

As you know, article 19 of the Bank's charter authorizes the Bank to accept the administration of special funds on terms and conditions not inconsistent with the charter of the Bank. Under the charter, the portion of our ordinary capital that can be used for loans with longer maturities and lower interest rates than those prevailing in normal banking operations is relatively small. We were gratified that at the Bank's Board of Governors meeting in Tokyo last November there were many statements by representatives of Asian countries expressing the hope that developed members of the Bank would make available special funds to supplement the ordinary capital of the Bank. These statements reflect a recognized need for such funds in amounts, which in my own professional experience and, I am sure in yours, is substantial. In my address to the 23d session of the ECAFE I referred to this aspect, and I said at that time that we are determined to actively solicit contributions to the special funds portion of the Bank's resources.

As you would recall, a Conference of Southeast Asian Ministers, with Japan participating, recommended in December 1966 the establishment of a special agricultural fund in this Bank. The joint communique issued by that Conference stated: "The Conference agreed to call on the developed countries and the Asian Development Bank to cooperate in setting up such a fund and to request the Asian Development Bank to start immediately deliberation on various problems concerning the establishment of the fund, giving due consideration to the views of participating countries of this Conference as well as of other interested parties." We had extensive discussions at the Board of Directors about this subject and arrived at a decision in principle that the Asian Development Bank should accept the administration of special funds for the development of agriculture. I reflected this decision in my address to the Southeast Asian Conference of Ministers held in Manila in April 1967. That Conference endorsed the establishment of such a fund and the entrustment of the fund to the Asian Development Bank; the statements made at the Conference reflected the sense of urgency felt by member governments as well as the expectation that the fund should become operative as early as possible. Since then, the Bank has constituted a task force of internationally recognized experts to survey the requirements of the developing member countries of the Bank and to submit recommendations, *inter alia* on the nature, scope, and methods of Bank action in the field of agriculture development which would be supported by the fund. The work of this team will be guided and reviewed by a consultative committee consisting of such distinguished experts as Prof. T. W. Schultz, of the University of Chicago. We expect the report on this survey to become available early in 1968; and, funds permitting, we would become operative in a significant way in agricultural development soon thereafter.

Another direction which has evoked considerable interest in the Southeast Asian region is joint consideration of development of transport and communications. As you would recall, the initiative came from Malaysia, in a proposal by that Government also at the April 1967, Manila Conference on Southeast Asian Development. A conference at officials' level is proposed to be held in September in Kuala Lumpur, to be followed possibly by a Conference of Ministers of Transport and Communications some time thereafter. In the meantime, a panel of officials drawn from Malaysia, Thailand, Indonesia, and Singapore is preparing for the September meeting. During the course of the panel's visits to various countries they called on us here and said that the agenda for the September Conference would in all probability include consideration of how the Asian Development Bank could assist in this field of activities. The panel mentioned the possibility of a recommendation emerging from the Conference that a regional fund be organized. The question was posed to me whether the Asian Development Bank would be receptive to a request to take up both these items of work. I replied that, if such a request were to be made, I would be happy to raise it with the Board of Directors. In the meantime, the Bank has accepted the invitation of the Malaysian Government to participate as an observer at the Kuala Lumpur Conference.

You are aware of the work of the Mekong Coordinating Committee in planning the activities necessary to exploit successfully the potential of this great river. While we have as yet no specific proposal before us from the Mekong Committee (consisting of the four riparian states), I have sufficient ground to believe that there is clear recognition that this Bank may have a suitable role to play as and when the circumstances make it appropriate.