

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 86 / 2

163 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

APPENDIX I

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

BALANCE SHEET

December 31, 1975 and (unaudited) March 31, 1976

Expressed in United States Dollars (Note A)

LIABILITIES, CAPITAL AND RESERVES

	December 31, 1975		March 31, 1976 (unaudited)	
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix V)				
Held by Bank	\$ 832,802,970		\$ 962,152,262	
Agreed to be sold	450,000	\$ 833,252,970	100,000	\$ 962,252,262
BORROWINGS				
Principal amounts outstanding (See Appendix VI)	530,212,292		805,023,650	
Less—unamortized discounts (Note A).....	1,907,758	528,304,534	2,130,692	802,892,958
ACCRUED INTEREST ON BORROWINGS		9,609,514		20,421,818
AMOUNTS PAYABLE TO MEMBERS				
Amounts required to maintain value of currency holdings (Note D)		—		3,074,151
ACCOUNTS PAYABLE AND OTHER LIABILITIES		3,931,334		4,161,516
CAPITAL AND RESERVES				
Capital Stock (See Appendix VII) (Note C)				
Authorized—97,520 "paid-in" shares and 207,230 "callable" shares of \$12,064 par value each				
Subscribed—265,391 shares	3,201,544,328		3,201,544,328	
Less "callable" shares subscribed—177,884 shares	2,145,903,634		2,145,903,634	
"Paid-in" shares subscribed—87,507 shares	1,055,640,694		1,055,640,694	
Less—subscription instalments not due	96,016,613		93,596,675	
Subscription instalments matured	959,624,081		962,044,019	
Less—Capital set aside and transferred to Special Funds (Note F).....	57,433,902		57,433,902	
	902,190,179		904,610,117	
Advance payments on subscriptions.....	—		13,298,118	
Ordinary Reserve (Note G)	77,050,973		77,050,973	
Special Reserve (Note E).....	10,971,513		12,571,000	
Net income after appropriation of commissions to Special Reserve (Notes E and G)				
For the year ended December 31, 1975....	24,543,643	1,014,756,308	24,543,643	1,042,107,094
For the three months ended March 31, 1976			10,033,243	\$2,834,909,799
TOTAL		\$2,389,854,660		

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

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

For the Years Ended December 31, 1974 and December 31, 1975
and (unaudited) the Three Months Ended March 31, 1975 and March 31, 1976

Expressed in United States Dollars (Note A)

	Years Ended December 31,		Three Months Ended March 31, (unaudited)	
	1974	1975	1975	1976
INCOME				
From investments	\$32,513,059	\$40,548,557	\$ 7,870,031	\$17,652,773
From loan operations				
Interest	18,450,859	32,108,968	6,405,716	10,478,568
Commissions	2,855,800	4,743,414	1,163,225	1,599,488
Commitment charge	3,091,501	3,070,160	764,221	799,300
From other sources	599,501	442,345	87,253	103,458
GROSS INCOME	<u>57,510,720</u>	<u>80,913,444</u>	<u>16,290,446</u>	<u>25,633,592</u>
EXPENSES				
Administrative expenses				
Board of Governors	75,720	55,729	2,485	484
Board of Directors				
Salaries	754,627	783,542	185,196	207,101
Benefits (Note H)	185,685	225,780	54,137	60,248
Travel	151,670	471,409	41,995	38,874
Staff services	75,869	78,461	18,108	21,860
Total Board of Director:	<u>1,167,851</u>	<u>1,559,192</u>	<u>299,436</u>	<u>328,083</u>
Staff				
Salaries	5,918,477	7,117,652	1,617,105	1,967,394
Benefits (Note H)	1,680,186	2,299,152	495,691	662,198
Travel	1,760,725	2,115,266	309,081	387,905
Consultants	37,284	270,940	60,375	35,373
Representation	35,719	35,104	5,895	10,164
Total Staff	<u>9,432,391</u>	<u>11,838,114</u>	<u>2,488,147</u>	<u>3,063,034</u>
Other administrative expenses				
Communications	443,040	431,257	101,161	121,566
Office occupancy	575,032	666,922	145,985	203,239
Publications and printing	140,740	145,987	19,953	31,019
Expendable supplies	334,357	384,643	85,918	31,374
Furniture and equipment	285,509	376,025	39,812	38,869
Fees and compensation	355,254	434,368	55,258	102,603
Miscellaneous	122,096	126,322	48,281	33,180
Total other administrative expenses	<u>2,256,028</u>	<u>2,565,524</u>	<u>496,368</u>	<u>561,850</u>
Total administrative expenses	<u>12,931,990</u>	<u>16,018,559</u>	<u>3,286,436</u>	<u>3,953,451</u>
Deduct Administration Charge (Note I)	4,267,000	4,005,000	1,616,000	1,469,500
Net administrative expenses	<u>8,664,990</u>	<u>12,013,559</u>	<u>1,670,436</u>	<u>2,483,951</u>
Services to member countries (Note J)				
Project preparation and other loan-related technical assistance	155,296	285,420	93,144	6,282
Project implementation/advisory	3,769	58,145	28,612	(2,621)
Regional activities	12,204	370,431	999	8,299
Total services to member countries	<u>171,269</u>	<u>713,996</u>	<u>122,755</u>	<u>11,960</u>
Financial expenses				
Interest on borrowings	18,922,882	30,708,982	5,134,841	12,474,231
Other financial expenses (Note A)	577,371	837,384	142,209	301,615
Total financial expenses	<u>19,077,253</u>	<u>31,546,366</u>	<u>5,277,050</u>	<u>12,775,846</u>
GROSS EXPENSES	<u>27,913,512</u>	<u>44,273,921</u>	<u>7,070,241</u>	<u>15,271,757</u>
INCOME BEFORE CHANGES IN VALUE OF CURRENCIES	29,597,208	36,639,523	9,220,205	10,361,835
CHANGES IN VALUE OF CURRENCIES—NET	(314,155)	(7,352,466)	1,941,435	1,270,896
NET INCOME (Notes E and G)	<u>\$29,283,053</u>	<u>\$29,287,057</u>	<u>\$11,161,640</u>	<u>\$11,632,731</u>

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

APPENDIX III

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended December 31, 1974 and December 31, 1975
and (unaudited) the Three Months Ended March 31, 1975 and March 31, 1976

Expressed in United States Dollars (Note A)

	Years Ended December 31,		Three Months Ended March 31, (unaudited)	
	1974	1975	1975	1976
FUNDS WERE PROVIDED BY				
Operations				
Net income	\$ 29,283,053	\$ 29,287,057	\$ 11,161,640	\$ 11,632,731
Items not requiring or providing funds				
Accrued interest and other expenses	767,675	5,357,327	4,516,102	11,118,216
Accrued income including capitalized interest and commitment charges on loans	(9,010,752)	(10,694,161)	(356,184)	(3,909,162)
Administration Charge	(4,267,000)	(4,005,000)	(1,616,000)	(1,469,500)
Commissions	(2,855,800)	(4,743,414)	(1,163,225)	(1,599,488)
Other—net	227,573	622,622	193,956	271,643
Total	(15,138,304)	(13,462,626)	1,484,649	4,411,709
Funds provided by operations.....	14,144,749	15,824,431	12,646,289	16,044,440
Increase in undisbursed balance of effective loans..	511,940,000	253,998,000	24,000,000	201,350,000
Borrowings	37,003,933	284,860,953	10,696,591	273,690,302
Increase in borrowings as a result of currency revaluations	2,767,405	—	6,550,430	3,211,950
Decrease in loans disbursed and outstanding as a result of currency devaluations.....	4,021,676	15,352,870	—	—
Capital subscriptions	79,694,961	156,343,746	51,763,128	15,718,056
Demand obligations of members encashed.....	5,071,598	57,579,657	370,387	504,765
Loans sold	4,415,100	3,321,600	2,509,690	350,000
Loans collected	13,112,701	22,652,195	3,975,661	5,775,615
Maintenance of value adjustments—net	—	—	16,179,370	10,881,136
Administration Charge collected.....	6,746,069	4,290,545	—	—
Decrease in other assets as a result of currency devaluations	7,103,647	9,578,647	—	556,040
Total	685,021,839	823,802,644	128,091,476	528,082,304
FUNDS WERE UTILIZED FOR				
Increase in effective loans.....	511,940,000	253,998,000	24,000,000	201,350,000
Loans disbursed	156,801,737	278,569,007	67,239,040	64,870,337
Decrease in borrowings as a result of currency devaluations	—	8,827,506	—	—
Increase in loans disbursed and outstanding as a result of currency revaluations	—	—	8,110,345	2,779,373
Demand obligations of members received.....	37,651,501	74,841,536	25,348,273	1,266,668
Bonds purchased for redemption and borrowings redeemed	5,408,204	27,991,552	1,522,609	2,004,672
Maintenance of value adjustments—net.....	10,904,072	24,160,769	—	—
Increase in other assets as a result of currency revaluations	—	—	3,517,473	—
Other—net	495,424	2,350,233	895,838	5,200,708
Total	723,200,938	670,738,603	130,633,578	277,471,758
INCREASE (DECREASE) IN CASH IN BANKS AND INVESTMENTS				
INCREASE (DECREASE) IN CASH IN BANKS AND INVESTMENTS	(\$ 37,179,099)	\$153,064,041	(\$ 2,542,102)	\$250,610,546
INCREASE (DECREASE) IN COMPONENTS OF FUNDS				
Cash in banks (excluding Special Reserve Fund cash)	\$ 6,852,074	\$ 12,846,482	\$ 11,325,675	\$ 36,435,150
Investments (excluding accrued interest and Special Reserve Fund investments).....	(44,031,173)	140,217,559	(13,867,777)	214,175,396
Total	(\$ 37,179,099)	\$153,064,041	(\$ 2,542,102)	\$250,610,546

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

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

March 31, 1976 (unaudited)

Expressed in United States Dollars (Note A)

<u>Members</u>	<u>Unit of Currency</u>	<u>Cash in Banks</u>	<u>Non-Negotiable Non-Interest-Bearing Demand Obligations</u>
Afghanistan	Afghani	\$ 2,413	\$ 2,236,948 ⁽¹⁾
Australia	Australian Dollar	25,214 ⁽³⁾	31,580,142 ⁽³⁾
Austria	Austrian Schilling	633,994	—
Bangladesh	Bangladesh Taka	—	5,247,622 ⁽¹⁾
Belgium	Belgian Franc	52,933	1,602,721
Burma	Kyat	4,512	2,481,803 ⁽¹⁾
Cambodia	Riel	46,898 ⁽¹⁾	171,811 ⁽¹⁾
Canada	Canadian Dollar	80,319	8,308,076
China, Republic of	New Taiwan Dollar	181,306	7,789,786 ⁽¹⁾
Denmark	Danish Krone	442,890	1,627,596
Fiji	Fiji Dollar	2,584	469,786 ⁽¹⁾
Finland	Finnish Markka	8,575	463,609
France	French Franc	41,161	5,048,431
Gilbert Islands	Australian Dollar	—	22,278 ⁽¹⁾
Hong Kong	Hong Kong Dollar	278,402 ⁽⁴⁾	3,628,774 ⁽²⁾
India	Indian Rupee	10,004	48,179,383 ⁽¹⁾
Indonesia	Rupiah	23,676,189 ⁽¹⁾	3,396,161 ⁽¹⁾
Italy	Italian Lira	469,828	—
Japan	Yen	114,205	63,534,433
Korea, Republic of	Won	4,630	25,353,956 ⁽¹⁾
Lao P.D.R.	Kip	32,689 ⁽¹⁾	147,447 ⁽¹⁾
Malaysia	Malaysian Dollar	41,961	11,247,497 ⁽¹⁾
Nepal	Nepalese Rupee	22,367	1,050,783 ⁽¹⁾
Netherlands	Netherlands Guilder	88,784	3,494,394
New Zealand	New Zealand Dollar	64,090 ⁽²⁾	9,825,043 ⁽²⁾
Norway	Norwegian Krone	16,103	748,429
Pakistan	Pakistan Rupee	4,617,441 ⁽¹⁾	11,934,164 ⁽¹⁾
Papua New Guinea	Kina	262	709,063 ⁽¹⁾
Philippines	Philippine Peso	603,313	9,990,863 ⁽¹⁾
Singapore	Singapore Dollar	192,957	2,326,959 ⁽¹⁾
Solomon Islands	Australian Dollar	3,266	44,321 ⁽¹⁾
South Vietnam	Dong	6,221,186 ⁽¹⁾	—
Sri Lanka	Sri Lanka Rupee	5,844	4,398,733 ⁽¹⁾
Sweden	Swedish Krona	54,727	449,966
Switzerland	Swiss Franc	29,615,574	—
Thailand	Baht	6,652	10,279,924 ⁽¹⁾
Tonga	Tongan Dollar	32,370 ⁽¹⁾	—
United Kingdom	Pound Sterling	917,079	8,141,452
United States	United States Dollar	1,346,785	34,582,022
Western Samoa	Western Samoan Tala	6,172 ⁽¹⁾	—
Total Members		<u>69,985,679</u>	<u>320,514,376</u>
Non-members			
Kuwait	Kuwaiti Dinar	160,922	—
Luxembourg	Luxembourg Franc	34,655	—
Saudi Arabia	Saudi Arabian Riyal	591,333	—
Total Non-Members		<u>786,910</u>	<u>—</u>
TOTAL		<u>\$70,772,589</u>	<u>\$320,514,376</u>

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

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

(3) Restrictions on use were removed subsequent to March 31, 1976.

(4) Of this amount, restrictions on use have been imposed in the amount of \$15,125.

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

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

SUMMARY STATEMENT OF LOANS

March 31, 1976 (unaudited)

Expressed in United States Dollars (Note A)

Borrower/Guarantor ⁽¹⁾	Principal Amount	Loans not yet Effective	Refundings and Cancellations	Payments Received		Effective Loans		Undisbursed Balance of Effective Loans		Outstanding Balance	
				On Loans Held by Bank	For Loans Sold	Held by Bank	Agreed to be Sold	Held by Bank	Agreed to be Sold	Loans Held by Bank	Loans Sold
Bangladesh	\$ 11,400,000	\$ —	\$ —	\$ 1,600	\$ —	\$ 11,398,400	\$ —	\$ 4,621,982	\$ —	\$ 6,776,418	\$ —
Burma	6,600,000	—	—	—	—	6,600,000	—	5,774,248	—	825,752	—
China, Republic of	100,390,000	—	8,411,708	8,926,883	2,800,000	80,251,409	—	4,471,533	—	75,779,876	100,000
Fiji	6,700,000	—	—	—	—	6,700,000	—	1,278,826	—	5,421,174	—
Hong Kong	41,500,000	20,000,000	—	275,000	1,150,000	20,075,000	—	1,345,697	—	18,729,303	350,000
Indonesia	153,930,000	45,600,000	—	—	—	108,330,000	—	104,677,520	—	3,652,480	—
Korea, Republic of	446,550,000	12,000,000	9,333,357	14,334,552	3,456,100	407,425,991	—	198,017,089	—	209,408,902	1,631,100
Malaysia	248,558,000	—	3,275,410	2,992,347	1,539,600	240,650,643	100,000	187,901,859	100,000	52,748,784	1,254,600
Nepal	2,000,000	—	—	341,862	—	1,658,138	—	90,009	—	1,568,129	—
Pakistan	235,170,000	63,000,000	19,030,221	4,429,335	—	148,710,444	—	60,710,786	—	87,999,658	—
Philippines	356,850,000	41,000,000	24,998	2,491,638	423,300	312,910,064	—	225,821,247	—	87,088,817	423,300
Singapore	101,380,000	—	—	5,069,635	2,830,000	93,480,365	—	39,495,580	—	53,984,785	2,280,000
South Vietnam	3,930,000	—	—	—	—	3,930,000	—	3,839,123 ⁽²⁾	—	90,877	—
Sri Lanka	14,135,000	—	273,480	1,406,600	—	12,454,920	—	4,408,477	—	8,046,443	—
Thailand	257,200,000	39,000,000	7,160,991	8,894,926	1,711,000	195,433,083	—	119,698,286	—	75,734,797	1,161,000
ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED						(7,059,746) ⁽³⁾				(7,059,746) ⁽³⁾	
TOTAL	\$1,981,293,000	\$220,600,000	\$47,510,165	\$49,164,378	\$13,910,000	\$1,642,948,711	\$ 100,000	\$962,152,262	\$ 100,000	\$680,796,449	\$7,200,000

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

(2) Pending consultation with the new government concerning its intentions with respect to the projects being financed, the Bank has suspended further disbursements of these loans.

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

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

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF BORROWINGS

December 31, 1975 and (unaudited) March 31, 1976

Expressed in United States Dollars (Net to A)

Currency Payable	Coupon	Issue Date	Maturity Date	Effective Interest Rate ⁽¹⁾	Original Amount		Principal Outstanding ⁽³⁾		Redemption Requirements ⁽⁴⁾	
					National Currency	US Dollar Equivalent ⁽²⁾	December 31, 1975	March 31, 1976 (unaudited)		
Austrian Schillings	7%	1970	1982	7.24%	S	130,000,000	\$ 7,112,648	\$ 4,161,998	\$ 4,267,589	1976-1982 S 12,000,000
	7	1971	1983	7.30	S	150,000,000	8,206,901	6,403,073	6,565,521	1976-1983 S 15,000,000
Belgian Francs	7.5	1971	1983	7.36	BF	400,000,000	10,243,278	10,001,250	10,243,278	1977-1982 BF 40,000,000 1983 BF 160,000,000
Deutsche Mark	7	1969	1984	7.27	DM	60,000,000	23,572,397	16,467,638	16,609,896	1976-1984 DM 6,000,000
	8.5	1975*	1980	8.45	DM	50,000,000	19,643,664	18,853,340	19,643,664	1980 DM 50,000,000
	8	1976*	1982	7.85	DM	100,000,000	39,287,328	—	39,287,328	1982 DM 100,000,000
Italian Lire	7	1972	1987	7.22	Lit.	10,000,000,000	11,741,044	14,582,149	11,741,044	1978-1987 Lit. 1,000,000,000
Japanese Yen	7.4	1970	1977	7.59	¥	6,000,000,000	19,904,855	16,321,981	16,321,981	1976 ¥ 360,000,000 1977 ¥ 4,560,000,000
	7.4	1971	1978	7.45	¥	10,000,000,000	33,174,758	31,184,273	31,184,272	1976-1977 ¥ 600,000,000 1978 ¥ 8,200,000,000
	7.3	1972	1982	7.30	¥	10,000,000,000	33,174,758	33,174,758	33,174,758	1978-1981 ¥ 600,000,000 1982 ¥ 7,600,000,000
	7.25	1974	1989	7.25	¥	7,500,000,000	24,881,068	24,881,069	24,881,068	1978 ¥ 360,000,000 1979-1988 ¥ 680,000,000 1989 ¥ 340,000,000
	Variable ⁽⁵⁾	1975	Not Fixed	Variable	¥	30,000,000,000	99,524,274	99,524,274	99,524,274	Variable ⁽⁵⁾ ¥ 900,000,000
	8.7	1976	1988	8.70	¥	15,000,000,000	49,762,137	—	49,762,137	1982-1987 ¥ 9,600,000,000 1988 ¥ 830,000
Kuwaiti Dinars	7.5	1974	1984	7.50	KD	5,000,000	16,915,322	16,915,322	16,915,322	1979-1983 KD 850,000 1984 KD 850,000
Luxembourg Francs	6.75	1972	1987	6.64	Lux F	400,000,000	10,243,278	10,001,250	10,243,278	1978-1987 Lux F 40,000,000
Netherlands Guilders	8.875	1975*	1981	8.87	f.	50,000,000	18,274,854	18,274,854	18,274,854	1981 f. 50,000,000
	8.25	1976*	1983	8.13	f.	75,000,000	27,412,281	—	27,412,281	1983 f. 75,000,000
	8.625	1976	1984	8.45	f.	50,000,000	18,274,854	—	18,274,854	1981-1984 f. 12,500,000
Saudi Arabian Riyals	8	1975	1983	8.00	SRIs	50,000,000	14,388,489	14,388,489	14,388,489	1980-1983 SRIs 12,500,000
Swiss Francs	7	1971	1986	6.98	SwF	40,000,000	15,772,871	12,595,420	12,618,297	1976-1985 Up to SwF 3,000,000 1986 The Balance
	8	1975	1990	7.90	SwF	60,000,000	23,659,306	22,900,763	22,436,909	1977-1989 Up to SwF 3,500,000 1990 The Balance
	8.5	1975*	1980	8.33	SwF	10,000,000	3,943,218	3,816,794	3,943,218	1980 SwF 10,000,000
	7.75	1976	1983	7.75	SwF	80,000,000	31,545,741	—	31,545,741	1981-1982 SwF 25,000,000 1983 SwF 30,000,000
United States Dollars	6.5	1971*	1976	6.50	\$	25,000,000	25,000,000	25,000,000	25,000,000	1976 \$ 25,000,000
	7.75	1971	1996	7.94	\$	25,000,000	25,000,000	25,000,000	25,000,000	1983 \$ 500,000 1984-1995 \$ 1,000,000 1996 \$ 12,500,000
	4	1973*	1989	4.00	\$	10,525,734	10,525,734	10,525,734	10,525,734	1979 \$ 555,556 1980-1987 \$ 1,052,574 1988 \$ 1,052,570 1989 \$ 497,016
	6.65	1975*	1977	6.65	\$	70,000,000	70,000,000	70,000,000	70,000,000	1977 \$ 70,000,000
	8.5	1975*	1980	8.75	\$	75,000,000	75,000,000	75,000,000	75,000,000	1980 \$ 75,000,000
	8.5	1976*	1981	8.56	\$	100,000,000	100,000,000	—	100,000,000	1981 \$ 100,000,000
	8.8125	1976*	1981	8.8125	\$	10,000,000	10,000,000	—	10,000,000	1981 \$ 10,000,000
								579,974,429	854,785,787	
Less: Amount receivable under contract— Japanese Yen—Bank of Japan Loan of 1975 ⁽⁵⁾								49,762,137	49,762,137	
TOTAL							\$876,185,058	\$530,212,292	\$805,023,650^(a)	

* See Note 3

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

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF BORROWINGS—(Continued)

- (1) The effective interest rates are computed by taking into consideration discounts and timing of interest payments.
- (2) The "US dollar equivalent" is translated at the rates of exchange in effect as of March 31, 1976, as indicated in Note A.
- (3) Each issue, except those indicated by an asterisk(*), is subject to redemption prior to maturity at the option of the Bank at prices and upon the conditions stated in the respective bonds. The amounts shown as principal outstanding are after deductions aggregating \$4,595,803 as of December 31, 1975 (\$6,944,577—March 31, 1976) of bonds purchased.
- (4) The amounts shown as redemption requirements are the principal amounts of bonds to be purchased or borrowings to be redeemed to meet each year's requirements. For the five years following the date of the statement, these are:

<u>Year</u>	<u>Amounts</u>	
	<u>December 31, 1975</u>	<u>March 31, 1976</u>
1976	\$ 33,032,906	\$ —
1977	94,302,308	33,202,223
1978	40,030,551	94,540,076
1979	17,252,341	40,008,411
1980	119,016,615	17,727,219
1981	—	244,337,980
	<u>\$303,634,721</u>	<u>\$429,815,909</u>

- (5) This represents a loan from the Bank of Japan contracted for in April 1975, the aggregate principal amount of which is 30,000,000,000 Yen divided into two parts. As of December 31, 1975, the Bank had drawn completely the first part of the loan amounting to 15,000,000,000 Yen with interest rates ranging from 8.25% to 8.64%. Of this drawn portion, 6,000,000,000 Yen will mature in 1981 and 9,000,000,000 Yen in 1982. The second part of the loan will be available during the period May 4, 1976 to April 28, 1977. Interest rate will be determined at the date of withdrawal. Subsequent to March 31, 1976, 6,000,000,000 Yen has been drawn from the second part at an interest rate of 8¼% per annum.
- (6) The Bank entered into agreements for settlement after March 31, 1976 of the following additional borrowings:

<u>Currency Payable</u>	<u>Coupon</u>	<u>Principal Amount</u>	<u>Maturity Date</u>
Deutsche Mark	7.750%	DM 75,000,000	1983
Netherlands Guilders	8.375%	f. 50,000,000	1984

Subsequent to March 31, 1976, the Bank has also entered into agreements for the following additional borrowings:

<u>Currency Payable</u>	<u>Coupon</u>	<u>Principal Amount</u>	<u>Maturity Date</u>
Deutsche Mark	8.500%	DM 75,000,000	1986
United States Dollar	7.375%	\$ 50,000,000	1978

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES
STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER
 March 31, 1976 (unaudited)
 Expressed in United States Dollars (Note A)

MEMBERS	SUBSCRIBED			PAR VALUE OF CALLABLE SHARES	PAR VALUE OF PAID-IN SHARES		VOTING POWER		
	Shares	Per Cent of Total	Par Value	Subject to Call	Subscription Not Due	Instalments Matured	Number of Votes	Per Cent of Total	Per Cent of Regional
REGIONAL									
Afghanistan	1,195	0.450	\$ 14,415,882	\$ 9,807,625	\$ —	\$ 4,608,257	2,813	0.848	1.194
Australia	21,250	8.007	256,349,375	174,317,575	—	82,031,800	22,868	6.894	9.707
Bangladesh	3,750	1.413	45,238,125	30,761,925	4,523,813	9,952,387	5,368	1.618	2.279
Burma	2,000	0.754	24,127,000	16,406,360	3,088,256	4,632,384	3,618	1.091	1.536
Cambodia	875	0.330	10,555,563	7,177,783	—	3,377,780	2,493	0.751	1.058
China, Republic of	4,000	1.507	48,254,000	32,812,720	—	15,441,280	5,618	1.693	2.385
Fiji	250	0.094	3,015,875	2,050,795	—	965,080	1,868	0.563	0.793
Gilbert Islands	15	0.006	180,952	120,635	20,105	40,212	1,633	0.492	0.693
Hong Kong	2,000	0.754	24,127,000	16,406,360	—	7,720,640	3,618	1.091	1.536
India	23,250	8.761	280,476,375	190,723,935	—	89,752,440	24,868	7.496	10.556
Indonesia	20,000	7.536	241,270,000	164,063,600	39,809,550	37,396,850	21,618	6.517	9.177
Japan	50,000	18.840	603,175,000	410,159,000	—	193,016,000	51,618	15.560	21.911
Korea, Republic of	18,500	6.971	223,174,750	151,758,830	24,127,000	47,288,920	20,118	6.065	8.540
Lao P.D.R.	105	0.040	1,266,668	856,509	—	410,159	1,723	0.519	0.731
Malaysia	10,000	3.768	120,635,000	82,031,800	14,476,200	24,127,000	11,618	3.502	4.932
Nepal	540	0.204	6,514,290	4,427,305	—	2,086,985	2,158	0.650	0.916
New Zealand	5,640	2.125	68,038,140	46,263,522	—	21,774,618	7,258	2.188	3.081
Pakistan	8,000	3.014	96,508,000	65,625,440	—	30,882,560	9,618	2.899	4.083
Papua New Guinea	345	0.130	4,161,907	2,834,922	—	1,326,985	1,963	0.592	0.833
Philippines	8,750	3.297	105,555,625	71,777,825	—	33,777,800	10,368	3.125	4.401
Singapore	1,250	0.471	15,079,375	10,253,975	—	4,825,400	2,868	0.865	1.218
Solomon Islands	25	0.009	301,588	205,079	—	96,509	1,643	0.495	0.698
South Vietnam	3,000	1.130	36,190,500	24,609,540	—	11,580,960	4,618	1.392	1.960
Sri Lanka	2,130	0.803	25,695,255	17,467,948	—	8,227,307	3,748	1.130	1.591
Thailand	5,000	1.884	60,317,500	41,015,900	—	19,301,600	6,618	1.995	2.809
Tonga	15	0.006	180,952	120,635	12,064	48,253	1,633	0.492	0.693
Western Samoa ⁽¹⁾	6	0.002	72,381	36,191	—	36,190	1,624	0.490	0.689
Total Regional	191,891	72.306	\$2,314,877,078	\$1,574,093,734	\$86,056,988	\$654,726,356	235,577	71.013	100.000

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES—(Continued)

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

March 31, 1976 (unaudited)

Expressed in United States Dollars (Note A)

MEMBERS	SUBSCRIBED			PAR VALUE OF CALLABLE SHARES	PAR VALUE OF PAID-IN SHARES		VOTING POWER		
	Shares	Per Cent of Total	Par Value	Subject to Call	Subscription Not Due	Instalments Matured	Number of Votes	Per Cent of Total	Per Cent of Non-Regional
NON-REGIONAL									
Austria	1,250	0.471	\$ 15,079,375	\$ 10,253,975	\$ —	\$ 4,825,400	2,868	0.865	2.983
Belgium	1,250	0.471	15,079,375	10,253,975	—	4,825,400	2,868	0.865	2.983
Canada	6,250	2.355	75,396,875	51,269,875	—	24,127,000	7,868	2.372	8.183
Denmark	1,250	0.471	15,079,375	10,253,975	—	4,825,400	2,868	0.865	2.983
Finland ⁽¹⁾	500	0.188	6,031,750	3,015,875	—	3,015,875	2,118	0.638	2.202
France	6,250	2.355	75,396,875	51,269,875	4,523,812	19,603,188	7,868	2.372	8.183
Germany, Federal Republic of	8,500	3.203	102,539,750	69,727,030	—	32,812,720	10,118	3.050	10.523
Italy	5,000	1.884	60,317,500	41,015,900	2,412,700	16,888,900	6,618	1.995	6.883
Netherlands	2,750	1.036	33,174,625	22,558,745	—	10,615,880	4,368	1.317	4.543
Norway	1,250	0.471	15,079,375	10,253,975	603,175	4,222,225	2,868	0.865	2.983
Sweden ⁽¹⁾	500	0.188	6,031,750	3,015,875	—	3,015,875	2,118	0.638	2.202
Switzerland	1,250	0.471	15,079,375	10,253,975	—	4,825,400	2,868	0.865	2.983
United Kingdom	7,500	2.826	90,476,250	61,523,850	—	28,952,400	9,118	2.749	9.483
United States ⁽²⁾	30,000	11.304	361,905,000	217,143,000	—	144,762,000	31,618	9.531	32.883
Total Non-Regional	73,500	27.694	886,667,250	571,809,900	7,539,687	307,317,663	96,152	28.987	100.000
GRAND TOTAL	265,391	100.000	\$3,201,544,328	\$2,145,903,634	\$ 93,596,675	\$962,044,019	331,729	100.000	

⁽¹⁾ As of March 31, 1976, these members have not yet subscribed to the additional shares of the increase in capital stock authorized by Resolution No. 46 of the Board of Governors. Such additional shares are equal to 150 per cent of each such member's existing subscribed shares.

⁽²⁾ As of March 31, 1976, the United States has subscribed to 10,000 shares out of the 30,000 shares to which it is entitled to subscribe under Resolution No. 46 of the Board of Governors.

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

ASIAN DEVELOPMENT BANK — ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

Expressed in United States Dollars (Note A)

(Information relating to the three months ended March 31, 1975 and 1976 is unaudited)

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) *Unit of Account*

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

(2) *Translation of Currencies*

As of December 31, 1975 (March 31, 1976) assets and liabilities in currencies other than United States Dollars were translated at the rates which prevailed at the end of the quarter as described below:

(a) In the cases of 11 (10—March 31, 1976) members (Afghanistan, Bangladesh, Cambodia, Indonesia, Republic of Korea, Lao P.D.R., Pakistan, Philippines, South Vietnam, Sri Lanka and Thailand), at par values established or provisional rates agreed by these countries with the International Monetary Fund;

(b) In the cases of 5 (3—March 31, 1976) members (Burma, Republic of China, India, Nepal and Western Samoa), at central rates;

(c) In the cases of 23 (25—March 31, 1976) members (Australia, Austria, Belgium, Canada, Denmark, Fiji, Finland, France, Federal Republic of Germany, Gilbert Islands, Hong Kong, Italy, Japan, Malaysia, Netherlands, New Zealand, Norway, Papua New Guinea, Singapore, Solomon Islands, Sweden, Switzerland and United Kingdom) and 3 (3—March 31, 1976) non-members (Kuwait, Luxembourg and Saudi Arabia), at market rates;

(d) In the case of Tonga (and South Vietnam—March 31, 1976), at the rates used by Tonga (and South Vietnam) in making payments of capital subscriptions to the Bank.

The capital stock, which is defined in Article 4, paragraph 1 of the Agreement in terms of the United States Dollar of the weight and fineness in effect on January 31, 1966, namely at 0.888671 gram of fine gold, was translated into current United States Dollars on the basis of 1.20635 current dollars per 1966 dollar.

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

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

(3) *Loans*

The Summary Statement of Loans (Appendix V) presents, by country, total approved loans to be financed from Ordinary Capital Resources. Adjustments for loans not yet effective, refundings and cancellations, payments received, loans agreed to be sold and exchange adjustments are made to arrive at effective loans held by the Bank.

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

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

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS—(Continued)

(5) *Property, Furniture and Equipment*

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

(6) *Reclassifications*

Certain amounts have been restated to conform to 1976 classifications.

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

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

The use of cash in banks and demand obligations in the currencies of 23 members aggregating \$173,500,602 as of December 31, 1975 (\$182,112,233—March 31, 1976).

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

The use of cash in banks, investments and demand obligations in the currencies of 3 members aggregating \$44,069,830 as of December 31, 1975 (\$45,675,545—March 31, 1976).

NOTE C—CAPITAL STOCK

As of December 31, 1975, the authorized capital stock of the Bank consisted of 304,750 shares (same—March 31, 1976) of \$10,000 par value each in terms of the United States Dollar of the weight and fineness in effect on January 31, 1966. This is equivalent to \$3,676,351,625 (same—March 31, 1976) in terms of current United States Dollars.

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

As of December 31, 1975, the subscribed capital stock was \$3,201,544,328 (same—March 31, 1976). All matured instalments amounting to \$959,624,081 (\$962,044,019—March 31, 1976) were received except \$253,334 due from Cambodia on April 6, 1975. Instalments not due aggregating \$96,016,613 (\$93,596,675—March 31, 1976) are receivable as follows:

	December 31, 1975	March 31, 1976
1976	\$42,358,165	\$39,938,227
1977	28,807,638	28,807,638
1978	24,850,810	24,850,810

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS—(Continued)

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

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

NOTE E—SPECIAL RESERVE

In accordance with Article 16, paragraph 1, the Bank charges a commission calculated at one per cent per annum on the outstanding amount of loans made by it from its Ordinary Capital Resources. In accordance with Article 17, an amount equivalent to such commissions is appropriated to a Special Reserve. The amounts appropriated for the years ended December 31, 1974 and December 31, 1975 and for the three months ended March 31, 1975 and March 31, 1976 were as follows:

	Years Ended December 31,		Three Months Ended March 31, (unaudited)	
	1974	1975	1975	1976
Net income	\$29,283,053	\$29,287,057	\$11,161,640	\$11,632,731
Appropriation of commissions to Special Reserve	2,855,800	4,743,414	1,163,225	1,599,488
Net income after appropriation of commissions to Special Reserve	<u>\$26,427,253</u>	<u>\$24,543,643</u>	<u>\$ 9,998,415</u>	<u>\$10,033,243</u>

In order to comply with the requirements of a Statement issued by the Financial Accounting Standards Board in the United States, effective for the Bank in 1976, the Special Reserve has been restated in the balance sheet under the caption Capital and Reserves. Beginning in 1976, the appropriation of commissions to Special Reserve is no longer deducted from gross income in the statement of income and expenses but is now deducted from net income to arrive at net income after appropriation of commissions to Special Reserve. Periods prior to 1976 have been restated to conform to this change in accounting method which increased net income for the years ended December 31, 1974 and December 31, 1975 and for the three months ended March 31, 1975 by \$2,855,800, \$4,743,414 and \$1,163,225, respectively.

NOTE F—CAPITAL SET-ASIDE FOR SPECIAL OPERATIONS

Pursuant to the provisions of Article 19, paragraph 1(i), the Board of Governors has authorized the setting aside of 10 per cent of the unimpaired "paid-in" capital paid by members pursuant to Article 6, paragraph 2(a) and of the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as of April 28, 1973, to be used as part of the Special Funds of the Bank. The resources so set aside, amounting to \$57,433,902 (\$47,609,651 in terms of United States Dollars of the weight and fineness in effect on January 31, 1966), were allocated and transferred to the Multi-Purpose Special Fund. On October 1, 1975, these resources were transferred to the Asian Development Fund.

NOTE G—NET INCOME AND ORDINARY RESERVE

Under the provisions of Article 40, the Board of Governors shall determine annually what part of the net income after appropriation of commissions to Special Reserve (See Note E) shall be allocated after making provision for reserves, to surplus and what part, if any, shall be distributed to the members.

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS—(Continued)

Net income after appropriation of commissions to Special Reserve for the year ended December 31, 1974, namely \$26,427,253, was allocated to the Ordinary Reserve in accordance with the resolution adopted by the Board of Governors at the Eighth Annual Meeting. Similar allocations had previously been made in respect of net income for preceding periods.

NOTE H—CONTRIBUTIONS TO STAFF RETIREMENT PLAN

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

Each participant contributed to the Plan, up to February 1974, seven per cent of his remuneration and the Bank contributed the remainder of the cost and expenses of the Plan at the rate of fourteen per cent of participants' remuneration. In order to provide increased benefits, with effect from March 1974, the rates of contribution of the participants and of the Bank were changed to seven and two-thirds per cent and fifteen and one-third per cent, respectively, and with effect from December 1974, nine and one-third per cent and eighteen and two-thirds per cent, respectively. For the year ended December 31, 1975, the amount contributed by the Bank to the Plan to cover its estimated cost and expenses was \$1,442,199 (\$398,605—three months ended March 31, 1976).

NOTE I—ADMINISTRATION CHARGE

The Administration Charge to Special Funds Operations, instituted in 1971, is based on a formula which takes into consideration certain administrative expenses and the number and amount of loans approved.

The amounts for the three months ended March 31, 1975 and 1976 are provisional charges based on estimated loan operations, subject to adjustment at the respective year ends.

NOTE J—TECHNICAL ASSISTANCE

The outstanding commitments, as of December 31, 1975, for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$7,738,000 (\$8,135,000—March 31, 1976); to the extent available, contributions to the Technical Assistance Special Fund of the Bank may be used to meet expenditures arising out of the commitments. The amount shown is exclusive of technical assistance services made available on a reimbursable basis; however, when technical assistance rendered as a part of the commitment shown leads to a loan for a specific project, the portion representing the cost of design and engineering and any balance of amount over \$100,000 will be converted to the subsequent loan. Under such option, technical assistance expenditures of \$55,491 were charged to loans and credited to income during the year ended December 31, 1975. During the three months ended March 31, 1975 and 1976, there was no such conversion made in respect of expenditures met from Ordinary Capital Resources.

NOTE K—CHANGES IN VALUE OF CURRENCIES

In 1975 there was a sharp decline in the value of most currencies relative to the current United States Dollar, which is the Bank's unit of account. This accounted largely for a net loss of \$7,352,466 on translation of currency holdings in excess of the respective maintenance of value ceilings.

UNDERWRITING

The Underwriters named below have severally agreed to purchase from the Bank the following respective principal amounts of the Notes:

Name of Underwriter	Principal Amount of Notes	Name of Underwriter	Principal Amount of Notes
The First Boston Corporation	\$ 8,525,000	Loeb, Rhoades & Co.	\$ 1,000,000
Kuhn, Loeb & Co.	8,525,000	McDonald & Company	200,000
ABD Securities Corporation	600,000	Manufacturers Hanover Trust Company ...	1,000,000
Adams & Peck	200,000	Merrill Lynch, Pierce, Fenner & Smith Incorporated	1,000,000
A. E. Ames & Co. Incorporated	600,000	Morgan Guaranty Trust Company of New York	1,000,000
Arnhold and S. Bleichroeder, Inc.	600,000	Morgan Stanley & Co. Incorporated	1,350,000
Bache Halsey Stuart Inc.	1,000,000	Moseley, Hallgarten & Estabrook Inc.	600,000
Bank of America N.T. & S.A.	1,000,000	New Court Securities Corporation	600,000
The Bank of Tokyo Trust Company	600,000	New Japan Securities International Inc. ...	200,000
Bankers Trust Company	1,000,000	The Nikko Securities Co.	600,000
Basle Securities Corporation	600,000	Nomura Securities International, Inc.	600,000
Bear, Stearns & Co.	850,000	The Northern Trust Company	1,000,000
William Blair & Company	200,000	John Nuveen & Co. Incorporated	600,000
Blyth Eastman Dillon & Co. Incorporated ..	1,000,000	Paine, Webber, Jackson & Curtis Incorporated	1,000,000
The Chase Manhattan Bank, N.A.	1,000,000	Piper, Jaffray & Hopwood Incorporated ...	200,000
Chemical Bank	1,000,000	Wm. E. Pollock & Co., Inc.	600,000
Citibank N.A.	1,000,000	Prescott, Ball & Turben	200,000
Continental Illinois National Bank and Trust Company of Chicago	1,000,000	R. W. Pressprich & Co. Incorporated	600,000
Craigie Incorporated	200,000	Chas. E. Quincey & Co.	200,000
Daiwa Securities America Inc.	600,000	Rauscher Pierce Securities Corporation ...	260,000
Dillon, Read & Co. Inc.	1,350,000	Reynolds Securities Inc.	1,000,000
Discount Corporation of New York	1,000,000	The Robinson-Humphrey Company, Inc. ...	200,000
Donaldson, Lufkin & Jenrette Securities Corporation	1,000,000	L. F. Rothschild & Co.	850,000
A. Webster Dougherty & Co., Incorporated	200,000	Salomon Brothers	1,350,000
Drexel Burnham & Co. Incorporated	1,000,000	Shearson Hayden Stone Inc.	850,000
A. G. Edwards & Sons, Inc.	200,000	Shuman Agnew & Co., Inc.	200,000
EuroPartners Securities Corporation	600,000	Smith Barney, Harris Upham & Co. Incorporated	1,000,000
First of Michigan Corporation	200,000	SoGen-Swiss International Corporation ...	600,000
The First National Bank of Chicago	1,000,000	Stuart Brothers	200,000
First Pennco Securities, Inc.	600,000	Sutro & Co. Incorporated	200,000
Robert Fleming Incorporated	600,000	UBS-DB Corporation	600,000
The Fuji Bank and Trust Company	600,000	Underwood, Neuhaus & Co., Incorporated ..	200,000
Goldman, Sachs & Co.	1,000,000	United California Bank	600,000
Hornblower & Weeks-Hemphill, Noyes Incorporated	1,000,000	Burton J. Vincent, Chesley & Co.	200,000
E. F. Hutton & Company Inc.	1,000,000	Warburg Paribas Becker Inc.	1,000,000
The Industrial Bank of Japan Trust Company	600,000	Weeden & Co., Incorporated	850,000
Janney Montgomery Scott Inc.	200,000	Wells Fargo Bank, N.A.	600,000
Kidder, Peabody & Co. Incorporated	1,000,000	Wertheim & Co., Inc.	1,000,000
Kleinwort, Benson Incorporated	600,000	Wheat, First Securities, Inc.	200,000
Lazard Frères & Co.	1,350,000	White, Weld & Co. Incorporated	1,000,000
Legg Mason/Wood Walker, Div. of First Regional Securities, Inc.	200,000	Dean Witter & Co. Incorporated	1,000,000
Lehman Brothers Incorporated	1,350,000	Wood Gundy Incorporated	600,000
		Wood, Stuthers & Winthrop Inc.	600,000
		Yamaichi International (America), Inc. ...	600,000
		Total	<u>\$75,000,000</u>

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent, and that the Underwriters will be obligated to purchase all of the Notes if any are purchased.

The Bank has been advised by The First Boston Corporation and Kuhn, Loeb & Co., as Representatives of the Underwriters, that the Underwriters propose to offer the Notes to the public initially at the offering

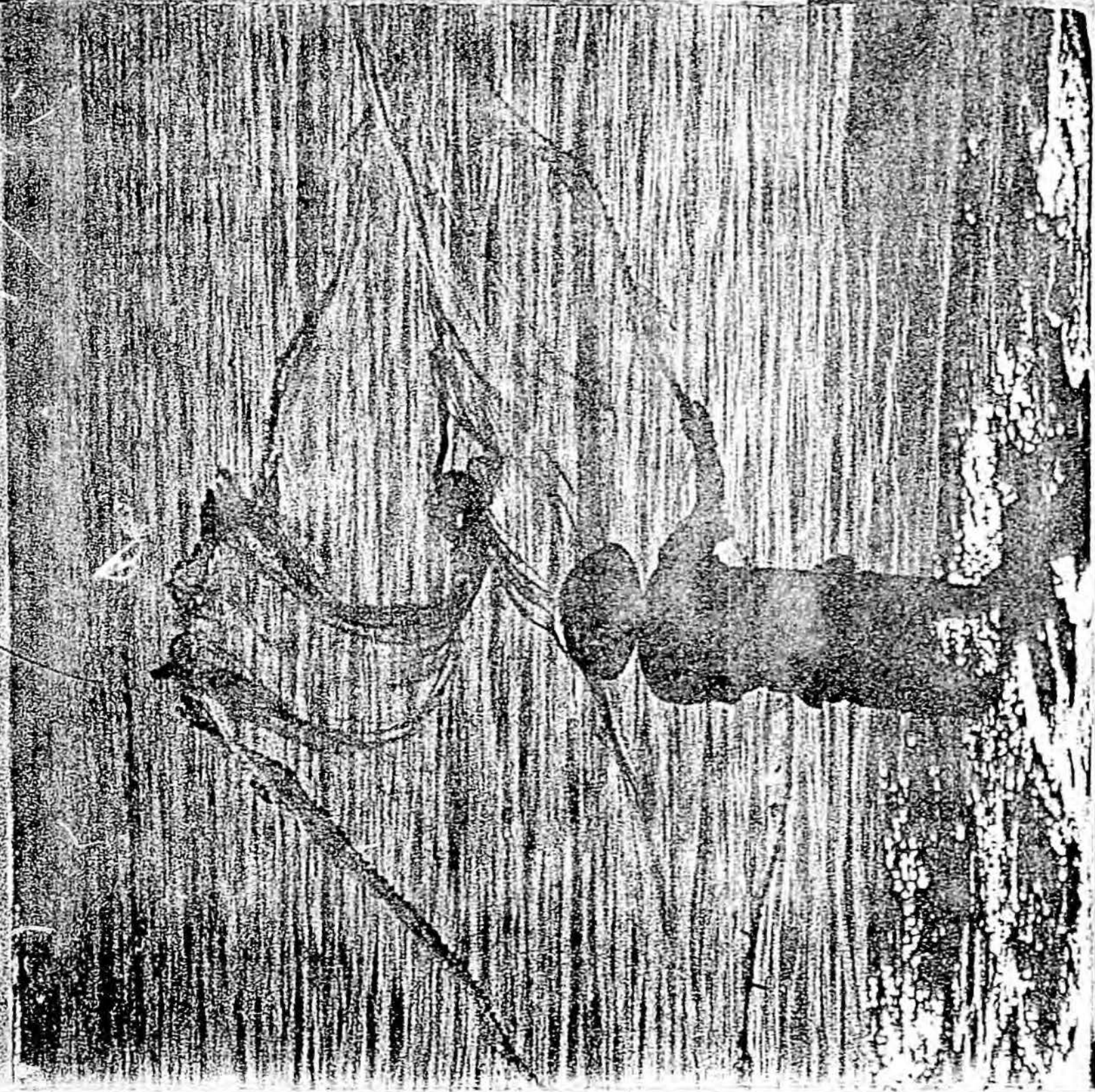
price set forth on the cover page of this Prospectus and, through the Representatives, to certain dealers at such price less a concession of .50% of the principal amount of the Notes; that the Underwriters and such dealers may allow a discount of .25% of such principal amount on sales to other dealers; and that the public offering price and concession and discount to dealers may be changed by the Representatives.

The Bank has agreed to make a payment to the Underwriters in lieu of reimbursement of expenses and to indemnify the Underwriters against certain liabilities.



**ASIAN DEVELOPMENT BANK
ANNUAL REPORT 1975**

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ASIAN DEVELOPMENT BANK ANNUAL REPORT 1975

ASIAN DEVELOPMENT BANK
Manila

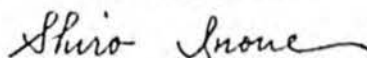
Office of the President

9 March 1976

Dear Mr. Chairman:

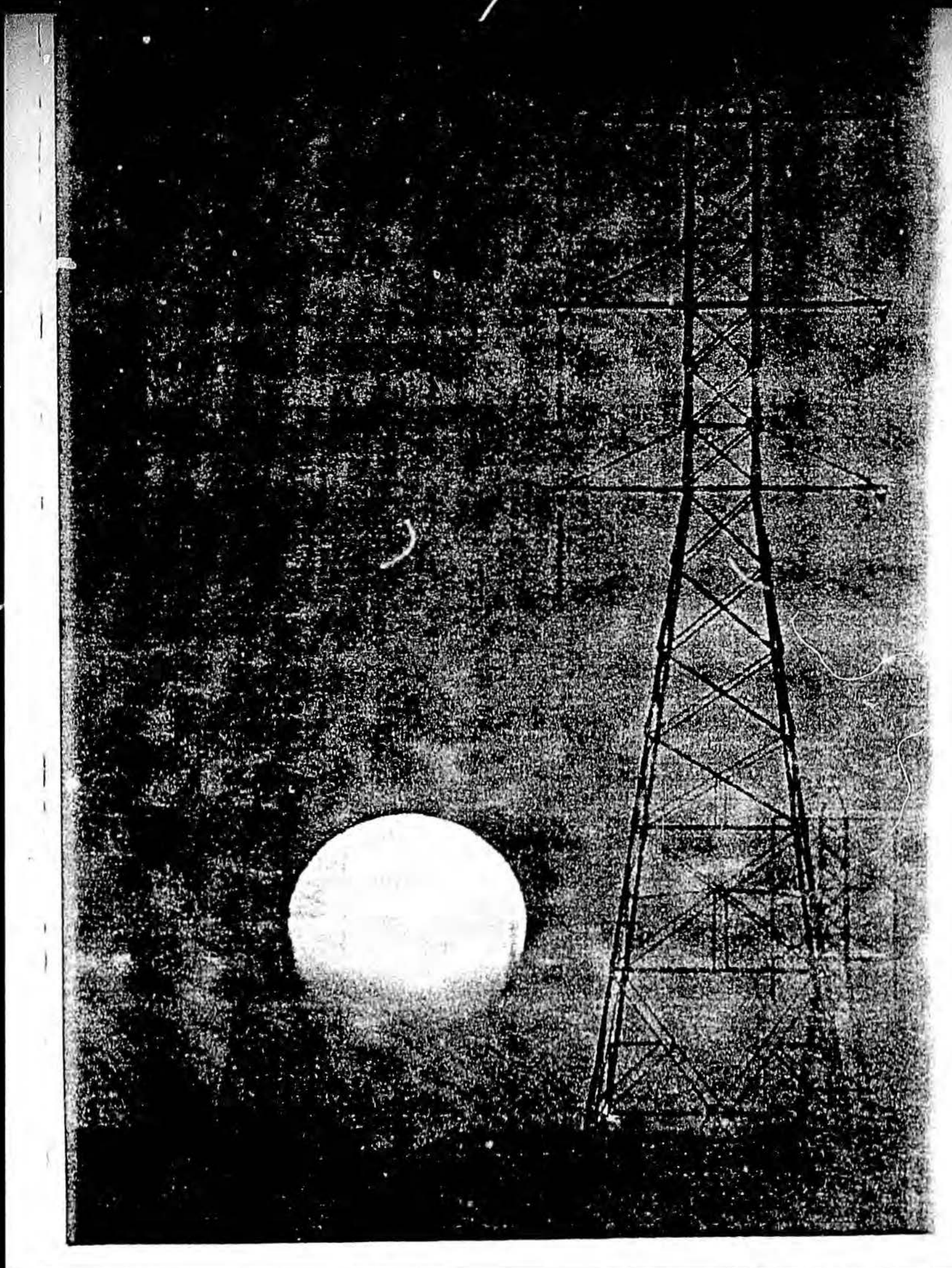
With respect to Article 39 of the Articles of Agreement of the Asian Development Bank and in accordance with Section 13 of the By-Laws of the Bank, I submit to the Board of Governors, on behalf of the Board of Directors, the enclosed Annual Report on the operations and policies of the Bank in 1975, including a separate report on the activities of the Special Funds of the Bank. The Annual Report also includes the financial statements prescribed in Section 15 of the By-Laws.

Sincerely yours,



SHIRO INOUE
President and
Chairman of the Board of Directors

Chairman
Board of Governors
Asian Development Bank



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NOTE

The Bank's financial statements are expressed in current United States dollars, accordingly, the amounts expressed in United States dollars in this Report, which refer to the Bank's position in 1973, 1974 and 1975, relate to the United States dollar at its current value of 0.736662 gram of fine gold. United States dollar amounts which refer to the position in 1972 or in earlier years correspond, unless otherwise stated, to the value of the United States dollar current at the time.

1975 IN BRIEF

IN 1975, MOST of the Bank's developing member countries (DMCs) suffered severely from the effects of world-wide recession, inflation and widening trade imbalances, and these effects will be felt to an even greater degree in future years. In addressing itself to its members' needs and problems, many of which are of a long-term nature, the Bank's efforts were directed to: (i) raising urgently needed additional resources to sustain its operations, (ii) maintaining the momentum of its lending and technical assistance activities and (iii) bringing its assistance to bear where the needs appeared to be greatest.

A detailed account of the Bank's activities in 1975 appears later in the Report. The highlights are summarized below.

- Agreement was reached in December to replenish the Asian Development Fund, from which loans on concessional terms are made, with a target of \$830 million to cover the period 1976 to 1978.
- Ordinary and Special Funds loan approvals totalled \$660 million—21 per cent higher than in 1974—bringing total lending since 1968 to nearly \$2,600 million
- Much of the lending in 1975 was directed to sectors where the need for accelerated development was most urgent—37 per cent to agriculture and agriculture-related activities and 29 per cent to public utilities, mainly for exploitation of indigenous power resources
- Disbursements during the year increased sharply—to \$362 million—bringing total disbursements to \$832 million
- There were three special increases, aggregating \$310.6 million, to the Bank's capital stock, all by developing member countries of the Bank
- New avenues for borrowing were opened up—in Europe and in the Middle East
- Eight borrowings totalling \$322.8 million were made, more than the total of borrowings in previous years
- Provision for financing of local currency expenditures—to relieve borrowing countries' immediate balance of payments problems and domestic financing constraints—was made in eight of the 41 loans approved
- More flexible guidelines were adopted for lending to development finance institutions, which received 16.8 per cent of the year's lending
- In the field of technical assistance, emphasis was placed on institution-building and the training of local staff
- Increased attention was given, both in loans and technical assistance, to the social aspects of development, to benefit both the urban and rural poor
- Greatly expanded cooperation with other donors resulted in co-financing of three large fertilizer projects with total costs of \$598 million, of which the Bank's share was \$110 million

THE RECORD

(amounts in \$ million)

	1968	1969	1970	1971	1972	1973	1974	1975	1968-1975
Loan Projects									
Number ¹	7	19	30	27	30	39	39	40	228 ²
Amount	42	98	246	254	316	421	548	660	2,584 ²
Ordinary Loans									
Number	7	14	22	16	16	30 ³	21	27	150 ⁴
Amount	42	98	212	203	222	303	375	494	1,925 ⁴
Special Funds Loans									
Number	—	6	10	12	16	24	19	14	101
Amount	—	22	34	51	94	118	173	166	659
Technical Assistance Projects⁴									
Number	10	13	19	15	16	24	31	27	156 ⁵
Amount	1.24	2.23	2.91	1.54	3.28	2.60	5.42	6.04	25.32 ⁵
Regional Activities⁴									
Number	3	2	1	4	4	5	3	7	30 ⁶
Amount	2.97	0.55	0.03	0.37	0.19	0.16	0.17	0.94	5.54 ⁶
Loan Disbursements	2	7	17	49	61	146	187	362	832
Authorized Capital (at year-end)									
In terms of current US dollar	1,327	1,327	1,327	1,327	3,317	3,366	3,366	3,676	—
(In terms of 1966 US dollar)	(1,100)	(1,100)	(1,100)	(1,100)	(2,750)	(2,790)	(2,790)	(3,048)	—
Subscribed Capital (at year-end)									
In terms of current US dollar	1,170	1,180	1,211	1,212	2,449	2,725	2,770	3,202	—
(In terms of 1966 US dollar)	(970)	(978)	(1,004)	(1,005)	(2,030)	(2,259)	(2,296)	(2,654)	—
Borrowings (gross)	—	16	22	122	59	31	42	323 ⁷	614
Outstanding Debt (at year-end)	—	16	38	159	229	249	283	530	—
Ordinary Reserve (at year-end)	2.1	5.6	11.1	22.4	31.2	35.0	50.6	77.1	—
Special Reserve (at year-end)	—	0.04	0.18	0.56	1.53	3.37	6.23	10.97	—
Unappropriated Gross Income	7.2	12.9	20.6	25.5	32.4	44.4	54.7	76.2	—
Net Income	3.5	5.5	11.3	14.6	11.2	15.7	26.4	24.5	—
Special Funds Resources (at year-end)⁸	45.0	82.7	137.9	196.7	224.7 ⁹	389.3 ⁹	560.5	692.0 ¹⁰	—
Member Countries (at year-end)	32	33	35	36	37	40	41	41	—
Professional Staff (at year-end)	94	143	159	191	207	222	231	254	—

(Cumulative amounts in last column may not tally with annual figures due to rounding.)

- 1 Projects financed by loans from both ordinary capital resources and Special Funds resources are counted only once.
- 2 Excluding three loans later incorporated in new loans.
- 3 Including 13 loans from ordinary capital resources under a scheme operated in 1973 (only) for supplementing limited Special Funds resources.
- 4 Including projects financed from sources outside the Bank, mainly UNDP.
- 5 Including one technical assistance project approved in 1967.
- 6 Including one regional activity approved in 1967.
- 7 Including the undrawn balance of The Bank of Japan borrowing.
- 8 Comprises resources administered in the Agricultural Special Fund (prior to 1973), the Multi-Purpose Special Fund, the Asian Development Fund (after 1973), but excludes the resources of the Technical Assistance Special Fund.
- 9 Including one contribution made in 1972 by Belgium which became effective in 1974.
- 10 Commitments from these resources totalled \$651.1 million at end of 1975.

ECONOMIC BACKGROUND

International Setting¹

IN GENERAL, 1975 was a most difficult year for much of the world. The year was characterized by an absence of real economic growth, inflation, high rates of unemployment, low commodity prices and slack investment activity. The economic problems of developing countries—many of them deep-seated and persistent—were compounded by the economic recession in industrial countries.

The recession in most industrial countries was at its worst in the first half of 1975 and by the end of the year it appeared that recovery in many countries had already started and would gather momentum in 1976. Gross National Product (GNP), in real terms, in the OECD countries in 1975 is estimated to have declined by 2 per cent. With the expected continued upswing in economic activity, the OECD expects that its member countries would attain an average growth of 4 per cent in 1976. The increase in consumer prices in 1975—10 per cent as against 13.2 per cent in 1974—was still high. However, with lower import demand and improved terms of trade, the current account deficit of OECD countries showed a marked improvement from a deficit of \$33 billion in 1974 to a deficit of \$6 billion in 1975.

The developing countries as a whole suffered a marked setback in their terms of trade; the prices of major exports declined, while those of major imports were perceptibly higher. Aid inflows in real terms remained substantially unchanged from the previous year's level. The overall rate of growth of GNP in real terms of developing countries, which decreased from 6.9 per cent in 1973 to 5.3 per cent in 1974, is estimated by the World Bank at only 1.4 per cent in 1975, resulting in a reduction in per capita GNP.

The most pressing problem facing the developing countries in 1975 was the widening trade gap. Industrial countries absorb about three-quarters of the exports of the developing countries and supply most of their non-oil imports. The volume of exports of the developing countries rose by 2 per cent in 1974 compared with an average of 12 per cent in the preceding two years; for 1975, an absolute decline in exports is estimated. On the other hand, the imports of these countries increased in volume by 12 per cent in 1974, financed by heavy borrowings and reductions in their foreign exchange reserves. In 1975, imports are estimated to have decreased by 7 per cent in volume.

In these circumstances, the current account deficit of developing countries deteriorated further in 1975. The OECD has estimated that the deficit was \$45 billion in 1975

as against \$31 billion in 1974 and \$9 billion in 1973. The deterioration occurred despite the decline in economic growth and cutbacks in investment which might have been expected to reduce the demand for imports.

Economic Developments in the Region

The main difficulties faced by the Bank's developing member countries (DMCs) in 1975 were generally the same as those experienced by developing countries throughout the world—a general slowdown in growth and continued inflation, aggravated by higher current account deficits. However, because of the diverse features of the DMCs, such as geographical spread and size of population, resource endowment, stage of development, degree of openness of the economy, and availability of external resources, the impact of these factors varied considerably among them.

Preliminary data on the growth rate in Gross Domestic Product (GDP)/GNP are given in Table 1². Out of 15 countries for which data are available, five countries had a higher growth rate in 1975 and the remaining ten countries showed a slower growth rate. In overall terms, however, the average growth rate achieved by the DMCs was considerably higher than the growth rate estimated for the entire developing world.

Among the countries which showed a significantly higher growth rate in 1975 over that in 1974 were India, Indonesia, the Philippines and Thailand. In India, better agricultural performance, increased industrial production due to higher electricity generation, a more favorable industrial climate and the lesser dependence of the country on world market conditions, contributed to the improved economic performance. The growth rate of Indonesia was further accelerated by massive investment programs made possible by increased government revenues and larger inflow of investment goods financed through high export earnings and foreign borrowings. In the Philippines, the growth rate of GDP in 1975 was higher than in the previous year, due largely to higher growth in mining and quarrying and large-scale construction activity. In Thailand, the increase in GDP of 6.4 per cent in 1975 was twice that in 1974. Large increases in production in the agricultural, manufacturing and construction sectors were the main contributors to the overall improvement.

The more industrialized countries—Republic of China, Hong Kong, Republic of Korea and Singapore—generally showed poor performance, due to their heavy depen-

¹ References to developing countries in this section exclude major oil exporters.

² Tables relevant to this chapter are in the Statistical Annex at pages 43 to 51.

dence on foreign trade and the low demand for their export products in the industrialized countries. The GDP growth rate of Hong Kong and Singapore, which registered a marked decrease in 1974, declined further in 1975. The Republic of China fared somewhat better than in 1974, but its improvement was marginal. The Republic of Korea's growth rate of 8 per cent was lower than in 1974, but still high by international standards.

All the other DMCs registered lower growth rates in 1975. The slowdown was reflected particularly in the slack demand in the developed countries for exports from DMCs, affecting adversely their terms of trade. The situation was aggravated by the decline in investment, as underutilized capacity existed in many industries and shortages of domestic and external resources developed. The decline in the growth of GDP of Malaysia was particularly steep (from 7.7 per cent to 0.5 per cent), due mainly to the substantial fall in the production of rubber—the country's principal export—and also reduced activity in the mining and manufacturing sectors.

The agricultural performance of many DMCs, particularly in food crops, improved considerably in 1975. The output of rice, the principal foodgrain in the region, is estimated to have increased by about 7.1 per cent, exceeding the high level achieved in 1973. Production increased in almost all rice-producing countries. India and Pakistan—both of which had suffered large declines in 1974—and Bangladesh, Indonesia, the Republic of Korea and Malaysia made the largest gains (Table 2). The output of wheat and corn also registered substantial increases; wheat by an estimated 11.7 per cent and corn by 5.4 per cent. Favorable weather, increased use of modern agricultural inputs, and the stimulus of high prices which prevailed during the preceding years, contributed to the improved performance. However, output of several export products including rubber, sugar and timber generally declined because of poor demand and lower prices.

Production of manufactures was generally depressed, especially in the more industrialized DMCs. Sluggish demand for exports, poor domestic demand arising from reduced consumption, and low investment, were responsible for the slowdown. Reduced demand led to increased inventories, thereby delaying the prospects for early recovery. The major exception was the Republic of Korea, which, despite difficult international market conditions, was able to achieve an increase of 19 per cent in the production of manufactures in 1975. The production of minerals including copper, tin and iron ore also declined.

As with developing countries generally, the most serious problem that the DMCs faced in 1975 was in their external accounts. The position in respect of exports was far more difficult than in 1974, because the full impact of the recession in industrialized countries—which led to a fall both in the quantity and prices of most of the principal exports of DMCs—was felt only in 1975. The total merchandise exports of the DMCs, after an increase from \$31.8 billion in 1973 to \$44.2 billion in 1974, is estimated to have declined to \$42.9 billion in 1975 (Table 3)¹.

The value of merchandise imports, however, is es-

timated to have increased from \$54 billion in 1974 to \$55.3 billion¹ in 1975, despite the improved food situation, the efforts made by the governments to curtail non-essential imports, and economy in the use of fuel. The higher prices of imports of manufactures from the developed countries and, less importantly, the increase in the price of oil which occurred in late 1975, have been the main causes of the increase in the value of imports.

This divergent trend in the prices of exports and imports led to a marked worsening in the terms of trade of the DMCs during the year. In nine countries for which data are available, the estimates show that, with 1974 as the base year, the terms of trade in the first six months of 1975 ranged between 79 per cent for the Philippines and 97 per cent for Singapore. Preliminary estimates indicate that the trade deficits of the DMCs during 1975 would be about \$12.4 billion¹, compared with \$10.5 billion in 1974 and \$3.2 billion in 1973 (Table 3). The net deficit on account of services and private transfers in the balance of payments is, in the aggregate, estimated to increase from \$0.3 billion in 1973 and \$0.4 billion in 1974 to \$0.8 billion in 1975. Inclusive of these, the current account deficit of DMCs is estimated to have increased from \$3.5 billion in 1973 and \$10.9 billion in 1974 to about \$13.2 billion in 1975¹.

In the past, the net inflow of official and private external financial resources (including short-term capital), exceeded current deficits. As a result, the DMCs were able to add substantial amounts to their reserves, which increased from an aggregate of \$6 billion in 1970 to \$11.4 billion in 1973 (Table 4)². Even in 1974, some countries were able to add to their reserves due to their relatively good overall export performance and/or their ability to secure sufficient external resources through foreign aid, private capital inflows and substantial borrowings in the international capital markets. However, for the first time in several years, it appeared that the DMCs as a whole ended the year with a significant reduction in their aggregate reserves despite larger drawings from the IMF (including the oil facility) and greater use of borrowings in international capital markets than in 1974.

The large deficits in external accounts incurred by the DMCs in 1974 and 1975 led to a considerable increase in their external debt. The available data indicate that aggregate external public debt increased from \$37.8 billion in 1973 to \$46.7 billion in 1974, while debt service payments increased from \$2.2 billion to \$2.5 billion (Table 5). A somewhat higher growth in public debt is anticipated for 1975, while the increase in debt service payments would also be considerably larger. Moreover, many DMCs have contracted large private debts at very high rates of interest, especially in the last two years. Debt management has clearly become a serious problem and needs even closer attention than it has received hitherto.

1 1975 figures of exports, imports, merchandise trade and current account deficit exclude South Vietnam, for which data are not available. For comparison purposes, imports by that country are also excluded from 1974 estimates. Inclusive of its imports, total imports of DMCs were \$54.8 billion in 1974.

2 Excluding Hong Kong, for which annual series are not available.

Response of DMCs

A variety of measures—some in continuation of initiatives taken in 1974—was adopted by the DMCs during the year to mitigate their economic difficulties, many of which resulted from external factors beyond their control. The nature and the extent of the problems varied among DMCs, and their responses were accordingly different.

In most DMCs sluggish industrial production led to reduced employment. This, combined with mounting inflation, aggravated the condition of the fixed income groups and poorer sections of the population. To alleviate their hardships, several measures were undertaken, such as price controls, rationing of essential consumer goods, tax relief for lower income groups, and employment-generating expenditures.

Many countries readjusted their development programs with emphasis on production-oriented projects that generally involved greater use of labor and reduced reliance on imports. At the same time, more intensive efforts were made to mobilize domestic savings, through measures such as higher interest rates on bank deposits, higher taxes, and economies in current government expenditures. Government budgets generally provided for larger resources for financing development expenditures, aimed partly at offsetting lower investment in the private sector.

Various measures were introduced for reducing non-essential imports to conserve scarce foreign exchange for financing priority imports. Self-reliance in food production, greater exploitation of domestic energy resources, and also reduced dependence on imports through appropriate import substitution and economy in the use of imported goods, were important objectives. To counteract the adverse impact of their over-valued currencies and domestic inflation on the international competitiveness of their exports, several DMCs effected exchange rate adjustments.

The measures taken by the DMCs to combat the fall in prices of their major exports included restrictions on production and exports, price stabilization schemes, and further domestic processing for exports. With improved economic activity in the major industrialized countries in the latter part of 1975, there are already indications of a moderate recovery in the exports of some DMCs, especially in manufactures.

During the year, many governments adopted tight monetary and credit policies to dampen inflation and discourage the hoarding of essential goods. Exports of such goods were restricted by some governments to meet domestic needs until the supply position improved. Also, attempts were made to restrain increases in wages and salaries to contain inflationary pressures.

Due to the improved food supply situation, falling prices of several consumer goods, and monetary and fiscal policies adopted by governments, inflation abated substantially in most DMCs during 1975. If the trend observed in the first six to nine months were to continue, the overall increase in consumer prices in the region would be 15 per cent or less during 1975, compared with 32 per cent in 1974.

The various policies and measures adopted by the DMCs during the year have mitigated their difficulties, but there is full awareness that more vigorous efforts are needed for sustaining growth and for alleviating the strain on their balance of payments. In order to promote industrialization in the region, some countries have become increasingly interested in exploring opportunities for organizing regional economic communities which could ultimately lead to greater self-reliance and reduced dependence on external assistance. Policies aimed at higher domestic production of food and energy have already shown favorable results and, if followed successfully, would not only ease the external payments position of DMCs, but also contribute to a possible reduction in their present international imbalance.

In the immediate future, however, the prospects for growth and improvement in the balance of payments of the DMCs remain uncertain, despite the efforts that they have already made. And while they must continue to mobilize larger domestic resources and expand exports in order to achieve self-sustained growth in the longer term, urgent international action is required for increasing the availability of external resources. Such expanded assistance is needed to increase productive capacity essential for achieving the objective of self-reliance, which is the ultimate goal of all developing countries.

International Response

The need for external resources during 1975 to meet the current deficits of DMCs is estimated at about \$13.2 billion, compared with about \$10.9 billion in 1974. During 1974, the DMCs were able to finance their current account deficits through inflows of official assistance from DAC countries of OECD and multilateral institutions (\$5.3 billion), inflows from OPEC members (\$0.5 billion), heavy borrowing from international capital markets (\$2 billion), IMF drawings inclusive of the oil facility (\$1 billion), private investment and export credits (\$1.2 billion) and other short-term borrowings (Table 6). Complete data on the inflow of external resources to the region during 1975 are not yet available. However, given the difficulties experienced by most of the industrialized countries and the declining surpluses of OPEC countries, the flow of DAC and OPEC assistance is unlikely to have exceeded \$6.5 billion, even after allowing for a higher net inflow from multilateral institutions. This suggests that the balance of about \$6.7 billion was met by the DMCs by borrowings from international capital markets, drawings from the IMF, private investments and export credits, short-term borrowings and drawing down of their international reserves.

Although there was no significant increase during the year in the availability of external aid on concessional terms, measures were adopted, or actively pursued, which would substantially expand the future supply of concessional funds. Some of the more important of these, likely to be implemented in 1976, are: (i) the establishment of the "Third Window" by the World Bank, (ii) the creation of the Special Trust Fund under the auspices of the IMF, (iii) the establishment of the International Fund for

Agricultural Development, and (iv) the creation of an OPEC fund by setting aside a fraction of the earnings from each barrel of crude oil sold.

Most of these measures are designed to increase limited availability of highly concessional funds to be provided mainly to countries classified by the United Nations as being "most seriously affected". These countries are not in a position to absorb loans on conventional terms; nor do they have recourse to international capital markets. Since the Bank's region accounts for nearly four-fifths of the population of the "most seriously affected" countries, these measures are of particular interest to the Bank.

For developing countries which are in a relatively better position, proposals have been made to improve their access to capital markets. Some DMCs have already become large borrowers of funds from these markets; the total amount borrowed through bond issues and Euro-currency credits increased from \$1.1 billion in 1973 to \$2 billion in 1974. In 1975, such borrowings amounted to \$2.7 billion, despite several constraints on raising commercial credits and issuing bonds in the industrially advanced countries. The Development Committee¹ of the World Bank and the IMF is currently examining measures such as a multilateral guarantee facility, means of overcoming regulatory and other constraints on capital markets, and improved information about legal and institutional requirements for raising funds. Implementation of such measures should enable the DMCs to achieve greater access to capital markets.

In addition, proposals were made at the Seventh Special Session of the UN General Assembly held in September 1975 to create an International Investment Trust, under the auspices of the International Finance Corporation (IFC) of the World Bank Group to mobilize portfolio capital for investment in local enterprises in developing countries. At the same time, the capital of IFC is being increased from about \$100 million to nearly

¹Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries

\$600 million.

The various measures discussed above would help mitigate short-term balance of payments problems. In the longer term, the solution to the growing trade deficits of the DMCs lies in the expansion of exports to meet their import requirements, which warrants higher production in the DMCs on the one hand and access to markets of the developed countries at equitable prices on the other. An important achievement in 1975 was the practical recognition given by both the industrialized and the developing countries to their interdependence and also their general understanding on measures that place greater reliance on trade as a vehicle of growth. Various schemes were under consideration in international forums to increase the exports of the developing countries. These included stabilization of prices through various international commodity agreements, creation of buffer stocks, and removal of tariff and non-tariff barriers to exports from developing countries. Also, a proposal was made to create a new development security facility in the IMF, with substantial resources, to stabilize export earnings of developing countries.

The strains placed on the Bank's DMCs during 1975 have been unprecedented and will persist. If these countries are to achieve and sustain a perceptible increase in per capita income, they will need a much larger inflow of external resources in the coming years. The Bank's region is the poorest of the world's developing regions; yet, on a population basis, it receives a smaller inflow of external resources than any other developing region. This imbalance needs to be redressed, especially to help those countries most seriously affected by the recent economic crises.

The Bank has an important part to play in meeting the region's growing need for funds. It is in full recognition of this role that the Bank has embarked on a vigorous program of raising additional resources through a replenishment of its Special Funds, the proposed increase in its capital stock, accelerated borrowings from world capital markets and active encouragement of co-financing of projects with other donors.

OPERATIONS AND POLICIES

Lending Operations

IN ITS LENDING and technical assistance activities, the Bank maintained the momentum established in recent years. As a result of efforts initiated earlier, when many of the present difficult problems of the developing member countries (DMCs) had begun to emerge, much of the Bank's lending in 1975 was directed to sectors where needs have become most urgent and where the benefits will be widespread, especially among the region's poor.

Loan approvals totalled \$660.31 million, an increase of 20.6 per cent over 1974, or 7.3 per cent in real terms. Loans from ordinary capital resources amounted to \$494.05 million, and those from Special Funds to \$166.26 million. In all, 41 loans were approved for 40 projects in 12 DMCs.

The total of loan approvals passed the \$2,000 million level during the second quarter of 1975. By the end of the year, the Bank had approved 251 loans totalling \$2,533.57 million for 228 projects in 21 DMCs. Of these, 150 loans totalling \$1,924.74 million were made from ordinary capital resources¹ and 101 loans for \$658.83 million from Special Funds.

During 1975, six countries received loans exclusively from ordinary capital resources, five exclusively from Special Funds, and one from both sources. The total lending of \$494.05 million from ordinary capital resources in 1975 was distributed as follows: Philippines (\$106 million), Republic of Korea (\$101.5 million), Indonesia (\$78.25 million), Thailand (\$77.7 million), Pakistan (\$63 million), Malaysia (\$47.6 million) and Hong Kong (\$20 million). The Special Funds loans of \$166.26 million were made to Bangladesh (\$51.63 million), Pakistan (\$34 million), Burma (\$31.4 million), Sri Lanka (\$30 million), Nepal (\$16.83 million) and Western Samoa (\$2.4 million).

Lending from Special Funds dropped slightly below the preceding year's figure—\$166.26 million as against \$172.86 million in 1974. This decline, which was in contrast with the steady growth of the Bank's operations as a whole, and of Special Funds lending up to the end of 1974, was due to a shortage of resources for concessional lending. As of the end of 1975, the uncommitted balance of Special Funds resources was \$40.9 million. (The efforts made by the Bank to mobilize additional Special Funds resources are described in the chapter on Special Funds.)

Largely due to inflation and currency fluctuations in developed countries, many of the projects financed by

the Bank have incurred cost overruns. The loans approved in 1975 included six supplementary loans totalling \$48.23 million for cost overruns for which the countries concerned were unable to raise funds elsewhere. Increased resort was made in 1975 to engineering loans for financing the preparation of detailed design and tender documents. Five such loans totalling \$9.95 million were approved in 1975, four of them in conjunction with technical assistance grants for financing feasibility studies or similar project studies. In 1974, the Bank extended two engineering loans totalling \$1.45 million. Engineering loans facilitate the preparation of realistic cost estimates for project construction. They also contribute towards a pipeline of projects ready for immediate implementation. And in times of high inflation, they provide a means of minimizing the risk of cost overruns developing as a result of delays in project implementation.

The average size of loans rose from \$13.7 million in 1974 to \$16.1 million in 1975. If supplementary and engineering loans are excluded, the amounts would be \$15.9 million and \$20.1 million, respectively. The increase in loan size largely reflects the effect of the higher estimated costs of goods and services. The largest project financed by the Bank in 1975 was the Mirpur Mathelo Fertilizer Project in Pakistan, for which loans from both ordinary and Special Funds resources were given. The combined total of Bank financing for the project was \$50 million.

Assistance to Industry through Development Banks

The promotion of national development banking has become an important part of the Bank's activities. By the end of 1975, the Bank had lent \$469.2 million²—representing nearly 20 per cent of its total lending as of that date—to 17 development finance institutions (DFIs) in 12 DMCs.

Based on experience over the preceding eight years, a detailed examination of the Bank's policies in lending to DFIs was started in 1974. This review concluded in 1975 and resulted in the adoption of a set of guidelines on policies and procedures designed to regulate the Bank's future activities in this field.

In evaluating a DFI's eligibility for assistance, the Bank must be satisfied that government policies and the

¹ Excludes \$0.4 million, \$0.5 million and \$0.45 million initially approved in 1969, 1970 and 1974, and later incorporated in new loans in 1970, 1971 and 1975, respectively.

² The credit lines approved accounted for \$438.6 million of the Bank's total loans to DFIs. The balance of \$32.8 million was provided for financing of specific projects.

general economic environment are congenial to the satisfactory operations of the DFI, and that the DFI's objectives and policies are compatible with the overall developmental priorities and strategies of the government, and also in line with the Bank's general objectives and policies of operation. The suitability of the organizational structure of the DFI is to be verified and the capability of management and staff assessed.

In assessing the role of a DFI in socio-economic development, the Bank is required to evaluate its contribution to the country's GNP/GDP, foreign exchange earnings and savings, creation of employment opportunities, balanced area development, the selection and development of new entrepreneurs, promotion of small-scale industry, etc. Social cost-benefit analysis of the projects financed by the DFI is to be used as appropriate in such assessments.

The financial soundness of a DFI is important if the institution is to maintain its autonomy and creditworthiness. The guidelines require the Bank to look for a sound capital structure, a satisfactory liquidity position, a well-balanced portfolio, adequate provisions and reserves, and a satisfactory interest spread. At the same time, it is recognized that the significance of some of the yardsticks of financial viability and soundness may differ between privately-owned DFIs and government-owned DFIs, and that flexibility may be required in applying these yardsticks to the latter.

In accordance with the guidelines, the Bank's funds are used normally to finance projects in the private sector, but the Bank may allow its funds to be channeled to public sector projects, depending on the country situation and economic priorities, where the projects meet the usual standards of viability.

As a result of the review, it was decided to remove the distinction in the Bank's practice between the treatment of loans to DFIs and project loans, both in regard to the level of commitment charge and in regard to the determination of the interest rate. It was considered that these changes in the Bank's practice would assist DFIs in their financial programming and would contribute to the expeditious utilization of the Bank's loans. There would also be advantages both for the Bank and the borrowers through simplification in the bookkeeping involved in loan administration. Following this decision, the commitment charge now becomes payable 60 days after the Bank's loan is signed, and the rate of interest is fixed at the time of loan approval, at the rate then prevailing. Formerly, the commitment charge was payable on each sub-loan from the time of crediting the borrower's loan account (now the entire loan is credited, and the rate applied to the borrower's loan account). The rate applied was that prevailing at the time each sub-loan was credited to the borrower's loan account. Simplification in procurement procedures was also effected at the time of the review. Past experience had shown that the earlier procedures, which required formal competitive bidding above a certain specified amount, did not fully meet the objectives of economy and efficiency, taking into account the nature and type of projects generally financed under the Bank's

loans. While, under the new procedures, international competitive bidding will not be insisted upon, DFIs will be encouraged to adopt such procedures where they are most relevant as, for instance, when the investment concerned is unusually large or such procedures could maximize economy and efficiency.

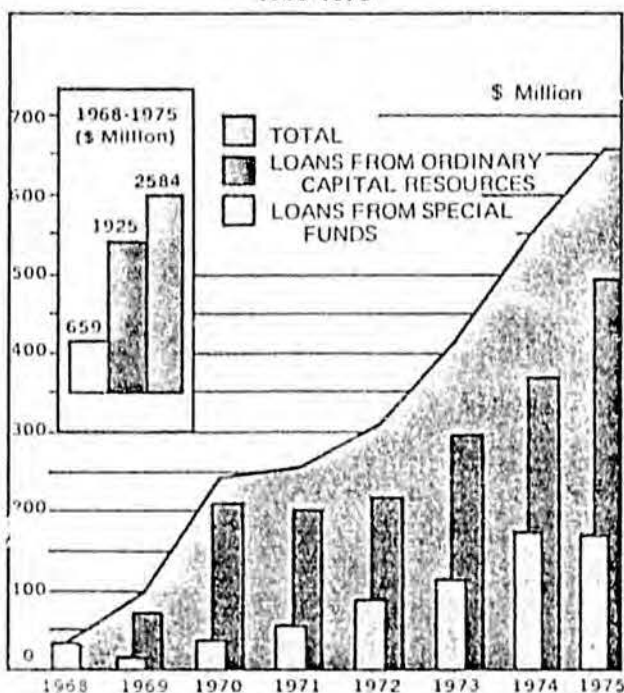
Lending Foreign Exchange for Local Currency Expenditures

Pursuant to the policy adopted in mid-1974, the Bank has been providing foreign exchange for financing local currency expenditures. During 1975, eight loans to six countries incorporated local cost financing, compared with four loans to two countries in 1974. The eight loans involved a total amount of local cost financing of \$28.2 million—\$19 million from ordinary capital resources and \$9.2 million from Special Funds; in 1974 the amount of such financing was \$5.9 million, wholly from Special Funds. In considering local cost financing, the Bank places primary emphasis on the country's economic situation, particularly on the overall balance of payments position, and on its capacity to mobilize domestic resources; within this framework, preference is given to those projects with a low foreign exchange component or high economic and social benefits. Current Bank policy limits local cost financing during the year to no more than 5 per cent of the lending from ordinary capital resources and 10 per cent of the lending from Special Funds. For 1975, the actual percentages of such financing were 3.8 and 5.5, respectively.

Co-financing

During the year, co-financing with multilateral and bilateral sources, including certain oil-exporting coun-

LOANS CLASSIFIED BY SOURCE OF FUNDS: 1968-1975



tries in the Middle East, emerged as an important method of augmenting the flow of aid from other sources to the Bank's DMCs. In the three fertilizer projects for which the Bank provided \$110 million, co-financing included \$80 million from Saudi Arabia, \$25 million from Kuwait and \$15 million from Iran, as well as substantial financial support from India (Rs.100 million) and the International Development Association (\$33 million), and from traditional aid donors, namely, the Federal Republic of Germany (DM30 million), Switzerland (SwF20 million), the United Kingdom (£8 million) and the United States (\$30 million).

Mainly because of these co-financing arrangements, the Bank was able to participate in much larger projects than in previous years. The total costs of projects financed

by the Bank, exclusive of lines of credit to DFIs, amounted to \$1,421 million in 1975, as against \$899 million in 1974.

Aid Coordination

In the area of aid coordination, the Bank was joint convener with the World Bank of a meeting of potential aid donors to Laos. The meeting, held at the Headquarters of the Bank on 28 and 29 April, was attended by representatives of 15 governments and seven international institutions interested in providing economic assistance to Laos. Governments represented were Australia, Canada, France, the Federal Republic of Germany, Japan, the Netherlands, New Zealand, Sweden, the United Kingdom and the United States, while Indonesia, Italy, Malaysia, the Philippines and Thailand sent ob-

LOAN APPROVALS IN 1975 and Total Project Costs

(amounts in \$ million)

Country/Project	Ordinary Capital	Special Funds	Total Project Cost
BANGLADESH			
Ashuganj Fertilizer	—	30.00	249.40
Agricultural Credit	—	9.43	13.50
Greater Dacca Gas Distribution	—	12.20	26.90
BURMA			
Jute Mill	—	25.30	43.30
Power Transmission (Supplementary)	—	6.10	10.60 ¹
HONG KONG			
Sha Tin Sewage Treatment	20.00	—	61.50
INDONESIA			
Java Fisheries Development	13.20	—	21.30
Gohor Lama Palm Oil Processing	11.30	—	15.60
Karangsambung Multi-Purpose	2.90	—	5.40
Garung Hydroelectric	19.80	—	31.90
Teluk Lada Area Development (Phase I)	12.20	—	21.60
Surabaya Institute of Technology	14.50	—	25.20
Belawan and Surabaya Ports (Phase I)	4.35	—	6.50
KOREA, REPUBLIC OF			
Samrangjin Pumped Storage	1.00	—	1.80
Machinery Manufacturing	17.50	—	29.90
Road Improvement	43.00	—	89.30
Korea Development Bank (Fourth)	40.00	—	—
MALAYSIA			
Tenom Pangi Power	1.20	—	1.40
Third Sarawak Electricity Supply	22.70	—	31.50
Jerangau-Jabor Development Road	23.70	—	42.20

servers. In addition to the Bank and the World Bank, five international agencies participated in the meeting: the International Monetary Fund, the United Nations, the United Nations Development Programme, the United Nations High Commissioner for Refugees, and the United Nations Children's Fund.

Also in the area of aid coordination, the Bank assisted Laos in mobilizing additional resources for the Nam Ngum Phase II Hydropower Project (see page 23).

South Pacific Region

Following a review in 1974 of its operations in the DMCs in the South Pacific region, the Bank continued to place emphasis on improving the capacity of these countries to utilize development assistance. The technical

assistance extended to Tonga and Western Samoa in 1974 helped in the preparation of their five-year development plans and the identification of priority projects in 1975.

The capacity of the South Pacific countries to absorb development assistance can be enhanced through the establishment or strengthening of DFIs. One of the two loans made to Western Samoa in 1975 was in the form of a credit line for the Development Bank of Western Samoa, which followed technical assistance given in 1973 for strengthening the institution; further technical assistance was also approved in conjunction with the loan. In two other South Pacific DMCs—Fiji and Papua New Guinea—development banks have already received technical and financial assistance from the Bank. In the Solomon

Country/Project	Ordinary Capital	Special Funds	Total Project Cost
NEPAL			
Jute Development (Supplementary)	—	0.53	0.60 ¹
Tribhuvan International Airport	—	10.00	12.80
Gandak-retauda Power (Supplementary)	—	2.50	3.90 ¹
Second Power	—	3.80	5.40
PAKISTAN			
Gas Turbine Generation	—	22.00	30.90
Murpur Mathelo Fertilizer	38.00	12.00	196.40
Industrial Development Bank of Pakistan (Third)	25.00	—	—
PHILIPPINES			
First and Second Mindanao Power (Supplementary)	22.70	—	74.80 ¹
Butangui River Irrigation	13.50	—	23.90
Mindanao Secondary and Feeder Roads	0.50	—	1.30
Marikina Bay Development	27.50	—	45.20
Development Bank of the Philippines	25.00	—	—
Municipal Cities Water Supply	16.80	—	35.60
SIAM			
Fertilizer	—	30.00	152.00
THAILAND			
Mae Moh Power (Supplementary)	15.00	—	32.20 ¹
Second Mae Moh Power	22.70	—	34.50
Industrial Finance Corporation of Thailand (Third)	20.00	—	—
Series Development	20.00	—	40.90
WESTERN SAMOA			
Development Bank of Western Samoa	—	1.00	—
Power (Supplementary)	—	1.40	1.80 ¹
TOTAL	<u>494.05</u>	<u>166.26</u>	<u>1,421.00</u>

¹ Figures in parentheses are indicated for supplementary loans.

Islands, the Bank has been engaged in efforts aimed at establishing a new DFI or upgrading the existing institution.

Sectoral Activities

In the Bank's lending activities in 1975, special attention was paid to sectors where the needs were seen to be most urgent. Efforts were made to identify and assist projects which would contribute to reduced dependence on imported food, fertilizer and fuel, and to improved export capability through the development of indigenous agricultural facilities.

The continuing urgent need to increase food production and the higher cost of imported inputs for food production were reflected by the largest share, 37.2 per cent, of the total lending being devoted to agriculture and agriculture-related activities. Public utilities accounted for 28.8 per cent of the lending, followed by

AREAS OF THE BANK'S ACTIVITIES

Agriculture and Agro-Industry

- Irrigation
- Flood Control
- Integrated Rural Development
- Land Settlement
- Agricultural Credit
- Seed Production
- Fisheries
- Livestock
- Forestry
- Fertilizer
- Agro-Processing

Industry (Including Development Banks)

- Textile Production
- Engineering Industries
- Chemical Manufacturing
- Development Finance Institutions
(for on-lending to industrial enterprises)

Public Utilities

- Electric Power
- Natural Gas
- Water Supply
- Sewerage
- Urban Development

Transport and Communications

- Highways
- Feeder Roads
- Ports and Harbors
- Airports
- Railways
- Telecommunications

Education

- Vocational Training
- Higher Technical Education

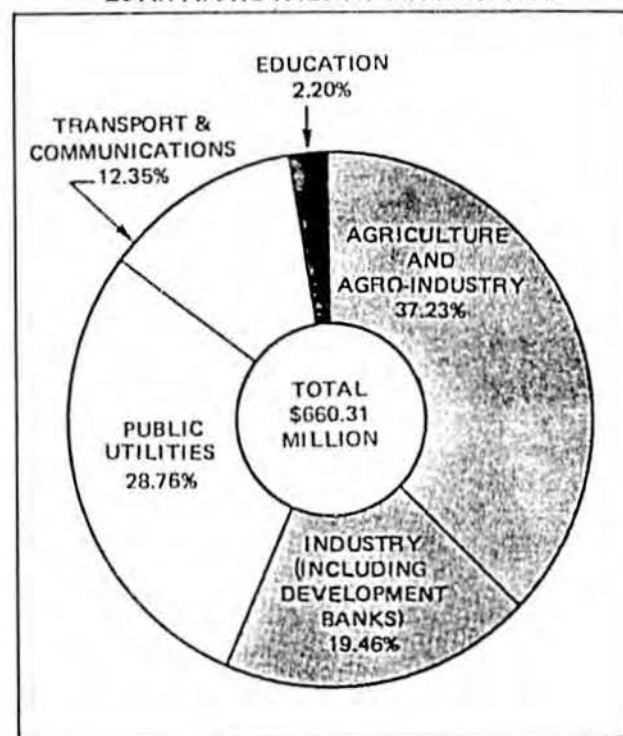
industry (including development banks), 19.5 per cent; transport and communications, 12.3 per cent; and education, 2.2 per cent.

Agriculture and Agro-Industry

In spite of the gains in food production in 1975, food availability and agricultural development in general are among the most difficult long-term problems facing the region, especially in view of the high rate of population increase. Fourteen loans totalling \$245.86 million were approved in the agriculture and agro-industry sector: seven totalling \$98.73 million for irrigation and area development, multi-purpose development, fisheries and agricultural credit; four totalling \$110 million for three fertilizer projects, and three totalling \$37.13 million for jute and palm oil processing.

Irrigation and land development have been used by the Bank as nuclei of basic resource improvement with which other development inputs such as feeder road networks, farmers' credit facilities, seeds, and fertilizer delivery systems, processing and marketing facilities, research and extension services and farmers' institutions have been combined. The basic objective of such integrated projects is to ensure that the various factors needed to boost productivity and output are introduced into the project environment in the proper sequence, combination and proportion. An example is the Teluk Lada Area Development Project in Indonesia (\$12.2 million), which aims at a four-fold increase in agricultural production, a substantial improvement in living conditions, and the creation of more employment opportunities in the area. Another example is the Pulangui

LOAN APPROVALS BY SECTOR: 1975



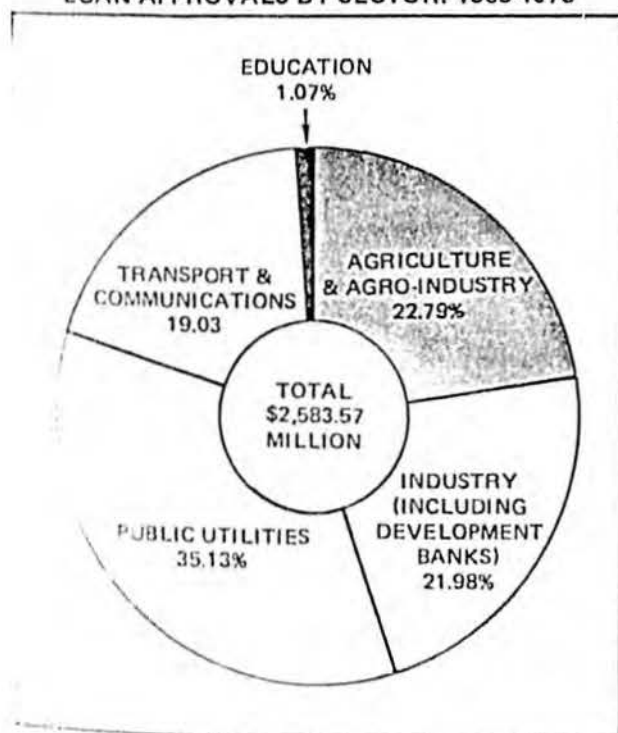
LOAN APPROVALS BY SECTOR: 1968-1975
(amounts in \$ million)

Sector	1974		1975		1968-1975	
	Amount	%	Amount	%	Amount	%
Agriculture and Agro-Industry	133.95	24.46	245.86	37.23	588.86	22.79
Agriculture	114.25	20.86	98.73	14.95	346.89	13.43
Agro-Industry	19.70	3.60	147.13	22.28	241.97	9.36
Industry (Including Development Banks)	133.70	24.41	128.50	19.46	567.97	21.98
Public Utilities	198.52	36.25	189.90	28.76	907.57	35.13
Transport and Communications	81.51	14.88	81.55	12.35	491.57	19.03
Education	—	—	14.50	2.20	27.60	1.07
TOTAL	547.68	100.00	660.31	100.00	2,583.57	100.00

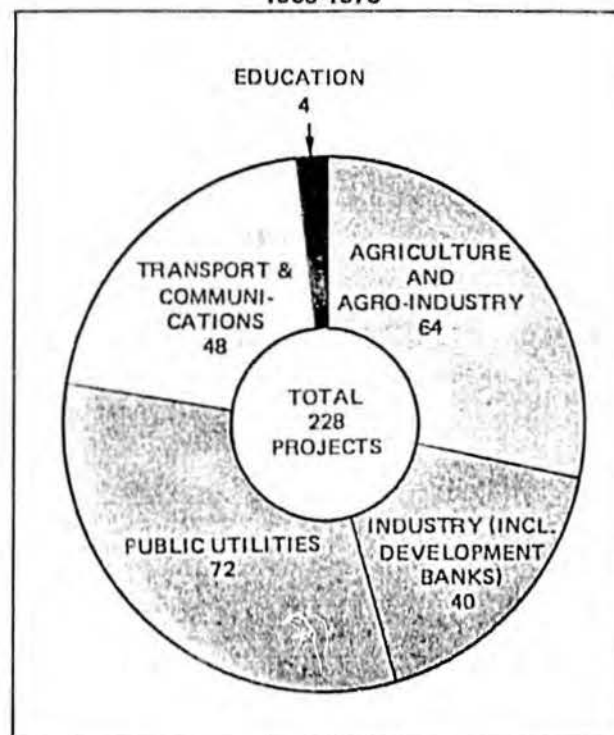
River Irrigation Project in the Philippines (\$13.5 million), which includes construction of irrigation canals, drainage systems, and roads; establishment of two pilot farms for demonstration of intensive irrigated agriculture; the strengthening of agricultural extension services and the introduction of intensive rodent control measures; the provision of tractors, dryers and threshers to promote modern farming; and other farm supporting services such as the supply of farm credit and fertilizer, and the improvement of the land tenure system.

A feature of the year's lending in the field of agriculture and agriculture-related activities was the lending for fertilizer production—the Ashuganj Fertilizer Project in Bangladesh (\$30 million), the Mirpur Mathelo Fertilizer Project in Pakistan (two loans totalling \$50 million) and the Urea Fertilizer Project in Sri Lanka (\$30 million). The total foreign exchange requirement for these three projects was \$364 million and the Bank joined with other bilateral and multilateral lenders to provide the necessary finance.

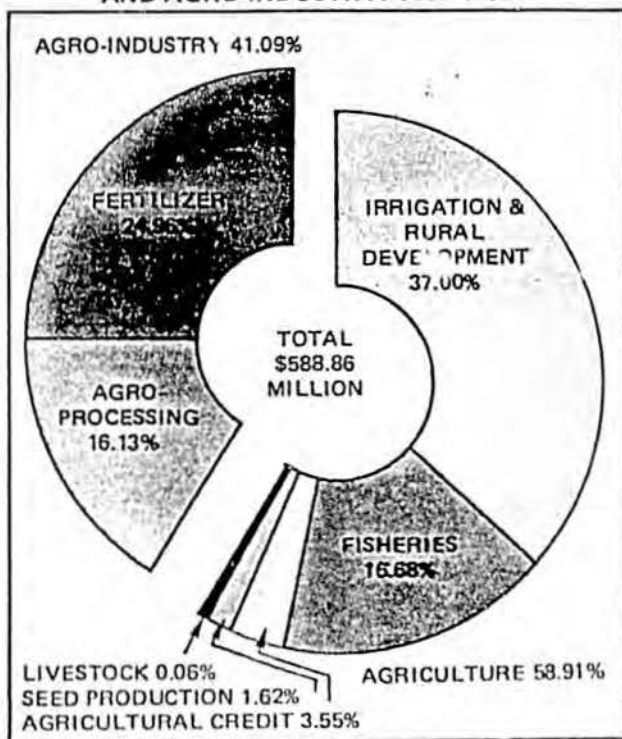
LOAN APPROVALS BY SECTOR: 1968-1975



NUMBER OF LOAN PROJECTS BY SECTOR 1968-1975



**LENDING TO AGRICULTURE
AND AGRO-INDUSTRY: 1968-1975**



Public Utilities

The public utilities sector accounted for 15 loans totalling \$189.9 million. Twelve loans totalling \$140.9 million were made for power projects, with emphasis on generation of electricity from indigenous energy sources. In this category the projects financed included two hydropower projects: a supplementary loan of \$22.7 million for the First and Second Mindanao Power Projects in the Philippines and a loan of \$19.8 million for the Garung Hydroelectric Project in Indonesia. The Bank also approved two engineering loans for future hydropower projects: \$12 million for the Tenom Pangi Power Project in Malaysia and \$1 million for the Samrangjin Pumped Storage Project in the Republic of Korea. Three loans were approved for generation projects using indigenous fossil fuels: two loans—one supplementary—totalling \$37.7 million for the Mae Moh Power Project in Thailand which uses lignite from a local mine for fuel, and a loan of \$22 million for the Gas Turbine Generation Project in Pakistan, which utilizes locally produced natural gas for fuel. These projects, in total, accounted for three-quarters of the Bank's lending for power generation. In the case of two generation projects in Malaysia and Western

Samoa which provided for diesel generation, there was no feasible indigenous energy source immediately available. The remaining three power sector loans were provided for projects in Burma and Nepal, and included two supplementary loans.

Technical assistance was approved for the Bandung Urban Development and Sanitation Project in Indonesia, in which the Bank is expected to act as Executing Agency for UNDP in undertaking a comprehensive study for the improvement of housing, roads, footpaths, water supply, sewerage, drainage, solid waste disposal, health clinics, schools, and other facilities. Integrated urban development is a new field of activity for the Bank, complementing similar activities in rural areas from which lower income groups will directly benefit.

Industry (including Development Banks)

Lending to industry, including development banks, consisted of six loans totalling \$128.5 million. Five of these loans were made to DFIs in the form of lines of credit, while one was a direct loan for machinery manufacturing in the Republic of Korea. The Korea Development Bank received a fourth loan from the Bank, while the Industrial Development Bank of Pakistan and the Industrial Finance Corporation of Thailand each received a third loan. The remaining two loans were made to the Development Bank of the Philippines and the Development Bank of Western Samoa, both new borrowers. In the case of the Development Bank of Western Samoa, the Bank's loan resulted from earlier technical assistance for strengthening the institution and was also accompanied by additional technical assistance for facilitating loan utilization. The Bank's lending to DFIs is mainly for the purpose of promoting industrial enterprises whose individual financing

Irrigation canal, part of the Gawargan and Chardarrah Agricultural Development Project in northeastern Afghanistan.



requirements are not large enough to warrant the direct supervision of the Bank.

Transport and Communications

Five loans totalling \$81.55 million were made in the transport and communications sector. Of these, three loans amounting to \$67.2 million were provided for road development and improvement in the southern part of the Republic of Korea, new road construction for area development in Malaysia, and a detailed engineering study for secondary and feeder roads in the Philippines. One loan was made for development of two ports in Indonesia and another for airport improvement in Nepal.

Education

In the education sector, the Bank provided a loan of \$14.5 million for the Surabaya Institute of Technology in Indonesia. This loan followed a technical assistance grant of \$143,000 for project preparation made in 1974. In addition to direct assistance to educational institutions, significant training and education components were built into the Bank's projects in various sectors in 1975. Technical assistance grants to development banks in Pakistan and Western Samoa will be applied to the training of local staff in development banking. Likewise, provision for staff training, including training overseas, was made in the Jute Mill Project in Burma, the Belawan and Surabaya Ports Project in Indonesia and the Provincial Cities Water Supply Project in the Philippines. In recognition of the value of demonstration methods in acquainting farmers with new techniques, pilot schemes were incorporated in both the Teluk Lada Area Development Project in Indonesia and the Pulangui River Irrigation Project in the Philippines. Trained manpower cadres are essential for the success of the development effort and the Bank has consistently sought to build into its projects measures designed to develop the skills of both the executing agencies and the beneficiaries.

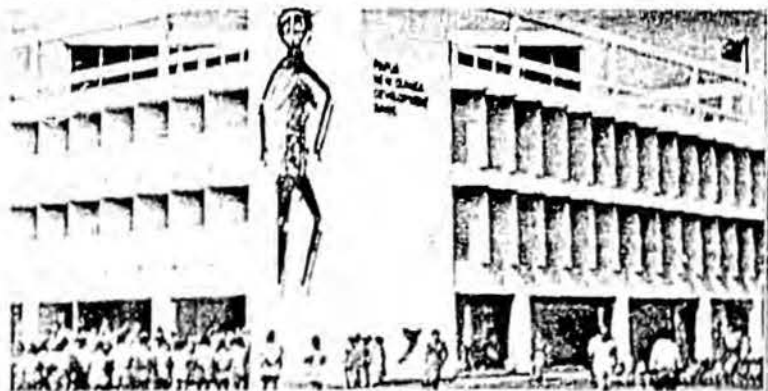
Social Benefit

In project identification and formulation, one of the Bank's concerns is how to achieve a wide social impact. In view of the heavy unemployment and underemployment in most parts of the region, the importance of creating new employment opportunities can hardly be overemphasized. Loans to DFIs—for on-lending to domestic enterprises—help to stimulate employment in two ways: indirectly through the encouragement of entrepreneurial talent and more directly through the establishment of new enterprises or the expansion of existing enterprises. In 1975, five loans for \$111 million were made to the Republic of Korea, Pakistan, the Philippines, Thailand and Western Samoa.

Several other projects approved in 1975 will provide new employment opportunities in rural areas and also help to raise income levels. These include the Java and Bohor Lama Palm Oil Processing, and Teluk Lada Area Development Projects in Indonesia, the Pulangui River Irrigation Project in the Philippines, the Jute Mill Development Project in Thailand, and the



Jute being hauled to a mill near Biratnagar, Nepal; part of the Jute Development Project.



Papua New Guinea Development Bank, one of several new development finance institutions in the South Pacific being assisted by the Bank.

Agricultural Credit Project in Bangladesh. Under the Agricultural Credit Project, 14,000 families now living at subsistence levels are expected to benefit from increased incomes. Some 4,700 farm families, mostly smallholders, will benefit from the Pulangui River Irrigation Project. Road development projects in rural areas—for example the Mindanao Secondary and Feeder Roads Project in the Philippines—provide both direct road user benefit and a stimulus to commercial activity, from which all sections of the community can benefit. The Jerangau-Jabor Development Road in Malaysia will facilitate settlement in newly-developed areas capable of supporting viable farming communities.

Projects such as the Sha Tin Sewage Treatment Project in Hong Kong and the Provincial Cities Water Supply Project in the Philippines provide direct benefit to urban communities, especially in extending basic amenities to families not currently served at all. In the provincial Indonesian city of Bandung, an Urban Development Study is being made in which special attention will be given to housing and other amenities for low-income earners.

In comprehensive area development schemes, such as the Laguna de Bay Development Project in the Philippines, a variety of direct and indirect benefits can be expected. In the Laguna de Bay scheme, the communities in the lake's vicinity will benefit from improved environmental control—better quality water and reduced flooding—and the associated irrigation and fisheries development will enhance employment opportunities and income-earning potential.

Loan Administration

The reorganization of the Operations and Projects Departments in 1974, under which the responsibility for loan administration was concentrated in the two Projects Departments, became fully effective in 1975, facilitating closer supervision of projects under implementation. Special measures were devised to identify projects in which problems were developing, so that more timely remedial action could be taken. In order to develop closer working relationships between borrowers and Bank staff, more project inception and review missions were mounted.

Because of difficulties encountered in the recruitment of consultants and the delays which can occur in the initial stages of project implementation, special attention was paid to recruitment processes. Instruction materials and pro forma documents on consultant selection procedures were made available to borrowers and executing agencies. In a number of projects, Bank staff were sent as observers to attend contract negotiations and to assist borrowers and executing agencies. These measures helped to reduce delays in the recruitment of consultants.

Thirty-four loans became effective in 1975, bringing the total number of loans under active implementation to 177 as of 31 December 1975. These consisted of 105 ordinary loans and 72 Special Funds loans, exclusive of cancelled or suspended loans or loans for which disbursements have been completed.

Procurement contracts awarded in 1975 amounted to \$316 million. Disbursements totalled \$361.86 million, the

highest annual total so far, representing an increase of \$174.38 million, or 93 per cent, over the 1974 level. The relative percentages of cumulative amounts of contracts awarded and disbursements to effective loans as of the end of 1975 were 54 and 40 per cent, respectively.

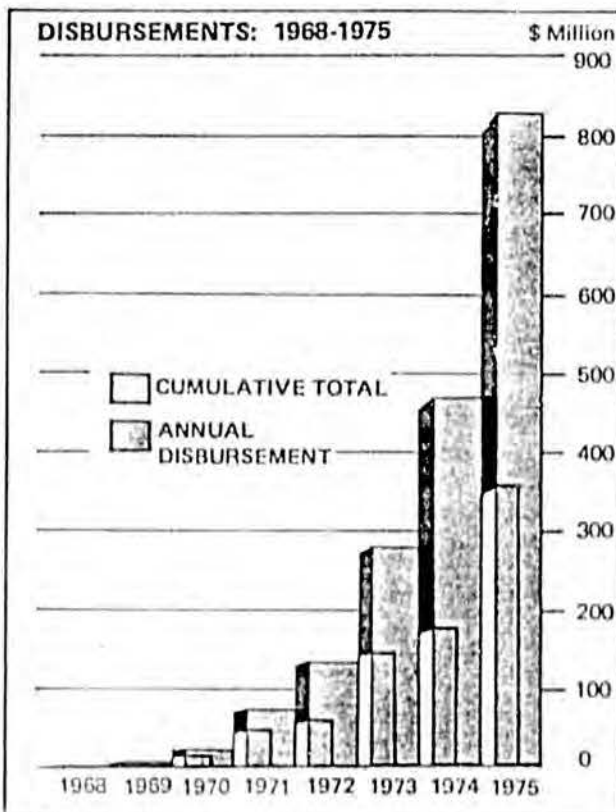
Post-Evaluation

Following the approval of a Program for Action in August 1974, post-evaluation activities were expanded during 1975. Under the Program, post-evaluation of completed projects is undertaken both by independent external evaluating agencies selected by the Bank and by Bank staff with the assistance of consultants.

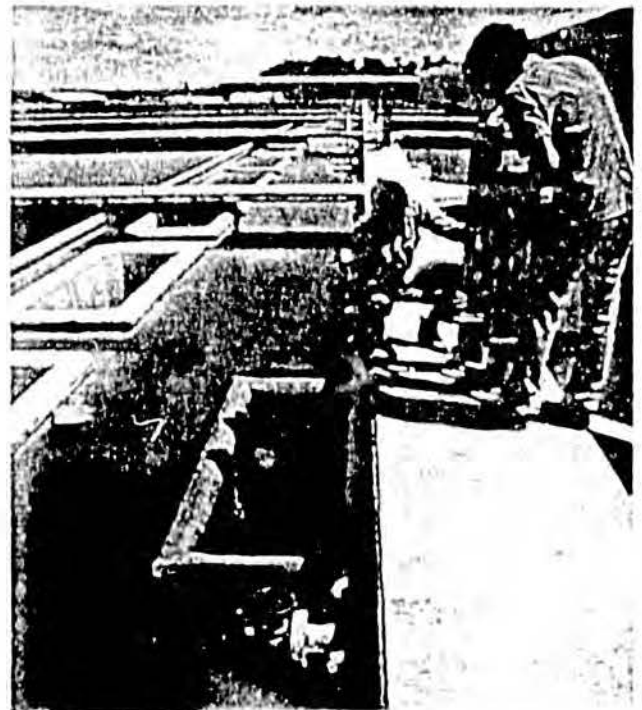
During 1975, the Bank engaged expert teams for the evaluation of an oil palm estate project and a development bank project. Both studies were substantially completed in 1975. Preparations for external post-evaluation of two other projects, a water supply project and an irrigation project, were made during 1975 and these studies are due for completion in 1976. It is expected that the engagement of independent external agencies will not only enhance the objectivity of the Bank's post-evaluation studies, but also help improve the methodology of project appraisal, particularly with regard to assessing the socio-economic impact of Bank-assisted projects.

As regards internal post-evaluation by staff, four studies, namely, an airport and road project, an electric supply project, and two development bank projects, were completed.

Both the external and internal post-evaluation studies have shown that the projects concerned have generally achieved their objectives. In some cases, specific recommendations have been made which, after further examination and in consultation with the executing agency and the borrower, are being implemented on a regular basis. Recommendations have also been made which will be useful to the Bank in formulating similar future projects.



Water Supply Project in Penang provides the Malaysian State with 30 million gallons daily.



DISBURSEMENTS BY COUNTRY: 1968 -1975
(amounts in \$ thousand)

	1974			1975			1968-1975		
	Ordinary Capital	Special Funds	Total	Ordinary Capital	Special Funds	Total	Ordinary Capital	Special Funds	Total
Afghanistan	—	269	269	—	2,474	2,474	—	2,971	2,971
Bangladesh	361	—	361	987	16,436	17,423	6,494	16,436	22,930
Burma	—	—	—	61	2,982	3,043	61	2,982	3,043
Cambodia	—	18	18	—	624	624	—	642	642
China, Republic of	14,101	—	14,101	5,963	—	5,963	86,685	—	86,685
Fiji	1,356	—	1,356	2,893	—	2,893	4,463	—	4,463
Hong Kong	16,776	—	16,776	1,328	—	1,328	18,223	—	18,223
Indonesia	661	10,611	11,272	2,518	17,698	20,216	3,179	49,337	52,516
Korea, Republic of	45,904	61	45,965	90,412	657	91,069	210,818	723	211,541
Laos	—	931	931	—	2,489	2,489	—	5,721	5,721
Malaysia	10,378	846	11,222	19,941	785	20,726	47,843	2,446	50,289
Nepal	1,437	3,356	4,793	310	4,307	4,617	1,911	12,871	14,782
Pakistan	14,629	2,657	17,286	60,818	16,293	77,111	86,301	18,950	105,251
Papua New Guinea	—	331	331	—	691	691	—	2,372	2,372
Philippines	22,362	4,330	26,692	42,588	697	43,285	78,677	7,572	86,249
Singapore	14,908	284	15,192	19,070	556	19,626	59,450	952	60,402
South Vietnam	—	553	553	91	2,554	2,645	91	5,550	5,641
Sri Lanka	473	2,757	3,230	667	6,172	6,839	8,603	14,015	22,618
Thailand	19,926	—	19,926	37,222	74	37,296	71,328	74	71,402
Tonga	—	—	—	—	33	33	—	33	33
Western Samoa	—	210	210	—	1,471	1,471	—	4,296	4,296
TOTAL	160,270	27,214	187,484	284,869	76,993	361,862	684,127	147,943	832,070

CONTRACT AWARDS AND DISBURSEMENTS UNDER EFFECTIVE LOANS¹: 1968-1975
(amounts in \$ million)

Year	Cumulative Effective Loans		Cumulative Contracts Awarded		Cumulative Disbursements	
	Number	Amount ²	Amount	% of Effective Loans	Amount ³	% of Effective Loans
1968	4	20	4.5	22	1.8	9
1969	13	67	13.5	20	9.3	14
1970	28	137	58.7	43	26.4	19
1971	67	404	115.5	29	75.1	19
1972	93	696	270.8	39	136.2	20
1973	130	998	446.9	45	282.7	28
1974	187	1,612	803.1	50	470.2	29
1975	221	2,652	1,118.7	54	832.1	40

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

² Net of cancellations and amounts transferred to subsequent loans.

³ Includes interest and other charges financed during construction.

LOAN APPROVALS BY COUNTRY: 1968-1975
(amounts in \$ million)

Country	1974			1975			1968-1975					
	Ordinary Capital	Special Funds	Total	Ordinary Capital	Special Funds	Total	Ordinary Capital	%	Special Funds	%	Total	%
Afghanistan	—	14.00	14.00	—	—	—	—	—	34.05	5.17	34.05	1.32
Bangladesh	—	52.10	52.10	—	51.63	51.63	11.40	0.59	125.38	19.03	136.78	5.29
Burma	—	16.30	16.30	—	31.40	31.40	6.60	0.34	60.20	9.14	66.80	2.59
Cambodia	—	—	—	—	—	—	—	—	1.67	0.25	1.67	0.07
China, Republic of	—	—	—	—	—	—	99.99	5.20	—	—	99.99	3.87
Fiji	—	—	—	—	—	—	6.70	0.35	—	—	6.70	0.26
Hong Kong	—	—	—	20.00	—	20.00	41.50	2.16	—	—	41.50	1.61
Indonesia	63.90	14.20	78.10	78.25	—	78.25	153.93	8.00	113.28	17.19	267.21	10.34
Korea, Republic of	89.45	—	89.45	101.50	—	101.50	433.60	22.53	3.70	0.56	437.30	16.93
Laos	—	6.00	6.00	—	—	—	—	—	11.69	1.77	11.69	0.45
Malaysia	65.40	—	65.40	47.60	—	47.60	248.56	12.91	3.30	0.50	251.86	9.75
Nepal	—	3.00	3.00	—	16.83	16.83	2.00	0.10	55.54	8.43	57.54	2.23
Pakistan	66.17	34.00	100.17	63.00	34.00	97.00	235.17	12.22	100.05	15.18	335.22	12.96
Papua New Guinea	—	—	—	—	—	—	—	—	14.30	2.17	14.30	0.55
Philippines	52.30	5.80	58.10	106.00	—	106.00	332.65	17.28	15.30	2.32	347.95	13.47
Singapore	—	—	—	—	—	—	101.38	5.27	3.00	0.46	104.38	4.04
South Vietnam	—	20.40	20.40	—	—	—	3.93	0.21	40.67	6.17	44.60	1.73
Sri Lanka	1.00	1.50	2.50	—	30.00	30.00	14.13	0.73	56.71	8.61	70.84	2.74
Thailand	36.60	5.00	41.60	77.70	—	77.70	233.20	12.11	8.10	1.23	241.30	9.34
Tonga	—	—	—	—	—	—	—	—	1.30	0.20	1.30	0.05
Western Samoa	—	0.56	0.56	—	2.40	2.40	—	—	10.59	1.61	10.59	0.41
TOTAL	374.82	172.86	547.68	494.05	166.26	660.31	1,924.74	100.00	658.83	100.00	2,583.57	100.00

Technical Assistance and Regional Activities

Technical Assistance

The Bank maintained its technical assistance operations at a high level in 1975, both for preparing and implementing projects and for advisory services. Technical assistance totalling \$6.04 million¹ was approved during

¹ On a grant basis (technical assistance loans excluded).

the year, as against \$5.42 million in 1974. Up to the end of 1975, the total amount of technical assistance approved by the Bank was \$25.32 million, inclusive of funds provided or expected to be provided by the United Nations Development Programme (UNDP).

Technical assistance approvals in 1975 covered 11 countries: Afghanistan, Bangladesh, Burma, Indonesia, Republic of Korea, Laos, Nepal, Pakistan, Papua New Guinea, Philippines and Western Samoa.

A feature of the Bank's technical assistance activities

TECHNICAL ASSISTANCE APPROVED IN 1975 (EXCLUDING LOANS) (amounts in \$ thousand)

Country/Project	Project Preparatory	Advisory and Operational ¹
AFGHANISTAN		
Kama Irrigation and Power	185.00	—
Seeds	49.00	—
BANGLADESH		
Agricultural Credit	48.50	—
Serajgonj Integrated Rural Development	325.00	—
Agricultural Credit ¹	—	350.00
Greater Dacca Gas Distribution ¹	—	200.00
BURMA		
Forest Industries	98.00	—
Sedawgyi Multi-Purpose	49.00	—
INDONESIA		
South East Sulawesi Transmigration and Development ² ³	495.60	—
Smallholder Development ¹	161.00	—
Karangsambung Multi-Purpose ¹	100.00	—
Bandung Urban Development and Sanitation ² ³	1,163.00	—
Belawan and Surabaya Ports (Phase 1) ¹	100.00	—
KOREA, REPUBLIC OF		
Samrangjin Pumped Storage ¹	100.00	—
Nakdong River Basin Development ²	300.00	—
LAOS		
Tha Ngon Agricultural Development (Supplementary Reconstruction and Development Programming ²	—	57.00
	—	320.00
NEPAL		
Dhangarhi Groundwater Development	200.00	—
Jute Development ¹	—	90.00
Tribhuvan International Airport ² ³	—	250.00
Second Power ¹	—	230.00
PAKISTAN		
Industrial Development Bank of Pakistan ¹	—	150.00
PAPUA NEW GUINEA		
East Sepik Agricultural Development	300.00	—
PHILIPPINES		
Pulangui River Irrigation ¹	100.00	—
Luzon Roads Feasibility Study ²	310.00	—
Mindanao Secondary and Feeder Roads ¹	100.00	—
Laguna de Bay Development ¹	100.00	—
WESTERN SAMOA		
Development Bank of Western Samoa ¹	—	90.00
Power (Supplementary) ¹	—	14.50
TOTAL	4,284.10	1,751.50

¹ Approved in conjunction with a loan.

² To be financed by UNDP, with the Bank acting as Executing Agency.

³ Actual financing by UNDP for those projects may be different from the figures indicated above, as a result of the financial review of UNDP's program resources currently being carried out.

was the expanded cooperation with UNDP. In 1975 UNDP was expected to provide a total of \$2.84 million for six projects in which the Bank would undertake the executing agency function; In 1974 UNDP provided \$1.65 million for four such projects.

Twelve loan projects approved in 1975, including one supplementary loan, resulted from earlier technical assistance by the Bank. These loans totalled \$190.18 million: the cost of the technical assistance which preceded them was \$3.13 million, of which \$1.86 million was financed by UNDP. By the end of 1975, 58 loans totalling \$568.71 million had resulted from technical assistance costing \$8.54 million.

Twenty-two technical assistance projects were completed in 1975, bringing the total number of completed projects to 102. The 22 projects completed in 1975 comprised 14 for project preparation and eight which were advisory or operational in nature.

Regional Activities

During the year, the Bank financed, at a cost of \$942,950, seven regional activities in the fields of agriculture, development banking and transport.

A technical assistance grant of \$300,000 was approved for the expansion of the research and training facilities of the International Rice Research Institute (IRRI) in the Philippines. High-yield rice varieties, together with new and improved technology, have featured in many Bank projects and most of these varieties result from IRRI's pioneering efforts.

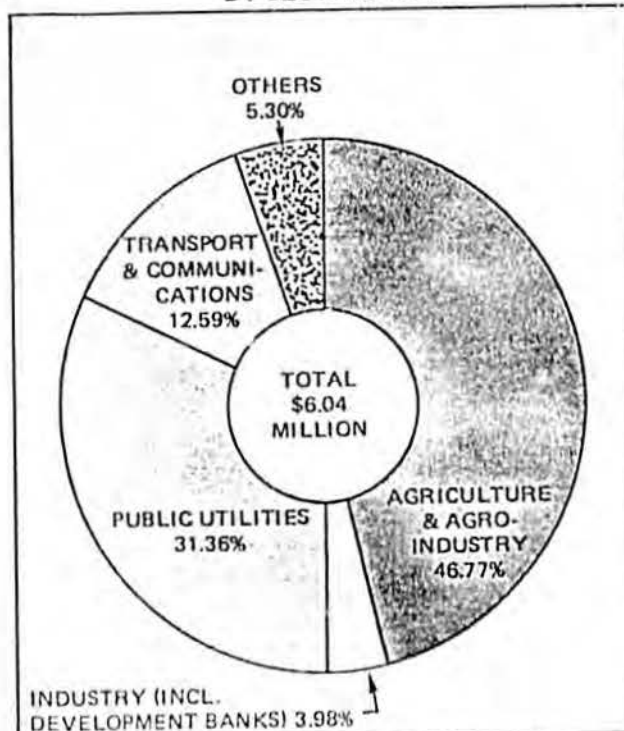


Construction work in progress on the Telecommunications Project in Apia, Western Samoa.

IRRI's expansion program is estimated to cost about \$2.9 million. Funds for the construction of the new facilities will be provided by donors represented on the Consultative Group for International Agricultural Research and land by the Philippine Government. The Bank's direct contribution will be used for the procurement of laboratory and training equipment.

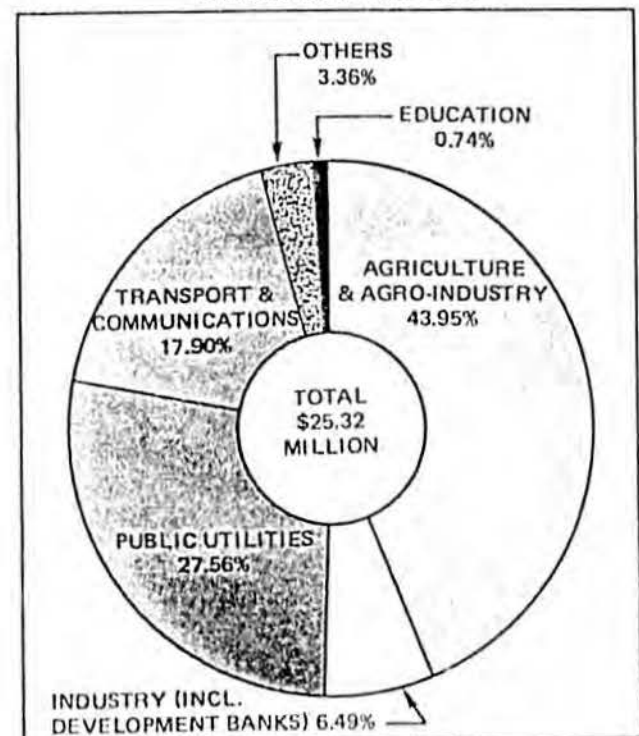
The establishment of Outreach Programs in Vegetable Research in the Republic of Korea, the Philippines and Thailand will be assisted by a technical assistance grant of \$390,000 over a two-year period. These programs will enable the three countries to derive maximum benefit

TECHNICAL ASSISTANCE APPROVALS
BY SECTOR: 1975



Note: Excluding regional projects.

TECHNICAL ASSISTANCE APPROVALS
BY SECTOR: 1967-1975



Note: Excluding regional projects.

TECHNICAL ASSISTANCE LEADING TO PROJECT LOANS IN 1975
(amounts in \$)

Country/Project		Cost ¹ (Year Approved)	Loan
Project Preparation Technical Assistance			
BANGLADESH:	Agricultural Credit	48,500 (1975)	9,430,000
INDONESIA:	Surabaya Institute of Technology	143,000 (1974)	14,500,000
	Ports Study	580,000 (1973) ²	4,350,000
	Sawit Sebarang Phase II	49,200 (1974)	11,300,000
	Teluk Lada Irrigation	230,000 (1974)	12,200,000
KOREA, REPUBLIC OF:	Road Improvement	100,000 (1974) ²	43,000,000
PAKISTAN:	KESC Generation and Transmission Feasibility Study	200,000 (1974)	22,000,000
PHILIPPINES:	Laguna de Bay Water Resources Development Study	1,284,300 (1972) ²	27,500,000
	Pulangui Irrigation	49,000 (1974)	13,500,000
SRI LANKA:	Urea Fertilizer Plant	165,000 (1972)	30,000,000
WESTERN SAMOA:	Power Supply	64,000 (1971)	1,400,000
		1,500 (1974)	
Advisory Technical Assistance		2,914,500	189,180,000
WESTERN SAMOA:	Development Financing Institution	217,000 (1973)	1,000,000
TOTAL		3,131,500	190,180,000

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

² Funded by UNDP.

³ A loan of \$450,000 was provided in 1974.

TECHNICAL ASSISTANCE APPROVALS BY SECTOR: 1967-1975¹
(amounts in \$ thousand)

	1974			1975			1967-1975		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
Agriculture and Agro-Industry	12	1,407.3	25.96	15	2,823.1	46.77	75	11,128.4	43.95
Agriculture	11	1,358.1	25.06	14	2,733.1	45.28	66	10,434.2	41.21
Agro-Industry	1	49.2	0.90	1	90.0	1.49	9	694.2	2.74
Industry (including Development Banks)	2	415.0	7.66	2	240.0	3.98	18	1,641.9	6.49
Public Utilities	6	1,904.5	35.14	5	1,892.5	31.36	29	6,979.0	27.56
Transport and Communications	7	1,035.0	19.10	4	760.0	12.59	26	4,533.3	17.90
Education	2	187.0	3.45	—	—	—	2	187.0	0.74
Others	2	471.0	8.69	1	320.0	5.30	6	850.7	3.36
TOTAL	31	5,419.8	100.00	27²	6,035.6	100.00	156²	25,320.3	100.00

¹ Excluding regional projects and technical assistance loans.

² Supplementary technical assistance grants are not counted separately.

TECHNICAL ASSISTANCE BY COUNTRY: 1967-1975
(amounts in \$ thousand)

	1974			1975			1967-1975		
	No.	Amount	%	No.	Amount	%	No.	Amount	%
Afghanistan	1	250.0	4.47	2	234.0	3.35	12	2,186.0	6.89
Bangladesh	5	1,841.0	32.91	4	923.5	13.24	14	3,555.5	11.07
Burma	—	—	—	2	147.0	2.11	2	147.0	0.47
Cambodia	—	—	—	—	—	—	2	111.0	0.36
China, Republic of	—	—	—	—	—	—	1	100.0	0.32
Fiji	—	—	—	—	—	—	3	227.0	0.74
Indonesia	5	1,002.2	17.91	5	2,019.6	28.94	29	5,967.3	19.34
Korea, Republic of	1	100.0	1.79	2	400.0	5.73	7	994.3	3.22
Laos	1	103.0	1.84	1	377.0	5.40	7	1,175.0	3.81
Malaysia	1	167.0	2.99	—	—	—	4	637.0	2.06
Nepal	1	140.0	2.50	4	770.0	11.03	13	2,073.0	6.72
Pakistan	3	500.0	8.94	1	150.0	2.15	5	800.0	2.59
Papua New Guinea	1	50.0	0.89	1	300.0	4.30	3	353.6	1.15
Philippines	4	160.5	2.87	4	610.0	8.74	21	3,469.0	11.24
Singapore	—	—	—	—	—	—	1	34.7	0.11
Solomon Islands	2	195.0	3.48	—	—	—	2	195.0	0.63
South Vietnam	3	308.6	5.52	—	—	—	10	985.6	3.19
Sri Lanka	—	—	—	—	—	—	8	907.3	2.94
Thailand	—	—	—	—	—	—	4	525.0	1.70
Tonga	2	382.0	6.83	—	—	—	2	382.0	1.24
Western Samoa	1	220.5	3.94	1	104.5	1.50	6	693.5	2.25
Total	31 ¹	5,419.8	96.88	27 ¹	6,035.6	86.49	156 ¹	25,320.3	82.04
Regional	3	174.5	3.12	7	942.9	13.51	30	5,541.4	17.96
GRAND TOTAL	34	5,594.3	100.00	34	6,978.5	100.00	186	30,861.7	100.00

NOTE: Excludes technical assistance loans but includes projects in which the Bank acts as an executing authority with funds provided by other sources, mainly UNDP, and the Southeast Asian Regional Transport Survey, which was financed with funds provided by the United States, UNDP and the Bank.

1. Supplementary technical assistance grants are not counted separately.

from the research at the Asian Vegetable Research and Development Center (AVRDC) in the Republic of China. The Center also received an earlier technical assistance grant from the Bank in 1969. Under the grant approved in 1975, a team of scientists will be provided to assist the three countries in the screening and testing of the varieties developed by AVRDC (mung bean, soybean, white potato, sweet potato, Chinese cabbage and tomato) and to determine their suitability to local conditions and needs. The varieties selected as part of the outreach programs in the three countries will be multiplied and their seeds distributed to local farmers.

The Bank took the first steps during the year towards updating the Asian Agricultural Survey completed in February 1968. A Committee, consisting of ten internationally known experts, met at the Headquarters of the Bank in December and made recommendations on the desirability of and the approach to be adopted in updating the Survey. An amount of \$32,000 was provided for the meeting. The Committee found that the progress of agricultural development in Asia, and the changes in the regional and global environment in which this development was occurring, indicated the need for a special effort by the Bank to reassess its strategy in support of agricultural and rural development. The Committee recommended that, to attain this objective, the next step should be to appoint a Task Force to examine in depth a series of issues relevant to the Bank's activities. The Committee's report was under consideration at the end of the year.

A technical assistance grant of \$30,000 was approved for the Asian Productivity Organization's (APO) Sixth Project Feasibility Study Training Course which will be held in the Philippines (Stage I) and Japan (Stage II) from January to March 1976. The Bank had earlier provided assistance for the Third, Fourth and Fifth APO Project Feasibility Study Training Courses. The Fifth Course was held in the Philippines and Japan from January to March 1975 and was attended by 28 participants from 11 regional member countries of the Bank.

The Bank approved technical assistance costing \$49,000 for the preparation of a Fish Market Study to be undertaken jointly with the Food and Agriculture Organi-

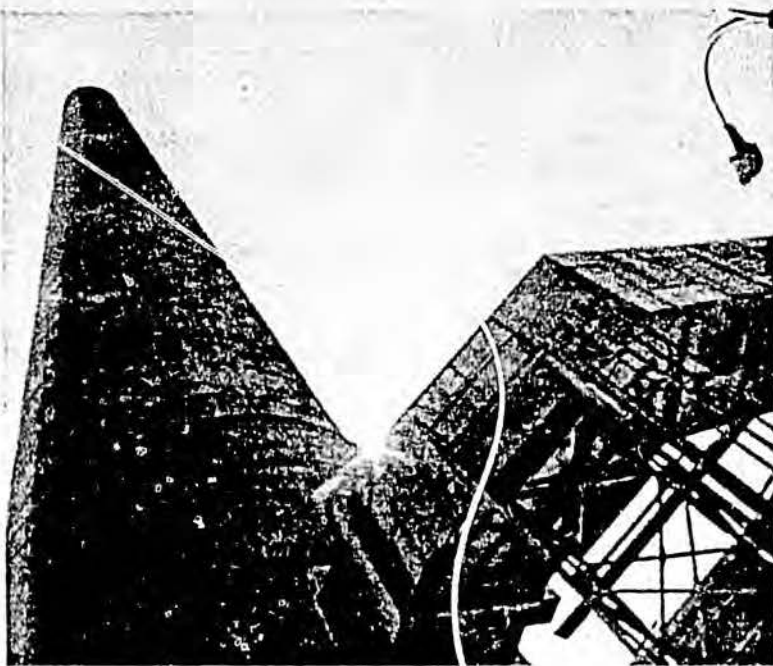
zation. The Manila-based South China Sea Fisheries Development and Coordinating Programme is to act as the Coordinator. The Study will provide for an analysis of the present market situation and projected future absorptive capacity for high-value species of fish, especially tuna and shrimp, in the major importing markets, namely, North America, Western Europe and Japan, and for an examination of consumption and processing and trading activities in Hong Kong and Singapore, not only for tuna and shrimp but also for other species such as pomfret, snapper, Spanish mackerel, crab, lobster and cephalopods. An assessment will also be made of the fisheries sectors in all the Bank's DMCs to determine their future potential for export or, where appropriate, their import needs.

Throughout 1975 the Bank continued to assist in the implementation of the Nam Ngum Phase II Hydropower Project in Laos, for which it acts as Administrator of the Second Nam Ngum Development Fund. The bidding process for major contracts (excluding portions of the Project financed bilaterally by the Federal Republic of Germany and the United Kingdom) was completed in May. It was then found that, based on the results of bids received, the Project faced cost overruns of about \$10 million (excluding portions financed bilaterally by the Federal Republic of Germany).

The evaluation of bids for major contracts was finalized during June, and in July recommendations by the Government of Laos for the award of contracts were approved by the Administrator, subject to availability of funds. In view of the high priority accorded to the Project, the Government of Laos requested the Bank to assist in the mobilization of additional financing to meet the cost overruns. In its capacity as Administrator, the Bank accordingly submitted proposals to Contributor Governments for the mobilization of additional funds.

By August, some uncertainties had emerged regarding the availability of funds for cost overruns and the financing gap left by the withdrawal of one contribution. Contributor Governments also raised various questions regarding the Project and arrangements for its implementation. The Government of Laos was requested to suspend further action on procurement pending consultations. At

REGIONAL ACTIVITIES IN 1975	Amount \$
International Rice Research Institute	300,000
Outreach Programs in Vegetable Research in Korea, Philippines and Thailand	390,000
ADB-PIM/PICIC/IDBP Regional Training Program on Development Banking	94,950
Seminar on Harbor Management and Planning	47,000
Updating the Asian Agricultural Survey	32,000
Asian Productivity Organization's Sixth Project Feasibility Study Training Course (Contribution)	30,000
Fish Market Study	49,000
TOTAL	942,950

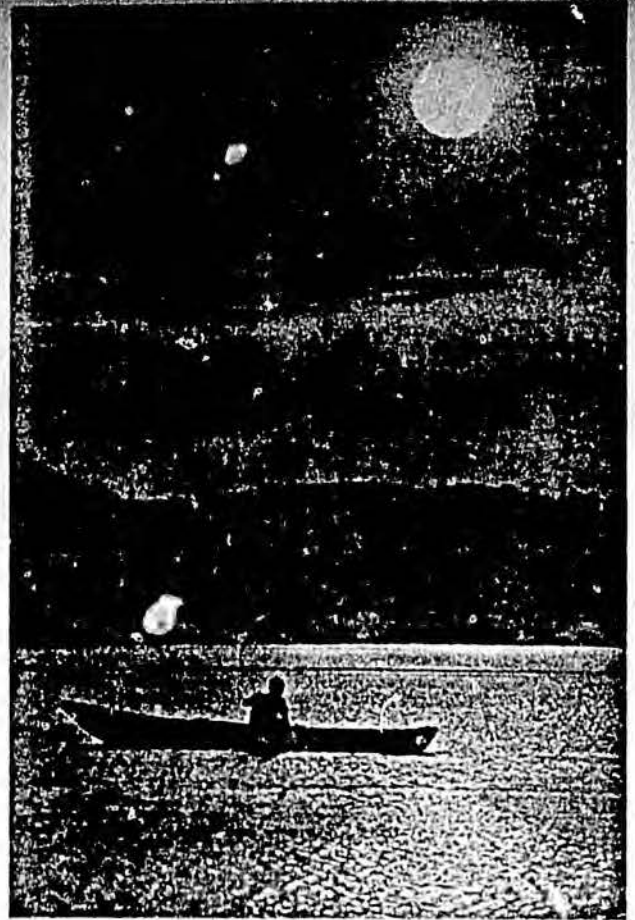


Sea Water Desalting Project will come into operation in mid-1976 and will provide Hong Kong's reservoirs with up to 40 million gallons of fresh water daily.

the request of the Government of Laos, a meeting of Contributors was convened by the Administrator on 17 September in Manila. Australia, Canada, France, the Federal Republic of Germany, India, Japan, Laos, the Netherlands, New Zealand, Switzerland, Thailand, and the United Kingdom, together with the Mekong Committee, attended the meeting. Necessary assurances were provided by Laos and Thailand regarding various aspects of Project implementation, including the sale to Thailand of surplus energy from Nam Ngum. The meeting was adjourned on 18 September to allow Contributor Governments sufficient time to finalize their offers of additional contribution and was reconvened in Manila on 8 October.

At the resumed meeting, Laos and Thailand confirmed the signing of a new sales price agreement, effective as of 12 October 1975, for the export of energy from the Project to Thailand. The new price will substantially enhance the financial and economic viability of the Project, as well as the foreign exchange earnings of Laos.

New offers of contributions, some subject to government and/or legislative approval, were made or confirmed by Australia, France, the Federal Republic of Germany, India, Japan, the Netherlands, New Zealand and Switzerland. In addition, Canada agreed to unfurl its contribution to the Fund. Following the meeting, the Government of Laos proceeded with the award of contracts. By the end of October, all major contracts to be financed out of the Fund and one major contract to be financed bilaterally by the Federal Republic of Germany had been awarded and the implementation of the Project was proceeding on schedule. At year-end, the total estimated

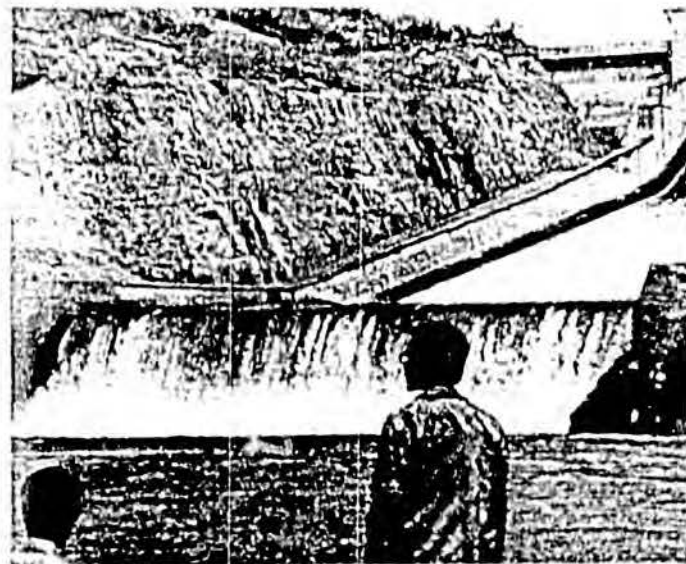


Laguna de Bay in the Philippines, where a comprehensive development scheme will attack environmental problems and improve water use and irrigation.

Project cost was approximately \$38.6 million.

A Regional Training Program on Development Banking (the Bank's third) was held in Karachi, Pakistan, from 27 October to 6 December, in collaboration with the Pakistan Institute of Management, the Pakistan Industrial Credit and Investment Corporation Ltd., and the Industrial Development Bank of Pakistan. An amount of \$94,950 was provided by the Bank for the Program. Twenty-two professional staff from 15 DFIs belonging to eight member countries attended the Program, which was geared to needs at the project officer level and covered all aspects of the project cycle relating to small and medium-sized industrial projects, with particular emphasis on the financial, marketing and economic aspects of project appraisal. Emphasis was also given to project implemen-

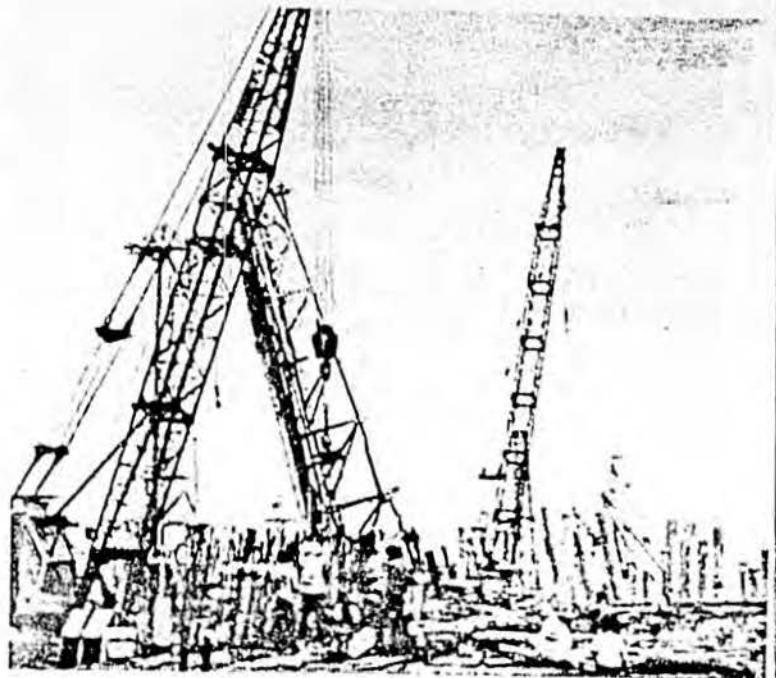
Spillway of the Nam Ngum Dam in Laos. The Bank is Administrator of the Second Nam Ngum Development Fund.



tation and follow-up aspects. The three regional programs on development banking so far organized by the Bank have helped train 63 staff members from 29 DFIs in 16 member countries.

The Bank and the Foundation for International Development of the Federal Republic of Germany jointly sponsored a 26-day Seminar on Harbor Management and Planning at the Headquarters of the Bank in September. The Seminar was attended by representatives of the major port organizations of nine DMCs: Bangladesh, Burma, Fiji, Indonesia, Republic of Korea, Malaysia, Philippines, Sri Lanka and Thailand. There were four major discussion areas—organizational aspects of harbor management, financial aspects of harbor management, physical aspects of port operations, and harbor planning. Case studies were used as a basis for discussion and each participant presented a paper dealing with his own port and the individual problems associated with it. The exchange of ideas centered around these problems and possible solutions. As a result of the realization of common interests created by the Seminar, it was decided to pursue the possibility of developing regional co-operation among the various port organizations on a permanent basis, in the form of a regional ports and harbors association.

Arising out of past activities, the Bank was represented at a meeting in May 1975 to discuss the implementation of the projects identified by the Asian Industrial Survey for Regional Cooperation. The Survey had been sponsored by ESCAP and the Bank had contributed \$200,000 in 1971 towards the cost of the Survey.



Expansion of wharf facilities to serve Singapore's industrial estate of Jurong.

Petrochemical project in the Republic of Korea. The Hankook Caprolactam Corporation's plant has now begun production.



Interagency Cooperation

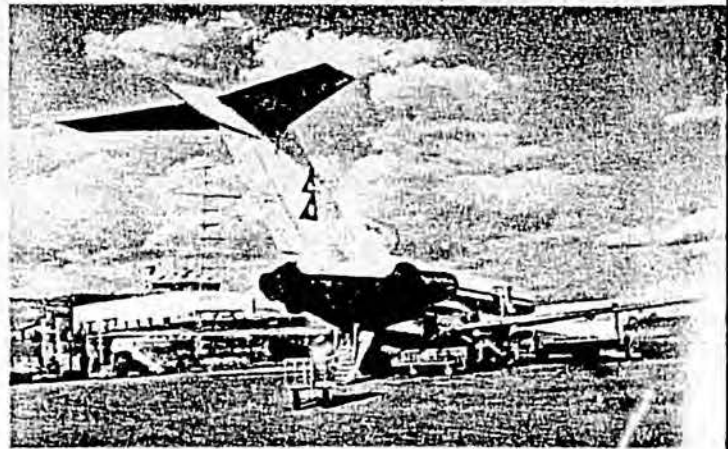
The progress made in 1975 in establishing new aid instrumentalities to assist developing countries underlined the importance of multilateral and bilateral cooperation to meet the needs of the developing world.

As opportunities occurred, the Bank made known, in the various forums in which these new aid initiatives were being fashioned, its interest in and capabilities for undertaking an expanded role in international development efforts, especially in the vital area of food production, in which the establishment of the International Fund for Agricultural Development could have a significant impact. The efforts of the Development Committee of the World Bank and the IMF in bringing attention to bear on the extent of the needs of the developing countries—and especially those least developed and most seriously affected by recent economic adversities—were particularly valuable.

As is customary on the occasion of the World Bank-IMF Annual Meeting, the President of the Bank and the Presidents of the African Development Bank and the Inter-American Development Bank met to discuss matters of common interest to the three regional Development Banks.

The Bank continued to maintain close cooperation with other aid institutions operating in the Bank's region, especially the World Bank and the UNDP. The practical benefits of the continuing close relations with the World Bank included co-financing of a large project and joint efforts towards aid coordination.

The International Fund for Agricultural Development working group meeting in Rome in October was attended by an observer from the Bank.



Tribhuvan International Airport in Nepal, which is being upgraded to improve airport infrastructure and facilitate tourism. UNDP is contributing funds for technical assistance, with the Bank as Executing Agency.

International Bank for Reconstruction and Development (IBRD)

During the year, frequent visits and exchange of information with respect to operational policies and activities and country economic developments took place with the World Bank. The Bank was represented as an observer at the aid coordination meetings sponsored by the World Bank for Bangladesh, the Republic of Korea, Pakistan, the Philippines, Sri Lanka and Thailand, and joined with the World Bank in convening a meeting of potential donors to Laos (see page 10). The Bank and the World Bank, together with bilateral sources, co-financed the Ashuganj Fertilizer Project in Bangladesh; the financing package for this Project included a Special Funds loan of \$30 million from the Bank and an IDA credit of \$33 million.

United Nations Development Programme (UNDP)

The Bank further strengthened its cooperation with UNDP during the year. There were frequent consultations and exchanges of information both at Headquarters and in the field. The Bank agreed to act as the Executing Agency for six technical assistance projects involving UNDP contributions totalling \$2,838,600. The six projects comprised: the South East Sulawesi Transmigration Area Development Project (\$495,600) and the Bandung Urban Development and Sanitation Project (\$1,163,000) in Indonesia, the Nakdong River Basin Development Project in the Republic of Korea (\$300,000), the Reconstruction and Development Programming Project in Laos (\$320,000), the Tribhuvan International Airport Project in Nepal (\$250,000), and the Luzon Roads Feasibility Study Project in the Philippines (\$310,000)¹. In the Tribhuvan International Airport Project, the Bank collaborated with UNDP for the first time in the financing of the implementa-

¹ Actual financing by UNDP for some of these projects may be different from the figures indicated above, as a result of the financial review of UNDP's program resources currently being carried out.

tion phase of a development project—with the Bank providing capital assistance and UNDP technical assistance. The Bandung Urban Development and Sanitation Project will be the Bank's first joint effort with UNDP in the field of urban development.

Up to the end of 1975, the Bank had undertaken the Executing Agency function for a total of 14 projects¹ involving financing by UNDP of \$6,682,900²; four of these projects costing \$1,645,000 were approved in 1974.

Food and Agriculture Organization (FAO)

The Bank continued its association with FAO in project activities in terms of the Interim Arrangements for Co-operative Action established in 1968. Six FAO specialists were engaged to study the feasibility of establishing a modern seeds industry in Afghanistan. FAO will be the executing agency for a Fish Market Study which is expected to have an important bearing on the development of the fisheries sector in the region. Following its association with FAO on the National Food Security study in the Philippines in 1974, the Bank was associated with a similar study in Bangladesh in 1975. The Bank also participated in the Eighth Session of the Intergovernmental Group on Hard Fibers and in the Sixth Session of the Regional Commission on Farm Management for Asia and the Far East, both held in Manila under FAO's auspices.

Mekong Committee³

Bank representatives attended the 68th Session of the Mekong Committee held in Vientiane in February and the 69th Session held in New Delhi in March. Political changes in several of the Committee's member countries, which took place subsequent to these sessions, led to some uncertainty regarding the Committee's activities.

As of the end of 1975, the Bank had committed \$8.81 million in loans and technical assistance for three projects: the Tha Ngon Agricultural Development Project in Laos, the Nong Wai Pioneer Agricultural Project in Thailand, and the Go Cong Pioneer Agricultural Project in South Vietnam, which form part of the Committee's program of Pioneer Agricultural Projects. Discussions took place with the Government of Laos regarding future arrangements for implementation of the Casier Sud Pioneer Agricultural Project in Laos, the studies for which were carried out under the supervision of the Bank (as a delegated Executing Agency for the World Bank with UNDP financing).

The Bank, in cooperation with the Mekong Committee, donor countries, and Laos and Thailand, continued to function as Administrator of the Second Nam Ngum Development Fund (see page 23).

¹ Three of these projects have not yet been formally approved by UNDP. In addition, UNDP had contributed \$1,142,530 towards the cost of the Bank's Southeast Asian Regional Transport Survey and \$60,000 for the Southeast Asian Agency for Regional Transport and Communications Development (SEATAC).

² Committee for Coordination of Investigations of the Lower Mekong Basin.

Loan and Technical Assistance Approvals⁴—1975

AFGHANISTAN

Technical Assistance

KAMA IRRIGATION AND POWER PROJECT

\$185,000 for the preparation of a combined irrigation and power project in the Kama area.

SEEDS PROJECT

\$49,000 for financing an evaluation of the feasibility of establishing and developing a seeds industry. FAO experts are conducting the study and the balance of the foreign exchange costs is being borne by the Food and Agriculture Organization (FAO).

BANGLADESH

Loans

ASHUGANJ FERTILIZER PROJECT

\$30 million from Special Funds for the construction of an ammonia/urea plant with a capacity of about 925 metric tons per day of ammonia and 1,600 metric tons per day of prilled urea, together with the provision of supporting services. The International Development Association (\$33 million), the Federal Republic of Germany (DM30 million), Iran (\$15 million), Switzerland (SwF20 million), the United Kingdom (£8 million), and the United States (\$30 million) are co-financiers.

AGRICULTURAL CREDIT PROJECT

\$9.43 million from Special Funds to be channelled through the Bangladesh Krishi Bank for the provision of institutional credit facilities to farmers for about 5,500 shallow tubewells and about 50 power tillers, and for the provision of fertilizers, seeds and other agricultural inputs.

GREATER DACCA GAS DISTRIBUTION PROJECT

\$12.2 million from Special Funds for the expansion of gas distribution facilities to serve 37,550 new customers in the Greater Dacca area and the repair of a tubing leak in one production well at the Titas gas field. The Project will also provide customers with in-house connections and, in the case of industrial consumers, with the conversion equipment to shift from use of petroleum products to natural gas.

Technical Assistance

PREPARATION OF AGRICULTURAL CREDIT PROJECT

\$48,500 for the formulation of an agricultural credit project. This technical assistance led to the Agricultural Credit Project loan (see above).

SERAJGONJ INTEGRATED RURAL DEVELOPMENT PROJECT

\$325,000 for formulating an integrated rural development plan for the Serajgonj district in northwestern Bangladesh.

⁴ Loans are made from ordinary capital resources unless otherwise specified. Technical Assistance is provided on a grant basis.

AGRICULTURAL CREDIT PROJECT

\$350,000 to provide the Bangladesh Krishi Bank with a team of experts in organization and management, agricultural economics, agricultural engineering, and accounting and auditing; approved in conjunction with the loan for the Agricultural Credit Project (see page 27).

GREATER DACCA GAS DISTRIBUTION PROJECT

\$200,000 for providing the services of an organization and management expert to the Titas Gas Transmission and Distribution Company; approved in conjunction with the loan for the Greater Dacca Gas Distribution Project (see page 27).

BURMA

Loans

JUTE MILL PROJECT

\$25.3 million from Special Funds for the establishment of a jute mill with an annual capacity of 15 million jute bags, 5 million yards of hessian cloth and 500,000 lbs. of twine.

POWER TRANSMISSION (SUPPLEMENTARY) PROJECT

\$6.1 million from Special Funds to meet the foreign exchange component of the cost overrun in the project approved in December 1973 for establishing 230 miles of 66 kV transmission lines and five 66/11 kV substations to transmit power generated by the Kyunchaug and Myanaung gas turbine stations to load centers along the west bank of the Irrawaddy River. The Power Transmission Project is the first power project in Burma to be undertaken with multilateral financing.

Technical Assistance

FOREST INDUSTRIES PROJECT

\$98,000 for the preparation of a feasibility study of the forestry industry in Upper Burma, covering logging, transport and sawmilling operations.

SEDAWGYI MULTI-PURPOSE PROJECT

\$49,000 to review the layout and designs for the Sedawgyi Dam, the power station and ancillary structures.

HONG KONG

Loan

SHA TIN SEWAGE TREATMENT PROJECT

\$20 million for the construction of Stage I of a sewage treatment works to service the needs of the Sha Tin New Town.

INDONESIA

Loans

JAVA FISHERIES PROJECT

\$13.2 million for modernizing the fishing fleet, improving fish catching equipment and fishing methods and marketing, and constructing a cold storage plant, to increase the supply of fish to Central and West Java. The fisheries expansion program is aimed especially at providing fish to low-income consumers.



Work proceeds on the Power Transmission Project in Burma.

GOHOR LAMA PALM OIL PROCESSING PROJECT

\$11.3 million for the expansion of palm oil processing facilities, including the construction of a new mill and provision of transportation facilities. The Project, located at Gohor Lama in North Sumatra, was formulated under technical assistance provided by the Bank in 1974.

KARANGSAMBUK MULTI-PURPOSE PROJECT

\$2.9 million (engineering loan) for the preparation of a feasibility study, engineering design and tender documents for the Karangsembung Multi-Purpose Project in south Central Java, which would include a dam and afterbay, irrigation and drainage, flood control, a hydro-power station and transmission lines.

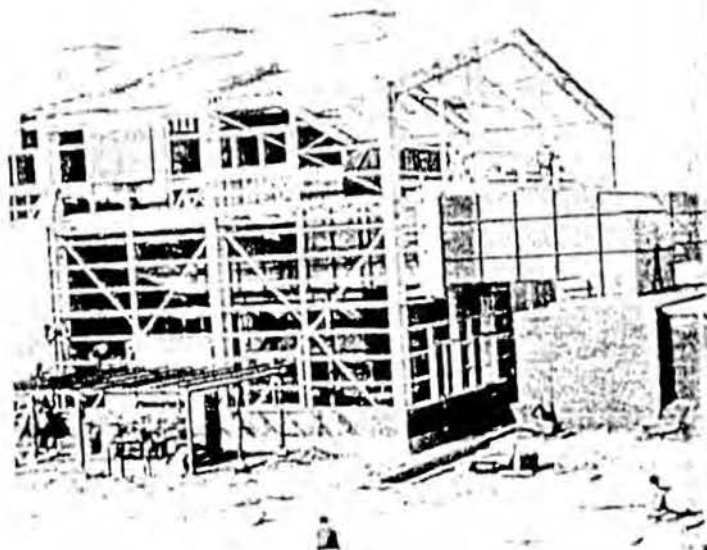
GARUNG HYDROELECTRIC PROJECT

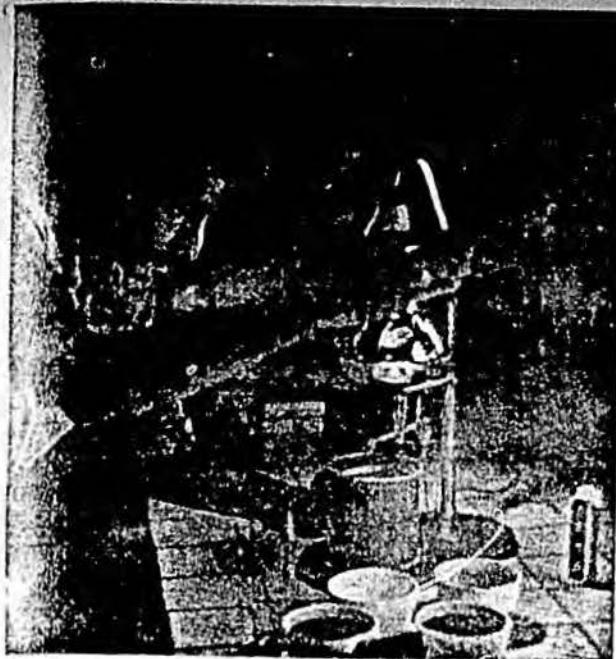
\$19.8 million for the construction of a 24 MW hydroelectric power plant at Garung in Central Java together with a 70 km. transmission line.

TELUK LADA AREA DEVELOPMENT (PHASE 1) PROJECT

\$12.2 million for the integrated area development of the Teluk Lada Plain, 120 km. west of Jakarta, including

Power station under construction in the Bheramara Kushiia District, Bangladesh, a part of the West Zone Power Project.





Tea-testing at a modernized tea factory in Sri Lanka.

irrigation of 6,300 hectares, on-farm agricultural development through pilot schemes, soil conservation, reforestation in catchment areas, road improvement and development of village water supplies.

BELAWAN AND SURABAYA PORTS (PHASE 1) PROJECT

\$4.35 million (engineering loan) to provide consultant services for the preparation of detailed engineering designs and tender documents for the first-stage expansion of Surabaya Port in East Java and Belawan Port in North Sumatra.

SURABAYA INSTITUTE OF TECHNOLOGY PROJECT

\$14.5 million for the development of the Surabaya Institute of Technology through improvement of teaching faculties, construction of an integrated campus, staff development through a fellowship training program, and establishment of an academic link with an overseas university for curricula development and academic upgrading.

Technical Assistance

SOUTH EAST SULAWESI TRANSMIGRATION AREA DEVELOPMENT PROJECT

\$495,600, expected to be financed by UNDP, with the Bank acting as Executing Agency, for a feasibility study for infrastructure, agricultural development and social services for the support of 20,000 families from overcrowded islands, such as Java, Madura and Bali, who will be resettled in South East Sulawesi.

BANDUNG URBAN DEVELOPMENT AND SANITATION PROJECT

\$1,153,000, expected to be financed by UNDP, with the Bank acting as Executing Agency, for the preparation of a Master Plan and a feasibility study for the first phase of urban development, including expansion of the sewerage, drainage and waste disposal system, for Indonesia's third largest city.

SMALLHOLDER DEVELOPMENT PROJECT

\$701,000 for the preparation of a feasibility study of a smallholder development project for oil palm plantations in North Sumatra.

KARANGSAMBUNG MULTI-PURPOSE PROJECT

\$100,000 in conjunction with the engineering loan (see page 28).

BELAWAN AND SURABAYA PORTS (PHASE I) PROJECT

\$100,000 to cover part of the cost of hydraulic investigations at Belawan Port, approved in conjunction with the technical assistance loan for this Project.

KOREA, REPUBLIC OF

Loans

SAMRANGJIN PUMPED STORAGE PROJECT

\$1 million (engineering loan) to the Korea Electric Company to finance a feasibility study, detailed design and preparation of tender documents for construction of a pumped storage power plant near Samrangjin.

MACHINERY MANUFACTURING PROJECT

\$17.5 million to the Korea Development Bank for on-lending for the establishment of integrated facilities for design and manufacturing of industrial and construction machinery by Hyundai International, Inc. at Gunpo near Seoul.

ROAD IMPROVEMENT PROJECT

\$43 million for the improvement to two-lane paved standard of 11 sections of national highway and one provincial road, totalling approximately 410 km., and construction and replacement of bridges.

KOREA DEVELOPMENT BANK (FOURTH) PROJECT

\$40 million as a fourth line of credit to the Korea Development Bank, for augmenting its foreign exchange resources to enable it to meet the medium- and long-term credit requirements of private industrial enterprises.

Technical Assistance

SAMRANGJIN PUMPED STORAGE PROJECT

\$100,000 in conjunction with the engineering loan described above.

NAKDONG RIVER BASIN DEVELOPMENT PROJECT

\$300,000, to be financed by UNDP, with the Bank acting as Executing Agency, for a feasibility study for the development of the Nakdong River Basin.

LAOS

Technical Assistance

THA NGON AGRICULTURAL DEVELOPMENT (SUPPLEMENTARY) PROJECT

\$57,000 to cover price escalations and additional consultant services under the Tha Ngon Agricultural Development Project.

RECONSTRUCTION AND DEVELOPMENT PROGRAMMING PROJECT

\$320,000, to be financed by UNDP, with the Bank acting as Executing Agency, for the provision of experts to prepare a list of priority projects for external assistance.

MALAYSIA

Loans

TENOM PANGI POWER PROJECT

\$1.198 million (engineering loan) to Lembaga Letrik Sabah for the preparation of detailed designs, specifications and tender documents for the construction of a hydroelectric power station on the Padas River and transmission facilities in Sabah.

THIRD SARAWAK ELECTRICITY SUPPLY PROJECT

\$22.7 million as a third loan to the Sarawak Electricity Supply Corporation for the construction of a power station, provision of five diesel generating sets with a total capacity of 52 MW, construction of a 33 kV transmission system and provision of consultant services.

JERANGAU-JABOR DEVELOPMENT ROAD PROJECT

\$23.7 million for the construction of approximately 68 miles of trunk road and 40 miles of feeder roads in the Trengganu Tengah development area on the east coast of Peninsular Malaysia and to finance the services of eight experts to strengthen the planning, coordination, implementation and monitoring capabilities of the Trengganu Tengah Development Authority, responsible for the agricultural development of the area.

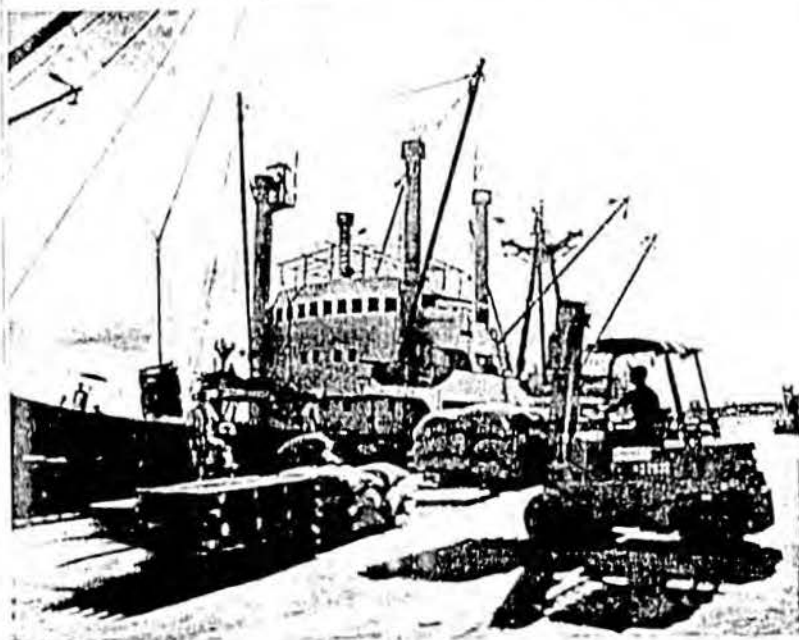
NEPAL

Loans

JUTE DEVELOPMENT (SUPPLEMENTARY) PROJECT

\$0.53 million from Special Funds to meet the foreign exchange component of a cost overrun on the Jute Development Project approved in 1970. The Project is an integrated program for improving the quality of both raw jute and manufactured jute products.

Kuching Port in East Malaysia, where port facilities have been expanded.



TRIBHUVAN INTERNATIONAL AIRPORT PROJECT

\$10 million from Special Funds for rehabilitation of the existing runway and taxiway; preparation of a long-term program for location of the various terminal buildings at the airport and detailed engineering designs for the buildings that will have priority for construction to meet traffic needs until 1985; and provision of consultant services.

GANDAK-HETAUDA POWER (SUPPLEMENTARY) PROJECT

\$2.5 million from Special Funds to meet the foreign exchange component of a cost overrun on the Gandak-Hetauda Power Project approved in 1972.

SECOND POWER PROJECT

\$3.8 million from Special Funds for the construction of the Bharatpur-Pokhara transmission line, associated substation and consultant services for project implementation, and for the second phase of a study of the power sector (see also technical assistance below).

Technical Assistance

DHANGARHI GROUNDWATER DEVELOPMENT PROJECT

\$200,000 for the provision of expert services for the preparation of the Dhangarhi Groundwater Development Project in western Nepal.

JUTE DEVELOPMENT PROJECT

\$90,000 to finance consultant services for the development of a Jute Research Center; approved in conjunction with the loan for the Jute Development (Supplementary) Project (see above).

TRIBHUVAN INTERNATIONAL AIRPORT PROJECT

\$250,000, to be financed by UNDP, with the Bank acting as Executing Agency, for the provision of expert services to assist in the implementation of the Tribhuvan International Airport Project.

SECOND POWER PROJECT

\$230,000 for consultant services for the first phase of a study of the power sector, in conjunction with the Second Power Project (see above).

PAKISTAN

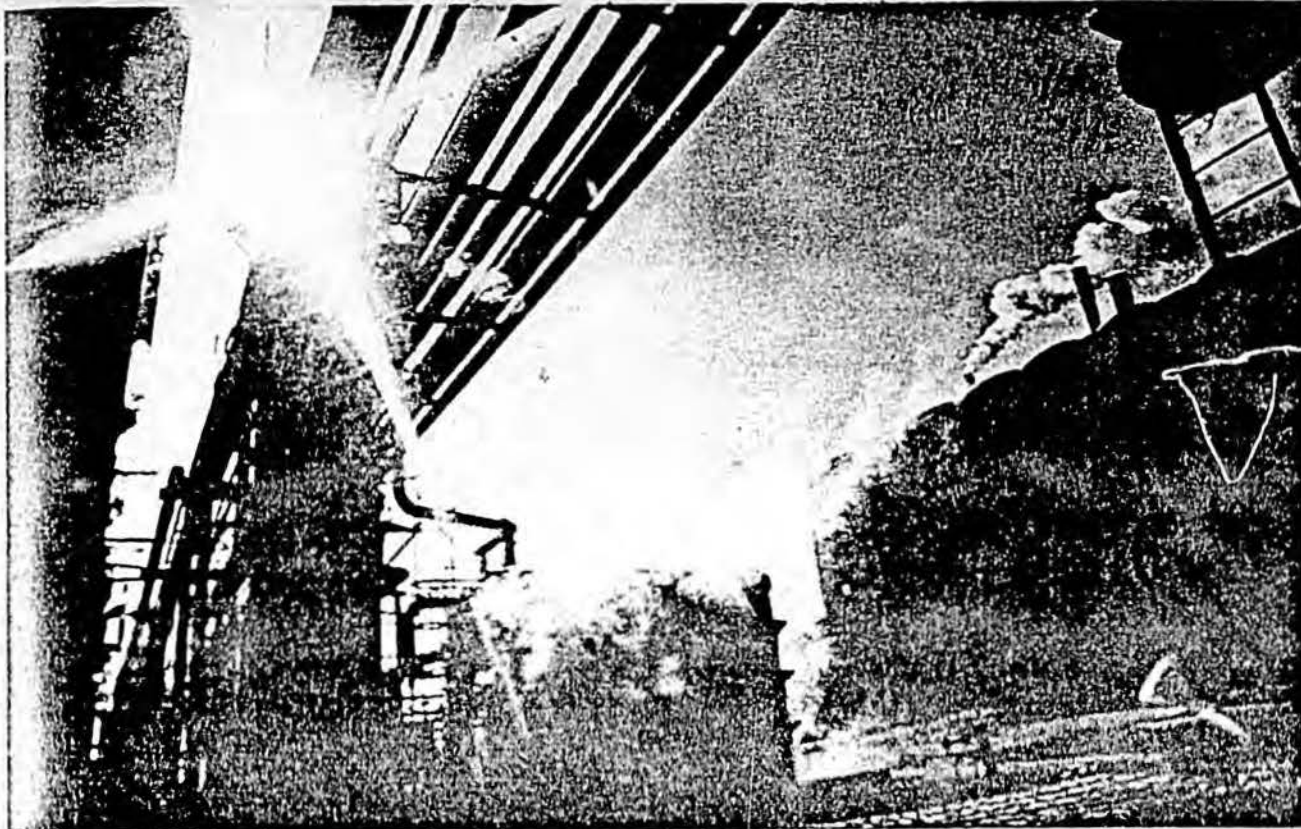
Loans

GAS TURBINE GENERATION PROJECT

\$22 million from Special Funds for the construction of a gas turbine generation station which will increase the installed capacity of the Karachi Electric Supply Corporation, Ltd. by about 90 MW.

MIRPUR MATHELO FERTILIZER PROJECT

\$50 million, including \$12 million from Special Funds, for the establishment of an integrated ammonia/urea fertilizer complex designed to produce 1,000 metric tons of ammonia and 1,740 metric tons of prilled urea per day. Saudi Arabia (\$50 million) and the Saudi Fund for Development (\$30 million) are co-financiers.



Fertilizer project at Multan, Pakistan, undertaken with parallel financing by the Bank and the World Bank.

**INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN
(THIRD) PROJECT**

\$25 million, as a third line of credit to the Industrial Development Bank of Pakistan to be used for relending to small and medium-scale private industrial and service enterprises.

**Technical Assistance
INDUSTRIAL DEVELOPMENT BANK OF
PAKISTAN PROJECT**

\$150,000 for consultant services to upgrade IDBP's economic evaluation, marketing analysis and loan supervision functions; approved in conjunction with the loan for the Industrial Development Bank of Pakistan (Third) Project (see above).

PAPUA NEW GUINEA

**Technical Assistance
EAST SEPIK AGRICULTURAL DEVELOPMENT
PROJECT**

\$300,000 for a feasibility study of an integrated agricultural development project in the East Sepik District.

PHILIPPINES

**Loans
FIRST AND SECOND MINDANAO POWER
(SUPPLEMENTARY) PROJECT**

\$22.7 million to the National Power Corporation to meet (in part) cost overruns on the First and Second Mindanao Power Projects approved in 1971 and 1972, respectively.

PULANGUI RIVER IRRIGATION PROJECT

\$13.5 million for the construction of a 11,560-hectare gravity irrigation system with related agricultural services in Central Mindanao, and for a feasibility study of four high priority irrigation projects in Mindanao.

**MINDANAO SECONDARY AND FEEDER
ROADS PROJECT**

\$500,000 (engineering loan) for the preparation of a feasibility study of about 110 km. of secondary and feeder roads in Mindanao and preparation of detailed engineering design, specifications and tender documents for a project for the improvement of the roads that are found economically viable.

LAGUNA DE BAY DEVELOPMENT PROJECT

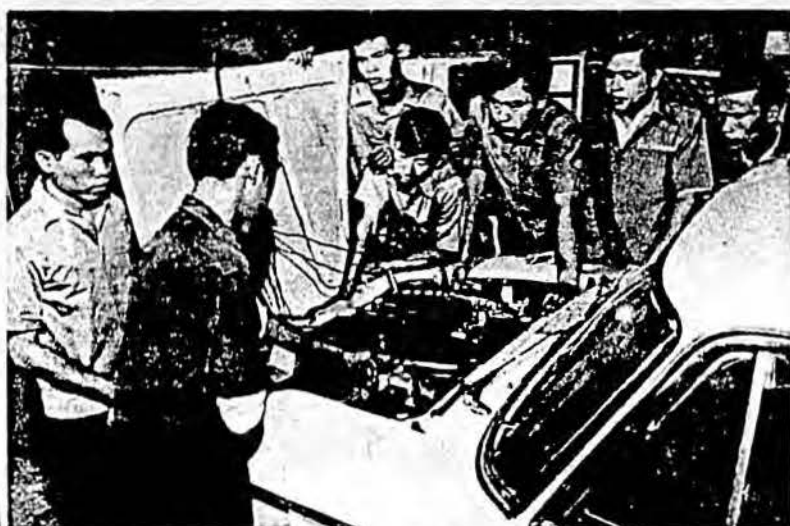
\$27.5 million to prevent salinity and pollution, develop irrigation facilities in the watershed areas, and regulate and prevent further deterioration of the quality of water in Laguna de Bay in central Luzon, one of the largest lakes in Southeast Asia.

**DEVELOPMENT BANK OF THE PHILIPPINES
PROJECT**

\$25 million for augmenting the foreign exchange resources of the Development Bank of the Philippines to meet the medium- and long-term credit requirements of manufacturing and mining enterprises in the private sector.

PROVINCIAL CITIES WATER SUPPLY PROJECT

\$16.8 million for improvements to public water supply facilities in five provincial water districts, including consultant services for detailed engineering design of a major



Automotive class at the National Institute of Skills Development in Bangkok, one of several vocational schools assisted by the Vocational Training Project.

dam and for a watershed reforestation and erosion prevention master plan in Cebu.

Technical Assistance

PULANGUI RIVER IRRIGATION PROJECT

\$100,000 towards the feasibility study of four high priority irrigation projects approved in conjunction with the Pulangui River Irrigation Project loan (see page 31).

LUZON ROADS FEASIBILITY STUDY PROJECT

\$310,000 to be financed by UNDP, with the Bank acting as Executing Agency, for a study of the economic and technical feasibility of the improvement of 500 km. of primary roads, together with about 200 km. of associated link and feeder roads, in southwestern and central Luzon.

MINDANAO SECONDARY AND FEEDER ROADS PROJECT

\$100,000 in conjunction with the engineering loan for the Mindanao Secondary and Feeder Roads Project (see page 31).

LAGUNA DE BAY DEVELOPMENT PROJECT

\$100,000 to finance part of the cost of the feasibility study for interceptor sewers and studies on water quality control and water management, in conjunction with the loan for the Laguna de Bay Development Project (see page 31).

SRI LANKA

Loan

UREA FERTILIZER PROJECT

\$30 million from Special Funds for the construction and commissioning of a fertilizer plant with a capacity of approximately 540 metric tons per day of ammonia and 940 metric tons per day of urea. The Kuwait Fund for Arab Economic Development (KD7.5 million), the Federal Re-

public of Germany (DM60 million), and India (Rs. 100 million) are co-financiers.

THAILAND

Loans

MAE MOH POWER (SUPPLEMENTARY) PROJECT

\$15 million to the Electricity Generating Authority of Thailand to cover (in part) the foreign exchange component of a cost overrun on the Mae Moh Power Project (approved in 1972) for the construction of a 75 MW lignite-fired thermal power plant, construction of a transmission line and expansion of a lignite mine at Mae Moh.

SECOND MAE MCH POWER PROJECT

\$22.7 million to the Electricity Generating Authority of Thailand for the procurement and installation of a second 75 MW lignite-fired thermal power plant at Mae Moh.

INDUSTRIAL FINANCE CORPORATION OF THAILAND (THIRD) PROJECT

\$20 million, as a third line of credit to the Industrial Finance Corporation of Thailand to meet the medium- and long-term credit requirements of private sector industries.

FISHERIES DEVELOPMENT PROJECT

\$20 million for the modernization of the pelagic fishing fleet and the improvement of onshore facilities through the provision of fishing vessels, marine diesel engines, fishing gear, refrigeration and ice-making equipment, vehicles and consultant services.

WESTERN SAMOA

Loans

DEVELOPMENT BANK OF WESTERN SAMOA PROJECT

\$1 million from Special Funds in the form of a credit line to enable the Development Bank of Western Samoa to meet the foreign exchange credit requirements of agricultural and industrial enterprises.

POWER (SUPPLEMENTARY) PROJECT

\$1.4 million from Special Funds to meet (in part) the cost overrun in the Power Project approved in 1973, as a result of significant changes in power requirements, costs and other factors, thus requiring revision of the Project scope and implementation schedule.

Technical Assistance

DEVELOPMENT BANK OF WESTERN SAMOA PROJECT

\$90,000 for the continued services of experts provided under earlier technical assistance, in conjunction with the loan to DBWS (see above).

POWER (SUPPLEMENTARY) PROJECT

\$14,500 to supplement a technical assistance grant approved in 1973. The supplementary grant will finance additional services of a hydrological expert and equipment to augment the network of hydrometeorological stations.

ORDINARY CAPITAL RESOURCES AND FINANCIAL MANAGEMENT

Review of the Bank's Resource Position

AT THE EIGHTH Annual Meeting in April 1975, the Board of Governors adopted Resolution No. 84 on the Resources of the Bank, which noted the action of the Board of Directors in commencing an examination of the Bank's future resource requirements, including the need for an early replenishment of the Asian Development Fund¹ and for a further increase in the capital stock of the Bank, and requested the Board of Directors to report its findings and recommendations as soon as possible to the Governors.

Capital

The Bank's authorized capital stock was \$3,676,351,625 on 31 December 1975. The subscribed capital was \$3,201,544,328, having increased by \$431,270,125 during the year as a result of: (i) subscriptions to special increases in the capital stock by three members and (ii) a subscription under the capital increase authorized by Resolution No. 46 adopted in November 1971.

Special increases in the capital stock amounted to \$310,635,125, divided into 25,750 shares, with Indonesia (13,750 shares), Malaysia (5,000 shares) and the Republic of Korea (7,000 shares) accounting for the additional subscriptions². Sixty-eight per cent of the amount subscribed was in callable shares and 32 per cent in paid-in shares, the latter payable in four equal annual instalments.

By the end of the year, 35 members had subscribed \$1,587,037,870 to the capital increase authorized by the Board of Governors in Resolution No. 46; it is included a partial subscription of the United States received in June. In addition to these 35 members, three members absorbed the capital increase in their initial subscriptions.

A further extension of time for subscribing to the increase in authorized capital stock, up to 31 December 1975, was approved in July³.

Pursuant to the decision of the Board of Governors at the Eighth Annual Meeting, proposals for a further substantial increase in the ordinary capital of the Bank were under consideration at the end of the year.

Borrowings

During 1975, the Bank raised \$322.8 million (equivalent) in eight borrowings, more than the total borrowings up to the end of 1974.

¹ See next chapter.

² Resolutions Nos. 79, 80 and 83 adopted on 5 March, 15 April and 30 June, respectively.

³ Resolution No. 90 adopted on 25 July. Under Resolution No. 93 adopted in January 1976, a further extension of time to 30 June 1976 was approved.

Borrowings made during the year were as follows:

Two-Year United States Dollar Bonds

Two-year bonds of 1975 amounting to \$70 million, with interest at 6.65 per cent per annum, were sold in April to central banks and government agencies of 21 regional members and eight non-regional members. In contrast to the two previous issues of two-year bonds offered in 1971 and 1973, the offer in 1975 was extended to non-regional members and the amount was increased from \$20 million to \$70 million.

Twenty million dollars of the bond issue constituted the roll-over of the second issue of two-year 6-3/4 per cent bonds totalling \$20 million purchased by regional members in 1973. Certain of these regional members purchased increased amounts; other regional members subscribed to this issue for the first time, raising the total purchased by regional members to \$36 million. Non-regional members subscribed \$34 million.

Five-Year United States Dollar Notes

The Bank offered \$75 million of Five-Year Notes in April in the United States. The Notes, with an 8-1/2 per cent coupon rate, were priced at 99 per cent with full maturity of five years. The Notes are listed on the New York Stock Exchange.

Borrowing from The Bank of Japan

In April the Bank entered into an agreement with The Bank of Japan to borrow ¥30,000 million. The Bank, at its option, can draw down from time to time amounts up to a maximum of ¥15,000 million in each 12-month period within the two-year period beginning 1 May 1975. The average maturity of the borrowing is 6-1/2 years. The interest rate for each withdrawal is to be fixed at the time of withdrawal, based on the then prevailing yield to original subscribers of Japanese Government Guaranteed Bonds.

During 1975, a drawdown totalling ¥15,000 million was made in five drawings of ¥3,000 million each. The interest rates were 8.64 per cent for the first two drawings, 8.5 per cent for the third drawing and 8.25 per cent for the last two drawings.

Borrowing in Saudi Arabian Riyals

The Bank borrowed SR150 million from the Saudi Arabian Monetary Agency through a bond issue in April. The bonds were issued at par with an interest rate of 8 per cent per annum and a maturity of eight years, and are redeemable in four equal annual instalments from 1980 to 1983. This was the Bank's second borrowing in the Middle East and followed the borrowing in 1974 of Kuwaiti Dinar 5 million.

Public Bond Issue in Switzerland

The bond issue in July totalling SwF60 million was the Bank's second issue in the Swiss capital market. The bonds were offered to the public through a syndicate of

BORROWINGS IN 1975
(amounts in million)

	Issue	Amount in Currency of Borrowing	US\$ Equivalent
Central Banks of Member Countries	6.65% 2-Year Bonds due 1977	US\$70	70.00
United States	8½% 5-Year Notes due 1980, Issue Price: 99%	US\$75	75.00
The Bank of Japan	Drawn portion: 8.25%–8.64%, Serial Obligations due 1982	¥15,000	49.75
	Undrawn Balance	¥15,000	49.75
Saudi Arabia	8% 8-Year Bonds due 1983, Issue Price: 100%	SRIs 50	14.40
Switzerland	8% 15-Year Bonds due 1990, Issue Price: 99.5%	SwF 60	22.90
Switzerland	8½% 5-Year Notes due 1980, Issue Price: 100%	SwF 10	3.80
Germany, Federal Republic of	8½% 5-Year Bonds due 1980, Issue Price: 99.5%	DM 50	18.90
The Netherlands	8½% 6-Year Loan due 1981	f. 50	18.30
TOTAL			322.80

Swiss banks headed by the Swiss Bank Corporation, at a price of 99.5 per cent with interest at 8 per cent payable annually, and a maturity of 15 years. The Bank undertakes to repay the bonds at par, without further notice, on 31 July 1990, at the latest. To the extent that the Bank can purchase bonds in the market at prices not exceeding the par value of the bonds, annual instalments of up to SwF3.5 million par value are scheduled for redemption in each of the years 1977 through 1989. The bonds are listed on the Stock Exchanges of Basle, Zurich, Geneva, Lausanne and Berne.

Private Placement in Switzerland

Following the public offering of bonds in Switzerland, a private placement was arranged by the Swiss Bank Corporation in October. The amount was SwF10 million with full maturity of five years, bearing interest at 8-1/2 per cent per annum payable annually.

Borrowing in Deutsche Mark

A private placement of DM50 million was arranged in November with Bayerische Vereinsbank, Munich, and Kredietbank Luxembourg. The loan has a maturity of five years and bears interest at the rate of 8.5 per cent per annum. The German capital market had been closed for foreign issues since the end of July 1975 but was reopened later in the year. The Bank, as an international financial institution of which the Federal Republic of

Germany is a member, received priority in making this issue, which was its first borrowing in the German market since 1969.

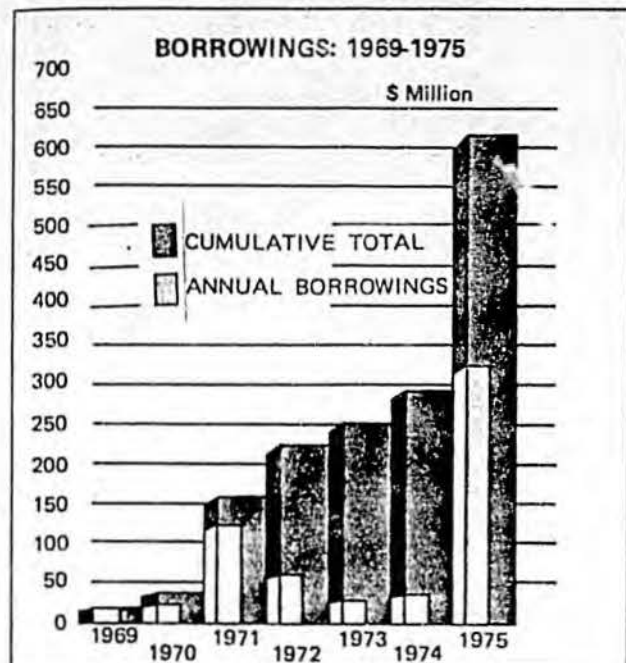
Borrowing in The Netherlands

The Bank made its first entry into the capital market of the Netherlands in November with a direct borrowing of Dutch Guilders 50 million from Amsterdam-Rotterdam Bank, N.V. The loan has a full maturity of six years and carries an interest rate of 8-7/8 per cent per annum payable semi-annually.

As of end of 1975 the Bank's borrowings since 1969 (excluding the Two-Year Dollar Bonds taken up by the central banks and government agencies of member countries) were spread between Japan, 40 per cent; United States, 24.8 per cent; Switzerland, 7.3 per cent; Federal Republic of Germany, 7 per cent; Austria, 4.3 per cent; Netherlands, 3.6 per cent; Italy, 3.4 per cent; Belgium, 1.6 per cent; and other countries including Middle East countries, 8 per cent.

Lending Rate

In February 1975, the Bank reviewed its lending rate and, having regard to the anticipated cost of new borrowings in the traditional world capital markets, raised the ordinary lending rate from 8-1/4 per cent to 8-3/4 per cent



per annum. For borrowing countries whose per capita GNP exceeded \$850 at the end of 1972, the rate was fixed at 9-1/2 per cent per annum.

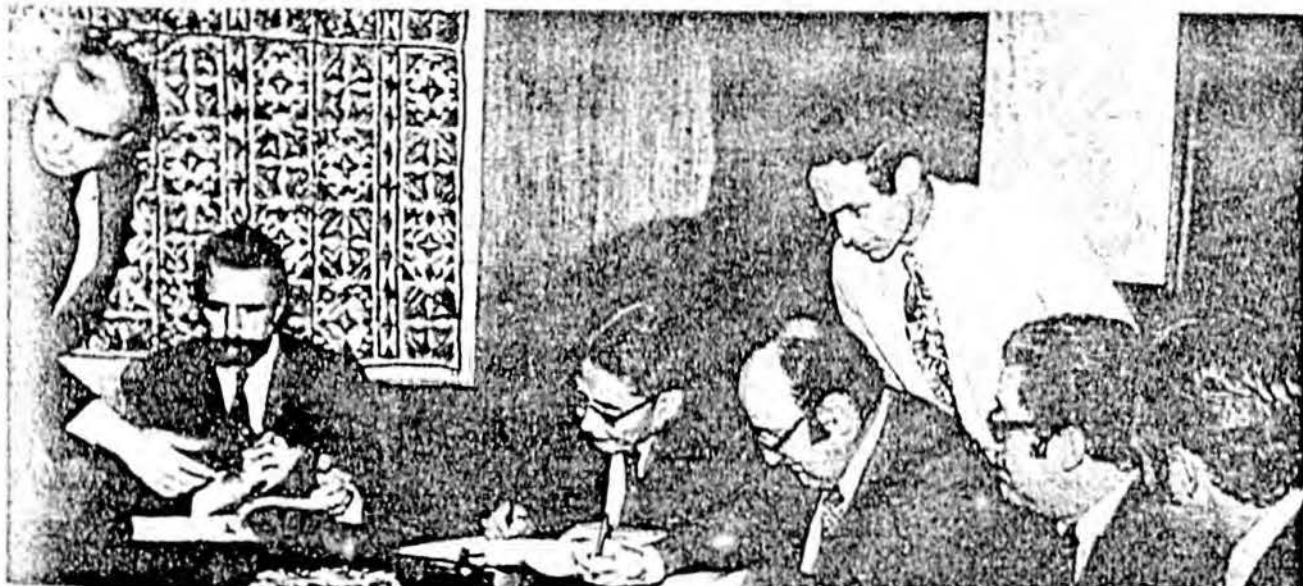
Loan Disbursements and Repayments

Loan disbursements from ordinary capital resources in 1975 amounted to \$284.87 million, raising the total disbursements to \$684.13 million. Loan repayments totalled \$22.2 million, \$21.37 million on loans held by the Bank and \$0.83 million on portions sold to participants. Cumulative loan repayments reached \$48.74 million, \$43.39 million on loans held by the Bank and \$5.35 million on portions sold to participants.

Member Currencies

In terms of the decision taken on 31 August 1972, the Bank adopted new exchange rates for most of the currencies used for translation in the accounts of the Bank and

Signing of documents at the Bank's Headquarters in November for a private placement of DM50 million.



for the purpose of maintenance of value of capital subscriptions. Maintenance of value settlements were reached in regard to several currencies.

Loan Participations

Because of the relatively high rates prevailing in the United States and the Eurodollar capital markets, there was little interest in participations in the Bank's project loans. One participation for \$800,000 was received for a project for which the Bank's upper interest rate of 9-1/2 per cent applied. When this loan becomes effective, accumulated participations will be \$14.81 million, spread over 27 project loans.

During 1975, \$3.32 million was collected from participants to meet loan disbursements and \$0.83 million was repaid to participants.

Investments

At the end of the year, the Bank's investments—held in 21 currencies—amounted to the equivalent of \$506.1 million, 27.7 per cent of which was held in government securities and government-guaranteed obligations of member countries and 72.3 per cent in time deposits and certificates of deposit of banks in member countries and with the Bank for International Settlements.

Of the total investments in government securities and government-guaranteed obligations of members, 16.9 per cent was invested in securities maturing within one year. Of the total investments in time deposits and certificates of deposit of banks in member countries and with the Bank for International Settlements, 50.2 per cent was invested in deposits maturing within one year and 49.8 per cent in deposits maturing after one year.

Income and Expenses

Gross income for the year was \$80,913,444. After deducting \$4,743,414 as commissions appropriated to Special Reserve to meet the Bank's liabilities on borrowings or guarantees, the unappropriated income for the year was \$76,170,030.

Administrative Expenses for the year were \$16,018,559, of which \$4,005,000 was charged to Special Funds

INCOME AND EXPENSES

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

	1974	1975		1976
	Actual	Budget	Actual	Budget
I. ORDINARY CAPITAL RESOURCES				
1. Gross Income Net of Special Reserve	54.7	73.9	76.2	113.6
2. Less Expenses Charged to Ordinary Capital Resources, comprising:	8.9	12.5	12.7	15.9
a. Administrative Expenses ¹	8.7	10.3	12.0	13.6
b. Services to Member Countries	0.2	2.2	0.7	2.3
3. Residual Gross Income	45.8	61.4	63.5	97.7
4. Less Financial Expenses	19.1	31.0	31.6	65.7
5. Less Changes in Value of Currencies	0.3	—	7.4	—
6. Net Income	<u>26.4</u>	<u>30.4</u>	<u>24.5</u>	<u>32.0</u>
II. SPECIAL FUNDS RESOURCES				
1. Administrative Expenses Allocated to Special Funds Resources ^{1 2}	4.3	6.4	4.0	5.6
2. Expenses Charged to Technical Assistance Special Fund, comprising:	2.0	2.9	3.3	2.8
a. Administrative Expenses	0.5	0.6	0.6	0.5
b. Services to Member Countries	1.5	2.3	2.7	2.3
III. AGENCY TRUST FUNDS³				
Services to Member Countries	1.0	2.3	1.3	4.2

¹ An Administration Charge to Special Operations was instituted in 1971 and modified effective 1973. The Charge is calculated on the basis of a formula for apportioning administrative expenses between ordinary capital and Special Funds resources.

² Excluding the Technical Assistance Special Fund

³ Representing projects wherein the Bank acts as Executing Agency for UNDP.

resources as an Administration Charge to Special Operations. Net Administrative Expenses attributable to ordinary operations for 1975, therefore, were \$12,013,559.

The cost of Services to Member Countries during the year, excluding \$2,694,787 charged to the Technical Assistance Special Fund, was \$713,956.

Financial expenses were \$31,546,366.

Gross expenses for the year thus amounted to \$44,273,921; consequently, income before changes in value of currencies amounted to \$31,986,109. However, there was a sharp decline during the year in the value of most currencies relative to the current United States dollar, which is the Bank's unit of account. This accounted largely for a net loss of \$7,352,466 on translation of currency holdings in excess of the respective main-

tenance of value ceilings.

Net income for the year was, therefore, \$24,543,643, as shown in Appendix 1-II.

Accumulated Income and Ordinary Reserve

At the end of 1974, the Bank's Ordinary Reserve was \$50,623,720. At the Eighth Annual Meeting, the Board of Governors allocated, pursuant to Article 40 of the Articles of Agreement, the net income of 1974 in the amount of \$26,427,253, to the Ordinary Reserve, thereby increasing the Ordinary Reserve to \$77,050,973. The net income for 1975 in the amount of \$24,543,643 (see Section on Income and Expenses and Appendix 1-II), is available for allocation by the Board of Governors.

SPECIAL FUNDS

THE RESOURCES OF the Bank available for financing concessional loan commitments are administered in two Special Funds: the Multi-Purpose Special Fund (MPSF), established in 1968, and the Asian Development Fund (ADF), which came into operation in June 1974. Loans from these Funds, which are on standardized terms of 40 years maturity and a service charge of 1 per cent per annum, are made only to the poorest and least developed of the Bank's developing member countries (DMCs).

At the beginning of 1975, at prevailing exchange rates, the total resources in the two Funds amounted to \$560.5 million. Of this, \$315 million was held in the MPSF, consisting principally of contributions from ten developed member countries under bilateral arrangements in the early years of the Bank's operations, but including also an amount of \$57.4 million set aside from the Bank's paid-in capital by actions of the Board of Governors. The balance of \$245.5 million, held in the ADF, consisted of contributions made by 12 developed member countries under the First Stage of the initial ADF mobilization arrangements.

Consolidation of Resources

The main objective in establishing the ADF was to create a single Special Fund, operating on standard terms and conditions and consolidating all the resources made available for financing concessional loans. Substantial progress towards this goal was achieved in the course of 1975. At the Eighth Annual Meeting, the Board of Governors authorized the transfer of all set-aside resources from 'the MPSF to the ADF'. The Bank also entered into discussions with the ten contributors whose contributions were being administered in the MPSF for a transfer of these contributions to the ADF. Eight of these contributors agreed to such transfers, on the terms proposed by the Bank.

All of these transfer arrangements were implemented with effect from 1 October 1975. As of that date, the Multi-Purpose contributions of Belgium, Denmark¹, the Federal Republic of Germany, Italy, Japan, the Netherlands and the United Kingdom, and the resources set aside from the Bank's own capital, were transferred outright to the ADF. At the same time, the agreement of New Zealand to a progressive transfer to the ADF of its Multi-Purpose contribution as this was disbursed came into effect.

At year-end, the only contributed resources still retained in the MPSF were the initial contributions of Australia and Canada, totalling \$37.2 million. Each of these contributions is wholly or substantially tied to procurement in the contributor's territory. However, the Government of Australia had indicated its intention to un-tie its contribution and so allow it to be transferred to the

ADF as soon as necessary parliamentary authorization could be obtained. Arrangements were also being made with the Canadian Government which, when finalized, would lead to the early utilization of a portion of the Canadian contribution and the untying of the balance, thereby permitting the transfer of the balance of the contribution to the ADF.

Inflow of Resources

As against resources of \$560.5 million, the total of the Bank's concessional loan commitments as of 31 December 1974 (net of cancellations) stood at \$491.9 million. Accordingly, the Bank had only \$68.6 million in hand at the beginning of 1975 for additional concessional loan commitments.

In the early months of the year, contributions totalling \$53.2 million under the First Stage of the initial ADF mobilization arrangements were received from Belgium and the United States. This brought to 13² the number of developed member countries participating in the First Stage arrangements. However, these additional resources fell short of the amount needed by the Bank to finance its 1975 concessional lending program, which had initially been set at the level of \$250 million. It was, therefore, particularly important for the Bank that the Second Stage of the initial ADF mobilization arrangements should come into operation in good time during the year.

The Second Stage arrangements contemplated contributions of up to \$175 million (at exchange rates prevailing when the Resolution was adopted), allocated among all 17 of the Bank's developed member countries³. Fourteen of these countries had indicated an intention to contribute under the arrangements so authorized. Instruments of Contribution were to be deposited with the Bank on or before 30 June 1975, or such later date as the Board of Directors might determine, and would become effective only when a minimum of \$130 million (equivalent) had been committed.

In June 1975, the Board of Governors decided to lower the minimum "trigger" amount to \$94 million, so as to facilitate the release of contribution commitments to the Bank by the target date of 30 June⁴. By that date, the revised minimum amount was reached and surpassed, and by the end of the year 12 donor countries—Australia, Belgium, Canada, Denmark, Finland, Federal Republic of Germany, Japan, Netherlands, New Zealand, Norway, Switzerland and United Kingdom—had made the contributions allocated to them under the Second Stage arrangements. Contributions were expected from Italy and the United States, after the necessary legislative approval had been obtained.

All contributions to the MPSF and the ADF have been

¹ Resolution No. 85 adopted on 20 April.

² A portion of the Danish Multi-Purpose contribution was reallocated to the Technical Assistance Special Fund.

³ One further member country has indicated its intention to contribute under the arrangements.

⁴ Resolution No. 68 adopted on 20 November 1973.

⁵ Resolution No. 85 adopted on 20 June.

made in the national currencies of the respective contributors, and none is subject to maintenance of value obligations. In the course of 1975, a significant depreciation occurred in the value of several major contributed currencies against the United States dollar, which is the Bank's unit of account and the unit in which its loan commitments are denominated. This, combined with the fact that the Bank did not receive all the contributions which had been expected in the course of 1975 under the ADF mobilization arrangements, meant that the resources actually available to the Bank to meet its lending targets were substantially less than had been anticipated when those targets were initially established. As of 31 December 1975, the total resources under administration in the two Funds were \$692 million, representing an increase of only \$131.5 million over the amount as of 31 December 1974.

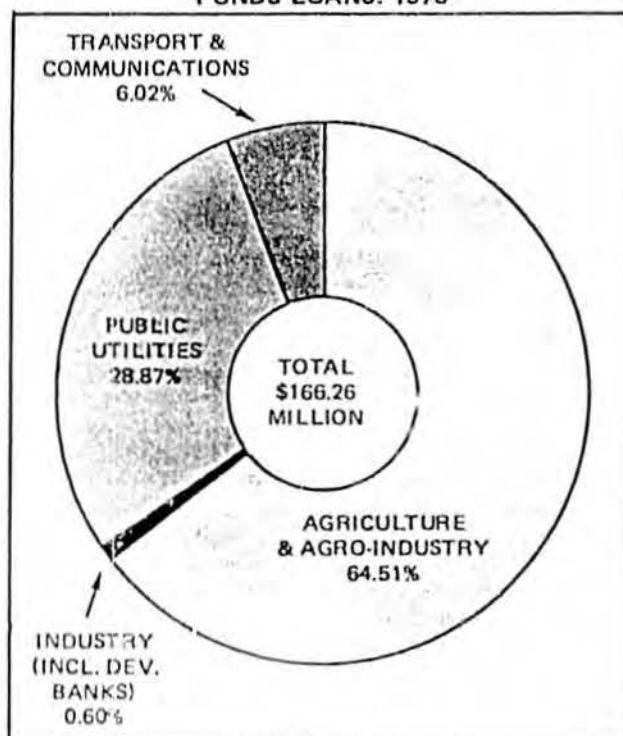
Utilization

The shortage of resources, together with the adverse effects of currency fluctuations, resulted in a curtailment of the operational program for concessional lending in 1975 to a level which was less than that achieved in 1974. In 1975, the Bank provided 14 concessional loans totalling \$166.26 million (\$172.86 million in 1974) to six countries. The major sectors assisted were agriculture and agro-industry, public utilities, and transport and communications. The country and sectoral distribution of Special Funds loans in 1975 is shown in the table on page 39. The total amount committed in loans (after allowing for exchange adjustments and cancellations and repay-

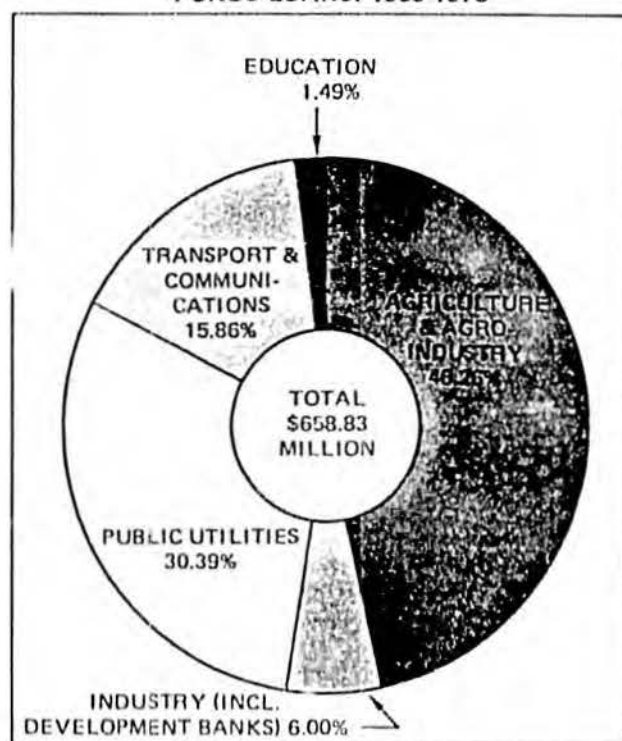
SPECIAL FUNDS LOANS APPROVED IN 1975 (amounts in \$ million)

Country/Project	
BANGLADESH	
Ashuganj Fertilizer	30.00
Agricultural Credit	9.43
Greater Dacca Gas Distribution	12.20
BURMA	
Jute Mill	25.30
Power Transmission (Supplementary)	6.10
NEPAL	
Tribhuvan International Airport	10.00
Jute Development (Supplementary)	0.53
Gandak-Hetauda Power (Supplementary)	2.50
Second Power	3.80
PAKISTAN	
Gas Turbine Generation	22.00
Mirpur Mathelo Fertilizer	12.00
SRI LANKA	
Urea Fertilizer	30.00
WESTERN SAMOA	
Development Bank of Western Samoa	1.00
Power (Supplementary)	1.40
TOTAL	166.26

SECTORAL DISTRIBUTION OF SPECIAL FUNDS LOANS: 1975



SECTORAL DISTRIBUTION OF SPECIAL FUNDS LOANS: 1969-1975



COUNTRY AND SECTORAL DISTRIBUTION OF SPECIAL FUNDS LOANS: 1969-1975
(amounts in \$ million)

Country	No.	Amount	% Share	Agriculture & Agro-Industry	Industry (including Development Banks)	Public Utilities	Transport & Communications	Education
Afghanistan	3	34.05	5.17	19.15	—	—	14.90	—
Bangladesh	11	125.38	19.03	52.18	21.00	26.00	26.20	—
Burma	6	60.20	9.14	41.60	—	18.60	—	—
Cambodia	1	1.67	0.25	—	—	1.67	—	—
Indonesia	21	113.28	17.20	63.68	—	38.80	10.80	—
Korea, Republic of	1	3.70	0.56	—	—	—	—	3.70
Laos	4	11.69	1.77	0.97	—	10.72	—	—
Malaysia	1	3.30	0.50	3.30	—	—	—	—
Nepal	12	55.54	8.43	20.43	—	9.00	26.11	—
Pakistan	8	100.05	15.19	19.75	6.00	74.30	—	—
Papua New Guinea	2	14.30	2.17	—	4.50	—	9.80	—
Philippines	4	15.30	2.32	14.30	—	—	1.00	—
Singapore	1	3.00	0.46	—	—	—	—	3.00
South Vietnam	9	40.67	6.17	20.50	7.00	9.45	3.72	—
Sri Lanka	7	56.71	8.60	43.61	—	8.00	5.10	—
Thailand	2	8.10	1.23	5.00	—	—	—	3.10
Tonga	1	1.30	0.20	—	—	—	1.30	—
Western Samoa	7	10.59	1.61	0.33	1.00	3.70	5.56	—
TOTAL	101	658.83	100.00	304.80	39.50	200.24	104.49	9.80
Sectoral Percentages				46.26	6.00	30.39	15.86	1.49

ments) from the combined resources of the Multi-Purpose Special Fund and the ADF as of 31 December 1975 was approximately \$651.1 million, leaving a total margin of uncommitted resources at year-end of only about \$40.9 million.

Resource Requirement

The fact that the Bank had very limited resources available to finance further concessional loans as it commenced operations in 1976 emphasized the importance and urgency of effecting an early replenishment of the ADF. Early in 1975, the Board of Directors began an examination of the Bank's future resource requirements, with particular reference to the need for replenishment of the ADF. This action of the Board of Directors was endorsed by the Board of Governors at the Eighth Annual Meeting¹.

The purpose of the proposed replenishment is to obtain

resources, through contributions to the Fund by developed member countries, sufficient to cover new concessional loan commitments during the three-year period 1976-78. Having regard to the serious difficulties being encountered by the poorest and least developed of its DMCs, and the very great need of such countries for assistance on highly concessional terms, it is the Bank's objective progressively to increase its concessional lending program during the period. This will require resources substantially greater than those mobilized in the three years ended 31 December 1975.

A meeting of potential donors was convened in Manila in April, in conjunction with the Eighth Annual Meeting, and was followed by consultations with concerned countries. As a result of these consultations, it was found that a realistic replenishment target would be in the vicinity of \$830 million. Two further meetings were convened, in Washington in August and in Brussels in September. At the Washington meeting, which was in the nature of a preparatory session for the meeting in Brussels, potential donors were asked to consider specific arrangements for

¹ Resolution No. 84 adopted on 26 April.

STATUS OF SPECIAL FUNDS
(As of 31 December 1975)

Contributor	Amount of Contribution (US dollar equivalent ¹)	
ASIAN DEVELOPMENT FUND		
Contributed Resources		
Australia	\$ 22,798,098	
Belgium	6,859,670	
Canada	9,699,942	
Denmark	6,222,097	
Finland	3,603,584	
Germany, Federal Republic of	56,521,069	
Japan	314,821,553	
Netherlands	17,153,880	
New Zealand	5,136,186	
Norway	3,880,702	
Switzerland	7,633,588	
United Kingdom	35,540,996	
United States	<u>100,000,000</u>	\$589,871,365
Set-Aside Resources		57,433,902
Supplementary Resources		
Italy		1,500,446
Accumulated Net Income		
		2,348,458
		<u>651,154,171</u>
MULTI-PURPOSE SPECIAL FUND		
Contributed Resources		
Australia	10,933,933	
Canada	<u>26,244,902</u>	37,178,835
Accumulated Net Income and Other Credits		
		3,628,965
Total Contributions and Set-Aside Resources		
		<u>691,961,971</u>
Commitments		
		651,074,336 ²
Balance		
		<u>\$ 40,887,635</u>

¹ Translated in US\$ at the exchange rates used by the Bank on 31 December 1975.

² Net of cancellations, repayments and exchange adjustments, aggregating \$7,748,664.

a replenishment of \$830 million, to be allocated among all developed member countries of the Bank. The Brussels meeting was attended by 15 countries. At its conclusion, 11 countries were able to indicate the intention of their governments, subject to any necessary legislative approval being obtained, to make the respective contributions proposed for each of them. In the negotiations with potential donors, the Bank was assisted by Sir John Chadwick, Special Adviser to the President.

A welcome feature in all the discussions with potential donors was their general acknowledgment that the need of the least developed of the Bank's DMCs for assistance

on concessional terms is very great, and that the Bank has established that it is fully capable of putting to good use resources entrusted to it for the purpose of providing such assistance. The fact that it was possible in Brussels to reach agreement on a formula for further action was due, in no small measure, to the spirit of cooperation and willingness to compromise with which all participants approached the problems.

Following the Brussels meeting, Resolution No. 92 embodying the replenishment arrangements was adopted by the Board of Governors in December. The Resolution authorizes the Bank to accept contributions from the

Bank's developed member countries in the individual amounts specified and on the terms and conditions set out or referred to in the Resolution. The individual contributions so indicated total \$830 million (equivalent). However, as some countries were unable at that stage to commit themselves to the amounts allocated to them, the Resolution incorporates a provision for adjustments in the individual amounts to be made at the Ninth Annual Meeting at the request of these concerned contributors.

One of the principles governing the ADF, as laid down by the Board of Governors in 1973 and subsequently incorporated in the Fund Regulations, is that contributions to the Fund should be authorized by the Board of Governors. The Resolution adopted in December 1975 constitutes the requisite authorization in the case of the replenishment. The Resolution incorporates two other principles which are also reflected in the Regulations, and which will accordingly apply to the Bank's administration and use of the contributions being sought. One principle is that, subject to the provisions of the Regulations, the resources will be freely available to finance loans to the less developed of the Bank's DMCs in accordance with lending policies and procedures determined by the Board of Directors. The other principle is that such resources may be used to finance procurement from all developing member countries, and from all developed member countries which have made contributions available on a reciprocally untied basis.

Technical Assistance Special Fund

During 1975, the Technical Assistance Special Fund (TASF) continued to be a valuable source of funds for the Bank's technical assistance operations. As of 31 December 1975, total contributions to the Fund amounted to \$19 million, of which \$9.9 million had been utilized.

During the year, commitments of further contributions were made by Pakistan—\$40,000, the United Kingdom—£100,000 (\$205,000), Canada—C\$500,000 (\$486,000), Denmark—DKr.750,000 (\$121,000), and Japan—¥603,000,000 (\$2,000,000). The contribution from Denmark was transferred from the MPSF.

The contribution of Pakistan is to be used for financing the services of Pakistani consultants and experts required by the Bank in its technical assistance operations generally, and particularly in project activities and training.

The contribution of the United Kingdom is to be used for financing the services of British consultants for feasibility or pre-investment studies, project appraisal or other activities undertaken in the course of the Bank's technical assistance operations.

The contribution of Canada is to be used for procurement of Canadian goods and services to be utilized in the Bank's technical assistance activities.

The contribution of Denmark is available for financing the cost of expert services and related facilities in the Bank's technical assistance operations, and is untied as to the source of procurement.

TECHNICAL ASSISTANCE SPECIAL FUND (US dollar equivalent¹)

Contributor	Amount of Contribution	Amount Utilized ²
Australia	747,640	714,122
Austria	115,458	45,153
Belgium	625,078	21,699
Canada	685,560	453,653
China, Republic of	200,000	131,056
Denmark	876,845	742,418
Finland	117,551	82,490
Germany, Federal Republic of	480,344	480,344
India	218,611	218,611
Italy	179,295	6,906
Japan	11,668,063	4,154,439
Korea, Republic of	30,000	30,000
Netherlands	449,606	429,776
New Zealand	344,145	344,145
Pakistan	64,443	25,975
Sri Lanka	20,267	—
Switzerland	200,000	119,076
United Kingdom	688,616	643,202
United States	1,250,000	1,250,000
TOTAL	18,961,522	9,893,065

- 1 The amount of contribution is valued as the sum of the amount utilized, translated at the exchange rates used by the Bank on the respective dates of utilization, and the amount unutilized, translated at the exchange rate used by the Bank on 31 December 1975.
- 2 Net of income earned of \$1,475,453.

The contribution of Japan is available for financing services from Japan, from other developed member countries which have contributed to the TASF and from all developing member countries of the Bank.

The resources contributed to the TASF as of 31 December 1975, and the amounts utilized as of such date, are shown in the table above.

Income and Expenses

The net income of Special Funds for the year ended 31 December 1975, excluding the net expenditure of \$2,858,091 of the TASF, was \$6,257,103. This amount comprises net income of \$7,796,137 in the MPSF and net income of \$2,460,966 in the ADF. At the beginning of the year there was a deficit of \$472,408 in the MPSF; in addition, an amount of \$112,508 of the net income of the ADF had to be appropriated to meet a debit arising from the transfer of Administration Charge Payable to ordinary capital resources (consequent upon the transfer of the Set-Aside Resources and certain contributions from the MPSF to the ADF). After making these adjustments, the accumulated net income of Special Funds amounted to \$5,672,187.

MEMBERSHIP AND ADMINISTRATION

Members

THERE WAS NO change during the year in the Bank's membership strength of 41 countries, consisting of 27 regional and 14 non-regional countries. The subscriptions and distribution of voting power of members are shown in Appendix 1-VII.

Board of Governors

The Eighth Annual Meeting of the Board of Governors was held in Manila from 24 to 26 April 1975. At the Meeting, the Governor for Bangladesh was elected Chairman of the Board of Governors and the Governors for the Federal Republic of Germany and Papua New Guinea were elected Vice-Chairmen, until the close of the Ninth Annual Meeting. A list of Governors and Alternate Governors as of the end of the year, with notations of changes during the year, appears in Appendix 6.

A list of resolutions adopted by the Board of Governors during 1975, including those adopted at the Eighth Annual Meeting, is given in Appendix 3.

The Board of Directors, acting under the Rules of Procedure of the Board of Governors, accepted an invitation by the Government of Indonesia to hold the Ninth Annual Meeting in Jakarta.

Board of Directors

The Board of Directors held 49 meetings in 1975 and approved 74 proposals for loans and technical assistance. Early in the year, the Board set new lending rates of 8-3/4 per cent and, for certain countries, of 9-1/2 per cent, for loans from the Bank's ordinary capital resources.

In terms of Resolution No. 84 of the Board of Governors, the Board continued its examination of the Bank's future resource requirements. Proposals for replenishment of the Asian Development Fund were submitted to the Board of Governors and approved (Resolution No. 92). At the end of the year the Board had under consideration a proposal for increasing the Bank's capital stock.

An extensive review of the Bank's policies and practices in lending to development finance institutions, which was begun in 1974, was concluded and the Board established new guidelines for future operations in that field. The Board reviewed other policies as required.

A list of Directors and Alternate Directors as of the end of the year, and the countries represented by them, is given in Appendix 7. Changes of Directors and of Alternate Directors are recorded below.

Directors

The bi-annual election of Directors for a new term commencing 1 June 1975 was held during the Eighth Annual Meeting of the Board of Governors on 25 April 1975, in accordance with Resolution No. 83 of the Board

of Governors. The results of the election are summarized below¹:

Mr. Rex Beach (United States)—re-elected
Mr. François Dupont (France)—succeeding Mr. Aldo Pelosio (Italy)
Mr. Anthony T. Eytton (Canada)—succeeding Mr. G. W. van der Feltz (Netherlands)
Mr. Stanley Fryer (United Kingdom)—succeeding Mr. Wolf Preuss (Federal Republic of Germany)
Mr. R. A. Kartadjoemena (Indonesia)—re-elected
Mr. B. H. Kay (Republic of Korea)—re-elected
Mr. J. W. Keany (Australia)—re-elected
Mr. Alejandro Melchor, Jr. (Philippines)—succeeding Mr. K. S. Islam (Pakistan)
Mr. A. M. A. Muhi¹ (Bangladesh)—re-elected
Mr. Kiatikorn Phromyothi (Thailand)—succeeding Mr. Mohd. Yusoff Rahim (Malaysia)
Mr. Phou-Ngeun Sananikone (Laos)—succeeding Mr. Hing Kunthel (Cambodia)
Mr. Kenzo Wada (Japan)—re-elected

Mr. Phou-Ngeun Sananikone was unable to assume office and Mr. Sitha Sisombat (Laos) was elected by Afghanistan, Laos and Sri Lanka to fill the vacancy.

Mr. Haruhisa Segawa (Japan) was elected by Japan and assumed office on 6 November, to fill the vacancy created by the resignation, effective 31 October, of Mr. Kenzo Wada.

Mr. L. Roy Papp (United States) was elected by the United States with effect from 11 November, to fill the vacancy created by the resignation, effective 1 September, of Mr. Rex Beach.

Alternate Directors

Following the election of Directors at the Eighth Annual Meeting, seven serving Alternate Directors, namely, Messrs. A. T. Bambawale (India), J. J. Bryant (New Zealand), C. Conybeare (Australia), Seiji Morioka (Japan), Jesun Paik (United States), Pertti Ripatti (Finland) and Damien Wigny (Belgium) continued in their positions, and four new Alternate Directors were appointed:

Mr. Kalyana Bikram Adhikary (Nepal)—succeeding Mr. Kiatikorn Phromyothi (Thailand)
Mr. C. A. Coorey (Sri Lanka)—succeeding Mr. Sitha Sisombat (Laos)
Mr. M. R. Khan (Pakistan)—succeeding Mr. Alejandro Melchor, Jr. (Philippines)
Mr. Wolf Preuss (Federal Republic of Germany)—succeeding Mr. Gerhard Janschek (Austria)

Further changes of Alternate Directors occurred as follows:

Mr. Hidetoshi Miyamoto (Japan) was appointed on 21 June in place of Mr. Seiji Morioka.

¹ For details see Summary of Proceedings of the Eighth Annual Meeting.

Mr. L. Roy Papp (United States) was appointed on 26 June in place of Mr. Jesun Paik.

Mr. A. Agafonoff (Australia) was appointed on 7 July in place of Mr. C. Conybeare.

Mr. Paul Aenishänslin (Switzerland) was appointed on 1 September in place of Mr. Damien Wigny.

Mr. Peter von Brevern (Federal Republic of Germany) was appointed on 1 September in place of Mr. Wolf Preuss.

Mr. Jan J. Wijenberg (Netherlands) was appointed on 1 September in place of Mr. Pertti Ripatti.

Mr. Henry F. Lee (United States) was appointed on 11 November in place of Mr. L. Roy Papp following his election as Director.

Personnel Management Review

A comprehensive personnel management review by a firm of management consultants, which had been started in December 1974, was completed in February 1975.

Recommendations arising from the consultants' report were considered by the Board of Directors in the course of the year and led to changes in the salary structure of professional staff and to improvements in staff benefits and approaches to personnel administration. These improvements necessitated a reorganization and expansion of the Personnel Division in the Administration Department.

Organization

In August 1975, the Treasury Department was reorganized with the objective of strengthening and streamlining the financial organization of the Bank. The accounting and the finance functions were separated and assigned to two new departments—the Controller's Department and the Treasurer's Department.

Opening session of the meeting on aid to Laos at the Bank's Headquarters in April.



Staff

The Bank's staff increased by 23 professional staff and 25 supporting staff during the year. At year-end, the total staff numbered 691, covering 35 nationalities, of which 254 belonged to the professional staff category and 437 to the supporting staff category.

General salary increases were granted in August for both the professional and the supporting staff. Staff benefits were also improved; in particular, it was considered necessary, because of rising house rents, to introduce with effect from October a rental subsidy scheme, on a selective basis and for a period of one year, to provide relief to professional staff.

Budget for 1976

Administrative expenses for 1975 totalled \$16,628,865, representing 95.94 per cent of the Budget figure of \$17,332,000.

The Budget for 1976 was approved by the Board of Directors on 4 December 1975 and is summarized in Appendix 2.

Internal administrative expenses for 1976 are estimated at \$19,694,000¹, representing an increase of 18.43 per cent over actual expenditure in 1975. This increase is attributable largely to the growth in the Bank's activities and in its staffing, salary increases and improvements made in staff benefits, and general price increases.

Disbursements on Services to Member Countries are estimated at \$8,820,100, which is 88.1 per cent above actual disbursements in 1975.

¹ Consisting of expenses to be charged to ordinary capital resources and Special Funds.

STATISTICAL ANNEX

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6. Net Flow of Resources to DMCs	51

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

Country	Rate of Real Growth ¹ (%)				Per Capita GNP in Current \$		
	1965-1973 (1)	1973 (2)	1974 (3)	1975 ² (4)	1973 (5)	1974 (6)	1975 ² (7)
Afghanistan	3.1	2.4 (FY)	2.4 (FY)	2.4 (FY)	90	100	100
Bangladesh	0.8	7.5 (FY)	9.5 (FY)	2.0 (FY)	80	100	110
Burma	2.9	-0.4 (FY)	4.5 (FY)	3.5 (FY)	80	90	100
China, Republic of	10.1	12.0	0.6	2.9	660	720	800
Hong Kong	7.7	13.7	0.8	0.0	1,430	1,540	1,650
India ³	3.8	3.1 (FY)	2.0 (FY)	5.5 (FY)	120	130	150
Indonesia	6.6	11.3	7.4	8.0	130	150	170
Korea, Republic of	10.6	16.9	8.7	8.0	400	470	550
Malaysia	6.2	13.3	7.7	0.5	570	660	740
Nepal	2.0	2.0 (FY)	6.4 (FY)	2.5 (FY)	90	110	120
Pakistan	5.4	7.3 (FY)	4.4 (FY)	2.6 (FY)	120	130	140
Philippines	5.6	9.2	5.0	5.7	280	310	350
Singapore	11.2	11.4	6.2	4.2	1,830	2,120	2,360
Sri Lanka	4.1	3.2	3.2	3.2	120	130	150
Thailand	7.5	10.5	3.2	6.4	270	300	330

1 Column (1) shows the average annual rate of GNP growth in 1965-1973. Columns (2), (3) and (4) show rates of growth in GDP, except for Afghanistan and India, for which the figures relate to GNP and NNP, respectively.

2 Preliminary estimates

3 The fiscal year of India ends on 31 March with nine months falling in the calendar year. For purposes of the data given in this table the fiscal year April 1973 to March 1974 is treated to be 1973. The same is true of subsequent years.

Sources: World Bank Atlas 1975 for columns (1), (5) and (6); ADB Key Indicators and Country Sources for columns (2), (3) and (4).

TABLE 2
RICE (PADDY) PRODUCTION IN SELECTED DMCs
(**'000 metric tons**)

Country	1971	1972	1973	1974	1975	Growth Rate (%)	
						1974	1975
Bangladesh	14,891	15,134	19,356	17,680	18,500	-8.7	4.6
Burma	8,175	7,361	8,559	8,446	8,700	-1.3	3.0
India	64,602	58,868	65,613	60,000	67,500	-8.6	12.5
Indonesia	18,663	18,031	21,900	22,583	24,000	3.1	6.3
Korea, Republic of	5,552	5,496	5,849	7,173	6,485	5.5	5.1
Malaysia	1,809	1,836	1,979	2,073	2,165	4.7	4.4
Pakistan	3,393	3,495	3,578	3,277	3,850	-8.4	17.5
Philippines	5,100	4,415	5,594	5,660	5,769	1.2	1.9
South Vietnam	6,324	6,348	7,025	7,200	7,400	2.5	2.8
Sri Lanka	1,396	1,313	1,313	1,603	1,108	22.1	-30.9
Thailand	13,744	12,413	14,898	13,175	13,400	-11.6	1.7
Other DMCs	9,418	8,486	7,789	7,493	7,503	-3.8	0.1
Total	153,067	143,196	163,453	155,363	166,380	-4.9	7.1

Sources: Food and Agriculture Organization and Country Sources.

TABLE 3
BALANCE OF TRADE OF DMCs
(\$ million)

Country	Exports (f.o.b.)			Imports (c.i.f.)			Balance of Trade			
	1973	1974	1975 ¹	1973	1974	1975 ¹	1973	1974	1975 ¹	Average 1970-1972
Afghanistan	143	214	230	183	226	260	-40	-12	-30	-21
Bangladesh	358	347	398	875	1,096	1,068	-517	-749	-670	-129
Burma	131	188	170	106	147	117	25	41	53	-35
Cambodia	7	15	17	246	452	451	-239	-437	-434	-45
China, Republic of	4,483	5,639	5,321	3,792	6,966	5,932	691	-1,327	-611	216
Fiji	85	154	105	222	273	252	-137	-119	-147	-56
Gilbert Islands	17	35	39	9	10	11	8	25	28	3
Hong Kong	5,070	5,959	6,212	5,661	6,768	6,437	-591	-809	-225	-443
India	2,917	3,926	4,296	3,210	5,046	6,000	-293	-1,120	-1,704	-92
Indonesia	2,957	4,785	4,694	2,664	3,977	5,526	293	808	-832	150
Korea, Republic of	3,271	4,515	5,064	4,240	7,042	7,151	-969	-2,527	-2,087	-874
Laos	5	10	14	57	52	77	-52	-42	-63	-76
Malaysia	2,987	4,233	3,433	2,504	4,155	3,444	483	78	-11	184
Nepal	46	86	100	98	171	191	-52	-85	-91	-28
Pakistan	958	1,113	1,046	978	1,732	2,167	-20	-619	-1,121	-210
Papua New Guinea	515	702	520	335	490	610	180	212	-90	-170
Philippines	1,886	2,725	2,311	1,596	3,143	3,350	290	-418	-1,039	-67
Singapore	3,935	6,479	6,052	5,111	8,380	8,129	-1,176	-1,901	-2,077	-640
Solomon Islands	14	26	17	16	24	28	-2	2	-11	-3
South Vietnam	58	78	...	616	737	...	-558	-659	...	-601
Sri Lanka	390	521	529	423	691	768	-33	-170	-239	-26
Thailand	1,564	2,466	2,366	2,049	3,143	3,286	-485	-677	-920	-480
Tonga	5	7	7	11	17	18	-6	-10	-11	-5
Western Samoa	7	13	7	21	24	36	-14	-11	-29	-10
Total	31,809	44,236	42,948	35,023	54,762	55,309	-3,214	-10,526	-12,561	-3,458

... denotes data not available.

¹ Estimates

Sources: IMF, International Financial Statistics, and Country Sources.

TABLE 4
INTERNATIONAL RESERVES AND RATIO OF RESERVES TO IMPORTS OF SELECTED DMCs

Country	International Reserves ¹ (\$ million)				Ratio to Imports (Months)		
	1970	1973	1974	1975	1973	1974	1975 ^B
Afghanistan	47	61	68	115	4.2	3.6	4.6
Bangladesh	...	144	138	179	2.0	1.5	1.8
Burma	94	100	191	134	5.8	9.8	5.7
China, Republic of	622	1,123	1,191	1,169	3.6	2.2	2.4
Fiji	27	74	109	100 ²	4.5	4.8	4.8
Hong Kong	1,078 ³	1,078 ³	...	1.9	1.9
India	1,006	1,142	1,325	1,373	4.3	3.2	2.7
Indonesia	160	807	1,492	586	3.6	4.5	1.5
Korea, Republic of	610	1,095	1,080	1,550	3.4	2.0	2.9
Malaysia	664	1,342	1,618	1,524	6.9	5.1	5.3
Nepal	95	121	133	108 ⁴	14.9	9.3	6.8
Pakistan	190	480	461	383	6.5	3.7	2.1
Philippines	251	1,038	1,504	1,360	7.8	5.7	4.8
Singapore	1,012	2,286	2,812	3,015 ⁵	5.8	4.3	4.4
South Vietnam	241	194	239	201 ⁶	3.0	3.0	...
Sri Lanka	43	87	78	58	2.5	1.4	0.9
Thailand	906	1,306	1,858	1,785	7.6	7.0	6.5
Western Samoa	5	5	6	6	2.6	2.5	2.1
Total	5,973 ⁷	11,405 ⁷	15,381	14,724 ⁷	4.9 ⁷	3.4	3.3 ⁷

... denotes data not available.

1 Gold + SDRs + Reserve position in IMF + Foreign exchange; year-end figures unless otherwise specified.

2 As of June

3 As of March 1974. In the absence of more recent data this figure has been reported in 1975.

4 As of August

5 As of October

6 As of March

7 Excludes figures not reported

8 Preliminary estimates

Sources: IMF, International Financial Statistics, and Country Sources

TABLE 5
EXTERNAL PUBLIC DEBT AND DEBT SERVICE RATIO OF SELECTED DMCs
(**\$ million**)

Country	Debt Outstanding			Service Payments ¹			Debt Service Ratio(%) ²		
	1972	1973	1974	1972	1973	1974	1972	1973	1974
Afghanistan ³	941.5	673.4	1,545.4	40.2	32.1	37.7	31.3	19.3	17.1
Bangladesh ³	353.9	835.5	1,495.7	0.0	9.3	26.6	0.0	2.3	6.3
Burma ³	306.9	417.4	456.2 ⁴	23.7	27.3	29.7	17.5	16.2	11.8
China, Republic of	1,599.2	1,818.5	2,578.2	135.2	180.9	171.9	4.1	3.6	2.7
Fiji	47.5	66.2	66.3	1.3	1.8	4.6	0.9	0.9	3.0 ⁵
Hong Kong	23.1	22.4	22.0	0.5	0.6	0.6	0.01 ⁵	0.01 ⁵	0.01 ⁵
India ³	11,484.3	12,365.8	12,904.0 ⁶	641.2	633.4	678.5	23.6	18.4	17.3 ⁵
Indonesia	5,216.1	6,880.9	8,693.2	117.8	288.3	336.8	6.5	9.5	4.5
Korea, Republic of	3,812.7	4,681.0	6,150.0	350.5	415.4	556.0	16.0	10.2	10.6
Malaysia	979.0	1,107.2	2,183.5	49.6	64.1	101.9	2.7	2.0	2.4 ⁵
Nepal	60.9	81.8	94.8 ⁶	0.3	0.5	0.8	0.7 ⁵	1.1 ⁵	1.7 ⁵
Pakistan ³	4,666.2	4,904.3	5,367.4	123.6	193.1	181.0	16.9	17.3	14.4
Papua New Guinea ³	184.5	274.8	286.6	5.6	8.0	17.2	3.1	1.8	2.2
Philippines	1,189.5	1,259.6	1,996.0	121.9	195.8	174.2	8.4	8.2	5.2
Singapore	512.3	525.7	641.6	32.7	27.6	40.5	1.2	0.6	0.5
Solomon Islands	...	0.5	0.4	...	0.02	0.015	...	0.15 ⁵	0.06 ⁵
South Vietnam	95.9	172.7	291.6	9.2	9.8	11.0	2.2	2.7	2.8
Sri Lanka	590.9	644.3	745.5	50.4	54.3	63.9	14.2	12.6	11.2
Thailand	652.3	722.3	1,123.1	43.6	54.3	58.5	2.8	2.6	1.9
Tonga ³	0.4	0.7	0.7	0.02	0.02	0.03	0.8	0.7	0.6
Western Samoa	11.1	13.0	18.8	0.28	0.35	1.19	2.6	2.9	6.2
Total	32,728.2 ⁷	37,768.0	46,667.0	1,747.6 ⁷	2,197.0	2,492.6

... denotes data not available.

1 Service payments consist of principal and interest payments made in foreign currencies.

2 Service payments as percentage of export of goods and non-factor services.

3 Data are for fiscal year.

4 As of July 1974.

5 Service payments as percentage of merchandise exports.

6 Preliminary estimates.

7 Excludes figures not reported.

Note: This Table is derived from data collected by IBRD which is tabulated on a uniform basis, country by country, but does not necessarily conform in all cases to national debt data published elsewhere.

TABLE 6
NET FLOW OF RESOURCES TO DMCs
(\$ million)

Country	Net Flow of Resources from DAC Countries & Multilateral Agencies ¹		OPEC Assistance	IMF Drawings					Bond Issues & Eurocurrency Credits		
	1973	1974		Net Drawings ²			Of which Net Oil Facility Drawings		1973	1974	1975 (Jan.-Sept.)
				1973	1974	1975	1974	1975			
Afghanistan	43.9	34.3	-	3.6	-2.8	5.3	-	-	-	-	-
Bangladesh	436.8	492.3	50.0	8.5	87.2	44.8	49.5	43.2	-	-	-
Burma	82.7	65.2	-	11.2	26.3	4.7	-	-	-	-	-
Cambodia	141.6	307.4	-	9.1	-	-	-	-	-	-	-
China, Republic of	201.0	350.8	-	7.0	-36.7	35.1	-	-	-	217.0	114.0
Fiji	23.4	35.9	-	-	3.2	-	0.4	-	-	-	-
Gilbert Islands	6.0	5.7	-	-	-	-	-	-	-	-	-
Hong Kong	300.0	62.8	-	-	-	-	-	-	200.6	131.1	88.9
India	686.5	1,026.6	75.0	-	701.8	235.7	244.9	235.7	12.5	-	-
Indonesia	1,220.0	1,037.6	-	-91.0	-51.8	87.8	-	-	478.0	348.5	991.5
Korea, Republic of	761.9	563.0	-	-8.1	159.2	125.6	110.2	125.6	142.0	283.0	301.2
Laos	70.2	63.6	-	-	-	7.6	-	-	-	-	-
Malaysia	216.6	220.1	-	-8.0	-3.7	-4.9	-	-	17.1	140.0	225.0
Nepal	34.3	34.4	-	-	-	-	-	-	-	-	-
Pakistan	188.7	420.6	355.0	42.0	134.6	159.8	119.9	121.2	-	-	7.5
Papua New Guinea	335.2	338.6	-	-	-	-	-	-	35.1	16.7	25.0
Philippines	267.8	371.3	-	-20.6	-10.6	112.7	-	112.7	178.5	900.2	85.1
Singapore	235.0	133.0	-	-	-0.1	-	-	-	30.0	-	12.0
Solomon Islands	12.3	12.6	-	-	-	-	-	-	-	-	-
South Vietnam	436.6	676.9	-	-	-	-	-	-	-	-	-
Sri Lanka	63.3	89.9	35.0	9.0	33.9	27.4	41.6	36.6	-	-	-
Thailand	208.4	144.6	-	-	-	-	-	-	-	9.7	5.0
Tonga	1.3	3.1	-	-	-	-	-	-	-	-	-
Western Samoa	3.4	4.7	-	-	-	1.9	-	0.4	-	-	-
Total	5,976.9	6,495.0	515.0	-37.3	1,040.5	843.5	566.5	675.4	1,093.8	2,046.2	1,855.2

- denotes magnitude zero.

1 Net flow of financial resources from the Development Assistance Committee countries of the OECD and multilateral agencies to DMCs including bilateral official development assistance, other official flows and multilateral flows. It also includes private investment and export credits from DAC countries together estimated at \$1.6 billion in 1973 and \$1.2 billion in 1974.

2 Minus sign indicates net IMF sales of currency; no sign indicates net drawings during the year.

Sources: IMF, International Financial Statistics.

IBRD, Borrowing in International Capital Markets, November 1974 & November 1975.

OECD, Development Cooperation 1975 Review.

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

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FINANCIAL STATEMENTS AND OPINIONS OF INDEPENDENT AUDITORS

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ASIAN DEVELOPMENT FUND

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Opinion of Independent Auditors

ASIAN DEVELOPMENT BANK

BALANCE SHEET

31 December 1975

Expressed in US Dollars

ASSETS				
	1975		1974	
CASH IN BANKS (See Appendix 1-IV) (Note B)	\$ 34,337,439		\$ 21,490,957	
INVESTMENTS (Note B)				
Government and government guaranteed obligations—amortized cost which approximates market (Face amounts \$144,862,422—1975, \$101,988,352—1974)	\$ 140,075,580		\$ 99,165,617	
Time deposits and certificates of deposit	366,004,132	506,079,712	266,696,536	365,862,153
LOANS (See Appendix 1-V) (Note A)				
Loans approved—\$1,926,093,000—1975, \$1,432,045,000—1974				
Effective loans				
Held by Bank	1,450,142,440		1,237,347,305	
Agreed to be sold	450,000	1,450,592,440	3,771,600	1,241,118,905
ACCRUED INCOME				
On investments	17,899,122		17,819,387	
On loans	10,156,888	28,056,010	5,841,705	23,661,092
AMOUNTS RECEIVABLE FROM MEMBERS				
Non-negotiable, non-interest-bearing demand obligations (See Appendix 1-IV) (Notes B and C)	312,925,373		301,456,523	
Amounts required to maintain value of currency holdings (Note D)	36,495,242		21,654,398	
Subscription instalment (Note C)	253,334	349,673,949	—	323,110,921
OTHER ASSETS				
Administration Charge receivable from Special Funds (Note I)	4,964,358		5,249,903	
Unamortized issuance costs of borrowings (Note A)	4,094,200		2,811,916	
Miscellaneous	1,085,039	10,143,597	1,434,165	9,495,984
SPECIAL RESERVE FUND ASSETS (Note E)		10,971,513		6,228,098
TOTAL		\$2,389,854,660		\$1,990,583,110

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

ORDINARY CAPITAL RESOURCES

SHEET

and 31 December 1974

States Dollars (Note A)

LIABILITIES, SPECIAL RESERVE AND CAPITAL

	1975		1974	
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-V)				
Held by Bank	\$ 832,802,970		\$ 863,549,420	
Agreed to be sold	450,000	\$ 833,252,970	3,771,600	\$ 867,321,020
BORROWINGS				
Principal amounts outstanding (See Appendix 1-VI)	530,212,292		282,529,216	
Less—unamortized discounts (Note A)	1,907,758	528,304,534	1,294,050	281,235,166
ACCRUED INTEREST ON BORROWINGS		9,609,514		4,605,154
AMOUNTS PAYABLE TO MEMBERS Amounts required to maintain value of currency holdings (Note D)		—		5,877,628
ACCOUNTS PAYABLE AND OTHER LIABILITIES		3,931,334		3,056,990
SPECIAL RESERVE (Note E)		10,971,513		6,228,098
CAPITAL				
Capital stock (See Appendix 1-VII) (Note C)				
Authorized—37,520 "paid-in" shares and 207,230 "callable" shares (89,280 "paid-in" shares and 189,720, "callable" shares—1974)				
Subscribed (265,391 shares—1975, 229,641 shares—1974)	3,201,544,328		2,770,274,203	
Less—"callable" shares subscribed (177,884 shares—1975, 152,374 shares—1974)	2,145,903,634		1,838,163,749	
"Paid-in" shares subscribed (87,507 shares—1975, 77,267 shares—1974)	1,055,640,694		932,110,454	
Less—subscription instalments not due	96,016,613		129,083,471	
Subscription instalments matured	959,624,081		803,026,983	
Less—capital set aside and transferred to Special Funds (Note F)	57,433,902		57,433,902	
	902,190,179		745,593,081	
Ordinary Reserve (Note G)	77,050,973		50,623,720	
Net income for the years ended 31 December 1975 and 31 December 1974 (Note G)	24,543,643	1,003,784,795	26,427,253	822,644,054
TOTAL		\$2,389,854,660		\$1,990,968,110

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December 1975 and 31 December 1974

Expressed in United States Dollars (Note A)

	1975	1974
INCOME		
From investments	\$ 40,548,557	\$ 37,513,059
From loan operations		
Interest	32,108,968	16,450,859
Commissions	4,743,414	2,855,800
Commitment charge	3,070,160	3,091,501
From other sources	442,345	599,501
	<u>80,913,444</u>	<u>57,510,720</u>
GROSS INCOME		
Deduct commissions appropriated to Special Reserve (Note E)	4,743,414	2,855,800
	<u>76,170,030</u>	<u>54,654,920</u>
UNAPPROPRIATED INCOME		
EXPENSES		
Administrative expenses		
Board of Governors	55,729	75,720
Board of Directors		
Salaries	783,542	754,627
Benefits (Note H)	225,780	185,685
Travel	471,409	151,670
Staff services	78,461	75,869
Total Board of Directors	<u>1,559,192</u>	<u>1,167,851</u>
Staff		
Salaries	7,117,652	5,918,477
Benefits (Note H)	2,299,152	1,680,186
Travel	2,115,266	1,760,725
Consultants	270,940	37,284
Representation	35,104	35,719
Total Staff	<u>11,838,114</u>	<u>9,432,391</u>
Other administrative expenses		
Communications	431,257	443,040
Office occupancy	666,922	575,032
Publications and printing	145,987	140,740
Expendable supplies	384,643	334,357
Furniture and equipment	376,025	285,509
Fees and compensation	434,368	355,254
Miscellaneous	126,322	122,096
Total other administrative expenses	<u>2,565,524</u>	<u>2,256,028</u>
Total administrative expenses—(Forward)	<u>\$16,018,559</u>	<u>\$ 12,931,990</u>

APPENDIX 1-II

CONTINUED

	1975	1974
Total administrative expenses--(Forward)	\$16,018,559	\$ 12,931,990
Deduct Administration Charge (Note I)	4,005,000	4,267,000
Net administrative expenses	<u>12,013,559</u>	<u>8,664,990</u>
Services to member countries (Note J)		
Project preparation and other loan-related technical assistance	285,420	155,296
Project implementation/advisory	58,145	3,769
Regional activities	370,431	12,204
Total services to member countries	<u>713,996</u>	<u>171,269</u>
Financial expenses		
Interest on borrowings	30,708,982	18,499,882
Other financial expenses (Note A)	837,384	577,371
Total financial expenses	<u>31,546,366</u>	<u>19,077,253</u>
GROSS EXPENSES	<u>44,273,921</u>	<u>27,913,512</u>
INCOME BEFORE CHANGES IN VALUE OF CURRENCIES	31,896,109	26,741,408
CHANGES IN VALUE OF CURRENCIES--NET (Note K)	<u>(7,352,466)</u>	<u>(314,155)</u>
NET INCOME (Note G)	<u>\$24,543,643</u>	<u>\$ 26,427,253</u>

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

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Years Ended 31 December 1975 and 31 December 1974

Expressed in United States Dollars (Note A)

	1975	1974 *
FUNDS WERE PROVIDED BY		
Operations		
Net income	\$ 24,543,643	\$26,427,253
Items not requiring or providing funds:		
Accrued interest and other expenses	5,357,327	767,675
Accrued income including capitalized interest and commitment charges on loans	(10,694,161)	(9,010,752)
Administration Charge	(4,005,000)	(4,267,000)
Other	622,622	227,573
Total	(8,719,212)	(12,282,504)
Funds provided by operations	15,824,431	14,144,749
Increase in undisbursed balance of effective loans	253,998,000	511,940,000
Borrowings	284,860,953	37,003,933
Increase in borrowings as a result of currency revaluations	—	2,767,405
Decrease in loans disbursed and outstanding as a result of currency devaluations	15,352,870	4,021,676
Capital subscriptions	156,343,746	79,694,961
Demand obligations of members encashed	57,579,657	5,071,598
Loans sold	3,321,600	4,415,100
Loans collected	22,652,195	13,112,701
Administration Charge collected	4,290,545	6,746,069
Decrease in other assets as a result of currency devaluations	9,578,647	7,103,647
Total	823,802,644	686,021,839
FUNDS WERE UTILIZED FOR		
Increase in effective loans	253,998,000	511,940,000
Loans disbursed	278,569,007	156,801,737
Decrease in borrowings as a result of currency devaluations	8,827,506	—
Demand obligations of members received	74,841,536	37,651,501
Bonds purchased for redemption and borrowings redeemed	27,991,552	5,408,204
Maintenance of value adjustments—net	24,160,769	10,904,072
Other—net	2,350,233	495,424
Total	670,738,603	723,200,938
INCREASE (DECREASE) IN CASH IN BANKS AND INVESTMENTS	\$153,064,041	(\$ 37,179,099)
INCREASE (DECREASE) IN COMPONENTS OF FUNDS		
Cash in banks (excluding Special Reserve Fund cash)	\$ 12,846,482	\$ 6,852,074
Investments (excluding accrued interest and Special Reserve Fund investments)	140,217,559	(44,031,173)
Total	\$153,064,041	(\$ 37,179,099)

The accompanying notes to financial statements (Appendix 1-VIII) are an integral part of this statement.
 * Certain 1974 amounts have been restated to conform to 1975 classifications.

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH IN BANKS AND DEMAND OBLIGATIONS OF MEMBERS

31 December 1975

Expressed in United States Dollars (Note A)

Members	Unit of Currency	Cash in Banks	Non-Negotiable Non-Interest-Bearing Demand Obligations
Afghanistan	Afghani	\$ 2,342	\$ 2,236,948 ¹
Australia	Australian Dollar	45,333 ³	31,580,142 ²
Austria	Austrian Schilling	263,934	—
Bangladesh	Bangladesh Taka	—	4,342,859 ¹
Belgium	Belgian Franc	166,904	1,356,213
Burma	Kyat	5,009	2,066,810 ¹
Cambodia	Riel	46,898 ¹	171,811 ¹
Canada	Canadian Dollar	53,161	7,941,804
China, Republic of	New Taiwan Dollar	181,306	7,789,786 ¹
Denmark	Danish Krone	11,598	1,388,619
Fiji	Fiji Dollar	2,668	481,725 ¹
Finland	Finnish Markka	27,473	463,609
France	French Franc	2,999	4,332,123
Germany, Federal Republic of	Deutsche Mark	676,196	—
Gilbert Islands	Australian Dollar	—	20,718 ¹
Hong Kong	Hong Kong Dollar	33,294 ⁴	3,407,222 ²
India	Indian Rupee	11,943	48,168,698 ¹
Indonesia	Rupiah	16,548,796 ¹	3,396,161 ¹
Italy	Italian Lira	62,055	—
Japan	Yen	617,336	61,032,757
Korea, Republic of	Won	4,630	25,353,956 ¹
Laos	Kip	32,689 ¹	147,447 ¹
Malaysia	Malaysian Dollar	17,055	11,247,497 ¹
Nepal	Nepalese Rupee	28,252	1,046,263 ¹
Netherlands	Netherlands Guilder	100,569	3,058,233
New Zealand	New Zealand Dollar	65,118 ²	8,078,028 ²
Norway	Norwegian Krone	2,355	312,064
Pakistan	Pakistan Rupee	4,619,155 ¹	11,934,164 ¹
Papua New Guinea	Australian Dollar	2,006	505,386 ¹
	Kina	—	152,357 ¹
Philippines	Philippine Peso	552,788	10,290,863 ¹
Singapore	Singapore Dollar	68,340	2,168,112 ¹
Solomon Islands	Australian Dollar	3,269	44,321 ¹
South Vietnam	Piastre	5,973,987 ¹	—
Sri Lanka	Sri Lanka Rupee	3,249	4,403,733 ¹
Sweden	Swedish Krona	47,767	449,966
Switzerland	Swiss Franc	1,182,572	—
Thailand	Baht	9,562	10,279,924 ¹
Tonga	Tongan Dollar	21,449 ¹	—
United Kingdom	Pound Sterling	570,465	8,693,032
United States	United States Dollar	618,690	34,582,022
Western Samoa	Western Samoan Tala	8,089 ¹	—
Total Members		32,691,301	312,925,373
<u>Non-Members</u>			
Kuwait	Kuwaiti Dinar	157,325	—
Luxembourg	Luxembourg Franc	172,085	—
Saudi Arabia	Saudi Arabian Riyal	1,316,728	—
Total Non-Members		1,646,138	—
TOTAL		\$34,337,439	\$312,925,373

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

1. Restrictions on use may be imposed by members (Note B).
2. Restrictions on use have been imposed by members (Note B).
3. Of this amount, restrictions on use have been imposed in the amount of \$3,736.
4. Of this amount, restrictions on use have been imposed in the amount of \$16,237.

ASIAN DEVELOPMENT BANK—

SUMMARY OF STATEMENT

31 December

Expressed in United

Borrower/Guarantor ¹	Principal Amount	Loans not yet Effective	Refundings and Cancellations	Payments Received	
				On Loans Held by Bank	For Loans Sold
BANGLADESH	\$ 11,400,000	\$ —	\$ —	\$ 1,600	\$ —
BURMA	6,600,000	—	—	—	—
CHINA, REPUBLIC OF	100,390,000	—	8,411,708	8,926,883	2,800,000
FIJI	6,700,000	—	—	—	—
HONG KONG	41,500,000	20,000,000	—	239,795	1,150,000
INDONESIA	153,930,000	65,050,000	—	—	—
KOREA, REPUBLIC OF	434,550,000	83,000,000	3,883,357	12,970,928	3,456,100
MALAYSIA	248,558,000	46,400,000	3,275,410	2,266,094	1,189,600
NEPAL	2,000,000	—	—	337,600	—
PAKISTAN	235,170,000	63,000,000	18,932,734	3,575,676	—
PHILIPPINES	332,650,000	69,300,000	24,998	1,851,839	123,300
SINGAPORE	101,380,000	—	—	4,356,579	2,830,000
SOUTH VIETNAM	3,930,000	—	—	—	—
SRI LANKA	14,135,000	—	273,480	1,224,500	—
THAILAND	233,200,000	20,000,000	7,160,991	7,637,916	1,711,000
ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED					
TOTAL	\$1,926,093,000	\$366,750,000	\$41,962,678	\$43,389,410	\$13,560,000

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

- 1 Loans other than those made directly to a member or to its central bank have been guaranteed by the member.
- 2 Pending consultation with the new government concerning its intentions with respect to the projects being financed, the Bank has suspended further disbursement of these loans.
- 3 This amount represents adjustments in United States Dollar equivalents, arising from the changes in the exchange rates used for translation of currencies disbursed and outstanding on loans, and repayable to the Bank in such currencies.

ORDINARY CAPITAL RESOURCES

OF LOANS

1975

States Dollars (Note A)

Effective Loans		Undisbursed Balance of Effective Loans		Outstanding Balance	
Held by Bank	Agreed to be sold	Held by Bank	Agreed to be Sold	On Loans Held by Bank	For Loans Sold
\$ 11,398,400	\$ —	\$ 4,905,757	\$ —	\$ 6,492,643	\$ —
6,600,000	—	6,539,100	—	60,600	—
80,251,409	—	5,294,201	—	74,957,208	100,000
6,700,000	—	2,236,871	—	4,463,129	—
20,110,205	—	3,276,977	—	16,833,228	1,150,000
88,880,000	—	85,700,332	—	3,179,668	—
331,239,615	—	136,849,442	—	194,390,173	1,631,100
194,976,896	450,000	150,589,169	450,000	44,387,727	904,600
1,662,400	—	90,009	—	1,572,391	—
149,661,590	—	66,936,357	—	82,725,233	—
261,049,863	—	184,647,171	—	76,402,692	423,300
94,193,421	—	41,930,690	—	52,262,731	2,555,000
3,930,000	—	3,839,123 ²	—	90,877	—
12,637,020	—	5,257,411	—	7,379,609	—
196,690,093	—	134,710,060	—	61,980,033	1,441,000
(9,838,472) ³				(9,838,472) ³	
\$1,450,142,440	\$ 450,000	\$8,32,802,970	\$ 450,000	\$617,339,470	\$8,205,000

ASIAN DEVELOPMENT BANK

STATEMENT

31 December 1975
Expressed in United States Dollars

Currency Payable	Coupon	Issue Date	Maturity Date	Effective Interest Rate ¹	Original Amount		
					National Currency	US Dollar Equivalent ²	
Austrian Schillings	7%	1970	1982	7.24	S	130,000,000	\$ 6,936,663
	7	1971	1983	7.30	S	150,000,000	8,003,842
Belgian Francs	7.5	1971	1983	7.36	BF	400,000,000	10,001,250
Deutsche Mark	7	1969	1984	7.27	DM	60,000,000	22,624,008
	8.5	1975*	1980	8.45	DM	50,000,000	18,853,340
Italian Lire	7	1972	1987	7.22	Lit.	10,000,000,000	14,582,149
Japanese Yen	7.4	1970	1977	7.59	¥	6,000,000,000	19,904,855
	7.4	1971	1978	7.45	¥	10,000,000,000	33,174,758
	7.3	1972	1982	7.30	¥	10,000,000,000	33,174,758
	7.25	1974	1989	7.25	¥	7,500,000,000	24,881,069
	Variable ⁵	1975	Not fixed	Variable	¥	30,000,000,000	99,524,274
Kuwaiti Dinars	7.5	1974	1984	7.50	KD	5,000,000	16,915,322
Luxembourg Francs	6.75	1972	1987	6.64	Lux F	400,000,000	10,001,250
Netherlands Guilders	8.875	1975*	1981	8.87	f.	50,000,000	18,274,854
Saudi Arabian Riyals	8	1975	1983	8.00	SRIs	50,000,000	14,388,489
Swiss Francs	7	1971	1986	6.98	SwF	40,000,000	15,267,176
	8	1975	1990	7.90	SwF	60,000,000	22,900,763
	8.5	1975*	1980	8.33	SwF	10,000,000	3,816,794
United States Dollars	6.5	1971*	1976	6.50	\$	25,000,000	25,000,000
	7.75	1971	1996	7.94	\$	25,000,000	25,000,000
	6.75	1973*	1975	6.75	\$	20,000,000	20,000,000
	4	1973*	1989	4.00	\$	10,525,734	10,525,734
	6.65	1975*	1977	6.65	\$	70,000,000	70,000,000
	8.5	1975*	1980	8.75	\$	75,000,000	75,000,000
Less: Amounts receivable under contract:							
Japanese Yen—Bank of Japan Loan of 1975 ⁵							
Japanese Yen—7.25% Loan of 1974							
TOTAL							\$618,751,348⁶

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

- The effective interest rates are computed by taking into consideration discounts and timing of interest payments.
- The "US Dollar equivalent" is translated at the rates of exchange in effect as of 31 December 1975, as indicated in Note A.
- Each issue, except those indicated by an asterisk, is subject to redemption prior to maturity at the option of the Bank at prices and upon the conditions stated in the respective bonds. The amounts shown as principal outstanding are after deductions aggregating \$4,595,803 (\$5,100,996—1974) of bonds purchased for redemption funds.
- The amounts shown as redemption requirements are the principal amounts of bonds to be purchased or borrowings to be redeemed to meet each year's requirements. For the five calendar years following the date of the statements, these are:

Year	Amounts	
	1975	1974
1975	\$ —	\$ 28,431,218
1976	33,032,906	33,431,218
1977	94,302,308	23,673,788
1978	40,030,551	39,776,806
1979	17,252,341	16,515,536
1980	119,016,615	—
	<u>\$303,634,721</u>	<u>\$141,928,566</u>

ORDINARY CAPITAL RESOURCES

APPENDIX 1-VI

BORROWINGS

and 31 December 1974

States Dollars (Note A)

Principal Outstanding ³		Redemption Requirements ⁴		
1975	1974			
\$ 4,161,998	\$ 5,486,766	1976-1982	S	12,000,000
6,403,073	7,599,908	1976-1983	S	15,000,000
10,001,250	11,073,431	1977-1982	BF	40,000,000
		1983	BF	160,000,000
16,467,638	20,146,818	1976-1984	DM	6,000,000
18,853,340	—	1980	DM	50,000,000
14,582,149	15,335,542	1978-1987	Lit.	1,000,000,000
16,321,981	17,770,000	1976	¥	360,000,000
31,184,273	33,655,302	1977	¥	4,560,000,000
33,174,758	33,655,302	1976-1977	¥	600,000,000
24,881,069	25,241,477	1978	¥	8,200,000,000
		1978-1981	¥	600,000,000
99,524,274	—	1982	¥	7,600,000,000
		1978	¥	360,000,000
16,915,322	16,888,868	1978-1988	¥	680,000,000
		1989	¥	340,000,000
10,001,250	11,073,431	Variable ⁵		
18,274,854	—	1979-1983	KD	830,000
14,388,489	—	1984	KD	850,000
12,595,420	14,173,228	1978-1987	Lux F	40,000,000
22,900,763	—	1981	f.	50,000,000
3,816,794	—	1980-1983	SRIs	12,500,000
25,000,000	25,000,000	1976-1985	Up to SwF	3,000,000
25,000,000	25,000,000	1986	The Balance	
		1977-1989	Up to SwF	3,500,000
10,525,734	20,000,000	1990	The Balance	
	10,525,734	1980	SwF	10,000,000
70,000,000	—	1976	\$	25,000,000
75,000,000	—	1983	\$	500,000
		1984-1995	\$	1,000,000
579,974,429	292,625,807	1996	\$	12,500,000
49,762,137	10,096,591	1979	\$	555,556
		1980-1987	\$	1,052,574
		1988	\$	1,052,570
		1989	\$	497,016
		1977	\$	70,000,000
		1980	\$	75,000,000
\$530,212,292	\$282,529,216			

5 This represents a loan from the Bank of Japan contracted for in April 1975, the aggregate principal amount of which is 30,000,000,000 Yen divided into two parts. As of 31 December 1975, the Bank had drawn completely the first part of the loan amounting to 15,000,000,000 Yen with interest rates ranging from 3.25% to 8.64%. Of this drawn portion, 6,000,000,000 Yen will mature in 1981 and 9,000,000,000 Yen in 1982. The second part of the loan will be available during the period 4 May 1976 to 28 April 1977. Interest rate will be determined at the date of withdrawal.

6 Subsequent to 31 December 1975, the Bank has entered into agreements for the following additional borrowings:

Currency Payable	Coupon	Principal Amount	Maturity Date
Deutsche Mark	8.00%	DM 100,000,000	1982
Netherlands Guilders	3.75%	f. 75,000,000	1983
United States Dollars	8.50%	\$ 100,000,000	1981

ASIAN DEVELOPMENT BANK

STATEMENT OF SUBSCRIPTIONS TO

31 December

Expressed in United

MEMBERS	SUBSCRIBED		
	Shares	Per Cent of Total	Par Value
REGIONAL			
Afghanistan	1,195	0.450	\$ 14,415,882
Australia	21,250	8.007	256,348,375
Bangladesh	3,750	1.413	45,238,125
Burma	2,000	0.754	24,127,000
Cambodia	875	0.330	10,555,563
China, Republic of	4,000	1.507	48,254,000
Fiji	250	0.094	3,015,875
Gilbert Islands	15	0.006	180,952
Hong Kong	2,000	0.754	24,127,000
India	23,250	8.761	280,476,375
Indonesia	20,000	7.536	241,270,000
Japan	50,000	18.840	603,175,000
Korea, Republic of	18,500	6.971	223,174,750
Laos	105	0.040	1,266,668
Malaysia	10,000	3.768	120,635,000
Nepal	540	0.204	6,514,290
New Zealand	5,640	2.125	68,038,140
Pakistan	8,000	3.014	96,508,000
Papua New Guinea	345	0.130	4,161,907
Philippines	8,750	3.297	105,555,625
Singapore	1,250	0.471	15,079,375
Solomon Islands	25	0.009	301,588
South Vietnam	3,000	1.130	36,190,500
Sri Lanka	2,130	0.803	25,695,255
Thailand	5,000	1.884	60,317,500
Tonga	15	0.006	180,952
Western Samoa ¹	6	0.002	72,381
Total Regional	191,891	72.306	2,314,877,078
NON-REGIONAL			
Austria	1,250	0.471	15,079,375
Belgium	1,250	0.471	15,079,375
Canada	6,250	2.355	75,396,875
Denmark	1,250	0.471	15,079,375
Finland ¹	500	0.188	6,031,750
France	6,250	2.355	75,396,875
Germany, Federal Republic of	8,500	3.203	102,539,750
Italy	5,000	1.884	60,317,500
Netherlands	2,750	1.036	33,174,625
Norway	1,250	0.471	15,079,375
Sweden ¹	500	0.188	6,031,750
Switzerland	1,250	0.471	15,079,375
United Kingdom	7,500	2.826	90,476,250
United States ²	30,000	11.304	361,905,000
Total Non-Regional	73,500	27.694	886,667,250
GRAND TOTAL	265,391	100.000	\$3,201,544,328

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

1 As of 31 December 1975, these members have not yet subscribed to the additional shares of the increase in capital stock authorized by Resolution No. 46 of the Board of Governors. Such additional shares are equal to 150 per cent of each such member's existing subscribed shares.

2 As of 31 December 1975, the United States has subscribed to 10,000 shares out of the 30,000 shares to which it is entitled to subscribe under Resolution No. 46 of the Board of Governors.

ORDINARY CAPITAL RESOURCES

CAPITAL STOCK AND VOTING POWER

1975

States Dollars (Note A)

PAR VALUE OF CALLABLE SHARES	PAR VALUE OF PAID-IN SHARES		VOTING POWER		
	Subject to Call	Subscription Not Due	Installments Matured	Number of Votes	Per Cent of Total
\$ 9,807,625	\$ —	\$ 4,608,257	2,813	0.848	1.194
174,317,575	—	82,031,800	22,868	6.894	9.707
30,761,925	6,333,338	8,142,862	5,368	1.618	2.279
16,406,360	3,088,256	4,632,384	3,618	1.091	1.536
7,177,783	—	3,377,780	2,493	0.751	1.058
32,812,720	—	15,441,280	5,618	1.693	2.385
2,050,795	—	965,080	1,868	0.563	0.793
120,635	20,105	40,212	1,633	0.492	0.693
16,406,360	—	7,720,640	3,618	1.091	1.536
190,723,935	—	89,752,440	24,868	7.496	10.556
164,063,600	39,809,550	37,396,850	21,618	6.517	9.177
410,159,000	—	193,016,000	51,618	15.560	21.911
151,758,830	24,127,000	47,288,920	20,118	6.065	8.540
856,509	—	410,159	1,723	0.519	0.731
82,031,800	14,476,200	24,127,000	11,618	3.502	4.932
4,427,305	—	2,086,985	2,158	0.650	0.916
46,263,522	—	21,774,618	7,258	2.188	3.081
65,625,440	—	30,882,560	9,618	2.899	4.083
2,834,922	—	1,326,985	1,963	0.592	0.833
71,777,825	—	33,777,800	10,368	3.125	4.401
10,253,975	—	4,825,400	2,868	0.865	1.218
205,079	—	96,509	1,643	0.495	0.698
24,609,540	—	11,580,960	4,618	1.392	1.960
17,467,948	—	8,227,307	3,748	1.130	1.591
41,015,900	—	19,301,600	6,618	1.995	2.809
120,635	19,302	41,015	1,633	0.492	0.693
36,191	—	36,190	1,624	0.490	0.689
1,574,093,734	87,873,751	612,909,593	235,577	71.013	100.000
10,253,975	—	4,825,400	2,868	0.865	2.983
10,253,975	—	4,825,400	2,868	0.865	2.983
51,269,875	—	24,127,000	7,868	2.372	8.183
10,253,975	—	4,825,400	2,868	0.865	2.983
3,015,875	—	3,015,875	2,118	0.638	2.202
51,269,875	4,523,812	19,603,188	7,868	2.372	8.183
69,727,030	—	32,812,720	10,118	3.050	10.523
41,015,900	2,412,700	16,888,900	6,618	1.995	6.883
22,558,745	—	10,615,880	4,368	1.317	4.543
10,253,975	1,206,350	3,619,050	2,868	0.865	2.983
3,015,375	—	3,015,875	2,118	0.638	2.202
10,253,975	—	4,825,400	2,868	0.865	2.983
61,523,850	—	28,952,400	9,118	2.749	9.483
217,143,000	—	144,762,000	31,618	9.531	32.883
571,809,900	8,142,862	306,714,488	96,152	28.987	100.000
\$2,145,903,634	\$ 96,016,613	\$ 959,624,081	331,729	100.000	

ASIAN DEVELOPMENT BANK—ORDINARY CAPITAL RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1975 and 31 December 1974

Expressed in United States Dollars (Note A)

NOTE A—

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) **Unit of Account**
The Ordinary Capital Resources financial statements are expressed in current United States Dollars.
- (2) **Translation of Currencies**
Assets and liabilities in currencies other than United States Dollars were translated at the rates which prevailed at the end of the year as described below:
- (a) In the cases of 11 members (Afghanistan, Bangladesh, Cambodia, Indonesia, Republic of Korea, Laos, Pakistan, Philippines, South Vietnam, Sri Lanka and Thailand) and for 1974 a non-member (Kuwait), at par values established or provisional rates agreed by these countries with the International Monetary Fund;
- (b) In the cases of 5 (6-1974) members (Burma, Republic of China, India, Nepal and Western Samoa), at central rates;
- (c) In the cases of 23 (22-1974) members (Australia, Austria, Belgium, Canada, Denmark, Fiji, Finland, France, Federal Republic of Germany, Gilbert Islands, Hong Kong, Italy, Japan, Malaysia, Netherlands, New Zealand, Norway, Papua New Guinea, Singapore, Solomon Islands, Sweden, Switzerland and United Kingdom) and 3 (1-1974) non-members (Kuwait, Luxembourg and Saudi Arabia), at market rates;
- (d) In the case of Tonga at the rates used by Tonga in making payments of capital subscriptions to the Bank.
- The capital stock, which is defined in Article 4, paragraph 1 of the Articles of Agreement in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966, namely at 0.888671 gram of fine gold, was translated into current United States Dollars on the basis of 1.20635 current dollars per 1966 dollar.
- Income and expense amounts in currencies other than United States Dollars were translated for each quarter generally at the rates of exchange which prevailed at the beginning of the quarter.
- Translation adjustments, other than those relating to maintenance of value of currency holdings under Article 25 (see Note D) were charged or credited to income.
- No representation is made that any currency held by the Bank is convertible into any other currency at the rate or rates specified above.
- (3) **Loans**
The Summary Statement of Loans (Appendix 1-V) presents, by country, total approved loans to be financed from Ordinary Capital Resources. Adjustments for loans not yet effective, refundings and cancellations, payments received, loans agreed to be sold and exchange adjustments are made to arrive at effective loans held by the Bank.

(4) **Unamortized Discounts and Issuance Costs of Borrowings**
Unamortized discounts and issuance costs of borrowings are amortized over the life of each issue in proportion to each of the principal amounts outstanding.

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

NOTE B—

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

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

The use of cash in banks and demand obligations in the currencies of 23 members aggregating \$173,500,602 (\$138,404,944-1974)

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

The use of cash in banks, investments and demand obligations in the currencies of 3 members aggregating \$44,069,830 (\$39,886,025-1974).

NOTE C—

CAPITAL STOCK

The authorized capital stock of the Bank consists of 304,750 shares (279,000 shares-1974) of \$10,000 par value each in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966. This is equivalent to \$3,676,351,625 (\$3,365,716,500-1974) in terms of current United States Dollars.

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

As of 31 December 1975, the subscribed capital stock was \$3,201,544,328 (\$2,770,274,203-1974). All matured installments amounting to \$959,624,081 (\$803,026,983-1974) were