

may at the same time be financing projects in the Mekong Basin from its ordinary capital resources, based on applications submitted directly to it by the relevant governments.

*Southeast Asia Regional Transportation and Communication Fund.*—Special funds of the Asian Bank could be used to support a comprehensive plan of transportation and communications development in Southeast Asia. Implementation of such a plan would contribute directly to regional economic integration and thereby support a basic policy of the Asian Bank. Representatives of Southeast Asian countries met earlier this month "to consider measures for improving coordination of transport and communications development and, more specifically, to identify and prepare regional-type transport and communications projects in a manner suitable for foreign assistance and financing." This meeting, and a followup meeting at ministerial level, are expected to endorse the idea of a special fund under the Asian Development Bank to meet the financing needs of Southeast Asian regional transportation and communications plans.

The Government of Malaysia is taking the initiative in developing proposals for cooperation in these two fields. A planning group of Asian officials has recently completed a tour of Southeast Asian countries by way of preparing for the regional meetings. The group has met with and discussed its plan with the President and officials of the Asian Bank.

Financing needs in the transport sector include the cost of broad-scale studies to identify priority regional transportation and communications projects and the subsequent capital costs of projects identified as suitable for financing. Among the types of projects that might be financed from special funds are:

- (a) Common port arrangements and upgrading of national ports as a benefit to regional cooperation.
- (b) Improved land transport facilities related to the Asian highway.
- (c) Improvement of air transport facilities.
- (d) Improvement in the Southeast Asia communications net, particularly for traffic between capitals of countries in the region.
- (e) Improvement of coastal shipping facilities, particularly those affecting regional commerce.

*Special Funds for Other Purposes.*—On a limited case-by-case basis the ADB may propose, or be asked, to administer funds which do not fall within the scope or terms of the three special funds described above.

A variety of conditions might call for financial arrangements for individual projects outside the particular funds created for Agriculture, Mekong and Transportation/Communications, although, of course, still within the basic scope of the Bank's Articles of Agreement:

- (a) Some potential donor(s) may be willing to contribute to a particular project which for one reason or another has special appeal to them, whereas they would not contribute to a general fund.
- (b) A project might not be within the terms of reference of the then existing special funds.
- (c) The terms required for some particular project may be different from those allowed by agreements relating to the three general funds.