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**ANNUAL REPORT FOR
1969
ASIAN DEVELOPMENT BANK**



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1969

ASIAN DEVELOPMENT BANK
MANILA

10 February 1970

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 1969, including a separate report on the activities of the Special Funds of the Bank. The Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,



TAKESHI WATANABE

President and
Chairman of the Board of Directors

Chairman
Board of Governors
Asian Development Bank

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Project Photographs by T. Tanuma.

INTRODUCTION

The third year of the Asian Development Bank's existence, 1969, was marked by a rapid expansion of activities in fulfilment of the Bank's role in promoting economic development in Asia.

New loan approvals in 1969 amounted to \$98.10 million*, more than double the commitments in the previous year. Twenty loans—including six on concessional terms—were made to 10 developing member countries. Together with the seven loans approved in 1968, the Bank's total lending reached \$139.70 million* spread over 11 countries.

Thirteen technical assistance projects in 10 countries involving a commitment of \$2.23 million were approved, raising total commitments to \$3.44 million. Regional activities included the inauguration of two major surveys.

The Bank successfully made its first bond issue in September in an amount of Deutsche Mark 60 million. Funds available for ordinary operations, including the proceeds of the bond issue, increased to \$401 million and commitments reached nearly \$118 million*. Special Funds resources rose by \$39.40 million to just under \$85 million; commitments incurred in concessional loans amounted to \$22 million.

The number of professional staff rose by over 50 per cent and basic organizational changes were made.

Collectively, these developments demonstrate that the Bank has laid a solid groundwork for systematic growth in its operational activities.

*Includes (i) a loan of \$10 million to Thailand from the ordinary capital resources and (ii) a loan of \$6.01 million to Nepal from the Special Funds resources approved in December but signed after the close of the financial year and therefore not included in the relevant financial statements (Appendix I-IV and Appendix I-C, respectively).

Dollar(s) or \$ in this Report means United States Dollar(s) unless otherwise specified.

LOANS

APPROVALS IN 1969

Country/Borrower	Project	Amount (\$ million)	Date Approved	Term (years) inc. Grace Period	Interest %
CEYLON Ceylon	Walawe Development	7.705 (concessional) 0.885	23 October	25 15	3 6-7/8
REPUBLIC OF CHINA Republic of China	Deep-Sea Fisheries Development	10.000	28 March	13	6-7/8
Taiwan Aluminium Corporation	Aluminium Plant Expansion	2.670	20 November	13	6-7/8
Taiwan Metal Mining Corporation	Copper Fabrication Plant	1.150	20 November	12	6-7/8
Republic of China	Hualien Harbor Development	0.990	4 December	13	6-7/8
INDONESIA Republic of Indonesia	Tadjud Irrigation	0.990 (concessional)	17 June	24-1/2	3
Republic of Indonesia	Sawit Sebarang Oil Palm Estate	2.400 (concessional)	21 October	24-1/2	3
REPUBLIC OF KOREA Korea Cold Storage Company	Cold Storage	7.000	13 March	15-1/2	6-7/8
Korea Express Company	Transportation and Stevedoring	7.500	4 September	10-1/2	6-7/8
Medium Industry Bank	Financing Small and Medium Industries	10.000	16 December	15*	**
MALAYSIA Malaysia	Bukit Mendi & Bukit Goh Palm Oil Mills	2.800	11 February	20	6-7/8
Malaysia	Kuching Port Expansion	5.000	13 November	25	6-7/8
Malaysia	Sarawak Electricity Supply	3.100	18 December	20	6-7/8
NEPAL Kingdom of Nepal	Air Transport Development	6.010 (concessional)	18 December	30	2
PHILIPPINES Philippine National Bank	To lend to Private Development Corporation of the Philippines for Financing Private Industrial & Other Productive Enterprises	5.000	4 March	12*	**
Republic of the Philippines	Cotabato Irrigation	2.500 (concessional)	18 November	25	3
SINGAPORE Development Bank of Singapore	Financing Manufacturing & Service Industries	10.000	26 June	14*	**
THAILAND Industrial Finance Corporation of Thailand	Financing Industrial Enterprises	10.000	16 December	12*	**
WESTERN SAMOA Independent State of Western Samoa	Faleolo Airport & Road	2.400 (concessional)	16 December	30	1-1/2

*For these development bank loans, the term represents the maximum period for repayment of sub-loans.

**At the rate prevailing at the time of crediting the loan account.

SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE)

APPROVALS IN 1969

Country	Project	Amount \$	Date Approved
PROJECT PREPARATION			
AFGHANISTAN	Selected Small-Scale Irrigation Projects	164,000	29 July
INDONESIA	Feasibility Study on Sempor Dam Reconstruction	328,000	27 March
MALAYSIA	Feasibility Study on Development of Kuala Lumpur-Karak Highway	192,000	13 November
WESTERN SAMOA	Faleolo Airport and Road Development	50,000	19 February
ADVISORY			
CEYLON	Ceylon Fisheries Corporation Walawe Development Project	165,000 400,000	2 October 23 October
INDONESIA	Sawit Sebarang Oil Palm Estate	42,000	27 December
MALAYSIA	Oil Palm Products Marketing Study	80,000	23 September
NEPAL	Advisors to Agricultural Development Bank of Nepal (2nd phase)	69,000	22 May
PHILIPPINES	Air Transport Development Project	350,000	18 December
THAILAND	Water Management (2nd phase) Accelerated Rural Development Program	102,000 105,000	26 June 23 September
	Agricultural Development Programming in the Nong Wai Pioneer Irrigated Agriculture Project	180,000	9 October
REGIONAL			
	Asian Vegetable Research and Development Center	300,000	11 March
	Regional Transport Survey	*	5 June
	Study of Southeast Asian Economy in the 1970's	250,000	9 October

* Total cost is subject to review by Board of Directors in 1970 after preparation of the Inception Report; will include contribution by United States of \$1 million from Technical Assistance Special Fund and contribution of \$1.08 million from United Nations Development Programme.

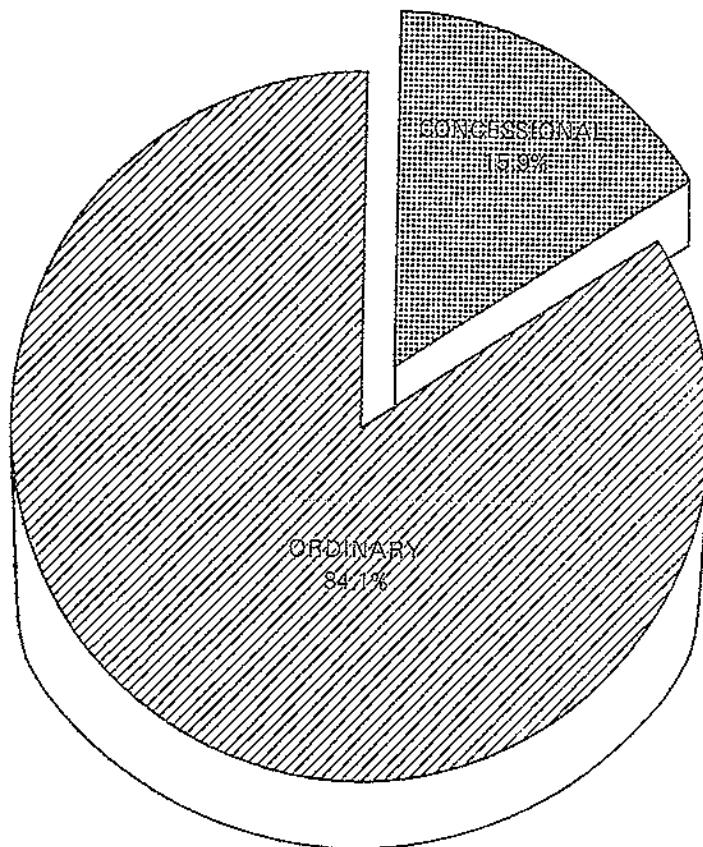
The most significant development of the year was the introduction by the Bank in June of lending on concessional terms: by year-end six loans involving a total commitment of \$22.00 million had been made to five member countries—in two cases in association with technical assistance grants.

Special Funds contributions amounted to \$84.92 million at the end of the year, including new contributions in 1969 from member countries amounting to \$24.83 million and \$14.57 million "set aside" from the Bank's capital in accordance with the Charter provisions. Capital contributors to the Special Funds resources are: Canada, Denmark,

Japan and the Netherlands; contributions for technical assistance have been received from Canada, Denmark, Finland, Federal Republic of Germany, Japan, New Zealand, United Kingdom and United States.

The bulk of the new Special Funds resources was made available to the Bank on significantly liberalized conditions; areas of procurement have been extended and the Bank is now in a better position to lend from the contributions for deserving projects on more liberal terms. This development is exceedingly welcome and encouraging; but there are countries which cannot accelerate their development efforts unless they receive in-

SHARE OF CONCESSIONAL LOANS
AND ORDINARY LOANS
1969



creased aid on terms that they can afford. The need for additional contributions to the Bank's Special Funds—on conditions as liberal as possible—is thus both urgent and substantial.

Technical assistance plays a vital and at times an indispensable role in the Bank's activities. It has proved particularly useful to member countries which are less experienced in preparing and managing an expanding range of developmental projects.

Many of the projects financed in 1969, both from ordinary capital and Special Funds resources, owe their origin to the technical assistance activities undertaken by the Bank in earlier years. In fact a notable feature of the year was the close link which emerged between the Bank's technical assistance activities and project financing operations.

The Bank engaged in four large-scale regional activities during the year: a Regional Seminar on Agriculture was held in Sydney at the time of the Annual Meeting of the Board of Governors as a follow-up to the Asian Agricultural Survey completed in 1968; a Conference of Development Banks of Asia was convened by the Bank in Manila in July; and two major surveys were inaugurated—a Regional Transport Survey and a Study of the Southeast Asian Economy in the 1970's.

The Bank's record of performance in the first three years clearly reflects its mounting impact on the region. There is a growing appreciation of the fact that the Bank has a substantial and distinctive role to fulfill in the economic development of Asia. The needs, the problems, the objectives—and above all the hopes—of the Asian region may not differ materially in the long term from those elsewhere; but at any given time, the techniques and processes needed may be quite different from those fashioned for use in other areas.

While a knowledge of the skills and techniques developed elsewhere is important and essential, the "know-how" of regional development must have an indigenous basis. And

just as the Bank's capital structure has relied on both regional and non-regional subscriptions, with the regional share predominating, the Bank's professional staff (141) draws mainly on regional resources but includes, in a harmonious blend, non-regional expertise and experience as well. The increasing proficiency of the staff in regional economic affairs was a significant factor in the general intensification of operational activities in the past year, as was, of course, the continuing responsiveness of the developing member countries in the sometimes complex task of project appraisal and loan negotiation.

As a regional institution located within the area it serves, the Bank is able to establish attitudes and evoke responses which give good ground for confidence that a specially successful partnership with its regional clients is in process of emerging. While the Bank's level of financing is still modest in relation to the needs of the region, the record and experience of 1969 lend substance to this confidence in the Bank's potential role.



A Bank-assisted pilot project for irrigation water management improvement in the Angat River Irrigation System (ARIIS) in the Philippines. The technical assistance has now been extended for a second year of operation.

LOANS

CUMULATIVE COMMITMENTS AS OF 31 DECEMBER 1969*

In Million Dollars

Country	Ordinary Resources	Special Funds	Total
Ceylon	2,885	7,705	10,590
Republic of China	25,410	—	25,410
Indonesia	—	3,390	3,390
Republic of Korea	31,300	—	31,300
Malaysia	18,100	—	18,100
Nepal	—	6,010	6,010
Pakistan	10,000	—	10,000
Philippines	5,000	2,500	7,500
Singapore	10,000	—	10,000
Thailand	15,000	—	15,000
Western Samoa	—	2,400	2,400
TOTAL	117,695	22,005	139,700

*See footnote on page 3

SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE)

CUMULATIVE COMMITMENTS AS OF 31 DECEMBER 1969*

In Dollars

Country	Project Preparation	Advisory and Operational	Total
Afghanistan	164,000	—	164,000
Ceylon	—	565,000	565,000
Republic of China	100,000	—	100,000
Indonesia	328,000	352,450	680,450
Republic of Korea	—	66,500	66,500
Laos	—	221,000	221,000
Malaysia	192,000	80,000	272,000
Nepal	66,000	454,000	520,000
Philippines	225,000	207,000	432,000
Thailand	—	285,000	285,000
Republic of Viet-Nam	—	89,000	89,000
Western Samoa	50,000	—	50,000
TOTAL	1,125,000	2,319,950	3,444,950

*Excluding regional projects (see page 13).

PART II OPERATIONS

1. The first step in planning operations is to determine the objectives of the operation. These objectives should be clearly defined and specific. They should be based on the mission of the organization and the resources available.

2. Once the objectives are determined, the next step is to plan the operational strategy. This involves identifying the key tasks that need to be completed and the resources required to accomplish them. It also involves determining the timelines for each task and the sequence in which they should be performed.

3. After the operational strategy is developed, the next step is to plan the operational tactics. This involves identifying the specific actions that will be taken to achieve the objectives. It also involves determining the resources required for each tactic and the timelines for their execution.

4. Finally, the operational plan is developed. This plan includes all the details of the operational strategy and tactics, along with the resources required and the timelines for their execution. It is a comprehensive document that provides a clear roadmap for the operation.

5. The operational plan is then communicated to all relevant stakeholders, including management, employees, and external partners. This ensures that everyone is aware of the objectives, strategy, and tactics, and can contribute to their successful implementation.

6. Throughout the operation, regular monitoring and evaluation are conducted to ensure that the objectives are being met. Any deviations from the plan are identified and addressed promptly to maintain the momentum of the operation.

7. The final step in operations is to review the performance of the operation and identify lessons learned. This helps to improve future operations and ensure that they are more effective and efficient.

A general view of the Kaohsiung refinery of the Chinese Petroleum Corporation which has received a Bank loan to cover the foreign exchange cost of the construction and start-up of a petrochemical (dimethyl terephthalate) plant.

Twenty loans amounting to \$98.10 million* were approved during the year, in comparison with seven loans totalling \$41.60 million in 1968. The interest rate for project loans made from ordinary capital was maintained at 6-7/8 per cent. Loans from Special Funds resources were made at interest rates ranging from 1-1/2 to 3 per cent. (See table on page 4 for other terms.)

The loans were spread over 19 projects in 10 countries and covered a wide range of developmental activity in the fields of agriculture, including irrigation and fisheries; industry, including non-ferrous and medium-scale and small-scale enterprises and agriculturally-related industries; and power and transportation facilities, including roads, ports and airports.

For the first time, loans were made on concessional terms from the Bank's Special Funds resources—six "soft" loans totalling \$22.00 million spread over five countries. (For a general description of Special Funds Operations, see Part III.)

As in the previous year, all loans were made for projects which, after careful appraisal by the staff, were found to be economically and technically sound.

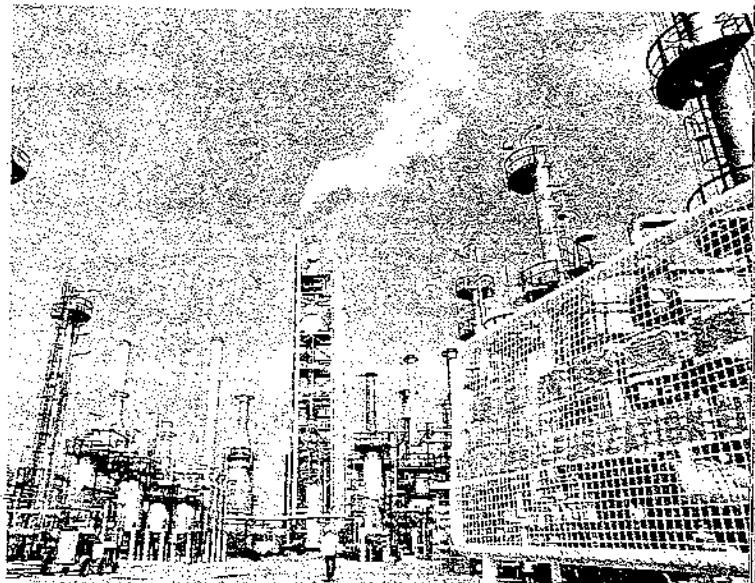
Included in the projects approved during the year were four loans to development financing institutions in the Republic of Korea, the Philippines, Singapore and Thailand, making a total of six loans to intermediary financing institutions since the Bank's operations commenced in 1968.

The Board of Directors gave preliminary consideration during the year to various policy aspects of lending to development banks and other intermediary financing institutions. In the light of additional experience gained in this branch of operations, the Board is expected to resume its consideration of such policy early in the new year. In formulating policies in this sector, the Bank has also benefited from the discussions at the Fourth Regional Conference of Development Banks of Asia convened by the Bank in Manila in July.

Early in the year the Board adopted a set of guidelines on Technical Assistance operations. These guidelines covered certain operational principles and objectives, the scope, type and procedures for extending assistance and the methods of financing such assistance.

Thirteen technical assistance requests—mainly in agriculture and fisheries, transportation and develop-

* See footnote on page 3.



ment banking—from 10 countries were approved in 1969 for a total estimated outlay in grants¹ of \$2.23 million, as compared with 11 proposals totalling \$1.14 million in 1968.

A feature of some of the more recent technical assistance activities has been the increased emphasis on feasibility studies and project formulation. The Cold Storage Project in the Republic of Korea, the Cotabato Irrigation Project in the Philippines, the Air Transport Development Project in Nepal and the Faleolo Airport and Road Project in Western Samoa are instances of projects where the Bank's involvement in the preparation of feasibility studies led to specific loan commitments. It is hoped that similar results will accrue from the feasibility studies undertaken by the Bank for the North-South Freeway Project in the Republic of China, the Fisheries Port Construction Project in the Philippines and the Sempor Dam Reconstruction Project in Indonesia. Less directly, the Foodgrain Mission to Indonesia in 1967 led to the identification of the two loan projects from Special Funds resources approved during 1969 (see table on page 4).

In some cases, associated technical assistance has been found to be necessary in the implementation of loan projects. The Walawe Development Project in Ceylon, the Tadum Irrigation and the Sawit Sebarang Oil Palm Estate Projects in Indonesia and

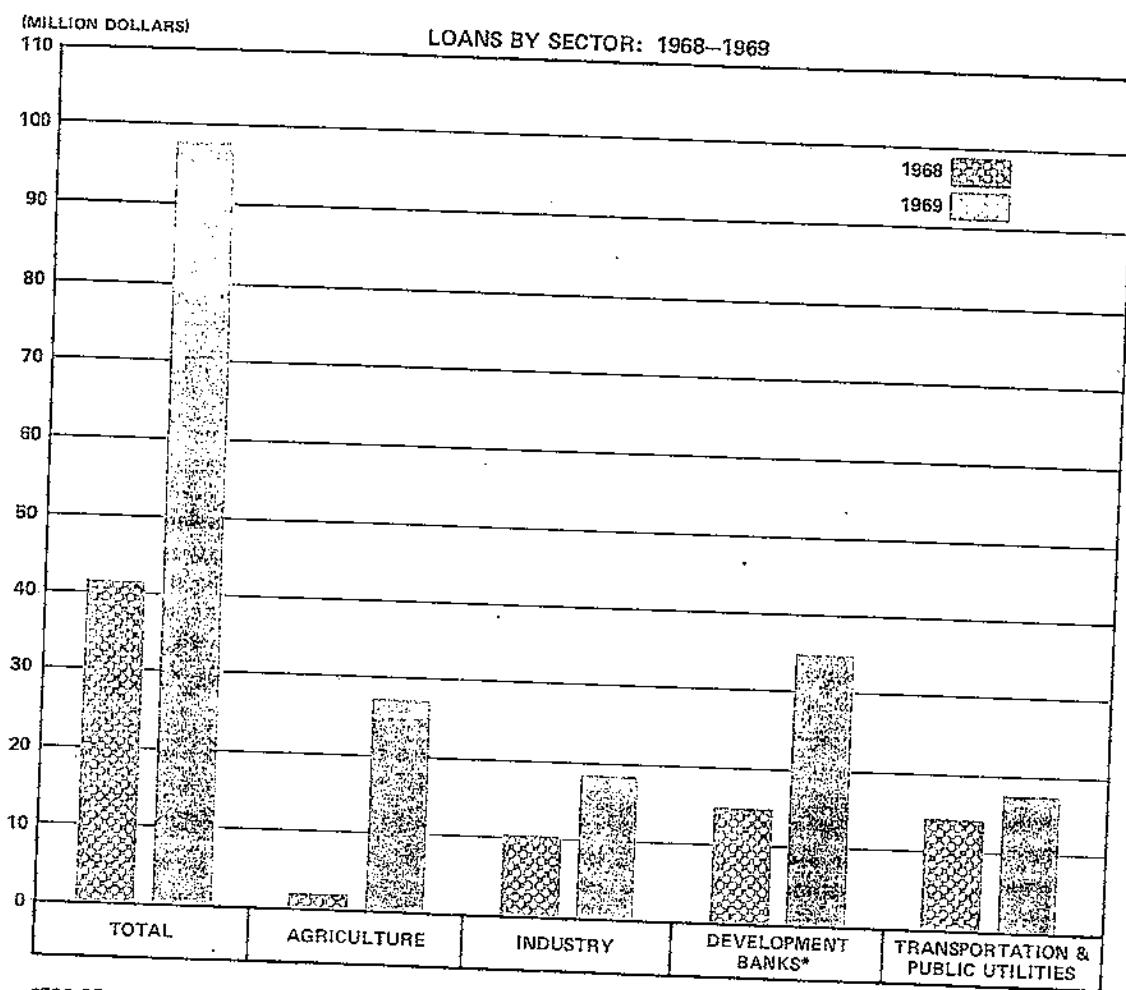
¹ If the technical assistance results in loan financing, part or all of the grant may, in certain cases, be incorporated, at the option of the Bank, in the loan.

the Air Transport Development Project in Nepal are instances where technical assistance has been extended to complement and strengthen operational capability.

Training of personnel and the strengthening of management have been other important features of the Bank's technical assistance activities. The integrated Walawe Development Project in Ceylon includes the training of extension workers; the Air Transport Development Project in Nepal envisages the training of staff in the principal aspects of project management; in-service training in Water Management in the Philippines will be continued under an extended technical assistance project; and

operators and mechanics involved in construction of the Tadum Irrigation Project in Indonesia and staff for a related "pilot" scheme will be given training on the job.

The Bank also provides advisory services in certain fields of economic activity. It is, for instance, helping to provide the basic material for the planning of overall economic development in several countries; it is supporting regional research institutions; and it is also carrying out surveys in fields of economic activity relevant to its own banking operations but not necessarily related in a direct way to individual projects.



*FOR RE-LENDING TO MEDIUM AND SMALL-SCALE INDUSTRIES

Sifting operations in progress at the tea factory on Hunuwella estate. A Bank loan will assist the modernization of tea factories in Ceylon.



SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE)

Commitments by Sector: 1967-1969

	1967	1968	1969	1967-1969
	\$	\$	\$	\$
Agriculture & Fisheries	80,000	847,950	1,566,000	2,493,950
Transportation		166,000	592,000	758,000
Development Banking		124,000	69,000	193,000
Total	80,000	1,137,950	2,227,000	3,444,950

REGIONAL PROJECTS 1967-1969

Asian Agricultural Survey	\$ 155,000
Regional Transport Survey	*
Study of Southeast Asian Economy in the 1970's	250,000
Asian Vegetable Research and Development Center	300,000

*Total cost is subject to review by Board of Directors in 1970 after preparation of the Inception Report; will include contribution by United States of \$1 million from Technical Assistance Special Fund and contribution of \$1.08 million from United Nations Development Programme.

Under the Penang Water Supply Project, which is being financed by the Bank, water will be transferred from Butterworth on the mainland to the island of Penang by means of submarine pipelines. Photographs show: the site where the pipelines will be connected on the Penang side; and project officials scrutinizing technical details.

Since the beginning of its operations the Bank has aimed at cultivating close working relationships with its developing members. The reconnaissance missions conducted in the first year established the pattern of mutual consultation and discussion which has been found valuable ever since. The Asian Agricultural Survey which was started in 1967 and completed in 1968 reinforced these relationships in the agricultural field.

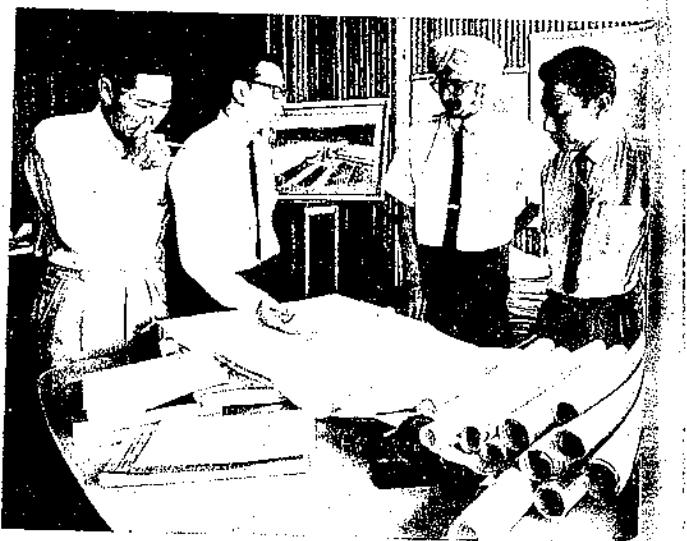
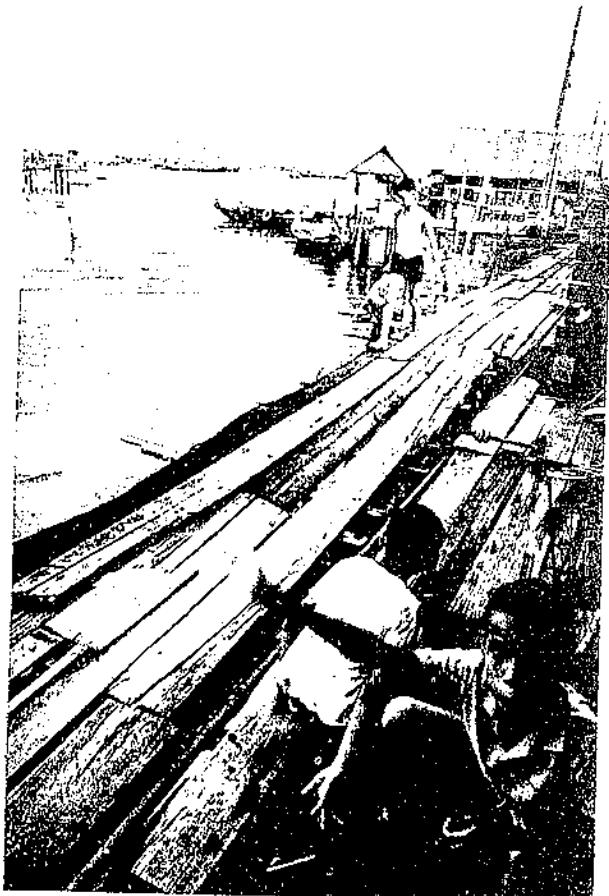
Although, with the growth of operations, the need for general reconnaissance missions has largely disappeared, the Bank is now in regular communication, through its normal operational activities, with all the developing members which have sought its assistance.

The development of these close contacts has provided staff members with an expanding store of knowledge and experience of the economic conditions and problems of the developing members. As a result, the Bank has considerably enhanced its capacity to participate with member countries in the identification of projects and to adopt, where necessary, an integrated approach to project preparation. Special efforts have been made to extend assistance in project preparation—and in other forms of technical assistance—to the smaller and less-developed countries, for which the Bank has a special responsibility under its Charter.

Close relationships have been helpful in the speedier processing of loan applications: in one or two cases, loan approvals were completed within three or four months of the applications being made.

Partly at least as a consequence of these close bonds, a steady "pipeline" of projects under consideration for financing has developed. The Bank is convinced of the importance of cooperative efforts with its developing member countries in identifying and preparing new projects in order to ensure a steady flow of loan proposals.

The following sections contain descriptions, categorized by countries, of the loan and technical assistance projects approved in 1969. A section on regional projects follows thereafter.



A. LOANS AND TECHNICAL ASSISTANCE

AFGHANISTAN

Technical Assistance

Technical assistance to Afghanistan for the preparation of a number of small-scale irrigation projects for possible future financing was approved by the Bank on 29 July at an estimated cost of \$164,000.

Agricultural productivity in the arid areas of Afghanistan can be significantly increased through the provision of irrigation water which would facilitate intensified use of other inputs. In many areas, the value of irrigation is widely recognized as is evident from the existence of numerous small communal irrigation systems. However, most of these systems need rehabilitation and technical improvement to increase their effectiveness: several appear promising for development into modern efficient systems which would permit double cropping and thereby contribute substantially to the country's economy.

Accordingly technical improvement of the small irrigation systems is among the top priority development items in the current Third Five-Year Economic and Social Plan (1967-1971) and led to the request for assistance from the Bank. The technical assistance mission commenced work in October, with individual experts in the 10-man team due to spend varying periods of up to six months in the field. The mission will investigate a number of existing small irrigation projects and undertake project preparation of four or five of the most promising of these for possible financing by the Bank.

CEYLON

Loan

WALawe DEVELOPMENT PROJECT

\$7,705,000 for 25 years (including 7-year grace period)
at 3% (Special Funds)
\$885,000 for 15 years (including 5-year grace period)
at 6-7/8%

Approved 23 October 1969

Borrower: CEYLON

The Walawe Development Scheme, to be administered by the River Valleys Development Board, is a plan to bring under irrigation a total area of 80,000 acres in the Walawe River Valley. The Scheme has been accorded high priority by the Government within the overall water resources development and resettlement program of the country. The Bank is to finance part of the cost of the Right Bank Area of the Scheme.

The Project involves improvement of the existing irrigation system and land utilization, construction of new irrigation facilities and settlements, development of the economic and social infrastructure, and the establishment of an Agricultural Experiment and Extension Center. The primary objective of the Project is to irrigate a net area of 33,000 acres for double cropping of paddy, to provide farm houses and the necessary basic community facilities for 3,440 new settlers and to improve the production and living conditions of 3,100 old settlers.

The total estimated cost of the Project is a little over \$26 million. The Bank's financial assistance will cover the foreign exchange component. The Special Funds loan will be used for the procurement of construction equipment, machinery and spares, construction and workshop materials, agricultural inputs, etc. The loan of \$885,000 will finance the procurement of tractors and equipment for two model rice mills.

Technical Assistance

To ensure successful implementation of the comprehensive development program under the Walawe Development Project, and to secure the fullest possible economic benefit therefrom, the Government

of Ceylon requested the Bank to add a technical assistance grant of \$400,000 to the loans of \$8.59 million. The technical assistance grant was approved, together with the loans, on 23 October 1969.

Under the technical assistance grant the Bank will provide the River Valleys Development Board with a management advisor on organization, management, planning and coordination of the Board's comprehensive and complex development operations, and three experts and certain equipment for the initial operation of the Agricultural Experiment and Extension Center to be established in the Project area. Two of the experts are to commence their two-year terms in February 1970, and the other two will commence work later in 1970.

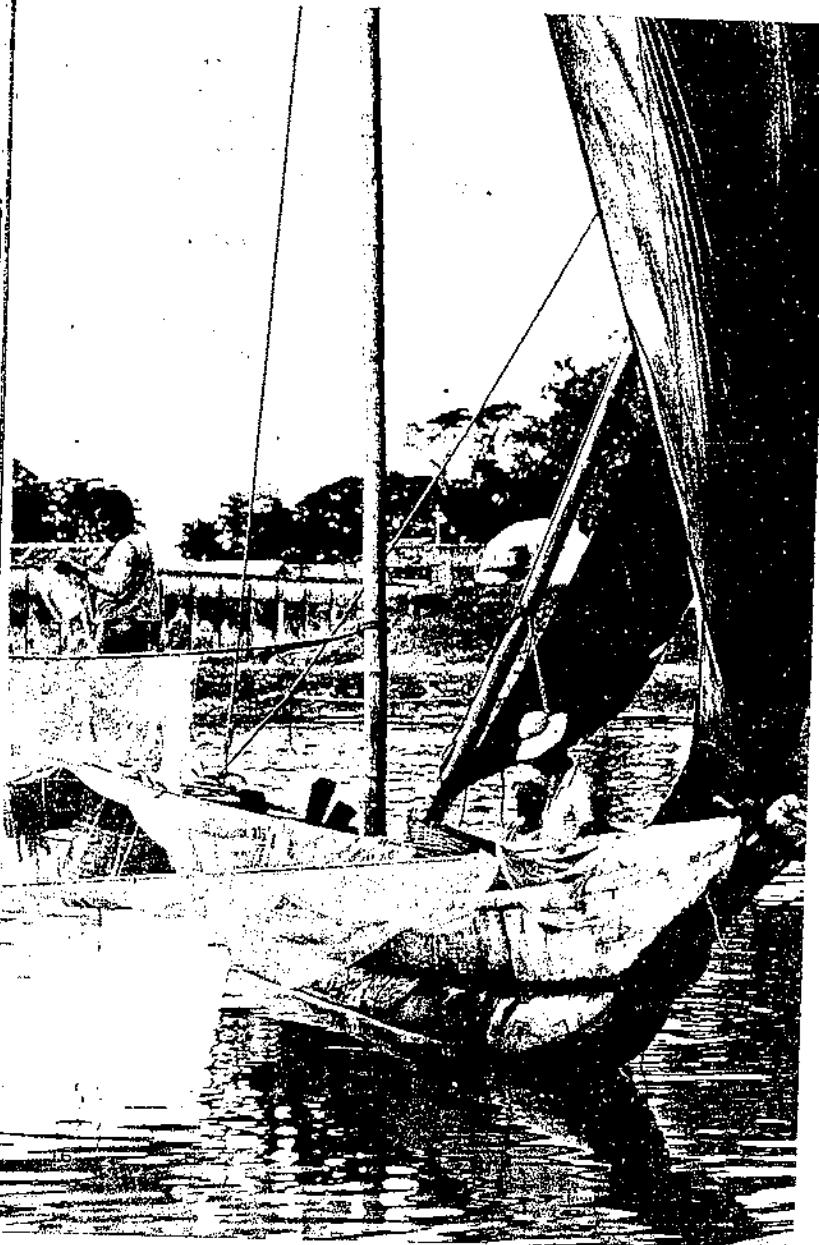
The purpose of the Extension Center is to ensure the training of extension staff and settlers and a continuous flow of technical knowledge and agricultural extension services to the farmers. The work of the three experts—in farm irrigation and water management, field crop agronomy and technology, and agricultural economics and farm management—will be vital to the successful development of intensive irrigated farming with diversified cropping patterns, hitherto not practiced in Ceylon.

A grant of \$165,000 to the Government of Ceylon for technical assistance to the Ceylon Fisheries Corporation (CFC) in the field of fisheries management and technology improvement was approved on 2 October.

Fish constitutes a popular item of food and an important source of animal protein in the Ceylonese diet. Although the production of fish increased from 40,500 tons in 1958 to 115,000 tons in 1968, the rise has not been adequate to meet domestic demand. About half of the total domestic requirements is imported, costing the country about \$10 to 12 million in foreign exchange each year.

The most important Government agency in the fishing industry is the CFC which was established in 1964 to increase the production of fish, promote the fish processing industries and prepare development plans for the fisheries sector.

With the aim of helping the CFC operate as a strong and economically viable institution, the Government requested technical assistance from the Bank. The seven-man technical assistance mission to be provided will assist and advise the CFC on matters related to its institutional framework and organizational set-up; the formulation and execution of development projects; the assessment of resources and preparation of a test fishing program; the marketing of fish and by-products; the expansion and maintenance of workshop facilities, and methods of increasing the fish catch and making fuller use of boats.



Fishing activities near the Negombo fisheries training center. A Bank technical assistance mission will advise and assist the state-owned Ceylon Fisheries Corporation in regard to its organization and operations and draw up a test fishing program.

CHINA

Loans

DEEP-SEA FISHERIES DEVELOPMENT PROJECT
\$10,000,000 for 13 years (including 3-year grace period)

at 6-7/8%

Approved 28 March 1969

Borrower: REPUBLIC OF CHINA

The object of the Bank's loan is to assist in financing the construction and out-fitting of forty 250-ton class tuna deep-sea fishing vessels. Total cost of the Project is estimated at \$16.70 million and the Bank is financing the foreign exchange component. The proceeds of the loan are to be relent to approved fishing companies through the Cooperative Bank of Taiwan, acting as agent for the Government.

Technical design and advice will be provided by the Taiwan Fisheries Bureau which will also supervise the operations of the various companies to ensure that the vessels are properly operated and maintained.

The vessels will be constructed in local shipyards using imported materials and equipment and will be capable of year-round operations from overseas bases in the Indian and Atlantic Oceans or other fishing grounds. The home base will be Kaohsiung where a deep-sea fishing harbor is nearing completion.

The Taiwan tuna industry has developed rapidly in recent years, with production increasing from about 8,000 tons in 1958 to 39,585 tons in 1967. Further expansion is expected under the Government's Five-Year Program for Accelerating Taiwan-Fisheries Development, to which the Project will make a significant contribution. Ninety-five per cent of the tuna catch is expected to be exported and foreign exchange earnings that may result from the Project are estimated at \$5.50 million per annum. Additional benefits are anticipated through expanded employment opportunities and better utilization of existing ship-building and related shore facilities.

ALUMINIUM PLANT EXPANSION PROJECT

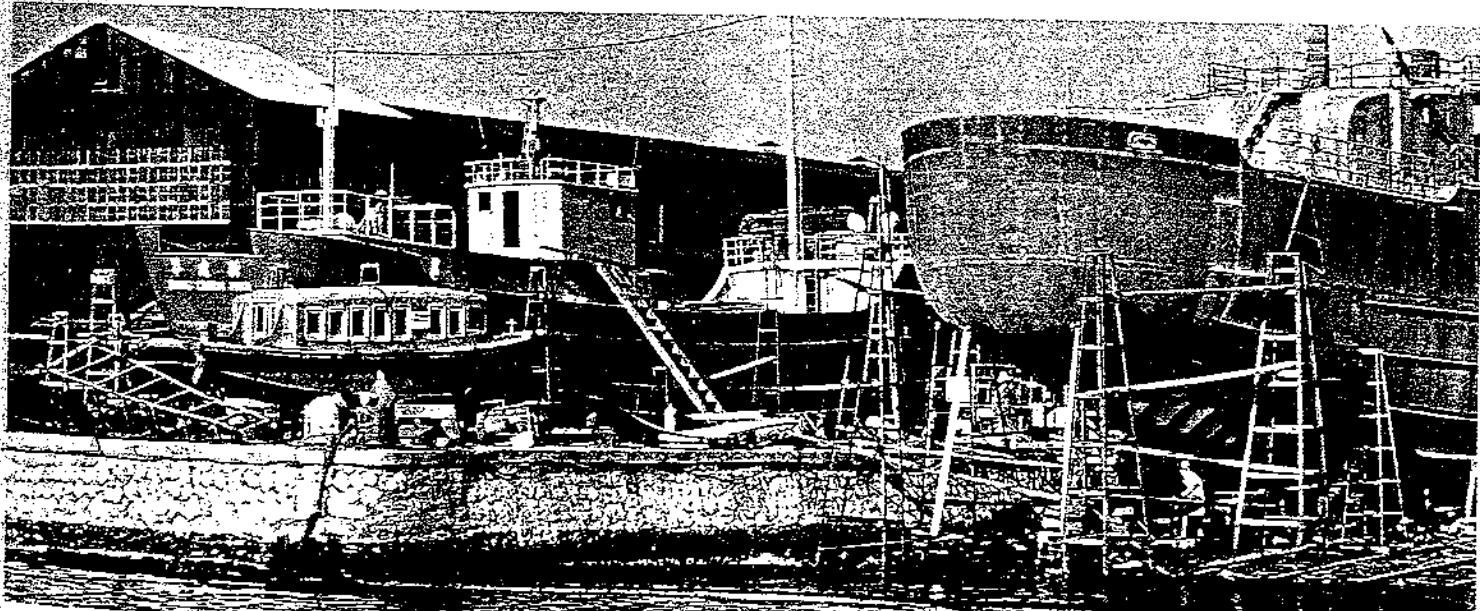
\$2,670,000 for 13 years (including 3-year grace period)

at 6-7/8%

Approved 20 November 1969

Borrower: TAIWAN ALUMINIUM CORPORATION

Guarantor: REPUBLIC OF CHINA



Tuna fishing vessels under construction by the Taiwan Machinery Manufacturing Corporation at its Kaohsiung dockyard. A Bank loan will finance the construction and outfitting of forty 250-ton class tuna long-liner deep-sea fishing vessels.

Loading of aluminium rolls at the Taiwan Aluminium Corporation which is undertaking an expansion program with Bank assistance.

The purpose of the Bank's loan is to finance the foreign exchange cost of certain activities included in the second expansion program of the Taiwan Aluminium Corporation (TALCO). The total cost of these activities is \$6.45 million.

TALCO, a wholly-owned Government corporation, was incorporated in 1954. Its activities include the manufacture of pure aluminium alloys, rolled aluminium sheets, coils and extrusions and manufacture and sale of other aluminium products. The head office and all plant facilities are located at Kaohsiung.

In 1967, TALCO embarked upon an expansion program to increase its alumina plant capacity from 42,000 metric tons to 76,000 metric tons per annum by October 1970 and smelting plant capacity from 20,000 metric tons of primary aluminium to 38,000 metric tons per annum in 1971. As part of this program, TALCO is expanding its fabrication facilities to produce semi-finished and finished products and so achieve a greater degree of forward integration in its manufacturing activities. By the middle of 1972 it will become mainly a supplier of semi and end products rather than of ingots.

The activities which the Bank is helping to finance include: (i) construction of an unloading pier and a bauxite conveying system; (ii) modification of a cold strip mill to increase coil sheet production by 5,000 metric tons per annum; (iii) construction of an alloy rod and wire mill with a capacity of 2,000 metric tons per annum; (iv) construction of a shipping and railway container plant (capacity 2,400 to 3,000 units of shipping containers and 1,800 units of railway containers per annum); and (v) installation of a super-purity aluminium refinery and a super-purity etched foil plant.

The Project, which is expected to be completed by the end of 1971, will result in significant foreign exchange earnings through exports and savings in foreign exchange outlays through reduced reliance on imports.

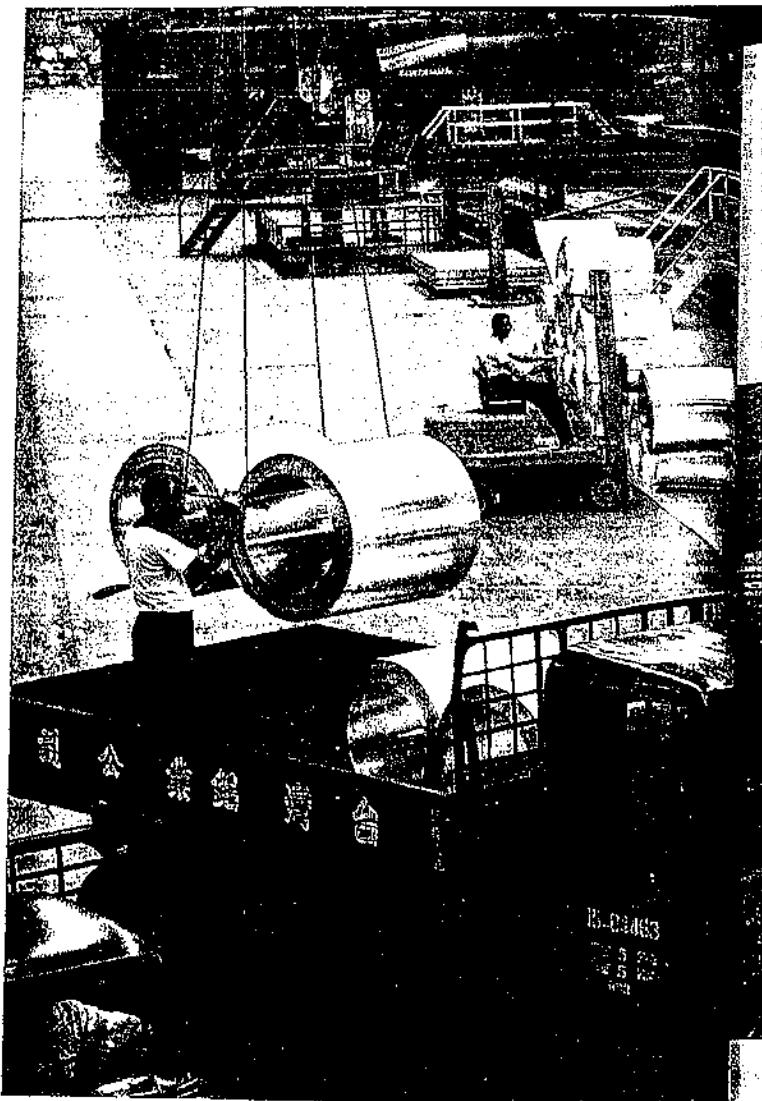
COPPER FABRICATION PLANT PROJECT
\$1,150,000 for 12 years (including 3-year grace period)

at 6-7/8%

Approved 20 November 1969

Borrower: TAIWAN METAL MINING CORPORATION

Guarantor: REPUBLIC OF CHINA



The Bank's loan of \$1.15 million will cover the foreign exchange component involved in the establishment at Tao-Yuan Hsien, 50 miles south of Taipei, of a copper fabrication plant. The total cost of the Project is \$1.975 million.

The plant will be set up by the Taiwan Metal Mining Corporation (TMMIC), a wholly-owned Government corporation incorporated in 1955, with mining interests in the North of Taiwan, and will produce annually (i) high quality copper strips (200 metric tons); (ii) high quality brass strips (400 metric tons); (iii) copper magnet wires (1,200 metric tons); and (iv) IFT shield cans, an electronic part used in transistor radios (36 million pieces).

At present, none of these products is produced in the Republic of China in the desired quantity and quality; the new plant will supply the growing needs of the rapidly expanding electronics, automobile and electrical appliances industries for copper parts.

The Project, which is essentially an attempt by TMMIC at forward integration, is expected to be completed by March 1972 and will generate savings in foreign exchange as the fabricated copper products replace imports.

Copper ore being transported for processing at the Taiwan Metal Mining Corporation in the Chin-Qua-Shih area. The Corporation is setting up a copper fabrication plant with the assistance of a Bank loan.



A Bank-assisted program to develop Hualien harbour involves construction of three wharves, a transit shed and widening and deepening of harbour basin and entrance.



HUALIEN HARBOUR DEVELOPMENT PROJECT \$990,000 for 13 years (including 3-year grace period)

at 6-7/8%

Approved 4 December 1969

Borrower: REPUBLIC OF CHINA

The development of Hualien Harbour on the east coast of Taiwan involves extension of port facilities, including construction of three wharves and one cargo shed, widening and deepening of the entrance channel and the dredging of the harbor basin to a depth of 11 meters to permit entry of vessels up to 15,000 tons. At present, the maximum size of vessels that can enter Hualien Harbour is 8,000 tons. The Bank's loan will finance the purchase of a dipper dredger, the cost of which is estimated at \$990,000 in foreign exchange.

Development of the east coast of Taiwan has been relatively restricted and lack of transport facilities has hampered economic advancement in this region. Hualien Harbour is a major distribution center on the east coast and its improvement will help to accelerate the overall economic progress of the entire east coast of Taiwan. Total traffic through the port is expected to increase from

416,000 tons in 1969 to about 2.6 million tons in 1976.

Sugar, cement, logs and timber, marble, gravel and stone, and fruits are some of the major items which are exported from the port of Hualien.

Technical Assistance

In November 1968, the Bank agreed to provide technical assistance to the Republic of China for a feasibility study of the North-South Freeway and a detailed engineering design for its Erhchung-Chungli section.

The consultants appointed by the Government commenced work in March 1969 and their feasibility report was submitted in November. After a review of the feasibility study, a detailed engineering design for the section between Erhchung and Chungli was authorized.

INDONESIA

Loans

TADJUM IRRIGATION PROJECT

\$990,000 for 24-1/2 years (including 7-year grace period)

at 3% (Special Funds)

Approved 17 June 1969

Borrower: REPUBLIC OF INDONESIA

The Bank is financing the foreign exchange cost of the Tadjum Irrigation Project in Central Java. The approval of this loan on 17 June marked the beginning of Bank lending from Special Funds resources.

The Project involves the irrigation of 3,600 hectares of rice land, which is expected to result in an increase in production of 16,000 tons of milled rice per year.

The total cost of the Project is estimated at \$3.5 million, of which \$990,000 represents the foreign exchange component and will be financed by the Bank. The financing for the local cost component will be made available by the Government.

Work on the Tadjum Scheme was suspended in mid-1969 because of foreign exchange shortage. The Bank's loan has enabled the Government of Indonesia to go ahead with the project in pursuance of its high-priority plans for irrigation rehabilitation and development as a means to the alleviation of food production problems, particularly in Java.

For the effective and efficient use of the irrigation facilities, the Bank proposed a comprehensive pilot scheme to provide training and demonstration in water management, in advanced year-round farming techniques and in the proper application of various agricultural inputs. Japan has offered to provide technical assistance to facilitate organization of such a pilot scheme in the Project area.

SAWIT SEBARANG OIL PALM ESTATE PROJECT

\$2,400,000 for 24-1/2 years (including 7-year grace period)

at 3% (Special Funds)

Approved 21 October 1969

Borrower: REPUBLIC OF INDONESIA

The Bank is to finance the foreign exchange cost of the rehabilitation and expansion of the Government-owned Sawit Sebarang Oil Palm Estate in North Sumatra, and its processing mill and related facilities.

The Estate consists of 6,386 hectares of retarded mature oil palm trees and 2,675 hectares of immature trees. New plantings of 2,441 hectares are planned. Production of fresh fruit bunches is expected to increase from 62,500 tons in 1969 to 122,000 tons in 1972 and 196,000 tons in 1979. The mill will be rehabilitated and expanded to increase its processing capacity.

The total cost of the Project is estimated at \$5.10 million. The Bank's loan of \$2.40 million will finance, in addition to the mill expansion and rehabilitation, the procurement of automotive, railroad and earthmoving equipment and the cost of hiring an accounting-financial advisor to advise and assist Estate management for two years. The local currency cost of \$2.70 million will be financed by the Government partly from funds expected to be generated by the Project.

The Project will contribute both to increased Government revenues and higher foreign exchange earnings through the export of palm oil and palm kernels.



Intake from the Tadjum river under construction in Central Java. A concessional loan from the Bank will help the Government of Indonesia to complete the Tadjum Irrigation Project and enable farmers to plant two rice crops, instead of one, a year.

Technical Assistance

Technical assistance will be provided in connection with the loan for the rehabilitation and expansion of the Sawit Sebarang Oil Palm Estate. A grant of \$42,000 was approved to finance visits to the Estate of highly qualified experts in the fields of oil palm agronomy, palm oil mill operation and related mechanical aspects over a three-year period to advise the management of the Estate on modern management practices and technological developments.

On 27 March, the Bank approved a request for technical assistance by the Government of Indonesia for a comprehensive feasibility study of the Sempor Irrigation Project and, if justified, for the formulation and preparation of a Project for consideration by the Bank for possible financing. The technical assistance program is estimated to cost \$328,000.

The Sempor Project, which has a high priority in the country's current Five-Year Development Plan (1969-1973) is designed to alleviate food deficiencies in the densely-populated South Kedu region in Central Java through the provision of year-round irrigation to about 16,000 hectares of paddy land.

Detailed planning and preparatory engineering work for the construction of a water reservoir and dam near the village of Sempor started late in the 1950's. After the collapse of the newly-completed coffer dam during a heavy flood in November 1967, the assistance of the Bank was sought in making a detailed study of the technical and economic soundness of the existing plan with a view to developing, if necessary, an alternative plan for effective water resource development and efficient irrigation in the Project area.

A 14-member technical assistance mission commenced its field work in May 1969. After investigation of a number of possible alternatives, a revised project plan was formulated, complete with all necessary preliminary designs and cost estimates.

Basically, the new plan calls for the construction of a concrete dam with a reduced height at Sempor to be supplemented by a diversion dam at a suitable site on the Lukulo River towards the east. This scheme would secure all-weather irrigation for 16,200 hectares in the area at a unit cost considerably lower than under the original plan. Examination by the Government of the final report of the consultants and the Bank was proceeding at year-end.

In July 1968 a program of technical assistance was approved by the Bank to assist the Government of Indonesia in its agricultural development planning and food production program. The Bank's three man mission commenced work in October 1968 for an 18-month period.

During 1969, the mission was fully engaged in a number of major activities in collaboration with the various agencies concerned with the program. Assistance was given in the implementation of the first year agricultural plan; in programming for the second year plan which is to commence in April 1970; in the training of personnel for plan implementation; and in the coordination of foreign financial aid and technical assistance.

Two of the mission experts actively participated in field implementation of the Indonesian rice production drive, being concerned particularly with improving fertilizer use, cultivation practices and water management techniques at the farm level. Assistance was also rendered by conducting in-service training, field investigation and demonstration in these important areas.



Survey work in progress for the feasibility study on Sempor Dam reconstruction.

KOREA

Loans

COLD STORAGE PROJECT

\$7,000,000 for 15-1/2 years (including 4-year grace period)

at 6-7/8%

Approved 13 March 1969

Borrower: KOREA COLD STORAGE COMPANY, LTD.

Guarantor: REPUBLIC OF KOREA

The Bank's loan will finance the foreign exchange cost of providing freezing, cold storage, ice making and ice storage, and supplementary processing facilities in Seoul, Pusan, Mokpo, and Mukho and marketing facilities in Seoul together with appropriate transportation equipment, for the Korea Cold Storage Company, Ltd. (KCSC), a subsidiary of the Government-owned Agriculture and Fishery Development Corporation (AFDC).

The total cost of the Project is estimated at \$15.30 million. The local currency cost of \$8.30 million equivalent will be met by AFDC in the form of share capital and long-term credit to KCSC.

AFDC was established by the Government of the Republic of Korea in 1967 as a statutory corporation charged with the primary function of developing and promoting industries for the storing and processing of agricultural, forestry, livestock and fishery products. In July 1968, AFDC set up KCSC as a subsidiary to undertake the function of increasing productivity and providing adequate distribution facilities for the fisheries industry. Efforts so far made to expand the fisheries industry have been substantial, but the full benefits of the past expansion have not been realized mainly due to deficiencies in the marketing and distribution channels. The Project seeks to eliminate these bottlenecks through the establishment of the proposed freezing and cold storage facilities and an adequate and efficient marketing system in Seoul.

This Project was the first instance in which a technical assistance program undertaken by the Bank led directly to a specific financing activity. (See page 23 for description of technical assistance project.)

Korea Express Company truck terminal and repair shop in Pusan. A Bank loan will help the company to import large, high-speed vehicles and heavy-duty stevedoring equipment.



TRANSPORTATION AND STEVEDORING PROJECT

\$7,500,000 for 10-1/2 years (including 2-year grace period)

at 6-7/8%

Approved 4 September 1969

Borrower: KOREA EXPRESS COMPANY, LTD.

Guarantor: REPUBLIC OF KOREA

The Project basically involves the importation of transportation and stevedoring equipment designed to assist the Korea Express Company, Ltd. (KEC) in augmenting and modernizing its fleet: supporting truck terminals and maintenance and repair workshops will also be established.

KEC is presently the largest integrated transport and stevedoring service enterprise in the Republic of Korea.

The total cost of the Project is estimated at \$11.70 million, and the Bank's loan of \$7.50 million will finance the foreign exchange requirement. The local currency cost of \$4.20 million equivalent will be financed by KEC from its own resources.

The country's rapid economic growth has been accompanied by a substantial increase in the demand for freight transportation. Strengthening of the transportation sector ranks high in the Government's development program. Accordingly, a crash program has been launched for the construction of expressways throughout the country.



Seoul headquarters of the Medium Industry Bank which has received a Bank loan to assist small and medium industries in the Republic of Korea

the exports of these industries. The annual rate of growth of this sector has generally exceeded increases in Gross National Product.

Among the comprehensive measures planned by the Government for the development of the small and medium industry sector, adequate financial support ranks high in importance. For the period 1969-1971, the estimated requirement of this sector for development is \$110 million in foreign exchange, i. e., around \$37 million a year. In this context, the Bank's loan is expected to make a substantial impact on the growth of the sector.

Technical Assistance

Technical assistance to the Agriculture and Fishery Development Corporation (AFDC) approved in February 1968 was completed in April 1969.

A technical assistance mission was formed to render advice and assistance regarding the institutional framework and organization of AFDC and to assist in identifying and formulating projects which could be developed to appraisal standards in the fields of fish marketing with particular reference to refrigeration; livestock development including the development of marketing facilities; vegetable production and marketing; and other projects which might hold out prospects for immediate development in agriculture and fisheries.

Mission members were also asked to assist AFDC in the preparation of appropriate proposals for consideration by the Bank for financing of specific projects in the field of agricultural and fisheries development.

As a sequel to this technical assistance, a proposal for a cold storage project was developed and approved for financing by the Bank.

LAOS

Technical Assistance

Technical assistance to Laos in the preparation of a program for the integrated development of agriculture in the Vientiane Plain was approved in October

KEC plans to establish an integrated highway freight transportation and stevedoring service along the newly-completed Seoul-Inchon Expressway and the Seoul-Pusan Expressway which is scheduled for completion in the latter half of 1970.

MEDIUM INDUSTRY BANK PROJECT

\$10,000,000 for 15 years (including 3-year grace period)

Interest at the lending rate prevailing at the time of crediting the loan account

Approved 16 December 1969

Borrower: MEDIUM INDUSTRY BANK

Guarantor: REPUBLIC OF KOREA

The Bank's loan will augment the Medium Industry Bank's (MIB) foreign currency resources for the extension of credit to medium-scale and small-scale industries with a view to helping them cover the foreign exchange cost of their development projects.

MIB was incorporated under the Medium Industry Bank Act in July 1961. The Bank's loan is the first received by MIB from a multi-lateral finance institution.

The small and medium industry sector plays a very important role in the Korean economy. It accounts for 98 per cent of the total number of enterprises in the manufacturing, mining and transportation industries, 61 per cent of total employees and 47 per cent of the output and 41 per cent of

1968. Field work commenced in January 1969 and the draft report of the consultants was submitted to the Royal Government of Laos and to the Bank in November. The report indicates, *inter alia*, eight project areas ranked by priority for irrigation and agricultural development and their estimated costs. Appropriate recommendations are presented for alleviating the various administrative, technical, social and economic constraints which might hamper development efforts in these projects. The report also covers a development program for agro-industry and establishment of an agricultural credit organization. Overall, it provides guidelines to the Government in pursuing its plan for effective utilization of the potential benefits from the Nam Ngum Dam Project.

MALAYSIA

Loans

BUKIT MENDI AND BUKIT GOH PALM OIL MILLS PROJECT
\$2,800,000 for 20 years (including 5-year grace period)

at 6-7/8%

Approved 11 February 1969

Borrower: MALAYSIA

The Bank's loan will meet the foreign exchange requirement of the first two stages of construction of two palm oil mills of the Federal Land Development Authority (FLDA) in the State of Pahang, West Malaysia.

Oil palm production has received considerable impetus in recent years in Malaysia in the wake of efforts to diversify the economy. The progress achieved in oil palm planting has been so significant that foreign exchange earnings from palm oil and kernels have reached a level next only to rubber, tin and timber. The Government's programs in the field of oil palm development have been carried out mainly through FLDA, a statutory body set up in 1956 for land development and settlement.

The proposed two mills will serve two groups of the FLDA land development schemes, i. e., Bukit Mendi and Bukit Goh, comprising about 19,330 acres and 20,110 acres, respectively. These areas are

to be cleared and planted with oil palm progressively during 1968-71. The construction work of the mills will be phased in four stages in order to keep pace with the growth in the production of fruits.

The total cost of the first two stages of the two mills is estimated at about \$3.40 million. The foreign exchange component, amounting to about 70 per cent of the total cost, will be financed by the Bank's loan of \$2.80 million. The local currency cost will be met by FLDA by means of financial support from the Federal Government.

KUCHING PORT EXPANSION PROJECT
\$5,000,000 for 25 years (including 5-year grace period)

at 6-7/8%

Approved 13 November 1969

Borrower: MALAYSIA

The Bank's loan is to finance the foreign exchange cost of the expansion of Kuching Port in Sarawak.

Kuching Port plays an important role in the economic development of Sarawak by serving the city of Kuching, the political and economic center of the State, and its hinterland which together account for over half the population of Sarawak. Excluding petroleum products, Kuching Port handles more than



Palm tree nurseries in Bukit Mendi plantation area. The Bank is financing the first two stages of two palm oil mills to be set up in the Bukit Mendi and Bukit Goh areas in the State of Pahang.

One of the diesel power generation plants at Sarawak Electricity Supply Corporation which is undertaking a development program with Bank assistance.

one-half of the import cargo discharged at Sarawak ports and its share in most of the export items is also significant. The rapid increase in traffic through Kuching, arising mainly from economic development and population growth, has resulted in a critical congestion of the existing port facilities. Against this background, it has been considered essential to expand the existing port of Kuching.

The port expansion to be financed by the loan involves the construction of an 800-foot wharf with necessary supporting installations at a new site, Pending Point, which is six miles down river from the existing port. The loan will also finance the procurement of tugboats and cargo handling equipment.

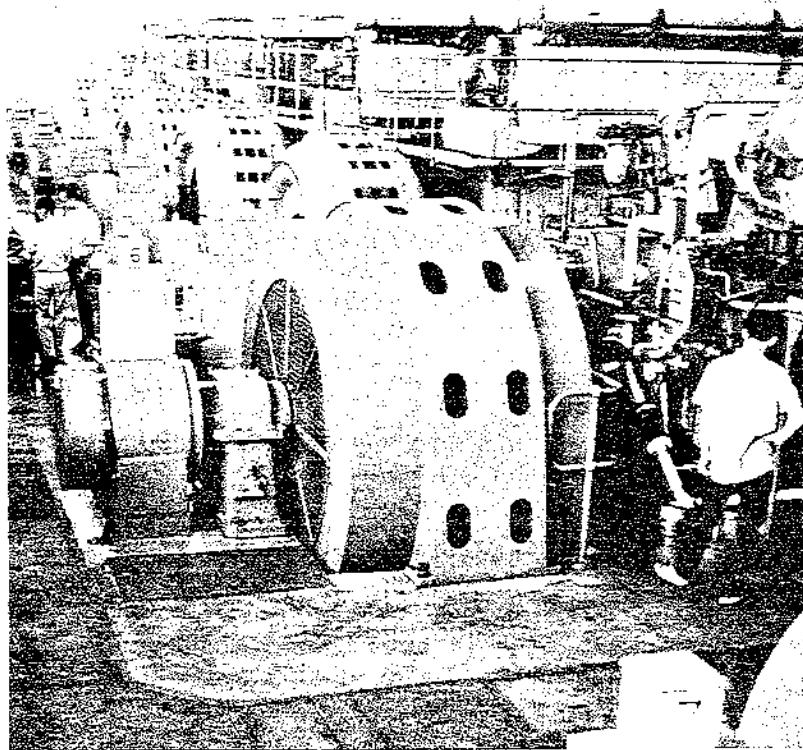
The total cost of the project is estimated at \$7.26 million, of which \$5 million represents the foreign exchange component to be financed by the Bank. The Federal Government will make available the proceeds of the loan to the Kuching Port Authority (KPA) through the State Government of Sarawak. The local cost incurred will be borne partly by the State Government and partly by KPA.

SARAWAK ELECTRICITY SUPPLY PROJECT
\$3,100,000 for 20 years (including 5-year grace period)

at 6-7/8%

Approved 18 December 1969

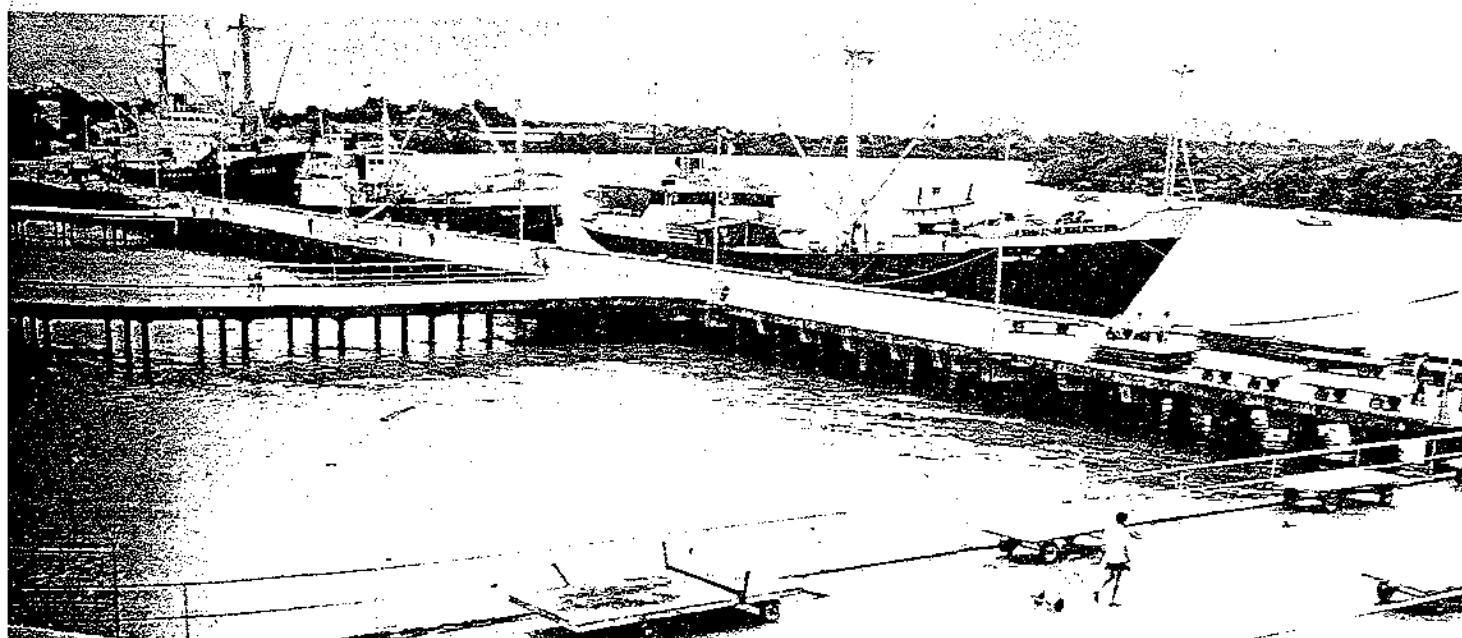
Borrower: MALAYSIA



The purpose of the Bank's loan is to finance the foreign exchange component of a part of the five-year development program of the Sarawak Electricity Supply Corporation (SESCO).

SESCO is a statutory body established in 1963 and is the major supplier of electricity for the whole State of Sarawak.

SESCO's development program in the next five years (1970-1974) amounts to \$12.40 million. The Bank's loan will cover the foreign exchange cost of the major part of this program including, *inter alia*,



A general view of the present facilities at Kuching Port, which are to be expanded with the help of a Bank loan.

the purchase of larger new generating units and the construction of a 33 KV transmission system.

The Federal Government will relend the proceeds of the loan to SESCO through the State Government of Sarawak. The remaining part of the program and the local cost of the project will be met mainly by SESCO from its own resources.

Technical Assistance

On 23 September 1969, the Bank approved the request of the Government of Malaysia for technical assistance in conducting a marketing study of oil palm products. The technical assistance grant totals \$80,000. The study will review the oil palm products marketing arrangements of the Federal Land Development Authority (FLDA). The suitability of the present marketing arrangements of FLDA in meeting future needs will form part of the study together with the preparation of proposals for improving the Authority's marketing organization. Recommendations have also been sought on storage and shipping of oil palm products.

FLDA initiated its first oil palm scheme in 1961. Up to the end of 1968, it had fostered 22 schemes, involving 93,850 acres or one-fourth of the total area planted. FLDA plans to expand its palm oil production so that, by 1975, it will produce 343,000 tons or about 26 per cent of the country's total production estimated at 1.3 million tons.

Oil palm cultivation forms a vital part of the Malaysian Government's program of crop diversification. Production of palm oil and kernels has grown at average annual rates of 17 per cent and 15 per cent, respectively, over the last eight years, while exports have also increased markedly.

A request from the Government of Malaysia for technical assistance in conducting a feasibility study for the improvement of a section of the Highway between Kuala Lumpur and Karak (Federal Route II) was approved on 13 November. The estimated cost of the study is \$192,000.

Road transport services in Malaysia have expanded steadily in recent years, necessitating a high level of investment. Federal Route II is the only trunk road connecting Port Swettenham on the west coast with the comparatively less developed eastern region of the Malay peninsula, and with growing traffic the need for improvement of the route has become evident. In particular, the 51-mile section between Kuala Lumpur and Karak, which traverses difficult mountainous areas and is characterized by many sharp curves and steep grades, needs substantial improvement.

The Project was recommended, among other priority projects, by the Malaysia Transport Survey carried out in 1967-1968 under the sponsorship of the United Nations Development Programme and the World Bank.

The feasibility study under this technical assistance project will be carried out by a team of engineering experts and economists who will estimate the future traffic growth, determine the nature of improvements needed and select the final alignment for the road from among several alternatives. The study, expected to start early in 1970, will cover a period of about 10 months. A construction loan for the highway may then be sought from the Bank.

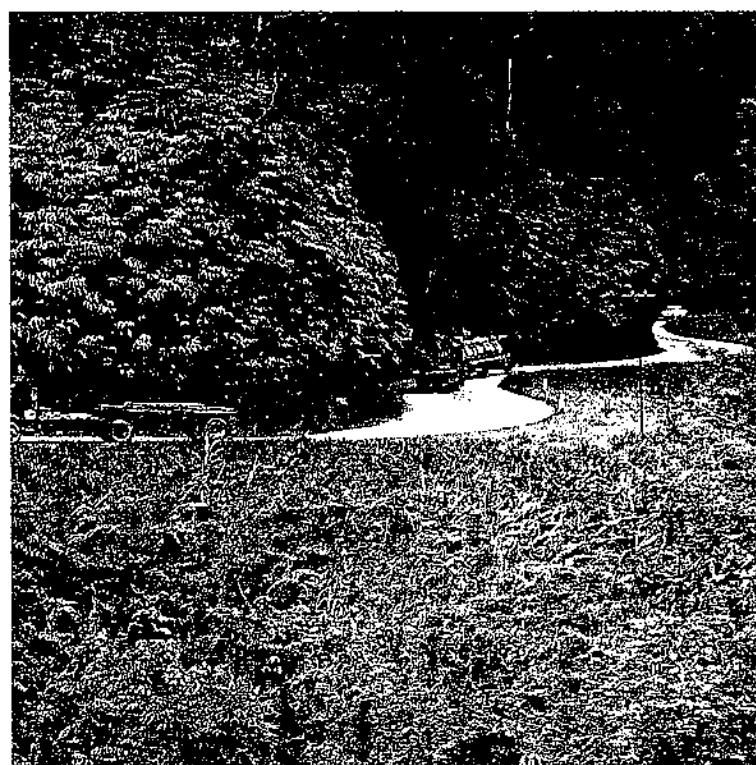
NEPAL

Loan

AIR TRANSPORT DEVELOPMENT PROJECT
\$6,010,000 for 30 years (including 7-year grace period)

at 2% (Special Funds)
Approved 18 December 1969
Borrower: KINGDOM OF NEPAL

A Bank technical assistance mission will undertake a feasibility study for improvement of the Kuala Lumpur-Karak section of the Federal Highway Route II. Vehicles passing through the mountainous section of the highway have to negotiate many sharp curves.



The Bank is to finance the foreign exchange cost of a program for the improvement of air transport in Nepal which has been accorded high priority by the Government as a short-term measure in transport development.

Nepal, a land locked country with a mountainous terrain, has nearly 70 per cent of its population of 11 million living in the hills. Transport and communication facilities in Nepal are relatively undeveloped; consequently, communities are isolated and economic, social and administrative integration is also limited. The past decade has witnessed some achievement in the field of road construction in Nepal, but progress has been slow because of the problems involved in road construction work in difficult terrain.

In order to bridge the gap in communication facilities, the Government has accorded priority to the development of air transport. Substantial investment has been made in the past in the development of airports and the establishment of the Royal Nepal Airlines. However, the existing airports, navigation aids and communication facilities require considerable improvement and modernization to meet the growing international and domestic passenger traffic. To provide for faster and more economical aircraft operations, the Government is procuring two HS-748 aircraft which are expected to commence operation early in 1970. In addition, two new short-take-off-and-landing type aircraft will be acquired in the near future.

The Project to be financed by the Bank provides for the improvement of five existing airports, including the international airport at Kathmandu, modernization of navigation aids and communication facilities and improvements to the workshop, ground transport and pilot training facilities of the Royal Nepal Airlines.

When completed, the Project will facilitate better utilization of existing air transport facilities; improve air transport capacity and alleviate constraints on domestic and foreign passenger traffic; and promote social and administrative integration. In addition, the Project will contribute to accelerated growth of the areas where 3.5 million inhabitants are concentrated. It will also facilitate the development of tourism, thus generating additional income, foreign exchange earning capacity and employment in tourist-related industries.

The Bank's loan of \$6.01 million from Special Funds resources, together with a technical assistance

grant of \$350,000 (see below), will cover the foreign exchange component in the total cost of \$13.31 million.

Technical Assistance

To secure the maximum benefit from the development of the Air Transport Development Project, the Government of Nepal requested the Bank to provide a technical assistance grant of \$350,000 in addition to the loan of \$6.01 million sought from the Bank. The technical assistance grant was approved with the loan on 18 December.

Of crucial importance for the success of air transport development in Nepal is the efficient management of two organizations, the Department of Civil Aviation (DCA) and the Royal Nepal Airlines Corporation (RNAC). These two organizations have functioned satisfactorily in the past. However, improvements in organization and in management are needed in order to achieve an accelerated rate of growth in air transport.

The technical assistance from the Bank is to assist in the implementation of the proposed reorganization and management reform of these institutions. A team of five experts will serve as advisers in key areas of civil aviation and airline functions for a period of two years. A senior management adviser



One of the experts (extreme right) deputed by the Bank as part of a technical assistance program discusses organizational problems with senior officials of the Agricultural Development Bank of Nepal.

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will coordinate the activities of the team and will be responsible to the Secretary of Public Works, Transport and Communications who will ensure implementation of the proposals of the advisory team. In addition, the advisors, will assist in the training of local staff in the two institutions.

Under the technical assistance grant approved by the Bank in November 1968, a team of experts was organized by the International Civil Aviation Organization and a study of the development needs of the air transport system in Nepal was completed in June 1969.

The report recommended several policy considerations and programs for the expansion of air services, including augmentation of the air fleet of the Royal Nepal Airlines Corporation, the development of several airports in Nepal and of navigational aids, and the provision of advisory services.

On, the basis of this study, the Government requested the Bank to appraise an air transport development project for possible financing. This resulted

in the loan and technical assistance approved on 18 December.

A technical assistance grant of \$69,000 to the Agricultural Development Bank of Nepal (ADBN) was approved on 22 May. The technical assistance will be provided by sending a team of three experts—one each in the field of loan operations, agricultural credit and accounting—who will be concerned with formulation of policies and developmental schemes; improvement of the organizational structure; streamlining of lending operations; and organization of training and orientation courses for Bank staff at different levels of operation.

The experts in accounting and in agricultural credit started their assignments in September 1969, for periods of six months and 12 months, respectively. The expert in loan operations commenced his 12-month field work in November.

The request for experts followed the technical assistance provided by the Bank late in 1968, for a study of the organization and operation of ADBN.



A Bank mission studying existing facilities at Kathmandu international airport, one of the five airports in Nepal which will be improved with Bank assistance on concessional terms.

(1) Facilities for producing industrial oxygen under construction by Ingasco Inc. (2) Loading facilities for the magnetite mining plant of Filmag Inc. and (3) timber and logging plant of Aras-Asan Timber Co. The three enterprises are beneficiaries of sub-loans from the Private Development Corporation of the Philippines which has received financial assistance from the Bank.

PHILIPPINES

Loans

PRIVATE DEVELOPMENT CORPORATION OF THE PHILIPPINES PROJECT

\$5,000,000 for 12 years (including 2-year grace period)

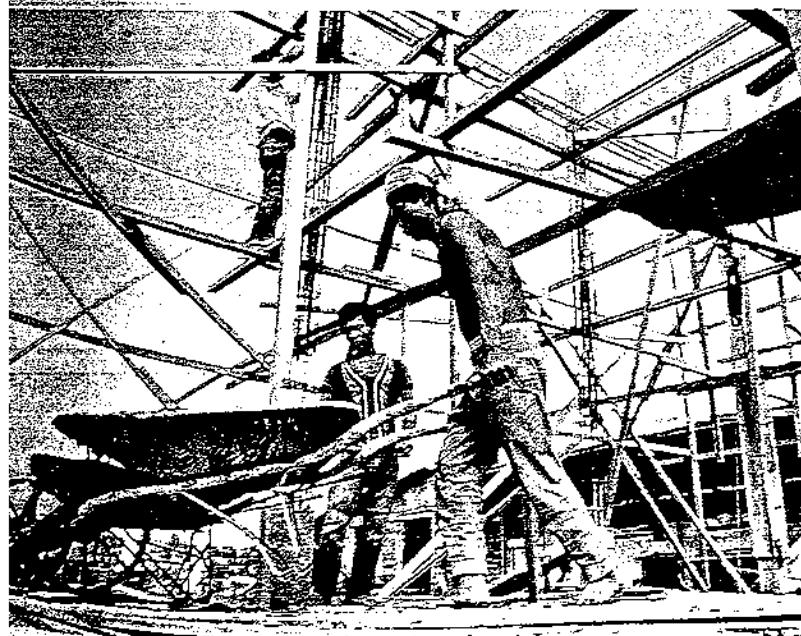
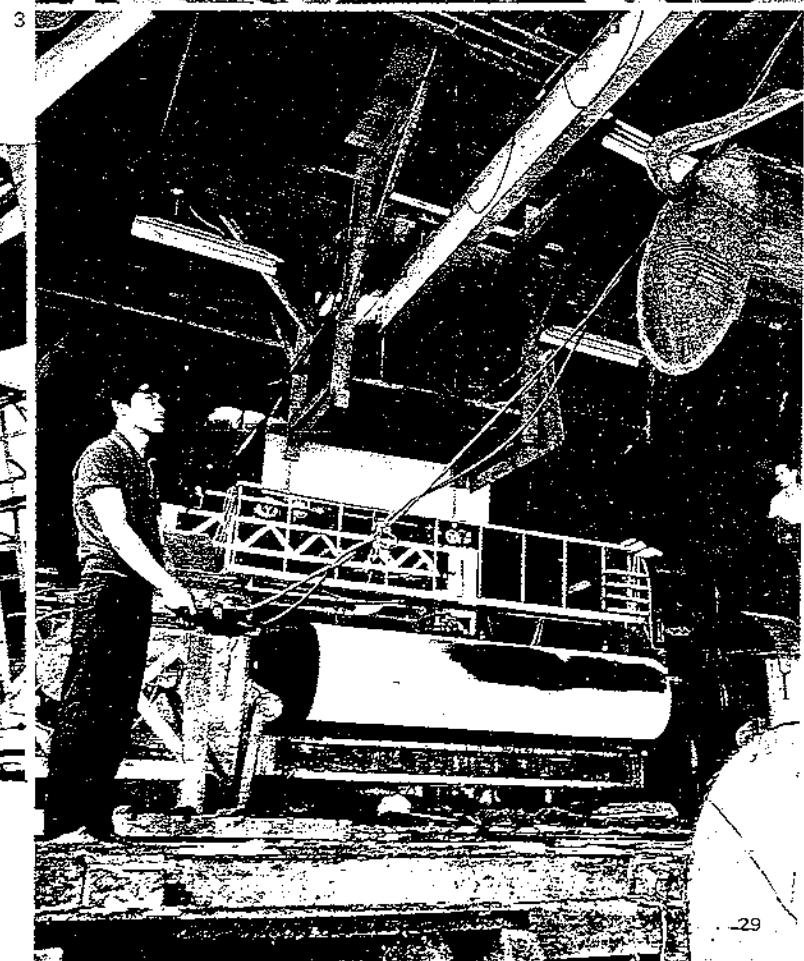
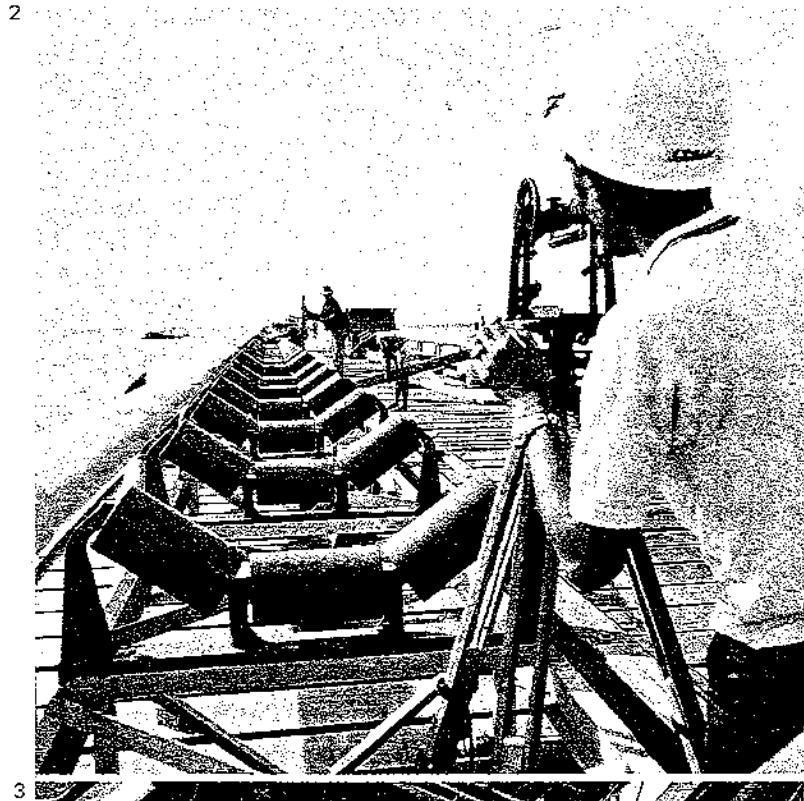
Interest at the lending rate prevailing at the time of crediting the loan account

Approved 4 March 1969

Borrower: PHILIPPINE NATIONAL BANK

Guarantor: REPUBLIC OF THE PHILIPPINES

The Bank's loan was extended to the Philippine National Bank (PNB) for relending to the Private Development Corporation of the Philippines (PDPC) which is to utilize the proceeds to finance private industrial and other productive enterprises. PDPC was established in 1963 for the purpose of assisting in the creation, expansion and modernization of private productive enterprises in the Philippines by extending medium-term and long-term loans, underwriting securities, guaranteeing loans and providing managerial and technical assistance.



PDCP has an authorized and paid-up capital of Pesos 25 million; in addition, it has raised a substantial amount of funds from bi-lateral and multi-lateral aid agencies.

As of 31 December, seven sub-loans aggregating \$1.35 million had been approved and \$250,000 disbursed by PDCP. The approved sub-loans include financing for the expansion of ceramic tiles production, timber and logging plant, production of industrial oxygen, mining magnetite sand for export, electric power distribution, coconut products and live-stock and dairy products. Most of the projects have been registered by the Government as preferred or pioneer projects.

COTABATO IRRIGATION PROJECT

\$2,500,000 for 25 years (including 5-year grace period)

at 3% (Special Funds)

Approved 18 November 1969

Borrower: REPUBLIC OF THE PHILIPPINES

The Bank is financing the foreign exchange cost of the Cotabato Irrigation Project. The total cost of the Project is estimated at \$4.60 million of which the foreign exchange component is \$2.50 million. The local currency cost equivalent to \$2.10 million will be met by the Government.

The Project comprises three irrigation systems, namely, Banga and Marbel in South Cotabato Province and M'lang in Cotabato Province. In the Marbel system, a small hydro-power plant with a capacity of 740 KW will be installed. The area covered under these systems will be 7,430 hectares. The Project is aimed at increasing the production of paddy from the present level of 7,600 tons to 43,400 tons in five years after its completion.

In order to achieve the targeted increase of production of paddy and corn, pilot demonstration farms will be established by the Government in the project areas to introduce improved farming practices including double-cropping patterns together with application of agricultural inputs and scientific water management. The Project is expected to be completed by December 1971.

Technical Assistance

In June 1968, the Bank approved the granting of technical assistance for one year to the Government of the Philippines, for the improvement of irrigation water management. In view of the satisfactory progress made by the scheme, and of the need for continued assistance to ensure the ultimate success of

the five-year program, the Bank agreed in June 1969 to the request of the Government to extend the technical assistance to the National Irrigation Administration (NIA) for a further and final period of one year, ending in August 1970.

In the first year, construction of terminal networks (irrigation and drainage ditches, gates and water measuring structures and check gates) resulted in coordination of the water distribution system in the eight selected pilot areas. Two in-service training courses were conducted in January and June 1969 for about 50 engineers from the 32 NIA irrigation systems. The courses were conducted by a team of three Bank experts assisted by two NIA technical officers.

For the second year, in addition to continuing the domestic training course to cover all the 85 NIA systems, four NIA technical officers will visit the Republic of China and Japan in order to gain first-hand technical and practical experience in the field of water management.

The emphasis in the second year's operations will be on system-wide operations, including water control at the headworks of the laterals and main canals of the multi-purpose Angat Dam. The three Bank experts will visit all eight selected projects to advise on improvements to the water control systems and their operations.

Technical assistance to the Philippine Government for the formulation of a project for a Fisheries Port in Manila Bay was approved in July 1968. Consultants engaged for the work submitted a preliminary site investigation report and layout plan at the end of February 1969. Thereafter, detailed surveys and investigations were undertaken and the final design and contract documents were completed and submitted to the Bank in September. An application for a loan was under consideration at the end of the year.

SINGAPORE

Loan

DEVELOPMENT BANK OF SINGAPORE PROJECT

\$10,000,000 for 14 years (including 2-year grace period)

Interest at the lending rate prevailing at the time of crediting the loan account

Approved 26 June 1969

Borrower: DEVELOPMENT BANK OF SINGAPORE

Guarantor: REPUBLIC OF SINGAPORE

The proceeds of the Bank's loan will be used by the Development Bank of Singapore (DBS) to provide financing for manufacturing and service industries.

DBS, an institution in which the Government of Singapore has a 49 per cent shareholding, is the only industrial development bank in Singapore. It was incorporated in July 1968 with an authorized share capital of S\$200 million, one-half of which was issued and paid-up.

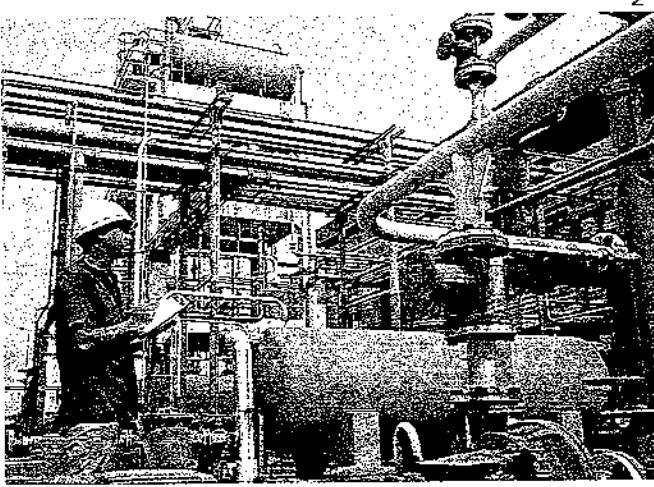
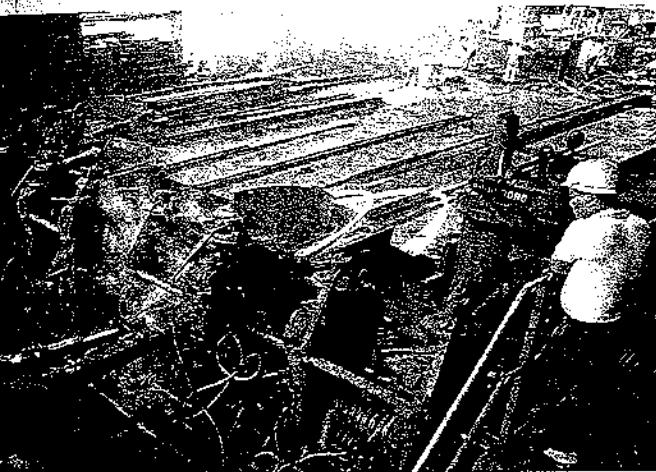
Before DBS was established, the only institutional source of medium-term and long-term industrial finance was the Economic Development Board. The loan portfolio of the Board was taken over by DBS under an arrangement whereby the Govern-

ment would extend to DBS a loan equivalent to the outstanding balance of the Board's Loans.

DBS provides financial assistance to manufacturing and service industries in the form of term loans, equity participation and guarantees. It is also authorized to engage in commercial banking and other subsidiary activities.

DBS expects to expand its operations rapidly and for the period 1970-1973 it has projected an annual growth of over 9 per cent for its loans and equity investments.

As of 31 December, DBS had presented three sub-loans amounting to \$1.20 million for the Bank's consideration.



Activities at (1) National Iron and Steel Mill Ltd. (2) Chemical Industries Far East (3) Universal Electronics Corporation Ltd., and (4) Jurong Shipyard repair dock, some of the enterprises now being assisted by the Development Bank of Singapore which has received a Bank loan.

THAILAND

Loan

INDUSTRIAL FINANCE CORPORATION OF THAILAND PROJECT

\$10,000,000 for 12 years (including 2-year grace period)

Interest at the lending rate prevailing at the time of crediting the loan account

Approved 16 December 1969

Borrower: INDUSTRIAL FINANCE CORPORATION OF THAILAND

Guarantor: GOVERNMENT OF THAILAND

The proceeds of the Bank's loan—the second extended by the Bank to the Industrial Finance Corporation of Thailand (IFCT)—will be relent to small-scale and medium-scale industrial enterprises. The loan will further augment IFCT's foreign exchange resources and will be available for utilization until 31 December 1972.

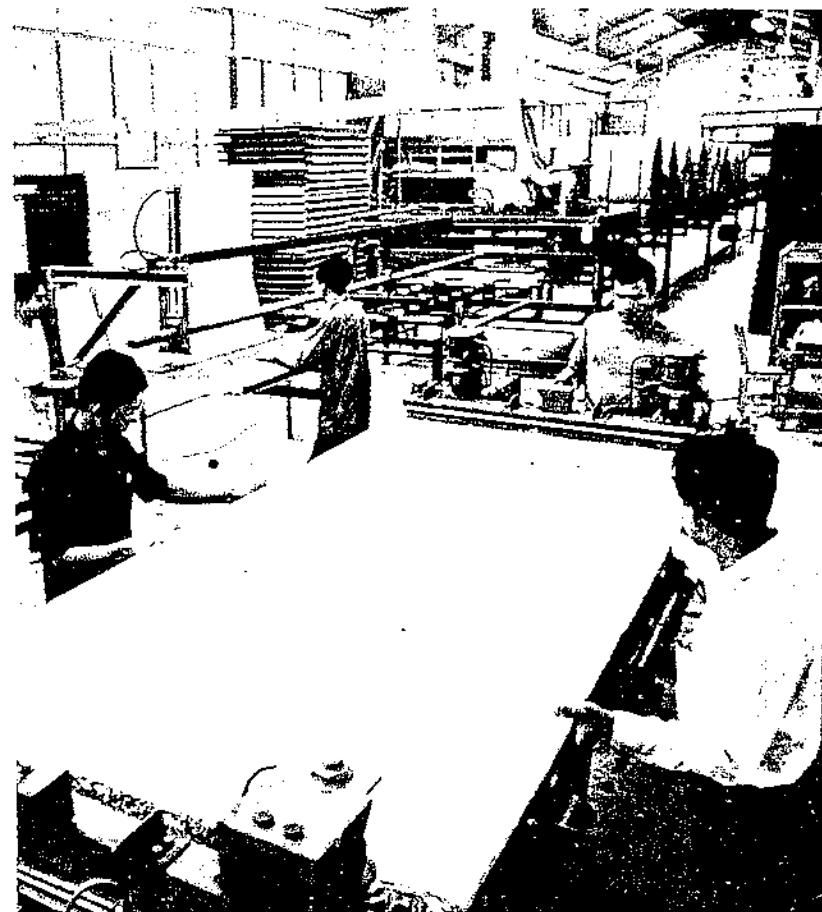
The rate of economic growth in Thailand has been impressive in recent years and the scope of

industrial development is being enlarged. Industry, which is almost wholly in private hands, is expected to expand by an annual rate of 11 per cent over the period 1969-1971.

Apart from the Government Small Loans Board, IFCT has so far been the only institution in Thailand which provides medium-term and long-term loans for private investments. During 1969, two investment banks, however, started operations in Thailand and they will also take up, to some extent, medium-term lending activities. Late in 1969, a development finance corporation was established which will operate in the medium-term and long-term markets.

Although increasing competition is thus foreseen for the IFCT, the rising demand for medium-term and long-term loans is expected to provide ample opportunities for IFCT to expand its operations.

The Bank's first loan to IFCT amounting to \$5 million was approved in January 1968. By the end of the year, 17 sub-loans, totalling \$3.87 million, had been approved and a sum of \$3.40 million disbursed by the Bank. The sub-loans will finance, among other things, electrical appliance plants, porcelain tableware factories, printing and paper plants, cotton mills and kaolin processing plants.



Production in progress at Stramit Board Co. Ltd. and S.P. Ceramic Co. Ltd., two among the several industrial enterprises that are being supported by the Industrial Finance Corporation of Thailand with Bank assistance.

Technical Assistance

The Bank approved on 23 September a request by the Government of Thailand for technical assistance to the Office of Accelerated Rural Development (ARD), involving a grant of \$105,000.

The ARD Office was set up in 1966 to develop and to coordinate the implementation of action plans for rural development in specially-designated ARD provinces which now total 24, mostly in the northeast and north of Thailand. Having made considerable progress in basic infrastructural development in these provinces in the last few years, the Government sought Bank assistance in planning concentrated economic development in the areas.

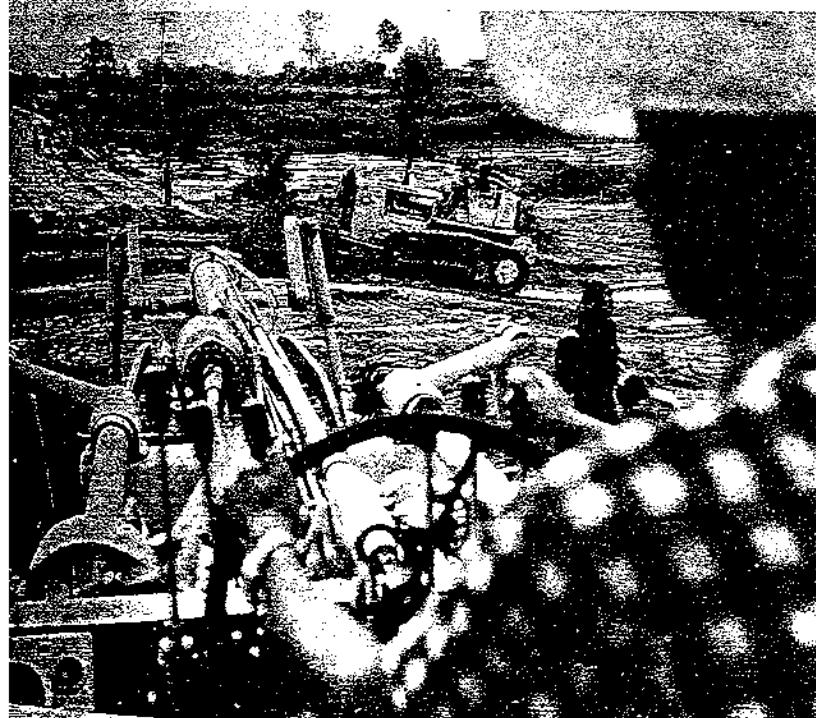
The Bank will provide five experts—an agricultural development expert with soil-crop background, a marketing expert, a water management expert, a farmers' organization expert, and an irrigation and farm mechanization expert—to join seven Thai specialists in an inter-disciplinary team specially organized for the Project. The team will select eight or nine high-potential districts in as many ARD provinces to be the nucleus areas of concentrated economic development; undertake an intensive on-the-spot study for the identification of profitable pro-

ductive activities in each of the selected districts; prepare integrated development programs for the districts involved; and assist the ARD Office and the Government Departments concerned in the initial stages of program implementation.

In accordance with an agreement entered into with the Government, the inter-disciplinary team will commence its work in January 1970 for a total period of nine months.

Technical assistance was approved by the Bank on 9 October for agricultural development programming in the Nong Wai Pioneer Irrigated Agriculture Project in northeast Thailand, at an estimated cost of \$180,000.

The Project area, covering 12,500 hectares near Khon Kaen, is closely representative of northeast Thailand in its environmental and land conditions and in the present condition of its agriculture which



The Bank is extending technical assistance to the Government of Thailand in planning and implementing a development program in the northeast and north of Thailand. The technical assistance is to be channeled through the Office of Accelerated Rural Development (ARD). ARD projects include a 28 kilometer road under construction to link Ban Muang Kai village with the highway; insecticide spraying; and a brick plant in Sakon Nakorn province.

borders, technologically and economically, on the subsistence level with an overwhelming emphasis on rain-fed rice monoculture.

Because of its convenient location, adjacent to the regional political and communication center, this area has been selected for a pioneer irrigation project for accelerating irrigation development and agricultural growth in a region which is generally retarded economically.

Most of the major irrigation works for the Project area have been constructed and the distributory system is expected to be completed early in 1970. However, effective water control and management is impossible without further improvement of the drainage system and the addition of proper terminal facilities. Among other essential activities to be included in an integrated development program are intensive crop production, pasture development, adequate rural credit and marketing arrangements, appropriate farmers' organizations and research and extension services, and phased development of selected agriculturally-related industries.

A nine-member programming mission provided by the Bank will commence work early in 1970 and the integrated program is scheduled to be ready within 12 months.

VIET-NAM

Technical Assistance

In July 1968, the Bank agreed to provide technical assistance to development financing institutions in Viet-Nam. The first part of the program provided for a team of four experts to study and report on the Government institutional framework and the procedures for handling investment projects; the work of three financing institutions—the Industrial Development Center (IDC), the Société Financière pour le Développement de l'Industrie au Viêt-Nam (SOFIDIV), and the Refinancing Fund for Industrial Development (RFID) of the National Bank of Viet-Nam; the division of responsibilities among the financial institutions; and the possibility of advising the Agricultural Development Bank on the establishment of a system of rural banking. The other part of the program covered the provision of

three senior operational advisors, one each to be assigned to IDC, SOFIDIV and RFID.

During 1969, a team of three experts studied the Government institutional framework and the working of IDC, SOFIDIV and RFID. Under the second part of the technical assistance program, an advisor was assigned to SOFIDIV for about a year with effect from May 1969. The selection of a second advisor for IDC for an assignment of one year from January 1970 was made late in the year.

WESTERN SAMOA

Loan

FALEOLO AIRPORT AND ROAD PROJECT

\$2,400,000 for 30 years (including 10-year grace period)

at 1-1/2% (Special Funds)

Approved 16 December 1969

Borrower: INDEPENDENT STATE OF WESTERN SAMOA

The Bank's loan is designed to assist Western Samoa in upgrading Faleolo Airport to suit short-haul jet aircraft and in improving the road from the airport to the capital city of Apia.

Western Samoa is remote from the main industrial and commercial centers of the world, and the development of effective air connections is, therefore, of considerable importance.

The total cost of the Project is estimated at \$3.10 million. The foreign exchange cost of the Project will be met from the Bank's loan of \$2.40 million and the local cost will be borne by the Government.

Western Samoa is urgently in need of economic development, especially in view of the pressure of its fast growing population. The economy relies heavily on three plantation crops—copra, cocoa and banana. A promising source of foreign exchange earnings is tourism for the development of which the country has a significant potential. The completion of the Airport/Road Project will be an important step in promoting tourism in Western Samoa.

Technical Assistance

The loan described above arose from technical assistance approved by the Bank in February 1969 at a cost of \$50,000 for the preparation of the Faleolo Airport and Road Project. The Project appeared to be potentially suitable for Bank financing but there was a need for further technical investigation and tests to obtain essential data for sound preparatory work.

The consultants engaged to carry out the engineering and other studies and to prepare preliminary designs for the upgrading of the airport and the road submitted their report in October. The report was transmitted to the Government of Western Samoa. After Bank appraisal of the Project, the loan was approved in December.

B. REGIONAL ACTIVITIES

The Bank has a positive role to play in the promotion of regional cooperation. One of the first major activities undertaken by the Bank was an Agricultural Survey in Asia which was completed in 1968. The results of the Survey are now being translated into action and given practical effect through the Bank's lending and technical assistance activities. As a follow-up to the Survey, and the publication of its report, a Regional Seminar on Agriculture was held in Sydney at the time of the Second Annual Meeting of the Board of Governors.

At the request of certain Southeast Asian countries, a Regional Transport Survey was inaugurated by the Bank. The Bank is being assisted in the conduct of this Survey by a Steering Committee of experts of wide experience and competence in the field.

A Study of the Southeast Asian Economy in the 1970's was initiated late in the year in response to a request made in April by the Fourth Ministerial Conference for the Economic Development of South East Asia.

Financial support in the form of a grant was pledged by the Bank for the Asian Vegetable Research and Development Center in the Republic of China.

In July, a Regional Conference of Development Banks of Asia was held under Bank sponsorship in Manila.

The Bank attaches considerable importance, in its technical assistance activities and in the various missions sent to developing member countries, to the utilization of the available expertise in the region. Since the commencement of operations, over half the number of consultants (including consulting firms) engaged for Bank assignments have come from regional countries.

Relationships with other international organizations interested in the various aspects of regional cooperation are described in Section C of Part I.

Regional Seminar on Agriculture

As a follow-up to the Asian Agricultural Survey which was completed in 1968, the Bank arranged a Regional Seminar on Agriculture in conjunction with the Second Annual Meeting of the Board of Governors in Sydney from 10-12 April. The aim of the Seminar was to bring together government representatives from developing member countries for deliberation on the policy implications of the Survey's findings and recommendations and to discuss with special reference to the Bank, the various ways of making the best use of these recommendations in action programs for accelerating agricultural development. Senior agricultural and financial policy officials from each developing member country participated in the Seminar, together with representatives from developed member countries, international organizations concerned with agricultural development in Asia, six expert "resource persons" who presented papers based on various aspects of the Survey, and staff members of the Bank. The preparation of papers on recent developments in agriculture by each senior agricultural official also served to up-date the Survey reports and to focus attention on developments since the Survey was taken.

The Conference stressed in particular the importance of the so-called "Second Generation Problems" in agriculture arising from the technological innovations in high yielding varieties and supplies of physical inputs. These included problems of storage, transportation, the encouragement of agricultural processing industries, and the discovery and exploitation of new market outlets. Other matters discussed included the need for further research and the need to increase the availability of farm credit.

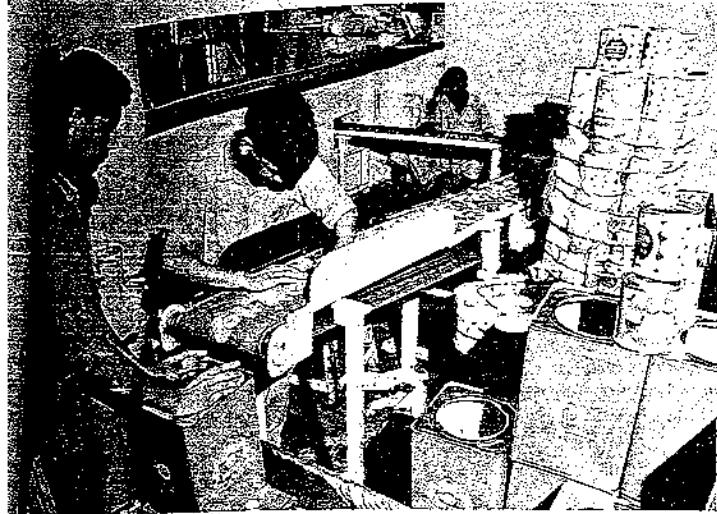
The papers and proceedings of the Regional Seminar on Agriculture have been published by the Bank and copies have been widely distributed.

Regional Transport Survey

In response to a request of the Government of Malaysia on behalf of certain Southeast Asian countries, the Bank undertook to conduct a Regional Transport Survey in Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and the Republic of Viet-Nam. Work on the Survey commenced in October 1969.

Production activities in progress at (1) AB Biscuit Company Ltd., (2) Paracha Textile Mills Ltd. and (3) Elite Printing Press Ltd. The three enterprises are among those assisted by the Industrial Development Bank of Thailand which has received a Bank loan to help small and medium scale industries in the private sector.

1



A Steering Committee of experts set up by the Bank met in Manila in December 1968 and recommended draft terms of reference for the Survey. Based on these recommendations, proposals were invited from consulting firms and were evaluated in accordance with the Bank's procedures. The appointment of consultants was authorised in June.

The Board of Directors decided that the Survey should be conducted in two stages: the consultants would initially prepare an inception report spelling out the precise tasks involved and the depth to which different studies were to be carried out; the substantive work on the Survey would then be conducted in the light of the decisions taken on the inception report.

The consultants completed the inception report in December. After consideration of the report by the Steering Committee and the Board of Directors, the Bank should be able to authorise work on the second stage of the Survey by March 1970.

In March 1969, participating Governments, in consultation with the Bank, asked the United Nations Development Programme (UNDP) to make a contribution towards the cost of the maritime and air transport studies which are integral parts of the Survey. The United States Government has already made a specific offer of a grant of \$1 million to the Technical Assistance Special Fund of the Bank for use in financing the Survey.

The Bank was informed in December 1969 that UNDP's Administrator had recommended to the Governing Council to earmark a little over \$1 million for the project for which the Bank is proposed as Participating and Executing Agency.*

Study of Southeast Asian Economy in the 1970's

The Bank was asked by the Fourth Ministerial Conference for the Economic Development of South East Asia, at its meeting in April 1969, to undertake a study of the Southeast Asian Economy in the 1970's. The purpose of the study is to give the nine countries of the region a common body of information and analysis on which to base future national and regional economic policies and planning. In July the Board of Directors approved the undertaking of the study by the Bank and accepted

*Confirmation received in January 1970 that the Governing Council had approved the Administrator's recommendations.

a recommended procedure for the implementation of this study. In accordance with the approved procedure, the Bank convened a meeting of an Expert Group* to advise on the topics to be included in the study. The Report of the Expert Group outlined five major areas to be included in the study:

- (a) The Green Revolution;
- (b) The Problems of Industrialization;
- (c) Foreign Economic Relations (including an analysis of the impact of the end of hostilities in Viet-Nam and the British military withdrawal from the region);
- (d) Foreign Private Investment; and
- (e) Population Control.

*Members of the Expert Group
were as follows:

Dr. Paul Streeten Oxford University Oxford, England (Chairman)	Dr. Saburo Okita President Japan Economic Research Center Tokyo, Japan
Dr. H. W. Arndt Australian National University Canberra, Australia	Dr. G. Rosen Chief Economist Asian Development Bank
Mr. H. Farrelly Director Operations Department Asian Development Bank	Mr. Sixto K. Roxas President Bancom Development Corporation Makati, Rizal, Philippines
Mr. William Gilmartin Resident Representative World Bank New Delhi, India	Professor Subroto Director-General Research and Planning Ministry of Trade Djakarta, Indonesia
Dr. Albert Hirschman Harvard University Cambridge, Massachusetts	Mr. W. J. R. Woodley International Monetary Fund Washington, D.C. 20413 U.S.A.
Dr. S. C. Hsieh Director Projects Department Asian Development Bank	Madam Suparb Yossundara Director, Assistant to the Governor Bank of Thailand Bangkok, Thailand

The recommendations of the Expert Group were presented by the Bank to the Advisory Committee of the countries to be included in the study, which has the responsibility of providing guidance to the experts. The Advisory Committee accepted in general the recommendations of the Expert Group as to the topics to be included, but suggested certain amendments in the details of the proposed study. It is expected that an interim report will be available for the Ministerial Conference in April 1970.

A budget was approved by the Board of Directors, individual experts were selected for the various tasks and work began in November.

Fourth Regional Conference of Development Banks of Asia

As proposed at the Third Regional Conference of Development Banks of Asia in Tokyo in September 1966, the Bank convened the Fourth Regional Conference in Manila from 14-17 July.

A specific theme was selected for the Conference in consultation with participants in previous conferences: exploration of the experience and problems encountered by development banks in respect of the identification, formulation, evaluation and implementation of investment projects. A number of development banks in the region prepared case studies relating to their operational experience in this regard, and consultations were held with senior officials of these banks. On the basis of the case studies and the discussions, a theme paper was prepared by the Bank and circulated to all participants in advance of the Conference.

Sixty-seven representatives from 42 development banks and institutions, both regional and non-regional, participated in the Conference. Representatives from the United Nations and the World Bank were also among them.

A summary of the proceedings in printed form has been issued by the Bank.

The Conference made several recommendations for consideration and action by the Bank. These were examined in the Bank and the Board of Directors approved provision for the strengthening of the staff in order to guide, assist and promote

the effective functioning of the development banks in the region. The Board has also authorized a study to ascertain the training facilities currently available and to examine the possibilities in this respect which are most likely to be of benefit to the development banks of the region. The Bank also has under examination the development of facilities for inter-development bank cooperation including the organization of future conferences.

LAWASIA Credit and Security Research Project

In February, the Board of Directors approved a proposal for cooperation with the Ford Foundation in assisting the Law Association for Asia and the Western Pacific (LAWASIA) in the carrying out of the first stage of LAWASIA's research program involving a study of security arrangements available to national development banks and other financial institutions in developing member countries of the Bank for the purpose of supplying medium and long term credits for development purposes and the financing of working capital. LAWASIA's constituent members are professional legal associations in countries in the ECAFE region as well as individual lawyers.

In the implementation of this research project, the Ford Foundation provides financial assistance and the Bank acts as administrator of the project by receiving and disbursing the funds involved. The Bank will also offer such technical advice and assistance as necessary to those responsible for the research. The Bank will bear the administrative expenses of participation by its staff in the project. Since an effective legal framework for security arrangements is an important factor in facilitating the use of resources available to national development banks and similar institutions, the project is of considerable interest to the Bank.

The commitment by the Ford Foundation and the Bank is limited to the first stage of the proposed research program involving a general study of the security arrangements in Ceylon, Indonesia, Republic of Korea, Malaysia, the Philippines, Singapore, Republic of China and Thailand as representing the diverse legal backgrounds of the region. Australia and Japan are also included in the present study under separate financial arrangements made by LAWASIA with other banks and commercial organizations.

Asian Vegetable Research and Development Center

The Bank agreed in March 1969 to give financial assistance for the establishment and operation of the proposed Asian Vegetable Research and Development Center (AVRDC).

The decision was made in response to a request from the Government of the Republic of China on behalf of the Governments of the seven participating countries, namely, Japan, the Republic of Korea, the Philippines, Thailand, the United States, the Republic of Viet-Nam and the Republic of China.

The project is a sub-regional cooperative effort to improve the production and marketing of fresh vegetables in the developing countries of Southeast and East Asia. AVRDC, which is proposed to be set up in the Republic of China, will undertake research, training and extension programs designed to develop improved plant materials, adaptable technology and the skilled manpower necessary to build up an efficient and profitable vegetable industry to meet the increasing demand for a balanced diet and to provide a broader base of agricultural production and rural development.

The total budget estimate for the first five years of operation of AVRDC is \$7.5 million, towards which \$3 million and \$2.25 million have been pledged by the Governments of the United States and the Republic of China, respectively. Within the framework of its overseas technical cooperation program, the Japanese Government plans to contribute expert services and equipment to the Center. The Bank's assistance, which is subject to the condition that adequate funds are available to meet the estimated cost of operations in the first two years, will amount to \$150,000 in each of these two years.

Asian Industrial Survey

The Bank continued its discussions with the Economic Commission for Asia and the Far East on the proposed Survey. Members of the Bank staff assisted in the formulation of the terms of reference for the study.

Proposed Regional Association of Tax Administrators

A proposal was made by the Philippine Government for action by the Bank to set up a regional association of tax administrators similar to Centro Interamericano de Administradores Tributarios (CIAT) in the Western Hemisphere. After comments on the proposal had been received from member countries, it was decided that further consideration of the matter should be deferred to next year and that, meanwhile, the Bank should examine in some detail the experience of CIAT. Enquiries into the experience of CIAT were initiated during the year.

C. RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS

In accordance with its Charter, the Bank, since its establishment, has maintained close relations with its sister institutions, the World Bank and the other regional banks, and also with the United Nations and its various organs and specialized agencies, particularly the Economic Commission for Asia and the Far East. In many cases these relationships have been of an informal character taking the form of visits by staff members on both sides for discussions on current matters of mutual interest and concern. Where practicable, the Bank has participated in meetings and conferences convened by institutions whose activities are relevant to the work of the Bank. More formal Bank relationships include the Interim Arrangement for Cooperation with the Food and Agriculture Organization and an agreement on the Collection of Debt-Servicing Data with the World Bank.

Relationships with institutions with whom the Bank has had regular contact during the past year are summarized in the following paragraphs.

Food and Agriculture Organization (FAO)

FAO specialists have participated in various activities of the Bank, mainly in the agricultural field, and useful exchanges of information have taken place with FAO personnel, both in the field and at the Headquarters in Rome. A representative of FAO participated in the Regional Seminar on Agriculture held concurrently with the Second Annual Meeting in Sydney in April. On 5 and 6 June, a meeting was held in Rome between representatives of FAO, the United Nations Development Programme, the World Bank and the regional banks including the Asian Development Bank where operational activities of mutual interest were examined.

Representatives of FAO and the Bank met in November 1969 to review the working arrangements instituted by the two organizations in 1968. It was agreed that experience to date had been generally satisfactory and that continuance of the coopera-

tive arrangements between the two institutions on the established basis was justified. Future review meetings would be held alternatively in Manila and in Rome.

World Bank

The Bank continued its joint arrangements with the World Bank in studies relating to the external public debt position and prospects of the regional developing member countries. The continued cooperation in exchange of information has been of considerable mutual benefit particularly in field missions. The data on external public debt were published in brochure form in March and September 1969. The World Bank plans to revise completely the collection and tabular systems on external debt data beginning 1970 and after discussion the two institutions have agreed on the proposed set of revisions. An attempt will be made to include external private debt in the new coverage. New forms and procedures, which will permit the use of the latest computer technology, have been developed for use in the proposed collection systems.

During the year, Bank staff visited the World Bank for study programs and observation tours. In addition, there have been frequent exchanges of visits by officials for consultations on specific operational activities. The Annual Meetings of the two Banks have also provided opportunities to strengthen the relationship between the organizations.

United Nations Development Programme (UNDP)

In February 1969, UNDP held a regional meeting of its resident representatives in Asia and the Far East in Manila. During this meeting, procedures were worked out for the promotion of mutual contacts between UNDP and the Bank in order that both organizations could be kept informed of their respective activities in the Asian region thereby providing the opportunity, on a working basis, for the development of any interest one organization might have in the other's activities.

Economic Commission for Asia and the Far East (ECAFE)

The Bank is appreciative of the cooperation and assistance received from ECAFE and looks forward to continued close and profitable association in the future. Participants or observers continue to be sent by the Bank to the meetings of the Commission and of its subsidiary bodies. Such formal contacts, together with the useful relationships of a less formal nature built up at the working level, have been helpful in ensuring that the work of the two organizations in fostering the economic progress of the region proceeds on a complementary basis.

The Bank has expressed its willingness to contribute financially to the proposed Asian Industrial Survey, subject to the adoption of terms of reference satisfactory to the Bank and provided that the remaining funds required are assured. The Bank has been kept informed of the studies made by the Commission of financial arrangements within the region that may help to promote inter-regional trade and discussions have taken place from time to time between the two organizations on the possible role that the Bank might have in any such arrangements.

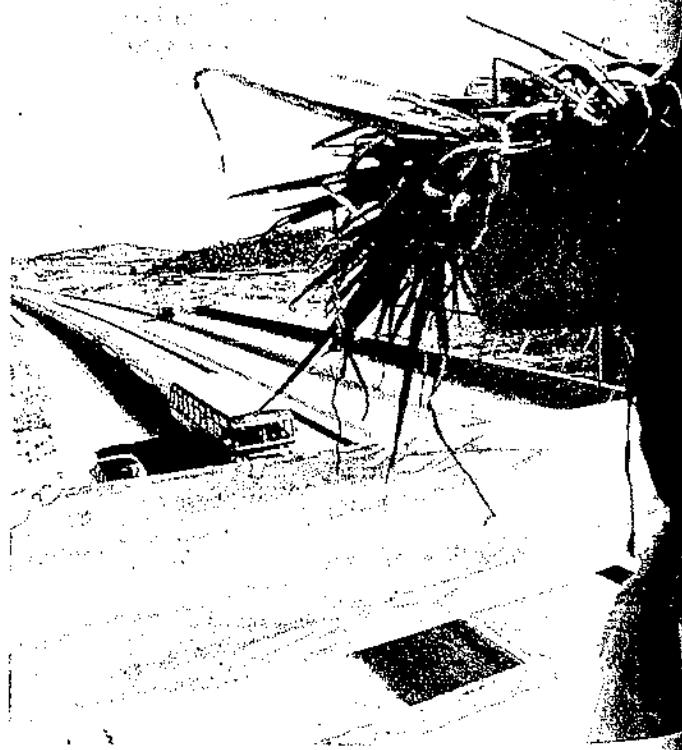
Organization for Economic Cooperation and Development (OECD)

The Bank participated in a meeting organized by the Development Assistance Committee of OECD in Paris in December. The President and a small team of advisers represented the Bank. The main purpose of the meeting was to examine the problems of development of the Southeast Asian region. The meeting provided an opportunity for acquainting members of OECD with the progress made by the Bank in its first three years. The President emphasized the role that the Bank could play in assisting developing member countries to face their problems as also the need for increased contributions to the Bank's Special Funds resources to enable it to play its part effectively. The meeting showed particular interest in the Bank's lending on concessional terms and a number of OECD members supported the President's appeal for further contributions to the Special Funds.

Regional Development Banks

The Presidents of the regional banks—the Inter-American, the Asian, the African and the Central American—held a joint meeting at the headquarters of the Inter-American Development Bank in Washington in September 1969.

The four Presidents reviewed regional development activities and exchanged views on their roles in financing development in their respective Latin American, Asian, African and Central American areas.



Seoul-Inchon Expressway—a 29.9 kilometer, four-lane, limited access highway—was financed by a Bank loan.

EMPLOYEE BENEFITS SURVEY REPORT BENEFITS

Capital Subscription

Subscriptions of members to the authorized capital stock of the Bank stood at \$978 million at the end of the year. (See table on page 46.) This amount includes the subscription of Hong Kong, which became a member in March.

The fourth instalment of subscriptions to paid-in capital from members other than Switzerland and Hong Kong which fell due on 22 August 1969 was received by the Bank. Hong Kong paid the first instalment of her capital subscription on 27 March. On 29 December, Switzerland paid her third instalment. These payments increased the Bank's paid-in capital at the end of the year to the equivalent of \$388.50 million of which the equivalent of \$326.50 million was in convertible currencies.

The ordinary capital resources of the Bank, which include borrowings, ordinary reserve and net income but exclude the capital set aside for special operations, increased to \$401.40 million of which \$339.40 million was in convertible currencies. Total approvals of loans from these resources amounted to \$117.69 million and disbursements thereunder to \$9.20 million.

Under Article 6.3 of the Articles of Agreement, members have the option to pay the Article 6.2(b) portion of their capital subscription in the form of non-interest-bearing promissory notes. Payment of this portion in cash augments the Bank's resources available for investment. As in previous years, Austria, the Federal Republic of Germany, Italy, Norway and Switzerland paid in cash the fourth instalment of their capital subscription due under Article 6.2(b). Australia authorized the conversion into cash of the promissory note pertaining to its payment of the Article 6.2(b) portion of its first instalment of capital subscription, enabling the Bank to invest the amount. The cash payment of the 6.2(b) portion by some members resulted in higher earnings for the Bank from its investments.

Investment of Bank Funds

At the end of 1969, the Bank's investments amounted to the equivalent of \$225.7 million, which represents the Bank's convertible currency funds not currently required for operations. Of

these investments, 32.8 per cent was in the form of government securities or government-guaranteed obligations of member countries and 67.2 per cent in time deposits with banks in member countries and with the Bank for International Settlements.

In investing its funds, the Bank has been guided by considerations of security, liquidity and yield subject to the requirements of Article 24 of the Articles of Agreement. In accordance with the guidelines set forth by the Board of Directors in 1967 and reviewed in 1968, the Bank continued to invest the funds not required for its operations in government securities or government-guaranteed obligations of member countries maturing not more than five years after the date of purchase and in time deposits or certificates of deposit of commercial banks in member countries maturing within two years. These guidelines remained unchanged during 1969.

Loan Participations

During the first half of 1969, a number of commercial banks in the United States and Japan responded favorably to the Bank's offer of participation in the maturities of several Bank loans for their own account and without recourse to the Bank. These participations amounted to \$285,000 raising total participations since operations commenced to \$3,085,000. During the latter half of the year, interest rates in world capital markets moved upward, in many cases reaching unprecedented levels. This made it financially unattractive for commercial banks to participate in the Bank's loans at the Bank's standard lending rate.

Income and Expenditure

Owing to the increase in the funds available with the Bank for investment and the upsurge in interest rates in world money markets, the Bank substantially increased its total income. The gross income of the Bank during 1969 amounted to \$12,979,813. The gross expenditure of the Bank during the year amounted to \$7,435,477, so that the net income, after appropriating commission on loans aggregating \$40,434 to Special Reserve, in accordance with Article 16.1 and 17 of the Articles of Agreement, was \$5,503,902 compared with \$3,482,891 in

1968. The above net income is available for allocation by the Board of Governors, in accordance with the provisions of Article 40.1 of the Articles of Agreement.

Member Currencies: Changes in Value

On 18 August 1969, Cambodia fixed the parity of its currency at Riels 55.54 to US\$1. Since the exchange rate of Cambodia's currency, prior to the above action, was set at Riels 35 to US\$1, the Cambodian Government has informed the Bank of its intention to pay the required additional amount of its currency to maintain, in accordance with Article 25.1 of the Articles of Agreement, the value of its Article 6.2 (b) portion of capital subscription instalments paid in the local currency at the old rate of Riels 35 equivalent to US\$1.*

*The amount was paid in January 1970.

Effective from 27 October 1969, the Government of the Federal Republic of Germany revalued the Deutsche Mark to DM3.66 per US dollar from the previous parity rate of DM4.00 per US dollar. As a consequence of this development, the Bank revalued the currency holdings of Deutsche Mark and refunded to the Federal Republic of Germany DM3,911,839, being the amount required to adjust the value of the Bank's currency holdings of Deutsche Marks, in accordance with the provisions of Article 25.2 of the Articles of Agreement.

Bank's Borrowing Operations

During the year under review, the Bank continued to watch closely developments on the international capital market and to survey possibilities for entering the market at an appropriate time.



The Asian Development Bank and the Deutsche Bank Aktiengesellschaft, as leader of an international syndicate of banks, signed at Frankfurt am Main on 10 September 1969 an agreement for a DM60 million bond issue. Seated from left to right: Bank Financial Advisor Edgar Plan; Manfred Havenschield (Board member, Deutsche Bank); Bank President Takeshi Watanabe; Wilfred Guth (Board member, Deutsche Bank) and Bank Treasurer S.M.A. Kasmi.

The Bank made its first bond issue in September—the main purpose being to establish its credit standing and to familiarize investors with the Bank. The issue took place in the Federal Republic of Germany and consisted of DM 60 million 7 per cent 15-year bonds, which were priced at 97-1/2 per cent. The bonds which are dated 1 September 1969 are redeemable in 10 equal annual instalments commencing 1 September 1975 and can be called from 1975 onwards. The issue was placed through an international syndicate of 69 banks of 13 countries, headed by Deutsche Bank A.G. The Bank bonds were subsequently listed on the stock exchanges of Frankfurt am Main and Dusseldorf, Germany, and of Vienna, Austria.

The Bank continued the process of obtaining qualification legislation in the various states of the United States that would give its bonds as favorable a position with respect to regulated investors as that enjoyed by bonds of the World Bank and the Inter-American Development Bank. Following enactment of legislation in California, Massachusetts, New Jersey, New York and Pennsylvania in the previous year, additional action was taken in 1969 in Colorado, Connecticut, Hawaii, Illinois, Maine, Ohio and Washington. This program of bond qualification, which is to be pursued in additional states in subsequent years, sets the basis for successful entry of the Bank in the United States market when it seeks to issue its bonds.

SUBSCRIPTIONS TO AUTHORIZED CAPITAL STOCK (as of 31 December 1969)

Regional Members	\$ 000
Afghanistan	4,780
Australia	85,000
Cambodia	3,500
Ceylon	8,520
China, Republic of	16,000
Hong Kong	8,000
India	93,000
Indonesia	25,000
Japan	200,000
Korea, Republic of	30,000
Laos	420
Malaysia	20,000
Nepal	2,160
New Zealand	22,560
Pakistan	32,000
Philippines	35,000
Singapore	5,000
Thailand	20,000
Viet-Nam, Republic of	12,000
Western Samoa	60
	<hr/>
	623,000
	<hr/>

Non-Regional Members

Austria	5,000
Belgium	5,000
Canada	25,000
Denmark	5,000
Finland	5,000
Germany, Federal Republic of	34,000
Italy	20,000
Netherlands	11,000
Norway	5,000
Sweden	5,000
Switzerland	5,000
United Kingdom	30,000
United States	200,000
	<hr/>
	355,000
	<hr/>
Total	978,000

PARTIAL SPECIAL FUNDS

Two developments during the year of great importance to developing member countries were (i) the commencement in June of lending by the Bank on concessional terms from Special Funds resources and (ii) additions to the Special Funds resources to the extent of \$39,404,000 consisting of \$24,829,000 from member countries and an amount of \$14,575,000 "set aside" from the Bank's ordinary capital by decision of the Board of Governors acting in conformity with Article 19.1 of the Charter. New Agreements for capital contributions were concluded with Denmark, Japan and the Netherlands. Contributions or arrangements for contributions to the Technical Assistance Special Fund were made by Denmark, Finland, Federal Republic of Germany, Japan, New Zealand and United States. In addition Japan, the United Kingdom and the United States extended the periods of availability of their previous offers of technical assistance.

Towards the end of the year, the Netherlands Government, supported by the Government of Indonesia, proposed the establishment of a Special Fund for West Irian for which the Netherlands was prepared to offer an additional Special Funds contribution of \$5,000,000. The proposal is being studied in the Bank.

An encouraging feature of the latest contributions to the Bank's Special Funds was a significant liberalization in their terms; for the bulk of the new contributions (i) the area of procurement may be extended to include, as well as the contributing countries, developing member countries and members making capital contributions to the Special Funds, and (ii) the Bank, where need exists, may in consultation with the contributor, further ease the terms of its lending from contributed resources. The effect of these liberalizations was felt in Special Funds operations towards the close of the year, which included approvals for commitments amounting to \$8,410,000 at interest rates of 1-1/2 to 2 per cent.

A. SPECIAL FUNDS OPERATIONS

Six loans from Special Funds resources were approved during the year with a total commitment of \$22,005,000 spread over five countries—Ceylon, Indonesia, Nepal, Philippines and Western Samoa.

The loans are summarized in the following table and descriptions of the projects are given in the country sections in Part I.

Country	Project	Amount (\$ Million)	Term (Years) inc. Grace Period	Interest %
Ceylon	Walawe Development	7.705	25	3
Indonesia	Tadjud Irrigation	0.990	24-1/2	3
	Sawit Sebarang Oil Palm Estate	2.400	24-1/2	3
Nepal	Air Transport Development	6.010	30	2
Philippines	Cotabato Irrigation	2.500	25	3
Western Samoa	Faleolo Airport and Road	2.400	30	1-1/2

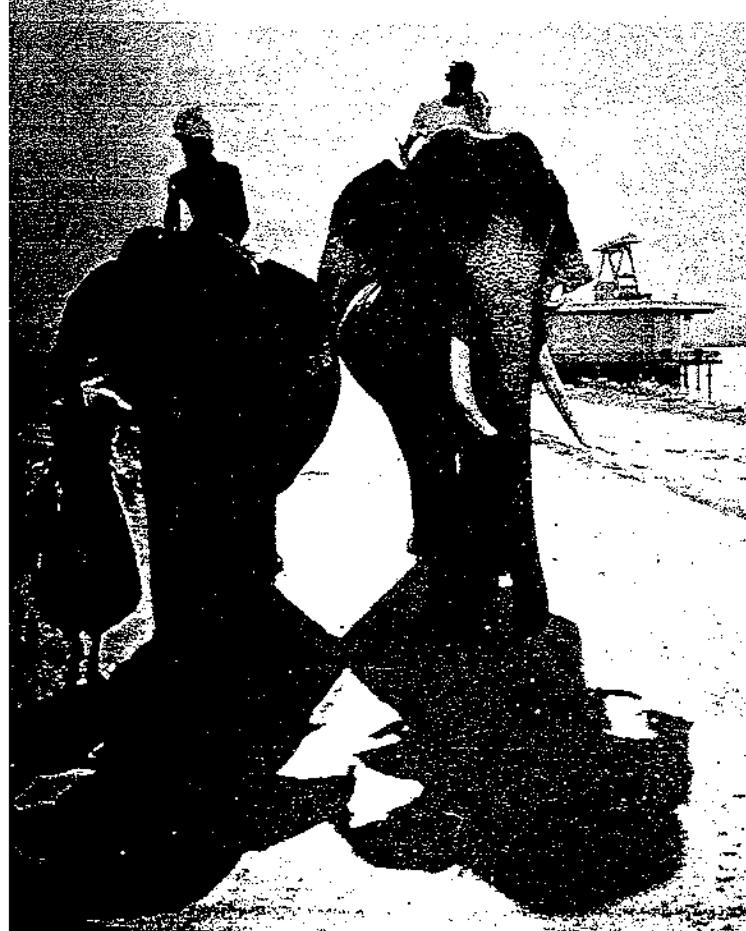
Utilization

As indicated above, loan commitments from Special Funds amounted at the end of the year to \$22,005,000, or about 31 per cent of total Special Funds contributions so far made available, i.e., excluding contributions for technical assistance and contributions payable in subsequent years. A sum of \$80,000 had been disbursed for the Tadjud Irrigation Project in Indonesia, the first of the projects approved for financing from Special Funds resources.

In the case of the Technical Assistance Special Fund, assistance from which has been provided in the form of grants, an amount of \$413,297 had been utilized from the contributions; of this amount, the share of Canada was: \$74,159; Denmark: \$21,200; Finland: \$8,178; Federal Republic of Germany: \$9,867; Japan: \$152,686; United Kingdom: \$35,701; and United States: \$111,506.

Ten countries shared in the disbursements from the Technical Assistance Fund: Ceylon: \$17,960; Republic of China: \$13,276; Indonesia: \$50,551; Republic of Korea: \$11,698; Laos: \$11,685; Malaysia: \$15,546; Nepal: \$32,706; Philippines:

A view of the Uda Walawe dam area. The power plant is behind the elephants which are a common sight in the area. Bank loans from both Special Funds and ordinary capital resources will finance part of the development cost of the Right Bank Area of the Walawe Development Scheme.



\$128,718; Thailand: \$8,178; Republic of Vietnam: \$41,939.

An additional amount of \$81,040 was expended on regional and other services.

Special Operations Loan Regulations

During the first half of 1969, the Bank took up the task of preparing a set of standard terms and conditions to be applied to loans from the Bank's Special Funds resources. As a result, the "Special Operations Loan Regulations" (hereinafter called the Loan Regulations) were formally adopted by the Board of Directors on 6 May.

The Loan Regulations closely follow the pattern of the Bank's Loan Regulations No. 1 adopted for ordinary operations except where a different treatment is required in view of the nature of special operations, the provisions of the Special Funds Rules and Regulations, or the terms on which Special Funds contributions have been made available. Thus, there is no provision in the Loan Regulations for a commitment fee or premium on prepayments or for the one per cent commission applicable to ordinary operations, nor is there any provision for delivery of bonds, which is not contemplated in special operations. Moreover, interest will be charged only if the Loan Agreement so provides and shall be payable at the rate and in the currency specified in the Loan Agreement.

Nevertheless, pursuant to Section 4.05(a) of the Special Funds Rules and Regulations, provision is made in the Loan Regulations for a service fee to be charged in all cases, and there is also a provision for a charge for special commitments (i.e., irrevocable letters of credit) similar to that provided for in ordinary operations, to be payable in the currency specified in the Loan Agreement. Further, consistent with the Special Funds Rules and Regulations, it is provided that principal and interest shall be payable in the currency loaned, but that the Bank may consent to alternative payment in gold or any currency determined by the Bank to be convertible. Similarly, in view of the provisions of the various Special Funds contribution agreements, it is provided that withdrawals may be made by the borrower only in the currency of the country in which procurements took place.

It is intended to review the present Loan Regulations after some experience has been gained in their use.

B. SPECIAL FUNDS RESOURCES

In 1969 the Consolidated Special Funds of the Bank were augmented by the equivalent of \$24.829 million in contributions and by an authorization for the "set-aside" of up to \$14.575 million from the Bank's ordinary capital resources for this purpose. New contribution agreements were signed with Denmark, Finland, Federal Republic of Germany (renewal of technical assistance grant), Japan, the Netherlands, New Zealand and the United States. Total Special Funds Contributions at the end of the year, including commitments for subsequent years, amounted to \$84.92 million. (See table on page 51.)

The largest contribution in 1969 was a second instalment of ¥7,200,000,000, equivalent to \$20,000,000, of Japan's capital contribution to the Consolidated Special Funds. This second Instalment, which was the subject of an exchange of letters between Japan and the Bank on 27 November 1969, was allocated to the Multi-Purpose Special Fund. The permissible area of procurement using the Japanese contributed funds has been extended, by agreement, as follows:

- (i) the portion allocated to the Multi-Purpose Special Fund may be used for procurement in the territories of the Bank's developing member countries and of those developed member countries which contribute to the Consolidated Special Funds (other than the Technical Assistance Special Fund);
- (ii) repayments of and income from both portions of the Japanese contribution may be used for procurement in contributing countries and in the territories of all members of the Bank, as provided in Section 3.05 of the Special Funds Rules and Regulations.

In addition to broadening the procurement rules applicable to its Special Funds contribution Japan has indicated that in special circumstances where the Bank finds that more concessional terms than hitherto are appropriate, such terms may be applied.

There were two further contributions to the Agricultural Special Fund:

- (a) On 1 April the Bank signed a contribution

agreement with Denmark whereby the latter contributed 15,000,000 Danish Kroner (equivalent to \$2,000,000) to be allocated to the Agricultural Special Fund. The contribution is interest-free and is repayable in regular half-yearly instalments commencing in April 1976 and extending to October 1993. It is for use by the Bank for making loans and for providing reimbursable technical assistance; and except as shall otherwise be agreed between the contracting parties, for procurement of goods and services with a high Danish content.

(b) At the Bank's Second Annual Meeting in April the Netherlands offered to contribute 4,000,000 guilders (equivalent to \$1,104,972) for allocation to the Agricultural Special Fund. The Netherlands contribution is available for procurement in the Netherlands, in developing member countries, and in such other developed member countries as make capital contributions to the Consolidated Special Funds on procurement con-

ditions not less liberal than those of the Netherlands. The Netherlands contribution was accompanied by a letter indicating an expectation that the contribution should be used mainly in Southeast Asia and that it was intended to be followed by additional yearly contributions for the next several years.

The Technical Assistance Special Fund received the following contributions or arrangements for contributions:

(a) In January the Bank concluded an exchange of letters with Finland for the provision of services of Finnish technical experts and such other Finnish facilities as might be agreed from time to time. At the Second Annual Meeting the Governor for Finland extended this offer to include the financing of Finnish consultants and consulting engineers to carry out feasibility studies and project analyses.

CONTRIBUTIONS TO CONSOLIDATED SPECIAL FUNDS (as of 31 December 1969)

Contributor	Commitments			Total
	Technical Assistance Special Fund	Agricultural Special Fund	Multi-Purpose Special Fund	
Canada	\$ 100,000	—	\$26,000,000 ¹	\$25,100,000
Denmark	300,000	\$ 2,000,000	—	2,300,000
Finland	8,178	—	—	8,178
Germany, Federal Republic of	43,151	—	—	43,151
Japan	313,982	20,000,000	20,000,000	40,313,982
Netherlands	—	1,104,972	—	1,104,972
New Zealand	168,000 ²	—	—	168,000
United Kingdom	56,895	—	—	56,895
United States	1,250,000	—	—	1,250,000
Set-aside Capital	—	—	14,575,000	14,575,000
Total	\$2,240,206	\$23,104,972	\$59,575,000	\$84,920,178

¹ As of 31 December 1969, \$10,000,000 was available and the balance of \$15,000,000 will be available in annual instalments of \$5,000,000 in each of the three Canadian financial years beginning 1 April 1970.

² This amount will be available to the Bank in amounts up to \$84,000 in each of the two New Zealand financial years beginning 1 April 1970 and 1 April 1971 or at any time thereafter.

(b) An exchange of letters completed in February confirmed Denmark's offer to contribute the sum of 2,250,000 Danish Kroner (equivalent to \$300,000) as a grant for technical assistance purposes. A fourth of this Danish contribution was freed for procurement outside Denmark.

(c) In March the Federal Republic of Germany agreed to continue during 1969 the arrangements for German technical assistance to the Bank agreed on for 1968.

(d) In May the United States and the Bank exchanged letters constituting an agreement for a \$1,000,000 contribution allocated to the Technical Assistance Special Fund for procurement of services from the United States for the Southeast Asian Regional Transport Survey being undertaken by the Bank.

(e) In June, Japan and the Bank signed an agreement for a further ¥72,000,000 (equivalent to \$200,000) grant allocation to the Bank's Technical Assistance Special Fund for procurement of services of Japanese consultants and specialists and of library materials.

(f) In November the Bank accepted an offer from New Zealand of a contribution of NZ\$150,000 (\$168,000) allocated to the Technical Assistance Special Fund to be made available in the two financial years ending March 1971 and 1972 or at any time thereafter to finance services of New Zealand experts for the widest possible range of feasibility and pre-investment studies.

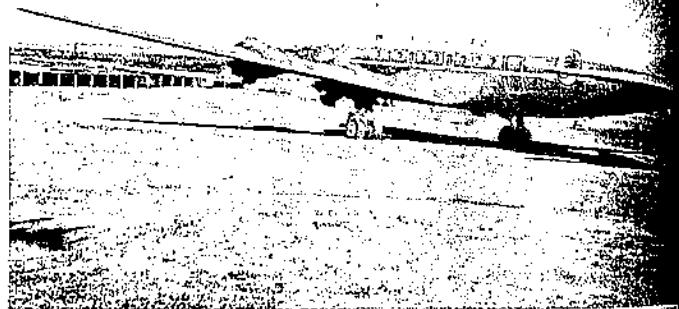
(g) In addition Japan, the United Kingdom, and the United States extended the periods of availability of their previous offers of technical assistance.

At the Second Annual Meeting the Board of Governors, in response to the recommendation of the Board of Directors, authorized the "set-aside" of \$14,575,000 from the Bank's ordinary capital for Special Funds uses. Authority for such transfers, limited to 10 per cent of the Bank's unimpaired paid-in capital in total, is contained in Article 19.1 (i) of the Articles of Agreement. The funds involved will be allocated to the Multi-Purpose Special Fund as needed and are available for procurement throughout the Bank's membership.

The Board of Governors endorsed the view that: "In the initial stages and pending receipt by the Bank of contributed resources from a consider-

able number of contributors, the availability of modest amounts of Special Funds resources from a "set-aside" action will permit needed flexibility in the Bank's special operations so as to secure optimum benefits to recipients."

The action of the Board of Governors under Article 19.1 underlines the importance of building up the Bank's contributed Special Funds resources. If the growing pace of the Bank's special operations is not to be hampered, considerable additional contributions will be needed in 1970.



A view of Faleolo Airport and of the road linking the airport with Apia, both of which are to be improved with the support of a concessional loan from the Bank.

**PART IV ADMINISTRATION AND
ORGANIZATION**

Membership Developments

Hong Kong

The Bank's membership increased from 32 to 33 during the year. Discussions with British and Hong Kong authorities preparatory to an application by Hong Kong for membership in the Bank took place in 1968. The discussions led to the opening of negotiations with the Governments of Hong Kong and the United Kingdom early in 1969 and Hong Kong's application for membership presented by the Government of the United Kingdom was considered by the Board of Directors on 4 March. The Board, after noting with approval the proposed terms of the application for membership and of the undertaking by the United Kingdom of responsibility for the obligations of Hong Kong in terms of Article 3, paragraph 3, of the Articles, recommended to the Governors a draft Resolution admitting Hong Kong to membership of the Bank. The resolution was duly approved by the Governors and Hong Kong's membership became effective on 27 March with the payment of the initial instalment of its subscription. The distribution of voting power among the Governors of the Bank as a sequel to the admission of Hong Kong as a member is given with the statement of subscriptions in Appendix-1-V.

Board of Governors

Several changes occurred during 1969 in the composition of the Board of Governors. In October, the Government of Korea appointed Mr. Duck Woo Nam as Governor of the Bank in succession to Mr. Jong Ryul Whang. Mr. Duck Woo Nam accordingly became Chairman of the Board of Governors. Other changes are shown in the list of Governors and Alternate Governors which appears in Appendix 6.

At the invitation of the Government of the Commonwealth of Australia, the Second Annual Meeting of the Board of Governors was held in Sydney from 10-12 April 1969. A list of the resolutions adopted at the Second Annual Meeting appears in Appendix 3.

At this meeting, the Board of Governors resolved to increase the size of the Bank's Board of Directors from 10 to 12 (one each from the regional and

non-regional members), the increase to take effect at the next election in 1971.

The Board of Governors also resolved under Section 19(i) of the Articles to make available from the Bank's capital an amount of \$14.57 million to the Special Funds for concessional lending and authorized a procedure for determining before 30 September 1969 an appropriate time and place for the Third Annual Meeting of the Board. Following the receipt of an invitation from the Government of the Republic of Korea, the Governors determined that the Third Annual Meeting take place in Seoul, Korea, from 9-11 April 1970.

Board of Directors

During the course of the year, the following changes took place in the Board of Directors:

Directors

- (i) Mr. Wazir Ali (Pakistan) was elected by Pakistan and the Philippines with effect from 4 February to fill the vacancy caused by the resignation of Mr. C. Balmaceda (Philippines). Mr. Wazir Ali resigned with effect from 31 December.*
- (ii) An election of Directors was held on 11 April during the Second Annual Meeting in Sydney and of the ten Directors elected, six—Messrs. Wazir Ali (Pakistan), Byung Kyu Chun (Korea), Masaru Fukuda (Japan), P.V.R. Rao (India), R.J. Whitelaw (Australia), and Bernard Zagorin (United States)—were re-elected Directors. The four new Directors were:

Mr. R. W. H. du Boulay (U. K.) succeeding Mr. W. K. Wardroper (Canada).

(Mr. du Boulay had been an Alternate Director in the previous Board.)

Mr. Michelangelo de Grazia (Italy) succeeding Mr. H. Abramowski (Federal Republic of Germany).

Mr. Abdul Wahab Haider (Afghanistan) succeeding Mr. R. A. Kartadjoemena (Indonesia).

Mr. Chanchai Leetavorn (Thailand) succeeding Mr. Lim Taik Choon (Malaysia).

(Mr. Leetavorn had been an Alternate Director in the previous Board.)

The term of office of the new Board commenced from 1 June.

*The vacancy was filled by Mr. K.S. Islam with effect from 1 January 1970.

- (iii) Mr. D. S. Joshi (India) was elected by India with effect from 8 July to fill the vacancy caused by the resignation of Mr. P.V.R. Rao.
- (iv) Mr. J.C.G. Lloyd (Australia) was elected by Australia with effect from 25 October to fill the vacancy caused by the resignation of Mr. R. J. Whitelaw.

Alternate Directors

- (i) Mr. C. Balmaceda (Philippines) was appointed by Mr. Wazir Ali as his Alternate with effect from 4 February.
 - (ii) Following the election of Directors at the Second Annual Meeting, five serving Alternate Directors (Messrs. C. Balmaceda, Buu Hoan, Fumio Kawano, J. R. Hiremath and George R. Jacobs) were reappointed and five new Alternates were appointed as follows:
- Mr. Gerhard Janschek (Austria) replacing Mr. Denis Forthomme (Belgium).
- Mr. Long Boret (Cambodia) replacing Mr. V. M. Peries (Ceylon).
- Mr. Leo J. Downey (New Zealand) replacing Mr. Chanchai Leetavorn (Thailand).
- Mr. John A. Copland (Canada) replacing Mr. R.W.H. du Boulay (United Kingdom).
- Mr. Lance Joseph (Australia) replacing Mr. F. R. Dalrymple (Australia).

A list of Directors and Alternates as of the end of the year appears in Appendix 7.

During the year, there were 50 meetings of the Board of Directors, including regular and executive sessions.

Basic Organization

The reorganization of the operational departments of the Bank, approved late in 1968, was implemented early in the year.

The reorganized Operations Department was made the focal point of contact with the Bank's clients, irrespective of the types of assistance sought or rendered.

The former Economic and Technical Assistance Department was reorganized as the Projects Department and is staffed with specialists in the several

disciplines which are most relevant to the economic development of the region.

A separate Economic Office, which includes the Statistics Section, was established. This Office has been responsible for the preparation of papers on potential Bank activities in such fields as export financing, small-scale industry, and education; and has carried out applied research on national income statistics and trade patterns in the area.

The Office of the Financial Advisor was separated from the Treasury Department and made responsible for advising the President on the investment of the Bank's funds and in the matter of bond issues and other borrowings.

Recruitment

The Bank continued to pursue its objectives of securing the highest standards of technical competence and efficiency whilst paying due regard to geographical distribution. Beginning with a complement of 297 staff members comprising 94 professionals and 203 non-professionals in January, recruitment efforts during the year, through advertisements and contacts in various countries, added another 49 professionals and 92 non-professionals to the Bank's staff. Twenty-nine nationalities were represented in a total staff at the end of the year of 438 (excluding the President and Vice President).

In order to maintain the Bank's capacity to attract suitably qualified staff from a competitive market, especially in relation to organizations engaged in similar developmental activities, a general salary revision was effected during the year.

Philippine Coordinating Committee

The Philippine Coordinating Committee, headed by Mr. Cornelio Balmaceda, who is also a member of the Board of Directors of the Bank, continued to assist in providing on behalf of the Government of the Philippines additional furnished office accommodation and facilities to the Bank, and in acting as a liaison body between the Bank and the agencies of the Philippine Government.

During 1969, the Committee provided the Bank with additional office accommodation in Oledan Building and expanded office accommodation in Rufino Building on Ayala Avenue, Makati. The

Bank is now located in Amalgamated, Oledan, Rufino and Metropolitan buildings, which are all situated on Ayala Avenue, Makati.

The foundation of the new Headquarters Building on Roxas Boulevard, Pasay City, has been completed. The construction of the building was delayed but the Bank has been informed that occupancy may be possible in mid-1971.

Administrative Budget

The Administrative Budget for 1970 was approved by the Board of Directors in December and a summary thereof appears in Appendix 2. It provides for "Internal Administrative Expenses" amounting to \$7.36 million and for "Services to Member Countries" amounting to \$3.30 million. The table below summarizes the Bank's gross income, internal administrative expenses, expenditure on Services to Member Countries, interest on bonds and the net income for the years 1968, 1969 and 1970.

	1968 Actual	1969 Budget	1969 Actual	1970 Budget
	(in million dollars)			
I. Ordinary Capital Resources				
1. Gross Income Net Of Special Reserve	7.17	10.00	12.94	21.24
2. Less: Internal Administrative Expenses	3.57	6.48 ¹	5.65	7.36 ¹
3. Net Income Before Services to Member Countries	3.60	3.52	7.29	13.88
4. Less: Services to Member Countries	0.12	1.75 ¹	1.44	3.30 ¹
5. Net Income After Services to Member Countries	3.48	1.77	5.85	10.58
6. Less: Financial Expenses ²	—	—	0.34	2.77
7. Net Income After Financial Expenses ²	3.48	1.77	5.51	7.81
II. Special Funds Resources				
Expenses Charged to Technical Assistance Special Fund of which	<u>0.21</u>		<u>0.41</u>	
a. Internal Administrative Expenses	0.13		0.20	
b. Services to Member Countries	0.08		0.21	

¹ Inclusive of expenditure from ordinary and Special Funds resources of the Bank.

² Inclusive of interest on funded debt.

PART V APPENDICES

1. Financial Statements and Opinions of Independent Auditors
2. Summary of Administrative Budget
3. Resolutions of Board of Governors During 1969
4. Channels of Communication
5. Official Depositories
6. Board of Governors
7. Board of Directors and Voting Groups
8. Principal Officers

FINANCIAL STATEMENTS AND OPINIONS OF INDEPENDENT AUDITORS**ORDINARY CAPITAL RESOURCES:**

- I Balance Sheet
- II Comparative Statement of Income and Expenses
- III Statement of Cash in Banks and Demand Obligations of Members
- IV Statement of Loans
- V Statement of Subscriptions to Capital Stock and Voting Power
- VI Notes to Financial Statements
- Opinion of Independent Auditors

SPECIAL FUNDS RESOURCES:

- A Balance Sheet
- B Comparative Statement of Income and Expenses
- C Statement of Loans
- D Statement of Contributed Resources
- E Statement of Set-Aside Resources
- F Statement of Accrued Resources
- G Technical Assistance Special Fund Balance Sheet
- H Agricultural Special Fund Balance Sheet
- I Multi-Purpose Special Fund Balance Sheet
- J Technical Assistance Special Fund Statement of Income and Expenses
- K Technical Assistance Special Fund Statement of Expenses by Projects and Programs
- L Notes to Financial Statements
- Opinion of Independent Auditors

ASIAN DEVELOPMENT BANK --

BALANCE

December
Expressed in United

ASSETS

CASH IN BANKS (Note B)			
Member currencies (See Appendix 1-III)			\$ 7,168,465
INVESTMENTS (Note B)			
Government and government-guaranteed obligations-amortized cost			
Maturities not exceeding one year	\$ 39,906,815		
(Face amount \$40,138,949)			
Maturities over one year	<u>34,364,242</u>	\$ 74,271,057	
Time deposits and certificates of deposit			
Maturities not exceeding one year	126,554,984		
Maturities over one year	<u>24,951,205</u>	<u>151,506,189</u>	
		225,777,246	
Accrued interest		<u>6,277,836</u>	232,055,082
DEMAND OBLIGATIONS OF MEMBERS			
(Notes B and C)			
Non-negotiable, non-interest-bearing obligations in member currencies			
(See Appendix 1-III)			167,846,730
OTHER AMOUNTS RECEIVABLE FROM MEMBERS			
Amount required to maintain value of currency holdings (Note D)			258,876
EFFECTIVE LOANS (See Appendix 1-IV)			
Held by Bank	72,512,955		
Agreed to be sold	<u>3,085,000</u>	75,597,955	
UNAMORTIZED FUNDED DEBT ISSUANCE EXPENSES			847,991
OTHER ASSETS			529,436
SPECIAL RESERVE FUND ASSETS (Note E)			
Cash in banks	20,010		
Accrued loan commissions	<u>22,548</u>	42,558	
STAFF RETIREMENT PLAN ASSETS			
(Segregated and held in trust) (Note F)			1,120,153
TOTAL			\$485,467,246

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

ORDINARY CAPITAL RESOURCES

SHEET

31, 1969

States Dollars (Note A)

LIABILITIES, RESERVES AND CAPITAL

LIABILITIES				
Accounts payable		\$ 743,718		
Accrued interest on funded debt		382,514		
Undisbursed balance of effective loans (See Appendix 1-IV)	\$ 64,114,696			
Held by Bank	3,085,000	67,199,696		
Agreed to be sold		16,393,443		\$ 84,719,371
Funded debt (Note G)				
SPECIAL RESERVE (Note E)				42,558
STAFF RETIREMENT PLAN RESERVE (Note F)				1,120,153
CAPITAL (Note C)				
Capital stock (See Appendix 1-V)				
Authorized—55,000 "Paid-in" shares and 55,000 "callable" shares of \$10,000 par value each		978,000,000		
Subscribed (97,800 shares)				
Less "callable" shares subscribed (48,900 shares)		489,000,000		
"Paid-in" shares subscribed (48,900 shares)		489,000,000		
Less subscription instalments not due		100,500,000		
Subscription instalments matured				
Capital authorized to be set aside for special operations (Note C)	14,575,000			
Capital for ordinary operations	373,925,000	388,500,000		
Ordinary Reserve (Note H)		5,581,262		
Net income for the year ended December 31, 1969 (to be allocated by the Board of Governors)		5,503,902		399,585,164
TOTAL				\$485,467,246

ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES
COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Years Ended December 31, 1968 and December 31, 1969

Expressed in United States Dollars (Note A)

		1968	1969
INCOME		\$7,123,644	\$12,372,250
	From investments		
	From loan operations		
	Interest	12,477	237,550
	Commissions	2,124	40,434
	Commitment charge	18,727	233,122
	From other sources	19,619	96,457
	GROSS INCOME	7,176,591	12,979,813
	Deduct commissions appropriated to Special Reserve (Note E)	2,124	40,434
	UNAPPROPRIATED GROSS INCOME	7,174,467	12,939,379
EXPENSES			
	Administrative expenses		
	Board of Governors	35,599	64,892
	Board of Directors		
	Salaries	381,052	440,517
	Benefits	67,197	84,772
	Travel	88,414	150,897
	Staff services	40,367	48,763
	Total Board of Directors	577,030	724,949
	Staff		
	Salaries	1,369,996	2,351,370
	Benefits	384,513	658,262
	Travel	441,386	779,356
	Representation	24,754	44,849
	Consultants	136,528	159,194
	Total staff	2,357,177	3,993,031
	Other administrative expenses		
	Communications	103,425	163,686
	Office occupancy	29,252	63,860
	Publications and printing	79,015	105,133
	Expendable supplies	74,901	129,168
	Furniture and equipment	84,664	160,476
	Fees and compensation	102,265	154,613
	Miscellaneous	121,864	92,790
	Total other administrative expenses	595,386	869,726
	Total administrative expenses	3,565,192	5,652,598
	Services to member countries		
	Project preparation and other loan-related technical assistance	46,391	666,243
	Advisory missions and other technical assistance	80,093	319,919
	Regional Transport Survey	—	399,604
	Asian Agricultural Survey Follow-up Seminars	—	33,470
	Other regional services	—	22,341
	Total services to member countries	126,484	1,441,577
	Financial expenses		
	Interest on funded debt	—	317,757
	Funded debt issuance and other financial expenses	—	23,545
	Total financial expenses	—	341,302
	GROSS EXPENSES	3,691,676	7,435,477
	NET INCOME (Note C)	\$3,482,791	\$ 5,503,902

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

**ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS**

December 31, 1969

Expressed in United States Dollars (Note A)

MEMBERS	UNIT OF CURRENCY	CASH IN BANKS	DEMAND OBLIGATIONS OF MEMBERS
Afghanistan	Afghani	\$ —	\$ 956,000 ¹
Australia	Australian Dollar	40,424 ³	12,750,000 ²
Austria	Austrian Schilling	762	—
Belgium	Belgian Franc	10,662	986,000
Cambodia	Riel	441,124 ¹	—
Canada	Canadian Dollar	47,952	5,000,000
Ceylon	Ceylon Rupee	1,315	1,695,728 ¹
China, Republic of	New Taiwan Dollar	2,512	3,023,548 ¹
Denmark	Danish Krone	—	1,000,000
Finland	Finnish Markka	—	1,000,000
Germany, Federal Republic of	Deutsche Mark	623,895	—
Hong Kong	Hong Kong Dollar	4,206	500,000 ¹
India	Indian Rupee	8,675	18,573,334 ¹
Indonesia	Rupiah	2,849,298 ¹	2,124,119 ¹
Italy	Italian Lira	14,994	—
Japan	Yen	3,615	40,000,000
Korea, Republic of	Won	5,578	5,973,198 ¹
Laos	Kip	81,154 ¹	—
Malaysia	Malaysian Dollar	20,812	3,979,093 ¹
Nepal	Nepalese Rupee	1,613	425,546 ¹
Netherlands	Netherlands Guilder	—	2,200,000
New Zealand	New Zealand Dollar	—	4,512,000 ²
Norway	Norwegian Krone	—	—
Pakistan	Pakistan Rupee	6,610	6,385,170 ¹
Philippines	Philippine Peso	200,373	4,800,000 ¹
Singapore	Singapore Dollar	14,595	983,667 ¹
Sweden	Swedish Krona	3,554	1,000,000
Switzerland	Swiss Franc	—	—
Thailand	Baht	8,471	3,979,327 ¹
United Kingdom	Pound Sterling	110,054	6,000,000
United States	United States Dollar	262,404	40,000,000
Viet-Nam, Republic of	Piastre	2,399,274 ¹	—
Western Samoa	Western Samoan Dollar	4,539 ¹	—
TOTAL		\$7,168,465	\$167,846,730

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

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

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

3 Of this amount, restrictions on use have been imposed in the amount of \$39,638.

ASIAN DEVELOPMENT BANK-
01STATEMENT
0December
Expressed in United
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Member, Purpose and Borrower	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
CEYLON					
Industry—Central Bank of Ceylon	2 CEY	July 17'68	1971-1983	6-7/8%	\$ 2,000,000
Agriculture—Ceylon	17 CEY	Nov. 6'69	1974-1984	6-7/8	885,000
CHINA, REPUBLIC OF					
Roads—Republic of China	5 CHI	Nov. 30'68	1971-1978	6-7/8	400,000
Industry-Chinese Petroleum Corporation (Guaranteed by Member)	7 CHI	Dec. 27'68	1972-1980	6-7/8	10,200,000
Industry—Republic of China	11 CHI	Apr. 10'69	1972-1981	6-7/8	10,000,000
Industry—Taiwan Aluminum Corporation (Guaranteed by Member)	20 CHI	Dec. 15'69	1973-1982	6-7/8	2,670,000
Industry—Taiwan Metal Mining Corporation (Guaranteed by Member)	21 CHI	Dec. 15'69	1973-1981	6-7/8	1,150,000
Harbor Development—Republic of China	22 CHI	Dec. 15'69	1972-1982	6-7/8	990,000
KOREA, REPUBLIC OF					
Roads—Republic of Korea	3 KOR	Sept. 16'68	1972-1983	6-7/8	6,800,000
Industry—Korea Cold Storage Company Limited (Guaranteed by Member)	10 KOR	Mar. 22'69	1973-1984	6-7/8	7,000,000
Industry—The Korea Express Company Limited (Guaranteed by Member)	14 KOR	Sept. 17'69	1971-1980	6-7/8	7,500,000
Industry—The Medium Industry Bank (Guaranteed by Member)	23 KOR	Dec. 19'69	Not Fixed ¹	Variable ¹	10,000,000
FORWARD					\$ 59,595,000

ORDINARY CAPITAL RESOURCES

OF LOANS

31, 1969

States Dollars (Note A)

Loans not yet Effective	Payments Received		Effective Loans		Undisbursed Balances of Effective Loans	
	On Loans Held by Bank	For Loans Sold	Held by Bank	Sold or Agreed to be Sold	Held by Bank	Sold or Agreed to be Sold
\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 1,596,101	\$ -
885,000	-	-	-	-	-	-
-	-	-	400,000	-	260,036	-
-	-	-	8,450,000	1,750,000	8,450,000	1,750,000
-	-	-	9,450,000	560,000	9,450,000	550,000
2,670,000	-	-	-	-	-	-
1,150,000	-	-	-	-	-	-
990,000	-	-	-	-	-	-
-	-	785,000	6,015,000	-	1,941,070	-
-	-	-	6,500,000	500,000	6,384,563	500,000
7,500,000	-	-	-	-	-	-
10,000,000	-	-	-	-	-	-
\$23,195,000	\$ -	\$785,000	\$32,815,000	\$2,800,000	\$28,081,770	\$2,800,000

ASIAN DEVELOPMENT BANK

STATEMENT

December

Expressed in United

Member, Purpose and Borrower	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
FORWARD					\$ 59,595,000
MALAYSIA					
Water Supply—Malaysia	4 MAL	Sept. 23'68	1973-1988	6-7/8%	7,200,000
Land Development—Malaysia	8 MAL	Feb. 15'69	1974-1988	6-7/8	2,800,000
Port Development—Malaysia	18 MAL	Nov. 16'69	1975-1995	6-7/8	5,000,000
Electricity Supply—Malaysia	27 MAL	Dec. 19'69	1975-1989	6-7/8	3,100,000
PAKISTAN					
Industry—Industrial Development Bank of Pakistan (Guaranteed by Member)	6 PAK	Dec. 16'68	Not Fixed ¹	Variable ¹	10,000,000
PHILIPPINES					
Industry—Philippine National Bank (Guaranteed by Member)	9 PHI	Mar. 5'69	Not Fixed ¹	Variable ¹	5,000,000
SINGAPORE					
Industry—The Development Bank of Singapore Limited (Guaranteed by Member)	13 SIN	July 16'69	Not Fixed ¹	Variable ¹	10,000,000
THAILAND					
Industry—Industrial Finance Corporation of Thailand (Guaranteed by Member)	1 THA	Jan. 25'68	Not Fixed ¹	Variable ¹	5,000,000
ADJUSTMENTS IN US DOLLAR EQUIVALENTS OF LOANS DISBURSED					
TOTAL					\$ 107,695,000 ³

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

1. Maturities and interest rates of Loan Nos. 1 THA, 6 PAK, 9 PHI, 13 SIN and 23 KOR were not fixed at the time the loan agreements were signed. Maturities will be fixed at the time each portion of these loans is committed for a specific project and interest will be applied to each such portion at the Bank's lending rate prevalent at that time. As of December 31, 1969

amounts so committed aggregated \$5,531,367 in respect of specific projects under Loan Nos. 1 THA, 6 PAK, and 9 PHI. These amounts carry interest at 6-7/8% per annum and are scheduled to be repaid during 1969-1984 in conformity with the maturities fixed for the individual projects.

ORDINARY CAPITAL RESOURCES

OF LOANS

CONTINUED

31, 1969

States Dollars (Note A)

Loans not yet Effective	Payments Received		Effective Loans		Undisbursed Balances of Effective Loans	
	On loans Held by Bank	For Loans Sold	Held by Bank	Sold or Agreed to be Sold	Held by Bank	Sold or Agreed to be Sold
\$23,195,000	\$ —	\$785,000	\$32,815,000	\$2,800,000	\$28,081,770	\$2,800,000
—	—	—	6,915,000	285,000	6,885,840	285,000
—	—	—	2,800,000	—	2,800,000	—
5,000,000	—	—	—	—	—	—
3,100,000	—	—	—	—	—	—
—	—	—	10,000,000	—	10,000,000	—
—	—	—	5,000,000	—	4,742,419	—
—	—	—	10,000,000	—	10,000,000	—
—	55,289	—	4,944,711	—	1,604,667	—
			38,244 ²			
\$31,295,000	\$55,289	\$785,000	\$72,512,955	\$3,085,000	\$64,114,696	\$3,085,000-

2. This amount represents the increase in US dollar equivalents (arising from the revaluation of the Deutsche Mark as of midnight October 26, 1969) of loans outstanding and repayable to the Bank in that currency.

3. A loan of US\$10,000,000 was approved by the Bank to Thailand (IFCT) on December 16, 1969. Since the loan documents were not signed until after the close of the financial year, this loan is not included in this statement.

ASIAN DEVELOPMENT BANK -

STATEMENT OF SUBSCRIPTIONS TO

December

Expressed in Thousands of

SUBSCRIBED

MEMBERS	Shares	Per Cent of Total	Par Value
REGIONAL:			
Afghanistan	478	0.49	\$ 4,780
Australia	8,500	8.69	85,000
Cambodia	350	0.36	3,500
Ceylon	852	0.87	8,520
China, Republic of	1,600	1.64	16,000
Hong Kong	800	0.82	8,000
India	9,300	9.51	93,000
Indonesia	2,500	2.56	25,000
Japan	20,000	20.45	200,000
Korea, Republic of	3,000	3.07	30,000
Laos	42	0.04	420
Malaysia	2,000	2.04	20,000
Nepal	216	0.22	2,160
New Zealand	2,256	2.31	22,560
Pakistan	3,200	3.27	32,000
Philippines	3,500	3.58	35,000
Singapore	500	0.51	5,000
Thailand	2,000	2.04	20,000
Viet-Nam, Republic of	1,200	1.23	12,000
Western Samoa	6	0.01	60
Total Regional.	62,300	63.71	623,000
NON-REGIONAL:			
Austria	500	0.51	5,000
Belgium	500	0.51	5,000
Canada	2,500	2.56	25,000
Denmark	500	0.51	5,000
Finland	500	0.51	5,000
Germany, Federal Republic of	3,400	3.48	34,000
Italy	2,000	2.04	20,000
Netherlands	1,100	1.12	11,000
Norway	500	0.51	5,000
Sweden	500	0.51	5,000
Switzerland	500	0.51	5,000
United Kingdom	3,000	3.07	30,000
United States	20,000	20.45	200,000
Total Non-Regional	35,500	36.29	355,000
GRAND TOTAL	97,800	100.00	\$978,000

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

ORDINARY CAPITAL RESOURCES

CAPITAL STOCK AND VOTING POWER

31, 1969

United States Dollars (Note A)

PAR VALUE OF CALLABLE SHARES Subject to Call	PAR VALUE OF PAID-IN SHARES		VOTING POWER	
	Subscription Not Due	Instalments Matured	Number of Votes	Per Cent of Total
\$ 2,390	\$ 478	\$ 1,912	1,218	0.997
42,500	8,500	34,000	9,240	7.560
1,750	350	1,400	1,090	0.892
4,260	852	3,408	1,592	1.303
8,000	1,600	6,400	2,340	1.914
4,000	3,000	1,000	1,540	1.260
46,500	9,300	37,200	10,040	8.215
12,500	2,500	10,000	3,240	2.651
100,000	20,000	80,000	20,740	16.968
15,000	3,000	12,000	3,740	3.060
210	42	168	782	0.640
10,000	2,000	8,000	2,740	2.242
1,080	216	864	956	0.782
11,280	2,256	9,024	2,996	2.451
16,000	3,200	12,800	3,940	3.224
17,500	3,500	14,000	4,240	3.469
2,500	500	2,000	1,240	1.015
10,000	2,000	8,000	2,740	2.242
6,000	1,200	4,800	1,940	1.587
30	6	24	746	0.610
311,500	64,500	247,000	77,100	63.082
2,500	500	2,000	1,240	1.015
2,500	500	2,000	1,240	1.015
12,500	2,500	10,000	3,240	2.651
2,500	500	2,000	1,240	1.015
2,500	500	2,000	1,240	1.015
17,000	3,400	13,600	4,140	3.387
10,000	2,000	8,000	2,740	2.242
5,500	1,100	4,400	1,840	1.505
2,500	500	2,000	1,240	1.015
2,500	500	2,000	1,240	1.015
2,500	1,000	1,500	1,240	1.015
15,000	3,000	12,000	3,740	3.060
100,000	20,000	80,000	20,740	16.968
177,500	36,000	141,500	45,120	36.918
\$489,000	\$100,500	\$388,500	122,220	100.000

ASIAN DEVELOPMENT BANK – ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

Expressed in United States Dollars (Note A)

NOTE A:

Amounts in currencies other than United States dollars have been translated into United States dollars:

- (1) In the cases of Afghanistan, Australia, Austria, Belgium, Canada, Ceylon, Denmark, Finland, Federal Republic of Germany, Hong Kong, India, Italy, Japan, Malaysia, Nepal, Netherlands, New Zealand, Norway, Pakistan, Philippines, Singapore, Sweden, Thailand and United Kingdom, at par values established by those members with the International Monetary Fund, and prevailing on December 31, 1969;
- (2) In the case of Switzerland, which is not a member of the International Monetary Fund, at the rate of 4.37282 Swiss Francs per United States dollar, which has been determined by the Bank to be the rate appropriate for this purpose;
- (3) In the cases of Cambodia, Republic of China, Indonesia, Republic of Korea, Laos, Republic of Viet-Nam and Western Samoa at the rates used by these countries in making payments of capital subscriptions to the Bank, and determined by the Bank to be the rates appropriate for this purpose.

No representation is made that any currency held by the Bank is convertible into any other currency only at the rate or rates specified above.

NOTE B:

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 making payments for goods and services produced and intended for use in its territory, as follows:

The use of cash in banks and demand obligations in the currencies of 17 members aggregating \$59,174,119.

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

The use of cash in banks, demand obligations and investments in the currencies of 2 members aggregating \$21,433,460.

NOTE C:

The original authorized capital of the Bank was \$1,000,000,000 in terms of United States dollars of the weight and fineness in effect on January 31, 1966. In November 1966, the Board of Governors approved an increase of \$100,000,000 in authorized capital, such increase to be available for the admission of new members. As of December 31, 1969, the subscribed capital was \$978,000,000.

The subscribed "paid-in" capital stock, except the subscription of Hong Kong which is payable in four equal installments, is payable in five equal installments, each of which is payable 50% in gold or convertible currencies and 50% in the currency of the respective member. In lieu of the portion of any instalment paid or payable in the currency of a 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.

All matured installments amounting to \$388,500,000 have been paid as of December 31, 1969 and the balance of installments amounting to \$100,500,000 is payable as follows:

- (1) \$96,500,000 on August 22, 1970;
- (2) \$1,000,000 in two equal installments on December 29, in each of the years 1970 and 1971 (representing

the subscription of Switzerland which paid the first instalment on December 29, 1967);

- (3) \$3,000,000 in three equal instalments on March 27, in each of the years 1970 through 1972 (representing the subscription of Hong Kong which paid the first instalment on March 27, 1969).

The "callable" capital stock is subject to call only as and when required by the Bank to meet its obligations incurred on borrowings or on guarantees.

Under the provision of Article 40, the Board of Governors shall determine annually what part of the net income shall be allocated, after making provision for reserves, to surplus and what part, if any, shall be distributed to the members.

Pursuant to the provisions of Article 19, paragraph 1 (i), the Board of Governors authorized the setting aside of \$14,575,000, representing 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2 (a) as of April 10, 1969, to be used as part of the Consolidated Special Funds of the Bank. The resources so set aside shall be allocated to the Multi-Purpose Special Fund and shall be transferred to such Fund as and when required to finance special operations of the Bank. As of December 31, 1969 there had been no such transfer to the Multi-Purpose Special Fund.

NOTE D:

The amount represents payment receivable on account of the reduction in the foreign exchange value of the currency of Cambodia.

NOTE E:

From the interest earnings of the Bank on loans made by it from its ordinary capital resources, a commission calculated at 1% per annum on the outstanding amount of such loans has been credited to a Special Reserve in accordance with Article 16, paragraph 1 and Article 17.

NOTE F:

The Board of Directors approved the Staff Retirement Plan (the Plan) in December 1968, to be retroactive from November 24, 1966. 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 date he shall not have reached his normal retirement date. The Plan applies also to the members of the Board of Directors who elect to join the Plan. Each participant contributes to the Plan 7% of his remuneration and the Bank contributes the remainder of the cost and expenses of the Plan.

During the year ended December 31, 1969 the Bank contributed \$370,498 to the Plan to cover its estimated cost and expenses at the rate of 14% of participants' remuneration.

NOTE G:

The funded debt consists of 7% Deutsche Mark Bonds of 1969 of the face value of DM 60,000,000 which shall be redeemed through purchase for the Redemption Fund or at par through drawings by lot, in ten equal annual instalments of DM 6,000,000 each, commencing September 1, 1975 and ending September 1, 1984.

NOTE H:

Under the provision of Article 40, the net income of the Bank for the year ended December 31, 1968, namely \$3,482,791, was allocated to the Ordinary Reserve in terms of the resolution adopted by the Board of Governors at the Second Annual Meeting. A similar allocation had previously been made in respect of the net income for the preceding period.

HASKINS & SELLS
Certified Public Accountants

Two Broadway
New York 10004

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:

We have examined the following financial statements of Asian Development Bank—Ordinary Capital Resources as of December 31, 1969 and for the year then ended:

	Appendix
Balance Sheet	1—I
Comparative Statement of Income and Expenses	1—II
Statement of Cash in Banks and Demand Obligations of Members	1—III
Statement of Loans	1—IV
Statement of Subscriptions to Capital Stock and Voting Power	1—V
Notes to Financial Statements	1—VI

Our examination was 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 Asian Development Bank—Ordinary Capital Resources at December 31, 1969 and the results of its related operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

January 23, 1970

ASIAN DEVELOPMENT BANK -

	BALANCE
	December
	<i>Expressed in United</i>
	Technical Assistance Special Fund (Note 3)
ASSETS	
CASH IN BANKS	\$ 55,641
INVESTMENTS	
Government obligations—amortized cost	113,013
NOTES OF CONTRIBUTOR	
Non-negotiable, non-interest-bearing notes	—
EFFECTIVE LOANS (See Appendix 1-C)	—
RESOURCES AVAILABLE	
Contributed Resources	
Amounts made available	\$2,072,206
Less amounts drawn	763,037
Set-aside Resources [Note 5 (c)]	1,309,169
Accrued Resources [Note 5 (d)]	
Amounts transferred	—
Less amounts drawn	—
OTHER ASSETS	6,338
TOTAL	\$1,484,161
LIABILITIES, UNEXPENDED BALANCES AND CAPITAL	
ACCOUNTS PAYABLE	\$ 61,876
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-C)	
UNEXPENDED BALANCES AND CAPITAL	
Contributed Resources ^a	
Contributions committed	\$2,240,206
Less amounts not yet made available	168,000
Amounts made available	2,072,206
Set-aside Resources [Note 5 (c)]	
Capital authorized to be set aside	—
Less amounts not yet transferred	—
Amounts transferred	—
Accrued Resources [Note 5 (d)]	
Amounts credited	—
Less excess of expenses over income	241,529
To December 31, 1968	408,392
For the year ended December 31, 1969	649,921
	1,422,285
TOTAL	\$1,484,161

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

^a One contribution is repayable to the contributor as specified in Note 4 (a).

SPECIAL FUNDS RESOURCES (Note 1)

SHEET

31, 1969

States Dollars (Note 2)

Agricultural Special Fund (Note 4)	Multi-Purpose Special Fund (Note 5)	Total
\$ 24,868	\$ —	\$ 80,509
—	—	113,013
19,900,000	20,000,000	39,900,000
990,000	2,400,000	3,390,000
<u>\$23,104,972</u> <u>20,000,000</u>	<u>\$30,000,000</u> <u>20,000,000</u>	<u>\$55,177,178</u> <u>40,763,037</u>
3,104,972	10,000,000	14,414,141
—	—	—
40	40	40
—	—	40
121	—	6,459
S24,019,961	\$32,400,040	\$57,904,162
—	—	—
\$ —	\$ —	\$ 61,876
914,874	2,400,000	3,314,874
—	—	—
\$23,104,972	\$45,000,000	\$70,345,178
—	15,000,000	15,168,000
<u>23,104,972</u>	<u>30,000,000</u>	<u>55,177,178</u>
—	—	—
14,575,000	14,575,000	14,575,000
14,575,000	14,575,000	14,575,000
—	—	—
40	40	40
—	—	—
(115)	—	241,529
(115)	—	408,277
23,105,087	30,000,040	649,806
—	—	—
S24,019,961	\$32,400,040	\$57,904,162

ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES (Note 1)

COMPARATIVE STATEMENT OF INCOME AND EXPENSES^aFor the Period Ended December 31, 1968^b and the Year Ended December 31, 1969*Expressed in United States Dollars (Note 2)*

	Technical Assistance Special Fund		Agricultural Special Fund
	1967-1968		1969
	1969	1969	1969
INCOME			
From investments	\$ 132	\$ 4,905	\$ —
From loans			
Interest	—	—	121
Service fee	—	—	40
GROSS INCOME	132	4,905	161
Deduct service fee allocated to Accrued Resources in the Multi-Purpose Special Fund	—	—	40
UNALLOCATED GROSS INCOME	132	4,905	121
EXPENSES			
Internal administrative expenses of the Bank			
Project appraisal and other field missions—			
Consultants	115,102	151,929	—
Other internal administrative expenses			
Consultants—headquarters	31,708	41,651	—
Library materials	5,232	3,621	—
Depository banks charges	51	99	6
Total	152,093	197,300	6
Services to member countries			
Project preparation missions and other loan-related technical assistance—			
Consultants	12,272	27,919	—
Advisory missions and other technical assistance—			
Consultants	77,296	188,078	—
Total	89,568	215,997	—
GROSS EXPENSES	241,661	413,297	6
EXCESS OF EXPENSES OVER INCOME	\$241,529	\$408,392	\$ (115)

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

a In 1968 there were no income or expenses for the Agricultural Special Fund.

b From June 23, 1967 (date of first contribution) to December 31, 1968.

ASIAN DEVELOPMENT BANK -

STATEMENT

December
Expressed in United

Member, Purpose and Borrower	Loan No.	Date of Loan Agreement	Maturities
CEYLON			
Agriculture-Ceylon	16 CEY (SF)	Nov. 6'69	1976-1994
INDONESIA			
Agriculture-Indonesia	12 INO (SF)	Jul 2'69	1976-1993
Agriculture-Indonesia	15 INO (SF)	Oct. 24'69	1976-1994
PHILIPPINES			
Agriculture-Philippines	19 PHI (SF)	Nov. 21'69	1975-1994
WESTERN SAMOA			
Airport and Road-Western Samoa	25 SAM (SF)	Dec. 17'69	1980-1999
TOTAL			

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

- a A loan of US\$6,010,000 was approved by the Bank to Nepal on December 18, 1969. Since the loan documents were not signed until after the close of the financial year this loan is not included in this statement.

SPECIAL FUNDS RESOURCES (Note 1)**OF LOANS**

31, 1969

States Dollars (Note 2)

Interest Rate (including service fee)	Principal Amount	Loans Not Yet Effective	Effective Loans	Undisbursed Balances of Effective Loans
3%	\$ 7,705,000	\$ 7,705,000	\$ —	\$ —
3	990,000	—	990,000	914,874
3	2,400,000	2,400,000	—	—
3	2,500,000	2,500,000	—	—
1½	2,400,000	—	2,400,000	2,400,000
	\$15,995,000 ^a	\$12,605,000	\$3,390,000	\$3,314,874

ASIAN DEVELOPMENT BANK—

STATEMENT OF

December

Expressed in United

Contributions
Committed

TECHNICAL ASSISTANCE SPECIAL FUND (Note 3)

Canada	\$ 100,000
Denmark	300,000
Finland	8,178
Germany, Federal Republic of	43,151
Japan	313,982
New Zealand	168,000
United Kingdom	56,895
United States	1,250,000
 TOTAL	 2,240,206

AGRICULTURAL SPECIAL FUND (Note 4)

Denmark	2,000,000
Japan	20,000,000
Netherlands	1,104,972
 TOTAL	 23,104,972

MULTI-PURPOSE SPECIAL FUND (Note 5)

Canada	25,000,000
Japan	20,000,000
 TOTAL	 45,000,000

GRAND TOTAL \$70,345,178

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

SPECIAL FUNDS RESOURCES (Note 1)

CONTRIBUTED RESOURCES

31,1969

States Dollars (Note 2)

Amounts Not Yet Made Available	Amounts Made Available	Amounts Drawn	Resources Available for Drawing
\$ —	\$ 100,000	\$ 100,000	\$ —
—	300,000	22,986	277,014
—	8,178	—	8,178
—	43,151	43,151	—
—	313,982	313,982	—
168,000	—	—	—
—	.56,895	44,526	12,369
—	1,250,000	238,392	1,011,608
168,000	2,072,206	763,037	1,309,169
—	2,000,000	—	2,000,000
—	20,000,000	20,000,000	—
—	1,104,972	—	1,104,972
—	23,104,972	20,000,000	3,104,972
15,000,000	10,000,000	—	10,000,000
—	20,000,000	20,000,000	—
15,000,000	30,000,000	20,000,000	10,000,000
\$15,168,000	\$55,177,178	\$40,763,037	\$14,414,141

ASIAN DEVELOPMENT BANK - SPECIAL FUNDS RESOURCES (Note 1)

STATEMENT OF SET-ASIDE RESOURCES

December 31, 1969

Expressed in United States Dollars (Note 2)

Capital Authorized to be Set-aside	Amounts Not Yet Transferred	Amounts Transferred	Amounts Drawn	Resources Available for Drawing
CAPITAL [Note 5 (c)]	\$14,575,000	\$14,575,000	\$ —	\$ —

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

ASIAN DEVELOPMENT BANK – SPECIAL FUNDS RESOURCES (Note 1)

STATEMENT OF ACCRUED RESOURCES

December 31, 1969

Expressed in United States Dollars (Note 2)

	Amounts Credited				
	From Contributed Resources	From Set-aside Resources	Amounts Transferred	Amounts Drawn	Resources Available for Drawing
SERVICE FEE	\$40	\$ –	\$40	\$ –	\$40
NET INCOME	–	–	–	–	–
TOTAL	\$40	\$ –	\$40	\$ –	\$40

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

ASIAN DEVELOPMENT BANK –
TECHNICAL ASSISTANCE
BALANCE

	December	<i>Expressed in United</i>		
		Canada	Denmark	Finland
ASSETS				
CASH IN BANKS	\$ 4,261	\$ 15,877	\$ —	
INVESTMENTS				
Government obligations—amortized cost	—	—	—	
RESOURCES AVAILABLE				
Contributed Resources (See Appendix 1-D)	—	277,014	8,178	
OTHER ASSETS	—	333	—	
TOTAL	\$ 4,261	\$293,224	\$8,178	
LIABILITIES AND UNEXPENDED BALANCES				
ACCOUNTS PAYABLE	<u>\$ —</u>	<u>\$ 14,424</u>	<u>\$8,178</u>	
UNEXPENDED BALANCES				
Contributed Resources				
Amounts made available (See Appendix 1-D)	<u>100,000</u>	<u>300,000</u>	<u>8,178</u>	
Less excess of expenses over income				
To December 31, 1968	<u>21,580</u>	<u>—</u>	<u>—</u>	
For the year ended December 31, 1969	<u>74,159</u>	<u>21,200</u>	<u>8,178</u>	
	<u>95,739</u>	<u>21,200</u>	<u>8,178</u>	
TOTAL	\$ 4,261	\$293,224	\$8,178	

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

a Of this amount \$1,000,000 is to be used for carrying out the Regional Transport Survey.

SPECIAL FUNDS RESOURCES (Note 1)

SPECIAL FUND (Note 3)

SHEET

31, 1969

States Dollars (Note 2)

Federal Republic of Germany	Japan	New Zealand	United Kingdom	United States	Total
\$19,164	\$ 2,666	\$ —	\$ —	\$ 13,673	\$ 55,641
—	113,013	—	—	—	113,013
—	—	—	12,369	1,011,608 ^a	1,309,169
729	3,951	—	—	1,325	6,338
\$19,893	\$119,630	\$ —	\$12,369	\$1,026,606	\$1,484,161
 <u>\$ —</u>	 <u>\$ 12,517</u>	 <u>\$ —</u>	 <u>\$12,347</u>	 <u>\$ 14,410</u>	 <u>\$ 61,876</u>
 <u>43,151</u>	 <u>313,982</u>	 <u>—</u>	 <u>56,895</u>	 <u>1,250,000</u>	 <u>2,072,206</u>
 <u>13,391</u>	 <u>59,088</u>	 <u>—</u>	 <u>21,172</u>	 <u>126,298</u>	 <u>241,529</u>
 <u>9,867</u>	 <u>147,781</u>	 <u>—</u>	 <u>35,701</u>	 <u>111,506</u>	 <u>408,392</u>
 <u>23,258</u>	 <u>206,869</u>	 <u>—</u>	 <u>56,873</u>	 <u>237,804</u>	 <u>649,921</u>
 \$19,893	 \$119,630	 \$ —	 \$12,369	 \$1,026,606	 \$1,484,161

ASIAN DEVELOPMENT BANK –
AGRICULTURAL
BALANCE

December

Expressed in United

Denmark

ASSETS

CASH IN BANKS	\$ —
NOTES OF CONTRIBUTOR	—
Non-negotiable, non-interest-bearing notes	—
EFFECTIVE LOANS (See Appendix 1-C)	—
RESOURCES AVAILABLE	—
Contributed Resources (See Appendix 1-D)	2,000,000
OTHER ASSETS	—
 TOTAL	 \$2,000,000

LIABILITIES AND UNEXPENDED BALANCES

UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-C)	\$ —
UNEXPENDED BALANCES	—
Contributed Resources ^b	—
Amounts made available (See Appendix 1-D)	2,000,000
Add excess of income over expenses	—
For the year ended December 31, 1969	—
 TOTAL	 \$2,000,000

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

a The unallocated amount will be allocated to specific contributions as and when procurement contracts have been awarded to firms in the country of the contributor whose contribution may be used to finance the loan in accordance with the contribution agreement. The loan may also be financed from the Multi-Purpose Special Fund.

b One contribution is repayable to the contributor as specified in Note 4 (a).

SPECIAL FUNDS RESOURCES (Note 1)

SPECIAL FUND (Note 4)

SHEET

31, 1969

States Dollars (Note 2)

Japan	Netherlands	Unallocated ^a	Total
\$ 24,868	\$ —		\$ 24,868
19,900,000	—		19,900,000
240,000	—	\$750,000	990,000
—	1,104,972		3,104,972
121	—		121
\$20,164,989	\$1,104,972	\$750,000	\$24,019,961
 <hr/>	 <hr/>	 <hr/>	 <hr/>
\$ 164,874	\$ —	\$750,000	\$ 914,874
20,000,000	1,104,972		23,104,972
115	—		115
20,000,115	1,104,972		23,105,087
\$20,164,989	\$1,104,972	\$750,000	\$24,019,961

ASIAN DEVELOPMENT BANK -

MULTI-PURPOSE
BALANCEDecember
Expressed in United

	Contributed Resources	
	Canada	Japan
ASSETS		
NOTES OF CONTRIBUTOR		
Non-negotiable, non-interest-bearing notes	\$ —	\$20,000,000
EFFECTIVE LOANS (See Appendix 1-C)	—	—
RESOURCES AVAILABLE		
Contributed Resources (See Appendix 1-D)	10,000,000	—
Set-aside Resources [Note 5 (c)]	—	—
Accrued Resources [Note 5 (d)]	—	—
Amounts transferred	—	—
Less amounts drawn	—	—
TOTAL	\$10,000,000	\$20,000,000
LIABILITIES, UNEXPENDED BALANCES AND CAPITAL		
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-C)	\$ —	\$ —
UNEXPENDED BALANCES AND CAPITAL		
Contributed Resources		
Amounts made available (See Appendix 1-D)	10,000,000	20,000,000
Set-aside Resources [Note 5 (c)]	—	—
Capital authorized to be set aside	—	—
Less amounts not yet transferred	—	—
Amounts transferred	—	—
Accrued Resources [Note 5 (d)]	—	—
Amounts credited	—	—
TOTAL	\$10,000,000	\$20,000,000

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

- a See a in Appendix 1-H.
 b The unallocated amount will be allocated to specific resources as and when procurement contracts have been awarded. The amount allocated to Contributed Resources will also be allocated to specific contributions

when such procurement contract has been awarded to firms in the country of the contributor whose contribution may be used to finance the loan in accordance with the contribution agreement.

SPECIAL FUNDS RESOURCES (Note 1)

SPECIAL FUND (Note 5)^a

SHEET

31, 1969

States Dollars (Note 2)

Set-Aside Resources	Accrued Resources	Unallocated ^b	Total
---------------------	-------------------	--------------------------	-------

\$ —			\$20,000,000
		\$2,400,000	2,400,000
			10,000,000

\$ 40		\$ 40	\$ 40
—		—	40

\$ —	\$ 40	\$2,400,000	\$32,400,040
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\$ —		\$2,400,000	\$ 2,400,000
------	--	-------------	--------------

		<u>\$30,000,000</u>
--	--	---------------------

\$14,575,000		14,575,000
--------------	--	------------

<u>14,575,000</u>		<u>14,575,000</u>
-------------------	--	-------------------

\$ —		—
------	--	---

\$ 40		40	30,000,040
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\$ —	\$ 40	\$2,400,000	\$32,400,040
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ASIAN DEVELOPMENT BANK —
TECHNICAL ASSISTANCE
STATEMENT OF INCOME

For the year ended
Expressed in United

	Canada	Denmark
INCOME		
From investments	\$ —	\$ —
EXPENSES		
Internal administrative expenses of the Bank		
Project appraisal and other field missions—		
Consultants	14,501	—
Other internal administrative expenses		
Consultants—headquarters	—	—
Library materials	—	—
Depository banks charges	19	—
Total	14,520	—
Services to member countries		
Project preparation missions and other		
loan-related technical assistance—		
Consultants	27,435	—
Advisory missions and other technical assistance—		
Consultants	32,204	21,200
Total	59,639	21,200
GROSS EXPENSES	74,159	21,200
EXCESS OF EXPENSES OVER INCOME	\$74,159	\$21,200

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

SPECIAL FUNDS RESOURCES (Note 1)**SPECIAL FUND****AND EXPENSES**

December 31, 1969

States Dollars (Note 2)

Finland	Federal Republic of Germany	Japan	United Kingdom	United States	Total
\$	\$	\$ 4,905	\$	\$	\$ 4,905
8,178	345	3,300	34,442	91,163	151,929
—	—	41,281	370	—	41,651
—	2,294	—	—	1,327	3,621
—	—	80	—	—	99
8,178	2,639	44,661	34,812	92,490	197,300
—	—	—	—	484	27,919
—	7,228	108,025	889	18,532	188,078
—	7,228	108,025	889	19,016	215,997
8,178	9,867	152,686	35,701	111,506	413,297
\$8,178	\$9,867	\$147,781	\$35,701	\$111,506	\$408,392

ASIAN DEVELOPMENT BANK — SPECIAL FUNDS RESOURCES (Note 1)

TECHNICAL ASSISTANCE SPECIAL FUND
STATEMENT OF EXPENSES BY PROJECTS AND PROGRAMS

For the Year Ended December 31, 1969

Expressed in United States Dollars (Note 2)

		Contributors	Amounts
INTERNAL ADMINISTRATIVE EXPENSES OF THE BANK			
Project appraisal and other field missions—			
Ceylon	Deep-sea Fisheries Development Fisheries Port Walawe Development	Canada United States United Kingdom	\$ 690 5,528 <u>11,742</u>
China	Deep-sea Fisheries Development	Canada Japan	\$ 426 49 <u>475</u>
	North-South Freeway	Germany, Federal Republic of United States	345 <u>7,290</u> 7,635
	Hualien Harbor Development	United States	<u>5,166</u> 13,276
Indonesia	Oil Palm Development	United Kingdom	<u>22,700</u>
Korea	Korea Cold Storage Plant Transportation and Stevedoring E-Caprolactam Plant	Canada Japan United States	1,336 3,251 <u>870</u> 5,457
Malaysia	Kuching Port	Canada United States	12,049 <u>3,497</u> 15,546
Nepal	Air Transport	United States	<u>18,702</u>
Philippines	Industrial Survey	United States	<u>50,110</u>
Thailand	Thai Newsprint	Finland	<u>8,178</u>
	Total		<u>151,929</u>
Other internal administrative expenses			
Consultants—headquarters	Preparatory work for Regional Transport Survey	Japan	41,281
	Lectures and seminars— Economic evaluation of projects	United Kingdom	<u>370</u> 41,651
Library materials		Germany, Federal Republic of United States	2,294 <u>1,327</u> 3,621
Depository banks charges		Japan Canada	80 19 <u>99</u>
	Total		45,371
TOTAL INTERNAL ADMINISTRATIVE EXPENSES OF THE BANK-(Forward)			\$197,300

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

CONTINUED

		Contributors	Amounts
TOTAL INTERNAL ADMINISTRATIVE EXPENSES OF THE BANK-(Forward)			\$197,300
SERVICES TO MEMBER COUNTRIES			
Project preparation and other loan-related technical assistance—			
Consultants Philippines	Fisheries Port	Canada United States	\$27,435 <u>484</u> <u>27,919</u>
Advisory missions and other technical assistance—			
Consultants Indonesia	Advisors to Ministry of Agriculture Rural Credit Survey	Japan United Kingdom United States	\$ 889 <u>732</u> <u>1,621</u> 27,851
Korea	Agricultural and Fishery Development Corporation	Japan	6,241
Laos	Integrated Development of Vientiane Plain	Japan	11,685
Nepal	Agricultural Development Bank of Nepal	Germany, Federal Republic of Denmark	7,228 <u>6,776</u> 14,004
Philippines	Water Management	Japan United States	42,624 <u>8,065</u> 50,689
Viet-Nam, Republic of	Development Financing Institution	Canada United States	32,204 <u>9,735</u> 41,939
Regional Countries	Regional Transport Survey	Denmark Japan	14,424 <u>12,188</u> 26,612
	Study of Southeast Asian Economy in the Seventies	Japan	9,057 35,669
Total			<u>188,078</u>
TOTAL SERVICES TO MEMBER COUNTRIES			215,997
GROSS EXPENSES			\$413,297

ASIAN DEVELOPMENT BANK - SPECIAL FUNDS RESOURCES (Note 1)

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

NOTE 1:

In 1967 the Board of Directors, pending the adoption of rules and regulations governing the administration and use of Special Funds, established a consolidated account for the administration of resources available under Article 19, paragraph 1 (ii) to provide technical advice and assistance serving the purposes and coming within the functions of the Bank.

On September 17, 1968 the Board of Directors adopted the Special Funds Rules and Regulations for the administration of the Bank's Special Funds Resources, pursuant to Article 19, paragraph 4. These Rules and Regulations provide for an Agricultural Special Fund, a Technical Assistance Special Fund, a Multi-Purpose Special Fund and such other special Fund or Funds as the Bank might establish or accept. Contributions made by contributors before the adoption of the Special Funds Rules and Regulations and thereafter have been accepted in terms of Article 19, paragraph 1 (ii) and have been allocated to the relevant Special Fund in accordance with the Special Funds Rules and Regulations.

NOTE 2:

Amounts in the currencies of Canada, Denmark, Finland, Federal Republic of Germany, Japan, Netherlands, New Zealand and the United Kingdom have been translated into United States dollars at par values established by these contributors with the International Monetary Fund, and prevailing on December 31, 1969. No representation is made that any of these currencies is convertible into any other currency only at the rate or rates specified herein.

NOTE 3:

The contributed resources in the Technical Assistance Special Fund consist of the following (in alphabetical order):

- (a) The Government of Canada, in November 1968, made available to the Bank a grant in Canadian dollars equivalent to US\$100,000 for procurement of Canadian goods and services, to be utilized by the Bank for technical assistance activities.
- (b) The Government of Denmark, in January 1969, made available to the Bank a grant equivalent to Danish Kroner 2,250,000 (US\$300,000) to be used to finance the employment of consultants, specialists, services and specialized equipment needed to make technical assistance available to Bank members. Of the Danish Kroner 2,250,000 only 75% or Danish Kroner 1,687,500 need be applied for the acquisition of such facilities from Denmark.
- (c) The Government of Finland, in January 1969, informed the Bank that it is prepared to consider requests by the Bank for technical assistance in the form of services of Finnish technical experts, or requests to finance specific studies by consulting engineering firms in areas of recognized Finnish competence or of such other Finnish facilities as might be agreed from time to time.
- (d) The Federal Republic of Germany offered to finance in 1968 the services of German consultants and

specialists to be utilized by the Bank for technical assistance, and to enable the Bank to plan its requests, indicated that consideration may be given to requests entailing disbursements of up to DM 160,000 (US\$43,716) in the calendar year 1968. The parties agreed that the technical assistance arranged in 1968 would be renewed for the calendar year 1969 on similar terms and conditions.

- (e) The Government of Japan, in June 1969, made a contribution, as a grant, of a sum of 72,000,000 yen (US\$200,000) in cash, to be used by the Bank for procurement of services of Japanese consultants and specialists for technical assistance operations and for provision of library materials. The above contribution was in addition to the contribution of 36,000,000 yen (US\$100,000) made in March 1968 for the same purpose.

The contribution of the Government of Japan, offered in July 1968, up to the amount of 11,260,000 yen (US\$31,278), to provide for Japanese expert services to be used by the Bank for technical assistance, was available up to March 31, 1969. The Government of Japan, however, agreed to finance the continuation of expert services in respect of operations started before March 31, 1969.

- (f) The Government of New Zealand, in November 1969, made available to the Bank a grant of NZ\$150,000 (US\$168,000) to finance the procurement of the services of New Zealand consultants and specialists for the widest possible range of feasibility and pre-investment studies. The grant would be available to the Bank in amounts of up to NZ\$75,000 in each of the two financial years (ending March) 1970/1971 and 1971/1972 or at any time thereafter.

- (g) The United Kingdom has declared its willingness to consider requests for the financing of British technical services and assistance to be utilized by the Bank, and to enable the Bank to plan its requests, has indicated an amount of US\$250,000 up to which such requests would be met during the British financial year ended March 31, 1969. The parties have agreed to extend the availability of the technical services and assistance up to March 31, 1970.

- (h) The United States agreed on June 23, 1967 to make available as a grant, for procurement in the United States, a technical assistance contribution of up to US\$250,000. The contribution is made by means of periodic transfer of funds to the Bank as needed, and is utilized for specific kinds of technical assistance obligations incurred by it. The funds were originally made available to meet obligations incurred through December 31, 1968 unless the parties agreed to extend this date. It has been agreed to extend it to December 31, 1969 for obligation of still uncommitted funds.

The United States agreed further on May 14, 1969 to make available as a grant, for procurement of services from the United States, a technical assistance

CONTINUED

contribution of up to US\$1,000,000 for carrying out the Regional Transport Survey. The United States contribution for the Survey will be made by means of a Letter of Commitment issued to a United States commercial bank against which the Bank may draw funds to meet expenditures for the Survey. This Letter of Commitment will be issued when the Board of Directors of the Bank, with appropriate United States participation, has approved the final scope of work to be undertaken for the Survey and the cost of the Survey and when the Bank has arranged that all funds necessary to complete the Survey other than the United States contribution will be made available.

As to those countries who have agreed to consider specific requests for financing (see paragraphs c, d and g of this Note), the amounts shown in the financial statements as contributed resources are based on the specific requests approved through December 31, 1969.

NOTE 4:

The contributed resources in the Agricultural Special Fund consist of the following (in alphabetical order):

- (a) The Government of Denmark, on April 1, 1969, made a contribution of 15,000,000 Kroner (US\$2,000,000). The contribution, to be drawn as required from the official depository of the Bank in Denmark, is interest-free and is repayable in regular half-yearly instalments commencing in April 1976 and extending to October 1993. It is for use by the Bank for making loans and for providing reimbursable technical assistance; and, except as shall otherwise be agreed between the contracting parties, for procurement of goods and services with a high Danish content.
- (b) The Government of Japan, in December 1968, made a contribution of 7,200,000,000 yen (US\$20,000,000) for financing special operations of the Bank relating to agricultural development including forestry, fisheries and agriculturally related industries. The contribution is in the form of non-negotiable, non-interest-bearing notes deposited with the official depository of the Bank in Japan and payable to the Bank at par value. The contribution is not available for providing non-reimbursable technical assistance; and, except as shall be otherwise agreed between the Contributor and the Bank, it shall be used only for procurement in Japan of goods produced in or services supplied from Japan. The repayments and income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.
- (c) The Government of Netherlands, on May 7, 1969, made a contribution of 4,000,000 guilders (US\$1,104,972) to be paid to the Bank in such amounts as requested by it from time to time, for the procurement in the Bank's special operations, other than for providing non-reimbursable technical assistance, of goods and services a) from the Netherlands, b) from the territories of developing member

countries, and c) from developed countries which have made contributions to any Special Fund with procurement conditions not less liberal than those governing this contribution.

NOTE 5:

The resources in the Multi-Purpose Special Fund consist of the following (in alphabetical order of the contributors):

- (a) The Government of Canada, in December 1968, agreed to contribute Canadian dollars equivalent to US\$25,000,000 to be available by equal instalments in each of the five Canadian fiscal years beginning April 1, 1968. This contribution is interest-free and is to be used for procurement of equipment, services and supplies with a Canadian content as defined from time to time by the Contributor. In the case of the subsequent use of repayments and accruals received by the Bank and derived from this contribution, the provisions respecting procurement from Canadian sources shall not apply. As of December 31, 1969, the equivalent of US\$10,000,000 is available to the Bank.
- (b) The Government of Japan, in November 1969, made a contribution of 7,200,000,000 yen (US\$20,000,000) for financing special operations of the Bank in important sectors, giving due regard to agriculture. The contribution is in the form of non-negotiable, non-interest-bearing notes deposited with the official depository of the Bank in Japan and payable to the Bank at par value. The contribution may be used for procurement of goods and services in the territories of developed member countries contributing to the Consolidated Special Funds (other than the Technical Assistance Special Fund) or of developing member countries. It is, however, not available for providing non-reimbursable technical assistance. The repayments and income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.
- (c) Pursuant to the provisions of Article 19, paragraph 1 (i), the Board of Governors authorized the setting-aside of US\$14,575,000, representing 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2 (a) as of April 10, 1969, to be used as part of the Consolidated Special Funds of the Bank. The resources so set aside shall be allocated to the Multi-Purpose Special Fund and shall be transferred to such Fund as and when required to finance special operations of the Bank. As of December 31, 1969 there had been no such transfer to the Multi-Purpose Special Fund.
- (d) The term "accrued resources" refers to the resources derived from the service fee charged by the Bank in its special operations for the purpose of Section 7.01 of the Special Funds Rules and Regulations and to other income of the Bank derived from Special Funds resources credited, held and administered by the Bank in the Multi-Purpose Special Fund pursuant to Section 5.03 of the Rules and Regulations.

HASKINS & SELLS

Certified Public Accountants

Two Broadway
New York 10004

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:

We have examined the following financial statements of Asian Development Bank—Special Funds Resources as of December 31, 1969 and for the year then ended:

	Appendix
Balance Sheet	1-A
Comparative Statement of Income and Expenses	1-B
Statement of Loans	1-C
Statement of Contributed Resources	1-D
Statement of Set-Aside Resources	1-E
Statement of Accrued Resources	1-F
Technical Assistance Special Fund Balance Sheet	1-G
Agricultural Special Fund Balance Sheet	1-H
Multi-Purpose Special Fund Balance Sheet	1-I
Technical Assistance Special Fund Statement of Income and Expenses	1-J
Technical Assistance Special Fund Statement of Expenses by Projects and Programs	1-K
Notes to Financial Statements	1-L

Our examination was 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 Asian Development Bank—Special Funds Resources at December 31, 1969 and the results of its related operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

HASKINS & SELLS

January 23, 1970

**SUMMARY OF ADMINISTRATIVE BUDGET
ADMINISTRATIVE BUDGET PART I
INTERNAL ADMINISTRATIVE EXPENSES**

	Financial Year 1969		Financial Year 1970
	Budget	Actual	Budget
I. BOARD OF GOVERNORS	\$ 70,000	\$ 64,892	\$ 72,000
II. BOARD OF DIRECTORS	868,000	724,949	845,700
Salaries	450,000	440,517	500,000
Benefits	110,000	84,772	96,700
Travel	250,000	150,897	200,000
Staff Services	58,000	48,763	49,000
III. STAFF	4,526,000	4,186,610	5,252,000
Salaries	2,498,000	2,351,370	3,060,400
Benefits	676,000	658,262	883,000
Travel	886,000 ¹	779,356	813,600
Consultants	420,000	352,773 ³	445,000
Representation	46,000 ¹	44,849	50,000
IV. OTHER ADMINISTRATIVE EXPENSES	949,500	873,446	1,113,700
Communications	192,000 ²	163,686	247,400
Office Occupancy	69,000	63,860	120,400
Publications and Printing	112,000 ²	108,754 ⁴	121,700
Expendable Supplies	132,000 ²	129,168	171,800
Furniture and Equipment	162,500 ²	160,476	140,100
Fees and Compensation	182,000 ²	154,613	194,500
Miscellaneous	100,000 ²	92,889 ⁵	88,000
Special Activity—EXPO'70	—	— ⁶	29,800
V. CONTINGENCY	70,000	—	80,000
TOTAL	\$6,483,500	\$5,849,897	\$7,363,400

¹ Transfers of amounts among these items were made during the course of 1969.

² Transfers of amounts among these items were made during the course of 1969.

³ Includes the amount of \$193,579 from Technical Assistance Special Fund.

⁴ Includes the amount of \$3,621 from Technical Assistance Special Fund.

⁵ Includes the amount of \$99 from Technical Assistance Special Fund.

⁶ The amounts of \$8,226 and \$6,500 were disbursed for this purpose during the course of 1969 and charged to "Publications and Printing" and "Fees and Compensation", respectively.

SUMMARY OF
ADMINISTRATIVE
SERVICES TO

	Financial Year 1969		
	Commitments Approved	Disbursements	
	Budget	Actual	
Project Preparation and Other Loan-Related			
Technical Assistance	\$ 734,000	\$ 731,000 ¹	\$ 694,162 ⁴
Advisory Missions	1,493,000	500,000 ²	472,328 ⁵
Regional Services	<u>1,250,000</u>	<u>521,000</u> ^{1&3}	<u>491,084</u> ^{3&6}
a. Regional Transport Survey	700,000	450,000	426,216
b. Other Regional Services	550,000 ²	71,000	64,868
TOTAL	\$3,477,000	\$1,752,000	\$1,657,574

¹ Transfers of amounts among these were made during the course of 1969.

² This amount includes commitments for: Southeast Asian Economy in the 1970's (\$250,000) and Asian Vegetable Research and Development Center (\$300,000).

³ Includes disbursements for the Asian Agricultural Survey Follow-up Seminar, Regional Conference of Development Banks of Asia and Southeast Asian Economy in the 1970's.

⁴ Includes the amount of \$27,919 from Technical Assistance Special Fund.

⁵ Includes the amount of \$152,409 from Technical Assistance Special Fund.

⁶ Includes the amount of \$35,669 from Technical Assistance Special Fund.

ADMINISTRATIVE BUDGET

CONTINUED

BUDGET PART II

MEMBER COUNTRIES

Outstanding Commitments Approved as of December 31, 1969	Financial Year 1970 Budget	
	New Commitments (Estimated)	Disbursements
\$ 410,178	\$1,450,000	\$ 776,400
1,556,006	850,000	1,137,300
<u>832,439</u>	<u>1,900,000</u>	<u>1,382,000</u>
297,147	1,600,000	900,000
535,292	300,000	482,000
\$2,798,623	\$4,200,000	\$3,295,700

RESOLUTIONS OF BOARD OF GOVERNORS DURING 1969*

Resolution Number	Subject
23	Admission of Hong Kong to Membership in the Asian Development Bank
24	Financial Statements and Auditors' Reports
25	Allocation of Net Income
26	Action to Set Aside Capital for Special Funds
27	Board of Directors: Size and Composition
28	Procedures for the Election of Directors at the Second Annual Meeting
29	Appreciation
30	Amendment of Sections 5 and 7 (B) (a) of the By-Laws of the Bank

*The texts of Resolution Nos. 23-29 are available in the Proceedings of the Second Annual Meeting.

CHANNELS OF COMMUNICATION

COUNTRY	CHANNEL	COUNTRY	CHANNEL
Afghanistan	Ministry of Planning Kabul cc: The Royal Afghan Embassy Tokyo, Japan	Laos	National Bank of Laos Vientiane
Australia	Secretary Commonwealth Treasury Canberra	Malaysia	Secretary to the Treasury The Treasury Kuala Lumpur
Austria	Bundesministerium fuer Finanzen Wien	Nepal	Secretary Ministry of Finance Kathmandu
Belgium	Minister of Finance Brussels	Netherlands	Ministerie van Financien The Hague
Cambodia	National Bank of Cambodia Phnom-Penh	New Zealand	Secretary of External Affairs Wellington cc: The Secretary to the Treasury Wellington, New Zealand
Canada	Department of Finance Ottawa	Norway	Royal Ministry of Commerce and Shipping Foreign Exchange Department Oslo
Ceylon	Permanent Secretary to the Ministry of Planning and Economic Affairs Colombo	Pakistan	Ministry of Finance Government of Pakistan Islamabad
China, Republic of	Governor The Central Bank of China Taipei	Philippines	Department of Foreign Affairs Manila
Denmark	Ministry for Foreign Affairs Copenhagen	Singapore	Permanent Secretary (Economic Development) Ministry of Finance Singapore
Finland	Ministry for Foreign Affairs Helsinki	Sweden	Sveriges Riksbank Helgeandsholmen Stockholm
Germany, Federal Republic of	Bundesministerium fuer Wirtschaft Bonn	Switzerland	Département fédéral de l'économie publique Division du Commerce Palais fédéral Berne
Hong Kong	The Financial Secretary c/o Colonial Secretariat Hong Kong	Thailand	Ministry of Finance Bangkok
India	Secretary to the Government of India Ministry of Finance Department of Economic Affairs New Delhi	United Kingdom	Ministry of Overseas Development London
Indonesia	Department of Finance Djakarta	United States	Secretary of the Treasury Washington, D.C.
Italy	Direzione Generale del Tesoro I.R.F.E. Ministero del Tesoro Rome	Viet-Nam, Republic of	Governor National Bank of Viet-Nam Saigon
Japan	Minister of Finance Tokyo c/o Embassy of Japan Makati, Rizal Philippines	Western Samoa	Secretary to the Government Government of Western Samoa Apia
Korea, Republic of	Governor Bank of Korea Seoul		

OFFICIAL DEPOSITORIES

COUNTRY	DEPOSITORY	COUNTRY	DEPOSITORY
Afghanistan	Da Afghanistan Bank Kabul	Laos	Banque Nationale du Laos Vientiane
Australia	Reserve Bank of Australia Sydney	Malaysia	Bank Negara Malaysia Kuala Lumpur
Austria	Oesterreichische Nationalbank Wien	Nepal	Nepal Rastra Bank Kathmandu
Belgium	National Bank of Belgium Brussels	Netherlands	De Nederlandsche Bank N.V. Amsterdam
Cambodia	Banque Nationale du Cambodge Phnom-Penh	New Zealand	Reserve Bank of New Zealand Wellington
Canada	Bank of Canada Ottawa	Norway	Norges Bank Oslo
Ceylon	Central Bank of Ceylon Colombo	Pakistan	State Bank of Pakistan Karachi
China, Republic of	The Central Bank of China Taipeh	Philippines	Central Bank of the Philippines Manila
Denmark	Danmarks National Bank Copenhagen	Singapore	The Accountant General Accountant General's Department 5th Floor, Fullerton Building Singapore
Finland	Suomen Pankki--Finlands Bank Helsinki	Sweden	Sveriges Riksbank (Bank of Sweden) Stockholm
Germany, Federal Republic of	Deutsche Bundesbank Frankfurt a.M.	Switzerland	Banque Nationale Suisse Zurich
Hong Kong	The Hong Kong and Shanghai Banking Corporation Hong Kong	Thailand	Bank of Thailand Bangkok
India	Reserve Bank of India Bombay	United Kingdom	Bank of England London
Indonesia	Bank Indonesia Djakarta	United States	Federal Reserve Bank of New York New York
Italy	Banca d'Italia Rome	Viet-Nam, Republic of	Banque Nationale du Viet-Nam Saigon
Japan	Bank of Japan Tokyo	Western Samoa	Bank of Western Samoa Apia
Korea, Republic of	Bank of Korea Seoul		

BOARD OF GOVERNORS

(as of December 31, 1969)

DUCK WOO NAM¹ (Korea) Chairman
 BARON J-C.H. SNOY ET d'OPPUERS (Belgium) Vice-Chairman
 ABDUL HAKIM TABIBI (Afghanistan) Vice-Chairman

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
AFGHANISTAN	ABDUL HAKIM TABIBI Ambassador to Japan	ABDUL AZIZ ATTAI ² President Treasury Department Ministry of Finance
AUSTRALIA	L.H.E. BURY ³ Treasurer	F.C. PRYOR First Assistant Secretary Commonwealth Treasury
AUSTRIA	STEFAN KOREN Federal Minister of Finance	WERNER SAUTTER Ambassador to Thailand
BELGIUM	BARON J-C.H. SNOY ET d'OPPUERS Minister of Finance	M. d'HAEZE Director-General Treasury & Public Debt Administration Ministry of Finance
CAMBODIA	TOUCH KIM Governor National Bank of Cambodia	PHAN THUL Director-General and Director for External Affairs Ministry of Finance
CANADA	EDGAR JOHN BENSON Minister of Finance	M.F. STRONG President Canadian International Development Agency
CEYLON	N. WIMALASENA Parliamentary Secretary Ministry of Finance	H. E. TENNEKOON Ambassador to Japan
CHINA, Republic of	YU KUO-HWA ⁴ Governor Central Bank of China	WANG SHAO-YU ⁵ Administrative Vice Minister of Finance
DENMARK	JENS CHRISTENSEN Ministry of Foreign Affairs	POUL KRYGER Ministry of Foreign Affairs
FINLAND	PENTTI UUSIVIRTA ⁶ Head Commercial Department Foreign Ministry	EERO ASP Director International Monetary Fund
GERMANY, Federal Republic of	ERHARD EPPLER Federal Minister for Economic Cooperation	JOHANN BAPTIST SCHOELLHORN State Secretary Federal Ministry of Economics

1 Succeeded Jong Ryul Whang in October 1969.
 2 Succeeded Abdul Wahab Haider in April 1969.
 3 Succeeded William McMahon in November 1969.

4 Succeeded Hsu Pei-yuan in September 1969.
 5 Succeeded Tu Chun-heng in September 1969.
 6 Succeeded Tankmar Horn in September 1969.

BOARD OF GOVERNORS

(as of December 31, 1969)

COUNTRY	GOVERNOR	
HONG KONG	JOHN COWPERTHWAITE ⁷ Financial Secretary	
INDIA	I.G. PATEL ⁸ Special Secretary to the Government of India Department of Economic Affairs Ministry of Finance	C.S. SWAMINATHAN ⁹ Joint Secretary Department of Economic Affairs Ministry of Finance
INDONESIA	ALI WARDHANA Minister of Finance	RADIUS PRAWIRO Governor Bank Indonesia
ITALY	GUIDO CARLI Governor Bank of Italy	GAETANO STAMMATI General Manager and Cabinet Head Ministry of Treasury
JAPAN	TAKEO FUKUDA Minister of Finance	TADASHI SASAKI ¹⁰ Governor Bank of Japan
KOREA, Republic of	DUCK WOO NAM ¹¹ Minister of Finance	JIN SOO SUH Governor Bank of Korea
LAOS	SISOUK NA CHAMPASSAK Minister of Finance	OUDONG SOUVANNAVONG Governor National Bank of Laos
MALAYSIA	TAN SIEW SIN Minister for Special Functions	ISMAIL BIN MOHAMED ALI Governor Bank Negara Malaysia
NEPAL	BHEKH BAHADUR THAPA Secretary of Finance	BHARAT BAHADUR PRADHAN ¹² Secretary Ministry of Transport Communications
NETHERLANDS	H.J. WITTEVEEN Minister of Finance	
NEW ZEALAND	R.D. MULDOON Minister of Finance	H.G. LANG Secretary to the Treasury
NORWAY	KAARE WILLOCH Minister of Commerce and Shipping	AXEL MOLTKE-HANSEN Ambassador to the Philippines and Indonesia

7 Appointed in April 1969.

8 Succeeded Morarji R. Desai in July 1969.

9 Succeeded I. G. Patel in July 1969.

10 Succeeded Makoto Usami in December 1969.

11 Succeeded Jong Ryul Whang in October 1969.

12 Succeeded Kalyan Bikram Adhikary in July 1969.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
PAKISTAN	NAWAB MOZAFFAR ALI KHAN QIZILBASH ¹³ Minister of Finance	VAQAR AHMAD ¹⁴ Secretary Economic Affairs Division
PHILIPPINES	EDUARDO Z. ROMUALDEZ Secretary of Finance	GREGORIO LICAROS Chairman Board of Governors Development Bank of the Philippines
SINGAPORE	GOH KENG SWEE Minister of Finance	J.Y.M. PILLAY ¹⁵ Acting Permanent Secretary Economic Development Division Ministry of Finance
SWEDEN	G. STRAENG Minister of Finance	H. WICKMAN Minister of State for Economic Affairs
SWITZERLAND	EDWIN STOPPER President Board of Directors Swiss National Bank	ALEXANDRE HAY Director-General Swiss National Bank
THAILAND	SERM VINICCHAYAKUL Minister of Finance	SOMMAI HOONTRAKOOL Director Assistant to the Governor Bank of Thailand
UNITED KINGDOM	JUDITH HART ¹⁶ Minister of Overseas Development	R.H.BELCHER Under Secretary Ministry of Overseas Development
UNITED STATES	DAVID M. KENNEDY ¹⁷ Secretary of Treasury	NATHANIEL SAMUELS ¹⁸ Deputy Under Secretary of State for Economic Affairs
VIET-NAM, Republic of	NGUYEN VAN DONG ¹⁹ Acting Governor National Bank of Viet-Nam	
WESTERN SAMOA	GUSTAV FREDERICK DERTAG BETHAM Minister of Finance	KARANITA ENARI Secretary to the Government

13 Succeeded I. A. Khan in September 1969. I. A. Khan succeeded N. M. Uquaili in April 1969.

14 Appointed in September 1969.

15 Succeeded Sim Kee Boon in February 1969.

16 Succeeded Reginald Prentice in October 1969.

17 Succeeded Joseph W. Barr in March 1969.

18 Appointed in August 1969.

19 Succeeded Nguyen Huu Han in April 1969.

BOARD OF DIRECTORS AND VOTING GROUPS

(as of December 31, 1969)

Director	Alternate	Countries Represented ¹
Wazir Ali ²	Cornelio Balmaceda	Philippines Pakistan
R.W.H. du Boulay	John A. Copland	United Kingdom Canada Denmark, Finland, Norway, Sweden
Byung Kyu Chun	Buu Hoan	Korea, Republic of China, Republic of Viet-Nam, Republic of
Masaru Fukuda	Fumio Kawano	Japan
Michelangelo de Grazia	Gerhard Janschek	Germany, Federal Republic of Italy Netherlands Austria, Belgium, Switzerland
Abdul Wahab Haider	Long Boret	Indonesia Ceylon Afghanistan Cambodia Nepal Laos
D.S. Joshi	J.R. Hiremath	India
Chanchai Leetavorn	Leo J. Downey	New Zealand Malaysia, Thailand Singapore Western Samoa
J.C.G. Lloyd	Lance Joseph	Australia ³
Bernard Zagorin	George R. Jacobs	United States

¹ In order of voting strength within each group.² Resigned as of December 31, 1969; replaced by K.S. Islam.³ Also informally taking care of Hong Kong's interest.

PRINCIPAL OFFICERS

(as of December 31, 1969)

Takeshi Watanabe	President
C.S. Krishna Moorthi	Vice President

OFFICE OF THE SECRETARY

Douglas C. Gunesekera	Secretary
Wilfred A. Vawdrey	Assistant Secretary

OFFICE OF THE GENERAL COUNSEL

Lewis Carroll	General Counsel
David K. Malcolm	Assistant General Counsel*

OPERATIONS DEPARTMENT

Howard Farrelly	Director
Koji Suzuki	Operations Manager and Deputy Director
Akira Tsusaka	Operations Manager
C.S. Venkat Rao	Operations Manager
Teruyuki Ohuchi	Operations Manager
Patrick Knapp	Operations Manager

*Promoted Deputy General Counsel with effect from January 1, 1970.

PRINCIPAL OFFICERS**CONTINUED**

(as of December 31, 1969)

PROJECTS DEPARTMENT

Sam Chung Hsieh	Director
Bong H. Kay	Project Manager and Deputy Director
Agne Ivarsson	Chief Engineer
Theodore Mesner	Project Manager
Herbert Huehne	Project Manager
Kasturi L. Luthra	Project Manager
Kazuaki Suma	Project Manager

ECONOMIC OFFICE

George Rosen	Chief Economist
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ADMINISTRATION DEPARTMENT

Shinsaku Kudo	Director
Raymond B. Lyon	Deputy Director
F. R. S. Weeraratne	Assistant Director (for General Services)
Paul A. Mayer	Assistant Director (for Personnel)

TREASURY DEPARTMENT

S. M. A. Kazmi	Treasurer
Tasuku Takagaki	Assistant Treasurer

FINANCIAL ADVISOR

Edgar Plan	Financial Advisor
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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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