$ 6,683,315	\$ —
6,600,000	—	4,641,986	—	1,958,014	—
68,392,293	—	178,081	—	68,214,212	—
6,246,045	—	—	—	6,246,045	—
54,341,527	2,709,300	37,197,671	2,709,300	17,143,856	—
315,070,000	—	284,633,911	—	30,436,089	—
492,697,340	—	164,794,966	—	327,902,374	537,000
282,032,821	500,000	129,910,811	500,000	152,122,010	1,354,600
1,271,200	—	—	—	1,271,200	—
289,605,592	—	165,635,664	—	123,969,928	—
—	—	—	—	—	—
461,665,548	—	316,421,277	—	145,244,271	361,300
84,603,653	—	25,790,413	—	58,813,240	300,000
10,915,054	—	1,988,843	—	8,926,211	—
319,195,441	—	183,378,199	—	135,817,242	871,000
3,930,000	—	3,839,123	—	90,877	—
114,585,285 <sup>4</sup>		114,585,285 <sup>4</sup>			
\$2,521,403,057	\$3,209,300	\$1,321,978,888	\$3,209,300	\$1,199,424,169	\$3,423,900

ASIAN DEVELOPMENT BANK –  
STATEMENT OF

31 December 1977

Expressed in United

Currency Payable	Coupon	Issue Date	Maturity Date	Effective Interest Rate <sup>1</sup>	Original Amount		
					National Currency	US Dollar Equivalent <sup>2</sup>	
Austrian Schillings	7% 7	1970 1971	1982 1983	7.24 7.30	\$ 130,000,000 \$ 150,000,000	\$ 8,504,236 9,812,580	
Belgian Francs	7.5	1971	1983	7.38	BF 400,000,000	12,143,291	
Deutsche Mark	7 8.5 8 7.75 8.5 7	1969 1975* 1976 1976* 1976* 1977*	1984 1980 1982 1983 1986 1985	7.27 8.45 7.85 7.61 8.33 6.88	DM 60,000,000 DM 50,000,000 DM 100,000,000 DM 75,000,000 DM 75,000,000 DM 100,000,000	28,191,514 23,492,929 46,985,857 35,239,393 35,239,393 46,985,857	
Italian Lire	7	1972	1987	7.22	Lit. 10,000,000,000	11,269,587	
Japanese Yen	7.4 7.4 7.3 7.25 8.36 <sup>5</sup> —	1970 1971 1972 1974 1975*	1977 1978 1982 1989 1983	7.59 7.45 7.30 7.25 8.36 <sup>5</sup>	¥ 6,000,000,000 ¥ 10,000,000,000 ¥ 10,000,000,000 ¥ 7,500,000,000 ¥ 30,000,000,000 <sup>5</sup>	24,889,036 41,481,727 41,481,727 31,111,295 124,445,182	
Kuwaiti Dinars	7.5	1974	1984	7.50	KD 5,000,000	17,851,405	
Luxembourg Francs	6.75	1972	1987	6.64	Lux F 400,000,000	12,143,291	
Netherlands Guilders	8.875 8.25 8.625 8.375	1975* 1976* 1976* 1976*	1981 1983 1984 1984	8.87 8.13 8.45 8.375	fl. 50,000,000 fl. 75,000,000 fl. 50,000,000 fl. 50,000,000	21,929,825 32,894,737 21,929,825 21,929,825	
Saudi Arabian Riyals	8	1975*	1983	8.00	SRls 50,000,000	14,388,489	
Swiss Francs	7	1971	1986	6.98	SwF 40,000,000	19,900,498	
	8	1975	1990	7.90	SwF 60,000,000	29,850,746	
	8.5 7.75	1975* 1976*	1980 1983	8.33 7.75	SwF 10,000,000 SwF 80,000,000	4,975,124 39,800,995	
	6.25	1976	1991	6.16	SwF 80,000,000	39,800,995	
United States Dollars	7.75 — 4	1971 1973*	1996 1989	7.94 4.00	\$ 25,000,000 \$ 10,525,734	25,000,000 10,525,734	
	6.65 8.5 8.5 8.8125 7.375 8.625 6.5	1975* 1975* 1976* 1976* 1976* 1976* 1977*	1977 1980 1981 1981 1978 1986 1979	6.65 8.75 8.56 8.8125 7.375 8.66 6.50	\$ 70,000,000 \$ 75,000,000 \$ 100,000,000 \$ 10,000,000 \$ 50,000,000 \$ 75,000,000 \$ 70,000,000	70,000,000 75,000,000 100,000,000 10,000,000 50,000,000 75,000,000 70,000,000	
<b>Less: Amount receivable under contract Japanese Yen – Bank of Japan Loan of 1975<sup>5</sup></b>							
<b>TOTAL</b>						\$1,346,417,684	

The accompanying notes to financial statements (Appendix I-VIII) are an integral part of this statement.

- 1 The effective interest rates are computed at the dates of issue taking into consideration discounts and premiums. For uniformity and consistency, annual effective interest rates for bonds with annual payment dates have been converted into semi-annual equivalents.
- 2 The "US Dollar Equivalent" is translated at the rates of exchange in effect as of 31 December 1977 as indicated in Note A.
- 3 Each issue, except those indicated by an asterisk, is subject to redemption prior to maturity at the option of the Bank at prices and upon the conditions stated in the respective bonds. The amounts shown as principal outstanding are after deductions aggregating \$4,704,840 (\$5,794,498 - 1976) of bonds purchased.
- 4 The amounts shown as redemption requirements are the principal amounts of bonds to be purchased or borrowings to be redeemed. For the five years following the date of the statement, these are:

Year	Amounts	
	1977	1976
1977	\$ —	\$ 95,832,882
1978	99,372,126	92,030,714
1979	92,193,463	19,692,060
1980	129,755,656	123,961,101
1981	201,026,731	190,217,396
1982	182,038,710	—
	<b>\$704,386,686</b>	<b>\$521,734,153</b>

# ORDINARY CAPITAL RESOURCES

## BORROWINGS

and 31 December 1976

States Dollars (Note A)

Principal Outstanding <sup>3</sup>		Redemption Requirements <sup>4</sup>		
1977	1976			
\$ 3,532,525	\$ 3,928,338	1978-1982	\$	12,000,000
5,887,548	6,249,628	1978-1983	\$	15,000,000
10,494,839	11,116,315	1978-1982	BF	40,000,000
		1983	BF	160,000,000
17,182,728	16,004,056	1978-1984	DM	6,000,000
23,482,929	21,124,678	1980	DM	50,000,000
46,985,857	42,249,356	1982	DM	100,000,000
35,239,393	31,687,017	1983	DM	75,000,000
35,239,393	31,687,017	1986	DM	75,000,000
46,985,857	-	1985	DM	100,000,000
11,269,587	11,741,044	1978-1987	Lit.	1,000,000,000
-	15,859,766	1978	¥	8,200,000,000
34,015,016	30,608,567	1978-1981	¥	600,000,000
41,481,727	34,780,169	1982	¥	7,600,000,000
31,111,295	26,085,142	1978	¥	360,000,000
112,000,664	104,340,568	1979-1988	¥	680,000,000
62,222,591	52,170,284	1989	¥	340,000,000
17,851,405	17,424,638	1981	¥	6,000,000,000
11,338,798	10,380,046	1982	¥	14,000,000,000
21,929,825	20,350,020	1983	¥	7,000,000,000
32,894,737	33,625,031	1982-1987	¥	900,000,000
21,929,825	20,350,020	1988	¥	9,600,000,000
21,929,825	20,350,020	1978-1987	Lux F	40,000,000
14,388,489	14,388,489	1980-1983	SR's	12,500,000
15,845,771	12,899,960	1978-1985	Up to SwF	3,000,000
		1986	The Balance	
29,402,965	23,936,817	1978-1989	Up to SwF	3,500,000
4,975,124	4,050,223	1990	The Balance	
39,800,995	32,401,782	1980	SwF	15,000,000
39,800,995	32,401,782	1981-1982	SwF	25,000,000
		1983	SwF	30,000,000
		1984	SwF	4,000,000
		1991	The Balance	
25,000,000	25,000,000	1983	\$	500,000
		1984-1995	\$	1,000,000
		1996	\$	12,500,000
10,525,734	10,525,734	1979	\$	555,556
		1980-1988	\$	1,052,573
		1989	\$	497,018
-	70,000,000	1980	\$	75,000,000
75,000,000	75,000,000	1981	\$	100,000,000
100,000,000	100,000,000	1982	\$	10,000,000
10,000,000	10,000,000	1978	\$	50,000,000
50,000,000	50,000,000	1986	\$	75,000,000
75,000,000	75,000,000	1979	\$	70,000,000
70,000,000	-			
1,204,756,460	1,094,614,727			
	10,434,057			
\$1,204,756,460	\$1,084,180,673			

5 This represents a loan from the Bank of Japan contracted for in April 1975, the aggregate principal amount of which was ¥ 30,000,000,000. On 12 April 1977, the Bank, by exercise of its option, canceled the final withdrawal of ¥ 3,000,000,000, reducing the loan to ¥ 27,000,000,000. The interest rates for withdrawals ranged from 8.25% to 8.64% per annum, or an average rate of 8.36%.

6 Subsequent to 31 December 1977, the Bank entered into agreement for a public issue in Switzerland of 4-1/4%, 15-Years Swiss Franc Bonds in the principal amount of SwF 80,000,000.

## STATEMENT OF SUBSCRIPTIONS TO

31 December

Expressed in United

MEMBERS	SUBSCRIBED			PAR VALUE OF CALLABLE SHARES
	Shares	Per Cent of Total	Par Value	Subject to Call
<b>REGIONAL</b>				
Afghanistan <sup>1</sup>	1,195	0.207	\$ 14,415,882	\$ 9,807,625
Australia	49,937	8.654	602,414,999	485,773,018
Bangladesh	8,812	1.527	106,303,662	85,723,231
Burma	4,700	0.814	56,698,450	45,720,665
Cambodia <sup>1</sup>	875	0.152	10,555,563	7,177,783
China, Republic of	9,400	1.629	113,396,900	91,441,330
Cook Islands <sup>1</sup>	10	0.002	120,635	84,445
Fiji	587	0.102	7,081,275	5,706,036
Gilbert Islands <sup>1</sup>	15	0.003	180,952	120,635
Hong Kong	4,700	0.814	56,698,450	45,720,665
India	54,637	9.469	659,113,449	531,493,683
Indonesia	47,000	8.145	566,984,500	457,206,650
Japan	117,500	20.363	1,417,461,250	1,143,016,625
Korea, Republic of	43,475	7.534	524,460,662	422,922,183
Laos	246	0.043	2,967,621	2,388,573
Malaysia	23,500	4.073	283,492,250	228,603,325
Nepal	1,269	0.220	15,308,582	12,340,961
New Zealand <sup>1</sup>	5,640	0.977	68,038,140	46,263,522
Pakistan	18,800	3.258	226,793,800	182,882,660
Papua New Guinea <sup>1, 3</sup>	345	0.060	4,161,907	2,834,922
Philippines	20,562	3.563	248,049,687	200,024,894
Singapore <sup>1</sup>	1,250	0.217	15,079,375	10,253,975
Solomon Islands	58	0.010	699,683	566,984
Sri Lanka	5,005	0.867	60,377,817	48,688,286
Thailand	11,750	2.036	141,746,125	114,301,662
Tonga <sup>1</sup>	15	0.003	180,952	120,635
Viet Nam <sup>1, 2</sup>	3,000	0.520	36,190,500	24,609,540
Western Samoa <sup>1</sup>	25	0.004	301,588	205,080
Total Regional	434,308	75.266	5,239,274,556	4,205,999,593
<b>NON-REGIONAL</b>				
Austria	2,937	0.509	35,430,500	28,566,368
Belgium <sup>1</sup>	1,250	0.217	15,079,375	10,253,975
Canada <sup>1</sup>	19,210	3.329	231,739,835	157,585,500
Denmark	2,937	0.509	35,430,500	28,566,368
Finland <sup>1</sup>	500	0.087	6,031,750	3,015,875
France <sup>1</sup>	6,250	1.083	75,396,875	51,269,875
Germany, Federal Republic of	37,334	6.470	450,378,709	363,171,668
Italy <sup>1</sup>	5,000	0.866	60,317,500	41,015,900
Netherlands <sup>1, 3</sup>	2,750	0.477	33,174,625	22,558,745
Norway	2,937	0.509	35,430,500	28,566,368
Sweden	1,175	0.204	14,174,612	10,350,483
Switzerland	2,937	0.509	35,430,500	28,566,368
United Kingdom <sup>1, 3</sup>	7,500	1.300	90,476,250	61,523,850
United States <sup>1, 3</sup>	50,000	8.665	603,175,000	410,159,000
Total Non-Regional	142,717	24.734	1,721,666,531	1,245,170,343
<b>GRAND TOTAL</b>	<b>577,025</b>	<b>100.000</b>	<b>\$6,960,941,087</b>	<b>\$5,451,169,936</b>

The accompanying notes to financial statements (Appendix I-VIII) are an integral part of this statement.

1 As of 31 December 1977, these members have not yet subscribed to the additional shares under the second general increase in capital stock authorized by Resolution No. 104 of the Board of Governors. Such additional shares are equal to 135 per cent of each such member's existing subscribed shares.

2 Since 2 July 1976, the Socialist Republic of Viet Nam has been substituted for the former Republic of South Vietnam as a member.

## CAPITAL STOCK AND VOTING POWER

1977

States Dollars (Note A)

PAR VALUE OF PAID-IN SHARES		VOTING POWER		
Subscription Not Due	Instalments Matured	Number of Votes	Per Cent of Total	Per Cent of Regional/ Non-Regional
\$ —	\$ 4,608,257	4,629	0.642	0.873
34,610,181	82,031,800	53,371	7,400	10.061
6,104,131	14,476,200	12,246	1.698	2.309
3,257,145	7,720,640	8,134	1.128	1.533
—	3,377,780	4,309	0.598	0.812
6,514,290	15,441,280	12,834	1.779	2.419
18,095	18,095	3,444	0.478	0.649
410,159	965,080	4,021	0.558	0.758
—	60,317	3,449	0.478	0.650
3,257,145	7,720,640	8,134	1.128	1.533
37,867,326	89,752,440	58,071	8,051	10.947
45,841,300	63,936,550	50,434	6,993	9.508
81,428,625	193,016,000	120,934	16.767	22.798
36,878,119	64,660,360	46,909	6,504	8.843
168,889	410,159	3,680	0.510	0.694
21,111,125	33,777,800	26,934	3,734	5.078
880,636	2,086,985	4,703	0.652	0.887
—	21,774,618	9,074	1.258	1.711
13,028,580	30,882,560	22,234	3,083	4.192
—	1,326,985	3,779	0.524	0.712
14,246,993	33,777,800	23,996	3,327	4.524
—	4,825,400	4,684	0.649	0.883
36,190	96,509	3,492	0.484	0.658
3,462,224	8,227,307	8,439	1.170	1.591
8,142,863	19,301,600	15,184	2.105	2.862
—	60,317	3,449	0.478	0.650
—	11,580,960	6,434	0.892	1.213
43,228	53,280	3,459	0.480	0.652
317,307,244	715,967,719	530,460	73.548	100.000
2,038,732	4,825,400	6,371	0.883	3.339
—	4,825,400	4,684	0.649	2.455
25,013,667	49,140,668	22,644	3.140	11.868
2,038,732	4,825,400	6,371	0.883	3.339
—	3,015,875	3,934	0.546	2.062
—	24,127,000	9,684	1.343	5.076
40,135,264	47,071,777	40,768	5.652	21.368
—	19,301,600	8,434	1.169	4.421
—	10,615,880	6,184	0.857	3.241
2,038,732	4,825,400	6,371	0.883	3.339
808,254	3,015,875	4,609	0.639	2.416
2,038,732	4,825,400	6,371	0.883	3.339
—	28,952,400	10,934	1.516	5.731
—	193,016,000	53,434	7.409	28.006
74,112,113	402,384,075	190,793	26.452	100.000
\$391,419,357	\$1,118,351,794	721,253	100.000	

## 3 Subsequent to the date of this statement:

- a. the following members have subscribed to the second general increase in the capital stock authorized by Resolution No. 104 of the Board of Governors, as follows:

Members	Shares
Papua New Guinea	465
Netherlands	3,712
United States (partial subscription)	13,924

- b. the Republic of Maldives has been admitted as a new member effective as of 14 February 1978, subscribing to thirty-five (35) shares.

## ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

## NOTES TO FINANCIAL STATEMENTS

31 December 1977 and 31 December 1976

## NOTE A –

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## (1) Unit of Account

The Ordinary Capital Resources financial statements are expressed in current United States Dollars.

## (2) Translation of Currencies

Assets and liabilities in currencies other than United States Dollars were translated at the applicable rates of exchange which prevailed at the end of the year, except that, starting in 1977, unamortized issuance costs of borrowings in such currencies were translated at applicable historical rates.

The capital stock, which is defined in Article 4, paragraph 1 of the Articles of Agreement in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966, was translated into current United States Dollars on the basis of 1.20635 current dollars per 1966 dollar.

Except for the 1977 amortization of issuance costs of borrowings, income and expense amounts in currencies other than United States Dollars were translated for each quarter generally at the rates of exchange which prevailed at the beginning of the quarter; such practice approximates the application of average rates in effect during the quarter. Starting in 1977, amortization of issuance costs was translated at applicable historical rates. This change did not have a material effect on the 1977 financial statements.

Translation adjustments, other than those relating to maintenance of value of currency holdings under Article 25 (see Note D), were charged or credited to income.

## (3) Loans

The Summary Statement of Loans (Appendix 1-V) presents, by country, total approved loans to be financed from Ordinary Capital Resources. Adjustments for loans not yet effective, refundings and cancellations, payments received, loans agreed to be sold and exchange adjustments are made to arrive at effective loans held by the Bank.

## (4) Unamortized Discounts, Premiums and Issuance Costs of Borrowings

Unamortized discounts, premiums and issuance costs of borrowings are amortized over the life of each issue in proportion to each of the principal amounts outstanding.

## (5) Property, Furniture and Equipment

The headquarters seat of the Bank, including land, building, facilities and fixtures and the initial cost of necessary staff amenities and of related furnishings are provided to the Bank by the Government of the Republic of the Philippines. Furniture and equipment purchased by the Bank are charged to expense when acquired.

## (6) Staff Retirement Costs

The Bank absorbs all expenses of administering the Staff Retirement Plan and charges all of its contributions thereto (see Note H) to administrative expenses currently.

## (7) Restatement of Certain Amounts

Certain 1976 amounts have been restated to conform to 1977 classifications.

## NOTE B –

## RESTRICTIONS ON USE OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS

In accordance with Article 24, paragraph 2(i), the use by the Bank or by any recipient from the Bank may be restricted by the member to payments for goods or services produced and intended for use in its territory, as follows:

The use of cash in banks and demand obligations in the currencies of 24 members aggregating \$203,868,389 (\$193,521,434 – 1976).

In accordance with Article 24, paragraphs 2(i) and (ii), the use by the Bank or by any recipient from the Bank has been restricted by the member to payments for goods or services produced in its territory, as follows:

The use of cash in banks and demand obligations in the currencies of 2 members aggregating \$11,175,192 (\$12,168,359 – 1976).

CONTINUED

## NOTE C —

## CAPITAL STOCK

The authorized capital stock of the Bank consists of 722,057 shares of \$10,000 par value each in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966. This is equivalent to \$8,710,534,620 in terms of current United States Dollars.

The authorized capital stock consists of "callable" capital stock and "paid-in" capital stock. The "callable" capital stock is subject to call only as and when required by the Bank to meet obligations incurred on borrowings or on guarantees. The "paid-in" capital stock is paid or payable partly in gold or convertible currencies and partly in the currency of the member. In lieu of the portion paid or payable in the currency of the member, provided such currency is not required by the Bank for the conduct of its operations, the Bank shall accept non-negotiable, non-interest-bearing demand obligations in accordance with Article 6, paragraph 3.

As of 31 December 1977, the subscribed capital stock was \$6,960,941,087 (\$3,688,390,998 — 1976). All matured instalments amounting to \$1,118,351,794 (\$1,069,881,657 — 1976) were received except \$253,334 due from Cambodia on 6 April 1975. Instalments not due aggregating \$391,419,357 (\$112,594,677 — 1976) are receivable as follows:

	1977	1976
1977	\$ —	\$ 48,453,047
1978	126,321,934	44,496,220
1979	101,471,125	19,645,410
1980	81,817,673	—
1981	81,808,625	—

Some members have made payments in respect of their capital subscription instalments in advance of the due date. Such payments are shown in the balance sheet (under the caption "CAPITAL AND RESERVES") as "Advance payments on subscriptions" pending the determination of the full value of such payments based on the rate of exchange to be used by the Bank as of the date on which such payments are actually due.

On 29 October 1976, the Board of Governors approved a proposal for a second general increase of 135 per cent in the authorized capital stock (from 307,257 shares valued at

\$3,706,594,820 to 722,057 shares valued at \$8,710,534,620). This increase consists of 10 per cent "paid-in" shares and 90 per cent "callable" shares. The "paid-in" shares are required to be paid for in four equal annual instalments commencing in 1978, 40 per cent of each instalment being in convertible currency and 60 per cent in the national currency of the subscribing member. The increase became effective on 30 September 1977 when subscriptions from members for shares in excess of 240,000 shares were received by the Bank.

In April 1976, the Board of Governors of the International Monetary Fund (IMF) approved proposed amendments to its Articles of Agreement which will become effective upon the acceptance by 60 per cent of its members representing 80 per cent of its total voting power. As of 24 February 1978, approximately 60 per cent of the members of the IMF representing approximately 71 per cent of its total voting power had accepted the amendments. Under these amendments, gold will be abolished as a common denominator of the monetary system, currencies will no longer have par values, and all computations relating to currencies of IMF members for the purpose of applying the provisions of the Articles of the IMF will be made on the basis of the Special Drawing Right (SDR). As a result, upon the effectiveness of the amendments to the IMF Articles, it will no longer be possible to determine, in current monetary terms, the value of the unit in which the Bank's share capital is denominated, namely, the United States Dollar of the weight and fineness in effect on 31 January 1966. The Bank has under consideration the effect of the IMF amendments on the unit of denomination of its capital and the rights and obligations of members with respect thereto. If the SDR were substituted for the 1966 United States Dollar in the Bank's Articles of Agreement, the Bank's capital stock would then consist of shares having a par value of SDR 10,000 each, the value of which in current monetary terms would vary from day to day corresponding to variations in the current monetary value of the SDR. Therefore, the Bank's capital stock, expressed in United States Dollars, could differ from the amounts shown in these financial statements. If such a substitution had been made as of 31 December 1977, the amounts for "callable" shares subscribed, "paid-in" shares subscribed and total shares subscribed would have been \$5,488,900,000, \$1,520,200,000 and \$7,009,100,000, respectively, as compared to \$5,451,169,936, \$1,509,771,151 and \$6,960,941,087, respectively, shown in the financial statements. Such a substitution would not then have had a material effect on the financial position or results of operations of the Bank.

## ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 1977 and 31 December 1976

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#### NOTE D –

##### AMOUNTS RECEIVABLE AND AMOUNTS PAYABLE TO MAINTAIN VALUE OF CURRENCY HOLDINGS

These represent the aggregate amounts receivable and the aggregate amounts payable resulting from changes in exchange rates of member currencies from those previously used for the purposes of maintenance of value, under Article 25, of the Bank's holdings of certain member currencies (see Note C).

#### NOTE E –

##### SPECIAL RESERVE

In accordance with Article 16, paragraph 1, the Bank charges a commission calculated at one per cent per annum on the outstanding amount of loans made by it from the Ordinary Capital Resources. In accordance with Article 17, an amount equivalent to such commissions is appropriated to a Special Reserve. Special Reserve Fund assets consist principally of government obligations and cash.

#### NOTE F –

##### CAPITAL SET-ASIDE FOR SPECIAL OPERATIONS

Pursuant to the provisions of Article 19, paragraph 1(i), the Board of Governors has authorized the setting aside of 10 per cent of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as of 28 April 1973, to be used as part of the Special Funds of the Bank. The resources so set aside, amounting to \$57,433,902 (\$47,609,651 in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966), were allocated and transferred to the Multi-Purpose Special Fund. On 1 October 1975, these resources were transferred to the Asian Development Fund. (See Note C).

#### NOTE G –

##### ORDINARY RESERVE AND NET INCOME AFTER APPROPRIATION OF COMMISSIONS TO SPECIAL RESERVE

Under the provisions of Article 40, the Board of Governors shall determine annually what part of the net income after appropriation of commissions to Special Reserve (see Note E), shall be allocated, after making provision for reserves, to surplus and what part, if any, shall be distributed to the members. Net income after appropriation of commissions to Special Reserve for the year ended 31 December 1976, namely \$40,561,964, was allocated to the Ordinary Reserve in accordance with the resolution adopted by the Board of Governors at the Tenth Annual Meeting. Similar allocations

had previously been made in respect of net income after appropriation of commissions to Special Reserve for the preceding periods.

#### NOTE H –

##### CONTRIBUTIONS TO STAFF RETIREMENT PLAN

The Bank has a contributory Staff Retirement Plan (the Plan). Every employee, as defined under the Plan shall, as a condition of service, become a participant as of the first day of his service, provided that as of such a date, he shall not have reached his normal retirement date. The Plan applies also to members of the Board of Directors who elect to join the Plan. The Staff Retirement Plan assets are segregated and held in trust and are not included in the accompanying balance sheet.

From December 1974, each participant has contributed 9 1/3 per cent of his remuneration to the Plan, and the Bank has contributed 18 2/3 per cent of the participants' remuneration. The Bank's contribution is determined at a rate sufficient to cover that part of the costs and expenses of the Plan not covered by the participants' contributions. For the year ended 31 December 1977, the amount contributed by the Bank was \$1,938,441 (\$1,708,277 – 1976).

#### NOTE I –

##### ADMINISTRATION CHARGE

The Administration Charge to Special Funds Operations, instituted in 1971, is based on a formula which takes into consideration certain administrative expenses and the number and amount of loans approved.

#### NOTE J –

##### TECHNICAL ASSISTANCE

The outstanding commitments, as of 31 December 1977, for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$10,101,000 (\$7,182,000 – 1976); to the extent available, contributions to the Technical Assistance Special Fund may be used to meet expenditures arising out of the commitments. The amount shown is exclusive of technical assistance services made available on a reimbursable basis; however, when technical assistance rendered as a part of the commitment shown leads to loans for specific projects, the portion representing the cost of design and engineering and any balance of amount over \$150,000 (\$100,000 prior to 31 May 1977) will be converted to the subsequent loan. Under such options, technical assistance expenditures of \$205,924 (nil – 1976) were charged to loans and credited to income of Ordinary Capital Resources during the year ended 31 December 1977.

**HASKINS & SELLS**  
Certified Public Accountants

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New York 10036

**OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

We have examined the following financial statements of the Asian Development Bank — Ordinary Capital Resources:

	Appendix
Balance Sheet, 31 December 1977 and 31 December 1976	1 - I
Statement of Income and Expenses for the years ended 31 December 1977 and 31 December 1976	1 - II
Statement of Changes in Financial Position for the years ended 31 December 1977 and 31 December 1976	1 - III
Statement of Cash in Banks and Demand Obligations of Members, 31 December 1977	1 - IV
Summary Statement of Loans, 31 December 1977	1 - V
Statement of Borrowings, 31 December 1977 and 31 December 1976	1 - VI
Statement of Subscriptions to Capital Stock and Voting Power, 31 December 1977	1 - VII
Notes to Financial Statements, 31 December 1977 and 31 December 1976	1 - VIII

Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of the Asian Development Bank — Ordinary Capital Resources at 31 December 1977 and 31 December 1976 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SELLS

24 February 1978

## ASIAN DEVELOPMENT BANK -

## BALANCE

31 December 1977 and

Expressed in United

Technical Assistance  
Special Fund (Note 3)

<u>ASSETS</u>	<u>1977</u>	<u>1976</u>
CASH IN BANKS	\$ 314,965	\$ 968,838
INVESTMENTS		
Government and government guaranteed obligations — amortized cost which approximates market (Face amounts \$22,456,377 – 1977, \$18,412,609 – 1976)	13,770,409	9,699,567
Time deposits	1,602,795	—
LOANS (Note 5)		
Effective loans held by Bank	—	—
ACCRUED INCOME		
On investments	33,080	—
On loans	—	—
RESOURCES AVAILABLE FOR DRAWING		
Contributed Resources (See Appendix 1-D)	1,122,945	969,714
RECEIVABLE FROM ASIAN DEVELOPMENT FUND	—	—
OTHER ASSETS	474,541	404,666
<b>TOTAL</b>	<b>\$ 17,318,735</b>	<b>\$ 12,042,785</b>
 <u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>		
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 6)	\$ —	\$ —
ACCOUNTS PAYABLE		
Asian Development Fund	—	—
Others	1,213,650	1,075,613
UNEXPENDED BALANCES AND CAPITAL		
Contributed Resources (See Appendix 1-D)	31,079,318	23,745,965
Credit arising from transfer to the Asian Development Fund of Administration Charge Payable (Note 6)	—	—
Accumulated net income (expense) (See Appendix 1-B)		
Contributed Resources	(14,974,233)	(12,778,793)
Accrued Resources [Note 4(b)]	—	—
<b>TOTAL</b>	<b>\$ 17,318,735</b>	<b>\$ 12,042,785</b>

The accompanying notes to financial statements (Appendix 1-I) are an integral part of this statement.

## SPECIAL FUNDS RESOURCES

## SHEET

31 December 1976

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 4)		Consolidated	
1977	1976	1977	1976
\$ 37,429	\$ 273,463	\$ 352,394	\$ 1,242,301
8,451,578 457,038	8,485,390 —	22,221,987 2,059,833	18,184,957 —
386,895	9,624,464	386,895	9,624,464
81,998 1,268	— 50,630	115,078 1,268	— 50,630
—	—	1,122,945	969,714
—	66,304	—	66,304
32,797	—	507,338	404,666
\$9,449,003	\$18,500,251	\$26,767,738	\$30,543,036
\$ 663,328	\$ 542,786	\$ 663,328	\$ 542,786
595,567 —	—	595,567 1,213,650	— 1,075,613
7,416,762	17,362,851	38,496,080	41,108,816
305,236	305,236	305,236	305,236
468,110	— 289,378	(14,974,233) 468,110	(12,778,793) 289,378
\$9,449,003	\$18,500,251	\$26,767,738	\$30,543,036

## ASIAN DEVELOPMENT BANK -

## STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December

Expressed in United

	Technical Assistance Special Fund (Note 3)	
	1977	1976
<b>INCOME</b>		
From investments	\$ 553,477	\$ 413,766
From loans		
Interest	—	—
Service fee	—	—
From conversion of grants into loans (Note 7)	—	—
From other sources	3,113	501
<b>GROSS INCOME</b>	<b>556,590</b>	<b>414,267</b>
Service fee less depository banks charges allocated to Accrued Resources	—	—
<b>UNALLOCATED GROSS INCOME</b>	<b>556,590</b>	<b>414,267</b>
<b>EXPENSES</b>		
Administrative expenses		
Staff — Consultants		
Headquarters	167,237	135,702
Project appraisal and other field missions	728,655	703,076
Other administrative expenses		
Administration Charge (Note 6)	—	—
Depository banks charges	857	1,124
Miscellaneous	23,132	3,200
<b>Total</b>	<b>919,881</b>	<b>843,102</b>
Services to member countries (Note 7)		
Project preparation missions and other loan-related technical assistance —		
Consultants	803,632	1,323,510
Project implementation/advisory —		
Consultants	749,427	663,851
Regional activities —		
Consultants	294,170	482,595
<b>Total</b>	<b>1,847,229</b>	<b>2,469,956</b>
<b>GROSS EXPENSES</b>	<b>2,767,110</b>	<b>3,313,058</b>
<b>INCOME (EXPENSE) BEFORE NET GAIN FROM CHANGES IN VALUE OF CURRENCIES</b>	<b>(2,210,520)</b>	<b>(2,898,791)</b>
<b>NET GAIN FROM CHANGES IN VALUE OF CURRENCIES — resulting primarily from translation of currency holdings derived from earnings (Note 2)</b>	<b>15,080</b>	<b>13,063</b>
<b>NET INCOME (EXPENSE) FOR THE YEAR</b>	<b>(2,195,440)</b>	<b>(2,885,728)</b>
<b>BALANCE OF ACCUMULATED NET INCOME (EXPENSE) AT BEGINNING OF THE YEAR</b>	<b>(12,778,793)</b>	<b>(9,893,065)</b>
<b>TRANSFER TO ASIAN DEVELOPMENT FUND</b>	<b>—</b>	<b>—</b>
<b>BALANCE OF ACCUMULATED NET INCOME (EXPENSE) AT END OF THE YEAR</b>	<b>\$14,974,233</b>	<b>\$12,778,793</b>

The accompanying notes to financial statements (Appendix 1-1) are an integral part of this statement.

## SPECIAL FUNDS RESOURCES

## AND ACCUMULATED NET INCOME (EXPENSE)

1977 and 31 December 1976

States Dollars (Note 2)

		Multi-Purpose Special Fund (Note 4)		
				Total
Contributed Resources	Accrued Resources	1977	1976	
\$ -	\$ 30,036	\$ 30,036	\$ 21,406	
26,504	128	26,632	92,071	
19,776	3,692	23,468	55,292	
-	475,344	475,344	304,582	
-	-	-	45	
46,280	509,200	555,480	473,396	
(19,756)	19,756	-	-	
26,524	528,956	555,480	473,396	
-	-	-	-	
26,504	160,343	186,847	188,806	
20	79	99	128	
-	-	-	-	
26,524	160,422	186,946	188,734	
-	-	-	-	
26,524	160,422	186,946	188,734	
-	368,534	368,534	284,662	
-	99,576	99,576	4,716	
-	468,110	468,110	289,378	
-	289,378	289,378	3,323,729	
-	(289,378)	(289,378)	(3,323,729)	
\$ -	\$ 468,110	\$ 468,110	\$ 289,378	

**ASIAN DEVELOPMENT BANK —**

**STATEMENT OF CHANGES**

For the Years Ended 31 December

Expressed in United

	Technical Assistance Special Fund (Note 3)	
	<u>1977</u>	<u>1976</u>
<b>FUNDS WERE PROVIDED BY</b>		
Operations		
Net income (expense)	\$(2,195,440)	\$(2,885,728)
Items not requiring or providing funds		
Accrued expenses	39,818	257,471
Accrued income	(33,080)	—
Administration Charge	—	—
Funds provided by (utilized for) operations	(2,188,702)	(2,628,257)
Loans and other assets transferred to the Asian Development Fund	—	—
Decrease in loans disbursed and outstanding as a result of currency revaluations	—	—
Contributions drawn	5,263,362	4,584,820
Notes of contributors encashed	—	—
Increase (decrease) in contributions drawn as a result of currency revaluations	1,916,760	297,943
Loans collected	—	—
Other — net	28,344	(219,288)
Total	<u>5,019,764</u>	<u>2,035,218</u>
<b>FUNDS WERE UTILIZED FOR</b>		
Loans disbursed	—	—
Resources transferred to the Asian Development Fund	—	—
Administration Charge paid	—	—
Total	<u>—</u>	<u>—</u>
<b>INCREASE IN CASH IN BANKS AND INVESTMENTS</b>	<u>\$ 5,019,764</u>	<u>\$ 2,035,218</u>
<b>INCREASE (DECREASE) IN COMPONENTS OF FUNDS</b>		
Cash in banks	\$ (653,873)	\$ (130,593)
Investments	5,673,637	2,165,811
Total	<u>\$ 5,019,764</u>	<u>\$ 2,035,218</u>

The accompanying notes to financial statements (Appendix I-I) are an integral part of this statement.

**SPECIAL FUNDS RESOURCES****IN FINANCIAL POSITION**

1977 and 31 December 1976

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 4)		Consolidated	
<u>1977</u>	<u>1976</u>	<u>1977</u>	<u>1976</u>
\$ 468,110	\$ 289,378	\$ (1,727,330)	\$ (2,596,350)
(64,257)	(9,832)	39,818	257,471
186,847	188,606	(97,337)	(9,832)
590,700	468,152	186,847	188,606
9,425,388	6,332,317	(1,598,002)	(2,160,105)
386	1,461,241	9,425,388	6,332,317
—	22,746,130	386	1,461,241
—	4,840,447	5,263,362	27,330,950
(626,396)	(1,321,040)	1,290,364	4,840,447
103,471	126,739	103,471	(1,023,097)
584,644	334,015	612,988	126,739
<u>10,078,193</u>	<u>34,988,001</u>	<u>15,097,957</u>	<u>37,023,219</u>
144,120	6,399,713	144,120	6,399,713
9,746,881	21,818,673	9,746,881	21,818,673
—	196,121	—	196,121
9,891,001	<u>28,414,507</u>	<u>9,891,001</u>	<u>28,414,507</u>
<u>\$ 187,192</u>	<u>\$ 6,573,494</u>	<u>\$ 5,206,956</u>	<u>\$ 8,608,712</u>
\$ (236,034)	\$ (1,200,057)	\$ (889,907)	\$ (1,330,650)
423,226	7,773,551	6,096,863	9,939,362
<u>\$ 187,192</u>	<u>\$ 6,573,494</u>	<u>\$ 5,206,956</u>	<u>\$ 8,608,712</u>

## ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES

## STATEMENT OF CONTRIBUTED RESOURCES

31 December 1977

Expressed in United States Dollars (Note 2)

	Contributions Committed During 1977	Contributions Transferred During 1977	Amounts Committed and Made Available	Amounts Drawn	Resources Available for Drawing
<b>TECHNICAL ASSISTANCE SPECIAL FUND (Note 3)</b>					
Australia					
Australia	\$ —	\$ —	\$ 965,798	\$ 965,798	\$ —
Austria	—	—	131,407	131,407	—
Bangladesh	—	—	25,528	25,528	—
Belgium	—	—	712,921	317,200	395,721
Canada	914,077	—	1,605,287	1,605,287	—
China, Republic of	—	—	200,000	200,000	—
Denmark	—	—	886,092	886,092	—
Finland	—	—	116,934	116,934	—
Germany, Federal Republic of	—	—	480,408	480,408	—
Hong Kong	100,000	—	100,000	100,000	—
India	274,753	—	493,364	251,411	241,953
Italy	—	—	140,621	140,621	—
Japan	3,376,613	—	19,983,253	19,983,253	—
Korea, Republic of	—	—	180,000	180,000	—
Netherlands	87,719	—	659,764	623,578	36,186
New Zealand	—	—	331,572	331,572	—
Norway	—	—	100,000	100,000	—
Pakistan	50,505	—	185,433	178,816	6,617
Sri Lanka	—	—	20,267	20,267	—
Sweden	428,311	—	428,311	428,311	—
Switzerland	—	—	603,060	603,060	—
United Kingdom	473,188	—	1,479,298	1,036,830	442,468
United States	—	—	1,250,000	1,250,000	—
Total	<u>5,705,166</u>	<u>—</u>	<u>31,079,318</u>	<u>29,956,373</u>	<u>1,122,945</u>
<b>MULTI-PURPOSE SPECIAL FUND (Note 4)</b>					
Australia	—	(9,936,295)	—	—	—
Canada	—	127,078	7,416,762	7,416,762	—
Total	—	(9,809,217)	7,416,762	7,416,762	—
<b>GRAND TOTAL</b>	<b>\$5,705,166</b>	<b>\$ (9,809,217)</b>	<b>\$38,496,080</b>	<b>\$37,373,135</b>	<b>\$1,122,945</b>

The accompanying notes to financial statements (Appendix 1-I) are an integral part of this statement.

**ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES****STATEMENT OF ACCRUED RESOURCES****For the Years Ended 31 December 1977 and 31 December 1976**

Expressed in United States Dollars (Note 2)

	<u>1977</u>	<u>1976</u>
BALANCE AT BEGINNING OF THE YEAR	\$289,378	\$3,323,729
NET INCOME FOR THE YEAR	468,110	289,378
TRANSFER TO ASIAN DEVELOPMENT FUND	(289,378)	(3,323,729)
<b>BALANCE AT END OF THE YEAR</b>	<b>\$468,110</b>	<b>\$ 289,378</b>

The accompanying notes to financial statements (Appendix 1-i) are an integral part of this statement.

## ASIAN DEVELOPMENT BANK -

## TECHNICAL ASSISTANCE

## BALANCE

31 December

Expressed in United

	Australia	Austria	Bangladesh	Belgium	Canada
<b>ASSETS</b>					
CASH IN BANKS	\$ 9,189	\$ 21,086	\$ 25,528	\$ 54,679	\$ 26,914
<b>INVESTMENTS</b>					
Government obligations — amortized cost which approximates market (Face amount \$13,827,035)	—	65,417	—	—	17,838
Time deposits	—	—	—	—	914,077
<b>ACCRUED INCOME</b>					
On investments	—	370	—	—	29,710
<b>RESOURCES AVAILABLE FOR DRAWING</b>					
Contributed Resources (See Appendix 1-D)	—	—	—	395,721	—
<b>OTHER ASSETS</b>					
<b>TOTAL</b>	<b>\$ 9,189</b>	<b>\$ 86,873</b>	<b>\$ 25,528</b>	<b>\$ 450,400</b>	<b>\$ 1,035,339</b>
<b>LIABILITIES AND UNEXPENDED BALANCES</b>					
ACCOUNTS PAYABLE	\$ 730	\$ —	\$ —	\$ —	\$ 56,047
<b>UNEXPENDED BALANCES</b>					
Contributed Resources (See Appendix 1-D)					
Amounts made available	965,798	131,407	25,528	712,921	1,605,287
Accumulated net income (expense) (See Appendix 1-B)	(957,339)	(44,534)	—	(262,521)	(625,995)
<b>TOTAL</b>	<b>\$ 9,189</b>	<b>\$ 86,873</b>	<b>\$ 25,528</b>	<b>\$ 450,400</b>	<b>\$ 1,035,339</b>

## SPECIAL FUNDS RESOURCES

## SPECIAL FUND (Note 3)

## SHEET

1977

States Dollars (Note 2)

CONTINUED

China, Republic of	Denmark	Finland	Germany, Federal Republic of	Hong Kong	India	Italy	Forward
\$ -	\$ 13,312	\$ 14,415	\$ -	\$ 23,709	\$ 1,079	\$ 8,899	\$ 198,810
37,879	-	-	-	48,785	-	-	169,919
-	103,851	-	-	-	-	112,696	1,130,624
-	1,131	-	-	-	-	1,800	33,011
-	-	-	-	-	241,953	-	637,674
-	729	91	-	7,250	-	-	54,870
\$ 37,879	\$ 119,023	\$ 14,506	\$ -	\$ 79,744	\$ 243,032	\$ 123,395	\$ 2,224,908
\$ -	\$ 9,002	\$ 17	\$ -	\$ 12,235	\$ 2,261	\$ -	\$ 80,292
200,000	886,092	116,934	480,408	100,000	493,364	140,621	5,858,360
(162,121)	(776,071)	(102,445)	(480,408)	(32,491)	(252,593)	(17,226)	(3,713,744)
\$ 37,879	\$ 119,023	\$ 14,506	\$ -	\$ 79,744	\$ 243,032	\$ 123,395	\$ 2,224,908

**ASIAN DEVELOPMENT BANK -**

**TECHNICAL ASSISTANCE**

**BALANCE**

**31 December**

Expressed in United

	Forward	Japan	Korea, Republic of	Netherlands	New Zealand	Norway
<b>ASSETS</b>						
CASH IN BANKS	\$ 198,810	\$ 62,113	\$ 14,518	\$ 19,257	\$ —	\$ —
<b>INVESTMENTS</b>						
Government obligations – amortized cost which approximates market (Face amount \$13,827,035)	169,919	13,037,930	43,819	—	—	98,781
Time deposits	1,130,624	—	—	43,860	—	—
<b>ACCRUED INCOME</b>						
On investments	33,011	—	—	6	—	—
<b>RESOURCES AVAILABLE FOR DRAWING</b>						
Contributed Resources (See Appendix 1-D)	637,674	—	—	36,186	—	—
OTHER ASSETS	54,870	299,356	5,000	38,316	—	1,100
<b>TOTAL</b>	<b>\$2,224,908</b>	<b>\$13,399,399</b>	<b>\$ 63,337</b>	<b>\$137,625</b>	<b>\$ —</b>	<b>\$ 99,881</b>
<b>LIABILITIES AND UNEXPENDED BALANCES</b>						
ACCOUNTS PAYABLE	\$ 80,292	\$ 732,558	\$ 13,651	\$137,625	\$ —	\$ 12,934
<b>UNEXPENDED BALANCES</b>						
Contributed Resources (See Appendix 1-D)						
Amounts made available	5,858,360	19,983,253	180,000	659,764	331,572	100,000
Accumulated net income (expense) (See Appendix 1-B)	(3,713,744)	(7,316,412)	(130,314)	(659,764)	(331,572)	(13,053)
<b>TOTAL</b>	<b>\$2,224,908</b>	<b>\$13,399,399</b>	<b>\$ 63,337</b>	<b>\$137,625</b>	<b>\$ —</b>	<b>\$ 99,881</b>

The accompanying notes to financial statements (Appendix 1-I) are an integral part of this statement.

## SPECIAL FUNDS RESOURCES

## SPECIAL FUND (Note 3)

## SHEET

1977

States Dollars (Note 2)

Pakistan	Sri Lanka	Sweden	Switzerland	United Kingdom	United States	Total
\$ —	\$20,267	\$ —	\$ —	\$ —	\$ —	\$ 314,965
144,407	—	—	275,553	—	—	13,770,409
—	—	428,311	—	—	—	1,602,795
—	—	63	—	—	—	33,080
6,617	—	—	—	442,468	—	1,122,945
—	—	—	9,960	65,939	—	474,541
<b>\$151,024</b>	<b>\$20,267</b>	<b>\$428,374</b>	<b>\$285,513</b>	<b>\$ 508,407</b>	<b>\$ —</b>	<b>\$17,318,735</b>
\$ —	\$ —	\$ —	\$ 19,484	\$ 217,106	\$ —	\$ 1,213,650
185,433	20,267	428,311	603,060	1,479,298	1,250,000	31,079,318
(34,409)	—	63	(337,031)	(1,187,997)	(1,250,000)	(14,974,233)
<b>\$151,024</b>	<b>\$20,267</b>	<b>\$428,374</b>	<b>\$285,513</b>	<b>\$ 508,407</b>	<b>\$ —</b>	<b>\$17,318,735</b>

## ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES

## TECHNICAL ASSISTANCE SPECIAL FUND

## STATEMENT OF EXPENSES BY PROJECTS AND PROGRAMS

For the Year Ended 31 December 1977

Expressed in United States Dollars (Note 2)

		Contributors	Amounts
<b>ADMINISTRATIVE EXPENSES</b>			
Staff - Consultants			
Headquarters		China, Republic of Denmark Japan Korea, Republic of Pakistan Switzerland United Kingdom	\$ 32 4,432 99,450 29,548 3,309 17,136 13,330
			<u>\$167,237</u>
Project appraisal and other field missions			
Afghanistan	Kama Irrigation and Power Cotton Storage and Ginning Khanabad Hydropower	Japan Switzerland India United Kingdom	17,866 8,055 <u>\$ 6,788</u> <u>6,310</u>
	Fertilizer and Agro-Chemical Storage	India Japan	13,098 7,387 14,626
			<u>22,013</u>
			61,032
Bangladesh	Railway	Australia Denmark Japan United Kingdom	361 11,075 10,233 <u>7,867</u>
	Meghna-Dhonagoda Irrigation Education Project	Japan	29,536 11,275
	Pabna Irrigation	Japan	(179)
	Agricultural and Irrigation Project	Japan	1,370
	Energy Study	Japan	250
	Serajgonj Integrated Rural Development	Netherlands United Kingdom	5,690 (409) (1,045)
	Project Implementation Bureau Review of Monetary and Banking Systems	Japan	7,073
	Khulna-Mongla Road	Netherlands	200
	Vocational Education	Switzerland	<u>21,846</u>
			75,607
Burma	Palm Oil Project Sedawgyi Multi-Purpose Dam and Irrigation Livestock Development Second Fisheries	Netherlands Japan Japan Denmark	(706) 1,986 10,212 <u>8,347</u>
	Pyinmana Sugar Mill	Korea, Republic of	15,594
	Mann Gas Turbine Power Station	Japan	24,968
	Jute Mill	Japan Korea, Republic of	8,809 6,914
			<u>67,777</u>
Fiji	Suva Port Development Power Supply and Electricity Authority	Netherlands Australia	8,070 <u>11,289</u>
			19,359

CONTINUED

		Contributors	Amounts
	(FORWARD)		\$223,775
Indonesia	Java Road Improvement Domestic Airports Preparation of Sawit Sebarang Phase II Sugar Factories Rehabilitation Surabaya Ports II-Phase I	Canada United Kingdom Netherlands Japan Japan Netherlands United Kingdom Switzerland Korea, Republic of	\$ (33) 56,458 2,489 18,226 \$14,307 11,452 5,943 31,702 21,759 4,394
Korea, Republic of	Baturaja Cement Economic Mission South East Sulawesi Transmigration Area Development	Japan United Kingdom	10,428 11,095 21,523
	Nakdong River Basin Development (I)	Japan	11,519
	Caprolactam Plant	Korea, Republic of	83
	Industrial Products Inspection Centers	India Japan Japan Korea, Republic of Korea, Republic of Norway	6,989 1,358 7,299 1,167 6,807 12,752 19,559
	Integrated Water Supply		8,347
	Applied Research Institutes		8,466
Malaysia	Sibu Port Expansion Pahang Tenggara Regional Development II	Japan	19
	Penang Port Expansion Phase II	Australia Japan United Kingdom Canada Korea, Republic of Japan Netherlands	79 11,357 5,221 (112) ( 7) 13,155 12,143
	Kuantan Port Kuching Port Expansion		41,855
Nepal	Jute Development Dhangarhi Groundwater Development Tea Industry Development Vocational Education Sagarnath Forestry Development Agricultural Credit	Japan Japan Netherlands Japan Japan India	4,946 (138) 9,618 4,833 7,668 9,563
Pakistan	WAPDA Hydropower Post Evaluation Mission	Australia Japan	575 51,642
Papua New Guinea	East Sepik Agricultural Development Water Supply Provincial Mini-Hydropower	Belgium Japan Canada	9,738 8,265 12,004
Philippines	First Luzon Roads Mindanao Irrigation Cebu Coal Mining Manila Water Supply II Integrated Fisheries Development Philippine National Railways	Japan Switzerland Japan Japan Japan Japan	9,345 13,959 23,304 1,398 22,784 19,162 4,480 4,812 75,940
	TOTAL (FORWARD)		\$664,776
			103

## ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES

## TECHNICAL ASSISTANCE SPECIAL FUND

## STATEMENT OF EXPENSES BY PROJECTS AND PROGRAMS

For the Year Ended 31 December 1977

Expressed in United States Dollars (Note 2)

		Contributors	Amounts
(FORWARD)			\$664,776
Solomon Islands	Solomon Islands Housing Authority Honiara Port Development Lunga Hydropower	Belgium Japan Japan	\$ 9,240 4,535 <u>4,942</u> 18,717
Sri Lanka	Railway Rehabilitation  Canyon Hydropower Lunuganwehera Reservoir	Japan Netherlands Canada Japan	<u>(\$942)</u> 32 (910) 474 <u>12,635</u> 12,199
Thailand	Transmission III Third MEA Power Distribution	Switzerland Japan	(500) <u>9,404</u> 8,904
Tonga	Road Construction and Improvement	Australia	427
Western Samoa	Coconut Oil Processing Mill WSTEC Agricultural Development	Denmark United Kingdom	6,543 <u>17,089</u> 23,632
	Total		<u>728,655</u>
Other administrative expenses			
Depository banks charges			
		Australia Belgium Canada Hong Kong Italy Japan Korea, Republic of Netherlands Norway Pakistan Switzerland	30 5 13 10 7 566 25 20 15 101 65 <u>857</u>
	Miscellaneous	Japan	<u>23,132</u>
TOTAL ADMINISTRATIVE EXPENSES			<u>919,881</u>
SERVICES TO MEMBER COUNTRIES			
Project preparation missions and other loan-related technical assistance —			
	Consultants		
Afghanistan	Upper Helmand Valley Agricultural Development Cotton Storage and Ginning	Japan United Kingdom	(17,601) <u>22,000</u> 4,399
Bangladesh	Meghna-Dhonagoda Irrigation	Japan	160,136
Burma	Pyinmana Sugar Mill	Japan	220,387
Gilbert Islands	Inter-Island Shipping	Australia	34,893
TOTAL (FORWARD)			\$419,815

CONTINUED

		Contributors	Amounts
(FORWARD)			\$419,815
Indonesia	Java Road Improvement Smallholder Development Preparation of Sawit Sebarang Phase II	Canada United Kingdom Netherlands	\$ 123 (20,015)  (1,006) <u>          </u> <u>          </u> (20,898)
Korea, Republic of	Namgang Area Development Integrated Water Supply	Japan Switzerland	167 50,000 <u>          </u> <u>          </u> 50,167
Nepal	Vocational Education	Canada	<u>          </u> (71)
Papua New Guinea	East Sepik Agricultural Development	Belgium	10,616
Philippines	Laguna de Bay Water Resources Development Project	Japan	100,000
Solomon Islands	Honiara Port Development Lunga Hydropower Beef Cattle Development	Australia United Kingdom New Zealand	34,536 82,560 2,045 <u>          </u> <u>          </u> 119,141
Sri Lanka	Lunuganwehera Reservoir	Japan	1,506
Thailand	Songkhla and Phuket Ports Development ASEAN Rock Salt - Soda Ash	Australia Canada	1,469 114,190 <u>          </u> <u>          </u> 115,659
Tonga	Small Industries Center	Finland Japan	4,298 2,441 <u>          </u> <u>          </u> 6,739
Western Samoa	Coconut Oil Processing Mill	Japan	<u>          </u> 958
	Total		<u>          </u> 803,632
 Project implementation/ advisory — Consultants			
Afghanistan	Gawargan-Chardarah Agricultural Development	Japan	2,378
Bangladesh	Bangladesh Shilpa Rin Sangstha Railways  Agricultural Credit  Greater Dacca Gas Distribution Bangladesh Shilpa Bank Chittagong Port Bangladesh Shilpa Rin Sangstha II	Japan Japan United Kingdom Denmark Japan Netherlands Japan Japan Japan Hong Kong Netherlands	\$34,230 <u>          </u> 12,558 <u>          </u> 4,339 <u>          </u> 87,997 <u>          </u> 13,014 <u>          </u> 105,350 <u>          </u> 52,435 <u>          </u> 5,353 <u>          </u> (3,219)  35,416 46,788 105,350 52,435 5,353 (3,219)  355,800
Cook Islands	National Development Corporation	Japan	5,738
Indonesia	North Sumatra Rubber and Oil Palm	Japan	9,467 <u>          </u> <u>          </u> 105
TOTAL (FORWARD)			\$373,383

## ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES

## TECHNICAL ASSISTANCE SPECIAL FUND

## STATEMENT OF EXPENSES BY PROJECTS AND PROGRAMS

For the Year Ended 31 December 1977

Expressed in United States Dollars (Note 2)

		Contributors	Amounts
	(FORWARD)		
			\$373,383
Nepal	Agricultural Credit II Second Power Jute Development	Japan Japan Japan	\$24,705 74,024 18,688 <u>117,417</u>
Pakistan	Industrial Development Bank of Pakistan	Japan	61,591
Philippines	Fisheries Port	United Kingdom	2,585
Solomon Islands	Second Agricultural and Industrial Loans Board	Japan	43,658
Sri Lanka	Development Finance Corporation	Japan	16,988
Tonga	Development Finance Corporation	Japan	57,290
Western Samoa	Development Financing Institution Development Bank of Western Samoa Second Development Bank of Western Samoa Power	Australia Japan Australia Japan United Kingdom	\$ 1,450 43,741 <u>45,191</u> 1,147 29,710 467 <u>76,515</u>  <u>749,427</u>
Regional Activities – Consultants	APO Seventh Project Feasibility Study Training Course Updating the Asian Agricultural Survey -- Phase II ADB-KDB-KDFC-MIB Regional Training Program on Development Banking ADB-DSE-SEARCA Regional Training Program ILO-SIDA-ADB Regional Seminar on Road Construction and Maintenance ADB-PNGDB-FDB Program on Development Banking for the South Pacific Region Working Group Meeting on Pre- Investment Planning for Water Supply and Sewerage Development ADB-BRI/YPPI-DSE Regional Course on Agricultural Development Banking	Japan Japan Japan Japan Japan Australia India Japan Japan Japan	26,282 50,828 49 4,312 3,195 4,260 10,786 <u>18,241</u> 100,399 18,668 75,391  <u>294,170</u>
TOTAL SERVICES TO MEMBER COUNTRIES			1,847,229
GROSS EXPENSES			\$2,767,110

The accompanying notes to financial statements (Appendix 1-I) are an integral part of this statement.

## ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES

## MULTI-PURPOSE SPECIAL FUND (Note 4)

## BALANCE SHEET

31 December 1977

Expressed in United States Dollars (Note 2)

	Contributed Resources		Accrued Resources	Eliminations	Total
	Canada				
<b>ASSETS</b>					
CASH IN BANKS	\$ 7,868		\$ 29,561		\$ 37,429
<b>INVESTMENTS</b>					
Government and government guaranteed obligations - amortized cost which approximates market (Face amount \$8,629,342)	7,708,458		743,120		8,451,578
Time deposit	457,038		—		457,038
LOANS (Note 5)	—		386,895		386,895
Effective loans held by Bank	—				
ACCRUED INCOME					
On investments	81,998		—		81,998
On loans	—		1,268		1,268
RECEIVABLE FROM ASIAN DEVELOPMENT FUND	785		243,033	\$(243,818)	—
OTHER ASSETS	—		32,797		32,797
<b>TOTAL</b>	<b>\$8,256,147</b>		<b>\$1,436,674</b>	<b>\$(243,818)</b>	<b>\$9,449,003</b>
<b>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</b>					
ADMINISTRATION CHARGE PAYABLE					
TO ORDINARY CAPITAL					
RESOURCES (Note 6)	\$ —		\$ 663,328		\$ 663,328
PAYABLE TO ASIAN DEVELOPMENT FUND	839,385		—	\$(243,818)	595,567
UNEXPENDED BALANCES AND CAPITAL					
Contributed Resources (See Appendix 1-D)					
Amounts made available	7,416,762		—		7,416,762
Credit arising from transfer to the Asian Development Fund of Administration Charge Payable (Note 6)	—		305,236		305,236
Accumulated net income (expense) (See Appendix 1-B)	—		468,110		468,110
<b>TOTAL</b>	<b>\$8,256,147</b>		<b>\$1,436,674</b>	<b>\$(243,818)</b>	<b>\$9,449,003</b>

The accompanying notes to financial statements (Appendix 1-I) are an integral part of this statement.

## ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 1977 and 31 December 1976

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#### NOTE 1 –

##### GENERAL

- (a) Since 1967, the Bank has established Special Funds Resources to finance the special operations of the Bank as provided in Article 19 of the Articles of Agreement. Such Special Funds Resources consist of a Technical Assistance Special Fund and a Multi-Purpose Special Fund.
- (b) In 1974, the Asian Development Fund was established. Six contributors elected to have their contributions to the Multi-Purpose Special Fund made after 31 December 1972 credited toward the amount of their contributions to the Asian Development Fund. Accordingly, their contributions were transferred to the Asian Development Fund.
- (c) As a further step to streamline and restructure the Special Funds, transfer to the Asian Development Fund of the resources in the Multi-Purpose Special Fund (with the concurrence of the relevant contributor) was authorized in 1975. Accordingly, since 1 October 1975, all the resources in the Multi-Purpose Special Fund, except a portion of the contribution of Canada, the net income of the Accrued Resources for the year ended 31 December 1977 and other credit, have been transferred to the Asian Development Fund.
- (d) Since the Special Funds Rules and Regulations do not apply to the Asian Development Fund, the accompanying financial statements do not include the operations and activities of that Fund.

The Special Funds Resources financial statements are expressed in current United States Dollars.

- (b) **Translation of Currencies**  
Assets, liabilities and unexpended balances in currencies other than United States Dollars were translated at the applicable rates of exchange which prevailed at the end of the year.  
  
Income and expense amounts in currencies other than United States Dollars were translated for each quarter generally at the applicable rates of exchange which prevailed at the beginning of the quarter; such practice approximates the application of average rates in effect during the quarter.  
  
Translation adjustments relating to funds representing the unexpended balances of contributions were offset by increases or decreases in the contribution accounts. Other translation adjustments were charged or credited to income.
- (c) **Contributions**  
Amounts contributed by member countries are included in the financial statements as contributions committed from the date contribution agreements are signed and related formalities are completed. As to those member countries which have agreed to consider specific requests for financing, the amounts shown in the financial statements as contributions committed are based on the specific requests approved through 31 December 1977 and 31 December 1976.
- (d) **Restatement of Certain Amounts**  
Certain 1976 amounts have been restated to conform to 1977 classifications.

#### NOTE 2 –

##### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Unit of Account

##### TECHNICAL ASSISTANCE SPECIAL FUND

Since 1967, contributions have been made by 23 member

countries to be used by the Bank for financing technical assistance activities. In most cases, the initial use of the contributions shall be for the procurement of expert services and facilities from the contributing member country. There has been, however, a trend towards liberalization of the procurement terms. Therefore, some of the contributions are substantially or wholly untied.

#### NOTE 4 —

##### MULTI-PURPOSE SPECIAL FUND

- (a) Since 1968, contributions have been made by 14 member countries to be used by the Bank for financing special operations (other than non-reimbursable technical assistance). However, as a result of transfers of contributions to the Asian Development Fund [see Notes 1(b) and 1(c)], a portion of the contribution of Canada is the only contribution remaining in the Multi-Purpose Special Fund at 31 December 1977.
- (b) The term "Accrued Resources" refers to the resources derived from the service fee charged by the Bank in its special operations in accordance with the Special Funds Rules and Regulations for the Bank's administration of the Special Funds Resources and to certain other income derived from Special Funds Resources credited, held and administered by the Bank in the Multi-Purpose Special Fund.

#### NOTE 5 —

##### LOANS

Loans approved by the Bank on concessional terms are classified as Special Funds loans. Where necessary and when available, the resources of both the Multi-Purpose Special Fund and the Asian Development Fund may be used either singly or jointly, to finance such loans. The amounts shown as "Effective loans held by Bank" at 31 December 1977 represented only the portions

of loans outstanding which were disbursed from the resources remaining in the Multi-Purpose Special Fund.

#### NOTE 6 —

##### ADMINISTRATION CHARGE

An Administration Charge to Special Operations was instituted in 1971. It is based on a formula which takes into consideration certain administrative expenses and the number and amount of loans approved. Upon transfer of the bulk of the resources to the Asian Development Fund [see Notes 1(b) and 1(c)], the Administration Charge Payable to Ordinary Capital Resources applicable to such resources and contributions was also transferred, resulting in a net credit arising from such transfer of the liability.

#### NOTE 7 —

##### TECHNICAL ASSISTANCE

The outstanding commitments, as of 31 December 1977, for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$10,101,000 (\$7,182,000 — 1976); to the extent available, contributions to the Technical Assistance Special Fund may be used to meet expenditures arising out of the commitments. The amount shown is exclusive of technical assistance services made available on a reimbursable basis; however, when technical assistance rendered as a part of the commitment shown leads to loans for specific projects, the portion representing the cost of design and engineering and any balance of amount over \$150,000 (\$100,000 prior to 31 May 1977) will be converted to the subsequent loan. Under such options, technical assistance expenditures of \$475,344 (\$304,582 — 1976) were charged to loans and credited to income of Special Funds Resources during the year ended 31 December 1977.

**HASKINS & SELLS**  
Certified Public Accountants

1114 Avenue of the Americas  
New York 10036

**OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

We have examined the following financial statements of the Asian Development Bank — Special Funds Resources:

**Appendix**

Balance Sheet, 31 December 1977 and 31 December 1976	1 - A
Statement of Income and Expenses and Accumulated Net Income (Expense) for the years ended 31 December 1977 and 31 December 1976	1 - B
Statement of Changes in Financial Position for the years ended 31 December 1977 and 31 December 1976	1 - C
Statement of Contributed Resources, 31 December 1977	1 - D
Statement of Accrued Resources for the years ended 31 December 1977 and 31 December 1976	1 - E
Technical Assistance Special Fund Balance Sheet, 31 December 1977	1 - F
Technical Assistance Special Fund Statement of Expenses by Projects and Programs for the year ended 31 December 1977	1 - G
Multi-Purpose Special Fund Balance Sheet, 31 December 1977	1 - H
Notes to Financial Statements, 31 December 1977 and 31 December 1976	1 - I

Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of the Asian Development Bank — Special Funds Resources at 31 December 1977 and 31 December 1976 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

**HASKINS & SELLS**

24 February 1978

## ASIAN DEVELOPMENT BANK – ASIAN DEVELOPMENT FUND

## BALANCE SHEET

31 December 1977 and 31 December 1976

Expressed in United States Dollars (Note 2)

ASSETS	1977	1976
CASH IN BANKS	\$ 11,451,511	\$ 32,314,267
INVESTMENTS		
Government and government guaranteed obligations -		
amortized cost which approximates market		
(Face amounts \$100,310,064 – 1977, \$43,730,578 – 1976)	\$ 99,077,856	\$ 42,872,992
Time deposits and certificates of deposit	<u>145,840,444</u>	<u>244,918,300</u>
LOANS (See Appendix 1-4) (Note 4)		
Loans approved – <u>\$1,166,483,000</u> – 1977, <u>\$894,683,000</u> – 1976		
Effective loans held by Bank	945,572,960	707,653,866
ACCRUED INCOME		
On investments	5,760,443	4,652,664
On loans	<u>1,830,876</u>	<u>7,591,319</u>
NOTES OF CONTRIBUTORS		
Non-negotiable, non-interest-bearing notes	677,393,810	519,486,455
ACCOUNTS RECEIVABLE		
Multi-Purpose Special Fund	595,567	–
Others	135,518	731,085
TOTAL	\$1,887,658,985	\$1,412,475,074
<hr/>		
<b>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</b>		
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-4)	\$ 620,526,822	\$ 509,988,912
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 5)	3,745,264	3,027,354
ACCOUNTS PAYABLE		
Multi-Purpose Special Fund	\$ –	\$ 66,304
Others	<u>3,125,248</u>	<u>1,208,382</u>
UNEXPENDED BALANCES AND CAPITAL		
Resources made available and drawn (See Appendix 1-5)		
Contributed Resources	1,170,635,181	826,141,625
Set-Aside Resources (Note 3)	57,433,902	57,433,902
Other Resources	<u>3,613,107</u>	<u>3,323,729</u>
Total	1,231,682,190	886,899,256
Accumulated net income (See Appendix 1-2)	28,579,461	11,284,866
TOTAL	\$1,887,658,985	\$1,412,475,074

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

## ASIAN DEVELOPMENT BANK – ASIAN DEVELOPMENT FUND

## STATEMENT OF INCOME AND EXPENSES AND ACCUMULATED NET INCOME

For the Years Ended 31 December 1977 and 31 December 1976

Expressed in United States Dollars (Note 2)

	1977	1976
<b>INCOME</b>		
From investments	\$17,413,743	\$10,702,134
From loans	4,926,504	3,456,074
From other sources	216,228	201,364
<b>GROSS INCOME</b>	<u>22,556,475</u>	<u>14,359,572</u>
<b>EXPENSES</b>		
Administration Charge (Note 5)	6,903,153	5,824,394
Depository banks charges	4,784	3,193
<b>GROSS EXPENSES</b>	<u>6,907,937</u>	<u>5,827,587</u>
<b>INCOME BEFORE NET GAIN FROM CHANGES IN VALUE OF CURRENCIES</b>	<b>15,648,538</b>	<b>8,531,985</b>
<b>NET GAIN FROM CHANGES IN VALUE OF CURRENCIES – resulting primarily from translation of currency holdings derived from earnings (Note 2)</b>	<b>1,646,057</b>	<b>404,423</b>
<b>NET INCOME FOR THE YEAR</b>	<b>17,294,595</b>	<b>8,936,408</b>
<b>BALANCE OF ACCUMULATED NET INCOME AT BEGINNING OF THE YEAR</b>	<b>11,284,866</b>	<b>2,348,458</b>
<b>BALANCE OF ACCUMULATED NET INCOME AT END OF THE YEAR</b>	<b>\$28,579,461</b>	<b>\$11,284,866</b>

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

## ASIAN DEVELOPMENT BANK – ASIAN DEVELOPMENT FUND

## STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1977 and 31 December 1976

Expressed in United States Dollars (Note 2)

	<u>1977</u>	<u>1976</u>
<b>FUNDS WERE PROVIDED BY</b>		
Operations	\$ 17,294,595	\$ 8,936,408
Net income		
Items not requiring or providing funds:		
Accrued income including capitalized interest and service charges on loans	(1,792,225)	(1,650,340)
Administration Charge	6,903,153	5,824,394
Funds provided by operations	22,405,523	13,110,462
Increase in undisbursed balance of effective loans	198,460,000	186,760,000
Resources transferred from the Multi-Purpose Special Fund	9,746,881	21,818,673
Contributions drawn	221,457,844	199,794,967
Increase in contributions drawn as a result of currency revaluations	113,716,019	21,603,312
Notes of contributors encashed	94,890,925	47,007,637
Loans collected	2,931,833	1,419,617
Other - net	2,902,948	1,884,626
Total	666,511,973	493,399,294
<b>FUNDS WERE UTILIZED FOR</b>		
Increase in effective loans	198,460,000	186,760,000
Loans disbursed	83,624,307	56,851,156
Increase in loans disbursed and outstanding as a result of currency revaluations	37,408,786	6,216,806
Notes of contributors received	179,134,365	151,416,894
Increase in notes of contributors as a result of currency revaluations	73,663,915	12,523,138
Loans and other assets transferred from the Multi-Purpose Special Fund	9,425,388	6,332,317
Administration Charge paid	6,251,548	7,211,097
Total	587,968,309	427,311,408
<b>INCREASE IN CASH IN BANKS AND INVESTMENTS</b>		
	\$ 78,543,664	\$ 66,087,886
<b>INCREASE (DECREASE) IN COMPONENTS OF FUNDS</b>		
Cash in banks	\$(20,862,756)	\$ 24,877,650
Investments	99,406,420	41,210,236
Total	\$ 78,543,664	\$ 66,087,886

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

## ASIAN DEVELOPMENT BANK – ASIAN DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS <sup>a</sup>

31 December 1977

Expressed in United States Dollars (Note 2)

Borrower	Principal Amount <sup>b</sup>	Loans Not Yet Effective	Refundings and Cancellations	Payments Received	Effective Loans Held by Bank	Undisbursed Balance of Effective Loans <sup>c</sup>	Outstanding Balance
AFGHANISTAN	\$ 73,550,000	\$ 14,700,000	\$ —	\$ —	\$ 58,850,000	\$ 51,842,616	\$ 7,007,384
BANGLADESH	263,630,000	69,750,000	1,152,632	—	192,727,368	161,855,407	30,871,961
BURMA	131,200,000	—	—	—	131,200,000	114,047,320	17,152,680
CAMBODIA	1,670,000	—	—	—	1,670,000	1,026,808 <sup>d</sup>	643,192
GILBERT ISLANDS	1,750,000	—	—	—	1,750,000	1,750,000	—
INDONESIA	113,280,000	—	938,216	240,400	112,101,384	27,666,482	84,434,902
KOREA, REPUBLIC OF	3,700,000	—	—	198,700	3,501,300	110,974	3,390,326
LAOS	11,693,000	—	6,170	307,100	11,379,730	5,277,098	6,102,632
MALAYSIA	3,300,000	—	—	69,800	3,230,200	340,478	2,889,722
NEPAL	123,340,000	17,500,000	—	1,553,200	104,286,800	80,257,148	24,029,652
PAKISTAN	203,850,000	71,000,000	—	762,942	132,087,058	84,230,246	47,856,812
PAPUA NEW GUINEA	35,540,000	—	—	990,600	34,549,400	25,324,495	9,224,905
PHILIPPINES	15,300,000	—	372,661	499,698	14,427,641	3,318,574	11,109,067
SINGAPORE	3,000,000	—	—	—	3,000,000	—	3,000,000
SOLOMON ISLANDS	9,200,000	5,630,000	—	—	3,570,000	3,349,516	220,484
SRI LANKA	103,205,000	41,500,000	2,144,007	1,167,700	58,393,293	31,627,541	26,765,752
THAILAND	8,100,000	—	—	—	8,100,000	7,349,104	750,896
TONGA	1,670,000	370,000	—	—	1,300,000	1,059,192	240,808
VIET NAM <sup>e</sup>	40,670,000	20,400,000	244,715	147,500	19,877,785	14,475,106	5,402,679
WESTERN SAMOA	18,835,000	5,250,000	31,521	—	13,553,479	5,618,717	7,934,762
<b>ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED</b>						<b>36,404,417<sup>f</sup></b>	<b>36,404,417<sup>f</sup></b>
<b>PORTIONS OF LOANS ALLOCATED TO THE MULTI-PURPOSE SPECIAL FUND (Note 4)</b>						<b>(386,895)</b>	<b>(386,895)</b>
<b>TOTAL</b>	<b>\$1,166,483,000</b>	<b>\$246,100,000</b>	<b>\$4,889,922</b>	<b>\$5,937,640</b>	<b>\$945,572,960</b>	<b>\$620,526,822</b>	<b>\$325,046,138</b>

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

- a The Bank charges service charge on all Special Funds loans approved after 21 March 1974 at the rate of 1% per annum. On loans approved prior to 21 March 1974 the Bank charges interest (including service fee of 3/4 of 1%) ranging from 1% per annum to 3% per annum.
- b Where necessary and when available the resources of the Multi-Purpose Special Fund will also be drawn upon to finance these loans (See Note 4).
- c Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$90,363.
- d Pending consultation with the government concerning its intentions with respect to the projects being financed, the Bank has suspended further disbursements of these loans.
- e The Socialist Republic of Viet Nam, upon its assumption of full responsibilities as borrower of the loans extended by the Bank to the former Republic of South Vietnam, has with effect from 2 July 1976 been substituted for the latter as the borrower of these loans.
- f This amount represents adjustments in United States Dollar equivalents, arising from the changes in the exchange rates used for translation of currencies disbursed and outstanding on loans, and repayable to the Bank in such currencies.

## ASIAN DEVELOPMENT BANK – ASIAN DEVELOPMENT FUND

## STATEMENT OF RESOURCES

31 December 1977

Expressed in United States Dollars (Note 2)

	Resources Committed	Amounts Not Yet Made Available	Amounts Made Available And Drawn
<b>CONTRIBUTED RESOURCES</b>			
Australia	\$ 54,038,170	\$11,691,965	\$ 42,346,205
Austria	4,970,582	—	4,970,582
Belgium	13,449,757	—	13,449,757
Canada	74,363,080	—	74,363,080
Denmark	10,844,310	—	10,844,310
Finland	3,452,912	—	3,452,912
Germany, Federal Republic of	109,099,610	—	109,099,610
Italy	28,470,590	—	28,470,590
Japan	611,944,800	—	611,944,800
Netherlands	29,616,542	—	29,616,542
New Zealand	9,093,319	2,075,605	7,017,714
Norway	8,192,950	—	8,192,950
Sweden	5,962,968	2,981,484	2,981,484
Switzerland	16,942,620	—	16,942,620
United Kingdom	56,942,025	—	56,942,025
United States	150,000,000	—	150,000,000
Total	1,187,384,235	16,749,054	1,170,635,181
SET-ASIDE RESOURCES (Note 3)	57,433,902	—	57,433,902
OTHER RESOURCES	3,613,107	—	3,613,107
<b>GRAND TOTAL</b>	<b>\$1,248,431,244</b>	<b>\$16,749,054</b>	<b>\$1,231,682,190</b>

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

## ASIAN DEVELOPMENT BANK – ASIAN DEVELOPMENT FUND

### NOTES TO FINANCIAL STATEMENTS

31 December 1977 and 31 December 1976

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#### NOTE 1 –

##### GENERAL

- (a) In April 1973, the Board of Governors authorized the establishment of a new Special Fund to be known as the Asian Development Fund (the Fund). Subsequently, the Board of Governors also authorized initial resource mobilization arrangements for the Fund during the three years ended 31 December 1975 under a two-stage programme providing for a total amount equivalent to US\$525,000,000. In April 1974, the Board of Directors adopted Regulations for the administration of the Fund. On 28 June 1974, the Fund was established when Instruments of Contribution were deposited with the Bank by ten contributors with contributions in an aggregate amount exceeding the equivalent of US\$225,000,000, this being the minimum amount required to establish the Fund.
- (b) Six contributors elected to have their contributions to the Multi-Purpose Special Fund made after 31 December 1972 credited toward the amount of their contributions to the Fund. Accordingly, their contributions were transferred to the Fund.
- (c) Three contributors have requested and the Board of Directors has agreed, that the initial use of their contributions in the First Stage, aggregating the equivalent of US\$105,038,559 at 31 December 1977 (US\$104,940,935 – 1976) be restricted to procurement of goods and services from their respective countries.
- (d) On 30 June 1975, the Second Stage of the initial resource mobilization arrangements for the Fund became effective when Instruments of Contribution were deposited with the Bank by 11 contributors with contributions in an aggregate amount exceeding the equivalent of US\$94,000,000, this being the minimum amount required to bring the Second Stage into effect.
- (e) As a further step to streamline and restructure the Special Funds, transfer to the Fund of the resources in the Multi-Purpose Special Fund (with the concurrence of the relevant contributor) was authorized in 1975. Accordingly, since 1 October 1975, the Set-Aside Resources, the contributions of nine contributors, a

portion of the contribution of Canada and the accumulated net income of the Accrued Resources up to 31 December 1976 have been transferred from the Multi-Purpose Special Fund to the Fund.

- (f) In December 1975, the Board of Governors authorized the first replenishment arrangements for the Fund during the three years ending 31 December 1978 under a three-instalment programme providing for a total original amount equivalent to US\$830,000,000. On 28 June 1976, the first instalment of the first replenishment arrangements became effective when Instruments of Contribution were deposited with the Bank by eight contributors with contributions in an aggregate amount exceeding the equivalent of US\$475,000,000, this being the minimum amount required to bring the first instalment into effect. On 14 April 1977, the second instalment also became effective after payment of the revised minimum amount equivalent to US\$185,000,000 was received.

#### NOTE 2 –

##### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Unit of Account  
The financial statements of the Fund are expressed in current United States Dollars.
- (b) Translation of Currencies  
Assets, liabilities and unexpended balances in currencies other than United States Dollars were translated at the applicable rates of exchange which prevailed at the end of the year. The capital stock of the Bank is defined in Article 4, paragraph 1 of the Articles of Agreement in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966. Capital set-aside was therefore translated into current United States Dollars on the basis of 1.20635 current dollars per 1966 dollar (see Note 3).

Income and expense amounts in currencies other than United States Dollars were translated for each quarter generally at the applicable rates of exchange which prevailed at the beginning of the quarter; such practice

approximates the application of average rates in effect during the quarter.

Translation adjustments relating to contributions were offset by increases or decreases in the contribution accounts. Translation adjustments relating to capital set-aside were recorded as receivable from or payable to Ordinary Capital Resources. Other translation adjustments were credited or charged to income.

(c) Contributions

Amounts contributed by member countries are included in the financial statements as contributions committed from the date contribution agreements are signed and related formalities are completed.

(d) Restatement of Certain Amounts

Certain 1976 amounts have been restated to conform to 1977 classifications.

NOTE 3 —

CAPITAL SET-ASIDE FOR SPECIAL OPERATIONS

Pursuant to the provisions of Article 19, paragraph 1(i), the Board of Governors has authorized the setting aside of 10 per cent of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as of 28 April 1973, to be used as part of the Special Funds of the Bank. The resources so set aside, amounting to \$57,433,902 (\$47,609,651 in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966), were allocated and transferred to the Multi-Purpose Special Fund. On 1 October 1975, these resources were transferred to the Fund.

In April 1976, the Board of Governors of the International Monetary Fund (IMF) approved proposed amendments to its Articles of Agreement which will become effective upon the acceptance by 60 per cent of its members representing 80 per cent of its total voting power. As of 24 February 1978, approximately 60 per cent of the members of the IMF representing approximately 71 per cent of its total voting power had accepted the amendments. Under these amendments, gold will be abolished as a common denominator of the

monetary system, currencies will no longer have par values, and all computations relating to currencies of IMF members for the purpose of applying the provisions of the Articles of the IMF will be made on the basis of the Special Drawing Right (SDR). As a result, upon the effectiveness of the amendments to the IMF Articles, it will no longer be possible to determine, in current monetary terms, the value of the unit in which the Bank's share capital is denominated, namely, the United States Dollar of the weight and fineness in effect on 31 January 1966. The Bank has under consideration the effect of the IMF amendments on the unit of denomination of its capital and the rights and obligations of members with respect thereto. If the SDR were substituted for the 1966 United States Dollar in the Bank's Articles of Agreement, the Bank's capital stock would then consist of shares having a par value of SDR 10,000 each, the value of which in current monetary terms would vary from day to day corresponding to variations in the current monetary value of the SDR. Therefore, Capital Set-Aside for Special Operations, expressed in United States Dollars, could differ from the amount shown in these financial statements. If such a substitution had been made as of 31 December 1977, Capital Set-Aside for Special Operations would have been \$57,832,000 as compared to \$57,433,902 shown in the financial statements. Such a substitution would not then have had a material effect on the financial position or results of operations of the Fund.

NOTE 4 —

LOANS

Loans approved by the Bank on concessional terms are classified as Special Funds loans. Where necessary and when available the resources of both the Multi-Purpose Special Fund and the Fund may be used either singly or jointly to finance such loans. The portions of loans allocated to the Multi-Purpose Special Fund, representing disbursements in respect of individual loans made from the resources remaining in that fund, are shown as an adjustment to the Summary Statement of Loans.

NOTE 5 —

ADMINISTRATION CHARGE

An Administration Charge to Special Operations was instituted in 1971. It is based on a formula which takes into consideration certain administrative expenses and the number and amount of loans approved.

**HASKINS & SELLS**  
Certified Public Accountants

1114 Avenue of the Americas  
New York 10036

**OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

We have examined the following financial statements of the Asian Development Fund:

**Appendix**

Balance Sheet, 31 December 1977 and 31 December 1976	1 - 1
Statement of Income and Expenses and Accumulated Net Income for the years ended 31 December 1977 and 31 December 1976	1 - 2
Statement of Changes in Financial Position for the years ended 31 December 1977 and 31 December 1976	1 - 3
Summary Statement of Loans, 31 December 1977	1 - 4
Statement of Resources, 31 December 1977	1 - 5
Notes to Financial Statements, 31 December 1977 and 31 December 1976	1 - 6

Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of the Asian Development Fund at 31 December 1977 and 31 December 1976 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SELLS

24 February 1978

SUMMARY OF BUDGET FOR 1978  
INTERNAL ADMINISTRATIVE EXPENSES

	1977			1978 Budget	
	Budget		Actual		
	Original	After Transfer <sup>1</sup>			
I. BOARD OF GOVERNORS	\$ 75,000	\$ 75,000	\$ 61,813	\$ 274,000	
II. BOARD OF DIRECTORS	1,809,000	1,809,000	1,681,283	1,699,000	
Salaries	858,000	858,000	850,435	910,000	
Benefits	369,000	369,000	320,013	345,000	
Relocation	305,000	302,000	231,893	112,000	
Business Travel	141,000	141,000	140,893	188,000	
Staff Services	136,000	139,000	138,049	144,000	
III. STAFF	15,373,000	15,635,000	15,625,518	18,283,000	
Salaries	9,659,000	9,793,000	9,791,929	11,106,000	
Benefits	3,974,000	4,021,000	4,014,526	4,667,000	
Relocation	690,000	547,000	545,069	890,000	
Consultants	1,050,000	1,274,000	1,273,994 <sup>2</sup>	1,620,000	
IV. BUSINESS TRAVEL AND REPRESENTATION	1,720,000	1,720,000	1,550,543	1,853,000	
Business Travel	1,670,000	1,670,000	1,506,893	1,803,000	
Representation	50,000	50,000	43,650	50,000	
V. OTHER ADMINISTRATIVE EXPENSES	3,426,000	3,389,000	3,145,230	3,548,000	
Communications	600,000	600,000	578,669	655,000	
Office Occupancy	1,353,000	1,301,000	1,214,667	1,325,000	
Library	101,000	101,000	94,677	100,000	
Expendable Supplies	327,000	327,000	248,987	260,000	
Office Equipment	253,000	253,000	242,850 <sup>3</sup>	305,000	
Contractual Services	641,000	641,000	615,826	700,000	
Insurance	60,000	60,000	52,278	120,000	
Miscellaneous	53,000	68,000	67,619 <sup>4</sup>	83,000	
Special Activity	38,000	38,000	29,657 <sup>5</sup>	—	
VI. GENERAL CONTINGENCY	225,000	—	—	300,000	
TOTAL	\$22,628,000	\$22,628,000	\$22,064,387	\$25,957,000	

<sup>1</sup> The General Contingency provision of \$225,000 was used and a transfer of \$37,000 was made from the Category "Other Administrative Expenses" to the Category "Staff"; transfers were also effected between items without exceeding the total Budget amount.

<sup>2</sup> Includes \$895,892 from the Technical Assistance Special Fund.

<sup>3</sup> Includes \$12,149 from the Technical Assistance Special Fund.

<sup>4</sup> Includes \$857 from the Technical Assistance Special Fund.

<sup>5</sup> Includes \$10,982 from the Technical Assistance Special Fund.

## APPENDIX 2

### SUMMARY OF BUDGET FOR 1978 SERVICES TO MEMBER COUNTRIES

CONTINUED

Financed from Bank's Own Resources	1977				1978	
	Commitments		Disbursements		New Commitments	Disbursements
	Budget	Actual	Budget	Actual		
Project Preparation	\$4,550,000	\$4,148,200	\$2,050,000	\$1,163,124 <sup>1</sup>	\$5,650,000	\$2,768,100
Advisory and Operational	550,000	880,000	1,510,000	772,200 <sup>2</sup>	350,000	1,297,900
Regional Services	950,000	908,820	837,000	1,082,018 <sup>3</sup>	900,000	690,100
<b>TOTAL</b>	<b>\$6,050,000</b>	<b>\$5,937,020</b>	<b>\$4,397,000</b>	<b>\$3,017,342</b>	<b>\$6,900,000</b>	<b>\$4,756,100</b>

<sup>1</sup> Includes \$803,632 from the Technical Assistance Special Fund.

<sup>2</sup> Includes \$749,427 from the Technical Assistance Special Fund.

<sup>3</sup> Includes \$294,170 from the Technical Assistance Special Fund.

## RESOLUTIONS OF BOARD OF GOVERNORS DURING 1977

Resolution Number	Subject	Date Adopted
106	Amendment of Section 7 (B) (a) of the By-Laws (And Compliance with Resolution No. 66)	31 January
107	Asian Development Fund: First Replenishment. Arrangements to Facilitate Release of Second Instalment	14 April
108	Procedures for the Election of Directors at the Tenth Annual Meeting	21 April
109	Financial Statements and Auditors' Reports	23 April
110	Allocation of Net Income	23 April
111	Amendment of Section 5 of the By-Laws of the Bank	18 May
112	Amendment of Resolution No. 46 and Increase in Capital Subscription of Western Samoa	28 July
113	Admission of the Republic of Maldives to Membership in the Asian Development Bank	19 December

## APPENDIX 4

### CHANNELS OF COMMUNICATION

(As of 31 December 1977)

COUNTRY	CHANNEL	COUNTRY	CHANNEL
Afghanistan	President of Accounting Ministry of Finance Kabul cc: Ministry of Planning Kabul	Finland	Ulkoasiainministerion Kehitysyhteestyoosasto Pitkansillanranta 3 SF 00630, Helsinki 53
Australia	Secretary Commonwealth Treasury Canberra, A.C.T.	France	Ministere de l'Economie et des Finances 93, rue de Rivoli 75001 Paris
Austria	Bundesministerium fur Finanzen Himmelpfortgasse 4-8 Postfach 2 A-1015 Wien	Germany, Federal Republic of	Bundesministerium fur Wirtschaftliche Zusammenarbeit Referat 212 53 Bonn 12 Friedrich-Ebert-Allee 114-116 Postfach 12 03 22
Bangladesh	Ministry of Finance Bangladesh Secretariat Dacca	Gilbert Islands	Financial Secretary Central Government Office P.O. Box 67 Bairiki, Tarawa
Belgium	Ministere des Finances Services des Relations Financieres avec l'Etranger 30, avenue des Arts Brussels	Hong Kong	The Financial Secretary Colonial Secretariat Lower Albert Road Hong Kong
Burma	Ministry of Planning and Finance Rangoon	India	Secretary to the Government of India Ministry of Finance Department of Economic Affairs New Delhi
Cambodia	National Bank of Cambodia Phnom-Penh		
Canada	Department of Finance Ottawa, Ontario Canada K1A OG5	Indonesia	Ministry of Finance Jalan Lapangan Banteng Timur No. 6 Jakarta
China, Republic of	Governor The Central Bank of China Taipei	Italy	Ministero del Tesoro D.C. Tesoro - Div. XVI Via XX Settembre Roma
Cook Islands	Financial Secretary P.O. Box 99 Rarotonga	Japan	Minister of Finance Tokyo c/o Embassy of Japan Makati, Rizal
Denmark	Ministry of Foreign Affairs Amaliegade 7 DK-1256, Kovenhavn K		Minister of Finance Ministry of Finance 3-1-1, Kasumigaseki, Chiyoda-ku Tokyo
Fiji	Ministry of Finance Suva		

CONTINUED

COUNTRY	CHANNEL	COUNTRY	CHANNEL
Korea, Republic of	Minister of Finance Seoul	Singapore	Permanent Secretary (Revenue Division) Ministry of Finance Fullerton Building 5th Floor, Singapore 1
Lao People's Democratic Rep.	National Bank of Laos Vientiane	Solomon Islands	Ministry of Finance Secretariat Honiara
Malaysia	Secretary to the Treasury The Treasury Jalan Raja Kuala Lumpur	Sri Lanka	Secretary Ministry of Planning and Employment P.O. Box 277 Colombo 1
Nepal	Secretary Ministry of Finance Babar Mahal Kathmandu	Sweden	Ministry for Foreign Affairs Box 16121 103-23, Stockholm 16
Netherlands	Ministerie van Financien The Hague	Switzerland	Departement Federal de l'Economie Publique Division du Commerce Palais Federal 3003 Berne
New Zealand	Secretary of Foreign Affairs Ministry of Foreign Affairs Wellington cc: Secretary to the Treasury The Treasury P.O. Box 5010 Wellington	Thailand	Ministry of Finance Bangkok 2
		Tonga	Ministry of Finance Nuku'alofa
Norway	Royal Ministry of Commerce and Shipping Foreign Exchange Department Oslo	United Kingdom	Ministry of Overseas Development Eland House, Stag Place London S.W.1
Pakistan	Ministry of Finance Government of Pakistan Islamabad	United States	Secretary of the Treasury Treasury Department Washington, D.C. 20220 cc: The Secretary National Advisory Council on International Monetary and Financial Policies U.S. Treasury Department Washington, D.C. 20220
Papua New Guinea	Secretary for Finance Department of Finance Post Office, Wards Strip Waigani, Port Moresby	Viet Nam, Socialist Republic of	The State Bank of Viet Nam Hanoi
Philippines	Department of Foreign Affairs Manila	Western Samoa	Secretary to the Government Government of Western Samoa Apia

## APPENDIX 5

### OFFICIAL DEPOSITORYIES

(As of 31 December 1977)

COUNTRY	DEPOSITORY	COUNTRY	DEPOSITORY
Afghanistan	Da Afghanistan Bank Kabul	Korea, Republic of	Bank of Korea Seoul
Australia	Reserve Bank of Australia Sydney	Lao People's Democratic Rep.	Banque Nationale du Laos Vientiane
Austria	Oesterreichische Nationalbank Wien	Malaysia	Bank Negara Malaysia Kuala Lumpur
Bangladesh	Bangladesh Bank Dacca	Nepal	Nepal Rastra Bank Kathmandu
Belgium	National Bank of Belgium Brussels	Netherlands	De Nederlandsche Bank N.V. Amsterdam
Burma	Union of Burma Bank Rangoon	New Zealand	Reserve Bank of New Zealand Wellington
Cambodia	National Bank of Cambodia Phnom-Penh	Norway	Norges Bank Oslo
Canada	Bank of Canada Ottawa	Pakistan	State Bank of Pakistan Karachi
China, Republic of	Central Bank of China Taipei	Papua New Guinea	Bank of Papua New Guinea Port Moresby
Cook Islands	National Bank of New Zealand, Ltd. Rarotonga	Philippines	Central Bank of the Philippines Manila
Denmark	Danmarks National Bank Copenhagen	Singapore	Monetary Authority of Singapore Singapore
Fiji	Central Monetary Authority of Fiji Suva	Solomon Islands	Australia and New Zealand Banking Group, Ltd. Honiara
Finland	Soumen Pankki-Finlands Bank Helsinki	Sri Lanka	Central Bank of Ceylon Colombo
France	Banque de France Paris	Sweden	Sveriges Riksbank (Bank of Sweden) Stockholm
Germany, Federal Republic of	Deutsche Bundesbank Frankfurt	Switzerland	Banque Nationale Suisse Zurich
Gilbert Islands	Bank of New South Wales Bairiki, Tarawa	Thailand	Bank of Thailand Bangkok
Hong Kong	Hongkong and Shanghai Banking Corporation Hong Kong	Tonga	Accountant-General Treasury Department Nuku'alofa
India	Reserve Bank of India Bombay	United Kingdom	Bank of England London
Indonesia	Bank Indonesia Jakarta	United States	Federal Reserve Bank of New York New York
Italy	Banca d'Italia Roma	Viet Nam, Socialist Republic of	State Bank of Viet Nam Head Office - Hanoi Southern Office - Ho Chi Minh City
Japan	Bank of Japan Tokyo	Western Samoa	Bank of Western Samoa Apia

## BOARD OF GOVERNORS

(As of 31 December 1977)

A. G. N. KAZI (Pakistan) Chairman

PAOLO BAFFI (Italy) Vice-Chairman

U TUN TIN (Burma) Vice-Chairman

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
AFGHANISTAN	ZIR GUL President of Accounting Ministry of Finance	
AUSTRALIA	J. W. HOWARD <sup>1</sup> Treasurer	J. C. INGRAM <sup>2</sup> Director Australian Development Assistance Bureau
AUSTRIA	HANNES ANDROSCH Federal Minister of Finance	ERICH SCHMID Ambassador to Indonesia and the Philippines
BANGLADESH	M. N. HUDA Advisor-in-Charge Ministry of Planning	S. A. KHAIR <sup>3</sup> Secretary Ministry of Finance
BELGIUM	GASTON GEENS <sup>4</sup> Minister of Finance	M. D'HAEZE Vice-Governor National Bank of Belgium
BURMA	U TUN TIN <sup>5</sup> Minister of Planning and Finance and of Co-operatives	U MAUNG SHEIN Deputy Minister Ministry of Planning and Finance
CAMBODIA		
CANADA	JEAN CHRETIEN <sup>6</sup> Minister of Finance	MICHEL DUPUY <sup>7</sup> President Canadian International Development Agency
CHINA, REPUBLIC OF	YU KUO-HWA Governor The Central Bank of China	ALBERT L. T. HSU Vice Minister of Finance
COOK ISLANDS	GEOFFREY ARAMA HENRY Minister of Finance	W. A. KING <sup>8</sup> Financial Secretary
DENMARK	LISE OESTERGAARD <sup>9</sup> Minister without Portfolio	K. REPSDORPH <sup>10</sup> Under-Secretary of State for Development Co-operation Ministry of Foreign Affairs

<sup>1</sup> Succeeded P. R. Lynch in December.<sup>2</sup> Succeeded L. Corkery in March.<sup>3</sup> Succeeded M. Syeduzzaman in July.<sup>4</sup> Succeeded W. de Clercq in June.<sup>5</sup> Succeeded U Than Sein in December.

U Than Sein succeeded U Lwin in April.

<sup>6</sup> Succeeded Donald S. Macdonald in September.<sup>7</sup> Succeeded Paul Gerin-Lajoie in April.<sup>8</sup> Succeeded Anthony Dibley in August.

Anthony Dibley's term ended in June.

<sup>9</sup> Succeeded W. Ulrichsen in November.<sup>10</sup> Succeeded Bjorn Olsen in November.

## APPENDIX 6

### CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
FIJI	C. A. STINSON Minister of Finance	S. SIWATIBAU Permanent Secretary for Finance
FINLAND	PEKKA MALINEN Director of the Department for International Development Cooperation Ministry for Foreign Affairs	EERO ASP Managing Director Finnish Export Credit, Ltd.
FRANCE	ROBERT BOULIN <sup>1</sup> Minister Delegate for Economy and Finance	JEAN-YVES HABERER Director at the Treasury and Chief of Cabinet of the Minister Delegate for Economy and Finance
GERMANY, FEDERAL REPUBLIC OF	MARIE SCHLEI <sup>2</sup> Federal Minister for Economic Cooperation	HANS-HERBERT WEBER <sup>3</sup> Ministerial Director Federal Ministry of Finance
GILBERT ISLANDS	RONITI TEW AIKI <sup>4</sup> Minister of Finance	OTIUEA TANENTOA Minister for Commerce and Industry
HONG KONG	C. P. HADDON-CAVE Financial Secretary	
INDIA	H. M. PATEL <sup>5</sup> Minister of Finance	MANMOHAN SINGH Secretary Ministry of Finance Department of Economic Affairs
INDONESIA	ALI WARDHANA Minister of Finance	RACHMAT SALEH Governor Bank Indonesia
ITALY	PAOLO BAFFI Governor Bank of Italy	SILVANO PALUMBO Director General Ministry of the Treasury
JAPAN	TATSUO MURAYAMA <sup>6</sup> Minister of Finance	TEIICHIRO MORINAGA Governor Bank of Japan
KOREA, REPUBLIC OF	YONG HWAN KIM Minister of Finance	SUNG WHAN KIM Governor Bank of Korea
LAO PEOPLE'S DEMOCRATIC REPUBLIC	BOUSBONG SOUVANNAVONG Secretary of State for Finances Ministry of Finance	
MALAYSIA	TENGKU RAZALEIGH HAMZAH Minister of Finance	ISMAIL BIN MOHAMED ALI Governor Bank Negara Malaysia
NEPAL	B. B. THAPA Minister of Finance and General Administration	DEVENDRA RAJ PANDAY <sup>7</sup> Additional Secretary Ministry of Finance
NETHERLANDS	W. F. DUISENBERG Minister of Finance	J. P. PRONK Minister for Development Cooperation Ministry for Foreign Affairs
NEW ZEALAND	R. D. MULDOON Prime Minister and Minister of Finance	N. V. LOUGH <sup>8</sup> Secretary of the Treasury
NORWAY	HALLVARD BAKKE Minister of Commerce and Shipping	PER MARTIN OELBERG Under Secretary Ministry of Commerce and Shipping

1 Succeeded Michel Durafour in April.

2 Succeeded Egon Bahr in February.

3 Succeeded Karl Otto Pöhl in September.

4 Succeeded P. W. Reardon in March.

5 Succeeded C. Subramaniam in April.

6 Succeeded Hideo Boh in December. Hideo Boh succeeded Masayoshi Ohira in January.

7 Succeeded Bharat Bahadur Pradhan in February.

8 Succeeded S. C. Parker in June. S. C. Parker succeeded H. G. Lang in February.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
PAKISTAN	A. G. N. KAZI <sup>1</sup> Secretary General Finance and Economic Coordination Ministry of Finance, Planning and Provincial Coordination	AFTAB AHMAD KHAN Secretary Economic Affairs Division Ministry of Finance, Planning and Provincial Coordination
PAPUA NEW GUINEA	BARRY BLYTH HOLLOWAY <sup>2</sup> Minister for Finance	MEKERE MORAUTA Secretary for Finance
PHILIPPINES	CESAR VIRATA Secretary of Finance	GREGORIO LICAROS Governor Central Bank of the Philippines
SINGAPORE	HON SUI SEN Minister for Finance	J. Y. M. PILLAY Permanent Secretary Revenue Division Ministry of Finance
SOLOMON ISLANDS	BENEDICT KINIKA <sup>3</sup> Minister of Finance	PULEPADA GHEMU <sup>4</sup> Minister of Foreign Trade, Industry and Labour
SRI LANKA	RONNIE DE MEL <sup>5</sup> Minister of Finance	LAL JAYAWARDENA Secretary to the Ministry of Finance and Secretary to the Treasury
SWEDEN	HANS BLIX Undersecretary of State Office for International Development Cooperation Ministry for Foreign Affairs	BO KJELLEN <sup>6</sup> Head Multilateral Department Office for International Development Cooperation Ministry for Foreign Affairs
SWITZERLAND	KLAUS JACOBI Ambassador Delegate of the Federal Council for Trade Agreements	HANS MEYER <sup>7</sup> Deputy General Manager Swiss National Bank
THAILAND	SUPHAT SUTATUM Minister of Finance	CHANCHAI LEETAVORN <sup>8</sup> Under-Secretary of State for Finance Ministry of Finance
TONGA	S. TAPA Acting Minister of Finance	BARON VAEA Minister of Labour, Commerce and Industries and Assistant Minister of Finance
UNITED KINGDOM	JUDITH HART <sup>9</sup> Minister for Overseas Development	R. A. BROWNING Under Secretary Ministry of Overseas Development
UNITED STATES	W. MICHAEL BLUMENTHAL <sup>10</sup> Secretary to the Treasury	RICHARD N. COOPER <sup>11</sup> Under Secretary of State for Economic Affairs
VIET NAM, SOCIALIST REPUBLIC OF	TRAN DUONG Minister The State Bank of Viet Nam	MAI HUU ICH Deputy Chairman Bank for Foreign Trade of Viet Nam
WESTERN SAMOA	VAOVASAMANAIA R. P. PHILLIPS Minister of Finance	A. L. HUTCHISON Financial Secretary

1 Succeeded Abdul Hafeez Pirzada in August. Abdul Hafeez Pirzada succeeded Rana Mohammad Hanif Khan in April.

2 Succeeded Julius Chan in August.

3 Succeeded Willy Betu in January.

4 Succeeded David Nanau Kausimae in January.

5 Succeeded Felix Bertrand Dicc Bandaranaike in August.

6 Succeeded Frank Belfrage in November.

7 Succeeded John Lademann in April.

8 Succeeded Amnuay Viravan in December.

9 Succeeded Frank Judd in February.

10 Succeeded William E. Simon in March.

11 Succeeded William D. Rogers in June.

## APPENDIX 7

### BOARD OF DIRECTORS AND VOTING GROUPS

(As of 31 December 1977)

DIRECTOR	ALTERNATE DIRECTOR	COUNTRIES REPRESENTED <sup>1</sup>
Kalyana Bikram Adhikary (Nepal)	Yeo Teng Yang (Singapore)	Burma Malaysia Nepal Singapore Thailand
C. A. Coorey (Sri Lanka)	Le Duc Van (Socialist Republic of Viet Nam)	Afghanistan Lao People's Democratic Republic Sri Lanka Socialist Republic of Viet Nam
Francois Dupont (France)	Paul Aenishanslin (Switzerland)	Belgium France Italy Switzerland
Lester Edmond <sup>2</sup> (United States)	James W. Westcott (United States)	United States
Stanley Fryer (United Kingdom)	Heiner Luschin (Austria)	Austria Federal Republic of Germany United Kingdom
Harold G. Heinrich (Australia)	A. Agafonoff (Australia)	Australia Gilbert Islands Hong Kong Solomon Islands
R. A. Kartadjoemena (Indonesia)	Cliff F. Sproule <sup>3</sup> (New Zealand)	Cook Islands Fiji Indonesia New Zealand Tonga Western Samoa
Bong H. Kay (Republic of Korea)	William A. Lawrence <sup>4</sup> (Papua New Guinea)	Republic of China Republic of Korea Papua New Guinea
M. R. Khan (Pakistan)	A. Melchor, Jr. (Philippines)	Pakistan Philippines
Ernest A. Oestreicher (Canada)	Karl G. Engstrom <sup>5</sup> (Sweden)	Canada Denmark Finland Netherlands Norway Sweden
Haruhisa Segawa (Japan)	Yoshinori Yorimatsu <sup>6</sup> (Japan)	Japan
Y. T. Shah <sup>7</sup> (India)	K. Mahmood (Bangladesh)	Bangladesh India

1. In alphabetical order within each group.

2. Succeeded L. Roy Papp (resigned with effect from 30 June) on 2 July.

3. Succeeded J. J. Bryant (resigned with effect from 30 June) on 1 July.

4. Appointed with effect from 3 January 1978.

5. Succeeded Jan J. Wijenberg (resigned with effect from 31 August) on 1 September.

6. Succeeded Hidetoshi Miyamoto (resigned with effect from 30 June) on 9 July.

7. Succeeded Ajit Mozoomdar (resigned with effect from 20 June) on 20 June.

## PRINCIPAL OFFICERS

(As of 31 December 1977)

TAROICHI YOSHIDA	President
C. S. KRISHNA MOORTHI	Vice-President
A. T. BAMBAWALE	Special Adviser
<b>OFFICE OF THE SECRETARY</b>	
Soesilo Sardadi	Secretary
Wilfred A. Vawdrey	Deputy Secretary
<b>OFFICE OF THE GENERAL COUNSEL</b>	
Graeme F. Rea	General Counsel
Chun Pyo Jhong	Deputy General Counsel
Robert L. Mueller	Special Counsel
Daud Ilyas	Assistant General Counsel
<b>OPERATIONS DEPARTMENT</b>	
David F. Fisher	Director
Song Chil Lee	Operations Manager concurrently Deputy Director
Akira Tsusaka	Operations Manager concurrently Deputy Director
Sayed A. Baha	Operations Manager (Indonesia, Singapore)
Robert H. Byrnes	Operations Manager (Afghanistan, Nepal, Pakistan)
Ernest J. Ettlinger	Operations Manager (Burma, Hong Kong, Sri Lanka)
Klaus J. L. Hoffarth	Operations Manager (Malaysia, Thailand)
Mazhar Ali Khan	Operations Manager (Cook Islands, Fiji, Gilbert Islands, Papua New Guinea, Solomon Islands, Tonga, Western Samoa)
Patrick J. Knapp	Operations Manager (Republic of China, Republic of Korea, Philippines)
Zia Noorzoy	Operations Manager (Bangladesh, Cambodia, Lao People's Democratic Republic, Socialist Republic of Viet Nam)
<b>PROJECTS DEPARTMENT I</b>	
Sam-Chung Hsieh	Director
Luis V. Sison	Project Manager concurrently Deputy Director
Kazuaki Suma	Project Manager concurrently Deputy Director
M. Zaki Azam	Project Manager (Fisheries and Livestock)
Herbert F. Huehne	Project Manager (Development Banks)
Stephen Y. C. Lau	Project Manager (Industry including Education)
Po-Chuan Sun	Project Manager (Irrigation)
E. Frank Tacke	Project Manager (General Agriculture)

Note: Names of Deputy Directors, Assistant Directors and Managers are listed in alphabetical order.

## APPENDIX 8

CONTINUED

### PROJECTS DEPARTMENT II

Jay B. Carter	Director
Wolf D. Kluber	Project Manager concurrently Deputy Director
Kasturi L. Luthra	Project Manager concurrently Deputy Director
Mahesan Ganesan	Project Manager (Highways and Airports) <sup>1</sup>
Alfred T. Heron	Project Manager (Power)
Erkki I. Juslen	Project Manager (Consulting Services)
Kazuo Kudo	Project Manager (Ports, Railways and Telecommunications)
Keshav C. Sen	Project Manager (Water Supply and Urban Development)

### ECONOMIC OFFICE

(Vacant) <sup>1</sup>	Chief Economist
Kedar N. Kohli	Assistant Chief Economist
(Vacant)	Assistant Chief Economist
Burton T. O'Rate	Chief Statistician

### ADMINISTRATION DEPARTMENT

Isoo Kanamoto	Director
Raymond B. Lyon	Deputy Director
F. R. S. Weeraratne	Deputy Director
Dang Fook Lee	Assistant Director (Budget & Planning)
Pyong Whi Min	Assistant Director (Administrative Services)
C. M. Whiticar	Assistant Director (Personnel)

### CONTROLLER'S DEPARTMENT

S. M. A. Kazmi	Controller
Chia-Ching Mok	Assistant Controller
Alan L. Pan	Assistant Controller
Eiichi Watanabe	Assistant Controller

### TREASURER'S DEPARTMENT

Wolf Preuss	Treasurer
G. M. Lambert	Deputy Treasurer
M. Ikramullah Khan	Assistant Treasurer
Yukiji Miyazaki	Assistant Treasurer

### OFFICE OF THE INTERNAL AUDITOR

Carl J. Lemvig-Fog	Internal Auditor
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### INFORMATION OFFICE

P. S. Hariharan	Chief Information Officer
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<sup>1</sup> Mr. Kohli has been Officer-in-Charge.



