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1984

AN DEVELOPMENT BANK

Annual Report 1984



The Asian Development Bank

The Asian Development Bank, an international partnership of 45 member nations, is engaged in promoting the economic and social progress of its developing member countries in the Asia-Pacific region.

The Bank started functioning in December 1966 with its Headquarters in Manila, Philippines. It is owned by the governments of 31 countries from the Asia-Pacific region and 14 countries from Europe and North America.

In 18 years of operations, the Bank has become a major catalyst in promoting the development of the most populous and fastest growing region in the world today. The Bank's principal functions are (i) to make loans for the economic and social advancement of developing member countries; (ii) to provide technical assistance for the preparation and execution of development projects and programs and advisory services; (iii) to promote investment of public and private capital for development purposes; and (iv) to respond to requests for assistance in coordinating development policies and plans of member countries. In its operations, the Bank is also required to give special attention to the needs of the smaller or less developed countries and give priority to regional, sub-regional and national projects and programs which will contribute to the harmonious economic growth of the region as a whole.

The financial resources of the Bank consist of ordinary capital resources, comprising subscribed capital, reserves and funds raised through borrowings; and Special Funds, comprising contributions made by member countries and amounts previously set aside from the paid-in capital. Loans from ordinary capital resources, which account for almost 69 per cent of Bank lending, are generally made to member countries which have attained a somewhat higher level of economic development. Loans from Special Funds, which are administered in the Asian Development Fund, are made almost exclusively to the poorest borrowing countries on highly concessional terms.

The Bank has borrowed funds for its ordinary operations from the capital markets of Europe, Japan, the Middle East and the United States. It has also sold two-year dollar-denominated bonds to central banks or monetary authorities of its members. The Bank's callable capital, which at the end of 1984 accounted for nearly 88 per cent of its subscribed capital, backs its borrowings in the capital markets.

The Bank's operations cover the entire spectrum of economic development, with particular emphasis on agriculture, rural development, energy and social infrastructure. Most Bank financing is designed to support specific projects. In certain cases, the Bank also provides program, sector and multiproject loans.

With the growing need for larger and more diversified inflows of capital to the region, the Bank is actively expanding its co-financing activities, with official as well as commercial and export credit sources. The Bank has also recently entered into equity investment operations.

The Bank's highest policy-making body is its Board of Governors which meets annually. The direction of the Bank's general operations is the responsibility of the Board of Directors — composed of 12 Directors (each with an Alternate) — eight representing regional countries and four representing non-regional countries. The Board of Governors conducts an election for the Board of Directors every two years.

The President of the Bank is elected by the Board of Governors for a term of five years, after which he may be re-elected. The President is Chairman of the Board of Directors and under its direction he conducts the business of the Bank. In this he is assisted by the Vice-Presidents, who are appointed by the Board of Directors on the recommendation of the President.

The Bank has 21 departments and offices — including a Resident Office in Dhaka, Bangladesh, and a South Pacific Regional Office in Port Vila, Vanuatu — dealing with various operational, financial, administrative and general support functions.

ASIAN DEVELOPMENT BANK ANNUAL REPORT 1984

COVER: Farmer fertilizing a paddy field at the Bank-assisted Lower Citanduy Irrigation Project in Central Java, Indonesia. Most of the Bank's developing member countries depend heavily on agriculture for their socio-economic growth, and the Bank gives high priority to increasing food and commercial crop production, creating employment opportunities and raising living standards in rural areas. To date, the Bank has provided over \$4.8 billion, or 31 per cent of its total lending, for projects in the Agriculture and Agro-Industry sector.

BANK HIGHLIGHTS, 1967-1984

Lending Record

- * 266 loan projects and 442 technical assistance projects completed.
- * Total Bank lending of about \$15.6 billion is expected to lead to additional investments of about \$23.4 billion, of which approximately 80 per cent would be provided by the borrowing DMCs and about 20 per cent by co-financiers.
- * 175 loan projects involved co-financing of \$4.7 billion, comprising \$1.8 billion from bilateral sources, \$1.7 billion from multilateral sources and \$1.2 billion from export credit and commercial sources.
- * 275 out of 656 loan projects resulted from Bank technical assistance to DMCs. An outlay of \$80.4 million in technical assistance led to Bank lending of \$6.8 billion for these projects.
- * Six major regional surveys conducted to help promote regional economic growth and development.

Resource Mobilization

- * Authorized capital stood at the equivalent of \$14.5 billion as of 31 December 1984.
- * A total of \$6 billion was borrowed from international capital markets for ordinary lending.
- * About \$6 billion was mobilized in ADF contributions for concessional lending to the Bank's poorer developing member countries; and about \$69 million in TASF contributions for financing the Bank's technical assistance activities.

Sectoral Activities

- * 90 irrigation and area development projects covering about 3.4 million ha. and benefiting about 15 million people.
- * 34 fisheries projects to create additional employment opportunities for about 190,000 fishermen and fish farmers, raise fish production by about 1.1 million mt. per year and benefit nearly 55 million consumers.
- * 117 projects for creation of 9.34 million kW. of generation capacity, of which over 75 per cent will be based on indigenous resources, and for about 63,000 km. of transmission-distribution circuits.
- * 51 water supply and sanitation projects benefiting over 57 million people.
- * Upgrading and expansion of vocational, technical, science and professional education, in nearly 5,400 institutes which have an annual output of about 87,000 skilled workers, 14,400 technicians, 5,600 engineers, 1,400 other professionals and 142,000 secondary school students.
- * Housing schemes and other social infrastructure facilities to improve living conditions for over 2.5 million people.
- * Establishment or upgrading of hospitals/polyclinics and health centers. Supply of essential drugs and improvement of drug distribution systems. Provision of better malaria protection for about 20 million people.
- * 10,200 subloans to small and medium-scale enterprises through credit lines to DFIs.
- * Seven fertilizer projects to help increase the region's fertilizer supplies by 1.6 million tons of nitrogen nutrients and 76,000 tons of phosphate nutrients per annum.
- * Construction, rehabilitation, modernization and expansion of ports to increase cargo-handling capacity to about 42 million tons per year, of roads serving an estimated population of 93 million, railways (36 million) and telecommunication facilities (75 million).

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NOTE ON DOLLAR AMOUNTS

The Bank's financial statements are expressed in current United States dollars. The dollar amounts in the Report refer, unless otherwise stated, to United States dollars current at the time.

From 1 April 1978, at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, the capital stock has been valued for purposes of the Bank's financial statements in terms of the Special Drawing Right (SDR), at the value in current United States dollars as computed by IMF. For a more detailed discussion, see OCR-7, Notes to Financial Statements of Ordinary Capital Resources.

ASIAN DEVELOPMENT BANK
Manila

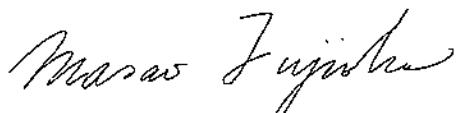
Office of the President

7 March 1985

Dear Mr. Chairman:

In accordance with Article 39 of the Articles of Agreement of the Asian Development Bank and Section 13 of its By-Laws, I submit to the Board of Governors the enclosed Annual Report of the Bank for 1984, including a separate report on the activities of the Special Funds of the Bank, which has been prepared under the direction of the Board of Directors. The Annual Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,



MASAO FUJIOKA
President and
Chairman of the
Board of Directors

Chairman of the
Board of Governors
Asian Development Bank

THE BOARD OF DIRECTORS

WHILE all the powers of the Bank are vested in the Board of Governors, it has delegated these powers to the Board of Directors except for some which are specifically reserved to Governors. The responsibility for the direction of the Bank's general operations thus rests with the Board of Directors. It meets in formal session under the chairmanship of the President of the Bank about once a week on average, and also meets informally as often as necessary.

The Bank's policies are established and reviewed by the Board of Directors within the general framework of the Bank's Charter. In 1984 the Board was particularly concerned to ensure that existing policies were working well and proving sufficiently flexible to respond to the needs of the Bank's developing member countries. In this regard, the Board examined the Bank's procurement procedures and decided to streamline technical assistance and loan operations. It also welcomed the President's measures within the Bank to delegate more responsibility in operational activities, so as to increase the Bank's effectiveness in handling a growing operational program. The Board hoped the measures might also reduce to some extent the bunching in the last quarter of the Board's consideration of loan proposals.

Having undertaken a major review of the Bank's financial policies in 1983, the Board's activity in this area in 1984 was limited. On its recommendation, Governors decided to discontinue by stages the Bank's practice of charging a commission on its ordinary operations loans. The Board also made certain amendments to the guidelines for the investment of funds not currently needed in the Bank's operations. These amendments were designed to give greater flexibility to the Treasurer in managing the Bank's investment portfolio so as to maximize the return on its funds, subject to considerations of security and liquidity.

The Board completed its review of the Bank's operations in its South Pacific developing member countries and agreed with Management's recommendation that the Bank should establish a South Pacific Regional Office in Port Vila, Vanuatu. The Office was formally opened by the President

in August 1984. With adequate authority delegated to the Office, the Bank should be able to respond more effectively and efficiently to the special needs of its South Pacific member countries.

The Board reviewed the status of the Bank's Technical Assistance Special Fund (TASF). It noted that, while contributions to the TASF in 1983 were considerably lower than in 1982, they had again increased in 1984. The Board agreed to recommend that all member countries be invited to make enhanced and untied contributions to the TASF on a regular basis to ensure that sufficient resources would be available to finance the growing demands for technical assistance grants.

The Board examined the trends and prospects in the Bank's co-financing with official sources including governments and their agencies and other multilateral institutions. It concluded that, while there was no need for any changes in existing Bank policy or procedures, the Bank's attitude should be more clearly articulated in order to emphasize its strong desire to promote such co-financing.

Recognizing the significant role which the private sector has to play in economic development, the Board gave further consideration to ways in which the Bank might encourage private enterprise in its developing member countries other than through equity investments.

In accordance with its continuing responsibility for the Bank's financial and operating programs, the Board approved borrowings totalling the equivalent of \$971.7 million in 1984, including the Bank's first ever borrowing in pounds sterling. It reviewed the Bank's lending rate, reducing it from 10.50 to 10.25 per cent from 1 July. It approved 58 proposals for loans, technical assistance grants and equity investment. The adverse impact of exchange rate movements, coupled with arrears in Asian Development Fund (ADF) payments by the United States and consequent reduced release of resources by eight other donor countries limited the amount of resources available for ADF loan commitments during the year. This negative impact was partially offset by the volun-

tary release by 11 further donor countries of the full amounts of the second tranches of their ADF IV contributions. However, the net effect was that approval of six ADF loans at the end of 1984 was made conditional on further ADF resources becoming available in early 1985. At the Board's request, the President wrote to the Governor for the United States to convey deep concern about the implications of a possible shortage of resources for ADF lending in 1985 and 1986.

In other activities, the Board received regular reports on loan administration and technical assistance implementation, examined changes in the Bank's investment portfolio and considered various administrative matters, including staff salaries and benefits. It approved proceeding with the construction of a new Headquarters building in Manila at a total capital outlay of about \$171 million. It considered and approved the Administrative Budget for 1985 on the basis of a report from its Budget Review Committee.

At its informal meetings the Board discussed a variety of policy and other issues including requests by certain member countries for special increases in their capital subscriptions, possible change in the way the Bank presently determines its lending rate, the Bank's operational program for 1985-87 and the possible need to reorganize the operational departments of the Bank.

The Board has found invaluable the periodic visits which small groups of Directors make to the Bank's developing member countries. Such visits enable Directors to see something of the Bank's operations at first hand and to hold high-level policy discussions with Ministers, senior officials and private business people. In 1984 visits were made to

Bangladesh and Sri Lanka in February and to Pakistan in October.

The Board has found it useful to have three standing committees, namely, the Audit Committee, the Budget Review Committee and the Committee on Administrative Matters Relating to Members of the Board.

The Audit Committee was established in 1977. During 1984, it reviewed the Bank's financial statements and the scope of the outside audit, considered various internal audit matters, and reviewed the activities of the Post-Evaluation Office, including 14 Project Performance Audit Reports and three Special Studies. As enjoined by its terms of reference, the Committee also advised the Board on the appointment of Outside Auditors for 1985 and its recommendation was adopted by the Board.

The Budget Review Committee was established in 1984 after a similar ad hoc Committee had operated for the previous two years. It undertook a detailed review of the proposed 1985 Administrative Budget. The Committee's report to the Board included a number of important recommendations designed to improve and refine the Bank's budgetary procedures. The Board recommended their full and speedy implementation to the President.

The Committee on Administrative Matters Relating to Members of the Board (CAMB) was established in 1979. Its main function is to advise the President and the Board on matters of a policy or procedural nature relating to the services of Directors and Alternates. During 1984, the Committee, for example, started reviewing the provisions for travel by Board members.

THE BOARD OF DIRECTORS

President and Chairman of the Board of Directors
Masao Fujioka

Directors	Alternate Directors
Sofjan Djajawinata	R.C.W. Hamilton
Alan F. Gill	Palle Marker
Keith J. Horton-Stephens	Kai Dettlo
Le Duc Van	Ronnie Weerakoon
John Machin	Hans Martin Schmid
Tunku Abdul Malek	Kawee Keereepart
A. Melchor, Jr.	N.M. Qureshi
Paolo Nardi	Gino Alzetta
Minoru Ohashi	Yukio Saruhashi
G. Ramachandran	K.F. Rahman
Joe O. Rogers	Donald R. Sherk
Sung-Yong Wei	John Natera

THE RECORD

(amounts in \$ million)

	1967-1971	1972-1976	1977-1981	1982	1983	1984	1967-1984
OPERATIONAL ACTIVITIES							
Loan Approvals							
Number of Projects ^a	83	184	266	56	53	47	656
Amount of Loans	639.4	2,721.5	6,410.0	1,683.6	1,893.2	2,234.3	15,582.0
Ordinary Loans							
Number of Loans	59	115	143	32	26	26	401
Amount of Loans	532.2	1,934.0	4,333.2	1,137.5	1,189.8	1,550.7	10,677.4
Disbursements	68.3	879.2	1,875.1	619.6	715.4	702.2	4,859.8
Special Funds Loans							
Number of Loans	28	89	129	25	29	23	323
Amount of Loans ^b	107.2	787.5	2,076.7	546.1	703.4	683.6	4,904.6
Disbursements	6.8	204.4	675.7	175.5	221.5	298.3	1,582.1
Equity Investments							
Number	—	—	—	—	2	1	3
Amount	—	—	—	—	3.0	0.4	3.4
Technical Assistance (Grants) ^c							
Number of Projects	58	120	251	56	77	84	641
Amount of Grants	8.0	20.3	61.2	15.5	19.6	18.4	144.9
Regional Activities (Grants) ^c							
Number of Projects	11	25	52	24	30	25	164
Amount of Grants	4.1	2.4	6.2	2.5	5.7	3.6	24.5
RESOURCES							
Ordinary Capital Resources							
Authorized Capital (at end of period)	1,327	3,707	8,404	7,965	15,461	14,476	14,476
Subscribed Capital (at end of period)	1,213	3,688	8,297	7,899	11,510	14,058	14,058
Borrowings (gross)	160	983	1,981	882	979	972	5,956
Outstanding Debt (at end of period)	159	1,084	2,274	2,810	3,429	3,893	3,893
Ordinary Reserve (at end of period)	22.4	111.9	512.0	665.7	830.1	997.8	997.8
Special Reserve (at end of period)	1.0	18.7	99.9	123.3	151.3	167.3	167.3
Gross Income	71.2	347.2	1,299.9	413.7	478.0	568.6	3,178.6
Net Income after Appropriation of Commissions to Special Reserve	36.9	122.4	493.6	151.4	151.6	190.4	1,146.3
Special Funds Resources							
Asian Development Fund							
Total Resources (at end of period) ^d	192.5	931.9	3,184.7	3,616.9	4,207.2	4,615.1	4,615.1
Technical Assistance Special Fund: Contributions (at end of period)	6.6	23.7	52.0	59.2	63.5	69.2	69.2
MEMBERSHIP AND STAFF							
Member Countries (at end of period)	36	42	44	45	45	45	45
Professional Staff (at end of period)	191	288	468	517	551	570	570

a Projects financed from both OCR and Special Funds are counted only once.

b Special Funds loans negotiated after 1 January 1983 are denominated in terms of the SDR, and in this Report, unless otherwise indicated, the amounts of such loans have been translated into United States dollar equivalents at the exchange rates applicable at the time of loan approval.

c Includes projects financed from sources other than the Bank, mainly UNDP, EEC and Switzerland; technical assistance financed on loan basis is included under loans.

d The Asian Development Fund was established in 1974. Previously, the resources for concessional lending were administered principally in the Multi-Purpose Special Fund.



THE BANK IN 1984

THE Bank's lending in 1984 reached \$2,234 million, 18 per cent above the 1983 figure of \$1,893 million.

This increase reflected a number of factors, including the stronger world economy and the more buoyant economic conditions prevailing in many of the Bank's developing member countries (DMCs). There was also the favorable impact of more responsive Bank policies adopted in 1983 on program lending, financing of local cost expenditure and interest during construction and more flexible implementation of multiyear programming. In addition, a number of large-sized projects were processed for approval in 1984.

The increase in overall Bank lending was accounted for by a substantial (30 per cent) increase in loans from ordinary capital resources (OCR) which rose to \$1,551 million in 1984 from \$1,190 million a year earlier. Loans from Special Funds (SF), on the other hand, decreased slightly (by 2.7 per cent) to \$684 million from \$703 million in 1983, mainly because of significant falls in concessional lending to two DMCs — Burma and, to a lesser degree, Nepal. Loans to other SF borrowers increased by about 13 per cent.

Other highlights:

- The Seventeenth Annual General Meeting of the Board of Governors was held in Amsterdam, the Netherlands, in April, when the Bank also sponsored a Symposium on European Enterprise and the Asian Challenge;
- A South Pacific Regional Office was opened in Port Vila, Vanuatu;
- Co-financing more than trebled to \$1,163 million from \$309 million in 1983;
- Loan disbursements reached \$1 billion;
- Borrowings in the international capital markets totalled \$972 million, and included the Bank's first pound sterling bond issue and its first public offering of zero-coupon bonds in the Eurodollar market;

A STUDENT using an electric disc grinder at the Northern Chiangmai Technical Campus of the Institute of Technical and Vocational Education, one of several technical institutes in Thailand which have been re-equipped with the help of a \$6.4 million Bank loan.

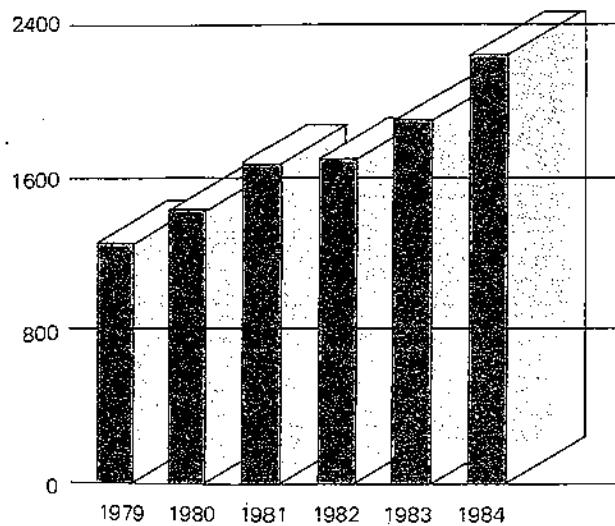
- The Bank's lending rate on ordinary loans was reduced to 10.25 from 10.50 per cent per annum; and

- The Bank sponsored a Development Round Table on Industrial Development and Trade Policy and a Seminar on Domestic Resource Mobilization Through Financial Development.

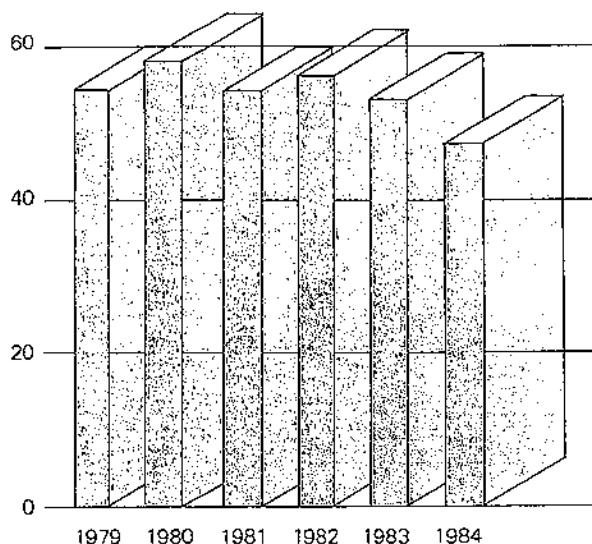
The Bank approved loans for 47 projects in 1984, compared with 53 a year earlier. In addition to the higher lending level, there was an increase in the average loan size — \$45.6 million, compared with \$34.4 million in 1983 and only \$24.3 million in 1980. During the year, the Bank extended ten loans of over \$80 million, including five of \$120 million or more, compared with four loans of over \$80 million in 1983.

LOAN APPROVALS

\$ Million



NUMBER OF LOAN PROJECTS



The greater number of large-scale projects financed by the Bank was also reflected in the significantly higher amount of co-financing in 1984 which was more than double the

average of \$494.5 million over the five-year period 1979-83.

Official sources provided \$731 million in co-financing in 1984, compared with \$128.4 million a year earlier, while their share of total co-financing increased to 63 per cent from 42 per cent. Co-financing from commercial and export credit sources also rose significantly, to \$432 million in 1984 from \$180.4 million a year earlier, while their share of total co-financing fell to 37 per cent from 58 per cent in 1983.

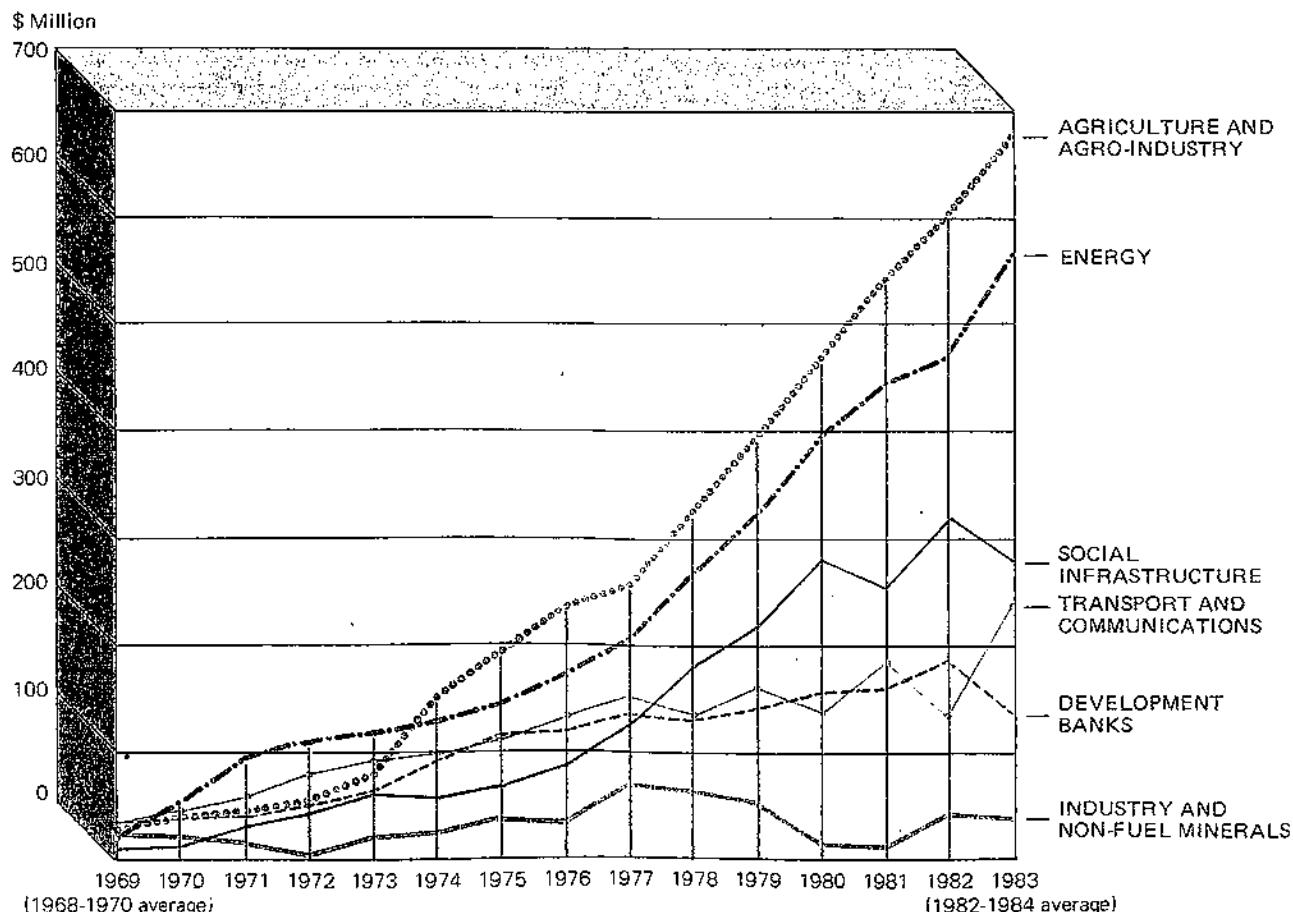
The pattern of Bank lending in 1984 was distinguished by very sharp rises in the amount of loans channelled into the Energy and Transport and Communications sectors. On the other hand, there were significant declines in lending for Social Infrastructure and Development Banks.

On a sectoral basis, Bank lending for Energy equalled that for Agriculture in 1984. Together they accounted for over 68 per cent of all loans during the year.

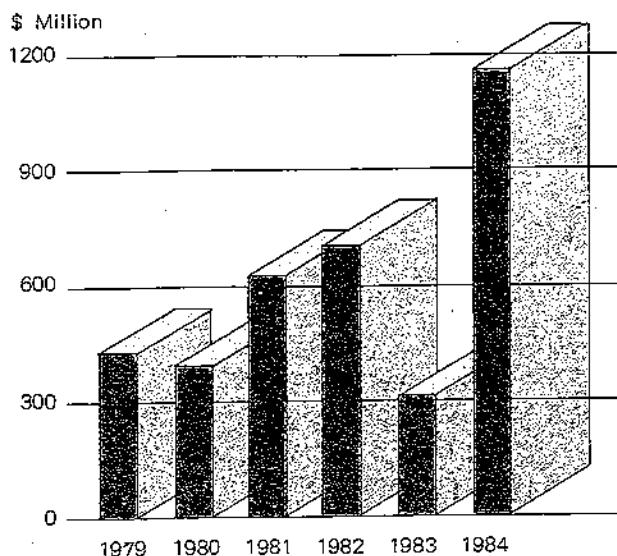
Lending to the Energy sector amounted to \$767 million (a 70 per cent increase over 1983), or 34.3 per cent of total lending. This reflected the approval of loans for four large energy projects amounting to \$515.4 million, or 23.1 per cent of total Bank lending.

The Bank continued to place emphasis on the development of indigenous energy resources in its DMCs, a strategy which it has been pursuing since the first oil crisis in 1973-74. Lending for hydropower, coal and natural gas projects increased significantly during the year, while the diversification of

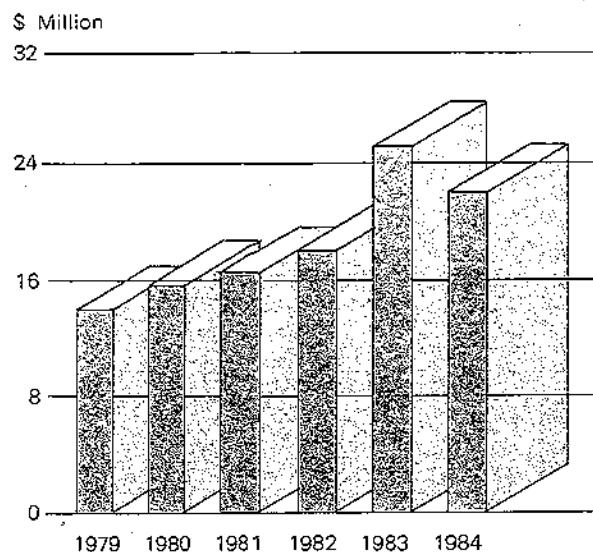
LOAN APPROVALS BY SECTOR: THREE-YEAR MOVING AVERAGES, 1968-1970 – 1982-1984



AMOUNT OF CO-FINANCING



TECHNICAL ASSISTANCE APPROVALS^a



^a Includes regional activities.

energy resources was the goal of several technical assistance grants approved in 1984.

In the Agriculture sector, which accounted for \$758 million (17 per cent more than in 1983), or 33.9 per cent of the total, the Bank continued to support projects designed to raise food and commercial crop production in order to help improve the incomes and living standards of the rural population. Of particular note in this respect were two large loans approved during the year — one for a project to drain a waterlogged and salinized area of Sind Province in Pakistan, and another to assist the Philippines to maintain food production in the face of its severe economic problems. As in recent years, a very large proportion (about 46 per cent) of all technical assistance was for agriculture projects.

The improvement of the quality of life and welfare of the rural and urban population was also the primary goal of a number of projects approved in the Social Infrastructure sector in 1984. Bank-supported water supply projects will reduce the incidence of water-borne diseases and infant mortality, while other projects will help provide the scientific, technical, clerical and managerial manpower needed to support economic and industrial development. Another project will introduce wide-ranging improvements in the delivery of health and population services in Pakistan.

Projects in the Transport and Communications sector, for which Bank loans rose to \$381 million in 1984 from \$65 million a year earlier, will benefit the rural poor in the form of improved farm-to-market transportation, easier access to schools and hospitals and better job opportunities.

Technical assistance for the preparation of projects, for advisory and operational purposes and for regional activities continued to play a major part in the Bank's developmental role in 1984, although the total amount approved, at \$22.1 million, was slightly less than the \$25.3 million in 1983. The important multiplier effect of technical assistance is underlined by the fact that as of the end of the year, 275 Bank loan projects amounting to \$6.8 billion and involving an estimated total investment cost of \$17 billion had resulted from earlier technical assistance amounting to \$80 million.

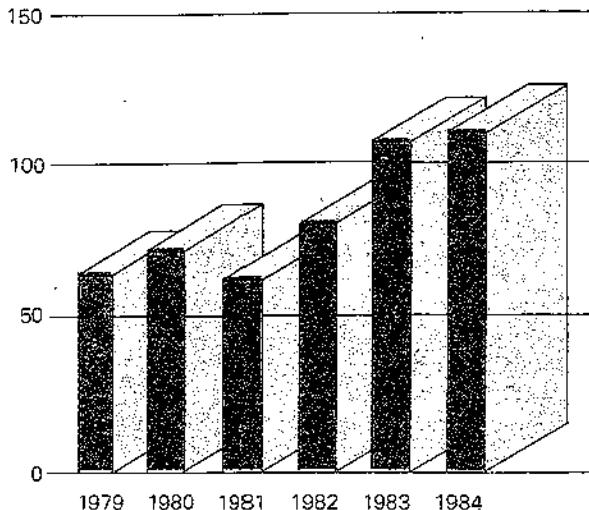
In pursuit of its efforts to strengthen DMC institutional

capabilities, the Bank incorporated specific provision for, among other things, the training of management and staff of executing agencies into its projects.

The Bank also acted as Executing Agency for ten technical assistance projects financed by other sources, including the United Nations Development Programme, the Government of Switzerland and the European Economic Community.

Loan disbursements reached the \$1 billion mark, a level made possible by a substantial (35 per cent) increase in disbursements from Asian Development Fund (ADF) resources. This increase was attributable in part to the close follow-up of contract awards and to prompt payments under

NUMBER OF TECHNICAL ASSISTANCE PROJECTS^a



^a Includes regional activities.

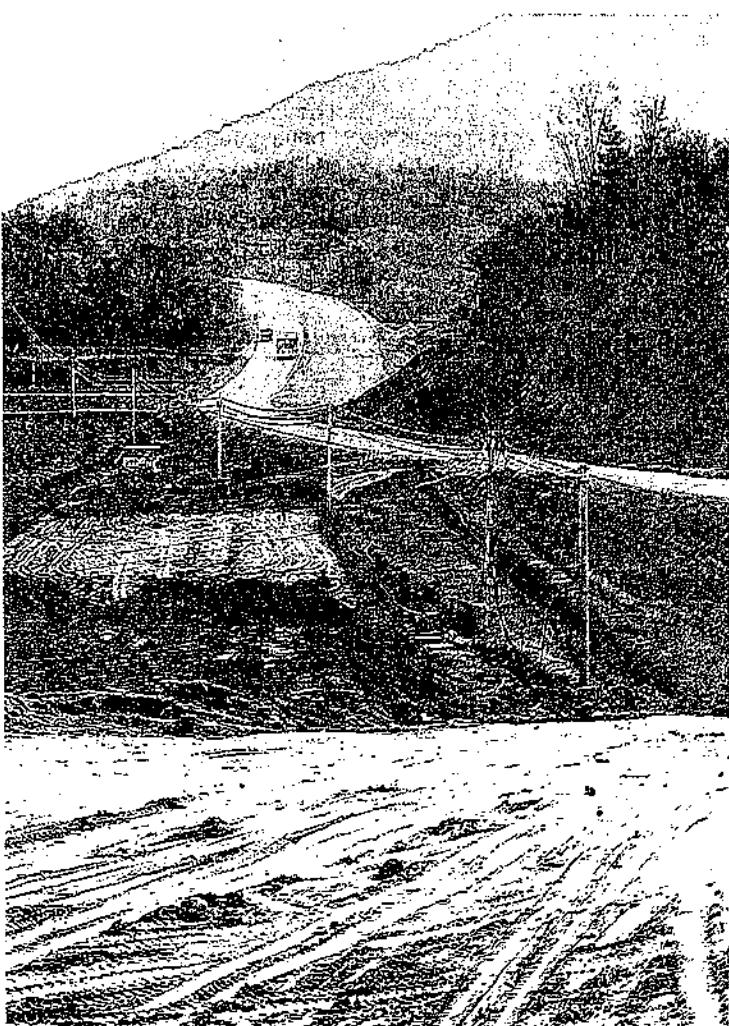
Bank-financed projects. The level of disbursements under ordinary loans, however, declined by nearly two per cent in 1984 because of budgetary constraints and resulting slower project implementation in Malaysia and the Philippines, and delays in contract awards in Indonesia.

During the year, the Bank made efforts to improve loan administration through increased country project implementation review missions, various studies and analyses, and the preparation of critical path networks for the computer-assisted monitoring of individual projects. The Bank also took steps to improve the processes and efficiency of procurement of goods and services by issuing model documents and handbooks, and by holding instructional seminars for suppliers and contractors.

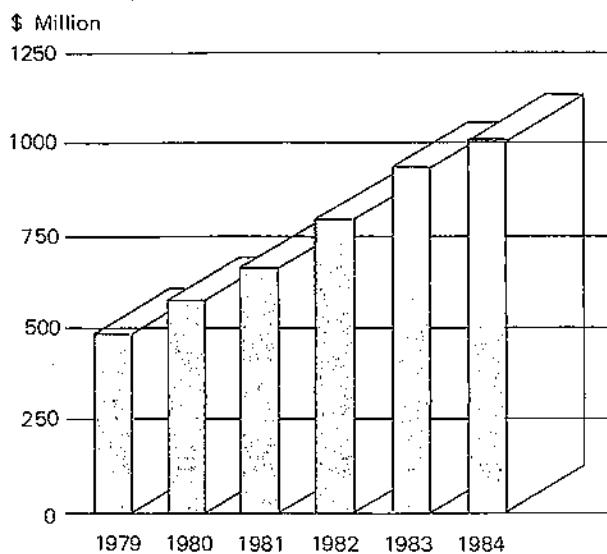
On the resources side, the Bank's authorized capital stock amounted to about \$14.5 billion (SDR14.8 billion) on 31 December 1984. As of the same date, a total of 718,159 shares had been subscribed to the third General Capital Increase, representing about 95.5 per cent of the total share entitlements of all member countries. The Bank's subscribed capital stock stood at about \$14.1 billion (SDR14.3 billion).

The Bank's borrowings in 1984 — all public bond issues — were made in the capital markets of Japan, Federal

A ROAD being cut through a hillside in the Republic of Korea, where Bank loans for Road Improvement Projects have amounted to \$182 million to date.



LOAN DISBURSEMENTS



Republic of Germany, Netherlands, Switzerland and United Kingdom, and in the International capital market. The total amount borrowed was \$972 million. The average maturity, weighted by amount, was 13.09 years, which had the effect of increasing the average life of outstanding borrowings to 8.31 years at the end of 1984 from 7.72 years at the end of 1983. The average cost, weighted by amount and average life of each borrowing, was 9.46 per cent per annum.

With regard to Special Funds resources, the United States was unable to make available the full amount due in 1984 under its contribution to the third Asian Development Fund replenishment (ADF IV). In response to the shortage of ADF resources facing the Bank, a number of ADF loans had to be approved on a conditional basis pending the availability of further resources.

There was no change during the year in the Bank's membership of 45 countries, comprising 31 regional and 14 non-regional countries.¹ At the Seventeenth Annual Meeting of the Board of Governors, the Governor for Thailand was elected Chairman of the Board of Governors, and the Governors for Denmark and Indonesia were elected Vice-Chairmen, to hold office until the close of the Eighteenth Annual Meeting (subscriptions and voting power of members, see page 78).

OUTLOOK: Reflecting the increasingly positive effects of global economic recovery, most DMCs have resumed a course of stronger economic growth. If the momentum is to be sustained, the DMCs will have to make greater efforts to mobilize domestic and external resources. At the same time, both DMC governments and aid donors will need to be increasingly selective in allocating scarce resources between competing demands and directing them to projects and programs that ensure their most efficient use.

For its part, the Bank will continue to emphasize agriculture, energy and social infrastructure projects in the

¹ At the end of the year, an application from Spain for membership in the Bank was under process.

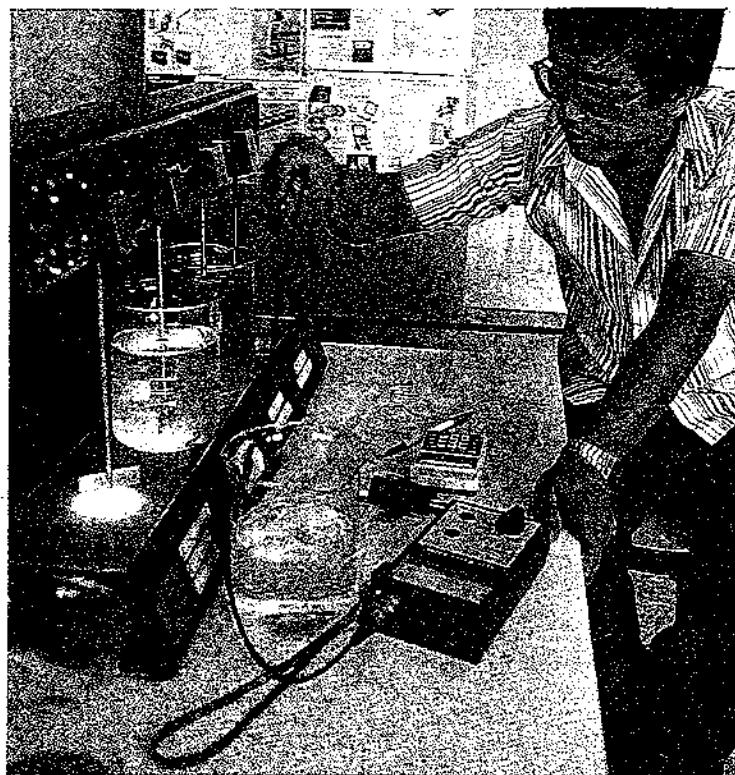
coming years. Attention will be focused on optimum utilization of existing production capacities and the efficient maintenance of prior investments. The Bank will also move to strengthen the capability of DMC institutions to make better use of their human, financial and other resources. Policy dialogue between the Bank and DMC governments will be intensified. Efforts to speed up loan and technical assistance processing and to streamline loan administration will continue.

The experience of many DMCs shows that the private sector can play a major role in accelerating economic growth. Besides its credit lines to DFIs for onlending to small and medium-scale enterprises and equity investments, the Bank is considering new forms of assistance to the private sector.

While current projections call for a rate of growth similar to that in 1984, uncertainty exists over the level of Bank lending during 1985. The level of concessional lending to the poorer member countries will depend on the ADF resource position. Moreover, budgetary and other restraints in certain DMCs may also affect the level of lending from the Bank's ordinary capital resources.

Additional ADF resources were released to the Bank in early 1985. However, after taking account of the shortage in ADF resources at the end of 1984, the concessional funds now available for lending in 1985 are substantially lower than the planned ADF lending for the year of \$800 million.

The present ADF replenishment (ADF IV) covers the four-year period ending in December 1986. Negotiations with donor countries on the next replenishment (ADF V) are expected to start in the first half of 1985.



LABORATORY technician checking water samples in Sarawak, Malaysia. A \$6.46 million Bank loan has provided for the construction of intake works, treatment plants, pumping stations, reservoirs and distribution and transmission mains in Kuching and Sibu, the two largest towns in Sarawak.



ECONOMIC DEVELOPMENTS

DURING 1984, most developing member countries (DMCs) either improved their GDP growth rates or maintained growth rate levels that provided significant increases in per capita income. Most of them were also able to control domestic inflation and to reduce their trade deficits and debt-service ratios. These favorable developments were largely due to increases in agricultural and manufacturing production, lower oil prices and the continued recovery of the world economy. Further, the economic policies pursued by most DMCs helped to keep their domestic and international debts within prudent limits.

The International Setting

The world economic recovery which started in 1983 gathered momentum during 1984. World output grew by 4.6 per cent in the latter year compared with an increase of only 2.2 per cent in the former. Both developed and developing countries shared in this growth. The growth rate of gross domestic product (GDP) in the industrial countries increased from 2.6 per cent in 1983 to 4.9 per cent in 1984, while that of oil-exporting developing countries grew from -0.8 per cent to 3.8 per cent, and that of non-oil developing countries increased from 1.8 per cent to 3.7 per cent.

World trade, which had expanded by 2 per cent in real terms in 1983, grew by 8.6 per cent during 1984. The current account deficit of the industrial countries increased sharply from \$18.9 billion in 1983 to \$52.5 billion, mainly due to the increased current account deficit of the United States. The current account deficit of oil-exporting countries declined from \$17.5 billion in 1983 to \$8 billion in 1984, and due to some improvement in the terms of trade and continued export growth, the non-oil developing countries were able to lower their current account deficit from \$52.6 billion to \$45 billion.

The average inflation rate in the industrial countries was 4.9 per cent in 1984, while the oil-exporting countries had an

average 1984 inflation rate of 10.8 per cent, marginally above the 10 per cent of 1983. The average inflation rate for the non-oil developing countries increased from 41.4 per cent in 1983 to 44.5 per cent in 1984.

Economic Developments in DMCs

During 1984, many of the Bank's DMCs sustained or increased their 1983 growth rates, but some registered a decline. The average 5.5 per cent GDP growth rate of 16 DMCs¹ in 1984 was lower than the 6.3 per cent average increase achieved in 1983 during the recovery from the low growth rate of 1982, a recession year. However, the 1984 average growth rate was just slightly less than the growth rate of approximately 6 per cent recorded for the region over the past decade.

Economic activity in the DMCs had already begun to pick up in response to the world economic recovery in 1983. Their average GDP growth rate of 6.3 per cent in 1983 was much higher than the average for all non-oil developing countries. The DMCs' GDP growth performance in 1984 again substantially exceeded that of other developing countries. This was attributable to sound policies and improved demand for their primary commodities and manufactured exports. On balance, the DMCs also managed their domestic and international debts well. The Philippines, which experienced a decline in GDP in 1984, was the only DMC which faced debt-service problems.

The trade balance of most DMCs improved during the year mainly because of higher export earnings. With increases in agricultural output in most DMCs — the second consecutive year of such increases for many of them — the region's food balance improved significantly. Finally, inflationary pressures were contained in many DMCs during 1984,

¹ When this report was written, GDP estimates for 1984 were only available for 16 DMCs. However, these countries account for approximately 98 per cent of the GDP of all DMCs.

with the average rate of consumer price increase remaining at a single digit level.

GDP Growth

Of the DMCs listed in Table 1,¹ most experienced increases in GDP growth rates in 1984. For the second consecutive year, the newly industrializing countries (NICs)² registered high growth rates which, except for the Republic of Korea, exceeded those of 1983. During 1984, the GDP growth rates of these countries ranged from 10.6 per cent in the Republic of China to 7.5 per cent in the Republic of Korea. High growth rates in the production and export of manufactured goods contributed to high GDP growth in all of these countries.

In Southeast Asia, Indonesia, Malaysia and Thailand achieved 1984 GDP growth rates higher than in 1983 as they were able to take advantage of growing demand and improved prices for their major exports. The 1984 GDP growth rates for these countries were: Indonesia 4.4 per cent, Malaysia 6.9 per cent and Thailand 6 per cent. The Philippines, however, experienced an economic crisis with a decline of 4 per cent in GDP.

In the South Asian DMCs, GDP growth rates ranged from 3.9 per cent in Bangladesh to 7.4 per cent in Nepal. While the 1984 GDP growth rates of Bangladesh, Burma, Nepal and

Sri Lanka were higher than in 1983, the GDP growth rates of India and Pakistan declined in 1984, but remained above or near their respective average growth rates for the last decade. These countries generally benefited from increased exports, although, with the exception of Sri Lanka, the contribution of exports to GDP remained small.

In the South Pacific, Fiji and Papua New Guinea registered higher GDP growth in 1984 than in 1983. The 8.2 per cent GDP growth rate in Fiji represented a robust recovery from the 3.8 per cent decline in GDP experienced in 1983, a year of cyclones and drought. Papua New Guinea's GDP growth increased from 1 per cent in 1983 to 5 per cent due to higher export growth and the opening of the Ok Tedi mine.

Sectoral Performance

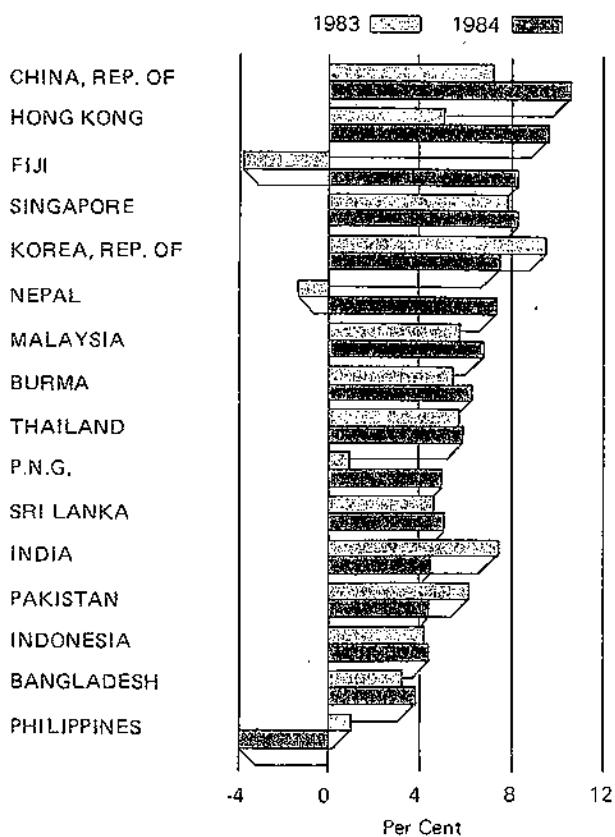
Agricultural production in 1984 increased in most of the DMCs for which data are available. Generally favorable weather and firm prices for major export commodities promoted agricultural growth. However, a few DMCs — Bangladesh, Philippines, Sri Lanka and Thailand — registered declines in agricultural production due to pest infestations and unfavorable weather.

Total DMC output of major foodgrains¹ — rice, wheat and maize — exceeded the previous record level of 1983, combined output rising from 310.8 million tons in 1983 to 314.6 million tons in 1984 (see Tables 2 and 3).

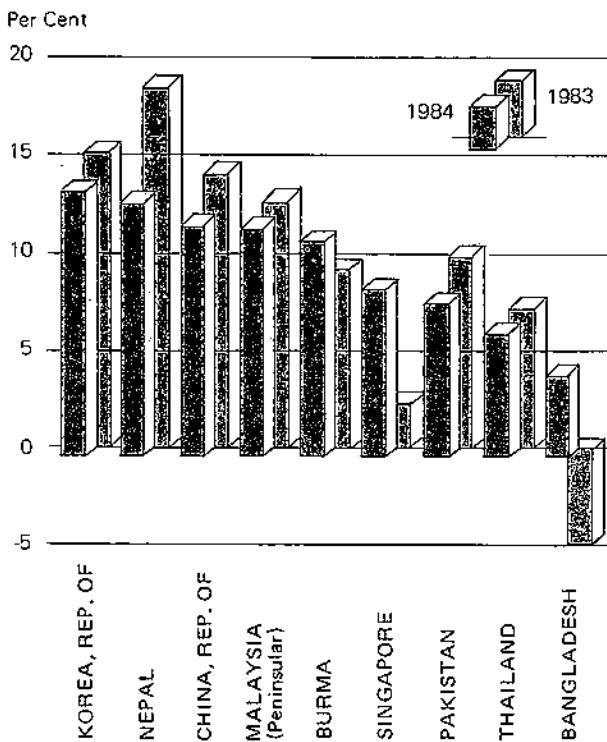
Rice production in the DMCs increased from 228.3 million tons in 1983 to 229.4 million tons in 1984. Significant increases in rice output were recorded by Burma, India,

1 The tables referred to in this chapter appear on pages 101-111.
2 Four DMCs (Republic of China, Hong Kong, Republic of Korea and Singapore) are included in this group because of the high share of manufactured output in their exports and GDP.

ESTIMATED RATE OF REAL GDP GROWTH OF SELECTED DMCs, 1983-1984

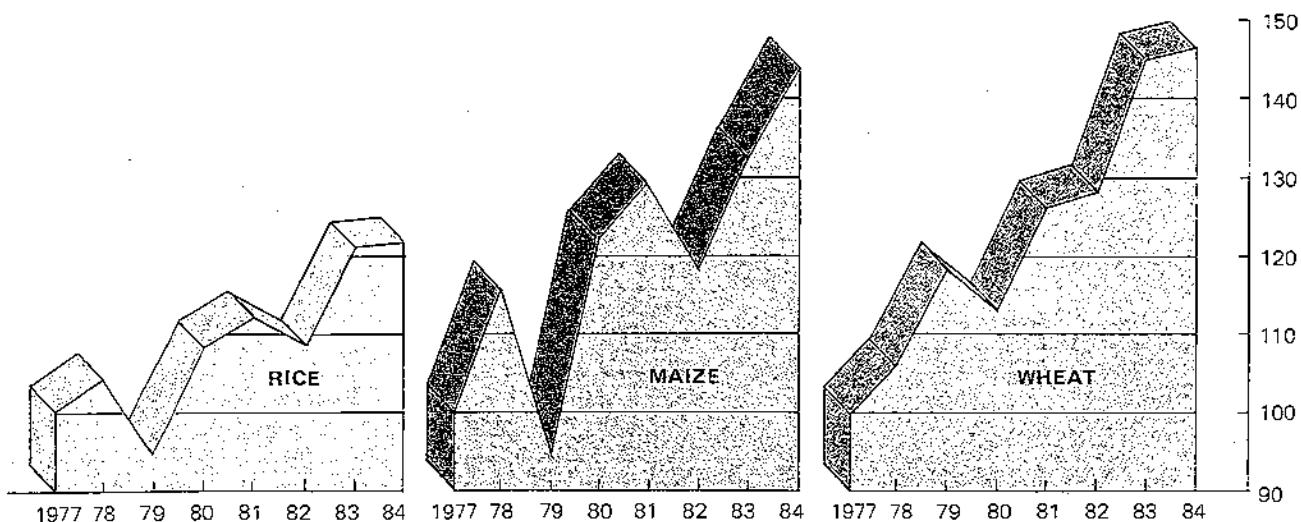


CHANGES IN MANUFACTURING PRODUCTION OF SELECTED DMCs, 1983-1984



GRAINS OUTPUT OF DMCs
1977-1984

Index 1977 = 100



Indonesia, Republic of Korea and Viet Nam. These were largely offset by production losses suffered by Bangladesh, Republic of China, Sri Lanka and Thailand.

Wheat output in DMCs rose from 60.2 million tons in 1983 to 61 million tons in 1984, largely due to production gains registered by India. Pakistan, the other large DMC producer, experienced a substantial decline. Maize production in DMCs increased from 22.3 million tons in 1983 to 24.2 million tons in 1984. The increased production in most countries was partly offset by a decline in output in Indonesia.

High growth in the staples of foodgrain production in India and Indonesia during 1983 and 1984 raised foodgrain stocks in those countries to record levels.

The performance of major non-cereal agricultural crops was mixed in 1984. Output of natural rubber grew by 5.2 per cent, with Indonesia and Malaysia accounting for most of the increase. Coconut output declined by 3.4 per cent. While most of the DMC producers experienced significant increases, output declined in Philippines and Sri Lanka, two major producers in the region. Sugar production declined by 14.8 per cent, with Bangladesh, India and Philippines accounting for the decline. Palm oil production increased by 13.9 per cent since most of the producers among the DMCs (Indonesia, Malaysia, Papua New Guinea, Philippines and Thailand) increased production. Output of jute declined by 3.9 per cent, due entirely to production losses suffered by Bangladesh and Burma. Production of tea increased by 5.5 per cent, with India and Sri Lanka accounting for most of the increase. Output of cotton increased by 17.9 per cent, India and Pakistan contributing most of the increase.

The manufacturing sectors of the DMCs generally achieved high growth in 1984. Strong import demand in developed countries continued to stimulate substantial growth in manufactured exports in Republic of China, Hong Kong, Republic of Korea and Singapore. In Southeast Asia, Indonesia, Malaysia and Thailand enjoyed significant increases in manufacturing output due to both high domestic demand and growth in exports. The South Asian DMCs which are not major exporters of manufactured goods also experienced high growth in manufacturing output, principally

because the availability of raw materials, power and imported inputs was sustained.

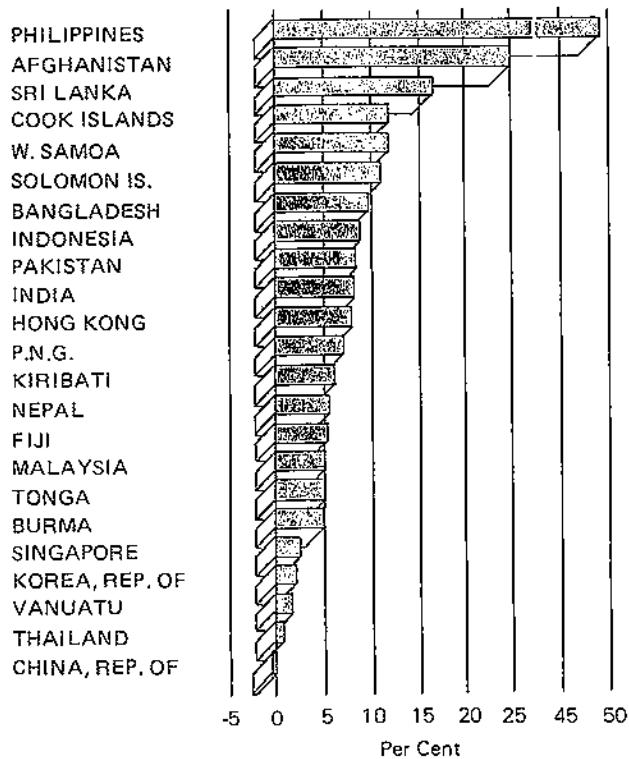
In the Energy sector, electricity production in DMCs increased by 6.3 per cent in 1984, compared with an increase of 6.1 per cent in 1983. Oil production increased from 114.1 million tons in 1983 to 118.3 million tons in 1984 (see Table 4). All major oil-producing DMCs, except Indonesia, reported substantial increases in oil production: output of oil in India increased by 2.8 million tons, in Malaysia by 2.7 million tons and in Thailand by 0.6 million tons. Indonesia, the largest DMC producer of oil, reported a 1.9 million ton decline in output. Most of the nine DMCs producing significant amounts of natural gas reported expanded production, the largest increases being registered by Bangladesh, Burma, India, Malaysia and Thailand.

The total value of oil imports by DMCs declined from \$38.5 billion in 1983 to \$35.2 billion in 1984, with lower petroleum prices and a reduction in the volume of imports contributing to the decline. Large savings in oil import bills were reported by Indonesia (\$1,468 million), Malaysia (\$352 million), Pakistan (\$176 million), Philippines (\$471 million) and Singapore (\$855 million). The 1984 ratio of the total value of oil imports to total export earnings declined from 24.6 per cent in 1983 to 19.5 per cent in 1984. Both a reduction in the aggregate oil bill and growth in export receipts contributed to this decline.

Price Trends

The 1984 weighted average increase in consumer prices in DMCs of 8.8 per cent was higher than the 8 per cent in 1983 (see Table 5). Except for the Philippines, which had a sharp acceleration in its inflation rate from 10.8 per cent in 1983 to 49.3 per cent in 1984, the inflation rates in most countries were relatively moderate. In the majority of DMCs, inflation rates declined or remained at single digit levels. Declines in the prices of foodgrains and oil, as well as domestic stabilization policies by these DMCs, helped to control inflation. Burma, Republic of China, Fiji, Republic of Korea, Malaysia, Nepal, Singapore, Thailand, Tonga and Vanuatu registered the lowest inflation rates, ranging from 0 to 5 per cent, while inflation rates in Afghanistan,

CHANGES IN CONSUMER PRICES OF SELECTED DMCs, 1984



Bangladesh, Philippines, Solomon Islands, Sri Lanka and Western Samoa were 10 per cent or more. Large expansion of monetary demand was an important cause of the high inflation rates experienced by some of these DMCs. Shortages created by a decline in output, a large currency depreciation and restricted imports were additional factors behind the very high inflation experienced by the Philippines.

External Sector Developments

The combined trade deficit of DMCs fell from \$18.1 billion in 1983 to \$3.3 billion in 1984 (see Table 6). This reflected large increases in the trade surpluses of Republic of China, Indonesia and Malaysia. Excluding these three countries, the trade deficit of the remaining DMCs fell from \$28.3 billion in 1983 to \$22.2 billion in 1984. The deficits in several other countries, including Hong Kong, Republic of Korea, Philippines, Singapore, Sri Lanka and Thailand, declined although these deficits mostly remained high. The largest increases in trade deficits were registered by Bangladesh, India and Pakistan.

The trade balance of most countries improved because their export receipts increased more than their import payments. The aggregate value of exports from the DMCs increased by 15.6 per cent, from \$156.5 billion in 1983 to \$180.8 billion in 1984. While most of the DMCs shared in this export expansion, Republic of China, Hong Kong, Republic of Korea, Malaysia and Singapore were again the leading exporters in the region, all showing large export gains. Some of the other DMCs which experienced above-average growth in their export earnings were Kiribati, Nepal, Sri Lanka, Thailand, Tonga and Vanuatu. The relatively high level of non-oil exports (\$6 billion) recorded by Indonesia was also noteworthy.

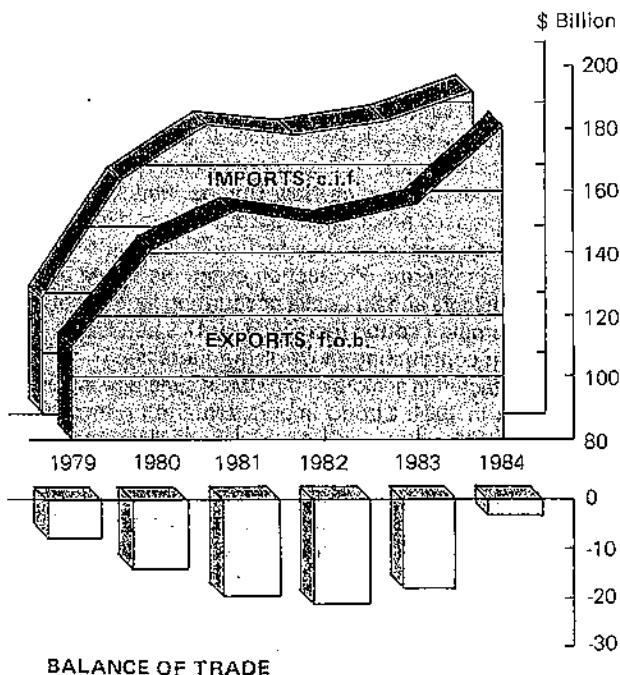
Higher export earnings were attributable to large increases in manufactured exports and improved export prices for several primary commodities. The largest price increases were registered by jute (67.5 per cent), tea (49.4 per cent), palm oil (47.8 per cent) and copra (46.1 per cent). Significant price increases were also recorded by lumber (12.6 per cent) and lead (4.7 per cent). However, export prices of some of the other major export commodities (sugar, copper, rubber, rice, cotton and tin) declined. Sugar prices declined by 36.9 per cent to their lowest levels in 13 years.

The total imports of DMCs increased from \$174.6 billion in 1983 to \$184.1 billion in 1984, or by 5.4 per cent. The increases in imports of commodities other than food and oil were larger, since food and oil imports by the DMCs declined. Above-average increases in imports were recorded by Bangladesh, Republic of China, Hong Kong, Republic of Korea, Malaysia, Pakistan, Papua New Guinea, Sri Lanka, Tonga, Viet Nam and Western Samoa. A few DMCs (Fiji, Indonesia, Nepal and Philippines) imported less in 1984 than in 1983 due to foreign exchange shortages or policies designed to restrict imports.

Export and import unit value indices available for nine DMCs show that while the terms of trade of six DMCs improved or remained unchanged during 1984 relative to their 1983 levels, those of three DMCs registered declines. The 1984 export unit value indices were generally higher than those of 1983, while the corresponding import unit value indices mostly registered smaller increases or even some decline. Terms of trade improved significantly for Bangladesh, Republic of Korea, Malaysia, Pakistan and Sri Lanka and remained unchanged for Hong Kong. Terms of trade declined for Republic of China, Philippines and Thailand.

Data on the geographical pattern of trade for 1983 — the latest year for which figures are available — do not show

FOREIGN TRADE OF DMCs 1979-1984



any major change from the immediately preceding years. Japan and the United States remained the region's two largest trading partners, absorbing 17.1 per cent and 23.4 per cent, respectively, of the total exports of the DMCs and accounting for 24.1 per cent and 18.3 per cent, respectively, of total imports. The relative position of the United States as an export market for DMCs increased significantly in 1983 compared with its position in 1982. Trade among DMCs was next in importance. In 1983, the share of intra-DMC exports in total exports was 22 per cent, and the share of intra-DMC imports in total imports was 20.3 per cent. Trade with oil-exporting countries (other than Indonesia) also became prominent in the DMCs' external trade, reflecting the high cost of oil imports for DMCs. In 1983, 15.7 per cent of DMCs' imports (largely comprising crude oil) came from oil-exporting countries while the same group accounted for 6.2 per cent of the DMCs' exports during the year.

International reserves of the DMCs increased to a total of \$55.2 billion by the end of 1984, compared with \$50 billion at the end of 1983 (see Table 7). Republic of China, India, Indonesia, Singapore and Sri Lanka registered large increases in reserves. However, some other countries — Bangladesh, Pakistan and Papua New Guinea — experienced large declines in reserves. At the end of 1984 the level of reserves for the DMCs as a whole was equivalent to 4.3 months' imports, compared with 4.1 months' imports in 1983. Reserves of individual countries varied between 1.3 months' imports in the case of Burma and 8.3 months' imports in the case of the Republic of China.

Domestic Savings, Investment and Resource Gap

Data for 1981-1983 relating to domestic savings, investment and the resource gap for 14 DMCs (see Table 8) show divergent trends. The saving rates among the low savers in South Asian countries, Bangladesh, Nepal and Pakistan, showed significant declines, while, except for Pakistan, their investment to GDP ratios continued to increase. As a result, the dependence of these countries on external assistance continued to increase or remained at a high level. On the other hand, of the three countries in South Asia with relatively high rates of saving, India's saving rate marginally improved but its investment rate remained unchanged; Burma and Sri Lanka experienced declines in both saving and investment rates. While the dependence of Burma on external assistance increased, that of India and Sri Lanka declined.

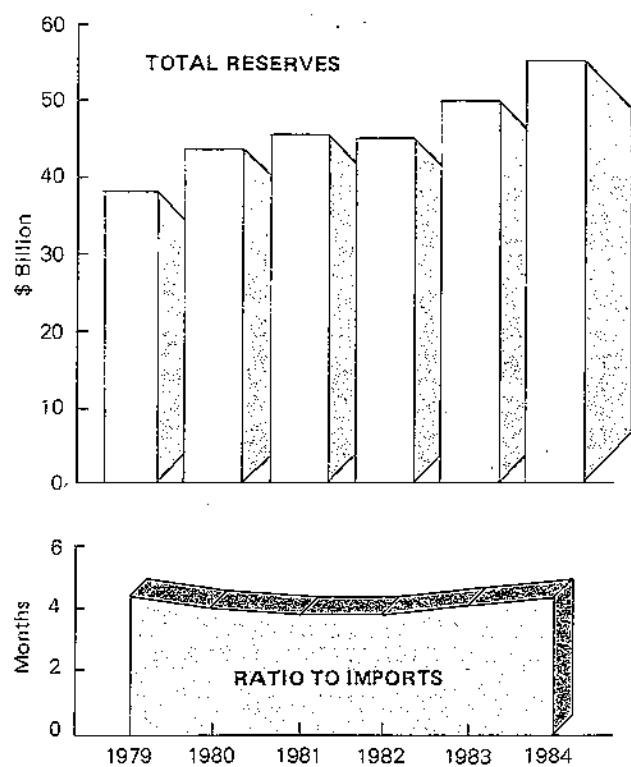
With the exception of Hong Kong, the NICs' saving rates either showed significant increases or remained at the 1981 level, while investment rates, with the exception of Singapore, declined. In all of these countries the dependence on external resources for financing domestic investment registered a large decline. In the case of the Republic of China the saving surplus — saving minus investment — showed a sharp increase between 1981 and 1983.

In Southeast Asia, there was no consistent trend in saving and investment rates. While the saving rate increased in Malaysia between 1981 and 1983, the investment rate was unchanged; in the Philippines, both the saving and the investment rate declined; in Thailand, the saving rate remained steady but the investment rate declined. Overall, the dependence of Malaysia and Thailand on external resources declined from the 1981 level while that of the Philippines increased.

The net flow of external resources to DMCs declined somewhat from \$16.7 billion in 1982 to \$16.4 billion in 1983,

INTERNATIONAL RESERVES OF DMCs

1979-1984

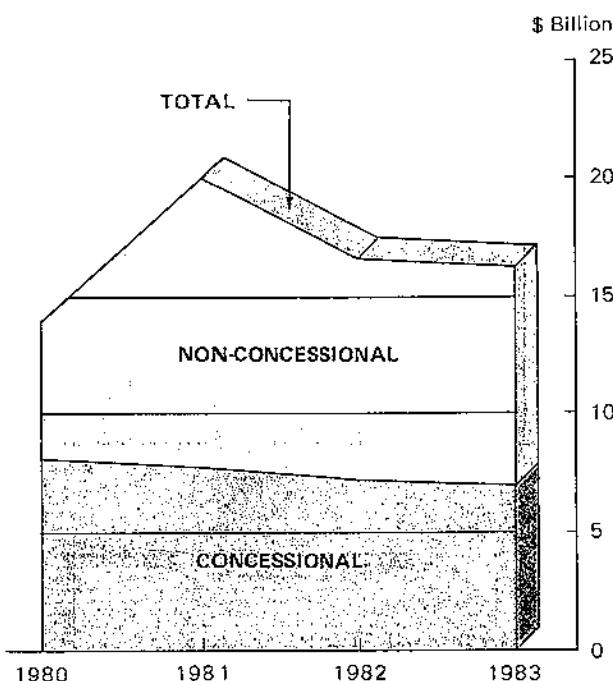


the latest year for which data are available (see Table 9). This decline was due to a marginal reduction in both concessional and non-concessional flows which amounted to \$7 billion and \$9.4 billion, respectively, in 1983. The largest declines in net flows occurred in Bangladesh, Republic of China, Republic of Korea, Pakistan and Singapore. DMCs which experienced the largest increases in net flows during 1983 were Indonesia, Malaysia and Philippines, these being mainly in the form of larger non-concessional flows.

The total long and medium-term external public debt outstanding of DMCs increased from \$107.5 billion in 1982 to \$120 billion in 1983,¹ or by 11.6 per cent (see Table 10), reflecting the continued net inflow of external resources. Corresponding debt-service payments increased from \$12.3 billion in 1982 to \$13.9 billion in 1983. There was wide variation in the debt-service ratios of individual DMCs which ranged from 0.2 per cent for Hong Kong to 33.5 per cent for Burma. Although these ratios relate to official debt, they adequately represent the overall debt-service burden of the majority of DMCs which rely mainly on official loans or on private loans guaranteed by the government. In many of these DMCs, the low debt-service ratio is due to a high grant element in the total inflow of external resources. Debt-service ratios in 1983 were more than 20 per cent in the cases of Burma, Pakistan and Western Samoa. The ratios, however, underestimate the debt-service burden of some DMCs such as Hong Kong, Republic of Korea, Philippines and Singapore where private borrowing without government guarantee is

¹ Data on aggregate debts of DMCs are not generally published. Fairly adequate information on public debt is, however, available for the period up to 1983.

**TOTAL NET FLOWS OF RESOURCES
TO DMCs, 1980-1983**



very large. The Philippines' overall debt-service situation became critical in 1983 and the country was forced to declare a moratorium on debt repayment. However, external debt restructuring negotiations were virtually completed by the end of 1984 when a standby credit was approved by the International Monetary Fund (IMF).

Domestic Policies and Efforts

The long-term goal of economic development as well as the more immediate concern of short-term stabilization in response to domestic or external shocks required a variety of policy interventions by the DMC governments during 1984. A selective account of such policy initiatives by DMCs in regard to some major areas is given below.

Fiscal and Monetary Policies

The buoyant economic activity in DMCs during 1983 and 1984 exerted some pressure on price levels, and in several DMCs inflation rates showed a tendency to rise. This prompted a number of DMC governments to pursue restrictive monetary and fiscal policies. The NICs generally maintained fiscal and monetary policies aimed at preventing the strong expansionary impact of the external sector from overheating their economies. The 1984 budgets of Malaysia and Papua New Guinea continued the tight fiscal policies which prevailed in the previous year. The 1984 budgets of Fiji, Indonesia, Nepal and Pakistan sought to limit the growth of recurrent expenditure while increasing capital expenditure.

Fiscal and monetary policies in Philippines, Sri Lanka and Western Samoa — all of which have experienced high inflation rates in recent years — were geared to domestic stabilization. The Philippines used fiscal and monetary policies during the second half of the year to curb the serious

inflationary consequences of excess monetary demand and shortages of output in the economy. Philippines, Sri Lanka and Western Samoa introduced higher deposit requirements or an increase in deposit rates to siphon off excess liquidity from the market.

During the year, several important developments took place in DMCs which influenced their financial sectors. Real interest rates were at positive levels in several DMCs due to their relatively low inflation rates. Malaysia and Singapore enacted banking legislation to improve the supervisory power of their monetary authorities over the lending activities of financial institutions. Pakistan accelerated the introduction of Islamic principles into the operation of its financial institutions.

External Trade

In the light of their weak balance-of-payments position, several DMCs devalued their currencies or allowed them to depreciate during the year. DMCs experiencing large depreciations of their currencies (relative to the US dollar) were Bhutan (11.8 per cent), India (11.8 per cent), Nepal (9.5 per cent), Philippines (28.9 per cent), Thailand (14.8 per cent) and Western Samoa (23.7 per cent). However, the exchange rate appreciated by 2.8 per cent in the case of the Republic of China, and Vanuatu revalued its currency by 5 per cent, as the balance-of-payments position of the two countries strengthened during 1984.

Besides allowing exchange rate movements as a general instrument of balance-of-payments adjustment, DMCs adopted several other measures aimed at specific objectives. Bangladesh, Indonesia and Thailand made efforts to diversify their exports with some success. Malaysia introduced a ban on the export of logs in Peninsular Malaysia to take effect at the beginning of 1985 in order to retard the depletion of its timber resources. India restricted the export of tea in order to stabilize the domestic price of the commodity. The Philippines restricted the export of copper concentrates to increase domestic availability to users and encouraged diversion of sugar land to alternative crops in view of the low world price of sugar.

Limiting external debt to manageable levels was a vital policy issue for DMCs with large external debt liabilities. Republic of Korea, Malaysia and Thailand took steps to reduce the growth of their external debt liabilities. Some of the DMCs actively encouraged the inflow of foreign direct investment. Indonesia, Republic of Korea and Malaysia simplified administrative procedures for processing applications by foreign investors and Singapore introduced fiscal incentives to attract overseas funds.

Import policies pursued by DMCs varied according to the pressures on the balance of payments of the country concerned. The Philippines undertook several emergency measures such as curtailing the importation of non-essential consumer goods in order to stop the drain on its sharply reduced foreign exchange resources. Malaysia imposed a 50 per cent duty on imported cement to protect the domestic cement industry against dumping by foreign suppliers. Thailand increased import duties on non-essential consumer goods and imposed a 20 per cent import surcharge on luxury items. India restricted imports of steel to protect its domestic steel industry while continuing liberal import of several commodities such as edible oil and fertilizers when domestic availability was inadequate. In the Republic of China, tariff rates were reduced in order to stimulate imports. Pakistan liberalized its import licensing system and considerably

shortened the list of banned items. The Republic of Korea continued to push ahead with its import liberalization program.

Energy Programs and Policies

Reducing the burden of energy imports remained a high priority objective of most DMCs. During the year, major gains in the production of energy resources were reported by Bangladesh, Burma, India, Malaysia and Thailand. Large investments in the Energy sector were undertaken during 1984 by Bangladesh, India, Indonesia, Republic of Korea, Lao PDR, Malaysia, Nepal, Pakistan, Philippines and Thailand.

Although the external price of oil eased somewhat during the year, some DMCs raised domestic prices of energy products to encourage conservation and to reduce the cost of subsidies by the government. Considerable increases in domestic prices of petroleum and petroleum products were announced by Bangladesh, Indonesia, Pakistan, Philippines and Sri Lanka during 1984.

Regional Cooperation

A number of efforts to promote regional cooperation were made by DMCs during 1984.

The ASEAN Committee on Trade and Tourism (COTT) increased the preferences margin on food and non-food items already covered by preferential trading arrangements and agreed to increase tariff cuts up to 50 per cent on future exchanges of tariff preferences. In addition to products with import values up to \$10 million which are already covered by tariff preferences, the ASEAN Economic Ministers approved a COTT decision to apply 20-25 per cent across-the-board tariff cuts to items with import values in excess of \$10 million, subject to certain exclusions. In 1983, Indonesia's Urea Project was the first ASEAN Industrial Project to become operational, while Malaysia's Urea Project is expected to commence in 1985. Thailand's Soda Ash Project encountered some technical problems in rock salt mining, while the Philippines' copper fabrication project was still in the planning stage. A hepatitis vaccine project was approved as Singapore's entry into the ASEAN program of industrial projects, although no preferential treatment would be given to it by other ASEAN members. The Economic Ministers also approved the first four private sector industrial joint ventures consisting of motorcycle electrical parts, silica-based material for glazing ceramic products, mechanical and power steering parts and constant velocity joints for automobiles.

The Ministers of Agriculture and Forestry signed an agreement relating to cooperation in the management and conservation of fishery resources. The proposal to set up an ASEAN Timber Technology Center in Kuala Lumpur gained ground with the European Economic Community's agreement to provide \$6 million of the estimated \$11 million operational cost for the first five years.

The Foreign Ministers of the South Asian Regional Cooperation (SARC) countries recommended the convening in 1985 of a Summit of Heads of State or Governments of the seven member countries (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka). The Standing Committee, which is the principal policy organ of SARC, reviewed

reports prepared by technical committees on nine agreed areas of cooperation. The Foreign Ministers gave special attention to the development of telecommunications and air transport among member countries and requested that proposals be made concerning the improvement of these links. Although much of the attention focused on research, training and the exchange of information, longer-term studies on the feasibility of regional projects and institutions were also initiated.

At the 15th South Pacific Forum in August, issues relating to regional trade and proposals for a single regional organization were discussed. The Forum agreed in principle to promote duty-free and unrestricted access to handicrafts traded between Forum island countries.

International Cooperation

At their 10th Annual Summit Meeting held in London, the heads of the governments of the seven major industrial countries (Canada, Federal Republic of Germany, France, Italy, Japan, United Kingdom and United States) reiterated their call, made at the previous summit, for a new round of trade liberalization talks and endorsed the OECD Ministerial Meeting's support for such a round. In September, high-level trade officials from the industrial and advanced developing countries repeated this request at an informal meeting in Rio de Janeiro, placing special emphasis on the need for reducing farm subsidies and opening markets for farm products in industrial and developed countries. This idea gained further support in November at the Annual Meeting of the General Agreement on Tariff and Trade which in the previous year had given only lukewarm support to a similar proposal made by Japan and the United States.

Although protectionist pressures continued, further moves to liberalize trade were made during the year. The EEC decided to advance by one year to 1 January 1985 its scheduled Tokyo Round tariff reductions for a list of products considered to be of special interest to developing countries while Japan had already advanced its application of most-favored-nation (MFN) tariff cuts to improve or mitigate the erosion of Generalized Scheme of Preferences (GSP) margins. Japan increased quota amounts for industrial products imported under GSP by 50 per cent during FY 1984.

The United States extended the duration of its GSP for eight and a half years beyond the scheduled (January 1985) expiry of its preferences and approved graduation criteria under which advanced Asian developing countries would also remain beneficiaries.

The International Agreement on Jute and Jute Products became provisionally effective. The International Jute Organization is to use research and development, market promotion and cost reduction as its main instruments as no price stabilization scheme is provided for. The Sixth International Tin Agreement continued to function provisionally as negotiations aimed at ratifying a new agreement failed. The new International Sugar Agreement differs significantly from previous agreements as it has no provision for price stabilization through stock holding. As a result, the new Agreement largely serves information and statistical purposes.



OPERATIONS AND POLICIES

Lending Operations

LOAN approvals during the year totalled \$2,234 million, compared with \$1,893 million in 1983. Loans from ordinary capital resources (OCR) amounted to \$1,551 million, an increase of 30 per cent in nominal terms over the corresponding figure of \$1,190 million in 1983. Loans from Special Funds (SF), amounting to \$684 million, decreased by 2.7 per cent in nominal terms from the 1983 figure of \$703 million.

Overall Bank lending increased by 18 per cent in nominal terms in 1984, while over the five-year period 1980-84 the annual increase averaged 13.1 per cent in nominal terms. The substantial increase in 1984 was due partly to the improved economic performance of the developing member countries (DMCs). The liberalization of Bank policies in 1983 on program lending and on the financing of local currency expenditures and interest during construction, a more flexible implementation of the multiyear programming approach, as well as the processing of a number of large-sized projects also contributed to the increase in lending during the year.

The Bank approved in 1984, its second year of equity investment operations, an equity investment of Rs6 million in the National Development Leasing Corporation Ltd. of Pakistan (see page 21).

During the year, 49 loans were approved for 47 projects in 18 DMCs, compared with 55 loans for 53 projects in 17 DMCs in 1983. Two of the 1984 projects — one in Pakistan, Tarbela Hydropower Extension (Units 11 and 12), and one in Papua New Guinea, Fourth Road Improvement (Sector) — received "blended" loans financed from both OCR and SF.

The average size of loans increased to \$45.6 million in 1984 from \$34.4 million in 1983. The average size of OCR loans rose to \$59.6 million in 1984 from \$45.8 million in 1983, while the average size of SF loans increased to \$29.7 million from \$24.2 million over the same period. The increase in 1984 was

mainly due to the financing of a large number of medium to large-sized projects and increased local cost financing.

In 1984, about 97 per cent of SF loans went to low-income DMCs with a per capita gross national product (GNP) in 1983 of less than \$400.

During the year, six DMCs received loans exclusively from OCR: Indonesia (\$587 million), Philippines (\$275.9 million), Thailand (\$195.2 million), Republic of Korea (\$174 million), Malaysia (\$159.9 million) and Fiji (\$3.2 million).

Two DMCs received loans from both OCR and SF: Pakistan with \$347 million (\$137.2 million from OCR and \$209.8 million from SF), and Papua New Guinea with \$33.25 million (\$18.25 million from OCR and \$15 million from SF).

Ten DMCs received loans exclusively from SF: Bangladesh (\$306.8 million), Nepal (\$60.7 million), Sri Lanka (\$56 million), Burma (\$10 million), Lao PDR (\$9 million), Bhutan (\$7.4 million), Western Samoa (\$4 million), Maldives (\$2.38 million), Solomon Islands (\$2 million) and Kiribati (\$0.55 million).

Co-financing by official and commercial sources in Bank-assisted projects more than trebled to \$1,163 million from \$309 million in 1983. While it partly reflected the current world economic recovery, this record 1984 figure was primarily attributable to loans for a number of big projects with unusually large co-financing components.

During the year, about 68 per cent — or over two-thirds — of Bank lending was for projects in the two leading sectors of Energy, which absorbed 34.3 per cent of all Bank lending, compared with 23.8 per cent in 1983, and Agriculture and Agro-Industry, which accounted for 33.9 per cent, compared with 34.3 per cent a year earlier.

The share of lending for social infrastructure projects decreased to 10.7 per cent of the total from 22.3 per cent in 1983. Lending to development finance institutions (DFIs) also decreased, to only 2.4 per cent from 10.8 per cent. There was, however, a significant increase in lending to the Transport and Communications sector which accounted for 17.1 per cent of total lending, compared with 3.5 per cent in 1983.

CONTAINERS loading at Kuching Port in Sarawak, Malaysia, where a \$5 million Bank loan helped finance construction of a wharf and other installations and procure tug boats and cargo handling equipment.

These changes were due partly to special circumstances and partly to the cyclical nature of Bank lending in certain sectors.

The total cost of projects approved during the year — excluding three DFI loans, one program loan, eight sector loans and one technical assistance program loan — is estimated at \$4 billion. Direct Bank financing accounted for 40.2 per cent of total project costs. On the basis of the Bank's past experience, the total cost of subloan projects to be financed by the three DFI loans is estimated at about \$100 million. The projects to be financed by the program loan, technical assistance program loan and the eight sector loans will involve an estimated total cost of about \$1.4 billion.

At the end of 1984, the Bank's cumulative lending had reached \$15.6 billion for 656 projects in 27 DMCs. Of this total, loans amounting to \$10.7 billion were from OCR and \$4.9 billion from SF.

In 1984, local cost financing (LCF) amounted to \$267.5 million for 23 projects in nine DMCs. Of this, \$126.1 million was from OCR and \$141.4 million from SF, representing 8.1 per cent and 20.7 per cent, respectively, of OCR and SF loans approved during the year. At the end of 1984, the Bank had provided a total of about \$1 billion in LCF.

Co-Financing

During 1984, a total of 23 projects were co-financed, with co-financiers contributing \$1,163 million and the Bank \$1,460 million. This was a sharp increase over the previous year, when 18 projects were co-financed, with co-financiers providing \$309 million and the Bank \$769 million.

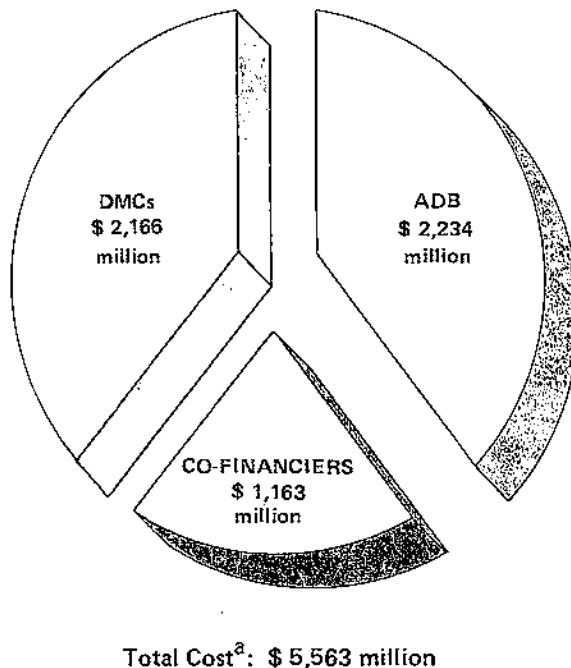
The 1984 figures — the highest both in terms of number of projects and co-financiers' contributions — underline the fact that in any given year the Bank's co-financing performance depends on a number of factors including the global economic situation, the borrowing programs of DMCs, their absorptive capacity and the size and nature of projects. The record performance of 1984 was mainly attributable to the number of large projects which DMCs initiated during the year.

As of the end of 1984, co-financing had been arranged for 175 Bank-assisted projects, with funds provided by co-financiers totalling about \$4.7 billion and Bank financing totalling \$6 billion.

In 1984, official sources provided funds amounting to \$731 million for 19 projects, compared with \$128.4 million for 13 projects in 1983. The share of official sources in the total amount of co-financing increased from 42 per cent in 1983 to 63 per cent. Seven of the Bank's member countries — Canada, Federal Republic of Germany, Japan, Netherlands, Norway, Switzerland and United Kingdom — together with Saudi Arabia provided \$348 million and multilateral sources, comprising the Islamic Development Bank (IsDB), OPEC Fund for International Development, United Nations Development Programme (UNDP) and the World Bank Group, contributed \$383 million.

Co-financing with commercial and export credit sources also increased, totalling \$432 million for seven projects and accounting for 37 per cent of all such lending during the year. This compared with \$180 million for five projects in 1983. A large part of co-financing in 1984 was in the form of export credits, reflecting the increasing importance attached to this form of financing, particularly for projects in the Energy sector.

Projects Approved in 1984: Total Cost and Sources of Finance



Total Cost^a: \$ 5,563 million

a Total cost of DFI, program and sector loans is estimated from previous Bank experience.

Support for Private Sector Activities in DMCs

The role of the private sector varies among the DMCs, but in many it contributes substantially to the growth of national income, investment, employment and export earnings as well as the transfer of technology. Many DMCs have sought in recent years to stimulate private enterprise by limiting or reducing the public sector's involvement in the economy and by creating a conducive policy environment.

The Bank's strategy in supporting the private sector is based on credit lines to development finance institutions (DFIs) for onlending to small and medium-sized industrial enterprises; direct equity investments in industrial enterprises and direct investments or lines of equity to DFIs for investment; loans and technical assistance designed to raise the productivity and incomes of commercial entrepreneurs in rural areas; loans and technical assistance to help build the skilled labor force and infrastructure services and facilities which encourage private investment; and technical assistance to help DMCs develop the institutions and policies needed to promote private initiative.

As of the end of 1984, the Bank had lent \$1.72 billion through 76 lines of credit to 29 DFIs in 19 DMCs. Approximately 95 per cent of the enterprises assisted in this way has been in the private sector and more than three-fourths of the subloans went to manufacturing enterprises.

In 1984, the Bank extended to DFIs two credit lines which will be oriented to small and medium-sized enterprises, most-

ly privately held, in Republic of Korea and Western Samoa.

The Bank also supported the development of private industry through its equity investment of \$420,000 in the National Development Leasing Corporation Ltd. in Pakistan, a new company sponsored by a Bank-assisted DFI and several other private investors. It is expected to play a pioneering role in extending equipment lease financing to the private sector. As of 31 December 1984, the Bank had approved three equity investments totalling \$3.38 million.

Some agricultural projects financed by the Bank in 1984 will create additional commercial opportunities in private agriculture-related industries. For example, the Hill Agriculture Development Project in Nepal will, among other things, provide credit through the Agricultural Development Bank of Nepal for horticulture development involving privately owned nurseries, storage and processing facilities.

Shortages of skilled manpower can be a major disincentive to private investment. Recognizing this constraint, the Bank in 1984 provided assistance to expand facilities, upgrade curricula, and improve teaching standards in scientific and technical schools in Bangladesh and Indonesia.

In 1984, the Bank provided a technical assistance grant to the Philippines to help examine methods of accelerating development of indigenous coal resources through increased participation of the private coal mining industry. Other Bank technical assistance will support analysis of the role of the public sector in energy business and the possible "privatization" of the Government-owned Philippine National Oil Company, and the rationalization of domestic oil refining, including links between the Government and privately owned refineries.

The Bank is now undertaking a comprehensive review of its overall strategy of assistance to the private sector.

Benefits to the Poor

In pursuit of its goal of alleviating poverty in its DMCs, the Bank in 1984 achieved a level of concessional lending to the poorer countries only slightly below its 1983 record level. It also continued to give priority to projects designed to raise incomes and create jobs in rural areas. Moreover, the Bank placed greater emphasis on expanding and improving physical infrastructure in less-developed areas of the DMCs.

Lending from ADF resources reached \$684 million, 2.7 per cent lower than in 1983. Aside from Burma and, to a lesser degree, Nepal, however, concessional lending to the other ADF recipient countries increased by 13 per cent.

Making land more productive through irrigation and providing poor and landless farmers with the inputs, training and credit to increase agricultural output have been fundamental to Bank efforts to reduce poverty.

In 1984, the Bank approved loans for three major irrigation projects, provided supplementary loans to complete two ongoing Bank irrigation projects and included irrigation components in several other agricultural projects. These projects will help raise agricultural production and farm incomes. In Pakistan, for example, the Left Bank Outfall Drain (Stage I) Project is expected to be of direct benefit to nearly 100,000 poor farm families, while a project in Indonesia has the potential of almost doubling the average income of over 10,000 poor farm families. Furthermore, the Indonesian project will generate about 10,500 man-years of employment during construction and will provide 17,000 man-years of additional employment annually after completion.

The small farmer and the rural landless will be the principal beneficiaries of six Bank-financed agricultural development projects approved in 1984, one each in Fiji, Malaysia and Nepal and three in Indonesia. These loans will finance a wide range of agricultural investments aimed at raising the productivity and incomes of small farmers through measures which include intensifying and diversifying crops, introducing higher-yield varieties, widening the use of fertilizer, making more agricultural credit available and strengthening infrastructure. In Malaysia, 7,000 smallholder families will increase their incomes through Bank-financed replanting of unproductive rubber trees with oil palm and high-yielding rubber trees.

The Bank also extended physical infrastructure in poorer regions of DMCs in 1984. Loans were approved to upgrade roads in rural areas of Indonesia and Papua New Guinea. The poor will be among those to benefit from improved farm-to-market transportation, easier access to health and education facilities and enhanced mobility that could open new employment opportunities. Other jobs will be created in the construction of these roads.

Of even more direct benefit to the poor are loans approved by the Bank for two water supply projects, one each in Nepal and Bhutan. These projects will improve health, reduce infant mortality and lower morbidity rates by lessening the incidence of water-borne and water-based parasitic diseases.



Women in Bank-Assisted Activities

The Bank's lending program in 1984 included a number of projects which will assist women in the vital role they play in the economic and social development of DMCs. These projects will create employment and income-raising opportunities, help women in maintaining family health and welfare and reduce the burden of household chores, leaving time for other productive activities.

Many Bank-financed projects in the Agriculture sector will provide assistance equally to women and men as agricultural producers. Increasing household income frequently depends upon a division of family labor which casts women in key productive roles. The Second Kalimantan Livestock Development Project in Indonesia, for example, is designed to increase the quantity and improve the quality of livestock held by small farmers. As livestock on family farms in the project area are frequently tended by females, the added income expected to derive from this Project will be largely achieved by women, enhancing their position as family income-earners. In addition, the Fisheries Infrastructure (Sector) Project in Indonesia will generate employment opportunities for women beyond their family farms by creating some 50,000 on-shore jobs in activities such as fish processing and canning, positions usually filled by women.

The Bank-assisted Second Health and Population Project in Pakistan will finance a major expansion of and improvement in health services in selected areas of the country. While both male and female members of the communities are expected to benefit, this Project is particularly relevant to women, through its provision of maternity care as well as facilities and counselling on health care. Similar support will

be offered by rural health facilities built into several irrigation projects financed by the Bank in 1984.

Women will also be prime beneficiaries of the four Bank-financed water supply projects approved in 1984. Designed to reduce water-borne or water-based diseases by piping safe drinking water, the projects will, in turn, ease the burden of women in caring for sick family members.

Many rural women spend much of their time and energy obtaining water for their households, often over long distances. The Bank-financed Rural Water Supply Sector Project in Nepal will make water more accessible to farm households, enabling women to spend their time more productively.

Training Activities

Efficient manpower and responsive institutions are crucial ingredients in the development of every economic sector in the Bank's DMCs. In an effort to strengthen human resources and institutional capacities, the Bank has increased its lending and technical assistance for education and training programs.

These training activities consist of four main types: project-related training under Bank loans; institution-building training under advisory and operational technical assistance grants; general training under regional technical assistance grants; and on-the-job training for DMC officials seconded to the Bank.

In 1984, a number of Bank loans incorporated various forms of training. Under the Third Senior Technical Schools Project in Indonesia, for example, staff members of institutions assisted by the Project will receive 1,626 man-months of overseas training fellowships, in addition to a program of seminars, workshops and in-service training within the country.

The Second Health and Population Project in Pakistan will provide 235 man-months of overseas fellowships in such fields as nursing and health-service management, as well as in-service and pre-service training in family planning. In Lao PDR, staff involved in implementing the Vientiane Plain Road Improvement Project received training in procurement at the Bank's Headquarters.

During the year, technical assistance was extended for institution building in several DMCs. In Kiribati, for instance, personnel will be trained in operating and managing the Betio Shipyard, the country's only such facility, and will be provided with overseas fellowships. The shipyard is to be rehabilitated under a loan also approved by the Bank in 1984.

On a regional basis, the Bank provided technical assistance for two training programs conducted by the Asian Productivity Organization for staff from government agencies, national productivity organizations and development institutions in a number of DMCs. One course, on rural project development, was held in Bangalore and New Delhi, India. The other, on project feasibility, appraisal and implementation, was held in Manila and Tokyo.

The Bank also conducted four regional training programs in 1984 specifically designed to upgrade the knowledge and skills of DFI personnel. Two such programs — one for South Pacific and the other for Asian DFIs — dealt with Management Development and were held, respectively, in Port Vila, Vanuatu and Bangkok, Thailand. One Program on Project Implementation and Supervision was held in Karachi, Pakistan, in cooperation with local DFIs and a Program on Market Appraisal of Industrial Projects was conducted in



Manila, Philippines. A total of 98 staff from 29 DFIs in 20 DMCs benefited from these activities.

In an effort to upgrade the accounting and management information systems in Bank-assisted power utilities, the Bank organized a Regional Program on Power Utility Accounting and Management Information System in Baguio City, Philippines. The Program was attended by 23 professionals from 18 power utilities in the region.

To help upgrade the capabilities of staff of executing agencies to implement projects, three regional loan administration seminars were held in Manila, two on procurement and one on project implementation management. These seminars were attended by 62 senior and middle-level officials from 13 borrowing member countries. In addition to the regional seminars, five country seminars on procurement and a country seminar for domestic consultants were held in Bangladesh, Indonesia, Nepal, Pakistan, Philippines and Thailand.

In 1984, the Bank provided on the job training under its secondment program to five officials from DMCs for periods ranging from six months to one year. Under its attachment program, four other officials received short-term familiarization with the Bank's activities.

THE management of natural resources is a top priority of the Bank-financed Songkhla Lake Basin Planning Study which involves the formulation of an integrated development program in southern Thailand.

Environmental Activities

Through its environment specialists, the Bank is attempting to promote the integration of environmental considerations into its economic development activities. It does this by systematically reviewing projects at all stages in order to identify potentially adverse environmental impacts as well as to formulate measures to prevent or mitigate them. The environment specialists also assist in providing environmental education and training for Bank staff and officials of DMCs.

During 1984, the environment specialists began drafting comprehensive environmental and natural resource profiles for selected DMCs. These are intended to help identify environmental and natural resource opportunities and constraints likely to affect development. They are also expected to indicate the kinds of projects which can help correct critical loss or degradation of these resources.

Also during the year, the specialists began strengthening the integration of environmental measures in the planning and design of Bank-financed projects.

A review of the Bank's environmental policies and procedures was initiated with the intention of recommending clearer policy guidelines and more appropriate operational procedures. As part of this process, a Regional Seminar on "Environmental and Natural Resource Planning and Management" has been prepared to examine the environmental practices in the Bank's region and specify requirements for achieving environmentally sound economic development. Work on "Economic Valuation of Environmental Considerations in the Project Cycle" began in 1984 and is expected to be completed in 1985.

Sectoral Review

Agriculture and Agro-Industry

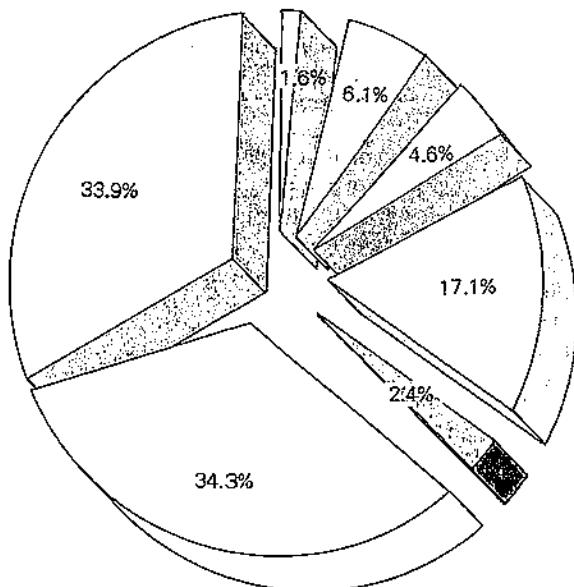
The Bank continues to give high priority to improving food and commercial crop production, expanding employment and raising living standards in rural areas where most people in DMCs live and work. Reflecting this, lending to the Agriculture and Agro-Industry sector (which covers irrigation and rural development, fisheries, livestock, agricultural credit and support services, forestry, fertilizer and agro-processing) reached a record \$758 million in 1984, an increase of 16.9 per cent over \$648.4 million in 1983.

The projects supported by the Bank in 1984 ranged in size from large-scale irrigation works in Pakistan to a relatively small multisectoral agricultural development project in Fiji. The range of subsectoral activities was equally broad, including support for fisheries infrastructure, livestock production, forestry development, smallholder and plantation farming, crop protection and essential productive inputs, and improvements in irrigation works and other facilities. In all projects, training and consulting services were provided to strengthen implementation and institutional capacities in DMCs.

A special feature of the Bank's operations in 1984 in the Agriculture and Agro-Industry sector was its prompt response — through a \$130 million Agricultural Inputs Program loan — to the serious economic difficulties encountered by the Philippines. The loan sought to maintain the country's production of rice, corn and other food crops at normal levels despite a severe shortage of imported fertilizers, pesticides



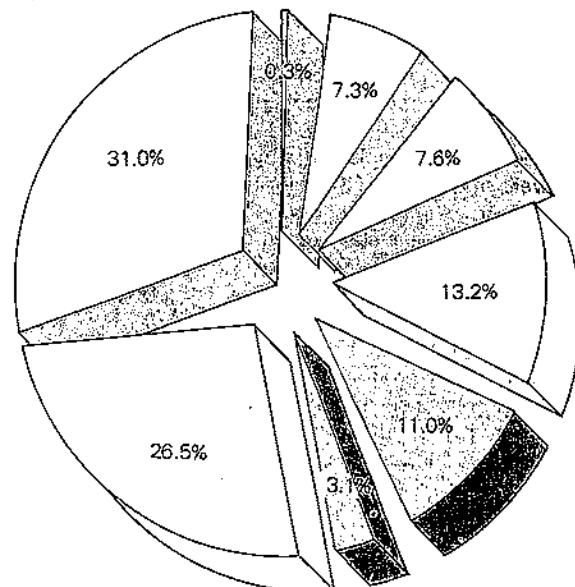
**Loan Approvals By Sector
1984**



Total: \$ 2,234.3 million

<input type="checkbox"/>	Agriculture and Agro-Industry
<input type="checkbox"/>	Energy
<input type="checkbox"/>	Development Banks
<input type="checkbox"/>	Transport and Communications
<input type="checkbox"/>	Water Supply and Sanitation
<input type="checkbox"/>	Urban Development, Education and Health and Population
<input type="checkbox"/>	Multisector

**Loan Approvals By Sector
1967 – 1984**



Total: \$ 15,581 million

<input type="checkbox"/>	Agriculture and Agro-Industry
<input type="checkbox"/>	Energy
<input type="checkbox"/>	Industry and Non-Fuel Minerals
<input type="checkbox"/>	Development Banks
<input type="checkbox"/>	Transport and Communications
<input type="checkbox"/>	Water Supply and Sanitation
<input type="checkbox"/>	Urban Development, Education and Health and Population
<input type="checkbox"/>	Multisector

and other essential farming inputs due to a scarcity of foreign exchange resources.

The number of technical assistance projects in this sector changed little from the previous year, but declined slightly in financial terms. During 1984, nearly 46 per cent of the Bank's technical assistance was approved for agriculture and agro-industrial activities. Technical assistance to this sector funded from the Bank and other sources at the end of 1984 amounted to \$8.4 million for 37 projects, compared with \$9.9 million for 34 projects in 1983.

Nearly two-thirds of the technical assistance approved in this sector in 1984 was for the preparation of future projects, the rest for advisory and operational purposes. Regional studies on the handling of fisheries products for marketing and on food supply and demand in the Bank's DMCs were also supported during the year.

Regional workshops and seminars on carp hatchery and nursery technology, livestock production management and rural development were conducted in 1984.

Total Bank lending to this sector as of the end of 1984

amounted to \$4.8 billion for 228 projects, while technical assistance amounted to \$77.2 million for 311 projects. In terms of overall Bank lending, the Agriculture and Agro-industry sector received about one-third (33.9 per cent) of total loans during 1984, compared with 34.3 per cent in 1983.

Irrigation and Rural Development: Bank lending in this subsector in 1984 was designed to help increase food production, generate agricultural employment, alleviate poverty and conserve foreign exchange.

By far the largest project undertaken in 1984 in pursuit of these aims was the Left Bank Outfall Drain (Stage I) Project in Pakistan, where extensive irrigation without drainage for excess water and salts in Sind Province has raised the water table and left the soil waterlogged and salinized. The Bank approved a \$122 million concessional loan for this major corrective project, which was also supported by co-financing from six other sources.

During the year, the Bank provided additional funding either to complete, remedy or to extend the benefits of four

projects previously supported with Bank loans. In this respect, supplementary loans were approved for the Chitwan Valley Development Project in Nepal and the Allah River Irrigation Project in the Philippines. A new loan was extended for the Walawe Irrigation Improvement Project in Sri Lanka to rehabilitate and enhance the existing Walawe Development Project. The Chashma Command Area Development Project in Pakistan will complement the ongoing Chashma Right Bank Irrigation Project and On-Farm Water Management Project.

During the year, the Bank approved loans for three other projects — in Fiji, Malaysia and Nepal — designed to help reduce rural poverty by maximizing the productivity of agricultural land and increasing farm incomes.

The Bank approved nine loans totalling \$320.5 million for this subsector, accounting for 42.3 per cent of the Bank's total lending for Agriculture and Agro-Industry during the year and raising cumulative lending to the subsector to \$2.4 billion.

Fisheries: The Bank has adopted an integrated approach to fisheries development, encompassing a chain of operations from the catching or culture of fish to preserving and then marketing these in domestic and/or export markets. It has also emphasized appropriate, low-cost technology wherever feasible. In 1984, the Bank focused on marine fisheries, giving special attention to the provision of shore-based support facilities, particularly harbors and landing sites. A \$50 million loan for the Fisheries Infrastructure Sector Project in Indonesia will increase fish production, improve the quality of marine fish landings and reduce operational costs.

Technical assistance was provided for the preparation of aquaculture and fisheries development projects in Bangladesh, Indonesia, Kiribati, Malaysia and Nepal and the improvement of marketing of fish and fish products.

As of the end of 1984, the Bank had approved 35 loans totalling \$549 million for marine and inland fisheries.

Livestock: The Bank's assistance to this subsector has in the past focused principally on small farmer livestock development. During 1984, this type of assistance continued to expand through the approval of a \$60 million loan to Indonesia for the Second Kalimantan Livestock Development Project.

As of the end of 1984, the Bank had approved 13 loans totalling \$195 million for livestock projects.

Forestry: The interdependence of agriculture and forestry has led to an increase in recent years of Bank support for forest development projects which supply raw materials for wood-based industries while, at the same time, improving the environment and quality of life in rural areas. In particular, the Bank has paid special attention to reforestation in order to replenish the diminishing supply of wood.

The Bank approved loans for two forestry projects in 1984: \$24.5 million for the Compensatory Forestry Sector Project in Malaysia and \$8 million for the second phase of an ongoing Forestry Development Project in Lao PDR.

As of the end of 1984, the Bank had provided 11 loans totalling \$168.9 million to the forestry subsector.

Industrial Crops and Agro-Industries: Industrial crops play a significant role in import substitution and foreign exchange earnings and savings, and there have been substan-

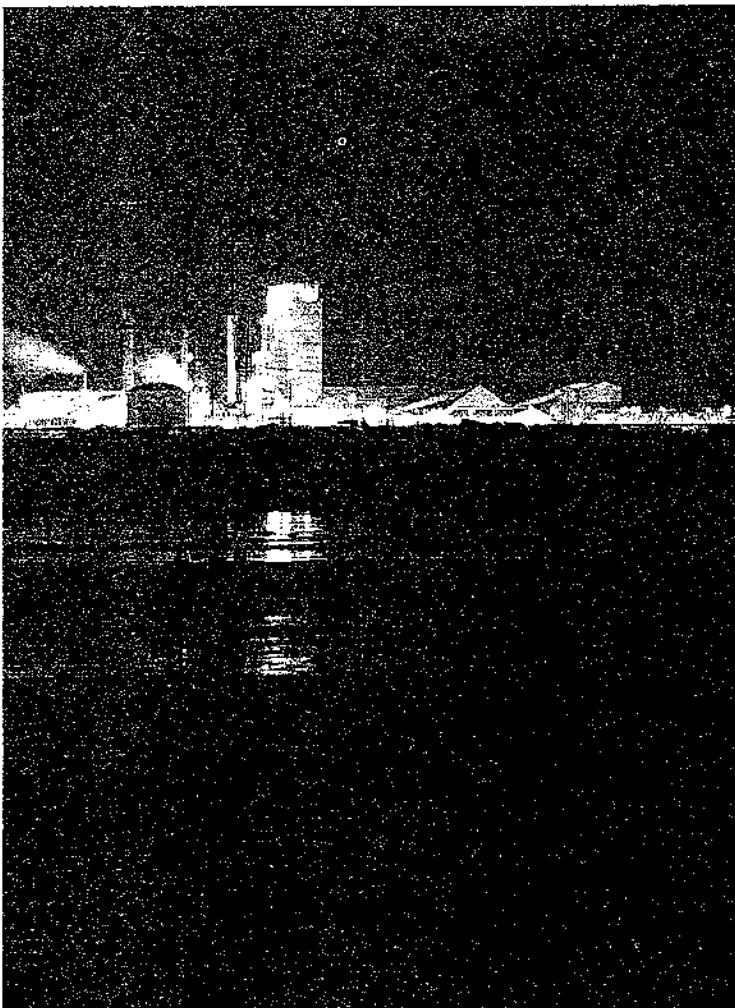
tial increases in the acreage under selected industrial crops in some DMCs. Taking a practical approach in this subsector, the Bank seeks to ensure that projects are competitive, marketing facilities are adequate and that private sector participation is enhanced wherever possible. The Bank supported two plantation projects in 1984 through approval of a \$57 million loan for developing oil palm in nucleus estates and smallholdings in Indonesia and a \$45 million loan for developing the plantation sector in Sri Lanka.

As of the end of 1984, the Bank had provided a total of \$441.6 million in loans for 29 projects in this subsector.

Agricultural Support Services: Reliable supplies of essential farm inputs and services are essential for raising agricultural production. Recognizing this, the Bank in 1984 approved a \$63 million loan designed to reduce losses in plantation crops in Indonesia by developing a comprehensive crop protection service integrating pest, disease and weed control methods.

As of the end of 1984, the Bank had provided 34 loans totalling \$767.2 million for various agricultural support services and program loans, including \$284.5 million for agricultural credit projects.

NIGHT VIEW of the Bank-assisted Ashuganj fertilizer plant in Bangladesh. Based on natural gas as feedstock, the plant's daily production capacity is 925 tons of ammonia intermediate and 1,600 tons of urea fertilizer.



Energy

During 1984, the Energy sector surpassed the Agriculture sector to become the largest in terms of total lending, with its share rising to 34 per cent from 24 per cent in 1983. The Bank approved 11 loans in this sector amounting to \$767 million, compared with nine loans amounting to \$451 million in 1983.

The main thrust of Bank lending and technical assistance operations reflects a strategy of assisting DMCs to carry out adjustments necessitated by major changes in the world energy situation since 1973. In recent years, Bank operations in this sector have become more comprehensive, and now increasingly include assistance to develop indigenous energy resources, improve existing facilities, strengthen infrastructure, promote energy conservation and enhance the capabilities of national energy institutions to formulate and implement effectively energy plans and policies.

In line with the shift in Bank lending toward developing indigenous energy resources, lending for hydropower, coal and natural gas projects increased to \$398 million in 1984

from an annual average of \$133 million in the period 1981-83.

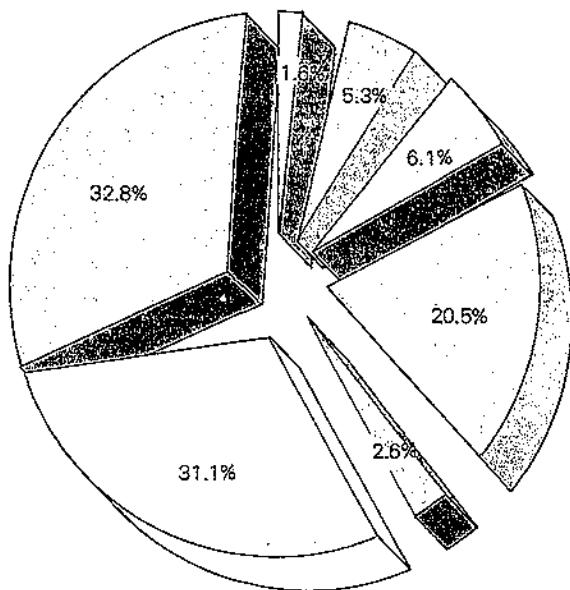
Lending for power projects, including hydropower, rose to \$538 million from \$429 million in 1983, although its share of total lending to the sector decreased from 95 per cent in 1983 to 70 per cent. Use of renewable and indigenous energy resources received priority in four Bank-financed power projects, of which three will help develop hydropower in Lao PDR, Malaysia and Pakistan, and one will help generate thermal power with indigenous lignite in Thailand. A project in Bangladesh is expected to expand natural gas production to reduce dependence on imported oil, while assistance provided to the Philippines will increase indigenous coal production and help reduce coal imports.

Improving the operational efficiency of power supply systems continued to be a major Bank activity in 1984 with loans for this purpose approved for projects in Bangladesh, Nepal and Philippines. In addition, natural gas will be made available to more households as well as to commercial, power and industrial establishments under the Seoul-Incheon Natural Gas Distribution Project in the Republic of Korea.

Project preparatory technical assistance approved during

Ordinary Loan Approvals By Sector

1984

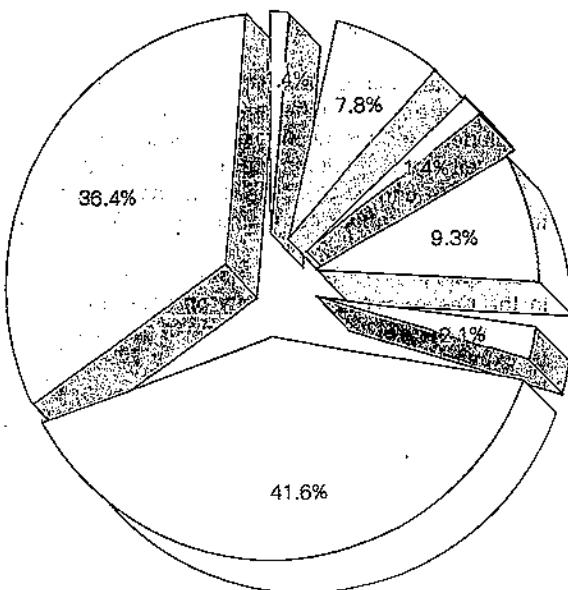


Total: \$ 1,550.6 million

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<input type="checkbox"/>	Energy
<input type="checkbox"/>	Development Banks
<input type="checkbox"/>	Transport and Communications
<input type="checkbox"/>	Water Supply and Sanitation
<input type="checkbox"/>	Urban Development, Education and Health and Population
<input type="checkbox"/>	Multisector

Special Funds Loan Approvals By Sector

1984



Total: \$ 683.6 million

<input type="checkbox"/>	Agriculture and Agro-Industry
<input type="checkbox"/>	Energy
<input type="checkbox"/>	Development Banks
<input type="checkbox"/>	Transport and Communications
<input type="checkbox"/>	Water Supply and Sanitation
<input type="checkbox"/>	Urban Development, Education and Health and Population
<input type="checkbox"/>	Multisector

1984 also reflected the Bank's emphasis on diversifying energy activities. The Bank agreed to finance studies for power projects in Papua New Guinea and Western Samoa, an oil refinery in the Philippines and a gas distribution project in the Republic of Korea.

Advisory technical assistance was approved for formulating energy pricing policies. Three grants will help the Philippines, Sri Lanka and Thailand to strengthen their institutional and planning capabilities in this field. Two other pricing studies will help the Philippines and the Republic of Korea prepare rational pricing policies for their power and gas sectors, respectively. In addition, the development of domestic resources and facilities through participation of the private sector will be examined under a coal study and a refinery sector rationalization study in the Philippines.

The Bank undertook Energy sector reviews for Pakistan, Philippines and Republic of Korea and participated in the UNDP/World Bank energy assessment of Burma. Studies on regional energy issues — such as developing energy from plant residues (bagasse), the market potentials of liquified natural gas (LNG) and rural electrification — also were oriented toward using indigenous resources and conserving energy. A regional energy demand management study was undertaken during the year. The Bank's advisory role in this sector was strengthened by informational and supporting activities such as developing an energy data base.

Technical assistance grants totalled \$2.3 million in 1984, compared with \$3.6 million in 1983. As of the end of 1984, the Bank had provided a total of 144 loans amounting to \$4.1 billion in the Energy sector. This accounted for about 26 per cent of total Bank lending.

Industry and Non-Fuel Minerals

Industrialization is a major instrument of economic growth for many of the Bank's DMCs. In recent years, the industry sector has been the most rapidly growing sector in a number of these countries, and its contribution to GNP has increased considerably. The Bank's DMCs vary greatly not only in size and their natural resource bases, but also in their degree of industrialization and policies for industrial development. Consequently, the Bank adopts a country-specific approach, based on detailed sectoral analysis, in determining projects or programs to be assisted.

The Bank has supported industrial development programmes and projects that earn or save foreign exchange, make efficient use of local resources, create significant numbers of jobs, promote development in less-developed areas and cultivate local entrepreneurial, managerial and technical skills. Direct lending to industry has mainly supported relatively large projects such as cement, petrochemical and fertilizer plants. Small and medium-sized industries receive financial assistance from the Bank through development banks. In general, Bank assistance is designed to promote and develop viable industries which produce essential developmental goods, exports or import substitutes and machinery or components to expand the industrial base. In addition, the Bank has supported the development of industrial infrastructure and industrial research and management training institutes which help small and medium-scale industries to improve technology and technical standards as well as increase productivity.

Most DMCs are known to have substantial unexplored non-fuel mineral resources. The discovery and exploitation of these resources can accelerate national development and

earn or save scarce foreign exchange. The Bank helps DMCs to develop their mineral resources through technical assistance and loans for strengthening their institutional capabilities to undertake geological, geochemical, geophysical and geothermal surveys.

In 1984, the Bank approved a \$220,000 technical assistance grant for the review and evaluation of the operations of a urea fertilizer plant in Sri Lanka and a \$350,000 technical assistance grant for the study of private sector coal development in the Philippines. Two other small-scale project preparatory technical assistance projects were approved — \$75,000 for a Graphite Market Study in Sri Lanka and \$74,500 for the Chhatak Cement Plant Rehabilitation Project in Bangladesh.

As of the end of 1984, the Bank had made 27 loans amounting to \$486.4 million in the industry and Non-Fuel Minerals sector. Cumulative technical assistance amounted to \$4.3 million for 27 projects, including four regional studies.

Development Banks

During the year, the Bank continued to support investment in development projects undertaken by small and medium-sized enterprises (SMEs). SMEs have significant potential for creating jobs and developing entrepreneurs, but they generally lack access to the external funds needed for capital expenditures. Moreover, their requirements are generally too small to merit the Bank's direct financing.

The Bank has, therefore, followed a policy of supporting suitable SMEs through credit lines to development finance institutions (DFIs). These have proven to be effective and appropriate financial intermediaries operating in the DMCs for this purpose. In the process, the Bank has also helped enlarge the resource bases of the recipient DFIs, thereby contributing to the expansion and diversification of their portfolios.

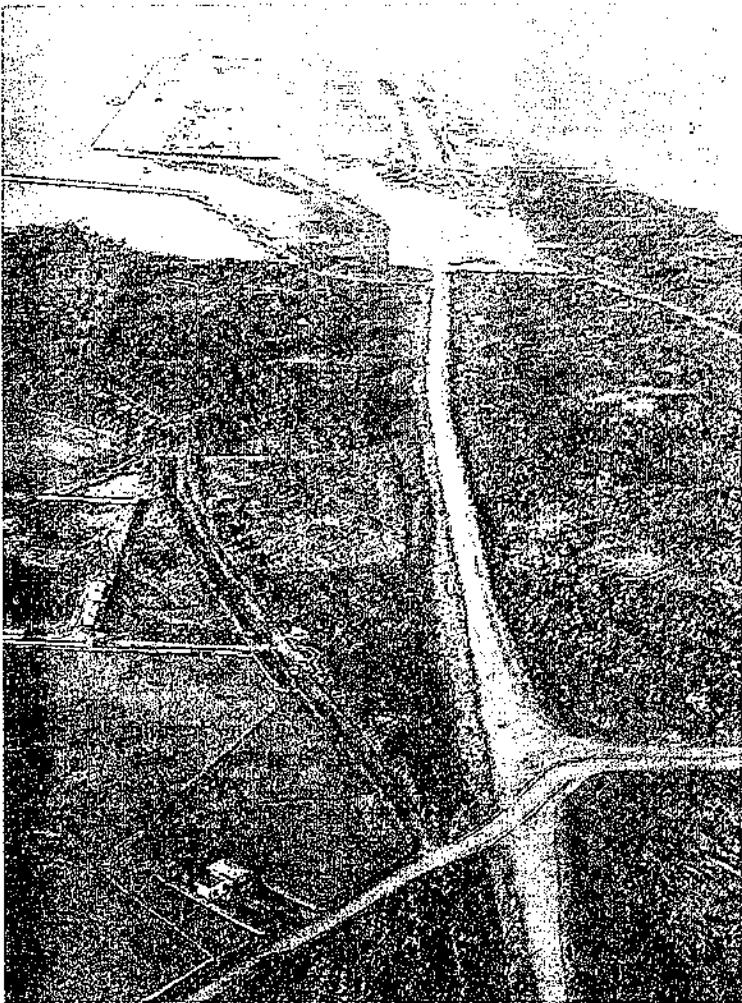
Such credit lines serve as the primary channel of Bank assistance to private enterprise and its main method of supporting the industrial sector. Credit lines have also helped the rapid transfer of resources to DMCs for productive purposes.

The Bank encourages the emergence of financially sound, well-managed DFIs that can efficiently mobilize and deploy domestic and external resources. It has helped to set up new DFIs in some DMCs and to sustain and strengthen existing DFIs in others. These institution-building efforts have been aided by appropriate covenants attached to the Bank's credit lines, by dialogues with the recipient DFIs, by technical assistance grants and by staff training programs, both region-wide and for individual DFIs. In addition, the Bank has been extending equity support to DFIs and other financial institutions since 1983.

The Bank approved three credit lines totalling \$54 million during the year: \$40 million as a third credit line to the Citizens National Bank which specializes in financing small-scale industries in the Republic of Korea; \$10 million as a second credit line to Myanma Economic Bank (MEB), the sole institutional source of industrial financing in Burma; and \$4 million as a fifth credit line to the Development Bank of Western Samoa (DBWS). Five technical assistance grants totalling over \$1 million were also approved during the year.

As of the end of 1984, the Bank had approved and administered 35 technical assistance grants totalling \$6.3 million in this sector.

The Bank's cumulative lending to development banks,



BIRD'S-EYE view of Belawan Port in northeastern Sumatra, Indonesia's third major port. The Bank is assisting in the expansion of its facilities to meet increasing cargo traffic.

mainly in the industrial sector, had reached \$1.7 billion by the end of 1984. This represented 11 per cent of all loans approved by the Bank.

Transport and Communications

Both the Bank and its DMCs recognize that the development of adequate and effective transportation and communication infrastructure is a vital factor in socio-economic growth. The Bank's strategy in the Transport subsector is to support the development of appropriate and economical systems that will transport people and goods rapidly and efficiently; in the Communications subsector, the Bank is helping construct facilities that will allow the easy, cheap transmission of information — a basic requirement in economic development.

In 1984, Bank lending for Transport and Communications projects rose sharply to \$381.2 million from the relatively low figure of \$65 million in 1983. The share of the sector in total Bank lending also rose significantly, to over 17 per cent from just 3.4 per cent in 1983.

Loans approved during the year will support a wide variety of projects, including the construction, improvement or

modernization of ports (in Indonesia and Malaysia), ship repair facilities (in Kiribati), railways (in Bangladesh) and roads (in Indonesia, Papua New Guinea and Solomon Islands). A Bank loan of \$95 million for the Seventh Road (Sector) Project in Indonesia is the largest to date approved in this sector. The Bank also approved a loan for its first telecommunications project in Thailand.

Another noteworthy feature of the year's lending was the contribution made toward meeting DMC manpower training needs in this sector through the incorporation into a number of projects of components for training the management and staff of government agencies.

Technical assistance grants for project preparatory as well as advisory and operational purposes also rose in 1984, amounting to \$3.3 million for 12 projects, compared with \$1 million for five projects in 1983.

As of the end of 1984, Bank lending to this sector totalled just over \$2 billion in 99 loans, or 13.2 per cent of total lending. Technical assistance grants amounted to \$15.1 million for 78 projects, or 10.4 per cent of the total.

Water Supply and Sanitation

Safe water supplies and sanitary disposal of human waste are basic minimum human needs. The World Health Organization estimates that approximately 80 per cent of all sickness and diseases can be attributed to inadequate water supplies or sanitation facilities.

In earlier years, Bank lending in this sector — and most requests for assistance from DMCs — focused on large urban water supply and sewerage systems. Loans for water supply projects in such major cities as Bangkok, Hong Kong, Manilla, Rangoon, Seoul, Singapore and Vientiane were made between 1970 and 1974. Loans covering major urban centers such as Bandung, Busan, Daegu, Faisalabad, Hyderabad and Penang were made between 1968 and 1977. Most of these projects augmented and improved existing water supply systems.

The Bank's emphasis has since shifted to more balanced development, both in urban and rural areas, to promote social equity and improve health conditions. In recent years, the Bank has financed a number of projects designed to provide water supply facilities in provincial towns and rural areas. Its loans have helped increase water supply and sewerage capacity in 15 DMCs, benefiting more than 57 million people in metropolitan areas, smaller cities and towns, provincial districts and rural areas.

During 1984, the Bank approved loans for three projects — two in the Republic of Korea and one in Nepal — totalling \$103.6 million in this sector. In addition, a \$7.4 million loan was approved for the Second Multiproject in Bhutan, a major component of which is a water supply project.

During 1984, the Bank also approved six technical assistance grants amounting to \$950,000 in this sector, compared with four grants amounting to \$865,000 in 1983.

As of the end of 1984, total Bank lending to the Water Supply and Sanitation sector amounted to \$1.2 billion covering 51 projects in 15 countries, while technical assistance amounted to \$8 million for 42 projects.

Urban Development

In the Urban Development sector, the Bank's approach is to support programs that improve the living conditions of low-income households and promote more efficient and orderly

urban growth. In the past, the Bank has helped upgrade infrastructure and provide low-cost housing in urban centers as well as secondary cities, including small towns, regional development areas and new towns. These projects have emphasized provision of essential services for low-income groups and integration of urban facilities with other essential services. Projects frequently include improvements to infrastructure and services in slum areas, sites-and-services schemes, integrated urban/regional development, creation of new towns and provision of various kinds of low-cost housing. The Bank gives priority to institutional development, notably the strengthening of executing agencies' policy-making skills and technical and institutional competence; the Bank also helps executing agencies upgrade their abilities in managing finances, municipal operations and land-use planning.

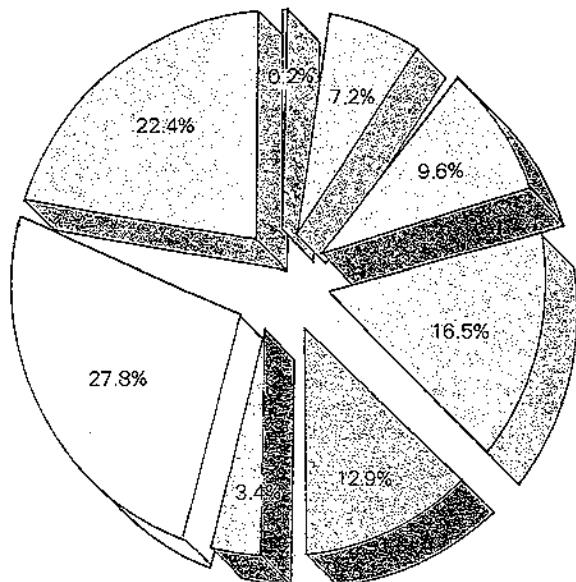
During 1984, a technical assistance grant was approved for an Urban Sector Profile Study in Pakistan. Among other things, this will review urbanization trends, identify strategic and policy issues in urban development and assess the

development potential of selected intermediate cities and towns. The need for such a review was perceived with the completion of the Basic Strategy Study, undertaken earlier in the year, which identified the rapid unplanned urbanization and resulting deterioration in urban infrastructure and living conditions of the urban poor as a major development problem. The Study also recommended that the Bank support government efforts to manage more effectively Pakistan's rapid urban growth and to improve environmental conditions in major cities.

Similar studies have also been conducted in Indonesia (in 1983) and in Malaysia (during 1984) under Bank technical assistance grants. The experience gained from these studies is expected to help develop appropriate sector operational policies as well as identify projects suitable for future Bank support.

At the end of 1984, total Bank lending for urban development and housing had reached \$306.2 million for 11 projects. Technical assistance extended by the Bank in this sector amounted to \$2 million.

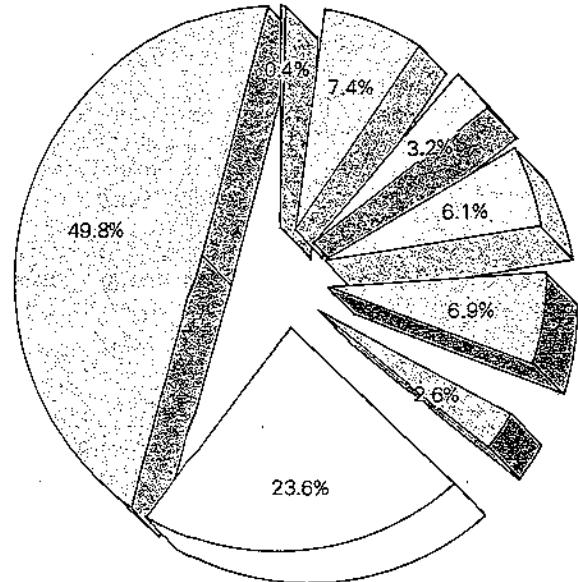
**Ordinary Loan Approvals By Sector
1967 – 1984**



Total: \$ 10,677.4 million

- Agriculture and Agro-Industry
- Energy
- Industry and Non-Fuel Minerals
- Development Banks
- Transport and Communications
- Water Supply and Sanitation
- Urban Development, Education and Health and Population
- Multisector

**Special Funds Loan Approvals By Sector
1967 – 1984**



Total: \$ 4,904.6 million

- Agriculture and Agro-Industry
- Energy
- Industry and Non-Fuel Minerals
- Development Banks
- Transport and Communications
- Water Supply and Sanitation
- Urban Development, Education and Health and Population
- Multisector

Education

In the Education sector, the Bank continues to emphasize projects designed to provide the trained manpower necessary to support economic and industrial development. The Bank has financed education projects ranging from secondary to university levels, with top priority given to vocational education including technical, agricultural, science, commercial and management education in the formal sector and community-oriented vocational training in the non-formal sector. Bank-financed projects normally include such components as buildings and equipment, reference materials and textbooks, audio-visual aids, curriculum and staff development and institution building for management of education systems, often with assistance from academic and other consultants. The broad objectives include not only providing both students and teachers with better and more relevant knowledge and skills, but also introducing concepts that will improve the education system, lead to social and cultural development and help upgrade the national quality of life.

During 1984, the Bank approved loans of \$37 million for the Secondary Science Education Sector Project in Bangladesh and \$83 million for the Third Senior Technical Schools Project in Indonesia. The Bank also provided \$2.3 million to Bhutan for establishing a Royal Institute of Management as part of the Second Multiproject loan.

In 1984, three technical assistance grants, amounting to \$395,000, were approved for projects in Indonesia, Pakistan and Papua New Guinea. The Bank also undertook education sectoral studies in Bangladesh and Indonesia to help develop appropriate sector policies and identify priority projects suitable for future Bank financing.

Total Bank assistance to the Education sector at the end of 1984 amounted to \$606.4 million for 26 projects and \$4.8 million for 28 technical assistance projects.

Health and Population

Most of the Bank's DMCs are actively pursuing policies designed to reduce population growth and improve national health, two goals with far-reaching implications for their social and economic development. The total 1984 population of DMCs was estimated at 1.4 billion, or about one-third of the world's population. In several DMCs, annual rates of population growth exceed 2 per cent, which will double the population in those countries in less than 35 years. In many less-developed areas, meanwhile, poor nutrition has lowered resistance to disease, resulting in a high incidence of morbidity and ill health, particularly among children.

The Bank has been active in assisting programs aimed at improving health and reducing fertility. In the early and mid-1970s, such support was incorporated into certain integrated area development projects, and since 1978 the Bank has been supporting health and population projects directly.

During 1984, a \$16 million concessional loan was approved for the Second Health and Population Project in Pakistan, undertaking wide-ranging improvements in the delivery of health and population welfare services. The Bank also approved three technical assistance grants during the year for projects in Malaysia, Pakistan and Papua New Guinea.

As of the end of 1984, the Bank had approved \$222.8 million for 11 loans to the Health and Population sector and \$2.7 million in technical assistance.



A HEALTH officer examines a child at a rural health center in Tonga. Four such centers have been built in outlying areas of this South Pacific DMC under a \$1.2 million Multiproject loan from the Bank's Special Funds resources.

Multisector

Multisector loans include a Technical Assistance Program Loan for a Multisector Program in Indonesia, for which the Bank approved \$25 million in 1984, as well as multiproject loans to small DMCs. During 1984, two multiproject loans — in Bhutan and Maldives — totalling \$9.78 million were approved, compared with two such loans totalling \$7.2 million during 1983. The Bank has approved eight multisector loans to date, totalling \$45.86 million.

Loan Administration

In 1984, the Bank continued to pursue its country-specific approach in improving the implementation of Bank-financed projects. Country project implementation review missions visited Indonesia thrice, Pakistan twice and Bangladesh once at the requests of their Governments to review the progress of projects in each country and to discuss policy matters as well as governmental rules and regulations on project implementation. In most cases agreements were reached to

apply appropriate solutions and to accelerate project implementation and disbursement of loans.

A technical assistance grant was approved to help Lao PDR set up a Project Implementation Advisory Unit to train local staff in carrying out project activities such as consultant recruitment, procurement, disbursement and accounting of funds. The first draft of a comparative study on civil works construction in three countries, prepared under a technical assistance grant, is now being reviewed by Bank staff. The study, which includes a general assessment of the construction industry in these countries, focuses on such aspects as quality of civil works, financial management, procurement and contract management and the planning process. It is expected to result in measures to help improve the contracting capability of local construction companies and the quality of construction works in Bank-financed projects.

Several important measures were adopted to improve the procurement of goods and services. Sample bidding documents for goods have been prepared and are being made available to executing agencies. Other sets of documents for civil works and supply and installation contracts are being prepared. The preparation of a handbook on common mistakes in procurement has been approved, while another handbook on the engagement and use of consultants is now under preparation. Work on a handbook on project implementation management is also in progress. These documents, when completed, will greatly facilitate the preparation of draft bidding documents and review of such documents by the Bank, minimize mistakes in bid evaluation, expedite recruiting consultants and generally upgrade the level of knowledge and skills of project staff in implementing projects. To help promote wider and more effective international competition, the Bank has launched a program of seminars to familiarize potential suppliers and contractors in member countries with the business opportunities available under Bank-financed procurement and to provide guidance on how to prepare responsive bids.

The Bank continued to introduce improvements in its internal loan administration system. For purposes of individual project monitoring, Critical Path Method-Project Evaluation and Review Technique (CPM-PERT) networks have been prepared for more projects and the technique itself is now being computerized. Computerization of project data in the Loan and Financial Information System (LFIS) was further expanded, while the two first phases of the Loan and Technical Assistance Administration System (LTAAS) were programmed and tested. The data on consultants (Dacon and Dicon forms) are now fully computerized, providing easier access to information on consultants. A review of the Bank's Loan Administration Instructions (LAIs) was begun and new LAIs which will provide more comprehensive and detailed guidance to Bank staff will soon be issued. Improvements were also introduced in the Bank's procedures for review of slow-moving loans, analysis of borrowers progress reports and internal reporting.

The number of loan administration missions rose from 383 in 1983 to 428 in 1984. These were undertaken to assess the progress of individual projects in the field, to deal with specific problems and issues and to advise borrowers on various aspects of project implementation. They consisted of 17 project inception missions, 257 full review missions, 94 special loan administration missions, 22 country disbursement missions and 38 project completion missions.

The net value of contracts awarded in 1984 for all projects amounted to \$1 billion, compared with \$726 million in 1983.

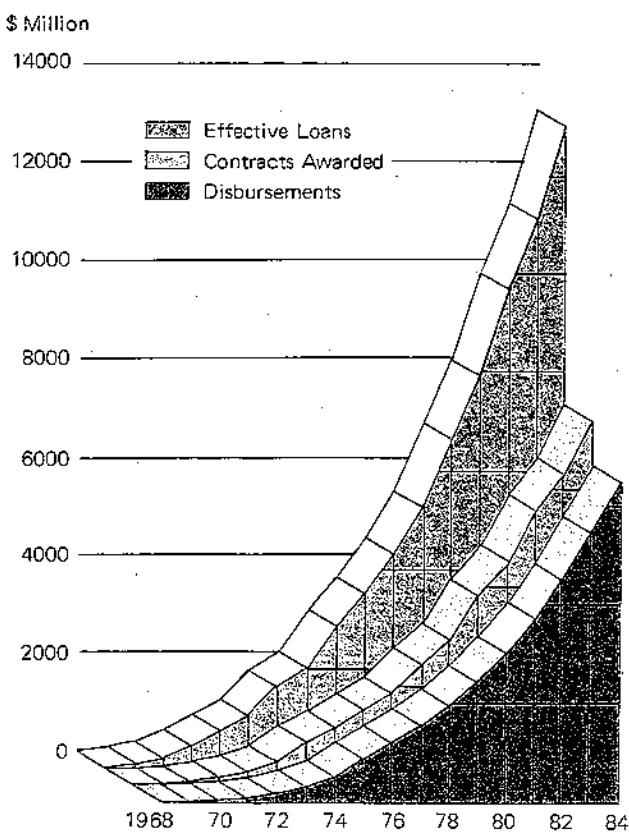
The 1984 figure includes \$700 million for ordinary loans and \$303 million for Special Funds loans. On a cumulative basis, the total contracts awarded up to the end of 1984 amounted to \$7.3 billion which is 56 per cent of effective loans.

Loan Disbursements

Loan disbursements serve as a major indicator of project performance and actual resource transfers. In 1984, disbursements amounted to \$1,000.5 million, a 6.8 per cent increase over the 1983 figure of \$936.9 million. The increase was due to a substantial increase in disbursements from ADF resources to \$298.3 million, 34.7 per cent above the 1983 figure of \$221.5 million. Disbursements under ordinary loans declined by 1.8 per cent from \$715.4 million in 1983 to \$702.2 million in 1984. On a cumulative basis up to the end of 1984, the total amount disbursed was \$6.4 billion, which was 49.5 per cent of effective loans.

The higher disbursements from ADF resources during 1984 were mainly attributable to increases ranging from 50 per cent to 60 per cent in Bangladesh, Burma, Nepal and Pakistan. Slower project implementation arising from budgetary constraints in Malaysia and the Philippines and delays in contract awards in Indonesia contributed in part to the decline in disbursements from OCR in 1984. The accelerated disbursement program of \$50 million for the Philippines in 1983, of which \$46 million was from OCR, had also the effect of increasing OCR disbursements in that year as compared to those in 1983.

CONTRACTS AWARDED AND DISBURSEMENTS
TO END OF 1984



Projects Completed

Twenty-one projects were completed in 1984, bringing the total number of projects completed to 266 out of 656 projects approved as of the end of the year. These completed projects were mostly approved by the Bank in the mid-1970s, with the earliest in 1971 and the most recent in 1979. Although many of these projects experienced delays and cost overruns in comparison with the cost and implementation schedules envisaged at the time of their appraisal, a number were completed in near accordance with the original time and cost schedules. Some examples of good implementation performance are the Bintulu Deepwater Port Project in Malaysia (a Project which cost over \$200 million), the Machinery Manufacturing and Applied Research Institutes Projects in the Republic of Korea, the Upper Warangoi Hydropower Project in Papua New Guinea, the Fourth Port Project in Indonesia, the First and Second Mae Moh Power Projects in Thailand and the Sha Tin Hospital-Polyclinic Project in Hong Kong. These examples are indicative of the improvements being made by the Bank and government executing agencies in project implementation.

Fifty-eight Project Completion Reports (PCRs) were completed in 1984. As of the end of 1984, a total of 166 PCRs had been circulated to the Board of Directors. A summary of the significant findings and conclusions contained in the PCRs completed during the year is being circulated to Bank staff for information and guidance. It will also be reviewed and analyzed in Project Performance Audit Reports to be prepared by the Post-Evaluation Office.

Project Benefit Monitoring and Evaluation

During 1984, Project Benefit Monitoring and Evaluation (PBME) activities were systematically incorporated into those project loans which produce goods and services which are directly used by beneficiaries (for example, loans for irrigation, rural development, aquaculture and fisheries, livestock and social forestry) under guidelines issued to Bank staff and executing agencies. To ensure that the interests and capabilities of beneficiaries are fully considered when formulating and appraising these projects, appropriate administrative arrangements were formulated and included in the preparation procedures for agriculture, irrigation and rural development projects. To help these projects produce the expected benefits, project benefit monitoring systems were incorporated into most irrigation and rural development projects approved during the year.

Pilot activities were continued with the irrigation departments of Indonesia and Thailand on standardized PBME approaches in preparing and implementing projects of these agencies. Work also began to facilitate the use of local consultants and consulting firms in this area.

Post-Evaluation

Post-evaluation of the Bank's first Multiproject loan and completion of the Bank's first Impact Evaluation Studies as well as two Special Studies were among the significant activities undertaken in 1984.

The Project Performance Audit Report (PPAR) on the Multiproject Loan to Tonga tended to confirm that such lending is appropriate considering the small size of individual public sector projects in the South Pacific DMCs. Impact Evaluation Studies on Bank assistance to the Fisheries sectors in Indonesia and Sri Lanka reviewed the technical, economic, financial, institutional and socio-cultural impact of the Bank's completed projects in marine fisheries, and considered implications for ongoing and future projects. A Special Study on Executing Agency Arrangements examined institutional factors that have affected project success and implementation efficiency in 82 post-evaluated projects. A Special Study on the Effectiveness of Project-Related Technical Assistance reviewed the Bank's experience with grants and loans used mainly to finance consulting services and training assistance related to specific projects.

The Bank's two-tier system of evaluating all completed projects remained essentially unchanged during the year. The first tier consists of a Project Completion Report (PCR) prepared by the project department responsible for the project's preparation, appraisal and implementation, while the second tier consists of a PPAR prepared by the Post-Evaluation Office (PEO).

The number of PPARs prepared rose to 27 in 1984 from 24 in 1983. These 27 PPARs covered 30 projects in 12 sectors or subsectors of Bank operations in 11 DMCs: six development bank projects (three in Republic of Korea, two in Pakistan and one in Sri Lanka); five water supply and sanitation projects (two in Papua New Guinea and one each in Hong Kong, Republic of Korea and Philippines); four energy projects (in Burma, Pakistan, Philippines and Sri Lanka); three highway projects (in Nepal, Papua New Guinea and Philippines); three irrigation projects (in Republic of Korea, Philippines and Thailand); two port projects (in Pakistan and Singapore); two industrial projects (in Pakistan and Tonga); one agricultural credit project (in Nepal); one urban development project (in the Republic of Korea); one fisheries project (in Thailand); one airport project (in the Philippines) and one multiproject (in Tonga). As of the end of 1984, a cumulative total of 132 PPARs covering 139 projects had been prepared.

The Sixth Review of Post-Evaluation Reports (PERs) was completed in 1984. It reviewed findings and conclusions of 24 PPARs prepared for 27 loan projects in 1983 and the results of a Special Study on Regional Training Programs for DFIs. The loan projects (24, excluding three loans to DFIs) resulted in a total investment of about \$800 million, of which Bank financing accounted for 44 per cent.

Twenty projects (74 per cent) were judged to have achieved the objectives set at the time of appraisal, while the other seven projects did so only partly. Factors affecting the performance of the seven partly successful projects varied from one project to another. They included design problems, less-than-expected improvement in institutional capacities and the adverse effect of policy changes.

The Sixth Review also incorporated a summary analysis of the 105 PERs prepared by the end of 1983. The analysis was focused to reveal differences in project performance and impact among country groups, including low-income countries (Group A), lower middle-income countries (Group B) and upper middle/high income countries (Group C). Major physical accomplishments of these projects were summarized, common country issues identified and the strengths and weaknesses of Bank involvement in those country groups discussed.

Technical Assistance and Regional Activities

During 1984, the Bank provided \$22.1 million in technical assistance, including technical assistance for regional activities, for 109 projects compared with \$25.3 million for 107 projects in 1983, representing a marginal increase of 1.9 per cent in number and a decrease of 12.8 per cent in amount. Of this, \$18.4 million was for project preparatory and advisory/operational technical assistance for 84 projects in 18 DMCs, compared with \$19.6 million for 77 projects in 19 DMCs in 1983.

Technical Assistance for DMCs

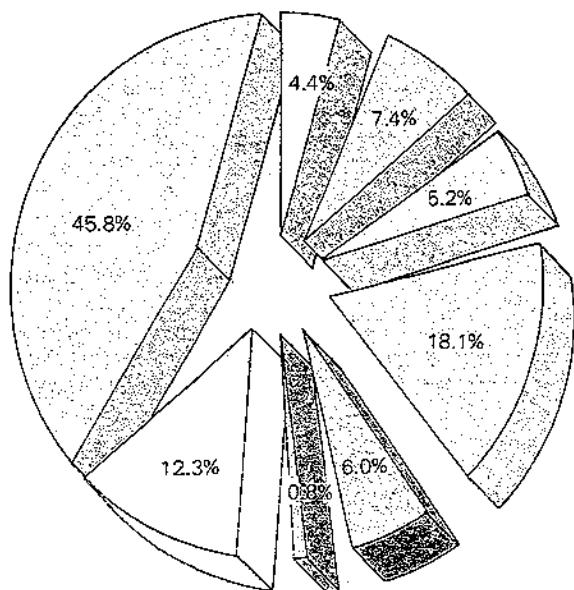
In recent years, about 41 per cent of the Bank's total technical assistance has been for project preparation, 43 per cent for advisory and operational purposes and 16 per cent for regional activities.

During 1984, project preparatory technical assistance totalled \$8.2 million for 45 projects, while advisory and operational technical assistance totalled \$10.2 million for 39 projects. These amounts included technical assistance grant components totalling \$4.8 million given in conjunction with 14 Bank loans, all of which were for advisory and operational, including implementation, purposes.

Technical assistance grants are financed mainly from the Bank's Technical Assistance Special Fund (see page 139). In addition, the Bank acts as Executing Agency for technical assistance projects financed from other sources, both multilateral and bilateral, such as the United Nations Development Programme (UNDP), the European Economic Community (EEC) and the Government of Switzerland. The Bank also cooperates with the Food and Agriculture Organization/Investment Center (FAO/IC) on a cost-sharing basis in providing technical assistance for the preparation of agricultural projects.

In 1984, ten technical assistance projects totalling \$3.7 million were wholly or partly financed from other sources with

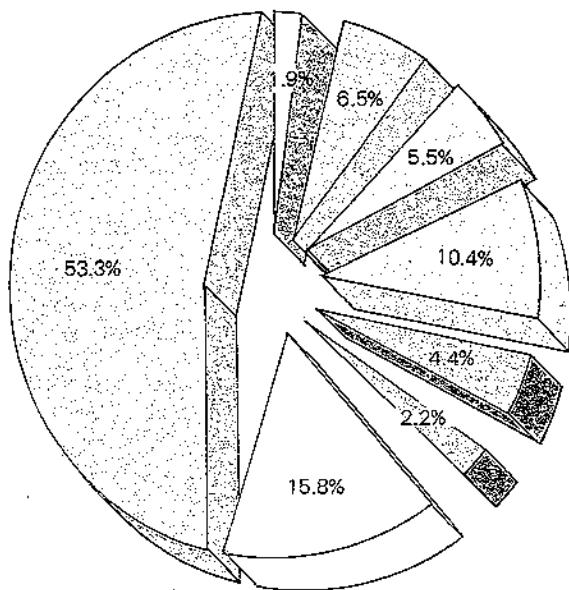
Technical Assistance Approvals By Sector
1984



Total: \$ 18.4 million

	Agriculture and Agro-Industry
	Energy
	Industry and Non-Fuel Minerals
	Development Banks
	Transport and Communications
	Water Supply and Sanitation
	Urban Development, Education and Health and Population
	Multisector and Others

Technical Assistance Approvals By Sector
1967 - 1984



Total: \$ 144.9 million

	Agriculture and Agro-Industry
	Energy
	Industry and Non-Fuel Minerals
	Development Banks
	Transport and Communications
	Water Supply and Sanitation
	Urban Development, Education and Health and Population
	Multisector and Others

**TECHNICAL ASSISTANCE APPROVALS
FUNDED FROM OTHER SOURCES,^a 1984**
(Amounts in \$ thousand)

Agency	No. of Projects	Amount
United Nations Development Programme	7	2,938.0
Switzerland	2	550.0
European Economic Community	1	250.0
TOTAL	10	3,738.0^b

a With the Bank acting as Executing Agency.

b In addition, FAO/IC provided \$410,000 for five projects on a cost-sharing basis.

the Bank acting as Executing Agency. These comprised seven projects for \$2.9 million from UNDP, two projects for \$550,000 from the Government of Switzerland and one project for \$250,000 from EEC. Six other projects received assistance from FAO and one project from the International Food Policy Research Institute (IFPRI) on a cost-sharing basis.

Eighteen DMCs received project preparatory and advisory and operational technical assistance from the Bank in 1984. This amounted to \$18.4 million for 84 projects. Technical assistance provided to South Pacific DMCs during the year totalled \$3.7 million for 19 projects, compared with \$2.8 million for 16 projects in 1983.

On a sectoral basis, 45.8 per cent of the total amount of technical assistance to DMCs approved in 1984 was for Agriculture and Agro-Industry, compared with 50.2 per cent in 1983. Technical assistance in this sector supported, among other activities, irrigation, rural development, forestry, livestock, fisheries, smallholder agriculture, aquaculture, area development, fruit and vegetable storage and cotton development. About 18.1 per cent was provided to the Transport and Communications sector; 12.3 per cent to the Energy sector, mainly for rural electrification and mini-hydropower development; 6 per cent to Development Banks; and the rest to Industry and Non-Fuel Minerals and Social Infrastructure.

The importance of technical assistance to the Bank's lending program is underscored by the fact that by the end of 1984 a total of 275 Bank loan projects amounting to \$6,830 million had resulted from earlier Bank technical assistance amounting to \$80.4 million. In 1984 alone, 26 loan projects amounting to \$1,193 million resulted from earlier technical assistance. Of this, \$752 million came from OIC and \$441 million from SF, representing 48.5 per cent and 64.5 per cent, respectively, of the year's total loan approvals from these sources. Technical assistance is particularly important to those DMCs which are fully eligible for SF lending. They received \$10 million for 41 technical assistance projects during the year, which is 54 per cent in amount and 49 per cent in number of all technical assistance provided to DMCs by the Bank in 1984.

Sixty-five technical assistance projects, mostly approved in previous years, were completed in 1984, 43 for project preparation, 12 for advisory and operational purposes and ten for regional projects, bringing the total number of technical assistance projects completed to 442, as of the end of 1984. The total amount of technical assistance grants provided to DMCs, including regional activities, stood at \$169.4 million.

Regional Activities

During the year, the Bank undertook a number of regional activities. The more important of these are given below; others are listed in the table on page 131.

Symposium on European Enterprise and the Asian Challenge: A two-day international symposium on this topic was held on 24 and 25 April in conjunction with the Annual Meeting of the Board of Governors in Amsterdam. It was co-sponsored by the Bank and ten major banks from eight European countries. The main speakers included Dr. W. de Clercq, Vice-Prime Minister and Minister of Finance and Foreign Commerce of Belgium; Prof. Dr. Ali Wardhana, Minister Coordinator for the Economy, Finance, Industry and Development Supervision of Indonesia; Dr. H.O. Ruding, Minister of Finance of the Netherlands; Dr. W.F. Duisenberg, President of De Nederlandsche Bank; and Bank President Masao Fujioka. After a general session devoted to broad issues, three workshops were conducted on European-Asian economic cooperation in the fields of agribusiness, construction engineering and energy.

Development Round Table on Industrial Development and Trade Policy: The Bank provided \$110,000 for a workshop at which eminent experts and senior government officials directly concerned with industrial development and trade policy could exchange views and experiences. The Round Table, held from 29 October to 9 November in Tokyo in association with the Japan Center for International Finance, was attended by senior policy makers in the fields of industry and trade from 11 of the Bank's member countries.

Study of Food Demand and Supply and Related Strategies for DMCs (Phase II): Following completion of the first phase in May, \$650,000 was approved for the second phase of this Study, focusing on the Philippines and Indonesia. The Philippines will be assisted in developing and refining plans to help achieve self-sufficiency in rice and corn and in diversifying agricultural production. For Indonesia, the Study will examine key areas of government involvement in food crop production and identify areas of activity to which the Government should give greater priority. The Study will assess the medium and long-term balance of supply and demand for rice and other food crops, evaluate the role and impact of pricing policies and other market intervention activities, and determine the regional comparative advantage of different types of irrigation-based food production development activities.

Conference on Privatization Policies, Methods and Procedures: In order to help DMCs explore the scope for privatization of public enterprises, the Bank approved a \$148,000 technical assistance grant for a conference in January 1985 on privatization of public enterprises for top-level government officials and senior executives in the private sector.

Seminar on Domestic Resource Mobilization Through Financial Development: Twelve financial experts from seven countries participated in this Seminar, held from 19 to 21 November at Bank Headquarters under a \$66,000 grant.

In discussions and papers, the participants concluded that since national savings have financed the bulk of investment in Asian nations, it is becoming necessary for developing countries to raise such savings by improving the capacity and efficiency of their financial systems. The importance of savings for growth derives from the fact that savings finance investment — capital formation — and this is a key determinant of a country's growth rate.

Moreover, a country's rate of economic growth depends not only on the rate of capital formation but also on the efficiency with which capital is used. In this respect, the mobilization of domestic resources involves inducing an increase in the proportion of national income saved and insuring that savings are allocated efficiently among alternative investment possibilities.

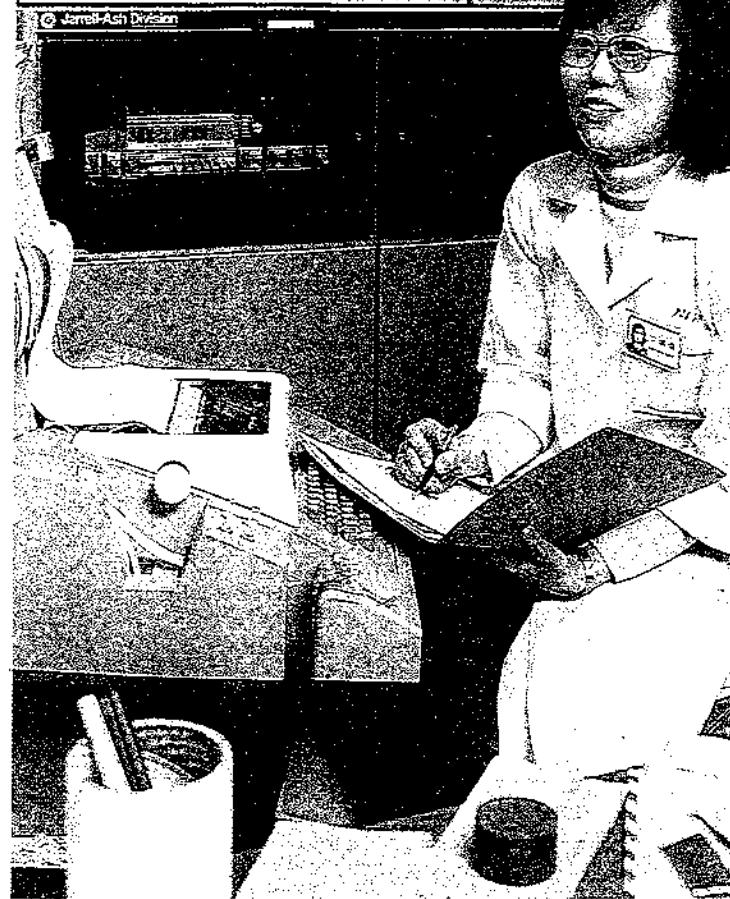
Regional Seminar on Rural Development: The Seminar, held in October, discussed priorities for the Bank's future operations in rural development and recommended ways to improve the project formulation and implementation capabilities of both the Bank and its DMCs. Participants in the Seminar, for which the Bank approved \$200,000, included 32 senior government officials involved in planning and managing rural development projects in 17 DMCs. The deliberations focused on the most critical issues for future policy dialogue, and will provide a foundation for the preparation of a sector paper on rural development in 1985.

Regional Agricultural Research: The Bank expanded its support for regional agricultural research through continued contacts with Consultative Group on International Agricultural Research (CGIAR) institutions. In 1984, a regional technical assistance grant of \$350,000 was provided to the International Rice Research Institute to support research and training on rice virus diseases.

Research Activities

During the year, several major studies were completed. These included Domestic Resource Mobilization through Financial Development (in selected Asian countries), the Significance of Off-Farm Employment and Incomes in Post-War East Asian Growth, Income Distribution and Poverty in Selected Asian Countries, ASEAN Economies and ASEAN Economic Cooperation. In the methodological field, a study on the Economic Evaluation Methodology for Power Sector Projects was completed and guidelines based on its recommendations will be prepared. Work was also undertaken in developing guidelines for the Economic Evaluation of Education Projects.

In addition, short papers were prepared on a variety of subjects including Changing Trade Patterns and Policy Issues: The Prospects for East and Southeast Asian Developing Countries, Small-Scale Industries in Asian Economic Development: Problems and Prospects, A Study on the External Debt Indicators Applying Logit Analysis, Alternatives to Institutional Credit Programs in the Agricultural Sector of Low-Income Countries and the Economic Scene in Asia and Its Special Features.



TECHNICIAN working at an Industrial Products Inspection Center in the Republic of Korea. A \$17 million Bank loan is helping the country develop and maintain internationally acceptable standards for its industrial products.

Inter-Agency Cooperation

The Bank maintained and strengthened its links with various international organizations concerned with the social and economic progress of the Asia-Pacific region in 1984. Financial collaboration took place with the World Bank Group (which provided co-financing totalling \$359 million for five projects), the OPEC Fund for International Development (\$11.5 million in co-financing for two projects), the Islamic Development Bank (\$10.7 million in co-financing for one project), the United Nations Development Programme (\$2 million in grants for four projects, with the Bank acting as Executing Agency for three projects financed wholly or partly by UNDP with \$0.9 million), and the European Economic Community (\$250,000 in financing for one technical assistance project). In addition, the Food and Agriculture Organization/Investment Center provided \$410,000 for five projects on a cost-sharing basis.

The President of the Bank attended meetings of the International Financial Institutions and the Development Committee in September in Washington, D.C. During the year, the Bank participated in aid group meetings for Bangladesh, Burma, India, Indonesia, Republic of Korea, Pakistan, Philippines and Sri Lanka.

Bilateral cooperation was strengthened through visits by several delegations from aid agencies. These visits helped increase co-financing with bilateral aid agencies from \$68 million for six projects in 1983 to \$348 million for 13 projects in 1984.

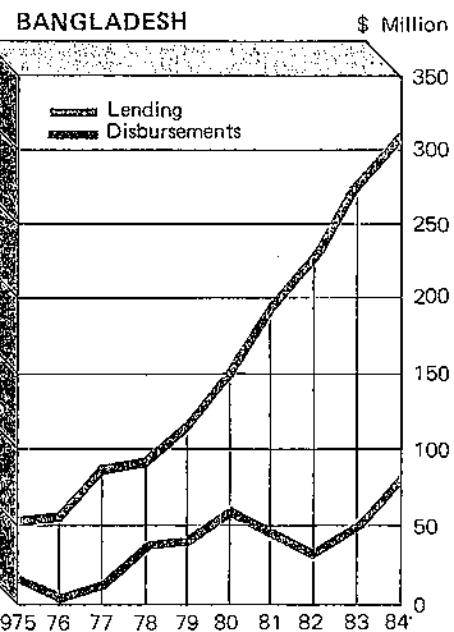
Country Activities

Bangladesh

Operational Strategy: The Bank's operational strategy in Bangladesh centers on agriculture, energy and human resources. In the Agriculture sector, attention is being paid to broadening the production base by diversifying crops, developing non-crop subsectors and strengthening linkages between agriculture and industry. Physical and social infrastructure investments are aimed at supporting and complementing the Bank's emphasis on agriculture. In the Energy sector, the Bank seeks to improve energy supplies by using existing capacities more efficiently and developing indigenous energy resources. Human resource development is stressed through continued emphasis on institutional support in individual Bank-financed projects and through support for education projects.

Loans and Technical Assistance: In 1984, the Bank approved four loans from ADF to Bangladesh totalling \$306.8 million, compared with six loans amounting to \$273.5 million in 1983. Financing the local costs of projects accounted for \$45.2 million, or 14.7 per cent, of Bank lending to Bangladesh during the year. Of the four projects financed by the Bank, three involved co-financing totalling \$48 million, with UNDP, the Norwegian Agency for International Development (NORAD), the Netherlands and the United Kingdom.

While past lending has emphasized agriculture, in 1984 the Energy sector accounted for 73 per cent of total Bank lending to Bangladesh during the year. The two energy loans, totalling \$223.8 million, emphasize more efficient use of power supplies and institutional development (Sixth Power Sector Loan) and development of indigenous energy sources (Second Natural Gas Development). In education, the Second-



ary Science Education Sector Project is aimed at alleviating a shortage of skilled scientific and technical manpower which is hampering the country's development. In the Transport sector, Bank assistance is directed at improving the efficiency of the railways (Second Railway) by rationalizing operations and strengthening institutional capabilities.

Three project preparatory technical assistance grants (Second Aquaculture Development, Road Maintenance and Rehabilitation Sector, and Chhatak Cement Plant Rehabilitation) were also approved by the Bank in 1984. In addition, the Bank is acting as the Executing Agency for advisory and operational technical assistance grants for the Second Railway Project and an Inter-Modal Transport Study funded by UNDP.

As of the end of 1984, the Bank had approved 60 loans amounting to \$1,626.3 million to Bangladesh for 54 projects. It had also provided technical assistance totalling \$26.7 million for 70 projects, of which 28 had resulted in Bank loans amounting to \$962.7 million. The Agriculture sector had accounted for nearly one-half of total cumulative lending to Bangladesh and the Energy sector for 31 per cent.

Project Implementation: Of the 60 loans made to Bangladesh as of 31 December 1984, 17 had been fully disbursed and completed and 43 were under administration, of which five were awaiting loan effectivity. Disbursements totalled \$77.7 million during 1984, compared with \$48.6 million in 1983. One loan was closed and four PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of December 1984 amounted to \$378.9 million or 30.2 per cent of the total amount of effective loans.

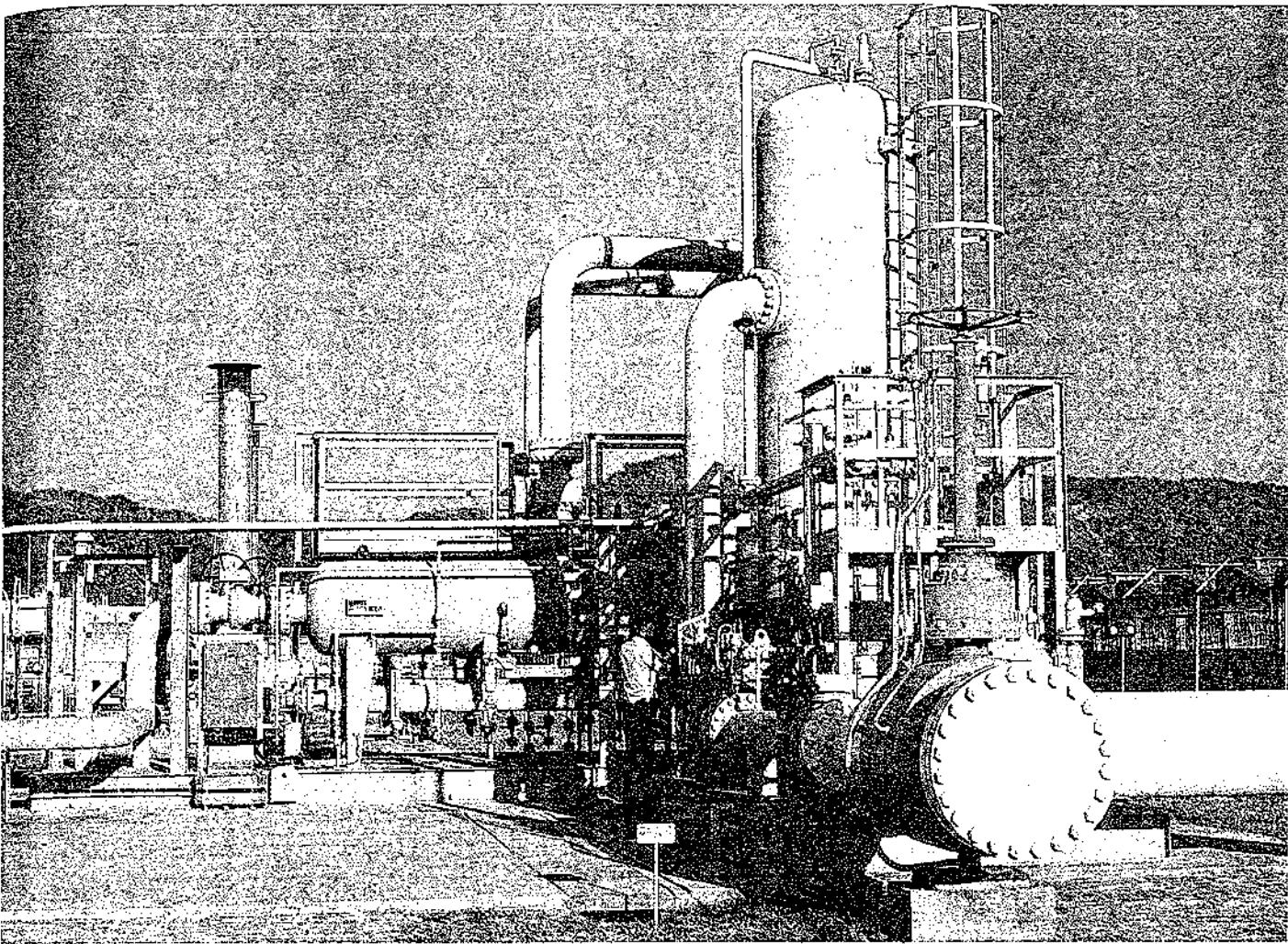
Implementation of some projects has suffered because of delays in release of local currency funds, slow clearance of contracts, slow recruitment of consultants and staff, and frequent staff changes in executing agencies. However, the Government has already taken steps to improve the situation by streamlining procedures for release of local currency funds, revising customs duties, and strengthening the Project Implementation and Evaluation Division (under the President's Secretariat) and the planning cells in major ministries

Cumulative Bank Lending to Bangladesh

(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	29	808.88	49.7
Energy	12	498.85	30.7
Development Banks	6	107.60	6.6
Transport and Communications	5	90.80	5.6
Education	3	56.50	3.5
Health and Population	2	43.10	2.6
Industry and Non-Fuel Minerals	1	6.20	0.4
Water Supply and Sanitation	1	14.40	0.9
Total	59 ^a	1,626.33	100.0

^a In addition, the Bank approved a \$17 million Special Assistance loan for Selected Bank-Financed Projects in 1983.



GAS PROCESSING facilities of the Sylhet Gas Fields Company Ltd. in northeast Bangladesh, the rehabilitation of which was financed by the Bank as part of the Natural Gas Development Project.

which prepare and monitor projects. The Bank, through its Resident Office in Bangladesh and together with other donor agencies, has helped the Government to identify and resolve project implementation issues. In addition, the Government and the Bank agreed in 1984 to hold bi-annual Country Projects Review Meetings to discuss matters related to the implementation of Bank-assisted projects in Bangladesh and to accelerate loan disbursements. Such meetings focus on country-specific implementation problems and constraints and also deal with project-specific issues.

Bhutan

Operational Strategy: In Bhutan's present stage of development and economic potential, the long-term objectives of Bank lending and technical assistance operations are to help increase agricultural productivity, promote the development of physical and social infrastructure and assist the process of economic diversification. The Bank will also pay increasing attention to institution building in order to strengthen the planning, project implementation and monitoring capacity of the Government.

Loan and Technical Assistance: In 1984, the Bank financed a \$7.4 million Multiproject loan to Bhutan from ADF. The proceeds of this loan will be used to improve the living standards in six major urban areas by expanding and rehabilitating water supply services and providing low-cost sanitation, as well as to establish a management institute to help develop managerial, accounting and clerical manpower required by the public and private sectors. The Bank also approved three technical assistance projects in 1984, for irrigation activities and for a study of the industrial sector and feasibility of an industrial finance mechanism.

The Multiproject loan was the Bank's second such loan to Bhutan since it became a member in 1982. Technical assistance to date totals \$1.4 million for eight projects.

Project Implementation: The first Multiproject loan became effective in January 1984 and is being implemented on schedule. This being the first loan to Bhutan, unfamiliarity with the Bank's requirements, practices and procedures and undermanning of project offices, have caused some minor problems in project implementation. The participation of officials in Bank-sponsored seminars on project implementation management and procurement in 1984 is, however, expected to improve the situation.

Burma

Operational Strategy: The Bank's lending program in Burma supports the objectives and priorities of the country's Fourth Four-Year Plan (1982/83-1985/86). The main strategy of the Plan is to consolidate gains achieved in earlier plans with an emphasis on agriculture, the main vehicle for transforming the economy. The Bank endorses the Government's strategy of increasing investment for post-harvest activities and for intensified production and qualitative improvements in non-paddy crops. The Bank continues to support other selected areas in such sectors as Industry, Energy, Transportation and Water Supply. Institution building also is stressed, to ease institutional and manpower constraints on Burma's capacity to absorb development assistance.

Loan and Technical Assistance: In 1984, a \$10 million loan was approved by the Bank from ADF for the Myanma Economic Bank (MEB). The loan will be lent to small and medium-scale industrial enterprises in Burma for their medium and long-term credit requirements. An important component of this Project is an advisory technical assistance grant designed to improve the project evaluation and supervisory capability of MEB, a major supporter of industrial activities in Burma.

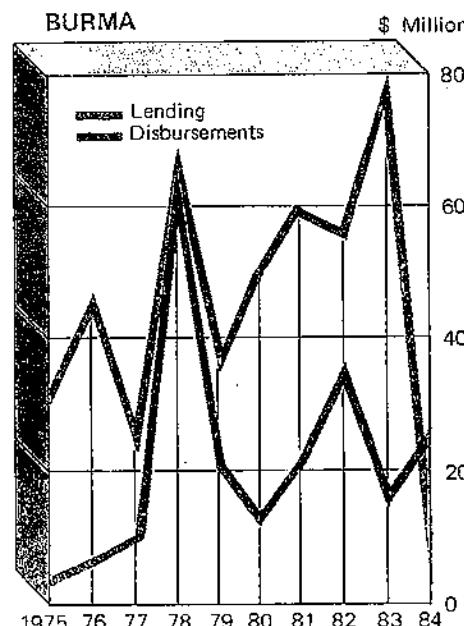
In addition, the Bank provided technical assistance to prepare an Oilseed Production and Processing Project. The \$450,000 grant was financed by UNDP, with the Bank acting as Executing Agency.

To date, the Bank has provided 31 loans to Burma totalling \$495.9 million including two loans, amounting to \$6.6 million, from OCR and 29 loans, amounting to \$489.3 million, from ADF. Technical assistance totalling \$8.2 million has been provided for 30 projects, of which 14 have resulted in Bank loans amounting to \$351.9 million. The Agriculture sector has accounted for 57 per cent of total cumulative Bank lending to Burma.

Project implementation: Of the 31 loans approved for Burma by the end of 1984, nine had been fully disbursed and completed, and 22 were under administration, of which one

was awaiting loan effectiveness. Disbursements totalled \$25.1 million during 1984, compared with \$16.8 million in 1983. Cumulative disbursements of Bank loans at the end of 1984 amounted to \$212 million or 45.8 per cent of the total amount of effective loans.

Delays in recruiting consultants and problems in procurement of goods and services have generally been encountered in the implementation of projects. A requirement that seaborne imports be carried by national flag vessels and a reluctance to submit shipping charges to competitive bidding were two issues that have hampered procurement in the past. A nationwide scarcity of diesel fuel and cement was also a major problem, although recent government moves to augment the supply of these two vital materials, especially for externally funded development projects, have helped considerably to keep projects moving.



Cumulative Bank Lending to Burma
(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	14	281.10	56.7
Health and Population	2	63.10	12.7
Transport and Communications	2	42.50	8.6
Water Supply and Sanitation	4	35.93	7.3
Energy	5	31.80	6.4
Industry and Non-Fuel Minerals	2	21.40	4.3
Development Banks	2	20.00	4.0
Total	31	495.86	100.0

Fiji

Operational Strategy: The main emphasis in the Bank's lending strategy in Fiji has shifted from energy (principally the development of domestic energy sources) to support the Government's long-term development objectives. These include diversifying the productive base of the country and diminishing the economy's current over-dependence on sugar and tourism. Another goal is economic self-reliance to relieve growing pressures on the balance of payments. Three areas of strategic importance for Bank assistance are the development of supportive infrastructure for agriculture, the strengthening of national institutions and the broadening of the agricultural base, including fisheries and forestry.

Loan and Technical Assistance: In 1984, the Bank approved a loan of \$3.2 million for an Agricultural Development Project from OCR. The Project is aimed at intensifying the use of agricultural lands for rice, rootcrops and vegetable production and building all-weather access roads. The operation and maintenance of irrigation facilities are ex-

Cumulative Bank Lending to FIJI

(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Energy	3	36.90	75.2
Transport and Communications	1	7.00	14.2
Agriculture and Agro-Industry	1	3.20	6.5
Development Banks	1	2.00	4.1
Total	6	49.10	100.0

pected to be strengthened under a related technical assistance grant. The Bank also approved a technical assistance grant to prepare a proposed Sigatoka Valley Rural Development Project and another grant to draft an Agriculture Sector Plan. The three technical assistance projects approved in 1984 totalled \$490,000.

As of the end of 1984, the Bank had approved six loans amounting to \$49.1 million for six projects in Fiji. Technical assistance totalling \$1.8 million had been provided for 13 projects, of which two had resulted in Bank loans amounting to \$10.2 million. The Energy sector has accounted for three-fourths of cumulative Bank lending to the country.

Project Implementation: Of the six loans approved to Fiji, three have been fully disbursed and completed, and three were under administration as of the end of 1984, of which one was awaiting loan effectivity. Disbursements totalled \$7.9 million during 1984, compared with \$6.1 million in 1983. One PCR was prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 amounted to \$40.5 million or 88.4 per cent of the total amount of effective loans.

The four ongoing Bank projects in Fiji progressed smoothly in 1984. The Third Power Project is expected to be completed in April 1985.

Hong Kong

Project Implementation: In Hong Kong, of the five loans approved, one has been repaid, three have been fully disbursed and completed, and one was under administration at the end of 1984. Disbursements totalled \$3.1 million during the year, compared with \$7.8 million in 1983. One PCR was prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 totalled \$93 million or 95.9 per cent of the total amount of effective loans.

The only ongoing Bank-assisted project (Second Sha Tin Urban Development) is being implemented on schedule.

India

During 1984, Bank staff visited India to establish contacts and discuss with appropriate Government agencies and officials India's request to commence borrowing from the Bank. Studies were undertaken in the fertilizer, ports and power subsectors to assess where assistance would be of priority.

Indonesia

Operational Strategy: Agriculture, energy and manpower development receive priority in the Bank's operational strategy in Indonesia. In the Agriculture sector, Bank assistance continues to support the Government's objective of achieving self-sufficiency in food, but emphasis is increasingly shifting to projects designed to diversify the agricultural base and optimize resource use. In the Energy sector, Bank policy supports the Government's plan to develop non-oil and renewable resources to lessen dependence on oil. Bank assistance to manpower and institutional development in Indonesia carries special significance, as trained and skilled manpower is limited and educational institutions require strengthening. In addition, on a selective basis, the Bank continues to help develop roads and ports to improve transport within and among the country's islands, and water supply and health care to meet the basic needs of lower-income groups.

Loans and Technical Assistance: Bank lending to Indonesia totalled \$587 million from OCR in 1984, compared with \$426.15 million in 1983. A total of nine loans were approved in 1984, including two sector loans (one each in the fisheries and roads subsectors). Local cost financing accounted for \$100.5 million, or about 17 per cent, of Bank lending to the country during the year. Three projects involved co-financing, totalling \$57.2 million, with the Saudi Fund for Development (two projects) and the Islamic Development Bank (one).

Agriculture accounted for 51 per cent of the Bank's lending to Indonesia during 1984. The five loans in the Agriculture sector helped finance irrigation, estate crops, livestock and fisheries projects. Two projects in the Transport sector — one for roads and the other for a port — will augment intra and inter-island transport links. An education project, for development of senior technical schools, will help ease constraints in trained manpower faced by the country. A noteworthy feature of the lending program is the approval by the

Cumulative Bank Lending to Indonesia

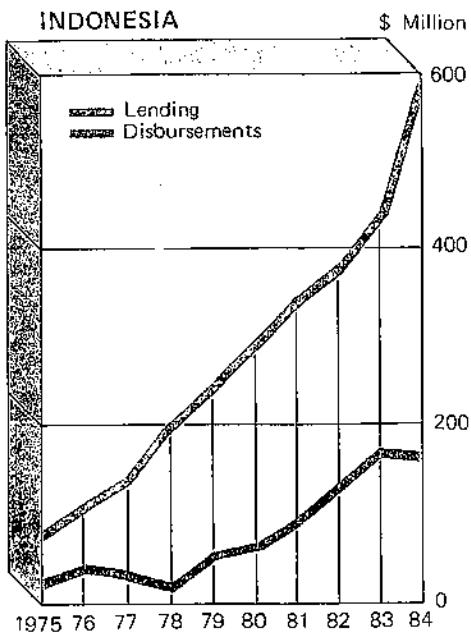
(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	48	1,164.72	39.4
Energy	18	847.05	21.9
Transport and Communications	15	463.86	15.7
Education	8	306.50	10.4
Industry and Non-Fuel Minerals	4	119.70	4.1
Urban Development	4	109.45	3.7
Water Supply and Sanitation	4	87.00	3.0
Development Banks	1	30.00	1.0
Others	1	25.00	0.8
Total	103	2,953.28	100.0

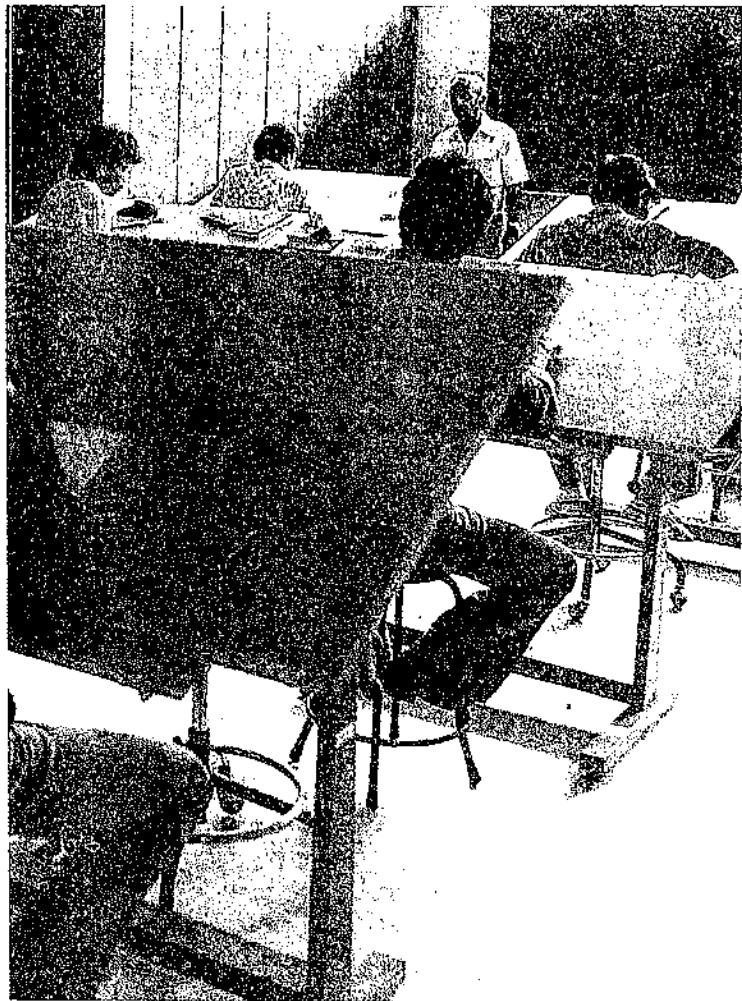
Bank — the first for any DMC — of a Technical Assistance Program Loan for a Multisector Program to help prepare feasibility studies and/or detailed engineering designs which will yield a pipeline of projects for consideration by the Bank or other donors in coming years.

In 1984, the Bank also provided \$1.7 million in technical assistance for nine projects, compared with \$3 million for 13 projects in 1983. Project preparatory technical assistance totalled \$1.1 million for seven projects and advisory and operational technical assistance amounted to \$600,000 for two projects. Six grants were for projects in the Agriculture and Agro-Industry sector (one each in cash crops, secondary foodcrops, fisheries and livestock, and two in irrigation) and three for transport, manpower development and water supply projects.

As of the end of 1984, the Bank had approved 103 loans totalling \$2,953.3 million to Indonesia for 98 projects. Of these loans, 80, amounting to \$2,791 million, were from OCR and 23, amounting to \$162.3 million, were from ADF. The Bank had also provided technical assistance totalling more than \$19 million for 99 projects, of which 54 have resulted in Bank loans amounting to \$1,782.6 million. Bank lending activities have generally followed the Bank's operational strategy in



A TECHNICAL drawing room at a Technical Teachers Upgrading Center in Medan (left) and a lecture hall at the Surabaya Institute of Technology (right), two of several technical and vocational institutions in Indonesia which are being constructed, expanded or re-equipped with Bank loans.



Indonesia and the country's development priorities as embodied in successive national development plans, with agriculture accounting for 39 per cent of cumulative Bank lending followed by energy development with 22 per cent.

Project Implementation: Of the 103 loans made to Indonesia, 33 have been fully disbursed and completed, and 70 were under administration at the end of 1984, of which six were awaiting loan effectivity. Disbursements totalled \$160.3 million during the year, compared with \$163.4 million in 1983. Two loans were closed and nine PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 totalled \$782.2 million or 31.6 per cent of the total amount of effective loans.

There have been significant delays in implementing certain Bank-assisted projects in Indonesia. The Government and the Bank have, since 1982, held tri-annual Country Projects Review Meetings in Jakarta. In addition to reviewing all Bank-assisted projects under implementation, these meetings also focused on project-specific issues and sectoral problems originating from policy directives and procedural requirements. As a result, a number of implementation problems were resolved and agreements were reached on the streamlining and relaxation of certain requirements and procedures.

Korea, Republic of

Operational Strategy: Korea's growth prospects depend on its ability to maintain its economic position amid increasing competition from other newly industrializing countries as well as protectionism in many of its markets. Endowed with only limited material resources, the country's ability to sustain export momentum will continue to depend on the dynamic role of the private sector and is likely to hinge on its success in adopting skill-intensive technologies which make the most effective use of its manpower. The Bank's operational strategy for the Republic of Korea supports the increasingly important role of the private sector as part of the Government's industrial restructuring program and the development of industrial technology. Particular attention is also given to the needs of the small and medium-sized industries which continue to play a significant role in the economy. Another key element in the country's industrial restructuring, in view of its dependence on imported fuels, is energy conservation and efficient use of energy resources. The Bank continues to support these efforts by assisting energy-related projects. Assistance is also provided on a selective basis for basic social infrastructure projects which promote broader distribution of the benefits of economic development.

Loans and Technical Assistance: In 1984, the Bank approved four loans totalling \$174 million from OICR to the Republic of Korea, compared with three loans amounting to \$193 million in 1983.

The Water Supply sector received two loans — the Eighth and Ninth Water Supply Projects — amounting to \$94 million or 54 per cent of the year's total lending. In the Energy sector, the Seoul-Incheon Natural Gas Distribution Project will help develop a distribution system for liquefied natural gas to be imported from Indonesia beginning in 1987. The Bank's third loan for the Citizens National Bank will assist small-scale industries in the private sector across the country.



FEED for livestock is trucked from a factory in the Republic of Korea. A \$13 million Bank loan helped construct four such feed-mills, each with a production capacity of 300 mt. per day.

Cumulative Bank Lending to Republic of Korea

(As of 31 December 1984)

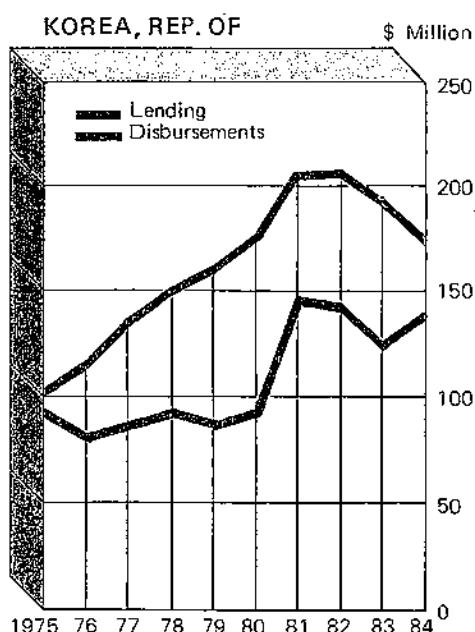
Sector	Number of Loans	Amount of Loans (\$ million)	%
Development Banks	20	695.00	35.6
Water Supply and Sanitation	14	399.60	20.5
Transport and Communications	9	259.55	13.3
Energy	9	202.38	10.4
Agriculture and Agro-Industry	8	163.80	8.4
Industry and Non-Fuel Minerals	8	135.50	7.0
Urban Development	2	90.00	4.6
Education	1	3.70	0.2
Total	71	1,949.53	100.0

The Bank's technical assistance program in the Republic of Korea in 1984 consisted of three project preparatory grants (Seoul-Incheon Natural Gas Distribution, Water Supply and Sanitation Sector Profile and Ninth Water Supply) and one advisory and operational grant (Gas Pricing Study). Together, they totalled \$286,000.

By the end of 1984, the Bank had approved 71 loans totalling \$1,949.5 million to the Republic of Korea. Of these, 70 loans (\$1,945.8 million) were from OCR and one (\$3.7 million) was from ADF. The Bank's first equity investment in the country, amounting to \$0.96 million equivalent, was approved in December 1983. The Bank had also provided 21 project preparatory and five advisory and operational technical assistance grants totalling \$3.9 million, 16 of which had resulted in 20 Bank loans amounting to \$686.5 million. Of the Bank's total lending, two-thirds has been in sectors directly supporting the country's industrialization efforts — Industry, Development Banks, Energy and Transport. In recent years, the Government has also increased investment in the Social Infrastructure sector. This change in emphasis is reflected in the Bank's lending since 1979, during which period over one-third of its assistance has been for social infrastructure.

Project Implementation: As of the end of 1984, of the 71 loans approved to the Republic of Korea, 43 had been fully disbursed and completed, and 28 were under administration including three that were awaiting effectiveness. Disbursements totalled \$136.5 million during 1984, compared with \$124.1 million in 1983. Four loans were closed and six PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 totalled \$1,198.9 million or 69.9 per cent of the total amount of effective loans.

Except for budgetary constraints which occasionally delayed payments to contractors in certain projects, there were no major problems encountered in 1984. As regards DFI loans, there was a slowdown in demand for foreign currency during the year due to a Government-mandated reduction in the lending rate of local currency loans and stiff competition from commercial banks.



Lao PDR

Operational Strategy: The Bank's operational strategy in Lao PDR is aimed at (i) generating much-needed foreign exchange by developing the country's export potential; and (ii) better integrating the economy and stimulating production in rural areas by providing basic infrastructure facilities. To achieve these objectives, support is channelled toward developing hydropower resources and power transmission, forestry and wood processing and road transport.

Loans and Technical Assistance: In 1984, the Bank extended two loans from ADF to Lao PDR amounting to \$9 million, compared with two loans totalling \$14.3 million in 1983. The loans included a technical assistance loan for the Xeset Hydropower Project, which will provide reliable and economic electric power for domestic use and for export, and assistance for the Second Forestry Development Project, which will help expand the country's forest-based industries, reduce production costs and make better use of available wood resources.

Cumulative Bank Lending to Lao PDR
(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	5	29.82	49.6
Energy	5	16.32	27.1
Transport and Communications	1	8.00	13.3
Water Supply and Sanitation	1	6.00	10.0
Total	12	60.14	100.0

The Bank also extended three technical assistance grants to Lao PDR in 1984 to prepare a feasibility study of a Second Road Improvement Project, to provide consulting services to improve the institutional capabilities of the four enterprises which will implement the Second Forestry Development Project, and to help establish a Project Implementation Advisory Services Unit. This Unit is expected to significantly benefit projects financed by the Bank and other donors in the country. In addition, the Bank is acting as Executing Agency for an advisory technical assistance financed by UNDP for the ongoing Bank-financed Vientiane Plain Road Improvement Project.

To date, the Bank had provided 12 loans for ten projects amounting to \$60.14 million in Lao PDR, all from ADF. Technical assistance totalling \$6 million had been provided for 22 projects, of which nine have resulted in Bank loans amounting to \$48.1 million. The sectoral distribution of cumulative Bank lending reflected the emphasis given to developing forest-based industries for export, stimulating activities in rural areas and developing energy resources for both domestic use and export.

Project Implementation: In Lao PDR, of the 12 loans approved, five had been fully disbursed and completed, and

seven were under administration at the end of 1984, of which two were awaiting loan effectivity. Disbursements totalled \$2.0 million during 1984, compared with \$4.4 million in 1983. One PCR was prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 amounted to \$24.5 million or 56.6 per cent of the total amount of effective loans.

Bank operations in Lao PDR were fully resumed in 1983 after a break of almost two years. Major constraints in project implementation that were experienced included inadequate communications facilities, shortage of skilled personnel and trained administrators, inadequate foreign exchange, budgetary limitations and trade restrictions. To help the Government better implement development projects, the Bank approved a technical assistance grant in 1984 for the strengthening of the Project Implementation Advisory Services Unit.

Malaysia

Operational Strategy: In Malaysia, the Bank's operational strategy supports the main objective of the National Economic Policy — fostering structural change by redressing economic and social imbalances. Two areas of prime importance are eradicating poverty and developing energy. The Bank has adopted a multifaceted approach to help meet the challenge of poverty eradication through assistance to agriculture, manpower development and social infrastructure. In agriculture, the Bank is guided by the objectives of the National Agricultural Policy to improve farm productivity and diversify the income of farmers; manpower development is supported through rehabilitating and expanding technical and vocational educational institutions; and basic needs of the poor are provided through social infrastructure facilities. In the Energy sector, exploiting the country's considerable natural gas reserves, developing hydroelectric power, and broadly diversifying energy sources remain the highest priorities of the Government and are supported by the Bank. Another important area is the development of ports to facilitate exports. The Bank's future strategy will assist, at the Government's initiative, plans to develop the private sector of the economy and "privatize" selected public sector enterprises.

Loans and Technical Assistance: Bank lending to Malaysia amounted to \$159.9 million from OCR in 1984, compared with \$82.5 million in 1983. A total of four loans — including one sector loan — were approved, two in the Agriculture sector for smallholder development and utilization of forestry resources and one each for a port and hydropower project. This pattern is consistent with the Bank's overall lending strategy in Malaysia. Two projects involved co-financing totalling \$85.5 million (\$30 million from the Saudi Fund for Development and \$55.5 million from commercial sources), constituting 53.4 per cent of the year's total lending. Local cost financing accounted for \$7.4 million, or 4.6 per cent of Bank lending to Malaysia in 1984.

Five technical assistance grants totalling \$1.08 million were approved in 1984, compared with three grants totalling \$650,000 in 1983. Advisory and operational technical assistance amounted to \$430,000 for two projects. Four projects were agricultural and the other supported a health services financing study.

As of the end of 1984, the Bank had approved 55 loans

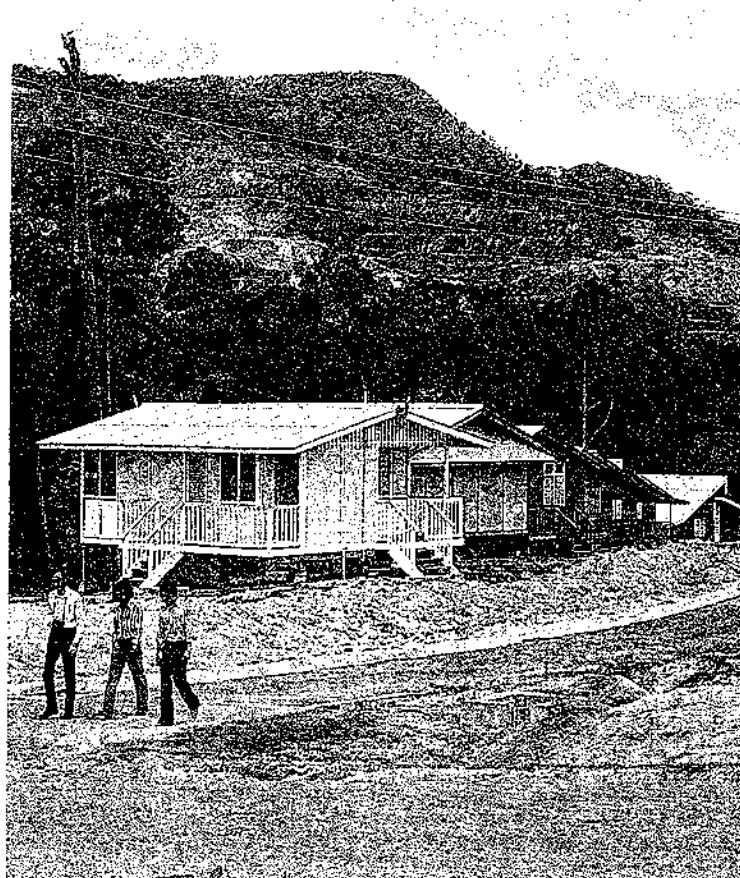
Cumulative Bank Lending to Malaysia

(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	16	293.28	28.1
Transport and Communications	15	255.14	24.4
Energy	9	217.50	20.8
Water Supply and Sanitation	9	114.11	10.9
Education	2	78.00	7.5
Urban Development	2	46.20	4.4
Health and Population	1	25.80	2.5
Development Banks	1	15.00	1.4
Total	55	1,045.03	100.0

totalling \$1,045 million for 53 projects, all but one of them from OCR. In addition, technical assistance totalling \$4.1 million was provided for 20 projects, of which six have resulted in Bank loans amounting to \$145.3 million. The sectoral distribution of cumulative Bank lending to Malaysia partly reflects the past emphasis on physical infrastructure

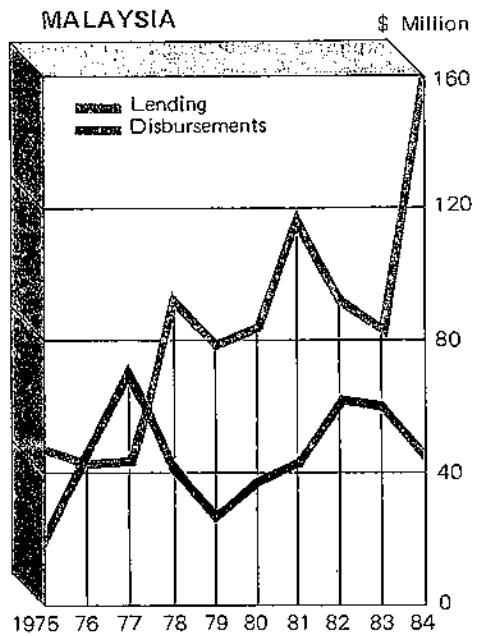
PART of a new township being developed at the Bank-assisted Trengganu Tengah Township Development Project on the east coast of Peninsular Malaysia.



development and partly the more recent thrust in agriculture and social infrastructure development. Consequently, the portfolio of Bank-assisted projects in Malaysia is spread relatively evenly among sectors.

Project Implementation: Of the 55 loans approved to Malaysia, 32 had been fully disbursed and completed, and 23 were under administration at the end of 1984, including four loans that were awaiting loan effectivity. Disbursements totalled \$44.4 million during 1984, compared with \$58.8 million in 1983. Two loans were closed and four PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of December 1984 totalled \$478.4 million, or 58.4 per cent of the total amount of effective loans.

Historically, implementation of Bank-financed projects in Malaysia has been satisfactory. During 1984, however, the progress of several projects was hindered by budgetary constraints, particularly for agricultural projects. Start-ups in construction were slow in some projects, mainly because of initial delays in recruiting consultants, prequalifying contractors and procuring equipment.



Maldives

Operational Strategy: The Bank's assistance program in the Maldives has focused on transport, communications and power infrastructure. Multiproject loans, which are appropriate for Maldives' small economy, have also been included. Partly because other donor sources are meeting the country's short-term needs and partly because the Bank can more purposefully support longer-term requirements, project assistance — provided particularly for infrastructure and geared to the Maldives' absorptive capacity — continues to be emphasized.

Loan and Technical Assistance: In 1984, the Bank financed a \$2.38 million Multiproject Loan from ADF in the Maldives covering five subprojects: (i) developing of a new commercial harbor in the capital of Male; (ii) deepening priori-

ty harbors in atoll islands; (iii) providing meteorological equipment; (iv) upgrading the power supply in Male; and (v) electrifying two atoll islands. Advisory technical assistance was provided for the appraisal of subprojects under the Multiproject Loan. The Project also includes preparing a feasibility study for a telecommunications project.

The Bank had previously provided one ADF loan of \$1 million in 1981 for an inter-island transport project. In addition, the Bank has provided two technical assistance grants: to prepare a feasibility study for the inter-island project, and to help formulate a national development plan. The Bank's technical assistance to date amounts to \$483,000.

Project Implementation: Disbursements totalled \$0.03 million during 1984, compared with \$0.7 million in 1983. Cumulative disbursements of Bank loans at the end of 1984 amounted to \$0.8 million, or 23.5 per cent of the total amount of effective loans.

Nepal

Operational Strategy: Agriculture is the prime focus of the Bank's operational strategy in Nepal, helping to ensure food self-sufficiency, increase food intake and reverse the decline in exportable food supplies. This general objective is pursued through broadly based strengthening of the Agriculture sector and crop intensification aimed at significantly increasing productivity. Particular emphasis is placed on constructing irrigation facilities, developing rural infrastructure including electrification, providing agricultural inputs and agricultural credit and reversing ecological deterioration. At this stage of Nepal's development, Bank lending to the non-agricultural sectors basically supports the development of agriculture in a way that ensures satisfactory linkage with other sectors while assisting the long-term diversification of the economy.

Loans and Technical Assistance: Bank lending to Nepal amounted to \$60.7 million from ADF in 1984, compared with \$82.7 million in 1983. A total of four loans were approved in 1984. They are designed to improve agricultural productivity in the Hill areas; extend the country's power transmission and distribution system; and provide safe water to rural communities in the Mid and Far-Western regions. In addition, a

Cumulative Bank Lending to Nepal
(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	25	206.21	46.8
Energy	8	103.40	23.5
Transport and Communications	6	58.41	13.5
Industry and Non-Fuel Minerals	2	49.50	11.2
Education	2	12.20	2.8
Water Supply and Sanitation	1	9.60	2.2
Total	44	440.32	100.0

second supplementary loan was approved for the Chitwan Valley Development Project. Local cost financing accounted for \$17.1 million, or about 28 per cent, of Bank lending during the year. One project was co-financed for \$0.5 million with Kreditanstalt für Wiederaufbau (KfW) on behalf of the Government of the Federal Republic of Germany.

The Bank also provided \$1.1 million in technical assistance for five projects in 1984. Project preparatory technical assistance totalled \$635,000 for three projects and advisory and operational technical assistance amounted to \$441,000 for two projects. Three projects were agricultural and agro-industry activities (one each in livestock, aquaculture and cotton development), one was an industrial sector study and one provided advisory services for rural water supply.

To date, the Bank had approved 44 loans totalling \$440.3 million for 36 projects in Nepal. All but one loan have been from ADF. In addition, technical assistance amounting to \$21.1 million for 63 projects had been provided or administered by the Bank. Of the 35 project preparatory technical assistance projects, 22 have resulted in Bank loans totalling \$254.6 million. Most of the Bank's cumulative lending to Nepal has been directed toward the Agriculture and Energy sectors which together account for about 70 per cent of the Bank's loan portfolio.

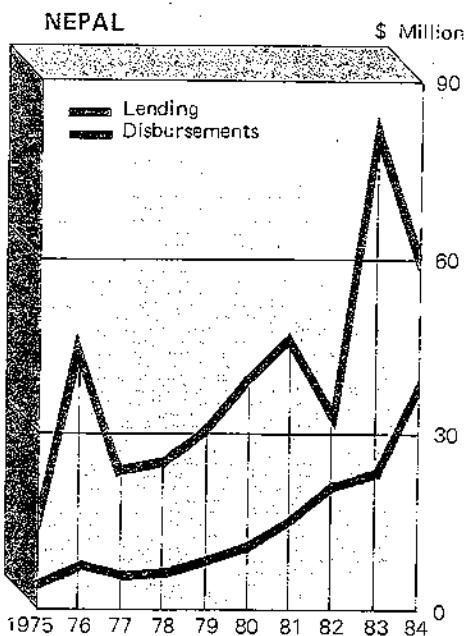
Project Implementation: In Nepal, of the 44 loans approved, 13 had been fully disbursed and completed, and 31 were under administration as of the end of 1984, including four that were awaiting loan effectivity. Disbursements totalled \$37.3 million during 1984, compared with \$23.8 million in 1983. One loan was closed and one PCR was

A SECTION of the Hetauda-Narayangarh road in Nepal, where Bank loans totalling \$14.9 million have helped reconstruct and improve about 80 km. of trunk road in the fertile Terai Plain region.

prepared during the year. Cumulative disbursements of Bank loans at the end of December 1984 totalled \$150.3 million, or 41 per cent of the total amount of effective loans.

Project implementation in Nepal is hampered by inadequate technical and managerial capabilities, complicated administrative procedures, frequent transfers of project personnel and slow appointment of replacement staff. Delays have also occurred in processing contracts, recruiting consultants, appointing local counterpart staff and in delivering imported equipment and supplies for projects.

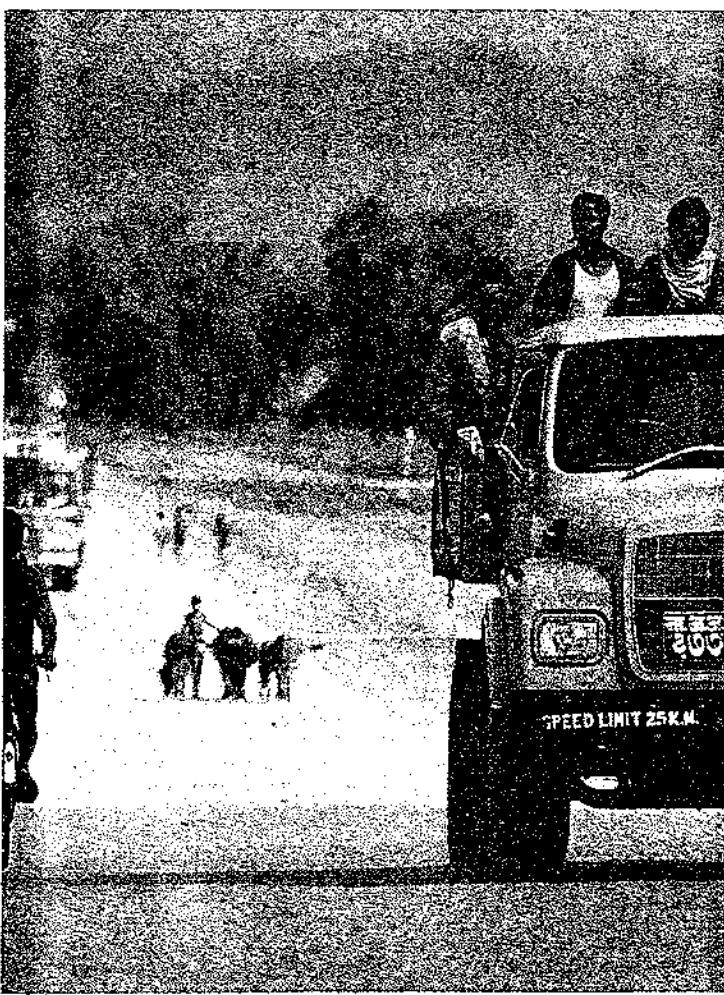
Serious efforts are being undertaken to deal with these problems and the Bank, at the request of the Government, has agreed to hold bi-annual Country Projects Review Meetings with senior finance and planning officials to help expedite implementation of Bank-assisted projects in Nepal. The first of such meetings is scheduled for early 1985.



Pakistan

Operational Strategy: In Pakistan, the Bank's operational strategy supports the objectives and priorities of the country's Sixth Five-Year Plan. Under the Plan, structural adjustment is directed toward improving export performance, slowing the growth in petroleum imports and increasing substitution for non-fuel imports. The private sector is expected to play an increasing role in activities which are directly productive, supported by necessary physical infrastructure provided by the public sector. The Government's strategy is based on qualitative changes in the macro and sectoral policy framework, which include input/output price adjustments to improve producer incentives, tariff revisions to rationalize the structure of effective protection of appropriate industries and import liberalization of capital and intermediate inputs to aid industrial production.

The Bank's strategy in this context is to support the process of economic restructuring by transferring financial resources to key sectors and it emphasizes improvements in the institutional framework, efficient use of resources and



stronger incentives to stimulate increased production for export and for import substitution. If these main objectives are met, the supplementary objectives of poverty alleviation and regional development can be achieved through income creation. Sectorally, the Bank provides major support for the development of Energy (resources and infrastructure) and Industry — the two sectors best suited to provide the necessary development thrust over the medium term — while maintaining an involvement in Agriculture at a level compatible with that sector's absorptive capacity.

Loans and Technical Assistance: In 1984, Bank lending to Pakistan amounted to \$347 million (\$209.8 million from ADF and \$137.2 million from OCR) for four projects, compared with \$312.1 million (\$185.3 million from ADF and \$126.8 million from OCR) for four projects in 1983. Local cost financing accounted for \$57.6 million, or 16.6 per cent, of total Bank lending to Pakistan during the year. Three of the four projects approved in 1984 involved co-financing totalling \$383 million with various multilateral and bilateral donors.

The lending program in 1984 included two agricultural projects, a hydropower project and a health and population project. In the Agriculture sector, the Bank participated with \$122 million in co-financing the Left Bank Outfall Drain (Stage I) Project, a major undertaking aimed at reversing the deterioration of land in the Lower Indus Basin. It also approved a \$40 million concessional loan for the Chashma Command Area Development Project, which is designed to increase the efficiency of irrigation facilities, expand crop production and improve social and economic conditions in Northwest Frontier Province. In energy, the Bank acted as lead agency in appraising and arranging co-financing for the Tarbela

Cumulative Bank Lending to Pakistan

(As of 31 December 1984)

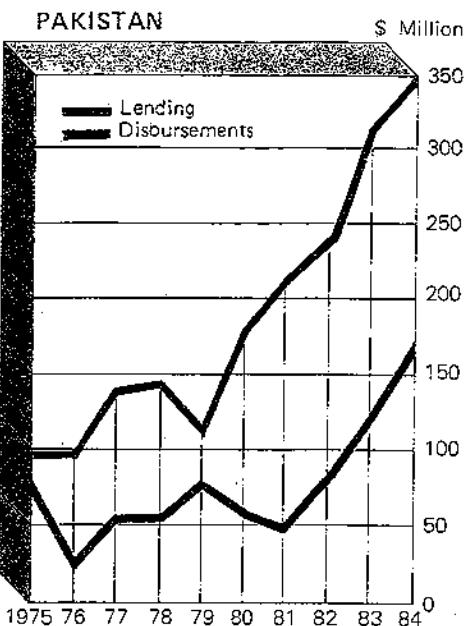
Sector	Number of Loans	Amount of Loans (\$ million)	%
Energy	26	887.87	42.0
Development Banks	19	517.80	24.5
Agriculture and Agro-Industry	16	505.95	23.9
Transport and Communications	3	77.80	3.7
Water Supply and Sanitation	2	61.50	2.9
Education	2	31.00	1.5
Health and Population	2	31.00	1.5
Total	70	2,112.82	100.0

Hydropower Extension (Units 11 and 12) Project. This Project, at an estimated total cost of \$572.5 million, will increase hydropower generating capacity at the least cost to meet projected demand requirements to the year 1990. The Second Health and Population Project promises wide-ranging improvements in the national health and welfare.

The Bank approved nine technical assistance projects to Pakistan in 1984 totalling \$2.2 million, of which \$750,000 was financed by the EEC and UNDP. In 1983, Pakistan received

HOLSTEIN Friesian stock (left) and laboratory work for vaccine production (right), two aspects of the Bank-assisted Baluchistan Livestock Development Project in Pakistan.





\$1.04 million in technical assistance for five projects. Of the nine technical assistance projects approved in 1984, five were agricultural, involving irrigation development and crop diversification, while others supported farm-to-market roads, science education for secondary schools, health and population and an urban sector profile.

In addition, the Bank approved a direct equity investment of Rs6 million (\$420,000) in the National Development Leasing Corporation Ltd., the first company to provide lease financing in the country.

The Bank has so far provided 70 loans totalling \$2,112.5 million for 53 projects. Of these, 31 loans amounting to \$876.4 million (41 per cent) were from OCR and 39 loans amounting to \$1,236.1 million (59 per cent) from ADF. Technical assistance totalling \$7.95 million has been provided for 39 projects, of which 15 have resulted in Bank loans amounting to \$704.8 million. Bank lending has emphasized the Energy sector, which accounts for 42 per cent of total cumulative lending to Pakistan, and the Development Banks and Agriculture and Agro-Industry sectors, which account for about 24 per cent each.

Project Implementation: Of the 70 loans approved to Pakistan, 26 had been fully disbursed and completed, and 44 were under administration at the end of 1984, of which six were awaiting loan effectivity. Disbursements totalled \$163.1 million during 1984, compared with \$120.4 million in 1983. Three loans were closed and seven PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of December 1984 amounted to \$776.8 million or 46.7 per cent of the total amount of effective loans.

Delays were experienced in the implementation of projects in the Agriculture, Water Supply and Social Infrastructure sectors. These were caused by occasional lack of consensus between federal and provincial authorities on the priority to be attached to individual projects, internal government procedures for project approval, slow appointment of consultants, frequent changes in government policies and turnover of managerial and technical staff arising mainly because of better job opportunities in the Middle East. Since 1983,

the Government and the Bank have held regular semi-annual meetings to discuss implementation problems and to review problem projects at the highest administrative level. These greatly facilitated the solution of some problems and expedition of disbursements over the last two years.

Papua New Guinea

Operational Strategy: Within the framework of the Government's development objectives and priorities, the basic thrust of the Bank's overall lending strategy in PNG is geared towards: (i) strengthening and expanding the agricultural base of the economy; (ii) harnessing the country's indigenous energy resources; (iii) developing essential infrastructure to support development of priority sectors; and (iv) strengthening institutional capacity by developing human resources.

Loan and Technical Assistance: In 1984, the Bank provided a blended sector loan of \$33.25 million to PNG, compared with \$28 million for two projects in 1983. The proceeds of the loan, comprising \$18.25 million from OCR and \$15 million from ADF, will be used to improve priority roads and provide consulting services for preparing subprojects and a future roads investment program. The 1984 technical assistance program to PNG totalled \$1.62 million for eight projects — four advisory and four project preparatory. Sectorally, two projects were in the Agriculture sector, two in Transport, one each in Energy, Health and Education and one for the preparation of a medium-term national planning system.

As of the end of 1984, the Bank had approved 20 loans to PNG totalling \$198.1 million for 16 projects. Of these loans, eight, amounting to \$87.2 million, were from OCR and 12, amounting to \$110.9 million, were from ADF. Technical assistance totalling \$4 million had been provided for 24 projects, of which four had resulted in Bank loans amounting to \$54.74 million. The Transport and Communications sector has accounted for 46 per cent of total cumulative Bank

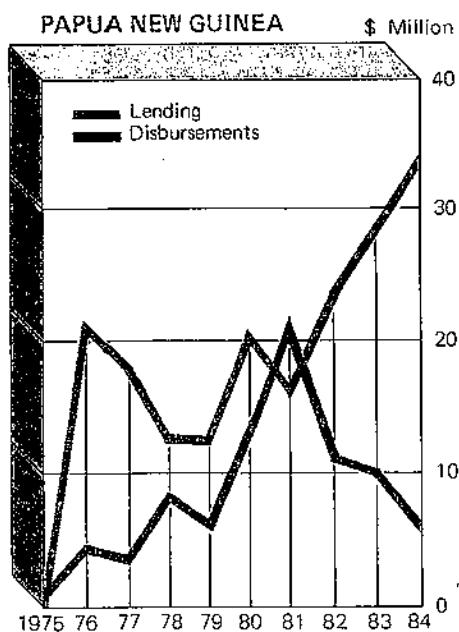
Cumulative Bank Lending to Papua New Guinea
(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Transport and Communications	7	91.05	46.0
Agriculture and Agro-Industry	2	22.74	11.5
Development Banks	3	22.50	11.4
Water Supply and Sanitation	2	18.90	9.5
Education	2	16.00	8.1
Energy	3	14.95	7.5
Health and Population	1	12.00	6.0
Total	20	198.14	100.0

lending to PNG, followed by Agriculture and Agro-Industry and Development Banks with 11 per cent each.

Project Implementation: At the end of 1984, of the 20 loans approved to Papua New Guinea, eight had been fully disbursed and completed, and 12 were under administration, of which four were awaiting loan effectiveness. Disbursements totalled \$5.6 million during 1984, compared with \$10.1 million in 1983. Three PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of December 1984 amounted to \$85.6 million or 62.2 per cent of the total amount of effective loans.

Most projects in Papua New Guinea have faced start-up problems due to staffing constraints, institutional weaknesses and initial delays in procurement and recruitment of consultants. Frequent rotation of project staff, many of whom are expatriates employed on a contract basis, caused interruptions in project activities. Moreover, the provincial governments, to whom responsibility for project implementation has been delegated, do not have sufficient capability for this kind of work.



Philippines

Operational Strategy: Bank operations in the Philippines during 1984 were adapted to assist the country in a period of extreme economic uncertainty and difficulty and severe domestic resource constraints. The Bank continues to be responsive to the country's more immediate needs but, at the same time, it will need to direct assistance toward longer-term development requirements. The Bank supports the Government's expanded efforts to develop agriculture by diversifying crops and incomes and promoting exports and import substitution. Developing indigenous energy resources continues to occupy high priority. Emphasis is given to making existing productive assets more efficient by rehabilitating where conditions warrant, and strengthening operations and maintenance capabilities in general.

Loans and Technical Assistance: In 1984, the Bank approved four loans from OCR to the Philippines totalling \$275.9 million, compared with seven loans amounting to \$234.54 million in 1983. Local cost financing accounted for \$18.2 million, or 6.5 per cent, of Bank lending to the Philippines in 1984. One project (Second Power System Development) involved co-financing of \$3.1 million with a US commercial bank, guaranteed by the US Export-Import Bank.

The Bank, in mid-December 1983, authorized and disbursed \$50 million out of current loans meant to be disbursed during the course of 1984 to finance local cost expenditures for various ongoing projects. This action was intended to help alleviate the Government's critical need for foreign exchange to maintain essential imports. Under this accelerated disbursement measure, the Government was required to set up a special counterpart fund account, equivalent to \$50 million, to ensure that local expenditures on the concerned projects be promptly met as and when such expenditures are incurred by project executing agencies. By end-December 1984, 33 per cent of this special account had been utilized.

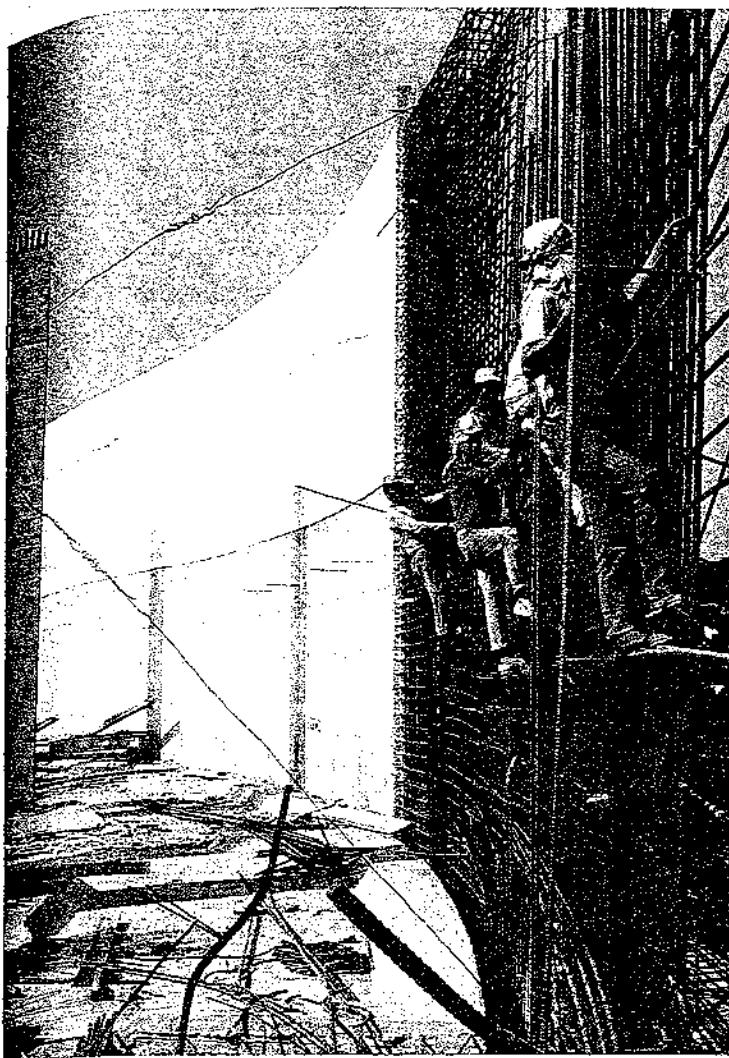
The lending program to the Philippines in 1984 emphasized quick-disbursing projects: an agricultural inputs program loan and two energy loans to help meet high-priority import needs and to make more productive use of existing facilities. In addition, a supplementary loan was approved for the Allah River Irrigation Project. The technical assistance program in 1984 comprised eight projects for \$2.1 million, of which two were to prepare projects and six were for advisory purposes. Five were energy projects and three were agricultural.

As of the end of 1984, the Bank had approved 76 loans to the Philippines totalling \$2,111 million for 70 projects. Of these loans, 68 amounting to \$2,031.7 million were from OCR and eight amounting to \$79.3 million were from ADF. In addition, technical assistance totalling \$14.43 million had been provided for 66 projects, of which 27 have resulted in Bank loans amounting to \$928.14 million. Bank lending to the Philippines has emphasized the Agriculture and Agro-Industry sector, which accounts for 33.9 per cent of total cumulative lending to the country, and the Energy sector, which accounts for 26.8 per cent.

Cumulative Bank Lending to Philippines
(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	29	714.64	33.9
Energy	14	566.35	26.8
Transport and Communications	14	296.85	14.1
Development Banks	10	245.00	11.6
Water Supply and Sanitation	6	245.20	11.6
Education	2	43.00	2.0
Total	75 ^a	2,111.04	100.0

^a In addition, the Bank approved a \$26.7 million Special Assistance loan for Selected Bank-Financed Projects in 1983.

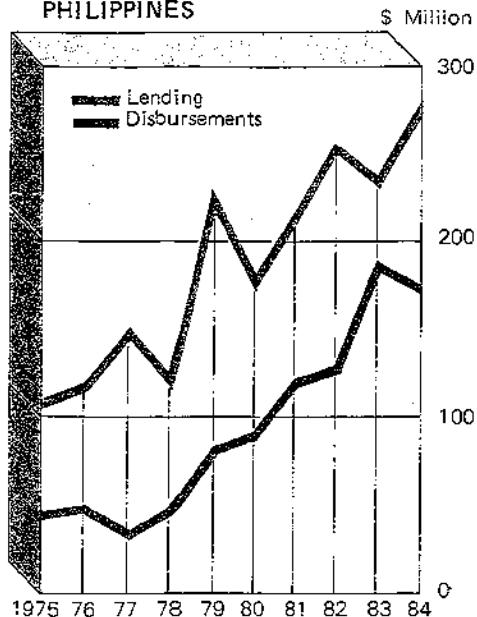


CONSTRUCTION workers building the wall of a water reservoir, part of the Bank-financed Second Manila Water Supply Project which is designed to improve water supply and sewerage systems in the capital city of the Philippines.

Project Implementation: In the Philippines, of the 76 loans approved, 25 had been fully disbursed and completed, and 51 were under administration as of the end of 1984, of which three were awaiting loan effectivity. Disbursements totalled \$172.3 million during 1984, compared with \$187.2 million in 1983. Two loans were closed and four PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 totalled \$992.1 million, or 51.6 per cent of the total amount of effective loans.

A variety of factors have adversely affected the implementation of projects in the Philippines in 1984. These include delays in procurement and in consultant selection, difficulties in acquiring rights-of-way, security problems in some parts of the country, inflation, and problems associated with compensating civil works contractors for price increases in fuel, cement and essential raw materials. Budgetary constraints since late 1982, and successive budget revisions in 1984 under the economic adjustment program worked out with the IMF, reduced funds available for capital expenditures and thus slowed down the progress of project works during the year.

PHILIPPINES



Singapore

Project Implementation: Of the 14 loans approved to Singapore, 13 had been fully disbursed and completed while only one project was still under administration as at end of 1984. Disbursements totalled \$9 million during 1984, compared with \$15.1 million in 1983. Two loans were fully disbursed in 1984. The cumulative disbursements of Bank loans at the end of 1984 amounted to \$138.1 million, or some 93.8 per cent of the total amount of effective loans.

The construction of the Kent Ridge Hospital-Polyclinic was completed in late October 1984 and it is scheduled for commissioning in mid-1985. The Bedok Sewage Treatment Plant Expansion Project was completed in May 1984. After an initial delay of 18 months, the Vocational and Industrial Training Project is now progressing satisfactorily and is scheduled for completion by late 1985.

Sri Lanka

Operational Strategy: The Government's current focus is on rehabilitation, improved operations and maintenance and more sectorally balanced investment planning. The Bank's lending strategy seeks to help reverse the deterioration of capital assets and undertake structural adjustments needed to redirect the thrust of agricultural and energy development. Improving the structure of Sri Lanka's external account and supporting the transition to a private-sector, export-oriented economy lie at the core of the Government's development strategy.

Loans and Technical Assistance: In 1984, the Bank approved two loans (including one sector loan) totalling \$56 million from ADF to Sri Lanka, compared with three loans totalling \$35.42 million in 1983. Local cost financing accounted for \$20.04 million, or 35.8 per cent of Bank lending to the country during the year. One project was co-financed for \$74 million with IDA, the Overseas Development Authority

of the United Kingdom, the Government of Norway and the Government of the Netherlands.

Both 1984 loans assisted rehabilitation projects in Sri Lanka's major crops — rice and tree crops. The Plantation Sector Project is intended to reverse the decline in the production and export of tea, rubber and coconut by upgrading production and processing facilities on public-sector estates, institutionally reforming the management of the estates and raising producer margins. The Walawe Irrigation Improvement Project is designed to rehabilitate irrigation facilities and improve the management of these facilities and farmer settlements. Rice productivity and farmers' incomes are expected to increase.

In addition, the Bank provided technical assistance to prepare two projects: trunk roads maintenance and export marketing of Sri Lankan graphite. Advisory and operational technical assistance was provided to review and evaluate the operations of Sri Lanka's urea fertilizer plant and to support energy planning. The technical assistance approved by the Bank totalled \$595,000.

Up to the end of 1984, the Bank had provided 37 loans amounting to \$411.8 million for 31 projects. Of these, six loans, totalling \$14.13 million, were from OCR and 31 loans, amounting to \$397.62 million, were from ADF. Technical assistance totalling \$5.6 million had been approved for 37 projects, of which 18 had resulted in Bank loans amounting to \$262.3 million. The Agriculture and Agro-Industry sector had accounted for 72.4 per cent of cumulative Bank lending to Sri Lanka.

Project Implementation: At the end of 1984, of the 37 loans approved to Sri Lanka, 16 had been fully disbursed and completed, and 21 were under administration, of which two

WATER rushing through the spillway of the Bowatenna dam in Sri Lanka, a major power Project supported by the Bank with a \$8 million concessional loan.

Cumulative Bank Lending to Sri Lanka

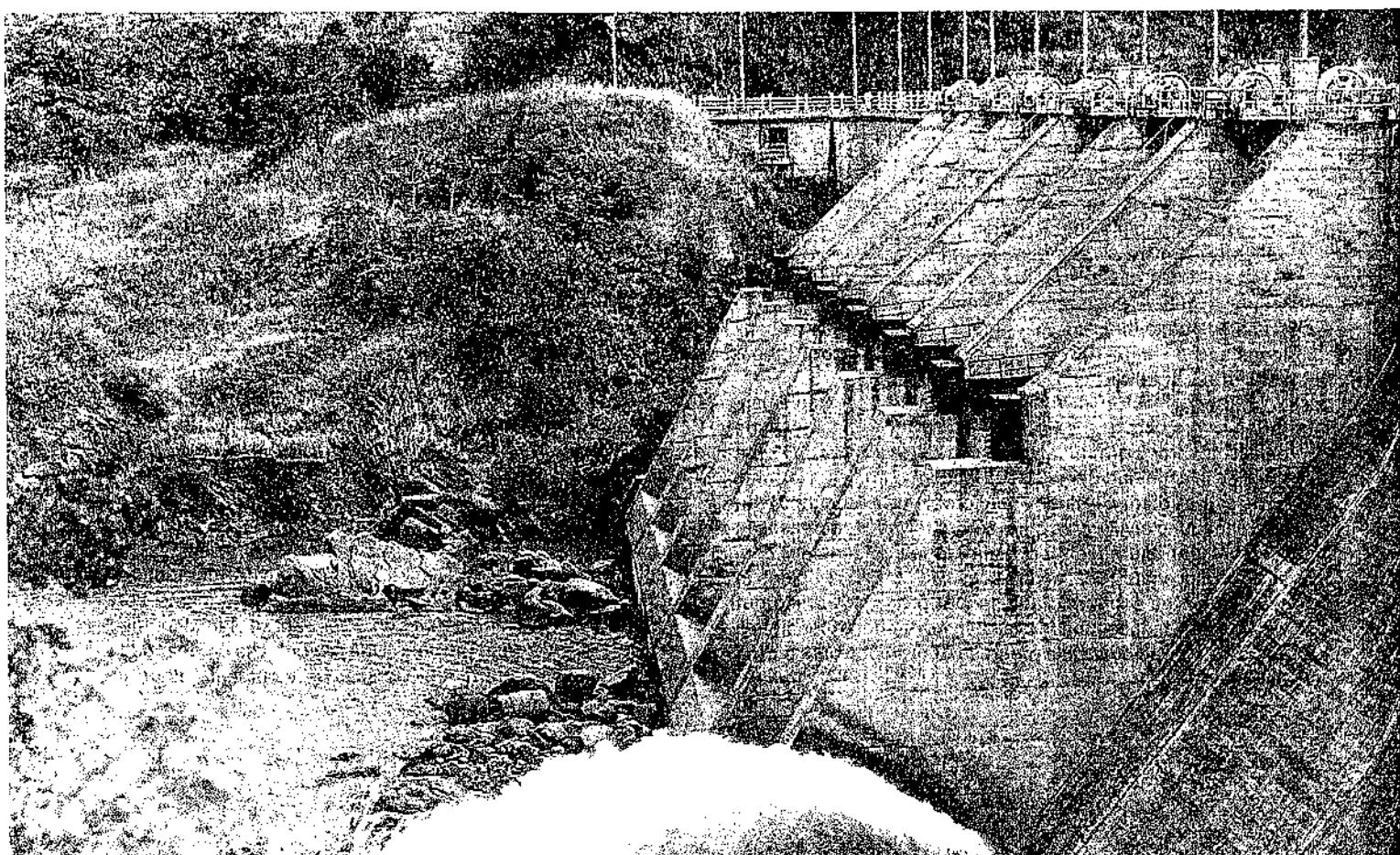
(As of 31 December 1984)

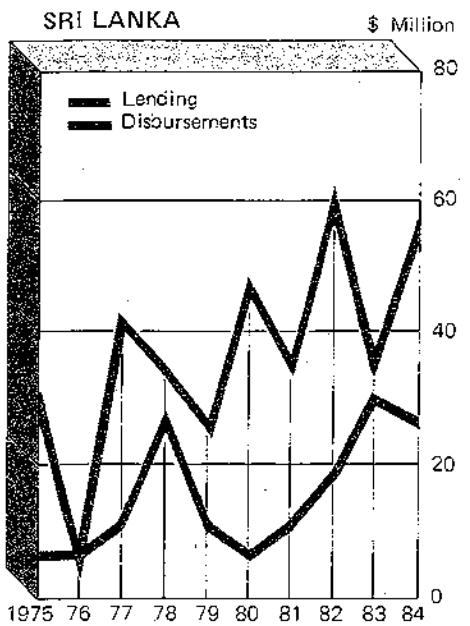
Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	21	298.28	72.4
Energy	4	40.25	9.8
Development Banks	3	26.00	6.1
Transport and Communications	4	17.70	4.3
Education	1	16.10	3.9
Health and Population	1	9.30	2.3
Industry and Non-Fuel Minerals	2	5.15	1.2
Total	36 ^a	411.76	100.0

a In addition, the Bank approved a \$14.7 million Special Assistance loan for Selected Bank-Financed Projects in 1983.

were awaiting loan effectiveness. Disbursements totalled \$26.8 million during 1984, compared with \$29.4 million in 1983. One loan was closed and three PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 totalled \$167.5 million, or 48.4 per cent of the total amount of effective loans.

Bank-assisted projects in Sri Lanka faced problems such as inadequate allocation of funds under annual budgets due





to resource constraints and delays in appointing project staff and in recruiting consultants. An unusually long rainy season in 1983-84, which hampered access to job sites, contributed to the slow pace of construction work in several projects. The ethnic problem in the country also affected to some extent the supply of skilled labor and construction materials for certain projects.

Thailand

Operational Strategy: The Bank's lending strategy in Thailand stresses energy, greater involvement in agriculture, promotion of private sector activities and provision of basic social infrastructure facilities. In the Energy sector, priority is focused on providing assistance for the development of indigenous energy resources, particularly lignite and natural gas. In agriculture, Bank assistance will emphasize programs and projects for achieving greater production, crop diversification and more efficient land use. In industry and manufacturing, the Bank supports the Government's efforts to stimulate a more broadly based and active flow of capital to the private sector. In basic and social infrastructure, the Bank will continue to help provide core housing facilities for low-income families and expand water supply systems. Telecommunications has also been identified as among the key sectors where Bank assistance could have a substantial developmental impact, particularly in expanding telecommunications into the rural areas.

Loans and Technical Assistance: Bank lending to Thailand in 1984 totalled \$195.2 million in two OCR loans for two projects, compared with \$114 million for three projects in 1983. An energy loan, for the Mae Moh (Unit 8) Power Project, will use indigenous lignite as a fuel to help increase the country's generation capacity for future demands. A communications loan, for the Rural Telecommunications Project, will provide basic telephone services to selected rural areas and fill an important gap in the country's rural infrastructure. Co-financing through a Swiss Government credit and

buyers/suppliers credit will cover part of the cost of the power project, while co-financing from Japan's Overseas Economic Cooperation Fund (OECF) will support the telecommunications project.

In addition, the Bank in 1984 provided technical assistance to prepare three projects: telecommunications, land reform and area development, and provincial towns water supply. Advisory and operational technical assistance was also provided to: (i) help the Cold Storage Organization improve its organizational arrangements; (ii) help formulate a flood control strategy for Bangkok; and (iii) strengthen the operational and planning performance of the Metropolitan Electricity Authority. The technical assistance grants provided by the Bank totalled \$1.1 million.

The Bank has to date extended 46 loans for 43 projects in Thailand totalling \$1,508.5 million, of which 40 loans amounting to \$1,436.4 million were from OCR. Technical assistance totalling \$7.48 million has been provided for 31 projects, of which nine have resulted in Bank loans amounting to \$380.5 million. The Energy sector has accounted for 51 per cent of total cumulative Bank lending to Thailand, followed by the Transport and Communications sector with 18.7 per cent.

Project implementation: In Thailand, of the 46 loans approved, 22 had been fully disbursed and completed, and 24 were under administration as of the end of 1984, of which two were awaiting loan effectivity. Disbursements totalled \$122.9 million during 1984, compared with \$112.8 million in 1983. Two loans were closed and three PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 amounted to \$728.8 million, or 57.8 per cent of the total amount of effective loans.

Bank-assisted projects in the Energy, Transportation, Water Supply and Development Banks sectors have been implemented successfully, as most of the executing agencies involved have considerable experience in project work. However, agricultural projects have been encountering various difficulties, partly due to changing conditions and

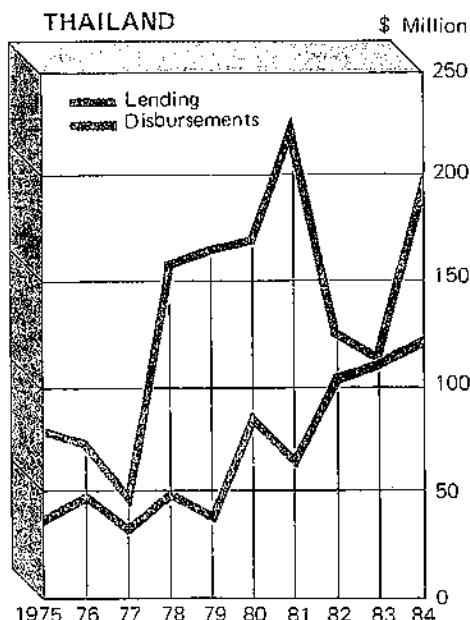
Cumulative Bank Lending to Thailand
(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Energy	17	768.90	51.0
Transport and Communications	7	282.10	18.7
Agriculture and Agro-Industry	8	146.48	9.7
Development Banks	6	140.00	9.3
Water Supply and Sanitation	3	90.60	6.0
Industry and Non-Fuel Minerals	1	39.00	2.6
Education	3	21.40	1.4
Urban Development	1	20.00	1.3
Total	46	1,508.48	100.0



SHEET rubber being produced at the Southern Land Settlements Project in Thailand where a \$16.1 million Bank loan is helping finance an integrated development scheme in the provinces of Satun, Yala and Narathiwat.

to institutional and management weaknesses in this sector. The Bank tried to overcome some of these problems by providing technical assistance to strengthen executing agencies. Complicated procedural and administrative requirements for contract approval often delayed the approval of new contracts and the disbursement of loan funds.



Viet Nam, Soc. Rep. of

Project implementation: Of the 11 loans approved in Viet Nam, five had been closed and six were under administration at the end of 1984 of which two were awaiting loan effectiveness. Disbursements totalled \$0.8 million during the year, compared with \$0.9 million in 1983. Cumulative disbursements of Bank loans at the end of 1984 amounted to \$22.13 million or 86.9 per cent of the total amount of effective loans. Three Bank missions visited Viet Nam in 1984, including a Loan Review Mission for ongoing projects in the agriculture/irrigation sector.

Smaller South Pacific Developing Member Countries¹

Operational Strategy: Recognizing the unique characteristics of the smaller South Pacific Developing Member Countries (SPDMCs) as a group as well as individually, the Bank has adopted a flexible approach in its strategy and operating procedures to make them compatible with each country's particular needs and characteristics. In this context, the Bank has emphasized providing necessary physical and social infrastructure facilities, frequently in the form of multiproject loans covering several small projects in key sectors. Support has also been channelled through credit lines to national development banks. In addition, the Bank has focused on institution building through human resource development.

Loans and Technical Assistance: In 1984, the Bank approved one loan each to Kiribati, Solomon Islands and Western Samoa. The aggregate total of these loans was \$6.55 million. Two of the loans were for Infrastructure development and one for a DFI. The loan to Kiribati will help rehabilitate the Betio Shipyard by providing more economic ship repair facilities. The loan to Solomon Islands will help improve and upgrade 90 km. of road on Guadalcanal Island. The Development Bank of Western Samoa (DBWS) received a fifth loan to augment its foreign exchange resources to meet credit requirements of specific development projects. Kiribati, Vanuatu and Western Samoa received eight technical assistance grants, of which five were advisory/operational and three were project preparatory. Technical assistance granted to these three countries totalled \$1.55 million. The technical assistance to DBWS — co-financed by a \$50,000 grant from UNDP — will enhance the SPDMCs' capability for institutional and manpower development as well as project preparation.

As of the end of 1984, the Bank had approved 37 loans amounting to \$80.3 million for 34 projects in the smaller SPDMCs. Technical assistance totalling \$8.2 million had been provided for 61 projects, of which 15 had resulted in Bank loans amounting to \$36.5 million. The Agriculture and Agro-Industry sector and lending through DFIs accounted for nearly 66 per cent of cumulative Bank lending.

Project Implementation: Of the 37 loans approved to South Pacific DMCs, 17 had been fully disbursed and completed, and 20 were under administration at the end of 1984, of which three were awaiting loan effectiveness.

¹ Cook Islands, Kiribati, Solomon Islands, Tonga, Vanuatu and Western Samoa.

Cumulative Bank Lending to Smaller South Pacific

Developing Member Countries

(As of 31 December 1984)

Sector	Number of Loans	Amount of Loans (\$ million)	%
Agriculture and Agro-Industry	9	27.89	34.7
Development Banks	11	25.00	31.2
Transport and Communications	8	13.19	16.4
Energy	3	7.15	8.9
Multiproject	3	3.88	4.8
Water Supply and Sanitation	1	1.65	2.0
Health and Population ^a	1	1.20	1.5
Industry and Non-Fuel Minerals	1	0.37	0.5
Total	36 ^b	80.33	100.0

a Approved in conjunction with a development bank loan.

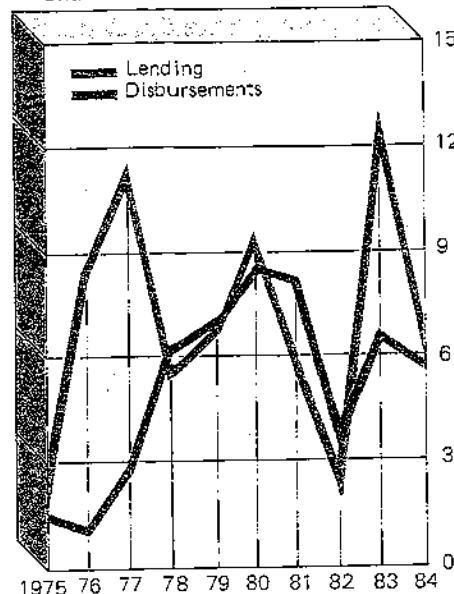
b In addition, the Bank approved a \$1.55 million Special Assistance loan for Selected Bank-Financed Projects in Western Samoa in 1983.

totalled \$5.7 million during 1984, compared with \$6.4 million in 1983. Two loans were closed and eight PCRs were prepared during the year. Cumulative disbursements of Bank loans at the end of 1984 totalled \$53.8 million or 74.1 per cent of the total amount of effective loans.

In general, project implementation in the South Pacific DMCs has been satisfactory despite delays and other problems associated with the geographical location and small size of these countries. The main problem has been a scarcity of skilled manpower and expertise for implementing and managing projects. This has been compounded by a short-

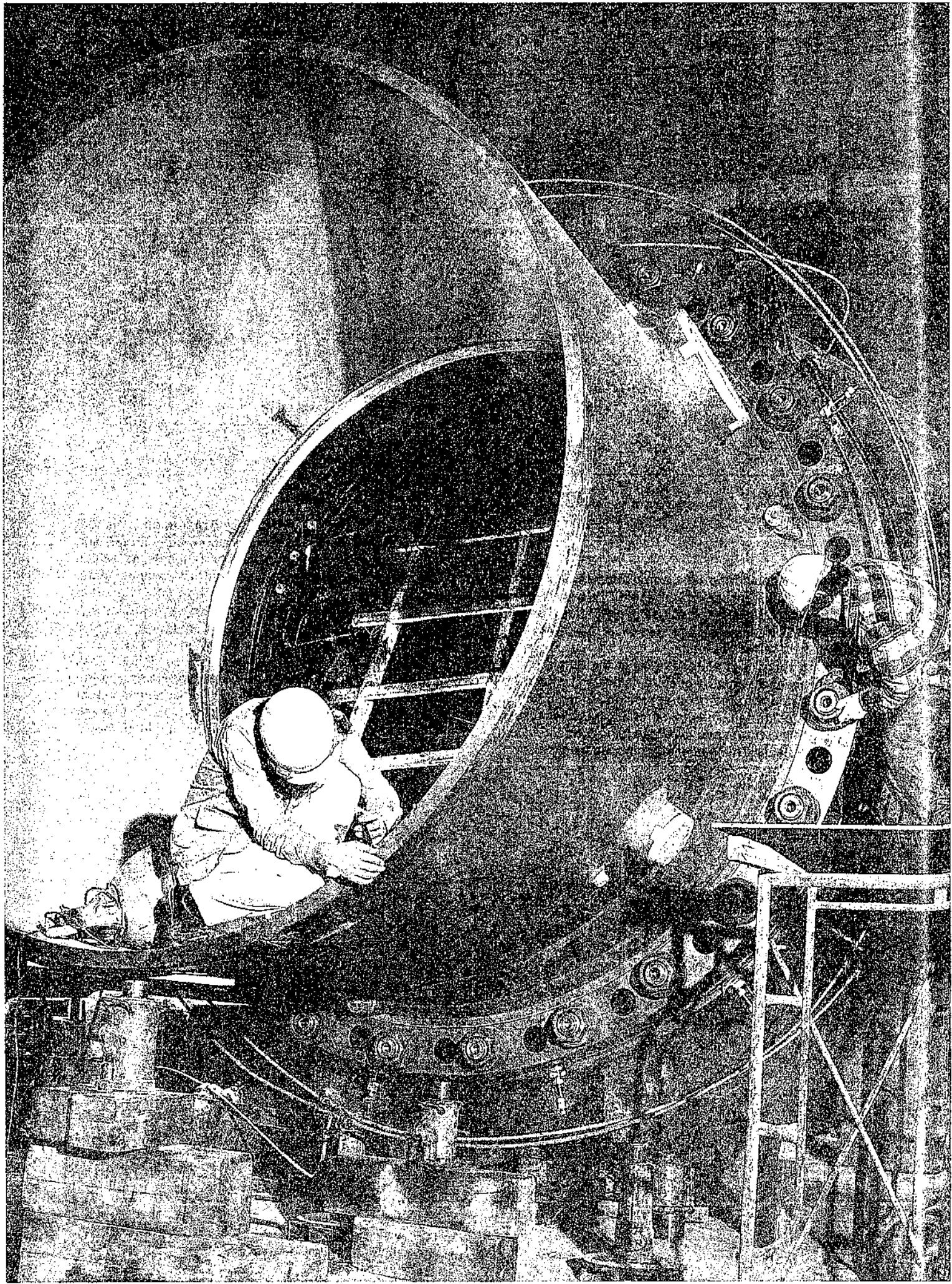
SMALLER SPDMCs^a

\$ Million



^a Cook Islands, Kiribati, Solomon Islands, Tonga, Vanuatu and Western Samoa.

age of government funds for financing recurrent costs. Frequent rotation of expatriate and national project staff and the difficulties in transferring skills to nationals, as well as inadequate institutional and organizational arrangements, have also impeded project implementation. SPDMCs often have difficulty complying with the Bank's documentation procedures for procurement and disbursements. During 1984, the Bank continued to develop and apply special procedures more appropriate to the SPDMCs. Delays in communications with the Bank Headquarters have, however, hampered the timely resolution of project problems. The establishment of the South Pacific Regional Office in 1984 is expected to result in significant improvements in project administration for the SPDMCs.



ORDINARY CAPITAL RESOURCES AND FINANCIAL MANAGEMENT

Separation of Operations

IN accordance with its Articles of Agreement, the Bank's ordinary capital resources and Special Funds resources are held, used and committed entirely separate from each other. The ordinary and special operations of the Bank are shown separately in its financial statements. Moreover, the Bank's ordinary resources may under no circumstances be charged with, or used to discharge, losses or liabilities arising out of its special operations. The Bank's administrative expenses are currently allocated between ordinary capital resources and Special Funds resources on the basis of the number of loans respectively approved from each of these resources. Funds raised by the Bank through borrowings are included in the Bank's ordinary capital resources and used in its ordinary operations.

Third General Capital Increase

The third general capital increase (GCI III), consisting of an additional 754,750 shares in the Bank's authorized capital stock, was approved by Governors' Resolution No. 158 in April 1983. At the 31 December 1984 exchange rate of \$0.980205 per SDR, the total amount authorized was \$7,398.1 million (SDR7,547.5 million). The final date for subscribing to GCI III specified in the Resolution was 31 May 1984. As of that date, GCI III subscriptions had been made by only 27 member countries. In the circumstances, the Board of Directors in June, pursuant to the provisions of the Resolution, extended the final date for subscription by six months to 30 November 1984. By early November, however, there were still 14 member countries which had not subscribed. In order that GCI III subscriptions could be made as far as possible

by all member countries, the Board of Directors in November extended the final date for subscription by a further six months to 31 May 1985.

Authorized and Subscribed Capital

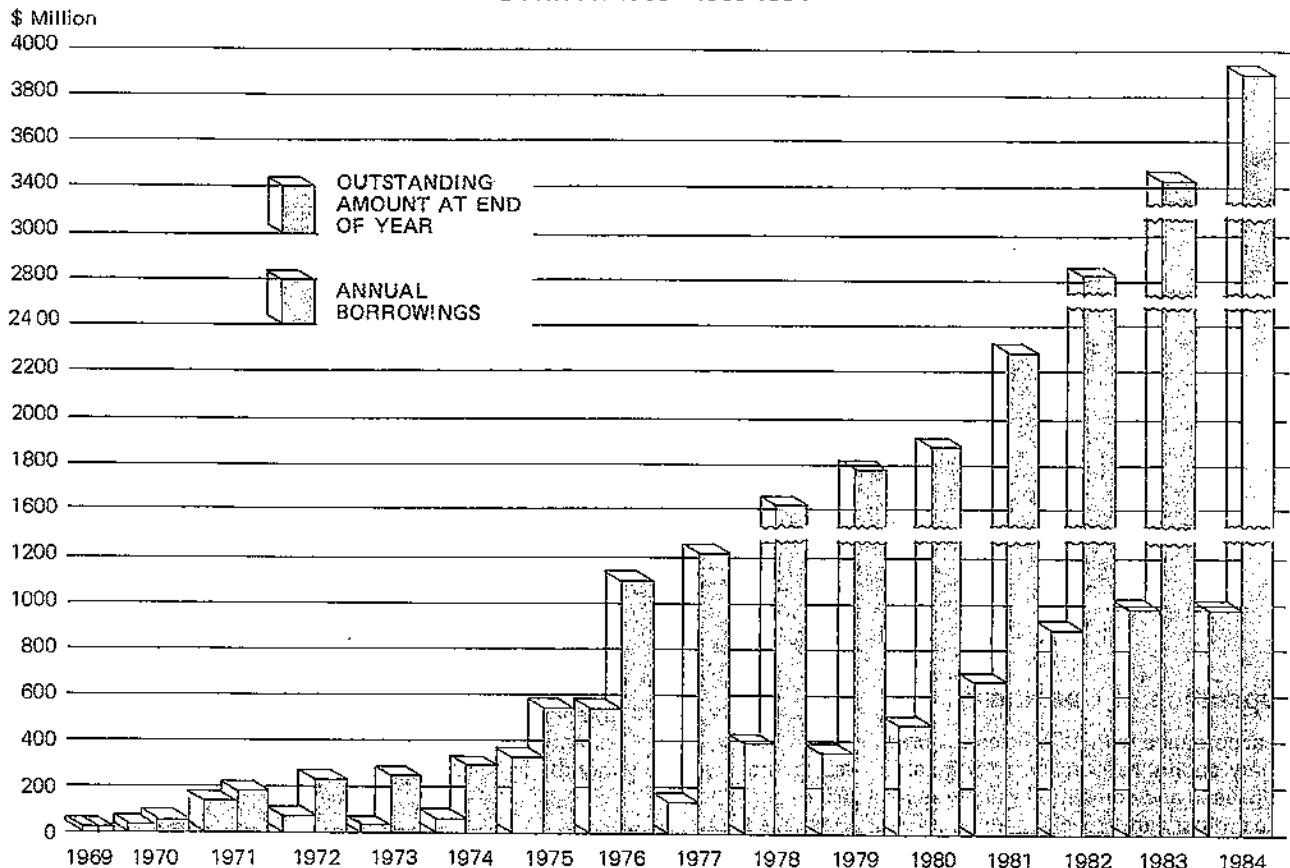
The Bank's authorized capital stock as of 31 December 1984 amounted to \$14,475.7 million (SDR14,768.1 million). During 1984, 23 member countries subscribed to GCI III, for a total amount of \$3,281.9 million (SDR3,348.2 million). As of 31 December 1984, a total of 718,159 shares had been subscribed to GCI III, representing about 95.5 per cent of the total share entitlements of all member countries. The Bank's subscribed capital stock as of that date stood at \$14,058.1 million (SDR14,342.0 million).

Valuation of Capital and Maintenance of Value

The capital stock of the Bank is defined in its Articles of Agreement in terms of United States dollars of the weight and fineness in effect on 31 January 1966. Since the coming into effect of the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) on 1 April 1978, currencies no longer have par values in terms of gold. The implications of this change for the valuation of the Bank's capital stock are under examination by the Bank. Pending a decision on this matter, the value of the Bank's capital stock is expressed, for purposes of the Bank's financial statements, in terms of the SDR on the basis that each share has the value of SDR10,000. The mutual obligations of each member and the Bank with respect to maintenance of value of currency holdings are also measured by the same standard, but settlement of such obligations is being held in abeyance. For purposes of the financial statements, the SDR is translated into current United States dollars at the rate computed by the IMF. As of 31 December 1984, the rate was \$0.980205 per SDR. Further information on valuation of

TECHNICIANS working on a penstock at the Samrangjin Pumped Storage Power Project in the Republic of Korea. This 600MW Project, for which the Bank approved a \$52.6 million loan, will help meet increased demand for electricity as well as optimize the operational efficiency of nuclear and coal-based thermal plants.

BORROWINGS: 1969-1984



capital and maintenance of value is given in Notes A and E of the Notes to Financial Statements of Ordinary Capital Resources, OCR-7.

Special Increases in Subscriptions

In 1982, the Board of Directors approved a procedure for multilateral consultation in regard to requests from individual member countries for special increases in their capital subscriptions. The Bank has received a number of requests for special increases, and these are still under consideration.

Borrowings

During 1984, the Bank made 12 borrowings, all public bond issues, amounting to the equivalent of \$971.7 million, compared with the 1983 borrowing total of \$979.4 million. Details of the year's borrowings are shown in the table on page 137.

The Bank was again able to obtain relatively favorable borrowing terms and to diversify further the currencies and markets of its borrowings. In February, it undertook its first pound sterling borrowing and in August made a zero-coupon borrowing in the Eurodollar market for the first time.

Over 39 per cent of the total amount borrowed during the year was denominated in yen, consisting of three public bond issues in Japan in April, July and November, each for ¥25 billion, and a public bond issue in February in the off-shore market for ¥15 billion. The bonds issued in Japan in November have a final maturity of 15 years, which is the

longest for a "Samurai" issue in recent years.

In the German capital market the Bank made two public bond issues, each for DM200 million, in March and September.

For the first time, the Bank made three public bond issues in a year in the Swiss capital market, where interest rates remained comparatively low. Each issue was for SwF100 million.

The pound sterling issue was for £100 million, and had a final maturity of 25 years.

The zero-coupon bonds issued in the Eurodollar market have a 20-year maturity and an aggregate face value of \$1 billion. The proceeds to the Bank amounted to \$105 million.

An agreement for the Bank's fourth public bond issue in the Dutch capital market was signed in Amsterdam at the time of the Seventeenth Annual Meeting of the Bank's Board of Governors in April. The issue was for f200 million.

Early in the year, it was decided that the Bank's two-year US dollar bond program be suspended, partly on the basis that the program had become less attractive to member country central banks in an era of interest rate volatility, and partly because the two-year bonds did not currently serve the Bank's overall borrowing objectives.

The average maturity of the year's borrowings weighted by amount was 13.09 years, which had the effect of increasing the average life of outstanding borrowings to 8.31 years at the end of 1984 from 7.72 years at the end of 1983. The average cost, weighted by amount and average life of each borrowing, was 9.46 per cent per annum.

In May, the Bank concluded an agreement for a currency liability swap transaction involving 15 million Kuwaiti dinars held by the Bank for \$50.8 million.

Investments

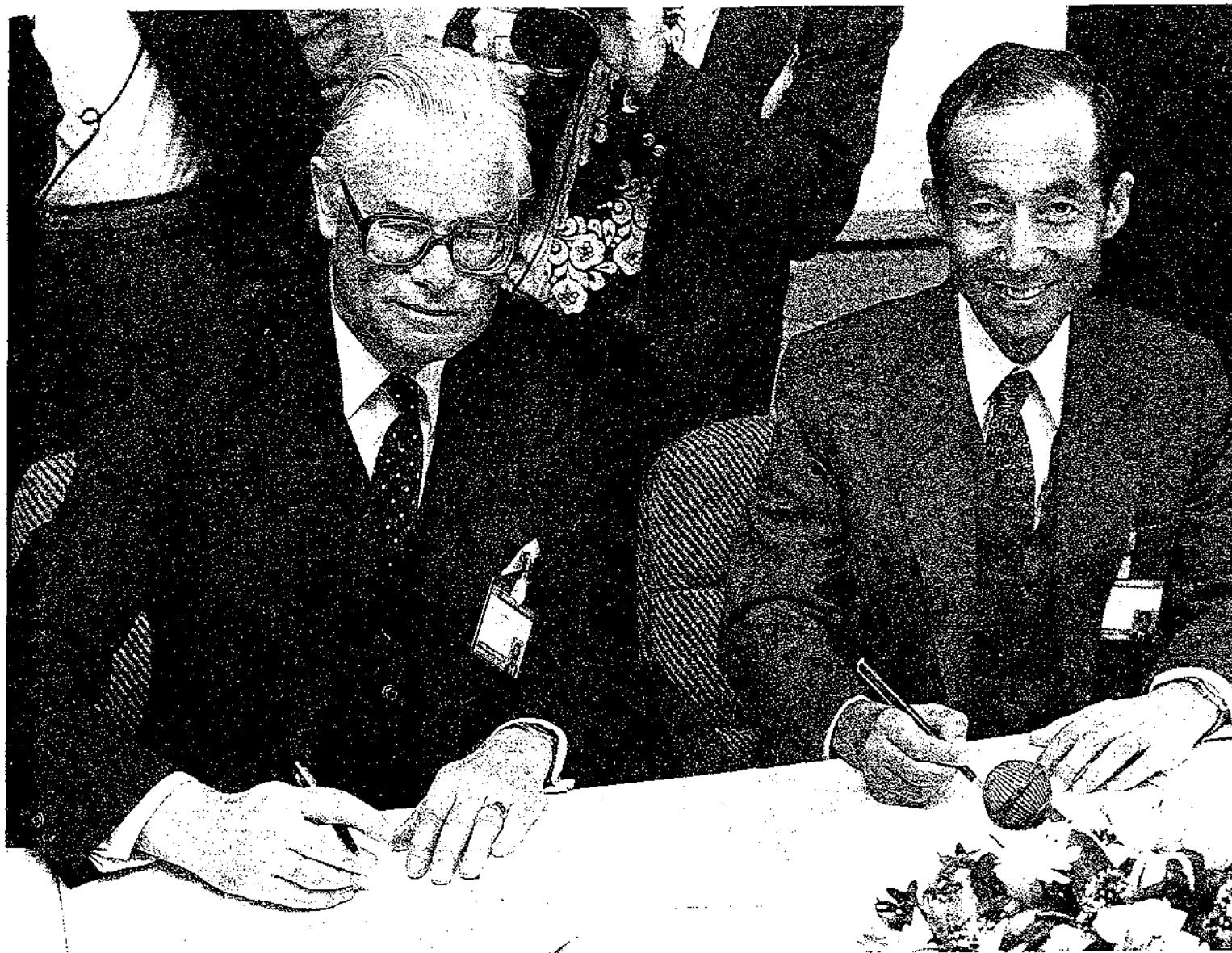
At the end of 1984, the Bank's OCR investments were denominated in 22 currencies and amounted to the equivalent of \$2,655.5 million (\$2,282.6 million at the end of 1983), including investments in Special Reserve Fund assets. Of the total investments, 68 per cent (64.2 per cent at the end of 1983) was held in securities issued or guaranteed by member governments, obligations of other multilateral development banks and of approved government agencies of member countries. The remainder was invested in time deposits and certificates of deposit of banks in member countries and the Bank for International Settlements. The overall average yield on the Bank's OCR investments over the year increased from 10.35 per cent in 1983 to 10.59 per

cent in 1984, with an increase in net trading gains more than offsetting a slight decline in current yield.

In October, the Board approved certain amendments to the maximum maturity provisions of the investment guidelines to give the Bank flexibility to protect the investment return on its extended long-term borrowings against future interest rate movements and to invest in floating rate notes without encroaching on relevant limitations in the existing investment guidelines.

Financial Policies

In March, the Board of Governors adopted Resolution No. 163 authorizing a gradual reduction and discontinuation of the transfers of commissions to the special reserve. In accordance with the Resolution, the commission previously levied on outstanding ordinary operations loans at the rate of one per cent per annum was reduced to 0.50 per cent per annum in 1984, and is to be further reduced to 0.25 per cent



ADB President Masao Fujioka (right) signing documents in Amsterdam in April for a f200 million public bond issue in the Dutch capital market. Signing on behalf of Algemene Bank Nederland N.V. is Dr. A. Batenburg, Chairman of the Managing Board.

per annum in 1985 and to zero thereafter, while no commission has been charged on new loans approved since the date the Resolution was adopted.

Lending Rate

Based on the annual review of the lending rate in June, the Board decided to lower the lending rate on new ordinary operations loans to 10.25 per cent per annum from 10.50 per cent per annum, effective 1 July 1984.

Exchange Risk Pooling System

Of the \$5,299.2 million total undisbursed balances of loans (including loans signed but not yet effective), \$4,856.2 million, or 91.6 per cent, was covered by the Exchange Risk Pooling System as of 31 December 1984. The amount of loans outstanding under the System has risen from \$294.9 million, representing 8.8 per cent of total outstanding loans as of 31 December 1983, to \$853.6 million, or 22.2 per cent of total outstanding loans as of 31 December 1984.

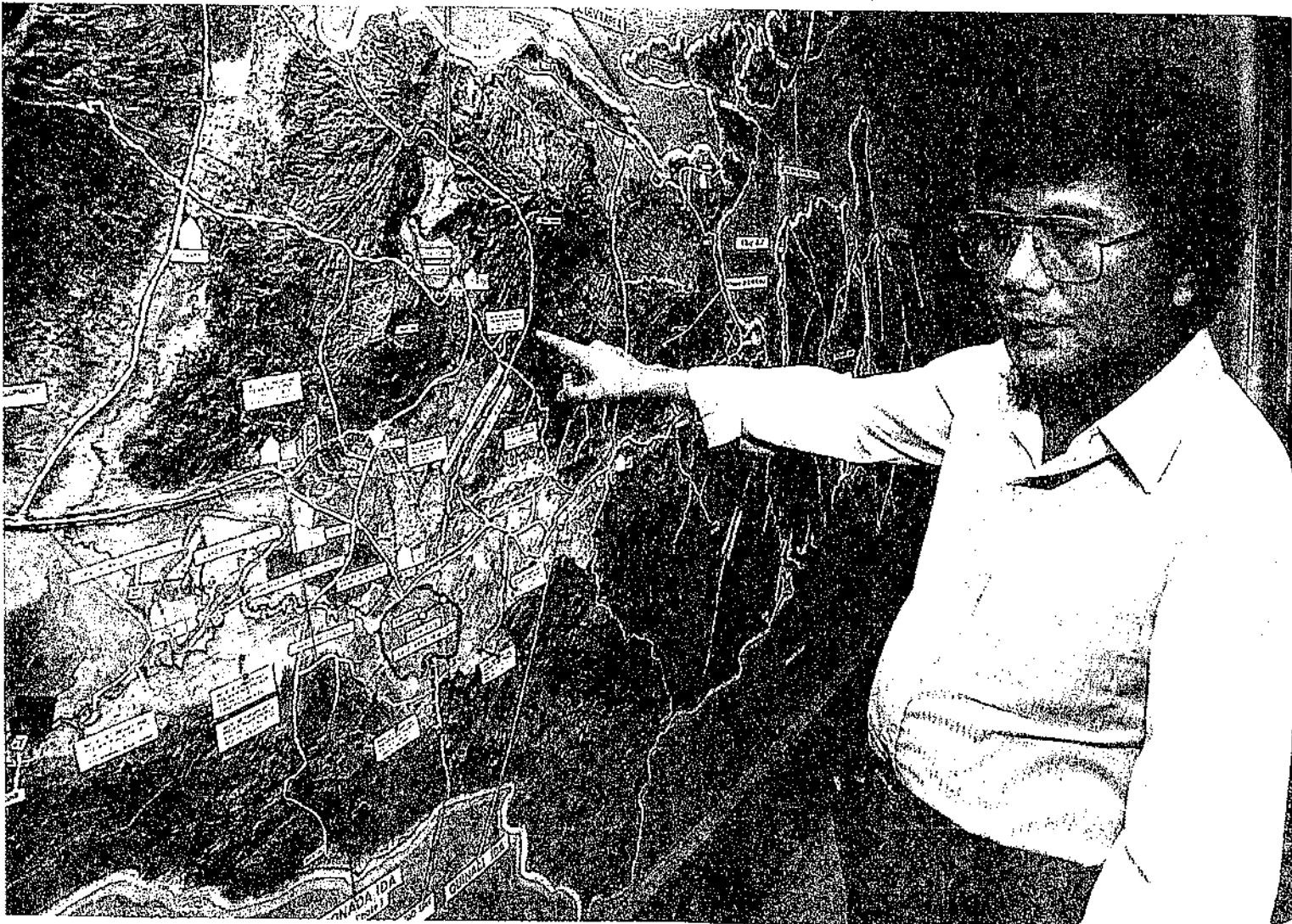
Loan Disbursements and Repayments

Disbursements from ordinary capital resources during 1984 amounted to \$702.2 million, bringing cumulative disbursements from this source to \$4,859.8 million up to the end of 1984. Repayments during the year amounted to \$189.2 million from loans held by the Bank. Cumulative loan repayments up to the end of 1984 reached \$1,010 million, consisting of \$992.8 million on loans held by the Bank and \$17.2 million on portions sold to participants.

Income and Expenses

In 1984, gross income of the Bank was \$568.6 million, up by \$90.6 million, or 18.9 per cent over the gross income in the previous year. This increment was principally due to rises in income from loans and investments of \$42.5 million and \$46.1 million, respectively.

Total expenses amounted to \$362.1 million, a rise of \$63.7 million, or 21.3 per cent over the gross expenses in the preceding year. This was due mainly to a \$55.9 million increase in financial expenses.



PROJECT official pointing to a relief map of the Bicol River Basin Irrigation Development Project in southern Philippines, a major development project covering over 17,300 ha. which the Bank is supporting with a \$41 million loan

INCOME AND EXPENSES — ORDINARY CAPITAL RESOURCES
 (amounts in \$ million)

	1983 Actual	1984 Budget	1984 Actual	1985 Budget
1. Gross Income	<u>478.0</u>	<u>561.8</u>	<u>568.6</u>	<u>645.7</u>
2. Less Expenses Charged to Ordinary Capital Resources				
a. Interest and Other Financial Expenses	262.9	332.4	318.9	382.8
b. Administrative Expenses ^a	34.5	40.1	40.4	44.8
c. Services to Member Countries	1.0	4.6	2.9	3.0
TOTAL	298.4	377.1	362.1	430.6
3. Net Income	179.6	184.7	206.5	215.1
4. Appropriation of Commissions to Special Reserve	(28.0)	(17.1)	(16.0)	(9.6)
5. Net Income After Appropriation of Commissions to Special Reserve	151.6	167.6	190.4	205.5

Note: Figures may not add due to rounding.

a. Net of Administration Charge to Special Operations which is allocated on the basis of a formula for apportioning administrative expenses between ordinary capital resources and the Asian Development Fund.

Reserves

The Bank's Ordinary Reserve rose from \$830.1 million as of 31 December 1983 to \$997.8 million as of 31 December 1984 due to (i) transfer of the accumulated net income as of 31 December 1983 amounting to \$151.6 million; and (ii) the net credit of \$16.1 million as a result of the restatement of the

Bank's capital stock in terms of the SDR.

Special Reserve increased from \$151.3 million as of 31 December 1983 to \$167.3 million as of 31 December 1984 due to the appropriation of commissions earned on loans during the year.



SPECIAL FUNDS

Progress of Asian Development Fund Replenishments

THE third Asian Development Fund replenishment (ADF IV), which was authorized by Governors' Resolution No. 154 in July 1982, is intended to finance the Bank's concessional lending program over the four-year period 1983-86. The total amount authorized, at the exchange rates specified in Resolution No. 154, was \$3,214 million.

During 1984, the Bank received contribution commitments to ADF IV from Belgium, Italy and Netherlands. As a result, all 21 ADF IV donor countries have now contributed to the replenishment. In addition, New Zealand, which in 1983 had deposited a commitment for the full amount originally envisaged for its ADF IV contribution, made an additional contribution commitment during 1984 of NZ\$2 million.

Two of the ADF IV donor countries, namely, Canada and the United States, have deposited qualified contribution commitments whereby, as permitted in the Resolution, payment of contribution instalments is subject to budgetary appropriations. Under the ADF IV "trigger" arrangements, the release of the second, third and fourth tranches of the unqualified contributions for loan commitments is subject to the availability of the first, second and remaining two tranches, respectively, of the qualified contributions. The arrangements envisaged that the second tranches of the unqualified contributions would be released on 1 January 1984 and the third tranches on 1 January 1985. Canada made available its first and second tranches in full in 1983 and 1984, respectively. In December 1983, the United States made available only \$97 million, or 74.62 per cent, of its first tranche. As a result and pursuant to the provisions of the Resolution, on 1 January 1984 the second tranches of the unqualified contributions were released to the Bank for loan commitments to the extent of 74.62 per cent, and subsequently 11 of the donor countries released the full amounts of their second tranches on a voluntary basis.

A CHILD receiving intravenous treatment at a District Headquarters Hospital in Punjab Province, Pakistan, where a \$15 million concessional Bank loan is helping improve rural health services.

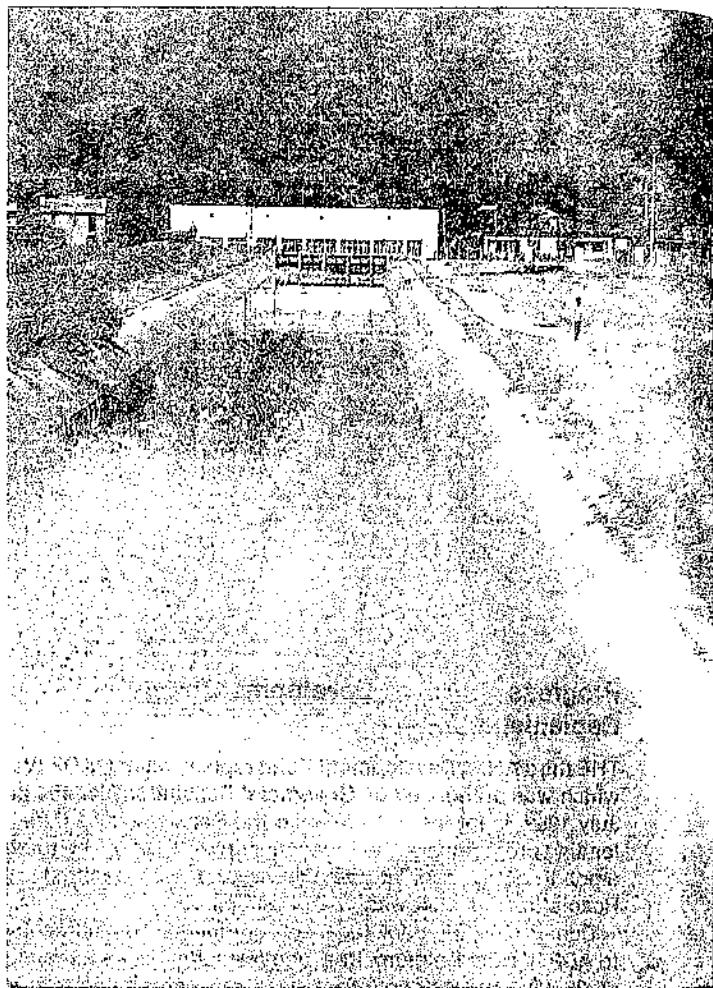
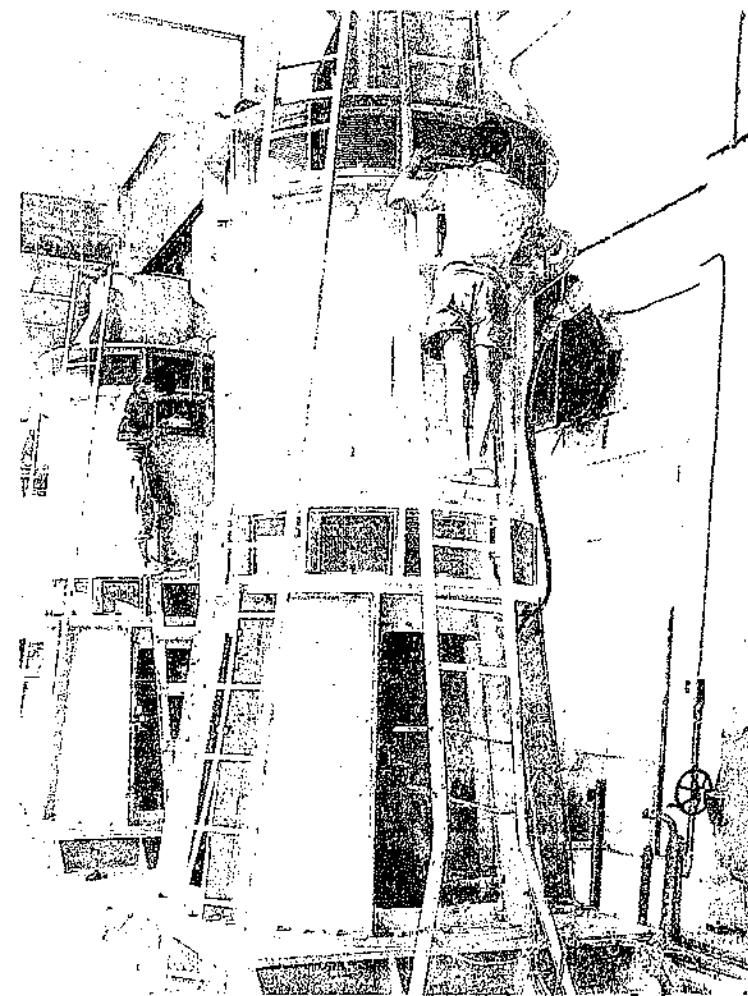
In October 1984, the United States made available to the Bank a further \$100 million for ADF IV, consisting of the remaining \$33 million, or 25.38 per cent, of its ADF IV first tranche and \$67 million, or 51.54 per cent, of its ADF IV second tranche. As a result, the 25.38 per cent balance, amounting to about \$97 million, of the second tranches previously withheld by eight of the donor countries became available for loan commitments, while, subject to the United States indicating its intention as regards making up the shortfall in its second tranche, the third tranches of the unqualified contributions were due for release in early 1985 to the extent of 51.54 per cent.¹

In October 1981, the Governors adopted Resolution No. 145 extending the deadline for payment of the United States' contribution to the first ADF replenishment (ADF II). The Resolution provides that the Governors will fix the final date when the United States informs the Bank of a new payment schedule. With no further payments received from the United States during 1984, the outstanding balance of this contribution at 31 December 1984 remained at \$28.2 million.

Fourth ADF Replenishment (ADF V)

The four-year period covered by ADF IV ends on 31 December 1986. Additional ADF contributions will be needed to enable the Bank to carry on concessional lending operations in 1987 and the years beyond. Accordingly, under the President's guidance, Bank staff in the latter part of 1984 started work on studies to determine the overall external resource requirements of the Bank's poorer developing member countries during the years 1987-90, including proposals concerning the Bank's concessional lending program during this period and the resources necessary to meet this

1 The third tranches of the ADF IV unqualified contributions were released to the Bank to the extent of 51.54 per cent in early 1985. The total amount released was \$256.5 million.



TURBINES (left) and irrigation canal (right) at the Chitwan Valley Development Project, Nepal, where Bank loans totalling \$18.2 million are helping irrigate about 11,100 ha. of potentially rich agricultural land.

program. It is expected that negotiations on ADF V will commence in the first half of 1985.

Availability and Utilization of ADF Resources

Because of a shortage in ADF resources at the end of 1983, about \$56 million of the provision for exchange rate fluctuations had been used for loan commitments pending the partial release (74.62 per cent) of the second tranches of ADF IV unqualified contributions on 1 January 1984. Consequently, as of 31 December 1983, there were no resources available for loan commitments. Contributed resources becoming available during 1984 (at the exchange rates as of 31 December 1984) consisted of \$65 million for the second tranche of Canada's ADF IV qualified contribution, \$100 million under the United States' ADF IV qualified contribution, \$41 million for the first tranches of the ADF IV contributions received during the year from Belgium, Italy, Netherlands and New Zealand, and \$498 million for the second tranches of the ADF IV unqualified contributions (including the 74.62 per cent portion released on 1 January 1984). In addition, an amount of \$18 million accrued to ADF by way of net income. As shown in the table on page 138, over the year, total resources, net of changes in value in terms of the United States dollar, increased by \$408 million to \$4,615 million. After allowing a provision of about \$222 million for exchange

rate fluctuations, net resources at 31 December 1984 amounted to \$4,394 million.

Again in 1984, it was apparent that there would be a shortage of ADF resources required for the year's planned loan approvals. In the circumstances, pending the partial release (51.54 per cent) of the third tranches of the ADF IV unqualified contributions in early 1985, loans amounting to a total of about \$83 million were approved towards the end of the year subject to the condition that they would not be signed until sufficient resources became available. ADF loan approvals during 1984, including conditional approvals, totalled SDR677 million, or the equivalent of \$684 million at the exchange rates applicable at the time of loan approval. After taking account of repayments, cancellations and exchange rate adjustments and excluding conditional loan approvals, net loan commitments during the year, at the 31 December 1984 exchange rates, amounted to \$411 million, bringing cumulative net loan commitments at 31 December 1984 to \$4,459 million. As a result, pending the partial release of the third tranches of the ADF unqualified contributions in early 1985,¹ the provision for exchange rate fluctuations was used for loan commitments to the extent of \$65 million.

1 The third tranches of the ADF IV unqualified contributions were released to the Bank to the extent of 51.54 per cent in early 1985. The total amount released was \$256.5 million.

Disbursements from ADF resources during 1984 amounted to \$298.3 million, bringing total cumulative disbursements to \$1,582.1 million. ADF loan repayments during the year and cumulative repayments up to 31 December 1984 amounted to \$12.9 million and \$75.6 million, respectively.

ADF Income and Expenses

ADF net income for 1984 amounted to \$17.7 million, bringing accumulated net income at the end of the year to \$189.2 million.

At the end of 1984, the Bank's investments of ADF resources were denominated in 17 currencies and amounted to the equivalent of \$320.4 million (\$398.9 million at the end of 1983). Of the total investments, 27.5 per cent (49.2 per cent at the end of 1983) was held in securities issued or guaranteed by member governments and obligations of approved government agencies of member countries. The balance was invested in time deposits and certificates of deposit of banks in member countries. The average yield on ADF investments over the year was 9.58 per cent, compared with 9.54 per cent in 1983.

INCOME AND EXPENSES AND ACCUMULATED NET INCOME — ASIAN DEVELOPMENT FUND (amounts in \$ million)

	1983	1984
1. Gross Income	54.1	52.1
2. Administrative Expenses	<u>(35.7)</u>	<u>(34.4)</u>
3. Net Income	18.4	17.7
4. Accumulated Net Income at Beginning of the Year	153.1	171.5
5. Accumulated Net Income at End of the Year	<u>171.5</u>	<u>189.2</u>

Technical Assistance Special Fund

In 1984, Malaysia made its first contribution and 11 other member countries made additional contributions to the Technical Assistance Special Fund (TASF) totalling \$6.4 million. The contributions received were as follows:

Member Country		Amount	US\$ Equivalent ¹
Bangladesh	US\$	25,000	25,000
Denmark	DKr	2,500,000	222,025
Germany, Fed. Rep. of	DM	2,600,000	825,921
Japan	¥	693,000,000	2,759,857
Korea, Rep. of	US\$	150,000	150,000
Malaysia	M\$	2,288,400	943,164
Netherlands	f	1,000,000	281,730
New Zealand	NZ\$	75,000	36,667
Norway	NKr	5,000,000	550,237
Pakistan	US\$	70,000	70,000
United Kingdom	£	250,000	306,300
United States	US\$	250,000	250,000

The contributions from Bangladesh, Denmark, Malaysia, New Zealand, Norway² and Pakistan are available to finance the costs of services and facilities from the respective contributor country and all developing member countries (DMCs). The contributions from Federal Republic of Germany, Japan, Netherlands and United Kingdom may be used to finance the costs of services and facilities not only from the respective contributor country but also from all DMCs and from other developed member countries which contribute on a similarly untied basis. The contributions from the Republic of Korea and the United States are fully untied and may be used to finance the costs of services and facilities from all member countries. Also, in the use of the contributions from Bangladesh, Denmark and Norway, priority should, whenever possible, be given to their application for projects in the least developed member countries.

As of 31 December 1984, total contributions to TASF amounted to the equivalent of \$69.2 million, of which \$61.9 million had been utilized by the Bank.

1 As of 31 December 1984.

2 Norway has pledged to contribute a similar amount of NKR5,000,000 in each of the years 1985 and 1986, subject to parliamentary appropriations.



ADMINISTRATION

Organization

THE reorganization of the Agriculture and Rural Development Department into the Agriculture Department and the Irrigation and Rural Development Department, referred to in the 1983 Annual Report, came into effect in January 1984. This enabled the Bank to carry out more effectively its operations in the major subsectors of agriculture, irrigation and rural development. During the year, considerable attention was given to reviewing the Bank's organizational structure, and, in particular, a proposal was developed for the regionalization of the Bank's operational functions. It was, however, decided to defer consideration of this proposal.

During the year, a review of the Bangladesh Resident Office (BRO) was undertaken to evaluate its progress and performance, particularly in respect of relieving Headquarters of activities relating to project implementation monitoring and loan administration. The review found that the BRO was making good progress and contributing usefully to Bank operations in Bangladesh. In July, the Bank's second field office, the South Pacific Regional Office, began operations in Port Vila, Vanuatu.

Internal Audit

Internal auditing provides Management with independent and objective evaluation of the adequacy and effectiveness of controls, systems and procedures in the financial, accounting, administrative, data processing and other functions of the Bank. The Internal Audit Office (IAO) reports to the President and the Audit Committee of the Board.

During 1984, IAO reviewed systems and procedures relating to financial, accounting, general administrative matters and project loan administration. IAO participated in the development of a number of computer systems and subsystems and also developed audit software for its own use as well as for the use of the Bank's external auditors. IAO also played an active role in the preparation of guidelines

on submission of financial accounts by borrowers/executing agencies, audit of consultant's contracts and draft procedures on certain administrative and financial matters.

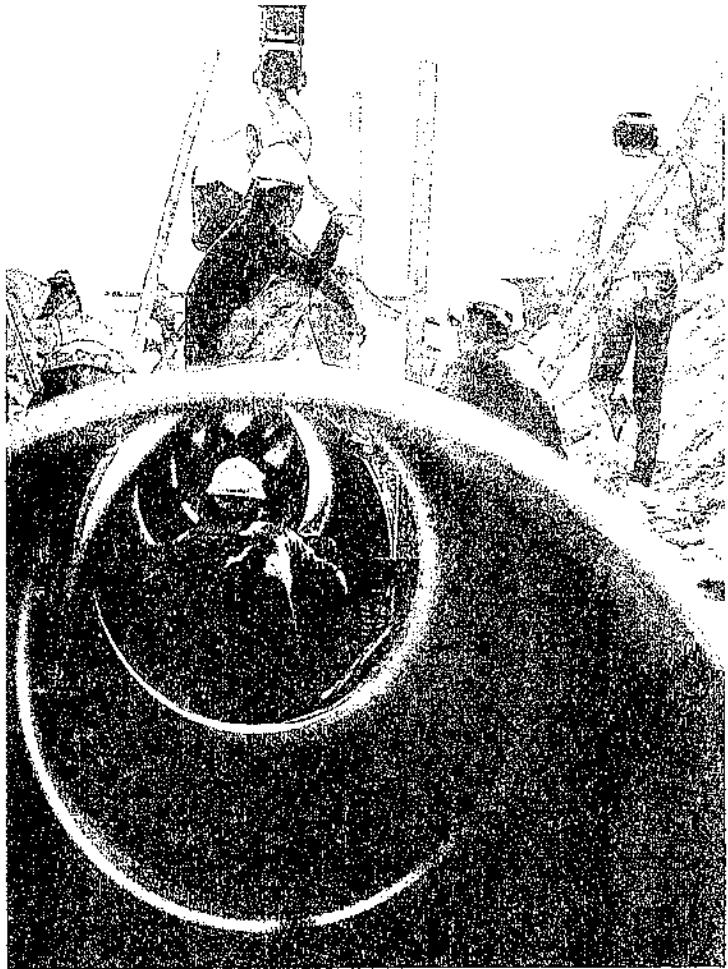
The results of audits and recommendations were conveyed to Management and Heads of Departments and Offices concerned for information and appropriate action.

Computer and Office Automation Systems

During 1984, computer-based information and office systems were expanded to support a wide range of Bank activities. These included loan administration, project appraisal mission work, project processing, country socio-economic data, key indicators, denomination of ADF loans in SDRs, billing for loan service payments under the Exchange Risk Pooling System, investment processing, electronic fund transfers through the Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.), personnel communications plan, budget monitoring reports, preparation of Board documents using word processors and computer output microfiche for accounting reports and internal books of account.

The total number of professional work-stations as of December 1984 was 86 computer terminals and 36 terminal printers to process over 2,000 application programs, 56 word processors and other office systems, 28 microcomputers and 10 portable microcomputers for use by Bank staff on mission work. Microcomputers were also installed in the South Pacific Regional Office and the Bangladesh Resident Office. Staff authorized and trained to use these work-stations numbered 265 for database applications, 427 for word processors and office systems, 125 for microcomputer applications and 43 for the Statistical Analysis System which includes modules for graphics, econometric modeling and operations research. A wide-screen display attached to the computer system was installed in the Office of Computer Services for Bank-wide conference use. Prototype testing of an electronic mail application was started for internal Bank use.

FISHERMEN gathering in their nets near Galle, Sri Lanka, where a Bank-financed project has helped develop coastal and offshore fisheries.



A WATER main being laid in central Bangkok. To date, the Bank has approved \$87.6 million in loans for the improvement, expansion and modernization of the water supply system in the populous Thai capital.

Office Accommodation

Construction work on the Office Accommodation Project, which is designed to meet office space requirements up to 1987 when the Bank is scheduled to move to its new Headquarters, was substantially completed in 1984. An additional 3,400 square meters of office space were provided in the present Headquarters building and a nearby office building, greatly easing congestion in the Headquarters building and satellite offices. Some Departments and Offices which had become fragmented in recent years were relocated and consolidated.

New Headquarters Building

In March, the Board approved the construction of the Bank's new Headquarters building in Ortigas Commercial Center. The new building will accommodate about 2,400 people and a number of special facilities. Final sketch plans for the building design were completed and approved in 1984. Reports on geotechnical and geoseismic investigations were also completed during the year.

Staff

The Bank's staff at the end of 1984 totalled 1,512 from 34 member countries. Of this number, 570 were professional staff and 942 were supporting staff. During the year, there were 61 professional staff appointments and 42 terminations of appointment. Among supporting staff, 60 were appointed and 35 resigned.

The successful recruitment efforts of 1983 were repeated in 1984; at the end of the year, more than 98 per cent of professional staff positions had been filled.

The Bank's Young Professionals Program was inaugurated in 1984 and five Young Professionals joined the Bank during the year. Six more were selected during the last quarter of 1984 and are expected to report during the first half of 1985.

The annual review of staff salaries took into account developments in the compensation of local and international comparator organizations and trends in relevant cost-of-living indicators. The Board of Directors approved, effective 1 August 1984, general salary increases of 2 per cent for professional staff and 40 per cent for supporting staff. The supporting staff salary increase supplanted an interim salary supplement of 20 per cent approved by the Board, effective 1 January 1984.

Budget

Internal Administrative Expenses for 1984 amounted to \$74,675,772 against the original Budget of \$82,639,000, representing 90.36 per cent utilization of the latter. The difference of \$7,963,228 against the Budget is due mainly to savings in staff salaries, benefits and relocation, and non-use of the general contingency. The favorable effect of exchange rate fluctuations also contributed to the lower utilization.

The Administrative Budget for 1985, which was approved by the Board of Directors in December 1984, is summarized in Appendix 1. It provides for Internal Administrative Expenses in 1985 amounting to \$87,918,000, an increase of \$13.2 million over actual expenses in 1984. The increase is largely attributable to: (i) full-year effect of the past year's staff increase and to additional staff required for activities programmed for 1985; (ii) salary and benefits improvements approved in 1984 and further improvements subject to consideration in 1985; (iii) increased consultant services and business travel required for the Bank's work in 1985; (iv) additional overheads, mainly for depreciation but also including expendable supplies, office equipment, contractual services, etc. for supporting the Bank's functions; and (v) past and prospective price escalation.

Commitments for Services to Member Countries in 1984 amounted to \$18,338,200, representing 83 per cent utilization of the budget of \$22,000,000 and an increase of 6 per cent over actual commitments of \$17,302,000 in 1983. Provision is made in 1985 for new commitments amounting to \$27,000,000, representing an increase of 47 per cent over the actual commitments in 1984.

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DELOITTE HASKINS & SELLS
Certified Public Accountants

1114 Avenue of the Americas
New York 10036

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:

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

- OCR-1 Balance Sheet, 31 December 1984 and 31 December 1983
- OCR-2 Statement of Income and Expenses for the Years Ended
31 December 1984 and 31 December 1983
- OCR-3 Statement of Changes in Financial Position for the Years
Ended 31 December 1984 and 31 December 1983
- OCR-4 Summary Statement of Loans, 31 December 1984
and 31 December 1983
- OCR-5 Summary Statement of Borrowings, 31 December 1984
and 31 December 1983
- OCR-6 Statement of Subscriptions to Capital Stock and Voting
Power, 31 December 1984
- OCR-7 Notes to Financial Statements, 31 December 1984
and 31 December 1983

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 1984 and 31 December 1983 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.

DELOITTE HASKINS & SELLS

1 March 1985

ASIAN DEVELOPMENT BANK —

BALANCE

31 December 1984

Expressed in Thousands of

ASSETS		1984	1983
CASH IN BANKS (Note B)		\$ 83,829	\$ 55,898
INVESTMENTS (Note C)			
Government and government guaranteed obligations — amortized cost (Face amounts \$1,654,244—1984, \$1,331,506—1983)	\$1,640,570		\$1,315,312
Time deposits and other obligations of banks	847,614	2,488,184	815,965
LOANS OUTSTANDING (OCR-4) (Note A)		3,286,683	3,105,670
EQUITY INVESTMENTS — at cost		906	—
ACCRUED INCOME			
On investments	60,234		45,858
On loans	81,146	141,380	71,069
AMOUNTS RECEIVABLE FROM MEMBERS			
Non-negotiable, non-interest-bearing demand obligations (Notes B and D)	353,135		353,457
Amounts required to maintain value of currency holdings (Note E)	1,356		1,569
Subscription instalments (Note D)	295	354,786	7,797
OTHER ASSETS			
Notional amounts required to maintain value of currency holdings (Note E)	126,592		112,277
Unamortized issuance costs of borrowings	64,769		49,525
Administration charge receivable from the Asian Development Fund (Note F)	6,889		11,693
Property, furniture and equipment (net of accumulated depreciation of \$1,645—1984, \$881—1983) (Note A)	21,796		14,806
Miscellaneous	27,620	247,666	15,384
SPECIAL RESERVE FUND ASSETS (Note G)		167,349	151,302
TOTALS		\$6,770,783	\$6,127,582

See notes to financial statements (OCR-7).

ORDINARY CAPITAL RESOURCES

SHEET

and 31 December 1983

United States Dollars (Note A)

LIABILITIES, CAPITAL AND RESERVES

	1984	1983
BORROWINGS		
Principal amounts outstanding (OCR-5)	\$ 3,892,577	\$ 3,428,637
Less — unamortized discounts and premiums on interest-bearing bonds and notes	<u>24,213</u>	<u>\$3,868,364</u>
ACCRUED INTEREST ON BORROWINGS	105,874	101,538
ACCOUNTS PAYABLE AND OTHER LIABILITIES		
Notional amounts required to maintain value of currency holdings (Note E)	113,202	92,531
Miscellaneous	<u>16,571</u>	<u>14,014</u>
CAPITAL AND RESERVES (SDRs in thousands)		
Capital Stock (OCR-6) (Note D)		
Authorized		
(SDR 14,768,070)	14,058,081	11,509,959
Subscribed		
(SDR 14,341,960 — 1984, SDR 10,993,800 — 1983)	<u>12,341,908</u>	<u>9,852,229</u>
Less — "callable" shares subscribed		
"Paid-in" shares subscribed	1,716,153	1,657,730
Less — subscription instalments not due	<u>239,032</u>	<u>162,430</u>
Subscription instalments matured	1,477,121	1,495,300
Less — capital transferred to the Asian Development Fund (Note H)	46,667	49,845
	<u>1,430,454</u>	<u>1,445,455</u>
Advance payments on subscriptions (Note D)	1,360	310
Accumulated translation adjustments (Note A)	<u>(122,621)</u>	<u>(76,857)</u>
Ordinary Reserve (Note I)	997,809	830,145
Special Reserve (Note G)	167,349	151,302
Net income after appropriation of commissions to Special Reserve for the years ended 31 December 1984 and 31 December 1983 (OCR-2) (Note I)	<u>190,421</u>	<u>2,664,772</u>
TOTALS	\$6,770,783	\$6,127,582

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1984 and 31 December 1983

Expressed in Thousands of United States Dollars (Note A)

	1984	1983
INCOME		
From loans:		
Interest	\$250,951	\$200,199
Commissions	16,047	28,002
Commitment charge	31,235	27,543
From investments (Note C)	264,349	218,283
From other sources — net (Note F)	<u>5,970</u>	<u>3,956</u>
GROSS INCOME	\$568,552	\$477,983
EXPENSES		
Interest and other financial expenses (Notes A and F)	318,881	262,934
Administrative expenses (Notes F and J)	40,350	34,458
Services to member countries (Note K)	<u>2,853</u>	<u>1,035</u>
GROSS EXPENSES	<u>362,084</u>	<u>298,427</u>
NET INCOME	206,468	179,556
APPROPRIATION OF COMMISSIONS TO SPECIAL RESERVE (Note G)	(16,047)	(28,002)
NET INCOME AFTER APPROPRIATION OF COMMISSIONS TO SPECIAL RESERVE (Note I)	\$190,421	\$151,554

See notes to financial statements (OCR-7).

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1984 and 31 December 1983

Expressed in Thousands of United States Dollars (Note A)

	1984	1983
FUNDS WERE PROVIDED BY		
Operations		
Net income	\$206,468	\$179,556
Items not requiring or providing current funds:		
Accrued interest and other expenses	6,820	15,525
Accrued income including interest and commitment charges added to loans	(52,768)	(18,701)
Administration charge (Note F)	(34,372)	(35,690)
Commissions (transferred to Special Reserve Fund assets)	(16,047)	(28,002)
Other — net	<u>30,739</u>	<u>22,211</u>
Funds provided by operations	140,840	134,899
Borrowings:		
Net proceeds of new borrowings	\$925,789	\$953,423
Decrease in borrowings as a result of currency revaluations	(405,043)	(168,059)
Bonds purchased for redemption and borrowings redeemed	<u>(118,043)</u>	<u>402,703</u>
Capital:		
Matured subscriptions	91,950	36,380
Demand obligations of members encashed	32,037	32,755
Net maintenance of value adjustments	6,569	14,208
Decrease in capital set-aside and transferred to Asian Development Fund due to substitution of the SDR for the 1966 dollar as the unit of value	3,178	2,674
Decrease in matured and paid capital subscriptions due to substitution of the SDR for the 1966 dollar as the unit of value	(101,577)	(79,108)
Demand obligations of members received	<u>(47,664)</u>	<u>(15,507)</u>
Administration charge collected	39,176	26,084
Decrease in other assets as a result of currency revaluations	18,801	11,573
Net credit to Ordinary Reserve due to substitution of the SDR for the 1966 dollar as the unit of value	<u>16,110</u>	<u>13,027</u>
Totals	602,123	754,877
FUNDS WERE UTILIZED FOR		
Loans:		
Loans disbursed	673,859	693,601
Decrease in loans disbursed and outstanding as a result of currency revaluations	(347,989)	(139,631)
Loans collected	<u>(173,172)</u>	<u>152,698</u>
Net translation adjustments	45,764	33,142
Property, furniture and equipment acquired	7,754	14,038
Other — net	<u>11,069</u>	<u>8,311</u>
Totals	217,285	454,729
INCREASE IN CASH IN BANKS AND INVESTMENTS		
	\$384,838	\$300,148

See notes to financial statements (OCR-7).

SUMMARY STATEMENT

31 December 1984 and

Expressed in Thousands of

Borrowers/Guarantors ²	Principal Amounts	Loans Not Yet Effective	Refundings and Cancellations
Bangladesh	\$ 11,400	\$ —	\$ 2,082
Burma	6,600	—	—
China, Republic of	100,390	—	9,252
Fiji	49,100	3,200	112
Hong Kong	101,500	—	4,503
Indonesia	2,791,000	311,000	165,255
Korea, Republic of	1,945,830	134,000	101,941
Malaysia	1,041,728	159,900	66,006
Nepal	2,000	—	—
Pakistan	876,370	137,200	37,763
Papua New Guinea	87,200	18,250	572
Philippines	2,031,740	145,900	41,487
Singapore	178,080	—	33,856
Sri Lanka	14,135	—	931
Thailand	1,436,380	195,200	52,200
Viet Nam	3,930	—	2,389
Adjustments in United States dollar equivalents of loans disbursed	—	—	—
TOTALS — 31 December 1984	<u>\$10,677,383</u>	<u>\$1,104,650</u>	<u>\$518,349</u>
TOTALS — 31 December 1983	<u>\$ 9,126,733⁴</u>	<u>\$1,041,390⁴</u>	<u>\$314,689</u>

MATURITY OF EFFECTIVE LOANS

Twelve Months Ending 31 December	Amounts	Five Years Ending 31 December	Amounts
1985	\$223,688	1994	2,077,039
1986	258,010	1999	2,331,579
1987	297,788	2004	1,609,644
1988	341,786	2009	568,477
1989	366,227	2014	77,135
		Undetermined	<u>(670,119)⁵</u>
		Total	<u>\$7,481,254</u>

See notes to financial statements (OCR-7).

- 1 The interest rates (including commission where applicable) charged on loans approved in the first half and second half of 1984 are 10.50% per annum and 10.25% per annum respectively (11.00% and 10.50% — 1983). The interest rates (including commission where applicable) charged on loans outstanding range from 6.875% per annum to 11.00% per annum.
- 2 Loans other than those made directly to a member or to its central bank have been guaranteed by the member.
- 3 These amounts represent 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.
- 4 Adjusted due to a reduction in Bank financing for a project in Thailand by \$47,000.
- 5 Represents prepayments, cancellations and translation adjustments which have not been allocated to specific maturities.

OF LOANS¹

31 December 1983

United States Dollars (Note A)

On Loans Held by Bank	Payments Received For Loans Sold	Effective Loans	Undisbursed Balances of Effective Loans	Outstanding Balances
\$ 5,524	\$ —	\$ 3,794	\$ —	\$ 3,794
905	—	5,695	73	5,622
56,848	2,800	31,490	—	31,490
4,540	—	41,248	5,308	35,940
37,529	3,859	55,609	3,992	51,617
54,624	—	2,260,121	1,651,816	608,305
354,853	3,456	1,351,580	516,559	835,021
76,554	2,140	737,128	340,726	396,402
2,000	—	—	—	—
102,058	—	599,349	249,610	349,738
999	—	67,379	43,516	23,863
127,608	423	1,716,322	886,460	829,862
55,480	2,830	85,914	9,149	76,765
11,628	—	1,576	—	1,576
101,358	1,711	1,085,911	487,362	598,549
275	—	1,266	—	1,266
		(563,128) ³		(563,128) ³
<u>\$992,783</u>	<u>\$17,219</u>	<u>\$7,481,254</u>	<u>\$4,194,571</u>	<u>\$3,286,683</u>
<u>\$803,548</u>	<u>\$17,219</u>	<u>\$6,718,685</u>	<u>\$3,613,015</u>	<u>\$3,105,670</u>

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

Currency	1984	1983	Currency	1984	1983
Australian dollar	\$ 37,002	\$ 53,711	Luxembourg franc	50	533
Austrian schilling	33,234	35,898	Malaysian ringgit	34,532	34,122
Belgian franc	313	322	Netherlands guilder	18,624	20,078
Canadian dollar	3,994	5,248	New Zealand dollar	6,089	6,907
Danish krone	138	138	Norwegian krone	2,989	3,407
Deutsche mark	965,570	766,781	Pound sterling	3,141	3,534
French franc	1,884	2,057	Singapore dollar	2,349	2,139
Hong Kong dollar	2,117	3,827	Swedish krona	1,614	2,208
Italian lira	134	473	Swiss franc	921,857	821,755
Japanese yen	1,506,476	1,230,422	United States dollar	306,444	341,856
Kuwaiti dinar	1,260	1,456			
			Adjustments in United States dollar equivalents of loans disbursed	(563,128) ³	(231,202) ³
			Totals	<u>\$3,286,683</u>	<u>\$3,105,670</u>

ASIAN DEVELOPMENT BANK —

SUMMARY STATEMENT

31 December 1984 and

Expressed in Thousands of

Currency	Balance 31 December 1983	Changes During the Year Ended 31 December 1984		
		Borrowings	Repayments and Sinking Fund and Other Purchases	Translation and Other ¹ Adjustments
Austrian schilling	\$ 25,981	\$ —	\$ —	\$ (3,305)
Deutsche mark	745,650	144,568	2,070	(117,818)
Italian lira	2,410	—	517	(343)
Japanese yen	1,219,638	382,425	9,621	(115,242)
Kuwaiti dinar	54,234	—	7,019	(2,170)
Luxembourg franc	2,876	—	727	(247)
Netherlands guilder	167,238	64,956	21,460	(27,609)
Pound sterling	—	141,660	1,553	(25,903)
Swiss franc	655,010	126,163	3,923	(112,406)
United States dollar	555,600 ^{1,3}	105,000	71,153	22,254 ¹
 Principal amounts outstanding	 3,428,637	 964,772	 118,043	 (382,789)
Less — unamortized discounts and premiums on interest- bearing bonds and notes	11,047	13,166	—	—
 TOTALS	 \$3,417,590	 \$951,606	 \$118,043	 \$(382,789)

MATURITY OF

	Twelve Months Ending 31 December	1984	1983
1984		\$121,160	
1985		\$121,961	135,457
1986		158,017	167,265
1987		53,959	53,726
1988		240,766	266,075
1989		243,715	

See notes to financial statements (OCR-7).

- 1 Balance outstanding at 31 December 1984 includes the total amount of \$249,131 (\$121,877 — 1983) for the Ten-Year Zero Coupon Notes of 1982 and the Twenty-Year Zero Coupon Bonds of 1984 (principal amount at maturity, \$400,000 and \$1,000,000, respectively); amortization of the original discount at issuance by the interest method is shown as an "Other Adjustment".
- 2 The weighted average effective interest rates are computed on the principal outstanding amounts, taking into consideration discounts and premiums and the effect of currency swaps. For uniformity and consistency, annual effective interest rates for bonds with annual payment dates have been converted into semi-annual equivalents.

ORDINARY CAPITAL RESOURCES

OF BORROWINGS

31 December 1983

United States Dollars (Note A)

Balance 31 December 1984	Weighted Average Effective Interest Rates ^{2,3}			Due for Redemption
	1984	1983		
\$ 22,676	8.18%	8.18%		1985-1993
770,330	8.29	8.38		1985-1995
1,550	7.22	7.22		1985-1987
1,477,200	7.93	8.11		1985-2001
45,045 ³	12.59	11.20		1985-1991
1,902	6.64	6.64		1985-1987
183,125	9.32	9.50		1988-1998
114,204	11.76	—		1985-2009
664,844	6.22	6.24		1985-1996
<u>611,701^{1,3}</u>	<u>10.74</u>	<u>10.85</u>		<u>1985-2004</u>
 3,892,577	 8.37	 8.36		
 <u>24,213</u>				
 <u>\$3,868,364</u>				

BORROWINGS OUTSTANDING

Five Years	1984	1983
Ending 31 December		
1994/1993	2,325,387	2,153,585
1999/1998	770,363	757,597
2004/2003	1,022,302	51,895
2009	106,976	
Totals	<u>\$5,043,446</u>	<u>\$3,706,760</u>

3 Including borrowings which have been swapped for other currencies as follows:

Currency	Amount Swapped Out	Amount Swapped In	Effective Interest Rates	
			Before Swapping	After Swapping
Kuwaiti dinar	KD 15 million	\$50,835	11.43%	12.59%
United States dollar	\$84,657	SwF 183.1 million	11.97	5.83

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

31 December 1984

Expressed in Thousands of United States Dollars (Note A)

MEMBERS	SUBSCRIBED CAPITAL ¹						VOTING POWER	
	Number of Shares	Per Cent of Total	Par Value of Shares			Number of Votes	Per Cent of Total	
			Total	Callable	Paid-In			
REGIONAL								
Afghanistan ²	1,195	0.083	\$ 11,713	\$ 7,969	\$ 3,744	9,162	0.511	
Australia	102,370	7.138	1,003,436	882,959	120,477	110,337	6.155	
Bangladesh	18,064	1.260	177,064	155,803	21,261	26,031	1.452	
Bhutan ²	110	0.008	1,078	872	206	8,077	0.450	
Burma	9,635	0.672	94,443	83,102	11,341	17,602	0.982	
Cambodia ²	875	0.061	8,577	5,832	2,745	8,842	0.483	
China, Rep. of	19,270	1.344	188,886	166,213	22,673	27,237	1.519	
Cook Islands	47	0.003	461	412	49	8,014	0.447	
Fiji	1,203	0.084	11,792	10,371	1,421	9,170	0.511	
Hong Kong ²	4,700	0.328	46,070	37,150	8,920	12,667	0.707	
India	112,005	7.810	1,097,879	966,070	131,809	119,972	6.682	
Indonesia	96,350	6.718	944,428	831,048	113,380	104,317	5.819	
Japan	240,875	16.795	2,361,069	2,077,604	283,465	248,842	13.881	
Kiribati	71	0.005	696	608	88	8,038	0.448	
Korea, Rep. of	89,123	6.214	873,588	768,716	104,872	97,090	5.416	
Laos ²	246	0.017	2,411	1,941	470	8,213	0.458	
Malaysia	48,175	3.359	472,214	415,519	56,695	56,142	3.132	
Maldives	71	0.005	696	608	88	8,038	0.448	
Nepal	2,601	0.181	25,495	22,427	3,068	10,568	0.589	
New Zealand	27,170	1.894	266,322	234,348	31,974	35,137	1.960	
Pakistan	38,540	2.687	377,771	332,417	45,354	46,507	2.594	
Papua New Guinea	1,660	0.116	16,271	14,330	1,941	9,627	0.537	
Philippines	42,152	2.939	413,176	363,578	49,598	50,119	2.796	
Singapore	6,020	0.420	59,008	51,921	7,087	13,987	0.780	
Solomon Islands ²	58	0.004	568	460	108	8,025	0.448	
Sri Lanka	10,260	0.715	100,569	88,493	12,076	18,227	1.017	
Thailand	24,087	1.679	236,102	207,754	28,348	32,054	1.788	
Tonga	71	0.005	696	608	88	8,038	0.448	
Vanuatu ²	58	0.004	568	460	108	8,025	0.448	
Viet Nam ²	6,038	0.421	59,185	46,795	12,390	14,005	0.781	
Western Samoa ²	58	0.004	568	460	108	8,025	0.448	
Total Regional	903,158	62.973	8,852,800	7,776,848	1,075,952	1,150,135	64.155	
NON-REGIONAL								
Austria	6,020	0.420	59,008	51,921	7,087	13,987	0.780	
Belgium ²	2,937	0.205	28,789	23,212	5,577	10,904	0.608	
Canada	92,543	6.453	907,111	798,210	108,901	100,510	5.607	
Denmark	6,020	0.420	59,008	51,921	7,087	13,987	0.780	
Finland	2,408	0.168	23,603	19,888	3,715	10,375	0.579	
France	30,108	2.099	295,121	259,686	35,435	38,075	2.124	
Germany, Fed. Rep. of	76,534	5.336	750,190	660,119	90,071	84,501	4.714	
Italy ²	11,750	0.819	115,174	92,874	22,300	19,717	1.100	
Netherlands	13,247	0.924	129,848	114,263	15,585	21,214	1.183	
Norway	6,020	0.420	59,008	51,921	7,087	13,987	0.780	
Sweden	2,408	0.168	23,603	19,888	3,715	10,375	0.579	
Switzerland ²	4,037	0.281	39,571	31,906	7,665	12,004	0.670	
United Kingdom	36,131	2.519	354,158	311,647	42,511	44,098	2.460	
United States	240,875	16.795	2,361,069	2,077,604	283,465	248,842	13.881	
Total Non-Regional	531,038	37.027	5,205,261	4,565,060	640,201	642,576	35,845	
TOTALS	1,434,196	100.000	\$14,058,061	\$12,341,908	\$1,716,153	1,792,711	100.000	

See notes to financial statements (OCR-7).

1 On 25 April 1983, the Board of Governors approved a third general increase in the Bank's authorized capital stock by 754,750 shares (from 722,057 shares to 1,476,807 shares) which became effective on that date. Each member is entitled to subscribe to 105% of the number of shares subscribed by it on the date of the resolution, with 5% of the subscription being paid-in shares and the remainder being callable shares. Instruments of subscriptions are to be submitted by 31 May 1985, or such later date as the Board of Directors may determine.

2 These members have not yet subscribed to their entitlements under the third general capital increase.

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1984 and 31 December 1983

CONTINUED

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currencies and Reporting Currency

The currencies of members are functional currencies. The reporting currency is the United States dollar, and the financial statements are expressed in thousands of current United States dollars.

Valuation of Capital Stock

The capital stock is defined in Article 4, paragraph 1 of the Articles of Agreement Establishing the Bank (the Articles) "in terms of United States dollars" of the weight and fineness in effect on 31 January 1966" (the 1966 dollar) and the value of each share is defined as 10,000 1966 dollars. The capital stock had historically been translated into the current United States dollar (the Bank's unit of account) on the basis of its par value in terms of gold. From 1973 until 31 March 1978, the rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1 April 1978, at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, currencies no longer have par values in terms of gold. Pending the Bank's selection of the appropriate successor to the 1966 dollar, the capital stock has been valued for purposes of these financial statements in terms of the Special Drawing Right (SDR) at the value in current United States dollars as computed by the IMF, with each share valued at SDR 10,000.

As of 31 December 1984, the value of the SDR in terms of the current United States dollar was \$0.980205 (\$1.04695 — 1983) giving a value for each share of the Bank's capital equivalent to \$9,802.05 (\$10,469.50 — 1983). However, the Bank could decide to fix the value of each share at \$12,063.50 based on the 31 March 1978 par value of the United States dollar in terms of gold. If the capital stock as of 31 December 1984 had been valued in terms of \$12,063.50 per share, the net maintenance of value obligations would have been \$284,925,000 (\$206,027,000 — 1983) receivable from members instead of \$14,746,000 (\$21,315,000 — 1983) receivable from members.

Translation of Currencies

Assets and liabilities are translated from their functional currencies to the reporting currency generally at the applicable rates of exchange at the end of a reporting period. Income and expense amounts are translated for each semi-monthly period generally at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments other than those relating to maintenance of value of currency holdings (see Notes E and I), are charged or credited to "Accumulated

translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in income. Currency swaps made in connection with borrowings are hedged by forward exchange commitments, and accordingly do not result in any net exchange gain or loss.

Loans

The Bank's loans have been made to or guaranteed by members or their governments and have maturities ranging between 10 and 30 years. The Bank requires its borrowers to absorb exchange risks attributable to fluctuations in the value of the currencies which it has disbursed. The Bank has not suffered any loan losses to date and follows a policy of not taking part in debt rescheduling agreements.

Property, Furniture and Equipment

The headquarters building of the Bank, including land, facilities and fixtures and the initial cost of necessary staff amenities and other related furnishings have been provided to the Bank by the Government of the Republic of the Philippines which has also provided additional office space in a second building. The Bank has leased additional office space in other buildings and has fitted and furnished all additional office space. Significant purchases of property, furniture and equipment by the Bank are capitalized and depreciated over estimated useful lives of related assets using the straight-line method. Other purchases are charged to expense.

To meet the Bank's need for future office accommodations, the Bank has purchased a parcel of land in Metropolitan Manila at the original cost of \$9,555,000 for the construction of a proposed new headquarters building. Other costs capitalized in connection with this project, including interest (see Note F), totalled \$9,066,000 as of 31 December 1984 (\$2,928,000 — 1983).

NOTE B — RESTRICTIONS ON USE OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS

In accordance with Article 24, paragraph 2(i), the use by the Bank or by any recipient from the Bank of certain assets may be restricted by members to payments for goods or services produced and intended for use in their territories. With respect to the currencies of 27 members, cash in banks and demand obligations totalling \$37,459,000 (\$35,720,000 — 1983) and \$218,439,000 (\$214,498,000 — 1983), respectively, may be, but are not currently so restricted.

In accordance with Article 24, paragraphs 2(ii) and (ii), the use by the Bank or by any recipient from the Bank of certain assets has been restricted by two members to payments for goods or services produced in their territories. Cash in

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1984 and 31 December 1983

banks and demand obligations totalling \$43,000 (\$35,000 — 1983), and \$4,438,000 (\$3,706,000 — 1983), respectively, have been so restricted.

NOTE C — INVESTMENTS

As of 31 December 1984, the market value of investments was \$2,512,237,000 (\$2,129,723,000 — 1983), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$1,267,852,000 (\$1,014,910,000 — 1983). During the year ended 31 December 1984, sales of investments resulted in a net gain of \$10,241,000 (\$4,504,000 — 1983). Gains and losses on sales of investments are measured by the difference between average amortized cost and the net proceeds of sales. The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each quarter, including realized gains and losses, was 10.59% (10.35% — 1983).

NOTE D — CAPITAL STOCK

The authorized capital stock of the Bank consists of 1,476,807 shares, of which 1,434,196 shares (1,099,380 — 1983) have been subscribed by members. Of the subscribed shares, 1,259,115 (941,041 — 1983) are "callable" and 175,081 (158,339 — 1983) are "paid-in". The "callable" share capital is subject to call by the Bank only as and when required to meet the Bank's obligations incurred on borrowings or on guarantees. The "paid-in" share capital is payable or has been paid in instalments, partly in convertible currencies and partly in the currency of the subscribing member. In accordance with Article 6, paragraph 3' of the Articles, the Bank accepts non-negotiable, non-interest-bearing demand obligations in satisfaction of the portion payable in the currency of the member, provided such currency is not required by the Bank for the conduct of its operations.

As of 31 December 1984, all matured instalments amounting to \$1,477,121,000 (\$1,495,300,000 — 1983) were received except \$295,000 (\$7,797,000 — 1983). Instalments not due aggregating \$239,032,000 (\$162,430,000 — 1983) are receivable as follows:

	1984	1983
1984		\$41,984,000
1985	\$78,578,000	40,189,000
1986	78,526,000	40,134,000
1987	78,517,000	40,123,000
1988	3,411,000	

Payments in respect of capital subscription instalments in advance of due dates are shown in the balance sheet

(under the caption "CAPITAL AND RESERVES") as "Advance payments on subscriptions" pending the determination of the full value of such payments based on the rate of exchange to be used by the Bank as of the date on which such payments are actually due.

NOTE E — MAINTENANCE OF VALUE OF CURRENCY HOLDINGS

Prior to 1 April 1978, the effective date of the Second Amendment to the IMF Articles, the Bank implemented maintenance of value in respect of holdings of member currencies in terms of 1966 dollars, in accordance with the provisions of Article 25 of its Articles and relevant resolutions of the Board of Directors. The "Amounts required to maintain value of currency holdings" under "AMOUNTS RECEIVABLE FROM MEMBERS" represent the aggregate amounts receivable resulting from changes in exchange rates of member currencies from those previously used for the purpose of computing maintenance of value of the Bank's holdings of certain member currencies.

Since 1 April 1978, inasmuch as the valuation of the Bank's capital stock and the basis of determining possible maintenance of value obligations are still under consideration, notional amounts have been calculated provisionally as receivable from or payable to members in order to maintain the value of currency holdings in terms of the SDR. The timing of any establishment and settlement of such amounts is uncertain. The notional amounts as of 31 December 1984 consisting of receivables of \$126,592,000 (\$112,277,000 — 1983) and payables of \$113,202,000 (\$92,531,000 — 1983) represent (a) the net decrease of \$283,569,000 (\$204,458,000 — 1983) in the value of currency holdings in relation to the United States dollar, the Bank's unit of account, during the period from 1 April 1978 to 31 December 1984 offset by (b) the decrease of \$270,179,000 (\$184,712,000 — 1983) in amounts required to maintain the value of such currency holdings to the extent of matured and paid capital subscriptions due to the decrease in the value of the SDR in relation to the United States dollar during the same period.

NOTE F — INCOME AND EXPENSES

Income from other sources includes exchange gains or losses which are not material.

Total interest expense incurred amounted to \$286,815,000 (\$239,573,000 — 1983). Of this amount \$1,103,000 (\$537,000 — 1983) were capitalized as a part of the cost of the proposed new headquarters building.

Administrative expenses (other than those appertaining directly to ordinary operations and special operations) for the year ended 31 December 1984 have been apportioned

between Ordinary Capital Resources and the Asian Development Fund according to the number of loans approved for the year. Of the total administrative expenses of \$74,722,000 (\$70,148,000 — 1983), \$34,372,000 (\$35,690,000 — 1983) has accordingly been charged to the Asian Development Fund.

NOTE G — SPECIAL RESERVE

In accordance with Articles 16 and 17, the Bank charges a commission calculated at 1/2% (1% — before 1984) per annum on the outstanding amount of loans made by it from the ordinary capital resources prior to 28 March 1984 and an amount equivalent to such commissions is appropriated to a Special Reserve. The commission charged on such loans will be reduced to 1/4% per annum for amounts payable during 1985 and discontinued thereafter. All amounts previously intended as commission but no longer chargeable as such will continue to be levied as interest and will be accounted for as such by the Bank. Special Reserve Fund assets consist of government and government guaranteed obligations.

NOTE H — CAPITAL TRANSFERRED TO ASIAN DEVELOPMENT FUND

Pursuant to the provisions of Article 19, paragraph 1(i), the Board of Governors has authorized the setting aside of 10% 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 a part of the Special Funds of the Bank. The resources so set aside, amounting to \$46,667,000 as of 31 December 1984 (\$49,845,000 — 1983) expressed in terms of the SDR on the basis of \$0.980205 (\$1.04695 — 1983) per SDR (\$57,434,000 in terms of \$1.20635 per 1966 dollar — see Note A), were allocated and transferred to the Asian Development Fund.

NOTE I — ORDINARY RESERVE AND NET INCOME AFTER APPROPRIATION OF COMMISSIONS TO SPECIAL RESERVE

Under the provisions of Article 40, the Board of Governors shall determine annually what part of the net income after appropriation of commissions to Special Reserve (see Note G) shall be allocated, after making provision for reserves, to surplus and what part, if any, shall be distributed to the members. Net income after appropriation of commissions to Special Reserve for the year ended 31 December 1983 was allocated to the Ordinary Reserve.

The restatement of the capital stock for purposes of these financial statements on the basis of the SDR instead of the 1966 dollar (see Note A) resulted in a net credit of

\$16,110,000 to the Ordinary Reserve during the year ended 31 December 1984 (\$13,027,000 — 1983). That credit is the decrease in the value of the matured and paid capital subscriptions caused by the change during the period in the value of the SDR in relation to the United States dollar not allocated to members as notional maintenance of value adjustments in accordance with resolutions of the Board of Directors.

NOTE J — 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 service; provided that as of such a date, the employee shall not have reached the normal retirement date. The Plan applies also to members of the Board of Directors who elect to join the Plan. The Staff Retirement Plan assets are segregated and held in trust and are not included in the accompanying balance sheet. All costs of administering the Plan are absorbed by the Bank.

Participants are required to contribute 9 1/3% of their remuneration to the Plan and may also make voluntary contributions. The Bank has contributed amounts equal to 18.2/3% of the participants' remuneration. The Bank's contribution is determined at a rate sufficient to cover that part of the costs of the Plan not covered by the participants' contributions. For the year ended 31 December 1984, the amount contributed by the Bank was \$6,377,000 (\$5,980,000 — 1983).

The actuarial present value of vested and non-vested accumulated plan benefits as of 30 September 1984, the date of the last actuarial valuation, totalled \$44,387,000 (\$36,870,000 — 1983) and \$3,602,000 (\$2,301,000 — 1983), respectively. Net assets available for benefits totalled \$70,834,000 as of 30 September 1984 (\$62,643,000 — 1983). The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8%.

NOTE K — SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for grant-financed technical assistance projects and programs totalled approximately \$27,178,000 as of 31 December 1984 (\$24,840,000 — 1983). Ordinary capital resources income is used for these commitments if Technical Assistance Special Fund resources are not available. When technical assistance provided as a grant leads to a Bank loan, the amount of the grant exceeding \$150,000 will be refinanced under the loan. Refinanced amounts of \$5,000 were charged to loans and credited to income of ordinary capital resources during the year ended 31 December 1984 (\$62,000 — 1983).

DELOITTE HASKINS & SELLS
Certified Public Accountants

1114 Avenue of the Americas
New York 10036

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:

We have examined the following financial statements of the Asian Development Bank — Asian Development Fund (ADF):

ADF-1 Balance Sheet, 31 December 1984 and
31 December 1983

ADF-2 Statement of Income and Expenses and Accumulated
Net Income for the Years Ended 31 December 1984
and 31 December 1983

ADF-3 Statement of Changes in Financial Position for the Years
Ended 31 December 1984 and 31 December 1983

ADF-4 Summary Statement of Loans, 31 December 1984 and
31 December 1983

ADF-5 Statement of Resources, 31 December 1984

ADF-6 Notes to Financial Statements, 31 December 1984 and
31 December 1983

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 — Asian Development Fund at 31 December 1984 and 31 December 1983 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.

DELOITTE HASKINS & SELLS

1 March 1985

ASIAN DEVELOPMENT BANK — ASIAN DEVELOPMENT FUND

BALANCE SHEET

31 December 1984 and 31 December 1983

Expressed in Thousands of United States Dollars (Note 2)

<u>ASSETS</u>	1984	1983
CASH IN BANKS	\$ 7,722	\$ 7,564
INVESTMENTS (Note 3)		
Government and government guaranteed obligations — amortized cost (Face amounts \$89,813 — 1984, \$200,603 — 1983)	\$ 88,122	\$ 196,064
Time deposits and other obligations of banks	<u>232,265</u>	<u>320,387</u>
LOANS OUTSTANDING (ADF-4)	1,366,199	1,176,217
ACCRUED INCOME		
On investments	3,594	4,119
On loans	<u>4,484</u>	<u>8,078</u>
NOTES OF CONTRIBUTORS		
Non-negotiable, non-interest-bearing notes	2,906,612	2,618,306
AMOUNTS RECEIVABLE FROM CONTRIBUTORS (ADF-5)	13,707	10,409
ACCOUNTS RECEIVABLE	4,649	3,809
TOTALS	\$4,627,354	\$4,223,299
<u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>		
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 4)	\$ 6,889	\$ 11,693
ACCOUNTS PAYABLE	4,872	4,022
UNEXPENDED BALANCES AND CAPITAL		
Amounts available for loan commitments (ADF-5)		
Contributed Resources	\$4,409,735	\$4,000,083
Set-Aside Resources (Note 5)	46,667	49,845
Other Resources	<u>5,080</u>	<u>5,080</u>
	<u>4,461,482</u>	<u>4,055,008</u>
Advance payment on contributions (ADF-5)	476	326
Accumulated translation adjustments (Note 2)	(35,554)	(19,266)
Accumulated net income (ADF-2)	<u>189,189</u>	<u>4,615,593</u>
TOTALS	\$4,627,354	\$4,223,299

See notes to financial statements (ADF-6).

ASIAN DEVELOPMENT BANK — ASIAN DEVELOPMENT FUND

STATEMENT OF INCOME AND EXPENSES AND ACCUMULATED NET INCOME

For the Years Ended 31 December 1984 and 31 December 1983

Expressed in Thousands of United States Dollars (Note 2)

	<u>1984</u>	<u>1983</u>
INCOME		
From investments (Note 3)	\$ 36,911	\$ 40,933
From loans	15,034	12,985
From other sources — net	<u>111</u>	<u>179</u>
GROSS INCOME	52,056	54,097
EXPENSES		
Administrative expenses (Note 4)	<u>34,383</u>	<u>35,701</u>
NET INCOME	17,673	18,396
ACCUMULATED NET INCOME AT BEGINNING OF THE YEAR	171,516	153,120
ACCUMULATED NET INCOME AT END OF THE YEAR	\$189,189	\$171,516

See notes to financial statements (ADF-6).

ASIAN DEVELOPMENT BANK — ASIAN DEVELOPMENT FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1984 and 31 December 1983

Expressed in Thousands of United States Dollars (Note 2)

	1984	1983
FUNDS WERE PROVIDED BY		
Operations:		
Net income	\$ 17,673	\$ 18,398
Items not requiring current funds:		
Administration charge (Note 4)	34,372	35,690
Decrease in accrued income including interest added to loans	36	3,222
Funds provided by operations	<u>52,081</u>	<u>57,308</u>
Contributions:		
Contributions drawn	\$745,832	\$715,900
Notes of contributors encashed	235,843	159,428
Decrease in notes of contributors as a result of currency revaluations	228,326	62,010
Notes of contributors received	(752,475)	(714,511)
Decrease in contributions drawn as a result of currency revaluations	<u>(339,328)</u>	<u>118,198</u>
Other-net	<u>10</u>	<u>5,079</u>
Totals	<u>170,289</u>	<u>186,475</u>
FUNDS WERE UTILIZED FOR		
Loans:		
Loans disbursed	298,254	221,472
Decrease in loans disbursed and outstanding as a result of currency revaluations	(96,596)	(20,384)
Loans collected	<u>(11,701)</u>	<u>189,957</u>
Administration charge paid	39,176	26,084
Net translation adjustments	16,288	6,766
Decrease in Set-Aside Resources due to substitution of the SDR for the 1968 dollar as the unit of value	3,178	2,674
Totals	248,599	226,210
DECREASE IN CASH IN BANKS AND INVESTMENTS	\$ 78,310	\$ 39,735

See notes to financial statements (ADF-6).

SUMMARY STATEMENT

31 December 1984

Expressed in Thousands of

Borrowers	Principal Amounts	Loans Not Yet Effective	Refundings and Cancellations
Afghanistan	\$ 95,100	\$ 20,100	\$ 949
Bangladesh	1,582,565	319,947	16,291
Bhutan	11,924	7,281	—
Burma	483,560	9,606	18,158
Cambodia	1,670	—	—
Cook Islands	2,500	—	—
Indonesia	162,280	—	—
Kiribati	2,284	534	5,440
Korea, Republic of	3,700	—	—
Laos	58,971	8,839	102
Malaysia	3,300	—	6,877
Maldives	3,241	—	—
Nepal	431,332	59,561	7,335
Pakistan	1,218,102	244,097	10,358
Papua New Guinea	109,323	39,383	797
Philippines	79,300	—	405
Singapore	3,000	—	—
Solomon Islands	24,102	1,960	193
Sri Lanka	394,644	54,917	7,161
Thailand	72,100	—	28
Tonga	8,074	—	55
Vanuatu	2,010	—	—
Viet Nam	40,670	13,000	3,745
Western Samoa	40,417	3,924	84
Adjustments in United States dollar equivalents of loans disbursed			
TOTALS — 31 December 1984	<u>\$4,834,169</u>	<u>\$783,149</u>	<u>\$77,978</u>
TOTALS — 31 December 1983	<u>\$4,213,847</u>	<u>\$826,396</u>	<u>\$58,077</u>

MATURITY OF EFFECTIVE LOANS

Twelve Months Ending 31 December	Amounts	Five Years Ending 31 December	Amounts
1985	\$20,821	1994	353,599
1986	21,566	1999	500,153
1987	26,872	2004	662,032
1988	34,092	2009	732,610
1989	42,530	2014	722,312
		2019	581,639
		2024	198,164
		Undetermined	(139,293) ^a
		Total	<u>\$3,757,097</u>

See notes to financial statements (ADF-6).

^a The Bank makes a 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 a service fee of 3/4 of 1%) ranging from 1% per annum to 3% per annum. Loans negotiated after 1 January 1983 are denominated in Special Drawing Rights (SDR) for the purpose of commitment whereas loans negotiated before that date were denominated in current United States dollars for the same purpose. The disbursed portions of such loans have been translated into United States dollars at the applicable exchange rates as of the respective dates of disbursements whereas the undisbursed portions are translated into United States dollars at the applicable exchange rates as of the end of a reporting period.

ASIAN DEVELOPMENT FUND

OF LOANS^a

and 31 December 1983

United States Dollars (Note 2)

Payments Received	Effective Loans	Undisbursed Balances of Effective Loans ^b	Outstanding Balances
\$ 2,055	\$ 71,996	\$ 46,154	\$ 25,842
3,200	1,243,127	876,735	366,392
	4,643	4,643	—
367	455,429	250,362	205,067
	1,670	1,027 ^c	643
	2,500	792	1,708
20,061	136,779	37,609	99,170
	1,750	1,234	516
1,724	1,874	—	1,874
2,234	41,021	18,767	22,254
1,165	2,135	—	2,135
	3,241	2,484	757
12,462	351,974	216,116	135,858
8,248	955,399	638,620	316,779
6,439	62,704	8,415	54,289
2,609	76,286	44,648	31,638
675	2,325	—	2,325
	21,949	8,648	13,301
9,485	323,081	178,304	144,777
112	71,960	44,863	27,097
195	7,824	1,938	5,886
	2,010	1,740	270
2,499	21,426	3,337	18,089
2,095	34,314	4,462	29,852
	(140,320) ^d	(140,320) ^d	
\$75,625	\$3,757,097	\$2,390,898	\$1,366,199
\$62,740	\$3,221,726	\$2,045,509	\$1,176,217

SUMMARY OF CURRENCIES RECEIVABLE ON LOANS OUTSTANDING

Currency	1984	1983	Currency	1984	1983
Australian dollar	\$ 56,717	\$48,121	Japanese yen	719,909	611,122
Austrian schilling	5,843	5,229	Netherlands guilder	29,584	25,633
Belgian franc	12,212	10,530	New Zealand dollar	5,712	5,820
Canadian dollar	84,003	61,025	Norwegian krone	7,090	6,064
Danish krone	9,010	7,575	Pound sterling	54,146	45,168
Deutsche mark	115,335	91,941	Swedish krona	7,217	6,192
Finnish markka	5,047	4,386	Swiss franc	24,495	17,841
French franc	16,566	11,139	United States dollar	319,488	243,114
Italian lira	34,145	20,225	Adjustments in United States dollar equivalents of loans disbursed	(140,320) ^d	(44,908) ^d
			Totals	\$1,366,199	\$1,176,217

^b Of the undisbursed balances, the Bank has entered into irrevocable commitments to disburse \$251.^c Pending consultation with the government concerning its intentions with respect to the project being financed, the Bank has suspended further disbursement of the loan.^d These amounts represent 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.^e Represents translation adjustments and undisbursed amounts which have not been allocated to specific maturities.

ASIAN DEVELOPMENT BANK — ASIAN DEVELOPMENT FUND

STATEMENT OF RESOURCES

31 December 1984

Expressed in Thousands of United States Dollars (Note 2)

	Amounts Committed During 1984	Cumulative Amounts Committed	Amounts Not Yet Available for Loan Com- mitments	Amounts Available for Loan Commitments	Amounts Received	Amounts Receivable
CONTRIBUTED RESOURCES						
Australia	\$ —	\$ 303,587	\$ 87,884	\$ 215,703	\$ 215,703	\$ —
Austria	—	39,749	11,211	28,538	28,538	—
Belgium	19,001	36,344	9,500	26,844	26,844	—
Canada	—	492,942	129,498	363,444	363,444	—
China, Republic of	—	2,000	1,000	1,000	1,000	—
Denmark	—	34,776	10,023	24,753	24,753	—
Finland	—	29,058	8,880	20,178	19,206	972
France	—	158,780	54,025	104,755	104,755	—
Germany, Fed. Rep. of	—	356,152	90,965	265,187	252,452	12,736
Hong Kong	—	1,000	500	500	500	—
Indonesia	—	3,000	1,500	1,500	1,500	—
Italy	88,229	138,252	44,114	94,138	94,138	—
Japan	—	2,536,254	564,419	1,971,835	1,971,835	—
Korea, Republic of	—	3,500	1,750	1,750	1,750	—
Netherlands	56,635	109,035	28,317	80,718	80,718	—
New Zealand	954	10,053	1,905	8,148	8,148 ^a	—
Norway	—	30,872	8,188	22,684	22,684	—
Sweden	—	46,313	14,029	32,284	32,284	—
Switzerland	—	65,229	15,396	49,833	49,833	—
United Kingdom	—	193,776	41,601	152,175	152,175	—
United States	—	1,295,000 ^b	351,232	943,768	943,768	—
Totals	164,819	5,885,672	1,475,937	4,409,735	4,396,028	13,707
SET-ASIDE RESOURCES (Note 5)	—	46,667	—	46,667	46,667	—
OTHER RESOURCES	—	5,080	—	5,080	5,080	—
TOTALS	\$164,819	\$5,937,419	\$1,475,937	\$4,461,482	\$4,447,775	\$13,707

See notes to financial statements (ADF-6).

a Excluding \$476 equivalent representing advance payment received from New Zealand on account of its contribution to the third ADF replenishment (ADF IV) which amount was not yet available for loan commitments as of 31 December 1984.

b Including \$351,232 representing the balance of the United States' contribution to the first ADF replenishment (ADF II) and the balance of the second tranche and the last two tranches of its contribution to ADF IV for which the necessary internal procedures had not been completed as of 31 December 1984.

ASIAN DEVELOPMENT BANK — ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1984 and 31 December 1983

CONTINUED

NOTE 1 — GENERAL

The Asian Development Fund (the Fund) was established on 28 June 1974 to streamline special operations of the Bank.

The initial contributions of three contributors are restricted as to their initial use to procurement of goods and services from their respective countries. As of 31 December 1984, the unused portions of such contributions were equivalent to US\$19,586,000 (US\$32,971,000 — 1983).

The resources of the Fund have been subsequently augmented by three replenishments, the most recent of which was in July 1982 in a total amount equivalent to US\$3,214,073,000 to cover the operational requirements for the four years ending 31 December 1986.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currencies and Reporting Currency

The currencies of contributing members are functional currencies. The reporting currency is the United States dollar, and the financial statements are expressed in thousands of current United States dollars.

Translation of Currencies

Assets, liabilities and contributions committed are translated from their functional currencies to the reporting currency generally at the applicable rates of exchange at the end of a reporting period. Income and expense amounts are translated for each semi-monthly period generally at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments relating to contributions are offset by increases or decreases in the contribution accounts. Translation ad-

justments relating to capital set-aside (see Note 5) are recorded as receivable from or payable to Ordinary Capital Resources. Other translation adjustments are charged or credited to "Accumulated translation adjustments". Exchange gains or losses on currency transactions among functional currencies are included in income.

Loans

Concessional loans of the Fund have been extended to certain developing member countries, bear only a service charge, and generally require repayment over a 40-year period. The Fund requires Borrowers to absorb exchange risks attributable to fluctuations in the value of the currencies disbursed. The Fund has not suffered any loan losses to date and follows a policy of not taking part in debt rescheduling agreements.

Contributions

Contributions by member countries are included in the financial statements as amounts committed from the date Instruments of Contribution are deposited and related formalities are completed.

NOTE 3 — INVESTMENTS

As of 31 December 1984, the market value of investments was \$321,676,000 (\$400,095,000 — 1983), including investments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$262,690,000 (\$277,741,000 — 1983). During the year ended 31 December 1984, sales of investments resulted in a net gain of \$534,000 (loss of \$397,000 — 1983). Gains and losses on sales of investments are measured by the difference between average amortized cost and the net proceeds of sales. The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each quarter, including realized gains and losses, was 9.58% (9.54% — 1983).

ASIAN DEVELOPMENT BANK — ASIAN DEVELOPMENT FUND**NOTES TO FINANCIAL STATEMENTS****31 December 1984 and 31 December 1983****NOTE 4 — ADMINISTRATIVE EXPENSES AND
ADMINISTRATION CHARGE**

Administrative expenses include an administration charge from Ordinary Capital Resources amounting to \$34,372,000 (\$35,690,000 — 1983). The charge represents an apportionment of all administrative expenses of the Bank (other than those appertaining directly to ordinary operations and special operations) based on the number of loans approved for the year.

NOTE 5 — SET-ASIDE RESOURCES

Pursuant to the provisions of Article 19, paragraph 1(i) of the Articles of Agreement Establishing the Bank, the Board of Governors has authorized the setting aside of 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b), as of 28 April 1973, to be used as part of the Special Funds of the Bank. The capital so set aside was allocated and transferred from the Ordinary Capital Resources to the Fund as Set-Aside Resources.

The capital stock of the Bank is defined in Article 4, paragraph 1 "in terms of United States dollars of the weight and fineness in effect on 31 January 1966" (the 1966 dollar). Therefore, Set-Aside Resources had historically been translated into the current United States dollar (the Bank's unit of account), on the basis of its par value in terms of gold. From 1973 until 31 March 1978, the rate arrived at on this basis was \$1.20635 per 1966 dollar. Since 1 April 1978, at which time the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF) came into effect, currencies no longer have par values in terms of gold. Pending the Bank's selection of appropriate successor to the 1966 dollar, the Set-Aside Resources has been valued for purposes of the accompanying financial statements in terms of the Special Drawing Right (SDR), at the value in current United States dollars as computed by the IMF. As of 31 December 1984, the value of the SDR in terms of the current United States dollar was \$0.980205 (\$1.04695 — 1983). On this basis, Set-Aside Resources amounted to \$46,667,000 (\$49,845,000 — 1983). If the capital stock of the Bank as of 31 December 1984 had been valued in terms of \$12,063.50 per share, Set-Aside Resources would have been \$57,434,000.

DELOITTE HASKINS & SELLS
Certified Public Accountants

1114 Avenue of the Americas
New York 10036

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:

We have examined the following financial statements of the Asian Development Bank — Technical Assistance Special Fund (TASF):

TASF-1 Balance Sheet, 31 December 1984 and 31 December 1983

TASF-2 Statement of Operations and Unexpended Balances for the Years Ended 31 December 1984 and 31 December 1983

TASF-3 Statement of Changes in Financial Position for the Years Ended 31 December 1984 and 31 December 1983

TASF-4 Statement of Contributed Resources, 31 December 1984

TASF-5 Summary Statement of Expenses for the Year Ended 31 December 1984

TASF-6 Notes to Financial Statements, 31 December 1984 and 31 December 1983

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 — Technical Assistance Special Fund at 31 December 1984 and 31 December 1983 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.

DELOITTE HASKINS & SELLS

1 March 1985

ASIAN DEVELOPMENT BANK — TECHNICAL ASSISTANCE SPECIAL FUND

BALANCE SHEET

31 December 1984 and 31 December 1983

Expressed in Thousands of United States Dollars (Note 1)

	<u>1984</u>	<u>1983</u>
<u>ASSETS</u>		
CASH IN BANKS	\$ 1,680	\$ 766
INVESTMENTS (Note 2)		
Government and government guaranteed obligations—amortized cost		
(Face amounts \$5,455—1984, \$4,865—1983)	5,389	4,790
Time deposits and other obligations of banks	8,030	10,104
ACCRUED INCOME	142	50
AMOUNTS RECEIVABLE FROM CONTRIBUTORS (TASF-4)	2,727	1,537
OTHER ASSETS	1,768	1,649
TOTALS	\$19,736	\$18,896
<u>LIABILITIES AND UNEXPENDED BALANCES</u>		
ACCOUNTS PAYABLE	\$10,689	\$ 4,565
UNEXPENDED BALANCES (TASF-2) (Note 3)	9,047	14,331
TOTALS	\$19,736	\$18,896

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK — TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF OPERATIONS AND UNEXPENDED BALANCES

For the Years Ended 31 December 1984 and 31 December 1983

Expressed in Thousands of United States Dollars (Note 1)

	1984			1983
CONTRIBUTIONS COMMITTED (TASF-4)	\$ 6,421			\$ 4,776
INCOME				
From investments (Note 2)	\$ 1,019			\$1,141
From other sources — net (Note 4)	236	1,255		776
Totals		7,676		6,693
EXPENSES (TASF-5)				
Services to member countries (Note 4)	11,178			6,477
Administrative expenses	676	11,854		1,694
EXPENSES IN EXCESS OF CONTRIBUTIONS AND INCOME		(4,178)		(1,478)
EXCHANGE LOSSES — net (Note 1)		(1,106)		(753)
DECREASE IN UNEXPENDED BALANCES		(5,284)		(2,231)
UNEXPENDED BALANCES AT BEGINNING OF THE YEAR		14,331		16,562
UNEXPENDED BALANCES AT END OF THE YEAR		\$ 9,047		\$14,331

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK — TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1984 and 31 December 1983

Expressed in Thousands of United States Dollars (Note 1)

	<u>1984</u>	<u>1983</u>
FUNDS WERE PROVIDED BY		
Contributions:		
Contributions drawn	\$5,131	\$5,678
Decrease in contributions drawn as a result of currency revaluations	<u>(619)</u>	<u>(452)</u>
	4,512	5,226
Increase in accounts payable to Ordinary Capital Resources	3,786	1,171
Other-net	<u>(27)</u>	<u>(745)</u>
Totals	<u>8,271</u>	<u>5,652</u>
FUNDS WERE UTILIZED FOR		
Operations		
Decrease in unexpended balances	5,284	2,231
Items not requiring or providing current funds:		
Accrued contributions committed	5,702	4,164
Accrued income	92	(61)
Accrued expenses	<u>(2,246)</u>	375
Funds utilized for operations	8,832	6,709
DECREASE IN CASH IN BANKS AND INVESTMENTS.	\$ 561	\$1,057

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK — TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF CONTRIBUTED RESOURCES

31 December 1984

Expressed In Thousands of United States Dollars (Note 1)

Contributors	Contributions Committed During 1984	Cumulative Contributions Committed	Cumulative Amounts Received	Amounts Receivable
Australia	\$ —	\$ 2,484	\$ 2,484	\$ —
Austria	—	106	106	—
Bangladesh	25	47	22	25
Belgium	—	1,032	1,032	—
Canada	—	3,346	3,224	122
China, Republic of	—	200	200	—
Denmark	222	1,944	1,944	—
Finland	—	237	237	—
France ^a	—	828	828	—
Germany, Federal Republic of	826	2,807	2,807	—
Hong Kong	—	100	100	—
India ^a	—	1,253	1,253	—
Indonesia	—	250	250	—
Italy	—	781	130	651
Japan	2,760	39,607	39,607	—
Korea, Republic of	150	1,300	1,300	—
Malaysia	943	943	—	943
Netherlands	282	1,193	1,007	186
New Zealand	37	1,017	1,017	—
Norway	550	1,520	970	550
Pakistan ^a	70	444	444	—
Singapore	—	100	100	—
Sri Lanka	—	6	6	—
Sweden	—	382	382	—
Switzerland	—	1,035	1,035	—
United Kingdom	306	4,732	4,732	—
United States	250	1,500	1,250	250
 Totals	 6,421	 69,194	 66,467	 2,727
 Transfer to the Asian Development Fund	 —	 (400)	 (400)	 —
 TOTALS	 \$6,421	 \$68,794	 \$66,067	 \$2,727

See notes to financial statements (TASF-6).

a Subsequent to 31 December 1984, France, India and Pakistan have made further contributions equivalent to \$612, \$289 and \$61, respectively, to the Technical Assistance Special Fund.

ASIAN DEVELOPMENT BANK — TECHNICAL ASSISTANCE SPECIAL FUND

SUMMARY STATEMENT OF EXPENSES

For the Year Ended 31 December 1984

Expressed in Thousands of United States Dollars (Note 1)

RECIPIENTS	SERVICES TO MEMBER COUNTRIES			ADMINISTRATIVE EXPENSES ^a	TOTAL EXPENSES
	Project Preparation	Project Implementation/Advisory	Total		
Bangladesh	\$ 530	\$ 719	\$ 1,249	\$ 76	\$ 1,325
Bhutan	169	201	370	—	370
Burma	23	86	109	19	128
Cook Islands	—	9	9	—	9
Fiji	444	162	606	—	606
Indonesia	1,704	490	2,194	138	2,332
Kiribati	131	54	185	—	185
Korea, Republic of	210	—	210	45	255
Laos	43	—	43	22	65
Malaysia	51	232	283	41	324
Maldives	—	91	91	—	91
Nepal	503	33	536	51	587
Pakistan	193	51	244	100	344
Papua New Guinea	17	171	188	27	215
Philippines	450	749	1,199	49	1,248
Solomon Islands	269	—	269	19	288
Sri Lanka	324	215	539	23	562
Thailand	11	512	523	23	546
Tonga	—	73	73	—	73
Vanuatu	—	123	123	—	123
Western Samoa	62	187	249	—	249
Totals	\$5,134	\$4,158	9,292	633	9,925
Regional Activities			1,886	—	1,886
Multiple Projects/Headquarters			—	34	34
Other Administrative Expenses			—	9	9
TOTALS			\$11,178	\$676	\$11,854

See notes to financial statements (TASF-6).

a Principally staff consultants.

ASIAN DEVELOPMENT BANK — TECHNICAL ASSISTANCE SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1984 and 31 December 1983

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Currency and Reporting Currency

The functional currency of the Technical Assistance Special Fund (TASF) is deemed, as a matter of convenience, to be the same as the reporting currency, the United States dollar. The financial statements of TASF are expressed in thousands of current United States dollars.

Translation of Currencies

Assets, liabilities and unexpended balances in currencies other than United States dollars are translated at the applicable rates of exchange at the end of a reporting period. As to contributions committed, the used portions have been translated at the applicable exchange rates as of the respective dates of use whereas the unused portions are translated at the applicable exchange rates as of the end of a reporting period. Income and expense amounts in currencies other than United States dollars are translated for each semi-monthly period generally at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments are accounted for as exchange gains or losses and are charged or credited to operations.

Contributions

Contributions by member countries are included in the financial statements as amounts committed from the date contribution agreements become effective.

NOTE 2 — INVESTMENTS

As of 31 December 1984, the market value of investments was \$13,515,000 (\$14,969,000 — 1983), including in-

vestments not traded in the market (time deposits, etc.) which were valued at their cost or amortized cost of \$11,054,000 (\$12,308,000 — 1983). During the year ended 31 December 1984, there was no gain or loss from sale of investments (net gain of \$20,000—1983). Gains and losses on sales of investments are measured by the difference between average amortized cost and the net proceeds of sales. The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each quarter, including realized gains and losses, was 7.57% (7.88% — 1983).

NOTE 3 — FUNDING

Since 1967, contributions have been made by 27 (26 — 1983) member countries. Contributions in earlier years were restricted in one form or another but there has been a trend in recent years towards contributions being made in a substantially or wholly unrestricted manner.

NOTE 4 — SERVICES TO MEMBER COUNTRIES

The Bank's outstanding commitments for grant-financed technical assistance projects and programs totalled approximately \$27,178,000 as of 31 December 1984 (\$24,840,000 — 1983). Technical Assistance Special Fund resources are used for these commitments where available and any balance is financed from ordinary capital resources income. When technical assistance provided as a grant leads to a Bank loan, the amount of the grant exceeding \$150,000 will be refinanced under the loan. Refinanced amounts of \$232,000 were charged to loans and credited to income from other sources of the TASF during the year ended 31 December 1984 (\$774,000 — 1983).

STATISTICAL ANNEX

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A. ECONOMIC DATA OF DMCs

TABLE 1
ESTIMATED RATE OF REAL GDP GROWTH, 1970-1984 AND PER CAPITA GNP OF SELECTED DMCs, 1983

Country	Average Annual Growth Rate (1)	Rate of Real GDP Growth (%)			Per Capita GNP ^a In Current \$ (5)
		1982 (2)	1983 (3)	1984 ^b (4)	
Bangladesh ^c	5.8 (1973-82)	0.8	3.3	3.9	130
Burma ^d	4.1 (1970-82)	6.0	5.6	6.3	180
China, Rep. of	8.8 (1970-82)	3.4	7.3	10.6	2,670
Fiji	3.3 (1977-82)	-1.1	-3.8	8.2	1,790
Hong Kong	8.9 (1970-82)	2.2	5.1	9.6	6,000
India ^d	3.6 (1970-82)	1.7	7.4	4.5	260
Indonesia	7.4 (1971-82)	2.2	4.2	4.4	560
Korea, Rep. of	8.3 (1970-82)	5.5	9.5	7.5	2,010
Malaysia	7.8 (1971-82)	5.6	5.9	6.9	1,870
Nepal ^c	2.6 (1975-82)	3.8	-1.4	7.4	170
Pakistan ^c	4.8 (1970-82)	4.4	6.1	4.5	390
Papua New Guinea	2.0 (1977-82)	-0.2	1.0	5.0	780
Philippines	5.8 (1970-82)	3.0	1.1	-4.0	760
Singapore	9.0 (1970-82)	6.3	7.9	8.2	6,620
Sri Lanka	5.5 (1970-82)	5.2	4.7	5.0	330
Thailand	6.8 (1970-82)	4.1	5.8	6.0	820
Average ^e		3.2	6.3	5.5	

a World Bank Atlas Methodology, 1981-83 base period, rounded to the nearest ten.

b Preliminary estimates.

c Refers to fiscal years 1 July to 30 June for Bangladesh and Pakistan; 16 July to 15 July for Nepal. The year captions correspond to the last year mentioned in the fiscal year.

d For Burma and India whose fiscal years end on 31 March, the year captions correspond to the first year mentioned in the fiscal year.

e Weights are proportional to GDP in US dollars in 1983.

Sources: IBRD for column (5) and country sources for columns (1), (2), (3) and (4).

TABLE 2
RICE (PADDY) PRODUCTION IN SELECTED DMCs, 1981-1984^a
(Million metric tons)

Country	1981	1982	1983	1984 ^b	Annual Growth Rate (%)		
					1982	1983	1984 ^b
Bangladesh	20.444	21.322	21.900	21.000	4.3	2.7	+4.1
Burma ^c	14.147	14.373	14.392	14.991	1.6	0.1	4.2
China, Rep. of	3.087	3.252	3.231	2.913	5.3	-0.6	-9.8
India	79.883	70.772	89.579	90.000	-11.4	26.6	0.5
Indonesia	32.774	33.597	35.237	37.000	2.5	4.9	5.0
Korea, Rep. of	7.149	7.308	7.391	7.700	2.2	1.1	4.2
Malaysia	2.177	1.832	1.813	1.910	-15.8	-1.0	5.4
Nepal	2.560	1.833	2.744	2.750	-28.4	49.7	0.2
Pakistan ^c	5.145	5.167	5.210	5.250	0.4	0.8	0.8
Philippines	8.108	8.122	7.731	7.900	0.2	-4.8	2.2
Sri Lanka	2.229	2.156	2.477	2.350	-3.3	14.9	-5.1
Thailand ^c	17.774	16.878	18.535	17.200	-5.0	9.8	-7.2
Viet Nam, Soc. Rep. of	12.552	14.169	14.837	15.700	12.9	4.7	5.8
Other DMCs	2.877	3.150	3.254	2.750	9.5	3.3	-15.5
TOTAL	210.906	203.931	228.331	229.414	-3.3	12.0	0.5

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

b Preliminary estimates.

c Regular net exporters of rice.

Sources: Food and Agriculture Organization, January 1985, except for Burma, India, Philippines and Socialist Republic of Viet Nam which are from country sources.

TABLE 3
WHEAT AND MAIZE PRODUCTION IN SELECTED DMCs, 1981-1984^a
(Million metric tons)

Country	1981	1982	1983	1984 ^b	Annual Growth Rate (%)		
					1982	1983	1984 ^b
WHEAT							
Afghanistan	2.850	2.862	2.900	2.850	0.4	1.3	-1.7
Bangladesh	1.092	0.967	1.095	1.200	-11.4	13.2	9.6
Burma	0.124	0.130	0.191	0.179	4.8	46.9	-6.3
India	36.313	37.452	42.790	45.150	3.1	14.3	5.5
Korea, Rep. of	0.057	0.066	0.112	0.017	15.8	69.7	-84.8
Nepal	0.477	0.526	0.657	0.660	10.3	24.9	0.5
Pakistan	11.475	11.304	12.414	10.940	-1.5	9.8	-11.9
Other DMCs	0.012	0.012	0.012	0.012	—	—	—
TOTAL	52.400	53.319	60.171	61.008	1.8	12.9	1.4
MAIZE							
Afghanistan	0.798	0.800	0.780	0.800	0.3	-2.5	2.6
India	6.960	6.900	6.550	7.920	-0.9	-5.1	20.9
Indonesia	4.509	3.235	5.095	4.500	-28.3	57.5	-11.7
Nepal	0.752	0.718	0.768	0.780	-4.5	7.0	1.6
Pakistan	0.931	1.005	1.050	1.100	7.9	4.5	4.8
Philippines	3.290	3.126	3.425	3.743	-5.0	9.6	9.3
Thailand ^c	3.448	3.002	3.552	4.066	-12.9	18.3	14.5
Other DMCs	1.049	1.012	1.087	1.272	-3.5	7.4	17.0
TOTAL	21.737	19.798	22.307	24.181	-8.9	12.7	8.4

— denotes magnitude zero.

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

b Preliminary estimates.

c Regular net exporter of maize.

Sources: Food and Agriculture Organization, January 1985, except for Burma, India and Philippines which are from country sources.

TABLE 4
OIL PRODUCTION AND IMPORTS OF SELECTED DMCs, 1982-1984

Country	Crude Petroleum Production ('000 mt)				Petroleum & Petroleum Products Imports (\$ million)			
	1982	1983	1984 ^a	% Increase 1984/83	1982	1983	1984 ^a	% Increase 1984/83
Afghanistan	—	—	—	—	99	164	90	-45.1
Bangladesh	—	—	—	—	180	172	155	-9.9
Burma	1,278	1,500	1,536	2.4
China, Rep. of	140	135	136	0.7	4,101	4,121	4,151	0.7
Fiji	—	—	—	—	153	110	103	-6.4
Hong Kong	—	—	—	—	1,747	1,389	1,320	-5.0
India	19,734	25,148	27,940	11.1	5,995	4,623	4,630	0.2
Indonesia	66,420	67,006	65,146	-2.8	3,544	4,146	2,678	-35.4
Korea, Rep. of	—	—	—	—	6,740	6,195	6,414	3.5
Malaysia	14,541	18,342	21,075	14.9	1,880	1,829	1,477	-19.2
Nepal	—	—	—	—	33	48	45	-6.3
Pakistan	541	647	667	3.1	1,677	1,565	1,389	-11.2
Papua New Guinea	—	—	—	—	198	201	190	-5.5
Philippines	463	671	531	-20.9	2,105	2,123	1,652	-22.2
Singapore	—	—	—	—	9,566	8,801	7,946	-9.7
Solomon Islands	—	—	—	—	15	16	20	25.0
Sri Lanka	—	—	—	—	587	469	419	-10.7
Thailand	345	684	1,314	92.1	2,642	2,481	2,489	0.3
Tonga	—	—	—	—	6	6	6	—
Vanuatu	—	—	—	—	7	6	1	-83.3
Western Samoa	—	—	—	—	7	8	8	—
TOTAL (Reporting)	103,462	114,133	118,345	3.7	41,282	38,473	35,183	-8.6

... denotes data not available.

— denotes magnitude zero.

a Preliminary estimates.

Sources: UN, *Monthly Bulletin of Statistics*, October 1984 and country sources.

TABLE 5
CHANGES IN CONSUMER PRICES IN SELECTED DMCs, 1982-1984^a
(Per cent)

Country	1982	1983	1984 ^b
Afghanistan	19.1	20.6	25.0
Bangladesh	12.8	6.9	9.9
Burma	4.2	5.6	4.9
China, Rep. of ^c	3.0	1.4	-0.1
Cook Islands	13.0	7.5	11.9
Fiji ^c	7.0	6.8	5.3
Hong Kong	10.5	9.9	8.2
India ^c	7.9	11.9	8.3
Indonesia	9.0	11.5	8.8
Kiribati	5.5	6.3	6.0
Korea, Rep. of	7.3	3.4	2.3
Malaysia	5.8	3.7	5.0
Nepal	10.6	12.3	5.4
Pakistan ^c	5.9	4.5	8.4
Papua New Guinea	3.9	9.9	7.1
Philippines	11.0	10.8	49.3
Singapore	3.9	1.2	2.6
Solomon Islands	13.0	6.7	11.1
Sri Lanka	10.8	14.0	16.6
Thailand	5.4	3.8	0.9
Tonga	10.8	8.2	5.0
Vanuatu	6.2	1.7	1.6
Western Samoa	18.3	16.4	11.9
Weighted Average ^d	7.5	8.0	8.8

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

b. Preliminary estimates.

c. Data refer to average of all cities.

d. Weights are proportional to GNP in US dollars in 1983.

Sources: IMF, *International Financial Statistics*, February 1985 and country sources.

TABLE 6
BALANCE OF TRADE OF SELECTED DMCs, 1981-1984
(\$ million)

Country	Exports (fob)			
	1981	1982	1983	1984 ^a
Afghanistan	694	708	729	797
Bangladesh	703	618	735	799
Burma	473	389	449	496
China, Rep. of	22,611	22,204	25,123	30,457
Cook Islands	4	4	3	3
Fiji	315	287	241	260
Hong Kong	21,842	20,979	22,095	28,324
India	8,374	9,384	9,288	9,400
Indonesia	25,165	22,328	21,146	21,874
Kiribati	4	2	4	8
Korea, Rep. of	21,254	21,853	24,445	29,253
Malaysia	11,766	12,036	13,810	16,295
Maldives	9	10	13	18
Nepal	130	113	98	120
Pakistan	2,987	2,517	2,633	2,810
Papua New Guinea	840	773	818	920
Philippines	5,710	5,012	4,971	5,337
Singapore	20,964	20,782	21,837	24,068
Solomon Islands	66	58	62	63
Sri Lanka	1,050	1,015	1,071	1,470
Thailand	7,012	6,945	6,368	7,391
Tonga	7	4	4	8
Vanuatu	33	23	30	35
Viet Nam, Soc. Rep. of	615	475	538	620
Western Samoa	11	13	18	20
TOTAL	152,639	148,532	156,529	180,846

^a Preliminary estimates.

Sources: IMF, *International Financial Statistics*, February 1985 and country sources.

Imports (cif)				Balance of Trade			
1981	1982	1983	1984 ^a	1981	1982	1983	1984 ^a
622	695	846	887	72	-13	-117	-90
1,981	1,774	1,530	1,693	-1,278	-1,156	-795	-894
769	842	716	729	-296	-453	-267	-233
21,200	18,888	20,287	21,963	1,411	3,316	4,836	8,494
25	20	23	18	-21	-16	-20	-15
633	510	485	458	-318	-223	-244	-198
24,741	23,533	24,122	28,571	-2,899	-2,554	-2,027	-247
15,768	14,980	14,128	14,800	-7,394	-5,596	-4,840	-5,400
13,272	16,859	16,352	13,466	11,893	5,469	4,794	8,408
23	18	18	17	-19	-16	-14	-9
26,131	24,251	26,192	30,626	-4,877	-2,398	-1,747	-1,373
11,546	12,404	13,202	14,273	220	-368	608	2,022
28	39	52	49	-19	-29	-39	-31
359	372	457	380	-229	-259	-359	-260
5,409	5,141	5,616	6,236	-2,422	-2,624	-2,983	-3,426
1,098	1,020	977	1,100	-258	-247	-159	-180
8,479	8,263	7,979	6,351	-2,769	-3,251	-3,008	-1,014
27,570	28,152	28,153	28,660	-6,606	-7,370	-6,316	-4,592
76	59	57	59	-10	-1	5	4
1,846	1,772	1,786	1,902	-796	-757	-715	-432
9,933	8,549	10,287	10,412	-2,921	-1,604	-3,919	-3,021
31	42	30	39	-24	-38	-26	-31
59	60	64	67	-26	-37	-34	-32
1,200	1,115	1,240	1,330	-585	-640	-702	-710
67	50	36	50	-56	-37	-18	-30
172,866	169,408	174,635	184,136	-20,227	-20,876	-18,106	-3,290

TABLE 7
INTERNATIONAL RESERVES AND RATIO OF RESERVES TO IMPORTS OF SELECTED DMCs, 1981-1984

Country	International Reserves ^a (\$ million)				Ratio to Imports ^b (Months)			
	1981	1982	1983	1984 ^c	1981	1982	1983	1984 ^c
Bangladesh	155.3	207.1	541.6	406.0	0.9	1.4	4.2	2.9
Burma	239.2	114.0	98.6	79.0	3.7	1.6	1.7	1.3
China, Rep. of Fiji	7,368.0 135.5	8,677.0 127.4	12,010.0 116.2	15,201.0 117.0	4.2 2.6	5.5 3.0	7.1 2.9	8.3 3.1
India	4,941.0	4,549.0	5,152.0	6,118.0	3.8	3.7	4.6	5.2
Indonesia	6,076.0	4,196.0	4,814.0	5,752.0	5.5	3.0	3.5	5.1
Kiribati ^d	75.0	80.0	78.2	82.7	39.1	53.3	52.1	58.4
Korea, Rep. of ^e	6,890.1	6,985.1	6,908.7	6,952.7	3.2	3.5	3.2	2.7
Malaysia	4,193.0	3,858.0	3,869.0	3,793.0	4.4	3.7	3.5	3.2
Nepal	208.3	205.6	139.7	84.0	7.0	6.6	3.7	2.7
Pakistan	1,507.0	1,526.0	2,729.0	1,695.0	3.3	3.6	5.8	3.3
Papua New Guinea	469.5	360.0	476.0	351.0	5.1	4.2	5.8	3.8
Philippines	2,707.0	2,543.0	903.0	899.0	3.8	3.7	1.4	1.7
Singapore	7,548.2	8,479.8	9,264.2	10,342.0	3.3	3.6	3.9	4.3
Solomon Islands	20.5	37.7	46.1	61.0	3.2	7.7	9.7	12.4
Sri Lanka	341.0	364.0	308.0	521.0	2.2	2.5	2.1	3.3
Thailand	2,727.0	2,652.0	2,556.0	2,689.0	3.3	3.7	3.0	3.1
Tonga ^d	13.1	14.2	16.8	18.0	5.1	4.1	6.7	5.5
Western Samoa	3.3	3.5	7.2	10.0	0.6	0.8	2.4	2.4
TOTAL	45,619.0	44,979.4	50,034.3	55,171.4	3.8	3.8	4.1	4.3

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

b Imports cif from trade statistics were used for computing the ratio.

c India is as of September, while China, Rep. of and Singapore are as of October.

d Foreign exchange holdings only.

e Includes commercial banks' foreign assets, which constitute 61%, 60%, 66% and 61% of total International reserves for 1981 to 1984, respectively.

Sources: IMF, *International Financial Statistics*, February 1985 and country sources.

TABLE 8
 DOMESTIC SAVINGS, CAPITAL FORMATION AND RESOURCE GAP
 AS PERCENTAGE OF GDP OF SELECTED DMCs, 1981-1983
 (Per cent)

Country	Gross Domestic Savings as Percentage of GDP			Gross Capital Formation as Percentage of GDP			Resource Gap as Percentage of GDP		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
Bangladesh (FY)	3.2	2.0	0.6	10.5	10.4	10.6	7.3	8.4	10.0
Burma (FY)	19.1	15.1	17.2	22.9	22.8	21.7	3.8	7.7	4.5
China, Rep. of	31.7	30.5	31.7	29.5	24.6	23.3	-2.3	-5.8	-8.4
Hong Kong	30.4	28.2	25.1	35.9	32.0	27.0	5.5	3.8	1.9
India (FY)	22.1	22.8	22.6	23.9	24.4	23.9	1.8	1.6	1.3
Korea, Rep. of	23.4	24.0	26.3	28.5	26.4	27.0	5.1	2.4	0.7
Malaysia	26.8	30.0	29.2	33.2	35.3	33.9	6.4	5.3	4.7
Nepal (FY)	10.9	9.5	9.8	17.6	16.8	21.2	6.7	7.4	11.4
Pakistan (FY)	6.7	5.9	5.5	16.1	16.9	14.7	9.3	11.0	9.2
Papua New Guinea	14.0	16.2	18.3	26.5	32.4	30.7	12.5	16.2	12.4
Philippines	24.1	20.9	20.3	30.6	28.3	27.1	6.5	7.4	6.8
Singapore	39.5	40.0	41.9	44.5	45.2	45.6	5.1	5.2	3.7
Sri Lanka	15.0	13.2	13.6	28.7	28.9	26.5	13.7	15.7	12.9
Thailand	17.8	18.4	18.0	24.7	21.0	23.0	7.0	2.6	5.0

Sources: Country sources.

TABLE 9
TOTAL NET FLOWS OF RESOURCES TO DMCs, 1981-1983
(\$ million)

Country	Concessional Flows (ODA)			Non-Concessional Flows ^a			Total Flows		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
Afghanistan	23.2	9.3	13.3	-0.5	3.0	-0.3	22.7	12.3	13.0
Bangladesh	1,095.1	1,346.5	1,072.0	-19.0	9.8	39.6	1,076.1	1,356.3	1,111.6
Bhutan	9.8	11.3	13.0	—	—	—	9.8	11.3	13.0
Burma	283.4	318.9	301.2	44.5	99.1	27.4	327.9	418.0	328.6
Cambodia	130.0	43.9	36.7	—	-0.2	—	130.0	43.7	36.7
China, Rep. of	7.8	-6.4	8.1	688.9	434.0	-55.6	696.7	427.6	-47.5
Cook Islands	10.5	10.4	9.3	1.2	1.7	2.0	11.7	12.1	11.3
Fiji	40.5	35.4	32.8	45.4	40.2	32.5	85.9	75.6	65.3
Hong Kong	9.5	7.9	8.8	1,759.6	1,175.2	1,100.1	1,769.1	1,183.1	1,108.9
India	1,914.5	1,550.4	1,720.0	430.7	625.1	456.3	2,345.2	2,175.5	2,176.3
Indonesia	975.4	906.3	743.9	3,593.1	1,911.5	2,382.2	4,568.5	2,817.8	3,126.1
Kiribati	15.3	15.1	16.8	7.8	0.1	-0.1	23.1	15.2	16.7
Korea, Rep. of	330.6	34.0	8.4	1,202.9	1,473.8	1,303.3	1,533.5	1,507.8	1,311.7
Lao PDR	35.0	38.3	29.7	—	-0.2	0.4	35.0	38.1	30.1
Malaysia	143.3	135.3	177.5	847.4	698.5	1,582.2	990.7	833.8	1,759.7
Maldives	12.9	5.4	11.0	9.1	-3.4	-2.1	22.0	2.0	8.9
Nepal	180.6	200.5	199.9	—	-1.2	-3.4	180.6	199.3	196.5
Pakistan	812.3	902.4	720.3	61.4	281.9	54.6	873.7	1,184.3	774.9
Papua New Guinea	335.9	310.7	332.8	-12.1	289.9	242.0	323.8	600.6	574.8
Philippines	376.1	333.4	424.2	867.6	623.6	1,152.2	1,243.7	957.0	1,576.4
Singapore	21.8	20.5	14.6	1,362.8	893.8	169.6	1,384.6	914.3	184.2
Solomon Islands	31.1	28.4	27.5	-1.0	0.1	3.3	30.1	28.5	30.8
Sri Lanka	377.5	415.8	469.7	44.3	58.5	67.6	421.8	474.3	537.3
Thailand	406.6	388.9	434.0	1,156.6	849.3	849.2	1,563.2	1,238.2	1,283.2
Tonga	18.0	17.4	18.1	—	—	—	18.0	17.4	18.1
Vanuatu	30.4	26.0	27.0	-0.9	6.1	7.7	29.5	32.1	34.7
Viet Nam, Soc. Rep. of	242.4	135.5	106.2	60.2	2.3	-15.9	302.6	137.8	90.3
Western Samoa	25.0	22.8	26.8	-0.4	-0.2	4.3	24.6	22.6	31.1
TOTAL	7,894.5	7,264.3	7,003.6	12,149.6	9,472.3	9,399.1	20,044.1	16,736.6	16,402.7

— denotes magnitude zero.

a Including bilateral and multilateral non-concessional flows and private flows.

Source: OECD, *Geographical Distribution of Financial Flows to Developing Countries, 1980/1983*.

TABLE 10
EXTERNAL PUBLIC DEBT AND DEBT SERVICE RATIO
OF SELECTED DMCs, 1981-1983
(\$ million)

Country	Debt Outstanding ^a			Service Payments			Debt Service Ratio ^b (%)		
	1981	1982	1983	1981	1982	1983	1981	1982	1983
Bangladesh	3,851.9	4,294.9	4,184.5	97.6	111.2	143.0	9.4	10.9	14.7
Burma	1,638.2	1,958.3	2,226.1	136.4	120.2	149.7	21.9	23.2	33.5
China, Rep. of	4,795.5	5,661.1	6,289.8	1,063.3	1,263.1	1,284.2	3.8	4.7	4.3
Fiji	237.4	265.5	291.6	26.0	34.2	37.7	4.6	6.3	7.3
Hong Kong	308.5	267.3	223.7	191.3	48.5	45.7	0.9 ^c	0.2 ^c	0.2 ^c
India	17,976.4	19,512.5	21,276.6	1,025.1	1,150.3	1,323.2	8.4	9.0	15.5 ^c
Indonesia	15,950.4	18,617.9	21,768.8	2,073.8	2,250.9	2,554.9	8.3	10.6	12.8
Korea, Rep. of	18,279.3	20,061.4	21,472.4	3,398.5	3,716.2	3,743.4	12.4	13.1	12.3
Malaysia	5,606.9	8,070.6	10,665.2	493.7	793.8	954.4	3.6	5.6	5.8
Maldives	36.9	42.1	46.5	0.7	1.6	3.2	0.9	1.9	5.5
Nepal	231.6	296.6	346.4	4.9	6.0	8.5	1.6	2.3	3.0
Pakistan	8,812.0	9,164.2	9,465.6	533.3	537.4	831.2	15.4	16.4	21.9
Papua New Guinea	629.0	748.0	765.6	68.1	94.6	104.9	7.0	10.2	11.0
Philippines	7,617.9	8,844.2	10,385.4	852.2	1,045.5	1,251.8	10.1	13.1	15.4
Singapore	1,318.2	1,410.1	1,243.6	228.5	235.8	394.3	0.8	0.8	1.3
Solomon Islands	11.7	16.0	20.4	0.1	0.1	0.3	0.1	0.1	0.3
Sri Lanka	1,610.2	1,964.6	2,205.0	93.4	137.6	166.9	6.8	10.2	11.9
Thailand	5,187.0	6,199.1	7,060.3	621.4	791.0	949.3	7.1	9.0	11.3
Western Samoa	56.5	60.4	60.5	3.5	2.9	3.7	21.3	18.6	20.6 ^c
TOTAL	94,155.5	107,454.8	119,998.0	10,911.8	12,340.9	13,950.3	6.0	6.9	7.6

a Disbursed only.

b Debt service payments as a percentage of exports of goods and all services including workers' remittances.

c Merchandise exports was used in computing the ratio.

Sources: IBRD, December 1984 and country sources.

B. BANK OPERATIONAL DATA

LOAN APPROVALS IN 1984 AND TOTAL PROJECT COSTS

(amounts in \$ million)

CONTINUED

Country/Project	Ordinary Capital Resources	Special Funds	Total Project Costs ^a
BANGLADESH			
Sixth Power (Sector Loan)	—	120.00	—
Second Railway	—	46.00	83.40
Secondary Science Education Sector	—	37.00	—
Second Natural Gas Development	—	103.80	157.50
BHUTAN			
Second Multiproject	—	7.40	9.25
BURMA			
Second Myanma Economic Bank	—	10.00	—
FJJI			
Agricultural Development	3.20	—	7.08
INDONESIA			
National Estate Crop Protection	63.00	—	105.64
Arakundo-Jambu Aye Irrigation and Flood Control	68.00	—	124.40
Nucleus Estate and Smallholder Oil Palm	57.00	—	95.00
Seventh Port	86.00	—	158.00
Seventh Road (Sector)	95.00	—	—
Fisheries Infrastructure Sector	50.00	—	—
Second Kalimantan Livestock Development	60.00	—	100.00
Technical Assistance Program Loan for a Multisector Program	25.00	—	—
Third Senior Technical Schools	83.00	—	139.00
KIRIBATI			
Betio Shipyard Rehabilitation	—	0.55	0.665
KOREA, REPUBLIC OF			
Third Citizens National Bank	40.00	—	—
Seoul-Incheon Natural Gas Distribution	40.00	—	130.00
Eighth Water Supply	67.00	—	244.81
Ninth Water Supply	27.00	—	124.23
LAO PDR			
Xeset Hydropower	—	1.00	1.25
Second Forestry Development	—	8.00	13.41
MALAYSIA			
Third Penang Port Expansion	45.80	—	174.00
Compensatory Forestry Sector	24.50	—	—
Trengganu Smallholders Development	25.40	—	61.40
Sungai Piah Hydropower	64.20	—	141.60

LOAN APPROVALS IN 1984 AND TOTAL PROJECT COSTS
 (amounts in \$ million)

Country/Project	Ordinary Capital Resources	Special Funds	Total Project Costs ^a
MALDIVES			
Multiproject Loan	—	2.38	2.90
NEPAL			
Second Supplementary Loan-			
Chitwan Valley Development	—	5.20	6.20
Sixth Power	—	28.10	41.70
Rural Water Supply Sector	—	9.60	—
Hill Agriculture Development	—	17.80	22.30
PAKISTAN			
Left Bank Outfall Drain (Stage I)	—	122.00	654.80
Tarbela Hydropower Extension (Units 11 and 12)	137.20	31.80	572.53
Second Health and Population	—	16.00	19.97
Chashma Command Area Development	—	40.00	71.50
PAPUA NEW GUINEA			
Fourth Road Improvement (Sector)	18.25	15.00	—
PHILIPPINES			
Agricultural Inputs Program	130.00	—	—
Allah River Irrigation (Supplementary)	27.90	—	27.90
PNOC Energy	85.00	—	109.00
Second Power System Development	33.00	—	52.34
SOLOMON ISLANDS			
Guadalcanal Road Improvement	—	2.00	6.50
SRI LANKA			
Walawe Irrigation Improvement	—	11.00	13.70
Plantation Sector	—	45.00	—
THAILAND			
Mae Moh (Unit 8) Power	122.60	—	419.07
Rural Telecommunications	72.60	—	114.20
WESTERN SAMOA			
Fifth Development Bank of Western Samoa	—	4.00	—
GRAND TOTAL	1,550.65	683.63	4,005.245

a. Total project costs exclude those of DFI, program, sector and technical assistance program loans.

LOAN APPROVALS BY COUNTRY AND BY SOURCE OF FUNDS, 1983, 1984, 1967-1984

(amounts in \$ million)

Country	1983			1984			1967-1984			
	OCR	SF	Total	OCR	SF	Total	OCR	SF	Total	%
Afghanistan,	—	—	—	—	—	—	—	95.10	95.10	0.61
Dem. Rep. of Bangladesh	—	273.50	273.50	—	306.80	306.80	11.40	1,614.93	1,626.33	10.44
Bhutan	—	5.00	5.00	—	7.40	7.40	—	12.40	12.40	0.08
Burma	—	79.60	79.60	—	10.00	10.00	6.60	489.26	495.86	3.18
Cambodia	—	—	—	—	—	—	—	1.67	1.67	0.01
China, Rep. of	—	—	—	—	—	—	100.39	—	100.39	0.65
Cook Islands	—	—	—	—	—	—	—	2.50	2.50	0.02
Fiji	—	—	—	3.20	—	3.20	49.10	—	49.10	0.32
Hong Kong	—	—	—	—	—	—	101.50	—	101.50	0.64
Indonesia	426.15	—	426.15	587.00	—	587.00	2,791.00	162.28	2,953.28	18.95
Kiribati	—	—	—	—	0.55	0.55	—	2.30	2.30	0.01
Korea, Rep. of	192.80	—	192.80	174.00	—	174.00	1,945.83	3.70	1,949.53	12.51
Lao People's Dem. Rep.	—	14.30	14.30	—	9.00	9.00	—	60.14	60.14	0.39
Malaysia	82.50	—	82.50	159.90	—	159.90	1,041.73	3.30	1,045.03	6.71
Maldives	—	—	—	—	2.38	2.38	—	3.38	3.38	0.02
Nepal	—	82.70	82.70	—	60.70	60.70	2.00	438.32	440.32	2.83
Pakistan	126.80	185.30	312.10	137.20	209.80	347.00	876.37	1,236.15	2,112.52	13.56
Papua New Guinea	13.00	15.00	28.00	18.25	15.00	33.25	87.20	110.94	198.14	1.27
Philippines	234.54	—	234.54	275.90	—	275.90	2,031.74	79.30	2,111.04	13.55
Singapore	—	—	—	—	—	—	178.08	3.00	181.08	1.16
Solomon Islands	—	7.75	7.75	—	2.00	2.00	—	24.60	24.60	0.16
Sri Lanka, Dem. Soc. Rep. of	—	35.42	35.42	—	56.00	56.00	14.13	397.63	411.76	2.64
Thailand	114.00	—	114.00	195.20	—	195.20	1,436.38 ^a	72.10	1,508.48	9.68
Tonga	—	2.20	2.20	—	—	—	—	8.25	8.25	0.05
Vanuatu	—	1.10	1.10	—	—	—	—	2.10	2.10	0.01
Viet Nam, Soc. Rep. of	—	—	—	—	—	—	3.93	40.67	44.60	0.29
Western Samoa	—	1.55	1.55	—	4.00	4.00	—	40.58	40.58	0.26
TOTAL	1,189.79	703.42	1,893.21	1,550.65	683.63	2,234.28	10,677.38	4,904.60	15,581.98	100.00

^a Adjusted due to a reduction by \$47 million of Bank financing for the Natural Gas Transmission Project in Thailand which was approved in 1982.

CO-FINANCING ARRANGEMENTS, 1984
 (amounts in \$ million)

Project	Country	Bank Loan		Amount of Co-Financing	Sources of Co-Financing
		OCR	SF		
Community Schools ^a	Bangladesh	—	13.50	3.00	Norway
Sixth Power (Sector Loan)	Bangladesh	—	120.00	22.20	United Kingdom (ODA)
Second Railway	Bangladesh	—	46.00	17.00 0.99	Norway UNDP
Second Natural Gas Development	Bangladesh	—	103.80	7.80	Netherlands
Arakundo-Jambu Aye Irrigation and Flood Control	Indonesia	68.00	—	26.50	Saudi Arabia
Seventh Port	Indonesia	86.00	—	20.00	Saudi Arabia
Fisheries Infrastructure Sector	Indonesia	50.00	—	10.70	IsDB
Fifth Korea Long-Term Credit Bank ^b	Korea, Rep. of	70.00	—	30.00	Commercial Banks ^c
Seoul-Incheon Natural Gas Distribution ^c	Korea, Rep. of	40.00	—	121.30	Commercial Banks (France)
				20.00	Commercial Banks (Japan)
				5.50	Export Credit (Belgium)
				16.10	Export Credit (Japan)
Vientiane Plain Road Improvement ^b	Lao PDR	—	8.00	0.49	UNDP
Third Penang Port Expansion	Malaysia	45.80	—	30.00 30.00	Saudi Arabia Commercial Banks/ Export Credit
Sungai Piah Hydropower	Malaysia	64.20	—	25.50	Commercial Banks/ Export Credit
Sixth Power	Nepal	—	28.10	0.50	Federal Republic of Germany

a Bank loan was approved in 1981.

b Bank loan was approved in 1983.

c The commercial co-financing will be provided by a syndicate of banks led by the Bank of Tokyo (Japan).

Project	Country	Bank Loan		Amount of Co-Financing	Sources of Co-Financing
		OCR	SF		
Tarbela Hydropower Extension (Units 11 and 12)	Pakistan	137.20	31.80	17.41 24.45 21.29 24.45	Canada Federal Republic of Germany Export Credit (Canada) Export Credit (Germany)
Left Bank Outfall Drain (Stage I)	Pakistan	—	122.00	37.20 35.70 52.00 150.00 10.00 10.00	Canada United Kingdom (ODA) Saudi Arabia IDA OPEC Fund Switzerland
Second Health and Population	Pakistan	—	16.00	0.50	UNDP
Agricultural Inputs Program	Philippines	130.00	—	150.00	IBRD
Second Power System Development	Philippines	33.00	—	3.05	RepublicBank (Dallas)
Guadalcanal Road Improvement	Solomon Islands	—	2.00	1.50 2.00	OPEC Fund IDA
Plantation Sector	Sri Lanka	—	45.00	5.50 55.00 8.30 5.50	United Kingdom (ODA) IDA Netherlands Norway
Mae Moh (Unit 8) Power	Thailand	122.60	—	11.50 134.81	Switzerland Export Credit
Rural Telecommunications	Thailand	72.60	—	13.20	Japan (OECD)
Fifth Development Bank of Western Samoa	Western Samoa	—	4.00	2.00 0.05	IDA UNDP
TOTAL		919.40	540.20	1,162.99	

LOAN APPROVALS BY SECTOR, 1983, 1984, 1967-1984
(amounts in \$ million)

Sector	1983						
	OCR		SF		TOTAL		
	No.	Amount	No.	Amount	No. ^a	Amount	%
Agriculture and Agro-Industry	9	341.89	15	306.47	24	648.36	34.25
Agriculture	9	341.89	14	264.57	23	606.46	32.04
Agro-Industry	—	—	1	41.90	1	41.90	2.21
Energy	4	255.60	5	195.15	8	450.75	23.81
Industry and Non-Fuel Minerals	2	85.00	1	10.00	3	95.00	5.02
Development Banks	3	145.00	1	60.00	3	205.00	10.83
Transport and Communications	1	13.00	3	52.50	4	65.50	3.46
Water Supply and Sanitation	4	186.60	—	—	4	186.60	9.85
Urban Development	1	36.70	—	—	1	36.70	1.94
Education	2	126.00	—	—	2	126.00	6.65
Health and Population	—	—	2	72.10	2	72.10	3.81
Multisector ^c	—	—	2	7.20	2	7.20	0.38
TOTAL	26	1,189.79	29	703.42	53	1,893.21	100.00

a A project which is financed from both OCR and SF is counted only once.

b Adjusted due to a reduction in Bank financing by \$47 million for the Natural Gas Transmission Project in Thailand which was approved in 1982.

c Includes multiproject loans and a technical assistance loan for a multisectoral program.

1984							1967-1984						
OCR		SF		TOTAL			OCR		SF		TOTAL		
No.	Amount	No.	Amount	No. ^a	Amount	%	No.	Amount	No.	Amount	No. ^a	Amount	%
10	509.00	7	249.00	17	758.00	33.92	97	2,392.32	154	2,441.35	228	4,833.67	31.02
10	509.00	7	249.00	17	758.00	33.92	83	2,200.22	123	1,956.72	190	4,156.94	26.68
—	—	—	—	—	—	—	14	192.10	31	484.63	38	676.73	4.34
6	482.00	5	284.70	10	766.70	34.32	87	2,972.35 ^b	57	1,155.24	122	4,127.59	26.49
—	—	—	—	—	—	—	20	357.47	7	128.97	24	486.44	3.12
1	40.00	2	14.00	3	54.00	2.42	52	1,382.10	28	335.50	76	1,717.60	11.02
5	317.65	4	63.55	8	381.20	17.06	75	1,757.43	34	300.42	99	2,057.85	13.21
2	94.00	1	9.60	3	103.60	4.64	42	1,019.46	13	158.16	51	1,177.62	7.56
—	—	—	—	—	—	—	10	286.15	1	20.00	11	306.15	1.97
1	83.00	1	37.00	2	120.00	5.37	13	408.80	15	197.60	26	606.40	3.89
—	—	1	16.00	1	16.00	0.72	4	76.30	7	146.50	11	222.80	1.43
1	25.00	2	9.78	3	34.78	1.55	1	25.00	7	20.86	8	45.86	0.29
26	1,550.65	23	683.63	47	2,234.28	100.00	401	10,677.38	323	4,904.60	656	15,581.98	100.00

LOAN APPROVALS BY SECTOR: THREE-YEAR MOVING AVERAGES, 1968-1970 — 1982-1984
(amounts in \$ million)

	Total Lending ^a	Agriculture and Agro-Industry	Energy	Industry and Non-Fuel Minerals	Development Banks	Transport and Communications	Water Supply and Sanitation	Social Infrastructure
								Urban Development, Education, Health and Population
Average during								
1968-1970	128.4	25.0	15.4	19.3	30.0	30.9	6.8	1.0
1969-1971	199.3	40.8	50.6	17.3	39.0	43.2	7.4	1.0
1970-1972	271.9	42.7	89.9	13.7	38.0	58.4	27.0	2.2
1971-1973	330.5	52.1	106.4	1.4	51.2	78.9	37.1	3.4
1972-1974	428.4	80.4	114.4	17.2	64.5	91.4	57.1	3.4
1973-1975	543.2	151.3	125.1	23.1	90.9	96.0	49.8	7.0
1974-1976	661.3	193.6	141.2	36.2	115.3	109.9	59.9	5.2
1975-1977	774.2	236.2	170.5	32.4	119.7	131.4	65.2	18.8
1976-1978	940.4	257.9	202.5	68.2	135.2	150.2	84.3	42.1
1977-1979	1,098.9	327.3	264.0	62.5	129.8	133.0	95.7	86.2
1978-1980	1,282.0	396.7	319.0	50.3	140.5	158.8	103.2	112.8
1979-1981	1,454.9	473.7	395.9	13.1	156.0	136.9	113.0	165.0
1980-1982	1,599.0	543.6	443.1	11.8	159.8	184.4	96.3	159.1
1981-1983	1,751.5	603.8	465.8	41.4	185.8	131.8	122.7	197.2
1982-1984	1,937.0	675.9	561.4	37.1	135.8	234.7	116.0	162.1
Cumulative (1968-1984)	15,582.0	4,833.7	4,127.6	486.4	1,717.6	2,057.8	1,177.6	1,135.4
Percentage Distribution								
1968-1970	100.0	19.5	12.0	15.0	23.4	24.1	5.3	0.7
1969-1971	100.0	20.5	25.4	8.7	19.5	21.7	3.7	0.5
1970-1972	100.0	15.7	33.1	5.0	14.0	21.5	9.9	0.8
1971-1973	100.0	15.8	32.2	0.4	15.5	23.9	11.2	1.0
1972-1974	100.0	18.8	26.7	4.0	15.1	21.3	13.3	0.8
1973-1975	100.0	27.9	23.0	4.2	16.7	17.7	9.2	1.3
1974-1976	100.0	29.3	21.3	5.5	17.4	16.6	9.1	0.8
1975-1977	100.0	30.5	22.0	4.2	15.5	17.0	8.4	2.4
1976-1978	100.0	27.4	21.5	7.2	14.4	16.0	9.0	4.5
1977-1979	100.0	29.8	24.0	5.7	11.8	12.1	8.7	7.9
1978-1980	100.0	30.9	24.9	3.9	11.0	12.4	8.0	8.8
1979-1981	100.0	32.6	27.2	0.9	10.7	9.4	7.8	11.3
1980-1982	100.0	34.0	27.7	0.7	10.0	11.5	6.0	10.0
1981-1983	100.0	34.5	26.6	2.4	10.6	7.5	7.0	11.2
1982-1984	100.0	34.9	29.0	1.9	7.0	12.1	6.0	8.4
Cumulative (1968-1984)	100.0	31.0	26.5	3.1	11.0	13.2	7.6	7.3

^a Total lending figures, where applicable, include Multiproject and TA program loans. However, because of the multisectoral nature of the loans, the figures have been excluded in the sectoral distribution.

CONTRACTS AWARDED AND DISBURSEMENTS UNDER EFFECTIVE LOANS,^a 1968-1984
 (amounts in \$ million)

Year	Cumulative Effective Loans		Cumulative Contracts Awarded		Cumulative Disbursements	
	No. ^b	Amount ^c	Amount ^c	Percentage of Cumulative Effective Loans	Amount ^d	Percentage of Cumulative Effective Loans
1968	4	20	4.5 ^e	22	1.8	9
1969	13	67	13.5	20	9.3	14
1970	28	137	54.4 ^f	40	26.4	19
1971	67	404	115.0	28	75.1	19
1972	93	696	271.5	39	136.2	20
1973	130	998	453.2	45	282.7	28
1974	187	1,612	836.1	52	470.2	29
1975	221	2,052	1,150.2	56	832.1	40
1976	264	2,846	1,505.9	53	1,158.7	41
1977	294	3,461	1,862.0	54	1,514.9	44
1978	340	4,289	2,432.8	57	1,977.1	46
1979	391	5,274	2,941.5	56	2,463.4	47
1980	451	6,592	3,820.4	58	3,042.4	46
1981	510	7,953	4,503.6	57	3,709.5	47
1982	570	9,672	5,570.7 ^g	58	4,504.6	47
1983	621	11,100	6,296.3	57	5,441.5	49
1984	675	13,027	7,299.8	56	6,442.0	49

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

b. For years 1980 and 1981, includes one fully cancelled and seven refinanced loans.

c. Net of cancellations and amount transferred to subsequent loans.

d. Includes interest and other charges financed during construction.

e. Figures for 1968 and 1969 are based on Bank's Monthly Statement of Loans as no Quarterly Procurement Statistics were prepared during those years.

f. Figures from 1970 onwards are based on Quarterly Procurement Statistics of the Bank as a result of computerization. Figures reported in earlier Annual Reports were based on Monthly Statement of Loans.

g. Change in amount due to adjustments resulting from computerization of procurement statistics.

**NUMBERS OF LOANS AND PROJECTS APPROVED AND UNDER ADMINISTRATION,
PCRs CIRCULATED, PROJECTS COMPLETED AND LOANS CLOSED IN 1984
(As of 31 December 1984)**

	Cumulative No. of Loans Approved ^a	Cumulative No. of Effective Loans ^a	Cumulative No. of Projects Approved	Cumulative No. of Blended Loans	Cumulative No. of Supplementary Loans
Afghanistan	9	8	8	—	1
Bangladesh	60	55	54	3	2
Bhutan	2	1	2	—	—
Burma	31	30	27	2	2
Cambodia	1	1	1	—	—
China, Rep. of	12	12	12	—	—
Cook Islands	2	2	2	—	—
Fiji	6	5	6	—	—
Hong Kong	5	5	5	—	—
Indonesia	103	98	98	3	2
Kiribati	2	1	2	—	—
Korea, Rep. of	71	68	71	—	—
Lao PDR	12	10	11	—	1
Malaysia	55	51	53	1	1
Maldives	2	2	2	—	—
Nepal	44	40	36	1	7
Pakistan	70	64	53	13	5
Papua New Guinea	20	16	16	4	—
Philippines	76	73	70	3	2
Singapore	14	14	14	—	—
Solomon Islands	8	7	8	—	—
Sri Lanka	37	35	31	1	4
Thailand	46	44	43	2	1
Tonga	6	6	6	—	—
Vanuatu	2	2	2	—	—
Viet Nam	11	9	9	2	—
Western Samoa	17	16	14	—	2
TOTAL	724	675	656	35	30

a Includes Special Assistance loans.

b Includes projects/loans which have been approved but are still awaiting effectiveness.

c Prior to 1979, PCRs were approved by Management and not circulated to the Board; five PCRs were prepared from 1976-1978.

Cumulative No. of Co-Financed Loans	No. of Projects Under Administration ^b As of 31/12/84	No. of Loans Under Administration ^b As of 31/12/84	Cumulative No. of PCRs Circulated ^c	No. of Projects Completed in 1984	No. of Loans Closed in 1984
2	8	9	—	—	—
21	42	43	9	—	1
—	2	2	—	—	—
11	20	22	5	2	3
—	1	1	—	—	—
—	—	—	1	—	—
—	1	1	—	—	—
2	3	3	1	—	—
—	1	1	4	—	—
19	68	70	21	2	2
—	2	2	—	—	—
7	28	28	22	4	4
6	7	7	2	—	—
8	23	23	16	1	2
1	2	2	—	—	—
16	29	31	6	—	1
20	37	44	13	2	3
2	9	12	7	1	1
18	48	51	18	3	2
2	1	1	4	1	2
5	5	5	3	2	1
11	19	21	9	—	1
16	23	24	13	2	2
2	2	2	4	—	—
1	2	2	—	—	—
—	6	6	1	—	—
5	7	8	7	1	1
175	396	421	166	21	26

AMOUNTS OF LOANS APPROVED, CONTRACTS AWARDED, AND DISBURSEMENTS
 (As of 31 December 1984)

(amounts in \$ million)

	Cumulative Loan Amount Committed ^a	Cumulative Net Effective Loans ^a	Contracts Awarded in 1984
Afghanistan	95.10	74.05	—
Bangladesh	1,626.33	1,255.65	113.21
Bhutan	12.40	4.64	—
Burma	495.86	462.40	29.78
Cambodia	1.67	1.67	—
China, Rep. of	100.39	91.14	—
Cook Islands	2.50	2.50	0.11
Fiji	49.10	45.79	-1.03 ^b
Hong Kong	101.50	97.00	3.00
Indonesia	2,953.28	2,471.59	150.11
Kiribati	2.30	1.75	—
Korea, Rep. of	1,949.53	1,713.49	119.25
Lao PDR	59.65	43.25	1.78
Malaysia	1,045.03	819.12	48.53
Maldives	3.38	3.24	0.10
Nepal	440.32	366.44	41.42
Pakistan	2,112.52	1,665.06	158.65
Papua New Guinea	198.14	137.52	5.30
Philippines	2,111.04	1,923.24	178.01
Singapore	181.08	147.22	-8.14 ^b
Solomon Islands	24.60	21.95	0.88
Sri Lanka	411.76	345.77	21.40
Thailand	1,508.48	1,261.05	136.17
Tonga	8.25	8.02	0.80
Vanuatu	2.10	2.01	0.31
Viet Nam	44.60	25.46	0.51
Western Samoa	40.58	36.40	3.39
TOTAL	15,581.49	13,027.42	1,003.54

a Includes Special Assistance loans.

b Negative figure due to adjustments.

c Amount of contracts in one loan exceeded the loan amount.

Cumulative Contracts Awarded As of 31/12/84	% of Cumulative Contracts Awarded to Cumulative Net Effective Loans	Disbursements in 1984	Cumulative Disbursements As of 31/12/84	% of Cumulative Disbursements in Relation to Net Effective Loans
34.21	46.20	—	27.90	37.68
473.55	37.71	77.75	378.91	30.18
—	—	—	—	—
254.31	55.00	25.05	211.96	45.84
1.58	94.61	—	0.64	38.32
90.28	99.06	—	91.14	100.00
0.66	26.40	0.11	1.71	68.40
48.58 ^c	106.09 ^c	7.92	40.48	88.40
105.54 ^c	108.80 ^c	3.14	93.00	95.88
944.53	38.22	160.26	782.16	31.65
1.72	98.29	—	0.52	29.71
1,322.61	77.19	136.48	1,196.93	69.85
27.78	64.23	2.02	24.49	56.62
540.63	66.00	44.39	478.40	58.40
0.89	27.47	0.03	0.76	23.46
198.03	54.04	37.26	150.32	41.02
849.74	51.03	163.05	776.82	46.65
108.07	78.58	5.57	85.59	62.24
1,025.63	53.33	172.33	992.14	51.59
127.25	86.44	8.99	138.07	93.78
13.49	61.46	0.95	13.30	60.59
204.02	59.00	26.82	167.46	48.43
862.84	68.42	122.91	728.83	57.80
6.34	79.05	1.07	6.08	75.81
0.31	15.42	0.27	0.27	13.43
25.71	100.98	0.80	22.13	86.92
31.54	86.65	3.27	31.95	87.77
7,299.84	56.03	1,000.45	6,441.96	49.45

CUMULATIVE PROCUREMENT AS A RESULT OF BANK OPERATIONS

(As of 31 December 1984)

ORDINARY CAPITAL RESOURCES

(Net of Adjustments)^a

(In \$ thousands)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total	% Distribution
Australia	68,008	1.33	5,693	1.92	73,701	1.36
Austria	52,780	1.03	1,547	0.52	54,327	1.01
Bangladesh	—	—	91	0.03	91	b
Belgium	24,377	0.48	474	0.16	24,851	0.46
Canada	65,587	1.29	19,792	6.66	85,379	1.58
China, Rep. of	67,177	1.32	6,115	2.06	73,292	1.36
Denmark	4,893	0.10	9,150	3.08	14,043	0.26
Finland	1,899	0.04	157	0.05	2,056	0.04
France	127,385	2.50	11,277	3.80	138,662	2.57
Germany, Fed. Rep. of	291,057	5.70	15,074	5.08	306,131	5.67
Hong Kong	25,932	0.51	492	0.16	26,424	0.49
India	45,727	0.90	3,193	1.08	48,920	0.91
Indonesia	7,864	0.15	882	0.30	8,746	0.16
Italy	97,719	1.91	19,586	6.60	117,305	2.17
Japan	1,454,706	28.50	34,392	11.58	1,489,098	27.58
Korea, Rep. of	337,638	6.61	9,082	3.06	346,720	6.42
Luxembourg	35	b	—	—	35	b
Malaysia	15,143	0.30	107	0.04	15,250	0.28
Netherlands	66,782	1.31	9,107	3.07	75,889	1.41
New Zealand	21,199	0.42	4,783	1.61	25,982	0.48
Norway	2,291	0.05	730	0.25	3,021	0.06
Pakistan	70	b	—	—	70	b
Philippines	39,099	0.77	2,185	0.74	41,284	0.76
Singapore	29,616	0.58	656	0.22	30,272	0.56
Sri Lanka	—	—	55	0.02	55	b
Sweden	24,354	0.48	85	0.03	24,439	0.45
Switzerland	85,990	1.69	13,517	4.55	99,507	1.84
Thailand	41,627	0.82	44	0.01	41,671	0.77
United Kingdom	163,417	3.20	30,636	10.32	194,053	3.59
United States	387,523	7.59	87,825	29.58	475,348	8.80
Undetermined						
Local Expenditures	126,714	2.48	900	0.30	127,614	2.36
Foreign Exchange						
Content of Contract	1,426,190	27.94	9,284	3.12	1,435,474	26.58
TOTAL	5,102,799	100.00	296,911	100.00	5,399,710	100.00

a Net of adjustments implies that increases or decreases in contract amounts resulting from changes in currency translation rates, cancellation of contracts or reduction of contract values are already reflected in the cumulative figures for each country.

b Procurement of less than one hundredth of one per cent.

CUMULATIVE PROCUREMENT AS A RESULT OF BANK OPERATIONS

(As of 31 December 1984)

SPECIAL FUNDS RESOURCES

(Net of Adjustments)^a

(In \$ thousands)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total	% Distribution
Australia	32,744	1.85	7,442	5.80	40,186	2.12
Austria	6,170	0.35	—	—	6,170	0.33
Bangladesh	3,011	0.17	26	0.02	3,037	0.16
Belgium	8,795	0.50	75	0.06	8,870	0.47
Burma	4	b	—	—	4	b
Canada	12,649	0.71	15,654	12.21	28,303	1.49
China, Rep. of	3,681	0.21	80	0.06	3,761	0.20
Cook Islands	12	b	—	—	12	b
Denmark	6,210	0.35	258	0.20	6,468	0.34
Fiji	1,256	0.07	—	—	1,256	0.07
Finland	1,128	0.06	2,081	1.62	3,209	0.17
France	8,196	0.46	3,107	2.42	11,303	0.60
Germany, Fed. Rep. of	114,937	6.49	8,279	6.46	123,216	6.48
Hong Kong	13,873	0.78	—	—	13,873	0.73
India	132,402	7.47	13,812	10.77	146,214	7.69
Indonesia	156	0.01	589	0.46	745	0.04
Italy	63,858	3.60	2,674	2.08	66,532	3.50
Japan	524,218	29.58	22,804	17.78	547,022	28.78
Korea, Rep. of	81,828	4.62	612	0.48	82,440	4.34
Malaysia	5,862	0.33	1,218	0.95	7,080	0.37
Maldives	12	b	—	—	12	b
Nepal	4,892	0.28	—	—	4,892	0.26
Netherlands	22,609	1.28	3,335	2.60	25,944	1.37
New Zealand	20,088	1.13	1,122	0.87	21,210	1.12
Norway	212	0.01	—	—	212	0.01
Pakistan	3,208	0.18	—	—	3,208	0.17
Papua New Guinea	23	b	—	—	23	b
Philippines	6,525	0.37	4,553	3.55	11,078	0.58
Singapore	33,879	1.91	168	0.13	34,047	1.79
Sri Lanka	689	0.04	231	0.18	920	0.05
Sweden	20,494	1.16	59	0.05	20,553	1.08
Switzerland	38,861	2.19	2,972	2.32	41,833	2.20
Thailand	19,294	1.09	38	0.03	19,332	1.02
United Kingdom	136,472	7.70	16,106	12.56	152,578	8.03
United States	94,734	5.35	16,453	12.83	111,187	5.85
Undetermined						
Local Expenditures	100,791	5.69	342	0.26	101,133	5.32
Foreign Exchange Content of Contract	248,104	14.00	4,167	3.25	252,271	13.28
TOTAL	1,771,877	100.00	128,257	100.00	1,900,134	100.00

^a Net of adjustments implies that increases or decreases in contract amounts resulting from changes in currency translation rates, cancellation of contracts or reduction of contract values are already reflected in the cumulative figures for each country.

^b Procurement of less than one hundredth of one per cent.

CUMULATIVE PROCUREMENT AS A RESULT OF BANK OPERATIONS
 (As of 31 December 1984)

ORDINARY CAPITAL RESOURCES AND SPECIAL FUNDS COMBINED
 (Net of Adjustments)^a

(in \$ thousands)

Country of Procurement	Goods, Related Services & Civil Works	% Distribution	Consulting Services	% Distribution	Total	% Distribution
Australia	100,752	1.47	13,135	3.09	113,887	1.56
Austria	58,950	0.86	1,547	0.36	60,497	0.83
Bangladesh	3,011	0.04	117	0.03	3,128	0.04
Belgium	33,172	0.48	549	0.13	33,721	0.46
Burma	4	b	—	—	4	b
Canada	78,236	1.14	35,446	8.34	113,682	1.56
China, Rep. of	70,858	1.03	6,195	1.46	77,053	1.06
Cook Islands	12	b	—	—	12	b
Denmark	11,103	0.16	9,408	2.21	20,511	0.28
Fiji	1,256	0.02	—	—	1,256	0.02
Finland	3,027	0.04	2,238	0.53	5,265	0.07
France	135,581	1.97	14,384	3.38	149,965	2.05
Germany, Fed. Rep. of	405,994	5.91	23,353	5.49	429,347	5.88
Hong Kong	39,805	0.58	492	0.12	40,297	0.55
India	178,129	2.59	17,005	4.00	195,134	2.67
Indonesia	8,020	0.12	1,471	0.35	9,491	0.13
Italy	161,577	2.35	22,260	5.24	183,837	2.52
Japan	1,978,924	28.79	57,196	13.45	2,036,120	27.89
Korea, Rep. of	419,466	6.10	9,694	2.28	429,160	5.88
Luxembourg	35	b	—	—	35	b
Malaysia	21,005	0.31	1,325	0.31	22,330	0.31
Maldives	12	b	—	—	12	b
Nepal	4,892	0.07	—	—	4,892	0.07
Netherlands	89,391	1.30	12,442	2.93	101,833	1.40
New Zealand	41,287	0.60	5,905	1.39	47,192	0.65
Norway	2,503	0.04	730	0.17	3,233	0.04
Pakistan	3,278	0.05	—	—	3,278	0.04
Papua New Guinea	23	b	—	—	23	b
Philippines	45,624	0.66	6,738	1.59	52,362	0.72
Singapore	63,495	0.92	824	0.19	64,319	0.88
Sri Lanka	689	0.01	286	0.07	975	0.01
Sweden	44,848	0.65	144	0.03	44,992	0.62
Switzerland	124,851	1.82	16,489	3.88	141,340	1.94
Thailand	60,921	0.89	82	0.02	61,003	0.84
United Kingdom	299,889	4.36	46,742	10.99	346,631	4.75
United States	482,257	7.01	104,278	24.53	586,535	8.03
Undetermined Local Expenditures	227,505	3.31	1,242	0.29	228,747	3.13
Foreign Exchange Content of Contract	1,674,294	24.35	13,451	3.16	1,687,745	23.12
TOTAL	6,874,676	100.00	425,168	100.00	7,299,844	100.00

a Net of adjustments implies that increases or decreases in contract amounts resulting from changes in currency translation rates, cancellation of contracts or reduction of contract values are already reflected in the cumulative figures for each country.

b Procurement of less than one hundredth of one per cent.

TECHNICAL ASSISTANCE APPROVALS, 1984
(amounts in \$ thousand)

CONTINUED

Country/Project	Project Preparatory	Advisory and Operational
BANGLADESH		
Inter-Modal Transport Study	—	358.0 ^a
Road Maintenance and Rehabilitation Sector	75.0	—
Chhatak Cement Plant Rehabilitation	74.5	—
Second Railway	—	990.0 ^a
Second Aquaculture Development	330.0	—
BHUTAN		
Irrigation Rehabilitation	50.0	—
Agriculture and Irrigation Planning	—	248.0
Industrial Sector Study and a Feasibility Study for the Establishment of a Development Financing Mechanism	—	230.0
BURMA		
Oilseed Production and Processing	450.0 ^a	—
Second Myanma Economic Bank	—	190.0
FIJI		
Sigatoka Valley Rural Development	150.0	—
Agricultural Development	—	150.0
Preparation of Agriculture Sector Plan	—	190.0
INDONESIA		
Seventh Road Sector	36.0	—
Water Supply and Sanitation Sector Profile	50.0	—
Secondary Food Crops Development	210.0 ^b	—
Second Nucleus Estate and Smallholder Oil Palm	150.0 ^c	—
Manpower Training	150.0	—
Livestock Sector Review	—	350.0
Irrigated Command Area Development	258.0	—
Central Java Groundwater Development Study	—	250.0
Second Brackishwater Aquaculture Development	260.0	—
KIRIBATI		
Fisheries Development	75.0	—
Betio Shipyard Rehabilitation	—	290.0
KOREA, REPUBLIC OF		
Seoul-Incheon Natural Gas Distribution	50.0	—
Water Supply and Sanitation Sector Profile	50.0	—
Ninth Water Supply	50.0	—
Gas Pricing Study	—	136.0
LAO PDR		
Second Road Improvement	250.0	—
Project Implementation Advisory Services Unit	—	234.0
Second Forestry Development	—	350.0
Vientiane Plain Road Improvement	—	490.0 ^a
MALAYSIA		
Perlis Agricultural Development	75.0	—
Study on Structural Adjustment in the Smallholder Sector	—	180.0
Fisheries Sector Study	245.0 ^d	—
Health Services Financing Study	—	250.0
Aquaculture Development	330.0	—
MALDIVES		
Appraisal of Subprojects under Multiproject Loan	—	215.0
NEPAL		
Cotton Development	240.0 ^e	—
Second Livestock Development	250.0	—
Industrial Sector Study	—	241.0
Rural Water Supply Sector	—	200.0
Second Aquaculture Development	145.0	—

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

b In addition, FAO/IC will provide \$90,000 under a cost-sharing arrangement.

c In addition, FAO/IC will provide \$75,000 under a cost-sharing arrangement.

d In addition, FAO/IC will provide \$105,000 under a cost-sharing arrangement.

e Of this, \$100,000 is to be financed by UNDP, with the Bank acting as Executing Agency.

TECHNICAL ASSISTANCE APPROVALS, 1984
(amounts in \$ thousand)

Country/Project	Project Preparatory	Advisory and Operational
PAKISTAN		
Farm-to-Market Roads	165.0	—
Left Bank Outfall Drain (Stage I)	250.0 ^f	—
Science Education Project for Secondary Schools	150.0	—
Baluchistan Groundwater Development	330.0	—
Maintenance and Repair of Medical Equipment	—	500.0 ^a
Urban Sector Profile Study	75.0	—
Fruit and Vegetable Storage and Marketing	230.0	—
Pot Feeder Canal Rehabilitation and Improvement	350.0	—
Cotton Development	175.0 ^g	—
PAPUA NEW GUINEA		
Second Rural Health Services	150.0	—
Accounting Education Master Plan	—	95.0
Planning, Monitoring and Evaluation in Department of Primary Industry	—	248.0
Studies on Road Safety, Revenues and Expenditures	—	150.0
Rural Development	350.0 ^h	—
Ramu-Port Moresby Transmission Interconnection Study	223.0	—
Navigational Aids Improvement Study	240.0	—
Preparation of Medium-Term Development Plan	—	160.0
PHILIPPINES		
BRG Subprojects (Energy Sector Loan)	70.0	—
Electricity Tariff Study	—	229.0
Land Use and Regional Development Planning	248.0	—
Private Sector Coal Development Study	—	350.0
Study on Irrigation Management for Crop Diversification	—	250.0 ⁱ
Institutional Strategy Study (ISS)	—	200.0
Refinery Sector Rationalization Study (RSRS)	—	450.0
Groundwater Salinity Intrusion Control	—	344.0
SRI LANKA		
Review and Evaluation of the Operations of the Urea Fertilizer Plant	—	220.0
Trunk Roads Maintenance	250.0	—
Graphite Market Study	75.0	—
Energy Planning Support (Phase II)	—	50.0
THAILAND		
Telecommunications	50.0	—
Advisory Services to Cold Storage Organization	—	65.0
Bangkok Flood Control Management	—	250.0
Land Reform Areas Development	150.0 ^j	—
Institutional and Financial Study for Metropolitan Electricity Authority	—	250.0
Provincial Towns Water Supply	350.0 ^k	—
VANUATU		
Forestry Development	75.0	—
Development of National Accounts	—	199.0
WESTERN SAMOA		
Agriculture Sector Study	—	215.0
Review of the Role and Functions of the Development Bank of Western Samoa	—	100.0
Afiamalu Pump-Assisted Hydropower	250.0	—
Fifth Development Bank of Western Samoa	—	350.0 ^l
TOTAL	8,209.5	10,217.0

^f To be financed by EEC, with the Bank acting as Executing Agency.

^g In addition, FAO/IIC will provide \$75,000 under a cost-sharing arrangement.

^h To be financed by the Government of Switzerland, with the Bank acting as Executing Agency.

ⁱ In addition, the International Irrigation Management Institute (IIMI) will provide \$84,000 in co-financing.

^j In addition, FAO will provide \$65,000 under a cost-sharing arrangement.

^k Of this, \$200,000 is to be financed by the Government of Switzerland, with the Bank acting as Executing Agency.

^l Of this, \$50,000 is to be financed by UNDP, with the Bank acting as Executing Agency.

RÉGIONAL ACTIVITIES, 1984

	Amount (\$ thousand)
1984 Séminars on Procurement and Project Implementation Management and Preparation of a Handbook on Management of Project Implementation	240.0
Joint ADB-NEDA Workshop on Statistical Development in Asian Developing Member Countries	65.0
A Comparative Study of Civil Works Construction of Bank-Financed Projects	60.0
Second Regional Program on Management Development for South Pacific Development Finance Institutions	80.0
Regional Training Program in Fish Handling and Quality Control	50.0 ^a
Regional Program on Project Implementation and Supervision (1984)	130.0
ADB Development Round Table on Industrial Development and Trade Policy	110.0
Fourteenth Pacific Trade and Development Conference	50.0
Training Course in Rural Project Development	30.0
Regional Program on Market Appraisal of Industrial Projects	100.0
Regional Program on Management Development for Development Finance Institutions in Asia (1984)	110.0
Seminar on Consulting Engineering in the Republic of Korea	45.0
Third APO-ADB Training Course in Project Feasibility, Appraisal and Implementation	68.7
ADB Seminar on Domestic Resource Mobilization Through Financial Development	66.0
Asia and Pacific Accounting Education for Development Conference	245.0
Second Regional Program on Power Utility Accounting and Management Information System	120.0
ADB/APDC Workshop on Teaching of Project Planning and Project Implementation	42.0
Study of Food Demand and Supply and Related Strategies for Developing Member Countries (Phase II)	500.0 ^b
Preparation of a Handbook Entitled "Common Mistakes in Procurement under ADB-Financed Projects for Bank's Publication"	85.0
Seminars on Business Opportunities Under Projects Financed by the ADB	160.0
1985 Seminars on Procurement and Project Implementation Management	330.0
International Rice Research Institute for the Establishment of Research and Training Facilities to Enhance Regional Collaboration on Rice Virus Diseases	350.0
Conference on Privatization Policies, Methods and Procedures	148.0
ADB-TDB Program on Development Banking for the South Pacific Region	130.0
Critical Study of the Accounting and Financial Control Practices and Auditing Arrangements of Development Finance Institutions in the Bank's DMCs and the Impact of Tax Regulation on these Practices	335.0
T O T A L	3,649.7

a. In addition, FAO/INFOFISH will provide \$50,000.

b. In addition, IFPRI will provide \$150,000.

TECHNICAL ASSISTANCE BY COUNTRY AND REGIONAL ACTIVITIES, 1983, 1984, 1967-1984
 (amounts in \$ thousand)

Country	1983				%
	No.	Bank Financing	Other Sources	Total	
Afghanistan, Dem. Rep. of	—	—	—	—	—
Bangladesh	9	945.70	3,630.00	4,575.70	18.06
Bhutan	5	550.00	298.00	848.00	3.35
Burma	2	395.00	1,500.00	1,895.00	7.48
Cambodia	—	—	—	—	—
China, Republic of	—	—	—	—	—
Cook Islands	—	—	—	—	—
Fiji	5	815.00	—	815.00	3.22
Indonesia	13	2,963.00	—	2,963.00	11.70
Kiribati	2	375.00	—	375.00	1.48
Korea, Republic of	2	295.00	—	295.00	1.16
Lao People's Democratic Republic	1	50.00	—	50.00	0.20
Malaysia	3	650.00	—	650.00	2.57
Maldives	—	—	—	—	—
Nepal	7	930.00	810.00	1,740.00	6.87
Pakistan	5	250.00	790.00	1,040.00	4.11
Papua New Guinea	1	250.00	—	250.00	0.99
Philippines	7	1,437.40	—	1,437.40	5.68
Singapore	—	—	—	—	—
Solomon Islands	4	637.00	—	637.00	2.51
Sri Lanka, Dem. Soc. Rep. of	4	480.00	248.00	728.00	2.87
Thailand	3	650.00	—	650.00	2.57
Tonga	1	135.00	—	135.00	0.53
Vanuatu	2	413.00	—	413.00	1.63
Viet Nam, Socialist Republic of	—	—	—	—	—
Western Samoa	1	148.00	—	148.00	0.58
Sub-Total	77	12,369.10	7,276.00	19,645.10	77.56
Regional	30	4,932.90	750.00	5,682.90	22.44
TOTAL	107	17,302.00	8,026.00	25,328.00	100.00

No.	1984			1967-1984			
	Bank Financing	Other Sources	Total	%	No.	Total Amount	%
—	—	—	—	—	15	2,465.70	1.46
5	479.50	1,348.00	1,827.50	8.28	70	26,747.32	15.79
3	528.00	—	528.00	2.39	8	1,376.00	0.81
2	190.00	450.00	640.00	2.90	30	8,216.00	4.85
—	—	—	—	—	2	111.00	0.07
—	—	—	—	—	1	100.00	0.06
—	—	—	—	—	2	161.00	0.09
3	490.00	—	490.00	2.22	13	1,794.00	1.06
9	1,714.00	—	1,714.00	7.76	99	19,113.52	11.28
2	365.00	—	365.00	1.65	6	915.00	0.54
4	286.00	—	286.00	1.30	26	3,933.30	2.32
4	834.00	490.00	1,324.00	6.00	22	5,963.78	3.52
5	1,080.00	—	1,080.00	4.89	20	4,117.00	2.43
1	215.00	—	215.00	0.97	3	483.00	0.29
5	976.00	100.00	1,076.00	4.87	63	21,116.70	12.47
9	1,475.00	750.00	2,225.00	10.08	39	7,950.00	4.69
8	1,266.00	350.00	1,616.00	7.32	24	4,030.60	2.38
8	2,141.00	—	2,141.00	9.70	66	14,431.40	8.52
—	—	—	—	—	2	577.42	0.34
—	—	—	—	—	17	2,383.34	1.41
4	595.00	—	595.00	2.70	37	5,610.50	3.31
6	915.00	200.00	1,115.00	5.05	31	7,478.10	4.41
—	—	—	—	—	8	1,085.00	0.64
2	274.00	—	274.00	1.24	6	927.00	0.55
—	—	—	—	—	11	1,110.60	0.66
4	865.00	50.00	915.00	4.15	20	2,695.50	1.59
84	14,688.50	3,738.00	18,426.50	83.47	641	144,892.78	85.54
25	3,649.70	—	3,649.70	16.53	164	24,486.93	14.46
109	18,338.20	3,738.00	22,076.20	100.00	805	169,379.71	100.00

1984 LOANS THAT RESULTED FROM EARLIER BANK TECHNICAL ASSISTANCE
 (amounts in \$ million)

Country/Project	Year of T/A Approval	Amount of T/A	Total Project Costs	Amount of Bank Financing			Amount of Co-Financing	Amount of Government Financing
				OCR	SF	Total		
BANGLADESH								
Sixth Power Sector	1982	0.650	—	—	120.00	120.00	22.20	98.80
Second Railway	1979	0.290	83.40	—	46.00	46.00	17.99	19.41
Secondary Science Education Sector	1983	0.150	—	—	37.00	37.00	—	10.00
Second Natural Gas Development	1983	0.348	157.50	—	103.80	103.80	7.80	45.90
FIJI								
Agricultural Development	1983	0.050	7.08	3.20	—	3.20	—	3.88
INDONESIA								
National Estate Crop Protection	1982	0.249	105.64	63.00	—	63.00	—	42.64
Arakundo-Jambu Aye Irrigation and Flood Control	1980	5.850 ^a	124.40	68.00	—	68.00	26.50	29.90
Nucleus Estate and Small-holder Oil Palm	1983	0.150	95.00	57.00	—	57.00	—	38.00
Seventh Port	(1977)	0.150	—	—	—	—	—	—
	(1982)	5.550 ^a	158.00	86.00	—	86.00	20.00	52.00
Seventh Road Sector	1982)	0.150	—	—	—	—	—	—
	(1984)	0.036	—	95.00	—	95.00	—	64.20
Fisheries Infrastructure Sector	1983	0.237	—	50.00	—	50.00	10.70	22.60
Second Kalimantan Livestock Development	1983	0.250	100.00	60.00	—	60.00	—	40.00
KIRIBATI								
Betio Shipyard Rehabilitation	1983	0.225	0.665	—	0.55	0.55	—	0.12
KOREA, REPUBLIC OF								
Seoul-Incheon Natural Gas Distribution	1984	0.050	130.00	40.00	—	40.00	162.90	39.00
Ninth Water Supply	1984	0.050	124.23	27.00	—	27.00	—	31.40

^a Includes Technical Assistance loan.

Country/Project	Year of T/A Approval	Amount of T/A	Total Project Costs	Amount of Bank Financing			Amount of Co-Financing	Amount of Government Financing
				OCR	SF	Total		
LAO PDR								
Xeset Hydropower	1980	0.246	1.25	—	1.00	1.00	—	0.25
Second Forestry	1983	0.050	13.41	—	8.00	8.00	—	4.87
NEPAL								
Sixth Power	1981)	0.045	41.70	—	28.10	28.10	0.50	13.10
	1982)	0.050	—	—	—	—	—	—
Rural Water Supply Sector	1983	0.150	—	—	9.60	9.60	—	2.40
Hill Agriculture Development	1983	0.230	22.30	—	17.80	17.80	—	3.10
PAKISTAN								
Second Health and Population	1983	0.050	19.97	—	16.00	16.00	0.50	3.50
Chashma Command Area Development	1982	0.240	71.50	—	40.00	40.00	—	31.50
PHILIPPINES								
Agricultural Inputs Program	1983	0.048	—	130.00	—	130.00	150.00	1.00
SOLomon ISLANDS								
Guadalcanal Road Improvement	1983	0.197	6.50	—	2.00	2.00	3.50	1.00
SRI LANKA								
Walawe Irrigation	1983	0.248	13.70	—	11.00	11.00	—	2.70
THAILAND								
Rural Telecommunications	1984	0.050	114.20	72.60	—	72.60	13.20	28.40
TOTAL		16.039	1,390.445	751.80	440.85	1,192.65	435.79	629.67

TECHNICAL ASSISTANCE APPROVALS BY SECTOR, 1983, 1984, 1967-1984
(amounts in \$ thousand)

Sector	1983			1984			1967-1984		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
Agriculture and Agro-Industry	34	9,864.10	50.21	37	8,436.00	45.78	311	77,172.52	53.26
Agriculture	33	9,714.10	49.45	34	7,536.00	40.90	277	71,463.11	49.32
Agro-Industry	1	150.00	0.76	3	900.00	4.88	34	5,709.41	3.94
Energy	16	3,569.00	18.17	11	2,258.00	12.25	85	22,815.84 ^a	15.75
Industry and Non-Fuel Minerals	1	400.00	2.04	2	149.50	0.81	22	3,231.40	2.23
Development Banks	4	1,885.00	9.59	5	1,111.00	6.03	34	6,323.60	4.36
Transport and Communications	5	1,037.00	5.28	12	3,344.00	18.15	78	15,120.30	10.44
Water Supply and Sanitation	4	865.00	4.40	6	950.00	5.16	42	8,014.50	5.53
Urban Development	2	300.00	1.53	1	75.00	0.41	9	2,004.00	1.38
Education	6	860.00	4.38	3	395.00	2.14	28	4,771.92	3.29
Health and Population	3	510.00	2.59	3	900.00	4.88	14	2,684.00	1.85
Multisector	1	145.00	0.74	1	215.00	1.17	4	500.00	0.35
Others	1	210.00	1.07	3	593.00	3.22	14	2,254.70	1.56
TOTAL	77	19,645.10	100.00	84	18,426.50	100.00	641	144,892.78	100.00

a Adjusted to include \$860,000 for the Korea Applied Research Institutes Project, approved in 1978 and earlier classified under the Industry and Non-Fuel Minerals sector.

C. FINANCIAL RESOURCES

BORROWINGS, 1984

Country	Borrowing	Amount in Currency of Borrowing (million)	USS Equivalent ^a (million)
Germany, Federal Republic of	7.75% 10-Year Bonds due 1994	DM 200	76.8
	8.00% 10-Year Bonds due 1994	DM 200	69.3
Japan	7.30% 12-Year Bonds due 1996	¥25,000	112.0
	7.70% 12-Year Bonds due 1996	¥25,000	105.3
	7.00% 15-Year Bonds due 1999	¥25,000	101.9
	8.75% 10-Year Bonds due 1994	f 200	68.5
Netherlands	6.00% 10-Year Bonds due 1994	SwF 100	45.9
	6.25% 10-Year Bonds due 1994	SwF 100	42.9
	6.125% 12-Year Bonds due 1996	SwF 100	40.0
United Kingdom	10.25% 25-Year Bonds due 2009	£ 100	140.3
International	7.375% 10-Year Bonds due 1994	¥15,000	63.9
	Zero Coupon 20-Year Bonds due 2004	US\$ 105 ^b	105.0
TOTAL			971.7^c

a Based on the exchange rates effective at the date of Board approval of each borrowing.

b Proceeds, face amount of which is US\$1,000 million.

c Total does not tally due to rounding.

STATUS OF ASIAN DEVELOPMENT FUND RESOURCES

	Change in 1984					
	Valued as of 31/12/83 US\$m.	Addition US\$m.	Exchange Rate Adjustments ^a US\$m.	Net Change US\$m.	Valued as of 31/12/84 US\$m.	SDRm. ^b
Contributed Resources						
Australia	187.16	48.29	(19.75)	28.54	215.70	220.06
Austria	26.28	6.23	(3.97)	2.26	28.54	29.12
Belgium	19.66	11.26	(4.08)	7.18	26.84	27.38
Canada	317.18	65.47	(19.21)	46.26	363.44	370.78
China, Republic of	0.50	0.50	—	0.50	1.00	1.02
Denmark	22.51	5.70	(3.46)	2.24	24.75	25.25
Finland	17.71	4.99	(2.52)	2.47	20.18	20.59
France	89.33	30.05	(14.62)	15.43	104.76	106.88
Germany, Federal Republic of	253.28	47.91	(36.00)	11.91	265.19	270.55
Hong Kong	0.25	0.25	—	0.25	0.50	0.51
Indonesia	0.75	0.75	—	0.75	1.50	1.54
Italy	58.35	49.77	(13.98)	35.79	94.14	96.04
Japan	1,827.15	300.16	(155.47)	144.69	1,971.84	2,011.66
Korea, Republic of	0.88	0.87	—	0.87	1.75	1.79
Netherlands	60.69	32.96	(12.93)	20.03	80.72	82.35
New Zealand	9.55	1.41	(2.81)	(1.40)	8.15 ^c	8.31
Norway	21.93	4.82	(4.07)	0.75	22.68	23.14
Sweden	28.39	7.86	(3.97)	3.89	32.28	32.93
Switzerland	49.97	9.07	(9.21)	(0.14)	49.83	50.84
United Kingdom	164.78	25.06	(37.67)	(12.61)	152.17	155.24
United States	843.77	100.00	—	100.00	943.77 ^d	962.83
Total Contributed Resources	4,000.08	753.38	(343.72)	409.66	4,409.74	4,498.79
Additional Resources						
Set-Aside Resources	49.84 ^e	—	(3.17)	(3.17)	46.67 ^b	47.61
Other Resources ^f	5.08	—	—	—	5.08	5.18
Accumulated Translation Adjustments	(19.27)	(16.28)	—	(16.28)	(35.55)	(36.27)
Accumulated Net Income	171.52	17.67	—	17.67	189.19	193.01
Total Additional Resources	207.17	1.39	(3.17)	(1.78)	205.39	209.53
Total Resources	4,207.25	754.77	(346.89)	407.88	4,615.13	4,708.32
Less: Amounts Disbursed and Outstanding	1,176.22	285.39	(95.41)	189.98	1,366.20	1,393.79
Less: Amounts Committed but Undisbursed:						
Denominated in US Dollars	2,188.14	(293.79)	—	(293.79)	1,894.35	1,932.61
Denominated in SDRs ^g	683.76	573.14	(58.71)	514.43	1,198.19	1,222.37
Total Uncommitted Resources	159.13	190.03	(192.77)	(2.74)	156.39	159.55
Less: Provision for Exchange Rate Fluctuations ^h	214.72	6.88	—	6.88	221.61	226.08
Extent to Which Provision for Exchange Rate Fluctuations Used for Loan Commitments	55.59				65.22	66.53
Net Amount Available for Loan Commitments	—				—	—

Note: Figures may not add due to rounding.

a Relating to balances as of 31 December 1983 and additions in 1984.

b Valued at the rate of \$0.980205 per SDR as of 31 December 1984.

c Excluding \$0.48 million equivalent representing advance payment from New Zealand on account of its contribution to the third ADF replenishment (ADF IV) as this amount was not available for loan commitments as of 31 December 1984.

d Excluding the balance (\$28.23 million) of the United States' contribution to the first ADF replenishment (ADF II) and the balance (\$63.00 million) of the second tranche of its contribution to the third ADF replenishment (ADF IV) for which the necessary internal procedures had not been completed.

e Valued at the rate of \$1.04695 per SDR as of 31 December 1983.

f Amounts initially accrued or allocated to other Special Funds.

g Excluding \$81.51 million equivalent (SDR\$3.16 million) representing conditional loan commitments made in December 1984.

h Equivalent to the sum of Other Resources, Accumulated Translation Adjustments, Accumulated Net Income and Accumulated Loan Principal Repayments.

TECHNICAL ASSISTANCE SPECIAL FUND
 (US Dollar Equivalent)^a

Contributor	Total Contributions	Amount Utilized
Australia	2,484,371	2,484,371
Austria	105,801	47,194
Bangladesh	47,352	22,352
Belgium	1,032,381	602,988
Canada	3,345,751	3,345,751
China, Republic of	200,000	200,000
Denmark	1,944,055	1,722,030
Finland	237,201	237,201
France	827,428	803,472
Germany, Federal Republic of	2,806,689	1,864,668
Hong Kong	100,000	100,000
India	1,253,294	1,253,294
Indonesia	250,000	32,012
Italy	780,484	780,484
Japan	39,607,458	35,910,307
Korea, Republic of	1,300,000	1,159,859
Malaysia	943,164	465,816
Netherlands	1,192,459	910,729
New Zealand	1,016,657	1,016,657
Norway	1,520,282	966,223
Pakistan	443,785	433,900
Singapore	100,000	100,000
Sri Lanka, Dem. Soc. Rep. of	6,309	6,309
Sweden	382,071	382,071
Switzerland	1,035,043	1,035,043
United Kingdom	4,732,464	4,732,464
United States	1,500,000	1,312,687
Sub-Total	69,194,499	61,927,882
Other Resources ^b	6,643,465	4,862,607
TOTAL	75,837,964	66,790,489

a. 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 rates used by the Bank on 31 December 1984.

b. Represents income, repayments and reimbursements accruing to TASF since April 1980.

APPENDIXES

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SUMMARY OF BUDGET FOR 1985

INTERNAL ADMINISTRATIVE EXPENSES

	1984			
	Original Budget ¹	After Transfers ²	Actual ³	1985 Budget
I. BOARD OF GOVERNORS	\$ 580,000	\$ 580,000	\$ 567,899	\$ 321,000
II. BOARD OF DIRECTORS	3,848,000	3,848,000	3,627,766	3,988,000
Salaries	2,018,000	2,018,000	1,966,479	2,111,000
Benefits	905,000	766,000	692,940	877,000
Relocation	294,000	433,000	432,987	372,000
Business Travel	367,000	367,000	278,903	368,000
Staff Services	264,000	264,000	256,457	260,000
III. STAFF	59,574,000	59,574,000	55,327,620	62,971,000
Salaries	35,010,000	35,010,000	33,141,545	36,303,000
Benefits	18,624,000	18,624,000	17,367,758	20,623,000
Relocation	2,037,000	2,037,000	1,687,511	2,062,000
Consultants	3,903,000	3,903,000	3,130,806 ⁴	3,983,000
IV. BUSINESS TRAVEL AND REPRESENTATION	5,844,000	5,844,000	5,426,546	6,393,000
Business Travel	5,731,000	5,731,000	5,342,710	6,276,000
Representation	113,000	113,000	83,836	117,000
V. OTHER ADMINISTRATIVE EXPENSES	11,173,000	11,173,000	9,725,941	12,521,000
Communications	1,593,000	1,593,000	1,507,998	1,633,000
Office Occupancy	3,241,000	3,241,000	2,883,090	3,132,000
Library	216,000	216,000	213,835	222,000
Expendable Supplies	1,016,000	1,064,000	1,063,746	1,216,000
Office Equipment	1,136,000	1,136,000	1,078,752	1,563,000
Contractual Services	2,151,000	2,151,000	1,659,201	2,261,000
Insurance	287,000	287,000	242,659	377,000
Depreciation	1,408,000	1,360,000	997,552	1,641,000
Miscellaneous	125,000	125,000	79,108 ⁵	156,000
Special Activity				320,000
VI. GENERAL CONTINGENCY	1,620,000	1,620,000	—	1,724,000
TOTAL	\$82,639,000	\$82,639,000	\$74,675,772	\$87,918,000

¹ Includes transfers from BOARD OF DIRECTORS — Staff Services: \$1,000 and STAFF — Benefits: \$3,000 to OTHER ADMINISTRATIVE EXPENSES — Miscellaneous: \$4,000, approved by the Board on 23 October 1984.

² Transfers were made between budget items within each Budget Category without exceeding the total amount for the Category.

³ Excludes \$722,745 provided as an accounting requirement as of 31 December 1984 for accumulated compensated absences — \$423,712 and severance pay — \$299,033.

⁴ Includes \$667,458 from the Technical Assistance Special Fund.

⁵ Includes \$8,801 from the Technical Assistance Special Fund.

**SUMMARY OF BUDGET FOR 1985
SERVICES TO MEMBER COUNTRIES**

Financed from Bank's Own Resources	Commitments		
	Budget	1984	1985 Budget
Project Preparatory	\$11,000,000	\$6,859,500	\$13,000,000
Advisory and Operational	6,000,000	7,829,000	8,000,000
Regional	5,000,000	3,649,700	6,000,000
TOTAL	\$22,000,000	\$18,338,200	\$27,000,000

RESOLUTIONS OF BOARD OF GOVERNORS DURING 1984

<u>Resolution No.</u>	<u>Subject</u>	<u>Date Adopted</u>
163	Transfer of Commissions to the Special Reserve	27 March 1984
164	Amendment of Section 7(B)(a) of the By-Laws	17 April 1984
165	Financial Statements and Auditors' Reports	27 April 1984
166	Allocation of Net Income	27 April 1984

BOARD OF GOVERNORS

(As of 31 December 1984)

CONTINUED

Sommai Hoontrakool (Thailand) (Chairman)

Mogens Isaksen (Denmark) (Vice-Chairman)

Radius Prawiro (Indonesia) (Vice-Chairman)

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Afghanistan, Democratic Republic of	Mohamad Kabir ¹ Minister of Finance	Abdul Ghafoor Joushan ² President Treasury Department
Australia	P. J. Keating Treasurer	R. B. Dun Director Australian Development Assistance Bureau
Austria	Franz Vranitzky ³ Federal Minister of Finance	Hans Heller Director General Ministry of Finance
Bangladesh	M. Syeduzzaman ⁴ Principal Finance Secretary and Adviser for Finance	M. Muniruzzaman ⁵ Secretary External Resources Division Ministry of Finance
Belgium	W. de Clercq Vice Prime Minister Minister of Finance and Foreign Trade	Rene Lauwerijns ⁶ Director-General of Administration of the Treasury
Bhutan	Dawa Tsiring Minister for Foreign Affairs	Dorji Tshering Secretary Ministry of Finance
Burma	U Tun Tin Deputy Prime Minister and Minister of Planning and Finance	U Maung Shein Deputy Minister Ministry of Planning and Finance
Cambodia		
Canada	Joe Clark ⁷ Secretary of State for External Affairs	Bernard Drabble ⁸ Associate Deputy Minister Department of Finance
China, Republic of	Chi-Cheng Chang ⁹ Governor Central Bank of the Republic of China	Pei-Ying Pai ¹⁰ Vice-Minister of Finance

BOARD OF GOVERNORS

(As of 31 December 1984)

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Cook Islands	Sir Thomas Robert Alexander Harries Davis Prime Minister and Minister of Finance	Paul Drury Financial Secretary Ministry of Finance
Denmark	Mogens Isaksen Under-Secretary of State Ministry of Foreign Affairs	Boerge Bloend Head of Department Ministry of Foreign Affairs
Fiji	Mosese Qionibaravi Minister of Finance	Savenaca Siwatibau Governor Reserve Bank of Fiji
Finland	Martti Ahtisaari ¹¹ Under-Secretary of State Ministry for Foreign Affairs	Seppo Kauppila ¹² Assistant Director Finnish International Development Agency
France	Pierre Beregovoy ¹³ Minister of the Economy, Finance and Budget	Daniel Lebegue ¹⁴ Director of the Treasury Ministry of the Economy, Finance and Budget
Germany, Federal Republic of	Jürgen Warnke Federal Minister for Economic Cooperation	Winfried Heck Deputy Assistant Secretary Federal Ministry of Finance
Hong Kong	Sir John H. Bremridge Financial Secretary	D. W. A. Blye Secretary for Monetary Affairs
India	Vishwanath Pratap Singh ¹⁵ Minister of Finance	P. K. Kaul Secretary Ministry of Finance Department of Economic Affairs
Indonesia	Radius Prawiro Minister of Finance	Arifin M. Siregar Governor Bank Indonesia
Italy	Carlo Azeglio Ciampi Governor Bank of Italy	Mario Sarcinelli Director General of the Treasury Ministry of the Treasury
Japan	Noboru Takeshita Minister of Finance	Satoshi Sumita ¹⁶ Governor Bank of Japan
Kiribati	Boanereke Boanereke Minister for Finance	Beniamina Tinga Secretary for Finance Ministry of Finance
Korea, Republic of	Mahn-Je Kim Minister of Finance	Chang Nak Choi Governor Bank of Korea

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Lao People's Democratic Republic	Oudone Pholsena Vice-Minister of Finance	Kikham Vongsay Vice-Minister of Finance
Malaysia	Daim Bin Zainuddin ¹⁷ Minister of Finance	Tan Sri Thong Yaw Hong Secretary General to the Treasury
Maldives	Ahmed Mujuthaba Minister of Transport and Shipping	Ismail Fathy Vice Governor Maldives Monetary Authority and Director of Dept. of Finance
Nepal	Prakash Chandra Lohani Minister for Finance and Communications	Karna Dhoj Adhikary Finance Secretary Ministry of Finance
Netherlands	H. O. Ruding Minister of Finance	E.M. Schoo Minister for Development Cooperation
New Zealand	Roger Owen Douglas ¹⁸ Minister of Finance	Bernard Vincent Galvin Secretary to the Treasury
Norway	Odd Jostein Saether ¹⁹ State Secretary Ministry of Development Cooperation	Borger A. Lenth ²⁰ Secretary General Ministry of Development Cooperation
Pakistan	Ghulam Ishaq Khan Minister for Finance, Commerce and Coordination	Ejaz Ahmed Naik Secretary Ministry of Planning and Economic Affairs
Papua New Guinea	Phillip Bouraga M.P. Minister for Finance	John Vulupindi Secretary for Finance
Philippines	Cesar Virata Prime Minister and Minister of Finance	Jose B. Fernandez, Jr. ²¹ Governor Central Bank of the Philippines
Singapore	Tony Tan Keng Yam Minister for Finance and Trade and Industry	J.Y.M. Pillay Permanent Secretary Revenue Division Ministry of Finance
Solomon Islands	George Kejoea ²² Minister of Finance	Felix P. Panjuboe Permanent Secretary Ministry of Finance
Sri Lanka, Democratic Socialist Republic of	Ronnie de Mel Minister of Finance and Planning	W.M. Tilakaratna Secretary to the Treasury and Secretary, Ministry of Finance and Planning

BOARD OF GOVERNORS

(As of 31 December 1984)

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Sweden	Goesta Edgren Under Secretary of State for International Development Cooperation Ministry for Foreign Affairs	Per Joedahl Assistant Under-Secretary for International Development Cooperation Ministry for Foreign Affairs
Switzerland ²³		Hans Meyer Deputy General Manager Swiss National Bank
Thailand	Sommai Hoontrakool Minister of Finance	Panas Simasathien Permanent Secretary for Finance
Tonga	J. C. Cocker Minister of Finance	Baron Vaea Minister of Labour, Commerce and Industries and Assistant Minister of Finance
United Kingdom	Timothy Raison, M.P. Minister of State for Foreign and Commonwealth Affairs and Minister for Overseas Development	H. J. Arbuthnott Under Secretary International Division Overseas Development Administration
United States	Donald T. Regan Secretary of the Treasury	W. Allen Wallis Under Secretary of State for Economic Affairs
Vanuatu	Kalpokor Kalsakau Minister of Finance	John Sethy Regenyanu Deputy Prime Minister and Minister of Home Affairs
Viet Nam, Socialist Republic of	Nguyen Duy Gia Minister-Director General State Bank of Viet Nam	Le Hoang Vice-Minister Deputy Director General State Bank of Viet Nam
Western Samoa	Tuilaepa Sailele ²⁴ Minister of Finance	Kolone Va'ai ²⁵ Financial Secretary

1 Succeeded Abdul Wakil in July.

2 Succeeded Rajab Ali Yagana in July.

3 Succeeded Herbert Salcher in September.

4 Succeeded A.M.A. Muhib in February.

5 Succeeded Maizur Rahman in March.

6 Succeeded E. Kestens in December.

7 Succeeded Jean Chretien in September.

Jean Chretien succeeded Marc Lalonde in August.

8 Succeeded Marcel Massé in September.

9 Succeeded Kuo-Hwa Yu in August.

10 Succeeded Wilson C.P. Yen in August.

11 Succeeded Wilhelm Breitenstein in January.

12 Succeeded Eero Asp in February.

13 Succeeded Jacques Delors in August.

14 Succeeded Michel Camdessus in August.

15 Succeeded Pranab Mukherjee in December.

16 Succeeded Haruo Maekawa in December.

17 Succeeded Tengku Razaleigh Hamzah in August.

18 Succeeded Sir Robert D. Muldoon in August.

19 Succeeded Sverin Stray in February.

20 Succeeded Elvinn Berg in February.

21 Succeeded Jaime C. Laya in January.

22 Succeeded Bartholomeu Ulufa'Alu in December.

23 Klaus Jacobi resigned in May.

24 Succeeded Tohilau Luamanuvae Eti in April.

25 Succeeded A.L. Hutchison in April.

BOARD OF DIRECTORS AND VOTING GROUPS

(As of 31 December 1984)

DIRECTOR	ALTERNATE DIRECTOR	COUNTRIES REPRESENTED ¹
Sofjan Djajawinata (Indonesia)	R. C. W. Hamilton (New Zealand)	Cook Islands Fiji Indonesia New Zealand Tonga Western Samoa
Alan F. Gill (Canada)	Palle Marker ² (Denmark)	Canada Denmark Finland Netherlands Norway Sweden
Keith J. Horton-Stephens ³ (Australia)	Kai Detto (Australia)	Australia Hong Kong Kiribati Solomon Islands
Le Duc Van (Socialist Republic of Viet Nam)	Ronnie Weerakoon (Democratic Socialist Republic of Sri Lanka)	Democratic Republic of Afghanistan Lao People's Democratic Republic Maldives Democratic Socialist Republic of Sri Lanka Socialist Republic of Viet Nam
John Machin ⁴ (United Kingdom)	Hans Martin Schmid ⁵ (Federal Republic of Germany)	Austria Federal Republic of Germany United Kingdom
Tunku Abdul Malek (Malaysia)	Kawee Keereepart (Thailand)	Burma Malaysia Nepal Singapore Thailand
A. Melchor, Jr. (Philippines)	N. M. Qureshi (Pakistan)	Pakistan Philippines
Paolo Nardi ⁶ (Italy)	Gino Alzetta (Belgium)	Belgium France Italy Switzerland
Minoru Ohashi (Japan)	Yukio Saruhashi ⁷ (Japan)	Japan
G. Ramachandran (India)	K. F. Rahman (Bangladesh)	Bangladesh Bhutan India
Joe O. Rogers ⁸ (United States)	Donald R. Sherk (United States)	United States
Sung-Yong Wei ⁹ (Republic of Korea)	John Natera (Papua New Guinea)	Republic of China Republic of Korea Papua New Guinea Vanuatu

¹ In alphabetical order within each group.² Succeeded Robert P. J. de Koning (resigned with effect from 31 August) on 1 September.³ Succeeded N. W. Davey (resigned with effect from 19 February) on 20 February.⁴ Succeeded Paul Koehling (resigned with effect from 30 June) on 1 July.⁵ Succeeded John Machin (resigned with effect from 30 June) on 1 July.⁶ Succeeded Thierry Rosset (resigned with effect from 15 July) on 25 July.⁷ Succeeded Takashi Taniguchi (resigned with effect from 21 June) on 5 July.⁸ Succeeded John A. Bohn, Jr. (resigned with effect from 7 March) on 8 November.⁹ Succeeded Hoon-Mok Chung (resigned with effect from 31 July) on 1 August.

COMMITTEES OF THE BOARD OF DIRECTORS

(As of 31 December 1984)

AUDIT COMMITTEEG. Ramachandran (Chairman)¹

Minoru Ohashi

Joe O. Rogers²

John Natera

N. M. Qureshi

BUDGET REVIEW COMMITTEE

John Machin (Chairman)

Sofjan Djajawinata

Tunku Abdul Malek

Kai Dettlo

Donald R. Sherk

**COMMITTEE ON ADMINISTRATIVE MATTERS
RELATING TO MEMBERS OF THE BOARD**Alan F. Gill (Chairman)³

Le Duc Van

Gino Alzetta⁴

Kawee Keereepart

K. F. Rahman

¹ Succeeded N.W. Davey on 28 February 1984.² Succeeded Donald R. Sherk on 14 November 1984.

Donald R. Sherk succeeded John A. Bohn, Jr., on 8 March 1984.

³ Succeeded Thierry Rosset on 9 August 1984.⁴ Succeeded Takashi Taniguchi on 9 August 1984.

PRINCIPAL OFFICERS

(As of 31 December 1984)

CONTINUED

OFFICE OF THE PRESIDENT

Masao Fujioka	President
A. T. Bambawale	Vice-President
S. Stanley Katz	Vice-President
Günther Schulz	Vice-President

OFFICE OF THE SECRETARY

Wilfred A. Vawdrey	Secretary
A. B. Adarkar	Assistant Secretary

OFFICE OF THE GENERAL COUNSEL

Chun Pyo Jhong	General Counsel
Ramdass K. Keswani	Assistant General Counsel
Herbert V. Morais	Assistant General Counsel
Peter H. Sullivan	Assistant General Counsel

COUNTRY DEPARTMENT

Robert N. Bakley	Director
Klaus J. L. Hoffarth	Deputy Director
Sayed Baha	Deputy Director
Eiichi Watanabe	Co-Financing Manager
Grahame Muller	Country Manager (Afghanistan, Maldives, Pakistan and Sri Lanka)
Paul G. Krukowski	Country Manager (Bangladesh, Bhutan, India and Nepal)
Noritada Morita	Country Manager (Burma, Cambodia, Lao PDR, Thailand and Viet Nam)
Eiji Kobayashi	Country Manager (Republic of China, Republic of Korea and Philippines) (On Concurrent Capacity)
	Country Manager (Cook Islands, Fiji, Kiribati, Papua New Guinea, Solomon Islands, Tonga, Vanuatu and Western Samoa)
Sharda P. Srivastava	Country Manager (Hong Kong, Indonesia, Malaysia and Singapore)

DEVELOPMENT POLICY OFFICE

S. Mahboob Alam	Chief
William T. C. Ho	Manager

PRINCIPAL OFFICERS

(As of 31 December 1984)

AGRICULTURE DEPARTMENT

Soeksmono B. Martokoesoemo	Director
E. Frank Tacke	Deputy Director
Musunuru S. Rao	Manager (Agro-Industries and Forestry)
B. Dahal	Manager (Fisheries and Livestock)
A. I. Aminul Islam	Manager (Agricultural Support Services)

IRRIGATION AND RURAL DEVELOPMENT DEPARTMENT

Kunio Takase	Director
M. Zaki Azam	Deputy Director
Satish C. Jha	Manager (Division I — Burma, Cambodia, Indonesia, Lao PDR, Malaysia, Thailand and Viet Nam)
Richard M. Bradley	Manager (Division II — Afghanistan, Republic of Korea, Maldives, Pakistan, Philippines and Sri Lanka)
Eun Jin Lim	Manager (Division III — Bangladesh, Bhutan, Nepal and South Pacific DMOs)

INFRASTRUCTURE DEPARTMENT

Wolf D. Klüber	Director
S. V. S. Juneja	Deputy Director
Mahesan Ganesan	Manager (Airports and Highways)
Yuzo Akatsuka	Manager (Ports, Railways and Telecommunications)
Javier M. Gomez	Manager (Water Supply and Sanitation)
Mazhar Ali Khan	Manager (Social Infrastructure, including Health and Population and Urban Development)
Charles J. Leven	Manager (Education)

INDUSTRY AND DEVELOPMENT BANKS DEPARTMENT

Akira Tsusaka	Director
Stephen Y. C. Lau	Deputy Director
Jayanta Madhab	Energy Advisor
Alberto M. Balagot	Manager (Industry and Minerals)
V. S. Rao	Manager (Power Division East)
Alan D. Burrell	Manager (Power Division West)
Ivan L. Zimonyi	Manager (Development Finance)

CENTRAL PROJECTS SERVICES OFFICE

Lewis Hayashi	Chief
Urs Rolf Sieber	Manager (Consulting Services)
N. Viswanathan	Manager (Central Loan Administration Services)

BANGLADESH RESIDENT OFFICE

Song Chil Lee	Resident Director
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SOUTH PACIFIC REGIONAL OFFICE

Joaquin J. Gochoco	Chief
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BUDGET, PERSONNEL AND MANAGEMENT SYSTEMS DEPARTMENT

Hiroo Fukui	Director
Dang Fook Lee	Deputy Director
John P. Kennedy	Manager (Personnel)
William G. Brown	Manager (Budget and Planning)
Phua Kok Heng	Acting Manager (Systems and Procedures)

OFFICE OF ADMINISTRATIVE SERVICES

Pyong Whi Min	Chief
Ian F. Darroch	Manager (Building Services)
Vacant	Manager (General Services)

SPECIAL PROJECTS OFFICE

Pradhan J. Prasad	Chief
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CONTROLLER'S DEPARTMENT

Ronald G. Rose	Controller
Francis W. Mentus	Assistant Controller (Accounting)
Louis Wong	Assistant Controller (Administrative Expenses)
Bernard Donge	Assistant Controller (Loans)

TREASURER'S DEPARTMENT

Edgar J. Roberts, Jr.	Treasurer
Yukiji Miyazaki	Deputy Treasurer
Daud Ilyas	Financial Advisor
Albert L. Faber	Assistant Treasurer (Treasury Operations)
Hiroyuki Yamamoto	Assistant Treasurer (Treasury Services)

ECONOMICS OFFICE

Burnham O. Campbell	Chief Economist
Kedar N. Kohli	Assistant Chief Economist
Brien K. Parkinson	Assistant Chief Economist

INFORMATION OFFICE

P. S. Hariharan	Chief Information Officer
Reynaldo D. Pacheco	Assistant Chief Information Officer

OFFICE OF COMPUTER SERVICES

C. Trujillo, Jr.	Chief
S. Kalyanaraman	Assistant Chief

INTERNAL AUDIT OFFICE

Shamshed Ali Khan	Chief
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POST-EVALUATION OFFICE

Ronald S. Skeates	Chief
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