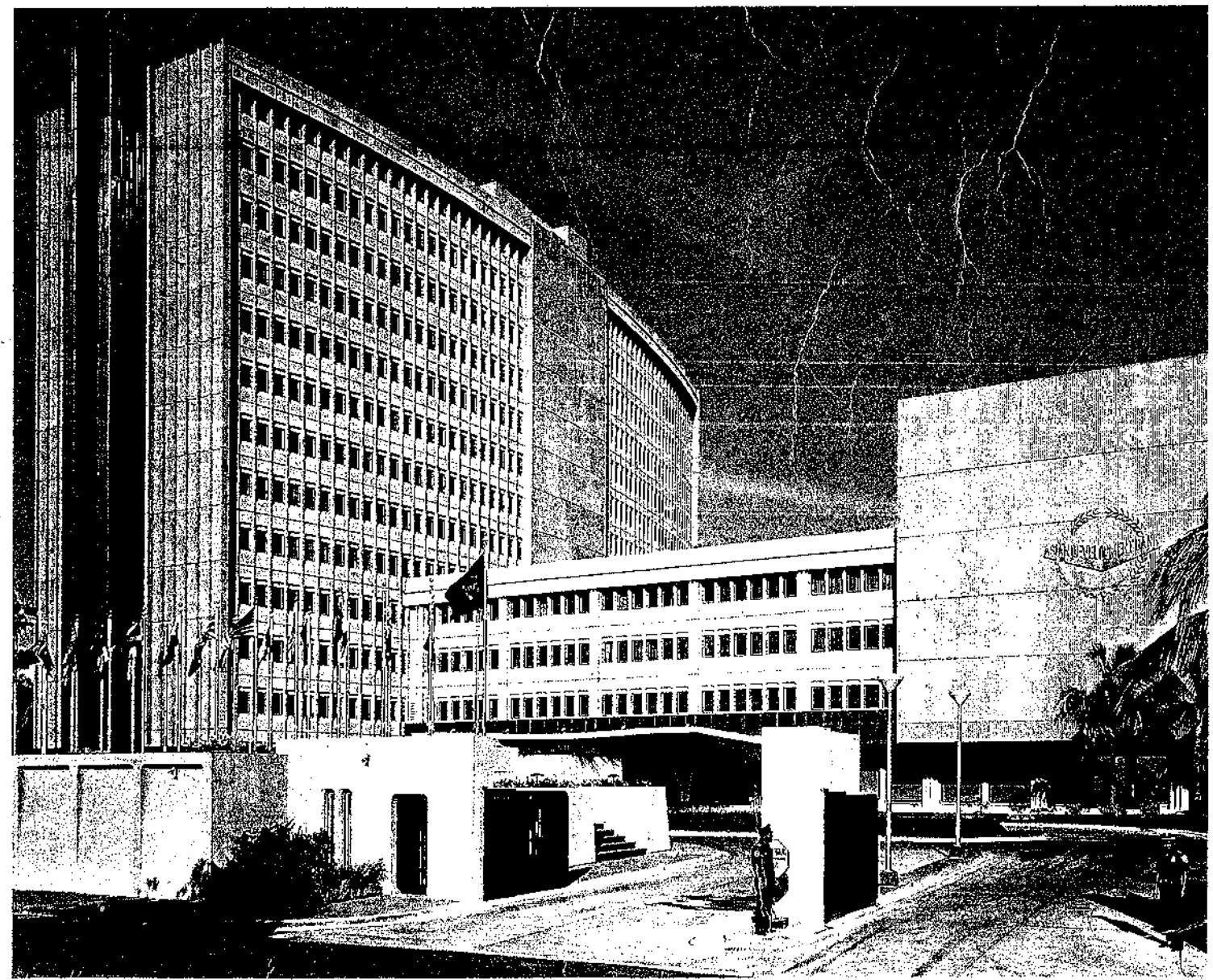


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**ASIAN  
DEVELOPMENT  
BANK**  
**annual report**  
**1972**





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## ASIAN DEVELOPMENT BANK

Office of the President

1 March 1973

Dear Mr. Chairman:

With respect to Article 39 of the Articles of Agreement of the Asian Development Bank and in accordance with Section 13 of the By-Laws of the Bank, I submit to the Board of Governors, on behalf of the Board of Directors, the enclosed Annual Report on the operations and policies of the Bank in 1972, including a separate report on the activities of the Special Funds of the Bank. The Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,

*Shiro Inoue*

SHIRO INOUE  
President and  
Chairman of the Board of Directors

Chairman  
Board of Governors  
Asian Development Bank

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**Note**

Unless otherwise specified, 'dollar' or '\$' refers to the United States dollar with a gold content of 0.818513 gram of fine gold.

## ECONOMIC BACKGROUND

The developing member countries of Asia showed uneven gains in the field of economic development in 1972. Many countries made satisfactory progress and, but for adverse weather conditions, development efforts would have yielded more significant results throughout the region. The impact of unfavorable weather conditions, which brought in their wake both drought and flood, was unprecedented. Agricultural outputs, which had steadily grown in recent years, and food harvests, in particular, were adversely affected.

Shortfalls in production resulted in higher export prices for certain agricultural commodities, but the prices of some other agricultural export items slumped to their lowest levels in over a decade. This placed the balance of payments of certain countries under heavy strain; some countries, however, experienced steadily increasing external reserves.

Development assistance to the region as a whole appears to have declined during the year. But this weakening of the aid effort was pronounced only in respect of a few countries; several others received increased flows of foreign assistance. The burden of debt-service, however, continued to increase and recourse to the rescheduling of payments became more common than in earlier years. At the same time, progress in the direction of untying of purchases under foreign assistance was minimal, while the terms of new lending showed no appreciable improvement.

In several countries of the region, armed hostilities and political uncertainties also continued to hamper economic and social development. Moreover, the continued increase in population substantially reduced, if not nullified, the increase in national products. Unemployment, which was generally on the increase, and economic inequalities threatened to aggravate social tensions.

As a result, the traditional strategies of development have come increasingly under scrutiny and macro-economic trends as indicators of economic growth have, in particular, come under question. The resolution of mass poverty and unemployment and the narrowing of social and economic inequalities have been given high priority in many countries. Some of these new approaches to development problems would be relevant to foreign aid policies as well.

In the international field, the realignment of the major currencies and the other reforms concluded by the Smithsonian Agreement of December 1971 began to take effect during the year. The Committee of Twenty—on which developing countries are also represented—began its deliberations on the many proposals made for further reform and readjustment of the international monetary system.

Pending the establishment of a new monetary order, various monetary realignments among developed countries made in the transition period have resulted in some hardship to many of the regional developing member countries. Most of these countries held the bulk of their external reserves in currencies that depreciated. Debt repayment obligations denominated in these currencies remained substantially the same. Where there were debt obligations denominated in the currencies that appreciated, the purchasing power of external reserves was reduced. Overall, the impact on the debt-service burden was distinctly unfavorable.

The net effect of the change in parities of major international currencies also contributed to a worsening in the terms of trade for many Asian countries, even though the region's foreign trade, as a whole, continued to increase at a reasonable rate.

Expectations of a further liberalization of trade between the developed and the developing countries and the acceptance of schemes for the stabilization of commodity exports from developing countries remained largely unfulfilled at the conclusion of the Third United Nations Conference on Trade and Development. In this respect, a measure of progress was made by tariff reductions on certain imports into Japan. More significant progress in this field would depend on the outcome of efforts aimed at a further rationalization of world trade, particularly through the forthcoming round of the GATT negotiations.

The improved prospects for peace in the war-devastated countries of the region brought to the fore the massive problems of reconstruction and rehabilitation of their economies. This does not, however, imply that the needs of other developing member countries are less urgent. By the end of the year, the marshalling of efforts to meet all these needs, both at the national and international level, seemed to be emerging as the predominant task on the Asian scene.

## THE YEAR IN BRIEF

The year 1972 was marked by a significant growth of the Bank's lending and technical assistance activities.

The financial structure of the Bank was substantially strengthened during the year when the 150 per cent increase of the Bank's authorized capital, approved in 1971, became effective. The Bank also initiated measures for the reorganization and replenishment of its Special Funds resources.

Loan approvals during 1972 totalled \$316.09 million<sup>1</sup> against \$254.03 million in 1971—an increase of about 24 per cent. By the end of the year the Bank had made 117 loans—73 from ordinary capital resources and 44 from the Special Funds—totalling \$954.55 million.<sup>2</sup>

The year's lending activities covered all the major sectors of economic development. About 60 per cent of the loans in 1972 was made to assist the development of infrastructure facilities—electric power, transport and communications.

An outstanding feature of the year's activities was the sharp increase in concessional loans from \$51.51 million in 1971 to \$94.34 million in 1972. Concessional loans accounted for 50 per cent of total lending in 1972 in terms of number and 30 per cent in terms of amount; the corresponding figures for 1971 were 43 per cent and 20 per cent, respectively.

The Bank continued to attach considerable importance to its technical assistance activities. Fourteen technical assistance projects—most of them involving project preparation—were approved during the year at an estimated cost of \$1.8 million. In addition, the Bank agreed to function as an executing authority for two projects financed by the United Nations Development Programme. At the end of the year, the Bank was involved in 74 technical assistance projects in the various developing member countries at an estimated total cost of \$11.3 million.<sup>3</sup>

Four new regional activities were approved during the year—the Study of the Asian Institute for

<sup>1</sup> Excludes one loan for \$14.5 million which the borrower was unable to utilize and on which action to rescind the approval was taken in February 1973.

<sup>2</sup> Excludes \$0.4 million approved in 1968 and \$0.5 million approved in 1970 incorporated in new loans in 1970 and 1971, respectively.

<sup>3</sup> Including projects financed from other sources costing \$1.5 million.

Economic Development and Planning; assistance to the Asian Productivity Organization for its Third Project Feasibility Study Training Course; the conducting of a Regional Workshop on Irrigation Water Management; and a Feasibility Study of the Trans Strait of Malacca Ferry Service. By the end of the year the Bank had undertaken 15 different regional activities.

It is a matter of concern that on the basis of loan approvals to the end of 1972 and of Special Funds contributions already made or pledged, the balance of Special Funds available for further lending—after the commitment of \$94.34 million in 1972—was only about \$20 million, a level that obviously cannot sustain the current tempo of the Bank's concessional financing activities. The Bank's ability to help further in meeting the minimum needs of the developing member countries in the region with concessional loans depends vitally on additional contributions being made urgently, widely and in adequate amounts.

The Bank has initiated negotiations aimed at simplifying its Special Operations and ensuring an organized and regular replenishment of the Special Funds resources. A meeting of the representatives of developed member countries, held in Washington, D.C., in September 1972 to discuss the restructuring and replenishment program, expressed broad support in principle for the proposals. This meeting was followed in November by the appointment of a Special Advisor to the President to assist the Bank in contacting potential donor countries. Subsequently, countries participating in the Seventh Ministerial Conference for the Economic Development of Southeast Asia expressed support for the restructuring scheme in regard to the merging of the Agricultural Special Fund with the Multi-Purpose Special Fund.

In the meantime, the Bank is studying the possibility of setting aside, within the limits prescribed by the Charter, further amounts for concessional lending from the paid-in capital and is maintaining the pace of project preparation and appraisal work so that Special Funds loans may be made, in suitable cases, without further delay as and when such additional funds become available.

Following the devaluation of the United States



*Philippines: This corn field in Marbel, South Cotabato, was dry. The Marbel Irrigation System, a part of the Bank-assisted Cotabato Irrigation Project, has brought water to the area, enabling the corn field to be converted into a rice field. Two other complementary irrigation systems constructed with Bank assistance are located in M'lang, Cotabato and in Banga, South Cotabato.*

dollar, the Board of Directors adopted the United States dollar with a gold content of 0.818513 gram of fine gold as the Bank's unit of account with effect from 8 May. As a result of this decision, the capital stock amounts have been restated in terms of such unit of account.

The decision of the Board of Governors to increase the capital stock by 165,000 shares—raising the capital from \$1,194,286,000 to \$2,985,714,000<sup>1</sup>—became effective on 23 November, the total subscriptions received at that date having exceeded 100,000 shares, the minimum specified by the Board of Governors.

The Bank continued to borrow funds on a selective basis from the international capital markets. Three bond issues totalling the equivalent of \$58.6 million were made in Luxembourg and in Italy, for the first time, and in Japan, for the third time. The borrowings at the end of the year totalled the equivalent of \$230.5 million.

Borrowings in 1972 were considerably less, however, than those in the previous year because, in recognition of the time-lag between loan commitments and disbursements, it was found appropriate to relate the Bank's liquidity more to its disbursement needs than to its loan commitments. The

Bank's liquidity policy now aims at maintaining liquid assets at not less than two-thirds of the next three years' projected loan disbursements.

The Bank's Multi-Purpose Special Fund was augmented by three contributions—from Belgium, Denmark and New Zealand. Belgium's contribution of the equivalent of \$2.23 million, which is subject to ratification by the Belgian Parliament, is payable in four equal instalments. Denmark replaced its contribution to the Agricultural Special Fund with a new contribution of the equivalent of \$2.15 million to the Multi-Purpose Special Fund. New Zealand's contribution was the equivalent of \$1.00 million. The Technical Assistance Special Fund received commitments totalling \$3,485,925 from eight countries.

The Kingdom of Tonga joined the Bank during the year, raising the total membership to 37.

Mr. Takeshi Watanabe, the first President of the Bank, resigned on 24 November. The Board of Governors unanimously elected Mr. Shiro Inoue to succeed Mr. Watanabe. Mr. Inoue assumed the Presidency of the Bank on 25 November.

The construction by the Philippine Government of the new headquarters building for the Bank on Roxas Boulevard in Greater Manila was completed in the last quarter of the year. The Bank's offices were transferred to the new building at the end of October. The building was formally inaugurated by His Excellency Ferdinand E. Marcos, President of the Philippines, on 18 November.

<sup>1</sup> I.e., from \$1,100,000,000 to \$2,750,000,000 in terms of the United States dollar of the weight and fineness in effect on 31 January 1966.

# LENDING AND OPERATING POLICIES

The Bank continues to keep under review its policies with regard to lending operations so as to better meet the growing and changing requirements of the region. The main task of the Bank is the financing of specific projects, which are identified initially on the basis of their compatibility with priorities in a member country's national and sectoral development plans. Subsequently, each project is subjected to a thorough evaluation to ascertain whether it is economically and technically viable and sound in financial, organizational and managerial aspects. Due regard is given to the social benefits of the project, although these are often diffused and not easily quantifiable. Substantial sectoral diversification of projects has occurred, both within particular countries and in the region as a whole with no specific economic sectors being given *a priori* emphasis. However, a particular country's development strategy may lead the Bank to agree that emphasis should be placed on a particular sector in the short run to assist that member in meeting its development goals.

During the year, the Board of Directors studied a number of policy issues, two of which are of special interest (Criteria for Special Funds Loans and Financing of Technical Assistance) and are discussed below. A number of vital policy issues were scheduled for further consideration by the Board of Directors early in 1973. These included: Strategy for Bank Operations in Less Developed Regional Developing Member Countries; Review of Guidelines on the Uses of Consultants; Special Funds Restructuring; Lending Policies and Procedures with Reference to Two-Step Lending;<sup>1</sup> Examination of the Economic and the Financial Evaluation of Projects during Appraisal; Joint/Parallel Financing; Review of Guidelines on Procurement; Review of Liquidity Policy; and Review of Investment Guidelines.

## Criteria for Special Funds Loans

The Board of Directors adopted in July 1972 a series of criteria for Bank policy guidance in extending loans on concessional terms from the Special Funds resources. The salient features of the criteria, subject

<sup>1</sup> Loans on which the proceeds of Bank loans are relent by the borrower to other institutions or to firms.

to annual review, are as follows:

- (a) In financing from Special Funds resources, the economic situation of the Developing Member Country (DMC) should be given the greatest consideration.
- (b) Among the several DMC's, highest priority should be given to the smaller and less developed members.
- (c) An order of relative priority among the DMC's for Special Funds lending has been attempted, based on certain economic indicators. The rank order will, however, have to be adjusted regularly to reflect the changing economic conditions in the member countries. It has not been thought realistic to attempt to group DMC's into high, low and intermediate priority countries.
- (d) Within a particular DMC, the nature of projects to be financed from Special Funds should be given due attention in project selection. Projects with direct and sustained foreign exchange earning or saving capacity in general will be given lower priority. Projects with high economic and social value or those with very long gestation periods should be eminently qualified for such loans even though having indirect financial returns and/or low foreign exchange earning/saving capacity.
- (e) Projects to be financed from Special Funds should be subject to the same evaluation as projects utilizing ordinary capital resources. The criteria for decision on whether to extend a loan will not differ according to source of funds.
- (f) The range of project types available for Special Funds financing within a DMC will relate to the relative priority of that country for access to concessional resources. Countries with the highest relative priority may be eligible for Special Funds financing for all of their projects.
- (g) The range of project types available for concessional lending will also be conditioned by the overall availability of Special Funds resources.

- (h) The existing flexibility in the terms and conditions of Special Funds loans has some merits and should be retained for the time being. While the economic situation of the DMC should be the primary consideration in deciding the terms, as a whole, in suitable special cases the nature of the project should also be taken into account.
- (i) Additional flexibility may be achieved by the blending of finance from Special Funds and ordinary capital resources. Such blending may occur at the project or the country level, where appropriate.

#### **Financing of Technical Assistance**

The Board of Directors also considered during the year the question of the financing of technical assistance operations by the Bank. When providing project preparation technical assistance on a grant basis, the Bank's normal practice had been to include in the agreement a clause to the effect that, should the technical assistance result in a loan from the Bank, all or part of the grant could be converted into the ensuing loan at the option of the Bank. When a loan did result, that portion of the grant which was directly project-oriented and was utilized directly for subsequent project preparation for a Bank loan was normally converted into the loan.

After examining the matter further, the Board decided to change to a pre-determined basis of conversion as follows:

- (a) all developing member countries will be eligible for grants for project preparation technical assistance without discrimination;
- (b) in the event of a loan resulting, that portion of the grant over and above \$100,000 will always be converted into the subsequent loan on the same terms as the loan; except that
- (c) the cost of design and engineering, if included as part of the initial grant, will always be converted to the subsequent loan.

Advisory technical assistance, including regional projects of an advisory nature, will normally be extended on a grant basis. Technical assistance for project implementation will normally be included in the loan amount but may, in appropriate cases, be extended on a grant basis.

#### **Loan Administration**

As the Bank's lending activities increased and Bank-financed projects moved into more critical stages of implementation, stronger emphasis has been laid on loan administration and project supervision. The continuing review of loan administration procedures and practices was intensified during the year and further studies made with a view to further improving the existing system. Regular monthly and quarterly assessments of project progress have been carried out on an inter-departmental basis in order to identify problem areas and operational bottlenecks that tend to interrupt orderly project implementation. Measures to resolve such difficulties as they arose

*Republic of Korea: Brisk activities at the Seoul City Wholesale Fish Market. A Bank loan assisted in the provision of freezing, cold storage, ice-making and ice storage and supplementary processing facilities in Seoul, Pusan, Mokpo and Mukho, and marketing facilities in Seoul, together with appropriate transportation equipment. The Cold Storage Project was completed in 1972.*



were worked out in cooperation with borrowers. Special attention was given to procedures designed to anticipate problems which could disrupt the effective execution of projects and to facilitate preventive measures.

Field inspection of projects was intensified: 56 Review Missions were mounted in connection with 43 projects (49 Missions in 1971).

The pace of awarding of contracts has greatly accelerated—\$155.83 million in 1972 as against \$56.25 million in 1971. This improvement has been due partly to increased familiarity on the part of borrowers with procurement procedures and requirements. Frequent consultations were conducted with borrowers on measures to improve disbursement projections and expedite withdrawals. The tables below illustrate the position of contracts awarded

and disbursements as at the end of 1972 in relation to loan commitments and loans which became effective, respectively, over the period 1968 to 1972.

Loan cancellations in 1972 amounted to \$21.614 million. These were brought about by reductions in offshore procurements, refinancing from other sources (as anticipated at the time of loan approval), and project cancellations at the request of the borrower.

In the light of experience so far gained, the Bank has initiated an extensive review of the practices and procedures on the uses of consultants by the Bank and its borrowers with a view to introducing improvements. The principles and guidelines governing the employment of consultants were under review by the Board of Directors at the end of the year.

**Table 1. Percentages of Contracts Awarded and Disbursements to Amounts of Loans Committed**

Year	No. of Loans	Amounts of Loan Commitments (\$ Million)	Of (3) Amounts of Contracts Awarded by end of 1972 (\$ Million)	Of (3) Amounts of Disbursements by end of 1972 (\$ Million)	Percentages of Contracts Awarded to Loan Amounts Committed	Percentages of Disbursements to Loan Amounts Committed
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1968	6	40.712	39.541	36.902	87.12	90.64
1969	20	90.614	67.974	58.651	75.01	64.73
1970	30	224.673	90.232	32.384	40.16	14.40
1971	28	254.030	63.662	8.140	21.12	3.20
1972	32	316.090	19.422	0.206	6.14	0.06

**Table 2. Percentages of Contracts Awarded and Disbursements to Amounts of Effective Loans<sup>1</sup>**

Year	No. of Loans	Amounts of Loans which Became Effective (\$ Million)	Of (3) Amounts of Contracts Awarded by end of 1972 (\$ Million)	Of (3) Amounts of Disbursements by end of 1972 (\$ Million)	Percentages of Contracts Awarded to Amounts of Effective Loans	Percentages of Disbursements to Amounts of Effective Loans
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1968	4	20.512	19.887	17.677	92.45	82.17
1969	9	52.449	45.310	43.900	86.39	83.70
1970	15	70.389	52.720	37.820	74.90	53.73
1971	39	267.278	106.421	33.964	39.82	12.71
1972	26	291.990	46.493	2.902	15.92	0.99

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

# LOAN AND TECHNICAL ASSISTANCE ACTIVITIES

## Lending Operations

The Bank's lending operations recorded a substantial increase in 1972 following a period of consolidation in 1971. Thirty-two loans totalling \$316,090,000 were approved during the year compared with 28 loans for \$254,030,000 in 1971. The loans were made to 14 countries, including Fiji and Hong Kong which received their first loans from the Bank.

By the end of 1972 the Bank had made 117 loans totalling \$954,553,000.<sup>1</sup> Of these, 73 loans for \$753,005,000<sup>1</sup> were from ordinary capital resources and 44 loans for \$201,548,000 from Special Funds resources.

The average size of Bank loans recorded a further increase in 1972. The average size of loans from ordinary capital resources was \$13.9 million, as compared with \$12.7 million in 1971, and of those from Special Funds resources, \$5.9 million as against \$4.3 million in the preceding year.

Projections based on loans in an advanced stage of consideration at the end of the year suggest that total loan approvals may reach the \$1 billion mark by the middle of 1973.

There were two significant trends in the year's operations. First, mainly as the result of the Bank's active participation in project identification and preparation, a number of smaller and less developed countries, including Fiji, which received its first loan, Nepal, Papua New Guinea, Sri Lanka, the Republic of Viet-Nam and Western Samoa received much larger financial assistance than in 1971. Bank loans to these countries in 1972 and the preceding year, respectively, were as follows: Fiji \$4.7 million (nil); Nepal \$20.8 million (\$4.5 million); Papua New Guinea \$9.8 million (\$4.5 million); Sri Lanka \$11.10 million (\$7.75 million); the Republic of Viet-Nam \$6.3 million (\$2.5 million); and Western Samoa \$2.6 million (\$0.33 million). The overall share of these six countries in Bank lending in 1972 was 17.5 per cent as compared with 7.8 per cent in 1971.

Second, mainly as a sequel to the expanded operations in the countries mentioned above, the Bank's concessional lending recorded during the year a sharp increase of \$42.83 million to \$94.34 million or 83 per cent. This was the largest annual increase since Special Operations started in 1969.

## LOAN APPROVALS: 1968-1972

	Loans from Ordinary Capital Resources		Loans from Special Funds Resources		Total Loans	
	Amount (\$)	Number	Amount (\$)	Number	Amount (\$)	Number
1968	41,600,000	7	—	—	41,600,000	7
1969	76,095,000	14	22,005,000	6	98,100,000	20
1970	211,940,000	22	33,693,000	10	245,633,000	32
1971	202,520,000	16	51,510,000	12	254,030,000	28
1972	221,750,000	18	94,340,000	16	316,090,000	32
TOTAL	753,005,000 <sup>1</sup>	73 <sup>1</sup>	201,548,000	44	954,553,000 <sup>1</sup>	117 <sup>1</sup>

<sup>1</sup> Excludes \$0.4 million approved in 1968 and \$0.5 million approved in 1970 incorporated in new loans in 1970 and 1971, respectively.

As a proportion of total annual lending, loans from Special Funds increased from 20.3 per cent in 1971 to 29.8 per cent in 1972.

Sixteen loans were made from Special Funds resources during 1972 as against 12 loans in the preceding year. Six countries—Indonesia, Nepal, Papua New Guinea, Sri Lanka, the Republic of Viet-Nam and Western Samoa—received their entire financial assistance from the Bank on concessional terms. A substantial part of Bank assistance to Pakistan was also given, for the first time, on concessional terms through a blend of loans from ordinary capital resources and Special Funds resources.

The continued expansion in the Bank's concessional lending activities and projects in the pipeline underlines, more than ever before, the urgency and importance of the measures now under way for the replenishment of Special Funds resources.

Loans approved during the year will assist a wide range of development activities, including for the first time the construction of a sea water desalting plant (in Hong Kong), the largest of its kind designed so far.

At the end of the year the sectoral distribution of the Bank's lending also showed a more even distribution than in earlier years. Loans for Electric

Power (on a cumulative basis) formed the largest group with 28.6 per cent, followed by Industry with 24.7 per cent, Transport and Communications 21.4 per cent, Agriculture 13.1 per cent, Water Supply 11.5 per cent and Education less than 1 per cent. Lending activities on a sectoral basis, for the year and on a cumulative basis to the end of 1972, are shown in the table below.

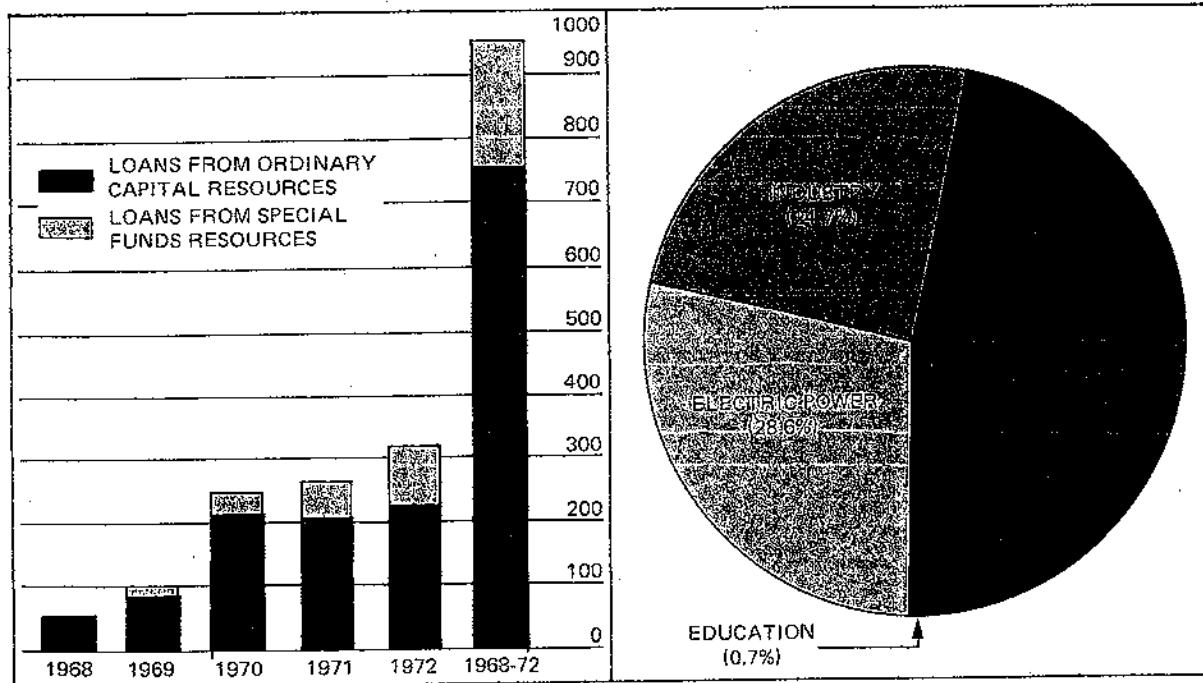
A feature of the Bank's activities in several countries is the integrated manner in which assistance has been given to more than one project in the same area. Although each project is assessed on the basis of its own economic viability and other standard criteria, the combination of these projects in such areas promises to be an effective tool for promoting the economic development of the region concerned.

Typical of this integrated approach are the irrigation, road and power projects in the Chitwan Valley in Nepal; two complementary power projects in West and Central Sumatra in Indonesia; two projects to improve water supply and control water pollution in Seoul in the Republic of Korea; and the series of irrigation, road improvement and power projects in Mindanao in the Philippines.

The overall financial impact of the Bank's loans cannot be measured only by the volume of its lending which covers the foreign exchange costs of the

### LOANS BY CATEGORY OF RESOURCES AND BY SECTOR

1968 — 1972  
(AMOUNT IN \$ MILLION)



projects concerned. Additionally, the borrowers raise matching local currency resources and, where necessary, supplement the Bank's foreign currency loans with funds from bilateral and other multilateral sources. The catalytic effect of Bank financing on capital formation and productive investments in developing member countries has, therefore, been significant.

At the end of 1972, the total cost of projects for which the Bank had provided direct financing was estimated to be \$1,640 million, of which Bank loans represented approximately 46 per cent. In addition, the Bank has provided indirect financing through national development banks for projects with an estimated cost of about \$600 million, of which the Bank's loans accounted for about 27 per cent.

#### **Social Impact**

Realizing the importance of distributing the benefits of Bank activities as widely as possible to the peoples of developing countries, the Bank is giving increasing attention to the social impact of its lending.

In the areas of substantial social impact, lending for education, particularly in the field of agriculture and vocational training, is being given special attention. Since unemployment is widespread in the Asian region, one of the principal remedial measures is to help orient educational systems to the requirements of the technical age. In this broad category, also, the Bank's water supply projects meet a growing need in the cities in view of the rapid pace of urbanization in the region. Economic considerations are also important in both of these areas of Bank activity.

There is a variety of projects of a basically economic character which have a definitely discernible social content. These include the Bank's agricultural projects in such fields as rural credit and irrigation which will help small farmers in several countries, particularly in areas where land reform has already been initiated. Such projects have special significance in regard to the implementation of land reform. Several of the Bank's projects in the Republic of Korea will support Government efforts to improve the well-being of the rural population, and thus decrease income-disparity in relation to urban residents.

Bank loans for the development of fisheries are expected to promote the gainful employment of small-scale fishermen in several countries, with attendant economic and social benefits.

From the Bank's assistance in the transport and other sectors in certain less-developed regions in Afghanistan, Malaysia and the Philippines, some amelioration of regional disparities in income is expected to result. Similarly, road projects serving

rural areas will facilitate the modernization process and enable the producer to find wider and more assured markets for his crops. The Bank's loans for highways are expected to facilitate the dispersal of economic activities and residential communities, thus mitigating the problem of urban congestion.

The Bank's lending for the power sector in rural areas is expected to have significant social benefits—by promoting income-earning capacity in specific areas, diversifying economic activities and increasing employment opportunities, and providing certain basic necessities of modern life to a large number of people.

#### **Outlook**

The increase in the Bank's lending and technical assistance provides a fitting backdrop to the increase in capital, now being implemented, and the measures under way for the replenishment and reorganization of the Special Funds. The main thrust of the Bank's activities is expected to continue in the direction of supporting, in as flexible a manner as possible, development priorities of national and regional significance. In the case of the less-developed of the developing countries in particular, the increased emphasis on technical assistance in project preparation promises to yield more projects for Bank financing.

At the same time, the far-reaching effects of events in Southeast Asia suggest that the Bank will have to assume an even wider role as a regional development finance institution. The economic rehabilitation and development work to be done in the war-devastated areas of Southeast Asia and the organized efforts to develop the potential of the Mekong Basin will call for new strategies and action by the Bank, as well as by other multilateral and bilateral aid agencies.

As a financial institution which has been engaged since 1968 in a variety of financing and technical assistance activities—some of them of a pioneering nature in the Khmer Republic, Laos, Thailand and the Republic of Viet-nam—the Bank has gained experience which will be invaluable in meeting the challenges ahead. Consistent with its resources and its expanding activities in the region as a whole, the Bank stands ready to share the burden of reconstruction and development in this area.

The geographical and economic pattern of the Bank's new regional members may also dictate a different approach, within the existing framework of operational policies, in dealing with their specific development problems. This applies particularly in regard to the growing number of relatively small countries joining the Bank from the South Pacific region.

**LOANS BY COUNTRY—APPROVALS IN 1972**

Country/Borrower	Project	Amount (\$ Million)	Date Approved	Term (Years) Incl. Grace Period	Interest [%]
<b>FROM ORDINARY CAPITAL RESOURCES</b>					
FIJI					
Fiji Electricity Authority	Power Supply	4.700	10 February	20(4)	7-1/2
HONG KONG					
Government of Hong Kong	Sea Water Desalting	21.500	6 April	13(3)	7-1/2
KOREA, REPUBLIC OF					
Republic of Korea	Busan and Daegu Water Supply	5.700	16 June	20(4)	7-1/2
Republic of Korea	Fisheries Development	13.300	21 September	15(3)	7-1/2
Korea Development Bank	To meet the medium- and long-term credit requirements of industries in the private sector (Second)	20.000	21 November	15(3)	— <sup>1</sup>
Republic of Korea	Metropolitan Water Intake	25.600	21 December	20(5)	7-1/2
MALAYSIA					
Malaysia	Sarawak Electricity Supply (Second)	6.700	21 September	20(5)	7-1/2
Malaysia	Pehang Airport Development	10.900	18 October	20(5)	7-1/2
Malaysia	Greater Ipoh Water Supply	6.100	8 November	20(5)	7-1/2
PAKISTAN					
Islamic Republic of Pakistan	Power Generation, Transmission and Distribution	14.300	12 October	25(5)	7-1/2
Islamic Republic of Pakistan	Pakistan Industrial Credit and Investment Corporation Limited	6.000	21 December	15(3)	— <sup>1</sup>
PHILIPPINES					
National Power Corporation	Mindanao Power (Second)	21.000	13 July	25(4-1/2)	7-1/2
Republic of the Philippines	Iligan-Cagayan de Oro-Butuan Road	22.250	9 November	25(5)	7-1/2
SINGAPORE					
Republic of Singapore	Central Area Expressway	1.100	14 November	10(2)	7-1/2
Public Utilities Board	Power Transmission and Distribution (Second)	19.600	5 December	15(3)	7-1/2
THAILAND					
Electricity Generating Authority of Thailand	Mae Moh Power	23.000	12 December	20(5)	7-1/2
<b>FROM SPECIAL FUNDS RESOURCES</b>					
INDONESIA					
Republic of Indonesia	Wampu River Flood Control and Development	5.940	4 April	30(7)	2-1/2
Republic of Indonesia	Tanjung Priok Port Development	5.300	4 April	25(7)	2-1/2
Republic of Indonesia	Riau Fisheries Development	2.500	6 April	25(7)	2-1/2
Republic of Indonesia	Surabaja Port Development	5.500	24 October	25(7)	2-1/2
Republic of Indonesia	Pekanbaru Power	2.600	2 November	25(7)	2-1/2
KOREA, REPUBLIC OF					
Republic of Korea	Vocational Training Institutes	3.700	23 March	20(5)	3

<sup>1</sup> At the rate prevailing at the time of crediting the loan account.

Country/Borrower	Project	Amount (\$ Million)	Date Approved	Term (Years) Incl. Grace Period	Interest [%]
<b>FROM SPECIAL FUNDS RESOURCES (Continued)</b>					
NEPAL					
Kingdom of Nepal	Gandek-Hetauda Power	2.700	24 October	25(5)	2
Kingdom of Nepal	Chitwan Valley Development	6.000	14 December	25(7)	2
Kingdom of Nepal	Hetauda-Narayangarh Road	10.100	18 December	26(5)	2
PAKISTAN					
Islamic Republic of Pakistan	Power Generation, Transmission and Distribution	12.200	12 October	25(5)	2
Islamic Republic of Pakistan	Pakistan Industrial Credit and Investment Corporation Limited	6.000	21 December	15(3)	2
PAPUA NEW GUINEA					
Administration of Papua New Guinea	Road	9.800	14 December	24 1/2 (4-1/2)	3
SRI LANKA					
Republic of Sri Lanka	Fisheries	3.100	14 December	20(5)	2 1/2
Republic of Sri Lanka	Bowatenna Power	8.000	19 December	25(5)	2 1/2
VIET-NAM, REPUBLIC OF					
Republic of Viet-Nam	Saigon Power	8.300	14 November	25(7)	2 1/2
WESTERN SAMOA					
Independent State of Western Samoa	Telecommunications	2.600	21 November	25(5)	1 1/2

#### LOAN APPROVALS BY SECTOR

Sector	1972		CUMULATIVE	
	Amount (\$ Million)	% of Total	Amount (\$ Million)	% of Total
Agriculture	32.84	10.4	124.73	13.1
Electric Power	121.10	38.3	272.79	28.6
Industry and Development Banks <sup>1</sup>	32.00	10.1	236.17	24.7
Transport and Communications	67.55	21.4	203.98	21.4
Water Supply	58.80	18.6	110.20	11.5
Education	3.70	1.2	6.70	0.7
<b>TOTAL</b>	<b>316.09</b>	<b>100.0</b>	<b>954.55</b>	<b>100.0</b>

<sup>1</sup> Excludes agricultural development banks which have been taken into account under Agriculture.

**SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE) BY COUNTRY—APPROVALS IN 1972**

Country	Project	Date Approved	Amount (\$)
<b>PROJECT PREPARATION</b>			
AFGHANISTAN	Feasibility Study of Helmand Valley Development Road Preparation of Chakhansur Flood Control and Development	25 May 7 September	48,500 263,000
INDONESIA	Ujung Pandang (Makassar) Power Bandung Water Supply	4 April 6 June	120,000 285,000
KOREA, REPUBLIC OF	Seoul-Incheon-Suwon Highway	2 August	47,800
LAOS	Vientiane Water Supply and Distribution	7 February	50,000
MALAYSIA	Sabah Power Development	7 September	198,000
PHILIPPINES	Angat and Magat Irrigation Feasibility Study of Tarlac-Santa Rosa Highway	29 June 1 September	183,000 31,000
SRI LANKA	Urea Fertilizer Plant Preparation of the Gal Oya Sugar Industry Rehabilitation	18 January 17 May	165,000 49,000
			1,450,300
<b>ADVISORY AND OPERATIONAL</b>			
FIJI	Fiji Development Bank (Extension)	8 August	37,000
INDONESIA	Financial Management of Ports	4 April	250,000
NEPAL	Gandak-Hetauda Power	24 October	40,000
			327,000
			1,777,300
<b>FINANCED FROM OTHER SOURCES</b>			
PHILIPPINES	Laguna de Bay Water Resources Development Study	8 August	1,284,300
VIET-NAM, REPUBLIC OF	Go Cong Pioneer Agricultural Project	5 September	220,000
			1,504,300
	<b>TOTAL</b>		<b>3,281,600</b>

Project	Date Approved	Amount (\$)
<b>REGIONAL ACTIVITIES</b>		
Study of the Asian Institute for Economic Development and Planning	18 January	70,000
Asian Productivity Organization's Third Project Feasibility Study Training Course (Contribution)	25 January	30,000
Regional Workshop on Irrigation Water Management	29 June	48,000
Trans Strait of Malacca Ferry Service	26 July	40,000

### Technical Assistance

The Bank continued to expand its technical assistance activity in 1972. Primarily, the assistance has been aimed at helping member countries—particularly, the less developed of the developing member countries—to prepare projects for subsequent Bank financing. In addition, advisory and operational assistance has been granted for project implementation and for the upgrading of local expertise.

The importance of technical assistance in generating investment can be seen in the number of Bank loans resulting from this activity. Of the loans made by the Bank to the end of 1972, 16 loans totalling \$143.22 million followed technical assistance provided earlier by the Bank.

Fourteen projects (excluding regional activities) were approved during the year for a total cost of \$1.8 million (compared with \$1.5 million in 1971). Two additional projects costing \$1.5 million, in which the Bank acts as an executing authority, using outside funds, were also approved. These 16 projects covered ten developing member countries and nearly 90 per cent of them were for project preparation, the remainder being advisory or project implementation services.

Since the first Project in 1967—a study of food grain production in Indonesia—technical assistance undertaken by the Bank in member countries totals 74 projects at an estimated cost of \$11.3 million. In addition the Bank has become involved in 15 regional technical assistance projects. (See Chapter on Regional Activities.)

The assistance during the year covered a wide

### SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE) APPROVALS BY SECTOR 1972 AND CUMULATIVE 1967-1972<sup>1</sup>

Sector	1972		Cumulative Total 1967-1972	
	Number	Amount (\$)	Number	Amount (\$)
Agriculture <sup>2</sup>	4	715,000	33	5,574,450
Development Finance Institutions	1	37,000	9	597,500
Electric Power	3	358,000	7	772,000
Industry	1	165,000	6	504,300
Transport	4	377,300	13	1,998,300
Water Supply <sup>3</sup>	3	1,629,300	4	1,779,300
Others	—	—	2	41,700
<b>TOTAL</b>	<b>16</b>	<b>3,281,600</b>	<b>74</b>	<b>11,267,550</b>

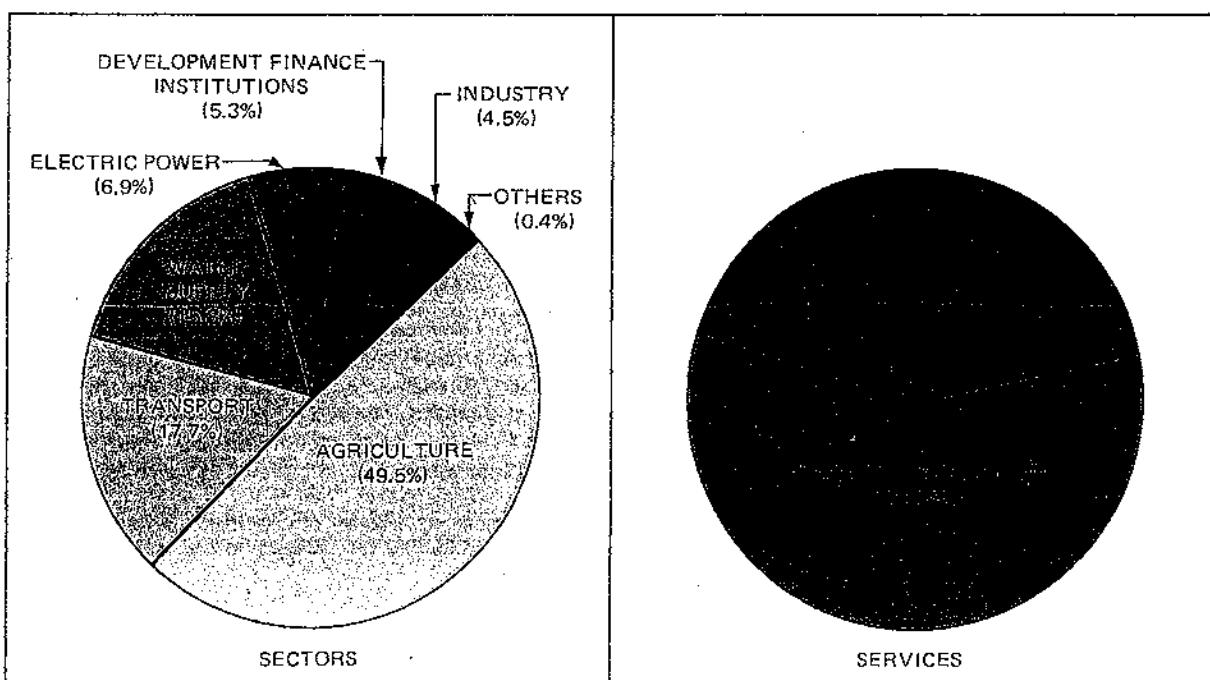
<sup>1</sup> Excluding regional activities.

<sup>2</sup> Including Go Cong Agricultural Project (Republic of Viet-Nam) which is being financed from a UNDP Fund.

<sup>3</sup> Including Laguna de Bay Water Resources Development Study (Philippines) which is being financed by UNDP.

range of economic activity, from flood control and regional development in Afghanistan to power supply in Indonesia and road-building and rehabilitation in the Philippines.

### TECHNICAL ASSISTANCE BY SECTOR AND TYPE OF SERVICE 1967 - 1972



One of the largest technical assistance projects undertaken during the year was for flood control and regional development in the Chakhansur area of Afghanistan. The cost is estimated at \$263,000. If the feasibility study provided under the assistance proves favorable, a project will be developed for the construction of two dams which will remove the danger of flooding and open the way for rapid agricultural development.

Another large project, costing \$295,000, went to Indonesia for a study of Bandung's water supply and the development of an improvement program which could result in another Bank loan to that country. Indonesia is the largest recipient of Bank technical assistance with 15 projects to date, ten of which

have led to loans from the Bank.

Indonesia was also involved in the sub-regional project approved this year. Technical assistance, estimated to cost \$40,000, was approved for a feasibility study of a ferry service across the Malacca Strait from Belawan in Sumatra to Penang in West Malaysia.

Technical assistance activity during the year also provided an instrument for closer cooperation with other international development agencies engaged in the region, particularly in regard to a pioneer agricultural development scheme in the Republic of Viet-Nam and a water resources development project in the Philippines in both of which the Bank is acting as an executive authority.

#### **Loans and Technical Assistance by Sector**

The following paragraphs deal with the Bank's lending and technical assistance activities on a sectoral basis.

#### **Agriculture**



Excepting Hong Kong and Singapore, the Bank's developing member countries have predominantly agricultural economies. Agriculture, including forestry, fishery and livestock, constitutes their largest single source of employment. The pace of economic growth in these countries depends largely on the performance of the agricultural sector which, overall, accounts for almost half of the gross national product and export earnings.

Significantly, the Bank's involvement in the agricultural sector began with the Asian Agricultural Survey, a comprehensive action-oriented study which has given the lead for the Bank's activities in this vital sector in the past five years.

Technical assistance to Indonesia in the field of foodgrain production in 1967 and a loan for the modernization of Sri Lanka's tea industry in 1968 marked the beginning of the Bank's commitment to the development of agriculture and related fields. Since then the Bank's lending and technical assistance activities in this sector have steadily expanded in range and coverage.

Bank lending for agriculture in 1972 totalled \$32.84 million, an increase of 20 per cent over the previous year. Five loans were approved, of which three were for fisheries development and two for irrigation/flood control.

Over the period 1967-1972, the Bank approved 31 loans totalling \$124.73 million for the agricultural sector—approximately 13 per cent of total lending. However, agriculture accounted for 40 per cent of the Bank's concessional financing activities, mostly in the less developed member countries.

The major area of Bank involvement in the agricultural sector has been water resources development, including the construction of dams, and irrigation, drainage and flood control systems. At the end of 1972, loans under this category accounted for 14 projects totalling \$55.2 million. Other financing activities in this area have covered agricultural research, extension, marketing and processing. Such an integrated approach has been a distinctive feature of the Bank's activities in the agricultural sector.

The second group of agricultural projects for which the Bank has made substantial finance

**AGRICULTURE—LOAN APPROVALS (Cumulative)**

Project and Country	Amount (\$ Million)	Date Approved	Project and Country	Amount (\$ Million)	Date Approved
Modernization of Tea Factories — Sri Lanka	2,000	2 July 1968	Gambarsari-Pesanggrahan Irrigation Rehabilitation—Indonesia	2,700	23 December 1970
Bukit Mendi and Bukit Goh Palm Oil Mills—Malaysia	2,800	11 February 1969	Agricultural Credit—Nepal	2,400	23 December 1970
Deep-Sea Fisheries Development — Republic of China	10,000	28 March 1969	North Sumatra Rubber and Oil Palm — Indonesia	7,410	25 March 1971
Tadjum Irrigation—Indonesia	0,890	17 June 1969	Bank Rakyat Indonesia Modernization — Indonesia	3,400	11 May 1971
Sawit Sebarang Oil Palm Estate — Indonesia	2,400	21 October 1969	Beef Cattle Pilot Farm — Western Samoa	0,330	27 May 1971
Walawa Development—Sri Lanka	8,590	23 October 1969	Sempor Dam and Irrigation — Indonesia	9,200	2 December 1971
Cotabato Irrigation—Philippines	2,500	18 November 1969	Kankai Irrigation—Nepal	4,500	14 December 1971
Tha Ngon Agricultural Development — Laos	0,973	10 March 1970	Binh Dinh Irrigation — Republic of Viet Nam	2,500	16 December 1971
Rice Milling—Pakistan	3,120	26 August 1970	Wampu River Flood Control and Development—Indonesia	5,940	4 April 1972
Besut Agricultural Development — Malaysia	4,200	22 September 1970	Riau Fisheries Development — Indonesia	2,500	6 April 1972
Modernization of Tea Factories (Second)—Sri Lanka	3,500	29 October 1970	Fisheries Development — Republic of Korea	13,300	21 September 1972
Jute Development—Nepal	4,000	10 December 1970	Chitwan Valley Development — Nepal	8,000	14 December 1972
Gawargan and Chardarah Agricultural Development — Afghanistan	5,150	15 December 1970	Fisheries—Sri Lanka	3,100	14 December 1972
Fisheries Development — Republic of Viet Nam	2,500	15 December 1970	<b>TOTAL</b>	<b>124,733</b>	
Fisheries Development—Pakistan	6,730	22 December 1970			

available over the past six years includes industrial crops, agro-industries and farm mechanization. During the period 1967-1972, the Bank approved eight loans for a total of \$25.2 million under this heading. For the development of the fisheries and livestock sub-sectors, the Bank has so far made seven loans totalling \$38.5 million.

The Bank's financing activities in the agricultural sector have been interwoven with technical assistance—to a much larger extent than in any other sector. During its six years of operation, the Bank has undertaken 33 technical assistance projects in agriculture involving an estimated outlay of \$5.6 million (including one project financed with UNDP resources).

Initially, advisory technical assistance bulked

large in the Bank's activities in the agricultural sector. Since 1969, however, technical assistance for project preparation and implementation has progressively gained in importance.

At the regional level, the Asian Agricultural Survey and the proceedings of the Regional Seminar on Agriculture continue to influence the Bank's policies and action in the agricultural sector. The advances in the technology of rice and wheat production in more recent years have, however, brought about a significant change in the agricultural situation. While the new improved seed accentuates rather than alleviates infrastructure needs for adequate water control and while climatic vagaries still dictate fluctuations in food harvests, there is a prospect of greater frequency of regional abundance. This, in

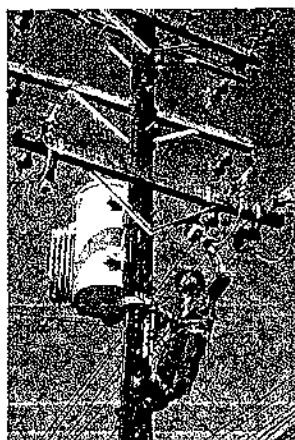
turn, has focused greater attention on the need for crop diversification.

It is in this changed context that the Bank has been able to devote attention to a more diversified range of regional activities including the regional Study of the Coconut Industry on which work began in 1972.

A Bank-sponsored Regional Workshop on Irrigation-Water Management, scheduled to be held in January 1973, is expected to help expedite the successful implementation of 13 Bank-assisted irrigation projects.

Similarly, the emerging role of the Bank as an executive authority for the Go Cong Pioneer Agricultural Project in the Republic of Viet-Nam has opened yet another promising area of activity for the institution.

### Electric Power



Electric power supply has become one of the major yardsticks for measuring the economic and social progress of a country. Recognizing the wide gaps in electric power facilities in the region, the Bank has played an increasingly important role in financing the development of power systems in several countries. The Bank's first loan for power development was made in 1969 and its activities in this sector have steadily expanded over the ensuing three years. In 1971, the Bank made nine loans totalling \$105.54 million; in 1972, 11 loans for \$121.10 million. At the end of 1972, the electric power sector claimed the largest share—over 28 per cent—of the cumulative lending with 25 loans totalling \$272.79 million.

The Bank has lent funds to about 15 electric power utilities at various stages of growth.

### ELECTRIC POWER—LOAN APPROVALS (Cumulative)

Project and Country	Amount (\$ Million)	Date Approved
Sarawak Electricity Supply — Malaysia	3.100	18 December 1969
Phnom-Penh High Voltage Transmission—Khmer Republic	1.670	2 April 1970
Power Transmission and Distribution — Republic of Korea	9.500	29 October 1970
Power Transmission and Distribution — Republic of China	12.880	10 December 1970
Power Transmission and Substation Expansion—Thailand	19.000	17 December 1970
Vientiane Power Distribution—Laos	3.370	6 May 1971
Li-Wu Chi Hydroelectric Power Development—Republic of China	0.500	18 May 1971
Pontianak Power—Indonesia	4.600	6 July 1971
Power Transmission and Distribution (Second)—Republic of Korea	10.600	26 August 1971
Power Transmission and Distribution — Singapore	15.470	7 September 1971
Mindanao Power—Philippines	23.400	2 November 1971
Metropolitan Electricity Authority Power Distribution—Thailand	18.000	2 December 1971
Power Transmission and Distribution (Second)—Republic of China	22.500	7 December 1971
West Sumatra Power Supply — Indonesia	7.100	7 December 1971
Power Supply—Fiji	4.700	10 February 1972
Mindanao Power (Second) — Philippines	21.000	13 July 1972
Sarawak Electricity Supply (Second) — Malaysia	6.700	21 September 1972
Power Generation, Transmission and Distribution—Pakistan (two loans)	26.500	12 October 1972
Gandak-Hetauda Power—Nepal	2.700	24 October 1972
Pekanbaru Power—Indonesia	2.600	2 November 1972
Saigon Power — Republic of Viet-Nam	6.300	14 November 1972
Power Transmission and Distribution (Second)—Singapore	19.600	5 December 1972
Mae Moh Power—Thailand	23.000	12 December 1972
Bowatteena Power—Sri Lanka	8.000	18 December 1972
<b>TOTAL</b>	<b>272.790</b>	

In terms of overall development impact, it is significant that several of these loans have been directed to further strengthen and expand generation, transmission and distribution facilities serving major urban centers of the region, where load growth has been rapid. At the end of 1972, loans totalling \$105 million had been made to finance the foreign exchange portion of such energy projects in Bangkok, Karachi, Saigon and Singapore.

The Bank has also financed certain major geographic extensions of existing systems, with the main object of bringing electric energy to the smaller towns and rural areas. Loans in this category totalled about \$80 million at the end of 1972. Typical of such assistance for bringing power to smaller towns and rural households for domestic, agricultural and industrial uses are the Bank loans for transmission, substation and distribution facilities in the Republic of Korea and Thailand; and for

generation and transmission facilities in the Philippines (Mindanao) and Malaysia (Sarawak).

Of no less significance has been the Bank's active role in the establishment, rehabilitation and initial expansion of smaller systems in the region, a field which has not attracted much attention from international finance agencies in the past. Loans under this group amounted to about \$30 million at the end of 1972. Bank assistance to Fiji, the Khmer Republic, Laos, Nepal, and Western Samoa and for the various regional electricity districts in the outer islands of Indonesia—Kalimantan, West Sumatra, South Sulawesi—provides examples of such special emphasis on the development of smaller systems in the region.

The Bank has also provided technical assistance for project preparation and project implementation in power development in Indonesia, the Khmer Republic, Malaysia and Western Samoa.

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## Industry



The Bank's policy of assisting industrial development through loans to industrial development banks for relending to small and medium scale industries continued to be actively pursued during 1972. In this field, the Bank made a further loan of \$20 million to the Korea Development Bank from the Bank's ordinary capital resources and additional financial assistance totalling \$12 million to the Pakistan Industrial Credit and Investment Corporation from the Bank's ordinary capital resources and Special Funds.

The Bank had made, at the end of 1972, 16 loans totalling \$164 million to development banks.<sup>1</sup>

Additionally, the Bank had also given eight direct loans totalling \$72.17 million to industrial projects.

Small and medium size enterprises form the core of the industrialization programs in most developing countries. The Bank has been helping to cover the foreign exchange needs of this sector through loans to national development banks which, in turn, make these funds available to a large number of enterprises.

The beneficial effects of such Bank financing in creating additional employment and technical skills, in promoting investment of domestic and foreign private capital in productive enterprises and in familiarizing the business community with modern concepts of corporate management have been widely recognized in the countries concerned.

From the 13 credit line loans to development banks that had become effective at 31 December 1972, 273 sub-loans had been made. These sub-loans supported a wide range of industrial and business activities such as textiles, engineering, manufactured goods including leather, rubber, wood, paper, minerals, iron and steel and non-ferrous metals; chemicals; machinery and transport equipment; and food and beverages.

Until the end of 1971, industry constituted the largest sector in the Bank's lending activities. However, mainly because of the vigorous expansion in the Bank's involvement in infrastructure projects which themselves fuel industrial growth and in schemes with significant social impact such as water supply projects, the relative share of industry declined from 32 per cent at the end of 1971 to 24.4 per cent at the end of 1972.

<sup>1</sup>Excluding non-industrial banks.

### INDUSTRY—LOAN APPROVALS (Cumulative)

Project and Country	Amount (\$ Million)	Date Approved
Industrial Finance Corporation of Thailand— Thailand	6.000	23 January 1968
Industrial Development Bank of Pakistan— Pakistan	10.000	12 December 1968
Dimethyl Terephthalate (DMT) Manufacture— Republic of China	10.200	18 December 1968
Private Development Corporation of the Philippines— Philippines	5.000	4 March 1969
Cold Storage— Republic of Korea	7.000	13 March 1969
Development Bank of Singapore — Singapore	10.000	26 June 1969
Aluminum Plant Expansion — Republic of China	2.670	20 November 1969
Copper Fabrication Plant — Republic of China	1.150	20 November 1969
Medium Industry Bank— Republic of Korea	10.000	16 December 1969
Industrial Finance Corporation of Thailand (Second)— Thailand	10.000	16 December 1969
PUSRI Fertilizer Plant Expansion — Indonesia	10.000	4 June 1970
Korea Development Bank — Republic of Korea	10.000	17 November 1970
Cotton Spinning Mills— Pakistan	12.000	17 December 1970
Private Development Corporation of the Philippines (Second) — Philippines	15.000	17 December 1970
Caprolactam Plant— Republic of Korea	25.000	22 December 1970
Industrial Development Bank of Pakistan (Second)— Pakistan	15.000	22 December 1970
Medium Industry Bank (Second) — Republic of Korea	15.000	12 August 1971
China Development Corporation — Republic of China	7.500	28 September 1971
Mineral Sands— Sri Lanka	4.150	11 November 1971
Papua and New Guinea Development Bank— Papua New Guinea	4.500	14 December 1971
Malaysian Industrial Development Finance Berhad— Malaysia	15.000	16 December 1971
Korea Development Bank (Second) — Republic of Korea	20.000	21 November 1972
Pakistan Industrial Credit and Investment Corporation Limited —Pakistan (two loans)	12.000	21 December 1972
<b>TOTAL</b>	<b>236.170</b>	

### Transport and Communications



The important role of an integrated network of transport and communication facilities in fostering national and regional development has long been recognized by the Bank's developing member countries. It was mainly to this end that a meeting of senior transport officials of Southeast Asian countries in Kuala Lumpur decided in September 1967 to request the Bank to undertake a comprehensive regional transport survey covering all modes of transport in the region.

The Survey, which was completed in 1971, has proposed a massive investment program covering 118 infrastructure projects, nine institution projects and 14 vehicular projects over the 20-year period, 1971-1990. On the basis of the projects identified for the 1970's the total investment needs are estimated at \$2.4 billion (for details see pages 45 and 46).

It is evident that, like the Asian Agricultural Survey in the agricultural sector, the Southeast Asian Regional Transport Survey will provide a framework for the Bank's activities in the transportation field, at least among the countries which took part in the Survey, for many years to come. The Bank and the participating countries have already initiated appropriate follow-up action. The implementation of the recommendations will call for resources which are beyond the capacities of the Governments concerned and a substantial measure of foreign assistance will be needed from bilateral and multilateral institutions. Within its modest resources, the Bank stands ready to assist in the development of national and regional transportation networks.

The Bank's performance in 1972 represents a vigorous start in this direction. Both in volume and range, the lending activities registered impressive growth in the transport and communications sector during the year.

Although the relative share of the transport and communications sector in the total loan approvals did not change, eight loans totalling \$67.55 million were approved during the year as against six loans for \$44.20 million in 1971.

The increased activity was primarily attributable to the technical assistance given by the Bank in the preceding years for specific project preparation. The Transport Survey also facilitated identification of high-priority projects in the countries covered by the Survey. Of the loans and technical assistance approved by the Bank in recent years, at least six projects covering port, airport and highway development and a sub-regional ferry service have emerged partly as a result of the Survey.

The Bank's involvement in the transport and communications sector covers a wide range of projects. This includes development of roads in rural areas, highways and urban expressways; port rehabilitation and mechanization; construction of new port and airport facilities; and extension of telecommunication systems.

In 1972 two loans were made to Indonesia for the development of ports. Loans for the development of highways were extended—one each to the Philippines and Nepal. Papua New Guinea will undertake the development of two of its roads with the assistance of a Bank loan. A loan to Singapore

for engineering services should assist in finding solutions to traffic problems in the fast-expanding city. The loan for the development of the Penang Airport will help Malaysia serve the growing tourist industry. The telecommunication system in Western Samoa will be expanded and modernized, with financial assistance from the Bank.

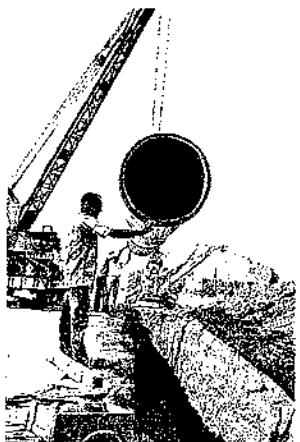
Technical assistance was extended, among others, for a sub-regional project, a ferry link between Belawan in Sumatra, Indonesia, and Penang in Malaysia. The Bank has also assisted in the preparation of a road rehabilitation project on flood-stricken Luzon Island in the Philippines. In the Republic of Korea, the Bank has extended assistance by providing experts to help in the project preparation of expressways and highways in the Seoul-Incheon-Suweon area. Afghanistan has received technical assistance for the preparation of a road development project.

Projects selected for assistance by the Bank have been on the basis of national priorities and mainly designed either to assist in area development or to eliminate constraints on capacity in critical areas of transport and communications.

#### TRANSPORT AND COMMUNICATIONS—LOAN APPROVALS (Cumulative)

Project and Country	Amount (\$ Million)	Date Approved	Project and Country	Amount (\$ Million)	Date Approved
Seoul-Incheon Expressway — Republic of Korea	6,800	3 September 1968	Singapore Port Expansion and Warehousing—Singapore	8,100	2 September 1971
Transportation and Stevedoring — Republic of Korea	7,500	4 September 1969	Kuala Lumpur-Karai Highway — Malaysia	13,400	2 November 1971
Kuching Port Expansion—Malaysia	5,000	13 November 1969	Taipei-Yangmai Freeway (Terminus Sections)—Republic of China	13,600	26 November 1971
Hualien Harbor Development — Republic of China	0,990	4 December 1969	Communications Satellite Earth Station—Sri Lanka	3,600	23 December 1971
Faleolo Airport and Road — Western Samoa	2,400	16 December 1969	Tandjung Prick Port Development — Indonesia	5,300	4 April 1972
Air Transport Development—Nepal	6,010	18 December 1969	Penang Airport Development — Malaysia	10,900	19 October 1972
Taipei-Yangmai Freeway — Republic of China	18,000	30 March 1970	Surabaja Port Development — Indonesia	5,600	24 October 1972
Colombo Port Tanker Berth — Sri Lanka	2,600	30 March 1970	Iligan-Cagayan de Oro-Butuan Road — Philippines	22,250	9 November 1972
Jurong Wharves Expansion — Singapore	8,310	3 September 1970	Central Area Expressway—Singapore	1,100	14 November 1972
Singapore International Airport Development—Singapore	20,500	24 November 1970	Telecommunications — Western Samoa	2,600	21 November 1972
Sibu Port Expansion—Malaysia	3,500	10 December 1970	Road—Papua New Guinea	9,800	14 December 1972
Cebabate-General Santos Road — Philippines	10,600	23 December 1970	Hetauda-Narayangarh Road—Nepal	10,100	19 December 1972
Fisheries Port—Philippines	6,500	4 March 1971	TOTAL	203,860	

## Water Supply



Adequate piped water supply is a basic necessity for the survival and growth of urban communities. With overcrowding and other social problems associated with urbanization, both Governments and Municipalities are devoting increased attention and funds to improve water supply.

Aside from domestic households which are the major consumers of water, industrial and business establishments, schools, hospitals, etc., are dependent for their daily operations on an efficient system of water supply. The growth of tourism will also require improved water supply facilities.

The Bank's fourth loan, made in 1968, was for the Penang Water Supply Project. Since then, water supply projects have progressively gained in size and importance in the Bank's lending activities. In 1972 the Bank made four loans totalling \$58.9 million—

a significant increase over the two loans for \$30.8 million in 1971. The share of water supply loans in the overall lending of the Bank rose from 8 per cent to 11.5 per cent over the year.

Of the four loans made in 1972 three were for four cities with a population of over one million each —Hong Kong, Busan and Daegu, and Seoul—and one for Ipoh in Malaysia, a smaller city, with a population of half-a-million.

The loan for the Metropolitan Water Intake Project (Seoul) underlines the Bank's concern about the problems of environmental pollution in metropolitan areas of developing member countries. The Project, which was formulated in the wake of river pollution in Seoul, seeks to shift the source of raw water upstream to a pollution-free area. Earlier in 1971 the Bank made a loan to assist in the expansion and improvement of Seoul's water supply system.

In dealing with environmental problems, the Bank has cooperated with other international agencies. In 1972 the Bank agreed to act as Executing Agent of the United Nations Development Programme for a comprehensive environmental and water supply study of Laguna de Bay in the vicinity of Manila.

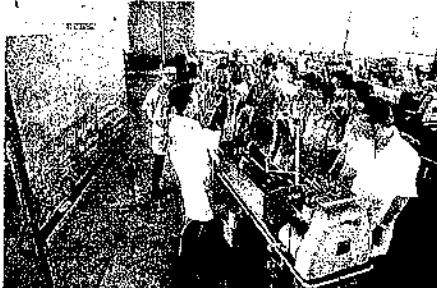
While water supply and sewerage facilities should be considered integral parts of public utility schemes, most Governments and local institutions give lower priority for sewerage because of the large investment involved and the lower financial return. It is, however, felt that with improved water supply systems in the developing member countries, there will be a greater incentive for introducing better sewerage facilities as well.

The Bank has made a modest start in this field by requesting its consultants to study the existing sewerage facilities as part of technical assistance for two water supply projects: one in Indonesia (Bandung) and the other in Laos (Vientiane).

### WATER SUPPLY—LOAN APPROVALS (Cumulative)

Project and Country	Amount (\$ Million)	Date Approved	Project and Country	Amount (\$ Million)	Date Approved
Penang Water Supply—Malaysia	7.200	19 September 1968	Sea Water Desalting—Hong Kong	21.500	6 April 1972
Malacca Water Supply—Malaysia	5.000	12 November 1970	Busan and Daegu Water Supply —Republic of Korea	5.700	16 June 1972
Water Supply — Singapore	8.300	23 December 1970	Greater Ipoh Water Supply —Malaysia	6.100	9 November 1972
Seoul Water Supply —Republic of Korea	8.800	30 March 1971	Metropolitan Water Intake —Republic of Korea	26.600	21 December 1972
Andong Dam Multi-Purpose —Republic of Korea	22.000	16 December 1971	TOTAL	110.200	

## **Education**



In the field of education, the Bank's emphasis has been primarily on vocational training relevant to its own lending and technical assistance activities. In 35 Bank projects covering 13 countries, on-the-job training of personnel was a built-in feature. Virtually all spheres of Bank assistance—agriculture, industry development banks, transport, electric power—were represented in such training programs.

Loans to Singapore in 1970 for the Ngee Ann Technical College and to the Republic of Korea in 1972 for the establishment of five vocational training institutes, including a prototype training center, carried a stage further the Bank's involvement in the process of linking education and employment.

At the end of 1972 projects in an advanced stage of consideration for Bank financing included the construction and equipping of three Regional Institutes for Skills Development and the upgrading of four existing Technical Institutes in Thailand. In addition, the Bank is also studying the vocational education and training needs of certain of the smaller and less developed member countries with a view to considering further project activity in the future.

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## **LOAN AND TECHNICAL ASSISTANCE PROJECTS**

Brief descriptions of the 32 loan and 16 technical assistance projects which were approved during 1972, grouped according to the recipient countries, are given in the following pages. (Regional activities are described in the following Chapter.)<sup>1</sup>

<sup>1</sup> See pages 12-14 for lists of projects approved in 1972.

### **AFGHANISTAN: Technical Assistance \$48,500 for the Helmand Valley Development Road Project**

The Bank undertook the preparation of a feasibility study of the proposed Helmand Valley Development Road between Lashkargah and Deshu. Because of increased agricultural production in the Helmand Valley, considerable surpluses have to be transported to markets in other parts of the country. The area south of Lashkargah is without roads, a drawback that has caused increased transport and production costs.

With an estimated length of 200 kilometers, the road would provide improved communication between the centers of population and production in much of the Upper Helmand Valley and the country's major transport and marketing facilities.

### **AFGHANISTAN: Technical Assistance \$263,000 for the Chakhansur Flood Control and Development Project**

Technical assistance is being provided for a feasibility study of a flood control and regional development project in Chakhansur, one of the poorest regions of Afghanistan.

In ancient times, the Chakhansur Province adjoining Iran and Pakistan was a food-surplus area and supported a substantial population. This area, where the Helmand River discharges into an inland basin, has since deteriorated largely because of cycles of flood and drought. It supports a dwindling population presently estimated at about 50,000.

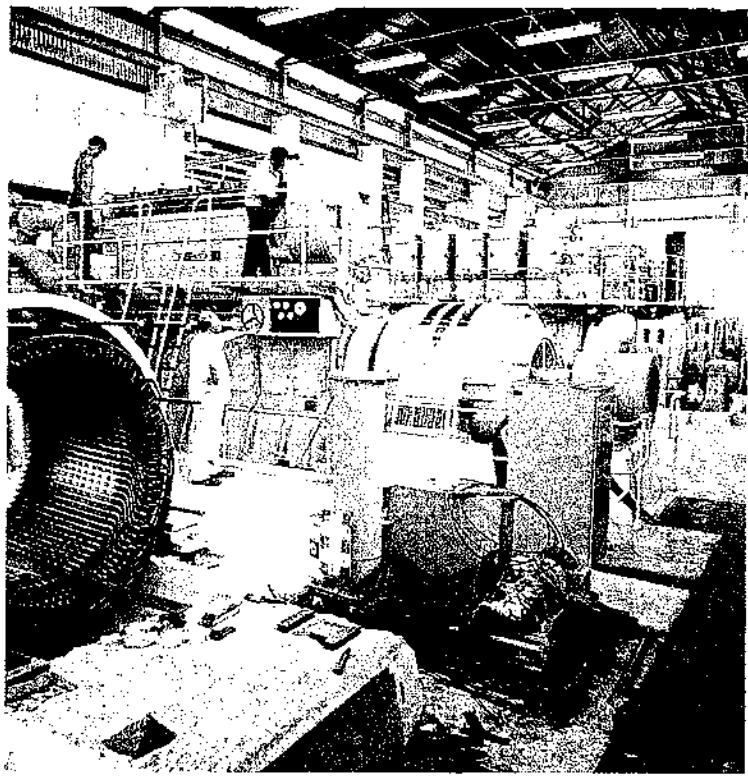
The Chakhansur Flood Control and Development Project is an attempt to change prevailing conditions and facilitate economic development in this isolated southwestern province. The Project, if found feasible after the technical assistance, will call for the construction of two flood diversion dams to remove the risk of flooding and open the way for agricultural development at a comparatively low cost.

### **FJJI: Loan \$4,700,000 for the Power Supply Project**

This was the Bank's first loan to Fiji, which joined the Bank in 1970.

The loan will finance part of the development of the Fiji Electricity Authority's (FEA) power program for the expansion and strengthening of existing power facilities in northwest Viti Levu, which includes the townships of Nandi and Lautoka and Nandi International Airport.

Scheduled to be completed by 31 July 1975, the Project, together with work being undertaken separately by FEA, will provide sufficient generating capacity to meet the forecast demand in the Nandi and Lautoka areas until 1978. It will also provide



Fiji: A diesel generator in operation at the Lautoka power house.

sufficient transmission capacity between Vunda and Lautoka up to 1980 and between Vunda and Nandi up to 1978.

By providing the power essential for development of tourism and small industries, the Project will help create more job opportunities, thereby contributing to the improvement of Fiji's balance of payments. The Project will raise per capita power consumption and enhance the welfare and living standards of the population.

#### FIJI: Technical Assistance

\$37,000 for the Fiji Development Bank (Extension)

Additional technical assistance to the Fiji Development Bank (FDB) will provide for an extension of the services of two foreign experts to assist in the reorganization of the FDB and the improvement of its technical capability.

Under the original technical assistance approved in 1971, a team of three experts was engaged for a year to assist the FDB. However, it was considered essential to provide the additional technical assistance to extend the work of the Senior Institutional Expert by six months and the Financial Analyst by four months.

This will ensure that the results of the team's training efforts are consolidated and that the FDB will reach a level of proficiency that will enable it to function efficiently and effectively.

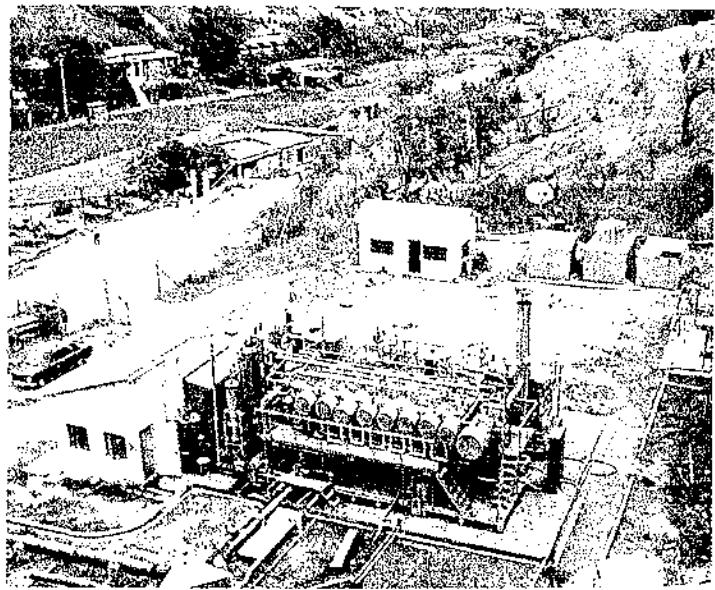
#### HONG KONG: Loan

\$21,500,000 for the Sea Water Desalting Project

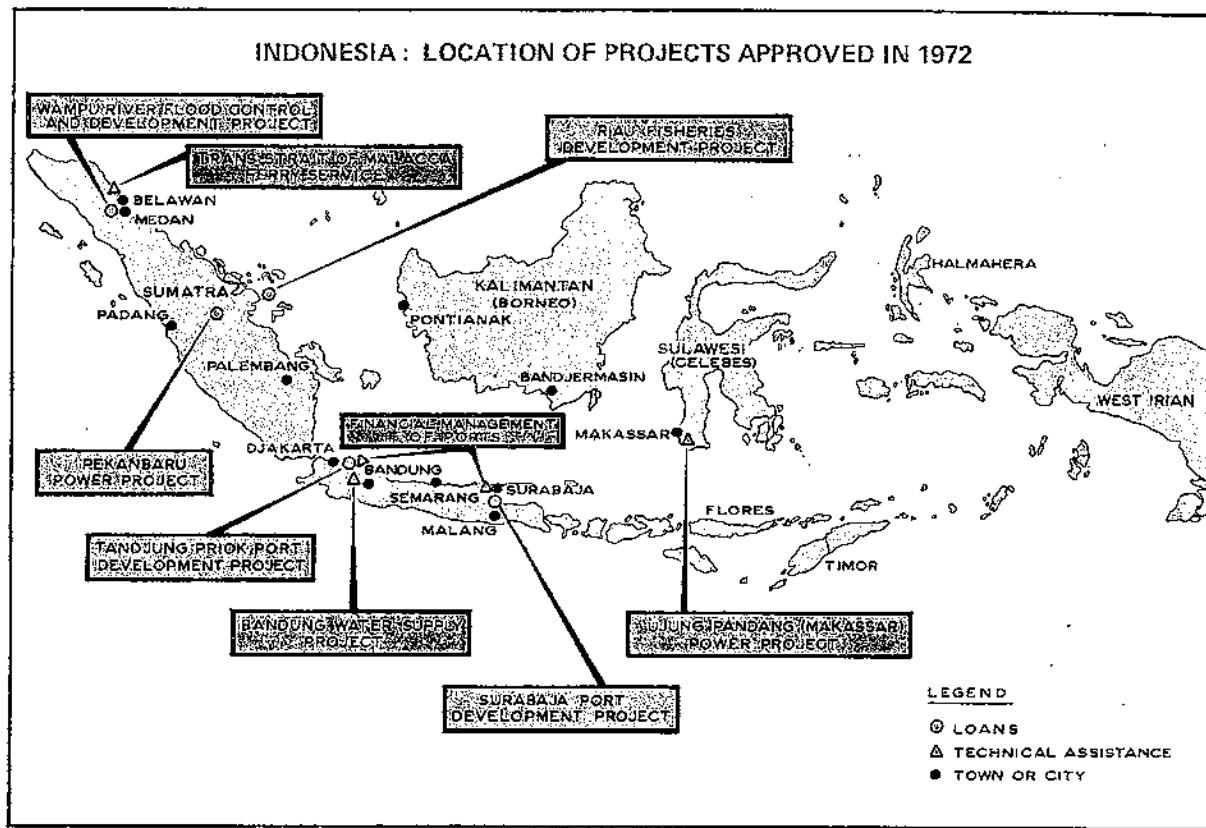
This was the Bank's first loan to Hong Kong since it became a member in 1969.

Water supply has long been a serious problem for Hong Kong. Due to inadequate reservoir storage and rapid population growth, Hong Kong has experienced successive water shortages since the end of the second World War. In a bid to improve the situation, the Government of Hong Kong has prepared an overall water resources development plan for the 1970's on the assumption that the Colony's water consumption will continue to grow at an annual rate of 8 per cent.

The plan requires, and the Government is proceeding with, the development of two new water reservoir schemes. However, there would still be a shortfall in the capacity of the water supply system to meet the demand from 1974. The desalting plant will meet minimum requirements according to water demand projections. With a capacity of 40 million imperial gallons per day, the plant is the largest contemplated so far in the world.



Hong Kong: The experimental plant with which the Hong Kong authorities carried out their initial testing program to prove the feasibility of the Sea Water Desalting Project.



#### INDONESIA: Loan

\$5,940,000 (Special Funds) for the Wampu River Flood Control and Development Project

This loan follows earlier Bank technical assistance for a feasibility study of flood control in the area which is about 50 kilometers northwest of Medan, the provincial capital of North Sumatra.

The Project will benefit State-owned oil palm and rubber estates, paddy fields, private rubber estates and about 110,000 people living in an agricultural area of about 28,000 hectares.

An irrigation scheme including primary, secondary and tertiary canals will be established in an area of 2,000 hectares. Soil conservation work will include river bank revetment over about 42 kilometers; and reforestation and greening movement covering 14,500 hectares.

#### INDONESIA: Loan

\$5,300,000 (Special Funds) for the Tandjung Priok Port Development Project

This loan, the first from any multilateral aid agency for port development in Indonesia, is for the

rehabilitation and expansion of Tandjung Priok near Djakarta, the principal international port of entry for Indonesia's foreign trade. The condition of the Port and its limited facilities for cargo handling result in transport bottlenecks which hinder the economic growth of the West Java region.

The Project is designed to raise the Port's annual cargo handling capacity from its present level of 3.2 million tons to about 5 million tons after completion in 1975.

The Project is also expected to effect substantial cost savings in cargo handling activities. It will stimulate economic development of the area and prepare the Port for the expected doubling of cargo volume by 1980.

#### INDONESIA: Loan

\$2,500,000 (Special Funds) for the Riau Fisheries Development Project

The Project is located in the coastal area of the Riau Archipelago, Riau being the province of Indonesia accounting for the largest per capita fish catch. It will develop a chain of fishery operations,



*Indonesia: Feasibility study in progress to assess the technical and economic aspects of the Wampu River Flood Control Project (left); a number of State-owned and private oil palm and rubber estates (like the one on the right), which suffer heavy damage because of recurring floods, will benefit from the Project.*

starting with the catching of fish and shrimps by 60 gillnetters and 40 trawlers. The catch will be preserved in four new cold storage plants, and finally exported to Singapore in four refrigerated fish carriers.

The aim of the Project is to assist the development of the country's fishery sector and help to acquaint a large number of fishermen with modern fishing techniques. In addition, the Project will substantially improve the marketing of fish by the use of refrigerated fish carriers and establishment of cold storage and ice plant facilities, thereby adding substantially to the country's foreign exchange earnings.

#### **INDONESIA: Loan**

\$5,500,000 (Special Funds) for the Surabaja Port Development Project

Surabaja is the second largest port of Indonesia, serving East and Central Java including the city of Surabaja with a population of about 2 million. Although port facilities are well laid out, there are not enough paved areas for efficient cargo handling, the lighting for night work is poor, and most facilities are in a partial state of disrepair.

The Project provides for the rehabilitation, upgrading and modernization of existing port facilities and new cargo handling equipment, a fire-fighting truck, two tugboats, two pilot boats and navigational aids. It also provides for appropriate consultant services.

The Project will increase the port's present cargo handling capacity of 3.3 million tons annually to about 5.2 million tons to meet projected traffic demands to 1977. The Project has been given high priority in the report of the Southeast Asian Regional Transport Survey undertaken by the Bank.

#### **INDONESIA: Loan**

\$2,600,000 (Special Funds) for the Pekanbaru Power Project

The loan follows technical assistance provided by the Bank in 1970 and complements a subsequent loan of \$7.1 million in the following year for major improvements to the adjacent West Sumatra power supply system.

Pekanbaru is the capital of Riau Province and has a population of 145,000. The Province is rich in oil resources and its capital is a growing commercial and administrative center.

Currently, Perusahaan Umum Listrik Negara (PLN), the State Electricity Enterprise, has five diesel units operating in the Pekanbaru area with a total capacity of 1,875 MW. However, current potential demand stands at 3 MW. Private firms have had to use their own diesel units and blackouts are commonplace for householders in the area.

The Project provides, among other items, for the installation of three new 2-MW diesel generating units; the rehabilitation of two of the existing diesel sets; improvement and extension of the distribution network; the improvement of communications and maintenance facilities in the system; and consultant services.

**INDONESIA:** Technical Assistance  
\$250,000 for Financial Management of Ports

In addition to loans, the Bank has agreed to give technical assistance to assist in the introduction of sound financial management of the major ports in Indonesia including Tandjung Priok Port.

A small team of financial experts will work with the Directorate-General of Sea Communications to develop systems of financial management including commercial accounting, budgeting and restructuring of port tariffs.

**INDONESIA:** Technical Assistance  
\$120,000 for the Ujung Pandang (Makassar) Power Project

The Bank has assisted in a technical and economic investigation of the electric power system in the Ujung Pandang area in South Sulawesi.

In addition to specific projects for power generation, transmission and distribution suitable for external financing, the study includes the formulation of a power expansion program to encourage the overall development of the South Sulawesi region.

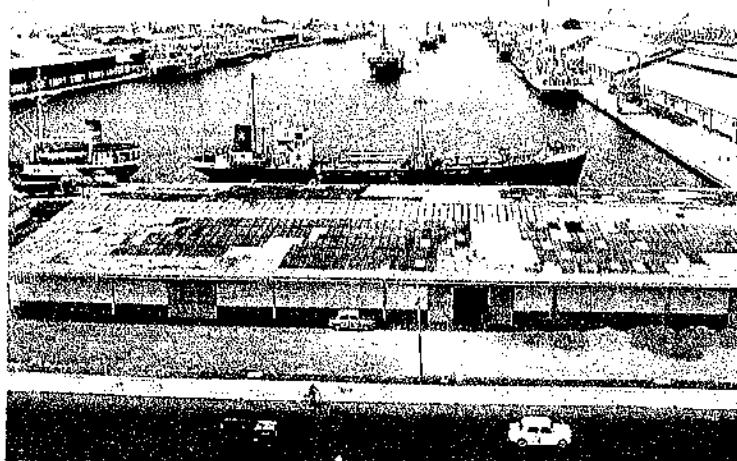
**INDONESIA:** Technical Assistance  
\$295,000 for the Bandung Water Supply Project

The Bank is helping in the preparation of a water supply development program for Bandung, the capital of West Java.

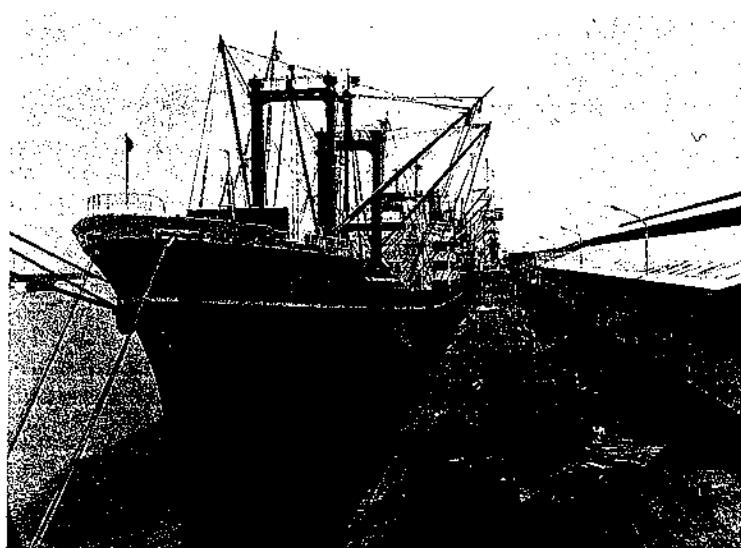
The Project will include the preparation of a feasibility study for the first phase of the development program as well as a priority rehabilitation program. The rehabilitation of the existing sewerage and drainage systems will also be studied.

The City of Bandung has a population of more than 1.2 million. It is an educational center with a number of universities and special technical schools, and is the center of a major agricultural area.

The present water system is serving only about one-third of the city's population.



*Indonesia: One of the three harbors in the Tandjung Priok Port.*



*Indonesia: A view of a section of the Surabaja Port.*

**REPUBLIC OF KOREA:** Loan  
\$3,700,000 (Special Funds) for the Vocational Training Institutes Project

This is the Bank's second loan in the field of education and the first for vocational training.

The Project will establish four vocational training institutes and one prototype training center to be located in different parts of the country.

The four institutes will give training in eight basic trades—foundry, pattern-making, machining, fitting, welding, sheet metalwork, electrical and

electronic skills. In three institutes, training will be given in certain additional trades such as textile, wood machining, offset printing and metal finishing.

The prototype training center will train technicians in shops operating under factory conditions. At full capacity, the institutes to be established under the Project will turn out 1,050 technicians, 1,530 skilled workers and 600 supervisors per year.

With the shift in the emphasis towards more sophisticated industrial development and with changes in the industrial structure, there is a growing demand for skilled manpower in the Republic of Korea with a corresponding increase in the need for more intensive training in vocational training institutions.

**REPUBLIC OF KOREA:** Loan  
\$5,700,000 for the Busan and Daegu Water Supply Project

Busan and Daegu are respectively the second and third largest cities in the Republic. The loan will assist the expansion of water supply to both cities.

Busan, with an estimated population of about 2 million in 1971, is the country's main port and an important manufacturing center. Its rapid growth over the past decade has strained the city's infrastructure facilities. It has serious water shortages, low pressure, and rationing in some districts. The Project is designed to meet the growing needs of the city to 1979.

Daegu, a provincial capital, is the country's textile manufacturing center and is rapidly expanding its industrial activity. Its present water supply is adequate but the current growth in population and industry will necessitate additional capacity and facilities by 1974. The Project will help to satisfy demand from 1975 to 1979.

The Project will involve construction of new pumping stations on the Nagdong River, water pipelines, treatment facilities and water transmission and distribution lines. Consultant services will also be provided under the loan. Upon its completion in 1974/75, the Project will increase water supply in Busan by 240,000 metric tons per day to 540,000 metric tons per day and in Daegu by 120,000 metric tons per day to 300,000 metric tons per day.

Construction of the Andong Multi-Purpose Dam with financial assistance from the Bank will assure an adequate supply of water to Busan and Daegu at times of low water discharge in the Nagdong River.

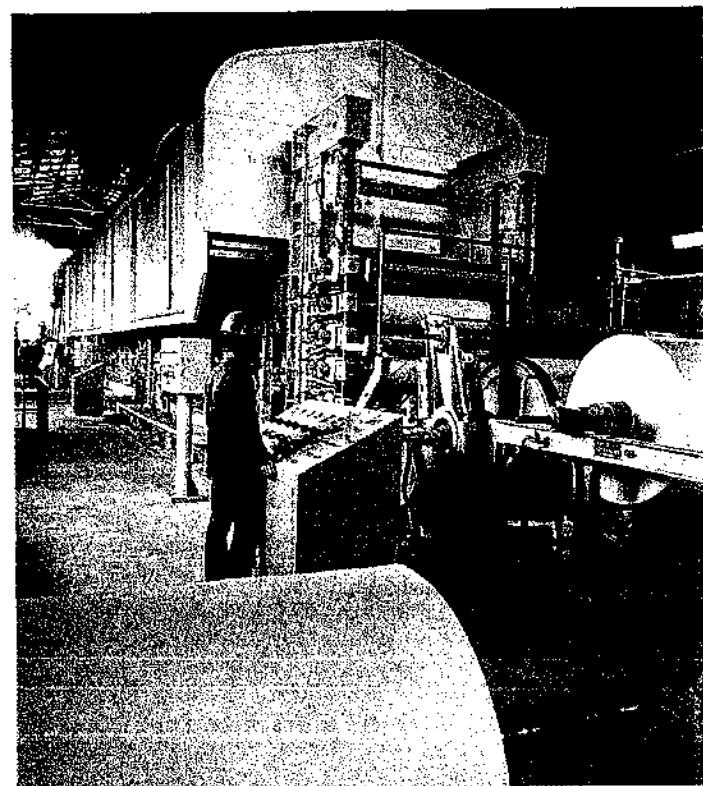
**REPUBLIC OF KOREA:** Loan  
\$13,300,000 for the Fisheries Development Project

This Project seeks to increase fisheries pro-

duction by developing and expanding coastal, offshore and deep-sea fishing operations.

It provides for the importation of 150 marine diesel engines to replace obsolete engines installed in vessels operating in coastal waters and replacement of eight obsolete trawlers operating in offshore waters. In addition, eight "skipjack" vessels will be obtained for fishing in international waters.

The Project is designed to improve fishermen's incomes, contribute to the protein requirements of the population and provide significant export earnings.



*Republic of Korea: Work in progress at the Hankuk Paper Mfg. Co., one of the beneficiaries of a sub-loan from the Bank's first loan to the Korea Development Bank.*

**REPUBLIC OF KOREA:** Loan  
\$20,000,000 for the Second Korea Development Bank Project

This is the second loan extended by the Bank to the Korea Development Bank (KDB) to increase the KDB's foreign currency resources for the extension of sub-loans to private industrial enterprises in the Republic.

KDB is a government bank established in 1954 to supply and administer funds to finance industrial projects essential for the development of the national economy.

From the Bank's first loan of \$10 million approved in 1970, sub-loans totalling \$8.3 million had been made by the end of December 1972. The sub-loans have been used for projects in such industries as food and beverage, machineries, chemicals, paper manufacturing and textile. In accordance with the Government's policy, more emphasis will be given under the second loan to projects with export-earning potential.

**REPUBLIC OF KOREA:** Loan  
\$25,600,000 for the Metropolitan Water Intake Project

The Project provides for the relocation of five raw water intakes serving the Seoul-Incheon area which were constructed over a period of more than 60 years in a section of the Han River that passes through Seoul and which have become polluted from domestic and industrial wastes over the years.

As part of the scheme to control the effects of pollution, new water intakes and treatment plants for the Seoul City area are being constructed upstream of central Seoul at a section of the river which is relatively clean. An earlier Bank loan of \$8.8 million for the Seoul Water Supply Project will finance one such treatment plant.

The Project comprises a water intake in the Paldang Reservoir, about 37 kilometers upstream of Seoul, a water outlet, a booster pumping station downstream of the dam, and twin transmission pipelines with connections to the five existing treatment plants.

The capacity of the Project is 1.2 million metric tons per day (m.t.d.) of which 900,000 m.t.d. are immediately required to replace existing polluted intakes and 300,000 m.t.d. to meet the raw water demand in areas administered by Incheon City.

**REPUBLIC OF KOREA:** Technical Assistance  
\$47,800 for Seoul-Incheon-Suweon Highway

In the Korean economy, the importance of Seoul can hardly be over-emphasized. Seoul is the center of economic, financial, social and cultural activities. The Port of Incheon, 29 kilometers west of Seoul, is the gateway to the capital. Suweon is located 47 kilometers to the south of Seoul and is developing as a major satellite of the capital.

The project preparation is being undertaken by a Korean consulting firm appointed by the Government in collaboration with two experts to be provided under Bank technical assistance.

The Bank team is advising on all traffic, engineering and economic aspects of the Study and will help the Government supervise and control the work of the Korean consultants, as needed, in the performance of their task.

**LAOS:** Technical Assistance  
\$50,000 for Vientiane Water Supply and Distribution

The technical assistance will facilitate a study of the water supply and distribution in Vientiane and outlying areas for a project to satisfy the needs of these areas to the year 2000 with preliminary design and a feasibility study for the first phase development requirements up to the year 1980.

The present water supply system in Vientiane, the source of which is the Mekong River, covers an area of about 2,700 hectares out of a total municipal area of about 6,000 hectares.

The distribution system extends over a wide area and there are insufficient service reservoirs. Consequently, there is general low pressure in the network and extremely low pressure near the terminal of the pipelines.

**MALAYSIA:** Loan  
\$6,700,000 for the Second Sarawak Electricity Supply Project

The Project will enable the Sarawak Electricity Supply Corporation (SESCO) to meet the growing power requirements of Sarawak.

The Project provides for the installation of two 7.5-MW diesel generating sets at Kuching, one 5-MW set at Sibu, and one 3-MW dual fuel generating set at Miri. It also covers the installation of a 1,500-ton fuel tank at Kuching and a 500-ton fuel tank at Sibu.

In addition, the Project provides consultant services for preparing the design of a new power station at Sungai Biawak, Kuching, and related 33 KV transmission lines and substations, and for planning of long-term expansion of the system.

Upon completion of the Project, scheduled for the end of 1976, SESCO's total installed capacity will be 82 MW compared with 41.4 MW at present and 56 MW on completion of the first Bank-financed project towards the end of 1973.

**MALAYSIA:** Loan  
\$10,900,000 for the Penang Airport Development Project

The Project will bring extensive improvements to the present airport which serves one of the country's important tourist centers.

It provides for the construction of a new 11,000-foot runway; the strengthening and extension of the existing runway to provide a taxiway; a new passenger terminal building; a new operation/control tower block and car park; navigational aids; fire-fighting and rescue equipment; and a new fire station.

In addition, the loan will cover the provision of engineering consultant services and advisory services in the fields of airport tariffs and financial management.



*Malaysia: A view of the Penang Airport.*

Penang has one of the two international airports in West Malaysia and its traffic volume has been increasing rapidly over the last ten years. It is expected that air passengers will increase from 235,000 in 1971 to more than 1 million in 1981 and to more than 3.3 million by 1991. The existing runway cannot accommodate large passenger aircraft and the present terminal facilities are inadequate.

**MALAYSIA: Loan**

\$6,100,000 for the Greater Ipoh Water Supply Project

This Project is aimed at meeting increasing water supply needs of the Greater Ipoh area in Perak State, West Malaysia, to the year 1988.

The Project involves the extraction of 20 million gallons of water daily (m.g.d.) from the Perak River at Parit. Lowlift pumps will take the water to a treatment plant to be constructed nearby. From there, the water will be pumped to reservoirs and fed into water mains for distribution through the Greater Ipoh area.

Great Ipoh has a population of 470,000 and recorded maximum demand was 18.6 m.g.d. The area currently draws its water supply from the

Kinta River water works which has a reliable yield of 20 m.g.d. Other smaller water systems also contribute 2 m.g.d. However, with increased urbanization, industrialization and population increase, the water demand in the area is expected to increase by 5 per cent annually in the foreseeable future.

**MALAYSIA: Technical Assistance  
\$198,000 for Sabah Power Development**

The Bank will assist in a study to determine the future power needs of the Kota Kinabalu area of Sabah and recommend the most suitable power development projects to meet those needs in the period 1976-1985.

The Study will include investigation of the technical feasibility and economic viability of the proposed Tenom-Pangi hydropower project on the Padas River. This will cover hydrological, topographical and geological investigations; a preliminary design, a cost estimate, financial studies and a construction schedule which includes transmission lines and substations.

A comparative study of the technical, economic and financial aspects of possible alternatives to the Tenom-Pangi hydropower project will also be made.

#### **NEPAL: Loan**

\$2,700,000 (Special Funds) for the Gandak-Hetauda Power Project

This was the Bank's first loan for power development in the country.

The Gandak Power Station is being constructed and financed by the Government of India as part of a large multi-purpose scheme intended to benefit both countries.

The Project provides for the construction of 150 kilometers of transmission lines, consisting of two sections from the Gandak Power Station to Bharatpur and from Bharatpur to Hetauda as well as necessary substation facilities and the provision of consultant services.

The Gandak Power Station is scheduled to commence production in October 1973 and all of its three generating units are expected to start operating in mid-1974. However, the Central Nepal Power System (CNPS) grid will be able to utilize power from the station only after completion of the transmission lines to Hetauda, to be constructed as part of the Bank Project.

The Project, when completed, will be operated by the Nepal Electricity Corporation (NEC), a Government-owned corporation responsible for producing and distributing electricity. To meet the

projected power demand for the continued commercial, industrial and population growth in the Kathmandu Valley, NEC needs this additional capacity by 1976 to serve the valley and the rest of the CNPS area.

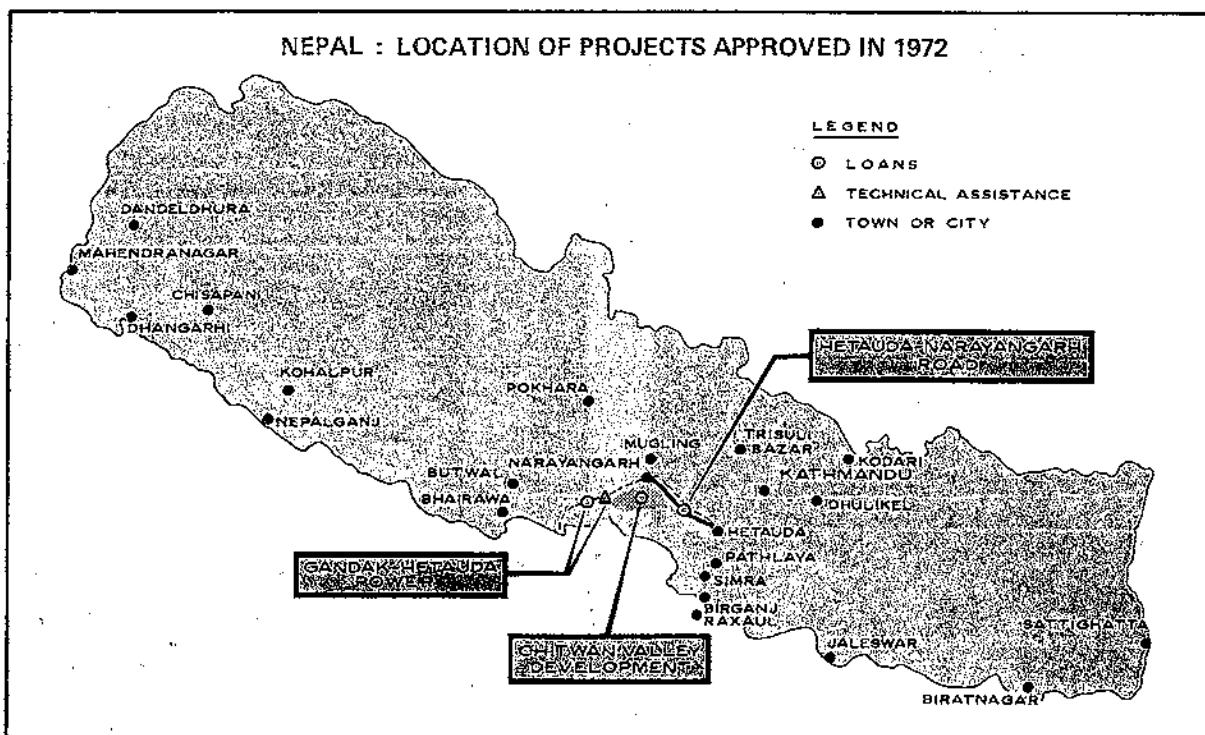
#### **NEPAL: Loan**

\$8,000,000 (Special Funds) for the Chitwan Valley Development Project

The object of the Chitwan Valley Development Project is integrated agricultural development in the valley area, including irrigation and land development, soil conservation, cropping patterns, animal husbandry, products processing, marketing, agricultural research and extension, and farm organization and institutions.

The Project follows a Bank feasibility study under technical assistance approved in October 1971. It will provide year-round irrigation to about 11,100 hectares net of land. The main crops to be grown in the project area are paddy, corn, mustard and wheat. Animal husbandry, particularly the raising of buffaloes, goats and poultry, will also be promoted.

The Project will constitute the first pump irrigation scheme in Nepal. Electric power for pumping irrigation water in the Chitwan Valley will be



supplied by the Gandak-Hetauda Power Project, which is also being financed by the Bank.

It is expected that when the Chitwan Valley reaches full development, the annual farm income in the valley will increase to over \$900 from the present level of about \$340 per farm on the average.

#### NEPAL: Loan

\$10,100,000 (Special Funds) for the Hetauda-Narayangarh Road Project

The Hetauda-Narayangarh Road was constructed in 1957 as a gravel access road to open up the Chitwan Valley for development. Erosion resulting from heavy rainfall and the lack of adequate drainage have brought about a substantial deterioration in the road. Moreover, crossings on three major rivers are flooded during the monsoon months from June to September.

Near the western terminus of the road, the town of Narayangarh is separated by the Narayani River from the Nawalparasi District. A small cable-guided ferry is available for crossing the Narayani, but it has insufficient capacity to handle the traffic projected for future years.

The Project consists of reconstruction and improvement of the 80-kilometer-long Hetauda-Narayangarh Road to an all-weather two-lane bitumen-surfaced standard, including construction of four major two-lane bridges over the Rapti, Manahari, Lothar and Narayani Rivers. The importance of the road is enhanced by the fact that it forms a key portion

of the main trunk road of Nepal, the East-West Highway, and is part of the Asian Highway. The road network will connect the Kathmandu Valley with important development areas to the west, including the Chitwan Valley.

#### NEPAL: Technical Assistance

\$40,000 for the Gandak-Hetauda Power Project

The Bank has approved technical assistance for the improvement of financial procedures and for the financial and managerial planning of the Department of Electricity which will carry out the Gandak-Hetauda Power Project (see page 31).

#### PAKISTAN: Loans

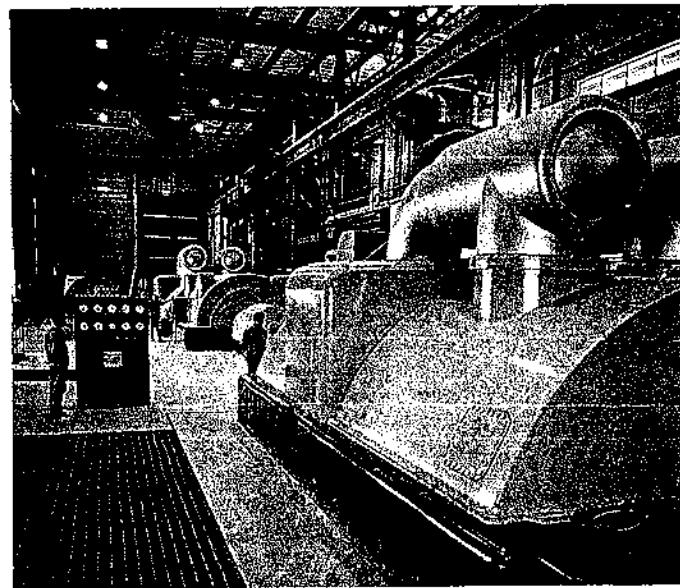
\$14,300,000 and \$12,200,000 (Special Funds) for the Power Generation, Transmission and Distribution Project

This Project, financed by loans from both the ordinary capital and Special Funds resources of the Bank, is a power expansion scheme of the Karachi Electric Supply Corporation, Ltd. (KESC).

The Project provides for the construction of one 125-MW natural gas/oil fired generating unit as an addition to the existing Korangi Thermal Power Station, and associated transmission lines and substations, and provision of related distribution equipment. Consultant services and staff training are also included for the preparation and implementation of the Project and for detailed studies relating to the KESC's generation, transmission and distri-



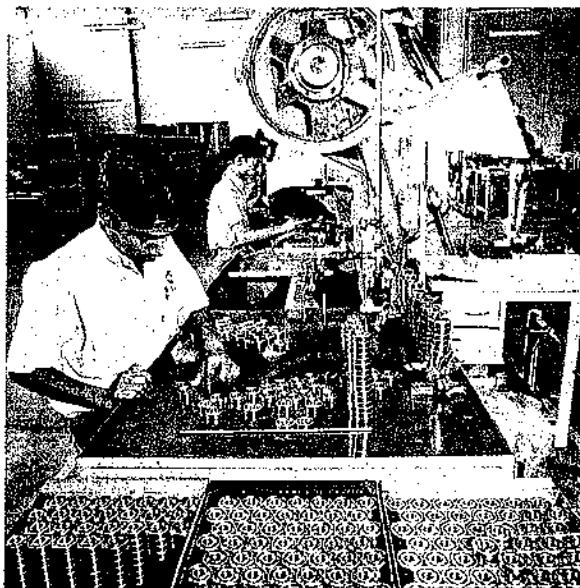
Nepal: A section of the 80-kilometer Hetauda-Narayangarh Road, which suffered heavy erosion during the monsoon in recent years.



Pakistan: Korangi Thermal Power Station where an additional generating unit is to be installed.

bution system requirements for the period ending 1982.

Karachi and its environs (the KESC supply area) have experienced rapid growth of population as well as of commercial and industrial activity over the last 20 years. Karachi today is the major industrial and economic center in Pakistan and is expected to continue this role in the future. In addition to its contribution to the growth of the economy, the Project will have indirect benefits in terms of additional employment and improved standards of living.



Pakistan: Work in progress at the finishing section of R.C.D. Ball Bearings Ltd., which has received financial assistance from the Pakistan Industrial Credit and Investment Corporation Limited.

#### PAKISTAN: Loans

\$6,000,000 and \$6,000,000 (Special Funds) for the Pakistan Industrial Credit and Investment Corporation Limited Project

The loans will augment the foreign exchange resources of the Pakistan Industrial Credit and Investment Corporation Limited (PICIC) for relending to medium and large scale private industrial enterprises.

PICIC, established in 1957 to assist the development of private industries, is the largest development finance institution in the country. PICIC's paid-up share capital amounted to Rs. 60 million in mid-1972 of which 63 per cent was held by Pakistani investors and the balance by foreign shareholders, mainly banks and insurance companies.

PICIC has approved, over the 15 years of its operations, a total of 837 loans amounting to Rs.

2,552 million, of which 92 per cent was in foreign currency loans. A major part of PICIC's financial assistance has so far been extended to five major sectors: cotton textiles, food products and processing, jute manufacturing, chemicals and engineering.

#### PAPUA NEW GUINEA: Loan

\$9,800,000 (Special Funds) for the Road Project

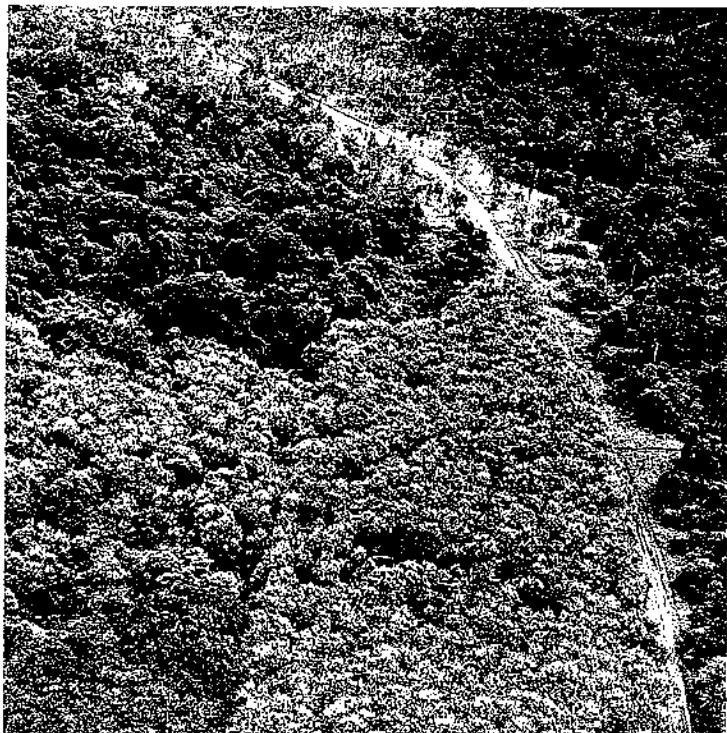
The Project provides for the upgrading, realignment and sealing of 75 miles of the Highlands Highway from Munum to Waterais in the North and the upgrading and new construction of 62.5 miles of the Hiritano Highway from the Veinauri River to Bereina in the South.

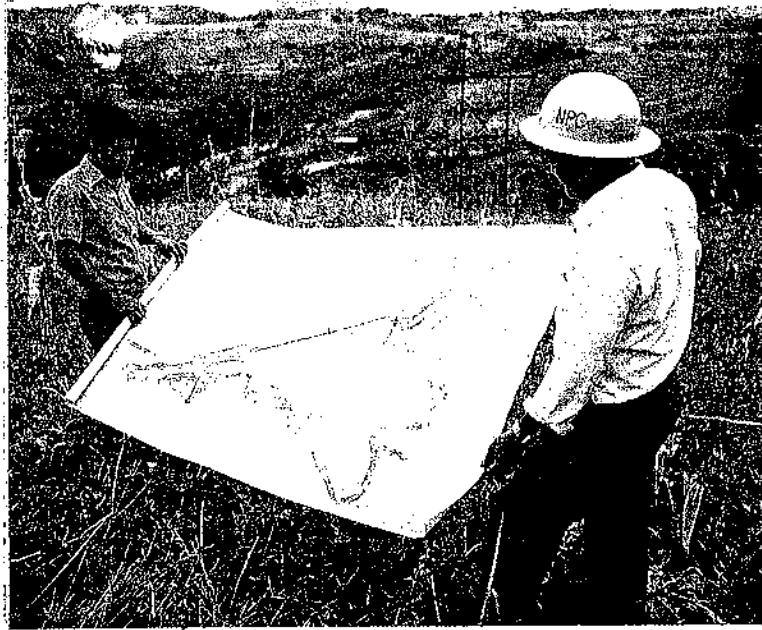
In addition, the Project includes the provision of consultant services for detailed engineering design and construction supervision.

The Highlands Highway runs from the Port of Lae into the rich Highlands area which contains almost half of the total population of Papua New Guinea. It was completed as a gravel-surfaced road in 1965 and is the only access road to the Highlands area.

The Hiritano Highway extends west along the coastline from the capital, Port Moresby. The completion of this work will substantially assist the development of the fertile Mekeo area, and provide surface access for the first time to Port Moresby from that area. The road link will facilitate the supply of fresh foods for the Port Moresby market which now depends substantially on imported foodstuffs.

Papua New Guinea: Aerial view of a part of the Hiritano Highway.





*Philippines: Two engineers of the National Power Corporation on an inspection tour near the area where the Agus II hydropower station will be constructed.*

**PHILIPPINES:** Loan  
\$21,000,000 for the Second Mindanao Power Project

This loan will assist the construction of the Agus II hydropower plant of the National Power Corporation (NPC) located on the Agus River in Mindanao.

The Project provides for an earthfill dam, power conduit, spillway, a power house equipped with three turbines and three generators with a total installed capacity of 180 MW. It also involves improvements in partial lake regulation works at the mouth of Lake Lanao, and procurement of communications equipment, including a VHF radio communications system and vehicles equipped with communications equipment.

The Project complements the First Mindanao Power Project loan of \$23.4 million approved in 1971, which financed a power transmission program for Mindanao and the addition of a 50-MW generating unit at the existing Agus VI Maria Cristina Hydroelectric Power Station.

When completed in 1976, both Projects will bring power to areas where supply is currently either inadequate or non-existent, thereby widening the industrial base of Mindanao and stimulating economic development of the island.

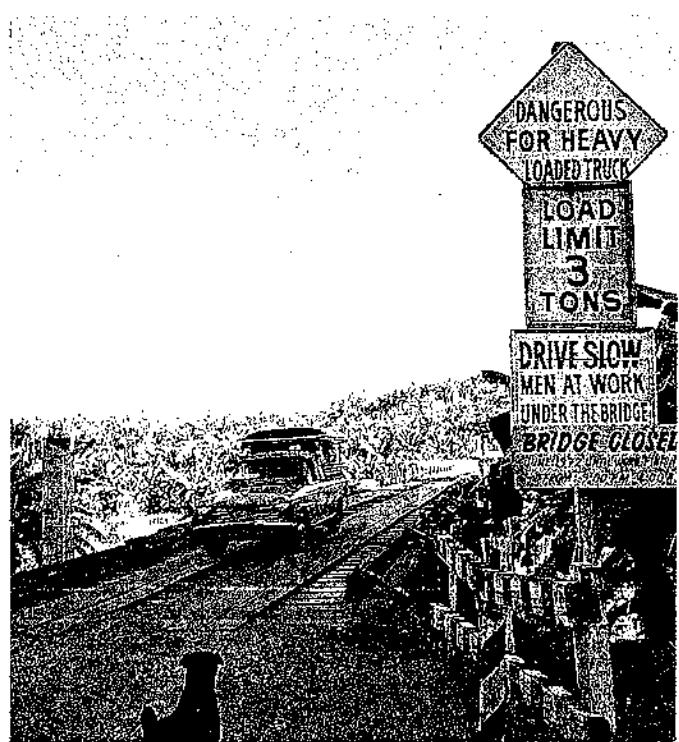
**PHILIPPINES:** Loan  
\$22,250,000 for the Iligan-Cagayan de Oro-Butuan Road Project

This Project provides for the construction and improvement of the road starting at Marawi junction, near Iligan, passing through Cagayan de Oro and ending in Ampayan, near Butuan, a total length of 310 kilometers along the northern coastline of the island of Mindanao.

The terrain through which the road passes is extremely varied. About one-third of its alignment traverses hilly slopes and has sharp curves and steep gradients that make it dangerous to negotiate, while the remaining two-thirds passes through narrow coastal plains with low embankments that are highly susceptible to flooding.

A feasibility study, undertaken with the Bank's technical assistance, recommended the upgrading and improvement of this national road.

The main benefits which are expected from the Project are reductions in travel time and vehicle operating costs, and the resultant transport cost savings which, in turn, will have a significant developmental effect on the economy of Northern Mindanao.



*Philippines: As part of the Project for the construction and improvement of the Iligan-Cagayan de Oro-Butuan Road, several one-lane bridges as the one shown above, will be widened for two-lane traffic.*



*Philippines: Confluence of the Pasig and Marikina Rivers, the site of the proposed hydraulic control structure (left); a typical polluted portion of Laguna de Bay (right).*

**PHILIPPINES:** Technical Assistance  
\$183,000 for the Angat and Magat Irrigation Projects

The technical assistance will be for feasibility studies including preliminary design work on the existing Angat and Magat Irrigation Projects in Central Luzon, the largest island of the Philippines.

The studies will also assess the possibilities of an integrated approach to agricultural development. If implemented, the two projects would serve as pioneer models for intensified irrigation projects throughout the country.

The assistance follows earlier Bank technical assistance to the Philippines in establishing a long-term water management improvement program in National Irrigation Administration (NIA) systems. Angat and Magat head the list of NIA priorities for implementation of the water management improvement program.

The Angat River Irrigation System was completed in 1927 and presently has a potential irrigable area of about 28,600 hectares. However, due to the lack of water management facilities at the farm level even after the completion of the Angat Multi-Purpose Dam in 1966, it has only been possible to irrigate 22,800 hectares in the wet season and 24,800 hectares in the dry season.

The Magat River Irrigation System is an area with sufficient water and virgin land for greatly increased agricultural production. The land currently under irrigation, totalling 32,000 hectares in the wet season and 22,000 hectares in the dry season, could, after the improvement, be increased to 40,000 hectares in both seasons.

**PHILIPPINES:** Technical Assistance for the Laguna de Bay Water Resources Development Study

The Bank has undertaken an integrated water resources development study of Laguna de Bay as an Executing Agent of the United Nations Development Programme (UNDP).

The Study has two components—water quality control and management, and the feasibility of a

hydraulic control structure and water supply plant for the Greater Manila area.

Laguna de Bay is in Luzon, the largest island in the Philippines, and is one of the largest lakes in Southeast Asia. It has not been used for water supply or irrigation because of the high level of salinity that results from the intrusion of sea water in the dry season during periods of high tide in Manila Bay.

Laguna de Bay is also contaminated by various pollutants including industrial wastes, and thermal, sewage and irrigation run-offs. More than half of the sewage and industrial pollution is introduced by the Pasig River with the remaining pollution originating in the lake region.

The major economic benefit expected from the water supply project, including the construction of the hydraulic control structure, will consist in the use of the Laguna de Bay to supply potable water to Greater Manila for the period 1980-2000. Based on the lowest expected annual inflow to the Lake, some 660 million gallons a day would be available and be sufficient to meet the estimated requirements until the year 2000.

As the Executing Agent, the Bank will be responsible for the overall supervision and implementation of the Study. The World Health Organization has agreed to cooperate in an advisory capacity with the Bank in the execution of the public health, water quality control and management components of the Study.

The foreign exchange cost of the Study (\$1,284,300) will be borne by the UNDP and the local currency cost by the Philippine Government.

**PHILIPPINES:** Technical Assistance  
\$31,000 for Tarlac-Santa Rosa Highway Study

The Tarlac-Santa Rosa Highway is one of the highways and roads which were damaged by the July-August 1972 floods in Central Luzon.

Approximately 41 Kilometers long, the Tarlac-Santa Rosa Highway provides a connecting road between Manila North Road and the Pan-Philippine

Highway, and also serves as a major feeder road to these two important national highways.

A three-man consultant team in collaboration with the Philippine Bureau of Public Highways, has made the necessary field surveys to determine the extent of the destruction caused to the sub-surface and sub-structure of the roadway and bridges respectively, and obtained cost estimates for their repair. The team also reviewed the economic benefits of reconstructing the road.

The Study will enable the Philippine Government to decide on what further steps to take to meet the long-term transportation needs of the area and to minimize the interruptions that are caused annually during the rainy season by floodwaters.

**SINGAPORE:** Technical Assistance Loan  
\$1,100,000 for the Central Area Expressway Project

This project provides for a feasibility study of the Central Area Expressway System and for the detailed design of the high-priority northern section of the System.

The proposed Expressway System is seen as an essential step in improving the efficiency of Singapore's road network.

Singapore has enjoyed a high rate of economic growth in recent years. To maintain this growth, improvement of infrastructure facilities is required.

The Study will determine the nature, extent and costs and economic justification of the 24.5-kilometer Expressway System; the detailed design of the 5.4-kilometer northern section; designs, costs and a staging program for construction of the other sections.

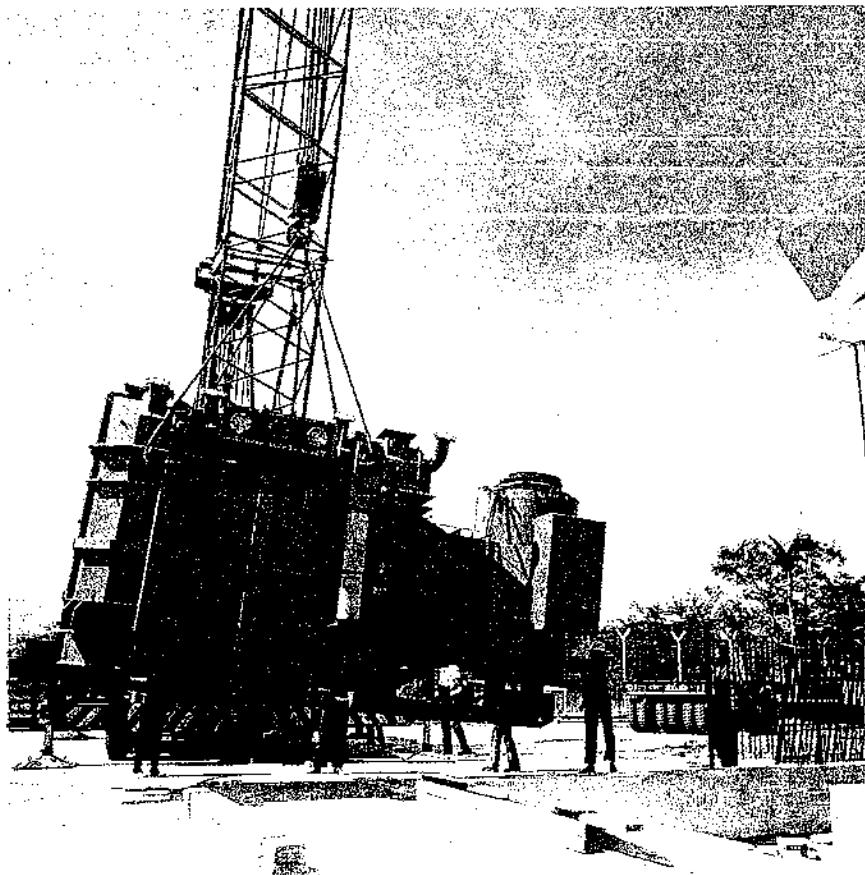
The System was recommended by a United Nations Urban Renewal and Development Study completed last year which surveyed Singapore's land and physical resources and made recommendations for future development.

**SINGAPORE:** Loan  
\$19,600,000 for the Second Power Transmission and Distribution Project

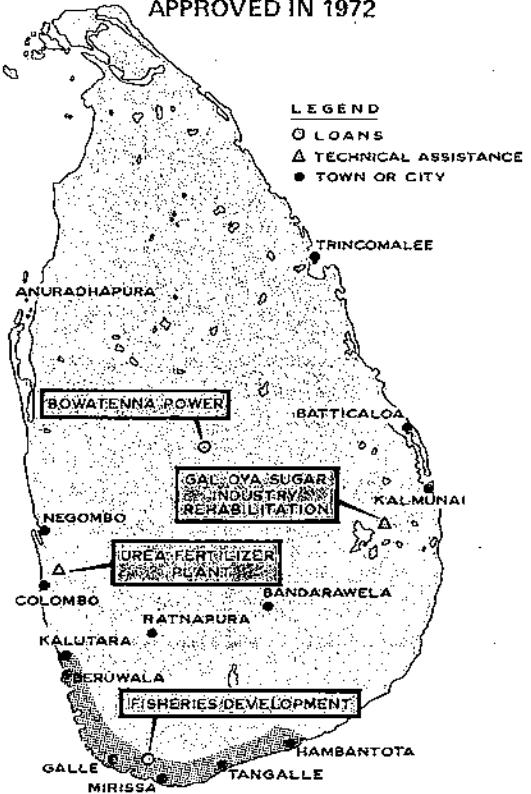
The Project provides for an expansion of existing power transmission and distribution facilities of the Public Utilities Board (PUB) to match the expansion of power generation after the completion of the second power generating unit at the Senoko Power Station in 1975. PUB is an autonomous body responsible for the supply of water, electricity and gas in Singapore.

The Project involves construction and expansion of substations, including installation of required transformers and switchgears for 22kV and 66kV transmission systems; and supply and installation of 22kV distribution lines.

*Singapore: A transformer being unloaded for installation as part of the Public Utilities Board's plans for the expansion of power facilities.*



**SRI LANKA : LOCATION OF PROJECTS APPROVED IN 1972**



**SRI LANKA: Loan \$3,100,000 (Special Funds) for the Fisheries Project**

The Project envisages the development of coastal and offshore fisheries of cooperatives and private firms on the south and southwest coast of Sri Lanka. It provides for the replacement and increase of the 28-foot class gillnetter fleet as well as extension of offshore fishing activity by providing larger boats.

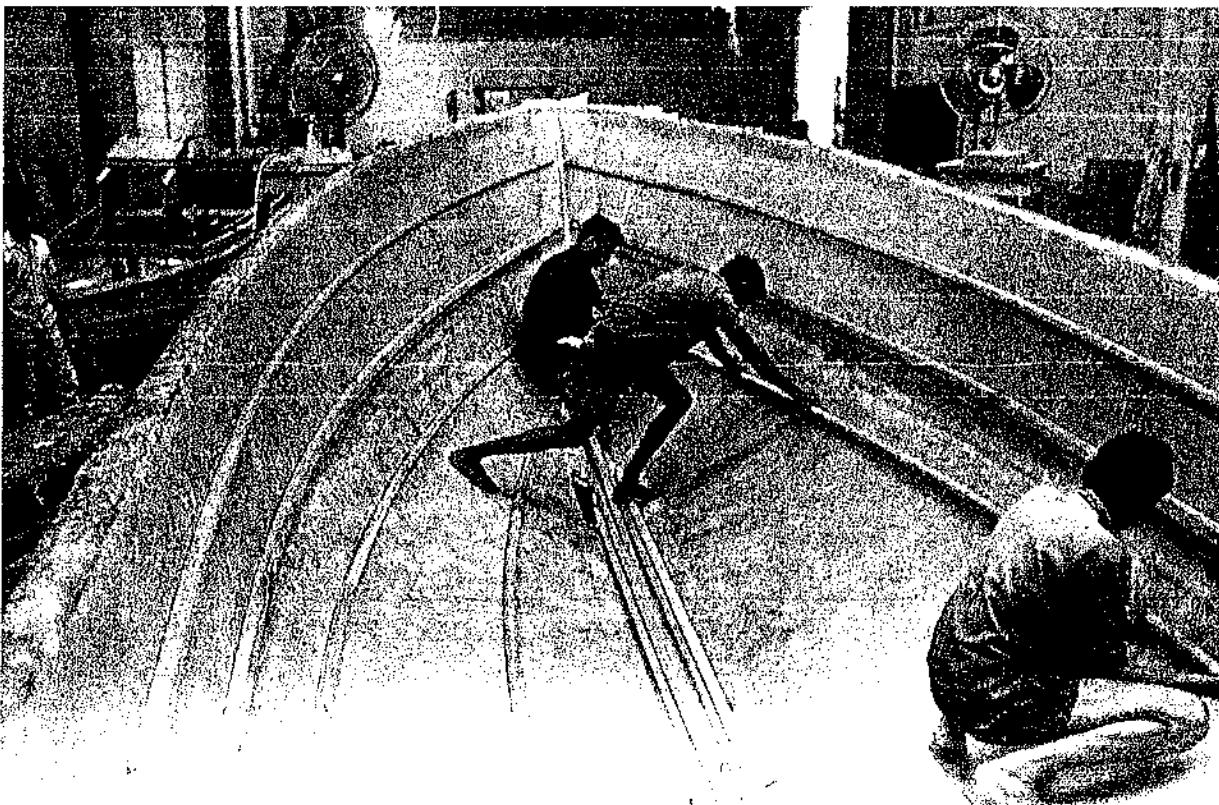
The current Five-Year Plan (1972-1977) projects a substantial increase in investment to modernize the fishing fleet and a 50 per cent increase in fish production. This Project will help to extend fishing operations to keep up with the growing population and to reduce fish imports which still account for one-third or more of the total consumption.

The Project includes provision of boat repair and marketing facilities in addition to boats made available for the fishermen's cooperatives. Four consultants will assist in the implementation of the Project. Additionally, there will be a pilot trawling scheme on the northeast coast of Sri Lanka.

**SRI LANKA: Loan \$8,000,000 (Special Funds) for the Bowatenna Power Project**

The demand for electricity in Sri Lanka has been increasing at a steady rate for several years, and this growth is expected to continue. The Project will result in the addition of 192 million kWh of firm

*Sri Lanka: Construction of fiberglass fishing boats in progress.*





*Sri Lanka: Surveying the site for the Bowatenna Power Project.*

energy per annum from hydro sources, and will assist the continued development of industrial and commercial activity, as well as supplying new domestic consumers.

The Project consists of an intake structure, power tunnel and penstock to convey water from the reservoir, a 40-MW power station complete with turbine, generator and ancillary equipment, and a 16-mile, 132-kV transmission line.

The power station site is in the Mahaweli River basin, and will be fed with water impounded by the Bowatenna dam and reservoir on the Amban River, now under construction as part of an irrigation project financed by the International Development Association.

**SRI LANKA:** Technical Assistance  
\$165,000 for Urea Fertilizer Plant

The Bank's assistance is helping to meet the cost of consultant services for formulation of a urea

project to meet the needs of the country for chemical fertilizer.

To make an evaluation study, consultants in agronomy, agricultural economics, financial analysis, engineering and fertilizer manufacturing technology have been provided. The Study will be completed early in 1973.

The urea manufacturing facilities under consideration by the Government would be located close to the Ceylon Petroleum Corporation's refinery near Colombo and would use naphtha produced by the refinery as feedstock, both for processing and for fuel.

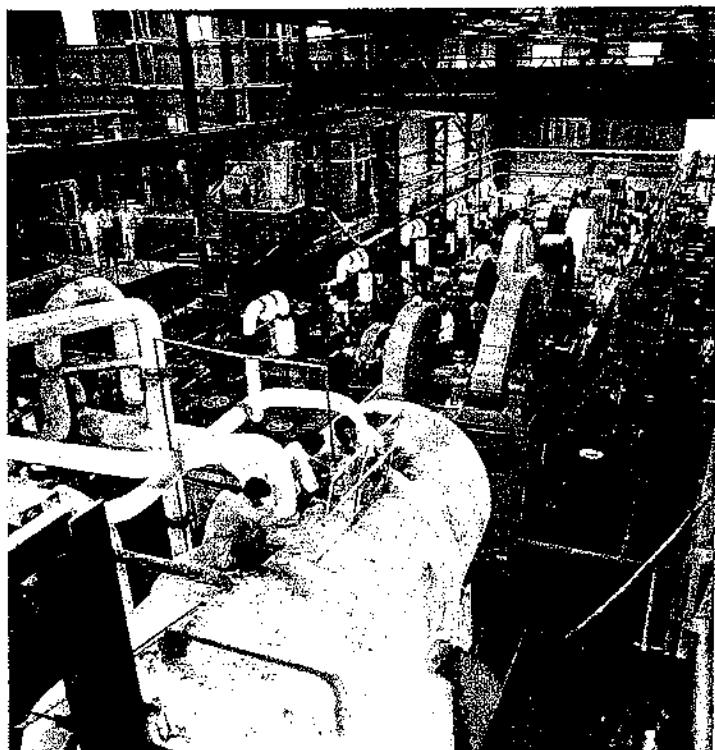
The urea project when completed will help the economy of Sri Lanka by supporting efforts to achieve self-sufficiency in food production. Substantial savings in foreign exchange would accrue from reduced imports of fertilizer and food, and from the promotion of export crops which earn foreign exchange.

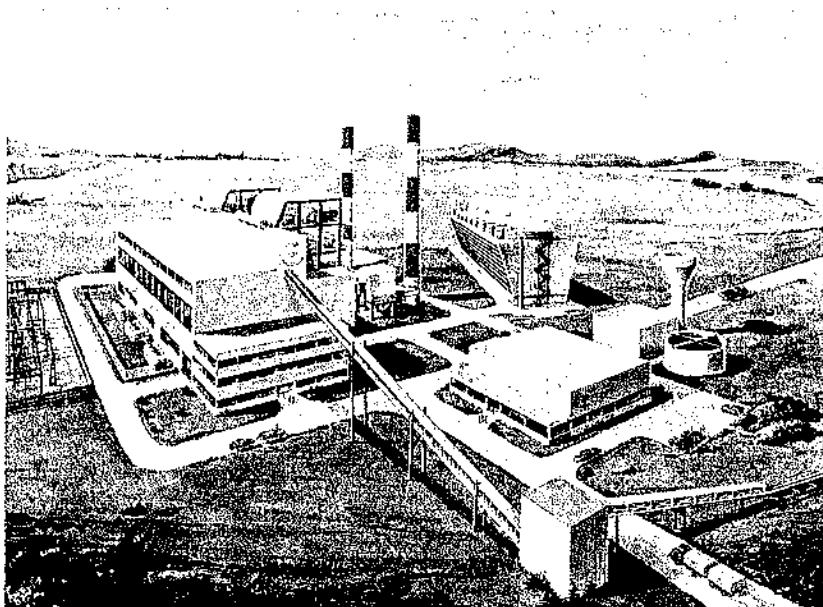
**SRI LANKA:** Technical Assistance  
\$49,000 for the Gal Oya Sugar Industry Rehabilitation Project

Bank technical assistance has been provided for the study and preparation of a plan for the first phase of rehabilitation and full utilization of the sugar plantation and factory, and an outline plan for the second phase.

A team of experts was engaged for the Study which covered two months during field and factory operations. Based upon the team's findings, the Project was appraised in preparation for Bank financing.

*Sri Lanka: A sugar plantation and the existing sugar factory at Gal Oya.*





*Thailand: A typical lump of lignite to be used for generating electricity (left); an artist's sketch of the Mae Moh Power Plant (right).*

#### **THAILAND: Loan**

\$23,000,000 for the Mae Moh Power Project

The Mae Moh electric power plant to be built under this Project will provide base load through the national grid to the northern and north central regions of Thailand, supporting a development program and meeting a rapidly growing demand for electricity for agro-industries and domestic use.

The Bank loan will assist the development of a lignite mine, the construction of a lignite-fired thermal plant and a transmission line from the plant to the Payao substation.

The Project is part of the Electricity Generating Authority of Thailand (EGAT) National Five-Year Development Plan (1972-1976) to expand generating and transmission facilities throughout Thailand.

The new plant will be located at the site of a deposit of lignite, adjacent to an existing small plant that supplies energy and steam to a fertilizer complex. Two large hydro projects, Bhumibol and Sirikit, will continue to provide energy to meet peak load requirements to the national grid as well as some base load to back up the Mae Moh Project.

This is the second Bank loan to EGAT; the first was \$19 million for Power Transmission and Substation Expansion.

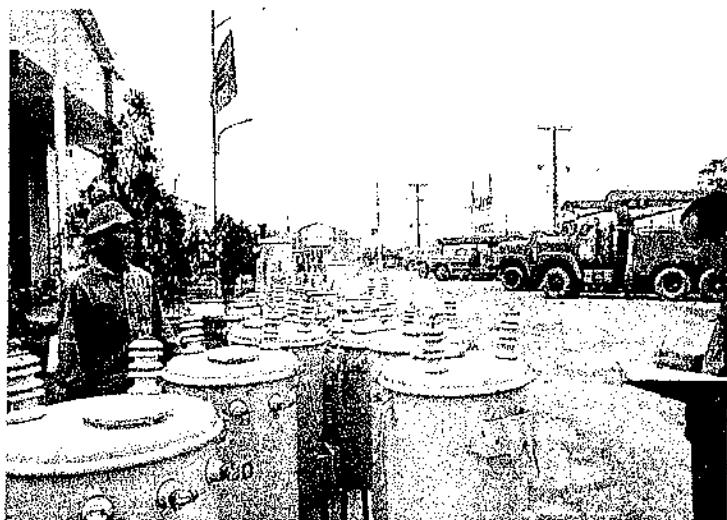
#### **REPUBLIC OF VIET-NAM: Loan**

\$6,300,000 (Special Funds) for the Saigon Power Project

The demand for power in the Saigon Metropolitan

Area has been increasing rapidly and has averaged 14 per cent per annum since 1960.

The Project is part of a three-stage program for the development of a modern power transmission and distribution system in Saigon. It will help provide power supply to an additional 200,000 households—a significant increase over the 240,000 customers who are served by the present system.



*Republic of Viet-Nam: Transformers, similar to the ones above, will be acquired as part of the Project for the development and rehabilitation of the power system in Saigon.*



*Republic of Viet-Nam: An old Vietnamese farmer listens intently as Bank consultants discuss the irrigation layout for the Go Cong Pioneer Agricultural Project.*

The Project involves the construction of two substations, transmission lines, distribution lines, low voltage secondary lines and other related facilities and provision of consultant services.

#### **REPUBLIC OF VIET-NAM: Technical Assistance for the Go Cong Pioneer Agricultural Project**

The Bank has undertaken the detailed preparation of the Go Cong Pioneer Agricultural Project to be located in the northeast corner of the Mekong Delta, some 40 kilometers southeast of Saigon.

This is one of a number of projects to be prepared under the Program of Pioneer Agricultural Projects in the Lower Mekong Basin which is a United Nations Development Programme (UNDP) Regional Project. The Bank has agreed to act as delegated Executing Agency under this Program.<sup>1</sup>

The pioneer agricultural projects are being deve-

<sup>1</sup> For further details of Executing Agency arrangements, see Chapter on Relations with Other International Organizations.



*Western Samoa: Laying of underground telephone cables in progress.*

loped as project models covering a sufficiently large area to reflect a comprehensive range of physical, economic and organizational problems likely to be encountered in subsequent larger undertakings.

The Go Cong Area, which has the highest rural population density in the country, is representative of most of the upper coastal region in the Mekong Delta, with its flat and low topography, unevenly distributed rainfall, heavy soils with high ground-water tables and large seasonal fluctuations of river flow and river water salinity.

The Project is designed to develop a practical approach for securing irrigation water supply at low cost, to prepare a model scheme for the provision of complete and closely coordinated systems of irrigation, drainage, and flood and salinity control, and to formulate a suitable program of intensive crop production and integrated agricultural development.

**WESTERN SAMOA:** Loan  
\$2,600,000 (Special Funds) for the Telecommunications Project

This Project provides for a significant upgrading and expansion of the telecommunications services—domestic and international—in Western Samoa.

The object of the Project is to provide greater clarity, accuracy and promptness in these services, thereby helping to expand trade, commerce and

**SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE)  
CUMULATIVE APPROVALS AS OF 31 DECEMBER 1972**

Country	(In Dollars)		
	Project Preparation	Advisory and Operational	Total
Afghanistan	1,008,500	634,000	1,642,500
China, Republic of	100,000	—	100,000
Fiji	—	127,000	127,000
Indonesia	1,455,000	767,460	2,222,460
Khmer Republic	—	80,000	80,000
Korea, Republic of	197,800	66,500	264,300
Laos	50,000	496,000	546,000
Malaysia	390,000	80,000	470,000
Nepal	523,000	640,000	1,163,000
Philippines	1,006,000	314,000	1,320,000
Singapore	—	34,700	34,700
Sri Lanka	239,300	622,000	861,300
Thailand	—	525,000	525,000
Viet-Nam, Republic of	—	293,000	293,000
Western Samoa	114,000	—	114,000
	5,063,600	4,679,660	9,763,260
Projects financed from UNDP Resources <sup>1</sup>	1,504,300	—	1,504,300
<b>TOTAL</b>	<b>-6,587,900</b>	<b>4,679,660</b>	<b>11,267,550</b>

<sup>1</sup> Laguna de Bay Water Resources Development Study (Philippines) and Go Cong Pioneer Agricultural Project (Republic of Viet-Nam). In addition to UNDP resources, several bilateral contributions have been made to the Fund from which the Go Cong Project is financed.

tourism of the country, and to remove serious bottlenecks existing at present.

About 3,800 lines of local automatic telephone exchange equipment with corresponding subscribers' installations, connecting lines and cables and appropriate buildings and facilities will be provided. Also included are local and international marine and aeronautical telecommunications facilities and services: teleprinters, manual telex exchange equipment, radio installations, and maintenance facilities for the system. The loan also provides for engineering consultant services.

**LOANS—APPROVALS AND COMMITMENTS AS OF 31 DECEMBER 1972**

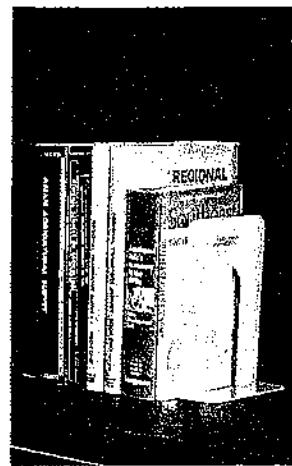
*(In Million Dollars)*

Country	APPROVALS				
	1968 Ordinary Capital	1969 Ordinary Capital	Special Funds	1970 Ordinary Capital	Special Funds
				Special Funds	1971 Ordinary Capital
Afghanistan	—	—	—	—	5,150
China, Republic of	10,600	14,810	—	30,880	—
Fiji	—	—	—	—	—
Hong Kong	—	—	—	—	—
Indonesia	—	—	3,390	—	12,700
Khmer Republic	—	—	—	—	1,670
Korea, Republic of	6,800	24,500	—	45,000	—
Laos	—	—	—	—	0,973
Malaysia	7,200	10,900	—	9,400	3,300
Nepal	—	—	6,010	2,000	4,400
Pakistan	10,000	—	—	36,850	—
Papua New Guinea	—	—	—	—	4,500
Philippines	—	6,000	2,500	25,600	—
Singapore	—	10,000	—	37,110	3,000
Sri Lanka	2,000	0,886	7,705	6,100	—
Thailand	5,000	10,000	—	19,000	—
Viet-Nam, Republic of	—	—	—	2,500	—
Western Samoa	—	—	2,400	—	0,280
<b>TOTAL</b>	<b>41,800</b>	<b>76,095</b>	<b>22,005</b>	<b>211,940</b>	<b>33,693</b>
					<b>202,520</b>
					<b>51,510</b>

1972				Total	Cancellations				Total Commitments	
Ordinary Capital	Special Funds	Ordinary Capital	Special Funds	Ord. Capital + Special Funds	Ordinary Capital	Cancellations	Ordinary Capital	Special Funds	Ord. Capital + Special Funds	
—	—	—	5.150	5.150	—	—	—	5.150	5.150	
—	—	99,990	—	99,990	7,334	82,656	—	—	92,656	
4,700	—	4,700	—	4,700	—	4,700	—	—	4,700	
21,500	—	21,500	—	21,500	—	21,500	—	—	21,500	
—	21,840	—	69,640	69,640	—	—	—	69,640	69,640	
—	—	—	1,670	1,670	—	—	—	1,670	1,670	
64,600	3,700	196,800	3,700	200,500	3,101	193,699	3,700	197,399	—	
—	—	—	4,343	4,343	—	—	—	4,343	4,343	
23,700	—	79,600	3,300	82,900	—	79,600	3,300	82,900	—	
—	20,800	2,000	35,710	37,710	—	2,000	35,710	37,710	—	
20,300	18,200	67,150	18,200	85,350	13,500	53,650	18,200	71,850	—	
—	9,800	—	14,300	14,300	—	—	—	14,300	14,300	
43,250	—	101,750	3,500	105,250	—	101,750	3,500	105,250	—	
20,700	—	91,380	3,000	94,380	—	91,380	3,000	94,380	—	
—	11,100	13,135	22,405	35,540	—	13,135	22,405	35,540	—	
23,800	—	75,000	—	75,000	4,500	70,500	—	—	70,500	
—	6,300	—	11,300	11,300	—	—	11,300	—	11,300	
—	2,600	—	5,330	5,330	—	—	—	5,330	5,330	
221,750	94,340	753,085 <sup>1</sup>	201,548	954,553 <sup>1</sup>	28,435	724,570	201,548	926,118	—	

<sup>1</sup> Excludes \$0.4 million approved in 1968 and \$0.5 million approved in 1970 incorporated in new loans in 1970 and 1971, respectively.

# REGIONAL ACTIVITIES



During the year the Bank continued its role in promoting regional cooperation in the region. Four new projects were undertaken:

- (i) A study of the Asian Institute for Economic Development and Planning aimed at evaluating its activities and discerning possibilities for inter-institutional cooperation between the Bank and the Institute.
- (ii) A contribution to the Third Project Feasibility Study Training Course of the Asian Productivity Organization. Eleven member countries in the region were expected to benefit from the training course, which seeks to improve the level of development planning and project implementation.
- (iii) The preparation and operation of the Regional Workshop on Irrigation Water Management designed to maximize the benefits from 13 Bank-assisted irrigation projects.
- (iv) Technical assistance to Indonesia and Malaysia for a Feasibility Study of the Trans Malacca Strait Ferry Service between Belawan in North Sumatra and Penang in West Malaysia.

## Asian Institute for Economic Development and Planning

The Asian Institute in Bangkok is engaged primarily in the training of officials of regional countries in the techniques of development planning and in project analysis and management. The Institute also has research functions and provides advisory services as requested by regional countries. Financial support has been provided largely by the UNDP and ECAFE member countries.

In response to a request by the Institute, the Bank approved a study, estimated to cost \$70,000, aimed at evaluating its training and research programs, its administrative and financial position, and at discerning possibilities for cooperation between the Bank and the Institute.

During 1972 a high-level study group was appointed to undertake the work. The report was due for completion early in 1973.

## Asian Productivity Organization Training Course

The Bank agreed to contribute up to \$30,000 to the Asian Productivity Organization (APO) for its Third Project Feasibility Study Training Course. This will be carried out in two stages. Stage I was to be held in Manila from 10-30 January 1973, concentrating on basic concepts and general principles of preparing and assessing feasibility studies for the various types of projects. Bank staff were to join the APO personnel and other experts as speakers in this part of the Course. Stage II was to be conducted in Tokyo from 5-22 February 1973, concentrating on case studies.

Preparations for both Stages I and II of this Course were completed this year by the APO in consultation with the Bank. Thirty participants from government, industrial and financial institutions in 12 Asian countries have been selected to attend the Course.

## Regional Workshop on Irrigation Water Management

The Bank-sponsored Asian Agricultural Survey, published in 1968, and the Regional Seminar on Agriculture, held in 1969, identified the improvement of water management as one of the prerequisites for modernizing Asian agriculture and maximizing the benefits of the "Green Revolution".

These findings have been borne in mind in formulating Bank-assisted irrigation projects involving, as of 31 December 1972, 14 loans and 25 technical assistance programs with a total Bank commitment of \$60 million. As a result, many of the Bank's irrigation projects involve some type of pilot scheme under which farmers are given demonstration and training in efficient water management and modern farming techniques at the farm level. The progress achieved in this regard has, however, been varied.

In order to help expedite the successful implementation of these projects and to standardize Bank procedures for project formulation, the Bank approved the holding of a Regional Workshop on Irrigation Water Management, at an estimated cost of \$48,000, to take place from 14 August to 2 September. As part of the Workshop program, it was proposed to

**REGIONAL ACTIVITIES—COMMITMENTS: 1967-1972**

	In Dollars
Asian Agricultural Survey	155,000
Asian Industrial Survey (Contribution)	200,000 <sup>1</sup>
Asian Vegetable Research and Development Center (Contribution)	300,000 <sup>2</sup>
Coconut Industry Study	50,000
Evaluation Study of Nong Khai/Vientiane Bridge between Laos and Thailand	95,000
Law Association for Asia and the Western Pacific Credit and Security Research Project	27,000
Panel Meeting on Development Bank Training Facilities	25,000
Regional Conference of Development Banks in Asia	15,000
Regional Seminar on Agriculture	66,000
Regional Transport Survey	2,903,000 <sup>3</sup>
Study of Southeast Asia's Economy in the 1970's	250,000
Asian Productivity Organization's Third Project Feasibility Study Training Course (Contribution)	30,000
Regional Workshop on Irrigation Water Management	48,000
Study of the Asian Institute for Economic Development and Planning	70,000
Trans Strait of Malacca Ferry Service	40,000

<sup>1</sup> Sponsored by the United Nations Economic Commission for Asia and the Far East and estimated to cost \$617,000.

<sup>2</sup> Participating countries—Japan, Republic of China, Republic of Korea, the Philippines, Thailand, United States, and Republic of Viet-Nam. Estimated cost for first five years—\$7.5 million.

<sup>3</sup> Including United States Technical Assistance contribution of \$1 million and \$1,142,530 from the United Nations Development Programme.

invite 13 project managers of Bank-assisted irrigation projects to participate and undertake a three-week field trip in the Philippines, Thailand and Indonesia.

The disastrous flooding in Central Luzon in the Philippines in July-August 1972 led, however, to the postponement of the Workshop to 8-27 January 1973. All preparatory work, including a draft "Guidelines for Irrigation Projects", was completed during 1972.

**Trans Strait of Malacca Ferry Service Feasibility Study, Indonesia and Malaysia**

The Bank has approved technical assistance to Indonesia and Malaysia, at an estimated cost of \$40,000, for a feasibility study of a ferry service across the Malacca Strait. The service would run

from Belawan near Medan in North Sumatra to Penang in West Malaysia.

At present, a single ferry plies between the two ports. However, preliminary investigations show that the vessel, which is old, small and slow, needs replacement if the service is to be brought to a satisfactory standard.

The Study will determine the number, optimum size and type of ferry vessels required. It will also examine potential sites for ferry terminals and produce preliminary designs of these facilities.

It will also recommend the specific organizational arrangements needed to operate the service efficiently and will evaluate the general arrangements already agreed to by the two Governments.

**List of Regional Activities**

By the end of the year, the Bank had undertaken 15 different regional activities as shown in the Table.

Developments in regard to activities approved prior to 1972, including action taken by the Governments concerned as follow-up to the Regional Transport Survey of Southeast Asian countries, are described below.

**Regional Transport Survey**

Important follow-up action on the Regional Transport Survey of Southeast Asian countries, inaugurated by the Bank late in 1969 and completed in 1971, was taken during the year.

The Report of the Survey laid special emphasis on certain important institutional and policy changes which had to accompany the recommended investment program. In relation particularly to regional projects, the Report underlined the need for an effective organization which could pursue implementation of such projects and watch their efficient management. The Report recommended that these functions be handled by the Secretariat of the Coordinating Committee of Senior Transport Officials of Southeast Asian countries which would have to be suitably strengthened.

As a result of the recommendations made by the Coordinating Committee, the participating Governments convened a meeting of the Ministers of Transport in Kuala Lumpur in May 1972 to consider, among other matters, follow-up action on the Survey. The following extract from the Joint Communiqué issued at the conclusion of the Ministers' meeting presents the decisions taken in regard to follow-up action on the Survey:

"Noting that the Regional Transport Survey embodies a massive agenda of the national and regional measures required for transportation to effectively contribute to accelerated economic development in and integration of the region, the Ministerial Conference agreed that:

(i) member Governments be urged to give

- (i) fullest consideration to the incorporation of recommendations of the Survey into the national development plans of their respective countries;
- (ii) the Coordinating Committee of Southeast Asian Senior Officials on Transport and Communications (COORDCOM) determine in detail and in consultation with member Governments concerned the feasibility and benefits of the various regional projects, policy and institutional recommendations in the Regional Transport Survey and the steps which should be taken for their planning and implementation;
- (iii) COORDCOM accord priority attention to those projects relating to the pooling of information, research and training facilities, coordination of transport services, standardization of equipment and harmonization of action in respect of bilateral agreements with outside interests in the transport field;
- (iv) COORDCOM take steps to promote implementation of those projects where feasibility studies have been completed and projects which require expansion of capacity by 1976;
- (v) COORDCOM keep under continuous review the perspective of the Regional Transport Survey and recommend on the project, policy and institutional implications involved so as to enable the Survey to serve as a basis for the continuing efforts of the region in transport development."

An important decision taken at the Ministers' Conference was "to establish a Permanent Secretariat of the Coordinating Committee with responsible officials as soon as possible." The Secretariat known as the Southeast Asian Agency for Regional Transport and Communications (SEATAC) has since been established in Kuala Lumpur. The SEATAC's main functions are: (i) identification and promotion of high priority regional transport programs and projects, (ii) facilitation of cooperative efforts on the part of member Governments in the implementation of regional projects and (iii) maintenance of up-to-date information on regional transport.

The SEATAC is in the process of recruiting its nucleus staff. In due course, it will have a technical wing which will include a few professional experts to work on specific projects and programs. The SEATAC will seek assistance from bilateral and multilateral sources for financing the cost of some of the professional experts.

The SEATAC has already commenced discussions with individual Governments on the current status of the projects identified by the Regional Transport Survey and the further follow-up action needed on

these projects. The SEATAC will maintain close contact with the Bank.

On the Bank's part, action is being pursued in consultation with the Governments to discuss specific projects identified by the Survey. Loan assistance has already been extended for a number of projects. These include Singapore Airport, Tandjung Priok Port (Indonesia), Kuala Lumpur-Karak Highway (Malaysia), Surabaja Port (Indonesia) and Penang Airport (Malaysia).

#### **Coconut Industry Study**

The Study of the Coconut Industry in the Bank's region commenced in January 1972 and field work was completed by two consultants in September 1972 covering the following countries: Fiji, India, Indonesia, Laos, Malaysia, Papua New Guinea, the Philippines, Singapore, Sri Lanka, Thailand, Tonga, the Republic of Viet-Nam and Western Samoa.

The final draft of the Report is expected to be completed early in 1973. The Report is divided into three parts. The first part presents an overall view of the industry in the region. Common problems are examined and general recommendations made for possible solution to these problems. The second part deals with individual country reports. Relevant aspects of the coconut industry in each country are studied in order to uncover specific bottlenecks in achieving the maximum exploitation of the various products of the coconut tree and specific recommendations made for overcoming them. The third part attempts to identify projects which may be suitable for financing by national entities in each country, regional and international development banks, and other organizations. On a tentative basis, ten projects are identified.

#### **Asian Industrial Survey**

The Asian Industrial Survey for Regional Cooperation, a project sponsored by the Economic Commission for Asia and the Far East (ECAFE) in cooperation with the Bank and other bilateral and multilateral aid agencies, continued as scheduled. Stages I and II of the Study were completed during the year, and the final report is expected to be completed in April 1973. The Bank was represented at the Second Consultative Committee for the Survey held in Bangkok in September 1972, which reviewed progress reports and future plans of the Study Team.

Aimed at identifying industrial projects to be implemented on a regional basis, the Survey covers the following countries: Indonesia, the Khmer Republic, the Republic of Korea, Laos, Malaysia, the Philippines, Singapore, Sri Lanka, Thailand and the Republic of Viet-Nam.

### **LAWASIA Credit and Security Research Project**

The Credit and Security Research Project undertaken by the Law Association for Asia and the Western Pacific (LAWASIA) continued during 1972. The Project involves a study of credit and security arrangements available to national development banks and similar financial institutions. The Bank has provided financial assistance, technical advice and administrative assistance to the LAWASIA for the implementation of the Project. The Ford Foundation has also provided financial assistance.

The countries covered by the Study are Australia, the Republic of China, Indonesia, Japan, the Republic of Korea, the Philippines, Singapore, Sri Lanka, and Thailand. The Project, substantially completed in 1972, will produce nine individual country reports and one integrated report.

### **Development Banks Conference—Follow-Up**

A study regarding the training facilities for development banks in the Bank's developing member countries was completed in 1971. The Report was discussed by a panel of experts from development

banks in the region and selected international institutions in Manila in mid-March. The Panel made two main recommendations with direct implications for the Bank:

- (1) a Training Assistance Unit (TAU) should be established within the Bank with coordinating and training assistance functions; and
- (2) the Bank should provide practical assistance and such financial assistance as may be considered appropriate to supplement the resources and efforts of industrial development banks in implementing their individual training programs. The Bank has accepted the recommendations of the panel and, as a first step, the TAU is in the process of being set up.

The Bank plans to convene the Fifth Regional Conference of Development Banks of Asia in the second half of 1973. In addition to discussing developments in implementing the recommendations made at the Fourth Conference, the Fifth Conference will examine the subject "Operational Experiences of Development Banks—Problems Encountered in the Promotion of Industrial Development."

# **RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS**

During the year, the Bank further strengthened its ties with its sister institutions—the World Bank and other regional development banks—and also the United Nations and its various organs and specialized entities. A notable development was the arrangement entered into early in the year with the World Bank, the United Nations Development Programme (UNDP) and the Mekong Committee whereby the Bank will function as an executing authority for pioneer agricultural projects in the Mekong area.

Whenever practicable, the Bank has participated in meetings and conferences, where these have been of direct concern to its activities, organized by other international organizations.

Relationships with institutions with which the Bank maintained regular contact during 1972 are summarized in the following paragraphs.

## **Food and Agriculture Organization (FAO)**

The Bank has been in contact with the Food and Agriculture Organization (FAO) in agriculture, fishing and forestry fields. In accordance with the interim arrangements for cooperation established in 1968, the annual consultation with the FAO took place in Rome in April. The Bank sent a representative to participate in the National Seminar on Water Management in Bangkok in March and also in the Fourth Session of Asia and the Far East Commission on Agricultural Statistics in Seoul in October. FAO experts have been invited as consultants to join in Bank missions as well as in project implementation.

## **International Bank for Reconstruction and Development (IBRD)**

The working relationship with the World Bank has become closer with the intensification of the Bank's operational activities. Frequent visits, consultations and exchange of information took place during the year with regard to operational policies and practices, financing of individual projects and country economic developments.

Observers from the Bank attended during the year the aid coordinating meetings sponsored by the World Bank for the Republic of Korea, Pakistan, the

Philippines, Sri Lanka and Thailand. A Bank representative participated in the World Bank seminar on Loan Disbursement Procedures in Tokyo in June.

Another step toward closer cooperation between the two institutions has been the arrangement finalized in October for the reciprocal exchange of documents.

The Bank's association with the World Bank in the Mekong Basin activities is described in the section below entitled "Mekong Committee."

## **Consultative Group on International Agricultural Research**

Members of this Group, in addition to the Bank, include governments, international institutions and private foundations. The Group's Technical Advisory Committee met twice in the year and a meeting of the Consultative Group itself took place in November.

The Bank has not to date committed any funds to the five centers already being supported by the Group, some of which are outside the Asian region. It has, however, followed with interest the Group's discussions on the future work of the International Rice Research Institute in the Philippines; the possibility of the Group lending support to the Asian Vegetable Research and Development Center (already supported by the Bank); and to the establishment of an International Crop Research Institute for Semi-Arid Tropics to be located in India.

## **International Labour Organisation (ILO)**

Following the participation of a Bank consultant in the Comprehensive Employment Strategy Mission to Sri Lanka sponsored by the International Labour Organisation (ILO) in 1971, exchange of information and views was undertaken between the ILO and the Bank during the year in regard to areas of mutual interest, particularly the employment strategy missions of the ILO to several regional developing member countries of the Bank.

## **Mekong Committee**

The year 1972 saw the commencement of detailed preparation of a program of pioneer agricultural

projects in the Lower Mekong Basin, for which a Fund amounting to \$2.04 million was established under the auspices of the United Nations Development Programme. A "Memorandum of Understanding" for the United Nations Development Programme (UNDP) Regional Project (REG 253) was signed by the UNDP, the World Bank, the Bank and the Mekong Committee on 11 January. Within this framework, the Bank became the delegated executing agency of the World Bank for the preparation of the Go Cong Pioneer Agricultural Project in the Republic of Viet-Nam and of the Casier Sud Pioneer Agricultural Project in Laos.

For the Go Cong Project, the Bank approved technical assistance in September and consultants started field work late in October. A fact-finding mission visited Laos to prepare a technical assistance paper for the Casier Sud Project in December. The World Bank, jointly with the Food and Agriculture Organization (FAO), is preparing a further seven or eight projects in the Khmer Republic, the Republic of Viet-Nam and Northeast Thailand. Budget commitments reached \$832,000—out of the total fund of \$2.04 million—by the end of 1972.

Two informal high level meetings on the Mekong development program were held during the year, in Bangkok in March, and in New York and Washington, D.C., in May. Two inter-agency meetings at the staff level were held in Bangkok in January and October, and two technical meetings were held in Nongkai, Thailand, in June and in Bangkok in October. The Bank sent representatives to these meetings and actively participated in the discussions with the World Bank, the UNDP, the FAO, the Mekong Committee and other agencies. One of the major items of discussion was the World Bank's Review Reports on Mekong Basin Development which were completed in February, after two-and-a-half years of study. The World Bank has also initiated two "grant" funds, namely the Construction Fund and the Program Monitoring Fund for the pioneer agricultural projects, as a second step toward their implementation.

#### **Organisation for Economic Co-operation and Development (OECD)**

Since its inception, the Bank has maintained a continuing interest in the efforts of the Organisation for Economic Co-operation and Development (OECD) toward fostering international cooperation and research on matters relating to the needs for and flows of development assistance. In August this year, the Bank was represented at the International Meeting of Directors of Development Research and Training Institutes held in Belgrade. The meeting, the eighth of its kind, was organized jointly by the OECD Development Center, the World Bank and the Yugoslav Institute of Investment Research. Three topics of

current interest, namely, multi-level planning and decentralized decision-making, income distribution and employment, and foreign private investment were discussed in separate committees at the meeting. A plenary session was also held on the problem of international cooperation among development institutes.

#### **Regional Development Banks**

The third informal meeting of the three principal regional development banks—the African, the Asian and the Inter-American—and the World Bank was held in September in Washington, D.C.

Mr. Antonio Ortiz Mena, President of the Inter-American Development Bank, acted as Chairman. Among the topics discussed were (i) the linking of the International Monetary Fund's Special Drawing Rights to development assistance financing, (ii) human environmental matters and (iii) possible new forms of cooperation and coordination between the World Bank and the regional development banks.

The next meeting of the group will be held in Nairobi, at the time of the Annual Meetings of the World Bank Group in September 1973.

#### **United Nations Development Programme (UNDP)**

The Bank has continuously maintained close working relations with the United Nations Development Programme (UNDP) within the framework of the informal arrangements for regular consultations and exchange of information which were instituted in 1969. The establishment of a Regional Bureau for Asia and the Far East (located in New York) under the restructuring of the UNDP in 1971 has facilitated the cooperation between the two institutions. The Bank has been given the opportunity to review and comment on the UNDP country and inter-country programs, and new requests from governments for pre-investment assistance. The UNDP and its resident representatives have been kept informed about the Bank's loan and technical assistance operations.

The Bank was represented at the regional meeting of the UNDP resident representatives for Asia and the Far East held in Bangkok in March and also at the Twelfth South Pacific Conference in Apia, Western Samoa, in September at which the UNDP mission report on the proposed South Pacific Regional Development Bank was discussed.

Cooperation with the UNDP entered a new field during the year when the Bank agreed to act as the Executing Agent for the Laguna de Bay Water Resources Development Study in the Philippines and also as the delegated Executing Agency of the World Bank for the Go Cong Pioneer Agricultural Project in the Republic of Viet-Nam in both of which UNDP funds are being employed.

### **United Nations Economic Commission for Asia and the Far East (ECAFE)**

During the year, the Bank continued to maintain its close working relationship with the Economic Commission for Asia and the Far East (ECAFE) on matters of mutual concern. As already mentioned, the Bank is cooperating with the ECAFE on the Asian Industrial Survey and has undertaken a special study of the Asian Institute for Economic Development and Planning, which was created under a resolution of the ECAFE and for which the ECAFE retains certain administrative responsibilities.

In addition to its involvement in the foregoing studies, the Bank was represented at several ECAFE-sponsored meetings, including the 28th Session of the ECAFE held in Bangkok during March. The other meetings in which the Bank participated included the Committee on Industry and Natural Resources, the Conference of Asian Statisticians, conferences for the Establishment of an Asian Reserve Bank, Expert Group Meetings on Multinational Export Credit Insurance, Progress Evaluation during the Second United Nations Development Decade, the Second Asian Population Conference, and the Sub-Committee Meeting on Energy Resources and Electric Power. As in previous years, the Bank provided lecturers at the Asian Statistical Institute in Tokyo.

### **United Nations Educational, Scientific and Cultural Organization (UNESCO)**

Views were exchanged with the representative of the United Nations Educational, Scientific and Cultural Organization during the Bank's Annual Meeting in Vienna with regard to projects, particularly in the field of vocational education, for possible cooperation between the two institutions. This was followed by contact between Bank staff and UNESCO officials at the Bangkok regional office of the UNESCO on various matters concerning the Bank's ongoing activities in this field.

### **United Nations Conference on Trade and Development (UNCTAD)**

The Bank appreciates the efforts of the United Nations Conference on Trade and Development (UNCTAD) in promoting cooperation on matters relating to trade between the developed and developing countries, and particularly among developing countries within a region. In this connection, the Bank was represented at the Third Conference held during April and May at Santiago, Chile.

The Bank's representative participated in Working Group II of the Second Committee which discussed important issues on trade expansion, economic co-operation and regional integration among developing countries.

# ORDINARY CAPITAL RESOURCES

There were several important developments in 1972 which affected the Bank's ordinary capital resources. There was an increase in the authorized and subscribed capital of the Bank as well as in its membership. Several member currencies including the United States dollar underwent changes in their foreign exchange value. The Bank raised additional funds through borrowings in capital markets and through sales of participations in the early maturities of its loans. There was an increase in the volume of funds invested pending their use in operations. During the course of the year the Bank adopted the United States dollar with a gold content of 0.818513 gram of fine gold as the unit of account; a new liquidity policy was also adopted.

## New Members

Tonga became a member of the Bank on 29 March, subscribing to six shares valued at \$65,144; the paid-in portion of Tonga's subscription is payable in five equal annual instalments, the first of which was paid on 10 March.

The Board of Governors approved on 11 November Resolution No. 54 admitting Bangladesh to the Bank's membership with a subscription of 1,500 shares, valued at \$16,285.714; the paid-in portion of this subscription is also payable in five equal annual instalments. Bangladesh is in the process of completing the requisite formalities for such membership.

## Subscriptions to Original Capital

At the end of the year total subscriptions to the original authorized capital stock of the Bank amounted to \$1,091,620,570.

Total subscriptions in convertible currencies paid under Article 6.2(a) of the Articles of Agreement amounted to the equivalent of \$269,844,514. Total subscriptions paid under Article 6.2(b) in members' own currencies or in the form of promissory notes or similar obligations also amounted to the equivalent of \$269,844,514; of the subscriptions paid under Article 6.2(b), convertible currency funds amounted to the equivalent of \$185,698,400.

## Increase in the Bank's Capital

As mentioned in the previous Annual Report, the Board of Governors adopted Resolution No. 46 in November 1971 authorizing an increase of 165,000 shares in the capital stock of the Bank. The resolution specified that the capital increase would become effective when subscriptions in accordance with the Resolution aggregated at least 100,000 shares. During the course of 1972, several members took steps to complete their subscriptions to the increase and, with the subscriptions by 22 members aggregating 102,492 shares valued at \$1,112,770,287, the Resolution became effective on 23 November 1972.

The Resolution provides for an increase of 150 per cent in the capital originally subscribed by individual members; 80 per cent of the increase is callable and 20 per cent is paid-in and is payable in three equal instalments on or before 6 April in each of the years 1973, 1974 and 1975.

Recognizing that for certain countries which became members after 1966, these due dates would involve a double burden because of the continuing payments by such members against their original capital subscriptions, the Board of Directors recommended and the Board of Governors approved on 9 November (Resolution No. 53) a special arrangement allowing the affected members to exercise an option, on or before 28 February 1973, to make payments of the paid-in portion of their subscriptions to the increase in the capital in two equal instalments on or before 6 April 1975 and 6 April 1976.

As mentioned above, total subscriptions to the increase in capital amounted to \$1,112,770,287; of this amount the callable portion is 80 per cent i.e. \$890,209,715 and the paid-in portion is 20 per cent i.e. \$222,560,752. No payments under the capital increase had been made up to the end of 1972.

## Member Currencies

### Changes in Exchange Rates

As mentioned in the last Annual Report, the year 1971 witnessed the temporary suspension by the United States of full convertibility of the dollar into gold and actions by several members of the Bank permitting their currencies to float in the international exchange markets. On 17-18 December 1971, the

"Group of Ten" reached an agreement on a pattern of exchange rate relationships among their currencies. Taking note of this agreement, the International Monetary Fund (IMF) established a temporary regime during which a member of the IMF could permit the exchange rate for its currency to move within a wider margin of  $2\frac{1}{4}$  per cent on either side of the par value or of a newly established rate called the central rate. Certain other members outside of the "Group of Ten" also established central rates for their currencies.

On 8 May 1972 the United States formally devalued the dollar establishing a new par value with the IMF at 38 dollars per ounce of fine gold. Effective 23 June 1972, the United Kingdom allowed the pound sterling to float; as a consequence, some member currencies which were pegged to the pound sterling also floated. Other members of the Bank established new par values or provisional rates for their currencies during the year or continued with central rates established for their currencies in 1971.

Recognizing the current temporary regime in the international monetary system and the continued applicability of central rates for currencies of several members, the Bank's Board of Directors adopted on 31 August 1972 the policy on exchange rates to be used for translation of currencies and maintenance of value under Article 25.

Briefly, the effect of the Resolution is that where a member currency has a par value, central rate, provisional rate or some other rate previously adopted by the Bank for translation purposes, and foreign exchange transactions in the territory of the concerned member are generally conducted on the basis of such rate, the Bank will use that rate for translation purposes.

Maintenance of value adjustment will be made under Article 25 whenever there is a change in such rate, and settlement of maintenance of value obligations on the basis of such adjustment will be effected within a reasonable time. For all other member currencies, the Bank will use for translation and maintenance of value adjustment purposes an exchange rate which, in the opinion of the Bank, after consultation with the IMF, represents from time to time a realistic foreign exchange value of such currency.

In the case of developing members with non-convertible currencies, the Bank, if so requested by them, will agree to defer action relating to translation of their currencies and maintenance of value adjustment on the basis of such realistic foreign exchange value of their currencies provided arrangements satisfactory to the Bank are made, in respect of the portions of such currencies required for use by the Bank, to avoid any adverse effects which would otherwise be sustained by the Bank by reason of such deferment.

During the latter part of the year, the Bank took action for necessary implementation of the aforementioned Resolution and in several cases maintenance of value settlements as necessary have already been effected.

#### Unit of Account

Until the formal devaluation of the United States dollar on 8 May 1972, the Bank maintained its accounts in terms of the United States dollar of the weight and fineness in effect on 31 January 1966 i.e. 0.888671 gram of fine gold, the value of the United States dollar used for defining the Bank's capital in Article 4.1 of the Articles of Agreement. With effect from 8 May 1972, the Bank adopted the United States dollar with a gold content of 0.818513 gram of fine gold as the Bank's unit of account. Consequently, the capital stock of the Bank was restated reflecting an increase of 8.571428 per cent in the capital stock expressed earlier in terms of the United States dollar as defined in the Bank's Articles of Agreement. An important effect of such restatement of the Bank's capital stock, as also of the re-translation of other currencies in terms of the Bank's unit of account, has been a net charge of \$5,769,477 against the Ordinary Reserve of the Bank.

#### Borrowings

During the year, three new bond issues were arranged in Luxembourg, Japan and Italy aggregating the equivalent of \$58.6 million. The Bank's total borrowings up to the end of 1972 amounted to the equivalent of \$230.5 million and were denominated in eight currencies, namely Austrian schillings, Belgian francs, Deutsche marks, Italian lire, Japanese yen, Luxembourg francs, Swiss francs and United States dollars.

The first issue of the year was in Luxembourg and took place in April when Lux F 400 million (\$8.9 million) of  $6\frac{3}{4}$  per cent 15-year bonds were sold at par to be redeemed in equal annual instalments commencing in 1978. The issue was underwritten by a syndicate headed by Kredietbank S.A. Luxembourg-geoise and the bonds are listed on the Luxembourg Stock Exchange. This is the first issue in a country which is not a member of the Bank.

In April the Bank made its third issue in Japan. The issue was for an amount of Y10 billion (\$32.5 million) of 7.3 per cent 10-year bonds at par with redemption commencing in 1978. The managing underwriters for this issue were The Nomura Securities Co., Ltd., The Daiwa Securities Co., Ltd., The Nikko Securities Co., Ltd., and Yamaichi Securities Co., Ltd.

The third borrowing in 1972 took place in the Italian capital market in October and was the Bank's first issue in Italy. The issue, in the amount of Lire 10 billion (\$17.2 million) bearing interest at the rate

of 7 per cent, was priced at 98 per cent. It will be redeemed in equal annual instalments over the years 1978 to 1987. The issue was arranged by the Banca Nazionale del Lavoro and placed privately.

#### **Loan Participations**

The Bank usually seeks participations in its project loans made from ordinary capital resources through sale of portions of loans maturing during the earlier years. Participations, which are sought from commercial banks and other institutions at the same rate of interest as is charged to borrowers, do not carry the Bank's guarantee of repayment by borrowers.

Participations in loans approved by the Bank in 1972 amounted to \$6,860 million in eight loans, which brought cumulative loan participations to \$13,560 million in 20 loans. As of the end of 1972 an aggregate amount of \$4,91 million had been collected under these participations and disbursed to borrowers, and an amount of \$1,775 million had been repaid on maturity to participants out of repayments received from borrowers.

#### **Encashment of Demand Notes**

Pursuant to the findings of the Board of Directors contained in their report to the Board of Governors recommending an increase in the Bank's capital, arrangements were made in the early part of 1972 to encash a part of the demand promissory notes or similar obligations representing the national currency portion of subscriptions of members to the original paid-in capital which are not subject to restrictions under Article 24.2 of the Articles of Agreement. At the end of the year the proceeds of such encashment amounted to the equivalent of \$42,243,935. The encashment of the remaining demand promissory notes or similar obligations envisaged in 1973 and 1974 may need to be reconsidered as a consequence of the adoption by the Bank of a new Liquidity Policy (see next column).

#### **Investments**

At the end of the year the Bank's investments were held in 19 convertible currencies and in one non-convertible currency, totalling the equivalent of \$444,230,714 of which 27 per cent was held in government securities or government-guaranteed obligations of member countries and 73 per cent in time deposits or certificates of deposit of banks in member countries and with the Bank for International Settlements.

Of the total investments in government securities or government-guaranteed obligations of members, 47 per cent was invested in securities maturing within one year and 53 per cent was invested in securities maturing after one year; of the total investments in time deposits or certificates of deposits of banks in member countries and with the Bank for International Settlements, 74 per cent was invested in deposits maturing within one year and 26 per cent was invested in deposits maturing after one year.

#### **Liquidity Policy**

During the year 1972, the Bank examined its liquidity position in the light of disbursements under loans made from ordinary capital resources: such disbursements were occurring at a slower pace than that originally projected. In view of the resulting substantial time-lag between loan commitments and disbursements, it was not considered essential for the Bank to adhere to the full commitment coverage policy. At the same time it was recognized that the Bank's efforts to establish itself firmly as a major borrower in the principal capital markets must continue. In the light of these considerations, the liquidity policy adopted by the Bank in 1972 provides for maintaining the Bank's liquid assets at not less than two-thirds of three years' projected loan disbursements. This policy is subject to annual reviews, the first of which is contemplated early in 1973.

#### **Income and Expenditure**

The gross income for the year amounted to \$33,371,263. After deducting commissions appropriated to Special Reserve amounting to \$973,498, the unappropriated income for the year was \$32,397,765.

Administrative expenses for the year totalled \$9,551,487, from which \$3,945,000 was deducted and charged to Special Funds resources as Administration Charge to Special Operations. The total net administrative expenses attributable to ordinary operations for 1972 were therefore \$5,606,487.

In addition, services to member countries during the year, excluding \$1,251,055 charged to the Technical Assistance Special Fund, amounted to \$1,164,217. Total financial expenses were \$14,442,588.

The gross expenses for the year were therefore \$21,213,292; net income was \$11,184,473. The net income is available for allocation by the Board of Governors in accordance with the provisions of Article 40.1.

## SPECIAL FUNDS

### Restructuring and Mobilization

An outstanding feature of the year's activities was the sharp increase in concessional loans made by the Bank from its Special Funds resources. The amount of such loans made in 1972 was \$94,340,000. The corresponding amounts for 1969, 1970 and 1971 were \$22,005,000, \$33,693,000 and \$51,510,000 respectively. The successive increases in the Bank's concessional lending over the past four years clearly demonstrate the growing importance of this aspect of the Bank's operations, and the need to carry on such lending on an increasing scale in the future if the Bank is to be responsive to the reasonable needs of its developing member countries.

The ability of the Bank to answer this challenge depends, however, upon Special Funds resources being made available to it in amounts and upon terms appropriate for the purpose. By the end of 1972, the margin between available resources and cumulative loan approvals had narrowed to little more than \$20,000,000. It is apparent that immediate steps must be taken to increase the amount of resources available for concessional lending. It is also apparent that, if the Bank is to maintain an appropriate program for such lending, it must be assured that resources will be forthcoming on an organized and regular basis, and in an amount sufficient to cover lending requirements over a reasonable period of years.

Recognizing these problems, the Bank began a study early in 1972 of the whole of its existing Special Funds structure and procedures for resource mobilization. The Bank is at present administering two Special Funds which are available for loan financing: the Agricultural Special Fund, and the Multi-Purpose Special Fund. Contributions to these Funds have, in the past, been made on a bilateral basis at the initiative of individual contributions. The terms of such bilateral contributions have varied from contribution to contribution, with the result that the administration of the resources and their deployment in loan operations have become increasingly difficult.

The Bank has now formulated preliminary proposals for a restructuring of Special Funds. These envisage the creation of a single unified Fund, multilateral in character and governed by uniform and liberal terms and conditions. The resources of the

Fund would be pooled, and would be available for use by the Bank as required to carry out its concessional lending policies and program. Such resources would be mobilized and replenished at regular intervals, on an organized basis, by contributions from developed member countries of the Bank.

One feature of the restructuring would be the winding up, with the consent of the concerned contributors, of the existing Agricultural Special Fund, and a consolidation of resources of both the Agricultural and Multi-Purpose Funds in the proposed new Fund. This does not reflect any lessening of the Bank's interest in agricultural development in the region. Rather, it is considered that since the total amount of concessional lending for such development already made by the Bank far exceeds the total resources of the Agricultural Fund, the Fund has effectively fulfilled its intended function.

All these proposals are at present under review by the Bank's Board of Directors and by its member countries. In September 1972, a meeting was held in Washington, D.C., with representatives of all but one of the Bank's developed member countries, to discuss the proposed restructuring and replenishment program. The participants in the meeting expressed broad support in principle for the Bank's proposals. In December, member countries participating in the Seventh Ministerial Conference for the Economic Development of Southeast Asia endorsed the proposal to wind-up the Agricultural Fund and to establish a unified Special Fund.

In November, the Bank appointed Sir John Chadwick as Special Advisor to the President of the Bank with responsibility for assisting in the establishment of an effective resource mobilization program.

The Bank, for its part, is studying the possibility of setting aside further amounts for concessional lending from the paid-in capital. The amount which can be set aside within the limits prescribed by the Articles of Agreement is, however, relatively small. In the meantime, the Bank proposes to maintain the pace of project preparation and appraisal work so that Special Funds loans may be made in suitable cases without further delay, as and when additional funds become available.

## Resources

During 1972 the resources of the Multi-Purpose Special Fund were increased by contributions from Belgium, Denmark and New Zealand. In March a Contribution Agreement was signed with the Government of Belgium, for a contribution to the Multi-Purpose Special Fund of 100 million Belgian francs (\$2,231,351). The contribution is payable in four equal instalments.<sup>1</sup> Also in March, Denmark terminated the unwithdrawn balance of its contribution to the Agricultural Special Fund and replaced it with a new contribution of 15 million kroner (\$2,148,997) to the Multi-Purpose Special Fund. Both the Belgian and the Danish contributions are available for financing procurement in contributor countries and in developing member countries of the Bank. In December, New Zealand made a contribution to the Multi-Purpose Special Fund of 822,370 New Zealand dollars (\$1,000,000), on a tied basis. The contribution is payable in two equal instalments.

As of 31 December, nine member countries—Australia, Belgium<sup>1</sup>, Canada, Denmark, Federal Republic of Germany, Japan, the Netherlands, New Zealand and the United Kingdom—had entered into agreements with the Bank to contribute resources to

the Multi-Purpose Special Fund, in a total amount of \$173,471,288<sup>2</sup>, while indications of the intention to contribute had been given by Finland, Italy, Norway, Switzerland and the United States. In addition the Board of Governors, as authorized by Article 19.1(i) of the Articles of Agreement, had set aside from the unimpaired paid-in capital of the Bank \$26,618,349 and allocated this amount to the Multi-Purpose Special Fund.

Details of the resources committed to the Multi-Purpose Special Fund and the Agricultural Special Fund are set out in the Table on page 56.

The year 1972 also saw a welcome number of additional contributions, or extension of existing contributions, to the Technical Assistance Special Fund from Australia, Belgium, Denmark, Federal Republic of Germany, India, Japan, the Netherlands and the United Kingdom. The Australian contribution of 205,593 Australian dollars (\$259,909) is available to finance the services of Australian experts and consultants required for the Bank's technical assistance operations.

The Belgian contribution of 25 million Belgian francs (\$557,838) is available to finance the cost of Belgian expert services and related facilities in

COUNTRY AND SECTORAL DISTRIBUTION OF SPECIAL FUNDS LOANS AS OF 31 DECEMBER 1972

Country	No.	Amount (\$ Million)	% Share	Agric- ture	Electric Power	Transport and Communications	Industry <sup>3</sup>	Education
Afghanistan	1	5,150	2.6	5,150	—	—	10,000	—
Indonesia	14	69,640	34.6	34,540	14,300	10,800	—	—
Khmer Republic	1	1,670	0.8	—	1,670	—	—	—
Korea, Republic of	1	3,700	1.8	—	—	—	—	3,700
Laos	2	4,343	2.2	0,973	3,370	—	—	—
Malaysia	1	3,300	1.6	3,300	—	—	—	—
Nepal	7	35,710	17.7	16,900	2,700	16,110	—	—
Pakistan	2	18,200	9.0	—	12,200	—	6,000	—
Papua New Guinea	2	14,300	7.1	—	—	9,800	4,500	—
Philippines	2	3,500	1.7	2,500	—	1,000	—	—
Singapore	1	3,000	1.5	—	—	—	3,000	—
Sri Lanka	4	22,405	11.1	10,805	8,000	3,800	—	—
Viet-Nam, Republic of	3	11,300	5.6	5,000	6,300	—	—	—
Western Samoa	3	5,330	2.6	0,330	—	5,000	—	—
<b>TOTAL</b>	44	201,548	100.0	79,498	48,540	46,310	20,500	6,700

<sup>1</sup> The effectiveness of Belgium's contribution of \$2,231,351 is subject to ratification by the Belgian Parliament.

<sup>2</sup> Converted at central rates.

<sup>3</sup> Including development banks.

99.9

technical assistance operations of the Bank.<sup>1</sup> Denmark made a further contribution of 2.8 million kroner (\$401,146) to the Technical Assistance Special Fund. Up to half of the amount contributed may be used on an untied basis, the balance being allocated to financing the cost of Danish experts and facilities.

The German contribution of 400,000 Deutsche mark (\$124,127) is available to finance the costs of German experts and related facilities. The Indian contribution of 400,000 rupees (\$54,950) is available for financing the costs of Indian personnel and services. The largest contribution during the year was that of Japan, which contributed 616 million yen (\$2 million) for financing the services of Japanese experts.

The Netherlands made a further contribution of up to 200,000 guilders (\$61,639), to be applied to financing contracts made with Dutch consultants during 1972. The United Kingdom agreed to extend for a further year the arrangements previously made for meeting requirements of the Bank for financial assistance in respect of the cost of employing British experts.

Details of the resources committed to the Technical Assistance Special Fund are set out in the Table in the next column.

#### Utilization

Loans from Special Funds resources are described in the Chapter headed Loan and Technical Assistance Activities.

#### MULTI-PURPOSE AND AGRICULTURAL SPECIAL FUNDS

Contributor	Amount of Contribution (\$)	Amount Disbursed (\$)
Australia	11,099,284	972,685
(Belgium)	— <sup>2</sup>	— <sup>2</sup>
Canada	27,442,925	430,168
Denmark	2,164,161	13,270
Germany, Federal Republic of	20,729,248	1,549,410
Japan	118,883,116	11,891,865
Netherlands	2,465,560	221,095
New Zealand	1,000,000	—
United Kingdom	14,080,210	394,117
Set-Aside Resources	26,618,349	3,373,076
<b>TOTAL</b>	<b>222,482,853</b>	<b>18,844,686<sup>3</sup></b>

<sup>1</sup> The effectiveness of this contribution is subject to ratification by the Belgian Parliament.

<sup>2</sup> The contribution of the Government of Belgium in an amount of 100,000,000 Belgian francs (equivalent to US\$2,231,351 at central rates) is not yet effective.

<sup>3</sup> Total loan commitments amount to \$201,648,000: see Table on page 55.

Lending under Special Operations was \$94,340,000 in 1972. Sixteen loans were approved for projects in eight countries, primarily in the fields of electric power and transportation.

Since the beginning of Special Operations in 1969, 44 loans have been approved for projects in 14 countries for a total commitment of \$201,648,000, of which \$94,340,000 was committed in 1972. The Table on page 55 shows cumulatively the distribution of lending among the 14 countries which have received concessional loans and the sectoral breakdown of these loans.

Details of disbursements made from contributions to the Multi-Purpose and Agricultural Special Funds as of 31 December 1972 are shown in the Table in the preceding column.

Details of the use made of the contributions to the Technical Assistance Special Fund as of the end of 1972 are shown in the Table below.

#### TECHNICAL ASSISTANCE SPECIAL FUND

Contributor	Amount Contribution (\$) <i>X</i>	Amount Utilized (\$) <i>Contributed</i>
Australia	609,962	391,219
Austria	55,794	—
(Belgium)	— <sup>6</sup>	— <sup>6</sup>
Canada	200,180	187,160
China, Republic of	200,000	12,597
Denmark	709,292	469,406
Finland	110,480	26,100
Germany, Federal Republic of	255,346	255,346
India	121,617	84,145
Japan	5,743,554	1,187,672
Korea, Republic of	30,000	9,828
Netherlands	119,936	89,117
New Zealand	173,603	166,717
Pakistan	22,514	7,639
Sri Lanka	18,240	—
Switzerland	200,000	87,640
United Kingdom	200,925	200,925
United States	1,250,000	1,250,000
<b>TOTAL</b>	<b>9,921,423</b>	<b>4,425,500</b>

<sup>4</sup> Net income earned of \$329,079.

<sup>5</sup> The contribution of the Government of Belgium in the amount of 25,000,000 Belgian francs (equivalent to \$557,838 at central rates) is not yet effective.

# MEMBERSHIP

## Members

The membership of the Bank increased from 36 to 37 during the year. Tonga became a member on 29 March. Subscriptions of member countries and the distribution of voting power as of 31 December are shown in Appendix 1-VII.

The Board of Governors approved the application of Bangladesh for membership in the Bank on the terms and conditions specified in Resolution No. 54. At the end of the year the completion of conditions precedent to membership by Bangladesh was awaited.

## Board of Governors

Following the recommendations made by the Procedures Committee for 1972-73, at its first meeting held in Vienna on 21 April, the Governor for Indonesia was elected Chairman and the Governors for Canada and Malaysia were elected Vice-Chairmen of the Board of Governors to hold office until the close of the Sixth Annual Meeting. Also a number of changes took place in the composition of the Board of Governors during the year. These are shown in Appendix 6.

The Fifth Annual Meeting of the Board of Governors was held at the Vienna Hofburg Congress Centre from 20 to 22 April 1972 at the invitation of the Federal Government of the Republic of Austria. The Board decided to hold its Sixth Annual Meeting in Manila from 26 to 28 April 1973.

In August the Board of Governors unanimously elected Mr. Shiro Inoue as President to succeed Mr. Takeshi Watanabe.

A list of resolutions adopted by the Board of Governors during the year, including those adopted at the Fifth Annual Meeting, appears in Appendix 3.

## Board of Directors

During the year there were 49 meetings of the Board of Directors, including regular and executive sessions. In addition to approving proposals for loans and technical assistance, bond



*Board of Directors in session.*

issues and contributions to the Bank's Special Funds, the Board took decisions on a number of policy issues including the Bank's liquidity policy, criteria for loans from Special Funds resources and the financing of technical assistance operations.

The Board also considered in a number of meetings the questions of restructuring and mobilization of the Bank's Special Funds resources and had preliminary discussions on the policy and procedures on uses of consultants. Decisions were also taken on the Bank's unit of account and the exchange rates to be used for translation of currencies and maintenance of value and for payment of subscriptions to the increase in the authorized capital stock of the Bank. (Further details on Board decisions are given in the relevant sections of the Report.)

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

# ORGANIZATION AND ADMINISTRATION

## President

On 25 November Mr. Shiro Inoue assumed the Presidency of the Bank for the remaining four years of the second term of Mr. Takeshi Watanabe, who resigned as of 24 November.

Mr. Inoue, formerly Executive Director concurrently Representative for International Affairs of the Bank of Japan, was unanimously elected President of the Bank on 31 August by the Board of Governors.

On 23 November the Board of Directors expressed its appreciation of the services of the outgoing President, Mr. Takeshi Watanabe, and adopted the following resolution by acclamation:

"The Board of Directors

RESOLVES

To express to Mr. Takeshi Watanabe, at the conclusion of his service as President of the Bank and Chairman of the Board of Directors, its deep appreciation of his outstanding and dedicated role in the formation and early development of the Bank and for the inspiring leadership, wisdom, sincerity and understanding with which he has guided the Board of Directors over the period November 1966 to November 1972."

## Staff

The Bank increased its staff by 16 professional and 21 non-professional staff members in the course of the year. By the end of 1972, the Bank staff (excluding President and Vice-President) consisted of 207 professional staff and 382 non-professional staff, representing 34 nationalities.

## Headquarters

The Philippine Coordinating Committee continued to function as an effective liaison agency between the Bank and Philippine Government authorities. Mr. Cornelio Balmaceda, Chairman of the Philippine Coordinating Committee from its inception, resigned from the Committee in June. Throughout his association with the Committee, he rendered valuable assistance to the Bank. He was succeeded for brief periods in acting capacities by Executive Secretary Alejandro Melchor, Jr. and Mr. Antonio Locsin. The present Acting Chairman is Assistant Executive Secretary Roberto V. Reyes.

It had previously been reported that, in accordance with its obligations contained in the Headquarters Agreement, the Philippine Government was constructing a headquarters seat for the Bank. The building was completed during the latter part of the year and the Bank's offices were transferred to the headquarters seat at the end of October. Originally, it was intended that part of the complex would be occupied by the local offices of the United Nations. However, the entire complex is now to be made available to the Bank, thus providing additional space for future expansion.

On 18 November, the building was inaugurated by His Excellency Ferdinand E. Marcos, President of the Philippines, in a ceremony held under the auspices of the Philippine Coordinating Committee with the First Lady, Mrs. Imelda Romualdez Marcos, cutting the ceremonial ribbon. During this inaugural ceremony, President Marcos formally turned over to the Bank the use and occupancy of the building.

The new building is impressive both from architectural and functional viewpoints. The main portion of the building contains 15 floors including a basement and sub-basement. Apart from office accommodation and other facilities there is a library, an auditorium, a cafeteria and dining rooms in the building.

The appearance of the interior of the building has been made more attractive with works of art generously donated by many member countries.

It is satisfying to note that, as a result of the generosity of the host government, the Bank personnel have now the advantage and convenience of all being located in a single building.

## Budget for 1973

The budget for 1973 was approved by the Board of Directors on 17 November 1972 and a summary thereof appears in Appendix 2. Internal Administrative Expenses are estimated at \$10,663,700<sup>1</sup> and

<sup>1</sup> Consisting of expenses to be charged to ordinary capital resources (\$4.3 million), expenses to be borne by Special Funds resources (\$6.3 million) and expenses chargeable to the Technical Assistance Special Fund (\$0.1 million).

Services to Member Countries at \$4,055,800. The Table below shows Gross Income, Financial Expenses on Bonds and Investments, Internal Administrative

Expenses and expenses on Services to Member Countries for 1973, and corresponding figures for 1971 and 1972.

	1971 Actual	1972 Budget	1972 Actual	1973 Budget
	(\$ Million)			
<b>I. ORDINARY CAPITAL RESOURCES</b>				
1. Gross Income Net of Special Reserve	25.5	33.3	32.4	44.3
2. Less:				
(a) Administrative Expenses <sup>1</sup>	2.7	5.6 <sup>3</sup>	5.6 <sup>3</sup>	4.3 <sup>3</sup>
(b) Services to Member Countries <sup>4</sup>	1.1 <sup>2</sup>	1.8	1.2 <sup>2</sup>	2.2
	3.8	7.4	6.8	6.5
3. Residual Gross Income	21.7	25.9	25.6	37.8
4. Less Financial Expenses	7.1	15.2	14.4	18.9
5. Net Income	14.6	10.7	11.2	18.9

Exclusive of expenses charged or chargeable to Technical Assistance Special Fund shown under II (Special Funds resources).

2 Exclusive of expenses chargeable to the United Nations Development Programme Fund shown under III (UNDP Fund resources).

3 Exclusive of Administrative Charges to Special Funds resources computed in accordance with scheme for allocation of Administrative Expenses between ordinary capital resources and Special Funds resources adopted by the Board of Directors in November 1971, comprising: 1971 (Budget) \$3.1 million; 1971 (Actual) \$4.8 million (inclusive of \$2.5 million representing administrative charges for loans from

	1971 Actual	1972 Budget	1972 Actual	1973 Budget
	(\$ Million)			
<b>II. SPECIAL FUNDS RESOURCES</b>				
Expenses Charged to Technical Assistance Special Fund Comprising:				
(a) Internal Administrative Expenses	1.2	2.2	1.4	1.0
(b) Services to Member Countries	0.2	0.1 <sup>4</sup>	0.1	0.1 <sup>4</sup>
	1.0	2.1 <sup>4</sup>	1.3	0.9 <sup>4</sup>
<b>III. UNDP FUND RESOURCES<sup>5</sup></b>				
Services to Member Countries	0.4	—	0.02	1.0

Special Funds resources signed prior to 1971); 1972 (Budget) \$4.4 million; and 1972 (Actual) \$3.9 million.

4 Based on percentage of expenses charged to Technical Assistance Special Fund during period January-September of previous year.

5 These resources consist of (a) UNDP funds employed in 1971 in Regional Transport Survey and (b) UNDP funds provided for Laguna de Bay Water Resources Development Study and Go Cong Pioneer Agricultural Project, in each of which the Bank acts as an executing authority (in the case of the Go Cong Project contributions from several countries to Fund for Pioneer Agricultural Projects in Lower Mekong Basin are included).

## **APPENDIXES**

- 1. Financial Statements and Opinions of Independent Auditors**
- 2. Summary of Budget for 1973**
- 3. Resolutions of the Board of Governors during 1972**
- 4. Channels of Communication**
- 5. Official Depositories**
- 6. Board of Governors**
- 7. Board of Directors and Voting Groups**
- 8. Principal Officers**

## FINANCIAL STATEMENTS AND OPINIONS OF INDEPENDENT AUDITORS

### ORDINARY CAPITAL RESOURCES:

- I Balance Sheet, 31 December 1972
- II Comparative Statement of Income and Expenses, For the Years Ended 31 December 1972 and 31 December 1971
- III Comparative Statement of Changes in Financial Position, For the Years Ended 31 December 1972 and 31 December 1971
- IV Statement of Cash in Banks and Demand Obligations of Members, 31 December 1972
- V Statement of Loans, 31 December 1972
- VI Statement of Funded Debt, 31 December 1972
- VII Statement of Subscriptions to Capital Stock and Voting Power, 31 December 1972
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### SPECIAL FUNDS RESOURCES:

- A Balance Sheet, 31 December 1972
- B Comparative Statement of Income and Expenses, For the Years Ended 31 December 1972 and 31 December 1971
- C Statement of Accumulated Net Income (Expense), For the Year Ended 31 December 1972
- D Comparative Statement of Changes in Financial Position, For the Years Ended 31 December 1972 and 31 December 1971
- E Statement of Loans, 31 December 1972
- F Statement of Contributed Resources, 31 December 1972
- G Statement of Set-Aside Resources, For the Year Ended 31 December 1972
- H Statement of Accrued Resources, For the Year Ended 31 December 1972
- I Technical Assistance Special Fund, Balance Sheet, 31 December 1972
- J Agricultural Special Fund, Balance Sheet, 31 December 1972
- K Multi-Purpose Special Fund, Balance Sheet, 31 December 1972
- L Technical Assistance Special Fund, Statement of Expenses by Projects and Programs, For the Year Ended 31 December 1972
- M Notes to Financial Statements, 31 December 1972

Opinion of Independent Auditors

**ASIAN DEVELOPMENT BANK**

**BALANCE**

31 December

Expressed in United States Dollars

**ASSETS**

CASH IN BANKS (Note B)			
Member currencies (See Appendix 1-IV)			\$ 9,074,470
INVESTMENTS (Note B)			
Government and government-guaranteed obligations—amortized cost			
Maturing within one year			
(Face amount—\$56,933,155)	\$ 56,681,393		
Maturing after one year			
(Face amount—\$64,381,955)	63,571,219	\$120,252,612	
Time deposits and certificates of deposit			
Maturing within one year	239,180,342		
Maturing after one year	84,797,760	323,978,102	
Accrued interest			
		444,230,714	
		11,328,924	455,559,638
DEMAND OBLIGATIONS OF MEMBERS			
(Notes B and C)			
Non-negotiable, non-interest-bearing obligations in member currencies (See Appendix 1-IV)			185,694,849
OTHER AMOUNTS RECEIVABLE FROM MEMBERS			
Amounts required to maintain value of currency holdings (Note D)			6,189,814
EFFECTIVE LOANS (See Appendix 1-V) (Note A)			
Held by Bank	573,858,886		
Agreed to be sold	3,638,300	577,497,186	
ADMINISTRATION CHARGE RECEIVABLE FROM SPECIAL FUNDS RESOURCES (Note A)			8,711,000
UNAMORTIZED FUNDED DEBT ISSUANCE EXPENSES (Note A)			4,632,783
OTHER ASSETS			3,505,693
SPECIAL RESERVE FUND ASSETS (Note E)			1,530,646
<b>TOTAL</b>			<b>\$1,252,396,079</b>

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

## ORDINARY CAPITAL RESOURCES

## ICE SHEET

1972

States Dollars (Note A)

## LIABILITIES, RESERVES AND CAPITAL

## LIABILITIES

Accrued interest on funded debt	\$ 3,596,385
Accounts payable and other liabilities	933,413
Undisbursed balance of effective loans (See Appendix 1-V)	
Held by Bank	\$455,616,978
Agreed to be sold	3,638,300
	<hr/>
Funded debt (See Appendix 1-VI)	229,222,227
	<hr/>
	\$ 693,007,303

## AMOUNTS PAYABLE TO MEMBERS

Amounts required to maintain value of currency holdings (Note D)	2,410,643
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## SPECIAL RESERVE (Note E)

1,530,646

## CAPITAL

Capital stock (See Appendix 1-VII) (Note C)	
Authorized—88,000 "paid-in" shares	
and 187,000 "callable" shares of	
\$10.857 par value each	
Subscribed (203,036 shares)	2,204,390,857
Less "callable" shares subscribed	
(132,265 shares)	1,436,020,000
	<hr/>
"Paid-in" shares subscribed	768,370,857
(70,771 shares)	
Less subscription instalments not due	228,681,829
	<hr/>
Subscription instalments matured	539,689,028
Less capital set aside and transferred to	
Multi-Purpose Special Fund (Note F)	26,618,349
	<hr/>
Capital for ordinary operations	513,070,679
	<hr/>
Ordinary Reserve (Note G)	31,192,335
	<hr/>
Net income for the year ended 31 December 1972 (To be allocated by the Board of Governors) (Note G)	11,184,473
	<hr/>
TOTAL	\$1,252,396,079

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

## COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1972 and 31 December 1971

Expressed in United States Dollars (Note A)

	1972	1971
<b>INCOME</b>		
From investments	\$24,846,359	\$21,818,529
From loan operations		
Interest	5,408,744	2,207,816
Commissions	973,498	375,268
Commitment charge	1,880,873	1,309,115
From other sources	261,789	182,779
<b>GROSS INCOME</b>	<u>33,371,263</u>	<u>25,893,507</u>
Deduct commissions appropriated to Special Reserve (Note E)	973,498	375,268
<b>UNAPPROPRIATED INCOME</b>	<u>32,397,765</u>	<u>25,518,239</u>
<b>EXPENSES</b>		
Administrative expenses		
Board of Governors	144,602	56,875
Board of Directors		
Salaries	607,163	519,630
Benefits (Note H)	130,347	97,776
Travel	140,424	189,291
Staff services	57,640	43,163
Total Board of Directors	935,574	849,850
Staff		
Salaries	4,163,836	3,322,906
Benefits (Note H)	1,164,621	887,164
Travel	1,177,460	1,060,681
Consultants	159,997	114,816
Representation	41,772	38,628
Total Staff	6,707,686	5,424,195
Other administrative expenses		
Communications	354,546	288,848
Office occupancy	170,328	136,573
Publications and printing	144,284	92,585
Expendable supplies	152,031	126,827
Furniture and equipment	551,936	152,515
Fees and compensation	288,978	225,705
Miscellaneous	101,523	110,409
Total Other Administrative Expenses	<u>1,763,626</u>	<u>1,133,462</u>
<b>Total Administrative Expenses—(Forward)</b>	<b>\$ 9,551,487</b>	<b>\$ 7,464,382</b>

CONTINUED

	<u>1972</u>	<u>1971</u>
Total Administrative Expenses---(Forward)	\$ 9,551,487	\$ 7,464,382
Deduct Administration Charge to Special Operations (Note A)	3,945,000	4,766,000
Net Administrative Expenses	<u>5,606,487</u>	<u>2,698,382</u>
Services to member countries		
Project preparation and other loan-related technical assistance (Note I)	597,059	394,032
Project implementation/advisory	295,396	589,481
Asian Industrial Survey	68,090	—
Asian Vegetable Research and Development Center	150,000	75,000
Regional Transport Survey (Note J)	—	82,571
LAWASIA Credit and Security Research	—	17,355
Other regional activities	53,672	—
Total Services to Member Countries	<u>1,164,217</u>	<u>1,158,439</u>
Financial expenses		
Interest on funded debt	13,843,558	6,741,860
Funded debt issuance and other financial expenses (Note A)	599,030	343,065
Total Financial Expenses	<u>14,442,588</u>	<u>7,084,925</u>
GROSS EXPENSES	<u>21,213,292</u>	<u>10,941,746</u>
NET INCOME (NOTE G)	\$11,184,473	\$14,576,493

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

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

## COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1972 and 31 December 1971

Expressed in United States Dollars (Note A)

FUNDS WERE PROVIDED BY	1972	1971
Operations		
Net income	\$ 11,184,473	\$ 14,576,493
Items not requiring or providing funds	(7,249,126)	(3,490,885)
Funds provided by operations	3,935,347	11,085,608
Funded debt issued	54,173,449	119,144,847
Increase in funded debt as a result of currency revaluations	15,130,251	—
Capital subscriptions collected	2,045,029	2,369,000
Increase in capital subscriptions collected as a result of devaluation of the United States Dollar	40,159,521	—
Demand obligations of members encashed	42,539,865	1,538,977
Loans sold	1,555,000	1,824,000
Loans collected	2,695,047	537,108
Increase in other liabilities as a result of currency revaluations	2,410,643	—
Other—net	—	616,171
Total	<u>164,644,152</u>	<u>137,115,711</u>
FUNDS WERE UTILIZED FOR		
Net charge to ordinary reserve as a result of devaluation of the United States Dollar	5,769,477	—
Loans disbursed	51,090,149	42,920,180
Set-Aside Resources transferred	—	23,840,783
Increase in loans disbursed and outstanding as a result of currency revaluations	5,879,625	—
Funded debt purchased for redemption funds	619,460	543,030
Increase in other assets as a result of currency revaluations	19,972,248	—
Other—net	309,739	—
Total	<u>83,640,698</u>	<u>67,303,993</u>
INCREASE IN CASH IN BANKS AND INVESTMENTS	<u>\$ 81,003,454</u>	<u>\$ 69,811,718</u>
INCREASE (DECREASE) IN COMPONENTS OF FUNDS		
Cash in banks (excluding Special Reserve Fund cash)	(\$ 263,578)	\$ 318,534
Investments (excluding accrued interest and Special Reserve Fund investments)	81,267,032	69,493,184
Total	<u>\$ 81,003,454</u>	<u>\$ 69,811,718</u>

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

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

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

31 December 1972

Expressed in United States Dollars (Note A)

Members	Unit of Currency	Cash in Banks	Demand Obligations of Members
Afghanistan	Afghani	\$ —	\$ 1,297,429 <sup>1</sup>
Australia	Australian Dollar	56,720 <sup>3</sup>	19,352,598 <sup>2</sup>
Austria	Austrian Schilling	137,967	—
Belgium	Belgian Franc	67,230	892,540
Canada	Canadian Dollar	53,575	4,523,813
China, Republic of	New Taiwan Dollar	15,738	3,933,348 <sup>1</sup>
Denmark	Danish Krone	54,890	904,761
Fiji	Fiji Dollar	—	154,190 <sup>1</sup>
Finland	Finnish Markka	—	853,652
France	French Franc	29,691	4,071,430
Germany, Federal Republic of	Deutsche Mark	170,982	—
Hong Kong	Hong Kong Dollar	57,506 <sup>4</sup>	2,136,813 <sup>2</sup>
India	Indian Rupee	9,213	23,915,173 <sup>1</sup>
Indonesia	Rupiah	4,034,676 <sup>1</sup>	2,653,417 <sup>1</sup>
Italy	Italian Lira	5,687	—
Japan	Yen	23,305	36,190,476
Khmer Republic	Riel	301,503 <sup>1</sup>	648,497 <sup>1</sup>
Korea, Republic of	Won	9,304	4,994,778 <sup>1</sup>
Laos	Kip	110,910 <sup>1</sup>	—
Malaysia	Malaysian Dollar	53,394	5,387,342 <sup>1</sup>
Nepal	Nepalese Rupee	40,176	512,750 <sup>1</sup>
Netherlands	Netherlands Guilder	94,795	2,045,387
New Zealand	New Zealand Dollar	16,276 <sup>2</sup>	5,843,737 <sup>2</sup>
Norway	Norwegian Krone	23,116	—
Pakistan	Pakistan Rupee	2,640	8,662,494 <sup>1</sup>
Papua New Guinea	Australian Dollar	—	157,098 <sup>1</sup>
Philippines	Philippine Peso	79,578	4,200,566 <sup>1</sup>
Singapore	Singapore Dollar	6,698	1,284,434 <sup>1</sup>
Sri Lanka	Sri Lanka Rupee	3,560	2,299,304 <sup>1</sup>
Sweden	Swedish Krona	22,202	904,762
Switzerland	Swiss Franc	125,653	—
Thailand	Baht	6,363	5,364,008 <sup>1</sup>
Tonga	Tongan Dollar	—	3,267 <sup>1</sup>
United Kingdom	Pound Sterling	54,647	4,888,962
United States	United States Dollar	144,329	37,618,833
Viet-Nam, Republic of	Piastre	3,254,456 <sup>1</sup>	—
Western Samoa	Western Samoan Tala	7,691 <sup>1</sup>	—
<b>TOTAL</b>		<b>\$9,074,470 (7,829,117)</b>	<b>\$185,694,849</b>

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

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

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

3 Of this amount, restrictions on use have been imposed in the amount of \$29,031.

4 Of this amount, restrictions on use have been imposed in the amount of \$4,506.

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**ASIAN DEVELOPMENT BANK—**

**STATEMENT**

**31 December**

*Expressed in United*

Member and Borrower	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
CHINA, REPUBLIC OF Republic of China Chinese Petroleum Corporation (Guaranteed by Member)	5 CHI	30 Nov. '68	1971-1978	6-7/8%	\$ 400,000
Republic of China Taiwan Aluminium Corporation (Guaranteed by Member)	7 CHI 11 CHI	27 Dec. '68 10 Apr. '69	1972-1980 1972-1981	6-7/8 6-7/8	10,200,000 10,000,000
Taiwan Metal Mining Corporation (Guaranteed by Member)	20 CHI	15 Dec. '69	1973-1982	6-7/8	2,670,000
Republic of China Republic of China Taiwan Power Company (Guaranteed by Member)	21 CHI 22 CHI 29 CHI 44 CHI	15 Dec. '69 15 Dec. '69 3 Apr. '70 16 Dec. '70	1973-1981 1972-1982 1973-1989	6-7/8 6-7/8 6-7/8	1,150,000 990,000 18,000,000
Taiwan Power Company (Guaranteed by Member)	67 CHI	24 May '71	1973-1980	7-1/2	500,000
China Development Corporation (Guaranteed by Member)	75 CHI 79 CHI	15 Oct. '71 15 Dec. '71	Not Fixed <sup>2</sup> 1975-1991	Variable <sup>1</sup> 7-1/2	7,500,000 13,600,000
Taiwan Power Company (Guaranteed by Member)	82 CHI	15 Dec. '71	1975-1990	7-1/2	22,500,000
Fiji Fiji Electricity Authority (Guaranteed by Member)	89 FIJ	25 Feb. '72	1976-1992	7-1/2	4,700,000
HONG KONG Hong Kong	93 HKG	1 Aug. '72	1976-1985	7-1/2	21,500,000
KOREA, REPUBLIC OF Republic of Korea Korea Cold Storage Company Limited (Guaranteed by Member)	3 KOR	16 Sep. '68	1972-1983	6-7/8	6,800,000
The Korea Express Company Limited (Guaranteed by Member)	10 KOR	22 Mar. '69	1973-1984	6-7/8	7,000,000
The Medium Industry Bank (Guaranteed by Member)	14 KOR	17 Sep. '69	1972-1980	6-7/8	7,500,000
Republic of Korea Korea Electric Company (Guaranteed by Member)	23 KOR 38 KOR 40 KOR	19 Dec. '69 26 Oct. '70 23 Nov. '70	1972-1985 1972-1980 1973-1990	6-7/8 7-1/2 7-1/2	10,000,000 500,000 9,500,000
The Korea Development Bank (Guaranteed by Member)	42 KOR	23 Nov. '70	Not Fixed <sup>2</sup>	Variable <sup>1</sup>	10,000,000
FORWARD					\$177,890,000

## ORDINARY CAPITAL RESOURCES

## T OF LOANS

1972

States Dollars (Note A)

Loans not yet Effective	Refundings and Cancellations	Payments Received		Effective Loans		Undisbursed Balance of Effective Loans	
		On Loans Held by Bank	For Loans Sold	Held by Bank	Agreed to be Sold	Held by Bank	Agreed to be Sold
\$ —	\$ 400,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	6,800	1,750,000	8,443,200	—	705,851	—
—	3,739,338	—	550,000	5,710,662	—	—	—
—	—	—	—	2,670,000	—	1,604,762	—
—	1,133,000	17,000	—	—	—	—	—
—	1,300	49,435	—	939,265	—	—	—
—	2,460,000	—	400,000	15,140,000	—	8,150,435	—
—	—	—	—	12,880,000	—	7,982,767	—
—	—	—	—	500,000	—	279,729	—
—	—	—	100,000	7,500,000	—	4,815,086	—
—	—	—	—	13,500,000	—	12,668,370	—
—	—	—	—	22,500,000	—	22,419,887	—
—	—	—	—	84,783,127	—	58,425,847	21,357,240
—	—	—	—	4,700,000	—	4,690,698	—
—	—	—	—	19,900,000	1,600,000	19,900,000	1,600,000
—	488,449	—	785,000	5,526,651	—	—	—
—	2,200,638	—	490,000	4,309,362	—	—	—
—	412,410	442,974	—	6,644,616	—	729,206	—
—	—	51,080	—	9,948,920	—	665,799	—
—	500,000	—	—	—	—	—	—
—	—	—	—	9,500,000	—	9,494,736	—
—	—	7,585	—	9,992,415	—	6,457,788	—
\$ —	\$11,335,135	\$574,874	\$4,075,000	\$160,304,991	\$1,600,000	\$100,565,114	\$1,600,000

**ASIAN DEVELOPMENT BANK—**

**STATEMENT**

**31 December**

*Expressed in United*

Member and Borrower	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
<b>FORWARD</b>					\$177,890,000
Hankook Caprolactam Corporation (Guaranteed by Member)	55 KOR	7 Jan. '71	1975-1985	7-1/2%	25,000,000
Republic of Korea	64 KOR	2 Apr. '71	1974-1990	7-1/2	8,800,000
The Medium Industry Bank (Guaranteed by Member)	70 KOR	3 Sep. '71	Not Fixed <sup>2</sup>	Variable <sup>1</sup>	15,000,000
Korea Electric Company (Guaranteed by Member)	72 KOR	13 Sep. '71	1974-1991	7-1/2	10,600,000
Republic of Korea	86 KOR	29 Dec. '71	1979-1998	7-1/2	22,000,000
Republic of Korea	95 KOR	10 Jul. '72	1976-1992	7-1/2	5,700,000
Republic of Korea <sup>3</sup>	98 KOR	10 Oct. '72	1976-1987	7-1/2	13,300,000
The Korea Development Bank (Guaranteed by Member)	111 KOR	15 Dec. '72	Not Fixed <sup>2</sup>	Variable <sup>1</sup>	20,000,000
Republic of Korea <sup>3</sup>	119 KOR	28 Dec. '72	1978-1993	7-1/2	25,600,000
<b>MALAYSIA</b>					
Malaysia	4 MAL	23 Sep. '68	1973-1988	6-7/8	7,200,000
Malaysia	8 MAL	15 Feb. '69	1974-1988	6-7/8	2,800,000
Malaysia	18 MAL	16 Nov. '69	1975-1995	6-7/8	5,000,000
Malaysia	27 MAL	19 Dec. '69	1976-1989	6-7/8	3,100,000
Malaysia	37 MAL	14 Oct. '70	1975-1985	7-1/2	900,000
Malaysia	41 MAL	11 Dec. '70	1976-1995	7-1/2	5,000,000
Malaysia	47 MAL	11 Dec. '70	1976-1995	7-1/2	3,600,000
Malaysia	76 MAL	20 Dec. '71	1977-1996	7-1/2	13,400,000
Malaysian Industrial Development Finance Berhad (Guaranteed by Member)	87 MAL	20 Dec. '71	Not Fixed <sup>2</sup>	Variable <sup>1</sup>	15,000,000
Malaysia	97 MAL	16 Oct. '72	1978-1992	7-1/2	6,700,000
Malaysia <sup>3</sup>	101 MAL	10 Nov. '72	1978-1992	7-1/2	10,900,000
Malaysia <sup>3</sup>	107 MAL	18 Dec. '72	1978-1992	7-1/2	6,100,000
<b>NEPAL</b>					
Nepal	46 NEP	29 Dec. '70	1974-1982	7-1/2	2,000,000
<b>PAKISTAN</b>					
Industrial Development Bank of Pakistan (Guaranteed by Member)	6 PAK	16 Dec. '68	1972-1985	6-7/8	10,000,000
Pakistan Industrial Credit and Investment Corporation (Guaranteed by Member)	34 PAK	9 Oct. '70	1974-1988	7-1/2	3,120,000
<b>FORWARD</b>					\$418,610,000

## ORDINARY CAPITAL RESOURCES

## OF LOANS

1972

States Dollars (Note A)

CONTINUED

Loans not yet Effective	Refundings and Cancellations	Payments Received		Effective Loans		Undisbursed Balance of Effective Loans	
		On Loans Held by Bank	For Loans Sold	Held by Bank	Agreed to be Sold	Held by Bank	Agreed to be Sold
\$ —	\$11,335,135	\$574,874	\$4,075,000	\$160,304,991	\$1,600,000	\$100,566,114	\$1,600,000
—	—	—	—	25,000,000	—	23,545,024	—
—	—	—	—	8,250,000	550,000	8,218,245	550,000
—	—	—	—	15,000,000	—	15,000,000	—
—	—	—	—	10,600,000	—	10,596,940	—
—	—	—	—	22,000,000	—	21,298,183	—
—	—	—	—	5,700,000	—	5,700,000	—
13,300,000	—	—	—	—	—	—	—
20,000,000	—	—	—	—	—	—	—
25,600,000	—	—	—	—	—	—	—
—	—	—	—	285,000	6,915,000	2,747,002	—
—	—	—	—	—	2,800,000	1,165,081	—
—	—	—	—	—	5,000,000	2,939,595	—
—	—	—	—	—	3,100,000	1,984,944	—
—	—	—	—	—	900,000	900,000	—
—	—	—	—	—	5,000,000	4,869,145	—
—	—	—	—	—	3,500,000	3,464,508	—
—	—	—	—	—	13,400,000	13,303,000	—
6,700,000	—	—	—	15,000,000	—	14,727,846	—
10,900,000	—	—	—	—	—	—	—
6,100,000	—	—	—	—	—	—	—
—	—	—	—	—	55,415	45,101,171	45,101,171
—	—	—	—	—	2,000,000	—	1,923,487
—	—	326,974	—	9,673,026	—	269,001	—
—	—	—	—	3,120,000	—	3,120,000	—
\$82,600,000	\$11,335,135	\$901,848	\$4,360,000	\$317,263,017	\$2,150,000	\$236,337,115	\$2,150,000

**ASIAN DEVELOPMENT BANK—**

**STATEMENT**

31 December

*Expressed in United*

Member and Borrower	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
<b>FORWARD</b>					\$418,610,000
Pakistan Industrial Credit and Investment Corporation (Guaranteed by Member)	52 PAK	24 Dec. '70	1974-1985	7-1/2%	12,000,000
Industrial Development Bank of Pakistan (Guaranteed by Member)	53 PAK	24 Dec. '70	1972-1985	Variable <sup>1</sup>	15,000,000
Agricultural Development Bank of Pakistan (Guaranteed by Member)	54 PAK	24 Dec. '70	1973-1985	7-1/2	6,730,000
Islamic Republic of Pakistan	99 PAK	15 Dec. '72	1977-1997	7-1/2	14,300,000
Islamic Republic of Pakistan	120 PAK	22 Dec. '72	Not Fixed <sup>2</sup>	Variable <sup>1</sup>	6,000,000
<b>PHILIPPINES</b>					
Philippine National Bank (Guaranteed by Member)	9 PHI	5 Mar. '69	Not Fixed <sup>2</sup>	6-7/8	5,000,000
Philippine National Bank (Guaranteed by Member)	51 PHI	28 Dec. '70	Not Fixed <sup>2</sup>	Variable <sup>1</sup>	15,000,000
Philippines	56 PHI	28 Dec. '70	1976-1995	7-1/2	10,600,000
Philippines	62 PHI	12 Mar. '71	1975-1988	7-1/2	4,500,000
National Power Corporation (Guaranteed by Member)	77 PHI	3 Nov. '71	1977-1996	7-1/2	23,400,000
National Power Corporation (Guaranteed by Member)	96 PHI	28 Jul. '72	1977-1997	7-1/2	21,000,000
Philippines	106 PHI	18 Nov. '72	1978-1997	7-1/2	22,250,000
<b>SINGAPORE</b>					
The Development Bank of Singapore Limited (Guaranteed by Member)	13 SIN	16 Jul. '69	Not Fixed <sup>2</sup>	6-7/8	10,000,000
Jurong Town Corporation (Guaranteed by Member)	35 SIN	5 Sep. '70	1975-1995	7-1/2	8,310,000
Singapore	43 SIN	4 Dec. '70	1976-1990	7-1/2	20,500,000
Public Utilities Board, Singapore (Guaranteed by Member)	57 SIN	28 Dec. '70	1975-1990	7-1/2	8,300,000
The Port of Singapore Authority (Guaranteed by Member)	73 SIN	15 Sep. '71	1977-1993	7-1/2	8,100,000
Public Utilities Board, Singapore (Guaranteed by Member)	74 SIN	15 Sep. '71	1975-1986	7-1/2	15,470,000
Singapore	109 SIN	22 Nov. '72	1975-1982	7-1/2	1,100,000
Public Utilities Board, Singapore (Guaranteed by Member) <sup>3</sup>	112 SIN	27 Dec. '72	1976-1988	7-1/2	19,600,000
<b>FORWARD</b>					\$665,770,000

## ORDINARY CAPITAL RESOURCES

## OF LOANS

1972

States Dollars (Note A)

CONTINUED

Loans not yet Effective	Refundings and Cancellations	Payments Received		Effective Loans		Undisbursed Balance of Effective Loans	
		On Loans Held by Bank	For Loans Sold	Held by Bank	Agreed to be Sold	Held by Bank	Agreed to be Sold
\$ 82,600,000	\$11,335,135	\$ 901,848	\$4,360,000	\$317,263,017	\$2,150,000	\$236,337,115	\$2,150,000
—	12,000,000	—	—	—	—	—	—
—	—	78,064	—	14,921,936	—	12,790,153	—
14,300,000 6,000,000	1,500,000 —	—	—	5,230,000 —	—	5,230,000 —	—
—	—	—	—	32,446,274	—	21,498,154	—
—	—	305,571	—	4,694,429	—	661,551	—
—	—	—	—	15,000,000	—	13,694,408	—
—	—	—	—	10,600,000	—	10,147,668	—
—	—	—	—	4,500,000	—	4,372,754	—
—	—	—	—	23,400,000	—	23,282,215	—
—	—	—	—	21,000,000	—	20,985,125	—
—	—	—	—	22,001,700 19,161,724	248,300	21,879,700 19,003,421	248,300 6,112,278
—	—	221,034	—	9,778,966	—	5,362,635	—
—	—	—	—	8,310,000	—	8,231,126	—
—	—	—	550,000	19,950,000	—	19,635,243	—
—	—	—	—	8,050,000	250,000	7,412,094	250,000
—	—	—	—	8,100,000	—	7,463,765	—
—	—	—	—	15,320,000	150,000	14,919,546	150,000
1,100,000	—	—	—	69,504,900	—	63,674,424	—
19,600,000	—	—	—	—	—	6,421,587	—
\$123,600,000	\$24,835,135	\$1,506,517	\$4,910,000	\$508,120,048	\$2,798,300	\$412,405,098	\$2,798,300

**ASIAN DEVELOPMENT BANK—**

**STATEMENT**

**31 December**

*Expressed in United*

Member and Borrower	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
<b>FORWARD</b>					\$665,770,000
SRI LANKA					
Central Bank of Sri Lanka	2 CEY	17 Jul. '68	1971-1983	6-7/8%	2,000,000
Sri Lanka	17 CEY	6 Nov. '69	1974-1984	6-7/8	885,000
Sri Lanka	31 CEY	5 May '70	1975-1984	6-7/8	2,600,000
Central Bank of Sri Lanka	39 CEY	1 Dec. '70	1974-1985	7-1/2	3,500,000
Sri Lanka	78 CEY	21 Dec. '71	1976-1986	7-1/2	4,150,000
THAILAND					
Industrial Finance Corporation of Thailand (Guaranteed by Member)	1 THA	25 Jan. '68	Not Fixed <sup>2</sup>	6-7/8	5,000,000
Industrial Finance Corporation of Thailand (Guaranteed by Member)	24 THA	30 Jan. '70	Not Fixed <sup>2</sup>	6-7/8	10,000,000
Electricity Generating Authority of Thailand (Guaranteed by Member)	50 THA	21 Dec. '70	1975-1992	7-1/2	19,000,000
Metropolitan Electricity Authority (Guaranteed by Member)	80 THA	17 Dec. '71	1975-1992	7-1/2	18,000,000
Electricity Generating Authority of Thailand (Guaranteed by Member) <sup>3</sup>	113 THA	20 Dec. '72	1978-1993	7-1/2	23,000,000
<b>ADJUSTMENT IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED</b>					
<b>TOTAL</b>					<b>\$753,905,000</b>

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

1 Interest rate is applied to each portion of these loans at the Bank's lending rate prevalent at the time when each such portion is credited for a specific project.

2 Amortization schedules are agreed upon between the Bank and the borrowers for each portion of these loans when each such portion is credited for a specific project.

## ORDINARY CAPITAL RESOURCES

## OF LOANS

1972

States Dollars (Note A)

CONTINUED

Loans not yet Effective	Refundings and Cancellations	Payments Received		Effective Loans		Undisbursed Balance of Effective Loans	
		On Loans Held by Bank	For Loans Sold	Held by Bank	Agreed to be Sold	Held by Bank	Agreed to be Sold
\$123,600,000	\$24,835,135	\$1,506,517	\$4,910,000	\$508,120,048	\$2,798,300	\$412,405,098	\$2,798,300
—	—	170,000	—	1,830,000	—	—	—
—	—	—	—	885,000	—	816,930	—
—	—	—	—	2,600,000	—	341,326	—
—	—	—	—	3,500,000	—	1,943,641	—
—	—	—	—	4,150,000	—	4,108,719	—
—	—	1,407,513	—	3,592,487	—	88,049	—
—	—	152,873	—	9,847,127	—	5,084,991	—
—	4,500,000	—	—	14,500,000	—	13,687,161	—
—	—	—	—	17,160,000	840,000	17,141,063	840,000
23,000,000	—	—	—	—	—	—	—
—	—	—	—	7,674,224 <sup>4</sup>	—	—	—
\$146,600,000	\$29,335,135	\$3,236,903	\$4,910,000	\$573,858,886	\$3,638,300	\$455,616,978	\$3,638,300

3 Portions of these loans, which are not yet effective, aggregating \$5,011,700 have been agreed to be sold.

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

**ASIAN DEVELOPMENT BANK—**

**STATEMENT OF**

**31 December**

*Expressed in United*

Payable in, Issue and Maturity	Principal Outstanding <sup>1</sup>
Austrian Schillings:	
7% Twelve Year Bonds of 1970, due 1982 (S 130,000,000)	\$ 4,892,704
7% Twelve Year Bonds of 1971, due 1983 (S 150,000,000)	6,437,768
Belgian Francs:	
7.5% Twelve Year Bonds of 1971, due 1983 (BF 400,000,000)	8,925,404
Deutsche Mark:	
7% Fifteen Year Bonds of 1969, due 1984 (DM 60,000,000)	18,011,792
Italian Lire:	
7% Fifteen Year Bonds of 1972, due 1987 (Lit. 10,000,000,000)	17,196,905
Japanese Yen:	
7.4% Seven Year Bonds of 1970, due 1977 (Y 6,000,000,000)	19,480,519
7.4% Seven Year Bonds of 1971, due 1978 (Y 10,000,000,000)	32,467,532
7.3% Ten Year Bonds of 1972, due 1982 (Y 10,000,000,000)	32,467,532
Luxembourg Francs:	
6.75% Fifteen Year Bonds of 1972, due 1987 (Lux F 400,000,000)	8,925,404
Swiss Francs:	
7% Fifteen Year Bonds of 1971, due 1986 (SwF 40,000,000)	10,416,667
United States Dollars:	
5.5% Two Year Bonds of 1971, due 1973 (*)	20,000,000
6.5% Five Year Notes of 1971, due 1976 (*)	25,000,000
7.75% Twenty-Five Year Bonds of 1971, due 1996	25,000,000
 TOTAL	 \$229,222,227

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

1 Each issue, except those indicated by an asterisk, is subject to redemption prior to maturity at the option of the Bank at prices and upon the conditions stated in the respective bonds. The amounts shown as principal outstanding are after deductions aggregating \$1,293,988 of bonds purchased for redemption funds.

## ORDINARY CAPITAL RESOURCES

## FUNDED DEBT

1972

States Dollars (Note A)

Redemption Requirements<sup>2</sup>

7L	10/26/72
1973-1982	\$ 12,000,000
1974-1983	\$ 15,000,000
1977-1982	BF 40,000,000
1983	BF 160,000,000
1975-1984	DM 6,000,000
1978-1987	Lit 1,000,000,000
1973-1976	Y 360,000,000
1977	Y 4,560,000,000
1975-1977	Y 600,000,000
1978	Y 8,200,000,000
1978-1981	Y 600,000,000
1982	Y 7,600,000,000
1978-1987	Lux F 40,000,000
1973-1985	Up to SwF 3,000,000
1986	The balance
1973	\$ 20,000,000
1976	\$ 25,000,000
1983	\$ 500,000
1984-1995	\$ 1,000,000
1996	\$ 12,500,000

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

Year	Amount
1973	\$22,465,102
1974	3,108,879
1975	6,918,839
1976	31,918,839
1977	21,447,743
	\$85,859,402

**ASIAN DEVELOPMENT BANK—**

**STATEMENT OF SUBSCRIPTIONS TO**

**31 December**

*Expressed in United*

MEMBERS	SUBSCRIBED		
	Shares	Per Cent of Total	Par Value
<b>REGIONAL</b>			
Afghanistan	498	1,195	0.689
Australia	2,800	21,250	10.466
China, Republic of		4,000	1.970
Fiji		250	0.123
Hong Kong		2,000	0.985
India		23,250	11.451
Indonesia		6,250	3.078
Japan		50,000	24.626
Khmer Republic <sup>1</sup>		350	0.172
Korea, Republic of		7,500	3.694
Laos		105	0.052
Malaysia		5,000	2.463
Nepal <sup>1</sup>		216	0.106
New Zealand		5,640	2.778
Pakistan		8,000	3.940
Papua New Guinea <sup>1</sup>		138	0.068
Philippines		8,750	4.310
Singapore		1,250	0.616
Sri Lanka		2,130	1.049
Thailand		5,000	2.463
Tonga <sup>1</sup>		6	0.003
Viet-Nam, Republic of		3,000	1.477
Western Samoa <sup>1</sup>		6	0.003
 Total Regional	 155,286	 76.482	 \$1,685,962,287

## ORDINARY CAPITAL RESOURCES

## CAPITAL STOCK AND VOTING POWER

1972

States Dollars (Note A)

PAR VALUE OF CALLABLE SHARES	PAR VALUE OF PAID-IN SHARES		VOTING POWER	
	Subject to Call	Subscription Not Due	Instalments Matured	Number of Votes
\$ 8,826,857	\$ 1,562,572	\$ 2,594,857	2,566	1.011
156,885,714 ✓	27,685,715	46,142,857	22,621	8.914
29,531,429	5,211,429	8,685,714	5,371	2.117
1,845,714 ✓	542,858	325,714	1,621	0.639
14,765,714 ✓	2,605,715	4,342,857	3,371	1.328
171,651,429	30,291,429	50,485,714	24,621	9.702
46,142,857	8,142,857	13,571,428	7,621	3.003
369,142,857 ✓	65,142,857	108,571,428	51,371	20.244
1,900,000	—	1,900,000	1,721	0.678
55,371,429	9,771,429	16,285,714	8,871	3.496
770,857	141,143	228,000	1,476	0.582
36,914,286 ✓	6,514,285	10,857,143	6,371	2.511
1,172,571	—	1,172,571	1,587	0.625
41,637,143	7,350,286	12,246,857	7,011	2.763
59,062,857	10,422,857	17,371,429	9,371	3.693
749,143 ✓	449,486	299,657	1,509	0.595
64,600,000	11,400,000	19,000,000	10,121	3.988
9,228,571 ✓	1,628,571	2,714,286	2,621	1.033
15,721,143	2,779,428	4,625,143	3,501	1.380
36,914,286	6,514,285	10,857,143	6,371	2.511
32,572	26,057	6,515	1,377	0.543
22,148,571	3,908,571	6,514,286	4,371	1.722
32,572	—	32,572	1,377	0.543
<b>\$1,145,048,572</b>	<b>\$202,081,830</b>	<b>\$338,831,885</b>	<b>186,819</b>	<b>73.621</b>

288,257,142 ✓  
 156,885,714 ✓  
 14,765,714 ✓  
 369,142,857 ✓  
 36,914,286 ✓  
 749,143 ✓  
 9,228,571 ✓  
  
 875,943,429

**ASIAN DEVELOPMENT BANK—**

**STATEMENT OF SUBSCRIPTIONS TO**

**31 December**

*Expressed in United*

MEMBERS	SUBSCRIBED		
	Shares	Per Cent of Total	Par Value
<b>NON-REGIONAL</b>			
Austria	1,250	0.616	\$ 13,571,428
Belgium <sup>1</sup>	500	0.246	5,428,572
Canada	6,250	3.078	67,857,142
Denmark	1,250	0.616	13,571,428
Finland <sup>1</sup>	500	0.246	5,428,572
France <sup>1</sup>	2,500	1.231	27,142,856
Germany, Federal Republic of	3,400	1.675	36,914,286
Italy <sup>1</sup>	2,000	0.985	21,714,286
Netherlands <sup>1</sup>	1,100	0.542	11,942,856
Norway <sup>1</sup>	500	0.246	5,428,572
Sweden <sup>1</sup>	500	0.246	5,428,572
Switzerland <sup>1</sup>	500	0.246	5,428,572
United Kingdom	7,500	3.694	81,428,572
United States <sup>1</sup>	20,000	9.851	217,142,856
Total Non-Regional	47,750	23.518	518,428,570
<b>GRAND TOTAL</b>	<b>203,036</b>	<b>100.000</b>	<b>\$2,204,390,857</b>

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

1 As of 31 December 1972, these members have not yet subscribed to the additional shares of the increase in capital stock authorized by Resolution No. 46 of the Board of Governors. Such additional shares are equal to 150 per cent of each member's existing subscribed shares.

## ORDINARY CAPITAL RESOURCES

## CAPITAL STOCK AND VOTING POWER

1972

States Dollars (Note A)

CONTINUED

PAR VALUE OF CALLABLE SHARES		PAR VALUE OF PAID-IN SHARES		VOTING POWER	
Subject to Call		Subscription Not Due	Instalments Matured	Number of Votes	Per Cent of Total
\$ 9,228,571		\$ 1,628,571	\$ 2,714,286	2,621	1.033
2,714,286		—	2,714,286	1,871	0.737
46,142,857		8,142,857	13,571,428	7,621	3.003
9,228,571		1,628,571	2,714,286	2,621	1.033
2,714,286		—	2,714,286	1,871	0.737
13,571,428		5,428,571	8,142,857	3,871	1.525
18,457,143		—	18,457,143	4,771	1.880
10,857,143		—	10,857,143	3,371	1.328
5,971,428		—	5,971,428	2,471	0.974
2,714,286		—	2,714,286	1,871	0.737
2,714,286		—	2,714,286	1,871	0.737
2,714,286		—	2,714,286	1,871	0.737
55,371,429		9,771,429	16,285,714	8,871	3.496
108,571,428		—	108,571,428	21,371	8.422
290,971,428		26,599,999	200,857,143	66,944	26.379
\$1,436,020,000		\$228,681,829	\$539,689,028	253,763	100.000

290,971,428

- 2714,286

288,257,142

## ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

### NOTES TO FINANCIAL STATEMENTS

**31 December 1972**

*Expressed in United States Dollars (Note A)*

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#### **NOTE A—**

##### **← SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

###### **(1) Unit of Account**

The Ordinary Capital Resources financial statements are expressed in United States Dollars, the unit of account of the Bank.

The term "United States Dollar" means:

- (a) From the inception of the Bank on 24 November 1966 to 8 May 1972 a United States Dollar with a gold content of 0.888671 gram of fine gold, the then prevailing par value established with the International Monetary Fund;
- (b) From 8 May 1972 a United States Dollar with a gold content of 0.818513 gram of fine gold, the par value established with the International Monetary Fund as of that date.

###### **(2) Translation of Currencies**

Prior to 30 June 1972 amounts in currencies other than United States Dollars were translated into United States Dollars adjusted, from 8 May 1972, to reflect the change in the par value of the United States Dollar:

- (a) In the cases of members which had par values established or provisional rates for bookkeeping purposes agreed with the International Monetary Fund, at such par values or provisional rates;
- (b) In the cases of the remaining members, at the rates used by them in making payments of capital subscriptions to the Bank.

In view of the continuation of the temporary regime under which foreign exchange transactions have been generally conducted in the territories of a number of members at central rates or floating rates for their respective currencies, effective 30 June 1972 the Board of Directors approved the use of appropriate central rates and floating rates for purposes of translation of currencies and maintenance of value of the Bank's holdings of member currencies under Article 25 of the Articles of Agreement of the Bank. As of 31 December 1972, amounts in currencies other than United States Dollars were translated at the following rates:

- (a) In the cases of 18 members (Afghanistan, Australia, Republic of China, France, Indonesia, Khmer Republic, Republic of Korea, Laos, Malaysia, Nepal, New Zealand, Pakistan, Papua New Guinea, Philippines, Singapore, Sri Lanka, Thailand, and Republic of Viet-Nam), at par values established or provisional rates for bookkeeping purposes agreed by these members with the International Monetary Fund, excepting that a part of the Bank's holdings in Philippine Pesos was at floating rate;

- (b) In the cases of 13 members (Austria, Belgium, Denmark, Finland, Federal Republic of Germany, Hong Kong, India, Italy, Japan, the Netherlands, Norway, Sweden, and Switzerland), at central rates;
- (c) In the case of Luxembourg, which is not a member of the Bank, also at central rate;
- (d) In the cases of 3 members (Canada, Fiji, and United Kingdom), at floating rates;
- (e) In the cases of the remaining 2 members (Tonga and Western Samoa), at the rates used by these members in making payments of capital subscriptions to the Bank.

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

The net effect of the adoption of central rates and floating rates for purposes of translation of currencies has been to increase, in terms of United States Dollars, assets and liabilities without material effect on net income for the year.

###### **(3) Loans**

The Statement of Loans shows all loans for which agreements with borrowers have been signed; however, loans for which conditions for effectiveness have not been completed are not included in the Balance Sheet.

###### **(4) Administration Charge**

An Administration Charge to Special Operations was instituted in 1971. The computation of the Administration Charge is based on a formula which takes into consideration administrative expenses and the number and amounts of loans signed. Payment of the Administration Charge by Special Funds Resources shall be made solely from the service fee levied on special loans and thus collection of the receivable from Special Funds Resources can be expected over a period of years as and when such service fee is received from the borrowers. The amount of the Administration Charge for 1971 included \$2,476,000 based on loans signed prior to 1971.

###### **(5) Funded Debt Issuance Expenses**

Unamortized funded debt issuance expenses are amortized over the life of each issue in proportion to each of the principal amounts outstanding.

###### **(6) Property, Furniture and Equipment**

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

CONTINUED

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

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

The use of cash in banks and demand obligations in the currencies of 19 members aggregating \$73,177,321.

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

The use of cash in banks, investments, and demand obligations in the currencies of 3 members aggregating \$29,929,943.

**NOTE C—****CAPITAL STOCK**

Article 4, paragraph 1 defines the capital stock of the Bank in terms of United States Dollars of the weight and fineness in effect on 31 January 1966, namely, with a gold content of 0.888671 gram of fine gold. Accordingly, following the 8 May 1972 devaluation of the United States Dollar, capital stock amounts were restated to consistently present such amounts in United States Dollars, the Bank's unit of account. The restatement of capital stock was offset by increases from translation of net assets in other currencies into United States Dollars, amounts receivable for maintenance of value of currency holdings under Article 26, and a charge to the Ordinary Reserve as mentioned in Note G.

The original authorized capital stock of the Bank was \$1,085,714,285 (\$1,000,000,000 in terms of United States Dollars of the weight and fineness in effect on 31 January 1966). In November 1966, the Board of Governors approved an increase of \$108,571,428 (\$100,000,000 in terms of United States Dollars of the weight and fineness in effect on 31 January 1966), such increase to be available for admission of new members. In November 1971, the Board of Governors approved a further increase of \$1,791,428,571 (\$1,650,000,000 in terms of United States Dollars of the weight and fineness in effect on 31 January 1966), 165,000 shares, such increase to become effective when members shall have subscribed to an aggregate of at least 100,000 shares. This further increase became effective on 23 November 1972 when subscriptions were received for an aggregate of 102,492 shares. As of 31 December 1972, the subscribed capital was \$2,204,390,857.

The original authorized capital stock and the increase approved in November 1966 are 50 per cent "callable" and 50 per cent "paid-in". The "paid-in" portion is payable 50 per cent in gold or convertible currencies and 50 per cent in the currency of the respective member. The further increase in authorized capital stock which became effective in November 1972 is 80 per cent "callable" and 20 per cent "paid-in". The "paid-in" portion is payable 40 per cent in gold or convertible currencies and 60 per cent in the currency of the respective member. In lieu of the portion of any instalment paid or payable in the currency of a member, provided such currency is not required by the Bank for the conduct of its operations, the Bank shall accept non-negotiable, non-interest-bearing demand obligations in accordance with Article 6, paragraph 3.

As of 31 December 1972, all matured instalments amounting to \$539,689,028 were paid and the instalments not yet due amounting to \$228,681,829 are payable as follows:

- (1) \$217,143 in two equal instalments on 25 March, in the years 1973 and 1974 (representing the subscription of Fiji which paid the first instalment on 25 March 1970);
- (2) \$5,428,571 in two equal instalments on 27 July, in the years 1973 and 1974 (representing the subscription of France which paid the first instalment on 27 July 1970);
- (3) \$449,486 in three equal instalments on 31 March, in each of the years 1973 to 1975 (representing the subscription of Papua New Guinea which paid the first instalment on 31 March 1971);
- (4) \$26,057 in four equal instalments on 29 March, in each of the years 1973 to 1976 (representing the subscription of Tonga which paid the first instalment on 29 March 1972);
- (5) \$222,560,572 in three equal instalments, in each of the years 1973 to 1975 (representing subscriptions of 22 members to the further increase in capital stock which became effective in November 1972); members which are still paying their subscriptions to the initial capital stock are entitled to elect to pay in two equal instalments in 1975 and 1976.

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

**NOTE D—****AMOUNTS RECEIVABLE AND PAYABLE TO MAINTAIN  
VALUE OF CURRENCY HOLDINGS**

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

CONTINUED

**NOTE E—****SPECIAL RESERVE**

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

**NOTE F—****CAPITAL SET-ASIDE FOR SPECIAL OPERATIONS**

Pursuant to the provisions of Article 18, paragraph 1(i), the Board of Governors has authorized the setting aside of 10 per cent of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) as of 17 April 1971, to be used as part of the Consolidated Special Funds of the Bank. The resources so set aside, amounting to \$26,618,349 (\$24,516,900 in terms of United States Dollars of the weight and fineness in effect on 31 January 1966), have been allocated and transferred to the Multi-Purpose Special Fund.

**NOTE G—****NET INCOME AND ORDINARY RESERVE**

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

The net income of the Bank for the year ended 31 December 1971, namely \$14,576,493, was allocated to the Ordinary Reserve in terms of the resolution adopted by the Board of Governors at the Fifth Annual Meeting. Similar allocations had previously been made in respect of the net income for preceding periods.

During the year ended 31 December 1972 an amount of \$5,769,477 was charged to the Ordinary Reserve in connection with the restatement of capital stock amounts following the 8 May 1972 devaluation of the United States Dollar. This charge represents the portion of the restatement of capital stock that was not offset by amounts receivable for maintenance of value of currency holdings under Article 25 and by increases arising from translation of net assets in other currencies into United States Dollars.

**NOTE H—****CONTRIBUTIONS TO STAFF RETIREMENT PLAN**

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

Each participant contributes to the Plan 7 per cent of his remuneration and the Bank contributes the remainder of the cost and expenses of the Plan. During the years ended 31 December 1972 and 31 December 1971, the Bank contributed \$664,013 and \$518,030, respectively, to the Plan to cover its estimated cost and expenses, at the rate of 14 per cent of participants' remuneration.

**NOTE I—****TECHNICAL ASSISTANCE**

The outstanding commitments, as of 31 December 1972 for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$3,442,000; to the extent available, contributions to the Consolidated Special Funds of the Bank may be used to meet expenditures arising out of the commitments. The amount shown above is exclusive of technical assistance services made available on a reimbursable basis; however, when technical assistance rendered as a part of the commitment shown above leads to loans for specific projects, the Bank has, in several cases, the option of charging to such loans a part or all of the cost of such projects. Under such option, technical assistance expenditures from Ordinary Capital Resources of \$419,000 and \$85,000, respectively, were charged to loans and credited to income during 1972 and 1971.

**NOTE J—****UNITED NATIONS DEVELOPMENT PROGRAMME**

This amount is exclusive of \$356,695, representing the final amount charged by the Bank as Executing Agency, against the commitment of \$1,142,530 of the United Nations Development Programme.

**NOTE K—****SUBSEQUENT EVENTS**

In February 1973, a number of members of the Bank announced new exchange rates for their currencies while some others allowed their currencies to float or to continue floating, resulting in a further realignment of exchange rates. Pursuant to the Resolution on Exchange Rates, which was adopted by the Bank's Board of Directors on 31 August 1972, the Bank may decide to use the new rates for translation of currencies and to take maintenance of value action under Article 25 and Resolutions of the Board of Directors of 21 March 1968 and 31 August 1972. If such actions are taken, the financial statements—Ordinary Capital Resources—for the year 1973 could be affected by the following: (a) amounts receivable from or payable to members to maintain the value of the Bank's holdings of their currencies; (b) a net gain or loss arising from the Bank's holdings of such currencies in excess of the relevant maintenance of value ceilings; and (c) a charge against the Ordinary Reserve arising from restatement of the Bank's capital stock. The net charge to income and Ordinary Reserve is not expected to exceed 3/5 of one per cent of the subscribed capital stock of \$2,204,390,857.

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**HASKINS & SELLS**

Certified Public Accountants

Two Broadway  
New York 10004**OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

We have examined the following financial statements of Asian Development Bank—Ordinary Capital Resources as of 31 December 1972 and for the year then ended:

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

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

In our opinion, such financial statements present fairly the financial position of Asian Development Bank—Ordinary Capital Resources at 31 December 1972 and the results of its related operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS &amp; SELLS

16 February 1973

**ASIAN DEVELOPMENT BANK—**

**BALANCE**

**31 December**

*Expressed in United*

			Technical Assistance Special Fund (Note 3)
			<b>ASSETS</b>
CASH IN BANKS			\$ 871,920
INVESTMENTS			
Government obligations—amortized cost (Face amount \$9,226,458)		\$4,641,755	
Time deposits and certificates of deposit		—	
Accrued interest		—	4,641,755
NOTES OF CONTRIBUTOR			
Non-negotiable, non-interest-bearing notes			
EFFECTIVE LOANS (See Appendix 1-E) [Note 2(d)]			
RESOURCES AVAILABLE			
Contributed Resources (See Appendix 1-F)		9,890,604	
Amounts made available		9,292,059	598,545
Less amounts drawn		—	
Accrued Resources [Note 5(j)]		138,007	
OTHER ASSETS			
TOTAL			\$6,250,227
<b>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</b>			
ACCOUNTS PAYABLE			\$ 785,123
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES [Note 2(e)]			
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-E)			
UNEXPENDED BALANCES AND CAPITAL			
Contributed Resources (See Appendix 1-F)		\$9,921,423	
Contributions committed [Note 2(c)]		30,819	
Less amounts not yet made available		—	
Amounts made available		9,890,604	
Set-Aside Resources (See Appendix 1-G) [Note 5(j)]			
Capital set aside and transferred			
Accumulated net income (expense) (See Appendix 1-C)		( 4,425,500)	
Contributed Resources			
Accrued Resources [Note 5(j)]			
Other income transferred from Contributed and Set-Aside Resources			
Service fee less administrative expenses		( 4,425,500)	5,465,104
TOTAL			\$6,250,227

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

**SPECIAL FUNDS RESOURCES****SHEET****1972***States Dollars (Note 2)*

Agricultural Special Fund (Note 4)	Multi-Purpose Special Fund (Note 5)	Total (Consolidated Special Funds)
\$ 752,992	\$ 2,910,046	\$ 4,534,958
\$ —	\$ 4,550,770	\$ 9,192,525
—	26,817,328	26,817,328
—	597,177	597,177
		36,607,030
12,974,026	97,887,103	110,861,129
24,624,567	101,318,011	125,942,578
24,624,567	157,330,705	191,845,876
23,690,459	112,033,509	145,016,027
		46,829,849
	45,297,196	
	70,995	70,995
72,946	236,694	447,647
\$39,358,639	\$279,685,320	\$325,294,186
\$ 76,314	\$ 1,961	\$ 863,398
	8,711,000	8,711,000
14,465,374	92,632,518	107,097,892
\$24,624,567	\$171,239,937	\$205,785,927
—	13,909,232	13,940,051
24,624,567	157,330,705	191,845,876
	26,618,349	26,618,349
192,384	301,233	( 3,931,883)
	2,669,590	2,669,590
	( 8,580,036)	( 8,580,036)
192,384	24,816,951	( 9,842,329)
	( 5,609,213)	208,621,896
\$39,358,639	\$279,685,320	\$325,294,186

**ASIAN DEVELOPMENT BANK—**

**COMPARATIVE STATEMENT OF**

For the Years Ended 31 December

*Expressed in United*

Technical Assistance Special Fund		
	1972	1971
<b>INCOME</b>		
From investments	\$ 132,773	\$ 58,541
From loans	—	—
Interest	—	—
Service fee	98,805	3,555
From other sources	<u>231,578</u>	<u>62,096</u>
<b>GROSS INCOME</b>		
Service fee less depository banks charges allocated to Accrued Resources	—	—
<b>UNALLOCATED GROSS INCOME</b>	<u>231,578</u>	<u>62,096</u>
<b>EXPENSES</b>		
Administrative expenses		
Project appraisal and other field missions—		
Consultants	93,354	137,731
Other administrative expenses—		
Consultants—Headquarters	48,626	—
Administration Charge [Note 2(e)]	158	108
Depository banks charges	800	—
Others	<u>142,938</u>	<u>137,839</u>
Services to member countries		
Project preparation missions and other loan-related technical assistance—		
Consultants	986,389	675,872
Project implementation/advisory—		
Consultants	204,484	290,756
Regional activities—		
Consultants	60,182	59,087
Total	<u>1,251,055</u>	<u>1,025,715</u>
<b>GROSS EXPENSES</b>	<u>1,393,993</u>	<u>1,163,554</u>
<b>NET INCOME (EXPENSE)</b>	(\$1,162,415)	(\$1,101,458)

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

**SPECIAL FUNDS RESOURCES****INCOME AND EXPENSES****1972 and 31 December 1971***States Dollars (Note 2)*

Agricultural Special Fund		Multi-Purpose Special Fund				Total	
1972	1971	Contributed Resources	Set-Aside Resources	Accrued Resources		1972	1971
\$ —	\$ —	\$ 218,920	\$ 1,469,873	\$ —	\$ 1,688,793	\$ 1,006,954	
119,901	54,029	51,546	31,781	—	83,327	23,527	
50,474	18,377	30,969	16,461	—	47,430	14,484	
16,129	—	13,413	148,683	—	162,096	150	
186,504	72,406	314,848	1,666,798	—	1,981,646	1,045,115	
(50,262)	(18,146)	(30,329)	(15,357)	95,948	50,262	18,146	
136,242	54,260	284,519	1,651,441	95,948	2,031,908	1,063,261	
—	—	—	—	—	—	—	
—	—	—	—	3,945,000	3,945,000	4,766,000	
212	231	640	1,104	—	—	1,744	686
—	—	—	—	—	—	—	
212	231	640	1,104	3,945,000	3,946,744	4,766,686	
—	—	—	—	—	—	—	
—	—	—	—	—	—	—	
—	—	—	—	—	—	—	
—	—	—	—	—	—	—	
212	231	640	1,104	3,945,000	3,946,744	4,766,686	
\$136,030	\$54,029	\$283,879	\$1,650,337	(\$3,849,052)	(\$1,914,836)	(\$3,703,425)	

ASIAN DEVELOPMENT BANK—

**STATEMENT OF ACCUMULATED**

**For the Year Ended**

*Expressed in United*

	Technical Assistance Special Fund	Agricultural Special Fund
BALANCE AT BEGINNING OF THE YEAR	(\$3,263,085)	\$ 60,173
NET INCOME (EXPENSE) FOR THE YEAR (See Appendix 1-B)	( 1,162,415)	136,030
TRANSFERS OF INCOME PURSUANT TO CERTAIN CONTRIBUTION AGREEMENTS OR THE SPECIAL FUNDS RULES AND REGULATIONS Within Contributed Resources	—	( 3,666)
To Accrued Resources	—	( 153)
BALANCE AT END OF THE YEAR	(\$4,425,500)	\$ 192,384

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

**SPECIAL FUNDS RESOURCES****NET INCOME (EXPENSE)****31 December 1972***States Dollars (Note 2)*

Multi-Purpose Special Fund			
Accrued Resources			
Contributed Resources	Set-Aside Resources	Other Income Transferred	Service Fee Less Administrative Expenses
\$ 22,729	\$ —	\$1,010,059	(\$4,730,984)
283,879	1,650,337	—	(3,849,052)
( 3,666 9,041)	( 1,650,337)	1,659,531	—
\$ 301,233	\$ —	\$2,669,590	(\$8,580,036)

ASIAN DEVELOPMENT BANK—

COMPARATIVE STATEMENT OF

For the Years Ended 31 December 1972

*Expressed in United*

	Technical Assistance Special Fund	
	<u>1972</u>	<u>1971</u>
<b>FUNDS WERE PROVIDED BY</b>		
Operations	(\$1,162,415)	(\$1,101,458)
Net income (expense)	—	—
Items not requiring or providing funds (including Administration Charge)	—	—
Funds provided by (utilized for) operations	(1,162,415)	(1,101,458)
Contributions drawn	3,031,434	3,272,365
(excluding notes of contributors)	433,484	—
Increase in contributions drawn as a result of currency revaluations	—	—
Notes of contributors encashed	—	—
Set-Aside Resources transferred	—	—
Increase in Set-Aside Resources transferred as a result of the devaluation of the United States Dollar	276,957	—
Other—net	—	—
Total	<u>2,579,460</u>	<u>2,170,907</u>
<b>FUNDS WERE UTILIZED FOR</b>		
Loans disbursed	—	—
Increase in loans disbursed and outstanding as a result of currency revaluations	—	—
Increase in notes of contributors as a result of currency revaluations	—	164,499
Other—net	—	—
Total	<u>—</u>	<u>164,499</u>
<b>INCREASE IN CASH IN BANKS AND INVESTMENTS</b>		
	<u>\$2,579,460</u>	<u>\$2,006,408</u>
<b>INCREASE IN COMPONENTS OF FUNDS</b>		
Cash in banks	\$ 660,067	\$ 182,928
Investments (excluding accrued interest)	1,919,393	1,823,480
Total	<u>\$2,579,460</u>	<u>\$2,006,408</u>

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

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

and 31 December 1971

States Dollars (Note 2)

Agricultural Special Fund		Multi-Purpose Special Fund		Total (Consolidated Special Funds)	
1972	1971	1972	1971	1972	1971
\$ 136,030	\$ 54,029	(\$ 1,914,836)	(\$ 3,703,425)	(\$ 2,941,221)	(\$ 4,750,854)
(47,848)	(18,220)	3,707,239	4,319,575	3,659,391	4,301,355
88,182	35,809	1,792,403	616,150	718,170	(449,499)
126,360	168,560	5,853,765	4,715,590	9,011,559	8,156,515
3,395,539	—	14,514,392	—	18,343,415	—
6,231,039	2,450,000	1,610,732	1,081,120	7,841,771	3,531,120
—	—	—	23,840,783	—	23,840,783
49,996	—	2,101,449 (227,389)	—	2,101,449 99,554	—
9,891,116	2,654,369	25,645,342	30,253,643	38,115,918	35,078,919
6,101,989	2,602,843	5,062,278	2,636,625	11,164,267	5,239,468
585,416	—	275,692	—	861,108	—
2,655,065	—	13,629,193	—	16,284,258	—
—	(19,524)	—	17,053	—	162,028
9,342,470	2,583,319	18,967,163	2,653,678	28,309,633	5,401,496
\$ 548,646	\$ 71,050	\$ 6,678,179	\$ 27,599,965	\$ 9,806,285	\$ 29,677,423
\$ 548,646	\$ 71,050	\$ 1,919,916 4,758,263	\$ 990,130 26,609,835	\$ 3,128,629 6,677,656	\$ 1,244,108 28,433,315
\$ 548,646	\$ 71,050	\$ 6,678,179	\$ 27,599,965	\$ 9,806,285	\$ 29,677,423

**ASIAN DEVELOPMENT BANK—**

**STATEMENT**

**31 December**

*Expressed in United*

Member and Borrower	Loan No.	Date of Loan Agreement	Maturities
AFGHANISTAN	49 AFG (SF)	29 Dec. 1970	1978-2000
INDONESIA	12 INO (SF) 15 INO (SF) 33 INO (SF) 58 INO (SF) 63 INO (SF) 66 INO (SF) 69 INO (SF) 81 INO (SF) 83 INO (SF) 91 INO (SF) 92 INO (SF) 94 INO (SF) 103 INO (SF) 104 INO (SF)	2 Jul. 1969 24 Oct. 1969 5 Jun. 1970 28 Dec. 1970 26 Mar. 1971 28 May 1971 4 Aug. 1971 13 Dec. 1971 13 Dec. 1971 7 Apr. 1972 7 Apr. 1972 18 Jul. 1972 17 Nov. 1972 17 Nov. 1972	1976-1993 1976-1994 1978-2000 1978-1995 1978-2000 1978-1996 1978-1996 1979-1996 1979-1996 1980-2002 1979-1997 1980-1998 1980-1997
KHMER REPUBLIC	32 CAM (SF)	15 Jun. 1970	1974-1985
KOREA, REPUBLIC OF	90 KOR (SF)	19 May 1972	1977-1991
LAOS	28 LAO (SF) 65 LAO (SF)	23 Mar. 1970 26 May 1971	1980-2009 1976-1996
MALAYSIA	36 MAL (SF)	14 Oct. 1970	1977-1995
NEPAL	26 NEP (SF) 45 NEP (SF) 59 NEP (SF) 85 NEP (SF) 102 NEP (SF) 114 NEP (SF) 117 NEP (SF)	20 Jan. 1970 29 Dec. 1970 29 Dec. 1970 30 Dec. 1971 27 Dec. 1972 27 Dec. 1972 27 Dec. 1972	1977-1999 1974-1982 1975-1986 1979-1996 1978-1997 1980-1998 1978-1997
PAKISTAN	100 PAK (SF) 121 PAK (SF)	15 Dec. 1972 22 Dec. 1972	1977-1997 Not fixed <sup>a</sup>
PHILIPPINES	19 PHI (SF) 61 PHI (SF)	21 Nov. 1969 12 Mar. 1971	1975-1994 1975-1988

FORWARD

**SPECIAL FUNDS RESOURCES****OF LOANS****1972***States Dollars (Note 2)*

Interest Rate (including service fee)	Principal Amount	Loans Not Yet Effective	Effective Loans	Undisbursed Balance of Effective Loans
1½%	\$ 5,150,000	\$ —	\$ 5,150,000	\$ 5,150,000
3	990,000	—	990,000	100
3	2,400,000	—	2,400,000	1,280,396
2½	10,000,000	—	10,000,000	9,429,169
2½	2,700,000	—	2,700,000	1,439,660
2½	7,410,000	—	7,410,000	6,394,685
2½	3,400,000	—	3,400,000	3,281,409
2½	4,600,000	—	4,600,000	4,600,000
2½	9,200,000	—	9,200,000	8,929,887
2½	7,100,000	—	7,100,000	7,000,000
2½	5,300,000	—	5,300,000	5,300,000
2½	5,940,000	—	5,940,000	5,880,000
2½	2,500,000	—	2,500,000	2,500,000
2½	5,500,000	5,500,000	—	—
2½	2,600,000	2,600,000	—	—
3	1,670,000	—	1,670,000	1,670,000
3	3,700,000	—	3,700,000	3,700,000
1½	973,000	—	973,000	420,380
1½	3,370,000	—	3,370,000	3,370,000
3	3,300,000	—	3,300,000	3,300,000
2	6,010,000	—	6,010,000	3,710,479
3	2,000,000	—	2,000,000	2,000,000
3	2,400,000	—	2,400,000	2,384,585
2½	4,500,000	—	4,500,000	4,470,000
2	2,700,000	2,700,000	—	—
2	8,000,000	8,000,000	—	—
2	10,100,000	10,100,000	—	—
2	12,200,000	12,200,000	—	—
2	6,000,000	6,000,000	—	—
3	2,500,000	—	2,500,000	738,883
3	1,000,000	—	1,000,000	927,643
	\$145,213,000	\$47,100,000	\$98,113,000	\$87,877,276

**ASIAN DEVELOPMENT BANK—**

**STATEMENT**

**31 December**

*Expressed in United*

Member and Borrower	Loan No.	Date of Loan Agreement	Maturities
FORWARD			
PAPUA NEW GUINEA	84 PNG (SF) 116 PNG (SF)	21 Dec. 1971 28 Dec. 1972	1975-1987 1977-1997
SINGAPORE	60 SIN (SF)	28 Dec. 1970	1981-1995
SRI LANKA	16 CEY (SF) 71 CEY (SF) 115 SRI (SF) 118 SRI (SF)	6 Nov. 1969 10 Sep. 1971 26 Dec. 1972 26 Dec. 1972	1976-1994 1975-1991 1978-1993 1978-1998
VIET-NAM, REPUBLIC OF	48 VIE (SF) 88 VIE (SF) 108 VIE (SF)	16 Dec. 1970 20 Dec. 1971 20 Nov. 1972	1976-1995 1979-2001 1980-1997
WESTERN SAMOA	25 SAM (SF) 68 SAM (SF) 110 SAM (SF)	17 Dec. 1969 10 Aug. 1971 12 Dec. 1972	1980-1999 1981-2000 1978-1997
ADJUSTMENT IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED			
<b>TOTAL</b>			

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

- a Amortization schedules are agreed upon between the Bank and the borrower for each portion of this loan when each such portion is credited for a specific project.
- b This amount represents the adjustment in United States Dollar equivalents, arising from the changes in the exchange rates used for translation of currencies disbursed and outstanding on loans, and repayable to the Bank in such currencies.

**SPECIAL FUNDS RESOURCES****OF LOANS****1972***States Dollars (Note 2)*

CONTINUED

Interest Rate (including service fee)	Principal Amount	Loans Not Yet Effective	Effective Loans	Undisbursed Balance of Effective Loans
	\$145,213,000	\$47,100,000	\$98,113,000	\$87,877,276
3%	4,500,000	—	4,500,000	4,500,000
3	9,800,000	9,800,000	—	—
3	3,000,000	—	3,000,000	3,000,000
3	7,705,000	—	7,705,000	4,831,002
3	3,600,000	—	3,600,000	3,600,000
2½	3,100,000	3,100,000	—	—
2½	8,000,000	8,000,000	—	—
2½	2,500,000	—	2,500,000	244,715
2½	2,500,000	—	2,500,000	2,500,000
2½	6,300,000	6,300,000	—	—
1½	2,400,000	—	2,400,000	384,607
1½	330,000	—	330,000	160,292
1½	2,600,000	2,600,000	—	—
	—	—	1,294,578 <sup>b</sup>	—
	\$201,548,000	\$76,900,000	\$125,942,578	\$107,097,892

**ASIAN DEVELOPMENT BANK—**

**STATEMENT OF**

**31 December**

*Expressed in United*

	Contributions Committed (Terminated) During 1972	Total Contributions Committed
<b>TECHNICAL ASSISTANCE SPECIAL FUND (Note 3)</b>		
Australia	\$ 259,909	\$ 509,962
Austria	—	55,794
Canada	—	200,160
China, Republic of	—	200,000
Denmark	401,146	709,292
Finland	—	110,480
Germany, Federal Republic of	124,127	255,346
India	54,950	121,617
Japan	2,000,000	5,743,564
Korea, Republic of	—	30,000
Netherlands	61,639	119,936
New Zealand	—	173,603
Pakistan	—	22,514
Sri Lanka	—	18,240
Switzerland	—	200,000
United Kingdom	26,316	200,926
United States	—	1,250,000
<b>Total</b>	<b>2,928,087</b>	<b>9,921,423</b>
<b>AGRICULTURAL SPECIAL FUND (Note 4)</b>		
Denmark	( 2,133,833)	15,164
Japan	—	23,376,623
Netherlands	—	1,232,780
<b>Total</b>	<b>( 2,133,833)</b>	<b>24,624,567</b>
<b>MULTI-PURPOSE SPECIAL FUND (Note 5)</b>		
Australia	—	11,099,284
Canada	—	27,442,925
Denmark	2,148,997	2,148,997
Germany, Federal Republic of	—	20,729,248
Japan	—	93,506,493
Netherlands	—	1,232,780
New Zealand	1,000,000	1,000,000
United Kingdom	—	14,080,210
<b>Total</b>	<b>3,148,997</b>	<b>171,239,937</b>
<b>GRAND TOTAL</b>	<b>\$3,943,251</b>	<b>\$205,785,927</b>

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

**SPECIAL FUNDS RESOURCES****CONTRIBUTED RESOURCES****1972***States Dollars (Note 2)*

	Amounts Not Yet Made Available	Amounts Made Available	Amounts Drawn	Resources Available for Drawing
\$	\$ 509,962	\$ 509,962	\$ —	\$ 55,794
	55,794	—		55,794
—	200,160	200,160	—	—
—	200,000	50,000	—	150,000
—	709,292	672,944	—	36,348
—	110,480	110,480	—	—
—	255,346	131,219	—	124,127
—	121,617	66,667	—	54,950
—	5,743,554	5,743,554	—	—
—	30,000	30,000	—	—
30,819	89,117	58,297	—	30,820
—	173,603	102,627	—	70,976
—	22,514	7,639	—	14,875
—	18,240	18,240	—	—
—	200,000	200,000	—	—
—	200,925	140,270	—	60,655
—	1,250,000	1,250,000	—	—
30,819	9,890,604	9,292,059	—	598,545
—	15,164	15,164	—	—
—	23,376,623	23,376,623	—	—
—	1,232,780	298,672	—	934,108
—	24,624,567	23,690,459	—	934,108
—	11,099,284	7,399,523	—	3,699,761
—	27,442,925	733,147	—	26,709,778
—	2,148,997	2,148,997	—	—
12,909,232	7,820,016	7,820,016	—	—
—	93,506,493	93,506,493	—	—
—	1,232,780	28,970	—	1,203,810
1,000,000	14,080,210	396,363	—	13,683,847
13,909,232	157,330,705	112,033,509	—	45,297,196
\$13,940,051	\$191,845,876	\$145,016,027	—	\$46,829,849

**ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES****STATEMENT OF SET-ASIDE RESOURCES****For the Year Ended 31 December 1972***Expressed in United States Dollars (Note 2)*

	Capital Set-Aside and Transferred from Ordinary Capital Resources		
	Balance at Beginning of the Year	Adjustment During the Year	Balance at End of the Year
CAPITAL [Note 5(i)]	\$24,516,900	\$2,101,449	\$26,618,349

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

## ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

## STATEMENT OF ACCRUED RESOURCES

For the Year Ended 31 December 1972

*Expressed in United States Dollars (Note 2)*

	Amounts Credited	
	Other Income	Service Fee Less Administrative Expenses
BALANCE AT BEGINNING OF THE YEAR	\$1,010,058	(\$4,730,984)
SERVICE FEE FOR THE YEAR LESS ADMINISTRATIVE EXPENSES CHARGED THERETO		(3,849,052)
TRANSFERS OF INCOME PURSUANT TO CERTAIN CONTRIBUTION AGREEMENTS OR THE SPECIAL FUNDS RULES AND REGULATIONS	1,659,531	—
BALANCE AT END OF THE YEAR	\$2,669,590	(\$8,580,036)

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

**ASIAN DEVELOPMENT BANK—**  
**TECHNICAL ASSISTANCE**  
**BALANCE**

31 December

*Expressed in United*

	Australia	Austria	Canada	China, Republic of	Denmark	Finland	Germany, Federal Republic of
<b>ASSETS</b>							
CASH IN BANKS	\$214,140	\$ —	\$ 3,010	\$ 37,403	\$427,964	\$ 84,632	\$ —
<b>INVESTMENTS</b>							
Government obligations—amortized cost (Face amount—\$4,655,195)	—	—	—	—	—	—	—
<b>RESOURCES AVAILABLE</b>							
Contributed Resources (See Appendix 1-F)	—	55,794	—	150,000	36,348	—	124,127
OTHER ASSETS	—	—	—	—	43,750	—	—
<b>TOTAL</b>	<b>\$214,140</b>	<b>\$55,794</b>	<b>\$ 3,010</b>	<b>\$187,403</b>	<b>\$508,062</b>	<b>\$ 84,632</b>	<b>\$124,127</b>
<b>LIABILITIES AND UNEXPENDED BALANCES</b>							
ACCOUNTS PAYABLE	\$ 95,397	\$ —	\$ —	\$ —	\$258,175	\$ 252	\$124,127
<b>UNEXPENDED BALANCES</b>							
Contributed Resources (See Appendix 1-F)	509,962	55,794	200,160	200,000	709,292	110,480	255,346
Amounts made available Accumulated net income (expense) (See Appendix 1-C)	(391,219)	—	(197,150)	(12,597)	(459,405)	(26,100)	(255,346)
<b>TOTAL</b>	<b>\$214,140</b>	<b>\$55,794</b>	<b>\$ 3,010</b>	<b>\$187,403</b>	<b>\$508,062</b>	<b>\$ 84,632</b>	<b>\$124,127</b>

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

**SPECIAL FUNDS RESOURCES****SPECIAL FUND (Note 3)****SHEET****1972***States Dollars (Note 2)*

India	Japan	Korea, Republic of	Nether- lands	New Zealand	Pakistan	Sri Lanka	Switzer- land	United Kingdom	United States	Total
\$ —	\$ 28,456	\$ 20,178	\$ 8,530	\$ —	\$ —	\$ 18,240	\$ 28,367	\$ —	\$ —	\$ 871,920
—	4,542,172	—	—	—	—	—	99,583	—	—	4,641,755
54,950	—	—	30,820	70,976	14,875	—	—	60,655	—	598,545
—	94,249	8	—	—	—	—	—	—	—	138,007
\$ 54,950	\$ 4,664,877	\$ 20,186	\$ 40,350	\$ 70,976	\$ 14,875	\$ 18,240	\$ 127,950	\$ 60,655	\$ —	\$ 6,250,227
<hr/>										
\$ 17,478	\$ 108,995	\$ 14	\$ 40,350	\$ 64,090	\$ —	\$ —	\$ 15,590	\$ 60,655	\$ —	\$ 785,123
121,617	5,743,554	30,000	89,117	173,603	22,514	18,240	200,000	200,925	1,250,000	9,890,604
(84,145)	(1,187,672)	(9,828)	(89,117)	(166,717)	(7,639)	—	(87,640)	(200,925)	(1,250,000)	(4,425,500)
\$ 54,950	\$ 4,664,877	\$ 20,186	\$ 40,350	\$ 70,976	\$ 14,875	\$ 18,240	\$ 127,950	\$ 60,655	\$ —	\$ 6,250,227

ASIAN DEVELOPMENT BANK—  
AGRICULTURAL  
BALANCE

31 December

*Expressed in United*

Denmark

<u>ASSETS</u>		
CASH IN BANKS		\$ 2,065
NOTES OF CONTRIBUTOR		—
Non-negotiable, non-interest-bearing notes		—
EFFECTIVE LOANS [Note 2(d)]		13,270
RESOURCES AVAILABLE		—
Contributed Resources (See Appendix 1-F)		—
OTHER ASSETS		81
<b>TOTAL</b>		<b>\$15,416</b>
<u>LIABILITIES AND UNEXPENDED BALANCES</u>		
ACCOUNTS PAYABLE		\$ 252
UNDISBURSED BALANCE OF EFFECTIVE LOANS		—
UNEXPENDED BALANCES		—
Contributed Resources (See Appendix 1-F)		15,164
Amounts made available		—
Accumulated net income (See Appendix 1-C)		—
<b>TOTAL</b>		<b>\$15,416</b>

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

a The unallocated amount will be allocated to specific contributions as and when procurement contracts have been awarded. The loans may also be financed from the Multi-Purpose Special Fund.

**SPECIAL FUNDS RESOURCES****SPECIAL FUND (Note 4)****SHEET****1972***States Dollars (Note 2)*

Japan	Netherlands	Unallocated <sup>a</sup>	Total
\$ 655,567	\$ 95,360	\$ —	\$ 752,992
12,974,026	—	—	12,974,026
9,937,633	208,390	14,465,274	24,624,567
—	934,108	—	934,108
70,848	2,017	—	72,946
<b>\$23,638,074</b>	<b>\$1,239,875</b>	<b>\$14,465,274</b>	<b>\$39,358,639</b>
\$ 68,967	\$ 7,095	\$ —	\$ 76,314
100	—	14,465,274	14,465,374
23,376,623	1,232,780	—	24,624,567
192,384	—	—	192,384
<b>\$23,638,074</b>	<b>\$1,239,875</b>	<b>\$14,465,274</b>	<b>\$39,358,639</b>

## ASIAN DEVELOPMENT BANK—

## MULTI-PURPOSE

## BALANCE

31 December

Expressed in United

	Contributed				
	Australia	Canada	Denmark	Germany, Federal Republic of	Japan
<b>CASH IN BANKS</b>	\$ 2,110	\$ 315,030	\$ 2,148,997	\$ 23,742	\$ 111,647
<b>INVESTMENTS</b>					
Government obligations—amortized cost (Face amount \$4,571,263)	—	—	—	6,394,195	—
Time deposits and certificates of deposit	—	—	—	102,382	—
Accrued interest	—	—	—	6,496,577	—
<b>NOTES OF CONTRIBUTOR</b>					
Non-negotiable, non-interest-bearing notes	6,426,064	—	—	—	91,461,039
<b>EFFECTIVE LOANS [Note 2(d)]</b>	972,685	430,168	—	1,548,410	1,954,332
<b>RESOURCES AVAILABLE</b>					
Contributed Resources (See Appendix 1-F)	3,699,761	26,709,778	—	—	—
Accrued Resources [Note 5(j)]	—	—	—	—	—
<b>OTHER ASSETS</b>	17,723	4,356	—	9,947	13,989
<b>TOTAL</b>	\$11,118,343	\$27,459,332	\$2,148,997	\$8,078,676	\$93,541,007
<b>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</b>					
<b>ACCOUNTS PAYABLE</b>	\$ 8,239	\$ 16,407	\$ —	\$ 7,221	\$ 12,276
<b>ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES [Note 2(e)]</b>					
<b>UNDISBURSED BALANCE OF EFFECTIVE LOANS</b>					
<b>UNEXPENDED BALANCES AND CAPITAL</b>					
Contributed Resources (See Appendix 1-F)	11,099,284	27,442,925	2,148,997	7,820,016	93,506,493
Amounts made available	—	—	—	—	—
Set-Aside Resources (See Appendix 1-G) [Note 5(i)]	—	—	—	—	—
Capital set aside and transferred	—	—	—	—	—
Accumulated net income (expense) (See Appendix 1-C) Contributed Resources *	10,820	—	—	251,439	22,238
Accrued Resources [Note 5(j)]	—	—	—	—	—
Other income transferred from Contributed and Set-Aside Resources	—	—	—	—	—
Service fee less administrative expenses	—	—	—	—	—
<b>TOTAL</b>	\$11,118,343	\$27,459,332	\$2,148,997	\$8,078,676	\$93,541,007

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

- a The unallocated amount will be allocated to specific resources as and when procurement contracts have been awarded. The loans may also be financed from the Agricultural Special Fund.  
b The eliminations represent offsetting amounts due to and due from resources within the Multi-Purpose Special Fund.

**SPECIAL FUNDS RESOURCES****SPECIAL FUND (Note 5)****SHEET****1972***States Dollars (Note 2)*

Resources						Total
Netherlands	New Zealand	United Kingdom	Set-Aside Resources	Accrued Resources	Unallocated <sup>a</sup> and (Eliminations) <sup>b</sup>	
\$ 16,502	\$ —	\$ 9,732	\$ 282,286	\$ —	\$ —	\$ 2,910,046
—	—	—	4,550,770		\$ 4,550,770	
—	—	—	20,423,133		26,817,328	
—	—	—	494,795		597,177	31,965,275
—	—	—	25,468,698			
—	—	—				97,887,103
12,705	—	394,117	3,373,076		92,632,518	101,318,011
1,203,810	—	13,683,847		2,800,554	( 2,729,559)	45,297,196
5,412	—	7,489	196,742		( 18,964)	236,694
\$1,238,429	\$ —	\$14,095,185	\$29,320,802	\$2,800,554	\$89,883,995	\$279,685,320
\$ 109	\$ —	\$ 3,779	\$ 2,702,453	\$ —	( \$ 2,748,523)	\$ 1,961
				8,711,000		8,711,000
				92,632,518		92,632,518
1,232,780	—	14,080,210				157,330,705
			26,618,349			26,618,349
5,540	—	11,196			\$ 301,233	
				2,669,590	2,669,590	
				( 8,580,036)	( 8,580,036)	( 5,609,213)
\$1,238,429	\$ —	\$14,095,185	\$29,320,802	\$2,800,554	\$89,883,995	\$279,685,320

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

**For the Year Ended 31 December 1972**

*Expressed in United States Dollars (Note 2)*

		Contributors	Amounts	
<b>ADMINISTRATIVE EXPENSES</b>				
Project appraisal and other field missions—				
Consultants				
Afghanistan	Kajakai Transmission Lines	Australia	\$ (257)	
China, Republic of	Deep Sea Fishery Water Supply	Japan New Zealand	\$ 248 1,065	1,313
Hong Kong	Water Desalination	United Kingdom		26
Indonesia	Rice Milling West Sumatra Power Supply Udjung Pandang (Makassar) Power Wampu River Flood Control	Australia China, Republic of Japan Japan	5,885 10 (2,419) 10,362	13,838
Korea, Republic of	Fisheries Development Seoul-Inchon Expressway Seoul Water Supply Metropolitan Water Intake	Japan Netherlands New Zealand New Zealand	1,635 20 4,493 5,367	11,515
Malaysia	East-West Highway	New Zealand		2,449
Nepal	Air Transport Development Chitwan Valley Development	China, Republic of Germany, Federal Republic of	5 5,881	5,886
Pakistan	Power Expansion and Transmission Line	Australia		(256)
Sri Lanka	Power Project Bowatenna Power Samanalā Wewa Power	Japan Australia Australia	(2,419) 3,062 18,938	19,581
Thailand	Institutes for Skills Development and Technical Institutes Mae Moh Power	Australia Germany, Federal Republic of	13,050 10,372	23,422
Viet-Nam, Republic of	Binh-Dinh Irrigation	Japan		1,500
Western Samoa	Beef Cattle Development Telecommunication Projects	Australia China, Republic of	8,912 5,425	14,337
Total—(FORWARD)			\$ 83,354	

CONTINUED

	Contributors	Amounts	
	FORWARD	\$ 93,354	
ADMINISTRATIVE EXPENSES (Cont.)			
Other administrative expenses—			
Consultants—Headquarters	Finland Japan Korea, Republic of	\$ 12,543 32,261 3,822	
		48,626	
Depository banks charges	Australia Canada China, Republic of Japan Switzerland	39 2 3 94 20	
		158	
Others	Japan	800	
	Total	49,584	
TOTAL ADMINISTRATIVE EXPENSES		142,938	
SERVICES TO MEMBER COUNTRIES			
Project preparation missions and other loan-related technical assistance—			
Consultants			
Afghanistan	Balkh River Irrigation	Japan	161,179
Indonesia	Bandung Water Supply Wampu River Flood Control	Denmark India Japan Canada Denmark	45,792 \$(1,107) 3,335 1,038 25,580
	Java Teak Project	Germany, Federal Republic of New Zealand Switzerland	13,705 14,551 94,832
	West Sumatra Power Supply		26,618
	Market Survey of West Irian Timber Udjung Pandang (Makassar) Power		197,726
Laos and Thailand	Nong-Khai Vientiane Bridge	Canada	(1,038)
Malaysia	Sabah Power Development	Japan	33,397
Nepal	Chitwan Valley Development Kankai Irrigation	Germany, Federal Republic of Japan	100,000 20,352
		120,352	
	FORWARD	\$511,616	

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

**For the Year Ended 31 December 1972**

*Expressed in United States Dollars (Note 2)*

**CONTINUED**

		Contributors	Amounts
FORWARD			\$511,616
SERVICES TO MEMBER COUNTRIES (Cont.)			
Philippines	Cotabato Port Development Feasibility Study of Iligan-Cagayan de Oro-Butuan Road Angat & Magat Irrigation	Australia Denmark India Japan Korea, Republic of	\$ 50,000 198,053 \$ 7,365 100,633 6,006 114,004 362,057
Sri Lanka	Urea Fertilizer Plant Gal Oya Sugar Industry Rehabilitation Oleo Chemicals	Japan Netherlands United Kingdom	105,334 7,472 (90) 112,716
	Total		986,389
Project implementation/advisory—			
Consultants			
Afghanistan	Sectoral Planning Study of Afghan Agriculture	New Zealand	(49)
Fiji	Fiji Development Bank	Australia	60,083
Indonesia	Sawit Sebarang Oil Palm Estate Bank Rakjat Indonesia	Netherlands Netherlands	12,543 8,448 20,991
Khmer Republic	Phnom Penh High Voltage Transmission	Australia	(5,486)
Laos	Tha Ngon Agricultural Development	Japan	68,440
Nepal	Agricultural Credit	India United Kingdom	22,182 21,262 43,444
Sri Lanka	Ceylon Fisheries Corporation	Germany, Federal Republic of	5,516
Viet-Nam, Republic of	Development Financing Institution Rural Banking System	United Kingdom Australia	5,119 6,426 11,545
	Total		204,484
Regional activities	Study of the Asian Institute for Economic Development and Planning Asian Industrial Survey Trans Strait of Malacca Ferry Service Panel Meeting on Development Bank Training Facilities	Japan Netherlands New Zealand Germany, Federal Republic of	6,710 14,899 36,215 2,358 60,182
	Total		60,182
<b>TOTAL SERVICES TO MEMBER COUNTRIES</b>			<b>1,251,055</b>
<b>GROSS EXPENSES</b>			<b>\$1,393,993</b>

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

## ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 1972

#### NOTE 1—

##### GENERAL

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

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

#### NOTE 2—

##### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

###### (a) Unit of Account

The Special Funds Resources financial statements are expressed in United States Dollars, the unit of account of the Bank.

The term "United States Dollar" means:

- (i) From the inception of the Bank on 24 November 1966 to 8 May 1972 a United States Dollar with a gold content of 0.888671 gram of fine gold, the then prevailing par value established with the International Monetary Fund;
- (ii) From 8 May 1972 a United States Dollar with a gold content of 0.818513 gram of fine gold, the par value established with the International Monetary Fund as of that date.

###### (b) Translation of Currencies

Prior to 30 June 1972 amounts in currencies other than United States Dollars were translated into United States Dollars generally at applicable par values established by contributors with the International Monetary Fund adjusted, from 8 May 1972, to reflect the change in the par value.

In view of the continuation of the temporary regime under which foreign exchange transactions have been generally conducted in the territories of a number of members at central rates or floating rates for their respective currencies, effective 30 June 1972 the Board of Directors approved the use of appropriate central rates and floating rates for purposes of translation of currencies and, in respect of capital set aside pursuant to the provisions of Article 19, paragraph 1(i) [See Note 5(i)], maintenance of value of the Bank's holdings of member currencies under Article 26. At 31 December 1972 amounts in currencies other than United States Dollars were translated into United States Dollars at the following rates:

- (i) In the cases of the contributions of Australia, New Zealand, Pakistan and Sri Lanka, at par values established by these contributors with the International Monetary Fund;

- (ii) In the cases of the contributions of Austria, Denmark, Finland, Federal Republic of Germany, India, Japan, and the Netherlands, at central rates excepting that the first two Netherlands contributions of 100,000 Guilders each to the Technical Assistance Special Fund were at market rates used by the Netherlands in making payments of the contributions;

- (iii) In the cases of the contributions of Canada and United Kingdom, at floating rates.

No representation is made that any of these currencies is convertible into any other currency at the rate or rates specified above. The net effect of the adoption of central rates and floating rates for purposes of translation of currencies has been to increase, in terms of United States Dollars, assets, liabilities and unexpended balances.

###### (c) Contributions

Amounts contributed by members are reflected in the financial statements as contributions committed from the date contribution agreements are signed and related formalities are completed. As to those countries which have agreed to consider specific requests for financing (see paragraphs g and p of Note 3), the amounts shown in the financial statements as contributions committed are based on the specific requests approved through 31 December 1972.

###### (d) Loans

The Statement of Loans shows all loans for which agreements with borrowers have been signed; however, loans for which conditions for effectiveness have not been completed are not included in the Balance Sheet.

###### (e) Administration Charge

An Administration Charge to Special Operations was instituted in 1971. The computation of the Administration Charge is based on a formula which takes into consideration administrative expenses and the number and amounts of loans signed. Pursuant to the Special Funds Rules and Regulations, payment of the Administration Charge to Ordinary Capital Resources shall be made solely from accrued resources derived from the service fee levied on special loans. Accordingly, such Administration Charge is charged to the accrued resources in the Multi-Purpose Special Fund. The amount of the Administration Charge for 1971 included \$2,476,000 based on loans signed prior to 1971.

#### NOTE 3—

##### TECHNICAL ASSISTANCE SPECIAL FUND

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

- (a) The Government of Australia, in September 1972, made a contribution of 205,593 Australian Dollars to be used by the Bank to finance the procurement in Australia of the services of Australian experts and consultants for technical assistance activities. This contribution was in addition to the contribution of 223,214 Australian Dollars made in December 1970 for similar purposes.
- (b) The Government of Austria, in September 1971, made a contribution of up to 1,300,000 Austrian Schillings to be used by the Bank, in a period of two years, for any of the purposes specified

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## ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

### NOTES TO FINANCIAL STATEMENTS

31 December 1972

CONTINUED

- in Sections 4.02 and 7.01 of the Special Funds Rules and Regulations. In the initial use of the contribution for the purposes mentioned above, and except as the Government may otherwise agree, the contribution shall be applied to financing the cost of Austrian experts and consultants, and of such other Austrian facilities as may be agreed between the contributor and the Bank.
- (c) The Government of Canada, in September 1970, made available to the Bank a grant in Canadian Dollars equivalent to US\$100,000 (of the weight and fineness in effect on 31 January 1966), for procurement of Canadian goods and services, to be utilized by the Bank for technical assistance activities. This contribution was in addition to the grant equivalent to US\$100,000 (of the weight and fineness in effect on 31 January 1966), made in November 1968 for similar purposes.
- (d) The Government of the Republic of China, in August 1971, made a contribution of US\$200,000, on an untied basis, to be utilized by the Bank for technical assistance activities. In the initial use of the contribution, due consideration is to be given by the Bank to the employment of suitably qualified experts and consulting firms from the Republic of China and other developing member countries.
- (e) The Government of Denmark, in April 1972, made available to the Bank in cash a grant equivalent to 2,800,000 Danish Kroner to be used by the Bank to finance the employment of consultants, specialists, services and specialized equipment needed to make technical assistance available to Bank members. Of the 2,800,000 Danish Kroner, at least half of the amount should be used only for financing the cost of Danish experts and facilities. The above contribution was in addition to the contribution of 2,250,000 Danish Kroner made in January 1969 for similar purposes.
- (f) The Government of Finland, in December 1970, made a contribution in Finnish currency equivalent to US\$100,000 (of the weight and fineness in effect on 31 January 1966), to be utilized by the Bank for the financing of Finnish consultants and consulting engineers to carry out specific feasibility studies and project analysis in fields of Finnish competence. The above contribution was in addition to the contribution offered in January 1969 for similar purposes under which the equivalent of US\$8,173 was drawn.
- (g) The Government of the Federal Republic of Germany offered to finance in 1968 the services of German consultants and specialists to be utilized by the Bank for technical assistance, and to enable the Bank to plan its requests, indicated that consideration may be given to requests entailing disbursements of up to 160,000 Deutsche Mark in the calendar year 1968. In the calendar years 1969 through 1972, the parties agreed that the technical assistance arranged in 1968 would continue to be available to the Bank on similar terms and conditions and in an amount of up to 160,000 Deutsche Mark for each of the years 1969, 1970 and 1971 and in an increased amount of up to 400,000 Deutsche Mark for the year 1972.
- (h) The Government of India, in September 1972, made a contribution, as a grant, amounting to 400,000 Rupees for financing the procurement of services of Indian consultants and experts for technical assistance activities. This contribution was in addition to the contributions of 300,000 Rupees made in August 1971 and 200,000 Rupees made in July 1970 for similar purposes.

- (i) The Government of Japan, in November 1972, made a contribution, as a grant, of a sum of 616,000,000 Yen in cash, to be used by the Bank for procurement of services of Japanese consultants and specialists for technical assistance operations, for training of Bank staff and suitably qualified personnel of developing member countries, and for provision of library materials. In view of the forthcoming overall study of the Special Funds, the terms and conditions of the contribution would be reviewed from time to time and could be amended, if necessary, upon the mutual consent of the contributor and the Bank. The above contribution was in addition to contributions of 720,000,000 Yen made in December 1971, 380,000,000 Yen made in June 1970, 72,000,000 Yen made in June 1969, and 36,000,000 Yen made in March 1968 for similar purposes, and a contribution of up to 11,260,000 Yen offered in July 1968 to provide for Japanese expert services to be used by the Bank for technical assistance operations.
- (j) The Government of the Republic of Korea, in August 1971, made a contribution of US\$30,000, on an untied basis, to be utilized by the Bank for technical assistance activities. In the initial use of the contribution, due consideration is to be given by the Bank to the employment of suitably qualified experts and consulting firms from the Republic of Korea and other developing member countries.
- (k) The Government of Netherlands, in December 1972, made a contribution, as a grant, in an amount up to 200,000 Guilders, of which 100,000 Guilders may be used for disbursements arising in the calendar year 1972 in respect of the services of Dutch consultants in technical assistance projects of the Bank, while the remaining 100,000 Guilders may be used for such disbursements arising after 1972. This contribution was in addition to the contributions of 100,000 Guilders made in August 1971 and 100,000 Guilders made in December 1970.
- (l) The Government of New Zealand, in November 1969, made available to the Bank a grant of 150,000 New Zealand Dollars to finance the procurement of the services of New Zealand consultants and specialists for the widest possible range of feasibility and pre-investment studies. The grant is available to the Bank in amounts of up to 75,000 New Zealand Dollars in each of the two financial years (ending March) 1970/1971 and 1971/1972 or at any time thereafter.
- (m) The Government of Pakistan, in October 1970, made a contribution, as a grant, amounting to 200,000 Rupees for financing the procurement of such services of Pakistani consultants and experts as may be required by the Bank in providing technical assistance, conducting feasibility or pre-investment studies, processing loan applications, appraising or implementing projects and training of personnel that may be undertaken by the Bank in the course of its operations.
- (n) The Government of Sri Lanka, in December 1971, made a contribution in an amount of 100,000 Rupees to be used for financing costs incurred in Sri Lanka in connection with the employment of experts and consultants by the Bank from Sri Lanka.
- (o) The Government of Switzerland, in October 1970, made a contribution, as a grant, of US\$200,000 for financing the procurement of the services of Swiss consultants and experts and goods or equipment produced in Switzerland provided it is established that such services, goods or equipment are com-

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petitive in terms of quality and cost with those which are available from other sources. In any case in which Swiss services, goods or equipment are not as competitive or are not available, the contribution may be used to finance the procurement in other member countries of services supplied from or goods produced in such countries.

- (p) The United Kingdom has declared its willingness to consider requests for the financing of British technical services and assistance to be utilized by the Bank and to enable the Bank to plan its requests, indicated an amount of £100,000 up to which such requests would be met during the British financial year ended 31 March 1969. The parties have agreed to extend the availability of the technical services and assistance up to 31 March 1973.
- (q) The United States agreed in May 1969 to make available as a grant, for procurement of services from the United States, a technical assistance contribution of up to US\$1,000,000 for carrying out the Regional Transport Survey. The United States contribution for the Survey was made by means of a Letter of Commitment issued to a United States commercial bank against which the Bank drew funds to meet expenditures for the Survey. The above contribution was in addition to a grant of US\$250,000 made available in June 1967 for procurement in the United States of specific kinds of technical assistance.

#### NOTE 4—

##### AGRICULTURAL SPECIAL FUND

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

- (a) The Government of Denmark, in April 1969, made a contribution of 15,000,000 Danish Kroner, in the form of a loan, to the Agricultural Special Fund to be utilized before 1 April 1972. In March 1972, the contributor conveyed to the Bank its decision to terminate further use of this contribution in accordance with the terms of the contribution agreement, and in lieu thereof made a contribution of 15,000,000 Danish Kroner to the Multi-Purpose Special Fund, as mentioned in Note 5(c) below.
- (b) The Government of Japan, in December 1968, made a contribution of 7,200,000,000 Yen for financing special operations of the Bank relating to agricultural development including forestry, fisheries and agriculturally related industries. The contribution is in the form of non-negotiable, non-interest-bearing notes deposited with the official depository of the Bank in Japan and payable to the Bank at par value. The contribution is not available for providing non-reimbursable technical assistance; and except as shall be otherwise agreed between the contributor and the Bank, it shall be used only for procurement in Japan of goods produced in or services supplied from Japan. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.
- (c) The Government of Netherlands, in May 1969, made a contribution of 4,000,000 Guilders to be paid to the Bank in such amounts as requested by it from time to time, for procurement in the Bank's special operations, other than for providing non-reimbursable technical assistance, of goods and services (a) from the Netherlands, (b) from the territories of developing member

countries, and (c) from developed countries which have made contributions to any Special Fund (other than the Technical Assistance Special Fund) with procurement conditions not less liberal than those governing this contribution. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.

#### NOTE 5—

##### MULTI-PURPOSE SPECIAL FUND

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

- (a) The Government of Australia, in December 1970, made a contribution of 8,705,357 Australian Dollars to be available in three equal annual instalments, the first to be payable in the year which commenced on 1 July 1970. In the form of non-negotiable, non-interest-bearing promissory notes encashable upon request by the Bank. Except as otherwise agreed by the contributor, the contribution may only be used for financing procurement in Australia of goods produced in and services supplied from Australia in the Bank's special operations. It is, however, not available for providing non-reimbursable technical assistance. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.
- (b) The Government of Canada, in December 1968, agreed to contribute Canadian Dollars equivalent to US\$25,000,000 (of the weight and fineness in effect on 31 January 1966), to be available by equal instalments in each of the five Canadian fiscal years beginning 1 April 1968. This contribution is to be used for procurement of equipment, services and supplies with a Canadian content as defined from time to time by the contributor. In the case of the subsequent use of repayments and accruals received by the Bank and derived from this contribution, the provisions respecting procurement from Canadian sources shall not apply.
- (c) The Government of Denmark, in April 1972, made a contribution in the form of a grant, of 15,000,000 Danish Kroner for the procurement in the Bank's special operations, other than for providing non-reimbursable technical assistance, of goods and services (a) from Denmark, (b) from the territories of developing member countries, and (c) from developed countries which have made contributions to any Special Fund other than the Technical Assistance Special Fund. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories. This contribution is in lieu of a contribution of a like amount made in April 1969, in the form of a loan, to the Agricultural Special Fund, as mentioned in Note 4(a) above.
- (d) The Government of the Federal Republic of Germany, in October 1971, made a contribution of 64,000,000 Deutsche Mark to be available to the Bank in two instalments of 11,200,000 Deutsche Mark each in October 1971 and September 1972 and two instalments of 20,800,000 Deutsche Mark each in September 1973 and September 1974. In December 1971, the Government of the Federal Republic of Germany supplemented its contribution by a further amount of 2,800,000 Deutsche Mark in cash, increasing the contribution to 66,800,000 Deutsche Mark and the amount made available to the Bank as of September 1972 to

## ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

## NOTES TO FINANCIAL STATEMENTS

31 December 1972

CONTINUED

25,200,000 Deutsche Mark. The contribution may be used for financing the cost of procurement in Germany, in other countries which have contributed to the Consolidated Special Funds (other than the Technical Assistance Special Fund) and in developing member countries of the Bank, of goods produced in and services supplied from such countries. However, the contribution may not be used to finance assistance provided on a non-reimbursable basis. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.

- (e) The Government of Japan, in December 1971, made a contribution of 10,800,000,000 Yen for financing special operations of the Bank in important sectors, giving due regard to agriculture. The contribution is in the form of non-negotiable, non-interest-bearing notes deposited with the official depository of the Bank in Japan and payable to the Bank at par value. The contribution may be used for procurement of goods and services in the territories of developed member countries contributing to the Consolidated Special Funds (other than the Technical Assistance Special Fund) or of developing member countries. It is, however, not available for providing non-reimbursable technical assistance. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories. The above contribution was in addition to contributions of 10,800,000,000 Yen made in October 1970 and 7,200,000,000 Yen made in November 1969 for similar purposes and with the same procurement terms.
- (f) The Government of Netherlands, in July 1970, made a contribution of 4,000,000 Guilders to be paid to the Bank in such amounts as requested by it from time to time, for the procurement in the Bank's special operations, other than for providing non-reimbursable technical assistance, of goods and services (a) from the Netherlands, (b) from the territories of developing member countries, and (c) from developed countries which have made contributions to any Special Fund (other than the Technical Assistance Special Fund) with procurement conditions not less liberal than those governing this contribution. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.
- (g) The Government of New Zealand, in December 1972, made a contribution of 822,370 New Zealand Dollars to be paid in cash in two equal instalments, the first of which will be paid within thirty days after the coming into effect of the agreement and the second on or about 1 April 1973. The contribution may be used in the Bank's special operations for financing the cost of procurement of goods produced in and services supplied from New Zealand, and any other costs and expenditures which the contributor may from time to time agree shall be eligible for financing out of the contribution. The contribution, however, may not be used to finance assistance provided on a non-reimbursable basis. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.
- (h) The United Kingdom, in May 1970, made a contribution of 6,000,000 Pounds Sterling to be paid in such amounts as the

Bank may request from time to time as may be necessary to enable the Bank to enter into appropriate arrangements for the financing of the Bank's special operations, other than non-reimbursable technical assistance. The contribution may be used for the procurement (a) in the United Kingdom or in developing member countries of the Bank of goods produced in and services supplied from the United Kingdom, (b) in developing member countries of the Bank of goods produced in and services supplied from those countries, and (c) in such countries; as in the opinion of the Bank and the contributor, have made contributions to any Special Fund of the Bank (other than the Technical Assistance Special Fund) on conditions relating to procurement not less liberal as a whole than those governing this contribution, of goods produced in and services supplied from those countries. The repayments and net income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.

- (i) Pursuant to the provisions of Article 19, paragraph 1(i) the Board of Governors has authorized the setting aside of 10 per cent of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) as of 17 April 1971, to be used as part of the Consolidated Special Funds of the Bank. The resources so set aside, amounting to \$26,618,349 (\$24,516,900 in terms of United States Dollars of the weight and fineness in effect on 31 January 1966), have been allocated and transferred to the Multi-Purpose Special Fund.

Article 4, paragraph 1 defines the capital stock of the Bank in terms of United States Dollars of the weight and fineness in effect on 31 January 1966, namely, with a gold content of 0.888671 gram of fine gold. Accordingly, following the 8 May 1972 devaluation of the United States Dollar, capital set aside pursuant to the provisions of Article 19, paragraph 1(i) was restated to consistently present such amount in United States Dollars, the Bank's unit of account.

- (j) The term "accrued resources" refers to the resources derived from the service fee charged by the Bank in its special operations for the purpose of Section 7.01 of the Special Funds Rules and Regulations and to other income of the Bank derived from Special Funds Resources credited, held, and administered by the Bank in the Multi-Purpose Special Fund pursuant to Section 5.03 of the Rules and Regulations.

## NOTE 6—

## SUBSEQUENT EVENTS

In February 1973, a number of members of the Bank announced new exchange rates for their currencies while some others allowed their currencies to float or to continue floating, resulting in a further realignment of exchange rates. Pursuant to the Resolution on Exchange Rates, which was adopted by the Bank's Board of Directors on 31 August 1972, the Bank may decide to use the new rates for translation of currencies and to take maintenance of value action under Article 26 and Resolutions of the Board of Directors of 21 March 1968 and 31 August 1972. If such actions are taken, the financial statements—Special Funds Resources—for the year 1973 could be affected by the following: (a) a restatement of the capital of the Bank set aside pursuant to the provisions of Article 19, paragraph 1(i) [see Note 5(i)]; and (b) minor gains or losses arising from accumulated net income.

## **HASKINS & SELLS**

Certified Public Accountants

Two Broadway  
New York 10004

### **OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

We have examined the following financial statements of Asian Development Bank—Special Funds Resources as of 31 December 1972 and for the year then ended:

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

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

In our opinion, such financial statements present fairly the financial position of Asian Development Bank—Special Funds Resources at 31 December 1972 and the results of its related operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

16 February 1973

**SUMMARY OF BUDGET FOR 1973**  
**INTERNAL ADMINISTRATIVE EXPENSES**

	1972		1973
	Budget <sup>1</sup>	Actual	Budget
I. BOARD OF GOVERNORS	\$ 151,000	\$ 144,602	\$ 49,000
II. BOARD OF DIRECTORS	1,003,000	935,574	1,069,700
Salaries	610,000	607,163	660,000
Benefits	138,200	130,347	148,200
Travel	190,000	140,424	200,000
Staff Services	64,800	57,640	61,500
III. STAFF	7,123,600	6,849,666	7,748,100
Salaries	4,266,800	4,163,836	4,677,400
Benefits	1,208,200	1,164,621	1,321,100
Travel	1,273,600	1,177,460	1,399,600
Consultants	325,000	301,977 <sup>2</sup>	300,000
Representation	50,000	41,772	50,000
IV. OTHER ADMINISTRATIVE EXPENSES	1,774,200	1,764,583	1,696,900
Communications	355,100	354,546	415,300
Office Occupancy	171,600	170,328	338,000
Publications and Printing	145,500	144,284	136,300
Expendable Supplies	156,700	152,031	171,000
Furniture and Equipment	552,000	551,935	227,600
Fees and Compensation	290,600	288,978	291,900
Miscellaneous	102,700	102,481 <sup>3</sup>	116,800
V. CONTINGENCY	90,000	—	100,000
TOTAL	\$10,141,800	\$9,694,425	\$10,663,700

1 Transfers between certain major heads and items were made during 1972 without exceeding total budget amount.

2 Includes amount of \$141,980 from Technical Assistance Special Fund and excludes amount of \$8,778 temporarily charged to Suspense Account.

3 Includes amount of \$958 from Technical Assistance Special Fund.

**SUMMARY OF BUDGET FOR 1973  
SERVICES TO MEMBER COUNTRIES**

CONTINUED

	Commitments Approved	1972		1973	
		Budget	Disbursements Actual	New Commitments	Disbursements
<b>I. FINANCED FROM BANK'S OWN RESOURCES</b>					
Project Preparation	\$1,450,300	\$2,145,400	\$1,583,448 <sup>3</sup>	\$2,800,000	\$1,524,600
Project Implementation/Advisory	327,000	1,369,500	499,880 <sup>4</sup>	700,000	1,147,000
Regional Services	188,000	357,000	331,944 <sup>5</sup>	300,000	417,900
a) Asian Vegetable Research and Development Center	—	150,000	150,000	—	75,000
b) Asian Industrial Survey	—	207,000	82,989	—	146,300
c) Others	188,000 <sup>2</sup>	—	98,955 <sup>6</sup>	300,000	196,600
Sub-Total	\$1,965,300	\$3,871,900	\$2,415,272	\$3,800,000	\$3,089,500
<b>II. FINANCED FROM UNDP RESOURCES<sup>7</sup></b>					
Project Preparation <sup>8</sup>	1,504,300	—	20,614	—	966,300
GRAND TOTAL	\$3,469,600	\$3,871,900	\$2,435,886	\$3,800,000	\$4,055,800

1 Transfers between items were made during 1972 without exceeding total budget amount.

2 Represents commitments for Study of Asian Institute for Economic Development and Planning, Regional Workshop on Irrigation Water Management, Trans Strait of Malacca Ferry Service Feasibility Study and Asian Productivity Organization's Third Project Feasibility Study Training Course.

3 Includes amount of \$986,389 from Technical Assistance Special Fund.

4 Includes amount of \$204,484 from Technical Assistance Special Fund.

5 Includes amount of \$60,182 from Technical Assistance Special Fund and excludes amount of \$21,577 temporarily charged to Suspense Account.

6 Includes disbursements for Panel Meeting on Training Facilities for Regional National Development Banks, Coconut Industry Study, Regional Workshop on Irrigation Water Management, LAWASIA Credit and Security Research Project, Trans Strait of Malacca Ferry Service Feasibility Study and Study of Asian Institute for Economic Development and Planning.

7 In addition to UNDP resources, several bilateral contributions have been made to the UNDP Fund from which the Go Cong Pioneer Agricultural Project is financed.

8 Represents Laguna de Bay Water Resources Development Study where Bank acts as Executing Agent for United Nations Development Programme and Go Cong Pioneer Agricultural Project where Bank acts as delegated Executing Agency for International Bank for Reconstruction and Development under UNDP Regional Project REG 253.

## RESOLUTIONS OF THE BOARD OF GOVERNORS DURING 1972<sup>1</sup>

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Resolution Number	Subject	Date Adopted
47	Amendment of Sections 5 and 7(B)(a) of the By-Laws of the Bank	28 February
48	Admission of the Kingdom of Tonga to Membership in the Asian Development Bank	23 March
49	Financial Statements and Auditors' Reports	22 April
50	Allocation of Net Income	22 April
51	Place and Date of Sixth Annual Meeting	22 April
52	Appreciation	22 April
53	Modified Payment Arrangements for Subscriptions of Certain Members to Increase in Authorized Capital Stock	9 November
54	Admission of the People's Republic of Bangladesh to Membership in the Asian Development Bank	11 November

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<sup>1</sup> The texts of Resolution Nos. 47-52 are available in the Proceedings of the Fifth Annual Meeting.

## APPENDIX 4

### CHANNELS OF COMMUNICATION

(As of 31 December 1972)

COUNTRY	CHANNEL	COUNTRY	CHANNEL
Afghanistan	Ministry of Planning Kabul cc: Ministry of Finance Kabul The Royal Afghan Embassy New Delhi, India	Nepal	Secretary Ministry of Finance Kathmandu
Australia	Secretary Commonwealth Treasury Canberra	Netherlands	Ministerie van Financien The Hague
Austria	Bundesministerium für Finanzen Wien	New Zealand	Secretary of Foreign Affairs Wellington
Belgium	Minister of Finance Brussels	Norway	Royal Ministry of Commerce and Shipping Foreign Exchange Department Oslo
Canada	Department of Finance Ottawa	Pakistan	Ministry of Finance Government of Pakistan Islamabad
China, Republic of	Governor The Central Bank of China Taipei	Papua New Guinea	Secretary for Finance Department of Finance Konedobu, Papua
Denmark	Ministry of Foreign Affairs Copenhagen	Philippines	Department of Foreign Affairs Manila
Fiji	Ministry of Finance Suva	Singapore	Permanent Secretary (Economic Development) Ministry of Finance Singapore
Finland	Ministry of Foreign Affairs Helsinki	Sri Lanka	Secretary Ministry of Planning and Employment Colombo
France	Ministry of Economy and Finance Treasury Department Paris	Sweden	Ministry for Foreign Affairs Stockholm
Germany, Federal Republic of	Bundesministerium der Finanzen Bonn	Switzerland	Département fédéral de l'économie publique Division du commerce Palais federal Berne
Hong Kong	The Financial Secretary c/o Colonial Secretariat Hong Kong	Thailand	Ministry of Finance Bangkok
India	Secretary to the Government of India Ministry of Finance Department of Economic Affairs New Delhi	Tonga	Ministry of Finance Nuku'alofa
Indonesia	Department of Finance Djakarta	United Kingdom	The Foreign and Commonwealth Office (Overseas Development Administration) London
Italy	Direzione Generale del Tesoro I.R.F.E. Ministero del Tesoro Rome	United States	Secretary of the Treasury Washington, D.C. cc: The Secretary National Advisory Council on International Monetary and Financial Policies U.S. Treasury Department Washington, D.C. 20220
Japan	Minister of Finance Tokyo c/o Embassy of Japan Makati, Rizal Philippines	Viet-Nam, Republic of	Governor National Bank of Viet-Nam Saigon
Khmer Republic	National Bank of Cambodia Phnom-Penh	Western Samoa	Secretary to the Government Government of Western Samoa Apia
Korea, Republic of	Minister of Finance Seoul		
Laos	National Bank of Laos Vientiane		
Malaysia	Secretary to the Treasury The Treasury Kuala Lumpur		

## OFFICIAL DEPOSITORIES

(As of 31 December 1972)

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

## BOARD OF GOVERNORS

(As of 31 December 1972)

	<b>ALI WARDHANA</b> (Indonesia) Chairman	
	<b>JOHN N. TURNER</b> (Canada) Vice-Chairman	
	<b>ALI BIN HAJI AHMAD</b> (Malaysia) Vice-Chairman	
<b>COUNTRY</b>	<b>GOVERNOR</b>	<b>ALTERNATE GOVERNOR</b>
AFGHANISTAN	ABDUL HAKIM TABIBI Ambassador to India	ABDUL SAMAD KHALILKI <sup>1</sup> President Treasury Department Ministry of Finance
AUSTRALIA	F. CREAN <sup>2</sup> Treasurer	R.J. WHITELAW First Assistant Secretary Commonwealth Treasury
AUSTRIA	HANNES ANDROSCH Federal Minister of Finance	WERNER SAUTTER
BELGIUM	ANDRÉ VLERICK <sup>3</sup> Minister of Finance	M. d'HAEZE Director-General Treasury and Public Debt Administration Ministry of Finance
CANADA	JOHN N. TURNER <sup>4</sup> Minister of Finance	PAUL GERIN-LAJOIE President Canadian International Development Agency
CHINA, Republic of	YU KUO-HWA Governor The Central Bank of China	WANG SHAO-YU Administrative Vice Minister of Finance
DENMARK	JENS CHRISTENSEN Undersecretary of State for Economic Affairs Ministry of Foreign Affairs	HANS JESPERSEN Head of Department Ministry of Foreign Affairs
FIJI	C.A. STINSON <sup>5</sup> Minister of Finance	MOSESE QIONIBARAVI Secretary for Finance
FINLAND	PENTTI UUSIVIRTA Head Foreign Trade Department Ministry of Foreign Affairs	EERO ASP Managing Director Finnish Export Credit, Ltd.
FRANCE	V. GISCARD-d'ESTAING Minister of Economy and Finance	JACQUES HIRSCH-GIRIN Financial Counsellor for Asia and the Far East Ministry of Economy and Finance
GERMANY, Federal Republic of	ERHARD EPPLER Federal Minister for Economic Cooperation	ERNST WOLF MOMMSEN <sup>6</sup> State Secretary Federal Ministry of Economics & Finance

<sup>1</sup> Succeeded Abdul Aziz Attai in January.<sup>2</sup> Succeeded B.M. Sneddon in December.<sup>3</sup> Succeeded Baron J.-Ch. Snoy et d'Oppuers in January.<sup>4</sup> Succeeded Edgar John Benson in February.<sup>5</sup> Succeeded Wesley M. Barrett in May.<sup>6</sup> Succeeded Johann Baptist Schoellhorn in September.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
HONG KONG	C.P. HADDON-CAVE Financial Secretary	
INDIA	Y.B. CHAVAN Minister of Finance	M.G. KAUL <sup>7</sup> Secretary to the Government of India Ministry of Finance Department of Economic Affairs
INDONESIA	ALI WARDHANA Minister of Finance	RADIUS PRAWIRO Governor Bank Indonesia
ITALY	GUIDO CARLI Governor Bank of Italy	GASTONE MICONI Director General Treasury Ministry of the Treasury
JAPAN	KIICHI AICHI <sup>8</sup> Minister of Finance	TADASHI SASAKI Governor Bank of Japan
KHMER REPUBLIC	HING KUNTHEL Governor National Bank of Cambodia	MAU SAY Minister of State Office of the President of the Republic
KOREA, Republic of	DUCK WOO NAM Minister of Finance	SUNG WHAN KIM Governor Bank of Korea
LAOS	SISOUK NA CHAMPASSAK Minister of Finance	OUDONG SOUVANNAVONG Governor National Bank of Laos
MALAYSIA	ALI BIN HAJI AHMAD Deputy Minister of Finance	ISMAIL BIN MOHAMED ALI Governor Bank Negara Malaysia
NEPAL	J.B. SHAH <sup>9</sup> State Minister for Finance	BHARAT BAHADUR PRADHAN Secretary Ministry of Transport and Communications
NETHERLANDS	R.J. NELISSEN Minister of Finance	Tj. A. MEURS Ambassador to the Philippines
NEW ZEALAND	R.D. MULDOON	H.G. LANG Secretary to the Treasury
NORWAY	HALLVARD EIKA <sup>10</sup> Minister of Commerce and Shipping	LARS ONSAGER Ambassador to the Philippines
PAKISTAN	MUBASHIR HASAN Minister of Finance, Planning and Development	S.S. IQBAL HOSAIN Secretary Economic Affairs Ministry of Finance, Planning and Development

<sup>7</sup> Succeeded I.G. Patel in December.<sup>8</sup> Succeeded Koshiro Ueki in December. Koshiro Ueki succeeded Mikio Mizuta in July.<sup>9</sup> Succeeded V.P. Lohani in March.<sup>10</sup> Succeeded Per Kleppe in October.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
PAPUA NEW GUINEA	JULIUS CHAN <sup>11</sup> Minister for Finance	H.P. RITCHIE Secretary for Finance
PHILIPPINES	CESAR VIRATA Secretary of Finance	GREGORIO LICAROS Governor Central Bank of the Philippines
SINGAPORE	HON SUI SEN Minister for Finance	GEORGE BOGAARS Permanent Secretary Economic Development Division Ministry of Finance
SRI LANKA	N.M. PERERA Minister of Finance	CHANDANA AELIAN COORAY Secretary, Ministry of Finance and Secretary to the Treasury
SWEDEN	LENNART KLACKENBERG Undersecretary of State Ministry for Foreign Affairs	See footnote 12 below.
SWITZERLAND	EDWIN STOPPER President Board of Directors Swiss National Bank	ALEXANDRE HAY Director-General Swiss National Bank
THAILAND	SERM VINICCHAYAKUL	SOMMAI HOONTRAKOOL Director Assistant to the Governor Bank of Thailand
TONGA	S. TAPA <sup>13</sup> Acting Minister of Finance	
UNITED KINGDOM	RICHARD WOOD Minister for Overseas Development	M.G. SMITH <sup>14</sup> Under Secretary Foreign and Commonwealth Office (Overseas Development Administration)
UNITED STATES	GEORGE P. SHULTZ <sup>15</sup> Secretary of the Treasury	JOHN N. IRWIN II <sup>16</sup> Deputy Secretary of State
VIET-NAM, Republic of	LE-QUANG-UYEN Governor National Bank of Viet-Nam	NGUYEN-VAN-DONG Deputy Governor National Bank of Viet-Nam
WESTERN SAMOA	TOFA SIAOSI Minister of Finance	J. WENDT Financial Secretary Treasury

<sup>11</sup> Succeeded Oala Oala-Rarua in July.<sup>12</sup> The Alternate Governor Boerje Billner died on 12 September.<sup>13</sup> Succeeded Mahe U. Tupouivua in November. Mahe U. Tupouivua was appointed in April.<sup>14</sup> Succeeded R.H. Belcher in November.<sup>15</sup> Succeeded John B. Connally in June.<sup>16</sup> Succeeded Nathaniel Samuels in September.

## BOARD OF DIRECTORS AND VOTING GROUPS

(As of 31 December 1972)

DIRECTOR	ALTERNATE DIRECTOR	COUNTRIES REPRESENTED <sup>1</sup>
Enno Carstensen	A.A.W. Landymore	Austria Federal Republic of Germany United Kingdom
L.J. Downey	R.A. Kartadjoemena	Fiji Indonesia New Zealand Tonga Western Samoa
Yves-Louis Fievet	Damien Wigny <sup>2</sup>	Belgium France Italy Switzerland
Tatsuaki Hirai	Keiya Nagamatsu	Japan
B.H. Kay	Buu Hoan	Republic of China Republic of Korea Republic of Viet-Nam
J.W. Keany <sup>3</sup>	J.M. Starey	Australia Hong Kong Papua New Guinea
Poul H. Kryger	Ian B. Robertson	Canada Denmark Finland Netherlands Norway Sweden
Lee Keng Tuan	Mohd. Yusoff Rahim	Malaysia Nepal Singapore Thailand
A. Melchor, Jr. <sup>4</sup>	K.S. Islam	Pakistan Philippines
N.C. Shrivastava <sup>5</sup>	A.T. Bambawale	India
William Tennekoon	A.W. Haider	Afghanistan Khmer Republic Laos Sri Lanka
Artemus E. Weatherbee	Rex Beach <sup>6</sup>	United States

- 1 In alphabetical order within each group.  
 2 Succeeded Robert Lempen (resigned with effect from 31 July) on 1 September.  
 3 Succeeded J.C.G. Lloyd (resigned with effect from 11 May) on 12 May.  
 4 Succeeded Cornelio Balmaceda (resigned with effect from 30 June) on 26 July.  
 5 Succeeded D.S. Joshi (resigned with effect from 20 August) on 21 August.  
 6 Succeeded George R. Jacobs (resigned with effect from 3 July) on 9 October.

**PRINCIPAL OFFICERS<sup>1</sup>**

(As of 31 December 1972)

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<b>SHIRO INOUE</b>	President
<b>C.S. KRISHNA MOORTHI</b>	Vice President
OFFICE OF THE SECRETARY	
Douglas C. Gunesekera	Secretary
Wilfred A. Vawdrey	Assistant Secretary
OFFICE OF THE GENERAL COUNSEL	
Lewis Carroll	General Counsel
Graeme F. Rea	Deputy General Counsel
Chun Pyo Jhong	Assistant General Counsel
OPERATIONS DEPARTMENT	
Howard Farrelly	Director
Song Chil Lee	Operations Manager concurrently Deputy Director
Akira Tsusaka	Operations Manager concurrently Deputy Director
Robert Byrnes	Operations Manager
Ernest J. Ettlinger	Operations Manager
H. King Hedinger	Operations Manager
Patrick J. Knapp	Operations Manager
Akihiko Takeuchi	Operations Manager

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<sup>1</sup> Names of Deputy Directors, Assistant Directors and Managers are listed in alphabetical order.

CONTINUED

## PROJECTS DEPARTMENT

Sam-Chung Hsieh	Director
Kasturi L. Luthra	Project Manager concurrently Deputy Director
Yoshinao Sakatani	Project Manager concurrently Deputy Director
Heribert F. Huehne	Project Manager
Wolf D. Kluber	Project Manager
Matti Y. Koskimies	Project Manager
Theodore C. Mesmer	Project Manager
Kazuaki Suma	Project Manager

## ECONOMIC OFFICE

Perry P. Chang	Chief Economist
Burton T. O'late	Chief Statistician

## ADMINISTRATION DEPARTMENT

Shinsaku Kudo	Director
Raymond B. Lyon	Deputy Director
F.R.S. Weeraratne	Deputy Director
Gerhard Janschek	Assistant Director (Personnel)
Pyong Whi Min	Assistant Director (Administrative Services)

## TREASURY DEPARTMENT

S.M.A. Kazmi	Treasurer
Kiyoshi Mizoi	Deputy Treasurer
Chia-Ching Mok	Chief Accountant

## FINANCIAL ADVISOR

Edgar Plan	Financial Advisor
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## OFFICE OF THE INTERNAL AUDITOR

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

P.S. Hariharan	Chief Information Officer
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