

STRATEGY FOR SUCCESS

As you are aware, last week, this country hosted the Second Ministerial Conference for Economic Development in Southeast Asia. A major item on the agenda was the previously-proposed Agricultural Development Fund, to be a special fund administered by the ADB. In my statement to that conference, I was pleased to report that our Board of Directors "accepted in principle the idea of special agricultural funds to be administered by the Asian Development Bank". In so doing, the Board officially acknowledged the obvious and pressing need for agricultural development in this region, and pledged the Bank to lend the full weight of its support to this area of endeavor.

However, I would like to take this opportunity to pause in the discussion of special funds, to reiterate the function of the Asian Development Bank as a source of standard conventional loans.

I am afraid that, amidst the current attention being directed to possible special funds contributions from some of the developed countries, there is a tendency to overlook the fact that the bulk of the ADB's existing capital constitutes its "ordinary capital resources".

At the Inaugural Meeting in Tokyo, the authorized capital of the Bank was increased from \$1.0 billion to \$1.1 billion, in anticipation of the admission of new members. Of that amount, \$965 million was actually subscribed, half of which will take the form of paid-in capital, payable in five equal annual installments. Fifty percent of the paid-in portion must be remitted in gold or convertible currency, and the remaining 50 per cent may be paid in local currency or promissory notes.

By the time the ADB commenced operations, the first installment had been paid-in, realizing roughly \$50 million in freely investible funds. On August 22 of the current year, the second installment falls due, which is expected to bring the total of investible funds to just under \$100 million.