SCOMM

#9:52

Institution:	International Bank for Reconstruction and Development (World Bank)
Location:	Headquartered in Washington, D.C., U.S.A. Offices in London, Paris, Tokyo. Missions in 20 countries.
Size:	3/31/76 (000's)
Assets:	U. S. $29.5 billion
Capital:	Authorized Capital: U. S. $30.9 billion Paid-in-Capital: U. S. $3.1 billion
Purpose:	Established 6/24/46 pursuant to articles of agreement drawn up at Bretton Woods Conference of July, 1944. Initial membership 29 soverign states. Present membership 127 soverign states. Purpose of World Bank is to function as intergovernmental financial institution to (a) assist in the reconstruction and development of member states by facilitating investment of capital for productive purposes; (b) supplement private foreign investment through guarantees of or participation in private investments; (c) supplement private investment via loans from its own resources or borrowed funds. See "Affiliated Institutions" below.
Source of Funds:	Capital provided by subscriptions of member states and borrowings in international and U. S. capital markets. Supplemented by internal cash flow from lending activities and sale of loans.
Management Structure:	Governed by Board of Governors composed of one from each member state. Executive Directors (20) appointed by Board function as Board of Directors. President selected by Executive Directors and is responsible for all operations. Operations are orgarized by geographic area, industry, and function. Total employees: approximately 3,500.
Management of Funds:	Internal. All loans to or guaranteed by member states. Loan portfolio monitored with respect to industry and country in relation to worldwide economic conditions. The bank has not suffered any losses on its loans to date and does not take part in debt rescheduling agreements.

Portfolio: Loans made generally in conformity with 5 principles: (1) loans must be to governments, government agencies or authorities, or if to private enterprises, guaranteed by a government (only member governments eligible); (2) loans must be for productive purposes based on bank analysis; (3) bank must exercise prudence in making loans and consider ability of borrower to obtain foreign exchange necessary for loan service; (4) Bank does not make loans obtainable privately on reasonable terms; (5) use of proceeds supervised by Bank. Since inception, loans totalling $31.1 billion have been made to 95 countries. Current loans outstanding total $27.7 billion. Largest borrowers are Brazil, Mexico, Korea, Yugoslavia, Columbia, Iran, Turkey, Philippines and Nigeria. Loans made for extended terms at fixed rates (1/2% above money cost to Bank adjusted quarterly).

Capital Structure: Debt 73.2%; Capital Stock 26.8%. Capital Stock funds may only be used for lending with consent of each member state; otherwise such funds must be used for administrative purposes or to support guarantees and borrowings only.

Income: Generally retained by Bank except portion transferred to International Development Association.

Affiliated Institutions: International Finance Corporation. Makes loans and investments to private enterprises in member countries without government guarantee. 104 governments are members. Sources of funds are members' subscriptions and loans from Bank. Staff is substantially identical to that of Bank.

International Development Association. Purpose is to promote economic development in less developed member countries. 116 countries are members. Loans generally made for terms of 50 years without amortization. Service charge of 3/4% on outstanding balance levied in lieu of interest. Staff substantially identical to that of Bank.

World Bank

Annual Report 1975



The World Bank Group includes the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC). These institutions help to raise standards of living in developing countries by providing financial and technical assistance. The International Centre for Settlement of Investment Disputes (ICSID), sponsored by the Bank, offers a mechanism for solving disputes between governments and foreign investors.

Front cover: Preparing for rice planting in the Ecuadorian Andes

Table of Conte

...e Record for Ten Years—1966-75 ...
...mmary and Background of the Year ...
...e Year's Activities, by Region
...astern Africa ...
...Western Africa ...
East Asia and Pacific ...
South Asia ...
...urope, Middle East and North Afric...
Latin America and the Caribbean ...
...ects Approved for Bank and IDA A...
...nical Assistance and Other Activ...
Technical Assistance ...
Economic Development Institute ...
And Coordination ...
Inter-Agency Cooperation ...
International Agricultural Research ...
Audit and Evaluation ...
Joint Audit Committee ...
Economic Research and Studies ...
International Centre for Settlement ...
Bank and IDA Membership ...
...rrowings and Finance
Income and Expenditure: Bank ...
Other Financial Operations: Bank ...
The Bank's Borrowings—Fiscal 1975 ...
Distribution of Bank Debt ...
Increase in Capital ...
Finances IDA ...
Foreign and International Bond Ma...
External Public Debt ...
...ve Directors ...
List of Executive Directors ...
...ical Annex ...
...Appendices ...
...A Appendices ...
...IDA Appendices ...

Table of Contents

	Page
Record for Ten Years—1966-75	3
mary and Background of the Year's Activities	5
Year's Activities, by Region	
stern Africa	21
estern Africa	26
st Asia and Pacific	31
uth Asia	36
ope, Middle East and North Africa	41
n America and the Caribbean	47
ts Approved for Bank and IDA Assistance in Fiscal 1975, by Sector	52
ical Assistance and Other Activities	
hnical Assistance	67
onomic Development Institute	67
Coordination	69
Agency Cooperation	69
national Agricultural Research	71
t and Evaluation	71
Audit Committee	72
omic Research and Studies	72
ational Centre for Settlement of Investment Disputes	74
and IDA Membership	74
gs and Finance	
and Expenditure: Bank	75
Financial Operations: Bank	75
Bank's Borrowings—Fiscal 1975	75
ution of Bank Debt	78
n Capital	78
IDA	78
and International Bond Markets—Calendar 1974	79
Public Debt	81
tors	82
tive Directors	83
es	84
es	103
es	121
ndices	135

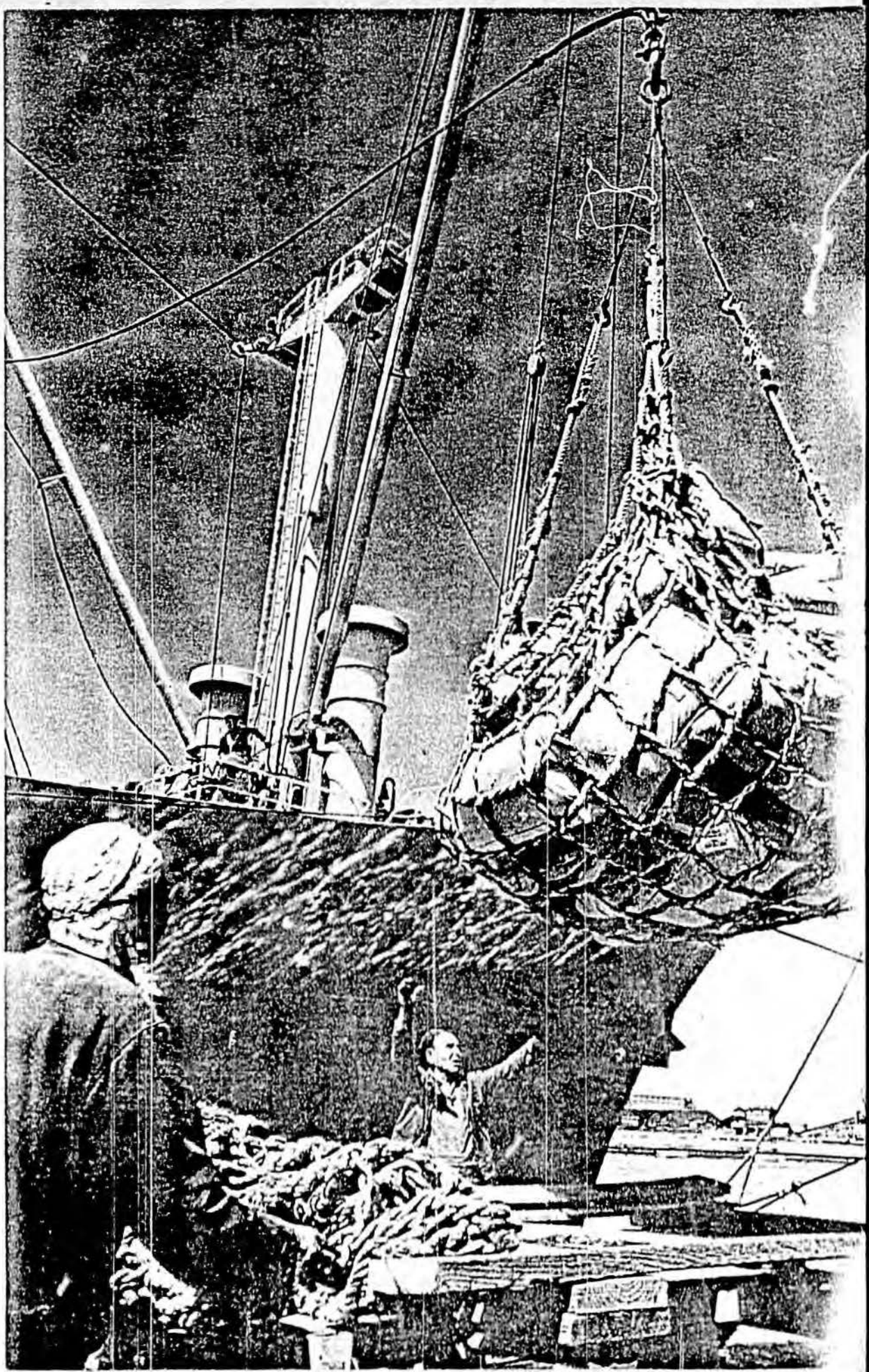
The Executive Directors of the International Bank for Reconstruction and Development and the International Development Association have had prepared this *Annual Report* for the fiscal year July 1, 1974, to June 30, 1975, in accordance with the By-Laws of the two organizations. Robert S. McNamara, President of the Bank and the Association and Chairman of the Executive Directors, has submitted this Report, together with accompanying administrative budgets and audited financial statements, to the Boards of Governors. The Annual Reports of the International Finance Corporation and the International Centre for Settlement of Investment Disputes are published separately.

The Record for Ten Years—1966-75

Amounts in US$ millions

	Fiscal Year									
	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
World Bank										
Operations Approved	37	46	44	82	69	78	72	73	105	122
Loan Amounts[1]	839	777	847	1,399	1,580	1,921	1,966	2,051	3,218	4,320
Countries	29	35	31	44	39	42	40	42	49	51
Disbursements[2]	668	790	772	762	754	915	1,182	1,180	1,533	1,995
Total Income	292	331	356	410	504	578	646	758	929	1,157
Net Income	144	170	169	171	213	212	183	186	216	275
Total Reserves	954	1,023	1,160	1,254	1,329	1,444	1,597	1,750	1,772	1,902
Borrowings: Total	288	729	735	1,224	735	1,368	1,744	1,723	1,853	3,510
Borrowings: Net	64	503	222	698	299	819	1,136	955	990	2,483
Subscribed Capital	22,426	22,850	22,942	23,036	23,159	23,871	26,607	30,397	30,431	30,821
Member Countries	103	106	107	110	113	116	117	122	124	125
Professional Staff	667	734	767	961	1,170	1,348	1,516	1,654	1,752	1,883
IDA										
Credits Approved[3]	12	17	16	29	50	51	68	75	69	68
Credit Amounts	284	353	107	385	606	584	1,000	1,357	1,095	1,576
Countries	8	13	14	28	33	34	38	43	41	39
Disbursements	267	342	319	256	143	235	261	493	711	1,026
Total Resources, Net	1,682	1,767	1,807	2,176	3,182	3,343	4,204	7,019	7,433	11,608
Member Countries	96	97	98	102	105	107	108	112	113	114

[1] $100 million in FY1967, $100 million in FY1970, $60 million in FY1972, $40 million in FY1973, $110 million in FY1974, and $50 million in FY1975.
[2] Includes loans to IFC.
[3] To be counted only once, as Bank operations.



Summary and Background of the Year's Activities

In fiscal 1975, the World Bank Group greatly expanded its lending to developing member nations. Lending and investment commitments totaled $6,108 million, or $1,591 million above the record level set in the previous year. Lending by the Bank accounted for $4,319.7 million, compared with $3,218 million. In absolute terms, the increase amounted to 34%; in real terms (1974 dollars), the increase came to 25%.[1] Commitments by the International Development Association (IDA) were up 44% to $1,576.2 million, as against $1,095 million last year. In real terms, IDA commitments in the year rose by 4% over fiscal 1974. The International Finance Corporation (IFC) made investment commitments of $211.7 million (for further details, see the IFC's Annual Report). In addition, the Bank made one loan of $50 million to the IFC.

Net income by the Bank ($275 million), borrowings ($3,510 million), and disbursements ($2,[illegible] million, including those of IDA),[2] also reached record highs. (For further details, see the "Borrowings and Finance" section on page [illegible].)

IDA commitments rose because additional resources were received under the terms of the Fourth Replenishment. Those resources amount to approximately $4,500 million over the three-year period 1975-77. The Fourth Replenishment became effective in January 1975 when the United States Government officially notified the Association of its participation. Under the agreement reached by 24 member nations in Washington in September 1973, the Fourth Replenishment could become effective only after 12 donor (or Part I) IDA members had given official notification of their contributions, and when the amount of contributions notified reached $3,500 million, or about 80% of the total.

The Bank continued to expand its assistance to the least developed countries. The expansion was in line with the policy of providing more assistance to the poorest countries and people. Their needs took on additional urgency in a year during which their problems were exacerbated by economic events beyond their control. The poorest countries accounted for 38% of total Bank and IDA commitments, as opposed to 31% in fiscal 1974. In the case of IDA alone, such countries accounted for 84% of commitments.

Agriculture accounted for a record 32% of all commitments (it was 22% in fiscal 1974); lending in the Bank's "traditional" sectors—power, transportation, and telecommunications—continued to decrease as a proportion of the whole (29% in fiscal 1975, compared with 43% in the previous year).

More than half of all Bank and IDA operations for agriculture—involving commitments of nearly $1,000 million—were for rural development projects designed specifically to increase the productivity of the rural poor. In addition, about $80 million was committed for nine education projects whose primary objective is to increase skills in rural areas. About $130 million was committed for the construction of rural roads. Thus, in fiscal 1975, the Bank and IDA committed over $1,000 million specifically for the rural poor, or more than twice the fiscal 1974 figure of less than $500 million.

A World in Uncertainty

During the 12 months covered by this *Annual Report*, the uncertainty in world economic relationships continued—as in the previous year—to cloud the prospects of developing countries. In fiscal 1974, the upheaval in global economic relationships was characterized by accelerated rises in prices of both capital goods and primary commodities, sudden and substantial increases in petroleum prices, food and fertilizer shortages, and the beginnings of recession in the industrial countries.

[illegible] loan commitments by the Bank is eroded [illegible] inflation occurs over the period of disbursement of the Bank to make allowance for [illegible] of commitment. The deflator now used [illegible] lending in real terms is a weighted average [illegible] to be prevailing over the period of [illegible] project. The lack of a deflator for IFC investment of total Bank Group lending [illegible] in real terms.

[illegible] payments on loans to IFC.

Note on dollar amounts

Dollar amounts used in the text of this Report for capital of the Bank refer to United States dollars of the weight and fineness in effect on July 1, 1944, while those used for subscriptions and contributions to IDA, with the exception of the Fourth Replenishment, refer to US dollars of the weight and fineness in effect on January 1, 1960. For all practical purposes, these are the same. Unless otherwise specified, all other amounts in US dollars refer to current dollars. One dollar as used for Bank capital and IDA subscriptions and contributions equaled approximately 1.20635 current dollars, as of June 30, 1975. For more detailed discussion, see General Notes to Statistical Annex; Note A, Appendix G, Bank financial statements; and Note A, Appendix F, IDA financial statements.

In fiscal 1975, little relief from the problems of the previous year was found. The year was haunted by the specter of a deepening recession and rapid inflation in the industrialized countries (in combination on a scale unprecedented in the last quarter-century), steady prices for petroleum products (in calendar 197[illegible] he total bill for such products amounted to [illegible] of the total cost of imports in those developing countries which are not members of OPEC), and by a sharp drop in the prices paid for many of the primary commodities traditionally exported by the developing countries. No country was able to escape the effects of these forces. Even those countries which had, or were able to obtain, the resources necessary to maintain growth rates were significantly affected by the world economic slowdown.

For the 1,000 million people living in lower-income countries,[1] the economic events of the past year have meant that average real incomes have not risen at all. Current projections indicate that their real incomes may grow by less than 1% yearly for the rest of the decade. Not surprisingly, these countries are the ones whose immediate prospects depend to an extent greater than others, on factors largely beyond their control: the weather, the availability of external aid, and international prices for their exports and imports.

Real growth rates in other developing countries remained at about 4% per capita. They were maintained in large part because many higher-income countries were able to borrow substantial amounts from foreign commercial sources, albeit on relatively hard terms.

The recession in the industrialized countries in 1974 and 1975 has sharply affected the developing world. One important result of industrial slowdown and of measures adopted to reduce inflation was a general decline in the prices of major primary commodities (excluding petroleum) supplied by developing countries. This decline came in successive stages throughout 1974; the downward movement of prices rapidly accelerated as 1975 began, and has continued ever since. On the other hand, prices of manufactured goods—which comprise more than two-thirds of the import bill of the developing countries—continued to rise. As a result, the terms of trade of most developing countries worsened. The purchasing power of exports of primary commodities is expected to decline by about 13% in 1975.

Countries with annual per capita incomes of above $200 are particularly affected by the decline in the growth rates of developed countries. The demand for many of the goods and services that earn their foreign exchange—tourism, manufactures, non-ferrous metals, and some raw materials such as rubber, timber, and fibers—is highly sensitive to economic conditions in the industrialized nations. Thus, the ability of the industrialized world to resolve its own economic problems directly affects their export receipts. Latin America has been particularly affected by the downturn in the industrial nations. It is estimated that the decline in manufactured exports from this region could be almost $1,000 million in 1975.

The recent changes in the international situation have also worked against the lower-income countries, particularly those which depend on imports of food and fertilizers and exports of textiles. In addition, exporters of non-ferrous metals and ores have been adversely affected.

The principal response of most developing countries to the crises that have jolted the world economy in the last two years has been to adopt policies to attempt to meet them head on. They have taken dramatic and, at times, extremely harsh measures—at considerable political cost—to alleviate the adverse effects of the international economic climate.

In the Sahelian countries, for example, where economic performance has been affected in large measure by recent droughts, the major response has been to organize emergency food relief programs with the help of external aid. In most of the Sahelian countries, the slender base of resources has left economies with very little room for maneuver.

Countries affected principally by the recession in the industrialized world have also acted with great speed to soften its impact. The Republic of Korea—heavily dependent on the American and Japanese markets for its exports—has adopted a special credit program which provides a large volume of short-term financing to help industries carry larger inventories; preferential rates go to small and medium-sized firms. A "land bank" was established to buy real estate from private firms that need cash to strengthen their finances. Public investment

[1] For purposes of this analysis, developing countries with an estimated annual per capita income in 1972 of less than $250 are classified as "lower-income."

programs for labor-intensive sectors are being initiated to create employment. Along with a number of countries, its currency was devalued in order to strengthen its balance of payments over the longer run.

Most of the countries especially hit by inflation deployed a wide variety of monetary and fiscal instruments to dampen inflationary pressures. Interest rates were raised, reserve requirements increased, and severe restrictions were placed on the extension of credit by the banking sector. For a short while, many governments cushioned the impact of higher world prices on final consumers by increasing subsidies on crucial commodities. As a result, there were some cutbacks in investment programs. However, to avoid worsening economic problems in the future, governments began to reduce subsidies; they passed on price increases to consumers, and restored investment programs, particularly in those social sectors which can be effective in removing the handicaps of the poorest sections of society. In Kenya and Tanzania, various methods were tried to soften the impact of inflation on the poor. Moderate wage increases in Tanzania were limited to low-paid employees; in Kenya, it was decided that only the lowest-paid would be compensated fully for cost of living increases.

Many developing countries adversely affected by deteriorating terms of trade took steps to protect production and investment. Egypt and India were among those that shifted their focus towards better utilization of installed capacity and away from the installation of new capacity. Some countries shifted investment away from infrastructure and towards commodity production projects. Many governments increased their investment in food production in order to avoid the abject form of dependence and to escape the threat of starvation. A number of governments—including Ecuador, Bolivia, Ivory Coast, Pakistan, India, and Sri Lanka—greatly stepped up their investments to locate, develop and exploit domestic energy sources.

Prospects of developing countries depend largely on their resource endowments. Most, by themselves, make the adjustments that will permit them not only to weather current economic uncertainties, but also to sustain growth rates. The need for external finance has grown; the need to examine ways in which developing countries can earn more through increased exports has also become apparent.

Capital Flows

Estimates indicate that if developing countries as a whole, are to reach a growth rate of 7% annually by 1980—a rate necessary for them to sustain a reasonable degree of economic and social development—through additional aid flows alone, the amounts required would be massive. Indeed the sums would have to go far beyond any amount likely to be forthcoming—even assuming that economic growth in the industrialized countries is rapid.

Such massive additional capital flows are unlikely for a number of reasons.

In recent years, members of the Organization of the Petroleum Exporting Countries (OPEC)[1] have significantly increased their financial assistance to developing countries and to development institutions, both in terms of commitments and disbursements. The development assistance policies of these countries, particularly for the medium term and long term, are in a process of evaluation. OPEC members have decided to give high priority to domestic development as long as their own per capita incomes are lower than those of the industrialized nations. OPEC commitments and disbursements are likely to be related to their balance of payments. Their current account surplus, which increased dramatically to a level of about $65,000 million in 1974, is not expected to grow significantly for the remainder of the decade. Even assuming a quick recovery by the OECD (Organisation for Economic Co-operation and Development) nations, a number of OPEC members capable of undertaking large programs for domestic development may be in current account deficit by 1980.

Another major source of increased capital flows to the developing world is the DAC (Development Assistance Committee of the OECD) countries.[2] Their concessionary assistance, measured as a percentage of their combined Gross National Product (GNP), has declined from 0.51% in 1963 to an estimated 0.33% in 1974. If a 6% rate of growth in developing countries were to be achieved solely by reliance on larger ODA (Official Development Assistance) flows from DAC countries, concessionary assistance would have to increase to 0.81% of GNP. Present projections, however, indicate that despite the rise in 1974, and despite indications that some countries will either maintain high rates of ODA, or will increase them, flows of concessionary assistance might drop to 0.24% of GNP by 1980.

Capital Flows, OPEC and DAC

Although the statistics on the aid flows from members of OPEC are much less firm than those for the OECD/DAC countries, reports indicate that total commitments by OPEC members rose from $3,000 million in 1973 to $16,000 million in 1974. Reported disbursements also rose rapidly, from about $1,000 million to $5,000 million.

[1] Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libyan Arab Republic, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela

[2] Includes Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany (Federal Republic of), Italy, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, United States, and the Commission of the European Communities.

The Flow of Financial Resources from DAC Countries to Developing Countries and Multilateral Institutions: 1970–74

(US$000 millions)

Net disbursements	1970	1971	1972	1973	1974[P]
Total, official and private	15.71	17.94	19.73	24.28	26.70
Total official	7.96	8.95	10.08	11.84	13.42
Official Development Assistance[1]	6.81	7.69	8.54	9.38	11.30
As share of GNP (%)	0.34	0.35	0.33	0.30	0.33
Total private[2]	7.75	8.99	9.65	12.44	13.28

Details may not add to totals because of rounding.

[1] "Official Development Assistance" is fully defined in Statistical Annex Table 3, as is the content of the remainder of official resources, known as "Other Official Flows."

[2] Includes grants by private voluntary agencies.

[P] Provisional.

These figures include both concessionary and non-concessionary resources. In 1974, approximately 40% of disbursements were on concessionary terms. The non-concessionary disbursements included loans to the Bank ($1,460 million) and to the International Monetary Fund's oil facility ($1,220 million, the proportion of the facility lent to developing countries).

Preliminary data from DAC indicate that ODA by DAC members rose by 21% in dollar terms, but very little in real terms in fiscal 1975. The total ODA of $11,300 million (or 0.33% of combined GNP) was the first significant reversal in the downward trend observed so far in the 1970s. All 17 DAC nations increased their outflow of ODA in dollars during the year, and 13 countries[1] also raised it as a share of their GNP. In fiscal 1975, Sweden became the first DAC country to meet the 0.7% of GNP target for ODA which has been accepted by the majority of DAC members.

Total flows for development by DAC members, which include export credits extended by official and private sectors, and direct and portfolio investments, rose 10% in the year to $26,700 million. In real terms, according to DAC estimates, that figure was equivalent to 0.78% of DAC members' combined GNP, the same percentage as in 1973.

Multilateral institutions such as the World Bank have increased their lending commitments in the wake of the worldwide economic malaise. In order to encourage assistance from other sources, the Bank has also increased the scope of its co-financing activities with other bilateral and multilateral agencies. Details of this cooperation are provided in the regional sections and in the "Aid Coordination" section of this *Annual Report*.

Because flows of concessionary assistance can only supplement the finances developing countries themselves raise to fund the means to their developmental ends, other measures must be found if an annual 6% growth rate for the developing countries is to be achieved.

Trade Policies

In this context, it becomes essential to examine trade policies which can add to the export earnings, and hence to the growth, of developing countries.

Over the years, the Bank has increased its support of international commodity agreements, including the provision of technical assistance. In the past, it has entered into consultative arrangements with specialized commodity bodies to ensure that its actions affecting those commodities are consistent with their policies. Recognizing that the stocking of commodities is an important segment of the production process, the Bank has also provided assistance for building foodgrain warehousing facilities in several countries. In fiscal 1975, the management of the Bank reaffirmed its readiness to receive applications for the financing of buffer stocks and to examine each proposal on its merits. It was also recognized that one major issue that may arise stems from the Bank's constitutional need for governmental guarantees that loans will be repaid, and that in the case of international buffer stock authorities, the nature and form of such guarantees would have to be worked out.

Though the entire range of issues dealing with commodity exports, including assistance for financing buffer stocks, has come into the forefront of international discussions, few countries have taken measures to lower the barriers imposed against the imports of primary products from developing countries. The Bank believes, however, that if such barriers were dismantled, impressive short-term export gains could be achieved by developing countries. These additional earnings could, by 1980, equal half the amount of additional foreign exchange needed to lift the growth of developing countries to a rate of 6%.

[1] Australia, Austria, Canada, Denmark, Finland, France, Germany (Federal Republic of), Netherlands, New Zealand, Norway, Sweden, United Kingdom, and the United States.

Bank Loans and IDA Credits Approved in 1974/75, by Region

	Bank loans[1]		IDA credits[1]		Total[1]	
	Number	Amount	Number[2]	Amount	Number[2]	Amount
Eastern Africa						
Ethiopia	–	$ –	4	$ 80.5	4	$ 80.5
Kenya	5	75.5	–	25.5	5	101.0
Lesotho	–	–	1	4.0	1	4.0
Malagasy Republic	1	6.8	1	16.4	2	23.1
Malawi	–	–	2	18.5	2	18.5
Mauritius	1	3.5	–	3.5	1	7.0
Rwanda	–	–	1	8.0	1	8.0
Somalia	–	–	1	8.0	1	8.0
Sudan	–	–	3	53.0	3	53.0
Swaziland	2	10.5	1	5.0	3	15.5
Tanzania	3	54.0	3	37.7	6	91.7
Zaire	1	100.0	2	52.0	3	152.0
Zambia	3	94.1	–	–	3	94.1
	16	$ 344.4	19	$ 312.1	35	$ 656.4
Western Africa						
Cameroon	1	$ 7.5	1	$ 18.2	2	$ 25.7
Dahomey	–	–	1	4.0	1	4.0
Gabon	1	5.0	–	–	1	5.0
Ghana	1	23.0	1	13.6	2	36.6
Guinea	–	–	1	7.0	1	7.0
Ivory Coast	5	76.9	–	–	5	76.9
Liberia	1	4.0	–	–	1	4.0
Mali	–	–	1	24.2	1	24.2
Mauritania	–	–	1	3.0	1	3.0
Nigeria	8	173.0	–	–	8	173.0
Senegal	1	7.0	2	23.0	3	30.0
Sierra Leone	1	7.3	–	5.0	1	12.3
Togo	–	–	1	6.0	1	6.0
Upper Volta	–	–	2	16.5	2	16.5
	19	$ 303.7	11	$ 120.5	30	$ 424.2
East Asia and Pacific						
Indonesia	7	$ 332.0	–	$ –	7	$ 332.0
Korea, Republic of	5	297.5	–	–	5	297.5
Malaysia	3	109.5	–	–	3	109.5
Philippines	7	208.0	–	–	7	208.0
Singapore	1	25.0	–	–	1	25.0
Western Samoa	–	–	1	4.4	1	4.4
	23	$ 972.0	1	$ 4.4	24	$ 976.4
South Asia						
Bangladesh[3]	–	$ –	4	$ 150.0	4	$ 150.0
Burma	–	–	2	45.0	2	45.0
India	2	209.0	10	631.1	12	840.1
Pakistan	1	60.0	2	66.0	3	126.0
Sri Lanka	–	–	3	28.5	3	28.5
	3	$ 269.0	21	$ 920.6	24	$1,189.6
Europe, Middle East and North Africa						
Afghanistan	–	$ –	2	$ 22.0	2	$ 22.0
Algeria	2	48.0	–	–	2	48.0
Egypt, Arab Republic of	4	162.0	1	65.0	5	227.0
Finland	1	20.0	–	–	1	20.0
Greece	2	70.0	–	–	2	70.0
Iran	2	52.5	–	–	2	52.5
Israel	1	35.0	–	–	1	35.0
Jordan	–	–	4	19.5	4	19.5
Morocco	2	48.5	1	14.0	3	62.5
Romania	4	230.0	–	–	4	230.0
Spain	1	33.0	–	–	1	33.0
Syrian Arab Republic	1	80.6	–	–	1	80.6
Tunisia	3	63.5	–	–	3	63.5
Turkey	2	158.0	–	–	2	158.0
Yemen Arab Republic	–	–	3	27.1	3	27.1
Yemen, People's Democratic Republic of	–	–	2	22.5	2	22.5
Yugoslavia	5	263.0	–	–	5	263.0
	30	$1,264.1	13	$ 170.1	43	$1,434.2
Latin America and the Caribbean						
Bolivia	1	$ 32.0	1	$ 7.5	2	$ 39.5
Brazil	5	426.5	–	–	5	426.5
Chile	1	20.0	–	–	1	20.0
Colombia	5	88.0	–	–	5	88.0
Costa Rica	1	41.0	–	–	1	41.0
Dominican Republic	2	29.0	–	–	2	29.0
Ecuador	1	4.0	–	–	1	4.0
El Salvador	1	2.5	–	6.0	1	8.5
Guatemala	1	26.0	–	–	1	26.0
Guyana	1	8.0	–	4.0	1	12.0
Haiti	–	–	1	20.0	1	20.0
Honduras	1	35.0	–	–	1	35.0
Jamaica	3	41.0	–	–	3	41.0
Mexico	4	360.0	–	–	4	360.0
Panama	1	24.0	–	–	1	24.0
Paraguay	2	24.5	1	11.0	3	35.5
Trinidad and Tobago	1	5.0	–	–	1	5.0
	31	$1,166.5	3	$ 48.5	34	$1,215.0
TOTALS	122	$4,319.7	68	$1,576.2	190	$5,895.8

Details may not add to totals because of rounding.

[1] All supplements and amendments are included in amounts, but only those qualifying as separate lending operations are included in number.

[2] Joint Bank/IDA operations are counted only once, as Bank operations.

[3] Excludes Bangladesh consolidation loan and credit.

Bank Loans and IDA Credits Approved in 1974/1975, by Purpose[1]

(US$ millions)

	Bank	IDA	Total
Agriculture			
Afghanistan–agricultural credit	$ –	$ 13.0	$ 13.0
Algeria–area development	8.0	–	8.0
Bangladesh–irrigation	–	27.0	27.0
Bolivia–agricultural credit	–	7.5	7.5
Brazil–area development	23.0	–	23.0
Burma–forestry	–	24.0	24.0
Cameroon–crops	6.5	–	6.5
Cameroon–crops	–	16.0	16.0
Chile–area development	20.0	–	20.0
Colombia–area development	19.5	–	19.5
Colombia–irrigation	21.0	–	21.0
Ethiopia–area development	–	9.5	9.5
Ghana–crops	–	13.6	13.6
Guinea–irrigation	–	7.0	7.0
India–area development	–	83.0	83.0
India–area development	–	24.0	24.0
India–agricultural credit	–	75.0	75.0
India–irrigation	–	45.0	45.0
India–irrigation	–	35.0	35.0
India–agricultural industries	–	34.0	34.0
India–livestock	–	27.7	27.7
India–livestock	–	16.4	16.4
Indonesia–irrigation	65.0	–	65.0
Indonesia–agricultural research	21.5	–	21.5
Iran–agricultural credit	40.0	–	40.0
Iran–fisheries	12.5	–	12.5
Ivory Coast–crops	31.0	–	31.0
Ivory Coast–crops	20.0	–	20.0
Jordan–irrigation	–	7.5	7.5
Kenya–area development	7.5	7.5	15.0
Kenya–forestry	10.0	10.0	20.0
Malagasy Republic–forestry	6.8	6.8	13.5
Malagasy Republic–livestock	–	9.6	9.6
Malawi–area development	–	8.5	8.5
Malaysia–area development	36.0	–	36.0
Malaysia–agricultural research	28.5	–	28.5
Mali–crops[2]	–	2.6	2.6
Mali–livestock	–	13.3	13.3
Mexico–area development	110.0	–	110.0
Mexico–area development	50.0	–	50.0
Mexico–irrigation	150.0	–	150.0
Morocco–area development	–	14.0	14.0
Morocco–irrigation	18.5	–	18.5
Nigeria–area development	19.0	–	19.0
Nigeria–area development	29.0	–	29.0
Nigeria–area development	21.0	–	21.0
Nigeria–irrigation	17.5	–	17.5
Nigeria–crops	17.0	–	17.0
Nigeria–crops	19.0	–	19.0
Nigeria–crops	29.5	–	29.5
Nigeria–livestock	21.0	–	21.0
Paraguay–agricultural credit	–	11.0	11.0
Paraguay–livestock	10.0	–	10.0
Philippines–area development	25.0	–	25.0
Philippines–irrigation	17.0	–	17.0
Senegal–area development	$ 7.0	$ 7.0	$ 14.0
Senegal–irrigation	–	1.0	1.0
Sierra Leone–area development	5.0	5.0	10.0
Spain–livestock	33.0	–	33.0
Sri Lanka–livestock	–	9.0	9.0
Sudan–irrigation[2]	–	20.0	20.0
Tanzania–agricultural industries	–	10.0	10.0
Tanzania–crops	9.0	9.0	18.0
Togo–crops	–	6.0	6.0
Tunisia–irrigation	12.2	–	12.2
Turkey–area development	75.0	–	75.0
Upper Volta–livestock	–	9.0	9.0
Yemen Arab Republic–area development	–	10.0	10.0
Yemen, People's Democratic Republic of–fisheries[2]	–	1.6	1.6
Yugoslavia–agricultural credit	50.0	–	50.0
	$1,221.5	$ 636.1	$1,857.5
Development finance companies			
Algeria	$ 40.0	$ –	$ 40.0
Colombia	5.5	–	5.5
Finland	20.0	–	20.0
Greece	25.0	–	25.0
India	100.0	–	100.0
Indonesia	50.0	–	50.0
Israel	35.0	–	35.0
Korea, Republic of	60.0	–	60.0
Liberia	4.0	–	4.0
Morocco	30.0	–	30.0
Pakistan	–	30.0	30.0
Philippines	30.0	–	30.0
Sri Lanka	–	4.5	4.5
Trinidad and Tobago	5.0	–	5.0
Turkey	65.0	–	65.0
	$ 469.5	$ 34.5	$ 504.0
Education			
Brazil	$ 23.5	$ –	$ 23.5
Cameroon[2]	–	1.2	1.2
Dahomey	–	4.0	4.0
Dominican Republic	8.0	–	8.0
Ecuador	4.0	–	4.0
Ethiopia	–	23.0	23.0
Gabon	5.0	–	5.0
Greece	45.0	–	45.0
Guyana	8.0	4.0	12.0
Ivory Coast	5.0	–	5.0
Ivory Coast[2]	2.2	–	2.2
Jordan	–	6.0	6.0
Korea, Republic of	22.5	–	22.5
Lesotho	–	4.0	4.0
Mauritius	3.5	3.5	7.0
Rwanda	–	8.0	8.0
Senegal	–	15.0	15.0
Somalia	–	8.0	8.0
Sudan	–	10.0	10.0
Swaziland	–	5.0	5.0
Yemen, People's Democratic Republic	–	5.4	5.4

Electric power			
Costa Rica	$ 41.0	$ –	$ 41.0
Honduras	35.0	–	35.0
Indonesia	41.0	–	41.0
Jordan	–	5.0	5.0
Malaysia	45.0	–	45.0
Philippines	61.0	–	61.0
Romania	60.0	–	60.0
Sudan	–	23.0	23.0
Syrian Arab Republic	72.0	–	72.0
Syrian Arab Republic[2]	8.6	–	8.6
Yugoslavia	70.0	–	70.0
Zambia[2]	42.1	–	42.1
	$ 475.7	$ 28.0	$ 503.7
Industry			
Bangladesh–fertilizer	$ –	$ 33.0	$ 33.0
Brazil–iron and steel	95.0	–	95.0
Egypt, Arab Republic of–small industry	40.0	–	40.0
India–fertilizer	109.0	–	109.0
India–fertilizer	–	91.0	91.0
Indonesia–fertilizer	115.0	–	115.0
Jordan–fertilizer	–	1.0	1.0
Mexico–fertilizer	50.0	–	50.0
Philippines–small industry	30.0	–	30.0
Romania–iron and steel	70.0	–	70.0
Tanzania–textiles	15.0	–	15.0
Tunisia–mining	23.3	–	23.3
Turkey–fertilizer[2]	18.0	–	18.0
Zaire–mining	100.0	–	100.0
	$ 665.3	$ 125.0	$ 790.3
Non-project			
Bangladesh	$ –	$ 50.0	$ 50.0
Bangladesh[2]	–	25.0	25.0
Egypt, Arab Republic of	35.0	35.0	70.0
India	–	100.0	100.0
India[2]	–	100.0	100.0
Kenya	30.0	–	30.0
Korea, Republic of	100.0	–	100.0
Sri Lanka	–	15.0	15.0
Tanzania	30.0	–	30.0
	$ 195.0	$ 325.0	$ 520.0
Population planning			
Bangladesh	$ –	$ 15.0	$ 15.0
Philippines	25.0	–	25.0
	$ 25.0	$ 15.0	$ 40.0
Telecommunications			
Burma	$ –	$ 21.0	$ 21.0
Colombia	15.0	–	15.0
Egypt, Arab Republic of	–	30.0	30.0
Ethiopia	–	16.0	16.0
Ghana	23.0	–	23.0
Guatemala	26.0	–	26.0
Pakistan	–	36.0	36.0
Zambia	32.0	–	32.0
	$ 96.0	$ 103.0	$ 199.0
Tourism			
Dominican Republic	$ 21.0	$ –	$ 21.0
Ivory Coast	9.7	–	9.7
	$ 30.7	–	$ 30.7
Transportation			
Brazil–roads	$ 110.0	$ –	$ 110.0
Brazil–railways	175.0	–	175.0
Bolivia–railways	32.0	–	32.0
Cameroon–roads[2]	1.0	1.0	2.0
Egypt, Arab Republic of–ports	50.0	–	50.0
Egypt, Arab Republic of–railways	37.0	–	37.0
Ethiopia–roads	–	32.0	32.0
Haiti–roads	–	20.0	20.0
Jamaica–roads	13.5	–	13.5
Jamaica–air transport	12.5	–	12.5
Kenya–pipelines	20.0	–	20.0
Korea, Republic of–railways	100.0	–	100.0
Malawi–roads	–	10.0	10.0
Mali–roads[2]	–	8.3	8.3
Mauritania–roads	–	3.0	3.0
Pakistan–pipelines	60.0	–	60.0
Panama–ports	24.0	–	24.0
Paraguay–roads	14.5	–	14.5
Philippines–ports	20.0	–	20.0
Sierra Leone–roads[2]	2.1	–	2.1
Swaziland–roads	7.0	–	7.0
Tanzania–roads	–	10.2	10.2
Upper Volta–roads	–	7.5	7.5
Western Samoa–roads	–	4.4	4.4
Yemen Arab Republic–roads	–	9.0	9.0
Yemen, People's Democratic Republic of–roads	–	15.5	15.5
Yugoslavia–ports	44.0	–	44.0
Yugoslavia–railways	93.0	–	93.0
Zaire–roads	–	26.0	26.0
Zaire–ports	–	26.0	26.0
	$ 815.8	$ 172.9	$ 988.7
Urbanization			
El Salvador	$ 2.5	$ 6.0	$ 8.5
Indonesia	25.0	–	25.0
Kenya	8.0	8.0	16.0
Korea, Republic of	15.0	–	15.0
Tanzania	–	8.5	8.5
Zambia	20.0	–	20.0
	$ 70.5	$ 22.5	$ 93.0
Water supply and sewerage			
Afghanistan	$ –	$ 9.0	$ 9.0
Colombia	27.0	–	27.0
Indonesia	14.5	–	14.5
Ivory Coast	9.0	–	9.0
Jamaica	15.0	–	15.0
Singapore	25.0	–	25.0
Swaziland	3.5	–	3.5
Tunisia	28.0	–	28.0
Yemen Arab Republic	–	8.1	8.1
Yugoslavia	6.0	–	6.0
	$ 128.0	$ 17.1	$ 145.1
TOTALS[3]	$4,319.7	$1,576.2	$5,895.8

Details may not add to totals because of rounding

[1] Operations have been classified by the major purpose they finance. Many projects include activity in more than one sector or subsector.

[2] Amendment/supplement to previous loan or credit, not counted as a separate lending operation.

[3] Excludes Bangladesh consolidation loan and credit.

Progress has been made in improving export possibilities, as exemplified by the recent agreement reached in Lomé defining trade relations between 46 African, Caribbean, and Pacific nations and the European Economic Community. In particular, the mechanism included in that agreement for the stabilization of earnings from 12 commodity exports holds promise for the improvement of trade prospects of many developing countries. As the importance of trade in helping the developing countries meet the needs of their citizens looms ever larger, the trade discussions in various international fora have become all the more important. Trade-related negotiations between developed and developing countries under the auspices of both UNCTAD (UN Conference on Trade and Development) and GATT (General Agreement on Tariffs and Trade) are currently under way.

Increased earnings by developing countries which produce primary commodities are not thwarted only by trade restrictions in the industrial countries. Another constraint is productive capacity in the developing countries themselves. A Bank study indicates that only by investing about $18,000 million (in 1974 dollars) by 1980 to expand production of these commodities could the developing countries take full advantage of the elimination of trade restrictions.

Import liberalization for primary commodities, though significant in overall terms, would nevertheless probably prove to be of limited value to the developing world over the long term. The markets for such products will continue to grow only slowly, as income elasticities are, in most cases, low. Improved long-term export prospects must, therefore, be based largely on trade in manufactures.

Although manufactured goods now account for 25% of the total exports of the developing countries, their share of the world trade in manufactured goods is still only about 6%. Moreover, exports of manufactures from developing countries have grown only marginally faster in value between 1960 and 1972 than total world trade in this category.

Manufactured products from developing countries often face a variety of tariff and nontariff barriers (countervailing duties, quantitative restrictions, and voluntary but negotiated restraints on exports, for instance). In recent years, several industrial countries have begun efforts to phase out domestic industries which cannot compete with manufactured goods from developing countries. Although there are limits to the speed at which this can be done, the Bank believes that the adoption of more liberal policies by developed countries on the importation of manufactured goods is essential to the long-term growth prospects of the developing countries. In the short run, however, increases in exports of manufactured goods by developing countries will be particularly sensitive to the extent of recovery from recession in the industrial world. A Bank study estimates that manufactured exports from developing countries in the period 1976-80 could increase by more than 15% yearly, provided that growth in the OECD countries were to average 6% in the same period.

Even if growth in the industrialized world is slow, petroleum exporting countries might be a significant market for many developing countries. Imports of goods by OPEC members, estimated to be on the order of $43,500 million in 1974 (a figure almost double that of 1973), are projected to increase by as much as 25% annually through 1980. The past share of exports to this group of countries by developing countries has been only 14%; a maintenance of this share would contribute greatly to their ability to pay for their import requirements.

Long-Term Development Needs

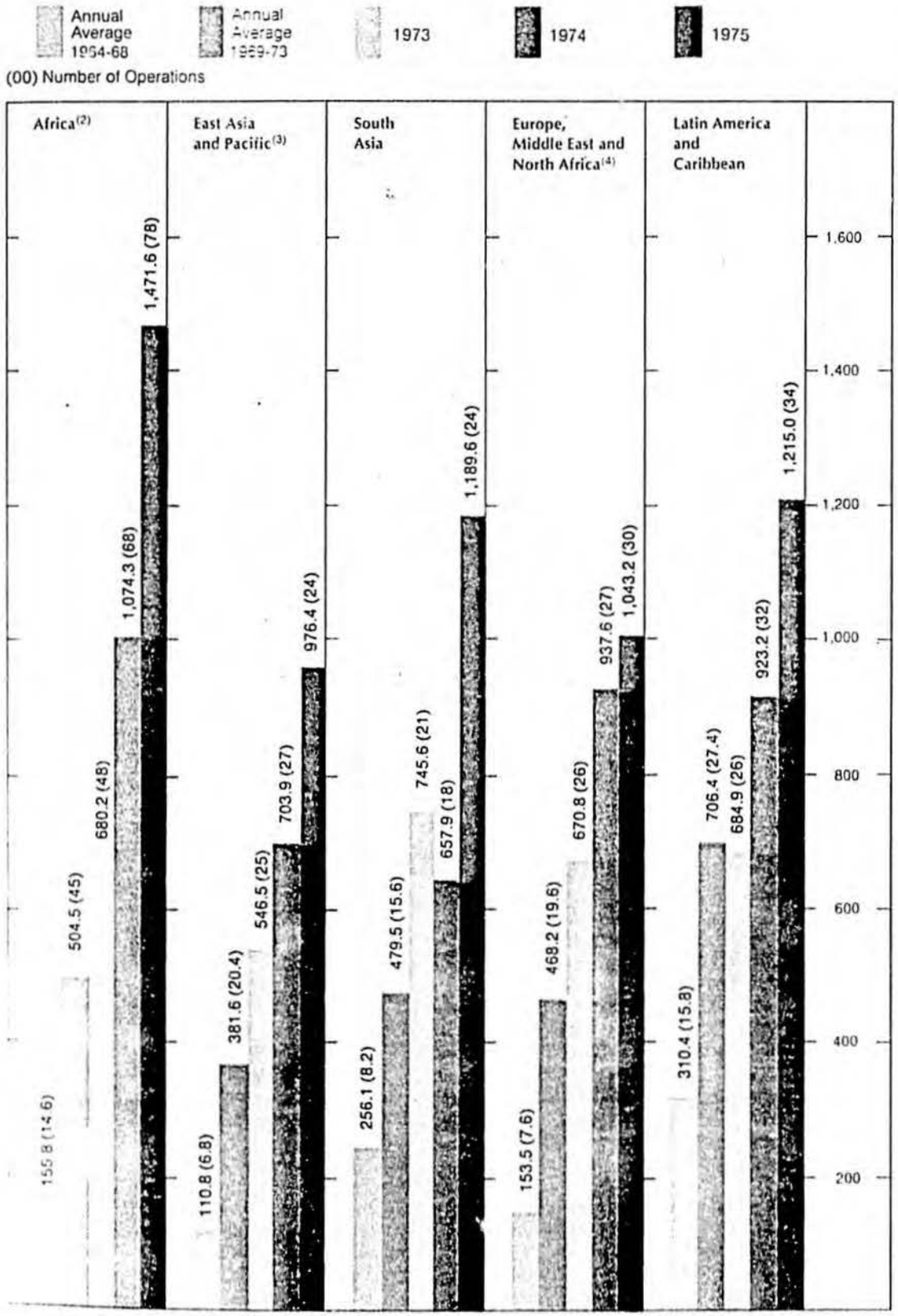
An increase in exports—both of primary commodities and of manufactures—from the developing countries would provide a boost to their stagnating economies. Yet greater earnings through exports cannot be expected to solve the accumulated economic problems and constraints of the developing world.

The fact is that developing countries with annual per capita incomes of above $200 would be the chief beneficiaries of export expansion and trade liberalization. The degree of their current dependence on world trade is far larger than that of the lower-income countries. Since 1974, external finance has been less used as a supplement to domestic savings as terms of trade deteriorated. Export growth can help return rates of domestic savings—and hence, domestic resources available for development programs—to more normal levels. But if long-term development is to proceed—especially for the 1,000 million people living in the lower-income developing countries—much larger capital flows on concessional terms must be provided.

There are but a few developing countries with highly diversified economies which can hope to achieve adequate rates of growth solely through export growth. For the rest, a combination of measures will be needed to enable them to pay for the imports required for sustained development. That combination can be provided only through cooperation among the industrialized, petroleum exporting, and developing countries. Expanded exports to and increased capital flows from OECD and OPEC members can help the developing countries weather the current transitional period of economic disequilibrium. Beyond this period, however, long-term development finance on concessional terms will be needed to help provide developing countries—especially the lower-income ones, whose dependence on foreign trade is relatively small—with the capital needed to finance programs designed to achieve basic development objectives which increasingly are

Bank and IDA: Lending by Geographic Region,[1] 1964-75

(US$ millions. Fiscal years.)



[1] IDA-only borrowers totaling $642.7 million in 1964-68, and $148.5 million in 1969-73, are excluded.
[2] Including Algeria, Egypt, Morocco, and Tunisia.
[3] Including Afghanistan and Iran.
[4] Including Afghanistan and Iran, but excluding Algeria, Egypt, Morocco, and Tunisia.

designed to raise the productivity of the poorest groups in their midst.

In response to the worsening economic conditions, global initiatives were launched during the past fiscal year to deal with two of the world's most intractable problems: the deteriorating economic posture of the developing countries, and the continuing threat of disastrous imbalance between food supplies and population.

The Development Committee

In October 1974, following the approval of parallel resolutions by the Boards of Governors of the Bank and the International Monetary Fund, the Development Committee—formally, the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund (IMF) on the Transfer of Real Resources to Developing Countries—was established.

The Development Committee consists of 20 members, generally Ministers of Finance, each appointed for the first two years by one of the 20 countries or groups of countries designating a member of the Bank's Board of Executive Directors. The Committee is required to advise and report to the Boards of Governors, both of the Bank and the IMF, on all aspects of the broad questions of the transfer of real resources to developing countries, and to make suggestions for consideration by those concerned regarding the implementation of its conclusions.

The initial focus of the Committee's work was on the situation of the poorest and the "most seriously affected"[1] developing countries, and on measures by which their needs for the immediate period ahead might be met. In its January 1975 meeting, the Committee requested that the creation of a "special trust fund," providing additional highly concessionary resources, be examined by the Executive Directors of the Bank and the IMF.

The Bank's Executive Directors studied how the need of developing countries, especially the lower-income ones, for quickly-disbursing balance of payments assistance could be met. The need was made more urgent by the knowledge that the rapid commitments of assistance by some OPEC members, much of it fairly quickly-disbursing, might not continue on the same scale, and that the IMF oil facility was scheduled to be phased out.

In view of the character of the urgently-needed assistance for balance of payments relief, the two Boards agreed that if any such trust fund were to be established (its establishment would depend on the availability of additional resources), it should be administered by the IMF, though on longer and more concessional terms than those applying to the existing facilities of the Fund.

The Third Window

At the same January meeting, the Development Committee also requested the Bank to examine the possibility of establishing a "third window," providing development assistance on terms intermediate between those of the Bank and IDA. Indeed, even before that meeting, the Bank had begun to study the feasibility of establishing such a facility.

The response by the Bank to the proposal was affirmative, for it believed that the Third Window could prove a valuable source of capital resources to developing countries.

At its June meeting, held in Paris, the Development Committee unanimously supported the establishment for one year in the Bank of the new intermediate lending facility. The Committee also urged the Bank to proceed with its establishment in the fiscal year beginning July 1, 1975, in order to lend to the developing countries in that year up to $1,000 million in assistance separate from other Bank operations.

The Third Window is essentially an intermediate lending facility whose terms are softened by the availability of interest subsidies. The funds needed to finance disbursements under Third Window loans, which would be made over a one-year period, would have to be borrowed by the Bank. The amount of concessionary resources needed to finance the interest subsidization of such loans depends on both the volume of lending to be undertaken and the terms offered on individual loans. At an intermediate interest rate of 4½%–4% below the Bank's present lending rate—about $225 million in interest subsidization funds would be required to finance the lending of each $1,000 million. Contributions in the form of grants would be voluntary.

The chief beneficiaries of Third Window operations would be those countries with per capita GNPs of less than $375, and especially the lower-income countries. Though many of the lower-income countries could not afford the intermediate terms of Third Window loans—exclusively, at any rate—they would stand to benefit indirectly through a re-allocation to them of IDA funds from some developing countries which can afford intermediate terms. Taking into account both the direct and indirect effects of Third Window lending, the lower-income countries might receive a net increase in total Bank Group assistance of approximately 20%, with an appreciable softening of the average terms of that assistance. The Bank believes, however, that the Window should not be completely closed to countries with per capita incomes higher than $375.

[1] The term "most seriously affected," or MSA, has come into widespread use in the past two years, and denotes those developing countries with lowest per capita incomes that have also been hardest hit by recent world economic events. Identification of MSA countries is among the tasks of the United Nations Emergency Operation. Forty-two countries have to date been incorporated into the MSA list.

World Food Conference

In early November, 130 governmental delegations, as well as a large number of non-governmental and intergovernmental groups, met in Rome in the wake of the serious deterioration of the world food situation. The immediate problems of food and fertilizer shortages were not dealt with in substance, for the Conference had a long-term reference—approximately 10 years—which looked both toward the improvement in persistent, unfavorable trends in food production in the developing countries, and to the establishment of means to cope with emergencies when major crop shortages occur, as happened in 1972 and 1974. The Conference was remarkable for the unanimity with which it endorsed the basic principle that the world's food problems could be solved only through a great and sustained growth in food output in areas in which the great masses of undernourished and vulnerable people live, namely, the developing countries of Asia, Africa, and Latin America.

Delegates agreed to hold subsequent negotiations on four principal subjects:

- the creation of an International Fund for Agricultural Development ("World Food Fund");
- the establishment of a global information and early warning (for potential crop failures) system;
- the reconstitution of the existing Intergovernmental Committee of the World Food Program as a body to coordinate food aid; and
- the creation, at the ministerial level, of a World Food Council of about 25 members to coordinate the activities of a standing committee of the (Food and Agriculture Organization of the United Nations) FAO Council on world food security (which deals with the establishment of food stocks), the Intergovernmental Committee of the World Food Program, and a new body, the Consultative Group on Food Production and Investment in Developing Countries (CGFPI).

All of these actions taken by the Conference have implications for the work of the Bank. Resolution XIII, which was sponsored by many developing members, and which recommended establishment of the "World Food Fund" contemplates the disbursal of its resources "through international institutions," a term which would cover the Bank, among others. The World Food Council, asked by the Conference to review the actions of, make recommendations and receive reports from "United Nations bodies and agencies," will work closely with the Bank, the world's major source of expertise for direct investment in the agricultural sector. The proposed activities of the Fund, as well as its relationship to the Bank, are discussed in the "Inter-Agency Cooperation" section of this *Annual Report*.

The World Food Conference highlighted the importance of taking action to narrow the projected world food gap, and the Bank has begun to take action to assist its members to formulate and implement plans to increase food production. In many cases, such plans might involve some fairly radical changes in pricing and other policies, and the removal of socio-political, institutional, and other constraints. While the emphasis is being put on quick-yielding activities, the Bank is also paying attention to actions which may bring about important, long-term results. The Bank is, for instance, helping some of its members—Bangladesh, India, Indonesia, Iran, Kenya, Nepal, Zaire, and the countries of the Sahel, to name a few—in the use of satellite remote sensing imagery in resource survey and evaluation work, and in all aspects of project planning.

During fiscal 1975, as a result of a comprehensive study of the problems of the rural poor, the Bank gained an improved global perspective of absolute and relative poverty, of where the rural poor are located, and some idea of their production potential. Knowledge of the constraints which impede the fulfillment of this potential has also been increased.

Rural Development

Almost 650 million people in the developing world are considered to live in absolute poverty, existing on annual per capita incomes of not more than $50. About 100 million more, in relative poverty, have incomes, though above $50 a year, which are below one-third the national average. Of this total of three-quarters of a billion people, 600 million, or 80%, live in rural areas. Their number is growing by approximately 2% a year.

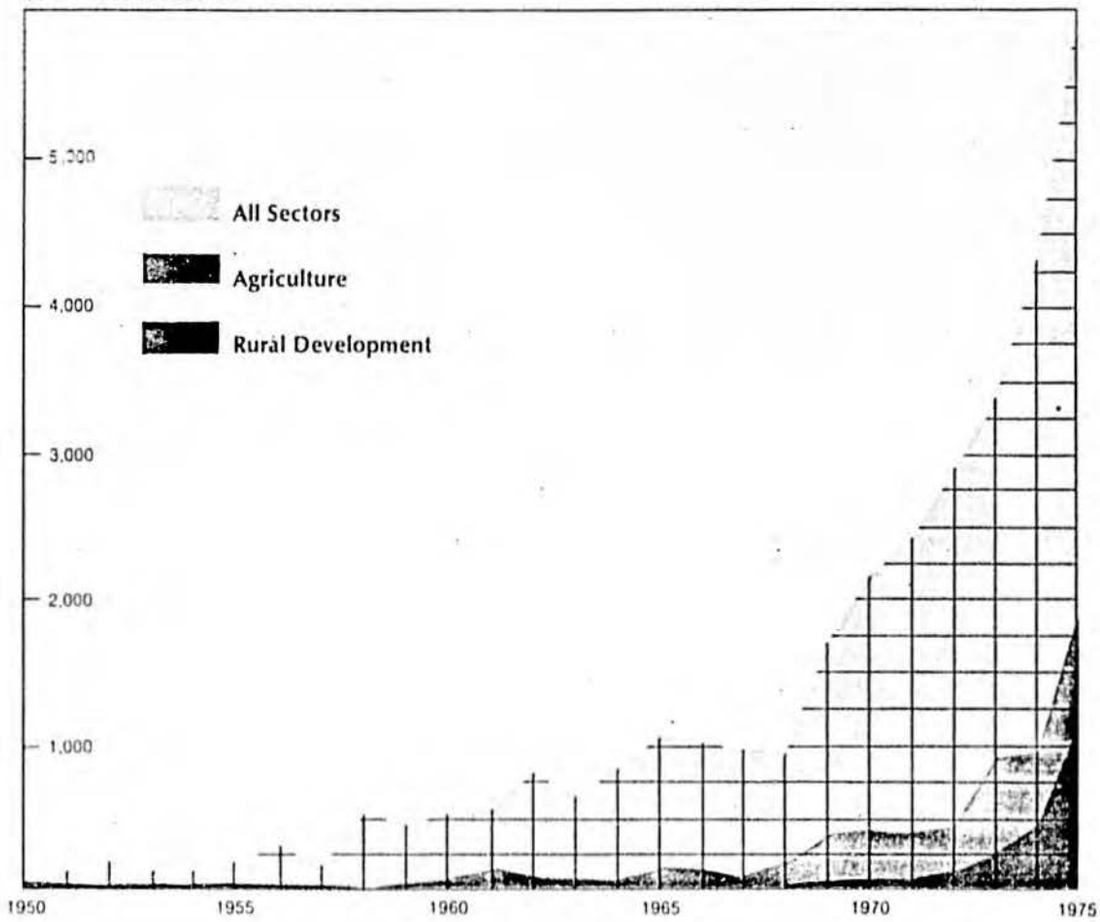
The poverty of the rural poor is reflected in their poor nutrition, their inadequate shelter, and low health standards. Schooling in rural areas is often both inadequate and irrelevant. Rural areas, compared with urban areas, have a smaller share of economic infrastructure, such as domestic water, electricity, and waste disposal. Even when such services exist, the poor often do not have access to them because organization is inadequate, and costs are high.

If the problems of food production are to be alleviated, the rural poor must be made a part of the solution. Because the problems are so complex, complex solutions, cutting across sectoral lines, must be devised to help the rural poor contribute more fully to an increase in output.

The Bank believes that rural development, properly conceived and carried out, need not conflict with the objectives of higher food production. Indeed, studies indicate that small farmers are often more efficient in the use of farm resources than are large farmers. And though it may take longer to increase food out-

Bank and IDA: Lending for All Sectors, and for Agriculture and Rural Development, 1950-75

(US$ millions. Fiscal years.)



put on small farms than on larger units—it is more difficult, for instance, to devise and implement development schemes involving large numbers of smallholders than those affecting only a few large-scale farmers—the Bank has concluded that, in the longer run, increases in food production of the magnitude required to satisfy worldwide demand can only be achieved by helping small farmers increase their productivity and output.

Experience has taught the Bank that, in many instances, a lack of finance alone is not the only factor limiting production among small-scale producers. Frequently, technological, procedural, and manpower constraints thwart the effective use of additional investment.

Overriding these factors, however, is the need, at the national level of government, for a strong commitment to rural development policies. Such commitment is required if the impact of programs designed to attack the problems of rural poverty are to be both effective and broad-based. The Bank is in no position, nor would it want to be, to dictate the design of such programs, for the choice of ways to deal with the problem, and the sequence in which they are used, will necessarily reflect local conditions as well as narrower technical considerations.

In some instances, present policies must change if programs for rural development are to be effective. The Bank's analysis indicates that all too often, government policies discriminate against agricultural production in favor of manufacturing or processing industries; in addition, policies designed to keep food prices low for the large urban market have frequently been adopted to the disadvantage of the small farmer. In other cases, national fiscal policies—through high levels of indirect commodity taxation and low effective rates of income or property taxes, the poor often pay a considerably larger share of their income than the rich, for instance—must be made consistent with the commitment to rural development. Elsewhere, land policies, involving land reform or settlement schemes, to name but two, must be designed to aid the rural poor. Technologies of relevance to and within the means of the smallholder must be made available and promoted.

In those countries where there exists a strong, national commitment to improve the productivity of the rural poor, the Bank has already become a major source of external funds for direct investment in the agricultural sector. It is the Bank's estimate that the rate of growth of output of small farmers can exceed 5% by 1985 if assistance, properly conceived and targeted, is provided. The Bank also knows, however, that some innovative rural development programs will inevitably be unsuccessful. (Risks can be reduced by providing facilities for monitoring and evaluation so that the lessons of experience can be learned.) And, the Bank realizes that its rural development program for the next five years—ambitious as it is—will scarcely keep pace with the additional numbers of the rural poor—some 70 million—who will be born during the same period. A five-year (fiscal 1975-79) lending projection by the Bank foresees commitments of up to $7,000 million for agriculture and rural development projects. Such lending could benefit about 100 million people, of whom 60 million are presently living in either absolute or relative poverty.

The Bank has estimated that over the next 10 years, up to $100,000 million might be required to provide the impetus for sustaining productivity and real income growth among all the rural poor. Because Bank and IDA financing, on average, accounts for but one-half of project costs, the lending projections, if realized, would support a total annual investment program of approximately $2,000 million by fiscal 1979. This alone would represent 20% of the yearly requirement for financing the target of a production increase of 5% by 1985.

The main elements of the Bank's rural development projects will remain largely the same. They will be designed to benefit large numbers of the rural poor, while earning an economic rate of return at least equal to the opportunity cost of capital; they will be comprehensive in their approach to small-scale agriculture, and will provide for a balance between directly productive and other components (where the inclusion of the latter is appropriate); and they will have a low enough cost per beneficiary so that they might be extended to other areas, given the availability of additional resources. At the same time, however, the Bank has recognized that there is a need to develop new approaches to solve the many difficult technical, organizational, and other constraints which hinder the realization of the productive potential of low-income rural people in agricultural and other pursuits. Because increasing food output on small farms takes a long time, the Bank will continue, under appropriate conditions, to help finance projects designed to increase food production and expand exports on medium-scale and large farms.

Education

Bank and IDA lending for education development is but 12 years old; during that period, the perceived objectives of education, and its relationship to development, have changed in much of the developing world. The Bank, too, has periodically re-examined its role in fostering educational development.

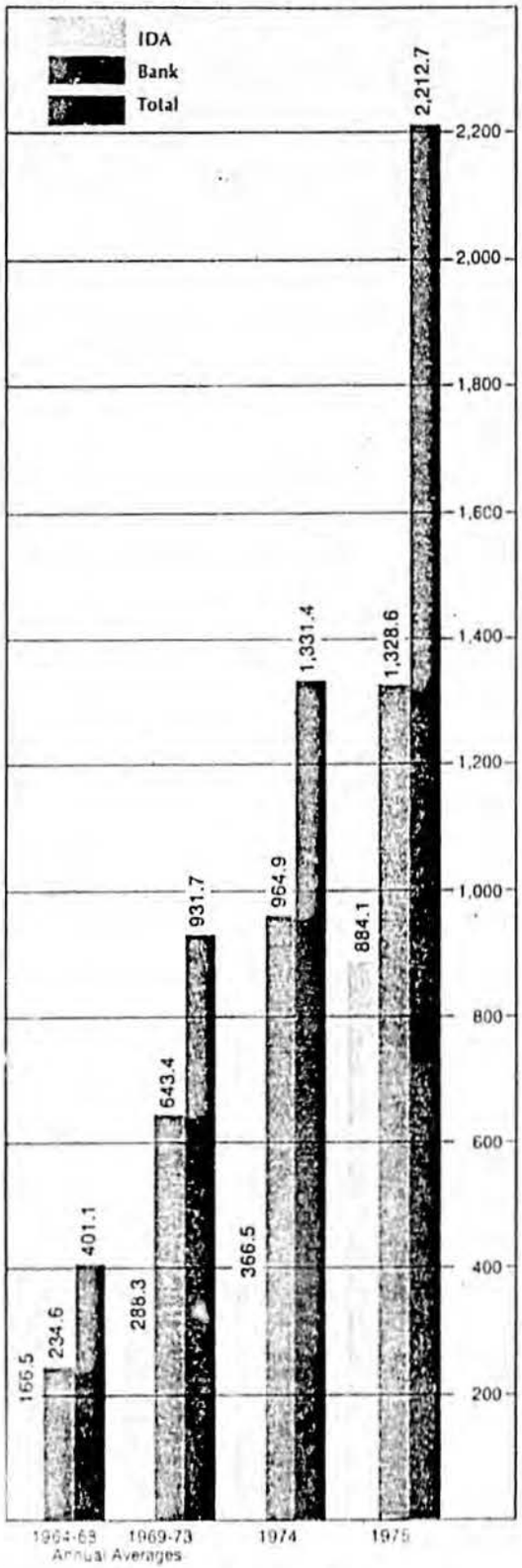
Until recent years, overall strategies, including those for education, have been directed toward modern sector activities and educating people for roles in a highly modernized society. This has often resulted in a concern for urban populations and more highly-skilled groups in the labor force which works to the disadvantage of the rural dwellers and other segments of the poor who are engaged in traditional or transitional ways of life.

Bank and IDA: Trends in Lending, by Sector
(... fiscal years)

	1973			1974			1975		
	Bank	IDA	Total	Bank	IDA	Total	Bank	IDA	Total
...ulture	501.6	436.1	937.7	646.5	309.4	955.9	1,221.5	636.1	1,857.5
...elopment finance ...panies	268.0	42.0	310.0	309.0	36.2	345.2	469.5	34.5	504.0
...ation	161.6	114.5	276.1	134.4	18.7	153.1	126.7	97.1	223.8
...ic power	174.3	147.2	321.5	755.9	13.5	769.4	475.7	28.0	503.7
...stry	—	67.2	67.2	309.1	109.7	418.8	665.3	125.0	790.3
...project	30.0	195.0	225.0	—	235.0	235.0	195.0	325.0	520.0
...dation	21.5	—	21.5	—	17.0	17.0	25.0	15.0	40.0
...ical assistance	—	4.0	4.0	16.0	5.0	21.0	—	—	—
...mmunications	157.8	90.0	247.8	66.5	41.4	107.9	96.0	103.0	199.0	
...on	—	—	—	30.6	16.0	46.6	30.7	—	30.7
...portation	520.1	162.3	682.4	733.2	223.8	957.0	815.8	172.9	988.7
...nization	16.0	20.0	36.0	68.0	45.0	113.0	70.5	22.5	93.0
...supply and ...erage	200.3	78.7	278.8	149.2	24.5	173.7	128.0	17.1	145.1
...tal	2,051.3	1,357.0	3,408.0	3,218.4	1,095.2	4,313.6	4,319.7	1,576.2	5,895.8

Bank and IDA: Lending to Countries with Annual per Capita Income below $200, 1964-75[1]

(US$ millions. Fiscal years.)



[1] Excluding oil exporters with capital surplus

The Bank believes that educational strategies must adapt themselves to and be consistent with broadly-defined development objectives which increasingly are focusing on ways to raise the productivity of the poorest segments of the population. The 750 million people who live today in poverty are, in most cases, the same people for whom education in the past was either inaccessible or irrelevant. Development strategies to increase these people's productivity and incomes cut across many sectors—including agriculture, health, and population, as well as education.

In attempting to promote balanced educational development, the Bank believes that minimum, basic education should be offered to all, as fully and as soon as resources permit, and that further education and training beyond the basic level should be provided selectively to improve the knowledge and skills needed to carry out economic, social, and other developmental roles.

The Bank realizes, however, that new educational strategies to provide relevant training to masses of people cannot be divorced from the various political milieus in which decisions affecting new strategies are developed. In addition, it knows well that there are risks involved for developing nations in embarking on highly innovative policies in such an emotion-laden field as education.

For countries not content with the results of past educational policies, and which wish to redress existing imbalances and irrelevancies, the Bank stands ready to share the risks involved in evolving new educational policies and programs. For others which are yet to determine what direction new educational strategies should take, the Bank has indicated its willingness to assist in financing comprehensive sector studies which broadly assess the degree to which a country's educational system responds to its developmental objectives and needs. The Bank firmly believes, however, that such studies must be undertaken at the initiative of, and carried out by, the countries themselves if the best and most firmly-rooted results are to be achieved.

Almost three-quarters of a billion people above the age of 15 are today illiterate; unless remedial action is taken soon, that number may rise by more than 100 million in 10 years. Such is the magnitude of both the problem and challenge. The Bank is aware that its contribution to educational development—in terms of dollars—is small (though increasing to more than $1,000 million for 80 education projects in the period 1974-78). It believes, however, that through its lending program, combined with its advice, given in continuing dialogues with concerned developing countries on how best their own needs might be met, it can act as a significant catalyst in helping developing countries achieve their goals.

Health

Health programs in developing countries, too, have historically neglected the rural masses. This bias against the provision of adequate health services for the rural poor is manifested in two ways, the Bank has determined. A large proportion of public expenditures on health in developing countries has been allocated to impressive, but expensive modern hospital facilities and highly-trained medical manpower. Both are naturally found in urban centers. Urban dwellers are doubly favored: they also have better sanitation and water supply facilities, higher school enrollment ratios, and superior environmental and personal health services than do their rural counterparts. (People living in urban slums, however, have also largely remained beyond the reach of modern medicine.)

The Bank believes that inefficiencies and inequities in health policies should be removed. The issue is one of more than equity alone; it is also economic, for ill health imposes economic costs by impairing the productivity of both workers and capital goods, and by reducing the availability of labor. To promote economic development, the poorest in developing societies must be permitted and encouraged to become as productive as resources permit. As health conditions and economic development are fundamentally related, the majority of the people cannot be denied access to better health care without damaging national development prospects.

Evidence indicates that the effectiveness of increased resources for health services (government health expenditures in many developing countries total less than $1 per person) can be improved, and that more equitable access to health care can be ensured if governments curtail their considerable expenditures on hospitals and highly-trained personnel, and devote more resources to the staffing of low-level health services in areas with few or no facilities. Preventive medicine—focusing on improved environmental and public health, personal health practices, and nutrition—rather than curative medicine should be emphasized.

While the Bank has not directly financed national health infrastructure as such, it has used project lending in a number of sectors that directly affect health, either through the inclusion of project components, or through the overall project itself. These areas include population and nutrition, education, rural development, irrigation and drainage, "urban services," and especially, water supply and sewerage. This effort will continue. In addition, the Bank has decided that, within the framework of its present lending program, it will systematically analyze the health consequences of the projects it supports, and seek opportunities to improve health conditions in the developing world.

The responsibility for implementing this policy has been assigned to an expanded Office of Environmental and Health Affairs. The Office will:

- —review all Bank lending operations with a view to preventing their possible detrimental effects on health and providing opportunities for health improvements;
- —coordinate the Bank's participation in specific disease control projects;
- —undertake—initially on a highly-selective basis—analyses of the health sector in particular countries;
- —plan and oversee Bank-related research in the sector; and
- —organize and monitor field experiments to test out more effective health care systems.

The Bank is also extending its collaboration with the World Health Organization (WHO), particularly in improving the allocation of national resources devoted to health. Indeed, because the strengths of the two organizations are complementary (WHO has great technical expertise, while the Bank Group has substantial strength in conducting economic analyses), substantial scope exists for collaboration with WHO and other agencies—as has already taken place in the Western Africa onchocerciasis project. Perhaps of even greater importance is the fact that the Bank and WHO, starting from different conceptions of their respective roles in assisting their common member countries, have arrived at a substantial convergence of views as to priorities and methods of approaching the health problems of the poor.

Housing and Urban Transport

In attempting to define solutions to alleviate the poverty that exists in much of the developing world—through rural development, education, and better health care—the Bank also took increasing note during the year that poverty is by no means confined to rural areas.

Estimates by the UN indicate that in 1975, 819 million, or 30%, of the people in developing countries live in cities and towns of over 20,000 habitants; by the end of the century, it is expected that the proportion will have risen to about 42%, and the number of urban dwellers will be 2,200 million. Half will have come from rural areas in search of better employment opportunities. Most will find deficient living conditions in their new surroundings, but though their deplorable conditions may be more visible than those of the rural poor, most migrants, nonetheless, will consider urban living a distinct improvement.

One fact is clear: the services provided to the poor, whether they live in urban or rural areas, fall very far below those provided to the middle classes and the well-to-do. In the area of housing, for instance, the supply of urban land and urban services, such as water, sewerage, and electricity, tends to be strongly skewed toward

upper-income groups, leaving the lower-income groups with minimal or non-existent services. Typically, the standards adopted for utility supplies are, in any case, too costly for the poor. The supply of housing for middle-income groups is limited, and housing ostensibly provided for the poor is often usurped by higher-income families. As far as urban transportation is concerned, governmental policies have often worked, unintentionally, to the detriment of the poor. Many, particularly in the poorer cities, cannot afford any form of motorized transport on a regular basis. Ten cents a working day—fairly typical of fares for two bus rides of two or three miles—represents about 10% of an income of $300 a year. Many of the poorer wage earners earn less than that. Nevertheless, facilities for both walking and cycling, in cities of most developing countries, are notoriously poor and are being reduced by the priority accorded to the private automobile. In sprawling, low-density cities, the distances involved often make walking or cycling impractical. "Squatter" housing settlements are periodically demolished, and the poor, unable to build, buy, or rent housing near centers of employment, are pushed to the peripheries of cities where transportation facilities are often non-existent or costly.

A reorientation of existing housing programs, the Bank has concluded, can make a substantial contribution to economic development and social welfare. Though a few developing countries have adopted imaginative programs to serve adequately their growing urban populations, housing conditions in most countries are worse than they need be. The reasons for this state are complex, but basically, they are due to a lack of understanding of the underlying problems and resource constraints which result in the formulation of misguided policy.

It is the Bank's belief that many countries have often chosen to respond to the needs of their urban citizenry by constructing dwellings of such high standards that the broad demand for housing cannot be met. In addition, the costs of such housing are often beyond the reach of the urban poor. This condition, then, is similar to those prevailing in the field of health, where modern hospitals have substituted inadequately for measures designed to help the masses of the people attain better health.

If developing countries were both willing and able to bring the cost of housing down by reducing standards, by encouraging self-help building projects, by encouraging or providing for higher-density construction, by using local building materials, through the provision of fewer private and more communal plumbing and sanitary facilities, and by improving the effectiveness of housing finance institutions, housing conditions could be greatly improved for the poor majority of the city populations. In very large, lower-income cities, the upgrading of squatter areas also appears to hold great promise for alleviating the grossly sub-standard living conditions of the very poor. Positive zoning and land use policies can also be used to influence the locations of residences and places of employment within cities in ways which reduce transport needs and widen the opportunities of poor workers.

As with housing, Bank activities in urban transport will be concentrated in cities where authorities demonstrate a willingness to consider and implement bold measures to adapt their policies to the mounting pressures of rapid urban growth. Priority will be given to projects supplementing basic transport systems which are directed primarily to the needs of the majority who cannot afford an automobile, and for goods traffic. Though consideration will accordingly be given to bus and urban rail systems, including vehicles, repair shops, terminals, and road and track improvements required for efficient functioning, particular attention will be given projects catering to the many cyclists and pedestrians who cannot afford even low-cost public transportation.

The growth of Bank activities in helping to develop and finance urban transportation programs will inevitably be limited by the long preparation times for projects and a general shortage of expertise in the field. The Bank is convinced, however, that increased involvement is inevitable because urban transport is, in many respects, a leading influence on determining physical and social urban patterns. Because inadequacies exist in current methodology for analyzing urban transport problems and designing solutions to them, the Bank will also attempt to stimulate further development of methodologies specifically related to general urban conditions in developing countries.

The effectiveness of Bank assistance can be maximized only if it is placed in the context of an overall urban development program. The Bank believes that such an overall program might include such elements as initiatives to improve land management policies, policies to restrain too rapid development of peak hour automobile use, and both an understanding of market imperfections by the authorities concerned, and a willingness to reduce them over time. Only within such a context can Bank assistance in financing urban transport, "sites and services," the upgrading of squatter settlements, and in building up the capabilities of local housing finance institutions through technical assistance and the provision of "seed capital" to mortgage insurance institutions, be maximized. During the year, increasing attention was given to projects in support of general urban and urban/regional development programs.

Eastern Africa

Current borrowers	Population (000)[1]	Per capita GNP (US$) 1973
Botswana	641	240
Burundi	3,580	70
Ethiopia	26,550	90
Kenya	12,480	180
Lesotho	1,165	120
Malagasy Republic	7,610	140
Malawi	4,833	110
Mauritius	860	350
Rwanda	3,980	70
Somalia	3,042	90
Sudan	17,051	130
Swaziland	459	300
Tanzania	13,974	120
Uganda	10,829	140
Zaire	23,438	90
Zambia	4,646	390

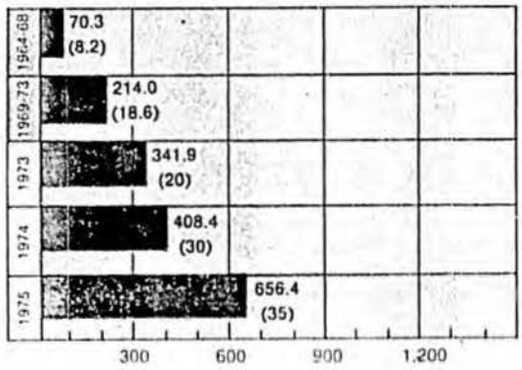
[1] Estimated as of mid-1973.

Trend in Lending, 1964-75

(US$ millions. Fiscal years)

Annual Averages

(00) Number of Operations



All the countries in Eastern Africa are heavily dependent on the export of a small number of primary products to earn the foreign exchange required to pay for the increasing costs of imports. In fiscal 1975, as in the past, economic progress—or lack of it—in the region's 16 countries has been closely linked to the price trends of principal exports. Many countries, which had benefited from a boom in export commodity prices through mid-1974, suffered when their export earnings fell. Yet unfavorable movements in the terms of trade only partly explain the serious difficulties experienced by several countries. In Ethiopia, Kenya, Somalia, and Tanzania, continuing drought caused a major setback, while Mauritius suffered serious damage to crops when it was hit by the worst cyclone in years. In Ethiopia and Madagascar, the failure to deal with economic problems was affected by political changes, and the organization of the East African Community were reduced from action by the need to negotiate [illegible] for agreement among the partner countries.

The sharpest setback in export earnings was suffered by the two countries in the region—Sudan and Zambia—critically dependent on world copper prices. Record high prices reached in early 1974 led to a rapid increase in imports; when copper prices dropped precipitously, the steadily-rising costs of the new level of imports compounded the two countries' economic problems. As a result of the decline in copper revenues, Zambia expects to register a very large budget deficit in 1975. In Zaire, too, rapidly-rising public expenditures outstripped the growth in revenue and fueled a price inflation which reached 30% in 1974. Both Zambia and Zaire experienced sharp declines in their foreign exchange reserves in 1975.

The countries whose principal export is coffee—Burundi, Ethiopia, Kenya, Madagascar, and Rwanda—also faced declining export receipts. The price of coffee, which peaked in early 1974, has fallen sharply in recent months. High prices for sugar benefited two major producers Swaziland and Mauritius, though in the latter country, production dropped by 15% to 20% as a result of cyclone damage. A drop in the price of cotton adversely affected the economies of Sudan and Tanzania.

In Tanzania and Madagascar, the need to import large quantities of food seriously aggravated a balance of payments situation already

made difficult by the escalation in the prices of petroleum products and manufactures. By December 1974, Tanzania's foreign exchange reserves had fallen to less than the equivalent of one month's imports. It was then that the Bank approved a quick-disbursing $30 million loan to help enable the country to continue importing raw materials and intermediate goods essential for its development program.

Somalia's predicament was even more precarious during the year. A drought which began in 1973 became acute during 1974, and killed as many as a third of the livestock (some 1 million cattle and 1½ million goats and sheep). Nearly a quarter of a million people were fed in well-organized relief camps. Since livestock is the main source of Somalia's foreign exchange earnings, the drought caused a deterioration in that country's balance of trade. Despite large capital inflows, foreign exchange reserves declined in 1974 and continued to do so in the first half of 1975.

Although the drought also affected southern and southeastern Ethiopia, that country benefited—up to the middle of 1974—from a very favorable trend in its terms of trade. Since then, however, greatly increased prices for its imports have resulted in a moderate decline in Ethiopia's sizeable foreign exchange reserves.

Kenya was very adversely affected by a combination of deteriorating terms of trade and drought. As a relatively large importer of petroleum products, the country was also severely hit by the increased cost of oil. Foreign exchange reserves covered less than two months' imports at the end of 1974, and a residual external financing gap of over $150 million is forecast for 1975. To help maintain investment momentum, the Bank provided a $30 million non-project loan to cover the cost of essential imports while new policies relating to agricultural prices and investments, in particular, are taking effect.

The country of the region registering the highest rate of economic growth during fiscal 1975 was Botswana, where yearly per capita incomes have doubled in less than five years. This rise is due mainly to large investments in the mining sector over the past five years which have enabled it—despite technical difficulties in some projects—to begin exploitation of its diamond, copper, and nickel resources.

Co-financing Arrangements

In an effort to direct additional financial assistance to priority needs in the region, the Bank worked closely with bilateral donors and other international organizations in concluding co-financing arrangements for several projects: in Kenya, Malawi, Mauritius, Rwanda, Somalia, Sudan, Tanzania, and Zaire. Total investments by all co-financers, excluding the Bank and IDA, came to $290 million.

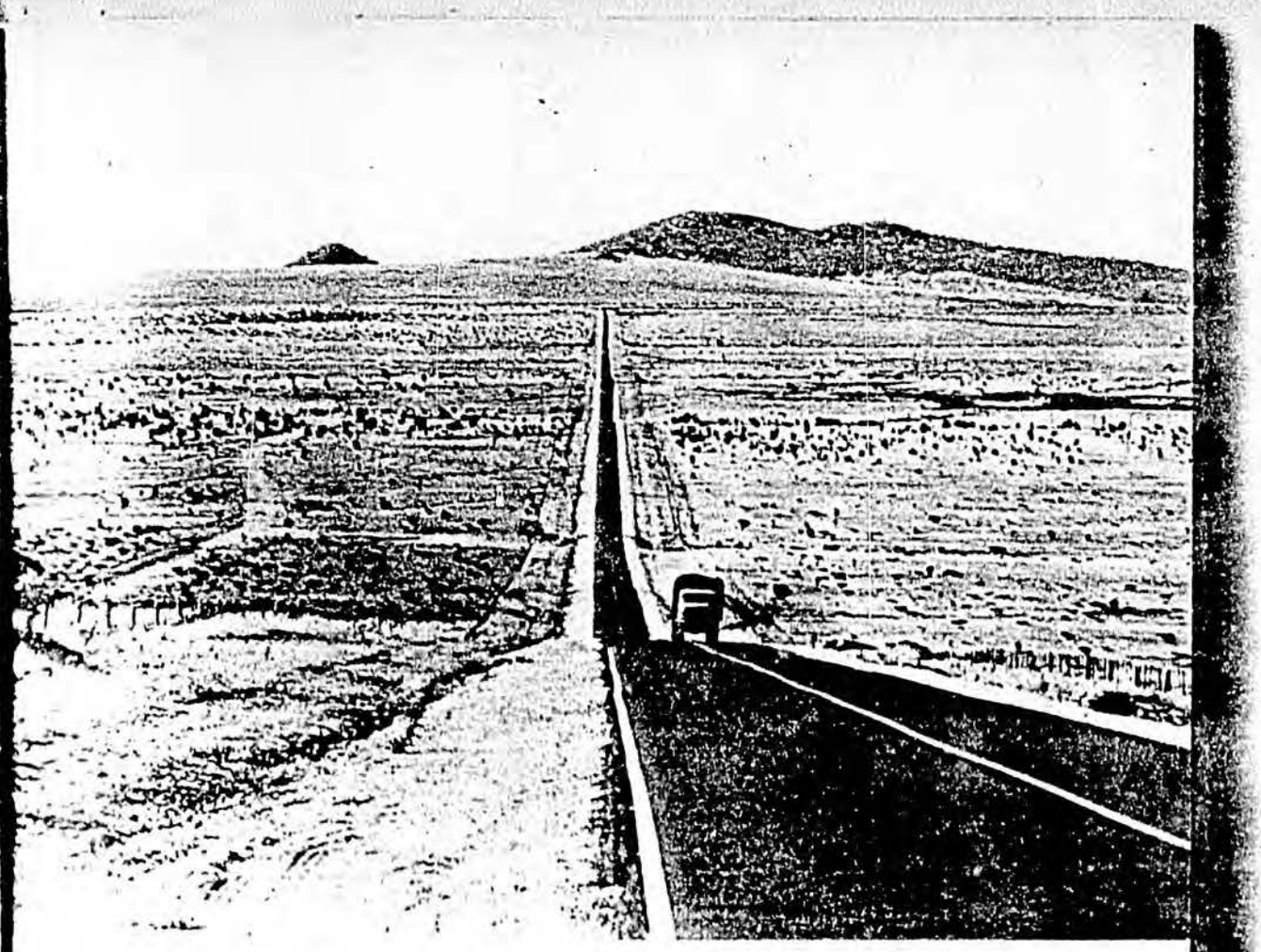
The most notable operation of this kind was a co-financing arrangement between the Bank (a $100 million loan), the Libyan Arab Republic (also a $100 million loan), and the European Investment Bank (a $20 million loan) to assist the expansion of Zaire's State-owned Gecamines mining company, the successor company to Union Minière du Haut-Katanga which was nationalized in 1967. The loans from the three parties will help the company implement a $435 million investment in its copper and cobalt mining facilities.

The loan represented the first Bank (as distinct from IDA) lending to Zaire (with special debt servicing arrangements) since its independence; it also marked the first direct Bank Group involvement in that country's mining sector. Once completed, the project will create 2,000 new jobs, and will raise Zaire's copper and cobalt production by more than 20%, resulting in additional foreign exchange earnings of about $160 million yearly.

Lending to Current Borrowers in Eastern Africa, by Sectors
(US$ millions. Fiscal years.)

	Annual average 1964-68[1]	Annual average 1969-73	1973	1974	1975
Agriculture	$ 5.3	$ 54.5	$145.6	$120.9	$124.2
Education	9.7	23.4	51.3	–	65.0
Industry (including DFCs)	–	15.2	4.0	41.5	115.0
Non-project	–	6.0	30.0	–	60.0
Population	–	–	–	12.0	–
Power	13.2	24.3	–	127.5	65.1
Telecommunications	3.6	9.5	32.5	21.4	48.0
Transportation	38.3	76.7	76.5	82.1	131.2
Urbanization	–	–	–	3.0	44.5
Water supply and sewerage	0.2	4.4	–	–	3.5
Total	$70.3	$214.0	$341.9	$408.4	$656.4
Of which: Bank	$37.8	$107.2	$148.5	$209.9	$344.4
IDA	$32.5	$106.8	$193.4	$198.5	$311.1

Figures do not add to totals because of rounding.
[1] Excludes $3.9 million in loans to Rhodesia, and $2.3 million to South Africa.



...ank Group lending for ...jects in the Eastern Africa region ... than half in fiscal 1975.

...k and IDA responded to the economic ...ies confronting the countries of the ...scal 1975 by increasing their aggre... by 61% over the previous year's to... ...ending amounted to $656.4 million— ...lion by the Bank, and $312.05 million ...e number of projects assisted also ...0 in fiscal 1974 to 35 in the year just ...

...to the transportation, industrial (in... ...ning), non-project, education, tele... ...ations, and urbanization sectors ...eath. More agricultural and rural ...t projects (nine) were approved ...ther sector.

...Agricultural Productivity

...ng trend in the region towards an ...dependence on food imports has ap... ...ent years. Given the large agricul... ...e most of the countries, renewed ...mphasis to boost production, both ...sumption and for export, ...s increasingly accepted, both by ...African countries of the region, that a minimum investment in economic and social infrastructure, simultaneously provided, is one prerequisite for raising agricultural productivity among the rural poor. Most of the agricultural projects assisted by the Bank and IDA, therefore, included improvements in roads, health facilities, education, and other services. In a number of projects, attempts were made to improve the total rural environment through comprehensive regional development. Perhaps the most noteworthy example is the Kigoma rural development project in Tanzania for which a $10 million IDA credit was approved in August 1974.

To improve rural living standards, the Tanzanian Government has been assisting the half million inhabitants of Kigoma Region to resettle in *ujamaa* villages, thereby facilitating the task of providing economic and social services. The IDA credit is designed to help some 250,000 people, who have established themselves in 135 villages, double (to about $40) their yearly per capita incomes. In mostly individually-owned plots, the people cultivate crops such as maize, beans, cotton, or groundnuts. Agricultural credit will be channeled to the villages

through the Tanzania Rural Development Bank, while the Kigoma Cooperative Union will be responsible for buying and collecting village produce.

Though the inhabitants of the 135 *ujamaa* villages are to be the direct beneficiaries, the entire population of the region will also benefit. The project will develop a credit and marketing system, strengthen village-level extension services, facilitate clearing the area of tsetse flies, enable feeder roads to be constructed, and will introduce into the area a program of adaptive agricultural research. The level of social services will be improved through the provision of education and health facilities, and village water supplies. (The United Nations Capital Development Fund is providing $1.5 million for the health and water supply components.)

In Malawi, a third IDA credit, on this occasion for $8.5 million, is assisting the third phase of the Lilongwe Land Development Program which began in fiscal 1968. The newest phase is designed to provide modern agricultural inputs, credit, a stock breeding ranch, water supply and other infrastructure, an intensified extension service, and improved health facilities for about 110,000 farm families cultivating more than 1,500,000 hectares. (The United Nations Capital Development Fund is providing $1.6 million for the health and credit components.)

In Madagascar, a $9.6 million IDA credit will assist cattle producers in the underdeveloped northwest region of the island. Eighty thousand families in 200 villages will benefit from measures to improve pastures, water supplies, schools, mobile health units, and investments in roads. The last mentioned is of particular importance for the rural population is often cut off completely from other parts of the country for six to eight months a year. Intensive veterinary services will be provided, and annual per capita cash incomes are expected to rise from $20 to $30.

Manpower Training

Despite the high priority accorded by governments to the education sector over the past decade, in most countries of Eastern Africa there remains an acute shortage of skilled manpower, particularly in the technical fields. Substantial training components have, therefore, been included in the majority of Bank and IDA education projects in the region. The projects all show a marked movement away from the more formal types of academic training towards basic education programs focusing on the need to provide relevant practical training. For example, IDA credits were made available during the year for 10 nomadic training centers in Somalia, 40 rural education centers in Sudan, and 100 community skill training centers in Ethiopia, all provide vocational training facilities in rural areas for children and adults alike.

About two-thirds of Somalia's 3 million people are nomads who tend their livestock in an arid and generally harsh environment. The literacy rate stands today at about 5%. The Government is striving to increase literacy, and, at the same time, to further the task of nation-building by developing the Somali language using Latin script. In 1971, the Somali language was adopted nationwide as the teaching medium to replace the diverse use of Arabic, English, and Italian. The education project, aided by an $8 million IDA credit, is the first Bank Group operation designed to support the development of a national language and to include a training scheme for nomads.

Ten educational and training facilities for nomads will be constructed. As many as 1,600 children will be enrolled annually in four-year courses, and 2,000 adults will be able, each year, to attend short courses in subjects such as hygiene, agriculture, and animal husbandry.

In pursuit of greater efficiency in education investment, major emphasis is also being placed on low-cost construction in conjunction with self-help techniques. For instance, in Rwanda, an $8 million IDA credit will help finance an innovative program for primary education. Workshops are being added to about 150 village schools, where some 6,000 pupils will be taught agricultural and craft skills. The labor for the construction of the workshops will be contributed by the villagers themselves, following the traditional African pattern of communal action.

Investment in Transport

A fundamental problem facing countries in Eastern Africa is the maintenance and expansion of transport facilities for the movement of goods within the country and for export. Exports from landlocked countries such as Burundi, Rwanda, and Zambia, or from regions such as eastern Zaire, western Uganda, or southern Sudan, may travel 1,500 kilometers or more to reach the sea. These countries are severely handicapped by the costs and delays of such lengthy overland journeys. Current railway projects in Sudan, the East African Community, and Madagascar will improve the routes to the sea. In June, a $26 million IDA credit was approved to assist in the financing of rail and river facilities in Zaire which will improve the efficiency and capacity of the *Voie Nationale*, which links Shaba Province and the sea. Road transportation in the country was also assisted through a $26 million credit designed to meet some of the country's most urgent needs for road rehabilitation and to strengthen the Bureau of Roads.

Agricultural products must be able to find their way to the railways and main roads. In fiscal 1975, five Bank- and IDA-assisted agricultural projects contained transportation compo-

nents designed to facilitate the marketing of agricultural products. In Ethiopia's lower Adiabo project, 240 kilometers of roads will be either improved or constructed; in the forestry and livestock development projects in Madagascar, more than 330 kilometers of roads will be maintained or upgraded, and almost 1,750 kilometers of service and feeder roads constructed. In Tanzania's Kigoma Region, 370 kilometers of roads will be improved, and as a component of the Kilombero sugar estate project in that country, a rail spur, linking the sugar factory to a line of the East African Railways will be constructed. The two telecommunications projects for which loans were made during the year—to Ethiopia and Zambia—are characterized by an emphasis on the establishment of links between urban centers and provincial and rural communities. As such, they are an important complement to transportation investments, facilitating regional administration and the achievement of improved productivity in all areas.

Sites and Services Schemes

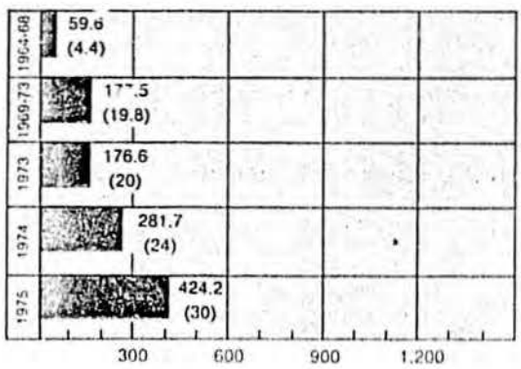
The rapid expansion of Eastern Africa's urban population is giving rise to potentially explosive social problems in many countries. In the past year, three urban projects—in Kenya, Tanzania, and Zambia—were supported by the Bank and IDA. Because the development of urban services tends to be costly except on a per capita basis, the Bank's involvement has been directed to finding more economical solutions requiring a minimum subsidy.

The Tanzania project, for which an $8.5 million IDA credit was approved in July 1974, includes 10,000 serviced sites and support for self-help housing in Dar es Salaam and two regional urban centers as well as improvements to existing squatter settlements. In addition, a pilot nutrition project will be carried out by the newly-created Tanzanian Food and Nutrition Center. Nutrition education and the development of capabilities to prepare and disseminate nutrition information will be emphasized.

Western Africa

Trend in Lending, 1964-75

(US$ millions. Fiscal years.)
Annual Averages
(00) Number of Operations



Current borrowers	Population (000)[1]	Per capita GNP (US$) 1973
Cameroon	6,206	220
Central African Republic	1,710	170
Chad	3,870	70
Congo, People's Republic of the	1,199	310
Dahomey	2,947	110[2]
Equatorial Guinea	306	250[2]
Gabon	520	960
Gambia, The	493	120
Ghana	9,313	300
Guinea	5,243	100[2]
Ivory Coast	5,600	360
Liberia	1,452	330
Mali	5,370	70
Mauritania	1,257	190
Niger	4,304	90
Nigeria	71,262	170
Senegal	4,070	270
Sierra Leone	2,787	190
Togo	2,105	170[2]
Upper Volta	5,714	70

(1) Estimated as of mid-1973.
(2) Preliminary estimates.

Economic conditions in Western Africa during the year were influenced principally by domestic and international adjustments to the abrupt changes in commodity and other prices, which began at the end of 1973, the beginnings of recovery from the effects of drought in the Sahelian countries, and the emergence, in certain sectors, of the effects of declining activity and demand in the industrialized countries.

For some countries, higher commodity prices and export volumes more than compensated for the effects of rising import prices, and they experienced short-term improvements in their foreign exchange earnings and public revenues. Apart from the petroleum producers (Nigeria, Gabon, and, to a lesser extent, the People's Republic of Congo), the gains accrued mainly to producers of groundnuts (Gambia, Nigeria, Senegal), phosphates (Senegal, Togo), and bauxite (Guinea). The scope for allocating these increased resources to economic development depended on the degree of severity of financial constraints, the outlook for deteriorating terms of trade over a longer period, and the need to retain higher reserves and savings to meet the increased costs of investment. Generally, the situation in these countries could be regarded as providing temporary relief to hard-pressed budgets and as an occasion to increase allowances for future contingencies. Yet, some of them seized the opportunity to introduce extensive changes in the domestic price structure of tradeable commodities in order to pass part of the gains on to rural producers, and to reduce the burden on public finances of the high consumer subsidies (particularly on rice) that were introduced in many West African countries over the past two to three years; others, especially the petroleum producing countries, markedly stepped up their rates of public expenditure for development as well as for consumption.

The larger and more diversified economies of countries which do not produce petroleum

(Cameroon, Ghana, Ivory Coast) were adversely affected by international economic conditions. Prices for their main exports (cocoa, coffee, timber) rapidly declined from their record highs in the first half of 1974, and declining construction demand in Europe also reduced the volume of timber exports. At the same time, higher levels of energy consumption, and of imports of intermediate and capital goods associated with industrialization, required larger outlays of foreign exchange. During the year, all of these countries, as well as several others in the region, completed, or were in the process of drawing up, new development programs emphasizing continued economic diversification, substitution for imported energy and staple foods, and intensified rural development. These programs will demand much higher levels of foreign financing than the previous ones.

Recovery from drought was the main economic concern of countries in or bordering the Sahel region. Rainfall during the year was close to the 30-year average, and crops were generally good. However, heavy losses of cattle, the failure of food and export crops in the two preceding years, the southward migration of pastoralists, the loss of public revenues, and an increased need for public assistance—all were factors which contributed to the continuing difficulties of the stricken region. Large amounts of aid in the previous years helped avert widespread famine and epidemics, but ensuring long-term assistance on a wide scale will be essential to attack the chronic problems of the Sahelian countries, which are due fundamentally to a poor resource base and harsh climate. The international community is assisting the Sahelian states in a broad range of studies aimed at evaluating resource availabilities, population and migration stabilization policies, the potential for irrigation, new cropping patterns, alternative rural development strategies, and transport infrastructure and services.

Regional Cooperation

1974 was also marked by the signature of a new convention defining trade and aid relations between 46 African, Caribbean, and Pacific countries and the European Economic Community. It gives increased attention to regional cooperation. The Convention's several innovative features include a scheme for stabilization of export earnings from 12 primary commodities and their products, including such exports as groundnuts, cocoa, coffee, timber, and iron ore, with preferential treatment to be accorded to the least developed and landlocked countries. Following action in 1974 among six francophone countries of the Communauté Economique de l'Afrique de l'Ouest (CEAO), a draft treaty for the Economic Community of West African States (ECOWAS) was signed in May. The latter community,[1] will become effective upon ratification by at least seven member states. The West African Subcommittee of the Association of African Central Banks set up a clearinghouse to facilitate payments in the region so that intra-West African trade might be expanded. And spurred by the prospects for substantial international assistance in the development of the Sahel, the Organization for the Development of the Senegal River Basin (OMVS) made significant progress during the year. The OMVS, with headquarters in Dakar, seeks to promote the integrated development of the agriculture, power, transport, and mining sectors of the three basin states—Mali, Mauritania, and Senegal. The Bank has participated in the early planning stages, and a $1 million IDA credit was approved in May 1975 for the engineering of irrigation works in the Debi and Lampsar polders in the Senegal River valley.

Bank and IDA Activities

In fiscal 1975, the volume of Bank and IDA lending in the region reached a new high—$424.2 million. This amount represents an increase of 50% over fiscal 1974, the previous record year, and of 139% over the fiscal 1969-73 annual average. As the accompanying table shows, the year's increase was entirely in Bank lending; IDA assistance remained at its fiscal 1974 high, which exceeded the fiscal 1969-73 average by 102%. The number of projects rose from 24 in the previous year to 30. There were several innovative features in the year's activities.

The year's lending pattern was affected by large, anomalous variations in the cycles of agricultural and transportation project preparation. To discover any significant changes in the lending pattern, therefore, a comparison of fiscal 1974 and 1975 averages with those of fiscal 1969-73 is appropriate. Such a comparison shows a dramatic shift towards lending for agriculture and rural development. This sector's share in total lending more than tripled, from an average of 17% in fiscal 1969-73 to one of nearly 57% in fiscal years 1974 and 1975. Rural development includes development of agricultural roads; for the last two years the construction, maintenance, and upgrading of such roads averaged almost 6,000 kilometers, a large increase over previous years. The share of lending for conventional transportation projects—highways, railways, and ports—declined, amounting to 25% in fiscal years 1974 and 1975 compared with 39% in fiscal 1969-73. These shifts reflect the increasing influence of the Bank's new strategy, which focuses on broad-based rural development to help raise the productivity of

[1] Includes Dahomey, The Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo, and Upper Volta

the poor and to bring about a more even distribution of income.

rood, Livestock Production Emphasized

Most of the year's 20 agricultural and rural development projects emphasized domestic food crop or livestock production so as to improve the nutritional and health levels of the rural population and, at the same time, reduce the dependence on imports of food. Only five projects, accounting for about 17% of the total lending to the sector, were of the more conventional type, focusing on export crops, viz., cocoa projects in Cameroon and Ivory Coast (assisted by Bank loans of $6.5 million and $20 million respectively), a cocoa/coffee project in Togo (aided by an IDA credit of $6 million), a rubber project in Cameroon, and a pineapple project in Guinea (assisted by IDA credits of $16 million and $7 million respectively). But even they included elements such as agricultural roads, provision of inputs, and credit characteristic of the "new style" (integrated rural development) project package approach. This approach is most fully reflected in the year's six rural development projects—three in Nigeria and one each in Ivory Coast, Senegal, and Sierra Leone. Bank and IDA assistance for these projects totaled $124 million.

The three Nigerian projects are in the rural North East (Gombe), North Central (Funtua), and North West (Gusau) States. Here live a significant proportion of the country's food and industrial crop producers; their annual per capita incomes, of about $40, are the lowest in the Federation. More than 2 million people live in the 17,000 square kilometer area covered by the projects, and some 230,000 families will directly benefit. The projects' objective is to increase the production of cotton, groundnuts, sorghum, maize, and cowpeas. To achieve this goal, "packages" of services will be provided to existing farming communities. The major elements of these packages are: development of 3,500 kilometers of feeder roads; the construction of some 250 small and medium-sized earth dams; and the provision of farm inputs and equipment—110,000 tons of fertilizer, 10,000 tons of improved seeds, 20,000 ox carts and plows, and 200 tractors. At full development, the net farm income of the farmers directly affected by the projects should increase by between 35% and 54%.

The Ivory Coast project will expand the cotton growing area from 60,000 hectares to about 80,000 hectares, and the area of food crops grown in rotation with cotton from about 9,000 hectares to 70,000 hectares. Special features of the project include the improvement of feeder roads and the construction of nearly 1,000 small bridges on existing roads; the digging of several hundred wells for village water supplies; provision of credit to farmers; the training of local artisans and blacksmiths to service farm equipment; the building of two cotton ginneries; and the establishment of a maize seed farm. The project area has a population of 1.3 million whose annual average per capita income, of about $50, is only one-seventh the national average. At full development, the project is expected to benefit 84,000 families—about 600,000 people—and will raise annual per capita incomes to about $80, thus promoting regional balance and improving income distribution. Although on a smaller scale, the rural development projects in Senegal and Sierra Leone have many of the same features.

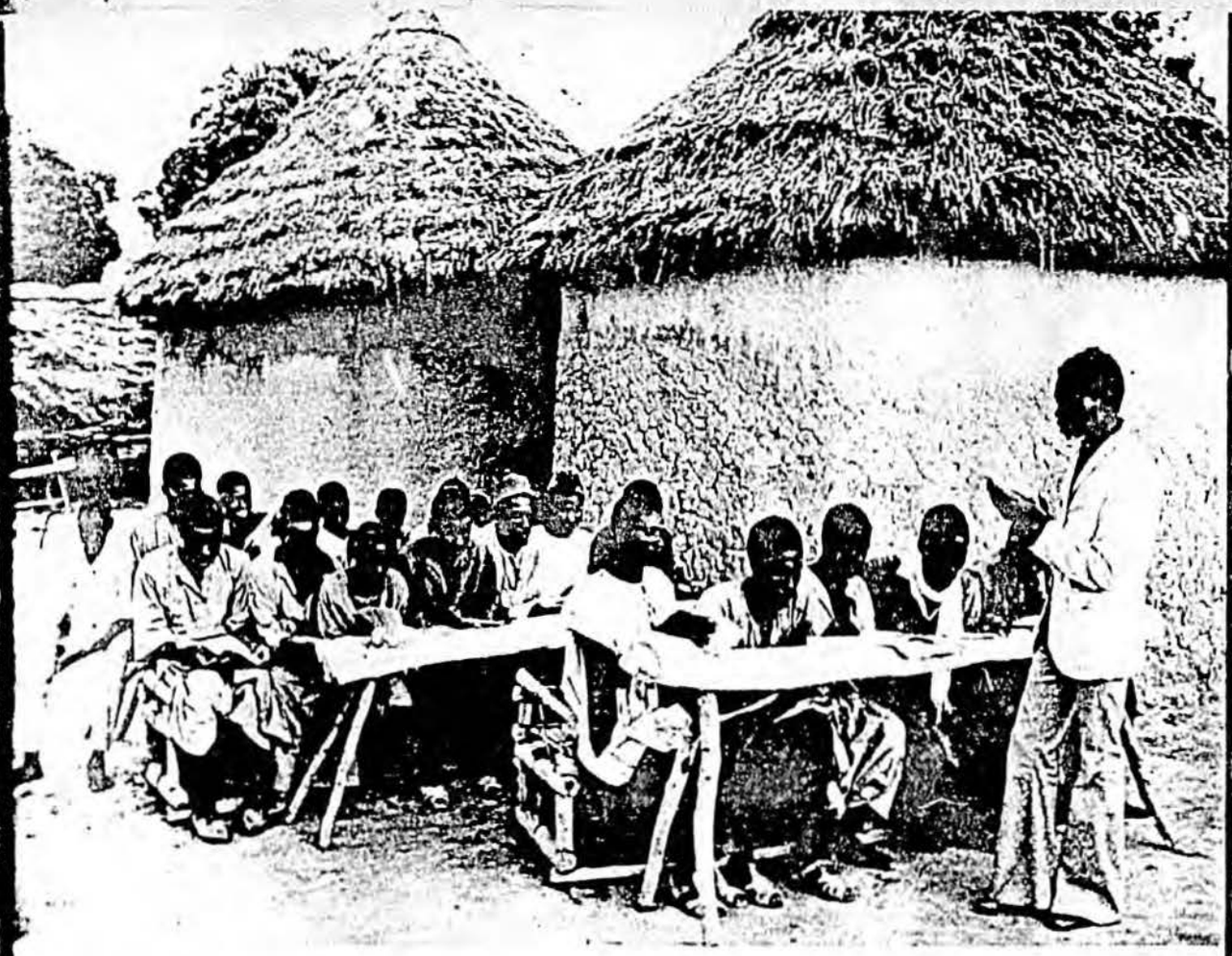
Of the year's three livestock projects—in Mali, Nigeria, and Upper Volta involving Bank and IDA assistance totaling $43 million—the one in Mali is of special interest. Assisted by an IDA credit of $13.3 million, the project represents the first comprehensive effort to increase

Lending to Current Borrowers in Western Africa, by Sectors

(US$ millions. Fiscal years.)

	Annual average 1964-68	Annual average 1969-73	1973	1974	1975
Agriculture	$ 3.6	$ 30.6	$ 39.7	$ 81.0	$323.0
Education	4.4	26.7	61.9	4.7	32.4
Industry (including DFCs)	6.0	3.4	—	3.6	4.0
Non-project	—	16.0[a]	—	—	—
Power	25.2	23.9	—	2.9	—
Telecommunications	—	3.0	10.8	25.0	23.0
Tourism	—	—	—	—	9.7
Transportation	20.4	68.7	54.7	154.1	23.1
Urbanization	—	1.6	—	—	—
Water supply and sewerage	—	3.6	9.5	10.4	9.0
Total	$59.6	$177.5	$176.6	$281.7	$424.2
Of which: Bank	$42.9	$117.8	$ 85.9	$160.7	$305.7
IDA	$16.7	$ 59.7	$ 90.7	$ 1.10	$123.5

Details may not add to totals because of rounding.
[a] One rehabilitation loan of $80 million to Nigeria in 1972 has been "averaged" over a five year period.



...Mali. Bank operations during the year ...Coast, and Senegal will help rural ...ant skills.

...k production by about 100,000 ...milies living in the Sahelian zone. ...es include the introduction of ...ension services and grazing con...struction of an abattoir and hide... and the testing of a functional ...ain for pastoralists. The principal ...from the project will be a greater ...k production worth nearly $8 ...terms. The pastoral families will ... average annual cash incomes ... production from $140 to about ... new jobs will be created. The ... to halt the deterioration of ...square kilometers of rangeland, ...both the cattle and the people in ...ture against all but calamitous

...Education to Needs

...ional education projects—in ...Dahomey—feature further ad... ...relevant strategy in ... sector. Aimed had been pio... ...projects in Mali, Mauritania, and Upper Volta. The strategy emphasizes the adaptation of existing education systems to the economic needs of the rural population; it also promotes the participation of industry and commerce in the upgrading of their employees' skills. The Senegal project, assisted by an IDA credit of $15 million, includes an experimental scheme of 30 village education centers offering practical training in agricultural and related occupations, and the elements of literacy and arithmetic to children leaving primary schools, and to youths and adults who have never attended school. By the third year of operation, the scheme will involve about 2% of the equivalent age group in rural areas. The Dahomey project, supported by an IDA credit of $4 million, also focuses on providing training in such basics as functional literacy, health, nutrition, and fundamental farming techniques for the country's rural youth who have either not attended school or who have dropped out prematurely. This training would be provided through the support of the country's rural youth training program. The project also aims at improving the skills of industrial and clerical workers in urban areas through the construc-

tion of a center for the upgrading of skills. The training given at this center will consist of short, practical courses enabling up to 2,000 trainees yearly to become more proficient in such fields as mechanics, electricity, construction, and business.

Another first in the year's Bank and IDA operations in the region is a sewerage and drainage project, located in Abidjan, and assisted by a Bank loan of $9 million. About half the Abidjan urban area is low-lying, and several densely-populated areas in the city have experienced serious flooding. Moreover, in the absence of public sewage treatment stations, waste water is discharged untreated into the lagoons around which the city is located, posing a serious health hazard. An increase in typhoid and cholera in areas where sanitary conditions are worst has recently been noticed. The project will prevent further deterioration in public health and will improve sanitary conditions in the fastest-growing residential areas of Abidjan, as well as in areas occupied by people with low incomes. In addition, the project will diminish significantly the incidence of flooding, thereby reducing economic losses and health hazards.

Further operational "firsts" during the year included the first Bank loan to Ghana since 1969, and the first IDA credit ever to Guinea. The $23 million loan to Ghana will help finance the first phase of a telecommunications project concentrating on high-priority works for rehabilitation, replacement of obsolete and worn-out plant, and expansion and general improvement of the quality of local, domestic, long distance, and telex services. The $7 million credit to Guinea will help finance the establishment of a pineapple estate which, at full development, will produce an additional 10,000 tons of pineapple from the estate and nearby outgrowers, with a gross value of about $3 million annually. Studies of the rice and livestock subsectors are also included, and future projects in those subsectors will be identified and prepared.

Co-financing Activities

Bank and IDA lending in the region continued to be complemented by co-financing from other organizations, both bilateral and multilateral. In fiscal 1975, these donors included Canada, France, Kuwait, and the European Investment Bank. Co-financing from these sources involved seven of the year's 30 projects, and totaled $43.6 million, compared with $85.7 million in Bank and IDA assistance for the projects concerned.

The program for the control of onchocerciasis (riverblindness) in the Volta River basin entered its first phase of operations under the general supervision of a Joint Coordinating Committee consisting of representatives of governments and international agencies. The Committee held its first meeting in Abidjan in February 1975 and elected M. G. Candau, former Director General of the World Health Organization (WHO), as its chairman. Aerial application of larvicides to kill the vector, a species of black fly, started at the beginning of the year in parts of Ghana, Ivory Coast, Mali, and Upper Volta. The program is jointly sponsored by the World Bank and three other international agencies—the Food and Agriculture Organization of the United Nations (FAO), WHO, and the United Nations Development Programme (UNDP). While WHO is the executing agency, the Bank has assumed responsibility for mobilizing the external finances needed to cover the costs, estimated at $54 million, for the initial six-year phase of the program (1974-79). Most of this financing is now assured under the Onchocerciasis Fund Agreement signed in May 1975 which covers contributions from nine donor governments (Belgium, Canada, France, the Federal Republic of Germany, Japan, Kuwait, the Netherlands, the United Kingdom, and the United States), together with the African Development Bank (AfDB) and the World Bank. Financing for chemotherapeutic research and training is being provided outside the Fund by the UNDP. The program is designed to clear the way for eventual resettlement and economic development of the potentially productive areas affected, and the seven participating African Governments[1] will be assisted by the sponsoring agencies in undertaking the necessary pre-investment studies.

In order to cope more efficiently with increasing Bank Group operations in Cameroon, the Bank assigned a resident representative to Yaoundé. He will assume his duties early in fiscal 1976. He will also assist as necessary in expediting operations in neighboring countries. Reflecting the Bank Group's increased concentration on rural development, a Feeder Road Section was established within the Bank's Regional Mission in Western Africa, based in Abidjan, to identify feeder road projects and to assist governments in their implementation.

[1] Dahomey, Ghana, Ivory Coast, Mali, Niger, Togo, and Upper Volta

East Asia and Pacific

Current borrowers	Population (000)[1]	Per capita GNP (US$) 1973
Cambodia	7,566	110
China, Republic of	15,424	570
Fiji	551	570
Indonesia	124,415	100
Korea, Republic of	32,910	370
Laos	3,180	70
Malaysia	11,750	480
Papua New Guinea	2,596	340
Philippines	40,123	270
Singapore	2,185	1,580
Thailand	39,400	240
Viet-Nam	19,870	160
Western Samoa	153	200

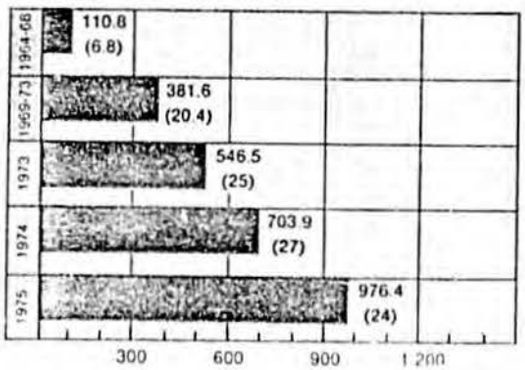
[1] Estimated as of mid-1973

Trend in Lending, 1964-75

(US$ millions. Fiscal years)

Annual Averages

(00) Number of Operations



For most countries of the East Asia and Pacific region the past year was a difficult one, generally characterized by decelerating growth rates, deteriorating terms of trade, deteriorating balance of payments positions, and escalating inflation. In the region's aggregate Gross National Product (GNP) grew by some 7% in real terms in 1973. Most of this growth took place between January and June; the second half of the year showed a general pattern of decelerating growth. The cause of the less encouraging performance was a fall, beginning in mid-1974, in the export market prices of the region's major export commodities, notably rubber, timber, and forest products. As a result, rural incomes which had benefited considerably from high commodity prices declined.

The terms of trade worsened for all countries in the region because of high import prices, especially for fuel, foodstuffs, and capital equipment. The Republic of Korea's terms of trade increased by 18%, was the most adversely affected. Even Indonesia, despite increased oil revenues, saw some deterioration in its terms of trade.

Export prices and rising import prices, [illegible] a drop in the demand for manufactured in adverse changes in the balance of payments positions for all countries in the region, except Thailand, which benefited from high prices for its rice exports. In the Republic of Korea, for example, the current account deficit increased by more than $1,500 million and in the Philippines, the current account, in surplus by $520 million in 1973, was in a deficit position by $210 million a year later. Accumulation of reserves during the recent commodity price boom provided most countries with a cushion against the deterioration in their balance of payments positions.

The rapid rise in foodgrain prices led to increased efforts by food importing countries to achieve self-sufficiency in grain production. Taken as a whole, the region is marginally a net exporter of rice, but must import much wheat and other cereals. Moreover, there are wide variations in each country's food position. The Republic of Korea, formerly a food surplus country, is now a net importer and is trying to become self-sufficient in food by the early 1980s. Though Thailand still has an export surplus, it has diminished in recent years, as production increases have been used largely to meet growing domestic demand.

All countries in the region except Singapore are predominantly agricultural, but industry is

becoming increasingly important to growth and development. The Republic of Korea and Singapore, for example, have rapidly industrialized in recent years, exporting goods mainly to Japan and the United States. The recession in these two major markets has hit both countries' manufacturing sectors. Markets have been reduced, and external funds on suitable terms have been difficult to find. The Philippines and Malaysia also have dynamic, though smaller, manufacturing sectors, which, encouraged by Government incentives, have shown relatively strong growth in recent years with increasing emphasis on export markets as a source of future growth.

The region as a whole receives large inflows of external capital which have been an important factor in the economic expansion of the last decade. In the past year, despite increased inflows of foreign funds into most countries, many governments had to draw down foreign exchange reserves to help finance procurement of higher-priced capital equipment. Increased external finance will be required if the momentum achieved in earlier years in the development of agriculture and industry is to be regained. The region is generally well-endowed with natural resources but its agricultural potential is still under-utilized. In terms of per capita income, most countries in the region belong to the middle-income group of developing countries ($200 to $375 per capita GNP) although Singapore is significantly above this level, and Indonesia, with a per capita GNP of about $100, is one of the poorest countries in the world.

Concern over Inflation

Inflation continues to be a major cause for concern in the region. Malaysia had enjoyed a long period of remarkable price stability. However, consumer prices rose in 1973 by 10.5% and in 1974, by 18%. Indonesia's inflation has been fed by rapidly-rising import prices which increased by an estimated 80% between 1972 and 1974; the main increases were in foodstuffs and fertilizers. These price increases have used up more than one-half of the country's additional oil earnings. In the Philippines, consumer prices rose by some 40% during 1974 but the rate of increase had moderated sharply by the end of the year. In the Republic of Korea, petroleum and foodgrain imports have led to a very sharp rise in prices with consumer prices increasing by 31% and wholesale prices rising by more than 60% annually.

Because of the importance of international trade to these countries, imported inflation has been a major factor in domestic price escalation. For many countries, rising prices for petroleum products have been the primary element. For example, between 1972 and 1974, payments for imported oil increased almost fivefold to some $2,500 million for the Republic of Korea, the Philippines, and Thailand. The Republic of Korea, which depends on oil imports for about 60% of its fuel requirements, was hit hardest. Its oil bill rose by some $800 million in 1974.

Increased oil prices, on the other hand, helped Indonesia in 1974 and should help Malaysia substantially in a few years. Oil revenues now contribute about 10% to Indonesia's GNP. Malaysia's current production is modest—less than 100,000 barrels a day—but it is expected to increase fivefold by the end of the decade. Malaysia also possesses substantial natural gas reserves which could come into production by 1980.

In fiscal 1975, Bank lending to the countries of the East Asia and Pacific region emphasized increased smallholder agricultural production, especially in foodgrains. At the same time, the

Lending to Current Borrowers in East Asia and Pacific, by Sectors

(US$ millions. Fiscal years.)

	Annual average 1964-68[1]	Annual average 1969-73[1]	1973	1974	1975
Agriculture	$ 28.8	$ 88.2	$113.5	$189.5	$193.0
Education	2.4	34.5	83.7	38.5	22.5
Industry (including DFCs)	14.1	36.7	45.0	88.5	285.0
Non-project	—	—	—	—	100.0
Population	—	3.6	5.0	—	25.0
Power	29.0	86.2	46.0	85.8	147.0
Technical assistance	—	2.0	—	5.0	—
Telecommunications	5.4	19.2	37.0	—	—
Tourism	—	—	—	41.0	—
Transportation	25.7	103.4	161.8	188.6	124.4
Urbanization	—	3.2	16.0	—	40.0
Water supply and sewerage	5.4	4.6	13.5	67.0	39.5
Total	$110.8	$381.6	$546.5	$703.9	$976.4
Of which: Bank	$108.6	$254.3	$338.9	$603.4	$972.0
IDA	$ 2.2	$127.3	$207.6	$100.5	$ 4.4

(Details may not add to totals because of rounding.)

[1] Excludes loans of $375 million to Japan and $102.6 million to New Zealand.



...ish furrows in a Central Luzon rice ...ers. A $17 million Bank loan ...year will help upgrade irrigation ...rice producing area.

...assistance for industrial devel-...structure, and public utilities ...ject systematic development of ...areas in a number of countries. ...the region continued to rise. In ...lending totaled $976.4 million, ...out 39% over the previous year. ...ation was a credit to Western ... Group's first operation in the ...ntry.

...ltural Development

...(42%) of the Bank's lending ...ted to agricultural develop-...ects is to promote rural de-...ilippines and agricultural ... and Indonesia. The Bank ...ect for land settlement in ...projects in Indonesia and ... fertilizer production in ...

...ct helped by a Bank loan ...ating the wide sweep of activities undertaken to raise the living standards of the rural poor in an undeveloped and isolated area, is a rural development project on Mindoro island in the Philippines. Only 45 kilometers from Luzon, Mindoro already provides surplus rice to other parts of the Philippines, and has potential for much additional agricultural development because of its land and water resources, and its relative freedom from typhoons which periodically destroy crops in Luzon.

The Philippines Government plans to improve the standard of living of the island population and to supplement rice supplies from Central Luzon to metropolitan Manila. In addition to improving irrigation, highways, and port facilities, the project contains programs to control schistosomiasis, an endemic snail-borne disease, which affects the health and productivity of the people, and to help improve the living conditions of some 80,000 people of the Mangyan tribes, the island's original inhabitants, by providing mobile medical teams, constructing roads, and introducing new agricultural pra...ices. The project will help increase

rice production by 100,000 tons annually and will benefit directly about 200,000 people (40% of the island's population) through agricultural improvements, and indirectly, an even larger number through improved transportation and agricultural supporting services.

Similar objectives are sought in the Keratong land settlement project in Malaysia. Like the Bank's four earlier land settlement projects in the country, this project, for which the Bank approved a $36 million loan, is designed to support high rates of growth in smallholder agriculture, and reduce unemployment and underemployment, thereby contributing to increased rural incomes. About 3,400 families will benefit from the project, which will develop some 25,500 hectares of land now under tropical forests. About 22,000 hectares will be planted with oil palm and two palm oil mills will be constructed. To protect the environment, land development within the project area will be carried out in conformity with the Malaysian Conservation Act which provides adequate safeguards against erosion, siltation, and excessive flooding.

Research in Agriculture

The Mindoro and Keratong projects are expected to increase agricultural production by bringing more land under cultivation and by improving yields. In two other projects, the Bank will support efforts to improve crop quality and yields through research. With a loan of $28.5 million, the Bank will assist the Malaysian Agricultural Research and Development Institute in developing and conducting specific research programs on foodgrains (rice, maize, soybean), commercial crops (coconut), and livestock. The project also includes research into industrial uses of agricultural products. Similarly, a $21.5 million loan to Indonesia will help strengthen the country's research capability in rice, field crops, rubber, and vegetables.

Both research projects, which were specially designed to identify, adapt, and disseminate new technology for the small farmers of Malaysia and Indonesia, will complement the programs of the international research centers sponsored and coordinated by the Consultative Group on International Agricultural Research.

Also directly related to the efforts to increase food production in Indonesia is the Bank's $115 million loan for doubling nitrogenous fertilizer production in South Sumatra. This project is expected to help increase food production in the country by about 2 million tons a year.

Continuing its long-standing association with development finance companies in the region, the Bank approved in fiscal 1975 additional loans to Bank Pembangunan Indonesia and the Private Development Corporation of the Philippines. It also made a loan to the Korean Development Bank for the first time. To maintain the momentum of industrial development in the Republic of Korea, the World Bank also extended a general purpose loan of $100 million to provide urgently-needed foreign exchange for the import of capital and intermediate goods.

In addition, the Bank made a $30 million loan to help finance a program designed to meet two priority needs of small and medium-sized industries in the Philippines: increased access to institutional sources of credit, and technical assistance for solving the operating problems which confront small entrepreneurs. In all cases, the Bank's participation in these industrial development programs has been used to emphasize the need for a greater regional balance in the location of new industries.

This need is also reflected in an education project in the Republic of Korea where the Bank is providing $22.5 million to help the country meet its requirements for skilled workers and technicians, including those in the fields of fisheries and agro-industry. The project will support programs outside the Seoul and Pusan areas for employment-oriented, non-formal vocational training in several smaller sites, thereby assisting the Government's policy of dispersal of industries.

The Bank's lending for infrastructure and public utilities accounted for 32% of the year's lending to the region. Bank loans were approved for railways in the Republic of Korea; shipping in the Philippines; power in Indonesia, Malaysia, and the Philippines; and water supply in Indonesia. In addition, a $4.4 million IDA credit was approved for a highway project in Western Samoa.

Varied Approach

Transportation projects in two island countries illustrate the Bank's varied approach in meeting the requirements of borrowers. The highway project in Western Samoa calls for reconstruction of two main roads in the relatively less-advanced eastern and southern parts of Upolu where about 35,000 people, or one-third of the island's population, live, and where about one-half of the island's principal export (copra) is produced. By providing improved access to the market at Apia, the country's capital and port, the project will also provide an incentive to the rural population to undertake the production of cash crops. The Philippines' shipping project will help finance the replacement and repair of an inter-island fleet and will assist the establishment of a national organization for regulating and improving the maritime industry.

Following earlier loans to Indonesia and Malaysia, the Bank Group provided in fiscal 1975 financial and technical assistance in family planning to another country in the region. A $25 million loan will assist the Philippines Government in strengthening its population program and expanding it into rural areas. The project

includes the reorganization of the Commission on Population and assistance to the Department of Health for the establishment of over [illegible] rural health units which will extend a new health and family planning service approach into the rural areas.

A significant share of the Bank's lending has gone to support urban development programs in Indonesia, the Republic of Korea and Singapore which are designed to improve the living conditions of the urban poor. A $25 million loan, for example, will help finance the Jakarta urban development project which includes the upgrading of roads and footpaths, drainage, water supply and sanitation, schools and health facilities in about 2,000 hectares of densely-populated, low-income neighborhoods, with provision for the eventual expansion of the program to about 30,000 hectares. The project also provides for the development of "sites and services," including the construction of core housing on about 130 hectares of under-utilized land. The project will support the recently-established National Urban Development Corporation and the National Mortgage Bank, and is designed to assist the testing and formulation of a prototype program for later expanded operations of these institutions.

South Asia

Current borrowers	Population (000)[1]	Per capita GNP (US$) 1973
Bangladesh	74,000	70
Burma	29,509	90
India	581,911	120
Nepal	12,020	90
Pakistan	66,230	150
Sri Lanka	13,180	110

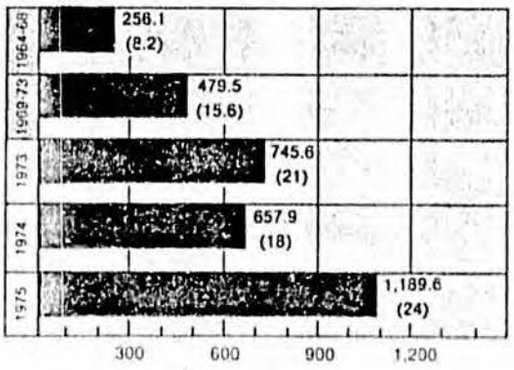
[1] Estimated as of mid-1973.

Trend in Lending, 1964-75

(US$ millions. Fiscal years.)

Annual Averages

(00) Number of Operations



This has been one of the most difficult years in the recent history of the South Asia region. More than 800 million people live in the region; most of them suffered losses in their real incomes, and the poorest among them suffered acutely from the rises in food prices which took place during the year.

It was apparent in early 1974 that the months ahead were likely to provide a severe test for the region. Some of the main commodities imported by South Asian countries, particularly petroleum, fertilizer, and foodgrains, increased sharply in price, while prices of most of the important exports went up only slightly. As a result, the volume of exports which purchased a dollar of imports during the year ending June 1973 bought only 52 cents worth in Bangladesh, 63 cents worth in Sri Lanka, 70 cents worth in India, and 84 cents worth in Pakistan during fiscal 1975, after a continuous sharp deterioration in the previous 12 months.

The sharpness of the deterioration in the terms of trade, together with the extreme poverty of most of the countries, resulted in the placement of five of the six regional countries (Nepal being the exception) on the United Nations Emergency Operation's list of countries "most seriously affected" by recent world economic developments. To alleviate their pressing balance of payments problems, sizeable resource transfers were required. There was indeed a record resource transfer in nominal terms for most countries, from the Bank Group, the International Monetary Fund's oil facility, the members of the Organization of the Petroleum Exporting Countries (OPEC), of the India and Pakistan consortia, and of the Bangladesh and Sri Lanka Aid Groups. These large amounts were barely sufficient, however, to maintain the volume of imports at the previous year's level.

The inflows from abroad might have been sufficient to avert the kind of hardship which took place, and combined with judicious domestic policies, to safeguard levels of investment, if the monsoon had not been so poor. The Governments of Bangladesh, India, Pakistan, and Sri Lanka were forced by poor harvests into making large food purchases which preempted significant proportions of the limited foreign exchange available. South Asian nations (excluding Burma) imported 7% or 8% of their total foodgrain consumption in 1974 and 1975. It is apparent that, for most of the coun-

tries of the region, increased food production is also the key to improving the balance of payments.

Weather a Factor

The foodgrain situation in South Asia seems, if anything, to be worsening. While populations grow annually at a rate of 2% or 3%, most South Asian countries have been unable to sustain growth rates of foodgrain production of as much as 2%. Even in good monsoon years, domestic production in most countries is only sufficient to satisfy the minimum per capita consumption requirements. In bad years, large-scale imports are needed to avert severe malnutrition. The shortcomings in agricultural development in South Asia are generally not a matter of inadequate technology or lack of farmer motivation; the roots of the problem lie in the fact that there have not yet been enough programs of investment in water resources, distribution of credit and inputs, and provision of support-services. In the longer run, however, even a substantial improvement in this regard may not be sufficient if population growth rates cannot be reduced from their present levels.

Bangladesh's terms of trade have deteriorated rapidly, with import prices rising by about 40% against a rise in export prices of less than 10% between fiscal 1973 and 1975. Higher import prices could not be passed on immediately to consumers and, as a result, the budgetary deficit increased markedly. The high levels of deficit financing, combined with commodity shortages, led to a rapid rise in the pace of inflation. The Government attempted to minimize the effects of inflation by continuing to place large orders for foodgrains during the first half of 1974 in spite of the higher level of domestic foodgrain production in that year. By June 1974, faced with the realization that its cash commitments for foodgrain and other imports exceeded by a substantial margin the foreseeable foreign exchange availabilities in the following three months, the Government instituted drastic measures to reduce imports. Simultaneously, it appealed to its major trading partners to afford relief with respect to current payments and requested the Bank to form an Aid Group. The Aid Group for Bangladesh had its first meeting in Paris in October 1974. It met again in May 1975.

Worldwide inflation and another year of agricultural shortfalls combined to cause India severe economic hardship during the year. Foodgrain production has been stagnant and is unlikely to be more than 106 million tons in fiscal 1975. This amount represents an improvement over the harvest of the past two years, but it is still below the 108 million tons achieved four years ago. The import requirements generated by this shortfall, combined with rapid price increases of other essential imports, have roughly doubled India's import bill in the last two years. Although export earnings have risen impressively—mainly as a result of price, rather than volume, increases—the current account deficit has grown roughly tenfold during the same period, to about $2,000 million. Even with this deficit, imports in real terms (aside from foodgrains) showed little change. This level of imports, combined with energy deficits, due in part to some reduction in oil imports, contributed to stagnation throughout the economy, particularly in industry. The rate of inflation, which threatened to exceed 25% during the year, has lessened, although the fiscal and credit austerity required to contain inflation has induced some slowing of the pace of economic activity.

ing to Current Borrowers in South Asia, by Sectors

(fiscal years)

	Annual average 1964-68	Annual average 1969-73	1973	1974	1975
	$ 25.2	$108.1	$ 93.1	$150.0	$ 400.1
	5.2	4.7	15.5	–	–
including DECs)	40.8	77.1	153.0	110.0	367.5
	91.0	109.0	95.0	235.0	290.0
	–	4.3	–	–	15.0
	25.7	42.0	91.0	–	–
assistance	–	0.8	4.0	–	–
nunications	6.6	50.3	85.5	20.0	57.0
	–	0.9	–	–	–
ation	51.2	71.3	54.5	100.1	60.0
	–	–	–	35.0	–
and sewerage	10.4	11.0	55.0	7.8	–
	$256.1	$479.5	$745.6	$657.9	$1,189.6
Bank	$ 71.0	$ 86.5	$ 70.0	$112.0	$ 269.0
DA	$185.1	$393.0	$675.6	$545.9	$ 920.6

Excludes net cases of cancelling

Commitments to Bangladesh which replaced commitments originally made to Pakistan



Harvesting wheat by hand in Pakistan. The Bank approved during the year $400 million for projects aimed at increasing agricultural production in the South Asia region.

Pakistan's economy has suffered from worsening terms of trade which, together with the floods in August 1973 and a long period of drought in 1974, held back agricultural production and the volume of exports. Terms of trade deteriorated by almost 16%. The value of exports of raw cotton, yarn, and textiles was reduced by a smaller cotton crop and by a sharp drop in demand. Imports of wheat and edible oil have also had to be increased to make up for lower-than-expected growth of domestic production. Pakistan's current account deficit may have nearly doubled when the figures for fiscal 1975 are tallied. The effects of the terms of trade deterioration were, however, mitigated in 1974 by the generous assistance Pakistan received from the members of OPEC. In the longer run, the trade picture should improve substantially as a result of projects under way to increase agricultural and other production. The largest of these is the Tarbela Dam. A series of mishaps, which took place when the initial filling of the reservoir began in mid-1974, necessitated a program of remedial works. They were completed in time for the second filling in mid-1975. The stored waters will be available for irrigation in the winter crop season and will add at least 40% to supplies of canal irrigation water. Power generated there will become available later in 1976. Other projects for increasing agricultural and other production are the Multan fertilizer plant and Pakistan's second oil refinery which will substitute cheaper crude oil imports for more expensive imports of refined products.

Burma was an exception within the region in that its terms of trade improved with substantial price increases for rice (which accounts for nearly half of its total exports) and timber. However, stagnating agricultural production prevented Burma from taking advantage of this improvement, since an increasing population led to the further dwindling of its traditional export surpluses. Recorded rice exports, which had averaged 1.5 million to 2 million tons during the 1960s, stood at 250,000 tons in 1974. While increased agricultural production in Burma is, therefore, important because of its contribution to higher exports rather than through

reduction of imports, Burma is in the same position as other countries of the region in that a vigorous agriculture sector is one of the keys to an improved balance of payments outlook. Nepal, which is also a net exporter of foodgrains, faced a similar situation except that, given the heavy weight of petroleum, cement, and fertilizer in its import bill, its terms of trade deteriorated. As a consequence, Nepal, during the year, faced its worst balance of payments situation in the past decade.

One of the countries most severely hit by the price changes was Sri Lanka. The price rises of a year ago aggravated the long-term decline in its terms of trade. Sri Lanka's major export commodities—tea, rubber, and coconut (together accounting for about three-quarters of total export receipts)—increased in price in 1974, although, except for major coconut products (where increase), at relatively modest rates. The increases in world prices of Sri Lanka's major imports, however, were much greater than the increases in the country's export prices. Thus, the rise in the prices of its five major import commodities, making up about two-thirds of total import costs, ranged from a low of 100% (wheat flour) to a high of 250% (petroleum products). The result was a current account deficit in 1974 estimated at $193 million compared with $45 million in 1973. In the longer run, the expansion of agricultural output is the main remedy for Sri Lanka's balance of payments problem.

The Bank's Response

Overriding concerns for the region, and therefore for the Bank in its operations there, have been to ensure that productive capacity is effectively utilized, to maintain investment programs at appropriate levels, and to promote agricultural production to avert serious famine in some areas and to free foreign exchange currently used to buy food. One constraint on agricultural production during the past year was limited availability of fertilizer. The development of domestic fertilizer production to provide assured supplies and substitute for fertilizer imports has, therefore, had high priority with South Asian governments and for Bank assistance. At the same time, the Bank has continued to emphasize the potential benefits rural development offers to the poorer sections of the population.

Bank assistance to the countries of the region rose to $1,189.6 million in fiscal 1975, an increase of about 80% over the previous year. Of this amount, 53% went to projects related to agricultural development, 24% to non-project assistance, the balance to non-agriculture-related activities and to population and infrastructure projects. Of the agriculture-related assistance, most was for major fertilizer projects which will have a substantial impact on agricultural production (mainly foodgrains) and on countries' payments positions. The Bank and IDA approved assistance during the year to India and Bangladesh for fertilizer production, and to Pakistan for a natural gas pipeline project to carry feedstock to a fertilizer plant.

Some 366,000 tons of nitrogen yearly are expected to be added to India's fertilizer capacity in 1978 when two Bank- and IDA-supported fertilizer projects are completed. Of the total, about 230,000 tons will come from the new plant at Phulpur in Uttar Pradesh, and an additional 136,000 tons annually will be produced at the Sindri plant of the Fertilizer Corporation of India when its modernization and expansion program is completed. A Bank loan of $109 million and an IDA credit of $91 million, respectively, were approved for the projects.

A fertilizer project in Bangladesh, which is to be assisted by an IDA credit of $33 million, will produce approximately 528,000 tons of urea and 305,000 tons of ammonia annually for domestic consumption. The $250 million fertilizer plant, to be constructed at Ashuganj, about 60 kilometers northeast of Dacca, will help reduce Bangladesh's heavy dependence on foodgrain and fertilizer imports. The plant will use the country's abundant natural gas resources. Other contributors to the project are the Asian Development Bank, the Federal Republic of Germany, Iran, Switzerland, the United Kingdom, and the United States.

A $60 million loan to Pakistan for a pipeline to carry natural gas will also have a major impact on fertilizer production in that country, since the gas provides the main feedstock for the Multan fertilizer plant which will nearly double Pakistan's domestic fertilizer production. An expanded plant will begin operation in 1977.

During the year, the Bank Group intensified its work in support of agriculture in South Asia. There were active lending programs in this sector in all the countries in the region; in most, the Bank has a continuing dialogue with the governments concerning the formulation of agricultural strategy. The Bank also prepared reports on the agricultural sectors in Burma, Nepal, Pakistan, and Sri Lanka. In Bangladesh, past agricultural sector work forms the basis for the lending program, and in India, where the Government itself has an active program for analyzing the problems of the agricultural sector, the Bank is working in cooperation with the authorities in a number of areas chosen jointly by the Bank and the Government. The specialist agriculture staff of the Resident Missions in Bangladesh and India has been strengthened to increase the Bank's ability to assist in project preparation and progress review.

The Bank supports, at the request of governments, population programs in the subcontinent. Such programs contribute to efforts to strengthen the economy and also to bring into better balance foodgrain production and population. During the year, IDA approved a $15 million credit for a family planning project in

Bangladesh, where the population growth rate of 3% a year puts a severe strain on resources. The project is designed to help the Government work out a feasible program, to organize itself for carrying out the program, to secure financing, and to get the program moving. It will also help create the capacity for training the manpower to be used for health and family planning services; it will bring new life to the family planning program by expanding the services provided by basic health and family planning workers; and it will assist in developing activities aimed at changing social attitudes toward family size. The project is also noteworthy in that five ministries in addition to the Ministry of Health and Population Planning will be involved in its implementation.

Help for Industrial Expansion

During the year, IDA also approved non-project credits to Bangladesh and India to help ensure the flow of essential supplies to maintain or expand industrial production, and to Sri Lanka for more efficient utilization of existing facilities in agriculture, industry, and selected services through imports of raw materials, components, and spare parts. For example, a $200 million credit to India was designed to enable selected priority industries, most of which are involved in producing essential investment goods, to maintain and expand their production. The credit will help them to import raw materials, components, and spare parts. About 850 medium-scale and large industrial enterprises will benefit. The industries selected manufacture or produce tractors and power tillers, fertilizers, pesticides, electrical equipment, aluminum, commercial vehicles, automotive components, castings and forgings, machine tools, heavy construction equipment, and spare parts for heavy earth-moving and power-generating equipment.

An example of the Bank's role in strengthening the capacity of a government to carry out a project is provided by a $27 million IDA credit to assist an irrigation project in Bangladesh. The project will ensure a reliable supply of irrigated water to the Bakerganj district in the vicinity of Barisal, a town in southwestern Bangladesh. About 650,000 people live in this area. Irrigation facilities will help raise rice production in the project area from its present 143,000 tons annually to an expected 345,000 tons by 1985. The project will also expand dry season rice cultivation, and allow high-yielding rice varieties to replace local varieties over most of the project area in the wet season by providing better water control and agricultural supporting services.

No separate project authority will be established for carrying out the project. Instead, the responsibility for each aspect of implementation will remain with the individual agencies normally involved in such matters. The Water Development Board will handle the construction of sluices and the widening and deepening of creeks. The Bangladesh Agricultural Development Corporation will handle the procurement, installation, and maintenance of the water pumps. The Ministry of Agriculture will be responsible for extension work in the project area, while the Integrated Rural Development Program will handle cooperatives and credit. Coordination of the activities of these agencies will be the responsibility of an interdepartmental project implementation committee.

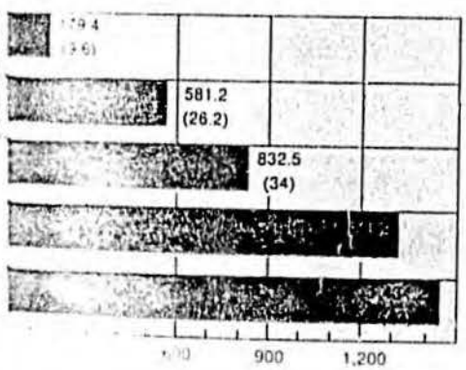
The Bank's continuing support for rural development in South Asia is also illustrated by a $35 million IDA credit to India to help stabilize or increase production from agriculture and related activities in six drought-prone districts in central and western India. The six districts are in the states of Andhra Pradesh, Karnataka, Maharashtra, and Rajasthan, and were selected from those especially affected by the 1972 drought. This is the first Bank operation in India specifically designed to tackle the difficult problems affecting rural development in that country's arid and semi-arid regions. The five-year project is expected to benefit over 1 million people by improving the incomes of some 225,000 rural households. They represent more than 10% of the population of the six districts, and most of them are among the poorest in the country. Annual crop production will increase by about 58,000 tons (principally foodgrains and oilseeds). Substantial increases will be realized in saleable fodder, as well as milk, wool, and mutton. About 85,000 jobs will be generated over the project period and about 20,000 jobs will be created after the project is completed. These objectives will be achieved through irrigation, soil conservation, pasture improvement, afforestation, dry farming development, improved sheep and wool production, and dairy development.

The broad range and the large number of project activities, together with the high degree of coordination required between all agencies, public and private, instrumental for carrying out the drought-prone areas project, make it both unique and complex, and the project exemplifies the World Bank's efforts at finding new approaches to help the poorest among the rural masses of South Asia.

Europe, Middle East and North Africa

Trend in Lending, 1964-75

(Years)
(1) Averages
(2) Operations



Current borrowers	Population (000)[1]	Per capita GNP (US$) 1973
Afghanistan	15,219	90
Algeria	14,700	460
Bahrain	232	670
Cyprus	655	1,290
Egypt, Arab Republic of	35,619	250
Finland	4,660	3,170
Greece	8,970	1,670
Iran	32,136	570
Ireland	3,030	1,760
Israel	3,210	2,790
Jordan	2,540	290
Lebanon	2,970	900
Morocco	16,200	290
Oman	618	620
Portugal	8,560	1,130
Romania	20,830	890
Spain	34,740	1,360
Syrian Arab Republic	6,942	370
Tunisia	5,459	410
Turkey	37,930	400
Yemen Arab Republic	6,217	10[2]
Yemen, People's Democratic Republic of	1,560	11[2]
Yugoslavia	20,960	890

[1] Estimated as of mid-1973
[2] Preliminary estimates.

...the region in fiscal 1975 ...previous year, strongly in... ...ipot international economic ... The events included the in... ...of oil, worldwide inflation ...mport prices, the deteriora... ...trade of developing coun... ...recession in the indus...

...three countries (Afgha... ...Arab Republic, and the ... Republic of Yemen) with ...mes of considerably less ...ls of countries, however, ...higher per capita income ...ong countries; in this ...petroleum exporters—Al... ...Libya, Qatar, Saudi ...Arab Emirates.

Recent economic events have had a significant negative impact on the balance of payments of those countries in the region which are not major petroleum exporters; as a result, they will require increases in capital inflows in order to maintain the rates of economic growth achieved in recent years.

The three countries with per capita income levels below $200 depend heavily on imports of food, fertilizers, manufactured goods, and petroleum. All three have been particularly adversely affected by recent economic events; the United Nations has also determined that the three, plus Egypt, are among the 42 developing countries "most seriously affected" by these events, thus requiring special international emergency assistance.

Among the middle- and higher-income developing countries of the Mediterranean,

Greece, Portugal, Spain, Turkey, and Yugoslavia have, as a result of both the increases in the price of oil and capital goods and the economic conditions in those European countries with which they have close economic links, experienced serious deteriorations in their terms of trade, declines in their export volumes, and adverse effects on two major sources of foreign exchange earnings—tourism and workers' remittances. Morocco and Tunisia, however, experienced significant increases in export volumes (mainly on account of phosphates) and also a small gain in the terms of trade.

The eight major petroleum exporters in the region earned over $87,000 million from their oil exports in 1974 (compared with $27,000 million in 1973). But principally because of the effects of the world economic recession on oil consumption, this figure was below the amount forecast earlier. The combined current account surplus of these countries was $53,000 million, but two-thirds of that amount accrued to only four countries—Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates. The oil export receipts and current account surpluses of the major petroleum exporters are projected to increase only slightly in 1975.

The eight major petroleum exporting countries have considerably expanded their assistance to other developing countries—a number of them within the region—either bilaterally or through multilateral institutions. Total bilateral commitments—the figures are "highly tentative" according to the Development Assistance Committee of the OECD—of Official Development Assistance (ODA) by regional members of the Organization of the Petroleum Exporting Countries (OPEC) were estimated to be about $9,000 million in 1974, and disbursements were about $2,000 million, or 1.3% of their combined Gross National Product (GNP).

Relations with Major Oil Exporters

In fiscal 1975, there was a further evolution in the changing relations, referred to in last year's *Annual Report*, between the major oil exporters and the Bank. Financing—either in the form of borrowings or other contributions—provided to the Bank Group by these countries increased substantially. (For details of financing provided by countries in the region, see the "Borrowings and Finance" section in this *Annual Report*.) The number of projects co-financed by the Bank Group and these countries also increased. On the other hand, Bank lending to this group of countries decreased; but since its need for technical assistance of the kind the Bank can provide has become more acute, the Bank's technical assistance activities expanded.

Bank assistance has also been given in the form of advice and, in some cases, secondment of staff (during the formative stages) to a number of regional and national institutions, such as the Arab Fund for Economic and Social Development (AFESD), the Islamic Development Bank, and the Saudi Arabian Development Fund.

During fiscal 1975, an increasing number of co-financing arrangements were concluded between the Bank and major petroleum exporters in the region. By the end of the year, about $425 million had been mobilized for projects for which the Bank and IDA had committed about $365 million. Among the most important bilateral co-financers were the Kuwait Fund for

Lending to Current Borrowers in Europe, Middle East and North Africa,[1] by Sectors

(US$ millions. Fiscal years.)

	Annual average 1964-68	Annual average 1969-73	1973	1974	1975
Agriculture	$ 14.7	$111.2	$209.4	$ 184.0	$ 395.3
Education	5.5	34.3	36.1	41.7	56.4
Industry (including DFCs)	46.4	133.9	95.2	444.2	367.3
Non-project	–	–	–	–	70.0
Population	–	4.3	16.5	5.0	–
Power	16.9	70.6	75.2	294.5	215.6
Technical assistance (including pre-investment studies)	–	–	–	2.8	–
Telecommunications	–	31.6	82.0	–	30.0
Tourism	–	10.8	–	5.6	–
Transportation	95.2	141.1	216.4	254.5	248.5
Urbanization	–	0.5	–	60.0	–
Water supply and sewerage	0.7	42.9	101.7	29.2	51.1
Total	$179.4	$581.2	$832.5	$1,321.5	$1,434.2
Of which Bank	$158.3	$504.9	$688.9	$1,229.5	$1,264.1
IDA	$ 21.1	$ 76.3	$143.6	$ 92.0	$ 170.1

Details may not add to totals because of rounding.

[1] Excludes $497 million in early loans for European reconstruction and $1,276 million in loans to nine higher-income countries which are no longer borrowers. Includes loans to Finland, Ireland, and Israel which have continued to obtain some of their capital needs from the Bank. Loans to these countries totaled $275.5 million in 1969-73, $64 million in 1974, and $55 million in 1975.

...n Economic Development, Iran, Saudi ...bia, Libya, Abu Dhabi, and Qatar.
... AFESD, a multilateral institution, also ...ributed to the financing of several Bank ...IDA projects.

...chnical Assistance Activities

...petroleum exporters in the region have ... increasingly aware that their economic ...ment could be promoted by a greater ... use effectively their foreign exchange ... At their request, the Bank is helping ...mong them speed up their develop... emphasizing, in particular, the acquisi...kills and the creation of institutional ...ks required for modern economies. ...ent of the technical assistance ac...ended by the Bank in the region are ...ied out in the eight regional member ...PEC; most of the technical assistance ...are in Iran and Saudi Arabia. The ...nical assistance covers many sectors ...many forms, ranging from its role as ...Agency for the United Nations De... Programme-financed National ...vey of Saudi Arabia, to the adviso...vestment activities of the resident ...ission in Teheran. In both coun...t the technical assistance work is ...of internal investment decisions ...are contemplating, and is gener...ble to the services the Bank pro...ise of its lending operations. Of ...nce are the studies undertaken ... whose objective it is to help ... the formulation of their man...ent policies as well as their ...ning programs.

...mples of the new relationship ...members are provided by ... Development Institute's ... the Arab Planning Institute ...l general projects course ...llaboration with the Alge... an industrial projects ...assessment by Bank staff ...expansion in generating ... and the joint review of ...tual projects in Libya.

...ank Lending

...ank financed 43 projects ...nding was $1,434.2 mil... borrowers were Yugo... projects), Romania ...) and Egypt ($227 ...e of the noticeable ...this year was the ... Iran and the post... Cyprus previously ...

...development rose in ...year's figure, and constituted 33% of the region's operations, and 28% of total commitments during the year. Ten loans were made for industrial development and to development finance companies (DFCs). The region remains by far the largest recipient of loans to industry and DFCs, since several of the borrowers have fairly diversified and sophisticated economies. About 28% of total Bank and IDA assistance for industrial development went to the region. The continuing



A worker in a small electronics plant in a Casablanca suburb in Morocco. Plant capacity has been expanded with funds from the Banque Nationale pour le Developpement Economique (BNDE), the country's main source of long-term finance for industrial development. BNDE has received several Bank loans, the latest being a $30 million loan approved during the year.

high prices for petroleum products have caused several of the petroleum importing countries of the region to look to alternative sources of energy. In fiscal 1975, the Bank helped finance the construction of a lignite-fueled power plant (Romania) and a hydroelectric power plant on the upper reaches of the Drina River (Yugoslavia).

Agriculture and Rural Development

Of the loans to agriculture during the year, one-third were to assist agricultural and rural development projects, more than a third were for agricultural credit, and a quarter supported irrigation activities. Loans to each of these subsectors are of special interest because they include socially innovative or other significant features.

One of the most ambitious projects to be undertaken in the region in fiscal 1975 was a rural development project in Turkey. It is ambitious, both in its objective of reaching some of the most disadvantaged people in isolated areas, and in the comprehensiveness of its multisectoral approach.

The project, aided by a Bank loan of $75 million—it marks the Bank's first involvement in integrated rural development in Turkey—will affect farmers living in the north-central provinces of Corum and Cankiri. Primarily dependent on rainfed agriculture, the two provinces are among the poorest third in the country on the basis of income levels and living standards, agricultural development, industrial development, health and sanitation facilities, and communications. The project seeks to raise by 70% the incomes of about 400,000 rural poor by enabling them to double their production of grain; it will also improve the infrastructure of the villages in which they live.

An intensive agricultural extension program will be instituted; credit will be provided to buy inputs such as seed, fertilizer, buildings, and machinery; new irrigation facilities will be constructed to serve an additional 6,250 people living on 12,000 hectares of land; new village access roads will be built, and existing ones upgraded; drinking water will be provided to 120 villages, and electricity will be extended to 233 villages. In addition, facilities for basic health and social needs—public baths, toilets, laundries, and meeting halls—will be constructed.

A Bank loan of $50 million for an agricultural credit project in Yugoslavia has two major objectives: to help increase agricultural production by extending credit to socially-owned agricultural enterprises and private farmers, and to help improve the allocation of resources by supporting institution-building within the eight banks through which the loan proceeds will be channeled. The major constraints on the development of Yugoslav agriculture—it remains an important sector, absorbing 44% of the labor force and accounting for more than 20% of the country's GNP—are lack of capital, and, especially for small farmers, insufficient credit and extension facilities.

The project calls for investments in livestock, fruit and vegetable production, land reclamation, mechanization, and agro-industries, and is expected to help reduce crop fluctuations and promote self-sufficiency in foodgrains and milk. Small farmers (to whom 40% of the loan is allocated) will receive subloans, either directly or through agricultural enterprises, thereby increasing their prosperity in general, and, in particular, helping them exploit their comparative advantage in livestock production. About 380 social sector agricultural enterprises and 10,200 private farmers will benefit directly from the project; the average farmer's income is expected to rise by over 150%. The project should also create about 6,000 new jobs.

A shortage of water has hampered agricultural development in southern Morocco. The Souss groundwater project, assisted by a Bank loan of $18.5 million, is designed to assure the optimum use of available groundwater resources for the benefit of about 1,600 poor rural families. The project provides for sprinkler irrigation on about 6,200 hectares of new land, and the rehabilitation of a crude gravity irrigation system covering 1,000 hectares. The project will create viable farm units through land consolidation and distribution, improve supporting agricultural services, and organize farmers into service cooperatives. The family farms will produce cereals, milk, meat, and, to a lesser extent, fruit, for the domestic market. The project will also improve the rural environment by providing streets, street lighting, domestic water supply, schools, and health and community centers.

A rural development project in Algeria, aided by a Bank loan of $8 million, is designed to help the Government improve the social and economic conditions of the country's rural poor. The project—which consists mostly of technical assistance—will strengthen Algeria's capacity for project preparation and implementation, particularly at the local and regional levels; moreover, it will help develop rural institutions and services.

The project provides the technical personnel and equipment needed to plan, test, and ultimately begin the implementation of four subprojects, each of which will concentrate on improving the productivity of small farmers. Two of the subprojects aim at overcoming two of the main constraints to rural development at the national level (credit and extension) by designing and testing a model for a national extension system and by assisting ongoing agricultural credit efforts. The two remaining subprojects focus on two of Algeria's poorest areas—its steppe and mountain regions.

The steppe subproject will attempt to stop the degradation of pastoral lands, will tackle

...sociological problems arising from the dis...gration of traditional tribal arrangements ...erning grazing rights and migration routes, ...will support pastoral development, includ... the permanent settlement of semi-nomads ...operatives. The mountain region sub... will seek to improve economic op...nities for the population living in the ...mountains, and thus discourage their mi...g to urban areas. It is hoped that the solu...developed by the Bank-aided project can ...dely applied elsewhere in the country.

Environment

...of the year's most innovative loans ...the Bank's initial involvement in a na...progr m to improve the environment. A ...on loan in support of a project in Fin...designed to help protect both man and ...onment from the harmful effects of in... wastes. The project will reduce water ...n—even at the expense of some eco...owth.

...Finland's almost 5 million people live ...ely or moderately polluted waters; a ...the people live in areas where the ...water supply is taken from unsuit...e sources. The trend of urbanization ...tralization indicates that pollution ...ate if effective counter-measures ...en as soon as possible. The Finnish ...ot has launched a 10-year national ...control industry-caused water pol... program, of which the Bank-sup...t will cover the three-year period ...also be a part of Finland's efforts to ...ous pollution of the Baltic Sea by ...sources and levels of pollutants ...the Baltic from Finnish territo...s contributed to the design and ...of the program, whose target is ...by 1980 of industrial water pol...k loan, made to the Mortgage ...will be re-lent to industrial en... will share in the costs of the

...g to Finland's program, the ... detailed knowledge about ...costs and benefits in industry, ... the research needed for ...eco-systems and applying ... pollution control.

...otection is also a major con...ds and waste water disposal ...val, walled city of Dubrov... Eighty percent of all tourists ...oslavia spend some of their ...ic coast, where the town is ...own currently accounts for ...'s total convertible cur...ly sensitive to environ... Dubrovnik's water supply ... was built in the 15th cen...pace with the growing demand, and if waste were not properly disposed of, the environment would be degraded, and tourism would suffer. The project, for which the Bank loaned $6 million, will allow Dubrovnik to expand its water supply system, and reduce the health hazards of pollution through the construction of sewage treatment facilities.

Education

A $5.4 million IDA credit for an education project in the People's Democratic Republic of Yemen exemplifies the Bank's new approach in the field of educational development.

Since its independence in 1967, the country has experienced an education explosion: primary school enrollment has increased 300%. Preparatory school enrollment has risen by 100%, and in secondary schools, the rise has been on the order of 500%. Modernization of curricula, provision of adequate school buildings and equipment, and training of the teaching force could not keep up with the increasing demand, and thus real progress in the sector was limited. In addition, schooling outside Aden, except in the more developed Fifth Governorate, is still sparse.

In coordination with other external programs designed to help the Government by providing supplementary school buildings, secondary teachers, and technical advisers, the project will supply annually about half the new primary school teachers needed, and will help upgrade almost a third of the existing unqualified teachers. More practical, broad-based curricula will be introduced into preparatory and secondary schools, training will be provided to meet urgently-needed skilled manpower in agriculture, industry, and the social services, and two pilot rural development centers will be built in the remote rural areas of the country. The centers will help support existing local crafts, will be the focus of adult literacy programs, will introduce vocational training, and will support the activities of the Ministry of Health in carrying out family care and nutrition programs. As much as 80% of the project's costs will be directed towards people living in rural areas.

Other Projects

In the past 12 months, Egypt has taken a number of measures to accelerate its economic development, and has both sought and received commitments of large amounts of development assistance from various donors. Bank Group assistance, which had been limited to IDA credits until fiscal 1974, increased significantly in fiscal 1975 by the addition of the first Bank loans since 1959. The Bank and IDA lent $227 million to Egypt during the year—a sum more than quadruple any previous year's total. The largest loan, of $70 million (half on Bank and half on IDA terms), made in December 1974, is the first non-project loan ever made

to a country of the region. It will provide the foreign exchange necessary to use the economy's existing productive capacity more fully.

A major portion of the proceeds of the loan is being used to import raw materials, intermediate goods, and spare parts to support current production in industry and inputs for agriculture. The loan will also help finance the acquisition of urgently-needed equipment and spare parts required to improve operating efficiency at the port of Alexandria, which, since 1967, has been Egypt's only port handling import and export traffic.

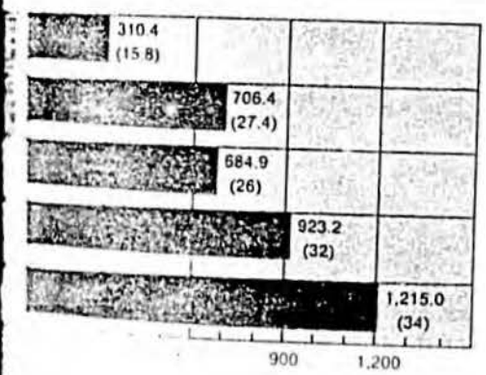
A Bank loan of $50 million—supplemented by contributions from other sources—was also made to the Suez Canal Authority for a project to rehabilitate the Canal, the total cost of which is estimated at $288 million. The Bank's association with the Suez Canal dates back to 1959, when a loan was made for its expansion. Since the closure of the Canal in 1967, almost all the equipment and facilities there—but not the main structures—have been destroyed. The project will help restore navigation, and will enable the waterway to operate at its former efficiency.

The Bank also extended loans to all three of Romania's key economic sectors—industry, power, and agriculture. The two loans for agriculture, which totaled $100 million, are for projects representative of the country's overall program of agricultural investment. The Sadova-Corabia agricultural credit project will help increase productivity, and through its subprojects, will significantly improve the production potential of over 40 cooperatives, state farms, and agro-industrial enterprises. The Giurgiu-Razmiresti irrigation project will provide 100,000 hectares of irrigation infrastructure, essential to the future growth and stabilization of agricultural output. Incomes of about 17,000 farm families will be raised.

Latin America and the Caribbean

Trend in Lending, 1964-75

...years)
...Averages
...Operations



Current borrowers	Population (000)[1]	Per capita GNP (US$) 1973
Argentina	24,282	1,410
Bolivia	5,331	230
Brazil	101,051	720
Chile	10,230	760
Colombia	23,777	440
Costa Rica	1,872	710
Dominican Republic	4,432	530
Ecuador	6,727	390
El Salvador	3,801	370
Guatemala	5,175	520
Guyana	772	400
Haiti	4,454	120
Honduras	2,781	330
Jamaica	1,967	860
Mexico	56,047	810
Nicaragua	1,973	520
Panama	1,570	940
Paraguay	2,416	350
Peru	14,531	590
Trinidad and Tobago	1,059	990
Uruguay	2,995	780
Venezuela	11,279	1,260

[1] Estimated as of mid-1973.

...the international economy, ...sion in the industrial world ...have had powerful but ...effects on Latin America ...In most countries, higher ...ter export prices created ...domestic economic man... ...ted to inflation.

...petroleum has not, of ...influence on recent ...been—directly or in... ...than any other factor. ...an thus be drawn be... ...—Bolivia, Ecuador, ...Venezuela—which ...their foreign exchange ...nts, a few others— ...Mexico—which are ...sufficient in petro... ...including Brazil, ...which at present

Some of the petroleum importing countries export commodities whose relative prices have also risen in the last two years, thereby softening the impact of more expensive imports. In Barbados, the Dominican Republic, and Guatemala, for example, there has been a major increase in export earnings because of higher world prices for sugar, while the Dominican Republic, Haiti, and Jamaica have benefited from increased earnings from bauxite.

During 1975, however, market conditions for most of the region's principal export products deteriorated. Consequently, the terms of trade worsened. The relative decline in coffee prices has had a particularly widespread effect, because several countries in the region derive 20% or more of their export receipts from this crop. Lower copper prices have adversely affected Chile and Peru, and lower wool prices, together with a decline in world market meat prices, and, even more importantly, a limitation of beef exports to the countries of the European Econom-

ic Community, has reduced export earnings for Argentina, Paraguay, and Uruguay.

For those countries which have achieved substantial economic diversification—Argentina, Brazil, Colombia, and Mexico—the recession in the industrial world has reduced demand for their manufactured exports. It is also likely to lead to a decline in tourism earnings for the region. The economies of the Bahamas, Barbados, Haiti, Jamaica, and Mexico, will be particularly affected.

For most countries, changing price and demand conditions are likely to mean larger trade deficits. In general, the possibilities for cushioning the effect of these deficits by drawing down reserves or running up short-term debts are limited. It thus seems likely that for most countries in Latin America, the recession in the industrialized world will lead to lower rates of economic growth, although the extent of this impact will vary according to their export prospects.

World trade conditions and their own economic structures are such that most countries—at least in the short run—will find it even more difficult to diversify their exports. As a result, there have been several attempts to reduce imports through policies designed to lessen aggregate demand. In Mexico and Peru, attempts have been made to combine demand restraint with efforts to sustain the level of development outlays. In Colombia, however, development expenditures had to be cut back as part of a stabilization program, but the fiscal reform measures adopted recently are expected to increase resources for development and also induce a more equitable distribution of income.

The process of short-run adjustment is proving particularly difficult for many smaller countries. In Costa Rica, Uruguay, and Panama, for instance, the current account deficit in the balance of payments as a proportion of Gross Domestic Product nearly doubled in 1974 as compared with 1973. The immediate outlook for their traditional exports is unpromising. The economic difficulties of Honduras were accentuated by a hurricane which devastated much of the country in September 1974.

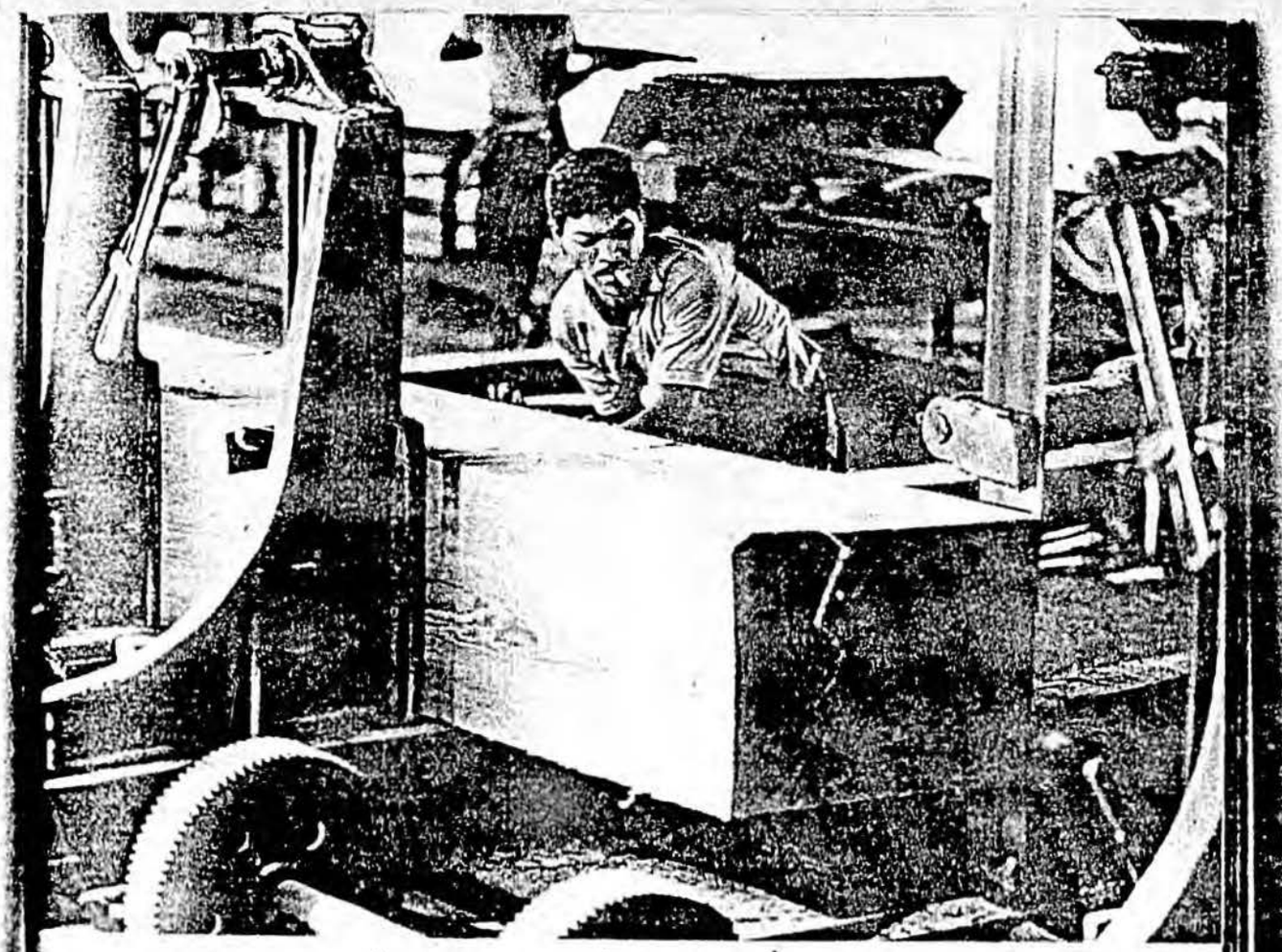
In the medium term, the general outlook for the region is somewhat brighter, because it has a strong resource base and also because some countries have succeeded in creating relatively advanced industrial structures and in diversifying their exports in recent years. This, combined with recent general improvements in public finance and balance of payments policies, augurs well for the region's ability to make the necessary adjustments and to maintain growth rates which may be above those of other parts of the developing world. This is likely to be particularly true of Brazil, Colombia, and Mexico, all of which, in recent years, have increased their productive capacity, expanded their industrial exports, and accumulated international reserves.

For the major oil exporting countries, notably Venezuela, the adjustment process has been entirely different. Venezuela has used its increased oil revenues to build foreign exchange reserves, to increase domestic investment, and to finance development elsewhere in the region and the rest of the world. In August 1974, the Bank borrowed $500 million from Venezuela. During 1974, the country also committed $540 million to the International Monetary Fund's oil facility, and a total of about $700 million for the Central American Bank for Economic Integration, the Caribbean Development Bank,

Lending to Current Borrowers in Latin America and the Caribbean, by Sectors
(US$ millions. Fiscal years)

	Annual average 1964-68	Annual average 1969-73	1973	1974	1975
Agriculture	$ 46.6	$109.2	$256.4	$223.5	$ 422.0
Education	4.2	19.1	20.6	68.2	47.5
Industry (including DFCs)	12.9	96.4	80.0	76.2	155.5
Non-project	—	12.0	—	—	—
Population	—	1.0	—	—	—
Power	177.2	201.8	109.3	248.7	76.0
Technical assistance (including pre-investment studies)	—	—	—	13.3	—
Telecommunications	14.7	19.9	—	41.5	41.0
Tourism	—	4.4	—	—	21.0
Transportation	47.7	186.2	98.5	177.6	401.5
Urbanization	—	5.1	20.0[1]	15.0	8.5
Water supply and sewerage	7.1	51.3	99.1	59.2	42.0
Total	$310.4	$706.4	$683.9	$923.2	$1,215.0
Of which: Bank	$300.7	$683.1	$648.8	$885.9	$1,166.5
IDA	$ 9.7	$ 23.3	$ 46.1	$ 37.3	$ 48.5

Details may not add to totals because of rounding.
[1] Nicaragua earthquake reconstruction



...ted road project in Honduras will help ...ts products to the capital city of ... $30 million has been approved by ... year for transportation projects in ... the Caribbean region.

... Nations Emergency Operation, a ... ility in Central America and Pa... ...ncing of coffee stocks in Central ... some other loans to Latin Ameri... During 1975, Venezuela has es... ... million trust fund in the Inter... ...lopment Bank (IDB), and in... ...h trust funds in the Andean De... ...lation and the Caribbean De...

...ries, including those with rela... ...economies, external capital re... ...recently increased in real ... playing a constructive role ... these needs. But other ... external capital—including ... be responsive to them.

...nk's Response

... Bank and IDA lend... ...al 1975 was $1,215 mil... ...over the previous year. A total of 34 projects was approved, against 32 in fiscal 1974.

The Bank's interest in spreading the benefits of economic development to poorer regions and population groups was reflected in a larger number of loans for rural development and agriculture, education, urban development, and water supply projects. Industry, power, and transportation continued to account for substantial commitments.

In rural areas, the Bank is supporting national efforts to promote development—as in Mexico. In urban areas, the Bank is supporting low-cost housing, and water supply and sewerage projects—as in El Salvador and Colombia.

Two integrated rural development projects in Mexico will benefit about 1,250,000 people in the poorest parts of the country. Both are among the most complex projects with which the Bank has ever been associated and indicate the ambitious and far-reaching efforts being made by the Mexican Government to overcome stagnation in the rural sector.

Both projects will help raise family incomes and expand food production through the provision of credit and technical services. They will also create permanent jobs and improve the living conditions in poor villages by bringing to them potable water, electrical services, primary school classrooms, workshop facilities, and community centers.

A $50 million Bank loan will bring benefits to more than 500,000 people in the Papaloapan basin and a $110 million loan will benefit about 750,000 people in 30 "micro-regions" in different parts of the country, and will support a project which will help increase annual production of maize by 200,000 tons, beans by 40,000 tons, and beef by 25,000 tons.

Similar goals have been attached to the lower São Francisco polders project in Brazil. With the construction of dikes and pumping stations, the project will protect more than 32,000 hectares of lowlands, which would otherwise be almost entirely lost to production because of a change in the river flow associated with the construction and expansion of hydroelectric facilities at Sobradinho and Paulo Afonso. It is the first Bank project in Brazil which contains irrigation and agrarian reform components. Following the pattern adopted in two other areas, the Government will purchase the land and redistribute it to sharecroppers and to owners of small and medium-sized farms. The project will, therefore, prevent large landowners from securing windfall benefits; it will also guarantee a substantially higher income to new landowners, and raise the current level of production quite significantly.

One of the most serious problems in Latin America has been the pressure which rapid migration from rural to urban areas has put on the supply of low-cost housing; one form of response with which the Bank has been associated involves the provision of urban "sites and services." In El Salvador, for example, a $2.5 million Bank loan, together with a $6 million IDA credit, will help finance the construction of about 7,000 dwellings for families earning between $40 and $120 per month. This project is intended as a model for replication throughout the country. A private organization is acting as the executing agency and is providing additional financial resources for the project. The involvement of the private sector demonstrates its potential role in such ventures, and will ease the burden on Government resources. The Salvadoran Government is financing the extension of urban electricity, water supply, and sewerage facilities into the project area. Education and community facilities will also be constructed.

Another problem arising from the rapid growth of demand for urban services is the inadequacy of water supply systems, which has led to poor health and sanitary conditions in many urban areas. A $27 million Bank loan to Colombia will help finance the construction of water distribution and sewage collection facilities in eight departmental capitals and provide additional water supplies for some 2 million people in 30 small towns.

Employment and Diversification

Although an increasing part of the Bank's effort has been allotted to projects designed to benefit the poor, many Bank loans have the direct purpose of promoting sustained economic growth and expanding the base for rural and urban employment and economic diversification. These goals are approached through projects designed to increase agricultural and industrial production, especially for export, and through the development of basic infrastructure. In the transfer of resources, the Bank's role is complementary to that of other lenders, and, in many cases, the Bank has sought to combine its loans with those of other institutions.

A Bank-assisted project which aims directly at increasing agricultural production is the livestock development project in Paraguay for which the Bank approved a $10 million loan. As the country enjoys a comparative advantage in beef production, the project will help generate, through meat exports, the foreign exchange needed to import goods required to expand productive capacity and to improve the living standards of the people.

While agricultural development continues to be a basic objective in the countries of the region, industrial development is also of major concern. Although manufactured exports have been growing, industrial development has been largely confined to countries with sufficiently large internal markets to facilitate import substitution within a framework of external protection. The Bank's lending for industry, nevertheless, takes place in an environment in which several Latin American countries now have relatively strong industrial bases and have recently improved export incentives.

One aspect of Bank operations in industry is illustrated by a $95 million loan to Brazil in support of the Government's steel expansion program. The program, which will help sustain the process of economic import substitution, has also been supported by the IDB, and involves total investments of more than $5,000 million. Now in its third stage, the program will substantially increase the basic iron and steel making, rolling, and finishing capacities of the three Government-controlled companies which account for the bulk of Brazil's output of flat-rolled products.

Another example of the Bank's industrial lending, and illustrating the importance of inter-sectoral relationships, is a loan to help finance the construction of two fertilizer plants and the expansion of a pesticide plant by Guanos y Fertilizantes, S.A., a state-owned enterprise in Mexico. Both fertilizer plants will produce urea to help satisfy the growing domestic demand for this product during the next

al years, and temporarily sustain a modest of exports. The construction of the fertiplants and the expansion of the pesticide are to take place in the southeast and central regions, and will, therefore, conte to the process of urban-industrial develent outside Mexico City. As part of the t, a study is to be carried out for improvtilizer distribution so that a larger numf small farmers will benefit. The project ost $133.5 million, of which the Bank loan nts to $50 million.

oughout the region, the development of scale industry has generally been limited dequate access to credit and insufficient cal assistance. The principal objective of $ million Bank loan, to be re-lent to small medium-sized industries by Colombia's ación Financiera Popular (CFP), is to move these constraints. Small and mediied industries account for 41% of employand 26% of value-added in manufacturing country. Some 200 firms are expected to t from the project, and an estimated 1,700 new jobs will be created—mostly outBogota. The project will thus contribute to persal of economic activity.

ustrial growth in particular, and economic th in general, depend on the availability of utilities; the development of hydropower has thus recently acquired parimportance in non-petroleum producountries. The Bank's sixth loan, of $35 for power development in Honduras lp finance the third stage of the Lake Río Lindo hydroelectric scheme, the first ges of which were also built with Bank assistance. The additional capacity to ded under the project will meet Honncremental needs until 1980, and will s dependence on imported fuel. The also includes additions and improveto the utility's distribution system, and tend the benefits of electrification to new consumers.

Technical Assistance and Studies

Regional integration is an increasingly important topic in Latin America and the Caribbean, and a major Bank study of the English-speaking states of the Caribbean completed during the year illustrates the Bank's role in fostering this process. These countries have made considerable progress towards integration over the last decade, and the study concludes that further integration can be most effectively promoted by means of technical assistance and external financing designed to benefit the region as a whole as well as individual countries. The findings of the study also indicate the need for an expansion of the role of regional institutions, notably the Caribbean Development Bank. The study also identifies a number of projects suitable for external financing in the transportation, education, agriculture, and tourism sectors, but argues that coordination between sources of external aid must be improved if such efforts are to be fruitful.

Another study, undertaken jointly by the Bank, the United States Agency for International Development, and the IDB, concerns agricultural sector surveys in Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. These surveys have focused on the needs of the rural poor, on project identification, and on how the technical and financial assistance efforts of the three agencies might be better coordinated.

Finally, the Bank has been helping petroleum exporting countries in their efforts to diversify their economies. Most of this effort has been directed towards Venezuela, where the Bank has provided technical assistance to the Venezuelan Investment Fund involving initial advice on establishing the Fund, and subsequent assistance with project evaluation. The Bank will also provide advice to the Venezuelan Government on sectoral development, employment policies, and other economic strategies, including diversification.

Projects Approved for Bank and IDA Assistance in Fiscal 1975, by Sector

Agriculture

AFGHANISTAN: IDA—$13 million. Funds will be provided the Agricultural Development Bank of Afghanistan for loans to farmers and to the Afghan Fertilizer Company to build fertilizer warehouses throughout the country. More than a quarter of a million farmers and their families will benefit from higher incomes; foodgrain production should increase by 1985 by almost 250,000 tons; and the country could achieve self-sufficiency in wheat and increase exports of commodities such as cotton.

ALGERIA: Bank—$8 million. This technical assistance loan will help study and implement measures to increase agricultural productivity of small farmers and other rural poor, strengthen local administrations, and develop rural institutions and services. Preparation of schemes for integrated development will be set up in two poor regions, in the steppe zone and in the mountain zone. An experimental program will explore ways of developing agricultural extension services; and assistance will be provided to improve the agricultural credit system.

BANGLADESH: IDA—$27 million. Reliable irrigation water will be supplied to 56,000 hectares of land near the city of Barisal in southwestern Bangladesh, rice production will increase by 200,000 tons yearly to 345,000 tons, and more than 600,000 people will benefit from the project. Total cost: $46 million.

BOLIVIA: IDA—$7.5 million. About 3,600 poor rural families will earn more through cultivation of crops, and ranchers will get help in raising cattle and sheep under the provisions of this fourth IDA operation for agricultural development in the country. More sugar cane and beef will be exported and put on the local market. Full employment for 4,000 smallholders and seasonal employment for 8,000 workers will be created. Total cost: $12 million.

BRAZIL: Bank—$23 million. Dikes and pumping stations will be built to protect 32,000 hectares of land in the broad flood plains of the lower São Francisco valley. Important elements of agrarian reform incorporated in the project will help ensure the equitable sharing of benefits. An incremental production of 25,000 tons of rice is expected, and new farmers, sharecroppers, and small landowners should see their incomes increase from an average of $200 yearly to $1,800 by the sixth year. More than 18,000 jobs will be protected. Almost 2,000 new farms will be created. Schools and health centers will be built, and electricity and potable water supplied. Total cost: $56.5 million.

BURMA: IDA—$24 million. This credit will help rehabilitate and improve much of Burma's timber extraction operations. Key personnel will be trained, roads constructed and maintained, sawmills rehabilitated, and equipment bought. No adverse environmental effects are foreseen as a result of the project. Total cost: $35.8 million.

CAMEROON: IDA—$16 million. Almost 6,000 hectares of land will be cleared and planted with high-yielding rubber; 3,000 persons and their families will be employed, and provided housing, health, education, and social facilities. A master plan for the region will be prepared. At peak production, the estate will produce 13,000 tons of rubber. The project is jointly financed with the Caisse Centrale de Coopération Economique (CCCE) of France. Total cost: $28.5 million.

CAMEROON: Bank—$6.5 million. The incomes of 32,000 farm families will be increased by as much as 70% as a result of this project involving cocoa planting and rehabilitation of cocoa land on 50,000 hectares of land in the region surrounding the capital city of Yaoundé. The project is jointly financed with the French agencies Caisse Centrale de Coopération Economique (CCCE) and Fonds d'Aide et de Coopération (FAC). Total cost: $23.8 million.

CHILE: Bank—$20 million. About 22,000 small farmers, among the poorest 40% of the population, will be provided short-term and medium-term credit to finance the purchase of fertilizers, seeds, and pesticides. Total cost: $55.5 million.

COLOMBIA: Bank—$21 million. This project in the Sinu River valley calls for the completion of drainage works on 40,000 hectares, including reclamation of 6,000 hectares of permanently flooded land. About 1,000 landless families will be settled on the reclaimed land, and other land to be acquired under existing land reform laws. Another 2,800 small farms will benefit from the drainage works. Improved community services will be provided to 35,000 people. The project, to be implemented by the Colombian Institute for Agrarian Reform (INCORA), will increase farm incomes and crop yields. Total cost: $35.7 million.

COLOMBIA: Bank—$19.5 million. This second phase of a land colonization project in Caqueta will emphasize follow-up assistance to established farms, environmental protection, and social services. An estimated 2,850 small farmers will receive medium-term and long-term credit. Pasture land will be established,

roads constructed, and health centers and primary schools built. Total cost: $37.1 million.

ETHIOPIA: IDA–$9.5 million. A pattern for settlement with secure tenure in Tigre Province's lower Adiabo region will begin as a result of this credit which constitutes the first five-year phase of a program which will eventually settle about 12,000 farm families on 22,000 hectares of Government-owned land. Annual net cash incomes of the farmers could rise from the present $25 to more than $75. Basic services, infrastructure, and necessary institutions will all be provided. Total cost: $13.5 million.

GHANA: IDA–$13.6 million. Help will be provided in financing the first phase of a 10,000-hectare integrated oil palm development program which involves planting 5,200 hectares of oil palm in a poor and relatively underdeveloped region of the country. This new industry (for Ghana) may generate a gross income of as much as $17 million yearly. The nucleus plantation will employ 600 staff and laborers, and an outgrower program will directly benefit about 250 farmers. Total cost: $22.5 million.

GUINEA: IDA–$7 million. This first IDA credit to Guinea will help establish a 420-hectare irrigated pineapple estate, which will supply fruit of high quality for export. Road transportation and fruit handling services will also be improved. Pineapple growers near the estate will also be provided with a package of support services to help them increase their productivity. Rice and livestock studies will be prepared so that future projects can be identified and prepared. Total cost: $8.5 million.

INDIA: IDA–$83 million. Two hundred thousand hectares in the area of the Rajasthan irrigation canal will be provided all physical work and agricultural supporting services required for full water utilization. The project does not extend the irrigated areas; it seeks, rather, to realize all the potential benefits from already existing irrigated land. The project includes land development, canal lining, afforestation, feeder road construction, and provision of water supply systems to 100 villages. About 70,000 jobs will be provided over the next 10 years. Total cost: $174 million.

INDIA: IDA–$75 million. About 600,000 people–many of them involved in small-scale farming–will benefit from this credit which will support the activities of the Agricultural Refinance Corporation, an agency established to provide medium-term and long-term finance to commercial and cooperative banks for on-lending to farmers. The credit's main focus will be on development of minor irrigation and staff training for personnel in rural banking institutions.

INDIA: IDA–$45 million. A new barrage across the Godavari River in the state of Andhra Pradesh will be completed, replacing an older one which is in danger of collapse. About 300,000 hectares of land will be protected, and water for irrigation will be assured, along with incomes of about 160,000 farmers in the area. Total cost: $70 million.

INDIA: IDA–$35 million. By 1980, the incomes of more than a million people, most of whom belong to the poorest segments of the population in six drought-prone districts in four states–Andhra Pradesh, Karnataka, Maharashtra, and Rajasthan–will be increased. This credit is the first Bank Group operation in India designed specifically to tackle the problems of rural development in the country's arid and semi-arid regions. Public investments in minor irrigation, soil conservation, forestry and pasture development, dry farming, sheep and dairy development, and provisions for applied research and training are all included. Total cost: $102.7 million.

INDIA: IDA–$34 million. About 200,000 farmers–75% of them smallholders–will directly benefit from, and 100,000 man-years of labor yearly will be provided by a project designed to increase foodgrain production (by 310,000 tons a year by 1979), farm income, and rural employment in West Bengal State. Total cost: $67 million.

INDIA: IDA–$27.7 million. A dairy development project in Rajasthan. (For details, see below.) Total cost: $52 million.

INDIA: IDA–$16.4 million. A dairy development project in Madhya Pradesh. (For details, see below.) Total cost: $31.2 million.

Milk production in the two states will be increased from 9 million tons to 21 million tons as a result of these two projects. Village cattle owners will be organized into dairy co-ops, which, in turn, will be grouped into eight milk producers' unions. Quality crossbreeding, animal health improvement, and the development of facilities for milk collection, processing, and marketing are included.

INDIA: IDA–$24 million. As many as 12,000 additional jobs will be created over the next decade, the incomes of 93,000 farmers will nearly double, and foodgrain production should increase by 165,000 tons yearly as a result of a project providing all necessary physical works and agricultural supporting services to enable full realization of the benefits of the existing Chambal irrigation system in Madhya Pradesh State. Total cost: $46.6 million.

INDONESIA: Bank–$65 million. Three irrigation systems covering about 200,000 hectares will be rehabilitated, improved or completed, and as many as 2½ million people will benefit directly from the project. As many as 45,000 additional full-time jobs will be created by 1985, and paddy production may jump from 500,000 tons to 950,000 tons. Total cost: $165 million.

INDONESIA: Bank–$21.5 million. This loan is to help finance an agricultural research and extension project designed to improve crop yields throughout the country. The production-oriented research will concentrate on four types of commodities. It is hoped that high-yielding, disease-resistant varieties of seeds

and planting materials suitable to Indonesian conditions will be developed. The project also provides for one national and nine regional information centers to assist in disseminating research information to farmers. Total cost: $46.6 million.

IRAN: Bank–$40 million. This project–which essentially extends activities under two previous loans–will help support a two-year lending program for investments in commercial agriculture as well as agri-business and agro-industry by the Agricultural Development Bank of Iran. With this loan, however, more emphasis will be placed on developing smaller-scale commercial agriculture.

IRAN: Bank–$12.5 million. Credit facilities to both commercial and traditional fishermen for the purchase of needed equipment are included in this project which is expected to generate the production of 19,000 tons of fish and shrimp a year. A training program which will benefit about 900 fishermen is also included. Total cost: $18 million.

IVORY COAST: Bank–$31 million. Areas in northern Ivory Coast under cotton cultivation will be increased from about 50,000 hectares to almost 80,000 hectares and the area of food crops grown in rotation with cotton will be increased from about 9,000 to 70,000 hectares. Construction of two cotton ginneries, feeder roads, and other infrastructure are also included. Living conditions of about 84,000 farm families will be improved. Total cost: $52.5 million.

IVORY COAST: Bank–$20 million. About 26,500 hectares of high-yielding cocoa plantations will be developed, and access roads and wells will be constructed and rehabilitated. The project is expected to generate net annual foreign exchange earnings of $23 million, and to triple the incomes of about 17,000 farmers. Total cost: $34.7 million.

JORDAN: IDA–$7.5 million. This credit will help finance a part of a larger development scheme for the entire Jordan valley which aims at developing irrigation and providing rural development facilities to increase production and narrow income distribution disparities. About 25,000 people will benefit directly, and by 1983, agricultural production should almost double in the 7,600 hectares of the project area. Total cost: $17.429 million.

KENYA: Bank–$10 million; IDA–$10 million. This second forestry project includes afforestation of 318,000 hectares for sawlogs and 8,000 hectares for pulpwood plantation, and further development of 120,000 hectares of established plantation. Forest roads will be improved and technical assistance will be given for recommending land use policies and for improving sawmill operations. The project will help reduce paper, wood products, and sawn timber imports, and increase sawn timber exports, thus adding $150 million yearly to Government revenues. Total cost: $55.5 million.

KENYA: Bank–$7.5 million; IDA–$7.5 million. One hundred twenty-six group-owned, large-scale mixed farms and coffee estates which have encountered serious management and production problems will be rehabilitated. Technical and managerial services to all the farms will also be given and credit for machinery, infrastructure, and working capital will be offered. Wheat, maize, and coffee production will be expanded and foreign exchange earned; employment for about 13,000 group-farm owners will be ensured. Total cost: $23.2 million.

MADAGASCAR: IDA–$9.6 million. An additional 70,000 head of cattle will be raised and the output of pigs, rice, maize, manioc, and peanuts increased as a result of this village livestock and rural development project. Some 80,000 poor, rural families (400,000 people) will be assisted. Communal pastures will be improved, schools built, water supply facilities furnished to 200 villages, roads built and maintained, and veterinary facilities provided. Total cost: $12.8 million.

MADAGASCAR: Bank–$6.75 million; IDA–$6.75 million. About 34,000 hectares of pine plantations will be afforested, service roads built and maintained, and technical assistance provided for this project which will provide full-time jobs for 1,600 people, and which will reduce soil erosion and improve soil fertility in the Mangoro valley. Total cost: $17.2 million.

MALAWI: IDA–$8.5 million. This final (third) phase of the Lilongwe Land Development Program will cover 32,000 farmers who have not yet benefited from the program which, when completed, will affect 500,000 persons. The Lilongwe program is designed to raise agricultural productivity and increase rural incomes through measures including land demarcation and registration, farmer credit, livestock development, and extension services. Total cost: $12.1 million.

MALAYSIA: Bank–$36 million. About 3,400 settler families will be provided housing in two new urban settlements, 25,500 hectares of land will be cleared, 22,000 hectares of oil palm planted, and two palm oil mills built in this land settlement project. About 5,000 workers will be directly employed during the project's development period, and settlers' average yearly incomes will increase from $355 (prior to joining the scheme) to about $2,650 (after they finish loan repayments). Total cost: $98.7 million.

MALAYSIA: Bank–$28.5 million. This project will help assist the development and expansion of the Malaysian Agricultural Research and Development Institute (MARDI) over the 1975-81 period. A new Extension Unit in the Federal Department of Agriculture will also be created, marking the first step in increasing the flow of information from MARDI to smallholder farmers. Total cost: $108.5 million.

MALI: IDA–$13.3 million. Some 100,000 pastoral families, badly hit by the 1972-73 drought, will be aided by this project which marks the

first comprehensive effort to increase range livestock production in the Sahelian zone. The people will be better protected against future droughts through the introduction of livestock extension services and grazing controls in three special development areas, and through the provision of improved animal services throughout the region. Wells and ponds will be built, markets constructed, and a functional literacy program begun. Average cash incomes from livestock production may increase from $140 to $220 yearly, and 400 new jobs will be created. Total cost: $17.3 million.

MALI: IDA—$2.6 million. A supplement to the Mopti Rice Project credit of $6.9 million approved in January 1972.

MEXICO: Bank—$150 million. More than 100,000 people will benefit directly and intensive agriculture and livestock operations will be developed on more than a quarter of a million hectares as a result of this irrigation scheme in the lower Rio Bravo basin. Incomes of average small-scale farmers will increase from $1,600 to $4,000 at full development. Total cost: $384.4 million.

MEXICO: Bank—$110 million. This complex project, involving 30 separate areas in the country, and which will be implemented by 14 different federal and state agencies, is intended to increase production of maize, beans, beef, fruits and vegetables, and honey with an added value of about $85 million yearly. It has been described as the Mexican Government's most ambitious and far-reaching rural development project ever. As many as 750,000 people, in regions throughout the country ranging from arid to humid tropical zones, will benefit directly, and 30,000 permanent jobs will be created. Irrigation systems will be constructed, feeder roads built, as well as market stores and warehouses. Water supply systems for a quarter of a million people will be built, rural health centers constructed, and classrooms furnished. Farmers will be trained and technical assistance provided. The project is important, Bank President Robert S. McNamara has noted, in that it demonstrates the Government's determination to attack the problem of rural poverty by adopting practical measures designed specifically to help low income families become more productive. Total cost: $295 million.

MEXICO: Bank—$50 million. This integrated rural development project is designed to improve the quality of life for more than a half million people. Located in the Papaloapan basin (southeast of Mexico City), the project will help expand food production, and will improve the distribution of income by raising the income level of poor families through the provision of credit and technical services. Total cost: $138.5 million.

MOROCCO: Bank—$18.5 million. This project is designed to help increase agricultural production in the Souss valley by providing a rational development of irrigated agriculture based on the use of groundwater resources. The project provides for development of sprinkler irrigation over 6,300 hectares, rehabilitation of 1,000 hectares of traditional gravity system, and rural infrastructure. Total cost: $39 million.

MOROCCO: IDA—$14 million. The project aims at increasing agricultural production and incomes and improving income distribution in an area of 170,000 hectares in Meknes Province. These objectives will be achieved by land redistribution and consolidation, land tenure changes, strengthening the technical services available to farmers, introducing farmers' cooperatives, propagating improved agricultural practices, and constructing access roads, water supplies, and small-scale irrigation networks. About 50,000 people will benefit, most of whom presently have incomes less than one-third the national average. Total cost: $32.4 million.

NIGERIA: Bank—$29.5 million. (An agricultural project in Mid Western State; for details, see below.) Total cost: $59.7 million.

NIGERIA: Bank—$19 million. (An agricultural project in East Central State; for details, see below.) Total cost: $37.5 million.

NIGERIA: Bank—$17 million. (An agricultural project in Western State; for details, see below.) Total cost: $34 million.

These three projects for which the Bank loaned a total of $65.5 million, will, at full maturity in 1990, provide 100,000 tons of palm oil yearly for domestic use and 22,000 tons of kernels for export. Some 14,000 smallholders and 1,600 laborers will participate in the development of three high-yielding oil palm estates, and more than 100,000 people will benefit directly.

NIGERIA: Bank—$29 million. About 1,500 kilometers of agricultural roads will be built, dams and ponds constructed, training facilities, farmer credit and marketing services will be expanded and created, seed multiplication farms rehabilitated and equipped, and a project evaluation unit will be established in this rural development project, located in North Central State. About 16% of the inhabitants of the state—approximately 900,000 people—will benefit. Total cost: $57.6 million.

NIGERIA: Bank—$21 million. About 1,000 kilometers of agricultural roads will be built, ponds and dams constructed, 50 village service centers built, farmer credit and marketing services provided, and a training center erected. A total of about 640,000 people living in North Eastern State will benefit. Total cost: $42.1 million.

NIGERIA: Bank—$21 million. Seven State-owned ranching companies will be either established or improved, two fattening ranches will be upgraded, technical support provided to commercial and smallholder farmers, and pastureland improved or established. Total cost: $42 million.

NIGERIA: Bank—$19 million. Some 1,000 kilometers of agricultural roads will be built, dams and ponds constructed, physical infrastructure created, and farmer extension, credit, and marketing services provided to a total project population of about 620,000 who live in North West State. Total cost: $37.4 million.

NIGERIA: Bank—$17.5 million. About 9,000 hectares of swamp valley areas in East Central and South Eastern States will be developed for rice cultivation by some 6,000 farm families; milling and marketing facilities will be provided, and feeder roads built. The project's swamp valley development has the potential for wider application in the country. Total cost: $35 million.

PARAGUAY: IDA—$11 million. About 7,000 low-income rural families will benefit from this project which seeks to increase agricultural production and improve the living conditions of the rural poor. Schools, health and community centers, as well as roads, will be constructed; a lending program to 2,000 small farmers will be supported. Total cost: $15.8 million.

PARAGUAY: Bank—$10 million. This fourth livestock operation in the country features lending to small farmers and cooperatives and the financing of investments in sheep, dairy, pig, and poultry production. About 2,700 ranchers will be aided. Total cost: $23 million.

PHILIPPINES: Bank—$25 million. About 40% of the population of the island of Mindoro—some 200,000 people—will benefit from this rural development project, which includes the construction and improvement of irrigation systems and roads, improvements to the island's main port of Calapan, rat and schistosomiasis control, and technical assistance to minority tribes. Paddy production may increase by 100,000 tons by 1985, and per capita incomes on typical farms will increase from $90 yearly to $140. Total cost: $50 million.

PHILIPPINES: Bank—$17 million. More than 100,000 people living in Central Luzon will benefit from this project which will upgrade the irrigation systems on about 21,000 hectares of land, and extend those systems to an additional 13,000 hectares. In addition, the loan will help finance a national irrigation system improvement study; about 400,000 hectares will be inventoried, and 150,000 hectares will be selected for future improvement. Total cost: $34 million.

ROMANIA: Bank—$70 million. About 100,000 hectares of land along the Danube will be irrigated, cropping intensity increased by 15%, farm employment more than doubled, and incomes for about 17,000 families working on cooperative farms improved as a result of this project. The gross value of annual agricultural production in the area may rise from $33 million to $90 million after full development (1985). Total cost: $151.8 million.

ROMANIA: Bank—$30 million. Financial help for more than 40 individual agricultural production projects in southwestern Romania will be provided. The project includes on-farm and livestock development as well as investments in related agro-industries. Total cost: $59.5 million.

SENEGAL: Bank—$7 million; IDA—$7 million. About 34,000 farmers in the heavily-populated Sine Saloum region will benefit from increased extension services geared to promote improved farming methods for peanuts, cereals, cotton, and livestock. Farmers' incomes should rise in five years' time by 40%. The project is being cofinanced by the Caisse Centrale de Coopération Economique (France). Total cost: $30.9 million.

SENEGAL: IDA— $1 million. This engineering project is designed to reformulate within the framework of Senegal River basin regional development, an irrigation project in the Senegal River delta for which IDA approved a credit in 1973. Fully-controlled irrigation with double cropping will be developed instead of a single-crop controlled flooding system. The engineering is to be completed within 21 months. Total cost: $1.25 million.

SIERRA LEONE: Bank—$5 million; IDA—$5 million. About $5 million in foreign exchange will be saved yearly, and about 14,000 farmers and their families will benefit directly from this project, designed to increase yields of rice for domestic consumption, and export crops, and to promote more balanced regional development. The North and East areas of the country are involved; the absolute poverty level in the former will be reduced, and incomes in the latter will be brought closer to the national average. Total cost: $13.7 million.

SPAIN: Bank—$33 million. Credit will be provided for the development of 400 cattle production farms, 200 cattle fattening farms, and 150 sheep production farms. More than 5,000 farm families (25,000 people) will directly benefit from this second Bank-assisted livestock development project, and increased employment opportunities will be realized. Total cost: $149.3 million.

SRI LANKA: IDA—$9 million. Credit and technical services for on-farm development of about 1,800 small (under four hectares) and 600 larger (16 to 20 hectares) dairy farms will be furnished under this project. Milk collection services will be expanded and technical assistance provided. Milk production should increase by more than 5 million gallons yearly, and 1,500 jobs will be created by 1981. Total cost: $12.7 million.

SUDAN: IDA—$20 million. An amendment to the Rahad Irrigation Project, increasing the $42 million IDA credit made in March 1973.

TANZANIA: IDA—$10 million. About a quarter of a million people with annual per capita incomes of about $20 will benefit from a project designed to provide 135 *ujamaa* villages in the Kigoma Region of western Tanzania with economic and social infrastructure, credit, and technical support services for agricultural de-

velopment. The United Nations Capital Development Fund (UNCDF) is providing $1.5 million on a grant basis for financing the water supply and health components of the project. This marks the first occasion of Bank-UNCDF joint participation in a project. Total cost: $13 million.

TANZANIA: Bank–$9 million; IDA–$9 million. A new sugar estate in the Kilombero valley will be developed (as well as outgrower lands worked by *ujamaa* farm families) and a new sugar refining factory will be built. Outgrower *ujamaa* farm families' incomes may rise from $275 in the second year of the project to $725 after six years. Denmark and the Netherlands are participating in the project's financing, with $17.3 million and $11 million equivalent respectively. Total cost: $55.8 million.

TOGO: IDA–$6 million. About 4,000 hectares each of coffee and cocoa trees will be planted, maintained, or rehabilitated; feeder roads will be constructed and taken care of; agricultural development agencies will be strengthened. The project, assisted by a grant from FAC (Fonds d'Aide et de Coopération), will benefit about 6,500 rural families. Total cost: $10 million.

TUNISIA: Bank–$12.2 million. This project aided by the Bank will help close the gap between potential and actual use of irrigation investments in Tunisia's Medjerda valley and the Nebhana area. About 11,300 hectares of land in the two areas will be fully developed, and about 3,800 smallholder farmers will be aided. Total cost: $23.8 million.

TURKEY: Bank–$75 million. About 400,000 people living in two rainfed provinces in central Anatolia will benefit from a project which is based on an intensive extension service to assist farmers to increase the production of crops and livestock, thus raising incomes. Most of the farmers have incomes below one-third the national average. Credit will be provided, new irrigation facilities built, roads built and maintained, and villages supplied with drinking water, electricity, and community centers. The quality of life in about 1,200 villages should be improved. Total cost: $162 million.

UPPER VOLTA: IDA–$9 million. About 330,000 traditional cattle producers will benefit from this project, which will also introduce traditional farmers and pastoralists to commercial ranching. Nine group ranches and a ranch development center will be established, improved veterinary services provided, a livestock market constructed, and 730 kilometers of stock routes improved. Total cost: $11.5 million.

YEMEN ARAB REPUBLIC: IDA–$10 million. This first integrated rural development project in the country seeks to improve the standard of living of some 21,000 farm families living in selected areas of the Southern Uplands. By providing credit for agricultural inputs, production and distribution of improved seeds, and construction of feeder roads, the country hopes to reduce its dependence on food imports, and to increase its exports of commodities like potatoes, onions, and fresh vegetables. The project also provides for the construction of about 180 kilometers of feeder roads and about 90 village water supply schemes, and funds required for the provision of molluscicides and equipment for reducing the incidence of waterborne diseases. The Abu Dhabi Fund for Arab Economic Development is also providing $10 million toward the financing of the project. Total cost: $23.2 million.

YEMEN, PEOPLE'S DEMOCRATIC REPUBLIC OF: IDA–$1.6 million. A supplement to a $3.5 million credit for a fisheries project approved in April 1973.

YUGOSLAVIA: Bank–$50 million. This first agricultural project covering the whole of Yugoslavia will provide credit to social sector enterprises and private farmers for investments in livestock, vegetable and fruit production, land reclamation, agro-industries, including grain drying, cold storage, milk collection, and on-farm mechanization. The project will help Yugoslavia increase its food production and expand agricultural exports. By channeling the proceeds through a participating bank in each republic and province, the loan will assist in strengthening agricultural credit institutions throughout the country.

Development Finance Companies

ALGERIA: Bank–$40 million. This project is a line of credit to the Algerian Development Bank and will help finance the foreign exchange cost of projects in the construction materials sector. Funds will be used both for projects of large State enterprises and for those to be carried out under the responsibility of regional authorities. Technical assistance will improve the development bank's standards of project appraisal and supervision.

COLOMBIA: Bank–$5.5 million. This loan will help the Corporación Financiera Popular (CFP) finance a small-scale industrial project. The loan will also contribute to alleviating the scarcity of long-term resources available to the CFP, and will permit increases in its financing of fixed investments by small-scale industry.

FINLAND: Bank–$20 million. This project is expected to reduce in half by 1980, industrial wastes discharged into Finland's waters. Pollution in the Baltic Sea will also be lessened. The loan will go to the Mortgage Bank of Finland, which, in turn, will help finance pollution control investments by industry, notably the pulp and paper industry.

GREECE: Bank–$25 million. This fifth Bank loan to the National Investment Bank for Industrial Development S.A. (NIBID) will help meet a portion of the institution's additional resources requirements for 1975 and 1976. NIBID loans help develop all regions of Greece and promote export-oriented industrial enterprises.

INDIA: Bank–$100 million. This eleventh Bank loan to the Industrial Credit and Investment Corporation of India (ICICI) will help that institution meet part of its foreign exchange requirements through June 1977. ICICI, established in 1955 with the Bank's advice and assistance, helps promote large and medium-scale enterprises, primarily in the non-traditional sectors of industry.

INDONESIA: Bank–$50 million. This third loan to the State-owned development finance company, Bank Pembangunan Indonesia, will be used mainly to finance the importation of machinery and equipment for the industrial sector.

ISRAEL: Bank–$35 million. Most of the loan's proceeds will be made available to the Industrial Development Bank of Israel to assist private sector projects which are either export-oriented or are located in the less-developed regions of the country. Five million dollars will be allocated to industrial research and development for specific commercially-oriented projects to help Israel make effective use of its skilled manpower and develop local industrial technology; this is the first Bank assistance of its kind to a member country.

KOREA, REPUBLIC OF: Bank–$60 million. The country's largest institution providing medium- and long-term capital to both public and private industry, will use the proceeds of this loan principally for projects in the private manufacturing sector. Clients of the institution (Korean Development Bank) account for about 40% of Korea's exports of manufactured goods.

LIBERIA: Bank–$4 million. This second Bank loan to the Liberian Bank for Development and Investment (LBDI) will help permit that institution to cover its requirements through 1976. The LBDI, the only institutional source of long-term finance for Liberia's private sector, invests most of its money in small and medium projects.

MOROCCO: Bank–$30 million. This seventh loan to Morocco's Banque Nationale pour le Développement Economique (BNDE), the country's main source of long-term finance for industrial development, will help finance the import component of investment by industrial enterprises.

PAKISTAN: IDA–$30 million. Part of the foreign exchange requirements of the National Development Finance Corporation (NDFC) for the years 1975-77 will be met through this credit. The NDFC was established in 1973 to provide assistance to Government-owned industrial enterprises in Pakistan.

PHILIPPINES: Bank–$30 million. This fifth loan to the Private Development Corporation of the Philippines will provide foreign exchange needed to finance imports for projects in the fields of industry, agro-industry, mining, tourism, and transportation.

SRI LANKA: IDA–$4.5 million. The credit will supply foreign exchange to the Development Finance Corporation of Ceylon (established 10 years ago with Bank assistance) over the next two years for lending, mainly to export industries and for tourism. Industry contributes about 13% to the Gross Domestic Product and provides employment for about 410,000 people or about 11% of total employment. Tourism has been growing rapidly since the mid-1960s.

TRINIDAD AND TOBAGO: Bank–$5 million. This Bank loan to the Trinidad and Tobago Development Finance Company (TTDFC) will help finance the foreign exchange costs of the company's lending operations through mid-1976. The loan will assist the TTDFC in promoting manufacturing industries and will thus help the Government's industrial diversification and employment efforts.

TURKEY: Bank–$65 million. This loan will help the Turkiye Sinai Kalkinma Bankasi meet part of the foreign exchange requirements for investments in private industrial projects, largely in the less-developed regions of the country.

Education

BRAZIL: Bank–$23.5 million. Educational development in eight low-income states in northern and Northeast Brazil will be aided by this project which, when completed in 1979, will provide 71,500 new student places in both basic and secondary schools, increasing present enrollment at the latter level by 25%. The project will help correct regional imbalances in educational opportunities, particularly at the secondary level, and will help ease the shortages of technicians and skilled labor in the eight states. Total cost: $58.7 million.

CAMEROON: IDA–$1.2 million. A supplement to an education project assisted by an IDA credit for $10.5 million in September 1969.

DAHOMEY: IDA–$4 million. A non-formal rural youth training program will be helped with this IDA credit. The program encourages the establishment of rural youth clubs for teaching reading, writing, and arithmetic, improved agricultural techniques, and better nutrition, health, and hygiene habits. The project will help improve the six-year-old program by establishing a more effective administrative structure. A "skills upgrading" center to train up to 2,200 industrial and commercial workers annually will also be constructed. The UNDP is providing $780,000 to help finance the project. Total cost: $5.2 million.

DOMINICAN REPUBLIC: Bank–$8 million. More than 200 Rural Community Learning Centers, providing at least four years of basic education for children, and non-formal education and training courses for youths and adults, will be built. The project also aims at improving adult training in agricultural techniques, will help extend a reform of secondary education curricula to a greater portion of enrolled students, and establish a national scheme for vocational training in industrial, construc-

tion, and service industries. The project was prepared with the assistance of Unesco. Total cost: $13.5 million.

ECUADOR: Bank–$4 million. A major constraint to Ecuador's economic development–the lack of qualified middle-level manpower–will be redressed as a result of this project which will improve and expand vocational education. Total cost: $7.9 million.

ETHIOPIA: IDA--$23 million. Rural primary and secondary schools, with about 116,000 new student places, will be built as part of a program of basic and specialized education emphasizing the expansion and improvement of educational opportunities in remote rural areas. One hundred Community Skill Training Centers, 24 District Rural Development Centers, and 2 Agricultural Training Centers will also be constructed. Total cost: $34.7 million.

GABON: Bank–$5 million. One hundred technicians and 130 skilled workers a year will be trained as a result of this project which will help finance the expansion and diversification of technical education in Gabon. This second Bank-supported education project in Gabon also includes the introduction of a basic technology course at two lower secondary schools, and additional dormitory and classroom space for the national Commerce and Forestry Schools. Total cost: $8.1 million.

GREECE: Bank–$45 million. This third Bank education operation aims at expanding technician and industrial craft training to support the needs of industry for skilled manpower. The project will also help improve the relevance and quality of general secondary education and teacher training. The annual output of the education system will be increased by 2,400 crafts graduates and 1,500 technicians, thus meeting 10% and 15% respectively of the projected manpower needs at those levels projected for 1978. Total cost: $106 million.

GUYANA: Bank–$8 million; IDA–$4 million. Buildings, equipment, and facilities needed to help make Guyana's education system more responsive to its development needs, and to support the Government's education development strategy will be provided. The project is designed to increase the practical content of secondary curricula, to improve opportunities for non-formal education, and to alleviate shortages of skilled manpower in agriculture and other productive sectors. A Caribbean Regional Center will be established to train technicians from all Commonwealth Caribbean countries in animal health. Total cost: $18.9 million.

IVORY COAST: Bank–$5 million. This second Bank loan for education in Ivory Coast will consolidate the progress achieved under the first loan which included support of primary teacher training and an instructional television production center, and expansion of technical, agricultural, and vocational education and training. Two primary teacher training colleges will be built, and studies in rural education and training programs will be undertaken. Total cost: $8.7 million.

IVORY COAST: Bank–$2.2 million. A supplement to an $11 million loan for education approved in April 1970.

JORDAN: IDA–$6 million. This second education project seeks to expand and reinforce vocational and technical skills in mining, industry, agriculture, food processing, and tourism; to support integrated rural development projects through a pilot scheme of non-formal basic education; and to improve, rationalize, and make more economical elementary, preparatory, and secondary education by providing schools with adequate workshops and other teacher training facilities. Total cost: $17.45 million.

KOREA, REPUBLIC OF: Bank–$22.5 million. This third education loan to Korea will help meet manpower needs at the skilled worker and technician levels for specific economic and geographic sectors and lay a sound basis for a flexible, employment-oriented system of non-formal vocational training. A new technical high school will be built and equipped and three agricultural junior colleges expanded. Four fisheries training facilities and a merchant marine junior college will be expanded and equipped, and seven vocational training institutions established. Total cost: $39.1 million.

LESOTHO: IDA–$4 million. Vocational, technical, and commercial education will be expanded and improved under this project. A number of smaller projects within the Government's education plan will be integrated into one coordinated program. Total cost: $8.14 million.

MAURITIUS: Bank–$3.5 million; IDA–$3.5 million. Schools emphasizing practical scientific and agricultural subjects will be built and equipped. In about 10 years' time, half the total institutional number of craftsmen and skilled workers, and some three-fourths of all secondary school graduates with backgrounds in science will have been educated in these schools. Total cost: $11.6 million.

RWANDA: IDA–$8 million. The quality of primary education will be improved and the productivity of new entrants into rural occupations will be increased through appropriate training. One hundred fifty workshops (6,000 student places) will be built, and a print shop, capable of publishing more than 4 million textbooks and student guides, will be constructed. Total cost: $9 million.

SENEGAL: IDA–$15 million. This second education project will reinforce and expand the scope of the first–meeting modern sector requirements through the introduction of more practical and scientific programs in lower secondary education, vocational training, and planning and management of the education system; it also includes an experimental scheme of 30 village education centers offering practical training in agricultural and related occu-

pations, and the elements of literacy and arithmetic to children leaving primary school and youths and adults who have never gone to school. Total cost: $19 million.

SOMALIA: IDA—$8 million. This project is the Bank Group's first education operation designed to support the development of a national language. A training scheme for nomads will also be inaugurated and Somalia's formal school system will be expanded. Almost 4,000 new student places will be constructed. Total cost: $10.1 million.

SUDAN: IDA—$10 million. Designed to meet the most critical requirements of the country's educational system (especially in southern Sudan) and to make the system more responsive to developmental needs, the project will provide training facilities for out-of-school youths and adults, for primary and junior secondary schools, will strengthen teacher education and curriculum development, expand the training of skilled workers, and will assist a nationwide education sector review. Total cost: $18.9 million.

SWAZILAND: IDA—$5 million. Swaziland's annual output of technicians and artisans will be doubled, and its teacher training facilities increased by 50% as a result of this project, designed to help the country meet its manpower needs through the expansion and improvement of vocational, technical, and commercial education facilities, and of a teacher training college. Total cost: $7.1 million.

YEMEN, PEOPLE'S DEMOCRATIC REPUBLIC OF: IDA—$5.4 million. New curricula will be developed and education opportunities provided in specialized fields through this project. The credit will help finance the construction of two primary teacher training schools, three preparatory schools, two secondary preparatory schools, two vocational training centers, and two rural development centers. More than four-fifths of the project's resources will be directed to rural dwellers. Total cost: $6 million.

Electric Power

COSTA RICA: Bank—$41 million. The project, which includes extension of two hydroelectric power plants, the construction of a diesel plant, the provision of new transmission lines, and the extension of others, will help the country to meet growing demands for electricity while helping it to reduce its dependence on imported petroleum. Total cost: $70.4 million.

HONDURAS: Bank—$35 million. Electricity service will be provided to some 300,000 additional Hondurans through this project. The loan includes provisions for four dams, hydroelectric generating facilities, distribution systems improvements, and repairs to hurricane-damaged equipment. Total cost of this sixth Bank-supported power project in Honduras: $60 million.

INDONESIA: Bank—$41 million. The project will provide a third 100-MW thermal unit for the Muara Karang power plant in Jakarta, thus increasing the public power capacity in the Jakarta vicinity by more than 10%. In addition, the project includes a program for technical training, an overseas fellowship program, and a team of management advisers. Total cost: $69.5 million.

JORDAN: IDA—$5 million. A third 33-MW steam electric unit will be installed at Zarqa, a diesel-electric power station at Marqa will be reconditioned, and a power development study for southern Jordan undertaken. Total cost: $22 million.

MALAYSIA: Bank—$45 million. Malaysia's growing (about 13% a year on average) power needs will be aided through this project which will help transmit the output of a major hydroelectric power scheme to the major load centers of the National Electricity Board's (NEB) interconnected network. This is the sixth Bank loan to the NEB. Total cost: $68.5 million.

PHILIPPINES: Bank—$61 million. On the island of Luzon, 70 towns now without electricity will be hooked up to the Luzon grid as a result of this project. The transmission lines associated with this project will connect a total of 130 towns and municipalities and about 60 large consumers, including 27 pumped irrigation projects. The loan will also help finance the installation of a 100-MW hydroelectric power plant at Pantabangan. Total cost: $92 million.

ROMANIA: Bank—$60 million. A large, lignite-fueled power plant will be built, 600 kilometers of transmission lines constructed, and road and rail links provided under this project. Total cost: $353.5 million.

SUDAN: IDA—$23 million. The project will provide additional generating capacity and transmission facilities necessary to help meet the country's increased demand in major industrial and agricultural areas up to 1980 and will support a variety of managerial and technical services to the Public Electricity and Water Corporation. Total cost: $40 million.

SYRIAN ARAB REPUBLIC: Bank—$72 million. This second Bank loan for power in the country will further help finance the Etablissement Public de l'Electricité's (EPE) $704 million development program for 1974-80. EPE's organizational structure will be aided, a second stage of a 150-MW steam-electric power station will be constructed, and eight substations either built or expanded. Total cost: $89.4 million.

SYRIAN ARAB REPUBLIC: Bank—$8.6 million. A supplement to the $25 million loan of May 1974 to the Etablissement Public de l'Electricité.

YUGOSLAVIA: Bank—$70 million. A 450-MW hydroelectric power plant will be constructed to help Yugoslavia meet its forecast demand for electricity and develop its domestic energy resources. Total cost: $242.5 million.

ZAMBIA: Bank—$42.1 million. A supplemental loan to help finance the completion of the Kariba North Project, for which a $40 million loan was made in July 1970.

Industry

BANGLADESH: IDA–$33 million. Plans call for seven different agencies, including IDA, to help finance the construction of a fertilizer plant 60 kilometers northeast of Dacca. The plant, whose principal raw material will be local natural gas, could, when completed in 1978, save the country about $74 million yearly in foreign exchange. Total cost: $250 million.

BRAZIL: Bank–$95 million. An expansion of the Companhia Siderúrgica Nacional's (CSN) steel plant at Volta Redonda and its iron ore mines at Casa de Pedra will be undertaken. The company is the largest steel producer in Latin America; the overall expansion of its production facilities will require financing estimated at over $2,000 million. The Inter-American Development Bank is helping finance the project, and 13 countries have indicated an interest in participating in the financing as well. Total cost: $2,115 million.

EGYPT, ARAB REPUBLIC OF: Bank–$40 million. Financial help for the expansion of the cement production capacity of the Tourah Cement Company will be provided by this loan. Net foreign exchange savings are projected to be over $11 million yearly, thus offsetting the project's estimated foreign exchange costs in about five years. The Arab Fund for Economic and Social Development has made a loan equivalent to $23.5 million towards the project. Total cost: $93 million.

INDIA: Bank–$109 million. This loan will help finance the construction of a fertilizer plant in Uttar Pradesh State. Scheduled to start commercial production in 1978, the plant is planned to add 230,000 tons of nitrogen to India's fertilizer production capacity each year. Annual foreign exchange savings could amount to $59 million. Total cost: $220.5 million.

INDIA: IDA–$91 million. This fifth IDA credit for fertilizer production in India will help finance the modernization and expansion of a fertilizer plant in the state of Bihar. When completed in 1978, the project will increase the output of nitrogen by 136,000 tons a year, and will help India save $68 million a year in foreign exchange. Total cost: $188.8 million.

INDONESIA: Bank–$115 million. This second Bank Group operation in support of a Government-owned fertilizer company will expand its South Sumatran facilities so that production can be increased by more than a half million metric tons of urea yearly by 1977. An increase in foodgrain production resulting from larger supplies of fertilizer may total 2 million tons a year. Total cost: $192 million.

JORDAN: IDA–$1 million. Potash will be produced from Dead Sea brine through solar evaporation in this pilot project. The credit will help finance the foreign exchange cost of engineering and other technical services required to prepare and develop the final project. Total cost: $10 million.

MEXICO: Bank–$50 million. Two new urea plants will be constructed and an existing insecticide plant expanded. The project should enable Mexico to become independent of imported urea fertilizer in the medium term, and it is estimated that gross foreign exchange savings after five years of operations will total almost $100 million annually. Total cost: $133.5 million.

PHILIPPINES: Bank–$30 million. Proceeds of the loan will be re-lent to three agencies which, in turn, will make loans to help meet two priority needs of the Philippines' small and medium-scale industries, which account for over 80% of the total number of firms employing 20 or more workers. These needs relate to increased access to institutional sources of credit, and technical assistance aimed directly at solving problems. At full operation, industries to be assisted are expected to create more than 12,000 jobs, mostly in rural areas.

ROMANIA: Bank–$70 million. A cold rolling mill complex with an annual capacity of about 30,000 tons of stainless steel sheet and strip, and a rod and bar rolling mill complex producing 120,000 tons of alloy steel rod and bar products will be constructed under this project, designed to continue Romania's development emphasis on heavy industry. Total cost: $185.3 million.

TANZANIA: Bank–$15 million. In conjunction with a $15 million loan by the Kuwait Fund for Arab Economic Development, the Bank loan will help expand production at the Mwanza Textiles Limited plant. An additional 1,200 people will be employed, and with minor expansion to other textile plants, the project will almost eliminate the country's need for cotton fabric imports by 1980. Total cost: $44.3 million.

TUNISIA: Bank–$23.3 million. As much as 1.6 million tons of marketable phosphate rock will be mined in southern Tunisia, near Gafsa. The project, which includes mining equipment, water and power supply, offices, service and repair shops, and even the construction of minor roads, will help modernize and expand the country's phosphate mining industry. Net foreign exchange earnings by 1980 may reach $40 million. Total cost: $64.74 million.

TURKEY: Bank–$18 million. An amendment to a $2[illegible] million loan to help finance expanded fertilizer capacity, made to the Istanbul Gubre Sanayii Anonim Sirketi in June 1972.

ZAIRE: Bank–$100 million. Increasing copper and cobalt production is the object of this loan, the first by the Bank to Zaire since its independence and the first direct involvement by the Bank in the country's industrial sector. (Previous Bank activities were financed through IDA credits.) The Libyan Arab Republic, through the Libyan Arab Foreign Bank ($100.7 million) and the European Investment Bank ($20 million) are also helping finance this project which will assist Gecamines (Union Minière du Haut-Katanga's successor company) implement its expansion scheme. About 2,000 new

jobs will be created, and the project will provide the country with annual foreign exchange earnings of about $160 million. Total cost: $435 million.

Non-Project

BANGLADESH: IDA–$50 million. This credit will help finance imports of raw materials and components needed to maintain or expand production in the country's industrial and agricultural sectors.

BANGLADESH: IDA–$25 million. An amendment to an imports credit of $50 million, approved in October 1974.

EGYPT, ARAB REPUBLIC OF: Bank–$35 million; IDA–$35 million. This first non-project loan ever made to a country in the EMENA region, is aimed at relieving Egypt's dominant constraint on development–lack of foreign exchange which leads to low capacity utilization throughout the economy. The major part of the proceeds is being used to import raw materials, intermediate goods, and spare parts to support production in industry and agriculture, as well as to relieve pressure on the port of Alexandria. The proceeds will also finance planning studies of the major industrial sectors.

INDIA: IDA–$100 million. About 250 medium-scale and large-scale industrial enterprises will be able to maintain and expand production with the help of this credit designed to alleviate the under-utilization of industrial capacity caused by shortages of raw materials and components.

INDIA: IDA–$100 million. An amendment to the Industrial Imports credit of $100 milllion, approved in February 1975.

KENYA: Bank–$30 million. The loan will help finance the import of essential raw materials and capital and intermediate goods to maintain a reasonable level of development while long-term changes are made to the structure of growth in the Kenyan economy.

KOREA, REPUBLIC OF: Bank–$100 million. Urgently-needed foreign exchange will be provided to help pay for essential imports–mainly capital and intermediate goods for export industries–by the country's private sector.

SRI LANKA: IDA–$15 million. Helping to alleviate the country's foreign exchange constraint, the credit will finance imports of raw materials, components, and spare parts required for the expansion of industrial and agricultural output, and for improvement of selected services.

TANZANIA: Bank–$30 million. This loan, providing foreign exchange for imports of capital and intermediate goods and raw materials, will help the country implement its 1974-75 economic development program.

Population

BANGLADESH: IDA–$15 million. Six sources of assistance will join with IDA to help finance this project, designed basically to provide the human and organizational underpinnings for a national family planning program in the country. The Government will integrate family planning education and motivation with other development programs; six different ministries will become involved in an effort to reduce the population growth rate from its present 3%. Total cost: $46 million.

PHILIPPINES: Bank–$25 million. More than 20 million births may be averted by the year 2000 as a result of this project under which 205 rural health units and 11 training centers are to be built. Total cost: $50 million.

Telecommunications

BURMA: IDA–$21 million. Telephone connections will be increased, service improved, worn-out equipment replaced, the country's trunk network expanded and upgraded, and a national telex service introduced. Total cost: $31 million.

COLOMBIA: Bank–$15 million. Long distance equipment and telex equipment as well as call-office telephone facilities in rural areas will be installed by the Empresa Nacional de Telecomunicaciones with the help of this loan. In addition, 16,000 new subscribers will be connected as a part of the corporation's national expansion project. Total cost: $52.1 million.

EGYPT, ARAB REPUBLIC OF: IDA–$30 million. More than 160,000 new telephone lines and exchanges, telex exchange equipment and teleprinters as well as other telecommunications equipment lines will be provided to help meet part of the rapidly-increasing demand for telephone and telex services in the country. Worn-out exchange equipment and defective telephone cables will be replaced. The Saudi Arabian Development Fund and bilateral lenders are also contributing to this project. Total cost: $173.4 million.

ETHIOPIA: IDA–$16 million. This fifth telecommunications project in the country will contribute to improved long distance telecommunications services, extend services to 100 new rural areas, and provide international communications to existing and new destinations through an earth satellite station. Total cost: $60.6 million.

GHANA: Bank–$23 million. This first Bank Group loan to Ghana since 1969 to be financed under conventional terms will help finance the installation of 18,300 lines of automatic telephone exchange equipment, improve and extend long distance facilities, and will expand the telex system. Total cost: $29.5 million.

GUATEMALA: Bank–$26 million. Equipment and facilities needed to help Guatemala overcome unsatisfied demand for telephones, and better telephone services will be provided by this second Bank-assisted telecommunications project in the country. Total cost: $45.9 million.

PAKISTAN: IDA–$36 million. This credit will help finance a project which includes new works to be completed during fiscal 1975-77

and help in completing two on-going projects financed by two previous IDA credits. Microwave, open wire, and VHF radio routes will be provided and 75,000 lines of local telephone exchange equipment and cable distribution networks installed. Total cost: $67.5 million.

ZAMBIA: Bank–$32 million. Exchange equipment will be installed in 60 towns, including 32 that now have no facilities, and the capital, Lusaka, will be linked by microwave communications with main provincial centers, including towns bordering neighboring countries. Total cost: $78 million.

Tourism

DOMINICAN REPUBLIC: Bank–$21 million. Infrastructure for two resort sites, and a terminal building and other facilities for an international airport will be provided in order to develop tourism in the North Coast region. By 1986, the project is expected to generate some $19 million yearly in additional net foreign exchange, and provide both direct and indirect employment to about 8,000 people. Total cost: $36 million.

IVORY COAST: Bank–$9.7 million. All but $700,000 will be re-lent to the Crédit de la Côte d'Ivoire (CCI) to provide long-term financing for the construction of about 1,200 hotel rooms, needed to meet the demand of about 150,000 international visitors yearly by 1980. The remainder of the loan will finance the foreign exchange costs of technical assistance to the CCI and the Ministry of Tourism.

Transportation

BOLIVIA: Bank–$32 million. This second railway project aims at the technical and financial rehabilitation of the national railway system and its development in such a way that the future transport needs of the economy can be met efficiently. Total cost: $41 million.

BRAZIL: Bank–$175 million. This loan to the country's Federal Railways System will help finance high priority investments of the System aimed at accommodating substantial increases in the demand for rail transportation. A large part of this expansion is related to growing production in the agriculture and industry sectors. By 1980, more than a half million new passengers–largely low-income workers–in the Rio de Janeiro and São Paulo areas will be served by the improved System. Total cost: $2,974.3 million.

BRAZIL: Bank–$110 million. Parts of five highways totaling 612 kilometers, and linking major cities or important industrial or agricultural areas in five states will be constructed and upgraded. Programs for decentralization and improved efficiency of maintenance of federal and state highways in Minas Gerais and Rio Grande do Sul are also included. Total cost: $276.3 million.

CAMEROON: Bank–$1 million; IDA–$1 million. A supplement to the financing provided by the Bank and IDA ($19 million total) in March, 1970 for a highway project.

EGYPT, ARAB REPUBLIC OF: Bank–$50 million. Navigation in the Suez Canal will be restored to the pre-1967 level as a result of this project. Navigation, communications, and safety systems will be provided, and damaged or destroyed infrastructure and buildings will be rehabilitated. Technical assistance will also be extended to the Suez Canal Authority. The Kuwait Fund and the Saudi Arabian Development Fund, and the Governments of Abu Dhabi and the State of Qatar are contributing funds for the project. Total cost: $288 million.

EGYPT, ARAB REPUBLIC OF: Bank–$37 million. This second railway project is designed to rehabilitate, modernize, and increase further the capacity of the country's railways. The project will contribute to building up the infrastructure of Egypt's economy, and is designed to meet traffic demands in the immediate future. The project also includes a detailed national transport survey covering all modes of transportation. Eastern and Western European countries, Canada, the United States, and the Saudi Arabian Development Fund are helping finance the project. Total cost: $299 million.

ETHIOPIA: IDA–$32 million. This sixth highway project in Ethiopia aims at continuing the development and maintenance of the country's road network in order to integrate further the agricultural sector into the national economy. Roads will be constructed in the south, southwest, and north-central regions of Ethiopia, and will pass through areas of considerable agricultural potential where the Government is establishing agricultural extension programs. Total cost: $54.7 million.

HAITI: IDA–$20 million. Reconstruction of the 250-kilometer Northern Road linking Port-au-Prince with the country's second city, Cap Haitien on the north coast, will be completed. Total cost: $26.3 million.

JAMAICA: Bank–$13.5 million. This third Bank project aiding Jamaica's road maintenance and construction program, includes construction and reconstruction of about 32 kilometers of roads on the principal east-west and north-south road links, both of which are in urgent need of improvement. Total cost: $23.6 million.

JAMAICA: Bank–$12.5 million. The island's two international airports, serving Kingston and Montego Bay (Jamaica's main business and tourist centers), will be both expanded and improved. The project will enable the airports to meet forecast traffic until 1980. Total cost: $19.6 million.

KENYA: Bank–$20 million. A 452-kilometer pipeline for refined oil products will be constructed from Mombasa to Nairobi. When the pipeline goes into operation in 1977, it will save transportation costs and release capacity on the railroad. The loan will finance the foreign exchange costs of the line pipe and related pipe materials. Total cost: $82.9 million.

KOREA, REPUBLIC OF: Bank–$100 million. This fifth Bank loan in support of the Korean National Railroad will assist it in handling rising volumes, particularly of freight traffic. Total cost: $292 million.

MALAWI: IDA–$10 million. Help in financing the improvement and paving of a 118-kilometer road link between Lilongwe and Kasungu will be provided. The project will serve about 500,000 smallholder farmers who grow and market corn, groundnuts, and tobacco, as well as the Kasungu Game Reserve, an important tourist attraction in the project area. Total cost: $11.8 million.

MALI: IDA–$8.3 million. A supplement to the Second Highway Project to which IDA committed $9.5 million in May 1973.

MAURITANIA: IDA–$3 million. This third highway project, jointly financed with the Canadian International Development Agency ($4.5 million) and the Kuwait Fund for Arab Economic Development ($3.8 million), is designed to consolidate the work done (road construction and maintenance) during the two earlier projects, and to expand maintenance efforts. Total cost: $11.3 million.

PAKISTAN: Bank–$60 million. The gas transmission capacity of the Sui Northern Gas Pipelines Limited will be expanded so that the demand for gas for fertilizer production at Multan, Lahore, and in the North West Frontier Province can be met. Gas supplies will also be expanded to a variety of industrial, commercial, and domestic consumers. Total cost: $103.2 million.

PANAMA: Bank–$24 million. A new fishing port on the Pacific side of the isthmus will provide modern facilities for Panama's shrimp and inshore fishing fleet, and for servicing international tuna fleets. The project will help increase foreign exchange earnings for the fishing industry. Total cost: $34 million.

PARAGUAY: Bank–$14.5 million. About 100 kilometers of high priority roads will be constructed and improved, highway maintenance equipment purchased, and technical assistance furnished. Total cost: $20 million.

PHILIPPINES: Bank–$20 million. New ships will be bought and old ones repaired with the aid of this project, designed to improve the standards of the country's inter-island shipping fleet. Improved inter-island shipping is essential to the country's development; by 1980, more than 5 million tons of freight and 6 million passengers will be serviced by such ships. Total cost: $34.1 million.

SIERRA LEONE: Bank–$2.3 million. A supplement to a $3.7 million loan for a road project approved in October 1970.

SWAZILAND: Bank–$7 million. Sections of two roads, totaling 82 kilometers in length, will be improved, thus contributing to the country's principal transport aim of building up a national network of all-weather roads. Total cost: $9.9 million.

TANZANIA: IDA–$10.2 million. More than 3,000 kilometers of primary roads in half of Tanzania's 20 regions will be maintained under this project which also provides for assistance in strengthening the organization and operation of the roads division of Tanzania's Ministry of Communications and Works. Total cost: $12.5 million.

UPPER VOLTA: IDA–$7.5 million. This project provides for the improvement and subsequent maintenance of about 1,200 kilometers of rural roads and the maintenance of about 2,100 kilometers of existing rural roads. Technical assistance to the Department of Rural Roads will also be provided. In addition, the project includes funds for consultant services for an evaluation study of the impact and effectiveness of road components included in agricultural and rural development projects financed by IDA over the past five years. Total cost: $10.2 million.

WESTERN SAMOA: IDA–$4.4 million. This first Bank Group operation in the country will help reconstruct about 42 kilometers of roads in the relatively less-advanced eastern and southern parts of Upolu island. Rural dwellers will have better access to markets, and tourism benefits will be spread more evenly. A total of 11 bridges will also either be repaired or replaced. Total cost: $8 million.

YEMEN ARAB REPUBLIC: IDA–$9 million. The construction of Taiz-Km 64 road will complete the paved highway from Taiz to Hodeida, and provide an improved road link to Mocha. Transport costs will be lowered, principally between Sana'a and Hodeida, Taiz and Hodeida, and Taiz and Mocha. Technical assistance to the Highway Authority is also provided. The Kuwait Fund for Arab Economic Development is expected to provide $5 million toward the financing. Total cost: $15.7 million.

YEMEN, PEOPLE'S DEMOCRATIC REPUBLIC OF: IDA–$15.5 million. A 358-kilometer road connecting two regions with major potential for agriculture and fisheries development (they are now inadequately served by tracks only) will be constructed, technical assistance provided, and road maintenance equipment and spares furnished. Export prospects for agricultural products will increase, and a new and sizeable market for the coastal fishing industry will be opened. The Kuwait Fund for Arab Economic Development is expected to provide $15.3 million toward the financing. Total cost: $31.8 million.

YUGOSLAVIA: Bank–$93 million. This fourth loan for a railway project will help complete the task, started in 1964, of modernizing Yugoslavia's railway lines. Money from the loan will be used to electrify some remaining sections of the network, to buy signaling and telecommunications facilities, to make investments in track rehabilitation, and for staff training and consultants' services. Total cost: $1,139 million.

YUGOSLAVIA: Bank—$44 million. This Bank-assisted project for port development will, by 1980, quadruple the traffic handling capacity of the port of Bar, located on the southern Adriatic coast. As many as 800 jobs will be created. Total cost: $78 million.

ZAIRE: IDA—$26 million. Routine maintenance on almost 3,200 kilometers of roads will be carried out, 600 kilometers of highways rehabilitated, two pilot highway maintenance schemes organized, technical assistance provided the Bureau of Roads, feasibility studies affecting about 1,500 kilometers of roads undertaken, and a highway traffic survey scheme started. Total cost: $40.3 million.

ZAIRE: IDA—$26 million. Zaire's *Voie Nationale*, its river and rail transport system, will be improved and expanded. The credit will finance a major part of the 1975-77 investment needs for river transport equipment and railroad improvements. Technical assistance will be provided, and port and railway studies will be made. Total cost: $52 million.

Urbanization

EL SALVADOR: Bank—$2.5 million; IDA—$6 million. The first Bank Group "sites and services" project involving a private (but nonprofit) firm as executing agency will help finance the costs of infrastructure for 7,000 self-help housing lots in the country's five major cities. About half the lots will be located in the metropolitan area of San Salvador. Total cost: $15.5 million.

INDONESIA: Bank—$25 million. This project, which contributes to the establishment of a national Urban Development Corporation and a national Mortgage Bank, is the first undertaking to improve the physical facilities in Jakarta's poorest and most crowded neighborhoods and to prepare a new neighborhood with a minimum level of infrastructure and core housing for purchase on a mortgage basis by low-income families. Some 20% of Jakarta's population, about 1 million people, is expected to benefit from the increased job opportunities, additional health and elementary school services, an improved water supply, paved footpaths, drainage canals, and commercial sanitary facilities. Total cost: $51 million.

KENYA: Bank—$8 million; IDA—$8 million. Six thousand lots near downtown Nairobi will be prepared and serviced, and loans for materials will be provided the poor beneficiaries so that they might build self-help dwellings on the lots. The sewerage components of the project—part of the services provided—are an important part of the first-stage sewerage program to serve other areas in Nairobi. Total cost: $29.5 million.

KOREA, REPUBLIC OF: Bank—$15 million. Housing "sites and services," including roads, water supply, and drainage, will be provided in three cities, a fishery harbor complex with an industrial processing center will be built in one of the three, and a city market will be constructed in a fourth city with the help of this loan. All four cities are located in the Gwangju region, one of Korea's least-developed areas. Total cost: $25 million.

TANZANIA: IDA—$8.5 million. More than 10,000 newly-serviced housing plots will be built and about 9,000 existing dwellings in squatter settlements will be improved under this project, the first in a series of proposed "sites and services" projects for the country. This particular project will affect residents of Dar es Salaam, Mwanza, and Mbeya. Total cost: $16.7 million.

ZAMBIA: Bank—$20 million. The social environment and the public health conditions of most of the low-income squatter population in the capital city of Lusaka should be improved as a result of this project; urban infrastructure will be provided to more than 29,000 dwellings and residential plots. Schools, community centers, health clinics, and markets will also be built to service the upgraded areas. Total cost: $41.2 million.

Water Supply and Sewerage

AFGHANISTAN: IDA—$9 million. The project will increase the available supply of water from 10,000 m^3/day to 70,000 m^3/day and introduce a reliable water supply system that will serve about 330,000 inhabitants of Kabul, compared with 167,000 now. The sanitation component aims to improve sanitary conditions in the old city where the poorest part of Kabul's population is living and the need is greatest. Another important benefit of the project will be the strengthening of the implementing agency as an institution capable of improving and extending water supply and sewerage services throughout the country. Total cost: $10.8 million.

COLOMBIA: Bank—$27 million. This project will help finance a second multi-city water and sewerage project (to be implemented between 1975 and 1979) in eight cities of the country. Groundwater supply will also be provided for some 30 small communities. Total cost: $52.9 million.

INDONESIA: Bank—$14.5 million. By 1981, 48% of the population (590,000 persons) of five cities (three in Java, one each in Sumatra and Kalimantan) will be supplied with potable water as a result of this project. Today, only 16% (160,000 people) has access to good water supply. Total cost: $24.5 million.

IVORY COAST: Bank—$9 million. This project marks the first phase of a 10-year program for improving and extending the sewerage and storm water drainage system serving the Greater Abidjan area. Total cost: $16.7 million.

JAMAICA: Bank—$15 million. This project will help to satisfy water demand in the Kingston metropolitan area during 1976-80 while long-term sources of water are being studied

and developed. Construction work will also begin on the first phase of the Kingston master sewer plan. The project will further improve the organization and management of the Water Commission, Kingston, the project implementing agency. This second Bank loan for water supply in Jamaica is the first with a sewerage component. Total cost: $29.9 million.

SINGAPORE: Bank—$25 million. An incinerator and about 200 refuse collection vehicles and dump trucks to be provided under the project will help free the limited land available to the island country for residential and industrial use. The incinerator will burn up domestic and trade refuse, and will also be designed to handle oil and other industrial wastes. Total cost: $55 million.

SWAZILAND: Bank—$3.5 million. About a quarter of the country's urban population will benefit directly from new water and sewerage facilities provided by the loan. Swaziland's Water and Sewerage Board will also be strengthened through provision of technical assistance. Total cost: $5 million.

TUNISIA: Bank—$28 million. Tunisia's first urban sewerage project, whose major purposes are to support the establishment of a national sewerage authority as an effective operating agency and to improve sewerage facilities in the Greater Tunis area, will be aided by this Bank loan. Nearby beaches will be protected and public health in the area should be improved. Total cost: $86 million.

YEMEN ARAB REPUBLIC: IDA—$8.1 million. The water supply component will provide water through house connections to 75% of the population by 1985, and a safe, reliable supply through public taps to the remainder of the population. A system, adequate to serve the population in the year 2000, for the collection and treatment of sewage is also provided. Technical assistance to the National Water and Sewerage Authority, and funds for the preparation of an urban development plan for Hodeida are also included. The Arab Fund for Economic and Social Development is expected to provide $20.2 million toward the project financing. Total cost: $31.2 million.

YUGOSLAVIA: Bank—$6 million. Water supply and waste water systems in the tourist center of Dubrovnik will be extended. The project also will improve the environmental protection of the town's scenic Adriatic waters. Total cost: $9.6 million.

Technical Assistance and Other Activities

Technical Assistance

Most of the Bank's technical assistance is provided in the course of its project, sector, or economic work, and the cost is therefore not easily identified. To an increasing extent, however, a separate technical assistance component—consultant services, for example—is being incorporated in loans and credits. In fiscal 1975, 139 lending operations made specific provision for technical assistance, compared with 112 in the preceding year. The amount available—$160 million—exceeded $100 million for the first time.

Technical assistance provided to regions and countries within regions is discussed in greater detail in the regional sections of the *Annual Report*. Technical assistance is also provided to a few oil exporting countries which do not borrow from the Bank. Technical assistance to oil exporting countries will continue, but virtually all of the future assistance to countries which can afford to pay for it is planned to be on a cash reimbursement basis, and on arrangements to be worked out with each recipient country.

Only rarely does the Bank provide its technical assistance on a grant basis. It encourages member governments seeking grant financing to apply elsewhere. However, the Bank frequently serves as Executing Agency for pre-investment projects financed by the United Nations Development Programme (UNDP) which, within the United Nations system, is the principal source of grant funds. In fiscal 1975, the Bank agreed to serve as Executing Agency for 15 new projects, for which the UNDP committed $5.4 million. Under these arrangements, assistance in development planning is growing in importance. As Executing Agency for this type of project, the Bank helps to determine the expertise required, puts together a planning team, and monitors the team's work. During the year, the Bank had planning projects under way in Ethiopia, Indonesia, Jordan, Liberia, Sudan, and Zaire, and took on three new projects, in the Philippines, the Republic of Korea, and Lesotho. Projects are in prospect in Somalia and Swaziland. Other new projects for which the Bank agreed to serve as Executing Agency during the year were concerned with development finance institutions in Chile, Indonesia, and the Republic of Korea, agriculture in Paraguay and Uruguay, and tourism in the Philippines and Senegal, among others.

A novel project undertaken by the Bank with UNDP financing is a three-year, $2 million research study in Brazil to consider interrelationships between highway construction, maintenance, and utilization. It is expected that the results of the study will be applicable to other countries as well. Another project will finance a program under which the Bank will help the Government of Burma to formulate and carry out investment projects in agriculture, power, transport, industry (fertilizer, and iron and steel), and tourism.

Studies completed or under way have led to an estimated $356.8 million of Bank and IDA project financing as of December 31, 1974.

Economic Development Institute

In response to the review of its policies conducted by the Executive Directors in the previous fiscal year, the Economic Development Institute (EDI) has extended further its program for the provision of training for senior officials in developing member countries who are concerned with development programs and projects. The emphasis on overseas courses continued during fiscal 1975, with 17 courses (involving 452 participants) held in member countries, compared with 11 courses (with a total of 265 participants) in Washington. This preponderance of overseas courses reflects the fact that the Institute cannot alone meet the constantly growing demand for the training it provides; it is, therefore, anxious to maximize its scarce resources by building up training capabilities in member countries themselves, either by working with and through existing institutions or by organizing courses which can form the basis of indigenous training programs. To this end, it has also adopted the policy of "training trainers"—i.e., including in its courses an increasing number of officials responsible for training in their own countries, who, after participating in EDI courses, will themselves be able to organize training programs. Overseas courses also save travel expenses and are con-

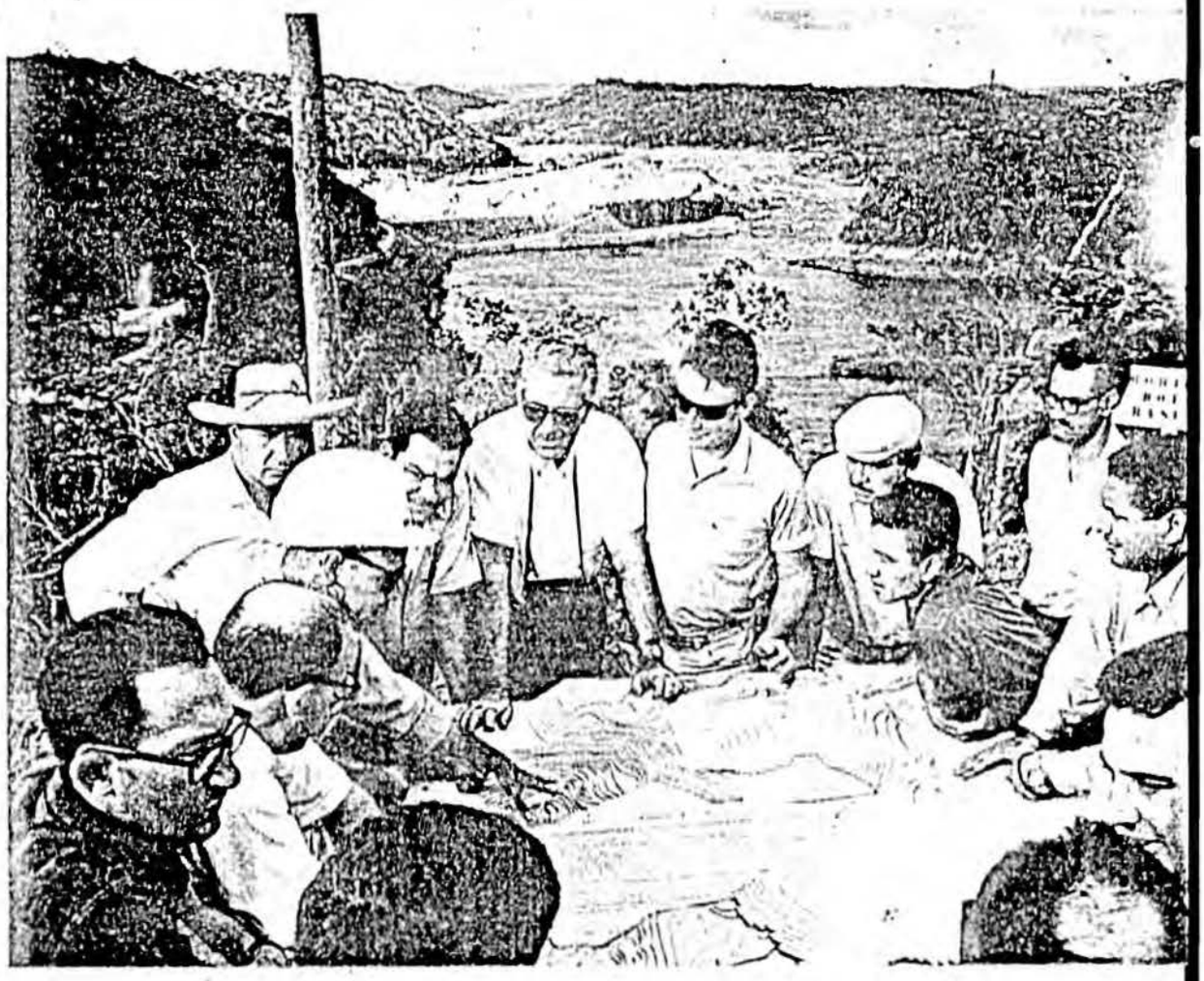
ducted in the directly relevant environment of the participants' own region or country.

Since its foundation in 1955, about 4,000 participants have attended EDI courses in Washington and overseas, and though the number of applicants has increased steadily, their credentials have not become any less impressive. In recent years, the number and variety of courses have expanded sharply. The move towards courses concerned with project analysis in specific sectors (as opposed to general projects courses or national economic management courses) continued in fiscal 1975; of the 28 courses held, 21 were of the former kind and only seven were of the latter. The project analysis courses covered a wide range, including agriculture and rural development, agro-industry, development banking, education, industry, transportation, urban development, and water supply and waste disposal. Most of these topics had been dealt with in previous years, but two, both in English, on rural development projects and agro-industrial projects, were new. In addition, one national economic management course for Arab countries was held in Washington.

Since 1955, about 4,000 participants have attended EDI courses in Washington and overseas. Here, participants in a Project Evaluation Course in Spanish visit the site of a Bank-assisted power project in Venezuela.

Of the year's 17 overseas courses, seven were regional courses open to nationals of a number of countries. As in previous years, EDI joined with the African Development Bank (AfDB), the Economic Commission for Africa (ECA), and the African Institute for Economic Development and Planning (IDEP) in sponsoring regional courses in Ivory Coast for French-speaking African participants. Two courses were held, on agriculture and highway projects. The ongoing program of regional courses in Spanish, held in Brazil under the co-sponsorship of EDI and the Center for Development Planning of the Brazilian Planning Ministry (CENDEC), continued, with courses on education projects, education project management, and agriculture projects. The remaining two regional courses were held in Japan and Kuwait: the former, on development economics, was sponsored by the Industrial Development Center of Japan (IDCJ); the latter was a general projects course under the co-sponsorship of the Arab Planning Institute.

The remaining 10 fiscal 1975 overseas courses were national courses, each for participants from a single country. A general projects course



was conducted in Iran in collaboration with the Industrial Mining and Development Bank of Iran and the Agricultural Development Bank of Iran. The Government of Algeria co-sponsored an EDI course on industrial projects for Algerian nationals. During the regional course on agriculture in Ivory Coast, a seminar on agriculture projects was held in Abidjan under the co-sponsorship of the National Bank for Agricultural Development. EDI presented its first course in Saudi Arabia, a general projects course, in cooperation with the Saudi Arabian Institute of Public Administration. In India, EDI helped the Bankers' Training College of the Reserve Bank of India present a course on development banking. Two courses were held in Indonesia, both co-sponsored by the National Planning Institute—a general projects course and a rural development projects course. The Bangladesh Institute of Development Studies again collaborated with EDI in presenting an agriculture projects course. The first EDI course to be given in Romania, on industrial projects, was held under the auspices of the Romanian Management Training Center. Two courses were held in Sudan, on transportation projects and agriculture and rural development projects, under special programs sponsored by the United Nations Development Programme (UNDP).

The trend toward the provision of courses in French and Spanish continued in fiscal 1975. Four courses were given in Spanish (three in Brazil and one in Washington), and three in French (two in Ivory Coast and one in Washington).

Aid Coordination

At the request of both donor and recipient governments, the Bank has continued to take the lead in organizing various aid coordination mechanisms for a number of developing countries that receive assistance from several bilateral and multilateral sources.

During the year, formal meetings of 10 of the aid coordinating groups chaired by the Bank were held. These were the groups for Bangladesh, Colombia, India, Pakistan, Peru, the Philippines, Sri Lanka, Tanzania, Tunisia, and Zaire. In addition, the Bank co-sponsored, with the Asian Development Bank (AsDB), a meeting on Laos, and provided staff support for a meeting of the Inter-Governmental Group for Indonesia, of which the Government of the Netherlands serves as chairman. In Latin America, active participation by the Bank continued in the country reviews sponsored by the Permanent Executive Committee of the Inter-American Economic and Social Council (CEPCIES—formerly CIAP).

One indication of closer cooperation among various development assistance agencies is the large number of projects which the Bank and IDA helped finance jointly or in parallel with other bilateral or multilateral agencies. Co-financing with the United Nations Development Programme (UNDP), the United Nations Fund for Population Activities (UNFPA), and various regional financing institutions, as well as with aid agencies in Belgium, Canada, France, Germany, Japan, Kuwait, Norway, Sweden, the United Kingdom, the United States, and the European Economic Community, followed well-established patterns. In addition, projects were financed together with several bilateral and multilateral sources, such as Iran, Qatar, Saudi Arabia, the Abu Dhabi Fund, the Arab Fund for Economic and Social Development (AFESD), the Kuwait Fund for Arab Economic Development (KFAED), and the Libyan Arab Foreign Bank. And, for the first time, assistance in project financing was extended by the United Nations Capital Development Fund.

On a regional basis, the Bank was active in the program for the control of riverblindness (onchocerciasis) in West Africa. (For further details, refer to the "Western Africa" section in this *Annual Report.*) In addition, the preparation of 11 projects in the Mekong Committee's program of pioneer agricultural projects was substantially completed with the help of funds provided by the UNDP (Regional Project 253) and the Governments of Japan, the Netherlands, the United Kingdom, and the United States. The World Bank is Executing Agency for the UNDP project in association with the AsDB and the Food and Agriculture Organization of the United Nations (FAO).

During the year, the Bank and IDA concluded a cooperation agreement with Germany which sets out the general scope, and terms and conditions for future co-financing with the Federal Republic. Consultations were held during the year regarding the respective lending programs of Japanese agencies (the Overseas Economic Cooperation Fund and the Export-Import Bank of Japan); with the Abu Dhabi Fund, the AFESD, and the KFAED to determine possibilities for cooperation on specific projects; with the Commonwealth Development Corporation to review questions of common interest and to discuss country and project matters; with the African Development Bank, the European Development Fund, and the European Investment Bank (also to determine possibilities for cooperation on specific projects); and with the Inter-American Development Bank.

Inter-Agency Cooperation

One of the resolutions adopted by the World Food Conference at its meeting in Rome in November 1974 has brought the Bank into a new cooperative undertaking with the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Programme (UNDP). The resolution requested the three organizations to organize a Consultative Group on Food Production and Investment

(CGFPI) to increase, coordinate, and improve the efficiency of financial and technical assistance for food production in developing countries, from both bilateral and multilateral sources.

The CGFPI has its headquarters at the Bank. Its Chairman, nominated by the three sponsoring agencies, is Edwin M. Martin, former Chairman of the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD). Moise Mensah, FAO Regional Representative for Africa, has been appointed Vice-Chairman and Executive Secretary. The CGFPI's budget will be shared by the sponsoring agencies in equal proportions. The participants in the CGFPI will be governments and international bodies which have, or intend to have, significant programs of assistance to the food systems of developing countries, drawn from traditional bilateral donors, multilateral aid agencies, developing countries, and "new donors," i.e., members of the Organization of the Petroleum Exporting Countries (OPEC) and aid agencies of states which are members of the Organization of Arab Petroleum Exporting Countries (OAPEC). The CGFPI is to hold its first meeting in July 1975. The agenda for the first meeting includes a review of recent and proposed investment for food production in developing countries, an analysis of the world fertilizer situation, and identification of priority topics for future work by the CGFPI.

In another inter-agency initiative, the Bank, the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), the UNDP, the UN Environment Programme (UNEP), the OECD, and the International Development Research Centre of Canada launched an exercise to design an international system and program to expand significantly assistance to rural communities in the developing countries in potable water supply and sewage disposal. It is expected that the program will include strengthening existing international, regional, and national research centers, the dissemination of information, and the provision of training and technical services, as well as support for related national efforts.

During the year, the Bank's Executive Directors approved certain health policy proposals. The Bank and WHO, which for several years have been coordinating their activities in the fields of water supply and wastes disposal and of population, began consideration of modes and scope of collaboration in the health sector. They held the first of what are to be regular periodic reviews of operations of mutual interest. The Bank continued the reviews of current planned operations in the population sector with the United Nations Fund for Population Activities (UNFPA) and with WHO; with the International Labour Office (ILO) in connection with training, employment, income distribution, rural development, and manpower elements of Bank projects; and with UNICEF in various areas of common interest, including urban improvement schemes, education, population, nutrition, rural development, and water supply, with particular consideration of ways of increasing contacts in the field.

The four cooperative programs in each of which the Bank and a United Nations agency are partners continued to assist governments to identify and prepare projects for World Bank financing, and to provide support for Bank economic sector studies and Bank economic, project appraisal, and project supervision missions. The programs with FAO and the United Nations Educational, Scientific and Cultural Organization (Unesco) are now in their tenth year. Staff of the FAO/Bank Cooperative Program helped to prepare about one-third of the agricultural projects financed by the Bank, and carried out 143 missions in 50 countries. The Unesco/Bank Cooperative Program participated in or carried out 56 missions, largely on pre-appraisal activity. The cooperative program contributed to the identification or preparation of 13 education projects approved by the Executive Directors.

The cooperative program between the Bank and WHO in the field of water supply and wastes disposal continued to emphasize work on sector studies, paying increasing attention to the problems of the rural sector. Nine reconnaissance missions and nine sector studies were carried out by the cooperative program during the year, and three countries received project preparation or other project-related assistance.

The cooperative program between the Bank and the United Nations Industrial Development Organization (UNIDO) helped to prepare three industrial projects financed by the Bank, and participated in 11 project identification, preparation, or appraisal missions, three sector missions, one project supervision mission, and one technical assistance mission.

The Bank was involved in preparatory work on several international conferences during the year. These included the World Food Conference and the World Population Conference. The Bank was represented at the former meeting, which considered the establishment of an International Fund for Agricultural Development, and assisted the Secretariat of the World Food Council in the preparation of a draft charter for the proposed fund. It was represented at the sessions of the Law of the Sea Conference held in Caracas in the summer of 1974 and in Geneva in the spring of 1975, the Second General Conference of UNIDO, held in Lima in March 1975, and the World Conference of the International Women's Year held in Mexico City in June 1975. It prepared contributions for the UN Conference on Human Settlements to be held in 1976.

The year's lending included a number of joint financing operations with UN agencies. UNFPA is financing elements of a population project in

Bangladesh (which six bilateral donors are also helping to finance) and worked with the Bank in preparing and appraising the project. The UN Capital Development Fund joined with the Bank for the first time, providing a grant for water supply and health components of a rural development project in Tanzania. It later made grant funds available for the third phase of a land development program in Malawi. UNEP is helping to support a research project being carried out by the Bank on the implementation by Singapore of a scheme for regulating urban traffic.

International Agricultural Research

The Bank continued to serve as Chairman and, with the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Programme (UNDP), as co-sponsor of the Consultative Group on International Agricultural Research (CGIAR). The serious shortages in world food supply which have developed recently have focused greater attention on the activities of the CGIAR. The work of the Group was favorably noted at the World Food Conference, and the Conference specifically recommended that the resources of the CGIAR be substantially enlarged to enable it to expand its activities. New Zealand, Nigeria, Saudi Arabia, and the United Nations Environment Programme joined the Group as donor members during the year, raising total membership to 33 governments, international organizations, and private foundations. Twenty-three members made grants to support research and training programs in calendar year 1975. The total of funds available was $49 million, compared with $34 million a year earlier.

Included in the total was an amount of up to $18 million from IDA. Out of this amount, IDA made a first tranche of grants, totaling $2.94 million, as follows:

- to the International Center of Tropical Agriculture (CIAT), based in Colombia: $110,000;
- to the International Maize and Wheat Improvement Center (CIMMYT), in Mexico: $110,000;
- to the International Potato Center (CIP), in Peru: $100,000;
- to the International Institute of Tropical Agriculture (IITA), in Nigeria: $485,000;
- to the International Rice Research Institute (IRRI), in the Philippines: $1,780,000;
- to the International Laboratory for Research on Animal Diseases (ILRAD), in Kenya: $255,000;
- to the Computerized Agricultural Research Information System and the International Information System for the Agricultural Sciences and Technology (CARIS-AGRIS), administered by FAO: $75,000;
- and for a preparatory fund looking toward the establishment of an International Center for Agricultural Research in Dry Areas (ICARDA), directed particularly to the needs of North Africa and the Near East: $25,000.

The CGIAR is now in its fifth year. Since it was founded in 1971, the amount of funds available, starting with $15 million for program activities in 1972, has more than tripled. The number of research programs supported by the Group has grown from four to 12, including, in addition to those already named, programs supported by the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in India, the International Livestock Center for Africa (ILCA) in Ethiopia, the International Board for Plant Genetic Resources, whose secretariat is in Rome, and the field trials system of the West African Rice Development Association (WARDA), whose secretariat is in Liberia.

The newest project being developed by the Group is ICARDA. This center will devote its research to some cereals (e.g., barley), some grain legumes (e.g., lentils), and to farming systems centered on sheep and goats, with particular attention to the problems of areas with low and irregular rainfall. When the Center is established and begins its work, probably in 1976, the Consultative Group system of research programs will embrace the major food crops and animals, and all of the ecological zones, to be found in the developing world.

Audit and Evaluation

Helping enable the Bank Group to give assurances to its creditors and stockholders that the resources supplied by them are both protected and are achieving the desired results are the Internal Auditing Department and Operations Evaluation Department. Both Departments have been organized independently of units directly responsible for financial, administrative, lending, and other activities, and both are under a Vice President with no other direct operational responsibilities.

The Bank Group's activities are also reviewed by an international firm of accountants which annually examines the financial statements of the Bank and its affiliates, and reports on the financial position and result of operations of each.

The emphasis of the Internal Auditing Department is on internal controls and related systems and procedures used in conducting and managing operations. In its work, the Department assists all levels of management in the effective discharge of their responsibilities by furnishing them with independent and objec-

tive audits and appraisals of financial, accounting, administrative, and other activities. In carrying out these audits, the Department takes into account several objectives which include: (1) determining the soundness, adequacy, and application of internal controls, and promoting effective control at reasonable cost; (2) determining the extent of compliance with various governing agreements or instruments and related decisions, policies, regulations, or procedures of the Board of Governors, Executive Directors, and Bank Group management; (3) determining the extent to which Bank Group assets are accounted for and safeguarded from losses of all kinds, including, where applicable, the effective utilization of these resources; (4) determining the reliability and validity of significant accounting, financial, and other data used by management; and (5) recommending improvements in order to strengthen internal controls, to improve administrative efficiency, and to eliminate the wasteful use of resources.

The emphasis of the Operations Evaluation Department is on the economic impact of operations and their contribution to development. In addition to seeking to improve performance by identifying possible means of improving the efficiency and effectiveness of operations and of use of resources, much emphasis is also given by the Department to analysis of borrowers' suggestions for strengthening Bank Group performance.

A system for the preparation of "performance audit reports" on all projects assisted by the Bank and IDA about a year after completion of loan/credit disbursement has been brought into full operation. The performance audit, which is carried out as much as possible on the basis of final project reports prepared by the borrower and/or the Bank Group operating staff, focuses on actual project accomplishments compared with plans, reassessment of the project's economics, and appraisal of the usefulness and efficiency of the Bank Group's involvement in the project. The system applies to all loans and credits closed after July 1, 1972.

These brief performance audits, as well as giving a simple systematic check on the Bank Group's loan and credit operations, provide a comprehensive background for selection and execution of the other more elaborate studies undertaken by the Operations Evaluation Department to provide more fundamental reassessments of policies and procedures in particular areas.

The Operations Evaluation Department also follows up actively with the Bank's operating departments, and particularly with the Central Projects Staff, the recommendations made in its evaluations and reviews. Written responses are obtained from the relevant departments to the specific recommendations made, and reviews of the overall pattern of actual Bank Group action in relation to the recommendations are undertaken a year or two later.

Joint Audit Committee

The Joint Audit Committee was established in 1970. It consists of six Executive Directors, appointed annually in November by the Board of Executive Directors. In 1974-75, C. M. Isbister served a second term as Chairman of the Committee.

Following an amendment to the Committee's terms of reference in November 1973, to include in its responsibility the duty to satisfy itself that the Bank Group's internal audit and operations evaluation are adequate and efficient, the Committee gave high priority during the current year to this aspect of its work. It established a framework for its relationship with the Internal Auditing and Operations Evaluation Departments, and also reviewed the Departments' work programs, work in progress, desirable standards and procedures of reporting, and samples of reports produced.

The Committee's responsibilities under its terms of reference, besides those for the Bank Group's internal audit and operations evaluation activities, are to nominate a firm of private, independent, internationally-established accountants to conduct the Bank Group's annual audits, to discuss with them the scope of their examinations, to review with them the annual audited financial statements and the opinions thereon, and to report to the Executive Directors. Thus, the Committee serves as a focus for consideration of the Bank Group's financial control and operations evaluation procedures. Through its discussions with the relevant officers and with the independent accountants, it helps to provide assurance to the Executive Directors that the Bank Group's financial affairs are properly conducted. It provides a continuing channel by which the internal and external auditors may communicate with the Executive Directors, should the need arise.

Of continuing concern to the Committee is the adequacy of the flow of financial information to the Executive Directors, in order for the Board to discharge properly its responsibilities with respect to the financial policies of the Bank Group. In this respect, following the Committee's recommendation, the system for providing financial information to the Board has been improved, and will continue to be periodically reviewed by the Joint Audit Committee.

Economic Research and Studies

The Executive Directors conducted their second annual review of the Bank's Research Program. While endorsing the broad thrust of the program, they agreed that there should be a continuing effort to ensure the operational relevance of the program; to improve the dissemination of research results, both within the Bank and in developing countries; to further

collaboration with institutions in developing countries; and to favor research for which the Bank has a comparative advantage and avoid duplication.

The present program may, for practical purposes, be considered as having started in fiscal 1972. It now consists of over 100 projects. Their status is as follows:

Projects ended	29
Projects reaching completion	12
Projects continued from fiscal 1974	40
Projects started in fiscal 1975	24
	105

Emphasis continues to be placed on such subjects as income distribution and employment, population, and rural and urban development with particular reference to the lower-income groups. In the past fiscal year, these subjects absorbed more than half the total expenditure of the program. The remainder consisted, on the one hand, of studies in specific sectors such as education, public utilities, industry, and transportation, including in the latter case, a major study of capital-labor substitution in civil construction in general; and on the other hand, of more general studies, such as those with a focus on international comparative analysis, for example, on the comparison of economic aggregates without relying on exchange rates, and analysis of structural changes in industrial production, trade, and employment. Some of the specific sectoral studies are themselves relevant to the problems of rural or urban development—a study of village electrification, for example.

A serious obstacle to any investigation of income distribution has been the absence of a sound data base. Consequently, several research projects have been concerned with improvement of the data base in order to identify more precisely the characteristics of poverty groups. These studies have been undertaken in collaboration with two United Nations organizations, ECLA (Economic Commission for Latin America) and ESCAP (Economic and Social Commission for Asia and the Pacific) and also with ECIEL (Estudios Conjuntos sobre Integración Económica Latinoamericana), a group of research institutions in Latin America. Another group of projects aims to achieve a better understanding of the relationship between growth and equity. A variety of approaches characterizes these projects at what may be considered an experimental stage of the work. It would be premature now to predict which is likely to be the most useful. Another related project is concerned with the distributive impact of public expenditures, in order to identify the actual beneficiaries of major government services, and to explore how these services are distributed.

Closely allied to the projects on income distribution are those on employment. Here again, information on the workings of the urban labor market is not altogether adequate, so that several projects have been undertaken to examine the characteristics of those employed in the modern and so-called informal sectors in greater depth. As with income distribution, there are also studies concerned with the effects of different policy measures on the future growth of employment. In one of them, the Bank is cooperating with the Council of Asian Manpower Studies (CAMS). Another project surveys the characteristics of public works programs in 15 countries in order to draw conclusions from experience on the most promising arrangements for such programs.

The subjects of yet another study are the technical and economic aspects of the substitution of labor for equipment in road and other civil works construction. Earlier phases of the study have concluded that labor-intensive methods, as they are traditionally practiced, are not competitive with modern equipment methods for most conceivable sets of factor prices. Determining economically optimal intermediate technologies is the subject of the current phase of this research. The influence of health and nutrition on labor productivity is being investigated in a number of related studies.

A number of research projects are intended specifically to help in the improvement of the design of future rural development projects. The findings of the study of rural development projects in Africa referred to in the previous *Annual Report* are being published. A more recent project, which has already yielded useful information, is under way in Northeast Brazil. The first phase involved the collection of detailed data on farm size, organization, tenurial systems, technology, and cost; these will be analyzed in the second phase. Another project with similar objectives is based on comparative anthropological studies in eight villages in four countries. A project initiated during the year will attempt to collect information on rural communities from a variety of sources, including a survey conducted in the course of a Bank-assisted project, in order to analyze the effects on rural communities of different policies. A more specific study has also been initiated in conjunction with the Food and Agriculture Organization of the United Nations (FAO) on the potential growth in the productivity of small farmers in Tanzania; this may be regarded as a pilot study, which, if successful, may be repeated in other countries. An earlier project on the agricultural sector, which has been the subject of continuous and close collaboration between the Bank and the Government of Mexico, has, as one of its products, a book entitled *Multi-Level Planning: Case Studies in Mexico*, edited by Louis Goreux and Alan Manne; this book shared the 1973 Lanchester Prize, which is awarded by the Operations Research Society of America.

In general, analysis of pricing and investment policies has been the major focus of research in public utilities, and the findings have been applied in recent operations. Several current research projects are designed to advance the Bank's understanding of the benefits of public utilities and of appropriate investment criteria in rural areas. At the same time, in urban areas, standards of public utility service, which are often established on the basis of demand in developed countries, are being investigated in order to develop more appropriate criteria for Bank projects. A similar study on the standards for "sites and services" housing projects is also being undertaken.

To facilitate wider dissemination, the results of the Bank's research work are often published as "Staff Working Papers," or journal articles and sometimes as monographs or as books. A complete list of publications is available in the "World Bank Catalog," which is issued annually. More detailed information on the current research program may be found in the "Abstracts of Current Studies," which is also published annually.

International Centre for Settlement of Investment Disputes

By June 30, 1975, 66 States had ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States, and are thus members of the International Centre for Settlement of Investment Disputes (ICSID). Five additional governments had signed but not yet ratified the Convention. The Centre's own Annual Report provides details of its membership and affairs.

Bank and IDA Membership

Barbados became the 125th member of the Bank on September 12, 1974, and New Zealand, having signed the Articles of Agreement of IDA on October 1, 1974, became its 114th member on January 17, 1975, the effective date of the Fourth Replenishment.

At the end of the year, action was pending on membership in the Bank and IDA for Papua New Guinea and Grenada.

Borrowings and Finance

Income and Expenditure: Bank

Net income of the Bank was a record $275 million in fiscal 1975, up $59 million, or about 27% over net income in the previous fiscal year. For the first time, the Bank's gross revenue passed the $1,000 million mark. At $1,157 million, gross revenues were $228 million higher than in fiscal 1974.

Income from investments rose $116 million to $383 million. While the average investments held during fiscal year 1975 were $696 million higher than during the previous year, the major part of the increase in income resulted from higher return on investments: average realized investment earnings in fiscal 1975, including net capital gains, were at 8.4%, up from 6.9% in the year before. This incremental return on investments was in part caused by unusually high interest rates in the first half of fiscal 1975 which, in turn, were mainly a result of record high inflation rates in the United States and most other countries. During the latter half of fiscal 1975, however, interest rates were seen to decline substantially from their earlier peaks.

Income on loans amounted to $766 million, a gain of $112 million. Average rate earned on loans outstanding during the year increased to 6.8%, up from 6.2% the year before. Other income at $9 million, was up $1 million over the preceding year.

The Bank's expenditures aggregated $882 million, a rise of $168 million, or 24%. Included in the total was interest on the Bank's borrowings and issuance expenses of $773 million, or $130 million higher.

Administrative expenses of the Bank were up $19 million to $110 million after deducting $48 million received as a management fee charged to IDA, and $1.455 million paid to the Bank by IFC as a service and support fee. The impact of additional personnel in the previous fiscal year and continuing inflationary increases in business costs contributed to the rise in administrative expenses in fiscal 1975.

In October 1974, the Bank's Board of Governors approved a transfer of $100 million from net income for fiscal 1974 as a grant to IDA. The remaining $116 million of the fiscal 1974 income was allocated to the Bank's Supplemental Reserve Against Losses on Loans and from Currency Devaluations.

Other Financial Operations: Bank

Loans held by the Bank on June 30, 1975, aggregated $22,322 million, including loans not yet effective, and $1,590 million of exchange adjustments arising principally from changes in currency valuations over the last three fiscal years. Effective loans held by the Bank totaled $19,420 million after excluding $443 million of effective and outstanding loans to IFC, of which $268 million had been disbursed.

Disbursements of loans in fiscal 1975 reached a record of $2,096 million,[1] a gain of $487 million over the preceding year. Aggregate disbursements in the four fiscal years 1972-75 were $6,116 million, or more than 88% higher than disbursements in the four previous years 1968-71. Though the exact reasons are not yet known, the cumulative effect of the greatly expanded program of Bank lending, inaugurated in fiscal 1969, inflation, and the joint effort by the Bank and its borrowers to facilitate disbursements may have contributed to the sharp rise in the level of disbursements. The undisbursed portion of effective and non-effective loans in member countries stood at $9,959 million at year's end.

Repayments by the Bank's borrowers amounted to $648 million in the year: $569 million to the Bank, and $79 million to investors who had purchased portions of loans. Cumulative repayments to June 30, 1975, aggregated $6,564 million: $4,340 million to the Bank, and $2,224 million to purchasers of loans.

Sales of participations in new loans and of maturities from the Bank's loan portfolio, despite the generally unfavorable conditions prevailing in the world financial markets, amounted to $15 million. After cancellations and adjustments for changes in the values of non-dollar currencies, the cumulative total of loan sales was $2,521 million on June 30, 1975.

Liquid resources available to the Bank on June 30, 1975 amounted to $5,169 million, an increase of $1,326 million during the year.

The Bank's Borrowings—Fiscal 1975

A new record volume of borrowings was reached by the World Bank in fiscal 1975.

[1] Including disbursements on loans to IFC

Twenty-six issues, amounting to the equivalent of $3,510 million were sold, a gain of $1,657 million, or nearly 89% over placements in the previous year.

The year was marked by a continuation in the shift of Bank borrowings toward placements with governments and governmental agencies, and by a further sharp rise in participations by petroleum exporting countries in the financing of the Bank.

Purchases of World Bank issues by central banks, governments, and governmental agencies in fiscal 1975 aggregated $2,654 million equivalent, equal to 76% of total borrowings in the period. Borrowings of $1,984 million from petroleum exporting countries were up $1,419 million over fiscal 1974, and accounted for about 57% of the year's marketings, compared with 31% and 13% respectively, in fiscal years 1974 and 1973.

Long-term borrowings from petroleum exporting countries amounted to $1,816 million in fiscal 1975. Included was the largest single borrowing to date by the Bank: $750 million of 10-Year U.S. dollar bonds sold to the Saudi Arabian Monetary Agency in December 1974. The Agency also purchased Saudi Arabian riyals 500 million ($140.8 million equivalent) of 10-Year Bonds earlier in the fiscal year. Arrangements for the riyal issue were made in the previous fiscal year, but settlement was scheduled for after the beginning of fiscal 1975, and the issue is included in borrowings for that period.

The Fondo de Inversiones de Venezuela, an agency of the Venezuelan Government, lent the Bank the equivalent of $500 million in fiscal 1975: one loan in bolivares amounted to Bs430 million, the other in U.S. dollars amounted to $400 million. Both loans bear an interest rate of 8%, and have a final maturity of 15 years.

Iran and Nigeria were also major long-term lenders to the Bank in the year. Iran made an 8% loan amounting to $150 million to the Bank, which matures in 1986/87, bringing to $350 million the total of loans granted to the Bank by the Government of Iran in the last two fiscal years. The Government of Nigeria lent the Bank $240 million at a rate of 8% with a final maturity of 15 years. This was the Bank's first long-term borrowing from a sub-Saharan African country. Other long-term borrowings by the Bank in petroleum exporting countries in the period included $30 million from Oman and $5 million from Trinidad and Tobago.

A further $168 million of the Bank's Two-Year U.S. dollar bonds were placed with central banks and governmental agencies in 15 petroleum exporting countries. Altogether, in the two fiscal years 1974 and 1975, petroleum exporting countries purchased the equivalent of $2,349 million of World Bank obligations.

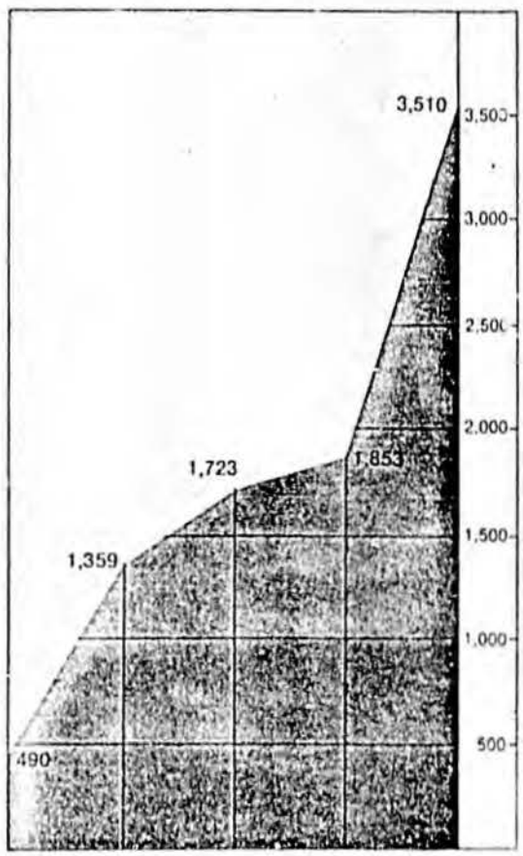
A total of $856 million equivalent of the Bank's obligations were sold in the investment market in the year. After a hiatus of three years, the Bank returned to the market in the United States with a public offering of $500 million of obligations: $300 million of 8% Five-Year Notes, and $200 million of 8.15% 10-Year Notes. A public offering of the Bank's bonds was also made in the Federal Republic of Germany: DM250 million of 8¼% Eight-Year Bonds. The Deutsche Bank A.G. arranged for placement of DM150 million of World Bank 8¼% Seven-Year Notes with investors outside Germany, and the Bank placed a further DM150 million of 8¼% Notes with the Deutsche Genossenschaftskasse.

The Bank also arranged a placement in the market in Switzerland through a group of Swiss banks. The issue consisted of SwF300 million of 8¼% Seven-Year Notes maturing in 1982.

Further borrowings in the Federal Republic of Germany consisted of the refunding of maturing note issues held by the Deutsche Bundesbank. The five new note issues have maturities of four and five years and all bear interest at 8½% and they aggregated DM678 million.

World Bank: Gross Borrowings, 1964-75

(US$ millions Fiscal years)



All borrowings in Japan were limited to the refunding of serial obligations held by The Bank of Japan. Two of the five new serial obligations bear interest at 8.19% and the remaining three at 8.64%. The total involved was ¥35,900 million.

In May 1975, The Bank of Japan and the World Bank entered into a loan agreement by which The Bank of Japan offered to lend an amount of up to ¥42,600 million as a refunding loan. It would replace six serial obligations held by The Bank of Japan that mature between June 1975 and January 1976. By the end of fiscal 1975, the World Bank drew down ¥2,300 million at an interest rate of 8.64%.

The Bank placed Two-Year dollar bond issues with central banks, governments, governmental agencies, and international organizations. Two issues totaling $440 million were placed, and refunded two maturing issues in an equal amount.

Sales of Bank obligations in fiscal 1975 included $2,671 million equivalent of issues sold to raise new funds, and $839 million equivalent of refunding obligations. In fiscal 1974, new borrowings amounted to $1,237 million, and refundings to $616 million.

Outstanding borrowings of the Bank were further increased in the period by the delivery of $291 million equivalent of obligations sold in previous years on a delayed delivery basis.

An aggregate of $959 million of debt matured during the year, with the bulk of the maturities being central bank bond issues, notes held by the Deutsche Bundesbank and serial obligations held by The Bank of Japan. In addition, there matured $25 million of 3⅛% 23-Year Bonds sold on the U.S. market in 1952 in an

World Bank Borrowings—Fiscal Year 1975

(In millions)

	Issue	Currency of Issue	US dollar[1] Equivalents
Public Offerings			
Germany, Federal Republic of	8¼% Eight-Year Bonds, due 1983	DM250.0	106.8
United States	8% Five-Year Notes, due 1980	$300.0	300.0
	8.15% 10-Year Notes, due 1985	$200.0	200.0
Total Public Offerings			606.8
Placements			
With Central Banks and Governments			
Germany, Federal Republic of	8½% Note, due 1978	DM76.5	30.0
	8½% Note, due 1979	DM250.0	98.2
	8½% Note, due 1979	DM50.5	19.8
	8½% Note, due 1979	DM199.5	85.6
	8½% Note, due 1980	DM101.8	43.7
Iran	8% Loan, due 1986/87	$150.0	150.0
Japan	8.19% Serial Obligations, due 1980/81	¥7,200.0	25.3
	8.19% Serial Obligations, due 1980/81	¥7,200.0	24.1
	8.64% Serial Obligations, due 1981/82	¥12,000.0	39.9
	8.64% Serial Obligations, due 1981/82	¥7,200.0	23.9
	8.64% Serial Obligations, due 1981/82	¥2,300.0	7.8
Nigeria	8% Loan, due 1980/89	$240.0	240.0
Oman	8% Loan, due 1989/90	$30.0	30.0
Saudi Arabia	8% 10-Year Bonds, due 1984	SRls500.0	140.8
	8.5% 10-Year Bonds, due 1984	$750.0	750.0
Trinidad and Tobago	8% Loan, due 1979	$5.0	5.0
Venezuela	8% 15-Year Loan, due 1979/89	Bs430.0	100.0
	8% 15-Year Loan, due 1979/89	$400.0	400.0
International[2]	9% Two-Year Bonds, due 1976	$200.0	200.0
	6.4% Two-Year Bonds, due 1977	$240.0	240.0
Total Placements with Central Banks and Governments			2,654.1
Other			
Germany, Federal Republic of	8¼% Seven-Year Notes, due 1982	DM150.0	63.8
	8¼% 10-Year Notes, due 1979/85	DM150.0	64.3
Switzerland	8¼% Seven-Year Notes, due 1982	SwF300.0	120.6
Total of Other Placements			248.7
Total Borrowings FY1975			3,509.6

[1] Based on official rates at time of borrowing.

[2] These Two-Year Bond issues were placed with central banks, governmental agencies, and with international organizations.

original amount of $50 million and £2,253,000 of 3½% 20-Year Stock sold on the London market in 1954 in an original amount of £5 million. A further $68 mill[illegible] equivalent of debt was retired in fiscal 1[illegible]5 by means of sinking fund and purchase fur[illegible] operations.

The Bank's borrowing costs in the year, weighted by amount and maturity, averaged 8.21% compared with 7.51% in fiscal 1974. As of June 30, 1975, the average cost of all funds, including paid-in capital and accumulated earnings which are cost-free, was about 5%, compared with 4.6% at the end of the previous fiscal year.

The Bank's lending rate was increased twice during the year—from 7¼% to 8% in August 1974, and to 8½% in January 1975.

Distribution of Bank Debt

Outstanding borrowings of the Bank increased $2,637 million in the fiscal year to a total of $12,287 million on June 30, 1975. The estimated distribution of holdings of the Bank's obligations by countries on that date showed about 24% held by investors in Germany, 22% in the United States, 12% in Japan, 8% in Saudi Arabia, 6% in Switzerland, and 5% in Venezuela. The remaining 23% was held by investment institutions, including central banks and government agencies in about 70 countries.

Increase in Capital

The Bank's subscribed capital[1] was increased by $323.3 million in fiscal 1975. Included was the original subscription of Barbados, $11.1 million, which became a member during the year. The remaining $312.2 million represented increases in the capital subscriptions of five member countries: Algeria by $30.9 million to $110.9 million; Australia by $34.1 million to $567.1 million; Chile by $1 million to $94.3 million; Italy by $186.5 million to $852.5 million; South Africa by $59.7 million to $273 million.

The increases were received by the Bank under a resolution adopted by the Board of Governors in December 1970, which enables the Bank to accept special increases in the capital stock of 75 member countries. Sixty-two had been accepted by the end of fiscal 1975 for a total of $1,887.5 million. This included increases by 57 members in the preceding four fiscal years. Total subscriptions to the Bank's capital on June 30, 1975 amounted to $25,548.9 million. Four members have advised the Bank that they will not subscribe to the additional shares authorized for them. Other members eligible for special increases are expected to take up additional stock. Authorized capital of the Bank remained unchanged during the year at $27,000 million.

[1] Figures in this subsection are based on the United States dollar of the weight and fineness in effect on July [illegible] 1944.

Finances: IDA

The operations of IDA were at a new peak in fiscal 1975, with record amounts of new credits and of disbursements. New credits amounted to $1,576 million, an increase of nearly 45% over credits in the previous year. Aggregate commitments on June 30, 1975, were $8,435 million equivalent, excluding $176 million of reactivated credits to Bangladesh and $485 million of exchange adjustments. Effective credits held by IDA on that date amounted to $8,009 million, including undisbursed portions of credits amounting to $3,081 million. Credits approved but not yet effective as of June 30, 1975, were $786 million.

Disbursements for the first time passed $1,000 million, reaching $1,026 million for the year. This amount was $315 million higher than disbursements in fiscal 1974. Aggregate disbursements on June 30, 1975, were $4,953 million, including $485 million of exchange adjustments arising from devaluations of the U.S. dollar in 1972 and 1973.

The resources available to IDA for further commitment increased materially in January 1975, on receipt of official notification from the United States of its participation in the Fourth Replenishment. By this action, the agreement authorizing the replenishment became effective.

The total involved under the agreement is about $4,500 million. To date, notifications of participation have been received from 20 of the 21 Part I countries and from Israel, Spain, and Yugoslavia, the Part II countries participating in the replenishment. Subscriptions and contributions undertaken by these countries amount to the equivalent of $4,254 million, of which $806 million had been pledged in advance of the effective date of the agreement by 13 Part I countries. Of the advance contributions, the equivalent of $164 million was pledged by Canada and Kuwait in fiscal 1974, and $642 million from the 11 other Part I countries in fiscal 1975. Resources received from members in fiscal 1975, expressed at current market rates, totaled $4,037 million equivalent, including $8.6 million from releases by Part II members.

On approval by the Board of Governors in October 1974, the Bank made a grant of $100 million to IDA from net income earned in fiscal 1974. From this sum, IDA is authorized to make grants of up to $5.55 million for agricultural research and for the control of onchocerciasis.

Norway made $12 million available to IDA during fiscal 1975 by purchasing, on a grant basis, participations in IDA credits to Pakistan and Tanzania. These participations were taken under the terms of the aid cooperation agreement between the Kingdom of Norway and the Bank and IDA.

Other funds that became available in fiscal 1975 aggregated $38.8 million from cancellations, repayments, and net income. Altogether,

a total of $4,183 million was added to IDA's resources in the period. In addition, largely as a result of the advance pledges on Fourth Replenishment subscriptions by Canada and Kuwait, the Association had approximately $170 million equivalent of uncommitted funds at the start of fiscal 1975.

Foreign and International Bond Markets –Calendar 1974

Led by a sharp rise in sales of foreign issues, borrowings on the foreign and international bond markets[1] reached a new peak of $12,253 million in 1974. This was a gain of $2,339 million, or 24% over the 1973 level.

The most significant development of the year was the emergence of the petroleum exporting countries as a major source of borrowed funds, especially for development purposes through the World Bank.

Altogether, this group of countries provided to the foreign and international markets at least the equivalent of $3,246 million in 1974, almost equal to 27% of those transactions in the year. Included were purchases of foreign obligations amounting to $2,572 million and publicized international bond purchases of $674 million.[2]

Development lending by the petroleum exporting countries, through the medium of the foreign and international bond markets, amounted to $2,451 million in 1974, of which the equivalent of $2,251 million was lent to the World Bank.

Issuers in the industrialized countries borrowed the equivalent of $795 million in the petroleum exporting countries. Among the publicized bond issues, Saudi Arabia lent $200 million to the Credit National of France, and the United Arab Emirates about $51 million to

[1] The terms "foreign" and "international" in this context refer to issues sold outside the country of the borrower: foreign if sold in one national market, international if in more than one simultaneously. Non-dollar securities sold in calendar 1974 are expressed in US dollar equivalents based on the exchange rate vis-à-vis the dollar at the time the securities were offered or placed.

[2] Final purchasers of most international bonds are unknown. This figure, therefore, is undoubtedly higher.

Obligations Issued by International Development Institutions and Developing Countries in the Petroleum Exporting Countries–Calendar 1974

(In millions)

	Issue	Currency of Issue	US dollar[1] Equivalents
By International Institutions			
World Bank			
In Abu Dhabi	8% Bonds, due 1980/89	UAEDhs300.0	76.0
In Iran	8% Loan, due 1986	$200.0	200.0
In Iran	8% Loan, due 1986/87	$150.0	150.0
In Nigeria	8% Loan, due 1980/89	$240.0	240.0
In Oman	8% Loan, due 1989/90	$30.0	30.0
In Saudi Arabia	8% Bonds, due 1984	SRIs500.0	140.8
In Saudi Arabia	8½% Bonds, due 1984	$750.0	750.0
In Trinidad and Tobago	8% Loan, due 1979	$5.0	5.0
In Venezuela	7% Bonds, due 1977/87	Bs100.0	23.3
In Venezuela	8% Loan, due 1979/89	Bs430.0	100.0
In Venezuela	8% Loan, due 1979/89	$400.0	400.0
Central Bank Issues[2]	Two-Year Bonds, due 1976	$130.0	135.5
Total World Bank			2,250.6
Asian Development Bank			
In Kuwait	7½% Bonds, due 1984	KD5.0	17.2
Inter-American Development Bank			
In Trinidad and Tobago	8% Loan, due 1984	$5.0	5.0
In Trinidad and Tobago	8% Loan, due 1984	TT$10.0	4.9
In Venezuela	7% Bonds, due 1977/87	Bs100.0	23.3
Total Inter-American Development Bank.			33.2
Total International Development Institutions			2,301.0
By Developing Countries			
Algeria in Kuwait	7% Bonds, due 1990	KD18.0	59.7
Yugoslavia in Kuwait	8% Bonds, due 1984	KD15.0	51.5
Korea in United Arab Emirates	8½% Bonds, due 1989	UAEDhs75.0	19.0
Spain in United Arab Emirates	8¼% Bonds, due 1989	UAEDhs100.0	25.4
Total Obligations Issued by International Development Institutions and Developing Countries in Petroleum Exporting Countries			155.6 2,456.6

[1] Based on end-of-month IMF spot rates at the month of borrowing.

[2] The Two-Year bond issues of the World Bank were placed with central banks and agencies of governments of petroleum exporting countries.

the Austrian Kontrollbank and Finland. A further $544 million was borrowed internationally by Canadian power authorities, three French issuers, the Austrian Kontrollbank, and the European Investment Bank.

Issuers in the industrialized countries borrowed $5,816 million in all foreign and international markets in 1974, an amount equal to 47% of the year's transactions, and an increase of $245 million over 1973. Borrowings by issuers in the industrialized countries of Europe were down $78 million to $2,746 million. Borrowings by other industrialized countries, on the other hand, were up $323 million to $3,070 million.

Multilateral European institutions borrowed $1,807 million in 1974, a gain of $841 million. More than $1,000 million of this sum was borrowed by the European Investment Bank, principally through sales of obligations on the international market.

The developing countries that had borrowed in excess of $1,000 million in each of the previous two years, reduced their borrowings on the foreign and international markets to $967 million equivalent in 1974. This was a decline of 27% from the previous year's total.

Foreign Bonds

Sales of foreign bonds on all markets increased $2,462 million to $7,776 million in 1974. Included were sales of $6,370 million on the North American and other markets outside Europe, a gain of 140%, and $1,406 million on European markets, a 47% decline.

Foreign Bonds: Europe

For the first time in a decade, Europe was not the principal supplier of long-term funds to external borrowers, being outstripped by the North American and other markets, primarily the petroleum exporting countries and the United States. Foreign issues sold on national European markets amounted to the equivalent of $1,406 million, a decrease of $1,254 million, or 47% below sales in 1973.

Although the amount of funds raised in Switzerland was substantially lower than that raised in 1973, the Swiss market continued to be the most active of the European foreign bond markets. Swiss franc issues totaled the equivalent of $986 million, down $560 million from 1973. Of this amount, $625 million was raised in the form of private placements and $361 million by public offerings. Austrian issuers, principally Government entities, were the largest borrowers in Switzerland with a total of $213 million equivalent. Next were private German corporations with a total of $136 million. Papua New Guinea, with a $17 million issue, was the only developing country to borrow in Switzerland last year. United States and United Kingdom issuers accounted for less than 10% of the total Swiss franc borrowings in 1974, compared with roughly 45% in the previous year.

Issues in Germany in 1974 aggregated the equivalent of $262 million, a decline of $319 million from the preceding year. Issues in Belgium were off $112 million to $103 million; issues in Italy were off $102 million to $16 million; and issues in Luxembourg were off $8 million to $29 million.

Foreign Bonds: the United States

The increase in foreign bond sales in the U.S. is shown by a steep rise of $2,089 million to a total of $3,577 million for the period. Canadian issuers, Israel, and the World Bank accounted for nearly 84% of these sales in the United States.

Aggregate borrowings in the U.S. by Canadian issuers increased by more than $1,000 million in 1974 to $1,933 million: $1,150 million of public offerings and $783 million of private placements. Provincial governments, power authorities, and other government entities borrowed $1,318 million. The remaining $615 million was borrowed by a broad spectrum of Canadian corporations, the bulk of it by private placements.

Other borrowings in the U.S. by issuers in the industrialized countries totaled $498 million: $135 million by a British concern, $100 million by the European Coal and Steel Community, $92 million by public agencies in France, $50 million by a Swedish corporation, and the remaining $121 million by Government or private issuers in Finland, Iceland, Japan, and the Netherlands, and by Eurofima, and Scandinavian Airlines.

Borrowings for development in the United States amounted to $1,146 million in 1974, up $618 million from the previous year. The World Bank borrowed $500 million as previously noted; Israel borrowed $560 million in the year; and a total of $86 million was borrowed by the Republic of China, Pemex of Mexico, public enterprises in Nicaragua, Panama, and a private financial entity in Venezuela.

Foreign Bonds: Japan

All yen borrowings in 1974 were limited to issues by the World Bank, the Asian Development Bank, and the Inter-American Development Bank. The Inter-American Development Bank and the Asian Development Bank each arranged to borrow ¥7,500 million, equal to $27 million.

International Bonds

International bond sales were off again for the second consecutive year, though not as sharply as in 1973. The 1974 total of $4,477 million was $123 million lower than in the previous year. Of special note is the dwindling in the volume of sales by U.S. corporations on the international market to a total of only $103 million in

1974. This compares with a volume of more than $800 million in 1973 and $2,000 million in 1972.

The impact of both recession and interest differentials on this market was also highlighted in 1974 by the precipitous drop in borrowings by issuers in the United Kingdom. International bonds by private and public entities in Britain in the year amounted to the equivalent of $109 million, off $879 million from similar borrowings in 1973.

The principal borrowers on the international market in 1974 were issuers in Austria ($251 million), the Netherlands ($350 million), France ($333 million), and Canada ($440 million).

Borrowings by the developing countries on the international market dwindled to $149 million in 1974, $405 million below the total in 1973. Brazil borrowed $25 million, the National Bank of Hungary $40 million, a private issuer in Hong Kong $50 million, the Philippines KD5 million ($17.2 million equivalent), and Portugal's highway authority borrowed EUA 15 million ($17.2 million equivalent).

In terms of currencies, the U.S. dollar continued to be the one most frequently used as a denomination for international issues. Bonds denominated in dollars were $3,045 million, an increase of 5% from the $2,892 million issued in 1973. Deutsche mark issues in 1974 were $644 million, a decline of $353 million from the preceding year.

Issues denominated in Netherlands guilders increased the equivalent of $191 million in 1974 to a total of $383 million. All were sold as private placements. Of this sum, $322 million was issued by private Dutch corporations. There were no issues denominated in French francs in the year; but there were several issues denominated in currencies not frequently used on the market. These included the Austrian schilling ($15 million), Canadian dollar ($60 million), and Kuwaiti dinar ($58 million).

There were nine public offerings of securities denominated in European Units of Account in 1974. The total EUA 139 million, equal to $168 million, was $69 million higher than in 1973. Issuers included public and private enterprises in France and Governments or agencies of Denmark, Iceland, Ireland, Norway, and Portugal. The European Investment Bank sold the only issue denominated in European Composite Units: EURCO 60 million, equal to $68 million. (For the first time, a borrowing of Arab Currency Related Units appeared on the foreign bond markets when a private Swedish concern borrowed ARCRU 12 million, equal to $12 million.)

Sales of international bonds were sluggish in the first half of 1974, as unsettled economic and market conditions, along with higher competing short-term rates on the Eurocurrency credit market reinforced investor reluctance to tie up funds in long-term, fixed rate securities.

In the last quarter of the year, the pace of sales of international bonds quickened to a level 29% above the average for the first three quarters. This development reflected the declining short-term rates that increased the attractiveness of yields available on the traditional long-term Eurobond market. The improvement in the international bond market continued into 1975, with transactions in the first quarter being more than double the volume reported for the last quarter of 1974.

Eurocurrency Credits

Volume on the Eurocurrency credit market increased in 1974, but at a much more modest pace than in the previous year when a 157% gain was reported. Total publicized Eurocredits in 1974 were up $6,601 million, or 30%, to $28,624 million. Volume was up sharply in the first half, and about 70% of the year's transactions were reported in that period. In the last half, volume declined rapidly as a result of a disruption of the market which occurred in mid-1974. The decline in Eurocredits continued on into 1975 with first quarter transactions running 18% below the figure reported for the last quarter of 1974. Second quarter estimates show transactions almost double those of the first quarter.

External Public Debt

Continuing analysis of the external debt of 86 developing countries[0] indicates an appreciable increase in 1973, the latest year for which figures are available. During the year, the total outstanding increased from $99,994 million to $118,893 million. The $18,899 million increase was considerably larger than the increase in 1972 of $13,862 million. In percentage terms, the rise of 18.9% was greater than the 16.1% in 1972. Of the increase, $12,838 million was accounted for by oil exporters ($5,124 million) and higher-income developing countries ($7,714 million). These categories of borrowers accounted for 67.9% of the increase in 1973 (compared with 71% in 1972). The share in the increase of the middle- and lower-income developing nations was appreciably higher than in 1972: $6,062 million, or 32.1%, compared with $4,022 million, or 29%.

At the end of 1973, outstanding debt of oil exporting nations ($23,134 million) and higher-income developing countries ($53,267 million) was 64.3% of total debt outstanding, or almost the same percentage as at the end of 1972. Of the combined amount ($76,401 million) owed by these borrowers, $31,443 million, or 41.2% was owed to private lenders. This amount was larger than in 1972 ($25,124 million), but was a smaller percentage, 39.5, of their 1972 debt.

Of the lenders, the category whose debt increased at the highest rate was private banks which were owed $17,824 million, or 15% of total

[0] For details, see Annex Tables 4 through 10 and the General Notes to Statistical Annexes.

debt outstanding at the end of 1973.

At the end of 1972, it had been $11,487 million and 11.5%; at the end of 1971, $8,062 million and 9.4%. The increase in debt owed private banks in 1973 over 1972 was $6,337 million. This amount was 33.5% of the total increase in debt outstanding. Total debt owed to private banks was heavily concentrated in oil exporters ($4,105 million, or 23%) and higher-income developing countries ($11,554 million or 64.8%). The debt to private banks of all categories of developing countries increased in 1973, but the amounts owed by middle- and lower-income developing countries remained modest (12.2%).

By comparison, debt owed to official bilateral creditors increased $6,876 million over 1972 and was 36.4% of the total increase. In 1972, the increase had been almost as great ($6,013 million), and was a much higher percentage of the total, 43.4%. Debt owed multilateral creditors rose by $4,357 million in 1973, as compared with $3,302 million in 1972. These amounts were 23.1% of the total increase in debt in 1973, as compared with 23.8% in 1972. Debt owed suppliers increased very little during 1973 as in 1972.

The debt of middle- and lower-income countries was $42,493 million, or 35.7% of the total. It increased by $6,062 million during the year, compared with $4,022 million in 1972. Their share of the total increase in debt was 32.1% in 1973, up slightly from 29% in 1972. Of the increased borrowing by middle- and lower-income countries, $4,712 million, or 77.7%, was borrowed from official bilateral and multilateral lenders. This was a slightly larger amount than in 1972 when their borrowing from these sources increased by $3,642 million. The share of official bilateral and multilateral lenders in the increase was lower than in 1972, when it was 90.6%. This lower share is explained by a modest absolute amount of new borrowing by middle- and lower-income countries from private banks ($930 million) which, given the amount by which their total borrowing increased ($6,062 million), brought about the decline in the percentage of the increase borrowed from official bilateral and multilateral lenders.

Executive Directors

In fiscal 1975, the Executive Directors met 65 times in formal session to review Bank and IDA policies and projects. They reviewed and approved 122 loans and 68 IDA credits to member countries, totaling $5,896 million, a transfer of $100 million from the Bank to IDA, a Bank loan of $50 million to IFC, an IDA grant of $2.94 million for international agricultural research, and borrowings totaling the equivalent of $3,510 million. They also approved the Bank Group's administrative budgets.

The Executive Directors discussed the draft Resolution on the establishment of the Development Committee, which the Bank and Fund Boards of Governors adopted at their 1974 Annual Meetings, approved administrative and budgetary arrangements for the Committee, and participated in its meetings in Washington and Paris.

The effects of increased prices of petroleum and other commodities continued to be kept under close review. The framework of the Bank's financial policies was redefined in the light of the proposed program of Bank and IDA operations through fiscal 1980, and operational policies were developed for rural development, environmental aspects of Bank operations, education, health, housing, urban transport, operations evaluation work in the Bank Group, internal and external development research programs, local cost financing, and the use of contingency allowances in projects.

The Executive Directors discussed a staff-prepared paper on the capital requirements of developing countries which suggested ways to maintain economic growth through the remainder of the decade and, in conjunction with the Executive Directors of the International Monetary Fund, the creation of a "special trust fund" that would provide, for the period immediately ahead, additional highly concessional resources to meet the requirements of the "most seriously affected" countries. They reviewed Bank operations in the population sector in the light of the deliberations of the World Population Conference, held in Bucharest, and received reports of the World Food Conference which took place in Rome.

A list of all Executive Directors and Alternate Executive Directors, showing their voting power and the countries they represent in the Bank and IDA, with notations of changes since the last regular election of Executive Directors, appears on the following page.

Executive Directors and Alternates of the Bank and IDA

June 30, 1975

Executive Director	Alternate	Casting votes of	Total votes: Bank	Total votes: IDA
Appointed				
Charles A. Cooper	Hal F. Reynolds	United States	64,980	626,654
Anthony K. Rawlinson	R. A. Browning	United Kingdom	26,250	213,176
Hans Janssen	Claus Knetschke	Germany (Federal Republic of)	13,903	174,725
Jacques Henri Wahl	Jean-Claude H. Faure[1]	France	13,042	112,817
Taro Hori	Toshihiro Kiribuchi	Japan	10,480	136,039
Elected				
Giorgio Rota (Italy)	Germán Calvillo (Spain)	Italy, Portugal,[2] Spain	13,446	50,985
Claude M. Isbister[3] (Canada)	D. R. Clarke (Jamaica)	Bahamas,[2] Barbados,[2] Canada, Guyana, Ireland, Jamaica[2]	12,8[illegible]9	115,674
S. R. Sen (India)	Md. Matiul Islam (Bangladesh)	Bangladesh, India, Sri Lanka	11,64[illegible]	122,627
Peter C. Witte (Netherlands)	Gavra D. Popović (Yugoslavia	Cyprus, Israel, Netherlands, Romania,[2] Yugoslavia	11,302	75,[illegible]27
Jacques de Groote (Belgium)	Friedrich T. Krieger (Austria)	Austria, Belgium, Luxembourg, Turkey	10,335	73,5[illegible]0
Choi Siew Hong (Malaysia)	Heng Kim-Y (Cambodia)	Burma, Cambodia, Fiji, Indonesia, Korea, Laos, Malaysia, Nepal, Singapore,[2] Thailand, Viet-Nam	10,269	96,620
Muhammad Al-Atrash (Syrian Arab Republic)	Fahad Saad Aldoasary[4] (Saudi Arabia)	Bahrain,[2] Egypt (Arab Republic of), Iraq, Jordan, Kuwait, Lebanon, Pakistan, Qatar,[2] Saudi Arabia, Syrian Arab Republic, United Arab Emirates,[2] Yemen Ar[illegible] Republic	10,102	87,684
Jon Sigurdsson (Iceland)	Jon Aase (Norway)	Denmark, Finland, Iceland, Norway, Sweden	10,087	141,577
Ismael El Misbah Mekki (Sudan)	Timothy T. Thahane (Lesotho)	Botswana, Burundi, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Nigeria, Sierra Leone, Sudan, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia	9,651	64,185
Yahia Khelif (Algeria)	Kwaku Gyasi-Twum (Ghana)	Afghanistan, Algeria, Ghana, Greece, Iran, Libyan Arab Republic, Morocco, Oman, Tunisia, Yemen (People's Democratic Republic of)	8,800	68,230
Amado Gavidia H. (El Salvador)	Carlos Santistevan (Peru)	Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela[2]	8,338	32,813
Simond Razafindrabe (Malagasy Republic)	Stanislas Y. Kpognon (Dahomey)	Cameroon, Central African Republic, Chad, Congo (People's Republic of the), Dahomey, Gabon, Ivory Coast, Malagasy Republic, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta, Zaire	8,208	57,599
M. A. E. Green (New Zealand)	Bruce M. Cheek (Australia)	Australia, New Zealand, Western Samoa	8,154	50,772
Ernesto Franco Holguin (Colombia)	Rodrigo M. Espinosa (Ecuador)	Brazil, Colombia, Dominican Republic, Ecuador, Philippines	7,562	85,081
Luis Barrios Tassano (Uruguay)	Alberto A. Sojit (Argentina)	Argentina, Bolivia, Chile, Paraguay, Uruguay[2]	6,607	20,307

In addition to the Executive Directors and Alternates shown in the foregoing list, the following also served after October 31, 1974:

Executive Director	End of period of service	Alternate Director	End of period of service
Charles O. Sethness (United States)	February 28, 1975	Placido L. Mapa, Jr. (Philippines)	November 10, 1974
A. McLeod (New Zealand)	March 31, 1975	Edmund M. W. Visbord (Australia)	January 3, 1975
		Annikki Saarela (Finland)	February 28, 1975
		Branko Mijović (Yugoslavia)	March 31, 1975
		Hiroyuki Yasuda (Japan)	June 23, 1975

[illegible]a (7,750 votes in IBRD and 71,247 votes in IDA) and South Africa (2,980 votes in IBRD and 10,725 votes in IDA) did not participate in the 1974 Regular Election of Executive Directors.
[illegible]signed effective July 31, 1975, to be succeeded by René Paul Rigaud as of September 1, 1975.
[illegible]of the Bank only.
[illegible]signed effective August 1, 1975, to be succeeded by Earl G. Drake (Canada).
[illegible]ointment effective July 14, 1975.

Statistical Annex

Table		Page
	General Notes to Annex Tables	85
1	Selected Economic Indicators for Developing and Industrialized Countries—Regional Summary	86
2	World Exports by Origin and Destination, 1963-1974	88
3	The Flow of Financial Resources from DAC Countries to Developing Countries and Multilateral Institutions, 1970-1974	90
4	86 Developing Countries—External Public Debt Outstanding, by Region, 1967-1973	91
5	External Public Debt Outstanding of 86 Developing Countries, by Country and Type of Creditor, December 31, 1973	92
6	Service Payments on External Public Debt as Percentage of Exports of Goods and Non-factor Services, 1967-1973	94
7	Projected Debt Service on External Public Debt Outstanding, by Region and Type of Creditor, as of December 31, 1973	95
8	External Resource Flows and Service Payments on External Public Debt, by Region, 1967-1973	97
9	Average Terms of Loan Commitments and Grant Element of Loans and Grants, by Region, 1967-1973	98
10	Foreign and International Bond Issues by Market and Country of Borrower Entity, 1972-1974, First Half 1975	99
11	Average Issue Yield of New Publicly Offered Foreign and International Bonds, 1972-1974, First Half 1975	102

General Notes to Annex Tables

The tables of this Annex present data on selected economic indicators, world trade, the flow of financial resources, external public debt, and international capital markets. As in past Reports, most of the tables are organized along geographic lines.

The data on the flow of financial resources shown in Tabie 3 have been provided by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD). The figures for 1974 are drawn from the first public statement concerning development assistance flows for all DAC member countries in that year; the figures are, therefore, subject to revision. Data for earlier years incorporate revisions of figures previously published for those years.

The principal source of data on external debt shown in Tables 4 through 9 is information received by the Bank from its member countries. These data are checked with and supplemented by information from several other sources, primarily reporting by creditor countries on their lending.

The 86 countries included in the tables are those whose reporting is sufficient for a reliable presentation of debt outstanding and future service payments. The list of countries is slightly different from that in the 1974 Report; Portugal has been added and the People's Democratic Republic of Yemen has been deleted from the list. Portugal was not previously classified as a developing country. Not all of the 86 countries have been reporting for the full historical period, 1967-1973, covered by the tables. Where individual country reports are lacking for certain years, estimates have been made by Bank staff in order to present a consistent series of data.

For the purpose of these tables, external public debt is defined as debt repayable to external creditors in foreign currency, goods or services, with an original or extended maturity of more than one year, which is a direct obligation of, or has repayment guaranteed by, a public body in the borrowing country. Most military debts are not reported, although a few countries have included such obligations in their data.

Grants shown in Tables 8 and 9 consist of grant and grant-like loans repayable in local currency) contributions. The grants included in these tables comprise: (1) contributions by countries which are members of DAC; (2) grants by multilateral agencies as compiled by OECD. (3) disbursements by the Inter-American Development Bank (IDB) on loans repayable in local currencies. Included in the first and second are grants for technical assistance. Data for grants do not include grants from bilateral donors other than DAC countries. However, debt data include obligations to creditors of all nationalities. Grant element (Table 9) is the face value of loan commitments less the discounted present value of the future flow of repayments of principal and interest expressed as a percentage of face value. The discount rate used is 10%, the conventional rate used by OECD in assessing terms.

Except where otherwise noted, export data used in the computation of debt-service ratios in Table 6 include exports of goods and non-factor services. The debt-service figures used in the present table are those for actual debt service paid (as compiled from country reports) during the year. If a country did not pay the entire amount of contractual debt service due during a year, this may be reflected in a somewhat lower debt-service ratio than would have been the case if contractual debt service instead of actual service paid had been used in computing the ratio. Likewise, the prepayment of debt service may result in a higher debt-service ratio.

The debt-service ratio is recognized as an incomplete indicator of a country's debt position, and international comparisons of these ratios have only limited meaning. In assessing debt situations many other factors, both internal and external, must be considered. The most important is that the capacity to service debt must be seen in the context of a country's access to imports as compared to its essential import needs. Further, external public debt constitutes only a part of the total indebtedness of a number of countries, and thus considerably understates the burden of indebtedness in some cases. The debt-service ratio is only an indication of the importance of debt and debt service in a country's total foreign-exchange situation; rapid increases over time without other compensating factors, can signal problems ahead.

The Bank continues to work in cooperation with its member countries toward the improvement of debt statistics. This effort results in many cases in a broadening of the coverage of the data for both current and past periods. Therefore, a comparison with debt tables in the 1974 Report will show changes in data given for past years. The current Report should be regarded as the more reliable. Users of Table 5 in the 1974 and 1975 Reports should be particularly careful in making comparisons as apparent increases or decreases in debt outstanding are, in many cases, merely the result of improvements in knowledge.

DAC information on capital flows is converted to US dollars by the Secretariat of the OECD. Data on debt outstanding and service payments for the years 1967-1971 were converted to US dollars at the rates in effect during those years. The rates used for 1971 and subsequent years are current market rates, or, if valid, IMF par values or central exchange rates. For the years 1971, 1972, and 1973, capital flows and service payments were converted to US dollars at an average rate for the year. Projected debt service was converted to US dollars as follows: 1974 service at average 1974 rates, 1975 and subsequent years at end-1974 rates. Debt outstanding was converted at the rate in effect as of the date of the outstanding. However, debts repayable in multiple currencies, goods or services, and debt which has a provision for maintenance of value of the currency of repayment, are shown at their book values.

Selected Economic Indicators for Developing and Industrialized Countries—Regional Summary

Average annual real growth and shares in GNP, 1961-1965, 1966-1970, 1971, 1972, 1973, and 1974 (percentages)

Region	1961-65	1966-70	1971	1972	1973	1974(P)
Developing countries						
Real rate of growth:						
Total GDP	5.4	5.8	5.8	5.6	7.5	6.1
Agricultural production	2.8	3.6	2.0	0.4	2.7	5.5
Manufacturing production	8.6	7.9	8.0	9.7	11.3	–
Population	2.5	2.5	2.5	2.4	2.5	2.3
GDP per capita	2.9	3.3	3.3	3.2	4.9	3.7
Gross investment	7.5	6.9	7.4	7.7	10.2	–
Share in GNP:						
Gross investment	19.1	19.4	20.5	20.8	21.1	–
Gross national saving	17.0	17.0	18.1	19.1	20.8	–
Africa						
Real rate of growth:						
Total GDP	4.8	5.0	4.6	5.5	4.0	5.9
Agricultural production	2.5	2.7	3.0	0.6	−2.9	7.4
Manufacturing production	11.2	6.2	8.6	5.4	6.9	–
Population	2.5	2.6	2.4	2.6	2.7	2.5
GDP per capita	2.3	2.3	2.1	2.9	1.3	3.3
Gross investment	5.5	6.5	8.6	−0.6	9.0	–
Share in GNP:						
Gross investment	17.4	18.5	21.0	19.9	21.0	–
Gross national saving	13.5	15.3	15.9	16.7	20.8	–
Southern Europe						
Real rate of growth:						
Total GDP	7.2	6.3	6.2	7.9	7.7	4.8
Agricultural production	2.5	4.2	5.1	1.9	1.5	9.1
Manufacturing production	11.7	9.5	6.9	12.1	11.8	18.3
Population	1.5	1.4	1.5	1.5	1.5	1.5
GDP per capita	5.6	4.8	4.6	6.4	6.1	3.3
Gross investment	12.0	6.4	2.2	12.6	12.9	–
Share in GNP:						
Gross investment	24.9	24.8	24.0	23.9	23.8	–
Gross national saving	21.8	21.5	21.8	22.4	22.4	–
East Asia						
Real rate of growth:						
Total GDP	5.5	7.2	7.3	6.0	10.1	6.5
Agricultural production	4.8	3.8	2.8	−0.2	10.4	2.6
Manufacturing production	9.5	13.3	13.3	11.5	19.6	–
Population	2.5	2.4	2.8	2.5	2.4	2.5
GDP per capita	2.9	4.7	4.5	3.5	7.5	4.1
Gross investment	10.8	14.0	8.0	−0.4	15.3	–
Share in GNP:						
Gross investment	15.6	19.6	21.8	21.3	22.0	–
Gross national saving	11.8	14.8	17.9	18.1	20.3	–
Middle East						
Real rate of growth:						
Total GDP	8.2	7.6	12.5	9.9	12.7	11.3
Agricultural production	6.1	2.7	−1.3	18.0	−6.2	11.6
Manufacturing production	10.9	9.8	13.7	10.7	14.4	–
Population	3.0	3.0	3.0	3.2	3.0	3.1
GDP per capita	5.1	4.5	9.2	6.4	9.4	8.2
Gross investment	9.0	7.8	16.6	9.9	15.5	–
Share in GNP:						
Gross investment	19.1	20.8	20.8	21.0	20.7	–
Gross national saving	21.0	21.2	24.6	26.0	33.4	–

Table 1

Region	1961-65	1966-70	1971	1972	1973	1974(P)
South Asia						
Real rate of growth:						
Total GDP	3.8	4.4	0.9	−1.6	5.5	2.2
Agricultural production	0.8	4.4	0.5	−4.0	10.1	–
Manufacturing production	9.1	3.1	3.2	6.6	9.6	–
Population	2.5	2.4	2.4	2.2	2.4	2.4
GDP per capita	1.3	2.0	−1.4	−3.7	3.1	−0.2
Gross investment	8.0	2.1	1.6	2.7	7.8	–
Share in GNP:						
Gross investment	16.4	14.4	15.8	16.2	15.9	–
Gross national saving	13.3	11.8	14.0	15.1	14.1	–
Western Hemisphere						
Real rate of growth:						
Total GDP	5.3	5.8	6.5	6.9	7.5	7.4
Agricultural production	4.0	2.7	2.1	3.1	1.7	5.1
Manufacturing production	6.2	7.4	7.9	9.3	9.7	8.7
Population	2.9	2.8	2.8	2.8	2.9	2.9
GDP per capita	2.4	2.9	3.6	4.0	4.5	4.2
Gross investment	4.5	7.3	10.1	11.6	7.2	–
Share in GNP:						
Gross investment	19.6	19.4	20.6	21.3	21.6	–
Gross national saving	18.8	17.8	17.7	18.6	19.7	–
Industrialized countries						
Real rate of growth:						
Total GDP	5.2	4.7	3.5	5.4	5.9	−0.1
Agricultural production	2.0	2.0	4.1	−0.0	1.5	0.8
Manufacturing production	6.3	5.4	1.4	6.5	9.5	0.2
Population	1.2	1.0	0.9	0.9	0.9	0.9
GDP per capita	3.9	3.6	2.6	4.4	5.0	−1.0
Gross investment	6.8	5.5	2.3	5.1	9.4	–
Share in GNP:						
Gross investment	21.6	22.1	22.4	22.4	23.3	–
Gross national saving	22.2	22.7	23.1	23.0	23.9	–

Note: All the countries listed below have been included for the estimates of the real rates of growth of GDP and population. For other indicators, some countries have been omitted due to lack of data.

Industrialized countries—Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany (Federal Republic of), Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, South Africa, Sweden, Switzerland, United Kingdom, United States.

Developing countries—Those listed in the note of Table 4 and those below:

Africa—Guinea, Libyan Arab Republic.

East Asia—Cambodia, Laos, Papua New Guinea.

Middle East—Kuwait, Lebanon, Saudi Arabia, Yemen Arab Republic.

South Asia—Nepal.

Western Hemisphere—Barbados, Haiti.

P: Preliminary.

Source: World Bank.

World Exports by Origin and Destination, 1963-1974

Table 2

Exports from	World total			Exports to: Developed market economies		Developing market economies						Centrally planned economies	
				Total		Total		Western Hemisphere	Africa	Middle East	Other Asia	Total	
	US$ millions	Percentage	Annual growth rate	Percentage	Annual growth rate	Percentage	Annual growth rate	Percentage	Percentage	Percentage	Percentage	Percentage	Annual growth rate
World[1] [2]													
1963-68 annual average	194,965	100.0	8.7	68.0	9.7	19.8	7.3	6.1	4.0	2.4	6.8	11.2	6.9
1969	272,760	100.0	14.3	70.3	15.7	18.8	10.9	5.9	3.6	2.5	6.3	10.4	10.0
1970	313,200	100.0	14.8	70.6	15.4	18.5	12.7	5.9	3.8	2.3	6.0	10.2	13.2
1971	350,100	100.0	11.8	70.8	12.0	18.5	12.3	5.8	3.8	2.4	6.0	9.9	7.7
1972	416,790	100.0	19.0	71.2	19.7	18.0	15.3	5.6	3.5	2.5	5.8	10.2	22.7
1973	571,520	100.0	37.1	71.2	37.1	18.1	38.0	5.2	3.5	2.6	6.1	9.9	34.2
1974(P)	864,240	100.0	51.2	71.2	51.2	19.6	64.2	5.7	3.4	3.0	7.0	8.6	31.0
1969-74 annual average	464,768	100.0	24.8	71.0	25.1	18.7	25.2	5.7	3.6	2.6	6.3	9.6	21.3
Developed market economies[3] [4]													
1963-68 annual average	134,927	100.0	9.6	74.3	10.4	20.5	7.7	6.6	4.5	2.4	6.6	4.1	11.3
1969	193,990	100.0	15.5	76.6	16.9	19.1	10.9	6.2	4.0	2.5	6.2	3.9	12.3
1970	224,840	100.0	15.9	76.7	16.0	18.6	13.2	6.2	4.1	2.2	6.0	4.0	17.9
1971	251,430	100.0	11.8	76.8	11.9	18.8	12.5	5.9	4.2	2.4	5.9	3.8	7.2
1972	298,630	100.0	18.8	77.2	19.5	17.9	13.4	5.8	3.9	2.6	5.4	4.3	26.9
1973	405,320	100.0	35.7	76.4	34.3	18.1	37.2	5.5	4.0	2.7	5.7	4.8	52.2
1974(P)	567,530	100.0	40.0	74.2	36.0	20.4	57.5	6.2	4.2	3.3	6.5	5.0	44.9
1969-74 annual average	323,623	100.0	23.2	76.0	22.6	19.0	23.9	6.0	4.1	2.7	6.0	4.5	29.7
Developing market economies[3] [5] [6]													
1963-68 annual average	37,120	100.0	6.3	73.1	6.7	20.5	5.0	6.4	2.8	2.6	8.3	5.8	5.6
1969	48,640	100.0	12.2	73.7	11.8	19.8	10.3	6.4	2.8	2.5	8.0	5.4	14.8
1970	55,010	100.0	13.1	73.9	13.4	19.5	11.0	6.2	2.9	2.4	7.7	5.7	19.0
1971	62,240	100.0	13.1	73.5	12.5	20.1	16.5	6.9	2.6	2.5	7.8	4.9	−2.9
1972	75,010	100.0	20.5	73.8	21.1	20.5	23.0	7.0	2.3	2.5	8.6	4.6	14.1
1973	108,480	100.0	44.6	74.5	45.9	19.5	38.0	5.8	2.2	2.5	8.7	4.6	45.2
1974(P)	225,810	100.0	108.2	76.5	113.6	19.2	105.0	5.6	1.7	2.6	9.1	3.3	47.4
1969-74 annual average	95,865	100.0	32.7	75.0	33.4	19.6	32.3	6.1	2.2	2.5	8.6	4.3	21.3
Western Hemisphere													
1963-68 annual average	12,728	100.0	3.9	75.2	3.4	18.4	6.2	16.4	0.9	0.3	0.8	6.0	5.2
1969	15,180	100.0	9.5	75.4	10.7	19.4	8.1	17.5	0.5	0.2	1.1	4.9	0.0
1970	17,190	100.0	13.2	75.1	12.8	18.2	6.5	16.3	0.7	0.?	1.0	6.3	47.3
1971	17,660	100.0	2.7	73.7	0.8	20.0	13.1	18.2	0.6	0.3	0.8	4.6	−25.7
1972	20,570	100.0	16.5	73.6	16.3	20.1	16.7	18.1	0.7	0.4	0.9	4.5	14.8
1973	29,080	100.0	41.4	75.8	45.6	17.3	21.8	14.0	0.9	0.8	1.5	5.5	71.0
1974(P)	50,200	100.0	72.6	77.5	76.7	17.3	72.6	14.7	0.8	0.6	1.2	4.1	28.3
1969-74 annual average	24,980	100.0	24.6	75.7	25.2	18.3	22.1	15.9	0.8	0.5	1.1	4.8	19.9

1969-74 annual average	24,980	100.0	24.6	75.7	25.2	18.3	22.1	15.9	0.8	0.5	1.1	4.8	19.9
Africa[6]													
1963-68 annual average	7,557	100.0	8.0	83.4	7.8	9.4	7.9	0.8	4.8	1.4	2.4	6.8	7.7
1969	10,980	100.0	17.4	83.0	16.8	9.7	23.0	1.5	5.1	1.1	2.0	6.7	23.3
1970	12,310	100.0	12.1	81.7	10.4	10.1	15.9	1.9	5.3	0.9	1.9	7.3	21.6
1971	12,840	100.0	4.3	78.4	0.1	11.7	31.0	3.4	6.0	1.1	2.2	7.7	10.0
1972	14,720	100.0	14.6	79.3	16.0	11.8	6.5	3.3	5.2	1.2	2.1	7.8	16.2
1973	20,280	100.0	37.8	81.0	40.7	10.5	22.5	3.0	4.8	1.0	1.7	7.4	31.3
1974(P)	38,190	100.0	86.3	88.5	105.6	6.7	20.3	1.9	3.1	0.6	1.1	4.2	7.3
1969-74 annual average	18,220	100.0	25.2	83.0	26.3	9.5	18.7	2.4	4.5	0.9	1.7	6.3	17.4
Middle East													
1963-68 annual average	6,950	100.0	10.1	75.0	11.6	19.9	7.9	1.5	3.4	8.2	6.1	2.8	7.2
1969	9,220	100.0	6.8	76.5	6.5	18.2	−4.5	1.5	3.4	7.9	5.4	2.8	18.2
1970	10,590	100.0	14.9	76.5	14.9	19.5	22.6	1.9	3.4	7.6	6.2	2.5	0.0
1971	15,260	100.0	44.1	76.0	43.1	19.5	44.2	3.1	2.9	6.2	7.3	2.2	28.8
1972	19,020	100.0	24.6	73.3	20.4	20.2	29.3	4.1	1.6	5.9	8.4	2.5	41.8
1973	27,000	100.0	42.0	74.7	44.7	21.1	48.2	4.8	2.2	5.8	8.2	2.5	41.1
1974(P)	82,990	100.0	207.4	74.9	208.0	21.5	213.2	4.8	2.1	4.8	9.4	2.3	179.1
1969-74 annual average	27,347	100.0	49.2	75.0	48.4	20.8	54.0	4.2	2.3	5.6	8.4	2.4	45.2
Other Asia													
1963-68 annual average	9,590	100.0	5.3	60.2	6.9	32.3	3.2	1.4	3.0	2.6	24.9	7.2	3.5
1969	12,750	100.0	14.6	61.9	12.7	30.9	16.2	1.3	3.1	2.6	23.6	7.0	20.3
1970	14,440	100.0	13.3	63.8	16.7	29.6	8.4	1.2	3.4	2.5	22.0	6.1	−1.1
1971	16,020	100.0	10.9	65.4	13.7	28.2	5.9	1.2	3.1	2.5	21.0	5.5	0.0
1972	20,060	100.0	25.2	67.0	28.5	28.1	24.8	1.2	2.6	2.3	21.6	4.5	3.4
1973	31,160	100.0	55.3	68.7	59.2	26.2	44.9	1.2	2.0	1.9	20.8	4.0	38.5
1974(P)	52,700	100.0	69.1	66.2	63.0	29.9	92.7	1.8	2.0	2.1	23.6	2.9	21.4
1969-74 annual average	24,522	100.0	31.7	66.1	33.9	28.7	29.7	1.4	2.5	2.2	22.3	4.3	11.5
Centrally planned economies[7] [8]													
1963-68 annual average	22,905	100.0	7.4	22.9	11.8	15.0	8.7	3.5	2.9	1.9	5.2	61.8	5.5
1969	30,130	100.0	10.3	23.8	11.3	15.4	12.1	3.4	2.8	2.8	4.4	59.9	8.5
1970	33,360	100.0	10.7	24.1	12.1	15.5	11.9	3.1	3.6	2.7	3.8	59.7	10.4
1971	36,420	100.0	9.2	24.7	12.1	14.6	2.5	2.9	3.3	2.7	3.7	59.9	9.6
1972	43,350	100.0	19.0	24.7	18.6	14.0	13.9	2.6	3.1	2.4	3.4	60.3	19.7
1973	57,720	100.0	33.1	28.3	52.8	15.1	44.3	2.4	2.7	2.4	3.9	56.1	23.8
1974(P)	73,140	100.0	26.7	32.6	45.8	14.0	17.1	2.2	2.4	2.2	3.8	53.4	20.8
1969-74 annual average	45,687	100.0	19.6	27.4	26.8	14.6	17.5	2.6	2.9	2.5	3.8	57.4	17.0

(1) The figures for total exports include certain exports which, because their regions of destination could not be determined, are not included elsewhere in this table.
(2) Excludes the intertrade of the centrally planned economies of Asia and the exports of Southern Rhodesia.
(3) This classification is intended for statistical convenience and does not necessarily express a judgment about the stage reached by a particular country in the development process.
(4) Includes Israel, excludes Turkey.
(5) Includes Turkey, excludes Israel.
(6) Excludes exports of Southern Rhodesia.
(7) Exports of the USSR, for which country of destination could not be attributed, are included in total exports to developing market economies.
(8) Excludes the intertrade of the centrally planned economies of Asia.
(P) Preliminary.
Source: United Nations.

The Flow of Financial Resources from DAC Countries[1] to Developing Countries and Multilateral Institutions, 1970-1974

Table 3

(Amounts in US $000 millions)

	1970	1971	1972	1973	1974(P)
Net disbursements					
Total, official and private[2]	14.85	17.03	18.70	22.92	25.51
Total official	7.96	8.95	10.08	11.84	13.42
Official Development Assistance[3]	6.81	7.69	8.54	9.38	11.30
Grants[4]	3.32	3.63	4.36	4.46	5.29
Multilateral contributions	1.13	1.35	1.92	2.27	3.05
Bilateral loans	2.36	2.71	2.27	2.65	2.97
Other Official Flows[5]	1.15	1.26	1.54	2.46	2.12
Total private[2]	6.89	8.08	8.62	11.08	12.08
Direct investment	3.54	3.73	4.43	6.70	7.15
Bilateral portfolio investment	0.72	0.73	2.07	2.95	2.48
Multilateral portfolio investment	0.47	0.77	0.67	0.23	-0.04
Private export credits	2.16	2.85	1.45	1.20	2.49
Volume indicators (net disbursements)					
Total flow as share of GNP (%)[2]	0.78	0.81	0.77	0.78	0.78
Official Development Assistance as share of GNP (%)	0.34	0.35	0.33	0.30	0.33
Private and Other Official Flows as share of GNP (%)[2]	0.44	0.46	0.44	0.48	0.45
Terms indicators					
Grants as share of ODA net disbursements[6]	0.49	0.47	0.51	0.48	0.47
Weighted average maturity of ODA loans (years)[7]	30.20	29.10	29.50	31.50	(Not available for 1974)
Weighted average grace period of ODA loans (years)[7]	7.30	7.00	7.80	7.60	
Weighted average interest rate of ODA loans (%)	2.80	2.80	2.70	2.40	
Grant element of total ODA commitments (%)[8]	84.10	82.60	84.10	87.80	86.80

Note: Items may not add to totals due to rounding. All data at current prices and exchange rates.

[1] Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany (Federal Republic of), Italy, Japan, Netherlands, New Zealand, Norway, Sweden, Switzerland, United Kingdom, and United States.

[2] Excluding grants by private voluntary agencies. From all DAC countries, these totaled an estimated $860 million in 1970, $913 million in 1971, $1,036 million in 1972, $1,364 million in 1973, and $1,189 million in 1974. In each year, these figures represented about 0.04% of GNP.

[3] Official Development Assistance (ODA) is defined as all flows to less developed countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies which meet the following tests:
(a) They are administered with the promotion of the economic development and welfare of developing countries as their main objective.
(b) Their financial terms are intended to be concessional in character.

[4] Including "grant-like" flows denominated in recipients' currencies.

[5] "Other Official Flows" include, in particular:
(a) Official bilateral transactions which are not concessional or which, even though they have concessional elements, are primarily export-facilitating in purpose.
(b) The net acquisition by governments and central monetary institutions of securities issued by multilateral development banks at market terms. Rediscounting of trade instruments by central monetary authorities is not included.

[6] Including multilateral contributions.

[7] Commitments.

[8] Discounted at 10%.

(P) Preliminary.

Source: OECD.

86 Developing Countries—External Public Debt Outstanding, by Region, 1967-1973

Table 4

(US$ millions)

	Africa	East Asia[1]	Middle East[2]	South Asia	Southern Europe[3]	Western Hemisphere	Total
Total debt outstanding end of year							
1967	9,223.6	5,315.7	3,762.9	11,705.8	5,677.8	15,061.6	50,747.4
1968	10,154.0	6,361.6	4,587.3	13,070.3	6,269.5	16,782.6	57,225.4
1969	11,061.4	7,823.5	5,512.7	14,082.8	7,206.7	18,454.0	64,141.1
1970	12,905.0	9,254.3	7,474.1	15,416.6	7,832.3	20,856.2	73,738.6
1971	14,811.7	11,394.6	9,330.2	16,746.8	9,290.6	24,557.7	86,131.5
1972	16,660.3	13,985.4	11,243.9	18,260.5	10,311.4	29,532.5	99,993.9
1973	21,774.7	16,851.7	13,308.4	20,379.4	11,174.5	35,404.1	118,892.7
Debt outstanding by type of creditor							
December 31, 1967							
Bilateral official	5,835.1	2,832.4	1,884.5	7,858.3	3,237.8	5,800.4	27,448.4
Multilateral	1,051.7	710.8	320.9	2,298.3	966.5	3,297.8	8,646.2
Private							
Suppliers	1,465.1	1,263.9	406.5	783.5	701.3	2,573.7	7,202.9
Banks	313.3	146.1	429.8	111.5	401.4	1,378.2	2,781.4
Other	558.4	362.4	721.1	654.2	360.8	2,011.5	4,668.4
Total	9,223.6	5,315.7	3,762.9	11,705.8	5,677.8	15,061.6	50,747.4
December 31, 1968							
Bilateral official	6,312.6	3,455.5	2,346.8	9,499.2	3,341.8	6,284.8	31,240.9
Multilateral	1,233.0	825.6	344.6	2,485.2	1,097.3	3,849.6	9,835.2
Private							
Suppliers	1,628.2	1,602.6	594.8	930.9	736.8	2,928.9	8,422.2
Banks	419.4	137.9	482.6	139.0	670.5	1,617.1	3,466.6
Other	560.8	340.0	818.5	16.0	423.1	2,102.2	4,260.6
Total	10,154.0	6,361.6	4,587.3	13,070.3	6,269.5	16,782.6	57,225.4
December 31, 1969							
Bilateral official	6,673.0	4,114.5	2,582.8	10,187.2	3,738.0	6,601.6	33,897.0
Multilateral	1,612.7	1,179.9	388.7	2,734.7	1,225.2	4,279.9	11,421.2
Private							
Suppliers	1,747.6	1,849.1	912.4	1,016.1	907.6	3,156.6	9,589.3
Banks	495.8	261.4	720.3	132.0	899.9	2,090.2	4,599.6
Other	532.3	418.6	908.6	12.8	436.0	2,325.8	4,634.1
Total	11,061.4	7,823.5	5,512.7	14,082.8	7,206.7	18,454.0	64,141.1
December 31, 1970							
Bilateral official	7,435.3	4,969.6	3,635.9	11,361.9	3,997.7	6,737.4	38,137.8
Multilateral	1,968.5	1,653.8	636.6	3,027.7	1,438.7	5,027.5	13,752.9
Private							
Suppliers	2,138.6	1,709.2	1,241.0	868.4	882.6	3,938.1	10,778.0
Banks	513.3	481.6	863.1	146.6	1,087.3	2,460.1	5,552.0
Other	849.3	440.1	1,097.4	12.1	426.0	2,693.1	5,518.0
Total	12,905.0	9,254.3	7,474.1	15,416.6	7,832.3	20,856.2	73,738.6
December 31, 1971							
Bilateral official	8,366.4	6,236.3	4,813.5	12,278.6	4,527.1	7,228.7	43,450.7
Multilateral	2,334.0	2,179.1	745.6	3,431.5	1,757.0	5,979.1	16,426.4
Private							
Suppliers	2,425.7	1,978.0	1,310.3	881.1	925.9	4,401.3	11,922.3
Banks	780.2	542.9	1,121.9	143.6	1,624.9	3,848.1	8,061.6
Other	905.3	458.3	1,338.8	11.9	455.7	3,100.5	6,270.5
Total	14,811.7	11,394.6	9,330.2	16,746.8	9,290.6	24,557.7	86,131.5
December 31,1972							
Bilateral official	9,024.8	7,776.8	6,299.3	13,153.5	4,852.9	8,357.0	49,464.2
Multilateral	2,968.5	2,724.6	840.5	3,999.2	1,967.4	7,227.7	19,727.8
Private							
Suppliers	2,554.4	1,925.7	1,341.5	979.6	977.8	4,542.6	12,321.6
Banks	1,227.5	927.2	1,235.6	118.1	2,015.4	5,963.7	11,487.4
Other	885.1	631.1	1,527.1	10.2	497.9	3,441.5	6,992.9
Total	16,660.3	13,985.4	11,243.9	18,260.5	10,311.4	29,532.5	99,993.9
December 31, 1973							
Bilateral official	10,603.8	9,483.1	7,558.0	14,136.2	5,197.5	9,361.5	56,340.0
Multilateral	4,007.4	3,434.4	1,064.7	4,815.2	2,369.1	8,393.7	24,084.5
Private							
Suppliers	2,788.3	2,055.0	1,213.4	997.4	1,007.0	4,707.7	12,768.9
Banks	3,649.6	1,255.6	1,558.6	121.5	2,070.6	9,167.4	17,823.2
Other	725.6	623.5	1,913.7	309.1	530.4	3,773.9	7,876.1
Total	21,774.7	16,851.7	13,308.4	20,379.4	11,174.5	35,404.1	118,892.7

Note: Items may not add to totals due to rounding. Includes the countries listed below:

Africa—Algeria, Botswana, Burundi, Cameroon, Central African Republic, Chad, Congo (People's Republic of the), Dahomey, Egypt (Arab Republic of), Ethiopia, Gabon, Gambia (The), Ghana, Ivory Coast, Kenya, Lesotho, Liberia, Malagasy Republic, Malawi, Mali, Mauritania, Mauritius, Morocco, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Upper Volta, Zaire, Zambia, plus East African Community.

East Asia—China (Republic of), Fiji, Indonesia, Korea (Republic of), Malaysia, Philippines, Singapore, Thailand, Viet Nam

Middle East—Iran, Iraq, Israel, Jordan, Syrian Arab Republic.

South Asia—Afghanistan, Bangladesh, Burma, India, Pakistan, Sri Lanka.

Southern Europe—Cyprus, Greece, Malta, Portugal, Spain, Turkey, Yugoslavia.

Western Hemisphere—Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay, Venezuela.

1 Does not include publicly guaranteed private debt of the Philippines estimated at $363.7 million as of the end of 1973.

2 Does not include the undisbursed portion of the debt of Israel for the years 1967-1970.

3 Does not include the nonguaranteed debt of the "social sector" of Yugoslavia contracted after March 31, 1966.

Source: World Bank.

External Public Debt Outstanding of 86 Developing Countries, by Country and Type of Creditor, December 31, 1973

(US$ millions)

Region Country	Disbursed only	Including undisbursed					
		Total	Bilateral official	Multi-lateral	Suppliers	Banks	Other
Africa—Total	14,466.6	21,774.7	10,603.8	4,007.4	2,788.3	3,649.6	725.6
Algeria	3,109.5	4,788.9	1,440.6	39.2	1,346.8	1,788.6	173.7
Botswana	111.1	162.4	114.4	45.0	0.3	–	2.7
Burundi	7.2	8.6	1.9	5.2	1.3	–	0.2
Cameroon	240.2	418.0	206.1	184.4	12.1	15.3	0.1
Central African Republic	53.5	71.9	43.3	14.6	7.5	2.5	4.0
Chad	33.8	55.3	21.5	15.2	9.4	6.8	2.4
Congo, People's Republic of the[1]	241.0	355.5	156.8	52.9	140.7	–	5.1
Dahomey	52.9	137.5	87.1	30.3	7.5	12.5	0.1
East African Community	195.3	305.1	50.8	205.1	–	–	49.2
Egypt, Arab Republic of	1,746.1	2,325.4	1,909.9	136.6	79.5	44.7	154.7
Ethiopia	256.5	437.6	175.4	223.9	.3	37.0	–
Gabon	374.5	393.1	64.9	40.5	105.6	130.2	51.9
Gambia, The	10.0	12.7	9.3	3.4	–	–	–
Ghana	615.4	666.8	344.6	107.3	214.9	–	–
Ivory Coast	566.3	882.9	253.6	173.6	182.0	205.3	68.4
Kenya	401.4	596.1	300.2	227.0	13.5	20.9	34.5
Lesotho	7.6	12.8	1.3	10.3	–	0.5	0.5
Liberia	158.1	196.0	134.6	40.6	14.7	4.9	1.2
Malagasy Republic	115.8	198.9	94.1	92.6	3.3	5.4	3.5
Malawi	189.0	267.0	165.5	76.3	5.9	6.3	13.0
Mali	282.9	399.3	331.1	54.5	12.9	0.8	–
Mauritania	49.9	92.0	69.7	21.3	1.0	–	(2)
Mauritius	29.3	99.5	76.3	21.6	–	–	1.6
Morocco	977.5	1,244.9	741.2	322.9	89.6	57.2	34.0
Niger	71.4	116.7	76.2	20.5	16.2	3.8	(2)
Nigeria	707.0	1,101.2	482.7	568.2	27.9	18.7	3.7
Rwanda	8.3	43.1	24.0	16.3	2.0	–	0.8
Senegal	201.6	347.2	148.3	86.8	8.4	74.9	28.8
Sierra Leone	89.3	122.7	43.8	27.5	45.3	2.4	3.7
Somalia	144.2	267.7	222.8	39.3	–	–	5.6
Sudan	334.6	550.1	275.3	177.9	12.2	84.7	–
Swaziland	34.4	34.7	22.7	8.5	3.5	–	–
Tanzania	424.6	793.9	588.9	160.9	0.2	18.6	25.3
Togo	53.8	163.2	104.5	14.7	14.5	29.5	(2)
Tunisia	818.9	1,265.8	793.8	231.9	88.6	139.0	12.5
Uganda[3]	172.3	235.2	153.5	58.2	–	2.8	20.7
Upper Volta	29.8	119.5	83.0	35.3	1.2	–	(2)
Zaire[4]	1,016.7	1,519.1	382.2	103.5	303.4	724.7	5.3
Zambia	534.9	966.9	407.9	313.6	15.3	211.6	18.5
East Asia—Total	11,549.6	16,851.7	9,483.1	3,434.4	2,055.0	1,255.6	623.5
China, Republic of	963.3	1,813.2	1,042.4	381.9	292.1	80.1	16.7
Fiji	32.1	64.7	21.6	24.9	–	–	18.2
Indonesia	4,952.7	6,616.4	5,008.3	626.9	405.9	310.3	265.0
Korea, Republic of	3,140.7	4,413.1	1,974.0	736.8	1,213.7	360.2	128.4
Malaysia[1]	654.3	1,119.6	301.0	498.7	30.1	202.5	87.3
Philippines[5]	892.2	1,376.2	616.3	478.9	19.8	244.1	17.1
Singapore	398.1	525.7	167.6	224.0	32.5	34.1	67.5
Thailand[1]	450.6	750.0	226.5	438.4	60.8	24.3	–
Viet-Nam	65.5	172.8	125.4	24.0	–	–	23.4
Middle East—Total	9,760.7	13,308.4	7,558.0	1,064.7	1,213.4	1,558.6	1,913.7
Iran	4,387.5	7,047.0	4,263.2	687.6	871.4	1,122.0	102.8
Iraq	450.4	736.8	573.9	136.8	26.1	–	–
Israel[1]	4,519.5	4,766.1	2,181.0	160.5	185.3	428.5	1,810.8
Jordan	222.7	323.0	273.7	41.2	–	8.1	–
Syrian Arab Republic	180.6	435.5	266.2	38.7	130.6	–	–
South Asia—Total	16,285.5	20,379.4	14,136.2	4,815.2	997.4	121.5	309.1
Afghanistan	727.0	973.5	903.3	60.9	9.3	–	–
Bangladesh	357.9	835.5	347.7	259.1	207.1	21.6	–
Burma	208.1	417.4	311.7	41.6	62.3	1.8	–
India	10,180.8	12,365.8	8,535.0	3,387.3	398.3	42.9	2.3
Pakistan	4,334.3	5,151.2	3,594.9	947.6	251.2	54.9	302.6
Sri Lanka	477.5	636.1	443.6	118.7	69.3	0.3	4.2

Note: Items may not add to totals due to rounding.

(1) Due to an incomplete debt report on "suppliers' credits" during 1973 from this country, creditor sources were used for commitments in that year.

(2) Less than $50,000.

(3) Does not include indebtedness on "suppliers' credits."

(4) Debt data are presently under review.

(5) Does not include publicly guaranteed private debt estimated at $353.7 million.

Table 5

Region Country	Disbursed only	Including undisbursed					
		Total	Bilateral official	Multi-lateral	Suppliers	Banks	Other
Southern Europe—Total	8,527.5	11,174.5	5,197.5	2,369.1	1,007.0	2,070.6	530.4
Cyprus	57.4	79.1	14.4	51.3	10.0	3.4	–
Greece	1,520.6	2,250.1	381.1	221.2	251.5	1,220.6	175.7
Malta	22.5	22.5	16.6	3.5	–	2.5	–
Portugal	590.7	621.4	168.3	45.2	274.9	82.2	50.8
Spain	1,624.4	1,980.3	819.1	428.1	114.1	357.0	262.0
Turkey	2,800.3	3,778.1	2,593.7	943.8	181.8	40.1	18.7
Yugoslavia [6]	1,911.6	2,443.0	1,204.3	676.0	174.7	364.8	23.2
Western Hemisphere—Total	25,897.2	35,404.1	9,361.5	8,393.7	4,707.7	9,167.4	3,773.9
Argentina	2,863.8	3,599.1	528.2	821.3	891.5	785.2	572.9
Bolivia	639.0	770.5	382.7	100.2	68.5	40.9	178.2
Brazil	6,474.6	9,296.7	2,494.6	2,132.0	1,600.9	2,531.7	537.4
Chile	2,799.0	3,327.0	1,676.6	216.3	390.8	563.4	480.0
Colombia	1,938.0	2,721.8	993.2	1,112.5	195.5	323.9	96.7
Costa Rica	248.2	340.9	83.2	154.6	28.4	65.4	9.3
Dominican Republic	282.0	430.4	271.8	49.0	44.9	59.4	5.3
Ecuador	332.0	549.0	148.4	177.8	108.5	82.5	31.8
El Salvador	112.6	193.6	60.3	121.2	–	9.2	2.9
Guatemala	118.4	192.3	68.6	90.6	6.7	24.5	1.9
Guyana	157.5	228.7	121.2	28.9	–	18.2	60.4
Honduras	132.4	207.2	45.4	150.8	8.3	2.7	–
Jamaica	298.9	458.9	126.9	73.2	26.7	173.5	58.6
Mexico	5,277.6	7,031.1	911.6	1,867.2	346.6	2,636.3	1,269.4
Nicaragua	319.1	487.1	120.6	188.8	5.3	104.8	67.6
Panama	442.5	669.3	130.8	180.8	48.5	252.5	56.7
Paraguay	124.7	212.3	134.9	51.6	22.9	1.8	1.1
Peru	1,491.0	2,151.2	616.1	240.9	396.3	677.7	220.2
Trinidad and Tobago	145.0	182.7	30.4	66.5	7.0	68.5	10.3
Uruguay	369.6	453.3	128.4	127.9	89.7	92.4	14.9
Venezuela [1]	1,380.2	1,901.2	287.6	441.8	420.4	653.0	98.4
GRAND TOTAL	86,487.1	118,892.7	56,340.0	24,084.5	12,768.9	17,823.2	7,876.1

[1] Does not include nonguaranteed debt of the "social sector" contracted after March 31, 1966.

Source: World Bank.

Service Payments on External Public Debt as Percentage of Exports of Goods and Non-factor Services,[1] 1967–1973

Table 6

Country	1967	1968	1969	1970	1971	1972	1973
Africa							
Algeria	6.0	5.8	6.2	7.4	9.7	10.9	11.3
Botswana[2]	6.0	4.8	3.1	2.1	1.4	2.0	2.5
Burundi	2.6	3.2	3.3	1.9	2.2	7.0	3.0
Cameroon	2.3	3.0	3.4	4.6	4.9	7.7	5.4
Central African Republic	n.a.	2.2	4.1	3.2	2.1	1.5	4.0
Chad	4.4	4.7	5.4	3.2	8.1	1.7	n.a.
Congo, People's Republic of the	5.0	6.4	5.2	7.8	8.0	8.3	10.7
Dahomey	2.8	5.1	2.6	2.9	4.4	3.1	n.a.
Egypt, Arab Republic of	19.5	19.4	24.5	26.2	19.4	31.5	34.6
Ethiopia	9.7	9.4	11.0	11.6	10.6	8.7	6.4
Gabon	4.7	6.0	5.2	5.2	7.1	7.0	7.3
Gambia, The	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Ghana	7.2	10.6	9.8	5.0	7.1	3.0	2.3
Ivory Coast	6.5	5.7	4.9	6.0	6.8	7.2	6.3
Kenya[4]	6.8	7.5	5.9	5.3	5.8	5.7	5.2
Lesotho[2]	5.8	3.4	4.4	8.5	7.1	5.1	3.2
Liberia[5]	5.9	6.3	7.4	8.0	7.1	6.7	6.3
Malagasy Republic	4.9	5.1	4.0	3.6	4.4	3.9	5.0
Malawi	6.9	7.6	6.4	8.7	8.8	8.9	9.0
Mali	10.9	8.9	8.6	1.8	0.7	1.2	1.6
Mauritania	1.3	1.3	2.2	3.1	3.0	5.5	2.1
Mauritius	3.6	6.8	3.2	3.7	5.1	2.1	1.7
Morocco	7.3	7.9	8.5	8.3	11.6	10.7	9.7
Niger	2.5	3.7	4.5	3.9	3.1	2.9	n.a.
Nigeria	5.0	6.0	5.6	4.0	2.8	2.4	2.1
Rwanda	6.3	2.6	3.4	1.2	1.8	2.4	1.3
Senegal	1.9	1.9	2.3	2.3	5.1	3.7	6.1
Sierra Leone	8.3	5.7	7.2	9.0	8.5	8.6	8.4
Somalia	2.1	1.9	1.5	2.1	2.5	3.0	3.6
Sudan	5.6	6.8	8.0	9.2	12.1	12.3	11.1
Swaziland[2]	n.a.	4.3	3.8	4.7	5.3	9.5[5]	10.5
Tanzania[4]	4.6	7.3	7.6	7.2	8.4	11.6	6.7
Togo	2.4	4.0	2.0	3.2	2.9	4.9	4.7
Tunisia	20.8	24.0	21.2	19.5	16.9	16.3	13.8
Uganda[4]	5.4	8.2	9.6	4.6	6.2	6.0	5.6
Upper Volta	1.8	4.5	5.1	5.9	5.9	5.1	8.3
Zaire	2.4	2.9	3.9	4.0	4.6	7.5	7.0
Zambia	2.4	2.7	1.9	5.1	10.0	10.7	28.0
East Asia							
China, Republic of	3.3	3.4	4.2	4.6	4.5	4.0	3.5
Fiji	0.7	0.6	0.7	0.9	0.7	0.9	0.8
Indonesia	5.3	5.6	5.7	6.6	7.6	6.7	7.1
Korea, Republic of	8.2	9.4	12.1	23.4	21.7	18.8	13.9
Malaysia	2.1	2.2	2.2	3.0	2.7	2.7	2.3
Philippines	7.2	5.3	4.6	7.5	7.0	9.9	6.3
Singapore	0.1	0.3	0.3	0.4	0.4	0.9	0.4
Thailand	3.6	3.8	3.8	3.6	3.4	2.9	2.6
Viet-Nam	1.9	2.1	0.9	0.8	0.9	2.2	2.7
Middle East							
Iran[4]	4.9	7.2	9.3	11.5	11.5	17.1	10.6
Iraq	0.9	1.4	2.2	2.1	1.9	2.7	3.0

Country	1967	1968	1969	1970	1971	1972	1973
South Asia[7]							
Afghanistan[6]	12.6	14.9	19.3	20.1	19.2	26.0	19.9[5]
Burma[6]	6.4	9.2	21.0	16.1	14.2	17.5	18.6
India[6]	24.9	25.1	26.5	28.0	25.9	24.5	20.1
Pakistan[8]	16.7	19.5	22.4	24.3	19.4	23.4	16.1
Sri Lanka	3.5	7.0	8.6	9.7	10.8	14.2	12.6
Southern Europe							
Cyprus	2.3	2.1	2.1	2.5	2.9	2.2	2.0
Greece	5.7	5.7	7.3	8.4	10.2	9.1	9.7
Malta	1.4	1.4	1.7	2.0	12.5[9]	0.7	0.6
Portugal	6.7	5.5	6.0	5.6	4.9	3.8	n.a.
Spain	1.8	2.4	3.1	4.0	5.2	3.5	3.6
Turkey	16.4	20.0	19.2	22.5	19.0	18.8	10.4
Yugoslavia[10]	12.7	13.9	10.0	9.6	6.5	6.4	6.9
Western Hemisphere							
Argentina	25.9	28.3	24.1	21.0	19.5	20.3	18.3
Bolivia	5.9	6.5	6.8	10.9	12.2	17.9	14.8
Brazil	16.0	15.6	16.6	15.3	15.8	14.3	13.9
Chile	12.6	19.8	15.9	18.3	21.0	11.6[11]	11.0[11]
Colombia	14.2	13.1	11.8	11.9	14.8	12.6	13.0
Costa Rica	12.0	11.9	10.5	9.7	10.1	10.0	10.2
Dominican Republic	7.3	7.7	8.6	5.1	6.7	4.1	4.5
Ecuador	6.7	8.8	10.0	9.1	12.2	10.6	7.5
El Salvador	2.6	2.6	2.8	3.7	5.8	3.1	5.3
Guatemala	7.4	7.8	8.0	7.7	8.2	10.6	3.8
Guyana	5.2	6.1	3.5	4.0	2.8	4.9	5.4
Honduras	2.1	1.7	2.3	2.8	3.2	3.4	3.9
Jamaica	2.7	3.2	3.0	3.2	3.9	5.2	5.0
Mexico	23.8	26.3	23.3	25.2	24.1	23.5	25.2
Nicaragua	6.4	7.6	10.0	10.6	13.4	10.3	17.8
Panama[2]	2.9	3.2	3.7	7.8	9.3	10.8	16.4
Paraguay	7.4	10.3	9.4	11.0	13.1	13.2	9.5
Peru	11.1	14.6	12.0	13.7	20.0	19.3	32.5[9]
Trinidad and Tobago	3.0	3.0	3.7	3.7	3.3	3.0	4.1
Uruguay	17.0	18.9	18.5	18.4	22.2	34.0	30.1
Venezuela	1.8	1.8	1.7	2.6	3.3	4.4	4.2

Note: Debt service ratios are based on debt service actually paid as reported by the countries and not on contractual debt service due. If a country did not pay the entire debt service due during a year, this may be reflected in a lower debt service ratio than would have been the case if contractual debt service had been used in computing the ratio. The debt service ratio is, by itself, an inadequate and incomplete indicator of a country's debt situation. Many other factors must also be considered, such as the stability and diversification of the country's export structure, the prospects for future growth, the extent to which imports can be reduced without adversely affecting current production, the time profile of the country's debt outstanding, the size of foreign exchange reserves and available compensatory financing facilities, and the debt service record of the country. For these reasons, international comparisons of debt service ratios have only limited meaning.

(1) Except where otherwise indicated, includes all goods and non factor services. Data for some countries are partially estimated.

(2) Because of special monetary arrangements peculiar to countries such as this, the debt service ratio must be regarded with more than usual caution in considering the country's external financial situation.

(3) The debt service ratio is less than 0.1.

(4) One third of the service payments of the East African Community has been added to the service data of Kenya, Tanzania, and Uganda.

(5) Export data for exports of goods only.

(6) Data are for fiscal years.

(7) Excludes Bangladesh.

(8) Data are for Pakistan, which through 1971 included East Pakistan. The ratios for 1971, 1972, and 1973 reflect debt relief.

(9) Service payments for this year reflect prepayments. For Peru, the ratio without prepayments would be about 23%.

(10) External public borrowing declined and was replaced by nonpublic borrowing beginning 1967.

(11) Service payments for this year declined due to debt reorganization.

Middle East							
Iran[4]	4.9	7.2	9.3	11.5	11.5	17.1	10.6
Iraq	0.9	1.4	2.2	2.1	1.9	2.7	3.0
Israel	15.7	16.9	17.2	18.6	13.4	17.7	20.8
Jordan	1.8	1.7	1.7	3.6	3.8	4.7	3.7
[illegible] Arab Republic	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] data are for Pakistan, which through 1971 included East Pakistan. The ratios for 1971, 1972, and 1973 reflect debt relief.
(3) Service payments for this year reflect prepayments. For Peru, the ratio without prepayments would be about 23%.
(4) External public borrowing declined and was replaced by nonpublic borrowing beginning 1967.
(5) Service payments for this year declined due to debt reorganization.
Source: World Bank.

Projected Debt Service on External Public Debt Outstanding, by Region and Type of Creditor, as of December 31, 1973

Table 7

(US$ millions)

Region Type of creditor	Debt outstanding (including undisbursed) Dec. 31, 1973	Projected									
		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Africa											
Bilateral official	10,603.9	746.5	782.2	809.0	805.9	788.4	754.1	711.9	674.5	613.4	601.5
Multilateral	4,007.4	157.5	179.4	201.8	221.7	235.9	243.6	244.6	245.6	244.5	248.0
Private											
Suppliers	2,788.3	541.9	555.7	520.1	466.8	370.3	292.8	228.5	177.2	112.9	51.9
Banks	3,649.6	391.1	462.6	543.2	614.8	591.1	561.2	508.7	478.6	462.3	370.6
Other	725.6	164.7	126.8	104.5	94.7	102.5	60.6	54.2	49.7	46.1	46.0
Total	21,774.7	2,001.8	2,106.6	2,178.7	2,203.8	2,088.2	1,912.3	1,747.9	1,625.6	1,479.3	1,318.1
East Asia											
Bilateral official	9,483.1	394.4	443.4	501.9	505.9	558.9	591.3	604.0	605.4	596.3	683.4
Multilateral	3,434.4	151.3	189.5	221.6	254.9	275.2	288.8	290.3	287.8	281.2	267.1
Private											
Suppliers	2,055.0	521.2	442.0	390.3	335.1	251.7	173.9	122.7	107.3	75.2	56.0
Banks	1,255.6	225.5	294.8	298.3	251.8	166.8	123.6	97.4	68.0	40.6	23.0
Other	623.5	124.4	79.7	73.9	65.7	59.9	54.0	50.4	44.5	52.4	26.8
Total	16,851.7	1,416.9	1,449.4	1,488.9	1,413.4	1,312.5	1,231.7	1,164.8	1,113.1	1,045.7	1,056.3
Middle East											
Bilateral official	7,558.0	1,023.4	1,007.1	969.9	895.4	838.1	752.3	669.1	569.6	517.5	436.0
Multilateral	1,064.7	63.7	76.2	85.0	90.7	93.7	96.0	98.5	98.4	97.2	97.1
Private											
Suppliers	1,213.4	311.2	282.1	256.1	220.3	153.5	102.9	71.8	49.8	29.6	10.0
Banks	1,558.6	505.7	218.5	226.5	190.9	261.6	223.4	125.9	85.1	67.6	57.9
Other	1,913.7	100.7	79.5	110.0	117.2	133.1	160.3	119.3	133.1	193.7	107.0
Total	13,308.4	2,004.7	1,663.5	1,647.6	1,514.5	1,480.0	1,334.9	1,084.6	936.0	905.7	708.1
South Asia											
Bilateral official	14,136.2	746.9	858.8	871.1	871.4	856.7	836.9	829.3	811.5	771.2	733.6
Multilateral	4,815.2	159.2	157.9	161.5	178.3	174.4	161.8	153.8	135.0	135.6	141.1
Private											
Suppliers	997.4	146.3	165.2	153.5	126.0	99.4	78.0	53.7	43.2	36.3	25.4
Banks	121.5	35.0	23.5	20.9	19.0	16.2	10.0	6.1	4.0	2.3	1.7
Other	309.1	42.0	95.2	99.1	82.2	18.2	0.3	0.3	0.2	0.2	1.3
Total	20,379.4	1,129.4	1,300.6	1,306.0	1,276.8	1,164.8	1,086.9	1,043.1	993.9	945.7	903.0

(continued)

Projected Debt Service on External Public Debt Outstanding, by Region and Type of Creditor, as of December 31, 1973 (continued)

Table 7

(US$ millions)

Region Type of creditor	Debt outstanding (including undisbursed) Dec. 31, 1973	Projected									
		1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Southern Europe											
Bilateral official	5,197.5	602.4	552.5	541.7	513.2	512.1	486.2	422.3	388.6	360.0	300.8
Multilateral	2,369.1	127.7	152.9	176.2	198.8	213.3	219.6	218.3	224.8	220.4	210.6
Private											
Suppliers	1,007.1	175.5	192.3	162.1	152.7	133.9	117.0	84.5	59.9	50.4	38.5
Banks	2,070.5	320.6	430.7	407.6	342.0	223.0	239.7	207.8	172.6	157.3	117.9
Other	530.4	50.4	51.2	48.3	53.3	59.7	60.8	58.5	57.1	86.0	50.5
Total	11,174.5	1,276.7	1,379.6	1,335.8	1,260.0	1,142.1	1,123.3	991.5	903.0	874.0	718.3
Western Hemisphere[1]											
Bilateral official	9,361.5	672.4	947.4	968.9	955.5	909.1	844.9	788.6	697.4	649.1	607.3
Multilateral	8,393.7	562.1	667.8	731.0	789.6	829.7	830.0	824.4	812.7	788.9	764.5
Private											
Suppliers	4,707.7	960.5	963.5	866.8	707.9	586.9	461.4	358.8	269.3	210.7	165.3
Banks	9,167.4	1,693.1	1,626.9	1,804.7	1,445.1	1,387.4	1,211.4	1,005.2	829.2	706.9	619.2
Other	3,773.9	744.8	682.3	583.2	558.8	499.4	433.3	371.6	275.5	251.5	189.6
Total	35,404.1	4,632.9	4,887.9	4,954.6	4,456.9	4,212.5	3,780.9	3,348.6	2,884.2	2,607.1	2,345.8
86 developing countries											
Bilateral official	56,340.0	4,186.1	4,591.4	4,662.5	4,547.2	4,463.3	4,265.7	4,025.2	3,747.0	3,507.6	3,362.7
Multilateral	24,084.5	1,221.5	1,423.6	1,580.1	1,733.9	1,822.3	1,839.7	1,829.9	1,804.4	1,767.8	1,728.4
Private											
Suppliers	12,768.9	2,656.6	2,600.9	2,348.8	2,008.7	1,595.6	1,225.9	920.1	706.6	515.2	347.1
Banks	17,823.2	3,171.0	3,057.0	3,301.2	2,863.6	2,646.0	2,369.3	1,951.1	1,637.5	1,437.0	1,190.3
Other	7,876.1	1,227.1	1,114.7	1,019.0	971.7	872.8	769.3	654.3	560.2	629.9	421.2
Total	118,892.7	12,462.3	12,787.6	12,911.6	12,125.2	11,400.0	10,469.9	9,380.6	8,455.8	7,857.5	7,049.6

Note: Includes the same countries as Table 4. Projected service payments exclude loans for which repayment terms are not available. Items may not add to totals due to rounding. Notes for specific countries in Table 4 apply to this table.

[1] Due to incomplete information on the debt reorganization for Chile, service payments shown for "Private–Other" in 1974 include an amount of about $100 million appropriate to the "Bilateral official" category.

Source: World Bank.

External Resource Flows and Service Payments on External Public Debt, by Region, 1967-1973

Table 8

(US$ millions)*

Region / Year	Disbursements			Debt service			Net flow[2]	Net transfer[3]
	Loans	Grants and grant-like[1]	Total	Amortization	Interest	Total		
Africa								
1967	1,072.2	812.8	1,885.0	398.0	169.6	567.6	1,486.9	1,317.3
1968	1,061.3	842.6	1,903.9	457.9	191.6	649.4	1,446.0	1,254.4
1969	1,114.1	1,005.1	2,119.2	553.1	225.4	778.5	1,566.1	1,340.7
1970	1,705.5	1,001.3	2,706.8	639.9	261.2	901.1	2,066.9	1,805.7
1971	1,879.3	1,102.4	2,981.8	699.1	299.2	998.3	2,282.7	1,983.5
1972	2,222.2	1,441.7	3,663.9	941.1	345.9	1,287.0	2,722.8	2,376.9
1973	4,448.2	1,455.1	5,903.3	1,477.9	524.5	2,002.3	4,425.4	3,901.0
East Asia[4]								
1967	782.1	859.0	1,641.1	209.7	56.5	266.2	1,431.5	1,374.9
1968	917.4	885.3	1,802.8	212.5	81.6	294.1	1,590.3	1,508.7
1969	1,302.5	855.7	2,158.2	282.9	114.9	397.8	1,875.3	1,760.4
1970	1,240.5	818.8	2,059.3	450.2	175.1	625.3	1,609.1	1,434.0
1971	1,428.1	806.2	2,234.3	499.8	235.5	735.3	1,734.5	1,499.0
1972	2,303.3	907.6	3,210.8	556.5	289.4	845.8	2,654.4	2,365.0
1973	2,122.8	771.7	2,894.5	776.0	361.4	1,137.4	2,118.5	1,757.1
Middle East								
1967	663.3	82.8	746.1	195.6	63.7	259.3	550.5	486.8
1968	1,078.9	73.3	1,152.2	285.7	86.0	371.7	866.5	780.5
1969	882.9	76.6	959.5	380.7	108.7	489.3	578.8	470.2
1970	1,492.5	90.5	1,583.0	491.5	139.1	630.6	1,091.5	952.4
1971	1,895.9	99.4	1,995.3	581.4	223.6	805.0	1,413.9	1,190.3
1972	2,331.5	156.5	2,488.0	1,037.1	280.8	1,317.8	1,450.9	1,170.1
1973	2,955.8	220.4	3,176.2	1,185.4	406.1	1,591.5	1,990.8	1,584.7
South Asia								
1967	1,741.1	786.4	2,527.5	379.6	225.8	605.4	2,147.9	1,922.1
1968	1,714.0	532.8	2,246.8	396.6	238.0	634.6	1,850.2	1,612.2
1969	1,576.5	377.9	1,954.4	474.3	274.7	749.0	1,480.1	1,205.4
1970	1,471.4	371.9	1,843.3	480.1	291.8	771.8	1,363.2	1,071.5
1971	1,783.1	494.1	2,277.2	485.1	302.4	787.5	1,792.0	1,489.7
1972	1,328.0	562.5	1,890.4	577.9	349.5	927.4	1,312.5	963.0
1973	1,939.3	606.4	2,545.7	581.0	357.7	938.7	1,964.7	1,607.0
Southern Europe[5]								
1967	908.2	56.6	964.8	391.3	134.8	526.2	573.5	438.6
1968	1,016.6	64.8	1,081.3	426.0	166.3	592.4	655.3	489.0
1969	1,130.8	85.4	1,216.2	420.5	206.8	627.3	795.7	588.9
1970	959.2	99.3	1,058.5	547.6	259.7	807.2	511.0	251.3
1971	1,191.1	98.6	1,289.7	641.0	269.4	910.4	648.7	379.3
1972	1,499.5	82.4	1,581.9	662.5	297.2	959.6	91[illegible]4	622.3
1973	1,659.1	83.1	1,742.2	823.2	392.4	1,215.6	919.0	526.7
Western Hemisphere								
1967	2,718.4	370.4	3,088.7	1,343.1	453.9	1,797.0	1,745.6	1,291.8
1968	2,863.1	395.5	3,258.6	1,603.3	528.3	2,131.5	1,655.4	1,127.1
1969	3,122.3	476.4	3,598.7	1,617.3	609.3	2,226.6	1,981.5	1,372.2
1970	3,798.3	449.1	4,247.5	1,739.1	751.7	2,490.9	2,508.3	1,756.6
1971	3,647.3	471.2	4,118.5	1,862.7	838.4	2,701.1	2,255.8	1,417.5
1972	5,503.4	466.3	5,969.7	2,100.8	950.1	3,050.9	3,868.8	2,918.7
1973	7,039.2	438.3	7,477.6	2,841.8	1,274.6	4,116.4	4,635.7	3,361.2
86 developing countries								
1967	7,885.3	2,967.8	10,853.1	2,917.3	1,104.3	4,021.6	7,935.8	6,831.5
1968	8,651.3	2,794.2	11,445.6	3,381.9	1,291.8	4,673.7	8,063.7	6,771.9
1969	9,129.1	2,877.2	12,005.3	3,728.7	1,539.7	5,268.4	8,277.5	6,737.8
1970	10,667.5	2,830.9	13,498.4	4,348.4	1,878.5	6,226.9	9,150.0	7,271.5
1971	11,824.8	3,071.9	14,896.7	4,769.1	2,168.5	6,937.6	10,127.6	7,959.1
1972	15,187.9	3,616.9	18,804.8	5,875.9	2,512.8	8,388.8	12,928.8	10,416.0
1973	20,164.5	3,575.1	23,739.6	7,685.4	3,316.6	11,002.0	16,054.2	12,737.6

Note: Includes the same countries as Table 4. Items may not add to totals due to rounding.

[1] Grants consist of grant and grant-like contributions by DAC countries and grants by multilateral agencies as compiled by OECD, as well as disbursements by the Inter-American Development Bank (IDB) on loans repayable in the recipients' currencies.

[2] Disbursements on loans, grants, and grant-like loans minus amortization on loans.

[3] Net flow minus interest on loans.

[4] Does not include publicly guaranteed private debt of the Philippines.

[5] Does not include "grants" for Portugal and the nonguaranteed debt of the "social sector" of Yugoslavia contracted after March 31, 1966.

Source: World Bank and OECD.

Average Terms of Loan Commitments and Grant Element of Loans and Grants, by Region, 1967-1973

Table 9

(Amounts in US$ millions)

Region	Year	Loan commitments					Grants[2] (amount)	Grant element of loans and grants[1] (%)	Amount of loans used for terms calculation[3]
		Amount	Maturity (years)	Grace (years)	Interest (%)	Grant[1] element (%)			
Africa[4]	1967	1,188.3	18.3	4.2	3.4	43	701.8	65	1,157.4
	1968	1,253.8	20.7	4.7	3.5	45	725.1	65	1,237.1
	1969	1,284.3	21.6	5.7	3.7	45	887.7	68	1,282.7
	1970	2,214.1	24.0	6.0	3.7	47	898.8	63	2,202.0
	1971	1,696.3	20.1	5.4	4.0	42	1,013.4	64	1,691.1
	1972	2,398.2	21.5	5.8	3.8	45	1,332.0	64	2,388.8
	1973	3,931.8	22.6	5.8	4.5	40	1,342.7	55	3,919.4
East Asia[5]	1967	1,101.6	14.4	3.9	4.4	33	859.0	62	1,101.6
	1968	1,284.3	19.7	5.5	3.6	44	885.3	67	1,284.1
	1969	1,766.8	20.2	5.4	4.4	39	855.7	59	1,736.4
	1970	1,712.0	21.8	5.6	4.7	38	818.8	58	1,712.0
	1971	2,267.1	21.4	5.9	4.5	39	806.2	55	2,267.1
	1972	3,227.5	20.3	5.7	4.9	36	907.6	50	3,227.5
	1973	3,112.0	23.2	6.1	5.1	36	771.7	49	3,112.0
Middle East[6]	1967	661.9	11.5	2.6	4.4	27	64.5	34	661.9
	1968	654.4	13.1	2.2	4.2	30	57.6	35	654.4
	1969	1,075.4	10.6	2.2	5.5	20	59.4	25	1,075.4
	1970	1,387.6	11.2	2.7	5.6	22	64.3	25	1,387.6
	1971	1,259.8	10.4	3.1	5.0	24	78.8	29	1,259.8
	1972	1,641.4	11.4	2.6	4.8	25	108.1	30	1,621.4
	1973	2,296.9	13.2	2.9	5.2	26	92.2	28	2,296.9
South Asia	1967	1,617.4	26.2	6.5	2.3	59	786.4	73	1,497.7
	1968	1,870.6	29.6	7.2	2.8	58	532.8	68	1,746.0
	1969	1,604.8	30.4	7.3	2.6	60	377.9	69	1,415.6
	1970	2,087.4	33.0	9.8	2.3	55	371.9	71	1,931.1
	1971	1,556.9	34.3	7.9	2.3	66	494.1	73	1,513.0
	1972	1,866.5	33.3	7.9	1.8	69	562.5	77	1,687.5
	1973	2,751.1	31.6	7.3	2.2	64	606.4	71	2,575.0
Southern Europe[7]	1967	1,372.2	17.4	3.9	4.1	37	56.6	40	1,372.4
	1968	1,032.2	14.3	4.2	4.9	30	64.8	34	1,031.9
	1969	1,354.7	15.5	3.8	4.6	32	85.4	36	1,354.7
	1970	1,172.6	14.7	4.5	5.0	30	99.3	36	1,172.6
	1971	1,784.9	14.1	3.8	5.6	25	98.6	29	1,784.9
	1972	1,754.5	14.2	4.2	5.6	26	82.4	29	1,729.3
	1973	1,488.1	16.3	4.7	6.3	23	83.1	27	1,482.6
Western Hemisphere	1967	3,457.8	13.8	4.3	5.6	26	370.4	33	3,447.0
	1968	3,431.7	15.4	3.5	5.7	25	395.5	33	3,415.6
	1969	3,329.9	13.8	3.6	6.4	21	476.4	31	3,307.9
	1970	4,171.9	14.7	3.4	6.6	20	449.1	28	4,156.7
	1971	4,977.9	13.4	3.5	6.5	19	471.2	26	4,939.8
	1972	7,152.9	13.8	3.5	6.5	19	466.2	24	7,023.7
	1973	8,492.2	13.8	4.2	8.2	10	438.3	15	8,476.6
Total	1967	9,399.2	16.8	4.4	4.3	36	2,838.7	51	9,237.9
	1968	9,527.0	19.0	4.6	4.4	37	2,661.1	51	9,369.1
	1969	10,415.9	18.1	4.6	4.8	34	2,742.5	48	10,172.7
	1970	12,745.6	19.7	5.2	4.9	35	2,702.2	47	12,562.0
	1971	13,542.9	17.8	4.6	5.1	32	2,962.3	44	13,455.7
	1972	18,041.0	17.6	4.6	5.2	32	3,458.8	43	17,678.2
	1973	22,072.1	18.9	5.0	5.9	28	3,334.4	38	21,862.5

[1] The grant element is the face value of loan commitments less the discounted present value of the future flow of repayments of principal and interest, using the customary rate of 10% a... expressed as a percentage of face value.

[2] Data for grants are taken from OECD (DAC) and IDB sources. Included are grant like flows (loans repayable in local currencies), bilateral grants, and U.N. agency grants. Figures for gra... are on a disbursed basis, while figures for loans are on a commitment basis. The grant element of a grant is 100%.

[3] This column shows the amount of loans for which repayment terms are known.

[4] Excludes Algeria, East African Community, and The Gambia.

[5] Does not include publicly guaranteed private debt of the Philippines.

[6] Excludes Israel and the Syrian Arab Republic.

[7] Does not include nonguaranteed debt of the "social sector" of Yugoslavia contracted after March 31, 1966.

Source: World Bank and OECD.

Foreign and International Bond Issues by Market and Country of Borrower Entity, 1972-1974, First Half 1975[1]

Table 10

(US$ millions)

Borrowing countries	Years and markets															
	1972				1973				1974				First half 1975 (P)			
	North American and other markets	European markets	International markets	Total	North American and other markets	European markets	International markets	Total	North American and other markets	European markets	International markets	Total	North American and other markets	European markets	International markets	Total
Industrialized countries																
Europe																
Austria	–	82.8	–	82.8	–	89.4	87.3	176.7	12.7	232.6	250.5	495.8	–	144.5	494.3	638.8
Belgium	–	–	–	–	–	39.4	75.0	114.4	–	25.6	–	25.6	–	–	–	–
Denmark	–	20.8	295.6	316.4	–	61.0	99.2	160.2	–	47.2	77.8	125.0	–	34.0	48.8	82.8
Finland	–	65.3	233.6	298.9	35.0	30.2	82.7	147.9	57.8	8.1	15.0	80.9	–	29.9	155.5	185.4
France	–	73.3	168.9	242.2	–	–	103.0	103.0	291.8	48.8	333.4	674.0	235.0	117.3	801.3	1,153.6
Germany, Federal Republic of	–	73.0	50.5	123.5	–	31.2	25.0	56.2	–	136.3	–	136.3	–	20.9	86.9	107.8
Iceland	–	6.6	25.0	31.6	–	5.0	14.5	19.5	9.0	–	14.5	23.5	–	–	–	–
Ireland	–	–	30.0	30.0	–	107.9	29.8	137.7	–	56.7	77.0	133.7	–	–	27.5	27.5
Italy	–	–	65.0	65.0	–	–	25.3	25.3	–	–	50.0	50.0	–	43.5	17.0	60.5
Liechtenstein	–	–	–	–	–	–	–	–	–	9.8	–	9.8	–	–	–	–
Luxembourg	–	15.5	–	15.5	–	–	65.4	65.4	–	–	–	–	–	–	–	–
Netherlands	–	11.4	133.8	145.2	–	–	159.6	159.6	30.0	97.7	350.4	478.1	–	155.7	366.5	522.2
Norway	–	18.2	92.3	110.5	–	52.0	53.4	105.4	–	34.3	49.2	83.5	–	20.0	332.1	352.1
Sweden	–	54.9	170.3	225.2	–	55.5	89.3	144.8	50.0	37.7	37.0	124.7	40.0	184.4	444.1	668.5
Switzerland	–	–	–	–	–	–	–	–	–	–	11.6	11.6	–	–	78.8	78.8
United Kingdom	20.4	75.5	787.7	883.6	–	325.0	988.0	1,313.0	155.2	7.0	108.9	271.1	125.0	–	50.0	175.0
Multinational corporations[2]	–	–	229.6	229.6	–	60.3	34.5	94.8	22.0	–	–	22.0	–	16.7	32.7	49.4
Subtotal	20.4	497.3	2,282.3	2,800.0	35.0	856.9	1,932.0	2,823.9	628.5	741.8	1,375.3	2,745.6	400.0	766.9	2,935.5	4,102.4
Others																
Australia	32.5	–	250.0	282.5	–	–	–	–	–	16.8	130.4	147.2	185.0	23.7	268.6	477.3
Canada	1,018.8	119.8	366.7	1,505.3	924.7	82.7	202.5	1,209.9	1,933.4	29.2	439.5	2,402.1	1,302.5	20.0	198.6	1,521.1
Japan	–	–	31.0	31.0	–	13.8	35.0	48.8	30.0	65.0	153.5	248.5	100.0	141.6	548.4	790.0
New Zealand	–	–	64.2	64.2	–	–	–	–	–	33.2	–	33.2	–	24.0	138.8	162.8
South Africa	–	26.1	254.8	281.2	–	32.6	138.0	170.6	–	–	50.0	50.0	–	12.0	147.4	159.4
United States	35.1	209.0	2,028.5	2,272.6	45.4	452.9	819.6	1,317.9	–	84.5	105.0	189.5	–	23.5	140.3	163.8
Subtotal	1,086.4	355.2	2,995.2	4,436.8	970.1	582.0	1,195.1	2,747.2	1,963.4	228.7	878.4	3,070.5	1,587.5	244.8	1,442.1	3,274.4
Total	1,106.8	852.5	5,277.5	7,236.8	1,005.1	1,438.9	3,127.1	5,571.1	2,591.9	970.5	2,253.7	5,816.1	1,987.5	1,011.7	4,377.6	7,376.8
Multilateral European institutions																
Council of Europe	–	10.6	30.3	40.9	–	25.7	–	25.7	–	8.3	–	8.3	–	–	28.8	28.8
Eurofima[3]	–	42.5	46.3	88.8	–	56.7	29.9	86.6	10.0	29.5	37.1	76.6	50.0	34.1	73.3	157.4
European Coal and Steel Community	–	168.6	71.0	239.6	–	161.4	83.1	244.5	100.0	33.4	568.2	701.6	150.0	42.5	176.4	368.9
European Investment Bank	–	237.3	264.6	501.9	–	286.7	321.7	608.4	–	49.3	970.7	1,020.0	–	144.2	156.1	300.3
Interfrigo[4]	–	25.9	–	25.9	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	484.9	412.2	897.1	–	530.5	434.7	965.2	110.0	120.5	1,576.0	1,806.5	200.0	220.8	434.6	855.4

(1) Includes both public offerings and private placements.
(2) Includes the following corporations: Compass Finance S.A., General Shopping S.A., Intermoselle Finance S.A., Investag Finance S.A., Scandinavian Airlines System, Shell International Finance N.V., Société Financière Européenne, Société Internationale pour le Transport par Transcontainers, Trans-Austria Gasline Finance Co., Ltd., Trans European Natural Gas Pipeline Finance Co., Ltd.
(3) Société Européenne pour le Financement de Matériel Ferroviaire.
(4) Société Ferroviaire Internationale de Transports Frigorifiques.
(P) Preliminary.

(continued)

Foreign and International Bond Issues by Market and Country of Borrower Entity, 1972-1974, First Half 1975[1] (continued)

(US$ millions)

Table 10

Borrowing countries	1972				1973				1974				First half 1975 (P)			
	North American and other markets	European markets	International markets	Total	North American and other markets	European markets	International markets	Total	North American and other markets	European markets	International markets	Total	North American and other markets	European markets	International markets	Total
International development institutions																
Asian Development Bank	32.5	26.1	–	58.6	–	10.5	20.0	30.5	44.0	–	–	44.0	191.7	–	70.0	261.7
Inter-American Development Bank	–	108.8	32.4	141.2	11.3	58.8	53.4	123.5	60.0	5.7	40.2	105.9	225.0	12.0	55.6	292.6
International Bank for Reconstruction and Development	859.6	574.6	490.9	1,925.1	908.1	584.0	410.0	1,902.1	2,762.9	292.7	457.7	3,513.3	146.2	365.5	240.0	751.7
Total	892.1	709.5	523.3	2,124.9	919.4	653.3	483.4	2,056.1	2,866.9	298.4	497.9	3,663.2	562.9	377.5	365.6	1,306.0
Developing countries																
Algeria	–	–	25.0	25.0	50.7	–	20.0	70.7	59.7	–	–	59.7	–	–	35.0	35.0
Argentina	–	–	121.0	121.0	35.7	–	25.0	60.7	–	–	25.0	25.0	16.0	–	–	16.0
Brazil	–	–	–	–	–	–	–	–	–	–	–	–	53.4	–	–	53.4
Chile	–	–	–	–	–	–	–	–	20.0	–	–	20.0	–	–	–	–
China, Republic of	–	–	–	–	–	–	45.0	45.0	–	–	–	–	–	–	–	–
Colombia	–	–	45.0	45.0	–	–	53.0	53.0	–	–	–	–	–	–	–	–
Egypt, Arab Republic of	–	–	30.0	30.0	–	–	15.0	15.0	–	–	–	–	–	–	–	–
Greece	–	–	–	–	–	–	30.0	30.0	–	–	–	–	–	–	–	–
Guinea	–	–	50.0	50.0	–	26.5	50.0	76.5	–	–	50.0	50.0	–	–	24.5	24.5
Hong Kong	–	–	–	–	–	2.5	–	2.5	–	–	40.0	40.0	–	–	–	–
Hungary	–	–	20.0	20.0	–	–	20.7	20.7	–	–	–	–	–	–	–	–
India	222.3	–	20.0	242.3	468.2	–	–	468.2	559.7	–	–	559.7	64.0	–	2.5	66.5
Iran	–	–	–	–	–	8.7	–	8.7	–	–	–	–	–	–	–	–
Israel	–	–	10.0	10.0	–	–	14.0	14.0	–	–	–	–	–	–	–	–
Ivory Coast	–	–	–	–	–	–	–	–	19.0	–	–	19.0	–	–	–	–
Jamaica	–	–	24.8	24.8	–	–	17.1	17.1	–	–	–	–	–	–	–	–
Korea, Republic of	96.5	–	80.0	176.5	116.4	–	61.0	177.4	50.0	–	–	50.0	112.5	–	62.5	175.0
Malaysia	–	–	–	–	–	–	10.0	10.0	5.0	–	–	5.0	–	–	–	–
Mexico	–	–	–	–	–	–	25.0	25.0	–	–	–	–	–	–	–	–
Nicaragua	20.0	–	20.0	40.0	–	–	–	–	9.0	–	–	9.0	–	–	–	–
Oman	–	–	–	–	17.9	–	17.2	35.1	–	16.7	–	16.7	–	–	25.0	25.0
Panama	–	–	50.0	50.0	–	–	–	–	–	–	17.2	17.2	–	–	–	–
Papua New Guinea	–	–	–	–	–	–	–	–	–	–	17.2	17.2	–	–	–	–
Philippines	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Portugal	–	–	51.0	51.0	–	–	30.0	30.0	–	–	–	–	–	–	60.0	60.0
Romania	–	–	128.0	128.0	16.6	–	71.0	87.6	25.4	–	–	25.4	–	–	12.0	12.0
Singapore	–	–	–	–	23.7	–	–	23.7	–	–	–	–	–	–	67.1	67.1
Spain	–	–	39.8	39.8	–	–	7.5	7.5	1.9	–	–	1.9	–	–	8.6	8.6
Sudan	–	–	–	–	–	–	30.0	30.0	–	–	–	51.5	–	–	–	–
Venezuela	–	–	–	–	–	–	13.0	13.0								
Yugoslavia	–	–	–	–	–	–										
Zaire	–	–	–	–	–	–										
Total	338.8	–	714.6	1,053.4	729.3	27.7										

Zaire	–	–	–	–	–	–	13.0	13.0	–	–	–	–	–	–	–	–
Total	338.8	–	714.6	1,053.4	729.2	37.7	554.5	1,321.4	801.2	16.7	149.4	967.3	245.9	–	297.2	543.1
Recapitulation																
Industrialized countries	1,106.8	852.5	5,277.5	7,236.8	1,005.1	1,438.9	3,127.1	5,571.1	2,591.9	970.5	2,253.7	5,816.1	1,987.5	1,011.7	4,377.6	7,376.8
Multilateral European institutions	–	484.9	412.2	897.1	–	530.5	434.7	965.2	110.0	120.5	1,576.0	1,806.5	200.0	220.8	434.6	855.4
Total	1,106.8	1,337.4	5,689.7	8,133.9	1,005.1	1,969.4	3,561.8	6,536.3	2,701.9	1,091.0	3,829.7	7,622.6	2,187.5	1,232.5	4,812.2	8,232.2
International development institutions	892.1	709.5	523.3	2,124.9	919.4	653.3	483.4	2,056.1	2,866.9	298.4	497.9	3,663.2	562.9	377.5	365.6	1,306.0
Developing countries	338.8	–	714.6	1,053.4	729.2	37.7	554.5	1,321.4	801.2	16.7	149.4	967.3	245.9	–	297.2	543.1
Total	1,230.9	709.5	1,237.9	3,178.3	1,648.6	691.0	1,037.9	3,377.5	3,668.1	315.1	647.3	4,630.5	808.8	377.5	662.8	1,849.1
GRAND TOTAL	2,337.7	2,046.9	6,927.6	11,312.2	2,653.7	2,660.4	4,599.7	9,913.8	6,370.0	1,406.1	4,477.0	12,253.1	2,996.3	1,610.0	5,475.0	10,081.3

(1) Includes both public offerings and private placements.
(P) Preliminary.
Source: World Bank.

Average Issue Yield of New Publicly Offered Foreign and International Bonds, 1972-1974, First Half 1975

Table 11

(Percentages)

	Issued in North American and other markets by				Issued in European markets by					Issued in international markets by				
	World Bank	Other international development institutions (1)	Canada (2)	Others (3)	World Bank	Other international development institutions (1)	U.S. corporations	Other industrialized countries (3)	Developing countries (2)	World Bank	Other international development institutions (1)	U.S. corporations	Other industrialized countries (3)	Developing countries (2)
1972														
First quarter	6.56	–	7.86	–	6.37	–	5.81	6.38	–	–	–	6.38	7.42	8.30
Second quarter	6.78	7.30	7.78	–	6.57	6.75	5.58	5.72	–	7.28	6.75	5.58	7.24	7.17
Third quarter	7.02	–	–	6.94	6.78	–	5.50	6.37	–	–	–	5.40	6.81	8.20
Fourth quarter	7.00	–	7.48	8.22	–	6.94	–	6.36	–	–	–	6.25	7.45	7.92
1973														
First quarter	7.10	–	–	–	6.89	–	6.73	6.44	–	–	–	5.57	6.96	7.67
Second quarter	–	–	7.90	–	6.28	6.00	6.00	6.14	–		–	8.18	7.54	7.30
Third quarter	7.56	–	8.44	7.93	–	–	5.99	6.46	–	–	–	7.24	8.20	7.75
Fourth quarter	7.25	–	8.23	8.32	7.25	–	6.50	7.37	8.00	–	–	6.77	8.62	7.63
1974														
First quarter	7.36	7.36	8.67	–	7.00	–	–	7.38	7.47	–	–	9.38	8.68	6.50
Second quarter	–	7.50	9.23	–	–	–	7.75	8.24	–	–	–	9.55	9.08	–
Third quarter	–	–	10.69	–	–	–	–	8.04	–	–	–	11.60	9.69	–
Fourth quarter	8.02	–	10.04	9.17	–	–	8.47	8.76	–	–	–	–	10.15	–
1975 (P)														
First quarter	–	8.25	9.71	9.00	–	–	–	8.55	–	–	–	–	9.26	9.68
Second quarter	–	8.75	9.47	8.75	8.25	–	7.75	8.23	–	–	–	9.88	9.12	9.13

(1) Issues by the Asian Development Bank and the Inter American Development Bank.

(2) Issues by governments, public, and private corporations.

(3) Issues by governments, public, and private corporations, and multilateral European institutions.

(P) Preliminary.

Source: World Bank.

Bank Appendices

		Page
A	Balance Sheet	104
B	Statement of Income and Expenses	106
	Statement of Accumulated Net Income and Allocation of Net Income of Previous Fiscal Year	106
	Statement of Changes in Supplemental Reserve against Losses on Loans and from Currency Devaluations	106
C	Statement of Changes in Financial Position	107
D	Summary Statement of Loans	108
E	Summary Statement of Borrowings	111
F	Statement of Subscriptions to Capital Stock and Voting Power	112
G	Notes to Financial Statements	114
	REPORT OF INDEPENDENT ACCOUNTANTS	116
H	Statement of Loans Approved during the Fiscal Year 1974/75	117

Balance Sheet

June 30, 1975 and June 30, 1974

Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix G

Assets

		1975	
DUE FROM BANKS AND OTHER DEPOSITORIES			
Unrestricted currencies (including interest-bearing, demand deposits $17,369—1975, $62,984—1974)	$ 85,423		$ 84
Currencies subject to restrictions—Note B	67,783		69
		$ 153,206	154
INVESTMENTS—Note C			
Obligations of governments and their instrumentalities (at cost or amortized cost; face amount $2,231,013—1975, $2,110,904—1974)	$ 2,197,938		2,088
Time deposits (at cost or amortized cost; face amount $2,592,572—1975, $1,609,336—1974)	2,592,674		1,60
Accrued interest	75,738		77
		4,866,350	3,775
RECEIVABLE ON ACCOUNT OF SUBSCRIBED CAPITAL (subject to restrictions)—Note B			
Non-negotiable, non-interest-bearing, demand obligations	$ 382,626		398
Amounts required to maintain value of currency holdings	10,847		16
		393,473	415
LOANS (see Appendix D)	$22,322,491		18,467,4
Less—loans approved but not yet effective	2,459,208		1,835,0
Effective loans (including undisbursed balance $7,674,979—1975, $6,142,871—1974)		19,863,283	16,632,3
ACCRUED INCOME ON LOANS		211,336	178,5
RECEIVABLE FROM SALES OF INVESTMENT SECURITIES		6,401	121,7
RECEIVABLE FROM PURCHASERS ON ACCOUNT OF EFFECTIVE LOANS AGREED TO BE SOLD (including undisbursed balance $24,215—1975, $45,545—1974)		32,011	77,5
OTHER ASSETS			
Land and buildings—less accumulated depreciation ($8,416—1975, $7,269—1974)	$ 57,644		58,6
Unamortized issuance costs of borrowings	45,729		45,7
Exchange adjustments on capital subscriptions—Note B	87,775		99,2
Miscellaneous	16,080		13,1
		207,228	216,7
SPECIAL RESERVE FUND ASSETS—Note D			
Investment securities—obligations of United States Government and its instrumentalities (at cost or amortized cost; face amount $288,107—1975, $294,685—1974)	$ 292,538		292,5
Accrued loan commissions	—		
		292,538	292,5
TOTALS		$26,025,826	$21,854,6

Appendix A

International Bank for
Reconstruction and Development

1974	Liabilities, Reserves and Capital		1975	1974
	LIABILITIES			
$ 84,760	Accrued charges on borrowings		$ 293,697	$ 235,918
69,281	Amounts required to maintain value of currency holdings–Note B		20,149	26,708
154,041	Accounts payable and other liabilities		23,413	15,820
2,088,968	Payable for investment securities purchased, and sold under agreements to repurchase–Note C		774	354,267
1,609,561	Due to International Development Association–Note E		454,433	357,983
77,389	Undisbursed balance of effective loans (see Appendix D)			
3,775,918	Held by Bank	$ 7,674,979		6,142,871
	Agreed to be sold	24,215		45,545
			7,699,194	6,188,416
398,939	BORROWINGS (see Appendix E)			
16,276	Principal amounts	$12,542,831		9,940,710
415,215	Less–amounts receivable under contracts	255,868		290,705
18,467,450	Principal amounts outstanding	$12,286,963		9,650,005
1,835,081	Less–net amounts of unamortized discounts and premiums	11,942		14,059
16,632,369			12,275,021	9,635,946
178,534	RESERVES			
121,733	Special reserve–Note D	$ 292,538		292,529
	Supplemental reserve against losses on loans and from currency devaluations (see Appendix B)–Note F	1,609,324		1,479,650
			1,901,862	1,772,179
77,558	CAPITAL			
	Capital stock (see Appendix F)–Note B			
58,602	Authorized capital ($27,000,000–United States dollars of 1944)			
45,773	Subscribed capital (United States dollars of 1944 $25,548,900–1975,			
99,212	$25,225,600–1974)	$30,820,879		30,430,867
13,160	Less–uncalled portion of subscriptions (United States dollars of 1944			
216,747	$22,994,010–1975, $22,703,040–1974)	27,738,791		27,387,780
			3,082,088	3,043,087
	Payments on account of pending subscriptions (see Appendix F)		224	18,555
292,515	Accumulated net income (see Appendix B)–Note F		274,971	215,765
14				
292,529				
$21,864,644	TOTALS		$26,025,826	$21,864,644

Statement of Income and Expenses

Appendix

International Bank
Reconstruction and Developm

For the fiscal years ended June 30, 1975 and June 30, 1974
Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix G

	July 1–June 30	
	1974/75	197
Income		
Income from investments[1]	$ 382,712	$ 267,3
Income from loans:		
Interest and commissions	709,749	610,4
Commitment charges	55,913	43,8
Other income[2]	9,093	7,6
TOTAL INCOME	$1,157,467	$ 929,3
Less—amount equivalent to commissions appropriated to Special Reserve—Note D	9	
Total Income Less Reserve Deduction	$1,157,458	$ 929,2
Expenses		
Administrative expenses[3]	$ 109,937	$ 91,0
Interest on borrowings	764,988	614,7
Bond issuance and other financial expenses	7,562	7,7
TOTAL EXPENSES	$ 882,7	$ 713,5
Net Income	$ 274,9	$ 215,7

(1) Includes net capital gains of $5,194,000 (net capital losses $23,181,000–1973) resulting from sales of investments. The return, including net capital gains, earned on the average amo of investments held during the year was 8.4% (6.9%–1974).

(2) Includes net capital gains of $8,953,000 ($7,402,000–1974) resulting from repurchases of obligations of the Bank pursuant to the terms of the respective borrowing agreements.

(3) All administrative expenses of the Bank and the International Development Association and a portion of the expenses of the International Finance Corporation are paid by the Ban "management fee" is charged to the Association and a "service and support fee" to the Corporation representing their respective shares of the costs. The administrative expenses sh are net of the "management fee" ($47,602,000–1975, $43,180,000–1974) and "service and support fee" ($1,455,000–1975, $1,534,000–1974).

Statement of Accumulated Net Income and Allocation of Net Income of Previous Fiscal Year

For the fiscal years ended June 30, 1975 and June 30, 1974
Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix G

	July 1–June 30	
	1974/75	1973
Net income of previous fiscal year	$ 215,765	$ 185,60
Net income of current fiscal year	274,971	215,76
Transfer to Supplemental Reserve against Losses on Loans and from Currency Devaluations	(115,765)	(75,60
Transfer to International Development Association	(100,000)	(110,00
Accumulated net income	$ 274,971	$ 215,76

Statement of Changes in Supplemental Reserve against Losses on Loans and from Currency Devaluations

For the fiscal years ended June 30, 1975 and June 30, 1974
Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix G

	July 1–June 30	
	1974/75	1973
Balance at beginning of fiscal year	$1,479,650	$1,457,81
Add—allocation of net income of previous fiscal year	115,765	75,60
Adjustment as a result of currency devaluations and revaluations during the fiscal year—Note F	13,909	(53,77
Balance at end of fiscal year	$1,609,324	$1,479,65

Statement of Changes in Financial Position

Appendix C

International Bank for Reconstruction and Development

For the fiscal years ended June 30, 1975 and June 30, 1974
Expressed in United States currency (in thousands)—See Notes to Financial Statements, Appendix G

	July 1-June 30	
	1974/75	1973/74
Funds Provided		
Operations:		
Net income (see Appendix B)	$ 274,971	$ 215,765
Items not requiring or providing cash:		
Accruals of income on loans and investments	(31,151)	(17,547)
Accruals of charges on borrowings and administrative expenses	59,007	25,104
Depreciation	1,379	1,379
Amortization of discounts, premiums and bond issuance expenses	7,935	7,659
Cash provided by operations	$ 312,141	$ 232,360
Borrowings	3,387,192	1,908,485
Capital subscriptions and maintenance of value adjustments	55,682	58,649
Repayments of loans to the Bank	568,659	486,746
Sales of loans	47,734	27,245
Decrease (increase) in amounts receivable for investment securities traded	115,332	(121,733)
Adjustment of borrowings as a result of currency devaluations and revaluations	276,449	(276,805)
Exchange adjustments as a result of currency devaluations and revaluations—Notes A and F	13,909	(53,776)
Other	8,294	6,658
TOTALS	$4,785,392	$2,297,829
Funds Used		
Disbursements on loans	$2,096,260	$1,608,496
Retirement of borrowings	1,026,683	863,431
Payments on transfers to International Development Association	3,549	93,893
Adjustment of loans outstanding as a result of currency devaluations and revaluations	194,723	(266,687)
Decrease (increase) in amounts payable for investment securities traded	353,493	(354,267)
Other	17,938	11,362
TOTALS	$3,692,646	$1,956,228
Increase in Unrestricted Currency and Investments—Note C	$1,092,746	$ 341,601

Summary Statement of Loans

June 30, 1975 and June 30, 1974
Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix G

Members liable as borrower or guarantor[1]	June 30, 1975			
	Effective loans held by Bank			Loans approved but not yet effective[4]
	Disbursed portion[2]	Undisbursed portion[3]	Total	
Algeria	$ 22,727	$ 163,390	$ 186,117	$ 48,000
Argentina	393,062	64,007	457,069	–
Australia	119,995	16,502	136,497	–
Austria	43,668	–	43,668	–
Bangladesh	55,529	–	55,529	–
Belgium	3,022	–	3,022	–
Bolivia[5]	21,300	–	21,300	32,000
Botswana	35,454	8,743	44,197	–
Brazil	1,069,160	914,489	1,983,649	116,740
Burma	5,356	–	5,356	–
Cameroon	45,415	54,817	100,232	1,000
Chile	148,593	17,715	166,308	20,000
China	260,453	19,462	279,915	–
Colombia	695,757	264,611	960,368	40,500
Congo, People's Republic of	33,028	–	33,028	–
Costa Rica	88,540	42,528	131,068	41,000
Cyprus	41,382	9,401	50,783	14,000
Denmark	18,949	–	18,949	–
Dominican Republic	23,493	–	23,493	29,000
Ecuador	46,408	36,441	82,849	4,000
Egypt, Arab Republic of	–	123,600	123,600	37,000
El Salvador	39,845	40,763	80,608	–
Ethiopia	84,507	8,157	92,664	–
Fiji	12,815	5,553	18,368	–
Finland	114,703	8,693	123,396	20,000
France	417	–	417	–
Gabon	21,769	6,355	28,124	5,000
Ghana	45,416	–	45,416	23,000
Greece	73,434	49,659	123,093	97,874
Guatemala	42,332	9,227	51,559	26,000
Guinea	87,926	–	87,926	–
Guyana	13,569	18,400	31,969	8,000
Honduras	57,548	60,407	117,955	–
Iceland	33,775	11,149	44,924	–
India	519,296	201,801	721,097	100,000
Indonesia	10,433	306,959	317,392	62,500
Iran	509,140	456,761	965,901	–
Iraq	31,834	108,916	140,750	–
Ireland	64,278	59,588	123,866	–
Israel	114,579	72,080	186,659	35,000
Italy	95,558	–	95,558	–
Ivory Coast	63,133	92,364	155,497	46,300
Jamaica	49,099	67,913	117,012	14,868
Japan	527,080	–	527,080	–
Kenya	81,141	54,953	136,094	75,500
Kenya, Tanzania and Uganda[6]	146,019	62,568	208,587	–
Korea	286,168	393,587	679,755	115,000
Lebanon	11,228	36,549	47,777	–

Appendix D

International Bank for Reconstruction and Development

Members liable as borrower or guarantor[1]	June 30, 1975			
	Effective loans held by Bank			Loans approved but not yet effective[4]
	Disbursed portion[2]	Undisbursed portion[3]	Total	
Liberia	$ 24,266	$ 7,099	$ 31,365	$ –
Malagasy Republic	12,911	15,000	27,911	6,750
Malaysia	297,952	279,930	577,882	28,475
Mauritius	–	18,500	18,500	–
Mexico	1,168,556	507,618	1,676,174	306,497
Morocco	224,026	185,710	409,736	18,500
New Zealand	67,528	–	67,528	–
Nicaragua	47,526	37,611	85,137	–
Nigeria	351,274	189,793	541,067	193,000
Norway	55,848	–	55,848	–
Oman	–	8,138	8,138	–
Pakistan	332,780	74,167	406,947	60,000
Panama	51,145	53,855	105,000	24,000
Paraguay	19,226	24,150	43,376	–
Peru	158,538	85,926	244,464	–
Philippines	203,222	328,766	531,988	55,000
Portugal	54,396	–	54,396	–
Romania	508	289,492	290,000	–
Senegal	7,951	14,452	22,403	7,000
Sierra Leone	13,573	499	14,072	5,000
Singapore	96,437	33,327	129,764	24,586
South Africa	2,087	–	2,087	–
Spain	287,134	68,679	355,813	32,450
Sri Lanka	37,405	14,838	52,243	–
Sudan	85,120	–	85,120	–
Swaziland	–	3,500	3,500	7,000
Syrian Arab Republic	–	88,000	88,000	79,453
Tanzania	83,041	29,394	112,435	15,000
Thailand	284,379	205,212	489,591	–
Trinidad and Tobago	33,342	41,724	75,066	–
Tunisia	110,161	94,080	204,241	45,800
Turkey	272,077	302,758	574,835	280,415
United Kingdom	49,569	–	49,569	–
Uruguay	82,745	5,306	88,051	–
Venezuela	258,711	33,782	292,493	–
Yugoslavia	552,628	412,205	964,833	126,000
Zaire	–	–	–	100,000
Zambia	150,981	177,848	328,829	32,000
Sub-totals members[1]	$11,785,376	$7,499,467	$19,284,843	$2,459,208
International Finance Corporation	267,879	175,512	443,391	–
Net amounts that will be due from member countries for maintenance of value of currencies on loan—Note B	135,049	–	135,049	–
Totals June 30, 1975	$12,188,304	$7,674,979	$19,863,283	$2,459,208
Totals June 30, 1974	$10,489,498	$6,142,871	$16,632,369	$1,835,081

(continued)

Summary Statement of Loans (continued)

June 30, 1975 and June 30, 1974

Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix G

Summary of Currencies Repayable on Effective Loans

Currencies	Amounts[2] 1975	1974
Argentine pesos	$ 31	$ 89
Australian dollars	118,197	125,413
Austrian schillings	55,640	47,047
Belgian francs	227,227	206,002
Brazilian cruzeiros	28,387	34,300
Burmese kyats	1,408	1,755
Canadian dollars	336,632	351,000
Danish kroner	39,132	30,490
Deutsche mark	2,929,445	2,697,941
Finnish markkaa	29,125	27,043
French francs	214,967	176,560
Ghanaian cedis	3,034	3,140
Greek drachmas	2,718	1,102
Indian rupees	44,894	44,787
Iranian rials	27,582	17,699
Iraqi dinars	2,948	2,778
Irish pounds	12,251	12,532
Italian lire	131,253	125,200
Japanese yen	1,591,426	1,750,945
Kuwaiti dinars	447,179	418,997
Lebanese pounds	35,155	27,269
Libyan dinars	140,936	131,290
Luxembourg francs	5,378	3,421
Malaysian dollars	29,342	26,503
Mexican pesos	40,914	37,084
Netherlands guilders	236,559	223,415
Norwegian kroner	45,555	39,104
Portuguese escudos	13,011	11,937
Pounds sterling	218,891	234,323
Rials Omani	651	—
Saudi Arabian riyals	150,616	—
Singapore dollars	4,912	4,389
South African rand	54,069	47,048
Spanish pesetas	58,220	53,359
Sri Lanka rupees	198	217
Sudanese pounds	2,786	2,713
Swedish kronor	106,734	90,707
Swiss francs	712,094	581,678
New Taiwan dollars	19,786	18,582
United Arab Emirates dirhams	80,701	76,222
United States dollars	3,725,509	2,637,853
Venezuelan bolivares	127,762	22,606
Disbursed portion of effective loans held by Bank	$12,053,255	$10,344,540
Add—net amounts that will be due from member countries for maintenance of value of currencies on loan—Note B	135,049	144,958
	$12,188,304	$10,489,498
Add—undisbursed portion of effective loans held by Bank	7,674,979	6,142,871
Effective loans held by Bank	$19,863,283	$16,632,369

(1) Loans are made (a) to the member or (b) to a political subdivision or a public or a private enterprise in the territories of the member with the member's guarantee. In some instances loans were made, with the guarantee of a member, in territories which at the time were included in that member's membership but which subsequently became independent and members of the Bank in their own right (except Malta which although independent is not a member of the Bank). In all these instances (except in the case of a loan to the Public Utilities Board of Singapore guaranteed by Malaysia) these territories have assumed liability as a borrower or guarantor. In order to avoid double counting, liabilities for these loans are shown under the name of the original member (whose guarantee continues unaffected). These loans are shown below together with an indication of the member under whose name they are listed.

GUARANTORS Borrowers	Amounts[2] 1975	1974
	(in thousands)	
BELGIUM		
*Burundi and Rwanda	$ 68	$ 87
Zaire	2,954	7,187
FRANCE		
Algeria	43	117
Mauritania	374	1,427
MALAYSIA		
Singapore (Public Utilities Board)	5,230	5,744
UNITED KINGDOM		
Kenya	1,788	2,033
*Kenya, Tanzania and Uganda	—	13
Malta	21	22
Mauritius	1,969	2,019
Nigeria	7,448	10,354
*Southern Rhodesia and Zambia	19,683	20,542
Singapore	9,989	10,899
Swaziland	4,308	4,520
Trinidad and Tobago	725	1,347
Uganda	34	41
Zambia	918	1,793

*Loans made for joint benefit of territories listed (Southern Rhodesia is included in the membership of the United Kingdom).

Six loans have also been made to the International Finance Corporation.

(2) The principal amounts of loans are repayable in amounts and currencies charged to the loan accounts at the time such amounts are withdrawn. These amounts are translated into United States dollars as described in Note A.

(3) These amounts do not include $14,122,000 ($34,545,000–1974) of effective loans which the Bank has agreed to sell and $10,093,000 ($11,000,000–1974) grant participation. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse $36,405,000 ($19,924,000–1974).

(4) Agreements providing for these loans have been approved by the Bank, but the loans do not become effective and disbursements thereunder do not start until the loans and related agreements have been signed and the borrowers and guarantors, if any, take certain action and furnish certain documents to the Bank. This amount is net of $9,742,000 ($1,219,000–1974) loans not yet effective which the Bank has agreed to sell. The total of effective and non-effective loans sold or agreed to be sold is the equivalent of $2,510,871,000 ($2,499,254,000–1974) and grant participation $10,093,000 ($11,000,000–1974).

(5) One loan equivalent to $23,250,000 is shown under Bolivia (Guarantor) but is also guaranteed by Argentina.

(6) Members jointly and severally liable.

Summary Statement of Borrowings

Appendix E

International Bank for Reconstruction and Development

June 30, 1975 and June 30, 1974

Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix G

Currencies	Weighted average effective interest rates[1] 1975 %	1974 %	Due dates as of June 30, 1975	Principals outstanding[2] 1975	1974
Belgian francs	7.14	7.14	1977-1986	$ 80,851	$ 75,069
Canadian dollars	6.63	6.63	1976-1993	145,289	154,922
Deutsche mark	7.32	7.20	1975-1988	2,858,678[3]	2,450,370
French francs	7.16	7.16	1977-1987	37,129	31,050
Italian lire	6.67	6.67	1976-1988	95,174	92,760
Japanese yen	7.37	7.23	1975-1988	1,636,916[4]	1,750,559
Kuwaiti dinars	7.10	7.11	1975-1992	422,733	434,208
Lebanese pounds	6.76	6.76	1978	33,685	32,524
Libyan dinars	7.72	7.72	1975-1983	135,113	135,451
Netherlands guilders	6.94	6.87	1975-1988	195,883	184,426
Pounds sterling	7.00	6.55	1976-1982	34,879	44,628
Saudi Arabian riyals	8.00	8.00	1984	143,267	142,500
Swedish kronor	6.58	6.58	1979-1992	8,076	34,050
Swiss francs	6.23	5.88	1975-1991	792,987[4]	566,000
United Arab Emirates dirhams	8.00	8.00	1980-1989	75,999	75,950
United States dollars	7.09	6.27	1975-1996	5,692,485[5]	3,712,987
Venezuelan bolivares	7.91	7.49	1977-1[illegible]	123,687	23,256
Principal amounts at face value				$12,542,831	$9,940,710
Less—amounts receivable under contracts				255,868[4]	290,705
Principal amounts outstanding at face value				$12,286,963	$9,650,005
Less—net amounts of unamortized discounts and premiums				11,942	14,059
TOTALS				$12,275,021	$9,635,946

[1] The effective interest rates are computed at the dates of issue, and include interest and discounts or premiums. For consistency, annual effective interest rates have been converted into semi-annual equivalents. The discounts or premiums are being amortized over the life of the issues by the "bonds outstanding method."

[2] The following table shows the aggregate principal amount of maturities, sinking fund requirements, and in the case of certain Canadian issues, non-cumulative purchase fund requirements, each year for the five years following the date of this statement:

Periods	Amounts 1975 (in thousands)	1974
July 1, 1974 to June 30, 1975	$ —	$ 985,497
July 1, 1975 to June 30, 1976	1,252,063	1,268,901
July 1, 1976 to June 30, 1977	1,316,890	836,898
July 1, 1977 to June 30, 1978	600,440	570,276
July 1, 1978 to June 30, 1979	849,427	687,943
July 1, 1979 to June 30, 1980	293,507	—
TOTALS	$5,312,327	$4,349,515

[3] The Bank has arranged to refinance at maturity, August 1, 1975, notes totalling DM 300 million (US equivalent $127.4 million) by issuing new notes for the same aggregate amount maturing as follows: DM 148.2 million (US equivalent $62.9 million) on February 1, 1980, and DM 151.8 million (US equivalent $64.5 million) on August 1, 1980.

[4] The amounts shown include the following contracts to borrow for settlement on the dates indicated below:

Issues	Amounts (in thousands)	Settlement dates
Japanese yen:		
Serial Obligations of 1975 (¥40,300 million)	$135,988*	Various
Swiss francs:		
8¼% Notes of 1975, due 1982 (SwF 300 million)	119,880	July 1, 1975
TOTAL	$255,868	

*The Bank has entered into an agreement with The Bank of Japan to borrow up to ¥ 42,600 million (US equivalent $143.7 million) to be drawn down from time to time at the option of the Bank, to replace six Serial Obligations maturing during the period from June 11, 1975 to January 14, 1976, at an interest rate to be determined at the time of each withdrawal. The Bank made its first withdrawal of ¥ 2,300 million (US equivalent $7.8 million) on June 11, 1975, at an interest rate of 8.64% per annum. On July 14, 1975 the Bank made its second withdrawal of ¥ 12,000 million (US equivalent $40.5 million) at an interest rate of 8.64% per annum. An interest rate of 8.64% has been used to determine the effective interest rate of the undrawn portion.

During July 1975, the Bank has borrowed in the United States an aggregate amount of $500 million through the issuance of $300 million Five-Year Notes at an interest rate of 8.30% per annum to mature on July 15, 1980 and $200 million Ten-Year Notes at an interest rate of 8.60% per annum to mature on July 15, 1985.

Statement of Subscriptions to Capital Stock and Voting Power

June 30, 1975

Expressed in thousand of units of currency—see Notes to Financial Statements, Appendix C

Members	Subscriptions[1] Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Amounts paid in (Note B) Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Amounts subject to call (Note B) Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Voting power Number of votes	Percent of total
Afghanistan	300	.12	$ 30,000	$ 3,000	$ 3,619	$ 27,000	$ 32,571	550	.19
Algeria	1,109	.43	110,900	11,090	13,378	99,810	120,405	1,359	.47
Argentina	3,733	1.46	373,300	37,330	45,033	335,970	405,297	3,983	1.39
Australia	5,671	2.22	567,100	56,710	68,412	510,390	615,708	5,921	2.06
Austria	2,304	.90	230,400	23,040	27,794	207,360	250,148	2,554	.89
Bahamas	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Bahrain	85	.03	8,500	850	1,025	7,650	9,229	335	.12
Bangladesh	1,067	.42	106,700	10,670	12,872	96,030	115,846	1,317	.46
Barbados	111	.04	11,100	1,110	1,339	9,990	12,051	361	.13
Belgium	5,545	2.17	554,500	55,450	66,892	499,050	602,028	5,795	2.02
Bolivia	210	.08	21,000	2,100	2,533	18,900	22,800	460	.16
Botswana	43	.02	4,300	430	519	3,870	4,669	293	.10
Brazil	3,733	1.46	373,300	37,330	45,033	335,970	405,297	3,983	1.39
Burma	507	.20	50,700	5,070	6,116	45,630	55,046	757	.26
Burundi	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Cambodia	214	.08	21,400	2,140	2,582	19,260	23,234	464	.16
Cameroon	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Canada	9,418	3.69	941,800	94,180	113,614	847,620	1,022,525	9,668	3.37
Central African Republic	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Chad	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Chile	943	.37	94,300	9,430	11,376	84,870	102,383	1,193	.42
China	7,500	2.94	750,000	75,000	90,476	675,000	814,285	7,750	2.70
Colombia	933	.37	93,300	9,330	11,255	83,970	101,297	1,183	.41
Congo, People's Republic of	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Costa Rica	107	.04	10,700	1,070	1,291	9,630	11,617	357	.12
Cyprus	222	.09	22,200	2,220	2,678	19,980	24,103	472	.16
Dahomey	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Denmark	2,211	.87	221,100	22,110	26,672	198,990	240,051	2,461	.86
Dominican Republic	143	.06	14,300	1,430	1,725	12,870	15,526	393	.14
Ecuador	181	.07	18,100	1,810	2,183	16,290	19,651	431	.15
Egypt, Arab Republic of	1,421	.56	142,100	14,210	17,142	127,890	154,280	1,671	.58
El Salvador	120	.05	12,000	1,200	1,448	10,800	13,029	370	.13
Equatorial Guinea	64	.03	6,400	640	772	5,760	6,949	314	.11
Ethiopia	114	.04	11,400	1,140	1,375	10,260	12,377	364	.13
Fiji	111	.04	11,100	1,110	1,339	9,990	12,051	361	.13
Finland	1,621	.63	162,100	16,210	19,555	145,890	175,994	1,871	.65
France	12,792	5.01	1,279,200	127,920	154,316	1,151,280	1,388,845	13,042	4.55
Gabon	120	.05	12,000	1,200	1,448	10,800	13,029	370	.13
Gambia, The	53	.02	5,300	530	639	4,770	5,754	303	.11
Germany, Fed. Rep. of	13,653	5.34	1,365,300	136,530	164,703	1,228,770	1,482,325	13,903	4.85
Ghana	734	.29	73,400	7,340	8,855	66,060	79,691	984	.34
Greece	736	.29	73,600	7,360	8,879	66,240	79,909	986	.34
Guatemala	123	.05	12,300	1,230	1,484	11,070	13,354	373	.13
Guinea	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Guyana	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Haiti	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Honduras	84	.03	8,400	840	1,013	7,560	9,120	334	.12
Iceland	184	.07	18,400	1,840	2,220	16,560	19,977	434	.15
India	9,000	3.52	900,000	90,000	108,571	810,000	977,142	9,250	3.23
Indonesia	2,200	.86	220,000	22,000	26,540	198,000	238,857	2,450	.85
Iran	1,580	.62	158,000	15,800	19,060	142,200	171,543	1,830	.64
Iraq	698	.27	69,800	6,980	8,420	62,820	75,783	948	.33
Ireland	1,032	.40	103,200	10,320	12,450	92,880	112,045	1,282	.45
Israel	1,108	.43	110,800	11,080	13,366	99,720	120,297	1,358	.47
Italy	8,525	3.34	852,500	85,250	102,841	767,250	925,571	8,775	3.06
Ivory Coast	365	.14	36,500	3,650	4,403	32,850	39,629	615	.21
Jamaica	446	.17	44,600	4,460	5,380	40,140	48,423	696	.24
Japan	10,230	4.00	1,023,000	102,300	123,409	920,700	1,110,565	10,480	3.65
Jordan	187	.07	18,700	1,870	2,256	16,830	20,303	437	.15
Kenya	400	.16	40,000	4,000	4,825	36,000	43,429	650	.23
Korea	682	.27	68,200	6,820	8,227	61,380	74,046	932	.33
Kuwait	694	.27	69,400	6,940	8,372	62,460	75,348	944	.33
Laos	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Lebanon	90	.04	9,000	900	1,086	8,100	9,771	340	.12
Lesotho	43	.02	4,300	430	519	3,870	4,669	293	.10

Appendix F

International Bank for Reconstruction and Development

Members	Subscriptions[1] Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Amounts paid in (Note B) Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Amounts subject to call (Note B) Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Voting power Number of votes	Percent of total
Liberia	213	.08	$ 21,300	$ 2,130	$ 2,570	$ 19,170	$ 23,126	463	.16
Libyan Arab Republic	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Luxembourg	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Malagasy Republic	219	.09	21,900	2,190	2,642	19,710	23,777	469	.16
Malawi	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Malaysia	1,587	.62	158,700	15,870	19,145	142,830	172,303	1,837	.64
Mali	173	.07	17,300	1,730	2,087	15,570	18,783	423	.15
Mauritania	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Mauritius	188	.07	18,800	1,880	2,268	16,920	20,411	438	.15
Mexico	2,280	.89	228,000	22,800	27,505	205,200	247,543	2,530	.88
Morocco	960	.38	96,000	9,600	11,581	86,400	104,228	1,210	.42
Nepal	112	.04	11,200	1,120	1,351	10,080	12,160	362	.13
Netherlands	5,923	2.32	592,300	59,230	71,452	533,070	643,068	6,173	2.15
New Zealand	1,716	.67	171,600	17,160	20,701	154,440	186,308	1,966	.69
Nicaragua	91	.04	9,100	910	1,098	8,190	9,880	341	.12
Niger	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Nigeria	1,152	.45	115,200	11,520	13,897	103,680	125,074	1,402	.49
Norway	2,048	.80	204,800	20,480	24,706	184,320	222,354	2,298	.80
Oman	60	.02	6,000	600	724	5,400	6,514	310	.11
Pakistan	2,000	.78	200,000	20,000	24,127	180,000	217,143	2,250	.78
Panama[1]	176	.07	17,600	1,760	2,123	15,840	19,108	426	.15
Paraguay	60	.02	6,000	600	724	5,400	6,514	310	.11
Peru	735	.29	73,500	7,350	8,867	66,150	79,800	985	.34
Philippines	1,322	.52	132,200	13,220	15,948	118,980	143,531	1,572	.55
Portugal	800	.31	80,000	8,000	9,651	72,000	86,857	1,050	.37
Qatar	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Romania	1,621	.63	162,100	16,210	19,555	145,890	175,994	1,871	.65
Rwanda	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Saudi Arabia	1,143	.45	114,300	11,430	13,789	102,870	124,097	1,393	.49
Senegal	333	.13	33,300	3,330	4,017	29,970	36,154	583	.20
Sierra Leone	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Singapore	320	.13	32,000	3,200	3,860	28,800	34,743	570	.20
Somalia	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
South Africa	2,730	1.07	273,000	27,300	32,933	245,700	296,400	2,980	1.04
Spain	3,371	1.32	337,100	33,710	40,666	303,390	365,994	3,621	1.26
Sri Lanka	827	.32	82,700	8,270	9,976	74,430	89,789	1,077	.38
Sudan	600	.23	60,000	6,000	7,238	54,000	65,143	850	.30
Swaziland	68	.03	6,800	680	820	6,120	7,383	318	.11
Sweden	2,773	1.09	277,300	27,730	33,452	249,570	301,068	3,023	1.05
Syrian Arab Republic[1]	400	.16	40,000	4,000	4,825	36,000	43,429	650	.23
Tanzania	350	.14	35,000	3,500	4,222	31,500	38,000	600	.21
Thailand	1,143	.45	114,300	11,430	13,789	102,870	124,097	1,393	.49
Togo	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Trinidad and Tobago	535	.21	53,500	5,350	6,454	48,150	58,086	785	.27
Tunisia	373	.15	37,300	3,730	4,500	33,570	40,497	623	.22
Turkey	1,286	.50	128,600	12,860	15,514	115,740	139,623	1,536	.54
Uganda	333	.13	33,300	3,330	4,017	29,970	36,154	583	.20
United Arab Emirates	128	.05	12,800	1,280	1,544	11,520	13,897	378	.13
United Kingdom	26,000	10.18	2,600,000	260,000	313,651	2,340,000	2,822,856	26,250	9.15
United States	64,730	25.34	6,473,000	647,300	780,869	5,825,700	7,027,825	64,980	22.66
Upper Volta	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Uruguay	411	.16	41,100	4,110	4,958	36,990	44,623	661	.23
Venezuela	1,972	.77	197,200	19,720	23,789	177,480	214,103	2,222	.77
Viet Nam	543	.21	54,300	5,430	6,550	48,870	58,954	793	.28
Western Samoa	17	.01	1,700	170	205	1,530	1,846	267	.09
Yemen Arab Republic	85	.03	8,500	850	1,025	7,650	9,229	335	.12
Yemen, People's Dem. Rep. of	248	.10	24,800	2,480	2,992	22,320	26,926	498	.17
Yugoslavia	1,178	.46	117,800	11,780	14,211	106,020	127,897	1,428	.50
Zaire	960	.38	96,000	9,600	11,581	86,400	104,228	1,210	.42
Zambia[1]	533	.21	53,300	5,330	6,430	47,970	57,869	783	.27
TOTALS	255,489	100.00	$25,548,900	$2,554,890	$ 3,082,088	$22,994,010	$27,738,791	286,739	100.00

[1] Equivalent of $224,000 in current United States dollars has been received from members on account of increases in subscriptions which are in process of completion: Panama $60,000; Syrian Arab Republic $75,000; and Zambia $139,000.

Notes to Financial Statements

June 30, 1975 and June 30, 1974

Note A—Translation of Currencies

The financial statements are expressed in terms of the current United States dollar. Accounts in currencies other than United States dollars are translated into dollars at market rates of exchange prevailing at the fiscal year-end with the following exceptions: buildings (and related depreciation) and deferred charges accounts are translated at historical exchange rates in effect when the buildings were acquired or the charges were incurred; accounts for income and expenses, other than depreciation and amortized deferred charges, are translated at an average of the market rates of exchange in effect during each fiscal year. The capital stock, which is expressed in terms of United States dollars of the weight and fineness in effect on July 1, 1944, is translated into current dollars on the basis of $1.20635 per 1944 dollar. Translation adjustments, other than those relating to capital stock (see Note B), have been reflected as adjustments to the Supplemental Reserve Against Losses on Loans and from Currency Devaluations.

No representation is made that any currency held by the Bank is convertible into any other currency at any rate or rates.

Note B—Capital Stock, Restricted Currencies and Maintenance of Value

In the Articles of Agreement of the Bank, the capital stock of the Bank is expressed in terms of United States dollars of the weight and fineness in effect on July 1, 1944, and comprises 270,000 authorized shares of the par value of $100,000 each, of which 255,489 shares have been subscribed (252,256—1974). Ten percent of the capital subscriptions has been called and paid in; the remaining ninety percent is subject to call by the Bank only when required to meet the obligations of the Bank created by borrowing or by guaranteeing loans. As to $24,656,703,000 ($24,344,693,000—1974) the restriction on calls is imposed by the Articles of Agreement and, as to $3,082,088,000 ($3,043,087,000—1974) by resolutions of the Board of Governors.

The portion of capital subscriptions paid in to the Bank is divided into two parts: (1) $308,209,000 ($304,309,000—1974) initially paid in gold or United States dollars, and (2) $2,773,879,000 ($2,738,778,000—1974) paid in the currencies of the respective members. Of this latter portion an amount of $121,527,000 ($112,969,000—1974) was subsequently converted by members into United States dollars, subject to the right of the Bank or the members to reverse the transactions. The amounts initially paid in gold or United States dollars or subsequently converted by members into United States dollars are freely usable by the Bank in any of its operations; however, the remaining amounts paid in the currencies of the members, hereinafter called restricted currencies, are usable by the Bank in its lending operations only with the consent of the respective members. At June 30, 1975 the equivalent of $1,968,486,000 ($1,923,347,000—1974) had been used with such consent. Article II, Section 9 of the Articles of Agreement provides for maintenance, as of the time of subscription, of the value of such restricted currencies, requiring (1) the member to make additional payments to the Bank in the event that the par value of its currency is reduced or the foreign exchange value of its currency has, in the opinion of the Bank, depreciated to a significant extent in its territories, and (2) the Bank to reimburse the member in the event that the par value of its currency is increased. On March 16, 1973, the Executive Directors resolved that, for all members that established central rates for their respective currencies, pending establishment of new par values, maintenance of value obligations be settled on the basis of those central rates. These obligations of the members and the Bank become effective immediately upon the happening of those events with respect to holdings of restricted currencies represented by currency balances and demand obligations. With respect to restricted currencies out on loan, these obligations become effective only as and when such currencies are recovered by the Bank, except that in several cases the Bank and the members concerned have agreed to make provisional settlements of such obligations by means of one or more payments over periods not exceeding five years. The amounts thus receivable $1,246,000 ($1,485,000—1974) or payable $20,137,000 ($26,619,000—1974) by the Bank are included in Amounts Required to Maintain Value of Currency Holdings under the headings Receivable on Account of Subscribed Capital and under Liabilities, respectively.

Where market rates of exchange are not related to par values or central rates as in the cases of a majority of members, and where there are differences between market rates of exchange and the rates at which capital subscriptions of members have been paid or are payable, such differences are shown as Exchange Adjustments on Capital Subscriptions under the heading Other Assets. The amount thus established, $87,775,000 ($99,212,000—1974), which consists of notional receivables $179,354,000 ($134,465,000—1974) and payables $91,579,000 ($35,253,000—1974),will become maintenance of value obligations if and when the provisions of Article II, Section 9 of the Articles of Agreement or the resolution of the Executive Directors described above become applicable. Under the present system of floating exchange rates and the absence of establishment of, or changes in, the par values or central rates by most member countries, the timing of the establishment and settlement of maintenance of value obligations for those countries is uncertain.

Note C—Investments

The market value of investment securities is $4,768,233,000 compared with a book value of $4,790,612,000 ($3,587,586,000 compared with a book value of $3,698,529,000—1974), including investments not traded in the market which are valued at their cost of $1,047,909,000 ($1,703,230,000—1974). The item Investments includes securities purchased under agreements to resell amounting to $600,000,000 ($15,000,000—1974). At June 30, 1974, the item Investments also includes $205,460,000 representing securities sold under agreements to repurchase.

Note D—Special Reserve

Amounts of loan commissions have been set aside pursuant to Article IV, Section 6 of the Articles of Agreement, as a Special Reserve to be held in liquid form and to be used only for the purpose of meeting liabilities of the Bank on its borrowings and guarantees. The market value of investment securities set aside for this purpose is $301,091,000 ($280,514,000—1974).

Note E—Contributions to International Development Association

The Bank has authorized transfers by way of grants to the International Development Association totalling $915,000,000 from net income for the fiscal years ended June 30, 1964 through June 30, 1974 ($815,000,000 through 1973). Of this amount $454,433,000 is payable as of June 30, 1975 ($357,983,000—1974).

Note F—Net Income and Supplemental Reserve

Of the $274,971,000 net income earned in the fiscal year ended June 30, 1975, in July 1975 the President of the Bank proposed to the Executive Directors that they approve the allocation of $164,971,000 to the Supplemental Reserve Against Losses on Loans and from Currency Devaluations and that they recommend to the Board of Governors that the balance of $110,000,000 be transferred by way of grant to the International Development Association.

Appendix G

International Bank for
Reconstruction and Development

Of the $215,765,000 net income earned in the fiscal year ended June 30, 1974, the Bank in October 1974 allocated $115,765,000 to the Supplemental Reserve Against Losses on Loans and from Currency Devaluations and authorized the transfer of the balance of $100,000,000 by way of grant to the International Development Association.

Consistent with past practice, the Supplemental Reserve Against Losses on Loans and from Currency Devaluations has been credited during the current fiscal year with $13,909,000 (charged with $53,776,000—1974) representing net translation adjustments as a result of currency devaluations and revaluations.

Note G—Staff Retirement Plan

The Bank has a contributory retirement plan for its staff which also covers the staff of the International Finance Corporation. All contributions to the Plan and all other assets and income of the Plan are held by the Bank separately from the assets of the Bank and the Corporation and can be used only for the benefit of the participants in the Plan and their beneficiaries. The funding of the Plan is based upon a percentage of salaries paid. The Bank and the Corporation contribute that part of the cost and expenses of the Plan not provided by the contributions of the participants. Certain improvements in the benefit provisions of the Plan became effective in 1974 and certain changes in the funding arrangements were made in the current fiscal year.

For the fiscal year ended June 30, 1975, the total cost of the Plan to the Bank amounted to $16,670,000 ($11,316,000—1974) which included amortization of unfunded liabilities over a period of 40 years. As a result of the changes in the benefit provisions and in the funding arrangements the net cost to the Bank for the year increased by approximately $4,304,000.

Report of Independent Accountants

1801 K STREET, N.W.
WASHINGTON, D.C. 20006
July 25, 1975

To
INTER..ATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
WASHINGTON, D.C.

In our opinion, the accompanying financial statements (Appendices A through G) present fairly, in terms of United States currency, the financial position of International Bank for Reconstruction and Development at June 30, 1975 and 1974, the results of its operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Financial Statements Covered by the Foregoing Report

Balance Sheet ..... Appendix A (page 10
Statement of Income and Expenses ..... Appendix B (page 10
Statement of Accumulated Net Income and Allocation of Net Income of Previous Fiscal Year ..... Appendix B (page 10
Statement of Changes in Supplemental Reserve against Losses on Loans and from Currency Devaluations ..... Appendix B (page 10
Statement of Changes in Financial Position ... Appendix C (page 10
Summary Statement of Loans ..... Appendix D (page 10
Summary Statement of Borrowings ..... Appendix E (page 11
Statement of Subscriptions to Capital Stock and Voting Power ..... Appendix F (page 11
Notes to Financial Statements ..... Appendix G (page 11

Statement of Loans Approved during the Fiscal Year 1974/75

Appendix H

International Bank for Reconstruction and Development

(US dollars)

GUARANTOR Purpose and borrower	Date of approval	Maturities	Interest rate	Principal amount
Algeria				
Rural development	June 26, 1975	1978/1985	8½%	$ 8,000,000
Algeria (Guarantor)				
Development finance company—Banque Algérienne de Développement	June 26, 1975	1976/1990	8½%	40,000,000
Bolivia (Guarantor)				
Railways II—Empresa Nacional de Ferrocarriles	June 3, 1975	1980/2000	8½%	32,000,000
Brazil				
Roads	January 14, 1975	1980/1994	8%	110,000,000
Education	November 12, 1974	1985/2004	8%	23,500,000
Agriculture	June 9, 1975	1980/2000	8½%	23,000,000
Brazil (Guarantor)				
Railways—Rede Ferroviaria Federal, S.A. (RFFSA)	January 14, 1975	1980/1999	8%	175,000,000
Industry—Companhia Siderurgica Nacional (CSN)	June 9, 1975	1979/1990	8½%	95,000,000
Cameroon				
Agriculture	September 5, 1974	1980/1994	8%	6,500,000
Roads (supplement)	June 19, 1975	1980/2000	8½%	1,000,000
Chile				
Agriculture	May 8, 1975	1979/1995	8½%	20,000,000
Colombia				
Industry	January 14, 1975	1978/1986	8%	5,500,000
Land colonization	May 22, 1975	1979/1995	8½%	19,500,000
Agriculture	June 26, 1975	1981/2005	8½%	21,000,000
Colombia (Guarantor)				
Communications—Empresa Nacional de Telecomunicaciones (TELECOM)	January 14, 1975	1980/1994	8%	15,000,000
Water supply—Instituto Nacional de Fomento Municipal (INSFOPAL)	January 14, 1975	1980/1999	8%	27,000,000
Costa Rica (Guarantor)				
Power—Instituto Costarricense de Electricidad (ICE)	June 9, 1975	1979/2000	8½%	41,000,000
Dominican Republic				
Education II	April 29, 1975	1985/2005	8½%	8,000,000
Dominican Republic (Guarantor)				
Tourism—Banco Central de la República Dominicana	October 29, 1974	1985/2004	8%	21,000,000
Ecuador				
Education	May 22, 1975	1980/2000	8½%	4,000,000
Egypt, Arab Republic of				
Industry	January 28, 1975	1980/1994	8%	40,000,000
Imports	December 3, 1974	1980/1999	8%	35,000,000
Egypt, Arab Republic of (Guarantor)				
Transport—Suez Canal Authority	December 3, 1974	1979/1994	8%	50,000,000
Railways—Egyptian Railways Organization (ER)	March 20, 1975	1979/1999	8½%	37,000,000
El Salvador				
Sites and services	October 29, 1974	1981/2004	8%	2,500,000
Finland (Guarantor)				
Development finance company—environmental control—Mortgage Bank of Finland Oy	May 6, 1975	1977/1990	8½%	20,000,000
Gabon				
Education	December 3, 1974	1979/1989	8%	5,000,000
Ghana (Guarantor)				
Telecommunications—Ghana Posts and Telecommunications Corporation (GPT)	June 9, 1975	1980/2000	8½%	23,000,000
Greece				
Education	June 3, 1975	1981/1990	8½%	45,000,000
Greece (Guarantor)				
Development finance company—National Investment Bank for Industrial Development S.A.	June 5, 1975	1977/1987	8½%	25,000,000
Guatemala (Guarantor)				
Telecommunications—Empresa Guatemalteca de Telecomunicaciones (Guatel)	April 15, 1975	1979/1995	8½%	26,000,000
Guyana				
Education II	April 15, 1975	1985/2004	8½%	8,000,000
Honduras (Guarantor)				
Power—Empresa Nacional de Energía Eléctrica (ENEE)	January 7, 1975	1979/1999	8%	35,000,000
India (Guarantor)				
Industry—Indian Farmers Fertilizer Cooperative Limited (IFFCO)	January 7, 1975	1980/1990	8%	109,000,000
Industry—Industrial Credit and Investment Corporation of India, Limited (ICICI)	April 1, 1975	1978/1992	8½%	100,000,000

(continued)

ndix A (page 104)
ndix B (page 106)
ndix B (page 106)
ndix B (page 106)
ndix C (page 107)
ndix D (page 108)
ndix E (page 111)
ndix F (page 112)
ndix G (page 114)

Statement of Loans Approved during the Fiscal Year 1974/75 (continued)

(US dollars)

GUARANTOR Purpose and borrower	Date of approval	Maturities	Interest rate	Principal amount
Indonesia				
Jakarta urban development	September 17, 1974	1979/1994	8%	$ 25,000,000
Water supply	October 15, 1974	1981/2004	8%	14,500,000
Development finance company	November 12, 1974	1978/1992	8%	50,000,000
Industry	February 25, 1975	1978/1990	8¼%	115,000,000
Irrigation	April 1, 1975	1981/2004	8½%	65,000,000
Agricultural research	May 13, 1975	1982/2000	8½%	21,500,000
Power	June 9, 1975	1982/2000	8½%	41,000,000
Iran				
Fisheries	September 10, 1974	1979/1988	8%	12,500,000
Iran (Guarantor)				
Agriculture–Agricultural Development Bank of Iran (ADBI)	August 13, 1974	1979/1989	8%	40,000,000
Israel				
Development finance company	May 22, 1975	1978/1990	8½%	35,000,000
Ivory Coast				
Education (supplement)	January 14, 1975	1979/1999	8%	2,200,000
Agriculture	December 10, 1974	1980/1994	8%	20,000,000
Sewerage and drainage	January 14, 1975	1978/1999	8%	9,000,000
Rural development	January 14, 1975	1981/1994	8%	31,000,000
Education	May 13, 1975	1980/2000	8½%	5,000,000
Tourism	May 27, 1975	1980/1995	8½%	9,700,000
Jamaica				
Roads	July 5, 1974	1978/1999	7¼%	13,500,000
Airports	September 5, 1974	1979/1999	8%	12,500,000
Jamaica (Guarantor)				
Water supply–The Water Commission, Kingston	June 26, 1975	1979/2000	8½%	15,000,000
Kenya				
Agriculture	March 11, 1975	1980/2000	8½%	7,500,000
Sites and services	April 29, 1975	1979/2000	8½%	8,000,000
Program loan	May 27, 1975	1982/1999	8½%	30,000,000
Forestry II	June 19, 1975	1985/2000	8½%	10,000,000
Kenya (Guarantor)				
Oil pipelines–Kenya Pipeline Company Limited	June 19, 1975	1985/2000	8½%	20,000,000
Korea, Republic of				
Urbanization	January 7, 1975	1982/1999	8%	15,000,000
Program loan	March 25, 1975	1980/1994	8½%	100,000,000
Education	March 25, 1975	1982/2000	8½%	22,500,000
Railways	April 8, 1975	1980/1999	8½%	100,000,000
Korea, Republic of (Guarantor)				
Development finance company–Korea Development Bank	March 20, 1975	1978/1992	8½%	60,000,000
Liberia (Guarantor)				
Development finance company–Liberian Bank for Development and Investment (LBDI)	December 3, 1974	1976/1990	8%	4,000,000
Malagasy Republic				
Forestry	December 17, 1974	1985/1999	8%	6,750,000
Malaysia				
Land settlement	September 19, 1974	1982/1997	8%	36,000,000
Agriculture	May 13, 1975	1982/2000	8½%	28,500,000
Malaysia (Guarantor)				
Power–National Electricity Board	July 5, 1974	1979/1994	7¼%	45,000,000
Mauritius				
Education	July 23, 1974	1984/1999	7¼%	3,500,000
Mexico (Guarantor)				
Integrated rural development–Nacional Financiera, S.A.	October 29, 1974	1980/1999	8%	50,000,000
Integrated rural development–Nacional Financiera, S.A.	May 8, 1975	1980/2000	8½%	110,000,000
Irrigation–Nacional Financiera, S.A.	May 8, 1975	1982/2000	8½%	150,000,000
Industry–Financiera and Guanos y Fertilizantes de Mexico, S.A. (Guanomex)	May 22, 1975	1979/1989	8½%	50,000,000
Morocco				
Irrigation	May 6, 1975	1980/1995	8¼%	18,500,000
Morocco (Guarantor)				
Development finance company–Banque Nationale pour le Développement Économique (BNDE)	December 19, 1974	1977/1990	8%	30,000,000
Nigeria				
Agriculture	December 19, 1974	1980/1994	8%	21,000,000
Livestock	December 19, 1974	1981/1994	8%	21,000,000
Agriculture	December 19, 1974	1980/1994	8%	29,000,000
Agriculture	December 19, 1974	1980/1994	8%	17,500,000
Agriculture	December 19, 1974	1980/1994	8%	19,000,000
Agriculture	June 17, 1975	1980/1995	8½%	17,000,000
Agriculture	June 17, 1975	1980/1995	8½%	41,000,000
Agriculture	June 17, 1975	1980/1995	8½%	29,500,000
Pakistan (Guarantor)				
Pipeline–Sui Northern Gas Pipelines Limited (SNGPL)	May 8, 1975	1980/1997	8½%	60,000,000

Appendix H

International Bank for Reconstruction and Development

GUARANTOR Purpose and borrower	Date of approval	Maturities	Interest rate	Principal amount
Panama (Guarantor)				
Port–Autoridad Portuaria Nacional (APN)	April 22, 1975	1979/1995	8½%	$ 24,000,000
Paraguay				
Roads	December 10, 1974	1980/1999	8%	14,500,000
Agriculture	August 6, 1974	1979/1999	8%	10,000,000
Philippines				
Population	July 2, 1974	1980/1999	7¼%	25,000,000
Shipping	October 15, 1974	1978/1992	8%	20,000,000
Irrigation	December 17, 1974	1982/1999	8%	17,000,000
Rural development	April 8, 1975	1982/1999	8½%	25,000,000
Industry	May 27, 1975	1979/1991	8½%	30,000,000
Philippines (Guarantor)				
Power–National Power Corporation (NPC)	July 2, 1974	1978/1999	7¼%	61,000,000
Development finance company–Philippine National Bank	November 5, 1974	1977/1991	8%	30,000,000
Romania (Guarantor)				
Steel–Banka de Investitii	July 5, 1974	1979/1989	7¼%	70,000,000
Power–Banka de Investitii	July 5, 1974	1980/1999	7¼%	60,000,000
Irrigation–Bank for Agriculture and Food Industry (BPASIA)	January 28, 1975	1980/1999	8%	70,000,000
Agriculture–Bank for Agriculture and Food Industry (BPASIA)	January 28, 1975	1980/1994	8%	30,000,000
Senegal				
Agriculture	May 20, 1975	1980/1995	8½%	7,000,000
Sierra Leone				
Roads (supplement)	January 14, 1975	1976/1992	8%	2,300,000
Agriculture	April 29, 1975	1980/2000	8½%	5,000,000
Singapore				
Environmental control	June 19, 1975	1979/1994	8½%	25,000,000
Spain				
Livestock	April 15, 1975	1980/1990	8½%	33,000,000
Swaziland				
Water supply and sewerage	November 26, 1974	1979/1999	8%	3,500,000
Roads	April 22, 1975	1978/1997	8½%	7,000,000
Syrian Arab Republic (Guarantor)				
Power (supplement)–Etablissement Public de l'Electricité	May 6, 1975	1978/1999	8½%	8,600,000
Power–Etablissement Public de l'Electricité	June 17, 1975	1978/2000	8½%	72,000,000
Tanzania				
Agriculture	September 5, 1974	1979/1999	8%	9,000,000
Program loan	December 17, 1974	1985/2004	8%	30,000,000
Industry	June 3, 1975	1980/1997	8½%	15,000,000
Trinidad and Tobago (Guarantor)				
Development finance company–Trinidad and Tobago Development Finance Company Limited (TTDFC)	December 3, 1974	1977/1988	8%	5,000,000
Tunisia				
Irrigation	December 19, 1974	1982/1999	8%	12,200,000
Sewerage	January 28, 1975	1979/1999	8%	28,000,000
Tunisia (Guarantor)				
Phosphate–Compagnie des Phosphates	July 25, 1974	1978/1989	7¼%	23,300,000
Turkey				
Agriculture	June 17, 1975	1981/2000	8½%	75,000,000
Turkey (Guarantor)				
Development finance company–Turkiye Sinai Kalkinma Bankasi, A.S. (TSKB)	January 7, 1975	1977/1989	8%	65,000,000
Industry (supplement)–Istanbul Gubre Sanayii Anonim Sirketi (IGSAS)	April 15, 1975	1977/1987	8½%	18,000,000
Yugoslavia (Guarantor)				
Railways–Zajednica Jugoslovenskih Zeleznica (CYR)	July 2, 1974	1977/1999	7¼%	93,000,000
Ports–Preduzeće "Luka Bar" Bar	November 26, 1974	1978/1999	8%	44,000,000
Water supply and sewerage–Vodovod Dubrovnik	December 19, 1974	1979/1998	8%	6,000,000
Power–Elektroprivreda Bosne i Hercegovine–Sarajevo	June 5, 1975	1980/2000	8½%	70,000,000
Agricultural credit–Vojvodjanska Banka (VB)	June 5, 1975	1979/1990	8½%	50,000,000
Zaire (Guarantor)				
Mining–Gecamines	January 16, 1975	1979/1989	8%	100,000,000
Zambia				
Urbanization	July 5, 1974	1979/1999	7¼%	20,000,000
Zambia (Guarantor)				
Power (supplement)–Kariba North Bank Company Limited (KNBC)	July 5, 1974	1977/1996	7¼%	42,100,000
Telecommunications–Posts and Telecommunications Corporation (PTC)	May 27, 1975	1979/1995	8½%	32,000,000
TOTAL of loans to or guaranteed by members				$4,319,650,000
International Finance Corporation	February 11, 1975	1978/1995	8½%	50,000,000
TOTAL[1]				$4,369,650,000

Does not include Bangladesh Jute Corporation loan of $58,695,633 which replaced loans originally made in Pakistan rupees and which included exchange rate adjustments

IDA Appendices

		Page
A	Statement of Condition	122
B	Statement of Income and Expenses	124
	Statement of Transfers from International Bank for Reconstruction and Development	124
C	Statement of Changes in Resources Available for Commitment	125
D	Summary Statement of Development Credits	126
E	Statement of Voting Power, and Subscriptions and Supplementary Resources	127
F	Notes to Financial Statements	129
	REPORT OF INDEPENDENT ACCOUNTANTS	131
G	Statement of Development Credits Approved during the Fiscal Year 1974/75	132

Statement of Condition

June 30, 1975 and June 30, 1974

Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix F

Assets		1975	1974
DUE FROM BANKS AND OTHER DEPOSITORIES			
Unrestricted currencies (including interest-bearing, demand deposits $44,192—1975, $42,753—1974)	$ 314,567		$ 120,711
Currencies subject to restrictions—Note B	61,461		61,143
		$ 376,028	181,854
INVESTMENTS—Note C			
Obligations of governments and their instrumentalities (at cost or amortized cost; face amount $144,157—1975, $332,744—1974)	$ 143,978		325,579
Time deposits (at cost or amortized cost; face amount $128,305—1975, $138,501—1974)	128,305		138,501
Accrued interest	118		9,789
		276,401	473,869
RECEIVABLE ON ACCOUNT OF SUBSCRIPTIONS AND SUPPLEMENTARY RESOURCES—Note B			
Non-negotiable, non-interest-bearing, demand obligations			
Unrestricted	$2,193,742		1,900,839
Subject to restrictions	164,831		176,658
Amounts due on additional subscriptions and supplementary resources	44,123		401,534
Amounts required to maintain value of currency holdings—Note D	16,752		39,713
		2,419,448	2,518,744
RECEIVABLES—OTHER			
International Bank for Reconstruction and Development	$ 454,433		357,983
Non-member	—		1,450
Purchasers, on account of effective development credits agreed to be sold	5,200		—
		459,633	359,433
DEVELOPMENT CREDITS (see Appendix D)—Note F	$8,794,739		7,249,759
Less—development credits approved but not yet effective	785,950		520,300
Effective development credits (including undisbursed balance $3,081,171—1975, $2,816,330—1974)		8,008,789	6,729,459
ACCRUED SERVICE CHARGES ON DEVELOPMENT CREDITS—Note F		10,471	8,239
OTHER ASSETS			
Exchange adjustments on subscriptions and supplementary resources—Notes B and D	$ 49,112		73,680
Miscellaneous	6,050		154
		55,162	73,834
TOTALS		$11,605,932	$10,345,432

Appendix A

International Development Association

Liabilities, Subscriptions, Supplementary Resources, Transfers and Accumulated Net Income		1975	1974
LIABILITIES			
Amounts required to maintain value of currency holdings—Note D		$ 9,273	$ 5,850
Accounts payable and other liabilities		269	90
Undisbursed balance of effective development credits (see Appendix D)			
Held by Association	$3,081,171		2,816,330
Agreed to be sold	10,979		—
		3,092,150	2,816,330
Borrowings from Swiss Confederation—Note E		72,727	60,667
SUBSCRIPTIONS AND SUPPLEMENTARY RESOURCES (see Appendix E)—Note G		7,434,182	6,562,579
Payments on account of pending subscriptions		—	65
TRANSFERS FROM INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (see Appendix B)		907,530	810,820
CONTRIBUTION FROM NON-MEMBER		—	7,250
ACCUMULATED NET INCOME			
At beginning of fiscal year—July 1	$ 81,781		69,939
Fiscal year (see Appendix B)	8,020		11,842
		89,801	81,781
TOTALS		$11,605,932	$10,345,432

Statement of Income and Expenses

For the fiscal years ended June 30, 1975 and June 30, 1974

Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix F

	July 1–June 30	
	1974/75	1973/74
Income		
Income from investments	$ 34,800	$ 30,982
Income from development credits	33,125	26,539
Exchange adjustments	309	(2,930)
TOTAL INCOME	$ 68,234	$ 54,591
Expenses		
Management fee to International Bank for Reconstruction and Development	$ 47,602	$ 43,180
Net Operating Income	$ 20,632	$ 11,411
Translation adjustments as a result of currency devaluations and revaluations	(12,612)	431
Net Income	$ 8,020	$ 11,842

Statement of Transfers from International Bank for Reconstruction and Development

For the fiscal years ended June 30, 1975 and June 30, 1974

Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix F

	July 1–June 30	
	1974/75	1973/74
Balances at beginning of fiscal year, consisting of:		
Available for general purposes of the Association	$809,020	$702,000
Available for grants for agricultural research	1,800	1,265
	$810,820	$703,265
Transfers from the Bank during fiscal year:		
For general purposes of the Association	94,450	106,800
For research grants for agricultural research and for control of onchocerciasis	5,550	3,200
Disbursed to approved grant recipients	(3,290)	(2,445)
Balances at end of fiscal year, consisting of:[1]		
Available for general purposes of the Association	$904,295	$809,020
Available for grants for agricultural research and for control of onchocerciasis	3,235	1,800
TOTALS	$907,530	$810,820

[1] The total accumulated transfers by way of grants from the International Bank for Reconstruction and Development aggregate $915,000,000 ($815,000,000–1974) of which an aggregate amount of $10,705,000 ($5,980,000–1974) may be used by the Association or has been disbursed for research grants. During the periods covered by this statement $825,000 ($220,000–1974) previously allocated for grants for agricultural research have reverted to the Association for its general purposes.

Statement of Changes in Resources Available for Commitment

For the fiscal years ended June 30, 1975 and June 30, 1974

Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix F

	July 1-June 30	
	1974/75	1973/74
Resources Provided		
Net income (see Appendix B)	$ 8,020	$ 11,842
Add (Less)—certain translation adjustments as a result of currency devaluations and revaluations	11,762	(992)
Resources provided by operations	$ 19,782	$ 10,850
From Members:		
Subscriptions, unrestricted	36,235	4,926
Supplementary resources	4,007,860	115,148
Adjustment of resources provided in prior fiscal year as a result of currency devaluations and revaluations	(7,177)	168,892
Resources provided by members	$4,036,918	$ 288,966
Transfers from International Bank for Reconstruction and Development	95,275	107,020
Cancellations and refundings	8,329	36,527
Grant participations in development credits	12,200	–
Repayments of development credits	10,641	6,707
TOTALS	$4,183,145	$ 150,070
Resources Used		
Development credit agreements approved	$1,575,150	$1,095,200
Net Increase (Decrease) in Resources Available for Commitment	$2,606,995	$ (645,130)
Resources Available for Commitment		
Beginning of fiscal year	169,896	815,026
End of fiscal year	$2,776,891	$ 169,896
Composition of Resources Available for Commitment		
Unrestricted currencies	$ 314,567	$ 120,711
Investments	276,401	473,869
Unrestricted receivables on account of subscriptions and supplementary resources	2,252,292	2,336,780
Receivables—other	456,398	357,633
Receivable from accrued service charges and other assets	28,273	53,487
Subscriptions and supplementary resources not yet due	3,336,594	169,897
Less—undisbursed development credits (including development credits not yet effective) and accounts payable	(3,387,634)	(3,342,481)
TOTALS	$2,776,891	$ 169,896

Summary Statement of Development Credits

June 30, 1975 and June 30, 1974

Expressed in United States currency (in thousands)—see Notes to Financial Statements, Appendix F

Members in whose territories development credits have been made[1]	June 30, 1975			
	Effective development credits held by Association			Development credits approved but not yet effective[4]
	Disbursed portion[2]	Undisbursed portion[3]	Total	
Afghanistan	$ 10,516	$ 30,318	$ 40,834	$ 22,000
Australia:				
Papua New Guinea	19,163	7,690	26,853	–
Bangladesh	255,299	153,050	408,349	77,000
Bolivia	43,365	14,044	57,409	7,500
Botswana	11,555	4,463	16,018	–
Burma	6,275	67,725	74,000	21,000
Burundi	3,459	4,835	8,294	–
Cameroon	43,764	26,248	70,012	18,200
Central African Republic	9,648	3,729	13,377	–
Chad	9,894	14,793	24,687	–
Chile	22,024	–	22,024	–
China	15,266	–	15,266	–
Colombia	22,603	–	22,603	–
Congo, People's Republic of	11,424	10,470	21,894	–
Costa Rica	5,274	–	5,274	–
Dahomey	17,655	9,852	27,507	4,000
Dominican Republic	6,704	15,378	22,082	–
Ecuador	23,836	14,745	38,581	–
Egypt, Arab Republic of	53,511	132,425	185,936	30,000
El Salvador	16,063	5,647	21,710	–
Equatorial Guinea	–	2,000	2,000	–
Ethiopia	65,024	129,799	194,823	71,000
Gambia, The	4,305	1,608	5,913	–
Ghana	38,939	36,915	75,854	13,600
Guinea	–	–	–	7,000
Guyana	4,463	5,182	9,645	4,000
Haiti	4,658	5,752	10,410	20,000
Honduras	27,491	8,203	35,694	–
India	2,439,102	1 058,966	3,498,068	177,100
Indonesia	255,864	317,658	573,522	–
Ivory Coast	547	6,953	7,500	–
Jordan	25,776	30,217	55,993	6,000
Kenya	77,671	50,483	128,154	25,500
Korea	84,928	30,372	115,300	–
Lesotho	7,051	7,495	14,546	–
Liberia	3,715	7,285	11,000	–
Malagasy Republic	49,870	29,915	79,785	6,750
Malawi	56,355	26,367	82,722	8,500
Mali	35,395	26,432	61,827	24,200
Mauritania	13,225	9,838	23,063	3,000
Mauritius	6,828	13,591	20,419	–
Morocco	30,435	9,024	39,459	14,000
Nepal	4,336	28,458	32,794	–
Nicaragua	11,092	12,415	23,507	–
Niger	17,226	6,580	23,806	–
Nigeria	36,018	3,634	39,652	–
Pakistan	471,475	93,376	564,851	30,000
Paraguay	25,434	16,045	41,479	–
Philippines	15,267	16,949	32,216	–
Rwanda	11,118	11,451	22,569	8,000
Senegal	36,334	40,454	76,788	8,000
Sierra Leone	8,919	2,115	11,034	5,000
Somalia	25,721	28,503	54,224	–
Sri Lanka	36,744	14,302	51,046	4,500
Sudan	25,198	96,611	121,809	53,000
Swaziland	3,261	5,000	8,261	–
Syrian Arab Republic	10,134	38,404	48,538	–
Tanzania	71,833	98,348	170,181	–
Thailand	2,489	29,511	32,000	–
Togo	4,670	14,345	19,015	–
Tunisia	49,538	21,156	70,694	–
Turkey	135,263	60,401	195,664	–
Uganda	37,912	10,666	48,578	–
Upper Volta	8,319	14,586	22,905	24,500
Western Samoa	724	3,676	4,400	–
Yemen Arab Republic	5,240	32,910	38,150	27,100
Yemen, People's Democratic Republic of	2,733	9,983	12,716	15,500
Zaire	31,680	41,825	73,505	52,000
TOTALS June 30, 1975	$4,927,618	$3,081,171	$8,008,789	$785,950
TOTALS June 30, 1974	$3,913,129	$2,816,330	$6,729,459	$520,300

[1] All development credits have been made to member governments or to the government of a territory of a member.

[2] The disbursed portions at June 30, 1975 include adjustments to reflect the devaluations of the United States dollar in 1972 and in 1973.

[3] These amounts do not include $10,979,000 (nil–1974) grant participations. Of the undisbursed balance at June 30, 1975, the Association has entered into irrevocable commitments to disburse $3,112,000 ($7,894,000–1974).

[4] As at June 30, 1975, agreements in the amount of $93,700,000 providing for these development credits have been approved but not signed. In addition, agreements for development credits in the amount of $692,250,000 have been signed, but the development credits do not become effective and disbursements thereunder do not start until the borrower takes certain action and furnishes certain documents to the Association.

Statement of Voting Power, and Subscriptions and Supplementary Resources

Appendix E

International Development Association

June 30, 1975

Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix F

Members[1]	Voting power		Amounts of subscriptions and supplementary resources through the third replenishment[2]		Amounts of subscriptions and supplementary resources under the fourth replenishment[2]	Total subscriptions and supplementary resources[2]	
	Number of votes	Percent of total	Expressed in United States dollars of the weight and fineness in effect on January 1, 1960	Expressed in current United States dollars	Expressed in current United States dollars	Expressed in current United States dollars[3]	Percent of total
Australia	40,550	1.63	$ 111,980	$ 135,087	$ 80,623	$ 215,710	2.00
Austria	16,842	.68	34,560	41,691	32,913	74,604	.69
Belgium	32,052	1.29	77,700	93,733	80,406	174,139	1.62
Canada	105,286	4.22	304,530	367,369	268,201	635,570	5.90
Denmark	27,257	1.09	70,840	85,458	56,337	141,795	1.32
Finland	13,701	.55	22,448	27,080	26,138	53,218	.49
France	112,817	4.53	362,032	436,737	264,917	701,654	6.51
Germany, Federal Republic of	174,725	7.01	476,560	574,897	527,392	1,102,289	10.23
Iceland	5,931	.24	550	664	733	1,397	.01
Ireland	8,080	.32	7,030	8,480	6,823	15,303	.14
Italy	21,239	.85	193,240	233,115	—	233,115	2.16
Japan	136,039	5.46	285,320	344,196	444,029	788,225	7.32
Kuwait	14,031	.56	22,920	27,650	27,486	55,136	.51
Luxembourg	6,427	.26	2,550	3,076	2,365	5,441	.05
Netherlands	52,693	2.11	141,080	170,192	137,892	308,084	2.86
New Zealand	8,410	.34	—	—	17,089	17,089	.16
Norway	22,463	.90	49,320	59,497	55,325	114,822	1.07
South Africa	10,725	.43	20,080	24,223	8,485	32,708	.30
Sweden	72,225	2.90	206,225	248,779	192,060	440,839	4.09
United Kingdom	213,176	8.55	694,300	837,568	454,957	1,292,525	12.00
United States	626,654	25.14	2,072,290	2,499,904	1,500,000	3,999,904	37.13
TOTALS PART I MEMBERS	1,721,323	69.05	$5,155,555	$6,219,396	$4,184,171	$10,403,567	96.56
Afghanistan	7,771	.31	$ 1,049	$ 1,265	$ 39	$ 1,304	.01
Algeria	14,335	.58	4,186	5,050	145	5,195	.05
Argentina	14,677	.59	19,720	23,789	—	23,789	.22
Bangladesh	17,274	.69	5,589	6,742	115	6,857	.06
Bolivia	2,473	.10	1,101	1,328	—	1,328	.01
Botswana	1,859	.07	166	200	—	200	(4)
Brazil	46,526	1.87	19,720	23,789	769	24,558	.23
Burma	3,138	.13	2,099	2,532	—	2,532	.02
Burundi	2,273	.09	790	953	—	953	.01
Cambodia	7,826	.31	1,060	1,279	5	1,284	.01
Cameroon	702	.03	1,010	1,218	—	1,218	.01
Central African Republic	600	.02	500	603	—	603	.01
Chad	2,093	.08	519	627	—	627	.01
Chile	1,206	.05	3,530	4,258	—	4,258	.04
China	71,247	2.86	31,436	37,923	1,122	39,045	.36
Colombia	13,289	.53	3,717	4,483	181	4,664	.04
Congo, People's Republic of	600	.02	500	603	—	603	.01
Costa Rica	6,023	.24	208	251	7	258	(4)
Cyprus	2,273	.09	790	953	—	953	.01
Dahomey	600	.02	500	603	—	603	.01
Dominican Republic	6,483	.26	435	525	60	585	.01
Ecuador	2,200	.09	676	815	—	815	.01
Egypt, Arab Republic of	16,620	.67	5,277	6,366	192	6,558	.06
El Salvador	6,244	.25	331	399	11	410	(4)
Equatorial Guinea	1,967	.08	332	401	—	401	(4)
Ethiopia	6,687	.27	539	650	19	669	.01
Fiji	2,130	.09	581	701	—	701	.01
Gabon	2,093	.08	519	627	—	627	.01
Gambia, The	1,931	.08	277	334	—	334	(4)
Ghana	3,372	.14	2,452	2,958	—	2,958	.03
Greece	3,480	.14	2,618	3,158	—	3,158	.03
Guatemala	6,474	.26	415	501	15	516	(4)
Guinea	2,437	.10	1,049	1,265	—	1,265	.01
Guyana	2,308	.09	842	1,015	—	1,015	.01
Haiti	2,273	.09	790	953	—	953	.01
Honduras	1,951	.08	311	376	—	376	(4)
India	93,137	3.74	41,919	50,569	1,357	51,926	.48
Indonesia	29,692	1.19	11,531	13,911	412	14,323	.13
Iran	15,455	.62	4,717	5,690	172	5,862	.05
Iraq	7,246	.29	790	953	28	981	.01

(continued)

Statement of Voting Power, Subscriptions and Supplementary Resources (continued)

Appendix E

International Development Association

June 30, 1975

Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix F

Members[1]	Voting power		Amounts of subscriptions and supplementary resources through the third replenishment[2]		Amounts of subscriptions and supplementary resources under the fourth replenishment[2]	Total subscriptions and supplementary resources[2]	
	Number of votes	Percent of total	Expressed in United States dollars of the weight and fineness in effect on January 1, 1960	Expressed in current United States dollars	Expressed in current United States dollars	Expressed in current United States dollars[3]	Percent of total
Israel	9,386	.38	$ 1,745	$ 2,106	$ 687	$ 2,793	.03
Ivory Coast	7,771	.31	1,049	1,265	39	1,304	.01
Jordan	6,242	.25	311	376	11	387	(4)
Kenya	2,904	.12	1,745	2,106	–	2,106	.02
Korea	8,350	.33	1,309	1,579	39	1,618	.02
Laos	6,685	.27	519	627	15	642	.01
Lebanon	590	.02	450	543	–	543	.01
Lesotho	5,950	.24	166	200	6	206	(4)
Liberia	2,273	.09	790	953	–	953	.01
Libyan Arab Republic	2,437	.10	1,049	1,265	–	1,265	.01
Malagasy Republic	702	.03	1,010	1,218	–	1,218	.01
Malawi	7,246	.29	790	953	28	981	.01
Malaysia	11,059	.44	2,618	3,158	93	3,251	.03
Mali	2,346	.09	904	1,090	–	1,090	.01
Mauritania	2,093	.08	519	627	–	627	.01
Mauritius	7,480	.30	924	1,114	29	1,143	.01
Mexico	2,248	.09	8,740	10,543	–	10,543	.10
Morocco	4,168	.17	3,667	4,424	–	4,424	.04
Nepal	6,685	.27	519	627	18	645	.01
Nicaragua	6,242	.25	311	376	11	387	(4)
Niger	600	.02	500	603	–	603	.01
Nigeria	4,057	.16	3,491	4,211	–	4,211	.04
Oman	6,244	.25	331	399	11	410	(4)
Pakistan	27,531	1.10	10,582	12,765	376	13,141	.12
Panama	504	.02	20	24	–	24	(4)
Paraguay	1,951	.08	311	376	–	376	(4)
Peru	854	.03	1,770	2,135	–	2,135	.02
Philippines	16,583	.67	5,296	6,388	289	6,677	.06
Rwanda	652	.03	760	917	–	917	.01
Saudi Arabia	1,240	.05	3,700	4,463	–	4,463	.04
Senegal	9,240	.37	1,745	2,106	65	2,171	.02
Sierra Leone	7,246	.29	790	953	26	979	.01
Somalia	7,246	.29	790	953	28	981	.01
Spain	29,746	1.19	12,590	15,188	13,497	28,685	.27
Sri Lanka	12,166	.49	3,148	3,797	102	3,899	.04
Sudan	7,771	.31	1,049	1,265	33	1,298	.01
Swaziland	1,968	.08	332	401	–	401	(4)
Syrian Arab Republic	7,651	.31	987	1,190	36	1,226	.01
Tanzania	2,904	.12	1,745	2,106	–	2,106	.02
Thailand	12,166	.49	3,148	3,797	112	3,909	.04
Togo	2,273	.09	790	953	–	953	.01
Trinidad and Tobago	770	.03	1,350	1,629	–	1,629	.02
Tunisia	2,793	.11	1,569	1,893	–	1,893	.02
Turkey	18,229	.73	6,086	7,341	335	7,676	.07
Uganda	2,904	.12	1,745	2,106	–	2,106	.02
Upper Volta	6,685	.27	519	627	19	646	.01
Viet-Nam	8,889	.36	1,569	1,893	38	1,931	.02
Western Samoa	1,812	.07	94	113	–	113	(4)
Yemen Arab Republic	6,533	.26	446	539	16	555	.01
Yemen, People's Dem. Rep. of	8,175	.33	1,226	1,479	44	1,523	.01
Yugoslavia	15,575	.62	8,080	9,747	4,405	14,152	.13
Zaire	3,823	.15	3,138	3,785	–	3,785	.04
Zambia	1,038	.04	2,690	3,245	–	3,245	03
TOTALS PART II MEMBERS	771,691	30.95	$ 286,113	$ 345,153	$ 25,057	$ 370,210	3.44
GRAND TOTALS	2,493,014	100.00	$5,441,668	$6,564,549	$4,209,228	$10,773,777	100.00

(1) See Note B, Appendix F, for an explanation of the two categories of members.

(2) See Note A, Appendix F, for details regarding translation into current United States dollars of subscriptions and supplementary resources provided by members.

(3) Includes amounts aggregating $3,783,713,000 equivalent in current United States dollars receivable from members, of which $44,123,000 equivalent was past due at June 30, 1975 and the balance, $3,339,565,000 equivalent, was not yet due.

(4) Less than .005 percent.

Notes to Financial Statements

Appendix F

International Development Association

June 30, 1975 and June 30, 1974

Note A—Translation of Currencies

The financial statements are expressed in terms of the current United States dollar. Asset and liability accounts in currencies other than United States dollars are translated into dollars at market rates of exchange prevailing at the fiscal year-end. Subscriptions and supplementary resources provided by initial subscriptions and by the first three replenishments, which are expressed in terms of the United States dollar of the weight and fineness in effect on January 1, 1960, are translated into current dollars on the basis of $1.20635 per 1960 dollar. Subscriptions and supplementary resources provided by the fourth replenishment, which are expressed and payable in the members' currencies, are translated (1) at the market rates of exchange prevailing at the fiscal year-end for amounts receivable and for amounts received and not yet disbursed and (2) at the market rates of exchange prevailing on the dates of disbursements for those amounts which have been disbursed (see Note G). Accounts for income and expenses are translated at an average of the market rates of exchange in effect during each fiscal year. Translation adjustments, other than those relating to subscriptions and supplementary resources (see Note D), have been reflected in the Statement of Income and Expenses.

No representation is made that any currency held by the Association is convertible into any other currency at any rate or rates.

Note B—Restricted Currencies

The membership of the Association is divided into two categories: (1) Part I members, which pay all subscriptions and supplementary resources provided to the Association in convertible currencies which may be freely used or exchanged by the Association in its operations; (2) Part II members, which pay the ten percent portion of their initial subscriptions in freely convertible currencies and the remaining ninety percent of initial subscriptions and all additional subscriptions and any supplementary resources provided to the Association in the members' own currencies. The Articles of Agreement of the Association and subsequent replenishment agreements provide that the currency of any Part II member paid in by it may not be used by the Association for projects financed by the Association and located outside the territories of the member except by agreement between the member and the Association. The amounts of $61,461,000 ($61,143,000–1974) under the heading Due from Banks and Other Depositories, $167,155,000 ($181,964,000–1974) included under the heading Receivable on Account of Subscriptions and Supplementary Resources and $37,352,000 ($28,432,000–1974) included in Exchange Adjustments on Subscriptions and Supplementary Resources under the heading Other Assets are subject to such restrictions.

Note C—Investments

The market value of investment securities is $272,330,000 compared with a book value of $272,283,000 ($462,941,000 compared with a book value of $464,080,000–1974) including investments not traded in the market which are valued at their cost of $120,542,000 ($163,020,000–1974). The item Investments includes securities purchased under agreements to resell amounting to $102,000,000 ($12,000,000–1974).

Note D—Maintenance of Value

Article IV, Section 2 provides for the maintenance, as of the time of subscription, of the value of the Association's currency holdings or demand obligations substituted therefor representing ninety percent of each member's initial subscription, to the extent that such currency has not been initially disbursed or exchanged for the currency of another member. This Section requires: (1) the member to make additional payments to the Association in the event that the par value of its currency is reduced or the foreign exchange value of its currency has, in the opinion of the Association, depreciated to a significant extent in its territories and (2) the Association to reimburse the member in the event that the par value of its currency is increased or the foreign exchange value of its currency has, in the opinion of the Association, appreciated to a significant extent in its territories.

The provisions of Article IV, Section 2 have by agreement been extended to cover additional subscriptions and supplementary resources of the Association through the third replenishment but are not applicable to those of the fourth replenishment.

On June 19, 1972, the Executive Directors resolved that for all members that established central rates for their respective currencies, pending establishment of new par values for their currencies, maintenance of value obligations be settled on the basis of those central rates. The Executive Directors further decided that with respect to any member currency functioning under a system under which the market rate is not confined within the announced limits, maintenance of value obligations for currencies disbursed would be determined on the basis of market rates in effect on the respective dates of disbursement.

Where market rates of exchange are not related to par values or central rates as in the cases of a majority of the members, and there are differences between market rates of exchange and the rates at which subscriptions and supplementary resources of members through the third replenishment of the Association's resources have been paid or are payable, such differences are shown as Exchange Adjustments on Subscriptions and Supplementary Resources under the heading Other Assets. The amount thus established, $49,112,000 ($73,630,000–1974), which consists of notional receivables $96,085,000 ($88,565,000–1974) and payables $46,973,000 ($14,885,000–1974), will become maintenance of value obligations if and when the provisions of Article IV, Section 2 of the Articles of Agreement or the resolution of the Executive Directors described above become applicable. Under the present system of floating exchange rates and the absence of establishment of, changes in, the par values or central rates by most member countries, the timing of the establishment and settlement of maintenance of value obligations for those countries is uncertain, except that, as mentioned above, maintenance of value obligations for applicable currencies disbursed are being established at the time of disbursement.

Note E—Borrowings from Swiss Confederation

The Association has entered into agreements to borrow a total of SwF 182 million (US equivalent $72,727,000) from the Swiss Confederation. The first loan for SwF 52 million was made in fiscal year 1967 and the second loan for SwF 130 million was made in fiscal year 1973. The loans carry no interest and are each repayable in forty annual instalments commencing July 1, 1979, in the case of the first loan, and November 8, 1983, in the case of the second loan. The first ten instalments in each instance will be 1% of the respective principal amounts and the remaining thirty instalments will be 3% of such principal amounts.

Note F—Development Credits

The principal amounts disbursed and outstanding on development credits and the accrued service charges are denominated in United States dollars of the weight and fineness in effect on January 1, 1960. The equivalent is payable by the borrowers in currencies which the Association determines to be freely convertible or freely exchangeable by the Association for currencies of other members of the Association, except that such amount would be reduced if (1) there is a uniform proportionate reduction in the par values of the currencies of all members of the International Monetary Fund or (2) the Association so decides because of a substantial reduction in the value of one or more major currencies of members. The foregoing does not apply to a development credit of $9,000,000 which is expressed and is repayable in legal tender dollars.

(continued)

June 30, 1975 and June 30, 1974

Note G—Subscriptions and Supplementary Resources

The method of translating the accounts relating to subscriptions and supplementary resources has been set forth in Note A. As at June 30 these accounts are as follows:

		1975	1974
		(US currency—in thousands)	
Initial Subscriptions and First Three Replenishments:			
Subscriptions (United States dollars of 1960 $1,063,664—1975, $1,063,502—1974)	$1,283,150		$1,282,955
Supplementary resources (United States dollars of 1960 $4,378,004—1975, $4,377,394—1974)	5,281,399		5,280,665
	$6,564,549		6,563,620
Less—portion for which payment is not yet due	526		1,041
		$6,564,023	$6,562,579
Fourth Replenishment:			
Subscriptions	$ 33,435		
Supplementary resources	4,175,793		
Advance contributions	—		168,892
	$4,209,228		168,892
Less—portion for which payment is not yet due	3,339,069		168,892
		870,159	—
TOTALS		$7,434,182	$6,562,579

The aggregate amount of $3,339,595,000 not yet due, will be due as follows:

Fiscal years	Amounts (in thousands)
1976	$1,254,332
1977	1,261,468
1978	448,658
1979	375,137
TOTAL	$3,339,595

ndix F
l Development Association

1974
thousands)

$1,282,955

5,280,665
6,563,620
1,041
$6,562,579

168,892
168,892
168,892

—
$6,562,579

Report of Independent Accountants

1801 K STREET, N.W.
WASHINGTON, D.C. 20006
July 25, 1975

To
INTERNATIONAL DEVELOPMENT ASSOCIATION
WASHINGTON, D.C.

In our opinion, the accompanying financial statements (Appendices A through F) present fairly, in terms of United States currency, the financial position of International Development Association at June 30, 1975 and 1974, the results of its operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

Financial Statements Covered by the Foregoing Report

Statement of Condition ..... Appendix A (page 122)
Statement of Income and Expenses ..... Appendix B (page 124)
Statement of Transfers from International Bank for Reconstruction and Development ..... Appendix B (page 124)
Statement of Changes in Resources Available for Commitment ..... Appendix C (page 125)
Summary Statement of Development Credits ..... Appendix D (page 126)
Statement of Voting Power, and Subscriptions and Supplementary Resources ..... Appendix E (page 127)
Notes to Financial Statements ..... Appendix F (page 129)

Statement of Development Credits Approved during the Fiscal Year 1974/75

(US dollars)

Purpose and borrower	Date of approval	Maturities	Service charge	Principal amount
Afghanistan				
Second agricultural credit	April 15, 1975	1935/2024	¾%	$ 13,000,000
Water supply and sanitation	June 5, 1975	1985/2024	¾%	9,000,000
Bangladesh[1]				
Third import program	October 8, 1974	1985/2024	¾%	50,000,000
Third import program (amendment)	February 27, 1975	1985/2024	¾%	25,000,000
Fertilizer	January 28, 1975	1985/2024	¾%	33,000,000
Population	February 25, 1975	1985/2024	¾%	15,000,000
Barisal irrigation	April 22, 1975	1985/2024	¾%	27,000,000
Bolivia				
Agricultural credit	June 19, 1975	1985/2025	¾%	7,500,000
Burma				
Forestry	July 11, 1974	1984/2024	¾%	24,000,000
Telecommunications	May 27, 1975	1985/2025	¾%	21,000,000
Cameroon				
Rubber estate	June 3, 1975	1985/2025	¾%	16,000,000
Education (supplement)	June 19, 1975	1979/2019	¾%	1,200,000
Roads (supplement)	June 19, 1975	1980/2019	¾%	1,000,000
Dahomey				
Education	June 19, 1975	1985/2025	¾%	4,000,000
Egypt, Arab Republic of				
Industry	December 3, 1974	1985/2024	¾%	35,000,000
Telecommunications	May 8, 1975	1985/2025	¾%	30,000,000
El Salvador				
Sites and services	October 29, 1974	1985/2024	¾%	6,000,000
Ethiopia				
Lower Adiabo agricultural development	September 17, 1974	1984/2024	¾%	9,500,000
Highways	April 29, 1975	1985/2025	¾%	32,000,000
Telecommunications	May 6, 1975	1985/2025	¾%	16,000,000
Education	May 27, 1975	1985/2025	¾%	23,000,000
Ghana				
Oil palm	February 18, 1975	1985/2024	¾%	13,600,000
Guinea				
Irrigation and pineapple development	June 26, 1975	1985/2025	¾%	7,000,000
Guyana				
Education	April 15, 1975	1985/2024	¾%	4,000,000
Haiti				
Highways	June 5, 1975	1985/2024	¾%	20,000,000
India				
Rajasthan Canal Command Area development	July 16, 1974	1985/2024	¾%	83,000,000
Sindri fertilizer	November 26, 1974	1985/2024	¾%	91,000,000
Rajasthan dairy development	December 5, 1974	1985/2024	¾%	27,700,000
Madhya Pradesh dairy development	December 5, 1974	1985/2024	¾%	16,400,000
Drought prone areas	December 5, 1974	1985/2024	¾%	35,000,000
Industrial imports	February 11, 1975	1985/2024	¾%	100,000,000
Godavari barrage	February 11, 1975	1985/2024	¾%	45,000,000
Agricultural Refinance Corporation (ARC)	April 15, 1975	1985/2024	¾%	75,000,000
West Bengal agricultural development	April 22, 1975	1985/2024	¾%	34,000,000
Industrial imports (amendment)	February 27, 1975	1985/2024	¾%	100,000,000
Chambal Command Area development	June 17, 1975	1985/2025	¾%	24,000,000
Jordan				
Rural development and irrigation	July 2, 1974	1984/2024	¾%	7,500,000
Education	March 4, 1975	1985/2024	¾%	6,000,000
Industry–potash engineering	June 19, 1975	1980/1985	¾%	1,000,000
Power	June 9, 1975	1985/2025	¾%	5,000,000
Kenya				
Group farm rehabilitation	March 11, 1975	1985/2025	¾%	7,500,000
Sites and services	April 29, 1975	1985/2025	¾%	8,000,000
Agriculture–forestry	June 19, 1975	1985/2025	¾%	10,000,000
Lesotho				
Education	July 11, 1974	1984/2024	¾%	4,000,000
Malagasy Republic				
Livestock and rural development	July 16, 1974	1984/2024	¾%	9,600,000
Agriculture–forestry	December 17, 1974	1984/2024	¾%	6,750,000

[1] Does not include Bangladesh consolidation credit of $31,044,965, which replaced credits originally made to Pakistan.

Appendix G

International Development Association

Purpose and borrower	Date of approval	Maturities	Service charge	Principal amount
Malawi				
Highways	December 3, 1974	1985/2024	¾%	$ 10,000,000
Agricultural development	March 20, 1975	1985/2025	¾%	8,500,000
Mali				
Livestock	February 11, 1975	1985/2025	¾%	13,300,000
Agriculture (supplement)	February 11, 1975	1982/2021	¾%	2,600,000
Highways (supplement)	June 3, 1975	1983/2022	¾%	8,300,000
Mauritania				
Highways	November 12, 1974	1985/2024	¾%	3,000,000
Mauritius				
Education	July 23, 1974	1984/2024	¾%	3,500,000
Morocco				
Agriculture	June 5, 1975	1985/2025	¾%	14,000,000
Pakistan				
Telecommunications	September 5, 1974	1985/2024	¾%	36,000,000
Development finance company	May 6, 1975	1985/2025	¾%	30,000,000
Paraguay				
Small farm credit and rural development	August 6, 1974	1985/2024	¾%	11,000,000
Rwanda				
Education	June 9, 1975	1985/2025	¾%	8,000,000
Senegal				
Education	January 28, 1975	1985/2024	¾%	15,000,000
Irrigation	April 29, 1975	1977/1985	¾%	1,000,000
Agricultural development	May 20, 1975	1985/2025	¾%	7,000,000
Sierra Leone				
Rural development	April 29, 1975	1985/2025	¾%	5,000,000
Somalia				
Education	August 6, 1974	1984/2024	¾%	8,000,000
Sri Lanka				
Dairy development	July 11, 1974	1984/2024	¾%	9,000,000
Program credit	September 17, 1974	1984/2024	¾%	15,000,000
Development finance company	June 26, 1975	1985/2025	¾%	4,500,000
Sudan				
Education	April 29, 1975	1985/2025	¾%	10,000,000
Power	May 22, 1975	1985/2024	¾%	23,000,000
Irrigation (supplement)	June 26, 1975	1983/2023	¾%	20,000,000
Swaziland				
Education	November 26, 1974	1985/2024	¾%	5,000,000
Tanzania				
Sites and services	July 2, 1974	1984/2024	¾%	8,500,000
Highways	August 6, 1974	1984/2024	¾%	10,200,000
Rural development	August 6, 1974	1984/2024	¾%	10,000,000
Kilombero sugar development	September 5, 1974	1984/2024	¾%	9,000,000
Togo				
Cocoa and coffee development	July 23, 1974	1984/2024	¾%	6,000,000
Upper Volta				
Livestock	May 27, 1975	1985/2025	¾%	9,000,000
Rural roads	June 26, 1975	1985/2025	¾%	7,500,000
Western Samoa				
Highways	March 4, 1975	1985/2025	¾%	4,400,000
Yemen Arab Republic				
Agricultural development	May 6, 1975	1985/2025	¾%	10,000,000
Highways	June 17, 1975	1985/2025	¾%	9,000,000
Water supply and sewerage	June 17, 1975	1985/2025	¾%	8,100,000
Yemen, People's Democratic Republic of				
Fisheries (supplement)	January 28, 1975	1983/2022	¾%	1,600,000
Education	July 11, 1974	1984/2024	¾%	5,400,000
Highways	May 22, 1975	1985/2025	¾%	15,500,000
Zaire				
Highways	February 11, 1975	1985/2024	¾%	26,000,000
Rail and river transportation	June 3, 1975	1985/2025	¾%	26,000,000
TOTAL				$1,576,150,000

Bank/IDA Appendices

	Page
1 Bank and IDA Lending Operations by Major Purpose and Region	136
2 Approved Bank and IDA Lending Operations by Country	138
3 Administrative Budgets of the Bank and IDA	140
4 Governors and Alternates of the Bank and IDA	141
5 Officers and Department Directors of the Bank and IDA	143
World Bank Offices	144

Bank and IDA Lending Operations by Major Purpose and Region

Cumulative totals of loans and credits approved, June 30, 1975[1]
(US$ millions)

Purpose[2]	Bank loans to current borrowers by region							IDA credits to current borrowers by region
	Eastern Africa	Western Africa	Europe, Middle East, North Africa	Latin America, Caribbean	East Asia and Pacific	South Asia	Total	Eastern Africa
AGRICULTURE, FORESTRY AND FISHING								
Agricultural credit	$ –	$ 3.5	$ 234.5	$ 128.9	$ 39.5	$ –	$ 406.4	$ 14.6
Area development	27.9	88.0	92.7	246.6	198.0	52.0	705.2	141.7
Food and non-food crops	57.4	202.4	10.0	12.0	–	–	281.8	48.1
Irrigation, flood control and drainage	35.0	17.5	436.2	431.3	333.5	149.0	1,402.5	118.9
Forestry and fishing	24.7	–	37.5	8.7	42.3	–	113.2	16.8
Crop processing and storage	–	–	34.9	84.8	34.3	–	154.0	16.3
Livestock	5.3	32.6	83.0	503.0	7.5	–	631.4	90.9
Agricultural research	–	–	12.7	–	50.0	–	62.7	–
Other	5.6	–	2.3	22.7	–	26.3	56.9	10.0
Subtotal	$ 155.9	$ 344.0	$ 943.8	$1,438.0	$ 705.1	$ 227.3	$ 3,814.1	$ 457.3
EDUCATION	$ 64.0	$ 96.3	$ 233.1	$ 208.4	$ 154.2	$ –	$ 756.0	$ 166.4
INDUSTRY								
Iron and steel	$ –	$ –	$ 185.1	$ 409.0	$ –	$ 189.0	$ 783.1	$ –
Pulp and paper	–	–	40.0	20.0	–	4.2	64.2	2.0
Fertilizer and other chemicals	–	–	102.0	50.0	115.0	176.0	443.0	–
Mining, other extraction	137.5	131.0	73.3	96.8	–	54.5	493.1	2.5
Small industry and industrial estates	–	–	40.0	–	30.0	–	70.0	4.0
Development finance companies	26.0	24.0	1,147.2	263.0	425.5	656.2	2,541.9	49.5
Other	15.0	0.6	209.4	22.5	–	–	247.5	–
Subtotal	$ 178.5	$ 155.6	$1,797.0	$ 861.3	$ 570.5	$1,079.9	$ 4,642.8	$ 58.0
NON-PROJECT	$ 130.0	$ 80.0	$ 168.0	$ 60.0	$ 100.0	$ –	$ 538.0	$ –
POPULATION	$ –	$ –	$ 16.5	$ 5.0	$ 30.0	$ –	$ 51.5	$ 12.0
POWER	$ 397.1	$ 278.2	$1,133.6	$3,202.0	$ 879.8	$ 292.7	$ 6,183.4	$ 35.8
TECHNICAL ASSISTANCE	$ –	$ –	$ 2.8	$ 13.2	$ –	$ –	$ 16.0	$ –
TELECOMMUNICATIONS	$ 101.6	$ 54.3	$ 158.0	$ 255.7	$ 110.3	$ 27.5	$ 707.4	$ 37.4
TOURISM	$ –	$ 9.7	$ 49.6	$ 43.0	$ 25.0	$ –	$ 127.3	$ –
TRANSPORTATION								
Aviation	$ 29.0	$ 3.0	$ –	$ 74.5	$ –	$ 5.6	$ 112.1	$ –
Highways	186.7	181.0	617.5	1,375.1	369.1	39.9	2,769.3	358.2
Pipelines	20.0	–	148.9	23.3	–	116.2	308.4	–
Ports, waterways and shipping	81.3	151.3	475.3	151.1	166.0	109.8	1,134.8	58.0
Railways	197.9	63.2	594.5	646.5	379.7	520.2	2,402.0	30.0
Other	28.0	25.0	–	–	–	–	53.0	–
Subtotal	$ 542.9	$ 423.5	$1,836.2	$2,270.5	$ 914.8	$ 791.7	$ 6,779.6	$ 446.2
URBANIZATION	$ 28.0	$ –	$ 53.0	$ 22.9	$ 56.0	$ –	$ 159.9	$ 19.5
WATER SUPPLY AND SEWERAGE	$ 22.6	$ 23.5	$ 237.4	$ 393.0	$ 156.6	$ –	$ 833.1	$ 4.1
TOTAL	$1,620.6	$1,465.1	$6,629.0	$8,773.0	$3,702.3	$2,419.1	$24,609.0	$1,236.7

[1] Except for the total shown in footnote 4, no account is taken of cancellations and refundings subsequent to original commitment; amounts of cancellations and refundings are shown by country and purpose in the Statements of Loans and of Development Credits, which are available on request. Bank loans of $460 million to IFC are excluded. Due to rounding, totals may not agree with those shown in Appendix 2.

[2] Operations have been classified by the major purpose they finance. Many projects include activity in more than one sector or subsector.

[3] Includes $497 million in European reconstruction loans made before 1952.

[4] Cancellations, terminations, and refundings total $1,059 million. This figure includes $46 million of loans and $176 million of credits made to Pakistan in earlier years for development projects in its former eastern wing, now Bangladesh. The loans and credits were reactivated, in revised form, as commitments to Bangladesh.

Appendix 1

IDA credits by region									
Eastern Africa	Western Africa	Europe, Middle East, North Africa	Latin America, Caribbean	East Asia and Pacific	South Asia	Total	Total Bank and IDA to current borrowers	Bank loans to past borrowers	Total Bank and IDA
$ 14.6	$ 17.0	$ 47.0	$ 18.5	$ 15.5	$ 465.2	$ 577.8	$ 984.2	$ –	$ 984.2
141.7	69.1	20.0	–	14.0	119.0	363.8	1,069.0	12.2	1,081.2
48.1	64.8	15.0	–	121.8	–	249.7	531.5	–	531.5
118.9	28.5	175.4	18.5	121.2	398.0	860.5	2,263.0	59.8	2,322.8
16.8	1.3	7.1	–	10.0	24.0	59.2	172.4	7.0	179.4
16.3	–	–	–	–	101.2	117.5	271.5	40.0	311.5
90.9	36.3	29.5	53.5	10.6	83.1	303.9	935.3	–	935.3
–	–	–	–	–	–	–	62.7	–	62.7
10.0	14.0	–	–	–	–	24.0	80.9	–	80.9
$ 457.3	$231.0	$294.0	$ 90.5	$293.1	$1,190.5	$2,556.4	$ 6,370.5	$ 119.0	$ 6,489.5
$ 166.4	$ 95.9	$ 68.8	$ 24.1	$ 91.4	$ 49.5	$ 496.1	$ 1,252.1	$ 12.9	$ 1,265.0
$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 783.1	$ 156.2	$ 939.3
2.0	–	–	–	–	–	2.0	66.2	–	66.2
–	–	21.4	–	35.0	262.0	318.4	761.4	–	761.4
2.5	–	–	–	–	–	2.5	495.6	–	495.6
4.0	–	2.3	–	16.5	9.5	32.3	102.3	–	102.3
49.5	–	52.0	6.2	25.0	79.5	212.2	2,754.1	32.8	2,786.9
–	–	18.7	–	–	–	18.7	266.2	184.1	450.3
$ 58.0	$ –	$ 94.4	$ 6.2	$ 76.5	$ 351.0	$ 586.1	$ 5,228.9	$ 373.1	$ 5,602.0
$ –	$ –	$ 35.0	$ –	$ –	$1,525.0	$1,560.0	$ 2,098.0	$1,115.1[3]	$ 3,213.1
$ 12.0	$ –	$ 9.8	$ –	$ 13.2	$ 36.2	$ 71.2	$ 122.7	$ –	$ 122.7
$ 35.8	$ 17.1	$ 40.9	$ 50.3	$111.0	$ 268.0	$ 523.1	$ 6,706.5	$ 796.7	$ 7,503.2
$ –	$ –	$ –	$ –	$ 15.0	$ 6.0	$ 21.0	$ 37.0	$ –	$ 37.0
$ 37.4	$ 8.9	$ 30.0	$ –	$ 12.8	$ 375.7	$ 464.8	$ 1,172.2	$ 27.8	$ 1,200.0
$ –	$ –	$ 10.0	$ –	$ 16.0	$ 4.2	$ 30.2	$ 157.5	$ –	$ 157.5
$ –	$ 5.0	$ 2.5	$ –	$ –	$ –	$ 7.5	$ 119.6	$ 16.2	$ 135.8
358.2	202.5	86.5	113.3	88.4	110.4	959.3	3,728.6	457.1	4,185.7
–	–	–	–	–	–	–	308.4	–	308.4
58.0	6.0	–	–	19.9	163.7	247.6	1,382.4	49.8	1,432.2
30.0	34.9	38.5	8.0	40.0	459.2	610.5	3,012.6	295.3	3,307.9
–	–	–	–	–	–	–	53.0	–	53.0
$ 446.2	$248.4	$127.5	$121.3	$148.3	$ 733.3	$1,825.0	$ 8,604.6	$ 818.4	$ 9,423.0
$ 19.5	$ 8.0	$ 9.3	$ 26.0	$ –	$ 35.0	$ 97.8	$ 257.7	$ –	$ 257.7
$ 4.1	$ 13.9	$ 63.1	$ 3.0	$ 4.4	$ 114.6	$ 203.1	$ 1,036.2	$ 2.0	$ 1,038.2
$1,236.7	$623.2	$782.8	$321.4	$781.7	$4,689.0	$8,434.8	$33,043.9	$3,265.0	$36,308.9[4]

Approved Bank and IDA Lending Operations by Country

Cumulative total, June 30, 1975
(US dollars)

	Bank loans		IDA credits		TOTAL	
	Number[1]	Amount	Number[1]	Amount	Number[1]	Amount
Afghanistan	–	$ –	10	$ 65,500,000	10	$ 65,500,000
Algeria	10	310,500,000	–	–	10	310,500,000
Argentina	9	532,300,000	–	–	9	532,300,000
Australia	7	417,730,000	–	–	7	417,730,000
Austria	9	106,336,429	–	–	9	106,336,429
Bangladesh[2]	1	46,189,500	30	467,994,965	31	514,184,465
Belgium	4	76,000,000	–	–	4	76,000,000
Bolivia	2	55,250,000	10	60,300,000	12	115,550,000
Botswana	3	41,500,000	6	15,750,000	9	57,250,000
Brazil	54	2,316,690,000	–	–	54	2,316,690,000
Burma	3	33,350,000	5	95,000,000	8	128,350,000
Burundi	1	4,800,000	4	8,280,000	5	13,080,000
Cameroon	10	97,900,000	6	85,450,000	16	183,350,000
Central African Republic	–	–	3	12,400,000	3	12,400,000
Chad[8]	–	–	6	24,200,000	6	24,200,000
Chile	20	268,200,000	–	19,000,000	20	287,200,000
China, Republic of	14	329,400,000	4	15,300,000	18	344,700,000
Colombia	61	1,216,280,000	–	19,500,000	61	1,235,780,000
Congo, People's Republic of the	1	30,000,000	6	22,130,000	7	52,130,000
Costa Rica	18	190,100,000	–	5,500,000	18	195,600,000
Cyprus	10	77,100,000	–	–	10	77,100,000
Dahomey	–	–	5	30,600,000	5	30,600,000
Denmark	3	85,000,000	–	–	3	85,000,000
Dominican Republic	3	54,000,000	3	22,000,000	6	76,000,000
East African Common Services Authority[3]	9	229,800,000	–	–	9	229,800,000
Ecuador	13	120,100,000	5	36,900,000	18	157,000,000
Egypt, Arab Republic of	5	218,500,000	10	216,075,000	15	434,575,000
El Salvador	13	114,985,000	2	19,600,000	15	134,585,000
Equatorial Guinea	–	–	1	2,000,000	1	2,000,000
Ethiopia	12	108,600,000	20	260,100,000	32	368,700,000
Fiji	3	18,200,000	–	–	3	18,200,000
Finland	18	316,779,464	–	–	18	316,779,464
France	1	250,000,000	–	–	1	250,000,000
Gabon	6[4]	69,300,000	–	–	6	69,300,000
Gambia, The	–	–	3	5,800,000	3	5,800,000
Ghana	3	76,000,000	11	86,500,000	14	162,500,000
Greece	10	234,800,000	–	–	10	234,800,000
Guatemala	7	92,500,000	–	–	7	92,500,000
Guinea	3	75,200,000	1	7,000,000	4	82,200,000
Guyana	7	41,450,000	2	13,500,000	9	54,950,000
Haiti	1	2,600,000	3	30,350,000	4	32,950,000
Honduras	14	127,450,000	3	34,200,000	17	161,650,000
Iceland	10	47,014,000	–	–	10	47,014,000
India	44	1,536,610,000	71	3,441,700,000	115	4,978,310,000
Indonesia	8	380,000,000	38	561,800,000	46	941,800,000
Iran	33	1,210,700,000	–	–	33	1,210,700,000
Iraq	6	156,200,000	–	–	6	156,200,000
Ireland	7	122,500,000	–	–	7	122,500,000
Israel	11	284,500,000	–	–	11	284,500,000
Italy	8	399,628,000	–	–	8	399,628,000
Ivory Coast[5]	16	206,800,000	1	7,500,000	17	214,300,000
Jamaica	14	143,200,000	–	–	14	143,200,000
Japan	31	862,900,000	–	–	31	862,900,000
Jordan	–	–	12	61,300,000	12	61,300,000
Kenya	15	220,300,000	15	148,300,000	30	368,600,000
Korea, Republic of	20	800,000,000	6	110,800,000	26	910,800,000
Lebanon	3	66,600,000	–	–	3	66,600,000
Lesotho	–	–	3	13,700,000	3	13,700,000
Liberia	9	30,850,000	2	11,000,000	11	41,850,000
Luxembourg	1	12,000,000	–	–	1	12,000,000

Appendix 2

	Bank loans		IDA credits		TOTAL	
	Number[1]	Amount	Number[1]	Amount	Number[1]	Amount
Malagasy Republic	5	$ 32,850,000	6	$ 83,550,000	11	$ 116,400,000
Malawi	–	–	13	85,590,000	13	85,590,000
Malaysia	29	630,100,000	–	–	29	630,100,000
Mali[5] [8]	–	–	9	83,200,000	9	83,200,000
Malta	1	7,500,000	–	–	1	7,500,000
Mauritania[8]	1	66,000,000	6	24,250,000	7	90,250,000
Mauritius	4	25,500,000	4	20,200,000	8	45,700,000
Mexico	41	2,220,100,000	–	–	41	2,220,100,000
Morocco	20	483,800,000	3	50,800,000	23	534,600,000
Nepal	–	–	7	33,700,000	7	33,700,000
Netherlands	8	244,000,000	–	–	8	244,000,000
New Zealand	6	126,800,000	–	–	6	126,800,000
Nicaragua	19	112,750,000	2	23,000,000	21	135,750,000
Niger[8]	–	–	5	22,104,000	5	22,104,000
Nigeria	27	760,400,000	2	35,500,000	29	795,900,000
Norway	6	145,000,000	–	–	6	145,000,000
Oman	2	8,450,000	–	–	2	8,450,000
Pakistan[6]	33	708,860,500	25	592,113,035	58	1,300,973,535
Panama	11	142,690,000	–	–	11	142,690,000
Papua New Guinea	5	55,500,000	4	25,200,000	9	80,700,000
Paraguay	8	46,850,000	5	37,500,000	13	84,350,000
Peru	27	339,025,000	–	–	27	339,025,000
Philippines	30	648,900,000	1	32,200,000	31	681,100,000
Portugal	5	57,500,000	–	–	5	57,500,000
Romania	5	290,000,000	–	–	5	290,000,000
Rwanda	–	–	5	30,400,000	5	30,400,000
Senegal[5] [8]	8	33,750,000	12	82,050,000	20	115,800,000
Sierra Leone	4	18,700,000	2	15,800,000	6	34,500,000
Singapore	14	181,300,000	–	–	14	181,300,000
Somalia	–	–	8	52,900,000	8	52,900,000
South Africa	11	241,800,000	–	–	11	241,800,000
Southern Rhodesia	5[7]	86,950,000	–	–	5	86,950,000
Spain	11	460,700,000	–	–	11	460,700,000
Sri Lanka	8	93,910,000	6	58,400,000	14	152,310,000
Sudan	6	134,000,000	10	173,450,000	16	307,450,000
Swaziland	4	17,450,000	2	7,800,000	6	25,250,000
Syrian Arab Republic	3	168,600,000	3	47,300,000	6	215,900,000
Tanzania	8	122,200,000	18	168,000,000	26	290,200,000
Thailand	30	658,900,000	3	32,000,000	33	690,900,000
Togo	–	–	3	18,400,000	3	18,400,000
Trinidad and Tobago	11	97,800,000	–	–	11	97,800,000
Tunisia	22	266,450,000	5	69,800,000	27	336,250,000
Turkey	28	909,400,000	10	178,500,000	38	1,087,900,000
Uganda	1	8,400,000	7	44,300,000	8	52,700,000
Upper Volta[5] [8]	–	–	9	47,200,000	9	47,200,000
Uruguay	11	155,200,000	–	–	11	155,200,000
Venezuela	13	383,300,000	–	–	13	383,300,000
Western Samoa	–	–	1	4,400,000	1	4,400,000
Yemen Arab Republic	–	–	8	65,250,000	8	65,250,000
Yemen, People's Democratic Republic of	–	–	5	28,160,000	5	28,160,000
Yugoslavia	33	1,142,100,000	–	–	33	1,142,100,000
Zaire	6	220,000,000	10	124,000,000	16	344,000,000
Zambia	17	455,150,000	–	–	17	455,150,000
TOTAL	1,151	$27,873,327,893	526	$8,434,047,000	1,677	$36,307,374,893

[1] Joint Bank/IDA operations are counted only once, as Bank operations. When more than one loan is made for a single project, they are counted only once.

[2] Includes $175,826,965 in IDA amount and 19 IDA credits which replace commitments originally made to Pakistan. Also includes $46,189,500 in Bank amount and 1 Bank loan which replace commitments originally made to Pakistan.

[3] Jointly guaranteed by Kenya, Tanzania, and Uganda.

[4] One of these loans, of $35 million, is jointly guaranteed by Congo (People's Republic of the), France, and Gabon.

[5] One loan for $7.5 million shown against Ivory Coast is shared with Mali, Senegal, and Upper Volta.

[6] Excludes $175,826,965 in IDA amount and 19 IDA credits which were replaced by commitments made to Bangladesh. Also excludes $46,189,500 in Bank amount and 1 Bank loan which were replaced by commitments made to Bangladesh.

[7] Two of these loans, totaling $37 million, have been assigned in equal shares to Southern Rhodesia and Zambia but are counted only once, against Southern Rhodesia.

[8] One operation, involving credits for a total of $14 million, is shared by the following countries: Chad–$2 million; Mali–$2.5 million; Mauritania–$2.5 million; Niger–$2 million; Senegal–$3 million; Upper Volta–$2 million. Amounts are included in each country's total, and the operation is counted only once, against Senegal.

Administrative Budgets of the Bank and IDA

Appendix 3

For the Fiscal Year ending June 30, 1976

	Actual expenses 1975	Budget 1976
	(Thousands of US dollars)	
BY ORGANIZATION UNIT		
Board of Governors	1,052	1,134
Development Committee	209	365[1]
Executive Directors	5,066	5,863
Executive Offices	789	884
Regional Offices	69,498	86,636
Central Projects Staff	18,416	22,789
Cooperative Programs—FAO, Unesco, WHO, and UNIDO	4,995	6,663
Development Policy Staff	16,527	18,503
Financial Staff	9,510	11,232
Audit and Evaluation	1,565	2,118
Legal and Secretary's	3,748	4,472
External Relations	3,726	4,615
Economic Development Institute	3,789	4,943
Organization Planning & Personnel Management	17,225	20,104
European and Tokyo Offices	2,230	2,489
Grants for consultants to member countries	291	490
Consultative Group for Food Production and Investment	39	212
Settlement of Investment Disputes, ICSID	158	187
Contingency allowance	—	5,259
Funding of uncovered liabilities in Staff Retirement Plan	4,147	4,159
TOTAL	162,980	203,117
Less: Reimbursements	−3,986	−10,498
IFC service and support fee	−1,455	− 1,485
TOTAL IBRD/IDA	157,539	191,134
BY EXPENSE CATEGORY		
Personal services	99,682	120,951
Operational travel	17,586	21,745
Representation	480	593
Consultants	11,237[2]	15,618[2]
Contractual services	5,223	6,325
Overhead expenses:		
Other travel	7,885	9,111
Office occupancy	8,742	9,610
Communications	3,266	3,660
Other expenses	4,732	6,086
Contingency	—	5,259
Funding of uncovered liabilities in Staff Retirement Plan	4,147	4,159
TOTAL	162,980	203,117
Less: Reimbursements	−3,986	−10,498[3]
IFC service and support fee	−1,455	− 1,485[4]
TOTAL IBRD/IDA	157,539	191,134
Of which: IBRD	109,937	126,148
IDA	47,602[5]	64,986[5]

The Administrative Budgets for the fiscal year ending June 30, 1976, were prepared by the President and approved by the Executive Directors in accordance with the By-Laws of the Bank and IDA. For purposes of comparison, the administrative expenses incurred during the fiscal year ended June 30, 1975, are also shown.

[1] This figure represents the Bank's share (approximately 50%) of the cost of the Committee.

[2] The figures shown include the costs of the Cooperative Programs.

[3] Includes an estimated $5,341,000 to be received for technical assistance to be provided to petroleum exporting countries.

[4] In fiscal 1976, general assistance rendered by the Bank to IFC will be paid for by a service and support fee, which has been established for the year at $1,485,000.

[5] The Association reimburses the Bank a single management fee for administrative expenses incurred on its behalf. The management fee, which comprises the Association's budget for the year, has been established at $64,986,000 for the fiscal year ending June 30, 1976.

Governors and Alternates of the Bank and IDA

Appendix 4

June 30, 1975

Member	Governor	Alternate
Afghanistan	Fazal Haque Khaliqyar	Mahammed Sarwar Haidar
Algeria	Ismail Mahroug	Rachid Hassam
Argentina	Celestino Rodrigo	Ricardo Antonio Cairoli
Australia	W. G. Hayden	Sir John Phillips
Austria	Hannes Androsch	Walter Neudörfer
Bahamas[1]	Arthur D. Hanna	Reginald L. Wood
Bahrain[1]	Mahmood Al-Alawi	Yusuf Ahmed Shirawi
Bangladesh	Nurul Islam	Kafiluddin Mahmood
Barbados[1]	Errol W. Barrow	Stephen E. Emtage
Belgium	Willy De Clercq	Cecil de Strycker
Bolivia	Victor Castillo Suárez	Manuel Mercado Montero
Botswana	Q. K. J. Masire	F. G. Mogae
Brazil	Mário Henrique Simonsen	Paulo H. Pereira Lira
Burma	U Lwin	U Chit Moung
Burundi	Gabriel Mpozagara	Jean Ndimurukundo
Cambodia	Khy Taing Lim	Hak Hèm Say
Cameroon	Abdoulaye Maikano	Ahmadou Bello
Canada	John N. Turner	Paul Gérin-Lajoie
Central African Republic	Jean Paul Mokodopo	Joseph Moutou-Mondziaou
Chad	Abdoulaye Lamana	Mahamat Farris
Chile	Raúl Sáez Sáez	Jorge Cauas Lama
China	Kwoh-Ting Li	Chun-Heng Tu
Colombia	Rodrigo Botero Montoya	Germán Botero de los Rios
Congo, People's Republic of the	Saturnin Okabe	Daniel Obel
Costa Rica	Porfirio Morera Batres	Bernal Jiménez
Cyprus	Andreas C. Patsalides	A. C. Afxentiou
Dahomey	Augustin Honvoh	Abou Baba-Moussa
Denmark	Ivar Norgaard	Wilhelm Ulrichsen
Dominican Republic	Diógenes H. Fernández	Luis M. Guerrero Gómez
Ecuador	Jaime Moncayo García	Guillermo Maldonado Lince
Egypt, Arab Republic of	Mohamed Zaki Shafei	Rafik Sowelem
El Salvador	Rigoberto Antonio Martínez Renderos	Atilio Vieytez
Equatorial Guinea	Andrés Nko Ivasa	(vacant)
Ethiopia	Negash Desta	Teferra Wolde-Semait
Fiji	C. A. Stinson	Savenaca Siwatibau
Finland	Heikki Tuominen	Osmo Kalliala
France	Minister of Finance	Marcel Théron
Gabon	Michel Anchouey	J. Félix Mamalepot
Gambia, The	S. M. Dibba	T. G. G. Senghore
Germany, Federal Republic of	Hans Apel	Egon Bahr
Ghana	I. K. Acheampong	K. D. Fordwor
Greece	Panayiotis Papaligouras	Evangelos Devletoglou
Guatemala	Eduardo Palomo E.	Jorge Lamport Rodil
Guinea	N'Faly Sangaré	Momory Camara
Guyana	F. E. Hope	Harold Wilkinson
Haiti	Emmanuel Bros	Antonio André
Honduras	Porfirio Zavala Sandoval	(vacant)
Iceland	Olafur Johannesson	Matthias A. Mathiesen
India	C. Subramaniam	M. G. Kaul
Indonesia	Rachmat Saleh	Julianto Moeliodihardjo
Iran	Hushang Ansary	Jahangir Amuzegar
Iraq	Sa'adi Ibrahim	(vacant)
Ireland	Richie Ryan	C. H. Murray
Israel	Moshe Sanbar	Arnon Gafni[2]
Italy	Guido Carli	Paolo Baffi
Ivory Coast	Henri Konan Bédié	Abdoulaye Kone
Jamaica[1]	David H. Coore	G. Arthur Brown
Japan	Masayoshi Ohira	Teiichiro Morinaga
Jordan	Hanna Odeh	Hashim Dabbas
Kenya	Mwai Kibaki	Nicholas Nganga
Korea, Republic of	Yong Hwan Kim	Sung Whan Kim
Kuwait	Abdul Rahman Salim Al-Ateeqi	Abdlatif Y. Al-Hamad
Laos	Oudong Souvannavong	Houan Lianmongkhol

(continued)

Governors and Alternates of the Bank and IDA (continued)

June 30, 1975

Member	Governor	Alternate
Lebanon	Khalil Salem	Farid Solh
Lesotho	E. R. Sekhonyana	S. Montsi
Liberia	Edwin Williams	D. Franklin Neal
Libyan Arab Republic	Mohammad Zarrough Ragab	Nuri A. Baryun
Luxembourg	Raymond Vouel	Albert Dondelinger
Malagasy Republic	Raymond Randriamandranto	Céline Rabekoriana Rabevazaha
Malawi	D. T. Matenje	C. W. Collins
Malaysia	Hussein bin Onn	Abdullah bin Ayub
Mali	Sékou Sangaré	Mahamar Oumar Maiga
Mauritania	Sidi Ould Cheikh Abdallahi	Ibrahima A. Ba
Mauritius	Kehar Singh Jagatsingh	Bramduth Ghoorah
Mexico	José López Portillo	Gustavo Romero Kolbeck
Morocco	Abdelkader Benslimane	Mustapha Faris
Nepal	Bhekh B. Thapa	B. B. Prad[illegible]
Netherlands	W. F. Duisenberg	J. P. Pronk
New Zealand	H. G. Lang	N. V. Lough
Nicaragua	Guillermo Sevilla-Sacasa	Juan José Martínez L.
Niger	Alfidja Abderrahmane	Annou Mahaman
Nigeria	Shehu Shagari	A. A. Ayida
Norway	Per Kleppe	Christian Brinch
Oman	Qais Zawawi[2]	Sherif Lotfy[2]
Pakistan	Rana Mohammad Hanif Khan	A. G. N. Kazi
Panama	Nicolás Ardito Barletta	Miguel A. Sanchiz
Paraguay	César Romeo Acosta	Augusto Colmán V.
Peru	Amilcar Vargas Gavilano	Luis Barúa Castañeda
Philippines	Cesar E. A. Virata	Alejandro Melchor, Jr.
Portugal[1]	José Joaquím Fragoso	Mário José Brandão Ferreira
Qatar[1]	Abdul Aziz Al-Thani	Madhat Abdul Latif Masud
Romania[1]	Florea Dumitrescu	Mihai Diamandopol
Rwanda	Denis Ntirugirimbabazi	Célestin Ndagijimana
Saudi Arabia	Ahmed Zaki Saad	(vacant)
Senegal	Ousmane Seck	Famara Ibrahima Sagna
Sierra Leone	C. A. Kamara-Taylor	B. Strasser-King
Singapore[1]	Hon Sui Sen	Howe Yoon Chong
Somalia	Abdurahman Nur Herzi	Mohamud Jama Ahmed
South Africa	T. W. de Jongh	G. P. C. de Kock
Spain	José Luis Ceron Ayuso	Luis Coronel de Palma
Sri Lanka	N. M. Perera	(vacant)
Sudan	Mamoun Beheiry	Awad Ahmed Khalifa
Swaziland	James Nxumalo	V. E. Sikhondze
Sweden	G. E. Sträng	Kjell-Olof Feldt
Syrian Arab Republic	Mohammed El Charif	Abdul Hadi Nehlawi
Tanzania	W. K. Chagula	Kighoma Ally Malima
Thailand	Boonchu Rojanastien	Abhijai Jaiwatana
Togo	Henri Dogo	Damien Eklu-Natey
Trinidad and Tobago	G. M. Chambers	F. B. Rampersad
Tunisia	Mustapha Zaanouni	Rachid Sfar
Turkey	Yilmaz Ergenekon	Ihsan Ozol
Uganda	Semyano Kiingi	Jino Geria
United Arab Emirates[1]	Hamdan Bin Rashid Al Maktoom	S. A. Wissa
United Kingdom	Gordon Richardson	Sir Douglas Wass
United States	William E. Simon	Charles W. Robinson
Upper Volta	Antoine Dakouré	Pierre Tapita
Uruguay[1]	Alejandro Vegh Villegas	Juan Eduardo Azzini
Venezuela[1]	Gumersindo Rodríguez	Hector Hurtado
Viet-Nam	Le-Quang-Uyen	Nguyên Van Dong
Western Samoa	F. P. S. Saili	Kolone Vaai
Yemen Arab Republic	Abdul Karim El-Eryani	Abdulla Al-Sanabani
Yemen, People's Democratic Republic of	Fadhle Mohsin Abdulla	Faraj Saeed Bin Ghanem
Yugoslavia	Momcilo Cemović	Miodrag Stojiljković
Zaire	Bofossa w'Amb'ea Nkoso	Mbeka Makosso
Zambia	A. B. Chikwanda	L. J. Mwananshiku

[1] Member of the Bank only.
[2] Appointment effective after June 30, 1975.

Officers and Department Directors of the Bank and IDA

Appendix 5

July 1, 1975

President	Robert S. McNamara
Senior Vice President, Operations	J. Burke Knapp
Vice President and General Counsel	A. Broches
Vice President, Finance	I. P. M. Cargill
Vice President, Organization Planning and Personnel Management	Bernard Chadenet
Vice President, Development Policy	Hollis B. Chenery
Vice President, External Relations	William D. Clark
Vice President	Mohamed Shoaib
Vice President, Projects Staff	Warren C. Baum
Regional Vice President, East Asia and Pacific	Bernard R. Bell
Regional Vice President, Europe, Middle East and North Africa	Munir P. Benjenk
Regional Vice President, Western Africa	Roger Chaufournier
Regional Vice President, Eastern Africa	S. Shahid Husain
Regional Vice President, Latin America and the Caribbean	Adalbert Krieger
Regional Vice President, South Asia	Mervyn L. Weiner
Director, Programming and Budgeting Department	John H. Adler
Secretary	P.N. Damry
Controller	K. Georg Gabriel
Treasurer	Eugene H. Rotberg

Director, Regional Projects Department, Eastern Africa	Hans A. Adler
Senior Adviser, Office of the Senior Vice President, Operations	Gerald Alter
Director, Education Department	Duncan S. Ballantine
Director, Country Programs Department II, Europe, Middle East and North Africa	Maurice P. Bart
Director, European Office	Jean P. Carrière
Director, Personnel Department	R. A. Clarke
Director, Country Programs Department II, Western Africa	F. X. de la Renaudière
Director, Country Programs Department, South Asia	William Diamond
Director, Development Research Center	John H. Duloy
Special Representative for Inter-American Organizations	Luis Escobar
Director, Industrial Projects Department	Hans Fuchs
Director, Financial Policy	Raymond J. Goodman
Director, Resident Staff in Indonesia	David L. Gordon
Special Representative for United Nations Organizations	Julian P. Grenfell
Director, Development Economics Department	Ravi Gulhati
Director, Development Finance Companies Department	Douglas Gustafson
Director, Policy Planning and Program Review Department	Mahbub ul Haq
Director, International Relations Department	Michael L. Hoffman
Director, Transportation and Urban Projects Department	Edward V. K. Jaycox
Director, Economic Development Institute	Andrew M. Kamarck
Director, Population and Nutrition Projects Department	K. Kanagaratnam
Director, Organization Planning Department	James M. Kearns
Director, Regional Projects Department, East Asia and Pacific	Syed Salar Kirmani
Director, Regional Projects Department, Latin America and the Caribbean	A. David Knox
Special Adviser to the President, Office of the Vice President, Finance	Mohamed Nassim Kochman
Executive Secretary, Consultative Group on International Agricultural Research	Michael L. Lejeune
Director, Country Programs Department I, Latin America and the Caribbean	Enrique Lerdau
Director, Tokyo Office	Tarao Maeda
Director, Information and Public Affairs Department	John E. Merriam
Director, Computing Activities Department	Mervin E. Muller
Associate General Counsel	Lester Nurick
Director, Country Programs Department I, Europe, Middle East and North Africa	Martijn J. W. M. Paijmans
Director, Country Programs Department I, Eastern Africa	Stanley Please
Director, Internal Auditing Department	Lawrence N. Rapley
Director, Public Utilities Department	Yves Rovani
Director, Special Studies, East Asia and Pacific	Robert Sadove
Director, Development Policy	Ernest Stern
Director, Regional Projects Department, Western Africa	Wilfried P. Thalwitz
Director, Economic Analysis and Projections Department	Wouter Tims
Director, Tourism Projects Department	Stokes M. Tolbert
Director, Administrative Services Department	James E. Twining, Jr.
Director, Regional Projects Department, South Asia	Suitbertus L. M. van der Meer
Director, Projects Advisory Staff	Herman G. van der Tak
Director, Country Programs Department, East Asia and Pacific	Gregory B. Votaw
Director, Regional Projects Department, Europe, Middle East and North Africa	Willi A. Wapenhans
Director, Country Programs Department II, Eastern Africa	Michael H. Wiehen
Director, Country Programs Department II, Latin America and the Caribbean	Gunter K. Wiese
Director, Operations Evaluation Department	Christopher R. Willoughb,
Director, Country Programs Department I, Western Africa	E. Peter Wright
Director, Agriculture and Rural Development Department	Montague Yudelman

World Bank Offices

Headquarters: 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

New York Offices: c/o United Nations, Room 2245, Secretariat Buildings, New York, N.Y. 10017
120 Broadway (15th Floor), New York, N.Y. 10005, U.S.A.

European Office: World Bank, 66, avenue d'Iéna, 75116 Paris, France

London Office: World Bank, New Zealand House (15th Floor), Haymarket, London, SW1 Y4TE, England

Tokyo Office: World Bank, Kokusai Building, 1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan

Eastern Africa: World Bank Regional Mission, Extelcoms House, Haile Selassie Avenue, Nairobi, Kenya; mailing address—P.O. Box 30577

Western Africa: World Bank Regional Mission, Immeuble Shell, 64, avenue Lamblin, Abidjan, Ivory Coast; mailing address—B.P. 1850

Afghanistan: World Bank Resident Mission, P.O. Box 211, Kabul, Afghanistan

Bangladesh: World Bank Resident Mission, Bangladesh Bank Building (4th Floor), Motijheel Commercial Area, G.P.O. Box 97, Dacca, Bangladesh

Cameroon: World Bank Resident Mission, B.P. 1128, Yaoundé, Cameroon

Colombia: Resident Mission Banco Mundial, Edificio Aseguradora del Valle, Carrera 10 No. 24-55, Piso 17, Bogotá D.E., Colombia

Ethiopia: World Bank Resident Mission, I.B.T.E. New Telecommunications Building (First Floor), Churchill Road, Addis Ababa, Ethiopia; mailing address—IBRD Mission, P.O. Box 5515

Ghana: World Bank Resident Mission, c/o Royal Guardian Exchange Assurance Building, Head Office, High Street (5th Floor), Accra, Ghana; mailing address—P.O. Box M27

India: World Bank Resident Mission, 53 Lodi Estate, New Delhi 3, India; mailing address—P.O. Box 416

Indonesia: World Bank Resident Staff, Jalan Wahid Hasyim 100/102, Jakarta, Indonesia; mailing address—P.O. Box 324/JKT

Nepal: World Bank (IBRD) Resident Mission, R.N.A.C. Building (First Floor), Kathmandu, Nepal; mailing address—P.O. Box 798

Nigeria: World Bank Resident Mission, 30 Macarthy Street, Lagos, Nigeria; mailing address—P.O. Box 127

Pakistan: World Bank Resident Mission, P.O. Box 1025, Islamabad, Pakistan

Sudan: World Bank Resident Mission, 28 Block 2H, Baladia Street, Khartoum, Sudan; mailing address—P.O. Box 2211

Tanzania: World Bank Resident Mission, N.I.C. Building (7th Floor, B), Dar es Salaam, Tanzania; mailing address—P.O. Box 2054

Thailand: World Bank Regional Mission, Udom Vidhya Building, 956 Rama IV Road, Sala Daengh, Bangkok 5, Thailand

Upper Volta: World Bank Resident Mission, B.P. 622, Ouagadougou, Upper Volta

Venezuela: World Bank Resident Mission, Centro Andres Bello, Avenida Andres Bello, 113-E, Mariperez, Caracas, Venezuela

Zaire: World Bank Resident Mission, Building UZB, avenue des Aviateurs, Kinshasa I, Republic of Zaire; mailing address—P.O. Box 14816

Zambia: World Bank Resident Mission, P.O. Box 4410, Lusaka, Zambia

World Bank
Headquarters:
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.
Telephone: (202) 393-6360
Cable Address: INTBAFRAD
WASHINGTONDC

World Bank 1975

The World Bank: A Financial Appraisal

By Eugene H. Rotberg
Treasurer, The World Bank

May 1976

THE WORLD BANK: A FINANCIAL APPRAISAL

By
Eugene H. Rotberg
Treasurer
The World Bank

May 1976

THE WORLD BANK: A FINANCIAL APPRAISAL*

The World Bank is looked upon by most observers as an international agency, owned by governments, whose function is to finance economic growth and productivity in its developing member countries. The Bank, formally known as the International Bank for Reconstruction and Development, primarily finances its lending operations through the offer and sale of its debt obligations to private investors, governments, and their instrumentalities. The Bank's capital, which is subscribed by member countries, its retained earnings, and the flow of repayments on its loans also substantially contribute to the Bank's resources.

From time to time, financial commentators have asked whether there is a conflict between the Bank's role as a development institution and its responsibilities to its creditors and to its member-country shareholders. The point of my remarks here is straightforward: Although the Bank has several "constituencies," there is no conflict between our development efforts on the one hand, and the interests of either our shareholders or bondholders on the other. Development requires that we have access to funds from governments and from the private market—in the form of paid-in capital, guarantees, and borrowed money.

The fact is that creditors and stockholders insist on prudent financial policies as a condition for the development efforts of the Bank. So do our borrowers. Viable projects, attention to creditworthiness, assessment of risk, adequate liquidity and reserves, are required by the management of the Bank and by its creditors and stockholders. There is nothing in that list which is inconsistent with our development efforts or with the needs or aspirations of the developing world. Thus, underlying the Bank's development activities is a market-based institution which attracts funds from governments and capital markets for projects that make sense in our less developed member countries.

In order to do its job, the Bank maintains financial and lending policies and practices that satisfy the demands of the marketplace. I would like to discuss four principal areas with you: first, our liquidity

*This pamphlet is a summary of informal remarks made in seminars and information meetings concerning the financial operations of the World Bank.

policy; second, our borrowing program; third, our capital structure; and, fourth, our lending policies. Finally, I will comment briefly on the role of our affiliate, the International Development Association (IDA).

Liquidity Policy

First, as to our liquidity: At December 31, 1975, the World Bank's short-term liquid assets—its "cash" position if you will—aggregated over $6 billion. That was equal to 45 percent of its then outstanding debt. It represented an increase of about $1.6 billion over similar holdings at the end of December 1974, when liquid assets equalled 41 percent of indebtedness. Eight years earlier, short-term liquid assets were about $1.2 billion and represented 31 percent of indebtedness at the time. The reason for the sizable liquid position and its increase is that the Bank wants to maintain short-term liquid assets at a level that can adequately meet all of its requirements, without the need to borrow new funds for prolonged periods of time—thus making it independent of adverse conditions in the capital market.

These short-term assets are primarily held in U.S. dollars. They are fully invested, liquid, and marketable. They include government and quasi-government obligations, along with certificates of deposit and time deposits with commercial banks throughout the world. All are readily available to meet financial requirements—both for the service on our debt and disbursements on loans, which together comprise the principal demand on the Bank's cash resources. The Bank contemplates that its liquidity will rise to between $7 billion and $8 billion by 1980.

The Bank systematically has built up its liquidity position by borrowing substantially in excess of its current requirements at times when funds were obtainable at what we considered reasonable costs and terms to maturity. Thus, the Bank borrows funds, when available, in anticipation of future requirements. We do not wait until we need resources to meet requirements. Rather, we anticipate our requirements and build up liquidity in anticipation of those requirements.

Questions have been raised concerning the costs of this policy and the reasons for it. The advantage is simply that if we do not wish to borrow resources because of the high level of interest rates or the maturities available, we would draw down our liquidity to meet our requirements until market conditions stabilized. In short, our liquidity position gives us the flexibility to decide where, how much, at what cost and on what terms to maturity we will borrow, rather than have our requirements leave us no alternative but to borrow. The cost of carrying liquidity represents the spread between the return on

these investments and our marginal borrowing costs. Suffice it to note here that the Bank's liquid investments are managed with a view to maximizing the overall financial return on the assets. Historically, that policy has resulted in a minimal cost of carrying liquidity.

If it appeared that because of an expectation of prolonged instability in world capital markets, our liquidity might decline to an unacceptable level, the Bank could reduce its lending program. While we would regard such action as inconsistent with our role as a development institution, the interests and protection of holders of our obligations would be of overriding importance. So far, no such measures have been required, nor do we expect that they will be needed in the future. The point, however, is that our first line of prudence is to have more—much more—liquid resources than we currently need which can be drawn down when market conditions are unstable. If instability were to continue for long periods, the Bank has and would use the option of reducing its commitments, i.e., its lending program.

Borrowing Program

The Bank's liquidity policy is closely linked to its borrowing program and policies. First, however, you may be interested in some facts and data. In the fiscal year 1967,* the Bank issued $729 million of its obligations. In fiscal 1975, the Bank issued five-fold that amount—$3.5 billion. Outstanding debt at December 31, 1975, was almost $13.7 billion, compared with about $3.8 billion eight years earlier. In fiscal 1976, the Bank will borrow approximately $4 billion and expects to borrow a similar amount in fiscal 1977.

In order to avoid undue dependence on one market, the Bank, over the years, has worked to make its obligations acceptable to investors all over the world. It has succeeded. Our issues are now held by investors in 91 countries in Africa, Asia, Australasia, Europe, the Middle East, and North and South America. The Bank is a major factor in world capital markets and is the largest nonresident borrower in virtually all countries where its issues are held.

When the Bank first borrowed in 1947, the only major market open to it was the United States. It was there that most borrowed funds were raised through the 1950s. Beginning in 1950, the Bank started to develop markets for its securities in other countries, and in that decade it raised funds in Belgium, Canada, Germany, the Netherlands, Switzerland, and the United Kingdom. As world trade and finance recovered from the effects of war and went on to expand, the Bank pressed in the 1960s to establish a substantial and widespread

*The Bank's fiscal year extends from July 1 to June 30.

market for its securities outside the United States—both with the traditional private institutional market and with governments and their agencies having funds to invest.

In the process, the Bank borrowed in countries that had surpluses in their balance of payments. It followed this practice because it was easier and less costly in nominal terms to raise funds under such circumstances. Thus, the shifting pattern of savings and foreign exchange since the mid-1960s was reflected in corresponding shifts in the major sources of funds for the Bank. Germany was the principal source in the late 1960s, Japan in the early 1970s, certain members of the Organization of Petroleum Exporting Countries (OPEC) in 1974, and the United States in 1975. Recently, substantial borrowings have been executed in Swiss francs, Deutsche mark, and Dutch guilders, reflecting the strength of those currencies in foreign exchange markets and therefore the demand of nonresident investors. In this connection, outstanding debt at December 31, 1975, in Swiss francs amounted to SwF2.4 billion ($924 million); in Deutsche mark to DM7.1 billion ($2.7 billion); and in Dutch guilders to f.473 million ($176 million). As you know, the Bank does not take a currency risk on its borrowings: developing countries repay loans in exactly the same currencies as they received when the loan was originally disbursed.

The diversity of the Bank's borrowings is impressive and unique. Since 1970 alone, the Bank has borrowed, through public issues or private placements, in Austria, Belgium, Canada, Italy, Lebanon, the Netherlands, Sweden, Switzerland, United Kingdom, United States, Federal Republic of Germany, Japan, France, and Yugoslavia, as well as from OPEC countries, about which I will have more to say later. In many, if not most, of these countries, the Bank has preferential access to markets beyond that accorded other nonresident borrowers.

The market for the Bank's obligations consists of two main categories: first, sales by placement directly with governments, their agencies, or central banks. This category is extensive. It includes governments and central banks in some 85 countries. Second, the private investment market, in which issues are offered to investors through the medium of investment banking firms, merchant banks, or commercial banks.

As to the first category: At December 31, 1975, the equivalent of $5.4 billion of our issues—about 40 percent of total outstanding debt—were held by "official" investors. Included were some $3 billion of obligations denominated in U.S. dollars, representing the foreign exchange holdings of central banks or governments invested in World Bank obligations.

Our initial approach to central banks was on a modest scale. In 1956, 16 central banks subscribed to a $75 million bond issue. As dollar reserves rose in the late 1950s and in the 1960s, we increased the number of such issues to four—two each year. The amounts offered were expanded and additional central banks and government agencies were included in the subscription list. These four outstanding Two-Year U.S. Dollar Bond issues now aggregate $1.1 billion. On their face, these issues are relatively short-term. However, they could be classified as long-term in view of the fact that each maturity has been successfully refunded and the replacement issues often oversubscribed in the 20 years since the first bonds were placed.

In addition to the Two-Year U.S. Dollar issues, the Bank has outstanding $4.4 billion equivalent of intermediate and long-term obligations with governments and central banks. These intermediate and longer-dated obligations were sold to governments or their agencies, including OPEC countries, through direct negotiation as to amount, interest, price, and term to maturity. They are denominated in dollars and a number of other currencies. Although the number of holders is few, in some instances the holdings are substantial, with more than $4 billion equivalent in the hands of six governments or central banks.

Placements of this type were initiated in June 1957, when the Deutsche Bundesbank purchased $100 million of Notes from the World Bank. From this beginning, the Deutsche Bundesbank—the German central bank—has become a major supplier of funds. The Bundesbank currently holds 17 Deutsche Mark Note issues aggregating almost DM2.5 billion, or almost $950 million equivalent in U.S. dollars. All have had maturities of 4.5 to five years. The interest rates are set comparable to those on German Government obligations of a similar maturity, or against the rate on a five-year U.S. Government obligation.

Commencing in 1970, the Bank established a similar financial relationship with the Bank of Japan. Thirty of our Serial Obligations amounting to ¥336 billion (over $1.1 billion) are now outstanding. The Bank of Japan is the largest single holder of World Bank securities. The average maturity at issue date was 6.5 years. The interest rates are set on a basis of yield to subscribers of Japanese Government-guaranteed bonds with comparable maturities at the time the obligations are issued.

As a group, the governments or agencies of seven members of OPEC purchased directly from us $2.2 billion equivalent of our obligations. Most of these transactions occurred in 1974, the year when the full impact of the increase in petroleum prices began to be felt. The Saudi Arabian Monetary Agency (SAMA) alone has purchased

directly the equivalent of almost $1.1 billion of our obligations. The Fondo de Inversiones de Venezuela, a government agency in Venezuela, lent the Bank the equivalent of $500 million in 1974 for 15 years. The Government of Iran made two loans amounting to $350 million in 1974. These were denominated in U.S. dollars and carried a 12-year maturity. The Government of Nigeria lent us $240 million in U.S. dollars in 1974, with maturities ranging from six to 15 years. A $30 million loan was received from the Sultanate of Oman. Abu Dhabi purchased UAE Dirhams 300 million ($76 million) of Fifteen-Year Bonds in 1974. In 1973, the Central Bank of Libya purchased LD 30 million ($101 million) of Ten-Year Bonds. In addition, the Bank has made numerous direct placements in Kuwait. From 1968 through 1973, six public issues were offered in Kuwaiti dinars in the aggregate principal amount of $443 million equivalent. The Bank also recently placed 400 million Deutsche mark notes in Kuwait. The amounts of these issues presently outstanding aggregate $558 million equivalent.

In addition to these long-term investments, seven OPEC members hold more than $350 million of the World Bank's Two-Year U.S. Dollar Bonds. Further, many OPEC members have purchased marketable World Bank issues in the secondary markets or as part of our public issues or private placements in world capital markets.

The widespread holdings of the Bank's obligations by member countries and their central banks reflect their support for our development activities and also their assessment of our credit. The diversification through direct placements with governments or central banks has given the Bank a flexibility in its borrowing program that is rarely matched by any financial institution or government body.

The financial support given by these official institutions has also laid the groundwork for the entry of the World Bank's issues in the public markets. In Germany, for example, within two years of the first placement with the Bundesbank in 1957, the World Bank was able to sell its first public issue—a public offering of DM200 million of Fifteen-Year Bonds. Since that offering in 1959, we have publicly offered or placed 16 issues through commercial banks and financial institutions. At December 31, 1975, 15 of these were outstanding in an amount of about DM3.3 billion. Further financial support for the World Bank in Germany has come from several "Girozentralen" and cooperative banking institutions which serve as regional banking and investment centers for the German savings institutions. Together they have purchased an aggregate of DM1.5 billion of the Bank's obligations.

The same process may be observed in Japan. Within a year and a half of our first placement with the Bank of Japan, the World Bank

made its first public offering of bonds on the Japanese investment market —¥11,000 million of Ten-Year Bonds. Thereafter, the Bank offered five public issues in Japan. All these issues were outstanding at the end of 1975 in an aggregate amount of ¥98 billion. The total amount outstanding is equivalent to $321 million. We estimate that individual subscriptions to most of these issues were made by 5,000 to 10,000 individual accounts. In addition, in 1973, the World Bank privately placed ¥10,000 million of Ten-Year Notes with 13 Japanese financial institutions.

The United States Government and institutional investors have given their support to the World Bank. It was the first country to open its market to our issues: that was in July 1947, when we sold $250 million of bonds, of which $150 million were Twenty-Five Year Bonds and $100 million were Ten-Year Bonds.

Public offerings of Bank bonds and notes in the United States from July 1947 to December 31, 1975, consisted of 34 issues amounting to $5.4 billion. All were sold by means of public offerings through syndicates of investment banking and dealer firms. Of these issues, 25 were outstanding, in whole or in part, in an aggregate of $4.2 billion at the end of 1975, including $3.9 billion held by investors in the U.S., and about $300 million which had been purchased by investors abroad. With almost $4 billion, equal to 28 percent of our outstanding debt, the U.S. investors are the largest holders of our bonds, though there are official non-U.S. holders who hold considerably larger amounts than the largest single U.S. investor.

The bulk of World Bank issues sold in the United States prior to 1971 were long-term bonds with maturities ranging from 15 to 30 years. Beginning in January 1971, the Bank, in recognition of changing investor preferences arising from monetary and other uncertainties, and also as a vehicle for tapping commercial bank funds, publicly offered an issue of Five-Year Notes. In all, the Bank has tapped the intermediate market in the U.S. with eight issues since 1971. These aggregate almost $2 billion and include five Five-Year Note issues amounting to $1.3 billion and three Ten-Year Note issues amounting to $650 million.

In this period, the Bank has not neglected opportunities to offer long-term bonds in the United States. It has made long-term issues on two occasions since 1971. $175 million of Twenty-Five Year Bonds in August 1971, and $250 million of Twenty-Five Year Bonds in December 1975. The latter were offered in conjunction with $250 million of Five-Year Notes and $250 million of Ten-Year Notes—a $750 million offering in all, and the largest public offering to date by any borrower, other than a government or its agency, in the U.S. capital market. I might note in reference to intermediate markets

that wherever and whenever we borrow in that maturity range, we do so only where there is a reasonable probability of refinancing based on the market structure or the category or type of lender.

The Bank's obligations carry a Triple A rating at the three principal bond rating services in the United States and move at prices and yields in the market parallel to those for the highest grade corporate obligations. Outside the United States, governments often prefer that sales of World Bank issues be set at yield levels that are comparable to those obtainable on government issues of similar maturity. Nevertheless, the Bank has been successful in selling its securities under such conditions. There is little doubt that the Bank's credit standing—and the fact that the income on its obligations is exempt from withholding in member countries and exempt from tax in the case of nonresidents—have contributed to this success.

I want now to make five points about our borrowing program and policies—in addition to the obvious and favorable implications of the diverse mix of our borrowings by country and currency.

First, the Bank's borrowings have been increasing in recent years, on both a net and a gross basis, as worldwide interest in these obligations has increased.

Second, the average cost of all outstanding borrowings is currently 7.4 percent. The Bank carefully monitors its borrowing costs—particularly the costs of the longest maturity obligations. It sets the interest rate on new loans so as to maintain a positive "spread" over its cost of borrowing with particular attention to the costs of its most recent longer-term borrowings. Thus, the costs of its new borrowings are reflected in the charges it levies on new loans.

Third, the average life of the Bank's entire outstanding debt is seven years. The average life of its public debt outstanding, however, approaches 10 years. It is the nonpublic borrowings from governments and central banks (specifically, the Bundesbank, the Bank of Japan, and our Two-Year Central Bank issues) which result in the overall outstanding debt having a maturity of seven years. That is not "short-term" borrowing. We do not issue certificates of deposit, commercial paper, or discount notes. We do not borrow at "floating" interest rates—of the sort in vogue in the Eurocredit market. And, if experience over the last 20 years is a fair guide, it is reasonable to expect that these two-year, five-year, and 6.5-year placements with central banks will be refinanced when they mature. I might add that they have been refinanced at interest rates for government obligations—a highly favorable rate for the Bank.

The maturity structure of our debt may be compared with the average life of our outstanding loans receivable, which is approximately 11 years. The Bank is a relatively long-term lender at fixed

interest rates. It finances that lending with debt of similar maturity. Indeed, when we recognize that our lending is also financed by about $5 billion of equity (which provides "infinite maturity" resources), the Bank's policy of matching the maturity of its loans and borrowings may be seen, if anything, as unnecessarily cautious. And, if intermediate or longer maturities were not available at rates compatible with our current lending rate, we would not take the easy way out by financing our lending program through short-term or floating-interest-rate debt. Rather, we would draw down our liquidity, as indicated before, until the market stabilized. And if it did not stabilize for a prolonged period of time—say, several years—we would use the further option of reducing our lending program, and thereby our future cash requirements. Alternatively, we would raise the interest rate on new loans to the point where we could prudently borrow intermediate and longer-term resources at higher cost. Indeed, recently the Bank decided to raise its lending rate to 8.85 percent for loans approved on or after June 1, 1976.

Fourth, I would observe that of the $6.5 billion of World Bank obligations which fall due in the five years beginning January 1, 1976, over $3 billion, or 47 percent, is held by governments or central banks who have consistently demonstrated their commitment to refinance maturing debt. I would suggest that there are few, if any, banks which have liquid resources equal to twice their public debt falling due in the next five years. This is the kind of flexibility which provides us with options, should capital markets deteriorate in quality or quantity. We seek to avoid the position that is faced often by many commercial institutions where tight money policy, deteriorating capital markets, and concentration on too few sources of funds, severely reduce profitability and flexibility.

Finally, I might observe that it is very much in the interests of our member governments, as well as the Bank, to support the kind of borrowing and liquidity policy I have described. Our member countries have a strong incentive to insure that the unpaid subscribed capital of the Bank, about which I will say more later, need never be called. And access to markets is consistent with that interest. As a condition for such access, however, member countries insist that the Bank's operations and policies are consistent with sound business practice and prudent management to insure that public capital markets will, in fact, accept our obligations without hesitation.

Thus, we operate the Bank as if that guarantee of callable capital did not exist. We are in a unique situation where the Bank's shareholders have an identity of interest with its bondholders because of the guarantee which, in effect, flows from the shareholders to the bondholders. That means that our policies concerning (a) liquidity,

(b) diversification of sources of borrowings, (c) the maturity mix of our debt, (d) our accumulation of reserves—all matters of proper concern to bondholders—are designed to insure that the callable capital need never be called. That is what I mean when I speak of an identity of interest between stockholders and bondholders.

Capital Structure

Now a word about the capitalization of the Bank—a frequently misunderstood but relatively straightforward aspect of its financial structure. The Bank started in 1946 with an authorized capital of $10 billion in terms of United States dollars of the weight and fineness as of July 1, 1944. Its subscribed capital is now $26 billion (in 1944 dollars), which is equivalent to almost $31 billion in current dollars. Of this sum, 10 percent, or about $3.1 billion, has been actually paid in to the Bank; for the most part, it was, and is, usable in the Bank's operations. The remaining 90 percent of capital subscriptions, equal to about $28 billion, is uncalled and can be employed *only* to meet the obligations of the Bank to holders of its securities. Recently, the Executive Directors of the Bank sent to the Bank's Governors resolutions which would increase the authorized capital of the Bank to accommodate individual increases of capital subscriptions of member countries by $8.3 billion. If fully taken up, the total subscribed capital of the Bank would rise to $39.2 billion.

Another important aspect of the Bank's capital structure is the limitation it imposes on the Bank's lending. Under its Articles of Agreement, the charter within which the Bank operates, the total amount of outstanding loans held by the Bank may never exceed the total of its subscribed capital, surplus, and reserves. The point here is that unlike private commercial institutions, there is an express provision limiting how much we can have outstanding in loans as compared with capital and reserves. That limitation is "one-to-one." I would suggest that is an extremely prudent proscription. How many commercial lending institutions limit their outstanding loans receivable to their capital and reserves?

Even if the Bank were to borrow, say, $10 billion a year, it could not lend and disburse those funds since the founders of the Bank made a conscious decision to restrict the Bank's lending operations *not* to how much it could borrow, but rather to its capital and reserves—and on a "one-to-one" basis. It remains for the Bank to finance the loans through borrowings in the marketplace. It needs that market acceptability since only 10 percent of the capital is paid in and usable in operations. As noted earlier, the remaining 90 percent cannot be used for administrative expenses or for lending or for disbursements. It is for the protection of the bondholder and cannot

be used for the conduct of operations.

Permit me to emphasize that only an unexpected and most severe chain of events, which I cannot now contemplate, could trigger a call on this unpaid capital. We must take into account the Bank's liquidity, its demonstrated borrowing capacity, the quality of its financial management, and the maturity structure of its debt. In this connection, I would emphasize that as long as the Bank remains current in debt service—whether through payments from liquid holdings or from calls on callable capital—there would be no acceleration of due dates on debt prior to contractual maturities. Consequently, the magnitude of a call or of calls would be related to the progression of the maturity schedule for the Bank's issues rather than to the total of outstanding debt. I must confess it is difficult to visualize the exact chain of events involved in a call on unpaid capital. First, management, on recognizing the prospect of a serious cash-flow shortage, extending beyond the time frame of its liquidity position, would most certainly reduce new lending and thereby reduce future cash needs. By the time it became necessary to call on unpaid capital, indebtedness would have been either reduced or refinanced, service on debt would be current, and the amount of a call on capital would be limited to the fraction of debt requiring servicing.

Since the only risk which can prompt even this situation is a failure to have access to markets and since access to public markets depends upon the market's perception of our financial integrity, we can see, again, why member stockholders who have unpaid capital at risk (a) have given us access to markets, and (b) have insisted, and will insist, that we conduct our affairs in such a way that we will remain a prime credit in the eyes of potential bondholders. Their job, and our job, is to maintain that condition. I suggest that if criticism is to be levied, it may be fairly said that still, after five years of a substantial acceleration in lending, we are "underleveraged" and indeed offer to bondholders protections not available elsewhere.

There are a few other points—which, though technical, bear reference here. The Bank's Articles of Agreement require that it call, to the extent necessary, callable capital if it is unable to meet its debt obligations, in full, out of its other assets. It has no choice. In the event of a call on capital, all members must meet it up to the full amount of the member's subscription. Failure by one or more members to honor the obligation to pay does not relieve any other member from its obligation to meet a call. Moreover, if the amount received on a call is insufficient to meet the Bank's obligations, then it must issue further calls until it has the necessary amount to satisfy the obligations.

In short, each member has an independent obligation to respond

to calls up to the full amount of its callable subscriptions. Happily, we have never had to call on unpaid subscriptions to capital. As long as we maintain sound financial and lending policies, we never will. Yet, it is reassuring to investors in our bonds and notes to know that this quite large pool of resources is available, that it cannot be used for any other purpose, and that the Articles impose a "ceiling"—a limit on our lending activities—dollar for dollar.

A further point regarding the status of the uncalled capital subscription in the Bank made by the United States. Under applicable legislation, the Secretary of the Treasury is authorized, without further recourse to Congress, to meet payment of the U.S. obligation. In this connection, aggregate unpaid capital subscriptions of all 127 member countries were more than twice the total outstanding indebtedness of the Bank at the end of 1975. Included was the unpaid U.S. subscription of approximately $7 billion, which equalled 98 percent of debt denominated in dollars but over 180 percent of obligations held in the United States. The 24 member countries of the Organisation for Economic Co-operation and Development (OECD), which includes most of the industrialized countries of the world, have an aggregate uncalled capital subscription of $19.8 billion.

One final and perhaps most fundamental point about the unpaid capital should be noted. Payments of calls on unpaid subscribed capital may be made at the member's option, either in gold, or in U.S. dollars, *or* in the currency or currencies needed to discharge the obligations for which the call was issued. The fact that our indebtedness is denominated in 17 currencies means that in the case of a country where the Bank has issued its obligations in that country's currency, a call on capital may not require a payment in foreign exchange to meet these obligations.

Paid-in Capital

Permit me now to turn to our paid-in capital: it costs us nothing and thus contributes materially to the net profits of the Bank. Since 1948, the Bank has made a profit in every single year. By December 31, 1975, it had accumulated earnings of almost $2 billion, which were added to our resources. This is a net amount, after approximately $1 billion in grants from the Bank's net income had been made to its affiliate, the International Development Association (IDA).

Thus, the sum of the Bank's paid-in capital and accumulated net profits—after grants to IDA—is almost $5 billion. The cost of all funds to the Bank, including borrowed funds, which cost 7.4 percent, is therefore reduced to 5.3 percent. The difference between this cost and the rate charged to borrowers on our outstanding loans has produced net profits in recent years of $215 million to $275 million

annually. It is expected that income will rise in future years, and by 1980 will exceed $300 million per year.

I would emphasize that no dividends have been paid to our stockholders. The cost-free funds are significant and provide considerable leverage and profit. The profit produces reserves and the Bank pays strict attention to these reserves—retained earnings, if you will—so that they will increase and provide further protection for bondholders. And, our profits are relatively predictable. Unilaterally, if we wish, we can, within reasonable limits, change our lending rate and by so doing produce a fairly predictable flow of increased earnings in future years. We will do so to the extent necessary to maintain our credit standing. We will not do so if it is unnecessary, since the costs are borne directly by our borrowers. But there should be no mistake on this point. This Bank grows as a development institution to the extent that bondholders and stockholders support it. Without their support, which in part is and should be based on our market acceptability, there are no development successes.

It is also interesting to set out the traditional debt-equity measurements for the World Bank. The total of paid-in capital, reserves, and net income for the first six months of fiscal 1976 was $5.2 billion (at December 31, 1975), and our outstanding debt was $13.7 billion. This provides a debt-equity ratio of 2.65:1. With the addition of $28 billion of uncalled capital available to protect the holder of Bank obligations, the equity rises to $33 billion, and therefore the debt-equity ratio to 1:2.40. Whichever capital base is used—and in the case of the Bank both are appropriate—the ratio of debt to equity is extraordinarily low as compared with commercial institutions which may have a debt-equity ratio of 20:1 and no limitations on their outstanding loans.

Lending Policies

I now wish to comment on the World Bank's lending policies. The financing of economic development is the principal purpose for which the Bank was established. The care employed in managing its finances and borrowings is directed toward insuring that the Bank will be able to raise sufficient funds to finance its development program. That is our basic job. The future of the Bank ultimately depends on the policies and practices that govern the quality of its lending. To maintain the continuing support of its member governments, its loans must stimulate economic growth in the less developed countries where it lends. It is true that the lending operations of the Bank are different from those of the private market. How are they different? Loans must be granted on a basis of sound financial and economic analysis; the projects must produce an acceptable rate

of return; and, in each case, the prospect for repayment must be apparent. Bluntly put, the Bank has proven to be a tougher, harder lender than many commercial institutions. It asks questions and receives answers on issues that are relevant to the making of loans but are rarely put by commercial institutions.

But, first, some data. Of the $29 billion equivalent in loans committed by the Bank over the last three decades, including the $2.5 billion sold to third parties, a total of almost $7 billion has been repaid. Disbursed and outstanding loans held by the Bank on December 31, 1975, amounted to over $12.6 billion and a further $9.4 billion of committed loans had not yet been disbursed. Over 90 percent of our loans are committed to the financing of specific development projects. The Bank does not lend in support of military or political objectives, or for the purpose of facilitating exports of any particular industrialized country.

A broad spectrum of projects is financed by the Bank. They are in such sectors as agriculture and rural development, industry, power, telecommunications, and transportation. Other sectors include education, urban development, and water supply and sewerage. Education, for example, is essential for raising the levels of competence and skills necessary for implementing economic development. Improvements, in urban areas, and in water supply and sewerage facilities, contribute to the health and well-being of people in developing countries and, therefore, to their productive capabilities.

Creditworthiness of Borrowers and Project Appraisal

Even while admitting this, it is reasonable for potential lenders to raise questions about the creditworthiness of the governments to which we lend. As you know, the World Bank makes loans to borrowers who cannot obtain the funds on reasonable terms elsewhere. I will not pretend that we can predict with certainty which borrowers 10, 15, or 20 years from now will be creditworthy. What I can do here is describe what the Bank's several hundred economists and financial analysts look at in evaluating the creditworthiness of a potential borrower.

The Bank's staff examines the country's per capita income, and its potential for the future. It looks at the country's population growth, its savings rate, and the vehicles through which savings occur. It examines the country's foreign exchange position, its sources of borrowing, its tax base, its terms of trade, and prospects for the future. In this connection, the Bank closely monitors the potential borrower's external debt—its interest and principal requirements for the immediate and foreseeable future. It studies the country's reliance on commodities, whether one or several. It prepares the economi-

analyses required to show how the country's exports could be affected by declines in international commodity prices. It examines the country's imports, and whether imports could be curtailed in order to conserve the necessary foreign exchange to meet debt obligations. It examines the country's tariff structure, its reliance on food and energy imports, its overall economic health, and the relative commitment of resources to productive and unproductive projects. The Bank insists and has the right to get this information. I would suggest to you that there are few commercial institutions or governments which are equipped to make this kind of creditworthiness study before making a loan.

There is no incentive to do other than make the right determination whether a country will be able to service its debt to the Bank. A significant portion of the Bank's staff is committed to that responsibility, and, if sufficient doubt exists, the country does not receive a Bank loan. The country may be eligible for concessional credits from the Bank's affiliate, IDA, about which I will say more later. The point is that a great deal of time, effort, energy, and intelligent thinking goes into making decisions which are for the benefit of both borrower and bondholder.

Nor is the Bank's interest limited only to questions of the creditworthiness of the potential borrower. The Bank's staff carefully appraises all projects for which a loan is proposed. This involves investigation of various aspects of the project: economic, technical, financial, organizational, managerial, and operational. Examination of the economic aspects include a determination of whether or not the benefits and rate of return will be worth the cost. The technical study involves investigation of the project's feasibility, its merits and shortcomings. The project must be of high priority to the economic growth of the country. If it is not, the Bank will not finance it.

We will also review with the government its long-term plans to determine whether the project, at a particular point in time, fits into its economic development program, whether it comes too early, or whether it simply will not work until other fundamental changes are first made in the country's economic or social structure. Here, too, there is no incentive other than to make the most meticulous technical analysis of the specifics of each project. The financial aspects are appraised with a view to insuring that the financial conditions for sound implementation and efficient operation can and will be met by the borrower. In appraising the organizational, managerial, and operational aspects of a project, the Bank is particularly interested in the competence of the management to implement the project and to operate it after completion. Ultimately, as you can appreciate, the willingness of a country to want to continue to meet its obligations

will depend on its evaluation of our intelligence and our objectivity, and on its desire to obtain our financial and technical assistance.

The Bank's interest in its loans does not dwindle down to collection of principal and interest once the loan contract is signed. The Bank is very much involved in ascertaining that the loan proceeds are spent efficiently and economically. To insure that borrowers obtain goods and services for Bank-assisted projects at reasonable prices and on favorable terms, we require that procurement be made through international competitive bidding by suppliers in member countries or Switzerland. The Bank is concerned that the projects it supports be soundly executed. Accordingly, it requires the borrower to submit reports on the progress of a project. Bank staff visit it periodically to examine physical construction or operations, the borrowers' accounts, the use and maintenance of equipment purchased with the proceeds of our loans, and the effectiveness of the project management. The point of all this is to be in a position to identify, at an early date, any problems that arise, and to discuss and resolve them with the borrower.

Disbursements of loan proceeds are carefully scrutinized and are made only on receipt of documentation that the goods and services being paid for are covered by the loan agreement, are reasonable in cost, and are of appropriate quality. The point is that the Bank controls the disbursements of the loan. It does not hand over the proceeds of the loan when it is signed. Rather the Bank maintains a staff to review all of the invoices for payments for goods and services bid under international competitive bidding (which is also supervised by the Bank) to see that the loan proceeds are used for the payment of the appropriate goods or services. A typical Bank loan takes seven years to disburse fully, during which period the Bank receives a commitment fee on the undisbursed balance. The Bank, therefore, reviews the invoices, pays them, and then notifies the borrower that disbursement has been made on the loan. Interest is payable on that portion of the loan from that point onward.

Unlike some commercial banks and bilateral lenders, we seek no political or trade commitment as the price for a loan. Admittedly, we have made mistakes and will make others. But they have stemmed from the human frailty of not knowing the optimum means to facilitate economic development, and not from a desire to control a country's political future. What I have just described takes considerable staff commitment, but that is what the Bank is all about. It commits 20 times more in staff time to evaluating countries and projects before, during, and after a loan is made, than it does to the raising of funds or the investment of our liquid resources. And that is the way it should be.

Now what has this produced? We have not had any losses on loans. We have never had a write-off of a loan. We have never had a nonaccruing loan. We have a firm policy against debt rescheduling. We do not tolerate late payments. In December 1975, on the occasion of our most recent public issue in the United States, of the $12.6 billion in loans then disbursed and outstanding, none was over 30 days late either in interest or principal. And while our financial statements include a "general reserve" (previously called "reserve against losses on loans"), that item constitutes, in fact, our accumulated retained earnings. We have no actuarial basis for our "reserves" simply because we have never had a bad loan. That is not to say that we never will have a "bad loan." But the point is that borrowers have seen fit to maintain impeccable financial relationships with us.

There are substantial pragmatic reasons why borrowers do not default on World Bank loans. In the event of a default, no further disbursement would be made on that loan or any other loan we had outstanding in the country. And, no new loans would be committed until the default had been cured. Borrowers know our policies in this regard, and given the substantial amount of our undisbursed loans, I suggest they would be extremely reluctant to take steps to jeopardize the transfer of future resources.

A default to the Bank also carries serious consequences which would affect the credit of the country involved, both with other countries and with commercial suppliers of resources. If, for example, principal and interest payments on loans are even 30 days late, the Executive Directors representing all 127 member governments are formally notified of the delinquency.

As noted, the Bank, after 30 years of lending, has yet to experience a write-off on a loan. We have seen numerous changes of governments in the countries where we have lent, including change by armed revolution, coup, or assassination. The successor government, however, has honored its predecessor's obligation to the Bank. This attitude, I believe, is engendered not only by the sanctions inherent in a default to the Bank, but also by the Bank's nonpolitical approach to the granting of loans, and by the fact that the projects we finance make sense in that they contribute materially to economic stability and growth in the countries where they are located.

I think it is fair to say that our borrowers trust the Bank. They trust its objectivity, its fairness, and its commitment simply to do the right thing. They want to maintain a relationship with an institution which does not attach political strings to loans and which has a competent body of professionals whose role is to make decisions on strictly economic and financial grounds. For some borrowers, I have no doubt that it is that pool of intelligence and objectivity which is as

important as the actual transfer of monetary resources. And the borrowers know that those resources will no longer be available to them should their relationships with the Bank become less than impeccable.

Nonetheless, I am asked sometimes what impact a default would have on the finances of the Bank and on its ability to meet service on its indebtedness. Let us take one exaggerated example. Assume that a sizable borrower repudiates all of its debt to the World Bank and stops payment of debt service immediately. The reasons may be irrational, but let us assume it happens. The effect of this action might be that the Bank incurs a loss against its current income.

As far as the ability of the Bank to meet service on its debt is concerned, however, the default would have little, if any, impact. In the immediate period following the default, our cash flow very likely would increase, since we would stop all disbursements on loans to the defaulting country. Further, since our debt structure consists primarily of long-term and intermediate-term obligations, the effect on the market for our outstanding obligations would be minimal. It would be a nonevent, in terms of its effect on our bondholders. Our reserves are adequate. Our capital is huge. And, most important for the bondholder, the very real and substantial liquid position of the Bank of over $6 billion, as well as its access to worldwide markets, afford protection not available elsewhere. The uncalled capital is merely icing on the cake. All of this is available, along with the cash flow from the repayments of the pool of disbursed loans, to support the credit of the Bank and the security of those who invest in its bonds and notes.

The Role of IDA

Now, a comment about the International Development Association (IDA). IDA was established in 1960. Its purpose is to assist in financing economic development in those developing countries whose ability usefully to employ externally borrowed funds exceeds their ability to service such borrowings on conventional terms, including the terms of World Bank loans.

Membership in IDA is open to all members of the World Bank and 116 of them have elected to join. Eligible recipients of credits, however, generally are those poorer developing countries which have an annual per capita gross national product of $375 or less. The funds employed by IDA in its credit operations—they totaled $11.5 billion at the end of 1975—come mostly from the 21 industrialized and highly developed members, including the United States. In addition an aggregate of $1.02 billion has been provided by the World Bank in the form of grants to IDA. These grants have been

made from the Bank's net income in each of the fiscal years 1964-75, after prudent allocation of net income to reserves. And only that portion is available to IDA which otherwise might have been appropriate for dividend payments.

IDA is administered by the same management and staff as the World Bank. The Association has been erroneously called "the World Bank's soft loan window." It is true that IDA's terms to its borrowers are highly concessional—50 years to final maturity and a service charge of only three-fourths of 1 percent a year—but there is nothing "soft-headed" about the credits themselves. We apply the same rigorous standards to appraising projects supported by IDA credits that we apply to projects supported by Bank loans. The difference is that we do not believe the countries are creditworthy for a loan on the Bank's conventional terms. Permit me to stress that if funds become unavailable for IDA operations, the World Bank will not lower its creditworthiness standards to make up the shortfall.

Though the same personnel administer both the World Bank and IDA, the two institutions are legally and financially separate entities. This includes separation in respect to assets, liabilities, and capitalization. The Bank's credit is in no way involved with IDA. The Bank cannot lend to IDA. Whatever financial questions might arise in connection with IDA, it is the Association's member governments that are at risk, not the World Bank or the investors in its securities. This means that institutions or individuals which lend to the Bank are not at risk by reason of IDA's activities. The poorest countries are primarily recipients of IDA credits. The credits extended to them in no way jeopardize the Bank itself. On the contrary, for those countries which have outstanding Bank loans and which now are receiving IDA credits, these credits enable them to obtain the services and experience of the Bank's staff and the planning, implementation, and financing of development at very low cost for 50 years.

Thus, there are substantial advantages from IDA accruing to the World Bank and its creditors, since Bank loans are reinforced by the financial and economic benefits flowing from IDA-supported projects. IDA's funds of course come, for the most part, from the taxes of the richer countries; to that extent, taxpayers have a major interest in its operations. IDA does cost something to taxpayers, but in no way does it add to their risk as World Bank bondholders. On the contrary, it reduces it. I would simply add a practical point here. Any of the poorer countries qualifying for IDA assistance which had an outstanding Bank loan would seriously hesitate before defaulting on it lest it jeopardize the interest-free 50-year development credits from IDA.

I wish to conclude my remarks with some reference to the environ-

ment in which we live as it affects the investment climate generally and the attitude of investors toward the World Bank. Despite the financial strength of the Bank and its commitment to prudent financial policies, I would be less than frank, and, indeed quite naive, if I assumed that it was universally recognized by the investment community in, say, the United States as the only premier credit in the marketplace. For example, we do not trade in the market at the same yield as direct obligations of the U.S. Government. We have neither taxing power nor the power of the printing press nor are we a household name. Few people understand what the Bank does, and fewer still have any conception of our financial structure or financial policies. Second, we are a fairly complicated institution and portfolio managers, given a bewildering variety of potential alternatives, sometimes feel more comfortable with an investment which they can clearly categorize as "government," or "foreign," or "utility," or "industrial." It is a sad, but I believe accurate, commentary that some investment managers cannot and do not explain the Bank to their Boards of Directors or their policy makers.

Ours is a complex institution and one which admittedly busy investment managers may not be familiar with. Further, the reaction of the financial community to exaggerated and often inaccurate public commentary about the problems of developing countries, defaults, possible debt reschedulings, expropriation of property, or political instability in some LDCs certainly does not contribute to a dispassionate evaluation of our credit. As overblown—possibly even irrelevant—as these matters might be to the financial strength of the Bank we consider the market's reaction to such talk in establishing our financial policies.

In a very real sense, our financial policies are based on the reality of our environment. We, therefore, conduct our operations and maintain financial policies which recognize that the Bank's financial structure and strength may not be fully understood; that questions have been raised about our lending policies which may be based on inaccurate perceptions of the operations of the Bank; and indeed that there may be some hostility even toward the role of the Bank. Despite our successes in coping with these sometimes subliminal, sometimes expressed concerns, we will not conduct ourselves as if our reputation and the perception of investors will always be rational and based upon a correct evaluation of the facts. We assume that both investment managers, and we ourselves will make mistakes. Therefore, our financial policies are designed to permit the flexibility necessary to operate successfully in difficult environments. That is why we have built the overwhelming financial strength that I have described to you today, and that is why we intend to keep it that

way and maintain our standing as one of the strongest financial institutions in the world. We are not a social welfare agency committed to making transfer payments to solve the problems of misery or poverty. We are a development bank using the most sophisticated techniques available to facilitate development while providing unmatched protection and strength for creditors and shareholders.

World Bank
Headquarters:
1818 H Street, N.W.
Washington, D.C. 20433, USA

Telephone: (202) 393-6360
Cable Address: INTBAFRAD
WASHINGTON, D.C.

WORLD BANK RESEARCH PROGRAM

Abstracts of Current Studies

October 1974

WORLD BANK RESEARCH PROGRAM
Abstracts of Current Studies
October 1974

WORLD BANK RESEARCH PROGRAM

Abstracts of Current Studies

October 1974

World Bank
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.

TABLE OF CONTENTS

Page

Foreword 5

Introduction 7

List of Abstracts of Current Studies 11

Abstracts of Current Studies: Main Categories

I. Development Policy and Planning 14

II. International Finance and Trade 26

III. Agriculture and Rural Development 28

IV. Industry 38

V. Transportation 43

VI. Public Utilities 49

VII. Urbanization and Regional Development 54

VIII. Population and Human Resources 58

Country Index 68

FOREWORD

This publication provides an overview of the World Bank's research program and a brief description of projects currently in progress. Now in its fourth year, the program deals with general issues of development policy as well as specific sectoral problems of particular concern to the Bank's operations in developing countries.

The Bank's research is increasingly conducted in collaboration with scholars and research institutions in developing countries and is focused on problems of mutual concern. By distributing information on studies now under way, we hope to contribute to the international cooperation so greatly needed in the effort to learn more about the process of development.

Hollis B. Chenery
Vice President, Development Policy

INTRODUCTION

This compilation of Abstracts provides a summary view of work being carried out in the World Bank's central research program. Research has been an integral part of the Bank's economic work from the outset. Over the years, the Bank's research activities have been expanding in response to the growing diversification of Bank lending operations. In 1971, a Research Committee was established to review the Bank's principal research activities. This booklet describes the projects currently under way and includes almost all of the Bank's social science research. Some other research, related to specific projects, is undertaken in member countries and is financed by loans and credits to their governments.

Objectives of the Bank's Research Program

The main objectives of the Bank's research program are:

- To support all aspects of Bank operations, including the assessment of development progress in member countries.
- To broaden understanding of the development process.
- To improve the Bank's capacity to give policy advice to its members.
- To assist in developing indigenous research capacity in member countries.

In order to improve country economic analysis, the program contains projects to develop the data base, to improve the tools for analyzing national economies and sectors, and to extend the Bank's understanding in such important policy areas as rural development, industry, foreign trade, and the interrelationship of growth and social objectives.

While the principal purpose of the Bank's research program is to support its own activities, there are important secondary objectives. Most studies of importance to Bank operations are of equal relevance to planning and operational agencies in developing countries, as well as to other development finance agencies. Whether a study deals with capital/labor substitution in road construction or educational investment policies, the Bank's research program can have a much wider impact than the volume of direct Bank Group lending would indicate. Preparation and implementation of research studies can be used to build and strengthen indigenous research capacity in developing countries. The Bank, therefore, stresses collaborative research with individuals and institutes in those countries to reinforce its respective analytical expertise and understanding of development issues. In the long term, the Bank should be able increasingly to use studies done in member countries. Finally, the

Bank's research program can serve to stimulate others to finance studies on topics of major interest and to improve the coordination of such research.

The Current Research Program

The following pages briefly describe 68 projects now in the portfolio, of which 16 have been approved only in recent months. The studies are grouped in eight functional categories. The first category, *Development Policy and Planning*, represents the core of the effort to improve the Bank's capability in country economic analysis. The studies in this category include models designed to analyze the intersectoral linkages of economic decisions, the development of methodologies to use purchasing power parities rather than official exchange rates to obtain more realistic international comparisons of economic aggregates, and studies aimed at improving the Bank's ability to integrate redistribution and other social objectives into its techniques of project selection. The analysis of issues concerning the distribution of income are of primary importance in this category. The first priority in this area is the consolidation and extension of existing data and an assessment of the redistributive impact of public expenditures.

The second category, *International Trade and Finance*, principally consists of the studies on specific commodities that are traded internationally. The third category, *Agriculture and Rural Development*, has a high priority in the research program. It focuses on the design of rural development strategies, particularly on the problems of channeling resources to the rural poor and on the role of the small farmer. A major study in this category is an extensive evaluation of rural development experience in Africa. The emphasis on rural development is also reflected in several studies listed in other categories.

The fourth category, *Industry*, includes studies of industrialization policy in the context of international trade, the scope for increasing the level of capital utilization and the use of labor-intensive technologies in manufacturing.

The major studies in the fifth category, *Transportation*, are concerned with the measurement of road maintenance and user costs on different quality roads, the possibilities of using labor-intensive methods in civil construction and the developmental impact of feeder roads in rural areas. All of these studies are generating primary data of basic importance.

Research on *Public Utilities*, the sixth category, has concentrated mainly on the provision of tools for the analysis of investment and pricing policies in the power and telecommunications sectors, and on the measurement of the costs and benefits of bringing utilities to rural areas.

The studies in the seventh category, *Urbanization and Regional Development*, attempt to improve the data base for comparative urban analysis, develop a framework for the analysis of public finances in metropolitan areas and explore aspects of land-use policies and the design of site-and-services housing projects.

The eighth category, *Population and Human Resources,* includes several studies on education, labor markets and population growth. The studies on education are concerned with the problem of evaluation of the benefits from education projects and methods of education financing. The labor-market studies focus on the informal urban sector and its relation to rural-urban migration. The population studies focus on the determinants of fertility rates and the economics of household size.

Correspondence

Copies of this publication may be obtained by writing to:

Publications Unit
World Bank
1818 H Street, N.W.
Washington, D.C. 20433

World Bank
66, avenue d'Iéna
75116 Paris, France

This and all other publications of the World Bank Group released for general distribution are listed in the *World Bank Catalog,* which is available on request. The *Catalog* provides instructions on how to order copies of listed papers referred to in some of the Abstracts. Requests for unpublished papers or for information on specific research projects still in progress should be addressed to the Director of the responsible Department listed in the Abstracts in this publication.

Further information concerning the Bank's research activities may be obtained from the Secretary to the Research Committee, Office of the Vice President for Development Policy, World Bank.

LIST OF ABSTRACTS OF CURRENT STUDIES

Research Program Code[1]	Category and Title	Page No.
	I. DEVELOPMENT POLICY AND PLANNING	
RPO 201	Development Strategies in Semi-Industrial Countries	14
RPO 203	Patterns of Demand and Savings in the Development Process	14
RPO 204	Multi-Level Planning: Case Studies in Ivory Coast	15
RPO 206	Short-run and Long-run Influences upon Income Distribution	16
RPO 208	Project Appraisal and Shadow Prices	17
RPO 209	Size Distribution of Income	18
RPO 210	Economy-wide Models and Development Planning	19
RPO 268	International Comparison Project	19
RPO 269	Growth and Income Distribution in Brazil	20
RPO 283	Evaluation of Latin American Data on Income Distribution	21
RPO 284	Growth, Employment and Size Distribution of Income	21
RPO 285	Urban Income Distribution in Latin America	22
RPO 286	Prototype Models for Country Analysis	23
RPO 294	Employment and Income Distribution in Malaysia	23
RPO 296	Distributive Impact of Public Expenditures	24
RPO 308	Evaluation of Asian Data on Income Distribution	25
	II. INTERNATIONAL FINANCE AND TRADE	
RPO 279	Interrelated Economic Development of East and Southeast Asia in the Seventies	26
RPO 309	World Commodity Models	26
RPO 310	Promotion of Non-Traditional Exports	27
	III. AGRICULTURE AND RURAL DEVELOPMENT	
RPO 212	Reappraisal of Credits for Financing Farm Mechanization in Pakistan	28
RPO 213	Evaluation of Alternative Methods for Specifying Agriculture Sector Development Strategies: Portugal and Brazil	28
RPO 214	Agricultural Mechanization Study in India	29
RPO 216	The Agricultural Sector in Mexico	30
RPO 218	Rural Development in Africa	32
RPO 273	Rural Development in Northeast Brazil	32

[1] Each research project is assigned a code number which appears as a reference number in each Abstract.

Research Program Code[1]	Category and Title	Page No.
RPO 280	Comparative Experience with Land Reform in Latin America	33
RPO 289	Development Strategies for Smallholder Agriculture: A Case Study in Yugoslavia	34
RPO 293	Evaluation of the Lilongwe Land Development Program	35
RPO 304	Rural Savings and Investment	35
RPO 317	Analytics of Change in Rural Communities	36
	IV. INDUSTRY	
RPO 223	Scope for Capital-Labor Substitution in the Mechanical Engineering Industry	38
RPO 224	Programming in the Manufacturing Sector	38
RPO 225	Utilization of Industrial Capacity in Five Latin American Countries	39
RPO 277	Financing Small-Scale Industry	40
RPO 287	Industrial Policies and Economic Integration in West Africa	41
RPO 295	Industrial Capacity Utilization	41
RPO 305	Patterns of Industrial Development	42
	V. TRANSPORTATION	
RPO 226	Substitution of Labor and Equipment in Civil Construction: Phase III	43
RPO 227	Highway Design Study: Phase II	44
RPO 228	Measurement of Road Width/Traffic Flow/Vehicle Speed Relationships	45
RPO 229	Yemen Arab Republic Feeder Road Study	45
RPO 271	Ethiopia Feeder Road Study	46
RPO 313	Economics of Containerization	47
RPO 314	Malagasy Feeder Roads	47
	VI. PUBLIC UTILITIES	
RPO 238	Analysis of Problems and Issues in Village Electrification	49
RPO 239	Pricing and Investment in Electricity Supply	49
RPO 267	Standards of Reliability of Urban Electricity Supply	50
RPO 276	Pricing and Investment in Telecommunications	51
RPO 311	Public Utility Pricing and Investment	52
RPO 312	Reduction of Waste Water from Public Hydrants	52
	VII. URBANIZATION AND REGIONAL DEVELOPMENT	
RPO 241	The Urban Data Needs of the IBRD	54
RPO 270	Urban Public Finance and Administration in Developing Countries	54
RPO 297	Urban and Regional Subsystems in West Malaysia	55

Research Program Code[1]	Category and Title	Page No.
RPO 298	Urban Land Use Policies: Taxation and Control	56
RPO 316	Standards for Site and Services Projects	56
	VIII. POPULATION AND HUMAN RESOURCES	
RPO 243	Labor Market in Malaysia	58
RPO 244	Student Loan Schemes and Other Forms of Cost Reallocation	58
RPO 245	Labor Force Participation, Income and Unemployment	59
RPO 275	Rural and Urban Public Works	60
RPO 278	Project Evaluation Methodology: Education Attainments	61
RPO 290	Labor Market in a Rapidly Growing Economy	61
RPO 291	The Benefits of Schooling for Workers	62
RPO 299	Economic Aspects of Household Fertility Behavior and Labor Supply in Northeast Brazil	63
RPO 302	Population Growth and Rural Poverty	64
RPO 303	Improving the Usefulness of Household Surveys	64
RPO 306	Employment Models and Projections	65
RPO 307	CAMS Employment Studies	66
RPO 315	Effects of Health and Nutrition Standards on Worker Productivity	66

I. DEVELOPMENT POLICY AND PLANNING

Development Strategies in Semi-Industrial Countries

A considerable volume of literature evaluates alternative strategies of economic development, particularly the relative merits of trade-oriented and import-substitution strategies. The starting point for this research project was the study of protection by Balassa and Associates, *The Structure of Protection in Developing Countries* (Baltimore and London: The Johns Hopkins University Press, 1971).

The purpose of the project is to enlarge the scope of this study by a detailed analysis of the effects of alternative incentive policies on resource allocation, trade and economic growth. In order to provide diversity in geographical terms as well as in regard to the policies followed, six countries were chosen: Argentina, Colombia, Israel, Korea, Singapore, and Taiwan. The first part of each country study outlines the historical development of the incentive systems, with separate treatments of tariffs, quantitative restrictions, export subsidies, exchange rates, credit, and taxes as well as various institutional factors. In the second part, each country's protective measures are quantified and used to devise indicators, such as the effective rate of subsidy, to express net incentives to individual industries, export and import activities and foreign investment. Finally, the effects of the incentive systems are analyzed in a comparative framework.

Responsibility: Development Research Center, in collaboration with consultants conducting the country studies. The comparative evaluation of the results will be prepared by Bela Balassa of the Center. (Ref. No. RPO 201)

Completion date: December 1974.

Patterns of Demand and Savings in the Development Process

Since the pioneering work of Kuznets and Houthakker on demand and savings patterns, the availability of data for developing countries has considerably improved and new techniques of econometric analysis have been developed. The Extended Linear Expenditure System (ELES) provides an integrated framework for the estimation of complete systems of demand equations and the associated savings function using either time series or cross-section data on households.

This study uses ELES estimation techniques to analyze how savings and the allocation of consumer expenditures change with income, prices, and socioeconomic variables in countries at different levels of

development. In particular, the following questions on household savings and allocation of expenditures are examined:

1. Can household savings behavior be characterized in terms of a relatively small number of socioeconomic variables and, in particular, do relative prices matter?
2. What are the key socioeconomic factors influencing the allocation of consumers' expenditures and, in particular, which price effects are quantitatively important?
3. Are there systematic patterns in savings behavior and in expenditure and price elasticities for an average consumer, at different levels of GNP per head?
4. How many consumer "types" (groups of homogeneous consumers with significant differences in expenditure and savings behavior) emerge in the analysis of particular countries?

These questions are being examined using national accounts data for 17 countries and cross-section budget data for Korea and Mexico.

Responsibility: Development Research Center—Constantino P. Lluch, A.A. Powell and Ross A. Williams, in collaboration with Secretaría de la Presidencia, Mexico, and the Bank of Korea. (Ref. No. RPO 203)

Completion date: The study is in its final phase; a monograph is being prepared.

Reports

Lluch, Constantino P. "Expenditure, Saving and Habit Formation." *International Economic Review* (October 1973).

_____. "The Extended Linear Expenditure System." *European Economic Review*, IV (1973): 21-32.

Powell, A.A. "An ELES Consumption Function for the United States." *The Economic Record* (September 1973): 337-357.

_____. "Estimation of Lluch's Extended Linear Expenditure System from Cross-Sectional Data." *Australian Journal of Statistics*, 15 (2) (1973): 111-117.

Multi-Level Planning: Case Studies in Ivory Coast

This is one of two case studies whose purpose is to develop and apply multi-level planning methods to country development programs. The first to be completed was published as *Multi-Level Planning: Case Studies in Mexico*, Louis M. Goreux and Alan S. Manne (eds.) (Amsterdam and London: North-Holland Publishing Company, 1973) (*see* RPO 216, page 30). The Ivory Coast study employs a set of dynamic programs to analyze policy options for the economy, incorporating linkages between projects, sectors and the total economy, as well as between regions, and between rural and urban areas.

Several dynamic linear programs have been constructed, for use both separately and as components of a unified central program for the Ivory Coast. The component models are:

1. Northern model, covering the problems of agricultural development in the Savannah zone.

2. Southwestern model, covering the problems of colonization in the forest area.
3. Southern model, covering the entire forest zone of the country.
4. Education model, linking labor requirements to supply by skill categories.
5. Urban model, consisting of 55 sectors.

The central model is a simplified combination of these separate models and includes additional public-sector relationships. The model can be solved for optimal combinations of policies subject to alternative saving and foreign lending constraints.

This comprehensive study addresses many of the critical issues of planning and economic decision making in the Ivory Coast. The individual models cover such problems as optimal investment planning in the large forest area in the Southwestern region where individual projects compete for common resources such as land, labor in peak periods and infrastructure; the effect of alternative educational policies (formal versus nonformal training) on the replacement of expatriate professionals and managers, and on the employment prospects of the newly educated; the scope for improving technology in the Savannah, and its relation to farm incomes, rural employment and the government budget.

The central model tests the sensitivity of the key economic variables to alternative development paths involving different types of foreign trade policies, different configurations of regional distribution of income and employment, and differential growth rates of overall employment.

The study has been conducted in close cooperation with the Government of the Ivory Coast, which has been of great assistance by providing data and by initiating further applications of the submodels. The French agency, Fonds d'Aide et de Coopération (FAC), and the Food and Agriculture Organization (FAO) have also expressed interest in extending the analysis, and in some cases applying it to other countries.

Responsibility: Development Research Center—Louis M. Goreux, in collaboration with consultants and assistance by FAO in data collection. (Ref. No. RPO 204)

Completion date: December 1974.

Reports

Condos, Apostolos, Goreux, Louis M., and Vaurs, R. *Agricultural Model from the Ivory Coast Programming Study.* Bank Staff Working Paper No. 125. March 1972. (Catalog No. 1/4)

Short-Run and Long-Run Influences upon Income Distribution

The project consists of an attempt to model the processes which determine the distribution of personal income within a country. At this stage, emphasis has been placed upon short-run influences. A model has been constructed and calibrated for Korea, and a similar model has been

specified for Yugoslavia. At present, estimation and simulation runs are being limited to the Korea Model.

The research effort focuses on the impact of policy intervention upon income distribution. A dynamic general equilibrium model has been specified for Korea, and estimates of the relevant parameters have been obtained from Korean data. The model attempts to link factor-price payments to consumer-demand patterns and output prices through a mechanism translating factor incomes into the personal distribution of income. The model is basically neoclassical with strong elements of disequilibrium behavior in the specification of dynamic properties.

Responsibility: Development Research Center—Montek S. Ahluwalia; the researchers are Irma Adelman, Laura d'Andrea Tyson and Sherman Robinson (consultants). (Ref. No. RPO 206)

Completion date: Korea model—January 1975.

Project Appraisal and Shadow Prices

Further research is needed in a number of areas to improve the methods of project evaluation. These include the consistent estimation of shadow prices, the implications for shadow prices of fiscal constraints, the policy environment and income distribution objectives, and project evaluation under economies of scale.

The major objective of this research project will be to provide criteria for the improvement of project appraisals carried out by the Bank. Several theoretical papers have been prepared. They pertain to:

1. The simultaneous derivation of shadow prices for unskilled labor, capital and foreign exchange in terms of a small economy-wide model with limited estimation requirements.
2. Theoretical and practical issues involved in the use of fiscal devices to make private market-based decisions correspond to shadow price-based decisions, in the presence of fiscal constraints.
3. A theoretically acceptable way of incorporating income distribution objectives in project appraisal.
4. Case studies of project evaluation methodology.

Responsibility: Central Projects Staff—Anandarup Ray; the researchers are staff members in the Development Research Center and Development Economics Department, in collaboration with Michael Bruno, Peter Diamond, Richard Eckaus, Arnold Harberger, Deepak Lal, Alan S. Manne, and James Mirrlees (consultants). (Ref. No. RPO 208)

Completion date: June 1975.

Reports

Balassa, Bela. *Estimating the Shadow Price of Foreign Exchange in Project Appraisal.* Bank Staff Working Paper No. 142. February 1973. (Catalog No. XII/117)

Blitzer, Charles R. *On the Social Rate of Discount and Price of Capital on Cost-Benefit Analysis.* Bank Staff Working Paper No. 144. February 1973. (Catalog No. II/24)

Bruno, M. "Planning Models, Shadow Prices, and Project Evaluation," in *Economy-Wide Models and Development Planning,* Charles R. Blitzer, P. Clark and L. Taylor (eds.). London: Oxford University Press (forthcoming).

_____. "Resource Allocation over Time and the Real Exchange Rate." *Proceedings of the International Meeting of Directors of Development Research and Training Institutes,* held in Belgrade, Yugoslavia (August 28-30, 1972).

Lal, Deepak. *Adjustments for Trade Distortions in Project Analysis.* Bank Staff Working Paper No. 128. March 1972. (Catalog No. II/26)

_____. *Employment, Income Distribution and a Poverty Reassessal Index.* Bank Staff Working Paper No. 129. March 1972. (Catalog No. VIII/90)

_____. *On Estimating Income Distribution Weights for Project Analysis.* Bank Staff Working Paper No. 130. March 1972. (Catalog No. II/27)

_____. *Methods of Project Analysis: A Review.* Baltimore and London: The Johns Hopkins University Press, 1974. World Bank Staff Occasional Papers No. 16. $3 paper. (Catalog No. II/254—available in bookstores or from the publisher.)

Size Distribution of Income

The development of quantitative guides which could be utilized in policy decisions has been hindered by the insufficient availability of reliable statistics on the size distribution of income. As a result, the United Nations Statistical Office developed a long-range program to improve their quality by strengthening the capabilities for collecting such statistics in developing countries. The UN Research Institute for Social Development also conducted a research project which included a study on size distribution of income.

The Bank project complements these efforts of the UN organizations. The original objective of this research project was to compile and evaluate the existing published data on the distribution of income in developing countries, and an extensive quantity of data was collected. As the study progressed, however, it became evident that a satisfactory evaluation of income distribution patterns could not be conducted on the basis of published data, but would require the use of original data tapes. This led to the development of additional research projects: "Evaluation of Latin American Data on Income Distribution" (RPO 283—*see* page 21) and "Evaluation of Asian Data on Income Distribution" (RPO 308—*see* page 25). Work on the compilation of existing data was nevertheless continued, and the data collected are currently being used to identify broad cross-country patterns.

Responsibility: Development Research Center—Montek S. Ahluwalia. (Ref. No. RPO 209)

Completion date: March 1975.

Reports

Jain, Shail, and Tiemann, A. *The Size Distribution of Income: A Compilation of Data.* Development Research Center Discussion Paper No. 4. August 1973.

Ahluwalia, Montek S. "Income Inequality: Some Dimensions of the Problem." Chapter I, *Redistribution with Growth,* Hollis B. Chenery, Montek S. Ahluwalia, C.L.G. Bell, John H. Duloy, and Richard Jolly. London: Oxford University Press, 1974. $16 cloth; $4.50 paper. (Catalog No. VIII/284—available in bookstores or from the publisher.)

Economy-wide Models and Development Planning

There is considerable interest in the utility of economy-wide planning, particularly the usefulness of multisector planning models. Various kinds of macroeconomic planning models have been built during the past 15 years for application in developing countries. However, no analysis has been made to determine whether the results of these exercises were worth the costs.

The purpose of this project is to analyze and evaluate the use of various types of macroeconomic modeling as an aid to development planning and decision making. The results are embodied in a volume of closely integrated review papers on different aspects of economy-wide planning. Emphasis was placed on multisector and medium-term approaches rather than an aggregate or short-term stabilization model.

Responsibility: Development Research Center, in collaboration with Michael Bruno, Mrinal Datta-Chaudhuri, Janos Kornai, T.N. Srinivasan, Lance Taylor, Tsunehiko Watanabe, and Larry Westphal (consultants). (Ref. No. RPO 210)

Completion date: Early 1975—to be published by the Oxford University Press, London.

International Comparison Project

Comparable data on the levels of production, consumption and capital formation are necessary tools for the analysis of economic and social development. Considerable progress has been made in the standardization of statistical methodologies for the estimation of national aggregates. But the conversion of national aggregates to a common international base of valuation is still being made at official exchange rates which do not satisfactorily reflect the relationships among national price levels.

This study was initiated by the United Nations in 1968 and s designed to provide detailed comparisons of national products, by expenditure categories, in terms of relative quantities and relative prices. The study uses a refined version of the methodology developed in earlier studies by Milton Gilbert and Irving Kravis.

Phase I of the project has been completed and provides detailed comparisons for ten countries (Colombia, France, Federal Republic of Germany, Hungary, India, Italy, Japan, Kenya, the United Kingdom, and

the United States). In subsequent phases, the objective is to extend the coverage of developing countries, modifying the methodology as necessary in response to the quality of statistical information. The second phase, now under way, covers seven developing countries (Argentina, Iran, Korea, Malaysia, Philippines, Thailand, and Venezuela). In the third phase of the research project an additional 14 to 16 countries will be studied, and the data for countries in the first two phases will be updated to a common reference year. The resulting data for more than 30 countries should provide a basis for evaluating shortcut methods and using them to extrapolate the results to a larger number of additional countries.

The data collected involve comparable prices for 500 to 1,000 individual commodities and comparable expenditure data for up to 160 expenditure groups in each country. The bulk of the data is being collected by the government statistical departments in each participating country, under the guidance of the United Nations Statistical Office.

Responsibility: Economic Analysis and Projections Department—Elinor Yudin. Professor Irving Kravis, University of Pennsylvania, is the Director of the project, Zoltan Kenessey, United Nations Statistical Office (UNSO), Associate Director, in collaboration with UNSO staff members. (Ref. No. RPO 268)

Completion date: A book on Phase I will be published by The Johns Hopkins University Press early 1975; Phase II—end of 1975; Phase III—1978.

Growth and Income Distribution in Brazil

Publications concerning the distribution of income in Brazil are numerous. However, work in this area has not been well integrated, and no analysis has been made of the difficulties faced by policy makers in implementing procedures to reverse the increasing concentration of incomes. The identification of a set of effective policy instruments for redistributing income has not yet been achieved.

Brazil has an efficient fiscal system which the Federal Government has used to distribute public investments and public expenditure programs among the states and municipalities. The Ministry of Finance in Brazil sought help from the Bank in developing a set of analytical studies to simulate the general equilibrium effects of the changing pattern of fiscal expenditures and the impact of new revenue policies.

The study is designed to examine the direct and indirect impact of policy instruments on growth and income distribution in Brazil, in terms of a general equilibrium planning model. In the first stage of the project, the research team identified and evaluated the statistical data required to estimate the econometric model which will be used to measure the probable macroeconomic effects of different policies designed to redistribute income. Work with the general equilibrium model will be developed in the second stage. This model will specify and integrate production relationships, links between factor payments and personal income distribution and expenditure patterns.

Responsibility: Development Research Center, in collaboration with Lance Taylor (consultant), and E. Bacha and Francisco Lopez of the economic research group, Federal University of Brasilia. (Ref. No. RPO 269).

Completion date: June 1975.

Evaluation of Latin American Data on Income Distribution

This research project, undertaken jointly by the Bank and the Economic Commission for Latin America (ECLA), is an outgrowth of an earlier project (RPO 209—*see* page 18) and is aimed at examining available data on income distribution in Latin American countries to which ECLA has access. The results of the research project will provide the Bank with better information on the profiles of distribution of income and poverty for many countries in Latin America.

The data consist of 31 surveys of household income for 13 countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Honduras, Mexico, Panama, Peru, Uruguay, and Venezuela). The major objective of the first stage is to prepare multiple tabulations of the data, accompanied by statements of their basic characteristics in order to assess comparability between countries.

Appropriate control devices will be developed for each country to check the consistency of the survey data with national accounts data on personal income, their origin by economic sectors and their components (e.g., wages and profits), and also with population and employment data.

In the second stage, the analysis of income distribution data will be extended to include other data sources. Methods will be developed for comparing income distribution data from household surveys with other primary data relating to income distribution, e.g., income tax and social security data, and data from agricultural and industrial censuses.

The third stage will be development of a research proposal for in-depth country case studies of factors affecting income distribution for one or more countries in the region.

Responsibility: Development Research Center, with research being conducted by Oscar Altimir (consultant) and ECLA staff in Santiago (Chile). (Ref. No. RPO 283)

Completion date: July 1975.

Reports

Altimir, Oscar. *A Data File on Income Distribution Based on Household Surveys in Latin American Countries.* Paper presented at a meeting of the International Association for Research on Income and Wealth (January 1974).

Growth, Employment and Size Distribution of Income

Extensive study of national data has given rise to the hypothesis that the size distribution of income appears to worsen as Gross National

Product (GNP) growth accelerates in developing countries. However, evidence from specific countries, such as Taiwan, leads some to dispute this hypothesis. Even if a negative historical relationship seems to exist between GNP growth rates and trends in the distribution of income, the issue still remains whether this relationship is inevitable or whether an effective development policy can reduce the conflict between growth and size distribution of income.

The objective of the study is to analyze the relationship between economic growth, governmental policies and income distribution in Taiwan, the Philippines and Colombia. The hypothesis underlying the study is that in a mixed economy the long-run trend in the distribution of income is determined by market forces, which reflect factor endowments, production conditions and technology, and are modified by government intervention.

The impact of various government policies on particular sectors will be examined in detail. The designated sectors are: in rural areas—(1) a subsistence, food-producing, agricultural sector, (2) a cash crop-producing, usually export-oriented, agricultural sector, and (3) the sector producing handicrafts and other nonagricultural goods; in urban areas—(4) a small- and medium-scale industrial sector, and (5) a services sector. A foreign-trade sector will also be included to allow for international movements of capital and technology in the analysis.

Responsibility: Development Research Center; the researchers are John C.H. Fei and Gustav Ranis of the Economic Growth Center, Yale University. (Ref. No. RPO 284)

Completion date: July 1975.

Reports

Fei, John C.H., and Fields, Gary S. *The Indexability of Ordinal Measures of Inequality.* Center Discussion Paper No. 205. May 1974. New Haven, Connecticut: Economic Growth Center, Yale University.

Fei, John C.H., and Ranis, Gustav. *Income Inequality by Additive Factor Components.* Center Discussion Paper No. 207. June 1974. New Haven, Connecticut: Economic Growth Center, Yale University.

Urban Income Distribution in Latin America

The analysis of issues concerning the distribution of income is greatly handicapped by the inadequacy of data. This research project supports a program to improve the data base, which is being undertaken by the member institutes of Estudios Conjuntos sobre Integración Económica Latino Americana (ECIEL).

The project will examine the nature of income distribution in 18 major urban areas in ten Latin American countries (Argentina: Buenos Aires; Bolivia: Cochabamba, La Paz; Brazil: Pôrto Alegre, Recife, Rio de Janeiro; Colombia: Barranquilla, Bogota, Cali, Medellin; Chile: Santiago; Ecuador: Guayaquil, Quito; Paraguay: Asunción; Peru: Lima; Uruguay: Montevideo; Venezuela: Caracas, Maracaibo). Three studies have been planned. The first concentrates on defining the nature of the

distribution of income in urban centers in Latin America. It will be based on household data accumulated by participating institutes of ECIEL between 1966 and 1972. The second study will be devoted to developing models to measure and characterize the distribution of income and relate them to other elements of the development process. The third study uses the results of the first two, in addition to new primary and secondary data to relate the behavior of individuals and households to the behavior of the economy as a whole.

Responsibility: Development Research Center—participation in the ECIEL seminars; the research is being carried out by the participating institutions of ECIEL. (Ref. No. RPO 285)

Completion: Draft of the first report—June 1975.

Prototype Models for Country Analysis

The Bank devotes a substantial amount of time and resources to models for country economic analysis. In general, the models use data from national accounts to project macroeconomic aggregates and examine creditworthiness. However, this methodology is not suitable for examining employment creation, income distribution, regional disparities, and other issues vital to economic development.

The study is intended to improve country modeling methodologies for analysis of a range of problems, relevant to policy and operational decisions, such as the effects of alternative development strategies on employment creation or income distribution and broad issues of investment allocation. A set of models appropriate for different economic structures will be constructed. These models will have a common core, with built-in capability to incorporate additional sets of equations or modules reflecting the degree of disaggregation feasible with the available data, including data outside the standard systems of national accounts.

The first stage, recently initiated, focuses on the preliminary evaluation of alternative methodological approaches and of data requirements. Pilot case studies are contemplated in the second stage.

Responsibility: Development Research Center and *Economic Analysis and Projections Department,* in collaboration with consultants, including Alan Brown and Erik Thorbecke, under the general direction of Hollis B. Chenery. (Ref. No. RPO 286)

Completion date: December 1975.

Employment and Income Distribution in Malaysia

Improving the distribution of income and generating more employment are major elements of the Malaysian strategy for economic development. Significant changes in land-settlement patterns have been initiated to increase the incomes of small farmers. Measures are being considered to diversify exports and to modify the industrial structure in order to increase employment.

The study examines patterns of income distribution in Malaysia and the impact of growth on distribution and employment in the medium term. There are two components: (1) an analysis of the pattern of income distribution using data from census and household surveys, and (2) projections of the employment implications of alternative growth patterns using a recent input-output table. The work on income distribution will examine sectoral, occupational, racial, and locational characteristics of distribution patterns and construct socioeconomic profiles of poverty. Employment projections will be based on sectoral output solutions derived from a static Leontief model.

Responsibility: Development Research Center—research under the direction of Montek S. Ahluwalia. (Ref. No. RPO 294)

Completion date: Draft of component (1)—January 1975; draft of component (2)—June 1975.

Distributive Impact of Public Expenditures

It is increasingly apparent that the benefits of economic development have been unevenly distributed, with the poor gaining the least. The alleviation of poverty calls for more direct measures, including the redistribution of income and wealth. Redistribution can be accomplished through a number of means, of which one would be the reallocation of government expenditures. Governments of developing countries typically mobilize and spend approximately 10-25 percent of the national income but information on the distributive impact of public expenditures is extremely meager.

The general objective of the project is to assess the impact of public expenditures on the distribution of income in two developing countries, Colombia and Malaysia. Specifically, the study will identify those major public expenditures allocable by specific households; describe the beneficiaries of those services by income distribution, ethnic group, geographical location, etc.; explore the factors determining the effective household demand for certain government services; and compare the results of the studies for the two countries.

The research team will reclassify government accounts into a format useful for economic analysis. It will select and study public spending programs for distribution analysis and develop estimates of unit costs of public subsidies for such programs.

Sample surveys will be used to study how services are distributed and to explore demand relationships for the various public outputs by socioeconomic characteristics of households. Not all spending items lend themselves to the sample survey technique. In such cases, a separate analysis will be conducted.

The Department of Statistics of the Malaysian Government has designed the sample for the survey. The Employees' Provident Fund has carried out a sample survey of its beneficiaries especially for the study.

Responsibility: Development Economics Department and *Development Research Center;* the principal researchers are Jacob Meerman and Marcelo Selowsky. The research on Malaysia is undertaken in collaboration

with Professor Lai ah Hoon of the University of Malaysia, Peter Heller of the University of Michigan, and the Eastern Market Assessment Surveys Company; the research on Colombia with Professor Manuel Ramirez of the University of the Andes, and the Colombian Data Company. (Ref. No. RPO 296)

Completion date: Malaysia—1975; Colombia, as well as a comparative analysis of both countries—1976.

Evaluation of Asian Data on Income Distribution

This joint research project by the Bank and the Economic and Social Commission for Asia and the Pacific (ESCAP) is patterned after a similar study with the Economic Commission for Latin America started in 1973, "Evaluation of Latin American Data on Income Distribution" (RPO 283—*see* page 21). Both are an outgrowth of an earlier project "Size Distribution of Income" (RPO 209—*see* page 18).

The objective of the project is to assess the availability, quality and comparability of data on income distribution in a number of Asian countries.

Initially, available data sources on income distribution for each country in the ECAFE region will be identified, and surveys to be included in the data file will be selected on the basis of a general evaluation of the quality of each source. This evaluation will include an analysis of general survey characteristics and also develop consistency checks among the survey data, national accounts data and demographic data. The methodology for applying such checks, currently being developed as part of the study on "Evaluation of Latin American Data on Income Distribution," will be applied with suitable modifications to each data source collected.

The data will be tabulated to present the socioeconomic characteristics of various income levels and to highlight patterns of income distribution within regions, in rural and urban areas separately, in other selected subgroups of the population, and in each of the major economic sectors.

Responsibility: Development Research Center, in collaboration with a Bank consultant and ESCAP staff in Bangkok. (Ref. No. RPO 308)

Completion date: A report documenting each data source—June 1975; tabulations—November 1975; final report—June 1976.

II. INTERNATIONAL FINANCE AND TRADE

Interrelated Economic Development of East and Southeast Asia in the Seventies

During the last two decades, Southeast Asian countries have shown rapid growth and an increasing orientation toward international trade. This growth has been accompanied by significant changes in their production structures which are leading to shifts in their comparative advantage.

The project will provide a consistent framework for the analysis and projections of trade between Japan and other Asian economies during the next decade. The research concentrates on the identification and examination of those industries most likely, in the changing patterns of the Japanese economy, to find it advantageous to shift all or part of their processing from Japan to East and Southeast Asian countries.

The study consists of two components. The first is largely macroeconomic in nature and involves projections, through 1980, of the structure of world trade between Japan and other major regions. The projections for the Japanese economy will be based on an existing long-term growth model which will be linked to a 40-sector input-output model.

In the second component, selected industries would be studied in more detail in order to identify the impact of a changing comparative advantage on the growth potential and viability of specific industries within the Japanese economy. The industries which may be used for this in-depth study include labor-intensive industries, such as plywood, toys, textiles, shipbuilding, and electrical machinery.

On the basis of these two components, conclusions will be drawn and recommendations made regarding the role of Japan in future regional economic growth.

Responsibility: East Asia and Pacific Regional Office—Parvez Hasan; the researchers are Saburo Okita and his associates in the International Development Center of Japan. (Ref. No. RPO 279)

Completion date: June 1975.

World Commodity Models

The turbulence in commodity markets in the last few years has heightened interest in analyzing the determinants of demand and supply of commodities in world trade. This is a complex area, especially since the markets for various commodities are interrelated, some natural resources are not renewable and some markets are dominated by a few producers or consumers. Nevertheless, a systematic framework for the compilation of data and analysis of commodity markets is needed for the Bank's regular evaluation of countries' economic situation and development prospects.

The research project involves the formulation and application of commodity models in selected areas. The ultimate objective of the research is to provide the analytical tools and the data format to analyze global supply and demand conditions of selected important commodities, including energy, natural resources and resource-based secondary commodities. Initially, the research will focus on energy. Subsequently, the research will be concerned with selected natural resources, such as bauxite, iron ore, copper, and forestry products. The secondary commodities on which attention will be focused next, are alumina, steel and pulp and paper. Optimizing and econometric analytical tools will be used to determine globally optimal output, investment and trade patterns. Such tools will also make it possible to assess the desirability and feasibility of collusive action by producers of these commodities in an effort to improve their terms of trade.

Responsibility: Development Research Center and *Economic Analysis and Projections Department,* in collaboration with consultants, including Dermot Gately, David Kendrick and Daniel Loucks, under the general direction of Everardus Stoutjesdijk of the Center. (Ref. No. RPO 309)

Completion date: Late 1977.

Promotion of Non-Traditional Exports

A number of Latin American countries have introduced incentive schemes to expand exports and promote investment in export-oriented industries. A comparative review of their experience is, therefore, desirable. Particular attention needs to be given to resource allocation effects, impact on income distribution, resource costs, and financial costs of the different export incentive schemes and the different techniques which have been used to minimize these costs.

The project will finance the preparation of about seven papers by consultants on the evaluation of strategies and policies for promotion of non-traditional exports in Latin American countries, especially Argentina, Brazil, Colombia, and Mexico. The papers will be discussed at a seminar scheduled in Chile in late 1975. The project will be carried out in cooperation with the Economic Commission for Latin America (ECLA) whose own staff will be preparing additional papers on the subject.

In addition to the evaluation of various aspects of export expansion policies and programs in Latin American countries, the seminar will also discuss the experience of countries in other regions of the world including India, Israel, Korea, and Yugoslavia.

Responsibility: Latin America and the Caribbean Regional Office—David Greene. Papers will be prepared and presented by consultants from Latin American countries as well as by staff members of ECLA. Bank staff members who may be participating in the conference, include Jean Baneth, Vinod Dubey, Michael Michaely, David Wall, and Larry Westphal. (Ref. No. RPO 310)

Completion date: The conference will take place in late 1975. The proceedings of the conference will be published shortly thereafter.

III. AGRICULTURE AND RURAL DEVELOPMENT

Reappraisal of Credits for Financing Farm Mechanization in Pakistan

This study examines the use and impact of International Development Association (IDA) credits to the Agricultural Development Bank of Pakistan (ADBP), which were granted for the purpose of financing farm mechanization, mainly tractors. The research project was prompted by concern about the social effects of farm mechanization, particularly the effects on agricultural employment.

The objectives of this study are to compare expectations with subsequent developments of mechanization and to assess the financial and economic benefits from farm mechanization in Pakistan. The evaluation of the impact of farm mechanization is based on a survey of 200 farms which received tractors in 1967. Data were collected on farm structure, resource use, production process, and output "before" and "after" the supply of tractors. The impact of tractors on income, labor employment, credit use, and tenurial arrangements is being examined.

Responsibility: Development Economics Department, in collaboration with Dr. J.P. McInerney of the University of Manchester (United Kingdom) and the Agricultural Development Bank of Pakistan (Karachi). (Ref. No. RPO 212)

Completion date: The field work and preliminary reports have been completed; the final report is being prepared.

Reports

Donaldson, G.E., and McInerney, J.P. "Changing Machinery Technology and Agricultural Adjustment." *Proceedings of the American Agricultural Economics Association* (August 1973).

Evaluation of Alternative Methods for Specifying Agriculture Sector Development Strategies: Portugal and Brazil

This project seeks to improve methods for defining integrated agricultural development strategies, on the basis of case studies in Brazil and Portugal.

The objective of the project is to develop integrated regional programming models for the purpose of evaluating the impact of alternative investments, such as forestry, irrigation, livestock, farm mechanization, and improved farm production practices. A regional programming model for the agriculture sector in each country has been tested and applied to produce information on such aspects as efficient production patterns, levels of prices and consumption, foreign trade in agricultural commodities, and employment and income levels.

The basic disaggregated models are costly to operate. Therefore, the study has also explored the use of more aggregated models and ways of dealing with the resulting aggregation bias.

Responsibility: Agriculture and Rural Development Department— Alvin C. Egbert, in collaboration with the Center for Agricultural Economic Studies, Gulbenkian Foundation of Portugal, and the Institute for Economics and Social Planning, Ministry of Planning and General Coordination (Brazil). (Ref No. RPO 213)

Completion date: Late 1974.

Reports:

"Analysis of Aggregation Errors in Linear Programming Planning Models," forthcoming in *American Journal of Agricultural Economics.*

Brazilian Agricultural Sector Planning Model—An Application of Mathematical Regional Programming. A Summary Report. Agriculture and Rural Development Department Working Paper No. 1. December 1973.

"Regional Agricultural Planning." *Proceedings of the Symposium on the Study of Agricultural Systems,* held at Reading (United Kingdom) (September 15-18, 1974).

"A Regional Planning Model for the Agricultural Sector of Portugal," in *Book of Linear Programming Studies,* B. Sabu and H.M. Salkin (eds.). Case Western Reserve University (forthcoming).

Agricultural Mechanization Study in India

The present study grew out of concern regarding the possible effects on farm employment of the mechanization components of agricultural credit projects. Various research studies have concluded that tractors have a favorable impact on agricultural output and do not decrease farm employment when they replace bullocks as a source of draft power. Research material has purported to show that tractors lead to (1) an expansion of the cropped area because of faster preparation of land for multiple cropping, (2) higher crop yields through more timely operation, and (3) a shift away from bullock fodder production to higher-value crops.

However, previous research projects were not designed to test these assumptions satisfactorily. In particular, analyses of past farm survey results have not been successful in separating the effects of tractors on employment from the effects of unrelated differences in cropping patterns, extent of irrigation and the like. It was, therefore, decided that the impact of tractors on employment needed much closer examination.

The study aims to measure the effects of tractors and tractor-drawn implements on farm and nonfarm employment and output in two states in India—Punjab and Gujarat. The objective is to test the hypothesis that tractors earn a high rate of return on their investment and do not displace farm labor under present conditions in India. Auxiliary hypotheses concerned with the ways in which tractors affect yields, cropping patterns and cropping intensity will also be tested.

Field survey data are collected from a sample of 600 farms in Punjab and Gujarat. Some of these use tractors and modern implements, while the remainder rely on bullocks and more traditional implements.

Responsibility: Agriculture and Rural Development Department— Paul Duane. The research is being undertaken by teams from the Indian Institute of Management in Gujarat, led by D.K. Desai, and the Punjab Agricultural University, led by A.S. Kahlon. (Ref. No. RPO 214)

Completion date: Late 1974.

The Agricultural Sector in Mexico

Since 1970, the Mexican Government and the World Bank have collaborated in the formulation and application of agricultural sector planning models. The work has been carried out in three phases: the first which continued up to early 1972, focused on developing a basic methodology and demonstrating illustrative numerical results for the planning models. The Bank of Mexico was the principal Mexican sponsoring institution in this first phase, which culminated in the drafting of the agricultural chapters of *Multi-level Planning: Case Studies in Mexico,* edited by Louis M. Goreux and Alan S. Manne.

At the conclusion of this demonstration phase, the Mexican Government broadened the scope of the work and invited one of the participating Bank staff members to reside in Mexico for two years and work in the Secretaría de la Presidencia in order to continue further development of the methods and also to assist in making concrete applications to Mexican agricultural policy questions. During this second phase, the model analyses served as the basis for a number of governmental policy papers on specific issues and for a more general plan document which has helped guide policy formulation in the present government.

In the third phase, the main thrust of the work has been carried on by the Mexican working group in the Secretaría, with a small amount of continuing collaboration by the World Bank.

The agricultural model (named Chac) describes both the local production conditions for all major producing localities in Mexico, and the sector-wide behavior of agricultural markets, in terms of equilibirum price levels and quantities marketed domestically and internationally. On the production side, the model is based on microeconomic farm production cost and input data, by crop and technique, for each locality. This feature makes it possible for agronomists and other field specialists to contribute directly to the specification and annual updating of the model's production relationships. On the market side, estimated consumer demand functions and export-import and transport cost parameters are utilized, and a linear programming solution algorithm is used to guarantee the appropriate market equilibrium points.

The purpose of the model is to provide a consistent framework for the analysis of policy issues in a complex environment. In making applications, the models were managed initially by a working group in the Mexican Secretaría de la Presidencia and later jointly by the Secretaría and a newly established Comisión Coordinadora del Sector Agropecuario. The

applications of Chac and its submodels primarily concerned the following areas:

1. overall sectoral strategies, in terms of output, employment, foreign trade, and associated investment requirements;
2. pricing policies for corn, wheat and other crops;
3. factor pricing, particularly for agricultural machinery and water;
4. export strategies to take account of comparative advantage rankings among crops;
5. project appraisal for irrigation works.

The models are now established and operating in Mexico. Further involvement of the Development Research Center will be limited primarily to compiling a collection of the planning studies for publication.

Responsibility: Development Research Center—John H. Duloy, Peter B.R. Hazell and Roger D. Norton, in collaboration with a team from the Secretaría de la Presidencia (Mexico) led by L. Solís. (Ref. No. RPO 216)

Completion date: A volume of working papers from the project will be ready for publication in early 1975.

Reports

Bassoco, Luz María, Norton, Roger D., and Silos, José S. "Appraisal of Irrigation Projects and Related Policies and Investments," forthcoming in *Water Resources Research* (December 1974).

Duloy, John H., Hazell, Peter B.R., and Norton, Roger D. *Agriculture and the Energy Crisis: A Case Study in Mexico.* Paper presented to the meetings of the American Agricultural Economics Association, Austin, Texas (August 1974).

Duloy, John H., and Norton, Roger D. *Competitive and Non-Competitive Demand Structures in Linear Programming Models.* DRC Discussion Paper No. 3. July 1973.

Goreux, Louis M., and Manne, Alan S. *Multi-level Planning: Case Studies in Mexico.* Amsterdam and London: North-Holland Publishing Company, 1973. $35 cloth; $19.75 paper. (Catalog No. II/210—available in bookstores or from the publisher.)

Hazell, Peter B.R., and Scandizzo, Pasquale L. "Competitive Demand Structure under Risk in Agricultural Linear Programming Models." *American Journal of Agricultural Economics* (May 1974).

Howell, Jr., Alfred H. *A Study of Capital-Labor Substitution in Mexican Agriculture.* Ph.D. thesis, University of Pennsylvania (August 1974).

Norton, Roger D., and Bassoco, Luz María. *A Quantitative Agricultural Planning Methodology.* Paper presented to the Sixth International Conference on Input-Output Techniques, Vienna (1974). Bank Staff Working Paper No. 180. (Catalog No. II/279)

Secretaría de la Presidencia, Mexico. *Lineamientos para el Programa de Desarrollo Económico y Social, 1974-80, Sector Agropecuario.* November 1973.

(Many of the above reports, plus several others, are scheduled to be published in a forthcoming book tentatively titled *Quantitative Studies in Mexican Agriculture,* Luz María Bassoco, Roger D. Norton, José S. Silos, and L. Solís (eds.). The Johns Hopkins University Press and Fondo de Cultura Económica.)

Rural Development in Africa

This study originated from the need to analyze the design of programs intended to reach large numbers of the rural population, requiring low financial inputs and trained manpower per capita. Several draft papers on rural development issues and research proposals were prepared and reviewed by Bank staff. As a result, it was decided to initiate this study in Africa.

Its purpose is to improve the basis for designing rural development projects in varying circumstances. The study is composed of two parts. The first part consists of rural sector surveys in Kenya and Tanzania which provide the basis for lending criteria for the rural sectors in the two countries. The second part consists of an analysis of the major elements involved in promoting the goals of rural development and evaluates 13 projects in Cameroon, Ethiopia, Kenya, Malawi, Mali, Nigeria, and Tanzania.

Projects were selected which represent diverse environments and project designs. All of the reviews are based on data which had already been collected. The analyses of secondary data are combined with field investigations which consist of interviews with persons involved in the design, implementation, supervision, and evaluation of the projects, as well as a search for additional sources of data. An extensive literature review has also been conducted to substantiate information gathered in the field investigations component.

Responsibility: Development Economics Department, in collaboration with staff from operational departments of the Bank, and from universities and government agencies in Africa, France, Federal Republic of Germany, the United Kingdom, and the United States. (Ref. No. RPO 218)

Completion date: The project reviews and sector surveys have been completed. The final report analyzing the results and discussing the implications for Bank policies is being prepared for publication.

Rural Development in Northeast Brazil

Inequitable development patterns have evolved in northeast Brazil with vast numbers of peasants living in feudal subsistence conditions alongside increasingly dynamic industrial sectors. This project has been designed partly to assist in developing the necessary informational and analytical base for regional development lending programs and, more generally, to provide an analytical framework for assessing the role of tenure reform, technological innovation and other elements of a development strategy for this kind of region.

The study has the following major research objectives:

1. to analyze at the microeconomic level the restrictions that prevent resources from being channeled to the rural poor;
2. to evaluate the efficiency of farms of different sizes and tenure arrangements under various technological, geographic and ecological conditions;

3. to provide an adequate data base to aid in the identification and implementation of rural development projects.

The methodology followed is to combine existing census data and special studies with an extensive rural survey of the northeast. The analysis will attempt to provide a reasonably complete picture of the tenure systems, farm sizes, farm organization and decision-making process, and the technical alternatives and operating costs of various farm types in a set of subregions in this area. A planning framework will be developed using econometric and programming techniques.

The project is comprised of two phases. Phase I places primary emphasis on the collection, organization and tabulation of the farm survey data base, and will be completed during 1974. Phase II will be concerned with the analytical work aimed at planning and project preparation issues.

Theoretical work is also being done on farm and microlevel regional models which will provide a framework for studying objectives (1) and (2) above. In particular, analyses have been undertaken of alternative tenure arrangements and of the impact of risk variables on the farm decision process.

Responsibility: Development Research Center, in collaboration with the Federal Ministry of Planning, the Superintendencia do Desenvolvimento do Nordeste (SUDENE) and the Federal University of Pernambuco (Brazil). Quirino Paris and Lee Bettis (consultants) participated in Phase I with a team of Bank staff members, one of whom, Pasquale Scandizzo, is resident in Recife (Brazil). (Ref. No. RPO 273)

Completion date: A report on the survey tabulations is expected in January 1975. Other studies will follow.

Comparative Experience with Land Reform in Latin America

A number of Latin American countries have carried out significant agrarian reform programs through land distribution and tenure reorganization. Land reforms have attempted to change the basic rural property and income distribution and to create new agrarian systems which give peasants greater employment and income opportunities and better access to resources and markets. Most of these programs, while massive, have been incomplete and partial, giving rise to a dualistic agrarian system. A great deal of controversy goes on regarding the relationship between land reform and development, and some disillusionment has set in, since reforms have not fulfilled all of the original expectations.

The principal objective of the project is to determine what role land reforms have played in reaching the basic development goals of raising output, achieving a more equitable distribution of income and creating employment opportunities, and how their effectiveness may be improved.

The specific problems to be analyzed are:

1. the role that distributive land reforms have played in the economic development process in Latin American countries;

2. the complementarities and trade-offs between growth-promoting and income-distributing effects of various kinds of reforms;
3. the types of reform policies that have raised productivity without unduly displacing workers;
4. the effect of reforms on economies of scale in production and services;
5. where and under what conditions cooperative, collective or group farming has worked satisfactorily;
6. possible strategies for using the impetus of land reform as a more effective tool for the redistribution of productive capacity, the expansion of employment opportunities and income generation;
7. ways in which land tenure changes can be employed as a basis or catalyst for "integrated smallholder development" programs.

A variety of land reform approaches and programs will be reviewed, focusing on the Mexican program which is the oldest and largest in the region, and on comparative material from Bolivia, Chile, Peru, and Venezuela. (The experience of other Latin American countries will be reviewed to a lesser extent.) It is expected that such comparative analysis will provide lessons for the design and implementation of future development programs for the rural poor.

Responsibility: Development Economics Department, in collaboration with the Land Tenure Center of the University of Wisconsin, the Centro de Investigaciones Agrarias (Mexico), the Centro de Estudios del Desarrollo (Venezuela), the Fundación para la Capacitación e Investigación Aplicada a la Reforma Agraria (Venezuela), and the Fundación para el Desarrollo Nacional (Peru). (Ref. No. RPO 280)

Completion date: February 1975.

Development Strategies for Smallholder Agriculture: A Case Study in Yugoslavia

Smallholder farming is the traditional and predominant form of agriculture in most developing countries. Accordingly, it is important to investigate the effects of policies, institutional arrangements and economic performance in this traditional farming subsector and its relationship to the growing modern large-scale farming subsector. Further analysis is necessary to determine the role that this traditional subsector can play in promoting both economic development and the well-being of rural people in the context of a rapidly modernizing and relatively developed market economy.

This study analyzes the effects of government policies, institutional arrangements and socioeconomic conditions on smallholder agriculture in Yugoslavia. The experience in three regions of Serbia (Vojvodina, Serbia proper and Kosovo) in different stages of development are being examined.

The first phase of the work consists of a cross-sectional analysis of 10,000 observations for the year 1972. For this purpose, the data for the three regions will be stratified into four farm types—industrial crops, livestock, mixed crops (including livestock), and mountain farms. The

analysis involves an estimation of production functions and an examination of the different kinds of linkages between the social and individual sectors.

A subsequent study of farm models will explore the impact on smallholders of the inputs associated with the linkages, using linear programming models of average farms. From these data, the costs, including opportunity costs and benefits of cooperation for the various categories of farms, can be highlighted. Data from secondary sources will also be utilized.

Responsibility: Agricultural and Rural Development Department—Graham Donaldson, in collaboration with the Institute of Agricultural Economics (Belgrade). (Ref. No. RPO 289)

Completion date: February 1975.

Evaluation of the Lilongwe Land Development Program

The Lilongwe Land Development Program (LLDP) in Malawi, one of the first rural development projects financed by the Bank, is an integrated, multifaceted project which affects a population of some 250,000 over an area of 450,000 acres. Its objectives are to increase the agricultural productivity of smallholders in the Central Region of Malawi through extension of a package of inputs, including seed and fertilizer, for the production of groundnuts, tobacco and maize, to improve management practices and provide marketing facilities. The program involves the construction of roads, ditches and boreholes for drinking water; soil conservation; the allocation of communally held land to family units; the establishment of growth centers and of a ranch for the production of beef cattle. Included is a component for the training of staff, farmers and rural leaders.

LLDP has been reviewed as part of another Bank research project, "Rural Development in Africa" (RPO 218—*see* page 32). The purpose of this additional research is to analyze in greater detail the distribution of the benefits of rural development activities between various socioeconomic groups, with special emphasis on the role of the delivery systems used.

The methodology will consist of the testing, by standard econometric techniques, of a series of hypotheses related to the levels and determinants of benefits at LLDP, supplemented by simple descriptive statistics.

Responsibility: Development Economics Department—Mark Leiserson; the researchers are Bill H. Kinsey and Robert Reader (consultants). (Ref. No. RPO 293)

Completion date: The analysis of the data has been completed; draft final report—late 1974.

Rural Savings and Investment

Information on savings behavior of different socioeconomic groups is a key input in many areas of analytical development research, e.g., proj-

ect analysis, models of growth and distribution, technology choice. Information on corporate and public savings is usually available from national accounts. Data on household savings, however, can only be obtained from household surveys. Since these are rarely conducted in rural areas, little research information exists regarding the savings behavior of rural households. The close direct link between savings and investment in rural households also poses conceptual problems in measurement.

The project is designed to take a first step in this inadequately researched field. The study will attempt to integrate an analysis of rural savings behavior with an examination of capital formation decisions—an essential approach for farm households which combine savings and investment functions in one decision-making unit.

The project constitutes a wide-ranging review of existing material in order to:

1. survey and clarify conceptual issues related to the identification, valuation and measurement of different forms of real and financial savings and investment undertaken by rural households;
2. search out and catalog a minimum inventory of farm/household survey data with relevant information on savings and capital formation;
3. survey and evaluate the fruitfulness of alternative analytical approaches which have been employed to study rural savings and investment, such as programming models, econometric models, village studies, and anthropological explanations.

Work on this project will be closely coordinated with the research for a companion project, "Analytics of Change in Rural Communities" (*see* RPO 317 below).

Responsibility: Development Research Center and *Development Economics Department*—Montek S. Ahluwalia and Shankar N. Acharya, in collaboration with consultants. (Ref. No. RPO 304).

Completion date: June 1975.

Analytics of Change in Rural Communities

The Bank has begun to devote substantial amounts of resources to lending for rural development projects. It has become apparent that problems of project design and implementation are more difficult in this area than in more traditional areas of Bank lending. This is due to the facts that (a) the aim of a project often is to initiate or redirect a process of change in rural communities, which raises problems of consistency with the goals of the community itself; and (b) rural development projects involve a variety of activities, some of which do not have any direct short-term economic returns.

The conceptual and information base for the design of rural development projects is still very weak. A great deal of fragmentary knowledge is available about the existing socioeconomic structures of rural communities, but there is relatively little indication of the change these structures would undergo in response to different kinds of intervention or about the way in which the results from specific village studies can be

applied to other villages or regions. The risks of failure are, therefore, greater in rural development projects than in some of the Bank's more traditional investments, and complicated problems of technology, organization, land tenure, and human motivation remain to be resolved.

The proposed study attempts to develop a rigorous framework for:

1. designing and evaluating key features of integrated rural development projects;
2. analyzing the effects on rural communities of different policy instruments;
3. helping to identify those features of successful projects which can be repeated in other rural areas;
4. providing, more generally, an efficient feedback system to enhance the value of project experience.

The research program comprises two preliminary and interdependent undertakings:

(a) the construction of socioeconomic models of two or three illustrative cases of rural communities undergoing change;
(b) the identification of key characteristics which determine how the model specification must vary for different types of communities.

The latter is an attempt to meet the concern about the possibilities of generalizing from particular village studies.

The empirical basis for the studies will consist of the following:

(i) 3,000 village studies which have been catalogued by the Institute of Development Studies at the University of Sussex;
(ii) the considerable amount of information that has been collected by the Bank in the course of its work in Indonesia, northeast Brazil, Mexico, and Yugoslavia;
(iii) the field surveys which have been completed in connection with the Muda River Irrigation Project in Malaysia, jointly by the Bank and FAO.

Responsibility: Development Research Center—Peter B.R. Hazell and Roger D. Norton, in collaboration with other departments of the Bank and with consultants. (Ref. No. RPO 317)

Completion date: The project has just started and is scheduled to be finished in two years. During the first year, the primary emphasis will be on a review of available data, and the solution and revision of preliminary models incorporating the key characteristics of rural communities.

IV. INDUSTRY

Scope for Capital-Labor Substitution in the Mechanical Engineering Industry

The Development Research Center has conducted two previous investigations of planning methodology in the mechanical engineering industries. One of the studies was concerned with a model for plant-level production decisions in the Mexican heavy electrical equipment industry. The other formulated a sectoral investment planning model for use in Korea. The principal aim of these studies was to demonstrate the feasibility of implementing a numerically solvable model for planning in the mechanical engineering sector. The present study extends this methodology to permit specification of alternative production techniques and incorporation of product differentiation.

The present project analyzes the scope for capital-labor substitution in the mechanical engineering industry and the substitution possibilities between locally produced and imported mechanical engineering products.

The study is divided into two parts. One is concerned with product differentiation in mechanical engineering products. It will highlight the identification of the major factors which result in the coexistence of a wide spectrum of different automations associated with mechanical engineering products in developing countries. The other aspect of the study is concerned with alternative production techniques of manufacturing selected mechanical engineering products for given product specifications. It will analyze the sensitivity of the optimal technique to such elements as factor prices, economies of scale, joint production and output mix, the sequential nature of production, and the degree of capacity utilization.

Responsibility: Development Research Center—Everardus Stoutjesdijk and Yung Rhee, in collaboration with Larry Westphal of the *Development Economics Department* and the Korea Institute of Science and Technology (Ref. No. RPO 223)

Completion date: June 1975.

Reports

Korea Institute of Science and Technology. *Final Report on a Study of the Scope for Capital-Labor Substitution in the Mechanical Engineering Sector.* February 1973.

Programming in the Manufacturing Sector

This project consists of several studies concerned with investment planning in the manufacturing sector. In particular, this research addresses a number of problems in connection with the selection of scale, timing, location, and technology of projects which exhibit economies of scale and are interdependent with other activities.

The first phase is completed. It consists of three studies:

1. an analysis of the optimal investment pattern for the fertilizer industry in the East African Economic Community;
2. a study of two large firms in Mexico, producing heavy electrical equipment;
3. a study on planning in the mechanical engineering sector in Korea.

The second phase of the project concerns multicountry investment planning for the Western Africa region. Extending the methodology used in the East African fertilizer study, multicountry investment planning models have been developed for the fertilizer as well as steel, forestry and cement industries in Western Africa. These are used to select attractive packages of investment projects to be established within the region. New solution procedures for mixed-integer programming models have been developed in collaboration with Glenn Martin (a consultant). The programming models are being tested.

An operational manual on project selection is being prepared for use in industrial project analysis. A detailed exposition of the methodology of process analysis will be followed by a number of case studies selected from actual Bank experience. A detailed case study of the Turkish forestry industry has already been completed. A similar study concerning a cement project in Togo is under way. These studies are being compiled as a monograph for publication.

Responsibility: Development Research Center—Everardus Stoutjesdijk, in collaboration with Larry Westphal of the *Development Economics Department*, and David Kendrick, Glenn Martin (consultants). (Ref. No. RPO 224)

Completion date: December 1974.

Utilization of Industrial Capacity in Five Latin American Countries

Abundant labor and scarcity of capital are industrial features found in Latin American countries. Presumably, the small capital stock would, therefore, be used as intensively as possible. However, preliminary data indicate that capacity utilization is not high and the single-shift day appears to be the rule. A multiple-shift structure would lead to better utilization of capital as well as alleviate unemployment problems.

The objective of this research is to examine the constraints on greater utilization of industrial capacity in Brazil, Chile, Colombia, Peru, and Venezuela. In particular, it focuses on the problems of increasing from one to two shifts per day in the manufacturing sectors of these countries. The study is designed to provide a basis for the formulation of a capital utilization policy which would specifically include incentives and changes in labor legislation allowing the five countries to raise their levels of output and employment.

Data for the study are being accumulated through in-depth interviews at selected firms in the five countries. These interviews will provide an insight into how to generalize on larger samples of industrial surveys or

input-output tables. Statistical data previously collected by the governments and research organizations of the five countries will be utilized.

Responsibility: Industrial Projects Department—Frederick Moore. The study is being directed by Paul N. Rosenstein-Rodan and Daniel Schydlowsky, Center of Latin American Development Studies at Boston University, in collaboration with several public agencies in the countries concerned. (Ref. No. RPO 225)

Completion date: Mid-1975.

Financing Small-Scale Industry

The promotion of small-scale enterprises is an important part of the long-run development strategy of many developing countries, primarily to stimulate employment, improve the distribution of income and widen the entrepreneurial base in the industrial sector.

The World Bank Group has not yet developed adequate financial instruments for financing small-scale industries. Direct financing by the Bank and its affiliate, the International Finance Corporation (IFC), can only reach large-scale operations. Some of the Development Finance Companies financed by the Bank handle smaller projects, but the bulk of the assistance goes to medium-size and large firms.

This project is concerned with the operational aspects of financing small-scale industries, with the purpose of examining the most appropriate lending and organizational measures the Bank might consider to facilitate the growth of this sector.

The study concentrates on an assessment of existing financing programs. Information on the more successful among them and the conditions they encounter, the method of operations employed, the activities and subprojects involved was gathered through personal interviews and documented materials.

The research team carried out surveys of small-scale industry financing and related programs in eight developing countries: Colombia, Guyana, Iran, Korea, Singapore, Trinidad and Tobago, Tunisia, and Zambia. They were selected on the basis of geographic dispersion, variation in size, difference in levels of development and industrialization, and the existence of promotional programs for small-scale industries. The summary report also draws on the research team's experience of small-scale industry financing programs in other developing and in developed countries.

Responsibility: Development Economics Department, in collaboration with the Swedish International Development Authority (SIDA). The research team led by David Kochav (consultant) includes Kathleen Di Tullio (Bank), Nurit Wahl (consultant), Holgar Bohlin and Ilmar Roostal (SIDA). (Ref. No. RPO 277)

Completion date: The final report and country annexes are finished; publication is under consideration.

Industrial Policies and Economic Integration in West Africa

Economies which rely heavily on the export of primary products have special problems in designing appropriate strategies for economic development. Further study of these problems was necessary to answer questions which have arisen in the Bank as regards economic integration, trade among developing countries and industrialization policies for such countries.

The study will evaluate the incentive schemes applied and the prospects for economic growth and industrial development under alternative policies, including economic integration in four West African countries. The countries, which represent a variety of economic structures, are Ghana, Ivory Coast, Mali, and Senegal.

An analysis will be made of the incentive systems of these countries as they affect particular industries, import and export substitution, domestic and foreign investment, and the size of industrial firms. Incentive measures, such as tariffs, quantitative restrictions, export taxes and subsidies, tax holidays, credit preferences, and government expenditures will be quantified and their joint effects on particular activities estimated. The data will also be used to assess the economic cost of the incentive scheme applied and to determine cost/benefit ratios for foreign investment in particular activities.

Information on incentives will be supplemented by data on major firms and industries to indicate their comparative cost positions among the four countries and in relation to other countries. Finally, the growth prospects of the individual countries will be appraised under alternative policies, including import substitution in a national framework, exports to countries outside the region and increased intraregional trade.

Responsibility: Development Research Center. The study, under the supervision of Bela Balassa, involves participation by staff from the Development Economics Department and general support from the Western Africa Regional Office, in collaboration with Scott Pearson, Louise Roden and Dick Stryker (consultants), and Centre Ivoirienne de Recherche Economique et Sociale (Ivory Coast) and Centre de Recherche d'Economie Appliquée (Senegal). (Ref. No. RPO 287)

Completion date: March 1975.

Industrial Capacity Utilization

The level of capital utilization in manufacturing is low in many developing countries despite the scarcity of capital and the low social cost of labor. A better understanding of the determinants of capital utilization could lead to a lowering of the average and marginal capital-labor ratios, thereby bringing the use of resources into a better relationship with social factor prices.

The objective of this study is to devise a policy framework to increase the utilization of capital. The study analyzes the extent and charac-

teristics of underutilization of fixed capital in the manufacturing industries in Colombia, Israel, Malaysia, and the Philippines.

A large number of industrial plants in selected manufacturing sectors in the four countries has been examined through personal interviews to ascertain:

1. plant and firm characteristics;
2. the basic facts about the amount of time capital stock is idle and the intensity of its use during operation;
3. demand characteristics, including market structures;
4. input price structures, including night-time wage/premia, seasonal price variations and managerial preferences.

Responsibility: Development Economics Department—Helen Hughes and Francisco Thoumi, in collaboration with David Lim and Gordon Winston (consultants). David Morawetz is participating in the Israeli study. Romeo Bautista is conducting the study in the Philippines. (Ref. No. RPO 295)

Completion date: All field work has been completed and the individual country studies have been reviewed. Final report—January 1975.

Reports

Winston, Gordon. *The Theory of Capital Utilization and Idleness.* Bank Staff Working Paper No. 176. April 1974. (Forthcoming in *Journal of Economic Literature.)* (Catalog No. XIII/275)

Patterns of Industrial Development

Empirical studies show that economic development, as measured by rising per capita income, is associated with systematic variations in the structure of the economy. Chenery and Taylor in "Development Patterns: among Countries and over Time" *(Review of Economics and Statistics,* November 1968) combined time-series and cross-country data in a multiple regression exercise to provide a disaggregated view of the production patterns of the industrial sectors of 50 countries for 1950-63.

Extending the Chenery and Taylor study, this research project will analyze the structural changes in manufacturing industry, trade in manufactures and industrial employment in about 100 countries. The study will use annual data on trade in manufactures for the period 1963-72, classified according to several alternative definitions, such as UNCTAD's "Total A" and "Total B," and SITC (Rev.) 5 to 8 and SITC (Rev.) 5 to 8 minus 68. The production and trade data will be combined to obtain the total supply and its disposition of selected manufacturing products and also according to the United Nations "Broad Economic Classifications."

Responsibility: Development Economics Department—Vinod Prakash. (Ref. No. RPO 305)

Completion date: Late 1975.

V. TRANSPORTATION

Substitution of Labor and Equipment in Civil Construction: Phase III

Relative labor abundance in many developing countries may make labor-intensive techniques more suitable for all kinds of civil construction, including dams and irrigation works, as well as highways. This research project is the third phase of a continuing study of the substitution of labor and equipment in civil construction. Phase I, completed in October 1971, established the technical feasibility of factor substitution for a wide range of construction activities. Specific physical, social and managerial parameters were found to be of critical importance in explaining the wide variation in productivity rates of labor and equipment. Phase II, completed in October 1973, focused on several road, dam and irrigation sites in India and Indonesia.

The principal conclusion from the analysis of field data has been that labor-intensive methods, as traditionally practiced in many developing countries, are not competitive with modern-equipment methods for most conceivable sets of factor prices. Yet, the creation of productive employment opportunities for large segments of unemployed and underemployed populations remains an important objective of economic development.

This concern has led to Phase III of the study which seeks to develop and demonstrate appropriate intermediate civil construction technologies suitable for labor-abundant economies, with field work being conducted in India and Indonesia. The emphasis in this phase of the study will be on the extent to which it is possible to increase the productivity of manual labor by—

1. improved tools and equipment;
2. improved organization and management techniques;
3. improved nutritional standards of the labor force.

Responsibility: Transportation and Urban Projects Department—Inder K. Sud. The consulting firm of Scott, Wilson, Kirkpatrick and Partners (United Kingdom) is conducting the study in association with Border Roads, the Ministry of Transport, the Central Water and Power Commission, and State Public Works Departments in India. In Indonesia, the Directorate of Water Resources Development and the Highways Department (Bina Marga) are collaborating in the study. (Ref. No. RPO 226)

Completion date: The Phase III study is a three-year effort expected to be finalized in 1977.

Reports

Basta, Samir, and Churchill, Anthony. *Iron Deficiency Anemia and the Productivity of Adult Males in Indonesia.* Bank Staff Working Paper No. 175. April 1974. (Catalog No. XXII/274)

Harral, Clell G., et al. *Study of the Substitution of Labor and Equipment in Civil Construction: Phase II Final Report.* Bank Staff Working Paper No. 172. January 1974. (Catalog No. XXII/266)

Karyadi, Darwin, M.D., and Basta, Samir. *Nutrition and Health of Indonesian Construction Workers: Endurance and Anemia.* Bank Staff Working Paper No. 152. April 1973. (Catalog No. XXII/218)

Study of the Substitution of Labor and Equipment in Road Construction: Phase I Final Report. October 1971.

Highway Design Study: Phase II

The costs of higher standards of highway design in North America and Europe are normally offset by savings in road-user and highway maintenance costs. The savings are large because of the high values attached to motorists' time and high traffic volume. The interest of the Bank, however, is often directed to low-volume roads in lower-income countries with capital scarcities, where the trade-offs between initial construction costs and future maintenance and road-user costs may dictate quite different highway design and maintenance strategies.

The Highway Design Study analyzes cost trade-offs for designing highways with low-volume traffic. Phase I of the study developed a methodological framework including a prototype simulation model delineating the underlying engineering relationships among construction standards, maintenance standards and vehicle operating costs. It was concluded at this phase of the research effort that sound empirical evidence is lacking for many of the technical relationships necessary for the determination of optimal design standards for low-volume roads.

Phase II of the study focuses on the collection of empirical data. Field studies are under way in Kenya and are being planned in Brazil and India. The field work includes surveys among transport firms and experimental measurements to establish vehicle operating costs as a function of road geometrics and surface conditions, and field measurement of the relationship of road deterioration and maintenance costs to design standards, maintenance standards, construction material, traffic usage, and climate. Results from these studies should provide a basis for project analysis under different conditions of terrain, geology and climate.

Two years of field observation have been completed in Kenya; a small team will continue long-term observations of pavement deterioration and conduct further experiments. Field studies in Brazil and India are expected to commence in 1975.

Responsibility: Transportation and Urban Projects Department—Clell G. Harral, Leon H. Miller and Inder K. Sud. Field work in Kenya was done by the Transport and Road Research Laboratory (United Kingdom), in collaboration with the Ministry of Works (Kenya). The Indian study will be conducted by the Central Road Research Institute (New Delhi). (Ref. No. RPO 227)

Completion date: Final report concerning the Kenya field work—December 1974.

Reports

Moavenzadeh, Fred, et al. *Highway Design Study, Phase I: The Model.* Bank Staff Working Paper No. 96. January 1971. (Catalog No. XXII/171)

Measurement of Road Width/Traffic Flow/Vehicle Speed Relationships

This project is complementary to the larger Highway Design Standards Study (RPO 227— page 44). It studies the influence of lane and shoulder widths of roads on the relationship between speed and traffic flows, which is one of the most important elements in determining optimum width of highways. The question of highway width is a frequent controversy in Bank project negotiations.

In addition to the primary interest of optimum highway width, the study is also designed to foster development of institutional capacity for highway research in developing countries. Three case studies are planned for Kenya, Brazil and India.

The Kenya study has been completed. The field work focused on the effect of road width on vehicle speeds under free-flowing traffic conditions. Field counts of traffic on level, straight road sections were made. Data on the composition of traffic and road characteristics were collected by observation teams at several points on the Kenya highway network. Multiple regression analyses were utilized to determine vehicle speed relationship as a function of road and shoulder width, traffic composition and volume. Similar studies in Brazil and India will focus on traffic composition and volume ranges of importance in those countries.

Responsibility: Transportation and Urban Projects Department. In Kenya, a Graduate Fellow, W. Kahoro, was appointed by the University of Nairobi to conduct the study, in collaboration with the Transport and Road Research Laboratory (United Kingdom). Mr. Kahoro simultaneously held a Unesco fellowship for one year, for the first half of the project. (Ref. No. RPO 228)

Completion date: Final report on the Kenya study—October 1974.

Yemen Arab Republic Feeder Road Study

At present, little or no systematic empirical data exist on the interrelationship between different levels of transportation investment on "farm to market" roads and agricultural production, especially in the traditional rural economies in developing countries.

This study is the first in a series of research projects undertaken by the Bank to develop systematic information for the evaluation of rural development projects involving feeder roads. The study areas comprise two regions of considerable agricultural potential in the Yemen Arab Republic which currently are served by low-standard transportation facilities—Taiz Turba region in the south and the Wadi-Mawr region in the north.

Research consists primarily of a series of regional surveys of specified subareas, within the area of influence of a Bank-financed project, before, during and after construction of the road. The study is designed to develop formulas relating the net value of agricultural production to varying levels of total investment in the study area, taking into consideration relevant socioeconomic, demographic and environmental factors. The initial surveys concentrate on collecting and analyzing data on land use, agricultural production costs, transportation characteristics and costs, local markets and their structure, demographic and labor-force characteristics, and other factors such as climate, geography and geology. Follow-up studies during construction and after completion of the road will monitor changes occurring in those areas and attempt to relate these to transportation investment.

Analysis of interview survey data from the base situation study of the Taiz Turba road is substantially completed and supplementary data on traffic and imports/exports from the area have been collected. Aerial photo interpretation for determination of overall land-use patterns in the road-influenced area has been carried out by the Geographical Institute of the University of Zurich. An attempt has also been made to analyze local cropping patterns using ERTS satellite images. Base situation interview surveys in the Wadi-Mawr region were undertaken between November 1973 and February 1974. Planned follow-up surveys will have to be deferred, however, as road construction has not yet started.

Responsibility: Transportation and Urban Projects Department—Brigitta Mitchell, in collaboration with the Swiss Federal Institute of Technology. A research team consisting of a senior researcher and three graduate students from the Institute and two Yemeni counterparts from the Central Planning Organization of the Yemen Arab Republic are conducting the field work. (Ref. No. RPO 229)

Completion date: Report covering the base period—March 1975.

Ethiopia Feeder Road Study

The Ethiopian road network is comprised of fairly adequate main roads but severely lacks low-cost rural roads. All-weather feeder roads constitute roughly five percent of all roads, while the comparative figure for the neighboring country of Kenya is approximately 90 percent. The development of an effective feeder-road construction program is of crucial importance for the success of Ethiopia's rural development effort.

This is the second in a series of research projects undertaken by the Bank in its evaluation of the impact of feeder roads. The research consists of a series of socioeconomic surveys of the area influenced by road development, before, during and after completion of the roads.

The first phase of the project will investigate the Agaro-Chira road, southwest of Jimma. The road is expected to open up an area to settlement and more systematic cultivation where hitherto only wild-growing coffee has been exploited. In subsequent phases of the study, it is envisaged to monitor two or more additional feeder-road projects in the highlands where subsistence agriculture predominates.

The initial surveys concentrate on establishing basic dat ..i the physical and social institutional resources of the region, in particular its demographic and labor-force characteristics, land-use patterns, agricultural production yields and costs, transportation characteristics and costs, and local markets and their structure. Repeat surveys during construction and after completion of the road will monitor changes occurring in the study areas and attempt to relate these to investments. It is expected that from this analysis formulas relating the net value of agricultural production to varying levels of total investments for areas of differing physical and social institutional endowments can be developed.

Responsibility: Transportation and Urban Projects Department—Brigitta Mitchell, in collaboration with the Institute of Development Research, Haile Selassie I University. Field work was carried out by a team of students under the supervision of a Senior Research Fellow of the Institute between December 1972 and April 1973. (Ref. No. RPO 271)

Completion date: The Agaro-Chira Area baseline socioeconomic survey is finished; the report is being prepared.

Economics of Containerization

The division of costs and benefits between a foreign and domestic economy is an important issue in the economic evaluation of port projects. It is becoming increasingly significant with the transition to container technology; unless specific measures are taken, it is not clear whether the less developed countries will gain from the transition to container services. Major problems occur in estimating the net benefits of port projects and in analyzing pricing and other policy options available to the developing countries.

The purpose of the study is to examine the economics of containerization projects in ports. Initiated in May 1974, the study will set up an economic framework within which to analyze the decisions a country may make on port investments, provisions of services, and fiscal and pricing policies. Alternative market conditions which a country faces in obtaining shipping services will be examined. The study will establish methods of analysis and identify major variables, with some typical orders of magnitude. A few prototype cases involving containerization projects are to be analyzed in order to work out procedures and tools of analysis which can be used in future appraisals and policy design studies for specific ports.

Responsibility: Transportation and Urban Projects Department—Clell G. Harral and Surendra K. Agarwal, in collaboration with Professors A.A. Walters and Esra Bennathan (consultants). (Ref. No. RPO 313)

Completion date: Final report—September 1975.

Malagasy Feeder Roads

In 1973, two research projects were i..tiated, one in the Yemen Arab Republic and the other in Ethiopia, to quantify the contribution of

feeder-road investments to rural developments (*see* RPO 229—page 45 and RPO 271—page 46). These projects will monitor, over a period of six to ten years, the impact of rural road projects on the small local economy they serve. The Malagasy Feeder Road project is the third in a series on this subject. However, since satisfactory baseline surveys already exist and the road has been completed, the study can go directly to the final phase of the evaluation.

The Andapa basin in northeast Malagasy was the subject of an extensive socioeconomic survey financed by the Fonds d'Aide et de Coopération (FAC) and conducted by the French consulting firm BCEOM between 1964-66. The study included surveys of household budgets and consumption, local trade and retailers, external trade, and agricultural production and productivity. Tabulations of all the data were prepared.

A road connecting the basin with a coastal highway was completed in 1970. Follow-up FAC/BCEOM studies planned after road completion have not been undertaken due to lack of funds.

The purpose of this research project is to present a comparative analysis of selected socioeconomic variables from 1964–66 to 1974–75. The analysis should yield insights into the traffic effects of the road as well as its developmental impact on the Andapa basin. Data will be collected on land use and productivity, population, household budgets and consumption patterns, and local and external trade. Interview surveys among farmers, traders and truckers will be conducted. Consumer and producer prices will be monitored and road traffic surveys taken.

Responsibility: Transportation and Urban Projects Department—Brigitta Mitchell, in collaboration with the Swiss Federal Institute of Technology and BCEOM. The survey work will be conducted by a team of graduates from the Swiss Federal Institute of Technology. Local counterparts, probably university students, will assist in the field work. (Ref. No. RPC 314)

Completion date: The project commences in November 1974. Final report—1976.

VI. PUBLIC UTILITIES

Analysis of Problems and Issues in Village Electrification

The Bank has not been very active, so far, in village electrification programs. The appraisal of these programs poses particular difficulties because of high capital costs of installation, high operating costs per unit, low load density, and low utilization. As a result, the annual financial return to the utility is low in the early years of these projects. The Bank is interested in developing village electrification investment standards in the context of its rural development activities.

The purpose of the study is to develop criteria for evaluating the scale and composition of village electrification programs. The research is intended to identify and measure their social costs and benefits. El Salvador was chosen for this study because its electrification program is well established and has several interesting features. The study is particularly concerned with the effects of providing electricity on agricultural and village industrial output, employment, wages and consumption patterns, social development, and migration from rural to urban areas. In addition, the importance of electricity will be examined in relation to infrastructure projects, such as water supplies, schools, feeder roads, and support programs for rural industries and agriculture.

Responsibility: Public Utilities Department—Dennis Anderson, in collaboration with a team from Universidad Centro Americana and with the cooperation of Comisión Ejecutiva del Río Lempa in El Salvador. (Ref. No. RPO 238)

Completion date: Final research report—December 1974.

Reports

Falla. "Costos y Benificios Sociales de la Electrificación Rural en El Salvador" (Study by an Anthropologist in a Village, Rosario de la Paz), *Journal of Universidad Centro Americana* (March 1973).

Public Utilities Department. *Issues in Rural Electrification.* June 1974.

Universidad Centro Americana. *Electrificación Rural.* April 1974.

Pricing and Investment in Electricity Supply

Investment and pricing decisions in the electric power sector are extremely complex and dominated by financial considerations. On the investment side, many interdependent investment and operating decisions have to be analyzed, requiring systems analysis. On the pricing side, economic issues relating to the rate of capacity expansion and the utilization of capacity need to be examined in addition to financial issues; also, social issues need to be considered. The Bank's research program includes work concerned with improving the criteria for invest-

ment and pricing in electric power; similar initiatives are being taken for telecommunications, and water supply and sewerage facilities (*see* RPO 238—page 49; RPO 276—page 51; RPO 311—page 52).

The purpose of this study is to analyze investment and pricing policies for one electric power sector. The research effort pertains to the problems of determining least-cost investment programs for given levels of demand as well as the pricing and investment rules relevant in the more general case when the optimal supply level has to be determined.

Three case studies have been undertaken—in Turkey, Sudan and Tunisia. A fourth case study of Thailand is still in the planning stages. The Turkish study uses linear programming models to analyze the least-cost investment program over a 35-year period and the associated optimum operating schedules. To test results, 50 sensitivities were run with varying data for shadow prices of capital, labor and foreign exchange; changes in capital and operating costs; changes in demand forecasts; changes in resource availability; and changes in a number of other economic and technical parameters. Computer printouts plot optimal investment and output patterns for various types of investments and operating costs. The program has also been used for the analysis of power projects under conditions of uncertainty brought about by cost escalation and changing oil prices. The studies undertaken in Sudan and Tunisia, and the one planned for Thailand deal with optimal pricing.

The research on optimum pricing extends peak-load pricing theory to include the effects of random changes in demand and supply conditions. Various problems, such as those connected with seasonality, indivisibility, choice of metering and tariff types are also being studied.

Responsibility: Public Utilities Department—Dennis Anderson, in collaboration with Ralph Turvey (consultant). (Ref. No. RPO 239)

Completion date: December 1974.

Reports

Anderson, Dennis. "Models for Determining Least-Cost Investment in Electricity Supply." Reprinted from the *Bell Journal of Economics and Management Science,* Vol. 3, No. 1 (Spring 1972). Reprint 2. (Catalog No. XVII/143)

Anderson, Dennis, and Tarkan, Orhan. *Optimum Development of the Electric Power Sector in Turkey—A Case Study in Linear Programming.* Bank Staff Working Paper No. 126. February-March 1972. (Catalog No. XVII/144)

Anderson, Dennis, and Turvey, Ralph. *An Introduction to Electricity Pricing.* Public Utility Research Note No. 1. January 1974.

Turvey, Ralph. *Framework for Electricity Tariff Studies.* Public Utility Research Note No. 3. March 1974.

Standards of Reliability of Urban Electricity Supply

This project was undertaken to determine whether significant reductions can be made in the cost of supplying electricity without reducing the benefits to the economy. Previous work in this area had been confined to the supply side of developed countries. Most work was con-

cerned with the cost of various margins of reserve generation plant capacity and the cost of various levels of total system reliability. Some work had also been done on the reliability of transmission systems. However, very little research has been devoted to the demand side of electric power and quantifying benefits foregone to the economy by a lower standard of reliability.

The study will explore the possibilities of reductions in the cost of urban electricity distribution in developing countries without reducing the benefits of supply to the consumer. It will provide guidelines for assessing the standards of supply most appropriate to prevailing conditions.

The research effort includes two components. The first is a review of the state of the art and an examination of the situation in Mexico. This has been accomplished. A seminar was held for Bank staff which also provided guidance for the completion of this research project. The second component will consist of a study of a large city in a developing country, where a proposed loan would finance a substantial investment in electricity distribution facilities.

Responsibility: Public Utilities Department—Richard Sheehan, in collaboration with the Overseas Consultancy Service (United Kingdom). (Ref. No RPO 267)

Completion date: Early 1976.

Pricing and Investment in Telecommunications

The technological complexities of telecommunication systems generate a number of problems with regard to developing acceptable economic criteria for the appraisal of telecommunications projects.

In 1971, it was decided that the Bank should initiate a program of research to determine what constitutes an appropriate allocation of scarce resources to telecommunications. The Bank's research began with three internal studies surveying the general area of telecommunications, and identifying those areas requiring further investigation.

The present effort, initiated in September 1973, consists of a case study of the economics of rural telephony. Other studies concerning efficient tariffs form part of general investigations in "Public Utility Pricing and Investment" (*see* RPO 311—page 52).

The purpose of this study is to develop a methodology for the economic appraisal of telecommunications projects, focusing particularly on the criteria for investment decisions in rural telephony.

The study is being conducted in Costa Rica where installation of rural telephones in small villages and towns is a recent development and 90 rural telephones provide the sample system. An objective of the research effort is to determine the economic benefits derived from rural telephones, and relate these to local socioeconomic patterns, industry and levels of employment. Another goal of the study is to determine the distribution of benefits between rural and urban areas, and between one area and another.

Responsibility: Public Utilities Department—Jeremy J. Warford, in collaboration with Stephen Littlechild (consultant). A team from the Uni-

versity of Costa Rica is conducting the research in collaboration with Instituto Costarricense de Electricidad (Costa Rica). (Ref. No. RPO 276)

Completion date: February 1975.

Public Utility Pricing and Investment

This project is an extension of another Bank research project on "Pricing and Investment in Electricity Supply" (*see* RPO 239—page 49), and of the Bank's previous research in water supply and telecommunications. RPO 239 sought to analyze investments and pricing criteria applicable to electric power projects.

The purpose of the present study is to seek approaches to decide upon efficient pricing and investment policies which recognize other objectives and constraints caused by:

1. low availability of information (e.g., as regards demand elasticities);
2. uncertainty;
3. income redistribution;
4. technical and cost limitations to accurate metering;
5. externalities (such as community health benefits to water supply projects);
6. financial and fiscal objectives;
7. institutional factors.

The approaches have been developed for the cost of electricity supply and are being tested out in case studies. Therefore, the major part of the project will be concerned with water and telecommunications.

The research effort will take the form of an examination of the tradeoffs between efficiency and the various constraints and objectives listed above. Case studies will be based on discussions with utilities and government departments involved in determining pricing policies, combining description and statistical analysis.

Responsibility: Public Utilities Department—Jeremy J. Warford and Dennis Anderson, in collaboration with Stephen Littlechild, R. Saunders and Ralph Turvey (consultants). (Ref. No. RPO 311)

Completion date: Work on the electricity sector has nearly been finished. Work on the water and telecommunications sectors has just begun, and will continue for two years.

Reduction of Waste Water from Public Hydrants

In areas where piped water supply is provided to poor urban and rural communities, it is usually dispensed through public hydrants. These are frequently uncontrolled, running continuously and wasting substantial quantities of water, which discourages authorities from extending hydrant coverage.

The objective of this study is to recommend suitable means for dispensing water at public water points of urban and rural systems in developing countries. The study will identify and evaluate present in-

stallations for water dispensing, in particular their cost and durability, the adequacy of the service provided, the degree of waste, their suitability for local manufacture, and their local acceptability. It will also examine alternative methods of operational control and charging for water supplied, and the economic significance of both the method and means of controlling waste. This information will be useful to water agencies in developing countries, enabling them to reduce wastage and to install greater numbers of watering points in urban and rural areas. It will also be a guide for the Bank in its policies for the design of water systems for low-income areas.

Responsibility: Public Utilities Department—Harold R. Shipman and Richard N. Middleton. Field work and report preparation are planned to be executed in cooperation with the International Reference Center for Water Supply, The Hague (The Netherlands). (Ref. No. RPO 312)

Completion date: July 1975.

VII. URBANIZATION AND REGIONAL DEVELOPMENT

The Urban Data Needs of the IBRD

The experience of industrialized nations suggests that decisions made in the early stages of urbanization can have important implications for future socioeconomic growth. However, very little data exist which permit intercity comparisons of various dimensions of urbanization. With the rapid growth of urban areas in developing countries, the Bank is attempting to determine what kinds of data are needed to evaluate alternative development patterns.

The objective of this study is to design a framework for useful comparative urban data systems, and to assess the feasibility of collecting these data in developing countries. The first phase of the study focused on assessing the data requirements necessary for urban analysis through discussions with experts in research institutions, international organizations and national aid-giving agencies. In the second phase, the researchers assess the feasibility of collecting these data in four cities—Ahmedabad (India), Kingston (Jamaica), Lima (Peru), and Seoul (Korea). Where data are not available in comparable form, or not available at all, some attempt is made to evaluate the problems of gathering such data.

Responsibility: Development Economics Department—Douglas Keare, in collaboration with Roy Bahl and Elliott Morss (consultants). (Ref. No. RPO 241)

Completion date: The field visits have been completed; the final report is being prepared.

Urban Public Finance and Administration in Developing Countries

Research in the area of municipal finance and tax systems as well as analytical work on municipal expenditure patterns in developing countries has been greatly neglected. Research in both of these fields is of great importance to the Bank, as it attempts to come to grips with problems associated with urbanization in large and rapidly growing cities in developing countries.

This study will consist of a comparative analysis of selected features of local fiscal systems in a group of larger cities: Ahmedabad and Bombay (India); Bogota and Cartagena (Colombia); Jakarta (Indonesia); Kingston (Jamaica); Seoul (Korea); and Tunis (Tunisia). It will serve as a basis for analysis of the availability and use of financial resources in metropolitan areas. Through detailed case studies of the cities and a comparative evaluation, the research will attempt to ascertain and analyze the pattern of expenditures and revenues, the adequacy of the overall municipal revenue structure, and the trade-offs between tax adequacy and tax

equity, thereby examining the equity and allocation aspects of each revenue source.

With the aid of the data collected, alternative strategies for financing municipal developments will be assessed. Major emphasis will be placed on the shifting responsibilities among government levels, the growth potential of alternative revenue sources and the income distribution effects of differential revenue structures.

Responsibility: Development Economics Department—Johannes Linn, in collaboration with Roy Bahl and Francine Bougeon-Maasen (consultants). (Ref. No. RPO 270)

Completion date: The first three of eight monographs on the cities—September 1974; the remaining case studies and the draft final report, including the comparative analysis—early 1975.

Urban and Regional Subsystems in West Malaysia

The Government of Malaysia has been actively supporting land settlement schemes by investments in land clearing and development, agricultural extension and the provision of basic infrastructure, i.e., highways, social facilities and utilities. These developments are stimulating the growth of nonagricultural activities, particularly the service sector. The extent to which growth in the tertiary sectors takes place as a result of land development schemes, is a key factor in deciding on the settlement of new areas.

The objective of this study is to provide insights into the relative role of economic and institutional elements in the development of urban areas and to suggest appropriate policies for the stimulation of growth of small urban places and their role in regional development. The research effort is designed to investigate factors influencing the development of the urban system in a frontier region. Particular attention will be given to the development of nonagricultural activities induced by land settlement and agricultural expansion in Central West Malaysia.

The study is being carried out in two phases. The first includes a preliminary enumeration of economic activities in the region and identification of the local hierarchy of urban places. The second phase consists of field surveys of enterprises to determine the extent and nature of their local and extraregional linkages and the extent to which local economic integration is taking place. A small household survey will also be carried out with the cooperation of the University of Malaya to determine the mobility of individuals and their use of alternative locations to meet their needs for goods and services.

Responsibility: Development Economics Department—Monique Cohen and John English, in collaboration with Harold Brookfield (consultant). (Ref. No. RPO 297)

Completion date: First phase completed. The second phase will commence in 1975.

Urban Land Use Policies: Taxation and Control

Land-use policies present some of the most complex issues in developing countries. Empirical studies of developed and developing countries show that the price of land is a major determinant of the location of residences, industries and commercial activities in urban areas.

Preparation for the study focused on the concepts and practices of appropriating land-value increments for public use, as reported in *Urban Land and Public Policy: Social Appropriation of Betterment* (Bank Staff Working Paper No. 179, May 1974, Catalog No. XXIII/278).

This research project is intended to provide a multidisciplinary evaluation of key urban land control measures in three cities—Seoul and Gwangju (Korea) and Bogota (Colombia). Special emphasis is placed on determining the sources of urban land price increases, assessing the role of urban land taxation in urban development processes, and investigating the institutional structure within which land-use controls operate. In the field analysis, census and survey material was combined with special land- and building-value samples. As part of this effort, in-depth studies were conducted of land improvement schemes financed in part by property owners, particularly Land Readjustment in Seoul and Gwangju, and special assessments for street upgrading in Bogota.

Responsibility: Development Economics Department—Orville F. Grimes, Jr., in collaboration with William Doebele (consultant) and with the participation of M.C. Hwang of Seoul National University (South Korea) and R. Paredes of the Universidad de los Andes (Colombia). (Ref. No. RPO 298).

Completion date: May 1975.

Standards for Site and Services Projects

The Bank's involvement in the housing sector has mostly been in the form of site and services and squatter upgrading projects. Reference sources and experience on such projects are relatively few and inadequate. No systematic approach to the choice between alternative design standards has yet been developed. Therefore, the Bank has had to rely heavily on the personal expertise of consultants to develop standards, *ad hoc*, on a project by project basis. Furthermore, information on the cost functions for different standards of services is similarly inadequate.

The two main objectives of this study are (a) to develop a process by which Bank personnel can consider, quickly and cheaply, a variety of alternatives in design for any one site and services or upgrading project; and (b) to develop and consolidate cost data for different standards of services. The latter will augment preliminary work on the analysis of cash components of on-site infrastructure of site and services already being carried out in the Transportation and Urban Projects Department.

On completion of the research project there will be:

1. A digest providing minimum and alternative standards for the main components of site and services and squatter upgrading projects.

2. A handbook of engineering and cost data for the range of alternative design standards identified in (1).
3. A series of prototype project designs illustrating and evaluating the benefits and costs of the main choices in design.
4. An annotated bibliography of studies, conventions, research notes, etc., designed to augment the library on low-income housing available to the Bank.

Responsibility: Transportation and Urban Projects Department—George Beier and Praful Patel, in collaboration with the Urban Settlement Design Group of MIT, headed by Professor Horacio Caminos. (Ref. No. RPO 316)

Completion date: Interim report—February 1975; final report—August 1975.

VIII. POPULATION AND HUMAN RESOURCES

Labor Market in Malaysia

Malaysia has one of the highest rates of measured unemployment in Asia, the incidence of unemployment being particularly apparent among secondary school-leavers. Students who do not achieve a satisfactory grade on the final examination of the lower secondary level either enter vocational schools or go into the labor market. It is important to compare the experience of these two groups as well as to analyze the entire labor-force situation.

The principal objective of the study is to develop a comprehensive picture of the operation of the labor market in Malaysia. The research project was initiated originally with the single purpose of exploring the nature and course of unemployment among the secondary school-leavers. The scope of the study has now been broadened to include an analysis of income differentials, participation rates and other relevant aspects of labor market behavior which is being attempted as a component of the project "Labor Force Participation, Income and Unemployment" (*see* RPO 245 – page 59).

The first phase of the study was a survey through questionnaires mailed to various groups of school-leavers sampled from school registers and employment offices. The survey, carried out with the cooperation of the Malaysian Government, covered such topics as the school-leavers' job experience, period of waiting, initial and expected earnings, nature of job search as well as their family and school background.

The second phase of the research effort was started in October 1974. This component will include a survey of a sample of the employed population with special emphasis on job history and mobility. In addition, a questionnaire on the process of wage determination, hiring practices and employer attitudes will be submitted to employers of these workers.

The material from these two surveys is being supplemented by an analysis of primary and secondary data obtained from the Malaysian Government to build up a reasonably complete picture of the labor market.

Responsibility: Development Economics Department—Dipak Mazumdar, with the cooperation of several branches of the Malaysian Government. Much of the sample survey work is conducted by Survey Research Malaysia. (Ref. No. RPO 243)

Completion date: First phase—end 1974; the entire project—September 1975.

Student Loan Schemes and Other Forms of Cost Reallocation

Public expenditures on education are usually financed out of general budget revenues, and educational expansion places a heavy burden on

the fiscal systems of developing countries. Analysis of more unorthodox forms of educational financing is needed to determine their potential for carrying an increasing share of the financial burden.

The purpose of this project is to deal with the problem of escalating educational costs and with the resulting shortage of public funds for education in less developed countries. The main issues faced in the area of education finance are dealt with and alternative methods, such as student loans or new tax policies, are presented. The possibilities and limitations of the private education sector as a complement to the public education sector are spelled out. The project as a whole is heavily oriented toward the social-equity aspects of the financing of education, and emphasizes the effects of educational expenditures on the distribution of income.

The project includes three studies in Latin American countries. Two studies on Colombia are completed. Another study on education finance, employment and income distribution in Brazil is under way.

Responsibility: Education Department—Jean-Pierre Jallade, in collaboration with A. Bayona Nunez of ICETEX (Colombia), Dr. C. McLure of Rice University (USA) and Professor Sahota of Vanderbilt University (USA) (consultants). (Ref. No. RPO 244)

Completion date: July 1975.

Reports

Jallade, Jean-Pierre. *The Financing of Education: An Examination of Basic Issues.* Bank Staff Working Paper No. 157. July 1973. (Catalog No. VII/223).

_____. *Public Expenditures on Education and Income Distribution in Colombia.* Work Bank Staff Occasional Papers No. 18. Baltimore and London: The Johns Hopkins University Press, 1974. $4.00. (Catalog No. VII/256—available in bookstores or from the publisher.)

_____. *Student Loans in Developing Countries: An Evaluation of the Colombian Performance.* Bank Staff Working Paper No. 182. June 1974. (Catalog No. VII/281).

Labor Force Participation, Income and Unemployment

The study of urban labor markets has an important role in improving the design of development projects that are aimed at improving the productivity of the poor in urban areas. In many cities, recent migrants from rural areas constitute a significant proportion of the increase in the urban labor force. Thus, these studies are also useful in adding to our understanding of the economic impact of rural development projects. Several research projects have been developed in this area (*see* RPO 243—page 58 and RPO 290—page 61).

The emphasis in this project has been placed on employment and earnings in the "informal" sector of the market, and on the relationship between participation rates, individual earnings and family income among households in different sectors of the economy.The research effort will be concerned mainly with the contrast between the "formal" and "informal" sectors, as well as linkages between the two.

The major part of the project is devoted to a new survey of the labor market in Bombay. In the first phase, which began in January 1974, a survey of 1,000 casual workers was taken. The second phase will be a survey of 2,500 workers in establishments in the "informal" sector and of another 2,500 workers in establishments in the "formal" sector.

In addition, the study will analyze related data from urban household surveys in Malaysia and Korea. The two countries have quite diverse labor markets. In recent years, Korea has experienced a large expansion of the demand for labor with rising real wages. Malaysia, on the other hand, is a "labor surplus" economy with a high rate of unemployment.

Responsibility: Development Economics Department—Dipak Mazumdar, in collaboration with the Economics Department of Bombay University for the survey work in that city. (Ref. No. RPO 245)

Completion date: First phase—February 1975; second phase—September 1976.

Rural and Urban Public Works

Poverty has remained a serious problem even in nations experiencing rapid growth. Large portions of the population of many developing countries remain outside the sectors of the economy which are expanding. As a result, attention has increasingly focused on ways to alleviate persistent poverty. One way of raising the incomes of the poorer strata of society is to provide employment opportunities for those without jobs and with minimal skills and training. A few developing nations have undertaken public-works programs which mobilize unskilled, unemployed workers to carry out simple, low-cost, labor-intensive development projects. The rationale behind the development of such programs was that they provide both additional employment benefits and needed physical facilities, at a reasonable cost, that represent a net increase in total output.

The general objective of the study is to assess public-works programs in about 15 developing countries as instruments for reducing unemployment and increasing the incomes of target groups within a long-term development strategy. Specific research objectives which are viewed as intermediate means to address this broad policy concern include:

1. the implications for program design of varying economic and physical environments;
2. an analysis of the income distribution effects of factor payments and of benefits flowing from assets created;
3. characteristics of target groups of the population and the impact of programs on these target groups;
4. an examination of the political forces in the initiation and design of the programs and in pressures for modifications of continuing programs;
5. an identification of the most promising organizational, administrative and financial arrangements;
6. an evaluation of the potential for urban programs;
7. an examination of the potential role of external assistance.

Responsibility: Development Economics Department—Ralph Hofmeister. The study is being carried out by a research team at Harvard University consisting of Shahid Javed Burki, David Davies, Richard Hook, and John Thomas. (Ref. No. RPO 275)

Completion date: Late 1974.

Reports

Burki, Shahid Javed. "Employment Creating Urban Public Works Program: Outline of a Strategy." *The Pakistan Development Review,* Vol. XII, No. 3 (Autumn 1973): 293-310.

Project Evaluation Methodology: Education Attainments

The World Bank Group approved 75 education projects in 49 countries during 1963–72. However, the supervision of these projects by the Bank has mainly dealt with their physical and administrative aspects: construction of buildings, procurement of equipment, disbursement of the loan. Insufficient attention has been given to the quality and performance of the educational institutions and their impact on society.

This project aims at producing a widely applicable methodology for the evaluation of learning taking place in Bank-assisted educational institutions. In the first phase, completed in January 1974, the International Institute of Educational Planning reviewed the documents of 75 educational projects. The Phase I report indicates ways in which the statements of educational objectives can be further specified to be made more measurable for evaluation purposes. The report also presents a model of how an evaluation system could be built into a Bank education project.

The second phase of the project will test the model in a real situation, possibly in Eastern Africa where current projects include experimental basic education centers. This phase will also include a seminar, in January 1975, as a means of forging a research team of Africans and overseas experts, who will carry out a "test-retest" formative evaluation exercise over a 15-month period.

Responsibility: Education Department—Mats Hultin and Jacob van Lutsenburg Maas. The International Institute of Educational Planning will remain as contractor in the second phase. (Ref. No. RPO 278)

Completion date: Final report for Phase II—1976.

Labor Market in a Rapidly Growing Economy

Two related phenomena have become points of interest in the development process in Brazil—rapid urban growth and the rapid increase in the urban labor market. As in many other countries, this has resulted in a growing "nonformal" labor market where workers have low productivity and income, and do not enjoy job security and social benefits sanctioned by Brazilian labor laws.

The objective of this study is to analyze in depth the characteristics of the labor force in a rapidly expanding urban economy. The study will include analyses of the earnings and occupational structure of the urban labor force, the determinants of the absorption of migrants in the urban labor force, and the nature of the family economy in urban areas.

The study is based on data collected recently by the Centro de Desenvolvimento e Planejamento Regional (CEDEPLAR) in the metropolitan area of Belo Horizonte in Brazil. The main part of the analysis consists of cross-tabulations. However, regression or factor analysis is utilized where appropriate.

Interim results showed the importance of the household as an economic unit. The study, therefore, has been expanded to include the position of workers within the household and the distribution of secondary earners contributing to the total household income. As a separate but interrelated topic, the second phase of the study deals with particular characteristics of low-income households and with patterns of socioeconomic mobility over time.

Responsibility: Development Economics Department—Dipak Mazumdar and Anna Sant'Anna, in collaboration with CEDEPLAR (Brazil). (Ref. No. RPO 290)

Completion date: The manuscript is being prepared and is expected to be ready in early 1975.

The Benefits of Schooling for Workers

In most developing countries, investment in education has the highest priority and is usually the largest budget item. Planners as well as politicians have assumed that a causal relationship exists between school achievement and economic and social advancement. However, very little is known about the effect of schooling on workers' productivity, earnings or promotion. Recent research in developed countries shows that earlier research overestimated the importance of schooling. Information on the relationship between education and socioeconomic advancement is essential to develop criteria for investment in education.

The objective of this study is to examine the pure effect of formal schooling, using a sample of blue-collar and white-collar workers in Tunisia. The study will focus on the relationship of school experience to the measurable benefits which accrue to workers, including earnings and satisfaction.

The methodology consists of tests of the traditional economic model used in the earlier research and a more elaborate model. The traditional model specifies earnings as a function of age and schooling. The newer model examines the interrelationship between earnings and schooling, ability, work experience, and parental socioeconomic status. It also looks at the factors affecting ability and work experience. Other dependent variables, replacing earnings in the analysis, include job promotion and satisfaction.

Responsibility: Development Economics Department—John Simmons, in collaboration with Professor Bsais of the University of Tunis. (Ref. No. RPO 291)

Completion date: December 1974.

Reports

Simmons, John. *The Determinants of Earnings: towards an Improved Model.* Bank Staff Working Paper No. 173. March 1974. (Catalog No. II/272)

Economic Aspects of Household Fertility Behavior and Labor Supply in Northeast Brazil

High levels of fertility and mortality, low educational attainment, labor surplus, scant productivity, and substantial outmigration are characteristic and interrelated features of the rural poor in Northeast Brazil. There is a close interaction between the economic environment in which households subsist and certain decisions of the household members, e.g., whether to have an additional child, send him to school, work at home, or migrate. In order to create conditions more favorable to human resource development and utilization in the northeast region of Brazil, it is necessary to identify policies which can alter both the economic environment and the structure of incentives influencing household decisions.

The general objective of this research project is to collect household data on fertility, on education and on the economic activities of households to test a number of hypotheses about the relationships between family size, schooling and employment among rural low-income families. Specifically, the study will look at the hypothesis that children confer economic benefits on their parents—by contributing to family income and providing support in parental old age or disability—which are large in relation to the costs of child rearing. It will also investigate the conditions governing the supply of labor of different family members. In addition, the research effort will examine the reasons behind the low primary education enrollment rates and high dropout rates among the population in this area, by estimating private costs and returns to parents associated with keeping their children in school. From this approach, it should be possible to assess to what degree the problem is caused by a lack of educational facilities and to what extent by a lack of demand for them.

The first phase of this project has involved the design and pilot application of a questionnaire, as part of a much larger farm survey in northeast Brazil carried out under another research project, "Rural Development in Northeast Brazil" (*see* RPO 273—page 32). The pilot survey of 200 households took place in April-May 1974, and the results are currently being processed. A much larger survey involving approximately 2,000 families is being planned for 1975.

Responsibility: Development Economics Department—Timothy King and Ricardo Moran, in collaboration with Yoni Sampaio and Judy Tendler

(consultants), and in association with the Superintendencia do Desenvolvimento do Nordeste (Brazil). (Ref. No. RPO 299)

Completion date: The final report is expected in 1976.

Population Growth and Rural Poverty

The rapid growth of population is a serious impediment to the improvement of living standards, especially among the poor, in developing countries. Family planning programs have not yet succeeded in significantly reducing the rate of population increases in the poorer countries. Little is known about the determinants of fertility or about the economic costs and benefits of larger families in rural households.

The project will consist of comparative anthropological studies in eight villages in India, Kenya, Nigeria, and Sri Lanka to expand the Bank's knowledge of the economic determinants of fertility, population growth, rural labor supply and income distribution, and education in rural areas.

The contribution of different members of different types of households to the economy of the households will be studied and measured in an attempt to assess the economic determinants of family formation and household size, and the factors which govern the availability of household members for work outside their own landholdings. Particular attention will be paid to the differential effects of population growth by social class and the effect on employment opportunities and wage levels.

Responsibility: Development Economics Department—Timothy King. The study is directed by Professor Scarlett Epstein of the Institute of Development Studies at the University of Sussex (United Kingdom). The field investigations will be carried out by eight graduate students from the target countries currently attending the university, each of whom will spend a year in one of the villages.

The Population Council and the Overseas Development Ministry (United Kingdom) have joined the Bank in financing this project. (Ref. No. RPO 302)

Completion date: Fieldwork began in July 1974 and will continue for approximately one year. Provisional drafting will begin in July 1975 with a return to the field in January 1976. Final drafting will begin in May 1976. The project will be finished in September 1977.

Improving the Usefulness of Household Surveys

A significant portion of the research effort of the Bank and other aid agencies involves the gathering of data from primary household surveys. These surveys are now designed by the individual researchers, and not infrequently, a few key questions which would be very useful for analysis of a related area, are omitted.

The objective of this project is to improve the design of household survey questionnaires, to make them more useful for general research

purposes and for Bank operational use. Two types of components of household survey questionnaires will be developed: (1) a basic module consisting of questions which should be included in virtually all household surveys, e.g., questions on household composition and income or economic status; (2) special purpose modules for specific areas, such as migration, fertility, employment, etc., which would provide a way of introducing new topics into surveys whose main objective is in a different field.

The use of these modules is expected to help improve an investigation of the interaction among different facets of household behavior.

Responsibility: Development Economics Department—Timothy King and Pravin Visaria, in collaboration with consultants at the University of Michigan led by Professor Eva Mueller, financed jointly by the Bank and USAID. (Ref. No. RPO 303)

Completion date: September 1975.

Employment Models and Projections

It is widely accepted that growth by itself will not absorb the existing unemployed and the increases in the labor force in developing countries. If full employment is to be reached within an acceptable period, special measures to create employment or a restructuring of the growth process itself will be required. An effective employment policy is an important component of policies to redistribute income and assets.

Considerable work on employment problems is going on under the auspices of the Organization for Economic Co-operation and Development (OECD), the International Labour Office (ILO), the Yale Growth Center, and other organizations. However, a standard methodology for assessing the employment trends and outlook for individual countries has yet to emerge. The objective of this study is to estimate input-output models to project direct and indirect employment in disaggregated sectors and the whole economy, for three countries.

While the input-output technique is the principal methodology used in the project, in one of the countries, where sufficient data exist, a comparative evaluation of the input-output technique with three other methods of projection will be made. The first projects labor absorption by projecting sectoral output growth and labor productivity growth with *ad hoc* empirical methods. The second technique involves the derivation of labor demand curves from neoclassical production functions. The third technique is programming with or without some econometric equations.

The research effort is designed to formulate the basis for a standardized and comprehensive treatment of the employment situation of the member countries of the Bank. It is hoped that a methodology will be developed for choosing between alternative mixtures of growth-oriented, technology-oriented, demand-oriented, and, in some cases, relief-oriented policies, to solve the employment problems of developing countries.

Responsibility: Development Economics Department—Raj Krishna. (Ref. No. RPO 306)

Completion date: Mid-1976.

CAMS Employment Studies

The Committee of Asian Manpower Studies (CAMS) is an organization that coordinates the research activities of scholars from a number of southeast Asian countries. Five subcommittees have put together packages of research projects. The Bank is supporting some of the projects from the committees on Employment and Trade Policies and on Employment and Income.

Two of the projects on Employment and Trade seek to evaluate quantitatively the impact of the expansion of exports on employment in Korea and Taiwan within an input-output framework. Three other projects in this area—those on the Philippines, Malaysia and Thailand—propose to measure the net effects of protection and other forms of incentives, and to study their implications for employment and income distribution.

The second set of employment projects focuses on migration and the absorption of labor in specific sectors of the economy. Two studies are concerned with rural-urban migration in Thailand and Malaysia, while another project will look specifically into the absorption of labor in the service industries in Singapore. The labor-absorption aspects of the New Community movement in Korea will also be studied. In all these studies, an analysis of census data will be supplemented by small sample surveys geared to the specific problems under investigation.

Responsibility: Development Economics Department—Larry Westphal. Research on the projects will be carried out in the countries concerned by local scholars. (Ref. No. RPO 307)

Completion date: July 1976.

Effects of Health and Nutrition Standards on Worker Productivity

Health and nutrition levels of manual labor are important determinants of productivity. The extent to which productivity is affected by certain nutritional and/or health deficiencies has not been well documented. Previous Bank studies in Indonesia revealed that a major factor affecting the productivity of the labor force was the prevalence of iron-deficiency anemia in half the male population. Anemic subjects also had twice as many infections as nonanemics had. A follow-up study was undertaken in an attempt to correct the deficiency. (*See* Bank Staff Working Papers Nos. 152 and 175 under Reports, RPO 226—page 43) Elemental iron supplements were provided for several weeks at a cost of US$0.0013 per laborer per day. At the end of the experimental period, productivity in two types of manual work increased by 20-25 percent, as compared to treatment with placebos. Treatment with iron also reduced infections by

half. These findings are highly significant in terms of the high benefit/cost ratio obtained from correcting the deficiency.

The present study will attempt to broaden the findings of the earlier studies in two respects:

1. to investigate the productivity and morbidity effects of other types of nutritional health deficiencies;
2. to evaluate mechanisms for undertaking nutritional improvement programs.

The research project is being carried out in the context of the project on the "Substitution of Labor and Equipment in Civil Works" (*see* RPO 226), which will provide detailed physical measurements of labor productivity.

Responsibility: Transportation and Urban Projects Department—Samir Basta and Inder K. Sud. Research will be carried out in two countries, possibly Indonesia and India, in collaboration with local medical research institutes. (Ref. No. RPO 315)

Completion date: December 1975.

COUNTRY INDEX

Country	Research Program Code	Page No.
Argentina	201	14
	268	19
Bolivia	280	33
Brazil	213	28
	225	39
	227	44
	244	58
	269	20
	273	32
	290	61
	299	63
Cameroon	218	32
Chile	203	14
	225	39
	280	33
China, Rep. of	201	14
	284	21
	307	66
Colombia	201	14
	203	14
	225	39
	244	58
	268	19
	270	54
	277	40
	284	21
	295	41
	296	24
	298	56
	276	51
Ecuador	225	39
El Salvador	238	49
Ethiopia	218	32
	271	46
Ghana	287	41
Guyana	277	40
India	214	29
	226	43
	227	44
	241	54
	245	59
	268	19
	270	54
	302	64
	315	66
Indonesia	226	43
	270	54
	315	66
Iran	268	19
	277	40
Israel	201	14
	295	41
Ivory Coast	204	15
	287	41
Jamaica	241	54
	270	54
Kenya	218	32
	224	38
	227	44
	228	45
	268	19
	302	64
Korea	201	14
	203	14
	206	16
	223	38
	224	38
	241	54
	245	59
	268	19
	270	54
	277	40
	298	56
	307	66
Malagasy Rep.	314	47

Country	Research Program Code	Page No.
Malawi	218	32
	293	35
Malaysia	243	58
	245	59
	268	19
	294	23
	295	41
	296	24
	297	55
	307	66
Mali	218	32
	287	41
Mexico	203	14
	216	30
	224	38
	267	50
	280	33
Nigeria	218	32
	302	64
Pakistan	212	28
Peru	203	14
	225	39
	241	54
	270	54
	280	33
Philippines	268	19
	284	21
	295	41
	307	66
Portugal	213	28
Senegal	287	41
Singapore	201	14
	277	40
Sri Lanka	302	64
Sudan	239	49
Tanzania	218	32
	224	38
	278	61
Thailand	268	19
	307	66
	308	25
	311	52
Trinidad & Tobago	277	40
Tunisia	239	49
	270	54
	277	40
	291	62
Turkey	239	49
Uganda	224	38
Venezuela	225	39
	268	19
	280	33
Yemen Arab Rep.	229	45
Yugoslavia	206	16
	289	34
Zambia	277	40

World Bank
Headquarters:
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.
Telephone: (202) 393-6360
Cable Address: INTBAFRAD
WASHINGTONDC

European Office:
66, avenue d'Iéna
75116 Paris, France

Tokyo Office:
Kokusai Building,
1-1 Marunouchi 3-chome
Chiyoda-ku, Tokyo 100, Japan

World Bank and IDA
1818 H Street, N.W.
Washington, D.C. 20433, USA
European Office:
66 Avenue d'Iéna
75116 Paris, France

World Bank and IDA



THE WORLD BANK AND IDA

Introduction

The World Bank Group provides financial and technical help for the development of poor countries.

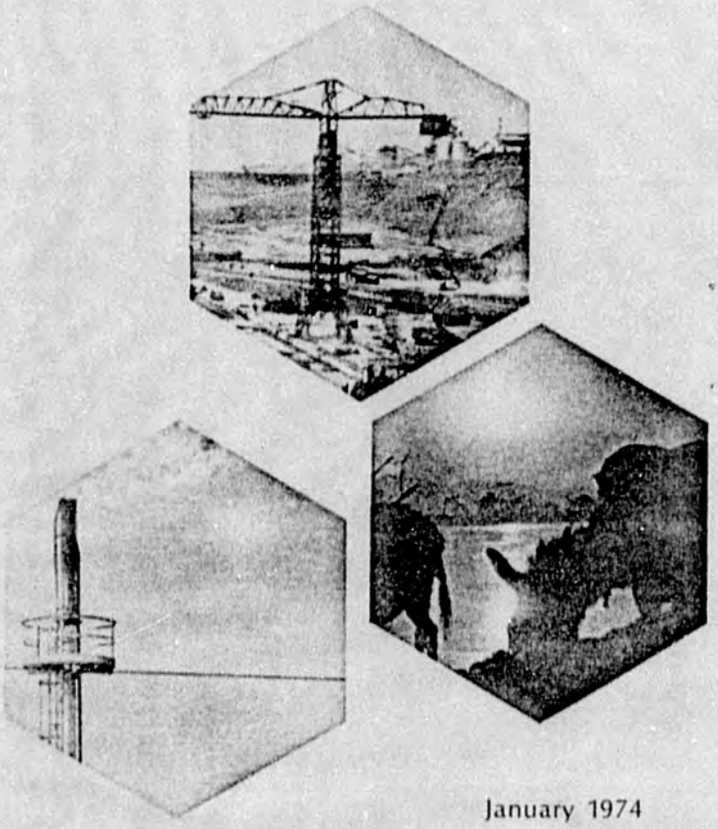
The Group consists of the World Bank (International Bank for Reconstruction and Development), IDA (International Development Association) and IFC (International Finance Corporation).

This leaflet describes the Bank and IDA, which are now lending more than $3,400 million a year to help raise the standard of living in developing countries. This is well over a fourth of the total from all official sources outside the developing countries themselves. IFC has the same purpose, but its role is more specialized: helping to stimulate growth in the private sector. It is now investing nearly $150 million a year.

Both the Bank and IDA have expanded rapidly in the last five years (see tables on pages 2 and 9). In fiscal 1973,[1] the Bank provided more than twice as much and IDA nearly four times as much financial help to developing countries as in any year before 1969. These funds are helping to support a wide variety of projects, large and small, public and private, chiefly in the following fields: agriculture, education, electric power, industry, population planning, tourism, transportation, telecommunications and urban development.

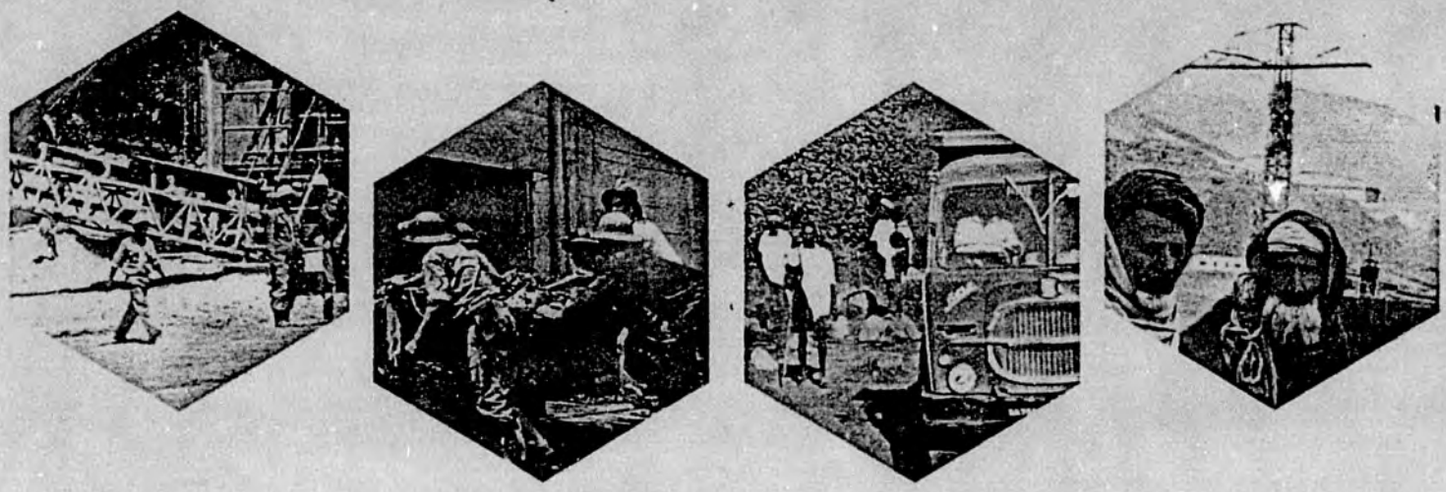
Thanks to increased contributions in recent years by IDA's wealthier members, more assistance has gone to the very poor countries that are most in need. The Bank has also committed itself to helping member countries with their more intractable development problems. These include questions of income distribution, rural poverty, unemployment, excessive population growth and rapid urbanization.

Although legally and financially distinct, the Bank and IDA are a closely integrated unit, administered by the same staff. Using funds from different sources and lending on different terms, they have become a highly flexible instrument for giving both financial and technical assistance to developing countries at virtually all stages of economic and social growth. Together, they have become a true development institution.



[1] The fiscal year ends June 30. Except as otherwise specified, all data are given as of June 30, 1973.

January 1974



The World Bank

On a global scale, the World Bank was the first institution to be established with the explicit purpose of helping less developed countries raise their living standards.

Along with the International Monetary Fund (IMF), the Bank was founded in 1944 at a United Nations Monetary and Financial Conference of 44 governments at Bretton Woods, New Hampshire, U.S.A. It began operations in June 1946. Membership in the Bank is open to all members of the IMF, and 122 have joined. The Bank is owned and controlled by its member governments (see page 11).

The Bank's charter spells out certain basic rules which govern its operations. It must lend only for productive purposes, and only if there are reasonable prospects of repayment. Each loan must be guaranteed by the government concerned. Except in "special circumstances," loans must be for specific projects. The Bank must assure itself that the necessary funds are unavailable from other sources on reasonable terms. The use of loans cannot be restricted to purchases in any particular member country or countries. And the Bank's decisions must be based only on economic considerations.

A unique feature of the Bank as an intergovernmental organization is the fact that it relies mainly on private investors for its financial resources. Most of the money it lends comes from the Bank's own borrowings in various capital markets. Although a total of $25,197 million of its authorized capital of $27,000 million has been subscribed, members pay in only 10%. The remaining 90% serves as a guarantee of the Bank's debt. It can be used only if required to meet obligations to investors in Bank securities.

Thus, investors who might otherwise never become involved in the financing of projects in developing countries are contributing to their economic growth. The Bank has borrowed a cumulative total of $15,764 million, of which $8,882 million is outstanding in 15 different currencies.

Since the Bank obtains most of its funds on commercial terms, it must charge its own borrowers a commensurate rate

Table 1: Bank and IDA lending to current borrowers[1] 1964-73
(US$ millions. Fiscal years.)

Number of Countries in ( )	Average 1964-68	Average 1969-73	1973
Bank only (33)	$ 516	$1,154	$1,241
IDA only (25)	16	205	384
Bank/IDA (35)			
Bank	223	629	810
IDA	251	582	973
Sub-totals	472	1,211	1,783
Totals[2]	$1,006	$2,570	$3,408

[1] Member countries which have borrowed since fiscal 1968 or which are included in the fiscal 1974 lending program.
[2] Details in tables may not add to totals because of rounding.

of interest. On average, Bank loans are repaid over about 20 years, and the current rate of interest is 7-¼%. Table 1 shows how Bank loans are used along with IDA credits, on unusually favorable terms, to help meet the needs of many of the poorest countries.

Aside from borrowings, paid-in capital subscriptions and charges on its loans, the Bank has two other principal sources of funds it can lend. Most important is the flow of repayments on previous loans. These have amounted to $5,316 million. In addition, it often sells portions of its loans to other investors, chiefly commercial banks, and uses these funds to make additional loans. By this means, it has been able to raise $2,500 million.

The Bank earns a profit on its operations, but it has never paid a dividend, since all shareholders agree that earnings should be used to help developing countries. Part of the Bank's net earnings have been placed in reserves which strengthen its ability to borrow and most of which are also available for lending. Beginning in 1964, the balance each year has been given to IDA, increasing its ability to help the poorest countries. These grants to IDA have totaled $705 million, and net earnings applied to reserves have amounted to $1,750 million.

IDA

Unlike the Bank, IDA gets virtually all of its funds in the form of contributions. This makes it possible for the Bank Group to help countries that are too poor to borrow from the Bank at all, and to ease the average terms of lending to others that can afford to borrow only a part of their legitimate needs on conventional terms.

Nearly all IDA "credits," as they are called, have been for a period of 50 years, without interest except for a small charge to cover administrative costs. Repayment of principal does not begin until after 10 years of grace.

The need for lending to many poor countries on much easier terms than the Bank alone could give became apparent during the 1950s. On the initiative of the United States, endorsed by other members of the Bank and by the United Nations General Assembly, IDA was established in 1960 to help meet this need. It was made an affiliate of the Bank, to be administered in accordance with the Bank's own standards of efficiency.

All members of the Bank are eligible for membership in IDA, and 112 have joined. Nineteen of the wealthier members have contributed 87% of all funds that have been available for the Association's use, or $6,094 million. Out of its net earnings, the Bank has contributed $705 million, or 10%, including $3 million earmarked for agricultural research grants. About $78 million has been contributed or otherwise made available by developing countries. Switzerland, though not a member of the Bank or IDA, has provided $62 million in 50-year, interest-free loans. And New Zealand, a member of the Bank but not of IDA, has contributed $7 million. In addition, there has been a total of $76 million in net earnings and repayments.

The annual amount IDA can lend has increased by more than 400% over the last five years. During the period 1964-68, the Association was able to lend an average of only $267 million a year. In fiscal 1973 its credits totaled nearly $1,360 million.

These funds are carefully rationed for use in the poorer countries. There are four main criteria that a country must meet in order to borrow from IDA:

1. It must be very poor. The "poverty ceiling" varies from time to time, depending on circumstances; it is now roughly $375 a year of income per capita.[1]
2. It must have sufficient economic, financial and political stability to warrant long term development lending.
3. It must have an unusually difficult balance of payments problem, and little prospect of earning enough foreign exchange to justify borrowing all it needs on conventional terms.
4. It must have a genuine commitment to development, reflected in its policies.

About 70 countries would now be eligible under the first criterion. They include nearly four fifths of the population of the 96 countries that are current borrowers[2] from the Bank, IDA or both. About 70% of them live in Asia, 24% in Africa, 3% in Europe (Turkey), and 4% in Latin America and the Caribbean area.

Under the second criterion, four of these countries have not been in a position to borrow from either the Bank or IDA. For various reasons related to other criteria, another six have borrowed from the Bank but not from IDA. Twenty five of the poorest have borrowed only from IDA. And a "blend" of Bank loans and IDA credits has been provided to another 35.

To the poorer countries, the importance of IDA as an integral part of the Bank Group can be seen in the record of lending, as shown in Table 1 on page 2. Without funds on IDA terms, any significant help to the group of 25 very poor countries might well have been impossible. Without the ability to reduce the average debt burden by combining its loans with a rising volume of IDA credits, the Bank could not have increased its own support to the 35 "blend" countries to the degree it has.

Thus the scope and flexibility of Bank Group help to the poorest of the poor depend upon the volume of IDA's resources. This is determined chiefly by the level of contribu-

[1] As calculated for the World Bank Atlas of 1972.

[2] See footnote to Table 1, page 2.

tions agreed to from time to time by the wealthier member countries. The amount from this source is now about $800 million a year.

Operating Methods

Whether large or small, every project financed by the Bank or IDA is considered in the light of the country's total needs, capabilities and policies. This is essential from the point of view of the Bank and IDA, to assure the most efficient use of their own resources. It is even more important to the people of the borrowing country, whose hope for a better standard of life depends upon the efficient mobilization and allocation of all resources available.

The first step in response to each country's request for assistance, therefore, is the conduct of a comprehensive study of its economy. The resulting "country economic report" is used by both the Government and the Bank, and is kept up-to-date. It provides a basis for the Bank's own decisions on both financial and technical assistance. It often serves also as a planning tool for the Government, and as a basic document for the use of other national and international lending agencies.

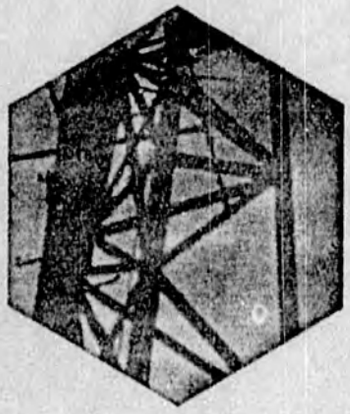
The report describes and analyzes the entire economy and the country's development policies, organization and principal problems. On the basis of objective analysis, it outlines a general order of development priorities among the various sectors. Whenever necessary, the country study is supplemented by more detailed analyses of individual sectors and relationships between them, which help to throw light on the relative importance of alternative projects in achieving the country's development goals.

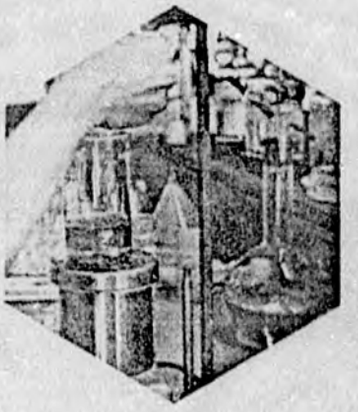
Chiefly on the basis of the economic report, and after consultation with the Government, a program of Bank/IDA operations in the country is drawn up for a five-year period. This is reviewed and revised annually. It takes into account the likely availability of other external finance, as well as the country's own resources. The program provides a framework for concrete proposals for action to help the country carry out an agreed strategy of development. Each individual project is then considered within this framework.

There is no "application form" for Bank or IDA financing. Sometimes a formal request is made by letter, perhaps to the President of the Bank. Sometimes Bank staff members or missions identify specific project possibilities, discuss them with the Government and, in some cases, help with the detailed work required to describe and document them. More often, project proposals arise out of the joint efforts of Government and Bank staff members in their search for solutions to common problems. No matter how a proposal originates, however, the project is subjected to careful analysis and a detailed agreement is worked out with the borrower before a loan or credit is approved.

Assume, for example, that technical staffs of the Government and the Bank agree that improvements in the road system are a priority need for attainment of the country's development goals. Often in such a case, the Bank will recommend that consulting engineers be hired to draw up detailed









plans. After this preparatory work is completed, the Bank will send a staff mission to make a thorough appraisal of all aspects of the project.

When agreement is reached on details of the proposed project and on financing requirements, a formal loan or credit agreement is negotiated. If this is satisfactory, the President presents the proposal to the Executive Directors, who represent all member countries, for their approval.

The approval of a loan does not end the Bank's involvement, nor does the borrower walk away with cash in his pocket. In most cases, the borrower seeks bids, on the basis of international competition, for the goods and services required. The Bank releases money only as needed to meet verified expenditures on the project. Goods and services paid for by Bank loans or IDA credits may be obtained from any member country or Switzerland. The Bank pays in whatever currency is required, and the borrower repays in the currency used by the Bank.

Bank involvement continues throughout the life of the project. The borrower provides periodic progress reports and Bank staff members visit the site from time to time, helping to anticipate and overcome difficulties and to assure that the project's intended benefits to the country are realized. This close supervision is facilitated by the fact that the borrowing country is a part owner of the Bank and shares in the control of its policies and operations. As a cooperative multinational institution, the object of the Bank is to see that each project is carried out at the least possible cost and that it makes its full contribution to the country's development.

Table 2 on page 9 shows how much has been lent to current borrowers for different purposes during the last 10 years, and how the emphasis has been changing. Shifts in the geographical distribution of lending are reflected in Table 3 on page 12.

Technical assistance

Since the earliest days, technical assistance has been an integral part of the Bank's work, but its importance has increased enormously.

It is possible to measure a few types of technical assistance, in ordinary accounting terms. For example, in loans and credits extended in fiscal 1973, $25 million was included to pay for feasibility studies, $49 million for the services of foreign experts and consultants, and $13 million to send personnel overseas for training. Items such as these, however, are merely the most visible parts of a total effort which may be more important to developing countries than the money the Bank and IDA provide.

Table 2: Bank and IDA lending to current borrowers by principal sectors, 1964-73
(US$ millions. Fiscal years.)

	1964-68 Average	%	1969-73 Average	%	1973 Amount	%
Agriculture	$ 124	12	$ 518	20	$ 938	28
Education	31	3	145	6	276	8
Industry[1]	120	12	364	14	377	11
Population planning	—	—	13	1	22	1
Public utilities[2]	346	34	706	27	849	25
Tourism	—	—	16	1	—	—
Transportation	293	29	651	25	682	20
Urban projects[3]	—	—	10	—	36	1
Non-project[4]	91	9	146	6	229	7
Totals	$1,006		$2,570		$3,408	

[1] Including development finance companies.
[2] Communications, power, water supply and sewerage.
[3] Specifically to help with the "urbanization" problem.
[4] Industrial imports, reconstruction and rehabilitation, technical assistance, project preparation, planning.

Because of the Bank's position at the center of the world development arena, it is able to focus for the benefit of each member country the knowledge and experience of all. Sometimes this is done in response to requests for advice on questions of general policy, planning or administration, or for help in meeting specific needs—the identification and preparation of projects, for example, the recruitment of key personnel, the mobilization of domestic capital, or perhaps the improvement of statistical services.

Most needs for technical assistance become apparent in discussions between staff members of governments and of the Bank. They often arise in connection with country economic and sector studies, and in the course of project appraisals and supervision. Whenever the need for improvement is disclosed in these discussions or studies and help is desired to carry it out, the Bank will provide it, organize it, or help to find it.

The Bank provides a large amount of technical assistance by administering feasibility studies supported by the United Nations Development Programme (UNDP), many of which lead to projects financed by the Bank and IDA.

The Bank maintains a staff college, the Economic Development Institute, to train officials of developing countries in the techniques of development. Nearly 1,800 have studied at the Institute. In fiscal 1973, 250 Fellows took part in 10 courses conducted at headquarters in Washington, and more than 200 participated in nine courses sponsored or supported by the Institute in other parts of the world.

In addition, the Bank conducts a large, continuing program of research—both basic and applied—in virtually every aspect

of development with which its members are concerned. At present, this program consists of more than 50 studies. Subjects include economic planning, agriculture and rural development, international trade and finance, industry, labor-capital substitution, unemployment, urbanization, regional development, public utilities, transportation, and financial institutions.

International Cooperation

While the Bank Group is large in relative terms, it is only one of many institutions—national and international, public and private—which provide financial and technical assistance to developing countries. In the public sphere alone, a dozen or more international institutions and 25 or 30 national agencies are involved in one way or another.

With such a multiplicity of donors, lenders and providers of technical assistance, close cooperation and some degree of coordination are essential. Methods employed by the Bank to achieve this vary widely, depending, among other factors, on the nature and scope of each institution's program. Some involve purely ad hoc staff cooperation on particular problems as they arise. Some are more highly structured, but still informal. Others entail formal, written agreements.

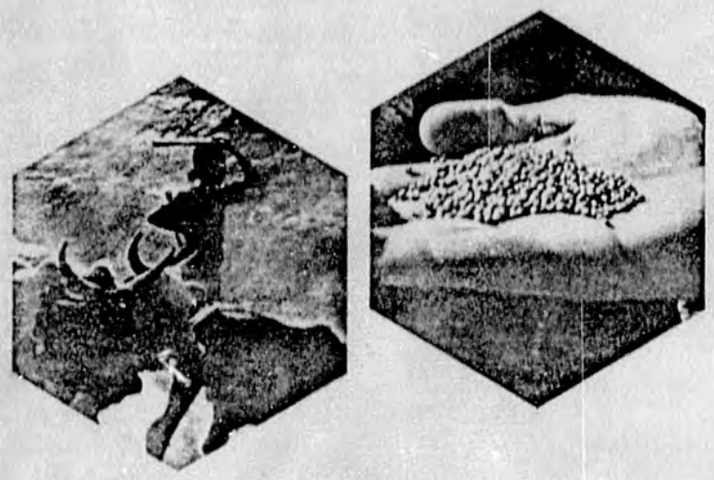
The Bank has unusually close working relations with some institutions, such as the International Monetary Fund and the United Nations Development Programme.

Under special cooperative agreements, three of the United Nations specialized agencies provide staff support for Bank operations in their fields of interest. These are the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (Unesco), and the World Health Organization (WHO). A similar agreement with the United Nations Industrial Development Organization (UNIDO) will become effective in 1974.

The World Bank has almost continuous contact, and close working relations, with other UN agencies and commissions, regional development banks, the Inter-American Committee on the Alliance for Progress (CIAP), the Organization for Economic Cooperation and Development (OECD), regional organizations such as the East African Community, and most of the national agencies which provide development finance and technical assistance.

The Bank plays a leading role in efforts to coordinate assistance from a variety of sources to individual countries. For this purpose, it has organized and serves as chairman of more than a dozen coordinating groups of national and international organizations. It is also an active member of similar groups under other auspices. For those it sponsors, it provides the secretariat. For all such groups, the Bank's relevant country studies and analyses of need serve as part of the basic documentation.

Special efforts are now being made to coordinate assistance to the 25 countries which the United Nations General Assembly has designated as "least developed." Twenty one are members of the Bank and IDA, and for four of these the Bank sponsors coordinating groups. In most other cases, coordination so far is chiefly a matter of close cooperation in connection with specific problems and projects.



Ownership and Control

Member governments own and control the Bank and IDA. Every member of the Bank subscribes to shares in an amount based roughly on its relative economic strength. Each has 250 votes plus one for each share of stock it holds, thus increasing the relative voting powers of the poorer countries. For example, Chad subscribed $10 million, or .04% of the total, while its voting power is .12%. The United States, the Bank's largest shareholder, which provides 25.69% of subscription capital, has 23% of the voting power.

Voting power in IDA is similarly structured but weighted more heavily in favor of the poorer countries.

Control in both institutions is exercised through a Board of Governors, consisting of one for each member, and 20 full-time Executive Directors. The Governors meet once a year to review operations and basic policies. Most functions of the

Governors are delegated to the Executive Directors, who normally meet each week at the Bank's headquarters in Washington. Five of the Executive Directors are appointed by the largest stockholders (United States, United Kingdom, France, Germany and Japan) while 15 are selected by groups of members and represent the countries that elect them. All votes represented by an elected Executive Director are cast as a unit. In actual practice, most decisions are taken on the basis of a clear consensus, rather than by formal vote.

The Executive Directors approve all Bank loans and IDA credits and are responsible for all matters of policy except on basic questions reserved to the Boards of Governors. They meet under the chairmanship of the President, whom they select, and who is responsible for the conduct of the Bank's business and for its organization and staff. Mr. Robert S. McNamara began his second five year term as President of the Bank and IDA in April 1973.

The Bank employs about 3,000 people of nearly 100 nationalities.

Table 3: Bank and IDA lending to current borrowers by region, 1964-73
(US$ millions. Fiscal years.)

	1964-68 Average	%	1969-73 Average	%	1973 Amount	%
Eastern Africa	$ 71	7	$ 214	8	$ 342	10
Western Africa	60	6	178	7	177	5
Asia	387	38	866	34	1,292	38
Europe, Middle East, No. Africa	178	18	606	24	913	27
Latin America, Caribbean	310	31	706	27	685	20
Totals	$1,006		$2,570		$3,408	

World Bank
Headquarters:
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.
Telephone: (202) 393-6360
Cable Address: INTBAFRAD
WASHINGTONDC

World Bank

European Office:
66, avenue d'Iéna
75116 Paris, France

Tokyo Office:
Kokusai Building,
1-1 Marunouchi 3-chome
Chiyoda-ku, Tokyo 100, Japan

CATALOG

WORLD BANK CATALOG

Studies
Reports
Statistics
References

June 1975

World Bank
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.

TABLE OF CONTENTS

		Page
Preface		5
Part I: Free Publications		11
I.	Agriculture	11
II.	Analytical Methods	14
III.	Commodities	17
IV.	Country Studies (no entry)	
V.	Development (General)	19
VI.	Economic and Social Data	19
VII.	Education	20
VIII.	Employment and Income	21
IX.	Environment	23
X.	External Debt	23
XI.	Finance (Domestic)	24
XII.	Finance (International)	25
XIII.	Industrialization	26
XIV.	Industry	27
XV.	Planning	27
XVI.	Population and Public Health	28
XVII.	Public Utilities	29
XVIII.	Regional Integration	29
XIX.	Social Security (no entry)	
XX.	Tourism	30
XXI.	Trade	30
XXII.	Transportation	33
XXIII.	Urbanization	37
XXIV.	Miscellaneous	38
Part II: Sale Publications		41
I.	Agriculture	41
II.	Analytical Methods	42
III.	Commodities	43
IV.	Country Studies	43
V.	Development (General)	45

VII. Education 45
VIII. Employment and Income 46
X. External Debt 46
XI. Finance (Domestic) 47
XIII. Industrialization 47
XIV. Industry 47
XV. Planning 48
XVI. Population and Public Health 48
XVII. Public Utilities 49
XXI. Trade 49
XXII. Transportation 49
XXIV. Miscellaneous 50
Part III: Authors Index 53

PREFACE

This is the third edition of the World Bank Catalog. It incorporates all revisions and additions which were recorded in the September 1974 Accession List, and includes new titles issued through May 1975. Items in the 1974 Catalog which are now out of print, or which have been superseded or replaced, have been eliminated. If warranted, a supplementary Accession List will be published in the fall of 1975.

The World Bank Catalog is part of a continuing effort to enlarge the exchange of ideas, information and experience between scholars and practitioners in the field of economic and social development. It is available to any individual or institution with a serious interest in the subject.

The Bank's publications fall into three categories for which detailed ordering instructions are given on pages 6-9:

1. **Free publications** — all those for which a price is not specified.

Single copies of no more than 12 free publications will be provided without charge on request. Requests for more than one copy of any free item or for more than 12 titles will be filled if supplies are adequate, but a charge will be made to cover basic costs, including handling and postage (*see* Special Notes, page 7). Blanket requests for all free publications in the Catalog, all those listed under a given heading, or back numbers in any series will be honored only in exceptional cases, at the Bank's discretion.

2. **Internally published items** — for which the Bank has found it necessary to make a charge and for which a price is specified.

In certain cases, if adequate supplies are available, arrangements can be made to provide these items free or at a nominal charge for teaching programs which are clearly related to the Bank's operational purposes.

3. **Externally published items** — for which the name of a publisher and a price is given.

Unless specifically noted, externally published items cannot be obtained from the Bank but must be purchased from booksellers or ordered direct from the publisher or his agents (for addresses, *see* pages 7-9).

Organization of the Catalog

Part I lists all **free publications** under main headings.

Part II lists all **sale publications** — both internally published and externally published — under main headings.

Part III is an **Authors Index,** giving authors' names and main heading plus Catalog and page numbers for each title.

Catalog numbers. Each item has been assigned its own Catalog number. This is the Arabic number at the beginning of each entry. The letter "S" has been added after the number of sale publications.

Main headings. Each item is listed under one of the main headings shown in the Table of Contents, which bear Roman numbers. These headings may be revised from time to time.

Cross references. Detailed cross-referencing has not been attempted. However, when significant information or analysis relevant to a given subject heading is contained in items listed elsewhere, such references are noted in parentheses after the last item under the subject heading. For example, the following notation appears at the end of listings under Category I (Agriculture): "(*See also* II — 33, 36)." This reference indicates that the items bearing Catalog numbers 33 and 36, which appear under the main heading II (Analytical Methods) of Part I: Free Publications, may be of interest to those whose primary concern is with agriculture. Cross references with the letter "S" after the number will be found in Part II: Sale Publications.

Reference Information. For each entry, all reference information is combined in a single paragraph in the following order: Catalog number; title; author or authors (if more than one, the principal author is listed first; an asterisk indicates that the author is a consultant, rather than a Bank staff member); publisher, if published in English outside the Bank; year of publication; number of pages, annexes, appendices, etc.; price, if an internal or external sale publication; "Mimeo" or "Print," if published internally; if available, a standard identifying number for library reference (i.e., International Standard Book Number, Standard Book Number or Library of Congress catalog card number); language or languages, if available in other than English; and, in many cases, an additional identifying number or symbol in parentheses, which is for internal use. In most cases, a brief explanatory paragraph is indented below the reference paragraph.

External publishers of sale publications in languages other than English are named in abbreviated form in parentheses (e.g., Tecnos) in the reference paragraph. Their full names and addresses are given in the list of publishers at the end of this preface.

How to Order from the Catalog

1. Free publications (no price or publisher listed).

Executive Directors of the Bank and its affiliates should address their requests to the Secretary's Document Office (Room E-159, extension 5001), giving **Catalog number** and title of each item.

Staff members of the World Bank Group should make their requests by **Catalog number** and title to the Publications Unit (Room A-110, extension 2057).

All others, except those resident in Europe, should request items by **Catalog number** and title from:

Publications Unit
World Bank
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A

Requests originating in Europe should be addressed to:

World Bank
66, avenue d'Iéna
75116 Paris, France

2. Internally published sale publications (price listed, but no publisher).

Executive Directors and staff members may obtain copies from the Publications Unit at half the listed price. Executive Directors may obtain loan copies from the Executive Directors' Library, and staff members from the Joint Bank/Fund Library.

All others should address their requests, accompanied by payment of the amount shown in the listing, to the Publications Unit in Washington or to the Paris Office. Checks should be made payable to "IBRD." Inquiries regarding the special availability of these items for teaching programs should be addressed to the Chief, Publications Unit, in Washington.

3. Externally published sale publications (publisher's name and price listed).

Executive Directors and staff members may obtain copies at discount prices from the Publications Unit. Executive Directors may obtain loan copies from the Executive Directors' Library, and staff members from the Joint Bank/Fund Library.

Except to Executive Directors and staff members, the Bank cannot sell externally published items. They must be obtained from booksellers or direct from the publisher or his agents (*see* below).

Special Notes to Catalog Users

1. The Bank reserves the right to halt, suspend or restrict the distribution of any free or internally published sale publications without prior notice.

2. Prices of externally published items may be subject to change by the publisher.

3. Information on handling and postage charges for multiple copies or more than 12 titles cannot be listed in the Catalog, but will be supplied in specific cases on request.

4. To facilitate handling of requests, the **Catalog number** should be given for each internally published item, whether free or priced.

5. If the listing of a free or internal sale publication indicates availability in languages other than English, the language desired should be specified, as well as the Catalog number and title. Otherwise, the item will be supplied in English.

6. All requested items will be mailed by the least expensive means. If airmail delivery is required, the order must be accompanied by the cost of postage, which may be estimated by local postal authorities on the basis of weight: number of pages of ordinary mimeograph paper times number of copies.

7. Order forms for free and internal sale publications are found at the end of this Catalog.

8. External sale publications in English, as indicated in the listings, may be ordered from:

The Johns Hopkins University Press
Baltimore, Maryland 21218, U.S.A.

Agents for the United Kingdom, Continental Europe,
The Near and Middle East, Africa:

International Book Export Group (IBEG), Ltd.
2-4 Brook Street
London, W1Y 1AA, England

Agents for Australia, New Zealand, Southeast Asia:

Australia and New Zealand Book Company Pty. Ltd.
83-85 Whiting Street
Artarmon, N.S.W., 2064, Australia

Agents for Canada:

The Copp Clark Publishing Company
517 Wellington Street West
Toronto MSV-1G1, Ontario, Canada

Agents for Central America, South America, Caribbean (not including Mexico):

Kaiman and Polon, Inc.
456 Sylvan Avenue
Englewood Cliffs, New Jersey 07632, U.S.A.

Agents for Japan:

United Publishers Services Ltd.
Shimura Building
4-1 Kojimachi, Chiyoda-ku
Tokyo, Japan

Agents for Mexico:

Centro Interamericano de Libros Academicos (CILA)
31 Sullivan-Bis
Mexico 4, D.F., Mexico

North-Holland Publishing Company
Keizersgracht 305-311
P.O. Box 3489
Amsterdam, Netherlands

Agents for U.S.A. and Canada:

American Elsevier Publishing Company, Inc.
52 Vanderbilt Avenue
New York, New York 10017

Oceana Publications, Inc.
Dobbs Ferry, N.Y. 10522

Oxford University Press
Ely House
37 Dover Street
London, XIX 4AH, England

In the United States:

Oxford University Press
200 Madison Avenue
New York, N.Y. 10016

Elsewhere: Any Branch of the Oxford University Press.

Praeger Publishers, Inc.
111 Fourth Avenue
New York, N.Y. 10003

In French:

Dunod Editeur
24-26, Boulevard de l'Hôpital
75005 Paris, France

G.-P. Maisonneuve et Larose
11, rue Victor-Cousin
75005 Paris, France

Presses Universitaires de France
108, boulevard Saint-Germain
75006 Paris, France

In Spanish:

Centro de Estudios Monetarios Latinoamericanos (CEMLA)
Durango 54
Mexico 7, D.F., Mexico

Editorial Tecnos, S.A.
O'Donnell 27
Madrid (9), Spain

Fondo de Cultura Económica
Av. de la Universidad 975
Mexico 12, D.F., Mexico

NOTE: *Partners in Development* (V — 78S) in languages other than English should be ordered from:

In Arabic:

Dar al Maaref
1119 Cornich el-Nil Street
Cairo, Egypt

In German:

Verlag Fritz Molden
Muthgasse 2
A-1190 Vienna, Austria

In Portuguese:

APEC Editora S.A.
Avenida Churchill, 94
Rio de Janeiro, Brazil

Part I: FREE PUBLICATIONS

I. AGRICULTURE

303. **Rural development.** February 1975. 76 p., 14 annexes. Print. (Sector Policy Paper)

Discusses a strategy designed to extend the benefits of development to the rural poor, including small-scale farmers, tenants, sharecroppers and the landless. Outlines the World Bank's plans and methods for greatly increasing its assistance in this sector in the coming years.

302. **African experiences with rural development. A digest report on the Africa rural development study.** Rachel Weaving. January 1975. iv, 49 p. Mimeo. (WP195)

Outlines the scope of the Africa Rural Development Study and summarizes certain salient aspects and results, pending the Study's publication in late 1975.

287. **Land reform.** July 1974. 40 p., 2 annexes. Mimeo. (World Bank Paper)

Examines the characteristics of land reform, attempts to determine its implications for the economies of developing countries, and reviews the major policy options open to the Bank as it seeks to define its position in this field.

286. **Agricultural credit.** August 1974. v, 57 p., 14 annex tables. Mimeo. (World Bank Paper)

Outlines agricultural credit practices and problems, programs and policies. Discusses the dimension of inherent problems in developing countries and their implications for Bank operations, with special emphasis on the small farmer.

283. **Appraisal of irrigation projects and related policies and investments.** Roger D. Norton; Luz María Bassoco and José S. Silos, Ministry of the Presidency, Mexico. August 1974. 25 p., references. Mimeo. (WP184)

Synthesizes evaluation aspects of a research project in agricultural planning sponsored jointly by the Mexican Government and the Bank. Considers types of interdependence affecting the evaluation of two irrigation investment projects in Mexico and demonstrates the usefulness of parametric linear programming as a tool for capturing this interdependence and for reflecting alternative goals in project evaluation.

262. **Preparing a program for agriculture.** Albert Waterston. 1973. vi, 54 p. Mimeo. (EDI Sem. 5)

Presents a preliminary program based on the assumption that the key to overall economic development lies in the interaction be-

tween the agricultural and industrial sectors, and that agricultural programs must be undertaken as an integral part of comprehensive national planning.

261. **Bibliography for programming for agriculture.** Kanella C. Vasiliades, Cecille Shannon. 1973. iii, 43 p. Mimeo. (EDI Sem. 6)

Prepared in connection with EDI Sem. 5 (I — 262). A useful reference for those concerned with agricultural programming.

23. **Evaluation of agricultural projects: a study of some economic and financial aspects.** Herman G. van der Tak. May 1964. ii, 30 p., appendix. Mimeo. (EC128)

Deals with conceptual problems and methods for quantifying agricultural project appraisal.

22. **Economic aspects of water utilization in irrigation projects.** Herman G. van der Tak, Jochen K. Schmedtje. January 1965. iii, 72 p., annex. Mimeo. (EC132)

Discusses major alternatives in design, utilization and modes of operation of irrigation projects with practical examples (based on Indian data) of means for arriving at an optimum cost-benefit ratio. (Companion paper to I — 23.)

21. **Program Windex for the systematic calculation of a weather index to be used in agricultural production analysis.** Bernard Oury. August 1967. 48 p. Mimeo. (WP3)

An outgrowth of work in the Bank and at universities of Wisconsin and Uppsala on possibilities of deriving agricultural models for developing countries.

15. **Estimation of long-run changes in domestic demand for food in less developed countries.** Bernard Oury. January 1969. 82 p. Mimeo. (WP33)

Methodology of estimating and projecting income elasticities of food demand; FAO agricultural commodity projections for 1975 and 1985; and review of U.S. Department of Agriculture demand forecast for 13 developing countries.

14. **Performance evaluation of eight ongoing irrigation projects.** Adrianus J.H. Otten, Shlomo Reutlinger. March 1969. 15 p., 9 annexes. Mimeo. (WP40)

Desk study of discrepancies between anticipated and realized construction costs and schedules, and their impact on originally expected rates of return, with detailed analyses of projects in India, Mexico, Pakistan, Taiwan, Turkey.

12. **Problems of food processing industries in developing countries.** Helen Hughes. May 1969. 49 p., statistical annex. Mimeo. (EC169)

Analyzes the industry's difficulties in Asian, African and Latin American countries, and conditions which adversely affect export earnings and the availability, cost and nutritional quality of local food supplies.

9. **Evaluation of benefits from season-to-season grain storage programs.** Shlomo Reutlinger, Norman Wilde.* February 1970. iii, 41 p., annex. Mimeo. (WP66)

Progress report on a study of planning and evaluation techniques for grain storage programs in developing countries. Presents a nonlinear programming model as an aid to solving storage investment problems. (*See* III — 57.)

8. **Agricultural employment in less developed countries: general situation, research approaches, and policy palliatives.** Walter P. Falcon.* April 1971. ii, 38 p., bibliography. Mimeo. (WP113)

Discussion of the problem in light of the demographic explosion with emphasis on the fact that growth of GNP in most recent development plans has been insufficient to absorb the burgeoning labor force. (*See* I — 7.)

7. **Agricultural development in relation to the employment problem.** Shlomo Reutlinger, et al. May 1971. iii, 34 p., references, 3 appendices, bibliography. Mimeo. (WP112)

Discussion of the rural employment problem and its inherent policy issues, and of the benefits and difficulties arising from the "green revolution." (*See* I — 8.)

6. **An economic evaluation of irrigation rehabilitation projects in Mexico.** Richard C. Manning. September 1971. iii, 47 p., 10 statistical annexes. Mimeo. (EC180)

Reevaluation of appraisal techniques, assessment of projects' benefits, and suggestions for improvements in procedures.

4. **An agricultural model from the Ivory Coast programming study.** R. Vaurs, Louis M. Goreux, Apostolos Condos. March 1972. 59 p., 3 annexes. Mimeo. (WP125)

Preliminary findings of part of a country programming study to be published at a later date. Attempt to relate investment decisions at the project level to national development objectives.

3. **Selected bibliography on agricultural project evaluation.** Orlando T. Espadas. August 1972. 20 p., appendix. Mimeo. (EDI Sem. 1)

A guide to participants in agricultural projects courses of the Bank's Economic Development Institute, with an appendix listing important references on PERT/CPM and Project Management.

(*See also:* II — 33, 36; III — 259; V — 75; VIII — 91; XXII — 260; XXIV — 198S, 337S.)

II. ANALYTICAL METHODS

305. **Size distribution of income: compilation of data.** Shail Jain. November 1974. 8 p., 9 tables. Mimeo. (WP190)

> Data on 79 developed and developing countries, giving over 350 estimates of size distributions on a comparable basis of income shares accruing to 20 subgroups of the population ranging from the poorest 5% to the richest 5%. Familiar inequality indices, such as the Gini Coefficient, the Kuznet's Index and the Entropy Measure are also provided for each estimate.

304 **Statistical indicators of industrial development — a critique of the basic data.** Vinod Prakash. September 1974. iii, 28 p., 48 tables, 7 statements, bibliography. Mimeo. (WP189)

> A critical evaluation and compilation of some basic data needed for constructing statistical indicators of industrial development for about 100 countries. Discusses the quality and limitations of data as a basis for future econometric analysis and compares absolute levels and growth rates of manufacturing value added, manufactured exports and imports, and merchandise exports assembled from various sources.

299. **Competitive demand structures under risk in agricultural linear programming models.** P.B.R. Hazell, P.L. Scandizzo. Reprinted from the *American Journal of Agricultural Economics*, Vol. 56, May 1974. 10 p. Print. (Reprint 13)

> Presents a method for solving agricultural sector models under risk to obtain perfectly competitive levels of outputs and prices in all product markets.

279 **A quantitative agricultural planning methodology.** Roger D. Norton; Luz María Bassoco, Ministry of the Presidency, Mexico. May 1974. 49 p., references. Mimeo. (WP180)

> Presented to the Sixth International Conference on Input-Output Techniques, Vienna, April 1974. Describes the operational version of a model used recently to formulate the agricultural portion of Mexico's new national economic guidelines and presents a rather complete set of applied results with interpretations.

276. **An economic model for Argentina.** Syamaprasad Gupta, Ramanbhai D. Bhakta. April 1974. 36 p., 3 statistical appendices, bibliography. Mimeo. (WP177)

> Formulated during a 1973 economic mission, attempts to diagnose correctly the reasons for the country's crucial economic problems, provide medium-term projections and develop corrective programs.

268. **Sterility of equilibrium economics: an aspect of sociology of science.** Vinayak V. Bhatt. February 1974. v, 34 p. Mimeo. (EDI Sem. 9)

> Studies the lack of interaction between economic theory and fact-finding which leads to sterility of current economic science.

245. **A guide to the guidelines: the UNIDO method of economic project evaluation.** John R. Hansen. November 1973. ii, 49 p., 4 annexes. Mimeo. (WP166)

> Condenses into an operational handbook the UNIDO guidelines. Uses an Integrated Documentation System applicable to all methods of economic project evaluation, focusing increasingly on projects' social benefit.

240. **Kenya: a macro-model for projections and policy analysis.** Ramgopal Agarwala, Ramanbhai D. Bhakta. September 1973. 44 p., appendix, statistical annex, charts. Mimeo. (WP161)

> Describes an econometric projection model used for a 1973 Economic Report for Kenya. Basically of the gap analysis type, the model was redesigned to incorporate specific problems likely to be of importance elsewhere and may serve as a prototype for other developing countries.

220. **A handbook of expected values of structural characteristics.** Nicholas G. Carter. June 1973. 77 p. Mimeo. (WP154)

> The tables present expected values of macroeconomic variables and other structural characteristics derived, by regression analyses, from 20 years of data (1950-70) on 101 countries with more than one million population.

76. **A macro-economic model of Jamaica, 1959-1966.** Nicholas G. Carter. February 1970. 28 p., 3 annexes. Mimeo. (WP65)

> Description of the country's economy in 33 equations.

38. **Secondary effects and project appraisal.** Marcel Massé. January 1970. 30 p. Mimeo. (WP58)

> Definition and classification of secondary effects and discussion of their importance in project appraisal.

37. **Macroeconomic projections — a survey of some issues and models.** Apostolos Condos. January 1970. 44 p., 3 appendices, references. Mimeo.

> General observations on the use of projection models, concepts and issues in gap analysis, and presentation of a contrasting neoclassical growth policy model, illustrated by empirical results for Colombia, planning and models for India, and models for Pakistan.

36. **Agricultural production and supply response research: a review for project planners in developing countries.** James A. Seagraves.* January 1970. 54 p., references. Mimeo. (WP57)

> Review of estimation techniques to facilitate the selection of satisfactory research methods.

34. **The optimal set of independent variables in multiple regression analysis.** Efren Ramiscal. June 1970. 12 p., appendices, references. Mimeo. (WP81)

Proposal for an algorithm using a new enumeration procedure and a few cut-off rules to shorten the search for the best set of independent variables.

33. **Skilled manpower demand projections for irrigation projects in Northwest Mexico.** I. Haissman.* June 1970. iv, 96 p. Mimeo. (WP83)

A simple method for calculating the occupations, kinds of activities and skills required, as functions of the irrigated area, crop type, land tenure system, etc., and for designing relevant worker training programs.

32. **Simulating the dynamics of economic development.** Edward P. Holland. October 1970. iii, 35 p. Mimeo. (WP90)

Originally presented at the Scientific Computation Center of Cairo University, Egypt. The discussion has been amplified by empirical observations and extended by a section on simulation in the Bank's work.

29. **Project appraisal in developing countries.** Bela Balassa.* October 1971. 22 p. Mimeo. (WP119)

Examination of criteria for project appraisal under alternative policy assumptions with a view to their practical application.

27. **On estimating income distribution weights for project analysis.** Deepak Lal.* March 1972. 18 p., appendix. Mimeo. (WP130)

Method for deriving distributive weights based on a constant elasticity social utility function, taking into account the three dimensions of income distribution, with illustrative estimates for India.

26. **Adjustments for trade distortions in project analysis.** Deepak Lal.* March 1972. 32 p., references, 2 appendices. Mimeo. (WP128)

Explanation of the nature of adjustments required and of their practical usefulness.

25. **Aggregate production function, causes of growth, and measures of dynamic efficiency.** S.K. Singh. January 1973. 53 p., annex. Mimeo. (WP138)

Examines the intercountry variation in GDP growth rates in terms of variations in the supply of factor inputs and the efficiency of factor use. Suggests that these may be explained in terms of increments of factor inputs and appropriate pricing policies.

24. **On the social rate of discount and price of capital in cost-benefit analysis.** Charles R. Blitzer. February 1973. 35 p., references. Mimeo. (WP144)

A critical survey of several specific aspects of public investment planning. Reviewing questions relating to the rate of time discount for use in evaluating the social profitability of an investment project and the underlying social welfare implications of cost-benefit analysis.

(*See also* I — 2S, 6, 9, 15, 21, 22, 23; III — 57; XI — 114; XII — 318; XVII — 144, 146; XXII — 177, 178, 180, 189S, 190, 266.)

III. COMMODITIES

306. **Possible effects of trade liberalization on trade in primary commodities.** Wouter Tims. January 1975. 10 p., 2 annexes, 31 tables, appendix. Mimeo. (WP193)

An analysis of the effects of trade liberalization by developed countries, relating to the total expansion of the primary product trade for the developing countries. Suggests that the removal of tariff and nontariff barriers would offer an opportunity for significantly improving developing countries' export earnings.

298. **Developing countries and non-fuel minerals.** Bension Varon, Kenji Takeuchi. Reprinted from *Foreign Affairs,* Vol. 52, April 1974. 14 p. Print. (Reprint 12)

Investigates to what extent a transformation similar to that in the world oil market may be in prospect for nine major non-fuel minerals.

294. **Commodity trade and price trends (1974 edition).** Shamsher Singh and staff. August 1974. xviii, 101 p. Mimeo. Trilingual English-French-Spanish. (EC166/74)

Factual historical information on the export trade of developing countries, and 58 market price quotations for 39 commodities, with additional trade matrices for the period 1970-72, and an enlarged price section to include petroleum, fertilizers and steel. Exports of primary commodities and manufactures for 1960, 1970 and 1972 are shown by region to facilitate a comparison of trade and industrial development in different developing areas.

259. **Jute and the synthetics.** Enzo R. Grilli, Ralph H. Morrison.* January 1974. ix, 38 p., appendix, 5 annexes. Mimeo. (WP171)

Examines the cost structures of jute and synthetic products in an attempt to forecast developments in the context of cost-push pressures in the synthetics industry as a consequence of recent changes in the field of petrochemical feedstocks. Contains a detailed analysis of consumption and price trends in all the major end-markets of jute as a basis for jute demand projections by major geographical area and end-uses.

234. **The international market for iron ore: review and outlook.** Bension Varon, Jacques Nusbaumer, et al. August 1973. ii, 25 p., charts, statistical annex. Mimeo. (WP160)

As a result of the continued needs of the world steel industry, the demand for iron ore is expected to remain strong, but there appears to be no need to make major additions to existing capacity.

66. **International Coffee Agreement, 1968 — background and analysis.** Shamsher Singh. August 1968. 32 p., 2 annexes, statistical appendix. French. (EC165)

58. **Review of the world tea economy.** Dieter Elz. April 1970. xi, 84 p., 2 annexes. Mimeo. (EC174)

Past and recent developments in international tea, projections and their implication for tea prices in 1975 and 1980, with detailed analyses of producing and consuming countries. (*See* III — 54.)

57. **A simulation model for evaluating buffer stock programs.** Shlomo Reutlinger. June 1970. 10 p. Mimeo.

Presented at the Second World Congress of the Econometric Society, Cambridge, England, September 1970. An aid in planning facilities for year-to-year grain storage to counteract unpredictable annual fluctuations in supplies. (*See* I — 9.)

54. **Report on the world tea economy.** Dieter Elz. June 1971. viii, 57 p., annex. Mimeo. (EC178)

Study of the production process, consumption, exports by country, with suggestions for a strategy for future investments in expanded or improved tea production, taking into account the Bank's past and planned involvement in tea. (*See* III — 58.)

53. **Review of the world nickel situation.** Bension Varon. July 1971. 21 p., statistical annex. Mimeo. (WP108)

Background information and long-term outlook after 1975 in view of the setbacks in the aftermath of the 1969 labor strike in Canadian mines, with resultant price increases and massive exploration and investment programs.

52. **Efficiency in resource allocation: the case of natural rubber.** Irfan ul Haque. July 1971. vii, 48 p., statistical annex. Mimeo. (EC179)

Trends in supply, demand, prices, in the light of competition from the synthetic product, identifying factors influencing profitability, and examining expansion plans and potential of alternative crops.

51. **An analysis of the effects of possible CIPEC actions on the copper export earnings of member countries.** Kenji Takeuchi. July 1971. 26 p., statistical annex. Mimeo. (WP109)

Consideration of various measures for improvement of earnings in the light of changing supply and demand conditions.

50. **Coke and coking coal availabilities: a potential problem or not?** Bension Varon. January 1972. 28 p., statistical appendix. Mimeo. (WP124)

Survey of evolutionary trends, concluding that coking coal availabilities do not pose serious long-term problems.

49. **The nickel outlook reassessed.** Bension Varon. August 1972. 17 p., statistical annex. Mimeo. (WP135)

The study concludes that developing countries can steadily expand their share of the world market through the 1980s, if adequate financial and technical assistance is available.

47. **Analysis of natural rubber market.** Irfan ul Haque. August 1972. 14 p., statistical annex. Mimeo. (WP133)

Explanation of behavior of natural rubber prices, 1950-70, and revised market forecast toward 1980.

(*See also:* I — 331S.)

V. DEVELOPMENT (GENERAL)

307. **The social sciences and development.** February 1974. viii, 238 p. Mimeo.

Papers presented at a conference in Bellagio, Italy, February 12-16, 1974, on the financing of social science research for development. Sponsored by the Ford Foundation, International Development Research Center, Rockefeller Foundation, USAID, and the World Bank.

75. **Climate and economic development.** Andrew M. Kamarck. June 1972, revised June 1973. vii, 38 p., 6 annexes, bibliography, maps. Mimeo. (EDI Sem. 2)

Summarizes evidence that economic development in poor countries has been hampered by the impact of climate on agriculture and man through pests and diseases. Urges high priority for research to enhance beneficial effects of tropical climate and mitigate its disadvantages.

(*See also:* II — 25, 32; X — 102S; XXI — 244.)

VI. ECONOMIC AND SOCIAL DATA

308. **World Bank atlas.** Ninth edition. 1974. 22 p. Print.

Estimates of population (mid-1972), GNP at market prices and per capita (1972), and average annual growth rates (1960-72 and 1965-72) for 189 countries and by continent, as well as population and GNP by income group and proportionally by major regions. Incorporates a further refinement of data compared to previous editions. A detailed Note explains the methodology used in currency conversions for preparing estimates for centrally planned economies. Introduction in English, French, Spanish.

VII. EDUCATION

313. **The determinants of school achievement in developing countries: the educational production function.** Leigh Alexander, John Simmons. March 1975. ii, 56 p., statistical annex, appendix, bibliography. Mimeo. (WP201)

> Examines the nature and use of the education production function, reviews studies completed for developing countries and synthesizes their findings to identify guidelines for policy makers.

312. **How effective is schooling in promoting learning? A review of the research.** John Simmons. March 1975. 66 p., bibliography, statistical annex. Mimeo. (WP200)

> Reviews the methods and findings from five different approaches to the question of school achievement, summarizes international comparisons of cognitive achievement and discusses policy implications.

311. **Investment in education; national strategy options for developing countries.** John Simmons, et al. February 1975. iii, 197 p., statistical annex, bibliography. Mimeo. (WP196)

> Reviews the main feature of educational systems in developing countries and the investment issues. Proposes options for national educational strategies.

310. **Education, poverty and development.** John Simmons. February 1975. ii, 53 p., 10 annex tables, bibliography. Mimeo. (WP188)

> Reviews educational systems in developing countries, outlines major issues for improving their effectiveness, efficiency and social equity, and discusses options for national strategies, considering the potential contribution of investment in all human capital inputs.

309. **Education.** December 1974. 61 p., 10 annex tables. Print. (Sector Working Paper)

> Describes worldwide trends in educational development during the period 1950-70, and summarizes the state of education throughout the world at the beginning of the 1970s. Examines the particular problems confronting developing countries and focuses on the Bank's educational lending policies and programs for the period 1974-78.

281. **Student loans in developing countries: an evaluation of the Colombian performance.** Jean-Pierre Jallade. June 1974. 41 p., 26 tables, annex. Mimeo. (WP182)

> Based on a sampling of 4,000 loan applications during the period 1969-71, attempts to evaluate whether student loan schemes alter the distribution of educational opportunities, contribute to a supply of trained manpower better adapted to the demands of the economy, and effect changes in the distribution of educational costs.

272. **The determinants of earnings: towards an improved model.** John Simmon March 1974. 14 p., footnotes, appendix table, bibliography. Mimeo. (WP173)

> Examines the relationships between formal and informal education, personality attributes, background factors, and earnings of blue-collar workers in developing countries. Using survey data from the Tunisian shoe industry, shows the importance of work experience and behavioral characteristics, and discusses policy implications.

248. **Cost effectiveness of alternative learning technologies in industrial training — a study of in-plant training and vocational schools.** Manuel Zymelman,* with Morris Horowitz,* Ernie Herrnstadt,* Alan Woodruff.* December 1973. 95 p., chart, 4 appendices, including bibliography. Mimeo. (WP169)

> Develops a methodology for the evaluation of vocational training schemes. Includes an extensive review of pertinent literature.

223. **The financing of education: an examination of basic issues.** Jean-Pierre Jallade. July 1973. 36 p., bibliography. Mimeo. (WP157)

> Discusses the recent shift of attitudes toward education spending and the nature of education as a semipublic good. Suggests a mix of private and public finance, examines the effects on income distribution, and considers alternative methods of financing.

87. **Some aspects of public education expenditure in Africa.** Ved P. Gandhi. February 1971. 31 p. Mimeo. (WP100)

> Analysis of rising trends in African education expenditures, establishing the dominant role of expatriate teachers and urging the expansion of teacher training facilities.

86. **The economic effects of various methods of education finance.** Daniel C. Rogers.* May 1971. 44 p., 2 appendices, bibliography. Mimeo. (WP106)

> Analysis of the main methods of educational finance and their economic effects in less developed countries, against the background of such objectives as resource mobilization, equality, internal and external efficiency of education, etc., with suggestions for research and possible change.

(*See also:* XXIV — 198S, 337S.)

VIII. EMPLOYMENT AND INCOME

315. **The theory of urban underemployment in less developed countries.** Dipak Mazumdar. February 1975. 34 p., references, appendix. Mimeo. (WP198)

> Investigates the working of a model of an urban labor market in developing countries with two subsectors, entry into one of which is "easy" for a migrant from the rural areas. The analysis provides a classification of labor market types which may be of help in organizing empirical information from different parts of the world.

314. **The rural-urban wage gap, migration and the shadow wage.** Dipak Mazumdar. February 1975. 34 p. Mimeo. (WP197)

Investigates the theoretical issue of an appropriate expression for the "shadow wage," when the creation of an additional job in the urban sector with artificially elevated wages induces additional migration from the rural areas.

277. **Potential distributive effects of nationalization policies—the economic aspects.** Jorge Cauas, Marcelo Selowsky. April 1974. 39., appendix. Mimeo. (WP178)

Explores arguments for nationalization as a means of redistributing income by attempting to organize a framework for identifying the main parameters which determine the magnitude of net transfers. Revised version of an earlier paper prepared for the Research Workshop on Income Distribution in less developed countries, Princeton University, November 1973.

249. **Employment implications of industrialization in developing countries: a survey.** David Morawetz.* January 1974. ii, 53 p., statistical annex, footnotes, extensive references. Mimeo. (WP170)

Surveys the post-1966 literature on the subject, discusses policies to increase employment, presents suggestions for future research.

214. **The employment problem and World Bank activities.** D.J. Turnham, E.K. Hawkins. March 1973. 30 p., statistical annex, 2 appendices. Mimeo. French. (WP148)

Outlines the changing approach to employment and development in recent international discussions. Draws attention to policies which can generate more acceptable living standards for the poor, and to the need for a better understanding of the complex interrelationships involved.

94. **Quantitative analysis of employment in developing countries — an annotated list of selected books and articles.** Steven W. Kohlhagen.* August 1970. iii, 85 p. Mimeo. (WP85)

Bibliography of 299 publications, with alphabetical index by subject, geographical area and method of analysis.

93. **Employment and income distribution in developing countries.** Gustav Ranis.* September 1971. 27 p. Mimeo. (WP115)

Discussion of main issues confronting the Bank in taking more explicit account of problems of employment and income distribution in developing countries.

92. **An anatomy of income distribution patterns in developing nations — a summary of findings.** Irma Adelman, Cynthia Taft Morris. September 1971. 22 p., appendix. Mimeo. (WP116)

Empirical investigation, based on recent data, of various facets of income distribution and their relationship to economic and non-

economic forces in 44 countries at different levels of development.

91. **An international comparison of low income in the agricultural sector in selected less developed countries.** Dipak Mazumdar. October 1971. 12 p., 2 appendices. Mimeo. (WP118)

A method of international comparison of income at particular points or ranges in income distribution permitting countries to be ranked, for example, according to the income position of the poorest groups.

90. **Employment, income distribution and a poverty redressal index.** Deepak Lal.* March 1972. 13 p., references. Mimeo. (WP129)

Aspects of the employment and income distribution effects of investment projects, developing a simple index for measuring the most important distribution features of projects.

89. **The scope for labor-capital substitution in the developing economies of Southeast and East Asia: a sectoral approach.** Helen Hughes. January 1973. iii, 33 p., bibliography. Mimeo. (WP140)

Presented at a Conference on Technology, Employment and Development under auspices of the Council for Asian Manpower Studies (CAMS), Penang, Malaysia, January 1973. Discusses the experience of and opportunities for the choice of labor-intensive techniques in the light of current hypotheses about labor-capital substitution, focusing on their implication for a new research orientation.

(*See also:* I — 7, 8; II — 305; VII — 272; XXII — 266.)

IX. ENVIRONMENT

336. **Environment and development.** May 1975. 28 p. Print. French, Spanish.

Discusses the relationship between economic development and associated environmental and health problems, and includes an accounting of the Bank Group's experience to date.

288. **Environmental, health, and human ecologic considerations in economic development projects.** May 1974. ix, 142 p. Print. French, Spanish.

Improved detailed guidelines to be taken into account in the planning and appraisal of agriculture, industry, transportation, utilities, and public health projects; comparison of international standards; extensive resource and institutional references.

X. EXTERNAL DEBT

295. **World debt tables.** December 15, 1974. xviii, 309 p., annex. Mimeo. (EC167/74)

A ready source of reference data on the debt of developing countries. Includes a new introductory section analyzing developments

between 1967 ann 1972, and some changes in coverage and presentation to make data more in line with the Bank's present approach to debt analysis. Countries are grouped in six geographical areas, but some tables are also classified by levels of per capita income, with petroleum exporters as a separate group.

101. **Prospects of debt servicing burden of developing countries in the 1970s.** Barend A. de Vries, James McGibbon. January 1969. 11 p. Mimeo.

Prepared for UN Working Group of Committee for Development Planning. Surveys future prospects in light of general trends in factors affecting debt servicing potential for different categories of countries.

100. **Multilateral debt renegotiations: 1956-1968.** Patrick B. de Fontenay. April 1969. 40 p. Mimeo. (EC170)

Common characteristics and official positions with respect to debt rearrangements, with emphasis on the Bank's role.

99. **The debt bearing capacity of developing countries — a comparative analysis.** Barend A. de Vries. Published in Banca Nazionale del Lavoro *Quarterly Review* No. 96, Rome, March 1971. 30 p., annex.

Attempt to determine the extent of the debt problem, and consideration of economic factors governing the ability to service loans or the flexibility of balance of payments management.

XI. FINANCE (DOMESTIC)

316. **Index-linking of financial contracts: a survey of the state of the arts.** Kul B. Bhatia.* November 1974. iv, 45 p., appendix, references. Mimeo. (WP192)

Reviews the professional literature on theory and practice of index linking of financial contracts with special emphasis on developing countries, and focuses on its efficacy in an inflationary context.

301. **Some aspects of financial policies and central banking in developing countries.** Vinayak V. Bhatt. August 1974. v, 49 p. Mimeo. (EDI Sem. 11)

Studies the importance of a sound and well-integrated financial system to any development strategy, and the dual role of central banks in promoting and regulating this sytem.

282. **Fiscal/financial intervention, factor prices and factor proportions: a review of issues.** Shandar N. Acharya. August 1974. iv, 63 p., references. Mimeo. (WP183)

Investigates which features of the fiscal/financial systems contribute to or alleviate factor market distortions and what is the scope for corrective measures. Evaluates existing professional literature and suggests lines for further research.

114. **On estimating the economic cost of capital (with special reference to developing countries).** Jochen K. Schmedtje. October 1965. ii, 28 p. Mimeo. (EC138)

Discusses possible methods, conceptual and practical problems.

111. **Interest rates and the structure of a commercial banking system under inflationary conditions — a case study of Brazil.** Leif E. Christoffersen. October 1968. 26 p., annex. Mimeo. (WP26)

Analysis, 1951-66, of inflation effects and interest rate patterns upon banking costs, and their implication for financial market development and stabilization policies.

109. **Taxation and earmarking in developing countries.** Per Eklund. April 1969, revised July 1970. iv, 79 p., 2 annexes, bibliography. Mimeo. (WP43)

Theoretical analysis and empirical studies of earmarking government revenues, focusing on the relationship between earmarking and certain crucial problems of public expenditure determination (an extension of XXII — 191, the findings of which are incorporated in this analysis).

105. **The "Please effect" revisited.** Stanley Please. July 1970. 11 p. Mimeo. (WP82)

Review of research on and reactions to Please's earlier paper entitled, *Savings through taxation — mirage or reality?*

104. **The determinants of aggregate savings.** S.K. Singh. March 1972. 38 p., 2 appendices, bibliography. Mimeo. (WP127)

Cross-section analysis of 70 countries with special emphasis on the impact of policy variables to identify viable means for accelerating gross investment.

(*See also:* I — 286; II — 24; VII — 86, 87; XXII — 191.)

XII. FINANCE (INTERNATIONAL)

342. **Borrowing in international capital markets — first quarter 1975.** May 1975. i, 59 p. Mimeo. (EC-181/751)

Beginning with the third quarter 1974, there will be four quarterly issues to be supplemented by annual reports. The first annual report will incorporate information about 1973 and 1974, and include lists of bonds and credits for both years as well as explanatory, analytical and bibliographical material.

Part I: Foreign and International Bond Issues. Part 2: Publicized Eurocurrency credits. Includes comparisons with earlier periods to give perspective to current information. Data are revised on a continuing basis and may differ from those published previously. Incorporates an explanatory note on sources and definitions.

319. **Borrowing in international capital markets — fourth quarter 1974.** February 1975. i, 49 p. Mimeo. (EC-181/744)

318. **Borrowing in international capital markets — third quarter 1974.** November 1974. i, 41 p. Mimeo. (EC-181/743)

317. **Estimating the shadow price for foreign exchange in project appraisal.** Bela Balassa.* Reprinted from *Oxford Economic Papers* 26, July 1974. 21 p., references. Print. (Reprint 15)

> The problem with respect to developing countries is treated under alternative methods: the domestic price, the world market price and the domestic cost of foreign exchange.

215. **Private foreign direct investment in developing countries.** April 1973. 12 p., statistical annex, bibliography. Mimeo. (WP149)

> Identifies structural changes during the postwar period with policy suggestions for maximizing benefits and minimizing costs for both investor and host country. Presents flow and stock data, 1960-71, by investor, host country, sector, and type of asset.

119. **Economic growth, trade and the balance of payments in the developing countries 1960-1965.** Bela Balassa.* March 1968. ii, 70 p., statistical appendix. Mimeo. (EC159)

> Reviews economic growth performance and foreign exchange availabilities with details of export experience; analyzes official and private capital flows.

(*See also:* X — 102S, 295.)

XIII. INDUSTRIALIZATION

320. **Financing the development of small-scale industries.** David Kochav, et al. November 1974. v, 41 p. Mimeo. (WP191)

> A collaborative effort of the World Bank and the Swedish International Development Authority (SIDA). Summarizes the common financial, and related technical and managerial, problems of smaller manufacturing enterprises and the solutions that may be considered by international development agencies wanting to assist in their growth. Based on visits to eight developing countries and drawing on experience of other developing countries as well as of developed nations.

280. **International sub-contracting.** Michael Sharpston. May 1974. ii, 47 p., appendix, bibliography. Mimeo. (WP181)

> Argues that international sub-contracting could have limited usefulness in industrializing developing countries as a source of training, industrial employment and foreign exchange, and could be considered as an alternative to international labor migration.

275 **The theory of capital utilization and idleness.** Gordon Winston.* April 1974. ii, 32 p., footnotes, references. Mimeo. (WP176)

> Surveys recent literature, relating the amount of time-fixed capital to economic variables, and explains the relationship between utilization, capital productivity, employment, and capital/labor substitution. Suggests policy measures likely to increase the use of fixed capital and complement investment policies in developing countries.

213. **Industrialization and manufacturers' inventories in India.** Vinod Prakash. March 1973. ii, 20 p., appendix, references. Mimeo. (WP147)

> Examines the influence of structural changes in India's large-scale manufacturing sector, based on data for the period 1946-63, classified according to durability and end-use of products, origin of supply of purchased materials, and manufacturing process.

123. **Southeast Asia's economy in the 1970s — the manufacturing industry sector.** Helen Hughes. May 1970. 81 p., 4 appendices. Mimeo. (WP78)

> Review of principal policies and effects of industrialization.

121. **The development of African private enterprise.** John C. de Wilde. December 1971. v.1 — iv, 79 p.; v.2 — vii, 198 p. Mimeo. French. (AW31)

> Analysis of the status of and constraints on African-owned private business in 19 countries south of the Sahara with recommendations for technical and financial assistance. Volume I is the main report. Volume II includes annexes on 17 of the 19 countries visited.

(*See also:* II — 304; VIII — 89, 249; XXI — 151, 153, 158, 257S, 271.)

XIV. INDUSTRY

247. **A framework for the promotion of construction industries in the developing countries.** John C. de Wilde & Associates.* November 1973. x, 106 p., annex. Mimeo. (WP168)

> Explores ways in which the Bank can assist the development of domestic contracting industries. Prepared on the basis of visits to Korea, Iran, Ethiopia, and Kenya.

(*See also:* III — 53; XI — 110S, 116S; XXI — 155, 156; XXIV — 198S.)

XV. PLANNING

237. **List of national development plans.** Fourth edition. September 1973. ix, 164 p. Mimeo.

> Latest edition of index of all known national development plans, covering approximately 1,750 titles, arranged alphabetically by country and chronologically by title.

XVI. POPULATION AND PUBLIC HEALTH

340. **Undernutrition and poverty — magnitude and target group oriented policies.** Shlomo Reutlinger, Marcelo Selowsky. April 1975. 80 p., 2 annexes, statistical appendix. Mimeo. (WP202)

An assessment of the nature and magnitude of several aspects of malnutrition in developing countries, and a theoretical analysis of the cost-effectiveness of some policy instruments to reduce malnutrition.

321. **Health.** March 1975. 63 p., 13 annexes. Print. (Sector Policy Paper)

First World Bank study specifically addressed to health issues. Assesses the health situation in developing countries; examines the impact of poverty on ill-health, and of ill-health on economic development; analyzes trends in health policy offering suggestions for reform; outlines policy alternatives for the Bank.

273. **Population, environment, and natural resources: a critical review of recent models.** Nicholas G. Carter. April 1974. 29 p., references. Mimeo. (WP174)

Presented to the Stockholm Seminar on Population, Resources, and the Environment, September 1973. Calling attention to the global problems arising from population growth, focuses on the interactions of the three elements, as they apply to developing countries.

246. **Family planning and fertility trends in Jamaica.** K.C. Zachariah. November 1973. 21 p., statistical annex. Mimeo. (WP167)

Attempts to evaluate the role of the official family planning program in the fertility decline of the latter half of the 1960s and examines factors associated with it.

242. **Fertility, mortality and population growth: interrelation and policy implications.** K.C. Zachariah, with G. Zafros. September 1973. 12 p. Mimeo. (WP163)

Examines long-term implications, demonstrating that maternal and child-health oriented family planning with a view to reducing the infant mortality rate would be beneficial not only for improving the quality of life but also for achieving a smaller population in developing countries.

225. **Microeconomic theories of fertility.** Robert Repetto. July 1973. 29 p. Mimeo. (WP159)

Simple economic models of household behavior to clarify the normative and predictive implications of fertility theories, indicating some directions for further work on the investigation of the adjustment of actual to desired family size.

219. **A conceptual framework for the planning of medicine in developing countries.** Peter Newman,* The Johns Hopkins University. May 1973. i, 23 p., technical appendix, references. Mimeo. (WP153)

Considers the role of health in the light of resource allocation problems for the economy and society as a whole.

137. **Son-preference and fertility behavior.** Robert Repetto.* April 1971. 31 p., references. Mimeo. (WP103)

A critical examination of the assertion that fertility behavior is influenced by the desire to have sons to support parents in old age, negating attempts at population control.

(*See also:* IX — 288; XXII — 218; XXIV — 198S, 337S.)

XVII. PUBLIC UTILITIES

263. **Water supply case studies and work exercises.** Edited by Frank H. Lamson-Scribner and Nicholas R. Burnett. 1973. v.1 — xii, 357 p.; v.2 — 300 p.; charts, graphs, maps. Mimeo. (EDI Sem. 8)

Thirteen case studies, based on World Bank projects, and 20 work exercises developed for courses at EDI, designed for teaching planning and management of water supply and wastewater disposal projects and systems, and the financial and economic analysis of projects.

146. **Ex-post evaluation of electricity demand forecasts.** Dennis Anderson. June 1970. 44 p., references, 4 appendices. Mimeo. (WP79)

Evaluation and review of electricity demand forecasts employed in connection with 140 past loans for electric power projects in more than 40 countries, with suggestions for improving accuracy.

144. **Optimum development of the electric power sector in Turkey — a case study in linear programming.** Dennis Anderson, Orhan Tarkan.* February-March 1972. iv, 66 p. Mimeo. (WP126)

A case study using linear programming to evaluate various alternative investment programs over a period of 35 years.

(*See also:* I — 16S; XXIV — 198S.)

XVIII. REGIONAL INTEGRATION

323. **Economic integration among developing countries.** Bela Balassa,* Everardus Stoutjesdijk. September 1974. 32 p., appendix. Mimeo. (WP186)

Examines issues relating to economic integration in developing countries, analyzing costs and benefits of regional integration through trade liberalization and through the project approach. Extensive appendix describing characteristics of various schemes.

322. **Types of economic integration.** Bela Balassa.* September 1974. 15 p., notes, bibliography. Mimeo. (WP185)

Evaluates the results of integration schemes in developed market, in socialist and in developing economies, and discusses the relationship between economic integration and national sovereignty. Prepared for the 4th World Congress of Economists, organized by the International Economic Association, Budapest, Hungary, August 1974.

216. **Tariffs and trade policy in the Andean Common Market.** Bela Balassa.* April 1973. 26 p. Mimeo. (WP150)

Recommendations for a common external tariff and the use of other instruments of trade policy leading to an equitable distribution of the benefits of integration. Prepared at the request of the Junta of the Andean Group (Bolivia, Chile, Colombia, Ecuador, Peru).

148. **Regional integration and trade liberalization in Latin America.** Bela Balassa.* October 1971. 29 p. Mimeo. (WP120)

Prepared for a joint IPE-INTAL Seminar on Economic Integration in Latin America, São Paulo, May 1971. Examines problems of economic integration in the 70s, considering its prospective benefits through improved resource allocation, economies of scale and technological change, and evaluates alternative trade policies and their economic effect.

XX. TOURISM

150. **Prospects of Japanese tourism abroad.** Ernesto M. Pernia. July 1971. 11 p., statistical annex. Mimeo. (WP110)

Focus on Far Eastern countries as the principal beneficiaries of the Japanese tourist boom, due to proximity, cultural and business ties, and the continuing rise in Japanese living standards.

(*See also:* XXIV — 198S.)

XXI. TRADE

324. **Restructuring the world economy.** Hollis B. Chenery. Reprinted from *Foreign Affairs* 53, January 1975. 22 p. Print. (Reprint 16)

An attempt to provide a longer-term perspective on the present disequilibrium in the world economy and to outline adjustment processes through which equilibrium can be restored in terms of the economic and political relations among the industrialized

OECD countries, the developing oil producers of OPEC and the other developing countries.

271. **The international division of labor: the case of industry.** Hollis B. Chenery, Helen Hughes. Reprinted from *El Trimestre Económico,* Vol. XXXIX (3), No. 155, July-September 1972. 19 p., 7 tables, figure, bibliography. Print. Spanish. (Reprint 11)

Appraisal of currents of thought on the role of export in the growth of manufacturing in developing countries, and the search for new patterns of international specialization based on growing skills and capabilities.

244. **Alternative strategies for development.** Hollis B. Chenery, with Hazel Elkington. October 1973. 35 p., references, statistical annex. Mimeo. (WP165)

Revised version of a paper presented at the Conference on Economic Growth in Developing Countries, Rehovot, Israel, September 1973. Defines a development strategy from comparisons of a country's structure of production and trade to the average intercountry patterns of resource allocation, based on an analysis of 50 developing countries.

243. **Protection and development.** Helen Hughes. October 1973. i, 21 p. Mimeo. (WP164)

Presented at the Conference on Economic Growth in Developing Countries, Rehovot, Israel, September 1973. Argues that a development strategy focused on the needs of lower-income groups would stimulate an industrial structure needing relatively low protection, thus avoiding the costs associated with high protection.

224. **Preferential trade arrangements between developing and developed countries, and among developing countries.** Naimeh Hadjitarkhani. June 1973. i, 16 p., statistical annexes. Mimeo. (WP155)

Focuses on reverse preferences and preferences among developing countries on items common in international procurement for major infrastructure and heavy industry projects.

212. **Evaluation of some export projections prepared for developing countries for UNCTAD III.** E. Agulanna Anyanwu. March 1973. 25 p., statistical annex. Mimeo. (WP146)

Investigates the methodology of principal UNCTAD and FAO export projections, and comments on their scope and coverage. Projections were arrived at by extrapolating 1960s' trade trends.

163. **Development strategies in semi-industrial countries.** Bela Balassa.* December 1968, final revision June 1969. 31 p. Mimeo. (WP34)

A comparison of inward-looking and outward-looking economic policies by selected semi-industrial countries in the postwar period (Argentina and Chile, Czechoslovakia and Hungary, Denmark and Norway).

159. **Industrial protection in developing countries.** Bela Balassa.* June 1970. 49 p., annex. Mimeo. French. (EC175)

Basic concepts, evaluation of the effects of high protection during the postwar period, and guidelines for policy formulation.

158. **Effective protection: a summary appraisal.** Bela Balassa.* March 1971. 19 p., references. Mimeo. (WP101)

Prepared for the Conference on Effective Protection, Geneva, December 1970. Appraisal of effective protection and its advantages over nominal protection, and of the problems of its practical application.

156. **The economics of international trade in cotton-type textiles.** Geoffrey Shepherd. July 1971. 53 p., annexes. Mimeo. (WP111)

Examination of conditions favoring the textile industry in developing countries and of their experience in exporting cotton textiles to industrialized nations, with a discussion of policy options and the implications of technological change.

155. **Export of cotton-type textiles from developing countries to the United States.** Lucy Keough. November 1971. ii, 47 p., statistical annex. Mimeo. (WP122)

Examination of the recent evolution of cotton-type imports into the U.S. and the commercial policies affecting them.

153. **Labor resource oriented migration of Japanese industries to Taiwan, Singapore and South Korea.** Terutomo Ozawa.* August 1972. iv, 32 p., 3 statistical appendices. Mimeo. (WP134)

Appraisal of new trends in and outlook for Japanese manufacturing operations in neighboring countries as a result of the tight labor market at home and foreign competition, focusing on company motives and examining Japan's preferential tariff program for imports from developing countries.

152. **Trends in manufactured exports in Southeast Asian countries.** Udom Kerdpibule. January 1973. iii, 51 p. Mimeo. (WP139)

Analyzing trends during the 1961-69 period, discusses supply and demand prospects for broad categories in the 70s. Argues that despite continuing tariff and nontariff barriers within the area and in developed countries, considerable opportunities exist for the development of exports.

151. **Trade and industrialization policies: the political economy of the second best.** Helen Hughes. February 1973. iv, 33 p. Mimeo. (WP143)

Presented at the Fifth Pacific Trade and Development Conference, Tokyo, January 1973. Discusses principal characteristics of the international trading structure facing developing countries

and suggests trading policy alternatives given the likely continuation of tariff and nontariff barriers.

(*See also:* III — 294, 306; XII — 119; XIII — 120S; XVIII — 148.)

XXII. TRANSPORTATION

Note: Numbers 167, 168, 172, 173, 174, 176, 181, 183, 184 and 185 are parts of a continuing study of mathematical transport planning models. Several of these are intended to test and improve on a Harvard University transport research program report on Colombia.

338. **Urban transport.** May 1975. 103 p., including 7 annexes. (Sector Policy Paper).

Attempts to analyze the long-term implications of alternative urban transport strategies and investments in the context of accelerated urban growth in developing countries. Considers a five-year program for Bank involvement in projects supplementing basic transport systems directed to the improvement of mass transit and goods traffic, and to the needs of cyclists and pedestrians who cannot afford even low-cost public transport.

326. **A survey of the theories and empirical investigations of the value of travel time savings.** Nail Cengiz Yucel. February 1975. x, 54 p., bibliography. Mimeo. (WP199)

Discusses the theoretical and conceptual problems involved in the evaluation of travel time savings and provides a set of guidelines for integrating the value of travel time savings in the appraisal of transport projects.

325. **Toll financing of highways: economic and financial considerations.** Nail Cengiz Yucel. Undated. v, 31 p., bibliography. Mimeo. (WP187)

Analyzes the experience of some toll-using countries and draws conclusions on the desirability of adopting toll financing in developing countries. Also examines the economics of congestion or efficiency tolls.

300. **Regulation of buses in cities.** Gabriel J. Roth. Reprinted from *Highway Research Record* 476, 1973. 9 p. Print. (Reprint 14)

Examines the main types of regulation—control of routes, rates, timetables, and standards, considers their effects in the light of patrons' requirements, and discusses the case for subsidies.

274. **Iron deficiency anemia and the productivity of adult males in Indonesia.** Samir S. Basta, Anthony Churchill. April 1974. 11 p., references, tables, graphs. Mimeo. (WP175)

Part of the civil construction industry study, reporting on the second phase of the nutrition study in Indonesia.

266. **Study of the substitition of labor and equipment in civil construction: phase II final report.** Clell G. Harral, Leon H. Miller, I.K. Sud, R.A. Williams, Anthony Churchill, D. Jordan, A. Truneh, C. Gochenour; and K.C.W. James, J.J. Gandy, G. Little, of Scott Wilson Kirkpatrick and Partners* (London). January 1974. v.1 — viii, 85 p., bibliography; v.2 — ii, 79 p.; v.3 — ii, 37 p., 9 annexes. Mimeo. (WP172)

Continuing study based on research in several countries with labor-abundant economies, to establish the technical feasibility of alternative technologies involving different combinations of labor and equipment, and to determine the economically optimum technique in any given case by relating possible solutions to factor prices. Vol. I: Main report — overview and summary. Vol. II: Collection and analysis of productivity data (basic data and estimating equations derived). Vol. III: Field procedures for data collection (field manual).

260. **Agricultural roads.** Helmut Schuster. 1973. v, 18 p., bibliography. Mimeo. (EDI Sem. 7)

Analyzes the impact of transport on agricultural production, with particular emphasis on the evaluation of costs and benefits.

241. **Automobiles and cities — strategies for developing countries.** Wilfred Owen,* Brookings Institution. September 1973. ii, 94 p., statistical appendix. Mimeo. (WP162)

Exploratory study on the problems of the automobile and its relation to mass transportation in developing countries, to serve as a basis for discussion of further research. Prepared for the Bank and OECD (Environment Directorate).

218. **Nutrition and health of Indonesian construction workers: endurance and anemia.** Darwin Karyadi,* M.D., Director, Nutrition Research Institute, Bogor, Indonesia, and Samir Basta,* Massachusetts Institute of Technology. April 1973. 34 p., tables, bibliography, appendix. Mimeo. (WP152)

Part of the civil construction industry study, describing the methodology and results of a survey to determine whether dietary deficiencies or poor health affect worker productivity. (*See* XXII — 266.)

191. **Earmarking of taxes for highways in developing countries.** Per Eklund. June 1967. 9 p., 5 annexes. Mimeo. (WP1)

A systematic exploration of relations between earmarking for highways and their relative share in total investment. (*See* XI — 109.)

190. **A review of 62 road project appraisal reports, 1960-1966.** Jan de Weille, Hawthorne Angeles. December 1967. iii, 37 p., 2 appendices. Mimeo. (WP5)

Analysis of quantitative information in the reports as a basis for exploiting their unique data potential.

188. **The optimum number of berths of a port.** Jan de Weille, Anandarup Ray. November 1968. 22 p., 5 annexes. Mimeo. (WP29)

Methodological study of problems of port economics, showing how demand for services and waiting time cost factors can be combined to determine the desirability and timing of port expansion, testing the statistical assumptions for the port of Callao, Peru. (*See* XXII — 182.)

185. **Transport network model.** Leon H. Miller. February 1970. 48 p., 4 appendices. Mimeo. (WP61)

Based on Chapter 4 of the Harvard report (*see* Note). Simulates traffic flows, with transportation system and shipping requirements as inputs and the system network link utilization with associated costs and performance measures as output.

184. **Transfer cost performance model.** Clell G. Harral. February 1970. 23 p., 3 appendices. Mimeo. (WP64)

Based on Appendix 5 of the Harvard report (*see* Note). Simulates intermodel transfer operations, reflecting costs and service under given conditions.

183. **Railroad cost performance model.** Leon H. Miller. Februafy 1970. 24 p., 5 appendices. Mimeo. (WP63)

Based on Appendix 4 of the Harvard report (*see* Note). Analyzes operational costs and performance measures for a single track railroad link.

182. **Optimum depth of water in a port.** Anandarup Ray. February 1970. 46 p., 3 annexes, bibliography. Mimeo. (WP67)

Sequel to XXII — 188. Determination of optimum port capacity in terms of ship size. Discusses problems of cost-benefit analysis of port-deepening projects.

181. **Highway cost performance model.** Clell G. Harral. February 1970. 36 p., 2 appendices. Mimeo. (WP62)

Based on Appendix 3 of the Harvard report (*see* Note). Simulates vehicle operating costs and service characteristics for different vehicle types operating over a highway system of specific design.

180. **Appraisal methodology for feeder road projects.** Arturo Israel. March 1970. 38 p., 2 annexes. Mimeo. (WP70)

Method for measuring benefits of feeder road investments in developing countries, with guidelines for regional project identification and surveys of institutional and social factors. Annex I is an extensive bibliography.

179. **A framework for urban transport studies.** Koichi Mera. March 1970. 40 p. Mimeo. (WP73)

An investigation into methods for analyzing urban development and, in particular, for appraising urban projects.

178. **The economics of rail line closure.** Ranjit K. Sau.* May 1970. iii, 50 p., 7 annexes. Mimeo. (WP76)

Discussion of how to determine which sections of a rail system to close and when, with analysis for both economic and financial objectives, and comparison of alternatives.

177. **Systems analysis of rural transportation.** Meta Systems, Inc.,* Cambridge, Massachusetts. May 1970. 129 p., 4 appendices, references, glossary. Mimeo. (WP77)

Analysis, with emphasis on the development of techniques for measuring the economic impact of alternative transport system investments (different feeder road grids), with examples focusing on a West Pakistan project.

176. **Regional macroeconomic model.** Edward P. Holland, Iona Isaac. June 1970. 25 p., 4 appendices. Mimeo. (WP60)

Based on Chapter 3 of the Harvard report (*see* Note). Simulates regional consumption and production patterns of a country, evaluating the effects of alternative transport policies and development plans.

175. **The economic regulation of the road transport industry.** Conrad J. Oort.* September 1970. 218 p., bibliography. Mimeo. (EC177)

Comprehensive review of regulatory policies and their goals on the basis of economic theory, and of their practical implications.

174. **Dahomey land transport study models.** Leon H. Miller, Judy Mijares, Suzy Henneman. September 1970. 52 p., appendix. Mimeo. (WP87)

Sixth in the series (*see* Note), based on a 1969 study by N.D. Lea and Associates Ltd. and Lamarre Valois International Limitée under contract to the Bank, for the UNDP and the Government of Dahomey. Discusses the logic and concepts of the models used and some of the practical problems encountered in their application.

173. **Sudan transport study model.** Clell G. Harral, Suzy Henneman. November 1970. 24 p. Mimeo. (WP93)

Seventh in the series (*see* Note), based on a three-volume 1968 report for Sudan by Lockheed Aircraft International, Inc. under contract to AID. Describes the report's methodological framework.

172. **Brazil transport study models.** Clell G. Harral, Suzy Henneman, Iona Isaac. December 1970. 14 p. Mimeo. (WP94)

Eighth in the Bank's series of transport planning models study papers (*see* Note), summarizing a 1966 model by Stanford's Institute in Engineering Systems, and one of 1968 by SYSTAN, Inc.

171. **Highway design study phase I: the model.** Fred Moavenzadeh, Joseph H. Stafford, John H. Suhrbier, and John Alexander of CLM Systems, Inc.,* Cambridge, Massachusetts. January 1971. 91 p., appendix, references, glossary. Mimeo. (WP96)

Detailed experimental model focusing on the interrelationships of construction, road maintenance and vehicle operating costs to facilitate decisions on design standards of low-volume roads. Phase I provides a methodological framework; phase II will deal with empirical data being collected in East Africa, Brazil and India.

170. **Central American ports study.** Anandarup Ray. October 1971. v.1 — 63 p., 4 annexes; v.2 — iv, 200 p.; separate attachment, 13 p., 3 appendices. Mimeo. (WP117)

Volume I — Investment planning for seaports of the Central American Common Market. Volume II — Analysis of investment programs for the ports of Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua with traffic distribution projections (by commodity, country of origin and destination) and population, import-export statistics for 1975 and 1980, relating to various chapters in Volume I. Attachment — Analysis of port costs and investment possibilities.

168. **Reappraisal of a rail project in Thailand — an application of the Harvard Transport models.** Arturo Israel. July 1972. iv, 116 p., 5 annexes. Mimeo. (WP132)

Comparison of estimated and actual costs of the State Railway rehabilitation program assisted by a loan in 1961, pinpointing factors responsible for differences. (*See* Note above.)

167. **Economic system models for transport sector studies.** Edward P. Holland. July 1972. 68 p., 2 appendices. Mimeo. (WP131)

A critique of the Harvard Transport Program's multiregional economic model and a proposal for a more practical one. (*See* Note above.)

(*See also:* XXIV — 198S.)

XXIII. URBANIZATION

339. **Housing.** May 1975. 75 p., including 13 annexes. (Sector Policy Paper)

Approaches the housing situation from the standpoint of effective demand in developing countries. Reviews the importance of housing in economic and welfare terms within the framework of urban development problems, and makes recommendations for Bank assistance in integrated urban planning, including squatter upgrading, and sites and services projects.

278. **Urban land and public policy; social appropriation of betterment.** Orville F. Grimes, Jr. May 1974. ii, 81 p., references. Mimeo. (WP179)

Investigates the economics of urban land value increments, concluding that land-use planning can have important impacts on orderly urban growth, on the basis of experience in selected advanced and developing countries.

217. **Some economic interpretations of case studies of urban migration in developing countries.** Pamela H. Brigg. March 1973. 50 p., bibliography. Mimeo. (WP151)

Examines selected field surveys of migrants and nonmigrants in rural and urban areas in an attempt to define motives underlying internal migration.

195. **On the concentration of urbanization and economic efficiency.** Koichi Mera. March 1970. 28 p., references. Mimeo. (WP74)

Examination of the economic efficiency of large cities as opposed to medium-sized and smaller ones, in developing and developed countries.

194. **Greater Djakarta, the capital city of Indonesia.** Robert W. Oliver. April 1971. iii, 60 p., statistical annex, map. Mimeo. (WP105)

Introduction to the economics and sociology of urbanization in Indonesia, illustrating the complexity of urban growth in the context of a rapidly increasing population, with recommendations for possible action.

(*See also:* XXII – 179, 338; XXIV – 198S.)

XXIV. MISCELLANEOUS

329. **Summary proceedings** — 1974 annual meetings of the Boards of Governors, IBRD, IFC, IDA. September 30 - October 4, 1974. 259 p. Print.

328. **World Bank research program — abstracts of current studies.** October 1974. 67 p., country index. Print.

A summary view of 68 projects currently under way in the Bank's central research program, grouped in eight functional categories.

327. **Curricula of courses held at the Economic Development Institute** — September 1973 to August 1974. 1975. v, 233 p. Mimeo.

Syllabi of courses in English, French and Spanish with references to required and optional readings, and a list of EDI publications.

293. **Policies and operations—the World Bank Group.** September 1974. v, 102 p., 5 appendices. Print. French, German, Italian, Spanish.

Describes in detail basic purposes, international relations, membership and organization, capitalization and financial structure, lending policies, aid coordination and technical assistance, development training and economic research, as this relates to the World Bank, IDA, IFC, and ICSID.

292. **Uses of consultants by the World Bank and its borrowers.** April 1974. 19 p. Print. French, Spanish.

Describes the selection and supervision process, policies and procedures relating to services of consulting firms and individual consultants.

291. **Annual report FY 1974, ICSID.** 6 p., 6 annexes. Print. French, Spanish.

290. **Annual report FY 1974, IFC.** 30 p., 6 exhibits, 4 appendices. Print. French, German, Spanish.

289. **Annual report FY 1974, World Bank.** 73 p., statistical annex, 21 appendices. Print. French, German, Japanese, Spanish.

269. **Training for development — a report of the World Bank's Economic Development Institute.** June 1974. 40 p. Print.

Report on past and perspective future programs of the Economic Development Institute.

239. **General policies — International Finance Corporation.** August 1973. 16 p. Print. French, Portuguese, Spanish.

Outline of ICF's purposes and operations, and guide for designing investment proposals for consideration.

206. **Guidelines for procurement under World Bank loans and IDA credits.** April 1972. 13 p. Print. French, Spanish.

Procedures for advertising, bidding, awarding of contracts.

205. **Seminar on consulting services.** May 1972. 29 p., 3 annexes. Mimeo.

Summary of discussions with consulting firms involved in Bank or IDA financed projects to ensure quality, economy and efficiency in their services to borrowers and the Bank Group.

Part II: SALE PUBLICATIONS

I. AGRICULTURE

331S. **Agricultural research and productivity.** Robert E. Evenson, Yoav Kislev. New Haven: Yale University Press, 1975. xi, 202 p. $12.50, ISBN 0-300-01815-0, cloth; $3.50 paper.

Seeks to determine a reasonable measure of research output, and analyzes the contribution of extension of international and national research groups to agricultural development.

330S. **The future for hard fibers and competition from synthetics.** Enzo R. Grilli. Baltimore and London: The Johns Hopkins University Press, 1975. xii, 108 p., 3 annexes, bibliography. $5, ISBN 0-8018-1649-1, paper. (OP19)

Provides basic information and an outline of the Informal Agreement on Hard Fibers. Examines the uncertain future of hard fibers and makes suggestions for an adjustment policy, including research to reduce production and find new uses. Gives detailed demand, supply and trade forecasts to 1980.

270S. **Casos y ejercicios sobre proyectos agrícolas.** Edited by Orlando T. Espadas. March 1974, revised January 1975. xi, 469 p. $5. Mimeo. (EDI Sem. 10)

Three case studies, based on World Bank projects in Latin America, 13 work exercises and other teaching materials prepared in conjunction with the EDI's Agricultural Projects Courses in Spanish. Intended primarily for teachers of project analysis.

For institutions or individuals in or from less developed countries, special arrangements may be made for distribution at reduced prices or without charge. (*See* Preface (2), page 3.)

20S. **Experiences with agricultural development in tropical Africa,** John C. de Wilde, et al. Baltimore: The Johns Hopkins University Press, 1967. v.1 — xi, 241 p., index. $10. v.2 — xii, 450 p., index. $15. LC 66-28504. French (Maisonneuve et Larose).

Volume I — The synthesis. Volume II — The case studies (Kenya, Mali, Chad, Upper Volta, Ivory Coast, Tanzania).

16S. **Water and power resources of West Pakistan — a study in sector planning.** Prepared by a World Bank Study Group headed by Pieter Lieftinck; A. Robert Sadove, Deputy Head; Thomas C. Creyke, Irrigation and Agriculture. Baltimore: The Johns Hopkins University Press. v.1 — 1968, xvi, 243 p., 2 annexes, glossary. LC 68-28008. v.2 — 1969, xi, 267 p., 10 annexes, maps. SBN 8018-1005-1; LC 68-28008. v.3 — 1969, x, 384 p., glossary, maps. SBN 8018-1006-X; LC 68-28008. $15 per v.

Volume I — The main report. Volume II — The development of irrigation and agriculture. Volume III — Background and methodology.

2S. **Economic analysis of agricultural projects.** J. Price Gittinger. Baltimore and London: The Johns Hopkins University Press, 1972, 3rd Printing 1974. viii, 210 p., appendix, bibliography. $10, ISBN 0-8018-1386-7, cloth; $5, ISBN 0-8018-1403-0, paper; LC 75-186503. Spanish (Tecnos).

A practical method for comparing alternative investment projects in agriculture in relation to each other and to investments in other parts of the economy, to ensure the most economical and efficient use of scarce resources.

1S. **Agricultural projects case studies and work exercises.** Edited by J. Price Gittinger. 1973. v.1 — xi, 464 p.; v.2 — 377 p. $8. Mimeo. (EDI Sem. 4)

Out of print. Scheduled for revision and reissue during the latter half of 1975.

II. ANALYTICAL METHODS

341S. **Economy-wide models and development planning.** Charles R. Blitzer, Peter B. Clark, Lance Taylor, eds. London: Oxford University Press, 1975 (forthcoming). xiii, 369 p., selected additional readings, bibliography, index. £8.50 (about $20), ISBN 0-19-920073-4, cloth; £3.75 (about $9), ISBN 0-19-920074-2, paper.

An anthology of 12 essays by 13 contributors, surveying the specification and uses of medium-term and perspective economy-wide planning models. The contributors offer theoretical insights and distilled experience in an attempt to narrow the gap between abstract analysis and practical application in developing countries.

332S. **A system of international comparisons of gross product and purchasing power.** Irving B. Kravis, Zoltan Kenessey, Alan Heston, Robert Summers. Baltimore and London: The Johns Hopkins University Press, 1975. xi, 296 p., index. $20, ISBN 0-8018-1606-8, cloth; $7.50, ISBN 0-8018-1669-6, paper.

The first phase of the UN International Comparison Project. Presents comparisons of gross domestic product per capita and currency purchasing power for ten countries in 1970 and six of the same countries in 1967. Employs new simultaneous methods of comparisons of all countries to obtain transitive, base-invarient indexes, as well as conventional methods of binary comparisons.

254S. **Methods of project analysis: a review.** Deepak Lal.* Baltimore and London: The Johns Hopkins University Press, 1974. xviii, 53 p., references. $3 paper. ISBN 0-8018-1615-7; LC 73-20916. (OP16)

Intended for the operationally occupied economist. Compares the main appraisal methods advocated in recent years and demonstrates how they relate both to economic and practical considerations.

210S. **Multi-level planning: case studies in Mexico.** Louis M. Goreux, Alan S. Manne. Amsterdam and London: North-Holland Publishing Company, 1973. 550 p., references, index. $35 cloth; $19.75 paper. ISBN 0-7204-3070-4; LC 72-93090.

An exercise in methodology, attempting to improve analysis for decision making through a system of interrelated programming models for the project, the sector and the whole economy.

31S. **Techniques for project appraisal under uncertainty.** Shlomo Reutlinger. Baltimore and London: The Johns Hopkins University Press, 1970, 2nd printing 1972. xii, 85 p., annex, bibliography. $3. ISBN 0-8018-1154-6. (OP10)

Method of evaluating risk in investment projects and means for using quantitative measures of risk in decision making, with emphasis on methodology and problems of measurement.

30S. **Risk analysis in project appraisal.** Louis Y. Pouliquen. Baltimore and London: The Johns Hopkins University Press, 1970, 2nd printing 1972. xi, 79 p. $3 paper. ISBN 0-8018-1155-4. French (Dunod). (OP11)

Discusses methodological problems and the usefulness of simulation, illustrated by three case studies.

III. COMMODITIES

255S. **Tropical hardwood trade in the Asia-Pacific region.** Kenji Takeuchi. Baltimore and London: The Johns Hopkins University Press, 1974. 112 p. $4 paper. ISBN 0-8018-1627-0; LC 74-4214. (OP17)

Suggests that the Philippines, Malaysia and Indonesia could industrialize remote areas and more than triple foreign exchange earnings through expansion of wood processing operations.

IV. COUNTRY STUDIES

334S. **Turkey: prospects and problems of an expanding economy.** Edmund Asfour, coordinating author. February 1975. xxiv, 476 p., 4 maps, 18 charts, technical annex, statistical appendix. $3. Mimeo.

Explores a remarkably consistent development strategy by which the country has modernized in the last 50 years through emphasis on industrialization and self-sufficiency, and analyzes medium- and long-term growth perspectives. Based on the findings of an economic mission to Turkey, April/May 1973.

333S. **Yugoslavia: development with decentralization.** Vinod Dubey, et al. Baltimore and London: The Johns Hopkins University Press, 1975. xiv, 492 p., map, statistical annex, index. $18.50 cloth; $8.50 paper.

Explores an economic system characterized by social ownership and control of the production means, with workers' self-management and decentralization of political and economic decisions. Evaluates the country's pragmatic and dynamic approach to economic problems and its general commitment to an open market-oriented economy, improved efficiency of domestic industry and higher living standards.

297S. **Senegal: tradition, diversification, and economic development.** Heinz Bachmann, coordinating author. October 1974. xxxi, 137 p., map, 4 annexes, statistical appendix. $3. Mimeo. French.

Traces the development of the country's economy from independence to date, discusses its growth experience and its markedly improved economic performance during the last five years, its prospects and creditworthiness. Based on findings of an economic mission to Senegal in February/March 1972.

296S. **Chad: development potential and constraints.** Richard M. Westebbe, coordinating author. July 1974. xv, 68 p., map, statistical appendix. $3. Mimeo. French.

Reviews the country's considerable economic, social and administrative problems, and makes suggestions for a fiscal reform program and establishing multiannual development priorities. Based on findings of an economic mission to Chad in April/May 1972.

267S. **Nigeria — options for long-term development.** Wouter Tims, et al. Baltimore and London: The Johns Hopkins University Press, 1974. 208 p. $12, ISBN 0-8018-1602-5, cloth; $6, ISBN 0-8018-1603-3, paper. LC 73-19354.

Reviews major trends and policies in the country's economy to date and for the immediate future, and examines prospects through the early 1980s, with detailed description of the petroleum industry and brief discussion of education, agriculture, manufacturing, and infrastructure.

251S. **The current economic position and prospects of Peru.** José A. Guerra, et al. December 1973. xviii, 103 p., map, statistical appendix. $3. Mimeo.

Reviews methods by which an adequate growth rate may be sustained, the government's ambitious program of social transformation with economic development may be continued, and the country's debt structure may be improved during the period through 1976. Based on findings of an economic mission to Peru, November 1972-January 1973.

250S. **The current economic position and prospects of Ecuador.** Roberto Echeverria, et al. October 1973. xiv, 100 p., maps, statistical appendix, 4 annexes. $3. Mimeo.

Suggests that, aided by further development of the petroleum sector and implementation of the five-year plan approved in 1972, gradual significant changes in the country's economic and administrative structure will be brought about to overcome its economic problems. Based on findings of an economic mission during March/April 1972.

226S. **The economy of Mauritania.** Richard M. Westebbe. New York: Praeger Publishers, 1971. 172 p. $15 cloth. LC 74-151961.

70S. **Economic growth of Colombia: problems and prospects.** Report of a Bank mission to Colombia in 1970. Dragoslav Avramovic and associates. Baltimore and

London: The Johns Hopkins University Press, 1972. xx, 461 p., statistical annex, maps. $16.50, ISBN 0-8018-1389-1, cloth; $8.50, ISBN 0-8018-1397-2, paper; LC 78-186501.

Assesses the country's needs and makes recommendations for future growth.

V. DEVELOPMENT (GENERAL)

335S. **Patterns of development, 1950-1970.** Hollis B. Chenery and Moises Syrquin, with Hazel Elkington. London: Oxford University Press, 1975. xvi, 234 p., technical and statistical annexes, index. £4.50 ($14.50) cloth; £1.50 ($5) paper.

A comprehensive description and interpretation of the structural changes that accompany the growth of developing countries, employing a combination of cross-section and time-series analysis to study the stability of observed patterns and the nature of time trends. A uniform statistical procedure has been developed for measuring variations in different aspects of the economic structure in relation to income level, size and other factors.

81S. **The design of development.** Jan Tinbergen. Baltimore: The Johns Hopkins University Press, 1958, 6th printing 1966. viii, 69 p., 4 annexes, index. $2.50 paper. LC 58-9458. French (Presses Universitaires de France).

Formulates a coherent government policy to further development objectives and outlines methods to stimulate private investments.

80S. **Economic development projects and their appraisal — cases and principles from the experience of the World Bank.** John A. King, Jr. Baltimore: The Johns Hopkins University Press, 1967. xii, 530 p. $17.50 cloth. LC 67-22895. French (Dunod).

78S. **Partners in development.** Report of the Commission on International Development. Lester B. Pearson, Chairman. New York, Washington and London: Praeger Publishers, 1969. xvi, 230 p., 2 annexes. $7.95 cloth; $3.45 paper. LC 73-99094. German (Verlag Fritz Molden), Portuguese (APEC Editora), Arabic (Dar al Maaref).

Assesses the consequences of 20 years of development assistance, identifies major obstacles, recommends measures to be adopted in the main areas of international assistance and related fields, such as international trade and population control.

(*See also:* II — 341S.)

VII. EDUCATION

258S. **Attacking rural poverty — how non-formal education can help.** Philip H. Coombs, with Manzoor Ahmed. Baltimore and London: The Johns Hopkins University Press, 1974. $15, ISBN 0-8018-1600-9, cloth; $3.95, ISBN 0-8018-1601-7, paper. LC 73-19350. Spanish (Tecnos).

Focuses on educational efforts, outside the formal school system, offering potential for rural development, to increase skills and productivity of farmers, craftsmen and small entrepreneurs.

256S. **Public expenditures on education and income distribution in Colombia.** Jean-Pierre Jallade. Baltimore and London: The Johns Hopkins University Press, 1974. 96 p. $4 paper. ISBN 0-8018-1628-9; LC 74-4216. (OP18)

Focuses on the impact of education expenditures on income distribution, examines the allocation of educational benefits among various population groups, and also considers the distributional effects on taxes that pay for public subsidies in general.

85S. **Cost-benefit analysis in education — a case study of Kenya.** Hans Heinrich Thias, Martin Carnoy. Baltimore and London: The Johns Hopkins University Press, 1972. xv, 142 p., 5 annexes, bibliography. $6 paper. ISBN 0-8018-1335-2; LC 72-187064. (OP14)

Attempts to measure the benefits of various types of education in monetary terms, and to assess the role of earnings in the demand for and supply of educated people in a country.

VIII. EMPLOYMENT AND INCOME

285S. **Redistribution with growth.** Hollis B. Chenery, Montek S. Ahluwalia, C.L.G. Bell, John H. Duloy, Richard Jolly. London: Oxford University Press, 1974. xx, 304 p. £5 ($16), ISBN 0-19-920069-6, cloth; £1.40 ($4.50), ISBN 0-19-920070-X, paper.

Essays developed from an investigation by members of the Institute of Development Studies at the University of Sussex and the Development Research Center of the Bank. Part One—Reorientation of Policy: Describes the existing inequality in incomes in developing countries and proposes a reorientation of development policy aimed at achieving a more equitable distribution, focusing on separate target groups. Part Two—Quantification and Modeling. Part Three—Annex and Bibliography: Some Country Experience.

88S. **Employment in Trinidad and Tobago.** Sidney E. Chernick, et al. March 1973. 1st part: xii, 75 p.; 2nd part: 22 p.; 10 statistical appendices. $3. Mimeo.

This report concerns a developing economy with considerable natural resources, a high income per capita relative to that of neighboring countries, but also with a persistent unemployment problem. Examines the special features of the labor market and the likely impact of different growth paths on employment, and discusses some alternative policies.

X. EXTERNAL DEBT

102S. **Notes on the mechanics of growth and debt.** Benjamin B. King. Baltimore: The Johns Hopkins University Press, 1968. x, 36 p., 4 annexes. $5 paper. LC 68-8701. (OP6)

A practical model to explore the way in which capital inflow from abroad affects economic growth.

XI. FINANCE (DOMESTIC)

116S. **Development banks.** William Diamond. Baltimore and London: The Johns Hopkins University Press, 1957, 5th printing 1969. xiii, 85 p., 2 appendices, index. $3 paper. SBN 8018-0708-5.

A detailed examination of operating experiences to serve as a practical guide for developing countries, with a selected list and summary description of some development banks.

115S. **Problems and practices of development banks.** Shirley Boskey. Baltimore: The Johns Hopkins University Press, 1959, 3rd printing 1964. xv, 126 p., 5 appendices, index. $8 paper. LC 59-15892.

Based largely on discussions during a May 1958 conference of executive officers of 12 development banks, supplemented by an examination of documents of other institutions. A companion to XI — 116S.

110S. **Development finance companies: aspects of policy and operation.** Edited by William Diamond. Essays by E.T. Kuiper, Douglas Gustafson, P.M. Mathew. Baltimore: The Johns Hopkins University Press, 1968. vi, 107 p., appendix, index. $3 paper. LC 68-27738. French (available free from the Bank), Spanish (Tecnos).

Review of subjects discussed at a 1965 conference of chief executives of 18 development finance companies in Europe, Africa, Latin America, and Asia.

XIII. INDUSTRIALIZATION

120S. **The structure of protection in developing countries.** Bela Balassa and associates. Baltimore and London: The Johns Hopkins University Press, 1971. xviii, 312 p., 5 appendices, index. $14 cloth. ISBN 0-8018-1257-7; LC 77-147366. Spanish (CEMLA).

Criteria for evaluating the system of protection, applying them to seven countries on the basis of a common methodology and providing guidelines for policy formulation.

XIV. INDUSTRY

128S. **Manufacture of heavy electrical equipment in developing countries.** Ayhan Çilingiroglu. Baltimore and London: The Johns Hopkins University Press, 1969. xiii, 95 p., 2 annexes. $3 paper. SBN 8018-1097-3; LC 76-89962. Spanish (Tecnos). (OP9)

Analyzes growth and competitiveness, comparing prices and costs with those in the international market.

127S. **Automotive industries in developing countries.** Jack Baranson. Baltimore: The Johns Hopkins University Press, 1969. xiii, 82 p., statistical annex. $3 paper. SBN 8018-1086-8; LC 77-85339. Spanish (Tecnos). (OP8)

Comparison of commercial strategies and operational methods, focusing on the role of international corporations, the adaptation problems of their affiliates, and the impact of economic policy on market structure.

126S. **Industry case studies and work exercises.** Edited by Frank H. Lamson-Scribner. February 1974. x, 461 p. $4. Mimeo. (EDI Sem. 3)

Eight case studies and 16 work exercises designed for teaching industrial project evaluation, drawn from materials prepared for courses at EDI. Intended primarily for teachers of project analysis.

For institutions or individuals in or from less developed countries, special arrangements may be made for distribution at reduced prices or without charge. (*See* Preface, pages 5 and 7.)

XV. PLANNING

133S. **Planning in Morocco.** Albert Waterston. Baltimore: The Johns Hopkins University Press, 1962. viii, 50 p., 8 appendices, bibliography. $2.50 paper. LC 62-17545.

132S. **Planning in Pakistan.** Albert Waterston. Baltimore: The Johns Hopkins University Press, 1963, 2nd printing 1966. viii, 141 p., appendix, bibliography. $3 paper. LC 63-21770.

131S. **Development planning — lessons of experience.** Albert Waterston. Baltimore and London: The Johns Hopkins University Press, 1965, 5th printing 1974. xix, 576 p., 10 appendices, bibliography, index. $17.50 cloth. ISBN 0-8018-1031-0. French (Dunod), Spanish (Fondo de Cultura Económica).

Comparative study based on material from more than 100 countries.

XVI. POPULATION AND PUBLIC HEALTH

284S. **Population Policies and economic development.** Timothy King, coordinating author. Baltimore and London: The Johns Hopkins University Press, 1974. 140 p., 2 appendices, statistical annex, references. $10, ISBN 0-8018-1675-0, cloth; $3.50, ISBN 0-8018-1676-9, paper; LC 74-12786. (A World Bank Staff Report)

Distillation of the latest, most authoritative information on population growth, analyzing its impact on efforts to combat poverty in developing countries, its effects on the availability of food and other natural resources, and its policy implications for governments and the international community.

135S. **The costs and benefits of family planning programs.** George C. Zaidan. Baltimore and London: The Johns Hopkins University Press, 1971. x, 49 p., bibliography. $3 paper. ISBN 0-8018-1317-4; LC 70-155166. (OP12)

A technique for measuring the economic returns from investing in population control, with an appraisal of inherent assumptions and limitations, as applied to the United Arab Republic.

XVII. PUBLIC UTILITIES

147S. **The economic choice between hydroelectric and thermal power developments.** Herman G. van der Tak. Baltimore: The Johns Hopkins University Press, 1966, 4th printing 1974. x, 52 p., 2 appendices. $3 paper. French (available free from the Bank). (OP1)

A logically correct method for handling the economic comparison of alternative systems.

(*See also:* I — 16S; XXIV — 198S.)

XXI. TRADE

257S. **Prospects for partnership — industrialization and trade policies in the 1970s.** Edited by Helen Hughes. Baltimore and London: The Johns Hopkins University Press, 1973. $12, ISBN 0-8018-1498-7, cloth; $3.50, ISBN 0-8018-1500-2, paper. LC 72-12369. Spanish (Tecnos).

Papers presented and summary of discussions at a seminar of international economists at the World Bank, October 1972, focusing on the demand aspects and trade adjustment problems inherent in the increasing volume of manufactured product exports from developing countries.

XXII. TRANSPORTATION

192S. **Quantification of road user savings.** Jan de Weille. Baltimore and London: The Johns Hopkins University Press, 1966, 3rd printing 1970. ix, 43 p., 3 annexes. $3 paper. ISBN 0-8018-0162-1. (OP2)

Evaluation of road projects to determine costs and savings resulting from improvement in the quality of a road, contributing to a better assessment of the economic significance of road investments.

189S. **Sector and project planning in transportation.** Hans A. Adler. Baltimore and London: The Johns Hopkins University Press, 1967, 3rd printing 1973. x, 60 p., annex, bibliography. $3 paper. SBN 8018-0009-9. French (Dunod). (OP4)

Basic steps in methodology and economic evaluation of projects, emphasizing the need to deal not only with new investments but with measures to make optimum use of existing ones.

187S. **The economics of road user charges.** A.A. Walters. Baltimore and London: The Johns Hopkins University Press, 1968, 2nd printing 1970. xiii, 243 p. $5 paper. ISBN 0-8018-0653-4. (OP5)

Analyzes problems of road user charges. Suggests the adoption of some form of marginal cost pricing and consumer surplus criteria for investment decisions.

186S. **Reappraisal of a road project in Iran.** Herman G. van der Tak, Jan de Weille. Baltimore: The Johns Hopkins University Press, 1969. xiv, 98 p., 2 annexes. $3 paper. LC 68-57489. (OP7)

Assesses the project's economic costs and benefits, comparing them to the original estimates and identifying factors responsible for differences, with general recommendations for improvements in project appraisal.

169S. **The economic benefits of road transport projects.** Herman G. van der Tak, Anandarup Ray. Baltimore and London: The Johns Hopkins University Press, 1971. ix, 37 p., annex, bibliography. $3 paper. ISBN 0-8018-1314-x; LC 70-152911. (OP13)

An exposition of the social surplus method of measuring benefits, in particular the relationship between benefits and changes in supply and demand of transported commodities.

166S. **Road user charges in Central America.** Anthony Churchill. Baltimore and London: The Johns Hopkins University Press, 1972. xii, 174 p., bibliography. $5 paper. ISBN 0-8018-1334-4; LC 70-187219. (OP15)

Examines the feasibility and implications of theoretical analysis by means of a practical application of the principle of pricing road user services, focusing on effective resource allocation and economic growth. (*See* XXII — 187S.)

XXIV. MISCELLANEOUS

337S. **The assault on world poverty — problems of rural development, education and health.** Baltimore and London: The Johns Hopkins University Press, 1975. xiv, 425 p. $17.50, ISBN 0-8018-1745-5, cloth; $5.95, ISBN 0-8018-1746-3, paper.

A compilation of sector policy papers on rural development, agricultural credit, land reform, education and health, attempting to analyze the causes of poverty, to examine ways in which it can be alleviated, and to outline programs for World Bank assistance.

208S. **History of the Convention on the Settlement of Investment Disputes between states and nationals of other states.** Dobbs Ferry, New York: Oceana Publications, Inc. v.1 — 1970, viii, 403 p. v.2 — 1968, part 1, 645 p.; part 2, 441 p. v.3 — 1968, 867 p. v.4 — 1969, 717 p. $15 per v.; $50 the set of 4 vs.

Volume I — Analysis of documents concerning origin and formulation. Trilingual. Volume II, parts 1 and 2 — Documents. Volume III — Documents, French. Volume IV — Documents, Spanish.

198S. **World Bank operations — sectoral programs and policies.** Baltimore and London: The Johns Hopkins University Press, 1972. xiii, 513 p. $14.00, ISBN 0-8018-1448-0, cloth; $4.95, ISBN 0-8018-1449-9, paper; LC 72-4032. French (Dunod), Spanish (Tecnos).

A compilation of Working Papers on 10 major sectors of Bank Group activity: agriculture, education, electric power, industry, population planning, telecommunications, tourism, transportation, urbanization, and water supply and sewerage. (Individual papers are available free from the Bank.)

197S. **Investment laws of the world.** Prepared by the International Centre for Settlement of Investment Disputes. Dobbs Ferry, New York: Oceana Publications, Inc. Binder I, January 1973 — 952 p.; Binder II, June 1973 — 1197 p.; Binder III, February 1974 — 1083 p.; Binder IV, April 1974 — 990 p. Binder V, March 1975 — 986 p. $75 per binder (loose-leaf). Bilingual English-French.

Collection, computer-prepared and coded, classifying national legislation and international agreements on foreign investments, initially limited to the 50 developing countries that are parties to the SID Convention. Arranged by titles and with concordance tables containing cross-references. Binder I: Afghanistan, Chad, Ivory Coast, Kenya, Korea, Liberia, Malaysia, Nigeria, Uganda, Zaire. Binder II: Burundi, Dahomey, Gabon, Ghana, Indonesia, Jamaica, Nepal, Niger, Senegal, Tunisia. Binder III: Botswana and Singapore, plus updated material for countries contained in Binder I. Binder IV: Pakistan and Taiwan, plus updated material for countries contained in Binder I. Binder V: Cameroon, Jordan, Malagasy Republic, Mauretania, Morocco, Somalia, Swaziland, Yugoslavia, Zambia.

196S. **Compounding and discounting tables for project evaluation.** Edited by J. Price Gittinger. Baltimore and London: The Johns Hopkins University Press, 1973. 143 p. $5. French available from the Bank at $4. Spanish (Tecnos). (EDI TM1)

Easily comprehensible tables prepared for EDI teaching purposes in consultation with Bank staff.

Part III: AUTHORS INDEX

Heading and Catalog No.	Author and Title	Page No.
	A	
	Acharya, Shankar N.	
XI/282	Fiscal/financial intervention, factor prices and factor proportions: a review of issues	24
	Adelman, Irma	
VIII/92	An anatomy of income distribution patterns in developing nations — a summary of findings	22
	Adler, Hans A.	
XXII/189S	Sector and project planning in transportation	49
	Agarwala, Ramgopal	
II/240	Kenya: a macro-model for projections and policy analysis	15
	Ahluwalia, Montek S.	
VIII/285S	Redistribution with growth	46
	Ahmed, Manzoor	
VII/258S	Attacking rural poverty — how non-formal education can help	45
	Alexander,* John	
XXII/171	Highway design study phase I: the model	37
	Alexander, Leigh	
VII/313	The determinants of school achievement in developing countries: the educational production function	20
	Anderson, Dennis	
XVII/146	Ex-post evaluation of electricity demand forecasts	29
XVII/144	Optimum development of the electric power sector in Turkey — a case study in linear programming	29
	Angeles, Hawthorne	
XXII/190	A review of 62 road project appraisal reports, 1960-1966	34
	Anyanwu, E. Agulanna	
XXI/212	Evaluation of some export projections prepared for developing countries for UNCTAD III	31
	Asfour, Edmund	
IV/334S	Turkey: prospects and problems of an expanding economy	43

Avramovic, Dragoslav

IV/70S Economic growth of Colombia: problems and prospects 44

B

Bachmann, Heinz

IV/297S Senegal: tradition, diversification, and economic development 44

Balassa,* Bela

XXI/163 Development strategies in semi-industrial countries 31

XII/119 Economic growth, trade and the balance of payments in the developing countries 1960-1965 26

XVII/323 Economic integration among developing countries 29

XXI/158 Effective protection: a summary appraisal 32

XII/317 Estimating the shadow price for foreign exchange in project appraisal 26

XXI/159 Industrial protection in developing countries 32

II/29 Project appraisal in developing countries 16

XVIII/148 Regional integration and trade liberalization in Latin America 30

XIII/120S The structure of protection in developing countries 47

XVIII/216 Tariffs and trade policy in the Andean Common Market ... 30

XVII/322 Types of economic integration 30

Baranson, Jack

XIV/127S Automotive industries in developing countries 48

Bassoco, Luz Maria

I/283 Appraisal of irrigation projects and related policies and investments 11

II/279 A quantitative agricultural planning methodology 14

Basta,* Samir S.

XXII/274 Iron deficiency anemia and the productivity of adult males in Indonesia 33

XXII/218 Nutrition and health of Indonesian construction workers: endurance and anemia 34

Bell, C.L.G.

VIII/285S Redistribution with growth 46

Bhakta, Ramanbhai D.

II/276 An economic model for Argentina 14

II/240 Kenya: a macro-model for projections and policy analysis .. 15

Bhatia,* Kul B.

XI/316 Index-linking of financial contracts: a survey of the state of the arts 24

Bhatt, Vinayak V.

XI/301 Some aspects of financial policies and central banking in developing countries 24

II/268 Sterility of equilibrium economics: an aspect of sociology of science 14

Blitzer, Charles R.

II/341S Economy-wide models and development planning 42

II/24 On the social rate of discount and price of capital in cost-benefit analysis 16

Boskey, Shirley

XI/115S Problems and practices of development banks 47

Brigg, Pamela H.

XXIII/217 Some economic interpretations of case studies of urban migration in developing countries 38

Burnett, Nicholas R.

XVII/263 Water supply case studies and work exercises 29

C

Carnoy, Martin

VII/85S Cost-benefit analysis in education — a case study of Kenya 46

Carter, Nicholas G.

II/220 A handbook of expected values of structural characteristics 15

II/76 A macro-economic model of Jamaica, 1959-1966 15

XVI/273 Population, environment, and natural resources: a critical review of recent models 28

Cauas, Jorge

VIII/277 Potential distributive effects of nationalization policies—the economic aspects 22

Chenery, Hollis B.

XXI/244 Alternative strategies for development 31

XXI/271 The international division of labor: the case of industry 31

V/335S Patterns of development, 1950-1970 45

VIII/285S Redistribution with growth 46

XXI/324 Restructuring the world economy 30

Chernick, Sidney E.

VIII/88S Employment in Trinidad and Tobago 46

Christoffersen, Leif E.

XI/111 Interest rates and the structure of a commercial banking system under inflationary conditions — a case study of Brazil 25

Churchill, Anthony

XXII/274 Iron deficiency anemia and the productivity of adult males in Indonesia 33

XXII/166S Road user charges in Central America 50

XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

Çilingiroglu, Ayhan

XIV/128S Manufacture of heavy electrical equipment in developing countries 47

Clark, Peter B.

II/341S Economy-wide models and development planning 42

Condos, Apostolos

I/4 An agricultural model from the Ivory Coast programming study 13

II/37 Macroeconomic projections — a survey of some issues and models 15

Coombs, Philip H.

VII/258S Attacking rural poverty — how non-formal education can help 45

Creyke, Thomas C.

I/16S Water and power resources of West Pakistan — a study in sector planning 41

D

de Fontenay, Patrick B.

X/100 Multilateral debt renegotiations: 1956-1968 24

de Vries, Barend A.

X/99 The debt bearing capacity of developing countries — a comparative analysis 24

X/101 Prospects of debt servicing burden of developing countries in the 1970s 24

de Weille, Jan

XXII/188 The optimum number of berths of a port 34

XXII/192S Quantification of road user savings 49

XXII/186S Reappraisal of a road project in Iran 50

XXII/190 A review of 62 road project appraisal reports, 1960-1966 34

de Wilde,* John C.

XIII/121 The development of African private enterprise 27

I/20S Experiences with agricultural development in tropical Africa 41

XIV/247 A framework for the promotion of construction industries in the developing countries 27

Diamond, William

XI/116S Development banks 47

XI/110S Development finance companies: aspects of policy and operation 47

Dubey, Vinod

IV/333S Yugoslavia: development with decentralization. 43

Duloy, John H.

VIII/285S Redistribution with growth 46

E

Echeverria, Roberto

IV/250S The current economic position and prospects of Ecuador ... 44

Eklund, Per

XXII/191 Earmarking of taxes for highways in developing countries .. 34

XI/109 Taxation and earmarking in developing countries 25

Elkington, Hazel

XXI/244 Alternative strategies for development 31

V/335S Patterns of development, 1950-1970 45

Elz, Dieter

III/54 Report on the world tea economy 18

III/58 Review of the world tea economy 18

Espadas, Orlando T.

I/270S Casos y ejercicios sobre proyectos agricolas 41

I/3 Selected bibliography on agricultural project evaluation 13

Evenson, Robert E.

I/331S Agricultural research and productivity 41

F

Falcon,* Walter P.

I/8 Agricultural employment in less developed countries: general situation, research approaches, and policy palliatives 13

G

Gandhi, Ved P.

VII/87 Some aspects of public education expenditure in Africa 21

Gandy,* J.J.

XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

Gittinger, J. Price

I/1S Agricultural projects case studies and work exercises 42

XXIV/196S Compounding and discounting tables for project evaluation . 51
I/2S Economic analysis of agricultural projects 42

Gochenour, C.
XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

Goreux, Louis M.
I/4 An agricultural model from the Ivory Coast programming study 13
II/210S Multi-level planning: case studies in Mexico 42

Grilli, Enzo R.
I/330S The future for hard fibers and competition from synthetics . 41
III/259 Jute and the synthetics 17

Grimes, Orville F., Jr.
XXIII/278 Urban land and public policy: social appropriation of betterment 37

Guerra, José A.
IV/251S The current economic position and prospects of Peru 44

Gupta, Syamaprasad
II/276 An economic model for Argentina 14

Gustafson, Douglas
XI/110S Development finance companies: aspects of policy and operation 47

H

Hadjitarkhani, Naimeh
XXI/224 Preferential trade arrangements between developing and developed countries, and among developing countries 31

Haissman,* I.
II/33 Skilled manpower demand projections for irrigation projects in Northwest Mexico 16

Hansen, John R.
II/245 A guide to the guidelines: the UNIDO method of economic project evaluation 15

Haque, Irfan ul
III/47 Analysis of natural rubber market 19
III/52 Efficiency in resource allocation: the case of natural rubber ... 18

Harral, Clell G.
XXII/172 Brazil transport study models 36

XXII/181 Highway cost performance model 35
XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34
XXII/173 Sudan transport study model 36
XXII/184 Transfer cost performance model 35

Hawkins, E.K.
VIII/214 The employment problem and World Bank activities 22

Hazell, P.B.R.
II/299 Competitive demand structures under risk in agricultural linear programming models 14

Henneman, Suzy
XXII/172 Brazil transport study models 36
XXII/174 Dahomey land transport study model 36
XXII/173 Sudan transport study model 36

Herrnstadt,* Ernie
VII/248 Cost effectiveness of alternative learning technologies in industrial training — a study of in-plant training and vocational schools 21

Heston, Alan
II/332S A system of international comparisons of gross product and purchasing power 42

Holland, Edward P.
XXII/167 Economic system models for transport sector studies 37
XXII/176 Regional macroeconomic model 36
II/32 Simulating the dynamics of economic development 16

Horowitz,* Morris
VII/248 Cost effectiveness of alternative learning technologies in industrial training — a study of in-plant training and vocational schools 21

Hughes, Helen
XXI/271 The international division of labor: the case of industry 31
I/12 Problems of food processing industries in developing countries 12
XXI/257S Prospects for partnership — industrialization and trade policies in the 1970s 49
XXI/243 Protection and development 31
VIII/89 The scope for labor-capital substitution in the developing economies of Southeast and East Asia: a sectoral approach . 23
XIII/123 Southeast Asia's economy in the 1970s — the manufacturing industry sector 27
XXI/151 Trade and industrialization policies: the political economy of the second best 32

I

Isaac, Iona
XXII/172 Brazil transport study models 36
XXII/176 Regional macroeconomic model 36

Israel, Arturo
XXII/180 Appraisal methodology for feeder road projects 35
XXII/168 Reappraisal of a rail project in Thailand — an application of the Harvard Transport models 37

J

Jain, Shail
II/305 Size distribution of income: compilation of data 14

Jallade, Jean-Pierre
VII/223 The financing of education: an examination of basic issues . 21
VII/256S Public expenditures on education and income distribution in Colombia 46
VII/281 Student loans in developing countries: an evaluation of the Colombian performance. 20

James,* K.C.W.
XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

Jolly, Richard
VIII/285S Redistribution with growth 46

Jordan, D.
XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

K

Kamarck, Andrew M.
V/75 Climate and economic development 19

Karyadi,* Darwin, M.D.
XXII/218 Nutrition and health of Indonesian construction workers: endurance and anemia 34

Kenessey, Zoltan
II/332S A system of international comparisons of gross product and purchasing power 42

Keough, Lucy
XXI/155 Export of cotton-type textiles from developing countries to the United States 32

Kerdpibule, Udom
XXI/152 Trends in manufactured exports in Southeast Asian countries 32

King, Benjamin B.
X/102S Notes on the mechanics of growth and debt 46

King, John A., Jr.
V/80S Economic development projects and their appraisal — cases and principles from the experience of the World Bank 45

King, Timothy
XVI/284S Population policies and economic development 48

Kislev, Yoav
I/331S Agricultural research and productivity 41

Kochav,* David
XIII/320 Financing the development of small-scale industries 26

Kohlhagen,* Steven W.
VIII/94 Quantitative analysis of employment in developing countries — an annotated list of selected books and articles 22

Kravis, Irving B.
II/332S A system of international comparisons of gross product and purchasing power 42

Kuiper, E.T.
XI/110S Development finance companies: aspects of policy and operation 47

L

Lal,* Deepak
II/26 Adjustments for trade distortions in project analysis 16
VIII/90 Employment, income distribution and a poverty redressal index 23
II/27 On estimating income distribution weights for project analysis 16
II/254S Methods of project analysis: a review 42

Lamson-Scribner, Frank H.
XIV/126S Industry case studies and work exercises 48
XVII/263 Water supply case studies and work exercises 29

Lieftinck, Pieter
I/16S Water and power resources of West Pakistan — a study in sector planning 41

Little,* G.
XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

M

Manne, Alan S.
II/210S Multi-level planning: case studies in Mexico 42

Manning, Richard C.
I/6 An economic evaluation of irrigation rehabilitation projects in Mexico 13

Massé, Marcel
II/38 Secondary effects and project appraisal 15

Mathew, P.M.
XI/110S Development finance companies: aspects of policy and operation 47

Mazumdar, Dipak
VIII/91 An international comparison of low income in the agricultural sector in selected less developed countries 23
VIII/314 The rural-urban wage gap, migration and the shadow wage . 22
VIII/315 The theory of urban underemployment in less developed countries. 21

McGibbon, James
X/101 Prospects of debt servicing burden of developing countries in the 1970s 24

Mera, Koichi
XXII/179 A framework for urban transport studies 35
XXIII/195 On the concentration of urbanization and economic efficiency 38

Meta Systems, Inc.*
XXII/177 Systems analysis of rural transportation 36

Mijares, Judy
XXII/174 Dahomey land transport study models 36

Miller, Leon H.
XXII/174 Dahomey land transport study model 36
XXII/183 Railroad cost performance model 35
XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34
XXII/185 Transport network model 35

Moavenzadeh,* Fred
XXII/171 Highway design study phase I: the model 37

Morawetz,* David
VIII/249 Employment implications of industrialization in developing countries: a survey 22

Morris, Cynthia Taft
VIII/92 An anatomy of income distribution patterns in developing nations — a summary of findings 22

Morrison,* Ralph H.
III/259 Jute and the synthetics 17

N

Newman,* Peter
XVI/219 A conceptual framework for the planning of medicine in developing countries 29

Norton, Roger D.
I/283 Appraisal of irrigation projects and related policies and investments 11
II/279 A quantitative agricultural planning methodology 14

Nusbaumer, Jacques
III/234 The international market for iron ore: review and outlook .. 17

O

Oliver, Robert W.
XXIII/194 Greater Djakarta, the capital city of Indonesia 38

Oort,* Conrad J.
XXII/175 The economic regulation of the road transport industry 36

Otten, Adrianus J.H.
I/14 Performance evaluation of eight on-going irrigation projects .. 12

Oury, Bernard
I/15 Estimation of long-run changes in domestic demand for food in less developed countries 12
I/21 Program Windex for the systematic calculation of a weather index to be used in agricultural production analysis 12

Owen,* Wilfred
XXII/241 Automobiles and cities — strategies for developing countries 34

Ozawa,* Terutomo
XXI/153 Labor resource oriented migration in Japanese industries to Taiwan, Singapore and South Korea 32

P

Pearson, Lester B.
V/78S Partners in development. Report of the Commission on International Development 45

Pernia, Ernesto M.
XX/150 Prospects of Japanese tourism abroad 30

Please, Stanley
XI/105 The "Please effect" revisited 25

Pouliquen, Louis Y.
II/30S Risk analysis in project appraisal 43

Prakash, Vinod
XIII/213 Industrialization and manufacturers' inventories in India ... 27
II/304 Statistical indicators of industrial development—a critique of the basic idea 14

R

Ramiscal, Efren
II/34 The optimal set of independent variables in multiple regression analysis 15

Ranis,* Gustav
VIII/93 Employment and income distribution in developing countries 22

Ray, Anandarup
XXII/170 Central American ports study 37
XXII/169S The economic benefits of road transport projects 50
XXII/182 Optimum depth of water in a port 35
XXII/188 The optimum number of berths of a port 34

Repetto,* Robert
XVI/225 Microeconomic theories of fertility 28
XVI/137 Son-preference and fertility behavior 29

Reutlinger, Shlomo
I/7 Agricultural development in relation to the employment problem 13
I/9 Evaluation of benefits from season-to-season grain storage programs 13
I/14 Performance evaluation of eight ongoing irrigation projects . 12
III/57 A simulation model for evaluating buffer stock programs .. 18
II/31S Techniques for project appraisal under uncertainty 43
XVI/340 Undernutrition and poverty — magnitude and target group oriented policies 28

Rogers,* Daniel C.
VII/86 The economic effects of various methods of education finance 21

Roth, Gabriel J.
XXII/300 Regulation of buses in cities 33

S

Sadove, A. Robert
I/16S Water and power resources of West Pakistan — a study in sector planning 41

Sau,* Ranjit K.
XXII/178 The economics of rail line closure 36

Scandizzo, P.L.
II/299 Competitive demand structures under risk in agricultural linear programming models 14

Schmedtje, Jochen K.
I/22 Economic aspects of water utilization in irrigation projects .. 12
XI/114 On estimating the economic cost of capital (with special reference to developing countries)..... 25

Schuster, Helmut
XXII/260 Agricultural roads 34

Seagraves,* James A.
II/36 Agricultural production and supply response research: a review for project planners in developing countries 15

Selowsky, Marcelo
VIII/277 Potential distributive effects of nationalization policies—the economic aspects 22
XVI/340 Undernutrition and poverty — magnitude and target group oriented policies 28

Shannon, Cecille
I/261 Bibliography for programming for agriculture 12

Sharpston, Michael
XIII/280 International sub-constracting 26

Shepherd, Geoffrey
XXI/156 The economics of international trade in cotton-type textiles 32

Silos, José S.
I/283 Appraisal of irrigation projects and related policies and investments 11

Simmons, John
VII/272 The determinants of earnings: towards an improved model . 21
VII/313 The determinants of school achievement in developing countries: the educational production function 20
VII/310 Education, poverty and development 20
VII/312 How effective is schooling in promoting learning? A review of the research 20

VII/311 Investment in education: national strategy options for developing countries 20

Singh, Shamsher
III/294 Commodity trade and price trends (1974 edition) 17
III/66 International Coffee Agreement, 1968 — background and analysis 17

Singh, S.K.
II/25 Aggregate production function, causes of growth, and measures of dynamic efficiency 16
XI/104 The determinants of aggregate savings 25

Stafford,* Joseph H.
XXII/171 Highway design study phase I: the model 37

Stoutjesdijk, Everardus
XVIII/323 Economic integration among developing countries 29

Sud, I.K.
XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

Suhrbier,* John H.
XII/171 Highway design study phase I: the model 37

Summers, Robert
II/332S A system of international comparisons of gross product and purchasing power 42

Syrquin, Moises
V/335S Patterns of development, 1950-1970 45

T

Takeuchi, Kenji
III/51 An analysis of the effects of possible CIPEC actions on the copper export earnings of member countries 18
III/298 Developing countries and non-fuel minerals 17
III/255S Tropical hardwood trade in the Asia-Pacific region 43

Tarkan,* Orhan
XVII/144 Optimum development of the electric power sector in Turkey — a case study in linear programming 29

Taylor, Lance
II/341S Economy-wide models and development planning 42

Thias, Hans Heinrich
VII/85S Cost-benefit analysis in education — a case study of Kenya 46

Tims, Wouter
IV/267S Nigeria — options for long-term development 44
III/306 Possible effects of trade liberalization on trade in primary commodities 17

Tinbergen, Jan
V/81S The design of development 45

Truneh, A.
XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

Turnham, D.J.
VIII/214 The employment problem and World Bank activities 22

V

van der Tak, Herman G.
I/22 Economic aspects of water utilization in irrigation projects . 12
XXII/169S The economic benefits of road transport projects 50
XVII/147S The economic choice between hydroelectric and thermal power developments 49
I/23 Evaluation of agricultural projects: a study of some economic and financial aspects 12
XXII/186S Reappraisal of a road project in Iran 50

Varon, Bension
III/50 Coke and coking coal availabilities: a potential problem or not? 18
III/298 Developing countries and non-fuel minerals 17
III/234 The international market for iron ore: review and outlook .. 17
III/49 The nickel outlook reassessed 19
III/53 Review of the world nickel situation 18

Vasiliades, Kanella C.
I/261 Bibliography for programming for agriculture 12

Vaurs, R.
I/4 An agricultural model from the Ivory Coast programming study 13

W

Walters, A.A.
XXII/187S The economics of road user charges 50

Waterston, Albert
XV/131S Development planning — lessons of experience 48
XV/133S Planning in Morocco 48

XV/132S Planning in Pakistan 48

I/262 Preparing a program for agriculture 11

Weaving, Rachel

I/302 African experiences with rural development. A digest report on the Africa rural development study 11

Westebbe, Richard M.

IV/296S Chad: development potential and constraints 44

IV/226S The economy of Mauritania 44

Wilde,* Norman

I/9 Evaluation of benefits from season-to-season grain storage programs 13

Williams, R.A.

XXII/266 Study of the substitution of labor and equipment in civil construction: phase II final report 34

Winston,* Gordon

XIII/275 The theory of capital utilization and idleness 26

Woodruff,* Alan

VII/248 Cost effectiveness of alternative learning technologies in industrial training — a study of in-plant training and vocational schools 21

World Bank (no specific author)

I/286 Agricultural Credit 11

XXIV/291 Annual report FY 1974, ICSID 39

XXIV/290 Annual report FY 1974, IFC 39

XXIV/289 Annual report FY 1974, World Bank/IDA 39

XXIV/337S The assault on world poverty—problems of rural development, education and health 50

XII/342 Borrowing in international capital markets—first quarter 1975 25

XII/319 Borrowing in international capital markets—fourth quarter 1974 25

XII/318 Borrowing in international capital markets—third quarter 1974 26

XXIV/327 Curricula of courses held at the Economic Development Institute—September 1973 to August 1974 38

VII/309 Education 20

IX/336 Environment and development 23

IX/288 Environmental, health, and human ecologic considerations in economic development projects 23

XXIV/239 General policies — International Finance Corporation 39

XXIV/206 Guidelines for procurement under World Bank loans and IDA credits 39

XVI/321 Health 28

XXIV/208S History of the Convention on the Settlement of Investment Disputes between states and nationals of other states 50

XXIII/339 Housing 37

XXIV/197S Investment laws of the world (Binders I-V) 51

I/287 Land reform 11

XV/237 List of national development plans. Fourth edition 27

XXIV/293 Policies and operations — the World Bank Group 38

XII/215 Private foreign direct investment in developing countries ... 26

I/303 Rural development 11

XXIV/205 Seminar on consulting services 39

V/307 The social sciences and development 19

XXIV/329 Summary proceedings — 1974 annual meetings of the Boards of Governors, IBRD, IFC, IDA 38

XXIV/269 Training for development — a report of the World Bank's Economic Development Institute 39

XXII/338 Urban Transport 33

XXIV/292 Uses of consultants by the World Bank and its borrowers .. 39

VI/308 World Bank atlas. Ninth edition. 1974 19

XXIV/198S World Bank operations — sectoral programs and policies ... 51

XXIV/328 World Bank research program—abstracts of current studies 38

X/295 World debt tables 23

Y

Yucel, Nail Cengiz

XXII/326 A survey of the theories and empirical investigations of the value of travel time savings 33

XXII/325 Toll financing of highways: economic and financial considerations 33

Z

Zachariah, K.C.

XVI/246 Family planning and fertility trends in Jamaica 28

XVI/242 Fertility, mortality and population growth: interrelation and policy implications 28

Zafros, G.

XVI/242 Fertility, mortality and population growth: interrelation and policy implications 28

Zaidan, George C.
XVI/1358 The costs and benefits of family planning programs 49

Zymelman,* Manuel
VII/248 Cost effectiveness of alternative learning technologies in industrial training — a study of in-plant training and vocational schools 21

WORLD BANK CATALOG

ORDER FORM

(For internally published items only, w ether free or priced.)

All countries, except Europe	In Europe
TO: Publications Office World Bank 1818 H Street, N.W. Washington, D.C. 20433, U.S.A.	TO: World Bank 66, Avenue d'Iéna 75116 Paris, France

Please send me the following item(s) from the World Bank Catalog:

Catalog No.	Title (Please print)	Price

Be sure to fill in the Catalog number. Please allow at least eight weeks for delivery outside North America.

I'ame of Institution _____

Your Name and Title _____

Address _____

City _____ Country _____

Note: All items will be sent by the least expensive means unless otherwise requested (*see* Special Notes to Catalog Users (6), page 7).

A charge will be made for postage and handling for bulk orders or for orders of more than 12 titles (*see* Preface (1), page 5).

[ ] Payment of $_____ is enclosed.

World Bank
Headquarters:
1818 H Street, N.W.
Washington, D.C., U.S.A.
Telephone: (202) 393-6360
Cable Address: INTBAFRAD
WASHINGTONDC

European Office:
66, avenue d'Iena
75116 Paris, France

Tokyo Office:
Kokusai Building
1-1, Marunouchi 3-chome
Chiyoda-ku, Tokyo 100, Japan

Policies and Operations

The World Bank Group



December 1974

Policies and Operations

The World Bank Group

September 1974

Table of Contents

	Page
The World Bank Group	3
Origin and Nature	3
The World Bank	3
International Development Association	6
Bank and IDA Operations — Growth, Diversification	8
International Finance Corporation	10
Legal Status, Privileges and Immunities	13
International Relations	14
The World Bank and IDA	17
Membership and Organization	17
Membership and Voting Rights	17
Policy Direction	18
Organization	20
Financial Structure of the Bank	25
Capitalization	25
Capital Increases	26
Funds for Lending	27
The Bank and Capital Markets	29
Development of Markets for Bank Obligations	30
Financial Structure of IDA	35
Subscriptions	35
Additions to Resources	36
Lending Policies and Procedures	42
Lending Standards	43
Project Identification and Preparation	46
Project Appraisal	47
Terms of Lending	50
Methods of Procurement	53
Supervision and Disbursement	54
Audit and Evaluation	56
Coordination of Development Assistance	59
Aid Coordination Groups	59
Co-financing	61
Consultative Group on International Agricultural Research	64
Technical Assistance	66
Preparing High-Priority Projects	67

Economic Studies, Research, and Public Information 70
Public Information 73
Economic Development Institute 75
International Finance Corporation 78
Membership and Organization 78
Membership and Voting Rights 78
Policy Direction 80
Management 80
International Advisory Panel 80
Organization 80
Investment Policies and Resources 83
Investment Procedures 85
Financial Structure and Operations 90
Investments and Financial Results 90
IFC and Capital Market Development 94
International Centre for Settlement of Investment Disputes 96
The Convention 96
The Centre 97
Proceedings 98
Multilateral Investment Insurance Scheme 102

Appendices

Appendix A
Bank and IDA Lending Operations by Major Purpose and Region 104

Appendix B
Total Bank and IDA Lending Operations by Country 106

Appendix C
International Bank for Reconstruction and Development — Statement of Subscriptions to Capital Stock and Voting Power 108

Appendix D
International Development Association — Statement of Subscriptions, Voting Power and Supplementary Resources 110

Appendix E
World Bank Offices and Missions 112

Text Charts

Organization Chart 22
Bank-Sponsored Aid Coordination Groups 62
States having signed the ICSID Convention and States having become Contracting States 97

Text Tables

World Bank — Basic Data 1
International Development Association — Basic Data 2
Bank borrowings 29
Resources behind the Bank's obligations 30
Loans Sold and Agreed to be Sold 34
Contributions recommended under the Fourth Replenishment of IDA 39
Usable Funds Available to IDA 41
International Finance Corporation — Statement of Subscriptions to Capital Stock and Voting Power 79
IFC's Commitments by Purpose 87
IFC's Commitments by Region 87
IFC's Resources and Commitments, 1956-1973 91
International Finance Corporation — Five-Year Summary — Fiscal Years 1969-1973 92

Fiscal Year

The Bank Group's fiscal year is *July 1* to *June 30*. The data reflect, in most cases, the situation at December 31, 1973, and are so specified.

Note on Dollar Amounts

Dollar amounts used in the text of this book for the capital of the Bank refer to United States dollars of the weight and fineness in effect on July 1, 1944, while those used for subscriptions and contributions to IDA refer to US dollars of the weight and fineness in effect on January 1, 1960. For all practical purposes, these are the same. Unless otherwise specified, all other amounts in US dollars refer to current dollars. One dollar for Bank capital and IDA subscriptions and contributions equals approximately 1.20635 current dollars.

WORLD BANK

Basic Data[1]

(Amounts in US$ millions)

	1946	1956	1966	1968	1973[1]
Number of member countries	38	58	103	107	123
Subscribed capital	$ 7,670	$ 9,051	$22,426	$22,942	$25,222
Borrowings[2]	—	$ 850	$ 2,806	$ 3,290	$ 9,042
Reserves	—	$ 228	$ 954	$ 1,160	$ 1,741
Lending: Commitments[3,4]	—	$ 2,667	$ 9,584	$11,247	$21,009[5]
Number of loans[3]	—	150	461	551	965[5]
Number of different countries assisted since 1946	—	42	79	84	90
Disbursements[3]	—	$ 1,964	$ 7,259	$ 8,821	$14,465
Staff: Number of staff members	72	511	1,326	1,588	3,553
Number of nationalities represented	n.a	37	68	74	98

[1] All figures are as of June 30 of each year shown, except for 1973, where figures are as of December 31, 1973.
[2] Principal outstanding.
[3] Cumulative figures from June 1946.
[4] Net of cancellations, terminations and refundings.
[5] Includes four loans to IFC, totaling $297.4 million.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Basic Data[1]

(Amounts in US$ millions)

	1961	1966	1968	1973[1]
Number of member countries	51	96	98	112
Subscribed capital	$ 906	$ 999	$1,000	$1,062
Supplementary resources	—	$ 763	$ 773	$5,166
Transfers from World Bank[2]	—	$ 125	$ 210	$ 815
Lending: Commitments[2,3]	$ 101	$1,365	$1,788	$6,142
Number of credits[2]	4	89	122	414
Number of different countries assisted since 1960	4	32	40	66
Disbursements[2]	—	$ 682	$1,343	$3,521

Staff: The staff of the Association is the same as that of the World Bank (see pages 8 and 20).

[1] All figures are as of June 30 of each year shown, except for 1973, where figures are as of December 31, 1973.
[2] Cumulative figures from September 1960.
[3] Net of cancellations, terminations and refundings.

The World Bank Group

ORIGIN AND NATURE

The World Bank Group consists of three international financial institutions—the World Bank itself (formally, the International Bank for Reconstruction and Development), and two affiliates—the International Development Association (IDA) and the International Finance Corporation (IFC). Each of the three institutions, which closely cooperate and coordinate their efforts, was established to fulfill a distinct function, but all are devoted to the same general objective—the provision of financial and technical assistance for economic development.

Associated with the Group is the International Centre for Settlement of Investment Disputes (ICSID), an autonomous institution established under World Bank auspices, which was designed to provide a forum for conciliation and arbitration of international investment disputes between States and foreign investors.

THE WORLD BANK

Early in World War II, the economic and financial experts of the Allied Nations began to consider what plans could be made to help meet the economic problems of the postwar period. They recognized that attention would have to be given not only to the immediate relief and physical reconstruction of economies disrupted by the war but also to "the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods which are the material foundations of the liberty and welfare of all peoples..."[1] Discussions were held on a variety of proposals that were intended to help realize these goals.

From deliberations on these plans, the outlines of two complementary financial institutions emerged. The first—to become the International Monetary Fund (IMF)—was to promote international currency stability by helping to finance temporary balance-of-payments deficits and by providing for the progressive elimination of exchange restrictions and the observance of accepted rules of international financial conduct. The second institution—to become the International Bank for Reconstruction and Development (World Bank)—was, as its name implies, to help finance the reconstruction and development of its member countries.

By the spring of 1944, after prolonged discussions between representatives of the United States and the United Kingdom and consultations with

[1] Article VII, Mutual Aid Agreement between the United States and Great Britain

INTERNATIONAL DEVELOPMENT ASSOCIATION

Basic Data[1]

Amounts in US$ millions	1961	1966	1968	1973[1]
Number of member countries	51	96	98	112
Subscribed capital	$ 906	$ 999	$1,000	$1,062
Supplementary resources	—	$ 763	$ 773	$5,166
Transfers from World Bank[2]	—	$ 125	$ 210	$ 815
Lending: Commitments[2,3]	$ 101	$1,365	$1,788	$6,142
Number of credits[2]	4	89	122	414
Number of different countries assisted since 1960	4	32	40	66
Disbursements[2]	—	$ 682	$1,343	$3,521

Staff: The staff of the Association is the same as that of the World Bank (*see* pages 8 and 20).

[1] All figures are as of June 30 of each year shown, except for 1973, where figures are as of December 31, 1973.
[2] Cumulative figures from September 1960.
[3] Net of cancellations, terminations and refundings.

The World Bank Group

ORIGIN AND NATURE

The World Bank Group consists of three international financial institutions—the World Bank itself (formally, the International Bank for Reconstruction and Development), and two affiliates—the International Development Association (IDA) and the International Finance Corporation (IFC). Each of the three institutions, which closely cooperate and coordinate their efforts, was established to fulfill a distinct function, but all are devoted to the same general objective—the provision of financial and technical assistance for economic development.

Associated with the Group is the International Centre for Settlement of Investment Disputes (ICSID), an autonomous institution established under World Bank auspices, which was designed to provide a forum for conciliation and arbitration of international investment disputes between States and foreign investors.

THE WORLD BANK

Early in World War II, the economic and financial experts of the Allied Nations began to consider what plans could be made to help meet the economic problems of the postwar period. They recognized that attention would have to be given not only to the immediate relief and physical reconstruction of economies disrupted by the war but also to "the expansion, by appropriate international and domestic measures, of production, employment, and the exchange and consumption of goods which are the material foundations of the liberty and welfare of all peop s..."[1] Discussions were held on a variety of proposals that were intended to help realize these goals.

From deliberations on these plans, the outlines of two complementary financial institutions emerged. The first—to become the International Monetary Fund (IMF)—was to promote international currency stability by helping to finance temporary balance-of-payments deficits and by providing for the progressive elimination of exchange restrictions and the observance of accepted rules of international financial conduct. The second institution—to become the International Bank for Reconstruction and Development (World Bank)—was, as its name implies, to help finance the reconstruction and development of its member countries.

By the spring of 1944, after prolonged discussions between representatives of the United States and the United Kingdom and consultations with

[1] Article VII, Mutual Aid Agreement between the United States and Great Britain

representatives of other countries, the proposals for these two organizations had reached an advanced stage. A United Nations Monetary and Financial Conference was accordingly convened. Following preliminary meetings at Atlantic City, the representatives of 44 nations assembled at Bretton Woods, New Hampshire, USA, on July 1, 1944, and, three weeks later, completed final drafts of Articles of Agreement for the Fund and the Bank for submission to the participating governments.

The Articles of Agreement of the Bank were formally accepted by a majority of the participants by December 27, 1945; representatives of 29 governments had signed the Articles in Washington on that date. Six months later, on June 25, 1946, the Bank opened for business and proceeded to call up capital from its member governments. All the nations which participated in the Bretton Woods Conference, except the Soviet Union, eventually joined the Bank, although Cuba, Czechoslovakia and Poland subsequently ceased to be members. By December 31, 1973, the Bank had 123 members.

The Bank's Underlying Purpose

The participants at Bretton Woods realized that, at the end of the war, there would be a pressing need for international capital to finance both the reconstruction of productive facilities destroyed by the war, principally in Western Europe, and an increase in productivity and living standards, especially in the underdeveloped areas of the world. The requirements were recognized as being so great, and the risks of such a nature, that private capital would be unable to fulfill them without some form of governmental guarantee. The Bretton Woods Conference felt that the problem could best be solved by the creation of a new type of international investment institution which would be authorized to make or guarantee loans for productive reconstruction and development projects, both with its own capital funds and through the mobilization of private capital, and which would be provided with a financial structure under which the risk of such investment would be shared by all member countries roughly in accordance with their economic strength. This is the solution which was embodied in the Bank's Articles of Agreement.

The Articles establish the Bank as an intergovernmental institution, corporate in form, all its capital stock being owned by its member governments. The Bank's authorized capital initially was $10,000 million but is now the equivalent of $27,000 million, of which the equivalent of approximately $25,222 million had been subscribed as of December 31, 1973. Only one-tenth of this, however, is paid in. The remaining nine-tenths of the Bank's capital is not paid in, but may be called by the Bank if required to meet its obligations arising out of borrowings or guaranteeing loans.

This capital structure provides the Bank both with substantial loan resources from its own paid-in capital and with guarantees enabling it to borrow even more sizable resources, mainly through the sale of Bank obligations to investors. Capital markets are the largest single source of

funds employed by the Bank to finance its lending operations. To December 31, 1973, the Bank had raised in the aggregate the equivalent of $15,736 million by the sale of its securities to investors. Issues totaling $9,056 million were outstanding at that date, of which an estimated three-quarters was held outside the United States. There were important holdings of the Bank's obligations in about 80 countries. By December 31, 1973, the Bank had also sold, or arranged to sell, to investors in the aggregate the equivalent of $2,510 million of its loans to borrowers.

As the records of the Bretton Woods deliberations indicate, the emphasis from the beginning was not so much on what the Bank could lend directly out of its paid-in capital as on the concept of the Bank as a safe bridge over which private capital could move into the international field. Indeed, it is one of the unique features of the Bank that, although it is an intergovernmental organization, it relies mainly upon private investors for its financial resources.

Guarantees in international lending were not new. In the early interwar period, for example, several loans to European governments carried the guarantee of other European governments. The new feature was lending by an international institution, each of whose members was responsible up to the amount of the unpaid balance of its capital subscription for outstanding obligations. The amount of the risk thus guaranteed was limited by the requirement that the total outstanding amount of the loans made or guaranteed by the Bank was not to exceed the total of its unimpaired subscribed capital, reserves and surplus.

Basic Provisions

In drafting the provisions of the Articles of Agreement governing the use of the Bank's funds, the founders were acutely aware of the need to avoid the errors which had characterized much of the international lending of the past, and particularly of the interwar period. Capital raised through sales of securities in foreign capital markets had frequently made little or no contribution to the productive capacity of the borrowers. Many of the loans had been made without reference to the ability of the borrowers to service new, or even existing, foreign debt. These lending practices undoubtedly contributed to the widespread defaults in the 1930s.

To avoid these errors, the Bank's Articles contain a number of protective provisions. The Bank's loans must be for high-priority productive purposes and, except in special circumstances, must be used to meet the foreign exchange requirements of specific projects of reconstruction or development. The borrower may be a member government, a political subdivision thereof, or a business enterprise in the territories of a member, but if the borrower is other than a government, the loan must be guaranteed by the member government in whose territory the project is located, or by its central bank or some comparable agency. (In practice, the Bank has always obtained a government, as distinct from a central bank, guarantee.)

The Articles of Agreement enjoin the Bank to act "prudently" in making loans, paying "due regard to the prospects that the borrower, and, if the borrower is not a member, that the guarantor, will be in a position to meet its obligations under the loan..." The Bank, therefore, extends long-term loans to creditworthy countries and charges an interest rate which is somewhat lower than, but related to, market rates. The Bank is also specifically required to make arrangements to ensure that the proceeds of each loan are used only for the purposes for which the loan was granted, and to pay attention to economy and efficiency.

The Articles contain three other important provisions governing the Bank's operations. The first is that the Bank must be satisfied, before making any loan, that the borrower would be unable to obtain the loan from other sources on conditions reasonable for the borrower. Secondly, the Bank is prohibited from making "tied" loans: that is, it must not impose any conditions requiring the proceeds of its loans to be spent in any particular member country or countries. Thirdly, only economic considerations shall be relevant to the Bank's decisions; it must not be influenced by the political character of the member or members concerned. Nor must the Bank and its officers interfere in the political affairs of any member.

INTERNATIONAL DEVELOPMENT ASSOCIATION

In the late 1940s, there was already some discussion in the United Nations of the desirability of establishing an international agency which would finance development on terms exceptionally favorable to the less developed countries. This possibility was also touched on by the US International Development Advisory Board in *Partners in Progress* in 1951. The idea became more topical during the 1950s, when the developing countries as a whole were rapidly adding to their external debt, in many cases by increasing short-term, high-interest suppliers' credits. At the same time as the debt burden of the developing countries grew, their ability to make effective use of capital was tending to increase. The achievement of satisfactory rates of economic development, in many cases, began to require more external borrowing than could safely be provided by loans made on conventional financial terms.

The first formal proposal for the establishment of the International Development Association (IDA) took the form of a Resolution introduced in the United States Senate, in February 1958, by Senator Monroney of Oklahoma. In July 1958, the Senate adopted a Resolution calling for the US National Advisory Council on International Monetary and Financial Affairs (NAC) to study the feasibility of establishing an International Development Association to make multilateral development loans on terms more liberal than those then available. The Resolution further proposed that IDA should be an affiliate of the World Bank. The NAC reported favorably on the proposal in August 1959.

At the Annual Meeting of the Board of Governors of the World Bank in October 1959, the Board of Governors adopted a Resolution proposed by the US Governor requesting the Bank's Executive Directors to formulate Articles of Agreement for IDA. In January 1960, Articles of Agreement were approved by the Executive Directors for submission to the member governments of the Bank. By September 1960, countries representing a sufficient percentage of total subscriptions had accepted the Agreement for it to come into force. IDA then had 15 members. By December 31, 1973, it had 112 members.

The timeliness of the formation of IDA was underlined by the emergence, in the early 1960s, of a large number of newly independent countries in Africa, many of which needed finance for development on concessionary terms. These countries were not able to rely to the same extent as before on the financial support of the metropolitan powers with which they had been associated. Nor had they developed a credit standing of their own sufficient to enable them to borrow on the scale they required. Many newly independent countries became members of IDA during the first years of its operations.

Conditions and Resources

All IDA credits to date, except a very few for project preparation, have been for a term of 50 years, with a 10-year initial grace period and no interest charge, only a service charge of ¾ of one percent per annum. Because it is impracticable for IDA to raise funds from private investors, the Association relies primarily on the governments of its richer member countries for its resources. By December 31, 1973, the cumulative total of usable funds made available to IDA amounted to $7,135 million. The bulk of this amount was accounted for by the initial subscriptions of member countries and three general replenishments of the Association's resources. Other components of this total were special supplementary contributions from several members, and two interest-free loans made by Switzerland plus a voluntary contribution from New Zealand, both nonmembers. Included also was an aggregate of $815 million transferred to IDA by the Bank, representing that amount of the Bank's net income for the fiscal years 1964-73 which, after provision for reserves, might otherwise have been distributed as dividends.

Although IDA's sources of funds are different and the terms of IDA financing are easier, IDA resources are generally administered on the same principles as those of the Bank. The bulk has been extended for financing power and transportation, with growing amounts in recent years for agriculture and education.

IDA is legally and financially distinct from the Bank. Its Articles of Agreement, however, provide that countries must be members of the Bank to be eligible for membership in the Association. In addition, the President of the Bank serves *ex officio* as IDA's President and as Chairman of its Board of Executive Directors. Similarly, Governors and Execu-

tive Directors of the Bank are *ex officio* Governors and Executive Directors of IDA, if the countries which they represent are members of both institutions. The Bank and IDA also have the same staff.

BANK AND IDA OPERATIONS— GROWTH, DIVERSIFICATION

Through the 1950s, Bank lending was concentrated on capital infrastructure—transportation, electric power, telecommunications, and irrigation and flood control.

As newly independent countries joined the Bank and IDA, and rapid rates of population growth put increasing pressure on the world's basic resources, by the early 1960s the requirements of such sectors as agriculture, education and industrialization, were recognized by the Bank and IDA to be crucial to social and economic progress.

The great majority of the populations of developing countries is engaged in agriculture. Industry is the main alternative occupation and is a powerful factor in rapid material growth. The lack of education is a major constraint in all sectors.

Greater emphasis was also placed by the Bank on technical assistance to help developing countries in formulating effective policies for their development, identifying and preparing projects, establishing appropriate development institutions, and in other complex tasks. The Bank made use of the experience it had gained over the years by playing an important role in aid coordination through participation in consortia and consultative groups which were being set up to ensure that aid from a number of different sources is used to a country's best advantage without duplication.

It was in 1968 that the first five-year plan for Bank and IDA was initiated, providing for a considerable expansion and diversification of their activities, and enabling the institutions to consider more thoroughly the place of particular projects in the development process. Special efforts were made to assist the poorest and "least developed" member countries.

During the plan period, Bank/IDA lending more than doubled as compared with the previous five fiscal years. At the same time, steps were taken to improve the qualitative impact of the institutions' activities. In addition to lending in the traditional sectors, operations greatly increased in the areas of agriculture and education, and much more attention was paid to the social aspects of economic growth, including population growth, employment, income distribution, health, malnutrition, and the impact on the environment. In recognition of the rapidly aggravating urban conditions in developing countries, the pattern of lending for urbanization projects was changed from infrastructure to introducing new concepts for relieving urban pressures. The Bank also began to make direct loans for tourism.

New Trends

A brief rundown of the major sectors in which the Bank and IDA are involved at present will point up the new directions in which their policies are moving.

Agriculture. The emphasis is being shifted from infrastructure (large dams and irrigation works) toward providing increased inputs of use to the individual farmer (farm credit, technical services, storage facilities, seeds, fertilizer, and pesticides), toward smallholder development and the alleviation of rural poverty. Projects are directed at practical action to improve the quality of life of the people of a whole area by including facilities for education, domestic water supply, health, and other social services.

Education. While formerly most assistance was for the construction and equipping of school buildings, more attention is now focused on the improvement of curricula and teaching materials, on ways to extend nonformal education to adults as well as children, on teacher training and training in business administration and management, and on the expanded use of educational radio and television.

Industrialization. A new dimension has been added to the Bank's work in the field of heavy industry (mining, steel, fertilizer, pulp and paper). Projects are planned in such a way that they will benefit a country's general economic strategy and be in line with industrial developments in the outside world. Also, new emphasis has been placed on labor-intensive small-scale industrial enterprises and others that are primarily export-oriented. And support of development finance companies (DFCs) has greatly increased in recognition of the fact that the activities of DFCs have a multiplier effect by reaching small enterprises which otherwise could not qualify for direct Bank loans, by assisting in the development of local capital markets, as well as by encouraging entrepreneurship and the acquisition of appropriate technology.

Population planning. Bank contributions in this new sector include technical assistance in the organization and planning, administration and evaluation of programs, the training of personnel, and communications. A large proportion of the funds for population projects has been used to construct clinics, maternity centers, maternity hospitals and training schools, and more recently for research activities.

Urbanization. Traditional Bank lending for transport, electric power and telecommunications has, for the most part, been directly urban-oriented. However, the endless stream of homeless and jobless immigrants from the countryside to the cities made it necessary to seek out new ways of dealing with urbanization problems and helping the poorer citizens. Among the most promising of the new types of projects is that of "sites and services" to cope with the acute housing shortages. The object is to help the urban poor to help themselves in building and improving their homes. Sites are provided with a minimum of services, including water

supply and sewerage, for houses, schools, markets, and other social needs closely related to employment and transportation opportunities. Research is being done on other new types of urbanization projects, taking into account a whole region rather than municipal limits, and involving mass transit, housing finance institutions, urban land and land policies. Some are in an experimental stage.

Tourism. The Bank recognizes that this sector can make an important contribution to the foreign exchange earnings of a number of developing countries and to reducing regional imbalances in income and employment. Preinvestment studies have been conducted in a number of member countries and some lending has been started in this field. But the Bank is very conscious of the social, environmental, cultural, and distributional aspects of lending for tourism and is proceeding cautiously. Evaluation studies are being made to assess the net benefits countries can derive from this sector.

Environmental impact. In all its lending operations, the Bank is showing a growing concern for the impact the projects it assists will have on a country's ecology and cultural heritage. Environmental, health and social considerations are taken into account as integral elements in project planning and execution.

Development Involves People

Thus, the more comprehensive view of the development process by the Bank has led to an increasingly integrated approach to lending by incorporating into projects a variety of activities which embrace many subsectors and often cut across sectoral lines At the same time, the Bank is concerned that the benefits of its assistance should be distributed more widely, especially among the poorer sections of a country's society.

The Bank endeavors to be innovative and flexible in its approach toward finding solutions when dealing with the special requirements of a people to be assisted. In the final analysis, development can have no meaning unless it brings a better, fuller and more productive life to the mass of the underprivileged in poor countries.

Appendix A lists Bank and IDA cumulative lending operations by major purpose and region.

INTERNATIONAL FINANCE CORPORATION

The International Finance Corporation (IFC) was established in 1956 as an affiliate of the World Bank. Its object was to help the Bank fulfill the purpose expressed in Article I (ii) of the Bank's Articles of Agreement: to seek to promote private foreign investment by participating in private loans and other investments and, when private capital was not available on reasonable terms, by supplementing private investment from its own resources.

In its first decade the Bank did much, by means of loans to finance public works projects and otherwise, to provide developing countries with the infrastructure to support and expand industrial growth. But experience soon showed that the stimulation of private enterprise and private investment in developing countries required the help of a specialized international body. The World Bank itself could not play this role. The Bank's Articles require it to obtain a government guarantee for a loan to a private enterprise. But many governments are unwilling or unable to provide such a guarantee, and many businessmen are reluctant to accept one. In addition, the Bank makes fixed-interest loans; it is not authorized to buy equity shares or provide other kinds of risk capital. The Bank can only meet the varied needs of a wide range of private enterprises indirectly, through development finance companies.

In 1952, a report prepared by the staff of the Bank pointed out the need for increased private investment in the less developed areas and proposed the creation of an International Finance Corporation as an affiliate of the Bank.

During the next three-and-a-half years, discussions on the proposal took place among governments and with representatives of the investment communities in the developed countries. Eventually, in July 1956, the International Finance Corporation came into existence. Its initial membership consisted of 31 countries. By June 30, 1973, IFC's member countries had grown to 98.

The first projects offered to IFC covered a wide variety of activities. Financing was sought for enterprises in every important less-developed area of the world, although mainly in Latin America.

The Corporation concentrated its first operations (as it has done since) in the fields of manufacture and processing; these most readily attract private capital and provide the greatest economic multiplier through the transfer of technology and management skills and through employment and training. By the end of its fourth financial year, in 1960, IFC had made 33 commitments in 17 countries with a total cost of $42 million.

By this time it had become apparent that the Corporation's effectiveness was hampered by the fact that, although it could make loans with equity features, its Articles did not authorize investment in equities. This restriction was, in fact, a serious handicap to the growth of IFC and its ability to mobilize private capital for foreign investment. Accordingly, in 1961, the member governments of the Corporation amended IFC's Articles of Agreement to enable the Corporation to invest in equities.

Expanded Activities

IFC was now able to play a full part in providing and mobilizing risk capital for investment in the less developed countries. It was able to promote projects itself and to reinforce projects in which it invested. It was able to work with sponsors in shaping and setting up investments in a way that would render them attractive to other private investors.

It also became possible for IFC, through underwriting or standby commitments, to help in spreading share ownership in the developing countries.

Another result of IFC's ability to invest in equities was that the way was opened for the Corporation to support private enterprise through local development finance institutions. IFC was created to do on an international scale what these institutions were established to do on a local scale. Their activities have thus been complementary, and there has been a constant interchange of information, with IFC passing to the local institutions projects too small for it to handle economically, and they, in their turn, passing to IFC projects beyond their scope.

By 1966, this new breadth of activity was clearly reflected in IFC's record. The total number of its investments had reached 124, almost four times as many as six years before, with a total cost of $172 million, more than quadruple the figure for 1961. Notably, others had invested $890 million in the same enterprises.

This growth was paralleled by a greater geographical spread in IFC's operations. They were now virtually worldwide.

New Resources

The increase in IFC's equity operations created a new problem. It became apparent that there was a demand for loan capital not guaranteed by member governments, and in larger amounts than IFC could supply. If IFC was to play its part in this situation, it now needed more funds. The problem was resolved by an amendment of the Articles of the Bank and of IFC which enabled IFC to borrow from the World Bank up to a limit of four times its own unimpaired subscribed capital and surplus. The result of these amendments was to provide IFC with additional resources for its own loans and release the Corporation's entire share capital and reserves for making equity investments.

Availability of these new resources led to a new upsurge in IFC activities. These were diversified still further, and IFC was able to invest larger sums in projects of greater size and complexity. In 1967, the cumulative total of IFC commitments reached $221 million, or more than twice the Corporation's subscribed capital.

This upward progression has continued and at June 30, 1973, the cumulative gross total of the Corporation's investments in business enterprises amounted to $848 million, invested in 203 enterprises in 51 developing countries. Other investors had provided $3,364 million for those enterprises, making a total investment in them of $4,212 million.

This last figure, rather than the cumulative total of IFC's own investments, provides the true measure of the Corporation's accomplishments. It was always central to the purposes for which IFC was set up that it should not invest alone but in association with private investors. The Corporation was to act as a catalyst, to bring together private foreign and domestic capital and investment opportunities, and to facilitate investment with its own funds. IFC's performance in that role may be judged by the fact that for every dollar so far invested by IFC others have concurrently invested approximately three dollars.

Although legally and financially IFC and the Bank are separate institutions, they are interlinked in various ways. Membership in the Bank is a prerequisite for membership in the Corporation. The President of the Bank is *ex officio* Chairman of IFC's Board of Directors. Governors and Executive Directors of the Bank also serve *ex officio* as Governors and Directors of IFC if the countries which they represent are members of both institutions. The Corporation has its own operating and legal staff, but draws upon the Bank for administrative and other services.

LEGAL STATUS, PRIVILEGES AND IMMUNITIES

The Articles of Agreement of the Bank, IDA and IFC contain provisions which accord legal status and certain privileges and immunities to the three institutions in the territories of each of their members. Each member government is required to take whatever action is necessary in its territories to make these provisions effective under its own law.

Although not a member of any of the institutions, Switzerland has entered into an agreement which recognizes the three institutions' international personality and legal capacity (including status in respect of suits by and against them). It grants privileges and immunities which correspond in large part to those which each institution enjoys in the territories of its members.

The more important of the relevant provisions of the Articles of Agreement may be summarized as follows:

Legal Status

The three institutions have full juridical personality with capacity to make contracts, to acquire and dispose of property, and to sue and be sued.

Judicial Process

Actions may be brought against any of the three institutions in the territories of any member in which it has an office, has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities, but no actions against it may be brought by its members or persons acting for or deriving claims from its members.

Privileges and Immunities

The Governors and Executive Directors, their Alternates, and the officers and employees of the three institutions are immune from legal process for acts performed by them in their official capacity, except when the institution waives such immunity. Unless they are local nationals, they are to be accorded by each member government the same immunities from immigration restrictions, alien registration requirements and national service obligations, the same facilities as regards exchange

restrictions and the same treatment in respect of traveling facilities, as are accorded to representatives, officials and employees of comparable rank of other member governments.

The archives of the three institutions are inviolable. Their assets are immune from seizure, attachment or execution prior to delivery of final judgment against them. Their official communications are to be accorded by each member the same treatment accorded to official communications of other members.

The three institutions, their assets, property, income, and authorized operations and transactions are immune from all taxation and from all customs duties. They are also immune from liability for the collection or payment of any tax or duty. No tax may be levied on any security issued by any of the institutions which discriminates against that security solely because it is issued by the institution, nor may any such tax be levied if its sole jurisdictional basis is the place or currency in which the security is issued, made payable or paid, or the location of any office of the institution.

INTERNATIONAL RELATIONS

Formal relationships between the Bank and the United Nations are governed by an agreement approved by the Bank's Board of Governors in September 1947, and by the United Nations General Assembly in November 1947. The Bank is a specialized agency within the meaning of Article 57 of the Charter of the United Nations. The agreement between the Bank and the United Nations recognizes that "by reason of the nature of its international responsibilities and the terms of its Articles of Agreement, the Bank is, and is required to function as, an independent international organization." The United Nations recognizes that "the action to be taken by the Bank on any loan is a matter to be determined by the independent exercise of the Bank's own judgment," and that "it would be sound policy [for the United Nations] to refrain from making recommendations to the Bank with respect to particular loans or with respect to terms of conditions of financing by the Bank." The agreement includes provisions governing such matters as reciprocal representation, consultation and exchange of other than confidential information. It provides that no formal recommendation will be made by either organization to the other without reasonable prior consultation.

Agreements subsequently entered into by the UN and the Bank's affiliates, IFC and IDA, are governed by the terms of the Bank/UN Agreement.

For many years, the Bank and the UN exchanged information and coordinated their technical assistance and other activities through an informal Liaison Committee. By a provision of the relationship agreement between the UN and IDA, this Committee was given formal status in 1961. The Liaison Committee is composed of the Secretary-General of the

UN, the President of the Bank, and the Administrator of the UN Development Programme (UNDP) or their representatives. It meets from time to time for consultations and exchange of information.

The Bank works closely with the UNDP. The President of the Bank is a member of the Inter-Agency Consultative Board which advises the Administrator of the UNDP on policy matters and reviews the program to be presented to the UNDP Governing Council. The Bank has frequently acted as Executing Agency for preinvestment studies financed by the UNDP (*see* page 68).

Bank representatives attend and participate in meetings of various UN organs, committees and subsidiary bodies, including, e.g., meetings of the General Assembly, the Economic and Social Council (ECOSOC), the Governing Council of the UNDP, the UN Conference on Trade and Development (UNCTAD), and the regional economic commissions.

The President of the Bank appears before ECOSOC each year, to present the Bank and IFC Annual Reports and to report on their activities. He is a member of the UN Administrative Committee on Coordination (ACC), composed of the Secretary-General and the heads of the specialized agencies, and of the Environment Coordination Board of the UN Environment Programme.

The Bank and the International Monetary Fund (IMF) maintain a close working relationship, and there is continuous consultation and exchange of data at the staff level. The agreement of the President of the Bank and the Managing Director of the IMF on various steps for collaboration, with special reference to missions, policy matters, and cooperation at headquarters and in the field, has been embodied in a series of joint memoranda.

Cooperative Programs

In 1964, to facilitate an increase in Bank lending for agriculture and education, the Bank entered into cooperative program agreements with the UN Food and Agriculture Organization (FAO) and the UN Educational, Scientific and Cultural Organization (Unesco). A cooperative program agreement was concluded, in 1972, with the World Health Organization (WHO) in the fields of water supply and sewerage. A similar agreement with the UN Industrial Development Organization (UNIDO) became effective on January 1, 1974. Under these agreements, assistance is provided to governments in the identification and preparation of projects for Bank financing. The agencies also provide staff assistance to the Bank in its studies of economic sectors within their respective fields, as well as support for Bank economic, appraisal and supervision missions. Costs of agreed work under the cooperative programs are shared by the Bank and the partner agency, 75 percent and 25 percent respectively. Since 1965, through June 30, 1973, the Bank's share of cooperative program costs has aggregated $17.6 million; the cost in fiscal 1973 was $3.9 million.

The Bank and WHO are also cooperating in the population field, meeting periodically to review their operational programs in countries in which they have current or planned projects, or other activities in, or significantly affecting, that field, and to exchange information on projects and programs during the implementation stage.

Other Relationships

The Bank maintains operational relationships with the four agencies additional to those developed under the cooperative programs. It also has informal, but substantial, *ad hoc* relationships with such UN organizations as the International Labour Office (ILO), the International Telecommunications Union (ITU), the UN Fund for Population Activities (UNFPA), and the United Nations Children's Fund (UNICEF).

The Bank participates in a number of arrangements involving several other UN organizations. The Consultative Group on International Agricultural Research (CGIAR), sponsored jointly by the Bank, FAO and the UNDP, is described on page 64. The Bank is associated with WHO, FAO and the UNDP in a twenty-year program to control river blindness in seven countries of Western Africa. The Bank has organized a Joint Coordinating Committee for the control effort and has undertaken to mobilize funds on an international basis to finance the first, six-year phase of the program. Since the latter part of 1972, the Bank has been a sponsor and financial contributor to the Protein Advisory Group of the United Nations System, in which it is associated with FAO, WHO, UNICEF, and the United Nations.

The Bank works closely with the Inter-American Development Bank, the Alliance for Progress, the African Development Bank, the Asian Development Bank, and other regional development organizations on matters of common interest. It maintains close contact with the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) through the Bank's European Office in Paris.

The World Bank and IDA

MEMBERSHIP AND ORGANIZATION

MEMBERSHIP AND VOTING RIGHTS

Under the Articles of Agreement, only member countries of the International Monetary Fund (IMF) may be considered for membership in the Bank. As of December 31, 1973, the Bank had 123 member countries and IDA 112. Membership in the Bank is a prerequisite for membership in IDA.

Subscriptions by member countries to the capital stock of the Bank are based on each member's quota in the IMF, which is designed to reflect the country's relative economic strength. Voting rights are related to shareholdings. Each member of the Bank has 250 votes plus one additional vote for each $100,000[1] of capital stock subscribed by it. The Articles of Agreement provide that, with certain exceptions, all matters before the Bank are to be decided by a majority of votes cast.

This is also stipulated by the Articles of Agreement of IDA, in which voting rights are presently related to the amount of each country's initial subscription to the Association. Each member of IDA has 500 votes, plus one for each $5,000[1] of its initial subscription. The Board of Governors' Resolution on the Third Replenishment of the resources of the Association provided for adjustment of the voting power of all participating members. The Resolution on the Fourth Replenishment, which was adopted on January 31, 1974, contains a similar provision. The subscriptions and voting power of members in the two institutions, as of December 31, 1973, are shown in Appendices C and D.

If a government ceases to be a member of the IMF, its Bank membership is terminated automatically after three months unless Governors exercising three-fourths of the total voting power decide otherwise. A government may withdraw from the Bank or IDA at any time, or it may be suspended if it fails to fulfill any of its obligations. Suspension is by majority vote of Governors exercising a majority of the voting power in the organization concerned. After one year, suspension results in automatic termination of membership unless the member is reinstated by a similar vote. If a government belonging to IDA ceases to be a member of the Bank, or if its membership in the Bank is suspended, its membership in IDA is automatically terminated or suspended as well.

[1] Dollar amounts used for the capital of the Bank refer to United States dollars of the weight and fineness in effect on July 1, 1944; for the subscriptions and contributions of IDA, to United States dollars of the weight and fineness in effect on January 1, 1960.

Of the Bank's original members, Poland withdrew in 1950; Czechoslovakia failed to pay its full subscription and ceased to be a member in 1954; and Cuba and the Dominican Republic withdrew in 1960. The Dominican Republic joined again in 1961. Indonesia which first joined the Bank in 1954, withdrew in 1965. It was readmitted to membership in April 1967.

Termination of membership in the Bank or IDA does not relieve a government of any direct or contingent obligations to the organization assumed before it ceased to be a member. Specifically in the case of the Bank, the former member remains liable for calls on the 90 percent unpaid portion of its subscription with respect to Bank loans or guarantees contracted before the membership ceased. Repurchase of the member's shares in the Bank, or repayment of amounts paid on its subscription in the case of IDA, is contingent upon satisfactory fulfillment of its direct financial obligations to the organization.

POLICY DIRECTION

The Bank and IDA have essentially the same organizational structure for policy formulation and executive supervision, as specified in their respective Articles of Agreement.

Board of Governors

All powers in each institution are vested in a Board of Governors, which consists of one Governor appointed by each member country. Typically, a Governor is his country's Finance Minister, central bank Governor, or a minister or an official of comparable rank. Governors of the Bank whose countries are also members of IDA serve *ex officio* as Governors of IDA. Each member has the right to designate an Alternate Governor.

While the Boards of Governors may delegate most of their authority, certain powers are specifically reserved to them by the Articles of Agreement. These include the powers to admit or suspend members; to increase or decrease the capital stock of the Bank, or, in the case of IDA, to authorize and fix the terms and conditions of additional subscriptions; to decide appeals resulting from interpretations of the Articles of Agreement given by the Executive Directors; to conclude formal cooperative arrangements with other international organizations; to suspend operations and distribute the organizations' assets; to determine the distribution of Bank and IDA net income; and to approve amendments to the Articles of Agreement.

The Boards of Governors are required to hold an Annual Meeting, which by custom is held usually in September in conjunction with that of the IMF. The practice has developed of alternating two successive Annual Meetings in Washington with one in a member country away from headquarters. Of the 28 Annual Meetings held so far, 18 were in Washington,

the others in London (1948), Paris (1950), Mexico City (1952), Istanbul (1955), New Delhi (1958), Vienna (1961), Tokyo (1964), Rio de Janeiro (1967), Copenhagen (1970), and Nairobi (1973). A majority of Governors exercising at least two-thirds of the total voting power constitutes a quorum. At each Annual Meeting, the Governors elect the Chairman and Vice-Chairmen for the meeting of the following year. Between Annual Meetings, the Governors are polled by mail or cable on issues requiring their votes.

Executive Directors

The Board of Governors of each institution has delegated most of its authority to the Executive Directors. The President of the Bank serves as Chairman of the Executive Directors, but may vote only in the case of an equal division. The Articles of Agreement give the Directors responsibility for interpretation of the provisions of the Articles, subject to appeal to the Boards of Governors, and for "conduct of the general operations" of the institutions. Proposals for loans or other financing, borrowing, major technical assistance operations, budgets, reports, and recommendations to the Boards of Governors, and matters involving policy issues are submitted by the President to the Executive Directors for their consideration and decision.

On December 31, 1973, there were 20 Executive Directors of the Bank. Each of the five largest shareholders (France, the Federal Republic of Germany, Japan, the United Kingdom, and the United States) appoints a single Executive Director. The remaining 15 Executive Directors are elected for two-year terms by the Governors for other members, each Governor casting the number of votes to which his country is entitled. Each Director appoints his own Alternate. An Executive Director of the Bank serves *ex officio* as a Director of IDA, if the member country which appointed him, or one or more of the member countries whose votes counted toward his election, also is a member of IDA.

A majority of Executive Directors exercising not less than one-half of the total voting power constitutes a quorum. Each appointed Director casts the number of votes to which the country which appointed him is entitled, and each elected Director the total of the votes of the members whose votes counted toward his election, which he must cast as a unit.

Chairman and President

The combined effect of various provisions of the Articles of Agreement and practice is to make the President of the Bank, who is selected by the Executive Directors, the Chairman of the Directors and President of the Bank and IDA.

The only statutory requirement concerning eligibility is that the President may not be a Governor, Director or Alternate of the Bank. The duty of the President, officers and staff of the Bank and IDA is solely to the respective organizations and not to any other authority. Each member country undertakes to respect the international character of this duty and

to refrain from all attempts to influence any employee in discharging his official responsibilities.

Subject to the direction of the Executive Directors on questions of policy, the President is responsible for the conduct of the ordinary business of the Bank and for the organization, appointment and dismissal of its officers and staff.

On April 1, 1968, Mr. Robert S. McNamara became the Bank's fifth President. He began his second five-year term on April 1, 1973. The first four Presidents were: Mr. Eugene Meyer, June 18 to December 18, 1946; Mr. John J. McCloy, March 17, 1947, to June 30, 1949; Mr. Eugene R. Black, July 1, 1949, to December 31, 1962; and Mr. George D. Woods, January 1, 1963, to March 31, 1968.

ORGANIZATION

The organization of the World Bank and IDA is outlined in the chart on pages 22 and 23. Since the Bank and IDA differ chiefly only in the sources of their funds and the terms of their lending, the officers and staff of the Bank serve IDA as well. They also perform certain common services for IFC, although IFC has its own operating staff. (For details of IFC's organization and operations, see pages 80-82.) The total staff of the Bank at December 31, 1973, numbered 3,553, comprising nationals of 98 countries.

The operational structure of the Bank and IDA, reorganized in 1973 along regional lines, consists mainly of five Regional Offices at the Bank's headquarters—for Eastern Africa; Western Africa; Asia[2]; Europe, Middle East and North Africa; and Latin America and the Caribbean. Each office is responsible for planning and supervising the execution of the Bank's development assistance programs within its assigned countries. Each has under its direct control most of the experts—such as sector specialists, financial analysts, economists, and loan officers—required to carry out its responsibilities. The Regional Offices are headed by Regional Vice Presidents, who report to the Senior Vice President, Operations. Within each Regional Office are two Country Programs Departments and a Projects Department, with its own specialists—for agriculture, education, public utilities, and transportation. Three of the Regional Offices also have their own technical staff for development finance company projects. The Bank's missions stationed in developing countries report to the Regional Offices responsible for their area of operations.

This "decentralized" structure is designed to serve three main aims. Firstly, it permits the Bank to maintain and improve the effectiveness of the development assistance it provides to borrowing countries as the growth in its activities continues. Secondly, it establishes the framework for close working relations between the "country experts" and the "sector specialists," and thus enables them to gain a deeper understanding of the development problems, needs and opportunities of the countries they serve. Thirdly, it permits optimum utilization of Bank staff in dealing with more complex programs which require a multidisciplinary team approach in preparing, appraising and implementing projects.

At the same time, provision has been made for a broad range of policy and operational support to the five Regional Offices. This includes policy formulation; the assurance of quality and consistency in Bank operations; and technical innovation. The support is provided by the Central Projects Staff (CPS) and by the Development Policy Staff (DPS).

Specialists engaged in relatively new types of project work and those that are too few in number to be assigned to individual regions are appointed to the Central Projects Staff. They are responsible for projects in industry, population and nutrition, rural development, tourism, and urbanization. In addition, the CPS also deals with sector policy matters in the decentralized sectors and with project issues. The CPS is headed by the Vice President, Projects Staff, who also reports to the Senior Vice President, Operations.

The Development Policy Staff (DPS), reporting to the Vice President, Development Policy, deals with global and country specific development policy issues and sector policies in industry, rural development, population, urbanization, and public and private finance. It is responsible for maintaining and improving the quality of the Bank's economic work and the methodology for carrying it out. It coordinates policy work throughout the Bank; operates the Bank's economic data and projections systems; provides central guidance to Regional Offices on establishing priorities for economic work in member countries; reviews the economic analysis supporting country lending programs; provides specialist resources in support of the Regional Offices' country economic work; and manages the Bank's program of research.

As a further measure to assure quality and consistency in the Bank's work, lending operations proposed by the Regional Offices are reviewed by the Loan Committee. The Committee consists of the Senior Vice President, Operations; Vice President, Finance; Vice President and General Counsel; Vice President, Projects Staff; and the Regional Vice President responsible for the loan being considered. It is the responsibility of the Committee to ensure that each loan is financially sound, and has been prepared in accordance with the Bank's policies and procedures.

In addition to the existing Internal Auditing Department, the recent establishment of the Operations Evaluation Department reflects the increased emphasis the Bank places on an independent evaluation of the effectiveness of its operations. Both departments report to a Vice President who has no other operating responsibilities.

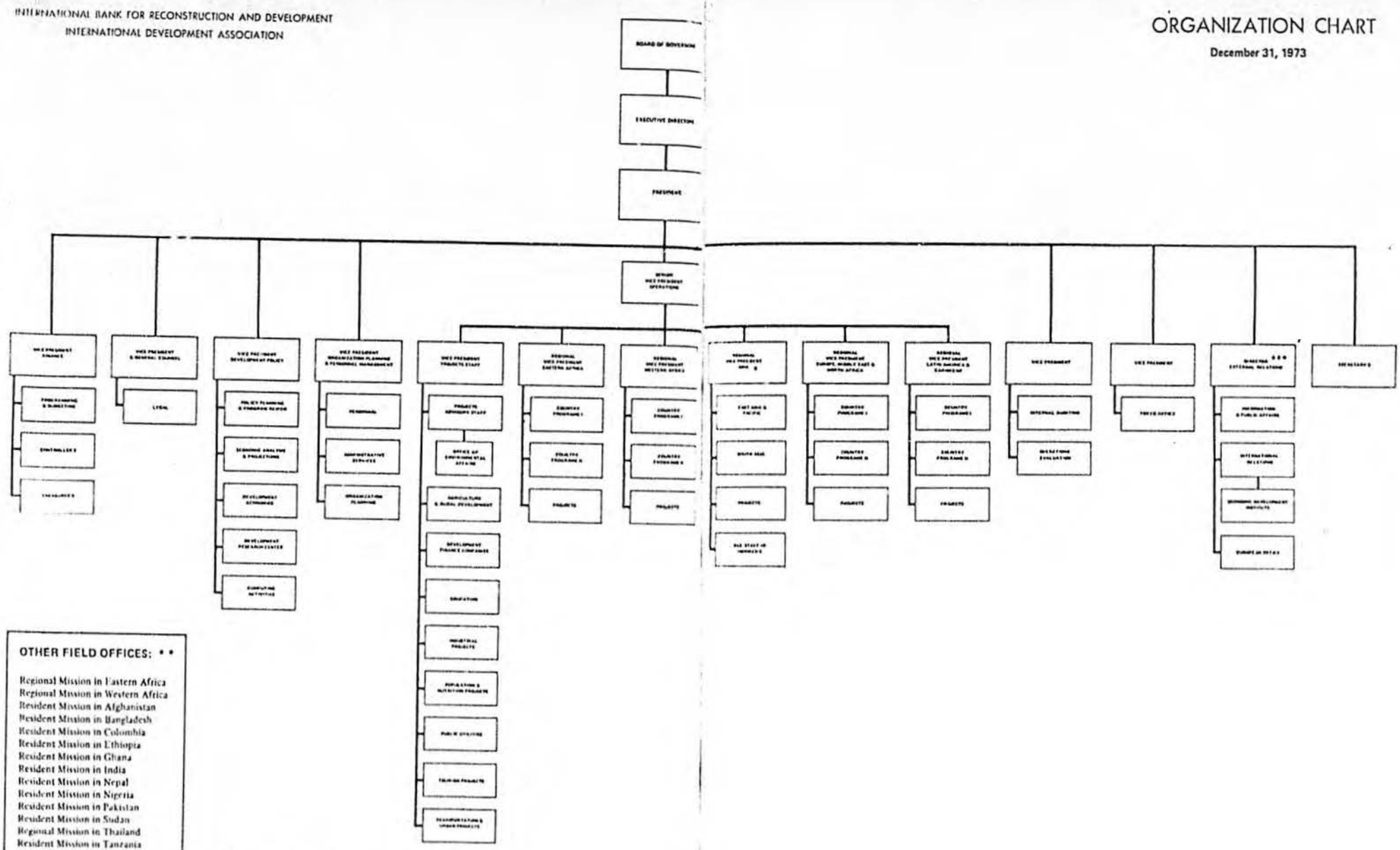
The organization chart shows the structure of the support and service departments of the Bank Group. Of these departments, one—the Legal Department—serves only the Bank and IDA. The others service IFC as well.

[2] Effective July 1, 1974, the Asia Regional Office will be divided into two new regional offices—for East Asia and Pacific, and for South Asia.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

ORGANIZATION CHART

December 31, 1973



OTHER FIELD OFFICES: * *

Regional Mission in Eastern Africa
Regional Mission in Western Africa
Resident Mission in Afghanistan
Resident Mission in Bangladesh
Resident Mission in Colombia
Resident Mission in Ethiopia
Resident Mission in Ghana
Resident Mission in India
Resident Mission in Nepal
Resident Mission in Nigeria
Resident Mission in Pakistan
Resident Mission in Sudan
Regional Mission in Thailand
Resident Mission in Tanzania
Resident Mission in Zaire
Resident Mission in Zambia

* See footnote 2 on page 20
** See footnote 3 on page 24
*** From July 1, 1974 - Vice President, External Relations

At December 31, 1973, in addition to its main office in Washington and small offices in New York for contact with the financial community and the financial press, and at UN headquarters for liaison with the United Nations, the Bank had 19 offices spread over the globe.

The European Office in Paris, largest of the Bank's overseas offices, provides continuing representation of the Bank and IFC with European governments, central banks and other financial institutions, European headquarters or activities of other international organizations, and the European information media, academic institutions and business community. As required, it represents the Bank and IFC at meetings and conferences, and provides administrative and secretariat services for Bank and IFC missions going to or through Europe. There is a small office in London.

The Tokyo Office is concerned with facilitating liaison between the Bank and the Japanese Government and the Japanese financial community. It also serves as a source of information for the Japanese press and public.

The Bank's Regional Mission in Eastern Africa, stationed in Nairobi, and its Regional Mission in Western Africa, stationed in Abidjan, are responsible for assisting governments in their respective regions in formulating development projects and for providing technical assistance in economic and financial matters. The Regional Mission in Bangkok is concerned with project preparation and implementation in Thailand and Malaysia.

Since mid-1968, the Bank has had a Resident Staff in Indonesia to assist and advise the Government of Indonesia in the formulation and implementation of economic policies, the preparation and execution of specific sector and project plans, and the coordination and mobilization of technical assistance.

The Bank stations Resident Representatives in a number of countries to facilitate and supervise Bank operations and, as the need arises, to provide advisory assistance. Resident Missions are located in Afghanistan, Bangladesh, Colombia, Ethiopia, Ghana, India, Nepal, Nigeria, Pakistan, Sudan, Tanzania, Zaire, and Zambia.[3]

Appendix E lists the Bank's offices and missions and their addresses.

[3]In August 1974, a Resident Mission will also be established in Upper Volta, and in September 1974, one in Venezuela.

FINANCIAL STRUCTURE OF THE BANK

The Bank has three primary sources of funds: the paid-in capital of member governments, borrowings and the net income from its operations.

CAPITALIZATION[1]

To September 1959, the authorized capital stock of the Bank was $10,000 million in terms of United States dollars of the weight and fineness in effect on July 1, 1944. It was divided into 100,000 shares of the par value of $100,000 each.

Under the Articles of Agreement, the capital subscription of each member is divided into three parts:

1. Two percent of each subscription is payable in gold or United States dollars, which may be used freely by the Bank in any of its operations.
2. Eighteen percent of each subscription is payable in the currency of the subscribing member. These funds may be lent only with the consent of the member whose currency is lent. The Articles of Agreement require each member to maintain the value of the Bank's holdings of currency derived from this portion of the member's subscription, if the par value of its currency is reduced, or if the foreign exchange value of its currency depreciates to a significant extent in the member's territories. Similarly, if the par value of a member's currency is increased, the Bank is required to return to the member the increase in the value of such currency held by the Bank. From time to time, the Bank has been settling with members by receiving or paying additional amounts of currency pursuant to these requirements.[2]
3. The remaining 80 percent of each subscription is not available to the Bank for lending but is subject to call if required by the Bank to meet its obligations on borrowings or on loans guaranteed by it. Payments on any such call may be made either in gold, US dollars, or the currency required to discharge the obligations of the Bank for which the call is made.

The uncalled capital under (3) constitutes assets which are available for use by the Bank if needed for such purpose. No call, however, has been made against this portion of subscribed capital. The obligations of the members to make payment on such calls are independent of each other; in other words, default of one or more members would not excuse any

[1]Dollar amounts used in the text of this chapter for capital of the Bank refer to United States dollars of the weight and fineness in effect on July 1, 1944. Unless otherwise specified, all other amounts in US dollars refer to current dollars. One dollar as used for Bank capital equals approximately 1.20635 current dollars.

[2]Some members have converted part or all of the Bank's holdings of their restricted currencies into United States dollars to be used without restriction in the Bank's operations, subject to the right of the Bank or the member to reverse the transactions.

other member from its obligation to make payment. Calls need not be deferred until the obligation has actually matured but may be made sufficiently in advance of maturity to enable the Bank to meet the obligation as it becomes due. No member may be required to pay more than the unpaid balance of its capital subscription. On the other hand, as has been pointed out, even withdrawal from membership does not relieve a government either from its direct obligations to the Bank or from its contingent liabilities (including its obligations to make payments of calls on the unpaid portion of its subscription) for losses on loans or guarantees contracted by the Bank before the government concerned ceased to be a member.

Thus, the uncalled portions of the subscriptions, while not available for lending by the Bank, constitute in effect a guarantee of the Bank's obligations by the Bank's members, with each member putting its own credit behind Bank obligations to the extent of the uncalled portion of its own capital subscription.

CAPITAL INCREASES

In buying the Bank's bonds, investors attach great importance to the security provided by the Bank's ability to call on the unpaid subscriptions of the member countries. By the end of 1958, the outstanding borrowings of the Bank had risen to nearly $1,800 million. Three-quarters of this was in the form of US dollar obligations, and it was felt that the Bank's future borrowing in the United States would be facilitated by an increase in its capital.

Early in 1959, the Board of Governors decided to increase the authorized capital stock of the Bank from $10,000 million to $21,000 million, effective from September 15, 1959. Each member was given an opportunity to double its subscription compared to what it was on January 31, 1959. Since the purpose of the capital increase was to raise the Bank's guarantee resources, rather than to obtain cash funds from member governments for lending, one of the Resolutions adopted by the Board of Governors provided that the two percent and 18 percent portions of this general increase of subscriptions were to be called only when required to meet obligations of the Bank arising out of its borrowings or guarantees. While this Resolution is not legally binding on future Boards of Governors, it does record an understanding among members that these portions of subscriptions shall not be called for use by the Bank in its lending activities or for administrative purposes.

The doubling of member countries' subscriptions without an increase in the paid-in portion has meant in practice that one percent of each member's total subscription to the Bank (rather than two percent) has been payable in gold or US dollars, and nine percent (rather than 18 percent) has been payable in the subscribing country's currency. In addition to the doubling operation, a number of countries, including Canada, Germany and Japan, were given an opportunity to make further special increases in their subscriptions. To preserve parity of treatment between members, the subscription of these special increases involved the payment by the member countries concerned of one percent in gold or US dollars and of nine percent in the currency of the member.

Similarly, when further countries have become members of the Bank since the 1959 capital increase, the statutory provisions affecting the two percent and 18 percent portions have been applied to only half of these countries' total subscriptions, so that one percent of each subscription has been payable in gold or US dollars and nine percent in the currency of the subscribing member, the remaining 90 percent standing in unpaid form as additional backing for the Bank's borrowings. The same treatment has been accorded to special increases in subscriptions which have been approved from time to time at the request of individual members.

In view of the fact that the authorized capital of $21,000 million had been almost entirely subscribed, and that there were a number of new countries wishing to join the Bank as well as existing members wishing to increase their subscriptions, the Bank's capital was again increased, in 1963, by a further $1,000 million. A similar situation developed in 1965; the capital was then increased by an additional $2,000 million, bringing total authorized capital to $24,000 million.

Upon the recommendation of the Executive Directors in 1970, the Board of Governors approved special increases in the subscriptions of 75 of the Bank's member countries corresponding to the selective element of the increases in their IMF quotas resulting from the Fund's Fifth General Review of member countries' quotas. In order to accommodate these increases and to provide the Bank with sufficient authorized capital for new members' subscriptions and future increases in individual members' subscriptions, the Governors also approved an increase of $3,000 million in the authorized capital stock of the Bank, from $24,000 million to $27,000 million. The increase became effective on December 31, 1970. The authorized capital stock of the Bank has remained at $27,000 million since then. By December 31, 1973, subscribed capital of the Bank amounted to $25,221,900,000. A statement of subscriptions to the capital stock of the Bank is given in Appendix C.

FUNDS FOR LENDING

1. *Capital Subscriptions.* The portion of the subscription of all members which is payable in gold or US dollars, and the nine percent portion paid in national currency but converted by the subscribing members into US dollars (*see* footnote 2 on page 25) which is freely available for lending, amounted to $343 million on December 31, 1973. On the same date, member countries had paid in the equivalent of $2,180 million as subscriptions in their own currencies to the Bank's capital. As already mentioned, these subscriptions are available for Bank

lending only with the consent of the member country concerned. However, the Bank may freely use such subscriptions to defray its administrative expenses in member countries. As of December 31, 1973, the total of these subscriptions that the Bank had been able to use in its lending operations, including amounts allocated to future disbursements, was $1,845 million. The use of the remainder for Bank lending was still governed by restrictions.

2. *Sale of Bank Obligations.* The Bank has obtained the principal part of its lending resources from borrowings. As of December 31, 1973, the Bank had sold its own obligations in various currencies in an aggregate principal amount equivalent to $15,736 million, of which approximately $9,056 million was then outstanding. A fuller description of the Bank's borrowing activities is given in the following chapter.
3. *Net Income.* The Bank's net income, which is derived mainly from interest, commitment charges on loans and earnings from investments, rose from $5.3 million in fiscal 1948 to $186 million in fiscal 1973. Most of these net earnings have been allocated to a Supplemental Reserve against Losses on Loans and from Currency Devaluations, and may be used in Bank operations. An amount aggregating $815 million of the Bank's net income has been transferred to IDA over the fiscal years 1964-73. As of December 31, 1973, the Supplemental Reserve and unallocated net income amounted to $1,557 million.

As loans are repaid or sold to investors, the proceeds generally become available for reuse by the Bank. As of December 31, 1973, the total amount sold to investors of parts of Bank loans aggregated the equivalent of $2,510 million. Such sales have declined in recent years, the decrease having resulted mainly from the general scarcity of capital and the fact that the Bank could not offer yields on portfolio sales as attractive as those available on other investments. Total principal repayments of loans, including prepayments, amounted at December 31, 1973, to $5,609 million, of which $3,520 million was repaid to the Bank and $2,089 million to investors who had purchased parts of Bank loans.

THE BANK AND CAPITAL MARKETS

The international capital markets constitute the largest single source of funds for the World Bank. As of December 31, 1973, the funded debt of the Bank consisted of 131 issues of obligations, denominated in 14 different currencies, totaling the equivalent of $9,056 million.[1] This figure, however, does not indicate the full size and scope of the Bank's marketing operations, as it represents the net outstanding amount. In all, the Bank has marketed 230 issues of securities, aggregating $15,736 million.

Bank borrowings to December 31, 1973, are summarized below:

Currency of Issue (Amounts in US$ millions equivalents)	No. of Issues	Original Amount[1]	Outstanding Amount	Outstanding Issues (No.)
U.S. Dollars	83	8,307.9	3,431.4	26
Belgian Francs	4	81.1	69.0	3
Canadian Dollars	9	210.8	151.7	6
Deutsche Marks	61	3,490.3	2,317.0	39
Financial French Francs	1	30.7	30.7	1
Italian Lire	3	98.2[2]	98.2[2]	3
Japanese Yen	15	1,784.0	1,681.2	15
Kuwaiti Dinars	6	439.1	385.6	6
Lebanese Pounds	1	30.4	30.4	1
Libyan Dinars	2	135.1	84.4	2
Netherlands Guilders	9	208.7	175.3	8
Pounds Sterling	4	69.7	43.6	3
Swedish Kronor	2	32.7	32.8	2
Swiss Francs	30	817.3	524.8	16
	230	15,736.0	9,056.1	131

[1]Including amounts receivable under contracts.
[2]Includes Financial Lire (Lit 20,000,000,000 = $32,459,997).

As required by the Articles of Agreement, the Bank has created a special reserve, invested in liquid assets, which may be used only to meet the Bank's own obligations arising out of borrowings or guarantees. Under the Articles, during the first ten years of the Bank's operations a commission of not less than one percent and not more than 1½ percent per annum had to be charged on the outstanding portion of all loans made by the Bank out of borrowed funds and on all loans guaranteed by the Bank. The commission was, in fact, fixed at one percent and with a few exceptions was included in the interest rate. All commissions received were set aside in the Special Reserve. This practice was discontinued on July 1, 1964, when the Special Reserve had reached $288 million. Since then all loan charges, including the one percent previously segregated as commission, have been considered as part of the Bank's regular income, with the exception of commissions on a few early loans. The commission charge on these loans subsequently raised the Special Reserve to over $292 million on December 31, 1973.

[1]Expressed in current US dollars. All further amounts relating to borrowings by the Bank are expressed in current dollars.

The Articles of Agreement restrict the amount of loans by the Bank to 100 percent of its unimpaired subscribed capital, reserves and surplus. In fact, however, the Bank's outstanding loan commitments are far from this maximum and are not likely to approach it in the foreseeable future.

The following table summarizes the resources behind the Bank's obligations as of December 31, 1973:

Due from banks and other depositories		$ 221,606,000
Investments (including time deposits)		3,569,730,000
Receivable on account of subscribed capital		437,603,000
Disbursed loans outstanding held by Bank[1]		15,250,463,000
Accrued income on loans		164,775,000
Receivable from purchases on account of effective loans agreed to be sold		81,936,000
Special reserve		292,509,000
Miscellaneous assets		233,212,000
		20,251,834,000
Less: Due to IDA	$404,888,000	
Miscellaneous liabilities	285,802,000	690,690,000
		$19,561,144,000
Uncalled capital subscriptions		27,383,763,000
Total		$46,944,907,000

[1]Undisbursed loan commitments amounted to $5,561,971,000 on December 31, 1973.

DEVELOPMENT OF MARKETS FOR BANK OBLIGATIONS

While the United States market has been a major source of Bank funds, it has been the Bank's policy to develop as broad an international market as practicable for its operations. As an active international lending institution which must go to the market periodically to finance its operations, it is important that the Bank should be able to tap as many sources of capital as possible and not be unduly dependent on any one source. The creation of a broad demand for Bank obligations strengthens the position of the Bank's outstanding securities and facilitates future borrowing operations. Through the years, the Bank has built up a wide market for its obligations, their rating in the international investment community is of the highest.

Holdings of Bank securities are widely distributed, being held by private investors and governmental institutions in some 80 countries. As of December 31, 1973, about one-quarter of the Bank's outstanding securities was held in the United States; the remaining three-quarters was held in other countries, including holdings by central banks.

The increased rate of lending now under way and planned for the future has required a corresponding increase in funds available to the Bank for its operations. More intensive efforts have been made in recent years, therefore, not only to increase the Bank's borrowings but also to find new sources of funds. This has taken place at a time when competing demands for capital have made it more difficult and, in general, more costly for the Bank to borrow. The Bank can offer securities only with the consent of the governments in whose markets they are to be sold. Furthermore, to obtain funds, it must offer yields to investors which are competitive with those available on similar types of securities. Thus the average cost of all Bank offerings during fiscal year 1973 was 6.93 percent. In the first six months of fiscal year 1974, the cost of borrowing rose substantially.

As a result of its intensified efforts, the Bank borrowed a gross amount equivalent to $7,770 million in the five years ending December 31, 1973. Its borrowings of nondollar currencies increased sharply during this period, in which the Bank placed its first issues denominated in French Francs, Japanese Yen, Lebanese Pounds, and Libyan Dinars.

The Market in the United States

In the Bank's early years, only the United States market was able to provide it with sizable funds, since capital markets in Europe were preoccupied with the financing of domestic postwar recovery and reconstruction. When the Bank prepared to approach the US market for the first time, it encountered major problems, due in part to investor attitudes toward foreign investment and in part to legal regulations affecting security sales and purchases.

To overcome these difficulties, in 1947 the Bank embarked on programs to disseminate information concerning its purposes, capital structure, organization, policies, and operations. One program was designed to reach investment institutions, investment bankers and dealers, and investment advisory and rating services, which together make up or influence the bulk of the bond market in the United States. The other was directed toward State and Federal authorities in the United States to make the Bank's securities eligible investments for institutional investors.

Both programs were successful. The Bank's securities are readily offered and traded by numerous investment banks and dealers, and the principal rating services have listed them as Triple A, the highest investment rating.

The first public offering of Bank bonds in the United States was made in July 1947, about two months after the first Bank loan. All subsequent issues in the United States were public offerings as well. Currently, 19 of these issues are outstanding in an amount of $2,571 million.

The Market outside the United States

In addition to postwar limitations on capital markets abroad, the Bank, when it sought to establish a market for public issues in various member countries, found that it was faced with problems similar to those it encountered on first entering the US market. Prospective investors and the financial communities had to be informed about the purposes, organization, policies, and operations of the Bank, and the legal status of the Bank and its securities had to be determined. All member governments cooperated in helping the Bank to overcome these obstacles, as did Switzerland, a nonmember.

The Bank has marketed its obligations outside the United States by public offerings of its securities and by placing securities privately, mainly with central banks and government agencies. Parts of its public issues in the United States have also found buyers in other countries.

Public Offerings

To December 31, 1973, the Bank had publicly offered 72 issues of securities on markets outside the United States. These issues totaled the equivalent of $2,918 million, of which 59 issues totaling $2,486 million were outstanding in whole or in part. They included issues denominated in Belgian Francs, Canadian Dollars, Deutsche Marks, French Francs, Italian Lire, Japanese Yen, Kuwaiti Dinars, Netherlands Guilders, Pounds Sterling, Swedish Kronor, and Swiss Francs.

The principal sources of funds derived from public offerings outside the United States have been the investment markets in Germany, Japan, Kuwait, and Switzerland. The German market was the largest of these sources of funds. Beginning in June 1959 and to December 31, 1973, 14 World Bank issues aggregating DM 3,120 million ($1,153 million) were publicly offered in Germany. Of these issues, DM 2,858 million ($1,057 million) was outstanding at the end of 1973.

The first public offering of World Bank bonds on the Japanese market was made in 1971, in an amount of ¥ 11,000 million. Altogether, six such offerings have been made in an aggregate of ¥ 98,000 million ($350 million), all of which was outstanding on December 31, 1973.

Since 1968, the Bank has made five public offerings on the market in Kuwait in an aggregate of KD 130 million ($439 million), of which KD 12.5 million ($42.2 million) was on a delayed delivery basis until February 1974. Aside from bonds on delayed delivery, total outstanding Kuwaiti Dinar bonds amounted to KD 114 million ($386 million) on December 31, 1973.

Although Switzerland is not a member of the Bank, negotiations between the Bank and the Swiss Federal Council resulted in the signing of a formal agreement in mid-1951, under which Switzerland recognized the international personality and legal capacity of the Bank, and granted it facilities corresponding in large part to those accorded the Bank in the territories of member countries. Since then, the Bank has offered 19 public issues in Switzerland, totaling Sw F 1,445 million, of which 12 issues totaling Sw F 956 million ($294 million) were outstanding in whole or in part on December 31, 1973.

Private Placements

All private placements of World Bank obligations have been with purchasers outside the United States—mainly central banks and other governmental institutions. These issues, one hundred and thirty in number, have been denominated in various currencies, including United States dollars. As of December 31, 1973, the amount of private placements

aggregated the equivalent of $9,128 million, of which $3,995 million was outstanding.

The largest source of funds through private placements, as well as the largest single holder of World Bank obligations, is The Bank of Japan. Between February 1970 and the end of 1973, The Bank of Japan lent in Yen the equivalent of some $1,300 million to the World Bank, virtually all of which was outstanding on December 31, 1973. The Deutsche Bundesbank—the central bank of Germany—has been a major source of funds to the World Bank since 1958. To December 31, 1973, Bundesbank purchases of World Bank Deutsche Mark obligations aggregated the equivalent of $1,300 million, of which $950 million was outstanding.

In addition to these central bank issues, the World Bank has outstanding four issues of two-year US dollar denominated bonds with central banks in 75 countries and with other governmental agencies and international organizations. The total outstanding on December 31, 1973, was $810 million. The Bank began placing these short-term dollar issues in the mid-1950s. None of them is held in the United States. The last placement was in September 1973, when a $170 million issue of two-year US dollar bonds was sold to central banks and other governmental agencies in 50 countries other than the United States and to one international agency.

Status of Bank Securities

Securities issued by the Bank are its direct obligation. None is secured by a pledge of specific assets and, as required by the Articles of Agreement, the securities state that they are not obligations of any government. As explained earlier (pages 18, 25 and 26), however, member governments are obliged to make payments on their uncalled capital, if this is required by the Bank to meet its obligations on borrowings. Thus, the uncalled capital provides strong backing for the Bank's securities.

All the securities contain a provision to the effect that, with a minor exception relating to purchase money security, the Bank will not pledge any of its assets to secure other debt unless the securities share *pro rata* in such a pledge. Many outstanding securities of the Bank contain sinking fund provisions obliging the Bank to purchase or redeem securities for sinking fund purposes during the life of the issue.

Under the Articles, holders of Bank obligations do not, as such, enjoy any general exemption from taxes on interest paid to them. The securities and the interest thereon, however, are not subject to any tax (a) which discriminates against the securities solely because they are issued by the Bank, or (b) if the sole jurisdictional basis for taxation is the place or currency in which the securities are issued, made payable or paid, or the location of any office or place of business maintained by the Bank. Also, under the Articles the Bank is not obligated to withhold or to pay any tax on the interest on the securities.

Sales of Loans

By December 31, 1973, the Bank had sold or arranged to sell to inves-

tors parts of its loans in a total amount equivalent to $2,510 million, of which $2,090 million had been repaid. Nearly all sales were made without the Bank's guarantee.

In some cases, sales are made after the loan contract has been signed and disbursements have been made, and these are designated as "portfolio sales." In other cases, sales are arranged at the time the loan contract is signed and funds are called when disbursements are made. The latter are designated as "participations." Portfolio sales accounted for $1,863 million of loan sales to December 31, 1973, and participations for $647 million.

For about five years, loan sales were an important source of replenishment of the Bank's lendable funds. The peak was reached in the fiscal years 1962 and 1963, when sales were $319 million and $273 million respectively. Loan sales declined thereafter due to the worldwide scarcity of capital in recent years and the resulting increase in the general level of interest rates. This increase has made it difficult for the Bank to offer yields on loans in its portfolio as attractive as those available on other investments.

As in the case of the Bank's securities, loan sales have been on a broad international scale. United States private investors have purchased 30 percent of the total. The remainder was bought by investors abroad, including purchases by governmental agencies of their own government's obligations to the Bank.

Loans Sold and Agreed to be Sold to December 31, 1973
(in US$ millions equivalents)

	Amount	Percent of Total
Purchased by investors outside US	1,762	70
Purchased by US investors	748	30
	2,510	100

FINANCIAL STRUCTURE OF IDA

By its Articles of Agreement, IDA in a legal sense is an entity separate and distinct from the Bank. At the same time, its particular function is to provide finance "on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans, thereby furthering the developmental objectives of [the Bank] and supplementing its activities."

IDA's primary lending resources have been the subscriptions and supplementary resources, consisting of three replenishments and special contributions provided by member countries, chiefly its 20 wealthiest. The World Bank has made grants to IDA out of its net income, and the Association has a small net income of its own. In addition, IDA has received two interest-free loans from Switzerland and a voluntary contribution from New Zealand, neither of which is a member.

SUBSCRIPTIONS[1]

The Articles of Agreement provided for initial subscriptions by all members of the Bank at December 31, 1959, since all were eligible for membership in IDA. They were based on a total of $1,000 million, with each member's subscription proportioned to its subscription to the capital stock of the Bank. In general, the same formula has been applied to new members.

In accordance with the Articles of Agreement, members of the Association are divided into two groups: Part I countries, consisting of the countries which are more advanced economically; and Part II countries, comprising the developing countries. The two groups make their payments on subscriptions in different ways. The entire subscriptions of Part I countries are in convertible form and are usable by the Association in its lending operations, while only 10 percent of the subscriptions of Part II countries is in convertible funds. The remainder is paid in the member's own currency and may not be used by IDA without the member's consent.

Seventeen of the Bank's more highly industrialized members were named in the Articles of Agreement as being eligible for original Part I membership. Fifteen of these had joined as original members by the end of IDA's first fiscal year, June 30, 1961, and Belgium and Luxembourg joined in 1964. Kuwait became a Part I member when it joined all three World Bank institutions in 1962, while Iceland became a Part I member in 1971, and Ireland in 1973. As of December 31, 1973, IDA's membership consisted of 112 countries, of which 20 were Part I and 92 were Part II members.

The initial subscriptions of Part I members, all of which have been paid in, aggregate $754,475,000, or approximately 74 percent of total initial

[1]Dollar amounts used in the text of this chapter for subscriptions and contributions of IDA, the Swiss loans and the grant from New Zealand, refer to United States dollars of the weight and fineness in effect on January 1, 1960. Unless otherwise specified, all other amounts refer to current dollars. One dollar of 1960 equals approximately 1.20645 current dollars.

subscriptions. As of December 31, 1973, initial subscriptions of the 92 Part II members represented 26 percent of the total and aggregated $269,897,000. Of this amount, $26,989,700, or 10 percent, had been paid in convertible form.

Under the Third Replenishment, as will be explained later, it was provided that additional subscriptions by members could be made to the Association in such a way that roughly the same proportion would be maintained. As a result, by December 31, 1973, 19 Part I members had made additional subscriptions in the amount of $28,405,920, and 69 Part II members had taken up their rights and made additional subscriptions amounting to $9,223,040, of which $801,100 were in convertible funds. In addition, by the same date, a number of Part II members had released all or part of the remaining 90 percent portions of their initial subscriptions, totaling over $24.7 million, for use by the Association under various terms and conditions.[2]

Thus, IDA's total usable resources available from initial plus additional subscriptions by December 31, 1973, amounted to $835,391,000. The Association held another $226,610,000 in currencies and notes not yet available for use, representing the unreleased balance of the 90 percent portions of initial subscriptions and the additional subscriptions of Part II members.[3]

ADDITIONS TO RESOURCES

Under the Articles of Agreement, the Association was directed to review the adequacy of its resources in the light of the schedule of payments on initial subscriptions, which were to be completed over a period of five years and approximately each five years thereafter, and to authorize a general increase in subscriptions if thought desirable. The Articles also authorize the receipt of supplementary resources from any member, on terms and conditions to be agreed upon. Increases in subscriptions, replenishments in the form of supplementary resources and special contributions to IDA are subject to approval by the legislatures of the individual member countries.

First Replenishment

The Executive Directors reviewed the adequacy of IDA's resources in 1963, and recommended that they be replenished. It was agreed that replenishment should take the form of supplementary contributions rather than a general increase in subscriptions, which would involve adjustments in voting rights and other complications.

In June 1964, a First Replenishment of the Association's resources was approved by the Board of Governors: IDA was authorized to receive supplementary contributions aggregating $741,375,000, including contributions agreed to by Belgium and Luxembourg, which became members in mid-1964. Initial subscriptions of these two countries increased the replenishment to $750 million, available for commitments for the period up to at least June 30, 1966. In addition, Kuwait decided to participate by making a contribution equal to its initial subscription of $3,360,000, raising the total replenishment to $753,360,000. Each contribution was payable in freely convertible currencies in three equal installments, the last of which was payable on or before November 8, 1967.

Second Replenishment

In September 1968, the Board of Governors approved a Second Replenishment of IDA's resources, authorizing IDA to receive contributions aggregating approximately $1,200 million. This amount was made up as follows: $1,170,480,000 from the then 18 Part I countries; special supplementary contributions (*see also* page 40) totaling $17,520,000 from five of these countries—Canada, Denmark, Finland, the Netherlands, and Sweden; and a 50-year, interest-free loan equivalent to about $12 million from the Swiss Confederation (*see* Other Resources, page 40), not a member of IDA. These funds were to be made available to IDA at the rate of $400 million annually for three years. The date for the first payment was originally set for November 8, 1968, but because of delays in bringing the Second Replenishment into effect, was finally deferred to August 22, 1969.

Because of the balance-of-payments problems of the United States, the replenishment resolution provided that, during the three years ending June 30, 1971, and for so long thereafter as permitted by the state of its resources, IDA would call upon the US contribution to meet disbursements on new credits only for the amount needed to finance procurement in the United States. Amounts deferred, however, would be subject to subsequent call, thus permitting the entire amount of the replenishment to be committed. As a necessary corollary to this arrangement, a number of other participating countries agreed to permit a compensating acceleration of IDA's drawings upon their contributions in order to meet disbursement requirements. The report of the Executive Directors accompanying the Second Replenishment Resolution provided that sympathetic consideration would be given to any other contributing member which in the future, on grounds of serious balance-of-payments difficulties, requested deferment of drawings upon its contribution to the Second Replenishment.

The US Congress did not act on the replenishment in 1968, so that the Second Replenishment did not come into effect that year. This reduced the funds available to IDA for commitment, causing a diminution in IDA's lending activities in the first half of fiscal 1969. Therefore, 11 other participating countries—Australia, Austria, Canada, Denmark, Finland, Germany, Japan, the Netherlands, Norway, Sweden, and the United

[2] Some of these funds are available only for use in the member country.

[3] Compensating payments by the Association or the member are required, as appropriate, to maintain the initial value of these currencies, so long as they shall not have been initially disbursed or exchanged for the currency of another member. This applies also to the currencies of Part I members.

Kingdom—took steps to make advance contributions against their pledges for a total amount of $244,520,000. Canada and Australia made available for immediate commitment their entire contributions of $75 million and $24 million respectively, while the remaining nine countries made available the first installment (one-third) of their total contributions.

The replenishment agreement came into force on July 23, 1969, when requirements had been met that a minimum of 12 contributing members had formally notified IDA that they would contribute at least $950 million of the proposed total of $1,200 million. By January 31, 1971, IDA had received the full amount of $1,188 million from Part I member countries.

Third Replenishment

In February 1971, the Board of Governors approved a third general replenishment to increase IDA's resources. This provided that 18 Part I and three Part II countries would make available to IDA about $2,409 million for the three-year period ending June 30, 1974, subject to any necessary legislative action. The 21 members included Ireland, Spain and Yugoslavia, in addition to the then 18 Part I countries. These amounts were to be made available in the form of additional subscriptions and contributions carrying no voting rights. Subsequently, Iceland, which had been a Part II member, changed to a Part I member and agreed to make a contribution under the Third Replenishment.

Switzerland also agreed, subject to parliamentary approval, to make the Association a 50-year interest-free loan equivalent to about $35 million (Sw F 130 million), payable in three equal installments in 1971, 1972 and 1973 (*see* Other Resources, page 40).

In order for the Replenishment to have become effective, member countries, including at least 12 Part I countries, pledging not less than $1,900 million, were required formally to notify IDA that they would make their specified contributions. Although the original target date was June 30, 1971, delays in notification by a number of members made it necessary to postpone the effective date several times.

Since by the end of June 1971, all of IDA's available funds had been committed for specific projects, 15 members made advance contributions toward the Third Replenishment during fiscal year 1972, amounting to $448 million, without waiting for the agreement to become effective. These countries were: Australia, Canada, Denmark, Finland, France, Germany, Iceland, Ireland, Japan, Kuwait, the Netherlands, Norway, Sweden, the United Kingdom, and Yugoslavia. Two of these—Ireland and Yugoslavia—were Part II members of IDA. In addition, Mexico, also a Part II member, made $2 million available by releasing part of the 90 percent portion of its initial subscription.

By June 30, 1972, 16 of the 19 Part I countries had sent their notifications to IDA but their combined contributions were still $561 million below the mandatory amount agreed upon for the replenishment to become effective. Finally, following completion of the action necessary to

authorize the United States [illegible]

Replenishment came formally into effect on September 22, 1972.

In connection with the Third Replenishment, it had been agreed that the voting power of each of the Part I members should be adjusted to reflect more accurately their share in the total financial contributions of all of the Part I countries in the Association. This adjustment was effected by providing that a portion of each Part I member's contribution under the Third Replenishment would be in the form of an additional subscription which would carry voting rights. Part II members had the right to make additional subscriptions to the Association in order to permit them to maintain the relative voting power of all Part II countries as a group.

Fourth Replenishment

IDA's resources, including those provided by the Third Replenishment, were expected to be fully committed by June 30, 1974. Accordingly, consultations with the Association's member governments were initiated in 1972 on the need for a further replenishment to provide additional commitment authority by July 1, 1974. In September 1973, 24 members of IDA plus Switzerland came to an agreement that this should be done through a Fourth Replenishment in an amount equivalent to $4,500 million in current US dollars over a three-year period.

Under the agreement, Ireland and New Zealand were to join for the first time as Part I members in a proposal to replenish IDA, Ireland having become a Part I country during 1973 and New Zealand joining the Association as a Part I country under the new replenishment. Part II members participating were Israel, Spain and Yugoslavia, Israel proposing for the first time to join as a contributor. Switzerland, although not an IDA member, announced its intention to participate also in this Replenishment by seeking parliamentary approval of a 50-year interest-free loan.

The contributions recommended under the Fourth Replenishment agreement were in the following amounts:

Part I Countries	US$ (equivalent)[1]	Part I Countries	US$ (equivalent)[1]
Australia	90,000,000	New Zealand	11,745,000
Austria	30,600,000	Norway	49,500,000
Belgium	76,500,000	South Africa	9,000,000
Canada	274,500,000	Sweden	180,000,000
Denmark	54,000,000	United Kingdom	499,500,000
Finland	25,200,000	United States	1,500,000,000
France	253,545,000		4,415,790,000
Germany	514,500,000	Part II Countries	
Iceland	1,350,000		
Ireland	7,500,000	Israel	1,000,000
Italy	181,350,000	Spain	13,333,000
Japan	495,000,000	Yugoslavia	5,000,000
Kuwait	27,000,000		19,333,000
Luxembourg	2,250,000	Switzerland	66,179,147
Netherlands	132,750,000	Total	4,501,302,147

[1] At official New York noon exchange rates of September 27, 1973.

The Board of Governors, in a Resolution adopted on January 31, 1974, approved the Fourth Replenishment of IDA's resources. Similar to procedures under the Third Replenishment, the Resolution provided for an adjustment of the voting power of all participants under the Fourth Replenishment, including arrangements which would permit Part II members to maintain relative voting power as a group.

Special Supplementary Contributions

As has been noted previously, special supplementary contributions totaling $17,520,000 were made by Canada, Denmark, Finland, the Netherlands, and Sweden under the Second Replenishment of IDA's resources. Moreover, Sweden has made seven additional special supplementary contributions aggregating the equivalent of $49,500,000, while Denmark made another one of $15 million. Norway has also made a special supplementary contribution amounting to $1,320,000. A full statement of subscriptions and contributions to IDA is given in Appendix D.

Transfers from the Bank

The Bank has made ten grants totaling $815 million to IDA out of its net income for the fiscal years 1964 through 1973: $50 million from income earned in the fiscal year 1964, $75 million each in 1965 and 1966, $10 million in 1967, $75 million in 1968, $100 million each in 1969 and 1970, and $110 million each in 1971, 1972 and 1973. When the first transfer to IDA was approved in 1964, the Board of Governors of the Bank adopted the following statement of policy, which remains in effect today: "Any transfers to the Association will be made only out of net income which (i) accrued during the fiscal year in respect of which the transfer is made, and (ii) is not needed for allocation to reserves or otherwise required to be retained in the Bank's business and, accordingly, could prudently be distributed as dividends."

Other Resources

Under the Articles of Agreement, IDA is authorized to borrow funds and to issue and guarantee securities. In June 1967, the Association entered into an agreement with the Swiss Confederation, ratified by its Parliament, under which Switzerland lent IDA the equivalent of US$12.1 million. The loan was made on the same terms as those on which IDA itself extends credits for projects: the loan is interest-free and is repayable in forty annual installments beginning July 1, 1979. The proceeds are freely convertible and usable in any member country and Switzerland.

A second loan agreement for the equivalent of US$35 million was entered into by IDA and the Swiss Confederation in November 1972. Its terms are the same as those of the first loan, with repayments to commence on November 8, 1983.

In December 1970, New Zealand, which is not a member of IDA, agreed to make a voluntary contribution to IDA equivalent to US$5.6 million, payable in five equal annual installments beginning in 1971.

Net Income

IDA's operating income has been derived from the service charge of ¾ of one percent on the disbursed portion of credits and from interest on invested funds. Through December 31, 1973, cumulative net income totaled $79,788,500.

The Articles of Agreement made the Board of Governors responsible for determining the disposition of net income, "having due regard to provision for reserves and contingencies." So far, no separate reserve has been established and no disposition of net income has been made.

Usable Funds Available to IDA
as of December 31, 1973
(expressed in current US$)

Initial Subscriptions		
Part I countries (100% of subscriptions)	$ 910,159,800	
Part II countries (10% of subscriptions)	32,559,000	
Part II countries (part of 90% portion of subscriptions released)	29,820,200	$ 972,539,000
Additional Subscriptions		
Part I countries (100%)	$ 34,267,400	
Part II countries (released)	966,400	35,233,800
Supplementary Resources		
First Replenishment	$ 898,410,000	
Second Replenishment	1,433,142,100	
Third Replenishment	2,754,569,500	
Special Supplementary (Sweden, Denmark and Norway)	79,395,800	5,165,517,400
Loans from the Swiss Confederation		55,983,100
Contributions from New Zealand (non-member)		7,112,500
Repayments		9,679,100
Participation		100,000
World Bank transfers (less authorized grants by IDA for agricultural research)		809,020,000
Accumulated net income		79,788,500
		$7,134,973,400

LENDING POLICIES AND PROCEDURES

In most major respects, the lending policies and procedures of the Bank and IDA are identical. Both institutions lend only for projects or programs which are of high priority for the borrowing country's economic development, which are economically and technically sound, and which have satisfactory prospects of being carried out and operated successfully. The two institutions apply the same methods and standards in determining for what purposes loans or credits should be extended and in deciding what conditions need to be established to assure that these purposes will be achieved.

The two institutions differ, however, in the character of their financing and in their terms. The Bank lends to creditworthy countries at long term and at interest rates lower than, but related to, market rates. IDA was set up to assist countries whose balance-of-payments prospects do not justify their borrowing on conventional terms all the capital they need, and its Articles state that it is to provide finance "on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans." IDA, therefore, lends for 50 years, charges no interest and makes only a small service charge to cover its expenses.

Economic Considerations

The basic purpose of Bank and IDA financing is the effective promotion of a member country's economic development. To ensure the effectiveness of this financing (and that provided by others) and to be able to help countries in all phases of their development, the Bank has to know and understand the economies of its member countries and keep in touch with their progress. It seeks to obtain a comprehensive picture of the structure and development prospects of the economy by assessing its agricultural, mineral, industrial, and human resources, its basic facilities, such as transport and electric power, the quality of its public administration and education, its external trade and payments, and its internal finances. Against this background, it discusses with the government the country's development plans for the next few years, and their feasibility and probable effectiveness. This is a continuous process which includes the preparation of periodic reports, and frequent contacts with political leaders, government officials, and the financial and business community. For countries in which the Bank is particularly active, formal and informal contacts result in a continuous dialogue on economic policies, the direction of development and the flow of development finance. A frequent exchange of views and review of specific problems is especially important for countries for which the Bank has organized or helped to organize consortia and consultative groups, discussed on pages 59-63.

An important part of this task is carried out through country economic missions which the Bank sends out periodically. The work of country economic missions has expanded continuously in recent years, in the number of countries covered, in the scope of reports and in their frequency.

The missions serve a number of different purposes. They assist governments in the analysis and formulation of economic development programs and policies. They also provide the basic information needed to determine the Bank Group's own strategy in terms of the size of its lending operations and the sectors and areas to which the lending is directed in accordance with economic and social priorities.

An important task of these economic missions is to form an opinion of what is sometimes referred to as the country's "performance," i.e., the manner in which it is handling its economic affairs and the progress it is making toward achieving its economic and social development goals. This leads to judgments about a country's "creditworthiness," a subject which is discussed below. The missions vary in size according to the size of the economy they are studying and the complexity of the problems involved. They are composed mainly of Bank staff, with participation from time to time of officials of various specialized agencies of the United Nations and of individual consultants and members of consulting firms.

The reports of these missions are made available to the Executive Directors, assisting them in their consideration of individual lending operations. They serve as the documentation of aid coordination groups by evaluating the progress of the countries reported on and their needs. Regional development agencies, the United Nations and its agencies, and others engaged in development financing are also supplied with these reports. The Bank has recently instituted a program of publishing selected country economic reports, subject to the approval of the country in question in each case.

Studies of the whole economy of a member country are often supplemented by more specialized studies of particular sectors or subsectors of the economy, such as agriculture or highway transportation, and by studies of issues such as urbanization, employment and income distribution. The importance of preinvestment programs in setting investment priorities and determining the feasibility of projects and the basic conditions necessary for their success is recognized, and the Bank is working in this field in close cooperation with UNDP (*see* pages 67 and 68).

LENDING STANDARDS

In making a loan, the Bank is obliged under its Articles of Agreement to pay "due regard to the prospects that the borrower, and, if the borrower is not a member, that the guarantor, will be in a position to meet its obligations under the loan." The Articles further enjoin the Bank to act "prudently" in the interests both of the borrowing country and of the members as a whole. Even apart from these provisions of the Articles, it is implicit in the concept of the Bank as a continuing institution designed to operate on a sound business basis and with funds borrowed in the market, that it should make loans only where there are reasonable prospects of repayment. A country meeting this test is often referred to as creditworthy.

Bank loans are made in foreign exchange, not in the borrower's own currency. The Bank is, therefore, concerned with the ability of the borrowing country to make foreign exchange available for service payments. Before a loan is granted, a judgment is made as to whether it is in an amount and on terms which the prospective borrowing country can reasonably be expected to service, taking account of its existing and prospective debts not only to the Bank but to all external lenders.

The amount and structure of a country's existing and prospective external debt is a major element in this judgment. The outstanding external indebtedness of the developing countries has risen rapidly in recent years, to the point where some countries are now devoting 20 percent or more of their foreign exchange earnings from exports of goods and services to the servicing of their debts. In some instances, serious problems are being created by the peaking of debt-service obligations in a short period and by excessive borrowing on short term.

A country which would not be able to service all the capital it could effectively use, if it had to borrow on conventional terms, may nevertheless be justified in obtaining capital from abroad on concessional terms. Such a country is eligible for IDA credits, provided its economic performance is satisfactory. However, IDA credits are not confined to countries which have completely exhausted their creditworthiness for conventional loans. In some countries, creditworthy by Bank standards, the external capital required to achieve an adequate rate of investment is so large that the debt-service burden would quickly reach a critical level if the whole of this capital were borrowed on conventional terms. In the circumstances, it may be justifiable for IDA or other sources of "soft" funds to provide assistance even while some creditworthiness for conventional borrowing still remains. Bank/IDA "blend" lending may be achieved by joint Bank and IDA financing of the same project or by separate Bank and IDA operations in the same country.

With the supply of IDA funds limited and with the great needs of the poorer of the developing countries for capital on concessional terms, there is the problem of how to allocate IDA funds on some rational basis. As a rough measure of need, a per-capita income of around $375 per annum is taken as the upper limit of a country's eligibility to receive IDA funds. There are some countries below this limit which have sufficient creditworthiness for borrowing on conventional terms and so do not receive any amounts (or any significant amounts) of IDA funds. Countries below these limits, if their economic performance warrants it and they have worthwhile projects ready for financing, receive amounts which are based on various considerations, including population, poverty, the need for external capital, economic performance, and the capital likely to be forthcoming from other sources.

The Bank, charged under its Articles to encourage international investment and itself a creditor, has a direct interest in the creation and maintenance of satisfactory relations between its members and their foreign

creditors. Where the Bank or IDA are contemplating lending to a member country whose credit is impaired by the existence of a dispute over a default on its foreign debt or over compensation for foreign-owned property which has been expropriated, it must first be satisfied that the government is making reasonable efforts to reach a settlement.

Purposes of Lending

The Bank's Articles of Agreement require that "loans made or guaranteed by the Bank shall, except in special circumstances, be for the purpose of specific projects of reconstruction or development." The objective of this provision is to assure that loans are used for the most productive purposes. It does not commit the Bank to a single inflexible lending technique, and many different sorts of undertakings for the purposes of Bank lending, considered to be projects.

The term "project" is interpreted as comprising a homogeneous investment (like a dam with power plant and transmission line), or a series of related or similar investments in a particular sector (scattered schools or highway sections, or a time slice of a railway's or telecommunication authority's long-term investment program), or in different sectors (e.g., urban projects, including housing, transportation and water supply elements in specified urban areas). Some "projects" only provide technical assistance for the preparation of specific investments, or for more general investigations or studies. A project can also consist of a loan to a financial intermediary to finance its activities generally, or a specific development program in a particular subsector. The former is typically the case in loans to development finance institutions which relend to subborrowers in the industrial sector. Examples of the latter are loans to agricultural finance institutions to help finance specific programs, such as pasture and livestock improvement, construction of small irrigation works and on-farm distribution systems, or the introduction of mechanical equipment, fertilizer and seeds. Projects consist normally of both tangible elements (e.g., the construction of civil works or the provision of equipment) and intangible ones (e.g., institutional improvements, policy changes or the training of management and staff). IDA follows the same practice.

In special circumstances, the Bank and IDA may make nonproject or program loans where they provide the most effective way of helping the development of a member country. Such special circumstances may arise when a borrowing country presents a development program, with supporting economic and financial policies, judged to provide a satisfactory basis for external assistance in a given amount, but the needed transfer of resources from external lenders in support of the program cannot be achieved effectively and expeditiously by financing individual projects. Most of the program lending has taken the form of the provision of foreign exchange to enable materials and equipment to be imported which are important to the effective use of existing productive facilities. The procedures for examining and processing program loans and credits are similar to those for project loans.

PROJECT IDENTIFICATION AND PREPARATION

The lending operations of the Bank and IDA are formulated and evaluated within the framework of a country's development program. Through a close working relationship which Bank staff maintains with officials in the planning and technical ministries of borrowing governments, the Bank examines the sectoral priorities and the relationship between given projects and those priorities in order to determine which projects should make up its lending program. At the same time, it tries to work with the borrower from the earliest stages of project formulation in order to ensure that the project will be of a type and provide a rate of return to which the Bank can respond favorably with a minimum of changes in the project.

Borrowers can, therefore, avoid devoting substantial resources to project identification and preparation (often extremely costly), only to find that the Bank has quite different views on the priority or technical feasibility of the proposed approach. Involvement in the early stages of a project has another advantage: It greatly facilitates forward planning within the Bank, allowing the operational departments to see the size, shape and timing of the work load ahead, and the financial departments to make appropriate provision for future levels of lending.

Involvement in the early stages of current projects leads naturally to the Bank being concerned, in a preliminary way at least, with borrowers' plans for future projects. The Bank does not, of course, commit itself in advance to financing particular projects or groups of projects. But by assisting governments in the formulation of development programs, and by working with borrowers to prepare high-priority projects for external financing, it ensures that by the time a formal request for financing is submitted, many critical issues will already have been raised and agreements reached. Through this process, up to and including the stage of project appraisal, it is often possible to introduce modifications in a project to fit sectoral priorities better, to reduce its cost, increase its efficiency, or improve its financial or organizational features. Sometimes a substitute project or one conceived on a somewhat different scale has been found to be more productive than the one originally proposed.

While some of the work of investigating the suitability of a project for financing is carried out by staff members attached to various field offices of the Bank, particularly in Africa, most of the work is done at the Bank's headquarters in Washington. Here, the staff studies all available information about the country and the project. In addition to studying its own files, the staff takes advantage of material available from other institutions, national and international, public and private. Information from all these sources is supplemented by information specifically requested from the borrower.

Use of Consultants

The borrower has the final responsibility for the preparation and implementation of the project. Frequently, however, the borrower lacks the

capability to deal with the variety and complexity of all the factors involved, and the Bank may require that it engage qualified consultants to advise it in this work. The tasks for which consultants may be needed vary greatly from project to project, but they may include some or all of the following: sector or feasibility studies; management or organizational studies; special economic or environmental studies; preliminary engineering or detailed design of the facility; preparation of specifications and invitations to bid; analysis of bids and recommendation to which bidder the contract should be awarded; inspection of the equipment ordered, and arrangements for shipping and insurance; supervision of construction and installation; design and implementation of training programs; and the initial control of operations of the completed facility.

When, in the Bank's opinion, consulting engineers or other experts should be brought in to assist those responsible for a project, the Bank often helps the borrower prepare detailed terms of reference. The choice of consultant is made by the borrower, but the Bank satisfies itself that the consultant chosen is suitably qualified: It believes that a selection should be made on the basis of qualification to perform the work; not on price. If the chosen consulting firm is owned by or associated with a contractor or manufacturer, the firm is required to limit its role on the project to providing consulting services, and to disqualify itself and its associates from construction work or supply of equipment.

PROJECT APPRAISAL

No study at headquarters, however, can provide all the information and understanding required. At some stage in the processing of a loan or credit, one or more missions are sent to the borrowing country to gain first-hand knowledge of the project. The composition of the mission and its responsibilities depend on the task at hand. It may consist of one or two persons, or of half a dozen or more of various qualifications. The mission members are normally drawn from the staff but, since the Bank cannot keep on its permanent staff a sufficient number of experts in each of the many fields which it may be called upon to examine, it frequently employs independent consultants for specific short-term assignments, or borrows technical experts for this purpose from member governments, international agencies or private firms.

Under the arrangements for a close working relationship with various UN and other international agencies, as detailed on pages 14-16, the Bank has access to their expertise and experience, while these organizations have acquired a financial partner with a special interest in their respective fields. The result has been that the number and scope of projects coming forward for Bank financing has increased and their quality has improved.

As already indicated, an analysis of a country's economy provides the general framework within which an assessment of any particular project presented to the Bank for financing is made. This analysis indicates whether the project is in a sector which is of priority for the economic

development of the country concerned. The appraisal of the project itself usually involves the investigation of six different aspects: economic, technical, organizational, managerial, operational, and financial. The relative importance of these different aspects can vary considerably according to circumstances and to the type of project.

Economic Aspects

The economic aspects of the appraisal are fundamental. They logically precede all other aspects since the Bank will not finance a project unless it can be demonstrated that the project represents a high-priority use of a country's resources. A purely financial analysis normally does not provide an adequate basis for judging a project's value to the economy, since financial analysis looks at a project only from the limited viewpoint of the values entering the project's own accounts. An economic or social analysis looks at the project from the viewpoint of the whole economy, asking whether the latter will show benefits sufficiently greater than project costs to justify investment in it.

The economic benefits produced by a project normally take the form of an increased output of goods or services, either directly or indirectly (as in the large class of cost-reducing projects). This increased production will generate many different forms of additional income, such as increased wages or employment for labor, larger government revenues, higher earnings for the owners of capital, or, most frequently, some combination of these income benefits.

In the large majority of cases, it is possible to quantify project costs and benefits, and to construct a rate of return or some other appropriate test. Streams of future costs and benefits are calculated, using either market or shadow prices, as appropriate. These cost and benefit streams are discounted to arrive at the project's estimated rate of return. The latter is then compared with the minimum earning power of capital judged appropriate for each country. While the rate of return is an important test that all projects with quantifiable cost and benefits must pass, it is easy to exaggerate its importance and to misinterpret its significance. The rate of return is a necessary confirming test of projects that have to be justified within a much wider frame of reference, in which basic project objectives and the nature of project benefits (e.g., foreign-exchange savings, increased employment and improved income distribution) play major roles.

Technical Aspects

The appraisal of the technical aspects of a project involves the investigation of the detailed engineering and other plans for its construction, implementation and operation. The main items coming under this heading include the proposed scale of the project, the types of process or equipment to be used, the location and terrain of the project, its layout and design, environmental consequences, and the availability of the various factors of production, such as labor, power and raw materials. The technical staff available to the borrower, both for carrying out the project

and for operating it, is evaluated, and a judgment is reached whether outside help is required.

An important part of the technical appraisal of a project is an investigation of the assumptions on which the cost estimates have been calculated. This includes a detailed review of cost estimates and contingency allowances, and an investigation of the proposed arrangements for buying materials and contracting construction work. The Bank is concerned that the borrower shall obtain the best value for the money spent — an objective normally obtained by requiring international competitive bidding for orders and contracts (*see* pages 53 and 54).

Organizational, Managerial, Operational Aspects

As a lender and as a development institution, the Bank places particular stress on the organization and management of the entity responsible for the execution of the project. During appraisal, the suitability of the organization, and the adequacy and competence of the management are examined. If one or the other is found wanting, remedial steps are recommended to the government and may be conditions for the Bank's assistance. These measures could include short-term remedies, such as the recruitment of individuals or an organization qualified to assist in running the enterprise, at least during the initial phase; or those for the longer term, such as a management study, a reorganization or the creation of a new autonomous agency to operate the project. In either case, the need for training local staff to fill positions at all levels is examined, and training programs may well be included as part of the project. The objective of this aspect of the appraisal is to make sure that the project is adequately carried out and that a locally staffed institution, capable of contributing effectively to the development of the sector in question, is created.

The difficulty of recruiting qualified management is particularly acute in agriculture. To help alleviate this problem in Africa, the Bank has established at its Regional Mission for Eastern Africa in Nairobi an Agricultural Development Service which consists of a group of experts available, on a reimbursable basis, for employment by governments in Eastern Africa to assist in the execution and management of agricultural projects. In other parts of the world, in a few exceptional cases where it has proven impracticable to make other arrangements, the Bank has engaged individual experts whose services have been made available to borrowers, on a reimbursable basis, to help in the organization and management of agricultural and other projects which it has financed.

Financial Aspects

The purpose of the appraisal of the financial aspects of the project is generally to ensure that the financial conditions for sound implementation and efficient operation of the project are met. The scope of this aspect of the appraisal varies, of course, considerably with the nature of the project and whether it is revenue-producing (e.g., industry, utilities, agriculture) or not (e.g., education, most highway projects).

For projects which involve the marketing of a product or service by an entity, the appraisal includes an investigation of the availability and cost of the raw materials, power, labor, and services needed for production, and the prospects for marketing the product or service profitably.

In every case, it is necessary to ensure that satisfactory accounts will be maintained to permit effective controls over expenditures and revenues, and to disclose the financial position of the project and entity carrying it out. In every case, also, since the Bank finances only a part of the investment cost of a project, it is necessary to ensure that funds from other sources are available on acceptable terms to meet the balance of the cost. This may be relatively simple where the government is able, without difficulty, to provide the rest of the necessary funds from budgetary sources; or it may be complicated, as in a project to expand or modernize a revenue-earning concern, where all the financial requirements of the concern during the construction of the project must be considered.

The financial appraisal also evaluates the earning power of revenue-producing investments from the standpoint of the entity, industrial sponsor or other investor who would make them, in order to ascertain that it is sufficiently attractive to warrant their participation. Establishing that the entity carrying out the project is in a position to manage its business in a cost-effective fashion, is another important aspect. Further, many of the entities which are beneficiaries of a Bank loan or IDA credit need to expand continuously to serve their development function. An essential purpose of the financial appraisal in these cases is to determine that such entities are able, through adequate earnings, to mobilize internally and/or externally the resources necessary for their growth.

TERMS OF LENDING

In the light of the projections and findings as a result of the investigation of the various appraisal aspects, arrangements are made, as necessary, to ensure the achievement of the objectives of the loan or credit, and to protect the Bank's or IDA's investment.

Bank Loans

The Bank normally makes medium- or long-term loans, with the principal repayments beginning at the end of a period of grace and thereafter spread over the remainder of the life of the loan. In establishing the length of its loans and the grace period, the Bank follows the principle that the terms should be related to the characteristics of the particular project, adjusted in appropriate cases to the prospective balance-of-payments and external-debt situation of the borrowing country. Normally, the grace period is designed to run until the project becomes operational and starts to yield economic benefits, while the calculation of the amortization period takes into account the estimated useful life of the project.

The rate of interest charged by the Bank on its loans is kept as low as is compatible with the need to maintain the Bank's financial strength and

reputation. In determining the rate, due regard is given to the trend of the Bank's earnings; the maintenance of an adequate ratio of Bank earnings to interest requirements on funded debt; the maintenance of a reasonable rate of return on capital and reserves; and the accumulation of adequate reserves. The standard rate for Bank loans at the end of 1973 was 7¼ percent per annum.[1]

Interest on Bank loans is charged only on that part of a loan which has actually been disbursed. To compensate the Bank for the cost of holding funds pending their disbursement and to encourage borrowers to draw down loans promptly, a commitment charge is normally made on the undisbursed portion of a loan. This charge is now ¾ of one percent per annum and accrues from a date 60 days after the date of the loan agreement.

For all but one type of borrower, the terms of a loan are fixed at the time the loan is approved and remain unchanged throughout its life. The exception is a loan to a development finance company—a financial intermediary whose principal function is to provide medium- and long-term finance for investment in productive enterprises. Amortization is normally arranged to conform substantially to the aggregate of the amortization schedules of the loans made by the company with the Bank's money. A loan to a new development finance company—one which has not been able to build up its business to an adequate level may carry a commitment charge only from the dates the finance company itself commits funds to its borrowers.

IDA's Credits

In keeping with its directive to provide finance "on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans," IDA's development credits, to date, have virtually all been for a term of 50 years and have been interest free. There has been no commitment charge. A service charge of ¾ of one percent per annum to meet IDA's administrative costs is payable on the principal amount withdrawn and outstanding. The credits have carried grace periods of 10 years before repayment has to begin. Thereafter, one percent of the credit is repayable annually for 10 years and three percent annually for the final 30 years. The only exceptions made to these terms, as of December 31, 1973, were 15 small credits totaling $17.1 million for technical assistance and engineering (project preparation). These credits were for a period of normally 10 years, with repayment due to begin after grace periods ranging from two to four years.

It was not intended that the concessionary terms of IDA's financing should result in the extension of financial subsidies to the actual projects on which IDA funds would be employed, or that IDA funds should be used to finance a project which could not satisfy normal criteria of economic and financial viability. Accordingly, when IDA finances a revenue-

[1] On August 1, 1974, the Bank's lending rate will be increased to eight percent per annum for future loans.

producing project, the credit is extended to the government which then relends it for the project on more conventional terms. This has the effect of providing the government with the balance-of-payments relief intended, while avoiding any relaxation of the financial discipline required in the execution and administration of the project itself.

Formal Negotiations

If, after thorough investigations, the Bank is satisfied that a loan or credit can be made to the applicant country, and that the proposed project is suitable for financing, the potential borrower is invited to begin formal negotiations. Since most of the problems should have been settled during the course of the economic analysis and project appraisal, it is usually possible to complete these negotiations within a few days. When agreement has been reached on the project and on the terms and conditions of the financing, the loan or credit agreements and supporting documents are presented to the Executive Directors, together with the recommendation of the President, for their approval.

After approval by the Executive Directors and the signing of the loan or credit agreement, a further period elapses before the agreement becomes effective. The coming into effect of the agreement depends upon the fulfillment of certain prescribed conditions. Only after the agreement has become effective can the disbursement of funds begin.

Types of Expenditure Financed

Normally, a Bank loan or IDA credit provides foreign exchange for expenditures on imported goods and services required for the execution of a project. These include the foreign-exchange element represented by the imported component of domestically produced goods and foreign expenditures under civil-works contracts with local contractors.

The Articles of Agreement also permit the Bank in "exceptional circumstances" (IDA in "special circumstances") to lend foreign exchange to finance local expenditures. The circumstances justifying this kind of lending are typically those in which a country needs more funds for its development than it can provide from its own savings or from loans from external sources other than the Bank, and where these additional funds cannot be effectively transferred by lending only for imported goods and services required by high-priority projects.

The ability to finance local expenditures thus provides an element of flexibility, enabling the Bank and IDA to lend for projects of greatest benefit to the country's development, even though the foreign exchange requirements for these projects may be small. A decision whether to finance local expenditures, and to what extent, is made in the light of the particular circumstances prevailing in the country and the nature of the project to be financed.

Close scrutiny is made of requests for the reimbursement of expenditures incurred on projects before financing has been approved by the

Executive Directors. In those cases where some reimbursement of past expenditure is agreed to, the amount is usually relatively small. It is confined normally to expenditures on studies, preliminary engineering and other work essential for the preparation of the project, or for preliminary work such as site clearing and construction of access roads necessary for the project to be started promptly. Reimbursement for past expenditures for construction work, equipment or similar items forming the main items of expenditure on the project itself requires special justification.

METHODS OF PROCUREMENT

The Bank and IDA are required by their Articles of Agreement to ensure that the proceeds of their loans and credits are used with due attention to economy and efficiency. Though responsibility for project execution rests on the borrower or other entity specifically concerned, the Bank has a direct interest in seeing that the resources it provides are used in accordance with its Articles.

The action taken by the Bank with respect to the procurement procedures to be followed in the execution of projects depends very much on the circumstances, particularly on the nature of the project, and the way in which the Bank's financing is applied. In general, three considerations come to bear:

1. The need for economy and efficiency in procurement.
2. The Bank's interest, as a cooperative institution, in giving all its member countries, developed and developing, an opportunity to compete in providing goods and services financed by the Bank.
3. The Bank's interest, as a development institution, in encouraging the development of local contractors and manufacturers in the borrowing country.

The Bank has found that, in most cases, these needs and interests can best be reconciled through international competitive bidding, properly administered and with a suitable allowance for preferences for local or regional bidders, where appropriate. Normally, therefore, the Bank requires its borrowers to obtain goods and services (other than consultant services) through international competitive bidding open to manufacturers and contractors in all of its member countries and Switzerland.

Manufacturers and contractors located in the borrowing country are allowed to participate in the international competition. In the comparison of foreign and domestic bids for goods, the Bank accepts the principle that a degree of protection for the domestic bidder may be appropriate to stimulate the growth of local industries. However, in order to prevent undue advantage for the local bidder who may be protected by the existence of high tariffs on imported goods, the Bank and IDA normally allow a margin of preference for locally manufactured goods of 15 percent as compared to the CIF cost of competing imports or the actually prevailing import tariff rate, whichever is lower. In the selection of a contractor for

civil works, domestic contractors in countries with a per-capita income of less than US$200 are presently afforded a margin of preference of 7½ percent.

There are, however, a number of cases where international competitive bidding may not be appropriate for certain elements of the project or in special cases for the entire project. In these cases, other methods of procurement are used, but in each case the choice of the method to be used is determined in agreement with the Bank and in accordance with the considerations of economy and efficiency called for by the Articles. The exceptions include the following types of cases:

1. The character, size, location, or amounts of the civil works to be constructed or equipment and materials to be purchased are such that international competitive bidding is unsuitable and uneconomical, and other methods of procurement (e.g., local competitive bidding or normal government procedures) are more appropriate.
2. The needs for compatibility and standardization of the new with existing equipment or for early delivery sometimes require procurement from the original supplier or a limited number of qualified suppliers of similar equipment.
3. The equipment is proprietary in character (i.e., available from only a single manufacturer). Exceptions (2) and (3) usually are limited to only a small part of the procurement under a project.
4. The project consists essentially of the provision of funds to a financial intermediary for relending. In these cases, the funds are expended by a large number of subborrowers over a period of years for a variety of items, and international competitive bidding is not feasible.

In any event, the Bank satisfies itself that requests for exemption from international competition are justified, that the goods and services to be contracted are suitable for the project, and the terms of the contract are reasonable. Bidding procedures and the recommendation for the award of the bid are the responsibility of the borrower, subject only to review by the Bank with regard to the suitability of the goods or services and the reasonableness of the terms of the contract.

SUPERVISION AND DISBURSEMENT

The interest of the Bank in a project does not end when finance has been agreed and the necessary documents have been signed. Effective execution of the project is essential, if its developmental benefits are to be realized, and the Bank has a continuing concern with this process. Problems inevitably arise in the execution of projects, especially those involving large-scale and complex construction. Early warning of difficulties makes it possible to discuss solutions with the borrower in good time. In this way, a number of obstacles to the successful accomplishment of a project can be avoided or quickly overcome.

Accordingly, the Bank requires records to be kept and regular reports to be submitted on the progress of projects which it finances. While the form and detail of these reports vary, the information required is of a kind which any prudent businessman would want.

Reports from the borrower are supplemented by periodic visits to the project by members of the Bank staff. On these visits, staff members examine the work being done, scrutinize the accounts of the borrower, observe the use and maintenance of goods and equipment purchased with the loan or credit proceeds, and satisfy themselves that the management and administration of the project are satisfactory.

Problems arising in the course of implementing a project are discussed and solutions jointly explored. Changes in the specifications of a project are sometimes found necessary and are mutually agreed upon. Such changes, and also changes in financial conditions affecting wages and prices, may increase the cost of the project beyond the amount originally forecast. In this case, the borrower and the Bank will consult, as appropriate, on the measures that need to be taken to provide the extra funds and so assure completion of the project.

In keeping with the policy of carefully scrutinizing how its money is used, the Bank disburses funds only as expenditures are incurred for specific goods and services. By means of this procedure and the reporting system described above, it is possible to follow each item financed from the placing of an order to the delivery of the item and its actual use in the borrowing country. Disbursements are made on receipt of satisfactory documentation. Normally, this will provide evidence that the goods or services to be financed are covered by the loan or credit agreement, and that they are reasonable in cost and of proper quality.

When the required documents have been received, the borrower is provided with the currencies he has agreed to pay to his supplier or contractor, except that expenditures in the local currency of the borrower are reimbursed in a convertible currency. The particular currency needed by the borrower is obtained by the Bank either out of its own holdings of that currency or by purchasing it with other currencies.

In the first of these two instances, a Bank loan is repayable in the currency provided to the borrower; in the second instance, in the currency used to buy the currency furnished to the borrower. In the case of IDA, a credit is repayable in a convertible currency agreed with the borrower in an amount equivalent to that originally provided. With all loans and credits, a strict procedure is adopted to ensure that amortization, interest and other charges are paid punctually.

A detailed listing of the number of Bank loans and IDA credits by country appears in Appendix B.

AUDIT AND EVALUATION

The Bank and its affiliates have the responsibility of providing assurance to its shareholders and creditors that resources provided by them are adequately protected and are achieving desired results. This assurance is provided through audit and evaluation in five main areas:

1. financial accountability;
2. compliance with applicable policies and procedures;
3. reliability and adequacy of internal management information systems;
4. effective and efficient use of resources;
5. evaluation of the results of operations.

To achieve this, the Bank and its affiliates undertake a continuous program of independent examination and review of their activities from both outside and within their organizations.

An international firm of independent accountants and auditors is retained annually by the Bank and its affiliates to examine and to report on their financial positions and results of operations as reported in published financial statements. In addition to these services, the Bank maintains a substantial internal capability for audit and evaluation which is organizationally independent from units directly responsible for financial, administrative, lending, and other activities. This capability is centered in an Internal Auditing Department and an Operations Evaluation Department under a Vice President who has no other direct operational responsibilities.

The basic difference between the work of the two departments is one of emphasis rather than coverage, as both departments have unrestricted access to all activities of the Bank and its affiliates. In Internal Auditing the emphasis is on internal controls and related systems and procedures used in conducting and managing operations, whereas in Operations Evaluation the emphasis is on the economic impact of operations and their contribution to development. In carrying out their responsibilities both departments seek (a) to improve performance by identifying possible means of improving the efficiency and effectiveness of operations and of use of resources; and (b) to measure whether programs and activities meet stated objectives and are being conducted in accordance with applicable policies and procedures.

Internal Auditing

Internal auditing in the Bank and its affiliates has the overall objective of assisting all levels of management in the effective discharge of their responsibilities by furnishing them with independent and objective audits and appraisals of financial, administrative, accounting, and other activities. With the primary emphasis on controls, internal auditing is concerned with reviewing and appraising their soundness, adequacy and application, and in promoting effective control at reasonable cost. In addition

to being concerned with the effective utilization of resources, compliance with policies and procedures and with other means of protecting the interests of the Bank and its affiliates, internal auditing seeks to determine the reliability and validity of accounting, financial and other data used by management. Findings and recommendations developed during each audit are reported to the department concerned and to senior management to alert them to matters needing improvement. In its work, the auditing and reporting standards applied are those generally accepted by the accounting profession.

Operations Evaluation

In the course of its supervision work and dialogue on economic matters with member countries, the Bank accumulates a good deal of experience which it tries to apply in subsequent operations either directly or after special reviews of the policies or programs affected. Within about a year of the completion of loan/credit disbursements, projects supported by the Bank and IDA are briefly reassessed by the Operations Evaluation Department in the light of history up to that time and taking current prospects into account. The purpose is to determine whether the objectives, on the basis of which the financial commitment was made, are being achieved and what the reasons are for any deviations. Particular attention is given to any modifications in the project or in its institutional structure that resulted from the Bank's advice. Individual projects or groups of projects are sometimes selected for deeper evaluations, designed to identify more fully their impact and that of the Bank in its assistance to them, and to reconsider more broadly how far the original objectives were correct and how, with hindsight, they might have been improved. Systematic reviews are also carried out, on a selective basis, by the same department, of the application of Bank policies regarding the management and use of its resources, and its lending procedures and standards, with a view to assessing their efficiency and effectiveness in the light of experience. Suggestions that emerge from these various types of studies are discussed with the operating departments involved and follow-up reports are produced, reviewing their responses and the pertinent actions taken.

Joint Audit Committee

The activities and work programs of the two departments are subject to review by a Joint Audit Committee consisting of six Executive Directors. This Committee has the responsibility of satisfying itself that the internal audit and operations evaluation activities of the Bank and its affiliates are adequate and efficient. It also has the responsibility each year to nominate for Executive Directors' approval a firm of independent accountants to serve as auditors for the coming fiscal year. Meetings are held with representatives of the selected firm to discuss the scope of its examination, to review the audited financial statements and to consider its findings and recommendations.

The Committee serves as a focus for consideration by the Executive Directors of the financial control and operations evaluation procedures of the Bank and its affiliates. Its review of audit and evaluation activities and related discussions with responsible officials and the external auditors provide a continuing channel of communication to all the Executive Directors and help to assure them that the financial affairs of the Bank and its affiliates are being properly conducted. The Committee reports annually to the Executive Directors on its discussion with the independent auditors and on the results of its review of the internal audit and operations evaluation, submitting conclusions and recommendations as appropriate.

COORDINATION OF DEVELOPMENT ASSISTANCE

Effective coordination among multilateral and bilateral donors[1] of assistance, and between donors and recipient countries, is an important element in the development effort. It can help to assure that donors are supporting consistent development goals, and that financial and technical aid from different sources is applied efficiently to priority requirements. It can also facilitate better planning and execution by the developing countries, and so enable them to use assistance more productively.

AID COORDINATION GROUPS

The Bank has taken the lead in forming groups to coordinate the flow of financial and technical assistance to individual developing countries. Aid coordination groups provide a forum, in which a country may regularly inform donor governments of its problems and aspirations, and in which donor governments can exchange information about their respective programs and activities in the recipient country. They help to maintain a flow of aid to recipient countries; to coordinate the flow of external finance and technical assistance from different sources; and to facilitate its efficient channeling with a view to meeting recipients' priority needs. Coordination groups help to bring to light deficiencies or difficulties in recipients' economic performance and to assist in remedial actions. They also provide opportunities for mitigating the problems associated with aid tying and suppliers' credits.

The first aid coordination group was organized by the Bank in 1958, when interested donor governments and institutions joined in a Consortium to pledge emergency financial assistance to India. This was followed, in 1960, by a similar Consortium for Pakistan. For certain other developing countries the Bank has organized Consultative Groups which serve the same basic purposes as the Consortia, but do not endeavor to arrive at formal commitments of assistance on the part of the member governments. Specific aid commitments are negotiated bilaterally between the recipient and each donor.

By December 1973, the Bank was chairman of 16 aid coordination groups organized to assist the following countries: Colombia, the East African Community (Kenya, Tanzania, Uganda), Ethiopia, Ghana, India, Korea, Morocco, Nigeria, Pakistan, Peru, the Philippines, Sri Lanka, Sudan, Thailand, Tunisia, and Zaire. The Bank also participates in meetings of aid coordination groups, organized under other auspices, for Indonesia and Turkey. Twenty-six aid-providing countries have been associated with one or more of the Bank-sponsored coordinating groups.

Where appropriate, regional development banks and other international organizations, such as the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development

[1] In this section, the term "donor" means a government or intergovernmental organization which provides technical and/or financial assistance by way of grants or loans.

(OECD), the European Investment Bank (EIB) and the European Development Fund (FED) of the European Economic Community (EEC), and the Kuwait Fund for Arab Economic Development are also participating agencies. UNDP and IMF participate in all the Bank-sponsored groups.

In the Western Hemisphere, the Organization of American States has developed a regional system for reviewing country economic performance and problems as well as requirements for external assistance through its Inter-American Committee on the Alliance for Progress (CIAP). The World Bank and the Inter-American Development Bank, the International Monetary Fund, and USAID are closely associated with CIAP in this effort. The participating organizations coordinate their roles through an Inter-Agency Advisory Group which does preparatory work for the CIAP country reviews, thus strengthening and improving the program. The Bank's economic and other reports are part of the documentation for these reviews, and are also used by the CIAP Secretariat as background and supporting material.

Conditions and Responsibilities

The following conditions must be met before the Bank will take the initiative to establish an aid coordination group:

1. The country is receiving substantial external aid from several sources and there is *prima facie* need for coordination.
2. Both the recipient government and the aid-givers representing the bulk of external financing to the country agree that the Bank should organize some sort of coordinating machinery.
3. There are reasonable prospects that the Bank or IDA will itself be in a position to provide financing for the country's development.
4. A sufficient volume of projects can be expected to be forthcoming (with the help of technical assistance in project preparation if necessary) to provide an adequate vehicle for external assistance.
5. Governmental machinery should be in existence offering reasonable prospects that coordination can have constructive results.

The Bank's participation in groups organized by others depends on whether, in its judgment, these conditions (other than (2)) are met.

The Bank assumes several responsibilities in relation to coordination groups of which it is chairman or in which it participates. On the one hand, the Bank attempts to provide information and objective analysis, based on extensive field work, to assist donor countries in their deliberations. On the other hand, it assists the developing country, wherever possible, to assess needs and to use assistance effectively. It makes periodic comprehensive reports on the recipient country's development possibilities, problems and performance. It comments on the country's own estimate of aid requirements, and makes recommendations concerning the type and terms of aid which seem appropriate. When requested to do so, the Bank assists the recipient country to prepare or revise its development program, and advises on problems of execution. It may also

help the government to identify projects, arrange feasibility studies, determine major or key preinvestment technical assistance requirements, and establish priorities for investments.

The functions and mode of operation of Bank-sponsored coordinating groups may vary considerably from one country to another, and their role is evolving with time and experience. The Bank's approach has been pragmatic; varying techniques have been used as the different and changing circumstances of particular countries have required. In the Bank's view, it would be unwise to force all aid coordination activities into any particular predefined format.

Experience has shown the usefulness of regular meetings of local representatives of the principal aid donors and the recipient government. Some of these local coordination meetings are organized and chaired by the recipient government, others by local representatives of international organizations. In all cases, the Bank is willing to help prepare them and carry them out.

CO-FINANCING

Joint action can be useful for an individual project as well as for a national economy. On many occasions the World Bank has joined with other lenders in financing specific projects. Since 1969 alone, for example, the Bank has joined with Sweden in providing finance in 17 cases, including projects in Bangladesh, India, Ethiopia, Kenya, Tanzania, and Tunisia; with Canada for 15 projects, including projects in Bangladesh, India and Botswana, and other countries in Eastern and Western Africa and in the Western Hemisphere; with France for 24 projects in Africa; with the United States for 14 projects, *inter alia*, in Indonesia, Turkey and several countries in Africa; and with the aid agencies of Germany (six cases), Japan (two cases), Norway (two cases), and the United Kingdom (eight cases) for projects in various countries in Africa, Asia, Latin America, and the Caribbean.

The Bank has also financed projects in a number of Latin American countries, including Brazil, Colombia and Mexico, with the Inter-American Development Bank; in Indonesia and Thailand with the Asian Development Bank; in the People's Republic of Congo, Liberia, Malawi, and Somalia with the African Development Bank; and in Jordan, Sudan, Tunisia, and Yemen Arab Republic with the Kuwait Fund for Arab Economic Development.

Three projects, in Ivory Coast, Somalia and Turkey, were financed together with the European Development Fund of the European Economic Community, and two projects, in Senegal and Turkey, together with the European Investment Bank. Examples of larger projects which the Bank has financed jointly with other lenders are the Volta River power and aluminum project in Ghana, the Pusri fertilizer project in Indonesia, the Las Truchas steel project in Mexico, the Kainji Dam in Nigeria, and the Roseires Dam and irrigation project in the Sudan.

Bank-Sponsored Aid Coordination Groups
December 31, 1973

AID GROUPS	Australia	Austria	Belgium	Canada	China	Denmark	Finland	France	Germany	India	Israel	Italy	Japan	Kuwait	Luxembourg	Netherlands	New Zealand	Norway	Romania	Spain	Sweden	Switzerland	United Arab Emirates	United Kingdom	United States	Yugoslavia	ADB	ASDB	EEC	EIB	IMF	UNDP	IDB	DAC/OECD	CIAP	ICO
Consortia																																			
India		x	x	x		x		x	x			x	x			x		x			x	o		x	x			p			p	p		o	
Pakistan			x	x				x	x			x	x			x		x				o		x	x			p			p	p		o	
Consultative Groups																																			
Colombia			x	x		x		x	x			x	x			x				x		o		x	x						p	p		o	o
East Africa				x		x		x	x			x				x		x			x	o		x	x		p				p	p		o	
Ethiopia				o			x	x	x		o	x	x								x			x	x	o	p				p	p		o	
Ghana						x		x	x		x	x	x									o		x	x		p				p	p		o	
Korea		x	o	x	x			x	x			x	x							x		o		x	x			p			p	p		o	
Morocco			x	x	x			x	x			x		x		x				x		o		x	x				p		p	p		o	
Nigeria			x	x	x			x	x			x	x			x		o				o		x	x		p				p	p		o	
Peru				x	x		x	x	x			x	x			x				x		o		x	x						p	p	p	o	o
Philippines		x	x	x	x			x	x	o			x				x			x		o		x	x			p	o		p	p		o	o
Sudan			o	o				x	x			x	x	o					x			o		x	x						p	p		o	
Thailand		x				x		x	x			x	x				x					o		x	x			p			p	p		o	
Tunisia			x	x		x	x	x	x			x	x	x		x				x	x			x	x		p		p		p	p		o	
Zaire			x	x			x	x	x			x	x								x	o		x	x		p		p		p	p		o	
Other																																			
Sri Lanka	x			x		o		y	x	o	o	x	x								o			x	x			p			p	p		o	
Other Aid Coordination Groups in which Bank Participates																																			
Indonesia[1]	x	o	x	x	x	o		x	x			x	x			x	x	u						x	x			p			p	p		o	
Turkey[2]		x	x	x		x		x	x			x			x	x		x			x			x	x				p	p	p	p		o	

[1] Intergovernmental Group for Indonesia sponsored by the Netherlands.
[2] OECD-sponsored Consortium.
x = Member.
o = Observer.
p = Participating International Agency.

The Bank and IDA also joined with governments of eight countries to form the $1,200 million Indus Basin Development Fund, which was set up in 1960 to finance the construction of irrigation and other works in Pakistan consequent upon the settlement of the dispute between India and Pakistan over the sharing of the waters of the Indus Basin. The main charge on the Fund was the cost of constructing the Mangla Dam on the Jhelum River, together with link canals and associated barrages. In May 1968, the World Bank and six countries established the Tarbela Development Fund to complete arrangements for financing the Tarbela Dam and power house on the Indus River.

Where Bank or IDA lending and official long-term development assistance on concessional terms from bilateral sources are combined to finance a project, the Bank often acts on behalf of all co-lenders in preparing the project as well as in supervising its implementation. In some cases of co-financing with official bilateral assistance, the bilateral funds can be used for purchases in many countries as freely as Bank or IDA funds. In these cases, all goods and services are procured after international competitive bidding, and each contract is financed *pro rata* from the several sources of funds. In other cases, funds from a participating country are available only to finance contracts placed in that country, either after international competitive bidding or from a separate list of goods and services that has been agreed among the parties in advance.

In a number of cases in the past, the Bank has also provided joint financing for large revenue-earning projects in conjunction with bilateral export credit agencies offering funds on commercial terms. In such cases, the Bank has played a major role in initiating, organizing and supervising the joint financing process which involved, in essence, arranging for export credit agencies to provide, on commonly agreed appropriate terms, an agreed share of the financing for a common list of goods and services to be procured under international competitive bidding.

In other instances, the Bank and the export credit agencies have each financed different lists of goods and services, with bidding on the list earmarked for bilateral financing open only to manufacturers or contractors whose countries had agreed in advance to provide credit on acceptable terms. In these cases, the borrowing country retained full responsibility for negotiating the bilateral credits and awarding contracts thereunder, and in particular reserved the right to take credit terms into account in the contract adjudication. The terms of bilateral financing have varied widely as to interest rates, period of grace and amortization.

Bank-Sponsored Aid Coordination Groups
December 31, 1973

AID GROUPS	Australia	Austria	Belgium	Canada	China	Denmark	Finland	France	Germany	India	Israel	Italy	Japan	Kuwait	Luxembourg	Netherlands	New Zealand	Norway	Romania	Spain	Sweden	Switzerland	United Arab Emirates	United Kingdom	United States	Yugoslavia	ADB	AsDB	EEC	EIB	IMF	UNDP	IDB	DAC/OECD	CIAP	ICO
Consortia																																			
India		x																				o		x	x			p			p	p	o		
Pakistan			x	x				x	x			x	x			x		x			x	o		x	x			p			p	p	o		
Consultative Groups																																			
Colombia			x	x				x	x			x	x			x				x		o		x	x		p				p	p	o	p	o
East Africa				x		x	x	x	x			x	x			x		x				o		x	x		p				p	p	o		
Ethiopia				o			x	x	x		o	x	x											x	x	o	p								
Ghana				o		x		x	x		x	x	x								x			x	x		p				p	p	o		
Korea	x	o	x	x	x			x	x			x	x									o		x	x		p	p			p	p	o		
Morocco			x	x				x	x			x		x		x				x		o		x	x		p			p	p	p	o		
Nigeria		o	x	x				x	x			x	x			x		o				p		x	x		p				p	p	o		
Peru			x	x				x	x			x	x			x				x		o		x	x						p	p	o		
Philippines	x		o	o			x	x	o	o		x	x			x	x		x			o		x	x		p		o		p	p	o		
Sudan								x	x			x	x	o					x		o			x	x	o	p				p	p	o		
Thailand	x			x		x		x	x			x	x				x					o		x	x		p				p	p	o		
Tunisia			x	x		x	x	x	x			x		x		x				x	x	o		x	x		p		p	p	p	p	d		
Zaire			x	x				x	x			x	x									o		x	x		p		p	p	p	p	o		
Other																																			
Sri Lanka	x			x		o		x	x	o		o	o	x							o			x	x		p				p	p	o		
Other Aid Coordination Groups in which Bank Participates																																			
Indonesia[1]	x	o	x	x	x	o		x	x			x	x			x	x	o				x		x	x		p				p	p	o		
Turkey[2]		x	x	x		x		x	x			x			x	x		x			x	x		x	x			p	p	p	p	o		

[1] Intergovernmental Group for Indonesia sponsored by the Netherlands.
[2] OECD-sponsored Consortium.
x = Member.
o = Observer.
p = Participating International Agency.

The Bank and IDA also joined with governments of eight countries to form the $1,200 million Indus Basin Development Fund, which was set up in 1960 to finance the construction of irrigation and other works in Pakistan consequent upon the settlement of the dispute between India and Pakistan over the sharing of the waters of the Indus Basin. The main charge on the Fund was the cost of constructing the Mangla Dam on the Jhelum River, together with link canals and associated barrages. In May 1968, the World Bank and six countries established the Tarbela Development Fund to complete arrangements for financing the Tarbela Dam and power house on the Indus River.

Where Bank or IDA lending and official long-term development assistance on concessional terms from bilateral sources are combined to finance a project, the Bank often acts on behalf of all co-lenders in preparing the project as well as in supervising its implementation. In some cases of co-financing with official bilateral assistance, the bilateral funds can be used for purchases in many countries as freely as Bank or IDA funds. In these cases, all goods and services are procured after international competitive bidding, and each contract is financed *pro rata* from the several sources of funds. In other cases, funds from a participating country are available only to finance contracts placed in that country, either after international competitive bidding or from a separate list of goods and services that has been agreed among the parties in advance.

In a number of cases in the past, the Bank has also provided joint financing for large revenue-earning projects in conjunction with bilateral export credit agencies offering funds on commercial terms. In such cases, the Bank has played a major role in initiating, organizing and supervising the joint financing process which involved, in essence, arranging for export credit agencies to provide, on commonly agreed appropriate terms, an agreed share of the financing for a common list of goods and services to be procured under international competitive bidding.

In other instances, the Bank and the export credit agencies have each financed different lists of goods and services, with bidding on the list earmarked for bilateral financing open only to manufacturers or contractors whose countries had agreed in advance to provide credit on acceptable terms. In these cases, the borrowing country retained full responsibility for negotiating the bilateral credits and awarding contracts thereunder, and in particular reserved the right to take credit terms into account in the contract adjudication. The terms of bilateral financing have varied widely as to interest rates, period of grace and amortization.

CONSULTATIVE GROUP ON INTERNATIONAL AGRICULTURAL RESEARCH

In May 1971, a Consultative Group on International Agricultural Research (CGIAR) was established under the sponsorship of the World Bank, FAO and UNDP. By December 31, 1973, in addition to the cosponsors, membership consisted of 13 donor governments (Australia, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Japan, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, the United States), other governments representing each of five developing regions of the world, the Ford, Kellogg and Rockefeller Foundations, the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, the European Economic Community, and the International Development Research Center. The Bank is Chairman of the Group and provides its Secretariat.

CGIAR was formed to mobilize financial support for international agricultural research efforts intended to raise the production of crops and animals on which the developing world depends for most of its food supply. The Group explores major new areas of possible investigation, taking account not only of technical but also of ecological, economic and social factors. Its objectives include helping to synchronize national and international agricultural research efforts; encouraging the application of research results in national programs; and discussing the financial requirements for high-priority international and regional research activities over a long period of time, keeping in mind the special needs of the developing countries.

The Centers

The Group is supported by a Technical Advisory Committee (TAC) consisting of 13 experts with wide experience in the agricultural problems of developing countries. The committee is responsible for advising the Consultative Group on the principal gaps in agricultural research, on the international and regional programs which deserve priority, and on the ultimate levels of financial support for the international agricultural research centers. At present, members of the Group are supporting 10 international research efforts. Six of these are the responsibility of institutions carrying out fundamental research on major crops, and some are additionally concerned with farming systems in their respective ecological areas. The institutions are: the International Maize and Wheat Improvement Center (CIMMYT) in Mexico; the International Center of Tropical Agriculture (CIAT) in Colombia; the International Potato Center (CIP) in Peru; the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in India; the Institute of Tropical Agriculture (IITA) in Nigeria; and the International Rice Research Institute (IRRI) in the Philippines.

The centers exercise care that their programs are of a complementary rather than competitive nature. Each conducts research in crops or production systems that promise improvement over broad regions of the developing world, and each has an international board of trustees and staff.

IRRI and CIMMYT date back to efforts begun in the 1940s. CIMMYT developed the new high-yielding strains of wheat, and IRRI the new strains of high-yielding rice which, as further adapted by local research, provided the basis of the so-called "Green Revolution" in the late 1960s.

So far, the "Green Revolution" has benefited mainly farmers who have regular irrigation water and can afford to buy fertilizer and other necessities. Each of the six crop centers is now engaged in trying to develop a package of varieties and cultivation methods which will directly benefit the small farmer who does not have access to these advantages.

Recent Initiatives

CGIAR also is supporting research activities to improve livestock production: CIAT in Colombia has programs concerned with cattle and swine, and two other centers are concerned with cattle production in Africa. The International Laboratory for Research on Animal Diseases (ILRAD) was established, in 1974, in Nairobi, Kenya, and discussions are in progress regarding the formal establishment of an International Livestock Center for Africa (ILCA) to be based in Ethiopia. ILCA will carry out cooperative research programs in the major cattle-producing countries of tropical Africa.

Finally, recent initiatives of the Group are leading to the establishment of a field-trials program of the West African Rice Development Association (WARDA) and of a network of plant gene collections for conserving biological material which will be of value in breeding plants with higher yields, better nutritional quality or greater resistance to disease and pests.

Members of the Consultative Group indicated that they intended to make a total of approximately $34 million available for the centers' activities in calendar 1974. This amount is expected to include grants of about $3 million by IDA from funds transferred to it out of the Bank's net income for fiscal 1973.

TECHNICAL ASSISTANCE

Technical assistance to member countries has become an integral part of the World Bank's activities. Many developing countries need assistance in identifying and preparing projects. They may also require help in carrying out many other tasks essential to their development: analyzing their economies, formulating appropriate development policies, establishing effective development institutions, preparing investment programs, studying sector development, determining project and other priorities, testing the feasibility of individual projects or finding solutions to particular problems. The Bank has given assistance on all these and other matters over the years.

Most of the Bank's technical assistance is provided in the normal course of financing activities. Advice on project preparation, for example, is frequently given by staff members during the examination of projects for which applications for finance have been received. This advice may relate to any matter affecting the successful execution and operation of a project, from the design of a plant to the arrangements for the project's management and organization.

Where the Bank believes that outside assistance is required, it normally suggests to the prospective borrower that proper technical services should be obtained from consulting engineers or other appropriate sources. In such instances, as indicated on page 46, the Bank stands ready to help the borrower to choose suitable consultants and to draw up terms of reference. When finance is finally agreed for a project, an amount may be included to reimburse the expert advice involved, both during the planning and execution stages. Finance may also be included to cover the cost of feasibility studies for related future projects. For example, in the fiscal years 1972 and 1973, loans and credits having a clearly identifiable technical assistance component, aggregating $3,724 million (out of combined financing for the two years totaling $6,374 million), included $161 million for technical assistance. Of this amount, $96 million was for the services of experts and consultants, $44.4 million for feasibility studies, and $20.3 million for training and overseas fellowships.

In addition, the Bank has provided, either on request or on its own initiative, a variety of assistance to member countries not immediately connected with loan operations. This assistance has been confined to fields where, because of its character as a development finance institution and the operational experience of its staff, the Bank could be considered to have particular qualifications or particular reasons for providing help, especially in cases where its assistance might be expected to facilitate new capital investment in high-priority projects.

The Bank has a small team of advisers in the International Relations Department who provide technical assistance to member countries regarding the appropriate machinery for the formulation and execution of development plans and programs. This assistance may include advice on

the choice of planning systems, the distribution of planning functions, the role, organization and location of a central planning organization, regional and local planning, planning machinery for project preparation and review, and the design of training programs for those concerned with planning. This staff also is responsible for implementing those projects of the United Nations Development Programme (UNDP) in this field, for which the Bank has been designated Executing Agency (*see* below).

From time to time, the Bank assigns resident planning advisers to member countries at their request.

PREPARING HIGH-PRIORITY PROJECTS

In many developing countries, particularly the Bank's newer members, there is a shortage of well-prepared, high-priority projects ready for financing. The Bank has, therefore, been giving technical assistance to project preparation and to the earlier step of project identification. Principal among the varying techniques which it has employed are sector and feasibility studies organized under cooperative arrangements with FAO, Unesco, WHO, and UNIDO, and by the Bank's regional missions in Africa and its Resident Staff in Indonesia. A good deal of project identification assistance is provided informally, through Bank economic missions, resident advisers, or in the course of the appraisal and supervision of other projects.

Sector and Feasibility Studies

A "sector study" is an analysis of the whole or part of a particular sector of the economy, e.g., transport or power, with a view to drawing up a coordinated investment program for that sector and identifying projects within it. The study may be countrywide; it may be limited to a region within a country; it may cover the given sector throughout a region embracing several countries. A "feasibility study" determines whether projects which have already been identified are technically feasible and economically justified. A common characteristic of these studies is that, unlike most other kinds of technical assistance provided by the Bank, they usually have been carried out by independent consultants, under Bank supervision. Some of the studies have been financed by the Bank, others by the UNDP, for which the Bank has acted as Executing Agency.

Bank-Financed Studies

The Bank has been financing the foreign exchange cost of sector and feasibility studies since 1961. Its policy is to give the UNDP first opportunity to consider all requests for financial assistance for such studies, since the UNDP is the member of the United Nations family specifically concerned with the financing of preinvestment studies. Unless the circumstances are exceptional, it has been the Bank's practice to undertake a sector or feasibility study only where there is a reasonable prospect that it will lead to financing by the Bank or IDA, or within the framework of an aid coordination group with which the Bank is associated. The Bank also

requires evidence of the interest of the country concerned, at least through a contribution to the local currency costs of the study.

While initially the Bank made grants for such studies, it now finances on a grant basis only in exceptional cases and only when a Bank contribution of no more than $200,000 is sought. When larger amounts are involved, if UNDP financing or grant financing from other sources is either not available or is inappropriate, the cost can be included in a project loan or credit, or can be met by a technical assistance or engineering loan or credit exclusively for that purpose. In the latter case, if the project covered by the study is subsequently financed by the Bank or IDA, any balance outstanding on the technical assistance or engineering loan or credit may be incorporated in the new project loan or credit. Recently, the Bank has made several loans for preinvestment and technical assistance activities.

As of December 31, 1973, the Bank had financed on a grant basis 48 studies, allocating for this purpose $15.3 million. Most of these grants were for sector and feasibility studies, but several have financed assistance to strengthen particular government institutions or organizations that have an essential role in development. Forty-five of these grant-financed studies had been completed by that date.

UNDP Studies with Bank as Executing Agency

The UNDP finances the foreign exchange costs of preinvestment studies on a grant basis, but usually does not itself carry them out. Instead, it makes use of the United Nations and the specialized agencies to administer studies for which it provides financing. A request that the Bank serve as Executing Agency may originate with the UNDP or with the country applying for UNDP assistance. Normally, the Bank's willingness to serve as Executing Agency depends upon the role it thinks it could usefully play in the country concerned and upon the availability within the Bank of the knowledge and technical competence required for organization and supervision of the study. When the Bank does serve as Executing Agency, it helps to draw up the Project Documents for the study, negotiates the terms of reference with the government and the UNDP, employs the consultants, supervises the field work, and reviews the consultants' report.

The Bank first served as Executing Agency in 1959 for a study of the power sector in Argentina. Through December 1973, it had been Executing Agency for 154 UNDP studies for which the UNDP had allocated $110 million. Eighty-seven of these studies had been completed by the end of 1973. Of the Bank-executed studies, 69 had led directly to Bank loans or IDA credits totaling $1,920.9 million, primarily for road and power projects. These and other Bank-executed UNDP studies have contributed indirectly to an additional $1,411.7 million of loans and credits. In addition, studies executed by other specialized agencies—FAO, WHO, Unesco, and the UN—have led directly to Bank loans and IDA credits of $297.9 million.

As a result of an extensive review of its operations, UNDP began, in 1972, to base its assistance on three- to five-year programs, developed by each country, for utilizing UNDP resources expected to be available to that country during the programming period. While the new procedures have involved considerable change in working arrangements, the Bank has continued to coordinate its operations with UNDP and has adjusted its own methods to the new structure. The reorganization of the Bank's operational departments along regional lines since 1973 has facilitated closer contact between the two agencies, both at headquarters and in the field.

ECONOMIC STUDIES, RESEARCH, AND PUBLIC INFORMATION

A major part of the Bank's economic work is performed, on a continuing basis, in connection with the country and sector economic reports which form the background for the Bank's lending policies.

These reports give an analysis of the structure of a country's economy and its development objectives, and of the mobilization and allocation of domestic and external resources and their effective use in attaining those objectives. Within that context, special emphasis is placed on population, employment and manpower training, and such matters of special concern as the environment, regional economic imbalances, income disparities, health, nutrition, and housing.

Country Analysis

To facilitate country analysis and the preparation of up-to-date historical and projected national aggregates and balance-of-payments data, the Bank's system of country economic data and projections is improved continuously. This system includes national accounts data; socioeconomic data indicators; commodity (production, export, import, and price) information; and general capital flow and debt statistics. This information makes possible a consistent intercountry comparison, and provides a "global framework" of projections which will enable the World Bank better to program its financial resources, to anticipate overall growth patterns, and to make projections of total exports of major commodities and the likely levels of world trade and external financial resources for each country.

The Bank reviews the economic condition of a country annually, biannually or triannually, depending on an internal system of country classification. Normally, a country, in which the Bank has significant operations and in which the economy is undergoing rapid change, is reviewed more frequently than countries in which the Bank's lending program is smaller. The Bank has recently begun a program of publication of selected economic reports, which are available to the general public.

Reporting of Indebtedness and Capital Flows

To assist countries in their debt management and to monitor requirements and costs of external finance, the Bank collects information on external debt and lending. A reporting system, based on data from debtor countries which have received Bank loans or IDA credits, has been in operation since 1952. A system, based on data from creditor countries which are members of the Expanded Reporting System on External Lending operated jointly by the Bank and the OECD, was inaugurated in 1967. Additional elements of the reporting system are in the planning stage and relate to suppliers' credits and borrowing by developing countries in the Euro-currency market.

This worldwide reporting system provides the basis for projecting service payments on external debt for use by the Bank in appraising creditworthiness for future lending, and also supplies data for analyzing problems of indebtedness on a global scale. An extensive network of international cooperative arrangements for an exchange of information about external finance and debt is maintained by the Bank with individual governments, intergovernmental groups, the Asian, African and Inter-American Development Banks, the International Monetary Fund, and the OECD.

Much of this information is, of course, confidential, but a statistical compilation, called *World Debt Tables*, showing debt outstanding and past transactions by country and future service projections by area, is published annually.

The Bank also collects data on foreign and international bonds and equities in major capital markets. This system, which goes back to 1946, is a supplementary source of information on the funded debt of Bank member countries. It is also used by the OECD for its studies of capital markets.

Commodities Studies

Trends in the production, consumption and prices of primary commodities—agricultural products and minerals—have a major influence on the prospects of most of the Bank's developing member countries. The commodity situation and outlook for about 40 primary products which figure prominently in the exports of developing countries is, therefore, continuously reviewed by the Bank as a guide both to lending policies and to assessments of prospects, problems and creditworthiness of borrowing countries.

The Bank can play an important role by helping developing countries to diversify their economies and take advantage of the economic opportunities open to them. The heavy dependence on exports of primary products with poor market prospects presents a particularly difficult problem for the smaller and poorer countries with limited domestic markets. The Bank, therefore, in its lending and technical assistance programs generally emphasizes measures to:

1. limit Bank financing of new production of primary products facing inelastic demand to countries with few exports alternatives, in order to minimize adverse price effects on other exporting countries;
2. expand assistance to the "least developed" countries in evaluating comparative advantage and formulating industrialization policies;
3. expand assistance for research in agricultural production, marketing and end-uses;
4. increase support for economic integration and trade among developing countries;
5. devote greater attention to export policies in country economic work and to export potential in project analysis.

Recent analytical work on commodities has been increasingly addressed to examining issues of investment policy. Studies have dealt, for example, with the world markets for tea, cocoa, palm oil, and beef, and the outlook for Bank lending for those commodities.

In view of the world energy situation, Bank work on commodities includes a significant effort in petroleum market analysis. Several papers have dealt with the implications of increased petroleum prices. The world food and fertilizer situation is also being kept under constant review. Other recently published papers have been concerned with the tropical hardwood trade in the Asia-Pacific region, the international market for iron ore, and with the world demand for jute.

Economic Research

The Bank's program of economic research reflects its concern with a wide variety of economic and social problems. The program assists general country economic analysis and project and sector analysis by providing the necessary factual and conceptual basis and analytical techniques. It also helps to improve understanding of basic development issues and processes in a systematic way. Increasingly, the research is being conducted in collaboration with national research institutes in member countries so as to promote the exchange of ideas and experience, and to concentrate the effort on the most important issues.

The program at present consists of over 80 studies, covering a wide range of subjects. The latter include economic planning, income distribution, agriculture and rural development, international trade, industry, education, labor and unemployment, urbanization, regional development, transportation, and public utilities.

The program seeks to meet the priority needs for research in each of these areas. Special emphasis is being given to income distribution, employment, rural development, urbanization, and regional development. Several studies have been initiated recently in these areas and more are being prepared. They are designed to assist policy formulation and operations in a number of ways. They generate and interpret basic data, examine the impact of policy instruments in both general and partial equilibrium settings, evaluate programs and projects in member countries, and suggest techniques of incorporating objectives other than economic growth in designing the Bank's operations.

The program includes a significant amount of research on trade and industrial policies, and on economic planning in developing countries. Studies are being made of alternative incentive systems (such as tariffs, quotas and credit preferences), industrial capacity utilization and industrial planning. Several studies are being conducted on educational policy. The subjects include the interaction of educational policies with labor markets, methods of educational financing and design of rural education projects.

The studies begun earlier on highway-design standards and capital-labor substitution in road construction and civil works are continuing. They are intended to provide primary data of basic importance to the planning of highways and civil works, and have attracted great interest in a number of member countries. Further extensions of these studies are being considered.

Individual studies in the research program are described in a publication entitled *World Bank Group Research Program*, which first appeared in September 1972 and is issued annually.

Considerable attention has been given to making the results of the Bank's research more widely known. An international meeting of Directors of Development Research and Training Institutes was sponsored by the Bank and the Organization for Economic Co-operation and Development, in September 1972, in Belgrade to establish contacts and promote collaboration. The Bank has established a program for the regular exchange of research documents with development research centers.

PUBLIC INFORMATION

Disseminating information regarding international economic development and the World Bank's role in this effort, is the responsibility of the Department of Information and Public Affairs. One of its main functions is to explain Bank activities and clarify Bank policy to the public, and to provide a link to the press, academic communities, and professional and business circles in the Bank's member countries.

Publications Program

The Department supervises the publication and distribution of those Bank studies and papers which are made available to the public. Many of the Bank's studies are published as "Staff Working Papers." Selected monographs are published by The Johns Hopkins Press for the Bank as "World Bank Staff Occasional Papers." Studies and publications are listed in the *World Bank Catalog* which is published annually.

Information material of a more general nature includes such statistical publications as the *World Bank Atlas* and *Trends in Developing Countries*, as well as booklets on the impact and volume of World Bank lending in various parts of the world.

Special mention should be made of the *World Bank Annual Report* which gives an account of the Bank's activities on a global basis during each fiscal year, highlighting major achievements and policy trends, and including statistical sections and the Bank's financial statements.

Audiovisual

The World Bank maintains an extensive library of photographs on a wide range of projects which have been assisted by the Bank in its member countries.

A variety of radio tapes are supplied by the Bank to broadcasting stations throughout member countries. Included are specially tailored types of brief broadcasts produced to fit into established local program formats. The Bank also participates in cooperative television broadcasts from time to time.

More recently the Bank has started the production of slide shows and motion pictures. A short motion picture, *Development Is People*, illustrates

in brief expressive scenes the importance of people in the development process.

A Plague upon the Land, a color documentary produced in 1973 on location in Western Africa, depicts the ravages which the river blindness disease inflicts upon the citizens of seven nations in the Volta River Basin. The film was made in cooperation with WHO and FAO in support of efforts to provide international financial resources for a twenty-year program to control and eventually eradicate the disease from the region (*see* page 16).

Requests for information or inquiries regarding the availability of press releases, publications, radio tapes, and films should be addressed to the Department of Information and Public Affairs, World Bank, 1818 H Street, N.W., Washington, D.C. 20433, USA. Inquiries may also be addressed to the Bank's Paris Office, 66, avenue d'Iéna, 75116 Paris, France; and to the Tokyo Office, Kokusai Building, 1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan.

ECONOMIC DEVELOPMENT INSTITUTE

The Economic Development Institute (EDI) was established by the Bank in 1955 with some initial financial support from the Ford and Rockefeller Foundations. The Institute's aim is to improve the quality of economic management in developing countries by providing training for officials concerned with development programs and projects. The courses are designed to give the participants a working knowledge of techniques of development programming and project analysis that may be useful in handling the particular problems which confront them in their work. The curriculum aims at combining sound technique and practical considerations. The close link between the Institute and the World Bank provides the essential foundation in experience required for such an approach.

Courses Offered

In the first six years, the Institute offered an annual General Development Course of six months' duration dealing with programs and policies related to economic development. In 1962, a version of this course was also offered in French. To meet the growing need for training in project analysis, two general project evaluation courses covering several economic sectors were introduced in 1963, in English and in Spanish. The gradual increase in the number of Institute courses in the 1960s permitted the more intensive treatment of project analysis by courses focusing on individual sectors. The Institute is currently giving courses in agriculture and rural development; industry, agro-industry and development banking; education; urbanization, water supply and transportation.

General project analysis courses are given principally overseas, where they are appropriate as an introduction to project work for officials dealing with more than one sector. The Institute is also increasing the number of its courses given in French and Spanish, and expects to have the capacity to give all of its courses in these languages in due course.

The number of courses given annually at the Institute's headquarters has steadily increased from one in 1956 to 10 in 1973 and is expected shortly to reach a maximum of 12. The Institute has also embarked upon an expansion of its course programs given overseas in association with regional and national training institutions.

Overseas Activities

Overseas courses started in the 1960s on an *ad hoc* basis at the rate of one or two a year. They are currently proceeding at the rate of 18 a year with the prospect of significant increases in the future under a deliberate program of expansion. Overseas regional courses are conducted for officials from countries sharing a common linguistic or geographic background, and are cosponsored by regional or subregional institutions in Latin America, Africa, Asia, and the Middle East. National course programs are also undertaken in cooperation with governments or national training institutions, usually in the larger member countries of the

Bank. These overseas activities are associated with the training of teachers from cosponsoring institutions in the Institute's Washington courses.

Students and Staff

The 25 participants in each course are selected from a much larger number of candidates nominated by governments or public agencies in the developing member countries of the Bank. In selecting participants, weight is given to the candidate's experience in matters related to the course, his present position, his ability to profit from his work at the Institute, and his prospects for making a significant contribution to the development of his country. By December 31, 1973, 1,841 officials from 112 countries and dependent territories and 13 international organizations had participated in courses given at EDI.

At present the Institute has a full-time teaching staff of 16 members. Additional lecturers are appointed each year for periods up to six months to assist the regular staff in conducting some of the courses. The Institute also has in residence visiting lecturers selected because of their outstanding contributions to the field of economic development. Staff members of the Bank and the International Finance Corporation, including economists, engineers, lawyers, financial analysts, commodity experts, and country specialists, frequently conduct sessions when their special knowledge and experience are applicable. Specialists from other international organizations, government agencies, universities, and private concerns are often invited to lead sessions related to their fields.

The courses of the Institute emphasize discussion and the exchange of experience to supplement the lectures given by staff members and others. Case studies, special exercises and group problem-solving are features of the courses.

Libraries

With financial help from the Rockefeller Foundation, the Institute undertook, in the early 1960s, a project of providing a limited number of small libraries on economic development in English and French to countries where materials on economic development were not available. With technical assistance from the Centro de Estudios Monetarios Latinoamericanos (CEMLA) and with financial participation from the Inter-American Development Bank, the Institute has also distributed libraries in Spanish and Portuguese. The Institute continues to send out annually small supplements to assist in keeping the basic libraries up to date.

EDI Publications and Teaching Materials

In its early years, the EDI produced work related to Bank policy, no doubt filling a need at a time when the research and policy work of the Bank was less adequately staffed and organized than it is today. In the 1970s, it was recognized that the main orientation of EDI research and publication should henceforth be upon the material required for its own teaching. This policy was adopted formally in 1972, and has resulted in the

publication of 15 titles (of which three were translations) to date. This crystallization of teaching materials in written form is reducing the repetitive burden of teaching, and is an indispensable basis for course programs given or supported outside headquarters. The Institute is now increasingly in a position to package courses for use by teachers in its partner institutions.

International Finance Corporation

The International Finance Corporation (IFC) was established in 1956 as an affiliate of the World Bank, to assist less-developed member countries in furthering their economic development by encouraging the growth of productive private enterprise. IFC's activities supplement those of the World Bank. IFC has its own subscribed capital, amounting to approximately $107 million, and is empowered to borrow funds from other sources, including the Bank.

IFC's aim is to further economic development by encouraging the growth of productive private enterprise in developing member countries. It provides equity and loan capital for private enterprises in association with private investors and management, encourages the development of local capital markets, and stimulates the international flow of private capital. In particular, it supports joint ventures which provide opportunities to combine domestic knowledge of market and other conditions with the technical and managerial experience available in the industrialized nations.

MEMBERSHIP AND ORGANIZATION

MEMBERSHIP AND VOTING RIGHTS

The Articles of Agreement of the International Finance Corporation are patterned on those of the Bank. Countries that are members of the Bank are eligible for membership in the Corporation. Voting rights in IFC are related to member countries' capital subscriptions in the Corporation, and with certain exceptions all matters before the Corporation are decided by a majority of votes cast. Each member has 250 votes, plus one for each $1,000 of capital stock subscribed. By June 30, 1973, IFC had 98 members. Details of members' subscriptions and voting power are given on page 79.

A government may withdraw from the IFC at any time, or it may be suspended if it fails to fulfill any of the obligations of membership. If a government belonging to IFC ceases to be a member of the Bank, or if its membership in the Bank is suspended, its membership in IFC is automatically terminated or suspended as well. If a government ceases to be a member, it remains liable for all amounts due from it to the Corporation. The Corporation will arrange to repurchase the capital stock of a government relinquishing membership, as part of the settlement of accounts with that government.

INTERNATIONAL FINANCE CORPORATION

Statement of Subscriptions to Capital Stock and Voting Power

June 30, 1973

Member	Subscriptions: Amount (in thousands of dollars)	Subscriptions: Percent of total	Voting Power: Number of votes	Voting Power: Percent of total
Afghanistan	$ 111	.10	361	.27
Argentina	1,662	1.55	1,912	1.45
Australia	2,215	2.07	2,465	1.87
Austria	551	.52	804	.61
Belgium	2,492	2.33	2,742	2.08
Bolivia	78	.07	328	.25
Brazil	1,163	1.09	1,413	1.07
Burma	166	.16	416	.32
Canada	3,600	3.36	3,850	2.92
Chile	388	.36	638	.48
China	4,154	3.88	4,404	3.34
Colombia	388	.36	638	.48
Costa Rica	22	.02	272	.21
Cyprus	83	.08	333	.25
Denmark	753	.70	1,003	.76
Dominican Republic	22	.02	272	.21
Ecuador	35	.03	285	.22
Egypt, Arab Republic of	590	.55	840	.64
El Salvador	11	.01	261	.20
Ethiopia	33	.03	283	.22
Finland	421	.39	671	.51
France	5,815	5.42	6,065	4.61
Gabon	55	.05	305	.23
Germany	3,655	3.41	3,905	2.97
Ghana	166	.16	416	.32
Greece	277	.26	527	.40
Guatemala	22	.02	272	.21
Guyana	89	.08	339	.26
Haiti	22	.02	272	.21
Honduras	11	.01	261	.20
Iceland	11	.01	261	.20
India	4,431	4.13	4,681	3.55
Indonesia	1,218	1.14	1,468	1.12
Iran	372	.35	622	.47
Iraq	67	.06	317	.24
Ireland	332	.31	582	.44
Israel	50	.05	300	.23
Italy	1,994	1.86	2,244	1.70
Ivory Coast	111	.10	361	.27
Jamaica	148	.14	398	.30
Japan	2,769	2.58	3,019	2.29
Jordan	33	.03	283	.22
Kenya	184	.17	434	.33
Korea	139	.13	389	.30
Kuwait	369	.34	619	.47
Lebanon	50	.05	300	.23
Lesotho	18	.02	268	.20
Liberia	83	.08	333	.25
Libyan Arab Republic	55	.05	305	.23
Luxembourg	111	.10	361	.27
Malagasy Republic	111	.10	361	.27
Malawi	$ 83	.08	333	.25
Malaysia	277	.26	527	.40
Mauritania	55	.05	305	.23
Mauritius	95	.09	345	.26
Mexico	720	.67	970	.74
Morocco	388	.36	638	.48
Nepal	55	.05	305	.23
Netherlands	3,046	2.84	3,296	2.50
New Zealand	923	.86	1,173	.89
Nicaragua	9	.01	259	.20
Nigeria	369	.34	619	.47
Norway	554	.52	804	.61
Oman	36	.03	286	.22
Pakistan	1,108	1.03	1,358	1.03
Panama	2	*	252	.19
Paraguay	16	.02	266	.20
Peru	194	.18	444	.34
Philippines	166	.16	416	.32
Portugal	443	.41	693	.53
Saudi Arabia	111	.10	361	.27
Senegal	184	.17	434	.33
Sierra Leone	83	.08	333	.25
Singapore	177	.17	427	.32
Somalia	83	.08	333	.25
South Africa	1,108	1.03	1,358	1.03
Spain	1,108	1.03	1,358	1.03
Sri Lanka	166	.16	416	.32
Sudan	111	.10	361	.27
Swaziland	35	.03	285	.22
Sweden	1,108	1.03	1,358	1.03
Syrian Arab Republic	72	.07	322	.25
Tanzania	184	.17	434	.33
Thailand	139	.13	389	.30
Togo	83	.08	333	.25
Trinidad and Tobago	18	.14	398	.30
Tunisia	1	.12	383	.29
Turkey	476	.44	726	.55
Uganda	184	.17	434	.33
United Kingdom	14,400	13.43	14,650	11.13
United States	35,168	32.80	35,418	26.89
Uruguay	155	.15	405	.31
Venezuela	116	.11	366	.28
Viet Nam	166	.16	416	.32
Yemen Arab Republic	47	.04	297	.23
Yugoslavia	591	.55	841	.64
Zaire	332	.31	582	.44
Zambia	295	.28	545	.41
TOTALS	$107,211	100.00	131,711	100.00

*Less than .005 percent

General: $87,000 from Malta and $9,000 from Western Samoa have been received on account of their capital subscriptions pending admission to membership

POLICY DIRECTION

As indicated earlier, the Bank, IDA and IFC have essentially identical organizational structures for policy formulation and executive supervision. The arrangements relating to the Boards of Governors, Executive Directors, the President and Chairman of the Directors, described on pages 18-20, apply to IFC. The President of the World Bank is Chairman of the Board of Directors of IFC. IFC has had four Presidents. Mr. Robert S. McNamara became President of IFC, as of the Bank and IDA, on April 1, 1968.

MANAGEMENT

The Executive Vice President of IFC is the deputy of the President and conducts the day-to-day affairs of the Corporation. In the President's absence, he acts as senior executive and presides at meetings of the Board. The Vice President is responsible for internal administration. In the absence of the President and Executive Vice President, the Vice President acts as senior executive of the Corporation and presides at meetings of the Board. Mr. William S. Gaud was appointed Executive Vice President of IFC in October 1969. Mr. Ladislaus von Hoffmann was appointed Vice President of IFC in July 1970.

The Corporation has Special Representatives in Europe, the Far East and Indonesia. The Executive Vice President is assisted by Special Advisers.

As of June 30, 1973, IFC's staff numbered 186, representing nationals of 39 countries.

INTERNATIONAL ADVISORY PANEL

The Corporation's activities and policies are reviewed periodically by an international panel of investment bankers.

At December 31, 1973, members of the panel were: J.R.M. van den Brink, Managing Director, Amsterdam-Rotterdam Bank, N.V., Amsterdam; Jacques de Fouchier, Banque de Paris et des Pays-Bas, S.A., Paris; Dr. Wilfried Guth, Managing Director, Deutsche Bank, A.G., Frankfurt; Sohei Nakayama, The Industrial Bank of Japan, Ltd., Tokyo; Sir Eric Roll, K.C.M.G., C.B., Deputy Chairman, S.G. Warburg & Co., Ltd., London; and Robert V. Roosa, Brown Brothers Harriman & Co., New York.

ORGANIZATION

The Corporation is organized into eight departments: four (the Departments of Investments) operating on a geographical basis and four (the Capital Markets, Finance and Management, Legal, and Engineering Departments) on functional lines. These departments work in close coordination with the Bank and IDA whenever Bank loans or IDA credits are involved. There are also three offices in IFC: Economic Adviser, Investment Promotion and Portfolio Supervision. Two special units in the Executive Vice President's Office are Business Relations and Marketing. In addition, three of the Bank's functional departments—Administration, Secretary's, and Programming and Budgeting, as well as the Bank's European Office—also serve IFC (*see* pages 20 and 21).

Investment Committee

The membership of the Investment Committee includes the Executive Vice President (chairman), the Vice President, the General Counsel, the Director of Engineering, the Senior Investment Department Director, the Economic Adviser, and the Director of Finance and Management. The Director of the Bank's Development Finance Companies Department becomes a member of the Committee when IFC investments in development finance companies are considered.

Departments and Offices

The four *Departments of Investments* have responsibility for the Corporation's investment operations in its member countries. They encompass the following geographical areas: Africa and the Middle East; Asia; Central America, Mexico and Europe; Latin America.

The Departments of Investments determine and develop investment opportunities; preselect investment proposals and recommend the principal directions for investment efforts; evaluate investment proposals and make recommendations as to their suitability; conduct negotiations; present investment proposals to the Board and take or coordinate other actions to complete approved investments.

The *Capital Markets Department* serves as a focal point in both IFC and the Bank for work on the development of capital markets in developing countries. This Department assists governments and private parties in the establishment and operation of sound institutions to channel private savings into productive private investments. It also provides technical assistance and policy advice to member governments to help them improve or create sound institutional and policy frameworks to encourage the growth of capital markets.

The *Finance and Management Department* provides IFC management with integrated financial management support (Treasurer and Controller functions); serves as the planning and budgeting coordinator for the Corporation; and is the central point of liaison with the Bank support departments and provides IFC management direction to these departments. It includes the *Office of Portfolio Supervision* (PSO), which assists IFC's Investment Departments in assessing the financial status and the fiscal management capabilities of companies in which IFC may invest. In addition, PSO helps evaluate IFC investments by developing and operating a system for the recording and analysis of financial data received from client firms. Such data is compared with the assumptions and projections used in the Corporation's appraisal and investment decisions. PSO also conducts on-site financial reviews of ongoing and completed projects.

The *Legal Department* advises the Corporation on legal questions relating to the organization, structure, administration, policies, and operations of the Corporation. It prepares or reviews documents which create, define,

modify, or limit the legal rights or obligations of the Corporation, including those relating to investment operations and the issuance or sale of securities. It also, in consultation with the Secretary's Department, prepares or reviews documents relating to corporate meetings or actions; and it furnishes or arranges for counsel to represent the Corporation in any legal proceedings in which it may be interested.

The *Engineering Department* assists the Departments of Investments of the Corporation in the appraisal and supervision of investment inquiries and applications submitted to IFC. It recommends contractual arrangements designed to assure successful construction and operation of projects; follows up on progress of ongoing and completed projects; advises on selection of consultant and contractor services to borrowers; and advises on the organizational, managerial, marketing, engineering, and environmental aspects of projects.

The *Office of the Economic Adviser* advises corporate management on the general economic policies of the Corporation. The Economic Adviser and his staff assist the Investment Departments in assessing the economic impact of potential IFC investments on the economy of the country in which the project will be located.

The *Office of Investment Promotion* was established to strengthen IFC's capacity to develop new investment opportunities in its developing member countries. The Office generates and assists in the preparation of investment proposals, and then turns them over to the appropriate Investment Department for further consideration. It is also responsible for helping develop and carry out IFC information activities in its areas of operation, and for developing and maintaining information on private enterprise developments and organizations.

The *Business Relations Unit* was created in a related innovation. It has the specific function and responsibility of maintaining the Corporation's relations with, and providing information on IFC to, the governments and finance and business communities in the Corporation's member countries.

INVESTMENT POLICIES AND RESOURCES

The International Finance Corporation is unique in that it is the only intergovernmental organization with the sole purpose of assisting the economies of developing countries by making sound investments in, and otherwise supporting, their private enterprise sectors. Except for the Corporation's basic criterion that its activities further economic development, its operations are similar to those of an international investment bank.

As demand for the expansion of the private sector in the developing countries has grown, IFC's investments have become both larger and more varied, and have been made with increasing flexibility to meet varying conditions in these countries and the unique nature of each development investment. Two major changes have been made in the Corporation's Articles of Agreement, both designed to give it greater scope in its investments.

The first of these involved the kind of investments IFC could make.

During its first few years, IFC was empowered only to lend to private enterprise in developing countries, not to make equity investments. That is, during this five-year period, the chief distinction between Bank loans and IFC investments was that the Corporation could lend to private enterprise without government guarantee, while the Bank required a government guarantee when it made a loan to private enterprise.

IFC was permitted to include quasi-equity features in its loan agreements. It did so in various ways, for example, by investing in debt instruments that, when sold to private investors, could be converted to capital shares.

IFC, in 1961, sought and obtained an amendment to its Articles of Agreement making it possible to invest in equity.

Investments in Equity

This change opened up new areas of opportunity which the Corporation began quickly to exploit. IFC's usual investment now consists of an equity investment together with a long-term loan. By the end of fiscal year 1973, approximately one-quarter of investments held by the Corporation were in equity.

The power to invest in equities made it possible to simplify the form of IFC's investments, facilitated negotiations, and made it easier for the Corporation to find participants and to sell from its portfolio. Further, IFC was enabled to underwrite sales of shares by new or expanding companies. Finally, IFC also gained the opportunity to participate as a shareholder in local development finance companies—institutions which can provide venture capital in their own countries, carry out underwritings, promote new enterprises, and extend assistance to local entrepreneurs in preparing projects. Since 1961, IFC has invested in 25 development finance companies in 20 countries, as well as in a regional institution operating throughout Latin America and a regional institution operating in Africa.

In addition to supplying share capital, IFC helps these institutions to obtain participation in their share capital by private foreign investors.

The ability to hold equity has also enabled IFC to attain other objectives more effectively. As a shareholder in a development finance company the Corporation is in a position to play an influential advisory role and thus assist in the spread of sound financing practices. IFC's authority to take part in underwriting operations lays the basis for development of local capital markets.

Enlarged Scope

The scope for IFC's operations was further enlarged by amendments to the Articles of Agreement of the Bank and the Corporation that took effect in 1965. These amendments made it possible for IFC to borrow from the World Bank amounts up to four times the Corporation's own unimpaired subscribed capital and surplus—about $428 million at June 30, 1973—for use in the Corporation's lending.

The Corporation borrowed $297 million from the World Bank through fiscal 1973 under this authority.

The availability of new resources for use in lending makes it possible for the Corporation ultimately to apply all of its own share capital and reserves to equity investments. As of June 30, 1973, share capital and reserves amounted to $183 million.

In the past few years, IFC has undertaken a more active role in seeking to promote projects which have a reasonable prospect of eventually being suitable for financing by IFC in accordance with established criteria. This enables IFC to increase the range of help it can give in assisting potentially sound private enterprises through study and planning stages and into the stage of productive businesses.

As part of this more active role the Corporation established an Office of Investment Promotion in fiscal 1973 to develop new business opportunities in selected countries. The Office works closely with other departments in IFC in developing promotional strategies for individual countries.

IFC's promotional assistance is flexible in order to meet the many kinds of need for such help encountered in the varying circumstances of different kinds of projects in countries at various stages of development.

In some cases, IFC will give financial and technical support in the preinvestment stage of potential projects, by paying part of the costs of feasibility studies and, in general, helping to pay the costs of putting together all the elements of a project, industrial, technical and financial, including the search for an appropriate business sponsor.

In other cases, IFC will join in the equity of pilot companies, together with other members of an investment group interested in backing the prospective full-scale company. The embryo company would then carry out the necessary detailed studies and negotiations needed to implement the project.

INVESTMENT PROCEDURES

In common with most investment institutions, IFC looks for certain preliminary information before deciding whether to make a detailed appraisal of an investment proposal. This information, which varies according to the kind of investment being considered, includes a description of the enterprise concerned, its legal status, financial history, present and proposed operations and their environmental effect, the purposes for which the financing is required, the outlook for profits, and the amounts of financing sought. A manufacturing enterprise would also be expected to give information such as an indication of the costs and availability of raw materials and other inputs, together with a review of technical assistance and other agreements desired.

Investment Criteria

IFC uses several guidelines in deciding whether to make an investment. The Corporation invests only in less-developed member countries, where sufficient private capital is not available on reasonable terms, in projects of economic priority to the country concerned, and where there are reasonable prospects of adequate returns. This means that each project should not only be a sound and profitable business, but should benefit the host country in some form—such as increasing national income, saving and/or earning foreign exchange, and creating employment.

In considering whether to make an investment, IFC does not choose between the objectives of economic priority and profitability. Rather, it makes an investment only where it is convinced that both objectives will be satisfied. IFC does not pursue profit *per se*, but as the best available indicator that its investments do, in fact, carry out the Corporation's purpose of fostering the establishment, improvement and expansion in the developing countries of productive private businesses. Moreover, as IFC expects to attract other private capital to the projects it supports, the profit motive cannot be ignored.

The determination of economic priority depends on a number of factors—whether or not the projected enterprise makes use of an abundant natural resource; creates employment locally; earns foreign exchange by making an exportable product; saves foreign exchange by substituting for imports; and so forth. While recognizing that new industries may need some initial tariff protection, IFC seeks assurance that they can become competitive. To this end, the Corporation supports proposals that involve the transfer of technological, managerial and other skills for increasing productivity from the economically advanced to the developing countries.

One of the generally most important criteria of a potentially sound investment for IFC is the availability of sponsors — partners — for new enterprises from among companies with proved industrial competence willing to invest in a joint venture. Experience has shown that such a partnership, which usually involves local and foreign investors, brings together elements that are, together, the best assurance of the viability of a new

venture. The local investor provides knowledge of national and regional market conditions and is at home in relations with labor and government. The foreign partner brings to the association a knowledge of the newer industrial techniques as well as up-to-date management and administrative practices.

IFC may provide early financing around which other funds can cluster, or it may make a project possible by providing finance that could not otherwise be obtained upon reasonable terms. It may even be that known willingness by IFC to enter into a proposed investment will result in all needed funds becoming available without an actual IFC financial commitment. In any of these cases, IFC regards itself as performing its function as a catalyst in mobilizing finance for private ventures in the developing countries. The Corporation views as one of the most meaningful measures of its success the amount of financing from other sources provided to enterprises in which it invests.

While the nature of ownership of projects submitted to IFC varies, in the main, the Corporation makes two stipulations: first, there should be adequate participation by the chief sponsor in the capital of the enterprise, so as to ensure that a proper long-term incentive exists; and second, there should be provision for immediate or eventual domestic participation.

Since the project is always in one of the developing countries, it is unlikely that a fully developed securities market exists. Therefore, IFC may join in underwriting arrangements, or it may agree to make shares available locally when the enterprise is established. In both cases, and in other ways, IFC serves a purpose ancillary to the investment itself but centrally important to one of IFC's principal aims—helping to develop capital markets.

Range of Investments

The range of IFC's investments is steadily broadening. Most of the Corporation's early commitments were made to help basic industries of obvious priority to developing countries, for the manufacture of iron and steel, pulp and paper, textiles, cement and machinery.

In the past few years, IFC has branched out and made investments for the first time in the fields of nickel mining, carbon black and cottonseed oil, as well as making two investments to assist the development of capital markets.

The Corporation has also expanded its activities geographically. In the past three years, it made commitments in eight countries in which it had not previously invested: Afghanistan, Bolivia, Cyprus, Indonesia, Lebanon, Mauritius, Panama, and Zambia.

IFC commitments are shown by purpose and by region on page 87.

Terms of Investments

Each IFC investment is examined on its merits and in relation to local factors such as the pattern of interest rates and the general financial maturity of the country where the investment is proposed. There is no

IFC's Commitments by Purpose
June 30, 1973
(US$ millions)

MANUFACTURING	
Pulp and paper products	$117.3
Cement	116.1
Textiles and fibers	71.8
Iron and steel	68.6
Motor vehicles and accessories	64.0
Fertilizers	57.2
Chemical and petrochemical products	41.5
Food and food processing	28.4
Machinery	8.8
General manufacturing	43.2
OTHER	
Utilities, tourism, printing and publishing	64.1
Mining	82.1
Development finance companies	79.0
Money and capital markets	6.0
TOTAL	$848.1

IFC's Commitments by Region
June 30, 1973
(US$ millions)

Africa	$104.2
Asia and the Middle East	273.0
Australasia	1.0
Europe	135.9
Western Hemisphere	334.0
TOTAL	$848.1

formula for working out the terms of an IFC investment, and there is no fixed relationship between the amount of loan and of equity funds provided. IFC seeks a prospective overall return that is consistent with the requirements of the business involved and with the Corporation's need to revolve its funds by selling its part of the investment at some future time.

Share investments are usually denominated in the currency of the country concerned.

Reflecting the fact that subscriptions to the Corporation's capital have been paid by all its members in US dollars, most loans are expressed in US dollars. Loans are usually for seven to twelve years, though longer maturities are occasionally permitted. Repayment is customarily made in semi-annual installments following a grace period, and a commitment fee of one percent a year is levied on the undisbursed portions of loans. These stipulations conform to the usual practices of long-term private investors.

In the case of a new venture, IFC expects others to provide the bulk of the financing. The Corporation may finance a larger proportion of the costs of expanding an existing enterprise, especially one in which it already has an interest, though such cases are always judged on their merits and always in the light of what other resources are available to the company. Only in exceptional cases would IFC consider making an investment of less than $1 million, since commitments on this scale seldom prove economical, due to the costs to the Corporation of appraisal and follow-up. One exception is the case of promotional investments, where commitments are typically small.

The upper limit for an IFC investment is about $20 million for its own account, although it will make larger commitments if it is assured of participations by other institutions that will reduce IFC's net investment to $20 million. In fiscal 1972, for example, the Corporation committed $22 million to Companhia de Cimento Nacional de Minas, a cement project in Brazil. Participations in the IFC commitment reduced IFC's net investment to well below the $20 million limit.

A company may use IFC financing to acquire new machinery or to modernize existing plant. Or the IFC money may serve as additional working capital for a growing enterprise. Use of IFC funds is not tied to the purchase of equipment or services in any particular country. As indicated previously, government guarantees for IFC loans are neither sought nor accepted.

Relations with Management and Government

While IFC does not normally seek board representation, in the case of development finance companies the presence of an IFC representative on the board of directors can be of mutual value as a means by which IFC experience and know-how can be paired with local knowledge. In order effectively to carry out its promotional activities, IFC might seek representation on the board of a promotional company in which IFC has made a share subscription.

The Corporation, like other investment institutions, does not undertake managerial responsibilities in companies it assists. Also, IFC is unwilling to be the dominant shareholder in any enterprise and will normally insist that its holdings be less than 25 percent. Only in exceptional cases does the Corporation exercise its voting rights. Nevertheless, IFC expects to be kept regularly informed concerning the company's affairs. This is achieved through periodic consultations with management, visits by IFC staff, the receipt of regular progress reports and information on factors materially affecting or likely to affect the company's business. Annual financial statements are required to be audited by independent public accountants, and stipulations regarding accounting and financial reporting are written into IFC investment agreements.

IFC is prepared to support "mixed" enterprises, i.e., a joint venture between private enterprise and a government. Each case is examined in the

light of such factors as the extent of government ownership and control, the nature of the enterprise and the efficiency of its management.

IFC does not invest in a business in a member country that objects to such financing. The Corporation seeks no special privileges regarding foreign exchange or other regulations, although, like any investor, it requires assurances that appropriate arrangements for repatriation of funds will be made. The Corporation, as an intergovernmental organization, is immune from taxation on income earned on its investments.

IFC is ready, if asked, to advise member governments upon policy relating to private investment.

FINANCIAL STRUCTURE AND OPERATIONS

IFC's authorized capital was initially fixed by its Articles of Agreement at $100 million, divided into 100,000 shares of $1,000 par value. Original members took up the number of shares assigned to them in the Articles, while the number, price and other terms of subscription by others are determined in each case by the Corporation in agreement with the prospective member. To provide for subscriptions by new members, the number of shares was increased to 110,000 in 1963, raising the authorized capital to $110 million. At June 30, 1973, subscribed capital totaled $107,211,000.

The Corporation's Articles of Agreement provide that subscriptions by member countries to IFC's capital stock should be payable wholly in gold or United States dollars. The entire subscribed capital of IFC is available to the Corporation for use in its operations.

IFC's net income, together with net gains on sales and other dispositions of loans and equity investments and various other net profits, have been allocated to a reserve against losses. This reserve, like IFC's subscribed capital, can be used for investments. At June 30, 1973, it stood at $75.8 million.

During its first decade, IFC relied for its resources exclusively on capital subscriptions, net earnings and its ability to revolve its portfolio by sales of securities to other investors. As already noted, the Corporation's resources were supplemented by a line of credit from the World Bank. By June 30, 1973, the total of funds available to the Corporation for use in its operations was $812.9 million. This included, in addition to the $297.4 million available from the Bank, capital subscriptions of $107.2 million, net income of $75.8 million, participations and portfolio sales of $261.5 million, a $5 million loan from the Netherlands, and repayments of $66 million.

Details of funds available to the Corporation for the period 1956-73, commitments against these funds, and funds uncommited at June 30, 1973, as well as a five-year summary, 1969-73, of IFC's operations appear on pages 91 and 92.

INVESTMENTS AND FINANCIAL RESULTS

IFC made gross commitments, net of exchange adjustments, of $848.1 million to 203 enterprises in 51 countries and in two regional development finance institutions from the start of operations in 1956 through June 30, 1973. Of the total, $792.9 million was for operating investments and $55.2 million for standby and underwriting purposes.

The Corporation has sold to other investors equities and loans from its own portfolio amounting to $227.8 million. Repayments to IFC totaled a further $66 million. And an additional $55.4 million had been canceled, terminated or written off. The Corporation's holdings in its portfolio at June 30,1973, were $465.2 million, including investments not yet effective.

IFC's Resources and Commitments, 1956-1973
(US$ millions)

Capital		$107.2
World Bank line of credit		297.4
Netherlands loan		5.0
Net income		75.8
Repayments and investments		66.0
Sales of investments		227.8
Acquisition by others of securities covered by standby and underwriting commitments		33.7
TOTAL of funds available		$812.9
Gross commitments made	$848.1	
Less cancellations, terminations and write-offs	55.4	
Net commitments made		792.7
Uncommitted funds at June 30, 1973		$ 20.2

Equity investments accounted for $119.3 million of the Corporation's portfolio. The remaining $345.9 million represented investments in the form of loans.

The Corporation became active in standby financing and underwriting in 1962, when it committed $2.9 million for these purposes. This increased rapidly, reaching the $55.2 million level at the end of fiscal 1973. Of that amount, $33.7 million was acquired by others.

The extent to which the Corporation has increased the availability of funds for investment in productive private enterprise in capital-short, low-income countries is by no means measured by IFC's total investment. IFC is also a mobilizer of the capital of others, who invest together with the Corporation.

Of the cumulative total of investments, the Western Hemisphere accounted for about 39 percent of IFC's total commitments, while commitments in Asia accounted for 27 percent, Africa and the Middle East for 17 percent, and Europe for 16 percent.

Over their life to the end of the Corporation's 1973 fiscal year, the average annual return on loan and equity investments held in IFC's portfolio was 8.51 percent—comprised of 8.98 percent on loan investments and 7.84 percent on equity investments.

Sales of Investments

An important source of replenishment of IFC's funds has been the sale of its commitments, in whole or in part, to other investors: as of June 30, 1973, approximately $261.5 million or almost one-third of IFC's total commitments, have been revolved in this way, and IFC had obtained the participation of other investors in more than half the commitments it had made.

International Finance Corporation
Five-year Summary—Fiscal years 1969-1973
(US$ thousands)

	1969	1970	1971	1972	1973
Gross commitments by years	$ 92,876	$ 111,853	$ 101,435	$ 115,649	$ 146,741
Gross commitments, cumulative[1]	364,670	476,518	577,815	693,761	848,082
Project costs by years	484,487	492,746	433,508	688,536	480,700
Total project costs, cumulative[2]	2,116,443	2,609,189	3,042,697	3,731,233	4,211,933
Sales	44,868	18,989	14,237	39,755	65,021
Total income	12,210	16,396	16,422	21,007	21,532
Net income[3]	7,690	10,196	6,171	7,951	6,250
Reserve against losses, cumulative	48,615	58,811	64,982	72,518	75,786

[1] Includes exchange adjustments to prior years' commitments.
[2] Total new investment financed by IFC and from other sources in assisted enterprises.
[3] Commencing in 1971 net gains on sales of investments have been credited to the income account. Net income for 1969 and 1970 has been restated to include such gains.

Purchasers of IFC investment securities represent a broad segment of the world investment community, including France, the Federal Republic of Germany, Italy, Japan, Kuwait, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States. Pension funds, mutual funds and insurance companies, as well as banks and investment houses are among the institutions that have purchased parts of IFC investments. In general, IFC's individual sales of investments have involved amounts not smaller than $100,000.

Sales of investments further IFC's objective of mobilizing private capital for enterprises in the developing countries. IFC itself carries out the work involved in setting up an investment transaction and absorbs the costs. Through sales of investments to other institutions, the Corporation has demonstrated the possibilities of opening up channels for portfolio investments in private industry in the developing countries. In some cases, this has in turn led to the establishment of new banking connections and new sources of long-term funds for the companies themselves.

IFC revolves its funds and brings other investors into partnership in its transactions in two main ways. The first is for IFC to offer participations at the time of a commitment. The second is through sales from the Corporation's portfolio.

Participations are generally made on the same terms as those negotiated by IFC. The investor is offered a choice between taking a *pro rata* interest in the entire transaction, including equity, or taking the loan maturities without equity, in which case he can take up either a portion of the entire loan or a portion of the early maturities. Although nearly all IFC's loans are denominated in dollars, IFC has been able to arrange for the sale of loan participations in some other currencies, such as Deutsche Marks, Pounds Sterling and Swiss Francs. Investors purchasing parts of IFC loans normally do so through participation certificates. The administration and exercise of rights under the investment documents are handled by IFC.

At appropriate times, IFC is prepared to sell from its portfolio various types of paper which it holds, resulting from past investments, including straight equity, loans and conversion rights. The investor is offered a wide choice in this respect, but the terms of the sale naturally have to be negotiated in each case, reflecting how the investment has fared since the original commitment. In the case of sales of equity, the shares sold by IFC are transferred to the participant, so that a direct relationship may be established between the company and the participant as a shareholder. It is IFC's practice to consult with its partners on sales of equity in order to establish that there are no objections for valid business reasons to the proposed sale.

In making sales of shares held in its portfolio, IFC uses several methods. Some of the companies in which IFC has acquired an equity interest are owned by a broad range of local investors, with the shares

International Finance Corporation
Five-year Summary—Fiscal years 1969-1973
(US$ thousands)

	1969	1970	1971	1972	1973
Gross commitments by years	$ 92,876	$ 111,853	$ 101,435	$ 115,649	$ 146,741
Gross commitments, cumulative[1]	364,670	476,518	577,815	693,761	848,082
Project costs by years	484,487	492,746	433,508	688,536	480,700
Total project costs, cumulative[2]	2,116,443	2,609,189	3,042,697	3,731,233	4,211,933
Sales	44,868	18,989	14,237	39,755	65,021
Total income	12,210	16,396	16,422	21,007	21,532
Net income[3]	7,690	10,196	6,171	7,951	6,250
Reserve against losses, cumulative	48,615	58,811	64,982	72,518	75,796

[1]Includes exchange adjustments to prior years' commitments.
[2]Total new investment financed by IFC and from other sources in assisted enterprises.
[3]Commencing in 1971 net gains on sales of investments have been credited to the income account. Net income for 1969 and 1970 has been restated to include such gains.

Purchasers of IFC investment securities represent a broad segment of the world investment community, including France, the Federal Republic of Germany, Italy, Japan, Kuwait, the Netherlands, Sweden, Switzerland, the United Kingdom, and the United States. Pension funds, mutual funds and insurance companies, as well as banks and investment houses are among the institutions that have purchased parts of IFC investments. In general, IFC's individual sales of investments have involved amounts not smaller than $100,000.

Sales of investments further IFC's objective of mobilizing private capital for enterprises in the developing countries. IFC itself carries out the work involved in setting up an investment transaction and absorbs the costs. Through sales of investments to other institutions, the Corporation has demonstrated the possibilities of opening up channels for portfolio investments in private industry in the developing countries. In some cases, this has in turn led to the establishment of new banking connections and new sources of long-term funds for the companies themselves.

IFC revolves its funds and brings other investors into partnership in its transactions in two main ways. The first is for IFC to offer participations at the time of a commitment. The second is through sales from the Corporation's portfolio.

Participations are generally made on the same terms as those negotiated by IFC. The investor is offered a choice between taking a *pro rata* interest in the entire transaction, including equity, or taking the loan maturities without equity, in which case he can take up either a portion of the entire loan or a portion of the early maturities. Although nearly all IFC's loans are denominated in dollars, IFC has been able to arrange for the sale of loan participations in some other currencies, such as Deutsche Marks, Pounds Sterling and Swiss Francs. Investors purchasing parts of IFC loans normally do so through participation certificates. The administration and exercise of rights under the investment documents are handled by IFC.

At appropriate times, IFC is prepared to sell from its portfolio various types of paper which it holds, resulting from past investments, including straight equity, loans and conversion rights. The investor is offered a wide choice in this respect, but the terms of the sale naturally have to be negotiated in each case, reflecting how the investment has fared since the original commitment. In the case of sales of equity, the shares sold by IFC are transferred to the participant, so that a direct relationship may be established between the company and the participant as a shareholder. It is IFC's practice to consult with its partners on sales of equity in order to establish that there are no objections for valid business reasons to the proposed sale.

In making sales of shares held in its portfolio, IFC uses several methods. Some of the companies in which IFC has acquired an equity interest are owned by a broad range of local investors, with the shares

quoted and traded on local stock exchanges. In such cases, there is an opportunity for IFC to sell its holdings through the normal mechanism of the market. In many cases, a public market for the shares held by IFC does not exist or is too narrow to allow sales of the volume desired. In that event, private negotiation is used.

The extent of participations in individual investments has shown considerable variation, sometimes amounting to as much as 88 percent of the original IFC commitment. Many of the institutions have taken participations on the basis of attractiveness of the paper purchased, simply taking account of normal investment criteria such as the relationship between risk and potential return. Participants, especially institutions active in international banking, also have been attracted by the actual or potential collateral benefits attached to an investment, particularly where there is an existing or prospective banking connection either with the enterprise itself or the country in which the enterprise is located.

IFC AND CAPITAL MARKET DEVELOPMENT

As IFC's investment activities are directed at encouraging the growth of the private sector of national economies, development of capital markets in developing countries is a vital IFC interest. The availability of financing funds through capital and money market facilities, and the orderly bringing to market of savings available for investment, at a going price for money known to all, are important elements making for investment and business growth.

In March 1971, IFC established a Capital Markets Department. As the focal point in IFC and the Bank for encouraging the growth of capital markets in the developing countries, the Department gives special attention to identifying problems of financial market development and to finding ways of solving them. Its primary thrust is to mobilize domestic savings in the form of financial assets and to minimize the costs of intermediation in order to enhance domestic financial self-sufficiency. The Department's work takes practical shape mainly in two ways.

First, governments and private groups in the developing countries are, at their request, helped to establish and support institutions to channel domestic savings into productive enterprise. Such institutions may be mortgage banks, savings and loan associations; they may also be investment trusts, discount houses, merchant banks, investment banks, and securities distribution firms.

Second, in countries where securities are already traded locally, the Department advises on ways to encourage wider share ownership and to increase the choice of debt and equity instruments available to local investors.

Even before the organization of this Department, IFC had been active in the field of capital market development. For example, the main objective of its standby and underwriting commitments has been to place

securities in the hands of local private investors in the developing countries.

When a public offering is impracticable because of market conditions, it is sometimes preferable to negotiate sales to pension funds, banks, insurance companies, mutual funds, and other large institutional investors. Here again, IFC's interest and participation in a project can help create confidence and, consequently, enlist the necessary commitments from private sources.

Sometimes technical assistance alone can improve a domestic capital market. The devising or introduction of special types of securities can be helpful where issues in traditional form are unsuited to market conditions. Underwriting, itself, is an innovation in many areas.

IFC also exerts indirect influence, through the spread of its own operating standards and requirements. These can make a project more viable and worthy of investor support, eventually bringing into being attractive new issues for trading on the local capital market.

IFC also influences the development of capital markets through its investments in development finance companies and other financial institutions.

International Centre for Settlement of Investment Disputes

THE CONVENTION

One of the central objectives of the World Bank is to promote and maintain the flow of international investment, including private foreign investment. This flow has sometimes been impeded by fear among private investors that, once outside the familiar protection of their domestic legal systems, their investments may be exposed to political risks, including expropriation or other governmental action not subject to independent judicial review.

Because of its position of impartiality, the Bank, or its President in his personal capacity, has on a number of occasions been approached by governments or by foreign investors seeking assistance in settling disputes relating to investments. While recognizing that the conciliation or arbitration of disputes is a function somewhat alien to its structure, the Bank has nevertheless occasionally agreed to such requests, where it considered that its intervention could significantly improve the investment climate of the State concerned or would remove the obstacle that defaults due to unresolved disputes might present to Bank or IDA financing (*see* page 45).

In the light of its experience with these and other disputes, the Bank became convinced that the creation of permanent facilities, designed specifically to deal with investment disputes between States and foreign investors, could be a major step toward promoting an atmosphere of mutual confidence, and thereby stimulating a larger flow of private international capital into those countries that wish to attract it. Study of the possibility of establishing such facilities began in 1961. By 1965, an appropriate treaty instrument, prepared by the Executive Directors and staff of the Bank at the request of the Bank's Board of Governors and with the assistance of legal experts from many member countries, was submitted to governments.

The Convention on the Settlement of Investment Disputes between States and Nationals of other States was opened for signature on March 18, 1965, to all members of the Bank. By September 1966, a sufficient number had signed and ratified the Convention to permit it to enter into force on October 14, 1966, 30 days after the deposit of the 20th instrument of ratification.

Nonmembers of the Bank which are parties to the Statute of the International Court of Justice may be invited to become signatories. An invitation was extended to, and accepted by, the Government of Switzerland.

By December 31, 1973, the 68 States listed below had signed the Convention, and of these the 65 marked with asterisks had become Contracting States after the deposit of their instruments of ratification.

Afghanistan*
Austria*
Belgium*
Botswana*
Burundi*
Cameroon*
Central African Republic*
Chad*
China*
Congo, People's Republic of*
Cyprus*
Dahomey*
Denmark*
Egypt, Arab Republic of*
Ethiopia
Finland*
France*
Gabon*
Germany*
Ghana*
Greece*
Guinea*
Guyana*
Iceland*
Ireland
Indonesia*
Italy*
Ivory Coast*
Jamaica*
Japan*
Jordan*
Kenya*
Korea*
Lesotho*
Liberia*
Luxembourg*
Malagasy Republic*
Malaysia*
Malawi*
Mauritania*
Mauritius*
Morocco*
Netherlands*
Nepal*
New Zealand
Niger*
Nigeria*
Norway*
Pakistan*
Senegal*
Sierra Leone*
Singapore*
Somalia*
Sri Lanka*
Sudan*
Swaziland*
Sweden*
Switzerland*
Togo*
Trinidad and Tobago*
Tunisia*
Uganda*
United Kingdom of Great Britain and Northern Ireland*
Upper Volta*
United States of America*
Yugoslavia*
Zambia*
Zaire*

THE CENTRE

The International Centre for Settlement of Investment Disputes is the international organization created by the Convention as the instrument for carrying out its provisions. Its purpose is to be available to the parties to certain international investment arrangements, by providing them with an assured forum on which they may agree, for the settlement of future disputes, as well as any that have already arisen.

The governing body of the Centre is its Administrative Council, composed of one representative of each Contracting State—all of whom have equal voting power. Unless a State makes a specific designation, the Governor appointed by it to the World Bank is automatically its representative on the Council. The President of the World Bank acts *ex officio* as the nonvoting Chairman. The principal functions of the Council are to adopt the Regulations and Rules of the Centre, to elect the Secretary-General, to adopt the annual budget, and to decide upon invitations to nonmembers of the World Bank to become parties to the Convention.

The legal representative and principal officer of the Centre is its Secretary-General, who is responsible for its administration and also functions as registrar. He is elected by the Administrative Council on the nomination of its Chairman. Since the Inaugural Meeting of the Council, Mr. A. Broches has occupied this post; as he is continuing to serve as Vice President and General Counsel of the World Bank, he receives no compensation from the Centre.

The Centre maintains separate Panels of Conciliators and of Arbitrators, most of whom are designated by Contracting States (each of which may place four persons on each list) and some may be added by the Chairman of the Administrative Council (who may place 10 persons on each list). The Convention requires members of the Panels to be persons of high moral character and recognized competence in the fields of law, commerce, industry or finance, who may be relied upon to exercise independent judgment; legal competence is specified as particularly important for arbitrators. The Panel members are not employed by the Centre, but are merely listed by it so as to facilitate the formation of Conciliation Commissions and Arbitral Tribunals.

The expense incurred by the Centre in connection with any proceeding must be borne by the parties to the proceeding, divided evenly in the case of conciliation, and as agreed by the parties or decided by the Tribunal in the case of arbitration. The overhead expenditures of the Centre are to be covered in part by any miscellaneous receipts, but largely by assessments on the Contracting States (generally in proportion to their capital stock in the World Bank). However, the Bank has agreed to accommodate the Centre free of charge as long as its seat is at the headquarters of the Bank, and is also underwriting its overhead expenditures.

PROCEEDINGS

The jurisdiction of the Centre is based on consent, given by both parties to a legal dispute relating to an investment. One of these parties must be the Government of a Contracting State, or a constituent subdivision or agency designated by such a Government. The other must be a national of another Contracting State, who may be a natural or a juridical person.

Consent to the jurisdiction of the Centre can be given in connection with (a) a new investment agreement, (b) an existing agreement whose disputes provisions are no longer considered satisfactory by the parties, or (c) any legal dispute which has already arisen, whether or not under an agreement. Once given, consent cannot be unilaterally withdrawn by either party, even if one of the Contracting States concerned should withdraw from the Centre. The consent may, however, be qualified in various ways at the time it is given. For example, a Contracting State may require the prior exhaustion of local administrative or judicial remedies; or consent may be restricted to conciliation, to arbitration, or to conciliation followed, if necessary, by arbitration. Although no particular form is prescribed for the giving of consent (except that it must be in writing), the Centre has

developed a set of Model Consent Clauses to assist potential parties in submitting disputes to the Centre, and in exercising the various procedural and substantive options available under the Convention.

The Centre does not itself settle any disputes. Rather it establishes, as far as possible in cooperation with the parties, *ad hoc* Conciliation Commissions or Arbitral Tribunals, to which the resolution of the controversy is then entrusted. At all stages (as illustrated in the paragraphs below), the same basic principle is observed: as far as possible the parties are free to regulate by agreement all aspects of the proceeding. However, their failure to agree on any point or the refusal of either party to cooperate cannot prevent the constitution of the body to which they had originally consented to submit their dispute, or decisively frustrate the progress and conclusion of the proceeding.

Once both parties have given their consent, either before or after a dispute has arisen, either party may file a request for conciliation or arbitration, or the parties may do so jointly. The procedure for so doing is specified in the Institution Rules adopted by the Administrative Council. Each request undergoes a preliminary screening by the Secretary-General for substantive conformity with the requirements of the Convention; if appropriate, he then registers it.

Conciliation Commission, Arbitral Tribunal

Once a proceeding has been instituted, a Conciliation Commission or an Arbitral Tribunal is constituted as rapidly as possible. Subject to the requirement of having an uneven number of members and to certain restrictions on the nationality of arbitrators, the parties are free to constitute their Commission or Tribunal in any way agreeable to both of them; they may, but need not, choose the members from the Centre's Panels. However, if they cannot agree on the structure of the body, the Convention provides that it shall consist of one member appointed by each party and of a jointly appointed President. If the parties cannot agree on any joint appointments, or if either of them declines to make the designations for which it is responsible, or if for any reason the constitution of the body is delayed, either party may require the Chairman of the Administrative Council to make the necessary appointments from the appropriate Panel. Once all members of a Commission or Tribunal have accepted their appointments, the proceeding is deemed to have begun.

The procedure to be followed by the Commission or Tribunal is primarily that agreed by the parties, unless this would contravene the Convention. Should they fail to agree, then the Conciliation or Arbitration Rules (supplemented by the Administrative and Financial Regulations) adopted by the Administrative Council automatically apply. So far as these Rules leave any gaps, or so far as *ad hoc* decisions may be required in a particular situation, the Commission or Tribunal may issue procedural orders and may, to some extent, delegate this function to its President.

Each Commission and Tribunal is the ultimate judge of its own competence, and may also decide whether the proceeding is within the jurisdiction of the Centre. The preliminary decision made by the Secretary-General in registering the request is not binding upon a Commission or Tribunal.

Objectives

It is the objective of Conciliation Commissions to clarify the issues in dispute and to try to bring about agreement between the parties on mutually acceptable terms. Although the parties are required to cooperate in good faith with the Commission and to give the most serious consideration to its recommendations for settlement, they are not bound to accept them. The Commission must conclude its work by drawing up a report, recording that agreement has been reached, or that it has proved impossible to achieve any agreement, or that one party has failed to appear or to participate in the proceeding.

Arbitral Tribunals are required to render an award, on the basis of rules of law agreed by the parties or as specified in the Convention. The failure of a party to appear or to present its case will not prevent the Tribunal from rendering an award, although it must follow special procedures in such a case. An Arbitral Tribunal may also consider claims ancillary to the principal dispute, such as incidental or additional claims or counterclaims, and it may recommend provisional measures to be taken by the parties. A Tribunal's decisions are taken and awards are made by a majority of the members. Although no appeals may be taken outside the procedures provided by the Convention, several post-award remedies are available within it:

1. The original Tribunal may be requested to correct any errors and to supplement any incomplete decisions.
2. The original Tribunal, or if necessary a newly constituted one, may be requested to interpret or revise an award.
3. The Chairman of the Administrative Council may constitute an *ad hoc* Committee of Arbitrators to consider the annulment of an award on certain grounds specified in the Convention. If the award is annulled in whole or in part, the dispute may be submitted to a new Tribunal.

Compliance

Once rendered, an award is binding on both parties, who must comply with its terms. Moreover, every Contracting State is required to recognize as binding all awards rendered pursuant to the Convention and generally to enforce any pecuniary obligation imposed—whether or not its Government or any of its nationals were parties to the proceeding. For this purpose, each Contracting State must designate to the Centre a court or other authority competent to recognize and enforce awards certified by the Secretary-General.

No request for the institution of any conciliation proceeding under the Convention has so far been addressed to the Secretary-General. The first request for arbitration, which concerned a dispute arising out of an agreement between the Government of Morocco and two private companies, Holiday Inns S.A. (a Swiss company) and Occidental Petroleum Inc. (a US corporation), was registered by the Secretary-General in January 1972. The proceedings were still continuing at December 31, 1973.

A large number of investment agreements has been concluded in which the parties recorded their consent to the submission of future disputes to the jurisdiction of the Centre. While such agreements may well continue to be the most usual method of having recourse to the Convention, there are other means of so doing. For example, several States have included reference to the Convention in special legislation enacted to promote foreign investments, and certain treaties dealing with the status of investments made by the nationals of one party in the territories of another provide for the use of the Convention to settle disputes arising out of such transactions.

Finally, the parties to a number of agreements who for some reason cannot submit to the jurisdiction of the Centre (because one of them is not associated with a Contracting State, or is not such a State or a designated subdivision or agency thereof) have provided for *ad hoc* arbitration and specified that in stated contingencies either the Chairman of the Council or the Secretary-General is to be the appointing authority of last resort. Officials of the Centre approached with such requests have indicated that they will generally consent to perform the functions foreseen for them in satisfactorily formulated disputes clauses, unless this might be inconsistent with the interests of the Bank and its affiliates. It has, therefore, been suggested that the Centre be consulted and receive for comment at least a draft of the disputes settlement provisions before such agreements are concluded.

Investment Laws Project

The Centre has initiated a project for the collection, classification and dissemination of national legislation and international agreements relating to foreign investments, with the object of assisting States in making useful comparisons among investment promotion instruments in different parts of the world and to help familiarize potential investors with legal conditions in various developing countries.

The material collected is computer-prepared and coded. It is arranged by titles and has concordance tables with cross-references. A number of loose-leaf binders covering 50 developing member countries is projected; three have been published to date. Binder I includes Afghanistan, Chad, Ivory Coast, Kenya, Korea, Liberia, Malaysia, Nigeria, Uganda, and Zaire; Binder II—Burundi, Dahomey, Gabon, Ghana, Indonesia, Jamaica, Nepal, Niger, Senegal, and Tunisia; Binder III—Botswana and Singapore, plus updated material for the countries contained in Binder I.

MULTILATERAL INVESTMENT INSURANCE SCHEME

At the request of the United Nations Conference on Trade and Development (UNCTAD), based on earlier work by OECD, the Bank has, for many years, been considering the feasibility of a multilateral investment insurance scheme which would insure new private investment flowing into developing countries against losses resulting from noncommercial risks. The Bank staff drafted Articles of Agreement for an international investment insurance agency which went through a number of revisions. The most recent draft, after review by the Executive Directors, was sent, in April 1973, together with a staff memorandum identifying the principal outstanding issues, to member governments. Thereafter, work on the agency within the Bank was suspended and will not be resumed unless enough governments, of both developed and developing countries, express positive interest in proceeding with the proposal.

APPENDICES

Bank and IDA Lending Operations by Major Purpose and Region

Cumulative total of loans and credits approved, June 30, 1973[1]
(US$ millions)

Purpose[2][3]	Bank loans to current borrowers by region: Eastern Africa	Western Africa	Asia	Europe, Middle East, North Africa	Latin America, Caribbean	Total
AGRICULTURE, FORESTRY AND FISHING						
Agricultural credit	$ —	$ 3.5	$ 17.5	$ 79.5	$ 67.9	$ 168.4
Area development	37.5	7.0	52.0	12.0	24.1	132.6
Food and non-food crops	5.5	56.8	—	10.0	12.0	84.3
Irrigation, flood control and drainage	34.5	—	391.0	249.3	123.4	798.2
Forestry and fishing	7.9	—	42.3	24.8	8.7	83.7
Crop processing and storage	—	—	14.3	74.9	84.8	174.0
Livestock	5.2	—	7.5	50.0	479.5	542.3
Agricultural research	—	—	—	12.7	—	12.7
Other	5.6	—	26.3	2.3	22.7	56.9
Subtotal	$ 96.3	$ 67.3	$ 550.9	$ 515.5	$ 823.1	$ 2,053.1
EDUCATION	$ 60.5	$ 84.1	$ 93.2	$ 170.3	$ 99.7	$ 507.8
INDUSTRY						
Iron and steel	$ —	$ —	$ 189.0	$ 86.5	$ 294.0	$ 569.5
Pulp and paper	—	—	4.2	—	20.0	24.2
Fertilizer and other chemicals	—	—	32.0	24.0	—	56.0
Mining, other extraction	32.0	131.0	54.5	25.0	46.8	289.3
Small industry and industrial estates	—	—	—	—	—	—
Development finance companies	12.0	17.0	762.7	727.2	252.5	1,771.4
Other	—	—	—	165.9	22.5	188.4
Subtotal	$ 44.0	$ 148.0	$1,042.4	$1,028.6	$ 635.8	$ 2,898.8
NON PROJECT	$ 70.0	$ 80.0	$ —	$ 133.0	$ 60.0	$ 343.0
POPULATION	$ —	$ —	$ 5.0	$ 16.5	$ 5.0	$ 26.5
POWER	$ 306.9	$ 275.3	$ 992.7	$ 599.0	$2,883.5	$ 5,057.4
TECHNICAL ASSISTANCE	$ —	$ —	$ —	$ —	$ —	$ —
TELECOMMUNICATIONS	$ 69.6	$ 6.3	$ 137.8	$ 185.8	$ 173.2	$ 572.7
TOURISM	$ —	$ —	$ —	$ 44.0	$ 22.0	$ 66.0
TRANSPORTATION						
Aviation	$ 29.0	$ 3.0	$ 5.6	$ —	$ 37.0	$ 74.6
Highways	150.7	153.7	274.5	585.6	1,119.5	2,284.0
Pipelines	—	—	56.2	148.9	23.3	228.4
Ports, waterways and shipping	71.3	96.3	257.5	246.3	127.1	798.5
Railways	207.4	47.2	809.9	415.5	414.5	1,894.5
Other	28.0	25.0	—	—	—	53.0
Subtotal	$ 486.4	$ 325.2	$1,403.7	$1,396.3	$1,721.4	$ 5,333.0
URBANIZATION	$ —	$ —	$ 16.0	$ —	$ 5.4	$ 21.4
WATER SUPPLY AND SEWERAGE	$ 19.1	$ 14.5	$ 50.1	$ 182.4	$ 291.8	$ 557.9
TOTAL	$1,152.8	$1,000.7	$4,291.8	$4,271.4	$6,720.9	$17,437.6

Purpose[2][3]	IDA credits by region: Eastern Africa	Western Africa	Asia	Europe, Middle East, North Africa	Latin America, Caribbean	Total	Total Bank and IDA to current borrowers	Bank loans to past borrowers	Total Bank and IDA
AGRICULTURE, FORESTRY AND FISHING									
Agricultural credit	$ 14.6	$ 17.0	$ 370.5	$ 24.0	$ —	$ 426.1	$ 594.5	$ —	$ 594.5
Area development	61.5	34.8	6.5	6.0	—	108.8	241.4	4.3	245.7
Food and non-food crops	39.1	25.4	121.8	15.0	—	201.3	285.6	—	285.6
Irrigation, flood control and drainage	109.4	18.8	351.9	157.9	13.0	651.0	1,449.2	7.0	1,456.2
Forestry and fishing	—	1.3	3.5	5.5	—	10.3	94.0	—	94.0
Crop processing and storage	6.3	—	54.2	—	—	60.5	234.5	—	234.5
Livestock	46.0	6.4	10.6	29.5	46.9	139.4	681.7	—	681.7
Agricultural research	—	—	—	—	—	—	12.7	—	12.7
Other	—	—	15.5	—	—	15.5	72.4	—	72.4
Subtotal	$276.9	$103.7	$ 934.5	$237.9	$ 59.9	$1,612.9	$ 3,666.0	$ 11.3	$ 3,677.3
EDUCATION	$104.9	$ 71.0	$ 140.9	$ 46.4	$ 17.1	$ 380.3	$ 888.1	$ —	$ 888.1
INDUSTRY									
Iron and steel	$ —	$ —	$ —	$ —	$ —	$ —	$ 569.5	$ 155.3	$ 724.8
Pulp and paper	—	—	—	—	—	—	24.2	—	24.2
Fertilizer and other chemicals	—	—	123.0	—	—	123.0	179.0	—	179.0
Mining, other extraction	2.5	—	—	—	—	2.5	291.8	—	291.8
Small industry and industrial estates	4.0	—	9.5	—	—	13.5	13.5	—	13.5
Development finance companies	29.5	—	60.0	52.0	—	141.5	1,912.9	24.8	1,937.7
Other	—	—	—	.2	—	.2	188.6	184.1	372.7
Subtotal	$ 36.0	$ —	$ 192.5	$ 52.2	$ —	$ 280.7	$ 3,179.5	$ 364.2	$ 3,543.7
NON PROJECT	$ —	$ —	$1,000.0	$ —	$ —	$1,000.0	$ 1,343.0	$1,115.1[4]	$ 2,458.1
POPULATION	$ —	$ —	$ 34.4	$ 4.8	$ —	$ 39.2	$ 65.7	$ —	$ 65.7
POWER	$ 5.3	$ 17.1	$ 379.0	$ 35.9	$ 44.3	$ 481.6	$ 5,539.0	$ 691.3	$ 6,230.3
TECHNICAL ASSISTANCE	$ —	$ —	$ 14.0	$ —	$ —	$ 14.0	$ 14.0	$ —	$ 14.0
TELECOMMUNICATIONS	$ —	$ 8.9	$ 311.5	$ —	$ —	$ 320.4	$ 893.1	$ —	$ 893.1
TOURISM	$ —	$ —	$ 4.2	$ 10.0	$ —	$ 14.2	$ 80.2	$ —	$ 80.2
TRANSPORTATION									
Aviation	$ —	$ —	$ —	$ 2.5	$ —	$ 2.5	$ 77.1	$ 16.2	$ 93.3
Highways	268.7	131.0	203.6	50.5	83.3	737.1	3,021.1	430.0	3,451.1
Pipelines	—	—	—	—	—	—	228.4	—	228.4
Ports, waterways and shipping	30.2	3.6	154.3	—	—	188.1	986.6	42.0	1,028.6
Railways	—	34.9	419.2	38.5	8.0	500.6	2,395.1	227.8	2,622.9
Other	—	—	—	—	—	—	53.0	—	53.0
Subtotal	$298.9	$169.5	$ 777.1	$ 91.5	$ 91.3	$1,428.3	$ 6,761.3	$ 716.0	$ 7,477.3
URBANIZATION	$ —	$ 8.0	$ —	$ 2.3	$ 20.0	$ 30.3	$ 51.7	$ —	$ 51.7
WATER SUPPLY AND SEWERAGE	$ 4.1	$ 3.5	$ 111.2	$ 39.7	$ 3.0	$ 161.5	$ 719.4	$ —	$ 719.4
TOTAL	$726.1	$381.7	$3,899.3	$520.7	$235.6	$5,763.4	$23,201.0	$2,897.9	$26,098.9[4]

[1] Except for the total shown in footnote 4, no account is taken of cancellations and refundings subsequent to original commitment; amounts of cancellations and refundings are shown by country and purpose in the Statements of Loans and of Development Credits, which are available on request. Bank loans of $100 million to IFC are excluded. Due to rounding, totals may not agree with those shown in Appendix 2.

[2] Operations have been classified by the major purpose they finance. Many projects include activity in more than one sector or subsector.

[3] Includes $492 million in European reconstruction loans made before 1952.

[4] This total includes $111 million of credits made to Pakistan in earlier years for development projects in its former eastern wing, now Bangladesh. The credits were reactivated, in revised form, as credits to Bangladesh.

Total Bank and IDA Lending Operations by Country
December 31, 1973

	Bank Loans			IDA Credits		
	No.	Net amount[1]	Net Amount less sales & repayments	No.	Net amount[1]	Principal repayments
Africa						
Algeria	–	$ —	$ —	–	$ —	$ —
Botswana	5	$ 105,000,000	$ 30,968,000	–	—	—
Burundi	1	32,000,000	32,000,000	5	11,840,000	—
Cameroon	1	4,800,000	264,000	3	3,251,158	80,093
Central African Republic	7	62,800,000	62,255,000	8	66,700,000	—
Chad	–	—	—	3	12,400,000	—
Congo, People's Republic of	–	—	—	5	13,200,000	—
Dahomey	1	30,000,000	24,645	7	21,539,375	39,375
Egypt, Arab Republic of	–	—	—	4	26,000,000	—
Equatorial Guinea	1	56,500	5,500,000	8	131,073,937	—
Ethiopia	–	—	—	1	2,000,000	—
Gabon	12	108,600,000	81,632,000	15	157,600,000	80,900
Gambia, The	5	64,288,722	26,105,000	–	—	—
Ghana	–	—	—	2	3,400,000	—
Guinea	2	53,000,000	43,576,000	8	60,310,958	471,980
Ivory Coast[2]	3	73,500,000	72,545,000	–	—	—
Kenya[3]	12	101,891,567	94,345,000	1	7,500,000	—
Lesotho	18	358,824,026	325,320,000	13	88,679,776	—
Liberia	–	—	—	2	9,700,000	—
Madagascar Republic	7	26,849,811	25,630,000	3	11,000,000	—
Malawi	4	26,100,000	26,100,000	6	61,200,000	—
Mali[2]	–	—	—	10	64,600,000	—
Mauritania	–	—	—	8	51,000,000	—
Mauritius	1	66,000,000	1,186,032	4	16,350,000	—
Morocco	1	6,973,119	1,895,666	4	16,700,000	—
Niger	16	342,432,218	309,672,252	4	36,800,000	—
Nigeria	–	—	—	5	17,103,224	—
Rhodesia[4]	18	567,043,334	522,252,514	2	35,304,820	—
Rwanda	3	86,950,000	17,228,696	–	—	—
Senegal[2]	–	—	—	3	16,100,000	—
Sierra Leone	6	19,804,037	18,932,463	12	59,050,000	—
Somalia	3	11,400,000	10,155,000	3	10,800,000	—
South Africa	–	—	—	6	34,[illegible],875	177,540
Sudan	11	241,800,000	1,631,001	–	—	—
Swaziland	6	127,235,157	86,998,000	6	85,116,802	342,244
Tanzania[3]	2	6,950,000	3,780,000	1	2,800,000	61,297
Togo	3	42,200,000	41,720,000	14	106,359,416	27,746
Tunisia	–	—	—	2	12,400,000	—
Uganda[3]	17	166,598,999	155,120,808	10	63,662,598	81,658
Upper Volta[2]	1	8,400,000	47,177	7	44,031,012	—
Zaire	–	—	—	7	22,700,000	—
Zambia[4]	5	91,382,854	8,887,299	8	72,000,000	—
	15	356,556,360	287,950,842	–	—	—
	187	$3,246,080,204	$2,318,341,950	210	$1,456,794,951	$1,362,833
Asia						
Afghanistan	–	$ —	$ —	8	$ 39,977,313	$ —
Bangladesh	–	—	—	15	216,950,000	—
Burma	3	33,123,943	7,503,000	2	33,000,000	—
China	14	310,953,354	274,368,062	4	13,073,716	253,211
Cyprus	41	1,178,260,073	574,836,203	58	2,560,240,696	4,568,762
Fiji	–	—	—	35	509,300,000	—
India	27	914,299,623	686,592,860	–	—	—
Indonesia	6	145,693,946	136,567,150	–	—	—
Iran	9	214,371,979	160,449,631	–	—	—
Israel	31	857,041,004	459,403,429	–	—	—
Japan	–	—	—	8	40,315,503	39,941
Jordan	13	442,449,713	435,332,007	9	106,935,129	152,761
Korea	3	66,800,000	50,160,107	–	—	—
Laos	23	396,346,514	351,804,645	–	—	—
Lebanon	–	—	—	5	19,900,000	—
Malaysia	32	624,457,835	384,259,664	41	463,409,530	1,246,896
Nepal	20	352,542,986	296,800,929	2	22,700,000	—
Pakistan	12	134,853,244	116,548,414	–	—	—
Philippines	8	73,513,509	53,598,196	5	25,624,479	—
Singapore	–	—	—	3	37,300,000	—
Sri Lanka	28	529,438,725	385,312,862	2	25,000,000	—
Syrian Arab Republic	–	—	—	3	29,600,000	—
Thailand	–	—	—	1	5,660,000	—
Viet-Nam, People's Democratic Republic of	–	—	—	–	—	—
	270	$6,273,946,532	$4,373,537,159	203	$4,148,989,366	$6,261,571

	Bank Loans			IDA Credits		
	No.	Net amount[1]	Net Amount less sales & repayments	No.	Net amount[1]	Principal repayments
Europe						
Austria	9	$ 104,860,083	$ 37,913,198	–	$ —	$ —
Belgium	4	76,000,000	—	–	—	—
Cyprus	9	56,093,510	50,562,212	–	—	—
Denmark	3	85,000,000	19,628,543	–	—	—
Finland	17	296,526,846	130,855,683	–	—	—
France	1	250,000,000	—	–	—	—
Greece	7	133,875,000	122,934,871	–	—	—
Iceland	10	47,014,500	38,835,000	–	—	—
Ireland	6	97,500,000	95,841,561	–	—	—
Italy	8	398,028,000	110,285,860	–	—	—
Luxembourg	1	11,761,983	—	–	—	—
Malta	1	6,040,080	18,080	–	—	—
Netherlands	10	236,451,985	—	–	—	—
Norway	6	145,000,000	57,571,199	–	—	—
Portugal	5	57,500,000	45,099,751	–	—	—
Spain	10	426,831,646	380,163,271	–	—	—
Turkey	23	520,679,609	455,637,948	14	178,115,987	303,7
Yugoslavia	24	764,635,030	667,629,459	–	—	—
	154	$3,713,797,772	$2,212,987,636	14	$ 178,115,987	$ 303,7
Latin America & Caribbean						
Argentina	9	$ 509,102,049	$ 455,056,000	–	$ —	$ —
Bolivia	1	23,250,000	22,622,000	8	46,591,884	—
Brazil	42	1,742,290,235	1,484,662,159	–	—	—
Chile	18	232,537,762	148,850,631	1	18,997,255	508,9
Colombia	55	1,072,821,082	866,020,366	1	19,500,000	524,5
Costa Rica	16	125,476,251	101,485,998	1	4,550,243	127,1
Dominican Republic	1	25,000,000	23,913,044	3	22,000,000	—
Ecuador	11	91,300,000	60,579,000	6	36,900,000	—
El Salvador	11	94,718,024	60,709,709	2	13,599,331	134,4
Guatemala	6	66,699,234	46,084,214	–	—	—
Guyana	5	20,219,017	19,200,000	3	9,500,000	—
Haiti	1	2,600,000	—	1	349,855	5,2
Honduras	13	92,159,153	78,311,124	7	33,627,974	210,9
Jamaica	9	69,259,421	64,274,000	–	—	—
Mexico	33	1,599,299,450	1,294,992,799	–	—	—
Nicaragua	19	110,258,828	83,360,000	7	22,994,834	49,2
Panama	10	118,347,426	103,936,150	–	—	—
Paraguay	6	21,802,551	16,489,369	5	26,494,648	153,1
Peru	26	292,249,265	207,080,661	–	—	—
Trinidad & Tobago	9	72,690,424	51,766,807	–	—	—
Uruguay	11	155,161,139	84,839,000	–	—	—
Venezuela	12	355,903,865[5]	287,098,340	–	—	—
	330	$6,892,745,226	$5,561,331,372	40	$ 255,106,524	$1,709,2
Oceania						
Australia	7	$ 417,730,000	$ 89,941,457	–	$ —	$ —
Fiji	3	18,200,000	18,200,000	–	—	—
New Zealand	6	101,545,880	71,016,949	–	—	—
Papua New Guinea	4	44,700,000	40,262,222	5	25,200,000	—
	20	$ 582,175,880	$ 219,420,628	5	$ 25,200,000	$ —
International Finance Corporation	4	$ 300,000,000	$ 293,590,000			
Bank TOTAL: 90 countries & IFC	965	$21,008,745,614	$14,979,208,744			
IDA TOTAL: 66 countries				472	$6,064,206,828	$9,637,[illegible]
Combined Bank/IDA TOTAL: 109 countries & IFC						

[1] Net of cancellations, refundings and terminations.
[2] One loan for $7.5 million shown against Ivory Coast is shared with Mali, Senegal and Upper Volta.
[3] Nine loans aggregating $229.5 million shown against Kenya are shared with Tanzania and Uganda.
[4] Three loans totaling $106.7 million have been assigned in equal shares to Rhodesia and Zambia.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Statement of Subscriptions to Capital Stock and Voting Power

December 31, 1973

(expressed in thousands of units of currency)

Member	Subscriptions[1] Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Amounts paid in[2] Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Amounts subject to call Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Voting power Number of votes	Percent of total
Afghanistan	800	.12	$ 30,000	$ 3,000	$ 3,619	$ 27,000	$ 32,571	550	.19
Algeria	800	.12	80,000	8,000	9,651	72,000	86,857	1,050	.37
Argentina	3,733	1.48	373,300	37,330	45,033	335,970	405,297	3,983	1.41
Australia[3]	5,310	2.11	533,000	53,302	64,298	479,700	578,685	5,580	1.97
Austria[3]	2,304	.91	230,400	23,040	27,794	207,360	250,148	2,554	.90
Bahamas, The	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Bahrain	85	.03	8,500	850	1,025	7,650	9,229	335	.12
Bangladesh	1,067	.42	106,700	10,670	12,872	96,030	115,846	1,317	.47
Belgium[3]	5,545	2.20	554,500	55,450	66,892	499,050	602,028	5,795	2.05
Bolivia[3]	210	.08	21,000	2,100	2,533	18,900	22,800	460	.16
Botswana[3]	43	.02	4,300	430	519	3,870	4,669	293	.10
Brazil[3]	3,733	1.48	373,300	37,330	45,033	335,970	405,297	3,983	1.41
Burma	507	.20	50,700	5,070	6,116	45,630	55,046	757	.27
Burundi	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Cameroon	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Canada	9,418	3.73	941,800	94,180	113,614	847,620	1,022,525	9,668	3.43
Central African Republic	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Chad	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Chile[3]	933	.37	93,300	9,330	11,255	83,970	101,297	1,183	.42
China	7,500	2.97	750,000	75,000	90,476	675,000	814,285	7,750	2.74
Colombia	933	.37	93,300	9,330	11,255	83,970	101,297	1,183	.42
Congo, People's Republic of	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Costa Rica	107	.04	10,700	1,070	1,291	9,630	11,617	357	.13
Cyprus	222	.09	22,200	2,220	2,678	19,980	24,103	472	.17
Dahomey	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Denmark	2,211	.88	221,100	22,110	26,672	198,990	240,051	2,461	.87
Dominican Republic[3]	143	.06	14,300	1,430	1,725	12,870	15,526	393	.14
Ecuador	181	.07	18,100	1,810	2,183	16,290	19,651	431	.15
Egypt, Arab Republic of	1,421	.56	142,100	14,210	17,142	127,890	154,260	1,671	.59
El Salvador	120	.05	12,000	1,200	1,448	10,800	13,029	370	.13
Equatorial Guinea	64	.03	6,400	640	772	5,760	6,949	314	.11
Ethiopia	114	.05	11,400	1,140	1,375	10,260	12,377	364	.13
Fiji	111	.04	11,100	1,110	1,339	9,990	12,051	361	.13
Finland	1,621	.64	162,100	16,210	19,555	145,890	175,994	1,871	.66
France[3]	12,792	5.07	1,279,200	127,920	154,316	1,151,280	1,388,345	13,042	4.61
Gabon[3]	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Gambia, The	53	.02	5,300	530	639	4,770	5,754	303	.11
Germany, Federal Republic of[3]	13,653	5.41	1,365,300	136,530	164,703	1,228,770	1,482,325	13,903	4.91
Ghana[3]	734	.29	73,400	7,340	8,855	66,060	79,691	984	.35
Greece[3]	736	.29	73,600	7,360	8,879	66,240	79,909	986	.35
Guatemala[3]	123	.05	12,300	1,230	1,484	11,070	13,354	373	.13
Guinea	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Guyana[3]	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Haiti	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Honduras[3]	84	.03	8,400	840	1,013	7,560	9,120	334	.12
Iceland	184	.07	18,400	1,840	2,220	16,560	19,977	434	.15
India[3]	9,000	3.57	900,000	90,000	108,571	810,000	977,143	9,250	3.27
Indonesia[3]	2,200	.87	220,000	22,000	26,540	198,000	238,857	2,450	.87
Iran	1,580	.63	158,000	15,800	19,060	142,200	171,543	1,830	.65
Iraq	698	.28	69,800	6,980	8,420	62,820	75,783	948	.34
Ireland	1,032	.41	103,200	10,320	12,450	92,880	112,046	1,282	.45
Israel[3]	1,108	.44	110,800	11,080	13,366	99,720	120,297	1,358	.48
Italy	6,660	2.64	666,000	66,600	80,343	599,400	723,085	6,910	2.44
Ivory Coast	365	.14	36,500	3,650	4,403	32,850	39,629	615	.22
Jamaica[3]	446	.18	44,600	4,460	5,380	40,140	48,423	696	.25
Japan[3]	10,230	4.06	1,023,000	102,300	123,409	920,700	1,110,685	10,480	3.70
Jordan	187	.07	18,700	1,870	2,256	16,830	20,301	437	.15
Kenya[3]	400	.16	40,000	4,000	4,825	36,000	43,429	650	.23
Khmer Republic	214	.09	21,400	2,140	2,582	19,260	23,234	464	.16
Korea	682	.27	68,200	6,820	8,227	61,380	74,046	932	.33
Kuwait	694	.28	69,400	6,940	8,372	62,460	75,348	944	.33
Laos	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Lebanon	90	.04	9,000	900	1,086	8,100	9,771	340	.12
Lesotho	43	.02	4,300	430	519	3,870	4,669	293	.10
Liberia[3]	713	.08	21,300	2,130	2,570	19,170	23,126	463	.16
Libyan Arab Republic	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Luxembourg	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16

Member	Subscriptions[1] Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Amounts paid in[2] Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Amounts subject to call Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Voting power Number of votes	Percent of total
Malagasy Republic	219	.09	21,900	2,190	2,642	19,710	23,777	469	
Malawi	150	.06	15,000	1,500	1,810	13,500	16,286	400	
Malaysia	1,587	.63	158,700	15,870	19,145	142,830	172,303	1,837	
Mali	173	.07	17,300	1,730	2,087	15,570	18,783	423	
Mauritania	100	.04	10,000	1,000	1,206	9,000	10,857	350	
Mauritius	188	.07	18,800	1,880	2,268	16,920	20,411	438	
Mexico[3]	2,280	.90	228,000	22,800	27,505	205,200	247,543	2,530	
Morocco	960	.38	96,000	9,600	11,581	86,400	104,228	1,210	
Nepal[3]	112	.04	11,200	1,120	1,351	10,080	12,160	362	
Netherlands[3]	5,923	2.35	592,300	59,230	71,452	533,070	643,068	6,173	
New Zealand	1,716	.68	171,600	17,160	20,701	154,440	186,308	1,966	
Nicaragua[3]	91	.04	9,100	910	1,098	8,190	9,880	341	
Niger	100	.04	10,000	1,000	1,206	9,000	10,857	350	
Nigeria[3]	1,152	.46	115,200	11,520	13,897	103,680	125,074	1,602	
Norway	2,048	.81	204,800	20,480	24,700	184,320	222,334	2,298	
Oman	60	.02	6,000	600	724	5,400	6,514	310	
Pakistan	2,000	.79	200,000	20,000	24,123	180,000	217,143	2,250	
Panama[1,3]	176	.07	17,600	1,760	2,123	15,840	19,109	426	
Paraguay	60	.02	6,000	600	724	5,400	6,514	310	
Peru	735	.29	73,500	7,350	8,867	66,150	79,803	983	
Philippines	1,322	.52	132,200	13,220	15,948	118,980	143,531	1,572	
Portugal	800	.32	80,000	8,000	9,651	72,000	86,857	1,050	
Qatar	171	.07	17,100	1,710	2,063	15,390	18,566	421	
Romania	1,621	.64	162,100	16,210	19,555	145,890	175,994	1,871	
Rwanda	150	.06	15,000	1,500	1,810	13,500	16,286	400	
Saudi Arabia[3]	1,143	.45	114,300	11,430	13,789	102,870	124,097	1,393	
Senegal	333	.13	33,300	3,330	4,017	29,970	36,154	583	
Sierra Leone	150	.06	15,000	1,500	1,810	13,500	16,286	400	
Singapore	320	.13	32,000	3,200	3,860	28,800	34,743	570	
Somalia	150	.06	15,000	1,500	1,810	13,500	16,286	400	
South Africa	2,133	.95	213,300	21,330	25,731	191,970	231,583	2,383	
Spain	3,371	1.34	337,100	33,710	40,664	303,390	365,994	3,621	
Sri Lanka	827	.33	82,700	8,270	9,976	74,430	89,789	1,077	
Sudan	600	.24	60,000	6,000	7,238	54,000	65,143	850	
Swaziland	68	.03	6,800	680	820	6,120	7,383	318	
Sweden[3]	2,773	1.10	277,300	27,730	33,452	249,570	301,068	3,073	
Syrian Arab Republic	400	.16	40,000	4,000	4,825	36,000	43,429	650	
Tanzania	350	.14	35,000	3,500	4,222	31,500	38,000	600	
Thailand[3]	1,143	.45	114,300	11,430	13,789	102,870	124,097	1,393	
Togo	150	.06	15,000	1,500	1,810	13,500	16,286	400	
Trinidad and Tobago	535	.21	53,500	5,350	6,454	48,150	58,086	785	
Tunisia	373	.15	37,300	3,730	4,500	33,570	40,497	623	
Turkey	1,286	.51	128,600	12,860	15,514	115,740	139,623	1,536	
Uganda[3]	333	.13	33,300	3,330	4,017	29,970	36,154	583	
United Arab Emirates	128	.05	12,800	1,280	1,544	11,520	13,897	378	
United Kingdom[3]	26,000	10.31	2,600,000	260,000	313,651	2,340,000	2,822,836	26,250	
United States	64,750	25.66	6,473,000	647,300	780,869	5,825,700	7,027,825	64,980	
Upper Volta	100	.04	10,000	1,000	1,206	9,000	10,857	350	
Uruguay[3]	411	.16	41,100	4,110	4,958	36,990	44,623	661	
Venezuela	1,972	.78	197,200	19,720[4]	23,789	177,480	214,103	2,222	
Viet Nam	543	.22	54,300	5,430	6,550	48,870	58,954	743	
Yemen Arab Republic	85	.03	8,500	850	1,025	7,650	9,229	335	
Yemen, People's Democratic Republic of	248	.10	24,800	2,480	2,992	22,320	26,926	498	
Yugoslavia	1,178	.47	117,800	11,780	14,211	106,020	127,897	1,428	
Zaire[3]	960	.38	96,000	9,600	11,581	86,400	104,228	1,210	
Zambia[1,3]	533	.21	53,300	5,330	6,430	47,970	57,869	743	
TOTAL	252,319	100.00	$25,221,900	$2,522,190	$3,042,610	$22,699,710	$27,383,763	282,969	

Amounts in these notes are expressed in current United States dollars.

[1] The equivalent of $203,000 has been received from members on account of increases in subscriptions which are in process of completion: Gabon $24,000, Panama $14... Zambia $125,000.

[2] Amounts aggregating the equivalent of $24,472,000 receivable and of $32,133,000 payable as a result of devaluations and revaluations, respectively of member currencies, are ... in or excluded from the "Amounts paid in" column.

[3] General: The equivalent of $134,000 from Barbados, $180,000 from Malta and $21,000 from Western Samoa have been received on account of their capital subscriptions pe... mission to membership.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Statement of Subscriptions, Voting Power and Supplementary Resources

December 31, 1973

(expressed in United States dollars of the weight and fineness in effect on January 1, 1960—in thousands)

Member[1]	Subscriptions[2] Amounts[3]	Subscriptions[2] Percent of total	Voting power Number of votes	Voting power Percent of total	Supplementary resources Amounts[3]	Total subscriptions and supplementary resources Amounts[3,4]
Australia	$ 20,763	1.96	13,079	1.56	$ 91,217	$ 111,980
Austria	5,238	.49	5,232	.62	29,322	34,560
Belgium	8,746	.82	9,597	1.14	68,954	77,700
Canada	39,682	3.74	32,464	3.86	264,848	304,530
Denmark	9,174	.86	8,922	1.06	61,666	70,840
Finland	3,952	.37	4,037	.48	18,496	22,448
France	55,035	5.18	38,284	4.55	306,997	362,032
Germany, Federal Republic of	55,963	5.27	49,874	5.93	420,597	476,560
Iceland	103	.01	1,806	.21	447	550
Ireland	3,147	.30	3,825	.46	3,883	7,030
Italy	18,160	1.71	4,132	.49	78,360	96,520
Japan	35,356	3.33	30,541	3.63	249,964	285,320
Kuwait	3,493	.33	4,089	.49	19,427	22,920
Luxembourg	390	.04	2,010	.24	2,160	2,550
Netherlands	28,435	2.68	15,989	1.90	112,645	141,080
Norway	7,012	.66	6,739	.80	42,308	49,320
South Africa	10,091	.95	3,777	.45	9,989	20,080
Sweden	11,592	1.09	22,538	2.68	194,633	206,225
United Kingdom	134,650	12.68	71,857	8.54	559,650	694,300
United States	331,899	31.25	210,927	25.07	1,740,390	2,072,290
TOTAL Part I Members	$ 782,881	73.72	539,719	64.16	$4,275,954	$5,058,835
Afghanistan	$ 1,049	.10	2,437	.29	$ —	$ 1,049
Algeria	4,186	.39	4,510	.54	—	4,186
Argentina	19,562	1.84	14,661	1.74	—	19,562
Bangladesh	5,589	.53	5,444	.65	—	5,589
Bolivia	1,101	.10	2,473	.29	—	1,101
Botswana	166	.02	1,859	.22	—	166
Brazil	19,562	1.84	14,661	1.74	—	19,562
Burma	2,099	.20	3,138	.37	—	2,099
Burundi	790	.07	2,273	.27	—	790
Cameroon	1,010	.09	702	.08	—	1,010
Central African Republic	500	.05	600	.07	—	500
Chad	519	.05	2,093	.25	—	519
Chile	3,530	.33	1,206	.14	—	3,530
China	31,436	2.96	22,503	2.68	—	31,436
Colombia	3,667	.35	4,168	.50	—	3,667
Congo, People's Republic of	500	.05	600	.07	—	500
Costa Rica	208	.02	1,892	.23	—	208
Cyprus	760	.07	652	.08	—	760
Dahomey	500	.05	600	.07	—	500
Dominican Republic	416	.04	2,022	.24	—	416
Ecuador	676	.06	2,200	.26	—	676
Egypt, Arab Republic of	5,277	.50	5,231	.62	—	5,277
El Salvador	300	.03	560	.07	—	300
Equatorial Guinea	332	.03	1,967	.23	—	332
Ethiopia	519	.05	2,093	.25	—	519
Fiji	581	.05	2,130	.25	—	581
Gabon	500	.05	600	.07	—	500
Gambia, The	277	.03	1,931	.23	—	277
Ghana	2,452	.23	3,372	.40	—	2,452
Greece	2,618	.25	3,480	.41	—	2,618
Guatemala	416	.04	2,022	.24	—	416
Guinea	1,049	.10	2,437	.29	—	1,049
Guyana	842	.08	2,308	.27	—	842
Haiti	760	.07	652	.08	—	760
Honduras	311	.03	1,951	.23	—	311
India	41,919	3.95	29,426	3.50	—	41,919
Indonesia	11,531	1.09	9,360	1.11	—	11,531
Iran	4,717	.44	4,868	.58	—	4,717
Iraq	790	.07	2,273	.27	—	790
Israel	1,745	.16	2,904	.35	—	1,745
Ivory Coast	1,049	.10	2,437	.29	—	1,049
Jordan	300	.03	560	.07	—	300
Kenya	1,745	.16	2,904	.35	—	1,745
Khmer Republic	1,060	.10	2,452	.29	—	1,060
Korea	1,309	.12	2,615	.31	—	1,309
Laos	519	.05	2,093	.25	—	519
Lebanon	450	.04	590	.07	—	450
Lesotho	166	.02	1,859	.22	—	166
Liberia	790	.07	2,273	.27	—	790
Libyan Arab Republic	1,049	.10	2,437	.29	—	1,049
Malagasy Republic	1,010	.09	702	.08	—	1,010
Malawi	790	.07	2,273	.27	—	790
Malaysia	2,618	.25	3,480	.41	—	2,618
Mali	904	.08	2,346	.28	—	904
Mauritania	519	.05	2,093	.25	—	519
Mauritius	894	.08	2,344	.28	—	894
Mexico	8,740	.82	2,248	.27	—	8,740
Morocco	3,667	.35	4,168	.50	—	3,667
Nepal	519	.05	2,093	.25	—	519
Nicaragua	311	.03	1,951	.23	—	311
Niger	500	.05	600	.07	—	500
Nigeria	3,491	.33	4,057	.48	—	3,491
Oman	311	.03	1,951	.23	—	311
Pakistan	10,482	.99	8,673	1.03	—	10,482
Panama	20	(5)	504	.06	—	20
Paraguay	311	.03	1,951	.23	—	311
Peru	1,770	.17	854	.10	—	1,770
Philippines	5,236	.49	5,211	.62	—	5,236
Rwanda	760	.07	652	.08	—	760
Saudi Arabia	3,700	.35	1,240	.15	—	3,700
Senegal	1,680	.16	836	.10	—	1,680
Sierra Leone	760	.07	652	.08	—	760
Somalia	790	.07	2,273	.27	—	790
Spain	10,482	.99	8,673	1.03	2,108	12,590
Sri Lanka	3,148	.30	3,825	.46	—	3,148
Sudan	1,049	.10	2,437	.29	—	1,049
Swaziland	332	.03	1,968	.23	—	332
Syrian Arab Republic	987	.09	2,400	.29	—	987
Tanzania	1,745	.16	2,904	.35	—	1,745
Thailand	3,148	.30	3,825	.46	—	3,148
Togo	790	.07	2,273	.27	—	790
Trinidad and Tobago	1,350	.13	770	.09	—	1,350
Tunisia	1,569	.15	2,793	.33	—	1,569
Turkey	6,026	.57	5,733	.68	—	6,026
Uganda	1,745	.16	2,904	.35	—	1,745
Upper Volta	500	.05	600	.07	—	500
Viet-Nam	1,569	.15	2,793	.33	—	1,569
Yemen Arab Republic	446	.04	2,041	.24	—	446
Yemen, People's Democratic Republic of	1,226	.12	2,561	.30	—	1,226
Yugoslavia	4,198	.39	4,525	.54	3,882	8,080
Zaire	3,138	.30	3,823	.45	—	3,138
Zambia	2,690	.25	1,038	.12	—	2,690
TOTAL Part II Members	$ 279,120	26.28	301,517	35.84	$ 5,990	$ 285,110
GRAND TOTAL	$1,062,001	100.00	841,236	100.00	$4,281,944	$5,343,945

[1] The subscriptions of, and the supplementary resources provided by, Part I members are payable in freely convertible currencies and may be freely used or exchanged by the Association.

[2] Subscriptions include initial subscriptions of all members and additional subscriptions taken up by members under the Third Replenishment of the resources of the Association.

[3] Amounts are expressed in United States dollars of the weight and fineness in effect on January 1, 1960. For translation purposes, one United States dollar as used in this Appendix is approximately equal to 1.2063 current United States dollars.

[4] Amounts aggregating the equivalent of $698,248,480 receivable from members are included, of which $611,947,962 equivalent was past due at December 31, 1973, and the balance $56,300,518 equivalent, was not yet due.

[5] Less than .005 percent.

General. $9,000 from Western Samoa have been received on account of its initial subscription pending admission to membership.

WORLD BANK OFFICES AND MISSIONS

Appendix E

December 31, 1973

Headquarters: 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.
New York Office: 120 Broadway (15th Floor), New York, N.Y. 10005, U.S.A.
European Office: World Bank, 66, avenue d'Iéna, 75116 Paris, France
London Office: World Bank, New Zealand House (15th Floor), Haymarket, London, SEI Y4TE, England
Tokyo Office: World Bank, Kokusai Building, 1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan
Eastern Africa: World Bank Regional Mission, Extelcoms House, Haile Selassie Avenue, Nairobi, Kenya; mailing address—P.O. Box 30577
Western Africa: World Bank Regional Mission, Immeuble Shell, 64, avenue Lamblin, Abidjan, Ivory Coast; mailing address—B.P. 1850
Afghanistan: World Bank Resident Mission, P.O. Box 211, Kabul, Afghanistan
Bangladesh: World Bank Resident Mission, Bangladesh Bank Building (4th Floor), Motijheel Commercial Area, G.P.O. Box 97, Dacca, Bangladesh
Colombia: Resident Mission Banco Mundial, Seguros Tequendama Building, Carrera 7 No. 26-20, Piso 25, Bogotá D.E., Colombia
Ethiopia: World Bank Resident Mission, I.B.T.E. New Telecommunications Building (First Floor), Churchill Road, Addis Ababa, Ethiopia; mailing address—IBRD Mission, P.O. Box 5515
Ghana: World Bank Resident Mission, c/o Bank of Ghana, Head Office, High Street (5th Floor), Accra, Ghana; mailing address—P.O. Box M 27
India: World Bank Resident Mission, 53 Lodi Estate, New Delhi 3, India; mailing address—P.O. Box 416
Indonesia: World Bank Resident Staff, Taman Suropati 2, Bappenas Building, Jakarta, Indonesia; mailing address—P.O. Box 324/DKT
Nepal: World Bank (IBRD) Resident Mission, R.N.A.C. Building (First Floor), Kathmandu, Nepal; mailing address—P.O. Box 798
Nigeria: World Bank Resident Mission, Raymond House, 97/105 Yakubu Gowon Street, Lagos, Nigeria; mailing address—P.O. Box 127
Pakistan: World Bank Resident Mission, P.O. Box 1025, Islamabad, Pakistan
Sudan: World Bank Resident Mission, 28 Block 2H, Baladia Street, Khartoum, Sudan; mailing address—P.O. Box 2211
Tanzania: World Bank Resident Mission, N.I.C. Building (7th floor), Dar es Salaam, Tanzania; mailing address—P.O. Box 2054
Thailand: World Bank Regional Mission, Udom Vidhya Building, 956 Rama IV Road, Sala Daengh, Bangkok 5, Thailand
Zaire: World Bank Resident Mission, P.O. Box 14816, Kinshasa, Republic of Zaire
Zambia: World Bank Resident Mission, P.O. Box 4410, Lusaka, Zambia

ORDERS TO

TH-HOLLAND PUBLISHING COMPANY
Keizersgracht 305-311
O. Box 3489, Amsterdam, Netherlands
(Agent for U.S.A. and Canada:
rican Elsevier Publishing Company, Inc.
52 Vanderbilt Avenue
New York, N. Y. 10017 U.S.A.)

-LEVEL PLANNING: CASE STUDIES IN MEXICO
edited by Louis M. Goreux, Development Research Center, IBRD, and Alan S. Manne, Stanford University, California
550 pages . . . References . . . Index . . . $35.00 cloth . . . $19.75 paper

ORDERS TO

OXFORD UNIVERSITY PRESS
Madison Avenue, New York, N.Y. 10016
or
Ely House, London W.1, England

TRIBUTION WITH GROWTH. A study conducted by the World Bank's Development Research and the Institute of Development Studies at University, England
by Hollis Chenery, Montek S. Ahluwalia, C.L.G. Bell, John H. Duloy, and Richard Jolly
300 pages . . . U.S. price $16 cloth, $4.50 paper . . . U.K. price £5 cloth and £1.40 paper

In Preparation

RNS OF DEVELOPMENT, 1950-70. (Cross Section analysis of the Development Patterns)
Hollis B. Chenery and Moise Syrquin
sisted by Hazel Elkington

OMY-WIDE MODELS. (Survey of Economy-Wide ng Models and Their Applications)
Charles R. Blitzer, Peter B. Clark, and Lance aylor

ORDERS TO

IBRD
1818 H St., N.W.,
Washington, D.C. 20433 U.S.A.
or
66, Avenue d'Iena
75116 Paris, France

The World Bank Group issues country economic reports in two series. The following reports are part of an informal series and are wholly based on documents prepared for use within the Bank. The texts are not meant to be definitive, but are offered so as to make some results of internal research widely available to scholars and practitioners throughout the world. *(Another series of country reports is published for the Bank Group by Johns Hopkins University Press. Individual studies in that series are available from them in clothbound and paperback editions.)*
Printed from typewritten pages, softcover, $3.00 each. Titles are—

THE CURRENT ECONOMIC POSITION AND PROSPECTS OF PERU
December 1973 219 pages

CURRENT ECONOMIC POSITION AND PROSPECTS OF ECUADOR
October 1973 448 pages

EMPLOYMENT IN TRINIDAD AND TOBAGO
March 1973 Approximately 300 pages

CHAD: DEVELOPMENT POTENTIAL AND CONSTRAINTS
July 1974 133 pages
(also in French)

SENEGAL: TRADITION, DIVERSIFICATION, AND ECONOMIC DEVELOPMENT
November 1974 341 pages
(also in French))

TURKEY: PROSPECTS AND PROBLEMS OF AN EXPANDING ECONOMY
February 1975 471 pages

In Preparation

LESOTHO

Also

TABLES D'INTERETS COMPOSES ET D'ACTUALISATION POUR L'EVALUATION DES PROJETS
1973 Sous la direction de J. Price Gittinger
145 pages . . . Paperback . . . $4.00

ORDERS TO

EDITORIAL TECNOS, S.A.
O'Donnell, 27
Madrid 9, Spain
(y en librerias de las Americas)

LA LUCHA CONTRA LA POBREZA RURAL. EL APORTE DE LA EDUCACION NO FORMAL.
1975 de Philip H. Coombs y Manzoor Ahmed
371 paginas . . . ptas. 460

LAS PERSPECTIVAS DEL COMERCIO INTERNACIONAL. Industrialización y politicas comerciales en la década de los 70
1974 Dirigido por Helen Hughes
285 páginas . . . Ptas. 360

ANALISIS ECONOMICO DE PROYECTOS AGRICOLAS
1973 de J. Price Gittinger
241 páginas . . . Ptas. 200

TABLAS DE INTERES COMPUESTO Y DE DESCUENTO PARA EVALUACION DE PROYECTOS
1973 Publicación a cargo de J. Price Gittinger
145 páginas . . . Ptas. 120

CIEN PAISES, DOS MIL MILLONES DE SERES. La dimensión del desarrollo de Robert S. McNamara
1973 172 páginas . . . Ptas. 120

OPERACIONES DEL BANCO MUNDIAL, PROGRAMAS Y NORMAS SOBRE DIVERSOS SECTORES
1972 del Banco Mundial
587 páginas . . . Ptas. 300

FABRICACION DE EQUIPO ELECTRICO PESADO EN LOS PAISES EN DESARROLLO
1971 de Ayhan Cilingiroglu
142 páginas . . . Ptas. 120

LA INDUSTRIA AUTOMOTRIZ EN LOS PAISES EN DESARROLLO
1971 de Jack Baranson
115 páginas . . . Ptas. 100

LA EVALUACION DE PROYECTOS DE DESARROLLO ECONOMICO
1970 de John A. King, Jr.
546 páginas . . . Ptas. 440

LA EXPERIENCIA DE LOS PAISES EN DESARROLLO EN MATERIA DE EXPORTACIONES
1969 de Barend A. de Vries
91 páginas . . . Ptas. 90

LAS COMPANIAS FINANCIERAS DE DESARROLLO—ALGUNOS ASPECTOS DE SU POLITICA Y DE SUS ACTIVIDADES
1969 bajo la dirección de William Diamond
118 páginas . . . Ptas. 100

Sale Publications of the World Bank

Prices subject to change without notice

Prepared July 1975

ORDERS TO

THE JOHNS HOPKINS UNIVERSITY PRE
Baltimore, Maryland 21218 U.S.A.
or their Export Sales Representatives

The United Kingdom, Continental Europe, th East and Middle East, Africa
IBEG Ltd., 2-4 Brook Street, London W1Y—1A land

Canada
The Copp Clark Publishing Company, 517 We Street West, Toronto M8V-1G1, Ontario, Cana

Central America, South America, Caribbean (ex of Mexico, including Puerto Rico), India, Pakist
Kalman and Polon, Inc., 456 Sylvan A Englewood Cliffs, New Jersey 07632 U.S.A.

Mexico
Centro Interamericano de Libros Académicos 31 Sullivan-Bis, Mexico 4, D.F.

THROUGHOUT THE REST OF THE WORLD, ord be sent directly to The Johns Hopkins Universit Baltimore, Maryland 21218

or they may be placed with the following distribu

Australia, New Zealand, Southeast Asia
Australia and New Zealand Book Company P P.O. Box 459, Brookvale, N.S.W. 2100, Austra

Japan
United Publishers Services Ltd., Shimura Build Kojimachi, Chiyoda-ku, Tokyo, Japan

World Bank Staff Occasional Papers (Paperback)

The Economic Choice Between Hydroelectric and Thermal Power Developments 1966
by Herman G. van der Tak . . . 70 pages . . . $3.00

Quantification of Road User Savings, 1966
by Jan de Weille . . . 93 pages . . . $3.00

Sector and Project Planning in Transportation, 1967
by Hans A. Adler . . . 78 pages . . . $3.00

The Economics of Road User Charges, 1968
by Alan A. Walters . . . 243 pages . . . $5.00

Notes on the Mechanics of Growth and Debt, 1968
by Benjamin B. King . . . 59 pages . . . $5.00

Reappraisal of a Road Project in Iran, 1969
by Herman G. van der Tak and Jan de Weille . . . 127 pages . . . $3.00

Automotive Industries in Developing Countries, 1969
by Jack Baranson . . . 106 pages . . . $3.00

Manufacture of Heavy Electrical Equipment in Developing Countries, 1969
by Ayhan Cilingiroglu . . . 122 pages . . . $3.00

Techniques for Project Appraisal under Uncertainty, 1970
by Shlomo Reutlinger . . . 95 pages . . . $3.00

Risk Analysis in Project Appraisal, 1970
by Louis Y. Pouliquen . . . 79 pages . . . $3.00

The Costs and Benefits of Family Planning Programs, 1971
by George C. Zaidan . . . 52 pages . . . $3.00

The Economic Benefits of Road Transport Projects, 1971
by Herman G. van der Tak and Anandarup Ray . . . 42 pages . . . $3.00

Cost-Benefit Analysis in Education: A Case Study of Kenya, 1972
by Hans Heinrich Thias and Martin Carnoy . . . 193 pages . . . $6.00

Road User Charges in Central America, 1972
by Anthony Churchill and Others . . . 176 pages . . . $5.00

Methods of Project Analysis: A Review, 1974
by Deepak Lal . . . 56 pages . . . $3.00

Tropical Hardwood Trade in the Asia-Pacific Region, 1974
by Kenji Takeuchi . . . 90 pages . . . $4.00

Public Expenditure on Education and Income Distribution in Colombia, 1974
by Jean-Pierre Jallade . . . 74 pages . . . $4.00

The Future for Hard Fibers and Competition from Synthetics, 1975
by Enzo R. Grilli . . . 108 pages . . . $5.00

Studies of the Economic Development Institute

COMPOUNDING AND DISCOUNTING TABLES FOR PROJECT EVALUATION
1973 edited by J. Price Gittinger
143 pages . . . Paperback . . . $5.00

ECONOMIC ANALYSIS OF AGRICULTURAL PROJECTS
1972 by J. Price Gittinger
240 pages . . . $10.00 Cloth . . . $5.00 paper

DEVELOPMENT PLANNING: LESSONS OF EXPERIENCE
1965 by Albert Waterston
Rev. 1968 748 pages . . . Index . . . $17.50

ECONOMIC DEVELOPMENT PROJECTS AND THEIR APPRAISAL: CASES AND PRINCIPLES FROM THE EXPERIENCE OF THE WORLD BANK
1967 by John A. King, Jr.
530 pages . . . $17.50

PLANNING IN MOROCCO
1962 by Albert Waterston
72 pages . . . Paperback . . . $2.50

PLANNING IN PAKISTAN
1963 by Albert Waterston
150 pages . . . Paperback . . . $3.00

THE DESIGN OF DEVELOPMENT
1958 by Jan Tinbergen
99 pages . . . Paperback . . . $2.50

DEVELOPMENT BANKS
1957 by William Diamond
128 pages . . . Index . . . Paperback . . . $3.00

Miscellaneous Publications

DEVELOPMENT FINANCE COMPANIES: Aspects of Policy and Operation
1968 Edited by William Diamond. Essays by E. T. Kuiper, Douglas Gustafson, and P. M. Mathew. Published for World Bank Group
119 pages . . . Index . . . Paperback . . . $3.00

PROBLEMS AND PRACTICES OF DEVELOPMENT BANKS
1959 by Shirley Boskey
201 pages . . . Index . . . Paperback . . . $8.00

PROSPECTS FOR PARTNERSHIP. Industrialization and Trade Policies in the 1970s. (A Seminar held at the International Bank for Reconstruction and Development October 5 and 6, 1972)
1973 edited by Helen Hughes
289 pages . . . $12.00 Cloth . . . $3.50 paper

WORLD BANK OPERATIONS. Sectoral Programs & Policies. (Industry • Urbanization • Tourism • Population Planning • Water Supply & Sewerage • Agriculture • Electric Power • Transportation • Education • Telecommunication)
1972 513 pages . . . $14.00 Cloth . $4.95 paper

WATER AND POWER RESOURCES OF WEST PAKISTAN. A Study in Sector Planning
1968 Prepared by a World Bank Study Group headed by Pieter Lieftinck, A. Robert Sadove, Deputy Head, Thomas C. Creyke, Irrigation and Agriculture. Published for the World Bank as Administrator of the Indus Basin Development Fund.
Vol. I: The Main Report. 368 pages . . . $15.00
Vol. II: The Development of Irrigation and Agriculture. 512 pages . . . $15.00
Vol. III: Background and Methodology. 432 pages . . . $15.00

EXPERIENCES WITH AGRICULTURAL DEVELOPMENT IN TROPICAL AFRICA
1967 by John de Wilde and others
Vol. I: The Synthesis . . . 254 pages . . . Index . . . $10.00
Vol. II: Case Studies . . . 466 pages . . . Index . . . $15.00

THE STRUCTURE OF PROTECTION IN DEVELOPING COUNTRIES
1971 by Bela Balassa and Associates
375 pages . . . Index . . . $14.00
(published jointly for the Bank and the Inter-American Development Bank)

ATTACKING RURAL POVERTY: HOW NONFORMAL EDUCATION CAN HELP. A research report for the World Bank prepared by the International Council for Educational Development
1974 by Philip H. Coombs with Manzoor Ahmed
292 pages . . . Index . . . $15.00 cloth . . . $3.95 paper

POPULATION POLICIES AND ECONOMIC DEVELOPMENT. A World Bank Staff Report
1974 214 pages . . . $10.00 cloth . . . $3.50 paper

THE ASSAULT ON WORLD POVERTY—PROBLEMS OF RURAL DEVELOPMENT, EDUCATION AND HEALTH. A Compilation of sector policy papers on rural development, agricultural credit, land reform, education and health.
1975 425 pages . . . $17.50 cloth . . . $5.95 paper

A SYSTEM OF INTERNATIONAL COMPARISONS OF GROSS PRODUCT AND PURCHASING POWER, by Irving B. Kravis et. al.
294 pages . . . Index . . . $20.00 cloth . . . $7.50 paper

COUNTRY ECONOMIC REPORTS

Intended for the Bank's own use and that of the countries studied, these reports have in the past not been generally available. Selected reports will now be published with the agreement of the governments concerned:

ECONOMIC GROWTH OF COLOMBIA: PROBLEMS AND PROSPECTS
1972 508 pages . . . $16.50 cloth . . . $8.50 paper

NIGERIA: Options for Long-Term Development
1974 256 pages . . . $12.00 cloth . . . $6.00 p

YUGOSLAVIA: Development with Decentralizati
1975 490 pages . . . $18.50 cloth . . . $8.50 p

In Preparation

KENYA
KOREA

(See Orders to IBRD for another country se

REPORTS OF GENERAL SURVEY MISSIO

Organized by the International Bank for Reconstruction and Development between 1950 and 1965

THE ECONOMIC DEVELOPMENT OF KUWAIT
1965 194 pages . . . Index . . . $10.00

THE ECONOMIC DEVELOPMENT OF LIBYA
1960 576 pages . . . Index . . . $12.00

THE ECONOMIC DEVELOPMENT OF MOROCC
1966 356 pages . . . Index . . . $12.00

THE ECONOMIC DEVELOPMENT OF THE TORY OF PAPUA AND NEW GUINEA
1965 468 pages . . . Index . . . $14.00

THE ECONOMIC DEVELOPMENT OF SPAIN
1963 416 pages . . . Index . . . $13.50 (paperback edition sells outside United for equivalent of $6.00)

THE ECONOMIC DEVELOPMENT OF SYRIA
1955 *486 pages . . . Index . . . $12.00*

A PUBLIC DEVELOPMENT PROGRAM FOR THAILAND
1959 301 pages . . . Index . . . $10.00

THE ECONOMIC DEVELOPMENT OF UGANDA
1962 496 pages . . . Index . . . $14.00

THE ECONOMIC DEVELOPMENT OF VENEZUE
1961 494 pages . . . Index . . . $14.00

SPECIAL PURPOSE PUBLICATIONS

Topic Booklets

DOCTORS AND DUKUNS, PUPPETS AND PILLS
A Look at Indonesia's Family Planning Program. 1972 ... 43 pages.

TORCHES IN THE NIGHT
Educational Experiences in Tanzania and the Ivory Coast. 1973 ... 59 pages. (French also)

THE WORLD BANK AND THE WORLD ENVIRONMENT
September 1971 ... 15 pages. (French and Spanish also)

Area Booklets

THE WORLD BANK GROUP IN THE AMERICAS
Last issued in February 1972; 99 pages. A 1974 edition in English and Spanish is in preparation. (Spanish also)

THE WORLD BANK IN AFRICA
January 1973 ... 40 pages. (French also)

Visual Materials

A large and growing library of still photographs, in both black and white and color, of projects financed by the World Bank Group is maintained. A picture selection series in black and white is being issued. Inquiries may be directed to the Audio-Visual Division, Information and Public Affairs Department.

Economic Development Institute

COURSE PROGRAM AND GENERAL INFORMATION
Revised periodically ... 12 pages.
(French and Spanish also)

Career Booklets

THE YOUNG PROFESSIONALS PROGRAM
Revised irregularly ... 18 pages.
(French and Spanish also)

A CAREER WITH THE WORLD BANK GROUP
Revised irregularly ... 16 pages.

Sector Working Papers

A series of ten were published between September 1971 and June 1972 in English, French and Spanish:

Agriculture
Education *(French O.P.)*
Electric Power *(English O.P.)*
Industry *(English O.P.)*
Population Planning
Telecommunication
Tourism *(English O.P.)*
Transportation
Urbanization
Water Supply and Sewerage

These outlined the Bank Group's assessment of particular sectors in developing countries. They were originally intended for the Bank's own use in preparing projects, fixing priorities and formulating policies. Considerable interest having been expressed outside the Bank, they were made generally available. The collection has been published commercially (see sale list). Individual papers not shown as O.P. (out of print) are still available as long as supplies last.

Press Releases—Bank-IFC-IDA

Press releases are issued as operations require. They cover Bank loans, IFC investments, IDA credits, Bank bond issues, etc.; press releases on activities in Latin America and Spain are also issued in Spanish; the European office issues press releases in English, French, German and Italian.

International Centre for Settlement of Investment Disputes (ICSID)

CONVENTION ON THE SETTLEMENT OF INVESTMENT DISPUTES BETWEEN STATES AND NATIONALS OF OTHER STATES, and Accompanying Report of the Executive Directors of the International Bank for Reconstruction and Development (Document ICSID/2). (The Convention was submitted to Governments on March 18, 1965, and entered into force on October 14, 1966.)
(French and Spanish also)

LIST OF CONTRACTING AND OTHER SIGNATORY STATES (Document ICSID/3), revised periodically.
(French also)

ANNUAL REPORT—ICSID
Issued annually in September. Covers activities of the International Centre for Settlement of Investment Disputes for the fiscal year July 1 through June 30. First Annual Report issued 1966/67. (French and Spanish also)

ICSID ... What it is ... What it does ... How it works.
Folding Leaflet containing general information.
(French and Spanish also)

PUBLICATIONS OF ICSID (Document ICSID/7)
(French also)

Unless otherwise stated, send requests to:

WORLD BANK GROUP

1818 H Street, N.W., Washington, D.C. 20433, U.S.A.
Telephone number: *EXecutive 3-6360*
Cable address: INTBAFRAD

Office for Europe:

66, Avenue d'Iéna, 75116 Paris, France
Telephone number: *720-2510*
Cable address: INTBAFRAD

Prepared June 1974

WORLD BANK GROUP

Free Publications

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(WORLD BANK or IBRD)

INTERNATIONAL FINANCE CORPORATION
(IFC)

INTERNATIONAL DEVELOPMENT ASSOCIATION
(IDA)

INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
(ICSID)

PERIODIC PUBLICATIONS

ANNUAL REPORT—BANK/IDA-IFC
Issued annually in September. Covers activities for the fiscal year July 1 through June 30. The Bank's First Annual Report was issued in 1946 (Second, 1946/47); IFC's First Annual Report in 1956/57; IDA's First Annual Report in 1960/61. Beginning with the 1963/64 issue Bank and IDA annual reports were combined.
(Current issue French, German and Spanish also)

NOTE TO CATALOGUERS: International Bank for Reconstruction and Development Reports, numbered by annual year through the 18th (1962-63); beginning with the 10th (1954-55) also imprinted WORLD BANK; annual numbering dropped on cover title when WORLD BANK AND IDA Annual Reports combined; used 1963-64 through 1966-67; then 1968, 1969, etc. With 9th Annual Report (1964-65) IFC dropped annual number on cover title, using 1964-65, 1965-66, 1966-67, then 1968, 1969, etc.

SUMMARY PROCEEDINGS OF ANNUAL MEETINGS
Published as soon as possible following the joint annual meeting of the Boards of Governors of the Bank, IFC and IDA, held in September; Bank's First Proceedings issued in 1946; IFC's in 1957; IDA's First Proceedings (1961) combined with Bank's in 1961 issue; beginning with the 1965 issue Summary Proceedings of all three agencies were combined. (Current issue French and Spanish also)

SPEECHES
Annually, usually in September, the President of the World Bank Group addresses the annual meetings of the Boards

of Governors. The text of his speech is printed in the Summary Proceedings, but is also available separately.
(French, German and Spanish also)

STATEMENT OF LOANS (BANK)
STATEMENT OF DEVELOPMENT CREDITS (IDA)

Lists of borrowers, dates, purposes and amounts, cumulative from beginning of operations. Issued quarterly.

FINANCIAL STATEMENTS—BANK-IFC-IDA

Each agency's statement issued quarterly; IFC's includes a cumulative Statement of Loan and Equity Investments.

FACTS ABOUT THE WORLD BANK AND IDA

Mimeographed sheet summarizing (1) number of Bank loans and IDA credits to current borrowers, grouped by purpose; (2) Bank borrowings by currency of issue, with number and amount of original issues, and number and amount outstanding; (3) number, net amount, net amount less sales and repayments of Bank loans; number, net amount and repayments of IDA credits, listed by countries, grouped by areas. All figures expressed in United States dollars. Quarterly.

FACTS ABOUT IFC

Mimeographed sheet summarizing operations. Quarterly.

FINANCE AND DEVELOPMENT

Published quarterly in English, French, and Spanish (v.1, June 1964-) by the International Monetary Fund and the World Bank Group. *Finance and Development* contains articles dealing with problems of money and economic growth, national and international monetary policies, trade and exchange systems, financial and technical aspects of economic development, and the nature of the assistance provided by the Fund and the Bank to both the developing and the more advanced countries of the world. It is directed primarily toward the nontechnical reader. Requests for subscriptions may be addressed to:

Finance and Development
International Monetary Fund Building
Washington, D.C. 20431, U.S.A.

Note: No charge is made for distribution, but there is a controlled distribution of the *English* language edition limited to government institutions; public libraries, universities, colleges and other educational establishments; professional, trade union, and similar bodies; newspapers and magazines; and business establishments where copies will be circulated to several readers.

The quarterly is also published in German (v.7, September 1970-) in collaboration with HWWA-Institut, 2 Hamburg 36, Neuer Jungfernstieg 21, Germany, and subscribers for the German-language quarterly should address them.

A selection of the contents has been published annually since 1966 in Portuguese, in cooperation with the United Nations Information Center, Caixa Postal 1750, Rio de Janeiro, Brazil, to whom those interested could apply.

No back issues in any languages are available, but they may be purchased from University Microfilms, P.O. Box 1346, Ann Arbor, Michigan 48106, U.S.A.

REPORT

Report began publication with an issue dated September-October 1973. It is planned to be issued six times a year, and will contain news of economic development in general, and of the ideas and activities of the World Bank Group in particular. The opinions contained in *Report* do not necessarily reflect official views of the Bank Group.

Subscription to *Report*, published in a four-page newspaper format, is free. The Bank will mail copies of *Report* directly to individuals upon request. Inquiries should be addressed to The Editor, The World Bank, 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

SPECIAL ANNUAL PUBLICATIONS

WORLD BANK ATLAS: POPULATION, PER CAPITA PRODUCT AND GROWTH RATES
8th edition, 1973 ... 16 pages.

TRENDS IN DEVELOPING COUNTRIES
Chart book of Global Indicators, Population and Economic Growth, Social Indicators, International Capital Flow and External Debt, International Trade. 6th edition, 1974 ... in preparation. Expected December 1974.
(*Note:* No edition was published in 1972)

WORLD BANK CATALOG
Studies • Statistics • Reports • References
A complete World Bank Catalog is scheduled for annual publication in March, and will be supplemented by Accession Lists as warranted. The March 1973 Catalog incorporated and replaced the Central Economic Staff Catalog of Studies last issued in August 1972 and brought up to date with a list of additional references in January 1973.
March 1974 ... 60 pages.

WORLD BANK RESEARCH PROGRAM
Brief descriptions of studies currently in progress. 2nd annual compilation.
August 1973 ... 44 pages.

BASIC DOCUMENTS—BANK-IFC-IDA

ARTICLES OF AGREEMENT. The basic charter under which each agency operates.
Bank ... Established December 27, 1945; Began operations June 25, 1946 (amended Dec. 17, 1965)
IFC ... Established July 20, 1956 (amended Sept. 21, 1961 and Sept. 1, 1965)
IDA ... Established September 24, 1960
(All also in French and Spanish)

BY-LAWS—BANK-IFC-IDA (issued separately)
(BANK By-Laws only also in French)

GENERAL CONDITIONS APPLICABLE TO LOAN AND GUARANTEE AGREEMENTS
International Bank for Reconstruction and Development. March 15, 1974.
(French and Spanish in preparation)

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS
International Development Association. March 15, 1974.
(French and Spanish in preparation)
The above *replace* General Conditions dated January 31, 1969, and Loan Regulations Nos. 3 and 4 of the Bank and Development Credit Regulations No. 1 of the Association, respectively, which were revised from time to time. (Loan Regulations No. 1 and No. 2 are obsolete except for loans approved prior to August 15, 1950.) The General Conditions remove from the basic Loan and Credit Agreements many purely technical and procedural provisions. Their incorporation in the respective Loan and Credit Agreements is made by reference to the relevant General Conditions.

Agreements
Loan Agreements and Development Credit Agreements are printed for each Bank loan or IDA credit. Guarantee Agreements are printed for loans made to Borrowers other than Member Governments. Issued in some instances are Project Agreements between the Bank or IDA and the entity which, though not a direct borrower, receives the proceeds of a Bank or IDA loan or credit and is responsible for carrying out the financial project.
Copies of agreements are mailed regularly to many Libraries and other Organizations, and an annual check-list prepared. IFC Investment Agreements are not public documents.

BASIC EXPLANATORY PAMPHLETS AND BOOKLETS

GUIDELINES FOR PROCUREMENT UNDER WORLD BANK LOANS AND IDA CREDITS
Revised irregularly ... 13 pages.
(French and Spanish also)

GUIDELINES FOR WITHDRAWAL OF PROCEEDS OF WORLD BANK LOANS AND IDA CREDITS
Revised irregularly ... 10 pages.
(French and Spanish also)

USES OF CONSULTANTS BY THE WORLD BANK AND ITS BORROWERS
Revised irregularly ... 7 pages.
(French and Spanish also)

WORLD BANK AND IDA
Descriptive brochure ... 12 pages... Revised periodically.
(French, Spanish and other languages, various dates)

POLICIES AND OPERATIONS—THE WORLD BANK, IDA AND IFC
Explanation of the three institutions' basic purposes, policies, organization and operations. Last issued in June 1971 in English, French and Spanish. A 1974 edition is in preparation ... Approximately 100 pages.

WORLD BANK AND IDA. QUESTIONS AND ANSWERS.
January 1974 ... 67 pages.
(Spanish September 1971; French January 1972)

PROSPECTUS

$750,000,000

International Bank for Reconstruction and Development

$250,000,000

8% Five Year Notes of 1976, Due July 1, 1981

Price 100%, plus accrued interest from July 1, 1976

$250,000,000

8⅜% Ten Year Notes of 1976, Due July 1, 1986

Price 100%, plus accrued interest from July 1, 1976

$250,000,000

8.85% Twenty-Five Year Bonds of 1976, Due July 1, 2001

Price 100%, plus accrued interest from July 1, 1976

Interest payable January 1 and July 1

The Notes may not be redeemed prior to maturity.

The Bonds are not redeemable prior to January 1, 1989. On and after that date, the Bonds will be redeemable (a) at the option of the Bank as a whole or in part at any time to and including June 30, 1992 at 102.75% and at decreasing prices thereafter and (b) through operation of the sinking fund at 100%, together in each case with accrued interest.

As a mandatory sinking fund, the Bank will retire $10,000,000 of the Bonds on or within 90 days before July 1, 1989 and $20,000,000 on or within 90 days before July 1 in each of the years 1990 through 2000. The sinking fund is calculated to retire 92% of the Bonds prior to maturity. The Bank has the non-cumulative option to increase any sinking fund retirement by an amount not exceeding the mandatory sinking fund obligation.

Application will be made to list the Securities on the New York Stock Exchange.

The Underwriters have agreed to purchase from the Bank all the Securities offered hereby, at 99.40% plus accrued interest in the case of the Five Year Notes, at 99.325% plus accrued interest in the case of the Ten Year Notes, and at 99.125% plus accrued interest in the case of all Bonds not subject to delayed delivery purchase contracts referred to below. The Securities are offered for sale subject to issuance and acceptance by the Underwriters and subject to prior sale. It is expected that delivery of the Securities to be purchased by the Underwriters will be made on or about July 15, 1976 against payment therefor in New York funds.

In addition, Bonds are being offered to certain institutions by the Bank through the several Underwriters for delivery on September 22, 1976, January 5, 1977 and such other dates as may be agreed to by the Bank, pursuant to delayed delivery purchase contracts with the Bank. The price of Bonds so offered for delivery after January 1, 1977 will be as set forth above plus accrued interest from the most recent interest payment date. See "Delayed Delivery Arrangements" herein.

The First Boston Corporation

Salomon Brothers

Morgan Stanley & Co.
Incorporated

The date of this Prospectus is June 29, 1976.

No person is authorized to give any information or to make any representation not contained in this Prospectus; and any information or representation not contained herein must not be relied upon as having been authorized by the Bank or by any Underwriter. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy the Securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The issuance of this Prospectus and the offering and sale of the Securities is not a waiver by the Bank or by any of its members, Governors, Executive Directors, Alternates, officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Articles of Agreement of the Bank or by any statute, law or regulation of any member of the Bank or any political subdivision of any member, all of which are hereby expressly reserved.

Except as otherwise indicated, all information in this Prospectus is given as of the date hereof and references to Articles and Sections are to Articles and Sections of the Articles of Agreement of the Bank (the Articles).

TABLE OF CONTENTS

	Page
The Bank	3
Purpose of Issue	3
Membership of the United States of America	3
United States Approval of Borrowing	3
Capitalization	4
Statements of Income and Expenses, of Accumulated Net Income and of Changes in General Reserve	6
Operations of the Bank	8
Affiliated Institutions	10
Administration of the Bank	11
The Articles of Agreement	13
Legal Status, Privileges and Immunities	13
Description of the Securities	14
Underwriting and Distribution	17
Delayed Delivery Arrangements	21
Financial Statements	22

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SECURITIES OFFERED HEREBY OR OF OTHER SECURITIES OF THE BANK AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR IN THE OVER-THE-COUNTER MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The capital stock of the Bank and the subscriptions thereto of members are expressed, under the Articles, in terms of United States dollars of the weight and fineness in effect on July 1, 1944 (hereinafter called "1944 dollars"). Except as otherwise indicated, all amounts contained in this Prospectus and in the Financial Statements are stated in current United States dollars.

THE BANK

The International Bank for Reconstruction and Development (the Bank) is an international institution, often called the World Bank, the members of which are governments. It was established and is operating under the Articles signed by those governments. The Bank officially began operations on June 25, 1946. The principal office of the Bank is located in Washington, D.C.

One hundred and twenty-seven governments are now members of the Bank. A list of the members as of March 31, 1976 showing the voting power of each and the amount of subscription of each to capital stock is set forth in Appendix E.

The principal purposes of the Bank are as follows:

(a) to assist in the reconstruction and development of its member countries by facilitating the investment of capital for productive purposes, thereby promoting the long-range growth of international trade and the improvement of standards of living;

(b) to promote private foreign investment by guarantees of, or participations in, loans and other investments made by private investors; and

(c) when private capital is not available on reasonable terms, to supplement private investment by making loans for productive purposes out of its own resources or funds borrowed by it.

PURPOSE OF ISSUE

The net proceeds to the Bank of the sale of the Notes and Bonds (sometimes collectively referred to as the Securities), including the sale of the Bonds under delayed delivery purchase contracts, will be $744,625,000 before deducting expenses estimated at $400,000, and when received will be used in the general operations of the Bank.

MEMBERSHIP OF THE UNITED STATES OF AMERICA

The United States of America became a member of the Bank pursuant to the Bretton Woods Agreements Act of 1945. The United States has subscribed to 64,730 shares of the capital stock of the Bank and is entitled to cast 64,980 votes, or approximately 22.60% of the total votes of all present members.

The total United States subscription is $7,808,694,000 in current dollars, of which the uncalled portion is $7,027,82[illegible]00. Under the Bretton Woods Agreements Act, the Par Value Modification Act and other U[illegible]ed States legislation, the Secretary of the Treasury is authorized to pay the $7,027,825,000 uncalled portion of the subscription of the United States, from time to time when payments are required, without any requirement of further Congressional appropriation.

UNITED STATES APPROVAL OF BORROWING

As required by the Articles, the United States Government has approved the raising of funds by the Bank in the markets of the United States by the issue of the Securities and has agreed that the proceeds of sale of the Securities may be exchanged for the currency of any other member without restriction.

CAPITALIZATION

As of March 31, 1976, the borrowings of the Bank outstanding and adjusted to reflect (i) debt subsequently issued, m[illegible]red or to be issued under contracts and (ii) the authorized amount of the Securities, and th[illegible]apital stock of the Bank, were as follows:

	Outstanding	As adjusted
BORROWINGS: (1)		
Payable in U. S. dollars	$ 7,162,784,000	$ 7,912,784,000
Payable in Deutsche mark	3,033,040,000	3,246,568,000
Payable in Japanese yen	1,484,151,000	1,490,824,000
Payable in Swiss francs	1,070,612,000	1,247,935,000
Payable in other currencies	1,473,722,000	1,576,867,000
Principal outstanding at face value	$14,224,309,000	$15,474,978,000
Less—Net unamortized discounts and premiums	11,174,000	11,174,000
Totals	$14,213,135,000	$15,463,804,000

CAPITAL STOCK: (2)	
Subscribed	$30,859,965,000
Less—Uncalled portion of subscriptions	27,773,968,000
Capital Stock Paid In	$ 3,085,997,000

(1) Expressed in United States dollar equivalents. For the currency distribution and other details of borrowings as of March 31, 1976, see Appendix D. At March 31, 1976, the weighted average effective interest rate on borrowings outstanding was 7.36%.

(2) The equivalent figures expressed in 1944 dollars are as follows: subscribed, $25,581,300,000; uncalled portion of subscriptions, $23,023,170,000; and capital stock paid in, $2,558,130,000. The subscriptions of the members as of March 31, 1976 are set forth in Appendix F.

Of the Bank's aggregate subscribed capital, $19,251,996,000 (or about 62%) ($15,958,900,000 in 1944 dollars) had at March 31, 1976 been subscribed by the following member countries of the Bank comprising the Group of Ten (listed in order of size of subscription): United States, United Kingdom, Federal Republic of Germany, France, Japan, Canada, Italy, Netherlands, Belgium and Sweden. The uncalled portion of their subscriptions was $17,326,796,000 ($14,363,010,000 in 1944 dollars).

From time to time the Bank has made purchases of its outstanding securities for application toward sinking and purchase fund requirements. The Bank may continue making such purchases both during the period of distribution of the Securities and thereafter.

Capital Stock

The authorized capital of the Bank is $32,571,411,000 ($27,000,000,000 divided into 270,000 shares of the par value of $100,000 each, in terms of 1944 dollars). At March 31, 1976, the total subscribed capital stock was $30,859,965,000 ($25,581,300,000 in 1944 dollars). The capital stock and the subscriptions thereto, which are expressed under the Articles in terms of 1944 dollars, have been valued on the basis of the par value of the United States dollar notified to the International Monetary Fund (the Fund) in October 1973. On April 30, 1976, the Board of Governors of the Fund approved proposed amendments to the Fund's Articles of Agreement under which, when they become effective, currencies will no longer have par values, gold will be abolished as a common denominator of the monetary system and all calculations for the purposes of the Fund's Articles will be made on the basis of the Special Drawing Right (SDR). The value of an SDR expressed in United States dollars is based upon the weighted relative values of a number of leading currencies, including the United States dollar. The Bank has under consideration the effect of these amendments on the valuation of the Bank's capital and the rights and obligations of members with respect thereto. If it is

determined that references to the 1944 dollar in the Articles are to be interpreted as meaning the SDR, it is not expected that this will have a material effect on the financial position or results of operations of the Bank.

Of the subscribed capital at March 31, 1976:

(1) $432,935,000, which was initially paid in gold or United States dollars, or converted by the subscribing members into United States dollars, may, under the Articles, be freely used by the Bank in any of its operations.

(2) The equivalent of $2,653,062,000, which was paid in the currencies of the subscribing members, may, under the Articles, be lent only with the consent of the member whose currency is involved. As at March 31, 1976, the equivalent of $2,280,000,000 had with such consent been used for lending purposes or allocated for such use. Under the Articles, these amounts are subject to maintenance of value obligations. (See Note B, Appendix F.)

(3) The equivalent of $24,687,971,000 may, under the Articles, be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount is thus not available for use by the Bank in making loans. Payment on any such call may be made, at the option of the particular member, either in gold, in United States dollars or in the currency required to discharge the obligations of the Bank for which the call is made. No calls have been made on this portion of the subscribed capital.

(4) Pursuant to resolutions of the Board of Governors of the Bank, an additional amount equivalent to $3,085,997,000 is to be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. Of this amount, 10% would be payable in gold or United States dollars and 90% in the currencies of the subscribing members. While these resolutions are not legally binding on future Boards of Governors, they do record an understanding among members that such amount shall not be called for use by the Bank in its lending activities or for administrative purposes.

The uncalled amount of the subscribed capital referred to in (3) and (4) above, totaling the equivalent of $27,773,968,000 ($23,023,170,000 in 1944 dollars), is a part of the assets of the Bank of which it is bound to avail itself when and to the extent necessary to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. Calls on unpaid subscriptions are required to be uniform, but the obligations of the members of the Bank to make payment on calls on this amount are independent of each other. A failure of one or more members to make payment on such a call would not excuse any other member from its obligation to make payment; and if on a call the amount received is insufficient to meet the obligations of the Bank for which the call is made the Bank has the right and is bound to make further successive calls until the aggregate amount received by it is sufficient to meet such obligations. However, no member may be required on any such call or calls to pay more than the unpaid balance of its capital subscription.

The Board of Governors of the Fund, on March 22, 1976, approved a resolution which proposes, subject to certain conditions, increases in the quotas of its members. It has been the practice of the Bank to authorize selective increases in the subscriptions of members to the capital stock of the Bank in amounts parallel to special increases in their quotas in the Fund. In accordance with this practice, on May 4, 1976 the Executive Directors of the Bank submitted to its Board of Governors draft resolutions which would authorize (a) an increase of $8,444,440,000 ($7,000,000,000 in 1944 dollars) in the authorized capital stock of the Bank and (b) selective increases in the total amount of $8,339,970,000 ($6,913,400,000 in 1944 dollars) in the subscriptions of certain members. Implementation of the increase in capital would depend upon subscriptions by members following approval of the draft resolutions.

STATEMENTS OF INCOME AND EXPENSES, OF ACCUMULATED NET INCOME AND OF CHANGES IN GENERAL RESERVE

The following statements of income and expenses, of accumulated net income and of changes in general reserve relating to the operations of the Bank for the five years ended June 30, 1971 through June 30, 1975, have been examined by Price Waterhouse & Co., independent accountants, whose report thereon is included elsewhere in this Prospectus. The statements relating to the operations for the nine months ended March 31, 1975 and March 31, 1976, not examined by Price Waterhouse & Co., reflect in the opinion of the management all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of operations for the periods. The statements should be read in conjunction with the other Financial Statements and related notes appearing in Appendices A-F.

Statement of Income and Expenses

(Expressed in United States Dollars)
(in thousands)

	Fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
INCOME							
Income from loans:							
Interest and commissions ..	$359.265	$421,094	$499,827	$610,483	$ 709,749	$518,271	$606,234
Commitment charges	24,310	31,239	37,250	43,851	55,913	39,989	50,922
Income from investments (1) .	187,246	187,159	214,615	267,387	382,712	280,008	321,491
Other income (2)	7,015	6,319	6,309	7,622	9,093	7,046	5,250
Total Income	$577,836	$645,811	$758,001	$929,343	$1,157,467	$845,314	$983,897
Less—Amount equivalent to commissions appropriated to special reserve—Note D ...	286	195	109	53	9	9	—
Total Income Less Reserve Deduction	$577,550	$645,616	$757,892	$929,290	$1,157,458	$845,305	$983,897
EXPENSES							
Interest on borrowings	$306,242	$392,272	$487,188	$614,710	$ 764,988	$548,546	$710,805
Administrative expenses (3) ..	56,394	66,320	78,567	91,020	109,937	74,646	85,817
Bond issuance and other financial expenses	2,852	4,353	6,509	7,795	7,562	5,696	7,141
Discount on sales of loans	315	25	19	—	—	—	8
Total Expenses	$365,803	$462,970	$572,283	$713,525	$ 882,487	$628,888	$803,771
NET INCOME	$211,747	$182,646	$185,609	$215,765	$ 274,971	$216,417	$180,126(4)

(1) Includes the following net capital gains or (losses) resulting from sales of investments: $7,990,000—June 30, 1971, $1,097,000—June 30, 1972, ($3,234,000)—June 30, 1973, ($23,181,000)—June 30, 1974, $5,194,000—June 30, 1975, ($4,026,000)—March 31, 1975 and $32,235,000—March 31, 1976. The annualized rate of return, including capital gains and losses, earned on the average investments held during each period was: 8.0%—June 30, 1971, 6.5%—June 30, 1972, 6.2%—June 30, 1973, 6.9%—June 30, 1974, 8.4%—June 30, 1975, 8.5%—March 31, 1975 and 7.5%—March 31, 1976.

(2) Includes the following capital gains resulting from repurchases of obligations of the Bank pursuant to the terms of the respective borrowing agreements: $6,990,000—June 30, 1971, $5,904,000—June 30, 1972, $5,528,000—June 30, 1973, $7,402,000—June 30, 1974, $8,953,000—June 30, 1975, $6,914,000—March 31, 1975 and $5,093,000—March 31, 1976.

(3) The administrative expenses shown are net of the management fee charged to the International Development Association and of the service and support fee charged to the International Finance Corporation as follows (in thousands):

	Fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
Management fee	$ 20,100	$ 29,087	$ 30,884	$ 43,180	$ 47,602	$ 35,701	$ 48,739
Service and support fee .	$ 1,749	$ 1,398	$ 1,460	$ 1,534	$ 1,455	$ 1,091	$ 1,114

(4) As of June 25, 1976 a principal instalment of $8,000 and interest and other charges of $292,000 payable to the Bank on loans were overdue by more than 60 days as follows:

	Principal	Interest and other charges
between 60 and 90 days	$ 8,000	$ 25,000
more than 90 days	—	$267,000

The principal disbursed and outstanding on these loans amounts to $19,028,000. It is not anticipated that these delays will result in any loss to the Bank.

Statement of Accumulated Net Income

(Expressed in United States Dollars)
(in thousands)

	Fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
Accumulated net income —beginning of period .	$ 212,869	$ 211,747	$ 182,646	$ 185,609	$ 215,765	$ 215,765	$ 274,971
Allocation to general reserve	(112,869)	(101,747)	(72,646)	(75,609)	(115,765)	(115,765)	(164,971)
Transfer to the International Development Association—Note E	(100,000)	(110,000)	(110,000)	(110,000)	(100,000)	(100,000)	(110,000)
Net income	211,747	182,646	185,609	215,765	274,971	216,417	180,126
Accumulated net income —end of period	$ 211,747	$ 182,646	$ 185,609	$ 215,765	$ 274,971	$ 216,417	$ 180,126

Statement of Changes in General Reserve

(Expressed in United States Dollars)
(in thousands)

	Fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
Balance at beginning of period	$1,036,859	$1,151,983	$1,304,353	$1,457,817	$1,479,650	$1,479,650	$1,609,324
Allocation of portion of accumulated net income	112,869	101,747	72,646	75,609	115,765	115,765	164,971
Adjustment as a result of currency devaluations and revaluations during period—Notes A and D	2,255	50,623	80,818	(53,776)	13,909	49,802	(124,061)
Balance at end of period	$1,151,983	$1,304,353	$1,457,817	$1,479,650	$1,609,324	$1,645,217	$1,650,234

OPERATIONS OF THE BANK

Loan Policies

The Bank's lending operations have conformed generally to five principles derived from the provisions of the Articles. They are:

(a) The Bank makes loans either to member governments or governmental authorities or agencies or private enterprises in the territories of member governments. A loan which is not made directly to the government in whose territories the project being financed is located must be guaranteed as to principal, interest and other charges by the government or its central bank or a comparable agency of the government acceptable to the Bank. A guarantee by the government itself has been required in all such cases to date. (See, however, "Affiliated Institutions—IFC".)

(b) Loans must be for productive purposes. Loans which, in the Bank's opinion, cannot be justified on economic grounds are excluded.

(c) In making loans, the Bank must act prudently and pay due regard to the prospects of repayment, taking into account the necessity of the borrowers' obtaining the foreign exchange required for service of the loans.

(d) The Bank does not make loans which are obtainable in the private market on reasonable terms. The Bank is intended to promote private investment, not to compete with it, and does not undertake business which private investors are willing to transact on a reasonable basis.

(e) The use of loan proceeds is supervised. The Bank makes arrangements to ensure that funds loaned are used only for authorized purposes, with due attention to considerations of economy and efficiency.

Within the scope permitted by the Articles, these policies must necessarily be developed and adjusted in the light of experience and changing conditions.

Under the Articles, the total amount outstanding of guarantees, participations in loans and direct loans made by the Bank may not be increased at any time to an amount in excess of the total unimpaired subscribed capital, reserves and surplus of the Bank as at that time.

Loan Operations

From its establishment to March 31, 1976, the Bank had approved loan commitments in an aggregate principal amount equivalent to $31,136,924,000 to finance programs or projects in 95 countries, including loans to the International Finance Corporation. (See "Affiliated Institutions—IFC".) The loan commitments effective and held by the Bank as of March 31, 1976 totaled $21,705,019,000 of which the undisbursed balance was $8,563,028,000.

A summary statement of the loans held by the Bank as of March 31, 1976 is set forth in Appendix C. Such loans were made for the following purposes, expressed in broad categories: electric power, transportation and communications, industry, agriculture and forestry, urban development, water supply, education, family planning, tourism, general development and reconstruction.

Funds for disbursements under loans made by the Bank have been obtained from the Bank's paid-in capital, from funds derived from the Bank's operations, from the issuance of its own obligations, from principal repayments on loans and from sales of portions of loans. (See Appendix B.)

The non-oil-producing developing countries have been subjected to serious strains as the result of the recent recession in the industrial countries, which has affected the exports of those developing countries, and the sharp rise in the price of their imports. The Bank keeps

the creditworthiness of its member countries which have obligations to the Bank as borrowers or guarantors under continuous review and adjusts its lending operations to reflect the results of these reviews. The poorer countries, which have the least flexibility to adapt to adverse conditions, have been the most seriously affected. They borrow mainly from the International Development Association. (See "Affiliated Institutions—IDA".) IDA was established in 1960, as a separate and distinct entity for whose obligations the Bank is not liable, to provide funds on highly concessionary terms to these countries.

The Bank has suffered no losses on its loans and follows a policy of not taking part in debt rescheduling agreements.

Loan Charges

The interest rate charged on loans approved by, or submitted to, the Executive Directors from June 1 through June 30, 1976 is 8.85% per annum. For loans submitted to the Executive Directors after June 30, 1976 an interest rate will be set quarterly at ½ of 1% per annum above a rate calculated in accordance with a formula related to the cost to the Bank of borrowing money. Interest is charged only from the time of disbursement and remains at a fixed rate throughout the term of the loan. The Bank normally imposes a commitment charge (at present ¾ of 1% per annum) on undisbursed portions of loans.

Intermediate Financing Facility

On July 29, 1975, the Executive Directors of the Bank authorized the establishment of an intermediate financing facility (Third Window) which enables the Bank to make loans at an effective interest rate to borrowers intermediate between the standard terms of the Bank and the International Development Association. (See "Affiliated Institutions—IDA".) Such loans are made to poorer developing countries meeting creditworthiness and performance standards. Lending through this facility is additional to the Bank's present lending operations and is subsidized by an interest subsidy fund, administered by the Bank, that supplements interest payments due to the Bank from borrowers. The resources of the fund are supplied on a voluntary basis by contributions from governments. The Interest Subsidy Fund became effective on December 23, 1975. The Fund will pay the Bank semi-annually an amount equal to 4% per annum on the outstanding principal of loans under this facility. The difference between the 4% paid by the Fund and the Bank's standard interest rate will be paid by the borrowers. As of June 15, 1976, contributions and notifications of contributions were sufficient to subsidize approximately $600,000,000 of loans.

Other Activities

In addition to its financial operations, the Bank has furnished technical assistance to its member countries, both in connection with and independently of loan applications. Such assistance has taken a variety of forms, including the assignment of qualified technicians to survey development possibilities of member countries, to analyze their fiscal and economic problems, to appraise projects suitable for investment and to assist member countries in drawing up development programs. To assist the developing countries, the Bank has also established an Economic Development Institute which provides for selected groups of key government officials an intensive course in economic policy and administration. Furthermore,

the Bank has on a number of occasions, at the request of member governments concerned, lent its good offices in connection with the settlement of international economic and financial problems.

AFFILIATED INSTITUTIONS

The activities of the Bank are supplemented by those of two affiliated international institutions, the International Finance Corporation (IFC) and the International Development Association (IDA). Membership in these institutions is open only to member governments of the Bank. Executive Directors of the Bank serve *ex officio* on the Board of Directors of IFC and as Executive Directors of IDA if they represent at least one government which is a member of these institutions. The President of the Bank is also the President of IFC and IDA. IDA and the Bank have the same staff, and IFC, although employing its own staff, shares some staff members with the Bank. However, IFC and IDA are each legal entities which are separate and distinct from the Bank.

IFC

IFC's purpose is to encourage the growth of productive private enterprises in its member countries and make investments in such enterprises without government guarantee. As of March 31, 1976, 104 governments were members of IFC with subscriptions totaling $107,611,000.

Under the Articles the Bank is permitted to make loans to IFC without government guarantees, subject to the limitation that the Bank may not lend IFC any amount which would increase IFC's total outstanding debt incurred from any source to an amount exceeding four times the total of IFC's unimpaired subscribed capital and surplus, such total at March 31, 1976 being $185,370,000. At March 31, 1976, IFC had borrowings of $442,179,000 of which $436,517,000 was loaned by the Bank. Of the latter amount, $408,316,000 had been drawn down. The Board of Directors of IFC recommended to the Board of Governors of IFC on May 4, 1976 an increase in authorized capital of $480,000,000.

IDA

IDA's purpose is to promote economic development in the less developed areas of the world included within IDA's membership by providing finance on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans. IDA currently requires only a ¾ of 1% per annum service charge on its credits. As of March 31, 1976, 116 governments were members of IDA. Their subscriptions and supplementary contributions totaled the equivalent of $10,593,113,000 of which $2,021,532,000 is payable on various dates through fiscal year 1979. Transfers to IDA by the Bank have been made as indicated below. In addition, Switzerland has made loans to IDA in the amount of SwF 182,000,000 repayable over 50 years without interest.

For each of the fiscal years 1964 through 1975, the Bank decided that its financial position made it unnecessary to retain in the business all the earnings for such fiscal year, and that it would transfer a portion thereof as a grant to IDA. Such grants have aggregated the equivalent of $1,025,000,000 for those fiscal years. These grants were made in accordance with the following statement of policy which was adopted by the Bank in September 1964:

"Any transfers to the Association will be made only out of net income which (i) accrued during the fiscal year in respect of which the transfer is made and (ii) is not needed for allocation to reserves or otherwise required to be retained in the Bank's business and, accordingly, could prudently be distributed as dividends."

ADMINISTRATION OF THE BANK

The Bank's administration is composed of the Board of Governors, the Executive Directors and the President, other officers and staff.

All the powers of the Bank are vested in the Board of Governors which consists of a Governor and an Alternate Governor appointed by each member of the Bank, who exercise the voting power to which that member is entitled. Each member is entitled to 250 votes plus one vote for each share held. The Board holds regular annual meetings.

There are, at present, twenty Executive Directors. Five are appointed, one by each of the five members having the largest number of shares of capital stock (United States, United Kingdom, Federal Republic of Germany, France and Japan), and the remaining fifteen are elected by the Governors representing the other members. The Board of Governors has delegated to the Executive Directors authority to exercise all the powers of the Bank except those reserved to the Governors under the Articles. The Executive Directors function as a board, and each Executive Director is entitled to cast the number of votes of the member or members by which he was appointed or elected.

The President is selected by the Executive Directors. Subject to their direction on questions of policy, he is responsible for the conduct of the ordinary business of the Bank and for the organization, appointment and dismissal of its officers and staff.

Executive Directors

The following is a list as at June 15, 1976 of the Executive Directors of the Bank and the member governments by which they were appointed or elected:

Executive Directors	Member Governments
Charles A. Cooper	United States
William S. Ryrie	United Kingdom
Hans Janssen	Federal Republic of Germany
Jacques Henri Wahl	France
Taro Hori	Japan
Giorgio Rota (Italy)	Italy, Portugal, Spain
Earl G. Drake (Canada)	Bahamas, Barbados, Canada, Guyana, Ireland, Jamaica
S. R. Sen (India)	Bangladesh, India, Sri Lanka
Peter C. Witte (Netherlands)	Cyprus, Israel, Netherlands, Romania, Yugoslavia

Executive Directors	Member Governments
Jacques de Groote (Belgium)	Aust a, Belgium, Luxembourg, Turkey
Thavil Khutrakul (Thailand)	Burma, Cambodia, Fiji, Indonesia, Korea, Laos, Malaysia, Nepal, Singapore, South Viet-Nam, Thailand
Muhammad Al-Atrash (Syrian Arab Republic)	Bahrain, Arab Republic of Egypt, Iraq, Jordan, Kuwait, Lebanon, Pakistan, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen Arab Republic
Jon Sigurdsson (Iceland)	Denmark, Finland, Iceland, Norway, Sweden
Ismael El Misbah Mekki (Sudan)	Botswana, Burundi, Equatorial Guinea, Ethiopia, The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Nigeria, Sierra Leone, Sudan, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia
Yahia Khelif (Algeria)	Afghanistan, Algeria, Ghana, Greece, Iran, Libyan Arab Republic, Morocco, Oman, Tunisia, People's Democratic Republic of Yemen
V. Amado Gavidia H. (El Salvador)	Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela
Armand Razafindrabe (Madagascar)	Benin, Cameroon, Central African Republic, Chad, People's Republic of Congo, Gabon, Ivory Coast, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta, Zaire
W. A. E. Green (New Zealand) ...	Australia, New Zealand, Western Samoa
Ernesto Franco Holguin (Colombia)	Brazil, Colombia, Dominican Republic, Ecuador, Philippines
Luis Barrios Tassano (Uruguay) .	Argentina, Bolivia, Chile, Paraguay, Uruguay

Principal Officers

The following is a list as at June 15, 1976 of the principal officers of the Bank:

Robert S. McNamara	President
J. Burke Knapp	Senior Vice President, Operations
A. Broches	Vice President and General Counsel
I. P. M. Cargill	Vice President, Finance
Bernard Chadenet	Vice President, Administration, Organization, Personnel Management
Hollis B. Chenery	Vice President, Development Policy
William Clark	Vice President, External Relations
Mervyn L. Weiner	Director-General, Operations Evaluation
Warren C. Baum	Vice President, Projects Staff
Bernard R. Bell	Regional Vice President, East Asia and Pacific
Roger Chaufournier	Regional Vice President, Western Africa

S. S. Husain	Regional Vice President, Eastern Africa (on leave of absence)
Adalbert Krieger	Regional Vice President, Latin America and the Caribbean
Ernest Stern	Regional Vice President, South Asia
Willi A. Wapenhans	Regional Vice President, Europe, Middle East and North Africa
Munir P. Benjenk	Regional Vice President (on sabbatical leave)
John H. Adler	Director, Programming and Budgeting Department
P. N. Damry	Secretary
K. Georg Gabriel	Controller
Eugene H. Rotberg	Treasurer

THE ARTICLES OF AGREEMENT

The Articles constitute the Bank's governing charter. They establish the status, privileges and immunities of the Bank, prescribe the Bank's purposes, capital structure and organization, authorize the operations in which it may engage and prescribe limitations on the carrying on of those operations. The Articles also contain, among other things, provisions with respect to the admission of additional members, the increase of the authorized capital stock of the Bank, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by the Bank, the distribution of the net income of the Bank to its members, the withdrawal and suspension of members and the suspension of operations of the Bank.

The Articles provide that they may be amended (except for certain provisions the amendment of which requires acceptance by all members) by consent of three-fifths of the members having four-fifths of the total voting power. The Articles further provide that questions of interpretation of provisions of the Articles arising between any member and the Bank or between members of the Bank shall be decided by the Executive Directors. Their decisions may be referred by any member to the Board of Governors, whose decision is final. Pending the result of such reference the Bank may act on the basis of the decision of the Executive Directors.

For the full text of the provisions of the Articles and the decisions made by the Executive Directors on questions of interpretation, reference is made to the copies thereof available for inspection and distribution at the Bank's office in Washington, D.C.

LEGAL STATUS, PRIVILEGES AND IMMUNITIES

The Articles contain provisions which accord to the Bank, in the territories of each of its members, legal status and certain immunities and privileges. The following is a summary of the more important of these provisions.

The Bank has full juridical personality with capacity to make contracts, to acquire and dispose of property and to sue and be sued. Actions may be brought against the Bank in the territories of any member in which the Bank has an office, has appointed an agent for accepting service or notice of process, or has issued or guaranteed securities, but no actions against the Bank may be brought by its members or persons acting for or deriving claims from its members.

The Governors and Executive Directors, and their Alternates, and the officers and employees of the Bank are immune from legal process for acts performed by them in their official capacity, except when the Bank waives such immunity.

The archives of the Bank are inviolable. The assets of the Bank are immune from seizure, attachment or execution prior to delivery of final judgment against the Bank.

The Bank, its assets, property and income, and its operations and transactions authorized by the Articles, are immune from all taxation and from all customs duties. The Bank is also immune from liability for the collection or payment of any tax or duty.

Although not a member of the Bank, Switzerland has entered into an agreement with the Bank which recognizes the Bank's international personality and legal capacity (including status in respect of suits by and against the Bank) and grants privileges and immunities which correspond in large part to those which the Bank enjoys in the territories of its members.

DESCRIPTION OF THE SECURITIES

The Five Year Notes of 1976, due July 1, 1981 (the Five Year Notes), the Ten Year Notes of 1976, due July 1, 1986 (the Ten Year Notes) and the Twenty-Five Year Bonds of 1976, due July 1, 2001 (the Bonds) will be direct unsecured obligations of the Bank and will each be limited to an aggregate principal amount of $250,000,000. The Five Year Notes and the Ten Year Notes are sometimes collectively referred to as the Notes, and the Notes and the Bonds are sometimes collectively referred to as the Securities.

Interest on the Securities will be payable semi-annually on January 1 and July 1. The Securities will state that they are not obligations of any government.

The principal of and premium, if any, and interest on the Securities will be payable at the office or agency of the Bank in New York City in such coin or currency of the United States of America as at the time of payment is legal tender for public and private debts. The Federal Reserve Bank of New York will be appointed the Bank's Fiscal Agent for the purposes of payment of principal of and premium, if any, and interest on the Securities and of handling exchanges, registration and transfers of the Securities.

The Five Year Notes will be issuable in the form of bearer coupon notes (transferable by delivery) in denominations of $1,000, $5,000, $10,000, $25,000 and $100,000, and of registered notes without coupons in denominations of $1,000 and any multiple thereof. The Five Year Notes will be delivered initially in the form of registered notes without coupons, except that, on request, such Notes will be delivered in the form of coupon notes. The coupon notes and registered notes without coupons will be interchangeable in like aggregate principal amounts, and registered notes without coupons will be transferable without charge for such exchange or transfer.

The Ten Year Notes and the Bonds will be issuable only in the form of registered notes and bonds, respectively, without coupons, in denominations of $1,000 and any multiple thereof. The Ten Year Notes and the Bonds will be interchangeable for like aggregate principal amounts of notes and bonds, respectively, and transferable without charge for such exchange or transfer.

The statements under this heading are subject to the detailed provisions of the Securities and the resolution of the Executive Directors of the Bank creating the Securities, copies of which are available at the Bank's office in Washington, D.C.

Redemption Provisions

The Notes will not be redeemable prior to maturity.

The Bonds will be redeemable, at the election of the Bank, as a whole or in part at any time on and after January 1, 1989 at the following redemption prices (expressed in percentages of principal amount) for the following respective periods:

Period	Optional Redemption Price
On and after January 1, 1989 to and including June 30, 1992	102.75%
Thereafter to and including June 30, 1996	101.375
Thereafter	100

together in each case with accrued interest to the redemption date. The Bonds will also be subject to redemption for the sinking fund as shown below. Each redemption (whether at the election of the Bank or for the sinking fund) will be on at least 30 days' notice by first class mail, and, in the event of redemption in part, Bonds to be redeemed will be selected by lot.

Sinking Fund

No sinking fund will be provided for the Notes.

As a mandatory sinking fund for the Bonds, the Bank will redeem $10,000,000 principal amount of the Bonds on or within 90 days before July 1, 1989 and $20,000,000 principal amount of the Bonds on or within 90 days before July 1 in each of the years 1990 through 2000, in each case at 100% of the principal amount together with accrued interest to the redemption date. At its option, the Bank may, on or within 90 days before each such date, redeem, at 100% of the principal amount plus interest accrued and unpaid to the redemption date, an additional principal amount of the Bonds not exceeding the amount of the mandatory sinking fund obligation in respect of such date. The right to redeem such additional principal amount of the Bonds shall not be cumulative, and the exercise of any such option shall not operate to reduce the amount of any subsequent mandatory sinking fund obligation. The Bank may credit against the principal amount of the Bonds to be redeemed pursuant to any mandatory sinking fund obligation the principal amount of any Bonds which shall have been redeemed otherwise than pursuant to a mandatory or optional sinking fund redemption, or which shall have been purchased or otherwise acquired and retired by the Bank prior to the redemption date, and not previously credited against any mandatory sinking fund obligation.

Negative Pledge Covenant

As long as any of the Securities shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Securities shall be secured by such mortgage, pledge or other lien or charge equally and ratably with such other bonds, notes or evidences of indebtedness.

Remedy on Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any bonds or notes (including the Securities) or similar obligations which have been issued, assumed or guaranteed by the Bank, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Securities may deliver or cause to be delivered to the Bank at its principal office in the City of Washington, District of Columbia, United States of America, written notice that such holder

elects to declare the principal of all Securities held by him (the serial numbers and denominations of which shall be set forth in such notice) to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Securities shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

Tax Status

The Securities and the interest thereon will not be exempt from taxation generally.

Under the Articles, the Securities and the interest thereon are not subject to any tax by a member (a) which tax discriminates against the Securities solely because they are issued by the Bank or (b) if the sole jurisdictional basis for the tax is the place or currency in which the Securities are issued, made payable or paid, or the location of any office or place of business maintained by the Bank. Also, under the Articles, the Bank is not under any obligation to withhold or pay any tax on the interest on the Securities.

As regards United States taxation, the United States Treasury Department has ruled that interest on securities issued by the Bank is not subject to United States income taxes, including withholding taxes, if paid to a non-resident alien individual (or foreign partnership, estate or trust) or to a foreign corporation, whether or not such person is engaged in trade or business in the United States, except that absent any special statutory or treaty exemption, such interest is subject to United States income tax in the following cases: (1) such interest is derived by such person in the active conduct of a banking, financing or similar business within the United States or is received by a corporation the principal business of which is trading in stock or securities for its own account, and in either case such interest is attributable to an office or other fixed place of business of such person within the United States; or (2) such person is a foreign corporation taxable as a life insurance company carrying on a United States insurance business and such interest is attributable to its United States business.

The ruling provides that interest paid by the Bank on its obligations constitutes income from sources without the United States.

The ruling also provides that, unless a death tax convention provides otherwise, debt obligations of the Bank are deemed to be situated outside the United States for purposes of the United States federal estate tax and are not includable in the gross estate for purposes of such tax in the case of a decedent who was a non-resident of the United States and not a citizen of the United States.

Legal Opinions

The legality of the Securities will be passed upon by the Vice President and General Counsel or the Associate General Counsel of the Bank and by Messrs. Sullivan & Cromwell, counsel for the Underwriters, who, with respect to certain matters, will rely upon the opinion of the counsel of the Bank.

General

The Securities will not contain any limitation on the right of the Bank to issue any other bonds, notes or obligations. The Securities will not be issued under an indenture, and no trustee is provided for in the Securities.

Under the provisions of Section 15(a) of the Bretton Woods Agreements Act, as amended, the Securities are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 3(a)(12) of the Securities Exchange Act of 1934, as amended.

Application will be made to list the Securities on the New York Stock Exchange.

UNDERWRITING AND DISTRIBUTION

Under the terms and subject to the conditions contained in the Underwriting Agreement dated June 29, 1976, the Underwriters named below have severally agreed to purchase, and the Bank has agreed to sell to them severally, the respective principal amounts of Five Year Notes, Ten Year Notes and Bonds set forth below opposite their names, less amounts of Bonds to be sold under delayed delivery purchase contracts referred to below.

Name	Principal Amount of Five Year Notes	Principal Amount of Ten Year Notes	Principal Amount of Bonds
The First Boston Corporation	$ 23,000,000	$ 23,000,000	$ 23,000,000
Salomon Brothers	23,000,000	23,000,000	23,000,000
Morgan Stanley & Co. Incorporated	23,000,000	23,000,000	23,000,000
ABD Securities Corporation	1,500,000	1,500,000	1,500,000
Adams & Peck	800,000	800,000	800,000
Advest Co.	800,000	800,000	800,000
Almstedt Brothers, Inc.	100,000	100,000	100,000
American Securities Corporation	800,000	800,000	800,000
A. E. Ames & Co. Incorporated	800,000	800,000	800,000
Anderson & Strudwick Incorporated	100,000	100,000	100,000
Arnhold and S. Bleichroeder, Inc.	800,000	800,000	800,000
Arthurs, Lestrange & Short	100,000	100,000	100,000
Bache Halsey Stuart Inc.	3,800,000	3,800,000	3,800,000
Bacon, Whipple & Co.	800,000	800,000	800,000
Robert W. Baird & Co. Incorporated	800,000	800,000	800,000
Baker, Watts & Co.	200,000	200,000	200,000
Basle Securities Corporation	1,500,000	1,500,000	1,500,000
Bateman Eichler, Hill Richards, Incorporated	800,000	800,000	800,000
George K. Baum & Company, Incorporated	100,000	100,000	100,000
Bear, Stearns & Co.	3,000,000	3,000,000	3,000,000
Birr, Wilson & Co., Inc.	100,000	100,000	100,000
William Blair & Company	800,000	800,000	800,000
Blunt Ellis & Simmons Incorporated	800,000	800,000	800,000
Blyth Eastman Dillon & Co. Incorporated	3,800,000	3,800,000	3,800,000
Boettcher & Company	500,000	500,000	500,000
Bosworth, Sullivan & Company, Incorporated	500,000	500,000	500,000
J. C. Bradford & Co., Incorporated	800,000	800,000	800,000
Briggs, Schaedle & Co., Inc.	800,000	800,000	800,000
Alex. Brown & Sons	1,500,000	1,500,000	1,500,000
Bruns, Nordeman, Rea & Co.	100,000	100,000	100,000
Burgess & Leith	100,000	100,000	100,000
Butcher & Singer	800,000	800,000	800,000
Buys, MacGregor & Company	100,000	100,000	100,000
The Chicago Corporation	500,000	500,000	500,000
B. C. Christopher & Co.	100,000	100,000	100,000
Julien Collins & Company	100,000	100,000	100,000
Craigie, Mason-Hagan, Inc.	800,000	800,000	800,000
Crowell, Weedon & Co.	500,000	500,000	500,000
Cunningham, Schmertz & Co., Inc.	100,000	100,000	100,000
Dain, Kalman & Quail, Incorporated	800,000	800,000	800,000
Daiwa Securities America Inc.	800,000	800,000	800,000
Daniels & Bell, Inc.	100,000	100,000	100,000
Davenport & Co. of Virginia, Inc.	100,000	100,000	100,000
Shelby Cullom Davis & Co.	200,000	200,000	200,000
Davis, Skaggs & Co., Inc.	100,000	100,000	100,000
DeHaven & Townsend, Crouter & Bodine Incorporated	100,000	100,000	100,000
R. G. Dickinson & Co.	100,000	100,000	100,000
Dillon, Read & Co. Inc.	3,800,000	3,800,000	3,800,000
Discount Corporation of New York	3,000,000	3,000,000	3,000,000

Name	Principal Amount of Five Year Notes	Principal Amount of Ten Year Notes	Principal Amount of Bonds
Doft & Co., Inc.	$ 200,000	$ 200,000	$ 200,000
Dominick & Dominick, Incorporated	800,000	800,000	800,000
Dominion Securities Harris & Partners Inc.	800,000	800,000	800,000
Donaldson, Lufkin & Jenrette Securities Corporation	3,800,000	3,800,000	3,800,000
A. Webster Dougherty & Co., Incorporated	800,000	800,000	800,000
Drexel Burnham & Co. Incorporated	3,800,000	3,800,000	3,800,000
A. G. Edwards & Sons, Inc.	800,000	800,000	800,000
Elkins, Stroud, Suplee & Co.	800,000	800,000	800,000
Eppler, Guerin & Turner, Inc.	200,000	200,000	200,000
Equitable Securities Corporation	100,000	100,000	100,000
Fahnestock & Co.	800,000	800,000	800,000
Faulkner, Dawkins & Sullivan, Inc.	800,000	800,000	800,000
Ferris & Company, Incorporated	100,000	100,000	100,000
First Equity Corporation of Florida	100,000	100,000	100,000
First Harlem Securities Corporation	100,000	100,000	100,000
First of Michigan Corporation	800,000	800,000	800,000
First Mid America Inc.	200,000	200,000	200,000
First Southwest Company	100,000	100,000	100,000
Robert Fleming Incorporated	800,000	800,000	800,000
Folger Nolan Fleming Douglas Incorporated	500,000	500,000	500,000
Freehling & Co.	100,000	100,000	100,000
Freeman Securities Company, Inc.	200,000	200,000	200,000
Fulton, Reid & Staples, Inc.	200,000	200,000	200,000
Goldman, Sachs & Co.	4,650,000	4,650,000	4,650,000
Gradison & Company Incorporated	100,000	100,000	100,000
Greenshields & Co Inc	200,000	200,000	200,000
Gruntal & Co.	100,000	100,000	100,000
Hambrecht & Quist	100,000	100,000	100,000
Herzfeld & Stern	200,000	200,000	200,000
J. J. B. Hilliard, W. L. Lyons, Inc.	500,000	500,000	500,000
Hoppin, Watson Inc.	200,000	200,000	200,000
Hornblower & Weeks-Hemphill, Noyes Incorporated	3,800,000	3,800,000	3,800,000
Howard, Weil, Labouisse, Friedrichs Incorporated	500,000	500,000	500,000
E. F. Hutton & Company Inc.	3,800,000	3,800,000	3,800,000
The Illinois Company/McCormick Incorporated	200,000	200,000	200,000
Interstate Securities Corporation	200,000	200,000	200,000
Investment Corporation of Virginia	200,000	200,000	200,000
Janney Montgomery Scott Inc.	500,000	500,000	500,000
Johnson, Lane, Space, Smith & Co., Inc.	100,000	100,000	100,000
Johnston, Lemon & Co. Incorporated	500,000	500,000	500,000
Edward D. Jones & Co.	100,000	100,000	100,000
Joseph, Miller & Russell, Inc.	100,000	100,000	100,000
Josephthal & Co.	200,000	200,000	200,000
Keefe, Bruyette & Woods, Inc.	800,000	800,000	800,000
Paul Kendrick & Co., Inc.	100,000	100,000	100,000
Kidder, Peabody & Co. Incorporated	3,800,000	3,800,000	3,800,000
Kirkpatrick, Pettis, Smith, Polian Inc.	100,000	100,000	100,000
Kleinwort, Benson Incorporated	800,000	800,000	800,000
Kormendi, Byrd Brothers, Inc.	100,000	100,000	100,000
Kuhn, Loeb & Co.	3,800,000	3,800,000	3,800,000
Ladenburg, Thalmann & Co. Inc.	800,000	800,000	800,000
Laidlaw-Coggeshall Inc.	100,000	100,000	100,000
Aubrey G. Lanston & Co. Inc.	3,000,000	3,000,000	3,000,000
Lazard Freres & Co.	3,800,000	3,800,000	3,800,000
Legg Mason/Wood Walker Div. of First Regional Securities, Inc.	800,000	800,000	800,000
Lehman Brothers Incorporated	3,800,000	3,800,000	3,800,000

Name	Principal Amount of Five Year Notes	Principal Amount of Ten Year Notes	Principal Amount of Bonds
Lepercq, deNeuflize & Co., Incorporated	$ 200,000	$ 200,000	$ 200,000
Loeb, Rhoades & Co.	3,800,000	3,800,000	3,800,000
Loewi & Co. Incorporated	800,000	800,000	800,000
Manley, Bennett, McDonald & Co.	100,000	100,000	100,000
A. E. Masten & Co., Incorporated	100,000	100,000	100,000
McDonald & Company	800,000	800,000	800,000
McLeod, Young, Weir, Incorporated	200,000	200,000	200,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	4,650,000	4,650,000	4,650,000
Mesirow & Company	100,000	100,000	100,000
The Milwaukee Company	100,000	100,000	100,000
Mitchell, Hutchins Inc.	800,000	800,000	800,000
Moore, Leonard & Lynch, Incorporated	800,000	800,000	800,000
Moore & Schley, Cameron & Co.	200,000	200,000	200,000
Morgan, Keegan & Company, Inc.	100,000	100,000	100,000
Moseley, Hallgarten & Estabrook Inc.	1,500,000	1,500,000	1,500,000
Nesbitt Thomson Securities, Inc.	100,000	100,000	100,000
New Japan Securities International Inc.	100,000	100,000	100,000
New York Hanseatic (Division of Stuart Brothers)	1,500,000	1,500,000	1,500,000
Newhard, Cook & Co. Incorporated	200,000	200,000	200,000
The Nikko Securities Co. International, Inc.	800,000	800,000	800,000
Nomura Securities International, Inc.	800,000	800,000	800,000
The Ohio Company	800,000	800,000	800,000
Oppenheimer & Co., Inc.	1,500,000	1,500,000	1,500,000
Paine, Webber, Jackson & Curtis Incorporated	3,800,000	3,800,000	3,800,000
Parker/Hunter Incorporated	800,000	800,000	800,000
H. O. Peet & Co. Inc.	100,000	100,000	100,000
Piper, Jaffray & Hopwood Incorporated	800,000	800,000	800,000
Wm. E. Pollock & Co., Inc.	1,500,000	1,500,000	1,500,000
Prescott, Ball & Turben	800,000	800,000	800,000
Pressman, Frohlich Securities Division of Philips, Appel & Walden, Inc.	100,000	100,000	100,000
R. W. Pressprich & Co. Incorporated	1,500,000	1,500,000	1,500,000
Printon, Kane & Co.	500,000	500,000	500,000
Chas. E. Quincey & Co.	800,000	800,000	800,000
Quinn & Co., Inc.	100,000	100,000	100,000
Rand & Co., Inc.	200,000	200,000	200,000
Rauscher Pierce Securities Corporation	800,000	800,000	800,000
Reinholdt & Gardner	800,000	800,000	800,000
Reynolds Securities Inc.	3,800,000	3,800,000	3,800,000
Richardson Securities, Inc.	100,000	100,000	100,000
The Robinson-Humphrey Company, Inc.	800,000	800,000	800,000
Rodman & Renshaw, Inc.	100,000	100,000	100,000
R. Rowland & Co. Incorporated	200,000	200,000	200,000
Wm. C. Roney & Co.	100,000	100,000	100,000
Roose, Wade & Company	100,000	100,000	100,000
Rotan Mosle Inc.	800,000	800,000	800,000
L. F. Rothschild & Co.	3,000,000	3,000,000	3,000,000
Scharff & Jones, Inc.	100,000	100,000	100,000
Scott & Stringfellow, Inc.	100,000	100,000	100,000
Shearson Hayden Stone Inc.	3,000,000	3,000,000	3,000,000
Shields Model Roland Securities Incorporated	3,000,000	3,000,000	3,000,000
Shuman, Agnew & Co., Inc.	800,000	800,000	800,000
Smith Barney, Harris Upham & Co. Incorporated	3,800,000	3,800,000	3,800,000
SoGen-Swiss International Corporation	1,500,000	1,500,000	1,500,000
Stern, Frank, Meyer & Fox, Incorporated	200,000	200,000	200,000
Sterne, Agee & Leach, Inc.	100,000	100,000	100,000
Stifel, Nicolaus & Company Incorporated	200,000	200,000	200,000
Stix & Co. Inc.	100,000	100,000	100,000

Name	Principal Amount of Five Year Notes	Principal Amount of Ten Year Notes	Principal Amount of Bonds
Stone & Youngberg	$ 800,000	$ 800,000	$ 800,000
Sutro & Co. Incorporated	800,000	800,000	800,000
Thomas & Company, Inc.	100,000	100,000	100,000
Thomson & McKinnon Auchincloss Kohlmeyer Inc.	1,500,000	1,500,000	1,500,000
Spencer Trask & Co. Incorporated	1,500,000	1,500,000	1,500,000
Traub and Company, Inc.	100,000	100,000	100,000
Tucker, Anthony & R. L. Day, Inc.	1,500,000	1,500,000	1,500,000
UBS-DB Corporation	1,500,000	1,500,000	1,500,000
Ultrafin International Corporation	200,000	200,000	200,000
Underwood, Neuhaus & Co., Incorporated	500,000	500,000	500,000
C. E. Unterberg, Towbin Co.	500,000	500,000	500,000
Burton J. Vincent, Chesley & Co.	500,000	500,000	500,000
Wagenseller & Durst, Inc.	200,000	200,000	200,000
Warburg Paribas Becker Inc.	3,800,000	3,800,000	3,800,000
Watling, Lerchen & Co. Incorporated	100,000	100,000	100,000
Weeden & Co. Incorporated	3,000,000	3,000,000	3,000,000
Weinrich-Zitzmann-Whitehead Inc.	100,000	100,000	100,000
Wertheim & Co., Inc.	3,800,000	3,800,000	3,800,000
Wheat, First Securities, Inc.	800,000	800,000	800,000
White, Weld & Co. Incorporated	3,800,000	3,800,000	3,800,000
Dean Witter & Co. Incorporated	3,800,000	3,800,000	3,800,000
William D. Witter, Inc.	800,000	800,000	800,000
Wood Gundy Incorporated	800,000	800,000	800,000
Wood, Struthers & Winthrop Inc.	1,500,000	1,500,000	1,500,000
Yamaichi International (America), Inc.	800,000	800,000	800,000
Totals	$250,000,000	$250,000,000	$250,000,000

The Underwriting Agreement provides that the obligations of the several Underwriters are subject to certain conditions, including approval of certain legal matters by counsel and receipt by The First Boston Corporation, Salomon Brothers and Morgan Stanley & Co. Incorporated of a certificate of a principal officer of the Bank to the effect that prior to the closing date there has been no material adverse change (not in the ordinary course of business) in the condition of the Bank from that set forth in this Prospectus.

The Underwriters propose to offer part of the Securities to be sold by them directly to the public at the public offering prices set forth on the cover page hereof and part to dealers at prices which represent concessions of .35% of the principal amount under the public offering price in the case of the Five Year Notes, .40% of the principal amount under the public offering price in the case of the Ten Year Notes and .475% of the principal amount under the public offering price in the case of the Bonds. Any Underwriter may offer Securities to certain dealers who are either a parent or a subsidiary of such Underwriter at not less than such prices to dealers. The Underwriters may allow and such dealers may reallow concessions, not in excess of .15% of the principal amount of the Five Year Notes, .25% of the principal amount of the Ten Year Notes and .25% of the principal amount of the Bonds, to certain brokers or dealers.

DELAYED DELIVERY ARRANGEMENTS

The Bank has authorized the Underwriters to endeavor to make arrangements for sales of Bonds by the Bank to certain institutional investors pursuant to delayed delivery purchase contracts providing for delivery on September 22, 1976, January 5, 1977 and such other dates as may be agreed to by the Bank. Such purchase contracts are to be entered into by the respective purchasers and the Bank, in a form prescribed by the Bank, on or before July 8, 1976, and are to be conditioned upon the sale to the Underwriters of the Bonds to be purchased by them. The Bank and the Representatives reserve the right to reject in whole or in part applications for Bonds on the delayed delivery basis and to allot amounts smaller than applied for.

Institutional investors with whom such purchase contracts may be made include certain savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, commercial banks purchasing for their own account or for accounts of certain others of the foregoing types and others as may be approved by the Bank.

The Underwriters will receive from the Bank a fee of .875% of the principal amount of Bonds for which such purchase contracts are made. The Underwriters may allow a commission of .475% to dealers in respect of Bonds for which such purchase contracts directed and allocated to them are arranged through the Representatives and entered into in accordance with the applicable conditions.

FINANCIAL STATEMENTS

(Audited only as to June 30, 1975 and the five years then ended)

Table of Contents

	Page
Report of Independent Accountants	23
Statement of Income and Expenses for the five fiscal years ended June 30, 1971 through June 30, 1975, and the nine months ended March 31, 1975 and March 31, 1976	6
Statement of Accumulated Net Income for the five fiscal years ended June 30, 1971 through June 30, 1975, and the nine months ended March 31, 1975 and March 31, 1976.	7
Statement of Changes in General Reserve for the five fiscal years ended June 30, 1971 through June 30, 1975, and the nine months ended March 31, 1975 and March 31, 1976.	7
Balance Sheet—June 30, 1975 and March 31, 1976—Appendix A	24
Statement of Changes in Financial Position for the five fiscal years ended June 30, 1971 through June 30, 1975, and the nine months ended March 31, 1975 and March 31, 1976—Appendix B	26
Summary Statement of Loans—June 30, 1975 and March 31, 1976—Appendix C	27
Summary Statement of Borrowings—June 30, 1975 and March 31, 1976—Appendix D	30
Statement of Subscriptions to Capital Stock and Voting Power—March 31, 1976—Appendix E	32
Notes to Financial Statements—Appendix F	35

REPORT OF INDEPENDENT ACCOUNTANTS

To International Bank for Reconstruction and Development
Washington, D. C.

We have examined the financial statements of International Bank for Reconstruction and Development listed in the index on page 22 as of June 30, 1975 and for the five years then ended. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Consistent with past practice the Bank records currency translation adjustments except those pertaining to the 9 percent portion of its capital stock as charges against or credits to the General Reserve. Statement 8 of the Financial Accounting Standards Board requires that these adjustments, which are set forth in the Statement of Changes in the General Reserve, be included in the determination of net income; however, in view of the Bank's character as an international institution and its related financial policies, which are described in the Summary of Significant Accounting and Related Policies (Translation of Currencies) and in Note A, the Bank does not deem the application of this accounting principle to be appropriate in the circumstances.

The Special Reserve and the General Reserve have been restated for presentation in the balance sheet under the heading "Capital and Reserves" as described in Note D.

In our opinion, the financial statements examined by us present fairly, in terms of United States currency, the financial position of International Bank for Reconstruction and Development at June 30, 1975, and the results of its operations and changes in financial position for the five years then ended in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, described in the preceding paragraph.

PRICE WATERHOUSE & CO.

Washington, D.C.

July 25, 1975 except as to the Summary of Significant Accounting and Related Policies (Translation of Currencies), Note A, and Note D for which the date is May 5, 1976.

Appendix A

BALANCE SHEET

June 30, 1975 and March 31, 1976

Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

ASSETS

	June 30, 1975		March 31, 1976 (Unaudited)	
DUE FROM BANKS				
Unrestricted currencies (including interest-bearing demand deposits $17,369—June 30, 1975, $15,768 — March 31, 1976)	$ 85,423		$ 89,279	
Currencies subject to restrictions — Note B	67,783		69,041	
		$ 153,206		$ 158,320
INVESTMENTS—Note C				
Obligations of governments and their instrumentalities (at cost or amortized cost; face amount $2,231,013 — June 30, 1975, $4,442,202 — March 31, 1976)	$ 2,197,938		$ 4,362,605	
Certificates of deposit and other time deposits (at cost or amortized cost; face amount $2,592,572—June 30, 1975, $1,800,244—March 31, 1976)	2,592,674		1,800,297	
		4,790,612		6,162,902
RECEIVABLE ON ACCOUNT OF SUBSCRIBED CAPITAL —SUBJECT TO RESTRICTIONS—Note B				
Non-negotiable, non-interest-bearing demand obligations	$ 382,626		$ 354,741	
Amounts required to maintain value of currency holdings	10,847		3,767	
		393,473		358,508
RECEIVABLES — OTHER				
Sales of investment securities	$ 6,401		$ 76,885	
Purchasers, on account of effective loans agreed to be sold (including undisbursed balance $24,215 — June 30, 1975, $31,151 — March 31, 1976)	32,011		36,563	
Accrued income on loans	211,336		246,376	
Accrued interest on investments	75,738		47,680	
		325,486		407,504
LOANS (See Appendix C)	$22,322,491		$24,043,280	
Less — Loans approved but not yet effective	2,459,208		2,338,261	
Effective loans (including undisbursed balance $7,674,979 — June 30, 1975, $8,563,028 — March 31, 1976)		19,863,283		21,705,019
OTHER ASSETS				
Land and buildings — Less accumulated depreciation ($8,416 — June 30, 1975, $9,313 — March 31, 1976)	$ 57,644		$ 56,747	
Unamortized issuance costs of borrowings	45,729		59,001	
Translation adjustments on capital subscriptions — Note B	87,775		249,314	
Miscellaneous	16,080		19,427	
		207,228		384,489
SPECIAL RESERVE FUND ASSETS — Note D				
Investment securities — obligations of United States Government and its Instrumentalities (at cost or amortized cost; face amount $288,107 — June 30, 1975, $292,462 — March 31, 1976)		292,538		292,538
TOTAL ASSETS		$26,025,826		$29,469,280

BALANCE SHEET

June 30, 1975 and March 31, 1976

Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

LIABILITIES, CAPITAL AND RESERVES

	June 30, 1975		March 31, 1976 (Unaudited)	
LIABILITIES				
Accrued charges on borrowings		$ 293,697		$ 277,034
Amounts required to maintain value of currency holdings—Note B		20,149		18,615
Accounts payable and other liabilities		23,413		22,561
Payable for investment securities purchased		774		576,323
Due to the International Development Association—Note E		454,433		558,443
Undisbursed balance of effective loans (See Appendix C)				
Held by Bank	$ 7,674,979		$ 8,563,028	
Agreed to be sold	24,215		31,151	
		7,699,194		8,594,179
BORROWINGS (See Appendix D)	$12,542,831		$14,442,689	
Less—Receivable under contracts	255,868		218,380	
Principal outstanding	$12,286,963		$14,224,309	
Less—Net unamortized discounts and premiums	11,942		11,174	
		12,275,021		14,213,135
CAPITAL AND RESERVES				
Capital stock (See Appendix E)—Note B				
Authorized capital ($27,000,000—United States dollars of 1944)				
Subscribed capital (United States dollars of 1944 $25,548,900—June 30, 1975, $25,581,300—March 31, 1976)	$30,820,879		$30,859,965	
Less—Uncalled portion of subscriptions (United States dollars of 1944 $22,994,010—June 30, 1975, $23,023,170—March 31, 1976)	27,738,791		27,773,968	
		3,082,088		3,085,997
Payments on account of pending subscriptions (See Appendix E)		224		95
Special reserve—Note D		292,538		292,538
General reserve—Note D		1,609,324		1,650,234
Accumulated net income		274,971		180,126
TOTAL LIABILITIES, CAPITAL AND RESERVES		$26,025,826		$29,469,280

Appendix B

STATEMENT OF CHANGES IN FINANCIAL POSITION

Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

	For fiscal years ended June 30					Nine months ended March 31	
	1971	1972	1973	1974	1975	1975	1976
						(Unaudited)	
FUNDS PROVIDED							
Operations:							
Net income	$ 211,747	$ 182,646	$ 185,609	$ 215,765	$ 274,971	$ 216,417	$ 180,126
Items not requiring or providing cash:							
Accruals of income on loans and investments	(6,622)	(33,665)	(40,527)	(17,547)	(31,151)	(48,435)	(6,982)
Accruals of charges on borrowings and administrative expenses	28,001	45,535	51,678	25,104	59,007	(10,963)	(18,639)
Depreciation	930	944	1,017	1,379	1,379	1,034	1,071
Amortization of discounts, premiums and bond issuance expenses	3,817	5,226	6,467	7,659	7,935	5,927	7,353
Cash provided by operations	$ 237,873	$ 200,686	$ 204,244	$ 232,360	$ 312,141	$ 163,980	$ 162,929
Borrowings	1,394,088	1,750,330	1,694,289	1,908,485	3,387,192	3,144,954	3,437,606
Adjustment of borrowings as a result of currency devaluations and revaluations	10,057	384,750	1,004,573	(276,805)	276,449	300,525	(272,928)
Repayments of loans to the Bank	318,675	384,580	455,269	486,746	568,659	422,783	445,420
Sales of loans	26,862	28,634	24,759	27,245	47,734	25,473	12,294
Decrease (increase) in amounts receivable for investment securities sold	—	—	—	(121,733)	115,332	102,380	(70,484)
Capital subscriptions and maintenance of value adjustments	45,233	68,950	100,446	58,649	55,682	50,383	36,082
Increase in capital subscriptions as a result of the United States dollar devaluations	—	170,701	257,539	—	—	—	—
Translation adjustments as a result of currency devaluations and revaluations—Note D	2,255	50,623	80,819	(53,776)	13,909	49,802	(124,061)
Other	8,746	12,280	109	36,658	8,294	45,133	996
Total Funds Provided	$2,043,789	$3,051,534	$3,822,047	$2,297,829	$4,785,392	$4,305,413	$3,627,854
FUNDS USED							
Disbursements on loans	$ 954,904	$1,202,030	$1,208,947	$1,608,496	$2,096,260	$1,480,041	$1,897,725
Adjustment of loans outstanding as a result of currency devaluations and revaluations	7,554	483,854	1,101,054	(266,687)	194,723	296,045	(488,708)
Retirement of borrowings	548,288	608,437	767,911	863,431	1,026,683	960,715	1,227,392
Decrease (increase) in amounts payable for investment securities purchased	—	—	—	(354,267)	353,493	346,469	(575,549)
Payments on transfers to the International Development Association	23,125	60,900	56,739	93,893	3,549	3,524	5,990
Other	10,297	25,572	171,580	11,362	17,938	12,633	184,918
Total Funds Used	$1,544,168	$2,380,793	$3,306,231	$1,956,228	$3,692,646	$3,099,427	$2,251,708
INCREASE IN UNRESTRICTED CURRENCIES AND INVESTMENTS	$ 499,621	$ 670,741	$ 515,816	$ 341,601	$1,092,746	$1,205,986	$1,376,146

SUMMARY STATEMENT OF LOANS

June 30, 1975 and March 31, 1976 (Unaudited)

Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

Members liable as borrower or guarantor(1)	March 31, 1976				
	Effective loans held by Bank			Loans approved but not yet effective(3)	Percent of total effective and non-effective loans
	Disbursed portion	Undisbursed portion(2)	Total		
Algeria	$ 49,241	$ 181,908	$ 231,149	$ 93,000	1.36
Argentina	374,724	54,625	429,349	—	1.80
Australia	115,083	9,934	125,017	—	.52
Austria	36,007	—	36,007	—	.15
Bahamas, Barbados, Grenada, Guyana, Jamaica, Trinidad and Tobago, and United Kingdom(4)	—	—	—	20,000	.08
Bangladesh	53,551	—	53,551	—	.22
Belgium	1,027	—	1,027	—	.01
Bolivia(5)	23,455	25,851	49,306	9,500	.25
Botswana	34,806	12,231	47,037	—	.20
Brazil	1,175,733	902,940	2,078,673	245,385	9.72
Burma	2,558	—	2,558	—	.01
Cameroon	53,340	44,949	98,289	—	.41
Chile	153,656	21,165	174,821	33,000	.87
China	255,582	7,683	263,265	—	1.10
Colombia	703,152	226,714	929,866	99,500	4.30
Congo, People's Republic of	29,605	—	29,605	38,000	.28
Costa Rica	94,317	73,086	167,403	39,000	.86
Cyprus	39,666	21,172	60,838	—	.25
Denmark	15,776	—	15,776	—	.07
Dominican Republic	23,359	27,743	51,102	—	.21
Ecuador	44,906	35,311	80,217	17,500	.41
Egypt, Arab Republic of	18,441	142,331	160,772	—	.67
El Salvador	46,184	32,150	78,334	—	.33
Ethiopia	80,305	4,327	84,632	—	.35
Fiji	15,243	7,641	22,884	12,000	.15
Finland	102,256	20,627	122,883	—	.51
Gabon	21,851	9,449	31,300	—	.13
Ghana	43,312	62,126	105,438	—	.44
Greece	72,650	96,742	169,392	84,900	1.06
Guatemala	44,788	31,015	75,803	14,500	.38
Guinea	82,690	—	82,690	—	.35
Guyana	16,203	23,186	39,389	—	.17
Honduras	65,439	52,246	117,685	—	.49
Iceland	37,865	4,536	42,401	—	.18
India	470,368	274,638	745,006	—	3.12
Indonesia	94,226	354,197	448,423	13,000	1.93
Iran	607,542	320,258	927,800	—	3.88
Iraq	41,043	97,304	138,347	—	.58
Ireland	76,700	74,200	150,900	—	.63
Israel	119,205	89,933	209,138	—	.87
Italy	72,803	—	72,803	—	.30
Ivory Coast	77,877	167,406	245,283	8,000	1.06
Jamaica	53,808	59,201	113,009	14,878	.53
Japan	475,075	—	475,075	—	1.99
Kenya	132,041	188,475	320,516	—	1.34
Kenya, Tanzania and Uganda(6)	160,317	38,693	199,010	15,000	.89
Korea	442,766	423,943	866,709	240,000	4.63

Appendix C

SUMMARY STATEMENT OF LOANS—(Continued)

June 30, 1975 and March 31, 1976 (Unaudited)

Expressed in United States Dollars (in thousands)

See Notes to Financial Statements, Appendix F

	March 31, 1976				
	Effective loans held by Bank				
Members liable as borrower or guarantor(1)	Disbursed portion	Undisbursed portion(2)	Total	Loans approved but not yet effective(3)	Percent of total effective and non-effective loans
Lebanon	$ 13,930	$ 32,009	$ 45,939	$ —	.19
Liberia	25,145	33,801	58,946	—	.25
Madagascar	27,132	6,750	33,882	—	.14
Malaysia	309,858	306,131	615,989	47,500	2.77
Mauritius	4,847	21,151	25,998	—	.11
Mexico	1,[illegible],490	688,211	1,919,701	314,200	9.34
Morocco	266,220	138,384	404,604	75,950	2.01
New Zealand	59,038	—	59,038	—	.25
Nicaragua	59,445	27,552	86,997	—	.36
Nigeria	356,956	224,340	581,296	125,000	2.95
Norway	48,035	—	48,035	—	.20
Oman	66	8,074	8,140	—	.03
Pakistan	351,583	87,140	438,723	50,000	2.04
Panama	73,010	53,681	126,691	—	.53
Paraguay	20,515	21,576	42,091	—	.18
Peru	157,652	74,079	231,731	112,500	1.44
Philippines	267,868	349,141	617,009	170,500	3.29
Portugal	48,468	—	48,468	—	.20
Romania	38,591	310,602	349,193	—	1.46
Senegal	11,867	16,832	28,699	21,600	.21
Sierra Leone	13,067	5,000	18,067	—	.08
Singapore	101,229	50,675	151,904	—	.64
South Africa	1,860	—	1,860	—	.01
Spain	282,112	81,658	363,770	—	1.52
Sri Lanka	37,601	10,208	47,809	—	.20
Sudan	75,664	—	75,664	—	.32
Swaziland	146	10,354	10,500	—	.04
Syrian Arab Republic	5,644	161,908	167,552	—	.70
Tanzania	83,887	55,227	139,114	—	.58
Thailand	294,837	271,464	566,301	26,000	2.48
Trinidad and Tobago	37,294	36,009	73,303	7,000	.34
Tunisia	116,951	133,915	250,866	47,898	1.25
Turkey	325,453	322,398	647,851	244,000	3.73
United Kingdom	40,624	—	40,624	—	.17
Uruguay	75,332	19,340	94,672	35,000	.54
Venezuela	245,446	25,199	270,645	—	1.13
Yugoslavia	640,679	384,579	1,025,258	48,950	4.49
Zaire	16,096	84,282	100,378	—	.42
Zambia	189,622	163,221	352,843	15,000	1.54
Sub-totals members(1)	$12,705,802	$ 8,434,827	$21,140,629	$ 2,338,261	
International Finance Corporation	308,316	128,201	436,517	—	1.83
Net amount that will be due from members for maintenance of value of currencies on loan—Note B	127,873	—	127,873	—	
Totals March 31, 1976	$13,141,991	$ 8,563,028	$21,705,019	$ 2,338,261	100.00
Totals June 30, 1975	$12,188,304	$ 7,674,979	$19,863,283	$ 2,459,208	

SUMMARY STATEMENT OF LOANS—(Concluded)

June 30, 1975 and March 31, 1976 (Unaudited)

Expressed in United States Dollars

See Notes to Financial Statements, Appendix F

Summary of Currencies Repayable on Effective Loans

Currencies	Amounts(2) June 30, 1975	March 31, 1976
	(in thousands)	
Argentine pesos	$ 31	$ 3
Australian dollars	118,197	117,055
Austrian schillings	55,640	53,028
Belgian francs	227,227	209,833
Brazilian cruzeiros	28,387	22,913
Burmese kyats	1,408	1,339
Canadian dollars	336,632	319,113
Danish kroner	39,132	34,930
Deutsche mark	2,929,445	3,045,196
Finnish markkaa	29,125	27,850
French francs	214,967	177,022
Ghanaian cedis	3,034	3,034
Greek drachmas	2,718	2,354
Indian rupees	44,894	47,071
Iranian rials	27,582	27,154
Iraqi dinars	2,948	3,035
Irish pounds	12,251	10,936
Italian lire	131,253	99,943
Japanese yen	1,591,426	1,463,590
Kuwaiti dinars	447,179	437,401
Lebanese pounds	35,155	32,143
Libyan dinars	140,936	133,031
Luxembourg francs	5,378	4,991
Malaysian dollars	29,342	27,466
Mexican pesos	40,914	42,437
Netherlands guilders	236,559	297,395
Norwegian kroner	45,555	39,635
Portuguese escudos	13,011	11,255
Pounds sterling	218,891	193,952
Rials Omani	651	651
Saudi Arabian riyals	150,616	155,963
Singapore dollars	4,912	4,729
South African rand	54,069	46,230
Spanish pesetas	58,220	50,754
Sri Lanka rupees	198	175
Sudanese pounds	2,786	2,535
Swedish kronor	106,734	98,682
Swiss francs	712,094	1,135,388
New Taiwan dollars	19,786	20,669
United Arab Emirates dirhams	80,701	82,753
United States dollars	3,725,509	4,395,986
Venezuelan bolivares	127,762	134,198
Disbursed portion of effective loans held by Bank	$12,053,255	$13,014,118
Add—Net amounts that will be due from members for maintenance of value of currencies on loan—Note B	135,049	127,873
	$12,188,304	$13,141,991
Add—Undisbursed portion of effective loans held by Bank	7,674,979	8,563,028
Effective loans held by Bank	$19,863,283	$21,705,019

(1) In some instances loans were made, with the guarantee of a member, in territories which at the time were included in that member's membership but which subsequently became independent and members of the Bank in their own right (except Malta which although independent is not a member of the Bank). In all these instances (except in the case of a loan to the Public Utilities Board of Singapore guaranteed by Malaysia) these territories have assumed liability as a borrower or guarantor. In order to avoid double counting, liabilities for these loans are shown under the name of the original member (whose guarantee continues unaffected). These loans are shown below together with an indication of the member under whose name they are listed.

GUARANTORS Borrowers	Amounts June 30, 1975	March 31, 1976
	(in thousands)	
AUSTRALIA		
Papua New Guinea	$ —	$49,982
BELGIUM		
*Burundi and Rwanda	68	27
Zaire	2,954	1,000
FRANCE		
Algeria	43	—
Mauritania	374	—
MALAYSIA		
Singapore (Public Utilities Board)	5,230	4,757
UNITED KINGDOM		
Kenya	1,788	1,450
Malta	21	14
Mauritius	1,969	1,850
Nigeria	7,448	5,759
*Southern Rhodesia and Zambia	19,683	17,846
Singapore	9,989	8,661
Swaziland	4,308	3,403
Trinidad and Tobago	725	725
Uganda	34	31
Zambia	918	361

* Loans made for joint benefit of territories listed (Southern Rhodesia is included in the membership of the United Kingdom).

Eight loans have also been made to the International Finance Corporation through March 31, 1976 (six through June 30, 1975).

(2) These amounts do not include $16,332,000 ($14,122,000 at June 30, 1975) of effective loans, which the Bank has agreed to sell, and $14,819,000 ($10,093,000 at June 30, 1975) of grant participations. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse $32,192,000 ($36,405,000 at June 30, 1975).

(3) Agreements providing for these loans have been approved by the Bank, but the loans do not become effective and disbursements thereunder do not start until the loans and related agreements have been signed and the borrowers and guarantors, if any, take certain action and furnish certain documents to the Bank. This amount is net of $2,839,000 ($9,742,000 at June 30, 1975) of loans not yet effective which the Bank has agreed to sell.

(4) Loans made to the Caribbean Development Bank for the benefit of the territories of the members listed (in the case of the United Kingdom the territories are those of its Associated States and Dependencies in the Caribbean region). The members will be severally liable as guarantors to the extent of sub-loans made in their territories.

(5) One loan equivalent to $23,250,000 is shown under Bolivia (Guarantor) but is also guaranteed by Argentina.

(6) Members jointly and severally liable.

Appendix D

SUMMARY STATEMENT OF BORROWINGS

June 30, 1975 and March 31, 1976 (Unaudited)

Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F

Currencies payable	Principal outstanding at June 30, 1975	Operations during the nine months ended March 31, 1976: Borrowings	Repayments and sinking fund and purchase fund purchases	Translation adjustments	Principal outstanding(1) at March 31, 1976	Weighted average effective interest rates(2): at March 31, 1976	at June 30, 1975	Due dates at March 31, 1976
Belgian francs	$ 80,851	$ —	$ (413)	$ (7,874)	$ 72,564	7.14%	7.14%	1977–1986
Canadian dollars ...	145,289	—	(537)	6,769	151,521	6.63	6.63	1976–1993
Deutsche mark	2,858,678	738,674	(268,680)	(190,444)	3,138,228(3)(4)	7.36	7.32	1976–1988
French francs	37,129	—	—	(5,002)	32,127	7.16	7.16	1977–1987
Italian lire	95,174	—	—	(23,769)	71,405	6.67	6.67	1976–1988
Japanese yen	1,636,916	60,560	(180,537)	(18,107)	1,498,832(3)	7.38	7.37	1976–1988
Kuwaiti dinars	422,733	—	(11,276)	(10,757)	400,700	7.09	7.10	1976–1992
Lebanese pounds ...	33,685	—	—	(3,166)	30,519	6.76	6.76	1978
Libyan dinars	135,113	—	(33,778)	—	101,335	7.63	7.72	1983
Netherlands guilders	195,883	55,793	(25,488)	(17,839)	208,349(4)	7.16	6.94	1976–1988
Pounds sterling ...	34,879	—	(662)	(4,432)	29,785	7.04	7.00	1976–1982
Saudi Arabian riyals	143,267	—	—	(1,624)	141,643	8.00	8.00	1984
Swedish kronor	38,076	—	—	(3,989)	34,087	6.58	6.58	1979–1992
Swiss francs	792,987	394,833	(24,671)	5,974	1,169,123(3)(4)	6.70	6.23	1977–1991
United Arab Emirates dirhams	75,999	—	—	1	76,000	8.00	8.00	1980–1989
United States dollars	5,692,485	2,151,589	(681,290)	—	7,162,784(5)	7.48	7.09	1976–2001
Venezuelan bolivares	123,687	—	—	—	123,687	7.91	7.91	1977–1989
Principal at face value	$12,542,831	$3,401,449	$(1,227,332)	$(274,259)	$14,442,689			
Less—Receivable under contracts ..	255,868	(36,157)	—	(1,331)	218,380(3)			
Principal outstanding at face value	$12,286,963	$3,437,606	$(1,227,332)	$(272,928)	$14,224,309			
Less—Net unamortized discounts and premiums ..	11,942	(768)	—	—	11,174			
Totals	$12,275,021	$3,438,374	$(1,227,332)	$(272,928)	$14,213,135			

(1) The following table shows the aggregate principal amount of maturities, sinking fund requirements, and in the cases of certain Canadian issues, non-cumulative purchase fund requirements, each year for the five years following the date of this statement:

Twelve-month period	Amounts: June 30, 1975	March 31, 1976
	(In thousands)	
First	$1,252,063	$1,372,628
Second	1,316,890	1,209,646
Third	600,440	745,849
Fourth	849,427	1,391,568
Fifth	1,293,507	1,776,026
Totals	$5,312,327	$6,495,717

SUMMARY STATEMENT OF BORROWINGS—(Concluded)

June 30, 1975 and March 31, 1976 (Unaudited)

Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F

(2) The effective interest rates are computed at the dates of issue, and include interest and discounts or premiums. For consistency, annual effective interest rates have been converted into semi-annual equivalents. The discounts or premiums are being amortized over the life of the issues by the "bonds outstanding method."

(3) Includes the following contracts to borrow for settlement on the dates indicated:

Issues	Amounts (in thousands)	Settlement dates
Deutsche mark		
8% Notes of 1976, due 1982-86 (DM 134 million)	$ 52,791	April 26, 1976
(DM 133 million)	52,397	May 26, 1976
	$105,188	
Japanese yen		
Serial Obligations of 1976, due 1982-83 (¥ 2,400 million) .	$ 8,008	June 11, 1976
(¥ 2,000 million) .	6,673	September 29, 1976
	$ 14,681	
Swiss francs		
7% Notes of 1976, due 1982-83 (SwF 250 million)	$ 98,511	April 26, 1976
Total	$218,380	

(4) In addition, the Bank has subsequently borrowed or entered into agreements to borrow as follows: f. 150 million (US equivalent $55.8 million) from the Algemene Bank Nederland N.V., the Amsterdam-Rotterdam Bank N.V. and the Bank Mees & Hope NV; f. 100 million (US equivalent $37.2 million) from the public in The Netherlands through a syndicate headed by the Algemene Bank Nederland N.V.; f. 50 million (US equivalent $18.6 million) from Pierson, Heldring & Pierson N.V.; SwF 100 million (US equivalent $39.4 million) as a private placement in Switzerland; SwF 100 million (US equivalent $39.4 million) from the public in Switzerland through a syndicate headed by the Swiss Bank Corporation and DM 300 million (US equivalent $118.2 million) from the public in the Federal Republic of Germany through a syndicate of German banks headed by the Deutsche Bank AG.

(5) Includes $127 million borrowed from the Interest Subsidy Fund which is administered by the Bank. The Fund, which obtained its resources from voluntary contributions from member governments, was established to subsidize the interest payments to the Bank on loans made to poorer developing countries.

Appendix E

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER

March 31, 1976 (Unaudited)

Expressed in Thousands of Units of Currency

See Notes to Financial Statements, Appendix F

Members	Subscriptions			Amounts paid in (Note B)		Amounts subject to call (Note B)		Voting power	
	Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Number of votes	Percent of total
Afghanistan	300	.12	$ 30,000	$ 3,000	$ 3,619	$ 27,000	$ 32,571	550	.19
Algeria	1,109	.43	110,900	11,090	13,378	99,810	120,405	1,359	.47
Argentina	3,733	1.46	373,300	37,330	45,033	335,970	405,297	3,983	1.39
Australia	5,671	2.22	567,100	56,710	68,412	510,390	615,708	5,921	2.06
Austria	2,304	.90	230,400	23,040	27,794	207,360	250,148	2,554	.89
Bahamas	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Bahrain	85	.03	8,500	850	1,025	7,650	9,229	335	.12
Bangladesh	1,067	.42	106,700	10,670	12,872	96,030	115,846	1,317	.46
Barbados	111	.04	11,100	1,110	1,339	9,990	12,051	361	.13
Belgium	5,545	2.17	554,500	55,450	66,892	499,050	602,028	5,795	2.02
Benin	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Bolivia	210	.08	21,000	2,100	2,533	18,900	22,800	460	.16
Botswana	43	.02	4,300	430	519	3,870	4,669	293	.10
Brazil	3,733	1.46	373,300	37,330	45,033	335,970	405,297	3,983	1.39
Burma	507	.20	50,700	5,070	6,116	45,630	55,046	757	.26
Burundi	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Cambodia	214	.08	21,400	2,140	2,582	19,260	23,234	464	.16
Cameroon	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Canada	9,418	3.68	941,800	94,180	113,614	847,620	1,022,525	9,668	3.36
Central African Republic	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Chad	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Chile	943	.37	94,300	9,430	11,376	84,870	102,383	1,193	.41
China	7,500	2.93	750,000	75,000	90,476	675,000	814,285	7,750	2.70
Colombia	933	.36	93,300	9,330	11,255	83,970	101,297	1,183	.41
Congo, People's Republic of	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Costa Rica	107	.04	10,700	1,070	1,291	9,630	11,617	357	.12
Cyprus	222	.09	22,200	2,220	2,678	19,980	24,103	472	.16
Denmark	2,211	.86	221,100	22,110	26,672	198,990	240,051	2,461	.86
Dominican Republic	143	.06	14,300	1,430	1,725	12,870	15,526	393	.14
Ecuador	181	.07	18,100	1,810	2,183	16,290	19,651	431	.15
Egypt, Arab Republic of	1,421	.56	142,100	14,210	17,142	127,890	154,280	1,671	.58
El Salvador	120	.05	12,000	1,200	1,448	10,800	13,029	370	.13
Equatorial Guinea	64	.03	6,400	640	772	5,760	6,949	314	.11
Ethiopia	114	.04	11,400	1,140	1,375	10,260	12,377	364	.13
Fiji	111	.04	11,100	1,110	1,339	9,990	12,051	361	.13
Finland	1,621	.63	162,100	16,210	19,555	145,890	175,994	1,871	.65
France	12,792	5.00	1,279,200	127,920	154,316	1,151,280	1,388,845	13,042	4.54
Gabon	120	.05	12,000	1,200	1,448	10,800	13,029	370	.13
Gambia, The	53	.02	5,300	530	639	4,770	5,754	303	.11
Germany, Federal Republic of	13,653	5.34	1,365,300	136,530	164,703	1,228,770	1,482,325	13,903	4.83
Ghana	734	.29	73,400	7,340	8,855	66,060	79,691	984	.34
Greece	736	.29	73,600	7,360	8,879	66,240	79,909	986	.34
Grenada	17	.01	1,700	170	205	1,530	1,846	267	.09
Guatemala	123	.05	12,300	1,230	1,484	11,070	13,354	373	.13
Guinea	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Guyana	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Haiti	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Honduras	84	.03	8,400	840	1,013	7,560	9,120	334	.12
Iceland	184	.07	18,400	1,840	2,220	16,560	19,977	434	.15
India	9,000	3.52	900,000	90,000	108,571	810,000	977,142	9,250	3.22

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER—(Continued)

March 31, 1976 (Unaudited)

Expressed in Thousands of Units of Currency
See Notes to Financial Statements, Appendix F

Members	Subscriptions			Amounts paid in (Note B)		Amounts subject to call (Note B)		Voting power	
	Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Number of votes	Percent of total
Indonesia	2,200	.86	$ 220,000	$ 22,000	$ 26,540	$ 198,000	$ 238,857	2,450	.85
Iran	1,580	.62	158,000	15,800	19,060	142,200	171,543	1,830	.64
Iraq	698	.27	69,800	6,980	8,420	62,820	75,783	948	.33
Iceland	1,032	.40	103,200	10,320	12,450	92,880	112,046	1,282	.45
Israel	1,108	.43	110,800	11,080	13,366	99,720	120,297	1,358	.47
Italy	8,525	3.33	852,500	85,250	102,841	767,250	925,571	8,775	3.05
Ivory Coast	365	.14	36,500	3,650	4,403	32,850	39,629	615	.21
Jamaica	446	.17	44,600	4,460	5,380	40,140	48,423	696	.24
Japan	10,230	4.00	1,023,000	102,300	123,409	920,700	1,110,685	10,480	3.64
Jordan	187	.07	18,700	1,870	2,256	16,830	20,303	437	.15
Kenya	400	.16	40,000	4,000	4,825	36,000	43,429	650	.23
Korea	682	.27	68,200	6,820	8,227	61,380	74,046	932	.32
Kuwait	694	.27	69,400	6,940	8,372	62,460	75,348	944	.33
Laos	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Lebanon	90	.04	9,000	900	1,086	8,100	9,771	340	.12
Lesotho	43	.02	4,300	430	519	3,870	4,669	293	.10
Liberia	213	.08	21,300	2,130	2,570	19,170	23,126	463	.16
Libyan Arab Republic	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Luxembourg	200	.08	20,000	2,000	2,413	18,000	21,714	450	.16
Madagascar	219	.09	21,900	2,190	2,642	19,710	23,777	469	.16
Malawi	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Malaysia	1,587	.62	158,700	15,870	19,145	142,830	172,303	1,837	.64
Mali	173	.07	17,300	1,730	2,087	15,570	18,783	423	.15
Mauritania	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Mauritius	188	.07	18,800	1,880	2,268	16,920	20,411	438	.15
Mexico	2,280	.89	228,000	22,800	27,505	205,200	247,543	2,530	.88
Morocco	960	.38	96,000	9,600	11,581	86,400	104,228	1,210	.42
Nepal	112	.04	11,200	1,120	1,351	10,080	12,160	362	.13
Netherlands	5,923	2.32	592,300	59,230	71,452	533,070	643,068	6,173	2.15
New Zealand	1,716	.67	171,600	17,160	20,701	154,440	186,308	1,966	.68
Nicaragua	91	.04	9,100	910	1,098	8,190	9,880	341	.12
Niger	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Nigeria	1,152	.45	115,200	11,520	13,897	103,680	125,074	1,402	.49
Norway	2,048	.80	204,800	20,480	24,706	184,320	222,354	2,298	.80
Oman	60	.02	6,000	600	724	5,400	6,514	310	.11
Pakistan	2,000	.78	200,000	20,000	24,127	180,000	217,143	2,250	.78
Panama (1)	176	.07	17,600	1,760	2,123	15,840	19,108	426	.15
Papua New Guinea	171	.07	17,100	1,710	2,063	15,390	18,565	421	.15
Paraguay	60	.02	6,000	600	724	5,400	6,514	310	.11
Peru	735	.29	73,500	7,350	8,867	66,150	79,800	985	.34
Philippines	1,322	.52	132,200	13,220	15,948	118,980	143,531	1,572	.55
Portugal	800	.31	80,000	8,000	9,651	72,000	86,857	1,050	.37
Qatar	171	.07	17,100	1,710	2,063	15,390	18,566	421	.15
Romania	1,621	.63	162,100	16,210	19,555	145,890	175,994	1,871	.65
Rwanda	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Saudi Arabia	1,143	.45	114,300	11,430	13,789	102,870	124,097	1,393	.48
Senegal (1)	333	.13	33,300	3,330	4,017	29,970	36,154	583	.20
Sierra Leone	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Singapore	320	.13	32,000	3,200	3,860	28,800	34,743	570	.20
Somalia	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
South Africa	2,730	1.07	273,000	27,300	32,933	245,700	296,400	2,980	1.04
South Viet-Nam	543	.21	54,300	5,430	6,550	48,870	58,954	793	.28
Spain	3,371	1.32	337,100	33,710	40,666	303,390	365,994	3,621	1.26
Sri Lanka	827	.32	82,700	8,270	9,976	74,430	89,789	1,077	.37
Sudan	600	.23	60,000	6,000	7,238	54,000	65,143	850	.30

Appendix E

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER—(Concluded)

March 31, 1976 (Unaudited)

Expressed in Thousands of Units of Currency
See Notes to Financial Statements, Appendix F

Members	Subscriptions			Amounts paid in (Note B)		Amounts subject to call (Note B)		Voting Power	
	Shares	Percent of total	Amounts expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Expressed in United States dollars of the weight and fineness in effect on July 1, 1944	Expressed in current United States dollars	Number of votes	Percent of total
Swaziland	68	.03	$ 6,800	$ 680	$ 820	$ 6,120	$ 7,383	318	.11
Sweden	2,773	1.08	277,300	27,730	33,452	249,570	301,068	3,023	1.05
Syrian Arab Republic	421	.16	42,100	4,210	5,079	37,890	45,709	671	.23
Tanzania	350	.14	35,000	3,500	4,222	31,500	38,000	600	.21
Thailand	1,143	.45	114,300	11,430	13,789	102,870	124,097	1,393	.48
Togo	150	.06	15,000	1,500	1,810	13,500	16,286	400	.14
Trinidad and Tobago	535	.21	53,500	5,350	6,454	48,150	58,086	785	.27
Tunisia	373	.15	37,300	3,730	4,500	33,570	40,497	623	.22
Turkey	1,286	.50	128,600	12,860	15,514	115,740	139,623	1,536	.53
Uganda	333	.13	33,300	3,330	4,017	29,970	36,154	583	.20
United Arab Emirates	128	.05	12,800	1,280	1,544	11,520	13,897	378	.13
United Kingdom	26,000	10.17	2,600,000	260,000	313,651	2,340,000	2,822,856	26,250	9.13
United States	64,730	25.30	6,473,000	647,300	780,869	5,825,700	7,027,825	64,980	22.60
Upper Volta	100	.04	10,000	1,000	1,206	9,000	10,857	350	.12
Uruguay	411	.16	41,100	4,110	4,958	36,990	44,623	661	.23
Venezuela	1,972	.77	197,200	19,720	23,789	177,480	214,103	2,222	.77
Western Samoa	17	.01	1,700	170	205	1,530	1,846	267	.09
Yemen Arab Republic	85	.03	8,500	850	1,025	7,650	9,229	335	.12
Yemen, People's Dem. Rep. of	248	.10	24,800	2,480	2,992	22,320	26,926	498	.17
Yugoslavia	1,178	.46	117,800	11,780	14,211	106,020	127,897	1,428	.50
Zaire	960	.38	96,000	9,600	11,581	86,400	104,228	1,210	.42
Zambia	648	.25	64,800	6,480	7,817	58,320	70,355	898	.27
Totals	255,813	100.00	$25,581,300	$2,558,130	$3,085,997	$23,023,170	$27,773,968	287,563	100.00

(1) The equivalent of $95,000 in current United States dollars has been received from members on account of increases in subscriptions which are in process of completion: Panama $60,000 and Senegal $35,000.

NOTES TO FINANCIAL STATEMENTS

(Audited only as to June 30, 1975 and the five years then ended)

Summary of Significant Accounting and Related Policies

Translation of Currencies

The financial statements are expressed in terms of current United States dollar equivalents solely for the purpose of summarizing the Bank's financial position and the results of its operations for the convenience of its members and other interested parties.

The Bank is an international institution which conducts its operations in the currencies of all of its members. The Bank's resources are derived from its capital, borrowings and accumulated earnings in the various currencies of its members and are held, invested or lent in those same currencies. The Bank matches its borrowing obligations in any one currency with assets in the same currency, as prescribed by its Articles of Agreement, by holding, investing or lending the proceeds of its borrowings in the same currencies in which they were borrowed, and the Bank as far as possible maintains a neutral currency position by not converting one currency into another.

In general, the Bank translates its assets and liabilities in currencies other than United States dollars at market rates of exchange to the United States dollar at the statement's date, with the exception of buildings and deferred charges which are translated at exchange rates in effect when the buildings were acquired or the charges incurred. Prior to June 30, 1974 currencies were translated at the par values, central rates or at the capital subscription rates which approximated market rates of exchange. Income and expenses other than depreciation and amortization charges are translated at an average of the market rates of exchange in effect during the reporting period. The capital stock which is expressed in terms of the United States dollar of the weight and fineness in effect on July 1, 1944 is translated into current dollars at the rate of $1.20635 per 1944 dollar.

Under the Bank's present policies, adjustments arising from the translation of currencies to the United States dollar equivalent would not now or in the future result in realized gains or losses such as would result from the conversion of the various currencies into United States dollars. Accordingly translation adjustments, with the exception of those relating to capital subscriptions described in Note B, are charged or credited to the General Reserve rather than Income (See Note A). In those few instances where currencies are converted from one currency to another, the resulting gain or loss, if any, is included in the determination of net income.

Investments

Investment securities are recorded at cost or amortized cost. Gains or losses on sales of investments, measured by the difference between average cost and proceeds of sales, are recorded at the trade date as an element of income from investments.

Loans

All of the Bank's loans are made to, or guaranteed by, member governments with the exception of loans to the International Finance Corporation. The principal amounts of loans are repayable in the currencies borrowed. Interest and other charges on loans are also payable in the currencies borrowed. The Bank has not suffered any losses on loan receivables and it has a policy of not participating in moratoria or reschedulings. No losses on receivables are anticipated and accordingly, no reserve for loan losses has been established; however, should such losses arise they would be included in the determination of net income.

NOTES TO FINANCIAL STATEMENTS—(Continued)

(Audited only as to June 30, 1975 and the five years then ended)

Administrative Expenses

A management fee is charged to the International Development Association and a service and support fee to the International Finance Corporation representing their respective shares of the administrative expenses of the Bank.

Disposition of Income and General Reserve

The Bank has not declared or paid any dividends to its members. Commencing in 1950, a portion or all of the accumulated net income has been allocated to the General Reserve, formerly called the Supplemental Reserve against Losses on Loans and from Currency Devaluations (See Note D).

Since 1964, it has been the Bank's policy to transfer to the International Development Association that part of the year's income which was not needed for allocation to reserves or otherwise required to be retained in the Bank's business and accordingly could have been prudently distributed as dividends. Such transfers are accounted for as a charge to accumulated net income.

Staff Retirement Plan

The Bank has a contributory retirement Plan for its staff, which also covers the staff of the International Finance Corporation. All contributions to the Plan and all other assets and income of the Plan are held by the Bank separately from the assets of the Bank and the Corporation and can be used only for the benefit of the participants in the Plan and their beneficiaries. The total cost of the Plan for the periods presented (See Note F) includes amortization of unfunded liabilities resulting from prior service costs over a period of 40 years. The Bank's policy is to fund pension costs accrued.

NOTE A—TRANSLATION OF CURRENCIES

A Statement issued in 1975 by the Financial Accounting Standards Board in the United States requires that foreign currency translation adjustments be included in the determination of net income for the period in which they occur; however, in view of its character as an international institution and its related financial policies described above, the Bank does not deem this Statement to be applicable in the circumstances. Had the Bank complied with this Statement net income for the five fiscal years ended June 30, 1971 through June 30, 1975 and for the nine months ended March 31, 1975 and March 31, 1976 would have increased (or decreased) by the following amounts: $2,255,000—June 30, 1971, $50,623,000—June 30, 1972, $80,819,000—June 30, 1973, ($53,776,000)—June 30, 1974, $13,909,000—June 30, 1975, $49,802,000—March 31, 1975 and ($124,061,000)—March 31, 1976.

NOTE B—CAPITAL STOCK, RESTRICTED CURRENCIES AND MAINTENANCE OF VALUE

In the Articles of Agreement, the capital stock of the Bank is expressed in terms of United States dollars of the weight and fineness in effect on July 1, 1944, and comprises 270,000 authorized shares of the par value of $100,000 each, of which 255,489 shares at June 30, 1975 and 255,813 shares at March 31, 1976, have been subscribed. Ten percent of the capital subscriptions has been called and paid in; the remaining ninety percent is subject to call by the Bank only when required to meet the obligations of the Bank created by borrowing or by guaranteeing loans. As to $24,656,703,000 at June 30, 1975 and $24,687,971,000 at March 31,

NOTES TO FINANCIAL STATEMENTS—(Continued)

(Audited only as to June 30, 1975 and the five years then ended)

1976, the restriction on calls is imposed by the Articles of Agreement and, as to $3,082,088,000 at June 30, 1975 and $3,085,997,000 at March 31, 1976, by resolutions of the Board of Governors.

The portion of capital subscriptions paid in to the Bank is divided into two parts: (1) $308,209,000 at June 30, 1975 and $308,600,000 at March 31, 1976 initially paid in gold or United States dollars, and (2) $2,773,879,000 at June 30, 1975 and $2,777,397,000 at March 31, 1976 paid in the currencies of the respective members. Of this latter portion an amount of $121,527,000 at June 30, 1975 and $124,335,000 at March 31, 1976 was subsequently converted by members into United States dollars, subject to the right of the Bank or the members to reverse the transactions. The amounts initially paid in gold or United States dollars or subsequently converted by members into United States dollars are freely usable by the Bank in any of its operations; however, the remaining amounts paid in the currencies of the members, hereinafter called restricted currencies, are usable by the Bank in its lending operations only with the consent of the respective members. The equivalent of $1,968,486,000 at June 30, 1975 and $1,844,224,000 at March 31, 1976 had been used with such consent.

Article II, Section 9 of the Articles of Agreement provides for maintenance, as of the time of subscription, of the value of such restricted currencies, requiring (1) the member to make additional payments to the Bank in the event that the par value of its currency is reduced or the foreign exchange value of its currency has, in the opinion of the Bank, depreciated to a significant extent in its territories, and (2) the Bank to reimburse the member in the event that the par value of its currency is increased. On March 16, 1973, the Executive Directors resolved that, for all members that established central rates for their respective currencies, pending establishment of new par values, maintenance of value obligations be settled on the basis of those central rates. These obligations of the members and of the Bank become effective immediately upon the happening of those events with respect to holdings of restricted currencies represented by currency balances and demand obligations. With respect to restricted currencies out on loan, these obligations become effective only as and when such currencies are recovered by the Bank, except that in several cases the Bank and the members concerned have agreed to make provisional settlements of such obligations, by means of one or more payments over periods not exceeding five years. The amounts thus receivable, $1,246,000 at June 30, 1975 and $744,000 at March 31, 1976, or payable, $20,137,000 at June 30, 1975 and $18,615,000 at March 31, 1976, by the Bank are included in Amounts Required to Maintain Value of Currency Holdings under the headings Receivable on Account of Subscribed Capital and under Liabilities, respectively.

Where market rates of exchange are not related to par values or central rates, as in the cases of a majority of members, and where there are differences between market rates of exchange and the rates at which capital subscriptions of members have been paid or are payable, such differences are shown as Translation Adjustments on Capital Subscriptions under the heading Other Assets. The amount thus established, $87,775,000 at June 30, 1975 and $249,314,000 at March 31, 1976, which consists of notional receivables, $179,354,000 at June 30, 1975 and $272,396,000 at March 31, 1976, and notional payables, $91,579,000 at June 30, 1975 and $23,082,000 at March 31, 1976, will become maintenance of value obligations if and when the provisions of Article II, Section 9 of the Articles of Agreement or the resolution of the Executive Directors described above become applicable.

NOTES TO FINANCIAL STATEMENTS—(Continued)

(Audited only as to June 30, 1975 and the five years then ended)

Under the present system of floating exchange rates and the absence of establishment of, or changes in, the par values or central rates by member countries, the timing of the establishment and settlement of maintenance of value obligations is uncertain.

The Bank has under consideration the effect of proposed amendments to the Articles of Agreement of the International Monetary Fund upon the method of valuation of the Bank's capital stock. See page 4.

For information concerning a proposed increase in capital stock, see page 5.

NOTE C—INVESTMENTS

The market value of investment securities was $4,768,233,000 compared with a cost of $4,790,612,000 at June 30, 1975 and $6,151,930,000 compared with a cost of $6,162,902,000 at March 31, 1976, including investments not traded in the market which were valued at their cost of $1,047,909,000 ($530,180,000 at March 31, 1976). The item Investments included securities purchased under agreements to resell amounting to $600,000,000 at June 30, 1975 and $175,700,000 at March 31, 1976.

NOTE D—RESERVES

In order to comply with the requirements of a Statement issued in 1975 by the Financial Accounting Standards Board in the United States, the Supplemental Reserve against Losses on Loans and from Currency Devaluations and the Special Reserve have been restated in the balance sheet under the heading Capital and Reserves. The Supplemental Reserve has been renamed General Reserve.

Consistent with past practice, the General Reserve (as renamed) is charged or credited with net translation adjustments resulting from currency devaluations and revaluations (See Statement of Changes in General Reserve).

In 1972 and 1973 such translation adjustments were net of $28,705,000 and $41,791,000, respectively, representing the effect of the devaluations of the United States dollar in terms of 1944 dollars on certain portions of the Bank's paid-in capital for which members had no maintenance of value obligation under the Articles of Agreement.

The Special Reserve consists of amounts of loan commissions set aside pursuant to Article IV, Section 6 of the Articles of Agreement, which are to be held in liquid form and to be used only for the purpose of meeting liabilities of the Bank on its borrowings and guarantees. As a result of a decision made in 1964, the allocation of such commissions to the Special Reserve was discontinued in respect of subsequent loans and no further additions are being made to it. The market value of investment securities set aside for this purpose was $301,091,000 at June 30, 1975 and $292,316,000 at March 31, 1976.

NOTE E—CONTRIBUTIONS TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

The Bank has authorized transfers by way of grants to the International Development Association totalling $1,025,000,000 at March 31, 1976 ($915,000,000 at June 30, 1975) from net income for the fiscal years ended June 30, 1964 through June 30, 1975. Of this amount $558,443,000 was payable at March 31, 1976 and $454,433,000 at June 30, 1975.

NOTES TO FINANCIAL STATEMENTS—(Concluded)

(Audited only as to June 30, 1975 and the five years then ended)

NOTE F—STAFF RETIREMENT PLAN

The cost of the Plan to the Bank for the fiscal years ended June 30, 1971 through June 30, 1975 and the nine months ended March 31, 1975 and March 31, 1976 were as follows:

$4,738,000—June 30, 1971, $5,859,000—June 30, 1972, $7,117,000—June 30, 1973, $11,316,000—June 30, 1974, $16,670,000—June 30, 1975, $12,121,000—March 31, 1975 and $15,327,000—March 31, 1976.

Certain changes in the benefit provisions of the Plan became effective in 1973 and 1974 and changes in the funding arrangements were made during the fiscal year ended June 30, 1975. As a result of these changes the net cost to the Bank for the fiscal year ended June 30, 1974 included an additional cost of $1,780,000 and for the fiscal year ended June 30, 1975 and the nine months ended March 31, 1975 and March 31, 1976 the net cost included the following amortization of unfunded liabilities over a period of 40 years: $4,304,000—June 30, 1975, $3,272,000—March 31, 1975 and $3,208,000—March 31, 1976. The Bank's policy is to fund pension costs accrued.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By ROBERT S. MCNAMARA
President


INTERNATIONAL BANK FOR
WORLD BANK
RECONSTRUCTION AND DEVELOPMENT