

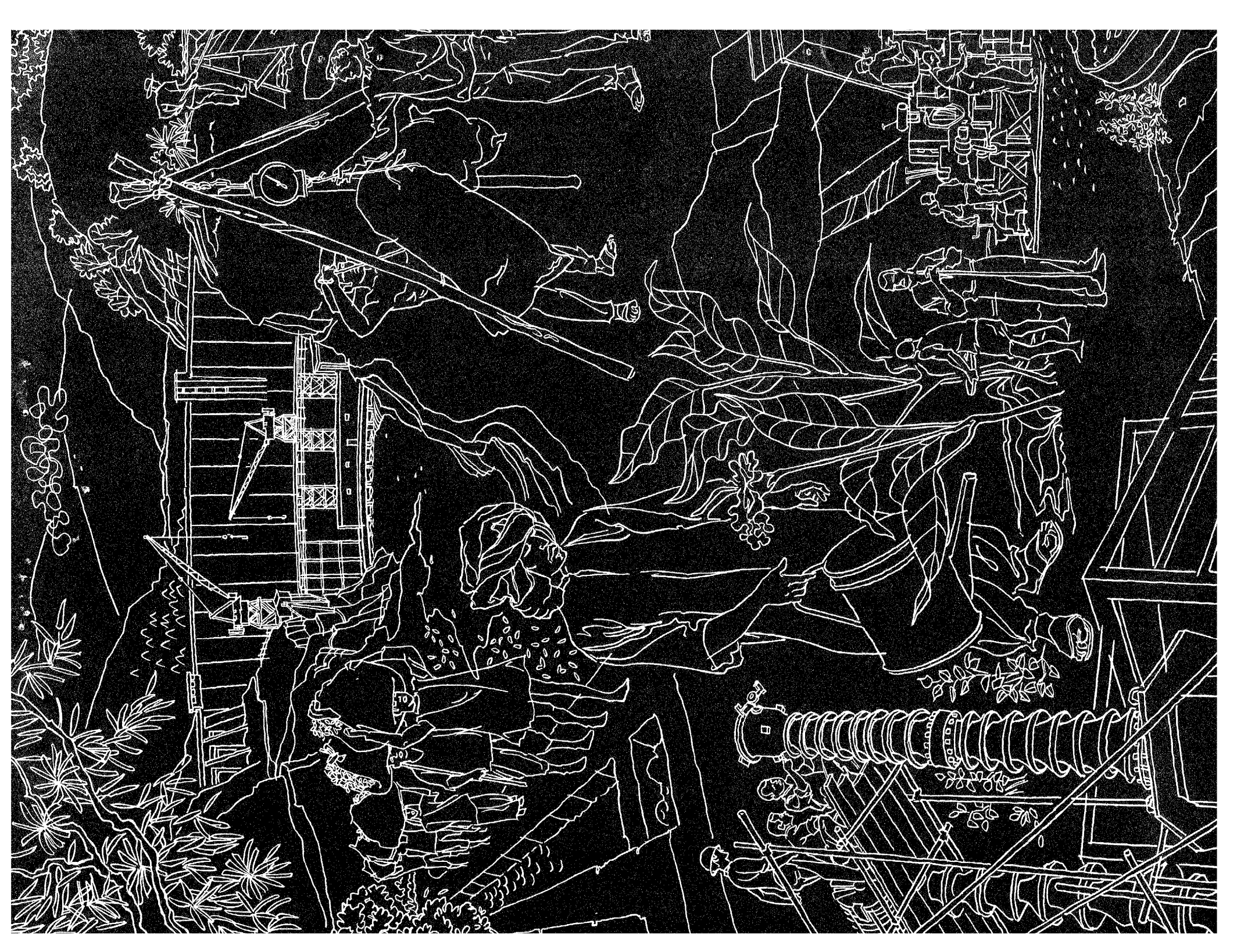
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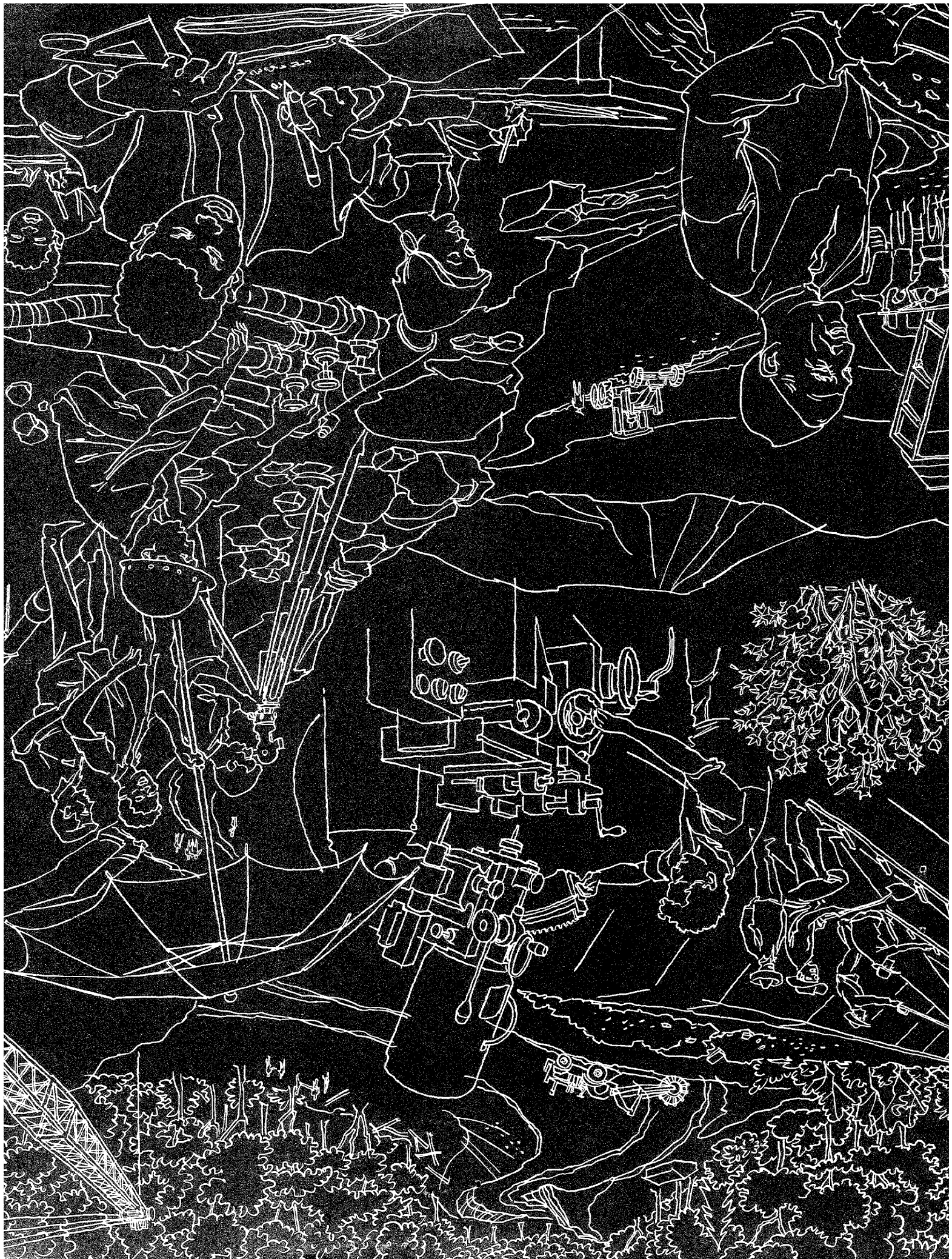
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WORLD BANK  
INTERNATIONAL DEVELOPMENT ASSOCIATION

Annual Report 1968

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**International Bank for Reconstruction and Development  
International Development Association**

Office of the President

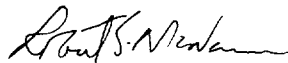
September 30, 1968

Dear Mr. Chairman:

In accordance with Section 10 of the By-Laws of the International Bank for Reconstruction and Development and Section 2 of the By-Laws of the International Development Association, I have been authorized by the Executive Directors of the Bank and the Association to submit to the Boards of Governors this Annual Report for the fiscal year July 1, 1967 to June 30, 1968.

I have also been authorized by the Executive Directors of the Bank and the Association to submit to the Boards of Governors, in accordance with Section 19 of the By-Laws of the Bank and Section 8 of the By-Laws of the Association, the audited financial statements as of June 30, 1968, and the Administrative Budgets for the fiscal year ending June 30, 1969. They are contained in the Appendices of the Report.

Sincerely,



Robert S. McNamara

Chairman  
Boards of Governors  
International Bank for Reconstruction and Development  
and International Development Association



# Financial Highlights

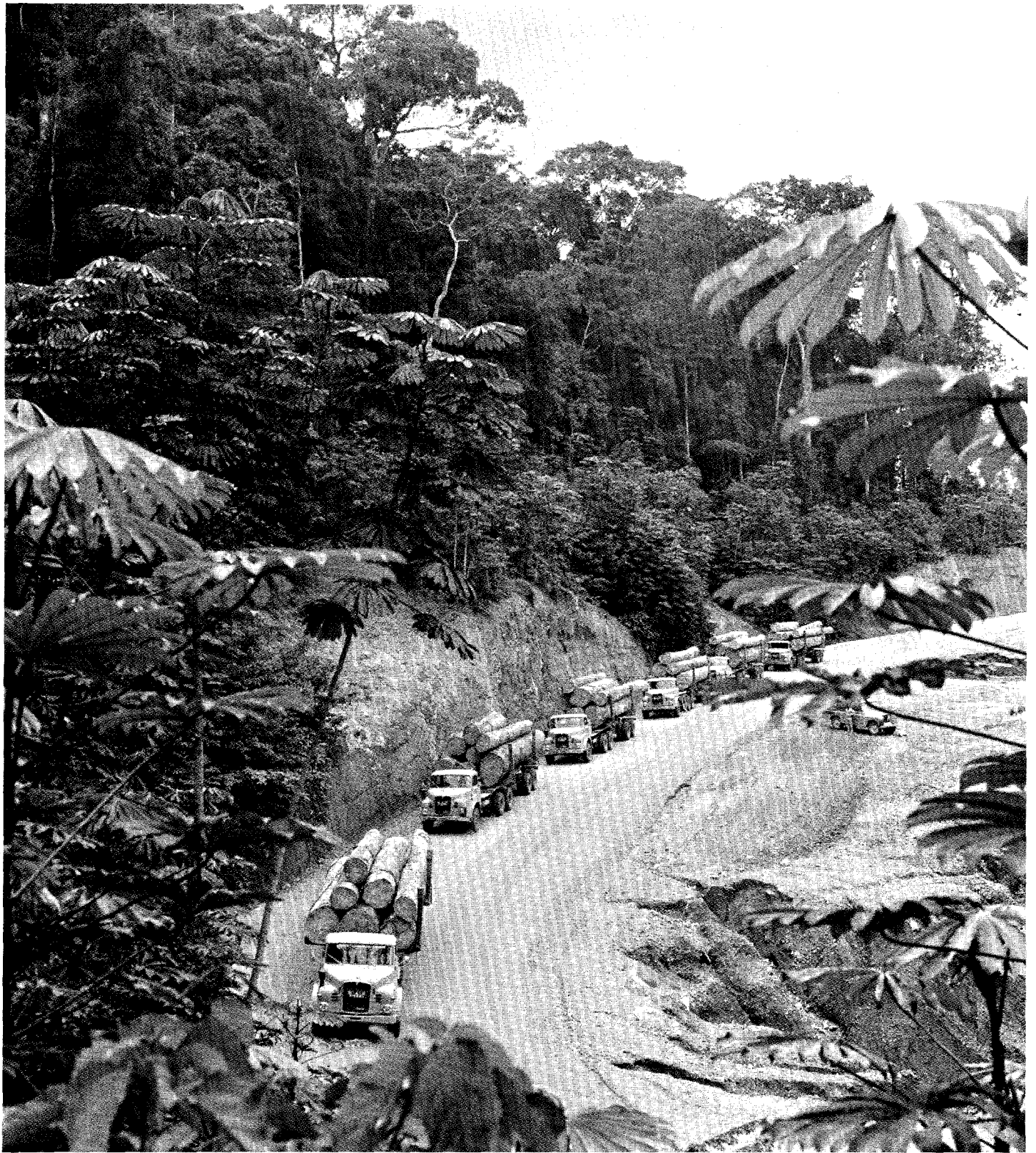
Expressed in millions of United States Dollars

	Fiscal Year									
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
<b>World Bank</b>										
Loans of the Year	\$ 703	\$ 659	\$ 610	\$ 882	\$ 449	\$ 810	\$ 1,023	\$ 839	\$ 877	\$ 847
Disbursements	583	544	398	485	620	559	606	668	790	772
Sales of Parts of Bank Loans	148	243	202	319	273	173	106	82	69	107
Repayments of Loans to Bank	45	74	101	104	113	117	137	166	188	237
Gross Income	122	151	167	188	204	219	267	292	331	356
Net Income	46	59	63	70	83	97	137	144	170	169
Total of Supplemental Reserve	282	341	408	476	558	558	606	664	733	869
Total of Special Reserve	138	165	194	223	255	288	289	290	290	291
Total Reserves	420	506	602	699	813	846	895	954	1,023	1,160
Borrowings (gross) <sup>(1)</sup>	432	374	787	271	121	100	598	288	729	735
Subscribed Capital	9,557	19,308	20,093	20,485	20,730	21,186	21,669	22,426	22,850	22,942
Number of Member Countries	68	68	68	75	85	102	102	103	106	107
<b>IDA</b>										
Credits of the Year	\$ —	\$ —	\$ 101	\$ 134	\$ 260	\$ 283	\$ 309	\$ 284	\$ 354	\$ 107
Disbursements	—	—	—	12	56	124	222	267	342	319
Funds Available for New Credits	—	—	655	529	283	677	511	322	78	41
Number of Member Countries	—	—	51	62	76	93	94	96	97	98
<b>Bank Loans</b>										
Cumulative Total <sup>(2)</sup>	\$4,426	\$ 5,068	\$ 5,669	\$ 6,544	\$ 6,983	\$ 7,754	\$ 8,772	\$ 9,584	\$10,442	\$11,247
Number of Loans	234	265	292	321	349	386	424	461	508	552
Number of Countries	50	53	57	60	64	73	77	79	81 <sup>(3)</sup>	85 <sup>(3)</sup>
<b>IDA Credits</b>										
Cumulative Total <sup>(2)</sup>	\$ —	\$ —	\$ 101	\$ 235	\$ 495	\$ 778	\$ 1,086	\$ 1,365	\$ 1,694	\$ 1,788
Number of Credits	—	—	4	22	39	57	77	89	109	127
Number of Countries	—	—	4	11	18	22	29	32	38	40
<b>Total Loans and Credits<sup>(2)</sup></b>										
Cumulative Total	\$4,426	\$ 5,068	\$ 5,770	\$ 6,779	\$ 7,478	\$ 8,532	\$ 9,858	\$10,949	\$12,136	\$13,035
Number of Loans and Credits	234	265	296	343	388	443	501	550	617	679
Number of Countries	50	53	57	63	68	78	85	88	92 <sup>(3)</sup>	94 <sup>(3)</sup>

<sup>(1)</sup> Including delayed deliveries.

<sup>(2)</sup> Initial commitments net of cancellations, terminations and refundings.

<sup>(3)</sup> Plus line of credit to International Finance Corporation.



4

*A convoy of lumber trucks traveling along a new road in Gabon. A \$12 million Bank loan has helped to construct vital highways to open up new forest regions to commercial logging operations.*

## Part One: The Year's Activities

The economic prospects of a number of developing countries<sup>1</sup> have improved in some important respects during the past year, notably in regard to agriculture. As discussed in Part Two of this Report, the steps taken in recent years to raise agricultural output have produced significant results in several countries. The higher yields of food grains achieved in the populous region of Asia by the use of better seed varieties in conjunction with fertilizer and other necessary inputs, and assisted by good weather, have been particularly encouraging. A greater willingness has become evident in the developing countries, on the part of governments and farmers alike, to adopt the measures and techniques necessary to sustain the improvement in agricultural production.

Several countries have also been working on the development of more effective family planning programs, recognizing a need to reduce the heavy burden on their resources of the continuing rapid growth in their populations. Despite the improvement in agriculture, the relationship of food supplies to population remains a matter of grave concern. Current efforts by the developing countries in both these matters need to be broadened and intensified if the possibility of serious food shortages is to be removed, and the way opened for faster economic development.

The developing countries have continued to make progress during the

past year in improving power supplies, transportation and other essential infrastructure facilities. Further steps have been taken by some countries in respect to the exploitation of available mineral resources.

The foreign exchange earnings of developing countries were adversely affected in 1967 by a slowdown in the growth of the world economy. Apart from this cyclical factor, many countries in the developing world have continued to be faced with more basic difficulties arising from their heavy dependence on the export of a small number of primary commodities, prices of which have been unstable and often declining. As this Report is written, the International Bank for Reconstruction and Development (World Bank), in association with the International Monetary Fund (IMF), is actively engaged in the preparation of a study of the problem of the stabilization of prices of primary products for submission to the Boards of Governors, in response to resolutions adopted at the 1967 Annual Meetings in Rio de Janeiro.

Endeavors by developing countries to increase their foreign exchange earnings have again been hampered by tariffs and other limitations on imports in developed countries. At the second session of the United Nations Conference on Trade and Development (UNCTAD), in New Delhi during February and March 1968, there was unanimous agreement in favor of the early establishment of a mutually acceptable system of generalized, non-reciprocal and non-discriminatory preferences to

increase developing countries' exports, promote their industrialization and accelerate their economic growth, and machinery for formulating such a system was established. The granting of trade preferences to the developing countries would be a substantial help to the development process.

The flow of official development assistance from the developed to developing countries increased in 1967, owing at least in part to disbursements under aid commitments made in earlier years. The aid programs of several of the smaller countries which are donors of development assistance were expanded during the year, but some of the major donors were preoccupied with their own economic problems and, according to preliminary information, new commitments of assistance by the developed countries as a whole remained at about the same level as in previous years.

To provide the necessary groundwork for a reassessment of their development efforts by both donors and recipients of development assistance, the President of the World Bank Group recommended in November 1967 that a "Grand Assize" might be undertaken to assess the results of the last 20 years of development activity, to identify the accomplishments and errors and to suggest policies which might be more effective in future. Discussions which may lead to a study of this kind are continuing. Any such study would be fully coordinated with the work of the United Nations on the Second Development Decade.

<sup>1</sup>For the classification of countries used in this Report, see Note, page 31.

The fiscal year ended June 30, 1968, witnessed a contraction from \$1,130.3 million<sup>2</sup> to \$953.5 million in the amount of finance provided for economic development by the World Bank and its affiliate, the International Development Association (IDA). The decline was caused entirely by the approaching exhaustion of the resources of IDA, which lends on concessionary terms and is mainly dependent on contributions from developed member governments for its funds.

Discussions begun during the previous fiscal year for a second general replenishment of IDA's resources were completed in March 1968. In that month a proposal for replenishing the Association's funds was submitted by the Executive Directors to member governments for approval. The target date for the second replenishment to become effective was originally fixed at June 30, 1968. It was subsequently extended to September 30 (see pages 25-26).

With the meager resources left at its disposal, IDA was able to make commitments to provide only a small volume of finance during the past year. Including credits which were brought to the stage of being ready for presentation to the Executive Directors for their consideration but for which approval had to be deferred until new replenishment funds become available, IDA credits negotiated in 1967/68 totaled \$276 million. The actual amount of credits which could be committed during the period, however, totaled only \$106.6 million to 14 countries, compared with \$353.5 million to 13 countries in 1966/67.

The World Bank lent a total of \$847.0 million to assist development in 31 countries, compared with \$776.8<sup>2</sup> million in 33 countries during the previous

fiscal year. The strong competing demands on the world's capital markets again made it difficult and more costly for the Bank to raise funds. Because of the higher cost of borrowing, the Bank's lending rate was raised from 6% to 6¼% in January 1968. It was increased further to 6½% in early August.

The Bank's President has been engaged in recent months in formulating a Five-Year Program for the Bank's operations. While this Program has not yet reached the stage where it is ready for consideration by the Executive Directors, the President has reported that preliminary work indicates that, without

**Bank Loans and IDA Credits 1967/68 by Area**  
Expressed in millions of US Dollars

	Bank Loans		IDA Credits		Total	
	Number	Amount	Number	Amount	Number	Amount
<b>Africa</b>						
Cameroon.....	—	\$ —	1	\$ .55	1	\$ .55
Ethiopia.....	1	13.50	1	7.70	2	21.20
Gabon.....	1	1.80	—	—	1	1.80
Ghana.....	—	—	1	10.00	1	10.00
Ivory Coast.....	1	5.80	—	—	1	5.80
Kenya.....	—	—	2	12.80	2	12.80
Malagasy Republic.....	1	4.80	—	—	1	4.80
Malawi.....	—	—	3	21.20	3	21.20
Somalia.....	—	—	1	2.30	1	2.30
Sudan.....	1	24.00	1	8.50	2	32.50
Tanzania.....	1	5.20	1	3.00	2	8.20
Tunisia.....	1	10.00	—	—	1	10.00
Uganda.....	—	—	2	8.40	2	8.40
	7	\$ 65.10	13	\$ 74.45	20	\$139.55
<b>Asia &amp; Middle East</b>						
Ceylon.....	1	\$ 4.00	1	\$ 2.00	2	\$ 6.00
China.....	3	49.50	—	—	3	49.50
India.....	1	25.00	—	—	1	25.00
Iran.....	2	47.00	—	—	2	47.00
Israel.....	1	15.00	—	—	1	15.00
Korea.....	1	5.00	1	11.00	2	16.00
Malaysia.....	1	14.00	—	—	1	14.00
Pakistan.....	1	35.00	1	10.00	2	45.00
Papua and New Guinea.....	1	7.00	—	—	1	7.00
Singapore.....	2	26.00	—	—	2	26.00
Thailand.....	2	55.00	—	—	2	55.00
	16	\$282.50	3	\$ 23.00	19	\$305.50
<b>Europe</b>						
Greece.....	1	\$ 12.50	—	\$ —	1	\$ 12.50
Spain.....	1	50.00	—	—	1	50.00
Yugoslavia.....	2	60.50	—	—	2	60.50
	4	\$123.00	—	\$ —	4	\$123.00
<b>Western Hemisphere</b>						
Argentina.....	2	\$ 70.30	—	\$ —	2	\$ 70.30
Brazil.....	2	62.00	—	—	2	62.00
Colombia.....	3	44.50	—	—	3	44.50
Costa Rica.....	1	3.00	—	—	1	3.00
Ecuador.....	—	—	1	5.10	1	5.10
El Salvador.....	1	2.80	—	—	1	2.80
Guatemala.....	1	7.00	—	—	1	7.00
Honduras.....	1	7.50	1	4.00	2	11.50
Mexico.....	3	142.50	—	—	3	142.50
Nicaragua.....	2	19.25	—	—	2	19.25
Peru.....	1	17.50	—	—	1	17.50
	17	\$376.35	2	\$ 9.10	19	\$385.45
<b>TOTALS.....</b>	<b>44</b>	<b>\$846.95</b>	<b>18</b>	<b>\$106.55</b>	<b>62</b>	<b>\$953.50</b>

<sup>2</sup>Excluding a line of credit of \$100 million extended by the Bank to the International Finance Corporation in October 1966.

any departure from its existing sound policies, the Bank's lending could and should be increased during the years ahead.

The need to make the most effective possible use of the resources available for development has been constantly stressed by the Bank over the years and is its guiding principle in its relationship with borrowing countries. The performance by a country in the promotion of its economic development is an important criterion for financial assistance from the Bank or IDA. The Bank for its part tries to help borrowing countries to improve their economic management. It has stepped up its economic studies and technical assistance activities during the past few years with this purpose in view.

The Bank has attempted to increase the effectiveness of the global development effort by establishing close working relationships with other multilateral donors of assistance, including the regional development banks and other agencies in the United Nations family, particularly the Food and Agriculture Organization of the United Nations (FAO), the United Nations Educational, Cultural and Scientific Organization (Unesco), and the United Nations Development Programme (UNDP). The fostering of coordination among donors of aid to particular recipient countries, and also to specific projects, has been another important element of the Bank's work.

### Pattern of Lending

Details of Bank and IDA commitments during the past year are given on pages 6, 8 and 9. As the tables show, the loans and credits extended by the two institutions have again been widely spread throughout all regions of the developing world.

The year's lending was marked by a

sharp increase in finance provided for development projects in the agricultural sector, to which nearly one-fifth of the Bank and IDA's lending was directed. The need to expand and improve education facilities in the developing countries again received close attention, though the number of education projects which became ready for financing was smaller than in 1966/67. While the Bank's efforts to assist agriculture and education have been intensified in recent years, a substantial part of the two institutions' financing has continued to be concentrated on improving basic services. Lending for the development of power, railways and roads again figured prominently in the past year's operations.

Most of the assistance provided by the Bank to industry in 1967/68 was channeled through development finance companies. The International Finance Corporation (IFC), the Bank's affiliate concerned with helping to promote the growth of the private sector of the developing countries, is responsible

for the appraisal and supervision of projects financed in the industrial field. Its operations are described in its own Annual Report.

### ICSID

The International Centre for Settlement of Investment Disputes (ICSID), which is now in its second year, has continued to attract interest from actual and potential investors. New investment agreements between governments and foreign investors have entered into force or are under negotiation which provide for disputes between the parties to be submitted to the Centre. Details of the Centre's affairs are contained in its Annual Report.

### The Presidency

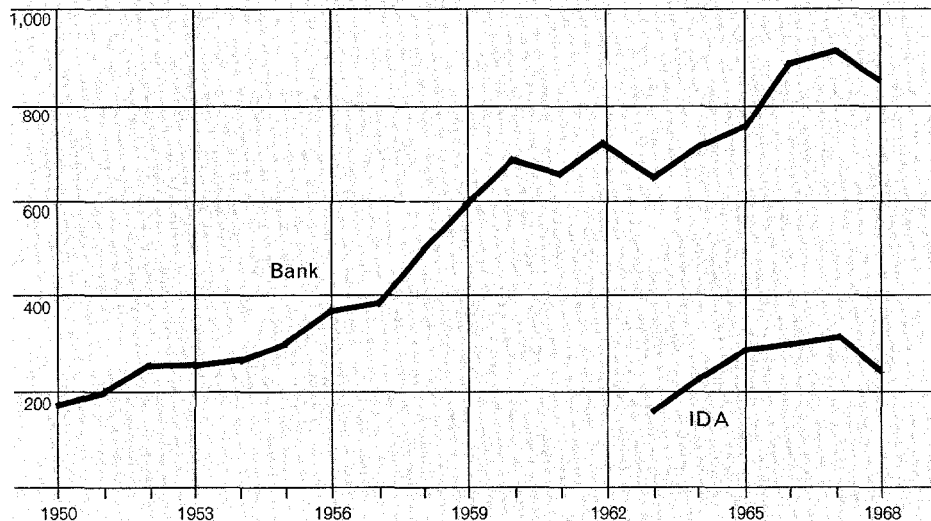
Mr. George D. Woods was succeeded by Mr. Robert S. McNamara as President of the World Bank, IDA and IFC on April 1, 1968.

During the five years under Mr. Woods' leadership both the volume and

### Bank and IDA Commitments

In millions of US Dollars

By Fiscal Year  
 — Three-Year Average



range of the World Bank Group's activities expanded considerably. Increasing emphasis was given to agriculture and education, and intensive efforts were made to foster coordination among donors of development assistance through the formation of consultative groups and other coordinating mechanisms. In this period, too, the Bank greatly expanded its economic studies, both in support of its operations and on broader issues of economic development. Technical assistance provided to member governments was increased. These and other developments during Mr. Woods' tenure of office are reflected in this Report.

### The Year's Lending

*The World Bank and IDA extend finance to member countries for productive projects which the Bank's studies have indicated are viable and will make an important contribution to the borrowing countries' economic development. Neither institution will finance a project unless it is satisfied, after detailed investigation, that the project meets these criteria.*

*To provide the general framework within which financing activities are conducted, the Bank seeks to acquire a comprehensive picture of the position and prospects of borrowing countries' economies and their development requirements. This makes it possible to identify sectors and areas of high potential and provides guidelines to the types of projects which should be given early attention. It also enables judgments to be formed about a country's economic policies and other questions relevant to its economic growth and to its eligibility for Bank or IDA financing.*

*The Bank's economic analysis is a continuous process, based on work at Head Office, visits to borrowing coun-*

*tries to gain firsthand knowledge of their economies, and frequent contacts with government and other officials. By giving continuous attention to the economic situation of developing member countries in this way, the Bank hopes to help them make more effective use of the resources at their disposal and so accelerate their rate of progress.*

*Among the principal matters with which the Bank assists member countries are the formulation of development policies, the establishment of development organizations, the drawing up of investment programs for specific sectors and regions, and the identification*

*and preparation of projects for financing. Assistance with these and other questions is often given by the Bank in the normal course of its operations, on other occasions through its formal technical assistance activities.*

### Public Services

An improvement in basic services, notably power and transportation, has been a primary requisite for faster economic growth throughout the developing world, and it has been to this important task that the Bank has devoted much of its attention since it began to

### Bank Loans and IDA Credits 1967/68 by Purpose

Expressed in millions of US Dollars

	Bank	IDA	Total
<b>Agriculture</b>			
Argentina—Livestock development . . . . .	\$ 15.30	\$ —	\$ 15.30
Brazil—Livestock production . . . . .	40.00	—	40.00
Ceylon—Irrigation . . . . .	—	2.00	2.00
Costa Rica—Agricultural credit . . . . .	3.00	—	3.00
Iran—Irrigation and land development . . . . .	22.00	—	22.00
Kenya—Tea production . . . . .	—	2.10	2.10
Malawi—Land development . . . . .	—	9.70	9.70
Malaysia—Land settlement . . . . .	14.00	—	14.00
Mexico—Irrigation . . . . .	25.00	—	25.00
Pakistan—Agricultural credit . . . . .	—	10.00	10.00
Thailand—Irrigation . . . . .	26.00	—	26.00
Uganda—Tea production . . . . .	—	3.40	3.40
	<u>\$145.30</u>	<u>\$ 27.20</u>	<u>\$172.50</u>
<b>Education</b>			
Ecuador . . . . .	\$ —	\$ 5.10	\$ 5.10
Gabon . . . . .	1.80	—	1.80
Malagasy Republic . . . . .	4.80	—	4.80
Nicaragua . . . . .	4.00	—	4.00
Sudan . . . . .	—	8.50	8.50
	<u>\$ 10.60</u>	<u>\$ 13.60</u>	<u>\$ 24.20</u>
<b>Electric Power</b>			
Argentina . . . . .	\$ 55.00	\$ —	\$ 55.00
Colombia . . . . .	18.00	—	18.00
Ghana . . . . .	—	10.00	10.00
Guatemala . . . . .	7.00	—	7.00
Honduras . . . . .	7.50	4.00	11.50
Mexico . . . . .	90.00	—	90.00
Nicaragua . . . . .	15.25	—	15.25
Peru . . . . .	17.50	—	17.50
Singapore . . . . .	15.00	—	15.00
Sudan . . . . .	24.00	—	24.00
Tanzania . . . . .	5.20	—	5.20
	<u>\$254.45</u>	<u>\$ 14.00</u>	<u>\$268.45</u>
<b>Telecommunications</b>			
China . . . . .	\$ 17.00	\$ —	\$ 17.00
Papua & New Guinea . . . . .	7.00	—	7.00
Singapore . . . . .	3.00	—	3.00
	<u>\$ 27.00</u>	<u>\$ —</u>	<u>\$ 27.00</u>

assist economic development in 1948. At that time, the inadequacy of basic services was the chief physical barrier to increasing production in the developing countries. Since then, considerable progress has been made in reducing this obstacle to development. The Bank and IDA have contributed to the headway by providing substantial technical assistance as well as much of the required foreign exchange.

During the past fiscal year the two institutions lent a further \$268.5 million for *power development*. The total included the first assistance provided by the Bank or IDA to the power sector in

the Sudan and Tanzania. It is probable that in the coming years the first power loans or credits will be made to several other countries, notably among the newer members in Africa. Elsewhere in the developing world, however, most of the finance now being extended for power development is for the further expansion of systems which have already been assisted by the two institutions. This has been notably the case in Latin America, where \$214.3 million was lent for power development in seven countries during 1967/68 (see map, page 10). Frequently, too, the power authorities receiving finance are

entities which the Bank helped, under earlier loan operations, to set up or substantially reorganize.

The ability of a number of the Bank's power borrowers to plan future expansion programs and to prepare and carry out sound projects has increased considerably over the years. In addition, some are now able to obtain at least part of the capital for their further development from other sources, for example by making bond issues on capital markets or through joint-financing arrangements of the kind agreed during the past year for power projects in Colombia and Mexico (see page 20). Thus, the dependence of these authorities on the Bank both for financial and technical assistance is tending to decline.

In the case of *water supply, sewerage and drainage*, on the other hand, where the Bank's participation is of more recent origin, a considerable amount of assistance with project preparation is frequently required by borrowers. At times also they need help to reorganize or establish agencies competent to carry out and operate the projects, which are apt to require intensive supervision after loans are made. In this sector, the World Health Organization (WHO) has been giving valuable help to member governments in identifying and preparing projects for consideration by the Bank, IDA or other financing agencies. The Bank made loans totaling \$22 million for two water supply projects during 1967/68. A number of other projects are now being processed and operations in this sector are expected to expand in the coming years.

Loans and credits totaling \$247.3 million were approved during the past year for *transportation* projects, of which \$118.8 million was for roads and \$128.5 million for railways. Support has again been provided for substantial construc-

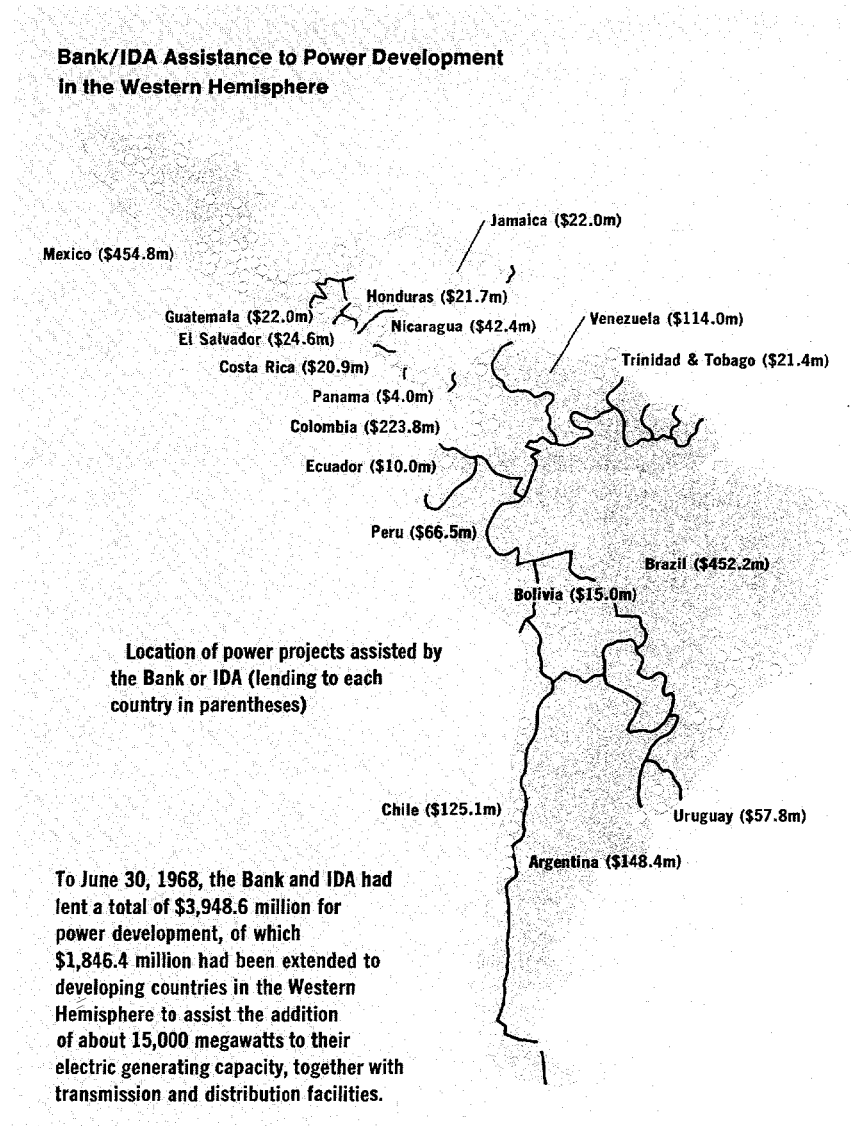
	Bank	IDA	Total
<b>Industry</b>			
Brazil—Aluminum production	\$ 22.00	\$ —	\$ 22.00
Ceylon—Development finance company	4.00	—	4.00
China—Development finance company	15.00	—	15.00
Colombia—Development finance companies	12.50	—	12.50
Greece—Development finance company	12.50	—	12.50
India—Development finance company	25.00	—	25.00
Iran—Development finance company	25.00	—	25.00
Israel—Development finance company	15.00	—	15.00
Korea—Development finance company	5.00	—	5.00
Pakistan—Development finance company	35.00	—	35.00
Tunisia—Development finance company	10.00	—	10.00
Yugoslavia—Modernization of various industries	10.50	—	10.50
	<u>\$191.50</u>	<u>\$ —</u>	<u>\$191.50</u>
<b>Project Preparation</b>			
Cameroon	\$ —	\$ .55	\$ .55
<b>Transportation</b>			
China—Railways	\$ 17.50	\$ —	\$ 17.50
El Salvador—Roads	2.80	—	2.80
Ethiopia—Roads	13.50	7.70	21.20
Ivory Coast—Roads	5.80	—	5.80
Kenya—Roads	—	10.70	10.70
Korea—Railways	—	11.00	11.00
Malawi—Roads	—	11.50	11.50
Mexico—Roads	27.50	—	27.50
Somalia—Roads	—	2.30	2.30
Spain—Railways	50.00	—	50.00
Tanzania—Roads	—	3.00	3.00
Thailand—Roads	29.00	—	29.00
Uganda—Roads	—	5.00	5.00
Yugoslavia—Railways	50.00	—	50.00
	<u>\$196.10</u>	<u>\$ 51.20</u>	<u>\$247.30</u>
<b>Water Supply</b>			
Colombia	\$ 14.00	\$ —	\$ 14.00
Singapore	8.00	—	8.00
	<u>\$ 22.00</u>	<u>\$ —</u>	<u>\$ 22.00</u>
<b>TOTALS</b>	<u>\$846.95</u>	<u>\$106.55</u>	<u>\$953.50</u>

tion programs, such as the building of the last major link in the Yugoslav railway network, a 300-mile section from Belgrade to Bar on the southern Adriatic coast.

The pattern of assistance to the transport sector, however, is tending to shift away from projects of this scale. In a number of developing countries, a reasonably adequate national network of primary transport links has now been constructed. The most pressing current need in many countries is for tertiary or feeder roads, in particular to connect agricultural districts with the main highways or rail lines. This requirement has been reflected in lending during the past year. A loan of \$27.5 million to Mexico, for example, included finance for 550 miles of tertiary roads as well as for 800 miles of major highways. The construction or improvement of around 7,000 miles of roads in Mexico has now been assisted by Bank financing.

An encouraging feature of the past year's operations in the transport sector has been the growing number of projects coming forward for financing in Africa, where assistance with project identification and preparation is being provided by the Bank's two Permanent Missions established on that Continent in 1964.

Another method extensively employed by the Bank to help countries identify and prepare projects for financing is by organizing and directing sector and feasibility studies. Over the years the bulk of these studies, which are discussed in more detail in the section on Technical Assistance, have been concerned with transport development, and this was again the case in 1967/68. The new pre-investment studies initiated during the year, with finance provided by the Bank or the UNDP, are listed on page 16. Of the 42 studies under way or authorized at June 30, 1968, no less than 36 were directly con-



cerned with transport development of one kind or another. As an indication of their range, they included a study of the East Pakistan river ports and waterways, the engineering of the Owendo-Belinga railway in Gabon, and the second phase of a major transport survey in Brazil.

The technique has also been used of providing engineering credits to help finance project preparation, especially

the detailed engineering of road projects. One such credit was extended during the past year, to Cameroon, and two more are being considered; a credit is also under consideration for the detailed engineering of a port project. To an increasing extent, too, provision is being made in project financing for feasibility studies and the detailed engineering of future road development. A \$5.8 million loan to the Ivory Coast in



June, for example, included funds for feasibility studies of about 430 miles of primary roads and for detailed engineering of 310 miles identified as having the highest economic priority.

In the case of railways, provision is being increasingly made in project financing for consultant services to improve operations. Improvements in the technical efficiency of railways should result from capital expenditure and revised procedures, but the most hoped-for change is the adoption by management of a more forward-looking and vigorous attitude toward the running of railways as viable commercial concerns.

Considerable emphasis is being placed by the Bank in its transport operations, especially in Africa, on staff training and other aspects of institution building. Many highway projects financed by the Bank and IDA have included provision for improving government administration and organization through the assistance of qualified advisers and the training of engineers and other technical personnel, both on the job and abroad.

At the same time, the Bank is directing attention to the need of developing countries to conserve existing investment in roads through the strengthening of maintenance activities. Experience has indicated that countries tend to neglect maintenance in favor of expenditure on new road construction, and that timely investment in road maintenance can consequently yield large economic returns. The Bank and IDA are currently financing or contemplating road maintenance projects in more than ten developing countries. These projects generally provide for improving the maintenance organization with the assistance of foreign experts, the local training of mechanics, drivers and operators, the purchase of road maintenance equipment and spare parts,

the establishment of field workshops and the improvement of cost accounting techniques.

Close attention is being given by the Bank to the possibilities of increasing the efficiency of the transportation of general cargo through the use of containers. Containers are increasingly being employed in international trade, and the Bank is ready to assist in the financing of facilities for handling them where economically justified. The staff has participated in seminars and international conferences dealing with this question during the past year. A project for the expansion of the port of Singapore, for which a loan of \$15 million was approved in August 1966, has been revised to provide for specialized container berths in place of the general cargo berths originally planned.

An important need in many developing countries is for the improvement of international and internal *telecommunication* systems as an essential means

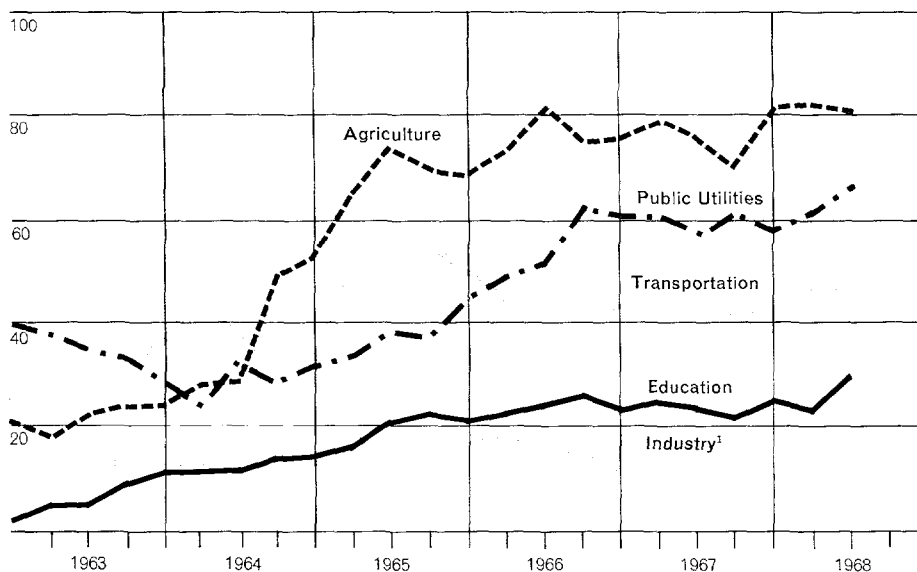
for promoting commerce and assisting administration. Great technical strides have been made in recent years, for example through the use of satellites for international communications. The Bank has found that on the whole capital is available from many sources for economically sound projects based on these new techniques. It has thus tended to concentrate largely on the less glamorous but vital task of helping the development of internal telecommunication systems. During the year, three loans totaling \$27 million were approved for telecommunication projects aimed at expanding and improving the telecommunication services in the Republic of China, Papua and New Guinea and Singapore.

### Agriculture

The Bank is making intensive efforts to increase its contribution to the development of agriculture, which is the critical

### Projects under Way

(identification, preparation, appraisal, and negotiation)  
Quarterly, 1963 to 1968



<sup>1</sup>Excluding Development Finance Companies.

aspect on which economic growth must be based in most developing countries. While lending for large-scale irrigation and flood control projects has remained an important part of operations in this sector, financing activities by the Bank and IDA have been widened to include projects covering a broad range of agricultural requirements, and additional ways to assist farmers are being constantly sought. Many of the projects now being supported are innovations for the two institutions intended to set the pattern for agricultural improvements on a much wider scale in the future.

The efforts to promote agricultural development have required considerable emphasis on technical assistance, both to help borrowers identify and prepare projects for the Bank or IDA's consideration and to ensure that loans and credits, once approved, are used effectively. A number of lending operations have included provision for initial technical services and the employment of necessary consultants. They have also made provision in some instances for the conduct of adaptive research.

A broad indication of the extent to which the Bank has intensified its activities to assist agricultural development is given by the lending statistics. To June 30, 1962, a total of \$583.2 million had been lent specifically by the Bank and IDA for agricultural projects. By June 30, 1968, the figure was \$1,252.8 million. Thus, during the past six years, the two institutions have lent more money for agriculture than in the previous sixteen. Again, in the fiscal year 1961/62, agricultural projects accounted for about 7½% of the Bank and IDA's total lending to developing countries. During the past fiscal year, the proportion was 18%. In many instances, lending to other sectors has also assisted agricultural development; for example, by helping to provide farm-

to-market roads, electric power for farm equipment and trained personnel.

Despite the shortage of IDA money, a total of 13 agricultural projects involving Bank or IDA financing of \$172.5 million was approved by the Executive Directors during 1967/68, compared with 12 projects involving \$87 million in 1966/67. Particular attention has again been focused on the scope for raising output from existing farmland by the increased use of modern inputs, such as improved seeds, fertilizer and plant protection materials, and by improvements to equipment, fencing, pasture, breeding stock, tube wells and other capital facilities.

The Bank is acutely aware of the impact which the new cereal varieties are capable of having on agricultural output when used in conjunction with fertilizer, water and other necessary inputs. In Asia, for example, the Bank has over the past few years financed irrigation projects in Malaysia and Thailand, and has provided agricultural credit for the supply of small irrigation equipment in

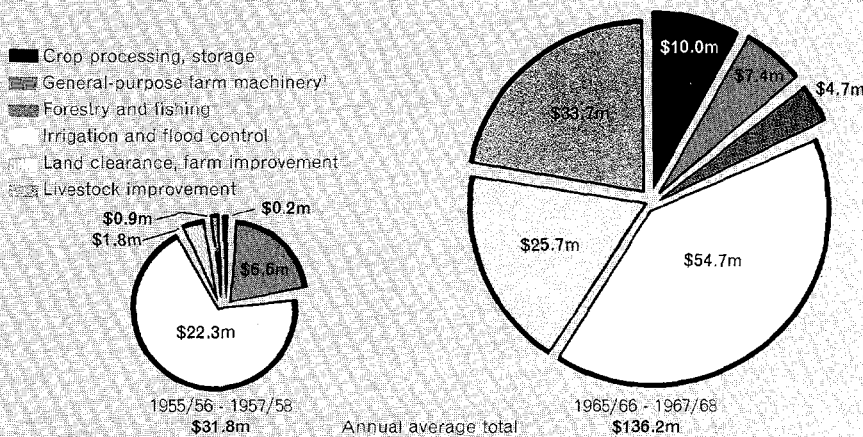
Pakistan and the Philippines, which will facilitate the cultivation of the new high-yielding varieties of rice. In India, the Bank Group through IFC is assisting the construction of a large new fertilizer plant. In the same general market area, it is in the final stages of appraising a project for the bulk production of certified quality seeds of the new high-yielding varieties of rice, wheat and other crops.

In support of the Bank's aim of raising agricultural productivity through improved inputs, IFC has continued during the past year to investigate the possibilities of expanding fertilizer output within the developing countries themselves. Several fertilizer projects were under consideration at the end of the fiscal year.

A method extensively adopted by the Bank to help raise agricultural production has been to channel finance to farmers through credit institutions with the managerial and technical competence, and the autonomy, to act as satisfactory intermediaries. The Bank has

### Bank/IDA Lending for Agriculture

Amounts in US Dollars refer to annual averages in period indicated



<sup>1</sup>To an increasing extent, farm machinery financed by the Bank/IDA is for specific purposes such as pasture development in connection with livestock projects and in such cases is included in the appropriate category.

so far worked with institutions of this kind in 18 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guyana, Jordan, Kenya, Morocco, Nicaragua, Pakistan, Paraguay, Peru, the Philippines, Tanzania and Uruguay. In several instances, these institutions were established or have been strengthened with the Bank's assistance, and the Bank foresees that helping to build up such organizations, so that they can be used as effective vehicles for a continuing flow of finance to the agricultural sector, will continue to be an important part of its work.

During 1967/68, the Bank made its largest agricultural credit loan to date when it extended \$40 million to Brazil for a project to increase beef, mutton and wool output over an area of some 1¼ million acres. The project in many respects follows a similar pattern to that which has been used, and has proved successful, for livestock schemes supported by the Bank in other Latin American countries. Finance was also approved during the year for a livestock development program in Argentina.

The comprehensive nature of the Bank's approach to agricultural development is illustrated by its support, with IDA credits totaling \$9.7 million, of two crop improvement schemes in Malawi. The projects involve the implementation of a wide range of measures to increase productivity on some 300,000 acres of crop land. Extension services are being expanded, soil conservation methods introduced, access roads and water supplies improved, and marketing and storage facilities provided. In addition, credit is to be extended to farmers for the purchase of seeds, fertilizers and simple equipment.

In Malaysia, a \$14 million Bank loan is helping to finance the first part of an integrated program for the settlement of some of the country's unexploited land resources. This stage of the pro-

gram consists of the clearing of about 33,000 acres of tropical forest, the planting of nearly 28,000 acres of oil palms, and the settlement of some 2,800 rural families, the majority of whom are now landless. In Iran, where a Bank loan of \$22 million is helping to support the first stage of a long-term project to develop the water resources and agriculture of the Ghazvin Plain, about one-third of the financing will be used to meet the cost of agricultural supply and marketing services, the training of Iranian personnel and other technical requirements.

A serious difficulty which continues to confront the Bank in its agricultural activities is that of finding satisfactory management for projects which it or IDA is proposing to finance. In Africa, the Bank's Agricultural Development Service, based in Nairobi, is helping to overcome this problem by making managers available to governments for agricultural projects on a reimbursable basis. Elsewhere, notably in the Western Hemisphere, the Bank has employed on contract a number of technical managers who have been seconded to governments to help operate projects.

Among the other complex problems standing in the way of more rapid progress in the agricultural sector, the lack of adequately studied, economically promising projects ready for financing has been particularly serious. In recognition of this fact, the Bank has taken a number of steps to help member governments to ease this critical bottleneck. A principal move has been to enlist the assistance of FAO to work with governments to identify and prepare projects with a view to their eventual submission for Bank or IDA financing. Under its cooperative program with the Bank, FAO sent 56 missions to the developing countries during 1967/68. It also participated in 41 of the 143 missions organized by the Bank in connec-

tion with its assistance to agricultural development. In Africa, where many of the newly independent nations are in special need of help with project identification and preparation, member governments are being assisted by the Bank's two Permanent Missions stationed in Abidjan and Nairobi.

Reflecting the result of these various arrangements, the number of well-prepared, high-priority projects coming forward for consideration, particularly from African members, has increased considerably. Indeed, a queue of sound projects waiting to be financed has been building up. At the end of June 1968, 22 agricultural projects were in an advanced stage of appraisal or negotiation, and 55 others were in earlier stages of processing.

## Education

The Bank and IDA have now lent a total of \$162 million for the expansion and improvement of education facilities in 19 countries, and it is intended to increase assistance to this sector still further over the next few years. The Bank recognizes that, even with more funds at their command, the two institutions would only be able to provide a small proportion of the substantial outlay required on education in the developing countries. Attention will therefore continue to be directed to those parts of developing countries' education systems where investment appears to be most needed to help provide the skilled manpower essential for more rapid economic progress. In the Bank's opinion, these critical areas are technical and vocational training, secondary education and teacher training at all levels.

At the same time, the Bank is keenly aware that major changes in the techniques and structure of education must be made urgently if developing countries' manpower requirements are to be

met without absorbing a disproportionate amount of their resources. During the past few years, spending on education has been rising rapidly in almost all countries, in many instances at an annual rate of around 10%. Increasing financial constraints will entail careful assessment of priorities. The Bank therefore encourages proposals by governments for changes which will relate education systems more fully to development needs, and which will bring about greater productivity and cost effectiveness in these systems. By fostering innovation and modernization, the Bank believes it can have a major influence in stimulating advances in education, even though it and IDA may be able to provide only a relatively small volume of finance themselves.

Secondary schooling, for example, remains a serious bottleneck in many countries. In many cases, relatively more emphasis should be placed in curricula on the teaching of practical skills and less on purely academic subjects and preparation for university entrance. Education systems should take account of manpower requirements and employment opportunities, whether these are in the modern or traditional sectors, in urban or rural areas, in highly specialized occupations or in simpler skills. There is often a corresponding need to shift capital expenditure on education toward the construction of laboratories, workshops and other facilities for technical and pre-vocational training. Existing facilities and staff resources could also be used more effectively.

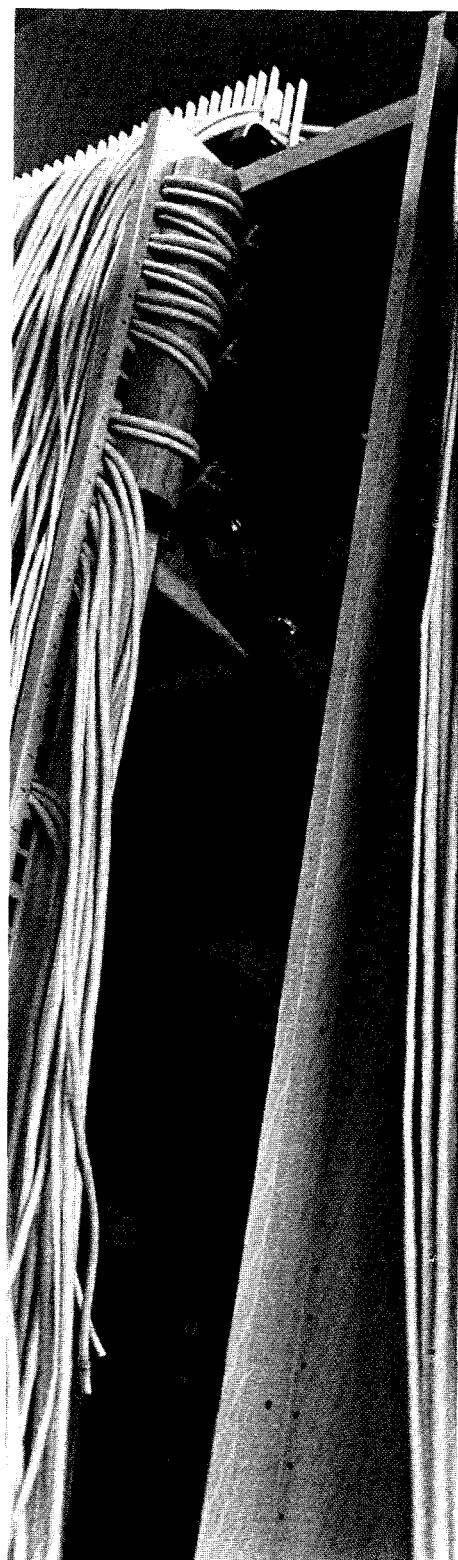
A good deal could be done outside systems of formal education to help close the manpower gap, and particularly to upgrade the skills and increase the productivity of the labor force. Adult education, in accordance with demonstrated needs and with the active participation of employers, and short

courses for insufficiently qualified employees should be encouraged. Much greater emphasis on agricultural education and training, at adult level and earlier, is also necessary.

In addition to changes in the structure of education, there is a pressing need for innovations in teaching techniques. In most developing countries, education is still provided on a "handicraft" basis. New technology offers the possibility for the first time of changing this situation. Audio-visual electronic teaching aids, properly integrated into the education system, could bring about a revolution in the spread of knowledge before the end of this century. Educational television, programmed learning and team teaching are examples of promising new techniques to which the Bank is giving increasing attention.

In its education activities during the past year, the Bank has continued to benefit from its cooperative arrangements with Unesco. Its arrangement with FAO has also been beneficial in the area of agricultural education. During 1967/68, 63 missions were sent to member countries in connection with Bank or IDA financing of education projects; Unesco organized or participated in 22 missions, while FAO cooperated in eight joint missions concerned with agricultural training.

Finance was provided during the year for education projects in Ecuador, Gabon, the Malagasy Republic, Nicaragua and the Sudan; several further projects are in various stages of appraisal. In each instance, the projects are designed to meet the countries' pressing manpower needs as economically as possible. The project in the Malagasy Republic, for example, involves the relocation and expansion of three secondary technical institutes and two teacher-training institutes in Tananarive, the capital. The concentration of the five schools on one site will



*A telecommunications technician checking the wiring at a new telephone exchange in San Salvador, El Salvador. During the past year Bank loans for the development of telecommunications have been made to the Republic of China, Papua and New Guinea, and Singapore.*

make possible the sharing of various communal facilities.

Under the project being assisted by the Bank in Nicaragua, nine new general secondary schools will be built and seven will be expanded. These, together with two more secondary schools, will be furnished and equipped. All the schools will be provided with laboratories and special rooms for industrial arts, office training and home economics, permitting the application of revised curricula which include subjects that have not been taught heretofore and are directly related to the requirements of the labor market. In addition, two new primary teacher-training schools will be built and equipped and a third will be expanded and equipped. The training of primary school teachers will be concentrated in four schools instead of 14 as at present and will be extended from two to three years. The new curricula will follow modern educational practices.

In the Sudan, IDA is financing more than half the cost of a project to train more agricultural technicians, upgrade teaching standards in intermediate and secondary schools, and reorientate secondary school education toward scientific and commercial training more suited to the country's development requirements. The project includes the construction and equipping of two new agricultural institutes and a new intermediate teacher-training college, an expansion of the Higher Teacher Training Institute for secondary school teachers, and the provision of facilities required for the introduction of specialized commercial and science courses at 13 secondary schools.

## Industry

Development Finance Companies

Of the total of \$191.5 million extended by the Bank for industry during the fis-

cal year 1967/68, \$159 million was accounted for by loans to 14 private development finance companies, in Ceylon, China, Colombia, Greece, India, Iran, Israel, Korea, Pakistan and Tunisia. The loan to the Korea Development Finance Corporation was accompanied by an investment by IFC as well as by finance from other sources. All except the Ceylon and Korean companies had received financial assistance from the Bank Group previously and the Group's relationship with them stretches back for several years.

Development finance companies—known also as development banks or development corporations—can play a particularly valuable part in stimulating the growth of private enterprises in developing countries. These institutions are designed to provide medium and long-term loans and equity capital for industrial and other private productive ventures, to underwrite issues of securities by such enterprises, to promote new companies and to assist entrepreneurs in preparing investment proposals. They can also act as channels for foreign capital and technology, in particular by bringing together foreign and local investors in joint ventures. By mobilizing domestic savings and channeling them into productive enterprises, they can become an important element in helping to develop a country's capital market.

By the end of the fiscal year 1967/68 the Bank Group had provided financial assistance to 27 development finance companies in 23 countries. Of the total of \$731.8 million provided, \$664.7 million represented World Bank loans, \$39.7 million was in the form of IDA credits, and \$27.4 million was in IFC investments and underwriting commitments. IFC is responsible for assessing and supervising development finance companies on behalf of the entire Bank Group, regardless of which insti-

tution provides the finance. The Corporation has helped to expand and reorganize existing companies and to establish new ones. It has brought in private investors and has provided a wide range of technical assistance, including help in drafting statutes, preparing policy statements, finding experienced management, training staff and developing procedures for project analysis.

## Other Industries

In addition to continuing its support of industry through development finance companies, the Bank lent \$32.5 million during the past year to assist specific manufacturing enterprises in Brazil and Yugoslavia. In Brazil, a loan of \$22 million is helping to finance the construction of mining, refining and smelting facilities for aluminum production. Power for the project will come from the Rio Grande hydroelectric system, which was also established with assistance from the Bank. The \$10.5 million loan to Yugoslavia is providing the greater part of the foreign exchange required for the modernization of seven enterprises in various industrial sectors.

## Tourism

One field of activity which has been assisted by development finance companies is tourism. IFC also has entered this field through an investment in Kenya, and some Bank and IDA projects have helped the tourist trade indirectly, for example by providing better roads. The Bank, however, is aware that the successful development of tourism, for which many developing countries possess the attractions of antiquity, climate and geography, requires a considerable amount of planning and expenditure by governments or subdivisions of government, including in some cases substantial spending on infrastructure facilities. The Bank

has decided to become more active in the tourist field and a special section has been set up to study needs and opportunities and to help prepare and appraise specific projects.

### Technical Assistance

As already indicated, the Bank has continued to provide a substantial amount of technical assistance to member countries as an integral part of its financing activities. Indeed, this aspect of its work has become more pronounced in recent years. The rise in the Bank's membership among the new states of Africa, its intensified efforts to accelerate progress in agriculture, and the organization of substantial special technical assistance programs for West Pakistan, East Pakistan and Indonesia have all contributed to this trend.

The main emphasis of the Bank's technical assistance activities remains on assisting governments in the *identification and preparation of projects*. This is the chief preoccupation of the Bank's two Permanent Missions in Eastern and Western Africa. It is also the main purpose of the Bank's Co-operative Agreements with FAO and Unesco. Reference has been made earlier in this Report to the increased flow of sound projects now resulting from these arrangements.

An approach being increasingly employed in the developing countries to identify and prepare projects for financing is to undertake an analysis of a particular sector of an economy with a view to preparing a coordinated investment program for that sector and to selecting priority projects within it. When this has been done, feasibility studies are undertaken to determine whether projects which have already been identified are technically feasible and economically justified. While not necessary in every case before an investment

decision can be taken, a sector study is often valuable in providing the basic information required for sound judgment regarding a proposed project. In many instances, a sector study greatly facilitates the evaluation of a project in relation to alternative ways of achieving the same objective. It can also help in assessing the project as part of the systematic long-term development of the sector in question. Although the studies vary considerably in complexity, duration and cost, each requires careful preparation and close supervision.

An example of the benefits to be derived from sector studies is provided by the study of the water and power resources of West Pakistan which was completed during the year. This study, to which reference is also made in the later section on the Indus Basin Development Program, provides a detailed plan, including the recommendation of specific projects, for the coordinated development of the water and power resources of West Pakistan over a ten-year period. It also suggests steps for further development of these sectors for a second decade and discusses prospects through the remainder of this century. The study was the result

of four years' intensive work and is the most comprehensive single technical assistance operation organized by the Bank to date. Because of its contribution to methodology and the desirability of giving wide circulation in Pakistan to its analysis and conclusions, a condensed version of this study is to be published by The Johns Hopkins Press on behalf of the Bank.

The Bank has undertaken responsibility for a somewhat different form of technical assistance at the request of the Government of East Pakistan in connection with its agriculture and water resource problems. The objective of this program is to assist the Government to determine priorities, review development measures, and identify, prepare and implement projects to improve the utilization of East Pakistan's water resources for agriculture and other purposes.

A country in special need of technical assistance at the present time is Indonesia, whose economic rehabilitation and development are being seriously impeded by lack of skilled personnel, particularly with experience and knowledge in sector programming and project planning and execution. As a result, the Indonesian Government

#### Study Financed by the Bank, 1967/68

Country	Object of Study	Bank Allocation
Malagasy Republic.....	Port of Tamatave study.....	\$ 196,500

#### Studies Undertaken by Bank as Executing Agency for UNDP, 1967/68

Country	Object of Study	UNDP Allocation
Africa Regional.....	Survey of transport studies in Africa.....	\$ 357,000
Botswana.....	Utilities for mining development (Shashi River project).....	383,400
Central African Republic.....	Road feasibility and road maintenance study.....	359,500
Ethiopia.....	General road study.....	330,900
Ivory Coast.....	Transportation survey (Phase I).....	663,500
Pakistan.....	Assistance to the Planning Commission.....	1,376,000
Papua and New Guinea.....	Transport survey.....	489,600
Philippines.....	Transport survey.....	788,000
Turkey.....	Transport coordination and railway study.....	869,900
<b>TOTAL.....</b>		<b>\$5,617,800</b>

and certain bilateral donors have requested the Bank to take the lead in assisting the country to overcome these shortcomings. The Bank, as a first step, has undertaken to establish a resident team of advisers in Djakarta, first to advise the Indonesian authorities on questions of economic policy and administration, and secondly to help BAPPENAS, Indonesia's newly created planning organization, and other government agencies with the coordination and effective use of technical assistance, including studies to identify and prepare projects, the selection of consultants, the framing of their terms of reference and related matters. The President of the Bank visited Indonesia in June and reached agreement with the government authorities on the establishment of the Resident Staff.

The UNDP has agreed to provide \$159,000 for preliminary work on a Bank-sponsored program of transport coordination and road studies in Indonesia, ultimately expected to cost approximately \$3.5 million.

The Bank has continued to encourage governments seeking finance for sector and feasibility studies to look to the UNDP as the agency of the UN specifically concerned with providing grants for studies of this kind. The Bank agreed during the year to act as Executing Agency for a further nine pre-investment studies financed by the UNDP, the majority of which are again concerned with transport development (see also pages 10-11). The finance allocated by the UNDP for these studies amounted to \$5.6 million. In its role as Executing Agency, the Bank helps to draw up the "Plan of Operation" for a study, negotiates the terms of reference with the government concerned and the UNDP, selects consultants to carry on the study, supervises the work in the field and evaluates the resulting report.

To facilitate an appropriate division of functions between itself and the UNDP, the Bank in recent years has financed on a grant basis only those studies involving external financing of \$200,000 or less. When larger amounts are involved the foreign exchange cost of a study may be included as part of a regular Bank loan or IDA credit; for instance, the feasibility study for a section of a highway system to be constructed in three or four years may be included in a loan or credit made to finance sections to be constructed in the current year. Studies with foreign exchange costs of \$200,000 or more may also be met by an IDA technical assistance credit if UNDP financing is either not available or is inappropriate, and if the country is eligible for IDA assistance.

During the year, the Bank made a grant of \$196,000 to meet the foreign exchange cost of a new pre-investment study of the Port of Tamatave in the Malagasy Republic. This and the new UNDP studies for which the Bank has undertaken to act as Executing Agency are listed on page 16. In addition, \$6.2 million was included for sector and feasibility studies in ten regular Bank loans or IDA credits, four of which were for agriculture and three each for public utilities and transportation.

It is the Bank's practice not to undertake a sector or feasibility study, either with outside funds or its own, unless there is a reasonable prospect that the study will lead to financing by a member of the Bank Group or within the framework of an aid coordinating group with which the Bank is associated. By June 30, 1968, six of 16 completed UNDP studies for which the Bank had been Executing Agency had led directly to Bank loans or IDA credits totaling approximately \$275 million. Of the 29 Bank-financed studies completed, 12

had thus far led to Bank or IDA financing totaling \$265 million.

The Bank's advisory activities in connection with the organization of *development planning* continue to expand. Staff members visited Ethiopia, Indonesia, Ivory Coast, Libya, Morocco and the Sudan during the past year to give advice to governments on the establishment or adaptation of suitable organizations for formulating and implementing development programs and advising on plan administration. Advice on requirements for technical assistance in the formulation and implementation of development plans was also provided where necessary. A member of the Bank staff was seconded to advise on development planning in Ethiopia, and a planning adviser was seconded to the Government of Haiti on a short-term assignment. A staff member who had been seconded to Libya for four years as planning adviser completed his assignment in August 1967.

#### Economic Development Institute

The Economic Development Institute (EDI), the Bank's staff college for senior government officials of the developing member countries of the Bank, was attended during the year by 140 officials from 69 countries and four international organizations. The Institute again offered six training courses: a six-month course on general development, courses of eight to twelve weeks each in English, French and Spanish on the evaluation of development projects, and specialized three-month courses in English on agricultural and industrial projects. By June 30, 1968, 885 officials from 103 countries and dependent territories had participated in courses given by the EDI since its establishment in 1956.

In addition, the Institute has given assistance to regional and national

training courses sponsored by other agencies. In June and July 1967, staff and teaching materials were provided for a six-week course in Iran in industrial project evaluation, sponsored by the Industrial and Mining Development Bank of Iran in association with the University of Tehran for participants from Afghanistan, Iran, Pakistan and Turkey. EDI staff also conducted seminars or delivered lectures at courses at the United Nations Asian Institute for Economic Development Planning in Bangkok, at a United Nations Industrial Development Organization (UNIDO) course in New York for industrial promotion officers, and at the Institute for Industrial Economics in Yugoslavia. So far, this type of assistance has been rendered on an *ad hoc* basis, in response to specific requests. The Institute is considering developing more formal and longer-run cooperative arrangements with a small number of overseas institutions, with a view to the possible joint sponsorship of two to three-month project courses on a regional and continuing basis.

Between 1960 and 1966, the Institute assembled and distributed small library collections in English, French and Spanish to provide basic reference and reading materials on economic development in member countries where these were not generally available. In the summer of 1967, to help keep the libraries up to date, the Institute assembled and distributed small supplements of important new books and materials. Similar supplements are being prepared for distribution early in the fiscal year 1968/69.

### Aid Coordination

#### Consortia and Consultative Groups

Ten years have passed since the Bank first attempted to encourage the coordination of development assistance from several donors to a particular re-

ipient country by organizing the India Consortium. The Bank has now taken the lead in creating 13 coordinating groups<sup>3</sup> for countries which have requested them and whose development programs have attracted sufficient support to justify them. The most recent is the East African Consultative Group for Kenya, Tanzania, Uganda and the East African Community, formed during the past year. The Bank has also been a participant in five coordinating groups<sup>4</sup> organized under other auspices. The proportion of official development assistance for which coordinating arrangements exist has grown considerably in recent years and now amounts to about two-fifths of the total net assistance provided by the main donor countries and multilateral agencies. Twenty-two nations have been associated, either as members or observers, with one or more of the Bank-organized aid coordinating groups. The IMF, the UNDP and, where appropriate, the regional development banks and other international organizations also participate in their proceedings.

Through coordinating groups, governments and institutions in a position to provide development finance and technical assistance can consider jointly the development needs of recipient countries in a comprehensive and continuing fashion, on the basis of objective information and analysis. These groups are intended to facilitate the provision of assistance to meet the priority requirements of the recipient countries, and to make it easier to adjust the character and terms of aid to

<sup>3</sup>The term "coordinating groups" is used to describe groups consisting of governments and international financing agencies which have the common feature of addressing themselves to the problems of coordinating assistance to a particular developing country or countries but which differ considerably as to the nature and extent of involvement of the members and as to sponsorship. They include consortia, consultative groups and other groups of a somewhat less formal character.

<sup>4</sup>For Ecuador, Ghana, Greece, Indonesia and Turkey.

the countries' special circumstances.

Another purpose of coordinating groups is to help highlight problems in recipient countries, and to encourage and assist the taking of necessary remedial action. Technical assistance in the identification and preparation of projects to which external finance can contribute has emerged as a high-priority need in most developing countries. The groups have also been concerned with the effectiveness with which local resources are being mobilized and directed to developmental purposes, the extent to which further external debt can safely be incurred, the appropriate terms for new development assistance, the role of foreign private capital in the economy, and general economic and financial policies affecting development prospects.

The Bank has maintained a flexible attitude in its approach to aid coordination, recognizing that different formats may need to be used to meet the varied and changing circumstances of the developing countries and the changing positions of the donors. The Bank has, for instance, initiated or participated in a number of informal meetings on problems of particular sectors in one country, or on specific financing or technical assistance problems of concern to only two or three donor countries or agencies.

While much of the activity involved in the coordination of development assistance takes place through or in connection with meetings of participants, effective coordination requires continuing consultation among the aid donors concerned, and between them and the recipient countries. The Bank makes every effort through its staff work undertaken for coordinating groups to make this consultation as meaningful as possible.

By far the most significant developments during the past year in the gen-



eral area of aid coordination have taken place within the framework of the India and Pakistan Consortia. Both in terms of the financial magnitudes involved and of the importance and intractability of the problems with which they are concerned, the India and Pakistan Consortia continue to be the outstanding examples of international cooperation in the field of development finance.

As Chairman of the India Consortium, and with the cooperation of the Government of India, the Bank undertook to explore the possibility of easing the situation created by the fact that in past years India had incurred large amounts of debt on terms that were inappropriate to the country's economic position. Following an assessment of the problem, and of the possibilities for constructive action, by M. Guillaume Guindey, formerly Director-General of the Bank for International Settlements, as a consultant to the Bank, a rescheduling of India's debts to members of the Consortium was arranged affecting about \$100 million, or 25%, of debt service

payments due during the present Indian fiscal year ending April 1969. Members of the Consortium also agreed to consider favorably a similar amount of debt relief for the following two years.

The Pakistan Consortium, in addition to continuing its review of Pakistan's economic progress, which has been particularly marked in the vital agricultural sector, provided the framework within which the successful negotiations for the financing of the huge Tarbela project in the Indus Basin were carried forward. The long experience of governments and the Bank in dealing with Pakistan's development problems through the Consortium machinery greatly facilitated the conclusion of the international agreement for establishing the Tarbela Development Fund, details of which are given on pages 21-22.

The first meeting of the Consultative Group for East Africa in April was preceded by informal meetings to discuss in detail problems of the agricultural, education and transport sectors of the three countries. A sector approach has

also been adopted by the Consultative Group for Tunisia, for which a special working party was convened to discuss problems in Tunisian agriculture before a meeting of the Group in May. In both cases, detailed studies were made by the Bank's staff of the problems of the sectors concerned.

The Consultative Group for Korea met in April. Members expressed satisfaction at the rapid growth of Korea's production and exports, which so far has exceeded the rates estimated in the Government's second Five-Year Plan (1967-71).

The Bank participated during the year in two further meetings of the Ghana Aid Group held under the auspices of the IMF to review Ghana's efforts to rehabilitate her economy and to consider her aid requirements. The Bank's present role in the activities of this Group is to help prepare the ground for development assistance to Ghana once the urgent economic problems faced by the Government have been brought under control. The progress achieved

## Bank-Sponsored Aid Coordinating Groups

### Participating Countries

Recipient Countries	Aus- tra- lia	Aus- tria	Bel- gium	Can- ada	Rep. of Chi- na	Den- mark	Fin- land	Ger- many	It- aly	India	Ja- pan	Ku- wait	Lib- ya	Neth- er- lands	New Zea- land	Nor- way	Spain	Swe- den	Swit- zer- land	Utd King- dom	Utd States	
<b>Consortia</b>																						
India		x	x	x		x		x	x	x		x		x					0		x	x
Pakistan				x	x			x	x	x		x		x					0		x	x
<b>Consultative Groups</b>																						
Colombia				x	x		x		x	x		x		x			x	0		x	x	x
East Africa					x		x	x	x	x		x		x		x		x			x	x
Korea		x	0	x	x	x		x	x	x		x		x							x	x
Malaysia	x			x	x		x		x	x		x			x					x	x	x
Morocco				x	x			x	x	x				x			x			x	x	x
Nigeria				x	x				x	x		x		x						x	x	x
Peru				x	x		x		x	x		x		x			x			x	x	x
Sudan				x	0			x	x	x		x	0		x			x		x	x	x
Thailand		x		x	x		x		x	x		x		x	x					x	x	x
Tunisia			x	x	x		x	x	x	x		x	x	x			x	x	x	x	x	x
<b>Other</b>																						
Ceylon		x			x			x	x	0	0	x									x	x

x = member  
0 = observer

by the Government made it possible for a \$10 million IDA credit to be provided to Ghana in June for a program to extend and improve the country's power distribution system. The finance, the first provided to Ghana since a \$47 million loan was made by the Bank for the Volta River hydroelectric scheme in 1962, will enable the Electricity Corporation of Ghana to make fuller use of power generated by the Volta project.

At a meeting of the Inter-Governmental Group for Indonesia in November sponsored by the Dutch Government, a report on the economy of Indonesia prepared by the Bank staff provided the basis for a discussion of development assistance to the country. As noted in the section on Technical Assistance (pages 16-17), the Bank has undertaken to establish a Resident Staff in Djakarta to assist the Indonesian Government in obtaining and utilizing expert help for the preparation and execution of projects, and to provide advice on general economic questions.

A fourth meeting of the group of countries interested in aid to Ceylon met in March 1968 under the chairmanship of the Bank. The group was encouraged by the continued progress made by the Ceylon Government since the last meeting in April 1967 in overcoming basic obstacles to economic growth. Because of this progress, what started in mid-1965 as an emergency operation has now been transformed into a coordinated development assistance effort. A Bank loan (for the Development Finance Corporation of Ceylon) and an IDA credit (for a program to increase food production) were extended to Ceylon during the year and a number of other projects should be ready for financing in the near future, some of which are under consideration for Bank/IDA finance.

20 Further meetings have been held with representatives of the African De-

velopment Bank, the Economic Commission for Africa and the UNDP to consider ways of cooperating in planning pre-investment studies for power, transport and telecommunication projects affecting more than one African country. The Bank has also participated in the Advisory Committee for the Senegal River Basin under the chairmanship of the UNDP. The objective of the Committee is to bring about a better coordination of studies being carried out in the region by various UN agencies and to orient the studies toward investment possibilities.

#### Joint Financing

The past year has been marked by progress in achieving effective coordination within the framework of specific projects. The chief instance of this, already mentioned in this section and described in detail later in the Report, is the agreement reached for the joint financing of the construction of the Tarbela Dam in West Pakistan. Another instance of joint financing agreed during 1967/68 was the arrangements approved in January for providing the equivalent of \$27 million for a four-year highway development program in Ethiopia. Of this amount, Sweden is providing \$5.8 million, in untied funds, the Bank and IDA the remainder. Sweden also joined with IDA in providing \$15 million to Pakistan's Agricultural Development Bank. In Uganda, the Commonwealth Development Corporation and IDA are participating together in the financing of a program to expand tea production by African smallholders.

The Bank has for some time been seeking to combine its own loans with bilateral export credits in ways which are compatible with unrestricted international competitive bidding, thus affording the borrower economical procurement of goods and services. These efforts had productive results during

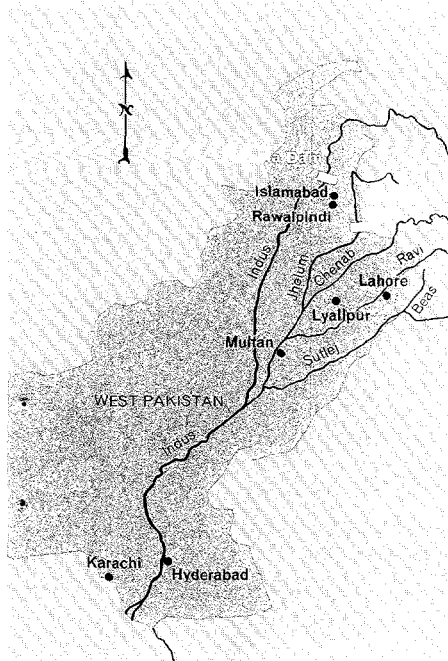
the year. In January 1968 agreement was reached with 12 countries (Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States) for the joint financing of the Mexican power expansion program for 1968/69, on the basis that the Bank would provide two-thirds and the participating countries the balance of the finance required to meet the cost of items of major equipment purchased from suppliers in their countries after international competitive bidding. It was pursuant to these arrangements that the Bank's Executive Directors approved a loan of \$90 million for the Mexican power program in June.

The same governments also agreed to take part in the joint financing of three projects in Colombia, two for power and one for water supply. The formula to be applied in these instances is that the participating countries will each finance 50% of the cost of eligible major contracts placed with suppliers in their countries and the Bank will finance the remainder. The Bank has agreed to lend \$32 million to Colombia in accordance with the arrangements. In promoting joint financing for these projects, the Bank is helping to discharge its responsibility as Chairman of the Consultative Group for Colombia.

#### Indus Basin Development Program

With the inauguration of the Mangla Dam last November, the signing of the Tarbela Development Fund Agreement in May and the subsequent award of the main civil works contract for the construction of the Tarbela Dam, this is an appropriate moment to review the steady progress of the Indus Basin Development Program as a whole.

The signing of the Indus Waters Treaty in 1960 marked the end of a critical and long-standing dispute be-



designated as the Fund's Administrator. The Fund amounted to the equivalent of \$895 million, including the equivalent of about \$174 million to be provided by India under the Treaty and a loan of \$80 million from the Bank.

When some of the civil works contracts had been awarded, it became apparent that the funds committed would be insufficient to complete the program of works contemplated under the Agreement, which originally included the construction of two large dams and related works, one on the Jhelum (Mangla) and the other on the Indus River. Subsequently, an additional amount equivalent to \$315 million was made available under the Indus Basin Development Fund (Supplemental) Agreement of 1964 by the parties to the 1960 Agreement to cover the balance of the foreign exchange cost of the works. The Bank agreed to provide about \$58 million, which took the form of an IDA credit. The Supplemental Agreement also incorporated arrangements whereby Pakistan undertook to meet the full rupee cost of completing the works. The financing plan adopted at the time of the Supplemental Agreement was calculated so that a foreign exchange balance would be available for the Tarbela project or some other water or power project in West Pakistan. Provision was also made for a study of the water and power resources of West Pakistan to be carried out by the World Bank.

The Mangla Dam came into operation in November 1967. The storage provided by the dam will permit West Pakistan to replace the water to be diverted by India from the eastern rivers when the transitional period allowed under the Treaty comes to an end. In addition, the dam—one of the largest in the world—will make possible the development of a hydroelectric power potential of between 800 and 1,000

megawatts. The initial installation of 300 megawatts has already increased the installed capacity of West Pakistan's northern grid by about 50%. The net cost of the Mangla project, together with the link canals, barrages and other related works, is estimated at around \$1,080 million.

While Mangla was being built and while construction continued on the other Treaty works, a World Bank team headed by Dr. Pieter Lieftinck, an Executive Director of the Bank and IDA, and assisted by a number of consulting firms, was engaged in carrying out the Special Study provided for in the 1964 Supplemental Agreement. The Study was in two parts. The first part, completed in early 1965, dealt with the proposal for building a dam on the Indus at Tarbela and found the project to be technically feasible and economically justified. The second part, completed in July 1967, not only endorsed the high priority of the Tarbela project but also presented a comprehensive program for the utilization of West Pakistan's water and power resources to provide the Government with a basis for development planning in these sectors within the framework of successive Five-Year Plans (see also page 16). The Tarbela Dam itself, the centerpiece of the comprehensive program, will be the largest earth and rock fill dam in the world.

In May this year, the World Bank and six countries—Canada, France, Italy, Pakistan, the United Kingdom and the United States—established the Tarbela Development Fund to complete arrangements for providing financing for the construction of the Tarbela project. Under this agreement, which was negotiated within the framework of the Pakistan Consortium, the Government of Pakistan will provide the Tarbela Development Fund with rupees for the required local expenditure, estimated

tween India and Pakistan, and opened the way to the use and development of water resources on which depends the livelihood of over 50 million people in these two countries. The Treaty was concluded after several years of negotiations in which the Bank played an active role. The engineering concept which underlay the Treaty was a system of enormous "link" canals for transferring water from the Indus, Jhelum and Chenab Rivers to meet the irrigation requirements of eastern portions of West Pakistan which had hitherto been served by the Beas, Ravi and Sutlej, the waters of which were allocated to India.

To provide funds for implementing this plan, an international agreement was signed, simultaneously with the Treaty, to establish the Indus Basin Development Fund. The parties to the agreement were Australia, Canada, Germany, New Zealand, Pakistan, the United Kingdom, the United States and the World Bank, and the Bank was

at the equivalent of \$335 million. The bulk of the foreign currency requirements will come from the Indus Basin Development Fund, the balance of which available for Tarbela is now expected to be \$324 million. Commitments to provide additional foreign exchange have been made as follows: Canada \$4.6 million, France \$30.4 million, Italy \$40 million, the United Kingdom \$24 million, the United States \$50 million, and the Bank \$25 million. The Bank will again administer the Fund.

Altogether, these promises of aid total the equivalent of \$498 million. The foreign exchange cost of Tarbela, including an allowance for contingencies, is now estimated at \$492 million. However, the Canadian, UK and US contributions can be used only for expenditures in those countries and thus part of them may not be usable. The World Bank loan and the US contribution will be reduced *pro rata* should there be a reduction in foreign exchange requirements. In addition to the funds provided under the Agreement, France and Italy have expressed willingness to make contributions of up to the equivalent of \$10 million each, if at a later stage it is established that the foreign exchange funds from the bilateral contributions, together with the balance of the Indus Basin Development Fund and the Bank loan, are insufficient to meet the foreign exchange costs of the project.

The main civil works contract for Tarbela, the largest single contract ever let, was awarded in May this year by the Government of Pakistan and the West Pakistan Water and Power Development Authority (WAPDA), after evaluating tenders by four groups, to a consortium of Italian and French companies led by IMPREGILO of Milan. The completion of the dam by early 1976 is a strategic element in the program for meeting West Pakistan's need

for additional supplies of irrigation water and electric power. At its initial capacity, the Tarbela reservoir will store sufficient water to increase rabi (winter) river flows on the Indus in an average year by about one-third, and in a dry year by about one-half. Under the scheme of development which is envisaged, Tarbela would also contribute over one-quarter of the total amount of electric energy required by West Pakistan over the decade 1975-85. By the end of that period, its contribution to total electricity requirements in the Province would be more than one-third.

#### Commodity Study

In response to resolutions adopted by the Boards of Governors of the Bank and the IMF at their Annual Meetings in Rio de Janeiro in September 1967, the staffs of the two institutions have been preparing a draft of a special study concerning the problem of the stabilization of prices of primary products, possible solutions to the problem and the economic feasibility of these solutions. The draft examines postwar price fluctuations, trends in commodity trade and their causes, considers measures to improve the level and trend of export earnings and analyzes measures to deal with fluctuations around the trend. It attempts to view the commodity problem in the perspective of development efforts and policies, giving particular attention to the problems and prospects of diversification of production and exports. The draft will be considered by the Executive Directors of the Bank and the IMF prior to the submission of the study to the Boards of Governors.

#### Other Studies

The economic work undertaken by the Bank's staff includes the examination

of individual developing countries' economic problems, policies and prospects, the analysis of particular sector and project questions and the preparation of basic statistical material. It also involves the analysis of broader economic problems, some of them worldwide in scope, which affect the progress of the developing countries. In the year under review, apart from its continuing work on specific country, sector and project problems, and in addition to the special commodity study referred to above, the Bank's staff has been engaged on a number of studies relevant either to the problems of the developing world as a whole or to its own work.

Trade and Economic Growth: The economic progress achieved by developing countries depends not only on their overseas earnings from commodities but also on their balance of payments position as a whole. This in turn is significantly affected by the growth of their foreign trade, particularly with the developed nations. A number of studies dealing with developing countries' external trade in general, and some of the factors determining its growth, have been completed in the year under review. "The Export Experience of Developing Countries", an analysis of growth patterns in this field between 1950 and 1963, was published in the series of World Bank Staff Occasional Papers in November 1967.

Another study completed during the year, at the request of UNCTAD and presented to the second session of UNCTAD in New Delhi in February-March 1968, examined the impact of industrial countries' tariffs on developing countries' fabricated exports to them and assessed the possible repercussions of the so-called Kennedy Round of tariff reductions negotiated in 1967 on this sector of developing countries' trade.

Export Credits: Two studies dealing with export credits were prepared by the Bank staff in response to a resolution of the first session of UNCTAD in 1964. The first study, completed in January 1967, examined suppliers' and other types of export credits extended by the industrialized countries. The second study, which was presented to the Secretary-General of UNCTAD in February 1968, dealt with another aspect of suppliers' credits, namely, their use by developing countries. It analyzed experience in financing developing countries' exports of capital goods, particularly in the light of the provision of the Inter-American Development Bank (IDB) for rediscounting facilities for this purpose.

At the second session of UNCTAD, the Bank and the United Nations Secretariat were asked, in consultation with other institutions, to continue the study of commercial credits as a means of assisting developing countries to increase their exports and of the possibility of refinancing by international financial institutions of commercial credits extended by developing countries.

Multilateral Investment Insurance: At the request of UNCTAD, work continued during the year on the study of a multilateral investment insurance scheme which would insure new private foreign investment in developing countries against losses resulting from non-commercial risks. A first draft of Articles of Agreement for an international investment insurance agency, prepared by the staff, has been discussed by a Committee of the Bank's Executive Directors. A revised draft, reflecting the discussions, has been completed for the Executive Directors' further consideration.

Other UNCTAD-Requested Studies: Among the requests made of the Bank by the second session of UNCTAD was

one for an analysis of possible improvements in techniques of lending and in particular of conditions and schedules of repayment, and for advice to UNCTAD's Secretary-General on the question of access to capital markets by developing countries and multilateral development institutions. Work on this study by the staff is now under way.

A study produced in 1965/66 by the Bank's staff at the request of the first session of UNCTAD, on "Supplementary Financial Measures", was considered at the New Delhi meeting. Under the scheme put forward in the study, supplementary finance would be provided to support development programs that would otherwise be disrupted by the failure of export earnings to come up to reasonable expectations. The Intergovernmental Working Group set up earlier by UNCTAD to examine the study is to be expanded and will discuss further various unresolved issues and report to the UN Trade and Development Board.

Coffee Study: Work has continued on a study financed and sponsored jointly by the Bank, FAO and the International Coffee Organization of long-term trends of coffee demand and supply, the need of the main coffee-producing countries to diversify into other lines of production, and the problems connected with such diversification. This study is expected to be completed in 1968.

Sector and Project Analysis: The Bank seeks constantly to improve the tools and methods of analysis used in the study of economic questions and particular types of project. A study entitled "Sector and Project Planning in Transportation" was published as a Staff Occasional Paper in November 1967. This study discusses the main steps in the preparation of a development plan for

the transportation sector and examines some important issues in the cost-benefit analysis of a transport project.

In January 1968, a study of selected economic development projects and their appraisal, prepared by John A. King, Jr., a member of the Bank's staff, was published by The Johns Hopkins Press on behalf of the Economic Development Institute. The book presents 30 case studies of electric power, transport and industrial projects submitted to the Bank for financing.

A number of studies, both theoretical and practical, have been made during the past year to try to refine existing techniques of analysis and judgment on policy questions. They include "A Cost-Benefit Approach to Educational Planning in Developing Countries" and "The Economics of Road-User Charges". Each of these studies is being followed up by field work to test the validity of its approach to the problem in question.

External Debt Statistics: The Bank is the principal source of information for data relating to external debt. For some time it has had an agreement with the IDB under which it provides the latter with debt information on Latin American countries. Similar agreements have recently been reached with the African Development Bank and the Asian Development Bank.

The expanded system operated jointly by the Bank and the Organization for Economic Cooperation and Development (OECD) for reporting on statistics of loans and grants by developed to developing countries became operational during the year. While a number of reporting problems still remain to be worked out, the system should in 1968/69 produce valuable data on capital flows to the developing countries as well as help improve the quality of the debt statistics.

## Finances: Bank

**Borrowings:** The Bank obtains the larger part of its funds by the issue of bonds and notes to investors; the state of capital markets is therefore of crucial importance to it. Despite tight conditions in capital markets, the Bank was able, with the cooperation of governments, to market \$735 million in bond and note issues in 1967/68. Because of the general upward trend in interest rates, however, the average cost of these borrowings rose to a new high level of 6.17%, compared with 5.52% in 1966/67 and 4.88% in 1965/66.

During the first six months of the fiscal year, the Bank's lending rate was held at 6%, the rate adopted in February 1966, but the higher cost of borrowing made it necessary to increase the rate to 6¼% in January 1968. Since the fiscal year ended the rate has been further increased, to 6½%, as from August 1, 1968.

It is the policy of the Bank that the rate charged on its loans should be kept as low as is compatible with the maintenance of its ability to raise in the capital markets of its members, or otherwise borrow, the funds it needs. In order to maintain the reputation and financial strength on which this ability depends, the Bank, in determining its own lending rate, pays due regard to such criteria as the trend of its earnings, the maintenance of an adequate ratio of earnings to interest requirements on its funded debt, the maintenance of a reasonable rate of return on its capital and reserves, and the accumulation of adequate reserves.

Funded debt of the Bank outstanding on June 30, 1968, aggregated \$3,289.6 million, an increase of \$214 million compared with a year earlier. More than 58% was held by investors outside the United States; there are holdings

of Bank bonds and notes in over 60 countries. Every effort has again been made to achieve the broadest possible market for the Bank's obligations. Of the \$735 million of issues sold by the Bank in 1967/68, \$300 million were marketed in the United States by means of two public offerings, of which \$25 million was purchased by investors in other countries. Outside the United States, the Bank placed a total of \$348 million equivalent of bond and note issues with central banks, government accounts and international organizations. Placements included the Bank's first sale of long-term bonds in Saudi Arabia. The remaining \$87 million of issues sold outside the United States were marketed by means of public offerings of the Bank's bonds in Canada, Germany, the Netherlands, Sweden and Switzerland. The offering in Sweden was the Bank's first in that country, that in the Netherlands the first since 1962.

### Increase in Outstanding Funded Debt, 1967/68

	Millions of US Dollars (equivalent)	Millions of US Dollars (equivalent)
<b>Borrowings</b>		
US dollars.....	590.4	
Canadian dollars.....	13.9	
Deutsche mark.....	75.9	
Netherlands guilders.....	11.0	
Swedish kronor.....	14.5	
Swiss francs.....	29.1	734.8
<b>Delivery of Bonds Sold in Previous Years</b>		
US dollars.....		145.0
		879.8
<b>Less Issues matured in fiscal year.....</b>		
Purchase & Sinking Fund redemptions....	457.9	
Bonds sold in 1967/68 on delayed delivery basis for delivery after 6/30/68.....	55.9	
Revaluation of outstanding sterling issues.....	145.7	
	6.0	665.5
<b>Net Increase In Outstanding Funded Debt.....</b>		<u>214.3</u>

A total of \$458 million of debt matured during the year, including an issue of \$150 million of 3¾% Ten-Year Bonds which came due in May 1968, virtually all of which was held by investors in the United States. The remainder of debt maturing during the year, equivalent to \$308 million, was held by investors in other countries. In addition to these maturities, the Bank retired some \$55.9 million equivalent of debt by means of sinking fund and purchase fund operations, including portions of US dollar, Canadian dollar, Deutsche mark, Netherlands guilder, Swiss franc and sterling issues.

### Commitments, Repayments and Loan Sales

Loans held by the Bank at June 30, 1968, including those not yet effective, and net of exchange adjustments, totaled \$7,576 million, an increase of \$454 million. Disbursements on loans during the past year amounted to \$771.9 million, compared with \$790 million in 1966/67. A total of \$2,425.9 million remained to be disbursed over a period of years, estimated to extend to mid-1975.

The Bank's borrowers repaid \$357.6 million on maturing loans, against \$346.5 million in the previous year. Repayments included \$236.5 million paid to the Bank and \$121.1 million to investors who had purchased borrowers' obligations from the Bank. Aggregate repayments on the Bank's loans to June 30, 1968, were \$2,917.9 million, \$1,499.6 million having been repaid to the Bank and \$1,418.3 million to loan purchasers.

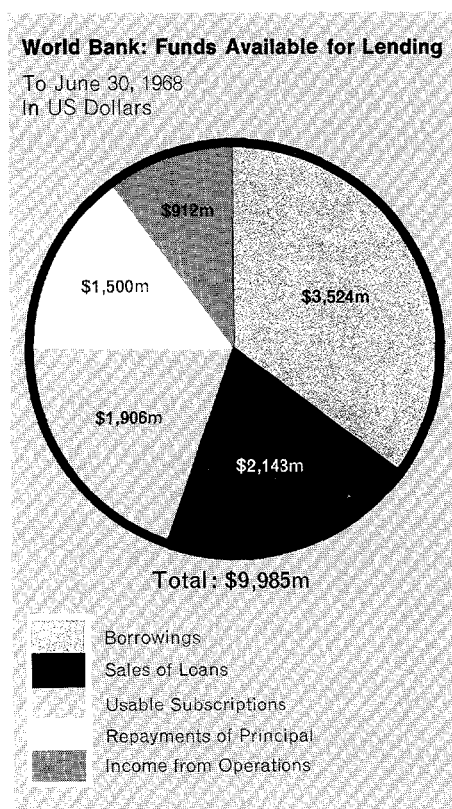
In order to offset temporarily part of the balance of payments effect on India of debt service payments to the Bank, the Bank during the year opened four special interest-bearing deposit accounts with the Reserve Bank of India. The accounts are denominated in US dollars, pounds sterling, Deutsche mark and Japanese yen. As of June

30, 1968, the balance in the accounts with the Reserve Bank of India amounted to the equivalent of \$30 million. No further such deposits are expected to be made, and the World Bank will withdraw funds from the accounts from time to time, but not later than March 31, 1971.

Sales of participations and portfolio items showed an increase during the past year for the first time since the fiscal year 1961/62. The total of these transactions was \$107.4 million, a rise of \$38.8 million compared with 1966/67. The declining trend of sales of participations and portfolio items during recent years has been caused by the upward movement of interest rates on competing securities and the restriction on overseas investments by some capital-exporting countries.

**Income and Expenditure:** Net income of the Bank for the past fiscal year was \$169 million, approximately equal to the net income of \$170 million in 1966/67 and a sharp increase compared with earlier periods. The higher earnings in the past two years have reflected in part the higher yields obtainable on the Bank's temporary investments and the increase in loans held by the Bank. Commission still charged on outstanding portions of a few of the Bank's earliest loans amounted to \$0.6 million and was credited to the Special Reserve, raising it to \$291 million at June 30, 1968.

Gross income was \$356 million, compared with \$331 million in the previous year. Interest on loans rose by \$28 million to \$275 million, and other income by \$3 million to \$8 million. These increases were partially offset by a decline of \$6 million in interest on investments to \$66 million. The Bank's total expenses amounted to \$187 million. Bond and note interest and issuance costs rose sharply to \$153 million from



\$131 million the year before. The rise was attributable to the increase in outstanding bond and note issues and to higher borrowing costs during the year. Administrative costs, after deduction of \$4.2 million charged as a management fee to IDA, aggregated \$29 million compared with \$24 million computed on a comparable basis for 1966/67.

Under a decision approved by the Board of Governors at the Annual Meeting in September 1967, \$10 million of the Bank's net income for the fiscal year 1966/67 was set aside for transfer to IDA in the form of a grant, after \$160 million from net income had been allocated to the Supplemental Reserve Against Losses on Loans and Guarantees and From Currency Devaluations. After the close of the 1967/68 fiscal year, the Executive Directors allocated \$94.1 million of net income of the fiscal year to the Supplemental Re-

serve, raising it to \$963.1 million and total Reserves to \$1,254.1 million. The Executive Directors at the same time recommended to the Board that a further \$75 million be transferred to IDA by way of a grant.

#### Replenishment of IDA

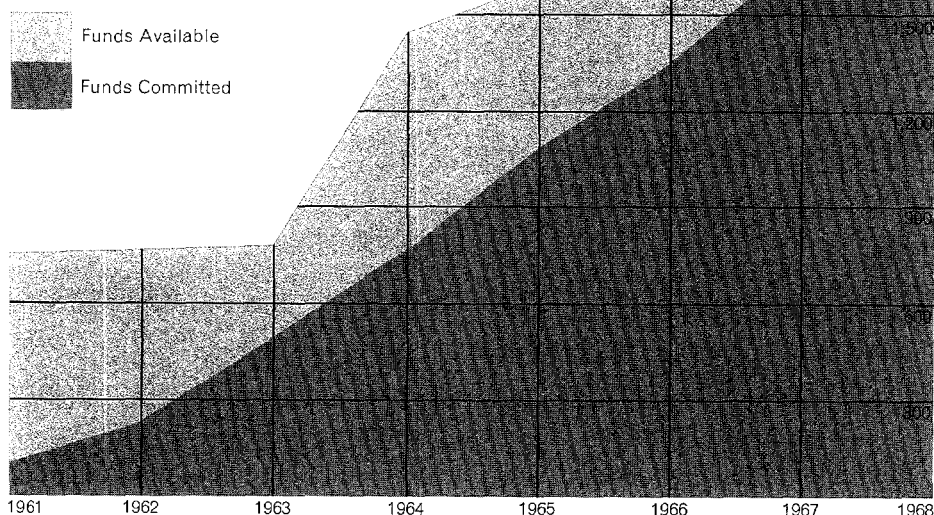
In March 1968, after extensive negotiations by IDA with the economically more advanced (Part I) member countries, the Executive Directors of the Association recommended and transmitted to member governments for approval a proposal for a *second general replenishment* of IDA's resources at the rate of \$400 million annually for three years, with the first payment by the contributing countries scheduled for November 8, 1968. Under the terms of the proposal, which represented about a 60% increase over the first general replenishment agreed in 1964, the 18 Part I member countries of IDA would make contributions equivalent to \$1,170.5 million in the amounts shown below:

Country	(US Dollars)
Australia	24,000,000
Austria	8,160,000
Belgium	20,400,000
Canada	67,200,000
Denmark	12,120,000
Finland	3,720,000
France	97,200,000
Germany	117,000,000
Italy	48,360,000
Japan	66,480,000
Kuwait	5,400,000
Luxembourg	600,000
Netherlands	26,520,000
Norway	10,680,000
South Africa	3,000,000
Sweden	24,120,000
United Kingdom	155,520,000
United States	480,000,000

Five of these countries — Canada, Denmark, Finland, the Netherlands and Sweden—also proposed to make available the equivalent of \$17,520,000 in supplementary contributions to IDA

### IDA: Funds Committed and Available

As of June 30, Years 1961 to 1968  
In millions of US Dollars



during the same period and on the same payment terms. In addition, the Swiss Confederation, not a member of IDA, has agreed to make IDA a 50-year interest-free loan equivalent to approximately \$12 million payable in three equal installments on July 1 of the three years 1968, 1969 and 1970. The combined total from the above sources would enable IDA to make new lending commitments of \$1,200 million.

The replenishment proposal was based upon a continuation of IDA's policy of requiring full international competition for procurement of goods and services financed by it. However, in view of the serious balance of payments problems of the United States, it was provided that, during the three years ending June 30, 1971 and for as 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. Thus, during that period, payments under the second replenishment would have no adverse

effect on the US balance of payments. 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 deferment arrangement for the United States, a number of other participating countries agreed to permit a compensating acceleration of IDA's drawings upon their contributions in order to meet its disbursement requirements.

The target date for the second replenishment to become effective was originally fixed at June 30, 1968. In order for the obligation to become binding on any of the countries, at least 12 countries, pledging not less than \$950 million, had formally to notify IDA by that date that they would make their specified contributions. Since a sufficient number of formal notifications had not been received by June 30, the Executive Directors extended the closing date to September 30, 1968.

Including credits which were brought to the stage of being ready for presentation to the Executive Directors for

their consideration but for which approval had to be deferred until new replenishment funds become available, credits negotiated during the past fiscal year totaled \$276 million. The actual amount of credits signed during the period totaled only \$106.6 million. These commitments absorbed all except \$7.2 million of the \$1,795.6 million of resources available to IDA up to June 30, 1968. Disbursements against these and earlier commitments amounted to \$318.8 million, raising total disbursements to \$1,342.5 million. Taking into consideration the additional special supplementary contribution of Sweden and the loan from the Swiss Confederation, both discussed below, the Association's resources available for commitment totaled \$40.7 million at June 30, 1968.

The Swedish Government announced further support for IDA during the year, in addition to its contributions to the proposed general replenishment. A total of \$21.36 million in additional *special supplementary contributions* is to be made available to IDA by Sweden during the three years ending June 30, 1971. Of this, \$4.12 million will be made available in the fiscal year 1968/69, \$7.12 million in 1969/70 and \$10.12 million in 1970/71. Under six earlier special supplementary contributions, Sweden had provided IDA with a total of \$28.14 million. A supplementary contribution of \$1.32 million is also to be made to IDA by Norway, subject to the effectiveness of the second replenishment. The amount will be paid in three installments of \$0.84 million in calendar year 1968 and \$0.24 million in 1969 and 1970.

Arrangements became effective in April 1968 for a *loan* from the Swiss Confederation to the Association of Sw F 52 million (approximately \$12.1 million). The loan will be on the same terms as those on which IDA itself ex-



tends credits for projects: it will carry no interest and will be repayable in 40 annual installments beginning July 1, 1979. The proceeds will be made available to IDA in three equal installments on July 1 of the years 1968, 1969 and 1970 and will be freely usable in IDA's operations.

At the Annual Meeting in Rio de Janeiro in September 1967, the Board of Governors of the Bank approved the transfer of \$10 million of the Bank's 1966/67 net income to IDA as a grant. A total of \$210 million has now been made available by the Bank to IDA since the first transfer of this kind was approved by the Board of Governors in 1964. After the close of the 1967/68 fiscal year, the Bank's Executive Direc-

tors recommended to the Board of Governors that a further grant to IDA, in the amount of \$75 million, be made out of net income for the year. This recommendation will be considered by the Governors at the forthcoming Annual Meeting in Washington.

#### Membership in the Bank and IDA

During the fiscal year, the membership of the Bank was increased from 106 to 107 governments, and that of IDA from 97 to 98, by the admission of The Gambia in October. At the end of the year, action was pending on membership in the Bank of Botswana, Lesotho, Malta and Mauritius, and on membership in IDA of Botswana, Guinea, In-

donesia, Lesotho, Malta, Mauritius, Trinidad and Tobago, Uruguay and Venezuela.<sup>5</sup>

The Bank's subscribed capital increased from \$22,850 million to \$22,942 million. The Gambia's subscription to the Bank is \$5.3 million. In addition, four governments increased their subscriptions to the Bank's capital by a total of \$86.8 million, as shown in the following table:

Member	(Millions of US Dollars)	
	From	To
Korea.....	25.0	53.3
Peru.....	35.0	63.5
Philippines.....	100.0	117.3
Viet-Nam.....	30.0	42.7

<sup>5</sup>Botswana became a member of the Bank and IDA and Lesotho a member of the Bank in July 1968.



*A Thai worker inspecting corn at an experimental farm. Bank loans made to Thailand for irrigation and flood control schemes are helping to increase the country's agricultural production.*

During the year, there were several changes among the Executive Directors. In July, Mr. René Larre, who had served for ten years as Executive Director for France, was succeeded by Mr. Georges Plescoff. In August, Sir John Stevens, Executive Director for the United Kingdom since January 1965, was succeeded by Mr. Evan Maude. Mr. Sundara Rajan, Executive Director for India since August 1963, was succeeded by Mr. S. Jagannathan at the end of March. Dr. Otto Donner, who had served as Executive Director for Germany for nearly 14 years, retired at the end of April. He was succeeded by Dr. Ernst vom Hofe.

The death occurred in June of Mr. Muhammad Ayub, who since November 1966 had been the Executive Director representing Iran, Iraq, Jordan, Kuwait, Lebanon, Pakistan, Saudi Arabia, Syrian Arab Republic and United Arab Republic. He was succeeded by Mr. S. Osman Ali.

Mr. Ayub's professional life was spent in governmental and international work. He participated in numerous international conferences and served as adviser on the Pakistan Delegation at meetings of the Commonwealth Prime Ministers and Commonwealth Finance Ministers. He had also been Secretary-General, Adviser and Alternate Delegate of the Pakistan Delegation to the United Nations General Assembly, Security Council and UNCTAD. Before becoming an Executive Director of the Bank, he was known to many staff members through his participation in the Indus Waters negotiations.

In November, Mr. Martin Lynch succeeded Mr. Robert Radford as Alternate Director for the United Kingdom. On April 1, Mr. Christopher Kahangi, from Tanzania, became Alternate to Mr. S. Othello Coleman in place of his fellow-countryman, Mr. Iddi Simba.

Mr. Orvis A. Schmidt, Special Adviser to the President, died in November. Mr. Schmidt was associated with the Bank from its earliest days and during the course of his career served in a number of senior positions. He had special responsibility for coordinating the activities of the Bank with those of the Inter-American Committee for the Alliance for Progress (CIAP) and other national and international agencies concerned with Latin American affairs.

In April, on his retirement from the British Treasury, Sir Denis Rickett joined the Bank and IDA as a Vice President. He had been the United Kingdom Alternate Governor of the Bank since 1958.

The Bank's European Office underwent changes during the year. Mr. John D. Miller, the Bank's Special Representative in Europe, retired in April after 13½ years' service with the Bank. Mr. Arthur Karasz, Manager and Deputy Special Representative in Europe, was appointed to the newly-created position of Director of the European Office.

Mr. William Clark became Director of the Information and Public Affairs Department. He joined the Bank from the Overseas Development Institute, London, of which he was Director. Mr. Harold N. Graves, Jr., who had served as Director of Information since November 1950, became Associate Director of the Development Services Department.

Mr. Lester Nurick was promoted to the position of Associate General Counsel in April. He had served as Deputy General Counsel in the Bank's Legal Department since 1965.

The Program Evaluation and Control Department has been assigned responsibility for continuing work on planning Bank Group operations in addition to its present responsibility for budgetary matters. It has been renamed the Pro-

gramming and Budgeting Department. In view of the Department's additional functions, its former responsibility for reviewing the efficiency of the Group's organizational structure and operating procedures has been transferred to the Administration Department.

Mr. John H. Adler, a Senior Adviser in the Economics Department and previously Director of the Economic Development Institute, has been promoted to the position of Associate Director of the Programming and Budgeting Department.

Mr. Bernard R. Bell, Deputy Director of the Projects Department, has been named Director of the Bank's Resident Staff in Indonesia, to take up his new post in August 1968.

At the end of June 1968, the staff of the Bank and IDA numbered 1,590, comprising nationals of 75 countries.

The first 56 *Young Professionals* have completed their training and are now assigned to regular positions on the staff of the Bank and IFC, while 42 additional *Young Professionals* are at present in training. A further eight will join the Bank in the next few months, bringing the total serving the Bank Group to 106 from 37 countries as shown in the following table:

Argentina . . . . .	2	Mexico . . . . .	1
Australia . . . . .	1	Netherlands . . . . .	5
Austria . . . . .	3	New Zealand . . . . .	1
Belgium . . . . .	4	Nigeria . . . . .	3
Canada . . . . .	2	Norway . . . . .	2
China . . . . .	1	Pakistan . . . . .	4
Cuba . . . . .	1	Philippines . . . . .	2
France . . . . .	10	South Africa . . . . .	1
Germany . . . . .	8	Spain . . . . .	3
Ghana . . . . .	1	Sweden . . . . .	2
Guyana . . . . .	1	Switzerland . . . . .	4
India . . . . .	10	Thailand . . . . .	1
Iran . . . . .	1	Togo . . . . .	1
Ireland . . . . .	1	Turkey . . . . .	1
Israel . . . . .	1	United Arab	
Italy . . . . .	6	Republic . . . . .	1
Jamaica . . . . .	1	United Kingdom . . . . .	9
Japan . . . . .	2	United States . . . . .	7
Kenya . . . . .	1	West Indies . . . . .	1

# Part Two



*A farmer clearing an irrigation ditch on his farm near Aligarh, the State of Uttar Pradesh, India. Funds from a \$6 million International Development Association credit are being used to expand tubewell irrigation in this area.*

## Part Two: Trends and Outlook in Development Finance

Part Two of the Annual Report is devoted to a short outline of the chief trends in developing countries. While major developments in regard to economic growth and external trade are briefly described, the main focus of this part of the Report is on the external financing aspects of development. Sales of external bonds of developing countries and international development institutions are discussed within the broader context of international capital markets. The Report this year contains a special section on recent experience and prospects of agricultural development and a brief discussion of problems arising in a number of developing countries as a result of rapid growth in population. (Tables referred to in the text will be found in the Statistical Annex, beginning page 48.)

### Overall Trends

The world economy in 1967 was characterized by a considerable slowdown in overall growth combined with severe strains in the balance of payments and international monetary system. This deceleration in growth began in mid-1966 and continued during 1967 both in the United States and in a number of European countries, such as the Federal Republic of Germany, France and the United Kingdom. The aggregate real Gross Domestic Product (GDP) of industrialized countries increased by about 2.5% in 1967, compared to an average of about 5% per annum from 1960 to 1966. World trade increased by approximately 5% at current prices,

marking a slowdown from the annual rate of expansion of over 8% between 1960 and 1966. The trade deceleration in the industrialized countries had adverse effects on export earnings of developing countries. The overall flow of development assistance continued to fall short of accepted targets, as a result of either balance of payments deficits or budgetary problems in some of the major aid-providing countries. Preliminary estimates for the first half of 1968 indicate an increase in the growth rate of GDP, particularly in the United States and also in some European countries, which could lead to renewed expansion in exports of developing countries.

Provisional indicators for 1967 show that GDP of developing countries as a group increased at a faster rate than in the two previous years, mainly reflecting a considerable recovery in the GDP growth of India, where agricultural production steeply increased in 1967. Although the gain was in part the result of favorable weather conditions, there are strong indications of a real advance in agricultural production, due largely to technological innovations which are discussed later. Growth in 1967 in other developing regions seems generally to have continued at about the same average rate as that of the 1960s as a whole.

The slowdown in trade expansion, as well as the basic stability in the level of aid commitments, formed the background to the second session of UNCTAD which took place in New Delhi in early 1968. Even before the Conference began, it was agreed by the in-

dustrialized countries that a general system of non-reciprocal preferences for developing countries' exports was both desirable and feasible; this marked a change in attitude on the part of certain industrialized countries. The discussions during the Conference centered around four major questions: how can development aid be increased; how can more stable and satisfactory income be guaranteed to producers of primary products; how can the developing countries improve the mobilization of their domestic resources; and can there be an acceptable scheme for extending preferences to exports of manufactures and semi-manufactures from the developing countries? At the conclusion of the Conference these questions remained largely unanswered. Yet some of the resolutions adopted may eventually result in constructive action,

**NOTE:** Unless otherwise specified, the classification of countries is based on that used in the United Nations Statistical Yearbook. The data do not include Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, Poland, Rumania, Mainland China, Mongolia, North Korea, North Viet-Nam, the Union of Soviet Socialist Republics and Cuba, for which data are either not available or are not comparable with data from other countries. The term "developing countries" includes all other countries of Asia except Japan; of Africa except South Africa; of Latin America and the Caribbean area; and the Southern European countries of Cyprus, Greece, Malta, Portugal, Spain, Turkey and Yugoslavia.

The "developing countries" group, as defined above, covers about 1,720 million people or more than 70% of the total population of the countries included in the data. Other countries covered by the data are referred to as "developed" or "industrialized" countries. It is to be noted that this classification does not coincide exactly with the Part I and Part II division of membership in the International Development Association (see pages 89-90) and has no relevance as to the countries which are or are not currently considered for development finance from the Bank or IDA.

especially the decision to continue negotiations for a general non-discriminatory, non-reciprocal scheme of preferences for exports of manufactures from the developing countries. The Conference decided to continue consideration of Supplementary Financial Measures in the machinery of UNCTAD (see page 23). A new aid target which would require each economically advanced country to provide annually to developing countries net financial resources of a minimum of 1% of Gross National Product (rather than the 1% of national income as approved by the first session of UNCTAD in 1964) was also approved, although no date was set for the achievement of this target. If this resolution is realized, the amount of development assistance would be considerably increased.

### Growth in Developing Countries

Special factors such as weather conditions, military and political upheavals, and severe balance of payments constraints can significantly affect annual growth rates of developing countries; their growth record must therefore be seen in longer term perspective. Since 1950, the growth of world<sup>1</sup> aggregate GDP has averaged about 4.5% a year at constant prices, thus doubling the total. Data for 56 developing countries, which account for about 90% of the aggregate GDP of the developing countries, show an increase in GDP at the rate of 4.7% per year from 1950 to 1966 (Table 1). Thus, between 1950 and 1966 the combined growth rate of developing countries, in percentage terms, has kept pace with that of the industrialized countries.

<sup>1</sup>Excluding the countries of Eastern Europe, the Soviet Union, Mainland China, Mongolia, North Korea and North Viet-Nam, for which data are either not available or are not comparable with data from other countries.

These overall figures conceal wide differences among regions as well as individual countries, as stated in last year's Report. On the whole, developing countries in Southern Europe, the Middle East and East Asia, and to a lesser extent Latin America, have grown more rapidly than the average of all developing countries; growth in South Asia and Africa, which together account for more than half the population in developing countries, has been at a slower rate.

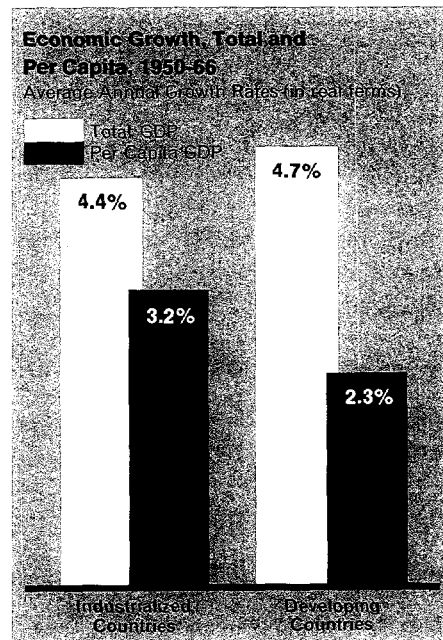
Allowing for population increase, the economic growth record of the developing countries as a group has been far less satisfactory. Since 1950 their rate of population growth has been nearly twice as high as that of the industrialized countries (Table 1), resulting in a growth of GDP per capita for all developing countries of 2.3% per year, compared to 3.2% in the industrialized countries. Throughout the period Latin America has had a fast rate of population growth, 2.9%, equal to two-thirds of the aggregate GDP growth rate. In South Asia, the annual population growth increased

from 1.9% in the 1950s to 2.5% in the 1960s. Moreover, this was combined with a slowing down of the aggregate rate of economic growth, thus reducing growth of per capita GDP to only 0.5% per year.

In all regions of the world, manufacturing production has increased at a relatively rapid pace over the past several years, while agricultural production has grown much more slowly (Table 2). The slow growth of agricultural production in the developing countries has had a significant impact on their total growth, as an estimated one-third of their GDP originates in this sector. Because of the special importance of agriculture in developing countries, this topic, together with some aspects of the related problem of population growth, is discussed separately at the end of this chapter.

### Trade and Payments

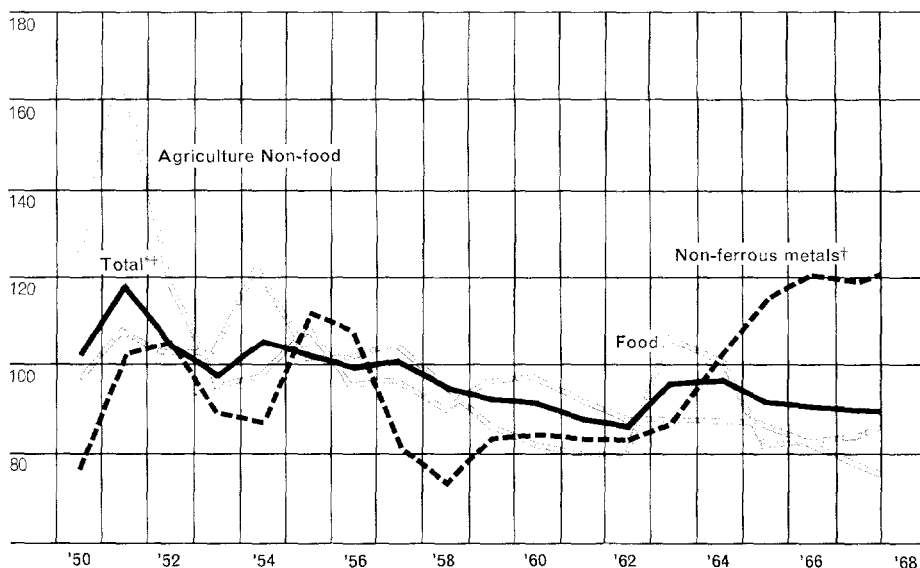
Export earnings of developing countries as a group increased in 1967 by about 3.5%, compared to an average growth of 6.5% during the period 1960-1966 (Table 5). If exports of major petroleum producing countries and the developing countries of Southern Europe are excluded, the increase in 1967 amounted to only about \$200 million, a fraction of 1%. This stagnation in export earnings was in part a result of the slow economic growth in industrialized countries, which affected their import demand and reduced the average price level of primary products. Developing countries in all regions were affected by the slow growth of world trade in 1967, although in varying degrees; South Asia and Latin America actually experienced a small absolute reduction in export earnings. Rapid supply expansion in some commodities contributed to the decline in average prices.



The World Bank Primary Commodity Price Index for Low and Medium Income Producers, which during the 1960s has fluctuated within narrow margins, fell by 0.7% in 1967; if petroleum prices are excluded, the decline amounted to about 1.5% (see chart). The overall decline, although small, is notable since it happened in a year of international conflicts (Viet-Nam and the Middle East) and despite the closure of the Suez Canal. Although there were a few price rises during 1967—in cotton, rice, sugar and tea—the prices of most commodities decreased. Copper prices on the London market fell by about 25%, a partial downward adjustment from the abnormal record high level of the previous year. The gradual decline in rubber prices over the past several years sharpened, with prices declining by 16%. The steel recession in the United States and Europe continued to force down iron ore prices, despite an apparent temporary halt in the growth of export volume. Other important commodities which experienced price declines in 1967 included coffee, tin, jute, jute textiles, wool, sisal, lead and fishmeal.

Prices of some commodities may rise as world economic activity and trade grow at a faster rate than in 1967. But the continuation of the general erosion of coffee prices, and to a lesser extent tin, is a matter of concern, especially as coffee and tin are two commodities for which international agreements designed to stabilize prices have been in effect for some time. The successful renewal of the International Coffee Agreement in 1968 provides hope that price stability for coffee, a commodity accounting for about one-half of the export earnings of eight developing countries, can be maintained. The International Tin Agreement is expected to be able to prevent further significant deterioration in prices from the mid-

**Primary Commodity Price Index for Low and Medium Income Primary Producers**  
(1955-1957 = 100) Annual Averages



\*Including petroleum. †From 1962 adjusted to reflect producers' price quotations of copper.

1968 level in the near future. In the longer run, however, price stability will depend on the degree to which coordination of supply is achieved among exporting countries, unless demand accelerates significantly.

As stated in Part One (page 22), in response to resolutions adopted at the 1967 Annual Meetings of the Boards of Governors, the staffs of the Bank and the IMF have been preparing a draft study concerning the problem of the stabilization of prices of primary products, possible solutions to the problem and the economic feasibility of these solutions. This draft will be considered by the Executive Directors of the Bank and the IMF prior to the submission of the study to the Boards of Governors.

The expansion of manufactured exports of developing countries has not yet benefited from any significant reduction in tariffs or in quantitative restrictions on imports by industrialized countries. A World Bank staff study of the effects of the tariff concessions

granted in the Kennedy Round of the General Agreement on Tariffs and Trade (GATT) suggested that the tariff reductions negotiated in 1967 chiefly benefited the commodities traded among industrialized countries. Reductions granted by industrialized countries on the manufactured exports of developing countries were considerably smaller than the concessions made to other industrialized countries. The prospective expansion of manufactured exports from developing to industrialized countries directly attributed to the Kennedy Round tariff reductions has been estimated at \$200 million<sup>2</sup> per year, or about 16% of present manufactured exports of developing countries. Even this small increase is not likely to materialize, and may even be reduced by almost one-half, if quotas under the long-term Cotton Textiles Arrangement as well as quantitative restrictions on

<sup>2</sup>This estimate excludes exports from those Southern European countries included in the list of developing countries given in the Note on page 31.

some other commodities are not liberalized.

The export experience of a small number of countries during the 1960s conflicts with the general export performance of the developing countries as a group. In East Asia, exports of goods from the Republic of China, Hong Kong and Korea increased between 1960 and 1967 at annual average rates of 21%, 12% and 38% respectively. In the Mediterranean area, Greece, Israel, Yugoslavia, Portugal, and Spain together expanded exports of merchandise by almost 12% per year between 1960 and 1966, and even in 1967 managed to increase them by 9%. These eight countries have two things in common: their merchandise exports consist of a relatively high percentage of manufactures and they have pursued policies explicitly designed to expand exports.

A World Bank staff study<sup>3</sup> on the export experience of 29 developing countries suggests that variations in export growth are due to a combination of differences in economic policies and in trade positions of countries. The study makes a distinction between exports of "major" commodities, which are mostly primary commodities traded on well-organized international markets, and "minor" exports, which comprise a large group of manufactured and agricultural products traded on a relatively smaller scale. Changes in exports over the period studied, 1950-63, appeared to be associated with countries' shares in the markets of major commodities in the initial years; countries with small shares in the markets tended to fare better than those with large shares. Exports which comprised a small share of total exports tended to experience relatively favorable growth and, in this

respect, behaved like "minor" exports which expanded considerably faster than "major" exports. A distinction is also made in the study between countries with outward orientation in their economic policies, as against those with inward orientation emphasizing production for domestic markets. The majority of countries with small domestic markets and small shares in world exports of a particular commodity have pursued policies that are predominantly outward oriented. These countries have managed to maintain competitive price levels through fiscal, monetary and exchange rate policies, and have achieved a considerable increase in exports. In contrast, countries with relatively large domestic markets and important external trade positions have tended to pursue inward oriented policies. For both "minor" and "major" exports, the greatest improvement was achieved by countries which had small external market positions and a policy of outward orientation.

The growth of developing countries' imports during 1967 was affected by the slowdown in their export earnings. Imports into developing countries as a group increased at an annual rate of 7% between 1961 and 1966, but by only 3% in 1967. If Southern Europe and the oil producing countries are excluded, the import growth was 6% from 1961 to 1966 and 3% in 1967.

Although the foreign exchange reserves of the developing countries increased by approximately \$800 million in 1967 and by another \$735 million in the first quarter of 1968, only a few countries benefited from the increase. Up to April 1968, the combined increase in the reserves of Argentina (over \$470 million),<sup>4</sup> of the major oil exporters (\$645 million), of Portugal, Korea, the Republic of China, Israel, Jordan and Thailand amounted to almost \$1,550 million, while virtually all other develop-

<sup>4</sup>Due to special factors, including devaluation followed by a large capital inflow, as well as short-term borrowing.



*Loading a ship with an export cargo at the Port of Dakar, Senegal. A four-year development program for this important West African port is being assisted by a World Bank loan.*

<sup>3</sup>Barend A. de Vries, *The Export Experience of Developing Countries*, World Bank Staff Occasional Paper No. 3.



ing countries experienced a further decline in their reserves. The reserves of many developing countries remained at or reached a precariously low level, making these countries more vulnerable to declines in export earnings and reductions in net capital inflows.

### External Debt Servicing

Debt service payments on public and publicly guaranteed external debt of 92 developing countries increased by about \$400 million in 1966 and by about \$185 million in 1967 (Table 6). These totals conceal considerable variations in the growth of debt service payments from country to country, but some general trends can be seen. In percentage terms, the most rapid increase in debt service payments during 1966 and 1967 occurred in Africa, East Asia and South Asia, as opposed to a much slower increase in Latin America, the Middle East and Southern Europe. These trends are in contrast to the years 1964 and 1965 when the major increase in service payments took place in Latin America and Southern Europe. The slowdown in the rate of increase of debt service payments in the latter regions was partly due to rescheduling in a number of large debtor countries, Argentina, Brazil, Chile and Turkey.

An extremely important factor influencing a country's ability to service external debt is its export performance. The ratio between public debt service payments and exports of goods and services, referred to as the *debt service ratio*, is shown in Table 7 for 54 developing countries.<sup>5</sup> Several other factors, however, have a bearing on a country's ability to service debt, including its propensity to import and potential for reducing imports at times of balance of payments pressure, the amount of gross

capital inflow, the level of total and public savings, and the rate of economic return on investments. Thus, an analysis of a debt servicing problem is best done in the context of an overall evaluation of an individual country's economic and financial performance. Since no two countries are alike, it is not easy to classify groups of countries with respect to their debt servicing problems. Nevertheless, a few typical cases will be briefly discussed below.

Many developing countries have not been seriously troubled by an increase in debt service payments. For some developing countries, debt service payments are relatively low in relation to exports. This has been the case for Ceylon, Ethiopia, Jamaica, Kenya, Malaysia, the Sudan, Tanzania, Thailand and Uganda (Table 7). Some of these countries are in early stages of development and have not yet assumed debt service payments on a large scale. Others have received external assistance largely in the form of grants rather than loans. In several developing countries, rapid export growth has prevented a sharp increase in the debt service ratio, despite a rapid increase in debt service payments. Some of these countries (including Iran and Venezuela, as well as Zambia and Chile in the last two years) have benefited from favorable markets for petroleum or minerals. Certain other countries (including the Republic of China, Korea, Israel and Mexico) have pursued policies conducive to rapid export growth. However, in a number of countries, including some of the largest in terms of GDP or population, debt servicing has become a major problem, affecting overall economic and financial management.

Debt servicing difficulties have arisen mainly because of the following factors: excessive use of short-term debt such as suppliers' credits; inadequate increase in exports due either to a lack

of proper incentives or to unfavorable changes in external market conditions; or an insufficient volume of aid on appropriate terms. In some countries, there has been a combination of the above factors. Unsatisfactory management of overall economic and financial affairs has in certain cases aggravated debt servicing problems.

In a number of countries, debt servicing problems have been chiefly caused by the assumption in past years of credits on relatively onerous terms, indicating in some instances unsatisfactory balance of payments policies. This, for example, was the case in *Argentina*, where most imports of capital goods have been financed by suppliers' credits, often with short maturities and carrying relatively high interest rates. Heavy recourse to such credits, together with the fact that Argentina has obtained relatively few long-term loans from external sources, has meant that the terms on which she has borrowed abroad have been among the hardest for developing countries. For example, the average rate of interest on external loans incurred by the public sector in Argentina in 1966 was 6.14% and the average amortization period 5.8 years (Table 11). As a result, about 75% of the country's external public debt outstanding at the beginning of 1967 was scheduled for repayment within five years. Between 1961 and 1967 Argentina's merchandise exports expanded at an average 7% a year, but a considerable part of the increase in exchange earnings was absorbed by the rise in debt service payments. Public debt service payments reached nearly 28% of exports of goods and services in 1967. To alleviate her heavy debt service burden, Argentina had recourse to debt relief from her major creditor countries on several occasions, most recently in 1965. More prudent debt

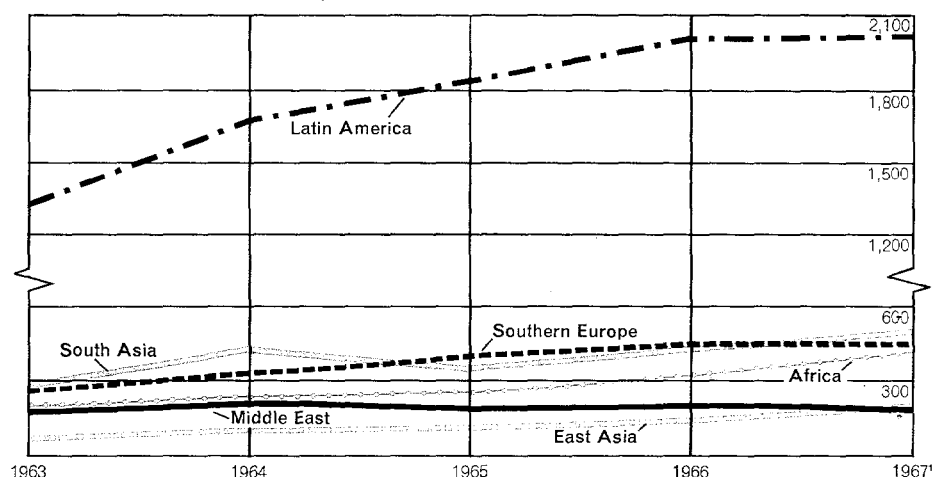
<sup>5</sup>These ratios are based on data reported to the World Bank. See Notes to Tables 6-13, page 64.

management has been an important objective of the economic program introduced early in 1967. Under stand-by arrangements with the IMF, limits have been imposed on the amount outstanding of suppliers' credits to the public sector with maturities of less than eight years. In addition, the authorities have undertaken to monitor carefully the growth of private obligations and to take action, if necessary, to prevent any unduly rapid rise. Substantial surpluses in the current account of the balance of payments have made possible a reduction in the amount of debt outstanding over the past several years. Argentina should be able to reduce her outstanding indebtedness substantially in the coming years if policies necessary to promote rapid expansion of exports are pursued, and if her products are not hampered by restrictions in importing countries. To reduce the debt service burden, Argentina will also have to seek loans on more favorable terms than in the past, particularly by shifting as large a portion of public sector borrowing as possible from suppliers' credits and commercial bank loans to loans from international development institutions and other sources of long-term finance.

The debt servicing problem of *India* is among other factors the result of a combination of slow export growth and the relatively hard terms of some past aid. Between 1960 and 1967 India's merchandise exports increased at an average annual rate of merely 2.8%. Only during the last ten years has the country received large amounts of aid on concessionary terms. Moreover, the volume of such aid, while large in absolute amounts, has been too small in relation to her capital requirements. Consequently, India's debt service payments on foreign debt, including suppliers' credits, rose from about 15% of merchandise exports in 1961 to about

### Growth of Service Payments on External Public Debt of Developing Countries 1963-67

Millions of US Dollars



For geographical coverage, see note to Table 6, page 52

<sup>1</sup> Projected

28% in 1967, adding to the severe constraints on the balance of payments. During the past year the debt servicing problem has been a major concern of the India Consortium, as stated in Part One (page 19). In its role as Chairman of the Consortium, the Bank recommended an increase in the volume of aid, softening of the terms of aid and measures to expand exports. In May 1968, the Consortium reached agreement in principle to provide debt relief of about \$100 million (or roughly 25%) of debt service payments due to Consortium members for each of the three Indian fiscal years beginning April 1, 1968, and to take action on debt relief in the first of the three years. (This agreement is subject to parliamentary approval as far as some creditor countries are concerned.) Further debt relief action may be necessary in the future; however, the long-term solution of India's debt servicing problem depends basically upon the effectiveness of overall economic policies, including poli-

cies to expand exports. It also depends on an increase in the volume of aid given on concessionary terms and on an improvement in external market conditions for India's exports.

In the case of *Pakistan*, where the rate of economic growth has been relatively fast, insufficiency of concessionary aid is tending to produce debt servicing difficulties. Pakistan's exports grew at the comparatively rapid rate of 6% between 1960 and 1967. However, debt service payments rose sharply by 50% from 1965 to 1967, reaching approximately 16% of exports of goods and services in 1967. The increase in debt service payments is due to the maturing of relatively short-term debt assumed in the early 1960s. Although debt servicing has not yet imposed too heavy a burden on Pakistan's balance of payments or on her budget, future prospects are disconcerting even in the short term. Because of a hardening of average terms of loans in the past few years (Table 11), the debt service ratio

is projected to increase by 1970 to around 20%, merely as a result of existing debt. Projecting a continuing flow of gross aid at the same amount of \$650 million a year on the same average terms as the last two years and an average export expansion of 7% a year, the debt service ratio would increase by 1975 to 25%. Maintenance of the debt service on a reasonable level therefore requires continuing efforts to raise exports at a rapid rate, as well as a softening of average aid terms.

In a few extreme cases, such as *Ghana* and *Indonesia*, severe debt servicing difficulties have arisen as a result of general mismanagement of the economy in earlier years, reflected in inefficient investment, lack of incentives to promote exports and unsound fiscal and monetary policies. In both these cases debt service payments have been rescheduled, and a general overhaul of economic and financial policies has been set in train.

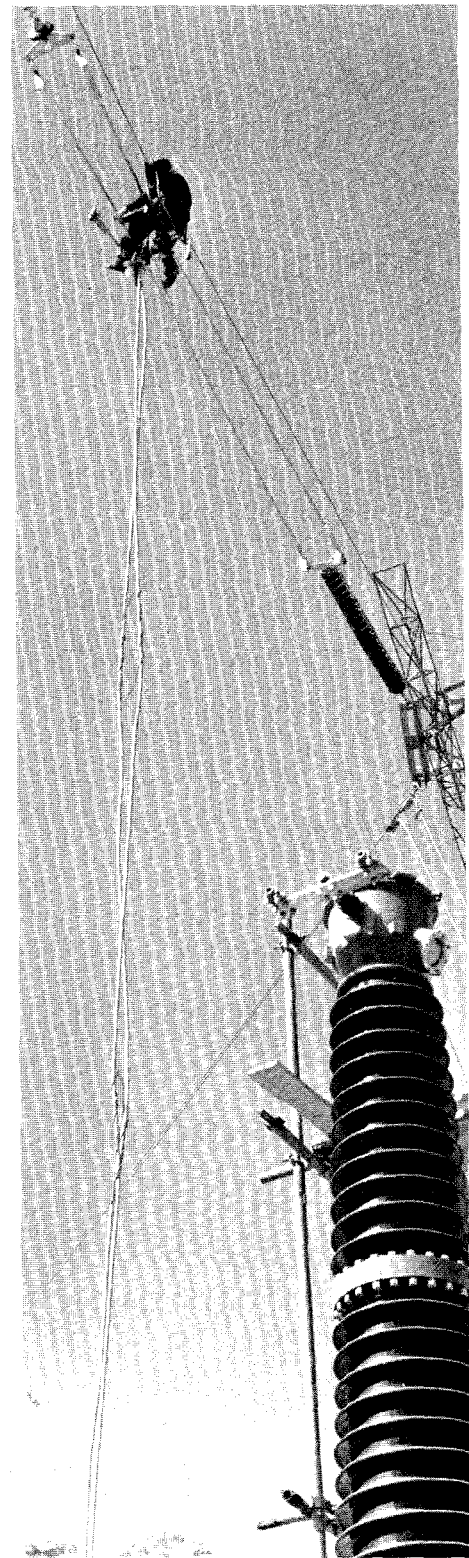
A country's current ability to service external debt is of course also affected by the amount of her current gross capital inflow. There are wide differences between countries with respect to the size of public debt service payments compared to the gross inflow of external capital. Tables 8 and 9 give data for service payments on public debt compared to gross loans and grants received by developing countries for which reasonably reliable information is available for the years 1965 and 1966.<sup>6</sup> In 34 countries, public debt service payments equalled more than one-half of the external loans received by

the public sector or guaranteed by a public authority in at least one of the two years shown in Tables 8 and 9. In 12 of the 34 countries, public debt service payments exceeded total public loan disbursements. In most cases, debt service payments on loans from private sources, chiefly suppliers' credits, were equivalent to a considerable part of the gross public capital inflow.

If capital continues to be provided to the developing countries on the present average terms, debt servicing difficulties may seriously affect many developing countries, and may also pose additional problems for aid-providing countries. Many developing countries will find it necessary to allocate an increasing share of export earnings to service debt. This problem could become even more acute if the bulk of gross bilateral aid continues to be tied to projects or to specified commodity purchases, while external debt service payments are made in free foreign exchange. At the same time, the aid-providing countries will have to increase gross disbursements merely to maintain a constant net flow of financial resources to developing countries after deduction of amortization and interest payments. For example, the Development Assistance Committee (DAC) of OECD made an illustrative estimate that, merely to maintain the flow of public capital to developing countries net of amortization and interest at the same level and on the same average terms as in 1965, the gross official capital flow from DAC member countries would have to be increased from \$5,750 million in 1965 to \$7,820 million in 1975 and to \$10,180 million in 1985<sup>7</sup>. These calculations demonstrate the close relationship between the terms of development finance provided at present and the

<sup>6</sup>Because of lack of detailed data or incomparability with data from other countries, several major debtor countries, i.e., Brazil, Turkey, Israel and Indonesia, have not been included in the group of countries shown in Tables 8 and 9. Nevertheless, information on disbursements and debt service payments for these countries suggests that the relationship between disbursements and debt service payments is fairly representative for the aggregate of developing countries.

<sup>7</sup>*Development Assistance Efforts and Policies, 1967 Review, September 1967, Table V.5.*



*Terminating transmission lines at the switchyard of the Furnas hydroelectric plant on the Rio Grande, Brazil. Power from this Bank-assisted plant goes to the central-southern area where industrial and agricultural activity is concentrated.*

gross amounts required in the future. The harder the terms of present aid, the higher the future gross amount required merely to maintain a constant net amount. Since legislative authorization is generally required for gross rather than for net appropriations, a steep increase in gross aid requirements may also sharply increase the existing difficulties in raising aid levels from budgetary sources. In present circumstances, it is indeed doubtful that such a steep increase in the volume of gross aid would seem a realistic prospect. Both from the point of view of creditors and debtors, the prospects emphasize the importance of softening the terms of development assistance, as well as of taking measures to improve the overall economic performance and in particular the export performance of developing countries.

#### Terms of Public Capital Inflow

World Bank data drawn from reports by debtor countries on a loan-to-loan basis show that average terms of loans to developing countries became somewhat more concessionary in 1966 (Tables 10 and 11. Bank data for 1967 are not yet available; 1967 data reported by DAC indicate a considerable hardening of average aid terms during the year). At the same time, however, the amount of grants to those countries was considerably reduced. As a result, the terms of overall development assistance softened only slightly in 1966.

The average terms of loans are expressed in three elements: interest rates, amortization and grace periods. These can also be summarized in one factor, measuring the *concessionary element* (or grant element) in loans. Future repayments of debts can be calculated at their present worth, using an appropriate discount rate to compare future values with present ones. This

method, which is widely used in financial and economic calculations, has also been applied to development assistance.<sup>8</sup> To the extent that the present worth of future repayments is lower than the value of loans received, the difference represents a concessionary element, which can be expressed either as an amount or as a percentage of these loans. Capital transfers in the form of grants have by definition a concessionary element of 100%.

A major factor affecting the size of this concessionary element is the discount rate applied to reduce future debt repayment to its present worth. The higher the discount rate, the smaller is the present worth of future debt service payments and the greater the concessionary element in a given loan. Conversely, the lower the discount rate, the higher the present worth of future debt repayments and the smaller the concessionary element in a given loan.

The choice of an appropriate discount rate for present worth calculations raises major questions. If the purpose is to measure the economic cost of development assistance to donors, the discount rate should express the value of alternative use for capital in donor countries. From the point of view of the recipients' benefits, one appropriate discount rate might be the interest rate prevailing in external capital markets for bonds of developing countries, although in practice only a small number of developing countries have borrowed in external markets in relatively small amounts. A discount rate of 8% might be used as a rough indication of the cost of such borrowings. Another appropriate discount rate is the marginal economic rate of return for external capital in developing countries, which indicates the benefit of such capital to recipients. Although this is most difficult to measure, a rate

<sup>8</sup>See Notes to Tables 10-13, page 64.

of 10% might be used as a rough and arbitrary approximation. Future public debt repayments as reported to the Bank on a loan-to-loan basis are then discounted at these rates to estimate their present worth. For an estimate of the concessionary element in total development finance (rather than in loans alone), the full amount of grants and grant-like contributions (including food aid repayable in domestic currencies) is added. The concessionary element for recipients as a percentage of the public capital inflow calculated in this manner is shown for the years 1965 and 1966 in Tables 10 and 11.

The quantitative results of such calculations must be interpreted with caution. Even if the results properly estimate the present worth of future debt service, there are other important elements having a great influence on actual terms of loans or grants. For example, loans that are "tied" to purchases in donor countries or to the purchase of certain commodities may require the recipient to pay higher prices than in the lowest priced markets. Similarly, aid in the form of food or other commodities and services may be shown at values higher than their real market value. Those factors are of particular importance in cases in which debt must be repaid in convertible foreign currency. The overvaluation of prices involved in "tied" aid reduces the concessionary element to the recipient, and in certain extreme cases may even exceed the concessionary element, particularly if financed through suppliers' credits or other loans at relatively high interest rates.

If the latter factor is disregarded, the illustrations of the concessionary element show an interesting pattern. There are large differences in the concessionary element between developing countries, ranging in 1966 (at 10% discount rate) from as low as 15% to as

high as 100% (Table 11). For a number of countries, the concessionary element varied considerably between 1965 and 1966. Variations in the share of the concessionary element by recipient countries reflect differences in the amount and terms of development assistance received from various sources, which have varied greatly as shown in Tables 12 and 13. To a certain extent, differences in the concessionary element of aid received by developing countries were correlated with variations in their income and balance of payments prospects. For a number of recipient countries, however, little correlation has existed between the concessionary element and the country's ability to service external debt, largely due to grants provided by donor countries to some developing countries with whom they have special relationships.

#### Capital Flows

The flow of official capital from the economically more advanced (Part I) member countries of the International

Development Association to developing countries and multilateral institutions, net of amortization, is estimated at about \$7,040 million in 1967 (Table 14), according to preliminary information. This estimate shows an increase of about \$475 million over 1966 and about \$800 million over 1965. It is not yet possible to ascertain whether the increase indicates a trend of moderate growth in official assistance commitments, or whether it is merely the result of a special rise in disbursements due to the accumulation of commitments in previous years.

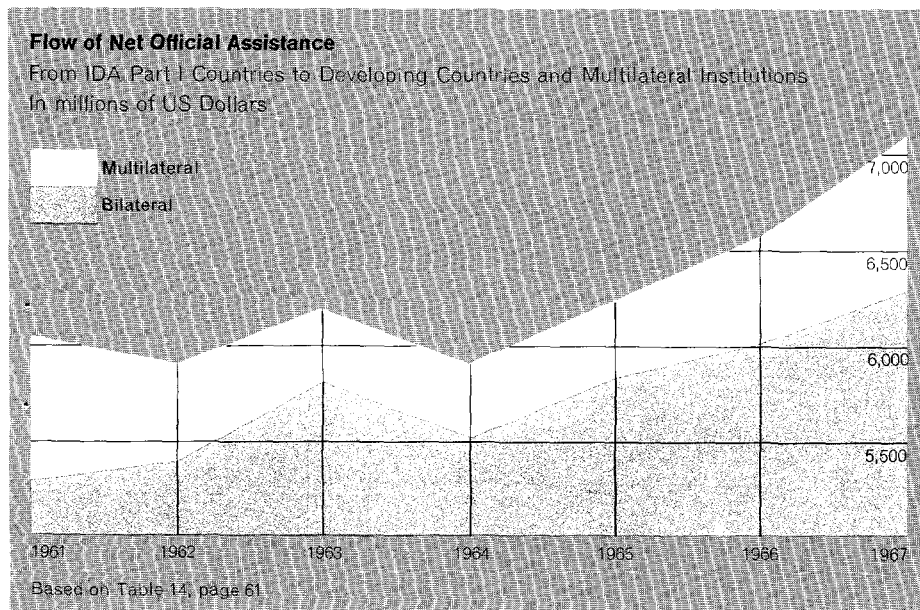
Several donors reported an increase in official assistance in 1967. The flow of official aid from France rose during the year from \$745 million in 1966 to \$831 million, a result of the expressed intention of the French Government to reverse the decline in the level of assistance in 1965 and 1966. Official assistance from Germany increased from \$490 million to \$549 million, apparently chiefly because of a special accumulation of disbursements. The flow of offi-

cial aid from Japan amounted to \$391 million compared with \$285 million in 1966, due mainly to larger reparation payments to the Philippines and grants and loans to Indonesia, the Republic of China and Korea. The amount of official aid from Australia, Canada, Denmark, Italy, Kuwait, the Netherlands and Sweden either continued to grow or maintain the considerably higher level achieved in 1966.

There was a slight increase in official aid of the United States in 1967, with some growth in both disbursements and commitments. Official assistance of the United Kingdom was reduced slightly as a result of the Government's decision to lower the ceiling on aid disbursements in the UK financial year 1967/68 due to balance of payments constraints and budgetary difficulties.

The official capital receipts by the developing countries, net of amortization, from bilateral and multilateral sources increased in 1967 by about \$230 million to approximately \$6,200 million. In addition to an increase in receipts of bilateral aid from IDA Part I countries, disbursements from multilateral institutions continued a rising trend and amounted to about \$1,000 million net. Bilateral aid disbursements in 1967 from the Soviet Union and Eastern Europe excluding Yugoslavia are estimated, as in previous years, at about \$350 million.

The flow of private capital from IDA Part I countries to developing countries and multilateral institutions, net of amortization, is tentatively estimated at some \$4,270 million on the basis of preliminary figures, indicating a recovery from a lower amount in 1966 to above the level which prevailed in 1965. Bilateral private capital flows have remained at a roughly constant level during the last three years. However, the sales of bonds net of redemptions by multilateral institutions in capital markets (other



than to governments and official institutions), which are recorded as private capital flows, increased between 1966 and 1967. The private capital flow from the United States to developing countries rose after falling in 1966. Private capital flows from Japan showed a sharp increase, following the inclusion in the data of export credits for ships sold to Greece, Liberia and Panama. The private capital outflow from Germany more than doubled in 1967, mainly reflecting an increase in export credits. The flow of private capital to developing countries from Italy, which sharply increased in 1966, due to an exceptionally large rise of export credits, declined sharply.

#### International Capital Markets

Sales of new bonds in the international capital markets have increased sharply, reaching record levels of about \$4,410 million in 1967 and about \$3,500 million<sup>9</sup> in the first half of 1968 (Table 15). An increase has occurred in sales of foreign bonds in the New York market and in sales in the Euro-bond market of securities denominated in a currency other than that of the country where sold.

The expansion in the New York market in 1967 was due mainly to an increase in sales of new bonds by the World Bank and the Inter-American Development Bank. The World Bank floated two bond issues totaling \$400 million and the IDB two issues totaling \$110 million. Because of constraints due to the US balance of payments deficit and the interest equalization tax, no new bonds were placed in New York during 1967 and the first half of 1968 by governments or corporations of other industrialized countries, with the exception of Canada and to a small extent of Japan. Although most developing

countries are exempt from the interest equalization tax, only Israel managed to borrow on a large scale in the US market during the period, while Argentina, Colombia, Mexico, Panama, Peru, the Philippines, Thailand and Venezuela borrowed in relatively small amounts.

In the Euro-bond market, sales of new bonds by public institutions and corporations of industrialized countries increased in 1967 and in the first half of 1968. US corporations stepped up their borrowing, with a further sharp increase in the first half of 1968 to the equivalent of \$1,315 million, mainly in the form of convertible bonds. France for the first time became a borrower in the market on a considerable scale. Sales of Austrian bonds increased sharply in 1967 and again in the first half of 1968. A significant increase took place in sales of new bonds by Scandinavian countries (Denmark, Finland and Norway); Australian, New Zealand and South African bond sales also increased. Among developing countries, Argentina, Israel, Mexico, Peru, Portugal and Spain managed to sell bonds on a considerable scale. The World Bank sold new long-term bonds in 1967 in Sweden and Switzerland totaling the equivalent of \$28.5 million, and in the first half of 1968 in Germany, the Netherlands and Switzerland totaling \$58.5 million. Sales of new bonds by the IDB in the European market declined in 1967; one issue was placed, in Belgium, totaling the equivalent of \$6 million. The European Investment Bank, which makes development loans in certain European and African countries, continued to be an important borrower.

Owing to the balance of payments difficulties of the United Kingdom, the London sterling market continued to be almost totally closed to new international bond issues, with the exception

of relatively small issues by Australia, the East African Community, Iceland, Jamaica, Malaysia and New Zealand; in the case of Australia, the new issue replaced bonds that had matured shortly before.

In addition to the long-term bonds publicly sold in capital markets, the World Bank continued to sell short-term dollar bonds and notes with two to five-year maturities to central banks and official institutions outside the United States. The World Bank also sold in 1968 a \$15 million bond issue of 26 years to the Saudi Arabian Monetary Agency. Details of the Bank's borrowings are given on pages 75-77.

The number of developing countries managing to borrow in international capital markets is still very small, though it increased somewhat in 1967 and in the first half of 1968. Mexico and Portugal are traditional borrowers in international markets, and in the last two years both were able to increase sales of bonds in the Euro-bond market. A few other developing countries in relatively strong financial positions, such as the Philippines, managed to place bonds privately in foreign markets. Certain African countries, including Gabon and the Ivory Coast, have sold bonds in France guaranteed by official institutions of the French Government. The Ivory Coast borrowed \$16 million in the Euro-bond market in the first half of 1968. These loans were made on the credit of the Ivorian Government alone and mark the first loans of this kind to a newly independent African country. Argentina made a private placement in the United States of five-year bonds totaling \$25 million in the first half of 1968, the first bond issue sold by Argentina in the US market during the last 30 years. A number of private companies also borrowed in external markets—electric companies in Peru and

<sup>9</sup>The data for the first half of 1968 are preliminary.

the Philippines, construction companies in Colombia and Venezuela, and manufacturing companies in Portugal and Thailand. Most loans raised by developing countries during the period under review were for either general budgetary purposes or for investments scheduled in development plans (Malaysia, Mexico, Portugal). In some cases they were related to specific investments (electric power in Mexico and highways in Spain). Generally, yields on new bonds issued by developing countries in 1967 were one to two percentage

points higher than bonds issued by industrialized countries and international development institutions.

The high level of yields on foreign bonds which prevailed in 1966 was generally maintained during 1967 with minor fluctuations, and even increased in the first half of 1968. In the United States, the yield on new Canadian bonds increased from 5.63% in March 1967 to 7.63% in May 1968 (Table 16). The yields on new World Bank bonds placed in the United States increased from 5.35% in April 1967 to

5.95% in September 1967 and again to 6.54% in March 1968. In European markets (with the exception of Switzerland), yields were higher than in the United States. The yield on new World Bank bonds sold in Sweden in October 1967 was 6.0%, while that on new bonds sold in Germany in June 1968 was 6.91%. In January 1968 the World Bank placed an issue in Canada with a yield of 7.22%, the highest ever on new World Bank bonds. The yields on issues by developing countries varied somewhat, reaching 8.48% for bonds



*A student at the Collège Moyen et Secondaire, Medjez-al-Bab, Tunisia. Two International Development Association credits amounting to \$18 million are helping to build new schools and improve the educational facilities in Tunisia.*

sold by Jamaica in the United Kingdom in January 1968, and 8.16% on new Mexican bonds sold in various European markets in March 1968.

### **Agricultural Development**

Between 1957 and 1967, agricultural output in the developing countries of Africa, Asia and Latin America increased by only 3.2% per year, as compared to a population growth of 2.4% per year, resulting in per capita growth in agricultural output of about 0.7% per year (Table 3). Food output has probably grown at a somewhat slower rate. With per capita incomes increasing at a rate of nearly 2% per year and an income elasticity of demand for food estimated at 0.6-0.7, demand for food (other than beverages) increased at a rate of 1.2% to 1.4% per year per capita, and overall demand rose by about 4% a year. The gap between supply and demand caused an increase in food prices and had to be filled by a sharp rise in the food imports of developing countries. The situation has been particularly acute in Asia where per capita agricultural output has barely increased, resulting in the need for large-scale food imports into a region which was formerly a net exporter.

### **New High-Yielding Varieties**

In spite of this discouraging record, the prospects for developing countries' agriculture now appear to be a great deal better than could have been imagined two years ago. This new situation is the result of the successes recently achieved with large-scale plantings of new high-yielding varieties of food grains. Reports from India, Pakistan and the Philippines show a rapid expansion in acreage planted to new high-yielding varieties of wheat and rice during the past year. Yield potentials of these new varieties are double or triple

the maximum yields of the traditional varieties. Combined with favorable prices, good weather and increased fertilizer supplies, food grain output in these countries has risen sharply over the levels of the preceding two years. The pessimistic projections of a food crisis are beginning to be challenged by a school of opinion which believes that an "agricultural revolution" in Asia may be forthcoming.

Traditional varieties of rice and wheat grown in much of Southeast Asia are suited to natural conditions of low fertility and uncertain rainfall and are resistant to local pests and diseases. In comparison with temperate zone varieties, however, they have shown limited response to conditions of high fertility and adequate water supply. On the other hand, traditional temperate varieties have performed poorly under tropical and subtropical conditions, showing a tendency to mature too rapidly and to produce low yields.

The picture has been greatly changed by the introduction in the last few years of new varieties. Mexican dwarf varieties of wheat developed by the Rockefeller Foundation were first released to Asian farmers in 1965. The IR 8 variety of rice developed at the International Rice Research Institute (IRRI) in the Philippines was first released in 1966. By 1967/68 it was estimated that the new varieties had been planted in 15% of the wheat acreage in India and Pakistan and about 6% of the rice acreage in India and the Philippines. Good progress is also reported in introducing high-yielding varieties in Afghanistan, Ceylon, Indonesia, Malaysia and Turkey. Acreage planted with the new varieties is expected to double in 1968/69. The impact to date on overall wheat and rice output has been modest, and it is difficult to separate the effects of weather and higher prices. Nevertheless, the record food

grain crop in India and the record wheat crop in Pakistan can be attributed at least in part to these high-yielding varieties. More importantly, the breakthrough in rice and wheat varieties and the promising developments in maize, millets and sorghums are already changing government attitudes toward agricultural development. Decision makers are beginning to believe that resources provided to agriculture can have a high pay-off and agriculture is being given high priority in overall development.

### **The Background**

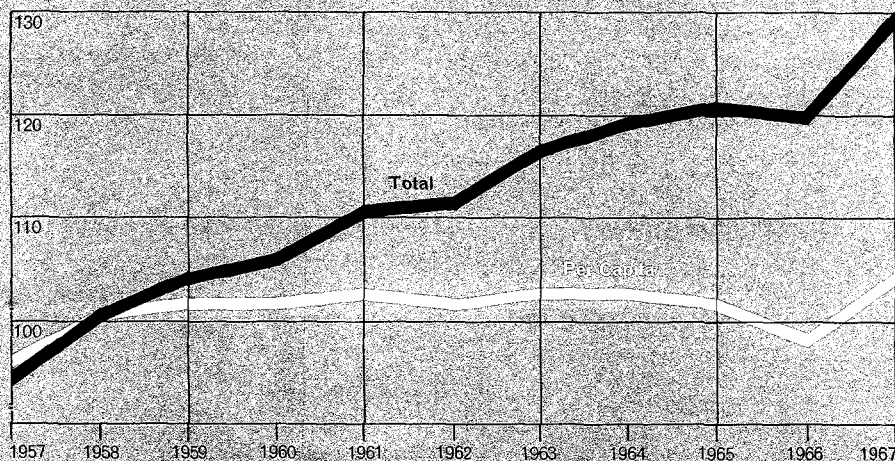
Recent achievements must be seen in the broad context of the fundamental problems of agricultural development. Some major lessons of experience in the past are briefly discussed below.

The sheer diversity and complexity of the factors upon which agricultural growth depends make development in this sector particularly difficult. In the past, progress appears to have occurred in spurts as new elements have been introduced which overcame specific obstacles to further growth. In addition to the introduction of new plant or animal types into favorable environments, factors which have played a role in the modernization and growth of agriculture include the development of chemical fertilizers, pesticides and herbicides, the development of new types of implements and farm machinery, construction of transportation routes opening up new markets, investments opening up new land through irrigation, drainage and flood control and use of new forms of management or enterprise such as plantations and cooperatives. The time lag between introduction and acceptance of these new factors has sometimes been considerable. There are a number of examples of rapid expansion of newly introduced crops in relatively short periods of time—for ex-



### Agricultural Output in Developing Countries

1957-59 = 100



Based on Table 3, page 50

ample, of groundnuts in Burma at the beginning of the century, rubber in Southeast Asia, coffee in Africa, and more recently of corn production in Northern Thailand and wheat and cotton production in Mexico. On the other hand, there have been many notable failures, such as the groundnut scheme in Tanganyika, the poultry scheme in The Gambia, and poorly planned irrigation projects in various regions.

The problems of agricultural development vary considerably between countries, depending on differences in resources, historical and cultural background and stage of development. Solutions which work in one country do not necessarily work in another. In fact, without careful adaptation to local conditions the risk of failure is high. Moreover, the dependence of agricultural production on biological cycles, the importance of weather and physical factors such as soil and topography, and the uneven quality of labor and management make the problems of each farm unique. In most cases each farmer must make his plans and pro-

duction decisions on the basis of his individual resources and objectives. How he acts will be conditioned not only by the technical knowledge he has, but also by the socio-economic environment he faces—price policies, availability of inputs, services, markets, tenure conditions, taxes or subsidies. These in turn depend on decisions on the part of other farmers, entrepreneurs in other sectors, government agencies, consumers, etc.

In short, agricultural development depends on a large number of interacting factors, both economic and non-economic. These factors vary from place to place and change with time. Solutions which depend on any single factor or set of factors are rarely successful in bringing about a self-sustaining process of agricultural development. Each solution brings forth a new set of problems which must be solved. The new high-yielding varieties may have only a limited impact unless a number of measures are taken to supplement their introduction. For example, intensive research efforts will

be necessary to assure a continuous flow of technology to meet problems as they arise, and to extend benefits to a wider range of crops under different conditions; substantial investment in better water control and more adequate supplies of inputs will be required; and government policies will have to be geared to providing farmers with adequate incentives.

Many of the problems of agriculture may be attributed to the wide gap in understanding between policy makers and farmers. Policy makers have all too often relied on simple solutions supposedly geared to the mentality of the peasant and administered by a mass of poorly trained technicians and administrators. Too often slogans and exhortation have been substituted for real incentives. Policy objectives have given lip service to the peasantry, but have in practice favored the more vocal urban and industrial groups. Even where substantial resources have been devoted to agriculture, the results have often been vitiated by a lack of understanding of what stimulates agricultural growth. In some developing countries the state of land ownership, inefficient division of land and the shortage of credit on commercially acceptable terms constitute serious obstacles to the introduction of technological innovation and to raising of productivity.

The result has frequently been a lag in agricultural output, which has given rise to food shortages and inflation. These have often led to price and distribution controls or to concessionary imports of foodstuffs, both of which have in turn had the effect of depressing farm incomes. At the same time, protective policies for infant industries have resulted in high prices for farm inputs and consumer goods. In some countries, moreover, overvalued exchange rates have acted as a particular

disincentive for exports of agricultural commodities.

One principal lesson to be learned from the postwar record of agriculture is that, given adequate incentives, the farmer will respond. To be widely accepted, a new technology must produce large increases in output, and the costs must be low enough to leave the farmer with a substantial margin of profits. Until 1963, when food grain prices were increased, the benefits available to progressive Indian farmers adopting new practices under the intensive agricultural district program were barely sufficient to cover costs. In fact, with poor weather, the farmer could very easily lose money. It was not until the successive droughts of 1965 and 1966 that food grain prices rose to levels which provided a real incentive to use fertilizers.

Through much of South Asia, crop production is heavily dependent on the timeliness and adequacy of the seasonal rains. A late monsoon or too little or too much rain can cause a 50% change in crop output from one year to the next. Under these conditions an

increase of one-third in output from fertilizer application (about the maximum with traditional varieties) often cannot be distinguished from year-to-year changes resulting from weather, and in any event is not very attractive since little or no benefits may materialize in a drought year. In fact, most of the increases in fertilizer use to date have occurred in irrigated areas or areas with reasonably reliable rainfall.

The rapid expansion of private tubewell irrigation in India and Pakistan during the past decade was no doubt related to the need for an assured water supply if fertilizer applications were to be profitable. Favorable prices for sugarcane and cotton and the good response of these crops to fertilizers and water were also important factors. Farmer interest in pest control also developed as higher yields raised the incidence of pests and diseases.

#### **New Possibilities**

The introduction of the new high-yielding food grain varieties has brought about a sharp change in farmer atti-

tudes. With reasonable weather and using suitable inputs the farmer can now expect to double or triple his grain yields per crop, as compared to increases of the order of one-third with the older varieties. Moreover, since the new varieties have a shorter growing period than the traditional varieties, possibilities of double cropping are also greatly enhanced. Under these conditions, also stimulated by higher food grain prices, farmers have been quick to recognize the benefits of shifting to these new varieties and using more water and fertilizer for their high-yielding wheat and rice.

Fortunately in 1967/68 favorable weather contributed to the success of the first large-scale production effort using the new varieties. Despite extensive irrigation developments in both India and Pakistan, much of the irrigation is designed for drought insurance rather than intensive production. Except where tubewell irrigation provides sufficient supplementary water for intensive cropping, available water is spread over too large an area. In years of poor rainfall, drought conditions af-



*Building an irrigation canal near Empalme in the Rio Bravo region of northeast Mexico. The World Bank has made finance available to Mexico for the development of industry, electric power, transportation and agriculture.*

fect a considerable portion of the irrigated as well as the rain-fed area. In years of excessive rainfall, much of the area is subject to flooding due to inadequate flood control and drainage facilities. Some of the new high-yielding varieties are more susceptible to drought and flood damage than the traditional varieties. As a result, the scope for expansion of these new high-yielding varieties will be limited to areas where irrigation, flood control and drainage facilities are adequate. Considerable investment in facilities for better water control will therefore be needed to realize the potentialities of the new varieties fully. On the other hand, the higher yields which can be realized will sharply raise the returns from such investments.

On the technical side, a number of outstanding problems remain. For example, consumer tastes usually favor locally grown varieties; plant breeders are already at work trying to combine these taste characteristics of local varieties with the high-yielding characteristics of the new varieties. Similarly, local varieties are more tolerant to local pests and diseases. Even if initial problems are not encountered, the new varieties can develop susceptibilities to plant diseases.

A number of basic plant types have now been developed, however, which can provide the basis for continuous adaptive research on an intensive scale. This should provide a flow of new varieties to meet changing requirements. Fortunately, the varieties developed so far have been tolerant to an unusually wide range of conditions, and their success has focused attention on the high pay-offs research can produce. Much valuable work has been done in the developing countries themselves in local adaptive research; however, substantial investment in additional facilities is still necessary to carry on the

continuous search for newer and better varieties.

The full benefits of the high-yielding varieties cannot be realized without considerable change in the farmer's customary practices. The IRRI varieties permit a substantial increase in double cropping, which in turn requires a considerable speed-up in land preparation, planting, harvesting, and threshing activities. In addition, harvesting of one of the crops may occur during the rainy season, in which case harvesting methods may have to be changed and arrangements made for drying the grain. To overcome these problems, some degree of mechanization will probably be necessary to meet peak season labor requirements. Double cropping could, however, increase total employment throughout the year and thus help relieve underemployment.

The production and distribution of seeds of proven quality will become extremely important, since poor germination resulting from the admixture of inferior seed can sharply reduce output. Legislation regulating standards of seed quality is needed as well as technical assistance and financing for development of commercial seed production and distribution. The World Bank Group is currently considering several projects aimed at developing local seed industries.

The greater responsiveness of the new varieties to heavy fertilizer application is already producing a sharp increase in fertilizer demand. The new awareness of the importance of fertilizer is reflected in higher priorities being given to fertilizer imports and to projects for fertilizer production.

#### **The Significance of the New Varieties**

The success of the new high-yielding varieties of wheat and rice in Asia has already stimulated introduction of these varieties into research stations in other

parts of the world and focused attention on the high returns possible through expanded research. Adaptive work on other crops such as hybrid corn, millets and sorghums, grasses, legumes and oilseeds will also no doubt be stimulated. Plans for establishment of a regional research center in Africa are well under way and centers in Latin America are being strengthened.

The demand for fertilizers, pesticides, farm machinery and more adequate water supplies is rising sharply over previous expectations. Facilities for the production, storage, distribution and marketing of inputs will have to be expanded to meet these higher demands. Moreover, the change from traditional non-cash inputs to high levels of cash inputs will require the expansion of farm credit. This will entail the use of all available credit channels, including a much fuller participation of the private sector, both for short-term production and marketing credit and for medium and long-term credit to finance farm improvement. An important aspect of the new situation is that, with the higher returns from the new varieties, the ready availability and timeliness of credit become much more important to the farmer than the terms on which it is available. At the same time, credit terms may well improve, since the income prospects provided by double cropping high-yielding varieties make the farmer a much better credit risk.

The new technology is not primarily dependent on economies of scale. Both small and large farmers can benefit; consequently, millions of farms currently existing on the margin of subsistence may now have an opportunity to become viable commercial entities. This in turn will make it possible to substitute sound agricultural credit programs for rural welfare schemes dependent on uncertain grants and subsidies.

The move to a modern high input agriculture will also call for an improvement in extension services designed to cope with the more sophisticated problems which farmers will face, rather than to disseminate mass information on simple practices. In this respect there seems to be considerable scope for strengthening the extension role of distributors of farms inputs.

The larger grain crops will accentuate the needs for storage and handling facilities to prevent large-scale damage and losses from insects and rodents and from exposure to heat and moisture. Considerable investments will be required for storage, processing and marketing facilities as well as farm-to-market roads. Moreover, as more developing countries benefit from the new technology there is likely to be a reduced need for food aid and eventually a reversal of present trade patterns for food grains. This will require a rethinking of current policies in developed as well as developing countries, with a possible view to shifting production resources from food grains into feed grain and livestock production, in order to meet a growing demand for proteins.

#### **Implications for the Bank Group**

The Bank Group has always been keenly aware of the need to increase agricultural production in the developing world and is already financing many projects for this purpose. These are discussed in some detail in Part One (see pages 11-13). New opportunities for higher food grain production now exist through the cultivation of the high-yielding crop varieties. Because these respond more favorably than traditional varieties to improvements in water control and higher fertilizer inputs, investment in fertilizer and irrigation projects has now taken on a new importance. The higher prod-

uctivity of the new varieties should also make such investment more profitable. The Bank Group has already sponsored irrigation or fertilizer projects in a number of countries, including Colombia, India, Iran, Malaysia, Mexico, Pakistan, the Philippines, Sudan, Thailand and Turkey, and is examining the possibility of further investment for these purposes. At the same time, the Group is already channeling funds into financing inputs such as seeds, pesticides and machinery; it is seeking to increase its support for projects of this type, and for agricultural education and credit programs.

While attention has been focused on the recent achievements in Asia with high-yielding varieties of wheat and rice, similar developments are taking place in other sectors of agriculture and other geographical areas, perhaps not on the same dramatic scale but nevertheless paving the way for more rapid development. The Bank Group has been supporting such developments by increasing the volume and diversity of its agricultural lending. Some recent examples are: livestock projects in Africa and in Latin America based on new technology for tropical grasses and legumes, improved animal breeds and better management; plantation crops in Africa and Malaysia utilizing high-yielding planting materials; and the introduction of agricultural credit schemes and integrated development projects which provide smallholders in Africa with draft power, modern equipment, fertilizers and pesticides to improve the production of their traditional crops. The large number and variety of agricultural projects currently under consideration indicate a continued growth in the volume and scope of the Bank Group's activities in agriculture.

In addition, the Bank Group in cooperation with FAO and other agencies

will have to step up its technical assistance activities in the planning, preparation and implementation of projects. The International Finance Corporation is expected to be more active in financing the production and distribution of fertilizers, insecticides and other important agricultural inputs. High priority must also be given to the financing of processing, storage and marketing facilities for the increased output which can be expected. Investments in farm-to-market roads as well as basic investments in roads, railways and ports will need to be increased to handle the higher volume of trade generated by increased production.

#### **Population Growth Policy**

The need for a considerable increase in food production must be viewed against the background of the "population explosion." The population in developing countries grew at a rate of about 2.5% per year between 1960 and 1966 (Table 1). This average conceals large variations between regions and countries. Latin America, for instance, had a population growth rate of about 2.9%, since its relatively more advanced level of development resulted in a death rate lower than that of other developing regions.

These unprecedentedly high rates of population growth are the result of a rapid postwar decline in the death rate, combined with a constant birth rate. The expectation of life at birth, a measure of mortality that is not influenced by the age structure of the population, has increased by 0.5 to 1.0 years per annum in the postwar period. This has had a greater proportional impact on the younger age groups and has resulted in a much younger age structure of the population. The result is that the crude death rate fell to about 18 per

thousand in 1960-65; this again conceals large variations. Furthermore, many countries can still expect further declines in their death rates. In some countries such as the Republic of China, Costa Rica and Jamaica, death rates have fallen to six to nine per thousand, well below the rate in the United States.<sup>10</sup> Similar falls could occur in other developing countries, regardless of their rate of economic development.

Since death rates may well decline still further, any prospective reversal in the present acceleration of the rates of population growth can come about only as a result of a reduction in birth rates. To have any real effect, such a reduction will have to be substantial, more than counteracting the prospective reduction in the death rate. The United Nations has worked out the implications of these trends by assuming that

the death rate would continue to decline, first at the present rate, and then at a slower rate, and also by assuming that the birth rate would decline slowly at first and then at an accelerating pace. Even under such assumptions, the growth rate of the population of developing countries would increase to 2.7% between 1970 and 1975, and only then would start to decline. The UN projections show an increase in the population of developing countries<sup>11</sup> from about 1,370 million in 1960 to about 2,300 million in 1980, and to about 3,600 million in the year 2000.

These high rates of population growth explain the increasing emphasis on the adoption of population control policies. The adoption of such policies constitutes a drastic change in attitudes toward the role of government in this area. This change occurred in the early 1960s; as a result, about half the total population of the developing world lives in countries committed to birth control policies. The movement originated in

Asia, where 70% of the population lives in countries favoring such policies; comparable figures for other regions are 20% in Africa (mostly in North Africa) and even less in Latin America.

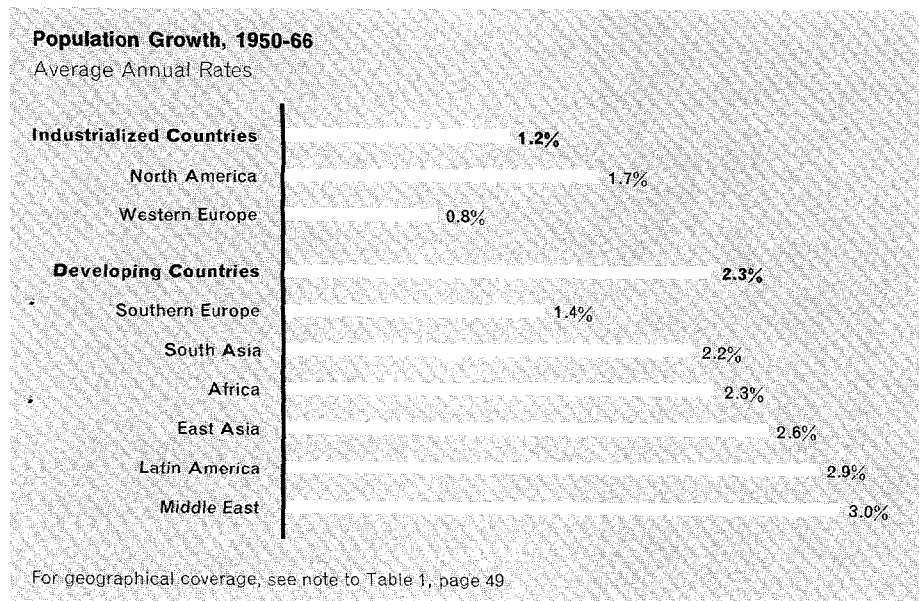
Despite the trend toward encouragement of family planning, progress so far has been extremely modest. As yet, very few if any programs have initiated a measurable decline in birth rates, though in several countries of East Asia with well-established programs (the Republic of China, Hong Kong, Singapore and probably Korea), a decline that had already started before the introduction of the program has been accelerated. In all these countries birth rates had begun to fall apparently as a result of a general improvement in economic and social conditions. The great challenge to national population policies, however, is whether a decline in birth rates can be initiated ahead of its "normal" pace within the framework of overall economic and social development.

In most cases it is too early to evaluate whether this challenge will be met successfully, because most family planning programs have been in existence for such a short time. An intensification of emphasis on population control is necessary because population growth rates are expected to rise further. As an indication of the economic benefits of a slowdown in population growth, it has been calculated that, if a developing country with an average per capita income of \$150 to \$200 a year successfully reduced its fertility by 50% over a period of 25 years, per capita income would be at least 40% higher than otherwise after 30 years, and over twice as high at the end of 60 years.

Population control is therefore a necessary complement to policies designed to raise food production and improve the standards of living in developing countries.

<sup>10</sup>This is to a large extent the result of the young age structure in these countries. For instance, if the Republic of China had the population age structure of the US, then with the existing mortality conditions the death rate would be around 14 per thousand instead of six per thousand.

<sup>11</sup>Excluding Mainland China and Mongolia.



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# Statistical Annex

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**Real Gross Domestic Product, Population  
and Gross Domestic Product Per Capita—Regional Summary**  
Average Annual Rates of Growth (%)

**Table 1**

	1950-60	1960-66	1950-66
<b>Developing Countries</b>			
GDP .....	4.7	4.8	4.7
Population .....	2.2	2.5	2.3
GDP per capita .....	2.4	2.3	2.3
<b>Africa</b>			
GDP .....	4.4	3.3	4.0
Population .....	2.2	2.3	2.3
GDP per capita .....	2.2	1.0	1.7
<b>South Asia</b>			
GDP .....	3.6	3.4	3.6
Population .....	1.9	2.5	2.2
GDP per capita .....	1.7	0.5	1.4
<b>East Asia</b>			
GDP .....	5.1	4.9	5.1
Population .....	2.5	2.7	2.6
GDP per capita .....	2.5	2.1	2.4
<b>Southern Europe</b>			
GDP .....	5.6	7.7	6.4
Population .....	1.4	1.4	1.4
GDP per capita .....	4.1	6.2	4.9
<b>Latin America</b>			
GDP .....	4.9	4.7	4.8
Population .....	2.9	2.9	2.9
GDP per capita .....	1.9	1.7	1.8
<b>Middle East</b>			
GDP .....	5.6	7.2	6.2
Population .....	3.1	2.9	3.0
GDP per capita .....	2.4	4.2	3.1
<b>Industrialized Countries</b>			
GDP .....	4.0	5.1	4.4
Population .....	1.2	1.2	1.2
GDP per capita .....	2.8	3.9	3.2
<b>North America</b>			
GDP .....	3.3	5.0	3.9
Population .....	1.8	1.5	1.7
GDP per capita .....	1.5	3.4	2.2
<b>Western Europe</b>			
GDP .....	4.7	4.4	4.6
Population .....	0.7	1.0	0.8
GDP per capita .....	4.0	3.4	3.8
<b>Other Industrialized Countries</b>			
GDP .....	6.2	8.1	6.9
Population .....	1.4	1.3	1.4
GDP per capita .....	4.7	6.7	5.4

Estimates for the following countries are included in this table:

**DEVELOPING COUNTRIES**—56 countries covering approximately 90% of GDP of all developing countries.

Africa: Algeria, Rep. of Congo, Ethiopia, Ghana, Kenya, Malawi, Morocco, Nigeria, Rhodesia, Sudan, Tanzania, Tunisia, Uganda, United Arab Republic and Zambia. These countries account for 76% of the aggregate GDP of the region.

South Asia: Burma, Ceylon, India and Pakistan (Coverage 100%).

East Asia: Rep. of China, Malaysia, Philippines, Thailand and Indonesia (Coverage 68%).

Southern Europe: Cyprus, Greece, Portugal, Spain, Turkey and Yugoslavia (Coverage 100%).

Latin America: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Rep., El Salvador, Ecuador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela (Coverage 99%).

Middle East: Iran, Iraq, Israel, Jordan and Syria (Coverage 73%).

**INDUSTRIALIZED COUNTRIES**

North America: Canada and United States.

Western Europe: Austria, Belgium, Denmark, Finland, France, Federal Rep. of Germany, Italy, Netherlands, Norway, Sweden, Switzerland, United Kingdom, Ireland, Iceland and Luxembourg.

Other industrialized countries: Australia, Japan, New Zealand and South Africa.

SOURCE: World Bank.

## Economic Indicators for 63 Selected Developing and Industrialized Countries—Regional Summary

Table 2

Region	Average Annual Rates of Growth (%) 1960-66							% of GNP Average 1960-66			
	Popu- lation (1)	Total GDP (2)	GDP Per Capita (3)	Agri- cultural Prod. (4)	Manufac- turing Prod. (5)	Ex- ports <sup>(5)</sup> (6)	Im- ports <sup>(5)</sup> (7)	Total Gross Invest- ment (8)	Gross Invest- ment (9)	Savings (10)	Current Account Deficit (11)
<b>Developing Countries</b> .....	2.5	4.8	2.3	2.1	7.3	7.4	7.8	8.6	17.4	15.2	2.2
Africa <sup>(1)</sup> .....	2.3	3.3	1.0	2.5	5.9	5.3	4.8	5.7	13.7	10.1	3.6
South Asia.....	2.5	3.4	0.5	1.0	7.0	2.2	2.8	7.5	13.8	11.0	2.8
East Asia.....	2.7	4.9	2.1	2.1	5.9	7.2	6.6	9.3	13.4	12.0	1.4
Southern Europe.....	1.4	7.7	6.2	2.8	10.8	14.7	18.4	17.2	23.8	21.0	2.8
Latin America <sup>(2)</sup> .....	2.9	4.7	1.7	2.7	5.6	5.3	4.3	3.7	18.0	16.9	1.1
Middle East <sup>(3)</sup> .....	2.9	7.2	4.2	4.1	9.3	10.1	9.5	5.7	19.3	14.4	4.9
<b>Industrialized Countries</b> ....	1.2	5.1	3.9	1.5	6.3	7.8	8.0	6.3	20.9	21.4	-0.5
North America.....	1.5	5.0	3.4	1.3	6.5	6.7	6.5	6.1	17.9	18.7	-0.3
Western Europe <sup>(4)</sup> .....	1.0	4.4	3.4	1.6	5.1	9.0	9.9	5.2	22.8	23.4	-0.6
Other.....	1.3	8.1	6.7	2.1	10.7	11.1	11.1	9.8	32.7	31.7	1.0

Note: The data pertain to the same countries as those included in Table 1, except as shown in footnotes 1 to 4.

(1) Columns 4 through 11 exclude Algeria, Republic of Congo, Malawi, Rhodesia, United Arab Republic and Zambia.

(2) Columns 4 through 11 exclude Bolivia, Costa Rica, Haiti and Trinidad & Tobago.

(3) Columns 4 through 11 exclude Syria.

(4) Columns 4 through 11 exclude Iceland, Luxembourg, Sweden and Switzerland.

(5) Goods and Services at current prices.

SOURCE: World Bank

## Indices of World Agricultural Production, Total and Per Capita, 1957-1967

Table 3

(1957-1959 = 100)

Country or Region	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967 <sup>(1)</sup>
<b>Total</b>											
World <sup>(2)</sup> .....	96	102	103	106	108	111	114	117	118	122	127
Industrialized countries <sup>(3)</sup> ...	96	102	102	106	107	111	112	116	117	123	126
Developing countries <sup>(4)</sup> .....	95	101	104	107	111	112	117	119	121	120	130
India.....	95	101	104	110	115	110	117	120	109	107	128
Other developing countries	95	100	104	106	109	113	117	119	126	125	130
<b>Per Capita</b>											
World <sup>(2)</sup> .....	98	102	101	102	102	103	103	104	103	104	107
Industrialized countries <sup>(3)</sup> ...	97	102	101	103	103	106	105	108	107	112	113
Developing countries <sup>(4)</sup> .....	97	101	102	102	103	102	103	103	102	98	104
India.....	97	101	102	105	108	101	104	105	93	89	104
Other developing countries	97	100	101	101	101	102	103	102	105	102	103

(1) Preliminary.

(2) Excluding Mainland China, Mongolia, North Korea and North Viet-Nam.

(3) Canada, United States, Europe, USSR, Japan, South Africa, Australia and New Zealand.

(4) Latin America, Asia (excluding Japan and those countries listed in (2)) and Africa (excluding South Africa).

SOURCE: USDA Economic Research Service, *The World Agricultural Situation—Review of 1967 and Outlook for 1968*.



**Indices of World Food Production, Total and Per Capita, 1956-1966**  
(1957-1959 = 100)

**Table 4**

Country or Region	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966
<b>Total</b>											
World <sup>(1)</sup> .....	96	96	102	103	107	108	111	114	117	117	121
Industrialized countries <sup>(2)</sup> .....	96	96	102	102	107	107	111	112	116	116	122
Developing countries.....	96	96	101	103	108	110	112	118	120	119	119
<b>Per Capita</b>											
World <sup>(1)</sup> .....	100	98	102	101	103	102	103	103	104	102	104
Industrialized countries <sup>(2)</sup> .....	98	97	102	101	104	103	106	105	108	106	111
Developing countries.....	101	98	101	101	103	102	102	104	103	100	98
India.....	101	96	102	102	106	108	101	103	104	92	88
Pakistan.....	104	99	95	105	108	106	102	112	109	108	105
Other Asia <sup>(1)</sup> (3).....	100	96	102	101	99	101	103	104	104	104	106
Africa <sup>(4)</sup> .....	102	100	100	100	102	97	102	103	101	100	96
Latin America.....	101	100	101	99	99	100	101	103	103	105	101

(1) Excluding Mainland China, Mongolia, North Korea and North Viet-Nam.

(2) Canada, United States, Europe, USSR, Japan, South Africa, Australia and New Zealand.

(3) Excluding India, Pakistan and Japan.

(4) Excluding South Africa.

SOURCE: USDA Economic Research Service, *World Food Situation—Prospects for World Grain Production, Consumption, and Trade*.

**Trade Balance and Changes in Reserves of Developing Countries, 1960-1967** Table 5  
(Billions of US Dollars)

	1960	1961	1962	1963	1964	1965	1966	1967 <sup>(1)</sup>
<b>Developing Countries</b>								
Exports (f.o.b.).....	29.0	29.3	31.0	33.8	37.1	39.3	42.4	43.8
Imports (c.i.f.).....	32.9	34.4	35.5	37.2	41.0	44.2	48.3	49.8
Trade Balance.....	-3.9	-5.1	-4.5	-3.4	-3.9	-4.9	-5.9	-6.0
Change in Reserves <sup>(2)</sup> .....	0.4	-0.4	0.1	1.1	0.5	1.2	0.6	0.8
<b>Excluding Developing Countries of Southern Europe<sup>(3)</sup></b>								
Exports (f.o.b.).....	26.9	27.1	28.6	31.2	34.0	35.9	38.4	39.5
Imports (c.i.f.).....	29.6	30.5	31.1	32.0	35.2	37.3	40.2	41.7
Trade Balance.....	-2.7	-3.4	-2.5	-0.8	-1.2	-1.4	-1.8	-2.2
Change in Reserves <sup>(2)</sup> .....	—	-0.7	-0.2	1.0	0.1	1.3	0.6	0.8
<b>Excluding Southern Europe and Major Petroleum Exporters<sup>(4)</sup></b>								
Exports (f.o.b.).....	21.2	21.3	22.2	24.4	26.2	27.5	29.5	29.7
Imports (c.i.f.).....	26.8	27.7	28.3	29.3	31.8	33.3	36.6	37.6
Trade Balance.....	-5.6	-6.4	-6.1	-4.9	-5.6	-5.8	-7.1	-7.9
Change in Reserves <sup>(2)</sup> .....	0.1	-0.8	-0.3	0.4	—	1.0	0.4	0.4

(1) Preliminary.

(2) Gold, Foreign Exchange and Reserve Positions in the IMF; end of years figures; —sign means decrease.

(3) Greece, Portugal, Spain, Turkey and Yugoslavia.

(4) Iran, Iraq, Kuwait, Libya, Saudi Arabia and Venezuela.

SOURCE: IMF, *International Financial Statistics* (June 1968).

**External Public Debt Outstanding and Debt Service Payments of Developing Countries**  
(Billions of US Dollars)

**Table 6**

Region	Debt Outstanding Including Undisbursed December 31,				Debt Outstanding June 30, 1967			Service Payments				
	1963	1964	1965	1966	Total	Disbursed	Undisbursed	1963	1964	1965	1966	1967 <sup>(1)</sup>
<b>71 countries<sup>(2)</sup></b>												
Africa .....	3.148	3.729	4.624	5.114	5.244	3.90	1.34	0.192	0.242	0.252	0.320	0.413
Southern Europe..	2.873	3.385	4.002	4.199	4.239	3.21	1.03	0.266	0.325	0.414	0.437	0.432
East Asia .....	1.534	1.664	2.201	2.371	2.519	1.61	0.91	0.076	0.080	0.123	0.167	0.200
Middle East .....	1.518	1.610	2.161	2.130	1.956 <sup>(3)</sup>	1.43	0.53	0.186	0.213	0.184	0.196	0.161 <sup>(3)</sup>
South Asia .....	6.154	7.784	9.343	10.573	10.827	7.20	3.63	0.280	0.406	0.352	0.426	0.539
Latin America...	10.887	11.228	12.510	12.979	13.706	12.11	1.60	1.333	1.686	1.820	2.004	2.007
Total .....	26.114	29.403	34.841	37.366	38.491	29.46	9.04	2.332	2.951	3.146	3.552	3.753
<b>92 countries</b>												
Total .....	30.036	33.893	39.582	42.455	43.627	n.a.	n.a.	2.583	3.295	3.477	3.890	4.075

<sup>(1)</sup>Projected.

<sup>(2)</sup>The 71 countries are as follows:

Africa: Algeria, Botswana, Central African Republic, Chad, East African Common Services Organization (EACSO), Ethiopia, Federation of Rhodesia and Nyasaland, Gabon, Ghana, Ivory Coast, Kenya, Lesotho, Liberia, Malagasy, Malawi, Mali, Mauritania, Mauritius, Morocco, Nigeria, Rhodesia, Senegal, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Tunisia, Uganda and Zambia.

Southern Europe: Cyprus, Greece, Malta, Spain, Turkey and Yugoslavia.

East Asia: China, Korea, Malaysia, Philippines, Singapore and Thailand.

Middle East: Iran, Israel, Jordan and Lebanon.

South Asia: Afghanistan, Ceylon, India and Pakistan.

Latin America: 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 and Venezuela.

<sup>(3)</sup>Understated because data on Israel are not up to date. Actual figures are probably not less than 1966.

n.a.= Not available.

See also explanatory notes, page 64.

SOURCE: World Bank.

**Service Payments on External Official Debt as Percentage of Exports of Goods and Services for 54 Countries**

**Table 7**

Region and Country	1963	1964	1965	1966	1967
<b>Africa</b>					
Algeria	1.0	0.9	1.3	0.9	1.4
Ethiopia	5.8	5.0	4.8	6.1	8.4
Ghana	3.7	7.8	11.8	20.4	n.a.
Ivory Coast	n.a.	n.a.	n.a.	1.7	5.9
Kenya <sup>(1)</sup>	5.2	10.5	6.0	6.0	n.a.
Morocco	2.4	1.7	2.7	2.9	n.a.
Nigeria	3.0	3.0	3.4	5.4	n.a.
Sierra Leone	4.3	6.7	3.8	4.2	n.a.
Somalia	2.6	2.4	5.7	2.1	n.a.
Sudan	6.6	7.9	5.5	6.4	6.9
Tanzania <sup>(1)</sup>	4.0	3.6	4.9	4.5	n.a.
Tunisia	14.2	8.6	7.6	11.9	n.a.
Uganda <sup>(1)</sup>	4.9	4.5	5.3	5.2	n.a.
Zambia	n.a.	3.4	4.2	2.1	n.a.
<b>South Asia</b>					
Afghanistan	7.3	11.3	11.5	10.2	13.1
Ceylon	1.4	1.5	1.9	2.6	2.5
India <sup>(2)</sup>	9.8	15.2	13.2	16.3	n.a.
Pakistan	11.6	10.0	10.6	12.0	n.a.
<b>East Asia</b>					
China, Republic of	3.5	2.2	2.9	3.5	3.1
Korea	3.0	2.7	2.2	2.6	n.a.
Malaysia	0.9	1.3	1.2	1.4	n.a.
Philippines	3.2	2.8	5.3	6.2	7.0
Thailand	3.1	3.0	3.2	3.1	2.7
<b>South Europe</b>					
Cyprus	1.7	1.9	1.5	1.4	2.4
Greece	2.6	2.7	4.1	4.5	3.9
Malta	0.4	0.3	0.5	8.8	n.a.
Spain	2.5	2.0	2.0	1.5	n.a.
Turkey	14.7	20.2	13.1	11.6	n.a.
Yugoslavia	12.0	11.7	15.7	15.3	n.a.
<b>Latin America</b>					
Argentina	16.6	26.8	20.9	25.3	27.7
Bolivia	5.9	12.7	12.5	8.4	n.a.
Brazil <sup>(3)</sup>	25.9	24.5	33.9	30.6	n.a.
Chile	17.7	18.0	17.3	12.7	n.a.
Colombia	15.1	12.8	16.1	12.6	n.a.
Costa Rica	8.7	7.4	7.9	10.2	n.a.
Dominican Republic	0.3	2.7	18.6	12.3	8.2
Ecuador	8.6	6.9	6.1	6.3	n.a.
El Salvador	2.7	4.2	3.6	3.7	2.9
Guatemala	4.5	6.9	4.9	5.4	n.a.
Guyana	4.1	4.3	4.0	5.9	3.4
Honduras	2.7	2.9	2.6	2.2	2.1
Jamaica	1.7	1.8	1.9	2.1	n.a.
Mexico	17.1	23.9	24.6	21.6	n.a.
Nicaragua	4.8	4.1	4.2	5.2	4.9
Panama	1.8	2.4	2.6	2.5	n.a.
Paraguay	7.8	7.7	6.6	5.6	7.5
Peru	6.3	5.5	6.6	9.9	10.7
Trinidad & Tobago	1.2	3.5	1.9	2.1	n.a.
Uruguay	6.1	6.0	6.7	13.8	17.5
Venezuela	3.4	2.9	1.7	2.6	n.a.
<b>Middle East</b>					
Iran	6.6	7.2	4.9	4.6	n.a.
Israel	18.1	19.8	14.9	14.4	n.a.
Jordan	10.3	1.1	1.0	1.4	2.4
Lebanon	0.6	0.5	0.4	0.7	n.a.

n.a. = Not available.

<sup>(1)</sup> Including one-third of service payments on loans to EACSO.

<sup>(2)</sup> Does not include suppliers' credit for which consistent data are not available.

<sup>(3)</sup> Data on debt service payments are based on publications of the Banco Central da Republica do Brazil and adjusted by World Bank staff.

See also explanatory notes, page 64.

SOURCE: World Bank; IMF, *Balance of Payments Yearbook and International Financial Statistics*.

**Grants and Loan Disbursements, and Debt Service Payments of Developing Countries in 1965**  
(Thousands of US Dollars)

**Table 8**

Region and Country	Grants	Loans			Total Grants & Loans	Debt Service on Loans			Debt Service as % of Grants & Loans
		Public	Private	Total		Public	Private	Total	
<b>Africa</b>									
Botswana	9,770	818	—	818	10,588	532	—	532	5.0
EACSO	—	3,875	420	4,295	4,295	5,287	10,872	16,159	376.2
Ethiopia	17,470	19,346	8,656	28,002	45,472	4,810	2,814	7,624	16.8
Gabon	11,870	6,601	—	6,601	18,471	4,878	439	5,317	28.8
Kenya	38,870	33,629	1,158	34,787	73,657	9,184	5,706	14,890	20.2
Liberia	12,050	15,825	186	15,991	28,041	4,119	7,794	11,913	42.5
Morocco	74,130	81,565	—	81,565	155,695	11,334	4,438	15,772	10.1
Nigeria	33,750	50,672	43,183	93,855	127,605	9,747	17,983	27,730	21.7
Southern Rhodesia	6,180	9,375	—	9,375	15,555	11,002	13,821	24,823	159.6
Senegal	45,340	2,258	—	2,258	47,598	3,089	30	3,119	6.6
Sudan	11,930	16,193	—	16,193	28,123	7,944	5,583	13,527	48.1
Tanzania	24,590	24,106	20	24,126	48,716	1,657	4,194	5,851	12.0
Tunisia	57,650	63,348	38,343	101,691	159,341	5,684	9,249	14,933	9.4
Uganda	13,300	5,856	—	5,856	19,156	3,891	1,786	5,677	29.6
Zambia	12,430	4,370	—	4,370	16,800	9,132	14,022	23,154	137.8
Total	369,330	337,837	91,946	429,783	799,113	92,290	98,731	191,021	23.9
<b>South Asia</b>									
Ceylon	10,170	15,325	895	16,220	26,390	5,760	2,596	8,356	31.7
India	562,320	955,298	11,204	966,502	1,528,822	255,803	12,792	268,595	17.6
Pakistan	215,140	350,448	28,148	378,596	593,736	56,540	13,657	70,197	11.8
Total	787,630	1,321,071	40,247	1,361,318	2,148,948	318,103	29,045	347,148	16.2
<b>East Asia</b>									
China, Republic of	26,520	48,423	13,048	61,471	87,991	2,352	13,084	15,436	17.5
Korea	171,970	6,164	35,806	41,970	213,940	807	5,661	6,468	3.0
Malaysia	21,670	15,494	25,000	40,494	62,164	11,513	5,467	16,980	27.3
Philippines	71,470	48,430	116,084	164,514	235,984	10,333	47,545	57,878	24.5
Singapore	2,810	2,983	—	2,983	5,793	1,001	—	1,001	17.3
Thailand	33,180	24,684	—	24,684	57,864	15,851	8,567	24,418	42.2
Total	327,620	146,178	189,938	336,116	663,736	41,857	80,324	122,181	18.4
<b>Southern Europe</b>									
Cyprus	6,450	7,340	745	8,085	14,535	502	1,663	2,165	14.9
Greece	17,530	38,314	25,000	63,314	80,844	8,880	18,720	27,600	34.1
Malta	13,250	4,770	—	4,770	18,020	519	—	519	2.9
Spain	5,480	22,983	11,073	34,056	39,536	33,162	15,223	48,385	122.4
Yugoslavia	5,930	180,737 <sup>(1)</sup>	118,426 <sup>(1)</sup>	299,163 <sup>(1)</sup>	305,093 <sup>(1)</sup>	103,772 <sup>(1)</sup>	135,174 <sup>(1)</sup>	238,946 <sup>(1)</sup>	78.3
Total	48,640	254,144	155,244	409,388	458,028	146,835	170,780	317,615	69.3
<b>Latin America</b>									
Argentina	9,360	73,578	81,806	155,384	164,744	153,483	193,147	346,630	210.4
Chile	37,320	116,596	75,596	192,192	229,512	56,118	80,297	136,415	59.4
Costa Rica	6,190	21,842	9,357	31,199	37,389	4,820	6,261	11,081	29.6
Dominican Republic	65,380	18,220	5,932	24,152	89,532	3,299	24,484	27,783	31.0
Ecuador	16,270	9,580	5,104	14,684	30,954	6,973	5,285	12,258	39.6
El Salvador	6,790	15,496	3,000	18,496	25,286	6,626	1,140	7,766	30.7
Guatemala	9,830	5,831	7,767	13,598	23,428	4,396	6,729	11,125	47.5
Guyana	5,470	2,335	—	2,335	7,805	3,262	1,517	4,779	61.2
Honduras	4,400	7,249	140	7,389	11,789	2,159	1,396	3,555	30.2
Jamaica	5,010	1,042	8,820	9,862	14,872	568	6,321	6,889	46.3
Mexico	10,470	106,635	275,481	382,116	392,586	93,138	392,228	485,366	123.6
Nicaragua	8,760	6,437	2,692	9,129	17,889	4,974	2,367	7,341	41.0
Panama	10,630	9,801	—	9,801	20,431	3,929	1,927	5,856	28.7
Paraguay	6,710	4,572	3,562	8,134	14,844	2,115	2,265	4,380	29.5
Peru	26,770	48,275	89,567	137,842	164,612	13,035	38,212	51,247	31.1
Trinidad & Tobago	16,570	5,794	15,089	20,883	37,453	4,415	5,160	9,575	25.6
Uruguay	3,360	2,646	14,937	17,583	20,943	8,260	8,744	17,004	81.2
Venezuela	13,550	55,505	42,738	98,243	111,793	17,080	26,386	43,466	38.9
Total	262,840	511,434	641,588	1,153,022	1,415,862	388,650	803,866	1,192,516	84.2
Grand Total	1,796,060	2,570,664	1,118,963	3,689,627	5,485,687	987,735	1,182,746	2,170,481	39.6

<sup>(1)</sup> Projected due to lack of available data.  
See also explanatory notes, page 64.  
SOURCE: World Bank and the OECD.

**Grants and Loan Disbursements, and Debt Service Payments of Developing Countries in 1966**
**Table 9**

(Thousands of US Dollars)

Region and Country	Grants	Loans			Total Grants & Loans	Debt Service on Loans			Debt Service as % of Grants & Loans
		Public	Private	Total		Public	Private	Total	
<b>Africa</b>									
Botswana	14,527	3,112	—	3,112	17,639	537	—	537	3.0
EACSO	—	11,821	263	12,084	12,084	5,570	11,091	16,661	137.9
Ethiopia	22,708	19,360	10,990	30,350	53,058	6,832	3,132	9,964	18.8
Gabon	12,195	6,291	2,674	8,965	21,160	4,608	362	4,970	23.5
Kenya	28,489	37,071	1,733	38,804	67,293	10,606	7,743	18,349	27.3
Liberia	12,479	15,433	82	15,515	27,994	2,547	6,509	9,056	32.3
Malagasy Republic	38,287	7,340	—	7,340	45,627	3,413	191	3,604	7.9
Nigeria	40,870	73,960	11,384	85,344	126,214	10,951	35,637	46,588	36.9
Southern Rhodesia	454	2,683	6,309	8,992	9,446	5,786	4,077	9,863	104.4
Somalia	—	2,653	—	2,653	2,653	771	—	771	29.1
Sudan	5,392	38,852	—	38,852	44,244	10,096	5,393	15,489	35.0
Tanzania	31,141	19,093	2,097	21,190	52,331	2,836	3,917	6,753	12.9
Tunisia	44,996	41,426	12,889	54,315	99,311	12,482	22,032	34,514	34.8
Uganda	15,021	10,002	896	10,898	25,919	4,037	1,797	5,834	22.5
Zambia	9,150	3,190	4,357	7,547	16,697	8,795	5,081	13,876	83.1
Total	275,709	292,287	53,674	345,961	621,670	89,867	106,962	196,829	31.7
<b>South Asia</b>									
Ceylon	12,854	35,498	186	35,684	48,538	9,094	1,220	10,314	21.2
India	651,399	784,684	26,345	811,029	1,462,428	312,088	7,192	319,280	21.8
Pakistan	155,341	308,411	52,804	361,215	516,556	72,401	12,050	84,451	16.3
Total	819,594	1,128,593	79,335	1,207,928	2,027,522	393,583	20,462	414,045	20.4
<b>East Asia</b>									
China, Republic of	11,000	35,643	29,978	65,621	76,621	7,009	16,334	23,343	30.5
Korea	143,255	70,953	103,063	174,016	317,271	971	10,612	11,583	3.7
Malaysia	27,792	22,469	—	22,469	50,261	10,274	8,940	19,214	38.2
Philippines	43,935	31,196	22,443	53,639	97,574	12,010	62,169	74,179	76.0
Singapore	2,106	12,629	—	12,629	14,735	1,401	—	1,401	9.5
Thailand	119,282	40,793	—	40,793	160,075	15,445	14,578	30,023	18.8
Total	347,370	213,683	155,484	369,167	716,537	47,110	112,633	159,743	22.3
<b>Southern Europe</b>									
Cyprus	1,707	3,768	64	3,832	5,539	917	1,467	2,384	43.0
Greece	20,552	43,559	39,905	83,464	104,016	14,488	22,155	36,643	35.2
Malta	15,060	2,755	—	2,755	17,815	874	—	874	4.9
Yugoslavia <sup>(1)</sup>	1,361	227,150 <sup>(1)</sup>	126,500 <sup>(1)</sup>	353,650 <sup>(1)</sup>	355,011 <sup>(1)</sup>	167,897 <sup>(1)</sup>	98,114 <sup>(1)</sup>	266,011 <sup>(1)</sup>	74.9
Total	38,680	277,232	166,469	443,701	482,381	184,176	121,736	305,912	63.4
<b>Latin America</b>									
Argentina	10,023	107,545	164,624	272,169	282,192	188,745	265,591	454,336	161.0
Chile	33,655	143,099	19,201	162,300	195,955	50,562	74,619	125,181	63.9
Costa Rica	7,201	13,513	2,797	16,310	23,511	4,866	12,089	16,955	72.1
Dominican Republic	36,245	18,265	1,827	20,092	56,337	4,291	15,460	19,751	35.1
Ecuador	17,186	15,040	2,698	17,738	34,924	8,302	4,511	12,813	36.7
El Salvador	11,347	13,751	1,500	15,251	26,598	6,429	1,398	7,827	29.4
Guatemala	9,380	2,380	13,241	15,621	25,001	4,631	9,383	14,014	56.1
Honduras	8,047	5,799	—	5,799	13,846	2,653	851	3,504	25.3
Jamaica	11,747	5,333	7,500	12,833	24,580	696	7,372	8,068	32.8
Mexico	3,113	177,872	305,358	483,230	486,343	104,030	355,421	459,451	94.5
Nicaragua	6,090	13,204	8,729	21,933	28,023	5,455	3,616	9,071	32.4
Panama	9,301	12,756	—	12,756	22,057	4,279	2,057	6,336	28.8
Paraguay	4,767	9,164	3,175	12,339	17,106	2,068	1,492	3,560	20.8
Trinidad & Tobago	6,727	5,136	370	5,506	12,233	3,819	6,640	10,459	85.5
Uruguay	4,871	11,603	7,985	19,588	24,459	18,890	15,387	34,277	140.1
Venezuela	23,177	85,381	10,416	95,797	118,974	25,349	38,760	64,109	53.9
Total	202,877	639,841	549,421	1,189,262	1,392,139	435,065	814,647	1,249,712	89.8
<b>Grand Total</b>	<b>1,684,230</b>	<b>2,551,636</b>	<b>1,004,383</b>	<b>3,556,019</b>	<b>5,240,249</b>	<b>1,149,801</b>	<b>1,176,440</b>	<b>2,326,241</b>	<b>94.4</b>

(1) Projected due to lack of available data.

(2) Due to a change in definition of reportable debt, disbursements on private loans may be understated.

See also explanatory notes, page 64.

SOURCE: World Bank and the OECD.

**External Public Debt and Grants Incurred in 1965 by 59 Developing Countries, and Weighted Average Terms**

	Contractual Amount of Loans (US\$ 000s)	Rate of Interest (%)	Grace Period (Years)	Terms to Maturity (Years)	Concessionary Element as % of Contractual Amount at		Grant and Grant-like Disbursements (US\$ 000s)
					8% discount	10% discount	
<b>Grand Total</b>	<b>3,291,194</b>	<b>4.19</b>	<b>5.1</b>	<b>21.0</b>	<b>28.2</b>	<b>35.9</b>	<b>2,140,760</b>
<b>Africa</b>	<b>540,653</b>	<b>4.14</b>	<b>5.6</b>	<b>23.6</b>	<b>31.4</b>	<b>39.8</b>	<b>515,530</b>
Botswana	—	—	—	—	—	—	9,770
Chad	1,334	4.04	1.4	9.3	13.7	19.7	17,360
EACSO	47,671	5.68	6.5	27.9	23.2	35.8	—
Ethiopia	22,746	4.35	2.7	16.0	23.1	30.7	17,470
Gabon	911	4.50	3.7	13.2	16.8	25.2	11,870
Ivory Coast	27,322	4.04	4.6	16.9	24.4	31.9	31,330
Kenya	34,524	4.85	5.4	27.5	29.4	41.3	38,870
Lesotho	28	6.75	1.0	25.0	9.9	23.5	9,480
Liberia	16,860	1.60	9.8	39.3	62.8	70.8	12,050
Malagasy	2,740	3.33	3.9	12.8	18.4	26.0	—
Malawi	6,604	2.53	6.4	23.2	44.9	53.8	30,880
Mauritania	46	3.98	1.0	6.8	12.2	17.4	9,900
Morocco	86,887	3.35	4.5	21.4	35.8	44.5	74,130
Nigeria	115,889	3.83	6.9	31.2	42.6	50.8	33,750
Rwanda	—	—	—	—	—	—	7,480
Senegal	5,831	2.50	5.8	19.0	37.4	44.6	45,340
Sierra Leone	3,312	3.45	3.3	22.0	29.6	39.2	5,210
Somalia	6,200	0.75	10.0	49.5	76.8	82.6	26,590
Southern Rhodesia	7,000	5.50	15.0	15.0	18.9	31.8	6,180
Sudan	55,036	5.03	5.0	20.9	23.4	34.1	11,930
Swaziland	—	—	—	—	—	—	7,970
Tanzania	6,680	4.42	7.0	26.2	25.8	36.8	24,590
Tunisia	77,356	4.66	4.2	14.6	19.8	25.9	57,650
Uganda	14,100	3.87	4.4	17.0	23.2	31.9	13,300
Zambia	1,576	0.00	7.0	25.0	60.2	67.5	12,430
<b>Europe</b>	<b>138,050</b>	<b>5.70</b>	<b>2.6</b>	<b>13.8</b>	<b>11.1</b>	<b>19.4</b>	<b>42,710</b>
Cyprus	748	3.50	1.0	1.5	6.9	9.1	6,450
Greece	51,336	5.87	2.9	12.4	9.0	17.4	17,530
Malta	1,540	6.75	1.0	25.0	11.7	25.3	13,250
Spain	84,426	5.64	2.5	14.5	12.4	20.7	5,480
<b>East Asia</b>	<b>792,390</b>	<b>4.80</b>	<b>3.4</b>	<b>13.5</b>	<b>16.3</b>	<b>23.0</b>	<b>363,360</b>
China	111,519	5.38	3.7	14.7	9.4	18.2	26,520
Indonesia	309,985	4.70	2.2	8.1	12.7	18.6	35,740
Korea <sup>(1)</sup>	108,763	2.96	8.2	31.9	45.1	53.2	171,970
Malaysia	70,000	5.50	3.8	17.9	18.7	25.3	21,670
Philippines	146,973	5.84	1.7	5.5	6.5	11.1	71,470
Singapore	6,800	5.50	4.0	20.0	26.3	37.1	2,810
Thailand	38,350	3.93	5.0	22.8	24.0	33.9	33,180
<b>Middle East</b>	<b>69,630</b>	<b>4.50</b>	<b>3.5</b>	<b>17.2</b>	<b>22.2</b>	<b>31.4</b>	<b>179,160</b>
Iraq	5,336	5.50	3.0	14.0	8.2	17.3	3,440
Israel	58,518	4.72	3.3	16.8	20.9	30.2	112,110
Jordan	5,776	1.69	5.9	23.9	48.7	56.8	63,610
<b>South Asia</b>	<b>1,045,491</b>	<b>3.00</b>	<b>7.0</b>	<b>28.7</b>	<b>43.6</b>	<b>52.0</b>	<b>787,630</b>
Ceylon	5,600	0.00	3.5	25.0	63.1	70.2	10,170
India <sup>(2)</sup>	767,257	2.98	7.4	29.8	45.9	54.6	562,320
Pakistan	272,634	3.13	5.9	25.8	36.3	43.8	215,140
<b>Latin America</b>	<b>704,980</b>	<b>5.00</b>	<b>4.3</b>	<b>17.7</b>	<b>20.7</b>	<b>27.9</b>	<b>252,370</b>
Argentina	195,148	5.90	1.8	7.6	5.9	11.4	9,360
Chile	129,470	3.42	7.5	30.1	45.5	53.4	37,320
Costa Rica	16,338	3.72	5.4	22.9	33.9	40.4	6,190
Dominican Republic	17,180	3.10	6.0	24.7	39.6	47.7	65,380
Ecuador	17,680	4.76	2.4	13.5	20.6	28.3	16,270
El Salvador	6,380	3.13	7.5	28.4	45.0	52.4	6,790
Guatemala	9,700	4.76	3.6	14.8	19.7	24.4	9,830
Guyana	7,835	3.46	7.7	35.9	44.9	54.9	5,470
Honduras	18,466	3.02	8.5	34.4	49.5	58.2	4,400
Jamaica	19,623	5.33	4.0	22.0	23.9	34.2	5,010
Nicaragua	16,824	4.38	6.5	26.8	25.8	34.8	8,760
Panama	6,500	3.31	6.9	24.5	38.2	46.2	10,630
Paraguay	14,128	6.25	4.2	16.0	10.2	19.6	6,710
Peru	129,312	5.79	3.9	15.9	14.0	22.1	26,770
Trinidad and Tobago	9,332	3.80	6.4	29.7	28.1	35.7	16,570
Uruguay	15,300	5.58	4.7	15.4	11.1	20.7	3,360
Venezuela	75,764	5.24	2.9	12.7	10.8	18.9	13,550

<sup>(1)</sup> Does not include credits with maturities shorter than three years.

<sup>(2)</sup> Does not include suppliers' credits.

See also explanatory notes, page 64.

Table 10

Loan Commitments and Grant Disburse- ments (US\$ 000s)	Concessionary Element as % of Loans and Grants at		Grant Equivalent of Loans and Grants (US\$ 000s) at		Grant Equivalent of Loans and Grants Per Capita (US\$) at	
	8% discount	10% discount	8% discount	10% discount	8% discount	10% discount
5,431,954	55.7	63.2	2,977,886	3,185,726	2.6	2.7
1,056,183	69.8	71.1	667,230	704,660	3.2	3.4
9,770	100.0	100.0	9,770	9,770	17.5	17.5
18,694	94.1	94.6	17,535	17,609	5.0	5.3
47,671	23.2	35.8	9,450	14,029	0.3	0.5
40,216	58.1	62.5	22,300	23,771	1.0	1.0
12,781	94.7	95.4	12,006	12,068	25.9	26.0
58,652	64.8	68.8	37,889	39,787	9.8	10.0
73,394	67.4	72.9	48,716	52,570	5.2	5.6
9,508	99.7	99.8	9,483	9,486	11.3	11.4
28,910	80.2	84.8	20,671	21,318	19.3	19.9
2,740	18.4	26.0	446	610	0.1	0.1
37,484	91.5	93.1	33,418	33,817	8.5	8.6
9,946	99.6	99.6	9,905	9,908	9.4	9.4
161,017	66.6	71.4	102,865	109,199	7.7	8.2
149,639	57.2	63.7	75,930	82,240	1.3	1.4
7,480	100.0	100.0	7,480	7,480	2.4	2.4
51,171	93.4	94.3	47,333	47,675	13.6	13.7
8,522	74.4	78.2	6,094	6,353	2.6	2.7
32,790	96.5	97.5	30,195	30,233	12.1	12.1
13,180	56.9	63.8	7,501	8,409	1.8	2.0
66,966	39.1	48.0	22,840	27,178	1.7	2.0
7,970	100.0	100.0	7,970	7,970	21.8	21.8
31,270	85.6	88.0	26,117	26,716	2.3	2.3
135,006	55.5	59.2	71,862	75,943	16.5	17.4
27,400	62.3	67.0	16,269	17,301	2.2	2.3
14,006	96.4	97.2	13,185	13,220	3.6	3.6
180,760	33.4	40.0	56,752	66,911	1.4	1.6
7,198	90.3	90.6	6,502	6,518	10.9	11.0
68,866	33.4	39.8	21,846	25,697	2.6	3.0
14,790	90.8	92.2	13,430	13,640	42.1	42.7
89,906	18.2	26.1	14,974	21,056	0.5	0.7
1,155,750	44.4	49.1	480,626	525,177	2.2	2.4
138,039	28.9	36.1	35,620	43,642	2.9	3.6
345,725	23.4	27.8	72,303	88,515	0.7	0.8
280,733	80.9	84.1	213,209	218,813	7.5	7.7
91,670	39.4	46.3	33,486	38,357	4.2	4.8
218,443	37.7	40.8	80,699	87,173	2.5	2.7
9,610	50.0	57.8	4,364	4,935	2.3	2.6
71,530	62.4	68.0	40,945	43,742	1.3	1.4
248,790	79.1	81.8	193,769	199,524	15.2	15.7
8,776	45.9	51.6	3,845	4,276	0.5	0.5
170,628	73.9	77.2	123,632	128,540	48.2	50.1
69,386	95.9	96.6	66,292	66,708	33.5	33.7
1,833,121	69.4	74.3	1,193,795	1,260,406	2.0	2.1
15,770	87.9	90.4	13,322	13,584	1.2	1.2
1,329,577	70.1	75.1	880,961	933,203	1.8	1.9
487,774	66.9	71.3	299,512	313,619	2.9	3.0
957,350	41.0	48.6	385,714	429,048	4.7	5.2
204,508	10.4	15.7	20,334	30,311	0.9	1.6
166,790	58.6	64.8	91,040	98,973	10.6	11.5
22,528	53.0	57.8	11,354	12,254	7.9	8.6
82,560	87.9	89.7	71,840	73,087	19.8	20.2
33,950	60.0	64.1	19,679	20,881	3.8	4.1
13,170	74.5	78.2	9,417	9,791	3.2	3.3
19,530	60.5	63.0	11,702	12,141	2.6	2.7
13,305	69.0	74.9	8,641	9,258	13.4	14.3
22,866	60.8	67.9	11,927	12,871	5.2	5.6
24,633	41.0	49.2	9,162	10,779	5.1	6.6
25,584	53.8	60.0	12,473	13,615	7.5	8.2
17,130	77.6	80.8	12,932	13,367	10.4	10.7
20,838	42.3	49.0	7,942	8,985	3.9	4.4
156,082	30.3	37.1	42,776	51,356	3.7	4.4
25,902	77.2	80.2	18,733	19,208	19.2	19.7
18,660	29.3	37.5	4,796	5,941	1.8	2.2
89,314	25.5	32.5	20,966	26,230	2.4	3.0

External Public Debt and Grants Incurred in 1966 by 59 Developing Countries, and Weighted Average Terms

	Contractual Amount of Loans (US\$ 000s)	Rate of Interest (%)	Grace Period (Years)	Terms to Maturity (Years)	Concessionary Element as % of Contractual Amount at		Grant and Grant-like Disbursements (US\$ 000s)
					8% discount	10% discount	
<b>Grand Total</b>	<b>3,714,794</b>	<b>3.39</b>	<b>6.4</b>	<b>26.3</b>	<b>39.4</b>	<b>47.3</b>	<b>2,016,313</b>
<b>Africa</b>	<b>518,976</b>	<b>3.34</b>	<b>4.7</b>	<b>23.1</b>	<b>35.5</b>	<b>44.3</b>	<b>476,915</b>
Botswana	1,826	5.76	1.8	25.0	17.7	30.3	14,527
Chad	13,543	5.30	1.4	9.8	17.9	24.8	16,498
EACSO	4,355	1.85	2.9	21.7	43.1	51.3	—
Ethiopia	37,728	2.52	9.1	37.0	51.2	58.9	22,708
Gabon	8,811	4.68	3.6	13.1	15.2	23.9	12,195
Ivory Coast	22,509	4.83	3.0	12.7	19.5	26.8	29,239
Kenya	47,877	3.33	4.6	22.8	35.3	43.8	28,489
Lesotho	4,100	0.75	10.0	49.5	75.9	81.7	11,116
Liberia	8,968	2.75	4.1	21.7	35.7	44.2	12,479
Malagasy	16,034	1.50	8.7	40.2	64.2	70.5	38,287
Malawi	24,002	0.12	3.4	26.3	63.3	70.4	20,636
Mauritania	7,419	3.41	8.4	44.2	33.3	42.8	7,219
Morocco	114,695	4.15	3.3	18.2	24.5	32.9	58,014
Nigeria	28,379	5.86	2.6	11.3	15.3	22.5	40,870
Rwanda	2,565	3.53	1.4	5.2	12.4	15.4	—
Senegal	11,087	1.10	9.5	42.9	68.6	74.3	44,301
Sierra Leone	255	0.00	2.3	18.1	46.8	52.4	6,571
Somalia	7,330	0.95	5.2	16.0	39.4	46.9	—
Southern Rhodesia	—	—	—	—	—	—	454
Sudan	17,582	2.61	6.5	26.1	44.0	52.0	5,392
Swaziland	2,080	4.06	3.8	23.7	28.7	39.3	7,612
Tanzania	23,232	1.37	5.6	24.1	43.7	50.0	31,141
Tunisia	60,764	3.38	6.6	28.3	43.9	50.7	44,996
Uganda	19,817	0.16	3.1	24.8	61.2	68.2	15,021
Zambia	34,018	5.66	2.7	14.8	12.4	20.7	9,150
<b>Europe</b>	<b>108,670</b>	<b>5.93</b>	<b>2.2</b>	<b>13.1</b>	<b>11.0</b>	<b>19.6</b>	<b>39,910</b>
Cyprus	—	—	—	—	—	—	1,707
Greece	56,070	6.30	1.7	12.5	9.3	17.7	20,552
Malta	1,540	6.75	1.0	25.0	11.7	25.3	15,060
Spain	51,060	5.50	2.8	13.5	13.0	21.7	2,591
<b>East Asia</b>	<b>575,949</b>	<b>4.38</b>	<b>4.9</b>	<b>19.6</b>	<b>24.2</b>	<b>32.6</b>	<b>382,751</b>
China	63,023	5.51	4.0	9.5	6.6	13.6	11,000
Indonesia	156,019	4.18	2.9	11.7	18.8	25.8	35,381
Korea <sup>(1)</sup>	200,506	3.25	7.5	27.5	40.1	48.4	143,255
Malaysia	44,264	5.64	3.7	18.8	19.2	29.6	27,792
Philippines	45,137	4.88	2.6	19.5	16.8	25.6	43,935
Singapore	25,000	6.00	3.6	23.2	15.7	27.8	2,106
Thailand	42,000	6.00	5.3	25.3	15.0	27.3	119,282
<b>Middle East</b>	<b>66,988</b>	<b>3.77</b>	<b>4.2</b>	<b>17.8</b>	<b>25.8</b>	<b>34.0</b>	<b>96,419</b>
Iraq	24,607	5.94	3.8	19.1	13.3	24.1	4,285
Israel	14,874	5.85	1.1	7.8	6.5	12.5	22,693
Jordan	27,507	0.70	6.3	22.0	48.8	56.2	69,441
<b>South Asia</b>	<b>1,514,657</b>	<b>1.94</b>	<b>8.9</b>	<b>34.6</b>	<b>58.2</b>	<b>65.6</b>	<b>820,554</b>
Ceylon	34,340	2.46	4.7	21.0	33.9	40.9	12,854
India <sup>(2)</sup>	1,000,074	1.78	9.6	36.5	62.4	69.7	652,359
Pakistan	480,243	2.24	7.8	31.5	50.7	58.4	155,341
<b>Latin America</b>	<b>929,554</b>	<b>4.83</b>	<b>4.9</b>	<b>20.9</b>	<b>24.7</b>	<b>33.0</b>	<b>199,764</b>
Argentina	108,117	6.14	1.1	5.8	2.6	7.1	10,023
Chile	245,055	4.31	6.7	27.6	36.1	45.4	33,655
Costa Rica	8,060	4.29	7.2	31.9	30.3	39.6	7,201
Dominican Republic	58,359	2.46	8.8	35.4	66.1	73.1	36,245
Ecuador	39,475	4.23	4.8	20.0	26.5	35.0	17,186
El Salvador	8,535	2.07	6.3	31.5	52.0	60.3	11,347
Guatemala	22,258	5.12	3.6	19.5	19.1	26.3	9,380
Guyana	3,765	3.37	7.8	36.0	48.3	58.1	—
Honduras	21,058	4.23	6.9	30.5	28.6	38.6	8,047
Jamaica	49,689	6.19	3.5	19.3	12.5	23.2	11,747
Nicaragua	30,806	3.96	6.7	28.0	38.9	46.3	6,090
Panama	6,100	3.57	3.7	27.0	38.5	47.6	9,301
Paraguay	15,367	2.81	6.4	32.2	46.3	52.2	4,767
Peru	266,110	5.46	4.0	14.8	12.6	21.7	—
Trinidad and Tobago	—	—	—	—	—	—	6,727
Uruguay	5,000	1.92	11.5	41.5	68.4	76.6	4,871
Venezuela	41,800	5.99	2.6	14.6	14.3	23.3	23,177

(1) Does not include credits with maturities shorter than three years.

(2) Does not include suppliers' credits.

(3) The concessionary element was raised in 1966 mainly due to the special increase in food aid.

See also explanatory notes, page 64.

SOURCE: World Bank and the OECD.



Table 11

Loan Commitments and Grant Disbursements (US\$ 000s)	Concessionary Element as % of Loans and Grants at		Grant Equivalent of Loans and Grants (US\$ 000s) at		Grant Equivalent of Loans and Grants per Capita (US\$) at	
	8% discount	10% discount	8% discount	10% discount	8% discount	10% discount
5,731,107	61.9	66.2	3,333,136	3,559,444	2.8	3.0
995,891	68.1	73.2	642,483	673,302	3.0	3.2
16,353	91.0	92.5	14,841	15,061	25.6	26.0
30,041	63.1	66.3	18,905	19,825	5.6	5.9
4,355	43.1	51.3	1,788	2,106	0.1	0.1
60,436	71.9	76.8	38,424	39,988	1.7	1.7
21,006	66.6	70.4	13,394	14,040	28.6	30.0
51,748	66.7	70.1	33,244	34,640	8.5	8.8
76,366	60.6	66.0	44,167	47,620	4.6	4.9
15,216	94.7	96.2	13,473	13,499	15.7	15.7
21,447	74.4	78.0	15,430	16,063	14.2	14.7
51,321	90.4	92.3	47,243	47,804	11.2	11.4
44,638	81.1	85.0	34,486	35,710	8.5	8.8
14,638	70.9	76.0	9,072	9,453	8.5	8.8
172,709	51.5	57.3	83,464	91,524	6.1	6.7
69,249	66.6	69.8	44,933	46,746	0.8	0.8
2,565	12.4	15.4	304	374	0.1	0.1
55,388	94.3	95.4	51,057	51,419	21.2	21.4
6,826	98.0	98.2	6,690	6,704	2.6	2.6
7,330	39.4	46.9	2,421	2,768	0.6	0.6
454	100.0	100.0	454	454	0.1	0.1
22,974	58.4	64.7	12,216	13,235	0.9	0.9
9,692	85.1	87.4	8,188	8,394	21.8	22.4
54,373	77.5	80.3	40,183	41,227	3.4	3.5
105,760	69.3	73.3	68,933	71,969	15.5	16.1
34,838	78.6	85.3	26,204	27,287	3.4	3.5
43,168	32.4	39.1	12,969	15,392	3.4	4.0
148,580	35.7	42.1	51,377	60,122	1.3	1.5
1,707	100.0	100.0	1,707	1,707	2.8	2.8
76,622	33.9	40.2	25,665	30,260	3.0	3.5
16,600	91.8	93.1	15,240	15,450	48.1	48.7
53,651	17.5	25.8	8,765	12,705	0.3	0.4
958,700	55.1	62.2	504,688	542,037	2.3	2.4
74,023	21.8	28.0	14,695	18,484	1.1	1.4
191,400	18.8	40.8	62,124	71,301	0.6	0.7
343,761	67.2	72.2	212,513	224,137	7.3	7.7
72,056	53.5	60.2	34,992	38,479	4.2	4.6
89,072	60.9	65.7	50,470	53,552	1.5	1.6
27,106	23.1	34.3	5,573	8,061	2.9	4.2
161,282	81.3	84.6	124,321	128,023	3.9	4.0
163,407	71.6	75.1	111,841	116,189	8.8	8.9
28,892	27.8	37.2	7,124	9,273	0.8	1.1
37,567	63.5	65.9	23,638	24,497	9.0	9.3
96,948	86.9	89.1	81,079	82,419	39.4	40.0
2,335,211	73.8	78.7	1,615,204	1,696,581	2.7	2.8
47,194	54.5	59.8	22,501	24,014	2.0	2.1
1,652,433	78.0	88.6 <sup>(3)</sup>	1,222,425	1,276,265	2.5	2.6
635,584	63.9	69.8	370,278	396,302	3.5	3.8
1,129,318	38.8	46.1	407,543	471,213	4.8	5.6
118,140	11.2	15.4	12,731	17,288	0.6	0.8
278,710	44.7	53.0	111,709	129,217	12.7	14.7
15,261	64.9	70.0	9,400	10,013	6.3	6.7
94,604	79.6	83.9	72,546	75,801	19.3	20.2
56,661	50.2	56.3	26,810	29,635	5.0	5.6
19,882	80.4	84.0	15,433	15,991	5.1	5.3
31,638	44.5	49.7	13,296	14,683	2.9	3.2
3,765	48.3	58.1	1,703	2,019	2.6	3.0
29,105	51.6	59.0	12,892	14,282	5.5	6.0
61,436	30.9	39.7	17,247	21,647	9.4	11.8
36,896	49.1	55.4	17,917	19,906	10.4	11.6
15,401	76.7	80.4	11,483	11,954	8.9	9.3
20,134	60.4	65.0	11,013	11,599	5.3	5.5
266,110	12.6	21.7	29,845	50,043	2.5	4.2
6,727	100.0	100.0	6,727	6,727	6.8	6.8
9,871	84.5	88.6	8,099	8,438	2.9	3.1
64,977	46.6	52.5	28,692	31,970	3.2	3.6

**Weighted Average Terms of External Public Debt by Sources in 1965<sup>(1)</sup>**
**Table 12**

	Grants US\$ 000s	Contractual Amount US\$ 000s	Rate of Interest (%)	Grace Period (years)	Terms to Maturity (years)	Concessionary Element as % of Grants and Loans Discounted at:	
						8%	10%
Publicly-issued bonds .....	—	70,808	6.01	2.3	10.8	14.4	22.5
Privately-placed debt .....	—	799,610	5.80	1.6	7.0	8.4	13.9
Suppliers' Credits .....	—	538,643	5.67	1.6	8.0	10.0	16.0
Other .....	—	260,967	6.06	1.5	5.1	5.2	9.6
Loans and Grants from							
International Organizations .....	141,650	814,952	4.44	6.0	27.8	44.2	52.5
World Bank .....	—	552,700	5.50	4.8	22.0	17.8	28.7
IDA .....	—	186,200	0.75	10.0	49.9	80.2	85.6
Inter-American Development Bank .....	—	52,075	6.12	3.4	13.1	8.7	17.4
Other .....	141,650	23,977	5.05	5.0	23.9	89.8	91.3
Bilateral official loans and grants <sup>(2)</sup> .....	1,999,110	1,362,514	3.26	7.0	27.3	77.9	81.6
of which:							
Australia .....	20,670	—	—	—	—	100.0	100.0
Canada .....	41,630	65,202	3.40	5.2	32.2	61.8	67.2
France .....	109,900	43,972	3.41	1.9	16.7	80.0	82.5
Germany .....	121,660	124,293	3.59	5.2	19.7	65.8	70.6
Japan .....	67,910	104,546	5.75	5.4	14.4	45.3	51.4
United Kingdom .....	175,580	136,713	3.27	6.1	24.4	75.9	80.5
United States .....	1,418,470	782,511	2.70	8.4	32.7	84.0	87.0

<sup>(1)</sup> Coverage is limited to the 59 developing countries shown in Tables 10 and 11. For that reason, the data on grants and loans represent only a part of total assistance provided from various sources. The concessionary element in bilateral assistance given to these 59 countries is not necessarily representative of the concessionary element in bilateral aid disbursements provided to all aid recipients.

<sup>(2)</sup> From member countries of the World Bank and Switzerland.

See also explanatory notes, page 64.

SOURCE: World Bank and the OECD.

**Weighted Average Terms of External Public Debt by Sources in 1966<sup>(1)</sup>**
**Table 13**

	Grants US\$ 000s	Contractual Amount US\$ 000s	Rate of Interest (%)	Grace Period (years)	Terms to Maturity (years)	Concessionary Element as % of Grants and Loans Discounted at:	
						8%	10%
Publicly-issued bonds .....	—	18,574	7.06	0.8	14.1	7.3	17.6
Privately-placed debt .....	—	729,587	5.77	2.5	10.2	9.9	17.1
Suppliers' Credits .....	—	618,037	5.60	2.7	10.5	10.6	17.9
Other .....	—	111,551	6.75	1.4	8.5	6.4	12.6
Loans and Grants from							
International Organizations .....	166,877	863,593	3.21	7.7	36.8	59.5	66.4
World Bank .....	—	365,800	6.00	4.5	22.1	15.9	27.0
IDA .....	—	452,490	0.75	10.5	49.7	79.5	84.9
Inter-American Development Bank .....	—	10,060	6.00	3.8	16.8	—0.4	10.1
Other .....	166,877	35,243	4.96	6.1	28.8	87.6	89.6
Bilateral official loans and grants <sup>(2)</sup> .....	1,849,436	1,973,167	2.62	7.6	28.6	74.8	78.9
of which:							
Australia .....	22,490	—	—	—	—	100.0	100.0
Canada .....	136,560	23,376	1.40	8.3	40.8	95.2	96.1
France .....	125,500	56,421	3.72	3.5	19.4	79.0	81.7
Germany .....	46,390	183,647	3.36	5.9	21.0	46.4	54.0
Japan .....	89,110	161,621	5.05	5.4	15.3	43.9	49.8
United Kingdom .....	130,050	253,854	0.44	8.9	25.2	77.4	82.2
United States .....	1,269,000	1,188,625	2.59	8.4	33.9	79.1	82.8

<sup>(1)</sup> Coverage is limited to the 59 developing countries shown in Tables 10 and 11. For that reason, the data on grants and loans represent only a part of total assistance provided from various sources. The concessionary element in bilateral assistance given to these 59 countries is not necessarily representative of the concessionary element in bilateral aid disbursements provided to all aid recipients.

<sup>(2)</sup> From member countries of the World Bank and Switzerland.

See also explanatory notes, page 64.

SOURCE: World Bank and the OECD.

**Flow of Net<sup>(1)</sup> Financial Resources From IDA Part I Countries to Developing Countries and Multilateral Institutions** **Table 14**  
(Millions of US Dollars)

Country	Official							Private						
	1961	1962	1963	1964	1965	1966	1967 <sup>(2)</sup>	1961	1962	1963	1964	1965	1966	1967 <sup>(2)</sup>
Australia	71	74	97	104	122	128	171	—	—	—	15	15	8	15
Austria	2	14	2	15	34	37	38	18	17	4	7	14	13	9
Belgium	92	70	80	71	102	81	99	72	48	95	93	120	97	55
Canada	62	54	98	128	124	212	213	26	55	33	14	45	55	40
Denmark	8	7	10	11	13	26	28	25	7	1	21	2	-2	-3
Finland	2	2	2	4	—	(2)	(2)	—	—	—	—	—	—	—
France	944	977	851	831	752	745	831	463	418	391	529	547	575	513
Germany	618	468	437	423	472	490	549	221	182	167	284	255	248	594
Italy	80	106	105	49	88	122	203	177	284	216	188	178	510	66
Japan	107	87	140	116	244	285	391	275	199	127	174	242	384	465
Kuwait	66	3	129	119	62	86	102	—	—	—	—	—	—	—
Netherlands	56	65	38	49	70	94	114	144	49	97	69	169	160	114
Norway	9	7	21	17	12	13	16	18	—	1	6	27	4	15
Sweden	8	19	23	33	38	57	60	44	19	31	34	35	51	61
United Kingdom	457	421	415	493	481	526	500	442	324	306	425	518	500	480
United States	3,447	3,536	3,699	3,445	3,627	3,660	3,723	1,102	819	880	1,325	1,893	1,323	1,844
Total	6,029	5,910	6,147	5,908	6,241	6,564	7,040	3,027	2,421	2,349	3,184	4,060	3,926	4,268

(1) Net of Amortization.

(2) Preliminary.

Data for South Africa are not available, while aid from Luxembourg has been very small.

Figures in parentheses are crude estimates. Unavailable figures indicated by —.

SOURCE: DAC for all countries except Finland and Kuwait, for which communications from their governments are the source.

**Bond Issues Placed Internationally by Market and Country of Borrowing Entity<sup>(1)</sup>**

(Millions of US Dollars)

	1966				1967				First Half 1968 (P)			
	New York	London <sup>(2)</sup>	Other <sup>(3)</sup>	Total	New York	London <sup>(2)</sup>	Other <sup>(3)</sup>	Total	New York	London <sup>(2)</sup>	Other <sup>(3)</sup>	Total
<b>Industrialized Countries</b>												
<b>Europe</b>												
Austria	—	—	38.2	38.2	—	—	80.5	80.5	—	—	168.3	168.3
Belgium	—	—	30.0	30.0	—	—	32.8	32.8	—	—	—	—
Denmark	—	—	47.6	47.6	—	—	72.0	72.0	—	—	50.8	50.8
Finland	—	—	4.0	4.0	—	—	40.0	40.0	—	—	28.5	28.5
France	—	—	46.3	46.3	—	—	157.2	157.2	—	—	31.9	31.9
Germany	—	—	—	—	—	—	13.1	13.1	—	—	—	—
Iceland	6.0	—	—	6.0	—	—	18.0	18.0	—	4.8	—	4.8
Ireland	—	14.0	33.6	47.6	—	—	—	—	—	—	—	—
Italy	—	—	40.0	40.0	—	—	50.0	50.0	—	—	30.0	30.0
Luxembourg	—	—	264.1	264.1	—	—	233.3	233.3	—	—	—	—
Netherlands	—	—	36.9	36.9	—	—	95.0	95.0	—	—	80.0	80.0
Norway	—	—	20.0	20.0	—	—	95.5	95.5	—	—	24.4	24.4
Sweden	—	—	34.0	34.0	—	—	30.0	30.0	—	—	—	—
Switzerland	—	—	2.8	2.8	—	—	—	—	—	—	—	—
United Kingdom <sup>(6)</sup>	—	14.0	22.6	36.6	—	1.4	68.2	69.6	—	—	18.6	18.6
<b>Others</b>												
Australia	—	—	25.0	25.0	—	39.2	61.6	100.8	—	—	42.0	42.0
Canada <sup>(7)</sup>	943.2 <sup>(7)</sup>	—	—	943.2	1,018.0 <sup>(7)</sup>	—	—	1,018.0	632.0 <sup>(7)</sup>	—	162.9	794.9
Japan	5.5	—	—	5.5	15.0	—	—	15.0	—	—	127.0	127.0
New Zealand	—	33.6	25.0	58.6	—	42.0	40.2	82.2	—	—	14.4	14.4
South Africa	—	—	25.0	25.0	—	—	62.5	62.5	—	—	30.0	30.0
United States	—	—	564.3	564.3	—	—	545.0	545.0	—	—	1,315.8	1,315.8
Sub-Total	954.7	61.6	1,259.4	2,275.7	1,033.0	82.6	1,694.9	2,810.5	632.0	4.8	2,124.6	2,761.4
<b>Multilateral European Institutions</b>												
Council of Europe	—	—	6.0	6.0	—	—	—	—	—	—	—	—
Eurofima <sup>(8)</sup>	—	—	6.9	6.9	—	—	41.9	41.9	—	—	9.3	9.3
European Coal and Steel Community	—	—	103.0	103.0	—	—	45.0	45.0	—	—	39.0	39.0
European Investment Bank	—	—	138.5	138.5	—	—	154.5	154.5	—	—	94.2	94.2
Interfrigo <sup>(9)</sup>	—	—	6.9	6.9	—	—	—	—	—	—	—	—
Sub-Total	—	—	261.3	261.3	—	—	241.4	241.4	—	—	142.5	142.5
<b>Total</b>	<b>954.7</b>	<b>61.6</b>	<b>1,520.7</b>	<b>2,537.0</b>	<b>1,033.0</b>	<b>82.6</b>	<b>1,936.3</b>	<b>3,051.9</b>	<b>632.0</b>	<b>4.8</b>	<b>2,267.1</b>	<b>2,903.9</b>

Table 15

	1966				1967				First Half 1968 (P)			
	New York	London <sup>(2)</sup>	Other <sup>(3)</sup>	Total	New York	London <sup>(2)</sup>	Other <sup>(3)</sup>	Total	New York	London <sup>(2)</sup>	Other <sup>(3)</sup>	Total
<b>International Development</b>												
<b>Institutions</b>												
World Bank	175.0 <sup>(4)</sup>	—	282.5 <sup>(5)</sup>	457.5	400.0 <sup>(4)</sup>	—	323.7 <sup>(5)</sup>	723.7	150.0 <sup>(4)</sup>	—	283.3 <sup>(5)</sup>	433.3
Inter-American Development Bank	—	—	100.6	100.6	110.0	—	36.0	146.0	—	—	— <sup>(10)</sup>	—
Sub-Total	175.0	—	383.1	558.1	510.0	—	359.7	869.7	150.0	—	283.3	433.3
<b>Developing Countries</b>												
Algeria	15.0	—	—	15.0	—	—	—	—	—	—	—	—
Argentina	3.5	—	—	3.5	—	—	25.0	25.0	25.0	—	—	25.0
Bahamas	14.0	—	—	14.0	—	—	—	—	—	—	—	—
Brazil	—	—	—	—	—	—	—	—	—	—	5.0	5.0
Colombia	—	—	—	—	0.5	—	—	0.5	—	—	—	—
East African Community	—	—	—	—	—	—	—	—	—	16.8	—	16.8
Gabon	—	—	2.4	2.4	—	—	—	—	—	—	—	—
Israel	60.7	—	0.8	61.5	203.1	—	15.0	218.1	5.0	—	—	5.0
Ivory Coast	—	—	—	—	—	—	—	—	—	—	16.1	16.1
Jamaica	7.5	8.4	—	15.9	—	—	—	—	—	7.2	—	7.2
Malaysia	—	—	—	—	—	21.0	—	21.0	—	—	—	—
Mexico	15.7	—	45.0	60.7	6.2	—	85.0	91.2	9.0	—	72.0	81.0
Panama	—	—	—	—	7.5	—	—	7.5	—	—	—	—
Peru	10.2	—	24.5	34.7	11.3	—	5.8	17.1	—	—	—	—
Philippines	—	—	—	—	8.0	—	—	8.0	—	—	—	—
Portugal	12.0	—	29.0	41.0	—	—	46.0	46.0	—	—	5.0	5.0
Spain	—	—	—	—	—	—	53.0	53.0	—	—	—	—
Thailand	—	—	—	—	1.0	—	—	1.0	—	—	—	—
Venezuela	3.0	—	0.7	3.7	1.1	—	—	1.1	—	—	—	—
Sub-Total	141.6	8.4	102.4	252.4	238.7	21.0	229.8	489.5	39.0	24.0	98.1	161.1
Total	316.6	8.4	485.5	810.5	748.7	21.0	589.5	1,359.2	189.0	24.0	381.4	594.4
<b>Recapitulation</b>												
<b>International Development</b>												
Institutions	175.0	—	383.1	558.1	510.0	—	359.7	869.7	150.0	—	283.3	433.3
Developing Countries	141.6	8.4	102.4	252.4	238.7	21.0	229.8	489.5	39.0	24.0	98.1	161.1
Total	316.6	8.4	485.5	810.5	748.7	21.0	589.5	1,359.2	189.0	24.0	381.4	594.4
<b>Advanced Countries</b>												
Multilateral Institutions	954.7	61.6	1,259.4	2,275.7	1,033.0	82.6	1,694.9	2,810.5	632.0	4.8	2,124.6	2,761.4
Total	954.7	61.6	1,259.4	2,275.7	1,033.0	82.6	1,694.9	2,810.5	632.0	4.8	2,124.6	2,761.4
Grand Total	1,271.3	70.0	2,006.2	3,347.5	1,781.7	103.6	2,525.8	4,411.1	821.0	28.8	2,648.5	3,498.3

(P) Preliminary figures for first half of 1968.

(1) Includes issues both publicly offered and privately placed.

(2) Excluding Euro-bond issues.

(3) Includes Canada, Continental Europe &amp; the Euro-issue market.

(4) Redemptions and repurchases of World Bank bonds sold on the New York market amounted to \$35.2 million in 1966, \$46.9 million in 1967 and \$171.1 million in the first half of 1968 (includes amounts paid in sinking fund to all US dollar issues).

(5) Redemptions and repurchases of World Bank bonds sold outside the United States amounted to \$190.9 million in 1966, \$195.4 million (includes \$6.0 million of devalued debts) in 1967 and \$178.4 million in the first half of 1968 (includes amounts paid in sinking fund to all US dollar issues).

(6) Issues by domestic companies operating mainly outside the country.

(7) Redemptions and repurchases of Canadian bonds and debentures held by non-residents amounted to \$460 million in 1966 and \$329 million in 1967.

(8) Société Européenne pour le Financement de Matériel Ferroviaire.

(9) Société Ferroviaire Internationale de Transport Frigorifiques.

(10) Excludes short-term bond issue by IDB for \$43 million placed with central banks in Latin America and Israel.

SOURCE: World Bank.

**Average Yield of New Foreign and International Bonds  
1967—First Half 1968**

**Table 16**

Month of Issue	US Market			Other Markets				
	World Bank	Inter-American Development Bank	Canada	World Bank <sup>(1)</sup>	Inter-American Development Bank <sup>(2)</sup>	US Corporation <sup>(3)</sup>	Other Industrial Countries <sup>(4)</sup>	Developing Countries <sup>(5)</sup>
<b>1967</b>								
January	—	5.50	5.92	—	—	6.47	6.51	—
February	—	—	—	—	—	6.37	6.97	7.78
March	—	—	5.63	—	—	5.62	6.87	—
April	5.35	—	—	—	—	—	6.33	7.09
May	—	—	5.88	—	—	6.03	6.58	7.55
June	—	—	6.37	5.04	—	6.97	6.61	7.05
July	—	—	6.45	—	—	6.28	6.65	—
August	—	—	—	—	—	5.50	6.30	—
September	5.95	—	6.58	—	—	6.63	6.83	7.42
October	—	—	6.68	6.00	—	—	6.73	6.56
November	—	6.55	6.96	—	7.25	—	6.43	7.55
December	—	—	—	—	—	6.90	6.39	—
<b>1968</b>								
January	—	—	7.05	7.22	—	6.65	7.72	8.48
February	—	—	7.03	—	—	—	6.85	—
March	6.54	—	—	6.96	—	6.25	6.50	8.16
April	—	—	7.09	—	—	6.61	6.96	—
May	—	—	7.63	5.25	—	6.28	7.48	—
June	—	—	—	6.91	—	6.13	6.97	7.25

(1) Issues by World Bank in Canada, Germany, Sweden and Switzerland.

(2) Issues by Inter-American Development Bank in Belgium.

(3) Excludes issues carrying convertibility options into stock of parent US Corporation.

(4) Includes issues by governments, public and private corporations and multilateral European institutions in international and foreign (Belgium, France, Germany, Italy, Luxembourg, Sweden, Switzerland, United Kingdom and United States) markets.

(5) Includes issues by governments and public and private corporations in international and foreign (Switzerland, United Kingdom and United States) markets.

SOURCE: World Bank.

**Notes to Tables 6, 7, 8, 9, 10, 11, 12, 13**

The figures on loans shown in Tables 6, 7, 8, 9, 10, 11, 12 and 13 are based on information obtained by the Bank from member countries by means of semi-annual reports on their external public debt payable in foreign currency or goods with an original maturity of one year or more. External public debt consists of obligations of the central governments and their political subdivisions and agencies as well as private debt guaranteed by the said governments and/or their agencies, excluding IMF drawings. The countries (and the East African Common Services Organization) for which data are shown in these tables have been included because relatively consistent and accurate statistics for the years shown are available.

Data shown in Tables 8 and 9 pertain only to countries for which detailed information on disbursements and debt service payments for 1965 and 1966 were available. Although several major debtor countries such as Brazil, Turkey, Israel and Indonesia are not included, incomplete information for these and other countries suggests that the relation between disbursements and debt service payments of the countries included in Tables 8 and 9 is fairly representative for all developing countries.

Table 6 provides data for an additional number of countries which have been obtained from the best published sources and from reports of creditor countries. This information is less reliable than the data shown in the main body of the table and must be

interpreted only as an indication of orders of magnitude. The figures in the table are not comparable to those shown in previous Annual Reports due to differences in coverage and revisions reflecting more recent information.

Data on grants (included in Tables 8, 9, 10, 11, 12 and 13) and "grant-like contributions" such as loans and other transfers of resources repayable in local currencies, have been obtained from the OECD and are based on reports from donor countries. In accordance with UN and DAC practices, food assistance repayable in local currencies has been treated as a grant.

**Notes to Tables 10, 11, 12, 13**

The *concessionary* (or grant) element concept in development finance has been discussed and applied in the following studies by private authors and official institutions:

John Pincus (in *Economic Aid and International Cost Sharing*, 1965), Goran Ohlin (in *Foreign Aid Policies Reconsidered*, 1966), I. M. D. Little and J. M. Clifford (in *International Aid*, 1965), and H. G. Johnson (in *Economic Policies Towards Less-Developed Countries*, 1967).

The method was also used in the following official publications: OECD, *The Flow of Financial Resources to Less-Developed Countries*, 1961-1965, and in

OECD, *Development Assistance Efforts and Policies*, 1967 Review. An extensive discussion and application of the method is included in study by John Pincus for UNCTAD, *Costs and Benefits of Aid: An Empirical Analysis*, 1967.

In these studies, calculations of costs and benefits of external assistance have been made by discounting future repayments according to average terms of loans based on World Bank or OECD data. Information on future public debt repayments is generally available to the Bank on a loan-to-loan basis. Calculations of "present worth" of future debt repayments discounted on a loan-to-loan basis give somewhat more accurate results than discounting of average loan terms. Although loans are recorded by the time incurred (when loan agreements are signed), disbursement rates of loans are either known or can be reasonably well estimated. Thus, data on both future debt repayments and loan disbursements are available on a loan-to-loan basis, and their present worth can be calculated. Loan disbursements have been projected according to actual disbursements or a schedule whenever given; in the absence of a schedule, the disbursements were assumed to be equal to semi-annual amounts during the grace period or up to the closing date, when the latter is known.

Food assistance repayable in domestic currencies has been considered as grants, in accordance with UN and DAC practices.

# Appendices





# Bank Appendices

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# Balance Sheet

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

## Assets

### DUE FROM BANKS AND OTHER DEPOSITORIES

Member currencies			
Unrestricted	\$ 24,394,605		
Subject to restrictions—Note B	<u>107,867,115</u>	\$132,261,720	
Non-member currency (Swiss francs)		<u>14,965,739</u>	\$ 147,227,459

### INVESTMENTS

Government obligations (At cost or amortized cost; face amount \$303,897,919)		\$297,490,550	
Time deposits		508,830,779	
Accrued interest		<u>19,512,678</u>	825,834,007

### RECEIVABLE ON ACCOUNT OF SUBSCRIBED CAPITAL (See Appendix C)—Note B

Non-negotiable, non-interest-bearing, demand notes		\$351,854,274	
Amounts required to maintain value of currency holdings		<u>18,868,220</u>	370,722,494

### EFFECTIVE LOANS HELD BY BANK (See Appendix D)

(Including undisbursed balance of \$2,000,867,730)			7,205,511,055
--	--	--	---------------

### ACCRUED CHARGES ON LOANS

			79,920,065
--	--	--	------------

### RECEIVABLE FROM PURCHASERS ON ACCOUNT OF EFFECTIVE LOANS

AGREED TO BE SOLD (Including undisbursed balance of \$25,417,361)			36,143,165
---	--	--	------------

### UNAMORTIZED BOND ISSUANCE COSTS

			23,356,096
--	--	--	------------

### LAND AND BUILDINGS

		\$ 32,341,000	
Less—Reserve for depreciation		<u>2,981,160</u>	29,359,840

### OTHER ASSETS (Including \$30,078,213 special deposits)—Note C

			32,392,261
--	--	--	------------

### SPECIAL RESERVE FUND ASSETS—Note D

Due from Banks—member currency—United States		\$ 912	
Investment securities—Obligations of United States Government and its instrumentalities (\$291,023,000 face amount; at cost or amortized cost)		290,805,242	
Accrued loan commissions		<u>211,191</u>	291,017,345

### STAFF RETIREMENT PLAN ASSETS

(Segregated and held in trust)			<u>37,495,731</u>
--------------------------------	--	--	-------------------

TOTAL ASSETS			<u>\$9,078,979,518</u>
--------------	--	--	------------------------

**Appendix A**  
International Bank for  
Reconstruction and Development

**Liabilities, Reserves and Capital**

**LIABILITIES**

Accrued interest on borrowings.....		\$ 54,452,197
Accounts payable and other liabilities.....		5,023,580
Due to International Development Association.....		42,700,000
Undisbursed balance of effective loans (See Appendix D)		
Held by Bank.....	\$ 2,000,867,730	
Agreed to be sold.....	<u>25,417,361</u>	2,026,285,091
Funded debt (See Appendix E)		
(Of this amount \$486,275,239 is due within one year).....		3,289,568,137

**RESERVES**

Special reserve—Note D.....		\$ 291,017,345
Supplemental reserve against losses on loans and guarantees and from currency devaluations—Note E.....		<u>868,984,038</u>

STAFF RETIREMENT PLAN RESERVE.....		37,495,731
------------------------------------	--	------------

**CAPITAL**

Capital stock (See Appendix C)—Note F		
Authorized 240,000 shares of \$100,000 par value each		
Subscribed 229,419 shares.....	\$22,941,900,000	
Less—Uncalled portion of subscriptions—Note G.....	<u>20,647,710,000</u>	2,294,190,000
Payments on account of pending subscriptions.....		139,898
Net income—Note E		
From July 1, 1967 to June 30, 1968.....		169,123,501

TOTAL LIABILITIES, RESERVES AND CAPITAL.....		<u><u>\$9,078,979,518</u></u>
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# Comparative Statement of Income and Expenses

**Appendix B**  
International Bank for  
Reconstruction and Development

For the Fiscal Years Ended June 30, 1967 and June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

	July 1-June 30	
	1966/67	1967/68
<b>Income</b>		
Income from investments .....	\$ 71,955,494	\$ 65,730,830
Income from loans:		
Interest .....	247,195,497	274,903,562
Commitment charges .....	7,688,716	8,006,946
Commissions .....	684,528	595,027
Service charges .....	102,002	84,603
Other income .....	4,302,548	7,567,993
<b>GROSS INCOME</b> .....	<b>\$331,928,785</b>	<b>\$356,888,961</b>
Deduct—Amount equivalent to commissions appropriated to Special Reserve—Note D .....	684,528	595,027
<b>Gross Income Less Reserve Deduction</b> .....	<b>\$331,244,257</b>	<b>\$356,293,934</b>
<b>Expenses</b>		
Administrative expenses:		
Personal services .....	\$ 16,383,600	\$ 18,360,853
Contributions to staff benefits .....	2,581,440	4,246,306
Fees and compensation .....	1,218,522	1,404,538
Representation .....	236,981	200,440
Travel .....	3,454,738	3,983,036
Supplies and material .....	257,790	260,646
Office occupancy .....	1,875,570	1,880,348
Communication services .....	924,462	943,132
Furniture and equipment .....	662,205	497,302
Books and library services .....	262,954	298,866
Printing .....	460,823	493,625
Insurance .....	136,727	137,890
Other expenses .....	32,380	26,242
<b>TOTAL</b> .....	<b>\$ 28,488,192</b>	<b>\$ 32,733,224</b>
Deduct—Amounts charged to International Development Association* .....	4,216,061	4,216,061
<b>TOTAL ADMINISTRATIVE EXPENSES</b> .....	<b>\$ 24,272,131</b>	<b>\$ 28,517,163</b>
Services to member countries .....	6,511,926	5,248,847
Interest on borrowings .....	128,701,615	151,134,546
Bond issuance and other financial expenses .....	2,092,885	2,265,291
Discount on sale of loans .....	69,473	4,586
<b>GROSS EXPENSES</b> .....	<b>\$161,648,030</b>	<b>\$187,170,433</b>
<b>Net Income—Note E</b> .....	<b>\$169,596,227</b>	<b>\$169,123,501</b>

\*Effective July 1, 1967, the Executive Directors approved a change in budgetary procedure whereby all administrative expenses of the Bank and the International Development Association will be paid by the Bank. An annual "management fee" is charged to the Association based on the Association's expenses in fiscal year 1967 amounting to \$4,216,061. This fee which replaces the previous method of reimbursing the Bank for actual expenses paid on behalf of the Association is pro rated and paid on a monthly basis by the Association. The administrative expenses for the Bank and the Association for the corresponding period of the previous fiscal year have been combined to render the statement on a comparable basis.

# Statement of Subscriptions to Capital Stock and Voting Power

## Appendix C

International Bank for  
Reconstruction and Development

June 30, 1968

Expressed in United States Currency (in thousands)—See Notes to Financial Statements, Appendix F

Member	Amounts Paid in									
	Subscriptions			In United States dollars	In currency of member other than United States dollars (Note B)	In non-negotiable, non-interest-bearing, demand notes (Note B)	Subject to call to meet obligations of Bank (Note G)	Voting Power		
	Shares	Percent of total	Amount (Note F)					Number of votes	Percent of total	
Afghanistan	300	.13	\$ 30,000	\$ 300	\$ 1,200	\$ 1,500	\$ 27,000	550	.21	
Algeria	800	.35	80,000	800	72	7,128	72,000	1,050	.41	
Argentina	3,733	1.63	373,300	3,733	27,000	6,597	335,970	3,983	1.55	
Australia	5,330	2.32	533,000	5,330	47,970	—	479,700	5,580	2.18	
Austria	1,867	.81	186,700	1,867	14,202	2,601	168,030	2,117	.83	
Belgium	4,500	1.96	450,000	4,500	40,500	—	405,000	4,750	1.85	
Bolivia	210	.09	21,000	210	13	1,877	18,900	460	.18	
Brazil	3,733	1.63	373,300	3,733	33,597	—	335,970	3,983	1.55	
Burma	400	.17	40,000	400	1,207	2,393	36,000	650	.25	
Burundi	150	.07	15,000	150	9	1,341	13,500	400	.16	
Cameroon	200	.09	20,000	200	18	1,782	18,000	450	.17	
Canada	7,920	3.45	792,000	7,920	71,280	—	712,800	8,170	3.19	
Central African Republic	100	.04	10,000	100	39	861	9,000	350	.14	
Ceylon	827	.36	82,700	827	908	6,535	74,430	1,077	.42	
Chad	100	.04	10,000	100	13	887	9,000	350	.14	
Chile	933	.41	93,300	933	8,397	—	83,970	1,183	.46	
China	7,500	3.27	750,000	7,500	3,178	64,322	675,000	7,750	3.02	
Colombia	933	.41	93,300	9,330	—	—	83,970	1,183	.46	
Congo (Brazzaville)	100	.04	10,000	100	19	881	9,000	350	.14	
Congo, Democratic Republic of*	600	.26	60,000	600	694	—	54,000	850	.33	
Costa Rica	107	.05	10,700	467	603	—	9,630	357	.14	
Cyprus	150	.07	15,000	150	13	1,337	13,500	400	.16	
Dahomey	100	.04	10,000	100	19	881	9,000	350	.14	
Denmark	1,733	.76	173,300	1,733	14,364	1,233	155,970	1,983	.77	
Dominican Republic	133	.06	13,300	133	483	714	11,970	383	.15	
Ecuador	171	.07	17,100	1,710	—	—	15,390	421	.16	
El Salvador	107	.05	10,700	287	783	—	9,630	357	.14	
Ethiopia	100	.04	10,000	1,000	—	—	9,000	350	.14	
Finland	1,333	.58	133,300	1,333	9,759	2,238	119,970	1,583	.62	
France	10,500	4.58	1,050,000	10,500	94,500	—	945,000	10,750	4.20	
Gabon	100	.04	10,000	100	21	879	9,000	350	.14	
Gambia, The	53	.02	5,300	53	5	472	4,770	303	.12	
Germany*	12,800	5.58	1,280,000	12,800	101,400	13,800	1,152,000	13,050	5.09	
Ghana*	467	.20	46,700	467	2,702	1,051	42,030	717	.28	
Greece	667	.29	66,700	667	6,003	—	60,030	917	.36	
Guatemala	107	.05	10,700	467	603	—	9,630	357	.14	
Guinea	200	.09	20,000	200	1,800	—	18,000	450	.17	
Guyana	160	.07	16,000	160	15	1,425	14,400	410	.16	
Haiti	150	.07	15,000	150	41	1,309	13,500	400	.16	
Honduras	80	.03	8,000	620	—	180	7,200	330	.13	
Iceland	150	.07	15,000	1,266	38	196	13,500	400	.16	
India	8,000	3.49	800,000	8,000	20,551	51,449	720,000	8,250	3.22	
Indonesia*	2,200	.96	220,000	2,200	198	7,449	198,000	2,450	.96	
Iran	1,286	.56	128,600	1,286	8,100	3,474	115,740	1,536	.60	
Iraq	640	.28	64,000	640	1,350	4,410	57,600	890	.35	
Ireland	853	.37	85,300	853	5,474	2,203	76,770	1,103	.43	
Israel	959	.42	95,900	959	2,997	5,634	86,310	1,209	.47	
Italy	6,660	2.90	666,000	6,660	59,940	—	599,400	6,910	2.70	
Ivory Coast	200	.09	20,000	200	666	1,134	18,000	450	.17	
Jamaica	320	.14	32,000	895	22	2,283	28,800	570	.22	
Japan	7,726	3.37	772,600	7,726	69,534	—	695,340	7,976	3.11	
Jordan	163	.07	16,300	163	52	1,415	14,670	413	.16	
Kenya	333	.14	33,300	333	771	2,226	29,970	583	.23	
Korea*	533	.23	53,300	533	1,130	2,521	47,970	783	.31	
Kuwait	667	.29	66,700	667	6,003	—	60,030	917	.36	

(continued)

# Statement of Subscriptions to Capital Stock and Voting Power (continued)

## Appendix C International Bank for Reconstruction and Development

June 30, 1968

Expressed in United States Currency (in thousands)—See Notes to Financial Statements, Appendix F

Member	Subscriptions			Amounts Paid in			Subject to call to meet obligations of Bank (Note G)	Voting Power	
	Shares	Percent of total	Amount (Note F)	In United States dollars	In currency of member other than United States dollars (Note B)	In non-negotiable, non-interest-bearing, demand notes (Note B)		Number of votes	Percent of total
Laos	100	.04	\$ 10,000	\$ 100	\$ 900	\$ —	\$ 9,000	350	.14
Lebanon	90	.04	9,000	900	—	—	8,100	340	.13
Liberia	213	.09	21,300	213	13	1,904	19,170	463	.18
Libya	200	.09	20,000	2,000	—	—	18,000	450	.17
Luxembourg	200	.09	20,000	200	1,800	—	18,000	450	.17
Malagasy Republic	200	.09	20,000	200	30	1,770	18,000	450	.17
Malawi	150	.07	15,000	150	12	1,338	13,500	400	.16
Malaysia	1,333	.58	133,300	1,333	9,000	2,997	119,970	1,583	.62
Mali	173	.08	17,300	173	1,557	—	15,570	423	.16
Mauritania	100	.04	10,000	100	19	881	9,000	350	.14
Mexico	2,080	.91	208,000	2,080	18,720	—	187,200	2,330	.91
Morocco	960	.42	96,000	960	99	8,541	86,400	1,210	.47
Nepal*	100	.04	10,000	100	9	670	9,000	350	.14
Netherlands	5,500	2.40	550,000	5,500	49,500	—	495,000	5,750	2.24
New Zealand	1,667	.73	166,700	1,667	129	14,874	150,030	1,917	.75
Nicaragua	80	.03	8,000	440	360	—	7,200	330	.13
Niger	100	.04	10,000	100	19	881	9,000	350	.14
Nigeria	667	.29	66,700	667	256	5,747	60,030	917	.36
Norway	1,600	.70	160,000	1,600	14,400	—	144,000	1,850	.72
Pakistan	2,000	.87	200,000	2,000	2,049	15,951	180,000	2,250	.88
Panama	90	.04	9,000	126	—	774	8,100	340	.13
Paraguay	60	.03	6,000	60	540	—	5,400	310	.12
Peru	635	.28	63,500	3,785	26	2,539	57,150	885	.34
Philippines	1,173	.51	117,300	3,873	6,300	1,557	105,570	1,423	.56
Portugal	800	.35	80,000	800	4,330	2,870	72,000	1,050	.41
Rwanda	150	.07	15,000	150	1,350	—	13,500	400	.16
Saudi Arabia	960	.42	96,000	960	22	8,618	86,400	1,210	.47
Senegal	333	.14	33,300	333	30	2,967	29,970	583	.23
Sierra Leone*	150	.07	15,000	150	12	1,146	13,500	400	.16
Singapore	320	.14	32,000	320	1,152	1,728	28,800	570	.22
Somalia	150	.07	15,000	150	14	1,336	13,500	400	.16
South Africa	2,133	.93	213,300	2,133	18,012	1,185	191,970	2,383	.93
Spain	2,667	1.16	266,700	2,667	20,401	3,602	240,030	2,917	1.14
Sudan	600	.26	60,000	600	1,800	3,600	54,000	850	.33
Sweden	2,400	1.05	240,000	2,400	21,600	—	216,000	2,650	1.03
Syrian Arab Republic	400	.17	40,000	400	44	3,556	36,000	650	.25
Tanzania	333	.14	33,300	333	71	2,926	29,970	583	.23
Thailand	1,013	.44	101,300	5,683	158	4,289	91,170	1,263	.49
Togo	150	.07	15,000	150	23	1,327	13,500	400	.16
Trinidad and Tobago	267	.12	26,700	747	24	1,899	24,030	517	.20
Tunisia**	300	.13	30,000	300	74	2,626	27,000	550	.21
Turkey	1,150	.50	115,000	1,150	271	10,079	103,500	1,400	.55
Uganda	333	.14	33,300	333	50	2,947	29,970	583	.23
United Arab Republic	1,421	.62	142,100	1,421	128	12,661	127,890	1,671	.65
United Kingdom	26,000	11.33	2,600,000	26,000	234,000	—	2,340,000	26,250	10.25
United States	63,500	27.68	6,350,000	635,000	—	—	5,715,000	63,750	24.89
Upper Volta	100	.04	10,000	100	19	881	9,000	350	.14
Uruguay	280	.12	28,000	1,225	438	1,137	25,200	530	.21
Venezuela	1,867	.81	186,700	11,908	79	6,683	168,030	2,117	.83
Viet-Nam	427	.19	42,700	427	3,843	—	38,430	677	.26
Yugoslavia	1,067	.46	106,700	7,173	3,497	—	96,030	1,317	.51
Zambia	533	.23	53,300	533	48	4,749	47,970	783	.31
<b>TOTALS</b>	<b>229,419</b>	<b>100.00</b>	<b>\$22,941,900</b>	<b>\$845,984</b>	<b>\$1,077,484</b>	<b>\$351,854</b>	<b>\$20,647,710</b>	<b>256,169</b>	<b>100.00</b>

\*Amounts aggregating the equivalent of \$18,868,220 receivable and of \$387,261 payable as a result of revaluation of these currencies, are not included in the "Amounts Paid in" columns.

\*\*\$73,000 has been received from Tunisia on account of increase in subscription which is in process of completion and amounts aggregating the equivalent of \$66,898 have been received from Botswana and Lesotho on account of capital subscriptions pending admission to membership.

# Summary Statement of Loans

# Appendix D

International Bank for  
Reconstruction and Development

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

Members in whose territories loans have been made <sup>(1)</sup>	Effective loans held by Bank			Loans not yet effective <sup>(4)</sup>
	Disbursed portion	Undisbursed portion <sup>(2)</sup>	Total <sup>(3)</sup>	
Algeria .....	\$ 15,970,000	\$ —	\$ 15,970,000	\$ —
Argentina .....	106,806,658	71,041,346	177,848,004	—
Australia .....	179,651,000	—	179,651,000	7,000,000
Austria .....	53,329,052	—	53,329,052	—
Belgium .....	35,470,346	—	35,470,346	—
Brazil .....	159,635,308	243,792,326	403,427,634	22,000,000
Burma .....	19,828,337	—	19,828,337	—
Cameroon .....	15,604	6,984,396	7,000,000	—
Ceylon .....	27,129,052	4,000,000	31,129,052	—
Chile .....	85,781,796	67,412,270	153,194,066	—
China .....	31,785,278	64,083,393	95,868,671	—
Colombia .....	274,398,390	77,035,242	351,433,632	44,500,000
Congo (Brazzaville) .....	10,934,647	19,065,353	30,000,000	—
Costa Rica .....	35,620,235	—	35,620,235	3,000,000
Cyprus .....	13,694,212	2,445,000	16,139,212	—
Denmark .....	42,791,174	—	42,791,174	—
Ecuador .....	33,141,881	6,666,128	39,808,009	—
El Salvador .....	28,013,758	16,878	28,030,636	2,800,000
Ethiopia .....	35,690,389	5,919,951	41,610,340	13,500,000
Finland .....	133,731,987	5,996,812	139,728,799	—
France .....	17,052,300	—	17,052,300	—
Gabon .....	11,546,683	38,317	11,585,000	1,800,000
Ghana .....	45,994,831	336,169	46,331,000	—
Greece .....	—	—	—	12,500,000
Guatemala .....	6,813,203	12,191,797	19,005,000	7,000,000
Guinea .....	1,686,445	13,555	1,700,000	—
Haiti .....	886,000	—	886,000	—
Honduras .....	12,364,545	18,693,455	31,058,000	7,500,000
Iceland .....	12,851,138	8,107,680	20,958,818	—
India .....	511,460,195	138,693,410	650,153,605	—
Iran .....	127,925,519	68,725,188	196,650,707	25,000,000
Iraq .....	7,979,548	14,920,452	22,900,000	—
Israel .....	85,264,530	15,553,470	100,818,000	—
Italy .....	126,209,058	19,698,160	145,907,218	—
Ivory Coast .....	—	—	—	5,800,000
Jamaica .....	14,865,634	20,885,897	35,751,531	—
Japan .....	623,931,575	78,646,049	702,577,624	—
Kenya, Tanzania and Uganda <sup>(5)</sup> .....	29,970,433	21,029,567	51,000,000	—
Korea .....	—	5,000,000	5,000,000	—
Lebanon .....	20,313,084	—	20,313,084	—
Liberia .....	3,750,477	199,523	3,950,000	—
Malagasy Republic .....	—	4,800,000	4,800,000	—
Malaysia .....	97,012,413	78,162,208	175,174,621	14,000,000
Mexico .....	437,725,562	70,630,276	508,355,838	115,000,000
Morocco .....	30,021,634	25,727,794	55,749,428	—
New Zealand .....	73,977,331	22,084,227	96,061,558	—
Nicaragua .....	20,608,976	4,662,371	25,271,347	15,250,000
Nigeria .....	102,140,231	50,464,763	152,604,994	—
Norway .....	92,525,329	1,712,200	94,237,529	—
Pakistan .....	219,451,623	130,555,055	350,006,678	—
Panama .....	9,061,956	35,044	9,097,000	—
Paraguay .....	1,024,705	5,835,295	6,860,000	—
Peru .....	111,147,703	53,909,877	165,057,580	—
Philippines .....	82,013,131	46,839,341	128,852,472	—
Portugal .....	38,922,128	16,902,623	55,824,751	—
Senegal .....	375,283	3,380,056	3,755,339	—
Sierra Leone .....	3,452,000	—	3,452,000	—
Singapore .....	11,274,186	36,945,814	48,220,000	—
South Africa .....	18,986,683	1,643,237	20,629,920	—
Spain .....	94,113,835	91,027,577	185,141,412	—
Sudan .....	73,344,411	15,068,589	88,413,000	24,000,000
Tanzania .....	—	5,110,000	5,110,000	—
Thailand .....	133,206,586	57,575,385	190,781,971	29,000,000

(continued)

# Summary Statement of Loans (continued)

## Appendix D International Bank for Reconstruction and Development

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

Members in whose territories loans have been made <sup>(1)</sup>	Effective loans held by Bank			Loans not yet effective <sup>(2)</sup>
	Disbursed portion	Undisbursed portion <sup>(2)</sup>	Total <sup>(3)</sup>	
Trinidad and Tobago	\$ 534,718	\$ 12,800,282	\$ 13,335,000	\$ —
Tunisia	10,448,352	22,463,677	32,912,029	—
Turkey	29,895,025	2,475,974	32,370,999	—
United Arab Republic	33,500,000	—	33,500,000	—
United Kingdom	104,416,509	4,627,884	109,044,393	—
Uruguay	57,256,348	7,981,652	65,238,000	—
Venezuela	177,269,584	55,921,191	233,190,775	—
Yugoslavia	179,261,966	63,126,529	242,388,495	50,000,000
Zambia	5,992,968	11,207,025	17,199,993	—
<b>SUB-TOTALS MEMBERS<sup>(1)</sup></b>	<b>\$5,233,245,478</b>	<b>\$1,900,867,730</b>	<b>\$7,134,113,208</b>	<b>\$399,650,000</b>
International Finance Corporation	—	100,000,000	100,000,000	—
<b>TOTALS</b>	<b>\$5,233,245,478</b>	<b>\$2,000,867,730</b>	<b>\$7,234,113,208</b>	<b>\$399,650,000</b>
LESS: Exchange adjustments	28,602,153	—	28,602,153	—
	<u>\$5,204,643,325</u>	<u>\$2,000,867,730</u>	<u>\$7,205,511,055</u>	

### Summary of Currencies Repayable on Effective Loans Held by Bank

Currency	Amount
Argentine pesos	\$ 1,089,718
Australian dollars	72,825,349
Austrian schillings	20,438,287
Belgian francs	78,375,081
Burmese kyats	1,391,380
Canadian dollars	184,531,303
Ceylon rupees	295,105
Danish kroner	19,910,340
Deutsche mark	601,947,783
Finnish markkas	11,335,144
French francs	145,129,606
New Ghana cedis	3,513,938
Indian rupees	38,725,352
Iranian rials	11,772,777
Iraqi dinars	1,908,424
Irish pounds	8,541,084
Israel pounds	3,751,418
Italian lire	107,342,878
Japanese yen	104,931,394
Kuwaiti dinars	7,319,168
Luxembourg francs	2,813,067
Malaysian dollars	11,279,588
Mexican pesos	24,150,304
Netherlands guilders	114,243,862
Norwegian kroner	20,603,368
Portuguese escudos	4,446,482
Pounds sterling	270,625,368
Singapore dollars	1,123,233
South African rand	30,356,449
Spanish pesetas	24,184,630
Sudanese pounds	2,653,082
Swedish kronor	48,743,436
Swiss francs	209,214,512
New Taiwan dollars	3,331,765
United States dollars	3,040,400,803
Disbursed portion of effective loans held by Bank	\$5,233,245,478
LESS: Exchange adjustments	28,602,153
	<u>\$5,204,643,325</u>
ADD: Undisbursed portion of effective loans held by Bank	2,000,867,730
Effective loans held by Bank	<u>\$7,205,511,055</u>

(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. A loan has also been made to International Finance Corporation.

(2) This does not include \$25,417,361 of effective loans which the Bank has agreed to sell. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$26,527,796.

(3) Original principal amount of loans signed . . . . \$11,517,527,893

#### DEDUCT:

(a) Cancellations, terminations and refundings	\$ 270,674,011
(b) Principal repayments to the Bank	1,499,649,139
(c) Loans sold or agreed to be sold of which \$25,417,361 has not yet been disbursed	2,113,441,535
(d) Loans not yet effective	399,650,000
	<u>4,283,414,685</u>

\$ 7,234,113,208

LESS: Exchange adjustments . . . . . 28,602,153

Effective loans held by Bank . . . . . \$ 7,205,511,055

(4) Agreements providing for these loans have been signed, but the loans do not become effective and disbursements thereunder do not start until the borrowers and guarantors, if any, take certain action and furnish certain documents to the Bank. The Bank has agreed to sell \$29,195,000 of loans not yet effective and thus the total of both effective and non-effective loans sold or agreed to be sold is the equivalent of \$2,142,636,535.

(5) Loan shared by members shown.



# Funded Debt of the Bank

# Appendix E

International Bank for  
Reconstruction and Development

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

PAYABLE IN Issue and maturity	Principal outstanding	Annual sinking fund requirement <sup>(1)</sup>
<b>United States Dollars</b>		
4½% Notes of 1964, due 1968-69	\$ 60,000,000	None*
4½% Twelve Year Bonds of 1960, due 1968-72	108,000,000	None*
5¼% Notes of 1966, due 1968	16,000,000	None*
6% Two Year Bonds of 1966, due 1968	100,000,000	None*
3½% Fifteen Year Bonds of 1954, due 1969	50,000,000	—
5¾% Two Year Bonds of 1967, due 1969	100,000,000	None*
5¼% Two Year Bonds of 1967, due 1969	100,000,000	None*
5⅛% Notes of 1967, due 1969-70	16,000,000	None*
4¼% Notes of 1965, due 1970	38,000,000	None*
6⅛% Two Year Bonds of 1968, due 1970	125,000,000	None*
4¼% Notes of 1965, due 1971	9,375,000	None*
4⅞% Notes of 1966, due 1971	8,000,000	None*
5½% Notes of 1967, due 1971	16,000,000	None*
3½% Nineteen Year Bonds of 1952, due 1971	35,323,000	1968 \$ 323,000 1969-70 \$ 2,500,000
6⅛% Notes of 1968, due 1972	17,375,000	None*
3% Twenty-Five Year Bonds of 1947, due 1972	103,435,000	1969 \$ 5,935,000 1970-72 \$ 7,500,000
6% Notes of 1967, due 1972	5,000,000	None*
6⅞% Notes of 1968, due 1973	12,000,000	None*
4½% Fifteen Year Bonds of 1958, due 1973	73,460,000	1969 \$ 3,460,000 1970-73 \$ 5,000,000
3⅞% Twenty-Three Year Bonds of 1952, due 1975	33,440,000	1969 \$ 940,000 1970-74 \$ 1,500,000
3% Twenty-Five Year Bonds of 1951, due 1976	38,000,000	1969 \$ 1,000,000 1970-75 \$ 2,000,000
4½% Twenty Year Bonds of 1957, due 1977	64,426,000	1969 \$ 3,750,000 1970-76 \$ 5,000,000
4½% Fifteen Year Bonds of 1962, due 1977	5,000,000	1973-77 \$ 1,000,000
4¼% Twenty-One Year Bonds of 1957, due 1978	92,827,000	1968 \$ 827,000 1969-71 \$ 4,000,000 1972-77 \$ 5,000,000
4¼% Twenty-One Year Bonds of 1958, due 1979	141,500,000	1969 \$ 5,500,000 1970-77 \$ 7,000,000 1978 \$ 5,000,000
4¼% Twenty-Three Year Bonds of 1957, due 1980	55,101,000	1969 \$ 1,750,000 1970-79 \$ 3,000,000 1980 \$ 1,500,000
3¼% Thirty Year Bonds of 1951, due 1981	93,188,000	1968 \$ 188,000 1969-73 \$ 3,000,000 1974-80 \$ 4,000,000
4½% Twenty Year Bonds of 1962, due 1982	100,000,000	1972-81 \$ 5,000,000
5% Twenty-Five Year Bonds of 1960, due 1985	125,000,000	1970-79 \$ 3,750,000 1980-84 \$ 5,000,000
4½% Twenty-Five Year Bonds of 1965, due 1990	200,000,000	1975-79 \$ 6,000,000 1980-89 \$ 7,000,000
5¾% Twenty-Five Year Bonds of 1966, due 1991	175,000,000	1977-86 \$ 5,500,000 1987-91 \$ 6,500,000
5¾% Twenty-Five Year Bonds of 1967, due 1992 <sup>(3)</sup>	160,950,000	1977-86 \$ 8,000,000 1987-91 \$ 9,000,000
5¾% Twenty-Six Year Bonds of 1967, due 1993 <sup>(3)</sup>	90,650,000	1978-92 \$ 4,700,000 1993 \$ 4,500,000
6⅞% Twenty-Six Year Bonds of 1968, due 1994 <sup>(3)</sup>	63,700,000	1981-83 \$ 5,000,000 1984-93 \$ 6,000,000
6½% Twenty-Six Year Bonds of 1968, due 1994	15,000,000	1981-83 \$ 500,000 1984-93 \$ 600,000
SUB-TOTAL	<u>\$2,446,750,000<sup>(5)</sup></u>	
<b>Belgian Francs</b>		
5% Ten Year Bonds of 1959, due 1969 (BF500,000,000)	\$ 10,000,000	None
SUB-TOTAL	<u>\$ 10,000,000</u>	
<b>Canadian Dollars</b>		
3½% Fifteen Year Bonds of 1954, due 1969 (Can\$16,699,500)	\$ 15,447,053	—
5½% Twenty-Five Year Bonds of 1965, due 1990 (Can\$25,000,000)	23,125,023	1978-89 Can\$500,000
5¾% Twenty-Five Year Bonds of 1966, due 1991 (Can\$19,900,000) <sup>(2)</sup>	18,407,518	None
6¼% Twenty-Five Year Bonds of 1967, due 1992 (Can\$20,000,000) <sup>(2)</sup>	18,500,018	None
7% Twenty-Five Year Bonds of 1968, due 1993 (Can\$15,000,000) <sup>(2)</sup>	13,875,014	None
SUB-TOTAL	<u>\$ 89,354,626</u>	

(continued)

# Funded Debt of the Bank (continued)

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

PAYABLE IN Issue and maturity	Principal outstanding	Annual sinking fund requirement <sup>(1)</sup>
<b>Deutsche Mark</b>		
5¼% Notes of 1966, due 1968 (DM64,000,000)	\$ 16,000,000	None*
4½% Bonds of 1960, due 1968-72 (DM450,000,000)	112,500,000	None*
4½% Notes of 1964, due 1968-69 (DM160,000,000)	40,000,000	None*
4¼% Notes of 1965, due 1969-70 (DM240,000,000)	60,000,000	None*
5½% Notes of 1967, due 1969-70 (DM64,000,000)	16,000,000	None*
4¼% Notes of 1965, due 1971 (DM37,500,000)	9,375,000	None*
4¾% Notes of 1966, due 1971 (DM32,000,000)	8,000,000	None*
5½% Notes of 1967, due 1971 (DM64,000,000)	16,000,000	None*
6½% Notes of 1968, due 1972 (DM69,500,000)	17,375,000	None*
6½% Notes of 1968, due 1973 (DM50,000,000)	12,500,000	None*
5% Bonds of 1959, due 1974 (DM120,000,000)	30,000,000	1969-74 DM20,000,000
6¼% Bonds of 1968, due 1978 (DM120,000,000)	30,000,000	None*
5½% Bonds of 1965, due 1985 (DM250,000,000) <sup>(2)</sup>	62,500,000	1971-84 DM17,000,000 1985 DM12,000,000
	<u>\$ 430,250,000</u>	
Less: bonds purchased <sup>(2)</sup>	7,541,750	
<b>SUB-TOTAL</b>	<u>\$ 422,708,250<sup>(4)(5)</sup></u>	
<b>Italian Lire</b>		
5% Bonds of 1961, due 1976 (Lit15,000,000,000)	\$ 24,000,000	None
<b>SUB-TOTAL</b>	<u>\$ 24,000,000</u>	
<b>Netherlands Guilders</b>		
3½% Fifteen Year Bonds of 1954, due 1969 (f.7,297,000)	\$ 2,015,746	1968 f.3,318,000 1969 f.3,979,000
3½% Twenty Year Bonds of 1955, due 1975 (f.18,691,000)	5,163,260	1969 f.2,451,000 1970-74 f.2,640,000 1975 f.3,040,000
4½% Twenty Year Bonds of 1961, due 1981 (f.50,000,000)	13,812,155	1972-81 f.5,000,000
4½% Twenty Year Bonds of 1962, due 1982 (f.40,000,000)	11,049,724	1973-82 f.4,000,000
6¼% Twenty Year Bonds of 1968, due 1988 (f.40,000,000)	11,049,724	1979-88 f.4,000,000
<b>SUB-TOTAL</b>	<u>\$ 43,090,609</u>	
<b>Pounds Sterling</b>		
3½% Twenty Year Stock of 1951, due 1971 (£2,656,742)	\$ 6,376,181	1969 £144,766 1970-71 £166,700
3½% Twenty Year Stock of 1954, due 1974 (£3,208,571)	7,700,570	1968 £ 10,328 1969-74 £166,700
5% Twenty-Three Year Stock of 1959, due 1982 (£8,631,457)	20,715,497	1969 £239,432 1970-82 £278,000
<b>SUB-TOTAL</b>	<u>\$ 34,792,248</u>	
<b>Swedish Kronor</b>		
6% Twenty-Five Year Bonds of 1967, due 1992 (SKr75,000,000)	\$ 14,497,768	1977-91 SKr2,500,000
<b>SUB-TOTAL</b>	<u>\$ 14,497,768</u>	

# Appendix E

International Bank for  
Reconstruction & Development

PAYABLE IN Issue and maturity	Principal outstanding	Annual sinking fund requirement <sup>(1)</sup>
<b>Swiss Francs</b>		
3½% Fifteen Year Bonds of 1953, due 1968 (SwF50,000,000)	\$ 11,634,671	None
3½% Fifteen Year Bonds of 1953 (Nov. Issue), due 1968 (SwF50,000,000)	11,634,671	None
5¾% Notes of 1967, due 1969 (SwF33,300,000)	7,748,691	None*
5% Loan of 1968, due 1968-70 (SwF50,000,000)	11,634,671	None*
3½% Eighteen Year Bonds of 1954, due 1972 (SwF50,000,000)	11,634,671	None
4½% Twelve Year Bonds of 1960, due 1972 (SwF60,000,000)	13,961,606	None
4% Eleven Year Bonds of 1962, due 1973 (SwF100,000,000)	23,269,342	None
4% Fifteen Year Bonds of 1959, due 1974 (SwF100,000,000)	23,269,343	None
4% Fifteen Year Bonds of 1960, due 1975 (SwF60,000,000)	13,961,606	None
3½% Twenty Year Bonds of 1955, due 1976 (SwF30,000,000)	6,980,803	1970-74 SwF 4,000,000 1975-76 SwF 5,000,000
4% Eighteen Year Bonds of 1961, due 1979 (SwF100,000,000)	23,269,343	1971-78 SwF11,000,000 1979 SwF12,000,000
4¾% Eighteen Year Bonds of 1965, due 1983 (SwF60,000,000)	13,961,605	None
5¼% Fifteen Year Bonds of 1968, due 1983 (SwF75,000,000)	17,452,007	1979-83 SwF15,000,000
5% Eighteen Year Bonds of 1967, due 1985 (SwF60,000,000)	13,961,606	1980-85 SwF10,000,000
<b>SUB-TOTAL</b>	<b>\$ 204,374,636</b>	
<b>GROSS TOTAL</b>	<b>\$3,289,568,137<sup>(4)(5)</sup></b>	

(1) Each issue, except those indicated with an asterisk, is subject to redemption prior to maturity at the option of the Bank at the prices and upon the conditions stated in the respective bonds. The amounts shown as annual sinking fund requirements are the principal amounts of bonds to be purchased or redeemed to meet each year's requirement, except that in the cases of the 3½% Twenty Year Stock of 1951 and of 1954 and the 5% Twenty-Three Year Stock of 1959 the amount shown is the amount of funds to be provided annually for purchase or redemption. The amounts are shown after deduction of sinking fund requirements met as of the date of this statement.

The following table shows the aggregate principal amount of the maturities and sinking fund requirements each year for the five years following the date of this statement:

Period	Amount
July 1, 1968 to June 30, 1969	\$ 486,275,239
July 1, 1969 to June 30, 1970	419,300,166
July 1, 1970 to June 30, 1971	205,733,592
July 1, 1971 to June 30, 1972	236,514,455
July 1, 1972 to June 30, 1973	208,437,522
<b>TOTAL</b>	<b>\$1,556,260,974</b>

(2) In the cases of the following Canadian issues, the Bank will, as purchase funds, use its best efforts to purchase bonds of these issues in the open market or otherwise at annual principal amounts and prices shown hereunder:

Issue	Calendar years	Annual principal amount	Price not exceeding (incl. costs)
5¼% due 1991	1968-1986	Can\$300,000	97.00%
6¼% due 1992	1969-1987	Can\$300,000	98.00%
7% due 1993	1970-1988	Can\$225,000	97.50%

The purchase funds obligations are non-cumulative from year to year.

In the case of the 5¼% Deutsche Mark Bonds of 1965 the Bank intends to support the market for these bonds whenever it may appear appropriate from time to time.

(3) The Bank has entered into agreements to sell additional bonds of the following issues. These agreements provide for the delivery of such bonds to be made against payment therefor in the aggregate amounts and at various dates to and including the dates shown hereafter:

Issue	Amount	Date of final delivery
5¾% of 1967 due 1992	\$89,050,000	January 15, 1969
5¾% of 1967 due 1993	\$59,350,000	September 3, 1969
6¼% of 1968 due 1994	\$86,300,000	February 4, 1970

(4) The Bank signed an agreement on June 28, 1968 to borrow DM400 million at 6½% per annum from a private institution in Germany for settlement on July 1, 1968. This loan is repayable over the period 1977-1982.

(5) The Bank has arranged to refinance at maturity, August 1, 1968, bonds and notes totaling \$32 million and DM130 million (US equivalent \$32.5 million) by issuing new notes totaling DM258 million (US equivalent \$64.5 million) maturing 1972-1973.

# Notes to Financial Statements

# Appendix F

International Bank for  
Reconstruction and Development

June 30, 1968

## Note A

Amounts in currencies other than United States dollars have been translated into United States dollars:

(i) In the cases of 77 members, at the par values as specified in the "Schedule of Par Values", published by the International Monetary Fund;

(ii) In the cases of the remaining 30 members [Algeria, Argentina, Bolivia, Brazil, Cameroon, Central African Republic, Chad, Chile, China, Colombia, Congo (Brazzaville), Democratic Republic of Congo, Dahomey, Gabon, The Gambia, Guinea, Indonesia, Ivory Coast, Korea, Laos, Malagasy Republic, Mali, Mauritania, Niger, Paraguay, Peru, Senegal, Togo, Upper Volta and Viet-Nam], at the rates used by such members in making payments of capital subscriptions to the Bank; and

(iii) In the case of Swiss francs, non-member currency, at the rate of 4.2975 Swiss francs to 1 United States dollar.

See also Note B.

No representation is made that any currency held by the Bank is convertible into any other currency at any rate or rates.

## Note B

These currencies of the several members, and the notes issued by them in substitution for any part of such currencies as permitted under the provisions of Article V, Section 12, are derived from the portion of the subscriptions to the capital stock of the Bank which is payable in the currencies of the respective members (such portion being hereinafter called restricted currency). Such restricted currencies may be loaned by the Bank, and funds received by the Bank on account of principal of loans made by the Bank out of such restricted currencies may be exchanged for other currencies or reloaned, only with the approval in each case of the member whose restricted currency is involved; provided, however, that, if necessary, after the Bank's subscribed capital is entirely called, such restricted currencies may, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings or to meet the Bank's

liabilities with respect to contractual payments on loans guaranteed by it.

Under Article II, Section 9, each member is required, if the par value of its currency is reduced or if the foreign exchange value of its currency depreciates to a significant extent in its territories, to maintain the value of the Bank's holdings of its restricted currency, including the principal amount of any notes substituted therefor, and the Bank is required, if the par value of a member's currency is increased, to return to the member the increase in the value of such restricted currency held by the Bank. To the extent such restricted currencies are out on loan, the Bank and the members are obligated to make such payments only when such restricted currencies are recovered by the Bank.

The equivalent of \$18,868,220 is receivable from 6 members and the equivalent of \$387,261 is payable to 1 member in order to maintain the value of their restricted currencies as required under Article II, Section 9.

Some members have converted part or all of the Bank's holdings of their restricted currency into United States dollars to be used and reused as United States dollars in the Bank's operations, subject to the right of the Bank or the member to reverse the transactions at any time, with immediate effect as to dollars then held by the Bank, and, as to dollars loaned, upon repayment of the loans. Such dollars while held by the Bank or on loan are not subject to the provisions of Article II, Section 9. Such dollars held by the Bank or repayable on loans are shown in these financial statements under "United States dollars" and, where relevant, as "unrestricted".

## Note C

The Bank opened four interest-bearing demand deposit accounts with the Reserve Bank of India denominated in US dollars, pounds sterling, Deutsche mark and yen. The Bank intends to withdraw these funds from time to time but not later than March 31, 1971.

## Note D

Amounts of commissions set aside pursuant to Article IV, Section 6, 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.

## Note E

Of the \$169,123,501 net income earned in the fiscal year ended June 30, 1968, the Executive Directors in August 1968, allocated \$94,123,501 to the Supplemental Reserve Against Losses on Loans and Guarantees and From Currency Devaluations and have recommended to the Board of Governors that an additional amount equal to the balance of \$75,000,000 be transferred by way of grant to the International Development Association.

Consistent with past practice, the Supplemental Reserve Against Losses on Loans and Guarantees and From Currency Devaluations has been charged during the current fiscal year with the undermentioned amounts representing a net loss to the Bank as a result of the revaluation on the books of the Bank of the balances of amounts in those currencies held at the dates of devaluation and acquired from net earnings in the currencies indicated:

Currency	Net loss on devaluation
Ceylon rupees	\$ 31,810
Danish kroner	571,030
Finnish markkas	618,029
New Ghana cedis	273,363
Irish pounds	293,786
Israel pounds	101,955
Pounds sterling	20,828,449
Spanish pesetas	466,824
Others	1,452
<b>TOTAL</b>	<b>\$23,186,698</b>

## Note F

In terms of United States dollars of the weight and fineness in effect on July 1, 1944.

## Note G

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 \$18,353,520,000 the restriction on calls is imposed by the Articles of Agreement; as to \$2,294,190,000 by resolutions of the Board of Governors.

# Opinion of Independent Auditor      Financial Statements Covered by the Foregoing Opinion

1707 L STREET, N.W.  
WASHINGTON, D.C. 20036  
AUGUST 1, 1968

To  
INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
WASHINGTON, D.C.

In our opinion, the accompanying financial statements present fairly, in terms of United States currency, the financial position of International Bank for Reconstruction and Development at June 30, 1968, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was 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.

Balance Sheet .....	Appendix A (page 68)
Comparative Statement of Income and Expenses .....	Appendix B (page 70)
Statement of Subscriptions to Capital Stock and Voting Power .....	Appendix C (page 71)
Summary Statement of Loans .....	Appendix D (page 73)
Funded Debt of the Bank .....	Appendix E (page 75)
Notes to Financial Statements .....	Appendix F (page 78)

# Statement of Loans Signed During the Fiscal Year 1967/68

Expressed in United States Currency

GUARANTOR Purpose and Borrower	Date of Loan Agreement	Maturities	Interest rate	Principal amount
<b>Argentina</b> Agriculture.....	July 31, 1967	1972-87	6%	\$ 15,300,000
<b>Argentina (Guarantor)</b> Power—Servicios Eléctricos del Gran Buenos Aires, S.A.....	January 25, 1968	1971-88	6¼%	55,000,000
<b>Australia (Guarantor)</b> Communications—Papua and New Guinea.....	June 28, 1968	1973-88	6¼%	7,000,000
<b>Brazil</b> Agriculture.....	September 23, 1967	1974-87	6%	40,000,000
<b>Brazil (Guarantor)</b> Industry—Aluminum—Cia. Mineira de Aluminio-Alcominas.....	January 26, 1968	1971-83	6¼%	22,000,000
<b>Ceylon (Guarantor)</b> Industry—Development Finance Corporation of Ceylon.....	November 22, 1967	1970-85	Various	4,000,000
<b>China</b> Railways.....	January 18, 1968	1971-83	6¼%	17,500,000
<b>China (Guarantor)</b> Industry—China Development Corporation.....	August 7, 1967	1970-79	Various	15,000,000
Communications—Directorate General of Telecommunications.....	August 2, 1967	1971-87	6%	17,000,000
<b>Colombia (Guarantor)</b> Power—Empresa de Energía Eléctrica de Bogotá.....	June 3, 1968	1972-88	6¼%	18,000,000
Industry—Banco de la República.....	May 22, 1968	1969-85	Various	12,500,000
Water Supply—Empresa de Acueducto y Alcantarillado de Bogotá.....	June 3, 1968	1972-88	6¼%	14,000,000
<b>Costa Rica (Guarantor)</b> Agriculture—Banco Central de Costa Rica.....	June 5, 1968	1973-88	6¼%	3,000,000
<b>El Salvador</b> Roads.....	December 7, 1967	1971-90	6%	2,800,000
<b>Ethiopia</b> Roads.....	January 15, 1968	1972-92	6¼%	13,500,000
<b>Gabon</b> Education.....	June 7, 1968	1978-93	6¼%	1,800,000
<b>Greece (Guarantor)</b> Industry—National Investment Bank for Industrial Development, S.A.....	March 18, 1968	1969-79	Various	12,500,000
<b>Guatemala (Guarantor)</b> Power—Instituto Nacional de Electrificación.....	June 28, 1968	1972-91	6¼%	7,000,000
<b>Honduras</b> Power.....	June 12, 1968	1972-93	6¼%	7,500,000
<b>India (Guarantor)</b> Industry—The Industrial Credit and Investment Corporation of India Limited.....	September 19, 1967	1970-83	Various	25,000,000
<b>Iran</b> Agriculture.....	October 17, 1967	1974-93	6%	22,000,000
<b>Iran (Guarantor)</b> Industry—Industrial and Mining Development Bank of Iran.....	June 5, 1968	1970-81	Various	25,000,000

(continued)

# Appendix G

International Bank for  
Reconstruction and Development

Expressed in United States Currency

GUARANTOR Purpose and Borrower	Date of Loan Agreement	Maturities	Interest rate	Principal amount
<b>Israel (Guarantor)</b> Industry—Industrial Development Bank of Israel Limited .....	November 15, 1967	1970-82	Various	\$ 15,000,000
<b>Ivory Coast</b> Roads .....	June 21, 1968	1972-87	6¼%	5,800,000
<b>Korea (Guarantor)</b> Industry—Korea Development Finance Corporation .....	January 31, 1968	1970-85	Various	5,000,000
<b>Malagasy Republic</b> Education .....	August 23, 1967	1977-97	6%	4,800,000
<b>Malaysia</b> Land Settlement .....	April 17, 1968	1976-88	6¼%	14,000,000
<b>Mexico (Guarantor)</b> Roads—Nacional Financiera, S.A. ....	January 26, 1968	1972-88	6¼%	27,500,000
Irrigation—Nacional Financiera, S.A. ....	January 26, 1968	1975-88	6¼%	25,000,000
Power—Nacional Financiera, S.A. and Comisión Federal de Electricidad ..	June 28, 1968	1972-88	6¼%	90,000,000
<b>Nicaragua</b> Education .....	April 10, 1968	1978-93	6¼%	4,000,000
<b>Nicaragua (Guarantor)</b> Power—Empresa Nacional de Luz y Fuerza .....	June 21, 1968	1973-88	6¼%	15,250,000
<b>Pakistan (Guarantor)</b> Industry—The Pakistan Industrial Credit and Investment Corporation Limited .....	August 10, 1967	1970-84	Various	35,000,000
<b>Peru (Guarantor)</b> Power—Empresas Eléctricas Asociadas .....	September 11, 1967	1972-92	6%	17,500,000
<b>Singapore (Guarantor)</b> Power and Water Supply—Public Utilities Board of Singapore .....	July 5, 1967	1970-87	6%	23,000,000
Communications—Singapore Telephone Board .....	September 15, 1967	1970-87	6%	3,000,000
<b>Spain (Guarantor)</b> Railways—Red Nacional de los Ferrocarriles Españoles .....	August 4, 1967	1971-82	6%	50,000,000
<b>Sudan (Guarantor)</b> Power—Central Electricity and Water Corporation .....	January 15, 1968	1973-93	6¼%	24,000,000
<b>Tanzania (Guarantor)</b> Power—Tanganyika Electric Supply Company, Limited .....	November 13, 1967	1971-88	6%	5,200,000
<b>Thailand</b> Irrigation .....	September 19, 1967	1973-87	6%	26,000,000
Roads .....	May 23, 1968	1972-88	6¼%	29,000,000
<b>Tunisia (Guarantor)</b> Industry—Société Nationale d'Investissement .....	September 14, 1967	1969-85	Various	10,000,000
<b>Yugoslavia (Guarantor)</b> Industry—Yugoslav Investment Bank .....	July 18, 1967	1970-81	6%	10,500,000
Railways—Yugoslav Investment Bank .....	March 22, 1968	1974-93	6¼%	50,000,000
<b>TOTAL</b> .....				<u>\$846,950,000</u>





# IDA Appendices

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# Statement of Condition

**Appendix A**  
International Development  
Association

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

## Assets

### DUE FROM BANKS AND OTHER DEPOSITORIES (See Appendix C)

Member currencies		
Unrestricted	\$ 53,858,684	
Subject to restrictions—Note B	<u>52,401,351</u>	\$ 106,260,035

### INVESTMENTS

Government Obligations (At cost or amortized cost)		
Face amount \$52,912,000	\$ 51,729,558	
Accrued interest	<u>331,367</u>	52,060,925

### RECEIVABLE ON ACCOUNT OF SUBSCRIPTIONS AND SUPPLEMENTARY RESOURCES (See Appendix C)

Non-negotiable, non-interest-bearing, demand obligations		
Unrestricted	\$292,150,062	
Subject to restrictions—Note B	162,296,761	
Amounts required to maintain value of currency holdings—Note C	<u>3,464,982</u>	457,911,805

### RECEIVABLE FROM INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT—Note D

42,700,000

### RECEIVABLE FROM SWISS CONFEDERATION—Note E

12,100,058

### EFFECTIVE DEVELOPMENT CREDITS HELD BY ASSOCIATION

(Including undisbursed balance of \$383,479,448)		
(See Appendix D)—Note F		1,725,978,440

### ACCRUED SERVICE CHARGE ON DEVELOPMENT CREDITS—Note F

3,049,230

### OTHER ASSETS

32,000

**TOTAL** \$2,400,092,493

## Liabilities, Subscriptions, Supplementary Resources, Transfers and Accumulated Net Income

### LIABILITIES

Undisbursed balance of effective development credits (See Appendix D)	\$ 383,479,448
---	----------------

LOAN FROM SWISS CONFEDERATION—(Not yet due) 12,100,058

SUBSCRIPTIONS (See Appendix E)—Note G 1,000,222,000

Payments on account of pending subscriptions	32,000
--	--------

SUPPLEMENTARY RESOURCES (See Appendix E)—Note G 772,870,000

### TRANSFERS FROM INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT—Note D

210,000,000

### ACCUMULATED NET INCOME

At June 30, 1967	\$ 14,424,396
Less—Loss on currency devaluation—Note H	<u>1,061,006</u>

\$ 13,363,390

The period from July 1, 1967 to June 30, 1968	<u>8,025,597</u>	21,388,987
---	------------------	------------

**TOTAL** \$2,400,092,493

# Comparative Statement of Income and Expenses

## Appendix B International Development Association

For the Fiscal Years Ended June 30, 1967 and June 30, 1968  
Expressed in United States Currency—See Notes to Financial Statements, Appendix F

	July 1-June 30	
	1966/67	1967/68
<b>Income</b>		
Income from investments .....	\$2,557,348	\$ 3,232,230
Income from development credits .....	<u>6,268,489</u>	<u>9,006,488</u>
<b>GROSS INCOME</b> .....	<u>\$8,825,837</u>	<u>\$12,238,718</u>
<b>Expenses</b>		
Administrative expenses .....	\$4,216,061	\$ —
Management Fee paid to International Bank for Reconstruction and Development—Note I .....	—	4,216,061
Exchange adjustments .....	(8)	(2,940)
<b>GROSS EXPENSES</b> .....	<u>\$4,216,053</u>	<u>\$ 4,213,121</u>
<b>Net Income</b> .....	<u>\$4,609,784</u>	<u>\$ 8,025,597</u>

# Statement of Holdings of Currencies and Obligations

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

Member	Unit of currency	Currency	Non-negotiable, non-interest-bearing, demand obligations on account of		Total
			Initial subscriptions	Supplementary resources	
Afghanistan	Afghani	\$ 606,000	\$ 303,000	\$ —	\$ 909,000
Algeria	Dinar	—	3,627,000	—	3,627,000
Argentina	Peso	—	16,947,000	—	16,947,000
Australia	Dollar	1,314,218	—	8,716,720	10,030,938
Austria	Schilling	357,147	—	2,219,615	2,576,762
Belgium	Franc	719,630	180,000	5,830,000	6,729,630
Bolivia	Peso Boliviano	—	954,000	—	954,000
Brazil	New Cruzeiro	16,947,000	—	—	16,947,000
Burma	Kyat	—	1,818,000	—	1,818,000
Burundi	Franc	—	684,000	—	684,000
Cameroon	Franc	—	909,000	—	909,000
Canada	Dollar	2,872,439	—	18,155,004	21,027,443
Central African Republic	Franc	—	450,000	—	450,000
Ceylon	Rupee	—	2,727,000	—	2,727,000
Chad	Franc	—	450,000	—	450,000
Chile	Escudo	3,177,000	—	—	3,177,000
China	New Taiwan Dollar	—	27,234,000	—	27,234,000
Colombia	Peso	3,177,000	—	—	3,177,000
Congo (Brazzaville)	Franc	—	450,000	—	450,000
Congo, Democratic Republic of	Zaire	347,904	—	—	347,904
Costa Rica	Colon	180,000	—	—	180,000
Cyprus	Pound	—	684,000	—	684,000
Dahomey	Franc	—	450,000	—	450,000
Denmark	Krone	592,187	—	3,384,333	3,976,520
Dominican Republic	Peso	360,000	—	—	360,000
Ecuador	Sucre	585,000	—	—	585,000
El Salvador	Colon	270,000	—	—	270,000
Ethiopia	Dollar	—	450,000	—	450,000
Finland	Markka	1,092,195	—	—	1,092,195
France	Franc	3,855,436	—	27,344,209	31,199,645
Gabon	Franc	—	450,000	—	450,000
Gambia, The	Pound	—	240,300	—	240,300
Germany	Deutsche Mark	4,408,449	—	—	4,408,449
Ghana	New Cedi	—	1,486,798	—	1,486,798
Greece	Drachma	2,268,000	—	—	2,268,000
Guatemala	Quetzal	360,000	—	—	360,000
Guyana	Dollar	—	729,000	—	729,000
Haiti	Gourde	—	684,000	—	684,000
Honduras	Lempira	270,000	—	—	270,000
India	Rupee	1,037,073	35,257,333	—	36,294,406
Iran	Rial	—	4,086,000	—	4,086,000
Iraq	Dinar	—	684,000	—	684,000
Israel	Pound	—	302,400	—	302,400
Ivory Coast	Franc	—	909,000	—	909,000
Japan	Yen	3,088,534	—	17,916,667	21,005,201
Jordan	Dinar	—	108,000	—	108,000
Kenya	Shilling	—	1,512,000	—	1,512,000
Korea	Won	1,133,960	—	—	1,133,960
Kuwait	Dinar	257,600	—	1,488,200	1,745,800
Laos	Kip	210,000	240,000	—	450,000

# Appendix C

International Development  
Association

Member	Unit of currency	Currency	Non-negotiable, non-interest- bearing, demand obligations on account of		Total
			Initial subscriptions	Supplementary resources	
Lebanon	Pound	\$ 405,000	\$ —	\$ —	\$ 405,000
Liberia	Dollar	—	684,000	—	684,000
Libya	Pound	—	909,000	—	909,000
Malagasy Republic	Franc	181,800	727,200	—	909,000
Malawi	Pound	—	684,000	—	684,000
Malaysia	Dollar	—	2,268,000	—	2,268,000
Mali	Franc	783,000	—	—	783,000
Mauritania	Franc	—	450,000	—	450,000
Mexico	Peso	6,854,737	—	—	6,854,737
Morocco	Dirham	—	3,177,000	—	3,177,000
Nepal	Rupee	—	339,708	—	339,708
Netherlands	Guilder	989,297	—	7,986,188	8,975,485
Nicaragua	Cordoba	270,000	—	—	270,000
Niger	Franc	—	450,000	—	450,000
Nigeria	Pound	—	3,024,000	—	3,024,000
Norway	Krone	460,316	—	2,920,019	3,380,335
Pakistan	Rupee	—	9,081,000	—	9,081,000
Panama	Balboa	3,598	—	—	3,598
Paraguay	Guarani	270,000	—	—	270,000
Peru	Sol	—	1,593,000	—	1,593,000
Philippines	Peso	—	4,536,000	—	4,536,000
Rwanda	Franc	684,000	—	—	684,000
Saudi Arabia	Riyal	—	3,330,000	—	3,330,000
Senegal	Franc	—	1,512,000	—	1,512,000
Sierra Leone	Leone	—	586,286	—	586,286
Somalia	Shilling	—	684,000	—	684,000
South Africa	Rand	2,500,525	—	—	2,500,525
Spain	Peseta	6,683,272	1,556,743	—	8,240,015
Sudan	Pound	—	909,000	—	909,000
Sweden	Krona	1,927,200	—	11,469,107	13,396,307
Syrian Arab Republic	Pound	342,000	513,000	—	855,000
Tanzania	Shilling	—	1,512,000	—	1,512,000
Thailand	Baht	—	2,727,000	—	2,727,000
Togo	Franc	7	683,993	—	684,000
Tunisia	Dinar	—	1,359,000	—	1,359,000
Turkey	Lira	—	5,220,000	—	5,220,000
Uganda	Shilling	—	1,512,000	—	1,512,000
United Arab Republic	Pound	—	4,572,000	—	4,572,000
United Kingdom	Pound	8,179,957	—	44,640,000	52,819,957
United States	Dollar	21,243,554	—	139,900,000	161,143,554
Upper Volta	Franc	—	450,000	—	450,000
Viet-Nam	Piastre	1,359,000	—	—	1,359,000
Yugoslavia	Dinar	3,636,000	—	—	3,636,000
Zambia	Kwacha	—	2,421,000	—	2,421,000
<b>TOTALS</b>		<b>\$106,260,035</b>	<b>\$162,476,761</b>	<b>\$291,970,062</b>	<b>\$560,706,858<sup>(1)</sup></b>

<sup>(1)</sup>Of this amount the equivalent of \$346,008,746 is unrestricted and the equivalent of \$560,227,457 is subject to maintenance of value—Note C.

# Summary Statement of Development Credits

# Appendix D

International Development  
Association

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

Member in whose territories development credits have been made <sup>(1)</sup>	Effective development credits held by Association			Development credits not yet effective <sup>(3)</sup>
	Disbursed portion	Undisbursed portion <sup>(2)</sup>	Total	
Afghanistan	\$ 247,000	\$ 3,253,000	\$ 3,500,000	\$ —
Bolivia	13,831,517	3,168,483	17,000,000	—
Burundi	190,591	909,409	1,100,000	—
Cameroon	851,813	10,698,187	11,550,000	—
Ceylon	—	—	—	2,000,000
Chile	18,899,759	100,241	19,000,000	—
China	13,083,716	—	13,083,716	—
Colombia	18,872,911	627,089	19,500,000	—
Costa Rica	4,550,242	—	4,550,242	—
Ecuador	990,871	7,009,129	8,000,000	5,100,000
El Salvador	7,061,572	938,428	8,000,000	—
Ethiopia	13,661,323	7,038,677	20,700,000	7,700,000
Ghana	—	—	—	10,000,000
Haiti	349,855	—	349,855	—
Honduras	10,479,670	1,448,304	11,927,974	4,000,000
India	849,275,092	38,168,988	887,444,080	—
Jordan	7,772,447	2,243,056	10,015,503	—
Kenya	9,635,727	16,564,273	26,200,000	12,800,000
Korea	14,034,013	10,958,911	24,992,924	—
Malagasy Republic	844,593	9,155,407	10,000,000	—
Malawi	322,328	27,177,672	27,500,000	—
Mali	1,491,643	7,608,357	9,100,000	—
Mauritania	1,377,951	5,322,049	6,700,000	—
Morocco	463,043	10,536,957	11,000,000	—
Nicaragua	2,994,834	—	2,994,834	—
Niger	800,726	699,274	1,500,000	—
Nigeria	10,280,163	25,219,837	35,500,000	—
Pakistan	215,831,525	105,275,725	321,107,250	10,000,000
Paraguay	14,226,943	2,873,057	17,100,000	—
Senegal	1,235,303	7,764,697	9,000,000	—
Somalia	1,127,694	5,072,306	6,200,000	2,300,000
Sudan	11,977,409	1,022,591	13,000,000	8,500,000
Syrian Arab Republic	621,274	7,878,726	8,500,000	—
Tanzania	15,860,665	10,739,335	26,600,000	—
Tunisia	8,464,629	15,397,969	23,862,598	—
Turkey	60,645,412	19,854,052	80,499,464	—
Uganda	780,830	17,619,170	18,400,000	—
United Kingdom:				
Botswana	3,549,981	50,019	3,600,000	—
Lesotho	3,013,927	1,086,073	4,100,000	—
Swaziland	2,800,000	—	2,800,000	—
<b>TOTALS</b>	<b>\$1,342,498,992</b>	<b>\$383,479,448</b>	<b>\$1,725,978,440</b>	<b>\$62,400,000</b>

(1) All development credits have been made to member governments or to the government of a territory of a member.

(2) Of the undisbursed balance the Association has entered into irrevocable commitments to disburse \$14,092,503.

(3) Agreements in the amount of \$62,400,000 providing for these development credits 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 Subscriptions, Voting Power and Supplementary Resources

## Appendix E International Development Association

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

Member <sup>(1)</sup>	Subscriptions		Voting Power		Supplementary Resources	Total Subscriptions and Supplementary Resources
	Total (Notes C and G)	Percent of total	Number of votes	Percent of total	Total (Notes C and G)	
Australia.....	\$ 20,180,000	2.02	4,536	1.82	\$ 19,800,000	\$ 39,980,000
Austria.....	5,040,000	.50	1,508	.61	5,040,000	10,080,000
Belgium.....	8,250,000	.82	2,150	.86	8,250,000	16,500,000
Canada.....	37,830,000	3.78	8,066	3.24	41,700,000	79,530,000
Denmark.....	8,740,000	.87	2,248	.90	7,500,000	16,240,000
Finland.....	3,830,000 <sup>(2)</sup>	.38	1,266	.51	2,298,000	6,128,000
France.....	52,960,000	5.29	11,092	4.45	61,872,000	114,832,000
Germany.....	52,960,000	5.29	11,092	4.45	72,600,000	125,560,000
Italy.....	18,160,000	1.82	4,132	1.66	30,000,000	48,160,000
Japan.....	33,590,000	3.36	7,218	2.90	41,250,000	74,840,000
Kuwait.....	3,360,000	.34	1,172	.47	3,360,000	6,720,000
Luxembourg.....	375,000	.04	575	.23	375,000	750,000
Netherlands.....	27,740,000	2.77	6,048	2.43	16,500,000	44,240,000
Norway.....	6,720,000	.67	1,844	.74	6,600,000	13,320,000
South Africa.....	10,090,000	1.01	2,518	1.01	3,990,000	14,080,000
Sweden.....	10,090,000	1.01	2,518	1.01	43,135,000	53,225,000
United Kingdom.....	131,140,000	13.11	26,728	10.73	96,600,000	227,740,000
United States.....	320,290,000	32.02	64,558	25.92	312,000,000	632,290,000
<b>TOTAL PART I MEMBERS.....</b>	<b>\$751,345,000</b>	<b>75.10</b>	<b>159,269</b>	<b>63.94</b>	<b>\$772,870,000</b>	<b>\$1,524,215,000</b>
Afghanistan.....	\$ 1,010,000	.10	702	.28	\$ —	\$ 1,010,000
Algeria.....	4,030,000	.40	1,306	.53	—	4,030,000
Argentina.....	18,830,000	1.88	4,266	1.71	—	18,830,000
Bolivia.....	1,060,000	.11	712	.29	—	1,060,000
Brazil.....	18,830,000	1.88	4,266	1.71	—	18,830,000
Burma.....	2,020,000	.20	904	.36	—	2,020,000
Burundi.....	760,000	.08	652	.26	—	760,000
Cameroon.....	1,010,000	.10	702	.28	—	1,010,000
Central African Republic.....	500,000	.05	600	.24	—	500,000
Ceylon.....	3,030,000	.30	1,106	.44	—	3,030,000
Chad.....	500,000	.05	600	.24	—	500,000
Chile.....	3,530,000	.35	1,206	.49	—	3,530,000
China.....	30,260,000	3.03	6,552	2.63	—	30,260,000
Colombia.....	3,530,000	.35	1,206	.49	—	3,530,000
Congo (Brazzaville).....	500,000	.05	600	.24	—	500,000
Congo, Democratic Republic of.....	3,020,000 <sup>(2)</sup>	.30	1,104	.44	—	3,020,000
Costa Rica.....	200,000	.02	540	.22	—	200,000
Cyprus.....	760,000	.08	652	.26	—	760,000
Dahomey.....	500,000	.05	600	.24	—	500,000
Dominican Republic.....	400,000	.04	580	.23	—	400,000
Ecuador.....	650,000	.06	630	.25	—	650,000
El Salvador.....	300,000	.03	560	.23	—	300,000
Ethiopia.....	500,000	.05	600	.24	—	500,000
Gabon.....	500,000	.05	600	.24	—	500,000
Gambia, The.....	267,000	.03	553	.22	—	267,000
Ghana.....	2,360,000 <sup>(2)</sup>	.24	972	.39	—	2,360,000
Greece.....	2,520,000	.25	1,004	.40	—	2,520,000
Guatemala.....	400,000	.04	580	.23	—	400,000
Guyana.....	810,000	.08	662	.27	—	810,000
Haiti.....	760,000	.08	652	.26	—	760,000

(continued)

# Statement of Subscriptions, Voting Power and Supplementary Resources (continued)

## Appendix E International Development Association

June 30, 1968

Expressed in United States Currency—See Notes to Financial Statements, Appendix F

Member (1)	Subscriptions		Voting Power		Supplementary Resources	Total Subscriptions and Supplementary Resources
	Total (Notes C and G)	Percent of total	Number of votes	Percent of total	Total (Notes C and G)	
Honduras	\$ 300,000	.03	560	.23	\$ —	\$ 300,000
Iceland	100,000	.01	520	.21	—	100,000
India	40,350,000	4.03	8,570	3.44	—	40,350,000
Iran	4,540,000	.45	1,408	.57	—	4,540,000
Iraq	760,000	.08	652	.26	—	760,000
Ireland	3,030,000	.30	1,106	.44	—	3,030,000
Israel	1,680,000	.17	836	.34	—	1,680,000
Ivory Coast	1,010,000	.10	702	.28	—	1,010,000
Jordan	300,000	.03	560	.23	—	300,000
Kenya	1,680,000	.17	836	.34	—	1,680,000
Korea	1,260,000	.13	752	.30	—	1,260,000
Laos	500,000	.05	600	.24	—	500,000
Lebanon	450,000	.05	590	.24	—	450,000
Liberia	760,000	.08	652	.26	—	760,000
Libya	1,010,000	.10	702	.28	—	1,010,000
Malagasy Republic	1,010,000	.10	702	.28	—	1,010,000
Malawi	760,000	.08	652	.26	—	760,000
Malaysia	2,520,000	.25	1,004	.40	—	2,520,000
Mali	870,000	.09	674	.27	—	870,000
Mauritania	500,000	.05	600	.24	—	500,000
Mexico	8,740,000	.87	2,248	.90	—	8,740,000
Morocco	3,530,000	.35	1,206	.49	—	3,530,000
Nepal	500,000 <sup>(2)</sup>	.05	600	.24	—	500,000
Nicaragua	300,000	.03	560	.23	—	300,000
Niger	500,000	.05	600	.24	—	500,000
Nigeria	3,360,000	.34	1,172	.47	—	3,360,000
Pakistan	10,090,000	1.01	2,518	1.01	—	10,090,000
Panama	20,000	<sup>(3)</sup>	504	.20	—	20,000
Paraguay	300,000	.03	560	.23	—	300,000
Peru	1,770,000	.18	854	.34	—	1,770,000
Philippines	5,040,000	.50	1,508	.61	—	5,040,000
Rwanda	760,000	.08	652	.26	—	760,000
Saudi Arabia	3,700,000	.37	1,240	.50	—	3,700,000
Senegal	1,680,000	.17	836	.34	—	1,680,000
Sierra Leone	760,000 <sup>(2)</sup>	.08	652	.26	—	760,000
Somalia	760,000	.08	652	.26	—	760,000
Spain	10,090,000	1.01	2,518	1.01	—	10,090,000
Sudan	1,010,000	.10	702	.28	—	1,010,000
Syrian Arab Republic	950,000	.09	690	.28	—	950,000
Tanzania	1,680,000	.17	836	.34	—	1,680,000
Thailand	3,030,000	.30	1,106	.44	—	3,030,000
Togo	760,000	.08	652	.26	—	760,000
Tunisia	1,510,000	.15	802	.32	—	1,510,000
Turkey	5,800,000	.58	1,660	.67	—	5,800,000
Uganda	1,680,000	.17	836	.34	—	1,680,000
United Arab Republic	5,080,000	.51	1,516	.61	—	5,080,000
Upper Volta	500,000	.05	600	.24	—	500,000
Viet-Nam	1,510,000	.15	802	.32	—	1,510,000
Yugoslavia	4,040,000	.40	1,308	.53	—	4,040,000
Zambia	2,690,000	.27	1,038	.42	—	2,690,000
<b>TOTAL PART II MEMBERS—Note B</b>	<b>\$ 248,877,000</b>	<b>24.90</b>	<b>89,775</b>	<b>36.06</b>	<b>\$ —</b>	<b>\$ 248,877,000</b>
<b>GRAND TOTALS</b>	<b>\$1,000,222,000</b>	<b>100.00</b>	<b>249,044</b>	<b>100.00</b>	<b>\$772,870,000</b>	<b>\$1,773,092,000</b>

(1) Members whose subscriptions may be freely used or exchanged by the Association and who have participated in the replenishment of the Association's resources are included in Part I. All other members are included in Part II.

(2) Amounts in the equivalent of \$3,464,982 are due as a result of devaluation of these currencies.

(3) Less than .005 percent.



June 30, 1968

## Note A

Amounts in currencies other than United States dollars have been translated into United States dollars:

(i) In the cases of 70 members, at the par values as specified in the "Schedule of Par Values", published by the International Monetary Fund;

(ii) In the cases of the remaining 28 members [Algeria, Argentina, Bolivia, Brazil, Cameroun, Central African Republic, Chad, Chile, China, Colombia, Congo (Brazzaville), Democratic Republic of Congo, Dahomey, Gabon, The Gambia, Ivory Coast, Korea, Laos, Malagasy Republic, Mali, Mauritania, Niger, Paraguay, Peru, Senegal, Togo, Upper Volta and Viet-Nam], at the rates used by such members in making payments of subscriptions to the Association.

## Note B

Pursuant to Article IV, Section 1 (a), these amounts may be used by the Association for administrative expenses incurred by the Association in the territories of any member whose currency is involved and, insofar as consistent with sound monetary policies, in payment for goods and services produced in the territories of such member and required for projects financed by the Association and located in such territories; and in addition when and to the extent justified by the economic and financial situation of the member concerned as determined by agreement between the member and the Association, such currency shall be freely convertible or otherwise usable for projects financed by the Association and located outside the territories of the member.

## Note C

Under Article IV, Section 2, each member is required, if 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 within that member's territories, to maintain the value of the Association's holdings of its ninety percent currency, including the principal amount of any notes substituted therefor, and the Association is required if the par value of the member's currency is increased, or the foreign exchange value of the member's currency has in the opinion of the Association appreciated to a significant extent within that member's territories, to return to the member the increase in the value of such ninety percent currency held by the Association; provided, however, that the foregoing shall apply only so long as

and to the extent that such currency shall not have been initially disbursed or exchanged for the currency of another member.

Supplementary resources of the Association have, by agreement, the same respective rights and obligations as to maintenance of value as are set forth in Article IV, Section 2, of the Articles of the Association.

The equivalent of \$3,464,982 is due from five members in order to maintain the value of the Association's currency holdings as required under Article IV, Section 2.

## Note D

The International Bank for Reconstruction and Development has authorized transfers, by way of grants, to the Association totaling \$210,000,000 from the net income of the Bank for the fiscal years ended June 30, 1964, 1965, 1966 and 1967. Of this amount, \$167,300,000 has been received as of June 30, 1968.

## Note E

The Association has entered into an agreement with the Swiss Confederation whereby the Confederation will lend SwF52 million (approximately U.S. equivalent \$12.1 million) to the Association. Under the agreement the proceeds will be made available in three equal instalments on July 1 of the years 1968, 1969 and 1970. The loan will carry no interest and will be repayable in forty annual instalments beginning July 1, 1979. The first ten instalments will be at 1% each of the principal amount and the remaining thirty instalments will be at 3% of such principal amount.

## Note F

The principal disbursed and outstanding on development credits and the accrued service charge are expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1960 and 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 (a) there is a uniform proportionate reduction in the par values of the currencies of all members of the International Monetary Fund or (b) 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 credit of \$9,000,000 which is expressed and is repayable in legal tender dollars.

## Note G

Subscriptions and supplementary resources are expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1960.

## Note H

The accumulated net income has been charged with \$1,061,006 representing a loss to the Association as a result of devaluation on the books of the Association of the balance of the amount in pounds sterling held at the date of devaluation in November 1967 and acquired from net earnings.

## Note I

With effect from July 1, 1967 the Executive Directors approved a change in budgetary procedure whereby the Association will pay to the Bank a single management fee in place of the previous system under which the Association reimbursed the Bank for a number of individual expense items. For the fiscal year 1968 the management fee was established at \$4,216,061 which was the amount of the expenses of the Association in fiscal year 1967.

## General

The Executive Directors have recommended to the Board of Governors resolutions authorizing the Association to accept from Part I Countries additional contributions as a second replenishment of the resources of the Association aggregating \$1,188 million in freely convertible currencies payable in three equal instalments on or before November 8, in each of the years 1968, 1969 and 1970. None of these contributions shall become payable unless at least 12 contributing members whose contributions aggregate not less than \$950 million shall each have given the Association on or before September 30, 1968, or such later date as the Executive Directors may determine, formal notification that it will make the contribution authorized for such member in accordance with the terms of the resolutions.

In addition to the above, the Swedish Government has made a special supplementary contribution to the Association's resources of \$21,360,000 payable in the fiscal years 1969, 1970 and 1971. Also, the Government of Norway proposes, subject to the effectiveness of the second replenishment referred to above, to make a supplementary contribution of \$1,320,000 payable in calendar years 1968, 1969 and 1970.

# Opinion of Independent Auditor      Financial Statements Covered by the Foregoing Opinion

1707 L STREET, N.W.  
WASHINGTON, D.C. 20036  
AUGUST 1, 1968

To  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
WASHINGTON, D.C.

In our opinion, the accompanying financial statements present fairly, in terms of United States currency, the financial position of International Development Association at June 30, 1968, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was 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.

Statement of Condition .....	Appendix A (page 84)
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# Bank Loans and IDA Credits by Purpose and Area

Cumulative Total, June 30, 1968

Expressed in millions of US Dollars, initial commitments net of cancellations, refundings and terminations

Purpose	Total Bank and IDA	Bank Loans by Area						IFC
		Total	Africa	Asia and Middle East	Austral- asia	Europe	Western Hemi- sphere	
<b>GRAND TOTAL</b>	<b>\$ 13,035.3</b>	<b>\$ 11,246.9</b>	<b>\$ 1,411.9</b>	<b>\$ 3,777.2</b>	<b>\$ 519.8</b>	<b>\$ 2,238.3</b>	<b>\$ 3,199.8</b>	<b>\$ 100.0</b>
<b>ELECTRIC POWER</b>	<b>\$ 3,948.6</b>	<b>\$ 3,826.4</b>	<b>\$ 457.5</b>	<b>\$ 768.7</b>	<b>\$ 182.3</b>	<b>\$ 590.5</b>	<b>\$ 1,827.4</b>	<b>\$ —</b>
<b>TRANSPORTATION</b>	<b>\$ 4,256.1</b>	<b>\$ 3,639.1</b>	<b>\$ 586.0</b>	<b>\$ 1,597.5</b>	<b>\$ 181.4</b>	<b>\$ 504.9</b>	<b>\$ 769.3</b>	<b>\$ —</b>
Railways	1,788.8	1,513.2	338.0	648.4	79.3	272.4	175.2	—
Shipping	12.0	12.0	—	—	—	12.0	—	—
Ports and waterways	425.1	399.4	41.6	218.5	7.1	86.9	45.4	—
Roads	1,894.3	1,578.6	156.4	696.0	50.9	126.5	548.8	—
Airlines and airports	56.9	56.9	—	5.6	44.1	7.2	—	—
Pipelines	79.0	79.0	50.0	29.0	—	—	—	—
<b>TELECOMMUNICATIONS</b>	<b>\$ 218.9</b>	<b>\$ 144.1</b>	<b>\$ 22.2</b>	<b>\$ 27.0</b>	<b>\$ —</b>	<b>\$ 0.3</b>	<b>\$ 94.6</b>	<b>\$ —</b>
<b>AGRICULTURE, FORESTRY AND FISHING</b>	<b>\$ 1,252.9</b>	<b>\$ 942.3</b>	<b>\$ 95.0</b>	<b>\$ 344.0</b>	<b>\$ 103.4</b>	<b>\$ 87.8</b>	<b>\$ 312.3</b>	<b>\$ —</b>
Farm mechanization	172.4	135.5	3.9	4.0	89.4	2.0	36.2	—
Irrigation and flood control	722.9	527.4	47.5	284.7	6.0	73.3	116.0	—
Land clearance, farm improvement, etc.	132.4	90.6	41.6	27.6	6.0	2.2	13.3	—
Crop processing and storage	37.5	14.2	1.1	1.3	—	4.2	7.6	—
Livestock improvement	154.5	141.4	0.9	4.4	—	—	136.1	—
Forestry and fishing	33.3	33.3	—	22.0	2.0	6.2	3.1	—
<b>INDUSTRY</b>	<b>\$ 2,283.6</b>	<b>\$ 1,782.5</b>	<b>\$ 203.0</b>	<b>\$ 918.0</b>	<b>\$ 52.7</b>	<b>\$ 464.2</b>	<b>\$ 144.6</b>	<b>\$ —</b>
Iron and steel	414.3	414.3	—	344.1	13.4	26.9	30.0	—
Pulp and paper	134.8	134.8	—	4.2	1.1	109.5	20.0	—
Fertilizer and other chemicals	112.0	112.0	30.0	25.0	0.3	56.8	—	—
Other industries	721.0	259.6	20.5	5.2	23.8	174.7	35.4	—
Mining, other extractive	197.1	197.1	101.0	48.3	14.2	11.9	21.7	—
Development finance companies	704.4	664.7	51.5	491.2	—	84.4	37.5	—
<b>GENERAL DEVELOPMENT</b>	<b>\$ 205.0</b>	<b>\$ 205.0</b>	<b>\$ 40.0</b>	<b>\$ 75.0</b>	<b>\$ —</b>	<b>\$ 90.0</b>	<b>\$ —</b>	<b>\$ —</b>
<b>EDUCATION</b>	<b>\$ 162.0</b>	<b>\$ 34.9</b>	<b>\$ 6.6</b>	<b>\$ 12.0</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 16.3</b>	<b>\$ —</b>
<b>WATER SYSTEMS</b>	<b>\$ 108.2</b>	<b>\$ 74.2</b>	<b>\$ —</b>	<b>\$ 35.0</b>	<b>\$ —</b>	<b>\$ 3.9</b>	<b>\$ 35.3</b>	<b>\$ —</b>
<b>POST-WAR RECONSTRUCTION</b>	<b>\$ 496.8</b>	<b>\$ 496.8</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 496.8</b>	<b>\$ —</b>	<b>\$ —</b>
<b>PROJECT PREPARATION</b>	<b>\$ 3.3</b>	<b>\$ 1.7</b>	<b>\$ 1.7</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>FINANCING LOAN (IFC)</b>	<b>\$ 100.0</b>	<b>\$ 100.0</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 100.0</b>

Note: Details may not add to totals because of rounding. Detailed Statements of Bank Loans and IDA Credits are available on request.

# Appendix 1

## IDA Credits by Area

Total	Africa	Asia and Middle East	Europe	Western Hemisphere
<u>\$1,788.4</u>	<u>\$309.8</u>	<u>\$1,280.6</u>	<u>\$80.5</u>	<u>\$117.5</u>
\$ 122.2	\$ 10.0	\$ 67.5	\$25.7	\$ 19.0
<u>\$ 617.0</u>	<u>\$149.0</u>	<u>\$ 390.7</u>	<u>\$ —</u>	<u>\$ 77.3</u>
275.6	18.1	257.5	—	—
—	—	—	—	—
25.7	—	25.7	—	—
315.7	130.9	107.5	—	77.3
—	—	—	—	—
—	—	—	—	—
<u>\$ 74.8</u>	<u>\$ —</u>	<u>\$ 74.8</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ 310.6</u>	<u>\$ 56.6</u>	<u>\$ 220.9</u>	<u>\$20.0</u>	<u>\$ 13.1</u>
36.9	1.5	35.4	—	—
195.5	13.0	162.5	20.0	—
41.8	38.0	3.8	—	—
23.3	4.1	19.2	—	—
13.1	—	—	—	13.1
—	—	—	—	—
<u>\$ 501.1</u>	<u>\$ —</u>	<u>\$ 466.3</u>	<u>\$34.8</u>	<u>\$ —</u>
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
461.4	—	461.4	—	—
—	—	—	—	—
39.7	—	4.9	34.8	—
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ 127.1</u>	<u>\$ 92.5</u>	<u>\$ 29.5</u>	<u>\$ —</u>	<u>\$ 5.1</u>
<u>\$ 34.0</u>	<u>\$ 1.1</u>	<u>\$ 29.9</u>	<u>\$ —</u>	<u>\$ 3.0</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ 1.6</u>	<u>\$ 0.6</u>	<u>\$ 1.0</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

# Bank Loans and IDA Credits by Country

Cumulative Total, June 30, 1968

Expressed in United States Currency—Initial commitments net of cancellations, refundings and terminations

	Bank Loans		IDA Credits		Total	
	Number	Amount	Number	Amount	Number	Amount
Afghanistan	—	\$ —	1	\$ 3,500,000	1	\$ 3,500,000
Algeria	3	80,500,000	—	—	3	80,500,000
Argentina	4	195,651,234	—	—	4	195,651,234
Australia	7	417,730,000	—	—	7	417,730,000
Austria	9	104,860,083	—	—	9	104,860,083
Belgium	4	76,000,000	—	—	4	76,000,000
Bolivia	—	—	3	17,000,000	3	17,000,000
Botswana	—	—	1	3,600,000	1	3,600,000
Brazil	23	558,134,660	—	—	23	558,134,660
Burma	3	33,123,943	—	—	3	33,123,943
Burundi	1	4,800,000	1	1,100,000	2	5,900,000
Cameroon	1	7,000,000	2	11,550,000	3	18,550,000
Ceylon	4	41,312,258	1	2,000,000	5	43,312,258
Chile	14	201,843,187	1	19,000,000	15	220,843,187
China	7	104,246,796	4	13,083,716	11	117,330,512
Colombia	32	499,952,839	1	19,500,000	33	519,452,839
Congo (Brazzaville)	1	30,000,000	—	—	1	30,000,000
Congo, Democratic Republic of	5	91,582,854	—	—	5	91,582,854
Costa Rica	8	50,676,251	1	4,550,243	9	55,226,494
Cyprus	2	18,068,412	—	—	2	18,068,412
Denmark	3	85,000,000	—	—	3	85,000,000
Ecuador	8	58,000,000	2	13,100,000	10	71,100,000
El Salvador	8	53,018,632	1	8,000,000	9	61,018,632
Ethiopia	9	70,200,000	3	28,400,000	12	98,600,000
Finland	13	221,534,346	—	—	13	221,534,346
France	1	250,000,000	—	—	1	250,000,000
Gabon	3	48,800,000	—	—	3	48,800,000
Ghana	1	47,000,000	1	10,000,000	2	57,000,000
Greece	1	12,500,000	—	—	1	12,500,000
Guatemala	3	40,200,000	—	—	3	40,200,000
Guinea	1	1,700,000	—	—	1	1,700,000
Guyana	1	919,017	—	—	1	919,017
Haiti	1	2,600,000	1	349,855	2	2,949,855
Honduras	8	46,817,613	3	15,927,974	11	62,745,587
Iceland	7	25,914,000	—	—	7	25,914,000
India	36	1,007,241,757	21	887,444,080	57	1,894,685,837
Iran	11	334,949,204	—	—	11	334,949,204
Iraq	2	29,293,946	—	—	2	29,293,946
Israel	5	109,412,479	—	—	5	109,412,479
Italy	8	398,028,000	—	—	8	398,028,000
Ivory Coast <sup>(a)</sup>	2	12,891,567	—	—	2	12,891,567
Jamaica	4	37,012,988	—	—	4	37,012,988
Japan	31	857,041,004	—	—	31	857,041,004
Jordan	—	—	4	10,015,502	4	10,015,502
Kenya <sup>(b)</sup>	5	85,200,000	8	39,000,000	13	124,200,000
Korea	1	5,000,000	2	24,992,924	3	29,992,924
Lebanon	1	27,000,000	—	—	1	27,000,000
Lesotho	—	—	1	4,100,000	1	4,100,000
Liberia	2	4,250,000	—	—	2	4,250,000
Luxembourg	1	11,761,983	—	—	1	11,761,983

## Appendix 2

Country	Bank Loans		IDA Credits		Total	
	Number	Amount	Number	Amount	Number	Amount
Malagasy Republic	1	\$ 4,800,000	1	\$ 10,000,000	2	\$ 14,800,000
Malawi	—	—	5	27,500,000	5	27,500,000
Malaysia	7	194,500,000	—	—	7	194,500,000
Mali <sup>(a)</sup>	—	—	1	9,100,000	1	9,100,000
Malta	1	6,040,080	—	—	1	6,040,080
Mauritania	1	66,000,000	1	6,700,000	2	72,700,000
Mauritius	1	6,973,119	—	—	1	6,973,119
Mexico	21	766,905,679	—	—	21	766,905,679
Morocco	4	59,749,041	1	11,000,000	5	70,749,041
Netherlands	10	236,451,985	—	—	10	236,451,985
New Zealand	4	102,114,000	—	—	4	102,114,000
Nicaragua	15	59,858,828	1	2,994,834	16	62,853,662
Niger	—	—	1	1,500,000	1	1,500,000
Nigeria	6	185,500,000	2	35,500,000	8	221,000,000
Norway	6	145,000,000	—	—	6	145,000,000
Pakistan	24	459,868,943	24	331,107,250	48	790,976,193
Panama	5	18,047,426	—	—	5	18,047,426
Papua and New Guinea	1	7,000,000	—	—	1	7,000,000
Paraguay	4	11,538,990	3	17,100,000	7	28,638,990
Peru	23	214,221,936	—	—	23	214,221,936
Philippines	10	146,270,713	—	—	10	146,270,713
Portugal	5	57,500,000	—	—	5	57,500,000
Rhodesia <sup>(c)</sup>	3	86,950,000	—	—	3	86,950,000
Senegal <sup>(a)</sup>	1	4,000,000	1	9,000,000	2	13,000,000
Sierra Leone	1	3,800,000	—	—	1	3,800,000
Singapore	6	72,200,000	—	—	6	72,200,000
Somalia	—	—	2	8,500,000	2	8,500,000
South Africa	11	241,800,000	—	—	11	241,800,000
Spain	4	188,000,000	—	—	4	188,000,000
Sudan	5	129,000,000	2	21,500,000	7	150,500,000
Swaziland	2	6,950,000	1	2,800,000	3	9,750,000
Syria	—	—	1	8,500,000	1	8,500,000
Tanzania <sup>(b)</sup>	1	5,200,000	4	26,600,000	5	31,800,000
Thailand	19	292,012,771	—	—	19	292,012,771
Trinidad and Tobago	3	34,990,424	—	—	3	34,990,424
Tunisia	4	33,985,481	3	23,862,598	7	57,848,079
Turkey	7	70,684,967	7	80,499,464	14	151,184,431
Uganda <sup>(b)</sup>	1	8,400,000	3	18,400,000	4	26,800,000
United Arab Republic	1	56,500,000	—	—	1	56,500,000
Upper Volta <sup>(a)</sup>	—	—	—	—	—	—
Uruguay	6	102,163,116	—	—	6	102,163,116
Venezuela	7	247,266,783	—	—	7	247,266,783
Yugoslavia	11	330,990,547	—	—	11	330,990,547
Zambia <sup>(c)</sup>	4	84,850,000	—	—	4	84,850,000
International Finance Corporation	1	100,000,000	—	—	1	100,000,000
<b>TOTAL</b>	<b>552</b>	<b>\$11,246,853,882</b>	<b>127</b>	<b>\$1,788,378,440</b>	<b>679</b>	<b>\$13,035,232,322</b>

(a) One loan for \$7.5 million shown against Ivory Coast is shared with Mali, Senegal and Upper Volta.

(b) Three loans aggregating \$75 million shown against Kenya are shared with Tanzania and Uganda.

(c) Three loans totaling \$106.7 million have been assigned in equal shares to Rhodesia and Zambia.

# Administrative Budgets of the Bank and IDA

## Appendix 3

For the Fiscal Year Ending June 30, 1969

	Actual Expenses 1968	Budgets 1969
<b>Regular Operations</b>		
BOARD OF GOVERNORS .....	\$ 861,361	\$ 708,000
EXECUTIVE DIRECTORS .....	1,255,050	1,389,000
<b>OFFICES AND DEPARTMENTS</b>		
Personal Services .....	16,730,831	19,769,000
Staff Benefits .....	4,041,632	3,547,000
Travel .....	3,106,442	3,492,000
Representation .....	150,235	150,000
	<u>24,029,140</u>	<u>26,958,000</u>
RESIDENT MISSIONS .....	593,515	563,000
COOPERATIVE PROGRAMS: FAO .....	268,991	339,000
Unesco .....	64,721	75,000
CONSULTANTS .....	514,289	653,000
FEES AND COMPENSATION .....	414,643	432,000
DATA PROCESSING .....	475,050	785,000
<b>OTHER EXPENSES</b>		
Communications .....	891,033	968,000
Supplies and Materials .....	246,257	254,000
Office Occupancy .....	1,831,167	2,560,000
Furniture and Equipment .....	370,149	615,000
Printing .....	463,882	572,000
Books and Periodicals .....	52,301	52,000
Library .....	243,896	266,000
Insurance .....	131,537	174,000
Other .....	26,242	30,000
	<u>4,256,464</u>	<u>5,491,000</u>
CONTINGENCY .....	—	350,000
Total Regular Operations .....	<u>32,733,224</u>	<u>37,743,000</u>
<b>Services to Member Countries</b>		
Development Advisory Services .....	3,791,841	4,731,000
Training Programs .....	1,364,024	1,507,000
Settlement of Investment Disputes .....	92,982	84,000
Total Services to Member Countries .....	<u>5,248,847</u>	<u>6,322,000</u>
<b>TOTALS</b> .....	<u>\$37,982,071</u>	<u>\$44,065,000</u>
Bank .....	\$33,766,010	\$39,865,000
IDA .....	\$ 4,216,061	\$ 4,200,000

The Administrative Budgets for the fiscal year ending June 30, 1969, 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, 1968, are also shown.

The Association reimburses the Bank a single management fee for administrative expenses incurred on its behalf. For fiscal year 1969, this management fee, which comprises the Association's Budget for the year, has been established at \$4,200,000, approximately the same level as the fee for fiscal year 1968.



# Governors and Alternates of the Bank and IDA

## Appendix 4

June 30, 1968

Member	Governor	Alternate
Afghanistan	Mohammed Enwer Ziyaie	Abdul Aziz Atayee
Algeria	Ahmed Kaid	Kamal Abdellah Khodja
Argentina	Pedro Eduardo Real	Ernesto Malaccorto
Australia	William McMahon	Sir Roland Wilson
Austria	Stephan Koren	Walter Neudörfer
Belgium	R. Henrion	Hubert Ansiaux
Bolivia	Jorge Jordán Ferrufino	Enrique Vargas Guzmán
Botswana*	M. K. Segokgo	S. W. Assael <sup>(1)</sup>
Brazil	Antonio Delfim Netto	Ernane Galvêas
Burma	Kyaw Nyein	Chit Moun
Burundi	Bonaventure Kidwingira	Bernard de Martrin-Donos
Cameroon	Laurent Ntamag	Alfredo Ekoko Mpondo
Canada	Edgar John Benson	A. B. Hockin
Central African Republic	B. C. Ayandho	A. Zanife-Touambona
Ceylon	U. B. Wanninayake	H. Jinadasa Samarakkody
Chad	Georges Diguimbaye	Jean Nendigui
Chile	Carlos Massad Abud	Jorge Marshall Silva
China	Kuo-Hwa Yu	
Colombia	Abdón Espinosa Valderrama	
Congo (Brazzaville)	Bernard Banza Bouiti	Jean Moubouli
Congo, Democratic Republic of	Paul Mushiete	Jacques Bongoma
Costa Rica	Omar Dengo O.	Alvaro Vargas E.
Cyprus	A. C. Patsalides	
Dahomey	Stanislas Kpognon	Gilles Florent Yehouessi
Denmark	Otto Müller	Karl Otto Bredahl
Dominican Republic	Diógenes H. Fernández	Luis M. Guerrero Gómez
Ecuador	Manuel Correa Arroyo	Guillermo Pérez Chiriboga
El Salvador	Edgardo Suárez C.	Armando Interiano
Ethiopia	Yilma Deressa	Bulcha Demeksa
Finland	Mauno Koivisto	Jussi Linnamo
France	Minister of Finance	Bernard Clappier
Gabon	Emile Kassa-Mapsi	Pierre Fanguinoveny
Gambia, The	S. M. Dibba	H. R. Monday, Jr.
Germany	Karl Schiller	Franz Josef Strauss
Ghana	A. A. Afrifa	E. N. Omaboe <sup>(1)</sup>
Greece	John Rodinos-Orlandos	Achilles Cominos
Guatemala	Mario Fuentes Pieruccini	José Luis Bouscayrol
Guinea <sup>(2)</sup>	Baïla Camara	N'Faly Sangaré
Guyana	P. A. Reid	H. O. E. Barker
Haiti	Clovis Desinor	Antonio André
Honduras	Manuel Acosta Bonilla	Ricardo Zuniga Augustinus
Iceland	Gylfi Gislason	Magnús Jónsson
India	Morarji R. Desai	I. G. Patel
Indonesia <sup>(2)</sup>	Ali Wardhana <sup>(1)</sup>	Djoeana Koesoemohardja
Iran	Jamshid Amouzegar	Jahangir Amuzegar
Iraq	Saleh Kubba <sup>(1)</sup>	Sa'adi Ibrahim
Ireland	Charles J. Haughey	T. K. Whitaker
Israel	David Horowitz	Jacob Arnon
Italy	Guido Carli	Paolo Baffi
Ivory Coast	Konan Bédié	Mohamed Diawara
Jamaica <sup>(2)</sup>	Edward Seaga	G. Arthur Brown
Japan	Mikio Mizuta	Makoto Usami
Jordan	Hatim S. Zu'bi	Adel Shamayleh
Kenya	J. S. Gichuru	John Njoroge Michuki
Korea	Jong Ryul Whang	Chin Soo Suh
Kuwait	Abdul Rahman Salim Al-Ateeqi	Abdlatif Y. Al-Hamad
Laos	Sisouk Na Champassak	Oudong Souvannavong
Lebanon	Khalil Salem	Raja Himadeh
Lesotho* <sup>(2)</sup>		
Liberia	J. Milton Weeks	Cyril Bright
Libya	Giuma Saleh El-Turki	Ali A. Attiga
Luxembourg	Pierre Werner	Albert Dondelinger

(continued)

# Governors and Alternates of the Bank and IDA (continued)

## Appendix 4

June 30, 1968

Member	Governor	Alternate
Malagasy Republic	Rakotovo Ralison	
Malawi	J. Z. U. Tembo	K. J. Barnes
Malaysia	Tan Siew Sin	Mohamed Sharif bin Abdul Samad
Mali	Tiéoulé Konaté <sup>(1)</sup>	Sekou Sangaré <sup>(1)</sup>
Mauritania	Moktar Ould Haiba	Ahmed Ould Daddah
Mexico	Antonio Ortiz Mena	José Hernández Delgado
Morocco	Mamoun Tahiri	Mohamed Benkirane
Nepal	Kirti Nidhi Bista	Bhekh Bahadur Thapa
Netherlands	H. J. Witteveen	J. H. O. graaf van den Bosch
New Zealand <sup>(2)</sup>	N. R. Davis	N. V. Lough
Nicaragua	Guillermo Sevilla-Sacasa	Arnoldo Ramírez-Eva
Niger	Alidou Barkire	Karimou Goukoye
Nigeria	O. Awolowo	Abdul Aziz Atta
Norway	Kåre Willoch	Christian Brinch
Pakistan	N. M. Uquaili	Ghulam Ishaq
Panama	Alfredo Alemán, Jr.	Oscar Ucros
Paraguay	César Romeo Acosta	Oscar Stark Rivarola
Peru	Celso Pastor	Tulio De Andrea
Philippines	Eduardo Z. Romualdez	Roberto S. Benedicto
Portugal <sup>(2)</sup>	Ulisses Cortes	Luis M. Teixeira Pinto
Rwanda	Fidele Nzanana <sup>(1)</sup>	Fidele Nkundabagenzi <sup>(1)</sup>
Saudi Arabia	Ahmed Zaki Saad	
Senegal	Abdou Diouf	Hamet Diop
Sierra Leone	M. S. Forna	Elkanah Laurence Coker <sup>(1)</sup>
Singapore <sup>(2)</sup>	Goh Keng Swee	Hon Sui Sen
Somalia	Abdullahi Jirreh Dualeh	Giuseppe Morasca
South Africa	Nicolaas Diederichs	Theunis Willem de Jongh
Spain	Juan José Espinosa	Mariano Navarro Rubio
Sudan	Sayed El Sherif Hussein El Hindi	Sayed Abdalla Siddig Ghandour
Sweden	G. E. Sträng	Krister Wickman
Syrian Arab Republic	Mouaffaq Shourbaji	Ahmad Nizar Al-Jabi
Tanzania	P. Bomani	J. D. Namfua
Thailand	Serm Vinicchayakul	Bisudhi Nimmanahaeminda
Togo	Boukari Djobo	Jean Tevi
Trinidad and Tobago <sup>(2)</sup>	F. C. Prevatt	William G. Demas
Tunisia	Ahmed Ben Salah	Ali Zouaoui
Turkey	Cihat Bilgehan	Kemal Cantürk <sup>(1)</sup>
Uganda	Laurence Kalule-Settala	A. J. P. M. Ssentongo
United Arab Republic	Hassan Abbas Zaki	Hamed Abdel Latif El Sayeh
United Kingdom	Sir Leslie O'Brien	Sir Douglas Allen
United States	Henry H. Fowler	Eugene V. Rostow
Upper Volta	Pierre Claver Damiba	Pierre Tahita
Uruguay <sup>(2)</sup>	César Charlone	
Venezuela <sup>(2)</sup>	Rafael Alfonso Ravard	Francisco Mendoza
Viet-Nam	Nguyen-Huu-Hanh	Nguyen Van Dong
Yugoslavia	Janko Smole	Vladimir Cerić
Zambia	E. H. K. Mudenda	E. Kasonde

\*Became a member after June 30, 1968.

<sup>(1)</sup>Appointment effective after June 30, 1968.

<sup>(2)</sup>Member of the Bank only.

# Executive Directors and Alternates of the Bank and IDA and their Voting Power

## Appendix 5

June 30, 1968

Executive Director	Alternate	Casting Votes of	Total Votes	
			Bank	IDA
<b>Appointed</b>				
Livingston T. Merchant	Emmett J. Rice	United States	63,750	64,558
E. W. Maude	M. P. J. Lynch	United Kingdom	26,250	26,728
Ernst vom Hofe	Jörg Jaeckel	Germany	13,050	11,092
Georges Plescoff	Jean Malaplate	France	10,750	11,092
S. Jagannathan	S. Guhan	India	8,250	8,570
<b>Elected</b>				
Joaquín Gutiérrez Cano (Spain)	Felice Gianani (Italy)	Greece, Italy, Portugal <sup>(1)</sup> , Spain	11,794	7,654
Hideo Suzuki (Japan)	Maung Gyi (Burma)	Burma, Ceylon, Japan, Nepal, Thailand	11,316	10,934
L. Denis Hudon (Canada)	Patrick M. Reid (Canada)	Canada, Guyana, Ireland, Jamaica <sup>(1)</sup>	10,253	9,834
J. O. Stone (Australia)	T. J. Bartley (Australia)	Australia, New Zealand <sup>(1)</sup> , South Africa	9,880	7,054
S. Osman Ali <sup>(2)</sup> (Pakistan)	Abdol Ali Jahanshahi (Iran)	Iran, Iraq, Jordan, Kuwait, Lebanon, Pakistan, Saudi Arabia, Syrian Arab Republic, United Arab Republic	9,877	10,346
Reignson C. Chen (China)	Chung Pum Song (Korea)	China, Korea, Viet-Nam	9,210	8,106
André van Campenhout (Belgium)	Othmar Haushofer (Austria)	Austria, Belgium, Luxembourg, Turkey	8,717	5,893
Pieter Liefstinck (Netherlands)	Zoran Zagar (Yugoslavia)	Cyprus, Israel, Netherlands, Yugoslavia	8,676	8,844
Karl Skjerdal (Norway)	Vilhjálmur Thór (Iceland)	Denmark, Finland, Iceland, Norway, Sweden	8,466	8,396
Luis Machado (Cuba)	Alfredo Valencia (Peru)	Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela <sup>(1)</sup>	7,803	7,058
S. Othello Coleman (Liberia)	Christopher Kahangi (Tanzania)	Burundi, Ethiopia, Guinea <sup>(1)</sup> , Kenya, Liberia, Malawi, Mali, Nigeria, Sierra Leone, Sudan, Tanzania, Trinidad and Tobago <sup>(1)</sup> , Uganda, Zambia	7,702	9,302
Jorge Mejía-Palacio (Colombia)	José Camacho (Colombia)	Brazil, Colombia, Dominican Republic, Ecuador, Philippines	7,393	8,190
Abderrahman Tazi (Morocco)	Taoufik Smida (Tunisia)	Afghanistan, Algeria, Ghana, Laos, Libya, Malaysia, Morocco, Singapore <sup>(1)</sup> , Tunisia	7,030	7,294
Mohamed Nassim Kochman (Mauritania)	Michel Bako (Chad)	Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo, Democratic Republic of, Dahomey, Gabon, Ivory Coast, Malagasy Republic, Mauritania, Niger, Rwanda, Senegal, Somalia, Togo, Upper Volta	6,783	10,802
Luis Escobar (Chile)	Daniel Fernández (Argentina)	Argentina, Bolivia, Chile, Paraguay, Uruguay <sup>(1)</sup>	6,466	6,744

In addition to the Executive Directors and Alternates shown in the foregoing list, the following also served as Executive Director or Alternate after June 30, 1967:

Executive Director	End of period of service	Alternate Executive Director	End of period of service
J. M. Stevens (United Kingdom)	August 8, 1967	Robert E. Radford (United Kingdom)	November 15, 1967
René Larre (France)	August 31, 1967	Iddi Simba (Tanzania)	January 31, 1968
K. S. Sundara Rajan (India)	March 28, 1968		
Otto Donner (Germany)	April 30, 1968		
Muhammad Ayub (Pakistan)	June 25, 1968 (deceased)		

Note: Botswana (282 votes in the Bank and 532 votes in IDA), The Gambia (303 votes in the Bank and 553 votes in IDA), Indonesia (2,450 votes in the Bank) and Lesotho (282 votes in the Bank) are not yet formally represented by an Executive Director. Botswana and Lesotho have become members of the Bank, and Botswana also of IDA, since June 30, 1968.

<sup>(1)</sup> Member of the Bank only.

<sup>(2)</sup> As from July 30, 1968.

# Principal Officers of the Bank and IDA

# Appendix 6

June 30, 1968

Robert S. McNamara . . . . . President

J. Burke Knapp\* . . . . . Vice President and Chairman, Loan Committee

S. Aldewereld\* . . . . . Vice President

A. Broches\* . . . . . General Counsel

Richard H. Demuth\* . . . . . Director, Development Services Department

Irving S. Friedman\* . . . . . The Economic Adviser to the President and Chairman, Economic Committee

Sir Denis Rickett\* . . . . . Vice President

Mohamed Shoaib\* . . . . . Vice President

S. R. Cope . . . . . Director, Europe Department and Deputy Chairman, Loan Committee

John H. Adler . . . . . Associate Director, Programming and Budgeting Department

Gerald Alter . . . . . Director, Western Hemisphere Department

Dragoslav Avramovic . . . . . Director of Special Economic Studies

I. P. M. Cargill . . . . . Director, Asia Department

Robert W. Cavanaugh . . . . . Treasurer

Bernard Chadenet . . . . . Director, Projects Department

William Clark . . . . . Director of Information and Public Affairs

Federico Consolo . . . . . Special Representative for UN Organizations

Abdel G. El Emary . . . . . Director, Africa Department

Harold N. Graves, Jr. . . . . Associate Director, Development Services Department

Michael L. Hoffman . . . . . Associate Director, Development Services Department

Andrew M. Kamarck . . . . . Director, Economics Department

Arthur Karasz . . . . . Director, European Office

K. S. Krishnaswamy . . . . . Director, Economic Development Institute

Michael L. Lejeune . . . . . Director, Middle East and North Africa Department

M. M. Mendels . . . . . Secretary

Lester Nurick . . . . . Associate General Counsel

Hugh B. Ripman . . . . . Director of Administration

Leonard B. Rist . . . . . Special Adviser to the President

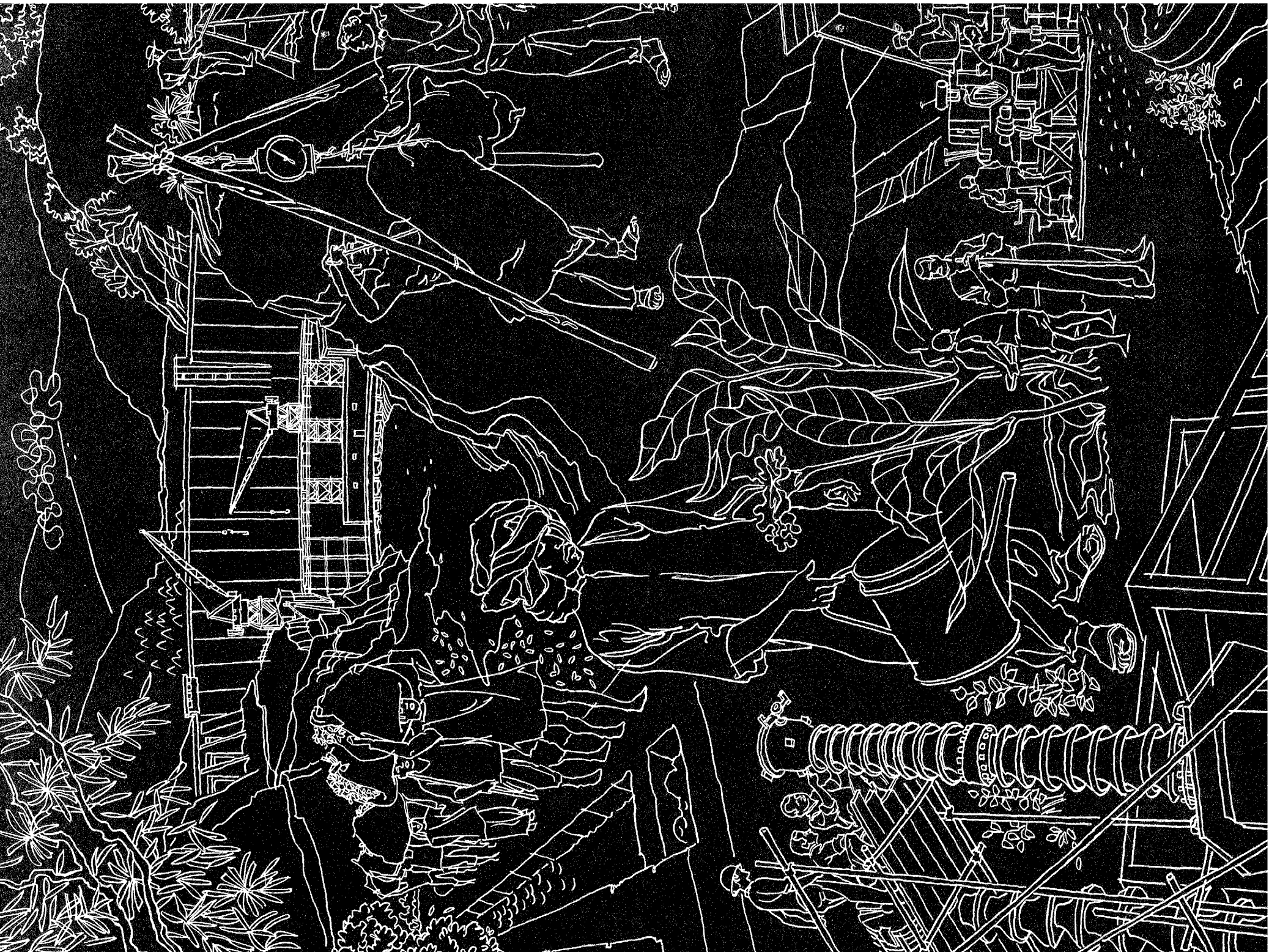
J. H. Williams . . . . . Director, Programming and Budgeting Department

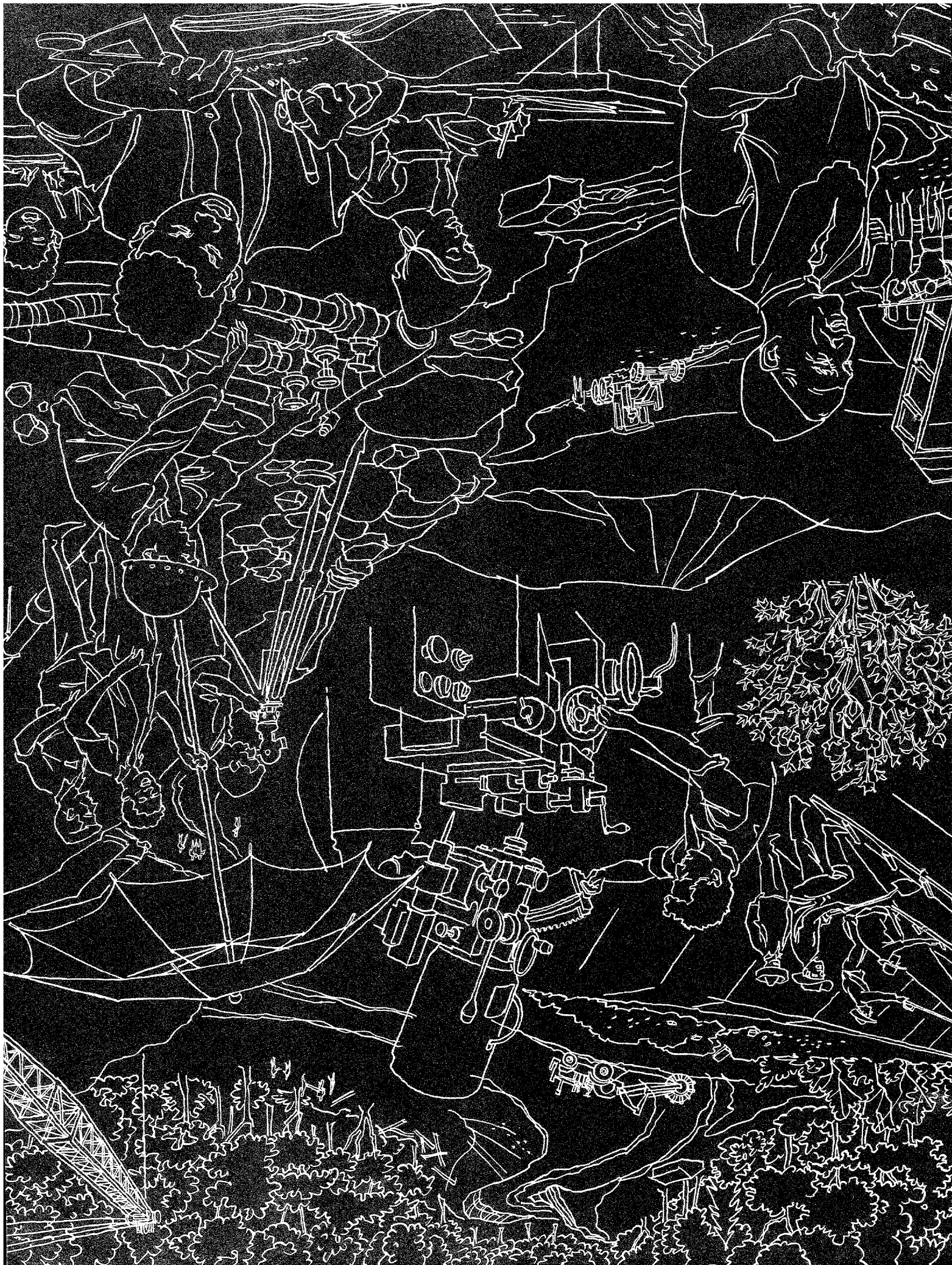
(vacant) . . . . . Director, New York Office\*\*

\*Member, the President's Council. Mr. Cope serves as Mr. Knapp's Alternate on the President's Council.

\*\*Not an officer of IDA.









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