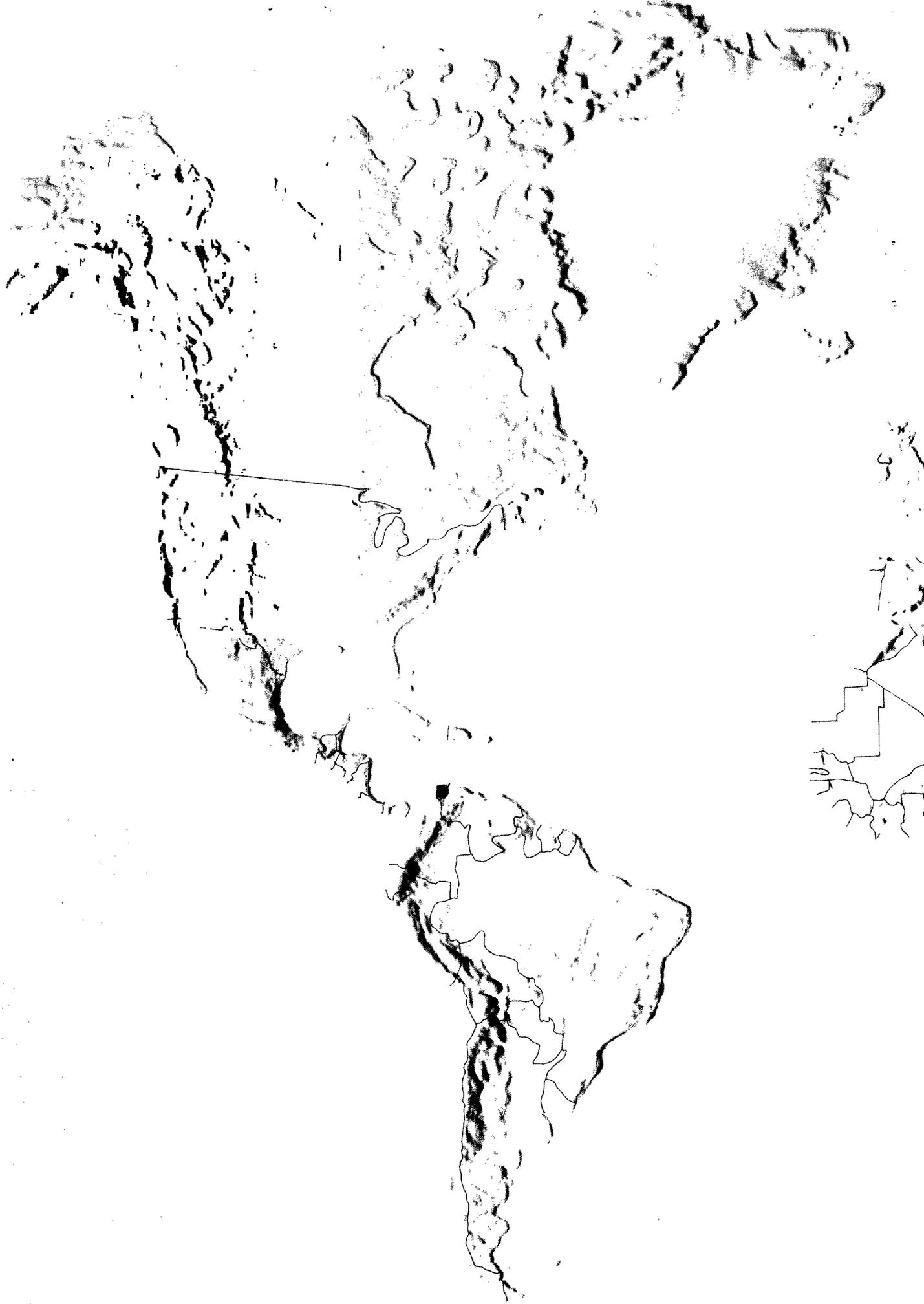
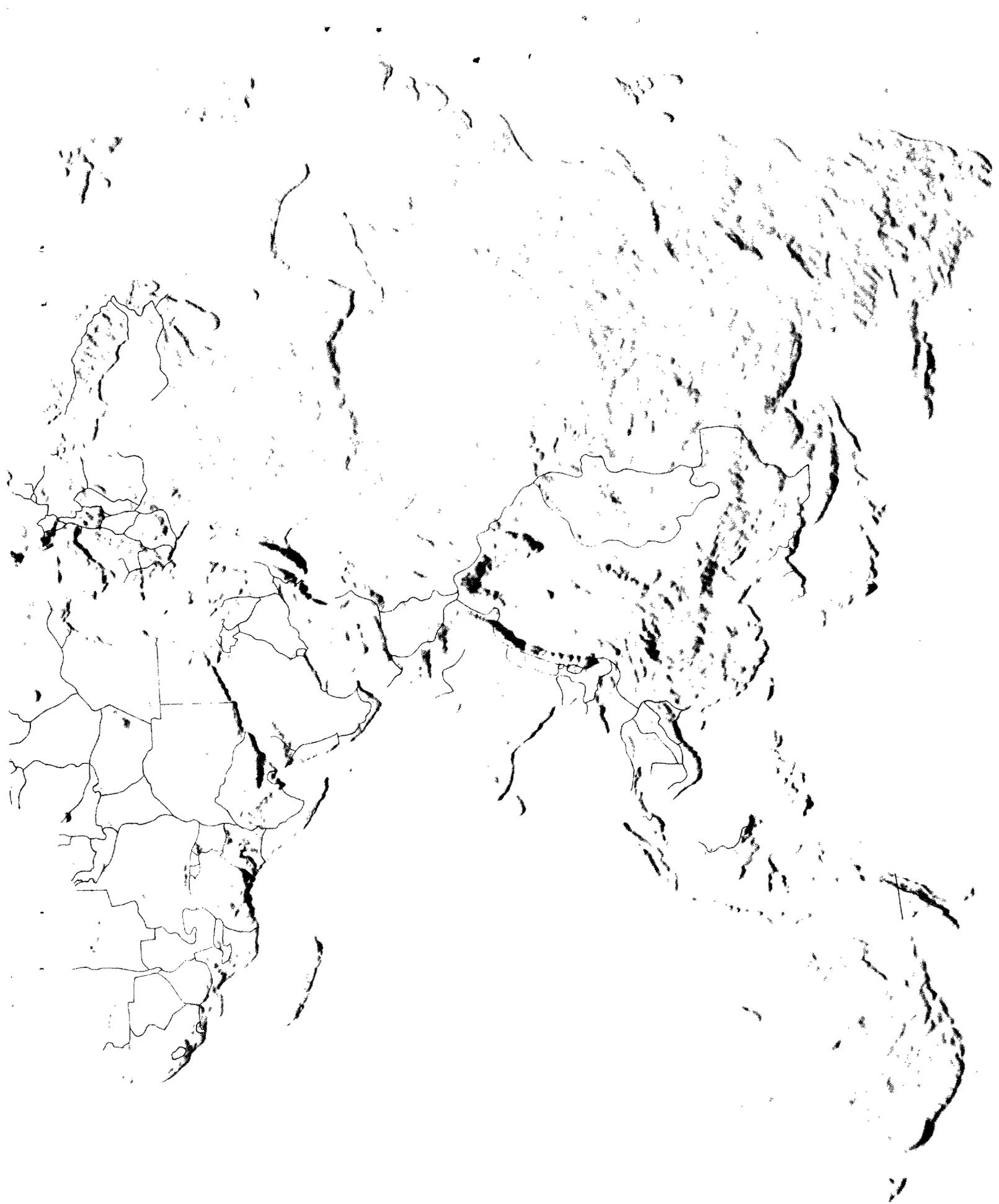


# World Bank and IDA Annual Report 1966/1967

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In 1966/67, 46 Bank Loans were made in 33 countries and one loan to the International Finance Corporation, totaling the equivalent of \$876.75 million.  
In 1966/67, 20 IDA Credits were made in 14 countries totaling the equivalent of \$353.54 million.





**T**he World Bank Group is a cluster of three institutions. At the center is the Bank itself. It is *the* world bank—the only thing of its kind. Our members, shareholder governments, are spread over the world; our financial resources come from all over the world; we finance projects in all quarters of the world; our Executive Directors, officers and staff are from all parts of the world.

The Bank is now 21 years old, and has lent some \$10 billion (of which more than \$3 billion has been repaid or sold to other investors), mostly in developing countries. Its loans are long term, at more or less conventional rates of interest, for projects of high economic priority. About a third of its lending has been for electric power development, a third for the development of transportation, and the rest for agriculture, industry and education.

Flanking the Bank on one side is the International Development Association, engaged in the same kind of business, but on much easier conditions of repayment. IDA, as we call the Association for short, lends to the poorest countries in the Bank's membership—those not able to borrow and service on conventional terms all the capital they can effectively use for development. So far, most of its financing has been done in Asia; and more than 70% of its \$1.6 billion of commitments have been made there. The purposes of IDA's lending reflect some of the most pressing problems of these client countries: the Association has been particularly active in financing agricultural and education projects.

Flanking the Bank on the other side is its other affiliate, the International Finance Corporation, or IFC. IFC works exclusively in the private sector. It does several things the Bank does not do: it makes loans to private borrowers without government guarantee; it invests in share capital; and it underwrites offerings or placements of

securities by new or expanding enterprises. IFC operates in countries with a reasonably high level of savings and entrepreneurship; and more than half its \$200 million of commitments are for enterprises in Latin America.

The operations of the three institutions, although each has its own separate financial assets, are closely integrated.

The founders gave the Bank a priceless gift in the form of an extraordinary charter, called the Articles of Agreement. This charter endowed the Bank with three faculties.

First, it gave the Bank an aptitude for cooperation. In fact, the Bank is a true cooperative, deriving its resources from its members and using these resources for their benefit. Its member governments are not only its principal debtors, but also its shareholders and large creditors.

Second, the Bank was given the opportunity to be independent. It was not to rely solely on paid-in capital from governments; in addition, it was enabled to provide the larger part of its resources by borrowing in the world's capital markets. It was cast in corporate form, and was given the capacity to earn a profit and become self-supporting.

Third, the Bank was given a fundamental policy. It was commanded to base its operations on economic factors, and to stay out of politics. The Bank was thereby given a hunger for facts, and a desire to develop the expertness needed to understand and interpret the facts.

All three of these faculties converged on one objective: the economic growth of the Bank's member countries.

The Bank did not learn to exercise these faculties all at once. In dealing with its borrowing shareholders, the Bank has moved carefully from problem to specific problem, elaborating its own policies and marking out its trails. The Bank has worked hard during nearly all its 20 years to estab-

lish and maintain its high standing in the money markets of Western Europe, the United States and Canada.

The instrument the Bank was given for dealing with its member countries was capital. This capital, to use the words of the charter, was to be applied to "projects, large and small alike." But one of the first things the Bank found out was that many of its clients did not know how to prepare projects. We had proposals, to mention a few, for dams that would be starved for water, for electric power systems that would lack customers, and for highways that would not fit local traffic and terrain.

In these circumstances, it seemed plain that if the Bank were to help finance any considerable number of projects, it would have to offer advice about how to prepare them as well. The Bank therefore not only closely examined proposals through studies of documents and visits to the field; as cooperator and expert, it also developed the practice of suggesting modifications or further study whenever necessary. It quickly found itself playing—and has since continued to play—an advisory role of considerable scope and variety, concerned with economics, engineering, administration and other factors bearing on project execution. We discuss with the borrower what kinds of technical services are needed, we advise on how best to obtain these services and, if necessary, we draw up terms of reference for the consultants.

At about the same time the Bank was discovering that projects often were inadequately studied, we were also finding out that they were planned without sufficient regard for their setting in the economy as a whole. We early concluded that any developing country would benefit from having some kind of program as a framework for development, relating projects to each other, taking account of the availability of financial resources, and giving

thought to policy and administrative measures as well as to physical projects that would accelerate economic development. We have therefore developed a practice of organizing expert missions to visit individual countries and to draw up comprehensive recommendations that serve as a basis for working out a detailed development program.

What we want, in a word, is to encourage constantly improving economic performance by our developing member countries. Not every country can have, or even profit from, a detailed development program, but every country can aspire to have a well thought-out set of policies which will provide the conditions and motivations conducive to economic growth. This is more and more what we find ourselves talking about with our member countries—fundamental policies to govern their day-to-day economic decisions. We are able to talk about policies and policy changes not as interlopers but as collaborators—and sometimes we give agreed policies the final measure of support they need to tip the scales in their favor in the councils of government.

*George D. Woods*  
President of the World Bank  
and its Affiliates



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

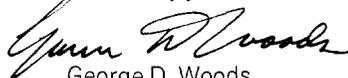
September 25, 1967

My 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, 1966 to June 30, 1967.

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, 1967, and the Administrative Budgets for the fiscal year ending June 30, 1968. They are contained in the Appendices of the Report.

Sincerely yours,



George D. Woods  
*President*

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

## Financial Highlights

Expressed in millions of United States Dollars

	Fiscal Years	
	1966	1967
<b>Bank</b>		
Loans of the Year	\$ 839	\$ 877
Sales of Parts of Bank Loans	82	69
Repayments of Loans to Bank	166	188
Gross Income	292	331
Net Income	144	170
Total of Supplemental Reserve	664	733
Total of Special Reserve	290	290
Total Reserves	954	1,023
Borrowings (Gross)	463 <sup>(1)</sup>	554
Net Change in Outstanding Funded Debt	82	269
Subscribed Capital	22,426	22,850
<b>IDA</b>		
Credits of the Year	284	354
Funds Available for New Credits	322	87
<b>Bank Loans, Cumulative Total as of June 30, 1967<sup>(2)</sup></b>		<b>\$10,442</b>
<b>IDA Credits, Cumulative Total as of June 30, 1967<sup>(2)</sup></b>		<b>1,694</b>
<b>Total Loans and Credits</b>		<b>12,136</b>

<sup>(1)</sup>Including bonds agreed to be sold.

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



## Part One: The Year's Activities

In the face of severe difficulties, the low-income countries have continued to make headway in developing their economies. As set out later in this Report, their Gross Domestic Product is tentatively estimated to have risen by approximately 5% in 1966, about the same as the average rate of growth in the period 1960-65.

In many of the developing countries, however, progress was notably slower. The problems presented by the rapid growth of population and sluggish agricultural output, although being attacked with more vigor, continued to cloud the prospects; political instability and the diversion of scarce resources to non-economic purposes were factors frustrating economic growth in some countries.

The efforts of the developing countries—which themselves provide four-fifths of the finance for their own development—continued to be affected by a shortage of external finance on appropriate terms. For the sixth successive year there has been little improvement in the over-all level of development assistance provided by the high-income countries. At the same time, competing demands for capital have made it more difficult and more costly to obtain finance for development by borrowing in the world's capital markets.

Like others, the World Bank Group encountered money-raising problems during the fiscal year, which ended June 30, 1967. The World Bank borrowed a total of \$554 million through bond and note issues, of which \$390 million was new money. The cost of these borrowings, however, was higher than in recent years. At the end of the fiscal year, the International Development Association (IDA), the affiliate of the

Bank which lends to poorer member countries on concessionary terms, was out of funds which were not already committed or earmarked for projects. A proposal for a second replenishment of IDA's resources was made by the President of the Association in July 1966. It has been continuously considered and discussions on amounts and conditions were being actively conducted as the fiscal year closed.

In several respects the year was one of the most active in the 21 years of the Group's history. Total commitments by the Bank and IDA amounted to \$1,230 million, compared with \$1,123 million in 1965/66. The number of commitments rose from 49 to 67. Disbursements by the two institutions exceeded \$1,000 million for the first time, increasing from \$935 million in the previous year to \$1,133 million.

The International Finance Corporation (IFC), which assists less developed member countries by helping to promote the growth of the private sector of their economies, had another active year. The total amount, average size and diversity of IFC's commitments all increased considerably. Commitments by the Bank included a line of credit of \$100 million to IFC (so far not drawn down), the first following amendments to the charters of the two organizations permitting the Bank to lend to IFC and IFC to borrow from the Bank.

New commitments undertaken by the three institutions during 1966/67 were as follows:

	Number	Amount
World Bank.....	47	\$876.8 million
IDA.....	20	353.5 million
IFC.....	14	49.1 million

A feature of the Bank and IDA's operations was a sharp increase in finance extended to industry, to which more loans and credits were made than to any other sector. This was mainly due to substantial IDA credits made to India to support that

country's import liberalization program. Loans for electric power development also rose sharply. There was a further increase in financing of education projects, and funds made available for agriculture, though less than in the previous year, continued above the level of a few years ago. Lending for transportation projects, particularly roads, was again large. Details of Bank and IDA commitments are given on pages 6, 8 and 9. IFC's activities are described in its own Annual Report.

The Bank's net income rose by \$26 million to \$170 million during the year. Soon after the close of the period the Executive Directors allocated \$160 million of the net income for 1966/67 to reserves, and recommended to the Board of Governors that the remainder, \$10 million, be transferred to IDA as a grant.

The Bank took further steps during the year to foster coordination of external assistance to developing countries. Action was also taken to promote close cooperation between the Bank Group and other international and regional institutions.

The Bank again participated in numerous meetings and discussions of questions relating to economic development. Its studies of key development issues were expanded. Two major staff studies, undertaken for the United Nations Conference on Trade and Development (UNCTAD), were completed.

As the chart on page 10 illustrates, the volume of projects on hand has been maintained at a high level. The number of Bank economic missions to member countries has increased. Comprehensive surveys have now been completed of most of the developing member countries' economies. These have been particularly valuable in the case of newer member countries in Africa, where the Bank's activities have been expanding substantially.

The Bank has been assisted in its activi-

*A Thai farmer walking beside a new irrigation ditch. Funds from a series of Bank loans are assisting the construction of dams, canals and ditches for the improvement of Thailand's irrigation systems.*

### Bank Loans and IDA Credits 1966/67 by Area

Expressed in millions of US Dollars

	Bank Loans		IDA Credits		Total	
	Number	Amount	Number	Amount	Number	Amount
<b>Africa</b>						
Cameroon.....	1	\$ 7.00	1	\$ 11.00	2	\$ 18.00
Congo (Brazzaville).....	1	30.00	—	—	1	30.00
Kenya.....	—	—	3	15.90	3	15.90
Kenya, Tanzania & Uganda	1	13.00	—	—	1	13.00
Malagasy Republic.....	—	—	1	10.00	1	10.00
Malawi.....	—	—	2	6.79	2	6.79
Mali.....	—	—	1	9.10	1	9.10
Senegal.....	1	4.00	1	9.00	2	13.00
South Africa.....	1	20.00	—	—	1	20.00
Swaziland.....	1	2.75	—	—	1	2.75
Tunisia.....	1	12.00	2	19.00	3	31.00
Uganda.....	—	—	1	10.00	1	10.00
Zambia.....	1	17.50	—	—	1	17.50
	8	\$106.25	12	\$ 90.79	20	\$ 197.04
<b>Asia</b>						
China.....	1	\$ 14.40	—	\$ —	1	\$ 14.40
India.....	1	30.00	2	215.00	3	245.00
Iran.....	1	25.00	—	—	1	25.00
Iraq.....	1	23.00	—	—	1	23.00
Japan.....	1	100.00	—	—	1	100.00
Jordan.....	—	—	1	3.00	1	3.00
Malaysia.....	2	47.00	—	—	2	47.00
Pakistan.....	2	35.00	3	27.75	5	62.75
Philippines.....	2	37.00	—	—	2	37.00
Singapore.....	2	25.00	—	—	2	25.00
Thailand.....	2	11.00	—	—	2	11.00
	15	\$347.40	6	\$245.75	21	\$ 593.15
<b>Europe</b>						
Cyprus.....	1	\$ 2.80	—	\$ —	1	\$ 2.80
Iceland.....	1	18.00	—	—	1	18.00
Turkey.....	1	10.00	1	15.00	2	25.00
Yugoslavia.....	1	10.00	—	—	1	10.00
	4	\$ 40.80	1	\$ 15.00	5	\$ 55.80
<b>Western Hemisphere</b>						
Bolivia.....	—	\$ —	1	\$ 2.00	1	\$ 2.00
Brazil.....	5	100.60	—	—	5	100.60
Chile.....	1	60.00	—	—	1	60.00
Colombia.....	2	25.00	—	—	2	25.00
Ecuador.....	1	4.00	—	—	1	4.00
Guatemala.....	1	15.00	—	—	1	15.00
Honduras.....	2	13.40	—	—	2	13.40
Jamaica.....	2	20.70	—	—	2	20.70
Nicaragua.....	1	5.00	—	—	1	5.00
Peru.....	1	10.00	—	—	1	10.00
Trinidad & Tobago.....	2	13.60	—	—	2	13.60
Venezuela.....	1	15.00	—	—	1	15.00
	19	\$282.30	1	\$ 2.00	20	\$ 284.30
International Finance Corporation	1	\$100.00	—	\$ —	1	\$ 100.00
<b>TOTAL.....</b>	<b>47</b>	<b>\$876.75</b>	<b>20</b>	<b>\$353.54</b>	<b>67</b>	<b>\$1230.29</b>

ties in the fields of agriculture and education by its cooperative arrangements with the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Educational, Scientific and Cultural Organization (Unesco). It has continued to work closely with the United Nations Development Programme (UNDP) in project feasibility and sector programming studies.

A landmark during the year was the entry into force in October 1966 of the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States. The Bank believes that the International Centre for Settlement of Investment Disputes, which was established under the Convention, will assist in improving the international private investment climate and in stimulating the flow of private capital from the developed to the developing countries.

#### Coordinating Development Assistance

As multilateral institutions with a broad mandate from member governments, the World Bank Group has certain advantages in the administration of development finance. The member governments of the Bank are also its shareholders, and this circumstance creates the possibility of an unusually close and cooperative relationship between the Bank Group and the developing countries. After 21 years of operations and with an international staff chosen strictly on professional merits, the Group has acquired special experience and expertise in the development field. It has no political, commercial or other non-developmental objectives to distract it from its function of assisting the economic growth of its developing member countries. In providing external finance for projects of high economic priority, and in offering advice on a wide range of development problems in the less developed

countries, the Bank Group may help bring about a more effective use of domestic resources and of assistance made available under bilateral programs.

One of the single most important advantages of assistance from the Group compared with most bilateral finance is that it is not tied to the source from which recipient countries may purchase goods and services. Borrowers from the Bank and IDA are free, and indeed are required, to spend the proceeds of loans or credits in whichever member country (or Switzerland) they can obtain the best value. The difference to the borrowing country in purchasing power between tied and untied assistance can be considerable.

Some of the advantages of a multilateral approach can be achieved by financing specific projects with a combination of multilateral and bilateral aid, procurement being arranged on an international competitive basis. They can also be achieved through joint consideration by aid-giving countries of the broad range of development problems of particular recipient countries. Such joint consultation helps the aid-giving countries to ensure that their aims are consistent and that their assistance is being applied effectively to priority needs. It should also help to ensure that the terms on which assistance is provided are appropriate to the recipient countries' requirements.

During the past year the Bank has organized three more consultative groups, for Korea, Morocco and Peru. Meetings have also been held of the consultative groups already established for Colombia and Tunisia. In addition, the Bank has continued to play an active part in coordinating assistance to India and Pakistan through the aid consortia formed for these countries in 1958 and 1960, respectively. The consultative groups for Nigeria and Sudan have been inactive during the year.

Nineteen aid-giving nations are now associated with one or more of the Bank-organized coordinating groups. The International Monetary Fund (IMF), the UNDP and, where appropriate, the regional development banks and other international organizations participate in the groups' proceedings. Membership of the groups is shown below.

As outlined in last year's Annual Report, the Bank assumes several responsibilities in its role as chairman of coordinating groups. On the one hand, the Bank attempts to provide information and objective judgments, based on extensive field work, to assist donor countries in their deliberations. On the other, it assists the developing country wherever possible to assess its needs and to take measures required to use assistance effectively.

For members of a consortium or consultative group, the Bank makes periodic comprehensive reports on the recipient country's development possibilities, problems and performance. It comments on the country's own estimate of its aid requirements and recommends the type and

terms of aid which seem appropriate. When requested to do so, the Bank assists the recipient country in preparing or revising its development program and in resolving problems of execution. It may also help to arrange feasibility studies, determine requirements for other forms of technical assistance, identify projects and establish an order of priority for investments.

The chief development in the field of aid coordination in 1966/67 was the increased role of, and the heavy burden placed upon, the India Consortium. Through the Consortium it was possible to organize non-project aid for India totaling \$900 million. On the Consortium's behalf the Bank was also active in trying to find a solution to India's debt-service difficulties. Studies of India's debt-service burden prepared by the Bank's staff were the basis for discussions on this subject at meetings of the Consortium held during April. A working party representing members of the Consortium considered aspects of the problem at a meeting in March.

The Bank also undertook to coordinate

Assisting Countries	Recipient Countries										
	Co-lombia	India	Korea	Malaysia	Morocco	Nigeria	Pakistan	Peru	Sudan	Thailand	Tunisia
Australia.....			X	X						X	
Austria.....		X									
Belgium.....	X	X	X	X	X	X	X	X	X	X	X
Canada.....	X	X	X	X	X	X	X	X		X	X
China.....			X								
Denmark.....	X			X						X	X
Finland.....								X			X
France.....	X	X	X	X	X		X	X	X	X	X
Germany.....	X	X	X	X	X	X	X	X	X	X	X
Italy.....	X	X	X	X	X	X	X	X	X	X	X
Japan.....	X	X	X	X		X	X	X	X	X	
Kuwait.....											X
Netherlands....	X	X	X	X	X	X	X	X	X	X	X
New Zealand...				X						X	
Spain.....	X				X			X			X
Sweden.....									X		X
Switzerland....	X			X	X	X		X	X	X	X
United Kingdom	X	X	X	X	X	X	X	X	X	X	X
United States...	X	X	X	X	X	X	X	X	X	X	X

through the Consortium efforts to assist India in meeting exceptional import requirements arising from the drought of the past two years and the consequent serious shortage of food grains in several regions of the country. This subject was discussed at the meeting of the Consortium in early April, when new aid in the form of food and fertilizer, as well as aid in forms which would release cash for the purchase of food, was indicated by Consortium members.

At a meeting in June of the Pakistan Consortium, members examined the levels of project and non-project aid (including fertilizer imports) which might be appropriate for the Consortium to provide during 1967/68. Discussions about possible joint financing of the construction of the Tarbela Dam in West Pakistan were initiated under the aegis of the Consortium during the year. The Bank has indicated its willingness to administer the fund set up to finance this exceptionally large project.

Growing experience of the problems associated with the coordination of aid has taught the Bank that coordination does not need to take any particular form. The Bank has found that a useful degree of coordination can be achieved by various methods, of varying degrees of elaborateness. To achieve maximum effectiveness in fostering coordination it is essential, in the Bank's experience, to maintain a flexible attitude. This was demonstrated in several instances during 1966/67. For instance, at the meeting of the Consultative Group for Tunisia in mid-March, the Bank undertook to form a sub-group to discuss sector problems in Tunisian agriculture. The Bank agreed to assign staff to organize this work.

Outside the formal consultative group structure, meetings of donors and lenders of assistance interested in certain other developing countries were held during the

### Bank Loans and IDA Credits 1966/67 by Purpose

Expressed in millions of US Dollars

	Bank	IDA	Total
<b>Industry</b>			
Congo (Brazzaville)—Potash.....	\$ 30.00	\$ —	\$ 30.00
India—Iron and steel.....	30.00	—	30.00
India—Industrial imports.....	—	215.00 ✓	215.00
Iran—Development finance company.....	25.00 ✓	—	25.00
Pakistan—Industrial imports.....	—	25.00 ✓	25.00
Philippines—Development finance company.....	25.00 ✓	—	25.00
Turkey—Development finance company.....	10.00	15.00	25.00
	<u>\$120.00</u>	<u>\$255.00</u>	<u>\$375.00</u>
<b>Transportation</b>			
Honduras—Port.....	\$ 4.80	\$ —	\$ 4.80
Honduras—Roads.....	8.60	—	8.60
Iraq—Roads.....	23.00	—	23.00
Japan—Roads.....	100.00	—	100.00
Kenya—Roads.....	—	5.30	5.30
Malagasy Republic—Roads.....	—	10.00	10.00
Mali—Railways.....	—	9.10	9.10
Pakistan—Railways.....	13.50	—	13.50
Senegal—Port.....	4.00	—	4.00
Senegal—Railways.....	—	9.00	9.00
Singapore—Port.....	15.00	—	15.00
Trinidad & Tobago—Roads.....	8.60	—	8.60
Yugoslavia—Roads.....	10.00	—	10.00
Zambia—Roads.....	17.50	—	17.50
	<u>\$205.00</u>	<u>\$ 33.40</u>	<u>\$238.40</u>
<b>Electric Power</b>			
Brazil.....	\$100.60	\$ —	\$100.60
Chile.....	60.00	—	60.00
Cyprus.....	2.80	—	2.80
Guatemala.....	15.00	—	15.00
Iceland.....	18.00	—	18.00
Malaysia.....	37.00	—	37.00
Nicaragua.....	5.00	—	5.00
Pakistan.....	21.50	—	21.50
Peru.....	10.00	—	10.00
Philippines.....	12.00	—	12.00
Singapore.....	10.00	—	10.00
South Africa.....	20.00	—	20.00
Swaziland.....	2.75	—	2.75
Thailand.....	5.00	—	5.00
Venezuela.....	15.00	—	15.00
	<u>\$334.65</u>	<u>\$ —</u>	<u>\$334.65</u>
<b>Education</b>			
Jamaica.....	\$ 9.50	\$ —	\$ 9.50
Kenya.....	—	7.00	7.00
Malawi.....	—	6.30	6.30
Thailand.....	6.00	—	6.00
Tunisia.....	—	13.00	13.00
Uganda.....	—	10.00	10.00
	<u>\$ 15.50</u>	<u>\$ 36.30</u>	<u>\$ 51.80</u>
<b>Telecommunications</b>			
Colombia.....	\$ 16.00	\$ —	\$ 16.00
Jamaica.....	11.20	—	11.20
Kenya, Tanzania & Uganda.....	13.00	—	13.00
	<u>\$ 40.20</u>	<u>\$ —</u>	<u>\$ 40.20</u>

**Bank Loans and IDA Credits 1966/67 by Purpose** (continued) Expressed in millions of US Dollars

	Bank	IDA	Total
<b>Agriculture</b>			
Bolivia—Livestock development.....	\$ —	\$ 2.00	\$ 2.00
Cameroon—Plantation program.....	7.00	11.00	18.00
China—Fishing vessels.....	14.40	—	14.40
Colombia—Irrigation and land development.....	9.00	—	9.00
Ecuador—Livestock development.....	4.00	—	4.00
Jordan—Agricultural credit.....	—	3.00	3.00
Kenya—Agricultural credit.....	—	3.60	3.60
Malaysia—Irrigation.....	10.00	—	10.00
Trinidad & Tobago—Settlement and land development.....	5.00	—	5.00
Tunisia—Cooperative farming.....	12.00	6.00	18.00
	<u>\$ 61.40</u>	<u>\$ 25.60</u>	<u>\$ 87.00</u>
<b>Water Supply</b>			
Pakistan.....	\$ —	\$ 1.75	\$ 1.75
<b>Project Preparation</b>			
Malawi.....	\$ —	\$ .49	\$ .49
Pakistan.....	—	1.00	1.00
	<u>\$ —</u>	<u>\$ 1.49</u>	<u>\$ 1.49</u>
<b>International Finance Corporation</b> .....	<u>\$100.00</u>	<u>\$ —</u>	<u>\$ 100.00</u>
<b>TOTAL</b> .....	<u>\$876.75</u>	<u>\$353.54</u>	<u>\$1,230.29</u>

Country	Object of Study	Bank Allocation
Afghanistan.....	Road maintenance.....	\$ 155,000
Ceylon.....	Highway planning and maintenance study.....	200,000
Congo (Brazzaville).....	Road feasibility.....	185,000
Costa Rica.....	Feasibility study of Ports of Moin and Puntarenas....	200,000
Liberia.....	Oil palm feasibility study.....	36,000
Morocco.....	Reorganization of public services for agriculture.....	196,000
Nicaragua.....	Feasibility study of expansion of Port of Corinto.....	175,000
<b>TOTAL</b> .....		<u>\$1,147,000</u>

Country	Object of Study	UNDP Allocation
Brazil.....	Transport survey (Phase II).....	\$1,730,000
Burundi and Tanzania.....	Bujumbura-Kigoma road study.....	359,000
Chile.....	Railway organization and operations.....	911,000
Costa Rica.....	Transport survey of the metropolitan area of San Jose	433,100
Dahomey.....	Land transport survey.....	512,500
Ghana.....	Studies of two trunk roads.....	426,000
Kenya, Tanzania and Uganda.....	East Africa transport study.....	675,000
Malaysia.....	Transport survey.....	1,315,100
Mali.....	Transport survey.....	204,000
Nigeria.....	Transport survey of mid-Western Nigeria.....	297,000
Tunisia.....	Preparation of a transport master plan.....	490,000
<b>TOTAL</b> .....		<u>\$7,352,700</u>

year. A third meeting of the countries interested in aid to Ceylon was held in Tokyo in April, under the chairmanship of the Bank. Brazil's economic position and prospects were reviewed at a meeting organized by the Bank in Paris in July of representatives of the major aid-giving countries and main international financial organizations.

For some time the Bank has been experimenting with arrangements for combining its own loans with bilateral export credits in such a way as to bring about the most economical procurement of goods and services and the financial terms most appropriate to the projects and the developing countries concerned. In late June the Bank sponsored a meeting in Paris at which representatives of Belgium, Canada, Denmark, France, Germany, Italy, Japan, the Netherlands, Spain, Sweden, Switzerland, the United Kingdom and the United States discussed the applicability of joint financing techniques and considered certain proposals for joint financing of projects in Mexico and Colombia. Discussions on these proposals are continuing.

The Bank was represented at meetings in London toward the end of 1966 of representatives of countries which are creditors of Ghana to discuss Ghana's debt-service problem. It was also represented at the first Ghana aid meeting held in Paris in April under the auspices of the International Monetary Fund. Bank observers attended meetings of representatives of creditors of Indonesia in Paris in December and in the Netherlands in February and June.

### Loans and Credits

#### Financing Public Services

Despite the greater emphasis placed by the World Bank Group on agriculture, industry and education during the past several years, the largest part of the

Group's financing has continued to be concentrated on high-priority projects to strengthen the infrastructure of the developing countries' economies. During the past year a total of 37 Bank loans or IDA credits involving finance of \$615 million was approved for projects in the fields of power development, transportation, telecommunications and water supply.

Of these, 19 loans totaling \$334.6 million were for power projects. The provision of adequate power supplies remains one of the foremost requirements for faster economic growth in the developing countries, where demand for electricity continues to grow extremely rapidly, often at a faster rate than the economy as a whole. An example is West Malaysia, where sales of the National Electricity Board (NEB) have more than doubled since 1960. During the past year the Bank made a further loan of \$37 million to the NEB. Including this loan, the Bank has extended a total of \$117.5 million to the Board, whose generating capacity will be over 700,000 kilowatts by 1970, a fivefold increase since 1958, when the Bank's first loan was made.

As in the case of the NEB, much of the Bank Group's lending for power has again been to help meet growing demand on power systems that have been assisted by Bank finance in the past. Loans made for power projects in Chile and Brazil are cases in point. In December the Bank extended a loan of \$60 million to help finance a further \$500 million expansion program being carried out by Empresa Nacional de Electricidad (ENDESA) in Chile. In a series of loans over an 18-year period, the Bank has lent \$125.4 million to Chile for power projects adding 950,000 kilowatts to Chile's generating capacity.

Just over \$100 million of the total amount lent by the Bank for power projects during 1966/67 was accounted for by

five separate loans for electric power expansion in Brazil. Beginning in 1949, 17 loans totaling \$468 million have been made to Brazil for projects which will add about 3.2 million kilowatts to generating capacity. As in other countries, Bank finance has also helped to provide associated transmission and distribution facilities.

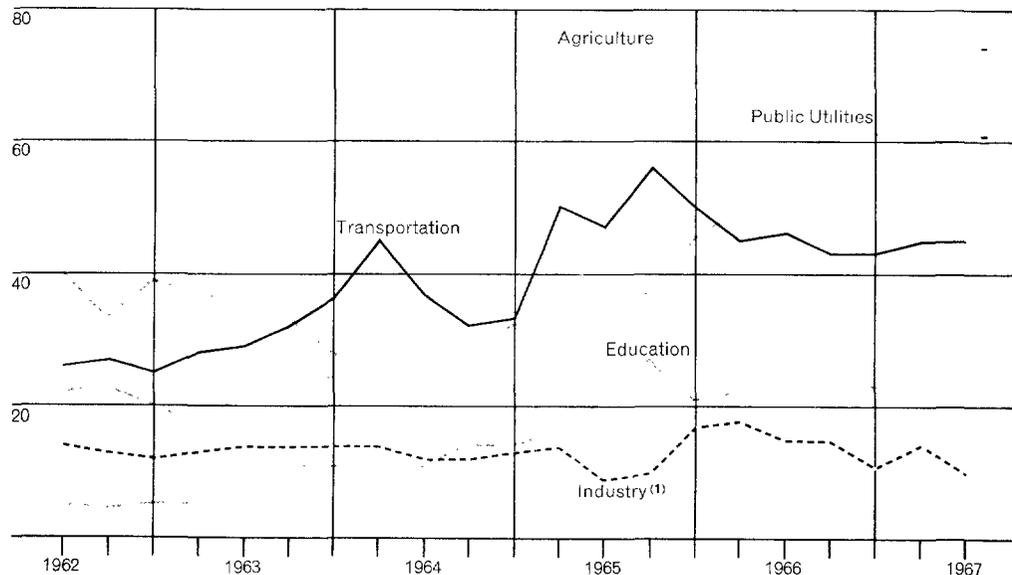
During the year the Bank made its second loan for power development to both Iceland and Swaziland, its third loan to Peru and Venezuela, its fourth loan to Pakistan, the Philippines, South Africa and Thailand, and its sixth loan to Nicaragua. In the Philippines, power development was also assisted by a \$12 million investment in the privately owned Manila Electric Company by IFC, the first investment by IFC in a public utility. A \$15 million loan was made to Guatemala for a project which

will more than double the supply of power in the country's Central Region.

Loans or credits totaling \$238.4 million were approved for transportation projects, of which \$183.0 million were for roads, \$31.6 million for railways and \$23.8 million for ports.

Road projects for which Bank or IDA finance was committed include a project to provide better transport facilities for agricultural areas in Kenya, and projects to improve sections of two of Zambia's most important trunk roads connecting the country with Malawi to the east and Tanzania to the north. In Honduras, a Bank loan is being used to pave the chief route for trade with El Salvador. The project will reduce transport costs on a major section of the Central American Inter-Regional Highway system. In the Malagasy Republic, two sections of one of the most im-

World Bank Group: Projects under Way  
(identification, appraisal, negotiation)  
As of June 30, Years 1962 to 1967



(1) Excluding Development Finance Companies.

portant roads are being reconstructed. When completed, they will create a 375-mile trunk highway providing access from the port of Majunga to the interior.

Of the three railway projects for which finance was provided in 1966/67, two were complementary projects for the rehabilitation and modernization of the inter-connecting railway systems in Mali and Senegal. These railways together form Mali's principal route for the transport of imports and exports through the Port of Dakar in Senegal. In April, the Bank approved a \$4 million loan for improvements at the Port of Dakar.

Finance was extended for a further water supply and drainage project during the year. The project will rehabilitate and expand the water supply, sewerage and drainage systems of Lahore, the second largest city in West Pakistan. For the first stage of this project, Sweden and IDA have agreed to finance 60% of the cost by each providing a credit of \$1.75 million. This is the second time Sweden and IDA have engaged in the joint financing of a project in Pakistan.

The Bank has again financed projects for the improvement of telecommunications. One of these is a regional project being carried out by the East African Posts and Telecommunications Administration to improve and expand telephone and telegraph services in Kenya, Tanzania and Uganda. A loan of \$13 million by the Bank will cover about half the total cost of this undertaking.

#### *Financing Agriculture*

The World Bank Group has continued to pay increasing attention to the development of agriculture during the past year. Among the developing countries the failure of food production to keep pace with population growth is causing increasingly serious difficulties. There is growing rec-

ognition that agriculture in these countries must be developed and modernized as a matter of considerable urgency, but a great deal remains to be done before this problem is solved.

The greater emphasis placed by the World Bank Group on agricultural development is reflected in the number of agricultural projects coming forward for financing. A total of 10 agricultural projects involving Bank or IDA assistance of \$87 million was approved by the Executive Directors during 1966/67. This raised the aggregate amount of finance provided by the two institutions for agriculture to \$1.1 billion. The volume of financing would have been higher but for economic, legislative and other difficulties in some member countries.

The continuing growth in the Group's agricultural activities is indicated by the increase in the number and diversity of projects under investigation and consideration. At the end of the fiscal year on June 30, 28 projects were in the process of appraisal or negotiation. About 40 others were in various stages of preparation.

The Bank has continued to provide support for large construction projects in the agricultural field, such as flood control and irrigation. The sector has also been a beneficiary, as in the past, of transportation and power projects. The main development during 1966/67, however, was the increased number of projects financed or under investigation by the Bank which involve other aspects of agricultural development such as farm credit, livestock production, land settlement, seed improvement, grain storage, and training and extension work. This was a reflection of the Bank Group's policy, initiated in the early 1960s, of becoming increasingly engaged with broad agricultural development programs.

In Tunisia, for example, the Bank and

IDA are providing \$18 million for a farming project under which traditional subsistence smallholdings, which offer little or no scope for effective development, are being combined with other government land to form viable production units. In Cameroon, \$18 million is being provided for a large-scale plantation program which will considerably increase the area under oil palm, rubber, tea and pepper in the Republic. This project is also being supported by a \$6.4 million loan from the Commission of the European Economic Community. The consolidation of smallholdings in Kenya into viable units has been further assisted by an IDA credit of \$3.6 million. In Trinidad and Tobago, a \$5 million loan has been made by the Bank for the settlement of some 1,800 farmers on about 12,000 acres of government land.

Finance for further livestock projects was approved during the year. A \$4 million Bank loan to Ecuador is helping to finance a livestock project under which modern techniques for the production of beef cattle will be introduced into the country. This should prove of value in developing standards which could be adopted on a much larger scale in Ecuador in the future, thereby having a significant impact on the development of the country's livestock industry. Similar long-term benefits are expected from a livestock development program in Bolivia, for the first stage of which IDA has extended a credit of \$2 million.

One of the essentials for the expansion of food production is the increased application of chemical fertilizers. On behalf of the Group, IFC has taken the lead in discussions aiming at establishing new fertilizer plants in the developing countries in partnership with domestic firms and oil and chemical companies in North America, Western Europe and Japan. Three important fertilizer projects in which IFC is par-

ticipating reached the financing stage in 1966/67: in Brazil, India and Senegal.

The Group has greatly strengthened its technical staff over the past few years to enable it to become more effective in agricultural development. Assistance has continued to be received from FAO under the agreement whereby the two organizations cooperate in the identification and preparation of projects to the point where they can be considered for financing by the Bank or IDA. During the past year, the Bank sent some 140 missions to more than 50 member countries in connection with Bank Group financing of agricultural development, in about 40 of which FAO participated. Under the Cooperative Program, FAO sent an additional 40 missions to identify and prepare agricultural projects.

In Africa, where the number of agricultural projects coming forward for consideration by the Group has increased sharply, the Group has had the support of its Permanent Missions in Eastern and Western Africa. These Missions help new African member countries in identifying and preparing projects for financing, particularly in the fields of agriculture and transportation. The Agricultural Development Service (ADS), which is attached to the Eastern Mission, has also been active. The ADS staff has been increased from 6 to 15 and several have already been assigned to member countries in Eastern Africa, on a reimbursable basis, to assist in the organization and management of agricultural development projects.

The difficulty of recruiting qualified people to organize and manage agricultural projects is a matter of continuing concern. The problem is a general one, but particularly acute in the case of livestock projects and applies to other parts of the underdeveloped world as well as Africa. Where it is impracticable to make other arrangements, the Bank is now prepared to hire a

few individual experts and make them available on a reimbursable basis to member governments to help organize and manage agricultural projects financed by the Group.

#### *Financing Industry*

During the year, Bank loans, IDA credits and IFC commitments intended to benefit the private sector (apart from agriculture) reached a new high level of \$524 million. This included the opening of a \$100 million line of credit from the Bank to IFC, the first since the completion of charter amendments enabling the Bank to lend IFC, in effect, up to \$400 million. With increased resources, IFC is in a position to undertake larger individual commitments—up to \$20 million—to assist the development of the private sector in the developing countries. Three of the commitments undertaken by IFC during the year, in fact, were for more than \$10 million, as against a previous maximum single commitment of \$6 million.

The increased volume of the Group's operations in the private sector required a correspondingly greater measure of staff support from IFC. IFC is the principal arm of the World Bank Group in dealings with the private sector: irrespective of which institutions of the Group provide the actual financing, IFC is responsible for the technical and financial appraisal and supervision of all projects relating to manufacturing industry, mining and development finance companies.

Much of the Bank Group's financing of private enterprise continued to be directed toward industrial production. A large proportion of the year's industrial financing was accounted for by three IDA credits totaling \$240 million to assist selected industries in India and Pakistan, principally manufacturers of capital goods, to import components and raw materials essential

for utilizing existing productive capacity. Of this amount, a total of \$215 million was extended to India as IDA's contribution to the \$900 million of non-project assistance that members of the Aid India Consortium agreed to provide during the Indian fiscal year ended March 31, 1967. This assistance was designed to support economic policy changes, including the easing of import and other controls, initiated by the Government of India. Since June 1964, IDA has extended four credits to help selected Indian industries manufacturing such products as industrial and electrical machinery, heavy construction equipment, commercial vehicles, machine tools and cutting tools, agricultural tractors, fertilizers and pesticides.

During the year, a \$25 million IDA credit was made available to Pakistan for financing the import requirements of several industries producing capital goods. They include steel and non-ferrous castings, electrical equipment, diesel engines, and tubewell and pumping equipment. This was the second such credit made to Pakistan by IDA.

Two World Bank loans totaling \$60 million went to assist individual industrial enterprises. A loan of \$30 million went to the Indian Iron and Steel Company Limited to help finance a project designed to increase the company's output of salable steel by about a third by 1970. This loan brought total assistance from the World Bank to the Indian steel industry in the private sector to \$206 million. In the Congo (Brazzaville), the Bank provided \$30 million in association with the European Investment Bank, which provided \$9 million, for a project designed to produce 500,000 tons of potash annually. The loans were made to the Compagnie des Potasses du Congo, a Congolese company established in 1964 by the Congolese Government and a French syndicate largely owned by

French Government agencies. This was the Bank's first loan to a government-owned manufacturing agency. The Bank is willing to consider financing ventures of this kind provided it is satisfied that they have experienced and efficient management.

The Bank and IDA together extended \$75 million in 1966/67—\$60 million from the Bank and \$15 million from IDA—to development finance companies in Iran, the Philippines and Turkey. All three had previously received assistance from the Bank Group. To June 30, 1967, the Bank Group had provided a total of \$565 million for 25 development finance companies in 21 countries—Austria, China, Colombia, Ethiopia, Finland, Greece, India, Iran, Israel, Ivory Coast, Liberia, Malaysia, Morocco, Nigeria, Pakistan, the Philippines, Spain, Thailand, Tunisia, Turkey and Venezuela. These development finance companies in turn had undertaken investment commitments of over \$1,700 million, chiefly in industries such as textiles, food products, chemicals and fertilizers, iron and steel, machinery and equipment, and pulp and paper. They have also provided their clients with technical and managerial assistance and, by underwriting new issues of industrial securities, have assisted in the development of capital markets.

#### *Financing Education*

The rapidly growing demand for skilled manpower in the developing countries is imposing a considerable strain upon the generally inadequate educational facilities. Five years have now passed since the World Bank concluded that there was a worthwhile role for it to play in the field of financing the creation of facilities for educational purposes. Deciding how to invest most productively in this field required careful appraisal of many alternatives. The Bank's conclusion was that its educational financing would have the

greatest impact if devoted to selected projects for general secondary education, vocational and technical training at all levels, and teacher training.

Between them, the Bank and IDA have provided \$137.9 million in loans and credits for 17 education projects. The rate of the Group's commitment of funds to education is growing. The \$51.8 million of loans and credits in the past fiscal year represents 38% of total commitments to education to date; and six projects are currently in various stages of appraisal. But the effectiveness of the Bank's program cannot be measured in financial terms or project numbers alone, for there is built into every project a considerable measure of technical assistance in the form of expert advice and recommendations.

In keeping with its guidelines, the Bank Group's financing of education during the past fiscal year has been concentrated on creating and expanding facilities to produce skilled and trained manpower. In Kenya, for instance, IDA is supporting with a credit of \$7 million a large school expansion program which, when completed in 1969, will substantially increase the number of places in general secondary schools, technical schools and primary teacher-training colleges. In neighboring Uganda, an IDA credit of \$10 million will help provide new schools and additional facilities to make 14,000 new places available at the secondary level. An IDA credit of \$6.3 million to Malawi is assisting in financing the construction of a new primary teacher-training college and additions to 12 secondary schools. A noteworthy feature of the secondary school expansion will be the introduction of a technical curriculum.

In all three countries, only a small proportion of the children completing their primary education are able to go to secondary schools at present or to receive

any sort of technical training because of the lack of facilities. A similar situation exists in other countries to which the Group extended finance for education projects last year. By helping to ease this bottleneck, the Group will contribute to an increase in skilled manpower for industry and agriculture and to a reduction in these countries' dependence on expatriates. In addition to the projects already mentioned, Bank loans or IDA credits were approved during the past year for high-priority education projects in Jamaica, Thailand and Tunisia. The credit to Tunisia was the second for an education project in that country.

From the first five years of the Bank Group's operations in the field of education, a pattern emerges indicating the directions in which Bank and IDA funds have been concentrated. Of the total proceeds of loans and credits for education projects, about two-thirds have assisted education at the secondary level. Commitments at the university level account for just over 15% and the rest is divided more or less equally between other post-secondary education and vocational training. By curricula, about 40% of the funds have been directed toward general education, 30% to technical education and 20% to agricultural studies, most of the remaining 10% going to teacher training. A substantial part of the funds for general education has gone into science laboratories and workshops for existing schools, making possible a more modern and practical curriculum at this level. Of the outlay of the total proceeds, 69% has been used to finance construction, while 28% has been used for equipment. Only 3% has been used to finance personnel.

While this pattern is likely to continue, the volume of operations is expected to increase. In the past year, 50 missions were sent to member countries in connection with Bank Group financing of

education projects; Unesco organized or participated in 22, and FAO cooperated in a number of joint missions in the field of agricultural education. The Bank is taking steps to increase cooperation with other agencies, especially with the development agencies of bilateral donors.

#### **Technical Assistance**

A factor seriously limiting economic growth in the less developed countries is the lack of skills at various levels. The Bank's technical assistance activities are directed toward helping within carefully considered limits to fill this gap and thus enabling the developing countries to make better use, in increased quantities, of their own and outside capital for development.

For countries that require outside help, including financial assistance, to establish priorities for investment in major economic sectors, or to prepare development projects, the Bank assists in various ways. The Bank normally encourages governments to look to the UN Development Programme (UNDP) for financing sector and feasibility studies. The Bank, however, stands ready to help in the preparation of applications to the UNDP, and to act, on request, as the Executing Agency for selected UNDP pre-investment projects. This means that the Bank helps to organize the study, negotiates the terms of reference with the government and the UNDP, employs consultants, when required, to carry on the study, supervises the work in the field and evaluates the resulting report. When the foreign exchange cost involved is \$200,000 or less, the Bank may itself finance the study through a grant. When larger amounts are involved, if UNDP financing is either not available or inappropriate, and if the country is eligible for IDA assistance, the foreign exchange cost of a study can be met by an IDA technical assistance credit.

As already mentioned, the Bank helps member countries to identify and prepare projects in the fields of agriculture and education by drawing on the expertise of the FAO and Unesco through its Cooperative Agreements with these two organizations. Assistance in meeting the urgent and special problems of African countries is provided by the Bank's two Permanent Missions on that continent and by the Agricultural Development Service. Meetings have been held with representatives of the African Development Bank, the Economic Commission for Africa and the UNDP to consider ways of cooperating in planning pre-investment studies for power, transport and telecommunications projects affecting more than one African country.

By organizing expert missions, the Bank assists member governments to formulate development programs as a framework for investment and to adopt policies conducive to economic growth. The Economic Development Institute (EDI), the Bank's staff college, helps to train senior officials of the developing countries in development techniques.

During the year, the Bank made grants of \$1,147,000 to meet the foreign exchange cost of seven new studies designed to bring projects or programs to the point of readiness for financing. This was a sharp decline from last year's figure of \$4.9 million, reflecting the implementation of the Bank's present policy of directing its member governments in need of grants for technical assistance of this kind to the UNDP as the member of the UN family specifically concerned with financing pre-investment studies. An additional \$50,000 was allocated for the Eastern Region Transport Study in India. On a reimbursable basis, IDA extended two credits totaling \$1.49 million to Pakistan and Malawi for project preparation.

The Bank agreed during the year to act

as Executing Agency for 11 pre-investment studies financed by the UNDP, more than in any previous year. The finance allocated by the UNDP for these studies amounted to \$7.4 million. Details of the studies, and of the new studies for which Bank finance has been allocated, are given on page 9.

Several studies were completed during the year. They included Bank-financed studies of the Gezira Irrigation Scheme in the Sudan, a land development scheme in Malaysia, and a river basin development scheme in Afghanistan. Other completed Bank-financed studies were: a study of the steel industry and the first phase of a transport survey in Brazil; road studies in the Cameroon, Chile, Niger and Nigeria; transport surveys in eastern India and Korea; and a port study in Somalia.

Four UNDP studies for which the Bank was Executing Agency were completed—a port transportation survey and a mineral survey in Surinam, a road study in Paraguay, and a power study in the south central region of Brazil. Work on a number of other studies continued.

The second part of a major study of the water and power resources of West Pakistan was virtually completed during the year. The study, carried out by a Bank team headed by Dr. Pieter Lieftinck, an Executive Director of the Bank and IDA, and assisted by a number of consultant firms, was financed by the Indus Basin Development Fund. The purpose of the study was to provide the Pakistan Government with a basis for planning the development of the water and power sectors in West Pakistan and to help determine which of several potential projects are economically viable and capable of execution during the two Five Year Plan periods 1965-70 and 1970-75.

The Bank's advisory work in the field of development planning has been expanded.

*A diversion tunnel at the Xavantes hydro-electric project under construction on the Paranapanema River in Brazil. The Bank has made 17 loans for the development of electric power in Brazil. The first loan was made in 1949, the last five in December 1966.*



Bank staff members visited Ethiopia, Ghana, Haiti, Iceland, Ivory Coast, Mauritania, Morocco and the Sudan during the past year to provide advisory assistance to governments in evolving suitable organizations for formulating and implementing development programs. In the case of Mauritania, a Bank team also assisted in the preparation of a development plan.

Members of the Bank staff were seconded to advise on development planning in Libya, the operations of a development finance company in Nigeria, project preparation and planning in Peru, economic policies in the Sudan, and the preparation of annual economic budgets in Tunisia. Similar advisory assignments were completed in Chile and Tanzania. The Bank has continued to maintain resident representatives in India and Pakistan. The Bank's resident representative in Ethiopia ended his term of service at the end of June.

In August 1966, the Johns Hopkins Press published *The Economic Development of Morocco*, the report of a general survey mission organized by the World Bank in 1964 at the request of the Moroccan Government to advise on measures needed to maximize Morocco's economic growth.

Two special agricultural reports, dealing with the development of agriculture in Spain and Greece, respectively, were published during the year. The reports, prepared at the request of the Governments, made recommendations concerning policy in the two countries. The Spanish agricultural report was drawn up by a joint Bank-FAO mission to Spain in late 1965, that on Greek agriculture by a mission organized by the Bank with FAO's cooperation during the first half of 1966.

The Bank's Economic Development Institute (EDI), established in 1955 as a staff college for senior government officials of developing countries responsible for economic and financial matters, increased the

number of courses on development problems offered during the year to six. As a result, the Institute now has at least one and usually two courses in progress throughout the year. During 1966/67, 147 officials from 68 countries participated in these courses, which included a six-month course on general development and courses of approximately three months each on the evaluation of development projects offered in French, Spanish and English as well as courses in English on agricultural projects and industrial projects. By June 30, 1967, about 750 officials from 100 countries had participated in all courses given by the EDI since its establishment.

In addition, the Institute extended assistance to regional and national training courses sponsored by other agencies. Early in 1967 teaching staff and teaching materials were provided for a six weeks course in project evaluation held in Nairobi, Kenya for participants from five countries in East Africa; the course was organized by the U.N. African Institute for Economic Development and Planning and the Staff College of the East African Common Services Organization. Similar assistance was provided for an industrial projects course, sponsored by the Industrial and Mining Development Bank of Iran in association with the University of Tehran, held in Iran in June and July 1967 for participants from Afghanistan, Iran, Pakistan and Turkey. EDI staff have also conducted seminars at courses of several other training institutions, such as the U.N. Asian Institute for Economic Development and Planning in Bangkok.

#### **Economic and Other Studies**

In addition to increasing its studies of individual member countries' economies and economic problems, the Bank has expanded its work in areas of broad general

interest in the field of economic development. Among activities in this category, one of the most important is the gathering, analysis and presentation of basic economic data, and in particular information on the external debt of member countries.

A new expanded system of debt reporting, established and operated jointly by the Bank and the Organization for Economic Cooperation and Development (OECD), came into force on January 1, 1967. The new system consolidates the activities of the Bank and OECD in collecting information on debt and international capital flows and should result in the availability of more comprehensive, reliable and up-to-date data. During 1966/67, the Bank also set up a system to report on the flows of capital and assistance from one developing country to another.

Two studies begun earlier were completed during the year. One of these, a study of the nature, use and effects on development of suppliers' credits, undertaken at the request of UNCTAD, was submitted to the Secretary-General of the United Nations in January. The study suggested various ways to help increase the usefulness of suppliers' credits as an instrument of international finance, while avoiding the debt crises and other problems resulting from excesses and abuses in their use.

A first draft of a multilateral investment insurance scheme, prepared by the staff of the Bank as a basis for discussion, was also completed during 1966/67. The scheme provides for insuring new foreign private investment made in a developing country against risks of a non-commercial nature. This study, also requested by UNCTAD, is based on earlier work by OECD. The draft was submitted to member governments and interested organizations for review and comment. As the next step in the consideration of this matter,

the Executive Directors began discussion of the draft in May.

Another study produced in 1965/66 by the Bank staff at UNCTAD's request, on *Supplementary Financial Measures*, was discussed at two meetings of a special inter-governmental working group set up to examine the scheme by the Committee on Invisibles and Financing Related to Trade of the U.N. Trade and Development Board. Under the scheme, 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. Members of the Bank staff attended the meetings.

Work has continued, in conjunction with FAO and the International Coffee Organization, on the study to examine the need of the main coffee-producing countries to diversify into other lines of production and to identify the possibilities for such diversification. The Bank agreed to increase its contribution toward the costs of the study by \$90,000 to \$290,000.

In May 1967, the Johns Hopkins Press published *Experiences with Agricultural Development in Tropical Africa*. This study of successes and failures of agricultural development programs in tropical Africa was carried out over a two-year period under the auspices of the World Bank by a research team headed by Mr. John C. de Wilde, one of the Bank's senior economists. Ways of implementing some of the study's recommendations have been discussed in the Bank during the past few months.

The Bank wishes to make its own knowledge and experience in the development field as widely available as possible. To this end, the Bank has started the publication of a series of occasional staff papers to make research undertaken within the Bank available to others engaged or inter-

ested in economic development. The first two papers in this series, published in October, were entitled *The Economic Choice between Hydroelectric and Thermal Power Developments* and *Quantification of Road User Savings*.

#### The Bank's Finances

Net income of the World Bank for the fiscal year was \$170 million, compared with \$144 million in the previous year. The sharp increase in earnings reflected in part the higher yields obtainable on the Bank's temporary investments during the period and an increase in loans held by the Bank. Commissions still charged on the outstanding portion of a few of the Bank's earliest loans amounted to \$0.7 million and were credited to the Special Reserve, raising it to \$290.4 million at June 30, 1967.

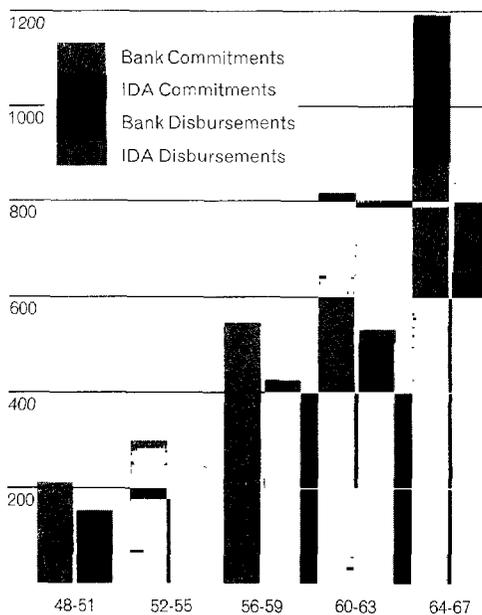
Gross income was \$331 million, com-

pared with \$292 million in 1965/66. The increase was mainly accounted for by a rise to \$247 million from \$219 million in interest on loans, a gain of \$28 million, and a rise of \$9 million in income from temporary investments from \$63 million to \$72 million. Total expenses amounted to \$161 million. Bond and note interest and issuance costs were \$131 million, an increase of \$13 million. This stemmed both from a higher level of funded debt outstanding and the higher cost of funds borrowed during the year. Administrative costs rose by \$3 million to \$24 million. Expenditure on services to member countries declined by \$2 million to \$6 million. These services included sector and feasibility studies, special economic missions, resident and advisory missions, the Bank's cooperative programs with FAO and Unesco, and training programs for officials from the less developed countries. The decline reflected the Bank's policy, referred to earlier, of directing member governments in need of grants for technical assistance for pre-investment studies to the UNDP as the member of the UN family specifically concerned with providing finance of this kind.

Loans held by the Bank at June 30, 1967, including those not yet effective, and net of exchange adjustments, totaled \$7,122 million, an increase of \$594 million. Disbursements on loans during the year reached \$790 million, a new high level, compared with \$668 million in the previous period. The sum of \$2,393 million remained to be disbursed over a period of years, estimated to extend to 1973.

The Bank's borrowers repaid \$346 million on maturing loans in the year, compared with \$328 million in 1965/66. Repayments included \$188 million paid to the Bank and \$158 million paid to investors who had purchased borrowers' obligations from the Bank. Aggregate repayments on the Bank's loans to June 30,

Bank and IDA: Commitments and Disbursements  
Four Year Averages/Fiscal Years  
In millions of US Dollars



1967, were \$2,560 million, \$1,297 million having been repaid to purchasers of loans and \$1,263 million to the Bank.

Sales of participations and portfolio assets declined during 1966/67 to \$69 million from \$82 million in the previous year. As in the three preceding fiscal years, the chief contributing factors were the upward movement of interest rates on competing securities and the restriction on overseas investments from some capital-exporting countries.

Outstanding funded debt of the Bank on June 30, 1967, aggregated \$3,075 million, an increase of \$269 million. During the year the Bank offered or placed issues of securities totaling \$554.2 million. Of these, issues equivalent to \$390.2 million were for new money and refunded issues amounted to the equivalent of \$164 million. The new money issues consisted of public offerings in Canada, Switzerland and the United States, a private placement in Switzerland and one international offering made primarily to central banks.

The offering in Canada comprised Can \$20 million (equivalent to US\$18.5 million) of 6¼% Twenty-five Year Bonds. This was the Bank's sixth issue in Canada, and the third issue in less than two years. In Switzerland, SwF 60 million (equivalent to US\$14.0 million) of 5% Eighteen Year Bonds were offered.

In the United States, an issue of \$250 million of 5¾% Twenty-five Year Bonds was offered in March. Of this, \$90.1 million was sold for immediate delivery and is included in outstanding debt, and \$159.9 million was sold for delayed deliveries on various dates after the end of the fiscal year and is therefore not included in outstanding debt at June 30, 1967.

A new issue of \$100 million of 5¾% Two-Year U.S. Dollar Bonds of the Bank was privately placed outside the United States with central banks and government

institutions in 43 countries and one international institution. The Bank placed privately in Switzerland SwF 33.3 million (equivalent to US\$7.7 million) of 5¾% Two-Year Notes with a group of leading Swiss banks.

Delivery was made during the fiscal year of \$100.8 million of an offering of \$175 million of 5¾% Twenty-five Year Bonds made in the United States in June 1966. The remainder of the issue, amounting to

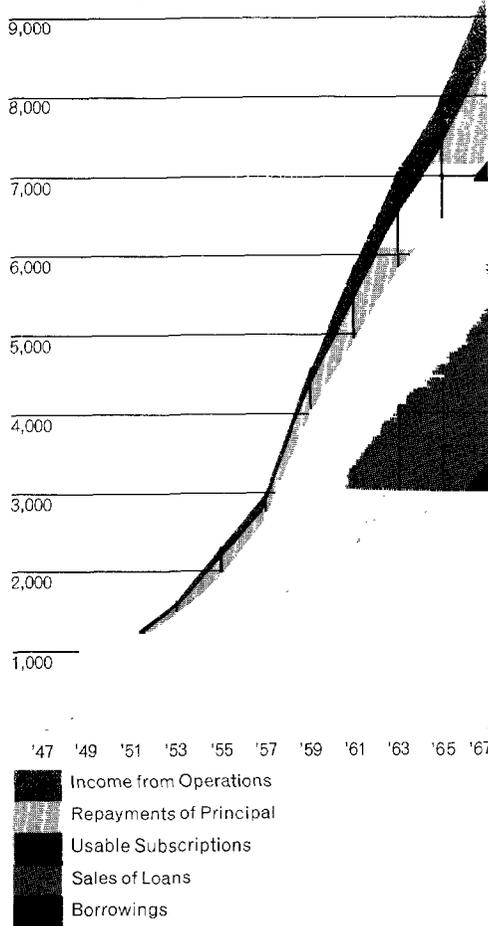
\$74.2 million, is scheduled to be delivered during the year and is not included in outstanding debt at June 30, 1967.

Refunding of maturing bonds and notes during the year amounted to the equivalent of \$164.0 million. The Bank refinanced, at maturity, notes totaling \$44 million and DM 80 million (equivalent to US\$20 million) which matured on August 1, 1966, and February 1, 1967, by the issuance of new notes totaling \$32 million and DM 128 million (equivalent to US\$32 million) with maturities in 1968 and in 1969/70. Of these amounts, notes for \$16 million and DM 64 million were issued on August 1, 1966, with an interest rate of 5¼%, and \$16 million and DM 64 million were issued on February 1, 1967, with an interest rate of 5½%.

An issue of \$100 million of 4¼% Two-Year U.S. Dollar Bonds fell due on October 1, 1966, and was refunded through the placement, outside the United States, of an equal amount of 6% Two-Year Bonds with central banks and government institutions in 35 countries and one international organization. A 4% loan of Sw F 33,333,333 (equivalent to US\$7.7 million), held by the Swiss Government, became due during the year and was repaid. A total of \$54.1 million of the Bank's bonds was retired through sinking fund and purchase fund operations.

The cost of funds obtained in the investment markets moved upward during the first half of the fiscal year, continuing a trend that began in the preceding year. As a result, interest costs on Bank obligations offered or placed in the first six months of 1966/67 reached peak levels. The 6¼% Twenty-five Year Bonds offered in Canada in November 1966 were priced at 98 to give a yield of 6.41%, the highest offering yield on any World Bank issue. In the second half of the year, issues of

**World Bank: Funds Available for Lending**  
As of June 30, Years 1947 to 1967  
In millions of US Dollars



Bank bonds were sold at costs which were lower but were still high compared with interest costs in previous years. The average cost on all Bank issues offered during the fiscal year was 5.54%, compared with 5.08% in 1965/66.

The Bank continued to make new loans in the less developed countries at the 6% rate adopted in February 1966, though the question of interest rate in this period of rising cost of new borrowings was under continuous close review. The lending rates to borrowers better able to raise external capital from market sources—the so-called “market eligible” countries—also remained unchanged, the highest rate for this category of borrowers continuing at 7%.

Under a decision approved by the Board of Governors at the Annual Meeting in

#### Increase in Outstanding Funded Debt: 1966/67

	\$ millions (equiva- lent)	\$ millions (equiva- lent)
<b>NEW BORROWINGS</b>		
US dollars . . . . .	350.0*	
Canadian dollars . . . . .	18.5	
Swiss francs . . . . .	21.7	390.2
<b>REFUNDINGS</b>		
US dollars . . . . .	132.0	
Deutsche mark . . . . .	32.0	164.0
<b>DELIVERY OF BONDS SOLD IN PREVIOUS YEARS</b>		
US dollars . . . . .		100.8
		655.0
<b>LESS:</b>		
Issues refunded (see above) . . . . .	164.0	
Issue matured and repaid (Swiss francs) . . . . .	7.7	
Purchase and sinking fund redemptions (various currencies) . . . . .	54.1	
Bonds sold in 1966/67 on delayed delivery basis (US dollars) . . . . .	159.9	385.7
<b>NET INCREASE IN OUTSTANDING FUNDED DEBT . . . . .</b>		<b>269.3</b>

\*This does not include an issue in the United States of Twenty-five Year 5% Bonds offered in June 1966 for delivery after June 30, 1966, as noted in the last year's Annual Report.

September 1966, \$75 million of the Bank's net income for the fiscal year 1965/66 was set aside for transfer to IDA in the form of a grant, after \$68.7 million from net income had been allocated to the Supplemental Reserve. After the close of the 1966/67 fiscal year, the Executive Directors allocated \$160 million of net income of the fiscal year, amounting to \$170 million, to the Supplemental Reserve, raising that Reserve to \$892 million and total Reserves to \$1,183 million. The Executive Directors at the same time recommended to the Board of Governors that \$10 million be transferred to IDA by way of a grant.

#### IDA's Finances

The bulk of usable resources available to the International Development Association has been contributed by 18 governments, referred to as Part I members. Their original subscriptions to IDA, and their subsequent contributions to the first re-

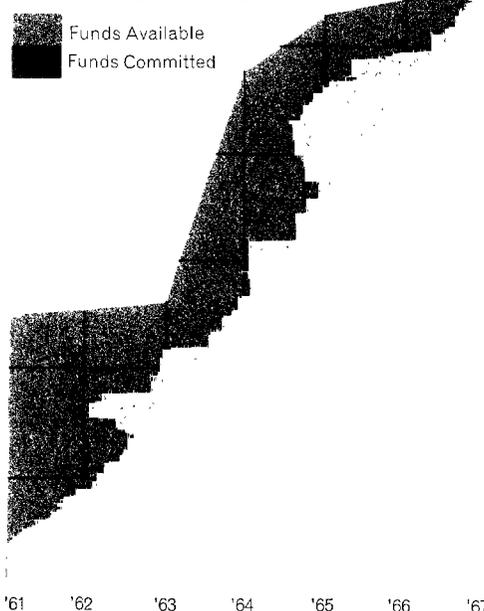
plenishment of IDA resources, have been made on a fully convertible basis. At June 30, 1967, the resources which the Part I countries had undertaken to provide amounted to \$1,524 million as follows:

	millions of US dollars	%
Australia . . . . .	39.98	2.62
Austria . . . . .	10.08	0.66
Belgium . . . . .	16.50	1.08
Canada . . . . .	79.53	5.22
Denmark . . . . .	16.24	1.07
Finland . . . . .	6.13	0.40
France . . . . .	114.83	7.53
Germany . . . . .	125.56	8.24
Italy . . . . .	48.16	3.16
Japan . . . . .	74.84	4.91
Kuwait . . . . .	6.72	0.44
Luxembourg . . . . .	.75	0.05
Netherlands . . . . .	44.24	2.90
Norway . . . . .	13.32	0.88
South Africa . . . . .	14.08	0.93
Sweden . . . . .	53.23*	3.49
United Kingdom . . . . .	227.74	14.94
United States . . . . .	632.29	41.48
<b>TOTAL . . . . .</b>	<b>1524.22</b>	<b>100.00</b>

\*The figure for Sweden includes six special contributions totaling \$28.14 million, which are supplementary to Sweden's original subscription and contribution to the first replenishment of IDA (\$25.09 million).

#### IDA: Funds Committed and Funds Available

As of June 30, Years 1961 to 1967  
In millions of U.S. Dollars



Of the original subscriptions of the remaining 79 members of IDA, referred to as Part II countries, only 10%, amounting to \$25 million, has been paid in convertible funds; the remainder is in national currencies, and can be used only with the consent of the country concerned. From this 90% portion, a total of \$18 million had been released by the end of the fiscal year by eight Part II countries (Iceland, Ireland, Israel, Jordan, Mexico, Panama, Spain and Yugoslavia).

In allocating the World Bank's net income in 1963/64, the Board of Governors, after making a transfer to the Bank's Supplemental Reserve, approved the transfer of the remainder, amounting to \$50 million, as a grant to IDA. Similar transfers to IDA of \$75 million each were approved by the Board of Governors from the Bank's net

earnings in the fiscal years 1965 and 1966, making a total for the three years of \$200 million. Including \$14 million of IDA's own net income, the cumulative total of usable resources made available to IDA is thus \$1,781 million as at June 30, 1967.

The Association made \$353.5 million of development credits during the fiscal year and the cumulative total of IDA commitments at June 30, 1967, was \$1,694.2 million, leaving a net of \$86.8 million of uncommitted resources: this entire remainder had been earmarked for projects already in the final stages of consideration.

Disbursements by IDA in the fiscal year amounted to \$342.1 million, which brought total disbursements at June 30, 1967, to \$1,023.7 million. The undisbursed balance of the Association's credits amounted to \$670.5 million on the same date.

Proposals concerning a second replenishment of IDA's resources were submitted by the President of the Association to Part I countries in July 1966 and discussions are continuing.

### Settlement of Investment Disputes

The Convention on the Settlement of Investment Disputes between States and Nationals of Other States came into force on October 14, 1966, 30 days after the deposit of the twentieth instrument of ratification. Under the Convention, which was prepared by the Executive Directors and staff of the Bank with the assistance of many legal experts over a period of several years, an International Centre for Settlement of Investment Disputes has been established providing facilities for the settlement, by voluntary recourse to conciliation or arbitration, of investment disputes between contracting States and foreign investors who are nationals of other contracting States.

By August 1, 1967, the Convention had been signed by 53 countries and ratified

by 32 of them. Signatories at August 1, in the order of signing, are shown below:

Tunisia*	Ghana*
United Kingdom*	Belgium
Jamaica*	France
Ivory Coast*	Congo (Brazzaville)*
Pakistan*	China
Nigeria*	Togo
Mauritania*	Germany
Niger*	Cyprus*
Central African Republic*	Greece
United States*	Korea*
Liberia	Chad*
Dahomey*	Austria
Upper Volta*	Kenya*
Ethiopia	Netherlands*
Gabon*	Malagasy Republic*
Cameroon*	Uganda*
Japan	Malawi*
Sweden*	Norway
Somalia	Iceland*
Sierra Leone*	Ireland
Nepal	Senegal*
Luxembourg	Afghanistan
Denmark	Trinidad and Tobago*
Morocco*	Burundi
Malaysia*	Sudan
Italy	Yugoslavia*
	Finland

\*Instrument of ratification has been deposited

At the inaugural meeting of the Administrative Council of the Centre on February 2, 1967, Mr. Aron Broches, General Counsel of the Bank, was appointed Secretary-General of the Centre for the period ending September 30, 1968. Mr. Broches will continue to be General Counsel of the Bank while serving in his new position. The Administrative Council consists of one representative of each contracting State. The President of the Bank is *ex officio* Chairman of the Council.

In addition to electing a Secretary-General, the Council adopted the provisional administrative and financial regulations of the Centre, provisional rules of procedure for the initiation and conduct of conciliation and arbitration proceedings, and an initial budget for the Centre. It also ap-

proved arrangements for the use of the World Bank's administrative facilities and services. The Council agreed to invite Switzerland, which is not a member of the Bank, to become a party to the Convention.

The Convention was sponsored by the Bank in the belief that the creation of an institution especially designed to facilitate the settlement of investment disputes between States and foreign investors could be a significant step toward promoting an atmosphere of mutual confidence, and that adherence to the Convention would stimulate a larger flow of private international capital to those countries which wish to attract it.

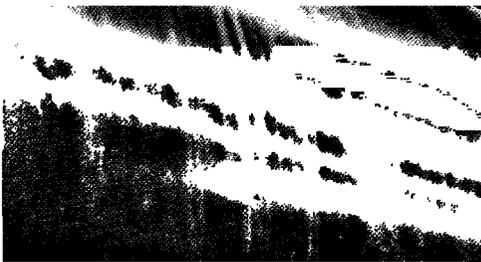
Fuller details of the Centre's affairs are contained in its Annual Report. The first Annual Meeting of the Centre will be held in Rio de Janeiro, at the same time as the Annual Meetings of the Bank, IDA and IFC, during the week beginning September 25, 1967.

### Membership and Administration

During the fiscal year the Bank's membership increased from 103 to 106 governments. Singapore joined in August and Guyana in September. Indonesia was readmitted to membership in April. Guyana also joined IDA, increasing its membership to 97. At the end of the year, action was pending on applications for membership in the Bank from The Gambia, Lesotho and Malta, and for membership in IDA from The Gambia, Guinea, Indonesia, Lesotho, Malta, Trinidad and Tobago, Uruguay and Venezuela.

The Bank's subscribed capital increased during the fiscal year from \$22,426 million to \$22,850 million. Singapore's subscription to the Bank is \$32 million, Guyana's \$16 million, and Indonesia's \$220 million. Guyana's subscription to IDA is \$810,000. In addition, eight governments increased their subscriptions to the Bank's

*Adjusting a bogie on a newly assembled tank wagon in the Chief Mechanical Workshops at Nairobi, Kenya. An expansion and modernization program being carried out by the East African Railways and Harbours Administration is receiving Bank finance.*



capital by a total of \$155.4 million, as shown in the following table:

Member	millions of US dollars	
	From	To
Canada.....	750.0	792.0
Greece.....	50.0	66.7
Iraq.....	55.0	64.0
Liberia.....	15.0	21.3
Morocco.....	70.0	96.0
Nicaragua.....	6.0	8.0
Syrian Arab Republic.....	33.3	40.0
Venezuela.....	140.0	186.7

At the end of June 1967, the staff of the World Bank and IDA numbered 1,447 comprising nationals of 73 countries.

In September 1966, Mr. Mohamed Shoaib, former Finance Minister of Pakistan, who had served as an Executive Director of the Bank from 1952 to 1963, was appointed a Vice President of the Bank and IDA; Mr. Shoaib has also been designated a member of the President's Council.

Mr. Simon Aldewereld, who since his appointment as Vice President in 1965 had continued to serve as Director of the Projects Department, relinquished his position as Director in April 1967 in order to give his full time to vice-presidential duties. Mr. Bernard Chadenet, previously Associate Director of the Projects Department, became Director of the Projects Department.

Two new departments were created during the year. To give closer attention to the countries in the area from Morocco to Iran, the creation of the Middle East and North Africa Department was announced in April, to come into effect from June 1, 1967. It is headed by Mr. Michael L. Lejeune, who had been Director of Administration since 1964.

The Department of Program Evaluation and Control was established in February. Its principal responsibility is to make a continuing review of the effectiveness and efficiency of the World Bank Group in

achieving its objectives. The Department will evaluate operational procedures, existing programs and proposals for new programs and make recommendations with respect to them to the President. The Director of the Department is Mr. J. H. Williams, who had been Deputy Director of the Bank's Africa Department.

Mr. Hugh B. Ripman has become Director of Administration in succession to Mr. Lejeune. He was formerly Deputy Director of the Projects Department.

Mr. K. S. Krishnaswamy, Economic Adviser to the Indian Planning Commission since 1964, became Director of the Bank's Economic Development Institute on May 1, 1967, at the expiration of the five-year term of Mr. John H. Adler, who has become a Senior Adviser in the Bank's Economics Department.

The first four groups to be appointed under the Program for Selecting Young Professionals have completed their training, and are now assigned to regular positions on the staff of the Bank and the International Finance Corporation. Three additional groups numbering 39 are in training and the eighth group of 14 will enter the Bank in October 1967, bringing the total in the Bank to 97 recruits from 36 countries, as shown in the following table:

Argentina.....3	Netherlands.....	2
Austria.....3	New Zealand.....	1
Belgium.....4	Nicaragua.....	1
Canada.....2	Nigeria.....	1
China.....1	Norway.....	2
Cuba.....1	Pakistan.....	4
France.....8	Philippines.....	2
Germany.....8	South Africa.....	1
Ghana.....1	Spain.....	2
Greece.....1	Sweden.....	2
Guyana.....1	Switzerland.....	3
India.....8	Thailand.....	1
Iran.....1	Togo.....	1
Israel.....1	Turkey.....	1
Italy.....5	United Arab Republic..	1
Jamaica.....1	United Kingdom.....	12
Japan.....2	United States.....	7
Mexico.....1	Yugoslavia.....	1

## Part Two: Trends and Outlook in Development Finance

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## Over-all Trends

In recent years, output has continued to grow in the developing countries<sup>1</sup> despite important setbacks in some. A number of countries have done well, attaining growth rates considerably beyond expectations. Most rapid growth has been in industrial production, starting from a low base, while output in agriculture has lagged. On a per capita basis, growth in Gross Domestic Product has been slower, while agricultural output in many countries has actually declined.

Through the first half of calendar 1966, the industrial countries experienced relatively rapid growth rates, even exceeding the rate needed to achieve the growth target set by the Ministerial Council of the Organisation for Economic Cooperation and Development (OECD) in a 1961 resolution. The statement listed as one advantage of rapid growth that "it will enable industrialized member countries to contribute more effectively to the development of less-advanced countries." Beginning in mid-1966 and extending into calendar 1967, however, economic expansion in the industrial countries has slowed down. The short-term outlook in this respect is uncertain.

The rapid increase in production of the industrial countries through the middle of

the 1960s resulted in a relatively high level of demand for exports of developing countries, especially of petroleum; most countries which depend on agricultural raw materials increased their export earnings at a much lower rate. The deceleration of growth of the world economy since the middle of 1966 has adversely affected demand for most primary commodities. At the time of this Report, July 1967, the combination of uncertainties in international relations and in the economic outlook of the industrial countries, makes it difficult to project the likely course of export demand. Unless the pace of activity in industrial countries increases, the prospect for the remainder of the 1960s seems to be slower growth in the export earnings of developing countries than the rate achieved in the first half of the decade.

While external resources available to the developing countries have remained inadequate, their ability to absorb capital efficiently has improved. The record is by no means uniformly good. Some countries have failed to take the measures necessary to put their development on a sound basis. Many of them, however, have come to appreciate the need for better economic performance if development is to proceed successfully. Many have made improvements in various aspects of economic policy affecting domestic resource mobilization, private investment and production activity, the programming of government investment, exchange rates and trade. They have also taken steps to improve economic administration and the identification, planning and execution of investment projects. The need for emphasis on expansion of agricultural output has gained wider recognition, and more countries have taken measures to allocate greater resources to this purpose and to frame and implement policies designed to stimulate and facilitate expanded produc-

tion. Some countries whose meager resources are being excessively strained by rapid population growth are beginning to take positive steps to reduce their birth rates. Some developing countries which had run into serious economic trouble, e.g., Indonesia and Ghana, have made fundamental changes in their general economic and development policies.

A major factor affecting the flow of capital to the developing countries has been the persistence of balance of payments problems in the United States and the United Kingdom. Budgetary problems in a number of industrial countries have been further obstacles to the provision of satisfactory levels of development assistance. Thus, there has been continued stagnation in the over-all volume of aid, coupled with the tying of bilateral assistance to procurement in the donor countries. Average terms of development loans have tended to harden in recent years; in 1966, however, they became somewhat more concessionary than in 1965. A continuing growth in the gross capital flow is required just to maintain the net flow (net of amortization) at the present figure of around \$6.5 billion. Otherwise the trend of rising amortization payments will reduce the amount of foreign exchange available to the developing countries for import financing.

The volume of private capital flows to developing countries has been subject to strong fluctuations, and it declined considerably from 1965 to 1966. Excluding exporters of petroleum and some metals, the inflow of private capital has been on a relatively small scale. The total inflow of private capital to all developing countries has been around \$2 billion a year net of amortization and recorded capital outflows. If the disturbances of the recent past continue, there is little likelihood of a marked improvement in the near future.

(1) 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, Romania, Mainland China, Mongolia, North Korea, North Viet-Nam, the Union of Soviet Socialist Republics and Cuba. 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 covers about 1,640 million people or more than 70% of the world's population outside of the excluded countries listed above. The countries other than the excluded group and the "developing countries" are referred to as "developed" or "industrial" 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 and has no relevance as to the countries which are or are not currently considered for development finance from the Bank or IDA.

Simultaneously, there has been a substantial increase in the debt-service burden of developing countries, to the point where a number of countries are devoting 20% of their exchange earnings from exports to the servicing of interest and amortization payments on external debt. Certain countries have experienced crises, requiring rescheduling or refinancing of their debt. Some of the debt crises represent short-term problems arising out of excessive borrowing on short term and the peaking of debt-service obligations in a short period. Others, however, constitute more difficult and stubborn long-term problems arising out of the fact that the terms of past and present aid, together with the continuing aid flow required, if extended on the present average terms, will create debt-service obligations which are almost certain to be unmanageable for a considerable period in the future.

By mid-1966, interest rates in major financial markets had reached their highest levels since the 1920s despite continued high levels of savings in the industrial countries. This rise in interest rate was mainly the result of continued rapid growth in the major industrial countries, combined with a preference for use of monetary rather than fiscal policies to check inflationary pressures. As economic activity slackened in the second half of 1966, monetary policy became less restrictive. Interest rates declined by the end of the year in most capital markets, but by mid-1967 they had risen again to well above the level prevailing since the twenties. The higher interest rates considerably increased the cost of capital for international development institutions and for the few developing countries which borrowed in external capital markets.

Current discussions in the field of trade are of prime importance for the future growth of the developing countries. More

attention is being given to the implications of regional groupings, both in the industrial and developing areas. It is too early to assess the full implications for the developing countries of the so-called "Kennedy Round" agreements which were negotiated among the GATT (General Agreement on Tariffs and Trade) members reducing tariff barriers, though it is clear that they should help to foster world prosperity by encouraging a more economic international division of labor in the production and trade of the industrial countries. Improvements in world markets for exports from developing countries will be a critical factor for economic development.

In recent years there has been growing awareness that the successful application of development finance can take place only in an environment with a sufficient degree of political stability, and with expanding foreign trade and proper domestic economic policies. Thus, more rapid development depends only in part on adequate and dependable assistance on appropriate terms. It also calls for the modification of trade policies in order to improve world markets for exports from developing countries. And it requires a more determined and better sustained effort by the developing countries to improve the management of economic affairs and to give development the highest priority.

### **Growth in Developing Countries**

The developing countries as a group seem to have increased their Gross Domestic Product close to 5% in 1966, according to preliminary and rough estimates. Between 1960 and 1965, the combined annual growth rate of developing countries has been about 4.8%, slightly higher than the average of the 1950s (Table 1). The developing countries, other than those of Southern Europe, increased their GDP from 1960 to 1965 at an average rate of

4.3%, falling somewhat short of the 5% growth target adopted in the Development Decade resolution of the General Assembly of the United Nations for the late 1960s and less than 2 percentage points above their current rate of population growth.

Aggregate figures for all developing countries, of course, conceal wide variations. Among the major developing regions, the fastest growth, more than 7% per year, has been in Southern Europe and the Middle East. East Asia achieved average growth of 5% in the first half of the 1960s, about the same rate as in the previous decade, but the regional average was reduced by sluggish growth in Indonesia. Latin America sustained over-all growth of 4.7% per year in the 1960s. The regional average was reduced by slower growth in the two largest countries in terms of GDP, Argentina (3.4%) and Brazil (4.4%).

The slowest growing regions in the 1960s have been Africa and South Asia, where GDP has increased at average annual rates of 3.6% and 3.2%, respectively, somewhat less than in the previous decade. The slowdown in Africa resulted largely from special circumstances in Algeria, where GDP actually declined from 1960 to 1965, and in the Democratic Republic of Congo. The slow growth of India, averaging less than 3% per year, chiefly determined the sluggishness of South Asia's expansion in the first half of the 1960s.

In per capita terms, growth of developing countries was much slower. Their rate of population growth accelerated to 2.4% per year from 1960 to 1966, compared with 2.1% in the 1950s. Correspondingly, their average per capita economic growth in the 1960s was reduced to 2.3%; if Southern Europe is excluded, the figure becomes only 1.7%. Thus, per capita growth rate has been much slower in developing

countries compared to the industrial ones, considerably widening differences in average per capita incomes between these two groups.

Salient features of development performance from 1960 to 1965 for 40 developing countries by main regions are shown in Table 2. The data are obtained chiefly from country surveys by World Bank staff. While these 40 countries account for close to 70% of the total GDP of developing countries, they are not necessarily representative. They probably show a somewhat better average performance

than developing countries as a whole; certain larger countries for which consistent data are not available are known to have a less satisfactory growth record than the average.

In all regions, manufacturing output increased considerably faster than GDP. By contrast, aggregate agricultural output in the 40 countries lagged behind population increase. In South Asia, per capita agricultural output has declined, mainly reflecting slow agricultural growth in India. Since agriculture is still the dominant sector in most developing countries, its sluggish

expansion has been a major cause of the slowdown in per capita growth of GDP.

There seems to have been a close relationship between growth rates and the expansion of external trade in the various regions. Areas which achieved more rapid growth—Southern Europe, the Middle East and East Asia—have also had fairly high rates of increase in exports and imports. On the other hand, South Asia and those African countries for which comprehensive data are available have been lagging in growth of both GDP and external trade.

Table 2 also shows that more than 80% of gross investment of developing countries has been financed by national savings. External capital inflow, notwithstanding its vital role, has financed less than 20% of gross investment. The share of net capital inflow in financing investments has been highest in Africa, Southern Europe and the Middle East, accounting for about 30%. In South and East Asia net capital inflow financed less than 20% of investments, while in Latin America its share has not exceeded 12%.

### Trade and Payments of Developing Countries

Total merchandise exports of developing countries rose at an annual rate of about 6.5% between 1960 and 1965 (Table 3). Exports to the Western industrial countries and Japan, which account for three-quarters of the total, increased approximately 6% in 1966, or about the same as in the previous five years. Exports to Soviet countries rose by about 16% per year between 1960 and 1965, but they still represent only 8% of the total. Despite widespread emphasis on the expansion of intraregional trade among developing countries, the expansion of such trade has not exceeded the growth of total exports. During that period, exports from developing to industrial countries increased at a

Real Gross Domestic Product in Developing Countries—Regional Summary  
Average Annual Rates of Growth (%)

Table 1

	1950-60	1950-55	1955-60	1960-65
<b>Africa</b>				
GDP.....	4.0	3.9	4.2	3.6
Population.....	2.1	2.1	2.2	2.2
GDP per capita.....	1.9	1.8	2.0	1.4
<b>South Asia<sup>(1)</sup></b>				
GDP.....	3.6	3.3	4.0	3.2
Population.....	1.9	1.7	2.1	2.4
GDP per capita.....	1.7	1.6	1.9	0.8
<b>East Asia<sup>(2)</sup></b>				
GDP.....	5.2	6.4	4.1	5.0
Population.....	2.5	2.5	2.6	2.6
GDP per capita.....	2.6	3.8	1.5	2.3
<b>Southern Europe</b>				
GDP.....	5.1	5.7	4.6	7.2
Population.....	1.4	1.4	1.4	1.4
GDP per capita.....	3.6	4.2	3.2	5.7
<b>Latin America</b>				
GDP.....	4.9	5.1	4.8	4.7
Population.....	2.8	2.8	2.8	2.9
GDP per capita.....	2.0	2.2	1.9	1.7
<b>Middle East<sup>(3)</sup></b>				
GDP.....	5.6	5.8	5.3	7.2
Population.....	2.8	2.7	2.8	3.2
GDP per capita.....	2.7	3.0	2.4	3.9
<b>All Developing Countries</b>				
GDP.....	4.6	4.8	4.5	4.8
Population.....	2.1	2.0	2.3	2.4
GDP per capita.....	2.4	2.7	2.2	2.3

(1) Burma, Ceylon, India, Pakistan.

(2) Republic of China, Indonesia, Korea, Malaysia, Philippines, Thailand and South Viet-Nam.

(3) Excluding U.A.R., which is included in Africa.

SOURCE: World Bank and U.N.

Economic Indicators for 40 Selected Developing Countries—Regional Summary<sup>(1)</sup>

Table 2

Region	Population	Average Annual Rates of Growth (%) 1960-65 <sup>(2)</sup>						% of GNP Average 1960 to 1965			
		Total GDP	GDP per Capita	Agricultural Prod.	Manufacturing Prod.	Exports <sup>(3)</sup>	Imports <sup>(3)</sup>	Total Gross Investment	Gross Investment	Savings	Current Account Deficit
Africa . . . . .	2.5	4.2	1.7	2.3	5.3	4.9	6.1	10.5	14.2	9.7	4.5
South Asia . . . . .	2.4	3.2	0.8	0.4	7.3	5.2	6.3	10.8	16.7	13.6	3.1
East Asia . . . . .	3.1	6.4	3.2	3.9	10.3	10.7	7.9	10.9	16.4	13.6	2.8
South Europe and Middle East . . . . .	2.6	7.0	4.3	3.6	9.1	10.2	10.5	8.4	18.7	13.6	5.1
Latin America . . . . .	2.9	4.7	1.7	3.1	5.8	6.6	3.1	3.6	18.6	16.4	2.2
TOTAL . . . . .	2.6	4.6	1.9	2.0	6.8	7.3	6.0	7.5	17.5	14.4	3.1

<sup>(1)</sup> The countries included under each region and their combined share in regional GDP, excluding the industrial countries, the Soviet Union, Eastern Europe (other than Yugoslavia), Cuba and Mainland China, are as follows:

*Africa*—Ethiopia, Ghana, Kenya, Malawi, Morocco, Nigeria, Sudan, Tanzania, Tunisia, Uganda (38% of regional GDP).

*South Asia*—Burma, Ceylon, India, Pakistan (100% of regional GDP).

*East Asia*—Republic of China, Korea, Malaysia, Philippines, Thailand (55% of regional GDP).

*South Europe and Middle East*—Cyprus, Greece, Iran, Iraq, Israel, Jordan, Turkey (40% of regional GDP).

*Latin America*—Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru (84% of regional GDP).

*TOTAL*—Relates to the countries included in the areas above (68% of total GDP of developing countries).

<sup>(2)</sup> The terminal years employed are 1960 and 1965.

<sup>(3)</sup> Goods and Services at current prices.

SOURCE: World Bank.

rate 20% higher than the latter's GDP. On the other hand, the growth of exports of developing countries was considerably slower than the expansion of trade among industrial countries and of over-all world trade.

The relatively slow growth in the export trade of developing countries reflects their heavy dependence on primary products. In volume, their sales of these commodities increased by 5.5% per year during 1960-65, as against an expansion of 9.5% per year in the export volume of manufactured goods. The average price level of primary commodities did not change between 1960 and 1966, in contrast to a rising trend in the average prices of manufactures. In a few primary commodities, notably petroleum but also iron ore and tropical timber, the value of trade has increased during the postwar period at rates comparable to those for manufactured products, but their contribution to aggregate export earnings of developing coun-

Trade Balance and Changes in Reserves of Developing Countries  
(billions of US Dollars)

Table 3

	1960	1961	1962	1963	1964	1965	1966 <sup>(P)</sup>
<b>Developing Countries</b>							
Exports (f.o.b.) . . . . .	29.0	29.3	31.0	33.7	37.1	39.4	42.4
Imports (c.i.f.) . . . . .	-32.9	-34.4	-35.4	-37.3	-41.0	-44.1	-47.7
Trade Balance . . . . .	-3.9	-5.1	-4.4	-3.6	-3.9	-4.7	-5.3
Change in Reserves <sup>(1)</sup> . . . . .	-0.4	-0.4	0.1	1.1	0.6	1.2	0.6
<b>Excluding Developing Countries of Southern Europe<sup>(2)</sup></b>							
Exports (f.o.b.) . . . . .	26.9	27.1	28.6	31.1	34.0	36.0	38.4
Imports (c.i.f.) . . . . .	-29.7	-30.5	-31.0	-32.1	-35.2	-37.2	-39.6
Trade Balance . . . . .	-2.8	-3.4	-2.4	-1.0	-1.2	-1.2	-1.2
Change in Reserves <sup>(1)</sup> . . . . .	—	-0.7	-0.3	1.0	0.2	1.3	0.7
<b>Excluding Southern Europe and Major Petroleum Exporters<sup>(3)</sup></b>							
Exports (f.o.b.) . . . . .	21.2	20.2	22.2	24.3	26.2	27.6	29.1
Imports (c.i.f.) . . . . .	-26.8	-27.7	-28.2	-29.4	-31.8	-33.3	n.a.
Trade Balance . . . . .	-5.6	-7.5	-6.0	-5.1	-5.6	-5.7	n.a.
Change in Reserves <sup>(1)</sup> . . . . .	-0.1	-0.8	-0.3	0.4	—	1.0	0.5

<sup>(P)</sup> = Preliminary

n.a. = not available

<sup>(1)</sup> Gold, Foreign Exchange, and Reserve Positions in the IMF; end of years figures; — sign means decrease

<sup>(2)</sup> Greece, Portugal, Spain, Turkey, Yugoslavia

<sup>(3)</sup> Iran, Iraq, Kuwait, Libya, Saudi Arabia, Venezuela

SOURCE: IMF, *International Financial Statistics* (July 1967).

tries has been offset by the slow growth of trade in most other commodities.

The 1966 rise in aggregate export earnings of developing countries is largely attributable, as in other years of the 1960s, to an increase in volume. Exports of petroleum and petroleum products grew by some 11%, while all other primary products combined increased in volume by only 4% to 5%.

Export prices fluctuated widely in the 1960s, but in the main they remained below the levels attained in the mid-1950s. In fact, since the world recession of 1958 aggregate price levels of all goods exported by the developing countries, including manufactured products, have fluctuated at levels between 5% and 10% below the average of 1955-57. The World Bank primary commodities price index for low and medium-income countries in 1966 averaged 89.5 (1955-57 = 100), fractionally

lower than the level of 90 in 1965<sup>(2)</sup> (see Chart I). Average prices generally rose during the first four months of 1966 because of continued increases in food and copper prices, but the index dropped steadily in later months due to declines in the prices of agricultural raw materials, meat and sugar. Notable price increases were experienced in 1966 for rice, copper, raw jute, jute textiles, wool and wheat. The prices of virtually all other primary commodities fell. Sugar prices declined further by as much as 12%. Almost two-thirds of sugar exports move under bilateral arrangements, however, with prices considerably above the world quotation; this mitigated the effect of the fall in world sugar prices on earnings of the exporting countries that benefit from such bilateral arrangements.

<sup>(2)</sup>From 1962, figures are adjusted to reflect producers' price quotations of copper.

Price declines also affected tin and coffee, for which international arrangements exist to stabilize prices through organized intervention. Difficulties encountered in operating the International Coffee Agreement have demonstrated that the long-run solution for countries exporting this important commodity is intimately linked to diversification of production. Nevertheless, international efforts to reduce wide fluctuations in export prices might contribute markedly to orderly economic growth.

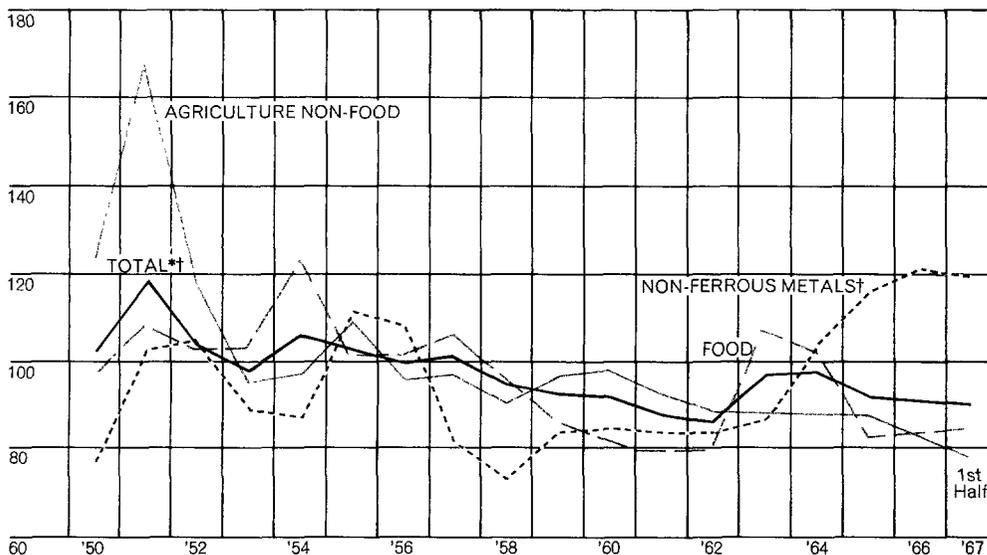
Export growth of Latin America and Africa was faster in 1966 than that of South Asia. The fairly good performance of Latin American exports is explained by buoyancy in the grain, cocoa and copper markets and by expansion in the volume of coffee and meat exports. The export growth of Africa was mainly due to copper and robusta coffee.

Over a longer period, the variations in export performance by regions chiefly reflect differences in composition of exports. The Middle East increased exports between 1960 and 1965 at the relatively high rate of 9.4%, mainly because of the strong performance of petroleum. Aggregate exports of Africa also increased rapidly at 8.5% a year, due mainly to strong growth in exports of petroleum from Algeria and Libya and copper from Zambia. On the other hand, South Asia and Latin America experienced a slower increase, because of the predominance of certain agricultural commodities in their exports.

Developing countries in the aggregate, excluding Southern Europe, increased merchandise imports at an average rate of 4.7% per year between 1960 and 1965 (Table 3). In the Middle East and East Asia the rate of increase in imports was very close to the growth rate of GDP. In both South Asia and Africa, where GDP growth was relatively slow, imports rose faster than GDP. Only in Latin America did im-

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

Chart I



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

Estimated Current Account Balance and Net Capital Account of Developing Countries in 1965—Regional Summary  
(millions of US Dollars)

Table 4

Region	Exports (f.o.b.)	Imports (c.i.f.)	Invisibles Net	Private Transfers, Net	Current Account Balance	Official Capital, Net <sup>(4)</sup>	Private Capital, Net <sup>(4)</sup>	Errors and Omissions	Changes in Reserves and Other Monetary Assets (— = increase)
Latin America <sup>(1)</sup> .....	12,015	-11,293	-1,366	2	- 642	911	305	272	- 846
Africa .....	7,670	- 8,141	-1,236	14	-1,693	1,583	430	- 273	- 47
Middle East .....	6,490	- 4,776	-2,135	215	- 206	328	365	- 239	- 248
South Asia .....	2,910	- 4,752	- 211	102	-1,951	2,012	49	- 205	95
East Asia <sup>(2)</sup> .....	6,630	- 8,429	787	92	- 920	868	206	193	- 347
Southern Europe .....	3,636	- 7,104	1,987	710	- 771	206	583	- 21	3
TOTAL .....	39,351 <sup>(3)</sup>	-44,495 <sup>(3)</sup>	-2,174	1,135	-6,183	5,908	1,938	- 273	-1,390

No sign means credit item,--sign means debit item.

(1) Excluding Cuba.

(2) Including Oceanic Territories.

(3) Including intraregional trade.

(4) Net of capital repayments and outflows of capital from developing countries.

SOURCE: IMF, *Balance of Payments Yearbook*; U.N., *Monthly Bulletin of Statistics*; and special communications.

Note: Data in Table 4 are based on balance of payments statistics for the 62 countries for which such data are available. For the other developing countries estimates were made on the basis of capital flow data of the capital-exporting countries, mostly from the sources of the Development Assistance Committee (DAC) of OECD. The

ports increase in the 1960s at a lower rate than GDP, partly because of balance of payments difficulties and partly as a result of import substitution.

In 1966, aggregate imports of developing countries, excluding Southern Europe, rose at the relatively high rate of 7%. The increase was especially notable in East Asia, where imports rose by 15%, probably as a result of higher foreign exchange earnings in that area. On the other hand, imports of Africa increased by only 3%. India and Pakistan experienced a reduction in the absolute value of imports in 1966 because of special factors, such as the slowdown in aid flows following the outbreak of hostilities in the fall of 1965, which aggravated a severe shortage of foreign exchange.

The combined trade deficit of develop-

ing countries, excluding Southern Europe, was about \$1.2 billion in 1966, the same as in the three previous years (Table 3). This deficit is greatly reduced by the inclusion of major petroleum-exporting countries, which have large trade surpluses. The combined trade deficit of all other developing countries in Africa, Asia and Latin America has fluctuated around \$5.5 billion in the last few years.

Reliable data on invisibles are not available for several of the developing countries. Estimates for 1965, however, indicate a combined net deficit on invisibles of about \$2.2 billion, when imports are calculated on a c.i.f. basis (Table 4). The developing countries of Southern Europe had a net surplus on invisibles estimated at \$2.0 billion in 1965, mainly because of large receipts on tourism. Thus, the net

capital flows, official and private, are on a net basis, after deducting amortization as well as other capital outflows from developing countries. The estimates of invisibles are shown on a net basis, mostly from balance of payments of developing countries and partly as a difference between the known capital items and the balance of trade.

Second, DAC figures include technical assistance of \$1.0 billion in 1965, which is not fully reported by some of the developing countries. Thirdly, \$0.2 billion of unallocated aid is included in the DAC figures, but not in the balance of payments statistics of the recipients. Finally, there are differences in classification: capital classified as official from the donor's point of view may be classified as an inflow of private capital from the recipient's point of view and vice versa.

The discrepancy is larger with respect to private capital, which is reported at about \$4.1 billion by DAC, as against \$1.9 billion in Table 4. The major difference is due to the fact that the figures in Table 4 are net not only of amortization, which is in accordance with the DAC definition, but also net of recorded capital outflows from developing to industrial countries.

deficit of other developing countries is estimated at about \$4.2 billion in 1965. The major factor in the deficit on invisibles is net investment income payments, which amounted to about \$5 billion in 1965 for developing countries outside Southern Europe.

Taking into account net receipts on private transfers of about \$1.1 billion, the aggregate current account deficit for all developing countries is estimated at about \$6.2 billion in 1965. This deficit in essence was the counterpart of a net inflow of official and private capital. Capital flows to developing countries are discussed in some detail later in this chapter; their role in the balance of payments, however, can be seen from Table 4, which is an attempted reconciliation of trade, capital and payments data for 1965. Net official

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capital inflows amounted to about \$5.9 billion, which is equivalent to 17% of exports of developing countries to all industrial countries. Net private capital inflows, after deduction of both amortization and capital outflows from developing countries, are estimated at more than \$1.9 billion in 1965.

A relatively large amount, some \$1.4 billion, of foreign exchange was used in 1965 by developing countries to restore their external reserves and other monetary assets. More than half the total was accounted for by Latin American countries. Such an increase in reserves is not typical. In 1966, foreign exchange reserves of all developing countries increased by some \$600 million. Excluding Southern Europe and the petroleum-exporting countries, the total was \$490 million, most of which was accounted for by Korea, Thailand and South

Viet-Nam and was made possible by expenditures resulting from United States military operations in Viet-Nam. Combined gold holdings of developing countries, which in recent years have changed by only small amounts, were reduced slightly in 1966, mainly due to gold payments to the International Monetary Fund (IMF) as a part of a general increase in quotas.

### External Debt of Developing Countries

#### Debt Accumulation and Servicing

Service payments in 1966 on the public and publicly guaranteed external debt of 95 developing countries<sup>(3)</sup> are estimated at \$3.96 billion (Table 5), of which roughly \$2.8 billion are amortization payments and \$1.2 billion interest payments. Between 1962 and 1966, payments of amortization and interest on external public debt grew

at an average annual rate of 10%, considerably faster than the increase in exports of goods and services by developing countries as a group.

<sup>(3)</sup>The Bank collects information from Bank and IDA borrowers by means of detailed 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 debt of the governments and political subdivisions, their agencies, and private debt guaranteed by governments or their agencies, excluding IMF drawings.

The 48 countries on which data are given in Table 5 were chosen because of the availability of relatively consistent and accurate statistics over the years 1962-66. The 95 country totals of Table 5 may be taken only as indicative of the general magnitude of the debt of developing countries as a group. In addition to the more reliable information on the selected 48 countries, they include data for the additional countries based primarily on the best available published sources and on reports of creditor countries. Since the publication of similar data in this report last year, revisions have been made to incorporate more recent information from countries which have reported regularly for several years, together with data from countries which began to report in 1966.

External Public Debt Outstanding and Debt Service Payments of Developing Countries

Table 5

(billions of US Dollars)

Area	Debt Outstanding Including Undisbursed December 31				Debt Outstanding June 30, 1966			Service Payments					
	1962	1963	1964	1965	Total	Disbursed	Undisbursed	1962	1963	1964	1965	1966 <sup>(1)</sup>	
<b>48 Countries<sup>(2)</sup></b>													
Latin America . . . . .	8.57	9.46	10.00	11.32	11.46	9.46	2.00	1.49	1.40	1.68	1.78	1.85	
South Asia . . . . .	4.75	5.95	7.57	8.44	9.41	6.29	3.12	0.23	0.28	0.40	0.34	0.44	
East Asia . . . . .	0.93	1.29	1.40	1.74	1.95	1.09	0.86	0.07	0.07	0.08	0.13	0.19	
Africa . . . . .	1.93	1.91	2.34	2.75	2.92	2.09	0.83	0.11	0.14	0.14	0.16	0.19	
Southern Europe and Middle East . . . . .	3.83	4.27	4.81	6.07	6.02	4.15	1.87	0.40	0.44	0.54	0.55	0.63	
TOTAL . . . . .	20.01	22.88	26.12	30.32	31.76	23.08	8.68	2.30	2.33	2.84	2.96	3.30	
<b>95 Countries</b>													
TOTAL . . . . .	25.23	29.16	33.77	39.22	41.10	n.a.	n.a.	2.71	2.75	3.32	3.51	3.96	

n.a. = not available

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

<sup>(2)</sup> The 48 Countries are as follows:

- Latin America—Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Uruguay, Venezuela
- South Asia—Ceylon, India, Pakistan
- East Asia—China, Korea, Malaysia, Philippines, Singapore, Thailand
- Africa—Botswana, Ethiopia, Kenya, Malawi, Morocco, Nigeria, Rhodesia, Sudan, Swaziland, Tanzania, Uganda, Zambia
- Southern Europe and Middle East—Cyprus, Greece, Iran, Israel, Malta, Spain, Turkey, Yugoslavia.

SOURCE: World Bank.

Total outstanding debt of the 95 developing countries grew even more rapidly at a rate of about 16% per year from 1962 to 1965, inclusive. By mid-1966 their total debt exceeded \$41 billion. Data by regions, including estimates of all 95 countries and more consistent information on 48 countries, are given in Table 5. The 48 countries account for about 83% of total estimated debt-service payments in 1966.

The accumulation of outstanding debt of developing countries in recent years is basically the counterpart of the public capital inflow. The recent tendency of creditor countries to reduce the ratio of grants to loans in the total flow of development assistance has been an important factor in the rapid increase in the developing countries' indebtedness. Debt accumulation *per se* need not be a source of concern, so long as the terms of loans are commensurate with the debt-servicing capacity of the borrowing countries. Indebtedness and debt-servicing burdens vary widely, but a few general trends are discernible for broad groups of developing countries.

The most significant trend in recent years has been the sharp increase in debt-service payments of developing countries in South Asia, East Asia and Africa. Between 1962 and 1966, these payments more than doubled in East Asia, increased by about 90% in South Asia (mainly in India and Pakistan), and rose almost 75% in Africa (Table 5). On the other hand, the increase was considerably less for Latin America, although the absolute amounts of debt-service payments by countries in that region have been very large. In turn, payments by countries of Southern Europe and the Middle East have risen at a relatively moderate rate. If the obligations of a number of large debtors had not been rescheduled or refinanced to avoid debt crises the average rate of in-

crease in service payments would have been considerably higher.

The rapid increase in debt-service obligations in recent years has put a heavy strain on developing countries, especially those with slowly growing exports or with over-all difficulties in financing import requirements. The nature of the debt problem and its close relationship to the terms of aid are evident in the case of India. As a proportion of merchandise exports, India's debt-service payments (interest and principal) increased from 10% in 1962 to 22% in 1966, resulting from an 84% rise in debt-service obligations while exports increased by only 14%. The level of current debt-service payments is determined mainly by the volume and terms of aid given in the past, especially during the 1950s. The average terms of loans, while more concessionary than for many other

countries, have not been in conformity with India's debt-servicing capacity.

A rapidly growing debt-service ratio can easily become unmanageable; it is particularly serious when there is no evident tendency for exports to grow as rapidly as debt service. Even when growing amortization and interest payments are offset in the aggregate by an increase in the gross flow of aid, debt service becomes more and more difficult to manage because of the large proportion of aid which is country-tied and commodity-restricted. Debt-service payments must be financed from free exchange, leaving inadequate amounts available to finance imports and other payments to non aid-giving countries or to purchase commodities not eligible for aid-financing.

In several other developing countries, a high debt-service ratio (see Table 7) is

External Debt Outstanding and Debt Service Payments of the Larger Debtors (billions of US Dollars) Table 6

Countries	Debt Outstanding, Including Undisbursed as of December 31					Service Payments				
	1962	1963	1964	1965	June 30, 1966	1962	1963	1964	1965	1966 <sup>(4)</sup>
India <sup>(1)</sup> . . . . .	3.78	4.60	5.61	6.25	6.90	0.19	0.20	0.33	0.27	0.35
Brazil <sup>(3)</sup> . . . . .	2.16	2.22	2.30	3.04	2.93	0.41	0.40	0.38	0.57	0.55
Pakistan . . . . .	0.87	1.23	1.84	2.07	2.34	0.03	0.07	0.06	0.07	0.08
Mexico . . . . .	1.43	1.63	1.98	2.05	2.15	0.30	0.29	0.43	0.45	0.46
Argentina <sup>(2)</sup> . . . . .	2.06	2.26	1.89	1.96	1.88 <sup>(2)</sup>	0.38	0.37	0.48	0.38	0.43
Yugoslavia . . . . .	0.91	1.07	1.28	1.81	1.67 <sup>(2)</sup>	0.10	0.13	0.15	0.20 <sup>(4)</sup>	0.27
Turkey . . . . .	0.94	1.04	1.20	1.32	1.43	0.08	0.08	0.12	0.09 <sup>(4)</sup>	0.09
Chile . . . . .	0.88	0.99	1.04	1.22	1.33 <sup>(2)</sup>	0.13	0.10	0.12	0.10	0.11
Iran . . . . .	0.51	0.57	0.60	1.04	1.10 <sup>(2)</sup>	0.09	0.07	0.09	0.07	0.07
Colombia . . . . .	0.67	0.77	0.88	1.00	1.02	0.07	0.09	0.10	0.10	0.09
Israel . . . . .	0.82	0.83	0.89	0.94	0.89 <sup>(2)</sup>	0.09	0.10	0.12	0.11	0.12
Nigeria . . . . .	0.20	0.25	0.51	0.61	0.62	0.01	0.02	0.02	0.03	0.05

(1) Excludes suppliers' credits for which consistent data are unavailable.

(2) Preliminary.

(3) Debt outstanding includes debt of the private sector and service payments include some payments on short-term debt.

(4) Projected.

(5) Service payments data are based on incomplete information supplied by the Central Bank and by IMF which do not correspond in definition with the data of debt outstanding, and include some payments on private debt.

SOURCE: World Bank.

mainly the result of the assumption of short and medium-term obligations at relatively high interest rates, often in the form of suppliers' credits. The share of payments on suppliers' credits as a percentage of total debt-service payments in 1965 was estimated to be 63% for Brazil, 59% for Argentina, 60% for Nigeria, 49% for Yugoslavia and 33% for Turkey. Suppliers' credits were clearly a major element in the debt-service burden of these countries, which account for a considerable share of the total indebtedness of all developing countries.

Problems associated with suppliers' credits have been reviewed in some detail by the World Bank staff, in a study prepared at the request of the United Nations Conference on Trade and Development (UNCTAD) and submitted in early 1967. It was found, on the whole, that suppliers' credits have played a useful role in development finance, enabling creditors to increase exports of equipment and providing debtors an additional source of finance for investments. In some countries, however, their excessive use has led to unduly high debt-service payments because of maturities considerably shorter than warranted by the country's position. The ready availability of such credits has sometimes encouraged the diversion of scarce resources into low priority projects. In a few extreme cases, the burden of servicing such debt has contributed to financial crises which have required rescheduling operations (e.g., Ghana and Indonesia in 1966; Argentina, Brazil, Chile and Turkey in previous years). Some debt crises have had adverse effects on the creditworthiness of the countries concerned and thus on their access to foreign finance. The assumption of excessive credits has not been the sole responsibility of the debtor countries; export promotion among creditor countries has often led to the provision of excessive

amounts of such credit on terms inconsistent with the debt-servicing capacity of the debtor countries.

The World Bank staff study recommended a number of measures to improve the use of suppliers' credits. It was suggested that governments in debtor and creditor countries should assure that only economically sound projects were financed, that the terms were related to the life and productivity of the projects, and

that the borrowing country's total capacity to service debt incurred for development would not be impaired. It was pointed out that creditor countries might harmonize to a greater extent their widely varying commercial and financial policies with respect to suppliers' credits. The study proposed the collection and maintenance of better information on suppliers' credits and improvements in the administration of external debt. It suggested further consideration

Service Payments on External Official Debt as Percentage of Exports of Goods and Services for 48 Countries

Table 7

Area and Country	1962	1963	1964	1965 <sup>(1)</sup>	1966 <sup>(1)</sup>
<b>Latin America</b>					
Argentina.....	27.3	24.4	30.7	22.3	n.a.
Bolivia.....	7.4	5.9	12.8	12.6	9.1
Brazil.....	31.1	25.9	24.4	32.8	29.4
Chile.....	22.4	17.7	18.0	12.4	n.a.
Colombia.....	13.0	15.1	12.8	14.7	n.a.
Costa Rica.....	8.2	8.8	7.6	7.8	13.1
Dominican Republic.....	0.8	0.3	2.7	16.9	14.3
Ecuador.....	8.3	7.5	6.5	5.8	n.a.
El Salvador.....	2.7	2.7	4.1	3.6	n.a.
Guatemala.....	11.3	4.4	6.1	3.8	n.a.
Guyana <sup>(2)</sup> .....	4.0	4.5	5.0	4.9	5.3
Honduras.....	2.8	2.8	2.9	2.5	2.3
Jamaica.....	1.8	1.8	1.8	1.9	n.a.
Mexico.....	18.8	16.8	23.3	23.0	21.4
Nicaragua.....	4.2	4.8	4.1	4.2	4.8
Panama.....	1.6	1.8	2.4	2.6	4.4
Paraguay.....	6.3	7.8	7.6	6.5	3.0
Uruguay.....	5.6	6.1	6.0	8.6	13.1
Venezuela.....	4.7	3.4	2.9	1.6	2.2
TOTAL.....	15.1	13.5	15.1	15.1	n.a.
<b>South Asia</b>					
Ceylon.....	1.2	1.4	1.4	2.2	2.3
India <sup>(2)</sup> .....	10.8	9.8	15.2	16.0	22.0
Pakistan.....	6.5	11.6	10.0	10.2	n.a.
TOTAL.....	8.4	9.0	12.4	12.4	n.a.
<b>East Asia</b>					
China.....	4.8	3.5	2.2	3.0	2.9
Korea.....	0.4	3.0	2.7	2.5	n.a.
Malaysia.....	0.8	0.9	1.4	1.3	1.5
Philippines.....	4.0	3.2	2.8	5.5	n.a.
Singapore <sup>(2)</sup> .....	0.05	0.06	0.07	0.1	0.1
Thailand.....	3.0	2.6	3.2	3.2	3.1
TOTAL.....	1.7	1.7	1.8	2.5	n.a.

(continued)

by creditor countries of arrangements to separate the financing and commercial aspects of the sale of capital goods, in particular by placing greater emphasis on the use of financial rather than commercial credits. It also recommended improvements in the international coordination of steps to deal with the debt situation of individual countries. These and other recommendations will be discussed by appropriate committees of UNCTAD and OECD.

### Average Terms of Debt

Data on average terms of new debt, based on reports submitted by debtor countries to the World Bank, are now available for a sample of 46 countries representing about 57% of total external debt of developing countries, as of the end of 1965. These figures, of course, reflect the terms on loans only. The share of grants in official bilateral aid has declined from 76% in 1961 to 65% in 1965 and to 63% in 1966.

Average terms of loans improved somewhat for debt contracted in 1964, but in 1965 they became less concessionary than in the two previous years. The hardening of debt terms in 1964 and 1965 is evidenced not only by higher rates of interest, but also by shorter grace periods and maturities. Southern Europe was the only region unaffected by this trend.

The terms of debt show considerable variation by credits (Table 8). The improvement in 1964 is accounted for to a large extent by an increase in the share of IDA lending. Bilateral loans, however, tended between 1963 and 1965 to be contracted at higher interest rates and shorter maturities. This resulted mainly from a hardening of terms of United States loans, although the terms offered by the United States are still softer than those of bilateral loans from most other DAC members. The highest interest on all public loans in 1965 was charged on publicly issued bonds. Interest rates on suppliers' credits and other private financing, considering only publicly guaranteed debt, have been reported as 6% on the average; prices charged for equipment under such arrangements, however, are often relatively high.

Average terms of loans also vary considerably among debtor countries (Table 9). Although figures for one year may not be representative of the terms on which a country normally borrows, the relative position of the five regions shown in Table 7 changed little in the three years 1963-65. Interest rates were highest for Latin America and East Asia and lowest for South Asia. Terms of loans for African countries have been somewhat harder than the average for all developing countries.

Service Payments on External Official Debt as Percentage of Exports of Goods and Services for 48 Countries (continued)

Table 7

Area and Country	1962	1963	1964	1965 <sup>(1)</sup>	1966 <sup>(1)</sup>
<b>Africa</b>					
Botswana	3.7	4.0	3.5	3.8	n.a.
Ethiopia	3.5	5.8	4.9	4.9	6.4
Kenya	7.1 <sup>(2)</sup>	3.1	8.5	4.0	n.a.
Malawi	6.3 <sup>(5)</sup>	6.1 <sup>(5)</sup>	n.a.	8.6	n.a.
Rhodesia <sup>(2)</sup>			6.0	5.5	10.0
Zambia			0.2	4.0	n.a.
Morocco	1.8	2.4	1.7	2.7	n.a.
Nigeria	1.9	3.3	3.0	3.5	5.4
Sudan	7.2	6.6	7.9	5.8	6.5
Swaziland <sup>(2)</sup>	3.0	2.6	6.3	11.3	n.a.
Tanzania	2.1	2.0	1.7	2.1	n.a.
Uganda	2.4	2.5	2.3	2.7	n.a.
*TOTAL <sup>(3)</sup>	4.5	4.5	4.0	4.3	n.a.
<b>Southern Europe and Middle East</b>					
Cyprus	1.7	1.7	1.9	1.4	1.6
Greece	3.3	2.5	2.5	4.6	4.3
Iran	9.1 <sup>(4)</sup>	6.6 <sup>(4)</sup>	7.4	5.5	5.0
Israel	19.0	18.1	19.7	14.9	n.a.
Malta	—	—	0.4	0.6	n.a.
Spain	1.6	2.5	2.0	2.0	n.a.
Turkey	16.0	14.7	20.2	13.7	11.6
Yugoslavia	10.6	12.0	11.7	13.3	n.a.
TOTAL	8.0	7.8	11.3	7.2	n.a.
GRAND TOTAL	9.6	8.8	10.5	9.6	n.a.

n.a. = not available

<sup>(1)</sup> 1966 and some 1965 ratios are computed from preliminary figures of exports of goods and services.

<sup>(2)</sup> Ratios are computed on exports of goods only. Debt figures exclude suppliers' credits in the case of India.

<sup>(3)</sup> Ratios include loans made to the East African Common Services Organisation as an individual entity.

<sup>(4)</sup> Ratios are computed on exports of goods and services in solar years (March 21-March 20).

<sup>(5)</sup> For the years 1962 and 1963 Malawi, Rhodesia and Zambia were considered as one country, the Federation of Rhodesia and Nyasaland.

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

### Capital Flows to Developing Countries

The flow of official capital from IDA Part I member countries (see Page 19) to devel-

oping countries and to multilateral institutions, net of amortization, is estimated on the basis of preliminary figures, mainly from DAC and partly from World Bank sources, at about \$6.5 billion in 1966 (Table 10). Official assistance increased by some \$240 million from 1965 and was about \$400 million higher than the average of the five years 1961 to 1965.

United States official aid disbursements in 1966 were at about the same level as in the five previous years. Aid from France, the largest aid provider in relation to its national income, continued the declining trend which began in 1962, mainly because of the change in relationships with countries in North Africa. Aid from the

United Kingdom and the Federal Republic of Germany have shown only small changes during the last five years. Thus, the four largest donors, which account for some 80% of total assistance by IDA Part I members, did not increase their aggregate aid between 1961 and 1966. A trend of continued increase has been maintained by a number of smaller aid providers, especially Australia, Denmark, Japan and Sweden; aid from Canada almost doubled in 1966 over 1965. The Soviet Union and Eastern Europe outside of Yugoslavia are estimated to have disbursed aid of the magnitude of \$350 million to \$400 million a year, net of repayments. Among other countries which are not IDA Part I mem-

bers, New Zealand, Portugal and Switzerland provided official aid totaling about \$50 million in 1966.

Aid from some developing countries to others has been mainly in the form of technical assistance, as shown in some detail in the Annual Report of last year. Data received from a number of developing countries show a continued expansion in assistance given by Argentina, Brazil, the Republic of China, India, Ireland, Israel, Mexico, Spain, Venezuela and Yugoslavia. On the basis of partial data, disbursements of bilateral and multilateral aid by these countries exceeded \$100 million in 1966.

Net official capital receipts by developing countries show a somewhat faster in-

Weighted Average Terms of External Public Debt of 46 Developing Countries, by Sources

Table 8

Item	Incurred in 1963				Incurred in 1964				Incurred in 1965			
	Contractual Amount (mil. US \$)	Rate of Interest (%)	Grace Period (Years)	Terms to Maturity (Years)	Contractual Amount (mil. US \$)	Rate of Interest (%)	Grace Period (Years)	Terms to Maturity (Years)	Contractual Amount (mil. US \$)	Rate of Interest (%)	Grace Period (Years)	Terms to Maturity (Years)
<b>Total External Public Debt</b>	3,116.9	3.81	5.7	23.9	3,537.5	3.75	6.0	24.9	3,540.1	4.10	5.1	20.3
Publicly issued bonds	31.3	6.34	3.1	14.3	93.6	4.26	4.6	15.7	63.8	6.12	1.2	10.9
Privately placed debts	496.0	5.82	1.5	8.0	695.5	5.90	2.0	7.6	691.2	5.94	1.6	7.1
Suppliers' credits	307.0	5.75	1.6	9.6	381.4	5.78	2.2	9.0	371.2	6.06	1.6	8.9
Other	189.0	5.94	1.4	5.4	314.1	6.05	1.8	5.9	320.0	5.80	1.5	4.9
Loans from international organizations	654.4	4.29	5.8	27.2	865.0	3.43	7.0	33.9	807.8	4.46	6.5	27.5
World Bank	417.1	5.50	4.0	20.4	419.9	5.50	4.4	23.3	545.9	5.50	4.8	21.9
IDA	169.5	0.75	11.1	49.3	375.9	0.75	10.8	49.7	180.0	0.75	12.9	49.1
Inter-American Development Bank	64.1	5.69	3.4	13.9	41.9	5.77	3.5	14.0	54.8	5.94	3.6	13.8
Other	3.8	5.27	2.8	12.6	27.3	5.04	1.2	9.6	27.2	5.18	4.8	23.3
Total bilateral loans	1,912.9	3.10	6.9	27.2	1,714.1	3.19	7.2	29.0	1,553.5	3.56	6.4	24.4
Loans from U.S.	1,072.2	1.61	9.0	34.9	1,125.8	2.41	8.4	33.2	926.4	2.92	7.5	28.4
Loans from other Bank members and Switzerland	840.8	4.99	4.2	17.4	588.3	4.68	4.8	20.8	627.1	4.52	4.7	18.5
of which:												
Germany	288.1	5.10	5.0	17.2	135.6	3.98	4.8	18.9	160.4	4.21	3.8	18.9
France	170.0	3.61	1.7	16.3	72.4	3.38	1.9	19.9	48.7	4.45	1.7	12.0
U.K.	181.2	5.01	4.6	21.8	224.6	4.98	6.1	24.1	143.3	4.27	6.0	22.7
Loans from other countries	22.2	2.95	2.4	7.6	169.3	1.95	6.2	13.7	423.7	2.03	4.5	15.0

Note: Calculations on average terms are based on data reported to the Bank by member countries. The terms used in the calculation are, where possible, the original terms but in some cases may reflect subsequent revisions of terms. For agreements making credit available under general terms applicable to future allocations, the total amount of credit is shown in the year in which the general agreement is signed at the terms applicable to each allocation. Other debts for which clear-cut terms are not available have been excluded from the calculation.

SOURCE: World Bank.

crease in recent years than indicated by figures on contributions by IDA Part I countries, mainly because of the relatively rapid rise in the volume of loans from multilateral institutions. This trend seems to have continued in 1966. If the price increase of goods financed is taken into account, however, the real value of the official capital inflow in terms of import financing capacity may have barely increased from 1961 to 1966. At the same time, the interest payments on the official bilateral loans and loans from multilateral development institutions have at least doubled over this period to an estimated \$650 million in 1966.

Private capital flows from IDA Part I members to developing countries in 1966, net of amortization, are provisionally estimated at about \$3.4 billion, considerably less than the volume of almost \$4 billion in the peak year of 1965. The flow of such capital from the U.S., net of amortization, declined from \$1,870 million in 1965 to \$980 million in 1966. This reduction was partly offset by increases from Italy and the United Kingdom. It appears that the reduction in private capital outflows, especially from the United States, affected mostly petroleum-producing countries in the Middle East and North Africa.

### International Capital Markets

Activity on international capital markets continued in 1966 at the high levels of 1965 (Table 11). Sales of new foreign bonds in the New York market contracted in 1966 but this was more than made up by the marked increase in issues placed in Europe, particularly in the Euro-issue market for securities denominated in a currency other than that of the market where they are sold. The shift in activity from New York to Europe, which continued to intensify in early 1967, has been a major development in international capital markets.

Weighted Average Terms of External Public Debt Incurred in 1965 by 40 Developing Countries<sup>(1)</sup>

Table 9

Country	Contractual Amount (mil. US \$)	Rate of Interest (%)	Grace Period (years)	Terms to Maturity (years)	Other <sup>(3)</sup> : Contractual Amount (mil. US \$)
<b>Grand Total</b>	3,540.1	4.10	5.1	20.3	216.0
<b>Africa</b>	448.1	4.27	6.4	22.9	141.2
East African Common Services Org.....	38.9	5.38	7.0	29.9	68.7
Ethiopia.....	24.1	4.31	2.9	16.2	2.6
Kenya.....	57.6	5.35	5.1	22.8	27.8
Malagasy.....	.4	2.90	3.6	10.1	—
Morocco.....	110.4	3.99	5.3	18.6	13.1
Nigeria.....	117.3	3.48	9.4	29.8	17.3
Rhodesia.....	7.0	5.50	15.0	15.0	2.8
Senegal.....	10.8	2.50	3.4	16.7	0.1
Sudan.....	62.5	4.65	4.8	19.0	—
Tanzania.....	5.0	5.80	5.8	21.5	—
Uganda.....	14.1	3.87	4.6	16.8	—
<b>South Europe and Middle East</b>	835.8	3.69	3.8	14.0	5.2
Cyprus.....	1.4	4.33	1.1	3.5	1.1
Greece.....	77.7	4.33	2.0	15.1	2.0
Israel.....	63.4	4.68	3.9	17.9	—
Malta.....	1.5	6.75	1.0	25.0	—
Spain.....	86.8	5.58	2.4	13.9	1.6
Yugoslavia.....	604.9	3.22	4.2	13.4	0.5
<b>Latin America</b>	794.6	5.04	4.1	16.1	36.9
Argentina.....	221.4	5.60	1.8	7.2	23.6
Chile.....	179.3	4.02	6.5	24.5	0.8
Costa Rica.....	19.3	4.10	5.1	20.6	—
Dominican Republic.....	22.1	3.76	5.1	20.7	0.2
Ecuador.....	17.7	4.77	2.4	13.4	—
El Salvador.....	6.3	3.03	7.4	24.8	2.0
Guatemala.....	4.7	1.11	10.5	40.5	0.3
Guyana.....	7.8	2.88	7.7	35.9	—
Honduras.....	18.3	3.05	8.3	34.2	—
Jamaica.....	19.6	5.42	4.0	22.0	—
Nicaragua.....	17.0	4.41	6.4	26.6	0.9
Paraguay.....	14.1	6.25	4.2	16.0	0.4
Peru.....	136.0	5.89	3.8	15.4	2.5
Trinidad and Tobago.....	4.0	5.50	3.5	15.0	—
Uruguay.....	24.3	5.85	3.1	11.0	—
Venezuela.....	82.5	5.56	2.8	11.2	6.3
<b>South Asia</b>	972.6	3.19	7.1	30.0	17.2
India <sup>(2)</sup> .....	710.0	3.18	7.4	31.3	—
Pakistan.....	262.6	3.22	6.3	26.3	16.9
<b>East Asia</b>	489.0	4.90	4.1	16.8	15.5
China.....	110.5	5.41	3.6	14.7	6.8
Korea.....	122.6	3.27	7.7	29.5	0.6
Malaysia.....	73.7	5.37	3.7	17.7	0.8
Philippines.....	146.4	5.84	1.3	5.7	0.2
Thailand.....	35.6	4.00	5.0	22.8	7.2

Note: See Note to Table 8.

<sup>(1)</sup> Botswana, Ceylon, Gabon, Mauritania, Swaziland and Zambia which are included in Table 8 are excluded here because no debt was incurred in 1965, or because terms of loans are unknown.

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

<sup>(3)</sup> Terms for these not available.

Unavailable figures indicated by —.

SOURCE: World Bank.

The contraction of international issues placed in New York has been mainly the result of measures taken to reduce the deficit in the United States balance of payments. The Interest Equalization Tax on purchases by United States residents of certain foreign securities has been in effect since 1963. Voluntary restraints requested by the United States Government from banks and corporations with respect to their capital outflows were introduced in 1965. The narrowing of the difference between interest rates in the United States and Europe also tended to reduce somewhat the demand pressure exerted by external borrowers on United States capital markets.

These factors considerably reduced foreign borrowing in the United States and helped to raise the volume of foreign is-

ssues in Europe, and in particular of international issues for sale in a number of countries. The major increase was in issues offered by international subsidiaries of United States corporations, mainly in Belgium and Luxembourg. Traditional borrowers in international markets such as the Scandinavian countries and Mexico have also shifted to Europe. In the first half of 1967, in spite of a sharp reduction in the funds sought by American corporations, international issues sold on the Euro-issue market far exceeded the 1966 levels.

To a certain extent, these developments also affected bond issues by less developed countries, although they have been exempted from the United States Interest Equalization Tax. Total issues placed by developing countries in New York in 1966 were valued at about \$142 million, com-

pared to \$221 million in 1965. On the other hand, continental European markets, in which developing countries placed no issues in 1965, opened in 1966 to a number of issues totaling about \$100 million. Among developing countries, Mexico, Portugal and Peru were the major borrowers in Europe. Due to conditions prevailing in the London market, Jamaica was the only developing country to place an issue in London in 1966. Early in 1967, France took measures to liberalize capital movements and facilitate the access of foreign borrowers to the French market, but so far no borrowing by a developing country has yet taken place this year.

In 1966, the World Bank floated a bond issue of \$175 million in New York, as well as two issues equivalent to US\$37 million in Canada. The Inter-American Develop-

Flow of Net<sup>(1)</sup> Financial Resources from IDA Part I Countries to Developing Countries and Multilateral Institutions  
(millions of US Dollars)

Table 10

Country	Official						Private					
	1961	1962	1963	1964	1965	1966 <sup>(P)</sup>	1961	1962	1963	1964	1965	1966 <sup>(P)</sup>
Australia	71	74	97	104	122	129	—	—	7	20	23	8
Austria	2	14	2	15	34	37	18	17	4	7	14	12
Belgium	92	80	90	82	112	92	82	48	95	93	120	91
Canada	62	54	98	128	124	208	39	55	33	14	45	55
Denmark	8	7	10	11	13	26	25	7	1	21	9	(-2)
Finland	(2)	(2)	2	4	—	(2)	—	—	—	—	—	—
France	943	977	851	831	752	721	489	420	414	550	567	569
Germany	618	468	437	423	472	490	219	182	165	268	234	248
Italy	85	110	110	54	93	118	177	284	216	188	178	510
Japan	109	88	140	116	244	285	274	199	127	174	242	254
Kuwait	66	3	129	119	62	86	—	—	—	—	—	—
Netherlands	69	91	38	48	59	85	144	49	97	69	169	169
Norway	9	7	21	17	12	13	18	—	1	6	27	6
Sweden	8	19	23	33	38	56	44	19	31	34	31	51
United Kingdom	457	421	415	493	481	501	455	331	309	425	429	(472)
United States	3,447	3,536	3,699	3,445	3,627	3,634	1,099	819	880	1,325	1,873	979
TOTAL	6,048	5,951	6,162	5,923	6,245	6,483	3,083	2,430	2,380	3,194	3,961	3,422

<sup>(P)</sup> = Preliminary

<sup>(1)</sup> Net of Amortization.

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.

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

(millions of US Dollars)

**Table 11**

	Calendar Years		First half 1967 <sup>(P)</sup>
	1965	1966	
<b>Placed in New York:</b>			
MULTILATERAL DEVELOPMENT INSTITUTIONS			
World Bank <sup>(2)</sup> . . . . .	200.0 <sup>(2)</sup>	175.0 <sup>(2)</sup>	250.0 <sup>(2)</sup>
Inter-American Development Bank . . . . .	—	—	50.0
Subtotal . . . . .	200.0	175.0	300.0
DEVELOPING COUNTRIES			
Algeria . . . . .	—	15.0	—
Argentina . . . . .	—	3.5	—
Bahamas . . . . .	—	14.0	—
Israel . . . . .	96.3	60.7	24.0
Jamaica . . . . .	—	7.5	—
Liberia . . . . .	6.0	—	—
Malaysia . . . . .	25.0	—	—
Mexico . . . . .	43.4	15.7	—
Peru . . . . .	—	10.2	—
Philippines . . . . .	15.0	—	—
Portugal . . . . .	20.0	12.0	—
Venezuela . . . . .	15.5	3.0	0.1
Subtotal . . . . .	221.2	141.6	24.1
OTHER COUNTRIES			
Canada <sup>(3)</sup> . . . . .	780.7 <sup>(3)</sup>	943.2 <sup>(3)</sup>	513.1 <sup>(3)</sup>
Finland . . . . .	25.0	—	—
Iceland . . . . .	0.3	6.0	—
Japan . . . . .	62.5	5.5	—
Unites States <sup>(4)</sup> . . . . .	80.0	—	—
Subtotal . . . . .	948.5	954.7	513.1
<b>TOTAL NEW YORK</b> . . . . .	<b>1,369.7</b>	<b>1,271.3</b>	<b>837.2</b>
<b>Placed in London:<sup>(5)</sup></b>			
DEVELOPING COUNTRIES			
Jamaica . . . . .	8.8	8.4	—
OTHER COUNTRIES			
Australia . . . . .	22.4	—	—
Ireland . . . . .	3.6	14.0	—
New Zealand . . . . .	28.0	33.6	—
United Kingdom <sup>(4)</sup> . . . . .	7.8	14.0	—
Subtotal . . . . .	61.8	61.6	—
<b>TOTAL LONDON</b> . . . . .	<b>70.6</b>	<b>70.0</b>	<b>—</b>

(P) = Preliminary figures.

(1) Includes issues both publicly offered and privately placed.  
 (2) Redemption and repurchases of IBRD bonds sold on the New York market amounted to \$32.5 million in 1965, \$35.3 million in 1966 and \$23.4 million in the first half of 1967.

(3) Redemptions and repurchases of Canadian bonds and debentures held by non-residents amounted to \$346 million in 1965 (\$101 million payable in Canadian dollars; \$245 million payable in foreign currency); \$460 million in 1966; and about \$184 million in the first half of 1967.

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

(5) Excluding Euro-bond issues.

(6) Includes Canada, Continental Europe and the Euro-issue market.

(7) Redemption and repurchases of IBRD bonds sold outside the United States amounted to \$260.1 million in 1965, \$189.9 million in 1966, and \$48.7 million in the first half of 1967.

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

(9) Société Ferroviaire Internationale de Transports Frigorifiques.

SOURCE: World Bank

	Calendar Years		First half 1967 <sup>(P)</sup>
	1965	1966	
<b>Placed in Other Markets or in More Than One Market:<sup>(6)</sup></b>			
MULTILATERAL DEVELOPMENT INSTITUTIONS			
World Bank <sup>(7)</sup> . . . . .	335.1 <sup>(7)</sup>	308.7 <sup>(7)</sup>	145.9 <sup>(7)</sup>
Inter-American Development Bank . . . . .	—	100.6	30.0
Subtotal . . . . .	335.1	409.3	175.9
Developing Countries			
Gabon . . . . .	—	2.4	—
Israel . . . . .	—	0.8	—
Mexico . . . . .	—	45.0	65.0
Peru . . . . .	—	24.5	—
Portugal . . . . .	—	29.0	—
Venezuela . . . . .	—	0.7	—
Subtotal . . . . .	—	102.4	65.0
OTHER COUNTRIES AND EUROPEAN INSTITUTIONS			
Australia . . . . .	50.0	25.0	36.6
Austria . . . . .	11.8	38.2	36.3
Belgium . . . . .	—	30.0	40.0
Denmark . . . . .	35.0	47.6	37.0
Finland . . . . .	11.2	4.0	12.0
France . . . . .	41.5	46.3	100.0
Germany . . . . .	8.1	—	—
Ireland . . . . .	—	33.6	—
Italy . . . . .	79.8	40.0	25.0
Japan . . . . .	35.0	—	—
Luxembourg . . . . .	122.4	264.1	166.0
Netherlands . . . . .	32.8	36.9	20.0
New Zealand . . . . .	20.0	25.0	20.2
Norway . . . . .	107.5	20.0	57.8
South Africa . . . . .	12.5	25.0	62.5
Sweden . . . . .	71.2	34.0	15.0
Switzerland <sup>(4)</sup> . . . . .	—	2.8	—
United Kingdom . . . . .	48.1	22.6	41.6
United States . . . . .	220.0	564.3	233.2
Council of Europe . . . . .	7.5	6.0	—
Eurofima <sup>(8)</sup> . . . . .	24.3	6.9	26.9
European Coal and Steel Community . . . . .	48.6	103.0	25.0
European Investment Bank . . . . .	65.1	138.5	25.0
Interfrigo <sup>(9)</sup> . . . . .	—	6.9	—
Subtotal . . . . .	1,052.4	1,520.7	980.1
<b>TOTAL OTHER</b> . . . . .	<b>1,387.5</b>	<b>2,032.4</b>	<b>1,221.0</b>
<b>Recapitulation:</b>			
MULTILATERAL DEVELOPMENT INSTITUTIONS . . . . .	535.1	584.3	475.9
DEVELOPING COUNTRIES . . . . .	230.0	252.4	89.1
OTHER COUNTRIES AND INSTITUTIONS . . . . .	2,062.7	2,537.0	1,493.2
<b>GRAND TOTAL</b> . . . . .	<b>2,827.8</b>	<b>3,373.7</b>	<b>2,058.2</b>

ment Bank placed an issue equivalent to \$24 million in Italy, and another of \$11.6 million in Switzerland. The volume of borrowing in the United States by multilateral institutions was allowed to increase in 1967. The Inter-American Development Bank floated an issue of \$50 million in January, and in March the World Bank placed an issue in New York of \$250 million, the largest in its history. In June 1967, the World Bank placed an issue of the equivalent of approximately \$14 million in Switzerland.

The World Bank and the Inter-American Development Bank also sold short-term bonds and notes to central banks and official institutions in many countries outside the United States totaling \$336.7 million in 1966 and \$162 million through June 1967.

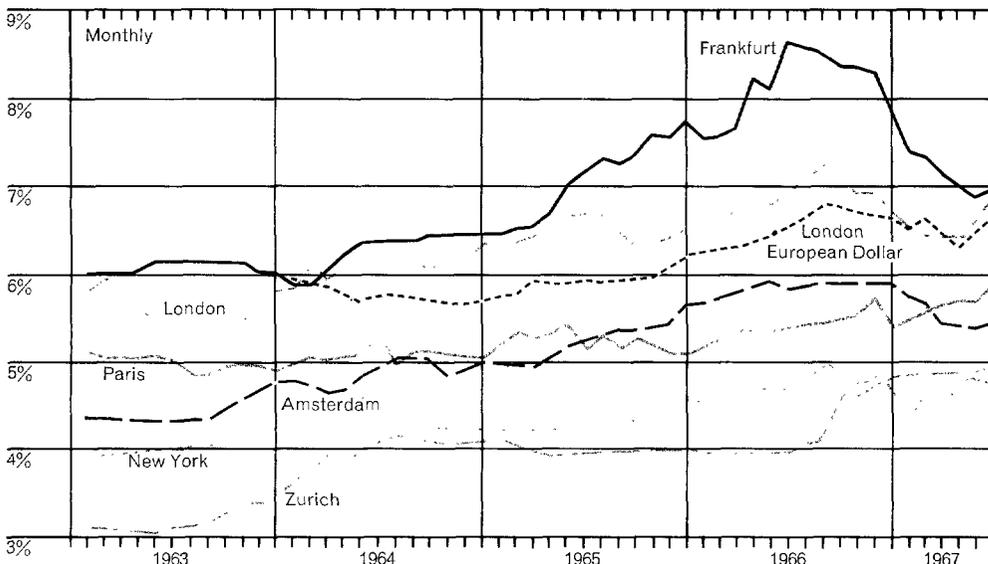
By the middle of 1966, average yields

on central government bonds had risen sharply over their 1965 levels in most industrial countries. The increase was most pronounced in Germany and the Netherlands. Yields on long-term bonds reached a peak in August 1966 in the United States, the United Kingdom and Germany, and for European dollar-denominated bonds. The general rise in interest rates increased the cost of new bond issues by multilateral institutions. The World Bank's Canadian issue in November 1966 carried a yield of 6.41%, the highest rate the Bank has paid on a new issue, while the yield on its \$250 million issue in the United States in March 1967 was 5.35%. Although the general level of interest rates had declined somewhat as of June 1967, rates on long-term bonds have generally remained well above the levels prevailing until 1966.

Yields on Long-Term Government Bonds in Selected Capital Markets

Chart II

Per Cent



Amsterdam—Netherlands Government Perpetual 3%  
 Frankfurt—Average of Bonds of Public Authorities  
 London—U.K. Government Consols 2½%  
 London (European Dollar)—Weighted Average Yield to Maturity of 16 issues

New York—U.S. Treasury 3½%, 1983/78  
 Paris—French Government Rente Perpetuelle 5%, 1949  
 Zurich—Swiss Government 3%, 1949-1974. From Sept. 1966, Swiss Government 4½%, 1966-1981





## Bank Appendices

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# Balance Sheet

June 30, 1967

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

## Assets

### DUE FROM BANKS AND OTHER DEPOSITORIES

Member currencies, including \$9,796,461 United States dollars			
Unrestricted	\$ 15,748,928		
Subject to restrictions—Note B	<u>125,850,390</u>	\$141,599,318	
Non-member currency (Swiss francs)		<u>15,504,564</u>	\$ 157,103,882

### INVESTMENTS

Government obligations (At cost or amortized cost)			
Face amount \$466,934,913 including \$257,191,000 obligations of United States Government and its Instrumentalities		\$463,079,579	
Time deposits, including \$500,000,000 United States dollars		518,268,272	
Accrued interest		<u>27,193,552</u>	1,008,541,403

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

Member currencies, other than United States dollars—Note B			
Non-negotiable, non-interest-bearing, demand notes			373,189,743

### EFFECTIVE LOANS HELD BY BANK (See Appendix D)—Note C

(Including undisbursed balance of \$2,260,729,819)			7,001,533,263
--	--	--	---------------

ACCRUED CHARGES ON LOANS—Note C			72,577,387
---------------------------------	--	--	------------

### RECEIVABLE FROM PURCHASERS ON ACCOUNT OF EFFECTIVE LOANS AGREED TO

BE SOLD (Including undisbursed balance of \$7,529,688)			17,866,982
--	--	--	------------

UNAMORTIZED BOND ISSUANCE COSTS			18,787,262
---------------------------------	--	--	------------

LAND AND BUILDINGS	\$ 26,592,100		
Less—Reserve for depreciation	<u>2,595,216</u>		23,996,884

OTHER ASSETS			5,203,466
--------------	--	--	-----------

### SPECIAL RESERVE FUND ASSETS—Note D

Due from Banks—member currency—United States	\$	534	
Investment securities—Obligations of United States Government and its Instrumentalities (\$290,359,000 face amount; at cost or amortized cost)		290,179,374	
Accrued loan commissions—Note C		<u>242,410</u>	290,422,318

### STAFF RETIREMENT PLAN ASSETS

(Segregated and held in trust)			30,599,038
--------------------------------	--	--	------------

TOTAL ASSETS			<u>\$8,999,821,628</u>
--------------	--	--	------------------------

**Liabilities, Reserves and Capital**

<b>LIABILITIES</b>		
Accrued interest on borrowings .....	\$	46,267,720
Accounts payable and other liabilities .....		6,835,294
Due to International Development Association .....		92,300,000
Undisbursed balance of effective loans (See Appendix D)		
Held by Bank .....	\$	2,260,729,819
Agreed to be sold .....		<u>7,529,688</u>
Funded debt (See Appendix E)		
(Of this amount \$472,368,289 is due within one year) .....		3,075,249,015
 <b>RESERVES FOR LOSSES</b>		
Special reserve—Note D .....	\$	290,422,318
Supplemental reserve against losses on loans and guarantees—Note E .....		<u>732,574,509</u>
		1,022,996,827
 STAFF RETIREMENT PLAN RESERVE .....		 30,599,038
 <b>CAPITAL</b>		
Capital stock (See Appendix C)—Note F		
Authorized 240,000 shares of \$100,000 par value each		
Subscribed 228,498 shares .....	\$22,849,800,000	
Less—Uncalled portion of subscriptions—Note G .....	<u>20,564,820,000</u>	2,284,980,000
Payments on account of pending subscriptions .....		2,738,000
Net income—Note E		
From July 1, 1966 to June 30, 1967 .....		169,596,227
  TOTAL LIABILITIES, RESERVES AND CAPITAL .....		  <u><u>\$8,999,821,628</u></u>

# Comparative Statement of Income and Expenses

For the Fiscal Years Ended June 30, 1966 and June 30, 1967  
Expressed in United States Currency—See Notes to Financial Statements, Appendix F

	July 1-June 30	
	1965/66	1966/67
<b>Income</b>		
Income from investments . . . . .	\$ 63,098,843	\$ 71,955,494
Income from loans:		
Interest . . . . .	219,051,360	247,195,497
Commitment charges . . . . .	6,962,355	7,688,716
Commissions . . . . .	766,274	684,528
Service charges . . . . .	79,597	102,002
Other income . . . . .	2,431,658	4,302,548
<b>GROSS INCOME</b> . . . . .	<u>\$292,390,087</u>	<u>\$331,928,785</u>
Deduct—Amount equivalent to commissions appropriated to Special Reserve—Note D . . . . .	766,274	684,528
<b>Gross Income Less Reserve Deduction</b> . . . . .	<u>\$291,623,813</u>	<u>\$331,244,257</u>
<b>Expenses</b>		
Administrative expenses:		
Personal services . . . . .	\$ 11,575,433	\$ 13,855,323
Contributions to staff benefits . . . . .	1,871,545	2,197,683
Fees and compensation . . . . .	1,350,218	1,109,323
Representation . . . . .	207,102	234,256
Travel . . . . .	2,988,728	2,937,023
Supplies and material . . . . .	200,034	213,353
Office occupancy . . . . .	1,432,886	1,578,495
Communication services . . . . .	729,485	755,564
Furniture and equipment . . . . .	459,494	554,698
Books and library services . . . . .	214,847	262,954
Printing . . . . .	381,431	429,634
Insurance . . . . .	99,715	111,445
Other expenses . . . . .	28,262	32,380
<b>TOTAL ADMINISTRATIVE EXPENSES</b> . . . . .	<u>\$ 21,539,180</u>	<u>\$ 24,272,131</u>
Services to member countries . . . . .	8,268,496	6,511,926
Interest on borrowings . . . . .	115,976,299	128,701,615
Bond issuance and other financial expenses . . . . .	2,011,263	2,092,885
Discount on sale of loans . . . . .	95,375	69,473
<b>GROSS EXPENSES</b> . . . . .	<u>\$147,890,613</u>	<u>\$161,648,030</u>
<b>Net Income</b> . . . . .	<u>\$143,733,200</u>	<u>\$169,596,227</u>

# Statement of Subscriptions to Capital Stock and Voting Power

June 30, 1967

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

Member	Subscriptions			Amounts Paid in			Subject to call 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
Afghanistan	300	.13	\$ 30,000	\$ 300	\$ 1,200	\$ 1,500	\$ 27,000	550	.22
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	1.56
Australia	5,330	2.33	533,000	5,330	47,970	—	479,700	5,580	2.19
Austria	1,867	.82	186,700	1,867	11,601	5,202	168,030	2,117	.83
Belgium	4,500	1.97	450,000	4,500	40,500	—	405,000	4,750	1.86
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	1.56
Burma	400	.18	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	.18
Canada	7,920	3.47	792,000	7,920	71,280	—	712,800	8,170	3.20
Central African Republic	100	.04	10,000	100	19	881	9,000	350	.14
Ceylon	827	.36	82,700	827	1,135	6,308	74,430	1,077	.42
Chad	100	.04	10,000	100	9	891	9,000	350	.14
Chile	933	.41	93,300	933	8,397	—	83,970	1,183	.46
China	7,500	3.28	750,000	7,500	3,178	64,322	675,000	7,750	3.04
Colombia	933	.41	93,300	8,493	837	—	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	5,400	—	54,000	850	.33
Costa Rica	107	.05	10,700	467	603	—	9,630	357	.14
Cyprus	150	.07	15,000	150	14	1,336	13,500	400	.16
Dahomey	100	.04	10,000	100	19	881	9,000	350	.14
Denmark	1,733	.76	173,300	1,733	15,597	—	155,970	1,983	.78
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	11,997	—	119,970	1,583	.62
France	10,500	4.60	1,050,000	10,500	94,500	—	945,000	10,750	4.22
Gabon	100	.04	10,000	100	17	883	9,000	350	.14
Germany, Federal Republic of	12,800	5.60	1,280,000	12,800	97,950	17,250	1,152,000	13,050	5.12
Ghana	467	.20	46,700	467	2,702	1,501	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	.18
Guyana	160	.07	16,000	160	17	1,423	14,400	410	.16
Haiti	150	.07	15,000	150	35	1,315	13,500	400	.16
Honduras	80	.03	8,000	620	—	180	7,200	330	.13
Iceland	150	.07	15,000	1,032	26	442	13,500	400	.16
India	8,000	3.50	800,000	8,000	17,725	54,275	720,000	8,250	3.24
Indonesia	2,200	.96	220,000	2,200	198	19,602	198,000	2,450	.96
Iran	1,286	.56	128,600	1,286	7,416	4,158	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	5,855	1,822	76,770	1,103	.43
Israel	959	.42	95,900	959	2,997	5,634	86,310	1,209	.47
Italy	6,660	2.91	666,000	6,660	59,940	—	599,400	6,910	2.71
Ivory Coast	200	.09	20,000	200	504	1,296	18,000	450	.18
Jamaica	320	.14	32,000	320	24	2,856	28,800	570	.22
Japan	7,726	3.38	772,600	7,726	69,534	—	695,340	7,976	3.13
Jordan	163	.07	16,300	163	52	1,415	14,670	413	.16
Kenya	333	.15	33,300	333	491	2,506	29,970	583	.23
Korea	250	.11	25,000	250	2,250	—	22,500	500	.20
Kuwait	667	.29	66,700	667	6,003	—	60,030	917	.36

(continued)

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

June 30, 1967

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	.18
Luxembourg	200	.09	20,000	200	1,800	—	18,000	450	.18
Malagasy Republic	200	.09	20,000	200	30	1,770	18,000	450	.18
Malawi	150	.07	15,000	150	14	1,336	13,500	400	.16
Malaysia	1,333	.58	133,300	1,333	7,500	4,497	119,970	1,583	.62
Mali	173	.08	17,300	173	1,557	—	15,570	423	.17
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	891	9,000	350	.14
Netherlands	5,500	2.41	550,000	5,500	49,500	—	495,000	5,750	2.25
New Zealand	1,667	.73	166,700	1,667	150	14,853	150,030	1,917	.75
Nicaragua	80	.03	8,000	350	450	—	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	.88	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 <sup>(1)</sup>	350	.15	35,000	3,500	—	—	31,500	600	.23
Philippines <sup>(1)</sup>	1,000	.44	100,000	3,700	6,300	—	90,000	1,250	.49
Portugal	800	.35	80,000	800	2,890	4,310	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	.15	33,300	333	30	2,967	29,970	583	.23
Sierra Leone	150	.07	15,000	150	14	1,336	13,500	400	.16
Singapore	320	.14	32,000	320	576	2,304	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	1.17	266,700	2,667	19,201	4,802	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	1.04
Syrian Arab Republic	400	.18	40,000	400	44	3,556	36,000	650	.25
Tanzania	333	.15	33,300	333	57	2,940	29,970	583	.23
Thailand	1,013	.44	101,300	5,078	143	4,909	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	267	24	2,379	24,030	517	.20
Tunisia	300	.13	30,000	300	74	2,626	27,000	550	.22
Turkey	1,150	.50	115,000	1,150	271	10,079	103,500	1,400	.55
Uganda	333	.15	33,300	333	50	2,947	29,970	583	.23
United Arab Republic	1,421	.62	142,100	1,421	119	12,670	127,890	1,671	.65
United Kingdom	26,000	11.38	2,600,000	26,000	234,000	—	2,340,000	26,250	10.29
United States	63,500	27.79	6,350,000	635,000	—	—	5,715,000	63,750	25.00
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	.82	186,700	8,537	629	9,504	168,030	2,117	.83
Viet-Nam	300	.13	30,000	300	2,700	—	27,000	550	.22
Yugoslavia	1,067	.47	106,700	6,073	4,597	—	96,030	1,317	.52
Zambia	533	.23	53,300	533	48	4,749	47,970	783	.31
TOTALS	228,498	100.00	\$22,849,800	\$837,771	\$1,074,019	\$373,190	\$20,564,820	254,998	100.00

<sup>(1)</sup>Amounts aggregating the equivalent of \$2,738,000 have been received from two members on account of increases in subscriptions which are in process of completion.

# Summary Statement of Loans

June 30, 1967

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

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

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	\$ 17,510,000	\$ —	\$ 17,510,000	\$ —
Argentina	105,285,899	9,570,105	114,856,004	—
Australia	194,288,000	—	194,288,000	—
Austria	54,296,973	—	54,296,973	—
Belgium	38,099,346	—	38,099,346	—
Brazil	155,598,173	221,503,114	377,101,287	—
Burma	21,443,780	248,954	21,692,734	—
Cameroon	—	—	—	7,000,000
Ceylon	28,340,671	258,285	28,598,956	—
Chile	77,855,568	81,154,354	159,009,922	—
China	26,420,386	11,455,794	37,876,180	14,400,000
Colombia	250,361,243	89,094,886	339,456,129	25,000,000
Congo (Brazzaville)	511,815	29,488,185	30,000,000	—
Costa Rica	35,555,734	1,840,442	37,396,176	—
Cyprus	13,603,843	1,227,157	14,831,000	2,800,000
Denmark	44,418,776	—	44,418,776	—
Ecuador	33,367,709	4,317,300	37,685,009	4,000,000
El Salvador	28,215,305	1,099,264	29,314,569	—
Ethiopia	33,795,072	10,116,092	43,911,164	—
Finland	121,646,592	24,167,191	145,813,783	—
France	21,377,192	—	21,377,192	—
Gabon	11,353,387	231,613	11,585,000	—
Ghana	46,462,131	437,869	46,900,000	—
Guatemala	5,748,000	—	5,748,000	15,000,000
Guinea	1,255,919	444,081	1,700,000	—
Haiti	921,000	—	921,000	—
Honduras	12,872,000	10,440,000	23,312,000	8,600,000
Iceland	7,168,894	14,694,532	21,863,426	—
India	516,369,799	155,223,772	671,593,571	—
Iran	112,938,477	68,458,270	181,396,747	—
Iraq	3,709,891	19,290,109	23,000,000	—
Israel	84,936,287	4,290,192	89,226,479	—
Italy	135,477,657	45,898,304	181,375,961	—
Jamaica	6,592,902	40,533,629	47,126,531	—
Japan	543,991,717	183,896,907	727,888,624	—
Kenya, Tanzania and Uganda <sup>(5)</sup>	14,731,178	36,268,822	51,000,000	—
Lebanon	21,945,000	—	21,945,000	—
Liberia	2,854,872	1,095,128	3,950,000	—
Malaysia	73,596,883	93,452,111	167,048,994	10,000,000
Mexico	390,020,164	116,951,407	506,971,571	—
Morocco	24,992,734	32,487,326	57,480,060	—
New Zealand	59,450,826	36,628,642	96,079,468	—
Nicaragua	20,995,834	1,648,055	22,643,889	—
Nigeria	70,520,255	82,214,739	152,734,994	—
Norway	86,325,214	9,967,808	96,293,022	—
Pakistan	175,420,025	142,223,279	317,643,304	13,500,000
Panama	9,193,886	445,114	9,639,000	—
Paraguay	147,003	6,712,997	6,860,000	—
Peru	104,326,558	53,516,915	157,843,473	—
Philippines	69,558,250	62,794,972	132,353,222	—
Portugal	28,714,716	27,210,035	55,924,751	—
Senegal	—	—	—	4,000,000
Sierra Leone	3,392,417	167,583	3,560,000	—
Singapore	7,963,790	16,021,210	23,985,000	—
South Africa	24,043,412	9,684,935	33,728,347	—
Spain	66,662,875	68,503,537	135,166,412	—
Sudan	65,337,046	25,774,954	91,112,000	—
Thailand	117,980,828	72,531,571	190,512,399	—
Trinidad and Tobago	—	4,950,000	4,950,000	8,600,000
Tunisia	6,095,463	5,482,618	11,578,081	12,000,000
Turkey	28,791,731	7,236,268	36,027,999	—
United Arab Republic	37,500,000	—	37,500,000	—
United Kingdom	107,896,679	9,879,039	117,775,718	—
Uruguay	54,638,155	15,864,845	70,503,000	—
Venezuela	127,851,471	106,093,529	233,945,000	—
Yugoslavia	170,017,727	68,041,979	238,059,706	—
Zambia	—	17,500,000	17,500,000	—
<b>SUB-TOTAL MEMBERS<sup>(1)</sup></b>	<b>\$4,762,755,130</b>	<b>\$2,160,729,819</b>	<b>\$6,923,484,949</b>	<b>\$124,900,000</b>
International Finance Corporation	—	100,000,000	100,000,000	—
<b>TOTALS</b>	<b>\$4,762,755,130</b>	<b>\$2,260,729,819</b>	<b>\$7,023,484,949</b>	<b>\$124,900,000</b>
LESS: Exchange adjustments	21,951,686	—	21,951,686	—
	<u>\$4,740,803,444</u>		<u>\$7,001,533,263</u>	

(continued)

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

Currency	Amount
Argentine pesos.....	\$ 1,072,190
Australian dollars.....	68,930,377
Austrian schillings.....	16,866,820
Belgian francs.....	74,766,807
Burmese kyats.....	1,343,496
Canadian dollars.....	183,462,707
Ceylon rupees.....	682,855
Danish kroner.....	17,807,286
Deutsche mark.....	546,419,034
Finnish markkas.....	9,652,510
French francs.....	140,398,436
New Ghana cedis.....	3,485,101
Indian rupees.....	35,017,414
Iranian rials.....	10,479,623
Iraqi dinars.....	1,846,604
Irish pounds.....	7,696,474
Israel pounds.....	3,618,297
Italian lire.....	94,011,056
Japanese yen.....	93,794,692
Kuwaiti dinars.....	6,928,357
Luxembourg francs.....	2,662,532
Malaysian dollars.....	9,219,241
Mexican pesos.....	22,856,963
Netherlands guilders.....	95,549,505
Norwegian kroner.....	18,571,504
Portuguese escudos.....	2,917,723
Pounds sterling.....	260,538,780
Singapore dollars.....	547,233
South African rand.....	28,802,894
Spanish pesetas.....	21,872,795
Sudanese pounds.....	2,512,446
Swedish kronor.....	32,832,135
Swiss francs.....	192,172,458
New Taiwan dollars.....	3,083,145
United States dollars.....	2,750,283,633
Venezuelan bolivares.....	52,007
Disbursed portion of effective loans held by Bank.....	<u>\$4,762,755,130</u>
LESS: Exchange adjustments.....	21,951,686
	<u>\$4,740,803,444</u>
ADD: Undisbursed portion of effective loans held by Bank.....	2,260,729,819
Effective loans held by Bank.....	<u><u>\$7,001,533,263</u></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 \$7,529,688 of effective loans which the Bank has agreed to sell. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$21,410,729.

(3) Original principal amount of loans signed..... \$10,670,577,893

DEDUCT:

(a) Cancellations, terminations and refundings.....	\$ 228,446,486	
(b) Principal repayments to the Bank.....	1,263,131,240	
(c) Loans sold or agreed to be sold of which \$7,529,688 has not yet been disbursed.....	2,030,615,218	
(d) Loans not yet effective.....	<u>124,900,000</u>	<u>3,647,092,944</u>

\$ 7,023,484,949

LESS: Exchange adjustments..... 21,951,686

Effective loans held by Bank..... \$ 7,001,533,263

(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 \$4,585,000 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 \$2,035,200,218.

(5) Loan shared by members shown.

# Funded Debt of the Bank

# Appendix E

International Bank for  
Reconstruction and Development

June 30, 1967

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>			
3½% Notes of 1961, due 1967	\$ 22,000,000		None*
4¾% Two Year Bonds of 1965, due 1967	100,000,000		None*
4% Notes of 1962, due 1967	5,000,000		None*
5¼% Two Year Bonds of 1966, due 1968	100,000,000		None*
5¼% Notes of 1966, due 1968	16,000,000		None*
6% Two Year Bonds of 1966, due 1968	100,000,000		None*
4¼% Notes of 1965, due 1968-71	18,750,000		None*
4¾% Notes of 1966, due 1968-71	16,000,000		None*
4¾% Twelve Year Bonds of 1960, due 1968-72	120,000,000		None*
3¾% Ten Year Bonds of 1958, due 1968	150,000,000		None*
4¼% Notes of 1964, due 1968-69	60,000,000		None*
3½% Fifteen Year Bonds of 1954, due 1969	53,750,000	1968	\$3,750,000
5¾% Two Year Bonds of 1967, due 1969	100,000,000		None*
5½% Notes of 1967, due 1969-70	16,000,000		None*
4¼% Notes of 1965, due 1970	38,000,000		None*
3½% Nineteen Year Bonds of 1952, due 1971	37,500,000	1968-70	\$2,500,000
3% Twenty-Five Year Bonds of 1947, due 1972	110,935,000	1968	\$5,935,000
		1969-72	\$7,500,000
4½% Fifteen Year Bonds of 1958, due 1973	78,335,000	1968	\$3,335,000
		1969-73	\$5,000,000
3¾% Twenty-Three Year Bonds of 1952, due 1975	34,940,000	1968	\$ 940,000
		1969-74	\$1,500,000
3% Twenty-Five Year Bonds of 1951, due 1976	40,000,000	1968	\$1,000,000
		1969-75	\$2,000,000
4½% Twenty Year Bonds of 1957, due 1977	69,426,000	1968	\$3,750,000
		1969-76	\$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	96,335,000	1967	\$ 335,000
		1968-71	\$4,000,000
		1972-77	\$5,000,000
4¼% Twenty-One Year Bonds of 1958, due 1979	148,500,000	1968	\$5,500,000
		1969-77	\$7,000,000
		1978	\$5,000,000
4¾% Twenty-Three Year Bonds of 1957, due 1980 <sup>(2)</sup>	59,805,000	1968-79	\$3,000,000
		1980	\$1,500,000
3¼% Thirty Year Bonds of 1951, due 1981	96,000,000	1968-73	\$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 <sup>(3)</sup>	100,839,000	1977-86	\$5,500,000
		1987-91	\$6,500,000
5¾% Twenty-Five Year Bonds of 1967, due 1992 <sup>(4)</sup>	90,130,000	1977-86	\$8,000,000
		1987-91	\$9,000,000
<b>SUB-TOTAL</b>	<b>\$2,308,245,000</b>		
<b>Belgian Francs</b>			
5% Ten Year Bonds of 1959, due 1969 (BF500,000,000)	\$ 10,000,000		None
<b>SUB-TOTAL</b>	<b>\$ 10,000,000</b>		
<b>Canadian Dollars</b>			
3½% Fifteen Year Bonds of 1954, due 1969 (Can\$17,199,500)	\$ 15,909,554	1968	Can\$499,500
5¼% 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\$20,000,000) <sup>(2)</sup>	18,500,018		None
6¼% Twenty-Five Year Bonds of 1967, due 1992 (Can\$20,000,000) <sup>(2)</sup>	18,500,018		None
<b>SUB-TOTAL</b>	<b>\$ 76,034,613</b>		
<b>Deutsche Mark</b>			
3¾% Notes of 1961, due 1967 (DM40,000,000)	\$ 10,000,000		None*
5¼% Notes of 1966, due 1968 (DM64,000,000)	16,000,000		None*
4¼% Notes of 1965, due 1968-71 (DM75,000,000)	18,750,000		None*
4¾% Notes of 1966, due 1968-71 (DM 64,000,000)	16,000,000		None*
4½% Bonds of 1960, due 1968-72 (DM500,000,000)	125,000,000		None*
4¼% 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*
5¼% Notes of 1967, due 1969-70 (DM64,000,000)	16,000,000		None*
5% Bonds of 1959, due 1974 (DM140,000,000)	35,000,000	1968-74	DM20,000,000
5½% Bonds of 1965, due 1985 (DM250,000,000) <sup>(2)</sup>	62,500,000	1971-84	DM17,000,000
		1985	DM12,000,000
	\$ 399,250,000		
Less: bonds purchased <sup>(2)</sup>	5,682,250		
<b>SUB-TOTAL</b>	<b>\$ 393,567,750</b>		

(continued)

June 30, 1967

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>Italian Lire</b>			
5% Bonds of 1961, due 1976 (Lit15,000,000,000).....	\$ 24,000,000	None	
SUB-TOTAL.....	\$ 24,000,000		
<b>Netherlands Guilders</b>			
3½% Fifteen Year Bonds of 1954, due 1969 (f.7,950,000).....	\$ 2,196,133	1968	f.3,950,000
		1969	f.4,000,000
3½% Twenty Year Bonds of 1955, due 1975 (f.21,320,000).....	5,889,503	1968	f.2,440,000
		1969-74	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
SUB-TOTAL.....	\$ 32,947,515		
<b>Pounds Sterling</b>			
3½% Twenty Year Stock of 1951, due 1971 (£2,842,599).....	\$ 7,959,277	1968	£143,365
		1969-71	£166,700
3½% Twenty Year Stock of 1954, due 1974 (£3,409,846).....	9,547,569	1967	£ 3,628
		1968-74	£166,700
5% Twenty-Three Year Stock of 1959, due 1982 (£8,962,103).....	25,093,888	1968	£226,158
		1969-82	£278,000
SUB-TOTAL.....	\$ 42,600,734		
<b>Swiss Francs</b>			
3¼% Loan of 1961, due 1968 (SwF50,000,000) <sup>(2)</sup> .....	\$ 11,634,671	None	
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	
5¼% Notes of 1967, due 1969 (SwF33,300,000).....	7,748,691	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 (SwF34,000,000).....	7,911,577	1969-74	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	
5% Eighteen Year Bonds of 1967, due 1985 (SwF60,000,000).....	13,961,606	1980-85	SwF10,000,000
SUB-TOTAL.....	\$ 187,853,403		
GROSS TOTAL.....	\$3,075,249,015		

(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, 1967 to June 30, 1968.....	\$ 472,368,289
July 1, 1968 to June 30, 1969.....	516,663,277
July 1, 1969 to June 30, 1970.....	194,976,948
July 1, 1970 to June 30, 1971.....	203,339,179
July 1, 1971 to June 30, 1972.....	169,942,335
TOTAL.....	\$1,557,290,028

(2) In the case of the 4¾% Twenty-Three Year Bonds of 1957, the Bank will, as a purchase fund, use its best efforts to purchase bonds of this issue in the open market or by acceptance of tenders at prices up to and including 100% of the principal amount plus accrued interest. The purchase fund will be at the annual rate of \$3,750,000 through 1967 and is cumulative on a month-to-month basis only within each calendar year. In the cases of the 5¼% Twenty-Five Year Canadian Dollar Bonds of 1966 and the 6¼% Twenty-Five Year Canadian Dollar Bonds of 1967, purchase funds of Can\$300,000 each are to be provided annually starting in 1968 through 1986 and 1969 through 1987 respectively. In the case of the 5½% 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 this issue in an aggregate principal amount of \$74,161,000. These agreements provide for the delivery of such bonds to be made against payment therefor at various dates to and including January 3, 1968.

(4) The Bank has entered into agreements to sell additional bonds of this issue in an aggregate principal amount of \$159,870,000. These agreements provide for the delivery of such bonds to be made against payment therefor at various dates to and including January 15, 1969.

(5) In June 1967 the Bank entered into an agreement with the Swiss Confederation, subject to ratification, whereby the Confederation will extend the maturity of the instalment of SwF50 million (U.S. equivalent \$11.6 million) due January 1, 1968 of the 3¼% Loan of 1961. Repayment of this amount will be made in three annual instalments payable on July 1, 1968, 1969 and 1970 and interest will be payable at the rate of 5% per annum commencing on January 1, 1968.

June 30, 1967

**Note A**

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

(i) In the cases of 76 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, Guinea, Indonesia, Ivory Coast, Korea, Laos, Malagasy Republic, Mali, Mauritania, Nepal, 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 Notes B and C.

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.

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 principal disbursed and outstanding on loans and the accruals for interest, commitment charge, service charge and loan commission are receivable in United States dollars and other currencies (for which the dollar equivalent is shown) as follows:

	Receivable in		Total
	US dollars	Other currency	
Principal			
Outstanding . . . .	\$2,750,283,633	\$1,990,519,811	\$4,740,803,444
Accrued Interest,			
Commitment and			
Service Charges . . . .	42,760,795	29,816,592	72,577,387
Accrued Loan			
Commissions . . . . .	234,104	8,306	242,410
TOTAL . . . . .	\$2,793,278,532	\$2,020,344,709	\$4,813,623,241

The dollar equivalent shown as principal outstanding includes an amount which in accordance with Article II, Section 9, will be receivable from members to maintain the value of their currencies, and is net of an amount, equal to the increase in the value of their currencies, which in accordance with Article II, Section 9, will be payable by the Bank to members, when such currencies are recovered by the Bank.

**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**

Indonesia was readmitted to membership in the Bank on April 13, 1967 and \$951,119 was transferred to Supplemental Reserve Against Losses on Loans and Guarantees. This represents Indonesia's share in the net income of the Bank as of the date of withdrawal which was included earlier as part of the Bank's obligation to repurchase the shares of Indonesia.

Of the \$169,596,227 net income earned in the fiscal year ended June 30, 1967, the Executive Directors in July 1967, allocated \$159,596,227 to the Supplemental Reserve Against Losses on Loans and Guarantees and have recommended to the Board of Governors that an additional amount equal to the balance of \$10,000,000 be transferred by way of grant to the International Development Association.

**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 \$18,279,840,000 the restriction on calls is imposed by the Articles of Agreement; as to \$2,284,980,000 by a resolution of the Board of Governors.

**General**

The Bank has opened four special interest bearing deposit accounts with the Reserve Bank of India maturing not later than March 31, 1968 and denominated in US dollars, pounds sterling, Deutsche mark and yen. The Bank intends beginning August 1, 1967 to deposit in these accounts amounts equivalent to the principal repayments received by the Bank for its own account during the period April 1, 1967 to March 31, 1968 in respect of loans made by the Bank to, or guaranteed by, India but not in excess of the equivalent of US\$50 million.

# Opinion of Independent Auditor

# Financial Statements Covered by the Foregoing Opinion

1707 L STREET, N.W.  
WASHINGTON, D.C. 20036  
JULY 28, 1967

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, 1967, 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 42)
Comparative Statement of Income and Expenses . . . . .	Appendix B (page 44)
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Funded Debt of the Bank . . . . .	Appendix E (page 49)
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# Statement of Loans Signed During the Fiscal Year 1966/67

Expressed in United States Currency

GUARANTOR, Purpose and Borrower	Date of Loan Agreement	Maturities	Interest rate	Principal amount
<b>Brazil (Guarantor)</b>				
Power—Central Eletrica de Furnas, S.A. ....	December 19, 1966	1971-91	6%	\$ 39,000,000
Power—Cia. Brasileira de Energia Eletrica .....	December 19, 1966	1972-87	6%	6,200,000
Power—Cia. Forca e Luz do Parana. ....	December 19, 1966	1972-87	6%	8,100,000
Power—Cia. Paulista de Forca e Luz. ....	December 19, 1966	1972-87	6%	41,000,000
Power—Cia. Forca e Luz de Minas Gerais. ....	December 19, 1966	1972-87	6%	6,300,000
<b>Cameroon (Guarantor)</b>				
Agriculture—Cameroons Development Corporation .....	March 28, 1967	1976-97	6%	7,000,000
<b>Chile (Guarantor)</b>				
Power—Endesa & Fomento. ....	December 23, 1966	1974-97	6%	60,000,000
<b>China</b>				
Fishing Vessels. ....	June 14, 1967	1970-82	6%	14,400,000
<b>Colombia (Guarantor)</b>				
Communications—Empresa Nacional de Telecomunicaciones .....	June 15, 1967	1971-87	6%	16,000,000
Agriculture—Instituto Colombiano de la Reforma Agraria .....	June 29, 1967	1973-92	6%	9,000,000
<b>Congo (Brazzaville) (Guarantor)</b>				
Potash—Compagnie des Potasses du Congo. ....	January 9, 1967	1970-84	6%	30,000,000
<b>Cyprus (Guarantor)</b>				
Power—Electricity Authority of Cyprus. ....	May 16, 1967	1970-82	6%	2,800,000
<b>Ecuador</b>				
Agriculture. ....	June 19, 1967	1973-85	6%	4,000,000
<b>Guatemala (Guarantor)</b>				
Power—Instituto Nacional de Electrificacion. ....	March 10, 1967	1971-92	6%	15,000,000
<b>Honduras</b>				
Roads. ....	May 26, 1967	1972-87	6%	8,600,000
<b>Honduras (Guarantor)</b>				
Port—Empresa Nacional Portuaria. ....	August 25, 1966	1971-90	6%	4,800,000
<b>Iceland (Guarantor)</b>				
Power—National Power Company. ....	September 14, 1966	1971-91	6%	18,000,000
<b>India (Guarantor)</b>				
Steel—Indian Iron and Steel Co., Ltd. ....	July 7, 1966	1971-84	6%	30,000,000
<b>Iran (Guarantor)</b>				
Industry—Industrial & Mining Development Bank of Iran. ....	July 26, 1966	1969-83	Various	25,000,000
<b>Iraq</b>				
Roads. ....	July 22, 1966	1970-86	6%	23,000,000
<b>Jamaica</b>				
Education. ....	September 30, 1966	1972-87	6%	9,500,000
<b>Jamaica (Guarantor)</b>				
Communications—Jamaica Telephone Co., Ltd. ....	January 23, 1967	1972-82	6%	11,200,000
<b>Japan (Guarantor)</b>				
Roads—Nihon Doro Kodan. ....	July 29, 1966	1969-81	6½%	100,000,000
<b>Kenya, Tanzania and Uganda (Guarantor)</b>				
Communications—East African Common Services Authority. ....	February 17, 1967	1971-91	6%	13,000,000
<b>Malaysia</b>				
Irrigation. ....	June 15, 1967	1972-92	6%	10,000,000

*(continued)*

Expressed in United States Currency

GUARANTOR, Purpose and Borrower	Date of Loan Agreement	Maturities	Interest rate	Principal amount
<b>Malaysia (Guarantor)</b>				
Power—National Electricity Board of the States of Malaya . . . . .	July 26, 1966	1970-86	6%	\$ 37,000,000
<b>Nicaragua (Guarantor)</b>				
Power—Empresa Nacional de Luz y Fuerza . . . . .	October 5, 1966	1969-86	6%	5,000,000
<b>Pakistan</b>				
Railways . . . . .	May 26, 1967	1971-92	6%	13,500,000
<b>Pakistan (Guarantor)</b>				
Power—Karachi Electric Supply Corporation Ltd. . . . .	March 15, 1967	1970-87	6%	21,500,000
<b>Peru (Guarantor)</b>				
Power—Empresas Electricas Asociadas . . . . .	September 7, 1966	1969-86	6%	10,000,000
<b>Philippines (Guarantor)</b>				
Industry—Philippine National Bank . . . . .	September 23, 1966	1968-84	Various	25,000,000
Power—National Power Corporation . . . . .	April 5, 1967	1970-87	6%	12,000,000
<b>Senegal (Guarantor)</b>				
Port—Port Autonome de Dakar . . . . .	May 1, 1967	1970-82	6%	4,000,000
<b>Singapore (Guarantor)</b>				
Port—The Port of Singapore Authority . . . . .	August 11, 1966	1971-91	6%	15,000,000
Power—Public Utilities Board, Singapore . . . . .	November 4, 1966	1968-87	6%	10,000,000
<b>South Africa (Guarantor)</b>				
Power—Electricity Supply Commission . . . . .	September 8, 1966	1968-76	6¼%	20,000,000
<b>Thailand</b>				
Education . . . . .	October 19, 1966	1976-96	6%	6,000,000
<b>Thailand (Guarantor)</b>				
Power—Yanhee Electricity Authority . . . . .	March 24, 1967	1970-82	6%	5,000,000
<b>Trinidad and Tobago</b>				
Agriculture . . . . .	March 10, 1967	1972-90	6%	5,000,000
Roads . . . . .	June 12, 1967	1972-92	6%	8,600,000
<b>Tunisia</b>				
Agriculture . . . . .	February 21, 1967	1972-85	6%	12,000,000
<b>Turkey (Guarantor)</b>				
Industry—Industrial Development Bank of Turkey . . . . .	August 10, 1966	1968-83	Various	10,000,000
<b>United Kingdom (Guarantor)</b>				
Power—Swaziland . . . . .	April 24, 1967	1971-87	6%	2,750,000
<b>Venezuela (Guarantor)</b>				
Power—C.V.G. Electrificación del Caroni C.A. . . . .	January 26, 1967	1970-87	6%	15,000,000
<b>Yugoslavia (Guarantor)</b>				
Roads—Yugoslav Investment Bank . . . . .	February 24, 1967	1972-87	6%	10,000,000
<b>Zambia</b>				
Roads . . . . .	October 4, 1966	1970-86	6%	17,500,000
<b>International Finance Corporation</b> . . . . .	October 28, 1966	1969-81	Various	\$776,750,000
<b>TOTAL</b> . . . . .				<u>100,000,000</u>
				<u>\$876,750,000</u>

## IDA Appendices

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June 30, 1967

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 . . . . .	\$ 26,711,285	
Subject to restrictions—Note B . . . . .	<u>54,676,314</u>	\$ 81,387,599

INVESTMENTS

Government obligations (At cost or amortized cost)		
Face amount \$34,344,000 including \$29,850,000 obligations of		
United States Government and its Instrumentalities . . . . .	\$ 33,895,184	
Accrued interest . . . . .	<u>206,085</u>	34,101,269

RECEIVABLE ON ACCOUNT OF SUBSCRIPTIONS (See Appendix C)

Non-negotiable, non-interest-bearing, demand obligations		
Unrestricted . . . . .	\$ 260,000	
Subject to restrictions—Note B . . . . .	<u>166,148,058</u>	166,408,058

RECEIVABLE ON ACCOUNT OF SUPPLEMENTARY RESOURCES (See Appendix C)

Non-negotiable, non-interest-bearing, demand obligations		
Unrestricted . . . . .		331,576,933

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

92,300,000

EFFECTIVE DEVELOPMENT CREDITS HELD BY ASSOCIATION (Including undisbursed balance of \$640,484,872) (See Appendix D)—Note E . . . . .

1,664,163,141

ACCRUED SERVICE CHARGE ON DEVELOPMENT CREDITS—Note E . . . . .

2,177,342

TOTAL . . . . . \$2,372,114,342

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

LIABILITIES

Accounts payable and other liabilities . . . . .		\$ 500,074
Undisbursed balance of effective development credits (See Appendix D) . . . . .		640,484,872

SUBSCRIPTIONS (See Appendix E)—Note F

Amounts subscribed . . . . .	\$999,955,000	
Less portion for which payment is not yet due—Note G . . . . .	<u>2,875,000</u>	997,080,000

SUPPLEMENTARY RESOURCES (See Appendix E)—Note F . . . . .

\$767,870,000

Less portion for which payment is not yet due—Note H . . . . .	<u>248,245,000</u>	519,625,000
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TRANSFERS FROM INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT—Note D . . . . .

200,000,000

ACCUMULATED NET INCOME

At June 30, 1966 . . . . .	\$ 9,814,612	
The period from July 1, 1966 to June 30, 1967 . . . . .	<u>4,609,784</u>	14,424,396
TOTAL . . . . .		<u>\$2,372,114,342</u>

For the Fiscal Years Ended June 30, 1966 and June 30, 1967  
Expressed in United States Currency—See Notes to Financial Statements, Appendix F

	July 1-June 30	
	1965/1966	1966/1967
<b>Income</b>		
Income from investments . . . . .	\$2,336,536	\$2,557,348
Income from development credits . . . . .	4,115,676	6,268,489
<b>GROSS INCOME</b> . . . . .	<u>\$6,452,212</u>	<u>\$8,825,837</u>
<b>Expenses</b>		
Administrative expenses:		
Personal services . . . . .	\$2,044,829	\$2,528,277
Contributions to staff benefits . . . . .	294,750	383,757
Fees and compensation . . . . .	109,446	109,199
Representation . . . . .	1,886	2,725
Travel . . . . .	432,764	517,715
Supplies and material . . . . .	31,557	44,437
Office occupancy . . . . .	212,220	297,075
Communication services . . . . .	115,289	168,898
Furniture and equipment . . . . .	70,739	107,507
Printing . . . . .	22,463	31,189
Insurance . . . . .	22,106	25,282
<b>TOTAL ADMINISTRATIVE EXPENSES</b> . . . . .	<u>\$3,358,049</u>	<u>\$4,216,061</u>
Exchange adjustments . . . . .	344	(8)
<b>GROSS EXPENSES</b> . . . . .	<u>\$3,358,393</u>	<u>\$4,216,053</u>
<b>Net Income</b> . . . . .	<u>\$3,093,819</u>	<u>\$4,609,784</u>

Note—The administrative expenses include certain expenses allocated by the International Bank for Reconstruction and Development to the Association. Effective July 1, 1967 the Bank will charge the Association an annual "Management Fee" which for the year ending June 30, 1968 is to be equal to the expenses for fiscal year 1967.

# Statement of Holdings of Currencies and Obligations

June 30, 1967

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	—	—	10,106,800	10,106,800
Austria	Schilling	—	—	2,583,846	2,583,846
Belgium	Franc	—	260,000	5,500,000	5,760,000
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	3,237,503	—	17,600,004	20,837,507
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	Franc	2,718,000	—	—	2,718,000
Costa Rica	Colon	180,000	—	—	180,000
Cyprus	Pound	—	684,000	—	684,000
Dahomey	Franc	—	450,000	—	450,000
Denmark	Krone	—	—	4,063,599	4,063,599
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	1,383,558	—	—	1,383,558
France	Franc	369,247	—	29,369,706	29,738,953
Gabon	Franc	—	450,000	—	450,000
Germany, Federal Republic of	Deutsche Mark	9,748,000	—	—	9,748,000
Ghana	New Cedi	—	2,124,000	—	2,124,000
Greece	Drachma	2,268,000	—	—	2,268,000
Guatemala	Quetzal	360,000	—	—	360,000
Guyana	Dollar	5,668	723,332	—	729,000
Haiti	Gourde	—	684,000	—	684,000
Honduras	Lempira	270,000	—	—	270,000
India	Rupee	57,721	36,257,333	—	36,315,054
Iran	Rial	—	4,086,000	—	4,086,000
Iraq	Dinar	—	684,000	—	684,000
Ireland	Pound	—	1,636,200	—	1,636,200
Israel	Pound	—	604,800	—	604,800
Ivory Coast	Franc	—	909,000	—	909,000
Japan	Yen	98,962	—	20,694,444	20,793,406
Jordan	Dinar	—	162,000	—	162,000
Kenya	Shilling	—	1,512,000	—	1,512,000
Korea	Won	1,133,960	—	—	1,133,960
Kuwait	Dinar	—	—	1,731,800	1,731,800
Laos	Kip	210,000	240,000	—	450,000

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	7,670,287	—	—	7,670,287
Morocco	Dirham	—	3,177,000	—	3,177,000
Nepal	Rupee	—	450,000	—	450,000
Netherlands	Guilder	—	—	10,171,271	10,171,271
Nicaragua	Cordoba	270,000	—	—	270,000
Niger	Franc	—	450,000	—	450,000
Nigeria	Pound	—	3,024,000	—	3,024,000
Norway	Krone	—	—	3,405,999	3,405,999
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	—	684,000	—	684,000
Somalia	Shilling	—	684,000	—	684,000
South Africa	Rand	2,976,315	—	—	2,976,315
Spain	Peseta	6,746,273	1,816,200	—	8,562,473
Sudan	Pound	—	909,000	—	909,000
Sweden	Krona	—	—	14,149,464	14,149,464
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	8,344,909	—	46,200,000	54,544,909
United States	Dollar	552,791	—	166,000,000	166,552,791
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	Pound	—	2,421,000	—	2,421,000
<b>TOTALS</b>		<b>\$81,387,599</b>	<b>\$166,408,058</b>	<b>\$331,576,933</b>	<b>\$579,372,590 <sup>(1)</sup></b>

<sup>(1)</sup>Of this amount the equivalent of \$358,548,218 is unrestricted and the equivalent of \$578,944,777 is subject to maintenance of value—Note C.

# Summary Statement of Development Credits

June 30, 1967

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 . . . . .	\$ 15,438	\$ 3,484,562	\$ 3,500,000	\$ —
Bolivia . . . . .	12,920,287	2,079,713	15,000,000	2,000,000
Burundi . . . . .	44,916	1,055,084	1,100,000	—
Cameroon . . . . .	—	—	—	11,000,000
Chile . . . . .	12,868,607	6,131,393	19,000,000	—
China . . . . .	13,083,716	—	13,083,716	—
Colombia . . . . .	17,105,140	2,394,860	19,500,000	—
Costa Rica . . . . .	3,457,369	1,192,631	4,650,000	—
Ecuador . . . . .	109,783	7,890,217	8,000,000	—
El Salvador . . . . .	6,350,044	1,649,956	8,000,000	—
Ethiopia . . . . .	10,492,849	10,207,151	20,700,000	—
Haiti . . . . .	349,855	—	349,855	—
Honduras . . . . .	8,749,838	3,350,162	12,100,000	—
India . . . . .	662,462,983	226,681,097	889,144,080	—
Jordan . . . . .	6,023,902	991,601	7,015,503	3,000,000
Kenya . . . . .	5,491,056	20,708,944	26,200,000	—
Korea . . . . .	13,992,924	—	13,992,924	—
Malagasy Republic . . . . .	—	10,000,000	10,000,000	—
Malawi . . . . .	321,230	168,770	490,000	6,300,000
Mali . . . . .	946,532	8,153,468	9,100,000	—
Mauritania . . . . .	251,311	6,448,689	6,700,000	—
Morocco . . . . .	—	11,000,000	11,000,000	—
Nicaragua . . . . .	2,994,834	—	2,994,834	—
Niger . . . . .	174,034	1,325,966	1,500,000	—
Nigeria . . . . .	6,329,260	29,170,740	35,500,000	—
Pakistan . . . . .	151,822,342	177,403,306	329,225,648	1,750,000
Paraguay . . . . .	8,468,661	8,631,339	17,100,000	—
Senegal . . . . .	940,389	8,059,611	9,000,000	—
Somalia . . . . .	—	6,200,000	6,200,000	—
Sudan . . . . .	11,077,847	1,922,153	13,000,000	—
Syrian Arab Republic . . . . .	360,622	8,139,378	8,500,000	—
Tanzania . . . . .	9,878,908	13,721,092	23,600,000	—
Tunisia . . . . .	5,451,206	12,411,392	17,862,598	6,000,000
Turkey . . . . .	44,289,776	36,264,207	80,553,983	—
Uganda . . . . .	—	10,000,000	10,000,000	—
United Kingdom:				
Botswana . . . . .	2,798,043	801,957	3,600,000	—
Lesotho . . . . .	1,254,567	2,845,433	4,100,000	—
Swaziland . . . . .	2,800,000	—	2,800,000	—
<b>TOTALS . . . . .</b>	<b>\$1,023,678,269</b>	<b>\$640,484,872</b>	<b>\$1,664,163,141</b>	<b>\$30,050,000</b>

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

<sup>(2)</sup>Of the undisbursed balance the Association has entered into irrevocable commitments to disburse \$1,777,618.

<sup>(3)</sup>Agreements 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

June 30, 1967

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

Member <sup>(2)</sup>	Subscriptions <sup>(1)</sup>		Voting Power		Supplementary Resources		Total Subscriptions and Supplementary Resources
	Total (Notes C and F)	Percent of total	Number of votes	Percent of total	Amounts paid in (Note C)	Amounts not yet due (Note H)	
Australia	\$ 20,180,000	2.02	4,536	1.83	\$ 13,200,000	\$ 6,600,000	\$ 39,980,000
Austria	5,040,000	.50	1,508	.61	3,360,000	1,680,000	10,080,000
Belgium	8,250,000	.83	2,150	.87	5,500,000	2,750,000	16,500,000
Canada	37,830,000	3.78	8,066	3.25	27,800,000	13,900,000	79,530,000
Denmark	8,740,000	.87	2,248	.90	5,000,000	2,500,000	16,240,000
Finland	3,830,000	.38	1,266	.51	1,532,000	766,000	6,128,000
France	52,960,000	5.30	11,092	4.46	41,248,000	20,624,000	114,832,000
Germany, Federal Republic of	52,960,000	5.30	11,092	4.46	48,400,000	24,200,000	125,560,000
Italy	18,160,000	1.82	4,132	1.66	20,000,000	10,000,000	48,160,000
Japan	33,590,000	3.36	7,218	2.91	27,500,000	13,750,000	74,840,000
Kuwait	3,360,000	.34	1,172	.47	2,240,000	1,120,000	6,720,000
Luxembourg	375,000	.04	575	.23	250,000	125,000	750,000
Netherlands	27,740,000	2.77	6,048	2.43	11,000,000	5,500,000	44,240,000
Norway	6,720,000	.67	1,844	.74	4,400,000	2,200,000	13,320,000
South Africa	10,090,000	1.01	2,518	1.01	2,660,000	1,330,000	14,080,000
Sweden	10,090,000	1.01	2,518	1.01	33,135,000	5,000,000	48,225,000
United Kingdom	131,140,000	13.11	26,728	10.76	64,400,000	32,200,000	227,740,000
United States	320,290,000	32.03	64,558	25.98	208,000,000	104,000,000	632,290,000
<b>TOTAL PART I MEMBERS</b>	<b>\$751,345,000</b>	<b>75.14</b>	<b>159,269</b>	<b>64.09</b>	<b>\$519,625,000</b>	<b>\$248,245,000</b>	<b>\$1,519,215,000</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	1.72	—	—	18,830,000
Bolivia	1,060,000	.11	712	.29	—	—	1,060,000
Brazil	18,830,000	1.88	4,266	1.72	—	—	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	.45	—	—	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	2.64	—	—	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	.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
Ghana	2,360,000	.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

(continued)

June 30, 1967

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

Member <sup>(2)</sup>	Subscriptions <sup>(1)</sup>		Voting Power		Supplementary Resources		Total Subscriptions and Supplementary Resources
	Total (Notes C and F)	Percent of total	Number of votes	Percent of total	Amounts paid in (Note C)	Amounts not yet due (Note H)	
Guyana.....	\$ 810,000	.08	662	.27	\$ —	\$ —	\$ 810,000
Haiti.....	760,000	.08	652	.26	—	—	760,000
Honduras.....	300,000	.03	560	.23	—	—	300,000
Iceland.....	100,000	.01	520	.21	—	—	100,000
India.....	40,350,000	4.03	8,570	3.45	—	—	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	.45	—	—	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	.04	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	.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	(3)	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	.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	.45	—	—	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
TOTAL PART II MEMBERS—Note B.....	\$248,610,000	24.86	89,222	35.91	\$ —	\$ —	\$ 248,610,000
GRAND TOTALS.....	\$999,955,000	100.00	248,491	100.00	\$519,625,000	\$248,245,000	\$1,767,825,000

(1) Paid in full except Belgium and Luxembourg—Note G.

(2) 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.

(3) Less than .005 percent.

June 30, 1967

**Note A**

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

- (i) In the cases of 69 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, Cameroon, Central African Republic, Chad, Chile, China, Colombia, Congo (Brazzaville), Democratic Republic of Congo, Dahomey, Gabon, Ivory Coast, Korea, Laos, Malagasy Republic, Mali, Mauritania, Nepal, 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.

**Note D**

The International Bank for Reconstruction and Development has authorized transfers, by way of grants, to the Association totaling \$200,000,000 from the net income of the Bank for the fiscal years ended June 30, 1964, 1965 and 1966. Of this amount, \$107,700,000 has been received as of June 30, 1967.

**Note E**

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 F**

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

**Note G**

This portion of the subscriptions of members, being that of Belgium and Luxembourg, is due on or before November 8, 1967 and is payable in gold or freely convertible currency.

**Note H**

These supplementary resources are to be paid in freely convertible currencies on or before November 8, 1967. In addition, Sweden has made a further contribution equivalent to \$5,000,000 which will be paid to the Association in August 1967.

**General**

In June 1967, the Association entered into an agreement with the Swiss Confederation, subject to ratification, 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.

# Opinion of Independent Auditor

# Financial Statements Covered by the Foregoing Opinion

1707 L STREET, N.W.  
WASHINGTON, D.C. 20036  
JULY 28, 1967

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, 1967, 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.

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Comparative Statement of Income and Expenses . . . . .	Appendix B (page 57)
Statement of Holdings of Currencies and Obligations . . . . .	Appendix C (page 58)
Summary Statement of Development Credits . . . . .	Appendix D (page 60)
Statement of Subscriptions, Voting Power and Supplementary Resources . . . . .	Appendix E (page 61)
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## Bank Loans and IDA Credits Classified by Purpose and Area

Cumulative Total, June 30, 1967

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

Purpose	Total Bank and IDA	Bank Loans by Area						
		Total	Africa	Asia and Middle East	Austral- asia	Europe	Western Hemi- sphere	IFC
GRAND TOTAL.....	\$12,136.3	\$10,442.1	\$1,347.0	\$3,515.4	\$519.8	\$2,117.2	\$2,842.7	\$100.0
ELECTRIC POWER.....	\$ 3,697.1	\$ 3,588.9	\$ 428.3	\$ 766.7	\$182.3	\$ 592.3	\$1,619.3	\$ —
TRANSPORTATION.....	\$ 4,013.8	\$ 3,446.0	\$ 566.7	\$1,552.7	\$181.4	\$ 404.9	\$ 740.2	\$ —
Railways.....	1,662.0	1,397.4	338.0	632.2	79.3	172.4	175.6	—
Roads.....	1,776.6	1,500.8	137.1	667.0	50.9	126.5	519.2	—
Shipping.....	12.0	12.0	—	—	—	12.0	—	—
Ports and waterways.....	427.3	399.9	41.6	218.9	7.1	86.9	45.4	—
Airlines and airports.....	56.9	56.9	—	5.6	44.1	7.2	—	—
Pipelines.....	79.0	79.0	50.0	29.0	—	—	—	—
TELECOMMUNICATIONS.....	\$ 203.0	\$ 128.2	\$ 22.2	\$ —	\$ —	\$ 0.2	\$ 105.8	\$ —
AGRICULTURE, FORESTRY AND FISHING.....	\$ 1,085.8	\$ 802.4	\$ 95.1	\$ 282.4	\$103.4	\$ 87.8	\$ 233.6	\$ —
Farm mechanization.....	162.9	133.7	4.1	2.0	89.4	2.0	36.2	—
Irrigation and flood control.....	657.5	466.3	47.5	243.9	6.0	73.3	95.6	—
Land clearance, farm improvement, etc.....	105.3	76.6	41.6	13.6	6.0	2.2	13.3	—
Crop processing and storage.....	32.2	11.0	1.1	—	—	4.2	5.7	—
Livestock improvement.....	94.7	81.6	0.9	1.0	—	—	79.7	—
Forestry and fishing.....	33.2	33.2	—	21.9	2.0	6.2	3.1	—
INDUSTRY.....	\$ 2,098.0	\$ 1,596.7	\$ 193.0	\$ 799.5	\$ 52.7	\$ 441.2	\$ 110.2	\$ —
Iron and steel.....	410.1	410.1	—	344.0	13.4	22.7	30.0	—
Paper and pulp.....	132.2	132.2	—	4.2	1.1	106.9	20.0	—
Fertilizer and other chemicals.....	112.0	112.0	30.0	25.0	0.3	56.8	—	—
General industries.....	695.3	233.8	20.5	5.2	23.8	171.0	13.4	—
Mining.....	197.3	197.3	101.0	48.3	14.2	11.9	21.8	—
Development finance companies.....	551.1	511.3	41.5	372.8	—	71.9	25.0	—
WATER SUPPLY.....	\$ 96.0	\$ 52.2	\$ —	\$ 27.0	\$ —	\$ 3.9	\$ 21.3	\$ —
EDUCATION PROJECTS.....	\$ 137.8	\$ 24.3	\$ —	\$ 12.0	\$ —	\$ —	\$ 12.3	\$ —
ENGINEERING LOANS.....	\$ 3.2	\$ 1.7	\$ 1.7	\$ —	\$ —	\$ —	\$ —	\$ —
FINANCING LOAN (IFC).....	\$ 100.0	\$ 100.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$100.0
GENERAL DEVELOPMENT.....	\$ 205.0	\$ 205.0	\$ 40.0	\$ 75.0	\$ —	\$ 90.0	\$ —	\$ —
POST-WAR RECONSTRUCTION.....	\$ 496.8	\$ 496.8	\$ —	\$ —	\$ —	\$ 496.8	\$ —	\$ —

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

## IDA Credits by Area

Total	Africa	Asia and Middle East	Europe	Western Hemi- sphere
<u>\$1,694.2</u>	<u>\$235.7</u>	<u>\$1,269.2</u>	<u>\$80.6</u>	<u>\$108.7</u>
<u>\$ 108.2</u>	<u>\$ —</u>	<u>\$ 67.5</u>	<u>\$25.7</u>	<u>\$ 15.0</u>
<u>\$ 567.8</u>	<u>\$108.8</u>	<u>\$ 381.4</u>	<u>\$ —</u>	<u>\$ 77.6</u>
264.6	18.1	246.5	—	—
275.8	90.7	107.5	—	77.6
—	—	—	—	—
27.4	—	27.4	—	—
—	—	—	—	—
—	—	—	—	—
<u>\$ 74.8</u>	<u>\$ —</u>	<u>\$ 74.8</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ 283.4</u>	<u>\$ 41.4</u>	<u>\$ 208.9</u>	<u>\$20.0</u>	<u>\$ 13.1</u>
29.2	1.5	27.7	—	—
191.2	13.0	158.2	20.0	—
28.7	24.9	3.8	—	—
21.2	2.0	19.2	—	—
13.1	—	—	—	13.1
—	—	—	—	—
<u>\$ 501.3</u>	<u>\$ —</u>	<u>\$ 466.4</u>	<u>\$34.9</u>	<u>\$ —</u>
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
461.5	—	461.5	—	—
39.8	—	4.9	34.9	—
—	—	—	—	—
<u>\$ 43.8</u>	<u>\$ 1.1</u>	<u>\$ 39.7</u>	<u>\$ —</u>	<u>\$ 3.0</u>
<u>\$ 113.5</u>	<u>\$ 84.0</u>	<u>\$ 29.5</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ 1.5</u>	<u>\$ 0.5</u>	<u>\$ 1.0</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</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, 1967

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

Country	Bank Loans		IDA Credits		Total	
	Number	Amount <sup>(1)</sup>	Number	Amount <sup>(1)</sup>	Number	Amount <sup>(1)</sup>
Afghanistan	—	\$ —	1	\$ 3,500,000	1	\$ 3,500,000
Algeria	3	80,500,000	—	—	3	80,500,000
Argentina	2	125,351,234	—	—	2	125,351,234
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	21	496,134,660	—	—	21	496,134,660
Burma	3	33,125,195	—	—	3	33,125,195
Burundi	1	4,800,000	1	1,100,000	2	5,900,000
Cameroon	1	7,000,000	1	11,000,000	2	18,000,000
Ceylon	3	37,405,774	—	—	3	37,405,774
Chile	14	202,026,456	1	19,000,000	15	221,026,456
China	4	55,946,796	4	13,083,716	8	69,030,512
Colombia	29	455,605,441	1	19,500,000	30	475,105,441
Congo (Brazzaville)	1	30,000,000	—	—	1	30,000,000
Congo, Democratic Republic of	5	91,582,854	—	—	5	91,582,854
Costa Rica	7	47,676,251	1	4,650,000	8	52,326,251
Cyprus	2	19,191,200	—	—	2	19,191,200
Denmark	3	85,000,000	—	—	3	85,000,000
Ecuador	8	58,000,000	1	8,000,000	9	66,000,000
El Salvador	7	50,218,632	1	8,000,000	8	58,218,632
Ethiopia	8	56,700,000	2	20,700,000	10	77,400,000
Finland	13	221,580,180	—	—	13	221,580,180
France	1	250,000,000	—	—	1	250,000,000
Gabon	2	47,000,000	—	—	2	47,000,000
Ghana	1	47,000,000	—	—	1	47,000,000
Guatemala	2	33,200,000	—	—	2	33,200,000
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	7	39,317,613	2	12,100,000	9	51,417,613
Iceland	7	25,914,000	—	—	7	25,914,000
India	35	998,270,071	21	889,144,080	56	1,887,414,151
Iran	9	288,125,746	—	—	9	288,125,746
Iraq	2	29,293,946	—	—	2	29,293,946
Israel	4	94,412,479	—	—	4	94,412,479
Italy	8	398,028,000	—	—	8	398,028,000
Ivory Coast <sup>(a)</sup>	1	7,091,567	—	—	1	7,091,567
Jamaica	4	48,200,000	—	—	4	48,200,000
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	6	26,200,000	11	111,400,000
Korea	—	—	1	13,992,924	1	13,992,924
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

Country	Bank Loans		IDA Credits		Total	
	Number	Amount <sup>(1)</sup>	Number	Amount <sup>(1)</sup>	Number	Amount <sup>(1)</sup>
Luxembourg	1	\$ 11,761,983	—	\$ —	1	\$ 11,761,983
Malagasy Republic	—	—	1	10,000,000	1	10,000,000
Malawi	—	—	2	6,790,000	2	6,790,000
Malaysia	6	180,500,000	—	—	6	180,500,000
Mali <sup>(a)</sup>	—	—	1	9,100,000	1	9,100,000
Malta	1	6,520,000	—	—	1	6,520,000
Mauritania	1	66,000,000	1	6,700,000	2	72,700,000
Mauritius	1	6,973,119	—	—	1	6,973,119
Mexico	18	625,125,679	—	—	18	625,125,679
Morocco	4	60,000,000	1	11,000,000	5	71,000,000
Netherlands	10	236,451,985	—	—	10	236,451,985
New Zealand	4	102,114,000	—	—	4	102,114,000
Nicaragua	13	40,742,003	1	2,994,834	14	43,736,837
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	23	425,252,279	23	330,975,648	46	756,227,927
Panama	5	18,047,426	—	—	5	18,047,426
Paraguay	4	11,538,990	3	17,100,000	7	28,638,990
Peru	22	201,426,730	—	—	22	201,426,730
Philippines	10	146,533,359	—	—	10	146,533,359
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	4	46,800,000	—	—	4	46,800,000
Somalia	—	—	1	6,200,000	1	6,200,000
South Africa	11	241,800,000	—	—	11	241,800,000
Spain	3	138,000,000	—	—	3	138,000,000
Sudan	4	105,000,000	1	13,000,000	5	118,000,000
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>	—	—	3	23,600,000	3	23,600,000
Thailand	17	239,147,572	—	—	17	239,147,572
Trinidad and Tobago	3	37,100,000	—	—	3	37,100,000
Tunisia	3	24,000,000	3	23,862,598	6	47,862,598
Turkey	7	70,684,967	7	80,553,984	14	151,238,951
Uganda <sup>(b)</sup>	1	8,400,000	1	10,000,000	2	18,400,000
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	247,300,000	—	—	7	247,300,000
Yugoslavia	9	270,700,000	—	—	9	270,700,000
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>508</b>	<b>\$10,442,131,407</b>	<b>109</b>	<b>\$1,694,213,141</b>	<b>617</b>	<b>\$12,136,344,548</b>

<sup>(1)</sup> Net of cancellations, refundings and terminations.

<sup>(a)</sup> Loan shown against Ivory Coast is shared with Mali, Senegal and Upper Volta.

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

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

For the Fiscal Year Ending June 30, 1968

	Actual Expenses 1967			Budgets 1968
	Bank	IDA	Total	Bank/IDA
<b>Regular Operations</b>				
BOARD OF GOVERNORS . . . . .	\$ 581,309	\$ —	\$ 581,309	\$ 919,000
EXECUTIVE DIRECTORS . . . . .	1,272,677	—	1,272,677	1,280,000
OFFICES AND DEPARTMENTS				
Personal Services . . . . .	\$12,493,178	\$2,528,277	\$15,021,455	\$16,924,000
Staff Benefits . . . . .	2,067,240	383,757	2,450,997	2,880,000
Travel . . . . .	2,304,125	517,715	2,821,840	2,888,000
Representation . . . . .	157,538	2,725	160,263	180,000
	<u>\$17,022,081</u>	<u>\$3,432,474</u>	<u>\$20,454,555</u>	<u>\$22,872,000</u>
RESIDENT MISSIONS . . . . .	541,117	—	541,117	642,000
COOPERATIVE PROGRAMS: FAO . . . . .	181,790	24,214	206,004	315,000
Unesco . . . . .	19,103	6,849	25,952	51,000
CONSULTANTS . . . . .	484,057	54,472	538,529	615,000
FEEES AND COMPENSATION . . . . .	396,843	23,664	420,507	463,000
DATA PROCESSING . . . . .	—	—	—	538,000
OTHER EXPENSES				
Communications . . . . .	\$ 721,927	\$ 168,898	\$ 890,825	\$ 994,000
Supplies and Materials . . . . .	206,345	44,437	250,782	275,000
Office Occupancy . . . . .	1,511,112	297,075	1,808,187	1,957,000
Furniture and Equipment . . . . .	511,268	107,507	618,775	634,000
Printing . . . . .	420,548	31,189	451,737	528,000
Books and Periodicals . . . . .	44,391	—	44,391	45,000
Library . . . . .	216,814	—	216,814	238,000
Insurance . . . . .	108,369	25,282	133,651	183,000
Other . . . . .	32,380	—	32,380	32,000
	<u>\$ 3,773,154</u>	<u>\$ 674,388</u>	<u>\$ 4,447,542</u>	<u>\$ 4,886,000</u>
CONTINGENCY . . . . .	—	—	—	250,000
Total Regular Operations . . . . .	<u>\$24,272,131</u>	<u>\$4,216,061</u>	<u>\$28,488,192</u>	<u>\$32,831,000</u>
<b>Services to Member Countries</b>				
Development Advisory Services . . . . .	\$ 5,030,815	\$ —	\$ 5,030,815	\$ 4,429,000
Training Programs . . . . .	1,398,064	—	1,398,064	1,506,000
Settlement of Investment Disputes . . . . .	83,047	—	83,047	104,000
Total Services to Member Countries . . . . .	<u>\$ 6,511,926</u>	<u>\$ —</u>	<u>\$ 6,511,926</u>	<u>\$ 6,039,000</u>
TOTALS . . . . .			<u>\$35,000,118</u>	<u>\$38,870,000</u>
Bank . . . . .	\$30,784,057			\$34,653,939
IDA . . . . .		\$4,216,061		\$ 4,216,061

The Administrative Budgets for the fiscal year ending June 30, 1968, 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, 1967, are also shown.

With effect from July 1, 1967, the Executive Directors approved a change in budgetary procedures whereby the Association will reimburse 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 fiscal year 1968, this management fee, which comprises the Association's Budget for the year, has been established in the amount of \$4,216,061, being the expenditures of the Association in fiscal year 1967. In approving this amount, the Executive Directors further agreed that a policy as to the amount of the management fee in subsequent years would be determined after the replenishment of IDA is concluded.

June 30, 1967

Member	Governor	Alternate
Afghanistan	Abdul Karim Hakimi	Abdul Aziz Attayee
Algeria	Ahmed Kaid	Kamal Abdellah-Khodja
Argentina	Pedro Eduardo Real	Carlos Santiago Brignone
Australia	William McMahon	Sir Roland Wilson
Austria	Wolfgang Schmitz	Hugo Rottky
Belgium	R. Henrion	Hubert Ansiaux
Bolivia	Jorge Jordán Ferrufino	Enrique Vargas Guzmán
Brazil	Antonio Delfim Neto	Ruy Aguiar da Silva Leme
Burma	Kyaw Nyein	Chit Moun
Burundi	Eric Manirakiza	Bernard de Martrin-Donos
Cameroon	Laurent Ntamag	Jean Assoumou
Canada	Mitchell Sharp	A. B. Hockin
Central African Republic	B. C. Ayandho	A. Zanife Touambona
Ceylon	U. B. Wanninayake	H. Jinadasa Samarakkody
Chad	Georges Diguimbaye	Boukar Abdoul
Chile	Carlos Massad Abud	Jorge Marshall Silva
China	Ching-yu Chen	Kuo-Hwa Yu
Colombia	Abdon Espinosa Valderrama	Jorge Mejía-Salazar
Congo (Brazzaville)	Bernard Banza Bouiti	Jean Moubouli
Congo, Democratic Republic of	J. J. Litho	Paul Mushiete
Costa Rica	Raúl Hess Estrada	Alvaro Vargas E.
Cyprus	Renos Solomides	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	J. Federico Intriago Arrata	Gustavo Larrea Córdova
El Salvador	Guillermo Borja Nathan	Armando Interiano
Ethiopia	Yilma Deressa	Bulcha Demeksa
Finland	Mauno Koivisto	Oiavi Salonen
France	Minister of Finance	Bernard Clappier
Gabon	Emile Kassa-Mapsi	Pierre Mebaley
Germany	Karl Schiller	Franz Josef Strauss
Ghana	A. A. Afrifa	K. Gyasi-Twum
Greece	John Paraskevopoulos	Costas A. Thanos
Guatemala	Alberto Fuentes Mohr	Roberto Barillas Izaguirre
Guinea <sup>(2)</sup>	Moussa Diakite	Mamadou Fofana
Guyana	P. S. d'Aguiar	W. P. D'Andrade
Haiti	Clovis Desinor	Antonio André
Honduras	Manuel Acosta Bonilla	Ricardo Zúniga Augustinus
Iceland	Gylfi Gíslason	Magnús Jónsson
India	Morarji R. Desai	S. Jagannathan
Indonesia <sup>(2)</sup>	Frans Seda <sup>(1)</sup>	Djuana Kusumahardja <sup>(1)</sup>
Iran	Jamshid Amuzegar	Jahangir Amuzegar
Iraq	Abdul Rahman Al-Habeeb	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	Nijmeddin Dajani
Kenya	J. S. Gichuru	John Njoroge Michuki
Korea	Bong Kyun Suh	Se Ryun Kim
Kuwait	Abdul Rahman Salim Al-Ateeqi	Abdlatif Y. Al-Hamad
Laos	Sisouk Na Champassak	Oudong Souvannavong
Lebanon	Khalil Salem	Raja Himadeh
Liberia	J. Milton Weeks	Cyril Bright
Libya	Shamsiddin Mohsen	K. M. Sheriata
Luxembourg	Pierre Werner	Albert Dondelinger

(continued)

June 30, 1967

Member	Governor	Alternate
Malagasy Republic	Rakotovoao Ralison	Louis Rakotomalala
Malawi	J. Z. U. Tembo	R. J. C. Wait
Malaysia	Tan Siew Sin	Mohamed Sharif bin Abdul Samad
Mali	Louis-Pascal Nègre	
Mauritania	Birane Mamadou Wane	Moktar Ould Haiba
Mexico	Antonio Ortiz Mena	José Hernández Delgado
Morocco	Mamoun Tahiri	Mohamed Benkirane
Nepal	Kirti Nidhi Bista	Nareshman Singh
Netherlands	H. J. Witteveen	J. H. O. Count van den Bosch
New Zealand <sup>(2)</sup>	N. R. Davis	N. V. Lough <sup>(1)</sup>
Nicaragua	Guillermo Sevilla-Sacasa	Silvio Argüello Cardenal
Niger	Alidou Barkire	Karimou Goukoye
Nigeria	A. O. Awolowo	Abdul Aziz Atta
Norway	Kåre Willoch	Christian Brinch
Pakistan	N. M. Uquaili	Ghulam Ishaq
Panama	David Samudio A.	Carlos Velarde
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	Gaspard Cyimana	Leon Mbarushimana
Saudi Arabia	Ahmed Zaki Saad	
Senegal	Habib Thiam	Ibrahima Tal
Sierra Leone	B. I. Kaisamba	Sheikh Batu Daramy
Singapore <sup>(2)</sup>	Lim Kim San	Hon Sui Sen
Somalia	Haji Farah Ali Omer <sup>(1)</sup>	Said Mohamed Ali
South Africa	Nicolaas Diederichs	Theunis Willem de Jongh <sup>(1)</sup>
Spain	Juan José Espinosa	Mariano Navarro Rubio
Sudan	Sayed El Sherif Hussein El Hindi	Sayed Abdalla Siddiq Ghandour
Sweden	G. E. Sträng	Krister Wickman <sup>(1)</sup>
Syrian Arab Republic	Mouaffaq Shourbaji	Abdul Hadi Nehlawi
Tanzania	P. Bomani	A. J. Nsekela
Thailand	Serm Vinicchayakul	Bisudhi Nimmanahaeminda
Togo	Boukari Djobo	Jean B. Tevi
Trinidad and Tobago <sup>(2)</sup>	F. C. Prevatt	William Demas
Tunisia	Ahmed Ben Salah	Ali Zouaoui
Turkey	Cihat Bilgehan	Zeyyat Baykara
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 Denis Rickett
United States	Henry H. Fowler	Eugene V. Rostow
Upper Volta	Pierre Claver Damiba	Pierre Tahita
Uruguay <sup>(2)</sup>	C. R. Végh Garzon	Héctor Lorenzo Ríos
Venezuela <sup>(2)</sup>	Rafael Alfonso Ravard	Francisco Mendoza
Viet-Nam	Nguyễn-Huu-Hanh	Nguyễn Van Dong
Yugoslavia	Janko Smole <sup>(1)</sup>	Vladimir Ceric
Zambia	A. N. L. Wina	Lishomwa Mubita Lishomwa

(1) Appointment effective after June 30, 1967.

(2) Member of the Bank only.

June 30, 1967

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
J. M. Stevens <sup>(1)</sup>	Robert E. Radford	United Kingdom	26,250	26,728
Otto Donner	Jörg Jaeckel	Germany	13,050	11,092
René Larre	Jean Malaplate	France	10,750	11,092
K. S. Sundara Rajan	S. Guhan	India	8,250	8,570
<b>Elected</b>				
Joaquín Gutiérrez Cano (Spain)	Felice Gianani (Italy)	Greece, Italy, Portugal <sup>(2)</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>(2)</sup>	10,253	9,834
J. O. Stone (Australia)	T. J. Bartley (Australia)	Australia, New Zealand <sup>(2)</sup> South Africa	9,880	7,054
Muhammad Ayub (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	8,800	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 Thor (Iceland)	Denmark, Finland, Iceland, Norway, Sweden	8,466	8,396
S. Othello Coleman (Liberia)	Iddi Simba (Tanzania)	Burundi, Ethiopia, Guinea <sup>(2)</sup> Kenya, Liberia, Malawi, Mali, Nigeria, Sierra Leone, Sudan, Tanzania, Trinidad and Tobago <sup>(2)</sup> Uganda, Zambia	7,702	9,302
Luis Machado (Cuba)	Alfredo Valencia (Peru)	Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Peru, Venezuela <sup>(2)</sup>	7,518	7,058
Jorge Mejía-Palacio (Colombia)	José Camacho (Colombia)	Brazil, Colombia, Dominican Republic, Ecuador, Philippines	7,220	8,190
Abderrahman Tazi (Morocco)	Taoufik Smida (Tunisia)	Afghanistan, Algeria, Ghana, Laos, Libya, Malaysia, Morocco, Singapore <sup>(2)</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>(2)</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 November 1, 1966, the effective date of the Eleventh Regular Election:

Executive Director	End of period of service	Alternate Executive Director	End of period of service
M. W. O'Donnell (Australia)	February 1, 1967	Bernard Zagorin (United States) Helga Steeg (Germany)	December 13, 1966 May 31, 1967

Note: Indonesia (2,450 votes) is not yet formally represented by an Executive Director.

<sup>(1)</sup>To be succeeded by E. W. Maude.

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

June 30, 1967

George D. Woods . . . . . 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

Mohamed Shoaib\* . . . . . Vice President

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

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

Federico Consolo . . . . . Special Representative for U.N. Organizations

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

Harold N. Graves, Jr. . . . . Director of Information

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

Howard C. Johnson\*\* . . . . . Director, New York Office

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

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

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

M. M. Mendels . . . . . Secretary

John D. Miller . . . . . Special Representative in Europe

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

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

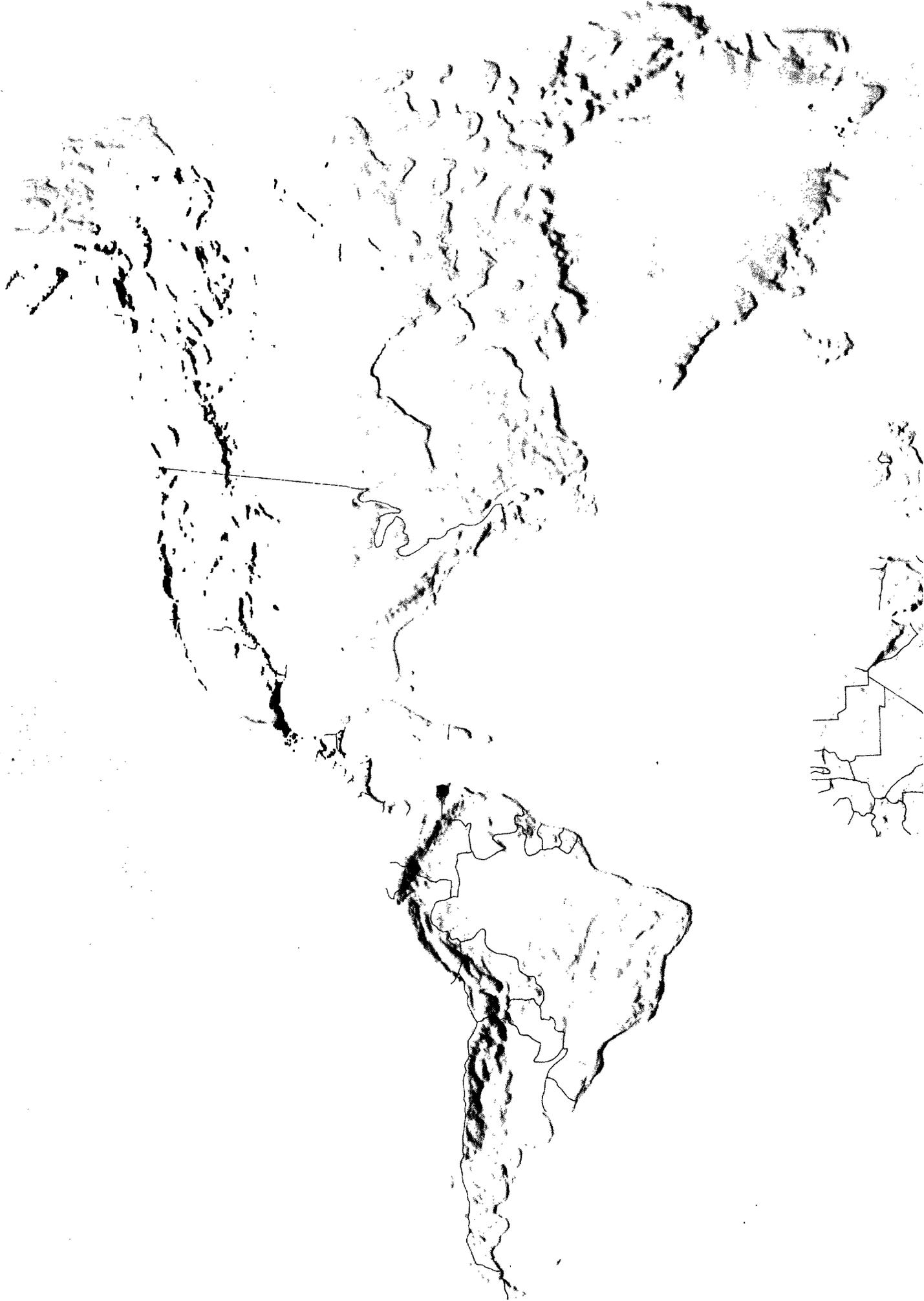
Orvis A. Schmidt . . . . . Special Adviser to the President

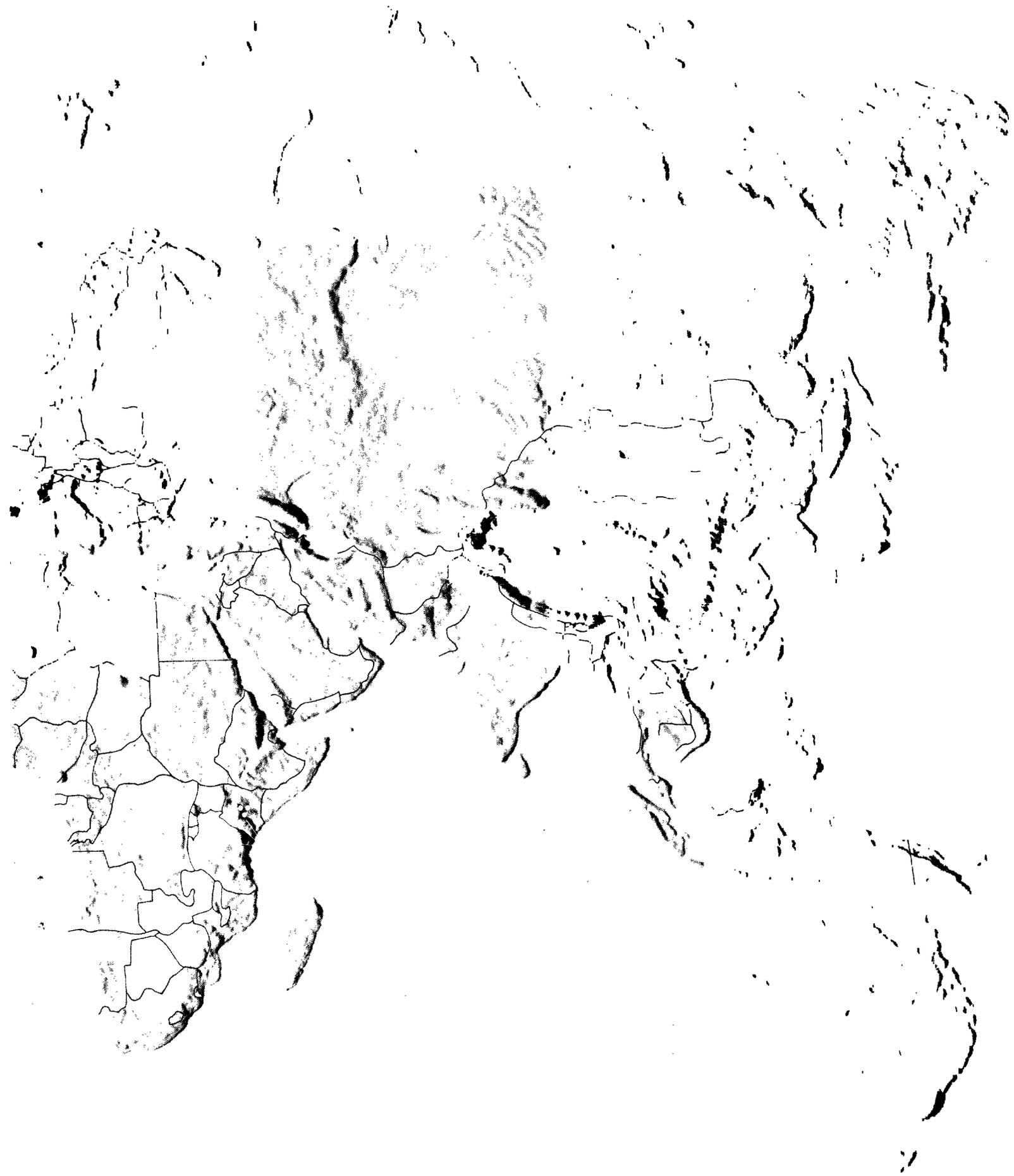
J. H. Williams . . . . . Director, Department of Program Evaluation and Control

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

\*\*Not an officer of IDA.







In 1966/67, 46 Bank Loans were made in 33 countries and one loan to the International Finance Corporation, totaling the equivalent of £176.75 million. In 1966/67, 20 IDA Credits were made in 14 countries totaling the equivalent of \$353.54 million.

World Bank and IDA

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