

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

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

CONTINUED

received except \$253,334 due from Cambodia on 6 Apr 1975. Instalments not due aggregating \$96,016,613 (\$129,833,471-1974) are receivable as follows:

	1975	1974
1975	\$ —	\$107,813,288
1976	42,358,165	17,507,355
1977	28,807,638	3,956,428
1978	24,850,810	—

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 from changes in central rates or market rates adopted by the Bank for the purposes of maintenance of value, under Article 25, of the Bank's holdings of certain member currencies.

NOTE E—

SPECIAL RESERVE

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

NOTE F—

CAPITAL SET-ASIDE FOR SPECIAL OPERATIONS

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

NOTE G—

NET INCOME AND ORDINARY RESERVE

Pursuant to the provision of Article 40, the Board of Governors shall determine annually what part of the net income shall be allocated after making provisions for reserves, to surplus which, if any, shall be distributed to the members. The net income of the Bank for the year ended 31 December 1975, amounting to \$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 have previously been made in respect of net income for the 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, to nine and one-third per cent and eighteen and two-thirds per cent, respectively. For the year ended 31 December 1975, the amount contributed by the Bank to the Plan to cover its estimated cost and expenses was \$1,442,199 (\$1,005,002-1974).

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.

NOTE J—

TECHNICAL ASSISTANCE

The outstanding commitments, as of 31 December 1975, for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$7,738,000 (\$6,970,000-1974); to the extent available, contributions to the Technical Assistance Special Fund 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 loans for specific projects, 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 31 December 1975.

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.

HASKINS & SELLS
Certified Public Accountants

1114 Avenue of the Americas
New York 10036

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:

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

Balance Sheet, 31 December 1975 and 31 December 1974	Appendix 1 - I
Statement of Income and Expenses for the years ended 31 December 1975 and 31 December 1974	1 - II
Statement of Changes in Financial Position for the years ended 31 December 1975 and 31 December 1974	1 - III
Statement of Cash in Banks and Demand Obligations of Members, 31 December 1975	1 - IV
Summary Statement of Loans, 31 December 1975	1 - V
Statement of Borrowings, 31 December 1975 and 31 December 1974	1 - VI
Statement of Subscriptions to Capital Stock and Voting Power, 31 December 1975	1 - VII
Notes to Financial Statements, 31 December 1975 and 31 December 1974	1 - VIII

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

In our opinion, such financial statements present fairly the financial position of the Asian Development Bank—Ordinary Capital Resources at 31 December 1975 and 31 December 1974 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SELLS

20 February 1976

ASIAN DEVELOPMENT BANK

BALANCE SHEET

31 December 19

Expressed in United States Dollars

	Technical Assistance Special Fund (Note 3)	
	1975	1974
<u>ASSETS</u>		
CASH IN BANKS	\$ 1,099,431	\$ 829,842
INVESTMENTS		
Government and government guaranteed obligations— amortized cost which approximates market (Face amounts—\$8,306,767—1975, \$30,184,503—1974)	7,533,756	7,748,935
Time deposits and certificates of deposit	—	—
LOANS (Note 5)		
Effective loans held by Bank	—	—
ACCRUED INCOME		
On investments	—	—
On loans	—	—
NOTES OF CONTRIBUTORS		
Non-negotiable, non-interest-bearing notes	—	—
RESOURCES AVAILABLE FOR DRAWING		
Contributed Resources (See Appendix 1-D)	1,068,034	1,098,463
RECEIVABLE FROM ASIAN DEVELOPMENT FUND	—	—
OTHER ASSETS	438,154	63,501
TOTAL	\$10,139,375	\$ 9,740,741
<u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>		
UNDISBURSED BALANCE OF EFFECTIVE LOANS	\$ —	\$ —
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 6)	—	—
ACCOUNTS PAYABLE	1,070,918	693,374
UNEXPENDED BALANCES AND CAPITAL		
Contributed Resources (See Appendix 1-D)	18,961,522	16,082,341
Set-Aside Resources (See Appendix 1-E) [Note 4(b)]		
Capital set aside and transferred	—	—
Credit arising from transfer to the Asian Development Fund of Administration Charge Payable (Note 6)	—	—
Accumulated net income (expense) (See Appendix 1-B)		
Contributed Resources	(9,893,065)	(7,034,374)
Accrued Resources [Note 4(c)]	—	—
TOTAL	\$10,139,375	\$ 9,740,741

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

SPECIAL FUNDS RESOURCES

SHEET

and 31 December 1974

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 4)		Consolidated	
1975	1974	1975	1974
\$ 1,473,520	\$ 4,438,309	\$ 2,572,951	\$ 5,268,151
711,839	20,734,781	8,245,595	28,483,716
-	50,892,709	-	50,892,709
7,934,246	315,042,664	7,934,246	315,042,664
-	2,893,175	-	2,893,175
57,542	444,116	57,542	444,116
4,840,447	131,132,508	4,840,447	131,132,508
22,746,130	35,653,197	23,814,164	36,751,660
3,598,266	-	3,598,266	-
1,231	2,262,959	439,385	2,326,460
\$41,363,221	\$563,494,418	\$51,502,596	\$573,235,159
\$ -	\$243,314,868	\$ -	\$243,314,868
550,301	3,669,131	550,301	3,669,131
5,120	1,289,844	1,076,038	1,983,218
37,178,835	256,916,673	56,140,357	272,999,014
-	57,433,902	-	57,433,902
305,236	1,342,408	305,236	1,342,408
-	-	(9,893,065)	(7,034,974)
3,323,729	(472,408)	3,323,729	(472,408)
\$41,363,221	\$563,494,418	\$51,502,596	\$ 573,235,159

ASIAN DEVELOPMENT BANK-

STATEMENT OF INCOME AND EXPENSES

For the Years Ended 31 December

Expressed in Units

	Technical Assistance Special Fund (Note 3)	
	1975	1974
INCOME		
From investments	\$ 467,722	\$ 454,811
From loans		
Interest	—	—
Service fee	—	—
From other sources	(20,720)	(15,369)
GROSS INCOME	447,002	439,442
Service fee less depository banks charges allocated to Accrued Resources	—	—
UNALLOCATED GROSS INCOME	447,002	439,442
EXPENSES		
Administrative expenses		
Project appraisal and other field missions— Consultants	482,261	333,719
Other administrative expenses— Consultants—Headquarters	125,914	179,715
Administration Charge (Note 6)	—	—
Depository banks charges	931	239
Miscellaneous	1,200	34
Total	610,306	513,707
Services to member countries (Note 7)		
Project preparation missions and other loan-related technical assistance— Consultants	1,555,984	534,369
Project implementation/advisory— Consultants	1,025,730	936,037
Regional activities— Consultants	113,073	52,601
Total	2,694,787	1,523,007
GROSS EXPENSES	3,305,093	2,036,714
INCOME (EXPENSE) BEFORE CHANGES IN VALUE OF CURRENCIES	(2,858,091)	(1,597,272)
CHANGES IN VALUE OF CURRENCIES—NET (Note 8)	—	—
NET INCOME (EXPENSE) FOR THE YEAR	(2,858,091)	(1,597,272)
AMOUNT TRANSFERRED PURSUANT TO SPECIAL FUNDS RULES AND REGULATIONS	—	—
BALANCE OF ACCUMULATED NET INCOME (EXPENSE) AT BEGINNING OF THE YEAR	(7,034,974)	(5,437,702)
BALANCE OF ACCUMULATED NET INCOME (EXPENSE) AT END OF THE YEAR	(\$9,893,065)	(\$7,034,974)

The accompanying notes to financial statements (Appendix 1-2) are an integral part of this statement.

* Certain 1974 amounts have been restated to conform to 1975 classifications.

SPECIAL FUNDS RESOURCES

AND ACCUMULATED NET INCOME (EXPENSE)

1975 and 31 December 1974

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 4)				
Contributed Resources	Set-Aside Resources	Accrued Resources	Total	
			1975	1974*
\$1,060,848	\$3,710,075	\$ 1,261	\$4,772,184	\$6,092,577
1,162,200	52,913	213	1,215,326	960,867
525,695	28,586	1,755	556,036	404,112
10,690	-	288,170	298,860	-
<u>2,759,433</u>	<u>3,791,574</u>	<u>291,399</u>	<u>6,842,406</u>	<u>7,457,556</u>
(524,944)	(27,989)	552,933	-	-
<u>2,234,489</u>	<u>3,763,585</u>	<u>844,332</u>	<u>6,842,406</u>	<u>7,457,556</u>
-	-	-	-	-
-	-	-	-	-
1,943,511	486,094	-	2,429,605	4,028,636
751	597	7	1,355	1,583
-	-	-	-	-
<u>1,944,262</u>	<u>486,691</u>	<u>7</u>	<u>2,430,960</u>	<u>4,030,219</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,944,262</u>	<u>486,691</u>	<u>7</u>	<u>2,430,960</u>	<u>4,030,219</u>
290,227	3,276,894	844,325	4,411,446	3,427,337
(290,227)	(291,303)	(33,779)	(615,309)	(169,700)
-	2,985,591	810,546	3,796,137	3,257,637
-	(2,985,591)	2,985,591	-	-
-	-	(472,408)	(472,408)	(3,730,045)
\$ -	\$ -	\$3,323,729	\$3,323,729	(\$ 472,408)

ASIAN DEVELOPMENT BANK-

STATEMENT OF CHANGES

For the Years Ended 31 December

Expressed in United

	Technical Assistance Special Fund (Note 3)	
	1975	1974
FUNDS WERE PROVIDED BY		
Operations		
Net income (expense)	(\$2,858,091)	(\$1,597,273)
Items not requiring or providing funds		
Accrued expenses	244,929	108,033
Accrued income including capitalized interest and service charges on loans	-	-
Administration Charge	-	-
Total	244,929	108,033
Funds provided by (utilized for) operations	(2,613,162)	(1,489,240)
Loans, notes of contributors and other assets transferred to the Asian Development Fund	-	-
Increase in undisbursed balance of effective loans	-	-
Contributions drawn	2,885,551	2,745,198
Decrease in notes of contributors as a result of currency devaluations	-	-
Decrease in loans disbursed and outstanding as a result of currency devaluations	-	-
Notes of contributors encashed	-	-
Loans collected	-	-
Other-net	(121,508)	232,421
Total	150,881	1,488,379
FUNDS WERE UTILIZED FOR		
Increase in effective loans	-	-
Loans disbursed	-	-
Notes of contributors received	-	-
Decrease in contributions drawn as a result of currency devaluations	96,471	404,670
Administration Charge paid	-	-
Resources transferred to the Asian Development Fund	-	-
Total	96,471	404,670
INCREASE (DECREASE) IN CASH IN BANKS AND INVESTMENTS	\$ 54,410	\$1,083,709
INCREASE (DECREASE) IN COMPONENTS OF FUNDS		
Cash in banks	\$ 269,589	\$ 166,680
Investments (excluding accrued interest)	(215,179)	917,029
Total	\$ 54,410	\$1,083,709

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

* Certain 1974 amounts have been restated to conform to 1975 classifications.

SPECIAL FUNDS RESOURCES

IN FINANCIAL POSITION

1975 and 31 December 1974

States Dollars (Note 2)

Multi-Purpose Special Fund (Note 4,		Consolidated	
1975	1974	1975	1974*
\$3,796,137	\$ 3,257,637	\$ 938,046	\$ 1,660,364
-	-	244,929	103,033
1,014,754	(1,251,008)	1,014,754	(1,251,008)
2,429,605	4,028,636	2,429,605	4,028,636
3,444,359	2,777,628	3,689,288	2,885,661
7,240,496	6,035,265	4,627,334	4,546,025
204,135,272	104,942,505	204,135,272	104,942,505
-	85,565,000	-	85,565,000
7,447,431	66,923,713	10,332,982	69,668,911
1,183,169	8,904,443	1,183,169	8,904,443
6,901,392	1,372,173	6,901,392	1,372,173
32,411,202	16,574,867	32,411,202	16,574,867
645,284	1,900	645,284	1,900
(2,819,159)	821,774	(2,940,667)	1,054,195
257,145,087	291,141,640	257,295,968	292,630,019
-	85,565,000	-	85,565,000
58,671,601	27,182,570	58,671,601	27,182,570
721,241	51,911,802	721,241	51,911,802
7,943,629	8,636,856	8,040,100	9,041,526
41,111	6,746,070	41,111	6,746,070
263,647,945	112,609,619	263,647,945	112,609,619
331,025,527	292,651,917	331,121,998	293,056,587
(\$ 73,880,440)	(\$ 1,510,277)	(\$ 73,826,030)	(\$ 426,568)
(\$ 2,964,789)	(\$ 5,546,378)	(\$ 2,695,200)	(\$ 5,379,698)
(70,915,651)	4,036,101	(71,130,830)	4,953,130
(\$ 73,880,440)	(\$ 1,510,277)	(\$ 73,826,030)	(\$ 426,568)

ASIAN DEVELOPMENT BANK

STATEMENT

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Expressed in Un

	Contributions Committed During 1975	Contributions Transferred During 1975
TECHNICAL ASSISTANCE SPECIAL FUND (Note 3)		
Australia	\$ --	\$ --
Austria	--	--
Belgium	--	--
Canada	485,531	--
China, Republic of	--	--
Denmark	--	120,530
Finland	--	--
Germany, Federal Republic of	--	--
India	--	--
Italy	--	--
Japan	2,000,438	--
Korea, Republic of	--	--
Netherlands	--	--
New Zealand	--	--
Pakistan	40,277	--
Sri Lanka	--	--
Switzerland	--	--
United Kingdom	204,570	--
United States	--	--
Total	2,730,816	120,530
MULTI-PURPOSE SPECIAL FUND (Note 4)		
Australia	--	--
Belgium	--	(2,500,313)
Canada	--	--
Denmark	--	(2,410,607)
Germany, Federal Republic of	--	(25,188,062)
Italy	--	(1,500,446)
Japan	--	(159,238,838)
Netherlands	--	(6,845,157)
New Zealand	--	(865,339)
United Kingdom	--	(12,274,206)
Total	--	(210,822,968)
GRAND TOTAL	\$2,730,816	(\$210,702,438)

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

K SPECIAL FUNDS RESOURCES

OF CONTRIBUTED RESOURCES

Number 1975

United States Dollars (Note 2)

Total Contributions Committed	Amounts Drawn	Resources Available for Drawing
\$ 747,640	\$ 747,640	\$ --
115,458	115,458	--
625,078	--	625,078
685,560	685,560	--
200,000	150,000	50,000
876,845	876,845	--
117,551	117,551	--
480,344	480,344	--
218,611	218,611	--
179,295	179,295	--
11,668,063	11,668,063	--
30,000	30,000	--
449,606	419,493	30,113
344,145	192,330	151,815
64,443	57,985	6,458
20,267	20,267	--
200,000	200,000	--
688,616	484,046	204,570
1,250,000	1,250,000	--
<u>18,961,522</u>	<u>17,893,488</u>	<u>1,068,034</u>
10,933,933	10,933,933	--
--	--	--
26,244,902	3,498,772	22,746,130
--	--	--
--	--	--
--	--	--
--	--	--
--	--	--
<u>37,178,835</u>	<u>14,432,705</u>	<u>22,746,130</u>
\$56,140,357	\$32,326,193	\$23,814,164

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

STATEMENT OF SET-ASIDE RESOURCES

For the Years Ended 31 December 1975 and 31 December 1974

Expressed in United States Dollars (Note 2)

	Capital Set-Aside and Transferred from Ordinary Capital Resources [Note 4(b)]	
	1975	1974
BALANCE AT BEGINNING OF THE YEAR	\$57,433,902	\$57,433,902
AMOUNT TRANSFERRED TO THE ASIAN DEVELOPMENT FUND	(57,433,902)	--
BALANCE AT END OF THE YEAR	\$ --	\$57,433,902

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

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

STATEMENT OF ACCRUED RESOURCES

For the Years Ended 31 December 1975 and 31 December 1974

Expressed in United States Dollars (Note 2)

	Amounts Credited	
	1975	1974
BALANCE AT BEGINNING OF THE YEAR	(\$ 472,408)	(\$3,730,045)
NET INCOME FOR THE YEAR	3,796,137	3,257,637
BALANCE AT END OF THE YEAR	\$3,323,729	(\$ 472,408)

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

ASIAN DEVELOPMENT BANK—

TECHNICAL ASSISTANCE

BALANCE

31 December

Expressed in United

	Australia	Austria	Belgium	Canada	China, Republic of	Denmark	Finland	Germany, Federal Republic of	India
ASSETS									
CASH IN BANKS	\$ 34,305	\$ 70,305	\$ —	\$488,406	\$ 3,648	\$134,427	\$ 35,061	\$ 856	\$ —
INVESTMENTS Government obligations— amortized cost which approximates market (Face amount \$7,574,130)	—	—	—	—	—	—	—	—	—
RESOURCES AVAILABLE Contributed Resources (See Appendix 1-D)	—	—	625,078	—	50,000	—	—	—	—
OTHER ASSETS	—	—	—	—	16,332	—	—	—	—
TOTAL	\$ 34,305	\$ 70,305	\$625,078	\$488,406	\$ 69,980	\$134,427	\$ 35,061	\$ 856	\$ —
LIABILITIES AND UNEXPENDED BALANCES									
ACCOUNTS PAYABLE	\$ 877	\$ —	\$ 21,699	\$256,499	\$ 1,036	\$ —	\$ —	\$ 856	\$ —
UNEXPENDED BALANCES Contributed Resources (See Appendix 1-D) Amounts made available	747,640	115,458	625,078	685,500	200,000	876,845	117,551	480,344	218,611
Accumulated net income (expense) (See Appendix 1-B)	(714,122)	(45,153)	(21,699)	(453,653)	(131,056)	(742,418)	(82,490)	(480,344)	(218,611)
TOTAL	\$ 34,305	\$ 70,305	\$625,078	\$488,406	\$ 69,980	\$134,427	\$ 35,061	\$ 856	\$ —

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

SPECIAL FUNDS RESOURCES

SPECIAL FUND (Note 3)

SHEET

1975

States Dollars (Note 2)

Italy	Japan	Korea, Republic of	Nether- lands	New Zealand	Pakistan	Sri Lanka	Switzer- land	United Kingdom	United States	Total
\$172,389	\$ 100,844	\$ --	\$ 2,559	\$ 4,264	\$ 32,010	\$ 20,267	\$ --	\$ --	\$ --	\$ 1,099,431
--	7,464,068	--	--	--	--	--	69,688	--	--	7,533,756
--	--	--	30,113	151,815	6,458	--	--	204,570	--	1,068,034
--	350,504	--	330	--	--	--	48,053	22,935	--	438,154
\$172,389	\$7,915,416	\$ --	\$ 33,002	\$156,079	\$ 38,468	\$ 20,267	\$117,741	\$227,505	\$ --	\$10,139,375
\$ --	\$ 401,792	\$ --	\$ 13,172	\$156,079	\$ --	\$ --	\$ 36,817	\$182,091	\$ --	\$ 1,070,918
179,295	11,668,063	30,000	449,606	744,145	64,443	20,267	200,000	688,616	1,250,000	18,961,522
(6,906)	(4,154,439)	(30,000)	(429,776)	(344,145)	(25,975)	--	(119,076)	(643,202)	(1,250,000)	(9,893,065)
\$172,389	\$7,915,416	\$ --	\$ 33,002	\$156,079	\$ 38,468	\$ 20,267	\$117,741	\$227,505	\$ --	\$10,139,375

ASIAN DEVELOPMENT BANK—

MULTI-PURPOSE

BALANCE

31 December

Expressed in United

	Contributed Resources	
	Australia	Canada
<u>ASSETS</u>		
CASH IN BANKS	\$ 1,407,961	\$ 38,866
INVESTMENTS		
Government and government guaranteed obligations—amortized cost which approximates market (Face amount \$732,637)	—	562,656
LOANS (Note 5)		
Effective loans held by Bank	4,751,639	2,967,165
ACCRUED INCOME		
On loans	32,090	24,878
NOTES OF CONTRIBUTORS		
Non-negotiable, non-interest-bearing notes	4,840,417	—
RESOURCES AVAILABLE FOR DRAWING		
Contributed Resources (See Appendix 1-D)	—	22,746,130
RECEIVABLE FROM ASIAN DEVELOPMENT FUND	—	—
OTHER ASSETS	125	834
TOTAL	\$11,032,262	\$26,340,529
<u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>		
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 6)	\$ 60,748	\$ 73,855
ACCOUNTS PAYABLE	37,581	21,772
UNEXPENDED BALANCES AND CAPITAL		
Contributed Resources (See Appendix 1-D)		
Amounts made available	10,933,933	26,244,902
Credit arising from transfer to the Asian Development Fund of Administration Charge Payable (Note 6)	—	—
Accumulated net income (expense) (See Appendix 1-B)	—	—
TOTAL	\$11,032,262	\$26,340,529

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

a The eliminations represent offsetting amounts due to and due from resources within the Multi-Purpose Special Fund.

SPECIAL FUNDS RESOURCES

SPECIAL FUND (Note 4)

SHEET

1975

States Dollars (Note 2)

New Zealand	Accrued Resources	Unallocated and (Eliminations) ^a	Total
\$5,102	\$ 21,591		\$ 1,473,520
-	149,183		711,839
-	215,442		7,934,248
-	574		57,542
-	-		4,840,447
-	-		22,746,130
-	3,657,601	(\$59,335)	3,598,266
-	272		1,231
\$5,102	\$4,044,663	(\$59,335)	\$41,363,221
\$ -	\$ 415,696		\$ 550,301
5,102	-	(\$59,335)	5,120
-	-		37,178,835
-	305,233		305,236
-	3,323,729		3,323,729
\$5,102	\$4,044,663	(\$59,335)	\$41,363,221

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

For the Year Ended 31 December 1975

Expressed in United States Dollars (Note 2)

		Contributors	Amounts	
ADMINISTRATIVE EXPENSES				
Project appraisal and other field missions—				
Consultants				
Afghanistan	Country Economic Mission	Japan		\$ 5,261
Bangladesh	Transport Mission	India		\$ 3,387
	Railway Project	India	\$ 71	
		Japan	(4,171)	
		United Kingdom	<u>6,459</u>	2,359
	Agriculture and Irrigation Projects	Japan		3,631
	Gas Pipeline and Distribution	Japan		10,615
	Agricultural Credit	Japan		7,523
	Khowai River	Japan		33,421
	Energy Study	Japan		5,654
	Jute Seed	Japan	(3,785)	
		United Kingdom	<u>3,785</u>	—
	Chittagong Power Distribution	Japan	<u>10,256</u>	20,507
		United Kingdom	<u>10,251</u>	9,632
	Shatrol Fertilizer	Netherlands		9,360
	Kulna Mongla Road	Japan		<u>9,360</u>
				106,089
Burma	Jute Mill	Pakistan		3,828
	Oil Production	Japan		11,150
	Sugar Mill Rehabilitation	Japan		21,459
	Sedawgyi Multi-Purpose Project	Japan		7,839
	Power Transmission	Japan		<u>7,547</u>
				51,823
Hong Kong	Sha Tin Sewerage Treatment	Japan		4,255
Indonesia	Sawit Sebarang Oil Palm Estate	Japan	9,703	
		Netherlands	<u>21,870</u>	31,573
	Tadjum Irrigation	Japan		6,600
	North Sumatra Rubber and Oil Palm Estate	Belgium	21,699	
		Japan	<u>5,806</u>	27,505
	East Java Sugar	Netherlands		2,208
	Cipadung Spinning Mill	Netherlands		284
	Bandung Urban Development and Sanitary Services	Japan		29,223
	Garung and Maninjau Hydropower	Japan		7,572
	Surabaya Institute of Technology	Japan		2,921
	Teluk Lada Irrigation	Japan		<u>8,047</u>
				115,933
Korea, Republic of	Coal Sector Development	Japan		13,359
	Medium Industry Bank	Japan		37,532
	Yong-Dong Thermal Plant Expansion	United Kingdom	(151)	50,740
Malaysia	Pahang Tenggara Development	Australia	(133)	
	Sarawak Electricity Supply	Japan		5,914
	Jerangau-Jabor Road	Japan		14,967
	Fisheries Development	Japan		7,923
				28,671
FORWARD				\$362,772

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

For the Year Ended 31 December 1975

Expressed in United States Dollars (Note 2)

CONTINUED

		Contributors	Amounts	
SERVICES TO MEMBER COUNTRIES				
Project preparation missions and other loan-related technical assistance—Consultants				
Afghanistan	Balkh River Irrigation	Japan	\$ 5,171	
	Upper Helmand Valley Agricultural Development	Japan	176,401	
	Kama Irrigation and Power	Switzerland	20,547	\$ 202,119
Bangladesh	Agricultural Credit	Japan		44,813
Burma	Sedawgyi Multi-Purpose Project	Japan	34,863	
	Forest Industries Project	United Kingdom	71,655	106,518
Indonesia	Minihasa Power	Austria	3	
	Sawit Sebarang Oil Palm Estate	Netherlands	41,919	
	Teluk Lada Irrigation	Japan	199,060	
	Surabaya Institute of Technology	Japan	126,974	
	Java Road Improvement	Canada	256,499	624,458
Korea, Republic of	Namgang-Imjin Area Development	Japan		(24)
Pakistan	Power Development	Germany, Federal Republic of	\$123,402	
		Japan	53,707	177,109
	Hyderabad Water Supply, Sewerage and Drainage Development	Japan		132,864
	Lyalpur Water Supply, Sewerage and Drainage Development	Japan	150,000	459,973
Papua New Guinea	Road Project	Australia		11,304
Philippines	Polangui River Irrigation	Australia		(48)
	Philippine National Railways Track Network	India	508	
		United Kingdom	(1,373)	(865)
	Agusan del Sur Irrigation	Netherlands	1,729	816
Solomon Islands	Beef Cattle Development	Japan	32,285	
		New Zealand	74,597	106,882
South Vietnam	National Skills Training Center	Japan		(875)
	Total			1,555,984
Project implementation/advisory—Consultants				
Bangladesh	Krishi Bank	Japan	21,531	
	Fisheries Development	Japan	27,814	
		New Zealand	6,480	34,294
FORWARD			\$ 55,825	

CONTINUED

		Contributors	Amounts	
		FORWARD	\$ 55,825	
Project implementation/advisory--				
Consultants				
Bangladesh	Shilpa Bank	India	\$ 6,369	
		Japan	<u>17,013</u>	23,382
	West Zone Power Station	Japan		114,006
	Chittagong Port Expansion	Japan		(236)
	Railway Project	United Kingdom		<u>16,379</u>
				\$ 209,356
Fiji	Fiji Development Bank	Japan		63,375
Indonesia	Financial Management of Ports	Japan		11,724
	Palm Oil Mills	Japan		<u>10,017</u>
				21,741
Laos	Vientiane Water Supply	United Kingdom		34,700
	Tha Ngon Agricultural Development	Japan		<u>42,248</u>
				76,948
Malaysia	Fisheries Development	China, Republic of		16,303
		Japan		<u>44,666</u>
				60,969
Nepal	Air Transport System Development	Japan		32,780
	Agricultural Credit	Japan		<u>50,359</u>
				83,139
Pakistan	Mangla Hydropower Development	Australia		28,467
Philippines	Navotas Fisheries	United Kingdom		21,289
South Vietnam	Fisheries Development	Japan		658
Sri Lanka	Walawe Development	Netherlands		137
Tonga	Plan Preparation	Japan		178,096
Western Samoa	Development Financing Institution	Australia	32,397	
		Japan	<u>28,501</u>	60,898
	Power Development	United Kingdom		6,694
	Plan Preparation	Japan		<u>213,963</u>
				281,555
	Total			<u>1,025,730</u>
Regional activities--				
Consultants				
	ADB-BTC Regional Program on			
	Development Banking	Japan		28,899
	APO Fourth Feasibility Study			
	Training Course	Japan		(358)
	APO Fifth Feasibility Study			
	Training Course	Japan		24,253
	Seminar on Harbor Management			
	and Planning	Japan		27,295
	ADB-PIM-PICIC-IDBP Regional			
	Training Program	Japan		<u>32,984</u>
				113,073
	Total			<u>113,073</u>
TOTAL SERVICES TO MEMBER COUNTRIES				2,694,787
GROSS EXPENSES				\$3,305,093

ASIAN DEVELOPMENT BANK—SPECIAL FUNDS RESOURCES

NOTES TO FINANCIAL STATEMENTS

31 December 1975 and 31 December 1974

NOTE 1—

GENERAL

(a) Since 1967 the Bank has established Special Funds Resources to finance the special operations of the Bank as provided in Article 19 of the Articles of Agreement. Such Special Funds Resources consist of a Technical Assistance Special Fund and a Multi-Purpose Special Fund.

(b) In 1974 the Asian Development Fund was established. Six contributors elected to have their contributions to the Multi-Purpose Special Fund made after 31 December 1972 credited toward the amount of their contributions to the Asian Development Fund. Accordingly, their contributions were transferred to the Asian Development Fund.

As a further step to streamline and restructure the Special Funds, the transfer to the Asian Development Fund of the Set-Aside Resources and Contributed Resources in the Multi-Purpose Special Fund (with the concurrence of the relevant contributor) was authorized in 1975. Accordingly, on 1 October 1975, the Set-Aside Resources and the contributions of eight contributors in the Multi-Purpose Special Fund were transferred to the Asian Development Fund.

(c) Since the Special Funds Rules and Regulations do not apply to the Asian Development Fund, the accompanying financial statements do not include the operations and activities of that Fund.

The capital stock of the Bank is defined in Article 4, paragraph 1 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. Capital set-aside was therefore 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 relating to funds representing the unexpended balances of contributions were offset by increases or decreases in the contribution accounts. Translation adjustments relating to capital set-aside were recorded as receivable from or payable to Ordinary Capital Resources. Other translation adjustments were charged or credited to income.

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

(c) **Contributions**
Amounts contributed by member countries are included in the financial statements as contributions committed from the date contribution agreements are signed and related formalities are completed. As to those member countries which have agreed to consider specific requests for financing, the amounts shown in the financial statements as contributions committed are based on the specific requests approved through 31 December 1975 and 31 December 1974.

NOTE 2—

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Unit of Account**
The Special Funds Resources financial statements are expressed in current United States Dollars.

(b) **Translation of Currencies**
Assets, liabilities and unexpended balances in currencies other than United States Dollars were translated at the rates which prevailed at the end of the year as described below:

(i) In the cases of 2 contributors (Pakistan and Sri Lanka), at par values established with the International Monetary Fund;

(ii) In the case of India, at central rate;

(iii) In the cases of 12 (14-1974) contributors (Australia, Austria, Belgium, Canada, Denmark, Finland, Federal Republic of Germany, Italy, Japan, Netherlands, New Zealand, and United Kingdom), at market rates.

NOTE 3—

TECHNICAL ASSISTANCE SPECIAL FUND

Since 1967 contributions have been made by 19 member countries to be used by the Bank for financing technical assistance activities. In most cases, the initial use of the contributions shall be for the procurement of expert services and facilities from the contributing member country. There has been, however, a trend towards liberalization of the procurement terms. Therefore, some of the contributions are substantially or wholly untied.

NOTE 4—

MULTI-PURPOSE SPECIAL FUND

(a) Since 1968 contributions have been made by 14 member countries to be used by the Bank for financing special

CONTINUED

operations. These contributions generally cannot be used for providing non-reimbursable technical assistance. The contributions made in the early years were generally to be used initially for procurement of goods and services from the contributing member country. In recent years the terms of the contributions have become more and more liberalized. In most cases, the contributions may be used for procurement of goods and services (a) from the contributing member country, (b) from the territories of developing member countries, and (c) from developed countries which have made contributions to any Special Fund other than the Technical Assistance Special Fund. In all cases the repayments may be used for procurement of goods and services in the territories of members of the Bank. As a result of transfers of contributions to the Asian Development Fund [See Note 1-(b)], the contributions of only two contributors remained in the Multi-Purpose Special Fund at 31 December 1975.

- (b) Pursuant to Article 19, paragraph 1(i), the Board of Governors has also 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 the convertible currency portion paid by members pursuant to Article 6, paragraph 2(b) as of 28 April 1973 to be transferred to the Special Funds. The resources so set aside, amounting to \$57,433,902 (\$47,609,651 in terms of the United States Dollar of the weight and fineness in effect on 31 January 1966) were allocated and transferred to the Multi-Purpose Special Fund to form the Set-Aside Resources of that Fund. On 1 October 1975, these resources were transferred to the Asian Development Fund.
- (c) The term "Accrued Resources" refers to the resources derived from the service fee charged by the Bank in its special operations in accordance with the Special Funds Rules and Regulations for the Bank's administration of the Special Funds Resources and to certain other income derived from Special Funds Resources credited, held and administered by the Bank in the Multi-Purpose Special Fund.

NOTE 5-

LOANS

Loans approved by the Bank on concessional terms are classified as Special Funds loans. Where necessary and when available the resources of both the Multi-Purpose Special Fund and the Asian Development Fund may be used either singly or jointly to finance such loans.

Prior to 1 October 1975, the Summary Statement of Loans of the Special Funds Resources included all Special Funds loans approved before the establishment of the Asian Development Fund. From 1 October 1975, the Summary Statement of Loans of that Fund included all approved Special Funds loans. Accordingly, the amount shown as "Effective loans held by Bank" at 31 December 1975 represented only the portions of loans outstanding which were disbursed from the resources remaining in the Multi-Purpose Special Fund.

NOTE 6-

ADMINISTRATION CHARGE

An Administration Charge to Special Operations was instituted in 1971. Upon transfer of the Set-Aside Resources and certain contributions to the Asian Development Fund [See Note 1-(b)] the Administration Charge Payable to Ordinary Capital Resources applicable to such resources and contributions was also transferred, resulting in a net credit arising from such transfer of the liability.

NOTE 7-

TECHNICAL ASSISTANCE

The outstanding commitments, as of 31 December 1975, for technical assistance (services to member countries) projects and programs approved by the Bank, were approximately \$7,738,000 (\$6,970,000-1974); to the extent available, contributions to the Technical Assistance Special Fund 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 loans for specific projects, 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 options, technical assistance expenditures of \$288,615 were charged to loans and credited to income during the year ended 31 December 1975.

NOTE 8-

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 for the net loss of \$615,309 on translation of currencies derived from earnings.

HASKINS & SELLS
Certified Public Accountants

1114 Avenue of the Americas
New York 10036

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:

We have examined the following financial statements of Asian Development Bank—Special Funds Resources:

	Appendix
Balance Sheet, 31 December 1975 and 31 December 1974	1 - A
Statement of Income and Expenses and Accumulated Net Income (Expense) for the years ended 31 December 1975 and 31 December 1974	1 - B
Statement of Changes in Financial Position for the years ended 31 December 1975 and 31 December 1974	1 - C
Statement of Contributed Resources, 31 December 1975	1 - D
Statement of Set-Aside Resources for the years ended 31 December 1975 and 31 December 1974	1 - E
Statement of Accrued Resources for the years ended 31 December 1975 and 31 December 1974	1 - F
Technical Assistance Special Fund Balance Sheet, 31 December 1975	1 - G
Multi-Purpose Special Fund Balance Sheet, 31 December 1975	1 - H
Technical Assistance Special Fund — Statement of Expenses by Projects and Programs for the year ended 31 December 1975	1 - I
Notes to Financial Statements, 31 December 1975 and 31 December 1974	1 - J

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

In our opinion, such financial statements present fairly the financial position of Asian Development Bank—Special Funds Resources at 31 December 1975 and 31 December 1974 and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SELLS

20 February 1976

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

BALANCE SHEET

31 December 1975 and 31 December 1974

Expressed in United States Dollars (Note 2)

<u>ASSETS</u>	1975	1974
CASH IN BANKS	\$ 7,436,617	\$ 2,591,581
INVESTMENTS		
Government and government guaranteed obligations— amortized cost which approximates market (Face amounts \$34,735,177—1975, \$3,731,955—1974)	\$ 33,607,830	\$ 3,728,505
Time deposits and certificates of deposit	70,693,814	11,159,823
	104,301,644	14,888,328
LOANS (See Appendix 1-4) (Note 5)		
Loans approved—\$658,823,000—1975, \$163,300,000—1974		
Effective loans held by Bank	519,480,090	30,689,370
ACCRUED INCOME		
On investments	3,275,103	284,326
On loans	828,040	133
	4,103,143	284,459
NOTES OF CONTRIBUTORS		
Non-negotiable, non-interest-bearing notes	402,554,060	200,822,206
RESOURCES AVAILABLE FOR DRAWING (See Appendix 1-5)		
Contributed Resources	2,784,082	—
OTHER ASSETS	2,754,422	820,210
TOTAL	\$1,043,414,058	\$250,096,154
<u>LIABILITIES, UNEXPENDED BALANCES AND CAPITAL</u>		
UNDISBURSED BALANCE OF EFFECTIVE LOANS (See Appendix 1-4)	\$386,585,658	\$ 30,673,423
ADMINISTRATION CHARGE PAYABLE TO ORDINARY CAPITAL RESOURCES (Note 6)	4,414,057	1,580,772
ACCOUNTS PAYABLE		
Multi-Purpose Special Fund	\$ 3,598,266	\$ —
Others	1,233	75,049
	3,599,499	75,049
UNEXPENDED BALANCES AND CAPITAL		
Resources made available (See Appendix 1-5)		
Contributed Resources	587,532,038	218,916,590
Set-Aside Resources (Note 3)	57,433,902	—
Supplementary Resources (Note 4)	1,500,446	—
Total	646,466,386	218,916,590
Debit arising from transfer of Administration Charge Payable from the Multi-Purpose Special Fund less appropriated net income (Note 6)	—	(1,149,680)
Accumulated net income (See Appendix 1-2)	2,348,458	217,766,910
TOTAL	\$1,043,414,058	\$250,096,154

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

STATEMENT OF INCOME AND EXPENSES AND ACCUMULATED NET INCOME

For the Year Ended 31 December 1975 and the Period from 28 June 1974 to 31 December 1974 (Note 1)

Expressed in United States Dollars (Note 2)

	1975	1974 *
INCOME		
From investments	\$ 3,495,819	\$ 340,830
From loans	692,248	111
From other sources	(180)	48,609
GROSS INCOME	<u>4,187,887</u>	<u>389,550</u>
EXPENSES		
Administration Charge (Note 6)	575,395	238,364
Depository banks charges	515	15
GROSS EXPENSES	<u>1,575,910</u>	<u>238,379</u>
INCOME BEFORE CHANGES IN VALUE OF CURRENCIES	2,611,977	151,171
CHANGES IN VALUE OF CURRENCIES—NET (Note 7)	(151,011)	41,557
NET INCOME FOR THE PERIOD	2,460,966	192,728
APPROPRIATION TO DEBIT ARISING FROM TRANSFER OF ADMINISTRATION CHARGE PAYABLE FROM THE MULTI- PURPOSE SPECIAL FUND (Note 6)	(112,508)	(192,728)
ACCUMULATED NET INCOME	<u>\$ 2,348,458</u>	<u>\$ -</u>

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

- * Certain 1974 amounts have been restated to conform to 1975 classifications.

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended 31 December 1975 and the Period from 28 June 1974 to 31 December 1974 (Note 1)

Expressed in United States Dollars (Note 2)

	1975	1974*
FUNDS WERE PROVIDED BY		
Operations	\$ 2,460,966	\$ 192,728
Net income		
Items not requiring or providing funds		
Accrued income including capitalized interest and service charges on loans	(1,579,717)	(242,479)
Administration Charge	1,575,395	238,364
Total	(4,322)	(4,115)
Funds provided by operations	2,456,644	188,613
Resources transferred from the Multi-Purpose Special Fund	263,647,945	112,609,619
Increase in undisbursed balance of effective loans	189,600,000	16,300,000
Contributions drawn	173,730,224	107,936,641
Decrease in notes of contributors as a result of currency devaluations	8,098,679	3,057,780
Decrease in loans disbursed and outstanding as a result of currency devaluations	8,094	-
Notes of contributors encashed	14,236,395	-
Loans collected	353,438	-
Other—net	1,667,605	(745,161)
Total	653,799,024	239,347,492
FUNDS WERE UTILIZED FOR		
Increase in effective loans	189,600,000	16,300,000
Loans disbursed	18,295,514	10,000,000
Notes of contributors received	130,647,997	98,937,480
Decrease in contributions drawn as a result of currency devaluations	12,612,455	1,676,904
Administration Charge paid	4,249,434	-
Loans, notes of contributors and other assets transferred from the Multi-Purpose Special Fund	204,135,272	104,942,505
Total	559,540,672	221,867,583
INCREASE IN CASH IN BANKS AND INVESTMENTS	\$ 94,258,352	\$ 17,479,909
INCREASE IN COMPONENTS OF FUNDS		
Cash in banks	\$ 4,845,036	\$ 2,591,581
Investments (excluding accrued interest)	89,413,316	14,888,328
Total	\$ 94,258,352	\$ 17,479,909

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

* Certain 1974 amounts have been restated to conform to 1975 classifications.

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS

31 December 1975

Expressed in United States Dollars (Note 2)

Borrower	Principal Amount ^b	Loans Not Yet Effective	Refundings and Cancellations	Payments Received	Effective Loans Held by Bank	Undisbursed Balance of Effective Loans	Outstanding Balance
AFGHANISTAN	\$ 34,050,000	\$ —	\$ —	\$ —	\$ 34,050,000	\$ 31,079,221	\$ 2,970,779
BANGLADESH	125,380,000	21,630,000	—	—	103,750,000	87,313,851	16,436,149
BURMA	60,200,000	31,400,000	—	—	28,800,000	25,817,653	2,982,347
CAMBODIA	1,670,000	—	—	—	1,670,000	1,026,809 ^c	643,191
INDONESIA	113,280,000	—	100	—	113,279,900	63,943,116	49,336,784
KOREA, REPUBLIC OF	3,700,000	—	—	—	3,700,000	2,977,909	722,091
LAOS	11,693,000	—	6,170	—	11,686,830	5,964,860	5,721,970
MALAYSIA	3,300,000	—	—	—	3,300,000	854,101	2,445,899
NEPAL	55,540,000	6,830,000	—	568,300	48,141,700	35,839,904	12,301,796
PAKISTAN	100,050,000	12,000,000	—	39,400	88,010,600	69,099,760	18,910,840
PAPUA NEW GUINEA	14,300,000	—	—	157,200	14,142,800	11,928,394	2,214,406
PHILIPPINES	15,300,000	—	372,660	164,766	14,762,574	7,354,992	7,407,582
SINGAPORE	3,000,000	—	—	—	3,000,000	2,047,662	952,338
SOUTH VIETNAM	40,670,000	20,400,000	244,715	—	20,025,285	14,475,106 ^c	5,550,179
SRI LANKA	56,705,000	30,000,000	—	88,500	26,616,500	12,690,213	13,926,287
THAILAND	8,100,000	—	—	—	8,100,000	8,026,012	73,988
TONGA	1,300,000	—	—	—	1,300,000	1,267,474	32,526
WESTERN SAMOA	10,585,000	1,400,000	9,490	—	9,175,510	4,878,621	4,296,889
ADJUSTMENTS IN UNITED STATES DOLLAR EQUIVALENTS OF LOANS DISBURSED					(6,097,363) ^d		(6,097,363) ^d
PORTIONS OF LOANS ALLOCATED TO THE MULTI-PURPOSE SPECIAL FUND (Note 5)					(7,934,246)		(7,934,246)
TOTAL	\$658,823,000	\$123,660,000	\$ 633,135	\$ 1,018,166	\$519,480,090	\$386,585,658	\$132,894,432

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

- a The Bank charges service charge on all Special Funds loans approved after 21 March 1974 at the rate of 1% per annum. On loans approved prior to 21 March 1974 the Bank charges interest (including service fee of 3/4 of 1%) ranging from 1% per annum to 3% per annum.
- b Where necessary and when available the resources of the Multi-Purpose Special Fund will also be drawn upon to finance these loans (See Note 5).
- c Pending consultation with the new governments concerning their intentions with respect to the projects being financed, the Bank has suspended further disbursements of these loans.
- d This amount represents the adjustment in United States Dollar equivalents, arising from the changes in the exchange rates used for translation of currencies disbursed and outstanding on loans, and repayable to the Bank in such currencies.

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

STATEMENT OF RESOURCES

31 December 1975

Expressed in United States Dollars (Note 2)

	Resources Committed	Amounts Not Yet Made Available	Amounts Made Available	Amounts Drawn	Resources Available For Drawing
CONTRIBUTED RESOURCES					
Australia	\$ 22,798,098	\$ —	\$ 22,798,098	\$ 22,798,098	\$ —
Belgium	6,859,670	1,453,119	5,406,551	5,406,551	—
Canada	9,699,942	—	9,699,942	9,699,942	—
Denmark	6,222,097	—	6,222,097	6,222,097	—
Finland	3,603,584	886,208	2,717,376	2,717,376	—
Germany, Federal Republic of	56,521,069	—	56,521,069	56,521,069	—
Japan	314,821,553	—	314,821,553	314,821,553	—
Netherlands	17,153,880	—	17,153,880	14,369,798	2,784,082
New Zealand	5,136,186	—	5,136,186	5,136,186	—
Norway	3,880,702	—	3,880,702	3,880,702	—
Switzerland	7,633,588	—	7,633,588	7,633,588	—
United Kingdom	35,540,996	—	35,540,996	35,540,996	—
United States	100,000,000	—	100,000,000	100,000,000	—
TOTAL	589,871,365	2,339,327	587,532,038	584,747,956	2,784,082
SET-ASIDE RESOURCES					
(Note 3)	57,433,902	—	57,433,902	57,433,902	—
SUPPLEMENTARY RESOURCES					
(Note 4)					
Italy	1,500,446	—	1,500,446	1,500,446	—
GRAND TOTAL	\$648,805,713	\$ 2,339,327	\$646,466,386	\$643,682,304	\$ 2,784,082

The accompanying notes to financial statements (Appendix 1-6) are an integral part of this statement.

ASIAN DEVELOPMENT BANK—ASIAN DEVELOPMENT FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1975 and 31 December 1974

NOTE 1—

GENERAL

- (a) In April 1973, the Board of Governors authorized the establishment of a new Special Fund to be known as the Asian Development Fund (the Fund). Subsequently, the Board of Governors also authorized initial resource mobilization arrangements for the Fund during the three years ending 31 December 1975, under a two-stage programme providing for a total amount equivalent to US\$525,000,000. In April 1974, the Board of Directors adopted Regulations for the administration of the Fund. On 28 June 1974, the Fund was established when Instruments of Contribution were deposited with the Bank by ten contributors with contributions in an aggregate amount exceeding US\$225,000,000, this being the minimum amount required to establish the Fund.
- (b) Six contributors elected to have their contributions to the Multi-Purpose Special Fund made after 31 December 1972 credited toward the amount of their contributions to the Fund. Accordingly, their contributions were transferred to the Fund.
- (c) Three contributors have requested and the Board of Directors has agreed, that the initial use of their contributions in the First Stage aggregating the equivalent of US\$105,246,461 at 31 December 1975 (US\$56,123,586—1974) be restricted to procurement of goods and services from their respective countries.
- (d) On 30 June 1975, the Second Stage of the initial resource mobilization arrangements for the Fund became effective when Instruments of Contribution were deposited with the Bank by eleven contributors in an aggregate amount exceeding US\$94,000,000, this being the minimum amount required to bring the Second Stage into effect.
- (e) As a further step to streamline and restructure the Special Funds, transfer to the Fund of the Set-Aside Resources and Contributed Resources in the Multi-Purpose Special Fund (with the concurrence of the relevant contributor) was authorized in 1975. Accordingly, on 1 October 1975, the Set-Aside Resources and the contributions of eight contributors in the Multi-Purpose Special Fund were transferred to the Fund.

NOTE 2—

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) **Unit of Account**
The financial statements of the Fund are expressed in current United States Dollars.

- (b) **Translation of Currencies**
Assets, liabilities and unexpended balances in currencies other than United States Dollars were translated at the market rates which prevailed at the end of the year.

The capital stock of the Bank is defined in Article 4, paragraph 1 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. Capital set-aside was therefore 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 market rates which prevailed at the beginning of the quarter.

Translation adjustments relating to contributions were offset by increases or decreases in the contribution accounts. Translation adjustments relating to capital set-aside were recorded as receivable from or payable to Ordinary Capital Resources. Other translation adjustments were credited or charged to income.

CONTINUED

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

(c) **Contributions**

Amounts contributed by member countries are included in the financial statements as contributions committed from the date contribution agreements are signed and related formalities are completed.

NOTE 3-

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

NOTE 4-

SUPPLEMENTARY RESOURCES

The term "Supplementary Resources" refers to the resources accepted by the Bank from any member or non-member government or any national or international entity, public or private, as provided in Section 2.06 of the Regulations of the Fund and to any contribution transferred from the Multi-Purpose Special Fund where the concerned contributor has not yet made its initial contribution to the Fund, as provided in Section 7.03(b) of the Regulations.

NOTE 5-

LOANS

Loans approved by the Bank on concessional terms are classified as Special Funds loans. Where necessary and when available the resources of both the Multi-Purpose Special Fund and the Fund may be used either singly or jointly to finance such loans.

Prior to 1 October 1975, the Summary Statement of Loans of the Fund included only Special Funds loans approved after the establishment of the Fund. From 1 October 1975, the Summary Statement of Loans included all approved Special Funds loans. Accordingly, as 31 December 1975, the portions of loans allocated to the Multi-Purpose Special Fund, representing disbursements in respect of individual loans made from resources remaining in that Fund, were shown as an adjustment to the Summary Statement of Loans.

NOTE 6-

ADMINISTRATION CHARGE

An Administration Charge to Special Operations was instituted in 1971. Upon transfer of the Set-Aside Resources and certain contributions from the Multi-Purpose Special Fund [See Note 1(b) and 1(e)] the Administration Charge Payable to Ordinary Capital Resources applicable to such resources and contributions was also transferred, resulting in a net debit arising from such transfer of the liability. This debit has been offset by appropriations of accumulated net income of the Fund.

NOTE 7-

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 for the net loss of \$151,011 on translation of currencies derived from earnings.

HASKINS & SELLS
Certified Public Accountants

1114 Avenue of the Americas
New York 10036

OPINION OF INDEPENDENT AUDITORS

Asian Development Bank:

We have examined the following financial statements of the Asian Development Fund:

	Appendix
Balance Sheet, 31 December 1975 and 31 December 1974	1 - 1
Statement of Income and Expenses and Accumulated Net Income for the year ended 31 December 1975 and the period from 28 June 1974 to 31 December 1974	1 - 2
Statement of Changes in Financial Position for the year ended 31 December 1975 and the period from 28 June 1974 to 31 December 1974	1 - 3
Summary Statement of Loans, 31 December 1975	1 - 4
Statement of Resources, 31 December 1975	1 - 5
Notes to Financial Statements, 31 December 1975 and 31 December 1974	1 - 6

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

In our opinion, such financial statements present fairly the financial position of the Asian Development Fund at 31 December 1975 and 31 December 1974 and the results of its operations and the changes in its financial position for the year and the period then ended respectively, in conformity with generally accepted accounting principles applied on a consistent basis.

HASKINS & SELLS

20 February 1976

SUMMARY OF BUDGET FOR 1976
INTERNAL ADMINISTRATIVE EXPENSES

	1975		1976
	Budget ¹	Actual	Budget
I. BOARD OF GOVERNORS	\$ 58,000	\$ 55,729	\$ 116,000
II. BOARD OF DIRECTORS	1,588,000	1,559,192	1,411,000
Salaries	790,000	783,542	858,000
Benefits	230,000	225,780	277,000
Travel	480,000	471,409	185,000
Staff Services	88,000	78,461	91,000
III. STAFF	12,758,000	12,446,289	14,786,000
Salaries	7,137,000	7,117,652	8,439,000
Benefits	2,304,000	2,299,152	2,801,000
Travel	2,387,000	2,115,266	2,516,000
Consultants	880,000	879,115 ²	980,000
Representation	50,000	35,104	50,000
IV. OTHER ADMINISTRATIVE EXPENSES	2,651,000	2,567,655	2,995,000
Communications	460,000	431,257	474,000
Office Occupancy	674,000	666,922	839,000
Publications & Printing	155,000	145,987	180,000
Expendable Supplies	390,000	384,643	397,000
Furniture & Equipment	389,000	376,025	388,000
Fees and Compensation	450,000	434,368	532,000
Miscellaneous	133,000	128,453 ³	185,000
V. CONTINGENCY	277,000	-	386,000
TOTAL	\$17,332,000	\$16,628,865	\$19,694,000

¹ From the original contingency of \$340,000, an amount of \$63,000 was transferred to Budget Head II, and transfers were effected between items, without exceeding the total budget amount.

² Includes \$608,175 from the Technical Assistance Special Fund.

³ Includes \$2,131 from the Technical Assistance Special Fund.

SUMMARY OF BUDGET FOR 1976
SERVICES TO MEMBER COUNTRIES

CONTINUED

	1975				Budget for 1976	
	Commitments		Disbursements		New Commitments	Disbursements
	Revised Budget ¹	Actual	Budget	Actual		
I. FINANCED FROM BANK'S OWN RESOURCES						
Project Preparation	\$2,000,000	\$2,015,500	\$2,209,200	\$1,841,404 ³	\$2,700,000	\$1,937,500
Advisory and Operational	1,800,000	1,306,500	2,208,800	1,083,875 ⁴	1,600,000	2,078,900
Regional Services	1,000,000	972,950	94,500	483,504 ⁵	1,000,000	609,000
Sub-Total	\$4,800,000	\$4,294,950 ²	\$4,512,500	\$3,408,783	\$5,300,000	\$4,625,400
II. FINANCED FROM AGENCY TRUST FUNDS⁶						
Project Preparation	\$2,200,000	\$2,268,600	\$2,131,400	\$1,237,928	\$4,200,000	\$2,872,300
Advisory and Operational	2,000,000	570,000	—	—	—	1,322,400
Regional Services	—	—	125,000	21,961	—	—
Sub-Total	\$4,200,000	\$2,838,600	\$2,256,400	\$1,259,889	\$4,200,000	\$4,194,700
TOTAL	\$9,000,000	\$7,133,550	\$6,768,900	\$4,668,672	\$9,500,000	\$8,820,100

1 The original budget of \$6,000,000 was revised upward to \$9,000,000 by the Board of Directors on 25 November 1975.

2 Includes the Bangladesh Railway Project approved on 23 December 1974 and the Asian Productivity Organization's Fifth Project Feasibility Study Training Course approved on 27 November 1974 which were considered as commitments for 1975.

3 Includes \$1,555,984 from the Technical Assistance Special Fund.

4 Includes \$1,025,730 from the Technical Assistance Special Fund.

5 Includes \$ 113,073 from the Technical Assistance Special Fund.

6 Represents projects wherein the Bank acts as the executing agency for the United Nations Development Programme.

RESOLUTIONS OF BOARD OF GOVERNORS DURING 1975

Resolution Number	Subject	Date Adopted
79	Increase in Authorized Capital Stock and Increase in Capital Subscription of the Republic of Indonesia	5 March
80	Increase in Authorized Capital Stock and Increase in Capital Subscription of Malaysia	15 April
81	Financial Statements and Auditors' Reports	26 April
82	Allocation of Net Income	26 April
83	Procedures for the Election of Directors at the Eighth Annual Meeting	24 April
84	Resources of the Bank	26 April
85	Transfer of Set-Aside Resources to the Asian Development Fund	26 April
86	Place and Date of Ninth Annual Meeting	26 April
87	Amendment of Section 7(B)(a) of the By-Laws of the Bank	2 June
88	Arrangements to Facilitate Effectiveness of the Second Stage of the Initial Resource Mobilization for the Asian Development Fund	20 June
89	Increase in Authorized Capital Stock and Increase in Capital Subscription of the Republic of Korea	30 June
90	Further Extension of Time for Subscriptions to Increase in Authorized Capital Stock	25 July
91	Amendment of Section 5 of the By-Laws of the Bank	11 August
92	Replenishment of the Resources of the Asian Development Fund	3 December

APPENDIX 4

CHANNELS OF COMMUNICATION

(As of 31 December 1975)

COUNTRY	CHANNEL	COUNTRY	CHANNEL
Afghanistan	President of Treasury Department Ministry of Finance Kabul cc: Ministry of Planning, Kabul	Malaysia	Secretary to the Treasury The Treasury Kuala Lumpur
Australia	Secretary Commonwealth Treasury Canberra	Nepal	Secretary Ministry of Finance and General Administration Kathmandu
Austria	Bundesministerium für Finanzen Postfach 2 A-1015 Wien	Netherlands	Ministerie van Financien The Hague
Bangladesh	Ministry of Finance Bangladesh Secretariat Dacca	New Zealand	Secretary of Foreign Affairs Wellington cc: Secretary to the Treasury Wellington
Belgium	Minister of Finance Brussels	Norway	Royal Ministry of Commerce and Shipping Foreign Exchange Department Oslo
Burma	Ministry of Planning and Finance Rangoon	Pakistan	Ministry of Finance Government of Pakistan Islamabad
Cambodia	National Bank of Cambodia Phnom-Penh	Papua New Guinea	Secretary for Finance Ministry of Finance Konedobu
Canada	Department of Finance Ottawa	Philippines	Department of Foreign Affairs Manila
China, Republic of	Governor The Central Bank of China Taipei	Singapore	Permanent Secretary (Economic Development) Ministry of Finance Singapore
Denmark	Ministry of Foreign Affairs Copenhagen	Solomon Islands	Ministry of Finance Honiara
Fiji	Ministry of Finance Suva	South Vietnam	Governor National Bank of Vietnam Saigon
Finland	Ministry for Foreign Affairs Helsinki	Sri Lanka	Secretary Ministry of Planning and Employment Colombo
France	Ministry of Economy and Finance Treasury Department Paris	Sweden	Ministry for Foreign Affairs Stockholm
Germany, Federal Republic of	Bundesministerium für Wirtschaftliche Zusammenarbeit Referat 212 53 Bonn 12 Friedrich-Ebert-Allee 114-116 Postfach 12 03 22	Switzerland	Departement fédéral de l'économie publique Division du commerce Palais fédéral Berne
Gilbert Islands	Financial Secretary Central Government Office Bairiki, Tarawa	Thailand	Ministry of Finance Bangkok
Hong Kong	The Financial Secretary c/o Colonial Secretariat Hong Kong	Tonga	Ministry of Finance Nuku'alofa
India	Secretary to the Government of India Ministry of Finance Department of Economic Affairs New Delhi	United Kingdom	Ministry of Overseas Development Eland House, Stag Place London S.W.1.
Indonesia	Department of Finance Jakarta	United States	Secretary of the Treasury Washington, D.C. 20220 cc: The Secretary National Advisory Council on International Monetary and Financial Policies U.S. Treasury Department Washington, D.C. 20220
Italy	Ministero del Tesoro - Div. XVI Via XX Settembre Roma	Western Samoa	Secretary to the Government Government of Western Samoa Apia
Japan	Minister of Finance Tokyo c/o Embassy of Japan Makati, Rizal		
Korea, Republic of	Minister of Finance Seoul		
Laos	National Bank of Laos Vientiane		

OFFICIAL DEPOSITORIES

(As of 31 December 1975)

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

APPENDIX 6

BOARD OF GOVERNORS

(As of 31 December 1975)

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
	KAFILUDDIN MAHMOOD (Bangladesh) Chairman	
	EGON BAHR (Federal Republic of Germany) Vice-Chairman	
	JULIUS CHAN (Papua New Guinea) Vice-Chairman	
AFGHANISTAN	ZIR GUL President of Revenues Ministry of Finance	
AUSTRALIA	P.R. LYNCH ¹ Treasurer	L.W. JOHNSON ² Director Australian Development Assistance Agency
AUSTRIA	HANNES ANDROSCH Federal Minister of Finance	ERICH SCHMID Ambassador to Indonesia and the Philippines Jakarta
BANGLADESH	KAFILUDDIN MAHMOOD ³ Secretary Ministry of Finance	M. SAYEDUZZAMAN ⁴ Secretary Ministry of Planning
BELGIUM	M.W. DE CLERCQ Minister of Finance	M. D'HAENZE Vice-Governor National Bank of Belgium
BURMA	U LWIN Minister of Planning and Finance	U CHIT MOUNG Deputy Minister of Planning and Finance
CAMBODIA		
CANADA	DONALD S. MACDONALD ⁵ Minister of Finance	PAUL GERIN-LAJOIE President Canadian International Development Agency
CHINA, REPUBLIC OF	YU KUO-HWA Governor The Central Bank of China	WANG SHAO-YU Vice Minister of Finance
DENMARK	W. ULRICHSEN Deputy Under-Secretary of State for International Development Co-operation and Head of Danish International Development Agency Ministry of Foreign Affairs	BJORN OLSEN Head of Department Danish International Development Agency Ministry of Foreign Affairs
FIJI	C.A. STINSON Minister of Finance	S. SIWATIBAU Permanent Secretary for Finance
FINLAND	PEKKA MALINEN ⁶ Director of the Department for International Development Cooperation Ministry for Foreign Affairs	EERO ASP Managing Director Finnish Export Credit, Ltd.
FRANCE	JEAN-PIERRE FOURCADE Minister of Economy and Finance	YVES-LOUIS FIEVET Financial Counsellor for Asia Tokyo

1 Succeeded W.G. Hayden in November. W.G. Hayden succeeded J.F. Cairns in June. J.F. Cairns succeeded F. Crean in February.

2 Succeeded R.J. Whitelaw in October.

3 Succeeded A.R. Mallick in November.

4 Succeeded A.K.M. Ahsan in February.

5 Succeeded John N. Turner in December.

6 Succeeded Ake Wihl in March.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
GERMANY, FEDERAL REPUBLIC OF	EGON BAHR Federal Minister for Economic Cooperation	KARL OTTO POEHL State Secretary Federal Ministry of Finance
GILBERT ISLANDS	P.W. REARDON Financial Secretary	OTIUEA TANENTOA ⁷ Minister for Commerce and Industry
HONG KONG	C.P. HADDON-CAVE Financial Secretary	
INDIA	C. SUBRAMANIAM Minister of Finance	M.G. KAUL Secretary Ministry of Finance Department of Economic Affairs
INDONESIA	ALI WARDHANA Minister of Finance	RACHMAT SALEH Governor Bank Indonesia
ITALY	PAOLO BAFFI ⁸ Governor Bank of Italy	SILVANO PALUMBO ⁹ Director-General Ministry of the Treasury
JAPAN	MASAYOSHI OHIRA Minister of Finance	TEIICHIRO MORINAGA Governor Bank of Japan
KOREA, REPUBLIC OF	YONG HWAN KIM Minister of Finance	SUNG WHAN KIM Governor Bank of Korea
LAOS	BOUSBONG SOUVANNAVONG ¹⁰ Secretary of State for Finance Ministry of Finance	
MALAYSIA	CHONG HON NYAN Deputy Minister of Finance	ISMAIL BIN MOHAMED ALI Governor Bank Negara Malaysia
NEPAL	B.B. THAPA Minister of Finance and General Administration	BHARAT BAHADUR PRADHAN Secretary Ministry of Finance
NETHERLANDS	W.F. DUSENBERG Minister of Finance	J.P. PRONK Minister for Development Cooperation Ministry for Foreign Affairs
NEW ZEALAND	R.J. TIZARD Minister of Finance	H.G. LANG Secretary to the Treasury
NORWAY	EINAR MAGNUSSEN Minister of Commerce and Shipping	THORVALD STOLTENBERG ¹¹ Under Secretary Ministry of Commerce and Shipping
PAKISTAN	RANA MOHAMMAD HANIF KHAN Minister for Finance, Planning and Development	AFTAB AHMAD KHAN Secretary Economic Affairs Division Ministry of Finance, Planning and Development
PAPUA NEW GUINEA	JULIUS CHAN Minister for Finance	MEKERE MORAUTA Secretary for Finance

7 Succeeded Sime Turkleis in March.

8 Succeeded Guido Carli in September.

9 Succeeded Gastone Miceli in September.

10 Succeeded Ngou Sananikone in July. Ngou Sananikone
succeeded S. I. S. N. Champassak in March.

11 Succeeded Christian Brinch in July.

CONTINUED

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
PHILIPPINES	CESAR VIRATA Secretary of Finance	GREGORIO LICAROS Governor Central Bank of the Philippines
SINGAPORE	HON SUI SEN Minister for Finance	J. V. M. PILLAY Permanent Secretary Revenue Division Ministry of Finance
SOLOMON ISLANDS	WILLY BETU ¹² Minister of Finance	DAVID NANAU KAUSIMAE Chairman Commerce and Industry Committee of Governing Council
SOUTH VIETNAM	TRAN DUONG Governor National Bank of Vietnam	MAI HUU ICH Assistant Governor National Bank of Vietnam
SRI LANKA	FELIX REGINALD DIAS BANDARANAIKE ¹³ Minister of Finance	LAL JAYAWARDENA ¹⁴ Acting Secretary to the Ministry of Finance and Acting Secretary to the Treasury
SWEDEN	LENNART KLACKENBERG Undersecretary of State Ministry for Foreign Affairs	FRANK BELFRAGE ¹⁵ Head Multilateral Department Office for International Development Cooperation Ministry for Foreign Affairs
SWITZERLAND	EDWIN STOPPER ¹⁶	KLAUS JACOBI ¹⁷ Ambassador Delegate of the Federal Council for Trade Agreements
THAILAND	BOONCHU ROJANASTIEN ¹⁸ Minister of Finance	SANOI UNAKUL ¹⁹ Governor Bank of Thailand
TONGA	S. TAPA Acting Minister of Finance	BARON VAEA Minister of Labour, Commerce and Industries and Assistant Minister of Finance
UNITED KINGDOM	REG PRENTICE ²⁰ Minister for Overseas Development	M. G. SMITH Under Secretary Ministry of Overseas Development
UNITED STATES	WILLIAM E. SIMON Secretary of the Treasury	CHARLES W. ROBINSON ²¹ Undersecretary of State for Economic Affairs
WESTERN SAMOA	AUMUA IOANE ²² Minister of Finance	A. L. HUTCHISON Financial Secretary

12 Succeeded R. J. Wallace in July.

13 Succeeded N. M. Perera in September.

14 Appointed in July vice C. A. Coorey.

15 Succeeded Staffan Sahman in November.

16 Succeeded by Klaus Jacobi on 1 January 1976.

17 Succeeded by John Lademann on 1 January 1976.

18 Succeeded Sommai Hoontrakool in April.

19 Succeeded Thavil Khutrakul in December.

20 Succeeded Judith Hart in August.

21 Succeeded William J. Casey in February.

22 Succeeded F. P. S. Sali in July.

BOARD OF DIRECTORS AND VOTING GROUPS

(As of 31 December 1975)

DIRECTOR	ALTERNATE DIRECTOR	COUNTRIES REPRESENTED ¹
Francois Dupont	Paul Aenishänslin	Belgium France Italy Switzerland
Anthony T. Eyton	Jan J. Wijenberg	Canada Denmark Finland Netherlands Norway Sweden
Stanley Fryer	Peter von Brevern	Austria Federal Republic of Germany United Kingdom
R.A. Kartadjoemena	J.J. Bryant	Fiji Indonesia New Zealand Tonga Western Samoa
B.H. Kay		Republic of China Republic of Korea South Vietnam
J.W. Keany	A. Agafonoff	Australia Gilbert Islands Hong Kong Papua New Guinea Solomon Islands
A. Melchor, Jr.	M.B. Khan	Pakistan Philippines
A.M.A. Mulhith	A.T. Bambawale	Bangladesh India
L. Roy Papp	Henry F. Lee	United States
Kiatikorn Phromyothi	Kalyana Bikram Adhikary	Burma Malaysia Nepal Singapore Thailand
Haruhisa Segawa	Hidetoshi Miyamoto	Japan
Sitha Sisombāt	C.A. Coorey	Afghanistan Laos Sri Lanka

1. In alphabetical order within each group

APPENDIX 8

PRINCIPAL OFFICERS

(As of 31 December 1975)

SHIRO INOUE	President
C.S. KRISHNA MOORTHY	Vice-President
OFFICE OF THE SECRETARY	
Douglas C. Gunsekera	Secretary
Wilfred A. Vawdrey	Assistant Secretary
OFFICE OF THE GENERAL COUNSEL	
Graeme F. Rea	General Counsel
Chun Pyo Jhong	Deputy General Counsel
OPERATIONS DEPARTMENT	
David F. Fisher	Director
Song Chil Lee	Operations Manager concurrently Deputy Director
Akira Tsusaka	Operations Manager concurrently Deputy Director
Sayed A. Baha	Operations Manager
Robert Byrnes	Operations Manager
Ernest J. Ettliger	Operations Manager
Klaus J.L. Hoffarth	Operations Manager
Mazhar Ali Khan	Operations Manager
Patrick J. Knapp	Operations Manager
Zia Noorzoy	Operations Manager
PROJECTS DEPARTMENT I	
Sam Chung Hsieh	Director
Luis V. Sison	Project Manager concurrently Deputy Director
Kazuaki Suma	Project Manager concurrently Deputy Director
Herbert F. Huehne	Project Manager
Stephen Y.C. Lau	Project Manager
Michio Nakahara	Project Manager
Engelbert F. Tacke	Project Manager

Note: Names of Deputy Directors, Assistant Directors and Managers are listed in alphabetical order.

CONTINUED

PROJECTS DEPARTMENT II	
Jay B. Carter	Director
Wolf D. Kluber	Project Manager concurrently Deputy Director
Kasturi L. Luthra	Project Manager concurrently Deputy Director
Alfred T. Heron	Project Manager
Keshav C. Sen	Project Manager
ECONOMIC OFFICE	
Perry P. Chang	Chief Economist
Kedar N. Kohli	Assistant Chief Economist
Koji Nakajawa	Assistant Chief Economist
Burton T. Oñate	Chief Statistician
ADMINISTRATION DEPARTMENT	
Keijiro Kaizuka	Director
Raymond B. Lyon	Deputy Director
F.R.S. Weeraratne	Deputy Director
Dang Fook Lee	Assistant Director (Budget & Planning) concurrently Assistant Director (Personnel)
Pyong Whi Min	Assistant Director (Administrative Services)
CONTROLLER'S DEPARTMENT	
S.M.A. Kazmi	Controller
Chia-Ching Mok	Assistant Controller
TREASURER'S DEPARTMENT	
Wolf Preuss	Treasurer
Akihiko Takeuchi	Deputy Treasurer
OFFICE OF THE INTERNAL AUDITOR	
Carl J. Lemvig-Fog	Internal Auditor
INFORMATION OFFICE	
P.S. Hariharan	Chief Information Officer



PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

Institution: African Development Bank

Location: Abidjan, Ivory Coast

Size: Authorized Capital: U.A. 400 million;
Issued Capital: U.A. 370 million (1 Unit of Account =
1 special drawing right of the IMF)

Purpose: Established by African Governments in 1964, commenced operations in July 1966. Present membership consists of 39 of 42 countries which are members of Organization for African Unity, including 16 which are included in U. N.'s list of 25 least developed nations.

Purpose of Bank is to promote the economic development of its member countries and social advancement of their peoples through gradual integration of their economies.

Source of Funds: Subscribed capital, borrowings and retained income. Bank also operates African Development Fund, established from grants from 16 non-African exporting countries, which makes 50 year interest free loans and SIDFIDA, a Geneva-based internationally funded organization of private enterprises which assists in the mobilization of international private capital for development projects in Africa.

Management Structure: Board of Governors, one from each member, oversees operations. Management responsibility and policy coordination rests with Board of Directors (9), President and staff.

Management of Funds: Internal. Bank oversees projects for which funds have been dispersed.

Portfolio: Alone or jointly with others, Bank (1) utilizes available resources to finance investment projects or programs consistent with its purpose; (2) promotes private and public capital investment in Africa; (3) provides technical and financial assistance in project evaluation and structure. All loans and investments in private sector must be government guaranteed. Portfolio at 9/30/74 consisted of one or more loans or equity investments in 31 countries totalling U. S. \$192 million. Loan terms keyed to ability of borrower to repay and service debt.

Capital Structure:

Believed to be solely members' capital subscriptions, plus retained income. Discrepancy between issued capital and outstanding loans not reconcilable from existing data.

Income:

Believed to be reinvested in operations.

FT 21/11/74

GROWERS NEWS

AFRICAN DEVELOPMENT BANK

Poor man's financier

BY JANE BERGEROL, ABIDJAN CORRESPONDENT

THE AFRICAN Development Bank is ten years old this month. Its 39 African members can look back on a decade of hard work which has set ADB firmly among key organisations on the continent, particularly since its organisation of last year's ministerial conference which led to the joint EEC negotiating platform of all African associates and associates.

During this period the Bank has emerged not only as a financial intermediary but as a catalyst for regional economic co-operation and a brains trust for major continent-wide projects like, for example, African insurance and reinsurance. Inevitably, development financing operations have been modest compared with those of the larger multinational organisations like the European Development Fund or, of course, the World Bank.

ADB's central problem has always been resources. Having decided to set itself apart from other regional development banks in Asia and Latin America by making only African countries eligible to hold its capital, it has ensured African control of the organisation. In this way it has avoided influence in its running by outside donor countries and the feeling that it might become a watchdog of creditors' interests. But the principle of self-help, raising capital from within the continent alone, has imposed limits on available resources.

Africa contains more of the world's poorest countries than any other continent in the world. Several member countries suffer chronic balance of payments deficits. Only a handful operate budget surpluses sufficient enough to allow them to pay up their capital subscriptions to the Bank without borrowing.

Under these conditions putting the Bank into a feeding mode, as such as the ADB was in the 1960s, consisted of an annual request for a loan of \$100 million, the proceeds of which were divided in 50/50 between the Bank and the donor countries. This was a recipe for

day every independent African country has so committed itself. The shortage of government revenues has been constantly reflected in arrears on paid-in capital subscriptions, which naturally slowed growth in the Bank's operations. It is worth pointing out that the most poverty-stricken countries, like Upper Volta, are those that have been most scrupulous in respecting deadlines. A determined campaign to bring members into line has now brought total arrears down to about \$20m, from more than twice that in 1970.

Meanwhile the rise in the price of oil in sub-Saharan Africa encouraged the bank to launch a voluntary capital subscription this year raising \$130m, from 21 member states. The largest contributions came from Nigeria and Libya, followed by Algeria and Zaire; but equally significant is the support from the 17 others with less money to spare.

They feel the Bank's track record has been a successful one. Capital has doubled from \$230m to \$450m in ten years. The volume of loans has reached \$189m and the present 1974-76 programme aims at \$300m of loans.

Whereas, in the early years, a lack of pipeline projects in the poorest countries directed an unfair amount of loans to Northern and East Africa, the balance has been pretty much redressed. Between 1971 and 1973, North Africa's share of funds dropped from 28 per cent to 23 per cent, East Africa's from 37 per cent to 18 per cent. Correspondingly, West Africa's slice of the cake grew from 11 per cent to 30 per cent and Central Africa's from a nominal 4 per cent to 25 per cent.

Presumably an effort will be made to allow West and Central African countries not merely to hold their own from now on, but to pay up on what they lost at the starting post.

A shortage of resources limited the total volume of finance the bank dispensed. Its high commission interest rates have in the past discouraged some members

from applying for loans. Many extremely worthwhile projects from a development standpoint simply cannot be financed at commercial rates and the bank staff felt early on that some solution to this problem had to be found.

The answer has been the African Development Fund, launched earlier this year. The rich industrialised countries outside Africa invited to contribute have produced about \$100m, which is being loaned at concessional IDA-type rates and earmarked for low-return projects, schools or agricultural schemes, with a high social value but little or no immediate financial returns. Over \$200m is needed for the 65 projects in ADB's pipeline but whether, in the present economic climate, the Bank can raise the extra \$100m, let alone more for future programmes, remains to be seen.

More promising are the recent spate of Arab League and Arab oil producers' declarations on greater aid and economic co-operation with Africa. The Bank, through another special fund is administering the \$200m lump sum put at the disposal of the Organisation for African Unity by the Arab oil producers earlier this year, and it is hopeful more will follow.

Administratively, more effort is being made to speed up allocation of loans after their commitment. Another special reserve fund has been set up to channel quick loans to disaster-stricken countries. Although the sums involved are small—only \$300,000, most of which was appropriated from ADB funds—the drought hit Sahelian zone has been the first to benefit.

Probably, the Bank's biggest problems today are political. As it grows in importance, so do rivalries within the organisation which inevitably reflect the hostilities of the continent as a whole. One positive outcome of the new ADB funds is a mitigation of Arab domination within the Bank.

The bank is also faced on the one hand with the presentation of

Arabs among the Bank's ten staff such as by the recent appointments of six new deputy directors, three of whom are Arabs—two from Egypt, one from Sudan. But the Operations Department recently saw its Egyptian director replaced by a Senegalese, so changes of this being an Arab stronghold, channeling too many loans into Northern Africa, will be less easy to make in the future.

Changes however, want to cases such as Tunisia, whose public capital of \$1.1m and proceeds of another \$1m, combined add up to less than the \$20m of loans already granted the Tunisian Government.

Some warned the theme a step further, suggesting the use of another way to split the organisation into sub-regional development banks along broad geographical lines, dividing north, centre, east and west. The approval of the new Arab funds has renewed this idea.

The whole development theme reflects the fundamental frustration and distress of Africans. But in many of the countries are still in the ward path in the growing rate of unemployment, underdevelopment and particularly a paucity of countries.

Similarly, there is a feeling that the Bank and its staff have been too eager to step into the highly political shoes of the typical London or Paris banker. It is as well, as it is naive, to suggest the Bank is a highly paid haven for men unable to lead their field at home and to point out the high price of even modest loans on the payroll as proof of under-expertise.

These are all valid criticisms of the Bank's progress. Its members and its staff are all happy with its record so far, and the future with the new Arab funds, some of which will be used to finance the oil producers' projects. The Bank's staff are confident that a lot of good will be done by the African Development Bank. The bank's progress is a step towards the goal of a self-reliant African continent.

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Want like to help you

THE AFRICAN DEVELOPMENT BANK, AN INSTRUMENT FOR THE PROMOTION OF ECONOMIC AND SOCIAL PROGRESS IN AFRICA

Ten years ago, the African Development Bank was established by African governments as a testimony to their solidarity, their desire to operate and work together, regardless of political and language differences, to promote the economic development of their countries and the social advancement of their peoples through gradual integration of their national economies which had so long been separated by their colonial past.

At the time, the venture seemed risky. But today, on the eve of its tenth anniversary, the Bank may rightly pride itself on having a membership of 39 out of the 42 member States of the Organization of African Unity. It has gained international recognition as an instrument for promoting development to which its member countries increasingly apply.

THE BANK'S CAPITAL IS SUBSCRIBED ENTIRELY BY AFRICAN STATES

This rule, enshrined in the Agreement Establishing the African Development Bank, safeguards the African character of the institution and points to the effort towards solidarity without which the Africans cannot ensure their development. The magnitude of this effort, which is reflected in the structure of the share capital, will be fully realized if it is recalled that 16 member countries of the Bank are among the 25 listed by UNCTAD as the least developed countries in the world.

The authorized capital stock of the Bank, initially fixed at U.A. 250 million (U.S. \$300 million) now stands at U.A. 400 million (US \$ 480 million). The amount of subscription to be paid by each member country, determined in the light of its contributory capacity, is divided into two equal parts: paid-up shares and callable shares. Paid-up shares are payable either in gold or in convertible currency. The subscribed capital as at 8 August 1974 amounted to U.S. \$ 445 071 million.

The Bank may also establish special funds or receive and manage such funds designed to serve its purpose within the scope of its functions.

THE BOARD OF GOVERNORS IS THE SUPREME ORGAN OF THE BANK; EACH MEMBER STATE IS REPRESENTED BY ONE GOVERNOR

The Governor is generally the Minister responsible for economic and financial affairs. The Board of Governors formulates general directives on the policy, particularly with regard to loans. The Board of Governors may with a few exceptions delegate all its powers to the Board of Directors. The Board holds an annual meeting.



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ORIGINAL.

Institution: African Development Bank

Location: Abidjan, Ivory Coast

Size: Authorized Capital: U.A. 400 million;
Issued Capital: U.A. 370 million (1 Unit of Account =
1 special drawing right of the IMF)

Purpose: Established by African Governments in 1964, commenced operations in July 1966. Present membership consists of 39 of 42 countries which are members of Organization for African Unity, including 16 which are included in U. N.'s list of 25 least developed nations.

Purpose of Bank is to promote the economic development of its member countries and social advancement of their peoples through gradual integration of their economies.

Source of Funds: Subscribed capital, borrowings and retained income. Bank also operates African Development Fund, established from grants from 16 non-African exporting countries, which makes 50 year interest free loans and SIDFIDA, a Geneva-based internationally funded organization of private enterprises which assists in the mobilization of international private capital for development projects in Africa.

Management Structure: Board of Governors, one from each member, oversees operations. Management responsibility and policy coordination rests with Board of Directors (9), President and staff.

Management of Funds: Internal. Bank oversees projects for which funds have been dispersed.

Portfolio: Alone or jointly with others, Bank (1) utilizes available resources to finance investment projects or programs consistent with its purpose; (2) promotes private and public capital investment in Africa; (3) provides technical and financial assistance in project evaluation and structure. All loans and investments in private sector must be government guaranteed. Portfolio at 9/30/74 consisted of one or more loans or equity investments in 31 countries totalling U. S. \$192 million. Loan terms keyed to ability of borrower to repay and service debt.

Capital Structure:

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Income:

Believed to be reinvested in operations.

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WORLD AS NEWS

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During this period the Bank has emerged not only as a financial intermediary but as a catalyst for regional economic co-operation and a brains trust for major continent-wide projects. Like, for example, African insurance and reinsurance, inevitably, development financing operations have been modest compared with those of the larger multinational organisations like the European Development Fund or, of course, the World Bank.

ADB's central problem has always been resources. Having decided to set itself apart from other regional development banks in Asia and Latin America by making only African countries eligible to hold its capital, it has ensured African control of the organisation. In this way it has avoided criticism in its countries by outside donor countries and the feeling that it might become a watchdog of creditors' interests. But the principle of self-help, raising capital from within the continent alone, has imposed limits on available resources.

At the moment, none of the world's poorest countries than any other continent in the world. Several member countries suffer only the balance of payments deficit. Only a handful have a trade surplus, and a limited enough to allow them to pay on their capital subscriptions to the Bank without difficulty.

Many of these countries pay only the minimum contribution to the Bank, and the ADB was unable to persuade an additional 10 per cent of them to do so. A 1974 survey showed that 10 per cent of the Bank's 39 members had received

day every independent African country has so committed itself. The shortage of government revenues has been constantly reflected in arrears on capital subscriptions, which naturally slowed growth in the Bank's operations. It is worth pointing out that the most poverty-stricken countries, like Upper Volta, are those that have been most scrupulous in respecting deadlines. A determined campaign to bring members into line has now brought total arrears down to about \$20m., from more than twice that in 1970.

Meanwhile the rise in the price of oil in sub-Saharan Africa encouraged the bank to launch a voluntary capital subscription this year raising \$130m. from 21 member states. The largest contributions came from Nigeria and Libya, followed by Algeria and Zaïre; but equally significant is the support from the 17 others with less money to spare.

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Whereas, in the early years, a lack of pipeline projects in the poorest countries directed an unfair amount of loans to Northern and East Africa, the balance has been pretty much redressed. Between 1971 and 1973, North Africa's share of funds dropped from 28 per cent. to 23 per cent. East Africa's from 37 per cent. to 18 per cent. Correspondingly, West Africa's slice of the cake grew from 11 per cent. to 30 per cent. and Central Africa's from a nominal 5 per cent. to 25 per cent.

Presumably an effort will be made to allow West and Central African countries not merely to hold their own from now on, but to get a return on what they lost at the starting post.

A 50 per cent of resources limited to the total volume of finance the Bank can raise. Its high commercial interest rates have in the past discouraged some members

from applying for loans. Many extremely worthwhile projects from a development standpoint simply cannot be financed at commercial rates and the bank staff felt early on that some solution to this problem had to be found.

The answer has been the African Development Fund, launched earlier this year. The rich industrialised countries outside Africa invited to contribute have produced about \$190m. which is being loaned at concessional IDA-type rates and earmarked for low-cost projects, schools, or agricultural schemes, with a high social value but little or no immediate financial returns. Over \$200m. is needed for the 65 projects in ADB's pipeline but whether, in the present economic climate, the Bank can raise the extra \$100m. let alone more for future programmes, remains to be seen.

More promising are the recent spate of Arab League and Arab oil producers' declarations of greater aid and economic co-operation with Africa. The Bank, through another special fund, is administering the \$200m. lump sum put at the disposal of the Organisation for African Unity by the Arab oil producers earlier this year, and it is hoped more will follow.

Administratively, more effort is being made to speed up administration of loans after their commitment. Another special fund has been set up to channel quick loans to drought-stricken countries. Although the sums involved are small—only \$200,000, most of which was appropriated from ADB capital—the drought hit Sahelian zone has been the first to benefit.

Probably, the Bank's biggest problems today are related to its growth in importance, as do its dealings within the organisation which inevitably reflect it. At the moment, the institution, as a whole, has a positive attitude of mind. The new Arab funds, the increasing amount of Arab declarations within the Bank.

The Bank's staff, based on its growth, has a sense of optimism of

Arabs among the Bank's top staff such as by the recent appointments of six new deputy directors, three of whom are Arabs—two from Egypt, one from Sudan. But the Operations Department recently saw its Egyptian director replaced by a Senegalese, so changes of its being an Arab stronghold are catching up on its loans into Northern Africa, will be less easy to make in the future.

There have been some cases such as Tunisia whose pattern of capital of \$13m. and arrears of another \$1m. combined add up to less than the sum of loans already granted the Tunisian Government.

Some blamed for those a step further, suggesting the only answer was to split the organisation into sub-regional development banks along broad geographical lines—dividing north, centre, east and west. The arrival of the new Arab funds has revived this idea.

The whole organisation theme reflects the fund-raising, financing and disbursement of African aid to many of the countries are still in the early stages of development, particularly in the poorer countries.

Similarly there is a feeling that the Bank and its staff have been for years to step into the highly political shoes of the International Bank for Reconstruction and Development. It is as if, as it is said, the Bank is a highly paid haven for men who had had their first job at the bank and by now are extra comfortable in the payroll as proud of their expertise.

There are also a number of the Bank's major projects, and to staff are all happy with the progress of the new projects being carried out. The oil problem, Arab exports, and the situation that is a result of the new Arab funds, Mr. Mohamed S. Lamine, Director of the Bank's Operations Department, said that the Bank's staff were all happy with the progress of the new projects being carried out.

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Other organs of the Bank are :

THE BOARD OF DIRECTORS

It comprises nine members elected by the Board of Governors for a period of three years, and is responsible for the general conduct of the Bank's operations. Each Director appoints an Alternate.

THE PRESIDENT

Elected by the Board of Governors for a five-year term of office, the President of the Bank is the Chairman of the Board of Directors. He is the legal representative of the Bank and chief of staff. He conducts, under the direction of the Board of Directors, the current business of the Bank. The President is assisted in the discharge of his functions by one or more Vice-Presidents.

THE BANK MUST CONTRIBUTE TO THE ECONOMIC DEVELOPMENT AND SOCIAL ADVANCEMENT OF ITS MEMBERS, INDIVIDUALLY AND COLLECTIVELY

To this end the Bank utilizes its available resources to finance investment projects or programmes designed to contribute to the economic and social progress of its members giving priority, in as far as possible, to projects and programmes intended to foster regional co-operation and orderly development of trade among member States. It promotes public and private capital investment in Africa. It provides technical assistance, which may be required for the appraisal, preparation, financing and implementation of development projects and programmes. The Bank may carry out such operations either alone or in conjunction with other financing institutions.

PRIVATE INSTITUTIONS MAY ALSO BENEFIT FROM THE BANK'S LOANS

The African Development Bank does not deal only with States and public institutions. Private groupings or organizations may also be granted loans by the Bank with the guarantee of the State concerned.

FINANCIAL RETURNS ARE NOT THE SOLE CRITERION FOR THE BANK'S INTERVENTIONS

While observing the principle of sound financial management, the Bank takes into account the economic and social impact of its actions. It respects member States' development priorities but pays particular attention to operations that promote economic integration.

Except in very special circumstances, the loans granted or guaranteed by the Bank should cover the financing of specific projects or groups of projects. The Bank may, however, grant global loans to national development banks or other appropriate institutions, or guarantee loans granted to such banks or institutions, so as to enable them to finance specific projects that serve its purpose.

THE BANK HAS ALREADY GRANTED ONE OR MORE LOANS TO THIRTY-ONE COUNTRIES

The Bank spent its initial years setting up its administrative structure.

missions sent to member countries has enabled the Bank to constitute a pipe-line of projects which grows with the identification of new projects.

By 30 September 1974, the Bank had granted loans and invested in projects and programmes to the aggregate amount of U.S. \$ 192 million, i.e. 78 operations in thirty one countries including six multinational projects.

The total number of projects in which the Bank has intervened financially represents an overall investment of more than U.S. \$ 600 million.

The sectoral breakdown of the Bank's operations shows a marked inclination to develop communications infrastructure which is so necessary for the steady integration of national economies. The relatively small share of agriculture, the backbone of the African economy, since 90% of the population live in rural areas, is to be increased in future financing programmes of the Bank thanks to the African Development Fund. In fact, agriculture's share of the Bank's investments has risen in the last three years with loans to that sector averaging 20% per annum.

SECTORAL BREAKDOWN OF THE BANK'S LOANS AND INVESTMENTS AS AT 30 SEPTEMBER 1974

Sector	Number of projects	In million U.S. \$	Sector Percentage
Agriculture	14	28,789	15.0
Transport	25	71,100	38.6
Public utilities (water, electricity, telecommunications etc...)	23	62,592	32.6
Industries and lines of credit to national development banks	16	26,487	13.8
TOTAL	78	191,968	100.0

Taking into account the Bank's limited resources for the period under review, results can be considered encouraging. With the African Development Fund and the prospects of mobilizing additional resources, the Management of the Bank and the Fund hope to contribute further to the development of Africa in the next five years.

THE BANK MOBILIZES AVAILABLE RESOURCES IN THE PUBLIC AND PRIVATE SECTORS FOR THE DEVELOPMENT OF AFRICA

Aware of the insufficiency of its own resources to meet the immense needs of the continent, the Bank has made and continues to deploy great efforts to mobilize external resources. These efforts have culminated in the creation of two subsidiary institutions through which public and private capital is channeled.

The African Development Fund, established in July 1972 by the African Development Bank is a multinational fund to which sixteen non-African capital-exporting countries have agreed to subscribe. They are: Belgium, Brazil, Canada, Denmark, Finland, Germany (Federal Republic), Italy, Japan, The Netherlands, Norway, Sweden, Swiss Confederation, United Kingdom of Great Britain and Northern Ireland, United States of America, Spain and Yugoslavia. The Fund commenced operations in August 1973.

affected countries. Loans of the African Development Fund are granted on concessional terms, are interest-free and repayable over 50 years. SIFIDA (Investment Company S.A.), established in November 1970 on the initiative and with the participation of the Bank, is another type of multinational co-operation designed to serve the economic development of Africa. Its operational headquarters is located in Geneva. SIFIDA is a holding company and its shareholders include, in addition to the International Finance Corporation, a hundred financial, industrial or commercial institutions from America, Europe and Asia. The company aims at mobilizing international private capital to promote the establishment and growth of productive enterprises in Africa. SIFIDA has already approved 20 projects in 9 African countries for a total amount of U.S. \$ 12.7 million.

The Bank in its quest for additional resources has addressed an invitation to its members to increase their subscriptions to the capital stock. To this end, the authorized capital stock of the Bank which had already risen last year from U.S. \$ 311.28 millions to US \$ 384 million, has again been increased to U.S. \$ 480 million that is a total increase of U.S. \$ 168.72 million, of which U.S. \$ 130 million has already been subscribed. Furthermore, the Board of Governors at its last meeting held in Rabat in July, authorized the Bank to issue short-term bonds in member States; this is a step towards the Bank's access to the international capital markets.

PROMOTION OF THE EVEN GROWTH OF ALL THE AFRICAN ECONOMIES

Africa being in an unfortunate position with regard to the means for ensuring its development, the African Development Bank cannot restrict its activities to conventional banking operations. The Bank must act as catalyst for development and to this end it advises and assists in evolving a global development strategy for the continent under which national development plans would be harmonized with a view to integrating all the African economies. In this perspective, the African Development Bank in collaboration with the Organization of African Unity and the United Nations Economic Commission for Africa organized the first African Ministerial Conference on Trade, Development and Monetary problems. This conference, a complete innovation in the approach to African economies, led to the African Declaration on Co-operation, Development and Economic Independence endorsed by the Heads of State and Government of the OAU at their assembly held in May 1973 on the occasion of the tenth anniversary of the Organization.

Two major projects, to whose implementation the African Development Bank has been lending appreciable support, have resulted from the desire of the African governments to harmonize their development policies: the construction of a Pan-African Telecommunications network and the establishment of an African Reinsurance Company.

The African Development Bank will celebrate its Tenth Anniversary on 15 November this year. In his opening speech at the Tenth Annual Meeting of the Board of Governors of the Bank, held in Rabat on 1 July 1974, His Majesty Hassan II, King of Morocco, made the following remarks about the first decade of the African Development Bank :

«Ten years have elapsed since ADB was set up; these have been ten years of struggle for the Bank, ten years of seeking and also, ten years in which it has acquired a reputation as a serious and respect-worthy institution... The Bank has earned this respect and good reputation as a result of the rapidity of its procedure, its knowledge of African problems and above all, thanks to the fighting spirit with which it goes about its work, avoiding the pedestrian routine which could have been an obstacle in the way of its success»

Notwithstanding these encouraging remarks, there is no doubt that the task ahead is still arduous; but with the enlightened determination which has so far enabled it to overcome the difficulties it has had to face, the African Development Bank can look forward with hope and faith.

AFRICAN DEVELOPMENT BANK

STATEMENT OF SUBSCRIPTIONS AS AT 8.8.1974

Member country	Subscription in 000 US\$
1. Algeria	48,254
2. Botswana	1,206
3. Burundi	1,448
4. Cameroun	7,238
5. Central African Republic	1,206
6. Chad	1,930
7. Congo	4,222
8. Dahomey	1,689
9. Ethiopia	12,425
10. Egypt	36,191
11. Gabon	3,619
12. Gambia	1,206
13. Ghana	19,060
14. Guinea	3,981
15. Ivory Coast	11,460
16. Kenya	11,460
17. Lesotho	1,327
18. Liberia	4,343
19. Libya	60,318
20. Malawi	3,137
21. Mali	2,775
22. Mauritania	2,051
23. Mauritius	3,619
24. Morocco	22,462
25. Niger	1,930
26. Nigeria	60,318
27. Rwanda	1,448
28. Senegal	9,048
29. Sierra Leone	3,740
30. Somalia	3,281
31. Sudan	12,184
32. Swaziland	2,895
33. Tanzania	11,460
34. Togo	1,206
35. Tunisia	8,324
36. Uganda	5,549
37. Upper Volta	1,568
38. Zaïre	36,191
39. Zambia	19,302
	<hr/>
	445,071

AFRICAN DEVELOPMENT FUND

a joint effort of development
financing on soft-loan terms

One of the specific features of the African Development Bank which distinguishes it from the other regional development banks, especially the Asian Development Bank and the Inter-American Development Bank, is that its capital is subscribed exclusively by the sole authentically African countries on the continent. For that reason, no non-African country can become a member of the Bank.

However, this specific feature does not prevent the Bank from co-operating with the industrialized and developed countries whose financial aid and technical assistance are so necessary for Africa. To this end, the Bank is empowered to set up, or receive and administer special funds, intended to increase its resources for the realization of its objectives.

It is in this connexion that in 1966, the very year when the Bank became operational, the Management mooted the idea of setting up a special fund, with contributions from the Bank itself and the governments of the State participants, which would enable the Bank to extend its operations to sectors such as education, professional training, social activities, rural development, administrative infrastructures, which require financing granted on concessional terms, and the development of which is conditional to the economic «take off» of the member countries.

The negotiations pursued under the auspices of the Development Assistance Committee of OECD culminated, on November 1972, in the establishment of the African Development Fund. Out of the sixteen countries which participated in the negotiations for the Agreement establishing the Fund, fourteen have so far signed and ratified it; these are: Belgium, Brazil, Canada, Denmark, Finland, Japan, Norway, The Netherlands, Federal Republic of Germany, Spain, United Kingdom of Great Britain and Northern Ireland, Sweden, Switzerland and Yugoslavia.

The African Development Fund is a legal entity distinct from the African Development Bank. Its major organs are the Board of Governors, the Board of Directors and the President. But there is a close link between the Bank and the Fund as evidenced by the mixed composition of its organs. The President of the Bank is ex officio President of the Fund and chairs its Board of Directors. The Fund draws on the administrative and operational structures of the Bank and shares the same headquarters with it. Voting power is equally shared among the State participants and the African Development Bank.

The Regulations on loan policies and procedure of the African Development Fund lay down the principle of complementarity of the operations of the Fund and those of the Bank and gear the Fund's interventions towards the realization of social objectives in line with the national development plans. The Fund will be able to finance a reasonable share of local costs and to participate in projects and programmes directly benefiting the economic sector of the member countries. All member countries of the

Bank are eligible to receive loans from the Fund on concessional terms: interest-free repayment over fifty years with a ten-year grace period.

Operations of the African Development Fund started on 1st August 1973 with potential resources of about 100 million dollars. Methods of appraising projects for financing by the Bank and the Fund follow the same criteria. With regard to the utilization of the Fund's resources, it has been decided to accord priority to the drought-stricken countries. The amount of resources to be committed during the current financial year is estimated at about 44 million dollars. In the light of projects in the pipeline, the amounts for 1975 and 1976 are expected to reach 66 and 88 million dollars respectively.

The replenishment of the African Development Fund's resources is therefore a topical issue with which the authorities of the Bank and the Fund are concerned. At the recent Annual Meeting of the Board of Governors of the Bank and the Fund held in Rabat in July, the matter was discussed and the President and the Board of Directors of the Fund were invited to take immediate steps to consult with the governments of the State participants and the Governments of interested third countries with a view to increasing the Fund's resources through additional contributions and participation by new members.

The reactions in this connexion have been encouraging. For instance, on 17 September 1974, the Government of the Swiss Confederation and the President of the Fund signed an Agreement under which a Special Swiss Fund for Africa, to be administered by the African Development Fund, has been established to aid the least favoured member countries of the African Development Bank. Negotiations are underway for the signing of similar agreements with other State participants. Contacts are also being made with some Arab, Socialist and Latin American countries in connexion with their possible participation in the Fund.

The African Development Fund has proved to be a successful venture, by the donors and the beneficiaries, for the joint administration of public development aid, the efficiency of which is often the subject of sharp controversies. It is to be hoped that a greater portion of public aid will be channeled through institutions such as the African Development Fund, which being familiar with development problems in Africa, can make more efficient use of it.

AFRICAN
DEVELOPMENT
FUND

STATEMENT
OF SUBSCRIPTIONS
AS AT 14.8.1974

1. African Development Bank	5,555,550 US Dollars
2. Belgium	3,333,330
3. Brazil	2,222,220
4. Canada	16,666,650
5. Denmark	5,555,550
6. Finland	2,222,220
7. Holland	4,444,440
8. Japan	16,666,650
9. Norway	5,555,550
10. Spain	2,222,220
11. Sweden	5,555,550
12. Switzerland	3,333,330
13. United Kingdom	5,790,461
14. West Germany	16,550,272
15. Yugoslavia	2,222,220
	97,896,213 US Dollars

SIFIDA

Société Internationale Financière pour les Investissements
et le Développement en Afrique S.A.
SIFIDA Investment Company S.A.
8c, av. de Champel, P.O. Box 396
CH 1211 Genève 12, Suisse

GENERAL OBJECTIVES OF SIFIDA

SIFIDA is multi-national investment company, established in Luxembourg with operational headquarters in Geneva. It was established on the initiative of the African Development Bank, which participates in its capital, as well as the International Finance Corporation of the World Bank Group. Its purpose is to promote private investment in the independent and developing African States. It considers that the international private sector has a very important role to play in the building up of the African economies, especially in the expansion of their private sectors and in the development of an African entrepreneurial class.

To this end, it is regarded necessary and desirable to promote new means on behalf of the African economies to support and supplement the efforts of international, regional and national organizations concerned with the problems of aid and cooperation with the African States. Through the multi-national composition of its capital -- more than 120 banks and industries from Europe, North America and Japan participate in Sifida -- and through the location of its headquarters in Geneva, the Company is at the center of international capabilities in finance, technology and entrepreneurial competence and can provide a very effective contribution to the development of the productive sectors of the African economies.

To achieve its objectives, SIFIDA is empowered to finance productive enterprises in course of establishment and any extension or diversification of the activities of existing productive enterprises. Financial assistance may be given in the form of capital participation, medium and long-term loans, but also through other means such as underwriting and the provision of guarantees. The corporation pays special attention to projects likely to promote the development of regional economies.

ACTIVITIES

Operations were started towards the end of 1971 and the Company has now passed the initial phase of organizing itself and finding its appropriate structure and identity. Good progress has been made in the effort to promote private enterprise and SIFIDA's activities have gained momentum, especially in those countries where economic policy favours the private sector. The demand for SIFIDA's financing is apparent in the fact that within three years it has committed the equivalent of its called up share capital to investments in Africa. There has never been a lack of projects from which good quality investments could be selected. SIFIDA's role as a catalyst in fostering economic and social development in Africa is supported by the fact that the total capital cost of the projects to which it has committed its resources is US \$ 754 million.

SIFIDA approved investments during the three years of operation in twenty projects spread over nine African countries, for a total amount of US \$12.7 million. Of this amount, US \$3.9 million were in equity participation and US \$8.8 million as medium and long-term loans. In sectoral distribution the major share went to «textiles and fibres» (37.8%), «agriculture and food processing» (23.7%), «cement and building materials» (14.1%), «machinery and metal working» (9.2%), «timber processing» (7%) and «tourism» (5.4%).

Special attention was given to development contribution resulting from SIFIDA's investments. In every case, the implementation of the projects led to foreign exchange earnings or savings. The twenty projects should create approximately 10,000 new employment opportunities, thus demonstrating the impact private investments can have on a developing country's economy.

SIFIDA'S experience during the last year was that the demand for the services the Company can offer steadily increased. The Projects Department produced full scale feasibility studies, arranged the syndication of additional finance, provided financial management, had to find technical know-how partners and for some projects also marketed part of the production. It can be expected that these services will play an increasingly important part in future.

AFRICAN DEVELOPMENT BANK:

HISTORICAL EVENTS

- 1960: Tunis All-African People's Conference. First public discussion of the idea of a continental development bank.
- 1961: Feasibility studies on the setting up of a regional bank by multinational panel of experts.
- 1962: United Nations Economic Commission for Africa sets up Special Committee of nine member states to begin making arrangements to establish the African Development Bank.
- 1963, August: Conference of African Ministers of Finance in Khartoum approves formation agreements of the Bank.
- 1964, September: Formation agreement comes into force: 65 per cent of authorized capital stock subscribed.
- November: Inaugural meeting of Board of Governors held in Lagos, Nigeria. First President, Vice-Presidents and Directors elected and Abidjan, Ivory Coast, selected as the Headquarters of the Bank.
- 1965, March: Installation of Bank's Headquarters in Abidjan.
- 1966, April: Second annual meeting of Board of Governors in Abidjan.
- July: The Bank starts operations.
- 1967, August: Third annual meeting of the Board of Governors held in Abidjan.
- October: Co-operative programme agreed with Food and Agricultural Organisation.
- 1968, August: Fourth annual meeting of Board of Governors held in Nairobi, Kenya.

- August: Fifth annual meeting of Board of Governors held in Freetown, Sierra Leone.
- ① 1970, August: Sixth annual meeting of Board of Governors held in Fort Lamy, Chad.
- ② 1971, March: Ratification by Board of Governors of Co-operation agreement between the Bank and Organisation of African Unity (OAU).
- July: Seventh annual meeting of the Board of Governors held in Kampala, Uganda.
- ③ 1972, April: Potential contributors to the AFRICAN DEVELOPMENT FUND met in Paris and approved the draft ADF Agreement.
- July: Eighth annual meeting of Board of Governors held in Algiers, Algeria.
The Board of Governors adopted a declaration calling for an African Ministerial Conference to define a common African position on monetary problems and development.
- November: Conference of Plenipotentiaries on the signature of the Agreement establishing the African Development Fund held in Abidjan.
- ④ 1973, May: First African Ministerial Conference on Trade, Development and Monetary problems, organised jointly by the Bank, OUA, ECA and Association of African Central Banks, held in Abidjan.
- July: Ninth annual meeting of the Board of Governors held in Lusaka, Zambia.
Inaugural meeting of the African Development Fund.
- ⑤ 1974, March: African experts met at the Bank's headquarters to exchange views on the establishment of the proposed African Reinsurance Corporation and appointed a coordinating Committee of nine members to elaborate the final documents of the project.
- June: Ratification by the Board of Governors of Co-operation agreement between ADB and WHO.
- July: Tenth annual meeting of Board of Governors held in Rabat, Morocco. Authorized capital of the Bank increased to U.S. \$100 million.
- 1974, July: First annual meeting of the Board of Governors of African Development Fund held in Rabat, Morocco.
- ☆ 15 November: Celebration of the Tenth Anniversary of the African Development Fund.

THE MEN WHO MANAGE THE AFRICAN DEVELOPMENT BANK

PRESIDENT:

Mr. Abdelwahab Labidi, 45 years, of Tunisian nationality, holds a degree in Law. He started his banking career in 1957 as Assistant Inspector at the «Credit Industriel et Commercial» in Paris. From 1959 to 1960 he was a «Fondé de Pouvoir» at the Bank of Tunisia. He occupied a number of responsible posts at the Tunisian National Agricultural Bank from 1960 to 1964, becoming its Inspector General in 1962. In June 1964 he was appointed Manager of the «Société Tunisienne de Banque». On 1st September of the same year he was seconded, under Tunisian Technical Assistance, to Niger as General manager of that country's National Development Bank; a post he held till his election in June 1969 as Vice-President of the African Development Bank. After acting for a short period as President, following the resignation of Mr. Mamoun Beheiry, first President of the Bank, he was elected President in August 1970.

VICE-PRESIDENTS:

Mr. Louis Fascal Negre, 46 years, of Malian nationality, was elected Vice-President of ADB at the First Annual Meeting of the Board of Governors of the Bank in 1964, but it was not until 1970 that he assumed permanent duty at the Bank. A former Administrator in the Overseas French Civil Service, Mr. Negre qualified from the «Ecole Nationale de la France d'Outre-Mer» and obtained a Degree in «Etudes Supérieures d'Economie Politique» from the University of Paris. From 1955 to 1960 he occupied a number of senior posts in the Senegalese Civil Service. After Mali's independence in 1960 he left the Colonial Civil Service to serve his country, where he occupied senior administrative posts, including, in particular, those of technical adviser at the Presidency of the Republic and Governor of the Bank of Mali. In 1960, he entered the Government as Minister of Finance and remained so till September 1970 adding, at various times, the portfolios of Planning, Trade or Economic Affairs to that of Finance. From 1967 to 1970 he chaired the African Group of the World Bank and the International Monetary Fund during the Annual Meetings of the two institutions, as well as the Ministerial Council of the West African Customs Union, the future West African Economic Community.

Mr. Salem Mohamed Omeish, 42 years, is a Libyan. He is a graduate in Economics from the University of Cairo and also holds a Masters Degree in the same subject from the American University (Washington). Mr. Omeish held senior posts in his country's Civil Service and in the Government. Before his election as ADB Vice-President, Mr. Omeish was Deputy Under-Secretary of State for Economic Affairs. He assumed duties at the Bank in December 1973.

Mr. Edwin Olorunlemi Obayan, 45 years, is of Nigerian nationality. He is a graduate in Economics from the Universities of London and Yale. After a teaching career, Mr. Obayan entered the Federal Civil Service and successively occupied the posts of Deputy Chief Planning Officer in the Federal Ministry of Economic Development and Reconstruction and of Deputy Permanent Secretary responsible for Foreign Exchange, Budget and Research in the Federal Ministry of Finance. Mr. Obayan assumed duties at the Bank in January 1974.

STATEMENT OF APPROVED LOANS AND INVESTMENTS AS AT 30-9-74

(in Unit of Account of 0.88867088 grammes of fine gold)

REGION-COUNTRY	BORROWER OR BENEFICIARY	PROJECT	AGREEMENTS SIGNED ON	AMOUNT	
				Million UG	Equivalent 000 US \$ (1)
NORTH AFRICA Algeria	Banque Algérienne de Développement	(i) Line of credit for financing a dairy herd and a dairy plant project	8 2 72	3,000	3,600
		(ii) Construction of El Golca-In Salah portion of Trans-Saharan Road	8 2 72	3,000	3,600
		(iii) Development of Bouhamoussa Plain (phase 2)	10 3 74	2,400	2,880
	Total		8,400	10,080	
Morocco	Government	(i) Reinforcement and extension of Jerada/Zaer power lines	28 7 70	2,800	3,360
	"	(ii) Extension of power lines	3 7 73	3,000	3,600
	Banque Nationale de Développement Economique	(iii) Line of credit for financing industrial projects	25 6 74	4,000	4,800
	Government	(iv) Financing of the Doukkala Canal and irrigation scheme		1,000	1,200
	Total		13,800	16,560	
Sudan	Government	(i) Construction of livestock export quarantine stations	9 12 71	0,500	0,960
		(ii) Procurement and fabrication of rolling stock for Sudan Railways (phase 1)	9 12 71	2,800	3,360
		(iii) Rolling stock for Sudan Railways (phase 2)	12 3 74	3,000	3,600
	Central Electricity and Water Co.	(iv) Extension of power capacity	2 7 74	4,000	4,800
	Total		10,600	12,720	
Tunisia	Government	(i) Irrigation of Medjerda Valley	2 8 68	2,750	3,300
	"	(ii) Construction of Nefza-Hansoua Road	17 7 72	0,900	1,080
	Société Nationale des Chemins de Fer Tunisiens	(iii) Railway rolling stock	1 7 74	3,000	4,680
	Government	(iv) Financing of the study of an integrated development project for the Jbel Region		0 300	0 300
Total		7,650	9,420		
Mali	Office de l'É.T.E.	Extension of telecommunication network	15 0 73	0,800	1,020
Total for North Africa				41,500	49,800
EAST AFRICA Tanzania	Government	Extension of telecommunication network	15 0 74	2,200	2,640
	Government	Extension of telecommunication network	15 0 74	2,200	2,640

	Pan-African Paper Mills Co. Ltd.	(ii) Provision of part of working capital for the Company	15/9/70	1.202	1.442
	Government	(iii) Construction of Yala-Busia Road (iv) Construction of Makutano S gana Road Total	9/12/71 2/7/74	3.000 3.000 9.502	3.600 3.600 11.402
Malawi	Government Malawi Development Corporation (MDC)	(i) Development of Tedzani falls hydroelectric system (ii) Line of credit to finance loans to subsidiary Companies (iii) Lilongwe Airport Study Total	3/ 9/70 11/12/72 1/ 7/74	3.000 1.500 0.500 5.000	3.600 1.800 0.600 6.000
Somalia	Government	(iii) Construction of Buwayo-Busia Road (ii) Afgoi/Mobil Irrigation system Total	13/12/71 12/ 7/72	1.000 1.500 2.500	1.200 1.800 3.000
Swaziland	Government	(i) Extension of telecommunication network (ii) Power station transmission lines Total	8/ 5/73 2/ 7/74	1.500 1.500 3.000	1.800 1.800 3.600
Tanzania	Tanzanian Italian Petroleum Refining Co. Tanzanian Investment Bank	(i) Construction of a new pipeline and tankage facilities (ii) Financial assistance for loan programme Total	17/ 3/72 21/ 6/73	3.000 1.500 4.500	3.600 1.800 5.400
Uganda	Government	(i) Engineering studies for water supply (ii) Construction of water supply system in 18 urban centres (iii) Construction of Buwayo-Busia Road Total	6/ 9/69 29/ 8/70 12/ 1/73	0.300 3.000 1.000 4.300	0.360 3.600 1.200 5.160
Zambia	Rural Development Corporation of Zambia Government Development Bank of Zambia Government	(i) Large scale commercial farm project (ii) Mazabuka resettlement scheme (iii) Equity (iv) Line of credit to finance lending operations 1973/1976 (v) Extension of telecommunication network Total	2/12/71 23/ 7/73 23/ 7/73 23/ 7/73 23/ 7/73	0.700 0.800 0.200 1.800 4.200 7.200	0.840 0.960 0.240 2.160 5.040 9.240
Multinational	East African Community (E.A.C.)	(i) Equity (ii) Line of credit to assist financing projects in the pipeline Total for E.A.C.	26/ 7/69 1/ 3/72	1.000 2.000 3.000	1.200 2.400 3.600
		Total for East Africa		41.702	50.042

WEST AFRICA I Ghana	National Investment Bank	Financing Nasia Rice Development project	18/4/73	2,300	2,760
	Ghana Water and Sewerage Co.	Financing Accra-Tema Water supply system Total	-	4,000 6,300	4,800 7,560
Liberia	Public Utilities Authority (PUA)	(i) Purchase and Installation of a Gas Turbine	25/2/70	1,350	1,620
	Liberian Bank for Industrial Development and Investment	(ii) Line of credit to assist financing lending programme 1972/1974	18/7/72	0,500	0,600
	Public Utilities Authority	(iii) Improvement and increase of water supply system in Monrovia	21/2/73	0,950	1,140
	Liberian Bank for Development and Investment (former LBIDI)	(iv) Line of credit to assist financing lending programme 1974/1978 Total	-	2,000 4,800	2,400 5,760
Nigeria	Nigeria Sugar Co. Ltd.	(i) Expansion programme of the Company Capacity	24/3/72	1,600	1,920
	Government	(ii) Reconstruction of Enugu Airport	24/3/72	3,400	4,080
	Government	(iii) Reconstruction of Calabar Airport Total	-	4,750 9,750	5,700 11,700
Sierra Leone	National Development Bank	(i) Equity	16/4/67	0,120	0,144
	Guma Valley Water Co.	(ii) Extension of Water supply network	27/5/70	1,500	1,800
	Government	(iii) Gambia-Mattru oil palm project Total	5/7/73	3,100 4,720	3,720 5,664
Multinational	Sierra Leone/Liberia Government	Construction of Mano River Bridge and access roads	5/12/73	1,300	1,560
Total				26,870	32,244
WEST AFRICA II Dahomey	Government	(i) Irrigation development (project of Oueme Valley)	27/4/73	0,310	0,372
	Société d'Electricité et d'Eau	(ii) Power distribution lines Total	-	1,600 1,910	1,920 2,292
Guinea	Government	(i) Water supply	19/6/74	2,700	3,240
	"	(ii) Extension of telecommunication network Total	19/6/74	4,000 6,700	4,800 8,040
Ivory Coast	Société Ivoirienne d'Engrais (SIVENG)	(i) Construction of a fertilizer plant	4/2/72	0,360	0,432
	Régie de Chemins de fer Abidjan-Niger (RAN)	(ii) Financing of procurement of rolling stock	12/9/72	3,000	3,600
		(iii) Financing of procurement of rolling stock			

GENERAL AFRICA		Total for West Africa II		Total for Central Africa		GRAND TOTAL AFRICA	
Mali	Banque de Developpement du Mali	0.7/70	0.540	0.6/71	1.000	1.200	1.919.973
Niger	Government	(i) Extension of telecommunication network (ii) Additional loan for financing extension of telecommunication network	19/7/72	0.400	0.480	1.680	1.919.973
Senegal	Union Senegalaise de Banque	(i) Line of credit to assist financing programme of industrial and crafts projects (ii) Construction of Diourbel - Fatick - Niangame Road (iii) Engineering studies and preparation of tender documents on Ziguinchor - Cap Skirring Road	7/4/73	1.500	1.800	1.800	1.919.973
Togo	Banque togolaise de Developpement	(i) Financing of 1972-1973 lending programme for industrial development (ii) Extension of Lome area power station	7/9/72	1.350	1.620	1.620	1.919.973
Upper Volta	Banque Nationale de Developpement	Line of credit for financing industrial projects	21/3/70	2.000	2.400	2.400	1.919.973
Total for West Africa II			26.160		31.392		1.919.973
CENTRAL AFRICA		Total for Central Africa		Total for Central Africa		GRAND TOTAL AFRICA	
Cameroon	Government	Airport terminal building	9/6/73	3.000	3.600	3.600	1.919.973
Central African Rep	Agence Centrale de Developpement	Extension of Bangui power station capacity	8/7/73	1.000	1.200	1.200	1.919.973
Ethiopia	Government	Financing of horticultural project		0.431	0.517	0.517	1.919.973
Congo	Societe Nationale de Distribution	(i) Extension of water supply system for Brazzaville (ii) Extension of railway network and purchase of equipment (iii) River transport for timber transport	23/6/72	1.210	1.452	1.452	1.919.973
Guinea	Government	Construction of the first portion (Cavendo-Bone) of Transguinean Railways		4.000	4.800	4.800	1.919.973
Zaire	Government	(i) Construction of Kwango and Wamba Falls (ii) Extension of Bas-Zaïre telecommunication network	30/4/73	3.300	3.960	3.960	1.919.973
Total for Central Africa			20.741		24.889		1.919.973
Mali		Government	Financing of the purchase of one aircraft type DC-10-30	20/2/73	2.500	3.000	1.919.973
Mali		Government	Equity	8/70	0.700	0.840	1.919.973
GRAND TOTAL AFRICA			159.973		191.968		1.919.973

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AS A UNIT IN THE ORIGINAL DOCUMENT.

Institution: European Investment Bank

Location: Luxembourg

Size: 12/31/75

Assets: U. S. \$6.4 billion

Capital: Authorized Capital: U. S. \$4.1 billion

Paid-in-Capital: U. S. \$471.9 million

Capital Subscriptions Due: U. S. \$177.0 million

Purpose: The EIB was established by the Treaty of Rouse in 1957 which also established the EEC. The members of the EIB are the nine member states of the EEC. The purpose of the EIB is to contribute to the balanced and orderly development of a common market among the member states. The EIB grants and guarantees long-term loans to finance projects which are related to the development of the less advanced regions of the Common Market or the development of its conversion areas, where traditional activities are being supplanted by newer economic activities which serve the common interests of several member states. By unanimous decision the EIB grants loans for projects outside the EEC.

Source of Funds: The EIB finances its loans from the capital paid in by the member states, from internally generated funds and from borrowings in European and international capital markets.

Management Structure: The EIB is administered and managed by (1) a Board of Governors composed of one government minister (usually the minister of finance) appointed by each member state; (2) a Board of Directors composed of 18 Directors and ten Alternative Directors each appointed by the Board of Governors for a 5 year term on nomination by the member states and the Commission of the European communities; (3) a Management Committee, consisting of a President and four Vice Presidents appointed for 6 years by the Board of Governors on recommendation of the Board of Directors.

Management of Funds: Management of funds is internal, and the EIB has not experienced any defaults on its loans or guarantees.

Portfolio:

Loans and guarantees are made according to the following policy: (1) for projects that improve less developed regions of the EEC and that are of common interest to the member states (such projects preferably assist in the coordination of markets and the integration of the economies of member states), (2) for projects that are of sufficient size to avoid widespread dispersal of its resources; (3) loans made shall only supplement the resources otherwise available to the borrowers for such projects; (4) special attention is given to projects in which member countries' capital is invested. The EIB does not generally lend more than 40% of the cost of a project. At December 31, 1975 it had loans disbursed as follows: 30.5% energy projects; 24.8% industry; and 17.5% to transportation.

Capital Structure:

80% Funded Debt, 11% Capital, 9% Statutory Reserves. Subscribed capital is \$4,129.5 million of which \$648.9 is or will be paid in by members. Calls on subscribed capital are required to be in proportion to members' percentage of subscription obligations.

Income:

Income is appropriated to statutory reserve. EIB's assets and income are exempt from all direct taxes of the member states.

PROSPECTUS

\$100,000,000

European Investment Bank

8 $\frac{5}{8}$ % Notes Due April 1, 1984

Interest payable on April 1 and October 1

The 8 $\frac{5}{8}$ % Notes Due April 1, 1984 (the "Notes") are unconditional, direct, general obligations of the European Investment Bank (the "EIB"), for the payment and performance of which the full faith and credit of the EIB is pledged. The Notes are not redeemable prior to maturity. Principal and interest on the Notes are payable in U. S. dollars in New York City and may also be payable in certain European cities, as set forth herein.

Application has been made to list the Notes on the New York Stock Exchange.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	<i>Price to Public(1)</i>	<i>Underwriting Discounts and Commissions(2)</i>	<i>Proceeds to the EIB(1)(3)</i>
<i>Per Unit</i>	99.75%	0.90%	98.85%
<i>Total</i>	\$99,750,000	\$900,000	\$98,850,000

(1) *Plus accrued interest, if any, from April 1, 1976.*

(2) *The EIB has agreed to indemnify the several Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.*

(3) *Before deduction of expenses payable by the EIB estimated at \$260,000, including \$50,000 payable to the Underwriters in partial reimbursement of their expenses.*

The Notes are offered by the several Underwriters when, as and if issued by the EIB and accepted by the Underwriters and subject to their right to reject orders in whole or in part. It is expected that the Notes will be ready for delivery on or about April 1, 1976.

The First Boston Corporation

Merrill Lynch, Pierce, Fenner & Smith

Incorporated

Kuhn, Loeb & Co.

Lazard Frères & Co.

The date of this Prospectus is March 25, 1976.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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The EIB uses the European unit of account (the "UA") as the unit of measure for the capital accounts of the Member States and, for statistical and financial reporting purposes, as the common denominator for standardizing and comparing all its accounts. The UA provides a simple and convenient means to standardize and compare accounts in a variety of national currencies, and it is increasingly being used for accounting purposes within the EEC. In this Prospectus, United States dollar amounts have been presented solely for convenience at the rate at December 31, 1975, of \$1.16528 per 1 UA. Such presentations should not be construed as a representation that the UA actually represents, or has been or could be converted into, U.S. dollars at this or any other rate. For a more complete description of the UA, reference is made to Note A to the Financial Statements.

At December 31, 1975, 1 UA = 1.16528 U.S. dollars; 3.05382 German marks; 46.0606 Belgian francs; 5.21981 French francs; 797.769 Italian lire; 46.0606 Luxembourg francs; 3.13120 Dutch guilders; 0.575973 United Kingdom pounds; 0.575939 Irish pounds; 7.19697 Danish crowns, and 3.05239 Swiss francs.

Since January 1, 1976, there have been significant changes in the relative values of such currencies. The value of the United Kingdom pound and the Italian lira declined in relation to the U.S. dollar and the German mark, and on March 15, 1976, France ceased to maintain specific parity relationships between the French franc and certain currencies. As a result of such currency changes, the value of the UA at March 19, 1976, was as follows: 1 UA = 1.12257 dollars; 2.85109 German marks; 44.0663 Belgian francs; 5.30999 French francs; 984.638 Italian lire; 44.0663 Luxembourg francs; 3.03000 Dutch guilders; 0.584124 United Kingdom pounds; 0.583970 Irish pounds; 6.87435 Danish crowns; and 2.85265 Swiss francs.

To date such changes in relative currency values have not had an adverse effect on the EIB's financial condition. The EIB is unable to predict any future effect of such currency conditions on its financial condition or the UA.

The middle market rates last reported in New York City on March 23, 1976, were as follows: 1 U.S. dollar = 2.56148 German marks (D.M.); 38.5060 Belgian francs (B. Fr.); 4.70614 French francs (F.F.); 837.873 Italian lire (Lit.); 38.5060 Luxembourg francs (L.Fr.); 2.70088 Dutch guilders (G.); 0.519076 United Kingdom pounds; 0.519076 Irish pounds; 6.12559 Danish crowns; and 2.56342 Swiss francs (S.Fr.).

THE EUROPEAN INVESTMENT BANK

The European Investment Bank (the "EIB"), an autonomous public institution, was created by the 1957 Treaty of Rome (the "Treaty of Rome") which established the European Economic Community (the "EEC"), often referred to as the Common Market. The EIB is governed by the provisions of the Treaty of Rome and the statute of the EIB, as amended (the "Statute"), which is annexed as a protocol to the Treaty of Rome. The members of the EIB are the nine member states of the EEC (the "Member States"), which together have subscribed to the EIB's entire capital. The Member States are:

The Kingdom of Belgium	The Italian Republic
The Kingdom of Denmark	The Grand Duchy of Luxembourg
The Federal Republic of Germany	The Kingdom of the Netherlands
The French Republic	The United Kingdom of Great Britain and Northern Ireland
Ireland	

The basic purpose of the EIB is to contribute to the balanced and orderly development of a common market among the Member States. To that end the EIB grants and guarantees long-term loans to finance projects which are related to the development of the less advanced regions of the Common Market or the development of its conversion areas, where traditional activities are being supplanted by newer economic activities, or which serve the common interests of several Member States. In addition, upon unanimous decision by its Board of Governors, the EIB grants loans for projects outside the European territories of the Member States.

Since the EIB began operations in 1958, there have been no defaults by borrowers in payment of principal or interest on loans made or guaranteed by the EIB. The EIB's loans and guarantees cover only part of the cost of any project, supplementing each borrower's own funds and credits from other sources. The EIB generally does not lend more than 40% of the cost of a project. At December 31, 1975, the EIB had the equivalent of \$5,178.0 million of loans outstanding, including undisbursed portions, of which 30.5% were for energy projects, 24.8% were to industry and 17.5% were for transportation projects. The EIB conditions each loan on the guarantee of a Member State or on other adequate security.

At December 31, 1975 such loans were principally secured as follows:

Granted to or guaranteed by Member States	61.4%
Granted to or guaranteed by EEC associated states	1.9%
Granted to or guaranteed by public institutions of Member States	18.5%
Granted to or guaranteed by banks or financial institutions	7.9%
Guaranteed by companies controlled by Member States or public institutions	4.6%
Otherwise secured or guaranteed	5.7%
Total	<u>100.0%</u>

Loans are disbursed in currencies selected by the EIB among those actually held by it. The general policy of the EIB is not to convert funds obtained by it into other currencies but to have loans made by it, together with the interest thereon, repaid in the same currencies as those in which such loans were disbursed.

The EIB finances its lending program from the capital paid in by the Member States, from internally generated funds and from borrowings in the capital markets of the EEC and non-member countries and in the international capital markets. At December 31, 1975, the EIB had funded debt equivalent to \$4,574.9 million; at such date, the capital subscribed by the Member States was equivalent to \$4,129.5 million, of which \$471.9 million had been paid in. Of the remaining \$3,657.6 million, \$177.0 million will be paid in and available for the disbursement of loans and \$3,480.6 million is subject to call, as described below, to the extent required to meet EIB debt service requirements. No such calls have ever been made. At December 31, 1975, internally generated funds amounted to \$429.4 million.

The EIB's offices are at 2, Place de Metz, Luxembourg, Grand Duchy of Luxembourg.

APPLICATION OF PROCEEDS

The net proceeds to the EIB from the sale of the Notes offered hereby will be used in the general operations of the EIB, including disbursements of loans heretofore or hereafter granted by the EIB. See *Ordinary Operations—Loan Policy*. No representation can be made as to the particular projects for which, or borrowers to which, loans will be made or as to the countries in which such projects will be located. See *Ordinary Operations—Loans Outstanding*.

STATUTORY PURPOSE

Under the Treaty of Rome the purpose of the EIB is to contribute to the balanced and steady development of a common market among the Member States. The EIB is to carry out this task, operating on a non-profit making basis, by granting loans and giving guarantees for the following types of projects in all sectors of the economy:

(a) projects for developing less developed regions;

(b) projects for modernizing or converting enterprises or for developing new activities called for by the progressive establishment of a common market where these projects are of such a size or nature that they cannot be entirely financed by the various means available in the individual Member States; and

(c) projects of common interest to several Member States which are of such a size or nature that they cannot be entirely financed by the various means available in the individual Member States.

CAPITALIZATION AND RESERVES

The capitalization of the EIB and the Statutory Reserve and Other Reserves at December 31, 1975, and as adjusted to reflect the issuance of the Notes, are as follows:

	<u>Actual</u>	<u>As Adjusted</u>
	(in millions of U.S. dollars)	
Funded debt(1)	\$4,574.9	\$4,674.9
Capital (subscribed \$4,129.5 million, paid in \$471.9 million, to be paid \$177.0 million)	648.9	648.9
Statutory Reserve and Other Reserves(2)	429.4	429.4
	<u>\$5,653.2</u>	<u>\$5,753.2</u>

(1) Including \$153.0 million maturing within one year.

(2) Including \$69.2 million unallocated profit for the financial year ended December 31, 1975, and \$26.9 million write-back of issuing charges previously amortized.

Subscribed Capital. Under the provisions of the Statute, the Board of Governors of the EIB may, from time to time, by unanimous vote, increase the subscribed capital. The initial subscribed capital of 1,000 million UA was increased by the Board of Governors to 1,500 million UA on April 26, 1971. Following the admission of Denmark, Ireland and the United Kingdom to the EEC on January 1, 1973, the EIB's subscribed capital was increased to 2,025 million UA. The Board of Governors again increased the subscribed capital to 3,543.75 million UA on July 10, 1975.

At December 31, 1975, the subscribed capital of the EIB was as follows:

	In UA	In U.S. dollars (December 31, 1975 conversion rate)
Germany	787,500,000	\$ 917,658,000
France	787,500,000	917,658,000
United Kingdom	787,500,000	917,658,000
Italy	630,000,000	734,126,400
Belgium	207,375,000	241,649,940
Netherlands	207,375,000	241,649,940
Denmark	105,000,000	122,354,400
Ireland	26,250,000	30,588,600
Luxembourg	5,250,000	6,117,720
Total	3,543,750,000	\$4,129,461,000

Paid In Capital and Callable Capital. Prior to July 10, 1975, 20% of subscribed capital was paid in by the Member States in their national currencies, in other convertible currencies or in gold. With respect to the July 10, 1975, increase in subscribed capital of 1,518.75 million UA, 10% is to be paid in through eight equal semiannual instalments beginning April 30, 1976. All subscribed capital not paid in is subject to call by the Board of Directors of the EIB to such extent as may be required to meet the EIB's debt service obligations. In the event of a call, payment may be made in the currency required to discharge the obligations of the EIB for the purpose of which the call is made.

Calls on the callable portion of subscribed capital are required to be uniform in percentage on each Member State's obligation. Failure of one Member State to make payments on any such calls does not excuse any other Member State from its obligation to make payment. However, no Member State can be required on any such call to pay more than the unpaid balance of the callable portion of its subscribed capital. No such calls have been made to date. There is no provision for withdrawal from the EIB by a Member State.

The Statute provides for adjustment in the amount of a Member State's paid in capital which has been paid in its national currency if the official parity of such currency changes in relation to the UA. However, in the event of a uniform proportionate change in the value of the currencies of all the Member States, the Board of Governors may decide that there shall be no adjustment. For information with respect to adjustments in such paid in capital, see Note A to the *Financial Statements*.

Statutory Reserve and Other Reserves. Under the provisions of the Statute the EIB is to accumulate progressively a reserve fund (the "Statutory Reserve") in an amount of up to 10% of its subscribed capital; at December 31, 1975, the Statutory Reserve amounted to 3.10% of subscribed capital, without giving effect to the proposed appropriation of the net income for the year ended December 31, 1975. The Board of Directors is also authorized to create additional reserves (the "Other Reserves"). The Statutory Reserve and Other Reserves are accumulated by appropriation of net income and contributions by new member states on accession. Other Reserves may be used to cover risks on loans and guarantees, to equalize interest on borrowings and issue costs, to cover monetary risks not otherwise accounted for and for building. The EIB has determined that the aggregate amount of its bank deposits and marketable securities should not be less than the amount of the Statutory Reserve.

FUNDED DEBT

The EIB borrows in whichever currency appears most advantageous to it and under the best conditions prevailing at the time in the capital markets in which the EIB operates. The following table sets forth a summary of the funded debt of the EIB at December 31, 1975:

Currency of Borrowing	Initial Amount		Currency of Borrowing	Amount Outstanding	
	In UA (millions)	In U.S. dollars (millions)		In UA (millions)	In U.S. dollars (millions)
U.S. dollar	1,656.3	\$1,930.0	U.S. dollar	1,589.0	\$1,851.6
Swiss franc	347.3	404.7	Swiss franc	347.3	404.7
German mark	854.7	996.0	German mark	799.6	931.8
French franc	274.0	319.3	French franc	217.7	253.7
Italian lira	280.9	327.3	Italian lira	257.7	300.3
Belgian franc	235.9	274.9	Belgian franc	216.7	252.5
Dutch guilder	268.3	312.6	Dutch guilder	254.3	296.9
Luxembourg franc	121.6	141.7	Luxembourg franc	121.6	141.7
Other	125.6	146.4	Other	121.6	141.7
Total	4,164.6	\$4,852.9	Total	3,926.0	\$4,574.9

Such funded debt includes mandatory redemption premiums totaling 10.5 million UA, or \$12.3 million, in addition to the amounts actually borrowed and outstanding. From January 1 to March 22, 1976, the EIB borrowed approximately \$139.7 million in various currencies. In addition, the EIB presently plans to borrow 75 million Dutch guilders (approximately \$27.9 million) pursuant to an offering of notes in Europe in March 1976.

There have been no defaults by the EIB on payment of principal or interest on any of its debt.

A schedule containing information with respect to all outstanding borrowings of the EIB as of December 31, 1975, is set forth on pages 29 through 32 of this Prospectus. The EIB may from time to time hereafter issue additional bonds or notes in various currencies.

ORDINARY OPERATIONS

Loan Policy. The EIB grants loans, and guarantees loans made by others, to its Member States and to public and private enterprises for investment projects to be carried out within the European territories of the Member States to the extent that funds from other sources are not available to the borrowers on reasonable terms. The Statute requires that such projects contribute to the increase of general economic productivity and promote realization of a common market.

When granting a loan to an enterprise or to a body other than a Member State, the EIB is required to make such loan conditional on receiving either the guarantee from the Member State in whose territory the project will be carried out or other adequate guarantees. In addition, in the case of borrowers engaged in production, the Statute authorizes the EIB to grant loans and guarantees only if interest and amortization can be provided by the anticipated operating profits from the projects.

The total outstanding loans granted and loans guaranteed by the EIB may not exceed 250% of its subscribed capital. At December 31, 1975, the maximum amount of loans and guarantees by the EIB which could be outstanding was the equivalent of \$10,324.0 million; the loans of the EIB, including undischursed portions, amounted to the equivalent of \$5,178.0 million; and the EIB had granted guarantees in the amount of the equivalent of \$201.6 million.

The Board of Governors has prescribed the following loan policies for the EIB:

- (a) The EIB shall devote a large part of its resources to the financing of projects designed to improve less developed regions of the Member States.

(b) The EIB shall finance projects of common interest to the Member States, particularly projects which are likely to assist in the co-ordination of markets and the integration of the economies of the Member States.

(c) In addition to the financial and economic standards set forth in the Treaty of Rome and the Statute, the EIB shall observe the following principles:

(i) The EIB shall finance projects of sufficient size to avoid widespread dispersal of its resources.

(ii) Loans made by the EIB shall only supplement the resources otherwise available to borrowers for their projects.

(iii) The EIB shall give special attention to projects in which capital from several Member States is invested.

As a result of such loan policies, the EIB's loan portfolio is widely diversified and not dependent upon any single industry, economic sector or country. Rather, the EIB's loans are used to finance a broad range of enterprises throughout the Member States, and the EIB has not experienced any defaults in respect of such loans.

The general policy of the EIB, as set forth in the Statute, is not to convert funds obtained by it into other currencies. Loans are disbursed by the EIB in the currencies available to it at the time disbursements are made, and loans must be repaid in the currencies in which they are received. Each Member State is obliged under the Statute to make available to the EIB's debtors the currency needed to pay the principal of and interest on loans granted or guaranteed by the EIB for projects located in the territory of that Member State.

From time to time the Board of Directors fixes, for indeterminate periods, the rates of interest at which the EIB loans its funds, which rates depend on general market conditions and the rates at which it can borrow funds. Since 1958, when the EIB began operations, loans have been granted by the EIB at interest rates ranging from 5.25% to 10.50%. Since February 10, 1976 interest rates on loans have been 9% for maturities not exceeding eight years and 9.50% for maturities of longer duration. The rate granted on a loan at the time of its approval remains constant for the entire term of such loan.

Borrowers may make application for loans directly to the EIB or through the Commission of the European Communities or the Member State in whose territory the project is to be located. The Management Committee of the EIB submits each application to the Board of Directors (to which it also submits its opinion), the Commission (if the application has not been made through the Commission) and the Member State concerned (if the application has not been made through such Member State). If a Member State opposes a project to be located in its territory, the EIB will not finance that project. If the Commission or the Management Committee gives an unfavorable opinion, the Board of Directors may approve a loan or guarantee only by unanimous vote (the Director nominated by the Commission abstaining if the Commission's opinion was unfavorable). If the Management Committee and the Commission both give unfavorable opinions, the loan or guarantee cannot be granted.

The EIB may sell participations in loans made by it. At December 31, 1975, participations so sold and outstanding totalled the equivalent of \$49.4 million.

Extraterritorial Loans. On the recommendation of the Board of Directors, the Board of Governors may by a unanimous vote authorize the EIB to grant loans for projects to be carried out, in whole or in part, outside the European territories of the Member States. Such loans are in other respects made in conformity with the provisions of the Statute relating to loans within Member States as set forth above.

The EIB has thus far granted a number of such loans (frequently pursuant to financial protocols to agreements of association between the EEC and other states), including loans for projects in Greece, Turkey, several African states and in the overseas countries and territories of certain Member States.

The following table sets forth the U.S. dollar equivalent of extraterritorial loans of the EIB at December 31, 1975:

	<u>Authorized Amount</u>	<u>Amount Granted(1)</u>
	(in millions of U.S. dollars)	
Greece	\$125.0	\$125.0
Turkey	29.1	29.1
Other	198.1	161.3(2)
Total	<u>\$352.2</u>	<u>\$315.4</u>

- (1) Includes portions not taken up and portions cancelled. For information relating to amounts of extraterritorial loans outstanding, including undisbursed portions, at December 31, 1975, see *Ordinary Operations—Loans Outstanding*.
- (2) Includes \$58.5 million granted for projects in Ivory Coast, \$39.8 million granted for projects in Zaire and loans granted for projects in Cameroon, Congo, Gabon, Upper Volta, Mauritius, Senegal and New Caledonia. For information relating to loans outstanding at December 31, 1975, see Note C to the *Financial Statements*.

The EIB has also granted loans aggregating the equivalent of \$73.5 million at December 31, 1975, including undisbursed portions, for projects in Austria relating to the supply of natural gas to France and Italy and for the development of an oil and gas field in the Norwegian zone of the North Sea which will provide energy to several Member States. Such loans are guaranteed by the Member States concerned.

During the next five years the EIB expects to develop its activities outside the EEC. Under the Lomé Convention, effective April 1, 1976, among the EEC and 46 African, Caribbean and Pacific countries, the EIB will lend from its own resources \$466.1 million for projects situated in those countries, including \$11.3 million for projects in certain overseas countries and territories of the Member States. Such loans will be secured by adequate governmental or commercial guarantees and, in addition, by the guarantees of the Member States whose aggregate liability will be limited to 30% of the total amount of the credits opened by the EIB under loan contracts. In addition, subject to signature of cooperation agreements between the EEC and each of the Maghreb countries (Algeria, Morocco and Tunisia) and Malta, the EIB will lend up to \$213.3 million for projects in those countries. Such loans will be secured in the same manner and to the same extent as those made under the Lomé Convention. The EIB will also make loans up to \$174.8 million for projects in Portugal, which will be fully guaranteed by the EEC. On March 15, 1976, the Board of Governors of the EIB decided that other commitments for loans outside the EEC during the next five years will be limited to 800 million UA (\$932.2 million) in addition to those discussed above.

Loans Granted. From the commencement of operations in 1958 to December 31, 1975, the EIB had, within the sphere of its ordinary operations, granted 544 loans having an original aggregate principal amount equivalent, on the basis of the official parities in force on the date of grant, to 5,239.1 million UA (\$6,105.0 million). Such loans represented 22.3% of the estimated total cost of 23,497.1 million UA (\$27,380.7 million) of the various projects concerned at December 31, 1975.

The following table sets forth the number of projects and the amount of the loans granted by the EIB as a percentage of the estimated total cost of those projects on an annual basis since 1971 and on a cumulative basis since 1959, the year in which loans were first granted:

	Year ended December 31,				
	1971	1972	1973	1974(1)	1975
Annual					
Number of projects	47	33	55	75	72
Estimated total cost of projects (in millions of UA) (2)	2,953.0	2,115.2	3,003.2	4,073.0	4,481.7
Total amount of loans by EIB for such projects (in millions of UA)	454.9	500.0	738.8	1,034.0	966.5
Percentage of estimated total cost	15.4%	23.6%	24.6%	25.4%	21.6%
Cumulative since 1959					
Number of projects	309	342	397	472	544
Estimated total cost of projects (in millions of UA) (2)	9,824.0	11,939.2	14,942.4	19,015.4	23,497.1
Total amount of loans by EIB for such projects (in millions of UA)	1,999.8	2,499.8	3,238.6	4,272.6	5,239.1
Percentage of estimated total cost	20.4%	20.9%	21.7%	22.5%	22.3%

(1) For information concerning the changes in the method of valuing the UA, see Note A to the *Financial Statements*.

(2) Includes capital investment and working capital.

Loans Outstanding. At December 31, 1975, loans outstanding (loans granted, including undisbursed portions, less exchange adjustments, redemptions, cancellations and third party participations) were \$5,178.0 million, with interest rates ranging from 5.25% to 10.50%, and a weighted average of 8.49%. The terms of such loans were generally between 8 and 12 years for industrial projects and up to 20 years for infrastructure projects, including any deferred repayment period, depending upon the nature of each project. The remaining average life of all outstanding loans was 7½ years.

The following table sets forth the EIB's loans outstanding by country at the dates indicated:

	December 31,									
	1971		1972		1973		1974		1975	
	Amount of Loans	% of Port- folio	Amount of Loans	% of Port- folio	Amount of Loans (in millions of UA)	% of Port- folio	Amount of Loans	% of Port- folio	Amount of Loans	% of Port- folio
Member States										
Germany	205	11.4	264	12.2	445	16.3	584	16.2	553	12.4
France	385	21.4	516	23.9	681	24.9	877	24.4	1,022	23.0
United Kingdom(1)	—	—	—	—	72	2.6	212	5.9	536	12.1
Italy	975	54.3	1,137	52.6	1,266	46.3	1,491	41.4	1,810	40.7
Belgium	51	2.8	63	2.9	59	2.2	77	2.1	87	2.0
Netherlands	43	2.4	39	1.8	37	1.3	69	1.9	67	1.5
Denmark(1)	—	—	—	—	7	0.3	26	0.7	37	0.8
Ireland(1)	—	—	—	—	25	0.9	68	1.9	100	2.3
Luxembourg	7	0.4	7	0.3	6	0.2	6	0.2	6	0.1
Total	1,666	92.7	2,026	93.7	2,598	95.0	3,410	94.7	4,218	94.9
Greece	59	3.3	55	2.6	51	1.9	45	1.3	90	2.0
Other Associated States	71	4.0	80	3.7	86	3.1	145	4.0	136	3.1
Total	130	7.3	135	6.3	137	5.0	190	5.3	226	5.1
Total	1,796	100.0	2,161	100.0	2,735	100.0	3,600	100.0	4,444	100.0

(1) Member State since January 1, 1973.

The EIB's loans outstanding at December 31, 1975, were divided among the following economic sectors:

	Number of Projects	Amount		Per cent.
		(in millions of UA)	(in millions of U.S. dollars)	
Infrastructure:				
Agricultural development	11	125.6	\$ 146.4	2.8
Energy, including	93	1,355.3	1,579.3	30.5
Power stations	62	911.4	1,062.0	20.5
Gas pipelines	21	353.6	412.0	8.0
Other	10	90.3	105.3	2.0
Water supply and distribution.....	13	144.5	168.4	3.3
Transport, including	56	776.5	904.8	17.5
Railways	15	183.0	213.2	4.1
Roads and bridges, etc.	33	495.6	577.5	11.2
Sea and river transports, harbor facilities	4	53.6	62.5	1.2
Airlines	3	40.3	47.0	0.9
Other	1	4.0	4.6	0.1
Telecommunications	29	605.9	706.0	13.6
Other	3	26.1	30.4	0.6
Agriculture, industry and services:				
Agriculture, forestry, fishing.....	1	6.0	7.0	0.2
Industry, including	256	1,105.5	1,288.2	24.8
Extractive industries	6	42.0	48.9	0.9
Production and semiprocessing of metals.....	40	393.8	458.9	8.9
Construction materials	24	72.8	84.8	1.6
Timber	2	3.1	3.6	0.1
Glass and pottery.....	9	13.9	16.2	0.3
Chemicals	56	206.3	240.4	4.6
Metal working and engineering.....	26	71.6	83.4	1.6
Motor vehicles and transport equipment.....	11	95.4	111.2	2.1
Electrical engineering, electronics.....	14	45.8	53.4	1.0
Foodstuffs	36	101.0	117.7	2.3
Textiles and leather.....	19	25.6	29.8	0.6
Pulp and paper.....	3	4.3	5.0	0.1
Rubber and plastics processing.....	8	29.3	34.1	0.7
Other	2	0.6	0.8	
Services, including.....	5	8.5	9.9	0.2
Tourism	3	4.1	4.8	0.1
Research and development.....	2	4.4	5.1	0.1
Global loans (1).....	33	289.7	337.6	6.5
Total	500	4,443.6	\$5,178.0	100.0

(1) Loans made to intermediary banks and financial institutions which allocate the funds so loaned, with the EIB's approval, to ultimate borrowers in connection with the financing of smaller undertakings than those ordinarily financed by the EIB.

SPECIAL OPERATIONS

Acting only as agent, the EIB has granted loans through its Special Section for the account of the original Member States for projects in Turkey amounting to the equivalent of \$417.1 million at December 31, 1975. Also, through its Special Section, the EIB administers loans and capital contributions of the European Development Fund for projects in certain African states and in overseas countries and territories of certain Member States. At December 31, 1975, the loans and capital contributions outstanding aggregated \$123.7 million (interest included). EIB Special Section activities do not make use of the funds or credit of the EIB.

LEGAL STATUS

The EIB has a legal personality and possesses in each Member State the most extensive legal capacity accorded to legal persons under the laws of such Member State. It may acquire and transfer property and sue and be sued in its own name.

The EIB and its assets, income and other property are exempt from all direct taxes of the Member States. The EIB is also exempt from any fiscal charges in respect of increases in its subscribed capital or paid in capital and from any related formalities in the Member State in which the EIB has its seat. The activities of the EIB carried out under the terms of the Statute may not be the subject of any turnover tax.

The Treaty of Rome provides that the Court of Justice of the European Communities in Luxembourg has exclusive jurisdiction in certain cases involving the fulfillment by Member States of their obligations under the Statute and the lawfulness of measures adopted by the Board of Governors and the Board of Directors. Any litigation between the EIB and its creditors or debtors, including claims based on guarantees made by Member States, may be determined by competent national courts. The property and assets of the EIB within the Member States are not, except by judicial decision and with the Court of Justice's authorization, subject to attachment or to seizure by way of execution. For information with respect to the courts in which litigation based on the Notes may be instituted, see *Description of the Notes*.

ADMINISTRATION

The EIB is administered and managed by a Board of Governors, a Board of Directors and a Management Committee.

The Board of Governors, which is composed of one government minister (usually the minister of finance) appointed by each Member State, has certain specific functions as set forth in the Statute. These include the appointment and removal of members of the Board of Directors and the Management Committee, the modification of the number of members of the Management Committee and the approval of the annual report of the Board of Directors and the annual balance sheet and profit and loss account. Disapproval of the annual report requires the resignation of the Board of Directors.

The Board of Directors is composed of eighteen Directors and ten Alternate Directors each appointed by the Board of Governors for a five year term, on nomination by the Member States and the Commission of the European Communities, as follows:

- Three Directors nominated by the Federal Republic of Germany
- Three Directors nominated by the French Republic
- Three Directors nominated by the Italian Republic
- Three Directors nominated by the United Kingdom of Great Britain and Northern Ireland
- One Director nominated by the Kingdom of Belgium
- One Director nominated by the Kingdom of Denmark
- One Director nominated by Ireland
- One Director nominated by the Grand Duchy of Luxembourg
- One Director nominated by the Kingdom of the Netherlands
- One Director nominated by the Commission
- Two Alternate Directors nominated by the Federal Republic of Germany
- Two Alternate Directors nominated by the French Republic
- Two Alternate Directors nominated by the Italian Republic
- Two Alternate Directors nominated by the United Kingdom of Great Britain and Northern Ireland
- One Alternate Director nominated by common agreement of the Benelux countries
- One Alternate Director nominated by the Commission.

The following are the Directors and Alternate Directors of the EIB:

Directors

- Alfred Becker
Mitglied des Vorstandes der Kreditanstalt für Wiederaufbau, Frankfurt.
- Giorgio Cappon
Presidente dell'Istituto Mobiliare Italiano, Rome.
- André de Lattre
Président du Crédit National, Paris.
- Raymond Denucé
Directeur Gérant Honoraire du Crédit Communal de Belgique, Brussels.
- Salvatore Guidotti
Amministratore Delegato e Direttore Generale della Società Meridionale Finanziaria, Naples.
- Pierre Guill
Président-Directeur de la Caisse d'Epargne de l'Etat, Luxembourg.
- Jean-Yves Haberer
Chef du Service des Affaires Internationales, Direction du Trésor, Ministère de l'Economie et des Finances, Paris.
- Erik Hoffmeyer
Formand for direktionen i Danmarks Nationalbank, Copenhagen.
- Norman Jordan-Moss
Deputy Secretary (Overseas Finance A)
H.M. Treasury, London.
- Anthony IJ. A. Looijen
Directeur van Buitenlandse Financiële Betrekkingen, Ministerie van Financiën, The Hague.
- Ugo Mosca
Director General of Economic and Financial Affairs; Commission of the European Communities, Brussels.
- Alfred Müller-Armack
Staatssekretär a.D., Professor an der Universität Köln, Cologne.
- Sean F. Murray
Former Assistant Secretary, Department of Finance, Dublin.
- Maurice Pérouse
Directeur Général de la Caisse des Dépôts et Consignations, Paris.
- Raymond Prosser
Deputy Secretary, Department of Industry, London.
- Rupert Raw
Former Adviser to Governor of the Bank of England, Chairman of Italian International Bank Ltd., London, Director of Banque Belge, London.
- Ferdinando Ventriglia
Direttore Generale del Tesoro, Ministero del Tesoro, Rome.
- Hans-Herbert Weber
Ministerialdirektor, Bundesministerium der Finanzen, Bonn.

Alternate Directors

- Roger A. Barnes
Assistant Chief Cashier, Bank of England, London.
- Michel Camdessus
Directeur Adjoint, Service des Activités Financières; Direction du Trésor, Paris.
- Maurice Esselens
Directeur Generaal bij de Administratie der Thesaurie, Ministerie van Financiën, Brussels.
- Lionello Fronzoni
Direttore della S.A.D.I.B.A. (Scuola di Automazione per Dirigenti Bancari) Banca d'Italia, Perugia.
- Geoffrey Littler
Under-Secretary for Finance (International Monetary), Treasury Chambers, London.
- Rudolf Morawitz
Ministerialdirigent, Bundesministerium für Wirtschaft, Bonn.
- Waldemar Müller-Enders
Ministerialdirigent, Bundesministerium der Finanzen, Bonn.
- John Edward Nash
Director, Directorate General of Economic and Financial Affairs, Commission of the European Communities, Brussels.
- Yves Roland-Billecart
Directeur Général Adjoint de la Caisse Centrale de Coopération Economique, Paris.
- Savino Spinosi
Ispettore Generale, IRFE Ministero del Tesoro, Rome.

The Board of Directors is responsible for supervising and ensuring the sound administration of the EIB and for ensuring that the EIB is managed in conformity with the provisions of the Treaty of Rome and the Statute and with the general directives of the Board of Governors. It has exclusive power to authorize loans and guarantees, to establish interest rates and commissions thereon and to authorize borrowings by the EIB.