Up to this point, I have focused attention on the Bank's policy with respect to its "ordinary capital resources". During our early years, we must concentrate on establishing a reputation as a sound banking institution. This reputation will only come through the wise and frugal employment of these funds. However, I am fully aware that we cannot deal with every situation within the confines of conventional lending terms.

A considerable number of countries are currently caught in a vicious credit cycle, whereby a significant percentage of all new funds is already committed to the servicing of existing debt. Moreover, some projects do not provide any appreciable benefits to a nation's economy until many years after the initial investment. Thus, many countries are anxious to obtain soft loans, where the repayment schedule is geared to the estimated time table of the project, and the debt burden does not drain unduly on a shrinking reservoir of capital.

While provision has been made for the ADB to cope with this situation, only 10 per cent of our paid-in capital is available for this purpose. In addition, the use of those funds is conditional upon authorization by a two-thirds majority of the Board of Governors, and that body has, as yet, taken no action on this provision. We must, therefore, rely on the creation of Special Funds i.e., capital resources over and above that subscribed. Toward that end, I will actively solicit contributions to this Fund; not only from member countries, but from non-members as well. I ardently hope that those nations who did not join the Bank as subscribers, will also exhibit their concern for the welfare of Asia through their generous participation in such Special Funds.

If we are successful in attracting Special Funds contributions, we will also be in a better position to lend the vital technical assistance of which I spoke earlier. This area of economic aid is especially attractive, because the effects are substantial in proportion to the amount of money expended.

Regarding Special Funds, I would like to highlight the initiative taken by the Conference on Agricultural Development in Southeast Asia, which met two weeks ago in Tokyo. In its joint communiqué, representatives of the nine participating nations proposed to establish a fund "to be loaned with liberal terms for agricultural development in Southeast Asia, as a special fund of the Asian Development Bank." It is a great source of encouragement to see that the nations of this region have already singled out an area where the ADB can render a useful service. I would like to make a thorough study of this proposition.