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ASIAN  
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BANK

ANNUAL REPORT FOR 1970





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**ASIAN DEVELOPMENT BANK  
MANILA**

4 February 1971

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 1970, including a separate report on the activities of the Special Funds of the Bank. The Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,

*Takehi Watanabe*

TAKESHI WATANABE  
President and  
Chairman of the Board of Directors

Chairman  
Board of Governors  
Asian Development Bank

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*Project Photographs by T. Tanuma*

# THE REGIONAL SCENE

## INTRODUCTION

Asia, as a whole, has been undergoing a process of deep-seated change since the end of the Second World War, and particularly so since the commencement of an organized drive towards economic development in its various countries.

The largest of the land masses of the globe, it has been the home of a more than proportionate share of the world's population. It has, likewise, been home to a more than proportionate share of the depressed population of the world.

The history of Asia over the last quarter century has been dramatic. The emergence into political freedom of one colonial or imperial possession after another, the sense of continental or regional identity which has been slowly seeping in, the tumultuous political developments that have taken place, at least two major wars and a number of limited hostilities and the growth of Japan to a high place in the list of advanced countries—these have been evidence of an Asia in ferment, in tension, in transformation.

The developing countries of Asia which are members of the Asian Development Bank have also shared in the changes spreading over Asia. It is with these countries, their efforts, their shortcomings and their accomplishments that this regional review will deal. Time-frames will be adopted as suitable to each purpose, though in the main the attempt will be to relate to the near-past. In the face of the unevenness or paucity of up-to-date statistical data, an attempt will be made to cast the review in terms of trends rather than of precisely measured movements.

### The Content of Economic Strategy

While it is true that the idea and the practice of economic and social planning have become generally accepted among the developing countries of the world, it is in the understanding of what planning for economic development constitutes, rather than in its mere acceptance as a tool, that the experience of the Region in the near past has been most significant.

Recent experience in the Region has underlined the imbalances of concentration that earlier underlay the philosophy and practice of economic planning in the Region. Important among such imbalances of concentration were (and, from place to place or time to time, may still be):

- (i) relative neglect of agriculture as a sector and unbalanced emphasis on industrialization and/or on infrastructure development per se;

- (ii) direction of planning towards increasing investment as such and inadequate attention to the promotion of productivity from the investments made;
- (iii) inadequate attention to internal monetary and fiscal policy and somewhat less than appropriate concern with the risks attendant on inflation or deficit financing;
- (iv) attempts to achieve external viability by import-substitution almost at any cost with less emphasis on the factors conducive to expansion of export earnings;
- (v) non-recognition, or inadequate recognition, till recently, of the impact of the population problem on economic development;
- (vi) inadequate attention to the development of human capital resources; and
- (vii) inadequate attention to the social environment of economic growth: to the problems of urbanization, of redistributive mechanisms, of social stability.

With growing realization that economic development is not the mere establishment of new industrial structures or of new railroads and ports and the like, the importance of proper policy formulation as an essential concomitant of sound investment is becoming recognized and, in varying degrees, is being reflected in the preparation of plans. The ambit of policy formulation is also being widened: the provision of incentives to maximum productivity, the rationalization of investment on the basis of consciously-made choice between techno-economic and socio-economic alternatives, the integration of fiscal, monetary and credit measures to serve the ends of economic progress, the promotion of efficient management, the attempts to achieve a social framework conducive to economic growth: these are aspects of increasing awareness of the width of the spectrum of which economic development is only the middle band.

It is not to be claimed yet that the rectification of the imbalances of concentration and the management of policy have advanced uniformly or maximally throughout the Region. It is, however, a fact that recognition of these factors has moved economic development into directions that have already started showing important and healthy results.

### Agriculture and Related Activities

On no other field has the impact of change in the recent years been so pronounced as on the priority

Throughout this Report, "\$" refers to United States Dollar unless otherwise specified.

accorded to agriculture. Several factors seem to have contributed to this change. The pressure of increasing population on the food resources of several developing countries, the greater dependence on imported food and the consequent further deterioration of balance of payments situations already under strain, the lower availability of food surpluses on liberal terms from outside, the break-through in the technologies of tropical agriculture (connected in particular with the high-yielding varieties developed in rice and wheat and more generally with improved agricultural practices), the realization that retardation of agriculture was in fact a drag on total economic development (rather than conducive to advancement of industrialization) and the increased exercise of political power now achieved by the farmer—these seem to be some of the important factors leading to a change in the attitude towards the agricultural sector in economic development.

The most evident outward results have been in the increases in crop production, in the attempts to increase consumption (and local production) of fertilizers and pesticides, in the efforts towards better seed selection and water management, in the evolution of appropriate agricultural credit and price policies and, in net, in the shift of relative emphasis from extensive cultivation to a balance between extensive and intensive cultivation.

The results, while varying, have shown a distinct trend for most countries, as Table I shows, in two crops of the greatest importance in the Region, viz., rice and wheat.

In rice, which is the major staple of diet, 10 of the countries listed below recorded increases in production well ahead of world trends over the period 1956-69. It is also to be noted that, while in some years production showed a sharp dip due essentially to adverse climatic conditions, production

**TABLE I**  
**Rice and Wheat Production in Selected Asian Countries**

Country	Paddy Rice					Wheat					In Thousand Metric Tons
	1952-56 (Average)	1960	1963	1966	1969	1952-56 (Average)	1960	1963	1966	1969	
Afghanistan	300	319	319	337	390	2,162	2,279	1,947	2,033	2,300	
Cambodia	1,663	2,335	2,622	2,376	2,253						
Ceylon	606	897	1,026	955	1,477						
China, Republic of	2,178	2,505	2,763	3,117	3,178	19	46	19	29	10	
India	39,878	51,297	55,497	45,657	63,000	7,901	10,324	10,776	10,424	18,652	
Indonesia	11,068	12,402	11,900	14,056	16,580						
Korea, Republic of	3,647	4,117	5,079	5,297	5,527	192	258	228	315	374	
Laos	490	500	520	754	932						
Malaysia	685	1,021	1,040	1,106	1,020						
Nepal	2,486	2,690	2,108	2,007	2,322	123	130	138	147	227	
Pakistan	12,786	16,053	17,724	16,410	20,100	3,147	3,938	4,215	3,951	6,711	
Philippines	3,230	3,705	3,843	4,094	4,997						
Thailand	7,236	7,835	10,029	11,975	11,000						
Viet-Nam, Republic of	2,939	4,955	5,327	4,336	5,115						
Total	89,192	110,631	119,797	112,477	137,891	13,544	16,975	17,323	16,899	28,274	
Total for the World	200,844	236,539	253,198	253,167	294,650	207,867	243,608	240,175	308,894	318,275	

Sources: United Nations Statistical Yearbook, 1969, Food and Agriculture Organization (FAO) Monthly Bulletin of Agricultural Economics and Statistics, June 1970 and FAO Production Yearbook, 1969.

generally remained, even in those years, ahead of the 1952-56 average. In the case of wheat, two of the countries listed in Table I more than doubled their output in this period.

The spread in Asia of high-yielding varieties of cereals, notably wheat and rice, compares favorably with the record-breaking spread of hybrid corn in the United States in the 1950's. One estimate places the expansion in acreage under such varieties in Asian countries as follows:

Year	Total Acres in Production
1964-65	200
1965-66	37,000
1966-67	4,800,000
1967-68	20,000,000
1968-69	34,000,000
1969-70	40,000,000

At an estimated increment of yield of half-a-ton per acre, the above spread would have produced in 1969-70 alone an additional 20 million tons of food valued at more than \$2 billion.

It may with truth be said that the Green Revolution is just starting. One of the countries listed in Table I—one in the higher ranges of quantitative performance—has estimated that the proportion of cultivators using the new seeds in rice and coarse grains is much less than half while in wheat it is only a little more than half. It also reports that "the knowledge and use of the package of practices which constitute the new strategy does not seem to be very common and a qualitative break-through in technology is still to be achieved."

While these observations have no doubt parallels in several of the developing countries of the Region, the Green Revolution raises important issues for the policy-maker not only in the effort to get widest acceptance but also as a result of getting increasingly wide acceptance. An increasing number of Asian developing countries that have been, or are, rice exporters have to adjust to international market conditions wherein other developing countries are, at any rate for the present and the near future, getting self-sufficient or nearly so and wherein the internal agricultural policies (particularly on price support) of developed countries may not strictly accord with free marketability. Another set of problems arises from the increased need of capital investment—and foreign exchange—in the agricultural sector: for production of fertilizers, for installation of tubewells, for mechanization of agriculture, for improving market accessibility, for better processing, for better storage

facilities and the like. In another direction of policy-making, the agricultural potential opened up by the Green Revolution has to be utilized to maximize the benefit economically and nutritionally through a series of steps such as diversification of crops, increase of protein intake, development of pasture-based activities, abatement of the flight of population into urban areas, land tenure reform, mobilization of the increased agricultural incomes for further development in other sectors and the spread of technology into the rural areas. And, above all, the success of the Green Revolution must not be allowed to lull the developing economies into a sense of complacency on the agricultural front—for, not far behind, there is the haunting spectre of the population boom which, if not controlled in time, will surely overwhelm the economies.

#### **Aspects of Infrastructure Development and Industrial Progress**

Considerable advance has been achieved by the developing countries in the Bank's membership in investments in infrastructural and industrial activities.

The production of electrical energy has an important significance not only as an indicator of, but also as a propulsive force in, the advancement of a country's economy. The figures in Table II (which are the nearest approximations available) show the progress made in this sector.

The figures show substantial expansion between the low base of 1953 and the beginning of the decade. Apart from this, in the last six years covered in Table II, the production (and hence consumption) of electrical energy—with all its implication for economic development—rose in most countries by more than two-thirds; and in several of these there was, within the six-year period, a virtual doubling, and in two cases a tripling of production.

Compared with the all-Asian and the global figures given in Table II, the quantum of the increase achieved in the developing countries was small; but the rate of expansion could, reasonably, be held to indicate the vitality of the situation and the prospects—given the resources—of Asian developing countries being further able to gainfully harness electrical energy into the developmental process.

In another important field of infrastructure development, namely, transportation, the evidence of progress has not been equally striking. Illustratively, while substantial road and rail investments have been reported from time to time in the Asian developing

countries, the ultimate test of advance in transportation would seem to lie in the volume of passenger and cargo traffic moved by rail and in the number of carriers using the roads. Asia, Africa and Latin America contain 71 per cent of all the world's people, but account for only 15 per cent of the world's rail freight and 17 per cent of the world's trucks and buses.\* Lack of effective transportation (whether this is due to inadequate investments, uneconomic policies or a combination of both) could be, and in all probability is, a major handicap in the Region, affecting economic development by increasing costs, reducing mobility of the factors of production, lowering market access and increasing disparities within, and between, member states.

Turning now to industrialization, the developing countries of the Region registered, statistically, progress in varying degrees. In the five-year period

1963-68, the Republics of China and Korea showed, in terms of the indices of manufacturing production, increases of 150 per cent or more. Progress in Hong Kong and Singapore was evidently equally striking. Progress in other members was uneven, recording, generally, increases of about 20 to 50 per cent. These figures, in terms of indices, are, however, not accurately indicative of the extent of industrial progress.

A review of the content of industrial progress in the developing countries of the Region, nevertheless, shows important changes of far-reaching significance. There was a diversification of production from lines regarded as traditional till the early 1960's. The output of iron and steel, of aluminium, of machine tools and precision instruments, of fertilizers and pesticides, of

\* United Nations Statistical Yearbook, 1969.

**TABLE II**  
**Production of Electrical Energy of Selected Asian Countries**

Country	1953	1960	1963	In Million Kilowatt Hours	
				1966	1969
Afghanistan	16	119	180	308	254 <sup>1</sup>
Cambodia	24.5	59.8	86.8	89.3	125
Ceylon	144	302	450	537	612 <sup>1</sup>
China, Republic of	1,564	3,797	5,157	7,527	11,124
Fiji	6	55	84	113	139
Hong Kong	436	1,301	2,061	3,120	3,861
India	8,681	20,123	30,305	40,512	49,476
Indonesia	718	1,161	1,548	1,634	1,607 <sup>1</sup>
Korea, Republic of	736	1,758	2,514	4,186	7,737
Laos	1.2	12.8	n.a.	30	37
Malaysia	777	1,242	1,690	2,523	3,169
Nepal	6	11	n.a.	29	43 <sup>1</sup>
Pakistan	411	1,450	2,900	3,903	4,991 <sup>2</sup>
Philippines	1,111	2,731	4,218	5,567	4,761
Singapore	281	659	823	1,236	1,878
Thailand	158	594	906	1,854	3,246
Viet-Nam, Republic of	162	306	398	635	1,028
Total	85,200	227,300	264,400	393,800	463,000 <sup>1</sup>
Total for the World	1,264,100	2,303,600	2,848,800	3,636,100	4,191,900

<sup>1</sup> 1968

<sup>2</sup> 1967

Sources: United Nations Statistical Yearbook, 1969, Statistical Yearbook for Asia and the Far East, 1969, Asian Economic Statistics, Reprint from the Economic Bulletin for Asia and the Far East, June 1970. For Fiji, Bureau of Statistics, Current Economic Statistics, October 1970.

chemicals, of rolling stock, vehicles and telecommunication equipment, all rose during the period. Important beginnings were made in the petrochemical and the electronic industries. Industrial progress is the sum total of investments, transfers of technology, development of operating and managerial skills and exploitation of markets; and of these factors the "gestation period" for at least the last three factors is substantial. The point to note, however, is that, in this decade, a meaningful start was made and distinct progress achieved.

There is indeed some indication that results are already beginning to show. Despite many limitations, the developing countries of the Region have not merely been able to impart a significant amount of momentum to their industrial progress on the basis of import substitution, but have also begun to make some headway in the export field. Apart from the more "traditional" exports, several of the developing countries of the Region have been able to move, on an internationally competitive basis, into exports, variously, of finished steel, rolling stock, fishing vessels, machine tools, telecommunication equipment, transmission equipment, tractors and construction equipment, fertilizers, electrical appliances and processed farm products. While these constitute only a small proportion of the world commerce in such goods, the fact that it has been possible to make a start is indicative of the potential of the near future, given the right policies and incentives in the developing countries and a cooperative attitude on the part of the major world buyers—the industrialized countries.

This record of industrial progress can be considered even more meaningful when due regard is paid to shortcomings that have revealed themselves in varying degrees in the industrial sector of regional developing countries. It may be relevant to enumerate some of the main ones.

Judged from the point of view of the quantum of investment already made, it is evident that there are significant areas of under-utilization of industrial capacity even as there are in agriculture. The reasons may be one or more of many. The development of management may require much greater emphasis than hitherto. The matching of a production program to a well-devised forecast of demand patterns may be inadequate. Inventory control may be haphazard and unbalanced. The training of technical personnel to achieve maximum productivity may be insufficient. Lack of foreign exchange for import of raw materials, components and spare parts may retard full utilization of invest-

ments already made. Cost-reduction efforts may have been relegated to the background by excessive protectionism or by target-inspired attempts to reach towards full production at rated capacity. Habituation to a protected domestic market may have deprived the enterprises of the initiative and/or the ability to tap export markets on a competitive basis. Lack of institutional export credit arrangements may also be a hindering factor in the development of exports. There is also the possibility that aberrations in the internal/external value of the national currency may also have led to distortions harmful to the achievement of full results from the investments already made.

The performance of the Region in its industrialization strategy in the past decade also yields some valuable indicators for future policy making. There is need for improvement in the institutional framework: more organized credit facilities particularly for working capital needs (even though national development banks have on the whole performed well in the investment-credit function), a more careful application of the import-substitution principle in industrialization so that the scarce resources available are put to the most genuinely gainful use, strengthening of export incentives and activities designed to overcome the limitations of scale inherent in most domestic markets of the Region, willingness to associate with suitable external enterprises so as to encourage a systematic updating of technological processes and managerial efficiency, rationalization of tariff and other protective methods so that they cannot be utilized by entrepreneurs to inflict high-cost production on the consuming public and the framing of fiscal, monetary and other economic policies that would tend to maximize capital formation. The prospects of joint multi-national investments in the Region need also to be examined in detail and in concrete cases so that the widely-expressed aspirations to utilize the rich natural resources of the Region to the maximum common benefit of its population do not remain only aspirations. And above all, there is the constant need to review and enhance national investments in the development of human capital resources—without which other investments cannot be decided or manipulated to maximum gain; there would be a case for a critical appraisal of the educational policies of several countries in the Region so that the educational system can be made to conform better to the needs of improvement in material well-being, which is a basic objective of economic development.

## **Economic Development and the Growth of Population**

As the developing nations of Asia strive towards economic development, their efforts are diluted by the simultaneous high rate of population growth. The fact that the growth is caused more by decreasing mortality rates than by increases in birth rates does not materially change the nature of its impact on economic development. The problem is of special importance in Asia.

Figures show that for Asia as a whole (the major portion of the population of which lies in the developing areas) the annual rate of population increase in 1963-68 was less than the corresponding figures for the developing continents of Latin America and Africa (2 per cent as against 2.9 per cent and 2.4 per cent, respectively); however, this does not mean any net advantage for Asia since the density of population is many times higher in Asia than in Latin America and Africa (71 as against 13 and 11, respectively).

Further, within the developing countries of Asia there is the special problem of certain countries with a high density of population also having a high population growth rate.

A high density of population, a high rate of population growth and a low per capita gross national product present a combination of factors which, while already prejudicial to economic growth, it would be practically impossible to surmount unless action on the widest scale is taken to arrest the proliferation of people; postponed action will not only need a resources mobilization beyond anything currently foreseeable but will also in the meantime generate (if it has not already generated) a suppurating situation in the social structure that may well endanger prospects for stability.

Agriculture and food supplies have as a whole barely managed to keep up with the expansion of population in Asia, at decidedly low nutritional levels and with substantial imports in several countries. The Green Revolution in Asian countries has to be seen in the right context in this regard; it is not an adequate answer to the problem of population growth; it provides at best a breathing spell within which to effectively apply measures that would bring the population problem under control before the growth of population overtakes the growth in production brought about by the Green Revolution.

In other sectors of economic activity also, with rare exceptions, the effect of the planning and

investment effort so far has been so much eroded by the ever-increasing number of claimants on the national product that the much-hoped-for increase in living standards and material well-being has not been realized. The "revolution of rising expectations" has been checkmated by the "revolution of rising population" in several countries.

In many of the developing countries of the Bank, population control is a matter not of controversy in principle but of effectiveness in action. Technology in population control too is making significant advances. The success or failure of a country's drive towards rationalization of its population is patently and primarily a matter of organization and administration and may well be the historical test of whether that country develops at all.

## **The External Account and Aid**

In the post-1963 period, the external position in respect of a number—not all—of developing member countries has shown distinct improvement. This is partly accounted for by domestic agricultural improvement (thereby reducing food imports and increasing the exports of commercial crops), partly by increases in exports particularly of manufactured and processed goods and partly (as in the case of India) as a result of improved substitutive efforts backed up by exchange reform when necessary.

The improvements, where they have taken place, do not, however, alter the need of the regional developing countries for a large net inflow of long-term capital from abroad including both private capital and official aid. Even at the current rates of economic growth which, in many of the countries concerned, barely keep just one step in advance of population growth, domestic savings are inadequate and the import needs far exceed exports.

Figures of exports (f.o.b.) of the regional developing member countries show a movement from \$8,192 million in 1963 to \$12,544 million in 1969 while imports (c.i.f.) moved from \$10,776 million to \$16,380 million in the same period.

In addition to the increasing imbalance shown above between exports and imports there is in most of the countries the pressing burden of service-obligations on past foreign debt (even though incurred in most cases for developmental purposes). This latter factor is particularly important in the countries which began their development effort in the 1950's, when global philosophy on developmental aid had not yet reached the stage which

made "soft loans" a significant element of developmental aid in the 1960's. From overall projections made by the World Bank for South Asia and East Asia, the service payments on existing foreign debt, which for the two sub-regions crossed the billion dollar level in 1968-69, will continue to hover near the \$1.2 billion level till 1975. The gradual decrease thereafter, which is possible according to the forecasts based on existing debt, can only materialize if further developmental aid is given on more appropriate terms than has been the case so far and if the case for "restructuring" of debt is sympathetically viewed in deserving cases.

The slowness of pace in economic growth so far in the Asian developing countries as a whole, the continuing imbalance between exports and imports, and the strain of debt service payments already felt and certain to continue for a considerable time to come—these, basically, constitute the case for more adequate foreign aid on truly concessional terms.

The evidence, however, has been that the net aid receipts into the Asian Region have certainly not kept pace with the need—they have in fact deteriorated for South Asia (Table III).

At a time when a break-through in agriculture is clearly in sight provided the resources are made available, at a time when developing members have shown on the whole a distinct improvement in internal resource mobilization, at a time when, hopefully, trade opportunities in new fields may open up for developing countries if investment flows can be maintained, the present signs of aid fatigue are singularly ill-timed.

The developing countries of the Region have

shown that they can make effective use of additional aid. Lessons have been learnt from past performance both by the developing countries and the "donors"—as evidenced by the Region's achievements in agriculture, largely the result of its own efforts, and the growing appreciation by the countries supplying capital that the terms of aid are crucial to the success of the development effort. There is a foundation in past experience for a renewed and reinvigorated attack on the problem of economic growth. Not only is the time ripe for an increase in aid flows—on appropriate terms—but organizations such as the Asian Development Bank, as may be seen from the following chapters of the Annual Report, now provide increasingly more efficient mechanisms through which aid can be channelled and applied where it will do most good.

Asian developing countries, noting the aid fatigue in certain parts of the world only partly made up for by the decisions of some other countries, as instanced particularly by Japan, to enlarge the quantum of their aid, also hope for further liberalization of the terms of aid. The significant moves towards the liberalization of terms made at the session in Tokyo (September 1970) of the Development Assistance Committee of the Organization for Economic Cooperation and Development are welcome, as also the steps announced by the United States in September 1970 for the untying of its development loans to developing countries. Increase in the quantum of aid, liberalization of terms of aid and willingness to share skills and markets are indispensable if the economies of Asian developing countries are to have a continuing possibility of striving towards, and progressively achieving, more efficient performance and thus enhancing the well-being of the people of Asia.

TABLE III  
**Net Total Official Aid Flows Reaching South Asia and the Far East  
1965-69**

Classification	1965	1966	1967	1968	1969
South Asia	1915.2	1768.0	2041.7	1630.8	1398.8
Far East	944.1	1135.9	1372.5	1412.8	1887.0
Total	2859.3	2903.9	3414.2	3043.6	3285.3

Source: Organization for Economic Cooperation and Development: Development Assistance, 1969 and 1970 Reviews.

# THE BANK'S YEAR IN BRIEF

The Bank raised its lending in 1970 by 150 per cent over the previous year: loan commitments amounted to \$245.6 million<sup>1</sup> — \$211.9 million from ordinary capital resources and \$33.7 million from Special Funds resources. Thirty-two loans, including 10 from Special Funds resources, were approved, as against 20 in 1969 and seven in 1968.

Apart from financial assistance to national development banks, loans were sanctioned for agricultural and irrigation projects, power transmission and distribution, construction of highways and development of sea ports and an international airport, water supply, fisheries development, modernization of tea factories and the expansion of a fertilizer plant, establishment of a caprolactam plant and, for the first time, for the establishment of textile mills and rice mills, agricultural credit and vocational education.

The Bank's loans were made to 14 countries. Four of these countries, namely Afghanistan, Cambodia, Laos, and the Republic of Viet-Nam received loans from the Bank for the first time: in the case of the latter three countries, they were also the first loans from any international financing institution.

Nineteen technical assistance projects were approved for project preparation and advisory and operational services in 10 countries at a total cost of \$2.9 million.

One major regional survey—the Study of Southeast Asia's Economy in the 1970's—was completed and another—the Regional Transport Survey—proceeded on schedule and is due for completion in the first part of 1971.

In continuation of efforts initiated in 1969 to tap capital markets for funds, bonds valued at the equivalent of \$21.7 million were issued during the year in Austria and Japan. Total funds raised by borrowing thereby reached \$38.1 million.

Contributions during the year to the Consolidated Special Funds resources (excluding the Technical Assistance Special Fund) amounted to \$55,254,972, raising total capital contributions to Special Funds resources to \$137,934,944. Australia and the United Kingdom made their first capital contributions, joining the four earlier contributors—Canada, Denmark, Japan (three contributions) and the Netherlands (two contributions).

Contributions were made to the Technical Assistance Special Fund by Australia, Canada, Finland, India, Japan, Netherlands, Pakistan and Switzerland, raising total contributions to the Technical Assistance Special Fund to \$4,091,017. In addition, the Federal Republic of Germany renewed the offer of technical assistance facilities made in previous years and the United Kingdom extended the period of availability of its earlier offer.

Two new members, Fiji and France, joined the Bank raising the total membership to 35 countries. Negotiations were proceeding at the end of the year on the membership of the Territory of Papua and New Guinea.

By the end of the year, the total number of staff of the Bank reached 490 comprising 159 professional and 331 non-professional members.

The achievements of the past year have been substantial, confirming the confidence expressed in previous Annual Reports regarding the Bank's growing involvement in the economic development of its Region. In a relatively short span of four years, the Bank has become a significant source of aid in Asia and is now supplying broadly about 30 per cent of the over-all development financing received from multilateral sources by the 16 developing member countries that have sought its assistance. The Bank's emerging role in development financing can be expected to grow provided that additional resources—the need for which came sharply into evidence as operations intensified in the latter part of the year—can be assured.

<sup>1</sup> Includes (i) \$25 million for the Caprolactam Plant Project in the Republic of Korea which was approved in December but signed in January 1971 and is, therefore, not included in the relevant financial statement (Appendix I-IV) and (ii) \$0.4 million of loan out of \$18 million to the Republic of China which represents refinancing of 1968 loan; and excludes a loan of \$10 million to Thailand from ordinary capital resources and a loan of \$6.01 million to Nepal from Special Funds resources which were approved in 1969 but signed in 1970 and therefore appear in the relevant financial statements (Appendix I-IV and Appendix I-C) for 1970.

## LOANS

### APPROVALS IN 1970

Country/Borrower	Project	Amount (\$ Million)	Date Approved	Term (Years)		Interest (%)
				Incl.	Grace Period	
AFGHANISTAN Kingdom of Afghanistan	Gawargan and Chardarrah Agricultural Development	5.150 <sup>1</sup>	16 December	30	1-1/2	
CAMBODIA Cambodia	Phnom-Penh High Voltage Transmission	1.670 <sup>1</sup>	2 April	16	3	
CEYLON Ceylon Central Bank of Ceylon	Colombo Port Tanker Berth Modernization of Tea Factories (Second)	2.600 3.500	30 March 29 October	15 15	6-7/8 7-1/2	
CHINA, REPUBLIC OF Republic of China	Taipei-Yangmei Freeway	18.000 <sup>2</sup>	30 March	20	6-7/8	
Taiwan Power Company	Power Transmission and Distribution Project	12.880	10 December	19	7-1/2	
INDONESIA Republic of Indonesia Republic of Indonesia	PUSRI Fertilizer Plant Expansion Gambarsari-Pesanggrahan Irrigation Rehabilitation Project	10.000 <sup>1</sup> 2.700 <sup>1</sup>	4 June 23 December	30 25	2-1/2 2-1/2	
KOREA, REPUBLIC OF Republic of Korea	Andong Dam Multi-Purpose Development	0.500	6 October	10	7-1/2	
Korea Electric Company	Power Transmission and Distribution Project	9.500	29 October	20	7-1/2	
Korea Development Bank Hankook Caprolactam Corporation	To meet medium and long-term credit requirements of industrial sector Caprolactam Plant	10.000 25.000	17 November 22 December	15 15	*	
LAOS Kingdom of Laos	Tha Ngon Agricultural Development	0.973 <sup>1</sup>	10 March	40	1-1/2	
MALAYSIA Malaysia	Besut Agricultural Development	0.900) 3.300) <sup>1</sup>	22 September	15 25	7-1/2 3	
Malaysia Malaysia	Malacca Water Supply Sibu Port Expansion	5.000 3.500	12 November 10 December	25 25	7-1/2 7-1/2	

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

<sup>2</sup> Loan from Special Funds resources.

<sup>2</sup> Includes \$0.4 million which represents refinancing of 1968 loan.

Country/Borrower	Project	Amount (\$ Million)	Date Approved	Term (Years) inc. Grace Period	Interest (%)
NEPAL					
Kingdom of Nepal	Jute Development	2,000)	10 December	12	7-1/2
Kingdom of Nepal	Agricultural Credit	2,000)	23 December	12	3
		2,400		16	3
PAKISTAN					
Pakistan Industrial Credit and Investment Corporation, Ltd.	Rice Milling	3,120	25 August	18	7-1/2
Pakistan Industrial Credit and Investment Corporation, Ltd.	Cotton Spinning Mills	12,000	17 December	15	7-1/2
Industrial Development Bank of Pakistan	Financing Small and Medium Industries (Second)	15,000	22 December	15	*
Agricultural Development Bank of Pakistan	Fisheries Development	6,730	22 December	12-15	7-1/2
PHILIPPINES					
Philippine National Bank	To lend to Private Development Corporation of the Philippines for financing private industrial and other productive enterprises (Second)	15,000	17 December	15	*
Republic of the Philippines	Cotabato-General Santos Road	10,600	23 December	25	7-1/2
SINGAPORE					
Jurong Town Corporation	Jurong Wharves Expansion	8,310	3 September	25	7-1/2
Republic of Singapore Public Utilities Board of Singapore	Singapore International Airport Development	20,600	24 November	20	7-1/2
Republic of Singapore	Water Supply	8,300	23 December	20	7-1/2
Republic of Singapore	Ngee Ann Technical College Expansion	3,000)	23 December	25	3
THAILAND					
Electricity Generating Authority of Thailand	Power Transmission and Substation Expansion	19,000	17 December	22	7-1/2
VIET-NAM, REPUBLIC OF					
Republic of Viet-Nam	Fisheries Development	2,500)	15 December	25	2-1/2

## **SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE)**

### **APPROVALS IN 1970**

Country	Project	Amount (\$)	Date Approved
<b>PROJECT PREPARATION</b>			
AFGHANISTAN	Kabul Industrial Park Kajakai Floodgate and Flood Control Scheme	44,000 160,000	3 June 7 July
INDONESIA	West Sumatra Electric Power Supply Java Teak Wampu River Flood Control	185,000 216,000 181,000	14 July 13 October 17 November
KOREA, REPUBLIC OF NEPAL	Andong Dam Kankai Irrigation	160,000 215,000	6 October 17 December
<b>ADVISORY AND OPERATIONAL</b>			
AFGHANISTAN	Sectoral Planning Study on Afghan Agriculture Gawargan and Chardarah Agricultural Development	264,000 370,000	7 July 15 December
CAMBODIA	Phnom-Penh High Voltage Transmission	80,000	2 April
FIJI	Fiji Development Bank	90,000	22 December
INDONESIA	Bank Rakjat Indonesia	75,000	24 February
LAOS	Tha Ngon Agricultural Development	275,000	10 March
NEPAL	Agricultural Credit	146,000	23 December
PHILIPPINES	National Food and Agriculture Council	36,000	7 July
THAILAND	Accelerated Rural Development Program Extension Industrial Evaluation System for the Board of Investment	100,000 140,000	25 August 7 July
VIET-NAM, REPUBLIC OF	Rural Banking System Fisheries Development	110,000 68,000	10 September 15 December
<b>REGIONAL</b>			
	Regional Transport Survey Law Association for Asia and the Western Pacific Credit and Security Research Project—Extension	2,903,000 <sup>1</sup> 27,000	19 March <sup>1</sup> 18 August

1 The Survey was approved in principle by the Board of Directors on 5 June 1969. Its progress was again reviewed by the Board in 1970 and the allocation of a total cost of \$2.9 million was set during the year.



## OPERATIONS AND POLICIES

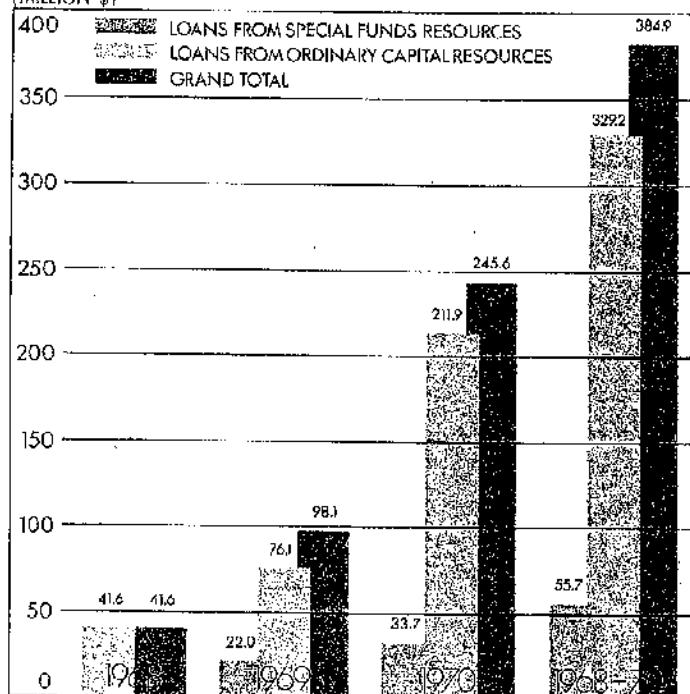
The outstanding feature of the Bank's operations in 1970 was the rapid expansion in its lending activities. A total of 32 loans amounting to \$245.6 million<sup>1</sup> were approved during the year in comparison with 20 loans amounting to \$98.1 million in 1969. Four countries—Afghanistan, Cambodia, Laos and the Republic of Viet-Nam—received their first loans from the Bank. The growing pace and spread of operations attest to the magnitude of the development needs of the developing member countries as well as to the Bank's growing capacity to respond to those needs.

A further noteworthy feature was the growth in the Bank's Special Operations. Both the number and amount of loans from Special Funds resources rose substantially in the year under review: 10 loans totalling \$33.7 million as against six loans totalling \$22 million in 1969. The countries which received concessional loans in 1970 were Afghanistan, Cambodia, Indonesia, Laos, Malaysia, Nepal, Singapore and the Republic of Viet-Nam. In the case of two projects, namely, the Besut Agricultural Development Project in Malaysia and the Jute Development Project in Nepal, the Bank provided loans involving both ordinary capital and Special Funds resources.

For the first time, the Bank participated with other lenders in 1970 in financing a project—the expansion of the PUSRI fertilizer plant in Indonesia. The Bank assisted in the appraisal of the Project and shared in the financing—on concessional terms—jointly with the International Development Association, the United States and Japan.

Cumulative lending at the end of 1970 stood at 59 loans totalling \$384.9 million spread over 15 countries. The growth in lending operations since the Bank's first loan in January 1968 is illustrated in the following table:

### GROWTH IN LENDING OPERATIONS: 1968-70 (MILLION \$)



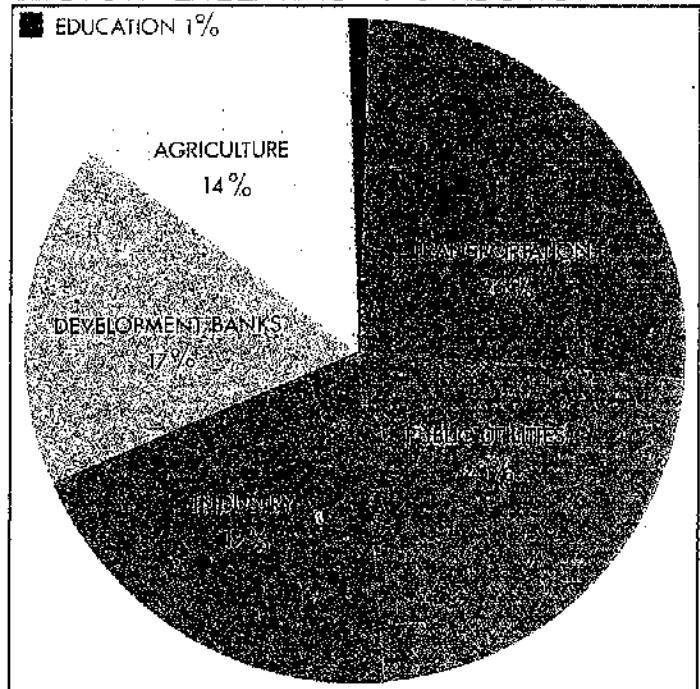
New areas of lending were opened up during the year—vocational education and agricultural credit. The transportation sector (including airports and harbors) received about 26 per cent of total loans for the year followed by public utilities (23 per cent), industry (19 per cent), development banks (17 per cent), agriculture (14 per cent) and education (one per cent). As of the end of 1970 the transportation and development banks sectors accounted

	Loans from Ordinary Capital Resources		Loans from Special Funds Resources		Total Loans	
	Amount (\$)	Number	Amount (\$)	Number	Amount (\$)	Number
1968	41,600,000	7	—	—	41,600,000	7
1969	76,095,000	14	22,005,000	6	98,100,000	20
1970	211,540,000	22	33,693,000	10	245,233,000	32
TOTAL	329,235,000	43	55,698,000	16	384,933,000 <sup>2</sup>	59

1 See footnote on page 11.

2 Totals are net amounts after taking into account \$0.4 million approved in 1968 and refinanced in 1970.

## LENDING OPERATIONS BY ECONOMIC SECTOR: PERCENTAGE DISTRIBUTION-1970



for 24 per cent each of total lending, while industry, public utilities and agriculture accounted for about 16 per cent each.

As a catalyst of investment activity in the Region, the impact of the Bank's operations extends substantially beyond the volume of its own lending. The Bank's loans cover only a part of the total costs of the projects financed by it. There is always the local cost to be met by local financing; in certain cases, a part of the cost may also have to be borne by other external resources. The total cost of projects directly undertaken by the Bank as of 31 December 1970 was around \$700 million. The Bank financed roughly 42 per cent of this overall cost, leaving the developing member countries to mobilize the remaining part from local and other sources. In addition to loans directly for projects, the Bank has lent \$90 million to development banks for relending. Substantial local resources will have to be mobilized to supplement these development bank loans. On balance, the Bank's cumulative lending of \$385 million will be instrumental in generating investment of local resources of the same order, if not more.

### Development Banks

Attention has been drawn in previous reports to the importance attached by the Bank to lending through intermediary institutions. During 1970 the Bank approved three loans—of the "credit line" type—amounting to \$40 million to institutions geared to the financing of industrial development, namely, the Korea Development Bank (\$10 million); the Industrial Development Bank of Pakistan (\$15 million, the second loan to this institution); and the Private Development Corporation of the Philippines (\$15 million, also the second loan to this institution).

In addition, three loans to development financing institutions were made in 1970 for financing specific identified enterprises in particular sectors where the individual projects were not large enough to warrant their direct supervision by the Bank. Two of the three loans of this type were made to the Pakistan Industrial Credit and Investment Corporation, the first in an amount of \$3·1 million for the establishment of two modern rice mills, the second in an amount of \$12 million for the establishment of seven cotton spinning mills; the third loan, in an amount of \$3·5 million, was made to the Central Bank of Ceylon for the Modernization of Tea Factories (a follow-up to a similar loan made in 1968).

A new dimension was reached in this general area of lending to intermediary institutions with the approval during the year of three loans to agricultural development banks. The loans were made to the Agricultural Development Bank of Nepal (\$2·4 million), the Agricultural Development Bank of Pakistan (\$6·7 million) and the Agricultural Development Bank of Viet-Nam (\$2·5 million) for (i) pump sets and tractors for farmers, (ii) mechanization of fishing operations and cold storage and (iii) mechanized fishing operations, respectively. The loan to the Agricultural Development Bank of Nepal emerged as a result of technical assistance extended by the Bank in 1968 and 1969. In addition, a technical assistance grant of \$146,000 for the assignment of advisors to the Bank was approved concurrently with the loan. The loan to Viet-Nam was also accompanied by a technical assistance grant—\$68,000 for the services of advisors.

### Technical Assistance

There was a significant increase in technical assistance (services to member countries) during the year. Nineteen technical assistance projects in 10 countries were approved involving a total assistance of \$2·9 million. Cumulatively, technical

assistance commitments (excluding regional activities) reached \$6,350,000 for 43 projects in 14 countries.

The new commitments covered important sectors of economic development including rural development programs, agricultural credit, irrigation and flood control, industrial development, fisheries and electric power supply and transmission. The sectoral spread of technical assistance activities to date is shown in the table below.

Project preparation was again an important feature of technical assistance activities in 1970.

Of the 19 new commitments, seven were for preparation of projects which are expected to lead directly to loan applications. In addition, increased attention was given to technical assistance for project implementation in several cases.

Of the 43 technical assistance projects approved since 1967, 15 had been completed by the end of 1970 at an actual cost of \$1.6 million. Technical assistance activities have been financed partly from net income and partly from contributions to the Technical Assistance Special Fund.<sup>1</sup> For details of utilization of this Fund, see page 62.

## **SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE)**

### **COMMITMENTS BY SECTOR: 1967-70**

In Dollars

Classification	1967	1968	1969	1970	TOTAL
Transportation	—	166,000	592,000	—	758,000
Public Utilities	—	—	—	265,000	265,000
Industry	—	—	—	184,000	184,000
Development Banks and Intermediary Institutions	—	124,000	69,000	421,000	614,000
Agriculture inc. Forestry and Fisheries	80,000	847,950	1,566,000	2,035,000	4,528,950
<b>TOTAL</b>	<b>80,000</b>	<b>1,137,950</b>	<b>2,227,000</b>	<b>2,905,000</b>	<b>6,349,950</b>

### **Regional Activities**

The year 1970 also marked an important stage in the Bank's regional activities and these are dealt

with in detail in section C of this chapter. Cumulative commitments for individual regional projects are set out in the following table:

## **REGIONAL ACTIVITIES**

### **COMMITMENTS: 1967-70**

In Dollars

Asian Agricultural Survey	155,000
Law Association for Asia and the Western Pacific Credit and Security Research Project	27,000
Asian Vegetable Research and Development Center	300,000
Regional Conference of Development Banks in Asia	15,000
Regional Seminar on Agriculture	56,000
Regional Transport Survey	2,903,000
Study of Southeast Asia's Economy in the 1970's	250,000

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

2 Including contributions by the United States of up to \$1 million and \$1,142,530 from the United Nations Development Programme.

## LOANS

CUMULATIVE COMMITMENTS AS OF 31 DECEMBER 1970<sup>1</sup>

In Million Dollars

Country	Ordinary Capital	Special Funds	Total
Afghanistan		5·150	5·150
Cambodia		1·670	1·670
Ceylon	8·985	7·705	16·690
China, Republic of	55·890		55·890
Indonesia		16·090	16·090
Korea, Republic of	76·300		76·300
Laos		0·973	0·973
Malaysia	27·500	3·300	30·800
Nepal	2·000	10·410	12·410
Pakistan	46·850		46·850
Philippines	30·600	2·500	33·100
Singapore	47·110	3·000	50·110
Thailand	34·000		34·000
Viet-Nam, Republic of		2·500	2·500
Western Samoa		2·400	2·400
<b>TOTAL</b>	<b>329·235</b>	<b>55·698</b>	<b>384·933</b>

1 See footnote on page 11.

**SERVICES TO MEMBER COUNTRIES (TECHNICAL ASSISTANCE)**  
**CUMULATIVE COMMITMENTS AS OF 31 DECEMBER 1970<sup>1</sup>**

In Dollars

Country	Project Preparation,	Advisory and Operational	Total
Afghanistan	368,000	634,000	1,002,000
Cambodia	—	80,000	80,000
Ceylon	—	565,000	565,000
China, Republic of	100,000	—	100,000
Fiji	—	90,000	90,000
Indonesia	910,000	427,450	1,337,450
Korea, Republic of	150,000	66,500	216,500
Laos	—	496,000	496,000
Malaysia	192,000	80,000	272,000
Nepal	281,000	600,000	881,000
Philippines	225,000	243,000	468,000
Thailand	240,000	285,000	525,000
Viet-Nam, Republic of	68,000	199,000	267,000
Western Samoa	50,000	—	50,000
<b>TOTAL</b>	<b>2,584,000</b>	<b>3,765,950</b>	<b>6,349,950</b>

1 Excluding regional projects.

## A. LENDING POLICIES

During the year, reviews were undertaken and, where necessary, decisions made on several matters of policy affecting loan operations. Among the specific items were the interest rate for loans out-of ordinary capital resources, the commitment charge, guarantee and other security arrangements, foreign exchange financing of local currency expenditures, review of loan amortization terms, policy on lending to national development banks and export financing. Apart from interest rate and commitment charge, no changes were made in existing practices. Certain matters, such as export financing, were held over for further consideration in 1971.

### Interest Rate

The most significant policy development in the Bank's operations in 1970 was the increase in its regular lending rate, from 6-7/8 per cent to 7-1/2 per cent, effective from 28 May (the rate includes a commission of one per cent). Since the adoption of the old rate of 6-7/8 per cent in February 1968, there had been substantial changes in market conditions in almost all important capital markets. The yields on long-term bonds had gone up by more than one percentage point almost everywhere. The costs of two bond issues by the Bank in 1969 and early 1970 were higher than the old lending rate. Since the time the Bank first fixed its lending rate in early 1968, other international financing institutions, including the International Bank for Reconstruction and Development, the Inter-American Development Bank and the European Investment Bank, had raised their lending rates. Due to the comparatively lower rate charged by the Bank, the participations in the early maturities of loans by banks in the United States, Europe and Japan had tapered off to an insignificant amount. In these conditions, the Bank, while wanting to meet the needs of the borrowing countries by providing funds at the lowest possible rate and also not wishing to impair its ability to raise substantial funds in the world's capital markets, finally decided to raise its rate of interest by 5/8 of one per cent. The increased rate was applied to all loans approved after 28 May 1970.

In the case of loans to development banks approved prior to 28 May, it had been agreed that they would be charged the rate prevailing at the time the amount of a sub-loan was credited to their accounts. However, with the decision to increase the Bank's rate of interest, an offer was made to them of a fixed lending rate of 6-7/8 per cent on the uncommitted portions of their loans. This offer has been accepted by all the development banks concerned.

### Commitment Charge

In conjunction with the review of the lending rate policy, the Bank also examined its commitment charge. The Bank's commitment fee for loans out of ordinary capital resources was fixed at 3/4 of one per cent per annum in 1968. The major consideration for charging a commitment fee is the "opportunity cost," i.e., the difference between the actual return on money invested and the potentially higher return from alternative uses in cases where there is less need to consider liquidity requirements. In early 1970, the changes in interest rates in the world capital markets made the difference between the return on short-term and long-term investments less pronounced than two years before. With a view to having a commitment charge corresponding more closely to the reality of the situation, the Bank decided to reduce its commitment charge to one-half of one per cent per annum effective from 28 May 1970.

### Loan Administration

Commensurate with the increased loan approvals during the year, increased attention was paid to matters relating to follow-up and project implementation. Several missions to review or supervise the implementation of projects were sent out in the course of the year. The findings of these missions and the discussions held with the project authorities have contributed to make loans effective more expeditiously. These have also expedited appointment of consultants, procurement and project implementation, thus leading to a speedier utilization of loans. In the case of national development banks, improved procedures for the utilization of the credits were worked out; in particular, steps were taken to expedite the handling of applications from sub-borrowers in order to expedite approvals.

## B. COUNTRY ACTIVITIES: LOANS AND TECHNICAL ASSISTANCE

### AFGHANISTAN

#### Loan

##### GAWARGAN AND CHARDARRAH AGRICULTURAL DEVELOPMENT PROJECT

\$5,150,000 for 30 years (including 7-year grace period)

at 1-1/2% (Special Funds)

Approved: 15 December 1970

Borrower: KINGDOM OF AFGHANISTAN

The purpose of the loan is to provide financial assistance to the Government of Afghanistan in the improvement of the water supply and irrigation systems in the Gawargan and Chardarrah areas, both located in the mid-Kunduz Basin. The Project was a sequel to the technical assistance approved by the Bank for the investigation of 16 irrigation projects and for project preparation of four or five of the most promising projects for possible financing by the Bank.

Under the Project, two permanent intake structures will be constructed in the Kunduz River, one to supply water to the Gawargan area and the other to the Chardarrah area. The combined net irrigable area under the Project will be raised from about 22,600 hectares to 25,300 hectares capable of producing 28,000 tons of wheat, 48,000 tons of sugar beet and 19,000 tons of cotton as compared with 9,000 tons, 18,000 tons and 4,400 tons, respectively at present. The increased wheat and sugar beet production will result in considerable foreign exchange savings on imports and the higher cotton output will make a significant contribution to the country's export earnings.

Total cost of the Project is estimated at \$8,510,000 of which the foreign exchange component amounting to \$5,520,000 is to be financed by the loan of \$5,150,000 and a technical assistance grant of \$370,000 from the Bank, approved concurrently with the loan.

#### Technical Assistance

The technical assistance grant of \$370,000 associated with the loan for the **Gawargan and Chardarrah Agricultural Development Project** will finance the services of foreign experts who will assist in the setting up and initial operation of irrigation, agricultural extension and marketing and credit services in the Gawargan project area and, at the same time, train counterpart staff to undertake similar functions for the Chardarrah area as well as for other planned projects. A photogrammetrist and a design engineer will be included to prepare maps not only for the Gawargan and Chardarrah Project but also for two additional projects in preparation for future development.

A technical assistance grant of \$44,000 to the Government of Afghanistan for the project preparation of a 400-acre **Kabul Industrial Park** for the development of small-scale industries was approved on 3 June. The project is one of the several measures undertaken by the Government for accelerating the pace of industrial development. The final report is due early in 1971 following which the Bank has been asked to appraise the Project for possible financing.

On 7 July a request by the Government of Afghanistan for technical assistance in conducting a **Sectoral Planning Study of Afghan Agriculture** was approved at an estimated cost of

*Afghanistan: Drilling for water supply in the vicinity of Pul-i-Charki for the proposed Kabul Industrial Park.*

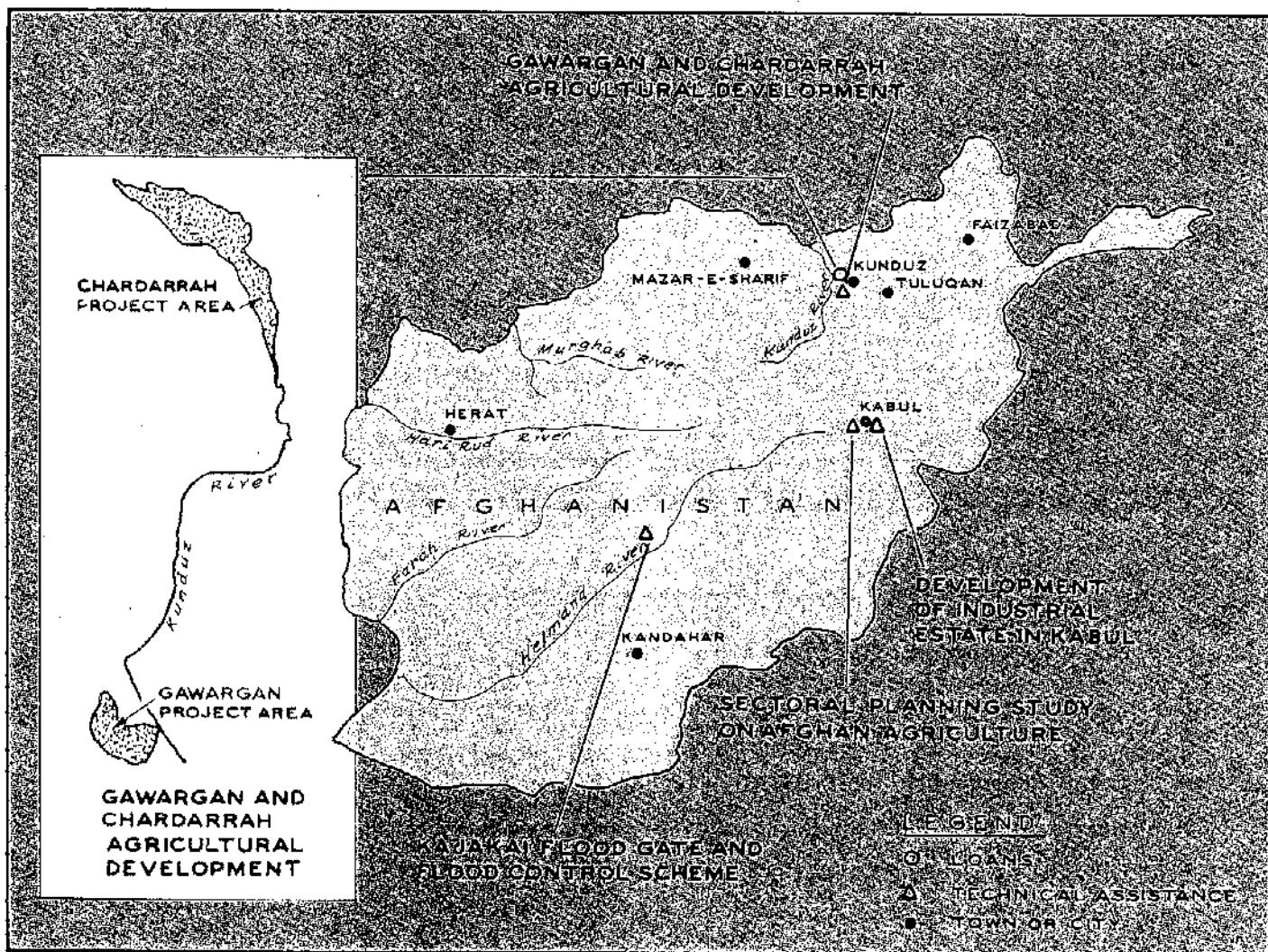


\$264,000. The basic objectives of the study are to assess the agricultural development potential and problems in the country, and to formulate an integrated framework of policy measures and priority programs.

The study will provide a basis for (i) the preparation in 1971 of the agricultural portion of the Fourth Five-Year Plan; (ii) the formulation of agricultural policies and action programs by the Ministry of Agriculture and Irrigation and other Government agencies concerned; (iii) overall planning for better coordination and efficient utilization of external assistance in agricultural fields; and (iv) the establishment of an improved organizational, administrative

and management system for agricultural development planning, programming and implementation.

On 7 July the Bank agreed to provide technical assistance to the Government of Afghanistan at an estimated cost of \$160,000 for the **Kajakai Gate Project Preparation and Preliminary Assessment of Flood Control Scheme in the Lower Helmand Valley**. This involves the preparation of a feasibility study, including preliminary designs, for the installation of gates in the spillway of the Kajakai reservoir on the upper Helmand River, and for the preliminary assessment of the technical and economic feasibility of an additional flood control scheme in the lower Helmand/Chakhansur areas.



The installation of the gates in the spillway of the Kajakai reservoir will facilitate improved flood control in the Helmand Valley, one of the major agricultural regions in Afghanistan, and will raise the storage capacity of the reservoir by about 65 per cent. The irrigation and electricity generating potentials of the reservoir will be expanded.

The survey in the Helmand/Chakhansur areas includes investigations with regard to two proposed flood diversion dams and a flood diversion channel and other alternative schemes for flood control.

#### CAMBODIA

##### Loan

#### PHNOM-PENH HIGH VOLTAGE TRANSMISSION PROJECT

\$1,670,000 for 16 years (including 4-year grace period)

at 3% (Special Funds)<sup>1</sup>

Approved: 2 April 1970

Borrower: CAMBODIA

The purpose of the first loan by the Bank to Cambodia is to finance the foreign exchange cost of constructing three 110/115 kilovolt sub-stations and an interconnecting transmission line on the periphery of the city of Phnom-Penh.

The Project will be carried out by the Société Nationale des Grands Barrages (SNGB), the Government agency responsible for the generation of hydro-electric power and transmission to Phnom-Penh. SNGB commenced supplying power to Phnom-Penh in 1968 from a 10 megawatt hydro station at Kirirom. The Company is currently engaged in constructing a second dam at Kirirom and a new hydro-electric facility of 18 megawatt capacity at Prek Thnot which is located approximately half-way between Kirirom and Phnom-Penh. The Prek Thnot Project is now scheduled for completion in 1973 and the power generated will be transmitted to Phnom-Penh over the existing 110 kilovolt line from Kirirom. The transmission facilities to be financed under the loan will coordinate the distribution of power from Kirirom and Prek Thnot with the output of the two existing thermal power stations within Phnom-Penh city, and will therefore help to insure a stable and adequate power supply.

<sup>1</sup> The date of effectiveness of the loan was extended until 15 June 1971 at the request of the borrower

The total cost of the Project is estimated at \$2,280,000, of which the foreign exchange component of \$1,670,000 will be met from the proceeds of the Bank loan. The local currency cost will be provided by the SNGB from its own resources, supplemented by such funds as may be required from the Government.

#### Technical Assistance

In order to ensure the successful implementation of the **Phnom-Penh High Voltage Transmission Project** (see above) a technical assistance grant of \$80,000 to the Government of Cambodia was approved concurrently with the loan.

The grant will provide for engineering consultant services to assist the Société Nationale des Grands Barrages (SNGB) in the execution of various phases of the Project and, particularly in the preparation of specifications and tender documents, evaluation of tenders, invitations to bid, contract negotiations, general review of contractor's designs, inspection of equipment during manufacturing, construction supervision, acceptance tests and also for the in-service training of professional staff of SNGB.

#### CEYLON

##### Loans

#### COLOMBO PORT TANKER BERTH PROJECT

\$2,600,000 for 15 years (including 5-year grace period)

at 6-7/8%

Approved: 30 March 1970

Borrower: CEYLON

The Colombo Port Tanker Berth Project, part of a wider development scheme for the Port of Colombo, consists of the construction of deep water mooring facilities and the deepening and widening of the harbor basin and entrance channel to accommodate tankers up to 60,000 deadweight tons. The Project includes the provision of a dredger and a tugboat of about 2,500 horse power; the former will be used for the construction and maintenance of Project works while the latter is needed to assist large tankers in using the mooring facilities.

The cost of the dredger and tugboat is to be financed out of the proceeds of the Bank loan of \$2.6 million. The Government of Ceylon will provide the local currency requirements of the Project, the total cost of which is estimated at \$4,810,000.



Ceylon: A view of Colombo Port which is expanding its facilities.

#### **TEA FACTORY MODERNIZATION PROJECT (SECOND LOAN)**

\$3,500,000 for 15 years (including 3-year grace period)  
at 7-1/2%

Approved: 29 October 1970  
Borrower: CENTRAL BANK OF CEYLON

The purpose of the loan is to finance the foreign exchange requirements of the Tea Rehabilitation Program of the Government of Ceylon up to mid-1973. The proceeds will be used in the construction of new factories and the installation of machinery therein, improvement or extension of existing factories and the provision of electric power for the factories and vehicles for the transport of green leaf.

This is the second loan provided by the Bank for modernization of tea factories in Ceylon. As in the case of the first loan, the Central Bank of Ceylon will lend the proceeds through existing credit institutions to tea factory owners and will also administer the loan.

The tea industry provides about 60 per cent of the foreign exchange earnings of Ceylon and contributes substantially to the budgetary revenue of the Government. While the need to develop new export lines is recognized, tea is still the main agricultural commodity in Ceylon despite declining export prices. The Government has accorded high priority to the rehabilitation of the tea industry by providing investment incentives under the Tea Replanting Subsidy Scheme, the Tea Factory Development Scheme and the Tea Fertilizer Subsidy Scheme.

#### **CHINA**

##### **Loans**

###### **TAIPEI-YANGMEI FREEWAY PROJECT**

\$18,000,000 for 20 years (including 3-1/2 year grace period)  
at 6-7/8%

Approved: 30 March 1970  
Borrower: REPUBLIC OF CHINA

Following the approval in 1968 for a feasibility study of the North-South Freeway, the Bank approved a loan of \$18 million to the Republic of China on 30 March for the Taipei-Yangmei Freeway Project. Of the total loan amount, \$17.1 million will be used to finance the foreign exchange cost of the

Republic of China: Surveying in progress for the Taipei interchange of the Taipei-Yangmei Freeway.



Traffic congestion at Changli, which is expected to be relieved by constructing the Freeway that will bypass the town.

construction of a 29-kilometer freeway from Sanchung to Chungli and a sum of \$600,000 will cover the detailed engineering design for two terminus sections, one of 2-1/2 kilometers from Sanchung to Taipei and the other of 12 kilometers from Chungli to Yangmei. The loan also incorporated the amount of \$400,000 previously committed for the feasibility study of the North-South Freeway.

The Taipei-Yangmei Freeway, which will form part of the future North-South Freeway, is intended primarily to meet the needs of the Taipei-Chungli area, where traffic congestion has become acute. With the development of several industrial complexes in the region as well as the fast growth of urban population in Western Taiwan, traffic needs are expected to increase manyfold. Plans are in hand for the development of a new township on Linkou Plateau, about 15 kilometers from Taipei, and a new international airport is planned at Taoyuan, about 20 kilometers from Taipei. This section of the Freeway will serve these important development projects.

Apart from the Bank's loan of \$17.1 million for the foreign exchange cost of the Sanchung-Chungli Freeway, the Government will meet the local currency cost of \$40 million (equivalent). Construction of the Freeway which is under the responsibility of the newly established Taiwan Area Freeway Construction Bureau, is expected to begin early in 1971 and be completed by mid-1973.

#### **POWER TRANSMISSION AND DISTRIBUTION PROJECT**

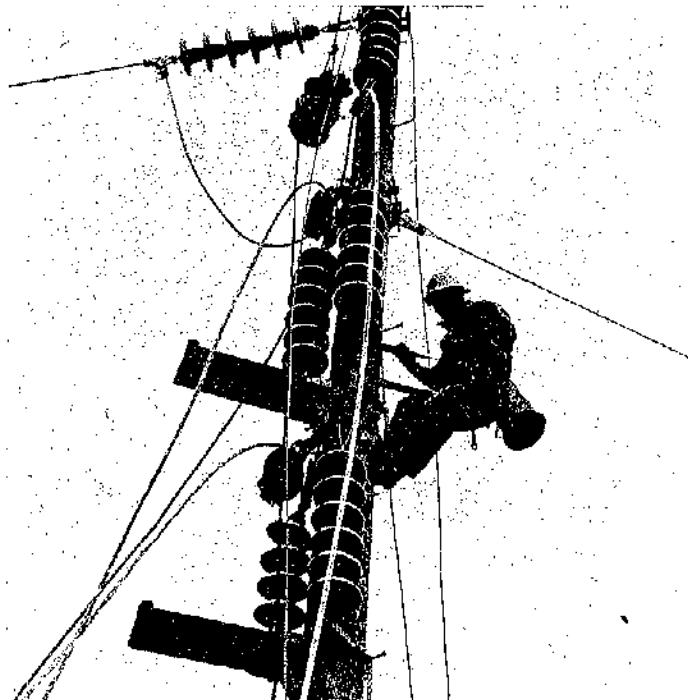
\$12,880,000 for 19 years (including 3-1/2 year grace period)  
at 7-1/2%

Approved: 10 December 1970  
Borrower: TAIWAN POWER COMPANY  
Guarantor: REPUBLIC OF CHINA

The purpose of the loan is to finance the foreign exchange cost of the transmission and distribution program of the Taiwan Power Company (TAIPOWER).

TAIPOWER, a stock corporation which is almost wholly owned by the National and Provincial Governments, is responsible for the generation, transmission, distribution and sale of electricity throughout the island of Taiwan and Penghu Archipelago. In order to overcome the present

*Republic of China: Outgoing power lines from the Lothuan primary substation under construction as part of the Taiwan Power Company's power transmission and distribution project.*



power shortage and to provide for the growing future demand over the next decade, TAIPOWER has prepared a 10-year power development program covering the years 1971-80. The program envisages an increase of installed generating capacity from 2,540 megawatts in June 1970 to 6,164 megawatts in 1976 and to 8,769 megawatts in 1980. Included in this program are annual projects for power transmission and distribution which will enable the strengthening and extension of the transmission and distribution network.

The Project to be financed by the Bank represents part of the power development program that is required for the extension and improvement of TAIPOWER transmission and distribution system to meet the demand beyond 1973. The Project works include extension of 161 kilovolt transmission lines, construction of sub-stations, overhead and underground sub-transmission lines, extension of distribution system and procurement of equipment and tools. The total cost of the Project is estimated at \$38,950,000 and work is expected to be completed by the end of 1973.

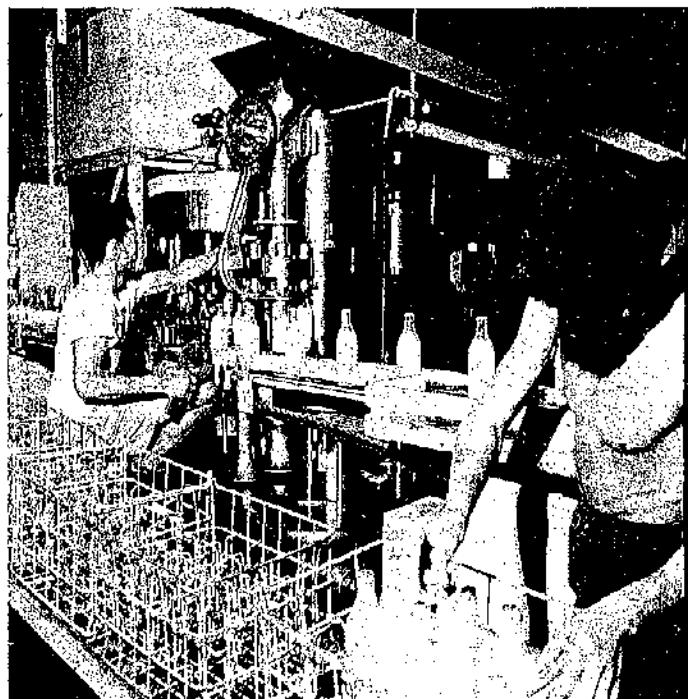
## FIJI

### Technical Assistance

A technical assistance grant of \$90,000 to the Government of Fiji for reorganizing the **Fiji Development Bank (FDB)** and for augmenting its technical capability, primarily through personnel training, was approved on 22 December. Under this technical assistance, the Bank will provide the services of a senior development bank specialist and two industrial loan experts. The development bank specialist will act as adviser to FDB's management and will help in formulating overall policies towards achieving a development bank orientation for FDB.

Established in 1966 as a statutory corporate body, FDB's function is to facilitate and stimulate the promotion and development of natural resources, transportation and other industries in Fiji. However, emphasis to date has been on the financing of agricultural rather than industrial projects. With the provision of this technical assistance, FDB is expected to acquire improved technical capability for the formulation and appraisal of industrial projects and thus fulfil the vital role assigned to it in the economic development of Fiji.

Bottling of milk at Rewa Cooperative Dairy Co., Ltd., another beneficiary of FDB's financial assistance.



Fiji: Fijian farmers who have received financial assistance from the Fiji Development Bank (FDB) harvest sugar cane.

## INDONESIA

### Loans

#### PUSRI FERTILIZER PLANT EXPANSION PROJECT

\$10,000,000 for 30 years (including 8-year grace period)

at 2-1/2% per annum (Special Funds)

Approved: 4 June 1970

Borrower: REPUBLIC OF INDONESIA

The Bank is financing part of the foreign exchange cost of the expansion of the state-owned urea fertilizer plant of P.N. Pupuk Sriwidjaja (PUSRI) in South Sumatra, with related conservation and transmission facilities for the supply of natural gas to be used in the manufacture of feedstock and as fuel. This is so far the largest concessional loan made by the Bank and the Bank's first financing operation jointly with other lenders.

The foreign exchange cost of the Project is estimated at \$68 million, which will be met in part by the \$10 million loan sanctioned by the Bank, a \$30 million credit approved by the International

Development Association, a \$20 million loan from the United States Agency for International Development and an \$8 million loan from the Overseas Economic Cooperation Fund of Japan. The local currency cost of \$16.4 million (equivalent) will be met from the internal cash generation of PUSRI and also by the Government.

The Project involves the expansion of the existing production capacity of PUSRI from 100,000 tons to 480,000 tons of urea annually. The work to be done consists of construction, start-up and operation of an ammonia-urea unit with daily capacities of 660 tons of ammonia and 1,150 tons of urea, installation of natural gas conservation and transmission facilities, power plant, wharf extensions and equipment for the manufacture of bags. Con-

struction is expected to be completed by the middle of 1973.

The Project will be the first of two large nitrogenous fertilizer plants, the construction of which is included in Indonesia's Five-Year Plan (1969-74). It will help Indonesia attain self-sufficiency in nitrogenous fertilizers and thereby assist in meeting food production targets.

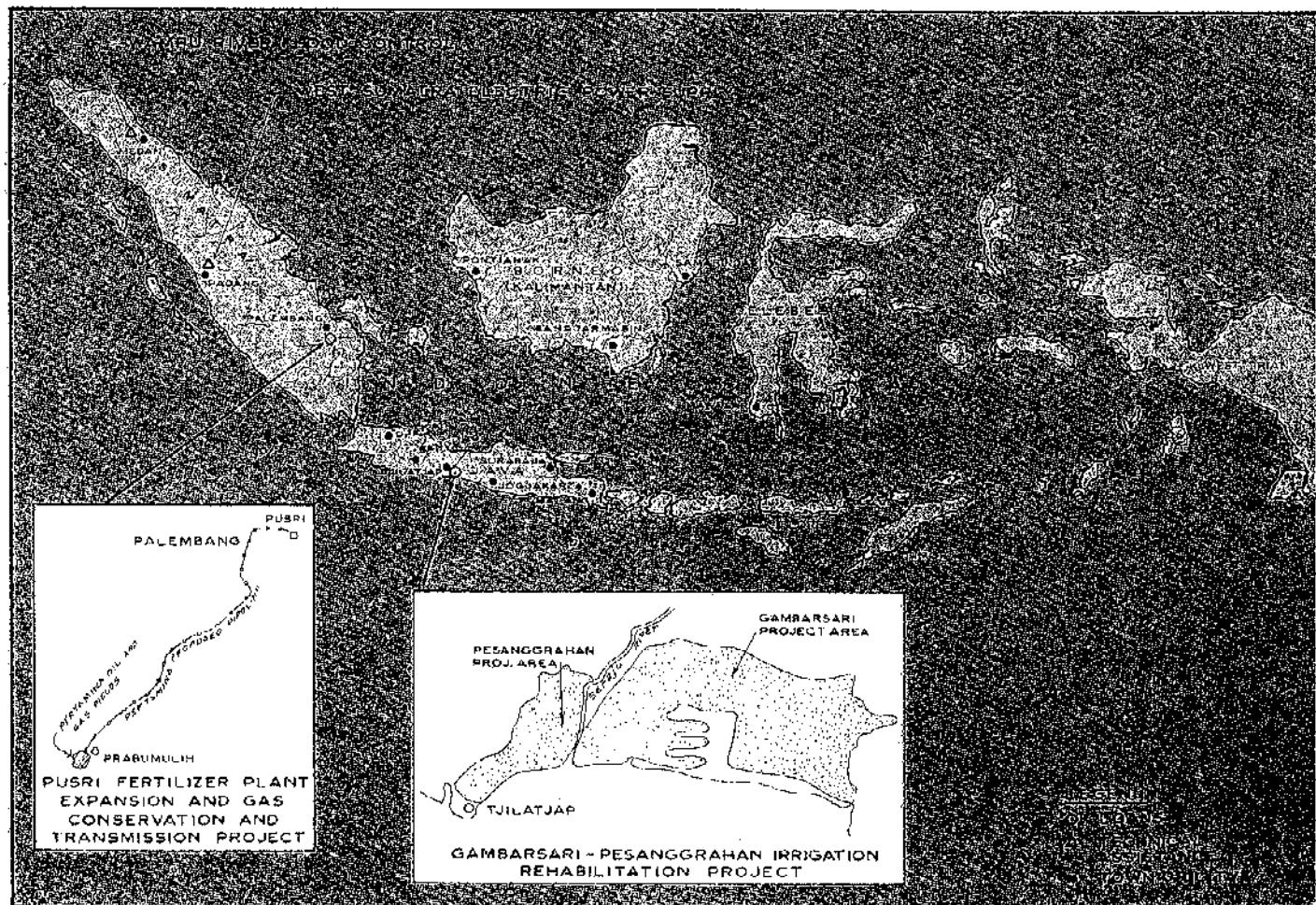
#### **GAMBARSARI-PESANGGRAHAN IRRIGATION REHABILITATION PROJECT**

\$2,700,000 for 25 years (including 7-year grace period)

at 2-1/2% per annum (Special Funds)

Approved: 23 December 1970

Borrower: REPUBLIC OF INDONESIA



The object of the loan is to assist in financing the rehabilitation of pump irrigation systems at Gambarsari and Pesanggrahan in Central Java covering an area of over 20,000 hectares, mostly under rice cultivation. This is the second loan by the Bank to Indonesia for irrigation development, the first being for the nearby Tadjum Irrigation Project.

The existing pumps in the Project area, which lift water from the Seraju River, are over 30 years of age and are no longer economic to operate. There is also a shortage of power for the operation of pumps. Both these factors have resulted in an inadequate supply of water and consequent loss of rice production. The Bank's loan is to assist in the improvement of water intakes, pumping stations and desilting facilities and the construction of power generating stations at Gambarsari and Pesanggrahan. The total cost of the Project is \$3.6 million out of which the Bank is financing the foreign exchange cost of \$2.7 million, the local cost being borne by the Government.

At full production, the Project area would produce about 100,000 tons of milled rice compared with the current production of about 50,000 tons, thereby conserving foreign exchange which would otherwise be required for rice imports.

#### Technical Assistance

A technical assistance grant to Indonesia of \$75,000 for the **Bank Rakjat Indonesia** was approved on 24 February. The technical assistance provided for the engagement of experts from a management consulting firm to study the existing organization, management, administration and operation of the Bank Rakjat Indonesia (rural credit bank), to identify deficiencies and to suggest measures for improvement within an overall scheme of modernization. One major objective was to identify the possible nature and scope of mechanization and to estimate the cost involved (including the foreign exchange cost). This technical assistance project developed as a result of earlier technical assistance for a rural credit survey. Field investigation was completed in August.

Technical assistance to Indonesia for the **West Sumatra Electric Power Supply** was approved on 14 July and involved a grant of \$185,000. This will provide the services of electrical and civil engineers, an engineering economist and a geologist. The team will make a detailed review of the ongoing Batang Agam Hydro-Power Project to test its technical and economic viability. It will also conduct a project oriented feasibility study for the

emergency rehabilitation, and medium (five years) and long-term (10 years) development of the West Sumatra electric power supply system.

On 13 October the Bank approved a technical assistance grant of \$216,000 for the **Java Teak Project**. The technical assistance is for project preparation to rehabilitate and develop the teak industry in Central and East Java. Teak is grown in Central and East Java over approximately 450,000 hectares of land and the Project is being focussed on three specific areas where the problems encountered with regard to extraction, sawmilling, transport, marketing and other infrastructural deficiencies would be representative of the whole teak sector.

On 17 November the Bank approved a grant of \$181,000 to provide technical assistance to the Government of Indonesia for the **Wampu River Flood Control Project** in North Sumatra. The technical assistance will take the form of expert services needed for preparation and evaluation of flood control measures to be carried out primarily through diversion canals at suitable locations on the river's right bank. The Wampu-Serangan Rivers' basin is one of the most important agricultural areas in the country, producing mainly rubber, palm oil, tobacco, rice and coconuts.

The technical assistance program to assist the Government in its **Agricultural Development Planning and Food Production Program**, which commenced in October 1968 was concluded during the year. The Bank provided an agricultural economist as advisor to the Department of Agriculture and an agronomist and a water management expert to render technical advice on the planning, preparation and operation of the Bimbingan Massal Swa Sembada Bahian Makanan (BIMAS) Program (a special extension program aimed at increasing rice production). The advisors completed their assignments in April/May 1970 with the submission of their final reports to the Bank.

#### KOREA

##### Loans

#### ANDONG DAM MULTI-PURPOSE DEVELOPMENT PROJECT

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

Approved: 6 October 1970  
Borrower: REPUBLIC OF KOREA

*Republic of Korea: Technical personnel at work In Dong Nam Chemical Industries, Ltd., which has received a subloan out of a Bank loan to the Medium Industry Bank.*



The loan forms part of financial assistance totalling \$650,000, including \$150,000 on a grant basis, to the Government of Korea for a feasibility study of the Andong Dam Multi-Purpose Development Project. The development of Andong Dam was accorded high priority among the dams identified in a pre-investment survey of the Nakdong River Basin by the Korean Government with the assistance of a United Nations Development Programme and Food and Agriculture Organization Team.

The Nakdong River Basin supports nine million people, representing 31 per cent of the total population. About 21 per cent of the country's cultivated area is in the Basin and over 30 per cent of the country's industrial output is produced here.

The work will be carried out in two stages. The first stage will involve a study of the various feasibility aspects of the proposed Andong Dam and determination of its scope. The second stage, after approval of the feasibility study by the Korean authorities, will involve the preparation of preliminary engineering designs, specifications and tender documents suitable for international bidding.

The proposed Andong Dam will be a multi-purpose development scheme located on the Nakdong River proper. It will consist of a rock-filled dam with a hydro-power plant and development schemes required for water management and flood

control. Rough estimates indicate that the total cost of the construction works would amount to \$44 million with a foreign exchange component of \$17 million.

#### **POWER TRANSMISSION AND DISTRIBUTION FACILITIES PROJECT**

\$9,500,000 for 20 years (including 3-year grace period)

at 7-1/2%

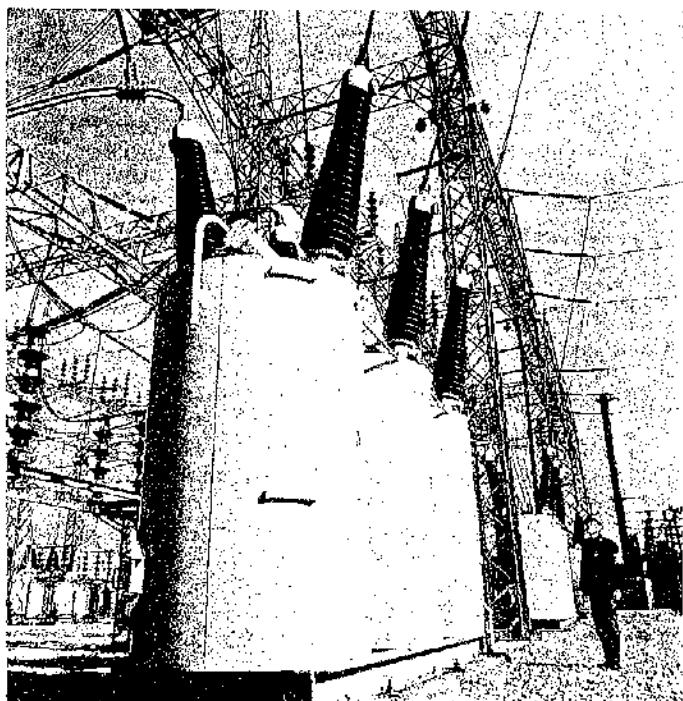
Approved: 29 October 1970

Borrower: KOREA ELECTRIC COMPANY

Guarantor: REPUBLIC OF KOREA

The loan will cover the foreign exchange component involved in the expansion and improvement of transmission and distribution facilities of the Korea Electric Company (KECO), a Government-controlled entity and the sole supplier of electricity in Korea.

KECO achieved rapid expansion during the last decade. In order to meet the projected annual growth in power demand of 20-25 per cent over the next five years, KECO has programmed a further



*Republic of Korea: Transmission lines of Korea Electric Company which is expanding its distribution facilities.*

increase in generating capacity. A parallel development of transmission and distribution facilities, which had not received sufficient attention in the past, is to be implemented throughout the country during the period 1971-73. The Project financed by the Bank forms a part of this transmission and distribution program and comprises the establishment of 12 new substations, extension of substations and transmission lines, extension of communication systems, conversion of distribution voltage and extension of distribution lines, procurement of mobile transformers and maintenance tools, etc.

The overall planned expansion of transmission and distribution facilities of KEKO involves a total cost of \$140 million with a foreign currency component of \$25 million. The present Project cost is estimated at \$39.5 million with a foreign currency component of \$9.5 million, this amount being financed by the Bank. The local currency cost of the Project is to be borne by KEKO.

#### KOREA DEVELOPMENT BANK

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

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

Approved: 17 November 1970

Borrower: KOREA DEVELOPMENT BANK

Guarantor: REPUBLIC OF KOREA

The loan will augment the foreign exchange resources of the Korea Development Bank (KDB) to be lent to private industrial enterprises.

KDB is a wholly Government-owned institution with an authorized share capital of 150,000 million won and a paid-up capital of 41,110 million won. It was established in 1954 as successor to the Industrial Bank of Korea for the purpose of supplying and administering funds for financing projects to expedite industrial rehabilitation and economic development of the country. It is authorized to engage in such fields as provision of term and working capital loans and guarantees, equity investment, investment in bonds and debentures and extension of technical assistance.

In the initial years of its operations KDB directed its major efforts to the rehabilitation of industrial facilities and by the late 1950's, KDB's support had shifted mainly to development projects. KDB has contributed substantially to industrial financing in Korea; as of the end of 1969 KDB's loans accounted for 15.4 per cent of the total, and 53.3 per cent of

all term loans, extended by all banking institutions. At present, KDB mainly assists such major industries as electricity, coal mining, shipbuilding, iron and steel manufacturing and electronics.

#### CAPROLACTAM PROJECT

\$25,000,000 for 15 years (including 4-year grace period)

at 7-1/2%

Approved: 22 December 1970

Borrower: HANKOOK CAPROLACTAM CORPORATION

Guarantor: REPUBLIC OF KOREA

The loan will finance the foreign exchange cost of the construction, equipment and related facilities for a Caprolactam Plant of 100 metric tons per day capacity which is to be located on the site of a new Petrochemical Complex at Ulsan. Caprolactam is the raw material utilized in the production of nylon filament. In addition, the loan will finance project-related foreign exchange costs for consultants, training of key personnel and special materials and supplies used for the start-up of plant operation.

The total cost of the Project is estimated at \$36.4 million of which \$25 million will be the foreign currency component financed by the Bank loan. This loan is the largest yet extended by the Bank. The local currency cost of \$11.4 million equivalent will be financed by a Government budget allocation and made available to the Chungju Fertilizer Corporation (CFC) for investment in the Hankook Caprolactam Corporation (HCC). CFC, which is 95 per cent owned by Government interests, is the sole share-holder of HCC.

The establishment of a Petrochemical Complex is one of the major objectives of the Government's Second Five-Year Plan (1967-71) and will enable the Korean economy to become largely or wholly self-sufficient in regard to the production of a variety of petrochemical intermediates thereby resulting in significant foreign exchange savings to the economy.

By 1974, when the Project will be ready for operation, the demand in Korea for caprolactam will be sufficient to absorb the entire output of the Plant. In addition to caprolactam, the Project will also produce by-product ammonium sulphate for use as fertilizer.

The Project received its early stimulation through a scheme for sub-regional cooperation under discussion between the Republic of Korea and the Republic of China.

**LAOS****Loan****THA NGON AGRICULTURAL DEVELOPMENT PROJECT**

\$973,000 for 40 years (including 10-year grace period)  
at 1-1/2% (Special Funds)  
Approved: 10 March 1970  
Borrower: KINGDOM OF LAOS

The Bank loan, the first to Laos, will finance part of the foreign exchange cost of procurement of machinery and materials for the construction of irrigation, flood protection and drainage systems, roads and other infrastructure facilities and settlement of about 400 farm families. The Project was identified during the course of the technical assistance provided to Laos by the Bank in 1969 for the Integrated Agricultural Development Program for the Vientiane Plain.

The Project is also the first integrated agricultural project in Laos and as such represents a pioneering effort which will enable the Laotian Government to develop for year-round irrigated farming an area of about 1,000 hectares of unused land in the northern part of the Vientiane Plain.

The Project is expected to yield annually after the fifth year of operation, 8,300 tons of paddy and close to 2,000 tons of vegetables, which would be valued at \$560,000 at current prices. Since the Vientiane Plain is a food deficit area and is largely supplied by imports, a considerable saving in foreign exchange will result.

With assistance from Japan, a pilot demonstration farm of about 110 hectares will be established within the Project area. The Government is also setting up a multi-purpose agricultural cooperative—covering marketing, credit and collection of water charges—the first of its kind in Laos.

The total cost of the Project is estimated at \$1,957,000 and the foreign exchange component at \$1,503,000, the bulk of which is being met by the loan and a grant of \$275,000 for technical assistance from the Bank. The balance of the foreign exchange cost and the local cost will be provided partly by the Government and partly from bilateral aid.

**Technical Assistance**

A technical assistance grant of \$275,000 was approved by the Bank in connection with the loan for the **Tha Ngon Agricultural Development Project**. This amount is intended to cover the cost

of the services of foreign experts to be engaged in the detailed design of the irrigation, drainage and road facilities, the preparation of tender documents, the supervision of construction and the training of counterpart personnel in most of these aspects. The two foreign experts will act as resident engineer and deputy resident engineer, respectively, during construction.

**MALAYSIA****Loans****BESUT AGRICULTURAL DEVELOPMENT PROJECT**

\$900,000 for 15 years (including 5-year grace period)  
at 7-1/2%  
\$3,300,000 for 25 years (including 7-year grace period)  
at 3% (Special Funds)  
Approved: 22 September 1970  
Borrower: MALAYSIA

The Besut Agricultural Development Project, to be carried out in the State of Trengganu, represents part of the country's effort to achieve self-sufficiency in rice during the next three to four years. The primary objective of the Project is to facilitate the growing of two high-yield rice crops per year on 12,600 acres of existing paddy fields where at present only 1,500 to 2,500 acres are double-cropped. Paddy production in the Project area is expected to increase five-fold from the present annual level of about 10,000 tons to about 50,000 tons.

The Bank's concessional loan from Special Funds resources will finance the foreign exchange costs of providing irrigation, drainage, road and agricultural extension facilities. The loan from ordinary capital resources will finance the foreign exchange needed for procurement of agricultural tractors and a rice mill.

Total cost of the Project is estimated at \$7.1 million of which the local cost portion will be borne by the Government of Malaysia.

The executing agency will be the Ministry of Agriculture and Cooperatives except for the rice mill which will be owned and operated on a commercial basis by the Padi and Rice Marketing Board.

## **MALACCA WATER SUPPLY PROJECT**

\$5,000,000 for 25 years (including 5-year grace period)  
at 7-1/2%

Approved: 12 November 1970

Borrower: MALAYSIA

The object of the loan is to finance the foreign exchange cost of the expansion of the water supply system in the State of Malacca. The proceeds of the loan will be relent by the Central Government to the State.

The Project represents the first stage of a long-range water supply development plan in Malacca and includes the construction of a 4,000 million gallon storage reservoir, a new treatment works and a new pipeline system, and expansion of the existing intake works and pumping station.

Although water services have been extended and new supply sources have been added in the past in Malacca, reliable yield at times of low river flows is still inadequate. Moreover, the water

supply is the responsibility of two separate entities. The Project, which is scheduled to be completed by 1974, is expected to integrate the two existing systems and to increase the reliable yield from the present level of about four million gallons per day to some 16 million gallons per day, sufficient to satisfy the projected demand up to 1980. The Project will reduce the danger of contamination, provide a base for a modern water-borne sewerage system and is also expected to encourage the establishment of industries in the State.

The total cost of the Project is estimated at \$10,840,000. The local currency requirements will be met by the State with financial assistance from the Central Government.

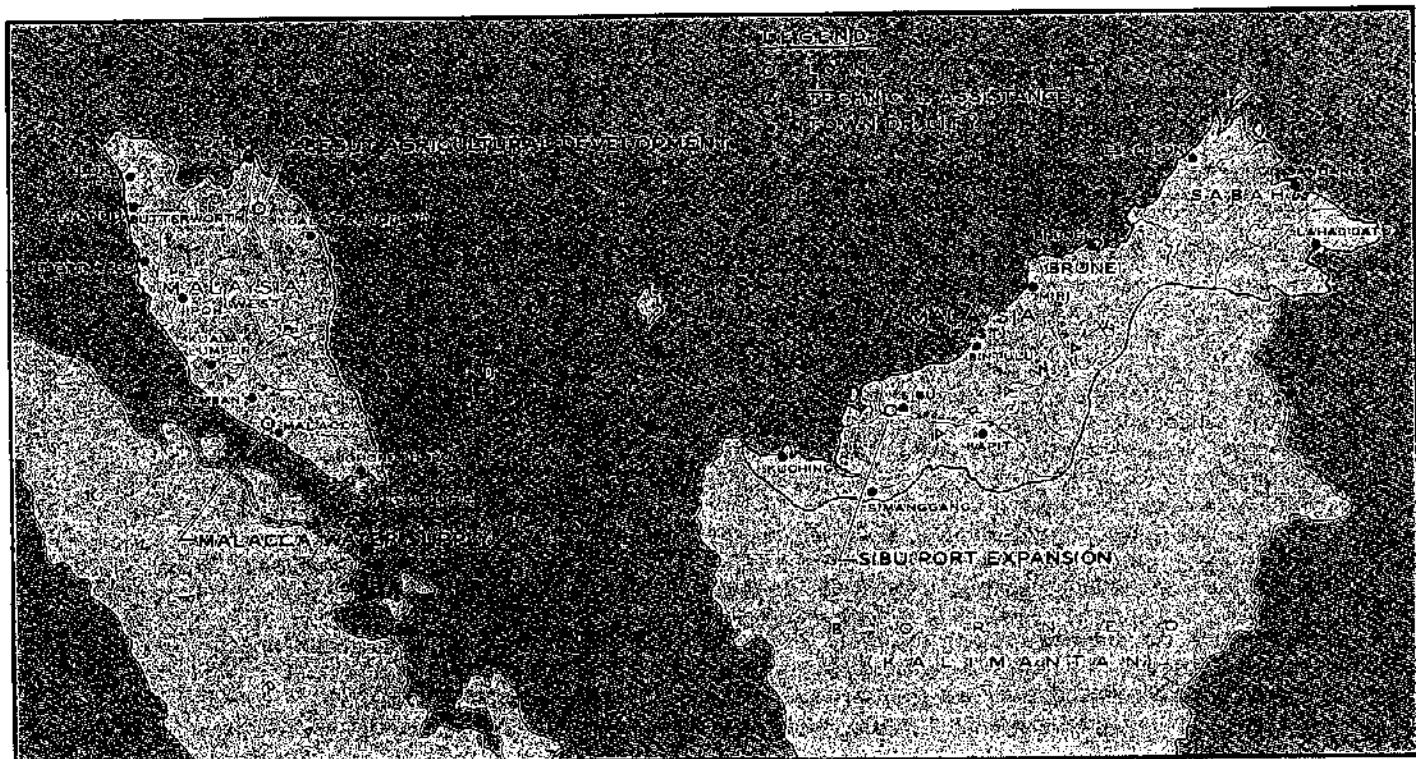
## **SIBU PORT EXPANSION PROJECT**

\$3,500,000 for 25 years (including 5-year grace period)

at 7-1/2%

Approved: 10 December 1970

Borrower: MALAYSIA





*Malaysia: Fifty-four inch pipes being laid at Julian Paja Uda district as part of the Penang Water Supply Project. This was the first public utility project financed by the Bank.*



*Malaysia: Construction work in progress at Pending Point, the new site for the expansion of the present facilities at Kuching Port.*

The purpose of the loan is to finance the foreign exchange cost of the expansion of the wharf at Sibu Port in the State of Sarawak. This is the second loan from the Bank for port expansion in Sarawak, the first having been given for the Kuching Port Project approved in November 1969.

Sibu is the second largest port in Sarawak accounting for one third of the volume of Sarawak's foreign trade. The traffic through Sibu Port has been increasing rapidly, with the recent economic development of the State, and the available port facilities have been critically congested.

The Project to be financed comprises construction of a 1,000 foot wharf, as an extension to the present wharf of 486 feet, with necessary supporting installations including two transit sheds and provision of cargo handling equipment. The Project is to be executed by the newly established Rajang Port Authority (RPA), which controls Sibu Port and other small ports along the Rajang River.

The total cost of the Project is estimated at \$5.3 million, of which \$3.5 million is the foreign exchange cost which is to be financed by the Bank. The proceeds of the loan will be relent by the Central Government through the State Government of Sarawak to RPA. The local currency cost of the Project will be provided from Government sources. The Project is expected to be completed by the end of 1974.

### **Technical Assistance**

The technical assistance granted by the Bank in September 1969 in conducting a **Marketing Study of Oil Palm Products** was completed during the year. The oil palm products marketing arrangements of the Federal Land Development Authority were reviewed and recommendations made for improvement thereof. The storage and shipping of oil palm products were also covered in the study. A draft report was submitted in August and discussions on the report took place between representatives of the Government, the consultants and the Bank. The final report will be submitted by the end of January 1971.

### **NEPAL**

#### **Loans**

#### **JUTE DEVELOPMENT PROJECT**

\$2,000,000 for 12 years (including 3-year grace period)

at 7-1/2%

\$2,000,000 for 12 years (including 3-year grace period)

at 3% (Special Funds)

Approved: 10 December 1970

Borrower: KINGDOM OF NEPAL

The Bank's assistance will finance an integrated program for the development of the agricultural, commercial and industrial aspects of jute in Nepal. Nepal has traditionally been dependent on India for almost 90 per cent of its external trade. In recent years about 30 per cent of Nepal's annual exports to third countries is accounted for by raw jute goods which constitute the major source of the country's convertible foreign exchange earnings. However, the quality of jute fiber and jute goods needs to be improved if Nepalese jute is to be competitive in the international market. The Bank loans are intended to achieve this objective.

The Project to be financed entails the improvement of raw jute production through the introduction of improved seeds, together with the strengthening of an experimental station and expansion of jute demonstration farms located in selected areas, the improvement of marketing and trading aspects of jute and the modernization of two existing jute mills. The services of experts in jute agronomy, jute marketing and jute mills engineering and management are included in the Project.

Of the total financing of \$4 million supplied by the Bank, \$3.7 million will be relent by the Government for modernization of the two jute mills and the remaining \$300,000 will provide for the needs of the experimental station and for the engagement of experts. The total cost of the Project is \$6,120,000.

#### AGRICULTURAL CREDIT PROJECT

\$2,400,000 for 16 years (including 4-year grace period)

at 3% (Special Funds)

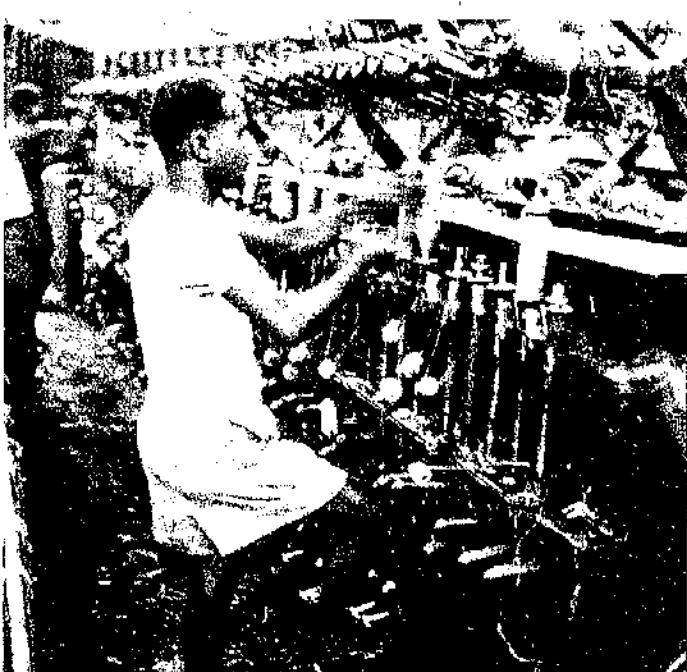
Approved: 23 December 1970

Borrower: KINGDOM OF NEPAL

The loan is to be used to finance the foreign exchange cost of tractors, tractor implements, irrigation pumps and related equipment and spare parts. The distribution of these machines and equipment will be made to individual farmers under credit arrangements with the Agricultural Development Bank of Nepal (ADB). The project will be carried out in four areas falling under the districts selected for the intensive agricultural development program in the current Five-Year Plan. The total coverage of the Project in all four areas will be about 23,000 hectares and more than 1,000 farmers will benefit from it.

The Project is expected to lead to increased exports of farm commodities and to lessen the country's dependence on imports of some agri-

Nepal: A farm in Morang district which has purchased a tractor with the assistance of a loan from the Agricultural Development Bank of Nepal (ADB) for cultivation of rice, jute and sugar cane.



Nepal: A view of Biratnagar Jute Mills, Ltd., one of the two jute mills which are to be modernized.

cultural products. The total cost of the Project is \$3·1 million equivalent.

ADBN, which is the Executing Agency for the Project, was formed in March 1968 with the task of financing the development needs of the agricultural sector (a responsibility which was formerly undertaken by the Cooperative Bank). Since its inception, it has increased its operations three-fold. ADBN has already received two technical assistance grants from the Bank, the first in 1968 for an over-all investigation into the Bank's structure and activities and the second in 1969 to formulate lending policies, streamline loan operations and accounting systems and develop training programs.

An amount not exceeding \$100,000 out of the proceeds of the loan will be available for use by ADBN in procuring office equipment, accounting machines and vehicles for loan inspection and supervision.

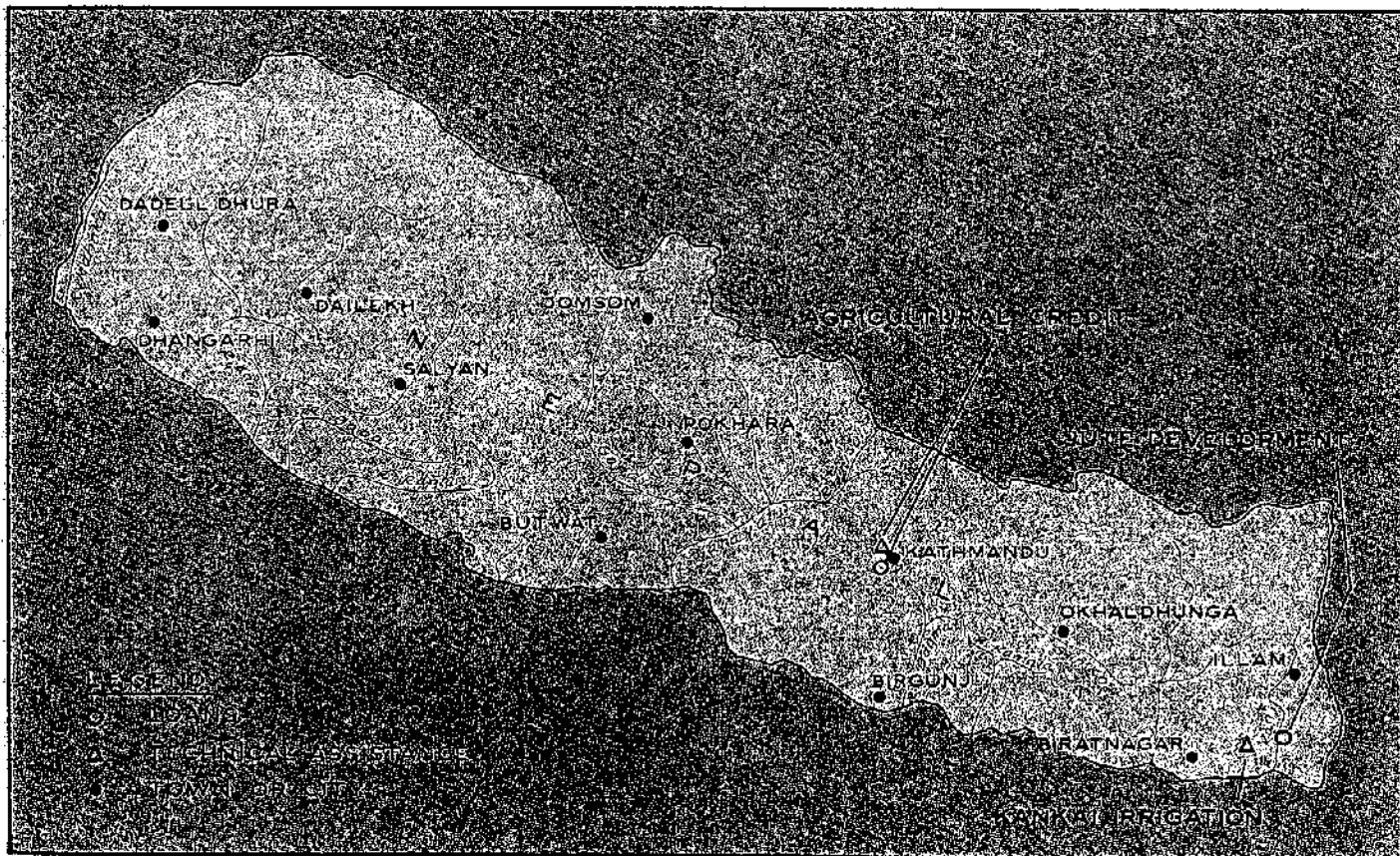
Further technical assistance costing up to \$146,000 was approved concurrently with the loan.

### Technical Assistance

On 17 December the Bank agreed to provide \$215,000 as a technical assistance grant to Nepal for a feasibility study of the **Kankai Irrigation Project**, as the first phase of the Kankai Multi-Purpose Project.

At present, out of a total of 1·8 million hectares of cultivated land in Nepal, improved seed varieties are used only in 102,620 hectares and irrigation facilities have been provided to only 116,850 hectares. Priority has therefore been given to developing intensified irrigated agriculture in selected areas under the Fourth Five-Year Plan (1970/71-1974/75).

The Kankai Irrigation Project, situated in the southeast of Nepal, is one of the selected areas. It covers 5,000 hectares of land which can grow rice, jute, wheat, maize, mustard and other crops with an adequate irrigation system. Farmers' organization and other management aspects will be among the important subjects to be studied.



## PAKISTAN

### Loans

#### RICE MILLING PROJECT

\$3,120,000 for 18 years (including 3-1/2-year grace period)  
at 7-1/2%

Approved: 25 August 1970  
Borrower: PAKISTAN INDUSTRIAL CREDIT AND INVESTMENT CORPORATION, LTD.  
Guarantor: ISLAMIC REPUBLIC OF PAKISTAN

The purpose of the loan is to assist in financing the construction of two modern, integrated rice mills in West Pakistan. The proceeds of the loan were extended to the Pakistan Industrial Credit and Investment Corporation, Ltd. (PICIC) for relending to Pakistan National Oils, Ltd. (PNO) whose newly established PNO Agricultural Services will carry out the work of constructing the mills and operating them.

PICIC is a privately-owned corporation which has received credits from the World Bank and other institutions and provides mainly foreign exchange loans to sound industrial projects in the private sector. PNO is the largest Pakistani-owned petroleum distribution company, and it has established the PNO Agricultural Services for handling and distributing fertilizers and other agricultural inputs.

Each mill of the Project will have the capacity to produce up to 49,000 tons of milled rice per annum and to recover 70 to 72 per cent of high quality milled rice from paddy, as compared with recoveries of 62 to 69 per cent of low quality rice by the traditional type mills. Grain storage silos, each with a capacity of 34,000 tons of paddy, will also be constructed at each mill site. One mill will produce quality rice for export; the other will handle the large increase in production expected from the use of a new variety of seed obtained from the International Rice Research Institute. Foreign exchange earnings of \$3.5 million a year for the first three years and \$6 million for each succeeding year of operation are expected to result from the Project.

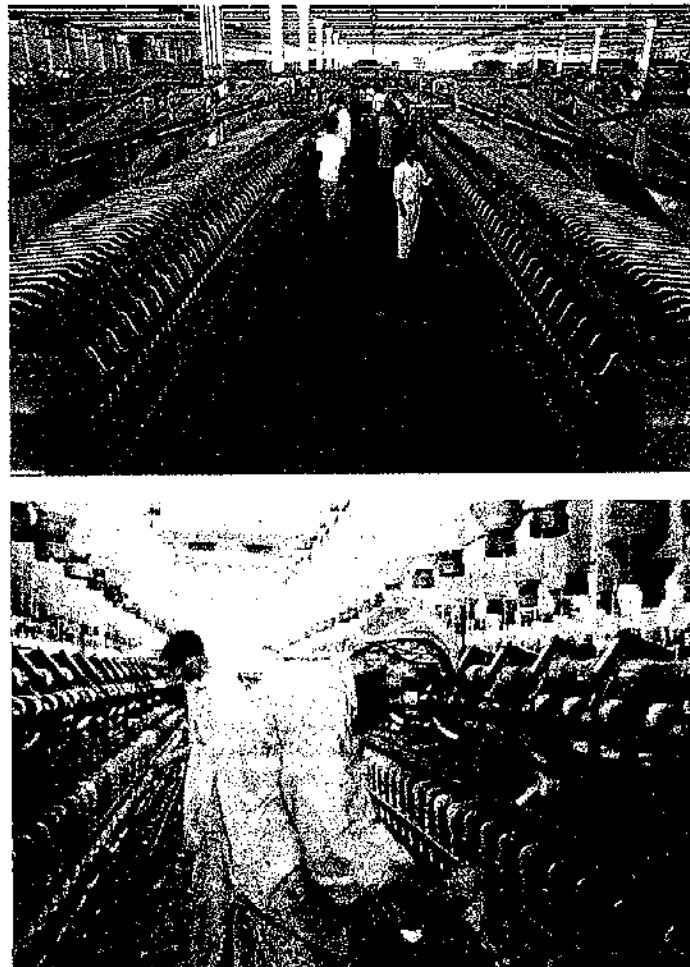
The combined cost of the two mills is estimated at \$7,870,000 and the Bank loan of \$3,120,000 will meet the foreign exchange cost. The local currency component will be financed by PICIC and PNO.

#### COTTON SPINNING MILLS PROJECT

\$12,000,000 for 15 years (including 3-year grace period)  
at 7-1/2%

Approved: 17 December 1970  
Borrower: PAKISTAN INDUSTRIAL CREDIT AND INVESTMENT CORPORATION, LTD.  
Guarantor: ISLAMIC REPUBLIC OF PAKISTAN

The Bank is financing the foreign exchange cost for the establishment of seven new cotton spinning



Pakistan: Production in progress at Fazal Textile Mills, Ltd., 10 miles east of Karachi, and at National Jute Mills, Ltd., at Ghorasal, 25 miles from Dacca. The two enterprises are among those being assisted by the Industrial Development Bank of Pakistan which has received two lines of credit from the Bank.

mills with a total of 125,000 spindles near Dacca and Chittagong in East Pakistan. The total cost of the Project is estimated at about \$24 million.

The proceeds of the loan are to be made available to the Pakistan Industrial Credit and Investment Corporation, Ltd. (PICIC) for relending to the seven sub-borrowers.

The seven mills—four 12,500-spindle mills and three 25,000-spindle mills—will each be equipped with a balanced and synchronized spinning unit with necessary back process, preparatory and ancillary equipment. The cotton to be used will be obtained from West Pakistan. The Project is expected to result in a total annual yarn production of 27 million pounds, with aggregate sales of about \$200 million equivalent annually.

#### **INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN PROJECT**

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

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

Approved: 22 December 1970

Borrower: INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN

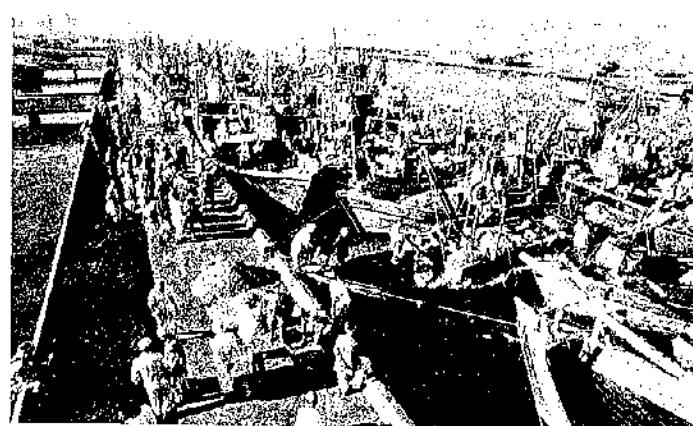
Guarantor: ISLAMIC REPUBLIC OF PAKISTAN

The loan, the second extended by the Bank to the Industrial Development Bank of Pakistan (IDBP), will augment the foreign exchange resources of IDBP in financing small and medium-scale industries in the private sector.

IDBP is a Government-sponsored institution providing credit facilities in the form of medium- and long-term loans, guarantees, etc. In 1970, the head office of IDBP was transferred from Karachi to Dacca.

Up to 30 June 1970 IDBP had approved 4,022 loans for a total of 2,004·5 million rupees, of which 76·1 per cent represented foreign exchange financing. Approximately 62 per cent of the loans were extended to the cotton textile and jute processing sector, with the rest being distributed among other sectors of industry.

The Bank's first loan to IDBP, in an amount of \$10 million, was approved in December 1968. By the end of 1970, a total of 24 sub-loans, amounting to \$9,674,471 had been approved and \$4,600,288 disbursed by the Bank. The sub-loans have been made to cotton and jute mills, cigarette manufacturing plants, printing presses and engineering factories.



Pakistan: Karachi Fisheries Harbor; and a typical fish market in Dacca. Fish production for home consumption and export in both East and West Pakistan will be assisted by a Bank loan to the Agricultural Development Bank of Pakistan.

### **FISHERIES DEVELOPMENT PROJECT**

\$6,730,000 comprising \$5,230,000 for 12 years (including 2-year grace period) and \$1,500,000 for 15 years (including 3-year grace period) at 7-1/2%

Approved: 22 December 1970

Borrower: AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN

Guarantor: ISLAMIC REPUBLIC OF PAKISTAN

The loan will meet the foreign exchange cost of the Fisheries Development Project, which consists of mechanization of fishing vessels in West Pakistan and construction of fish cold storage and ice making plants, with insulated fish and ice carriers, in East Pakistan.

The proceeds of the loan are to be made available to the Agricultural Development Bank of Pakistan (ADB). ADB is a Government-controlled institution extending short, medium and long-term loans to the agricultural sector including fisheries. ADB has thus far obtained three lines of credits from the International Development Association (IDA) amounting to \$72 million (including \$5 million provided by the Swedish International Development Agency).

The Project in West Pakistan covers the import of marine diesel engines, nylon twines, nylon ropes, synthetic floats, steel wires, magnetic compasses, fire extinguishers and fish finders for 200 gill-nets and 200 shrimp trawlers. The Project in East Pakistan envisages the provision of five cold storages with appropriate deep freezing facilities and attached ice plants and insulated carrier vessels. In addition, 10 independent ice making plants will be included in the loan.

The total costs for the West and East Pakistan portions of the Project are estimated at \$6,190,000 and \$5,870,000, respectively. The local currency cost of the entire Project will be met by ADB and the fishermen involved.

### **PHILIPPINES**

#### **Loans**

#### **PRIVATE DEVELOPMENT CORPORATION OF THE PHILIPPINES PROJECT**

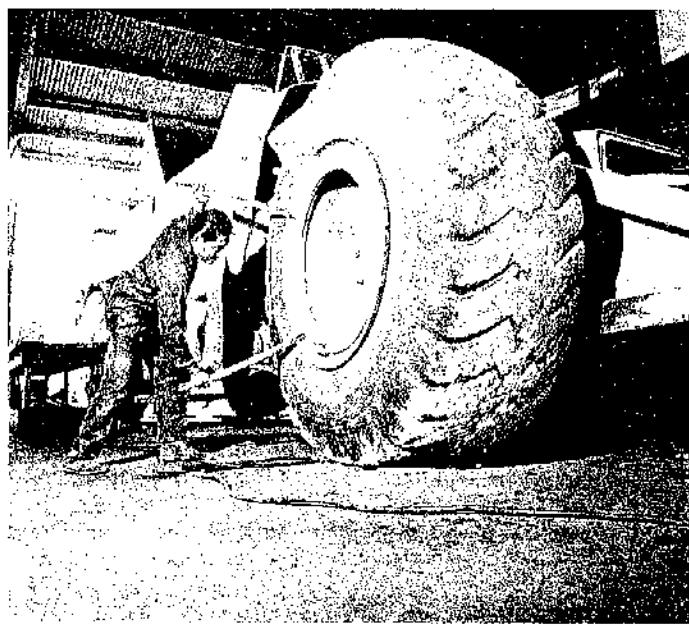
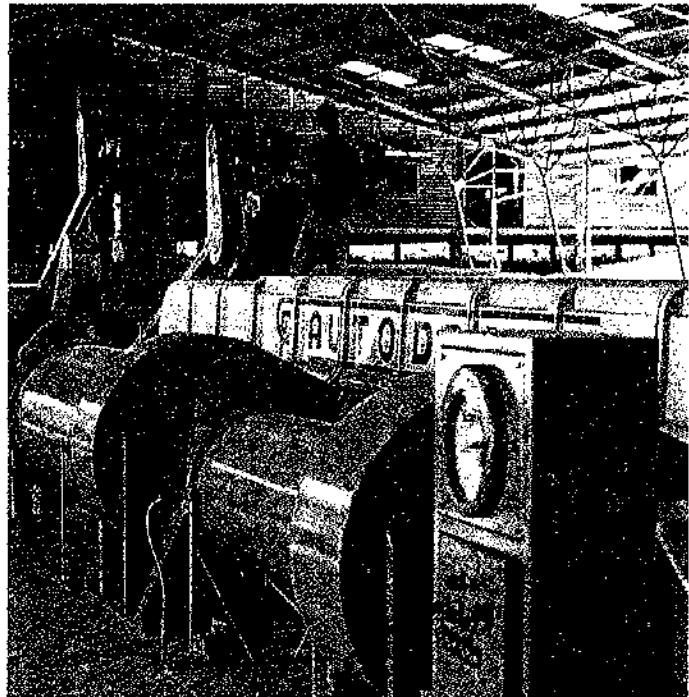
\$15,000,000 for 15 years (including 3-year grace period)

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

Approved: 17 December 1970

Borrower: PHILIPPINE NATIONAL BANK

Guarantor: REPUBLIC OF THE PHILIPPINES



*Philippines: New machinery being installed in Menzi Agricultural Corporation, in Baslian City; and plant for rebuilding and repair of tires set up by Vacu-Lug (Phil.), Inc., in Las Pinas. The two enterprises have received subloans from the Private Development Corporation of the Philippines.*

The loan to the Philippine National Bank (PNB) is for relending to the Private Development Corporation of the Philippines (PDCP) to finance the foreign exchange cost of private industrial and other productive enterprises. The loan will meet the foreign exchange requirements of PDCP for 1971-72.

PDCP continues to be engaged in a wide range of promotional activities and works closely with the Board of Investments which provides incentives and assistance for specific new industrial ventures.

This loan follows a previous Bank loan of \$5 million which was approved in March 1969. By the end of 1970, a total of 16 sub-loans amounting to \$4.4 million had been approved and a sum of \$1.7 million disbursed by the Bank. The balance of the first loan is expected to be fully utilized by the first quarter of 1971.

#### **COTABATO-GENERAL SANTOS ROAD PROJECT**

\$10,600,000 for 25 years (including 5-year grace period)  
at 7-1/2%

Approved: 23 December 1970

Borrower: REPUBLIC OF THE PHILIPPINES

The Bank loan is to finance the foreign exchange cost of the improvement of the Cotabato-General Santos Road situated in Mindanao, one of the southern islands of the Philippines. The Project forms an integral part of the Pan-Philippine Highway connecting North Luzon to Zamboanga in South Mindanao, important sections of which are to be implemented in the current Four-Year Development Plan (1970/71-1973/74).

Mindanao is a region of vast economic potential, particularly in respect of agriculture and forestry and related industries. While its population has grown at an annual rate of more than five per cent, production of food crops increased at about seven per cent per annum and timber output nearly doubled during 1964-68. However, inadequate infrastructural facilities, particularly roads, have set limits to the fuller utilization of Mindanao's development potentialities. The improvement of major trunk roads has therefore been accorded high priority.

The Cotabato-General Santos Road is a primary highway connecting the two main port cities of Cotabato and General Santos. It has a length of approximately 209 kilometers, out of which only 15 kilometers are presently paved. Traffic has been increasing at an annual rate of 10 per cent. The Project to be financed by the Bank involves the construction of the road to two-lane standards with

*Philippines: A view of Cotabato-General Santos Highway which is to be constructed and improved with the assistance of a Bank loan.*



6.7 meter-wide high quality pavement. Total cost is estimated at \$16.9 million, with a foreign exchange component of \$10.6 million provided by the Bank. The local currency component of the Project will be provided by the Philippine Government.

#### **Technical Assistance**

A technical assistance grant to the **National Food and Agriculture Council (NFAC)** amounting to \$36,000 was approved by the Bank on 7 July. The purpose of this technical assistance is to provide the NFAC with the services of an expert in fish marketing. The expert is to help organize the fish unit in the Marketing and Finance Division of NFAC, to study the problems in the existing marketing structure and operation of fish products (including processing, grading and pricing), to develop measures to overcome the deficiencies in the existing system, to assist in the development of training programs for personnel working at various market operations and to identify projects in the field of fish marketing which might have scope for possible Bank financing in the future.

The two-year operation of the **Irrigation Water Management Project** was successfully completed in August. The emphasis in the second year operations was laid on system-wide operations based on the experience obtained from the pilot operations during the first year. As a result of assured irrigation water management, farmers have been able to extend their cultivated areas in the dry season, introduce modern agricultural farming including high-yielding varieties, fertilizer and other necessary inputs, and increase rice production by more than 40 per cent compared with two years ago.

Training was another important feature of this

project. While the first three in-service training sessions were given by the Bank experts to engineers of the National Irrigation Administration (NIA), the last session was conducted by NIA counterparts for 18 irrigation engineers, water masters and ditch-tenders. A "Manual on Irrigation Water Management" was completed through the joint efforts of the Bank experts and NIA counterparts.

Partly as a result of this technical assistance activity, a seminar on Water Management at the Farm Level was organized in the Philippines in October jointly by the United Nations Development Programme and the Food and Agriculture Organization in cooperation with the Philippine Government.

#### SINGAPORE

##### Loans

##### JURONG WHARVES EXPANSION PROJECT

\$8,310,000 for 25 years (including 5-year grace period)

at 7-1/2 per cent

Approved: 3 September 1970

Borrower: JURONG TOWN CORPORATION

Guarantor: REPUBLIC OF SINGAPORE



*Singapore: Expansion of Jurong wharves under way with the assistance of a Bank loan.*

The loan is to finance the foreign exchange cost of wharves expansion at Jurong Town in Singapore. The Project comprises construction of four additional deep-water berths totalling 2,400 feet in length, one warehouse and three transit sheds and also extension of one existing berth by another 465 feet. The total length of the deep-water wharves at Jurong would thereby be increased from the present 3,015 feet to about 5,880 feet.

Jurong Town, extending over some 12,000 acres, has been the main site for the establishment of industries in Singapore and Jurong Wharves form an integrated part of its development. The proposed expansion has been necessitated by a steep rise in cargo traffic following the brisk pace of industrialization.

The total cost of the Project is estimated at \$11,310,000 of which the local currency component will be met by JTC with financial support from the Government of Singapore.

##### SINGAPORE INTERNATIONAL AIRPORT DEVELOPMENT PROJECT

\$20,500,000 for 20 years (including 5-year grace period)

at 7-1/2%

Approved: 24 November 1970

Borrower: REPUBLIC OF SINGAPORE

The loan is to assist the development and expansion of the Singapore International Airport at



*Singapore: Facilities at the International Airport at Paya Lebar are being expanded with the Bank's financial assistance.*

Paya Lebar. It is the second largest single loan so far committed by the Bank.

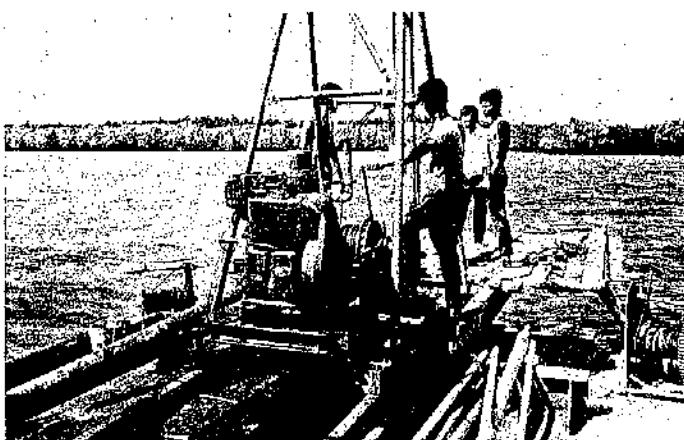
The Project to be financed will involve extension of the existing runway, construction of a passenger terminal, parking aprons, an air freight terminal, a hangar for jumbo jet aircrafts and modern communications and navigation aids. The total cost of the Project is estimated at \$37,260,000 including foreign exchange cost of \$20.5 million financed by the Bank and local currency cost of \$16,760,000 to be met by the Singapore Government. The Project will be executed by the Department of Civil Aviation of the Ministry of Communications and will be completed by about 1975.

Singapore has a strategic location on the world's air routes. As many as 21 airlines operate services through Singapore and their number is expected to rise to 28 by 1976. The traffic handled at the Singapore International Airport in 1969 amounted to over 1,350,000 passengers and 18,000 metric tons of air cargo. During the four-year period from 1965 to 1969, the volume of air passenger traffic as well as air cargo has nearly doubled. Even on modest projections, air traffic is expected to nearly double in five years. With the additional facilities to be provided under the Project, the airport will be able to handle the projected traffic up to 1982.

#### **WATER SUPPLY PROJECT**

\$8,300,000 for 20 years (including 4-1/2-year grace period)  
at 7-1/2%

Approved: 23 December 1970  
Borrower: PUBLIC UTILITIES BOARD  
Guarantor: REPUBLIC OF SINGAPORE



*Singapore: Test boring in progress at Kranji Dam site as part of a water supply project being financed by the Bank.*

The loan will assist the expansion of the water supply and distribution system of the Public Utilities Board (PUB) of Singapore.

PUB is an autonomous public corporation responsible for the supply of water, electricity and gas in Singapore. Demand for water met by PUB in 1965 totalled approximately 84 million gallons per day, which increased to about 103 million gallons per day by 1969. By 1980 the total demand for water is expected to reach 187 million gallons per day.

The Project involves the construction of a dam at the estuary of the Kranji River on Singapore Island as well as a water treatment plant and an extension of the water distribution systems as part of an overall extension of Singapore's water development and distribution program for the 1970's. With the construction of the dam at the mouth of the Kranji River, a reservoir will be formed which will be fed by the waters from the Kranji River and the run-off from the surrounding catchment areas. By mid-1975 when the Project will be operational, it is expected to have the potential of contributing 30 million gallons per day of treated water towards the projected demand of about 140 million gallons per day.

The total cost of the Project is estimated at \$17,090,000 and the Bank will finance \$8.3 million which represents the foreign exchange component, excluding consultants' services. The local currency cost will be met jointly by PUB and the Singapore Government.

#### **NGEE ANN TECHNICAL COLLEGE EXPANSION PROJECT**

\$3,000,000 for 25 years (including 10-year grace period)  
at 3% (Special Fund)

Approved: 23 December 1970  
Borrower: REPUBLIC OF SINGAPORE

The loan will finance the foreign exchange cost of the expansion program of the Ngee Ann Technical College (NATC) which is expected to lead to increased outturn of technicians and junior and middle level executive, managerial and supervisory personnel in Singapore. The approval of this loan on concessional terms marked the beginning of the Bank's lending for education.

The Project comprises provision of workshop and laboratory equipment, expert services for curricula development, fellowships for staff training, language laboratory equipment and audio-visual aids and

construction of buildings. The total cost of the Project is estimated at \$3·6 million. The Government of Singapore has undertaken to finance the local currency portion.

Established in 1963 as a private college for general education, NATC became a public institution with a corporate status by virtue of an Act of Parliament in 1967. Redesignated a technical college, NATC offers engineering diploma courses for technicians and a commerce diploma course aiming at junior and middle level executive jobs.

Fast industrial and institutional development in Singapore has created a shortage of technical skills at all levels. By the end of the Project period, i.e., in 1975, the College is expected to produce about 400 technicians compared with about 50 in 1971, thereby making a significant contribution to the growing needs of industry and commerce for skilled personnel.

## THAILAND

### Loan

#### POWER TRANSMISSION AND SUBSTATION EXPANSION PROJECT

\$19,000,000 for 22 years (including 4-year grace period)

at 7-1/2%

Approved: 17 December 1970  
Borrower: ELECTRICITY GENERATING AUTHORITY OF THAILAND  
Guarantor: KINGDOM OF THAILAND

The loan is to be used to finance the foreign exchange cost of the Power Transmission and Substation Expansion Project of the Electricity Generating Authority of Thailand (EGAT). EGAT, a state-owned enterprise incorporated in 1969 is the sole bulk producer of electric energy for public consumption in Thailand.

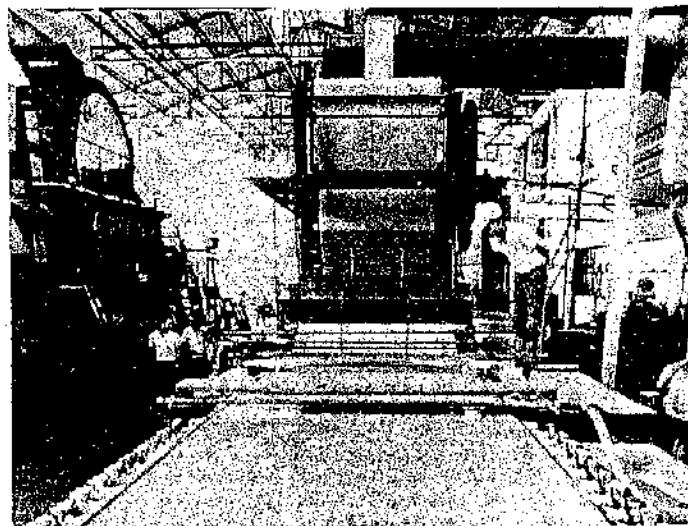
The Project, to be implemented over the four-year period 1971-74, consists of the construction of transmission lines, new substations and extensions to existing substations, additional transformers and the purchase of other equipment and services related to the installation and operation of these transmission facilities. The main aim of the Project is to reinforce and expand EGAT's high voltage power transmission system, increase the reliability of supply to existing consumers and provide facilities for projected load increases.

The total cost of the Project is estimated at \$34·2 million and the Bank's loan will meet the foreign exchange component of \$19 million.

### Technical Assistance

In September 1969 the Bank approved a request for technical assistance to the **Office of Accelerated Rural Development** in surveying, planning

*Thailand: Operatives at work in Watana Vinyl Tile Co., Ltd., and in Siam Paper Co., Ltd. The two enterprises are among those which have received subloans from two lines of credit given by the Bank to the Industrial Finance Corporation of Thailand.*



and helping implement possible projects for economic development in a number of nucleus districts, principally in the north and northeast of Thailand. Nine districts were chosen for intensive examination for the identification of possible productive projects and a total of 11 high priority projects were selected for detailed planning and early implementation in the nine districts. They involved fish production,

*Thailand: Nakhon Ratchasima substation of the Electricity Generating Authority of Thailand which is expanding and improving its power transmission facilities with the Bank's financial assistance.*



*Thailand: Construction of left bank canal in progress as part of the Nong Wai Pioneer Irrigated Agriculture Project. The Bank has provided technical assistance for this first integrated area development effort in Thailand in the field of irrigated agriculture.*

sericulture, livestock development and upland field crop production. In addition, a further 19 projects were nominated in the nine districts as being suitable for further planning and implementation.

A request from the Thai Government for extension of the technical assistance was approved by the Board on 25 August. The extension, involving a grant of \$100,000, will enable the initial stages of implementation of the 11 projects to be carried through to the commencement of the 1971 rainy season and will allow adequate preparation to be made for effective continuation of the implementation phase. It will also allow further project planning to be undertaken for several of the 19 additional projects already identified.

The Bank approved on 7 July a grant of \$140,000 to the Government of Thailand for technical assistance in establishing an **Industrial Evaluation System** for the country's Board of Investment (BOI). The main objective is to develop and implement an industrial information and evaluation program for the promoted industries in operation, in order to form a basis for policy decisions with respect to future industrial promotion activities. An important aspect of the team's assignment will be to give particular attention to the training of Thai counterparts, so that BOI staff members will be able to continue the program effectively.

#### VIET-NAM

##### Loan

##### FISHERIES DEVELOPMENT PROJECT

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

at 2-1/2% (Special Funds)

Approved: 15 December 1970

Borrower: REPUBLIC OF VIET-NAM

This loan from Special Funds resources is the first extended to the Republic of Viet-Nam by the Bank. Its object is to finance the foreign exchange cost of the Fisheries Development Project.

The Project consists of the mechanization of 384 coastal fishing vessels, the development of an offshore pilot fishing scheme which will mechanize five pairs of trawlers and the establishment of two cold storage plants with ice making facilities. The Project will enable Viet-Nam to increase fish production by about 30,000 tons per year which represents eight per cent of the total marine fish production of 1969. It will also introduce important changes in fishing methods, use of modern equipment and improve the marketing system by establishing additional cold storage facilities.

Fish and fish products are an important source of protein food in Viet-Nam and the additional production will assist in reducing protein deficiency in various parts of the country.

#### **Technical Assistance**

A technical assistance grant of \$68,000 was approved by the Bank in connection with the loan for the **Fisheries Development Project** in order to assist in the implementation of the Project and strengthen the Government's training program, guide the operation of the offshore pilot scheme, assist the Directorate of Fisheries in studies related to the future developments of the fisheries sector and train Vietnamese master fishermen.

On 10 September the Bank approved a technical assistance request of the Government of Viet-Nam amounting to \$110,000 for the **Rural Banking System**. Under this assistance, experts will be provided to the Agricultural Development Bank of Viet-Nam (ADBV) in the fields of rural banking, accounting and agricultural economics. The objectives of the technical assistance include helping ADBV to set up a department of rural banking, to reorganize the existing planning department, to evaluate the performance of four pilot rural banks which commenced business in 1969 and prepare the groundwork for expansion of the private rural banking system, to carry out feasibility studies for expanded credit activities and to develop training programs for personnel who will be involved in the rural banking system. The experts commenced their field work in December.

## **C. REGIONAL ACTIVITIES**

#### **Regional Transport Survey**

The Regional Transport Survey, undertaken by the Bank in response to a request received from Southeast Asian countries, made satisfactory progress during the year. The Survey covers seven countries: Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and the Republic of Viet-Nam. The overall objective of the Survey is to provide a basis for coordinated development of transportation in the Southeast Asian region. It is being conducted by a team of consultants appointed by the Bank.

The first stage of the Survey aimed at the preparation of an Inception Report by the consultants to spell out the precise scope and methodology of the Survey. This was completed towards the end of 1969 and was considered by the Bank's Steering Committee in January. The Committee, after reviewing the Inception Report, suggested certain modifications in the consultants' plan and methodology. Work on the second stage of the Survey, taking account of the modifications and changes of emphasis recommended by the Steering Committee, was authorized in March.

The progress of the Survey was again reviewed by the Steering Committee in July and in November. The Committee emphasized the dual products of the Survey, namely a basic program of action in relation to transport development in the region and a continuously useful approach and methodology to planning of transportation development in future. The Committee made several suggestions designed to ensure that the products of the Survey would be delivered within the available time and resources. The Committee expressed confidence in the quality of the final output expected from the Survey and its contribution to integrated regional development. The Survey is expected to be completed by the end of March 1971 when the draft final report is due from the consultants.

The Survey is expected to cost, in all, \$2.9 million. Both the United Nations Development Programme and the United States Government are contributing to the cost. The United Nations Development Programme has allocated \$1,142,530 for studies of maritime and air transport to be undertaken as part of the Survey with the Bank

acting as executing agency. The United States Government has given a grant of up to \$1 million to the Bank's Technical Assistance Special Fund to be used for the Survey. The balance of the cost is being met by the Bank from its own resources, including the technical assistance contributions of member countries.

It is expected that the Survey, on completion, will lead to the identification of priority projects, both national and regional, in the financing of which the Bank may share.

### Southeast Asia's Economy in the 1970's

A policy-oriented study of "Southeast Asia's Economy in the 1970's" was requested in 1969 by the Fourth Ministerial Conference for Economic Development of Southeast Asia. An Expert Group met to determine the major questions to be studied, and work by 12 consultants who came from six different countries within and outside of the region was undertaken in late 1969 and early 1970. An Advisory Committee composed of representatives of the eight participating countries helped ensure smooth conduct of the Study and reviewed progress at various stages. A limited number of copies of the final report has been provided and distributed to the countries concerned and within the Bank for official use. Some of the major findings and recommendations of the Study as presented in the Overall Report are summarized below:

Southeast Asian countries can expect to enjoy a rapid rate of economic development in the 1970's. However, much will depend on the internal policies which countries adopt at the present time.

The urgency of export-oriented, outward-looking development policies is stressed. Such policies would help realize the potential of the Green Revolution, would establish firm ground for growth of competitive industries, would earn foreign exchange through expanded trade and would stimulate private foreign investment. Sound population policy should be an integral part of Southeast Asian countries' approaches to the future. Furthermore, careful attention to changing conditions of national defense, arising in part from the ending of hostilities in Viet-Nam and from reduction of British forces in the Region, will be required. By contrast, continuation of policies and practices which favor import-oriented protected economics, and failure to observe objective economic criteria of costs and benefits, will be self-defeating in that these policies will not overcome the narrowness of domestic markets, will not reduce the dualism between rural

and urban areas and will not lead to increased employment.

The major challenge presented by the Green Revolution is to take advantage of its full economic potentialities. Self-sufficiency in rice production may be an impressive technical achievement but it will have grave consequences if obtained through artificial means which are not sustainable in the long run. Prices to consumers must be kept low to help increase domestic savings. Investments aimed at improving the efficiency of existing irrigation systems are often preferable to huge dams. To promote productivity, effective links providing credit and other inputs to farmers at reasonable prices, and connecting farmers' output with adequate markets are needed. Emphasis should generally be on diversification and on intensive rather than extensive agriculture; small scale farming can create rural employment.

Apart from its direct effects on the volume of food production, the Green Revolution is considered to be potentially the most important factor to be taken into account in any new strategy of industrialization. Positive effects of the Green Revolution arise from a mix of factors: it makes possible the release of food-producing land for other crops, thus providing a steady stream of raw materials for domestic processing; higher incomes for farmers can create large markets for manufactured inputs such as fertilizer and implements; lower costs of food for urban workers can help keep the prices of manufactured output low in domestic and international markets, and at the same time generate internal demand for manufactured products. In these and other ways, the Green Revolution can provide a major stimulus to industrial growth.

The need for competitive exports is particularly acute in the manufacturing industry sector. Further pursuit of import substitution and protection strategies will lead to higher costs and more balance of payments difficulties. With appropriate exchange rates, tariff adjustments and other measures, Southeast Asian countries should encourage primary processing, mass consumption and export industries. Adoption of a new strategy of industrialization will entail difficult and painful adjustment of policies, but it is this course which offers the greatest promise in the long run.

The resource endowments of Southeast Asian countries are complementary with the needs of fast-growing nearby countries such as Japan, Australia, and the Republics of China and Korea; exports of manufactured products and of processed raw materials will be able to fill growing demand

in these countries, especially if the importing countries adopt reasonable value-added tariffs. Timber, mineral fuels and mineral ores are sectors of particular promise. If Southeast Asian countries will encourage foreign investors to develop natural resources, foreign investment can help provide financial means as well as connections with world markets. Host countries should ensure, however, that they receive full economic rent for their resources.

"To concentrate only on policies to raise the rate of growth of national output while neglecting population control is like fighting with one arm tied behind one's back," says Prof. Hla Myint in his Overall Report in the Study. The case for controlling population is overwhelmingly strong and benefits from such efforts accrue in the short term as well as the long term.

The problems faced by the Republic of Viet-Nam in making the transition to a peace-time economy are not unique to that country alone; virtually all Southeast Asian countries must come to grips with increasing burdens of national defense and with questions of how to obtain maximum development impact from security expenditures. The Study makes a number of recommendations on how this may be achieved, both by the countries themselves and with international assistance.

The timeliness of the Study makes it desirable that it be circulated widely as early as possible. The Overall Report was made public in December 1970; the entire Study is expected to be printed for commercial distribution in 1971.

#### **Fourth Regional Conference of Development Banks of Asia—1969: Follow-Up Activities**

A study to ascertain the training facilities currently available to development banks and to examine the possibilities for improvements in this respect was commenced during the year. The study is expected to be completed in 1971.

#### **Asian Vegetable Research and Development Center**

The Bank approved in March 1969 a financial contribution of \$300,000 to support the establishment and operation of the proposed Asian Vegetable Research and Development Center in response to a request from the Government of the Republic of China on behalf of seven participating countries.

Consultations among the participating countries are continuing for successful realization of the Project.

#### **Law Association for Asia and Western Pacific Credit and Security Research Project**

In August the Bank approved the provision of a financial contribution amounting to \$27,000 to enable extension of the Law Association for Asia and Western Pacific (LAWASIA) Credit and Security Research Project to the point where 10 individual country reports and one integrated report will be prepared for publication. The Project is a regional one involving a study of the security arrangements which are available to national development banks and similar financial institutions in supplying medium and long-term credits. The countries included in the study are Australia, Ceylon, Republic of China, Indonesia, Japan, Republic of Korea, Malaysia, Philippines, Singapore and Thailand. LAWASIA is carrying out the study.

The Project started in February 1969 with the aim of producing, by the end of September 1970, one integrated report covering all the 10 countries included in the study. In the course of the study, however, the importance of the need to prepare individual country reports in addition to the integrated report was realized, and the necessary funds were accordingly approved for the extension of the Project until about the end of April 1971.

Up to the time of the Bank's contribution, the Project was undertaken with a grant of \$25,000 from the Ford Foundation, which the Bank administered.

## **D. RELATIONS WITH OTHER INTERNATIONAL ORGANIZATIONS**

In accordance with its Charter, the Bank continued to maintain close relations with its sister institutions, the International Bank for Reconstruction and Development and the other regional banks, and also with the United Nations and its various organs and specialized agencies, particularly the Economic Commission for Asia and the Far East. Relationships have largely been of an informal character—visits by staff members on both sides for discussions on current matters of mutual interest and participation in meetings and conferences of other bodies concerned with economic development in the Asian Region including the meetings of the consultative groups organized by the World Bank. The Interim Arrangement for Cooperation with the Food and Agriculture Organization and the joint arrangements for the collection of debt-servicing data with the World Bank continued.

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

### **United Nations Development Programme**

Since 1969, the Bank has had an informal interim working arrangement for regular consultations and exchange of information on specific projects with the United Nations Development Programme (UNDP). This working relationship with UNDP has grown closer with the intensification of the Bank's operational activities. The Bank has received from UNDP summaries of new requests for pre-investment assistance from Asian countries and also descriptions of pre-investment projects approved by UNDP. The Bank has conveyed to UNDP its comments on new requests and its provisional interest in certain approved pre-investment projects as possibilities for Bank financing. It has also kept UNDP informed about its loan and technical assistance activities. Frequent exchanges of views have taken place between the Bank missions and UNDP Resident Representatives in the Bank's member countries. In addition, as reported elsewhere, UNDP contributed \$1,142,530 in 1970 for the Regional Transport Survey being conducted by the Bank.

### **International Bank for Reconstruction and Development**

Along with the rapid expansion of the Bank's operational activities, closer cooperation between the International Bank for Reconstruction and Development (IBRD) and the Bank was developed in 1970. Frequent consultations and exchanges of information took place concerning the lending practices, status of individual projects and country economic situations, etc. Members of the staff of the two Banks visited each other at the respective headquarters as occasions permitted and also had discussions in the field on matters of mutual interest.

Observers from the Bank attended the aid coordination meetings convened during the year by IBRD on behalf of Pakistan, the Philippines and Thailand.

From 1968 the Bank has participated in a joint cooperative project with IBRD in the collection and processing of data on the external debt of the regional developing member countries. A new manual and forms for reporting external debt and grants were distributed to the member countries early in 1970. This newly adopted collection system is expected to improve the coverage of external debt data which are reported by member countries of both institutions.

The Bank participated in the IBRD-sponsored conference of economic departments or offices of regional development banks to exchange information on the status of economic studies in the various banks, and on economic work in progress. This was a very informative conference, and procedures for further exchange of information among the banks were developed.

The Bank's first joint lending project with a member of the IBRD family—the International Development Association (IDA)—was the financing of part of the foreign exchange cost for the expansion of Indonesia's PUSRI Fertilizer Plant in South Sumatra. The United States Agency for International Development (USAID) and the Overseas Economic Cooperation Fund (OECF) of Japan also shared in the financing. Of the project's estimated foreign exchange cost of \$68 million, the loan approved by the Bank was \$10 million while the loans extended by IDA, USAID and OECF amounted to \$30 million, \$20 million and \$8 million, respectively.

### **Food and Agriculture Organization**

Close consultations and exchanges of views have taken place between the Food and Agriculture Organization (FAO) and the Bank on agricultural

projects and related activities in the Bank's developing member countries. Several FAO experts have been invited as consultants to participate in Bank missions in the agricultural sector. The annual FAO/UNDP/ADB Review Meeting was held in May 1970 to discuss various agricultural projects for possible investments. In addition, the Bank has sent observers for certain meetings and seminars sponsored by FAO in the field of agricultural development. The annual review of the Interim Arrangement for Cooperation was postponed to January 1971.

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

The Bank has been in continuous contact with the Economic Commission for Asia and the Far East (ECAFE) in several areas of mutual interest. Discussions have been continuing on the implementation of the Regional Industrial Survey in which the Bank has taken a close interest. The Bank has also sent observers to several ECAFE meetings including those on Regional Trade, an Asian Clearing Union and an Asian Reserve Bank.

The Bank also participated actively in the special lecture series of the Asian Statistical Institute in Tokyo. This newly created Institute was organized by ECAFE with the cooperation of member countries in the Region.

#### **United Nations Educational, Scientific and Cultural Organization**

In connection with the decision by the Bank to explore possibilities for educational projects in the area, an exchange of views was begun with the United Nations Educational, Scientific and Cultural

Organization for the purpose of exploring evaluation techniques in regard to education projects and ideas on technical education projects in the Region.

#### **Organization for Economic Cooperation and Development**

The activities of the Organization for Economic Cooperation and Development—and particularly the meetings and studies arranged by its Development Assistance Committee (DAC)—have been of continuing interest to the Bank especially in relation to the efforts made to achieve global understanding of the development needs of developing countries and a realistic approach towards meeting such problems. Reflecting this interest in the DAC's activities, President Takeshi Watanabe attended the Annual High-Level Meeting of DAC in Tokyo in September and led a discussion on the topic of "Financial Aid to Asia."

#### **Mekong Committee**

The Bank has continued to watch with close interest developments in the work of the Committee for Coordination of Investigations of the Lower Mekong Basin and has been represented at meetings of the Committee. The Bank was represented at a Mekong Donor's meeting in Copenhagen in September convened by the World Bank. It also participated in the Amplified Mekong Basin Plan Seminar held in Bangkok in November. The Bank will continue to take a positive interest in the development of Mekong projects and to maintain close consultation and cooperation with the four riparian countries, the Mekong Committee, the World Bank and others with similar interests.



# ORDINARY CAPITAL RESOURCES

### **Capital Subscription**

The fifth and final instalment of subscriptions to the Bank's original paid-in capital from 31 member countries fell due on 22 August and was duly paid. Switzerland and Hong Kong which became members of the Bank on 29 December 1967 and 27 March 1969, respectively, paid their respective fourth and second instalments of subscriptions to the Bank's paid-in capital on or before the due dates.

Fiji became a member of the Bank on 2 April, subscribing \$1 million to the Bank's capital. The paid-in portion of Fiji's subscription amounts to the equivalent of \$500,000 to be paid in five equal annual instalments, the first of which was paid on 25 March.

France also became a member of the Bank during the year under review and subscribed to the Bank's capital in the amount of \$25 million. Of the subscribed capital, the paid-in portion amounts to \$12.5 million to be paid in five equal annual instalments. France paid its first instalment to the Bank's paid-in capital on 27 July.

Total subscriptions of members to the authorized capital stock of the Bank stood at \$1,004 million at the end of the year. Total subscriptions in convertible currencies paid under Article 6. 2(a) of the Articles of Agreement amounted to the equivalent of \$244.55 million and under Article 6. 2(b) in members' own currency, or in the form of promissory notes, amounted to the equivalent of \$244.55 million, of the subscription paid under Article 6. 2(b), convertible currency funds amounted to the equivalent of \$167 million. Total commitments of loans to be financed from these resources amounted to \$304,635,000<sup>1</sup> and disbursements thereunder to \$24,860,000. With the expansion of its lending activities, the Bank had under examination towards the end of the year the need for an increase of its capital stock. This has become urgently necessary in order to provide the Bank with adequate resources to continue its ordinary operations on the present scale.

### **Investment of Bank Funds**

At the end of 1970 the Bank's investments of convertible currency funds (held in 18 currencies) amounted to the equivalent of \$293,470,498 of which 30 per cent was held in government securities or government-guaranteed obligations of member countries and 70 per cent in time deposits with or certificates of deposit of banks in member countries and with the Bank for International Settlements,

### **Loan Participations**

The continued high interest rates in the capital markets of the world during the first three quarters of the year made it financially unattractive for the commercial banks to participate in Bank loans despite the increase in the Bank's standard lending rate to 7-1/2 per cent per annum in May. By the final quarter of the year, commercial banks in the United States, Japan and Europe had resumed interest in such participations. Since the commencement of the Bank's operations, these participations have amounted to \$5,060,000, thus adding to the resources available to the Bank for further lending.

### **Income and Expenditure**

With the payment of the last instalment of capital subscriptions to the Bank's original paid-in capital, there was a further increase in the funds available with the Bank for investment. During the first half of the year the interest rates in world money markets continued to be high. In the latter half of the year, more particularly during the last quarter, there was a substantial decrease in short-term rates all over the world, specially in the United States. The gross income of the Bank during the year amounted to \$20,704,775. The gross expenditure (including services to member countries) during the year was \$9,265,299, so that the net income, after appropriating commission on loans aggregating \$139,321 to Special Reserve, in accordance with Articles 16. 1 and 17, was \$11,300,155, compared with \$5,503,902 in 1969. This net income is available for allocation by the Board of Governors in accordance with the provisions of Article 40. 1.

### **Member Currencies: Changes in Value**

On 17 April a new foreign exchange system was introduced in Indonesia under which a single exchange rate was established. This rate was set initially at 378 rupiahs per dollar and continued at that rate up to the end of the year. As a consequence, Indonesia paid an additional amount of its currency to the Bank in accordance with Article 25. 1.

1 Excludes \$25 million for the Caprolactam Plant Project in the Republic of Korea which was approved in 1970 but signed in January 1971 and is, therefore, not included in the relevant financial statement (Appendix I-IV). See also footnote on page 11.

### **Bank's Borrowing Operations**

Following its first bond issue in the Federal Republic of Germany in September 1969, the Bank made a second issue in Austria in April and a third issue in Japan in November.

The issue in Austria was in the amount of 130 million schillings (\$5 million) bearing a coupon rate of seven per cent per annum at the issue price of 98-1/2 per cent. The bonds have a 12-year maturity and will be redeemed in an instalment of 10 million schillings on 1 April 1972 and in 10 annual instalments each of 12 million schillings on 1 April in each of the years 1973 to 1982. The issue was placed through an Austrian banking syndicate headed by the Creditanstalt-Bankverein and the

Österreichische Landerbank, A.G., and the bonds were listed on the Vienna Stock Exchange.

The issue in Japan was in the amount of six billion yen (\$16.7 million) and, apart from being the Bank's first bond issue in Asia, was the first instance in which Japanese Yen bonds were sold to the public in Japan by any foreign entity (international organizations included). The Japanese Yen bonds, bearing 7-4 per cent interest and having a seven-year maturity period, were offered for public sale at a price of 99 per cent. The bonds are redeemable from 1973 in four equal annual instalments of 360 million yen each and the final instalment of 4,560,000,000 yen is payable on 1 December 1977. The managing underwriters for the issue are: The Nomura Securities Co., Ltd. (Representative); The Daiwa Securities Co., Ltd.; The Nikko Securities Co., and Yamaichi Securities Co., Ltd. The commissioned banks for the issue are: The Industrial Bank of Japan, Limited (Representative); The Bank of Tokyo, Ltd. and The Fuji Bank, Limited.

The Bank continued the process of obtaining qualification legislation in the various states of the United States that would give its bonds as favorable a position with respect to regulated investors as that enjoyed by bonds of the International Bank for Reconstruction and Development and the Inter-American Development Bank. Following enactment of legislation in California, Colorado, Connecticut, Hawaii, Illinois, Maine, Massachusetts, New Jersey, New York, Ohio, Pennsylvania and Washington in 1968 and 1969, additional action was taken in 1970 in Iowa, Kentucky, Louisiana, Virginia and Wisconsin. This program of bond qualification which is to be pursued in additional states in subsequent years, sets the basis for successful entry of the Bank in the United States market when it seeks to issue its bonds.



*Bond Issue: President Takeshi Watanabe and chief executives of the managing underwriters and commissioned banks sign the agreement for issue of Asian Development Bank bonds in Tokyo.*

**SUBSCRIPTIONS TO  
AUTHORIZED CAPITAL STOCK**  
(As of 31 December 1970)

	\$000
<b>Regional Members</b>	
Afghanistan	4,780
Australia	85,000
Cambodia <sup>1</sup>	3,500
Ceylon	8,520
China, Republic of	16,000
Fiji	1,000
Hong Kong	8,000
India	93,000
Indonesia	25,000
Japan	200,000
Korea, Republic of	30,000
Laos	420
Malaysia	20,000
Nepal	2,160
New Zealand	22,560
Pakistan	32,000
Philippines	35,000
Singapore	5,000
Thailand	20,000
Viet-Nam, Republic of	12,000
Western Samoa	60
	624,000
<b>Non-Regional Members</b>	
Austria	5,000
Belgium	5,000
Canada	25,000
Denmark	5,000
Finland	5,000
France	25,000
Germany, Federal Republic of	34,000
Italy	20,000
Netherlands	11,000
Norway	5,000
Sweden	5,000
Switzerland	5,000
United Kingdom	30,000
United States	200,000
	380,000
<b>TOTAL</b>	<b>1,004,000</b>

<sup>1</sup> Officially renamed the Khmer Republic will be shown accordingly in future publications.

## SPECIAL FUNDS

The Bank received the first contributions to its Special Funds resources in 1967. By the end of December 1970, contributions<sup>1</sup> to the Consolidated Special Funds amounted to \$127,450,961<sup>2</sup> allocated as follows: Agricultural Special Fund, \$23,104,972; Multi-Purpose Special Fund, \$100,254,972 and Technical Assistance Special Fund, \$4,091,017. In addition to the contributed resources in the Multi-Purpose Special Fund is an amount of \$14,575,000 "set aside" from the Bank's ordinary capital resources by the Board of Governors at its second annual meeting.

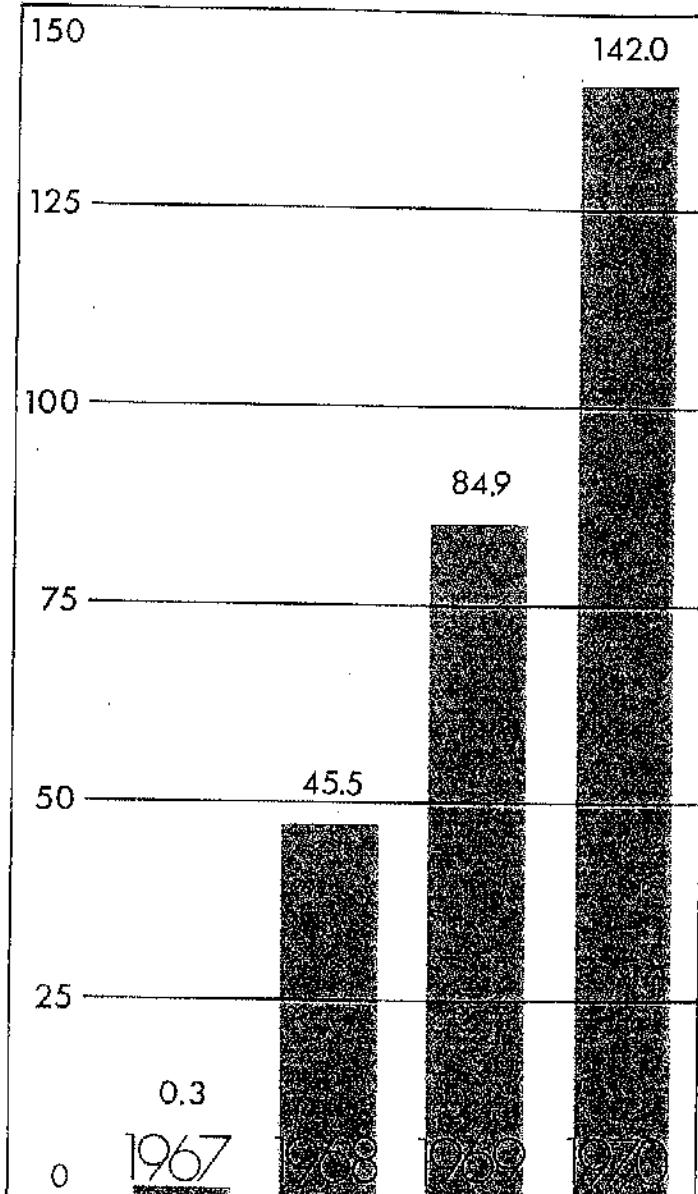
The first capital contributions were received in December 1968, consisting of \$20 million from Japan for the Agricultural Special Fund and \$25 million to be made available in five annual instalments from Canada for the Multi-Purpose Special Fund. In 1969, contributions of \$2 million were received from Denmark, \$20 million from Japan, and \$1,104,972 from the Netherlands, Japan's contribution being for the Multi-Purpose Special Fund and the contributions of Denmark and the Netherlands being for the Agricultural Special Fund. In 1970 Australia contributed \$9,750,000<sup>3</sup>, Japan \$30 million, the Netherlands \$1,104,972 and the United Kingdom \$14.4 million, all for the Multi-Purpose Special Fund.

The following countries have contributed towards the Technical Assistance Special Fund: Australia-\$250,000; Canada-\$200,000; Denmark-\$300,000; Finland-\$108,173; Federal Republic of Germany-\$86,137; India-\$26,667; Japan-\$1,313,982; Netherlands-\$27,624; New Zealand-\$168,000; Pakistan-\$42,000; Switzerland-\$200,000; United Kingdom-\$118,434; United States-\$1,250,000.

As against total resources of \$142,025,961 in the Special Funds (including an amount of \$14,575,000 set aside from the Bank's ordinary capital resources), \$55,698,000 had been committed by 31 December 1970, leaving resources totalling \$86,327,961 for future commitments.

There have been indications from several members of additional contributions to the Special Funds resources of the Bank. Japan has established the practice of making annual contributions and the increase in the size of its third contribution and the growing liberalization of its terms have been of great encouragement to developing member

## CONTRIBUTIONS TO SPECIAL FUNDS RESOURCES: 1967-70 (MILLION \$)



<sup>1</sup> Including commitments for subsequent years.

<sup>2</sup> Contributions to Special Funds have been made in various currencies and the amounts shown in dollars mean the equivalent of those amounts.

<sup>3</sup> In three annual instalments.

\* Including an amount of \$14,575,000 set aside from the Bank's ordinary capital resources.

countries. The United States Government has announced plans for renewed congressional action in 1971 for a substantial contribution to the Special Funds resources. There have also been indications of new commitments from certain European countries.

The need for augmenting the Bank's Special Funds resources hardly requires elaboration; but as brought out in the Pearson Commission Report, the quality of development aid is as important as its volume. Mention was made in the Annual Report for 1969 of the significant liberalization which occurred that year in the bulk of Special Funds contributions. Procurement conditions of several contributions were eased to allow procurement of goods and services to take place in developing member countries and also in several cases, in other contributing countries.

This movement away from "tied" contributions continued in 1970 and encourages the hope that the goal of completely untied funds may eventually be attained. In that connection, the countries which took part in the meeting convened by the Development Assistance Committee of the Organization for Economic Cooperation and Development in Tokyo in September made it clear that there is growing support in the capital exporting countries for "freeing" their aid to the underdeveloped world from procurement restrictions.

Provision exists under the Special Funds Rules and Regulations for a considerable degree of flexibility in the terms and conditions on which the Bank may accept contributions to Special Funds resources. While this flexibility has had its advantages in the negotiation of offers, it is apparent with the growth of operations that the administration of a number of contributions with differing conditions must become increasingly complicated. Full advantage of the growing liberalization of procurement conditions may not materialize until greater uniformity is achieved in the liberalized terms.

It is recognized, of course, that in this matter solutions have to be found which are acceptable to all concerned and in line with the interests of the countries for whose benefit the funds are administered. It is also pertinent to note that if contributions are sufficiently widespread throughout the membership, the available sources of supply of goods and services are commensurately increased and disadvantages of tied procurement may be reduced. This points to the need for renewed efforts to build up the Special Funds resources not only to meet the increasing opportunities for concessional lending but also to ensure that the

most efficient use can be made of the resources available.

In a relatively brief period, the Bank's Special Operations have expanded both in size and range. The resources in the Multi-Purpose Special Fund and the Agricultural Special Fund have been used to finance such important areas of development as agriculture, including irrigation and fisheries; electric power; air and road transport; and vocational education. The pace of lending operations under this category also gathered considerable momentum in 1970. The widening range of projects assisted by the Bank's Technical Assistance Special Fund has been of equally critical significance to developing member countries. Several of these technical assistance projects have also been an important source in feeding the Bank's pipeline with sound loan applications.

The performance of the Bank in the field of Special Operations clearly underlines the vital role of Special Funds resources in meeting the pressing needs of developing member countries and the effective manner in which the Bank can utilize such resources. It is evident that unless the available resources are augmented on a substantial scale as early as possible the rising tempo of Special Operations cannot be sustained for long. The Bank is confident that with the spirit of understanding and cooperation that has throughout characterized the establishment and growth of the organization, the flow of contributions to the Special Funds will substantially increase in the coming years.

## A. OPERATIONS

Ten loans from Special Funds resources were approved during the year involving a total commitment of \$33.7 million spread over eight countries—Afghanistan, Cambodia, Indonesia, Laos, Malaysia, Nepal, Singapore and the Republic of Viet-Nam. The loans are summarized in the table on page 59 and descriptions of the projects are given in the country activities sections.

## B. RESOURCES

In 1970 the Consolidated Special Funds of the Bank were augmented by the equivalent of \$57,105,783 in contributions received from Australia, Canada, Finland, India, Japan, Netherlands, Pakistan, Switzerland and the United Kingdom. Total contributions to Special Funds at the end of the year<sup>1</sup> amounted to \$127,450,961 (see table on page 60).

<sup>1</sup> Including commitments for subsequent years.

The largest contribution in 1970 was once again that of Japan, which added a third instalment of 10.8 billion yen (equivalent to \$30 million) to its capital contribution to the Consolidated Special Funds. This further contribution, which was effected by an exchange of letters in October 1970, was allocated to the Multi-Purpose Special Fund. It is available for use on the same liberalized terms as apply to the second instalment, i.e., it may be used for procurement in developed member countries which are contributors to the Consolidated Special Funds (other than the Technical Assistance Special Fund) and in developing member countries.

There were three other contributions to the Multi-Purpose Special Fund:

(i) In May the United Kingdom contributed six million pounds sterling (equivalent to \$14.4 million) for financing of the Bank's special operations, other than technical assistance operations on a non-reimbursable basis. The contribution may be used for procurement (a) in the United Kingdom and in developing

member countries, of goods produced in and services supplied from the United Kingdom and (b) in developing member countries and subject to certain limitations, in other countries which have contributed to any Special Fund of the Bank (other than the Technical Assistance Special Fund) of goods produced in and services supplied from such countries.

(ii) In July the Bank accepted a second contribution from the Netherlands (the first having been to the Agricultural Special Fund), in an amount of four million guilders, equivalent to \$1,104,972. The contribution may be used in the Bank's special operations, other than technical assistance operations on a non-reimbursable basis, for financing the importation of goods and services (a) from the Netherlands and (b) from developing member countries and, subject to certain limitations, from other countries which have contributed to any Special Fund of the Bank (other than the Technical Assistance Special Fund).

## LOANS FROM SPECIAL FUNDS RESOURCES—1970

Country	Project	Amount (\$ Million)	Term (Years) <sup>1</sup>	Interest (%)
Afghanistan	Gawargan and Chardarrah Agricultural Development	5.150	30	1-1/2
Cambodia	Phnom Penh High Voltage Transmission	1.670	16	3
Indonesia	PUSR1 Fertilizer Plant Expansion	10.000	30	2-1/2
	Gambarsari-Pesanggrahan Irrigation Rehabilitation Project	2.700	25	2-1/2
Laos	Tha Ngon Agricultural Development	0.973	40	1-1/2
Malaysia	Besut Agricultural Development	3.300	25	3
Nepal	Jute Development	2.000	12	3
	Agricultural Credit	2.400	16	3
Singapore	Ngee Ann Technical College Expansion	3.000	25	3
Viet-Nam, Republic of	Fisheries Development	2.500	25	2-1/2

<sup>1</sup> Including grace period.

- (iii) In December Australia contributed an amount in Australian dollars equivalent to \$9,750,000 for financing of the Bank's special operations, other than technical assistance operations on a non-reimbursable basis. The amount is payable in three annual instalments. Except as otherwise agreed by Australia, the contribution may be used for procurement in Australia of goods produced in and services supplied from Australia.

In all four of the contributions referred to, income derived from the funds contributed, and repayments of loans financed from such funds, are free from the procurement restrictions specified above.

In November Denmark agreed with the Bank to extend the use of its contribution, made in April 1969 to the Bank's Agricultural Special Fund, to permit financing of procurement in developing

member countries of goods produced in such countries.

Regarding the proposal (reported last year) of the Netherlands Government to make a special contribution for the development of West Irian, arrangements were put in hand for identification and preparation of suitable projects in West Irian. Financing of such projects having been agreed to, the Netherlands Government will make a special contribution of 17.5 million guilders (equivalent to \$4.8 million) to the Multi-Purpose Special Fund.

During the year, the Technical Assistance Special Fund received the following contributions or arrangements for contributions:

- (i) In June the Government of Japan contributed the sum of 360 million yen (equivalent to \$1 million) to be used by the Bank for procurement of the services of Japanese consultants and specialists for technical assistance operations, for project activities, for training

## CONTRIBUTIONS TO CONSOLIDATED SPECIAL FUNDS

(As of 31 December 1970)

### Commitments

Contributor	Technical Assistance Special Fund \$	Agricultural Special Fund \$	Multi-Purpose Special Fund \$	Total \$
Australia	250,000		9,750,000	10,000,000
Canada	200,000		25,000,000	25,200,000
Denmark	300,000	2,000,000		2,300,000
Finland	108,173			108,173
Germany, Federal Republic of	86,137			86,137
India	26,667			26,667
Japan	1,313,982	20,000,000	50,000,000	71,313,982
Netherlands	27,624	1,104,972	1,104,972	2,237,568
New Zealand	168,000			168,000
Pakistan	42,000			42,000
Switzerland	200,000			200,000
United Kingdom	118,434		14,400,000	14,518,434
United States	1,250,000			1,250,000
<b>TOTAL</b>	<b>4,091,017</b>	<b>23,104,972</b>	<b>100,254,972</b>	<b>127,450,961</b>

of Bank staff and suitably qualified personnel of developing member countries and for the provision of library materials.

- (ii) In July the Government of India contributed the sum of 200,000 rupees (equivalent to \$26,667), to be used for procurement of the services of Indian consultants and experts required by the Bank in providing technical assistance, in conducting project activities and in the training of personnel in the course of the Bank's operations.
- (iii) In September the Government of Canada contributed an amount in Canadian dollars equivalent to \$100,000, to be used for procurement of Canadian goods and services required for the Bank's technical assistance operations.
- (iv) In October the Government of Pakistan contributed the sum of 200,000 rupees (equivalent to \$42,000), to be used for procurement of the services of Pakistani consultants and experts required by the Bank in providing technical assistance, in conducting project activities and in the training of personnel in the course of the Bank's operations.
- (v) In October the Government of Switzerland contributed the sum of \$200,000, to be used for the Bank's technical assistance operations, for procurement of the services of Swiss consultants and experts and of goods or equipment produced in Switzerland. The contribution may also be used to finance the procurement in other member countries of services supplied from or goods produced in such countries, in cases where Swiss services, goods or equipment are not competitive in terms of quality and cost, or are not available.
- (vi) In December the Government of Australia contributed an amount in Australian dollars equivalent to \$250,000. The contribution may be used to finance the procurement in Australia of the services of Australian experts and consultants required for the Bank's technical assistance operations.
- (vii) In December the Government of the Netherlands contributed the sum of 100,000 guilders (equivalent to \$27,624), for financing the services of Dutch consultants for the Bank's technical assistance and project activities.
- (viii) Also in December the Government of Finland contributed an amount in Finnish currency equivalent to \$100,000 for financing the services of Finnish consultants in the carrying out of feasibility studies and project analyses.

In addition, the Federal Republic of Germany renewed the arrangements for technical assistance in the same amount and on the same terms and conditions as in previous years and the United Kingdom agreed to the continued availability of the balance of its earlier technical assistance pledge.

*Ceylon: A view of the Agricultural Experiment and Extension Center which has been established as part of the Walawe Development Project, being financed by the Bank.*



*Indonesia: Pesanggrahan intake gate and pump station. A concessional loan from the Bank will assist in the complete rehabilitation of Gambarsari and Pesanggrahan pump irrigation systems.*

## C. UTILIZATION

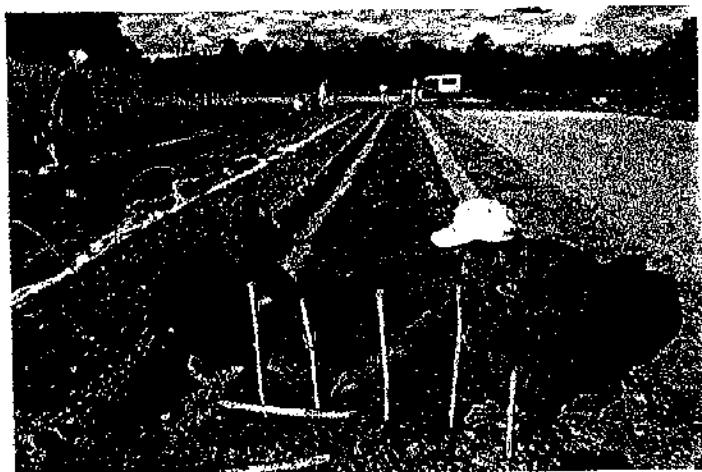
Loan commitments from Special Funds amounted at the end of the year to \$55,698,000. A sum of \$1,545,334 had been disbursed for the four projects: the Tadjudum Irrigation Project in Indonesia, the Cotabato Irrigation Project in the Philippines, the Air Transport Development Project in Nepal and the Faleolo Airport and Road Project in Western Samoa.

In the case of the Technical Assistance Special Fund, assistance from which has been provided in the form of grants, an amount of \$2,161,627 had been utilized.<sup>1</sup> Of this amount, the share of Canada was \$100,000; Denmark: \$140,585; Finland: \$13,113; Federal Republic of Germany: \$84,759; India: \$3,803; Japan: \$429,546; New Zealand: \$18,089; Pakistan: \$3,298; United Kingdom: \$118,434; and United States: \$1,250,000.

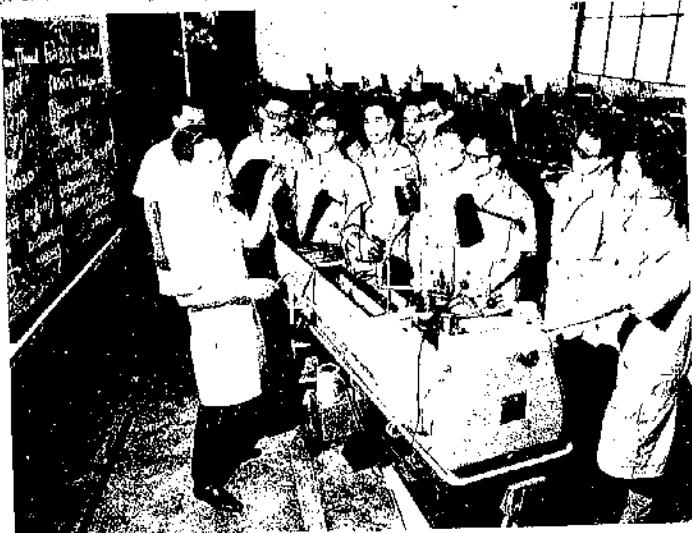
Disbursements from the Technical Assistance Special Fund have been spread over 14 countries as follows: Afghanistan: \$136; Ceylon: \$44,351; Republic of China: \$60,386; Indonesia: \$175,511; Republic of Korea: \$72,146; Laos: \$66,340; Malaysia: \$30,698; Nepal: \$63,587; Pakistan: \$3,373; Philippines: \$197,175; Singapore: \$5,756; Thailand: \$67,227; Republic of Viet-Nam: \$73,080; Western Samoa: \$9,939.

An additional amount of \$1,327,328 has been expended on regional and other services.

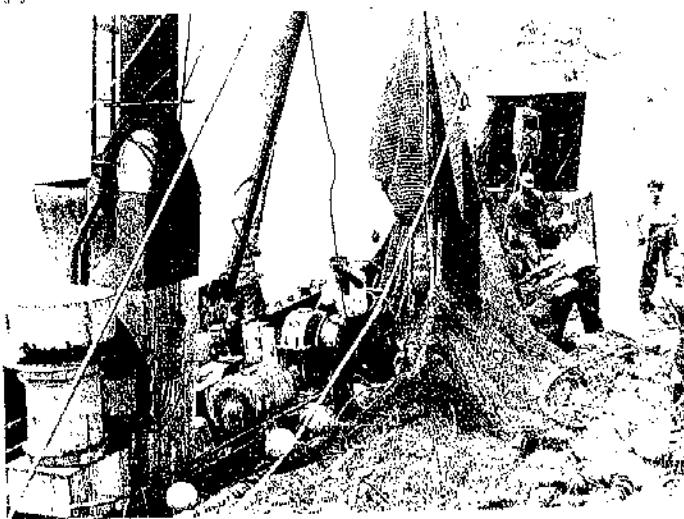
*Laos: Farmers being trained to cultivate vegetables in a pilot farm in the northern part of Vientiane Plain where 1,000 hectares of land are to be developed for year-round irrigated farming with the assistance of a Bank loan.*



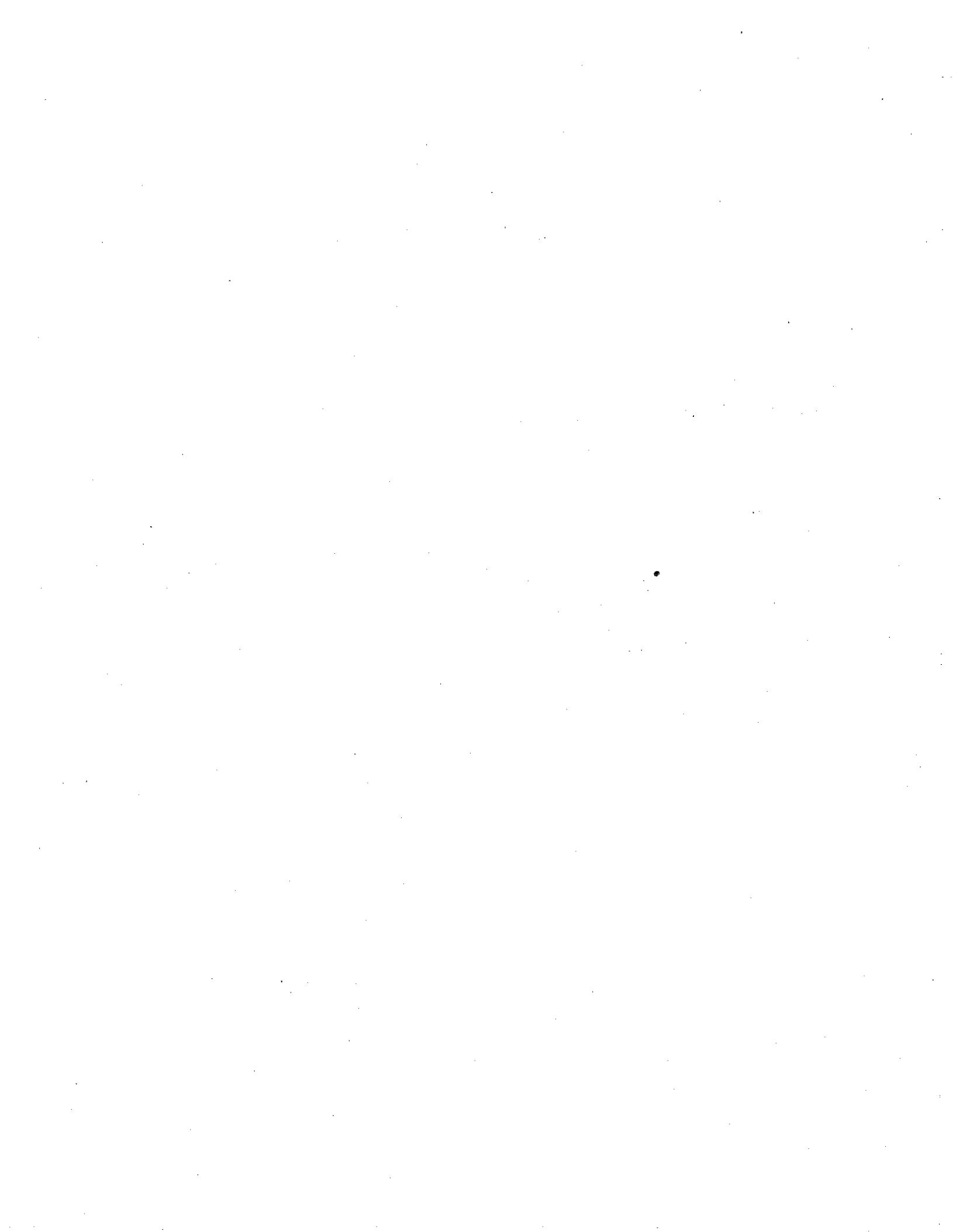
*Singapore: A workshop instructor demonstrates the use of a lathe at Ngee Ann Technical College, recipient of the Bank's first loan in the field of education.*



*Republic of Viet-Nam: Vietnamese fishermen engaged in trawling operations in South China Sea. The Bank has given a loan to the Agricultural Development Bank of Viet-Nam for the purpose of fisheries development.*



<sup>1</sup> Including amounts pending reimbursement from contributions.



## ADMINISTRATION AND ORGANIZATION

### **Membership**

The membership of the Bank increased from 33 to 35 during the year. Fiji became a member on 2 April, and France on 27 July. Subscriptions of these two new members raised the Bank's subscribed capital to over \$1 billion. The subscriptions of member countries and the distribution of voting power are shown in Appendix I-V.

Negotiations were underway at the end of the year on the admission of the Territory of Papua and New Guinea to membership in the Bank.

### **Board of Governors**

In August the Government of Singapore appointed Mr. Hon Sui Sen as Governor of the Bank to succeed Mr. Goh Keng Swee. Mr. Hon Sui Sen accordingly became Chairman of the Board of Governors.

During the year, a number of other changes occurred in the composition of the Board of Governors and these are shown in Appendix 6.

The Third Annual Meeting of the Board of Governors was held in Seoul from 9 to 11 April at the invitation of the Government of the Republic of Korea. In response to an invitation from the Government of Singapore, it was decided that the Fourth Annual Meeting of the Board should be held in Singapore from 15 to 17 April 1971.

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

### **Board of Directors**

The following changes took place in the Board of Directors during the year:

On 1 January Mr. K.S. Islam (Pakistan) who was elected by Pakistan and the Philippines succeeded Mr. Wazir Ali who resigned with effect from 31 December 1969.

Mr. Bernard Zagorin, Director for the United States since December 1966, resigned with effect from 8 October and was succeeded by Mr. Artemus E. Weatherbee on 26 October.

Mr. Poul Kryger (Denmark) was appointed by Mr. R.W.H. du Boulay as his Alternate with effect from 1 December in place of Mr. J.A. Copland (Canada) whose appointment terminated on 30 November.

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

During the year there were 48 meetings of the Board of Directors, including regular and executive sessions.

### **Status of Implementation of Article 57**

A report on the status of implementation by members of Article 57 of the Articles of Agreement, which deals with immunities and privileges, was considered by the Board during the year, particularly in the context of certain administrative difficulties encountered in arranging for the travel of Bank staff on official missions to member countries. Action is being taken to bring these difficulties to the notice of the Governments concerned.

### **Organization**

It was decided during the year that the Financial Advisor should be located in Zurich, Switzerland. Office accommodation is being leased and the Financial Advisor will move to Zurich in the first half of 1971.

Steps were taken during the year to set up a separate division headed by a Deputy Director, in the Operations Department to handle loan administration. The Development Bank and Financial Analysis Division in the Projects Department was strengthened and made the responsibility of a new Deputy Director.

### **Japan World Exposition 1970**

As part of its information activities, the Bank participated in the Japan World Exposition of 1970. The Bank's participation was arranged by courtesy of the United Nations Association of Japan.

### **Headquarters Agreement**

The Government of the Philippines and the Bank set up separate panels to discuss certain questions arising from the implementation of the provisions of the Headquarters Agreement between the Philippine Government and the Bank. The panels met during the year and understandings were reached on the application of certain provisions of the Agreement. The discussions are expected to continue in 1971.

### **Philippine Coordinating Committee**

The Philippine Coordinating Committee whose Chairman is Mr. Cornelio Balmaceda, a member of the Board of Directors of the Bank, continued to function as a liaison body between the Bank and agencies of the Philippine Government.

During the year the Committee, on behalf of the Government of the Philippines, provided the Bank with additional furnished office accommodation and facilities in Rufino Building, Amalgamated

Building and Metropolitan Building. The temporary Headquarters of the Bank continues to be located in these three buildings and Oledan Building, all of which are situated on Ayala Avenue, Makati.

#### **New Headquarters Building**

Construction of the permanent headquarters building for the Bank, to be provided by the Government of the Philippines, is proceeding under the supervision of the Philippine Coordinating Committee. It is expected that the building will be completed in November 1971.

In the light of the substantial progress achieved during the year in the construction of the building, consideration was given during the year to the apportionment of responsibility for equipping the building and decisions were taken accordingly.

#### **Personnel Recruitment**

Keeping pace with the Bank's increasing operational needs, recruitment efforts in member countries throughout the year resulted in an increase of 16 professional staff and 36 non-professional staff. At the year's end, the Bank's total staff numbered 490 comprising 159 professionals and 331 non-professionals, among which 31 nationalities were represented.

#### **Salaries**

Owing to a steady price increase in Manila during the first half of the year (largely due to the intro-

duction in February of a "floating rate" of exchange for the Philippine Peso), a general salary increase for non-professional staff was granted with effect from 1 June.

#### **Staff Benefits**

Minor improvements were made in the Bank's Medical Retainer Plan and Major Medical Insurance Plan covering all staff.

Allowances to meet part of the cost of education of dependent children of professional staff were increased with effect from 1 July to bring them into line with conditions in other international institutions.

Dependency allowances for non-professional staff were raised with effect from 1 September in line with the general salary increase granted to this category of staff in June.

#### **Budget for 1971**

The budget for 1971 was approved by the Board of Directors on 19 November and a summary thereof appears in Appendix 2. The budget makes provision for \$8,562,300 for "Internal Administrative Expenses" and \$4,650,800 for "Services to Member Countries" during 1971. The table following summarizes the Bank's gross income, financial expenses on bonds and investments, internal administrative expenses and expenditure on services to member countries for the years 1969, 1970 and 1971.

	1969	1970		1971			
	Actual	Budget	Actual	Budget			
	(\$ Million)						
<b>I. ORDINARY CAPITAL RESOURCES</b>							
1. Gross Income Net of Special Reserve	12.94	21.24	20.56	25.40			
2. Less:							
Financial Expenses on Bonds and Investments	0.34 <sup>1</sup>	2.77 <sup>1</sup>	1.56 <sup>1</sup>	5.20 <sup>1</sup>			
3. Residual Gross Income	12.60	18.47	19.00	20.20			
4. Less:							
Administrative Expenses	5.65 <sup>2</sup>	7.36 <sup>4</sup>	6.35 <sup>3</sup>	8.56 <sup>4</sup>			
5. Net Income Before Services to Member Countries	6.96	11.11	12.65	11.64			
6. Less:							
Services to Member Countries	1.44	3.30 <sup>4</sup>	1.35 <sup>2/6</sup>	4.65 <sup>4</sup>			
7. Net Income After Services to Member Countries	5.51	7.81	11.30	6.99			
<b>II. SPECIAL FUNDS RESOURCES</b>							
Expenses Charged to Technical Assistance Special Funds of which	0.41	n. a.	1.54	n. a.			
a. Internal Administrative Expenses	0.20	n. a.	0.13	n. a.			
b. Services to Member Countries	0.21	n. a.	1.41	n. a.			

1 Inclusive of amortization of bond issuance expenses.

2 Inclusive of foreign exchange adjustment and exclusive of expenses charged to Technical Assistance Special Fund shown under II (Special Funds resources).

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

4 Inclusive of expenses which may finally be charged to Special Funds resources.

5 Exclusive of disbursements which were charged to the United Nations Development Programme contribution.

## APPENDICES

1. **Financial Statements and Opinions of Independent Auditors**
2. **Summary of Budget 1971**
3. **Resolutions of Board of Governors during 1970**
4. **Channels of Communication**
5. **Official Depositories**
6. **Board of Governors**
7. **Board of Directors and Voting Groups**
8. **Principal Officers**

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

- I Balance Sheet
- II Comparative Statement of Income and Expenses
- III Statement of Cash in Banks and Demand Obligations of Members
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**SPECIAL FUNDS RESOURCES:**

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

# ASIAN DEVELOPMENT BANK

## BALANCE

December

*Expressed in United*

### ASSETS

CASH IN BANKS (Note B)			
Member currencies (See Appendix 1-III)			\$ 9,019,514
INVESTMENTS (Note B)			
Government and government-guaranteed obligations amortized cost			
Maturities not exceeding one year (Face amount \$38,382,665)	\$ 38,131,494		
Maturities over one year (Face amount \$50,569,653)	<u>49,803,766</u>	\$ 87,935,260	
Time deposits and certificates of deposit			
Maturities not exceeding one year	182,968,094		
Maturities over one year	<u>22,567,144</u>	205,535,238	
		293,470,498	
Accrued interest		<u>8,897,369</u>	302,367,867
DEMAND OBLIGATIONS OF MEMBERS			
(Notes B and C)			
Non-negotiable, non-interest-bearing obligations in member currencies (See Appendix 1-III)			212,398,469
EFFECTIVE LOANS (See Appendix 1-IV)			
Held by Bank	126,951,767		
Agreed to be sold	<u>2,729,000</u>	128,680,767	
UNAMORTIZED FUNDED DEBT ISSUANCE EXPENSES			1,240,644
OTHER ASSETS			1,981,463
SPECIAL RESERVE FUND ASSETS (Note D)			
Cash in banks	126,289		
Accrued loan commissions	<u>55,590</u>	181,879	
STAFF RETIREMENT PLAN ASSETS (Segregated and held in trust) (Note E)			1,820,756
TOTAL			\$657,691,359

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

## ORDINARY CAPITAL RESOURCES

## SHEET

31, 1970

States Dollars (Note A)

## LIABILITIES, RESERVES AND CAPITAL

## LIABILITIES

Accounts payable	\$ 821,010
Accrued interest on funded debt	458,419
Undisbursed balance of effective loans (See Appendix 1-IV)	
Held by Bank	\$102,810,984
Agreed to be sold	<u>2,729,000</u>
	105,539,984
Funded debt (Note F)	<u>38,060,109</u>
	\$144,879,522

## SPECIAL RESERVE (Note D)

181,879

## STAFF RETIREMENT PLAN RESERVE (Note E)

1,820,756

## CAPITAL (Note C)

Capital stock (See Appendix 1-V)	
Authorized—55,000 "paid-in" shares and 55,000 "callable" shares of \$10,000 par value each	
Subscribed (100,400 shares)	1,004,000,000
Less "callable" shares subscribed (50,200 shares)	<u>502,000,000</u>
"Paid-in" shares subscribed (50,200 shares)	502,000,000
Less subscription instalments not due	<u>12,900,000</u>

## Subscription instalments matured

Capital authorized to be set aside for special operations (Note C)	14,575,000
Capital for ordinary operations	<u>474,525,000</u>

Less capital transferred to Multi-Purpose  
Special Fund (Note C)676,117

488,423,883

11,085,164

## Ordinary Reserve (Note G)

Net Income for the year ended December 31, 1970  
(To be allocated by the Board of Governors)11,300,155

510,809,202

TOTAL

\$657,691,359

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

**For the Years Ended December 31, 1970 and December 31, 1969**

*Expressed in United States Dollars (Note A)*

	<u>1970</u>	<u>1969</u>
<b>INCOME</b>		
From investments	\$19,153,981	\$12,372,250
From loan operations		
Interest	818,514	237,550
Commissions	139,321	40,434
Commitment charge	504,396	233,122
From other sources	88,563	96,457
<b>GROSS INCOME</b>	<u>20,704,775</u>	<u>12,979,813</u>
Deduct commissions appropriated to Special Reserve (Note D)	139,321	40,434
<b>UNAPPROPRIATED GROSS INCOME</b>	<u>20,565,454</u>	<u>12,939,379</u>
<b>EXPENSES</b>		
Administrative expenses		
Board of Governors	68,764	64,892
Board of Directors		
Salaries	476,713	440,517
Benefits	90,263	84,772
Travel	97,377	150,897
Staff services	40,704	48,763
Total Board of Directors	705,057	724,949
Staff		
Salaries	2,768,683	2,351,370
Benefits	717,531	658,262
Travel	858,814	779,356
Representation	41,850	44,849
Consultants	264,556	159,194
Total staff	4,651,434	3,993,031
Other administrative expenses		
Communications	192,849	163,686
Office occupancy	77,947	63,860
Publications and printing	92,438	105,133
Expendable supplies	133,236	129,168
Furniture and equipment	145,845	160,476
Fees and compensation	174,534	154,613
Special Activity—Expo '70	20,492	—
Miscellaneous	93,482	92,790
Total other administrative expenses	930,824	869,726
Total administrative expenses	<u>6,356,079</u>	<u>5,652,598</u>
Services to member countries		
Project preparation and other loan-related technical assistance	478,150	686,243
Advisory missions and other technical assistance	658,013	319,919
Regional Transport Survey (Note H)	87,541	399,604
Asian Agricultural Survey Follow-up Seminars	—	33,470
Southeast Asia's Economy in the Seventies	122,492	5,660
Other regional activities	5,950	16,691
Total services to member countries	1,352,146	1,441,677
Financial expenses		
Interest on funded debt	1,448,135	317,757
Funded debt issuance and other financial expenses	108,930	23,545
Total financial expenses	<u>1,557,074</u>	<u>341,302</u>
<b>GROSS EXPENSES</b>	<u>9,265,299</u>	<u>7,435,477</u>
<b>NET INCOME (Note C)</b>	<u>\$11,300,155</u>	<u>\$ 5,503,902</u>

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

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

**December 31, 1970**

*Expressed in United States Dollars (Note A)*

MEMBERS	UNIT OF CURRENCY	CASH IN BANKS	DEMAND OBLIGATIONS OF MEMBERS
Afghanistan	Afghani	\$ 1,195,000 <sup>1</sup>	
Australia	Australian Dollar	50,641 <sup>3</sup>	17,000,000 <sup>2</sup>
Austria	Austrian Schilling	137,163	—
Belgium	Belgian Franc	10,589	1,236,000
Cambodia	Riel	700,000 <sup>1</sup>	175,000 <sup>1</sup>
Canada	Canadian Dollar	61,739	6,250,000
Ceylon	Ceylon Rupee	842	2,121,730 <sup>1</sup>
China, Republic of	New Taiwan Dollar	6,811	3,823,548 <sup>1</sup>
Denmark	Danish Krone	50	1,250,000
Fiji	Fiji Dollar	—	50,000 <sup>1</sup>
Finland	Finnish Markka	—	1,250,000
France	French Franc	489	1,250,000
Germany, Federal Republic of	Deutsche Mark	181,818	—
Hong Kong	Hong Kong Dollar	54,042 <sup>4</sup>	983,500 <sup>2</sup>
India	Indian Rupee	8,909	23,217,333 <sup>1</sup>
Indonesia	Rupiah	4,076,043 <sup>1</sup>	2,124,119 <sup>1</sup>
Italy	Italian Lira	45,735	—
Japan	Yen	—	50,000,000
Korea, Republic of	Won	12,984	7,443,198 <sup>1</sup>
Laos	Kip	102,154 <sup>1</sup>	—
Malaysia	Malaysian Dollar	34,908	4,970,927 <sup>1</sup>
Nepal	Nepalese Rupee	1,217	519,867 <sup>1</sup>
Netherlands	Netherlands Guilder	80	2,750,000
New Zealand	New Zealand Dollar	22,085 <sup>2</sup>	5,617,600 <sup>2</sup>
Norway	Norwegian Krone	—	—
Pakistan	Pakistan Rupee	5,416	7,980,970 <sup>1</sup>
Philippines	Philippine Peso	82,547	6,250,000 <sup>1</sup>
Singapore	Singapore Dollar	41,940	1,233,687 <sup>1</sup>
Sweden	Swedish Krona	4,296	1,250,000
Switzerland	Swiss Franc	5,585	—
Thailand	Baht	8,354	4,956,010 <sup>1</sup>
United Kingdom	Pound Sterling	134,990	7,500,000
United States	United States Dollar	222,791	50,000,000
Viet-Nam, Republic of	Piastre	2,998,195 <sup>1</sup>	—
Western Samoa	Western Samoan Dollar	7,121 <sup>1</sup>	—
<b>TOTAL</b>		<b>\$9,019,514</b>	<b>\$212,398,469</b>

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

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

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

3. Of this amount, restrictions on use have been imposed in the amount of \$2,178.

4. Of this amount, restrictions on use have been imposed in the amount of \$6,914.

# ASIAN DEVELOPMENT BANK—

## STATEMENT

December

*Expressed in United*

Member, Purpose and Borrower	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
<b>CEYLON</b>					
Industry—Central Bank of Ceylon	2 CEY	July 17'68	1971-1983	6-7/8%	\$ 2,000,000
Agriculture—Ceylon	17 CEY	Nov. 6'69	1974-1984	6-7/8	885,000
Port Development—Ceylon	31 CEY	May 5'70	1975-1984	6-7/8	2,600,000
Industry—Central Bank of Ceylon	39 CEY	Dec. 1'70	1974-1985	7-1/2	3,500,000
<b>CHINA, REPUBLIC OF</b>					
Roads—Republic of China	5 CHI	Nov. 30'68	1971-1978	6-7/8	400,000
Industry—Chinese Petroleum Corporation (Guaranteed by Member)	7 CHI	Dec. 27'68	1972-1980	6-7/8	10,200,000
Industry—Republic of China	11 CHI	Apr. 10'69	1972-1981	6-7/8	10,000,000
Industry—Taiwan Aluminium Corporation (Guaranteed by Member)	20 CHI	Dec. 15'69	1973-1982	6-7/8	2,670,000
Industry—Taiwan Metal Mining Corporation (Guaranteed by Member)	21 CHI	Dec. 15'69	1973-1981	6-7/8	1,150,000
Harbor Development—Republic of China	22 CHI	Dec. 15'69	1972-1982	6-7/8	990,000
Freeway—Republic of China	29 CHI	Apr. 3'70	1973-1989	6-7/8	18,000,000
Industry—Taiwan Power Company (Guaranteed by Member)	44 CHI	Dec. 16'70	1974-1989	7-1/2	12,880,000
<b>KOREA, REPUBLIC OF</b>					
Roads—Republic of Korea	3 KOR	Sept. 16'68	1972-1983	6-7/8	6,800,000
Industry—Korea Cold Storage Company Limited (Guaranteed by Member)	10 KOR	Mar. 22'69	1973-1984	6-7/8	7,000,000
Industry—The Korea Express Company Limited (Guaranteed by Member)	14 KOR	Sept. 17'69	1971-1980	6-7/8	7,500,000
Industry—The Medium Industry Bank (Guaranteed by Member)	23 KOR	Dec. 19'69	1973-1985	6-7/8	10,000,000
Industry—Republic of Korea	38 KOR	Oct. 26'70	1972-1980	7-1/2	500,000
Industry—Korea Electric Company (Guaranteed by Member)	40 KOR	Nov. 23'70	1973-1990	7-1/2	9,500,000
Industry—The Korea Development Bank (Guaranteed by Member)	42 KOR	Nov. 23'70	Not Fixed <sup>2</sup>	Variable <sup>1</sup>	10,000,000
<b>MALAYSIA</b>					
Water Supply—Malaysia	4 MAL	Sept. 23'68	1973-1988	6-7/8	7,200,000
Land Development—Malaysia	8 MAL	Feb. 15'69	1974-1988	6-7/8	2,800,000
Port Development—Malaysia	18 MAL	Nov. 16'69	1975-1996	6-7/8	6,000,000
Electricity Supply—Malaysia	27 MAL	Dec. 19'69	1975-1989	6-7/8	3,100,000
Agriculture—Malaysia	37 MAL	Oct. 14'70	1976-1986	7-1/2	900,000
Water Supply—Malaysia	41 MAL	Dec. 11'70	1976-1995	7-1/2	5,000,000
Port Development—Malaysia	47 MAL	Dec. 11'70	1976-1995	7-1/2	3,600,000
FORWARD					\$144,075,000

## ORDINARY CAPITAL RESOURCES

## OF LOANS

31, 1970

States Dollars (Note A)

Loans not yet Effective	Refundings and Cancellations	Payments Received		Effective Loans		Undisbursed Balances of Effective Loans	
		On Loans Held by Bank	For Loans Sold	Held by Bank	Sold or Agreed to be Sold	Held by Bank	Sold or Agreed to be Sold
\$ —	\$ —	\$ —	\$ —	\$ 2,000,000	\$ —	\$ 61,804	\$ —
—	—	—	—	885,000	—	885,000	—
—	—	—	—	2,600,000	—	2,600,000	—
3,500,000	—	—	—	—	—	—	—
—	400,000	—	—	—	—	—	—
—	—	—	—	8,450,000	1,750,000	8,450,000	1,750,000
—	—	—	—	9,450,000	650,000	9,450,000	650,000
—	—	—	—	2,670,000	—	2,670,000	—
—	—	—	—	1,150,000	—	1,133,000	—
—	—	—	—	990,000	—	990,000	—
—	—	—	256,000	17,600,000	144,000	17,480,745	144,000
12,880,000	—	—	—	—	—	—	—
—	—	—	785,000	6,015,000	—	605,854	—
—	—	—	490,000	6,510,000	—	3,621,907	—
7,500,000	—	—	—	—	—	—	—
—	—	—	—	10,000,000	—	9,865,010	—
9,500,000	—	—	—	—	—	—	—
10,000,000	—	—	—	—	—	—	—
—	—	—	—	6,915,000	285,000	6,428,623	285,000
—	—	—	—	2,800,000	—	2,800,000	—
—	—	—	—	5,000,000	—	4,969,978	—
—	—	—	—	3,100,000	—	3,089,361	—
900,000	—	—	—	—	—	—	—
5,000,000	—	—	—	—	—	—	—
3,500,000	—	—	—	—	—	—	—
953,280,000	\$400,000	\$ —	\$1,531,000	\$86,135,000	\$2,729,000	\$75,097,282	\$2,729,000

# ASIAN DEVELOPMENT BANK—

## STATEMENT

**December**

*Expressed in United*

Member, Purpose and Borrower	Loan No.	Date of Loan Agreement	Maturities	Interest Rate (including commission)	Principal Amount
<b>FORWARD</b>					<b>\$144,075,000</b>
<b>NEPAL</b>					
Agriculture—Nepal	46 NEP	Dec. 29'70	1974-1982	7-1/2%	2,000,000
<b>PAKISTAN</b>					
Industry—Industrial Development Bank of Pakistan (Guaranteed by Member)	6 PAK	Dec. 16'68	1972-1985	6-7/8	10,000,000
Industry—Pakistan Industrial Credit and Investment Corporation Ltd. (Guaranteed by Member)	34 PAK	Oct. 9'70	1974-1988	7-1/2	3,120,000
Industry—Pakistan Industrial Credit and Investment Corporation Ltd. (Guaranteed by Member)	52 PAK	Dec. 24'70	1974-1985	7-1/2	12,000,000
Industry—Industrial Development Bank of Pakistan (Guaranteed by Member)	53 PAK	Dec. 24'70	1974-1985	Variable <sup>1</sup>	15,000,000
Fisheries—Agricultural Development Bank of Pakistan (Guaranteed by Member)	54 PAK	Dec. 24'70	1973-1986	7-1/2	6,730,000
<b>PHILIPPINES</b>					
Industry—Philippine National Bank (Guaranteed by Member)	9 PHI	Mar. 5'69	Not Fixed <sup>2</sup>	6-7/8	5,000,000
Industry—Philippine National Bank (Guaranteed by Member)	51 PHI	Dec. 28'70	Not Fixed <sup>2</sup>	Variable <sup>1</sup>	15,000,000
Roads—Philippines	56 PHI	Dec. 28'70	1976-1995	7-1/2	10,600,000
<b>SINGAPORE</b>					
Industry—The Development Bank of Singapore Limited (Guaranteed by Member)	13 SIN	July 16'69	Not Fixed <sup>2</sup>	6-7/8	10,000,000
Port Development—Jurong Town Corporation (Guaranteed by Member)	35 SIN	Sept. 5'70	1975-1985	7-1/2	8,310,000
Airport—Singapore	43 SIN	Dec. 14'70	1976-1990	7-1/2	20,500,000
Water Supply—Public Utilities Board, Singapore (Guaranteed by Member)	57 SIN	Dec. 28'70	1975-1990	7-1/2	8,300,000
<b>THAILAND</b>					
Industry—Industrial Finance Corporation of Thailand (Guaranteed by Member)	1 THA	Jan. 25'68	Not Fixed <sup>2</sup>	6-7/8	5,000,000
Industry—Industrial Finance Corporation of Thailand (Guaranteed by Member)	24 THA	Jan. 30'70	Not Fixed <sup>2</sup>	6-7/8	10,000,000
Industry—Electricity Generating Authority of Thailand (Guaranteed by Member)	50 THA	Dec. 21'70	1975-1992	7-1/2	19,000,000
<b>ADJUSTMENTS IN US DOLLAR EQUIVALENTS OF LOANS DISBURSED</b>					
<b>TOTAL</b>					<b>\$304,635,000<sup>5</sup></b>

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

<sup>1</sup> 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.

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

## ORDINARY CAPITAL RESOURCES

## OF LOANS

31, 1970

States Dollars (Note A)

CONTINUED

Loans not yet Effective	Refundings and Cancellations	Payments Received		Effective Loans		Undisbursed Balances of Effective Loans	
		On Loans Held by Bank	For Loans Sold	Held by Bank	Sold or Agreed to be Sold	Held by Bank	Sold or Agreed to be Sold
\$ 53,280,000	\$400,000	\$ —	\$1,531,000	\$ 86,135,000	\$ 2,729,000	\$ 75,097,282	\$ 2,729,000
2,000,000	—	—	—	—	—	—	—
—	—	—	—	—	10,000,000	—	5,399,712
3,120,000	—	—	—	—	—	—	—
12,000,000	—	—	—	—	—	—	—
15,000,000	—	—	—	—	—	—	—
6,730,000	—	—	—	—	—	—	—
—	—	12,000	—	4,988,000	—	3,340,667	—
15,000,000	—	—	—	—	—	—	—
10,600,000	—	—	—	—	—	—	—
—	—	—	—	10,000,000	—	9,158,308	—
8,310,000	—	—	—	—	—	—	—
20,500,000 <sup>1</sup>	—	—	—	—	—	—	—
8,300,000 <sup>4</sup>	—	—	—	—	—	—	—
—	—	208,461	—	4,791,539	—	699,527	—
—	—	—	—	10,000,000	—	9,115,488	—
19,000,000	—	—	—	—	—	—	—
				37,228 <sup>3</sup>			
\$173,840,000	\$400,000	\$220,461	\$1,531,000	\$125,951,767	\$ 2,729,000	\$102,810,984	\$ 2,729,000

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

4 \$550,000 of Loan No. 43-SIN and \$250,000 of Loan No. 67-SIN, both of which are not effective, have been agreed to be sold.

5 A loan of \$25,000,000 to the Republic of Korea (Hankook Caprolactam Corporation) was approved by the Bank on December 22, 1970. Since the loan documents were not signed until after the close of the financial year, this loan is not included in this statement.

**ASIAN DEVELOPMENT BANK—**

**STATEMENT OF SUBSCRIPTIONS TO**

December

*Expressed in United*

MEMBERS	SUBSCRIBED		
	Shares	Per Cent of Total	Par Value
<b>REGIONAL</b>			
Afghanistan	478	0.476	\$ 4,780,000
Australia	8,500	8.466	85,000,000
Cambodia	350	0.349	3,500,000
Ceylon	852	0.849	8,520,000
China, Republic of	1,600	1.594	16,000,000
Fiji	100	0.100	1,000,000
Hong Kong	800	0.797	8,000,000
India	9,300	9.263	93,000,000
Indonesia	2,500	2.490	25,000,000
Japan	20,000	19.920	200,000,000
Korea, Republic of	3,000	2.988	30,000,000
Laos	42	0.042	420,000
Malaysia	2,000	1.992	20,000,000
Nepal	216	0.215	2,160,000
New Zealand	2,256	2.247	22,560,000
Pakistan	3,200	3.187	32,000,000
Philippines	3,500	3.486	35,000,000
Singapore	500	0.498	5,000,000
Thailand	2,000	1.992	20,000,000
Viet-Nam, Republic of	1,200	1.195	12,000,000
Western Samoa	8	0.006	60,000
Total Regional	62,400	62.152	624,000,000
<b>NON-REGIONAL</b>			
Austria	500	0.498	5,000,000
Belgium	500	0.498	5,000,000
Canada	2,500	2.490	25,000,000
Denmark	500	0.498	5,000,000
Finland	500	0.498	5,000,000
France	2,500	2.490	25,000,000
Germany, Federal Republic of	3,400	3.386	34,000,000
Italy	2,000	1.992	20,000,000
Netherlands	1,100	1.096	11,000,000
Norway	500	0.498	5,000,000
Sweden	600	0.498	5,000,000
Switzerland	500	0.498	5,000,000
United Kingdom	3,000	2.988	30,000,000
United States	20,000	19.920	200,000,000
Total Non-Regional	38,000	37.848	380,000,000
<b>GRAND TOTAL</b>	<b>100,400</b>	<b>100.000</b>	<b>\$1,004,000,000</b>

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

## ORDINARY CAPITAL RESOURCES

## CAPITAL STOCK AND VOTING POWER

31, 1970

States Dollars (Note A)

PAR VALUE OF CALLABLE SHARES Subject To Call	PAR VALUE OF PAID-IN SHARES		VOTING POWER	
	Subscription Not Due	Instalments Matured	Number of Votes	Per Cent of Total
\$ 2,390,000	\$ —	\$ 2,390,000	1,195	0.952
42,500,000	—	42,500,000	9,217	7.345
1,750,000	—	1,750,000	1,067	0.850
4,260,000	—	4,260,000	1,569	1.250
8,000,000	—	8,000,000	2,317	1.846
500,000	400,000	100,000	817	0.661
4,000,000	2,000,000	2,000,000	1,517	1.209
46,500,000	—	46,500,000	10,017	7.982
12,500,000	—	12,500,000	3,217	2.563
100,000,000	—	100,000,000	20,717	16.508
15,000,000	—	15,000,000	3,717	2.962
210,000	—	210,000	759	0.605
10,000,000	—	10,000,000	2,717	2.165
1,080,000	—	1,080,000	933	0.743
11,280,000	—	11,280,000	2,973	2.389
16,000,000	—	16,000,000	3,917	3.121
17,500,000	—	17,500,000	4,217	3.360
2,500,000	—	2,500,000	1,217	0.970
10,000,000	—	10,000,000	2,717	2.165
6,000,000	—	6,000,000	1,917	1.528
30,000	—	30,000	723	0.576
<b>312,000,000</b>	<b>2,400,000</b>	<b>309,600,000</b>	<b>77,457</b>	<b>61.720</b>
2,500,000	—	2,500,000	1,217	0.970
2,500,000	—	2,500,000	1,217	0.970
12,500,000	—	12,500,000	3,217	2.563
2,500,000	—	2,500,000	1,217	0.970
2,500,000	—	2,500,000	1,217	0.970
12,500,000	10,000,000	2,500,000	1,217	0.970
17,000,000	—	17,000,000	3,217	2.563
10,000,000	—	10,000,000	4,117	3.281
5,500,000	—	5,500,000	2,717	2.165
2,500,000	—	2,500,000	1,817	1.448
2,500,000	—	2,500,000	1,217	0.970
2,500,000	500,000	2,000,000	1,217	0.970
15,000,000	—	15,000,000	3,717	2.962
100,000,000	—	100,000,000	20,717	16.508
<b>190,000,000</b>	<b>10,500,000</b>	<b>179,500,000</b>	<b>48,038</b>	<b>38.280</b>
<b>\$502,000,000</b>	<b>\$12,900,000</b>	<b>\$489,100,000</b>	<b>125,495</b>	<b>100.000</b>

# ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

## NOTES TO FINANCIAL STATEMENTS

**December 31, 1970**

*Expressed in United States Dollars (Note A)*

**NOTE A:**

Amounts in currencies other than United States Dollars have been translated into United States Dollars at the following rates, which have been determined by the Bank in conformity with the provisions of Article 6, paragraph 4 of the Articles of Agreement of the Bank, and after such consultation with the members concerned as appropriate:

- (1) In the cases of members which have established par values with the International Monetary Fund, at such par values, except as noted in sub-paragraphs 2 (i) and (ii) below;
  - (2) In the cases of:
    - (i) The fifth installment of Canada's capital subscription at market rate, after its currency was allowed to float;
    - (ii) The Bank's holdings of Indonesian Rupiehs at the single exchange rate, after the introduction of a new exchange system;
    - (iii) A part of the Bank's holdings of Philippine Pesos at the free market rate, after the adoption of a new exchange rate system;
  - (3) In the cases of the remaining members, at the rates used by them 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.

**NOTE B:**

In accordance with Article 24, paragraph 2 (i), the use by the Bank or by any recipient from the Bank may be restricted by the member to 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 17 members aggregating \$73,944,882.

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, demand obligations and investments in the currencies of 3 members aggregating \$27,631,244.

**NOTE C:**

The original authorized capital of the Bank was \$1,000,000,000 in terms of United States Dollars of the weight and fineness in effect on January 31, 1966. In November 1966, the Board of Governors approved an increase of \$100,000,000 in authorized capital, such increase to be available for the admission of new members. As of December 31, 1970, the subscribed capital was \$1,004,000,000.

The subscribed "paid-in" capital stock, except the subscription of Hong Kong which is payable in four equal installments, is payable in five equal installments, each of which is payable 60% in gold or convertible currencies and 60% in the currency of the respective member. In lieu of the portion of any instalment paid or payable in the currency of a member, provided such currency is not required by the Bank for the conduct of its operations, the Bank shall accept non-negotiable, non-interest-bearing demand obligations in accordance with Article 6, paragraph 3.

All matured instalments amounting to \$489,100,000 have been paid as of December 31, 1970 and the balance of instalments amounting to \$12,800,000 is payable as follows:

- (1) \$500,000 on December 29, 1971 (representing the subscription of Switzerland which paid the first instalment on December 29, 1967);
- (2) \$2,000,000 in two equal instalments on March 27, in each of the years 1971 and 1972 (representing the subscription of Hong Kong which paid the first instalment on March 27, 1969);
- (3) \$400,000 in four equal instalments on March 25, in each of the years 1971 to 1974 (representing the subscription of Fiji which paid the first instalment on March 25, 1970);
- (4) \$10,000,000 in four equal instalments on July 27, in each of the years 1971 to 1974 (representing the subscription of France which paid the first instalment on July 27, 1970).

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

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

Pursuant to the provisions of Article 19, paragraph 1 (i), the Board of Governors authorized the setting aside of \$14,575,000, representing 10% of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2 (a) as of April 10, 1969, to be used as part of the Consolidated Special Funds of the Bank. The resources so set aside shall be allocated to the Multi-Purpose Special Fund and shall be transferred to such Fund as and when required to finance special operations of the Bank. As of December 31, 1970 \$676,117 had been transferred to the Multi-Purpose Special Fund.

**NOTE D:**

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

**NOTE E:**

The Board of Directors approved the Staff Retirement Plan (the Plan) in December 1968, to be retroactive from November 24, 1966. Every employee, as defined under the Plan, shall as a condition of service become a participant as of the first day of his service, provided that as of such date he shall not have reached his normal retirement date. The Plan applies also to the members of the Board of Directors who elect to join the Plan. Each participant contributes to the Plan 7% of his remuneration and the Bank contributes the remainder of the cost and expenses of the Plan.

During the year ended December 31, 1970 the Bank contributed \$441,215 to the Plan to cover its estimated cost and expenses at the rate of 14% of participants' remuneration.

**NOTE F:**

Funded debt consists of:

- (1) 7% Deutsche Mark Bonds of 1969 of the face value of 60,000,000 Deutsche Mark (\$16,393,443) which shall be redeemed through purchase for the Redemption Fund or at par through drawings by lot, in ten equal annual instalments of 6,000,000 Deutsche Mark each, commencing September 1, 1975 and ending September 1, 1984;
- (2) 7% Austrian Schilling Bonds of 1970 of the face value of 130,000,000 Austrian Schillings (\$5,000,000) which shall be redeemed in an instalment of 10,000,000 Austrian Schillings on April 1, 1972 and in ten annual instalments of 12,000,000 Austrian Schillings each, on April 1, in each of the years 1973 to 1982. Redemption shall be made by drawings, except that the Bank can fulfill each year 50% of the annual redemption requirements by purchase in the market or otherwise; and
- (3) 7.4% Japanese Yen Bonds of 1970 of the face value of 6,000,000,000 Yen (\$16,666,888) which shall be redeemed at face value in four equal annual instalments of 360,000,000 Yen each, on December 1, in each of the years 1973 to 1976, and a final instalment of 4,560,000,000 Yen on December 1, 1977.

**NOTE G:**

Under the provision of Article 40, the net income of the Bank for the year ended December 31, 1969, namely \$5,503,902, was allocated to the Ordinary Reserve in terms of the resolution adopted by the Board of Governors at the Third Annual Meeting. Similar allocations had previously been made in respect of the net income for preceding periods.

**NOTE H:**

This amount is exclusive of \$784,685 charged by the Bank as Executing Agency, against the commitment of \$1,142,530 of the United Nations Development Programme.

**NOTE I:**

The outstanding commitments, as of December 31, 1970, for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$4,140,000; to the extent available, contributions to the Consolidated Special Funds of the Bank may be used to meet expenditures arising out of the commitments. The amount shown above is exclusive of technical assistance services made available on a reimbursable basis; however, when technical assistance rendered as a part of the commitment shown above leads to loans for specific projects, the Bank has, in several cases, the option of charging to such loans a part or all of the cost of such projects.

**HASKINS & SELLS**

Certified Public Accountants

Two Broadway  
New York 10004

**OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

We have examined the following financial statements of Asian Development Bank—Ordinary Capital Resources as of December 31, 1970 and for the year then ended:

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

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

In our opinion, such financial statements present fairly the financial position of Asian Development Bank—Ordinary Capital Resources at December 31, 1970 and the results of its related operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

February 2, 1971

# ASIAN DEVELOPMENT BANK—

## BALANCE

December

*Expressed in United*

Technical Assistance  
Special Fund (Note 3)

<b>ASSETS</b>			
CASH IN BANKS			\$ 28,925
INVESTMENTS			898,882
Government obligations—amortized cost			
NOTES OF CONTRIBUTOR			—
Non-negotiable, non-interest-bearing notes			
EFFECTIVE LOANS (See Appendix 1-C)			—
RESOURCES AVAILABLE			
Contributed Resources (See Appendix 1-D)			\$4,007,017
Amounts made available			2,564,776
Less amounts drawn			1,452,241
Set-aside Resources (See Appendix 1-E) [Note 5 (f)]			
Amounts transferred			
Less amounts drawn			
Accrued Resources (See Appendix 1-F) [Note 5 (g)]			
Amounts credited			
Less amounts drawn			
OTHER ASSETS			250
<b>TOTAL</b>			<b>\$2,380,298</b>
 <b>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</b>			
ACCOUNTS PAYABLE			\$ 534,908
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-C)			
UNEXPENDED BALANCES AND CAPITAL			
Contributed Resources (See Appendix 1-D) <sup>a</sup>			\$4,091,017
Contributions committed			84,000
Less amounts not yet made available			4,007,017
Amounts made available			
Set-aside Resources (See Appendix 1-E) [Note 5 (f)]			
Capital authorized to be set aside			
Less amounts not yet transferred			
Amounts transferred			
Accrued Resources (See Appendix 1-F) [Note 5 (g)]			
Amounts credited			
Less excess of expenses over income			649,921
To December 31, 1969			1,511,706
For the year ended December 31, 1970			2,161,627
<b>TOTAL</b>			<b>\$2,380,298</b>

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

<sup>a</sup> One contribution is repayable to the contributor as specified in Note 4 (a).

**SPECIAL FUNDS RESOURCES****SHEET****31, 1970***States Dollars (Note 2)*

Agricultural Special Fund (Note 4)	Multi-Purpose Special Fund (Note 5)	Total (Consolidated Special Funds)
\$ 133,296	\$ —	\$ 162,221
—	—	898,882
19,000,000	50,000,000	69,000,000
14,568,000	8,410,000	22,978,000
<u>\$23,104,972</u>	<u>\$ 83,754,972</u>	<u>\$110,866,961</u>
<u>20,000,000</u>	<u>50,000,000</u>	<u>72,554,776</u>
	<u>676,117</u>	<u>—</u>
	<u>676,117</u>	<u>—</u>
	3,072	3,072
	—	—
7,819	3,072	3,072
	1,041	9,110
<u>\$36,814,087</u>	<u>\$92,169,085</u>	<u>\$131,363,470</u>
 \$ 2,425	 \$ 647	 \$ 537,980
 13,699,055	 7,733,611	 21,432,666
 <u>\$23,104,972</u>	 <u>\$100,254,972</u>	 <u>\$127,450,961</u>
 —	 16,500,000	 16,584,000
 <u>23,104,972</u>	 <u>83,754,972</u>	 <u>110,866,961</u>
 14,575,000	 14,575,000	 14,575,000
 13,898,883	 13,898,883	 13,898,883
 676,117	 676,117	 676,117
 3,072	 3,072	 3,072
{ 115) 7,520)	( 666)	649,806 1,503,520
( 7,635)	23,112,607	( 666) 84,434,827 2,153,326 109,392,824
 <u>\$36,814,087</u>	 <u>\$92,169,085</u>	 <u>\$131,363,470</u>

# ASIAN DEVELOPMENT BANK—

## COMPARATIVE STATEMENT OF

**For the Years Ended December 31,**

*Expressed in United*

	Technical Assistance Special Fund	
	<u>1970</u>	<u>1969</u>
<b>INCOME</b>		
From investments	\$ 30,368	\$ 4,905
From loans		
Interest	—	—
Service fee	—	—
<b>GROSS INCOME</b>	<u>30,368</u>	<u>4,905</u>
Deduct service fee less (beginning in 1970) administrative expenses—allocated to Accrued Resources in the Multi-Purpose Special Fund	—	—
<b>UNALLOCATED GROSS INCOME</b>	<u>30,368</u>	<u>4,905</u>
<b>EXPENSES</b>		
Administrative expenses		
Project appraisal and other field missions	131,505	151,929
Consultants	—	41,651
Other administrative expenses—		
Consultants—headquarters	175	3,821
Library materials	1,114	99
Depository banks charges	—	—
Total	<u>132,794</u>	<u>197,300</u>
Services to member countries		
Project preparation missions and other loan-related technical assistance—		
Consultants	—	27,919
Advisory missions and other technical assistance—		
Consultants	203,616	152,409
Regional activities—		
Consultants	1,205,664	35,669
Total	<u>1,409,280</u>	<u>215,997</u>
<b>GROSS EXPENSES</b>	<u>1,542,074</u>	<u>413,297</u>
<b>EXCESS OF EXPENSES OVER INCOME</b>	<u>\$1,511,706</u>	<u>\$408,392</u>

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

a In 1969 there were no income or expenses for the Multi-Purpose Special Fund.

**SPECIAL FUNDS RESOURCES****INCOME AND EXPENSES<sup>a</sup>****1970 and December 31, 1969***States Dollars (Note 2)*

Agricultural Special Fund	Multi-Purpose Special Fund
<u>1970</u>	<u>1969</u>
\$ —	\$ —
7,520	121
2,507	40
<u>10,027</u>	<u>161</u>
2,385	40
<u>7,642</u>	<u>121</u>
—	—
—	—
<u>122</u>	<u>6</u>
<u>122</u>	<u>6</u>
—	—
—	—
—	—
<u>122</u>	<u>6</u>
( <u>\$ 7,520</u> )	( <u>\$ 115</u> )
	( <u>\$ 666</u> )

**ASIAN DEVELOPMENT BANK—**

**STATEMENT**

**December**

*Expressed in United*

Member, Purpose and Borrower	Loan No.	Date of Loan Agreement	Maturities
AFGHANISTAN Agriculture — Afghanistan	49 AFG (SF)	Dec. 29'70	1978-2000
CAMBODIA Industry — Cambodia	32 CAM (SF)	Jun. 15'70	1974-1985
CEYLON Agriculture — Ceylon	16 CEY (SF)	Nov. 6'69	1976-1994
INDONESIA Agriculture — Indonesia	12 INO (SF)	Jul. 2'69	1976-1993
Agriculture — Indonesia	15 INO (SF)	Oct. 24'69	1976-1994
Agriculture — Indonesia	33 INO (SF)	Jun. 5'70	1978-2000
Agriculture — Indonesia	58 INO (SF)	Dec. 28'70	1978-1995
LAOS Agriculture — Laos	28 LAO (SF)	Mar. 23'70	1980-2009
MALAYSIA Agriculture — Malaysia	36 MAL (SF)	Oct. 14'70	1977-1995
NEPAL Air Transport Development — Nepal	26 NEP (SF)	Jan. 20'70	1977-1999
Agriculture — Nepal	45 NEP (SF)	Dec. 29'70	1974-1982
Agriculture — Nepal	59 NEP (SF)	Dec. 29'70	1975-1986
PHILIPPINES Agriculture — Philippines	19 PHI (SF)	Nov. 21'69	1975-1994
SINGAPORE Education — Singapore	60 SIN (SF)	Dec. 28'70	1981-1995
VIET-NAM, REPUBLIC OF Agriculture — Viet-Nam, Republic of	48 VIE (SF)	Dec. 16'70	1976-1995
WESTERN SAMOA Airport and Roads — Western Samoa	25 SAM (SF)	Dec. 17'69	1980-1999
<b>TOTAL</b>			

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

**SPECIAL FUNDS RESOURCES****OF LOANS****31, 1970***States Dollars (Note 2)*

Interest Rate (including service fee)	Principal Amount	Loans Not Yet Effective	Effective Loans	Undisbursed Balance of Effective Loans
1½%	\$ 5,150,000	\$ 5,150,000	\$ —	\$ —
3	1,670,000	1,670,000	—	—
3	7,705,000	—	7,705,000	7,705,000
3	990,000	—	990,000	190,270
3	2,400,000	—	2,400,000	2,400,000
2½	10,000,000	10,000,000	—	—
2½	2,700,000	2,700,000	—	—
1½	973,000	—	973,000	973,000
3	3,300,000	3,300,000	—	—
2	6,010,000	—	6,010,000	5,901,000
3	2,000,000	2,000,000	—	—
3	2,400,000	2,400,000	—	—
3	2,500,000	—	2,500,000	2,430,785
3	3,000,000	3,000,000	—	—
2½	2,500,000	2,500,000	—	—
1½	2,400,000	—	2,400,000	1,832,611
	\$55,698,000	\$32,720,000	\$22,978,000	\$21,432,666

**ASIAN DEVELOPMENT BANK—****STATEMENT OF****December***Expressed in United*

	Contributions Committed
TECHNICAL ASSISTANCE SPECIAL FUND (Note 3)	
Australia	\$ 250,000
Canada	200,000
Denmark	300,000
Finland	108,173
Germany, Federal Republic of	86,137
India	26,667
Japan	1,313,982
Netherlands	27,624
New Zealand	168,000
Pakistan	42,000
Switzerland	200,000
United Kingdom	118,434
United States	<u>1,250,000</u>
TOTAL	<u>4,091,017</u>
AGRICULTURAL SPECIAL FUND (Note 4)	
Denmark	2,000,000
Japan	20,000,000
Netherlands	<u>1,104,972</u>
TOTAL	<u>23,104,972</u>
MULTI-PURPOSE SPECIAL FUND (Note 5)	
Australia	9,750,000
Canada	25,000,000
Japan	50,000,000
Netherlands	1,104,972
United Kingdom	<u>14,400,000</u>
TOTAL	<u>100,254,972</u>
GRAND TOTAL	<u>\$127,450,961</u>

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

**SPECIAL FUNDS RESOURCES****CONTRIBUTED RESOURCES****31, 1970***States Dollars (Note 2)*

Amounts Not Yet Made Available	Amounts Made Available	Amounts Drawn	Resources Available for Drawing
\$ —	\$ 250,000	\$ —	\$ 250,000
—	200,000	100,000	100,000
—	300,000	149,364	150,636
—	108,173	8,173	100,000
—	86,137	86,137	—
—	26,667	4,500	22,167
—	1,313,982	1,313,982	—
—	27,624	—	27,624
84,000	84,000	—	84,000
—	42,000	—	42,000
—	200,000	—	200,000
—	118,434	69,534	48,900
—	1,250,000	823,086	426,914
<u>84,000</u>	<u>4,007,017</u>	<u>2,554,776</u>	<u>1,452,241</u>
—	2,000,000	—	2,000,000
—	20,000,000	20,000,000	—
—	1,104,972	—	<u>1,104,972</u>
—	<u>23,104,972</u>	<u>20,000,000</u>	<u>3,104,972</u>
6,500,000	3,250,000	—	3,250,000
10,000,000	15,000,000	—	15,000,000
—	50,000,000	50,000,000	—
—	1,104,972	—	1,104,972
—	<u>14,400,000</u>	—	<u>14,400,000</u>
<u>16,500,000</u>	<u>83,754,972</u>	<u>50,000,000</u>	<u>33,754,972</u>
<b>\$16,584,000</b>	<b>\$110,886,961</b>	<b>\$72,554,776</b>	<b>\$38,312,185</b>

**ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES****STATEMENT OF SET-ASIDE RESOURCES****December 31, 1970***Expressed in United States Dollars (Note 2)*

	Capital Authorized to be Set-Aside	Amounts Not Yet Transferred	Amounts Transferred	Amounts Drawn	Resources Available for Drawing from Amounts Transferred
CAPITAL (Note 5 (f))	\$14,575,000	\$13,898,883	\$676,117	\$676,117	\$ —

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

## ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

### STATEMENT OF ACCRUED RESOURCES

**December 31, 1970**

*Expressed in United States Dollars (Note 2)*

	Amounts Credited					Resources Available for Drawing
	From Contributed Resources	From Set-Aside Resources	Total	Amounts Drawn		
<b>SERVICE FEE</b>						
To December 31, 1969	\$ 40	\$ —	\$ 40	\$ —	\$ 40	
For the year ended December 31, 1970	2,385	647	3,032	—	—	3,032
<b>TOTAL</b>	<b>\$2,425</b>	<b>\$647</b>	<b>\$3,072</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$3,072</b>

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

**ASIAN DEVELOPMENT BANK—**

**TECHNICAL ASSISTANCE  
BALANCE**

**December**

*Expressed in United*

	Australia	Canada	Denmark	Finland
<b>ASSETS</b>				
CASH IN BANKS	\$ —	\$ —	\$ 24,321	\$ —
INVESTMENTS	—	—	—	—
Government obligations—amortized cost	—	—	—	—
RESOURCES AVAILABLE				
Contributed Resources (See Appendix 1-D)	250,000	100,000	150,636	100,000
OTHER ASSETS	—	—	—	—
<b>TOTAL</b>	<b>\$250,000</b>	<b>\$100,000</b>	<b>\$174,957</b>	<b>\$100,000</b>
<b>LIABILITIES AND UNEXPENDED BALANCES</b>				
ACCOUNTS PAYABLE	\$ —	\$ —	\$ 16,542	\$ 4,940
UNEXPENDED BALANCES				
Contributed Resources (See Appendix 1-D)				
Amounts made available	250,000	200,000	300,000	108,173
Less excess of expenses over income				
To December 31, 1969	—	95,739	21,200	8,178
For the year ended December 31, 1970	—	4,261	119,385	4,935
	—	100,000	140,585	13,113
<b>TOTAL</b>	<b>\$250,000</b>	<b>\$100,000</b>	<b>\$174,957</b>	<b>\$100,000</b>

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

**SPECIAL FUNDS RESOURCES****SPECIAL FUND (Note 3)****SHEET****31, 1970***States Dollars (Note 2)*

Federal Republic of Germany	India	Japan	Netherlands	New Zealand	Pakistan	Switzerland	United Kingdom	United States	Total
\$ 1,378	\$ 697	\$ 2,529	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 28,925
—	—	898,882	—	—	—	—	—	—	898,882
—	22,167	—	27,624	84,000	42,000	200,000	48,900	426,914	1,452,241
—	—	—	—	—	250	—	—	—	250
\$ 1,378	\$ 22,864	\$ 901,411	\$ 27,624	\$ 84,000	\$ 42,250	\$ 200,000	\$ 48,900	\$ 426,914	\$ 2,380,298
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 16,975</u>	<u>\$ —</u>	<u>\$ 18,089</u>	<u>\$ 3,548</u>	<u>\$ —</u>	<u>\$ 48,900</u>	<u>\$ 426,914</u>	<u>\$ 534,908</u>
<u>86,137</u>	<u>26,667</u>	<u>1,313,982</u>	<u>27,624</u>	<u>84,000</u>	<u>42,000</u>	<u>200,000</u>	<u>118,434</u>	<u>1,250,000</u>	<u>4,007,017</u>
23,258	—	206,869	—	—	—	—	56,873	237,804	649,921
61,501	3,803	222,677	—	18,089	3,298	—	61,561	1,012,196	1,511,706
84,759	3,803	429,546	—	18,089	3,298	—	118,434	1,250,000	2,161,627
\$ 1,378	\$ 22,864	\$ 901,411	\$ 27,624	\$ 84,000	\$ 42,250	\$ 200,000	\$ 48,900	\$ 426,914	\$ 2,380,298

**ASIAN DEVELOPMENT BANK—****AGRICULTURAL  
BALANCE****December***Expressed in United*

Denmark

**ASSETS**

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

**LIABILITIES AND UNEXPENDED BALANCES**

ACCOUNTS PAYABLE	\$ —
UNDISBURSED BALANCE OF EFFECTIVE LOANS	—
(See Appendix 1-C)	—
UNEXPENDED BALANCES	
Contributed Resources (See Appendix 1-D) <sup>b</sup>	2,000,000
Amounts made available	
Add excess of income over expenses	
To December 31, 1969	—
For the year ended December 31, 1970	—
TOTAL	\$2,000,000

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

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

The loans may also be financed from the Multi-Purpose Special Fund.

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

**SPECIAL FUNDS RESOURCES****SPECIAL FUND (Note 4)****SHEET**

31, 1970

States Dollars (Note 2)

Japan	Netherlands	Unallocated <sup>a</sup>	Total
\$ 133,296	\$ —	\$ —	\$ 133,296
19,000,000	—	—	19,000,000
1,168,696	—	13,399,304	14,568,000
—	1,104,972	—	3,104,972
7,819	—	—	7,819
<u>\$20,309,811</u>	<u>\$1,104,972</u>	<u>\$13,399,304</u>	<u>\$36,814,087</u>
<u>\$ 2,425</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,425</u>
<u>299,751</u>	<u>—</u>	<u>13,399,304</u>	<u>13,699,055</u>
<u>20,000,000</u>	<u>1,104,972</u>	<u>—</u>	<u>23,104,972</u>
<u>115</u>	<u>—</u>	<u>—</u>	<u>115</u>
<u>7,520</u>	<u>—</u>	<u>—</u>	<u>7,520</u>
<u>7,635</u>	<u>—</u>	<u>—</u>	<u>7,635</u>
<u>\$20,309,811</u>	<u>\$1,104,972</u>	<u>\$13,399,304</u>	<u>\$36,814,087</u>

**ASIAN DEVELOPMENT BANK—**

**MULTI-PURPOSE**

**BALANCE**

**December**

*Expressed in United*

			Contributed	
		Australia	Canada	Japan
<b>ASSETS</b>				
NOTES OF CONTRIBUTOR				
Non-negotiable, non interest bearing notes		\$ —	\$ —	\$50,000,000
EFFECTIVE LOANS (See Appendix 1-C)		—	—	—
RESOURCES AVAILABLE				
Contributed Resources (See Appendix 1-D)		3,250,000	15,000,000	—
Set-aside Resources (See Appendix 1-E) [Note 5 (f)]		—	—	—
Accrued Resources (See Appendix 1-F) [Note 5 (g)]		—	—	—
Amounts credited		—	—	—
Less amounts drawn		—	—	—
OTHER ASSETS		—	—	—
<b>TOTAL</b>		\$ 3,250,000	\$15,000,000	\$50,000,000
<b>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</b>				
ACCOUNTS PAYABLE		\$ —	\$ —	\$ —
UNDISBURSED BALANCE OF EFFECTIVE LOANS		—	—	—
(See Appendix 1-C)		—	—	—
UNEXPENDED BALANCES AND CAPITAL				
Contributed Resources (See Appendix 1-D)		3,250,000	15,000,000	50,000,000
Amounts made available		—	—	—
Set-aside Resources (See Appendix 1-E) [Note 5 (f)]		—	—	—
Capital authorized to be set aside		—	—	—
Less amounts not yet transferred		—	—	—
Amounts transferred		—	—	—
Accrued Resources (See Appendix 1-F) [Note 5 (g)]		—	—	—
Amounts credited		—	—	—
To December 31, 1969		—	—	—
For the year ended December 31, 1970		—	—	—
Add excess of income over expenses		—	—	—
For the year ended December 31, 1970		—	—	—
<b>TOTAL</b>		\$ 3,250,000	\$15,000,000	\$50,000,000

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

a See a in Appendix 1-H.

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

**SPECIAL FUNDS RESOURCES****SPECIAL FUND (Note 5)****SHEET****31, 1970***States Dollars (Note 2)*

Resources	Netherlands	United Kingdom	Set-Aside Resources	Accrued Resources	Unallocated b	Total
\$ —	\$ —					\$50,000,000
—	—		\$ 676,389		\$7,733,611	8,410,000
1,104,972	14,400,000		—			33,754,972
				\$ 3,072	\$ 3,072	
				—	—	3,072
			1,041	—	—	1,041
\$ 1,104,972	\$14,400,000		\$ 677,430	\$ 3,072	\$7,733,611	\$92,169,085
\$ —	\$ —		\$ 647			\$ 647
—	—		—		\$7,733,611	7,733,611
1,104,972	14,400,000					883,754,972
			\$14,575,000			14,575,000
			13,898,883			13,898,883
			676,117			676,117
				\$ 40		
				3,032		3,032
				\$ 3,072		3,072
			666			666
\$ 1,104,972	\$14,400,000		\$ 677,430	\$ 3,072	\$7,733,611	\$92,169,085

**ASIAN DEVELOPMENT BANK—****TECHNICAL ASSISTANCE  
STATEMENT OF INCOME****For the year ended***Expressed in United*

	Australia	Canada	Denmark	Finland
<b>INCOME</b>				
From investments	\$ —	\$ —	\$ —	\$ —
<b>EXPENSES</b>				
Administrative expenses				
Project appraisal and other field missions —				
Consultants	—	—	19,895	4,935
Other administrative expenses —				
Library materials	—	—	—	—
Depository banks charges	—	14	24	—
Total	—	14	19,919	4,935
Services to member countries				
Advisory missions and other technical assistance —				
Consultants	—	2,371	11,993	—
Regional activities —				
Consultants	—	1,876	87,473	—
Total	—	4,247	99,466	—
<b>GROSS EXPENSES</b>	—	4,261	119,385	4,935
<b>EXCESS OF EXPENSES OVER INCOME</b>	\$ —	\$ 4,261	\$ 119,385	\$ 4,935

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

**SPECIAL FUNDS RESOURCES****SPECIAL FUND  
AND EXPENSES****December 31, 1970***States Dollars (Note 2)*

Federal Republic of Germany	India	Japan	Netherlands	New Zealand	Pakistan	Switzerland	United Kingdom	United States	Total
\$ —	\$ —	\$ 30,368	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 30,368
—	—	58,837	—	18,089	—	—	28,754	995	131,505
175	—	—	—	—	—	—	—	—	175
<u>175</u>	<u>—</u>	<u>77</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>995</u>	<u>1,114</u>
<u>175</u>	<u>—</u>	<u>58,914</u>	<u>—</u>	<u>18,089</u>	<u>—</u>	<u>—</u>	<u>28,754</u>	<u>1,994</u>	<u>132,794</u>
61,326	3,803	81,827	—	—	3,298	—	32,807	6,191	203,616
<u>61,326</u>	<u>3,803</u>	<u>112,304</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,004,011</u>	<u>1,205,664</u>
<u>61,326</u>	<u>3,803</u>	<u>194,131</u>	<u>—</u>	<u>—</u>	<u>3,298</u>	<u>—</u>	<u>32,807</u>	<u>1,010,202</u>	<u>1,409,280</u>
61,501	3,803	253,046	—	18,089	3,298	—	61,561	1,012,196	1,542,074
<u>61,501</u>	<u>\$ 3,803</u>	<u>\$222,677</u>	<u>\$ —</u>	<u>\$18,089</u>	<u>\$ 3,298</u>	<u>\$ —</u>	<u>\$61,561</u>	<u>\$1,012,196</u>	<u>\$1,511,706</u>

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

**For the Year Ended December 31, 1970**

*Expressed in United States Dollars (Note 2)*

		Contributors	Amounts
<b>ADMINISTRATIVE EXPENSES</b>			
Project appraisal and other field missions			
Consultants			
Afghanistan	Small Scale Irrigation	Japan	\$ 136
Ceylon	Fisheries Port	United States	495
	Modernization of Tea Factories (second)	United Kingdom	6,249
	Walawa Development	Japan	3,429
			<u>10,173</u>
China, Republic of	Deep-sea Fisheries Development	Japan	1,306
	Power Transmission and Distribution	Denmark	6,898
			<u>8,204</u>
Indonesia	Batang Agam Hydro-Plant	United Kingdom	5,475
	Gambarsari Pesanggrahan Irrigation	Japan	37,575
	Sempor Irrigation	Japan	3,552
	Java Teak	Finland	4,935
	Pontianak Power Development	United Kingdom	9,023
			<u>60,560</u>
Korea, Republic of	Korea Cold Storage Plant	New Zealand	4,619
	Andong Dam	Japan	1,913
	Multi-Purpose Development	Denmark	12,997
	E-Caproletam Plant		<u>19,529</u>
Malaysia	Malacca Water Supply	New Zealand	5,859
Nepal	Karikai Irrigation	Japan	135
Pakistan	Agricultural and Water Development	Japan	3,373
Singapore	Wharves Expansion	United States	500
	Water Supply	Japan	\$2,587
		New Zealand	2,669
			<u>5,256</u>
			<u>5,756</u>
Thailand	Power Transmission and Substation Expansion	Japan	2,039
		United Kingdom	8,007
			<u>10,046</u>
Viet-Nam, Republic of	Fisheries Development	Japan	2,792
Western Samoa	Beef Cattle Development	New Zealand	4,942
	Total		<u>131,505</u>
Other administrative expenses			
Library materials		Germany, Federal Republic of	176
Depository banks charges		Canada	14
		Denmark	24
		Japan	77
		United States	999
	Total		<u>1,114</u>
			<u>1,288</u>
<b>TOTAL ADMINISTRATIVE EXPENSES—(Forward)</b>			<b>\$132,794</b>

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

CONTINUED

		Contributors	Amounts
TOTAL ADMINISTRATIVE EXPENSES—(Forward)			\$ 132,794
<b>SERVICES TO MEMBER COUNTRIES</b>			
Advisory missions and other technical assistance —			
Consultants			
Ceylon	Ceylon Fisheries Corporation	India Pakistan	\$ 3,803 <u>3,298</u> 7,101
Indonesia	Advisors to Ministry of Agriculture	Japan	7,560
Laos	Integrated Development of Vientiane Plain	Germany, Federal Republic of	6,590
	The Ngon Agricultural Development	Japan	<u>48,065</u> 54,655
Nepal	Agricultural Credit	Denmark Germany, Federal Republic of	\$11,993 <u>11,924</u> 23,917
	Air Transport Development	United Kingdom	<u>6,829</u> 30,746
Philippines	Water Management	Japan	26,202
Thailand	Accelerated Rural Development Nong Wai Pioneer Irrigated Agriculture	United States Germany, Federal Republic of	6,191 <u>42,812</u> 49,003
Viet Nam, Republic of	Development Financing Institution	Canada United Kingdom	2,371 <u>25,978</u> 28,349
	Total		<u>203,616</u>
Regional activities —			
Consultants			
Regional Countries	Regional Transport Survey	Canada Denmark Japan United States	1,876 <u>87,473</u> <u>77,569</u> <u>999,001</u> 1,165,919
	Study of Southeast Asia's Economy in the Seventies	Japan United States	34,735 <u>5,010</u> 39,745
	Total		<u>1,205,664</u>
<b>TOTAL SERVICES TO MEMBER COUNTRIES</b>			
GROSS EXPENSES			\$1,542,074

**ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES****NOTES TO FINANCIAL STATEMENTS****December 31, 1970****NOTE 1:**

In 1967 the Board of Directors, pending the adoption of rules and regulations governing the administration and use of Special Funds, established a consolidated account for the administration of resources available under Article 19, paragraph 1 (ii) 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 September 17, 1968 the Board of Directors adopted the Special Funds Rules and Regulations for the administration of the Bank's Special Funds Resources, pursuant to Article 19, paragraph 4. These Rules and Regulations provide for an Agricultural Special Fund, a Technical Assistance Special Fund, a Multi-Purpose Special Fund and such other Special Fund or Funds as the Bank might establish or accept. Contributions made by contributors before the adoption of the Special Funds Rules and Regulations and thereafter have been accepted in terms of Article 19, paragraph 1 (ii) and have been allocated to the relevant Special Fund in accordance with the Special Funds Rules and Regulations.

**NOTE 2:**

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

**NOTE 3:**

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

- (a) The Government of Australia, in December 1970, made a contribution of 223,214 Australian Dollars (US\$250,000) to be used by the Bank to finance the procurement in Australia of the services of Australian experts and consultants for technical assistance activities.
- (b) The Government of Canada, in September 1970, made available to the Bank a grant in Canadian Dollars equivalent to US\$100,000 for procurement of Canadian goods and services, to be utilized by the Bank for technical assistance activities. This contribution was in addition to the grant equivalent to US\$100,000 made in November 1968 for similar purposes.
- (c) The Government of Denmark, in January 1969, made available to the Bank a grant equivalent to 2,250,000 Danish Kroner (US\$300,000) to be used to finance the employment of consultants, specialists, services and specialized equipment needed to make technical assistance available to Bank members. Of the 2,250,000 Danish Kroner only 75% or 1,687,500 Danish Kroner need be applied for the acquisition of such facilities from Denmark.
- (d) The Government of Finland, in December 1970, made a contribution in Finnish currency equivalent to US\$100,000, 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.
- (e) The Federal Republic of Germany offered to finance in 1968 the services of German consultants and specialists to be utilized by the Bank for technical assistance, and to enable the Bank to plan its requests, indicated that consideration may be given to requests entailing disbursements of up to 160,000 Deutsche Mark (US\$43,716) in the calendar year 1968. The parties agreed that the technical assistance arranged in 1968 would be renewed for the calendar years 1969 and 1970 on similar terms and conditions.
- (f) The Government of India, in July 1970, made a contribution, as a grant amounting to 200,000 Rupees (US\$28,667) for financing the procurement of such services of Indian consul-

tants and experts as may be considered necessary by the Bank in providing technical assistance, in conducting feasibility or pre-investment studies, in processing loan applications, in appraising or implementing projects, and in training of any personnel that may be undertaken by the Bank in the course of its operations.

- (g) The Government of Japan, in June 1970, made a contribution, as a grant, of a sum of 360,000,000 Yen (US\$1,000,000) in cash, to be used by the Bank for procurement of services of Japanese consultants and specialists for technical assistance operations, for training of Bank staff and suitably qualified personnel of developing member countries and for provision of library materials. The above contribution was in addition to the contributions of 72,000,000 Yen (US\$200,000) made in June 1969 and 38,000,000 Yen (US\$100,000) made in March 1968 for similar purposes and a contribution of up to 11,260,000 Yen (US\$31,278) offered in July 1968 to provide for Japanese expert services to be used by the Bank for technical assistance operations.
- (h) The Government of Netherlands, in December 1970, made available to the Bank a grant equivalent to 100,000 Guilders (US\$27,624) which can be used to finance new contracts that may be placed with Dutch consultants before the end of the year. It can also be utilized to meet disbursements to be made, or reimbursements to the Bank of disbursements already made by it, on contracts, wherein the contracts were operative on, or subsequent to, September 30, 1970.
- (i) The Government of New Zealand, in November 1969, made available to the Bank a grant of 150,000 New Zealand Dollars (US\$168,000) to finance the procurement of the services of New Zealand consultants and specialists for the widest possible range of feasibility and pre-investment studies. The grant is available to the Bank in amounts of up to 75,000 New Zealand Dollars in each of the two financial years (ending March) 1970/1971 and 1971/1972 or at any time thereafter.
- (j) The Government of Pakistan, in October 1970, made a contribution, as a grant amounting to 200,000 Rupees (US\$42,000) for financing the procurement of such services of Pakistani consultants and experts as may be required by the Bank in providing technical assistance, conducting feasibility or pre-investment studies, processing loan applications, appraising or implementing projects and training of personnel that may be undertaken by the Bank in the course of its operations.
- (k) The Government of Switzerland, in October 1970, made a contribution, as a grant amounting to 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 so 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.
- (l) The United Kingdom has declared its willingness to consider requests for the financing of British technical services and assistance to be utilized by the Bank, and to enable the Bank to plan its requests, has indicated an amount of US\$260,000 up to which such requests would be met during the British financial year ended March 31, 1969. The parties have agreed to extend the availability of the technical services and assistance up to March 31, 1971.
- (m) The United States agreed on May 14, 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 has been made by means of a Letter of Commitment issued to a United States commercial bank against which the Bank may draw funds to meet expenditures for the Survey. 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.

CONTINUED

As to those countries which have agreed to consider specific requests for financing (see paragraphs e and f of this Note), the amounts shown in the financial statements as contributed resources are based on the specific requests approved through December 31, 1970.

#### NOTE 4:

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

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

#### NOTE 5:

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 (US\$9,750,000) to be available in three equal annual instalments, the first to be payable in the year which commenced on July 1, 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 income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.
- (b) The Government of Canada, in December 1968, agreed to contribute Canadian Dollars equivalent to US\$25,000,000 to be available by equal instalments in each of the five Canadian fiscal years beginning April 1, 1968. This contribution is interest-free and is to be used for procurement of equipment, services, and supplies with a Canadian content as defined from time to time by the Contributor. In the case of the subsequent use of repayments and accruals received by the

Bank and derived from this contribution, the provisions respecting procurement from Canadian sources shall not apply. As of December 31, 1970, the equivalent of US\$16,000,000 was available to the Bank.

- (c) The Government of Japan, in October 1970, made a contribution of 10,800,000,000 Yen (US\$30,000,000) for financing special operations of the Bank in important sectors, giving due regard to agriculture. The contribution is in the form of non-negotiable, non-interest-bearing notes deposited with the official depository of the Bank in Japan and payable to the Bank at par value. The contribution may be used for procurement of goods and services in the territories of developed member countries contributing to the Consolidated Special Funds (other than the Technical Assistance Special Fund) or of developing member countries. It is, however, not available for providing non-reimbursable technical assistance. The repayments and income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories. The above contribution was in addition to the contribution of 7,200,000,000 Yen (US\$20,000,000) made in November 1969 for similar purposes with the same procurement terms.
- (d) The Government of Netherlands, in July 1970, made a contribution of 4,000,000 Guilders (US\$1,104,972) to be paid to the Bank in such amounts as requested by it from time to time, for the procurement in the Bank's special operations, other than for providing non-reimbursable technical assistance, of goods and services (a) from the Netherlands, (b) from the territories of developing member countries, and (c) from developed countries which have made contributions to any Special Fund (other than the Technical Assistance Special Fund) with procurement conditions not less liberal than those governing this contribution. The repayments and income of the contribution may be used for procurement in the territories of members of the Bank of goods and services produced in such territories.
- (e) The United Kingdom, in May 1970, made a contribution of 6,000,000 Pounds Sterling (US\$14,400,000) 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 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) Pursuant to the provisions of Article 19, paragraph 1(i), the Board of Governors authorized the setting aside of US\$14,575,000, representing 10% of the unimpeded "paid-in" capital paid by members pursuant to Article 6, paragraph 2 (a) as of April 10, 1969, to be used as part of the Consolidated Special Funds of the Bank. The resources so set aside shall be allocated to the Multi-Purpose Special Fund and shall be transferred to such Fund as and when required to finance special operations of the Bank. As of December 31, 1970 US\$876,117 had been transferred to the Multi-Purpose Special Fund.
- (g) The term "accrued resources" refers to the resources derived from the service fee charged by the Bank in its special operations for the purpose of Section 7.01 of the Special Funds Rules and Regulations and to other income of the Bank derived from Special Funds resources credited, held and administered by the Bank in the Multi-Purpose Special Fund pursuant to Section 5.03 of the Rules and Regulations.

## **HASKINS & SELLS**

Certified Public Accountants

Two Broadway  
New York 10004

### **OPINION OF INDEPENDENT AUDITORS**

Asian Development Bank:

We have examined the following financial statements of Asian Development Bank—Special Funds Resources as of December 31, 1970 and for the year then ended:

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

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

In our opinion, such financial statements present fairly the financial position of Asian Development Bank—Special Funds Resources at December 31, 1970 and the results of its related operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HASKINS & SELLS

February 2, 1971

**SUMMARY OF BUDGET 1971**  
**INTERNAL ADMINISTRATIVE EXPENSES**

	1970		1971
	Budget	Actual	Budget
I. BOARD OF GOVERNORS	\$ 72,000	\$ 68,764	\$ 62,600
II. BOARD OF DIRECTORS	845,700	705,057	954,300
Salaries	500,000	476,713	562,500
Benefits	96,700	90,263	135,600
Travel	200,000	97,377	200,000
Staff Services	49,000	40,704	56,200
III. STAFF	5,250,300	4,782,939	6,138,700
Salaries	3,060,400	2,768,683	3,501,400
Benefits	786,300 <sup>1</sup>	717,531	928,300
Travel	908,600 <sup>1</sup>	858,814	1,236,000
Consultants	445,000	396,061 <sup>2</sup>	423,000
Representation	50,000	41,850	50,000
IV. OTHER ADMINISTRATIVE EXPENSES	1,115,400	932,113	1,321,700
Communications	247,400	192,849	257,500
Office Occupancy	120,400	77,948	163,000
Publications and Printing	121,700	92,613 <sup>3</sup>	114,000
Expendable Supplies	156,500 <sup>1</sup>	133,236	130,000
Furniture and Equipment	150,100 <sup>1</sup>	145,845	332,500
Fees and Compensation	188,000 <sup>1</sup>	174,534	212,000
Miscellaneous	101,500 <sup>1</sup>	94,596 <sup>4</sup>	112,700
Special Activity — Expo '70	29,800	20,492	—
V. CONTINGENCY	80,000	—	85,000
TOTAL	\$7,363,400	\$6,488,873	\$8,562,300

1 Transfers of amounts among these items were made during the course of 1970.

2 Includes the amount of \$131,504 from Technical Assistance Special Fund.

3 Includes the amount of \$174 from Technical Assistance Special Fund.

4 Includes the amount of \$1,115 from Technical Assistance Special Fund.

**SUMMARY OF BUDGET 1971**  
**SERVICES TO MEMBER COUNTRIES**

CONTINUED

	1970		1971		
	Commitments Approved	Disbursements Budget	Actual	New Commitments	Disbursements
Project Preparation and Other Loan-Related Technical Assistance Missions.	\$1,151,000	\$ 540,000 <sup>1</sup>	\$ 478,150	\$2,200,000	\$1,973,700
Advisory Missions	1,764,000	880,000 <sup>1</sup>	861,829 <sup>5</sup>	1,800,000	1,639,200
Regional Services	2,190,000	1,875,700 <sup>1</sup>	1,421,648	200,000	1,037,900
a. Regional Transport Survey	2,163,000 <sup>2</sup>	1,687,700	1,253,461 <sup>6</sup>		827,000
b. Others	27,000 <sup>3</sup>	188,000 <sup>4</sup>	168,187 <sup>4</sup>	200,000	210,900
<b>TOTAL</b>	<b>\$5,095,000</b>	<b>\$3,295,700</b>	<b>\$2,761,427</b>	<b>\$4,200,000</b>	<b>\$4,650,800</b>

1 Transfers of amounts among these items were made during the course of 1970.

2 Represents the commitment for Stage II of the Regional Transport Survey.

3 This amount represents the commitment for the Law Association for Asia and the Western Pacific (LAWASIA) Credit and Security Research Project.

4 Includes disbursements for the Southeast Asia's Economy in the 1970's and the LAWASIA Credit and Security Research Project, and includes the amount of \$39,745 from Technical Assistance Special Fund.

5 Includes the amount of \$203,616 from Technical Assistance Special Fund.

6 Includes the amount of \$1,165,920 from Technical Assistance Special Fund and excludes disbursements which were charged to the United Nations Development Programme contribution.

**RESOLUTIONS OF BOARD OF GOVERNORS DURING 1970<sup>1</sup>**

Resolution Number	Subject
31	Admission of the Republic of France to Membership in the Asian Development Bank
32	Admission of Fiji to Membership in the Asian Development Bank
33	Financial Statements, Auditors' Reports
34	Allocation of Net Income
35	Date and Place of Fourth Annual Meeting
36	Appreciation

<sup>1</sup> The texts of Resolution Nos. 31-36 are available in the Proceedings of the Third Annual Meeting.

## CHANNELS OF COMMUNICATION

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

## OFFICIAL DEPOSITORYIES

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
Belgium	National Bank of Belgium Brussels	Nepal	Nepal Rastra Bank Kathmandu
Cambodia	Banque Nationale du Cambodge Phnom-Penh	Netherlands	De Nederlandsche Bank N.V. Amsterdam
Canada	Bank of Canada Ottawa	New Zealand	Reserve Bank of New Zealand Wellington
Ceylon	Central Bank of Ceylon Colombo	Norway	Norges Bank Oslo
China, Republic of	The Central Bank of China Taipei	Pakistan	State Bank of Pakistan Karachi
Denmark	Danmarks National Bank Copenhagen	Philippines	Central Bank of the Philippines Manila
Fiji	Bank of New South Wales Suva	Singapore	The Accountant General Accountant General's Department 5th Floor, Fullerton Building Singapore
Finland	Suomen Pankki—Finlands Bank Helsinki	Sweden	Sveriges Riksbank (Bank of Sweden) Stockholm
France	Bank of France Paris	Switzerland	Banque Nationale Suisse Zurich
Germany, Federal Republic of	Deutsche Bundesbank Frankfurt a.M.	Thailand	Bank of Thailand Bangkok
Hong Kong	The Hong Kong and Shanghai Banking Corporation Hong Kong	United Kingdom	Bank of England London
India	Reserve Bank of India Bombay	United States	Federal Reserve Bank of New York New York
Indonesia	Bank Indonesia Djakarta	Viet-Nam, Republic of	Banque Nationale du Viet-Nam Saigon
Italy	Banca d'Italia Rome	Western Samoa	Bank of Western Samoa Apia
Japan	Bank of Japan Tokyo		

**BOARD OF GOVERNORS**

(As of 31 December 1970)

**HON SUI SEN<sup>1</sup>** (Singapore) Chairman**LENNART KLACKENBERG<sup>2</sup>** (Sweden) Vice-Chairman**NGUYEN VAN DONG** (Republic of Viet-Nam) Vice-Chairman

<b>COUNTRY</b>	<b>GOVERNOR</b>	<b>ALTERNATE GOVERNOR</b>
AFGHANISTAN	ABDUL HAKIM TABIBI Ambassador to India	ABDUL AZIZ ATTAI President Treasury Department Ministry of Finance
AUSTRALIA	L. H. E. BURY Treasurer	R. J. WHITELAW <sup>3</sup> First Assistant Secretary Commonwealth Treasury
AUSTRIA	HANNES ANDROSCH <sup>4</sup> Federal Minister of Finance	WERNER SAUTTER Ambassador to Thailand
BELGIUM	BARON J-CH. SNOY ET d'OPPUERS Minister of Finance	M. d'HAEZE Director-General Treasury and Public Debt Administration Ministry of Finance
CAMBODIA	HJING KUNTHEL <sup>5</sup> Governor National Bank of Cambodia	MAU SAY <sup>6</sup> Director-General Ministry of Finance
CANADA	EDGAR JOHN BENSON Minister of Finance	M. F. STRONG President Canadian International Development Agency
CEYLON	N.M. PERERA Minister of Finance	H. E. TENNEKOON Ambassador to Japan
CHINA, Republic of	YU KUO-HWA Governor Central Bank of China	WANG SHAO-YU Administrative Vice Minister of Finance
DENMARK	JENS CHRISTENSEN Under-Secretary of State for Economic Affairs Ministry of Foreign Affairs	HANS JESPERSEN <sup>8</sup> Head of Department Ministry of Foreign Affairs
FIJI	WESLEY M. BARRETT Minister of Finance	RODNEY V. COLE <sup>10</sup> Secretary for Finance
FINLAND	PENTTI UUSIVIRTA Head Commercial Department Ministry for Foreign Affairs	EERO ASP Managing Director Finnish Export Credit, Ltd.

<sup>1</sup> Succeeded Goh Keng Swee in August 1970.<sup>6</sup> Succeeded Phan Thul in March 1970.<sup>2</sup> Succeeded G. Sträng in July 1970.<sup>7</sup> Succeeded N. Wimalasene in July 1970.<sup>3</sup> Succeeded F.C. Pryor in March 1970.<sup>8</sup> Succeeded Poul Kryger in December 1970.<sup>4</sup> Succeeded Stefan Koren in May 1970.<sup>9</sup> Appointed in April 1970.<sup>5</sup> Succeeded Touch Kim in March 1970.<sup>10</sup> Appointed in April 1970.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
FRANCE	V. GISCARD-d'ESTAING Minister of Economy and Finance	JACQUES HIRSCH-GIRIN <sup>12</sup> Financial Counsellor for Asia and the Far East Ministry of Economy and Finance
GERMANY, Federal Republic of	ERHARD EPPLER Federal Minister for Economic Cooperation	JOHANN BAPTIST SCHOELLHORN State Secretary Federal Ministry of Economics
HONG KONG	JOHN COWPERTHWAITE Financial Secretary	
INDIA	Y.B. CHAVAN <sup>13</sup> Minister of Finance	I. G. PATEL Secretary to the Government of India Ministry of Finance Department of Economic Affairs
INDONESIA	ALI WARDHANA Minister of Finance	RADIUS PRAWIRO Governor Bank Indonesia
ITALY	GUIDO CARLI Governor Bank of Italy	GASTONE MICON <sup>14</sup> General Manager of the Treasury Treasury Department Bank of Italy
JAPAN	TAKEO FUKUDA Minister of Finance	TADASHI SASAKI Governor Bank of Japan
KOREA, Republic of	DUCK WOO NAM Minister of Finance	SUNG WHAN KIM <sup>15</sup> Governor Bank of Korea
LAOS	SISOUK NA CHAMPASSAK Minister of Finance	OUDONG SOUVANNAVONG Governor National Bank of Laos
MALAYSIA	ALI BIN HAJI AHMAD <sup>16</sup> Assistant Minister of Finance	ISMAIL BIN MOHAMED ALI Governor Bank Negara Malaysia
NEPAL	BHEKH BAHADUR THAPA Secretary of Finance	BHARAT BAHADUR PRADHAN Secretary Ministry of Transport and Communications
NETHERLANDS	H.J. WITTEVEEN Minister of Finance	TJ. A. MEURST <sup>18</sup> Ambassador to the Philippines
NEW ZEALAND	R.D. MULDOON Minister of Finance	H. G. LANG Secretary to the Treasury

<sup>11</sup> Appointed in July 1970.<sup>12</sup> Appointed in July 1970.<sup>13</sup> Succeeded P.C. Sethi in July 1970. P.C. Sethi succeeded I.G. Patel in February 1970.<sup>14</sup> Succeeded C.S. Swaminathan in February 1970.<sup>15</sup> Succeeded Gaetano Stammati in December 1970.<sup>16</sup> Succeeded Jin Soo Suh in May 1970.<sup>17</sup> Succeeded Tan Siew Sin in March 1970.<sup>18</sup> Succeeded G.J. Dissevelt in March 1970.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
NORWAY	OTTO GRJEG TIDEMAND <sup>19</sup> Minister of Commerce and Shipping	LARS ONSAGER <sup>20</sup> Ambassador to the Philippines
PAKISTAN	NAWAB MOZAFFAR ALI KHAN QIZILBASH Minister of Finance	S. S. IQBAL HOSSAIN <sup>21</sup> Secretary Economic Coordination and External Assistance Division
PHILIPPINES	CESAR VIRATA <sup>22</sup> Secretary of Finance	GREGORIO LICAROS Governor Central Bank of the Philippines
SINGAPORE	HON SUI SEN <sup>23</sup> Minister for Finance	GEORGE BOGAARS <sup>24</sup> Permanent Secretary Economic Development Division Ministry of Finance
SWEDEN	LENNART KLACKENBERG <sup>25</sup> Undersecretary of State for Foreign Affairs	BOERJE BILLNER <sup>26</sup> Head of Department Ministry for Foreign Affairs
SWITZERLAND	EDWIN STOPPER President Board of Directors Swiss National Bank	ALEXANDER HAY Director-General Swiss National Bank
THAILAND	SERM VINICCHAYAKUL Minister of Finance	SOMMAI HOONTRAKOOL Director Assistant to the Governor Bank of Thailand
UNITED KINGDOM	RICHARD WOOD <sup>27</sup> Minister For Overseas Development	R.H. BELCHER Under Secretary Foreign and Commonwealth Office (Overseas Development Administration)
UNITED STATES	DAVID M. KENNEDY Secretary of Treasury	NATHANIEL SAMUELS Deputy Under Secretary of State for Economic Affairs
VIET-NAM, Republic of	NGUYEN VAN DONG Acting Governor National Bank of Viet-Nam	
WESTERN SAMOA	TOFA SIAOSI <sup>28</sup> Minister of Finance	J. WENDT <sup>29</sup> Financial Secretary Treasury

<sup>19</sup> Succeeded Kaare Willoch in June 1970.<sup>20</sup> Succeeded Axel Motke-Hansen in October 1970.<sup>21</sup> Succeeded Zafar Iqbal in July 1970. Zafar Iqbal succeeded Vagir Ahmad in April 1970.<sup>22</sup> Succeeded Eduardo Z. Romualdez in February 1970.<sup>23</sup> Succeeded Goh Keung Swee in August 1970.<sup>24</sup> Succeeded J.Y.M. Pillay in August 1970.<sup>25</sup> Succeeded G. Suraeng in July 1970.<sup>26</sup> Succeeded H. Wickman in July 1970.<sup>27</sup> Succeeded Judith Hart in June 1970.<sup>28</sup> Succeeded Gustav Friderik Dertag Betham in March 1970.<sup>29</sup> Succeeded Karanita Enari in March 1970.

## BOARD OF DIRECTORS AND VOTING GROUPS

(As of 31 December 1970)

<b>Director</b>	<b>Alternate</b>	<b>Countries Represented<sup>1</sup></b>
R. W. H. du Boulay	Poul Kryger <sup>2</sup>	United Kingdom Canada Denmark, Finland, Norway, Sweden
Byung Kyu Chun	Buu Hoan	Korea, Republic of China, Republic of Viet-Nam, Republic of
Masaru Fukuda	Fumio Kawano	Japan
Michelangelo de Grazia	Gerhard Janschek	Germany, Federal Republic of France Italy Netherlands Austria, Belgium, Switzerland
Abdul Wahab Haider	Long Boret	Indonesia Ceylon Afghanistan Cambodia Nepal Laos
K. S. Islam	Cornelio Balmaceda	Philippines Pakistan
D. S. Joshi	J. R. Hiremath	India
Chanchai Lectavorn	Leo J. Downey	New Zealand Malaysia, Thailand Singapore Fiji Western Samoa
J. C. G. Lloyd	Lance Joseph	Australia Hong Kong
Artemus E. Weatherbee <sup>3</sup>	George R. Jacobs	United States

1 In order of voting strength within each group.

2 Succeeded John A. Copland on 1 December.

3 Succeeded Bernard Zagorin on 26 October.

**PRINCIPAL OFFICERS**

(As of 31 December 1970)

Takeshi Watanabe	President
C. S. Krishna Moorthi	Vice President

**OFFICE OF THE SECRETARY**

Douglas C. Gunesekera	Secretary
Wilfred A. Vawdrey	Assistant Secretary

**OFFICE OF THE GENERAL COUNSEL**

Lewis Carroll	General Counsel
Graeme F. Rea	Assistant General Counsel

**OPERATIONS DEPARTMENT**

Howard Farrelly	Director
Teruyuki Ohuchi	Operations Manager concurrently Deputy Director
C. S. Venkat Rao	Operations Manager concurrently Deputy Director
H. King Hedinger*	Operations Manager
Patrick Knapp*	Operations Manager
Akihiko Takeuchi*	Operations Manager
Akira Tsusaka*	Operations Manager

\* In alphabetical order.

CONTINUED

## PROJECTS DEPARTMENT

Sam-Chung Hsieh	Director
Bong H. Kay	Project Manager concurrently Deputy Director
Yoshinao Sakatani	Project Manager concurrently Deputy Director
Hans Hansen	Chief Engineer
Herbert Huehne*	Project Manager
Kasturi L. Luthra*	Project Manager
Theodore Mesmer*	Project Manager
Kazuaki Suma*	Project Manager

## ECONOMIC OFFICE

George Rosen	Chief Economist
Perry Chang	Assistant Chief Economist
Burton T. O'Rourke	Chief Statistician

## ADMINISTRATION DEPARTMENT

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

## TREASURY DEPARTMENT

S. M. A. Kazmi	Treasurer
Tasuku Takagaki	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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\* In alphabetical order.