

TASF-1

ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF FINANCIAL POSITION

31 December 1999 and 1998

Expressed in Thousands of United States Dollars (Note B)

	<u>1999</u>	<u>1998</u>
ASSETS		
DUE FROM BANKS (Note B)	\$ 3,672	\$ 1,216
INVESTMENTS (Notes B and C)		
Government and government-guaranteed obligations	\$ 50,346	\$ 36,111
Time deposits and other obligations of banks	<u>165,813</u>	<u>146,966</u>
ACCRUED REVENUE	2,138	2,209
OTHER ASSETS	8,095	11,804
TOTAL	\$230,064	\$198,306
LIABILITIES AND UNCOMMITTED BALANCES		
PAYABLE TO ORDINARY CAPITAL RESOURCES	\$ 91	\$ 65
ACCOUNTS PAYABLE AND OTHER LIABILITIES	3	17
UNDISBURSED COMMITMENTS (Notes B and E)	113,681	101,037
UNCOMMITTED BALANCES (TASF-2 and TASF-4) (Note B), represented by:		
Unrestricted net assets	116,289	97,187
TOTAL	\$230,064	\$198,306

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended 31 December 1999 and 1998

Expressed in Thousands of United States Dollars (Note B)

	<u>1999</u>	<u>1998</u>
CHANGES IN UNRESTRICTED NET ASSETS		
CONTRIBUTIONS (TASF-4) (Notes B and D)	\$ 80,070	\$80,066
REVENUE		
From investments (Notes B and C)		
Interest	\$7,806	\$5,918
Unrealized investment losses	(699)	(40)
Net gain on sales	<u>—</u>	<u>7</u>
	7,107	5,885
From other sources—net (Note E)	<u>322</u>	<u>766</u>
	7,429	6,651
NET ASSETS RELEASED FROM RESTRICTIONS (Note B)	<u>—</u>	<u>192</u>
Total	<u>87,499</u>	<u>86,909</u>
EXPENSES		
Technical assistance (TASF-5) (Notes B and E)	63,059	36,037
Financial expenses	<u>2</u>	<u>7</u>
Total	<u>63,061</u>	<u>36,044</u>
CONTRIBUTIONS AND REVENUE IN EXCESS OF EXPENSES	24,438	50,865
EXCHANGE LOSSES—net (Note B)	<u>(5,336)</u>	<u>(7,454)</u>
INCREASE IN UNRESTRICTED NET ASSETS	<u>19,102</u>	<u>43,411</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
NET ASSETS RELEASED FROM RESTRICTIONS (Note B)	<u>—</u>	<u>(192)</u>
DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>—</u>	<u>(192)</u>
INCREASE IN NET ASSETS	19,102	43,219
NET ASSETS AT BEGINNING OF YEAR	97,187	53,968
NET ASSETS AT END OF YEAR	\$116,289	\$97,187

See notes to financial statements (TASF-6).

TASF-3

ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF CASH FLOWS

For the Years Ended 31 December 1999 and 1998

Expressed in Thousands of United States Dollars (Note B)

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$80,000	\$ 2,461
Interest on investments received	8,374	5,457
Cash received from other activities	61	704
Technical assistance disbursed	(46,629)	(49,616)
Financial expenses paid	(2)	(7)
Net Cash Provided by (Used in) Operating Activities	<u>41,804</u>	<u>(41,001)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash (invested in) withdrawn from time deposits and other obligations of banks	(27,637)	64,736
Sales of investment securities	839	4,060
Maturities of investment securities	6,534	9
Purchases of investment securities	(18,548)	(27,294)
Net Cash (Used in) Provided by Investing Activities	<u>(38,812)</u>	<u>41,511</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid to Ordinary Capital Resources and others—net	—	(42)
Net Cash Used in Financing Activities	<u>—</u>	<u>(42)</u>
Effect of Exchange Rate Changes on Due from Banks	(536)	107
Net Increase in Due from Banks	2,456	575
Due from Banks at Beginning of Year	1,216	641
Due from Banks at End of Year	<u>\$ 3,672</u>	<u>\$ 1,216</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Increase in net assets (TASF-2)	\$19,102	\$ 43,219
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Noncash contributions from OCR	—	(78,658)
Change in contributions receivable	(70)	1,053
Change in undisbursed commitments	12,644	(13,986)
Translation adjustments	5,075	7,392
Unrealized investment losses	699	40
Change in advances for technical assistance to member countries	4,470	407
Amortization of discounts/premiums	497	527
Gain on sale of investments	—	(7)
Change in accrued interest receivable and others	(613)	(988)
Net Cash Provided by (Used in) Operating Activities	<u>\$41,804</u>	<u>\$ (41,001)</u>

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

STATEMENT OF RESOURCES

31 December 1999

Expressed in Thousands of United States Dollars (Note B)

	Contributions Committed During 1999	Cumulative Contributions Committed	Contributions Utilized During 1999	Cumulative Contributions Utilized	Contributions Unutilized
DIRECT VOLUNTARY CONTRIBUTIONS					
Australia	\$ —	\$ 2,484	\$ —	\$ 2,484	\$ —
Austria	—	159	—	159	—
Bangladesh	—	47	—	47	—
Belgium	—	1,394	—	1,394	—
Canada	—	3,346	—	3,346	—
China, People's Rep. of	—	600	—	600	—
Denmark	—	1,963	—	1,963	—
Finland	—	237	—	237	—
France	—	1,697	—	1,697	—
Germany	—	3,315	—	3,315	—
Hong Kong, China	—	100	—	100	—
India	—	2,659	—	2,659	—
Indonesia	—	250	—	250	—
Italy	—	774	—	774	—
Japan	—	47,710	—	47,710	—
Korea, Rep. of	—	1,900	—	1,900	—
Malaysia	—	909	—	909	—
Netherlands	—	1,338	—	1,338	—
New Zealand	—	1,096	—	1,096	—
Norway	—	3,279	—	3,279	—
Pakistan	70	1,387	—	1,317	70
Singapore	—	1,100	—	1,100	—
Spain	—	190	—	190	—
Sri Lanka	—	6	—	6	—
Sweden	—	861	—	861	—
Switzerland	—	1,035	—	1,035	—
Taipei, China	—	200	—	200	—
United Kingdom	—	5,617	—	5,617	—
United States	—	1,500	—	1,500	—
Total	70	87,153	—	87,083	70
REGULARIZED TASF REPLENISHMENTS, ALLOCATION FROM ORDINARY CAPITAL RESOURCES NET INCOME, AND OTHER RESOURCES ¹ (Note D)					
	80,000	725,090	68,397	609,327	115,763
TRANSFERS TO ASIAN DEVELOPMENT FUND	—	(3,472)	—	(3,472)	—
UNREALIZED INVESTMENT HOLDING GAINS	—	456	—	—	456
TOTAL	\$80,070	\$809,227	\$68,397²	\$692,938	\$116,289

1 Other resources represent income and replenishments accruing to TASF since 1 April 1980.

2 Includes exchange loss amounting to \$5,336.

See notes to financial statements (TASF-6).

TASF-5

ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

SUMMARY STATEMENT OF TECHNICAL ASSISTANCE APPROVED AND EFFECTIVE

For the Year Ended 31 December 1999

Expressed in Thousands of United States Dollars (Note B)

Recipient	Project Preparation	Project Implementation/ Advisory	Total
Bangladesh	\$ 450	\$ 356	\$ 806
Bhutan	150	275	425
Cambodia	300	3,379	3,679
China, People's Rep. of	541	7,804	8,345
Fiji Islands	–	1,258	1,258
India	1,394	931	2,325
Indonesia	150	2,291	2,441
Kazakhstan	(3)	316	313
Kiribati	–	2,276	2,276
Kyrgyz Republic	–	1,059	1,059
Lao PDR	–	510	510
Maldives	(46)	(24)	(70)
Marshall Islands	(12)	262	250
Micronesia, Fed. States of	300	882	1,182
Mongolia	–	205	205
Nauru	–	844	844
Nepal	100	1,053	1,153
Pakistan	1,893	116	2,009
Papua New Guinea	1,513	520	2,033
Philippines	800	2,320	3,120
Samoa	125	368	493
Solomon Islands	590	352	942
Sri Lanka	770	3,541	4,311
Tajikistan	150	895	1,045
Thailand	–	(134)	(134)
Tuvalu	(16)	600	584
Uzbekistan	150	1,950	2,100
Vanuatu	1,000	739	1,739
Viet Nam	–	1,115	1,115
	<u>\$10,299</u>	<u>\$36,059</u>	<u>46,358</u>
Total			46,358
Regional Activities			16,701
TOTAL			\$63,059

Negative amounts represent net undisbursed commitments written back to balances available for future commitments (Notes B and E).

See notes to financial statements (TASF-6).

ASIAN DEVELOPMENT BANK—TECHNICAL ASSISTANCE SPECIAL FUND

NOTES TO FINANCIAL STATEMENTS

31 December 1999 and 1998

NOTE A—NATURE OF OPERATIONS

The Technical Assistance Special Fund (TASF) was established to provide technical assistance on a grant basis to developing member countries of the Asian Development Bank (ADB) and for regional technical assistance. TASF resources consist of direct voluntary contributions by members, allocations from the net income of Ordinary Capital Resources (OCR) and Asian Development Fund (ADF) contributions, and revenue from investments and other sources.

NOTE B—SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES*Presentation of the Financial Statements*

The financial statements of the TASF are presented on the basis of unrestricted and temporarily restricted net assets.

TASF reports contributed cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Investments

All investment securities held by TASF are reported at estimated fair value, with realized and unrealized gains and losses included in revenue. Estimated fair value generally represents market value. Cost or amortized cost is used to approximate fair value for certain short-term investments not traded in the market (time deposits, etc.).

Contributions

Contributions from members are included in the financial statements from the date contribution agreements become effective. Contributions from donors which are restricted by them to technical assistance (TA) projects/programs with specified procurement sources are classified as temporarily restricted contributions. Those without any stipulations as to specific use are accounted for as unrestricted contributions.

Technical Assistance to Member Countries

Technical assistance is recognized in the financial statements when the related project is approved and becomes effective. Upon completion of the TA project, any undisbursed amount is written back as a reduction in Technical Assistance for the period and the corresponding undisbursed commitment is eliminated accordingly.

Reporting Currency

The financial statements of TASF are expressed in thousands of current United States dollars. As a matter of convenience, the United States dollar is the functional and reporting currency and is used to measure exchange gains and losses.

Translation of Currencies

Assets, liabilities, and uncommitted balances in currencies other than United States dollars are translated at the applicable rates of exchange at the end of a reporting period. Contributions included in the financial statements during the year are recognized at applicable exchange rates as of the respective dates of commitment. Revenue and expense amounts in currencies other than United States dollars are translated for each semimonthly period generally at the applicable rates of exchange at the beginning of each period; such practice approximates the application of average rates in effect during the period. Translation adjustments are accounted for as exchange gains or losses and are charged or credited to operations.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the end of the year and the reported amounts of income and expenses during the year. The actual results could differ from those estimates.

Statement of Cash Flows

For the purposes of the statement of cash flows, the TASF considers that its cash and cash equivalents are limited to "DUE FROM BANKS."

NOTE C—INVESTMENTS

The currency compositions of the investment portfolio as of 31 December 1999 and 1998 expressed in United States dollars were as follows:

Currency	1999	1998
Australian dollar	\$ 5,757,000	\$ 5,299,000
Canadian dollar	128,083,000	85,137,000
Deutsche mark	–	6,103,000
Euro	60,886,000	–
Italian lira	–	5,032,000
Netherlands guilder	–	2,542,000
Swiss franc	17,924,000	72,884,000
Others	3,509,000	6,080,000
Total	<u>\$216,159,000</u>	<u>\$183,077,000</u>

The annualized rate of return on the average investments held during the year, based on the portfolio held at the beginning and end of each month was 3.50% (4.10% – 1998).

Investments are governed by the Investment Authority approved by the Board of Directors. The main investment management objective is to maintain security and liquidity. Subject to these parameters, ADB seeks the highest possible return on TASF investments.

In 1999, the Board of Directors approved a new Investment Authority. The new Investment Authority allows investment in higher-yielding investment instruments, such as high-quality corporate bonds, mortgage-backed securities, and asset-backed securities.

NOTE D—FUNDING

Since inception in 1967, direct contributions have been made by 29 member countries. In 1986 and 1992, the Board of Governors, in authorizing a replenishment of the ADF, provided for an allocation to the TASF in an aggregate amount equivalent to \$72,000,000 and \$140,000,000, respectively, to be used for technical assistance to ADF borrowing developing member countries and for regional technical assistance.

In addition, an aggregate amount equivalent to \$421,000,000 has been allocated to TASF out of OCR in 1992, 1993, 1994, 1995, 1998, and 1999.

Some of the direct contributions received were subject to restricted procurement sources, while some were given

on condition that the Technical Assistance be made on a reimbursable basis.

The total contributions received for the years ended 31 December 1999 and 1998 were without restrictions.

NOTE E—UNDISBURSED COMMITMENTS

Undisbursed commitments are denominated in United States dollars and represent effective ongoing grant-financed TA projects/programs which are not yet disbursed as of the end of the year. During 1999, an amount of \$7,038,000 (\$15,557,000 – 1998) representing completed and canceled TA projects has been written back as a reduction in Technical Assistance of the period and the corresponding undisbursed commitment has been eliminated. The fair value of undisbursed commitments approximates the amounts undisbursed because ADB expects that grants will be made for all projects/programs covered by the commitments. When TA provided as a project preparatory grant leads to an ADB loan, the amount of the grant exceeding \$250,000 will be refunded by the borrower through the loan proceeds under the terms of that ADB loan. Refinanced amounts of \$296,000 (\$714,000 – 1998) were charged to such loans and credited to revenue from other sources of the TASF during the year ended 31 December 1999.

NOTE F—FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair value of financial instruments that are short-term approximates their carrying amounts.

If available, quoted market values are used to determine fair values. Financial instruments for which market quotations are not readily available are valued using methodologies and assumptions which necessarily require the use of subjective judgments. Accordingly, the actual value at which such financial instruments could be exchanged in a current transaction or whether they are actually exchangeable is not determinable.

The Fund's statement of financial position carrying amounts are considered to approximate fair values for all significant financial instruments. See Notes B and E for discussions with respect to investments and undisbursed commitments, respectively.