

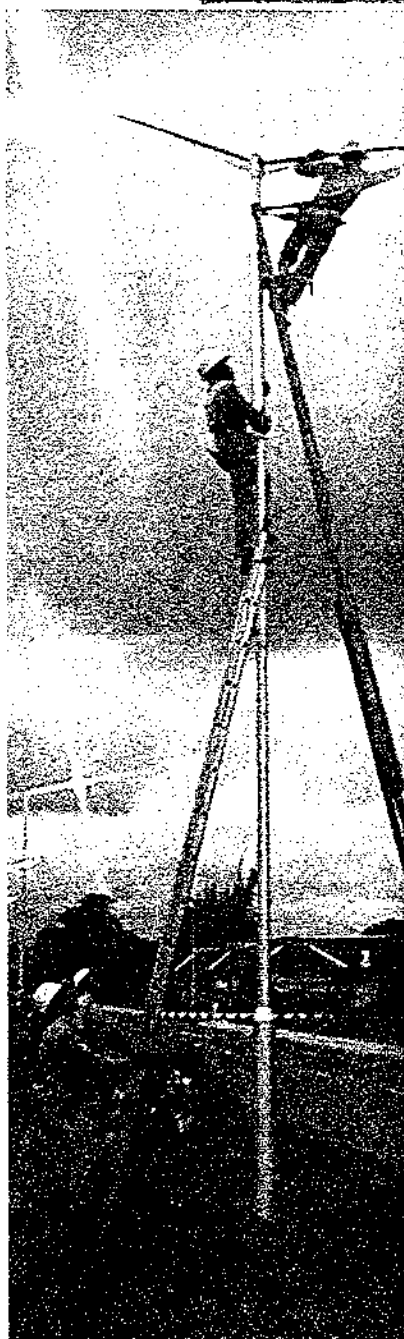
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Asian Development Bank



ANNUAL REPORT 1974

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ASIAN DEVELOPMENT BANK
Manila

Office of the President

26 March 1975

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 1974, including a separate report on the activities of the Special Funds of the Bank. The Annual Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,

A handwritten signature in cursive script, reading "Shiro Inoue".

SHIRO INOUE
President and
Chairman of the Board of Directors

Chairman
Board of Governors
Asian Development Bank

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NOTE

The Bank's financial statements are expressed in current United States dollars; accordingly, the amounts expressed in United States dollars in this Report, which refer to the Bank's position in 1973 and 1974, relate to the United States dollar at its current value of 0.736662 gram of fine gold. United States dollar amounts which refer to the position in 1972 or in earlier years correspond, unless otherwise stated, to the value of the United States dollar current at the time.

THE RECORD

(amounts in \$ million)

	1968	1969	1970	1971	1972	1973	1974
Loan Projects							
Number ¹	7	19	30	27	30	39	39
Amount	42	98	246	254	318	421	548
Ordinary Loans							
Number	7	14	22	16	16	30 ²	21
Amount	42	76	212	203	222	303	375
Special Funds Loans							
Number	—	6	10	12	16	24	19
Amount	—	22	34	51	94	118	173
Technical Assistance Projects ³							
Number	10	13	19	15	16	24	31
Amount	1.24	2.23	2.91	1.54	3.28	2.60	5.42
Regional Activities ³							
Number	3	2	1	4	4	5	3
Amount	2.97	0.55	0.03	0.37	0.19	0.16	0.17
Loan Disbursements	2	7	17	49	61	146	187
Authorized Capital (at year-end)							
In terms of current U.S. dollar	1,327	1,327	1,327	1,327	3,317	3,366	3,366
(In terms of 1966 U.S. dollar)	(1,100)	(1,100)	(1,100)	(1,100)	(2,750)	(2,790)	(2,790)
Subscribed Capital (at year-end)							
In terms of current U.S. dollar	1,170	1,180	1,211	1,212	2,449	2,725	2,770
(In terms of 1966 U.S. dollar)	(970)	(978)	(1,004)	(1,005)	(2,030)	(2,259)	(2,286)
New Borrowings (gross)	—	16	22	122	59	31	42
Ordinary Reserve (at year-end)	2.1	5.6	11.1	22.4	31.2	35.0	50.6
Special Reserve (at year-end)	—	0.04	0.18	0.56	1.53	3.37	6.23
Unappropriated Gross Income	7.2	12.9	20.6	25.5	32.4	44.4	54.7
Net Income	3.5	5.5	11.3	14.6	11.2	15.7	26.4
Special Funds (at year-end) ⁴	45.0	82.7	137.9	196.1	224.7 ⁵	389.3 ⁵	560.5
Member Countries (at year-end)	32	33	35	36	37	40	41
Professional Staff (at year-end)	94	143	159	191	207	222	231

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

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

3 Including projects financed from sources outside the Bank, mainly UNDP.

4 Comprises resources administered in the Agricultural Special Fund (prior to 1973), the Multi-Purpose Special Fund, and the Asian Development Fund (after 1973), but excludes the resources of the Technical Assistance Special Fund. Commitments from these resources totalled \$492 million at end of 1974.

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

ECONOMIC BACKGROUND

Developing Member Countries of the Region in 1974

In 1974, economic development in the region was adversely affected by the important changes in the world economy. A sharp increase in the price of oil, a slow-down in the economic growth of the industrially advanced countries, a shortage of foodgrains and world-wide inflation combined to retard economic growth in the Bank's developing member countries (DMCs). This combination of circumstances, aggravated in several countries by natural disasters, placed unprecedented pressures on the region's economy.

The impact of these changes on the developing member countries of the Bank was uneven. However, even though the economic situation in a few countries improved, the rate of real economic growth in most countries was much below the level achieved in 1973 (Table 1*). Generally, the countries able to benefit from high commodity prices for certain of their natural resources fared better. The decline in growth rates was more noticeable in the relatively more industrialized countries among the Bank's DMCs compared with their own past performance. In the low income developing member countries, per capita income remained stagnant or actually declined. Even where the rate of economic growth was reasonably satisfactory, the per capita income in these countries increased only marginally due to the increase in population.

The economic difficulties faced by many developing member countries during the year can be seen clearly in the increase in their trade deficits. Of the 24 developing member countries of the Bank, 18 incurred trade deficits and only 6 showed surpluses (Table 2). Although the division was generally in line with past experience, the magnitude of the deficits increased steeply in a number of countries. Taking the deficit countries as a group, the aggregate trade deficit rose from about \$4.5 billion in 1973 to about \$12.3 billion in 1974. The balance of trade improved only in seven countries, among which the improvement made by Indonesia was by far the most impressive.

Higher import prices contributed substantially to the deteriorating trade situations of the developing member

countries. Of particular significance were the prices of oil, foodgrains and fertilizers. For the DMCs as a whole, the payment for oil imports increased by about \$5.3 billion between 1973 and 1974, payments for foodgrains rose by \$1.1 billion and payments for fertilizers rose by \$1.2 billion over the same period. For the deficit countries only, the figures are \$4.9 billion for oil and \$1.4 billion for food and fertilizers combined (Table 3).

By global standards the amounts paid for oil imports by the DMCs were relatively small. However, in view of their balance of payments difficulties the increase in such payments posed a most serious problem. As a percentage of the value of their combined merchandise exports, the total oil payments for all non-oil-exporting DMCs increased from about 8.5 per cent in 1973 to nearly 20 per cent in 1974. And in terms of their combined GNP, this percentage is estimated to have increased from about 1.5 per cent in 1973 to 4 per cent in 1974. This contrasts with 2 per cent for the industrially advanced countries as a group in 1974.

The increase in foodgrain imports reflected the inadequacy of food production in the region. Most of the developing member countries, not being self-sufficient in foodgrains, depend on imports to varying degrees. Even in 1973, a bumper year for the region, a food shortage continued, due partly to a marked reduction in stocks available to the region from the major exporting countries of the world, and partly to a drop in production in this region in 1972. The situation worsened in 1974 by crop failures in the most densely-populated and the traditional rice-exporting DMCs (Table 4). The continuing demand for foodgrain imports to meet normal shortages, together with the additional demand due to crop failures, pushed the price of foodgrains to record levels. And these higher foodgrain prices contributed significantly to the rise in the general price level and aggravated balance of payments difficulties in the affected countries.

Efforts to increase food production in the developing member countries were hampered in 1974 by record fertilizer prices reflecting a worldwide shortage. Thus the DMCs, which depend on substantial imports of fertilizers, were unable to meet their requirements. According to a Bank study which covered 17 developing member countries, the consumption of fertilizers in those countries increased at an annual rate of 15 per cent

* Tables relevant to this chapter are in the Statistical Annex at pages 37 to 43.

between 1964 and 1973. Out of 5.5 million tons consumed in 1973, only about 3 million tons were from domestic production. This gap is expected to increase in the next few years.

While the increase in the prices of imports had a direct impact on the balance of trade of the developing member countries, it also limited the growth of GNP during the year. Although the *value* of imports increased sharply during the year, it masked a slower growth, and in a few cases actual declines, in the *volume* of imports (Table 5). Where these imports were largely capital goods, real investment was slowed, consequently limiting growth.

Moreover, the higher prices of imported capital goods and industrial raw materials directly increased the cost of development projects and the increase in the prices of imports in general intensified inflationary pressures. During 1974 the consumer price index in most DMCs rose faster than in 1973 (Table 6). And in order to combat inflation, widespread resort was made to restrictive monetary and fiscal policies.

The Bank's developing member countries were also adversely affected by the marked slowdown in the industrially advanced countries. As estimated by the OECD, the average rate of growth in seven major industrial countries¹ for 1974 was a *minus* 0.25 per cent, compared with growth rates of 5.8 and 6.5 per cent in 1972 and 1973 respectively. This was responsible, with a lag, for a reduced demand for exports from the region. It is estimated that the volume of global imports by the entire OECD area increased by only 2 per cent in 1974, as against 11 per cent in 1972 and 12.3 per cent in 1973.

As a result, the prices of several important primary commodities—copper, copra, cotton, rubber, logs and tin—which had risen towards the end of 1973 and in the early part of 1974 began to fall in the latter half of 1974 (Table 7). Very preliminary evidence available for commodity price movements in the first quarter of 1975 indicates that this general downward drift in the prices of most important commodities is continuing. However, the impact on the developing member countries of price changes in primary commodities was uneven because some commodities remained in strong demand throughout 1974—sugar, palm oil, jute and, to a lesser extent, rice.

The economic slowdown in the industrially advanced countries also reduced the demand for manufactures exported by the developing member countries. Although industrial production still accounts for a relatively small portion of total output of the DMCs as a whole, the share of manufactures in total merchandise exports of many countries has been increasing rapidly since the early 1960s and in several countries has reached a high proportion. As the reduced demand for these products eroded their prices these countries experienced both a reduction in their terms of trade and a greater decline in the rate of real growth than did the exporters of primary commodities.

In the recent past, the balance of international payments of the developing member countries was supported to a considerable extent by the inflow of long-term capital and transfers from the developed countries. This inflow, together with short-term capital movements and

surpluses in the service accounts in some countries, helped them meet trade deficits and enabled them to moderately increase their international reserves. In 1974, despite the efforts made by the developed countries, which also faced serious economic problems of their own, it is estimated that the inflow of long-term capital and transfers from the traditional sources to the region was not much higher than the 1973 level of about \$5.4 billion. This was clearly inadequate to meet the trade deficits estimated at \$12.3 billion. Although some new facilities, such as the IMF oil facility and the UN Special Fund, were created to help mitigate these difficulties and the oil-exporting countries extended financial assistance to some of the affected countries in the region, some developing member countries had to resort to borrowing at very high interest rates (Table 8).

International reserves in the developing member countries, excluding Indonesia, increased from about \$9.6 billion at the end of 1973 to about \$11.4 billion at the end of 1974; including Indonesia, the respective figures are \$10.4 billion and \$12.9 billion. However, in terms of average monthly imports, the reserves of the non-oil-exporting DMCs decreased, on the whole, from about 3.6 months in 1973 to 2.9 months in 1974. Moreover, since in several countries these increases were accompanied by increased borrowing, their real significance has yet to be assessed.

The outstanding external public debt for the developing member countries as a whole increased from about \$31.6 billion in 1972 to \$37.6 billion in 1973, and debt service payments, from about \$1.8 billion to \$1.9 billion. The debt service ratio generally decreased in recent years and especially in 1973, as a result of the increase in the price and/or volume of their exports (Table 9). However, in the light of the general decline in most export prices beginning in the second half of 1974, and continuing through the first quarter of 1975 and of the increased volume of borrowings, the debt service ratio is likely to rise for most countries. This will come at a time when the balance of payments positions of most developing member countries are already severely constrained. This further emphasizes the need to make larger financial resources available to the region, especially on concessional terms for the most seriously affected and least developed countries, in order to achieve a reasonable rate of growth and help them improve their ability to export.

There was still another aspect to the economic problems faced by the developing member countries. In their development plans, these countries have stressed the importance of social development and formulated strategies for reducing mass poverty. In several countries, provision for social services including housing, health care and education accounted for 15 to 20 per cent of total development expenditures. Countries in the region which experience higher rates of growth and attain a higher level of per capita income tend to allocate higher percentages of government budgets for social services. However, inflationary pressures and the slowdown in economic growth in 1974 had a serious impact on social progress in the developing member countries.

The low income groups in the urban areas were generally hard hit by unemployment in manufacturing industries, and they appeared to be in a more difficult position than the low income groups in rural areas.

¹ Canada, France, Federal Republic of Germany, Italy, Japan, United Kingdom and United States.

However, the rural poor also suffered in varying degrees from the decline in prices and reduced production of primary commodities. Even where the terms of trade of the traditional rural sectors improved somewhat by the high prices of certain commodities, such as rice and sugar, the deep-rooted problems relating to land tenure and the lack of effective marketing mechanisms in rural areas reduced the benefits reaching the great majority of the population.

The Bank's Effort

The pace of the Bank's operations was stepped up substantially in 1974. Total lending during the year was increased to a level 30 per cent higher than in the preceding year (or about 12 per cent in real terms). Technical assistance, which is a vital part of the Bank's operations in several countries, was also increased sharply: 31 projects were approved at a total estimated cost of \$5.42 million¹—more than double the cost of the 24 projects approved in 1973. In addition, new areas of technical assistance were taken up, such as energy policy and development planning.

The share of agriculture in the Bank's lending increased from 11.2 per cent in 1973 to 24.5 per cent in 1974 and was about double the average of the preceding six years. Fertilizer needs received special attention: at year-end two large projects involving other lenders were in advanced stages of preparation. Several loans in the power sector were made for projects utilizing domestic energy resources. Rail transport was a new sub-sector in the transport and communications sector which received Bank assistance for easing constraints

in moving basic commodities, especially food. Social development continued to be given prominence: a project for the expansion of metropolitan water supply attracted one of the largest loans in 1974.

The less developed countries, many of which were especially affected by the developments in the world economy over the past year, received a much larger share than before of the Bank's lending on concessional terms. The share of concessional lending itself, in total lending, increased from 28 per cent in 1973 to 32 per cent in 1974.

Corresponding to the Bank's expanding role in the development of the region, the need for major efforts at resource mobilization becomes increasingly evident. There were some positive achievements during the year which were encouraging for the future, notably the formal establishment on 28 June of the Asian Development Fund with a target of \$525 million which provides the mechanism for organized replenishment of resources for concessional lending. Another encouraging development was the tapping of new sources of capital.

The Bank has to respond to the urgent development requirements of its developing member countries. For the majority of these countries, the requirements include an increasing production of food, for which higher fertilizer production is essential, greater exploitation of domestic energy resources and wider diversification of production for export. At the same time, infrastructural needs cannot be overlooked if the broad development effort is to succeed.

There is certainly a challenge ahead. Nevertheless, the determination and resilience shown by most developing countries in coping with the economic setbacks of 1974 offer encouragement and stimulus to the Bank to play its due role in furthering economic development in the region.

¹ Including \$1.65 million financed by UNDP for four projects with the Bank acting as Executing Agency.

Burma: These fishermen will be helped by the introduction of improved technology, better onshore facilities and modern fishing vessels under a Bank-assisted project.



OPERATIONS AND POLICIES

Lending Operations

In 1974, the Bank approved loans totalling \$547.68 million, an increase of 30 per cent over the previous year's total of \$421.48 million. Forty loans were approved for 39 projects¹ in 14 countries. From its inception to the end of 1974, the Bank had made 211 loans totalling \$1,923.71 million for 189 projects in 21 countries. Of these, 124 loans totalling \$1,431.14 million² (74 per cent) were from ordinary capital resources and 87 loans totalling \$492.57 million (26 per cent) from Special Funds.

The total amount lent from Special Funds increased both in absolute and relative terms. Concessional lending amounted to \$172.86 million in 1974 as against \$118.16 million in 1973, a 46 per cent increase. The share of Special Funds loans in total lending also increased to 32 per cent in 1974 from 28 per cent in 1973. Bangladesh (\$52.1 million) was the largest recipient of loans from Special Funds in 1974. Other major recipients were Pakistan (\$34.0 million), Republic of Viet-Nam (\$20.4 million), and Burma (\$16.3 million).

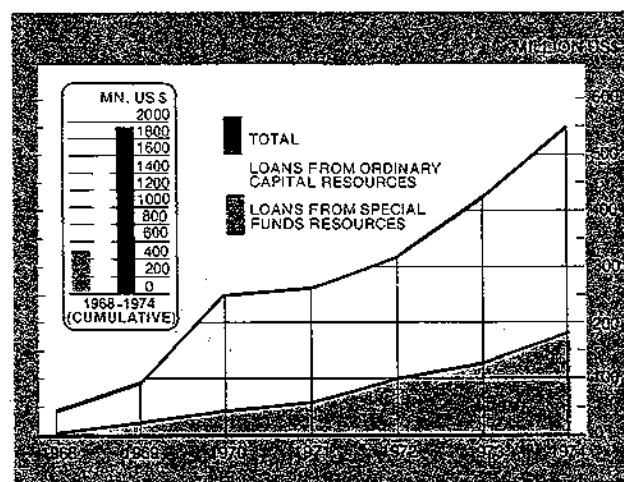
A feature of the Bank's lending in 1974 was the increased number of supplementary loans, made necessary as a result of worldwide inflation. For instance, there was an increase of about 40 per cent in the cost of civil engineering works as a result of increased steel, cement and fuel prices from mid-1973 to mid-1974. While in many cases the cost overruns were financed by governments from their own or other external resources, six supplementary loans were made by the Bank in 1974 for a total of \$37.92 million, representing about 7 per cent of the year's lending.

Exclusive of additional financing to meet cost overruns, the average size of loan for new projects was \$15.0 million in 1974 compared with \$8.1 million in 1973. This increase was attributable to higher costs, the larger size of the projects assisted and the termination of the Special Funds Supplementation Scheme operated in 1973, under which certain projects were financed with two loans, one from ordinary capital resources and one from Special Funds.

¹ Supplementary loans are counted as loans for separate projects.

² Excludes \$0.4 million initially approved in 1968 and \$0.5 million approved in 1970 and later incorporated in new loans in 1970 and 1971, respectively.

LOANS CLASSIFIED BY SOURCE
OF FUNDS: 1968-1974



The largest loan so far was made during the year for the Manila Water Supply Project in the Philippines, \$51.3 million; the Sui-Karachi Gas Pipeline Project in Pakistan received two loans totalling \$53.17 million, including a supplementary loan of \$23.51 million to meet an anticipated cost overrun. The largest share in total lending during 1974 was that of Pakistan (18.3 per cent), followed by Republic of Korea (16.3 per cent), Indonesia (14.3 per cent) and Malaysia (11.9 per cent). Over the period 1968-1974, the three main recipients of Bank loans have been the Republic of Korea (17.5 per cent), Philippines (12.6 per cent) and Pakistan (12.4 per cent).

At the end of 1974, the total cost of projects for which the Bank had provided direct financing was estimated at about \$3,413 million, of which Bank loans represented approximately 47 per cent. In addition, the Bank financed indirectly, through national development banks, projects estimated to cost \$1,192 million, of which the Bank's financing represented about 27 per cent.

In 1974, the sectoral distribution in the Bank's lending reflected some of the priorities of the developing member countries arising out of the food and energy crises and the widespread economic slowdown.

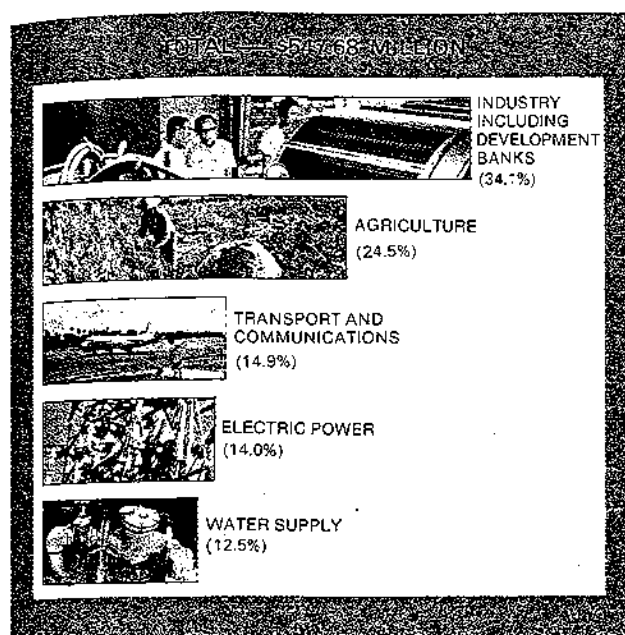
LOANS APPROVED IN 1974 BY COUNTRY AND BY PROJECT
(amounts in \$ million)

Country/Project	Source of Funds		Total
	Ordinary Capital Resources	Special Funds Resources	
AFGHANISTAN			
Kajakai Gates	—	14.000	14.000
BANGLADESH			
Bangladesh Shilpa Rin Sangstha	—	15.000	15.000 ✓
West Zone Power (Supplementary)	—	4.550	4.550
Jute Seed	—	9.550	9.550
Railway	—	23.000	23.000
BURMA			
Rice Processing Industries	—	6.500	6.500 ✓
Fisheries Development	—	9.800	9.800
INDONESIA			
Fiber Production and Processing	13.200	—	13.200 ✓
Bandung Water Supply	—	11.500	11.500
East Java Agricultural Credit	—	2.700	2.700
Cipadung Spinning Mill	13.700	—	13.700 ✓
Baturaja Cement	37.000	—	37.000 ✓
KOREA, REPUBLIC OF			
Road Improvement Feasibility Study	0.450	—	0.450
Korea Development Bank (Third Loan)	30.000	—	30.000 ✓
Second Highway	10.000	—	10.000
Korea Development Finance Corporation	30.000	—	30.000 ✓
Imjin Area Development	19.000	—	19.000
LAOS			
Vientiane Water Supply	—	6.000	6.000
MALAYSIA			
Kuala Lumpur-Karak Highway (Supplementary)	6.800	—	6.800
Kuala Lumpur-Karak Highway (Phase II)	11.500	—	11.500
Perang Port Expansion	15.100	—	15.100
Sabah Land Development	14.000	—	14.000
Pahang Tenggara Regional Development	18.000	—	18.000

Country/Project	Source of Funds		Total
	Ordinary Capital Resources	Special Funds Resources	
NEPAL			
Second Agricultural Credit	—	3.000	3.000
PAKISTAN			
Sui-Karachi Gas Pipeline	29.660	—	29.660
Sui-Karachi Gas Pipeline (Supplementary)	23.510	—	23.510
Tarbela Hydropower	13.000	34.000	47.000
PHILIPPINES			
Manila Water Supply	51.300	—	51.300
Third Mindanao Power	1.000	—	1.000
Agusan del Sur Irrigation	—	5.800	5.800
SRI LANKA			
Communications Satellite Earth Station (Supplementary)	—	1.500	1.500
Mineral Sands (Supplementary)	1.000	—	1.000 ✓
THAILAND			
Highway	12.600	—	12.600
Second Power Transmission System Expansion	24.000	—	24.000
Nong Wai Pioneer Agriculture	—	5.000	5.000
VIET-NAM, REPUBLIC OF			
Tan An Integrated Agricultural	—	7.400	7.400
Second Fisheries Development	—	6.000	6.000
Industrial Development Bank of Viet-Nam	—	7.000	7.000 ✓
WESTERN SAMOA			
Faleolo Airport and Road (Supplementary)	—	0.555	0.555
TOTAL	374.820	172.855	547.675

Note: Brief project descriptions are given on pages 20 to 27.

LOAN APPROVALS BY SECTOR: 1974



Compared with the 1973 sectoral distribution, the 1974 pattern reveals a sharp rise in the share of the agriculture sector in total lending. The agriculture sector includes forestry, fisheries, irrigation, integrated area development, agro-industry and agricultural credit. The sector received 14 loans totalling \$134 million in 1974 compared with 10 loans totalling \$47 million in 1973. Area development schemes in the Imjin Area in the Republic of Korea and in the States of Pahang and Sabah in Malaysia absorbed more than one-third of the total lending for agriculture. Other areas of concentration in 1974 were irrigation, fisheries and agro-industry. Of the amount lent for agriculture in 1974, about 52 per cent—\$69.75 million—was financed from Special Funds.

Five loans totalling \$76.55 million were made in the power sector, including \$47 million (in two loans) for the Tarbela Hydropower Project in Pakistan. As Executing Agency for the United Nations Development Programme (UNDP), the Bank undertook to carry out an overall Energy Policy Study for Bangladesh, which was preceded by an Inception Study.

For most of the developing member countries, 1974 was a transitional year with respect to planning in the power sector. In the light of the energy crisis, governments had to re-examine investment priorities within the sector and, in planning investments, to focus on projects based on indigenous sources of power generation. None of the new projects financed by the Bank in the power sector in 1974 involved the use of imported petroleum resources.

Five loans totalling \$104.87 million were made for industrial projects, which included the Sui-Karachi Gas Pipeline Project in Pakistan (\$29.66 million and a supplementary loan of \$23.51 million) and the Baturaja Cement Project in Indonesia (\$37 million).

Four industrial development banks in three countries received Bank loans in the form of credit lines totalling \$82 million for relending for small and medium industrial development projects. Two of these banks, the Korea Development Bank and the Korea Development Finance Corporation, are well-established institutions; the former had received two Bank loans in earlier years. The other two banks, the Bangladesh Shilpa Rin Sangstha (BSRS) and the Industrial Development Bank of Viet-Nam (IDBV), are comparatively new institutions. Technical assistance from the Bank was given in conjunction with the loan to BSRS and preceded the loan to IDBV.

Nine loans totalling \$81.51 million were made for transport and communications, including \$23 million for the Bangladesh Railway Project, the first loan made by the Bank in the rail transport sub-sector. In addition, eight technical assistance projects¹ were approved. A considerable portion of the loan provided for the Pahang

¹ Including one regional project.

LOAN APPROVALS BY SECTOR

Sector	1968-1973		1973		1974		1968-1974	
	Amount \$ million	% of Total	Amount \$ million	% of Total	Amount \$ million	% of Total	Amount \$ million	% of Total
Agriculture	172.05	12.5	47.32	11.2	133.95	24.5	306.00	15.9
Electric Power	365.29	26.5	92.50	21.9	76.55	14.0	441.84	23.0
Industry (including Development Banks)	342.77	24.9	106.60	25.3	186.87	34.1	529.64	27.5
Transport and Communications	328.96	23.9	125.00	29.7	81.51	14.9	410.47	21.3
Water Supply	153.86	11.2	43.66	10.4	68.80	12.5	222.66	11.6
Education	13.10	1.0	6.40	1.5	—	—	13.10	0.7
TOTAL	1,376.03	100.0	421.48	100.0	547.68	100.0	1,923.71	100.0

LOAN APPROVALS BY COUNTRY AND SOURCE OF FUNDS: 1968-1974
(amounts in \$ million)

Country	1968-1973					
	Ordinary Capital Resources	%	Special Funds Resources	%	Total	%
Afghanistan	—	—	20.05	6.27	20.05	1.46
Bangladesh	11.40	1.08	21.65	6.77	33.05	2.40
Burma	6.60	0.62	12.50	3.91	19.10	1.39
China, Republic of	99.99	9.47	—	—	99.99	7.27
Fiji	6.70	0.63	—	—	6.70	0.49
Hang Kong	21.50	2.04	—	—	21.50	1.56
Indonesia	11.78	1.12	99.08	30.99	110.86	8.06
Khmer Republic	—	—	1.67	0.52	1.67	0.12
Korea, Republic of	243.10	23.01	3.70	1.16	246.80	17.94
Laos	—	—	5.69	1.78	5.69	0.41
Malaysia	135.56	12.83	3.30	1.03	138.86	10.09
Nepal	2.00	0.19	35.71	11.17	37.71	2.74
Pakistan	106.00	10.03	32.05	10.02	138.05	10.03
Papua New Guinea	—	—	14.30	4.47	14.30	1.04
Philippines	174.35	16.51	9.50	2.97	183.85	13.36
Singapore	101.38	9.60	3.00	0.94	104.38	7.59
Sri Lanka	13.13	1.24	25.21	7.89	38.34	2.79
Thailand	118.90	11.26	3.10	0.97	122.00	8.87
Tonga	—	—	1.30	0.41	1.30	0.09
Viet-Nam, Republic of	3.93	0.37	20.27	6.34	24.20	1.75
Western Samoa	—	—	7.63	2.39	7.63	0.55
TOTAL	1,066.32	100.00	319.71	100.00	1,376.03	100.00

1974						1968-1974					
Ordinary Capital Resources	%	Special Funds Resources	%	Total	%	Ordinary Capital Resources	%	Special Funds Resources	%	Total	%
—	—	14.00	8.10	14.00	2.55	—	—	34.05	6.91	34.05	1.77
—	—	52.10	30.14	52.10	9.51	11.40	0.80	73.75	14.97	85.15	4.43
—	—	16.30	9.43	16.30	2.98	6.60	0.46	28.80	5.85	35.40	1.84
—	—	—	—	—	—	99.99	6.99	—	—	99.99	5.20
—	—	—	—	—	—	6.70	0.47	—	—	6.70	0.35
—	—	—	—	—	—	21.50	1.50	—	—	21.50	1.12
63.90	17.05	14.20	8.21	78.10	14.26	75.68	5.29	113.28	23.00	188.96	9.82
—	—	—	—	—	—	—	—	1.67	0.34	1.67	0.09
89.45	23.87	—	—	89.45	16.33	332.55	23.24	3.70	0.75	336.25	17.48
—	—	6.00	3.47	6.00	1.10	—	—	11.69	2.37	11.69	0.61
85.40	17.45	—	—	85.40	11.94	200.96	14.04	3.30	0.67	204.26	10.62
—	—	3.00	1.74	3.00	0.55	2.00	0.14	38.71	7.86	40.71	2.12
66.17	17.65	34.00	19.67	100.17	18.29	172.17	12.03	66.05	13.41	238.22	12.38
—	—	—	—	—	—	—	—	14.30	2.90	14.30	0.74
52.30	13.95	5.80	3.36	58.10	10.61	226.65	15.84	15.30	3.11	241.95	12.57
—	—	—	—	—	—	101.38	7.08	3.00	0.61	104.38	5.43
1.00	0.27	1.50	0.87	2.50	0.46	14.13	0.99	26.71	5.42	40.84	2.12
36.60	9.76	5.00	2.89	41.60	7.60	155.50	10.86	8.10	1.65	163.60	8.50
—	—	—	—	—	—	—	—	1.30	0.26	1.30	0.07
—	—	20.40	11.80	20.40	3.72	3.93	0.27	40.67	8.26	44.60	2.32
—	—	0.56	0.32	0.56	0.10	—	—	8.19	1.66	8.19	0.42
374.82	100.00	172.86	100.00	547.68	100.00	1,431.14	100.00	492.57	100.00	1,923.71	100.00

LOAN APPROVALS: 1968-1974

(amounts in \$ million)

Country	1968-1973		1974		1968-1974	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Afghanistan	20.05	1.46	14.00	2.6	34.05	1.8
Bangladesh	33.05	2.40	52.10	9.5	85.15	4.4
Burma	19.10	1.39	16.30	3.0	35.40	1.8
China, Republic of	99.99	7.27	—	—	99.99	5.2
Fiji	6.70	0.49	—	—	6.70	0.4
Hong Kong	21.50	1.56	—	—	21.50	1.1
Indonesia	110.86	8.06	78.10	14.3	188.96	9.8
Khmer Republic	1.67	0.12	—	—	1.67	0.1
Korea, Republic of	246.80	17.94	89.45	16.3	336.25	17.5
Laos	5.69	0.41	6.00	1.1	11.69	0.6
Malaysia	138.86	10.09	65.40	11.9	204.26	10.6
Nepal	37.71	2.74	3.00	0.5	40.71	2.1
Pakistan	138.05	10.03	100.17	18.3	238.22	12.4
Papua New Guinea	14.30	1.04	—	—	14.30	0.8
Philippines	183.85	13.36	58.10	10.6	241.95	12.6
Singapore	104.38	7.59	—	—	104.38	5.4
Sri Lanka	38.34	2.79	2.50	0.5	40.84	2.1
Thailand	122.00	6.87	41.60	7.6	163.60	8.5
Tonga	1.30	0.09	—	—	1.30	0.1
Viet-Nam, Republic of	24.20	1.75	20.40	3.7	44.60	2.3
Western Samoa	7.63	0.55	0.56	0.1	8.19	0.4
TOTAL	1,376.03	100.00	547.68	100.0	1,923.71	100.0

Tenggara Regional Development Project in Malaysia (included above as an agricultural project) will be applied to the transport requirements of the Project which are being given prominence in the initial stage of this area development scheme.

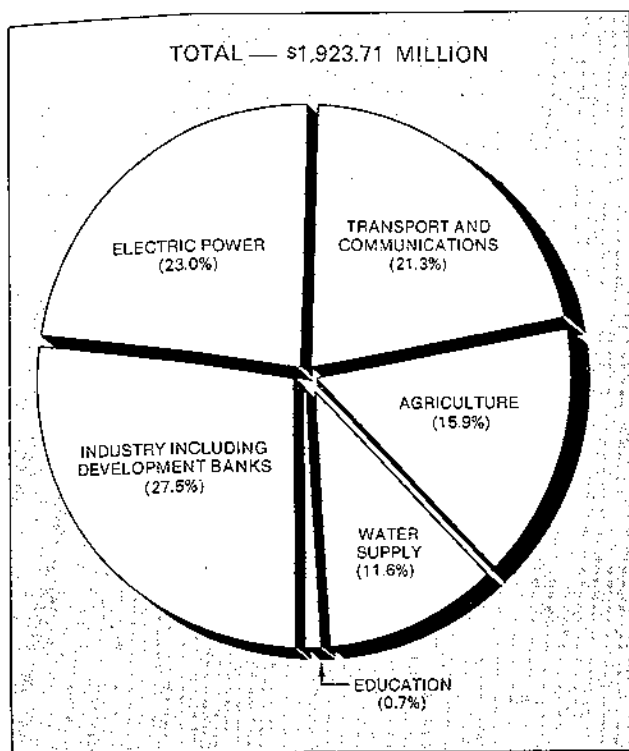
Three loans totalling \$68.8 million were made for water supply projects in Indonesia, Laos and the Philippines.

In the education sector, two technical assistance projects—one for Indonesia and the other for the Republic of Viet-Nam—were approved. A proposed loan for vocational education was at an advanced stage of processing at year-end.

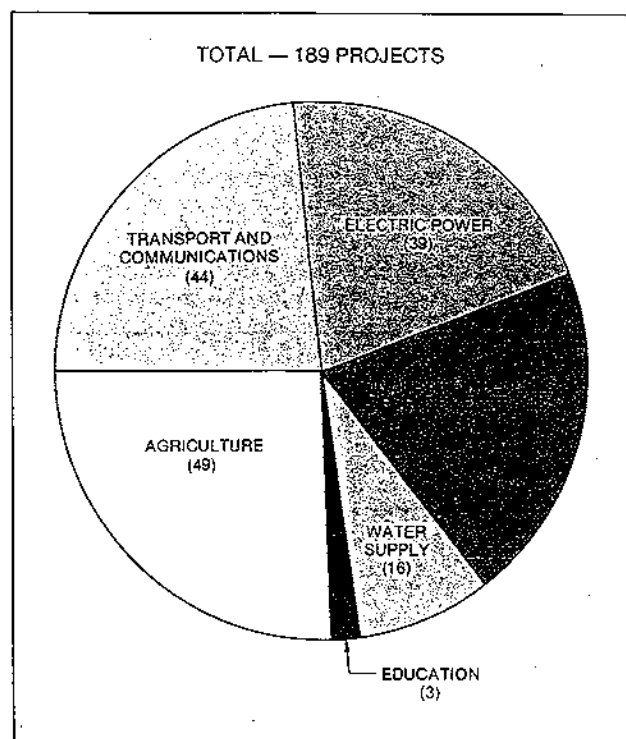
Provision for training was made in Bank-financed

projects in most sectors, especially agriculture and industry (including development banks). A number of training centers for farmers and agricultural extension officers will be established as a result of the training component built into the projects in the agriculture sector, as, for example, under the Imjin Area Development Program in the Republic of Korea. A typical example of the Bank's training and institution-strengthening activities in the industry sector is the technical assistance extended to the Bangladesh Shilpa Rin Sangstha (Bangladesh Industrial Credit Institution) for training its economic, financial and engineering staff in various aspects of project appraisal and implementation.

LOAN APPROVALS BY SECTOR 1968 - 1974



NUMBER OF LOAN PROJECTS BY SECTOR 1968 - 1974



Social Impact

An important objective in project formulation, and indeed in project identification, is to ensure directly or indirectly that, within the framework of economic justification, the benefits of the Bank's development assistance are as widely spread as possible and the needs of lower-income groups in particular are taken into consideration.

In agricultural development, for example, special efforts have been made to design projects which will benefit the rural poor. Integrated area development, as in the Sabah Land Development Project, is one type of investment which contributes to providing improved employment and living conditions for the rural population. In this Project, about 4,300 families from remote and scattered rural areas and from over-populated regions lacking employment opportunities will be brought into settlement schemes, where they will be provided with housing. They will live in villages for which schools, medical clinics, sports centers and other infrastructure facilities will be constructed by the Government. The objective is to provide the settlers with gainful and secure employment, training in improved agricultural practices and, in due course, the opportunity to acquire landholdings of economic size.

In the other types of agricultural investment, special attention has been given to the needs of small producers, particularly in less developed areas. Lending to industrial development banks, which accounts for 16.9 per cent of the Bank's total lending to date, has been a valuable means of expanding employment opportunities.

In all sectors, opportunities have been sought for maximizing the use of surplus labor capacity.

Loan Administration

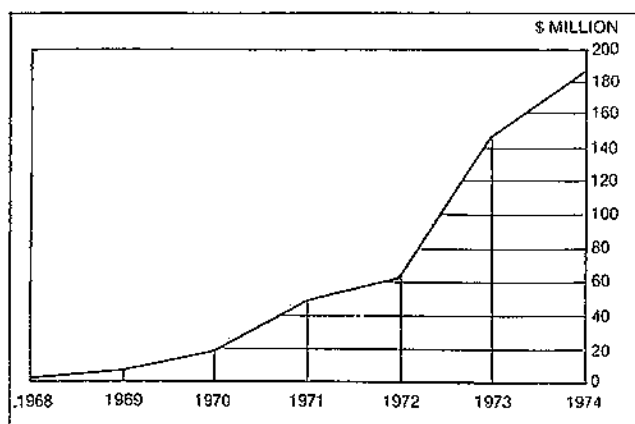
During the year, the loan administration function was transferred from the Operations Department to the Projects Departments as part of the reorganization of these Departments, designed to improve supervision of projects from the appraisal stage to project completion. A Loan Administration Unit was created in Projects Department II, primarily to undertake a continuing review of loan administration practices and procedures.

Thirty-six Ordinary and 21 Special Funds loans became effective during the year, bringing the total number of loans which have become effective to 160 as of the end of 1974; this figure is net of 27 loans for which disbursements have been completed. Loan cancellations in 1974 amounted to \$3.47 million, consisting of amounts not utilized at closing date and cancellation of portions of loans.

The award of procurement contracts in 1974 totalled \$356.1 million, more than double the previous year's figure of \$176.1 million. Total disbursements in 1974 amounted to \$187.5 million,¹ an increase of \$41 million over the 1973 figure. The relative percentages of cumulative contracts awarded and disbursements to net total effective loans were 50 per cent and 29 per cent, respectively, by end-1974 as compared to 45 per cent and 28 per cent in 1973, as shown in the table on page 12.

¹ From both ordinary capital resources and Special Funds resources.

ANNUAL LOAN DISBURSEMENTS: 1968-1974



Post-Evaluation

During 1974, the Bank further strengthened its activities in the post-evaluation of completed projects. A Program for Action was approved in August 1974 with two main objectives: first, to determine whether projects had achieved their intended objectives; and second, to re-examine, in cooperation with the developing member countries and the executing agencies of the various projects, the objectives themselves and the effectiveness of the means of achieving them.

The Program incorporated two categories of post-evaluation. The first, in operation since 1973, entails internal post-evaluation carried out by the Economic Office, with the assistance, as necessary, of short-term consultants; staff from operating departments participate only in supplying background information as required.

During the year, the Economic Office completed internal post-evaluation studies on an expressway

project, a development bank project and an irrigation project, and the reports were circulated to the Board of Directors, the borrowers and the executing agencies. In addition, the field study for the post-evaluation of an airport project was undertaken in late 1974.

The second category, which was introduced in 1974, entails post-evaluation of selected projects by independent external agencies. The evaluating agency in each case is to be chosen from among academic or other non-profit organizations or institutions with special knowledge of economic development in the developing world. The first four projects for external post-evaluation were selected in November.

Technical Assistance

The Bank was more active in technical assistance in 1974 than in previous years, both in regard to the number of projects approved and the cost involved. Thirty-one technical assistance projects (excluding regional activities*) were approved in 1974 at a total cost of \$5,419,800, compared with 24 projects in 1973 costing \$2,597,300. Twenty-one commitments were made for project preparation in 1974 and ten for advisory services (including four given in conjunction with Bank loans).

Fourteen countries shared in the technical assistance: Bangladesh and Indonesia (five projects each), Philippines (four), Pakistan and Republic of Viet-Nam (three each), British Solomon Islands and Tonga (two each), and Afghanistan, Republic of Korea, Laos, Malaysia, Nepal, Papua New Guinea and Western Samoa (one each).

The sectors covered were agriculture (12 projects), transport (seven), electric power and water supply

* For a description of regional activities in 1974 see pages 16 and 17.

CUMULATIVE CONTRACTS AWARDED AND DISBURSEMENTS UNDER EFFECTIVE LOANS¹

Year	Cumulative Loans Effective in Year		Cumulative Contracts Awarded in Year		Cumulative Disbursements in Year	
	Number	Amount \$ million ²	Amount \$ million	% of Effective Loans	Amount \$ million ³	% of Effective Loans
1968	4	20	4.5	22	1.8	9
1969	13	67	13.5	20	9.3	14
1970	28	137	58.7	43	26.4	19
1971	67	404	115.5	29	75.1	19
1972	93	696	270.8	39	136.2	20
1973	130	998	446.9	45	282.7	28
1974	187	1,612	803.0	50	470.2	29

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

² Net of cancellations and amounts transferred to subsequent loans.

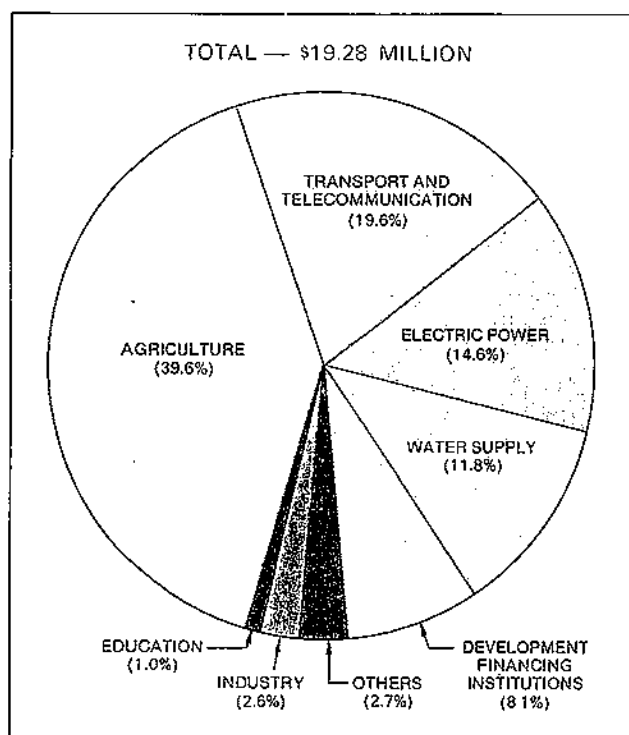
³ Includes interest financed during construction.

TECHNICAL ASSISTANCE APPROVALS: 1967-1974

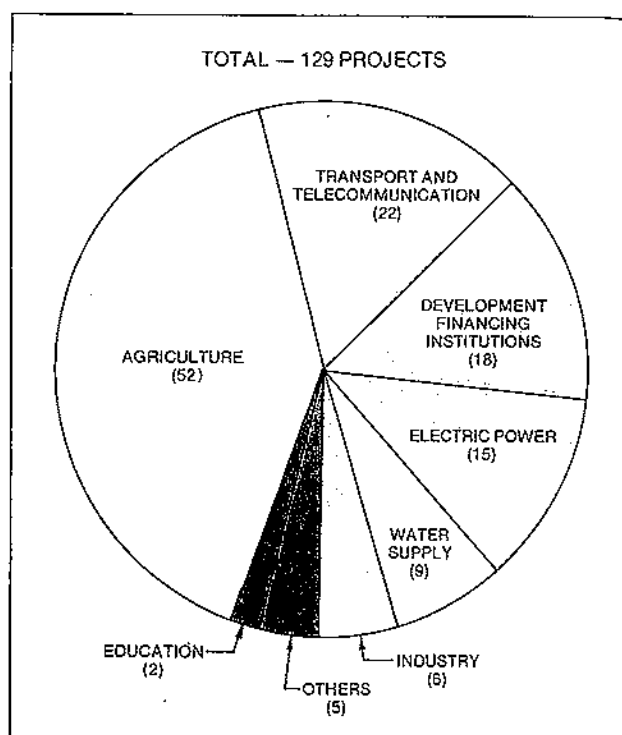
Country	1967-1973			1973		1974			1967-1974		
	No.	Amount \$'000	% of Total	No.	Amount \$'000	No.	Amount \$'000	% of Total	No.	Amount \$'000	% of Total
Afghanistan	9	1,642.5	8.98	—	—	1	250.0	4.5	10	1,892.5	7.92
Bangladesh	5	652.0	3.57	5	652.0	5	1,841.0	32.9	10	2,493.0	10.44
British Solomon Islands	—	—	—	—	—	2	195.0	3.5	2	195.0	0.82
China, Republic of	1	100.0	0.55	—	—	—	—	—	1	100.0	0.42
Fiji	3	227.0	1.24	1	100.0	—	—	—	3	227.0	0.95
Indonesia	19	2,945.5	16.11	4	723.0	5	1,002.2	17.9	24	3,947.7	16.53
Khmer Republic	2	111.0	0.61	1	31.0	—	—	—	2	111.0	0.46
Korea, Republic of	4	494.3	2.70	1	230.0	1	100.0	1.8	5	594.3	2.49
Laos	5	695.0	3.80	2	149.0	1	103.0	1.8	6	798.0	3.34
Malaysia	3	470.0	2.57	—	—	1	167.0	3.0	4	637.0	2.67
Nepal	8	1,163.0	6.36	—	—	1	140.0	2.5	9	1,303.0	5.46
Pakistan	1	150.0	0.82	1	150.0	3	500.0	8.9	4	650.0	2.72
Papua New Guinea	1	3.6	0.02	1	3.6	1	50.0	0.9	2	53.6	0.22
Philippines	13	2,698.5	14.75	3	94.2	4	160.5	2.9	17	2,859.0	11.97
Singapore	1	34.7	0.19	—	—	—	—	—	1	34.7	0.14
Sri Lanka	8	907.3	4.96	1	46.0	—	—	—	8	907.3	3.80
Thailand	4	525.0	2.87	—	—	—	—	—	4	525.0	2.20
Tonga	—	—	—	—	—	2	382.0	6.8	2	382.0	1.60
Viet-Nam, Republic of	7	677.0	3.70	2	164.0	3	308.6	5.5	10	985.6	4.13
Western Samoa	4	368.5	2.01	2	254.5	1	220.5	3.9	5	589.0	2.47
Total	98	13,864.9	75.81	24	2,597.3	31	5,419.8	96.9	129	19,284.7	80.75
Regional	20	4,424.0	24.18	5	160.0	3	174.5	3.1	23	4,598.5	19.25
GRAND TOTAL	118	18,288.9	100.00	29	2,757.3	34	5,594.3	100.0	152	23,883.2	100.00

Note: Includes projects in which the Bank acts as an executing authority with funds provided mainly by UNDP and the Southeast Asian Regional Transport Survey which was financed with funds provided by the United States, UNDP and the Bank.

**COST OF TECHNICAL ASSISTANCE
BY SECTOR
1967-1974**



**NUMBER OF TECHNICAL ASSISTANCE
PROJECTS BY SECTOR
1967-1974**



NOTE: EXCLUDING REGIONAL PROJECTS

(three each), and education, development financing institutions and development planning (two each).

Of the projects approved during the year, 27 were financed from the resources of the Bank, including the Technical Assistance Special Fund. The remaining four projects were financed by UNDP with the Bank

acting as Executing Agency; these included the Bangladesh Energy Study (costing \$1,250,000) whose objective was the formulation of a policy for the optimum utilization of energy resources in Bangladesh.

Fourteen loan projects approved in 1974 resulted from technical assistance for project preparation

TECHNICAL ASSISTANCE APPROVALS BY SECTOR

Sector	1967-1973			1973			1974			1967-1974		
	No.	Amount \$ million	% of Total	No.	Amount \$ million	% of Total	No.	Amount \$ million	% of Total	No.	Amount \$ million	% of Total
Agriculture	40	6.226	44.8	7	0.652	25.1	12	1.407	28.0	52	7.633	39.6
Development Financing Institutions	16	1.154	8.3	7	0.557	21.4	2	0.415	7.7	18	1.569	8.1
Electric Power	12	1.304	9.4	5	0.532	20.5	3	1.502	27.7	15	2.806	14.6
Industry	6	0.504	3.6	—	—	—	—	—	—	6	0.504	2.6
Transport & Telecommunication	15	2.738	19.7	2	0.740	28.5	7	1.035	19.1	22	3.773	19.6
Water Supply	6	1.879	13.6	2	0.099	3.8	3	0.403	7.4	9	2.282	11.8
Education	—	—	—	—	—	—	2	0.187	3.4	2	0.187	1.0
Others	3	0.060	0.4	1	0.018	0.7	2	0.471	8.7	5	0.531	2.7
Total	98	13.865	100.0	24	2.597	100.0	31	5.420	100.0	129	19.285	100.0

Note: Includes projects in which the Bank acts as an executing authority with funds provided mainly by UNDP

TECHNICAL ASSISTANCE LEADING TO PROJECT LOANS

(As at end of 1974)

(\$'000)

Technical Assistance (Including Project Preparation)

Country	Project	Amount of Grant ¹	Amount of Project Loan
Afghanistan	Selected Small-Scale Irrigation	164.0	5,150.0
Afghanistan	Feasibility Study of Helmand Valley Development Road	48.5	14,900.0
Afghanistan	Kajakai Floodgate and Flood Control Scheme	160.0	14,000.0
Bangladesh	Preparation of a Jute Seed Project	45.0	9,550.0
China, Rep. of	North-South Freeway	100.0 ²	18,000.0
Indonesia	Feasibility Study on Sempur Dam Reconstruction	328.0	9,200.0
Indonesia	Wampu River Flood Control	181.0	5,940.0
Indonesia	West Sumatra Electric Power Supply	185.0	7,100.0
Indonesia	Ujung Pandang (Makassar) Power	120.0	5,300.0
Indonesia	West Irian Power Development	85.0	2,600.0
Indonesia	Minahasa Power	48.0	7,900.0
Indonesia	Bandung Water Supply	295.0	11,500.0
Korea, Rep. of	Andong Dam	150.0 ³	22,000.0
Korea, Rep. of	Namgang-Imjin Area Development ⁴	230.0	19,000.0
Korea, Rep. of	Seoul-Incheon-Suwon Highway	47.8	10,000.0
Laos	Vientiane Water Supply	50.0	6,000.0
Malaysia	Feasibility Study on Development of Kuala Lumpur-Karak Highway	192.0	(13,400.0)
			(6,800.0)
			(11,500.0)
Nepal	Air Transport System Development	66.0	6,010.0
Nepal	Kankai Irrigation	215.0	4,500.0
Nepal	Chitwan Valley Development	242.0	8,000.0
Philippines	Fisheries Port	325.0	(1,000.0)
			(4,500.0)
Philippines	Feasibility Study of Iligan-Cagayan de Oro-Butuan Road	222.0	22,250.0
Philippines	Cotabato Port Development	245.0	6,600.0
Philippines	Angat and Magat Irrigation	183.0	(3,600.0)
			(6,000.0)
Philippines	Feasibility Study of Tarlac-Santa Rosa Highway	31.0	3,600.0
Philippines	Davao del Norte Irrigation	27.0	4,200.0
Philippines	Agusan del Sur Irrigation	49.5	5,800.0
Philippines	Manila Water Supply	49.2	51,300.0
Sri Lanka	Gal Oya Sugar Industry Rehabilitation	49.0	2,800.0
Thailand	Agriculture Development Programming in the Nong Wai Pioneer Irrigated Agriculture Project	180.0	5,000.0
Viet-Nam, Rep. of	Go Cong Pioneer Agriculture	220.0 ⁵	2,100.0
Viet-Nam, Rep. of	Fisheries Development ⁴	68.0	6,000.0
Viet-Nam, Rep. of	Tan An Irrigation	80.0	7,400.0
Western Samoa	Faleolo Airport and Road Development	50.0	(2,400.0)
			(555.0)
Western Samoa	Power Supply	64.0)	
		1.5)	2,300.0
TOTAL		4,797.5	355,755.0

Advisory Technical Assistance

Fiji	Fiji Development Bank	90.0)	
Fiji	Fiji Development Bank—Extension	37.0)	2,000.0
Indonesia	Bank Rakjat Indonesia	75.0	3,400.0
Korea, Rep. of	Agriculture and Fishery Development Corporation	66.5	7,000.0
Laos	Integrated Agricultural Development Program for Vientiane Plain	221.0	973.0
Nepal	Advisors to Agricultural Development Bank of Nepal (II)	69.0	2,430.0
Viet-Nam, Rep. of	Development Financing Institutions	89.0)	
Viet-Nam, Rep. of	Development Financing Institutions—Extension	26.0)	7,000.0
TOTAL		673.5	22,773.0

Total Technical Assistance Leading to Project Loans

Number	Amount of Grant	Amount of Project Loans
43	5,471.0	378,528.0

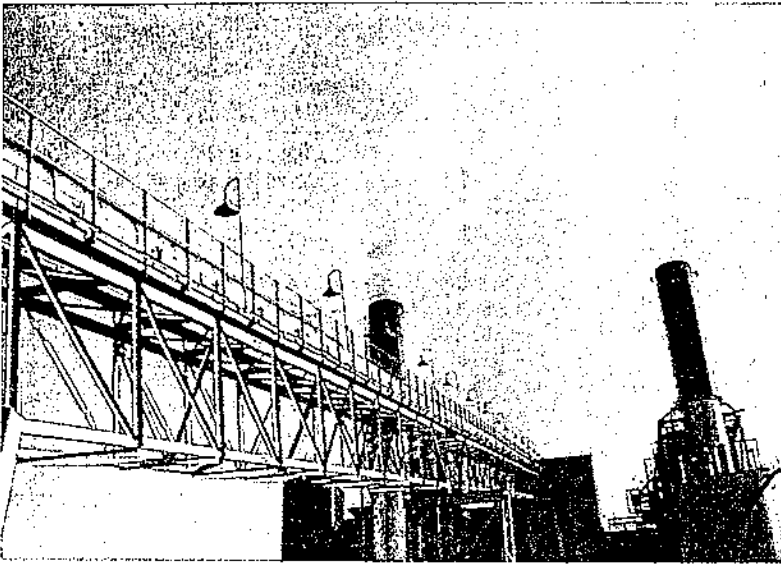
¹ In certain cases, portion of the grant was incorporated in the subsequent loan.

² This grant was in addition to initial loan assistance of \$400,000.

³ This grant was in addition to initial loan assistance of \$500,000.

⁴ Technical Assistance not yet completed.

⁵ Funded by UNDP.



Thailand: North Bangkok Power Plant. The Bank-aided Second Power Transmission System Expansion Project of the Electricity Generating Authority of Thailand is related to the second phase of the Nam Ngum hydropower facilities in Laos.

extended in 1974 or earlier. The loans totalled \$164,405,000, whereas the cost of the technical assistance involved was \$1,255,500. Altogether, loans totalling \$378,528,000—including six loans totalling \$22,773,000 arising out of technical assistance which was primarily advisory in nature—have resulted from technical assistance costing \$5,471,000.

Eighteen technical assistance projects were completed in 1974 bringing the total completed to date to 80. Forty-four of these entailed project preparation and, of these, 33 had led to loans totalling \$330.8 million by the end of 1974. (Two more project preparation technical assistance operations which were still in progress had led to loans totalling \$25 million.) Most of the remaining 11 projects were expected to lead to loans in 1975.

The 18 projects completed in 1974 comprised 12 for project preparation and 6 which were advisory or operational in nature.

Regional Activities

As a regional development finance institution, one of the important functions of the Bank is to promote regional cooperation. Arising out of past regional activities, the Report of the **Asian Industrial Survey for Regional Cooperation**, for which the Bank made a contribution of \$200,000 in 1971, was published by the Economic and Social Commission for Asia and the Pacific (ESCAP) in 1974.

The major preparatory work, initiated in 1973, for the implementation of the **Nam Ngum Hydropower Project** was completed in 1974. During the year, the Bank continued to coordinate mobilization of financing for the second phase of construction of the Nam Ngum hydropower facilities in Laos. The Project has regional significance: through sales of surplus power to Thailand, Laos will be able to earn significant amounts of foreign

exchange. Under a loan to the Electricity Generating Authority of Thailand, the Bank will finance the associated transmission facilities in Thailand to absorb the additional power to be generated by the second phase facilities at Nam Ngum.

In June 1974, the Bank agreed to act as Administrator of the Second Nam Ngum Development Fund, and to waive all claims for the costs of its services as coordinator of Project execution, estimated at \$750,000. The Fund Agreement became effective on 5 July 1974. All individual loan agreements entered into between several Contributor Governments and Laos relating to their respective contributions, as contemplated by the Fund Agreement, had become effective by the end of 1974. Protocols to the Fund relating to additional contributions by Australia and the Netherlands were signed on 26 July and 20 September 1974 respectively, bringing total contributions to the Fund to more than \$26 million.

Contributors to the Fund are: Australia, India, Japan, Netherlands, New Zealand, United Kingdom and United States. Bilateral contributors to the Project are Canada and Federal Republic of Germany. The Fund Agreement establishes the principles upon which the Project will be executed under the supervision of the Administrator (the Bank) and provides for the coordination of the parts of the Project to be financed out of the Fund and out of bilateral loans.

Consultants began work in April 1974 under interim financing arrangements. Procurement for major contracts was being processed at year-end. The Project is expected to be completed by late 1977. Preliminary action to obtain additional financing by Contributor Governments to meet an anticipated cost overrun, due to inflation and price escalation, was initiated by the Bank as Administrator.

A technical assistance grant of \$30,000 was approved for the Asian Productivity Organization's **Fifth Project Feasibility Study Training Course**, scheduled to take place during January-March 1975 on similar lines to the Third and Fourth Courses held in 1973 and 1974 with assistance from the Bank. The Fourth Course was held in the Philippines (Stage I) and Japan (Stage II) from 23 January to 12 March and was attended by 30 participants from 10 developing member countries of the Bank, and Iran and Japan. The courses impart training to suitable personnel from development institutions, industrial promotion and advisory agencies, and national productivity organizations in the preparation of project feasibility studies and the assessment of the feasibility of development projects.

The Bank continued to maintain close contact with the **Southeast Asian Agency for Transport and Communications Development (SEATAC)** which has been established in Kuala Lumpur and which provides a permanent secretariat for the Coordinating Committee of Senior Transport Officials of Southeast Asian Countries (COORDCOM). SEATAC began operations in 1973 and is in the process of identifying transport projects of regional significance for consideration by COORDCOM. The Bank, acting as Executing Agency for UNDP, undertook to provide technical assistance to SEATAC for the preparation of a three-year work program based on a detailed examination of specific regional

projects. The resulting program will be followed up in consultation with the participating governments.

A **Regional Training Program on Development Banking** was held in Bombay, India, in cooperation with the Bankers Training College of the Reserve Bank of India from 21 October to 4 December. Twenty-five development bankers from 17 institutions in 12 countries attended the Program, which covered the entire project cycle relating to small and medium industrial projects, with special emphasis on marketing and financial aspects. A feature of the Program was the use of eight projects of six development financing institutions in Asia as case studies and for project work.

The Bank provided facilities for a **Seminar on Trade Strategies for Economic Development: The Asian Experience**, which was held in December under the joint sponsorship of the Bank and the National Bureau of Economic Research of the United States.

Participants from 13 Asian countries and from IMF, IBRD, ESCAP and the Bank discussed the findings of a research project aimed at quantification and analysis of experiences with exchange controls and liberalization in 10 selected developing countries and focused on the interaction between the trade and payments regime and economic development. Country studies on Egypt, India, Republic of Korea and the Philippines were discussed, as well as contributions from the Bank and ESCAP.

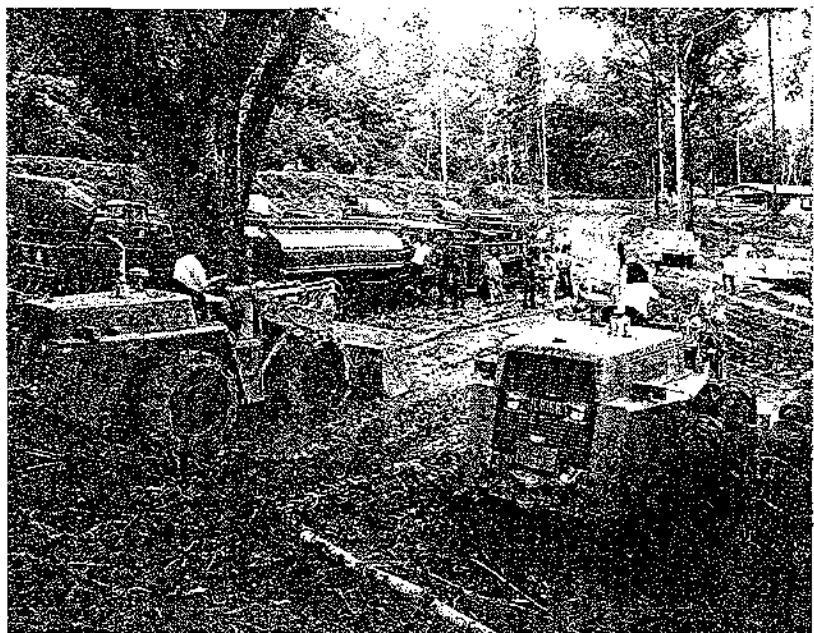
Lending and Operational Policies

A number of important policy decisions were made in 1974 as part of a continued effort to develop operational policies responsive to the needs of the developing member countries. Such changes were made necessary by the rapidly changing economic situation in 1974, which had far-reaching effects in the Bank's developing member countries and which precipitated, in many cases, adjustments in member countries' development priorities. Operational policies examined, and as a result modified, during the year included the terms and criteria for lending from Special Funds, the provision of foreign exchange to finance local currency expenditures and the financing of interest and other charges during the construction of projects. In addition, certain policies and procedures for the Bank's operations in the small and widely dispersed member countries in the South Pacific were formulated. A re-examination was begun of various policy and procedural matters concerning the Bank's lending to development banks.

The Bank's financial policies were reviewed and the rate of interest charged on loans from the ordinary capital resources of the Bank was increased to 8-1/4 per cent (see chapter "Ordinary Capital Resources and Financial Management").

Terms and Criteria for Concessional Lending

Past use by the Bank of varying terms for its Special Funds loans had caused undue complexity both in loan processing and in loan administration. In the interests of simplicity and efficiency, therefore, it was decided to adopt a standardized set of terms. In standardizing the terms, it was considered desirable to enlarge the concessional element in the Bank's Special Funds loans to permit the Bank to serve better the needs



Malaysia: Construction crew at work on the Bank-assisted Kuala Lumpur-Karak Highway.

of the less developed of its developing member countries. Accordingly, in contrast to the earlier practice whereby Special Funds loans were made on terms ranging from 1 per cent to 3 per cent interest with amortization and grace periods ranging from 40 years to 12 years and 10 years to 3 years respectively, all Special Funds loans made after 21 March 1974 have carried a 1 per cent per annum service charge, 40-year amortization period including a 10-year grace period, and repayment of principal at the rate of 2 per cent a year for 10 years after the grace period and 4 per cent a year thereafter. The grant element in Special Funds loans has been thus increased to a uniform 81.6 per cent, some 20 to 30 per cent higher than formerly.

Following this softening and standardization of the Special Funds loan terms and the establishment of the Asian Development Fund on 28 June 1974, the criteria for concessional lending were re-examined to ensure optimum effectiveness in the use of Special Funds resources. In the light of past experience and the changing economic situation of the Bank's developing member countries, the criteria previously in use had been adopted in July 1972.

It was decided in September 1974 that the eligibility of a developing member country for loans from Special Funds resources would be determined wholly on the basis of the country's economic situation. While appreciating the difficulties in drawing precise demarcations, it was considered that per capita GNP could be used as the basic criterion of eligibility for Special Funds loans. For this purpose, \$300 in terms of per capita GNP for 1972 was adopted as a general cut-off point, although present and prospective capacity for debt repayment would also be taken into account.

It was also decided that the practice of blending loans from Special Funds and ordinary capital resources—both on a country and project basis—could continue and that such financing would be considered on a case-by-case basis, with particular regard for the debt repayment capacity of the country concerned. Such blending operations could be appropriate for countries which might be regarded as marginally-eligible for Special Funds loans and possibly for other

eligible countries seeking limited additional financing from ordinary capital resources.

In deciding on the new criteria, recognition was given to the importance of extending technical assistance in order to enhance the capacity of the less developed countries to utilize external financing. The criteria are subject to annual review.

Lending Foreign Exchange for Local Currency Expenditures

Prior to mid-1974, the Bank had provided foreign exchange loans to meet only the foreign exchange costs of projects, including the import content of locally procured goods. In July 1974, it was decided to finance in addition, in suitable cases, a reasonable proportion of the total local currency expenditures of Bank projects by lending foreign exchange for this purpose. This decision has enabled the Bank to widen the scope of its operations.

In considering proposals for local expenditure financing, the primary emphasis is on country considerations, taking into account, in particular, the country's overall balance of payments situation, including the current and prospective availability and utilization of foreign exchange and the limitations on domestic resource mobilization. Priority for such financing will be given to the member countries classified by the United Nations as "least developed" or "most seriously affected", and to the war-affected member countries in Indochina. Within countries eligible for such financing, preference is to be given to projects with a relatively high local currency component and high economic and social benefits, in such fields as, for example, agriculture and education.

In general, the Bank will be selective in making financing available for local expenditures and the countries concerned will be expected to make reasonable efforts themselves towards mobilization of resources for development. For the time being, such financing will be limited to a maximum of 5 per cent of the Bank's annual lending from ordinary capital resources and 10 per cent of its annual lending from Special Funds resources. The "reasonable proportion" of local expenditure financing for a given project will be decided on the basis of the circumstances of the individual country, the nature of the project, the extent of other Bank financing in the country and the annual ceiling on such lending as indicated above. Towards the end of 1974, the Bank provided local cost financing on a limited scale for four projects in two countries — Bangladesh and the Republic of Viet-Nam.

Financing of Interest and Other Charges During Construction

At the end of December 1973, out of 171 approved loans, the Bank had financed the interest and other charges during the project construction period for a total of \$44.5 million spread over 34 loans.¹ Such financing was provided rather selectively, and predominantly in connection with loans from ordinary capital resources. The objective in financing interest and other charges is to provide a certain measure of

relief to the immediate debt-servicing burden of the country concerned and to ease the strain on the project entity during the construction period.

In mid-1974, the Bank's policy of financing interest and other charges during construction was reviewed and guidelines for future operations were formulated. Where borrowers so request, the Bank will be prepared to provide such financing except in the following cases.

- (a) where the balance of payments of the country concerned shows a comfortable situation (reflecting, inter alia, a fairly continuous overall balance of payments surplus and relatively low debt-service burden), although in special cases this stipulation could be over-ridden to meet the needs of the project entity;
- (b) where, considering the current overall level and future project possibilities of Bank financing in the country concerned, the amount of interest and other charges during construction requested to be financed in a project appears to be unusually large; and
- (c) in a line of credit to a development bank, since it would not be possible to anticipate the periods of construction of the various sub-projects financed from the Bank credit and also the amount of such financing that would come from the local currency resources of the development bank.

Although there were some exceptions, the general practice in the past was not to provide financing of interest and other charges during construction in Special Funds loans, partly because the resources available for Special Operations were limited and partly because there was already a high degree of concessionality in Special Funds lending. Special Funds resources remain limited; furthermore the new standardized terms have improved the concessionality of Special Funds loans. Accordingly, it was decided that, for the time being, the past practice would continue without exception.

Bank Operations in South Pacific Developing Member Countries

Following a review of the strategy for Bank operations in the less developed member countries in late 1972, a more specific examination of policies and operations in the developing member countries in the South Pacific was undertaken in the latter half of 1974. The six developing member countries in the South Pacific region, namely, British Solomon Islands, Fiji, Gilbert and Ellice Islands, Papua New Guinea, Tonga, and Western Samoa, have many similar features and problems, e.g. small-scale economic structures, geographical isolation and dependence on one or two primary commodities. It was appreciated that, in contributing to economic and social development in these countries, the policies and procedures of the Bank's operations would require some adjustment and would have to be applied flexibly.

A primary need is to find ways of improving the capacity of these countries to utilize development assistance. It was decided, therefore, that emphasis would continue to be placed on technical assistance for the formulation of national development plans, the identification and preparation of priority projects, and the strengthening or establishment of national development

¹ In 1974 such financing was approved in five loans and amounted to \$12.0 million.

banks. The possibility of a "package" approach to lending in these countries, whereby a loan could be extended to a suitable entity for financing a group of small projects, would be explored. Some simplification of procedures and practices in the fields of loan processing and procurement arrangements was also considered appropriate in the circumstances of these countries, without, however, lowering the Bank's established standards of loan processing or relaxing its procurement requirements.

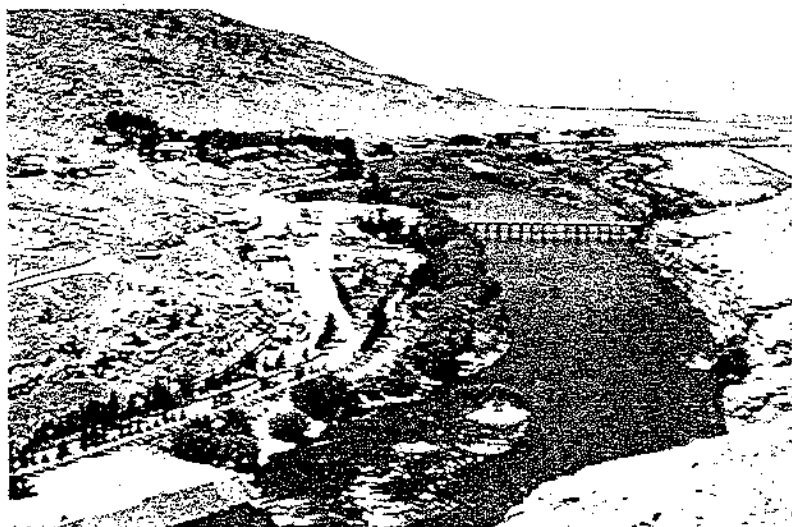
Interagency Cooperation

The events of 1974 highlighted the importance of cooperative endeavors, as much between international agencies as between countries. The Bank actively sought new opportunities for applying its own skills and resources in conjunction with the efforts of developing member countries and others interested in the development needs of its region. The importance of the coordination of efforts was stressed at the Annual Consultation between the Heads of the African Development Bank, the Inter-American Development Bank and the Asian Development Bank held in Washington in September 1974. The three Presidents made known their interest in the newly formed Development Committee of the World Bank and the IMF and in the Special Programme of the United Nations concerned with countries most seriously affected by the economic crisis. In the areas of aid coordination and technical assistance, the Bank worked more closely with the World Bank and the United Nations Development Programme. Increased use was made of the Interim Arrangements for Cooperative Action with the Food and Agriculture Organization. The Bank provided conference facilities for the 1974 Donors Meeting on the Khmer Republic Foreign Exchange Support Fund and attended the Meeting as an observer.

In addition to these direct relationships, observers from the Bank attended a number of important international conferences in 1974 including the World Population Conference held in Bucharest in August, the World Food Conference held in Rome in November and the World Energy Conference held in Detroit in September. The Bank participated in the meetings of the Inter-Governmental Group for Indonesia and of the South Pacific Conference.

International Bank for Reconstruction and Development (IBRD)

Close cooperation continued with the World Bank, especially to achieve coordination in regard to lending to countries with a membership in both institutions. Missions in the field and senior staff at headquarters exchanged views on related activities. The President attended the IBRD/IMF Annual Meeting in Washington. The Bank was represented at the meetings sponsored by the World Bank of the Consultative Group for the Philippines and of the Bangladesh, Pakistan and Sri Lanka Aid Groups. A meeting of governments and multilateral agencies interested in development in Indochina was held in Paris in October under the joint sponsorship of the Bank and the World Bank. The Bank and the World Bank were associated in the Tarbela Dam Project in Pakistan, and there was increased co-



Afghanistan: Flow in the Helmand River will increase during irrigation season as a result of the implementation of the Kajakai Gates Project.

operation with the World Bank in mobilizing funds for several large development projects. Several countries from the Middle East and elsewhere were expected to join in the financing of some of these projects.

United Nations Development Programme (UNDP)

The Bank continued its cooperation with UNDP, especially in identifying additional projects for joint attention and in consolidating the role of the Bank as an Executing Agency for UNDP. Discussions were held between Bank missions and UNDP Resident Representatives and consultations took place at Bank Headquarters with visiting senior officials of UNDP.

The Bank was represented at the Eighteenth Session of UNDP's Governing Council held in Manila in June. A UNDP Inter-Country Programme Review Mission visited the Bank and invited suggestions for projects for inclusion in UNDP's Regional Programme for Asia and the Far East for the period 1977-1981.

Up to the end of 1973, the Bank had acted as Executing Agency for four projects involving financing by UNDP of \$2,199,300; in addition, UNDP had contributed \$1,142,530 towards the cost of the Bank's Southeast Asian Regional Transport Survey. In 1974, the Bank agreed to act as Executing Agency for four UNDP-financed projects in member countries costing \$1,645,000, namely, Irrigation Development in the Republic of Viet-Nam (\$215,000); an Inception Study (\$50,000) followed by an in-depth Energy Policy Study (\$1,250,000) in Bangladesh; and a Road Improvement and Maintenance Study (\$130,000) in Tonga. A preparatory project for the Southeast Asian Agency for Transport and Communication Development (SEATAC) (\$60,000) for the preparation of a three-year work program and for strengthening the Agency's technical capability was also approved, as a regional activity.

Food and Agriculture Organization (FAO)

Association with FAO in project activity was more extensive in 1974 than at any time since the Interim Arrangements for Cooperative Action were established in 1968. A combined FAO-Bank team of consultants rendered technical assistance in Bangladesh in the formulation of a project for the establishment of a jute seed industry and the determination of its technical, institutional and economic viability. This led directly

to a loan of \$9.55 million from the Bank for the Bangladesh Jute Seed Project. An FAO expert helped Bank staff in preparing the terms of reference for a feasibility study for a livestock project in the Republic of Viet-Nam; the technical assistance project will be undertaken by a team wholly provided by FAO. The Bank was also associated with the FAO study mission on National Food Security in the Philippines. The Bank sent representatives to participate in the Fifth Session of the Asia and the Far East Commission on Agricultural Statistics in Kuala Lumpur in July, in the National Teaching Seminar on Water Management and Control at the Farm Level in Jakarta in July, and in the Working Group Meeting on the 1980 World Census Programme in Bangkok in December.

Mekong Committee

The Bank continued to maintain a working relationship with the Mekong Committee in the coordination of its assistance programs in Laos, Khmer Republic, Thailand and Republic of Viet-Nam. The Bank is also participating with the World Bank and FAO in studies relating to a series of pioneer agricultural projects in these countries; the projects have been conceived as project models, designed to bring out the full array of physical, economic and organizational problems likely to be encountered in subsequent larger-scale development projects. A Bank loan for the Go Cong Pioneer Agricultural Project in the Republic of Viet-Nam was approved in 1973 and the Project is now being implemented. Studies on the Casier Sud Pioneer Agricultural Project in Laos were completed during 1974. In March and October, the Bank attended interagency review meetings organized by UNDP on the preparation of the pioneer agricultural projects. Consultations were held with the World Bank on the modalities for financing of a number of projects for which studies have been completed.

Another important project sponsored by the Mekong Committee is the Nam Ngum Hydropower Project in Laos (see page 16). A second meeting of the nine countries assisting this Project, together with Thailand and Laos and the Mekong Committee, was organized by the Bank in Manila in April (following an earlier meeting in October 1973). In June, the Bank agreed to assume the role of Administrator of the Second Nam Ngum Development Fund.

Republic of Korea: Provision of vital infrastructure in the Imjin area with Bank aid will result in increased production and incomes for farmers.



Loan and Technical Assistance Approvals—1974

AFGHANISTAN

Agriculture: A loan of \$14.0 million (Special Funds) for procurement and installation of eight radial spillway gates in the spillway channel of the Kajakai Dam. Technical Assistance costing \$250,000 to prepare a comprehensive Agricultural Development Plan in the Upper Helmand Valley is also being provided.

Total Project Cost: \$17.13 million.
Approved 5 December 1974.

BANGLADESH

Electric Power: Technical Assistance costing \$50,000 for preparation of an inception study for an overall energy policy study for Bangladesh. The Bank acted as Executing Agency for UNDP.

Approved 9 May 1974.

Electric Power: Technical Assistance costing \$1,250,000 for the formulation of an energy policy to obtain the most economic use of Bangladesh's energy resources within the framework of its overall economy. The Bank is acting as Executing Agency for UNDP.

Approved 31 October 1974.

Industry (Development Banks): A loan of \$15.0 million (Special Funds) to Bangladesh Shilpa Rin Sangstha, a government-owned development finance institution, for augmenting its foreign exchange resources, to meet the medium-term and long-term credit requirements of industrial enterprises in both public and private sectors. Technical Assistance costing \$370,000 to strengthen BSRS' management and staff capabilities is also being provided.

Approved 5 December 1974.

Agriculture: A loan of \$9.55 million (Special Funds), including local currency cost financing of \$2.45 million for strengthening research and providing consultant services and fellowships for training local staff so as to provide good quality jute seed to growers to increase jute fiber production. Technical Assistance costing \$46,000 for project preparation was provided in April 1974.

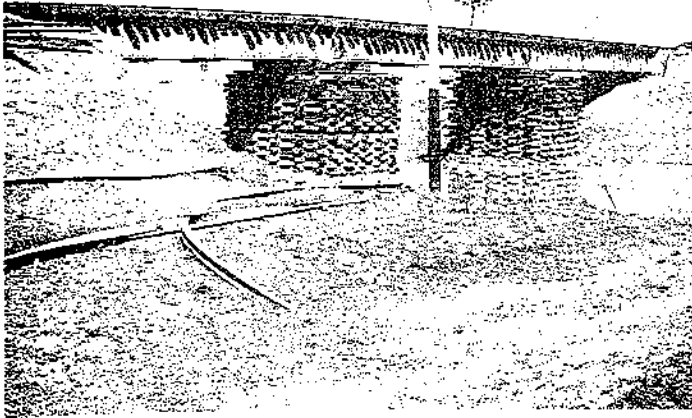
Total Project Cost: \$12.0 million.
Approved 19 December 1974.

Electric Power: A loan of \$4.55 million (Special Funds) for supplementing earlier loans to provide a new power generation unit and rehabilitation scheme in the West Zone system, as price escalations substantially increased costs above the original estimates.

Total Project Cost: \$25.0 million.
Approved 19 December 1974.

Transport: A loan of \$23.0 million (Special Funds), including local currency cost financing of \$1.40 million, for rehabilitation of track and bridges of the Chittagong-Dacca line and for improvement of the railway system of the country. Technical Assistance costing \$125,000 for strengthening the organizational

Note. Excluding regional activities (see pages 16 to 17).



Bangladesh: One of the several bridges on the Chittagong-Dacca railway line which will be rehabilitated in a Bank-aided project.

structure and financial management of the railway system is also being provided.

Total Project Cost: \$40.26 million.
Approved 23 December 1974.

BRITISH SOLOMON ISLANDS

Industry (Development Banks): Technical Assistance costing \$45,000 to conduct a study on the feasibility of upgrading the Agricultural and Industrial Loans Board into a development bank.

Approved 23 May 1974.

Agriculture: Technical Assistance costing \$150,000 for a comprehensive feasibility study to establish the technical, economic, financial, and institutional viability of a beef cattle development program.

Approved 12 September 1974.

BURMA

Agriculture: A loan of \$9.8 million (Special Funds) to assist in rehabilitation and expansion of the fishing fleet and improvement of fishing gear and infrastructure facilities through the provision of fishing vessels, marine diesel engines, a refrigeration and ice-making complex, landing pontoons, refrigerated containers, oil distribution tanks, repair workshop, auxiliary equipment, and consultant services.

Total Project Cost: \$12.8 million.

Approved 12 September 1974.

Agriculture: A loan of \$6.5 million (Special Funds) for improving the processing and storage of rice and other agricultural products, through construction of new rice mills, warehouses and a silo complex, a rice bran oil refinery and rice bran stabilization plants, as well as renovation of a number of rice mills, rice bran oil extraction plants, and rice bran oil refineries.

Total Project Cost: \$13.66 million.

Approved 12 September 1974.



Burma: An obsolete rice mill in Rangoon. The Bank-aided Rice Processing Industries Project will help modernize rice mills and storage facilities in the Delta area, Burma's rice bowl.

INDONESIA

Transport: Technical Assistance costing \$310,000 for a feasibility study and preliminary engineering for road development from Surabaya to Malang, including identification and study of works required on a number of collector roads.

Approved 5 February 1974.

Agriculture: Technical Assistance costing \$49,200 for a feasibility study for a new oil palm processing mill in the Sawit Sebarang Oil Palm Estate.

Approved 28 May 1974.

Agriculture: Technical Assistance costing \$230,000 for the preparation of an integrated agricultural development project of about 300,000 hectares along the Ciliman River and about 1,500 hectares along the Ciemer River in the Teluk Lada plain.

Approved 20 August 1974.

Agriculture: A loan of \$13.2 million to expand the supply of raw materials for bag production through the establishment of a program for smallholder fiber production and agricultural research. The project also includes rehabilitation and balancing of production lines and the expansion of production capacity of the three existing bag manufacturing factories.

Total Project Cost: \$17.8 million.

Approved 27 August 1974.



Indonesia: Workers at Sawit Sebarang Estate. A feasibility study for additional palm oil processing and related facilities has been undertaken with Bank assistance.

Education: Technical Assistance costing \$143,000 for preparation of a detailed 10-year development program to upgrade the Surabaya Institute of Technology and the preparation of a first phase improvement project.

Approved 19 September 1974.

Transport: Technical Assistance costing \$270,000 for a feasibility study and the preparation of a program for the rehabilitation, improvement, reconstruction and maintenance of about 1,150 km. of provincial roads and 2,500 km. of feeder roads in the Semarang-Surabaya area.

Approved 17 October 1974.

Agriculture: A loan of \$2.7 million (Special Funds) to extend credit facilities for the installation of irrigation pump sets and the provision of agricultural machinery for 30,000 farm families through farmers' cooperatives in East Java. Provision of storage and drying facilities, a workshop and strengthening of training facilities at the Malang Cooperative Training Center and consultant services for project implementation are included in the Project.

Total Project Cost: \$7.4 million.

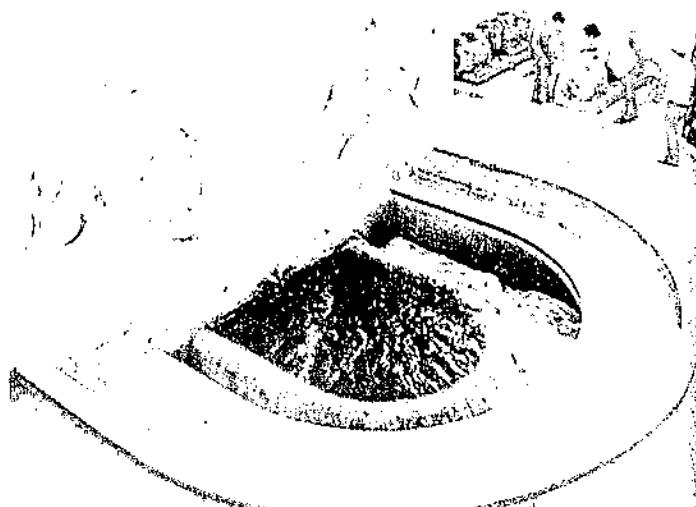
Approved 13 November 1974.

Water Supply: A loan of \$11.5 million (Special Funds) to expand and improve the water supply system of Bandung, a city with 1.3 million inhabitants. The Project includes construction of public bath houses and standpipes, and ground water investigation for future expansion of water supply.

Total Project Cost: \$18.1 million.

Approved 7 November 1974.

Industry: A loan of \$13.7 million to double the existing spinning capacity of the Cipadung Spinning Mill in Bandung to 60,000 spindles with the objective of reducing imports of yarn and improving the balance



Indonesia: Water from the Cisangkuy River is treated at Bandung water-works system plant, which will be rehabilitated under the Bank-aided Bandung Water Supply Project.

between domestic yarn production and weaving capacity.

Total Project Cost: \$27.7 million.

Approved 26 November 1974.

Industry: A loan of \$37.0 million for construction of a cement plant with an annual capacity of 500,000 metric tons. A clinker manufacturing plant will be installed at Baturaja, which is in the vicinity of raw material sources, and two clinker grinding plants will be installed in the principal cement consuming markets at Palembang and Telukbetung in South Sumatra. The Project will contribute towards regional and national self-sufficiency in cement production.

Total Project Cost: \$57.0 million.

Approved 26 November 1974.



Indonesia: A Bank loan to Indonesia will enable Bandung's Cipadung Spinning Mill to double its existing capacity to 60,000 spindles and help alleviate the country's yarn shortage.



Republic of Korea: Dusty road between Anyang and Nonggri will be improved to two-lane standards and asphalted under a Bank loan, which will also finance construction of the Sinweoldong-Gurodong Highway.

REPUBLIC OF KOREA

Transport: A loan of \$450,000 for the preparation of a feasibility study and detailed design for the improvement of about 1,300 km. of road in the southern part of the country and the reconstruction or widening of 166 bridges along national roads. Technical Assistance costing \$100,000 is also being provided.

Approved 29 January 1974.

Industry (Development Banks): A loan of \$30.0 million to augment the foreign exchange resources of the Korea Development Bank—a government-owned institution—to enable it to meet the medium-term and



Malaysia: Sungai Manila in Sandakan Residency is one of the six ongoing oil palm settlement schemes in Sabah which will be developed and expanded with a Bank loan.



Republic of Korea: Work at Mon Ami Industry Co., stationery and ballpen manufacturers, a sub-borrower from the Medium Industry Bank which has received three loans from the Bank.

long-term credit requirements of medium and large private industries.

Approved 21 February 1974.

Transport: A loan of \$10.0 million for the improvement of Highway 42 (Suweon-Incheon, about 43 km.) and Highway 397 (Anyang-Nonggri, about 6 km.), the construction of a new Sinweoldong-Gurodong Highway (about 9 km.) and related consultant services.

Total Project Cost: \$23.4 million.

Approved 20 August 1974.

Industry (Development Banks): A loan of \$30.0 million to the Korea Development Finance Corporation—a privately-owned institution—for augmenting its foreign exchange resources to enable it to meet the medium-term and long-term credit requirements of industries in the private sector.

Approved 29 August 1974.

Agriculture: A loan of \$19.0 million to finance the integrated area development of some 8,600 hectares of agricultural land in the Imjin area north of Seoul, including land improvement works and the provision of irrigation and flood prevention facilities, improvement and mechanization of farming practices, marketing and storage facilities, village water supply, livestock development and reforestation.

Total Project Cost: \$42.6 million.

Approved 12 December 1974.

LAOS

Water Supply: A loan of \$6.0 million (Special Funds) for the improvement and expansion of the existing water supply and distribution facilities in the Vientiane area for the first stage of a three-stage expansion program. New intake pumping, treatment, transmission and distribution facilities will help meet

Vientiane's water needs up to 1982. Technical Assistance costing \$103,000 is also being provided.

Total Project Cost: \$7.35 million.

Approved 18 April 1974.

MALAYSIA

Transport: A loan of \$6.8 million for supplementing an earlier loan designed to complete the Kuala Lumpur-Karak Highway (Phase I), as price escalations have substantially increased costs above the original estimates.

Total Project Cost: \$35.8 million.

Approved 10 January 1974.

Transport: A loan of \$11.5 million for construction of 14.5 miles of two-lane highway on a relocated section of the existing Federal Highway Route II (Kuala Lumpur-Karak Highway, Phase II), and improvements to other selected stretches.

Total Project Cost: \$21.0 million.

Approved 10 January 1974.

Transport: A loan of \$15.1 million for the expansion of Penang Port facilities, through construction of a new berth with associated cargo handling facilities to be built on the mainland as an extension to the existing Butterworth wharves. In addition, a bulk cargo terminal with the necessary cargo handling facilities will be constructed near Prai on the mainland.

Total Project Cost: \$23.9 million.

Approved 18 April 1974.

Agriculture: Technical Assistance costing \$167,000 for the preparation of a fisheries development program for the East Coast of Peninsular Malaysia. The consultants will also provide advice in the implementation of ongoing projects and train staff and technical personnel for future expanded facilities.

Approved 7 May 1974.

Agriculture: A loan of \$14.0 million for the development and expansion of six ongoing oil palm settlement schemes in Sabah, involving settlement of about 4,300 families through provision of infrastructure facilities and construction of one new palm oil mill and the expansion of another.

Total Project Cost: \$66.6 million.

Approved 1 August 1974.

Agriculture: A loan of \$18.0 million for the initial stage of implementation of the massive 2.5 million acre Pahang Tenggara Regional Development Scheme on the East Coast of Peninsular Malaysia. The Project includes financing consultant services for strengthening the planning and implementation capabilities of the Pahang Tenggara Development Authority; construction of about 70 miles of roads, and of a trunk water system to provide treated piped water to four towns.

Total Project Cost: \$33.6 million.

Approved 12 December 1974.

NEPAL

Agriculture: A loan of \$3.0 million (Special Funds) to extend credit facilities for the development of farm level production, strengthening of rural cooperatives, storage, processing and marketing infrastructure through the construction of warehouse and cold storage facilities, and the purchase of agricultural machinery.

Technical assistance costing \$140,000 for strengthening the project-related capabilities of the executing agency, the Agricultural Development Bank of Nepal, is also being provided.

Total Project Cost: \$4.05 million.

Approved 2 April 1974.

PAKISTAN

Industry: A loan of \$29.66 million for construction of a 265-mile section of a 305-mile pipeline along the west bank of the River Indus to supply natural gas from the Sui gas field to the Karachi area, to complement the existing pipeline which connects Sui with Karachi on the east bank of the River.

Total Project Cost: \$48.85 million.

Approved 14 March 1974.

Electric Power: Technical Assistance costing \$200,000 for the development of the generation and transmission system of the Karachi Electric Supply Corporation, Ltd. to meet the power demand expected by 1980 in the Karachi area.

Approved 2 July 1974.

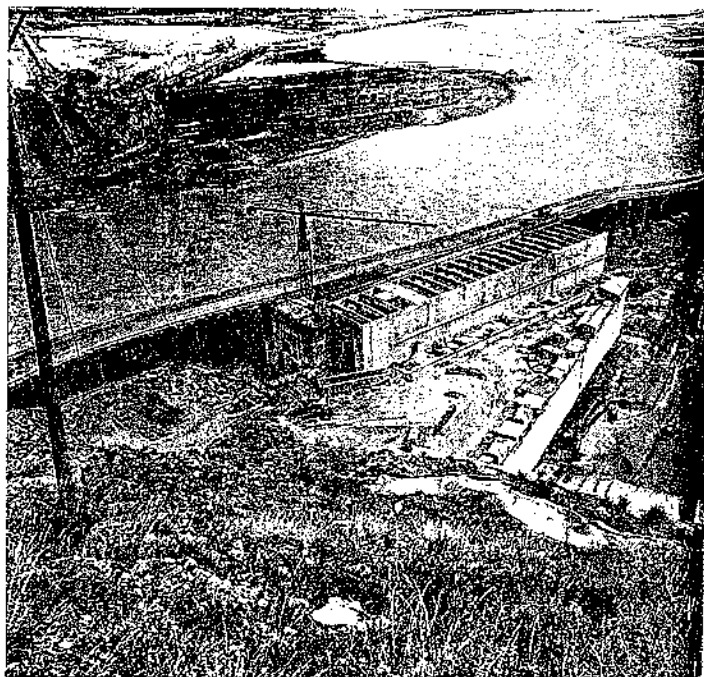
Water Supply: Technical Assistance costing \$150,000 for long-range planning of about 25 years and a feasibility study for improvement and expansion of water supply, sewerage and drainage facilities at Lyallpur, the third largest city in Pakistan.

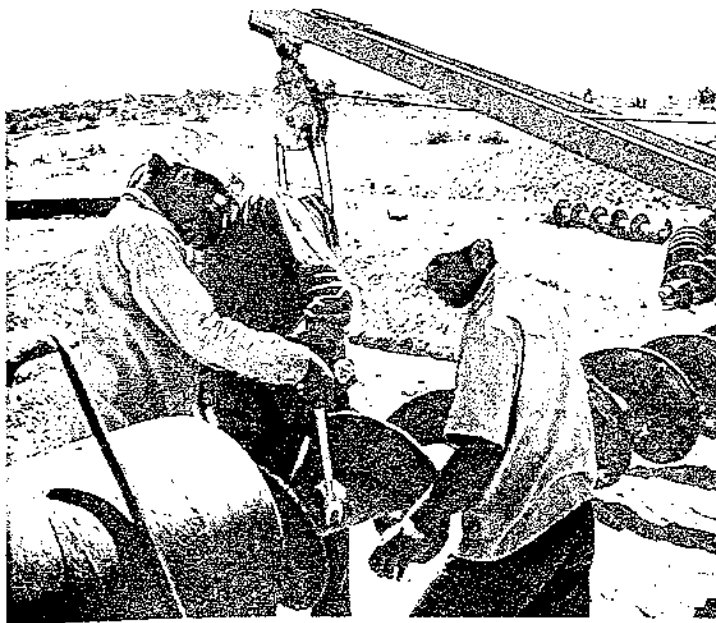
Approved 2 July 1974.

Water Supply: Technical Assistance costing \$150,000 for long-range planning of about 25 years and a feasibility study for improvement and expansion of water supply, sewerage and drainage facilities at Hyderabad.

Approved 2 July 1974.

Pakistan: Power house being built on the River Indus. The Bank-assisted Tarbela Hydropower Project involves expansion of the power house to accommodate four more generating units.





Pakistan: The Bank-assisted Sui-Karachi Gas Pipeline Project involves laying of a second pipeline from the Sui Gas Field, one of the world's largest reserves of natural gas, to Karachi.

Industry: A supplementary loan of \$23.51 million for the Sui-Karachi Gas Pipeline Project (see above) due to a substantial increase in the prices of steel pipes and fittings for constructing the pipeline.

Total Project Cost: \$97.33 million (revised).

Approved 6 August 1974.

Electric Power: Loans of \$47.0 million — \$13.0 million (ordinary capital resources) and \$34.0 million (Special Funds) — for the procurement and installation of two additional turbine generators at the Tarbela hydropower station, extension of the power station to accommodate four additional hydropower electric generating units, and the provision of consultant services.

Total Project Cost: \$91.0 million.

Approved 28 November 1974.

PAPUA NEW GUINEA

Transport: Technical Assistance costing \$50,000 for a feasibility study to identify and recommend the most appropriate road alignment as well as to establish dependable estimates of construction costs and associated economic and social benefits anticipated to accrue from the proposed 68-mile road from Bereina in the Central District to Malalaua in the Gulf District.

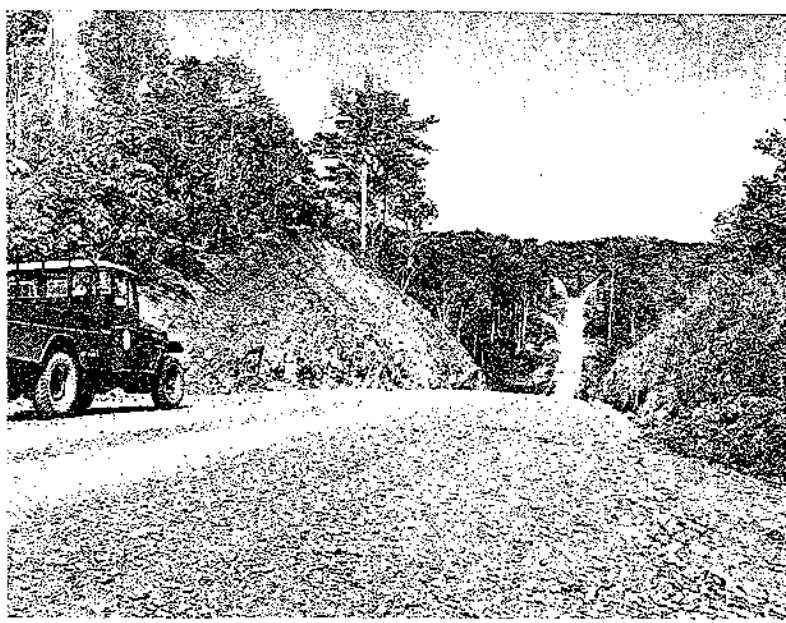
Approved 21 June 1974.

PHILIPPINES

Agriculture: Technical Assistance costing \$49,500 for determining the economic and technical justification of the Agusan del Sur Irrigation Project in Eastern Mindanao.

Approved 23 May 1974.

Transport: Technical Assistance costing \$50,000 to assist in improving the operations and management of the Philippine National Railways (PNR) by assessing the technical, economic and financial feasibility of re-



Papua New Guinea: The Hiritano Highway which is to be upgraded and constructed under the Bank-aided Road Project. The project also provides for improvement of the Highlands Highway.

habilitating the Manila-Legaspi line and identifying areas of improvement of the operations, management and finances of PNR as a whole.

Approved 9 June 1974.

Agriculture: Technical Assistance costing \$12,000 to associate one consultant with an FAO-sponsored study of National Food Security in the Philippines which was to review and plan national food security as one aspect of the country's economic and agricultural development program.

Approved 26 June 1974.

Agriculture: Technical Assistance costing \$49,000 for the preparation of the Pulangui Irrigation Project including, if found feasible, an agricultural development program, the construction of a diversion dam and infrastructure facilities, with an area of about 15,800 hectares in Valencia, Central Mindanao.

Approved 9 July 1974.

Water Supply: A loan of \$51.3 million for augmenting the water supply and distribution facilities within the Metropolitan Manila area through construction of river intake facilities, treatment plants, pumping stations, transmission and distribution mains, and other facilities.

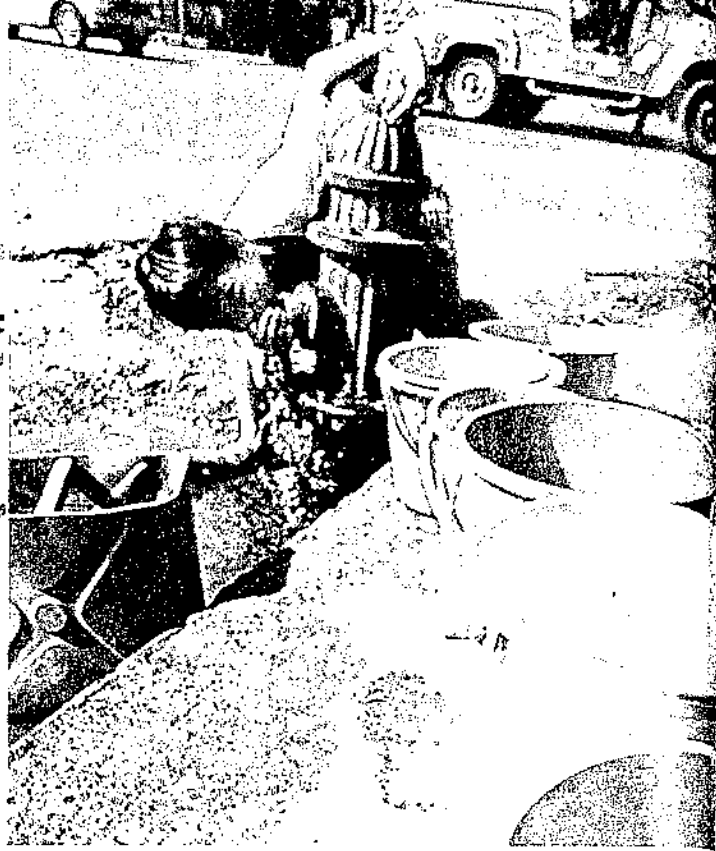
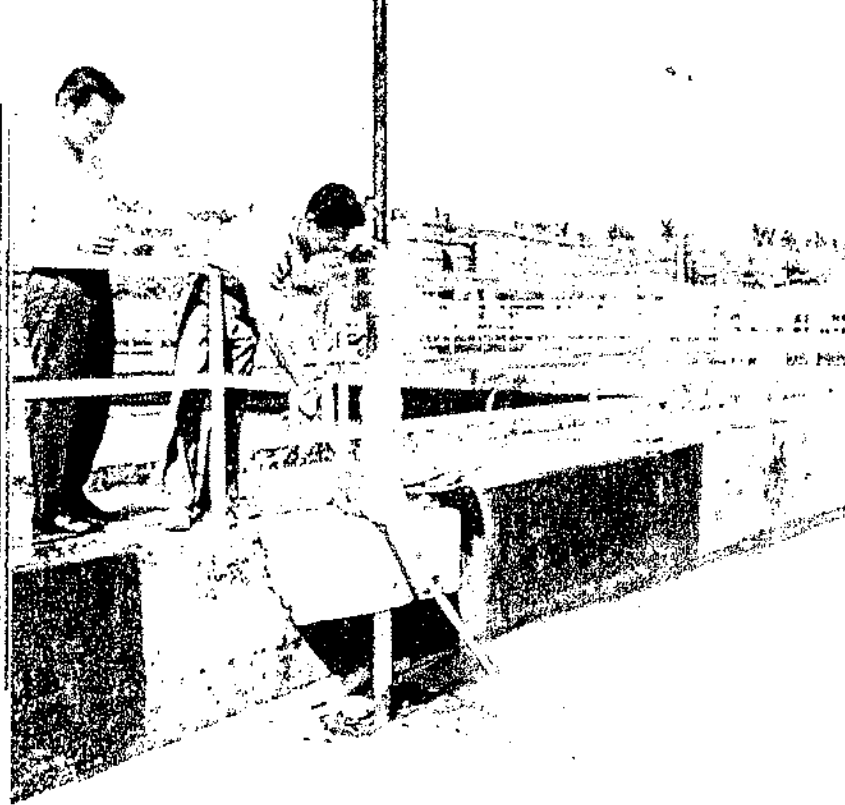
Total Project Cost: \$118.43 million.

Approved 28 August 1974.

Electric Power: A technical assistance loan of \$1.0 million for providing consultant services for the Agus III hydroelectric generating station on the Agus River in Mindanao, to review existing feasibility studies, preparation of detailed engineering designs, tender documents, detailed cost estimates, and other related aspects of the Agus III hydropower development.

Total Project Cost: \$1.29 million.

Approved 7 November 1974.



Philippines: Some 4.3 million people in the Metropolitan Manila area will benefit from an improved water supply and distribution system under a Bank-financed project.

Agriculture: A loan of \$5.8 million (Special Funds) for the construction of two separate gravity irrigation systems along the Andanan (5,500 hectares) and the Simulao (3,200 hectares) rivers in Agusan del Sur Province, Mindanao. The Project includes an agricultural development program, the establishment of two pilot demonstration farms, the strengthening of agricultural extension services and farmers' training.

Total Project Cost: \$13.2 million.
Approved 17 December 1974.

SRI LANKA

Industry: A loan of \$1.0 million for supplementing an earlier loan for the establishment of facilities for production of rutile and zircon at the Ceylon Mineral Sands Corporation's plant at Pulmoddai.

Total Project Cost: \$11.95 million.
Approved 28 November 1974.

Communications: A loan of \$1.5 million (Special Funds) for supplementing an earlier loan for the establishment of a communications satellite earth station, an international telephone switching center and a microwave system linking the two facilities, as price escalations have substantially increased costs above the original estimates.

Total Project Cost: \$5.8 million.
Approved 28 November 1974.

THAILAND

Transport: A loan of \$12.6 million for a project covering Routes 34 and 3 of the national primary highway connecting Bangkok to various industrial

towns and beach resorts, including construction of an additional two-lane carriageway for two sections; reconstruction of original two-lane carriageway to higher standards in another section; provision of consultant services for detailed engineering and supervision of construction of civil works in some other sections of the highway.

Total Project Cost: \$22.9 million.
Approved 10 January 1974.

Electric Power: A loan of \$24.0 million to the Electricity Generating Authority of Thailand for the Second Stage of its nationwide power expansion project through the construction of new transmission lines totalling 624 route kms.; construction of two new substations; expansion of nine existing substations; and installation of new transformers at various substations.

Total Project Cost: \$42.0 million.
Approved 29 August 1974.

Agriculture: A loan of \$5.0 million (Special Funds) to promote and demonstrate integrated development on a 13,000-hectare irrigable area at Nong Wai in northeast Thailand containing about 4,000 farms through rehabilitation and improvement of existing irrigation systems, on-farm land development and provision and establishment of a variety of agricultural supporting services, a multipurpose cooperative and other farmers' organizations to facilitate project development.

Total Project Cost: \$14.6 million.
Approved 10 December 1974.

TONGA

Transport: Technical Assistance costing \$130,000 for a feasibility study covering the preparation of a road improvement and maintenance program which may be integrated into the Third Five Year Development Plan (July 1975-June 1980), including identification of new priority road projects, improvement of engineering standards, and updating of road legislation. The Bank is acting as Executing Agency for UNDP.

Approved 7 May 1974.

Others: Technical Assistance costing \$252,000 to assist the Government of Tonga in the formulation of its Third Five Year Development Plan (July 1975-June 1980), identification of potential projects, preliminary assessment of their viability and establishment of a planning unit.

Approved 5 September 1974.

REPUBLIC OF VIET-NAM

Agriculture: Technical Assistance costing \$215,000 to establish the competitive investment priorities of 10 large-scale irrigation projects and to develop a specific implementation program. The Bank is acting as Executing Agency for UNDP.

Approved 24 January 1974.

Education: Technical Assistance costing \$44,000 for preparation of a project to establish a National Skills Training Center 35 kms. north of Saigon which will serve as a model and will introduce standards and

Thailand: Threshing of rice at Nong Wai irrigation area in northeast Thailand. The Nong Wai Pioneer Agriculture Project is the first comprehensive pioneer scheme for irrigated agricultural development in the Lower Mekong Basin.



develop methods for vocational training which may be adopted by regional vocational training centers.

Approved 31 July 1974.

Agriculture: Technical Assistance costing \$49,600 for the preparation of a project to develop the cattle industry in the country by making available better stock, bringing improved veterinary services to the farm level, and organizing marketing so as to meet domestic needs for draught animals and meat. The technical assistance will be carried out by FAO, which will also provide \$39,500.

Approved 4 September 1974.

Agriculture: A loan of \$7.4 million (Special Funds), including \$1.8 million equivalent for local cost financing, for fuller exploitation of the agricultural potential of the project area at Tan An in the Mekong Delta. Some 8,000 farm families will benefit through an integrated agricultural development scheme comprising construction of irrigation-drainage systems, feeder roads, installation of pumping plants, establishment of pilot demonstration farms, and improvement of agricultural services and farmers' organizations.

Total Project Cost: \$12.7 million.

Approved 10 December 1974.

Agriculture: A loan of \$6.0 million (Special Funds), including local cost financing of \$250,000, to accelerate the modernization of fishing vessels and fishing gear and the improvement of fishing techniques commenced under the Bank's first loan to the fisheries sector in 1970. The primary objective of the Project is to meet domestic requirements of fish and fish products. The Project includes establishment of a shrimp pilot farm and a hatchery.

Total Project Cost: \$11.58 million.

Approved 17 December 1974.

Industry (Development Banks): A loan of \$7.0 million (Special Funds) to augment the Industrial Development Bank of Viet-Nam's foreign exchange resources for medium-term and long-term lending to private industrial enterprises.

Approved 23 December 1974.

WESTERN SAMOA

Electric Power: An amount of \$1,500 was provided to supplement the cost of a technical assistance project approved in 1971 for the preparation of a feasibility study for the development of the power sector.

Approved 18 April 1974.

Transport: A loan of \$555,000 (Special Funds) for supplementing an earlier loan for improving the Faleolo Airport and the road linking it with Apia, the capital city, as currency re-alignments and price escalations increased costs above the original estimates.

Total Project Cost: \$4.61 million.

Approved 27 June 1974.

Others: Technical Assistance costing \$219,000 for the formulation of a Third Five-Year Plan, identification and preliminary assessment of priority projects to be included in the Plan and strengthening of plan implementation capabilities.

Approved 17 October 1974.

ORDINARY CAPITAL RESOURCES AND FINANCIAL MANAGEMENT

A review of the Bank's financial policies was undertaken in 1974. This review derived particular relevance from the increased requirements of the Bank's developing member countries arising from the international economic situation and the Bank's growing efforts to meet these requirements, which must entail increasing resort to the world's capital markets.

Liquidity

The liquidity policy of the Bank, adopted in 1972 and continued in 1973, was again reviewed in 1974. It was decided to simplify the liquidity formula and to maintain liquid resources at a minimum level at year-end equal to the next two years' loan disbursements, instead of two-thirds of the next three years' disbursements. It was also considered desirable to encash, in two equal annual instalments in 1975 and 1976, notes of non-regional members and Japan relating to their original capital subscriptions. Furthermore, projections of the Bank's lending program and of its resources position confirmed the need for substantial borrowings.

Borrowing

The high levels of interest rates which prevailed in the international capital markets throughout the year were not conducive to borrowing on the scale planned. Two borrowings were made in 1974, one in the Middle East and one in Japan, and additional borrowings were anticipated early in 1975.

In April the Bank made a bond issue in Kuwait, which was the Bank's first borrowing in a Middle East country. The issue was for an amount of Kuwaiti Dinars 5 million (about \$16.9 million) of 7-1/2 per cent 10-year bonds at par and underwritten by the Kuwait Investment Company as the manager and the Nomura Securities Co. Ltd. as the co-manager. The proceeds of the issue were paid to the Bank in two equal instalments on 1 May and 1 November. Repayment of principal will be made in six annual instalments commencing 1 May 1979.

The first borrowing from the Export-Import Bank of Japan was also made in April in an amount of ¥7,500 million (about \$25.24 million). The loan carries an

interest rate of 7-1/4 per cent and will mature after 15 years including a 4-year grace period. Under the Agreement the Bank may draw upon the loan as needed for disbursements. By the end of 1974, ¥4,500 million had been drawn down and it was expected that the balance would be drawn down before the end of February 1975.

A further consequence of the high interest rates was that the Bank could not secure any new participations in 1974 by commercial banks and other institutions in project loans made from the Bank's ordinary capital resources. At the end of the year, aggregate loan participations stood at \$14.01 million for 26 project loans; \$10.24 million had been collected from participants to meet disbursement claims of borrowers and \$4.53 million had been repaid to participants in earlier loans.

Lending Rate

As a result of the review of the financial policies of the Bank, it was decided that the Bank's lending rate for new loans from its ordinary capital resources should be increased from 7-1/2 per cent to 8-1/4 per cent per annum effective from 3 September 1974 (both rates include a commission of 1 per cent.)¹

In determining the interest rate, the primary consideration was to maintain a reasonable balance between the needs of the Bank's developing member countries for assistance on the least onerous terms and the necessity of sustaining the Bank's ability to borrow in world capital markets.

The Bank's lending rate of 7-1/2 per cent had remained unchanged from May 1970 (when the rate was first increased from 6-7/8 per cent), despite the upward trend of interest rates in capital markets. Through a blend of selective long-term borrowings and short-term borrowings at low interest rates, it had been possible for the Bank to maintain its average cost of borrowings before mid-1974 at a level which would sustain the lending rate of 7-1/2 per cent. Considering recent trends in capital markets, the need

¹ On 14 February 1975 this rate was further increased to 8-3/4 per cent per annum and, for certain countries, to 9-1/2 per cent.

INCOME AND EXPENSES

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

	1973	1974		1975
	Actual	Budget ¹	Actual	Budget
I. ORDINARY CAPITAL RESOURCES				
1. Gross Income Net of Special Reserve	44.4	54.9	54.7	73.9
2. Less Expenses Charged to Ordinary Capital Resources Comprising:	8.6	9.8	8.9	12.5
a. Administrative Expenses ²	7.9	9.2	8.7	10.3
b. Services to Member Countries	0.8	0.6	0.2	2.2
3. Residual Gross Income	35.8	45.1	45.8	61.4
4. Less Financial Expenses	18.7	19.2	19.1	31.0
5. Less Changes in Value of Currencies	1.5	1.5	0.3	—
6. Net Income	15.7	24.4	26.4	30.4
II. SPECIAL FUNDS RESOURCES ²				
1. Administrative Expenses Allocated to Special Funds Resources ³	3.3	4.6	4.3	6.4
2. Expenses Charged to Technical Assistance Special Fund Comprising:	1.3	2.1	2.0	2.9
a. Administrative Expenses	0.2	0.7	0.5	0.6
b. Services to Member Countries	1.1	1.4	1.5	2.3
III. AGENCY TRUST FUNDS ⁴				
Services to Member Countries	1.2	1.0	1.0	2.3

¹ Including the Supplementary Budget approved in October 1974.

² An Administrative Charge to Special Operations was instituted in 1971 and modified effective 1973. The Charge is calculated on the basis of a formula for apportioning administrative expenses between ordinary capital and Special Funds resources.

³ Excluding the Technical Assistance Special Fund.

⁴ Representing projects wherein the Bank acts as an executing authority for UNDP and the World Bank.

to maintain a sound financial position and to facilitate future borrowings, an increase in the lending rate was considered unavoidable.

In respect of loans to national development banks already approved as of 3 September 1974 which carry the rate prevailing at the time the amount of sub-loans is credited into the loan accounts, it was decided that the new rate would apply subject to a period of grace. For such loans, for which an application for approval of a sub-project or request for a credit to the loan account was received by the Bank together with necessary supporting documents on or before 31 October 1974, the rate of 7-1/2 per cent was applied.

The Bank's policy on commitment charge, which is fixed at three-quarters of one per cent and is levied on progressively increasing portions of the loan less the amounts disbursed, remained unchanged.

Capital

The Bank's authorized capital stock was \$3,365,716,500 on 31 December 1974. The subscribed capital was then \$2,770,274,203, having increased by \$45,419,077 during the year as a result of (i) subscription from a new member, Gilbert and Ellice Islands, and (ii) additional subscriptions from Italy and Norway to the capital increase authorized in 1971. The Gilbert and Ellice Islands subscribed to 15 shares valued at \$180,952.

By the end of the year, 34 out of 41 members¹ had subscribed to the capital increase authorized by the Board of Governors in Resolution No. 46 adopted in November 1971. Subscriptions to the increase were \$1,466,402,870 at the end of 1974.

Extensions of the time for subscribing to the increase in authorized capital stock were approved by the Board of Governors under Resolution No. 76 adopted on 26 June 1974 and Resolution No. 78 adopted on 17 December 1974. Under Resolution No. 78, the closing date for subscriptions is 30 June 1975.

Member Currencies

In terms of the decision taken on 31 August 1972, the Bank has adopted the new exchange rates of the currencies of 24 member countries for translation of currencies in the accounts of the Bank and for the purpose of maintenance of value of capital subscription.

During the year, action was taken for maintenance of value settlements in regard to several currencies.

Loan Disbursements and Repayments

Loan disbursements from ordinary capital resources in 1974 amounted to \$160.3 million, taking the total of such disbursements as of 31 December 1974 to \$399.3 million. Loan repayments during 1974 totalled \$12.65 million, of which \$12.00 million was on loans held by the Bank and \$0.65 million on portions sold to participants. Cumulative loan repayments totalled

\$26.55 million, of which \$22.02 million was on loans held by the Bank and \$4.53 million on portions sold to participants.

Investments

At the end of the year, the Bank's investments—held in 19 convertible currencies and in one non-convertible currency—totalled the equivalent of \$365.9 million, of which 27 per cent was held in government securities and government-guaranteed obligations of member countries and 73 per cent in time deposits and certificates of deposit of banks in member countries and with the Bank for International Settlements.

Of the total investments in government securities and government-guaranteed obligations of members, 26 per cent was invested in securities maturing within one year and 74 per cent in securities maturing after one year. Of the total investments in time deposits and certificates of deposits of banks in member countries and with the Bank for International Settlements, 58 per cent was invested in deposits maturing within one year and 42 per cent in deposits maturing after one year.

Income and Expenses

Gross income for the year was \$57,510,720. After deducting \$2,855,800 as commission appropriated to the Special Reserve to meet the Bank's liabilities on borrowings or guarantees, the unappropriated income for the year was \$54,654,920.

Administrative Expenses for the year were \$12,931,990, of which \$4,267,000 was charged to Special Funds as an Administration Charge to Special Operations. Net Administrative Expenses attributable to ordinary operations for 1974, therefore, were \$8,664,990.

The cost of Services to Member Countries during the year, excluding \$1,523,007 charged to the Technical Assistance Special Fund, was \$171,269.

Financial expenses were \$19,077,253.

Changes in the Value of Currencies resulted in a net loss of \$314,155.

Gross expenses for the year amounted to \$28,227,667. Net Income for the year was \$26,427,253, as shown in Appendix 1-II.

Accumulated Income and Ordinary Reserve

At the end of 1973, the Bank's Ordinary Reserve was \$34,966,240 representing accumulated income less charges on account of restatements of the Bank's capital stock. At the Seventh Annual Meeting, the Board of Governors allocated, pursuant to Article 40 of the Articles of Agreement, the net income of 1973 in the amount of \$15,657,480, to the Ordinary Reserve, thereby increasing the Ordinary Reserve to \$50,623,720. The net income for 1974 in the amount of \$26,427,253 (see Section on Income and Expenses and Appendix 1-II), is available for allocation by the Board of Governors.

¹ Of the remaining seven, three new members absorbed the capital increase in their initial subscription.

SPECIAL FUNDS

Asian Development Fund

A significant milestone in the evolution of the Bank's Special Funds operations was reached in 1974, with the coming into effect of the Asian Development Fund.

The Fund is designed to provide a mechanism for the systematic mobilization of resources for the Bank's concessional lending operations, and for the efficient administration of these resources. Contributions to the Fund are to be untied for procurement in all developing member countries and in all contributor countries. They will be drawn upon, on a pro-rata basis, to finance loans on concessional terms for the economic and social development of the Bank's developing member countries. The criteria for such loans, as approved during the year, place special emphasis upon the needs of the poorer and less developed member countries.

The initial mobilization of resources for the Asian Development Fund was to occur in two stages, as authorized by the Board of Governors' Resolutions No. 67 for the First Stage and No. 68 for the Second Stage. Under Resolution No. 67, commitments of contributions from developed member countries of the Bank were to become effective, and the Fund was to come into operation, when a total of at least \$260 million in commitments had been reached under the First Stage of the mobilization arrangements. The target date for achievement of this objective was set by the Governors at 30 June 1974. In January, however, it became clear that the United States would not be in a position to make its full First Stage contribution by the target date, and Resolution No. 67 was modified by the Governors to permit the Bank to receive the United States contribution in two equal instalments, of which only the first needed to be committed by 30 June 1974. At the same time, the minimum figure for effectiveness was reduced to \$225 million.

With the adoption in April 1974 of Regulations to govern the Fund and the administration of its resources, a further preparatory step towards the establishment of the Asian Development Fund was completed. The Regulations, which incorporate the basic principles previously outlined by the Board of Governors in



Republic of Viet-Nam: This rice land forms part of the 8,220 ha. of irrigable land in the Mekong Delta which will benefit from the Bank-assisted Tan An Integrated Agricultural Project.

Resolution No. 62 and reflect also the procedures and principles laid down in Resolution No. 67, and in the Bank's Articles of Agreement, were adopted on 18 April 1974. They were reviewed by the Board of Governors at the Seventh Annual Meeting, and came into effect upon the establishment of the Asian Development Fund.

By 28 June 1974, the Bank had received First Stage Instruments of Contribution from Canada, Denmark, Finland, Federal Republic of Germany, Japan, Netherlands, New Zealand, Switzerland, United Kingdom and United States, in a total amount exceeding \$225 million. On that date, therefore, all the Instruments became effective and the Asian Development Fund was formally established. Later in 1974, Australia and Norway also made their First Stage contributions under Resolution No. 67.

As of 31 December 1974, the Bank was thus administering Asian Development Fund contributions from 12 of its developed member countries, in a total amount of approximately \$245.5 million. The contributions are listed in the table on page 32. Three of the contributors (Finland, New Zealand and United States) have invoked the proviso in Resolution No. 67 permitting contributors under the First Stage, in special cases, to tie their initial contributions to the Fund, a possibility which is not open in the case of Second Stage contributions. Several contributors have exercised the option extended in Resolution No. 67 to credit towards their Asian Development Fund contribution amounts which they had previously contributed to the Multi-Purpose Special Fund after 31 December 1972.

Individual contributions under the initial resource mobilization arrangements are made in national currencies of the respective contributors. The amount to be contributed is the equivalent of the United States dollar amount authorized by Resolutions Nos. 67 and 68, at the rate of exchange prevailing when the Resolutions were adopted in November 1973. As in

the case of earlier contributions to the Multi-Purpose Special Fund, no maintenance of value obligations attach to the contributed resources. Due to movements in exchange rates, the total value of committed Asian Development Fund First Stage contributions stood on 31 December 1974, in terms of current US dollars in which the Bank's loan commitments are made, at approximately \$15 million less than the US dollar amount envisaged for these contributions under Resolution No. 67.

It is important for the Bank that those members who have already indicated their intention to participate in the Asian Development Fund should make or complete their contributions under the First Stage as soon as possible, and that arrangements should be made for bringing the Second Stage into effect in good time. A review of these matters was planned for the early months of 1975. In addition, urgent attention would have to be directed to the need for a replenishment of the Fund, to enable the Bank to carry on its concessional lending operations in 1976 and beyond.

Multi-Purpose Special Fund

The Bank continued in 1974 to administer resources contributed in the past to the Multi-Purpose Special Fund, and to draw upon these resources to finance concessional loans.¹ An earlier contribution from Belgium of 100 million Belgian Francs (\$2.8 million) became effective during the year. The only new contribution made to the Multi-Purpose Special Fund in 1974 was an amount of \$50 million from the United States, which on 28 June 1974 was transferred to the Asian Development Fund in partial satisfaction of the United States' commitment under the First Stage resource mobilization arrangements described above. Five other members—Finland, Japan, Netherlands, Norway and Switzerland—also transferred the whole or part of earlier Multi-Purpose Special Fund contributions to the Asian Development Fund by crediting the amounts towards their First Stage contributions to the Fund.

The net result was that, as of 31 December 1974, the Bank was still administering in the Multi-Purpose Special Fund resources totalling \$257.6 million made available by 10 developed member countries, as well as resources of \$57.4 million set aside by the Governors from the paid-in capital of the Bank. The resource position of the Multi-Purpose Special Fund at that date is summarized in the table at right. It is the Bank's objective in due course to arrange for the transfer of all these resources to the Asian Development Fund, thus bringing to a successful conclusion the process of rationalizing and streamlining the structure of the Bank's Special Funds which was begun in 1972. It is hoped that substantial progress towards this objective can be achieved in 1975, and consultations have already begun with concerned contributors towards this end.

¹ Resources of the Multi-Purpose Special Fund, like those of the Asian Development Fund, are available to finance the Bank's concessional loans. However, Multi-Purpose Special Fund contributions have been made on differing terms and conditions, while contributions to the Asian Development Fund must be made on uniform terms and conditions, except in certain special cases under the First Stage where tying has been permitted.

STATUS OF SPECIAL FUNDS

As of 31 December 1974

Contributor	Amount of Contribution (US dollar equivalent ²)
Asian Development Fund	
Australia	15,855,804
Canada	6,853,181
Denmark	2,890,319
Finland	2,601,247
Germany, Federal Republic of	22,718,914
Japan	105,224,245
Netherlands	7,505,111
New Zealand	3,522,339
Norway	2,836,715
Switzerland	7,874,016
United Kingdom	17,585,557
United States	50,000,000
Total	245,467,448
Multi-Purpose Special Fund	
Australia	11,406,630
Belgium	2,768,358
Canada	27,799,835
Denmark	2,654,868
Germany, Federal Republic of	27,395,013
Italy	1,577,967
Japan	161,545,451
Netherlands	7,471,913
New Zealand	1,070,520
United Kingdom	13,918,207
	257,608,762
Set-Aside Resources	57,433,902
Total	315,042,664
Total Contributions and Set-Aside Resources	560,510,112
Commitments	491,939,355²
Balance	68,570,757

¹ Translated in US\$ at the exchange rates used by the Bank on 31 December 1974.

² Net of cancellations of \$623,645.

Utilization

During 1974, the Bank provided loans from its Special Funds resources for 19 projects in 12 developing member countries, in a total amount of \$172.86 million. Descriptions of these loans, which were primarily in the sectors of power, transport and communications, and agriculture, appear elsewhere in this Report.² The total amount committed in loans (excluding cancellations) from the combined resources of the Multi-Purpose Special Fund and the Asian Development Fund as of 31 December 1974 was approximately \$492 million, leaving a total margin of uncommitted resources at year-end of approximately \$68 million. As a matter of convenience, and pending the implementation of revised drawdown procedures which take full

² See pages 20 to 27.

COUNTRY AND SECTORAL DISTRIBUTION OF SPECIAL FUNDS LOANS

As of 31 December 1974

(amounts in \$ million)

Country	No.	Amount	% Share	Agriculture	Electric Power	Water Supply	Transport and Communications	Industry including Development Banks	Education
Afghanistan	3	34.05	6.9	19.15			14.90		
Bangladesh	8	73.75	15.0	12.75	13.80		26.20	21.0	
Burma	4	28.80	5.8	16.30	4.00	8.5			
Indonesia	21	113.28	23.0	53.68	27.30	11.5	10.80	10.0	
Khmer Republic	1	1.57	0.3		1.67				
Korea, Republic of	1	3.70	0.8						3.70
Laos	4	11.69	2.4	3.97	4.72	6.0			
Malaysia	1	3.30	0.7	3.30					
Nepal	8	36.71	7.9	19.90	2.70		16.11		
Pakistan	6	66.05	13.4		52.30			13.75	
Papua New Guinea	2	14.30	2.9				9.80	4.50	
Philippines	4	15.30	3.1	14.30			1.00		
Singapore	1	3.00	0.6						3.00
Sri Lanka	6	26.71	5.4	13.61	8.00		5.10		
Thailand	2	8.10	1.6	5.00					3.10
Tonga	1	1.30	0.3				1.30		
Viet-Nam, Republic of	9	40.67	8.2	20.50	6.30	3.15	3.72	7.0	
Western Samoa	5	8.19	1.7	0.33	2.30		5.56		
TOTAL	87	492.57	100.0	179.79	123.09	26.15	94.48	56.25	9.80

SPECIAL FUNDS LOANS APPROVED IN 1974
(amounts in \$ million)

Country/Project	Amount
AFGHANISTAN	
Kajakai Gates	14.000
BANGLADESH	
Bangladesh Shilpa Rin Sangstha	15.000
Jute Seed	9.550
West Zone Power (Supplementary)	4.550
Railway	23.000
BURMA	
Fisheries Development	9.800
Rice Processing Industries	6.500
INDONESIA	
Bandung Water Supply	11.500
East Java Agricultural Credit	2.700
LAOS	
Vientiane Water Supply	6.000
NEPAL	
Second Agricultural Credit	3.000
PAKISTAN	
Tarbela Hydropower	34.000
PHILIPPINES	
Agusan del Sur Irrigation	5.800
SRI LANKA	
Communications Satellite Earth Station (Supplementary)	1.500
THAILAND	
Nong Wai Pioneer Agriculture	5.000
VIET-NAM, REPUBLIC OF	
Tan An Integrated Agricultural	7.400
Second Fisheries Development	6.000
Industrial Development Bank of Viet-Nam	7.000
WESTERN SAMOA	
Faleolo Airport and Road (Supplementary)	0.555
TOTAL	172.855

account of the availability of resources in both Funds, disbursements in 1974 were mostly financed from the resources of the Multi-Purpose Special Fund. Disbursements during the year amounted to \$27.21 million, which brought total loan disbursements from Special Funds to \$70.95 million. The country and sectoral distribution of Special Funds loans is shown in the table on page 33.

Technical Assistance Special Fund

As in previous years, the Technical Assistance Special Fund continued during 1974 to be a valuable source of funds for the Bank's technical assistance operations. As of 31 December 1974, total contributions to the Fund amounted to \$16.3 million, of which \$7.0 million had been utilized.

TECHNICAL ASSISTANCE SPECIAL FUND
(US dollar equivalent¹)

Contributor	Amount of Contribution	Amount Utilized ²
Australia	747,975	\$42,141
Austria	121,163	45,146
Belgium	692,089	—
Canada	200,198	197,153
China, Republic of	200,000	109,951
Denmark	757,723	742,418
Finland	120,504	82,679
Germany, Federal Republic of	491,156	357,816
India	241,499	206,897
Italy	187,975	—
Japan	9,739,070	2,166,477
Korea, Republic of	30,000	30,000
Netherlands	438,456	352,398
New Zealand	380,141	263,067
Pakistan	24,167	16,406
Sri Lanka	20,267	—
Switzerland	200,000	102,396
United Kingdom	485,852	470,229
United States	1,250,000	1,250,000
TOTAL	16,328,235	7,034,974

1 The amount of contribution is valued as the sum of the amount utilized, translated at the exchange rates used by the Bank on the respective dates of utilization, and the amount unutilized, translated at the exchange rate used by the Bank on 31 December 1974.

2 Net of income earned of \$1,028,451.

During the year, further contributions were committed to the Fund by Japan, in an amount of ¥595 million (\$2 million), and by the Netherlands in an amount of f600,000 (\$0.2 million) (covering a three-year period 1973 to 1975), while the Federal Republic of Germany agreed to make available a further DM300,000 (\$0.1 million) for 1974 in continuance of earlier arrangements. Another development during the year was the coming into effect, following completion of legislative formalities, of an earlier Belgian contribution of BF25 million (\$0.7 million).

Japan's contribution referred to above, like the other large contribution which it made in 1973, may be used to finance services not only from Japan, but also from all countries that have contributed to the Technical Assistance Special Fund, and from all developing member countries of the Bank. The substantially untied nature of these contributions, and the generous amounts, are particularly welcome to the Bank and of material assistance in funding technical assistance expenditures.

The resources contributed to the Technical Assistance Special Fund as of 31 December 1974, and the amounts that had been used as of such date, are shown in the table above.

MEMBERSHIP AND ADMINISTRATION

Members

The membership of the Bank rose from 40 to 41 in 1974 when the Gilbert and Ellice Islands Colony became a member on 28 May. The subscriptions of member countries and distribution of voting power are shown in Appendix 1-VII.

Board of Governors

The Seventh Annual Meeting of the Board of Governors was held in Kuala Lumpur from 25 to 27 April 1974 at the invitation of the Government of Malaysia. The Board decided to hold its Eighth Annual Meeting at the Bank's headquarters in Manila from 24 to 26 April 1975.

At the Seventh Annual Meeting, the Governor for New Zealand was elected Chairman and the Governors for Switzerland and Nepal were elected Vice-Chairmen of the Board of Governors to hold office until the close of the Eighth Annual Meeting. During the year, a number of changes took place in the composition of the Board of Governors; these are shown in Appendix 6.

A list of resolutions adopted by the Board of Governors during 1974, including those adopted at the Seventh Annual Meeting, is given in Appendix 3.

Board of Directors

The Board of Directors held 60 formal meetings in 1974. It approved 73 proposals for loans and technical assistance, established criteria for lending from the Asian Development Fund, which came into effect on 28 June, and set the terms of lending for Special Funds loans. A major policy decision taken during the year was to provide foreign exchange to meet part of the local currency expenditures in Bank projects.

The Board reviewed the financial policies of the Bank, including the investment guidelines and liquidity policy, approved proposals for borrowing operations and set a new rate of 8-1/4 per cent per annum for loans from ordinary capital resources. It also reviewed the Bank's operational policies in regard to the developing member countries in the South Pacific, simplified the procedures for financing interest and other charges during construction and commenced the re-examination of policies in regard to lending to development banks.

In addition, the Board authorized a Personnel Management Review to be conducted by outside

consultants and to be completed by March 1975, and approved a program for post-evaluation of Bank projects including evaluation by external agencies.

A list of Directors and Alternate Directors as of the end of the year, with notations of changes during the year, appears in Appendix 7.

Organization

In May the Operations and Projects Departments were reorganized and the existing Projects Department was divided into two. These changes were designed to streamline the processes of project appraisal and loan administration and allow greater concentration on country economic studies and programs and operational planning, including the formulation of operational policies. The major responsibility for loan administration was transferred from the Operations Department to the Projects Departments. The Operations Department remained responsible for coordinating presentation of loan proposals for Board approval.

The Office of the Financial Advisor in Zurich was closed at the end of September and the work of the Office connected with the Bank's investment and borrowing was reintegrated into the Treasury Department at Headquarters.

Staff

The total number of Bank staff reached 643 by the end of the year, comprising 231 professional staff and 412 supporting staff, and including 34 nationalities. Staff additions (net) during the year consisted of 9 professional staff and 12 supporting staff.

Recruitment activities continue to be focused on obtaining experienced and highly qualified staff. To ensure that Bank staff salaries are broadly competitive and to compensate for the rise in the cost of living, general salary increases for both the professional and the supporting staff were effected in August. Following this review of salaries, it was decided to have a comprehensive personnel management review.

The Staff Retirement Plan was improved in March to provide pensions for widows and eligible children of pensioners who die in retirement. In December, provision was made for limited cost of living adjustments to pensions.



Republic of Viet-Nam: Women workers at Saigon's Cogido Paper Mill. A Bank loan to the Industrial Development Bank of Viet-Nam will be used for relending to private industrial ventures such as this mill.

Supplementary Budget for 1974 and Budget for 1975

On 17 October 1974, a Supplementary Budget for Internal Administrative Expenses for 1974 amounting to \$980,000 was approved to cope with the anticipated effects of the high rate of inflation on various expenditure items and the general salary increase. Actual administrative expenses, however, were \$13,452,845¹ which was within the original budget estimates and represented 93.09 per cent of the revised estimates.

The Budget for 1975 was approved on 3 December 1974 and is summarized in Appendix 2.

¹ Including \$513,707 charged to the Technical Assistance Special Fund and \$7,148 temporarily charged to Suspense Account



Thailand: A road construction project in Southeast Thailand will be undertaken with a Bank loan. The Highway Project will include reconstruction of a two-lane road to higher standards between Chon Buri and Si Racha.

Administrative expenses for 1975 are estimated at \$17,332,000,² an increase of 28.65 per cent over the amount in the previous year's original Budget. This increase is due mainly to increased Bank activities, the full-year effect of additional staff recruited in 1974, the part-year effect of additional staff in 1975, the full-year effect of the general salary increase granted during 1974, and the high rate of inflation.

Disbursements on Services to Member Countries are estimated at \$6,768,900, more than double the actual disbursements in 1974.

² Consisting of expenses to be charged to ordinary capital resources and Special Funds resources.

STATISTICAL ANNEX

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TABLE 1.
ESTIMATED RATE OF REAL GROWTH AND PER CAPITA GNP OF SELECTED DMCs

	Rate of Real Growth in GNP			Real Per Capita GNP in \$	
	Average 1965-1972 ¹	1973 ³	1974 ³	1973 ²	1974 ⁴
Burma	3.2	1.1	2.0	90	90
China, Republic of	9.8	12.0	0.6	570	563
Hong Kong	7.6	12.5	1.5	1,090	1,083
India	3.7	3.1 ^a	1.0 ^a	120	119
Korea, Republic of	10.4	16.5	8.2	370	395
Nepal	1.9	2.0	2.0	80	80
Pakistan	5.8	7.3	6.1	140	144
Philippines	5.4	9.9	5.9	250	257
Singapore	12.1	11.1	6.8	1,490	1,570
Sri Lanka	4.3	3.2	3.8	120	122
Thailand	7.3	8.7	3.8	240	242
Viet-Nam, Republic of	1.9	2.8	-2.0	180	171

^a Data are for fiscal year 1973/74 & 1974/75 ending 31 March.

Sources:

1 World Bank Atlas, 1974.

2 IBRD's preliminary estimates.

3 Country sources.

4 Estimated by ADB Staff.

TABLE 2.
BALANCE OF TRADE OF DMCs, 1973-1974
(\$ million)

	Exports (f.o.b.)		Imports (c.i.f.)		Balance of Trade		
	1973 (Actual)	1974 (Estimates)	1973 (Actual)	1974 (Estimates)	1973	1974	Average 1970-1972
Deficit DMCs^a							
Afghanistan ^b	125	159	157	192	-32	-33	4
Bangladesh ^b	358	318	626	918	-268	-600	0
China, Republic of	4,378	5,532	3,797	6,966	581	-1,434	148
Fiji	81	135	206	240	-125	-105	-56
Hong Kong	5,051	5,907	5,637	6,710	-586	-803	-444
India	2,958	3,803	3,236	4,745	-278	-942	-111
Khmer Republic	11	15	246	452	-235	-437	-45
Korea, Republic of	3,200	4,460	4,219	6,844	-1,019	-2,384	-1,124
Laos	5	11	57	85	-52	-74	-43
Nepal ^b	46	48	98	107	-52	-59	-21
Pakistan	961	1,099	981	1,695	-20	-596	-210
Philippines	1,886	2,727	1,773	3,471	113	-744	-209
Singapore	3,605	5,780	5,063	8,332	-1,458	-2,552	-1,062
Sri Lanka	388	521	421	681	-33	-160	-25
Thailand	1,584	2,517	2,057	3,216	-473	-699	-480
Tonga ^b	5	8	12	13	-7	-5	-4
Viet-Nam, Republic of	59	78	620	737	-561	-659	-515
Western Samoa	6	11	19	25	-13	-14	-11
Sub-total	24,707	33,129	29,225	45,429	-4,518	-12,300	-4,208
Surplus DMCs^a							
British Solomon Islands	14	26	17	21	-3	5	-3
Burma	128	232	102	102	26	130	-35
Gilbert & Ellice Islands	17	34	9	10	8	24	3
Indonesia	3,211	7,038	2,346	3,553	865	3,485	173
Malaysia	2,950	3,982	2,402	3,907	548	75	184
Papua New Guinea	511	675	316	345	195	330	-142
Sub-total	6,831	11,987	5,192	7,938	1,639	4,049	180

^a Classification based on 1974 figures.

^b Data are for fiscal year.

Sources: IMF, International Financial Statistics, March 1975 and country trade statistics.

TABLE 3
IMPORTS OF SELECTED COMMODITIES BY DMCs, 1973-1974
(\$ million)

	Oil		Foodgrains		Fertilizers	
	1973 (Actual)	1974 (Estimates)	1973 (Actual)	1974 (Estimates)	1973 (Actual)	1974 (Estimates)
Deficit DMCs^a						
Afghanistan	6.5	9.4	21.2	8.4	6.3	17.7
Bangladesh ^b	35.0	38.6	174.0	174.8	20.9	52.7
China, Republic of	141.4	684.1	64.7	193.7	7.5	41.8
Fiji	19.2	51.8	11.5	13.9	2.8	2.8
Hong Kong	148.9	406.3	178.7	281.1	1.4	1.7
India ^b	730.1	1,481.0	616.5	636.6	294.6	489.8
Khmer Republic	26.0	51.0	131.3	269.0	0.8	1.3
Korea, Republic of	296.2	1,020.3	385.4	613.1	n.a.	n.a.
Laos	11.2	25.0	10.0	21.5	0.1	0.1
Nepal	9.1	16.8	—	—	0.5	0.5
Pakistan	59.9	176.7	121.9	133.3	26.3	36.5
Philippines	187.6	653.4	111.8	166.1	14.8	83.7
Singapore	649.5	1,998.0	93.3	124.8	32.2	62.6
Sri Lanka	46.0	135.2	112.3	235.7	17.2	34.4
Thailand	227.6	640.0	11.8	30.8	56.1	69.9
Tonga	1.0	1.0	0.6	0.7	—	—
Viet-Nam, Republic of	76.0	132.0	140.7	221.7	36.3	61.9
Western Samoa	1.0	3.5	1.5	1.8	—	—
Sub-total	2,672.2	7,524.1	2,187.2	3,127.0	517.8	957.4
Surplus DMCs^a						
British Solomon Islands	1.3	3.3	1.0	1.0	—	—
Burma	5.0	17.0	2.2	4.8	1.3	3.5
Gilbert & Ellice Islands	0.8	0.7	0.7	1.6	—	—
Indonesia	43.0	130.0	430.2	482.8	153.3	828.0
Malaysia	140.6	410.3	146.6	239.9	27.4	64.4
Papua New Guinea	17.0	51.0	0.1	0.1	1.0	1.4
Sub-total	207.7	612.3	580.8	730.2	183.0	897.3
TOTAL	2,879.9	8,136.4	2,768.0	3,857.2	700.8	1,854.7

a Classification based on 1974 figures.

b Data are for fiscal year, ending 30 June for Bangladesh and 31 March for India.

Source: Country trade statistics.

TABLE 4.
RICE (PADDY) PRODUCTION IN SELECTED DMCs
('000 metric tons)

	1971	1972	1973	1974
Bangladesh	14,897	15,134	19,350	18,300*
Burma	8,175	7,361	8,630	8,200 ^F
India	64,602	57,949	67,600	60,000 ^F
Indonesia	18,663	18,031	21,500	22,500 ^F
Korea, Republic of	5,556	5,500	6,038	6,067
Malaysia ^a	1,545	1,566	1,727	1,800 ^F
Pakistan	3,393	3,487	3,576	3,700 ^F
Philippines	5,100	4,898	5,532	5,550 ^F
Sri Lanka	1,396	1,312	1,312	1,500 ^F
Thailand	14,201	11,869	14,650	14,600 ^F
Viet-Nam, Republic of	6,324	6,348	7,025	7,200*
Total	133,852	133,255	156,940	149,417
Per capita (kg.)	137	133	153	143

* Preliminary estimates.

^F FAO estimates.

^a Peninsular Malaysia only.

Source: FAO Monthly Bulletin of Agricultural Economics & Statistics, September 1974.

TABLE 5.
QUANTUM INDEX, UNIT VALUE AND TERMS OF TRADE OF
SELECTED DMCs: 1974
(1973 = 100)

	Quantum Index		Unit Value Index		Terms of Trade
	Export	Import	Export	Import	
China, Republic of	89.5	124.6	139.8	147.3	94.9
Hong Kong ^a	96.2	92.8	126.0	131.4	95.9
Indonesia ^b	107.2	n.a.	213.2	n.a.	n.a.
Korea, Republic of	109.2	103.8	126.6	155.5	81.4
Pakistan ^c	56.9	95.4	133.0	130.2	102.2
Philippines	76.4	110.2	187.1	174.5	107.2
Singapore	109.8	114.0	142.3	143.9	98.9
Thailand ^d	112.2	88.5	143.8	171.1	84.0

^a Average of nine months.

^b Average of eight months.

^c Data are for fiscal year ending 30 June.

^d Average of 11 months.

Source: Country sources.

TABLE 6.
CONSUMER PRICE INDEXES AND MONEY SUPPLY IN SELECTED DMCs

	Consumer Price Index (1970 = 100)				Money Supply Change (%)	
	1973	1974	Change (%)		1973/1972	1974/1973
			1973/1972	1974/1973		
Bangladesh	181.5 ^a	252.5 ^a	49.6	39.1	43.4	17.3
Burma	143.1	166.4 ^b	30.2	25.2 ^b	27.2	14.5 ^c
China, Republic of	121.6	179.3	13.1	47.5	47.0	7.0
Fiji	129.2	147.9	11.2	14.5	8.7	3.4
Hong Kong	129.6	148.3	18.1	14.4	3.8	-2.5
India	116.7	141.4	7.7	21.2	15.7	15.1
Indonesia	145.8	204.7	31.2	40.4	41.0	39.7
Korea, Republic of	129.5	160.1	3.1	23.6	40.6	29.5
Laos	165.7	240.5 ^d	30.7	45.1 ^d	9.2	25.9 ^e
Malaysia ⁱ	115.9	136.0	10.6	17.3	37.6	8.6
Nepal	118.3	137.8 ^b	11.4	16.5 ^b	18.4	26.1
Pakistan	132.8	170.8 ^f	20.6	28.6 ^f	24.5	8.9
Philippines	140.2	188.4	11.0	34.4	19.9	25.4
Singapore ^g	117.7	144.0 ^d	17.7	22.3 ^d	10.3	8.6
Sri Lanka	119.7	134.4	9.7	12.3	12.0	6.0
Thailand	118.6	146.2	11.8	23.3	20.6	2.1 ^h
Viet-Nam, Republic of	214.0	331.6	44.5	55.0	17.7	24.6

a Index refers to government employees in Dacca.

b Average of January-August, 1974.

c As of March, 1974.

d Average of January-October, 1974.

e As of October, 1974.

f Average of January-July, 1974.

g 1972 = 100

h As of November, 1974.

i Peninsular Malaysia only.

Source: Country sources.

TABLE 7.
EXPORT PRICES OF SELECTED PRIMARY COMMODITIES

		Export Prices									
		1973	1974								1975
		Average	I	II	July	August	September	October	November	December	January
Food											
Wheat	\$/bushel	3.58	5.64	3.87	4.32	4.47	4.30	4.97	4.87	4.72	—
Rice	\$/100 lbs.	18.00	30.00	28.30	25.00	23.00	20.00	18.50	20.00	20.80	—
Maize	\$/bushel	2.30	3.00	2.75	3.19	3.77	3.50	3.78	3.58	3.59	—
Sugar	\$/100 lbs.	9.65	19.48	23.12	25.23	32.98	34.24	39.53	57.58	45.67	38.47
Tea	\$/100 lbs.	48.10	58.08	66.38	63.42	60.76	59.06	63.10	69.37	68.84	69.38
Copra	\$/100 lbs.	15.69	35.97	33.20	30.98	29.39	24.77	26.31	22.73	—	—
Palm Oil	\$/100 lbs.	17.06	28.53	27.40	27.81	33.25	32.70	37.69	35.02	—	—
Non-Food											
Cotton	\$/100 lbs.	56.10	74.40	59.70	55.50	54.40	50.00	46.60	44.00	41.60	—
Jute	\$/sh. ton	323.00	310.00	349.00	374.00	378.00	409.00	448.00	488.00	488.00	504.00
Rubber	\$/100 lbs.	30.28	44.78	37.01	30.50	30.88	27.35	26.43	21.78	25.47	—
Logs	\$/M ³	93.59	96.65	91.68	—	79.46	—	74.11	74.87	69.52	—
Metals & Minerals											
Copper	\$/100 lbs.	80.88	106.54	126.07	86.86	81.71	66.20	63.38	64.22	58.46	54.90
Tin	\$/100 lbs.	218.59	337.60	415.92	383.00	399.68	417.58	339.21	337.00	325.19	348.65
Lead	\$/100 lbs.	19.48	29.00	29.30	24.81	24.89	24.41	24.32	24.20	24.22	24.38

Source: IMF, International Financial Statistics, March 1975.

TABLE 8.
INTERNATIONAL CAPITAL MOVEMENTS IN SELECTED DMCs
(\\$ million)

	OPEC Aid ¹		Outstanding Drawings from IMF ²		Publicized Borrowings in International Markets in 1973 ³	
	Commitment	Estimated Disbursement	Compensatory Drawings	Oil Facility	Bonds	Eurocurrency Credits
Bangladesh	82	50	76	48	—	—
Burma	—	—	27	—	—	—
China, Republic of	—	—	—	—	20	183
Hong Kong	—	—	—	—	—	81
India	945	75	75	241	—	—
Khmer Republic	—	—	16	—	—	—
Korea, Republic of	—	—	—	109	19	222
Pakistan	957	355	35	—	—	—
Philippines	—	—	—	—	—	869
Singapore	—	—	—	—	51	—
Sri Lanka	86	35	53	41	—	—

Note: The Table is based on limited available data and is therefore not comprehensive.

Sources:

1. OECD, Flow of Resources from OPEC Members to Developing Countries, DD-403, Paris, 6 December 1974. (Working Document)

2. IMF International Financial Statistics, February 1975, data as of 31 December 1974.

3. IBRD, Borrowings in International Capital Markets, Fourth Quarter, 1974.

TABLE 9.
INTERNATIONAL RESERVES AND DEBT SERVICE RATIO OF DMCs

	International Reserves ^a (\\$ million)		Debt Service Ratio ^b				
	1973	1974	1965	1970	1971	1972	1973
Afghanistan	61	67	—	26.7	27.4	36.1	23.5
Bangladesh	137	38 ^c	—	—	—	—	2.5
British Solomon Islands	—	—	—	—	—	—	—
Burma	100	182	—	15.7	13.3	18.0	16.0
China, Republic of	1,123	1,191	3.0	4.6	4.6	4.1	3.6
Fiji	76	75 ^d	0.7	1.0	0.8	0.8	0.8
Gilbert & Ellice Islands	—	—	—	—	—	—	—
Hong Kong	—	—	0.05 ^e	0.02 ^e	0.02 ^e	0.01 ^e	0.01 ^e
India	1,142	1,508 ^e	13.3	22.1	23.9	26.6 ^e	21.5 ^e
Indonesia	807	1,492	10.3	6.5	7.4	6.6 ^e	6.6 ^e
Khmer Republic	—	—	—	11.9	30.7	47.3	—
Korea, Republic of	1,094	1,056	2.3	19.3	19.8	13.9	9.0
Laos	10	—	—	—	23.3 ^e	40.0 ^e	—
Malaysia	1,342	1,618	1.2	2.9	2.6	2.6	2.3
Nepal	121	138 ^f	—	4.6 ^e	0.4 ^e	0.5 ^e	1.1 ^e
Pakistan	479	460	10.5	23.5	19.1	23.2	15.3
Papua New Guinea	—	—	—	2.4	4.3	5.4	3.3
Philippines	1,038	1,504	5.3	7.4	6.9	9.8	8.3
Singapore	1,237	1,392 ^d	0.1	0.6	0.6	1.2	0.6
Sri Lanka	87	78	1.9	9.6	10.7	14.1	12.5
Thailand	1,296	1,855	3.6	3.3	3.2	2.6	2.6
Tonga	—	—	—	0.8	1.0	1.0	—
Viet-Nam, Republic of	196	240	—	0.7	0.9	2.1	2.6
Western Samoa	8	8	—	—	2.0	2.6	2.9
TOTAL	10,354	12,902					

a Year-end figures unless otherwise specified.

b Service payments on external public debt as percentage of exports of goods and services.

c As of August.

d As of June.

e As of November.

f As of October.

g Service payments as percentage of merchandise exports.

Sources:

1 IMF International Financial Statistics, March 1975.

2 IBRD, External Public Debt Statistics, February 1975.

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ASIAN DEVELOPMENT BANK

BALANCE

31 December 1974

Expressed in United

ASSETS				
	1974		1973	
CASH IN BANKS (See Appendix 1-IV) (Note B)	\$ 21,490,957		\$ 14,638,883	
INVESTMENTS (Note B)				
Government and government guaranteed obligations—amortized cost which approximates market (Face amounts \$101,988,352-1974, \$117,769,052-1973)	\$ 99,165,617		\$116,046,766	
Time deposits and certificates of deposit	266,696,536	365,862,153	293,846,560	409,893,326
LOANS (See Appendix 1-V) (Note A)				
Loans approved—\$1,432,045,000-1974, \$1,057,225,000-1973				
Effective loans				
Held by Bank	1,237,347,305		745,931,240	
Agreed to be sold	3,771,600	1,241,118,905	7,886,700	753,817,940
ACCRUED INCOME				
On investments	17,819,387		14,161,561	
On loans	5,841,705	23,661,092	3,957,414	18,118,975
AMOUNTS RECEIVABLE FROM MEMBERS				
Non-negotiable, non-interest-bearing demand obligations (See Appendix 1-IV) (Notes B and C)	301,456,523		273,749,542	
Amounts required to maintain value of currency holdings (Note D)	21,654,398	323,110,921	14,236,910	287,986,452
OTHER ASSETS				
Administration Charge receivable from Special Funds (Note I)	5,249,903		7,728,972	
Unamortized issuance costs of borrowings (Note A)	2,811,916		2,917,279	
Miscellaneous	1,434,165	9,495,984	1,618,451	12,264,702
SPECIAL RESERVE FUND ASSETS (Note E)		6,228,098		3,372,299
TOTAL	\$1,990,968,110		\$1,500,092,577	

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

ORDINARY CAPITAL RESOURCES

SHEET

and 31 December 1973

States Dollars (Note A)

LIABILITIES, SPECIAL RESERVE AND CAPITAL

	1974	1973
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-V)		
Held by Bank	\$ 863,549,420	\$ 510,854,250
Agreed to be sold	3,771,600	7,886,700
	\$ 867,321,020	\$ 518,740,950
BORROWINGS		
Principal amounts outstanding (See Appendix 1-VI)	282,529,216	248,638,538
Less—unamortized discounts	1,294,050	1,452,447
	281,235,166	247,186,091
ACCRUED INTEREST ON BORROWINGS	4,605,154	3,932,488
AMOUNTS PAYABLE TO MEMBERS Amounts required to maintain value of currency holdings (Note D)	6,877,628	6,972,219
ACCOUNTS PAYABLE AND OTHER LIABILITIES	3,056,990	3,366,690
SPECIAL RESERVE (Note E)	6,228,098	3,372,299
CAPITAL		
Capital stock (See Appendix 1-VII) (Note C)		
Authorized—89,280 "paid-in" shares and 189,720 "callable" shares of \$12.064 par value each		
Subscribed (229,641 shares—1974, 225,876 shares—1973)	2,770,274,203	2,724,855,126
Less—"callable" shares subscribed (152,374 shares—1974, 149,364 shares—1973)	1,838,163,749	1,801,852,614
"Paid-in" shares subscribed (77,267 shares—1974, 76,512 shares—1973)	932,110,454	923,002,512
Less—subscription instalments not due	129,083,471	222,877,988
Subscription instalments matured	803,026,983	700,124,524
Less—capital set aside and transferred to Multi-Purpose Special Fund (Note F)	57,433,902	57,433,902
	745,593,081	642,690,622
Advance payments on subscriptions	—	23,207,498
Ordinary Reserve (Note G)	50,623,720	34,966,240
Net income for the years ended 31 December 1974 and 31 December 1973 (Note G)	26,427,253	15,657,480
	822,644,054	716,521,840
TOTAL	\$1,990,968,110	\$1,500,092,577

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1974 and 31 December 1973

Expressed in United States Dollars (Note A)

	1974	1973
INCOME		
From investments	\$32,513,059	\$30,202,086
From loan operations		
Interest	18,450,859	10,800,792
Commissions	2,855,800	1,841,653
Commitment charge	3,091,501	2,936,126
From other sources	599,501	500,211
GROSS INCOME	57,510,720	46,280,868
Deduct commissions appropriated to Special Reserve (Note E)	2,855,800	1,841,653
UNAPPROPRIATED INCOME	54,654,920	44,439,215
EXPENSES		
Administrative expenses		
Board of Governors	75,720	43,730
Board of Directors		
Salaries	754,627	640,164
Benefits (Note H)	185,685	151,526
Travel	151,670	321,424
Staff services	75,869	63,827
Total Board of Directors	1,167,851	1,176,941
Staff		
Salaries	5,918,477	4,896,027
Benefits (Note H)	1,680,186	1,333,464
Travel	1,760,725	1,455,190
Consultants	37,284	368,869
Representation	35,719	34,117
Total Staff	9,432,391	8,087,667
Other administrative expenses		
Communications	443,040	391,491
Office occupancy	575,032	400,558
Publications and printing	140,740	143,898
Expendable supplies	334,357	242,488
Furniture and equipment	285,509	233,590
Fees and compensation	355,254	305,127
Miscellaneous	122,096	111,460
Total other administrative expenses	2,256,028	1,828,612
Total administrative expenses — (Forward)	\$12,931,990	\$11,136,950

CONTINUED

Total administrative expenses—(Forward)	\$12,931,990	\$11,136,950
Deduct Administration Charge (Note I)	4,267,000	3,271,000
Net administrative expenses	8,664,990	7,865,950
Services to member countries		
Project preparation and other loan-related technical assistance (Note J)	155,296	170,726
Project implementation/advisory	3,769	325,577
Regional activities	12,204	260,838
Total services to member countries	171,269	757,141
Financial expenses		
Interest on borrowings	18,499,882	18,120,833
Other financial expenses (Note A)	577,371	562,986
Total financial expenses	19,077,253	18,683,819
Changes in value of currencies—net	314,155	1,474,825
GROSS EXPENSES	28,227,667	28,781,735
NET INCOME (Note G)	\$26,427,253	\$15,657,480

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

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1974 and 31 December 1973

Expressed in United States Dollars (Note A)

	1974	1973*
FUNDS WERE PROVIDED BY		
Operations		
Net income	\$ 26,427,253	\$ 15,657,480
Items not requiring or providing funds:		
Accrued income including capitalized interest on loans	(9,010,752)	(7,297,913)
Administration Charge	(4,267,000)	(3,271,000)
Other	900,239	912,371
Total	(12,377,513)	(9,656,542)
Funds provided by operations	14,049,740	6,000,938
Increase in undisbursed balance of effective loans	511,940,000	186,100,000
Borrowings	37,003,933	25,555,555
Increase in borrowings as a result of currency revaluations	2,767,405	17,309,675
Capital subscriptions	79,694,961	122,924,155
Increase in capital subscriptions collected as a result of devaluation of the United States Dollar	—	57,008,231
Demand obligations of members encashed	5,071,598	4,260,448
Loans sold	4,415,100	913,300
Loans collected	13,112,701	7,888,859
Decrease in loans disbursed and outstanding as a result of currency devaluations	4,021,676	—
Administration Charge collected	6,746,069	4,253,028
Decrease in other assets as a result of currency devaluations	7,103,647	—
Other—net	(400,415)	2,147,834
Total	685,526,415	434,362,023
FUNDS WERE UTILIZED FOR		
Increase in effective loans	511,940,000	186,100,000
Loans disbursed	156,801,737	117,600,170
Increase in loans disbursed and outstanding as a result of currency revaluations	—	5,363,098
Net charge to Ordinary Reserve as a result of devaluation of the United States Dollar	—	7,410,568
Demand obligations of members received	37,651,501	66,905,303
Maintenance of value adjustments—net	10,904,072	14,348,779
Capital set aside and transferred	—	27,857,940
Bonds purchased for redemption and borrowings redeemed	5,408,204	23,330,704
Increase in other assets as a result of currency revaluations	—	14,218,436
Total	722,705,514	463,134,998
DECREASE IN CASH IN BANKS AND INVESTMENTS	(\$ 37,179,099)	(\$ 28,772,975)
INCREASE (DECREASE) IN COMPONENTS OF FUNDS		
Cash in banks (excluding Special Reserve Fund cash)	\$ 6,852,074	\$ 5,564,413
Investments (excluding accrued interest and Special Reserve Fund investments)	(44,031,173)	(34,337,388)
Total	(\$ 37,179,099)	(\$ 28,772,975)

* Certain 1973 amounts have been restated to conform to 1974 classifications.

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

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS

31 December 1974

Expressed in United States Dollars (Note A)

Members	Unit of Currency	Cash in Banks	Non-Negotiable Non-Interest-Bearing Demand Obligations
Afghanistan	Afghani	\$ 2,413	\$ 1,889,632 ¹
Australia	Australian Dollar	98,845 ³	27,436,423 ²
Austria	Austrian Schilling	131,770	—
Bangladesh	Bangladesh Taka	—	1,809,524 ¹
Belgium	Belgian Franc	180,030	1,797,866
British Solomon Islands	Australian Dollar	3,498	26,532 ¹
Burma	Kyat	—	1,659,936 ¹
Canada	Canadian Dollar	76,185	8,645,508
China, Republic of	New Taiwan Dollar	35,562	6,631,690 ¹
Denmark	Danish Krone	41,387	1,853,046
Fiji	Fiji Dollar	3,319	442,599 ¹
Finland	Finnish Markka	17,454	1,025,109
France	French Franc	87,321	5,214,359
Germany, Federal Republic of	Deutsche Mark	10,729	—
Gilbert and Ellice Islands	Australian Dollar	—	9,520 ¹
Hong Kong	Hong Kong Dollar	100,474 ⁴	3,107,204 ²
India	Indian Rupee	10,439	42,195,883 ¹
Indonesia	Rupiah	7,623,379 ¹	3,396,161 ¹
Italy	Italian Lira	189,336	—
Japan	Yen	387,888	65,176,652
Khmer Republic	Riel	334,982 ¹	1,227,216 ¹
Korea, Republic of	Won	9,304	17,476,490 ¹
Laos	Kip	40,862 ¹	145,102 ¹
Malaysia	Malaysian Dollar	78,347	8,826,843 ¹
Nepal	Nepalese Rupee	32,722	889,438 ¹
Netherlands	Netherlands Guilder	185,714	4,075,685
New Zealand	New Zealand Dollar	69,638 ²	8,576,993 ²
Norway	Norwegian Krone	19,693	—
Pakistan	Pakistan Rupee	2,315,463 ¹	11,934,164 ¹
Papua New Guinea	Australian Dollar	3,672	463,633 ¹
Philippines	Philippine Peso	582,522	8,957,528 ¹
Singapore	Singapore Dollar	30,296	2,093,664 ¹
Sri Lanka	Sri Lanka Rupee	2,174	3,915,532 ¹
Sweden	Swedish Krone	224,238	1,082,157
Switzerland	Swiss Franc	219,968	—
Thailand	Baht	5,313	8,844,154 ¹
Tonga	Tongan Dollar	11,215 ¹	—
United Kingdom	Pound Sterling	358,128	10,418,614
United States	United States Dollar	204,554	40,211,666
Viet-Nam, Republic of	Piastre	5,235,571 ¹	—
Western Samoa	Western Samoan Tala	8,231 ¹	—
Total Members		18,972,636	301,456,523
Non-members			
Kuwait	Kuwaiti Dinar	2,428,937	—
Luxembourg	Luxembourg Franc	89,384	—
Total Non-members		2,518,321	—
TOTAL		\$21,490,957	\$301,456,523

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

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

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

3 Of this amount, restrictions on use have been imposed in the amount of \$36,498.

4 Of this amount, restrictions on use have been imposed in the amount of \$31,832.

ASIAN DEVELOPMENT BANK

SUMMARY STATEMENT

31 December

Expressed in United

Borrower/Guarantor ¹	Principal Amount	Loans not yet Effective	Refundings and Cancellations	Payments Received	
				On Loans Held by Bank	For Loans Sold
BANGLADESH	\$ 11,400,000	\$ —	\$ —	\$ —	\$ —
BURMA	6,600,000	—	—	—	—
CHINA, REPUBLIC OF	100,390,000	—	8,012,661	4,282,366	2,800,000
FIJI	6,700,000	—	—	—	—
HONG KONG	21,500,000	—	—	—	1,150,000
INDONESIA	75,680,000	50,700,000	—	—	—
KOREA, REPUBLIC OF	333,050,000	29,000,000	3,883,357	5,930,283	2,919,100
MALAYSIA	200,960,000	32,000,000	3,070,410	463,330	285,000
NEPAL	2,000,000	—	—	162,600	—
PAKISTAN	172,170,000	13,000,000	18,911,923	2,032,598	—
PHILIPPINES	226,650,000	1,000,000	24,998	1,059,902	423,300
SINGAPORE	101,380,000	—	—	2,039,593	950,000
SRI LANKA	14,135,000	1,000,000	273,480	645,300	—
THAILAND	155,500,000	—	4,588,049	5,407,001	1,711,000
VIET-NAM, REPUBLIC OF	3,930,000	—	—	—	—
ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED					
TOTAL	\$1,432,045,000	\$126,700,000	\$38,764,878	\$22,022,973	\$10,238,400

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

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

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

ORDINARY CAPITAL RESOURCES

OF LOANS

1974

States Dollars (Note A)

Effective Loans		Undisbursed Balance of Effective Loans		Outstanding Balance	
Held by Bank	Agreed to be Sold	Held by Bank	Agreed to be Sold	Loans Held by Bank	Loans Sold
\$ 11,400,000	\$ —	\$ 5,892,433	\$ —	\$ 5,507,567	\$ —
6,600,000	—	6,600,000	—	—	—
85,294,973	—	11,656,005	—	73,638,968	100,000
6,700,000	—	5,129,661	—	1,570,339	—
20,350,000	—	4,605,770	—	15,744,230	1,150,000
24,980,000	—	24,318,621	—	661,379	—
290,780,260	537,000	179,224,136	537,000	111,556,124	1,379,100
163,786,660	1,354,600	136,632,876	1,354,600	27,153,784	—
1,837,400	—	399,872	—	1,437,528	—
138,225,479	—	114,775,175	—	23,450,304	—
224,141,800	—	189,535,125	—	34,606,675	423,300
96,510,407	1,880,000	59,120,399	1,880,000	37,390,008	950,000
12,216,220	—	4,924,147	—	7,292,073	—
143,793,950	—	116,805,200	—	26,988,750	1,711,000
3,930,000	—	3,930,000	—	—	—
6,800,156 ²				6,800,156 ²	
\$1,237,347,305	\$3,771,600	\$863,549,420	\$3,771,600	\$373,797,885	\$5,713,400

ASIAN DEVELOPMENT BANK

STATEMENT OF

31 December 1974

Expressed in United

Currency Payable	Coupon	Issue Date	Maturity Date	Effective Interest ¹	Original Amount	
					National Currency	US Dollar Equivalent ²
Austrian Schillings	7%	1970	1982	7.21%	S 130,000,000	\$ 7,504,257
	7	1971	1983	7.20	S 150,000,000	8,658,758
Belgian Francs	7.5	1971	1983	7.50	BF 400,000,000	11,073,431
Deutsche Mark	7	1969	1984	7.24	DM 60,000,000	24,606,299
Italian Lira	7	1972	1987	7.19	Lit. 10,000,000,000	15,335,542
Japanese Yen	7.4	1970	1977	7.56	Y 6,000,000,000	20,193,181
	7.4	1971	1978	7.44	Y 10,000,000,000	33,655,302
	7.3	1972	1982	7.30	Y 10,000,000,000	33,655,302
	7.25	1974	1989	7.25	Y 7,500,000,000	25,241,477
Kuwaiti Dinars	7.5	1974	1984	7.50	KD 5,000,000	16,888,868
Luxembourg Francs	6.75	1972	1987	6.75	Lux F 400,000,000	11,073,431
Swiss Francs	7	1971	1986	7.12	SwF 40,000,000	15,748,032
United States Dollars	6.5	1971*	1976	6.50	\$ 25,000,000	25,000,000
	7.75	1971	1996	7.84	\$ 25,000,000	25,000,000
	6.75	1973*	1975	6.75	\$ 20,000,000	20,000,000
	4	1973*	1989	4.00	\$ 10,525,734	10,525,734

Less: Amounts receivable under contract:

Japanese Yen—7.25% Loan of 1974

United States Dollars—4% Loan of 1973

TOTAL

\$304,159,614

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

1 The effective interest rates are computed at the dates of issue and include interest and discounts. The discounts are being amortized over the life of the issues by the "bonds outstanding method".

2 The "U.S. dollar equivalent" is translated at the rates of exchange in effect as of 31 December 1974, as indicated in Note A.

3 Each issue, except those indicated by an asterisk, is subject to redemption prior to maturity at the option of the Bank at prices and upon the conditions stated in the respective bonds. The amounts shown as principal outstanding are after deductions aggregating \$5,100,996 (\$2,415,963 — 1973) of bonds purchased for redemption funds.

ORDINARY CAPITAL RESOURCES

BORROWINGS

and 31 December 1973

States Dollars (Note A)

Principal Outstanding ³		Redemption Requirements ⁴	
1974	1973		
\$ 5,486,766	\$ 5,207,801	1975-1982	S 12,000,000
7,599,908	7,529,480	1975-1983	S 15,000,000
11,073,431	9,680,542	1977-1982	BF 40,000,000
		1983	BF 160,000,000
20,146,818	20,559,751	1975-1984	DM 6,000,000
15,335,542	16,507,779	1978-1987	Lit. 1,000,000,000
17,770,000	20,142,857	1975-1976	Y 360,000,000
33,655,302	35,714,286	1977	Y 4,560,000,000
33,655,302	35,714,286	1975-1977	Y 600,000,000
		1978	Y 8,200,000,000
25,241,477 ⁵	—	1978-1981	Y 600,000,000
		1982	Y 7,600,000,000
		1978	Y 360,000,000
		1979-1988	Y 680,000,000
		1989	Y 340,000,000
16,888,868	—	1979-1983	KD 830,000
		1984	KD 850,000
11,073,431	9,680,542	1978-1987	Lux F 40,000,000
14,173,228	12,345,679	1975-1985	Up to SwF 3,000,000
25,000,000	25,000,000	1986	The balance
25,000,000	25,000,000	1976	\$ 25,000,000
		1983	\$ 500,000
20,000,000	20,000,000	1984-1995	\$ 1,000,000
10,525,734	10,525,734	1996	\$ 12,500,000
		1975	\$ 20,000,000
		1979	\$ 555,556
		1980-1987	\$ 1,052,574
		1988	\$ 1,052,570
		1989	\$ 497,016
292,625,807	253,608,717		
10,096,591 ⁵	4,970,179 ⁶		
\$282,529,216	\$248,638,538		

4 The amounts shown as redemption requirements are the principal amounts of bonds to be purchased or borrowings to be redeemed to meet each year's requirements. For the five calendar years following the date of the statements, these are:

Year	Amounts	
	1974	1973
1974	\$ —	\$ 3,590,176
1975	28,431,218	27,987,062
1976	33,431,218	32,987,062
1977	23,673,782	23,955,116
1978	39,776,806	39,573,948
1979	16,615,536	—
	\$141,928,566	\$128,093,364

5 This represents a loan of 7,500,000,000 Yen from the Export-Import Bank of Japan (Eximbank) contracted for in April 1974 the proceeds of which may be drawn as needed by the Bank. As of 31 December 1974, the Bank has made a drawing against this loan in the amount of 4,500,000,000 Yen.

6 This represents the second tranche of a loan from the Government of Austria in United States Dollars equivalent to 200,000,000 Austrian Schillings contracted for in September 1973. The second tranche equivalent to 100,000,000 Austrian Schillings was received on 2 January 1974.

ASIAN DEVELOPMENT BANK

STATEMENT OF SUBSCRIPTIONS TO

31 December

Expressed in United

MEMBERS	SUBSCRIBED		
	Shares	Per Cent of Total	Par Value
REGIONAL			
Afghanistan	1,195	0.520	\$ 14,415,882
Australia	21,250	9.254	256,349,375
Bangladesh	3,750	1.633	45,238,125
British Solomon Islands	25	0.011	301,588
Burma	2,000	0.871	24,127,000
China, Republic of	4,000	1.742	48,254,000
Fiji	250	0.109	3,015,875
Gilbert and Ellice Islands	15	0.007	180,952
Hong Kong	2,000	0.871	24,127,000
India	23,250	10.124	280,476,375
Indonesia	6,250	2.722	75,396,875
Japan	50,000	21.773	603,175,000
Khmer Republic	875	0.381	10,555,563
Korea, Republic of	11,500	5.008	138,730,250
Laos	105	0.046	1,266,668
Malaysia	5,000	2.177	60,317,500
Nepal	540	0.235	6,514,290
New Zealand	5,640	2.456	68,038,140
Pakistan	8,000	3.484	96,508,000
Papua New Guinea	345	0.150	4,161,907
Philippines	8,750	3.810	105,555,625
Singapore	1,250	0.544	15,079,375
Sri Lanka	2,130	0.928	25,695,255
Thailand	5,000	2.177	60,317,500
Tonga	15	0.007	180,952
Viet-Nam, Republic of	3,000	1.306	36,190,500
Western Samoa ¹	6	0.003	72,381
Total Regional	166,141	72.349	2,004,241,953
NON-REGIONAL			
Austria	1,250	0.544	15,079,375
Belgium	1,250	0.544	15,079,375
Canada	6,250	2.722	75,396,875
Denmark	1,250	0.544	15,079,375
Finland ¹	500	0.218	6,031,750
France	6,250	2.722	75,396,875
Germany, Federal Republic of	8,500	3.701	102,539,750
Italy	5,000	2.177	60,317,500
Netherlands	2,750	1.198	33,174,625
Norway	1,250	0.544	15,079,375
Sweden ¹	500	0.218	6,031,750
Switzerland	1,250	0.544	15,079,375
United Kingdom	7,500	3.266	90,476,250
United States ¹	20,000	8.709	241,270,000
Total Non-Regional	63,500	27.651	766,032,250
GRAND TOTAL	229,641	100.000	\$2,770,274,203

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

¹ As of 31 December 1974 these members have not yet subscribed to the additional shares of the increase in capital stock authorized by Resolution No. 46 of the Board of Governors. Such additional shares are equal to 150 per cent of each such member's existing subscribed shares.

ORDINARY CAPITAL RESOURCES

CAPITAL STOCK AND VOTING POWER

1974

States Dollars (Note A)

PAR VALUE OF CALLABLE SHARES		PAR VALUE OF PAID-IN SHARES		VOTING POWER	
Subject to Call	Subscription Not Due	Instalments Matured	Number of Votes	Per Cent of Total	
\$ 9,807,625	\$ 575,027	\$ 4,033,230	2,595	0.904	
174,317,575	10,253,975	71,777,825	22,650	7.891	
30,761,925	10,857,150	3,619,050	5,150	1.794	
205,079	32,169	64,340	1,425	0.496	
16,406,360	4,632,384	3,088,256	3,400	1.184	
32,812,720	1,930,160	13,511,120	5,400	1.881	
2,050,795	120,635	844,445	1,650	0.575	
120,635	40,212	20,105	1,415	0.493	
16,406,360	965,080	6,755,560	3,400	1.184	
190,723,935	11,219,055	78,533,385	24,650	8.588	
51,269,875	3,015,875	21,111,125	7,650	2.665	
410,159,000	24,127,000	168,889,000	51,400	17.907	
7,177,783	422,222	2,955,558	2,275	0.793	
94,336,570	11,339,690	33,053,990	12,900	4.494	
856,509	52,275	357,884	1,505	0.524	
41,015,900	2,412,700	16,888,900	6,400	2.230	
4,427,305	261,376	1,825,609	1,940	0.676	
46,263,522	2,722,330	19,052,288	7,040	2.453	
65,625,440	3,860,320	27,022,240	9,400	3.275	
2,834,922	331,344	995,641	1,745	0.608	
71,777,825	4,222,225	29,555,575	10,150	3.536	
10,253,975	603,175	4,222,225	2,650	0.923	
17,467,948	1,029,419	7,197,888	3,530	1.230	
41,015,900	2,412,700	16,888,900	6,400	2.230	
120,635	38,603	21,714	1,415	0.493	
24,609,540	1,447,620	10,133,340	4,400	1.533	
36,191	—	36,190	1,406	0.490	
1,362,861,849	98,924,721	542,455,383	203,941	71.050	
10,253,975	603,175	4,222,225	2,650	0.923	
10,253,975	603,175	4,222,225	2,650	0.923	
51,269,875	3,015,875	21,111,125	7,650	2.665	
10,253,975	603,175	4,222,225	2,650	0.923	
3,015,875	—	3,015,875	1,900	0.662	
51,269,875	9,047,625	15,079,375	7,650	2.665	
69,727,030	4,101,590	28,711,130	9,900	3.449	
41,015,900	4,825,400	14,476,200	6,400	2.230	
22,558,745	1,326,985	9,288,895	4,150	1.446	
10,253,975	1,809,525	3,015,875	2,650	0.923	
3,015,875	—	3,015,875	1,900	0.662	
10,253,975	603,175	4,222,225	2,650	0.923	
61,523,850	3,619,050	25,333,350	8,900	3.101	
120,635,000	—	120,635,000	21,400	7.455	
475,301,900	30,158,750	260,571,600	83,100	28.950	
\$1,838,163,749	\$129,083,471	\$803,026,983	287,041	100.000	

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1974 and 31 December 1973

Expressed in United States Dollars (Note A)

NOTE A—

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Unit of Account

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

(2) Translation of Currencies

Assets, liabilities, Special Reserve and capital amounts in currencies other than United States Dollars were translated at year end rates as described below:

(a) In the cases of 11(14—1973) members (Afghanistan, Bangladesh, Indonesia, Khmer Republic, Republic of Korea, Laos, Pakistan, Philippines, Sri Lanka, Thailand and Republic of Viet-Nam) and for 1974 a non-member (Kuwait), at par values established or provisional rates agreed by these countries with the International Monetary Fund;

(b) In the cases of 6 members (Burma, Republic of China, Fiji, India, Nepal and Western Samoa), at central rates;

(c) In the cases of 22(18—1973) members (Australia, Austria, Belgium, British Solomon Islands, Canada, Denmark, Finland, France, Federal Republic of Germany, Gilbert and Ellice Islands, Hong Kong, Italy, Japan, Malaysia, Netherlands, New Zealand, Norway, Papua New Guinea, Singapore, Sweden, Switzerland and United Kingdom) and a non-member (Luxembourg), at market rates;

(d) In the case of Tonga at the rates used by Tonga in making payments of capital subscriptions to the Bank.

Income and expense amounts in currencies other than United States Dollars were translated for each quarter generally at the rates of exchange which prevailed at the beginning of the quarter. Translation adjustments, other than those relating to maintenance of value of currency holdings under Article 25 (see Note D) and restatement of capital stock (see Note G), were charged or credited to income.

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

(3) Loans

The Summary Statement of Loans shows total loans approved by the Bank by country. Adjustments for loans not yet effective, refundings and cancellations, payments received, loans agreed to be sold and exchange adjustments are made to arrive at effective loans held by the Bank.

(4) Unamortized Issuance Costs of Borrowings

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

(5) Property, Furniture and Equipment

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

NOTE B—

RESTRICTION ON USE OF CASH IN BANKS, INVESTMENTS AND DEMAND OBLIGATIONS OF MEMBERS

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

The use of cash in banks and demand obligations in the currencies of 23 members aggregating \$138,404,944 (22 members aggregating \$112,207,697—1973).

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

The use of cash in banks, investments and demand obligations in the currencies of 3 members aggregating \$39,886,025 (\$40,610,022—1973).

NOTE C—

CAPITAL STOCK

The authorized capital stock of the Bank is \$3,365,716,500 (\$2,790,000,000 in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966 as defined in Article 4, paragraph 1, namely with a gold content of 0.888671 gram of fine gold). Following the 1973 devaluation of the United States Dollar to 0.736662 gram of fine gold, capital stock amounts were restated in 1973 to present such amounts in current United States Dollars. The restatement of capital stock was offset by increases from translations of net assets in other currencies into United States Dollars, amounts receivable for maintenance of value of currency holdings under Article 25, and a charge to the Ordinary Reserve as mentioned in Note G.

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

As of 31 December 1974 the subscribed capital stock was \$2,770,274,203 (\$2,724,855,126—1973). All matured instalments amounting to \$803,026,983 (\$700,124,524—1973) were received. Instalments not due aggregating \$129,083,471 (\$222,877,988—1973) are receivable as follows:

	1974	1973
1974	\$ —	\$100,469,654
1975	107,619,288	104,583,307
1976	17,507,355	14,471,374
1977	3,956,828	3,353,653

NOTE D—

AMOUNTS RECEIVABLE AND AMOUNTS PAYABLE TO MAINTAIN VALUE OF CURRENCY HOLDINGS

These represent the aggregate amounts receivable and the aggregate amounts payable resulting from changes in par values or provisional rates of member currencies from those previously established or agreed by the members with the International Monetary Fund, or resulting from the adoption by the Bank of central rates or market rates for the purposes of maintenance of value, under Article 25, of the Bank's holdings of certain member currencies.

NOTE E—

SPECIAL RESERVE

From the interest earnings of the Bank on loans made by it from its Ordinary Capital Resources, a commission calculated at one per cent 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—

CAPITAL SET-ASIDE FOR SPECIAL OPERATIONS

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

NOTE G—

NET INCOME AND ORDINARY RESERVE

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

The net income of the Bank for the year ended 31 December 1973, namely \$15,657,480, was allocated to the Ordinary Reserve in terms of the resolution adopted by the Board of Governors at the Seventh Annual Meeting. Similar allocations had previously been made in respect of net income for preceding periods.

During the year ended 31 December 1973 an amount of \$7,410,568 was charged to the Ordinary Reserve in connection with the restatement of capital stock amounts following the devaluation of the United States Dollar. This charge represents the portion of the restatement of capital stock that was not offset by amounts receivable for maintenance of value of currency holdings under Article 25 and by increases arising from translation of net assets in other currencies into United States Dollars.

NOTE H—

CONTRIBUTIONS TO STAFF RETIREMENT PLAN

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

Each participant contributed to the Plan, up to February 1974, seven per cent of his remuneration and the Bank contributed the remainder of the cost and expenses of the Plan at the rate of fourteen per cent of participants' remuneration. In order to provide increased benefits, with effect from March 1974, the rates of contribution of the participants and of the Bank were changed to seven and two-thirds per cent and fifteen and one-third per cent, respectively, and with effect from December 1974, to nine and one-third per cent and eighteen and two-thirds per cent, respectively. For the year ended 31 December 1974, the amount contributed by the Bank to the Plan to cover its estimated cost and expenses was \$1,005,002 (\$753,137—1973).

NOTE I—

ADMINISTRATION CHARGE

An Administration Charge to Special Funds Operations was instituted in 1971. As revised in 1973, the computation of the Administration Charge is based on a formula which takes into consideration administrative expenses (after excluding certain items from the computations) and the number and amounts of loans approved. Recovery of the Administration Charge is to be made from all income derived from the Multi-Purpose Special Fund and the Asian Development Fund.

NOTE J—

TECHNICAL ASSISTANCE

The outstanding commitments, as of 31 December 1974, for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$6,970,000 (\$4,812,000—1973); to the extent available, contributions to the Consolidated Special Funds of the Bank may be used to meet expenditures arising out of the commitments. The amount shown is exclusive of technical assistance services made available on a reimbursable basis; however, when technical assistance rendered as a part of the commitment shown leads to loans for specific projects, the portion representing the cost of design and engineering and any balance of amount over \$100,000 will be converted to the subsequent loan. During the period ended 31 December 1974 no amount included therein was so converted to any loan (\$194,444—1973).

HASKINS & SELLS

Certified Public Accountants

1114 Avenue of the Americas
New York 10036**OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

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

	Appendix
Balance Sheet, 31 December 1974 and 31 December 1973	1-I
Statement of Income and Expenses for the Years Ended 31 December 1974 and 31 December 1973	1-II
Statement of Changes in Financial Position for the Years Ended 31 December 1974 and 31 December 1973	1-III
Statement of Cash in Banks and Demand Obligations of Members, 31 December 1974	1-IV
Summary Statement of Loans, 31 December 1974	1-V
Statement of Borrowings, 31 December 1974 and 31 December 1973	1-VI
Statement of Subscriptions to Capital Stock and Voting Power, 31 December 1974	1-VII
Notes to Financial Statements, 31 December 1974 and 31 December 1973	1-VIII

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

In our opinion, such financial statements present fairly the financial position of the Asian Development Bank—Ordinary Capital Resources at 31 December 1974 and 31 December 1973 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SELLS

21 February 1975

ASIAN DEVELOPMENT BANK—

BALANCE

31 December 1974

Expressed in United

	Technical Assistance Special Fund (Note 3)	
	1974	1973
<u>ASSETS</u>		
CASH IN BANKS	\$ 829,842	\$ 663,162
INVESTMENTS		
Government obligations—amortized cost which approximates market (Face amounts—\$30,184,503—1974, \$23,759,658—1973)	7,748,935	6,831,906
Time deposits and certificates of deposit	—	—
LOANS (See Appendix 1-D) [Note 2(d)]		
Loans approved <u>\$329,263,000—1974, \$319,708,000—1973</u>		
Effective loans held by Bank		
ACCRUED INCOME		
On investments		
On loans		
NOTES OF CONTRIBUTORS		
Non-negotiable, non-interest-bearing notes		
RESOURCES AVAILABLE		
Contributed Resources (See Appendix 1-E)		
Resources available for drawing	1,098,463	926,326
OTHER ASSETS	63,501	75,529
TOTAL	\$ 9,740,741	\$ 8,496,923
<u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>		
ACCOUNTS PAYABLE	\$ 693,374	\$ 364,948
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 6)		
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-D)		
UNEXPENDED BALANCES AND CAPITAL		
Contributed Resources (See Appendix 1-E)		
Amounts made available	16,082,341	13,569,677
Set-Aside Resources (See Appendix 1-F) [Note 4(b)]		
Capital set aside and transferred		
Credit arising from transfer to the Asian Development Fund of Administration Charge Payable (Note 6)	—	—
Accumulated net expense (See Appendix 1-B)		
Contributed Resources	(7,034,974)	(5,437,702)
Accrued Resources [Note 4(c)]	—	—
TOTAL	\$ 9,740,741	\$ 8,496,923

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

SPECIAL FUNDS RESOURCES

SHEET

and 31 December 1973

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 4)		Consolidated	
1974	1973	1974	1973
\$ 4,438,309	\$ 9,984,686	\$ 5,268,151	\$ 10,647,848
20,734,781	16,543,462	28,483,716	23,375,368
50,892,709	51,047,927	50,892,709	51,047,927
315,042,664	245,617,447	315,042,664	245,617,447
2,893,175	1,853,464	2,893,175	1,853,464
444,116	297,207	444,116	297,207
131,132,508	209,700,016	131,132,508	209,700,016
35,653,197	40,658,900	36,751,660	41,585,226
2,262,959	2,653,810	2,326,460	2,729,339
\$563,494,418	\$578,356,919	\$573,235,159	\$586,853,842
\$ 1,289,844	\$ 930,268	\$ 1,983,218	\$ 1,295,216
3,669,131	7,728,972	3,669,131	7,728,972
243,314,868	199,715,301	243,314,868	199,715,301
256,916,673	316,278,521	272,999,014	329,848,198
57,433,902	57,433,902	57,433,902	57,433,902
1,342,408	—	1,342,408	—
—	—	(7,034,974)	(5,437,702)
(472,408)	(3,730,045)	(472,408)	(3,730,045)
\$563,494,418	\$578,356,919	\$573,235,159	\$586,853,842

ASIAN DEVELOPMENT BANK

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December

Expressed in United

	Technical Assistance Special Fund (Note 3)	
	1974	1973
INCOME		
From investments	\$ 454,811	\$ 265,946
From loans		
Interest	—	—
Service fee	—	—
From other sources	(15,369)	(6,016)
GROSS INCOME	439,442	259,930
Service fee less depository banks charges allocated to Accrued Resources	—	—
UNALLOCATED GROSS INCOME	439,442	259,930
EXPENSES		
Administrative expenses		
Project appraisal and other field missions—		
Consultants	333,719	134,901
Other administrative expenses—		
Consultants—Headquarters	179,715	48,457
Administration Charge (Note 6)	—	—
Depository banks charges	239	239
Miscellaneous	34	1,000
Total	513,707	184,597
Services to member countries		
Project preparation missions and other loan-related technical assistance—		
Consultants	534,369	830,627
Project implementation/advisory—		
Consultants	936,037	209,181
Regional activities—		
Consultants	52,601	47,727
Total	1,523,007	1,087,535
GROSS EXPENSES	2,036,714	1,272,132
NET INCOME (EXPENSE) FOR THE YEAR	(1,597,272)	(1,012,202)
BALANCE OF ACCUMULATED NET INCOME (EXPENSE) AT BEGINNING OF THE YEAR	(5,437,702)	(4,425,500)
BALANCE OF ACCUMULATED NET INCOME (EXPENSE) AT END OF THE YEAR	(\$7,034,974)	(\$5,437,702)

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

SPECIAL FUNDS RESOURCES

AND ACCUMULATED NET INCOME (EXPENSE)

1974 and 31 December 1973

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 4)				
Contributed Resources	Set-Aside Resources	Accrued Resources	Total	
			1974	1973
\$1,674,666	\$4,417,911	\$ —	\$6,092,577	\$3,931,411
927,417	33,252	198	960,867	457,403
387,474	16,521	117	404,112	203,312
4,041	(92,739)	(81,002)	(169,700)	178,696
2,993,598	4,374,945	(80,687)	7,287,856	4,770,822
(386,393)	(16,019)	402,412	—	55,449
2,607,205	4,358,926	321,725	7,287,856	4,826,271
—	—	—	—	—
2,606,124	4,358,424	(2,935,912)	4,028,636	2,944,978
1,081	502	—	1,583	2,125
2,607,205	4,358,926	(2,935,912)	4,030,219	2,947,103
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
2,607,205	4,358,926	(2,935,912)	4,030,219	2,947,103
—	—	3,257,637	3,257,637	1,879,168
—	—	(3,730,045)	(3,730,045)	(5,609,213)
\$ —	\$ —	(\$ 472,408)	(\$ 472,408)	(\$3,730,045)

ASIAN DEVELOPMENT BANK

STATEMENT OF CHANGES

For the Years Ended 31 December

Expressed in United

	Technical Assistance Special Fund (Note 3)	
	1974	1973
FUNDS WERE PROVIDED BY		
Operations		
Net income (expense)	(\$1,597,273)	(\$1,012,202)
Items not requiring or providing funds		
Accrued income including capitalized interest on loans	—	—
Administration Charge	—	—
Total	—	—
Funds provided by (utilized for) operations	(1,597,273)	(1,012,202)
Contributions transferred to the Asian Development Fund	—	—
Increase in undisbursed balance of effective loans	—	—
Contributions drawn	2,745,198	2,894,921
Increase in contributions drawn as a result of currency revaluations	—	456,371
Notes of contributors encashed	—	—
Decrease in notes of contributors as a result of currency devaluations	—	—
Loans collected	—	—
Decrease in loans disbursed and outstanding as a result of currency devaluations	—	—
Set-Aside Resources transferred	—	—
Increase in Set-Aside Resources transferred as a result of devaluation of the United States Dollar	—	—
Other—net	340,454	(357,697)
Total	1,488,379	1,981,393
FUNDS WERE UTILIZED FOR		
Contributed Resources transferred to the Asian Development Fund	—	—
Increase in effective loans	—	—
Loans disbursed	—	—
Notes of contributors received	—	—
Increase in notes of contributors as a result of currency revaluations	—	—
Administration Charge paid	—	—
Decrease in contributions drawn as a result of currency devaluations	404,670	—
Total	404,670	—
INCREASE (DECREASE) IN CASH IN BANKS AND INVESTMENTS	\$1,083,709	\$1,981,393
INCREASE (DECREASE) IN COMPONENTS OF FUNDS		
Cash in banks	\$ 166,680	(\$ 208,758)
Investments (excluding accrued interest)	917,029	2,190,151
Total	\$1,083,709	\$1,981,393

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

1 Certain 1973 amounts have been restated to conform to 1974 classifications and Agricultural Special Fund which was terminated in 1973 has been excluded.

SPECIAL FUNDS RESOURCES

IN FINANCIAL POSITION

1974 and 31 December 1973

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 4)		Consolidated	
1974	1973	1974	1973 ¹
\$ 3,257,637	\$ 1,879,168	\$ 1,660,364	\$ 866,966
(1,251,008)	(1,477,022)	(1,251,008)	(1,477,022)
4,028,636	2,944,978	4,028,636	2,944,978
2,777,628	1,467,956	2,777,628	1,467,956
6,035,265	3,347,124	4,437,992	2,334,922
104,942,505	—	104,942,505	—
85,565,000	119,050,000	85,565,000	119,050,000
66,923,713	129,371,406	69,668,911	132,266,327
—	6,567,510	—	7,023,881
16,574,867	13,400,791	16,574,867	13,400,791
8,904,443	—	8,904,443	—
1,900	—	1,900	—
1,372,173	932,140	1,372,173	932,140
—	27,857,940	—	27,857,940
—	2,957,613	—	2,957,613
821,774	(769,464)	1,162,228	(1,127,161)
291,141,640	302,715,060	292,630,019	304,696,453
112,609,619	—	112,609,619	—
85,565,000	119,050,000	85,565,000	119,050,000
27,182,570	23,875,940	27,182,570	23,875,940
51,911,802	105,522,872	51,911,802	105,522,872
—	6,715,289	—	6,715,289
6,746,070	4,253,028	6,746,070	4,253,028
8,636,856	—	9,041,526	—
292,651,917	259,417,129	293,056,587	259,417,129
(\$ 1,510,277)	\$ 43,297,931	(\$ 426,568)	\$ 45,279,324
(\$ 5,546,378)	\$ 7,074,640	(\$ 5,379,698)	\$ 6,865,882
4,036,101	36,223,291	4,953,130	38,413,442
(\$ 1,510,277)	\$ 43,297,931	(\$ 426,568)	\$ 45,279,324

ASIAN DEVELOPMENT BANK

SUMMARY STATEMENT

31 December

Expressed in United

Borrower	Principal Amount	Loans Not Yet Effective	Refundings and Cancellations
AFGHANISTAN	\$ 20,050,000	\$ —	\$ —
BANGLADESH	21,650,000	—	—
BURMA	12,500,000	—	—
INDONESIA	99,080,000	—	100
KHMER REPUBLIC	1,670,000	—	—
KOREA, REPUBLIC OF	3,700,000	—	—
LAOS	11,693,000	—	6,170
MALAYSIA	3,300,000	—	—
NEPAL	38,710,000	—	—
PAKISTAN	32,050,000	—	—
PAPUA NEW GUINEA	14,300,000	—	—
PHILIPPINES	9,500,000	—	372,660
SINGAPORE	3,000,000	—	—
SRI LANKA	25,205,000	—	—
THAILAND	3,100,000	—	—
TONGA	1,300,000	—	—
VIET-NAM, REPUBLIC OF	20,270,000	—	244,715
WESTERN SAMOA	8,185,000	—	—
ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED			
PORTIONS OF LOANS ALLOCATED TO THE ASIAN DEVELOPMENT FUND			
TOTAL	\$329,263,000	\$ —	\$623,645

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

- The Bank charges service charge on all Special Funds loans approved after 21 March 1974 at the rate of 1% per annum. On loans approved prior to 21 March 1974 the Bank charges interest (including service fee of 3/4 of 1%) ranging from 1% per annum to 3% per annum; such loans may be financed from both the Multi-Purpose Special Fund and the Asian Development Fund.
- Where necessary and when available the resources of the Asian Development Fund may also be drawn upon to finance the undisbursed balance of these loans.
- This amount represents the adjustment in United States Dollar equivalents, arising from the changes in the exchange rates used for translation of currencies disbursed and outstanding on loans, and repayable to the Bank in such currencies.

SPECIAL FUNDS RESOURCES

OF LOANS

1974

States Dollars (Note 2)

Payments Received	Effective Loans Held by Bank	Undisbursed Balance of Effective Loans ^b	Outstanding Balance
\$ —	\$ 20,050,000	\$ 19,553,692	\$ 496,308
—	21,650,000	21,650,000	—
—	12,500,000	12,500,000	—
—	99,079,900	67,440,748	31,639,152
—	1,670,000	1,651,351	18,649
—	3,700,000	3,634,612	65,388
—	11,686,830	8,454,091	3,232,739
—	3,300,000	1,638,902	1,661,098
—	38,710,000	30,146,454	8,563,546
1,900	32,048,100	29,392,797	2,655,303
—	14,300,000	12,619,402	1,680,598
—	9,127,340	2,251,988	6,875,372
—	3,000,000	2,604,140	395,860
—	25,205,000	17,361,989	7,843,011
—	3,100,000	3,100,000	—
—	1,300,000	1,300,000	—
—	20,025,285	17,029,322	2,995,963
—	8,185,000	5,358,823	2,826,177
	792,089 ^c		792,089 ^c
	329,429,544	257,688,291	71,741,253
	(14,386,880)	(14,373,423)	(13,457)
\$1,900	\$315,042,664	\$243,314,868	\$71,727,796

ASIAN DEVELOPMENT BANK

STATEMENT OF

31 December

Expressed in United

	Contributions Committed During the Year	Contributions Transferred During the Year
TECHNICAL ASSISTANCE SPECIAL FUND (Note 3)		
Australia	\$ —	\$ —
Austria	—	—
Belgium	692,089	—
Canada	—	—
China, Republic of	—	—
Denmark	—	—
Finland	—	—
Germany, Federal Republic of	123,032	—
India	—	—
Italy	—	—
Japan	2,002,490	—
Korea, Republic of	—	—
Netherlands	239,378	—
New Zealand	—	—
Pakistan	—	—
Sri Lanka	—	—
Switzerland	—	—
United Kingdom	—	—
United States	—	—
Total	3,056,989	—
MULTI-PURPOSE SPECIAL FUND (Note 4)		
Australia	—	—
Belgium	2,768,358	—
Canada	—	—
Denmark	—	—
Finland	—	(1,648,352)
Germany, Federal Republic of	—	—
Italy	—	—
Japan	—	(55,000,000)
Netherlands	—	(2,454,534)
New Zealand	—	—
Norway	—	(2,191,781)
Switzerland	—	(6,644,518)
United Kingdom	—	—
United States	50,000,000	(50,000,000)
Total	52,768,358	(117,939,185)
GRAND TOTAL	\$55,825,347	(\$117,939,185)

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

SPECIAL FUNDS RESOURCES

CONTRIBUTED RESOURCES

1974

States Dollars (Note 2)

Total Contributions Committed	Amounts Not Yet Made Available	Amounts Made Available	Amounts Drawn	Resources Available for Drawing
\$ 747,975	\$ —	\$ 747,975	\$ 747,975	\$ —
121,163	—	121,163	121,163	—
692,089	166,101	525,988	—	525,988
200,198	—	200,198	200,198	—
200,000	—	200,000	150,000	50,000
757,723	—	757,723	757,723	—
120,504	—	120,504	120,504	—
491,156	—	491,156	491,156	—
241,499	—	241,499	213,735	27,764
187,975	—	187,975	187,975	—
9,739,070	—	9,739,070	9,739,070	—
30,000	—	30,000	30,000	—
438,456	79,793	358,663	164,384	194,279
380,141	—	380,141	192,330	187,811
24,167	—	24,167	17,708	6,459
20,267	—	20,267	20,267	—
200,000	—	200,000	200,000	—
485,852	—	485,852	379,690	106,162
1,250,000	—	1,250,000	1,250,000	—
<u>16,328,235</u>	<u>245,894</u>	<u>16,082,341</u>	<u>14,983,878</u>	<u>1,098,463</u>
11,406,630	—	11,406,630	11,406,630	—
2,768,358	692,089	2,076,269	2,076,269	—
27,799,835	—	27,799,835	2,422,377	25,377,458
2,654,868	—	2,654,868	2,654,868	—
—	—	—	—	—
27,395,013	—	27,395,013	27,395,013	—
1,577,967	—	1,577,967	1,577,967	—
161,545,451	—	161,545,451	161,545,451	—
7,471,913	—	7,471,913	1,877,558	5,594,355
1,070,520	—	1,070,520	1,070,520	—
—	—	—	—	—
—	—	—	—	—
13,918,207	—	13,918,207	9,236,823	4,681,384
—	—	—	—	—
<u>257,608,762</u>	<u>692,089</u>	<u>256,916,673</u>	<u>221,263,476</u>	<u>35,653,197</u>
\$273,936,997	\$ 937,983	\$272,999,014	\$236,247,354	\$ 36,751,660

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

STATEMENT OF SET-ASIDE RESOURCES

For the Years Ended 31 December 1974 and 31 December 1973

Expressed in United States Dollars (Note 2)

	Capital Set-Aside and Transferred from Ordinary Capital Resources [Note 4(b)]	
	1974	1973
BALANCE AT BEGINNING OF THE YEAR	\$57,433,902	\$26,618,349
AMOUNT SET-ASIDE AND TRANSFERRED DURING THE YEAR	—	27,857,940
INCREASE IN SET-ASIDE RESOURCES TRANSFERRED AS A RESULT OF THE DEVALUATION OF THE UNITED STATES DOLLAR	—	2,957,613
BALANCE AT END OF THE YEAR	\$57,433,902	\$57,433,902

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

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

STATEMENT OF ACCRUED RESOURCES

For the Years Ended 31 December 1974 and 31 December 1973

Expressed in United States Dollars (Note 2)

	Amounts Credited	
	1974	1973
BALANCE AT BEGINNING OF THE YEAR	(\$3,730,045)	(\$5,910,446)
NET INCOME FOR THE YEAR	3,257,637	2,180,401
BALANCE AT END OF THE YEAR	(\$ 472,408)	(\$3,730,045)

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

ASIAN DEVELOPMENT BANK—

TECHNICAL ASSISTANCE

BALANCE

31 December

Expressed in United

	Australia	Austria	Belgium	Canada	China, Republic of	Denmark	Finland	Germany, Federal Republic of	India
ASSETS									
CASH IN BANKS	\$145,606	\$ 77,043	\$ —	\$ 3,045	\$ 38,799	\$ 15,305	\$ 47,516	\$134,381	\$ 46,512
INVESTMENTS									
Government obligations— amortized cost which approximates market (Face amount \$7,780,430)	—	—	—	—	—	—	—	—	—
RESOURCES AVAILABLE									
Contributed Resources (See Appendix 1-E)	—	—	525,988	—	50,000	—	—	—	27,764
OTHER ASSETS	—	—	—	—	1,250	—	—	—	1,369
TOTAL	\$145,606	\$ 77,043	\$525,988	\$ 3,045	\$ 90,049	\$ 15,305	\$ 47,516	\$134,381	\$ 75,645
LIABILITIES AND UNEXPENDED BALANCES									
ACCOUNTS PAYABLE	\$ 39,772	\$ 1,026	\$ —	\$ —	\$ —	\$ —	\$ 9,691	\$ 841	\$ 41,043
UNEXPENDED BALANCES									
Contributed Resources (See Appendix 1-E)									
Amounts made available	747,975	121,163	525,988	200,198	200,000	757,723	120,504	491,156	241,499
Accumulated net income (expense) (See Appendix 1-B)	(642,141)	(45,146)	—	(197,153)	(109,951)	(742,418)	(82,679)	(357,616)	(206,897)
TOTAL	\$145,606	\$ 77,043	\$525,988	\$ 3,045	\$ 90,049	\$ 15,305	\$ 47,516	\$134,381	\$ 75,645

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

SPECIAL FUNDS RESOURCES

SPECIAL FUND (Note 3)

SHEET

1974

States Dollars (Note 2)

Italy	Japan	Korea, Republic of	Nether- lands	New Zealand	Pakistan	Sri Lanka	Switzer- land	United Kingdom	United States	Total
\$187,975	\$ 70,983	\$ —	\$ 64	\$ 4,264	\$ 10,070	\$ 20,267	\$ 28,012	\$ —	\$ —	\$ 829,842
—	7,679,343	—	—	—	—	—	69,592	—	—	7,748,935
—	—	—	194,279	187,811	6,459	—	—	106,162	—	1,098,463
—	60,548	—	—	334	—	—	—	—	—	63,501
\$187,975	\$7,810,874	\$ —	\$194,343	\$192,409	\$ 16,529	\$ 20,267	\$ 97,604	\$106,162	\$ —	\$ 9,740,741
\$ —	\$ 238,281	\$ —	\$188,078	\$ 75,335	\$ 8,768	\$ —	\$ —	\$ 90,539	\$ —	\$ 693,374
187,975	9,739,070	30,000	358,663	380,141	24,167	20,267	200,000	485,852	1,250,000	16,082,341
—	(2,166,477)	(30,000)	(352,398)	(263,067)	(16,406)	—	(102,396)	(470,229)	(1,250,000)	(7,034,974)
\$187,975	\$7,810,874	\$ —	\$194,343	\$192,409	\$ 16,529	\$ 20,267	\$ 97,604	\$106,162	\$ —	\$ 9,740,741

ASIAN DEVELOPMENT BANK—

MULTI-PURPOSE

BALANCE

31 December
Expressed in United

	Contributed							
	Australia	Belgium	Canada	Denmark	Finland	Germany, Federal Republic of	Italy	Japan
ASSETS								
CASH IN BANKS	\$ 33,292	\$ —	\$ 385,003	\$2,652,265	\$ —	\$ 206,971	\$ 9,039	\$ 27,546
INVESTMENTS								
Government obligations— amortized cost which approximates market (Face amount \$22,404,073)	—	—	—	—	—	6,217,525	—	—
Time deposits and certificates of deposit	—	—	—	—	—	11,671,144	1,188,608	—
	—	—	—	—	—	17,888,669	1,188,608	—
LOANS (See Appendix 1-D) [Note 2(d)] Loans approved \$329,263,000								
Effective loans held by Bank	3,339,116	—	2,043,935	2,602	—	10,353,836	380,507	40,730,904
ACCRUED INCOME								
On investments	—	—	—	—	—	490,387	78,579	—
On loans	22,602	—	16,237	54	—	63,604	2,443	235,615
	22,602	—	16,237	54	—	553,991	81,022	235,615
NOTES OF CONTRIBUTORS								
Non-negotiable, non-interest- bearing notes	8,038,503	2,076,269	—	—	—	—	—	121,017,736
RESOURCES AVAILABLE								
Contributed Resources (See Appendix 1-E)	—	—	25,377,458	—	—	—	—	—
Accrued Resources [Note 4(c)]	—	—	—	—	—	—	—	—
OTHER ASSETS	—	—	870	11	—	—	—	12,050
TOTAL	\$11,433,513	\$2,076,269	\$27,823,503	\$2,654,932	\$ —	\$29,003,467	\$1,659,176	\$162,023,851
LIABILITIES, UNEXPENDED BALANCES AND CAPITAL								
ACCOUNTS PAYABLE	\$ 5,899	\$ —	\$ 3,542	\$ 5	\$ —	\$ 837,414	\$ 573	\$ 66,308
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 6)	20,984	—	20,126	59	—	771,040	80,636	412,092
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-D)								
UNEXPENDED BALANCES AND CAPITAL								
Contributed Resources (See Appendix 1-E)								
Amounts made available	11,406,630	2,076,269	27,799,835	2,654,868	—	27,395,013	1,577,967	161,545,451
Set-Aside Resources (See Appendix 1-F) [Note 4(b)]								
Capital set-aside and transferred								
Credit arising from transfer to the Asian Development Fund of Administration Charge Payable (Note 6)								
Accumulated net expense (See Appendix 1-B)	—	—	—	—	—	—	—	—
TOTAL	\$11,433,513	\$2,076,269	\$27,823,503	\$2,654,932	\$ —	\$29,003,467	\$1,659,176	\$162,023,851

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

a The unallocated amount will be allocated to specific resources as and when procurement contracts have been awarded.

b The eliminations represent offsetting amounts due to and due from resources within the Multi-Purpose Special Fund.

SPECIAL FUNDS RESOURCES

APPENDIX 1-1

SPECIAL FUND (Note 4)

SHEET

1974

States Dollars (Note 2)

Resources						Set-Aside Resources	Accrued Resources	Unallocated ^a and (Eliminations) ^b	Total
Nether- lands	New Zealand	Norway	Switzer- land	United Kingdom	United States				
\$ 81,667	\$ 636,738	\$ —	\$ —	\$ 25,980	\$ —	\$ 299,094	\$ 80,714		\$ 4,438,309
—	—	—	—	—	—	14,517,256	—	\$20,734,781	
—	—	—	—	—	—	38,032,957	—	50,892,709	
—	—	—	—	—	—	52,550,213	—		71,627,490
1,796,456	436,538	—	—	9,445,506	—	3,182,003	16,393	\$243,314,868	315,042,664
16,528	1,632	—	—	64,378	—	2,324,209	—	2,893,175	
16,528	1,632	—	—	64,378	—	20,902	121	444,116	
—	—	—	—	—	—	2,345,111	121		3,337,291
—	—	—	—	—	—	—	—		131,132,508
5,594,355	—	—	—	4,681,384	—	—	—		35,653,197
6	68	75,046	—	14,405	—	2,187,982	772,783	(772,783)	
							—	(27,479)	2,262,959
\$7,489,012	\$1,074,976	\$75,046	\$ —	\$14,231,653	\$ —	\$60,564,403	\$ 870,011	\$242,514,606	\$563,494,418
\$ 3,281	\$ 1,552	\$ —	\$ —	\$ 48,257	\$ —	\$ 501,791	\$ 11	(\$ 178,789)	\$ 1,289,844
13,818	2,904	75,046	—	265,189	—	2,628,710	—	(621,473)	3,669,131
								243,314,868	243,314,868
7,471,913	1,070,520	—	—	13,918,207	—	—	—		256,916,673
						57,433,902	—		57,433,902
							1,342,408		1,342,408
							(472,408)		(472,408)
\$7,489,012	\$1,074,976	\$75,046	\$ —	\$14,231,653	\$ —	\$60,564,403	\$ 870,011	\$242,514,606	\$563,494,418

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES
TECHNICAL ASSISTANCE SPECIAL FUND
STATEMENT OF EXPENSES BY PROJECTS AND PROGRAMS

For the Year Ended 31 December 1974

Expressed in United States Dollars (Note 2)

		Contributors		Amounts	
ADMINISTRATIVE EXPENSES					
Project appraisal and other field missions—					
Consultants					
Afghanistan	Kama Irrigation	Japan			\$ 14,432
Bangladesh	Jute Seed Project	India	\$ 1,564		
		Japan	3,785	\$ 5,349	
	Railway Project	India	2,389		
		Japan	4,171		
		United Kingdom	5,717	12,277	
	Urea Fertilizer West Zone Power Station	Japan		9,536	
		United Kingdom		(73)	27,089
British Solomon Islands	Beef Cattle Development	Australia		6,715	
		New Zealand		5,000	11,715
Burma	Jute Mill	Pakistan			4,915
Indonesia	Tadjum Irrigation	China, Republic of	4,756		
		Japan	8,500	13,256	
	Surabaya Institute of Technology Economic Mission East Java Sugar Cipadung Spinning Mill Sawet Sebarang Oil Palm Estate Java Road Improvement	Japan		3,884	
		Japan		10,167	
		Netherlands		(1,077)	
		Netherlands		8,563	
		Netherlands		8,320	
		United Kingdom		8,974	52,087
Korea, Republic of	Pump Storage Power Generation Machinery Plant Expansion Fisheries Development Power Plant & Coal Mining Project	Australia		6,666	
		India		6,792	
		Japan		2,809	
		United Kingdom		26,446	42,713
Malaysia	Pahang Tenggara Development	Australia	24,609		
		Japan	23,538	48,147	
	Tenom Pangli East West Highway	Australia		6,687	
		United Kingdom		(71)	54,763
Nepal	Air Transport Development	Japan	6,325		
		United Kingdom	13,670	19,995	
	Jute Development Project	Pakistan		3,853	23,848
FORWARD					\$231,562

CONTINUED

		Contributors	Amounts	
FORWARD				\$231,562
ADMINISTRATIVE EXPENSES (Cont.)				
Philippines	Manila International Airport	United Kingdom	\$ 12,124	
	Manila Water Supply	United Kingdom	13,410	25,534
Singapore	Airport Development	Japan		475
Sri Lanka	Mineral Sands	Australia		10,206
Thailand	Nong Wai Pioneer Irrigation	China, Republic of	12,008	
		Germany, Federal	9,321	21,329
		Republic of		
Viet-Nam,	Tan An Irrigation	Japan	7,104	
Republic of	Fisheries Development	Japan	3,224	
	Rubber Rehabilitation	Netherlands	6,937	
	Beef Cattle	Switzerland	2,083	19,348
Western Samoa	Faleolo Airport and Road	Japan	13,936	
	Beef Cattle Pilot Farm	Australia	\$ 6,329	
		New Zealand	5,000	11,329
				25,265
	Total			333,719
Other administrative expenses				
Consultants—Headquarters		Australia	12,612	
		India	7,116	
		Japan	115,471	
		United Kingdom	44,516	179,715
Depository banks charges		Australia	46	
		Canada	2	
		India	8	
		Japan	32	
		New Zealand	10	
		Switzerland	41	239
Miscellaneous		China, Republic of		34
	Total			\$179,988

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF EXPENSES BY PROJECTS AND PROGRAMS

For the Year Ended 31 December 1974

Expressed in United States Dollars (Note 2)

		Contributors	Amounts	
SERVICES TO MEMBER COUNTRIES				
Project preparation missions and other loan-related technical assistance—				
Consultants				
Bangladesh	Jute Seed Project	India	\$ 7,718	
		United Kingdom	5,594	\$ 13,312
Indonesia	Minihasa Power	Austria	1,866	
	Bandung Water Supply	Denmark	(10,524)	
	Irian Jaya Water Supply	Finland	26,734	
	West Irian Power Development	Netherlands	2,539	20,615
Korea, Republic of	Namgang-Imjin Area Development	Japan		178,261
Malaysia	Sabah Power Development	Japan		(7,130)
Papua New Guinea	Road Project	Australia		19,422
Philippines	Polangui River Irrigation	Australia	\$ 15,398	
		China, Republic of	9,975	
		Japan	10,473	35,846
	Agusan del Sur Irrigation	China, Republic of	11,452	
		Japan	16,821	
		Netherlands	16,871	45,144
	Manila Water Supply	Germany, Federal Republic of	(1,127)	
	Philippine National Railways Track Network	India	12,602	
		United Kingdom	30,484	43,086
Sri Lanka	Samanala Wewa Power	Australia		2,568
Viet-Nam, Republic of	Vocational Education	Japan	37,971	
	Tan An Irrigation	Japan	62,401	
	Rubber Rehabilitation	Netherlands	84,000	184,372
Total (FORWARD)				\$534,369

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

CONTINUED

		Contributors	Amounts	
Project implementation/advisory —		FORWARD		\$ 534,369
Consultants				
Afghanistan	Gawargan and Chardarrah Agricultural Development	Japan		22,894
Bangladesh	Shilpa Bank	India	\$ 25,089	
		Japan	31,104	\$ 56,173
		Japan		49,469
		New Zealand		26,986
		Japan		58,280
	Chittagong Port Expansion	Japan	145,842	336,750
British Solomon Islands	Agricultural and Industrial Loans Board	Japan		36,290
Fiji	Fiji Development Bank	Japan		17,658
Indonesia	Financial Management of Ports	Japan	33,969	
		New Zealand	17,349	51,318
		Japan		8,463
	Palm Oil Mills			59,781
Laos	Development Bank	Japan		30,141
		United Kingdom		33,489
Malaysia	Fisheries Development	China, Republic of		10,191
		Japan		57,479
		Korea, Republic of		4,158
Nepal	Air Transport System Development			58,006
		Japan		
		India	436	
		Japan	17,180	17,616
	Gandak Hetauda Power	New Zealand		19,445
Pakistan	Mangla Hydropower Development	Australia		53,127
Philippines	FAO-Sponsored National Food Security	India		8,600
Sri Lanka	Walawe Development	India		3,273
		Japan		20,702
		Netherlands		41,865
Viet-Nam, Republic of	Fisheries Development	Japan		33,775
Western Samoa	Development Financing Institution	Australia	33,123	
		Germany, Federal		
		Republic of	23,368	56,491
		United Kingdom		14,306
	Power Development			70,797
	Total			936,037
Regional activities —				
Consultants				
	Trans Strait of Malacca Ferry Service	New Zealand	(1,801)	
	ADB-BTC Regional Program on Development Banking	Japan		26,964
	APQ-Fourth Project Feasibility Study Training Course	Japan		27,438
				52,601
TOTAL SERVICES TO MEMBER COUNTRIES				1,523,007
GROSS EXPENSES				\$2,036,714

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1974 and 31 December 1973

NOTE 1—

GENERAL

- (a) Since 1967 the Bank has established Special Funds Resources to finance the special operations of the Bank as provided in Article 19 of the Articles of Agreement. Such Special Funds Resources consist of a Technical Assistance Special Fund, an Agricultural Special Fund and a Multi-Purpose Special Fund. In 1973, the Bank's administration of the Agricultural Special Fund was terminated upon repayment to the contributor or reallocations of the contributions to the Multi-Purpose Special Fund.
- (b) In 1974 the Asian Development Fund was established. As permitted by the authorizing and subsequent resolutions of the Board of Governors, several contributors have elected to have their contributions to the Multi-Purpose Special Fund made in 1973 and 1974 credited toward the amount of their contributions to the Asian Development Fund. Accordingly, several contributions in the Multi-Purpose Special Fund have been transferred to the Asian Development Fund.
- (c) Since the Special Funds Rules and Regulations do not apply to the Asian Development Fund, the accompanying financial statements do not include the operations and activities of that Fund.

decreases in the contribution accounts. Translation adjustments relating to the capital set-aside pursuant to the provisions of Article 19, paragraph 1(i) were recorded as receivable from or payable to ordinary capital resources. Other translation adjustments were charged or credited to income.

No representation is made that any of these currencies is convertible into any other currency at the rate or rates specified above.

(c) Contributions

Amounts contributed by members are reflected in the financial statements as contributions committed from the date contribution agreements are signed and related formalities are completed. As to those countries which have agreed to consider specific requests for financing, the amounts shown in the financial statements as contributions committed are based on the specific requests approved through 31 December 1974 and 31 December 1973.

(d) Loans

The Summary Statement of Loans shows all loans approved by the Bank by country. Adjustments for loans not yet effective, refundings and cancellations, payments received and exchange adjustments are made to arrive at effective loans held by the Bank.

NOTE 2—

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) **Unit of Account**
The Special Funds Resources financial statements are expressed in current United States Dollars.
- (b) **Translation of Currencies**
Assets, liabilities, unexpended balances and capital amounts in currencies other than United States Dollars were translated at year end rates as described below:
 - (i) In the cases of 2 (3-1973) contributors (Pakistan and Sri Lanka), at par values established with the International Monetary Fund;
 - (ii) In the case of India, at central rate;
 - (iii) In the cases of 14 (12-1973) contributors (Australia, Austria, Belgium, Canada, Denmark, Finland, Federal Republic of Germany, Italy, Japan, Netherlands, New Zealand, Norway, Switzerland and the United Kingdom), at market rates.

Income and expense amounts in currencies other than United States Dollars were translated for each quarter generally at the rates of exchange which prevailed at the beginning of the quarter. Translation adjustments relating to funds representing the unexpended balances of contributions were offset by increases or

NOTE 3—

TECHNICAL ASSISTANCE SPECIAL FUND

Since 1967 contributions have been made by 19(18-1973) member countries to be used by the Bank for financing technical assistance activities. In most cases, the initial use of the contributions shall be for the procurement of expert services and facilities from the contributing member country. There has been, however, a trend towards liberalization of the procurement terms. Therefore, some of the contributions are substantially or wholly untied.

NOTE 4—

MULTI-PURPOSE SPECIAL FUND

- (a) Since 1968 contributions have been made by 14(12-1973) member governments to be used by the Bank for financing special operations. These contributions generally cannot be used for providing non-reimbursable technical assistance. The contributions made in the early years were generally to be used initially for procurement of goods and services from the contributing member country. In recent years the terms of the contributions have become more and more liberalized. In most cases, the contributions may be used for procurement of goods and services (a) from the contributing member country, (b) from the territories of developing member countries, and (c) from developed

CONTINUED

countries which have made contributions to any Special Fund other than the Technical Assistance Special Fund. In all cases the repayments may be used for procurement of goods and services in the territories of members of the Bank.

- (b) Pursuant to Article 19, paragraph 1(i), the Board of Governors has also authorized the setting aside of 10 per cent of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as of 28 April 1973 to be transferred to the Special Funds. The capital so set aside, amounting to \$57,433,902 (\$47,809,651 in terms of United States Dollar of the weight and fineness in effect on 31 January 1966 as defined in Article 4, paragraph 1), has accordingly been transferred to the Multi-Purpose Special Fund to form the Set-Aside Resources of that Fund.

Article 4, paragraph 1, defines the capital stock of the Bank in terms of United States Dollars of the weight and fineness in effect on 31 January 1966, namely, with a gold content of 0.888671 gram of fine gold. Accordingly, following the 1973 devaluation of the United States Dollar to 0.736662 gram of fine gold, capital set aside was restated in 1973 to present such amount in current United States Dollars.

- (c) The term "Accrued Resources" refers to the resources derived from the service fee charged by the Bank in its special operations in accordance with the Special Funds Rules and Regulations for the Bank's administration of the Special Funds Resources and to certain other income derived from Special Funds Resources credited, held and administered by the Bank in the Multi-Purpose Special Fund.

NOTE 5—

PORTIONS OF LOANS ALLOCATED TO THE ASIAN DEVELOPMENT FUND

Loans approved by the Bank on concessional terms are classified as Special Funds loans. Where necessary and when available the resources of both the Multi-Purpose Special Fund and the Asian Development Fund may be used either singly or jointly to finance Special Funds loans. For internal accounting purposes, Special Funds loans approved by the Bank after the establishment of the Asian Development Fund are shown in the Summary Statement of Loans of the Asian Development Fund. Consequently, the amounts shown in the Summary Statement of Loans reflect the amounts net of portions of loans allocated to the Asian Development Fund.

NOTE 6—

ADMINISTRATION CHARGE

An Administration Charge to Special Operations was instituted in 1971. As revised in 1973, the computation of the Administration Charge is based on a formula which takes into consideration administrative expenses (after excluding certain items from the computations) and the number and amounts of loans approved. Payment of the Administration Charge to the ordinary capital resources is to be made from all income derived from the Multi-Purpose Special Fund and the Asian Development Fund. Upon the transfer of certain contributions to the Asian Development Fund (See Note 1) the Administration Charge Payable to Ordinary Capital Resources applicable to such contributions was also transferred to the Asian Development Fund resulting in a credit arising from such transfer of the liability.

HASKINS & SELLS

Certified Public Accountants

1114 Avenue of the Americas
New York 10036**OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

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

Balance Sheet, 31 December 1974 and 31 December 1973	Appendix 1-A
Statement of Income and Expenses and Accumulated Net Income (Expense) for the Years Ended 31 December 1974 and 31 December 1973	1-B
Statement of Changes in Financial Position for the Years Ended 31 December 1974 and 31 December 1973	1-C
Summary Statement of Loans, 31 December 1974	1-D
Statement of Contributed Resources, 31 December 1974	1-E
Statement of Set-Aside Resources for the Years Ended 31 December 1974 and 31 December 1973	1-F
Statement of Accrued Resources for the Years Ended 31 December 1974 and 31 December 1973	1-G
Technical Assistance Special Fund Balance Sheet, 31 December 1974	1-H
Multi-Purpose Special Fund Balance Sheet, 31 December 1974	1-I
Technical Assistance Special Fund Statement of Expenses by Projects and Programs for the Year Ended 31 December 1974	1-J
Notes to Financial Statements, 31 December 1974 and 31 December 1973	1-K

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

In our opinion, such financial statements present fairly the financial position of Asian Development Bank—Special Funds Resources at 31 December 1974 and 31 December 1973 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

21 February 1975

HASKINS & SELLS

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

BALANCE SHEET

31 December 1974

Expressed in United States Dollars (Note 2)

<u>ASSETS</u>			
CASH IN BANKS			\$ 2,591,581
INVESTMENTS			
Government obligations—			
amortized cost which approximates market (Face amount \$3,731,955)	\$ 3,728,505		
Time deposits	11,159,823		14,888,328
LOANS (See Appendix 1-4) [Note 2(d)]			
Loans approved <u>\$163,300,000</u>			
Effective loans held by Bank			
Amount transferred from the Multi-Purpose Special Fund			30,689,370
ACCRUED INCOME			
On investments	284,326		
On loans	133		284,459
NOTES OF CONTRIBUTORS			
Non-negotiable, non-interest bearing notes			200,822,206
OTHER ASSETS			820,210
TOTAL			\$250,096,154
<u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>			
ACCOUNTS PAYABLE			\$ 75,049
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 3)			1,580,772
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-4)			30,673,423
UNEXPENDED BALANCES AND CAPITAL			
Amounts made available (See Appendix 1-5)	\$218,916,590		
Debit arising from transfer of Administration Charge payable from the Multi-Purpose Special Fund, less appropriated net income (Note 3)	(1,149,680)		217,766,910
TOTAL			\$250,096,154

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

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

STATEMENT OF INCOME AND EXPENSES AND ACCUMULATED NET EXPENSE

For the Period from 28 June 1974 to 31 December 1974 (Note 1)

Expressed in United States Dollars (Note 2)

INCOME	
From investments	\$340,830
From loans	111
From changes in value of currencies—net	41,557
From other sources	48,609
GROSS INCOME	431,107
EXPENSES	
Administration Charge (Note 3)	238,364
Depository banks charges	15
GROSS EXPENSES	238,379
NET INCOME FOR THE PERIOD	192,728
APPROPRIATION TO DEBIT ARISING FROM TRANSFER OF ADMINISTRATION CHARGE PAYABLE FROM THE MULTI-PURPOSE SPECIAL FUND (Note 3)	(192,728)
ACCUMULATED NET EXPENSE	—0—

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

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Period from 28 June 1974 to 31 December 1974 (Note 1)

Expressed in United States Dollars (Note 2)

FUNDS WERE PROVIDED BY	
Operations	
Net income	\$ 192,728
Items not requiring or providing funds	
Accrued income	(242,479)
Administration Charge	238,364
Total	(4,115)
Funds provided by operations	188,613
Increase in undisbursed balance of effective loans	16,300,000
Contributions drawn	107,938,641
Contributed Resources transferred from the Multi-Purpose Special Fund	112,609,619
Decrease in notes of contributors as a result of currency devaluations	3,057,780
Total	240,092,653
FUNDS WERE UTILIZED FOR	
Increase in effective loans	16,300,000
Loans disbursed	10,694
Notes of contributors received	203,879,985
Decrease in contributions drawn as a result of currency devaluations	1,676,904
Other—net	745,161
Total	222,612,744
INCREASE IN CASH IN BANKS AND INVESTMENTS	\$ 17,479,909
INCREASE IN COMPONENTS OF FUNDS	
Cash in banks	\$ 2,591,581
Investments (excluding accrued interest)	14,888,328
Total	\$ 17,479,909

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

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS

31 December 1974

Expressed in United States Dollars (Note 2)

Borrower	Principal Amount	Loans Not Yet Effective	Refundings and Cancellations	Effective Loans Held by Bank	Undisbursed Balance of Effective Loans ^b	Outstanding Balance
AFGHANISTAN	\$ 14,000,000	\$ 14,000,000	\$ —	\$ —	\$ —	\$ —
BANGLADESH	52,100,000	52,100,000	—	—	—	—
BURMA	16,300,000	—	—	16,300,000	16,300,000	—
INDONESIA	14,200,000	14,200,000	—	—	—	—
PAKISTAN	34,000,000	34,000,000	—	—	—	—
PHILIPPINES	5,800,000	5,800,000	—	—	—	—
SRI LANKA	1,500,000	1,500,000	—	—	—	—
THAILAND	5,000,000	5,000,000	—	—	—	—
VIET-NAM, REPUBLIC OF	20,400,000	20,400,000	—	—	—	—
ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED				2,490 ^c		2,490 ^c
PORTIONS OF LOANS ALLOCATED FROM THE MULTI-PURPOSE SPECIAL FUND				14,386,880	14,373,423	13,457
TOTAL	\$163,300,000	\$147,000,000	\$ —	\$30,689,370	\$30,673,423	\$15,947

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

- The Bank charges service charge on all Special Funds loans approved after 21 March 1974 at the rate of 1% per annum. On loans approved prior to 21 March 1974 the Bank charges interest (including service fee of 3/4 of 1%) ranging from 1% per annum to 3% per annum; such loans may be financed from both the Multi-Purpose Special Fund and the Asian Development Fund.
- Where necessary and when available the resources of the Multi-Purpose Special Fund may also be drawn upon to finance the undisbursed balance of effective loans.
- This amount represents the adjustments in United States Dollar equivalents, arising from the changes in the exchange rates used for translation of currencies disbursed and outstanding on loans, and repayable to the Bank in such currencies.

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES

31 December 1974

Expressed in United States Dollars (Note 2)

Contributors	Resources Committed	Amounts Not Yet Made Available	Amounts Made Available	Amounts Drawn	Resources Available For Drawing
Australia	\$ 15,855,804	\$ —	\$ 15,855,804	\$ 15,855,804	\$ —
Canada	6,853,181	6,167,864	685,317	685,317	—
Denmark	2,890,319	—	2,890,319	2,890,319	—
Finland	2,601,247	615,891	1,985,356	1,985,356	—
Germany, Federal Republic of	22,718,914	15,250,028	7,468,886	7,468,886	—
Japan	105,224,245	—	105,224,245	105,224,245	—
Netherlands	7,505,111	—	7,505,111	7,505,111	—
New Zealand	3,522,339	1,761,169	1,761,170	1,761,170	—
Norway	2,836,715	—	2,836,715	2,836,715	—
Switzerland	7,874,016	2,755,906	5,118,110	5,118,110	—
United Kingdom	17,585,557	—	17,585,557	17,585,557	—
United States	50,000,000	—	50,000,000	50,000,000	—
TOTAL	\$245,467,448	\$26,550,858	\$218,916,590	\$218,916,590	\$ —

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

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1974

NOTE 1 —

GENERAL

In April 1973, the Board of Governors authorized the establishment of a new Special Fund to be known as the Asian Development Fund (the Fund). Subsequently, the Board of Governors also authorized initial resource mobilization arrangements for the Fund during the three years ending 31 December 1975, under a two-stage programme providing for a total amount equivalent to US\$525,000,000. In April 1974, the Board of Directors adopted Regulations for the administration of the Fund. On 28 June 1974, the Fund was established when Instruments of Contribution were deposited with the Bank by ten contributors with contributions in an aggregate amount exceeding US\$225,000,000, this being the minimum amount required to establish the Fund. As permitted by the authorizing and subsequent resolutions of the Board of Governors, several contributors have elected to have their contributions to the Multi-Purpose Special Fund made after 31 December 1972 credited toward the amount of their contributions to the Fund. Accordingly, several contributions have been transferred from the Multi-Purpose Special Fund to the Fund. As permitted by the authorizing resolution, three contributors have requested and the Board of Directors has agreed, that the initial use of their contributions in the first stage aggregating the equivalent of \$56,123,586 at 31 December 1974, be restricted to procurement of goods and services from the contributor's country.

NOTE 2 —

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) **Unit of Account**
The Asian Development Fund financial statements are expressed in current United States Dollars.
- (b) **Translation of Currencies**
Assets, liabilities, unexpended balances and capital other than United States Dollars were translated at year end market rates. Income and expense amounts in currencies other than United States Dollars were translated for each quarter generally at the rates of exchange which prevailed at the beginning of the quarter. Translation adjustments relating to funds representing the unexpended balances of contributions were offset by increases or decreases in the contribution accounts. Other translation adjustments were charged or credited to income.

No representation is made that any of these currencies is convertible into any other currency at the rate or rates specified above.

(c) Contributions

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

(d) Loans

The Summary Statement of Loans shows all loans approved by the Bank. Adjustments for loans not yet effective, refundings and cancellations, and exchange adjustments are made to arrive at effective loans held by the Bank.

NOTE 3 —

ADMINISTRATION CHARGE

An Administration Charge to Special Operations was instituted in 1971. As revised in 1973, the computation of the Administration Charge is based on a formula which takes into consideration administrative expenses (after excluding certain items from the computations) and the number and amounts of loans approved. Payment of the Administration Charge to the ordinary capital resources is to be made from all income derived from the Multi-Purpose Special Fund and the Asian Development Fund. Upon the transfer of certain contributions from the Multi-Purpose Special Fund (See Note 1) the Administration Charge Payable to Ordinary Capital Resources applicable to such contributions was also transferred from the Multi-Purpose Special Fund resulting in a debit arising from such transfer of the liability.

NOTE 4 —

PORTIONS OF LOANS ALLOCATED FROM THE MULTI-PURPOSE SPECIAL FUND

Loans approved by the Bank on concessional terms are classified as Special Funds loans. Where necessary and when available the resources of both the Multi-Purpose Special Fund and the Asian Development Fund may be used either singly or jointly to finance Special Funds loans. For internal accounting purposes, Special Funds loans approved by the Bank after the establishment of the Asian Development Fund are shown in the Summary Statement of Loans of the Asian Development Fund. Consequently the amounts shown in the Summary Statement of Loans reflect the amounts including portions of loans allocated from the Multi-Purpose Special Fund.

HASKINS & SELLS

Certified Public Accountants

1114 Avenue of the Americas
New York 10036**OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

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

	Appendix
Balance Sheet, 31 December 1974	1-1
Statement of Income and Expenses and Accumulated Net Income for the Period from 28 June 1974 to 31 December 1974	1-2
Statement of Changes in Financial Position for the Period from 28 June 1974 to 31 December 1974	1-3
Summary Statement of Loans, 31 December 1974	1-4
Statement of Contributed Resources, 31 December 1974	1-5
Notes to Financial Statements, 31 December 1974	1-6

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 the Asian Development Fund at 31 December 1974 and the results of its operations and the changes in its financial position for the period then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SELLS

21 February 1975

SUMMARY OF BUDGET FOR 1975
INTERNAL ADMINISTRATIVE EXPENSES

	1974		1975	
	Original Budget	Revised Budget ¹	Actual	Budget
I. BOARD OF GOVERNORS	\$ 78,200	\$ 78,200	\$ 75,720	\$ 58,000
II. BOARD OF DIRECTORS	1,143,200	1,225,000	1,167,851	1,525,000
Salaries	696,000	760,000	754,627	762,000
Benefits	177,800	196,900	185,685	236,000
Travel	200,000	188,100	151,670	438,000
Staff Services	69,400	80,000	75,869	89,000
III. STAFF	9,896,600	10,526,000	9,952,973	12,758,000
Salaries	5,803,700	5,949,800	5,918,477	7,137,000
Benefits	1,688,900	1,723,300	1,680,186	2,257,000
Travel	1,774,000	1,922,900	1,760,725	2,454,000
Consultants	580,000	880,000	557,866 ^{2/3}	860,000
Representation	50,000	50,000	35,719	50,000
IV. OTHER ADMINISTRATIVE EXPENSES	2,090,000	2,423,000	2,256,301	2,651,000
Communications	474,000	486,500	443,040	466,000
Office Occupancy	439,000	630,500	575,031 ⁴	664,000
Publications & Printing	148,000	143,000	140,740	185,000
Expendable Supplies	278,000	345,000	334,357	390,000
Furniture & Equipment	266,000	311,000	285,509	339,000
Fees and Compensation	349,000	371,000	355,254	466,000
Miscellaneous	136,000	136,000	122,370 ³	141,000
V. CONTINGENCY	264,200	200,000	—	340,000
TOTAL	\$13,472,200	\$14,452,200	\$13,452,845 ^{2/3}	\$17,332,000

1. Transfers between items were made at year-end without exceeding budget categories.

2. Includes \$513,433 from the Technical Assistance Special Fund and \$7,148 temporarily charged to Suspense Account.

3. Includes \$274 from the Technical Assistance Special Fund.

4. Variance with corresponding figure in Appendix 1-11 is due to rounding.

SUMMARY OF BUDGET FOR 1975
SERVICES TO MEMBER COUNTRIES

CONTINUED

	1974			1975	
	Commitments Approved	Disbursements Budget	Actual	New Commitments	Disbursements
I. FINANCED FROM BANK'S OWN RESOURCES					
Project Preparation	\$2,340,300	\$1,093,800	\$ 728,030 ²	\$2,300,000	\$2,209,200
Project Implementation/Advisory	1,308,000	2,001,800	939,806 ³	1,350,000	2,208,800
Regional Services	84,500	507,500	64,805 ⁴	100,000	94,500
Sub-Total	\$3,732,800 ¹	\$3,603,100	\$1,732,641	\$3,750,000	\$4,512,500
II. FINANCED FROM AGENCY TRUST FUNDS⁵					
Project Preparation	\$1,645,000	\$ 817,800	\$ 889,488	\$1,750,000	\$2,131,400
Regional Services	60,000	—	71,108	500,000	125,000
Sub-Total	\$1,705,000	\$ 817,800	\$ 960,596	\$2,250,000	\$2,256,400
TOTAL	\$5,437,800	\$4,420,900	\$2,693,237	\$6,000,000	\$6,768,900

1 Excludes the Bangladesh Railway Project approved on 23 December 1974 and the Asian Productivity Organization's Fifth Project Feasibility Study Training Course approved on 27 November 1974 which are considered as commitments for 1975

2 Includes \$534,368 from the Technical Assistance Special Fund and \$38,366 temporarily charged to Suspense Account

3 Includes \$936,037 from the Technical Assistance Special Fund

4 Includes \$52,601 from the Technical Assistance Special Fund

5 Represents projects wherein the Bank acts as an executing authority for other Agencies.

RESOLUTIONS OF BOARD OF GOVERNORS DURING 1974

Resolution Number	Subject	Date Adopted
70	Amendment of Section 7(B)(a) of the By-Laws of the Bank	11 April
71	Arrangements to Facilitate Establishment of the Asian Development Fund	16 April
72	Financial Statements and Auditors' Reports	27 April
73	Allocation of Net Income	27 April
74	Admission of the Gilbert and Ellice Islands Colony to Membership in the Asian Development Bank	27 April
75	Place and Date of Eighth Annual Meeting	27 April
76	Further Extension of Time for Subscription to Increase in Authorized Capital Stock	26 June
77	Amendment of Section 5 of the By-Laws of the Bank	26 June
78	Further Extension of Time for Subscription to Increase in Authorized Capital Stock	17 December

Note: The texts of Resolutions Nos. 70-75 are available in the Summary of Proceedings of the Seventh Annual Meeting.

CHANNELS OF COMMUNICATION

(As of 31 December 1974)

COUNTRY	CHANNEL	COUNTRY	CHANNEL
Afghanistan	Ministry of Planning Kabul cc: Ministry of Finance Kabul	Korea, Republic of	Minister of Finance Seoul
Australia	Secretary Commonwealth Treasury Canberra	Laos	National Bank of Laos Vientiane
Austria	Bundesministerium fuer Finanzen Postfach 2 A-1015 Wien	Malaysia	Secretary to the Treasury The Treasury Kuala Lumpur
Bangladesh	Ministry of Finance Bangladesh Secretariat Dacca	Nepal	Secretary Ministry of Finance Kathmandu
Belgium	Minister of Finance Brussels	Netherlands	Ministerie van Financiën The Hague
British Solomon Islands Protectorate	Financial Secretary Honiara	New Zealand	Secretary of Foreign Affairs Wellington cc: Secretary to the Treasury Wellington
Burma	Ministry of Planning and Finance Rangoon	Norway	Royal Ministry of Commerce and Shipping Foreign Exchange Department Oslo
Canada	Department of Finance Ottawa	Pakistan	Ministry of Finance Government of Pakistan Islamabad
China, Republic of	Governor The Central Bank of China Taipei	Papua New Guinea	Secretary for Finance Department of Finance Konedobu
Denmark	Ministry of Foreign Affairs Copenhagen	Philippines	Department of Foreign Affairs Manila
Fiji	Ministry of Finance Suva	Singapore	Permanent Secretary (Economic Development) Ministry of Finance Singapore
Finland	Ministry for Foreign Affairs Helsinki	Sri Lanka	Secretary Ministry of Planning and Employment Colombo
France	Ministry of Economy and Finance Treasury Department Paris	Sweden	Ministry for Foreign Affairs Stockholm
Germany, Federal Republic of	Bundesministerium für Wirtschaftliche Zusammenarbeit Referat 212 53 Bonn 12 Friedrich-Ebert-Allee 114-116 Postfach 12 03 22	Switzerland	Département fédéral de l'économie publique Division du commerce Palais fédéral Berne
Gilbert and Ellice Islands Colony	Financial Secretary Central Government Office Bairiki, Tarawa	Thailand	Ministry of Finance Bangkok
Hong Kong	The Financial Secretary c/o Colonial Secretariat Hong Kong	Tonga	Ministry of Finance Nuku'alofa
India	Secretary to the Government of India Ministry of Finance Department of Economic Affairs New Delhi	United Kingdom	Ministry of Overseas Development Eland House, Stag Place London, S.W.1
Indonesia	Department of Finance Jakarta	United States	Secretary of the Treasury Washington, D.C. 20220 cc: The Secretary National Advisory Council on International Monetary and Financial Policies U.S. Treasury Department Washington, D.C. 20220
Italy	Ministero del Tesoro D.G. Tesoro—Div. XVI Via XX Settembre Roma	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
Khmer Republic	National Bank of Cambodia Phnom-Penh		

OFFICIAL DEPOSITORIES

(As of 31 December 1974)

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

BOARD OF GOVERNORS

(As of 31 December 1974)

	R.J. TIZARD (New Zealand) Chairman	
	EDWIN STOPPER (Switzerland) Vice-Chairman	
	B.B. THAPA (Nepal) Vice-Chairman	
COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
AFGHANISTAN	ZIR GUL ¹ President Treasury Department Ministry of Finance	
AUSTRALIA	F. CREAN	R.J. WHITELAW First Assistant Secretary The Treasury
AUSTRIA	HANNES ANDROSCH Federal Minister of Finance	ERICH SCHMID ² Ambassador to Indonesia and the Philippines Jakarta
BANGLADESH	TAJUDDIN AHMAD ³ Minister of Finance	A.K.M. AHSAN Member Planning Commission
BELGIUM	M.W. DE CLERCO Vice Prime Minister and Minister of Finance	M. D'HAENZE Director-General Treasury and Public Debt Administration Ministry of Finance
BRITISH SOLOMON ISLANDS PROTECTORATE	R.J. WALLACE Financial Secretary	DAVID NANAU KAUSIMAE Chairman Commerce and Industry Committee of Governing Council
BURMA	U LWIN Minister of Planning and Finance	U CHIT MOUNG Deputy Minister of Planning and Finance
CANADA	JOHN N. TURNER Minister of Finance	PAUL GERIN-LAJOIE President Canadian International Development Agency
CHINA, REPUBLIC OF	YU KUO-HWA Governor The Central Bank of China	WANG SHAO-YU Vice Minister of Finance
DENMARK	W. ULRICHSEN Deputy Under-Secretary of State for International Development Co-operation and Head of Danish International Development Agency Ministry of Foreign Affairs	BJORN OLSEN Head of Department Danish International Development Agency Ministry of Foreign Affairs
FIJI	C.A. STINSON Minister of Finance	S. SIWATIBAU Permanent Secretary for Finance
FINLAND	AKE WIHTOL Director of the Department for International Development Cooperation Ministry for Foreign Affairs	EERO ASP Managing Director Finnish Export Credit, Ltd.

¹ Succeeded Abdul Wahab Harder in September.² Succeeded Gerhard Gmoser in November.³ Until 26 October.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
FRANCE	JEAN-PIERRE FOURCADE ⁴ Minister of Economy and Finance	YVES-LOUIS FIEVET Financial Counselor for Asia Tokyo
GERMANY, FEDERAL REPUBLIC OF	EGON BAHR ⁵ Federal Minister for Economic Cooperation	KARL OTTO POEHL ⁶ State Secretary Federal Ministry of Finance
GILBERT AND ELLICE ISLANDS COLONY	P.W. REARDON ⁷ Financial Secretary	SIONE TUI KLEIS Minister for Commerce and Industry
HONG KONG	C.P. HADDON-CAVE Financial Secretary	
INDIA	C. SUBRAMANIAM ⁸ Minister of Finance	M.G. KAUL Secretary Ministry of Finance Department of Economic Affairs
INDONESIA	ALI WARDHANA Minister of Finance	RACHMAT SALEH ⁹ Governor Bank Indonesia
ITALY	GUIDO CARLI Governor Bank of Italy	GASTONE MICONI Director General Treasury Ministry of the Treasury
JAPAN	MASAYOSHI OHIRA ¹⁰ Minister of Finance	TEIICHIRO MORINAGA ¹¹ Governor Bank of Japan
KHMER REPUBLIC	SOK CHHONG Governor National Bank of Cambodia	KIM NGUON TRACH Director General Ministry of Finance
KOREA, REPUBLIC OF	YONG HWAN KIM ¹² Minister of Finance	SUNG WHAN KIM Governor Bank of Korea
LAOS	SISOUK NA CHAMPASSAK	OU Dong SOUVANNAVONG Governor National Bank of Laos
MALAYSIA	TAN SRI CHONG HON NYAN ¹³ Deputy Minister of Finance	TAN SRI ISMAIL BIN MOHAMED ALI ¹⁴ Governor Bank Negara Malaysia
NEPAL	B.B. THAPA ¹⁵ State Minister of Finance	BHARAT BAHADUR PRADHAN Secretary Ministry of Finance
NETHERLANDS	W.F. DUISENBERG Minister of Finance	J.P. PRONK Minister for Development Cooperation Ministry for Foreign Affairs
NEW ZEALAND	R.J. TIZARD ¹⁶ Minister of Finance	H.G. LANG Secretary to the Treasury
NORWAY	EINAR MAGNUSSEN ¹⁷ Minister of Commerce and Shipping	CHRISTIAN BRINCH Secretary General Ministry of Commerce and Shipping

4 Succeeded V. Giscard d'Estaing in May.

5 Succeeded Erhard Eppler in August.

6 Appointed in August.

7 Succeeded D.M. Freegard in July.

8 Succeeded Y.B. Chavan in October.

9 Succeeded RADIUS Prawiro in February.

10 Succeeded Takeo Fukuda in July.

11 Succeeded Tadashi Sasaki in December.

12 Succeeded Duck Woo Nam in September.

13 Succeeded Datuk Mohamed Bin Rahmat in December. Datuk Mohamed Bin Rahmat succeeded Datuk Hussein Onn in June. Datuk Hussein Onn succeeded Tun Tan Siew Sin in April.

14 Succeeded Datuk Mohamed Rahmat in June.

15 Succeeded G.B. Karki in April.

16 Succeeded W.E. Rowling in September.

17 Succeeded Jens Evensen in November.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
PAKISTAN	RANA MOHAMMAD HANIF KHAN ¹⁸ Minister of Finance, Planning and Development	AFTAB AHMAD KHAN Secretary Economic Affairs Division Ministry of Finance, Planning and Development
PAPUA NEW GUINEA	JULIUS CHAN Minister for Finance	MEKERE MORAUTA ¹⁹ Secretary for Finance
PHILIPPINES	CESAR VIRATA Secretary of Finance	GREGORIO LICAROS Governor Central Bank of the Philippines
SINGAPORE	HON SUI SEN Minister for Finance	J.Y.M. PILLAY Permanent Secretary Revenue Division Ministry of Finance
SRI LANKA	N.M. PERERA Minister of Finance	CHANDANA AELIAN COOREY Secretary to the Ministry of Finance and Secretary to the Treasury
SWEDEN	LENNART KLACKENBERG Undersecretary of State Ministry for Foreign Affairs	STAFFAN SOHLMAN Head Multilateral Department Office for International Development Cooperation Ministry for Foreign Affairs
SWITZERLAND	EDWIN STOPPER	KLAUS JACOBI Ambassador Delegate of the Federal Council for Trade Agreements
THAILAND	SOMMAI HOONTRAKOOL ²⁰ Minister of Finance	THAVIL KHUTRAKUL ²¹ Director Assistant to the Governor Bank of Thailand
TONGA	S. TAPA Acting Minister of Finance	BARON VAEA Minister of Labour, Commerce and Industries and Assistant Minister of Finance
UNITED KINGDOM	MRS. JUDITH HART ²² Minister for Overseas Development	M.G. SMITH Under Secretary Ministry of Overseas Development
UNITED STATES	WILLIAM E. SIMON ²³ Secretary of the Treasury	WILLIAM J. CASEY
VIET-NAM, REPUBLIC OF	LE-QUANG-UYEN Governor National Bank of Viet-Nam	NGUYEN-VAN-DONG Deputy Governor National Bank of Viet-Nam
WESTERN SAMOA	F.P.S. SAILI Minister of Finance	A.L. HUTCHISON Financial Secretary

18 Succeeded Mubashir Hasan in December.

19 Succeeded H.P. Ritchie in March.

20 Succeeded Boonma Wongswan in July. Boonma Wongswan succeeded Serm Vinicchayakul in January.

21 Succeeded Suparb Yossundara in June. Suparb Yossundara succeeded Sommai Hoontrakool in January.

22 Succeeded Richard Wood in March.

23 Succeeded George P. Shultz in June.

BOARD OF DIRECTORS AND VOTING GROUPS

(As of 31 December 1974)

DIRECTOR	ALTERNATE DIRECTOR	COUNTRIES REPRESENTED ¹
Rex Beach	Jesun Paik	United States
G.W. van der Feltz	Pertti Ripatti	Canada Denmark Finland Netherlands Norway Sweden
K.S. Islam	A. Melchor, Jr.	Pakistan Philippines
R.A. Kartadjoemena	J.J. Bryant	Fiji Indonesia New Zealand Tonga Western Samoa
B.H. Kay	Buu Hoan	Republic of China Republic of Korea Republic of Viet-Nam
J.W. Keany	C. Conybeare	Australia British Solomon Islands Protectorate Gilbert and Ellice Islands Colony Hong Kong Papua New Guinea
Hing Kunthel	Sitha Sisombat	Afghanistan Khmer Republic Laos Sri Lanka
A.M.A. Muhith ²	A.T. Bambawale	Bangladesh India
Aldo Pelosio	Damien Wigny	Belgium France Italy Switzerland
Wolf Preuss	G. Janschek	Austria Federal Republic of Germany United Kingdom
Mohd. Yusoff Rahim	Kiatikorn Phromyothi	Burma Malaysia Nepal Singapore Thailand
Kenzo Wada	Seiji Morioka	Japan

¹ In alphabetical order within each group.

² Succeeded N.C. Shrivastava (resigned with effect from 30 November) on 1 December.

PRINCIPAL OFFICERS

(As of 31 December 1974)

SHIRO INOUE	President
C.S. KRISHNA MOORTHY	Vice-President
OFFICE OF THE SECRETARY	
Douglas C. Gunsekera	Secretary
Wilfred A. Vawdrey	Assistant Secretary
OFFICE OF THE GENERAL COUNSEL	
Lewis Carroll	General Counsel
Graeme F. Rea	Deputy General Counsel
Chun Pyo Jhong	Assistant General Counsel
OPERATIONS DEPARTMENT	
David F. Fisher	Director
Song Chil Lee	Operations Manager concurrently Deputy Director
Akira Tsusaka	Operations Manager concurrently Deputy Director
Robert Byrnes	Operations Manager
Ernest J. Ettlinger	Operations Manager
Klaus J.L. Hoffarth	Operations Manager
Mazhar Ali Khan	Operations Manager
Patrick J. Knapp	Operations Manager
Zia Noorzoy	Operations Manager
PROJECTS DEPARTMENT I	
Sam-Chung Hsieh	Director
Luis V. Sison	Project Manager concurrently Deputy Director
Kazuaki Suma	Project Manager concurrently Deputy Director
Herbert F. Huehne	Project Manager
Stephen Y.C. Lau	Project Manager
Engelbert F. Tacke	Project Manager

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

CONTINUED

PROJECTS DEPARTMENT II

Jay B. Carter	Director
Wolf D. Kluber	Project Manager concurrently Deputy Director
Kasturi L. Luthra ¹	Project Manager concurrently Deputy Director
Alfred T. Heron	Project Manager
Keshav C. Sen	Project Manager

ECONOMIC OFFICE

Perry P. Chang	Chief Economist
Kedar N. Kohli	Assistant Chief Economist
Koji Nakagawa	Assistant Chief Economist
Burton T. Oñate	Chief Statistician

ADMINISTRATION DEPARTMENT

Keijiro Kaizuka	Director
Raymond B. Lyon	Deputy Director
F.R.S. Weeraratne	Deputy Director
Dang Fook Lee	Assistant Director (Personnel)
Pyong Whi Min	Assistant Director (Administrative Services)

TREASURY DEPARTMENT

S.M.A. Kazmi	Treasurer
Akihiko Takeuchi	Deputy Treasurer
Chia-Ching Mok	Chief Accountant

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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¹ Mr. Luthra was Officer-in-Charge of Projects Department II from 1 May to 29 December.

