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**Report No. P-5898-CHA**

**MEMORANDUM AND RECOMMENDATION**

**OF THE**

**PRESIDENT OF THE**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**TO THE**

**EXECUTIVE DIRECTORS**

**ON A**

**PROPOSED LOAN**

**IN AN AMOUNT EQUIVALENT TO \$150.0 MILLION**

**TO**

**THE PEOPLE'S REPUBLIC OF CHINA**

**FOR A**

**TIANJIN INDUSTRIAL DEVELOPMENT PROJECT**

**FEBRUARY 19, 1993**

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**CURRENCY EQUIVALENTS**  
(as of December 31, 1992)

Currency name - Renminbi (RMB)  
Currency unit - Yuan (Y) = 100 fen

Y 1.00 = \$0.17  
\$1.00 = Y 5.75

**WEIGHTS AND MEASURES**

Metric System

**ABBREVIATIONS AND ACRONYMS**

PFI - Participating Financial Intermediary  
TLIP - Tianjin Light Industry Project  
TMG - Tianjin Municipal Government

**FISCAL YEAR**

January 1 - December 31

CHINATIANJIN INDUSTRIAL DEVELOPMENT PROJECTLoan and Project Summary

**Borrower:** People's Republic of China

**Beneficiary:** Municipality of Tianjin (Tianjin)

**Amount:** \$150.0 million equivalent

**Terms:** Twenty years, including five years of grace, at the standard variable interest rate

**Onlending Terms:** Tianjin would onlend the proceeds of the loan as follows: (i) the industrial credit component of \$134.5 million to participating financial intermediaries (PFIs), and (ii) out of the technical assistance component of \$15.5 million, \$200,000 to PFIs and \$9.7 million to eligible enterprises, on the same terms and interest rate as that of the Bank loan. PFIs would onlend the loan proceeds of the industrial credit component to eligible enterprises for a maximum period of 15 years including up to 3 years of grace and at a variable interest rate equal to the Bank rate plus a minimum spread of 1.2 percent. Subborrowers would bear the foreign exchange risk under the industrial credit component. Under the technical assistance component, PFIs and enterprises would bear the foreign exchange risk on the respective amounts indicated above, and Tianjin would carry the foreign exchange risk on the balance of \$5.6 million.

<u>Financing Plan:</u>	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
	----- (\$ million)		-----
IBRD	-	150.0	150.0
PFIs, Industrial Enterprises, TMG	72.0	-	72.0
<u>Total</u>	<u>72.0</u>	<u>150.0</u>	<u>222.0</u>

**Economic Rate of Return:** Not applicable

**Staff Appraisal Report:** Report No. 11253-CHA

MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT  
OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
TO THE EXECUTIVE DIRECTORS  
ON A PROPOSED LOAN  
TO THE PEOPLE'S REPUBLIC OF CHINA  
FOR A TIANJIN INDUSTRIAL DEVELOPMENT PROJECT

1. I submit for your approval the following memorandum and recommendation on a proposed loan to the People's Republic of China for the equivalent of \$150.0 million, to help finance a Tianjin Industrial Development Project. The loan would be at the Bank's standard variable interest rate, with a maturity of 20 years, including five years of grace. The proceeds of the loan would be onlent to the Tianjin municipality on the same terms as the Bank loan. Tianjin would onlend as follows: (a) the industrial credit component of \$134.5 million to participating financial intermediaries (PFIs), and (b), out of technical assistance component of \$15.5 million, \$200,000 to PFIs and \$9.7 million to eligible enterprises, on the same terms and interest rate as that of the Bank loan. PFIs would onlend the loan proceeds of the industrial credit component to eligible enterprises for a maximum period of 15 years including up to three years of grace and at a variable interest rate equal to the Bank rate plus a minimum spread of 1.2 percent. The foreign exchange risk of the loan amount will be borne by the Tianjin municipality on a part of the technical assistance component (\$5.6 million), by the borrowing enterprises on the industrial credit component (\$134.5 million) and the technical assistance component (\$9.7 million), and by the PFIs on the balance of technical assistance (\$200,000).

2. Background. Industry is China's largest productive sector, accounting for nearly half of its gross domestic product in 1990 and employing 17 percent of the country's total labor force. Despite its rapid growth, the industrial sector is characterized by low efficiency and productivity and often inferior quality of products. This is mainly due to inappropriate policies, outdated equipment and technology, inadequate infrastructure and weak support institutions. The Chinese Government is carrying out changes in the industrial structure through ongoing economic and enterprise reforms which focus on market-oriented production and pricing, greater enterprise autonomy and management accountability, modernization of existing equipment, export-oriented production, conservation of natural and energy resources, and enhancement of the scope and efficiency of financial intermediation. At the same time, steps are being taken to improve the infrastructure and to strengthen the support institutions. The Bank is assisting in industrial restructuring, through its economic and sector work and lending operations, both at national and regional levels, the latter having special significance because of the gradual decentralization of investment responsibilities under China's reform process.

3. The proposed project would support industrial restructuring in Tianjin which is one of the three largest cities in China with the status of a province. Tianjin has a relatively large and diversified industrial base. Although its industrial output accounts for only 3 percent of the national industrial output, it is quite sizeable in absolute amount--Y 71.7 billion (\$15.2 billion) in 1990. Tianjin's industrial sector has faced many of the

same problems as the industrial sector has in the whole of China. In line with the national policy, the Tianjin Municipal Government (TMG) is implementing a series of reforms to restructure the industrial sector. The Bank has already started supporting this program through a loan, approved in February 1989, for the Tianjin Light Industry Project (TLIP, Loan 3022-CHA). TLIP is assisting TMG in restructuring three priority subsectors of the light industry sector, viz., textile dyeing and finishing, paper and packaging. IDA has also approved, in June 1992, a Tianjin Urban Development and Environmental Project (Credit 2387-CHA) which envisages the removal of bottlenecks and improvement of the physical infrastructure in Tianjin, including management of solid wastes, and pollution control in industrial enterprises.

4. TLIP has laid the foundation for a constructive dialogue with TMG which has now requested Bank assistance for the proposed industrial restructuring project aimed at new subsectors, viz., machine tools, construction equipment, automotive parts, electronic components and electric motors. International consultants (financed under Credit 1664-CHA) have carried out the studies of these five subsectors which have helped to determine Tianjin's comparative advantage in their main product groups and to prepare development programs and strategies.

5. Lessons Learned from Previous Bank Operations. The Bank's lending operations have included direct loans for large industrial projects including restructuring, lending to development finance institutions, mainly for the modernization of light industry, and regional subsector-focused operations. The experience has shown that successful industrial restructuring depends largely on well-prepared programs and strategies and on an integrated framework of appropriate policies and incentives, suitable corporate governance, technological modernization and satisfactory physical and institutional infrastructure. Although overall implementation of the TLIP is satisfactory, implementation was initially delayed due to lack of familiarity in ICB procedures and Bank guidelines for selecting consultants, and because of a tendency to underestimate costs, particularly for large subprojects. Under the proposed project, very strong emphasis is being placed on project implementation support, in order to minimize such problems and strengthen implementation infrastructure.

6. Rationale for Bank Involvement. Industrial restructuring is a prolonged process and requires a firm and long-term commitment from the TMG and continuous support from the Bank. The Bank's involvement in the proposed project would help to accelerate and broaden the reforms initiated with TLIP and provide continuity in Bank support for the restructuring of the industrial sector. The studies of the five selected subsectors have helped to determine the comparative advantage of key products in each subsector and recommended restructuring measures that would lead to economies of scale, product specialization, new marketing strategies, phasing out of nonviable products, reorganization of the subsectors, improvements in enterprise organization and management systems, and strengthening of institutional infrastructure. The Bank has considerable experience in industrial restructuring based on its earlier work in China and other countries and has, thus, been able to provide close guidance to consultants in developing appropriate programs and strategies. Furthermore, a very constructive dialogue initiated with TMG on this subject under TLIP has provided a good foundation for advancing reforms by adopting

new measures and undertaking new experiments in the industrial sector in Tianjin. These measures and experiments go far beyond those initiated under TLIP.

7. Project Objectives. The main objective of the project is to support TMG in restructuring the industrial sector. It would thus aim to: (a) expedite policy and enterprise reforms at the regional level; (b) modernize and reorganize the subsectors based on economic criteria and commercial viability; (c) strengthen institutional infrastructure; (d) improve the organizational structure and internal enterprise management and systems; and (e) diversify and strengthen the financial intermediation process.

8. Economic and enterprise reforms are the focal point of the restructuring strategy, and the proposed project will assist in their implementation on two fronts. On the one side, the project would help the Government in carrying out subsector policy reforms (such as liberalization of investment, production and pricing; improvements in the foreign trade regime; social security and housing reforms; and promotion of industries in which Tianjin has a comparative advantage). These policy reforms are needed irrespective of the type of enterprise ownership. On the other side, a set of enterprise reforms would be pursued (such as corporatization, improvements in the contract responsibility system, reorganization of subsectors, introduction of modern management systems and procedures and promotion of joint ventures) which will make enterprises more efficient and profitable.

9. Project Description. The project would include: (a) financial assistance in the form of an industrial credit of \$134.5 million to be onlent through three PFIs, viz., China Investment Bank, Industrial and Commercial Bank of China and Bank of Communication, to enterprises in the five subsectors included in the project for restructuring and modernization, and (b) technical assistance of \$15.5 million. Loan proceeds would be used by PFIs and enterprises on a first-come, first-served basis.

10. The technical assistance component of the proposed Bank loan will be used for: (a) strengthening of institutional infrastructure (\$11.8 million) through import of testing equipment, pilot plants, computer hardware and software, teaching aids, etc., and staff training; (b) consultant services for assistance in project implementation (\$2.5 million); (c) training of enterprise management and staff (\$0.7 million); (d) strengthening of the institutional framework for labor redeployment (\$0.3 million); and (e) strengthening of PFIs (\$0.2 million).

11. Project Implementation. The technical assistance component of the project will be implemented by TMG except for the funds allocated to PFIs and enterprises for their institutional strengthening. PFIs will be responsible for onlending the financial assistance component to beneficiary enterprises. The total cost of the project is tentatively estimated at \$222 million equivalent with a foreign exchange component of \$150 million (68 percent). Final costs of the project would depend upon the individual subprojects that PFIs will finance under the industrial credit component.

12. Although the project is basically for assisting the five preidentified subsectors, TMG and the financial intermediaries will be free to include

other subsectors in the project scope provided they carry out subsector studies and prepare restructuring plans satisfactory to the Bank before providing financial assistance. PFIs will be responsible for the appraisal and supervision of subprojects and all investment decisions under the proposed Bank loan following agreed criteria, which would include, inter alia, compliance with TMG's development program and strategies.

13. Retroactive financing of up to \$5.0 million equivalent is provided for eligible expenditures made after July 31, 1992 for urgently needed equipment and consultant services under the technical assistance component of the project. A breakdown of costs and the financing plan are shown in Schedule A. Amounts and methods of procurement and of disbursements, and the disbursement schedule are shown in Schedule B. A timetable of key project processing events and the status of Bank Group operations in China are given in Schedules C and D, respectively. The Staff Appraisal Report (No. 11253-CHA), dated February 11, 1993, is being distributed separately.

14. Project Sustainability. The subsectors to be restructured under the project are of high priority and critical for China's future development. Once their restructuring is completed as planned, they would continue to operate satisfactorily. Beneficiary enterprises are commercial entities and therefore would be able to generate adequate revenues for maintaining new assets. Support institutions would provide services which would be of direct relevance to enterprises and, therefore, their services will remain in demand and paid for by enterprises. PFIs have shown gradual institutional development and, based on prudent financial policies being followed/agreed to be followed, they would provide more efficient financial intermediation in the future.

15. Agreed Actions. Key agreements reached during negotiations with TMG and PFIs include the development program and strategy for the five subsectors; lending criteria; and details of the technical assistance component to strengthen support institutions. The engagement of consultants to assist in the implementation of subsectoral restructuring programs and the signing by Tianjin and the PFIs of subsidiary loan agreements satisfactory to the Bank would be conditions of loan effectiveness.

16. Environmental Aspects. The project subsectors are not major polluters but their manufacturing processes will still have environmental impacts. To ensure that satisfactory measures are taken to protect the environment, the Tianjin Environment Protection Bureau would approve renovation and expansion plans of enterprises to be assisted under the proposed Bank loan and would periodically monitor their compliance; all subprojects would be consistent with environmental standards satisfactory to the Bank; appraisal reports and summary information on individual subprojects to be sent by PFIs to the Bank will indicate specifically the equipment to be procured for pollution control; and Bank staff will make necessary checks during the approval of individual subprojects.

17. Project Benefits. The acceleration of policy and system reforms, improved services of support institutions and restructuring of enterprises under the project would result in improvement of subsectoral efficiency and performance. The subprojects would meet economic viability criteria, would

result in significant improvements in product quality and production efficiency and would promote economies of scale and product specialization.

18. Risks. There are two main project risks: (a) unanticipated and adverse future macroeconomic developments and the cumbersome process of coordination between the central and provincial authorities could affect the pace of implementation of the agreed policy and system reforms; and (b) various activities envisaged under the project may not be completed on time. However, given the Government's strong commitment to the reform process, institutional arrangements made in Tianjin for project implementation and experience gained under TLIP, these risks are unlikely to pose a serious threat to the success of the project.

19. Recommendation. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank and recommend that the Executive Directors approve the proposed loan.

Lewis T. Preston  
President

Attachments

Washington, D.C.  
February 19, 1993



CHINA

TIANJIN INDUSTRIAL DEVELOPMENT PROJECT

Estimated Costs and Financing Plan  
( \$ million)

	Local	Foreign	Total
<u>Total Project Cost</u>			
Industrial investment	65.5	134.5	200.0
Technical assistance & training	6.5	15.5	22.0
<u>Total Costs /a</u>	<u>72.0</u>	<u>150.0</u>	<u>222.0</u>
<u>Financing Plan</u>			
IBRD	-	150.0	150.0
PFI's, enterprises and TMG	72.0	-	72.0
<u>Total</u>	<u>72.0</u>	<u>150.0</u>	<u>222.0</u>

/a Tentative estimates inclusive of taxes, duties, and contingencies. Final estimates would depend on individual subproject cost estimates which PFIs would prepare at the time of subproject appraisal.

CHINA

TIANJIN INDUSTRIAL DEVELOPMENT PROJECT

Procurement Method and Disbursements  
(\$ million)

Project element	Procurement method			Total cost
	ICB	LCB	Other	
Industrial Credit Component <u>/a</u>	95.0 (95.0)	-	105.0 (39.5)	200.0 (134.5)
Technical Assistance Component				
Goods and Technical Assistance for Project Implementation	-	4.5 (4.5)	12.3 (7.3)	16.8 (11.8)
Other Technical Assistance and Training	-	-	5.2 (3.7)	5.2 (3.7)
<u>Total financing</u>	<u>95.0</u> <u>(95.0)</u>	<u>4.5</u> <u>(4.5)</u>	<u>122.5</u> <u>(50.5)</u>	<u>222.0</u> <u>(150.0)</u>

Note: Figures in parentheses are the amounts to be financed by the Bank.

/a Includes initial raw materials and spare parts covered under incremental working capital.

Disbursements  
(\$ million)

Category	Amount	Percentage to be financed
Industrial Credit Component	134.5	100% of amounts disbursed by PFIs under subloans (except for interest during construction which would be 90% of amounts financed by PFIs)
<u>Technical Assistance</u>		
Goods	10.5	100% of foreign expenditures; 100% of local expenditures (ex-factory); and 75% of local expenditures for other items procured locally
Consulting services and training	5.0	100%
<u>Total</u>	<u>150.0</u>	

Estimated Disbursements: (\$ million)

IBRD Fiscal Year	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Annual	5.0	9.5	28.5	52.5	35.5	11.0	8.0
Cumulative	5.0	14.5	43.0	95.5	131.0	142.0	150.0

CHINA

TIANJIN INDUSTRIAL DEVELOPMENT PROJECT

Timetable of Key Project Processing Events

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(a) Time taken to prepare the project:	36 months
(b) Project prepared by:	Tianjin Municipal Government, foreign and local consultants, participating financial intermediaries
(c) First Bank Mission:	March 14, 1990
(d) Appraisal mission departure:	June 21, 1992
(e) Negotiations:	January 11-15, 1993
(f) Planned date of effectiveness:	July 1, 1993
(g) List of relevant PCRs and PPARs:	Not applicable

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The project was prepared by Z. Khan (Task Manager), H. Sethi (Technical Adviser), N. Hughes (Senior Operations Officer), N. Lichtenstein (Senior Counsel), N. Mathieu (Senior Economist), M. Pharwani (Senior Engineer) and C. Punsalan (Senior Financial Officer). The Acting Division Chief is Mr. Z. Khan and the Director is Mr. S. J. Burki.

STATUS OF BANK GROUP OPERATIONS IN THE PEOPLE'S REPUBLIC OF CHINA

A. STATEMENT OF BANK LOANS AND IDA CREDITS  
(As of December 31, 1992)

Loan/ Credit Number	FY	Bor- rower	Purpose	Amount (US\$ million) (net of cancellations)		
				Bank	IDA	Undisb.(a)
18 loans and 27 Of which SECAL: 2967/1932			credits have been fully disbursed.	1549.63	1549.0	-
-----	88	PRC	Rural Sector Adj.	200.0	93.2	-
1551	85	PRC	University Development II	-	145.0	1.0
2493	85	PRC	Second Power	117.0	-	6.2
2501	85	PRC	Changcun (Luan) Coal Mining	79.5	-	36.7
2540	85	PRC	Railway II	220.0	-	38.7
1664	86	PRC	Technical Cooperation Credit II	-	20.0	11.8
2678/1680	86	PRC	Third Railway	160.0	70.0	68.5
2689	86	PRC	Tianjin Port	130.0	-	40.8
2706	86	PRC	Beilungang Thermal Power	225.0	-	19.4
2707	86	PRC	Yantan Hydroelectric	52.0	-	2.3
2723/1713	86	P.R.C	Rural Health & Preventive Med.	15.0	65.0	33.2
2775	87	PRC	Shuikou Hydroelectric	140.0	-	6.3
2783/1763	87	PRC	Industrial Credit IV (CIB IV)	250.0	50.0	85.2
2784	87	PRC	Shanghai Machine Tools	100.0	-	13.8
1764	87	PRC	Xinjiang Agricultural Dev.	-	70.0	10.1
2794/1779	87	PRC	Shanghai Sewerage	45.0	100.0	67.0
2811/1792	87	PRC	Beijing-Tianjin-Tanggu Expressway	25.0	125.0	34.9
2812/1793	87	PRC	Gansu Provincial Dev.	20.0	150.5	64.8
1835	87	PRC	Planning Support & Special Studies	-	20.7	11.5
2838	87	PRC	Fertilizer Rationalization	97.4	-	10.2
2852	87	PRC	Wujing Thermal Power	190.0	-	42.5
1871	88	PRC	Rural Credit III	-	170.0	10.5
2877/1845	88	PRC	Huangpu Port	63.0	25.0	56.9
2907/1875	88	PRC	Dalian Port	71.0	25.0	13.7
1885	88	PRC	Northern Irrigation	-	103.0	35.4
2924/1887	88	PRC	Coastal Lands Dev.	40.0	(60.0)(b)	11.0
1908	88	PRC	Teacher Training	-	50.0	6.6
2943	88	PRC	Pharmaceuticals	127.0	-	10.3
2951/1917	88	PRC	Sichuan Highway	75.0	50.0	72.6
2952	88	PRC	Shaanxi Highway	50.0	-	6.1
1918	88	PRC	Daxing An Ling Forestry	-	56.2	6.6
2955	88	PRC	Beilungang II	165.0	-	31.5
2958	88	PRC	Phosphate Dev.	62.7	-	39.9
2968	88	PRC	Railway IV	200.0	-	82.9
1984	89	PRC	Jiangxi Provincial Highway	-	61.0	24.5
1997	89	PRC	Shaanxi Agricultural Dev.	-	106.0	64.6
2006	89	PRC	Textbook Development	-	57.0	2.1
2009	89	PRC	Integrated Reg. Health	-	52.0	33.2
3006	89	PRC	Ningbo & Shanghai Ports	76.4	-	22.8
3007	89	PRC	Xiamen Port	36.0	-	23.2
3022	89	PRC	Tianjin Light Industry	154.0	-	106.9
3060/2014	89	PRC	Inner Mongolia Railway	70.0	80.0	53.5
2097	89	PRC	Shandong Agriculture Dev.	-	109.0	32.4
3066	89	PRC	Hubei Phosphate	137.0	-	122.1
3073/2025	89	PRC	Shandong Prov. highway	60.0	50.0	52.2
3075	89	PRC	Fifth Industrial Credit	300.0	-	195.4
2097	90	PRC	Jiangxi Agric. Dev.	-	60.0	28.2
2114	90	PRC	Vocational & Tech. Educ.	-	50.0	36.5

Loan/ Credit Number	FY	Bor- rower	Purpose	Amount (US\$ million) (net of cancellations)		
				Bank	IDA	Undisb.(a)
2145	90	PRC	National Afforestation	-	300.0	192.7
2159	90	PRC	Hebei Agricultural Dev.	-	150.0	94.4
2172	91	PRC	Mid-Yangtze Agricultural Dev.	-	64.0	40.6
3265/2182	91	PRC	Rural Credit IV	75.0	200.0	138.7
3274/2186	91	PRC	Rural Indust Tech (SPARK)	50.0	64.3	96.6
3286/2201	91	PRC	Medium-Sized Cities Dev.	79.4	89.0	128.9
3288	91	PRC	Shanghai Industrial Dev.	150.0	-	148.5
2210	91	PRC	Key Studies Development	-	131.2	116.6
2219	91	PRC	Liaoning Urban Infrastructure	-	77.8	30.6
3316/2226	91	PRC	Jiangsu Provl. Transport	100.0	53.6	90.7
2242	91	PRC	Henan Agricul. Dev.	-	110.0	91.7
3337/2256	91	PRC	Irrig. Agricul. Intensif.	147.1	187.9	240.8
3387	92	PRC	Ertan Hydroelectric	380.0	-	190.8
2294	92	PRC	Tarim Basin	-	125.0	107.4
2296	92	PRC	Shanghai Metro Transport	-	60.0	51.2
3406	92	PRC	Railways V	330.0	-	323.8
3412/2305	92	PRC	Daguangba Multipurpose	30.0	37.0	57.4
2307	92	PRC	Guangdong ADP	-	162.0	159.7
3415/2312	92	PRC	Beijing Environment	45.0	80.0	114.3
2317	92	PRC	Infectious and Endemic Disease Cont	-	129.6	122.3
3433	92	PRC	Yanshi Thermal Power	180.0	-	147.6
2336	92	PRC	Rural Water Supply and Sanitation	-	110.0	101.8
2339	92	PRC	Educ. Development in Poor Provs.	-	130.0	117.5
3443	92	PRC	Regional Cement Industry (c)	82.7	-	82.7
3462	92	PRC	Zouxian Thermal Power	310.0	-	310.0
3471	92	PRC	Zhejiang Provincial Highway	220.0	-	197.3
2387	92	PRC	Tianjin Urban Devt. & Envir.	-	100.0	100.8
2391	92	PRC	Ship Waste Disposal	-	15.0	15.1
2411	93	PRC	Sichuan Agricultural Devt.	-	147.0	142.2
3515	93	PRC	Shuikou Hydroelectric II (c)	100.0	-	100.0
2423	93	PRC	Financial Sector Tech.Assist.(c)	-	60.0	57.9
3530	93	PRC	Guangdong Provincial Transport (c)	240.0	-	240.0
3531	93	PRC	Henan Provincial Transport (c)	120.0	-	120.0
2447	93	PRC	Ref. Inst'l and Preinvest. (c)	-	50.0	50.0
3552	93	PRC	Shanghai Port Rest. and Devt. (c)	150.0	-	150.0
<hr/>						
Total				7891.8	6102.8	6256.5
<hr/>						
of which has been repaid				575.9	2.1	
<hr/>						
Total now held by Bank and IDA				7315.9	6100.7	
<hr/>						
Amount sold: Of which repaid				-	-	-
<hr/>						
Total Undisbursed				3865.3	2391.2	6256.5

(a) As credits are denominated in SDRs (since IDA Replenishment VI), undisbursed SDR credit balances are converted to dollars at the current exchange rate between the dollar and the SDR. In some cases, therefore, the undisbursed balance indicates a dollar amount greater than the original principal credit amount expressed in dollars.

(b) Credit fully disbursed.

(c) Not yet effective.

B. STATEMENT OF IFC INVESTMENTS  
(As of December 31, 1992)

Investment No.	FY	Borrower	Type of Business	Loan -----	Equity (US\$ Million)	Total -----
813/2178	85/91	Guangzhou and Peugeot	Automobile	13.9	4.5	18.4
974	87	China Investment Co.	Investment	3.4	0.0	3.4
1020	87	Shenzhen China Bicycles Co. Ltd.	Bicycle Manufacture	17.2	2.5	19.7
1066	88	Crown Electronics	Electronics	11.3	-	11.3
1119	89	Shenzhen Chronar Solar Energy	Solar (a) Energy	1.0	1.0	2.0
Total Gross Commitments				46.8	8.0	54.8
Less cancellations, terminations repayment and sales				1.0	-	1.0
Total Commitments now Held by IFC				45.8	8.0	53.8
Total Undisbursed				0.0	-	0.0

(a) Loan subsequently cancelled.

12/31/92  
EA2DR