D. GEOGRAPHIC SCOPE OF SPECIAL FUNDS

The Bank's Management and Directors recognize that countries prepared to contribute special funds may have particular areas of interest to which they would wish to see their funds devoted. In the case of the United States, the $200 million which is now being sought for contributions to special funds relates back directly to President Johnson's Johns Hopkins speech of April 1965, in which he pledged that the United States would provide up to $1 billion to support economic and social development in Southeast Asia. An east Asian emphasis in the use of special funds was clearly set forth in the President's State of the Union message in 1967. It is, therefore, the U.S. intention that the $200 million now requested be used primarily for projects and programs in Southeast Asia. This intention has in fact been communicated to the Bank by U.S. representatives.

In connection with the Bank's approval in principle of its administration of a Special Agricultural Fund, the Bank's Directors agreed that the fund would be available for agricultural development of all developing member countries. They also recognized that the views of donor countries as to any special emphasis should be taken into account. Thus, the United States and other donor countries would be assured that they could give emphasis to a particular geographic region (to Southeast Asia in the case of the United States—and of Japan as well). It would not be the U.S. intention to exclude use of U.S. funds for meeting high priority needs of nations elsewhere in Asia.

E. REPRESENTATION OF INTERESTS OF CONTRIBUTING COUNTRIES

In considering the proper extent to which countries that contribute to special funds should exercise a direct voice in the utilization of those funds, the Council has conceived of special funds as additions to the resources available to an international institution. Many of the major advantages of multilateral administration of development resources would not be realized if special funds were conceived of as a collection of extensions of bilateral assistance programs for which the international institution has only a bookkeeping responsibility. Accordingly, the Council regards it as fundamental that the Management of the Asian Development Bank is basically responsible for the administration of special funds, including the selection of projects for submission to the Directors for approval. Project implementation following approval would also be a function of the Bank itself.

Thus, the main channel through which the United States would exercise its influence in shaping Bank decisions regarding special funds would be the U.S. representation on the Bank's Board of Governors and Board of Directors, in which the principle of weighted voting applies. In approving U.S. participation in the Asian Development Bank in early 1966, the Congress gave its full endorsement to the arrangements by which U.S. interests would be represented.

In addition to U.S. participation in Bank decisions on special funds through normal voting procedures, we and the other contributing countries would be able to stipulate, at the time they initially agree to provide the funds, the purposes for which the funds could be used and the basis on which they would be made available. A special geographic