

capital resources", earmarked for soft loan financing, can, even when authorized by the Board of Directors, satisfy no more than a token amount of the need.

Thus, we are determined to actively solicit contributions to the Special Funds portion of the Bank's resources. We are heartily encouraged by the response already voiced by a number of the developed countries. In his State of the Union Message, delivered to the U.S. Congress on January 10 of this year, President Johnson indicated his intention to seek a \$200 million appropriation from Congress for the development of East Asia, to be a Special Fund of the Asian Development Bank. This fund, as proposed, is not restricted exclusively to the development of agriculture, and could thus have broad application to the advancement of our efforts in the region. Another indication of support in the soft loan field is Japan's expressed willingness to sponsor the financing of an Agricultural Development Fund. This Fund was first formally depicted in the joint communiqué of the Conference on Agricultural Development in Southeast Asia, convened in Tokyo in the latter part of 1966. There has been widespread interest exhibited by the developed countries in these and other suggested Special Funds, and their support inspires us to relentlessly strive to tap all available sources of capital for the region.

However, it will be some time before these Special Fund proposals become a tangible reality. Aside from any formalities which may cause delay for the contributing countries, each overture must be investigated thoroughly from the point of ADB policy, in the interest of maintaining continuity with the underlying philosophy of the Bank, as embodied in its Charter.

In the meantime, there are two pressing needs to which we can devote considerable attention. First of all, in preparation for our eventual entry into the international bond market, an equally valuable source of additional capital, we are well-advised not to neglect the principles of sound banking. We will, therefore, pay all due regard to the formulation and efficient implementation of an intelligent conventional loan policy, in order to foster confidence amongst members of the international financial community.

Secondly, an urgent plea for technical assistance can be heard in many developing countries. We are anxious to mobilize funds from outside sources to enable the Bank to conduct pre-investment activities for project preparation and development. Throughout the course of my visits to the member nations, I discerned that, in some instances, countries could attract the necessary development financing readily-enough on their own, but either are hard