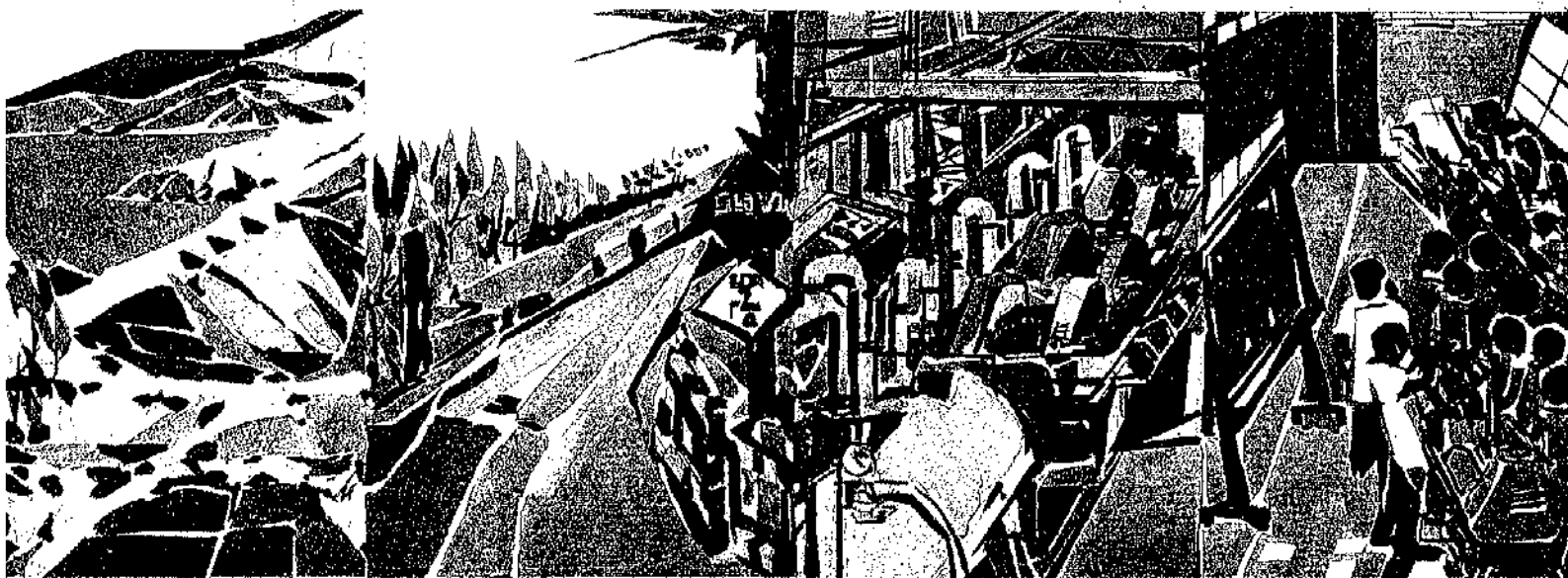


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ASIAN DEVELOPMENT BANK



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ASIAN DEVELOPMENT BANK

Manila

Office of the President

14 March 1974

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 1973, including a separate report on the activities of the Special Funds of the Bank. The Annual Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,



SHIRO INOUE

President and

Chairman of the Board of Directors

Chairman
Board of Governors
Asian Development Bank

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NOTE

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

THE RECORD

(amounts in \$ million)

	1968	1969	1970	1971	1972	1973
Loan Projects						
Number ¹	7	19	30	27	30	39
Amount	42	98	246	254	318	421
Ordinary Loans						
Number	7	14	22	16	16	30 ²
Amount	42	76	212	283	222	303
Special Funds Loans						
Number	—	6	10	12	16	24
Amount	—	22	34	51	94	118
Technical Assistance Projects ³						
Number	10	13	18	15	16	24
Amount	1.24	2.23	2.91	1.54	3.28	2.60
Regional Activities ³						
Number	3	2	1	4	4	5
Amount	2.97	0.55	0.03	0.37	0.19	0.16
Loan Disbursements	2	7	17	49	61	146
Authorized Capital (at year-end)						
In terms of 1973 U.S. dollar	1,327	1,327	1,327	1,327	3,317	3,366
(In terms of 1968 U.S. dollar)	(1,100)	(1,100)	(1,100)	(1,100)	(2,750)	(2,790)
Subscribed Capital (at year-end)						
In terms of 1973 U.S. dollar	1,170	1,180	1,211	1,212	2,449	2,725
(In terms of 1968 U.S. dollar)	(970)	(978)	(1,004)	(1,005)	(2,030)	(2,259)
New Borrowings (gross)	—	16	22	122	59	31
Multi-Purpose Special Fund ⁴ (at year-end)	45	83	138	196	225	389
Ordinary Reserve (at year-end)	2.1	5.6	11.1	22.4	31.2	35.0
Special Reserve (at year-end)	—	0.04	0.18	0.56	1.53	3.37
Unappropriated Gross Income	7.2	12.9	20.6	25.5	32.4	44.4
Net Income	3.6	5.5	11.3	14.6	11.2	15.7
Member Countries (at year-end)	32	33	35	36	37	40
Professional Staff (at year-end)	94	143	159	191	207	222

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

2 Including 13 loans from ordinary capital resources under the Special Funds Supplementation Scheme.

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

4 Including the Agricultural Special Fund and both the contributed and set-aside resources of the Multi-Purpose Special Fund.

CURRENT ECONOMIC BACKGROUND

During 1973, most of the developing member countries of the Bank made a good recovery from the generally sluggish economic performance of the previous two years. Several developing member countries achieved a growth in their Gross National Product at rates that were, in real terms, higher than the 6 per cent target of the Second UN Development Decade; but in many smaller and less developed countries, there was no significant growth. In general, however, economic gains among developing member countries were more widespread than had been experienced hitherto.

The acceleration of economic growth in the region was closely associated with the rapid expansion in output in the industrialized countries. This expansion occurred despite the uncertainties in the exchange rates of most major currencies, and was accompanied by strong inflationary pressures, high capacity utilization and, in some cases, supply shortages.

As a result, the export prices of most primary commodities produced in the region increased substantially; the manufactured exports of the region also benefited from the higher prices and expanded markets arising from the rapid increase in international demand. On the other hand, the value of imports into the region rose markedly, due both to higher levels of economic activity and to increased import prices.

On balance, the international trade situation was generally favorable to the developing member countries of the Bank. Preliminary estimates suggest that the value of exports from these countries increased by about 48 per cent during the year, while the value of imports rose by about 40 per cent. Moreover, the terms of trade for some countries improved considerably.

Largely as a result of the improvements in the balance of trade, the international reserves of most countries increased and in many they reached their highest levels for several years; some countries, however, continued to have difficult foreign exchange problems. For the developing members as a whole (excluding a few members for which data are not available), total international reserves are likely to have exceeded \$10 billion at the end of the year compared with about \$8.3 billion a year ago.

The outstanding external public debt of the regional developing member countries as a whole exceeded \$30 billion at the end of 1972. The total debt service

payments are estimated to have increased from \$1.8 billion in 1972 to \$2.3 billion in 1973.

During the year, most developing member countries experienced mounting inflation. One major factor contributing to the high rate of price increase was the general shortage of basic foods. Although natural disasters occurred in only a few countries during 1973, internationally traded basic foods were generally in short supply and at significantly higher prices, which seriously affected consumer prices in many of the food-deficit countries in the region. Even the traditional rice exporting countries of Asia had to impose export restrictions in order to replenish domestic stocks and to contain price increases.

A second contributing factor was the inflationary pressure in the industrialized countries which was transmitted to the regional developing countries through higher prices both for exports and imports. The situation was aggravated by shortages of some imported manufactured products and industrial inputs during the latter half of the year.

Still another contributing factor was the expansionary fiscal and monetary policies that most developing member countries followed during the year. Government expenditures and bank credit increased markedly, leading to a rapid expansion in the money supply; in some countries, it reached record levels. To the extent that additional government expenditures were needed to alleviate the direct effects of inflation, it became even more difficult to mobilize domestic resources for development purposes.

One of the unfortunate consequences of this widespread inflationary trend has been the steady erosion in the real value of development expenditures. Although the volume of lending by the multilateral financing institutions continued to grow, mounting inflation—especially in the developed countries—seriously diminished the real value of such assistance to the developing countries.

Towards the end of the year, the petroleum crisis dominated the international economic scene. With one or two exceptions, the Bank's developing member countries were net importers of petroleum and related products in 1973. Increases in the prices of these products have tended to intensify inflation and may have serious effects on production, consumption and

the external payments of these countries. Although some developing members may be in a better position than others to cope with these difficulties, inflation and the uncertainty in the petroleum situation are likely to create additional obstacles to economic and social progress in the region.

Economic policies in many industrialized countries are being directed towards reducing inflationary pressures, which have, in varying degrees, been heightened by the sharp increases in petroleum prices. To the extent that the high rates of economic growth that have prevailed in the industrialized countries may not be sustained, the prices of primary commodities will be adversely affected. On the other hand, an economic slow-down in the industrialized countries may not necessarily lead to reductions in the prices of many industrial products needed by developing countries. In such a situation, many developing countries in the region might again face the prospect of a deterioration in their terms of trade.

There were, nevertheless, some encouraging developments in 1973 in the international economic scene. For example, the Ministerial Session of the General Agreement on Tariffs and Trade that met in Tokyo in September 1973 reaffirmed the importance of maintaining and improving the Generalized System of Preferences, and the International Monetary Fund's Committee of 20 reported that "it is generally agreed that there is a need for a reformed world monetary order, based on cooperation and consultation within the framework of a strengthened International Monetary Fund, that will encourage the growth of world trade and employment, promote economic development, and help to avoid both inflation and deflation" Fresh initiatives were also being made in the United Nations family and elsewhere for coping with the recurring food shortages. Success in all these endeavors can pave the way for an orderly growth and transfer of resources, giving some promise of a brighter economic future for developing countries.

Malaysia: A new deep-water port will rise on this site on the east coast of Peninsular Malaysia near Kuantan with Bank assistance.



SOME LONG-RUN DEVELOPMENT PROBLEMS AND THE BANK'S ACTIVITIES

The effects on the developing countries of the region of the economic and monetary developments of 1973 point up the underlying long term social and economic problems of the region and the need to continue the efforts of development agencies in seeking solutions to these problems. The long-term problems are familiar and many of them are common to most of the Bank's developing member countries, despite their diverse social and economic conditions. The Bank's activities in relation to some of these problems are examined below.

External Resources

An expansion in the resources needed for a more rapid growth is still a pressing need in the developing countries of the region. Although many of the Bank's developing member countries—even those at comparatively low levels of income—have been able to mobilize considerable domestic savings for investment, such resources continue to fall short of the needs and must be supplemented by external resources.

The Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) has estimated that the net flow from its member countries to the Bank's borrowing countries averaged about \$3.4 billion a year during the period 1968-1972. This figure, however, does not fully reflect the needs of these countries. Greater efforts by both bilateral and multilateral agencies are undoubtedly necessary.

The Bank commenced lending in 1968 and by the end of 1973, it had lent \$1,376 million. This is about one-third of the total amount lent by multilateral agencies to the Bank's borrowing countries during the period. In the second half of this period, the Bank provided nearly 40 per cent of multilateral lending. If the comparison is made on the basis of lending from ordinary capital resources, the Bank's contribution was \$1,056 million—about 50 per cent—for the six year period. This steady growth, together with a recent increase of 150 per cent in its authorized capital, holds promise that the Bank will become one of the principal sources of development assistance to the region.

However, for most of the developing member countries assistance on conventional terms has entailed, and continues to entail, the growing problem of debt servicing. The outstanding external public debt in the

Bank's borrowing countries was about \$20.8 billion at the end of 1972, on which the annual debt service payments are estimated to have been \$1.6 billion in 1973; about 300 per cent over the figure for 1968.

In several developing members, the debt service ratio has already exceeded 20 per cent of export earnings, and a number of the smaller or less-developed countries have a low debt-servicing capacity. In addition, the Bank's membership includes four of the countries designated by the UN General Assembly as "least developed countries". Softening the terms of lending to these countries is a matter of urgent necessity.

The ability of the Bank to provide more funds on softer terms has been severely constrained by the limited availability of Special Funds resources. Some respite was obtained during 1973 by blending ordinary resources and Special Funds, loans from the latter being given on even more concessional terms than in the past, in order to maintain the earlier level of concessionality in the Bank's soft lending to individual borrowing countries. Out of a cumulative total of \$389 million of resources in Special Funds, only \$70 million in uncommitted funds remained at the end of 1973.

In recognition of the importance of an adequate and continuing source of concessional funds for the future activities of the Bank, an important milestone was reached in 1973 with the approval in principle of the establishment of an Asian Development Fund, with initial resources of \$525 million for the period 1974-1976. To the extent that these additional resources are realized, the Bank will be better equipped to meet the needs of its developing member countries.

Absorptive Capacity

Shortage of the expertise required to formulate, implement and administer development projects and programs in developing countries is another constraint in the development process. The Bank, in several of its projects, has incorporated specialized and on-the-job training facilities. It is also giving increasing attention to vocational education projects to improve technical capacity. Direct assistance has been provided by the Bank especially to the smaller and less developed countries in the formulation of projects for financing and in the assessment of project feasibility. The Bank has conducted and supported a number of technical seminars,

workshops and training programs for the region. The further development of institutions to provide a steady stream of trained cadres for the more effective use of resources is a necessary ingredient in raising the absorptive capacity of the smaller and less developed countries.

Selection of Development Projects

The changing needs of social and economic development in the developing countries, which are vulnerable to sudden changes in their economic situation, demand that the priorities in respect of projects and programs be kept under constant review.

Initially, the lack of physical capital was considered to be a major constraint to improvements in productivity and national product in developing countries. However, as reflected in the declaration of the UN General Assembly on International Development Strategy for the Second Development Decade, there is growing awareness that increases in physical capital and aggregate output alone are not the sole elements in solving deep-rooted social and economic problems—problems that have become even more acute in many developing countries in spite of, and perhaps to some extent even because of growth in the national product.

The improvement of the quality of life of the mass of the people and the more even distribution of the fruits of economic progress are basic long-term problems of the developing world. The increasing pressures of population growth, the low levels of living in general and the extent of absolute poverty in particular, the degree of unemployment in both urban and rural areas and the regional imbalances within the countries, and the uneven distribution of income among individuals—all accentuate these basic problems and demand attention.

The solutions are understandably hard to find, and the appropriate approach in each case will depend, to a great extent, on the stage of development of the country concerned and the social and economic policies it adopts.

While the Bank is concerned in contributing to the solution of many of these deeper problems, there are limits to the scope of its efforts. In selecting development projects for assistance, the Bank pays special attention to the priorities accorded by the countries concerned and it also has to satisfy itself on such priorities and on the technical and economic soundness of such projects. At the same time, many of the Bank-assisted projects generate direct social benefits—for example, in improving the incomes and living conditions of large numbers of people in rural areas, in the provision of water supplies and electric power to smaller urban centers and outlying areas, and in the development of usually labor-intensive small and medium-sized industries outside large population centers.

By the end of 1973, the Bank had approved loans to meet the direct and indirect foreign exchange costs of 150 selected development projects in 21 developing member countries; these projects cover a wide range of sectors and contribute not only to increased productivity, but also to the urgently-needed social overhead for both social and economic development.

Regional Economic Cooperation

The diversity of conditions in the region and the varying stages of development in the several countries of



Sri Lanka: Sugar plantation (above) and mill at Gal Oya are to be rehabilitated with Bank assistance.

the region have made the Bank place its initial emphasis on the identification and evaluation of the possibilities for economic cooperation among countries. This has led to the completion of seven studies—sponsored by the Bank either alone or in cooperation with other institutions—on various features of the regional economy. These studies include the Asian Agricultural Survey, the Southeast Asian Regional Transport Survey and the recently-completed Asian Industrial Survey for Regional Cooperation. They provide useful bases for Bank operations within individual countries, as well as for operations affecting more than one country and conducive to the development of future avenues for regional cooperation.

The Bank has also sought closer working relations with other bilateral and multilateral agencies contributing to the development of its developing member countries. Important areas for such cooperative efforts include the post-war reconstruction and development of the countries in the Indochina Peninsula, and the ongoing projects in the Lower Mekong Basin.

Although the Bank is now well established as a lending institution capable of taking an increasingly larger part in the economic development of its region, there is an immense task ahead for the institution and for its members. Very much more in the way of resources is needed, both external and internal. Within these constraints, however, the Bank must apply its available resources in the twin causes of economic growth and social progress and where the impact will be as widely beneficial as possible.

OPERATIONS AND POLICIES

Lending Operations

The Bank lent \$421.48 million in 1973 compared with \$316.09 million in 1972. The increase in 1973 over 1972 was about 33 per cent, against an increase of about 24 per cent in 1972 over 1971. During 1973, 39 projects were financed with 54 loans, against 30 projects financed with 32 loans in 1972. The number of loans in relation to the number of projects was substantially higher in 1973 because many loans from Special Funds had to be supplemented with loans from ordinary capital resources under the Special Funds Supplementation Scheme (see page 16).

Loans were made to 16 countries in 1973, with Bangladesh, Burma and Tonga receiving their first loans from the Bank. Twenty-one countries have now received Bank loans. Lending by country during 1973 and for the period 1968-1973 is shown in the Table on pages 8 and 9.

Total loan approvals passed the \$1,000 million mark on 14 June 1973, and, by the end of the year, the Bank had made 171 loans totalling \$1,376.03 million for 150 projects. Of these, 103 loans for \$1,056.32 million¹ (77 per cent) were from ordinary capital resources and 68 loans for \$319.71 million (23 per cent) from Special Funds.

The average amount lent for each project financed by the Bank continued to increase—\$5.9 million in 1968, \$10.5 million in 1972 and \$10.8 million in 1973. The average size of all loans, however, declined from \$9.9 million in 1972 to \$7.8 million in 1973; loans from ordinary capital resources dropped from an average of \$13.9 million in 1972 to \$10.1 million in 1973, and loans from Special Funds decreased from \$5.9 million to \$4.9 million. This downward trend was due to the large number of projects financed in 1973 with blended loans under the Scheme referred to above.

It is significant that the relatively less-developed countries² among the Bank's borrowing members received a higher share in total Bank lending during

1 Excludes \$0.4 million initially approved in 1968 and \$0.6 million approved in 1970 and later incorporated in new loans in 1970 and 1971, respectively.

2 Those countries which received loans wholly or mainly on concessional terms, i.e., Afghanistan, Bangladesh, Burma, Indonesia, Khmer Republic, Laos, Nepal, Papua New Guinea, Sri Lanka, Tonga, Republic of Viet-Nam and Western Samoa.

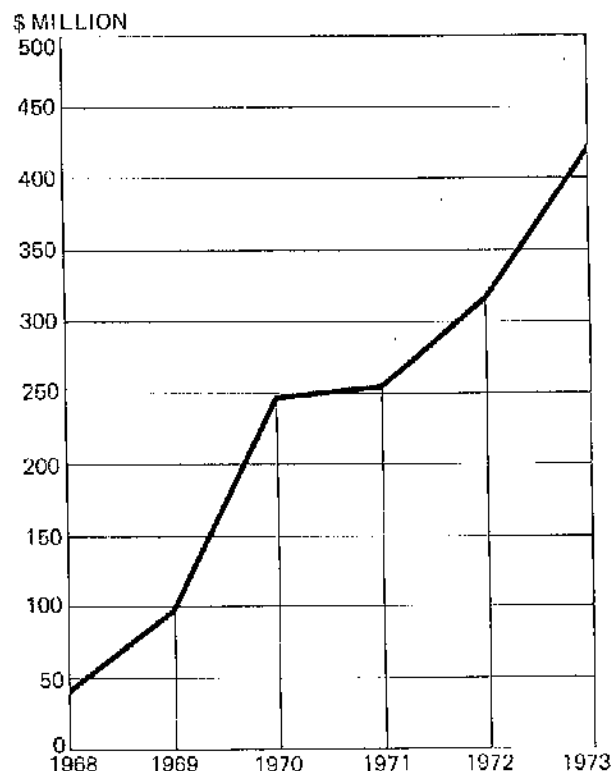
1973 than during 1972—31 per cent compared with 24 per cent. On a cumulative basis, the share of these countries in total loan approvals amounted to 23 per cent at the end of 1973, compared with 19 per cent at the end of 1972.

Despite the shortage of Special Funds resources, the Bank's Special Operations during 1973 were not without notable achievements. The performance can be viewed from two aspects: (i) the actual use of Special Funds resources; and (ii) the application of the Special Funds Supplementation Scheme during the latter half of 1973.

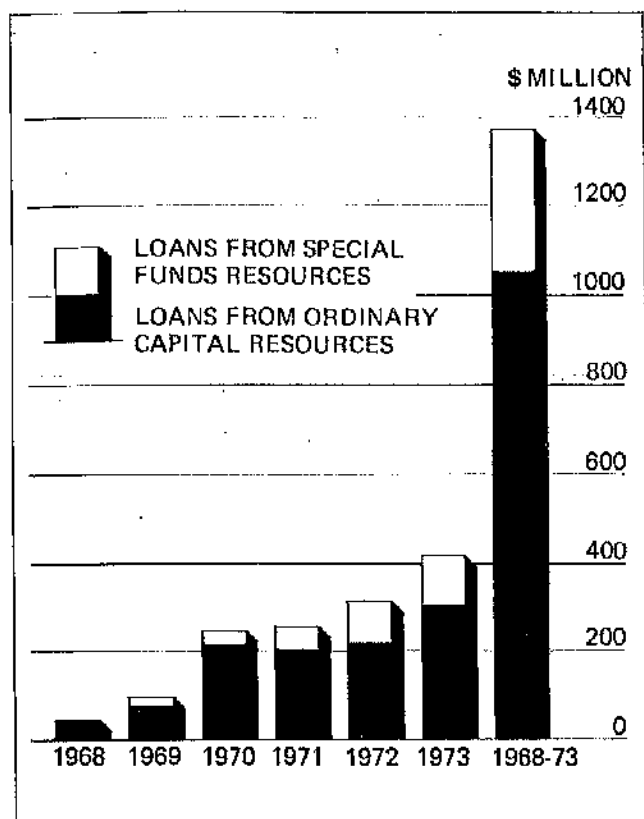
In respect of the Special Funds resources as such, the Bank lent \$118.16 million in 1973 compared with \$94.34 million in 1972, a 25 per cent increase. The share of Special Funds lending in the total amount of loans made in 1973 was 28 per cent, compared with nearly 30 per cent in 1972.

However, if the Special Funds Supplementation Scheme is taken into account, the total amount of concessional lending in 1973 (inclusive of the blended loans from ordinary resources) reached \$197.62 million.

LOAN APPROVALS: 1968-1973



LOANS CLASSIFIED BY SOURCE OF FUNDS 1968-1973

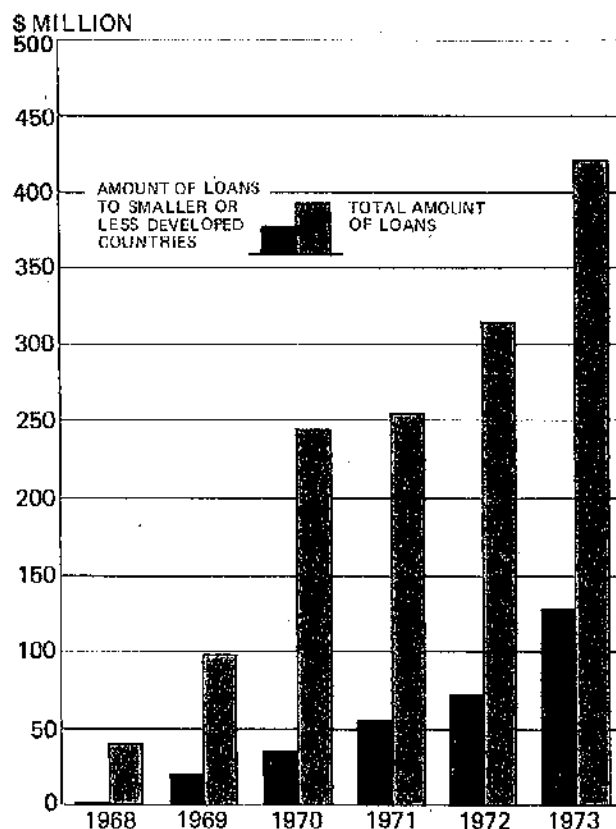


In this amount of lending, the concessional benefit to the borrowers, in terms of the grant element,¹ was no less than in most Special Operations in the immediate past. Viewed in this way, concessional lending in 1973 may be said to have increased by more than 100 per cent over 1972.

The largest sectoral share in the amount lent during 1973 was accounted for by Transport and Communications (29.7 per cent), followed by Industry including Development Banks (25.3 per cent), Electric Power (21.9 per cent), Agriculture (11.2 per cent), Water Supply (10.4 per cent), and Education (1.5 per cent). Compared with the 1968-1972 sectoral distribution,

¹ "Grant element" is a measure that takes account of the maturity, grace period and interest rate of a loan. It is calculated by deducting from the face value of the loan the discounted present value of the required amortization and interest payments, this difference being expressed as a percentage of the face value. The discount rate used by the Bank is 10 per cent a year.

LOANS TO SMALLER OR LESS DEVELOPED COUNTRIES: 1968-1973



the 1968-1973 pattern shows slightly higher shares for Transport and Communications, Industry including Development Banks, and Education, but slightly lower shares for Agriculture, Electric Power and Water Supply. This result occurred largely because of the sharp increase in 1973 over 1972 of lending to two sectors, Transport and Communications and Industry including Development Banks.

The Bank's role as a catalyst of productive investment in developing member countries continued to be significant. At the end of 1973, the total cost of projects for which the Bank had provided direct financing was estimated at about \$2,514 million, of which the Bank loans represented approximately 45 per cent. In addition, the Bank had made indirect financing through national development banks for projects with an estimated total cost of \$818 million, of which the Bank's loans accounted for about 30 per cent.

LOAN APPROVALS BY SECTOR

Sector	1968-1972		1973		1968-1973	
	Amount \$ million	% of Total	Amount \$ million	% of Total	Amount \$ million	% of Total
Agriculture	124.73	13.1	47.32	11.2	172.05	12.5
Electric Power	272.79	28.6	92.50	21.9	365.29	26.5
Industry including Development Banks	236.17	24.7	106.60	25.3	342.77	24.9
Transport & Communications	203.96	21.4	125.00	29.7	328.96	23.9
Water Supply	110.20	11.5	43.66	10.4	153.86	11.2
Education	6.70	0.7	6.40	1.5	13.10	1.0
TOTAL	954.55	100.0	421.48	100.0	1,376.03	100.0

LOAN APPROVALS BY COUNTRY

(amounts in \$ million)

Country	1968-1972					
	Ordinary Capital Resources	%	Special Funds Resources	%	Total	%
Afghanistan	—	—	5.15	2.6	5.15	0.5
Bangladesh	—	—	—	—	—	—
Burma	—	—	—	—	—	—
British Solomon Islands	—	—	—	—	—	—
China, Republic of	99.99	13.3	—	—	99.99	10.6
Fiji	4.70	0.6	—	—	4.70	0.5
Hong Kong	21.50	2.9	—	—	21.50	2.3
Indonesia	—	—	69.64	34.6	69.64	7.3
Khmer Republic	—	—	1.67	0.8	1.67	0.2
Korea, Republic of	196.80	26.1	3.70	1.8	200.50	21.0
Laos	—	—	4.34	2.2	4.34	0.4
Malaysia	79.60	10.0	3.30	1.6	82.90	8.7
Nepal	2.00	0.3	35.71	17.7	37.71	3.9
Pakistan	67.15	8.9	18.20	9.0	85.35	8.9
Papua New Guinea	—	—	14.30	7.1	14.30	1.5
Philippines	101.75	13.5	3.50	1.7	105.25	11.0
Singapore	91.38	12.1	3.00	1.5	94.38	9.9
Sri Lanka	13.13	1.7	22.41	11.1	35.54	3.7
Thailand	75.00	10.0	—	—	75.00	7.9
Tonga	—	—	—	—	—	—
Viet-Nam, Republic of	—	—	11.30	5.6	11.30	1.2
Western Samoa	—	—	5.33	2.7	5.33	0.6
TOTAL	753.00	100.0	201.55	100.0	954.55	100.0

1973						1968-1973					
Ordinary Capital Resources	%	Special Funds Resources	%	Total	%	Ordinary Capital Resources	%	Special Funds Resources	%	Total	%
—	—	14.90	12.6	14.90	3.5	—	—	20.05	6.3	20.05	1.4
11.40	3.8	21.65	18.3	33.05	7.8	11.40	1.1	21.65	6.8	33.05	2.4
6.60	2.2	12.50	10.6	19.10	4.5	6.60	0.6	12.50	3.9	19.10	1.4
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	99.99	9.5	—	—	99.99	7.3
2.00	0.6	—	—	2.00	0.5	6.70	0.6	—	—	6.70	0.5
—	—	—	—	—	—	21.50	2.0	—	—	21.50	1.6
11.78	3.9	29.44	24.9	41.22	9.8	11.78	1.1	99.08	31.0	110.86	8.1
—	—	—	—	—	—	—	—	1.67	0.5	1.67	0.1
46.30	15.3	—	—	46.30	11.0	243.10	23.0	3.70	1.1	246.80	17.9
—	—	1.35	1.1	1.35	0.3	—	—	5.69	1.8	5.69	0.4
55.96	18.4	—	—	55.96	13.3	135.56	12.8	3.30	1.0	138.86	10.1
—	—	—	—	—	—	2.00	0.2	35.71	11.2	37.71	2.7
38.85	12.8	13.65	11.7	52.70	12.5	106.00	10.0	32.05	10.0	138.05	10.0
—	—	—	—	—	—	—	—	14.30	4.5	14.30	1.0
72.60	23.9	6.00	5.1	78.60	18.6	174.35	16.5	9.50	3.0	183.85	13.4
10.00	3.3	—	—	10.00	2.4	101.38	9.6	3.00	0.9	104.38	7.6
—	—	2.80	2.4	2.80	0.7	13.13	1.3	25.21	7.9	38.34	2.8
43.90	14.5	3.10	2.6	47.00	11.1	118.90	11.3	3.10	1.0	122.00	8.9
—	—	1.30	1.1	1.30	0.3	—	—	1.30	0.4	1.30	0.1
3.93	1.3	8.97	7.6	12.90	3.1	3.93	0.4	20.27	6.3	24.20	1.8
—	—	2.30	2.0	2.30	0.6	—	—	7.63	2.4	7.63	0.5
303.32	100.0	118.16	100.0	421.48	100.0	1,066.32	100.0	319.71	100.0	1,376.03	100.0

LOANS APPROVED IN 1973 BY COUNTRY AND PROJECT

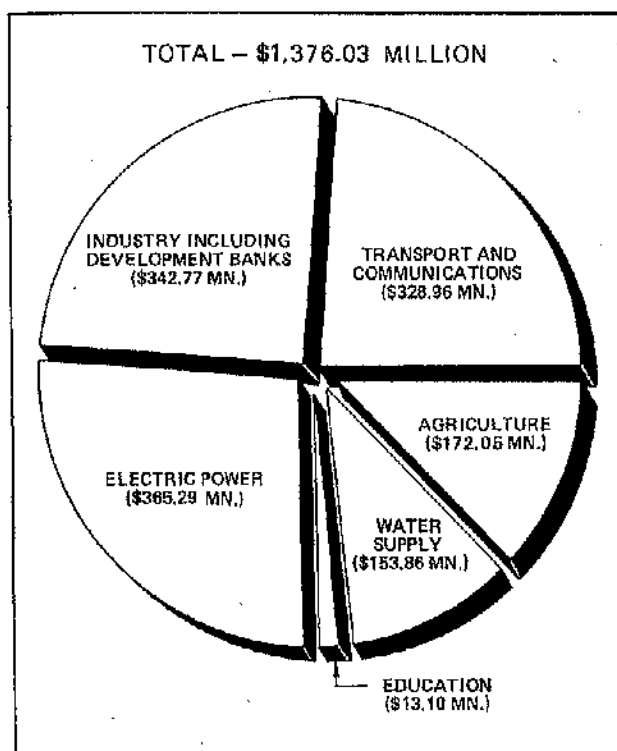
(\$ million)

Country/Project	Source of Funds		Total Amount
	Ordinary Capital Resources	Special Funds Resources	
AFGHANISTAN			
Helmand Valley Development Road	—	14.90	14.90
BANGLADESH			
Fisheries Development	—	3.20	3.20
Bangladesh Shipba Bank	6.60	6.00	12.60
Bangladesh West Zone Power	1.20	9.75	10.95
Chittagong Port	3.60	3.20	6.80
BURMA			
Power Transmission	2.10	4.00	6.10
Rangoon Water Supply	4.50	8.50	13.00
FIJI			
Fiji Development Bank	2.00	—	2.00
INDONESIA			
Ujung Pandang Power	—	5.30	5.30
Irian Jaya Power	—	2.60	2.60
East Java Sugar	6.23	11.29	17.52
Irian Jaya Fisheries Development	2.75	5.15	7.90
Minahasa Power	2.60	5.10	7.70
KOREA, REPUBLIC OF			
Incheon Port Development	16.30	—	16.30
Medium Industry Bank (Third)	30.00	—	30.00
LAOS			
Vientiane Power Distribution (Supplementary Loan)	—	1.35	1.35
MALAYSIA			
East-West Highway	9.30	—	9.30
Sabah Electricity Supply	9.80	—	9.80
Kuching-Sibu Water Supply	6.46	—	6.46
Kuantan Port	30.40	—	30.40
PAKISTAN			
Power Generation, Transmission and Distribution (Supplementary Loan)	6.60	2.20	8.80

Country/Project	Source of Funds		Total Amount
	Ordinary Capital Resources	Special Funds Resources	
Mangla Hydropower	12.80	3.90	16.70
Multan Fertilizer	19.75	7.75	27.50
PHILIPPINES			
Corrao Port Development	6.60	—	6.60
Angat-Magal Integrated Agricultural Development	3.60	6.00	9.60
Tarlac-Santa Rosa and Feeder Roads	3.60	—	3.60
Davao del Norte Irrigation	4.20	—	4.20
Manila International Airport Development	29.60	—	29.60
Private Development Corporation of the Philippines (Third)	25.00	—	25.00
SINGAPORE			
Development Bank of Singapore (Second)	10.00	—	10.00
SRI LANKA			
Gal Oya Sugar Industry	—	2.80	2.80
THAILAND			
Bangkok Water Supply	19.60	—	19.60
Metropolitan Electricity Authority Second Power Distribution	21.00	—	21.00
Vocational Education	3.30	3.10	6.40
TONGA			
Telecommunications	—	1.30	1.30
VIET-NAM, REPUBLIC OF			
Saigon Water Distribution	1.45	3.15	4.60
Saigon Telecommunications	2.48	3.72	6.20
Go Cong Pioneer Agricultural Project	—	2.10	2.10
WESTERN SAMOA			
Power	—	2.30	2.30
TOTAL	303.32	118.16	421.48

Note: Brief project descriptions are given on pages 35 to 40.

**LOAN APPROVALS BY SECTOR
1968-1973
(CUMULATIVE)**



Agriculture

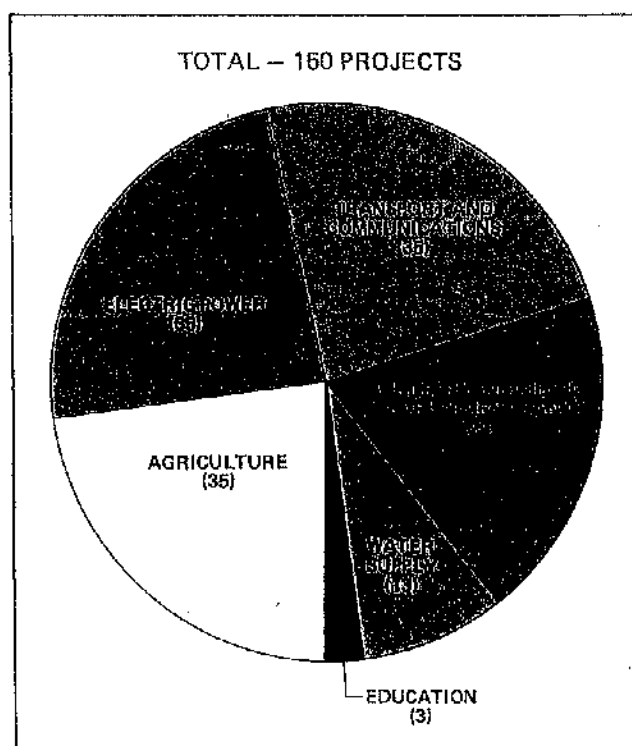
The Bank further developed its integrated and comprehensive approach to operations in this sector with particular emphasis on rural development and small-holder assistance. Ten loans totalling \$47.32 million for seven projects were approved in 1973, the highest annual amount since loan operations began in 1968 and an increase of 44 per cent over the amount approved in 1972. In all, the Bank has approved loans of \$172.05 million for 35 agricultural projects, equivalent to 12.5 per cent of the Bank's total loan approvals. Almost two-thirds—\$110 million—of the amount lent has been financed from Special Funds: agriculture accounts for 34.4 per cent—the largest sectoral share—of all loans from Special Funds resources. These figures include credit lines for agricultural development banks in Indonesia and Nepal amounting to \$5.8 million.

Three projects financed in 1973 were for water resources and area development, two were for agro-industrial schemes and two were for fisheries development. They were situated in Bangladesh, Indonesia, the Philippines, Sri Lanka and the Republic of Viet-Nam. The projects for water resources and area development and for agro-industries basically were directed towards food self-sufficiency and import substitution, and the two fisheries development projects were aimed at supplying both domestic and export markets.

The seven projects were financed with six loans for \$30.54 million from the Bank's Special Funds resources and four loans for \$16.78 million from ordinary capital resources. Three projects were financed with loans blended from both resources.

Area development projects financed in 1973 embraced a total new area of about 87,700 hectares.

**NUMBER OF LOAN PROJECTS BY SECTOR
1968-1973
(CUMULATIVE)**



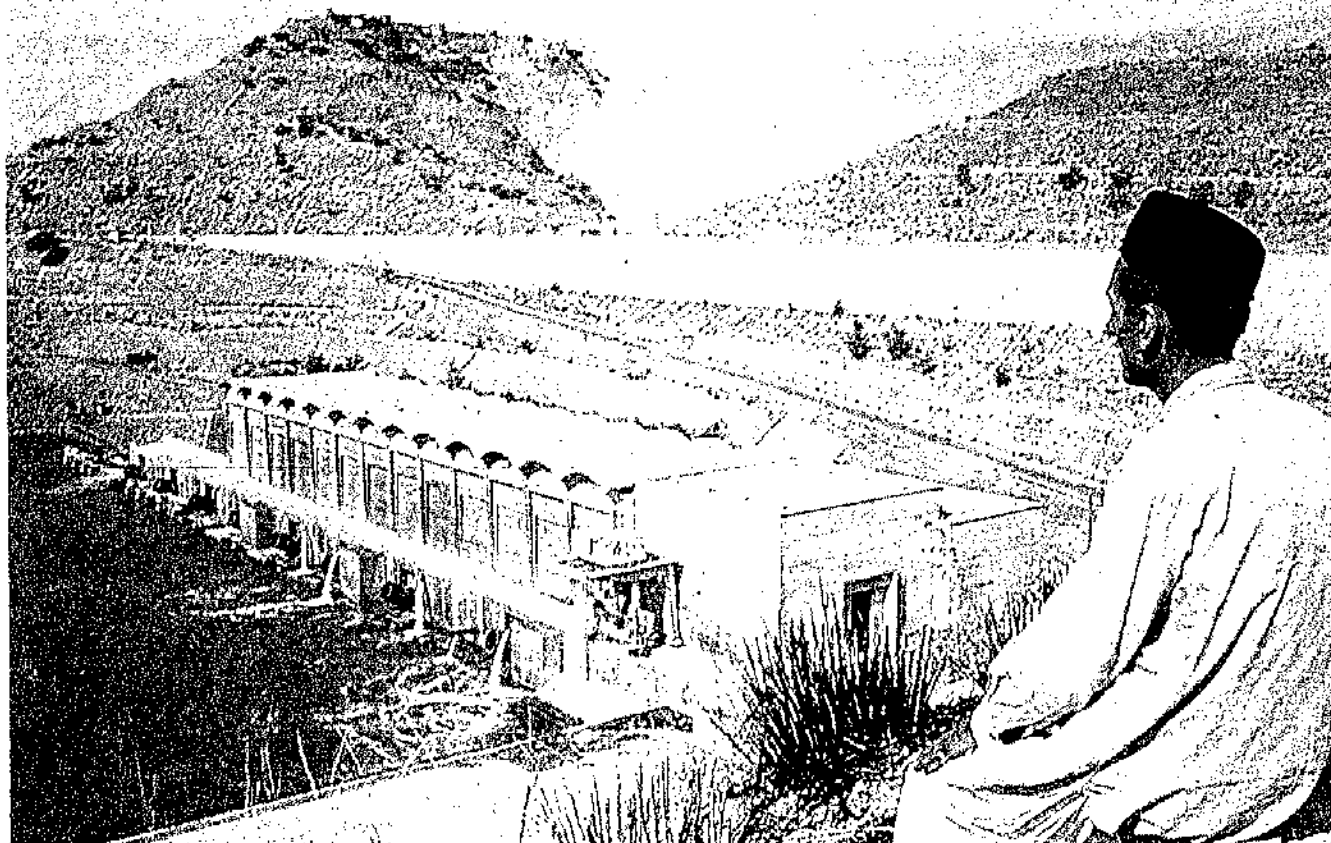
Pilot or demonstration farms were planned in the projects for Davao del Norte and Angat-Magat in the Philippines, and an arrangement to strengthen agricultural research, aiming at the introduction of new farming techniques in the project area, was made in the Go Cong Project in the Republic of Viet-Nam. Special care was taken to coordinate the measures for implementing the Angat-Magat Project with the Government's agrarian reform program.

The Angat-Magat, Davao del Norte, Go Cong and East Java Sugar Projects all resulted from project preparation activities undertaken as part of the Bank's technical assistance program.

AGRICULTURE—LOANS APPROVED IN 1973

(\$ million)

Country/Project	Source of Funds		Total Amount
	Ordinary Capital Resources	Special Funds Resources	
Bangladesh—Fisheries Development	—	3.20	3.20
Indonesia—East Java Sugar	6.23	11.29	17.52
Indonesia—Irian Jaya Fisheries Development	2.75	5.15	7.90
Philippines—Angat-Magat Integrated Agricultural Development	3.60	0.00	3.60
Philippines—Davao del Norte Irrigation	4.20	—	4.20
Sri Lanka—Gal Oya Sugar Industry	—	2.80	2.80
Viet-Nam, Republic of—Go Cong Pioneer Agricultural Project	—	2.10	2.10
TOTAL	16.78	30.54	47.32



Pakistan: A view of Mangla hydropower plant and dam, one of the largest earth-fill dams in the world. Bank assistance will help add new generators to improve the power supply in Pakistan.

Electric Power

Lending to the electric power sector enjoys a prominent place in the Bank's activities. Since making its first loan for power development in 1969, the Bank has helped finance 35 projects with loans of \$365 million to 18 electric power utilities at various stages of growth. Electric power accounted for 26.5 per cent—the largest single sectoral share—of the Bank's cumulative loan commitments at the end of 1973. Projects have been tailored to meet the generation, transmission and distribution needs of power systems of many different sizes, the utilities in the region ranging from 6 megawatts to 2,000 megawatts.

Eleven power projects were assisted with 16 loans for \$92.5 million approved in 1973. Five of the projects approved were for smaller or less developed systems in Western Samoa, Laos and in the outer islands of Indonesia. Financial assistance to the smaller systems is generally for urgent rehabilitation and expansion work that will assist local economic development.

The Bank also continued to finance projects for the larger or more developed utilities serving major urban areas where load growth has been rapid. Typical utilities in this category that received Bank loans in 1973 were the Metropolitan Electricity Authority in Bangkok, Thailand, and the Karachi Electric Supply Corporation Ltd. and the Water and Power Development Authority (WAPDA) in Pakistan. In these systems, the largest consumers of electrical energy are industrial and commercial establishments; however, in the case of the Water and Power Development Authority the agricultural power demands are also large and represent some 25 per cent of the total energy supplied.

Following a request from the Government of Laos, the Bank agreed to help mobilize funds from a number of

donor countries to finance the Phase II extension of the hydropower facilities at the Nam Ngum power plant and, when adequate funds—including a possible Bank contribution—are mobilized, to coordinate project implementation.

During the year, the Bank also extended power loans to two new member countries—Burma and Bangladesh.

ELECTRIC POWER—LOANS APPROVED IN 1973

(\$ million)

Country/Project	Source of Funds		Total Amount
	Ordinary Capital Resources	Special Funds Resources	
Bangladesh—Bangladesh West Zone Power	1.20	9.25	10.45
Burma—Power Transmission	2.10	4.00	6.10
Indonesia—Ujung Pandang Power	—	5.30	5.30
Indonesia—Irian Jaya Power	—	2.60	2.60
Indonesia—Minahasa Power	2.80	5.10	7.90
Laos—Vientiane Power Distribution (Supplementary Loan)	—	1.35	1.35
Malaysia—Sabah Electricity Supply	9.80	—	9.80
Pakistan—Power Generation, Transmission and Distribution (Supplementary Loan)	6.80	2.20	9.00
Pakistan—Mangla Hydropower	12.80	3.90	16.70
Thailand—Metropolitan Electricity Authority, Second Power Distribution	21.00	—	21.00
Western Samoa—Power	—	2.30	2.30
TOTAL	56.50	36.09	92.59

Industry including Development Banks

As part of a policy of fostering industrialization in its developing member countries, the Bank has made loans to industrial development banks for relending to small and medium-scale industries. Six loans for \$79.6 million to five development banks were approved in 1973 for the Bangladesh Shilpa Bank, the Fiji Development Bank, the Medium Industry Bank of the Republic of Korea, the Development Bank of Singapore and the Private Development Corporation of the Philippines. Additionally, the Bank financed a fertilizer project in Pakistan.

By the end of 1973, the Bank had made 22 loans totalling \$243.6 million for 20 credit lines to industrial development banks, and had given ten loans totalling \$99.2 million as direct assistance for nine industrial projects. The relative share of industry including development banks in the Bank's lending increased slightly during the year to reach 24.9 per cent at the end of 1973.

Under the national economic development plans of most developing countries, a vital role is assigned to the promotion and development of small and medium-sized industrial enterprises. The foreign currency needs of this sector have in part been provided by industrial banks, using the proceeds of the loans made available by the Bank. More than in other sectors, such financing by the Bank acts as a catalyst in mobilizing funds for investment from other sources and helps both to create employment and to develop skilled labor. Also, the development finance institutions assisted may provide more than finance: they expose the business community to modern techniques of corporate management and help to improve entrepreneurial skills.

As the industrialization process accelerates, it in turn increases the demand for foreign exchange for investment. The Bank has contributed to the infusion of the additional investment needed by making additional loans in relatively quick succession to its development bank borrowers; six of them had received a second or third loan from the Bank by the end of 1973.

As of 31 December 1973, the Bank's credit lines to development banks had resulted in 424 sub-loans to

enterprises concerned with textiles, food processing, engineering, leather, paper, wood, rubber, machinery and transport equipment. Most sub-loans had been utilized to manufacture basic consumer goods such as textiles and food products. This has helped developing member countries, in the first stage, to substitute for imports of these items and, subsequently, to build up their potential for exports, thereby strengthening their foreign exchange position. Lately, there have been more sub-loans for the manufacture of capital goods and intermediary goods, particularly in the chemical and engineering industries. This development is in line with the industrial advancement of some developing countries, as reflected in the gradual shift in manufacturing from consumer goods to capital goods.

The \$243.6 million the Bank has lent to development banks will lead to the financing of projects estimated to cost the equivalent of \$818 million.

INDUSTRY INCLUDING DEVELOPMENT BANKS

LOANS APPROVED IN 1973

(\$ million)

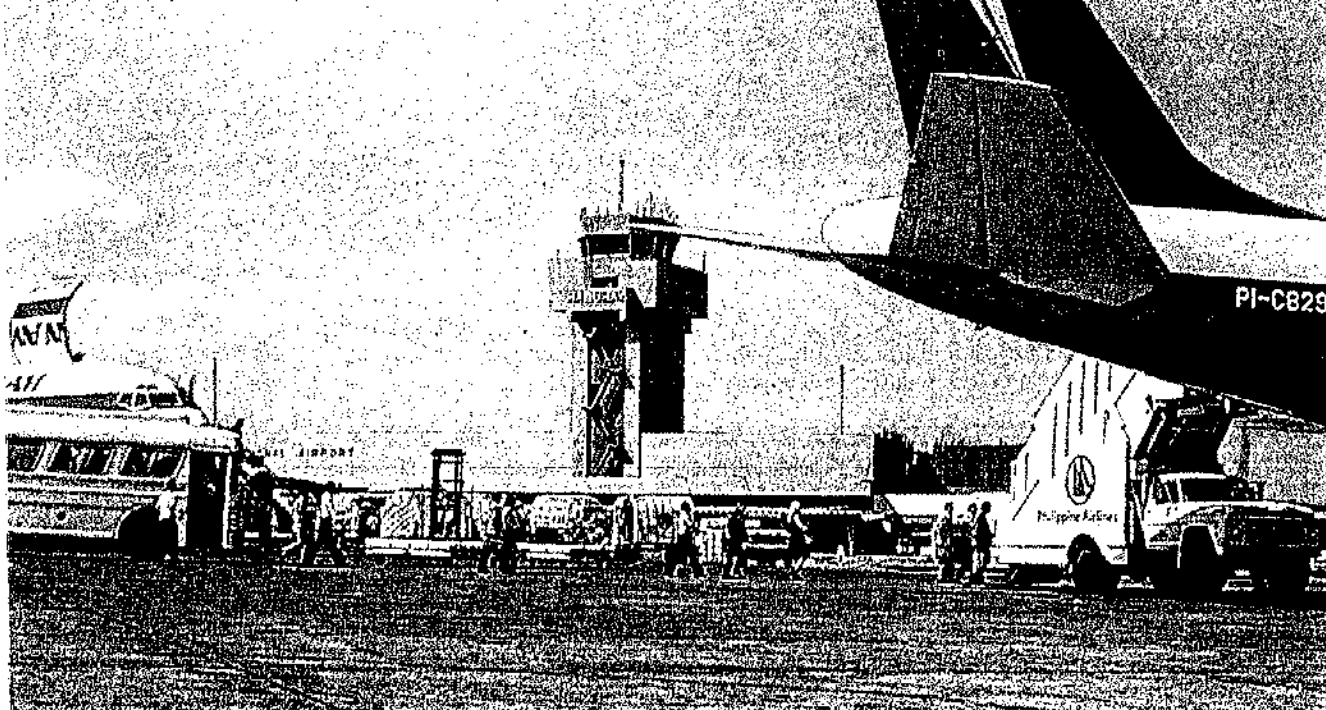
Country/Project	Source of Funds		
	Ordinary Capital Resources	Special Funds Resources	Total Amount
Bangladesh—Bangladesh Shilpa Bank	6.60	6.00	12.60
Fiji—Fiji Development Bank	2.00	—	2.00
Korea, Republic of—Medium Industry Bank (Third)	30.00	—	30.00
Pakistan—Multan Fertilizer	19.25	7.75	27.00
Philippines—Private Development Corporation of the Philippines (Third)	25.00	—	25.00
Singapore—Development Bank of Singapore (Second)	10.00	—	10.00
TOTAL	92.85	13.75	106.60

Fiji: A vitafoam mattress factory in Suva, a beneficiary of financial assistance from Fiji Development Bank.



Fiji: Handles are being stitched on to polythene bags in a factory in Suva assisted by Fiji Development Bank.





Philippines: Improvement and expansion of the Manila International Airport will be undertaken with Bank assistance.

Transport and Communications

Substantial growth occurred in the Bank's activity in the transport and communications sector in 1973, both in terms of loan approvals and in the range of projects financed. Twelve loans totalling \$125.0 million were approved for ten projects, compared with eight loans totalling \$67.55 million in 1972. This substantial increase in loan approvals is reflected in the increase in the sector's share of the Bank's total loan approvals, which rose from 21.4 per cent at the end of 1972 to 23.9 per cent at the end of 1973.

Of the ten projects approved in this sector, four were associated with ports in Bangladesh, the Republic of Korea, Malaysia and the Philippines; three with roads in Afghanistan, Malaysia and the Philippines; two with telecommunications in Tonga and the Republic of Viet-Nam; and one with an airport in the Philippines.

Most transport projects financed by the Bank have had the general objectives of opening up new areas and promoting the development of agriculture and other economic activity with a view to creating, among other things, new avenues of employment and wider dispersal of population. Notable among such projects financed in 1973 are those for the Helmand Valley Road in Afghanistan, Cotabato Port in the Philippines and Kuantan Port in Malaysia.

The Helmand Valley Road is the first transport project in Afghanistan to be financed by the Bank. The Upper Helmand Valley, in the southern part of the country, is one of its most productive agricultural regions and the road, which will traverse the entire length of the Valley, is expected to help develop the full potential of this hitherto undeveloped region. In the Philippines, the Cotabato port development in Mindanao is expected to be instrumental in accelerating the development of agriculturally-rich areas in the hinterland of the port, where the Bank has already financed a number of projects. The Kuantan Port Project in Malaysia is important for the development of vast areas in the eastern part of Peninsular Malaysia, where the Government has

taken up extensive area development projects with a view to generating new economic activities and encouraging migration from congested urban centers.

Increased activity in the sector is attributable partly to follow-up action on high-priority projects identified by the Southeast Asian Regional Transport Survey and partly to the completion of technical assistance programs for project preparation approved in 1973 or earlier. Five projects financed by the Bank in 1973 had been recommended in the Survey, and three others resulted from Bank-financed technical assistance.

TRANSPORT & COMMUNICATIONS—LOANS APPROVED IN 1973

(\$ million)

Country/Project	Source of Funds		
	Ordinary Capital Resources	Special Funds Resources	Total Amount
Afghanistan—Helmand Valley Development Road	—	14.90	14.90
Bangladesh—Chittagong Port	3.60	3.20	6.80
Korea, Republic of—Incheon Port Development	16.30	—	16.30
Malaysia—East-West Highway	9.30	—	9.30
Malaysia—Kuantan Port	30.40	—	30.40
Philippines—Cotabato Port Development	6.60	—	6.60
Philippines—Tarlac-Santa Rosa and Feeder Roads	3.60	—	3.60
Philippines—Manila International Airport Development	29.60	—	29.60
Tonga—Telecommunications	—	1.30	1.30
Viet-Nam, Republic of—Saigon Telecommunications	2.48	3.72	6.20
TOTAL	101.88	23.12	125.00

Water Supply

An adequate water supply is a basic need of any viable urban community and is vital for many industrial processes. Water supply also contributes to urban development in that it facilitates the introduction of modern sewerage systems. In recent decades, the marked growth in urban population in many of the Bank's developing member countries has emphasized the need for expansion in their water supply systems. Due to lack of resources and the prior claims of other investment needs, however, sizeable backlogs in investment in the water supply sector have developed.

The Bank's first loan to this sector was extended in 1968 for the Penang Water Supply Project and, by the end of 1972, approval had been given for nine loans totalling \$110.2 million. These loans were mostly for medium-sized urban water supply systems such as those in Singapore, Hong Kong, Busan, Daegu, Penang and Greater Ipoh, where capacities range from 100,000 to 1,000,000 cubic meters a day (CMD). Financing was also provided for systems that ranged in size from the large urban system of Seoul (2,000,000 CMD) to the small system of Malacca (below 100,000 CMD). Loans have been made for intakes, headwork transmission and pumping of raw water, treatment plants and the distribution and pumping of treated water.

During 1973, six loans for \$43.7 million were made to augment the water supply systems of Bangkok, Saigon, Kuching and Sibu (one loan), and Rangoon. The Bangkok Project involves parallel financing with the World Bank. The Bank has now made 15 loans for \$153.9 million to finance 13 water supply projects, the sector's share of total lending being 11.2 per cent.

Bank projects for water supply give particular consideration to the number of people to be benefited, particularly those in the lower income groups. Rangoon's water supply will be more than doubled. The Project for Bangkok is the first major construction stage in a 30-year expansion program. Sixty thousand new users will be provided for in Saigon. In Malaysia two cities, each with a population of less than 200,000, will benefit.

WATER SUPPLY—LOANS APPROVED IN 1973

(\$ million)

Country/Project	Source of Funds		
	Ordinary Capital Resources	Special Funds Resources	Total Amount
Burma—Rangoon Water Supply	4.50	8.50	13.00
Malaysia—Kuching-Sibu Water Supply	6.46	—	6.46
Thailand—Bangkok Water Supply	19.80	—	19.80
Viet-Nam, Republic of—Saigon Water Distribution	1.45	3.15	4.60
TOTAL	32.01	11.65	43.66

Education

Although lending for education is small, the Bank took steps in 1973 to provide a groundwork for greater activity in the sector. To increase its understanding of the problems of vocational education in selected developing member countries, and to identify areas in which the Bank could usefully assist, Education Sectoral Reconnaissance Missions were sent to Sri Lanka in April-May 1973 and to Indonesia in June-July 1973.

The Mission to Sri Lanka discovered possibilities for extending assistance for apprenticeship training and technical institutes, agricultural in-service training and vocational training centers. The Mission to Indonesia found that technical assistance was needed to develop engineering schools, technical training centers and vocational training centers.

Thailand: Learning skills in the National Institute for Skills Development in Bangkok. The Bank will assist vocational education and training institutes in six provinces and Bangkok.



Loans of \$6.4 million were approved during the year for a vocational education project in Thailand. This is the Bank's third education project, the others being for the Ngee Ann Technical College in Singapore (1970) and for the establishment of five vocational training institutes, including a prototype training center, in the Republic of Korea (1972).

During the year, the Bank began training activities on its own account with a pilot project for development bankers organized by the Bank's newly-established Training Assistance Unit (TAU), (see page 19).

Lending and Operational Policies

In 1973, increasing attention was paid to improving the planning of all spheres of Bank activity and to seeking more innovative approaches towards the tasks ahead. This effort involves, among other things, a continuous review of the Bank's lending and operational policies to make them better suited to the growing and changing requirements of the developing member countries. Some important policy reviews and adaptations to that effect were made during the year.

Terms and Conditions

The Bank's lending rate on ordinary capital resources remained unchanged during the year, at 7-1/2 per cent per annum, despite the worldwide upward trend in interest rates.

Terms on loans from Special Funds resources continued unchanged for the first half of the year. In June, however, in view of the prevailing shortage of Special Funds resources and pending the coming into effect of the Asian Development Fund, a Special Funds Supplementation Scheme was introduced to help the Bank to carry on Special Operations in 1973.

The Scheme applied to projects wherein the proposed Bank financing exceeded \$3 million; for each project concerned, ordinary capital resources were blended with available Special Funds resources in such a way that the grant element¹ for the package would reflect the grant element in the Special Funds loans made to the member concerned either in 1972 or, where no Special Funds loan for the member concerned was made in 1972, in the period January-June 1973. If neither of these situations was applicable, an appropriate grant element would be determined.

Projects to which this Scheme applied were financed, therefore, by two loans: one from Special Funds resources and one from ordinary capital resources. The loan from Special Funds carried a rate of interest of 1 per cent per annum (including a service fee of 3/4 of 1 per cent per annum), an amortization period of 40 years (including a ten-year grace period), and involved repayment of principal at the rate of 2 per cent per annum for ten years after the grace period and at 4 per cent per annum thereafter. The loan from ordinary capital resources carried the usual charges for such loans and such amortization period as might be justified. The proportion of Special Funds to ordinary capital resources within the total loan package was determined so as to yield an overall grant element determined on the basis indicated in the previous paragraph.

¹ See footnote on page 7.

The Scheme was not without its procedural, administrative and procurement difficulties both for the Bank and the borrowers. It was, however, a temporary measure to apply while Special Funds resources remained scarce; it enabled the Bank to continue, and, in fact, expand, its lending on concessional terms throughout the whole of 1973.

The Bank's commitment charge policy was examined during the year, with particular regard to the views expressed at the Sixth Annual Meeting of the Board of Governors in April 1973. As a result, the incidence of the charge was modified to ease the burden on borrowing countries. Previously, the commitment charge applied to project loans from ordinary capital resources at the rate of 3/4 of 1 per cent from a date 60 days after the loan was signed and was levied on the whole of the undisbursed portion of the loan. Under the revised policy, which is applicable to loans approved after 30 June 1973, the charge is levied on progressively increasing portions of the loan, less the amounts disbursed, starting from 15 per cent of the loan in the first year and rising to 100 per cent in the fourth year and thereafter.

Other Operational Policies

The policy of financing interest and other charges leviable during the period of project construction was reviewed during the year. It was decided that this facility should be made available more liberally, and that such financing should be provided on request in respect of lending from ordinary capital resources, subject to certain exceptions such as lines of credit to development banks. It was also decided that such financing should not be provided at present in Special Operations, pending a review of policy when the availability of Special Funds resources improved. In adopting a more liberal approach, the Board particularly had in mind the need to help those member countries with a heavy debt service burden and/or an adverse balance of payments. Such financing affords a certain measure of relief to the country concerned by postponing the payment of interest and other charges until the construction period of the project is over. It also temporarily alleviates the financial burden on the project entity concerned.

Early in the year, various aspects of Bank operations in the less developed of its developing member countries were considered at length with a view to exploring ways and means for accordng "special regard" to the needs of such countries, as required by the Bank's Articles. The problems and difficulties of such countries were examined and previous Bank operations in the countries concerned were reviewed. In order to make these operations more effective, consideration was given to a wide variety of measures, including local cost financing on which a staff study was being prepared at the end of the year.

A review of the Bank's experience in joint financing was made, covering general policy considerations and the related operational and technical arrangements. The general policy considerations were examined from various viewpoints and in relation to various forms of joint financing. Similarly, procurement arrangements and related matters and aspects of project appraisal, negotiations and loan administration were examined.

**COST OF TECHNICAL ASSISTANCE
BY SECTOR: 1967-1973
(CUMULATIVE)**

This review made it amply clear that, if an appropriate form of joint financing was available, the Bank could undertake projects of a larger size. The outcome of the review was that joint financing arrangements will be considered on the merits of each case with due regard to such matters as: (i) the operating principles of the Bank, particularly on procurement and uses of consultants; (ii) the role and functions of the Bank in respect to loan processing and loan administration; and (iii) diligence and economy in the execution of projects.

A review was made of those aspects of the Bank's lending operations relating to the Bank's choice of borrowers and the amortization period of loans; in the case of two-step lending, i.e., lending through intermediaries, the review also covered the interest rate and the amortization period on loans from the borrower to the beneficiary, and the use to be made of any counterpart funds that may accrue to the borrower where relending terms differed from the terms of the loan made by the Bank. It was decided to continue with existing practices in these matters, including the requirement that the Bank had an obligation to be satisfied as to the suitability of the relending terms in the circumstances of each case.

In view of the importance of the Bank's growing operations in the Indochina and South Pacific regions, two new operational Divisions were created during the year to provide better coordination of the Bank's activities in these two areas.

Post-Evaluation

During the year, a program for the post-evaluation of completed loan projects was initiated. Under the program, post-evaluation reports will be submitted to the Board of Directors. The first report, on the loan to Sri Lanka for the Modernization of Tea Factories Project, was considered towards the end of the year.

The main purpose of post-evaluation is to assess how far implementation was consistent with the intentions as reflected in the appraisal of the project, and the extent to which projects achieved the expected economic and social benefits. From such reviews of past experience, further improvements might be possible in planning and appraisal techniques and in project implementation.

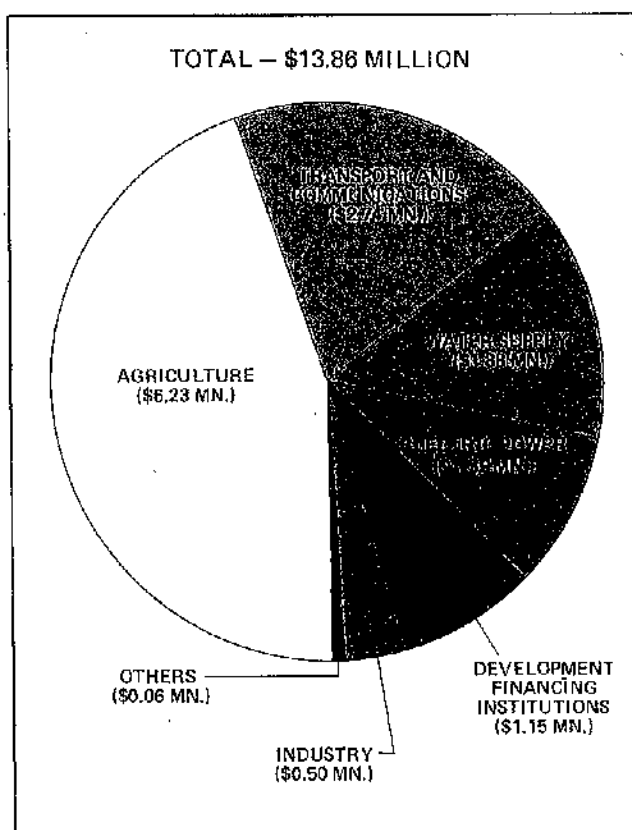
As of the end of 1973, disbursements had been completed on 17 loan projects. It is clear, therefore, that the program of post-evaluation activities will expand substantially in the near future.

Technical Assistance

The Bank's practice of providing technical assistance for the preparation and implementation of projects and for advisory purposes continued to be given strong emphasis in 1973. Altogether, 24 technical assistance projects (excluding regional activities¹) were approved in 1973 with a total cost of \$2.60 million, compared with 18 projects in 1972. Ten commitments were made for project preparation and 14 for advisory services (including nine made in conjunction with Bank loans).

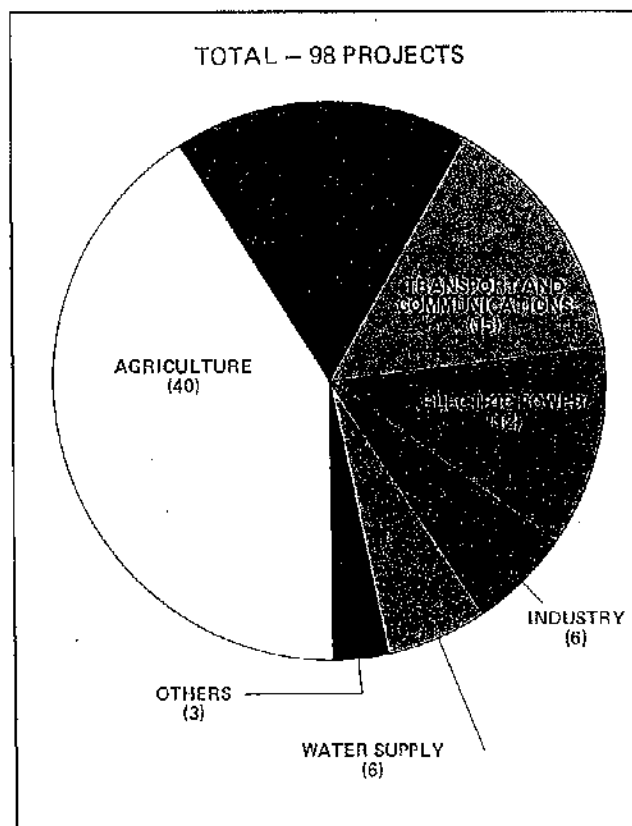
Technical assistance activities covered 12 countries: Bangladesh (five projects); Indonesia (four); the Philippines (three); Laos, the Republic of Viet-Nam and Western Samoa (two each); and Fiji, the Khmer Republic, the Republic of Korea, Papua New Guinea, Pakistan and Sri Lanka (one each).

¹ For description of regional activities in 1973, see pages 18 to 21.



NOTE: EXCLUDING REGIONAL PROJECTS

**NUMBER OF TECHNICAL ASSISTANCE
PROJECTS BY SECTOR: 1967-1973
(CUMULATIVE)**



NOTE: EXCLUDING REGIONAL PROJECTS

TECHNICAL ASSISTANCE TO MEMBER COUNTRIES IN 1973¹

Country/Project	Amount
BANGLADESH	
Bangladesh Shilpa Bank	\$ 100,000
Bangladesh Fisheries Development Corporation	71,000
Bangladesh Krishi Bank	71,000
Bangladesh West Zone Power	250,000
Chittagong Port	160,000
FIJI	
Fiji Development Bank	100,000
INDONESIA	
Minahasa Power	40,000
Irian Jaya Water Supply	60,000
East Java Sugar	45,000
Ports Study	500,000 ²
KHMER REPUBLIC	
Cambodian Development Bank	31,000
KOREA, REPUBLIC OF	
Namgang-Injin Area Development	230,000
LAOS	
East Sud Pioneer Agriculture	115,000 ³
Development Bank of Laos	34,000
PAKISTAN	
Mangla Hydropower	150,000
PAPUA NEW GUINEA	
Development Bank Staff Training Scheme	3,600
PHILIPPINES	
Davao del Norte Irrigation	27,000
ILO-Sponsored Comprehensive Employment Strategy Mission	18,000
Manila Water Supply	49,200
SRI LANKA	
Preparation of the Samanala Wewa Power	46,000
VIET-NAM, REPUBLIC OF	
Tan An Irrigation	80,000
Rubber Rehabilitation	84,000
WESTERN SAMOA	
Development Financing Institution	217,000
Power	37,500
TOTAL	\$2,597,300

1 Brief project descriptions are given on pages 35 to 40.

2 No Bank financing is involved as the Bank is acting as Executing Agent for UNDP.

3 No Bank financing is involved as the Bank is acting as the delegated Executing Agency of IBRD under a Plan of Operation for UNDP Regional Project REG 253 and a subsequent Memorandum of Understanding signed by the Bank, UNDP and the Mekong Committee.

The sectors involved were: development financing institutions (seven projects); agriculture (seven); power development (five); transport and water supply (two each); and employment strategy (one).

A major project approved in 1973 was a Ports Study in Indonesia. The Study aims at preparing long term develop-

ment plans for three important ports in Indonesia—Surabaya, Belawan and Panjang—and is being financed by UNDP with the Bank acting as the executing agent.

For the seven years 1967-1973, the total cost of the technical assistance approved by the Bank (excluding regional projects) was \$13.9 million. In this total, Agriculture accounts for the largest single share—44.9 per cent; Transport and Communications for 19.8 per cent; Industry including Development Banks for 11.9 per cent; Public Utilities for 23.0 per cent; and others for 0.4 per cent.

Eleven loan projects approved in 1973 resulted from technical assistance for project preparation extended in 1973 or earlier. The loans totalled \$61.9 million, whereas the cost of the technical assistance involved was \$1.12 million. Altogether, loans totalling \$207.1 million—including five loans totalling \$15.8 million arising out of technical assistance which was primarily advisory in nature—have resulted from technical assistance costing \$4.1 million.

Regional Activities

The Bank, in accordance with its obligations regarding regional development, has set out initially to acquire a general view of the economies of its developing member countries and then to examine what practical opportunities exist for projects with a regional or sub-regional character.

In establishing the basis for broad regional perspectives, the Asian Agricultural Survey (completed in 1968), the Study of Southeast Asia's Economy in the 1970's (completed in 1970) and the Southeast Asian Regional Transport Survey (completed in 1971) were of basic importance. Each of these surveys was a major undertaking, the first encompassing the entire region and the two others most of the countries of Southeast Asia.

In addition, a financial contribution was made to the Asian Industrial Survey (completed in 1973) conducted by the United Nations Economic Commission for Asia and the Far East (ECAFF), with the Bank being represented on the Consultative Committee for the Survey.

In a narrower area, the Bank was responsible for a study of the coconut industry in 13 of its member countries.

The extent to which, and the time at which, regional investment projects will emerge from this essential groundwork is difficult to predict since much depends on the attitudes of the countries concerned. Recent developments bear some promise for the future; for example, the preparations made for the development of a ferry service between Indonesia and Malaysia, and the progress—involving the Bank as administering authority—of the Nam Ngum Hydropower Project in Laos, in which Thailand will be supplied with electric power surplus to the requirements of Laos. In addition, of course, the Bank can never be unmindful of the effects of investment in one country on the economies of other countries and the process of independent, comprehensive appraisal in itself has regional implications of a positive character.

The Bank has also sponsored or supported a number of regional activities in which member countries have been independently associated. Foremost among these, because of the scope and potential of their activities in

the industrial sector, have been the two Regional Conferences (the fourth and fifth in the series) of the Development Banks of Asia, which the Bank convened in Manila in 1969 and 1973, respectively.

Regional Workshop on Irrigation Water Management¹

The ADB Regional Workshop on Irrigation Water Management started on 8 January 1973 at the Headquarters of the Bank in Manila and concluded on 27 January 1973 in Jakarta. It was one of a continuing series of efforts to ensure that, in accordance with the lessons derived from the Asian Agricultural Survey, the benefits from agricultural investments were maximized and were felt at grass-roots level.

The Workshop's two major objectives were: (i) to help expedite the successful implementation of Bank-assisted irrigation projects; and (ii) to catalog field experiences that would help improve the Bank's procedures for the preparation and implementation of irrigation projects.

There were 19 participants, of whom 13 were project managers involved in Bank-assisted irrigation projects in ten member countries, three were outside experts and three were Bank staff members; observers from the Food and Agriculture Organization (FAO) and the Mekong Committee were also present for some of the discussions. The Workshop visited eight irrigation projects and four agricultural research stations in the Philippines, Thailand and Indonesia and had 28 field discussions on various subjects relating to irrigated agriculture in Asia.

Progress in 13 irrigation projects assisted by the Bank was closely reviewed. Four elements were emphasized as essential for the successful implementation of an irrigation project: (i) a well-conceived agricultural development program and the early implementation of pilot schemes; (ii) the timely completion of terminal irrigation networks; (iii) the strengthening of farmers' organizations and education; and (iv) job-site and overseas training of project personnel.

In general, the Workshop provided a valuable opportunity for exchanges of ideas, information and experience, from which the participants, and the Bank projects on which they are engaged, should both benefit greatly. A report of the Workshop, including Guidelines for Irrigation Projects, has been circulated by the Bank.

Fifth Regional Conference of Development Banks of Asia

As proposed at the Fourth Regional Conference of Development Banks of Asia, the Bank convened the Fifth Regional Conference at its Headquarters in Manila from 14 to 17 August 1973.

The basic objective of these conferences is to provide a forum in which senior officials from the development banks of the region can exchange views on subjects of mutual interest. The growing importance of promotional activities of development banks provided the main subject for the Fifth Conference. A theme paper entitled "Operational Experience of Development Banks—Problems Encountered in the Promotion of Industrial Development" based on case studies prepared by a number of development banks in the region was discussed and

attention was focussed on three main problems: (i) the identification and development of viable projects; (ii) the development of entrepreneurs; and (iii) the organization of projects.

During their deliberations, delegates also emphasized the need for and the problems involved in the development of small-scale industries, the creation of new jobs through labor-intensive industries, the promotion of export-oriented industries and the balanced growth of different regions within each country.

Participating in the Conference were 68 representatives from 32 development banks in the region, seven non-regional development banks and institutions and nine international organizations, including the United Nations, the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization (UNIDO), and the World Bank Group. A Summary of Proceedings has been issued by the Bank.

The Conference requested the Bank to convene the Sixth Regional Conference in two or three years in consultation with a Liaison Group of Development Bankers set up during the Conference.

The Bank's Training Assistance Unit (TAU) was established early in 1973 in accordance with recommendations made by the Fourth Regional Conference of Development Banks of Asia. Initially, TAU will have the tasks of identifying training requirements among the developing member countries and arranging appropriate training facilities.

Regional Workshop for Small and Medium Industry Project Development

The Training Assistance Unit started its operational activities with the implementation in November and December 1973 of a Regional Workshop for Small and Medium Industry Project Development. The Workshop was held in cooperation with the Development Finance Institute of the Private Development Corporation of the Philippines (PDPC), Manila. Sixteen participants from nine development banks in the region attended. The training program was of practical nature, emphasizing specific techniques pertinent to the different aspects of project appraisals; case studies were provided by leading development banks in the region.

Nam Ngum Hydropower Project

An important new role assumed in the year by the Bank was that of coordinator for the second phase of the Nam Ngum Hydropower Project in Laos. Following a request from the Government of Laos, the Bank agreed to assist in mobilizing resources for the second phase of the Project and, when adequate resources were mobilized, to undertake the role of coordinating the execution of the Project. Earlier, the Bank had been represented at the pledging meeting organized by the Mekong Committee and held in Bangkok. In October 1973, the Bank convened a meeting of contributors in Manila to expedite the mobilization of contributions and the determination of appropriate arrangements for project implementation. The meeting was attended by representatives of Australia, Canada, France, the Federal Republic of Germany, India, Japan, Laos, the Netherlands, Thailand, the United Kingdom and the United States; New Zealand and the Mekong Committee were represented as observers. At the meeting, participants pledged or

¹ Approved in 1972.

renewed pledges for contributions totalling approximately \$24.3 million and reached agreement on the broad arrangements regarding the use of such contributions in the implementation of the Project.

Asian Productivity Organization Training Course

The Bank approved a technical assistance grant of \$30,000 to the Asian Productivity Organization (APO) for the Fourth APO Project Feasibility Study Training Course, similar to the course described in the Annual Report for 1972. The Third Course was held in Manila from 10 to 30 January 1973 and in Tokyo for a further four weeks, and was attended by 29 trainees from 12 APO member countries.

The Fourth Course was scheduled for January-February 1974.

Commodity Balance Sheets

The Bank agreed to participate with ECAFE, FAO and the Institute of Developing Economies (IDE) in Tokyo in a project to compile commodity balance sheets. The Bank's contribution consists of a grant to finance the services of professional personnel required for the task. The Project is expected to lead to improvements in the quality of data of this kind available in the region on the production and utilization of, and trade in, agricultural commodities, minerals and manufactures.

List of Regional Activities

By the end of the year, the Bank had undertaken 20 different regional activities, as shown in the Table on this page.

Developments in regard to activities approved before 1973, including action taken by the governments as follow-up to the Southeast Asian Regional Transport Survey, are described in the following paragraphs.

Southeast Asian Regional Transport Survey

In consultation with the Governments of Southeast Asian countries, the Bank continued to follow up the recommendations of the Southeast Asian Regional Transport Survey. It was represented at the two meetings of the Coordinating Committee of Senior Transport Officials of Southeast Asian Countries (COORDCOM) held during the year—the 14th meeting in Jakarta in June 1973 and the 15th meeting in Saigon in November 1973—at which progress on regional and national projects identified by the Survey was reviewed. Discussions were held with governments on specific projects identified by the Survey.

In addition to projects previously taken up for financing, loans were extended during the year to five more projects recommended in the Survey: (i) East-West Highway, Malaysia; (ii) Kuantan Port, Malaysia; (iii) Tarlac-Santa Rosa and Feeder Roads, Philippines; (iv) Cotabato Port Development, Philippines; and (v) Manila International Airport Development, Philippines. The Bank also took up a study to prepare long-term master plans for three important ports in Indonesia, namely, Surabaya, Belawan and Panjang. (See also Section below on Trans-Straits of Malacca Ferry Service.)

The Bank has maintained close contact with the Southeast Asian Agency for Transport and Communica-

REGIONAL ACTIVITIES—COMMITMENTS IN 1967-1973

New Commitments in 1973	Amount
Regional Conference of Development Banks of Asia (Fifth)	\$ 10,000
Nam Ngum Hydropower Project in Laos (Phase II)	— ¹
Asian Productivity Organization's Fourth Project	
Feasibility Study Training Course (Contribution)	30,000
PCCP-ADB Regional Workshop for Small and Medium Industry Project Development	70,000
ECAFE-Sponsored Regional Commodity Balance Sheets Project (Contribution)	50,000
Commitments in 1967-1972	
Asian Agricultural Survey	155,000
Asian Industrial Survey (Contribution)	200,000 ²
Asian Vegetable Research and Development Center (Contribution)	300,000 ³
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 (Contribution)	27,000
Panel Meeting on Development Bank Training Facilities	25,000
Regional Conference of Development Banks of Asia (Fourth)	15,000
Regional Seminar on Agriculture	56,000
Southeast Asian Regional Transport Survey	2,803,000 ⁴
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-Straits of Malacca Ferry Service	40,000

1 The Bank has agreed to assist in the mobilization of bilateral contributions and implementation of the Project.

2 Sponsored by ECAFE and estimated to cost \$817,000.

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

4 Including a United States Technical Assistance contribution of \$1 million and \$1,142,630 from UNDP.

tions Development (SEATAC), which has been established in Kuala Lumpur and provides a permanent secretariat for the COORDCOM. SEATAC has already recruited the nucleus of its staff and has approached the Bank, UNDP and bilateral agencies for assistance to finance the recruitment of expert professional staff. As a start, and in consultation with the Bank and SEATAC, UNDP has agreed to give preparatory technical assistance to SEATAC to enable it to prepare a three-year work program based on a detailed examination of the specific regional projects to be followed up in consultation with participating governments. The work program will provide a basis on which the Bank, UNDP and other agencies should be able to consider requests for further technical assistance for SEATAC.

Trans-Straits of Malacca Ferry Service

Field work on the feasibility of a ferry service across the Straits of Malacca, which would run from Belawan in North Sumatra to Penang in Malaysia, was completed during the year and a draft report, prepared by

the consultants, was submitted to the governments of the two countries concerned. The report was considered at a joint meeting of the governments in August 1973, at which it was concluded that the ferry service was highly desirable and should be implemented as soon as possible. Due to site difficulties for a ferry terminal at Penang and a proposed reduction in the size of the ferries suggested by the consultants, additional technical studies to scale down the recommended investment will be necessary. To prepare the project in the manner proposed, the Bank has suggested that SEATAC should be requested to undertake the additional technical studies, with Bank staff assistance if necessary.

LAWASIA Credit and Security Research Project

The Credit and Security Research Project undertaken by the Law Association for Asia and the Western Pacific (LAWASIA) was substantially completed during 1973. The Editors of the Project submitted national reports and an integrated report to the Bank.

The Project involved a study of the credit and security arrangements available to national development banks and similar financial institutions. The countries studied were Australia, the Republic of China, Indonesia, Japan, the Republic of Korea, the Philippines, Singapore, Sri Lanka and Thailand.

The Bank provided financial assistance, technical advice and administrative assistance to LAWASIA to implement the Project. The Ford Foundation also assisted the Project.

Interagency Cooperation

One of the Bank's functions under its Articles is to cooperate with the United Nations, its organs and subsidiary bodies, including in particular the Economic Commission for Asia and the Far East (ECAFE) and with other international and national institutions, both public and private, interested in development financing in the region.

Pursuant to this provision, the Bank has maintained close relations with the World Bank, whose pioneering role in the multilateral financing field has been of particular value to the Bank, and with the other regional development financing institutions, especially, among the multilateral institutions, the Inter-American Development Bank and the African Development Bank.

The annual consultation—the fourth in the series—between the Presidents of the Inter-American Development Bank, the African Development Bank and the Asian Development Bank was held in Nairobi, under the chairmanship of the President of the African Development Bank at the time of the 1973 annual meetings of the International Monetary Fund and the World Bank Group. The Senior Vice President of the World Bank also attended.

The Bank has kept in close touch with ECAFE and with other United Nations organs and Specialized Agencies whose activities are of interest to the Bank in its work. Specially important has been the growing cooperation with the United Nations Development Programme, for which the Bank is functioning as the executing agent for an increasing number of UNDP-financed projects. A special relationship exists with the Food and Agriculture Organization, with which the Bank concluded an Interim Arrangement for Cooperation in 1968.

International Bank for Reconstruction and Development (IBRD)

Cooperation with the World Bank has continued to expand and diversify.

Frequent consultations were held during the year on lending programs in several countries to ensure maximum coordination. Members of a number of World Bank missions visited the Bank, usually on return from assignments in the Bank's member countries, to discuss their findings and to share views with the Bank.

ADB-IBRD cooperation in the joint financing of projects expanded further. During the year, loans were approved for two projects in which the Bank became a co-lender with the World Bank—the Bangkok Water Supply Project in Thailand and the Multan Fertilizer Project in Pakistan. In the Bangkok Water Supply Project, the World Bank component mainly covers water treatment aspects and the provision of financial and management consulting services, while the Bank's component mainly covers the construction of trunk mains, distribution pipelines and groundwater wells. In the Multan Fertilizer Project, the distribution of responsibilities consists largely of financing separate plants.

The Bank and the World Bank have a continuing joint project on the collection and compilation of external debt data from the developing member countries of the Bank. It is planned to begin using a revised Manual for Reporting External Debt and Grants in 1974.

United Nations Development Programme (UNDP)

Cooperation with UNDP strengthened during the year, and involved exchanges of information on projects and reviews of country programs and the Bank's designation as the Executing Agent for several UNDP-financed projects. Consultations between Bank missions and UNDP Resident Representatives were held more frequently under a policy agreed upon by the two institutions. Efforts continued to be made to draw more extensively on UNDP pre-investment and feasibility studies in the Bank's operations.

The Bank was represented as an observer at the Regional Meeting of UNDP Resident Representatives during the year. The Bank also participated in the UNDP Expert Meeting on Coordination of External Resources for the Philippines.

The Bank has so far assumed the role of executing authority for four projects—one each in Indonesia, Laos, the Philippines and the Republic of Viet-Nam—involving financing by UNDP of \$2,199,300. UNDP had earlier contributed \$1.1 million towards the cost of the Bank's Southeast Asian Regional Transport Survey.

The Bank continued to act as Executing Agent for the UNDP-financed Laguna de Bay Project in the Philippines. Within the framework of the Memorandum of Understanding relating to pioneer agricultural projects in the Mekong area, under which the Bank became the delegated Executing Agency of IBRD for the Go Cong Pioneer Agricultural Project in the Republic of Viet Nam in 1972, the Bank assumed a similar responsibility for the Casier Sud Pioneer Agricultural Project in Laos in March 1973. During the year, the Bank also became Executing Agent for a UNDP-financed study for the

long term development of the ports of Surabaya, Belawan and Panjang in Indonesia.

Mekong Committee

In connection with its operations in Laos, the Khmer Republic, Thailand and the Republic of Viet-Nam, the Bank has continued to maintain close contact with the Committee for Coordination of Investigation of the Lower Mekong Basin. The Bank is participating with the World Bank in developing a series of pioneer agricultural projects in Laos, the Khmer Republic and the Republic of Viet-Nam, using funds provided by UNDP. This program arose mainly from initiatives taken by the Mekong Committee. In the case of one of these projects, the Go Cong Pioneer Agricultural Project, for which the Bank—as the delegated Executing Agency—had earlier extended technical assistance, a Bank loan of \$2.1 million was approved in 1973.

Another important related activity during the year was the Bank's assumption of the role of coordinator for the second phase of the Nam Ngum Hydropower Project in Laos (see page 19). A pledging meeting, at which the Bank was represented, was organized by the Mekong Committee in Bangkok on 31 May 1973 and the Bank itself convened a further meeting of donors in October.

During the year, Bank representatives attended an informal meeting of the Mekong Committee held in Bangkok in March and the 62nd Session of the Committee held in Tokyo in April.

Others

Cooperation with other agencies and institutions continued during the year, mainly through Bank participation in selected symposia, conferences and meetings. The Bank was represented at the 29th Session of ECAFE and at the meetings of the Transport and Communications Committee and the Sub-Committee on Tourism and Facilitation of International Traffic. Bank representatives also participated in the 13th South Pacific Con-

ference, the On-Farm Water Management Symposium sponsored by the United States Agency for International Development, and the Interagency Consultation Meeting on the FAO proposal regarding international action to assure adequate basic food stocks. Bank cooperation during the year with the International Labour Organisation (ILO) was mainly in the form of a technical assistance contribution to the latter's Comprehensive Employment Strategy Mission to the Philippines. The Bank was represented at the meeting of experts sponsored by the Development Assistance Committee of OECD to review aid evaluation policies and procedures. Discussions were held with the Asian Institute for Economic Development and Planning to explore possibilities for future Bank cooperation in the activities of the Institute.

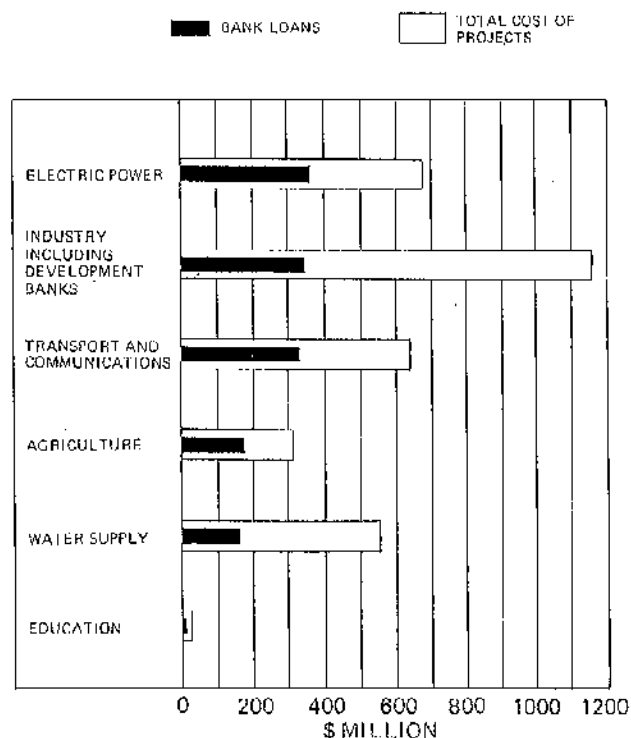
During the year, Bank representatives attended meetings of aid-consortia and consultative groups for Indonesia, Pakistan, the Philippines, Sri Lanka and Thailand, a meeting of aid-giving countries and institutions convened by the Government of Bangladesh and the Donors Meeting on Foreign Exchange Support Fund and Post War Reconstruction of the Khmer Republic.

Loan Administration

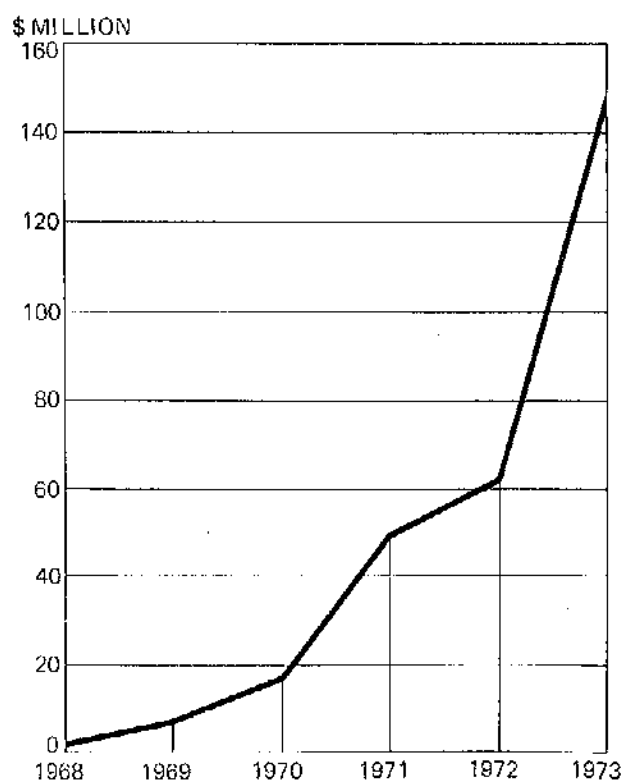
As a result of continuing efforts to accelerate the utilization of approved loans, there were significant increases in 1973 in the amounts of contracts awarded and in disbursements. The increase in disbursements was particularly substantial, from \$61 million in 1972 to \$146 million in 1973. As proportions of net effective loans, contracts awarded and disbursements were 44.6 and 28.2 per cent, respectively, in 1973 compared with levels of 38.5 and 19.4 per cent in 1972. Details of contracts awarded and disbursements by the end of 1973, in relation to loans that became effective in the period 1968-1973, are shown in the table on page 23.

In 1973, disbursements were completed on seven loans; at the end of the year, there were 17 closed loans.

**TOTAL COST OF PROJECTS AND
BANK LOANS BY SECTOR: 1968-1973
(CUMULATIVE)**



LOAN DISBURSEMENTS: 1968-1973



CONTRACTS AWARDED AND DISBURSEMENTS UNDER EFFECTIVE LOANS¹

Year	Loans Becoming Effective in Year		Contracts Awarded by End-1973		Disbursements by End-1973	
	Number	\$ million ²	\$ million	%	\$ million ³	%
1968	4	20	20	100.0	19	95.0
1969	9	47	45	95.7	46	97.9
1970	15	70	59	83.8	52	74.2
1971	39	267	176	65.8	112	41.8
1972	26	292	101	34.7	38	12.9
1973	37	305	46	14.8	10	5.3

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

2 Net of cancellations and amounts transferred to subsequent loans.

3 Includes interest financed during construction.

Loan cancellations were \$6.59 million, consisting mainly of amounts left undisbursed after closing of the loans and a reduction in the amount of one loan.

During the year, 54 review missions were mounted, compared with 56 in 1972, to follow the progress of, as well as to examine problems and difficulties encountered in, project execution.

Efforts were made in 1973 to provide more information at an earlier stage of project processing. For the benefit of prospective suppliers of goods and services, press releases issued when loans are approved now contain considerable additional information, relating, in particular, to the consultant services and procurement involved in the projects concerned.

Realizing the need to accelerate the pace at which contracts have been awarded so that the rate of disbursement will be further improved, the Bank began a review of procurement practices and procedures to determine, in the light of past experience and the rapid changes in international marketing conditions, possible improvements.

Currency realignments posed some problems relating to the evaluation of bids and to cost overruns. Because of unstable exchange rates, it became necessary to provide borrowers with a flexible, and more appropriate basis for comparing bids. It was decided, therefore, to amend the Bank's Guidelines on Procurement so that, in the evaluation of bids, the Borrower may either:

- (i) apply exchange rates prevailing at a reasonable date (say 30 days) prior to the date fixed for the opening of bids and make arrangements whereby all prospective bidders may receive notification of such rates at a reasonable time (say 15 days) before the date fixed for the opening of bids; or
- (ii) apply exchange rates prevailing on the date of opening of bids, providing that any subsequent change in exchange rates occurring before the decision to notify the successful bidder of the award of the contract, should be taken into account.

In relation to cost overruns on Bank-financed projects, simplified procedures were adopted for approving supplementary loans of up to \$500,000 or the equivalent of 10 per cent of the original loan amount, whichever amount was lower, in cases where the cost overrun was due to currency realignments and price increases. Floor limits were prescribed in regard to the amount of the cost overrun that might be considered for financing by the Bank (over \$100,000 or equivalent to 5 per cent or more of the original loan).

In collaboration with the International Federation of Consulting Engineers (FIDIC), the Bank organized a meeting with consulting firms to discuss such basic questions as the Bank's procedures for the identification and preparation of projects, the relative roles of consulting firms and individual experts, the Bank's practices and procedures for selecting consultants, the role of domestic consulting firms and the relationship between consultants and government agencies.

Practices and procedures relating to the uses of consultants by the Bank and its borrowers were reviewed in 1973. The Bank's Guidelines on the Uses of Consultants were amended to the effect that: (i) other things being equal, preference shall be given to domestic consultants or combinations of consulting firms including consultants from both developed and developing member countries; (ii) the names of firms to be solicited for proposals shall be submitted to the beneficiary for comment and statement of any objections before the invitations or proposals are sent out; (iii) selection of the most suitable proposal shall be on the basis of technical qualifications (i.e., plan of approach to work, proposed work schedule, experience and capability of personnel to be assigned and quality of supervisory leadership to be furnished) to perform the work, rather than on the basis of the best known or the most experienced firm; and (iv) representatives of the beneficiaries shall be invited to participate as observers in the negotiations with consultants for Bank technical assistance activities. A further review of certain aspects of the Guidelines is contemplated in 1974.

ORDINARY CAPITAL RESOURCES AND FINANCIAL MANAGEMENT

Capital

The Bank's authorized capital stock was \$3,385,716,500 on 31 December 1973. The subscribed capital was then \$2,724,855,126, having increased by \$275,530,340 during the year as a result of subscriptions: (i) from new members; (ii) to a special increase in the capital stock by one member; and (iii) from additional subscriptions to the capital increase authorized in 1971.¹

Bangladesh became a member of the Bank on 14 March 1973 and subscribed to 3,750 shares valued at \$45,238,125.

Burma became a member of the Bank on 26 April 1973 and subscribed to 2,000 shares valued at \$24,127,000.

The British Solomon Islands Protectorate became a member of the Bank on 30 April 1973 and subscribed to 25 shares valued at \$301,587.50.

The Board of Governors, by Resolution No. 55 adopted on 16 February, authorized a special increase in the capital stock of the Bank by \$48,254,000, divided into 4,000 shares. The full amount authorized under the Resolution was subscribed by the Republic of Korea, 32 per cent of which was paid-in shares payable in four equal annual instalments and 68 per cent in callable shares. The first instalment of the paid-in portion was paid on 6 April.

By the end of the year, 32 members had subscribed to the capital increase authorized by the Board of Governors in Resolution No. 46 adopted in November 1971. Subscriptions to the increase were \$1,421,164,745 at the end of 1973. Twenty-nine members paid the first instalments of the capital increase during 1973 and three members exercised the option under special arrangements approved by the Board of Governors (Resolution No. 53 adopted on 9 November 1972) to make payments of the paid-in portion of their subscriptions to the capital increase in two equal instalments, the first of which is to be paid not later than 6 April 1975 and the second not later than 6 April 1976.

¹ In addition, there was a restatement of capital subscribed before 1973 due to the devaluation of the United States dollar used as the Bank's unit of account (see page 25); the restatement had the effect of increasing the subscribed capital by \$244,833,928.

Extensions of the time for subscribing to the increase in authorized capital stock were approved by the Board of Governors under Resolution No. 56 adopted on 20 February 1973, Resolution No. 65 adopted on 28 August 1973 and Resolution No. 69 adopted on 18 December 1973. Under Resolution No. 69, the closing date for subscriptions was extended to 30 June 1974. As at the end of 1973, six members had yet to exercise their right to participate in the capital increase.

Borrowings

The Bank made two borrowings in 1973.

In April, the Bank raised 20 million United States dollars by the sale of 6-3/4 per cent Two-Year Dollar Bonds at par to the central banks and government agencies of regional members. This issue was the Bank's second issue of two-year bonds within the region, being the roll-over of the \$20 million Two-Year Dollar Bonds of 1971.

In September, the Bank accepted the offer of a United States dollar loan equivalent to 200 million Austrian Schillings from the Government of Austria. The loan is for a term of 15 years, including a five-year grace period, at 4 per cent interest per annum, and is to be drawn down in two tranches. The first tranche was paid on 1 October 1973 in the amount of \$5.6 million, which was equivalent to 100 million Austrian Schillings at the dollar-schilling exchange rate of the Austria National Bank in effect on that date. The second tranche was paid on 2 January 1974 and was in the amount of \$5.0 million.

In view of the high interest rates prevailing in the major capital markets since the early part of the year, the Bank's borrowing operations remained restricted.

Sales of Loans (Loan Participations)

The Bank continued its practice of seeking participations in project loans made from ordinary capital resources. Participations, which are in the form of sales—in United States dollars—of the early maturities of project loans, are sought from commercial banks and other institutions at the same rate of interest as the Bank charges its borrowers. Such participations do not carry the Bank's guarantee of repayment by borrowers.

On account of high interest rates, new participations secured by the Bank in 1973 were only of the order of \$900,000. Six loans were involved. At the end of the year, aggregate loan participations of \$14.01 million had been arranged for 26 project loans; \$5.82 million had been collected from participants to meet the disbursement claims of borrowers and \$3.88 million had been repaid to participants in earlier loans.

Early in the year, the question of loan participation arrangements was considered in relation to the Bank's liquidity position. It was agreed that, although loan participations were not then necessary to replenish resources, efforts to seek such participations could continue in order to sustain the interest of commercial banks and other institutions in the Bank. The Board of Directors authorized the sale of portions of loans, without the Bank's guarantee, up to a maximum aggregate of \$20 million.

Accumulated Income and Ordinary Reserve

Under the provision of Article 40 of the Articles of Agreement, the net income of the Bank for the years 1967 through 1972—aggregating \$48,146,285—was allocated to the Bank's Ordinary Reserve in terms of resolutions adopted by the Board of Governors at the First through the Sixth Annual Meetings. As a result of restatements of the Bank's capital stock (see Section below on Unit of Account), an amount aggregating \$13,180,045 was charged against the Bank's Ordinary Reserve. At the end of 1973, therefore, the Bank's Ordinary Reserve was \$34,966,240. The net income for 1973, \$15,657,480 (see Section below on Income and Expenses and Appendix 1-II), is available for allocation by the Board of Governors.

Loan Disbursements and Repayments

During the year, disbursements¹ on loans to member countries were \$120.3 million, bringing total disbursements to \$239.0 million as of 31 December 1973.

Borrowers repaid \$6.8 million to the Bank during 1973, bringing total repayments to \$10.0 million.

Member Currencies

Following the de facto devaluation of the United States dollar on 12 February 1973, adjustments of exchange rates have taken place in respect of the currencies of most member countries. The Bank has adopted the new exchange rates of the currencies of member countries for translation of currencies and maintenance of value purposes at new par values, new central rates, market rates or at the rates used in making payments of the first instalment of subscriptions to the increased capital of the Bank.

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

Unit of Account

From the inception of the Bank in 1968 to 7 May 1972, its unit of account was the United States dollar with a gold content of 0.888671 gram of fine gold.

Consequent upon the devaluation of the United States dollar in 1972 and 1973, the unit of account from 8 May 1972 to 12 February 1973 was the United States dollar with a gold content of 0.818513 gram of fine gold, and after 12 February 1973 was the United States dollar with a gold content of 0.736662 gram of fine gold. Since the Bank's capital is defined in the Articles of Agreement (Article 4, paragraph 1) in terms of the United States dollar of the weight and fineness in effect on 31 January 1966, namely, with a gold content of 0.888671 gram of fine gold, the capital stock of the Bank was restated in terms of the United States dollar used as the Bank's unit of account by an increase of 8.57 per cent in 1972 and by a further increase of 11.11 per cent in 1973. An important effect of such restatement of the capital stock, and also of the retranslation of other currencies in terms of the Bank's unit of account, has been a net charge of \$5,769,477 in 1972 and of \$7,410,568 in 1973 against the Ordinary Reserve of the Bank.

Liquidity Policy

The liquidity policy adopted in 1972 was reviewed early in 1973. Note was taken of the considerations having a direct bearing on the Bank's liquidity position and of the need for the Bank to project a sound financing image in the capital markets. It was decided to continue with the policy adopted in 1972, namely, that the Bank's liquid assets would be maintained at not less than two-thirds of three years' projected loan disbursements. The policy would continue to be reviewed annually.

Investments

At the end of the year, the Bank's investments—held in 19 convertible currencies and in one non-convertible currency—totalled the equivalent of \$409,893,326, of which 28 per cent was held in government securities or government-guaranteed obligations of member countries and 72 per cent was held 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, 37 per cent was invested in securities maturing within one year and 63 per cent was invested in securities maturing after one year; of the total investments in time deposits or certificates of deposit of banks in member countries and with the Bank for International Settlements, 50 per cent was invested in deposits maturing within one year and 50 per cent was invested in deposits maturing after one year.

Income and Expenses

Gross income for the year was \$46,280,868. After deducting \$1,841,653 as commissions appropriated to the Special Reserve to meet the Bank's liabilities on borrowings or guarantees, as provided in Article 18 of the Articles of Agreement, the unappropriated income for the year was \$44,439,215.

Administrative Expenses for the year were \$11,136,950, of which \$3,271,000 was charged to Special Funds resources as an Administrative Charge

¹ For disbursements on loans from Special Funds, see page 30.

to Special Operations.¹ Net Administrative Expenses attributable to ordinary operations for 1973, therefore, were \$7,865,950. (During the year a Supplementary Budget of \$770,000 was approved by the Board of Directors to meet increased administrative expenses.)

The cost of Services to Member Countries during the year, excluding \$1,087,535 charged to the Technical Assistance Special Fund, was \$757,141.

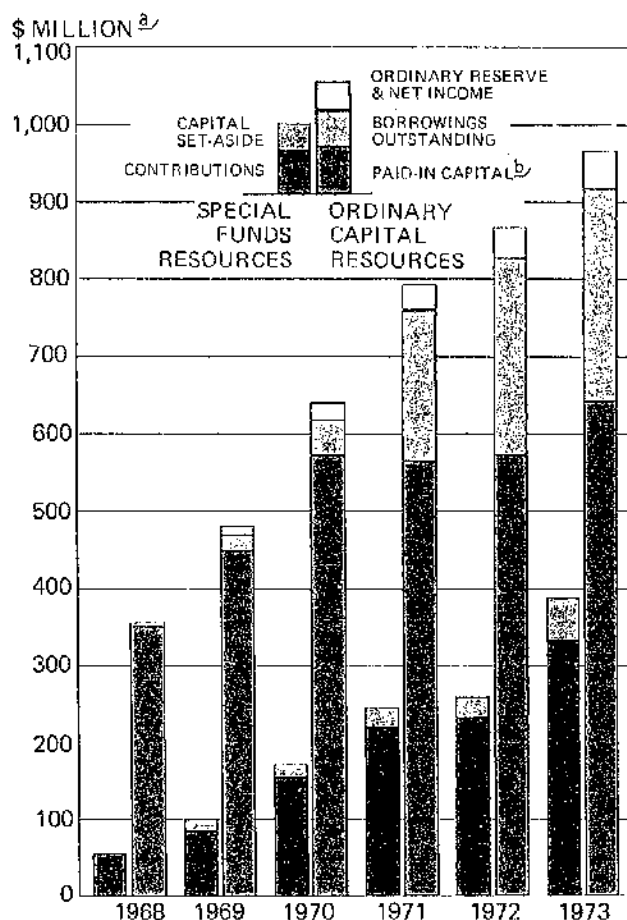
Financial Expenses were \$18,683,819.

Changes in the Value of Currencies resulted in a net loss of \$1,474,825.

Gross expenses for the year amounted to \$28,781,735; Net Income for the year, therefore, was \$15,657,480, as shown in Appendix 1-II.

1 An Administrative Charge to Special Operations was instituted in 1971 and modified effective 1973. The formula takes into consideration administrative expenses (after excluding certain items from the computations) and the number and amounts of loans approved during the year. Effective 1973, all income of Special Funds Resources (including accumulated income up to the end of 1972 but excluding income of the Technical Assistance Special Fund) is available to meet the Charge.

FINANCIAL RESOURCES: 1968-1973



INCOME AND EXPENSES

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

	1972 Actual	1973 Budget ¹	1973 Actual	1974 Budget
I. ORDINARY CAPITAL RESOURCES				
1. Gross Income Net of Special Reserve	32.6	44.3	44.4	53.5
2. Less Expenses Charged to Ordinary Capital Resources Comprising:	6.8	10.2	8.6	9.7
a. Administrative Expenses ²	5.6	8.0	7.9	7.8
b. Services to Member Countries	1.2	2.2	0.8	1.9
3. Residual Gross Income	25.8	34.1	35.8	43.8
4. Less Financial Expenses	14.4	18.9	18.7	23.0
5. Less Changes in Value of Currencies	0.2	—	1.6	—
6. Net Income	11.2	15.2	15.7	20.8
II. SPECIAL FUNDS RESOURCES²				
1. Administrative Expenses Allocated to Special Funds Resources ³	3.9	3.3	3.3	5.6
2. Expenses Charged to Technical Assistance Special Fund Comprising:	1.4	1.0	1.3	1.8
a. Administrative Expenses	0.1	0.1	0.2	0.1
b. Services to Member Countries	1.3	0.9	1.1	1.7
III. AGENCY TRUST FUNDS⁴				
Services to Member Countries		1.0	1.2	0.8

1 Including the Supplementary Budget approved in November 1973.

2 An Administrative Charge to Special Operations was instituted in 1971 and modified effective 1973. The Charge is calculated on the basis of a formula for apportioning administrative expenses between ordinary capital and Special Funds resources. The budgeted figures for 1973 and 1974 have been amended to reflect the effect of the modified formula.

3 Excluding the Technical Assistance Special Fund.

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

SPECIAL FUNDS

Restructuring and Resource Mobilization Proposals

In the Annual Report for 1972, reference was made to the need for restructuring the Bank's Special Funds to create a more appropriate and effective framework for the financing of concessional lending operations. It was indicated that the Board of Directors was studying proposals in this regard, and that discussions had started with potential contributor countries on procedures for organizing the mobilization of Special Funds resources. Significant progress towards these goals was made in 1973 and, by the end of the year, there were grounds for confidence that a successful conclusion would be reached during 1974.

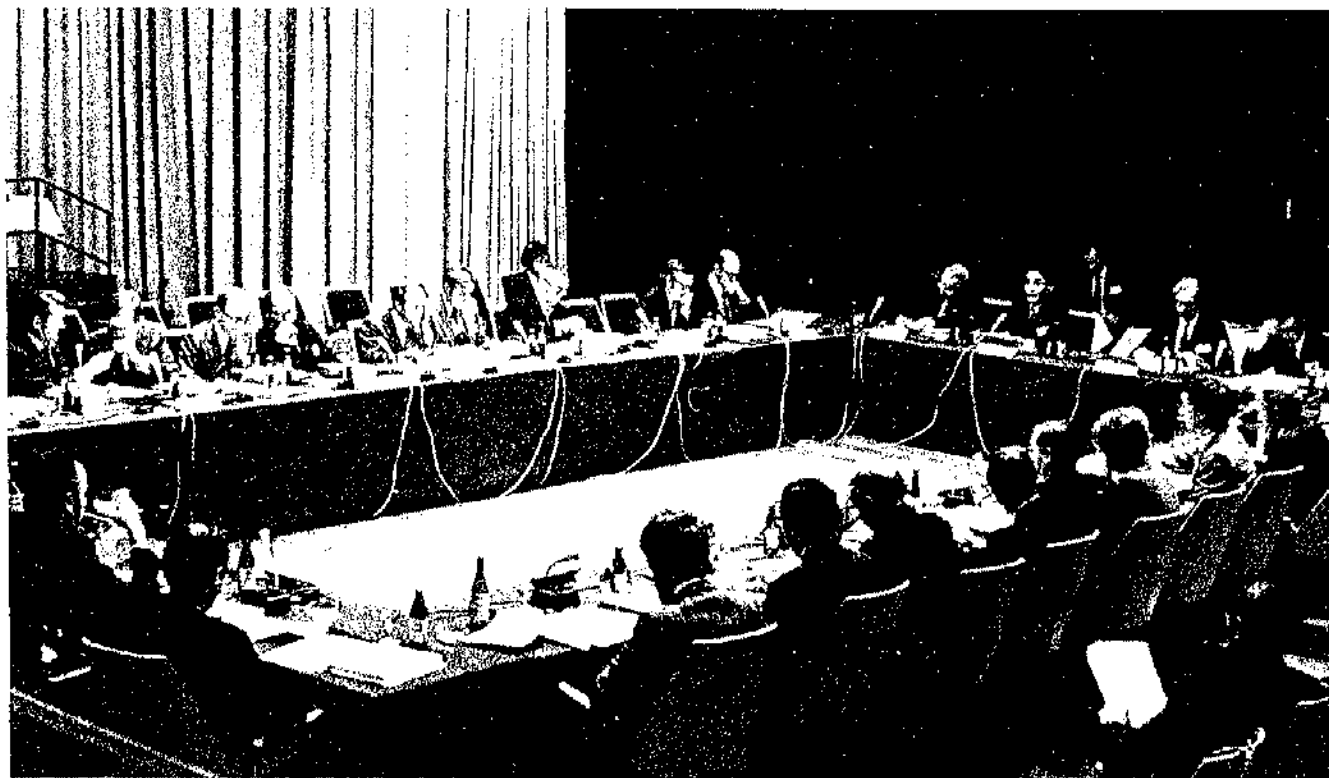
As a preliminary measure, steps were taken to wind up the Agricultural Special Fund. This Fund had served a useful purpose in the initial stage of the Bank's concessional lending operations, both as a symbol of the importance attached by the Bank to agricultural development in Asia and as a means of attracting resources for financing such development. The Bank's lending record in the agricultural sector now furnishes sufficient evidence of the importance the Bank attaches to agricultural development, and the existence of a separate Agricultural Fund no longer accords with the organizational and administrative requirements of the Bank as it enters a new stage of growth. Recognizing this, two of the existing contributors to the Fund (Japan and the Netherlands) agreed early in the year to transfer their contributions to the Multi-Purpose Special Fund. With the repayment of a small amount still due to Denmark on account of its original loan contribution, the way was clear for the formal termination of the Agricultural Special Fund. This occurred on 22 May 1973.

Meanwhile, at the Sixth Annual Meeting in April, the Board of Governors took a decision of far-reaching significance for the development of a sound financial structure for the Bank's concessional lending operations when it approved in principle the establishment of an Asian Development Fund. This new Fund is conceived of as a pool of reciprocally untied resources contributed initially by developed member countries and periodically replenished; the Fund would be drawn upon by the Bank to finance all its concessional loans in accordance

with policies and procedures approved by the Board of Directors from time to time. Acting on a recommendation of the Board of Directors, the Governors adopted Resolution No. 62 outlining the principles that should govern the proposed new Fund. At the same time, the Governors urged potential contributors to cooperate with the Bank in arriving at mutually acceptable arrangements for an initial mobilization of resources for the Fund, sufficient to cover the Bank's concessional lending program up to the end of 1975.

The Bank continued its discussions, initiated in 1972, with potential donors on arrangements for mobilizing resources for the Asian Development Fund. Meetings with representatives of most of the Bank's developed member countries were held in London, Manila and Bonn under the chairmanship of the Special Advisor to the President, Sir John Chadwick. The discussions at these meetings were characterized throughout by a full appreciation of the significance—for the future of the Bank and its ability to carry out its role in Asia effectively—of the goals which the Bank has set for itself, by a firm willingness to assist the Bank in attaining those goals, and by a pragmatic approach to the resolution of difficulties that lie in the way. At the conclusion of the meeting in Bonn, 14 of the Bank's developed member countries were able to join in a declaration accepting, as the basis for recommending such legislative action as may be necessary, a detailed resource mobilization scheme.

The scheme as negotiated was then put forward by the Board of Directors for approval of the Board of Governors, and was duly adopted by the Governors in two Resolutions on 20 November 1973. The Resolutions authorize the Bank to accept initial contributions from developed member countries to the Asian Development Fund, in a total amount of \$525 million. The contributions are to be made available to the Bank under a program divided into two Stages. Contributions to the First Stage, in an aggregate amount of \$350 million, are to be committed to the Bank by 30 June 1974 or such later date as the Board of Directors may determine, and will become effective when total commitments of at least \$260 million have been received. Contributions under the Second Stage, in an aggregate amount of \$175 million, are to be committed



Asian Development Fund: Representatives of developed member countries meet in Bonn to discuss arrangements for mobilizing Special Funds resources.

to the Bank by 30 June 1975 or such later date as the Board of Directors may determine, and will become effective when total commitments of at least \$130 million have been received. The Asian Development Fund itself will come into existence only when contribution commitments under the First Stage become effective.

The arrangements approved by the Governors reflect, inter alia, the inevitable difficulties of moving from a practice whereby individual Special Funds contributions have been made in amounts and on terms conforming to no prearranged pattern, to an organized system for mobilizing resources on uniform terms. In particular, having regard to legislative action that was already in process in one important donor country when the negotiations began, it has been necessary to make provision for the acceptance, in exceptional cases, of lated contributions under the First Stage of the program. This Stage can therefore be regarded as a transitional phase, during which contributors will have an opportunity to fulfil earlier pledges. With the coming into effect of the wholly untied Second Stage of the program, the Bank will have fully achieved its objective of a truly multilateral Fund.

Another noteworthy feature of the resource mobilization arrangements results from the fact that, although they are designed to cover the operational requirements of the Bank for the three-year period ending 31 December 1975, they will not in fact come into effect until the second year of the period. Provision has been made to bring within the scheme amounts contributed to the Multi-Purpose Special Fund on the old bilateral basis after 31 December 1972, by permitting the contributor

the option of crediting such amounts towards its share in the multilateral resource mobilization. By exercising this option, the contributor will agree to the automatic transfer of such amounts to the Asian Development Fund upon its inception, in full or partial satisfaction—as the case may be—of its commitment to the Fund. As of the end of 1973, it appeared that contributors would wish to exercise this option in respect of about \$65 million contributed to the Multi-Purpose Fund during the year. The amount of new resources accruing to the Bank in 1974 and 1975 under the resource mobilization arrangements will be commensurately reduced.

When the scheme outlined above is substantially realized, a new instrument for development assistance in Asia will come into existence. The Special Funds resources of the Bank will become a fully effective counterpart of its ordinary capital resources, and the financial structure envisaged for the Bank at its inception will be complete. With these additional resources at its disposal, the Bank will be in a position to mount an organized program of concessional lending for the economic and social advancement of its least developed member countries, rising from the 1973 level of \$118.16 million to \$200 million in 1974, and to \$250 million in 1975. No less important, the Bank will be in a position to extend this assistance on terms which more fully recognize the financial burdens that these countries have to bear, and on conditions that are more flexible and responsive to their needs. This is a challenge the Bank will readily accept. Whether it will have an opportunity to do so depends now upon the ability of the Bank's developed member countries to come for-

ward with the contributions authorized by the Board of Governors within the time frame envisaged in the Resolutions.

Resources for 1973 Operations

Pending the establishment of the Asian Development Fund, the Bank conducted concessional lending operations in 1973 with the financing arrangements that had applied in the past. The result was a further illustration of the difficulties of mounting a coordinated and fully effective operational program without the advance assurance of adequate funds. The fact that the Bank succeeded in expanding its concessional lending operations in 1973 is largely due to the generous support again extended during the year by a major contributor, Japan, and to the adoption, in the second half of 1973, of a scheme for blending loans from Special Funds resources with loans from ordinary capital resources, without detriment to the overall level of concessionality.

At the end of 1972, as was pointed out in last year's Annual Report, the margin between the Bank's concessional loan commitments and the value of the Special Funds resources available to cover those commitments had shrunk to little more than \$20 million. Devaluation of the United States dollar, in which the Bank's loan commitments are expressed, had the immediate effect of increasing the Bank's commitment capacity. Additional resources made available to the Multi-Purpose Special Fund during the year amounted to about \$143 million, of which nearly \$28 million represented further amounts set aside from the Bank's ordinary capital resources, the balance being contributed by six member countries. After taking account of Special Funds loan commitments of \$118.16 million made during the year, the Bank ended 1973 with some \$70 million in uncommitted Special Funds resources at its disposal with which to undertake Special Operations in 1974.

These figures do not fully reflect the realities of the situation throughout 1973. While one effect of the currency realignment in February was to increase the commitment capacity of the Bank, another was to reduce substantially the purchasing power of amounts previously committed for loan projects, and this has since led to requests for additional loan financing to enable those projects to be completed. Also, continuing fluctuations in exchange rates make it essential for the Bank always to maintain an adequate reserve of resources uncommitted in order to minimize the possibility of over-commitments as a result of a depreciation in value, in relation to the United States dollar, of its Special Funds holdings. Moreover, of the contributions made in 1973, more than half were received by the Bank only in December, and these were not effectively available for lending operations in 1973.

In February, a substantial contribution of ¥12 billion was received from Japan. Four other developed member countries became contributors to the Multi-Purpose Special Fund in the early part of the year, bringing the total number of such contributors to thirteen. Finland agreed to make available FMk 6,150,000 payable in three equal annual instalments,

and tied to procurement in Finland. Italy contributed an amount in lira equivalent at the time of payment to \$1,800,000, and Norway contributed Nkr 12 million, each of these amounts being available for financing procurement in those developed member countries which are contributors to the Multi-Purpose Special Fund, and in developing member countries of the Bank (as is the amount contributed by Japan). The contribution of Switzerland, in an amount of SwF 20 million, may be used for financing procurement in all member countries of the Bank. At rates prevailing at the end of 1973, the individual amounts thus contributed by these five donors were: Japan, \$42,857,143; Finland, \$1,599,480; Italy, \$1,698,586; Norway, \$2,095,155; and Switzerland, \$6,172,840.

Notwithstanding the additional contributions received, it seemed likely by April that available Special Funds resources would not be sufficient to enable operational demands in 1973 to be satisfied. Accordingly, at the Sixth Annual Meeting, the Board of Governors took action, for the third time, to authorize the setting aside of additional amounts from the Bank's ordinary capital resources, pursuant to Article 19.1(i) of the Articles of Agreement, and the transfer of such amounts to the Multi-Purpose Special Fund. The set-aside action applied to 10 per cent of the capital paid in by members under Article 6.2(a) since the time of the previous set-aside action in 1971, and 10 per cent of the convertible currency portion of the capital paid in by members under Article 6.2(b). The amount yielded by this action was \$27,857,940. The freely useable amount that may be set aside from the present capitalization to the Special Funds, within the limits specified in the Articles of Agreement, has now been substantially exhausted.

In June, a further review was held within the Bank of the prospects for concessional lending operations during the remainder of the year. It was recognized that, in view of the tight resource position, exceptional measures would be necessary if the Bank was to fulfil the expectations of its developing member countries for financial assistance on concessional terms. The Special Funds Supplementation Scheme described elsewhere was introduced in an effort to increase the concessional lending capacity of the Bank.

Thirteen projects involving total concessional financing of \$139.57 million were financed under the Scheme, using only \$70.31 million from Special Funds, with the balance of \$69.26 million being drawn from ordinary capital resources. Effectively, the \$118.16 million committed for Special Funds loans during the year was used to extend project assistance of \$197.62 million on a concessional basis, and the Bank was thus able to sustain the expansion in its concessional lending activities.

By the end of November, in spite of the Special Funds Supplementation Scheme, the resource position was again giving rise to concern. A review made at that time confirmed that, although the Bank would be able to complete its 1973 operations, the amount of uncommitted resources available for 1974 would be negligible. In December, however, Japan found it possible to make a further generous contribution of ¥15.4 billion (\$55,000,000) to the Multi-Purpose

Special Fund, on the same basically untied terms as its contribution in February. This assured the Bank of sufficient resources to carry on during the early months of 1974, hopefully until the First Stage of the Asian Development Fund mobilization comes into effect.

In the latter part of the year, the Netherlands made two separate contributions to the Multi-Purpose Special Fund in an aggregate amount of f17,320,000 (\$6,132,058). These contributions were made following an understanding reached with the Bank in 1970, when the Netherlands, with the concurrence of Indonesia, indicated its willingness to provide assistance in respect of commitments made by the Bank for development projects in Irian Jaya (West Irian). The total amount pledged by the Netherlands at that time was f17,500,000. The Multi-Purpose contributions followed approval by the Board of Directors of concessional loans for the Irian Jaya Power Project and the Irian Jaya Fisheries Development Project. The balance of the pledged amount was contributed by the Netherlands to the Technical Assistance Special Fund to reimburse the Bank for costs earlier incurred in extending technical assistance for the Power Project.

Multi-Purpose Special Fund

With the additional resources received during the year as described in the preceding paragraphs, the Multi-Purpose Special Fund had resources of \$389.3 million as of 31 December 1973. Of this amount, \$331.9 million represented contributions from 13 of the Bank's developed member countries, and \$57.4 million represented resources set aside from the Bank's ordinary capital. The Multi-Purpose Special Fund resources are summarized in the Table on page 31.

Of the contributed resources, those made available by Australia, Finland and New Zealand are strictly tied to procurement in the contributor country. During the year, Canada agreed to some liberalization of the terms of its contribution, which is now available to finance procurement not only in Canada but also in developing member countries of the Bank. The contributions of the Netherlands and the United Kingdom are available to finance procurement in contributor countries on a reciprocal basis, and in developing member countries; those of Belgium, Denmark, the Federal Republic of Germany, Italy, Japan and Norway may be used to finance procurement in all contributor countries (without a requirement for reciprocity) and in developing member countries. The resources contributed by Switzerland, like those set aside from the Bank's capital, may be used for financing procurement in all member countries. This diversity of terms underlines the importance of establishing at the earliest possible date the uniform, reciprocally untied, system envisaged for the Asian Development Fund, and of bringing all the existing Multi-Purpose resources within that system in due course.

Utilization

During 1973, the Bank financed 24 projects in 12 countries with loans from the Multi-Purpose Special Fund. Descriptions of these projects, which were primarily in the power, water supply and agricultural sectors appear elsewhere in this Report. The distribution of Special Funds loans at the end of the year, by country and by sector, is shown in the Table on page 32. The total amount committed in loans in 1973 was \$118.16 million. Disbursements in 1973 were \$26.2 million, bringing total disbursements from Special Funds to \$43.74 million.

Bangladesh: A boy studies by the light of a kerosene lantern. Residents like him, about 500 existing industrial units and several new industrial establishments nearing completion in Khulna and Rajshahi will benefit from the Bangladesh West Zone Power Project, assisted by the Bank.



Technical Assistance Special Fund

The Technical Assistance Special Fund again proved its value to the Bank as a source of finance for technical assistance activities. In 1973, the Bank utilized contributions to this Fund to the extent of \$1.3 million.

Italy became a contributor to the Technical Assistance Special Fund during the year, with a contribution in lire equivalent to \$200,000. Of the developing member countries that have contributed to the Fund, India made a further contribution of Rs.800,000 (\$122,112). Several developed member countries contributing in previous years also made further contributions, including Australia, with a contribution in Australian dollars equivalent to \$250,000; Austria, which contributed a further AS1,200,000 (\$61,268); New Zealand, which contributed NZ\$150,000 (\$214,470) payable in two equal annual instalments; and the United Kingdom, which contributed £101,000 (\$233,300) apart from a carry-over from a previous contribution of about \$50,000. The Federal Republic of Germany agreed to make available a further DM250,000 (\$93,918) for 1973.

in continuance of earlier arrangements, while the Netherlands contributed f180,000 (\$63,728) as reimbursement for technical assistance costs previously incurred by the Bank for the Irian Jaya Power Project.

All of the contributions referred to above (except that of the Netherlands) are effectively restricted to financing procurement of expert services from the contributor country. A welcome degree of liberalization came at the end of the year, when Japan made a further very substantial contribution of ¥ 530,000,000 (\$1,892,857); this contribution may be used to finance services not only from Japan, but also from all countries that have contributed to the Technical Assistance Special Fund, and from all developing member countries of the Bank.

The resources contributed to the Technical Assistance Special Fund as of 31 December 1973, and the amounts of such contributions that have been utilized, are shown in the following Table.

MULTI-PURPOSE SPECIAL FUND RESOURCES

(as of 31 December 1973)

Contributor	Amount	U.S. Dollar Equivalent
Australia	A\$ 8,705,357.14	\$ 12,949,159.18
Belgium ¹	BF 100,000,000.00	2,420,135.53
Canada	Can\$ 27,027,000.00	27,056,762.44
Denmark	DKr 15,000,000.00	2,384,737.68
Finland ²	Fmk 6,150,000.00	1,589,179.84
Germany, Federal Republic of	DM 66,600,000.00	25,994,857.06
Italy	Lit 1,028,961,000.00	1,898,586.11
Japan	¥ 63,400,000,000.00	226,428,571.43
Netherlands	f 25,320,000.00	8,964,418.48
New Zealand	NZ\$ 822,370.00	1,175,823.81
Norway	NKr 12,000,000.00	2,095,154.95
United Kingdom	£ 6,000,000.00	13,858,405.57
Switzerland	SfrF 20,000,000.00	6,172,839.51
	Total	\$331,899,931.59
Set-Aside Resources		57,433,902.00
	TOTAL	\$389,333,833.59

1 The contribution of the Government of Belgium is not yet effective. The effectiveness of this contribution is subject to ratification by the Belgian Parliament.

2 The second and third instalments of the contribution of the Government of Finland are subject to parliamentary approval.

TECHNICAL ASSISTANCE SPECIAL FUND

(U.S. dollar equivalents)

Contributor	Amount of Contribution	Amount Utilized ¹
Australia	\$ 779,341	\$ 444,489
Austria	111,970	43,177
Belgium	605,031 ²	—
Canada	200,117	197,162
China, Republic of	200,000	63,363
Denmark	755,585	752,874
Finland	116,426	56,301
Germany, Federal Republic of	368,867	326,435
India	241,499	131,489
Italy	200,000	—
Japan	9,117,564	1,387,302
Korea, Republic of	30,000	25,842
Netherlands	199,290	183,634
New Zealand	395,959	190,846
Pakistan	24,167	7,638
Sri Lanka	20,267	—
Switzerland	200,000	105,521
United Kingdom	482,022	261,649
United States	1,250,000	1,250,000
TOTAL	\$14,268,108	\$5,437,702

1 Net of income earned of \$589,009.

2 The contribution of the Government of Belgium is not yet effective. Its effectiveness is subject to ratification by the Belgian Parliament.

COUNTRY AND SECTORAL DISTRIBUTION OF SPECIAL FUNDS LOANS

(as of 31 December 1973)

(amounts in \$ million)

Country	Number	Amount	% Share	Agriculture	Electric Power	Water Supply	Transport and Communications	Industry including Development Banks	Education
Afghanistan	2	20.05	6.27	5.15	—	—	14.90	—	—
Bangladesh	4	21.65	6.77	3.20	9.25	—	3.20	6.00	—
Burma	2	12.50	3.91	—	4.00	8.50	—	—	—
British Solomon Islands	—	—	—	—	—	—	—	—	—
China, Republic of	—	—	—	—	—	—	—	—	—
Fiji	—	—	—	—	—	—	—	—	—
Hong Kong	—	—	—	—	—	—	—	—	—
Indonesia	19	99.08	30.99	50.98	27.30	—	10.80	10.00	—
Khmer Republic	1	1.67	0.52	—	1.67	—	—	—	—
Korea, Republic of	1	3.70	1.16	—	—	—	—	—	3.70
Laos	3	5.69	1.78	0.97	4.72	—	—	—	—
Malaysia	1	3.30	1.03	3.30	—	—	—	—	—
Nepal	1	35.71	11.17	16.90	2.70	—	16.11	—	—
Pakistan	5	32.05	10.03	—	18.30	—	—	13.75	—
Papua New Guinea	2	14.30	4.47	—	—	—	9.80	4.50	—
Philippines	3	9.50	2.97	0.50	—	—	1.00	—	—
Singapore	1	3.00	0.94	—	—	—	—	—	3.00
Sri Lanka	5	25.21	7.88	13.61	8.00	—	3.60	—	—
Thailand	1	3.10	0.97	—	—	—	—	—	3.10
Tonga	1	1.30	0.41	—	—	—	1.30	—	—
Viet-Nam, Republic of	6	20.27	6.34	7.10	6.30	3.15	3.72	—	—
Western Samoa	4	7.63	2.39	0.33	2.30	—	5.00	—	—
TOTAL	68	319.71	100.00	110.04	84.54	11.65	69.43	34.25	9.80

Philippines: On the far shore is the site of the proposed Cotabato port in Mindanao. The port will be constructed with Bank financing.



MEMBERSHIP AND ADMINISTRATION

New Members

The membership of the Bank rose from 37 to 40 in 1973. Bangladesh became a member on 14 March, Burma on 26 April and the British Solomon Islands Protectorate on 30 April. The subscriptions of member countries and the distribution of voting power are shown in Appendix 1-VII. The Bank was notified in December of the intention of the Gilbert and Lillie Islands Colony to seek membership in the Bank.

Board of Governors

During the year, a number of changes took place in the composition of the Board of Governors. These are shown in Appendix 6.

The Sixth Annual Meeting of the Board of Governors was held in the auditorium of the Bank's headquarters building from 26 to 28 April 1973.

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

Board of Directors

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

Directors

Mr. R.A. Kartadjoemena (Indonesia) was elected by Fiji, Indonesia, New Zealand, Tonga and Western Samoa with effect from 21 January to fill the vacancy caused by the resignation of Mr. L.J. Downey (New Zealand) from 20 January.

An election of Directors was held on 27 April during the Sixth Annual Meeting in Manila in accordance with the provisions of Resolution No. 60 of the Board of Governors and the following Directors were elected:

Mr. G.W. van der Feltz (Netherlands)
Mr. K.S. Islam¹ (Pakistan)
Mr. R.A. Kartadjoemena² (Indonesia)
Mr. Bong H. Kay² (Republic of Korea)
Mr. J.W. Keany² (Australia)
Mr. Hing Kunthel (Khmer Republic)
Mr. Aldo Pelosio (Italy)
Mr. Wolf Preuss (Federal Republic of Germany)
Mr. Mohd. Yusoff Rahim¹ (Malaysia)

Mr. N.C. Shrivastava² (India)
Mr. Kenzo Wada (Japan)
Mr. Artemus E. Weatherbee² (United States)

The term of office of the new Board began on 1 June.

Mr. Rex Beach¹ (United States) was elected by the United States with effect from 20 July to fill the vacancy caused by the resignation of Mr. Artemus E. Weatherbee (United States) from 29 April.

Alternate Directors

Mr. J.J. Bryant (New Zealand) was appointed on 21 January replacing Mr. R.A. Kartadjoemena (Indonesia).

Following the election of Directors at the Sixth Annual Meeting, six serving Alternate Directors, namely, Messrs. A.T. Bambawale (India), Rex Beach (United States), J.J. Bryant (New Zealand), Buu Hoan (Republic of Viet-Nam), Keiya Nagamatsu (Japan) and Damien Wigny (Belgium) were re-appointed and five new Alternate Directors were appointed, as follows:

Mr. G. Janschek¹ (Austria)
Mr. A. Melchor, Jr.¹ (Philippines)
Mr. Kiatikom Phromyothi (Thailand)
Mr. Pertti Ripatti (Finland)
Mr. Sitha Sisombat (Laos)

Mr. C. Conybeare (Australia) was appointed on 14 June replacing Mr. J.M. Starey (Australia) who resigned as of 15 February.

Mr. Seiji Morioka (Japan) was appointed on 1 July replacing Mr. Keiya Nagamatsu (Japan) who resigned as of 30 June.

Mr. Jesun Paik (United States) was appointed on 14 August replacing Mr. Rex Beach (United States) who was elected Director representing the United States as of 20 July.

A list of Directors and Alternate Directors as of the end of the year is given in Appendix 7.

The Board of Directors held 56 meetings during the year, including three Executive Sessions.

¹ Previously served as member of the Board of Directors.

² Re-elected.

In addition to approving proposals for loans and technical assistance, a supplementary budget for 1973, the budget for 1974, borrowings and contributions to the Bank's resources, the Board took decisions, after reviewing various policy issues, on matters including the increase in authorized capital stock, revised guidelines for procurement and for uses of consultants, liquidity policy and the commitment charge policy. The Board also considered questions in relation to Special Operations, the Special Funds mobilization and restructuring (including the initial contributions to the Asian Development Fund), cost overruns of Bank-financed projects and supplementary loans, the financing of interest and other charges during construction, joint financing, currency realignments, loan participations, the identification of Bank projects, lending and relending policies and the strategy for Bank operations in its less developed member countries.

Organization

In June 1973, two new Divisions were created in the Operations Department. One of these Divisions covers the area embraced by the countries of Indochina, where it is anticipated that the Bank's operational activities will increase. It is also intended that this Division will be a focal point for coordinating and collaborating with other organizations in the effort to channel development resources and assistance for the projected post-war reconstruction of the area. The other new Division was created to cover the smaller and less developed member countries of the Bank in the South Pacific area. At the same time, there was a redistribution of countries to be covered by the five existing Divisions in the Operations Department to achieve a balanced allocation of work and responsibilities and to provide for new member countries such as Bangladesh and Burma.

The Agricultural Division in the Projects Department was disbanded and in its place were set up General Agriculture and Irrigation Divisions to strengthen the Bank's efforts in these sectors.

Until September 1973, the Economic Office had been heavily engaged in supporting the operational responsibilities of the Operations and Projects Departments. This function made a definite contribution to the Bank's operational activities but affected the ability of the Economic Office to concentrate and specialize on its other functions. Accordingly, the Economic Office was relieved of this supporting function in September to enable it to devote primary attention to conducting research relating to the problems and policies of social and economic development and to the methodology used for analytical work within the Bank. At the same time, the Economic Office was charged with the task of carrying out independent post-evaluation of Bank-financed projects (see page 17).

Staff

The Bank added 15 professional and 18 supporting staff in the course of the year. These additions brought the number of staff to 622, consisting of 222 professionals and 400 supporting staff, representing 34 nationalities.

In response to the rise in the cost of living and relevant competitive factors, general increases in salaries of supporting staff and professional staff were made in June and August, respectively. Improvements were also made in the education grants for the school children of professional staff and in the dependency allowances for the dependents of supporting staff. Minor increases were approved in allowances for business travel and in insurance coverage on shipments of household goods and on accompanied and unaccompanied baggage. These increases were made necessary by rising costs.

Supplementary Budget for 1973 and Budget for 1974

On 8 November 1973, a Supplementary Budget for 1973 was approved, authorizing additional Internal Administrative Expenses of \$770,000 because of unexpected requirements for consultants, the general salary increase granted to the staff and increases in other administrative expenses associated with the Bank's occupancy of the new headquarters building.

The Budget for 1974 was approved on 27 November 1973 and is summarized in Appendix 2.

In compiling the 1974 Budget, an effort was made to look beyond 1974 and provide for the first stage of an increase in manpower and facilities that would be coordinated with the projections of the Bank's future operational activities.

Internal Administrative Expenses for 1974 are estimated at \$13,472,200¹, a 17.8 per cent increase over the previous year's revised budget. This increase is due to the Bank's increasing activities and to the need for 20 additional professional staff members for the Operations and Projects Departments. It also reflects the full-year effect of the general salary increases granted in 1973 and takes into account further possible increases in staff benefits and increases in the cost of various supplies.

Disbursements on Services to Member Countries during 1974 are estimated at \$4,420,900, a 50 per cent increase over actual disbursements in 1973.

Headquarters

With the transfer in mid-1973 of some of the Bank's offices to the South Wing, the Bank now occupies the whole of its new headquarters building.

The 1973 Annual Meeting of the Board of Governors was the first Annual Meeting to be held in the auditorium of the Headquarters.

The Bank continued to enjoy the cooperation of the Philippine Coordinating Committee headed by its Acting Chairman, Assistant Executive Secretary Roberto V. Royce. Valuable assistance was received from the Committee in connection with the arrangements for the Annual Meeting.

¹ Consisting of expenses to be charged to ordinary capital resources, expenses to be charged to the Multi-Purpose Special Fund and expenses to be charged to the Technical Assistance Special Fund.

LOAN AND TECHNICAL ASSISTANCE APPROVALS-1973

AFGHANISTAN

Transport: A loan of \$14.9 million (Special Funds) for construction of a 266-kilometer road in southern Afghanistan. The road will traverse the entire length of the Upper Helmand Valley, potentially one of the most productive agricultural regions in the country. It will replace the earth roads and tracks currently used and will connect the valley to the existing national highway system.

Total Project cost: \$20.85 million.
Approved 18 April 1973.

BANGLADESH

Agriculture (Fisheries): A loan of \$3.2 million (Special Funds) for a fisheries project providing refrigeration for trawler and inland catches. After cold storage, the fish will be marketed both domestically and abroad, to the benefit of both domestic consumption and foreign exchange earnings. In addition, technical assistance costing \$71,000 will assist implementation of the project and the upgrading of the Bangladesh Fisheries Development Corporation; technical assistance costing \$71,000 will also be provided to the Bangladesh Krishi Bank.

Total Project cost: \$4.9 million.
Approved 14 June 1973.

Industry (Development Banks): Loans of \$12.6 million—\$6.8 million and \$6.0 million (Special Funds)—for a government owned development finance institution, the Bangladesh Shilpa Bank, the proceeds to be lent to a wide range of industrial projects, including jute, cotton textiles and printing. Technical assistance costing \$100,000 for training staff was also approved.

Approved 14 June 1973.

Electric Power: Loans of \$10.45 million—\$1.2 million and \$9.25 million (Special Funds)—to expand power production in the West Zone system to meet the

projected load growth and supply peaking and standby capacity. Industries in the Zone will be assured of a reliable and adequate source of energy. Technical assistance costing \$250,000 to strengthen the Bangladesh Power Development Board is also being provided.

Total Project cost: \$17.5 million.
Approved 17 October 1973.

Transport: Loans of \$6.8 million—\$3.6 million and \$3.2 million (Special Funds)—to help rehabilitate and improve the facilities of the country's main port at Chittagong. Technical assistance costing \$160,000 will be provided for a study of the port's finances and expansion scheme.

Total Project cost: \$15.6 million.
Approved 18 October 1973.

BURMA

Electric Power: Loans of \$6.1 million—\$2.1 million and \$4.0 million (Special Funds)—for construction of 205 miles of 66kV transmission line and four 66 kV substations in Lower Burma and 25 miles of 66kV transmission line in Upper Burma; these facilities will bring power to new industries on the west bank of the Irrawaddy River. This is the Bank's first project in Burma.

Total Project cost: \$9.83 million.
Approved 6 December 1973.

Water Supply: Loans of \$13 million—\$4.5 million and \$8.5 million (Special Funds) for meeting the needs of the growing population of Rangoon up to 1989; water supply will be raised from 45 m.g.d. to 95 m.g.d. A pre-stressed concrete pipe plant using local cement will be constructed.

Total Project cost: \$31.25 million.
Approved 11 December 1973.

FIJI

Industry (Development Banks): A loan of \$2 million to the government-owned Fiji Development Bank (FDB), which will relend the proceeds in the next two years to meet the foreign exchange costs of development projects. Technical assistance costing

Note: Excluding regional activities (see pages 18 to 22). Unless stated otherwise, the government is the borrower.

\$100,000 will help FDB in establishing and directing its Economic Division, in investment promotion and in training staff.

Approved 21 December 1973.

INDONESIA

Electric Power: Technical assistance costing \$48,000 to prepare a feasibility study for the development of electric power facilities in the Minahasa area in North Sulawesi. (A loan from the Bank was approved on 13 December 1973—see column 2.)

Approved 10 January 1973.

Electric Power: A loan of \$5.3 million (Special Funds) for the rehabilitation of existing power generating facilities and the extension of the power transmission and distribution system in Ujung Pandang, South Sulawesi, allowing connections to 20,000 new customers, and providing increased employment and industrial opportunities.

Total Project cost: \$7 million.

Approved 8 February 1973.

Agriculture. Loans of \$17.52 million — \$6.23 million and \$11.29 million (Special Funds)—for increasing production capacity of the Jatiroto and Semboro sugar factories from 86,000 tons at present to 187,000 tons by 1985. Services of a financial management team will be provided under a technical assistance project costing \$45,000.

Total Project cost: \$23.27 million.

Approved 20 November 1973.

Agriculture (Fisheries): Loans of \$7.9 million — \$2.75 million and \$5.15 million (Special Funds)—for the development of fisheries in Irian Jaya (West Irian); includes provision for steel fish carriers, a cold storage and refrigeration complex and marine diesel engines for fishing vessels. Foreign exchange earnings exceeding \$4 million annually are expected from exports; about 850 jobs will be created.

Total Project cost: \$11.53 million.

Approved 4 December 1973.

Transport: Technical assistance costing \$580,000 for preparation of a master plan for long-term development of the ports of Surabaya, Belawan and Panjang. The Bank is to act as Executing Agent for UNDP, which is financing the technical assistance.

Approved 11 December 1973.

Electric Power: Loans of \$7.9 million — \$2.8 million and \$5.1 million (Special Funds)—for the provision of new power generation facilities and rehabilitation and extension of the existing transmission and distribution system in the Minahasa area in North Sulawesi.

Total Project cost: \$11.1 million.

Approved 13 December 1973.

KHMER REPUBLIC

Industry (Development Banks): Technical assistance costing \$31,000 to help strengthen the organization structure and improve the operation of the Cambodian Development Bank.

Approved 22 January 1973.

REPUBLIC OF KOREA

Transport: A loan of \$16.3 million for expanding and improving the facilities of Incheon Port, which serves Seoul, and so increase the port's operating capacity substantially. In addition, three tugboats, a floating crane, and communications and maintenance equipment will be provided.

Total Project cost: \$25.3 million.

Approved 26 June 1973.

Agriculture: Technical assistance costing \$230,000 for the formulation of two integrated area development projects, providing for both agricultural and community development, in the 10,400-hectare Imjin District near Seoul and in the 350,000-hectare Namgang Region in the south.

Approved 17 October 1973.

Industry (Development Banks): A loan of \$30 million to the Medium Industry Bank (MIB) to help



Indonesia: A worker cleans the exhaust manifold of a diesel generator at the power station in Ujung Pandang, capital of South Sulawesi Province. A Bank-assisted power transmission and distribution project will provide 20,000 additional families and business establishments with electric power in the city.

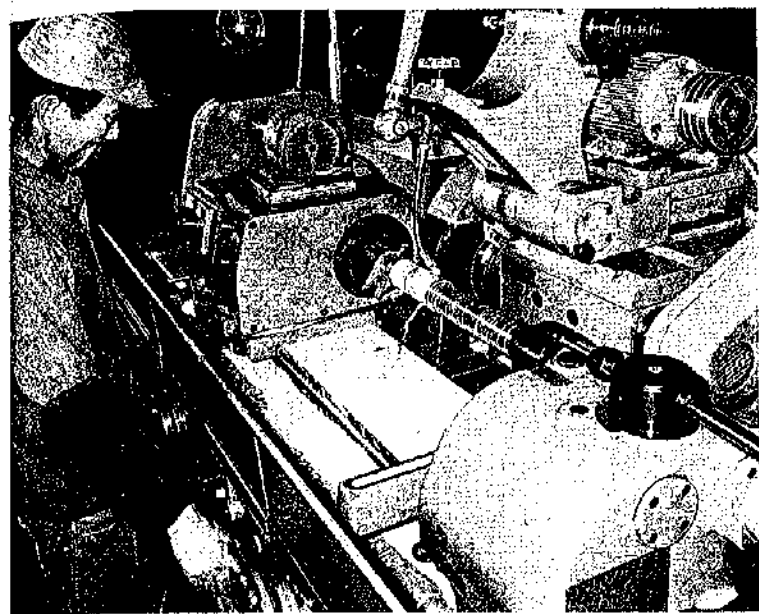
Electric Power: A loan of \$2.6 million (Special Funds) for increasing significantly power generation capacity and for the rehabilitation and extension of the existing distribution system in the cities of Jayapura and Biak in Irian Jaya (West Irian).

Total Project cost: \$4.3 million.

Approved 3 April 1973.

Water Supply: Technical assistance costing \$50,000 for preparation of a long-term development program to improve and extend the existing water supply systems in Jayapura, Biak and Sorong in Irian Jaya (West Irian) and to prepare the first phase of the program to the feasibility study stage.

Approved 18 July 1973.



Republic of Korea: Machineshop equipment in Keun Yong Machine Industrial Company, a sub-borrower from Medium Industry Bank which received its third Bank loan in 1973 for relending to small and medium industries.

In financing the foreign exchange costs of development projects of small and medium industries engaged in manufacturing, mining, transportation, and construction and service industries. This is the third Bank loan to MIB.

Approved 19 December 1973.

LAOS

Agriculture: Technical assistance costing \$115,000 for a feasibility study of the 5,000-hectare Casier Sud Pioneer Agricultural Project. The Bank acts as delegated Executing Agency of the World Bank for this technical assistance under a regional project of UNDP for the preparation of pioneer agricultural projects in the Lower Mekong Basin, for which UNDP is providing the funds.

Approved 28 March 1973.

Electric Power: A loan of \$1.35 million (Special Funds) for supplementing an earlier loan designed to benefit a large number of consumers in Vientiane and to improve the power supply to small industries in Vientiane; the foreign exchange costs of the project have increased considerably due to international currency realignments coupled with price escalation.

Approved 3 May 1973.

Industry (Development Banks): Technical assistance costing \$34,000 for a study of institutional arrangements for development finance, particularly the operation of the Development Bank of Laos (DBL), including recommendations on the functions and organization structure of DBL.

Approved 27 June 1973.

MALAYSIA

Transport: A loan of \$9.3 million for the construction of five bridges on a 71-mile section of the East-West

Highway now under construction in Peninsular Malaysia. As well as generating considerable savings in transport costs, the new highway will open up new areas for forestry, mining and tourism, and help to widen the markets for farm produce from the east coast.

Total Project cost: \$67.9 million.

Approved 29 March 1973.

Electric Power: A loan of \$9.8 million to the Sabah Electricity Board for increasing power supplies to Kota Kinabalu, Sandakan and Labuan, the three principal industrial and commercial centers, as part of a concerted state and federal effort to build up Sabah's infrastructure and so diversify its economy.

Total Project cost: \$10.4 million.

Approved 31 July 1973.

Water Supply: A loan of \$6.46 million to provide new river intakes, treatment plants, pumping plants, reservoirs, and transmission and distribution pipes to meet the rising demand for water in Kuching and Sibul, the two largest cities of Sarawak. The project will meet the water requirements of the cities until 1985 and 1983, respectively.

Total Project cost: \$9.67 million.

Approved 30 October 1973.

Transport: A loan of \$30.4 million for construction of Malaysia's deep-water seaport at Kuantan on the east coast of Peninsular Malaysia. The port will greatly facilitate the development of the eastern portion of the peninsula and provide an outlet for the hinterland produce, including palm and mineral oils, fertilizer, rubber, timber and tapioca.

Total Project cost: \$51.9 million.

Approved 8 November 1973.

PAKISTAN

Electric Power: Loans of \$9 million—\$6.8 million and \$2.2 million (Special Funds)—to supplement earlier loans for power generation, transmission and distribution for the Karachi Electric Supply Corporation Ltd., as currency realignments and price escalations have substantially increased costs above the original estimates.

Approved 22 November 1973.

Electric Power: Loans of \$16.7 million—\$12.8 million and \$3.9 million (Special Funds)—for installing two additional 100-megawatt turbine-generators at the Mangla hydropower station in Punjab Province and for connections to the power grid. Technical assistance costing \$150,000 for advisory services to strengthen the power authority is also being provided.

Total Project cost: \$25 million.

Approved 17 December 1973.

Industry: Loans of \$27 million—\$19.25 million and \$7.75 million (Special Funds)—in support of measures aimed at achieving food self-sufficiency and raising agricultural output for export by increasing fertilizer production at Multan, Punjab Province. The World Bank is providing parallel financing.

Total Project cost: \$99.93 million.

Approved 19 December 1973.

PAPUA NEW GUINEA

Industry (Development Banks): Technical assistance costing \$3,600 for the training overseas of a staff member of the Papua New Guinea Development Bank.

Approved 15 February 1973.

PHILIPPINES

Agriculture: Technical assistance costing \$27,000 for project preparation for an irrigation scheme for rice production in Davao del Norte, Mindanao. (A loan from the Bank was approved on 22 November 1973—see column 2.)

Approved 9 January 1973.

Transport: A loan of \$6.6 million for a new port at Colabato in Mindanao to provide deep-water berthing and modern cargo-handling facilities, thus reducing transport costs significantly and cutting the turn-around time of cargo vessels.

Total Project cost: \$9.9 million.

Approved 3 April 1973.

Employment: Technical assistance costing \$18,000 to provide a fiscal expert and an agricultural expert for the field-work stage in the Philippines of the ILO-sponsored Comprehensive Employment Strategy Mission.

Approved 9 April 1973.

Water Supply: Technical assistance costing \$49,200 for project preparation of the Manila Water Supply Project aimed at extending the water supply system within the Manila metropolitan area.

Approved 5 May 1973.

Agriculture: Loans of \$9.6 million—\$3.6 million and \$6.0 million (Special Funds)—for development of two important river systems in Luzon—Angat and Magat. The project provides for the expansion of

irrigation, drainage and road networks, and consultant services to assist the National Irrigation Administration in the implementation of an integrated agricultural development program.

Total Project cost: \$18.5 million.

Approved 28 June 1973.

Transport: A loan of \$3.6 million to rehabilitate and improve the 42-kilometer Tarlac-Santa Rosa roadway and 50 kilometers of feeder roads in Central Luzon following destructive flooding in 1972. The project area has high potential for agricultural development and the improved transport facilities will help accelerate the economic growth in the region.

Total Project cost: \$5.7 million.

Approved 28 June 1973.

Agriculture: A loan of \$4.2 million to promote balanced regional growth and foster economic and social development in Davao del Norte, Mindanao, by bringing 12,000 hectares under irrigation. Roads, drainage, and tractors will be provided in an integrated agricultural development program.

Total Project cost: \$6.6 million.

Approved 22 November 1973.

Transport: A loan of \$29.6 million for development and expansion at Manila International Airport to serve growing traffic needs to 1983 and also to improve the safety of aircraft operations.

Total Project cost: \$44 million.

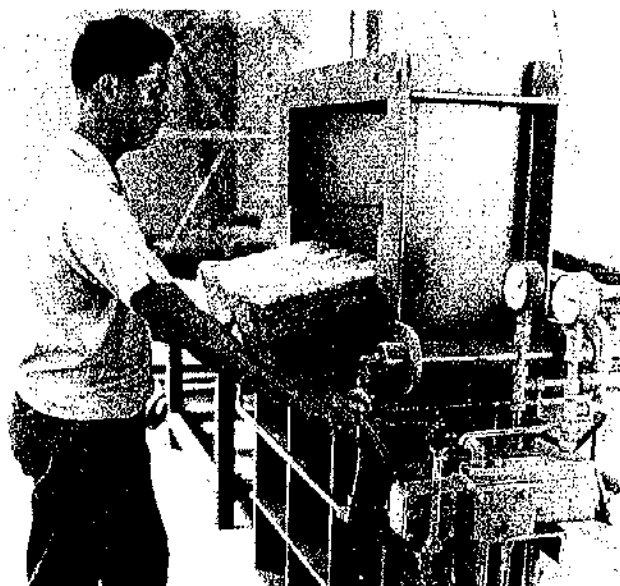
Approved 11 December 1973.

Industry (Development Banks): A loan of \$25 million to the Philippine National Bank for relending to the Private Development Corporation of the Philippines (PDCP) to finance the foreign exchange needs of development projects. This is the Bank's third credit line for PDCP.

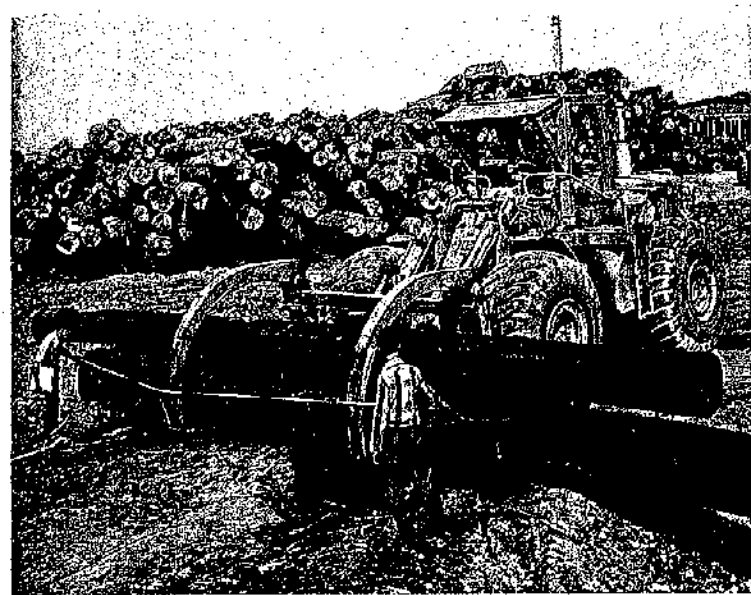
Approved 21 December 1973.



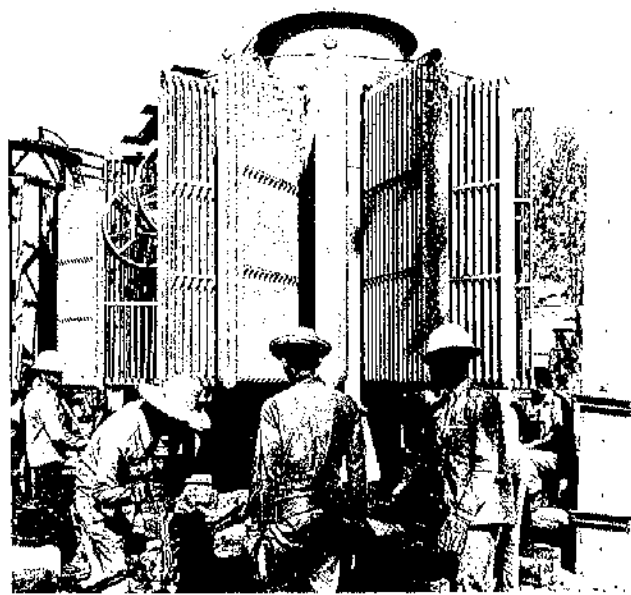
Philippines: One of the typical roads that will be improved as part of the Tarlac-Santa Rosa and Feeder Road Project in Central Luzon.



Philippines: Rubber factory worker at plantation operated by Menzi Agricultural Corporation, a sub-borrower of the Private Development Corporation of the Philippines, which has received three Bank loans for relending to private enterprises.



Singapore: Logs ready for processing at Jurong Plywood (Pte.) Ltd., a sub-borrower of Development Bank of Singapore which has received a second loan for relending to private industries.



Thailand: A transformer is being installed at the Metropolitan Electricity Authority's substation at Bangkapi, Bangkok.

SINGAPORE

Industry (Development Banks): A loan of \$10 million to the Development Bank of Singapore (DBS)—the Bank's second loan to DBS—to assist it in meeting the medium-term and long-term financing requirements of industrial and manufacturing enterprises.

Approved 13 December 1973.

SRI LANKA

Agriculture: A loan of \$2.8 million (Special Funds) to raise sugar production at Gal Oya from 4,000-6,000 tons to about 22,000 tons a year in 1976. In addition, the Gal Oya sugar factory will be rehabilitated to treat 2,000 tons of cane a day.

Total Project cost: \$4.84 million.

Approved 15 February 1973.

Electric Power: Technical assistance costing \$46,000 to complete a feasibility report of the Samanala Wewa Power Project.

Approved 11 April 1973.

THAILAND

Water Supply: A loan of \$19.6 million to the Metropolitan Water Works Authority for the first major construction stage of a 30-year master plan to increase Bangkok's water supply, extend the distribution system and improve the Authority's operations. New intake, pumping, treatment, transmission and distribution facilities will help meet Bangkok's water needs up to 1982. The project involves parallel financing with the World Bank.

Total Project cost: \$211 million.

Approved 24 July 1973.

Electric Power: A loan of \$21 million to the Metropolitan Electricity Authority for extending power supply to 100,000 households in suburban and rural

areas around Bangkok and to provide a basis for expanding industry and housing outside Bangkok aimed at relieving city congestion.

Total Project cost: \$42 million.

Approved 29 November 1973.

Education: Loans of \$6.4 million—\$3.3 million and \$3.1 million (Special Funds)—to assist vocational education and training in Bangkok and in growing industrial centers in other parts of Thailand. For re-equipping four technical institutes, training teachers abroad and providing training equipment for three new regional skills training centers and the National Institute for Skills Development in Bangkok.

Total Project cost: \$11.6 million.

Approved 4 December 1973.

TONGA

Communications: A loan of \$1.3 million (Special Funds) to improve and expand the telephone service on the main island of Tongatapu, provide telephone services on two other island groups and improve the radio-telephone link between the three major island groups.

Total Project cost: \$1.6 million.

Approved 8 November 1973.

REPUBLIC OF VIET-NAM

Water Supply: Loans of \$4.6 million—\$1.45 million and \$3.15 million (Special Funds) for the improvement and expansion of the water distribution system in Saigon and suburbs, providing water connections for about 60,000 new users.

Total Project cost: \$11.8 million.

Approved 27 September 1973.

Agriculture: Technical assistance costing \$80,000 for project preparation at Tan An in the Mekong Delta, to increase production of rice and other crops in a



Republic of Viet-Nam: A typical farm in the Go Cong area. The Go Cong Pioneer Agricultural Project will serve as a model for agricultural development in the Mekong Delta.

9,400-hectare area through integrated agricultural development, involving irrigation, drainage, flood and salinity control, and land reform.

Approved 4 December 1973.

Agriculture: Technical assistance costing \$84,000 for project preparation to rehabilitate and develop rubber plantations and processing centers covering 20,000 hectares affected by the war.

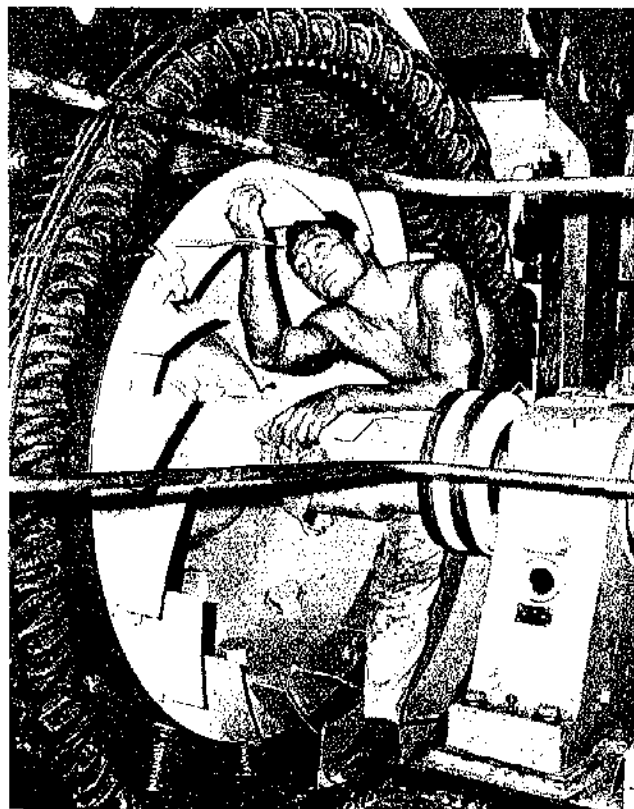
Approved 4 December 1973.

Communications: Loans of \$6.2 million—\$2.48 million and \$3.72 million (Special Funds) to help meet an acute shortage of telephone facilities in Saigon, where a 10,000-line cross-bar type telephone exchange will be installed. Consultants will be provided under the loan.

Total Project cost: \$6.9 million.

Approved 6 December 1973

Agriculture: A loan of \$2.1 million to increase rice production, raise farm income, create jobs and facilitate road transportation in the Go Cong area, which has the highest population density in the



Western Samoa: Maintenance work on a diesel generator at Apia power station. The country's two main islands will receive dependable and adequate power supply with Bank aid.

country. The area is 40 kilometers southwest of Saigon. Project preparation was carried out earlier by the Bank acting as an executing authority under a program of UNDP for pioneer agricultural projects in the Lower Mekong Basin.

Total Project cost: \$7.1 million.

Approved 17 December 1973.

WESTERN SAMOA

Development Finance Institution: Technical assistance costing \$217,000 for the establishment and initial operation of a development finance institution to provide funds for both agricultural and industrial enterprises.

Approved 11 January 1973.

Electric Power: A loan of \$2.3 million (Special Funds) to expand and rehabilitate power supply in Apia, the capital, and to provide a new power service to the more populated areas on the two main islands. Also provided: Technical assistance costing \$37,500 to implement a hydrological data collection program.

Total Project cost: \$2.7 million.

Approved 19 June 1973.

APPENDIXES

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FINANCIAL STATEMENTS AND OPINIONS OF INDEPENDENT AUDITORS

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- III Comparative Statement of Changes in Financial Position, For the Years Ended 31 December 1973 and 31 December 1972
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SPECIAL FUNDS RESOURCES:

- A Balance Sheet, 31 December 1973
- B Comparative Statement of Income and Expenses and Accumulated Net Income (Expense), For the Years Ended 31 December 1973 and 31 December 1972
- C Comparative Statement of Changes in Financial Position, For the Years Ended 31 December 1973 and 31 December 1972
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- E Statement of Contributed Resources, 31 December 1973
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- K Notes to Financial Statements, 31 December 1973
- Opinion of Independent Auditors

ASIAN DEVELOPMENT BANK—

BALANCE

31 December

Expressed in United

ASSETS		
CASH IN BANKS (See Appendix 1-IV) (Note B)		\$ 14,638,883
INVESTMENTS (Note B)		
Government and government guaranteed obligations—amortized cost (Face amount \$117,769,052)	\$116,046,766	
Time deposits and certificates of deposits	293,846,560	409,893,326
LOANS (See Appendix 1-V) (Note A)		
Loans approved <u>\$1,057,225,000</u>		
Effective loans		
Held by Bank	745,931,240	
Agreed to be sold	7,886,700	753,817,940
ACCRUED INCOME		
On investments	14,161,561	
On loans	3,957,414	18,118,975
AMOUNTS RECEIVABLE FROM MEMBERS		
Non-negotiable, non interest bearing demand obligations (See Appendix 1-IV) (Notes B and C)	273,749,542	
Amounts required to maintain value of currency holdings (Note D)	14,236,910	287,986,452
OTHER ASSETS		
Administration Charge receivable from Special Funds Resources (Note J)	7,728,972	
Unamortized issuance costs of borrowings (Note A)	2,917,279	
Miscellaneous	1,618,451	12,264,702
SPECIAL RESERVE FUND ASSETS (Note E)		3,372,299
TOTAL		\$1,500,092,577

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

ORDINARY CAPITAL RESOURCES

SHEET

1973

States Dollars (Note A)

LIABILITIES, SPECIAL RESERVE AND CAPITAL

UNDISBURSED BALANCE OF EFFECTIVE		
LOANS (See Appendix 1-V)		
Held by Bank	\$ 510,854,250	
Agreed to be sold	7,886,700	\$ 518,740,950
BORROWINGS		
Principal amounts outstanding (See Appendix 1-VI)	248,638,538	
Less—unamortized discounts	1,452,447	247,186,091
ACCRUED INTEREST ON BORROWINGS		3,932,488
AMOUNTS PAYABLE TO MEMBERS		
Amounts required to maintain value of currency holdings (Note D)		6,972,219
ACCOUNTS PAYABLE AND OTHER LIABILITIES		3,366,690
SPECIAL RESERVE (Note E)		3,372,299
CAPITAL		
Capital stock (See Appendix 1-VII) (Note C)		
Authorized—89,280 "paid-in" shares and 189,720 "callable" shares of \$12,064 par value each		
Subscribed (225,876 shares)	2,724,855,126	
Loss—"callable" shares subscribed (149,364 shares)	1,801,852,614	
"Paid-in" shares subscribed (76,512 shares)	923,002,512	
Less—subscription instalments not due	222,877,988	
Subscription instalments matured	700,124,524	
Less—capital set aside and transferred to Multi-Purpose Special Fund (Note F)	57,433,902	
	642,690,622	
Advance payments on subscriptions	23,207,498	
Ordinary Reserve (Note G)	34,966,240	
Net income for the year ended 31 December 1973 (To be allocated by the Board of Governors) (Note G)	15,657,480	716,521,840
TOTAL		\$1,500,092,577

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1973 and 31 December 1972

Expressed in United States Dollars (Note A)

	1973	1972*
INCOME		
From investments	\$ 30,707,086	\$ 24,846,359
From loan operations		
Interest	10,800,797	5,408,744
Commissions	1,841,653	973,498
Commitment charge (Note H)	2,936,126	1,880,873
From other sources	500,211	473,189
GROSS INCOME	48,280,888	33,587,663
Deduct commissions appropriated to Special Reserve (Note E)	1,841,653	973,498
UNAPPROPRIATED INCOME	44,439,215	32,609,165
EXPENSES		
Administrative expenses		
Board of Governors	43,730	144,602
Board of Directors		
Salaries	640,164	807,163
Benefits (Note I)	151,526	130,347
Travel	321,424	140,424
Staff services	63,827	57,640
Total Board of Directors	1,176,941	935,574
Staff		
Salaries	4,896,027	4,163,836
Benefits (Note I)	1,333,464	1,164,621
Travel	1,455,190	1,177,460
Consultants	368,869	159,997
Representation	34,117	41,772
Total Staff	8,087,667	6,707,686
Other administrative expenses		
Communications	391,491	354,546
Office occupancy	400,558	170,328
Publications and printing	143,898	144,284
Expendable supplies	242,488	152,031
Furniture and equipment	233,590	551,935
Fees and compensation	305,127	288,978
Miscellaneous	111,460	101,523
Total other administrative expenses	1,828,612	1,763,625
Total administrative expenses—(Forward)	\$ 11,136,950	\$ 9,551,487

CONTINUED

	1973	1972*
Total administrative expenses— (Forward)	\$ 11,136,950	\$ 9,551,487
Deduct Administration Charge to Special Operations (Note J)	3,271,000	3,945,000
Net administrative expenses	7,865,950	5,606,487
Services to member countries		
Project preparation and other loan-related technical assistance (Note K)	170,726	597,059
Project implementation/advisory	325,577	295,396
Asian Industrial Survey	75,784	68,090
Asian Vegetable Research and Development Center	75,000	150,000
Asian Institute for Economic Development and Planning	25,940	---
Other regional activities	84,114	53,872
Total services to member countries	757,141	1,164,217
Financial expenses		
Interest on borrowings	18,120,833	13,993,375
Other financial expenses (Note A)	562,986	449,213
Total financial expenses	18,683,819	14,442,588
Changes in value of currencies—net	1,474,825	211,400
GROSS EXPENSES	28,781,735	21,424,692
NET INCOME (NOTE G)	\$ 15,657,480	\$ 11,184,473

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

*Certain amounts for 1972 have been reclassified for purposes of comparison.

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1973 and 31 December 1972

Expressed in United States Dollars (Note A)

	1973	1972*
FUNDS WERE PROVIDED BY		
Operations		
Net income	\$ 15,657,480	\$ 11,184,473
Items not requiring or providing funds	(9,656,542)	(7,249,126)
Funds provided by operations	6,000,938	3,935,347
Borrowings	25,555,555	54,173,449
Increase in borrowings as a result of currency revaluations	17,309,675	15,130,251
Capital subscriptions collected	46,886,452	2,045,029
Increase in capital subscriptions collected as a result of devaluation of the United States Dollar	57,006,231	40,159,521
Demand obligations of members encashed	4,260,448	42,539,865
Loans sold	913,300	1,555,000
Loans collected	7,888,859	2,695,047
Amounts collected to maintain value of currency holdings	9,803,395	7,287,807
Increase in amounts payable to members to maintain value of currency holdings	15,385,937	11,648,102
Advance payments on subscriptions	9,132,400	—
Administration Charge collected	4,253,028	—
Other—net	2,147,834	—
Total	206,546,052	181,179,418
FUNDS WERE UTILIZED FOR		
Net charge to Ordinary Reserve as a result of devaluation of the United States Dollar	7,410,568	5,769,477
Loans disbursed	117,600,170	51,090,149
Increase in loans disbursed and outstanding as a result of currency revaluations	5,363,098	5,879,625
Capital set aside and transferred	27,857,940	—
Bonds purchased for redemption and borrowings redeemed	23,330,704	619,160
Amounts paid to maintain value of currency holdings	6,812,819	6,466,896
Increase in amounts receivable from members to maintain value of currency holdings	32,725,292	24,849,142
Increase in other assets as a result of currency revaluations	14,218,436	5,191,476
Other—net	—	309,739
Total	235,319,077	100,175,964
INCREASE (DECREASE) IN CASH IN BANKS AND INVESTMENTS	(\$ 28,772,975)	\$ 81,003,454
INCREASE (DECREASE) IN COMPONENTS OF FUNDS		
Cash in banks (excluding Special Reserve Fund cash)	\$ 5,564,413	(\$ 263,578)
Investments (excluding accrued interest and Special Reserve Fund investments)	(34,337,388)	81,267,032
Total	(\$ 28,772,975)	\$ 81,003,454

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

*Certain amounts for 1972 have been reclassified for purposes of comparison.

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS

31 December 1973

Expressed in United States Dollars (Note A)

Members	Unit of Currency	Cash in Banks	Demand Obligations of Members
Afghanistan	Afghani	\$ 2,413	\$ 1,542,316 ¹
Australia	Australian Dollar	41,291 ³	27,993,318 ²
Austria	Austrian Schilling	332,852	—
Bangladesh	Bangladesh Taka	—	904,762 ¹
Belgium	Belgian Franc	31,409	1,321,326
British Solomon Islands	Australian Dollar	—	18,156 ¹
Burma	Kyat	—	829,968 ¹
Canada	Canadian Dollar	65,228	6,838,003
China, Republic of	New Taiwan Dollar	13,995	5,473,594 ¹
Denmark	Danish Krone	6,119	1,365,456
Fiji	Fiji Dollar	—	297,296 ¹
Finland	Finnish Markka	27,452	948,498
France	French Franc	1,060,119	3,998,697
Germany, Federal Republic of	Deutsche Mark	333,569	—
Hong Kong	Hong Kong Dollar	6,799 ⁴	2,952,173 ²
India	Indian Rupee	7,337	35,479,710 ¹
Indonesia	Rupiah	5,826,735 ¹	3,396,161 ¹
Italy	Italian Lira	—	—
Japan	Yen	159,207	65,448,867
Khmer Republic	Riel	334,982 ¹	973,883 ¹
Korea, Republic of	Won	9,304	13,230,138 ¹
Laos	Kip	142,275 ¹	—
Malaysia	Malaysian Dollar	—	7,863,774 ¹
Nepal	Nepalese Rupee	35,833	648,454 ¹
Netherlands	Netherlands Guilder	—	3,109,779
New Zealand	New Zealand Dollar	65,683 ²	8,001,760 ²
Norway	Norwegian Krone	—	—
Pakistan	Pakistan Rupee	2,851	11,935,073 ¹
Papua New Guinea	Australian Dollar	—	389,601 ¹
Philippines	Philippine Peso	510,658	6,724,193 ¹
Singapore	Singapore Dollar	9,359	1,758,432 ¹
Sri Lanka	Sri Lanka Rupee	3,643	3,297,881 ¹
Sweden	Swedish Krona	3,729	898,615
Switzerland	Swiss Franc	9,880	—
Thailand	Baht	6,337	7,077,792 ¹
Tonga	Tongan Dollar	—	7,238 ¹
United Kingdom	Pound Sterling	1,193,108	6,834,295
United States	United States Dollar	310,779	42,222,333
Viet Nam, Republic of	Piastre	4,076,939 ¹	—
Western Samoa	Western Samoan Tala	8,344 ¹	—
Total members		14,638,229	273,749,542
Non-member Luxembourg	Luxembourg Franc	654	—
TOTAL		\$ 14,638,883	\$273,749,542

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

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

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

3. Of this amount, restrictions on use have been imposed in the amount of \$13,407.

4. Of this amount, restrictions on use have been imposed in the amount of \$3,395.

ASIAN DEVELOPMENT BANK

STATEMENT

31 December

Expressed in United

Member and Borrower ¹	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
BANGLADESH					
Bangladesh	130 BAN	15 Jun. '73	1976- ³	6-7/8%	\$ 6,600,000
Bangladesh	142 BAN	14 Nov. '73	1978-1991	7-1/2	1,200,000
Bangladesh	144 BAN	14 Nov. '73	1979-1998	7-1/2	3,600,000
					11,400,000
BURMA					
Burma	161 BUR	20 Dec. '73	1979-1998	7-1/2	2,100,000
Burma	163 BUR	20 Dec. '73	1981-1998	7 1/2	4,500,000
					6,600,000
CHINA, REPUBLIC OF					
Republic of China	5 CHI	30 Nov. '68	1971-1978	6-7/8	400,000
Chinese Petroleum Corporation	7 CHI	27 Dec. '68	1972-1980	6-7/8	10,200,000
Republic of China	11 CHI	10 Apr. '69	1972-1981	6-7/8	10,000,000
Taiwan Aluminium Corporation	20 CHI	15 Dec. '69	1973-1982	6-7/8	2,670,000
Taiwan Metal Mining Corporation	21 CHI	15 Dec. '69	1973-1981	6 7/8	1,150,000
Republic of China	22 CHI	15 Dec. '69	1972-1982	6-7/8	990,000
Republic of China	29 CHI	3 Apr. '70	1973-1989	6-7/8	18,000,000
Taiwan Power Company	44 CHI	16 Dec. '70	1974-1989	7-1/2	12,880,000
Taiwan Power Company	67 CHI	24 May '71	1973-1980	7-1/2	500,000
China Development Corporation	75 CHI	15 Oct. '71	1973- ³	Variable ²	7,500,000
Republic of China	79 CHI	15 Dec. '71	1975-1991	7-1/2	13,000,000
Taiwan Power Company	82 CHI	15 Dec. '71	1975-1980	7-1/2	22,500,000
					100,390,000
FIJI					
Fiji Electricity Authority	89 FIJ	25 Feb. '72	1976-1992	7-1/2	4,700,000
Fiji Development Bank	174 FIJ	21 Dec. '73	1977-1988	Variable ²	2,000,000
					6,700,000
HONG KONG					
Hong Kong	93 HKG	1 Aug. '72	1976-1985	7 1/2	21,500,000
INDONESIA					
Indonesia	149 INO	3 Dec. '73	1979-1998	7-1/2	6,230,000
Indonesia	155 INO	20 Dec. '73	1979-1994	7-1/2	2,750,000
Indonesia	167 INO	20 Dec. '73	1979-1998	7-1/2	2,800,000
					11,780,000
FORWARD					\$158,370,000

ORDINARY CAPITAL RESOURCES

OF LOANS

1973

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
\$ —	\$ —	\$ —	\$ —	\$ 6,600,000	\$ —	\$ 1,453,741	\$ —
1,200,000	—	—	—	—	—	—	—
3,600,000	—	—	—	—	—	—	—
4,800,000	—	—	—	6,600,000	—	1,453,741	—
2,100,000	—	—	—	—	—	—	—
4,500,000	—	—	—	—	—	—	—
6,600,000	—	—	—	—	—	—	—
—	400,000	—	—	—	—	—	—
—	259,875	13,200	1,750,000	8,176,925	—	—	—
—	3,739,338	477,100	660,000	5,233,562	—	—	—
—	—	193,300	—	2,476,700	—	177,396	—
—	1,133,000	17,000	—	—	—	—	—
—	1,300	148,305	—	840,395	—	—	—
—	2,460,000	—	400,000	15,140,000	—	4,641,792	—
—	—	—	—	12,880,000	—	977,243	—
—	—	47,500	—	462,500	—	70,947	—
—	—	158,053	—	7,341,947	—	1,835,666	—
—	—	—	100,000	13,500,000	—	9,958,747	—
—	—	—	—	22,500,000	—	8,164,223	—
—	7,993,513	1,054,458	2,800,000	88,542,029	—	25,776,013	—
—	—	—	—	4,700,000	—	4,485,188	—
2,000,000	—	—	—	—	—	—	—
2,000,000	—	—	—	4,700,000	—	4,485,188	—
—	—	—	—	20,350,000	1,150,000	20,231,407	1,150,000
6,230,000	—	—	—	—	—	—	—
2,750,000	—	—	—	—	—	—	—
2,800,000	—	—	—	—	—	—	—
11,780,000	—	—	—	—	—	—	—
\$25,180,000	\$7,993,513	\$1,054,458	\$2,800,000	\$120,192,029	\$1,150,000	\$51,946,349	\$1,150,000

ASIAN DEVELOPMENT BANK

STATEMENT

31 December

Expressed in United

Member and Borrower ¹	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
FORWARD					\$158,370,000
KOREA, REPUBLIC OF					
Republic of Korea	3 KOR	16 Sep. '68	1972-1983	6-7/8%	6,800,000
Korea Cold Storage Company Limited	10 KOR	22 Mar. '69	1973-1984	6-7/8	7,000,000
The Korea Express Company Limited	14 KOR	17 Sep. '69	1972-1980	6-7/8	7,500,000
The Medium Industry Bank	23 KOR	19 Dec. '69	1972-1984	6-7/8	10,000,000
Republic of Korea	38 KOR	26 Oct. '70	1972-1980	7-1/2	500,000
Korea Electric Company	40 KOR	23 Nov. '70	1973-1990	7-1/2	9,500,000
The Korea Development Bank	42 KOR	23 Nov. '70	1972- ³	Variable ²	10,000,000
Hankook Caprolactam Corporation	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	70 KOR	3 Sep. '71	1974- ³	Variable ²	15,000,000
Korea Electric Company	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	98 KOR	10 Oct. '72	1976-1987	7-1/2	13,300,000
The Korea Development Bank	111 KOR	15 Dec. '72	1973- ³	Variable ²	20,000,000
Republic of Korea	119 KOR	28 Dec. '72	1978-1993	7-1/2	25,600,000
Republic of Korea ⁴	133 KOR	24 Jul. '73	1978-1998	7-1/2	16,300,000
The Medium Industry Bank	173 KOR	27 Dec. '73	Not fixed ³	Variable ²	30,000,000
					243,600,000
MALAYSIA					
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	1975-1989	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	3,500,000
Malaysia	76 MAL	20 Dec. '71	1977-1996	7-1/2	13,400,000
Malaysian Industrial Development Finance Berhad	87 MAL	20 Dec. '71	1973- ³	Variable ²	15,000,000
Malaysia	97 MAL	16 Oct. '72	1978-1992	7-1/2	6,700,000
Malaysia	101 MAL	10 Nov. '72	1978-1992	7-1/2	10,900,000
Malaysia	107 MAL	18 Dec. '72	1978-1992	7-1/2	6,100,000
Malaysia	124 MAL	10 Apr. '73	1978-1998	7-1/2	9,300,000
Malaysia	138 MAL	4 Sep. '73	1978-1993	7-1/2	9,800,000
Malaysia	145 MAL	5 Nov. '73	1979-1998	7-1/2	6,460,000
Malaysia ⁴	147 MAL	26 Nov. '73	1978-1998	7-1/2	30,400,000
					135,560,000
NEPAL					
Nepal	46 NEP	29 Dec. '70	1974-1982	7-1/2	2,000,000
FORWARD					\$539,530,000

ORDINARY CAPITAL RESOURCES

OF LOANS

1973

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
\$ 25,180,000	\$ 7,993,513	\$1,054,458	\$2,800,000	\$120,192,029	\$1,150,000	\$ 51,946,349	\$1,150,000
—	488,449	—	785,000	5,526,551	—	—	—
—	2,200,638	—	490,000	4,309,362	—	—	—
—	652,122	1,328,923	—	5,518,955	—	—	—
—	42,148	727,793	—	9,230,059	—	—	—
—	500,000	—	—	—	—	—	—
—	—	143,000	—	9,357,000	—	9,029,451	—
—	—	243,958	—	9,756,042	—	122,444	—
—	—	—	—	25,000,000	—	4,572,198	—
—	—	—	265,000	8,250,000	285,000	5,990,129	285,000
—	—	—	—	15,000,000	—	10,696,321	—
—	—	—	—	10,600,000	—	10,596,940	—
—	—	—	—	22,000,000	—	20,554,386	—
—	—	—	—	5,700,000	—	5,700,000	—
—	—	—	—	12,205,900	1,094,100	12,084,292	1,094,100
—	—	2,624	—	19,997,376	—	12,687,843	—
—	—	—	—	25,213,000	387,000	25,114,867	387,000
16,300,000	—	—	—	—	—	—	—
30,000,000	—	—	—	—	—	—	—
48,300,000	3,883,357	2,446,298	1,540,000	187,664,245	1,766,100	117,148,871	1,766,100
—	—	900	285,000	6,914,100	—	1,346,651	—
—	—	—	—	2,800,000	—	309,396	—
—	—	—	—	5,000,000	—	2,043,442	—
—	—	—	—	3,100,000	—	96,101	—
—	—	—	—	900,000	—	900,000	—
—	—	—	—	5,000,000	—	3,902,861	—
—	—	—	—	3,500,000	—	3,349,175	—
—	—	—	—	13,400,000	—	12,980,000	—
—	—	22,267	—	14,977,733	—	13,482,241	—
—	—	—	—	6,700,000	—	6,661,053	—
—	—	—	—	10,600,000	300,000	10,600,000	300,000
—	—	—	—	5,620,400	479,600	5,620,400	479,600
—	—	—	—	8,875,000	425,000	8,875,000	425,000
—	—	—	—	9,750,000	50,000	9,750,000	50,000
6,460,000	—	—	—	—	—	—	—
30,400,000	—	—	—	—	—	—	—
36,860,000	—	23,167	285,000	97,137,233	1,254,600	79,919,320	1,254,600
—	—	—	—	2,000,000	—	1,836,436	—
\$108,340,000	\$11,876,870	\$3,523,923	\$4,625,000	\$406,993,507	\$4,170,700	\$250,850,976	\$4,170,700

ASIAN DEVELOPMENT BANK

STATEMENT

31 December

Expressed in United

Member and Borrower ¹	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
FORWARD					\$539,530,000
PAKISTAN					
Industrial Development Bank of Pakistan	6 PAK	16 Dec. '68	1972-1985	6-7/8%	10,000,000
Pakistan Industrial Credit and Investment Corporation	34 PAK	9 Oct. '70	1974-1988	7-1/2	3,120,000
Pakistan Industrial Credit and Investment Corporation	52 PAK	24 Dec. '70	1974-1985	7-1/2	12,000,000
Industrial Development Bank of Pakistan	53 PAK	24 Dec. '70	1972- ³	Variable ²	15,000,000
Agricultural Development Bank of Pakistan	54 PAK	24 Dec. '70	1973-1985	7-1/2	8,730,000
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	1975- ³	Variable ²	6,000,000
Islamic Republic of Pakistan	150 PAK		1979-1998	7-1/2	6,800,000
Islamic Republic of Pakistan	169 PAK		1979-1998	7-1/2	12,800,000
Islamic Republic of Pakistan	172 PAK		1978-1988	7-1/2	19,250,000
					106,000,000
PHILIPPINES					
Philippine National Bank	9 PHI	5 Mar. '69	1970-1983	6-7/8	5,000,000
Philippine National Bank	51 PHI	28 Dec. '70	1974- ³	Variable ²	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	77 PHI	3 Nov. '71	1977-1996	7-1/2	23,400,000
National Power Corporation	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
Philippines	126 PHI	11 Apr. '73	1977-1998	7-1/2	6,600,000
Philippines	134 PHI	29 Jun. '73	1980-2003	7-1/2	3,600,000
Philippines	136 PHI	29 Jun. '73	1977-1987	7-1/2	3,800,000
Philippines	152 PHI	26 Nov. '73	1981-2003	7-1/2	4,200,000
Philippines ⁴	164 PHI	14 Dec. '73	1979-1993	7-1/2	29,800,000
Philippine National Bank	175 PHI		Not fixed ³	Variable ²	25,000,000
					174,350,000
SINGAPORE					
The Development Bank of Singapore Limited	13 SIN	16 Jul. '69	1972-1985	6-7/8	10,000,000
Jurong Town Corporation	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	57 SIN	28 Dec. '70	1975-1990	7-1/2	8,300,000
The Port of Singapore Authority	73 SIN	15 Sep. '71	1977-1993	7-1/2	8,100,000
Public Utilities Board, Singapore	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	112 SIN	27 Dec. '72	1976-1988	7-1/2	19,600,000
The Development Bank of Singapore Limited	165 SIN	26 Dec. '73	Not fixed ³	Variable ²	10,000,000
					101,380,000
FORWARD					\$921,260,000

ORDINARY CAPITAL RESOURCES

OF LOANS

1973

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
\$108,340,000	\$11,876,870	\$3,523,923	\$4,825,000	\$406,993,507	\$4,170,700	\$250,850,976	\$4,170,700
—	5,411,923	888,518	—	3,699,559	—	—	—
—	—	—	—	3,120,000	—	2,865,021	—
—	12,000,000	—	—	—	—	—	—
—	—	266,274	—	14,733,726	—	12,293,660	—
—	1,500,000	—	—	5,230,000	—	4,421,528	—
—	—	—	—	14,300,000	—	11,703,612	—
—	—	—	—	6,000,000	—	6,000,000	—
6,800,000	—	—	—	—	—	—	—
12,800,000	—	—	—	—	—	—	—
19,250,000	—	—	—	—	—	—	—
38,850,000	18,911,923	1,154,792	—	47,083,285	—	37,383,821	—
—	24,998	594,140	—	4,380,802	—	—	—
—	—	—	—	15,000,000	—	9,870,791	—
—	—	—	—	10,600,000	—	8,778,630	—
—	—	—	—	4,600,000	—	4,198,813	—
—	—	—	—	23,400,000	—	22,812,556	—
—	—	—	—	21,000,000	—	20,686,349	—
—	—	—	248,300	22,001,700	—	21,840,274	—
—	—	—	—	6,475,000	125,000	6,324,417	125,000
—	—	—	—	3,600,000	—	3,560,769	—
—	—	—	—	3,600,000	—	3,599,850	—
4,200,000	—	—	—	—	—	—	—
29,600,000	—	—	—	—	—	—	—
25,000,000	—	—	—	—	—	—	—
58,800,000	24,998	594,140	248,300	114,557,562	125,000	101,872,449	125,000
—	—	1,015,508	—	8,984,492	—	368,660	—
—	—	—	—	8,310,000	—	8,183,231	—
—	—	—	550,000	19,950,000	—	18,567,369	—
—	—	—	250,000	8,050,000	—	3,868,469	—
—	—	—	—	8,100,000	—	6,997,634	—
—	—	—	150,000	15,320,000	—	7,223,289	—
—	—	—	—	1,100,000	—	1,100,000	—
—	—	—	—	17,720,000	1,880,000	17,720,000	1,880,000
10,000,000	—	—	—	—	—	—	—
10,000,000	—	1,015,508	950,000	87,534,492	1,880,000	84,028,652	1,880,000
\$215,990,000	\$30,813,791	\$6,288,363	\$5,823,300	\$656,168,846	\$6,175,700	\$453,935,898	\$6,175,700

ASIAN DEVELOPMENT BANK

STATEMENT

31 December

Expressed in United

Member and Borrower ¹	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
FORWARD					\$ 921,260,000
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
					13,135,000
THAILAND					
Industrial Finance Corporation of Thailand	1 THA	25 Jan. '68	1969-1978	6-7/8	5,000,000
Industrial Finance Corporation of Thailand	24 THA	30 Jan. '70	1972 ²	6-7/8	10,000,000
Electricity Generating Authority of Thailand	50 THA	21 Dec. '70	1975-1992	7-1/2	19,000,000
Metropolitan Electricity Authority	80 THA	17 Dec. '71	1975-1992	7-1/2	18,000,000
Electricity Generating Authority of Thailand	113 THA	20 Dec. '72	1978-1993	7 1/2	23,000,000
Metropolitan Waterworks Authority	137 THA		1979-1999	7 1/2	19,600,000
Metropolitan Electricity Authority	153 THA		1978-1994	7 1/2	21,000,000
Thailand	157 THA	18 Dec. '73	1979-1993	7-1/2	3,300,000
					118,900,000
VIET-NAM, REPUBLIC OF					
Republic of Viet-Nam	140 VIE	31 Oct. '73	1979-1993	7-1/2	1,450,000
Republic of Viet-Nam	159 VIF	20 Dec. '73	1978-1998	7 1/2	2,480,000
					3,930,000
ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED					
TOTAL					\$1,057,225,000

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

1. Loans other than those made directly to a member or to its central bank have been guaranteed by the member.
2. 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.

ORDINARY CAPITAL RESOURCES

OF LOANS

1973

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
\$215,990,000	\$30,813,791	\$ 6,288,363	\$5,823,300	\$656,168,846	\$6,175,700	\$453,935,898	\$6,175,700
—	—	293,000	—	1,707,000	—	—	—
—	—	—	—	885,000	—	139,842	—
—	273,480	—	—	2,326,520	—	—	—
—	—	—	—	3,500,000	—	1,319,403	—
—	—	—	—	4,150,000	—	3,938,824	—
—	273,480	293,000	—	12,568,520	—	5,397,869	—
—	88,049	2,559,741	—	2,352,210	—	—	—
—	—	892,439	—	9,107,561	—	4,100,747	—
—	4,500,000	—	—	14,500,000	—	9,717,964	—
—	—	—	—	17,160,000	840,000	15,572,772	840,000
—	—	—	—	22,129,000	871,000	22,129,000	871,000
19,600,000	—	—	—	—	—	—	—
21,000,000	—	—	—	—	—	—	—
3,300,000	—	—	—	—	—	—	—
43,900,000	4,588,049	3,452,180	—	65,248,771	1,711,000	51,520,483	1,711,000
1,450,000	—	—	—	—	—	—	—
2,480,000	—	—	—	—	—	—	—
3,930,000	—	—	—	—	—	—	—
11,945,103 ⁶							
\$263,820,000	\$35,675,320	\$10,033,543	\$5,823,300	\$745,931,240	\$7,886,700	\$510,854,250	\$7,886,700

3 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.

4 Portions of these loans, which are not yet effective, aggregating \$300,000 have been agreed to be sold.

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

ASIAN DEVELOPMENT BANK

STATEMENT OF

31 December

Expressed in United

Payable in, Issue and Maturity	Effective Interest Rates
Austrian Schillings:	
7% Twelve Year Bonds of 1970, due 1982 (\$ 130,000,000)	7.21%
7% Twelve Year Bonds of 1971, due 1983 (\$ 150,000,000)	7.20
Belgian Francs:	
7.5% Twelve Year Bonds of 1971, due 1983 (BF 400,000,000)	7.50
Deutsche Mark:	
7% Fifteen Year Bonds of 1969, due 1984 (DM 60,000,000)	7.24
Italian Lire:	
7% Fifteen Year Bonds of 1972, due 1987 (Lit. 10,000,000,000)	7.19
Japanese Yen:	
7.4% Seven Year Bonds of 1970, due 1977 (¥ 6,000,000,000)	7.56
7.4% Seven Year Bonds of 1971, due 1978 (¥ 10,000,000,000)	7.44
7.3% Ten Year Bonds of 1972, due 1982 (¥ 10,000,000,000)	7.30
Luxembourg Francs:	
8.75% Fifteen Year Bonds of 1972, due 1987 (LuxF 400,000,000)	8.75
Swiss Francs:	
7% Fifteen Year Bonds of 1971, due 1986 (SwF 40,000,000)	7.12
United States Dollars:	
6.5% Five Year Notes of 1971, due 1976 (*)	6.50
7.75% Twenty-Five Year Bonds of 1971, due 1996	7.84
8.75% Two Year Bonds of 1973, due 1975 (*)	6.75
4% Fifteen Year Loan of 1973, due 1989(*) ³	4.00
Loss—Amount receivable under contract ³	
TOTAL	

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 \$2,415,953 of bonds purchased for redemption funds.

ORDINARY CAPITAL RESOURCES

BORROWINGS

1973

States Dollars (Note A)

Principal Outstanding ¹		Redemption Requirements ²	
\$ 5,207,801	1974-1982	S	12,000,000
7,529,460	1974-1983	S	15,000,000
9,680,542	1977-1982	BF	40,000,000
	1983	BF	160,000,000
20,559,751	1975-1984	DM	6,000,000
16,507,779	1978-1987	Lit.	1,000,000,000
20,142,857	1974-1976	Y	360,000,000
	1977	Y	4,560,000,000
35,714,286	1975-1977	Y	600,000,000
	1978	Y	8,200,000,000
35,714,286	1978-1981	Y	600,000,000
	1982	Y	7,600,000,000
9,680,542	1978-1987	Lux F	40,000,000
12,345,679	1974-1985	Up to SwF 3,000,000	
	1986	The balance	
25,000,000	1976	\$	25,000,000
25,000,000	1983	\$	500,000
	1984-1995	\$	1,000,000
	1996	\$	12,500,000
20,000,000	1975	\$	20,000,000
10,525,734	1979	\$	555,556
	1980-1988	\$	1,052,573
	1989	\$	497,021
253,608,717			
4,970,179			
\$248,638,538			

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

Year	Amount
1974	\$ 3,590,176
1975	27,987,062
1976	37,987,062
1977	23,955,116
1978	39,573,948
	<u>\$128,093,364</u>

³ This represents a loan from the Government of Austria in United States Dollars equivalent to 200,000,000 Austrian Schillings contracted for in September 1973. The first and second tranches equivalent to 100,000,000 Austrian Schillings each were received on 1 October 1973 and 2 January 1974, respectively. The amounts received and shown as principal outstanding were calculated at the Austrian Schilling/United States Dollar exchange rate in effect on the respective dates of receipt.

ASIAN DEVELOPMENT BANK—

STATEMENT OF SUBSCRIPTIONS TO

31 December

Expressed in United

MEMBERS	SUBSCRIBED		
	Shares	Per Cent of Total	Par Value
REGIONAL			
Afghanistan	1,195	0.529	\$ 14,415,882
Australia	21,250	9.408	250,349,375
Bangladesh	3,750	1.660	45,738,125
British Solomon Islands	25	0.011	301,588
Burma	2,000	0.885	24,127,000
China, Republic of	4,000	1.771	48,254,000
Fiji	250	0.111	3,015,875
Hong Kong	2,000	0.885	24,127,000
India	23,250	10.293	280,476,375
Indonesia	6,250	2.767	75,396,875
Japan	50,000	22.136	603,175,000
Khmer Republic	875	0.387	10,555,563
Korea, Republic of	11,500	5.091	138,730,250
Laos	105	0.046	1,266,668
Malaysia	5,000	2.214	60,317,500
Nepal	540	0.239	6,514,290
New Zealand	5,640	2.497	68,038,140
Pakistan	8,000	3.542	96,508,000
Papua New Guinea	345	0.153	4,161,907
Philippines	8,750	3.874	105,555,625
Singapore	1,250	0.553	16,079,375
Sri Lanka	2,130	0.943	25,695,255
Thailand	5,000	2.214	60,317,500
Tonga	15	0.007	180,952
Vict. Nam, Republic of	3,000	1.328	36,190,500
Western Samoa ¹	6	0.003	72,381
Total Regional	166,126	73.547	\$2,004,061,001

ORDINARY CAPITAL RESOURCES

CAPITAL STOCK AND VOTING POWER

1973

States Dollars (Note A)

PAR VALUE OF CALLABLE SHARES	PAR VALUE OF PAID-IN SHARES		VOTING POWER	
	Subscription Not Due	Instalments Matured	Number of Votes	Per Cent of Total
\$ 9,807,625	\$ 1,150,054	\$ 3,458,203	2,606	0.923
174,317,576	20,507,950	61,523,850	22,661	8.027
30,761,925	12,666,675	1,809,525	5,161	1.878
205,079	64,340	32,169	1,436	0.509
16,406,360	6,176,512	1,544,128	3,411	1.208
32,812,770	3,860,320	11,580,960	5,411	1.917
2,050,795	361,905	603,175	1,661	0.588
16,406,360	1,930,160	5,790,480	3,411	1.208
190,723,935	22,438,110	67,314,330	24,661	8.735
51,269,875	6,031,750	18,095,250	7,661	2.713
410,159,000	48,254,000	144,782,000	51,411	18.211
7,177,783	844,445	2,533,335	2,286	0.810
94,336,570	18,819,060	25,574,620	12,911	4.573
856,509	104,550	305,609	1,516	0.537
41,015,900	4,825,400	14,476,200	6,411	2.271
4,427,305	522,751	1,564,234	1,951	0.691
46,263,522	5,444,660	16,329,958	7,051	2.498
65,625,440	7,720,640	23,161,920	9,411	3.334
2,834,922	662,688	664,297	1,756	0.622
71,777,825	8,444,450	25,333,350	10,161	3.599
10,253,975	1,206,350	3,619,050	2,661	0.943
17,467,948	2,058,837	6,168,470	3,541	1.254
41,015,900	4,825,400	14,476,200	6,411	2.271
120,635	45,841	14,476	1,426	0.505
24,609,540	2,895,240	8,685,720	4,411	1.562
36,191		36,190	1,417	0.502
\$1,362,741,214	\$181,862,088	\$459,457,699	202,812	71.839

ASIAN DEVELOPMENT BANK

STATEMENT OF SUBSCRIPTIONS TO

31 December

Expressed in United

MEMBERS	SUBSCRIBED		
	Shares	Per Cent of Total	Par Value
NON-REGIONAL			
Austria	1,250	0.554	\$ 15,079,375
Belgium	1,250	0.554	15,079,375
Canada	6,250	2.767	75,396,875
Denmark	1,250	0.554	15,079,375
Finland ¹	500	0.221	6,031,750
France	6,250	2.767	75,396,875
Germany, Federal Republic of	8,500	3.763	102,539,750
Italy ¹	2,000	0.885	24,127,000
Netherlands	2,750	1.218	33,174,625
Norway ¹	500	0.221	6,031,750
Sweden ¹	500	0.221	6,031,750
Switzerland	1,250	0.554	15,079,375
United Kingdom	7,500	3.320	90,476,250
United States ¹	20,000	8.854	241,270,000
Total Non-Regional	59,750	26.453	720,794,125
GRAND TOTAL	225,876	100.000	\$2,724,855,126

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

1 As of 31 December 1973 these members have not yet subscribed to the additional shares of the increase in capital stock authorized by Resolution No. 48 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

1973

States Dollars (Note A)

CONTINUED

PAR VALUE 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
\$ 10,253,975	\$ 1,206,350	\$ 3,619,050	2,661	0.943
10,253,975	1,206,350	3,619,050	2,661	0.943
51,269,875	6,031,750	18,095,250	7,661	2.713
10,253,975	1,206,350	3,619,050	2,661	0.943
3,015,875	—	3,015,875	1,911	0.677
51,269,875	12,063,500	12,063,500	7,661	2.713
69,727,030	8,203,180	24,609,540	9,911	3.510
12,063,500	—	12,063,500	3,411	1.208
22,558,745	2,653,970	7,961,910	4,161	1.474
3,015,875	—	3,015,875	1,911	0.677
3,015,875	—	3,015,875	1,911	0.677
10,253,975	1,206,350	3,619,050	2,661	0.943
61,523,850	7,238,100	21,714,300	8,911	3.156
120,635,000	—	120,635,000	21,411	7.584
439,111,400	41,015,900	240,668,825	79,504	28.161
\$1,801,852,614	\$222,877,988	\$700,124,524	282,316	100.000

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1973

Expressed in United States Dollars (Note A)

NOTE A—

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) **Unit of Account**
The Ordinary Capital Resources financial statements are expressed in current United States Dollars.
- (2) **Translation of Currencies**
Prior to 30 June 1972 amounts in currencies other than United States Dollars were translated into United States Dollars at par values established or provisional rates agreed by the members with the International Monetary Fund, and in the cases of currencies having no such par value or provisional rate, at the rates used by the members in making payment of their capital subscriptions to the Bank. In view of the introduction and continuation of the temporary regime of central rates and wider margins, effective 30 June 1972, the Board of Directors approved, 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, the use of appropriate par values, provisional rates, central rates, floating rates, market or other rates at which foreign exchange transactions are generally conducted in the territories of the members concerned. The principles in regard to translation of currencies established as of 30 June 1972 remained unchanged during 1973. As of 31 December 1973, amounts in currencies other than United States Dollars were translated as described below:
 - (a) In the cases of 14 members (Afghanistan, Australia, Bangladesh, British Solomon Islands, Indonesia, Khmer Republic, Republic of Korea, Laos, Pakistan, Papua New Guinea, Philippines, Sri Lanka, Thailand and Republic of Viet Nam), at par values established or provisional or other rates agreed by these members with the International Monetary Fund;
 - (b) In the cases of 6 members (Burma, Republic of China, Hong Kong, India, Nepal and Western Samoa), at central rates;
 - (c) In the cases of 18 members (Austria, Belgium, Canada, Denmark, Fiji, Finland, France, Federal Republic of Germany, Italy, Japan, Malaysia, Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland and United Kingdom) and a non-member (Luxembourg), at market rates;
 - (d) In the case of Tonga at the rates used by Tonga in making payments of capital subscriptions to the Bank.

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

(3) **Loans**

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

(4) **Unamortized Issuance Costs of Borrowings**

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

(5) **Property, Furniture and Equipment**

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

NOTE B—

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 22 members aggregating \$112,207,697.

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 \$40,610,022.

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

CONTINUED

January 1966, namely with a gold content of 0.888671 gram of fine gold. Accordingly, following the 1973 devaluation of the United States Dollar to 0.736662 gram of fine gold, capital stock amounts were restated to present such amounts in current United States Dollars. The restatement of capital stock was offset by increases from translations of net assets in other currencies into United States Dollars, amounts receivable for maintenance of value of currency holdings under Article 25, and a charge to the Ordinary Reserve as mentioned in Note G. A similar restatement of capital stock was made following the 1972 devaluation of the United States Dollar.

The authorized capital stock of the Bank is \$3,385,716,500 (\$2,790,000,000 in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966), comprising the original authorized capital stock of \$1,206,350,000, the increase of \$120,635,000 which was approved by the Board of Governors in November 1966, the further increase of \$1,990,477,500 which became effective in November 1972 and the special increase of \$48,254,000 which became effective on 16 April 1973. As of 31 December 1973 the subscribed capital was \$2,724,865,126.

Of the original and the first increase in authorized capital stock, 50 per cent is "callable" and 50 per cent "paid-in", the "paid-in" portion being 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 is 80 per cent "callable" and 20 per cent "paid-in", the "paid-in" portion being payable 40 per cent in gold or convertible currencies and 60 per cent in the currency of the respective member. The special increase in authorized capital stock is 88 per cent "callable" and 32 per cent "paid-in", the "paid-in" portion being payable 46.25 per cent in gold or convertible currencies and 53.75 per cent in the currency of the member. In lieu of the portion of any instalment paid or payable in the currency of the member, provided such currency is not required by the Bank for the conduct of its operations, the Bank shall accept non-negotiable, non-interest-bearing demand obligations in accordance with Article 6, paragraph 3. As of 31 December 1973 all matured instalments amounting to \$700,124,524 were received. Instalments not due aggregating \$222,877,988 are receivable during the next four years as follows:

1974	\$100,469,664
1975	\$104,583,307
1976	\$ 14,471,374
1977	\$ 3,353,653

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 AMOUNTS PAYABLE TO MAINTAIN VALUE OF CURRENCY HOLDINGS

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

NOTE E—

SPECIAL RESERVE

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

NOTE F—

CAPITAL SET-ASIDE FOR SPECIAL OPERATIONS

Pursuant to the provisions of Article 19, paragraph 1(i), the Board of Governors has authorized the setting aside of 10 per cent of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as of 28 April 1973, to be used as part of the Consolidated Special Funds of the Bank. The resources so set aside, amounting to \$57,433,902 (\$47,609,651 in terms of the 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,

CONTINUED

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 1972, namely \$11,184,473, was allocated to the Ordinary Reserve in terms of the resolution adopted by the Board of Governors at the Sixth Annual Meeting. Similar allocations had previously been made in respect of net income for preceding periods.

During the year ended 31 December 1973 an amount of \$7,410,568 was charged to the Ordinary Reserve in connection with the re-statement of capital stock amounts following the devaluation of the United States Dollar. This charge represents the portion of the re-statement 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—

COMMITMENT CHARGE

During 1973 the Board of Directors approved a change in the levy of commitment charge on project loans from Ordinary Capital Resources approved after 30 June 1973, resulting in a reduction of the charge. For each such loan approved prior to that date, the commitment charge is levied on the full unwithdrawn amount at the rate of 3/4 of one per cent per annum commencing 60 days after the date of the loan agreement. The effect of the change for such loans approved after 30 June 1973 is generally expected to be a reduction of approximately 60 per cent in the commitment charge during the three year period following loan approval. The change did not have a material effect on net income for 1973.

NOTE I—

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 seven 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 1973 and 31 December 1972, the Bank contributed \$753,137 and \$654,013, respectively, to the Plan to cover its estimated cost and expenses, at the rate of 14 per cent of participants' remuneration.

NOTE J—

ADMINISTRATION CHARGE

An Administration Charge to Special Operations was instituted in 1971. The computation of the Administration Charge for 1971 and 1972 was based on a formula which took into consideration administrative expenses and the number and amounts of loans signed. Payment of the Charge by Special Funds Resources was to be made from Accrued Resources derived from the service fee levied on special loans.

Effective 1973, the Board of Directors approved a modification of the Administration Charge formula and also authorized that all income of Special Funds Resources (including accumulated income as of 31 December 1972 but excluding income of the Technical Assistance Special Fund) be available to meet the Charges. The revised formula takes into consideration administrative expenses (after excluding certain items from the computations) and the number and amounts of loans approved. As a result of the change in the formula, the Administration Charge for 1973 was reduced by \$1,177,000.

NOTE K—

TECHNICAL ASSISTANCE

The outstanding commitments, as of 31 December 1973, for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$4,812,000, to the extent available, contributions to the Consolidated Special Funds of the Bank may be used to meet expenditures arising out of the commitments. This amount shown is exclusive of technical assistance services made available on a reimbursable basis; however, when technical assistance rendered as a part of the commitment shown leads to loans for specific projects, the 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 \$194,444 and \$419,000, respectively, were charged to loans and credited to income during 1973 and 1972.

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 1973 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 Borrowings	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 1973 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 & SELLS22 February 1974

ASIAN DEVELOPMENT BANK

BALANCE

31 December

Expressed in United

	Technical Assistance Special Fund (Note 3)	
<u>ASSETS</u>		
CASH IN BANKS		\$ 663,162
INVESTMENTS		
Government obligations—amortized cost (Face amount \$23,759,658)	\$ 6,831,906	
Time deposits and certificates of deposit		6,831,906
LOANS (See Appendix 1-D) [Note 2 (d)]		
Loans approved \$319,708,000		
Effective loans held by Bank		
ACCRUED INCOME		
On investments		
On loans		
NOTES OF CONTRIBUTORS		
Non-negotiable, non interest bearing notes		
RESOURCES AVAILABLE		
Contributed Resources (See Appendix 1-E)		
Amounts made available	13,569,677	
Less—amounts drawn	12,643,351	926,326
OTHER ASSETS		75,529
TOTAL		\$8,496,923
<u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>		
ACCOUNTS PAYABLE		\$ 364,948
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 6)		
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-D)		
UNEXPENDED BALANCES AND CAPITAL		
Contributed Resources (See Appendix 1-E)		
Contributions committed [Note 2 (c)]	\$13,691,074	
Less—amounts not yet made available	121,397	
Amounts made available	13,569,677	
Set Aside Resources (See Appendix 1-F) [Note 5 (n)]		
Capital set aside and transferred		
Accumulated net income (expense) (See Appendix 1-B)		
Contributed Resources	(5,437,702)	
Accrued Resources [Note 5 (n)]		
	(5,437,702)	8,131,975
TOTAL		\$8,496,923

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

SPECIAL FUNDS RESOURCES

SHEET

973

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 5)		Total (Consolidated Special Funds)	
	\$ 9,984,686		\$ 10,647,848
\$ 18,543,462		\$ 23,375,368	
51,047,927	67,591,389	51,047,927	74,423,295
	245,617,447		245,617,447
1,853,464		1,853,464	
297,207	2,150,671	297,207	2,150,671
	209,700,016		209,700,016
316,278,521		329,848,198	
275,619,621	40,658,900	288,262,972	41,585,226
	2,653,810		2,729,339
	\$578,356,919		\$586,853,842
	\$ 930,268		\$ 1,295,216
	7,728,972		7,728,972
	199,715,301		199,715,301
\$329,479,796		\$343,170,870	
13,201,275		13,322,672	
316,278,521		329,848,198	
57,433,902		57,433,902	
(3,730,045)		(5,437,702)	
(3,730,045)		(3,730,045)	
	369,982,378	(9,167,747)	378,114,353
	\$578,356,919		\$586,853,842

ASIAN DEVELOPMENT BANK

COMPARATIVE STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December

Expressed in United

	Technical Assistance Special Fund (Note 3)	
	1973	1972
INCOME		
From investments	\$ 266,948	\$ 132,773
From loans		
Interest	—	—
Service fee	—	—
From other sources	(6,016)	98,805
GROSS INCOME	259,930	231,578
Service fee less depository banks charges allocated to Accrued Resources	—	—
UNALLOCATED GROSS INCOME	259,930	231,578
EXPENSES		
Administrative expenses		
Project appraisal and other field missions—		
Consultants	134,901	93,354
Other administrative expenses—		
Consultants—Headquarters	48,457	46,626
Administration Charge (Note 6)	—	—
Depository banks charges	239	158
Miscellaneous	1,000	800
Total	184,597	142,938
Services to member countries		
Project preparation missions and other loan-related technical assistance		
Consultants	830,627	986,389
Project implementation/advisory—		
Consultants	209,181	204,484
Regional activities		
Consultants	47,727	60,182
Total	1,087,535	1,251,055
GROSS EXPENSES	1,272,132	1,393,993
NET INCOME (EXPENSE) FOR THE YEAR	(1,012,202)	(1,162,415)
BALANCE OF ACCUMULATED NET INCOME (EXPENSE) AT BEGINNING OF THE YEAR	(4,425,500)	(3,263,085)
TRANSFERS OF INCOME PURSUANT TO CERTAIN CONTRIBUTION AGREEMENTS	—	—
BALANCE OF ACCUMULATED NET INCOME (EXPENSE) AT END OF THE YEAR	(\$5,437,702)	(\$4,425,500)

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

SPECIAL FUNDS RESOURCES

AND ACCUMULATED NET INCOME (EXPENSE)

1973 and 31 December 1972

States Dollars (Note 2)

Agricultural Special Fund (Note 4)		Multi-Purpose Special Fund (Note 5)				
1973	1972	Contributed Resources	Set-Aside Resources	Accrued Resources	Total	
					1973	1972
\$ —	\$ —	\$ 822,326	\$3,109,085	\$ —	\$3,931,411	\$1,688,793
110,412	119,901	401,981	55,206	216	457,403	83,327
55,591	50,474	161,156	25,664	16,492	203,312	47,130
23,226	16,129	(5,026)	(88,665)	272,387	178,896	162,096
189,229	186,504	1,380,437	3,101,290	289,095	4,770,822	1,981,646
(55,449)	(50,262)	(160,039)	(24,656)	240,144	55,449	50,262
133,780	136,242	1,220,398	3,076,634	529,239	4,826,271	2,031,908
—	—	—	—	—	—	—
326,022	—	1,520,514	3,075,626	(1,651,162)	2,944,978	3,945,000
142	212	1,117	1,008	—	2,125	1,744
326,164	212	1,521,631	3,076,634	(1,651,162)	2,947,103	3,946,744
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
326,164	212	1,521,631	3,076,634	(1,651,162)	2,947,103	3,946,744
(192,384)	136,030	(301,233)	—	2,180,401	1,879,168	(1,914,836)
192,384	60,173	301,233	—	(5,910,446)	(5,609,213)	(3,098,196)
—	(3,819)	—	—	—	—	3,819
\$ —	\$192,384	\$ —	\$ —	(\$3,730,045)	(\$3,730,045)	(\$5,609,213)

ASIAN DEVELOPMENT BANK—

COMPARATIVE STATEMENT OF

For the Years Ended 31 December 1973

Expressed in United

	Technical Assistance Special Fund (Note 3)	
	1973	1972
FUNDS WERE PROVIDED BY		
Operations		
Net income (expense)	(\$1,012,202)	(\$1,162,415)
Items not requiring or providing funds (including Administration Charge)	—	—
Funds provided by (utilized for) operations	(1,012,202)	(1,162,415)
Contributions drawn		
(excluding notes of contributors)	2,894,821	3,031,434
Increase in contributions drawn as a result of currency revaluations	456,371	433,484
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	—	—
Other—net	—	276,957
Total	2,339,090	2,579,460
FUNDS WERE UTILIZED FOR		
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	—	—
Administration Charge paid	—	—
Other—net	357,697	—
Total	357,697	—
INCREASE IN CASH IN BANKS AND INVESTMENTS	\$1,981,393	\$2,579,460
INCREASE (DECREASE) IN COMPONENTS OF FUNDS		
Cash in banks	(\$ 208,758)	\$ 660,067
Investments (excluding accrued interest)	2,190,151	1,919,393
Total	\$1,981,393	\$2,579,460

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

SPECIAL FUNDS RESOURCES

CHANGES IN FINANCIAL POSITION

and 31 December 1972

States Dollars (Note 2)

Agricultural Special Fund (Note 4)		Multi-Purpose Special Fund (Note 5)		Total (Consolidated Special Funds)	
1973	1972	1973	1972	1973	1972
(\$ 192,384)	\$ 136,030	\$ 1,879,168	(\$ 1,914,836)	\$ 674,582	(\$ 2,941,221)
334,311	(47,848)	1,467,956	3,707,239	1,802,267	3,659,391
141,927	88,182	3,347,124	1,792,403	2,476,849	718,170
141,427	126,360	23,848,534	5,853,765	26,884,882	9,011,559
3,832,159	3,395,539	6,567,510	14,514,392	10,866,040	18,343,416
2,040,020	6,231,039	13,400,791	1,610,732	15,440,811	7,841,771
—	—	27,857,940	—	27,857,940	—
—	—	2,957,613	2,101,440	2,957,613	2,101,449
—	49,996	847,373	(227,399)	847,373	99,554
6,155,533	9,891,116	78,826,885	25,645,342	87,321,508	38,115,918
2,271,588	6,101,989	23,875,940	5,062,278	26,147,528	11,164,267
1,801,824	585,416	(932,140)	275,692	869,684	861,108
2,041,537	2,655,065	6,715,289	13,629,193	8,756,826	16,284,258
—	—	4,253,028	—	4,253,028	—
40,584	—	1,616,837	—	2,015,118	—
6,155,533	9,342,470	35,528,954	18,967,163	42,042,184	28,309,633
\$ —	\$ 548,646	\$43,297,931	\$ 6,678,179	\$45,279,324	\$9,806,285
\$ —	\$ 548,646	\$ 7,074,640	\$ 1,919,916	\$ 6,865,882	\$ 3,128,629
—	—	36,223,291	4,758,263	38,413,442	6,677,656
\$ —	\$ 548,646	\$43,297,931	\$ 6,678,179	\$45,279,324	\$ 9,806,285

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
	127 AFG (SF)	23 Apr. 1973	1981-2003
BANGLADESH	129 BAN (SF)	15 Jun. 1973	1978-1998
	131 BAN (SF)	15 Jun. 1973	1978-1998
	141 BAN (SF)	14 Nov. 1973	1984-2014
	143 BAN (SF)	14 Nov. 1973	1984-2013
BURMA	160 BUR (SF)	20 Dec. 1973	1984-2013
	162 BUR (SF)	20 Dec. 1973	1984-2013
INDONESIA	12 INO (SF)	2 Jul. 1969	1976-1993
	15 INO (SF)	24 Oct. 1969	1976-1994
	33 INO (SF)	5 Jun. 1970	1978-2000
	58 INO (SF)	28 Dec. 1970	1978-1995
	63 INO (SF)	26 Mar. 1971	1978-2000
	68 INO (SF)	28 May 1971	1978-1996
	69 INO (SF)	4 Aug. 1971	1978-1996
	81 INO (SF)	13 Dec. 1971	1979-1996
	83 INO (SF)	13 Dec. 1971	1979-1996
	91 INO (SF)	7 Apr. 1972	1979-1997
	92 INO (SF)	7 Apr. 1972	1980-2002
	94 INO (SF)	18 Jul. 1972	1979-1997
	103 INO (SF)	17 Nov. 1972	1980-1998
	104 INO (SF)	17 Nov. 1972	1980-1997
	122 INO (SF)	28 Feb. 1973	1980-1998
	125 INO (SF)	12 Apr. 1973	1980-1998
	148 INO (SF)	3 Dec. 1973	1984-2013
	154 INO (SF)	20 Dec. 1973	1984-2013
	166 INO (SF)	20 Dec. 1973	1984-2013
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)	23 Mar. 1970	1980-2009
	65 LAO (SF)	26 May 1971	1976-1996
	128 LAO (SF)	7 May 1973	1976-1996

FORWARD

SPECIAL FUNDS RESOURCES

OF LOANS

973

States Dollars (Note 2)

Interest Rate (including service fee)	Principal Amount	Loans Not Yet Effective	Refundings and Cancellations	Effective Loans Held by Bank	Undisbursed Balance of Effective Loans
1 1/2%	\$ 5,150,000	\$ —	\$ —	\$ 5,150,000	\$ 5,018,277
1 1/2	14,900,000	—	—	14,900,000	14,804,000
	20,050,000	—	—	20,050,000	19,822,277
2	3,200,000	—	—	3,200,000	3,200,000
2	6,000,000	—	—	6,000,000	6,000,000
1	9,250,000	9,250,000	—	—	—
1	3,200,000	3,200,000	—	—	—
	21,850,000	12,450,000	—	9,200,000	9,200,000
1	4,000,000	4,000,000	—	—	—
1	8,500,000	8,500,000	—	—	—
	12,500,000	12,500,000	—	—	—
3	990,000	—	100	989,900	—
3	2,400,000	—	—	2,400,000	—
2 1/2	10,000,000	—	—	10,000,000	1,725,984
2 1/2	2,700,000	—	—	2,700,000	668,843
2 1/2	7,410,000	—	—	7,410,000	5,254,830
2 1/2	3,400,000	—	—	3,400,000	2,593,729
2 1/2	4,600,000	—	—	4,600,000	4,522,852
2 1/2	9,200,000	—	—	9,200,000	8,292,089
2 1/2	7,100,000	—	—	7,100,000	6,747,298
2 1/2	5,300,000	—	—	5,300,000	4,617,606
2 1/2	5,940,000	—	—	5,940,000	5,603,678
2 1/2	2,500,000	—	—	2,500,000	504,940
2 1/2	5,500,000	—	—	5,500,000	5,500,000
2 1/2	2,600,000	—	—	2,600,000	2,600,000
2 1/2	5,300,000	—	—	5,300,000	5,280,000
2 1/2	2,600,000	—	—	2,600,000	2,600,000
1	11,290,000	11,290,000	—	—	—
1	5,150,000	5,150,000	—	—	—
1	5,100,000	5,100,000	—	—	—
	99,080,000	21,540,000	100	77,539,900	56,511,949
3	1,670,000	—	—	1,670,000	1,670,000
3	3,700,000	—	—	3,700,000	3,695,409
1 1/2	973,000	—	—	973,000	33,623
1 1/2	3,370,000	—	—	3,370,000	2,007,264
1 1/2	1,350,000	—	—	1,350,000	1,350,000
	5,693,000	—	—	5,693,000	3,390,887
	\$164,343,000	\$46,490,000	\$ 100	\$117,852,900	\$94,290,522

ASIAN DEVELOPMENT BANK

STATEMENT

31 December

Expressed in United

Member and Borrower	Loan No.	Date of Loan Agreement	Maturities
FORWARD			
MALAYSIA	36 MAL (SF)	14 Oct. 1970	1977-1995
NEPAL	26 NEP (SF)	20 Jan. 1970	1977-1999
	45 NEP (SF)	29 Dec. 1970	1974-1982
	59 NEP (SF)	29 Dec. 1970	1975-1986
	85 NEP (SF)	30 Dec. 1971	1979-1996
	102 NEP (SF)	27 Dec. 1972	1978-1997
	114 NEP (SF)	27 Dec. 1972	1980-1998
	117 NEP (SF)	27 Dec. 1972	1978-1997
PAKISTAN	100 PAK (SF)	15 Dec. 1972	1977-1997
	121 PAK (SF)	22 Dec. 1972	1974-1994
	151 PAK (SF)		1984-2013
	168 PAK (SF)		1984-2013
	171 PAK (SF)		1984-2013
PAPUA NEW GUINEA	84 PNG (SF)	21 Dec. 1971	1975-1987
	116 PNG (SF)	28 Dec. 1972	1977-1997
PHILIPPINES	19 PHI (SF)	21 Nov. 1969	1975-1994
	61 PHI (SF)	12 Mar. 1971	1975-1988
	135 PHI (SF)	29 Jun. 1973	1980-2003
SINGAPORE	60 SIN (SF)	28 Dec. 1970	1981-1995
SRI LANKA	16 CEY (SF)	6 Nov. 1969	1976-1994
	71 CEY (SF)	10 Sep. 1971	1975-1991
	115 SRI (SF)	26 Dec. 1972	1978-1993
	118 SRI (SF)	26 Dec. 1972	1978-1998
	123 SRI (SF)	16 Feb. 1973	1977-1993
THAILAND	156 THA (SF)	18 Dec. 1973	1984-2013
TONGA	146 TON (SF)	18 Dec. 1973	1981-2003
FORWARD			

SPECIAL FUNDS RESOURCES

OF LOANS

973

States Dollars (Note 2)

CONTINUED

Interest Rate (including service fee)	Principal Amount	Loans Not Yet Effective	Refundings and Cancellations	Effective Loans Held by Bank	Undisbursed Balance of Effective Loans
	\$164,343,000	\$46,490,000	\$ 100	\$117,852,900	\$ 94,280,522
3%	3,300,000	—	—	3,300,000	2,484,610
2	6,010,000	—	—	6,010,000	3,302,273
3	2,000,000	—	—	2,000,000	1,990,323
3	2,400,000	—	—	2,400,000	381,842
2½	4,500,000	—	—	4,500,000	4,400,981
2	2,700,000	—	—	2,700,000	2,700,000
2	8,000,000	—	—	8,000,000	7,737,283
2	10,100,000	—	—	10,100,000	10,009,901
	35,710,000	—	—	35,710,000	30,502,403
2	12,200,000	—	—	12,200,000	12,200,000
2	6,000,000	—	—	6,000,000	6,000,000
1	2,200,000	2,200,000	—	—	—
1	3,900,000	3,900,000	—	—	—
1	7,750,000	7,750,000	—	—	—
	32,050,000	13,850,000	—	18,200,000	18,200,000
3	4,500,000	—	—	4,500,000	3,258,832
3	9,800,000	—	—	9,800,000	9,691,413
	14,300,000	—	—	14,300,000	12,950,245
3	2,500,000	—	—	2,500,000	597,572
3	1,000,000	—	—	1,000,000	356,821
3	6,000,000	—	—	6,000,000	6,000,000
	9,500,000	—	—	9,500,000	6,954,393
3	3,000,000	—	—	3,000,000	2,888,189
3	7,705,000	—	—	7,705,000	2,696,792
3	3,600,000	—	—	3,600,000	3,573,484
2½	3,100,000	—	—	3,100,000	3,100,000
2½	8,000,000	—	—	8,000,000	8,000,000
2	2,800,000	—	—	2,800,000	2,748,977
	25,205,000	—	—	25,205,000	20,119,253
1	3,100,000	3,100,000	—	—	—
1½	1,300,000	1,300,000	—	—	—
	\$291,808,000	\$64,740,000	\$ 100	\$227,067,900	\$188,389,615

ASIAN DEVELOPMENT BANK

STATEMENT

31 December

Expressed in United

Member and Borrower	Loan No.	Date of Loan Agreement	Maturities
FORWARD			
VIET-NAM, REPUBLIC OF	48 VIE (SF)	16 Dec. 1970	1976-1995
	88 VIE (SF)	20 Dec. 1971	1979-2001
	108 VIE (SF)	20 Nov. 1972	1980-1997
	139 VIE (SF)	31 Oct. 1973	1984-2013
	158 VIE (SF)	20 Dec. 1973	1984-2013
	170 VIE (SF)	20 Dec. 1973	1981-2004
WESTERN SAMOA	25 SAM (SF)	17 Dec. 1969	1980-1999
	68 SAM (SF)	10 Aug. 1971	1981-2000
	110 SAM (SF)	12 Dec. 1972	1978-1997
	132 SAM (SF)	18 Sep. 1973	1978-1998
ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED			
TOTAL			

The accompanying notes to financial statements (Appendix 1-K) 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

1973

States Dollars (Note 2)

CONTINUED

Interest Rate (including service fee)	Principal Amount	Loans Not Yet Effective	Refundings and Cancellations	Effective Loans Held by Bank	Undisbursed Balance of Effective Loans
	\$291,808,000	\$64,740,000	\$ 100	\$227,067,900	\$188,389,615
2½%	2,500,000	—	244,715	2,255,285	—
2½	2,500,000	—	—	2,500,000	2,312,238
2½	6,300,000	—	—	6,300,000	6,300,000
1	3,150,000	3,150,000	—	—	—
1	3,720,000	3,720,000	—	—	—
2½	2,100,000	2,100,000	—	—	—
	20,270,000	8,970,000	244,715	11,055,285	8,612,238
1½	2,400,000	—	—	2,400,000	—
1½	330,000	—	—	330,000	133,538
1½	2,600,000	—	—	2,600,000	2,579,910
1½	2,300,000	2,300,000	—	—	—
	7,630,000	2,300,000	—	5,330,000	2,713,448
				2,164,262 ^b	
	\$319,708,000	\$76,010,000	\$ 244,815	\$245,617,447	\$199,715,301

ASIAN DEVELOPMENT BANK—

STATEMENT OF

31 December

Expressed in United

	Contributions Committed During 1973	Contributions Repaid or Transferred During 1973
TECHNICAL ASSISTANCE SPECIAL FUND (Note 3)		
Australia	\$ 250,000	\$ —
Austria	61,268	—
Canada	—	—
China, Republic of	—	—
Denmark	—	—
Finland	—	—
Germany, Federal Republic of	93,918	—
India	122,112	—
Italy	200,000	—
Japan	1,892,857	—
Korea, Republic of	—	—
Netherlands	63,728	—
New Zealand	214,470	—
Pakistan	—	—
Sri Lanka	—	—
Switzerland	—	—
United Kingdom	282,876	—
United States	—	—
Total	3,181,229	—
AGRICULTURAL SPECIAL FUND (Note 4)		
Denmark	—	(16,827)
Japan	—	(25,714,286)
Netherlands	—	(1,416,180)
Total	—	(27,147,293)
MULTI-PURPOSE SPECIAL FUND (Note 5)		
Australia	—	—
Canada	—	—
Denmark	—	—
Finland	1,599,480	—
Germany, Federal Republic of	93,918	—
Italy	1,698,586	—
Japan	97,857,143	25,714,286
Netherlands	6,132,059	1,416,180
New Zealand	—	—
Norway	2,095,155	—
Switzerland	6,172,840	—
United Kingdom	—	—
Total	115,649,181	27,130,466
GRAND TOTAL	\$118,830,410	(\$ 16,827)

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

SPECIAL FUNDS RESOURCES

CONTRIBUTED RESOURCES

1973

States Dollars (Note 2)

Total Contributions Committed	Amounts Not Yet Made Available	Amounts Made Available	Amounts Drawn	Resources Available for Drawing
\$ 779,341	\$ —	\$ 779,341	\$ 779,341	\$ —
111,970	—	111,970	50,701	61,269
200,117	—	200,117	200,117	—
200,000	—	200,000	100,000	100,000
755,585	—	755,585	755,585	—
116,426	—	116,426	116,426	—
366,867	—	366,867	366,867	—
241,499	—	241,499	136,055	105,444
200,000	—	200,000	—	200,000
8,117,564	—	8,117,564	8,117,564	—
30,000	—	30,000	30,000	—
189,290	14,162	185,128	97,350	87,778
395,959	107,235	288,724	166,717	122,007
24,167	—	24,167	7,639	16,528
20,267	—	20,267	20,267	—
200,000	—	200,000	200,000	—
482,022	—	482,022	248,722	233,300
1,250,000	—	1,250,000	1,250,000	—
<u>13,691,074</u>	<u>121,397</u>	<u>13,569,677</u>	<u>12,643,351</u>	<u>926,326</u>
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
12,949,159	—	12,949,159	12,949,159	—
27,056,762	—	27,056,762	1,562,754	25,494,008
2,384,738	—	2,384,738	2,384,738	—
1,599,480	1,066,320	533,160	533,160	—
25,094,857	7,813,967	17,280,890	17,280,890	—
1,698,586	—	1,698,586	1,698,586	—
226,428,571	—	226,428,571	226,428,571	—
8,964,418	—	8,964,418	1,133,688	7,830,730
1,175,824	—	1,175,824	1,175,824	—
2,095,155	—	2,095,155	2,095,155	—
6,172,840	4,320,988	1,851,852	1,851,852	—
13,859,406	—	13,859,406	6,525,244	7,334,162
<u>329,479,796</u>	<u>13,201,275</u>	<u>316,278,521</u>	<u>275,619,621</u>	<u>40,658,900</u>
<u>\$343,170,870</u>	<u>\$13,322,672</u>	<u>\$329,848,198</u>	<u>\$288,262,972</u>	<u>\$41,585,226</u>

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

STATEMENT OF SET-ASIDE RESOURCES

For the Year Ended 31 December 1973

Expressed in United States Dollars (Note 2)

	Capital Set-Aside and Transferred from Ordinary Capital Resources [Note 5 (m)]
BALANCE AT BEGINNING OF THE YEAR	\$26,618,349
AMOUNT SET-ASIDE AND TRANSFERRED DURING THE YEAR	27,857,940
INCREASE IN SET-ASIDE RESOURCES TRANSFERRED AS A RESULT OF THE DEVALUATION OF THE UNITED STATES DOLLAR	2,957,613
BALANCE AT END OF THE YEAR	\$57,433,902

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

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

STATEMENT OF ACCRUED RESOURCES

For the Year Ended 31 December 1973

Expressed in United States Dollars (Note 2)

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

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

ASIAN DEVELOPMENT BANK

TECHNICAL ASSISTANCE

BALANCE

31 December

Expressed in United

	Australia	Austria	Canada	China, Republic of	Denmark	Finland	Germany, Federal Republic of	India
ASSETS								
CASH IN BANKS	\$348,811	\$ 12,049	\$ 2,965	\$ 6,833	\$ 28,691	\$ 83,391	\$ 73,619	\$ 16,815
INVESTMENTS								
Government obligations— amortized cost (Face amount \$6,878,571)	—	—		29,814	—	—	—	—
RESOURCES AVAILABLE								
Contributed Resources (See Appendix 1-f)	—	61,269	—	100,000	—	—	—	105,444
OTHER ASSETS	4,200	760	—	—	10,999	8,500	1,500	—
TOTAL	\$353,011	\$ 74,078	\$ 2,965	\$136,647	\$ 39,690	\$ 91,891	\$ 75,119	\$122,259
LIABILITIES AND UNEXPENDED BALANCES								
ACCOUNTS PAYABLE	\$ 18,169	\$ 5,285	\$ —	\$ —	\$ 38,979	\$ 31,766	\$ 34,687	\$ 12,249
UNEXPENDED BALANCES								
Contributed Resources (See Appendix 1-f)								
Amounts made available	779,341	111,970	200,117	200,000	755,585	116,426	366,867	241,499
Accumulated net income (expense) (See Appendix 1-B)	(444,489)	(43,177)	(197,152)	(63,353)	(752,874)	(56,301)	(326,435)	(131,489)
TOTAL	\$353,011	\$ 74,078	\$ 2,965	\$136,647	\$ 39,690	\$ 91,891	\$ 75,119	\$122,259

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

SPECIAL FUNDS RESOURCES

SPECIAL FUND (Note 3)

SHEET

1973

States Dollars (Note 2)

Italy	Japan	Korea, Republic of	Nether- lands	New Zealand	Pakistan	Sri Lanka	Switzer- land	United Kingdom	United States	Total
\$ —	\$ 34,374	\$ 4,158	\$ 57	\$ 1,416	\$ —	\$ 20,267	\$ 29,716	\$ —	\$ —	\$ 663,162
	6,732,526	—	—	—	—	—	69,566	—	—	6,831,906
200,000	—	—	87,778	122,007	16,528	—	—	233,300	—	926,326
—	—	—	—	—	—	—	—	49,570	—	75,529
\$200,000	\$6,766,900	\$ 4,158	\$ 87,835	\$123,423	\$16,528	\$20,267	\$ 99,282	\$282,870	\$ —	\$8,496,923
\$ —	\$ 46,638	\$ —	\$ 86,341	\$ 25,545	\$ —	\$ —	\$ 4,802	\$ 62,497	\$ —	\$ 364,948
200,000	8,117,564	30,000	185,128	288,724	24,167	20,267	200,000	482,022	1,250,000	13,569,677
—	(1,397,307)	(25,842)	(183,634)	(190,846)	(7,639)	—	(105,520)	(261,649)	(1,250,000)	(5,437,702)
\$200,000	\$6,766,900	\$ 4,158	\$ 87,835	\$123,423	\$16,528	\$20,267	\$ 99,282	\$282,870	\$ —	\$8,496,923

ASIAN DEVELOPMENT BANK

MULTI-PURPOSE

BALANCE

31 December

Expressed in United

	Contributed						
	Australia	Canada	Denmark	Finland	Germany, Federal Republic of	Italy	Japan
ASSETS							
CASH IN BANKS	\$ 48,240	\$ 357,447	\$2,382,873	\$533,160	\$ 58,324	\$1,698,586	\$ 1,488,356
INVESTMENTS							
Government obligations—amortized cost (Face amount \$18,881,087)	—	—	—	—	—	—	—
Time deposits and certificates of deposit	—	—	—	—	11,093,339	—	—
	—	—	—	—	11,093,339	—	—
LOANS (See Appendix 1-D) [Note 2(d)]							
Loans approved \$319,708,000							
Effective loans held by Bank	2,438,641	1,229,966	2,106	—	6,299,858	—	28,207,675
ACCRUED INCOME							
On investments	—	—	—	—	318,384	—	—
On loans	15,974	10,690	15	—	40,548	—	167,851
	15,974	10,690	15	—	359,932	—	167,851
NOTES OF CONTRIBUTORS							
Non-negotiable, non-interest-bearing notes	10,464,302	—	—	—	—	—	199,235,714
RESOURCES AVAILABLE							
Contributed Resources (See Appendix 1-E)	—	25,494,008	—	—	—	—	—
Accrued Resources [Note 5(a)]	—	—	—	—	—	—	—
OTHER ASSETS	30,553	440	—	—	3,634	—	5,005
TOTAL	\$12,997,710	\$27,092,551	\$2,384,994	\$533,160	\$17,813,087	\$1,698,586	\$277,104,601
LIABILITIES, UNEXPENDED BALANCES AND CAPITAL							
ACCOUNTS PAYABLE	\$ 48,561	\$ 36,789	\$ 256	\$ —	\$ 532,197	\$ —	\$ 676,030
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 6)	—	—	—	—	—	—	—
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-D)	—	—	—	—	—	—	—
UNEXPENDED BALANCES AND CAPITAL							
Contributed Resources (See Appendix 1-E)							
Amounts made available	12,949,159	27,056,762	2,384,738	533,160	17,280,890	1,698,586	226,428,671
Set-Aside Resources (See Appendix 1-F) [Note 5(m)]	—	—	—	—	—	—	—
Capital set aside and transferred	—	—	—	—	—	—	—
Accumulated net income (expense) (See Appendix 1-B)	—	—	—	—	—	—	—
TOTAL	\$12,997,710	\$27,092,551	\$2,384,994	\$533,160	\$17,813,087	\$1,698,586	\$227,104,601

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

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

973

in U.S. Dollars (Note 2)

in U.S. Dollars					Set-Aside Resources	Accrued Resources	Unallocated ^a and (Eliminations) ^b	Total
Netherlands	New Zealand	Norway	Switzerland	United Kingdom				
\$ 259,535	\$ 774,004	(\$ 14)	\$ 158,636	\$ 1,673,890	\$ 574,835	\$ 80,714		\$ 9,984,886
—	—	—	—	—	18,543,462	—		\$18,543,462
—	—	2,095,155	1,697,531	—	36,161,802	—		51,047,927
—	—	2,095,155	1,697,531	—	52,705,364	—		87,591,389
887,448	403,070	—	—	5,040,707	3,377,950	14,725	\$199,715,301	245,617,447
—	—	2,445	40,913	—	1,490,722	—		1,853,464
8,683	879	—	—	35,680	16,790	97		297,207
8,683	879	2,445	40,913	35,680	1,507,512	97		2,150,671
—	—	—	—	—	—	—		209,700,016
7,830,730	—	—	—	7,334,162	—	—		40,658,900
—	—	—	—	—	—	3,903,078	(3,903,078)	—
6	75	—	—	10,367	2,653,810	313	(50,393)	2,653,810
\$8,986,402	\$1,178,028	\$2,097,586	\$1,895,080	\$13,994,906	\$60,819,471	\$3,998,927	\$195,761,830	\$578,358,919
\$ 21,984	\$ 2,204	\$ 2,431	\$ 43,228	\$ 135,500	\$ 3,385,569	\$ —	(\$ 3,963,471)	\$ 930,268
—	—	—	—	—	—	7,728,972		1,728,972
—	—	—	—	—	—	—	199,715,301	199,715,301
8,964,418	1,175,824	2,095,155	1,851,852	13,859,406	—	—		316,278,521
—	—	—	—	—	57,433,902	—		57,433,902
—	—	—	—	—	—	(3,730,045)		(3,730,045)
\$8,986,402	\$1,178,028	\$2,097,586	\$1,895,080	\$13,994,906	\$60,819,471	\$3,998,927	\$195,761,830	\$578,358,919

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF EXPENSES BY PROJECTS AND PROGRAMS

For the Year Ended 31 December 1973

Expressed in United States Dollars (Note 2)

		Contributors	Amounts	
ADMINISTRATIVE EXPENSES				
Project appraisal and other field missions—				
Consultants				
Bangladesh	West Zone Power Station	United Kingdom		\$ 6,404
Hong Kong	Water Desalinization	United Kingdom		31
Indonesia	Pump Irrigation	China, Republic of India	\$16,860 10,053	\$26,913
	Minahasa Power	China, Republic of India	3,361	
	Fibre Production and Processing	India	3,812	
	East Java Sugar	Netherlands	22,612	56,698
Korea, Republic of	Vocational Education	United Kingdom	3,468	
	Metropolitan Water Intake	New Zealand	129	
	Seoul Water Supply	New Zealand	174	
	Inchon Port Development	United Kingdom	6,861	10,632
Malaysia	Kuching and Sibu Water Supply	New Zealand	4,660	
	East-West Highway	United Kingdom	4,259	8,919
Nepal	Agricultural Credit	China, Republic of		3,081
Philippines	Angat & Magat Irrigation	Japan	5,665	
	Davao del Norte Irrigation	China, Republic of	2,879	8,544
Sri Lanka	Bowatenna Power	Australia	590	
	Samanala Wewa Power	Australia	958	
	Small and Medium Scale Industries	India	1,915	
	Vocational Education	Germany, Federal Republic of	3,365	
	Tea Factory Modernization (1st)	United Kingdom	7,568	
	Tea Factory Modernization (2nd)	United Kingdom	5,310	19,737
Thailand	Vocational Education	Germany, Federal Republic of		4,252
Tonga	Telecommunications	United Kingdom		4,671
Viet-Nam, Republic of	Beef Cattle	Switzerland		5,143
Western Samoa	Beef Cattle Pilot Farm	Australia	(269)	
	Apia Water Supply	Finland	6,758	6,489
Total — (FORWARD)				\$134,901

CONTINUED

		Contributors	Amounts	
		FORWARD	\$ 134,801	
ADMINISTRATIVE EXPENSES (Cont.)				
Other administrative expenses—				
Consultants—Headquarters		China, Republic of	\$ 11,576	
		Japan	20,839	
		Korea, Republic of	16,042	48,457
Depository banks charges		Australia	23	
		Canada	2	
		Germany, Federal		
		Republic of	47	
		Japan	158	
		Switzerland	9	239
Others		Japan		1,000
Total				49,696
TOTAL ADMINISTRATIVE EXPENSES				184,597
SERVICES TO MEMBER COUNTRIES				
Project preparation missions				
and other loan-related				
technical assistance				
Consultants				
Afghanistan	Balkh River Irrigation	Japan	10,899	
	Kama Irrigation	Japan	123,900	134,699
Indonesia	Bandung Water Supply	Denmark	246,792	
	Udjung Pandang (Makassar) Power	Switzerland	18,146	
	Minahasa Power	Austria	44,459	
	West Irian Power Development	Netherlands	63,728	
	Irian Jaya Water Supply	Finland	23,266	396,391
Malaysia	Sabah Power Development	Japan		161,790
Philippines	Angat & Magat Irrigation	India	\$ 1,724	
		Japan	26,643	
		Korea, Republic of	45	27,412
	Davao del Norte Irrigation	China, Republic of	9,580	
		Japan	8,259	17,839
	Manila Water Supply	Germany, Federal		
		Republic of	49,200	94,451
		FORWARD	\$787,231	

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF EXPENSES BY PROJECTS AND PROGRAMS

For the Year Ended 31 December 1973

Expressed in United States Dollars (Note 2)

CONTINUED

		Contributors	Amounts	
		FORWARD	\$ 787,231	
SERVICES TO MEMBER COUNTRIES (Cont.)				
Sri Lanka	Urea Fertilizer Plant	Japan	\$ 8,580	
	Gal Oya Sugar Industry Rehabilitation	Netherlands	\$1,214	
		United Kingdom	443	1,657
	Samanala Wewa Power	Australia		33,159
Total				830,627
Project implementation/advisory—				
Consultants				
Afghanistan	Gawargan and Chardarrah Agricultural Development	Denmark		8,199
Fiji	Fiji Development Bank	Australia		5,718
Indonesia	Sawit Sebarang Oil Palm Estate Financial Management of Ports	Netherlands	(1,781)	
		New Zealand	5,869	4,088
Laos	The Ngon Agricultural Development	Japan		90,645
Nepal	Agricultural Credit	India	25,899	
		United Kingdom	64	25,963
	Air Transport System Development Gandak Hetauda Power	Denmark	33,913	
		New Zealand	9,511	69,387
Philippines	ILO-Sponsored Comprehensive Employment Strategy Mission	Japan		5,488
Western Samoa	Development Financing Institution	Australia	15,160	
		Germany, Federal Republic of	10,496	25,656
Total				709,181
Regional activities—				
Consultants				
	Study of the Asian Institute for Economic Development and Planning Regional Workshop on Irrigation Water Management	Japan		2,258
		China, Republic of	4,247	
		India	3,911	
	Asian Industrial Survey Trans Strait of Malacca Ferry Service Coconut Industry Study	Japan	4,654	12,812
		Netherlands		7,227
		New Zealand		3,785
		United Kingdom		21,645
Total				47,727
TOTAL SERVICES TO MEMBER COUNTRIES				1,087,535
GROSS EXPENSES				\$1,272,132

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

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1973

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.

On 28 April 1973 the Board of Governors approved in principle the establishment of the Asian Development Fund and subsequently approved resource mobilization arrangements for the Fund. The Fund shall be deemed to be established as of the date, not later than 30 June 1974 or such other date as the Board of Governors may determine, on which instruments of contribution shall have been deposited with the Bank for contributions in an aggregate amount equivalent to not less than \$260,000,000. A member may elect to have contributions to the Multi-Purpose Special Fund made after 31 December 1972 credited toward the amount of its contribution to the Asian Development Fund. In such case, the designated amount shall be transferred from the Multi Purpose Special Fund to the Asian Development Fund.

As of 22 May 1973 the Bank's administration of the Agricultural Special Fund was terminated. See Note 4(d).

NOTE 2—

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Unit of Account

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

(b) Translation of Currencies

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. In view of the introduction and continuation of the temporary regime of central rates and wider margins, effective 30 June 1972, the Board of Directors approved, 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(m)], of maintenance of value of the Bank's holdings of member currencies under Article 25 of the Articles of Agreement, the use of appropriate par values, provisional rates, central rates, floating rates, market or other rates at which foreign exchange

transactions are generally conducted in the territories of the members concerned. The principles in regard to translation of currencies established as of 30 June 1972 remained unchanged during 1973. As of 31 December 1973, amounts in currencies other than United States Dollars were translated as described below:

- (i) In the cases of the contributions of Australia, Pakistan and Sri Lanka, at par values established with the International Monetary Fund;
- (ii) In the case of the contributions of India, at central rate;
- (iii) In the cases of the contributions of Austria, Canada, Denmark, Finland, Federal Republic of Germany, Italy, Japan, Netherlands, New Zealand, Norway, Switzerland and United Kingdom, at market rates.

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

(c) Contributions

Amounts contributed by members are reflected in the financial statements as contributions committed from the date contribution agreements are signed and related formalities are completed. As to those countries which have agreed to consider specific requests for financing (see paragraphs g and q of Note 3), the amounts shown in the financial statements as contributions committed are based on the specific requests approved through 31 December 1973.

(d) Loans

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

NOTE 3—

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 1973, made a contribution of 168,067 Australian Dollars. The contribution is to be used by the Bank for financing the cost of expert services and related facilities in technical assistance operations of the Bank, whether provided on a reimbursable or a non-reimbursable basis, and in other activities of the Bank in which such services and facilities are required. In the initial use of the contribution, it shall be used only for financing the cost of Australian expert services and related facilities. This contribution was in addition to the contributions of 205,593 Australian Dollars made in September 1972 and 223,214 Australian Dollars made in December 1970 for the same purposes.
- (b) The Government of Austria, in December 1973, made a contribution of 1,200,000 Austrian Schillings to be used by the Bank for financing technical assistance activities. In the initial use of the contribution it shall be used only for financing the cost of Austrian services and facilities. The above contribution was in addition to the contribution of 1,300,000 Austrian Schillings made in September 1971 for similar purposes.

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1973

CONTINUED

- (c) The Government of Canada, in September 1970, made available to the Bank a grant in Canadian Dollars equivalent to US\$100,000 as defined in Article 4, paragraph 1 of the Articles of Agreement of the Bank, 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 as defined in Article 4, paragraph 1 of the Articles of Agreement of the Bank, 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 of 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 180,000 Deutsche Mark in the calendar year 1968. In the calendar years 1969 through 1973, 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, in an increased amount of up to 400,000 Deutsche Mark for the year 1972 and in an amount of up to 250,000 Deutsche Mark for the year 1973.
- (h) The Government of India, in September 1973, made a contribution of 800,000 Rupees. The contribution is to be used by the Bank for financing the cost of expert services and related facilities in technical assistance operations of the Bank, whether provided on a reimbursable or a non-reimbursable basis, and in other activities of the Bank in which such services and facilities are required. In the initial use of the contribution, it shall be used only for financing the cost of Indian expert services and related facilities.
- This contribution was in addition to the contributions of 400,000 Rupees made in September 1972, 300,000 Rupees made in August 1971 and 200,000 Rupees made in July 1970 for similar purposes.
- (i) The Government of Italy, in August 1973, made a contribution in Italian Lira equivalent as of the date of payment to US\$200,000. The contribution is to be used for financing the cost of expert services and related facilities in technical assistance operations of the Bank, whether provided on a reimbursable or a non-reimbursable basis, and in other activities of the Bank in which such services and facilities are required. In the initial use of the contribution, it shall be used only for financing the cost of Italian experts and facilities.
- (j) The Government of Japan, in December 1973, made a contribution of 530,000,000 Japanese Yen in cash, to be used by the Bank for financing a wide range of technical assistance activities. Financing of the cost of expert services may be made in respect of such services from Japan, from other member countries which have contributed to the Technical Assistance Special Fund, and from developing member countries of the Bank. The above contribution was in addition to contributions of 616,000,000 Yen made in November 1972, 720,000,000 Yen made in December 1971, 360,000,000 Yen made in June 1970, 72,000,000 Yen made in June 1969, 36,000,000 Yen made in March 1968, and a contribution of up to 11,260,000 Yen made in July 1968 for similar purposes.
- (k) 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.
- (l) The Government of the Netherlands, in November 1973, made a contribution of 180,000 Netherlands Guilders to be used by the Bank for financing technical assistance activities. The above contribution was in addition to the contributions of 200,000 Guilders made in December 1972, 100,000 Guilders made in August 1971 and 100,000 Guilders made in December 1970 for similar purposes.
- (m) The Government of New Zealand, in March 1973, 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 and to finance the cost of selected officers of the Bank to undertake familiarization tours in New Zealand. 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 31 March 1973 and 31 March 1974. This grant was in addition to a grant of 150,000 New Zealand Dollars made in November 1969.
- (n) 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

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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.

- (c) 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.
- (p) 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 competitive 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.
- (q) The Government of the United Kingdom, in December 1973, made a contribution of 101,000 Pounds Sterling to be used by the Bank for financing the costs of the services of British consultants for feasibility or pre-investment studies, project appraisal or other activities undertaken in the course of the Bank's technical assistance operations. The above contribution was in addition to the contribution of up to 100,000 Pounds Sterling offered in 1969 for meeting specific requests for financing technical assistance activities the availability of which has been extended to 31 March 1974.
- (r) 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 resources contributed to the Agricultural Special Fund consisted 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. In May 1973, the Bank paid to the Government of Denmark the sum of 105,844 Danish

Kroner, being the amount drawn down and repayable under the contribution.

- (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. In April 1973, the Government of Japan agreed to reallocate the contribution, including amounts drawn down for use in loan operations and income accrued therefrom, to the Multi-Purpose Special Fund for consolidation with and subject to the same terms and conditions governing the Government of Japan's contributions to the Multi-Purpose Special Fund [see Note 5(g)].
- (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. In April 1973, the Government of Netherlands agreed to reallocate the contribution, including amounts drawn down for use in loan operations and income accrued therefrom, to the Multi-Purpose Special Fund for consolidation with and subject to the same terms and conditions governing the Government of Netherlands' contribution to the Multi-Purpose Special Fund [see Note 5(h)].
- (d) In accordance with a resolution adopted by the Board of Directors on 18 April 1973, and upon the repayment of the Danish contribution and the reallocation to the Multi-Purpose Special Fund of the Japanese and the Netherlands contributions as mentioned in the preceding paragraphs, the Bank's administration of the Agricultural Special Fund was terminated as of 22 May 1973.

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

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1973

CONTINUED

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, as of the date of the contribution agreement, to US\$25,000,000, to be available in 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, for procurement in developing member countries of the Bank of goods produced in and services supplied from such countries, and for financing local expenditures to an extent and upon conditions agreed between the Canadian Government and the Bank from time to time. 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 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 Finland, in February 1973, made a contribution of 6,150,000 Finnish Markka to be available to the Bank in cash in three equal instalments in the years 1973 through 1975. The contribution may be used for financing the cost of procurement of goods produced in and services supplied from Finland. The repayment 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 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 31 December 1973 to 46,000,000

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.

- (f) The Government of Italy, in August 1973, made a contribution of 1,028,981,000 Italian Lire. The contribution is to be used for financing the cost of procurement in Italy, in other countries which have contributed to the Multi-Purpose 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.
- (g) The Government of Japan, in December 1973, made a contribution of 15,400,000,000 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 may be used for procurement in the territories of members of the Bank of goods produced in and services supplied from such territories. All income derived from the contribution shall be credited to the "Accrued Resources", to be held and administered by the Bank in the Multi-Purpose Special Fund. This contribution was in addition to contributions of 12,000,000,000 Yen made in February 1973, 10,800,000,000 Yen made in December 1971, 10,800,000,000 Yen made in October 1970 and 7,200,000,000 Yen made in November 1969. In April 1973, the Government of Japan agreed to reallocate its contribution to the Agricultural Special Fund of 7,200,000,000 Yen made in December 1968, including amounts drawn down for use in loan operations and income accrued therefrom, to the Multi-Purpose Special Fund for consolidation with and subject to the same terms and conditions governing the above-mentioned contributions [see Note 4(b)].
- (h) The Government of Netherlands, in November and December 1973, made two contributions of 6,591,650 Guilders and 10,728,350 Guilders, respectively, 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

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governing these contributions. The repayments and net income of the contributions may be used for procurement in the territories of members of the Bank of goods and services produced in such territories. The above contributions were in addition to the contribution of 4,000,000 Guilders made in July 1970 for similar purposes. In April 1973, the Government of Netherlands agreed to reallocate its contribution to the Agricultural Special Fund of 4,000,000 Guilders made in May 1969, including amounts drawn down for use in loan operations and income accrued therefrom, to the Multi-Purpose Special Fund for consolidation with and subject to the same terms and conditions governing the abovementioned contributions [see Note 4(c)].

- (i) 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.
- (j) The Government of Norway, in April 1973, made a contribution of 12,000,000 Norwegian Kroner to be paid to the Bank in such amounts as requested by it from time to time. The contribution may be used in the Bank's special operations for financing the cost of procurement in Norway, in other member 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. The repayment 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.
- (k) The Government of Switzerland, in April 1973, made a contribution of 20,000,000 Swiss Francs to be made available to the Bank in three annual instalments of 8,000,000 Swiss Francs in 1973 and 7,000,000 Swiss Francs on 30 June of the years 1974 and 1975. The contribution, as well as the repayments and net income, may be used for procurement in the territories of member countries of the Bank of goods produced in and services supplied from such territories. The contribution may not, however, be used to finance assistance on a non-reimbursable basis.
- (l) 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.

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

Article 4, paragraph 1, defines the capital stock of the Bank in terms of United States Dollars of the weight and fineness in effect on 31 January 1966, namely, with a gold content of 0.888671 gram of fine gold. Accordingly, following the 1973 devaluation of the United States Dollar to 0.736662 gram of fine gold, capital set aside pursuant to the provisions of Article 19, paragraph 1(i) was restated to present such amount in current United States Dollars. A similar restatement of the capital set aside was made following the 1972 devaluation of the United States Dollar.

- (n) 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—

ADMINISTRATION CHARGE

An Administration Charge to Special Operations was instituted in 1971. The computation of the Administration Charge for 1971 and 1972 was based on a formula which took into consideration administrative expenses and the number and amounts of loans signed. Payment of the Charge to Ordinary Capital Resources was to be made from Accrued Resources derived from the service fee levied on special loans.

Effective 1973, the Board of Directors approved a modification of the Administration Charge formula and also authorized that all income of Special Funds Resources (including accumulated income as of 31 December 1972 but excluding income of the Technical Assistance Special Fund) be available to meet the Charges. The revised formula takes into consideration administrative expenses (after excluding certain items from the computations) and the number and amounts of loans approved. As a result of the change in the formula, the Administration Charge for 1973 was reduced by \$1,177,000.

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 1973 and for the year then ended:

	Appendix
Balance Sheet	1-A
Comparative Statement of Income and Expenses and Accumulated Net Income (Expense)	1-B
Comparative Statement of Changes in Financial Position	1-C
Statement of Loans	1-D
Statement of Contributed Resources	1-E
Statement of Set-Aside Resources	1-F
Statement of Accrued Resources	1-G
Technical Assistance Special Fund Balance Sheet	1-H
Multi-Purpose Special Fund Balance Sheet	1-I
Technical Assistance Special Fund—Statement of Expenses by Projects and Programs	1-J
Notes to Financial Statements	1-K

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 1973 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

22 February 1974

SUMMARY OF BUDGET FOR 1974 **INTERNAL ADMINISTRATIVE EXPENSES**

	1973			1974
	Original Budget	Revised ¹ Budget	Actual	Budget
I. BOARD OF GOVERNORS	\$ 48,000	\$ 44,000	\$ 43,730	\$ 78,200
II. BOARD OF DIRECTORS	1,069,700	1,186,800	1,176,941	1,143,200
Salaries	660,000	640,200	640,164	696,000
Benefits	148,200	161,800	151,826	177,800
Travel	200,000	330,500	321,424	200,000
Staff Services	61,500	64,300	63,827	69,400
III. STAFF	7,748,100	8,365,200	8,271,025	9,896,600
Salaries	4,677,400	4,908,900	4,896,027	5,803,700
Benefits	1,321,100	1,355,300	1,333,464	1,688,900
Travel	1,399,600	1,458,000	1,455,190	1,774,000
Consultants	300,000	600,000	552,227 ²	580,000
Representation	50,000	43,000	34,117	50,000
IV. OTHER ADMINISTRATIVE EXPENSES	1,696,900	1,837,700	1,829,851	2,090,000
Communications	415,300	393,600	391,491	474,000
Office Occupancy	338,000	402,500	400,558	439,000
Publications & Printing	136,300	144,300	143,898	148,000
Expendable Supplies	171,000	243,000	242,488	278,000
Furniture & Equipment	227,600	235,000	233,590	266,000
Fees and Compensation	291,900	305,600	305,127	349,000
Miscellaneous	116,800	113,700	112,699 ³	136,000
V. CONTINGENCY	100,000	—	—	264,200
TOTAL	\$10,663,700	\$11,433,700	\$11,321,547	\$13,472,200

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

² Includes \$183,358 from the Technical Assistance Special Fund.

³ Includes \$1,239 from the Technical Assistance Special Fund.

SUMMARY OF BUDGET FOR 1974

SERVICES TO MEMBER COUNTRIES

CONTINUED

	1973			1974	
	Commitments Approved	Disbursements		New Commitments	Disbursements
		Budget	Actual		
I. FINANCED FROM BANK'S OWN RESOURCES					
Project Preparation	\$ 614,200	\$1,524,600	\$1,001,354 ²	\$1,905,000	\$1,093,800
Project Implementation/Advisory	1,288,100	1,147,000	534,758 ³	1,793,000	2,001,800
Regional Services	160,000 ⁴	417,900	308,564 ⁴	1,750,000	507,500
Sub-Total	\$2,062,300	\$3,089,500	\$1,844,676	\$5,448,000	\$3,603,100
II. FINANCED FROM AGENCY TRUST FUNDS⁵					
Project Preparation ⁶	695,000	966,300	1,097,308		817,800
GRAND TOTAL	\$2,757,300	\$4,055,800	\$2,941,984	\$5,448,000	\$4,420,900

1 Represents commitments for the Fifth Regional Conference of Development Banks of Asia, the Asian Productivity Organization's Fourth Project Feasibility Study Training Course, the Private Development Corporation of the Philippines (PDCP)-ADB Regional Workshop for Small and Medium Industry Project Development, and the Economic Commission for Asia and the Far East's Regional Commodity Balance Sheets Project.

2 Includes \$830,828 from the Technical Assistance Special Fund.

3 Includes \$208,181 from the Technical Assistance Special Fund.

4 Includes \$47,728 from the Technical Assistance Special Fund.

5 Mainly UNDP resources, but several bilateral contributions have been made to the UNDP Fund from which technical assistance for the Go Cong Pioneer Agricultural Project (Republic of Viet-Nam) was financed.

6 Represents technical assistance for the Laguna de Bay Water Resources Development Study Project (Philippines) and the Ports Study Project (Indonesia) where the Bank acts as Executing Agent for UNDP, and the Go Cong Pioneer Agricultural Project (Republic of Viet-Nam) and the Casier Sud Pioneer Agricultural Project (Laos) where the Bank acts as delegated Executing Agency for IBRD under UNDP Regional Project R&G 253.

RESOLUTIONS OF BOARD OF GOVERNORS DURING 1973

Resolution Number	Subject	Date Adopted
55	Increase in Authorized Capital Stock and Increase in Capital Subscription of the Republic of Korea	16 February
56	Extension of Time for Subscription to Increase in Authorized Capital Stock	20 February
57	Admission of the British Solomon Islands Protectorate to Membership in the Asian Development Bank	12 April
58	Financial Statements and Auditors' Reports	28 April
59	Allocation of Net Income	28 April
60	Procedures for the Election of Directors at the Sixth Annual Meeting	26 April
61	Action to Set Aside Capital for Special Funds	28 April
62	Establishment of the Asian Development Fund	28 April
63	Admission of the Union of Burma to Membership in the Asian Development Bank	26 April
64	Place and Date of Seventh Annual Meeting	28 April
65	Further Extension of Time for Subscription to Increase in Authorized Capital Stock	28 August
66	Amendment of Sections 5 and 7(B)(a) of the By-Laws of the Bank and Establishment of a Committee on Remuneration of Directors and Alternate Directors	21 September
67	Initial Contributions to the Asian Development Fund (First Stage)	20 November
68	Initial Contributions to the Asian Development Fund (Second Stage)	20 November
69	Further Extension of Time for Subscription to Increase in Authorized Capital Stock	18 December

Note: The texts of Resolutions Nos. 55-64 are available in the Proceedings of the Sixth Annual Meeting.

CHANNELS OF COMMUNICATION

(As of 31 December 1973)

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

OFFICIAL DEPOSITORIES

(As of 31 December 1973)

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

BOARD OF GOVERNORS

(As of 31 December 1973)

Y.B. CHAVAN (India) Chairman

RICHARD WOOD (United Kingdom) Vice-Chairman

F.P.S. SAILI (Western Samoa) Vice-Chairman

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
AFGHANISTAN	ABDUL WAHAB HAIDER ¹	ADBUL SAMAD KIALIKI President Treasury Department Ministry of Finance
AUSTRALIA	F. CREAM Treasurer	R.J. WHITEFLAW First Assistant Secretary The Treasury
AUSTRIA	HANNES ANDROSCH Federal Minister of Finance	GERHARD GMOSER ² Ambassador to Indonesia and the Philippines Jakarta
BANGLADESH	TAJUDDIN AHMAD ³ Minister for Finance	A.K.M. AHSAN ⁴ Member Planning Commission
BELGIUM	M.W. DE CLERCQ ⁵ Vice Prime Minister and Minister of Finance	M. D'HAENZE Director-General Treasury and Public Debt Administration Ministry of Finance
BRITISH SOLOMON ISLANDS PROTECTORATE	R.J. WALLACE ⁶ Financial Secretary	DAVID NANAU KAUSIMAE ⁷ Chairman Commerce and Industry Committee of Governing Council
BURMA	U LWIN ⁸ Minister of Planning and Finance	U CHIT MOUNG ⁹ Deputy Minister of Planning and Finance
CANADA	JOHN N. TURNER Minister of Finance	PAUL GERIN-LAJOLLE President Canadian International Development Agency
CHINA, Republic of	YU KUO-HWA Governor The Central Bank of China	WANG SHAO-YU Vice Minister of Finance
DENMARK	W. ULRICHSEN ¹⁰ Deputy Under-Secretary of State for International Development Co-operation and Head of Danish International Development Agency Ministry of Foreign Affairs	BJORN OLSEN ¹¹ Head of Department Danish International Development Agency Ministry of Foreign Affairs
FIJI	C.A. STINSON Minister of Finance	S. SIWATIBAU ¹² Permanent Secretary for Finance
FINLAND	AKE WIHTOL ¹³ Director of the Department for International Development Cooperation Ministry for Foreign Affairs	EERO ASP Managing Director Finnish Export Credit, Ltd.

¹ Succeeded Abdul Hakim Tabibi in December.² Succeeded Werner Sautter in March.³ Appointed in March.⁴ Succeeded Matiul Islam in December.⁵ Matiul Islam was appointed in March.⁶ Succeeded André Vlerick in January.⁷ Appointed in December.⁸ Succeeded Gordon Siama in July. Gordon Siama was appointed in May.⁹ Appointed in April.¹⁰ Appointed in April.¹¹ Succeeded Jens Christensen in January.¹² Succeeded Inger Nielsen in June. Inger Nielsen succeeded Hans Jespersen in January.¹³ Succeeded Mosese Qionibaravi in April.¹⁴ Succeeded Pentti Uusivirta in September.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
FRANCE	V. GISCARD-D'ESTAING Minister of Economy and Finance	YVES-LOUIS FIEVET ¹⁴ Financial Counsellor for Asia Tokyo
GERMANY, Federal Republic of	ERHARD EPPLER Federal Minister for Economic Cooperation	
HONG KONG	C.P. HADDON-CAVE Financial Secretary	
INDIA	Y.B. CHAVAN Minister of Finance	M.G. KAUL Secretary Ministry of Finance Department of Economic Affairs
INDONESIA	ALI WARDHANA Minister of Finance	RADIUS PRAWIRO Minister of Trade
ITALY	GUIDO CARLI Governor Bank of Italy	GASTONE MICONI Director General Treasury Ministry of the Treasury
JAPAN	TAKEO FUKUDA ¹⁵ Minister of Finance	TADASHI SASAKI Governor Bank of Japan
KHMER REPUBLIC	SOK CHHONG ¹⁶ Governor National Bank of Cambodia	KIM NGUON TRACH ¹⁷ Director General Ministry of Finance
KOREA, Republic of	DUCK WOO NAM Minister of Finance	SUNG WHAN KIM Governor Bank of Korea
LAOS	SISOUK NA CHAMPASSAK Minister of Finance	OU Dong SOUVANNAVONG Governor National Bank of Laos
MALAYSIA	TUN TAN SIEW SIN ¹⁸ Minister of Finance	MOHAMED BIN RAHMAT ¹⁹ Deputy Minister of Finance
NEPAL	J.B. SHAH State Minister for Finance	BHARAT BAHADUR PRADHAN Secretary Ministry of Finance
NETHERLANDS	W.F. DUISENBERG ²⁰ Minister of Finance	J.P. PRONK ²¹ Minister for Development Cooperation Ministry for Foreign Affairs
NEW ZEALAND	W.E. ROWLING ²² Minister of Finance	H.G. LANG Secretary to the Treasury
NORWAY	JENS EVENSEN ²³ Minister of Commerce and Shipping	CHRISTIAN BRINCH ²⁴ Secretary General Ministry of Commerce and Shipping
PAKISTAN	MUBASHIR HASAN Minister of Finance, Planning and Development	AFTAB AHMAD KHAN ²⁵ Secretary Economic Affairs Division Ministry of Finance, Planning and Development

14 Succeeded Jacques de Larosière in August.
 Jacques de Larosière succeeded Jacques Hirsch-Girin in April.
 15 Succeeded the late Kiichi Aichi in November.
 16 Succeeded Hing Kunthel in June.
 17 Succeeded Mao Say in April.
 18 Succeeded Mohamed bin Yaacob in October.
 Mohamed bin Yaacob succeeded Ali bin Haji Ahmad in January.

19 Succeeded Ismail bin Mohamed Ali in October.
 20 Succeeded R.J. Nelissen in June.
 21 Succeeded Tj. A. Meurs in August.
 22 Succeeded R.D. Muldoon in January.
 23 Succeeded Hallvard Eika in October.
 24 Succeeded Lars Onsager in June.
 25 Succeeded S. S. Iqbal Hossain in October.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
PAPUA NEW GUINEA	JULIUS CHAN Minister for Finance	H.P. RITCHIE
PHILIPPINES	CESAR VIRATA Secretary of Finance	GREGORIO LICAROS Governor Central Bank of the Philippines
SINGAPORE	HON SUI SEN Minister for Finance	J.Y.M. PILLAY ²⁶ Permanent Secretary Revenue Division Ministry of Finance
SHRI LANKA	N.M. PERERA Minister of Finance	CHANDANA AELIAN COOREY Secretary to the Ministry of Finance and Secretary to the Treasury
SWEDEN	LENNART KLACKENBERG Undersecretary of State Ministry for Foreign Affairs	STAFFAN SOHLMAN ²⁷ Head Multilateral Department Office for International Development Cooperation Ministry for Foreign Affairs
SWITZERLAND	EDWIN STOPPER President Board of Directors Swiss National Bank	KLAUS JACOBI ²⁸ Ambassador Delegate of the Federal Council for Trade Agreements
THAILAND	SERM VINICCHAYAKUL	SOMMAI HOONTRAKOOL Deputy Minister of Finance
TONGA	S. TAPA Acting Minister of Finance	BARON VAEA ²⁹ Minister of Labour, Commerce and Industries and Assistant Minister of Finance
UNITED KINGDOM	RICHARD WOOD Minister for Overseas Development	M.G. SMITH Under Secretary Foreign and Commonwealth Office (Overseas Development Administration)
UNITED STATES	GEORGE P. SHULIZ Secretary of the Treasury	WILLIAM J. CASEY ³⁰ Under Secretary of State for Economic Affairs
VIET NAM, Republic of	LE-QUANG-UYEN Governor National Bank of Viet-Nam	NGUYEN-VAN-DONG Deputy Governor National Bank of Viet-Nam
WESTERN SAMOA	F.P.S. SAILI ³¹ Minister of Finance	A.L. HUTCHISON ³² Financial Secretary

26 Succeeded George Bogaars in January.

27 Succeeded Boerje Billner in January.

28 Succeeded Alexandre Hay in April.

29 Appointed in April.

30 Succeeded John N. Irwin II in September.

31 Succeeded Tofa Siaosi in April.

32 Succeeded J. Wandt in May.

BOARD OF DIRECTORS AND VOTING GROUPS

(As of 31 December 1973)

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

¹ In alphabetical order within each group.

PRINCIPAL OFFICERS

(As of 31 December 1973)

SHIRO INOUE	President
C.S. KRISHNA MOORTHY	Vice President
OFFICE OF THE SECRETARY	
Douglas C. Gunsekera	Secretary
Wilfred A. Vawdrey	Assistant Secretary
OFFICE OF THE GENERAL COUNSEL	
Lewis Carroll	General Counsel
Graeme F. Raa	Deputy General Counsel
Chun Pyo Jhong	Assistant General Counsel
OPERATIONS DEPARTMENT	
David F. Fisher	Director
Song Chil Lee	Operations Manager concurrently Deputy Director
Akira Tsusaka	Operations Manager concurrently Deputy Director
Robert Byrnes	Operations Manager
Ernest J. Ettlinger	Operations Manager
Klaus J.F. Hottarath	Operations Manager
Patrick J. Knapp	Operations Manager
Zia Noorzoy	Operations Manager
Akihiko Takeuchi	Operations Manager

Note: 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
Herbert F. Huehne	Project Manager
Wolf D. Kluber	Project Manager
Stephon Y.C. Lau	Project Manager
Theodore C. Mesmer	Project Manager
Kazuaki Suma	Project Manager
Kunio Takase	Project Manager

ECONOMIC OFFICE

Perry P. Chang	Chief Economist
Kedar N. Kohli	Assistant Chief Economist
Burton T. O'Rate	Chief Statistician

ADMINISTRATION DEPARTMENT

Kimiyoshi Nishizawa	Director
Raymond B. Lyon	Deputy Director
F.R.S. Weeraratne	Deputy Director
Pyong Whi Min	Assistant Director (Administrative Services)
Kuldip Mirani	Assistant Director (Budget and Planning)

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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