

to reserve specific loan policy discussions for a later date, I do want to emphasize at this time the need for versatility. The nations of Asia are often mistakenly grouped together under the vague heading of "underdeveloped". This term is wholly inadequate to describe the prevailing situations. The countries of our region are presently undergoing numerous stages of economic elevation. Even more diverse than the stages of this development are the kinds of problems with which each country is confronted. These problems are an outgrowth of their own particular cultures and traditions, and spring from widely varying socio-economic environments. It is within this context that the ADB must function. Just as the concept of Asia defies simple definition, it also defies uniformity of loan policy administration. It is for this reason that I hesitate to formulate any hard and fast rules governing the extension of credit. I think it is more fitting that we promise to do our best to appraise each and every loan situation on its own merit.

A number of the distinguished Governors have referred to the Special Funds category of loans provided for in the Charter. There is no doubt that this will be a valuable tool in furthering the Bank's objective of maximum capital mobilization for the economic advancement of the region. As many of you have noted, the present stage of many of the developing countries makes it impossible for them to adhere to the terms of conventional loan agreements. Particularly in the crucial area of agricultural and infrastructure loans, the repayment schedule and interest rate structure of the hard loan category are apt to be self-defeating. If the Bank is to effectively promote all facets of economic development in the ECAFE region, it must be equipped to extend soft loans in those cases where they are the only practical and realistic solution. It is also clear that the Charter's limitation on soft loans to 10 per cent of the Bank's total paid-in capital will not be sufficient to satisfy the need. We, therefore, will actively seek Special Funds contributions from member and non-member countries alike.

However, I would like to stress at this time that conventional or hard loans are the material of which any bank's foundation must be constructed. History has shown us that the World Bank was well-advised to concentrate its early efforts on this category. It was only after it had accumulated a substantial portfolio of hard loans that the creation of IDA could become a reality.

Furthermore, I believe the same policy line should be followed with regard to the Bank's entry into the capital markets. I am