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THE WORLD BANK ANNUAL REPORT 1985

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The World Bank
Washington, D.C. 20433

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Cover

The economy of the Republic of Korea, the venue of the 1985 Annual Meetings of the World Bank and International Monetary Fund, continued to be buoyant in 1984. Gross national product increased by almost 8 percent, the current-account deficit held at 2 percent, and inflation slowed to 3 percent. The photo shows a worker in a television studio at the Korea Broadcasting System.

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The World Bank and IFC

The expression, "The World Bank," as used in this *Annual Report*, means both the International Bank for Reconstruction and Development (IBRD) and its affiliate, the International Development Association (IDA). The IBRD has a second affiliate, the International Finance Corporation (IFC).

The common objective of these institutions is to help raise standards of living in developing countries by channeling financial resources from developed countries to the developing world.

The IBRD, established in 1945, is owned by the governments of 148 countries. The IBRD, whose capital is subscribed by its member countries, finances its lending operations primarily from its own borrowings in the world capital markets. A substantial contribution to the IBRD's resources also comes from its retained earnings and the flow of repayments on its loans. IBRD loans generally have a grace period of five years and are repayable over twenty years or less. They are directed toward developing countries at more-advanced stages of economic and social growth. The interest rate the IBRD charges on its loans is calculated in accordance with a guideline related to its cost of borrowing.

The IBRD's charter spells out certain basic rules that govern its operations. It must lend only for productive purposes and must stimulate economic growth in the developing countries where it lends. It must pay due regard to the prospects of repayment. Each loan is made to a government or must be guaranteed by the government concerned. The use of loans cannot be restricted to purchases in any particular member country. And the IBRD's decisions to lend must be based on economic considerations.

The International Development Association was established in 1960 to provide assistance for the same purposes as the IBRD, but primarily in the poorer developing countries and on terms that would bear less heavily on their balance of payments than IBRD loans. IDA's assistance is, therefore, concentrated on the very poor countries—those with an annual per capita gross national product of less than $791 (in 1983 dollars). More than fifty countries are eligible under this criterion.

Membership in IDA is open to all members of the IBRD, and 133 of them have joined to date. The funds used by IDA, called credits to distinguish them from IBRD loans, come mostly in the form of subscriptions, general replenishments from IDA's more industrialized and developed members, and transfers from the net earnings of the IBRD. The terms of IDA credits, which are made to governments only, are ten-year grace periods, fifty-year maturities, and no interest.

The IFC was established in 1956. Its function is to assist the economic development of less-developed countries by promoting growth in the private sector of their economies and helping to mobilize domestic and foreign capital for this purpose. Membership in the IBRD is a prerequisite for membership in the IFC, which totals 127 countries. Legally and financially, the IFC and the IBRD are separate entities. The IFC has its own operating and legal staff, but draws upon the Bank for administrative and other services.

While the World Bank has traditionally financed all kinds of capital infrastructure such as roads and railways, telecommunications, and ports and power facilities, its development strategy also places an emphasis on investments that can directly affect the well-being of the masses of poor people of developing countries by making them more productive and by integrating them as active partners in the development process.

In recent years, the Bank has stepped up its lending for energy development. Lending for power forms the largest part of the Bank's energy program, but commitments for oil and gas development have shown the greatest increase.

In 1980, the Bank, in response to the deteriorated prospects for the developing countries during the 1980s, inaugurated a program of structural-adjustment lending. This lending supports programs of specific policy changes and institutional reforms in developing countries designed to achieve a more efficient use of resources and thereby: (a) contribute to a more sustainable balance of payments in the medium and long term and to the maintenance of growth in the face of severe constraints; and (b) lay the basis for regaining momentum for future growth.

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Figures

The Record for Ten Years, 1976–85

	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
	Fiscal year									
IBRD										
	US$ millions									
Loans approved[a]	4,977	5,759	6,098	6,989	7,644	8,809	10,330	11,138	11,947	11,358
Disbursements[b]	2,470	2,636	2,787	3,602	4,363	5,063	6,326	6,817	8,580	8,645
Total income	1,330	1,617	1,947	2,425	2,800	2,999	3,372	4,232	4,655	5,529
Net income	220	209	238	407	588	610	598	752	600	1,137
General reserve	1,623	1,733	1,953	2,205	2,600	2,567	2,831	3,134	3,450	3,727
New borrowings: total	3,811	4,721	3,636	5,085	5,173	5,069	8,521	10,292	9,831	11,086
Borrowings: net	2,530	3,258	2,171	3,235	2,382	2,347	5,692	7,349	7,175	7,138
Subscribed capital	30,861	30,869	33,045	37,429	39,959	36,614	43,165	52,089	56,011	58,846
	number									
Operations approved	141	161	137	142	144	140	150	136	129	131
Borrowing countries	51	54	46	44	48	50	43	43	43	44
Member countries	127	129	132	134	135	139	142	144	146	148
Higher-level staff[c] (number)	2,066	2,203	2,290	2,382	2,474	2,552	2,689	2,703	2,735	2,800
IDA										
	US$ millions									
Credit amounts	1,655	1,308	2,313	3,022	3,838	3,482	2,686	3,341	3,575	3,028
Disbursements	1,252	1,298	1,062	1,222	1,411	1,878	2,067	2,596	2,524	2,491
Usable resources, cumulative	11,514	11,789	18,062	19,661	20,773	22,331	25,280	27,967	30,910	33,295
	number									
Operations approved[d]	73	67	99	105	103	106	97	107	106	105
Borrowing countries	39	36	42	43	40	40	42	44	43	45
Member countries	116	117	120	121	121	125	130	131	131	133

[a] Excludes loans to IFC of $70 million in FY1976, $20 million in FY1977, $100 million in FY1981, $390 million in FY1982, $145 million in FY1983, $100 million in FY1984, and $400 million in FY1985. Includes amounts in FY1976 and FY1977 lent on Third Window terms.

[b] Excludes disbursements on loans to IFC.

[c] Higher-level staff on regular and fixed-term appointments held against authorized budget positions.

[d] Joint IBRD/IDA operations are counted only once as IBRD operations.

Letter of Transmittal

The details of events covering the period July 1, 1984, to June 30, 1985, are found in this *Annual Report,* which has been prepared by the Executive Directors of both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) in accordance with the by-laws of the two organizations. A.W. Clausen, President of the IBRD and IDA and Chairman of the Boards of Executive Directors, has submitted this *Report,* together with accompanying administrative budgets and audited financial statements, to the Boards of Governors.

The Directors express their appreciation to the staff members of the Bank, whose continued professionalism in the face of new demands placed on them by the effects of the unsettled world economic environment, has made it possible for the Bank to respond to the needs of developing countries with both flexibility and imagination.

The Annual Reports of the International Finance Corporation and the International Centre for Settlement of Investment Disputes are published separately.

Executive Directors	Alternates
Fawzi Hamad Al-Sultan	Mohammad Al-Shawi
Mourad Benachenhou	Salem Mohamed Omeish
James B. Burnham	Hugh W. Foster
Kenneth Coates	Félix Alberto Camarasa
Ferdinand van Dam	Riza Sapunxhiu
Ronald H. Dean	You Kwang Park
Mario Draghi	Rodrigo M. Guimarães
Astere Girukwigomba	Mitiku Jembere
Leonor Filardo de González	Maria Antonieta Domínguez
Jacques de Groote	Oral Akman
Edgar Gutiérrez-Castro	Guillermo A. Rivera
Christian Ulrik Haxthausen	Per Taxell
Timothy P. Lankester	Richard Manning
Bruno de Maulde	Francis Mayer
Reinhard Münzberg	Michael von Harpe
Xu Naijiong	Yang Guanghui
Phaichitr Uathavikul	Sashi N. Shah
Frank Potter	George L. Reid
C.R. Krishnaswamy Rao Sahib	Gholam Kibria
Nicéphore Soglo	André Milongo
Kenji Yamaguchi	Zenbei Mizoguchi

August 6, 1985

The Executive Board

Under the Articles of Agreement of the Bank, all powers are vested in the Bank's Board of Governors, consisting of one governor for each member country. With the exception of certain powers specifically reserved to them by the Articles of Agreement, the Governors of the Bank have delegated their powers to a Board of Executive Directors that performs its duties on a full-time basis at the Bank's headquarters. There are twenty-one Executive Directors; each Director selects an Alternate. As provided for in the Articles of Agreement, five Directors are appointed by the five members having the largest number of shares of capital stock, and the rest are elected by the Governors representing the other member countries.

The Executive Directors meet under the chairmanship of the President of the Bank. In practice, they reach most of their decisions by consensus. Formal votes are rare. The Executive Directors are responsible for the conduct of the general operations of the Bank. They decide on Bank policy in the framework of the Articles of Agreement. They also decide on all loan and credit proposals.

The Executive Directors are also responsible for presentation to the Board of Governors at its Annual Meetings of an audit of accounts, an administrative budget, the Annual Report *on the operations and policies of the World Bank, and any other matter that, in their judgment, requires submission to the Board of Governors. Matters may be submitted to the Governors at the Annual Meetings or at any time between Annual Meetings.*

The Articles of Agreement are general enough to give the Executive Board sufficient flexibility to adjust Bank policies to the realities of a changing world. It does so in three general areas: (a) By its annual oversight of the financial and operating programs, and administrative budgets (see table), it determines the allocation of financial and staff resources for the coming year, informing itself, in the process, of staff forecasts of expected developments during the next five years; (b) by reviewing specific policy proposals, either annually (for example, the allocation of net income, staff compensation, the research program) or periodically (for example, the Bank's capital requirements, financial policies, lending terms, sectoral priorities), it determines the direction of Bank policies; and (c) by reviewing evaluations of completed Bank projects and of the Bank's experience in individual sectors and with particular policies, and by considering proposals for future evaluation activities, the Board ensures that the Bank and member countries are able to benefit from the lessons of experience.

* * *

In fiscal 1985, the Directors, through their oversight of the financial and operating programs of the Bank, as well as of the administrative budgets, conducted the mid year review of the IBRD/IDA fiscal year 1985 financial and operating programs and fiscal year 1985 administrative budgets, and reviewed the extension of the financial and operating programs through fiscal year 1989. Early in fiscal 1986, the Directors set the IBRD lending program for fiscal 1986 at between $12 billion and $13.5 billion, with an IDA program of SDR 3.0 billion.

Through their review of Bank policy, the Executive Board focused much of its attention on actions to reverse the economic decline of sub-Saharan Africa and to restore growth and development. (Details of those actions may be found on pages 21–26.) The Executive Directors also approved a contribution of $3 million to the World Food Programme to help meet the cost of delivery of emergency food supplies in the drought-stricken countries of Africa, in addition to the $2 million approved in fiscal 1984.

The Development Committee, at its April 1985 meeting in Washington, DC, agreed that increasing flows of official development assistance deserved the highest priority for the low-income countries, and asked the senior management of the Bank and the Executive Board to start consideration of a broad array of possibilities for addressing the future needs of the poor countries for concessional resources, including IDA. A mid term review of the seventh replenishment of IDA (IDA-7) will be undertaken early in fiscal 1986.

An important feature of fiscal 1985 was the series of meetings of the Executive Directors and senior management to discuss the future role of the Bank (including IDA and the IFC) in the light

Budget of the World Bank for the Fiscal Year Ending June 30, 1986
(Expressed in thousands of US dollars)

	Actual expenses 1985	Budget 1986
By Organizational Unit		
Board of Governors	$ 2,705	$ 3,692
Executive Directors	15,668	16,770
Executive offices[a]	1,185	1,568
Operating Staff[b]	393,194	403,900
Cooperative programs: FAO, UNESCO, UNIDO	6,720	8,962
Economics and Research	29,763	30,809
Financial Staff	51,583	52,900
Operations Evaluation Staff	6,712	7,003
Legal, ICSID, and Secretary's	15,426	16,213
External Relations	17,728	18,645
Economic Development Institute	15,176	16,455
Personnel and Administration[c]	83,775	85,383
Administrative Tribunal	366	508
Reimbursable technical assistance	11,198	15,246
Contingency allowance[d]	—	9,700
Subtotal	$ 651,199	$ 687,754
Less		
Reimbursements	$−20,225	$−22,808
IFC service-and-support fee	−2,975	−3,130
Subtotal	$ 627,999	$ 661,816
Add		
Special programs[e]	$ 39,065	$ 46,177
Total IBRD/IDA	$ 667,064	$ 707,993

	Actual expenses 1985	Budget 1986
By Expense Category		
Staff costs	$ 438,255	$ 456,471
Operational travel	60,757	67,846
Representation	1,628	1,954
Consultant fees	42,360	45,732
Contractual services	16,719	19,557
Overhead expenses		
Office occupancy	37,911	39,712
Communications	17,675	16,291
Other expenses	35,894	30,491
Contingency allowance[d]	—	9,700
Subtotal	$ 651,199	$ 687,754
Less		
Reimbursements	$−20,225	$−22,808
IFC service-and-support fee[f]	−2,975	−3,130
Subtotal	$ 627,999	$ 661,816
Add		
Special programs[e]	$ 39,065	$ 46,177
Total IBRD/IDA	$ 667,064	$ 707,993
Of which:		
IBRD	$ 393,884	$ 429,368
IDA	$ 273,180	$ 278,625

NOTE: The budget for the fiscal year ending June 30, 1986, was approved by the Executive Directors in accordance with the by-laws of the IBRD and IDA. For purposes of comparison, expenses incurred during the fiscal year ending June 30, 1985, are also shown. The Executive Directors have also approved for fiscal year 1986, a capital budget of $26.8 million. This compares with a capital budget authorization of $25.0 million in fiscal year 1985.

a. Includes Development Committee.

b. Includes Regional, Operations Policy, and Energy and Industry Staff, support to special programs, and the costs of the Office of the Senior Vice President, Operations. Excludes cooperative programs and reimbursable technical assistance programs. In the fiscal year 1986 budget, $5.8 million of costs for the IDA-only technical assistance program has been reclassified as a special program (see footnote e below).

c. Includes Ombudsman.

d. Includes $1.7 million set aside for job grading and $5.0 million for May 1, 1986 compensation adjustment.

e. The fiscal year 1986 budget includes authorizations for Special Programs as follows: agricultural research centers—$28.9 million; the Onchocerciasis Control Programme—$2.5 million; the Special Programme for Research and Training in Tropical Diseases—$3.3 million; the Special Project Preparation Facility for sub-Saharan Africa—$3.5 million; the International Center for Insect Physiology and Ecology—$2.2 million; and the IDA-only technical assistance special program of $5.8 million. Comparable authorizations in 1985 totaled $38.3 million, consisting of $28.1 million for agricultural research, $2.5 million for onchocerciasis control, $3.4 million for research and training in tropical diseases, $1.3 million for the insect physiology and ecology center, and $3.5 million for the Special Project Preparation Facility for sub-Saharan Africa. In addition, there was an extraordinary contribution of $3.0 million to the World Food Programme for drought relief in sub-Saharan Africa.

f. In fiscal year 1986, general assistance rendered by the IBRD to the IFC will be paid for by a service-and-support fee that has been established for the year at $3,130,000.

of the challenges posed by the changes in the world economy and in financial markets, as well as the changing needs of member countries. A report on the outcome of those meetings begins on page 48 of this *Annual Report*.

Private direct and portfolio investment can make useful contributions to development, and such flows can be promoted by improving the policy environment toward foreign investment in both developing and industrial countries. In this connection, continuing the initiatives begun in fiscal 1983, the Executive Directors reviewed and consulted with their governments on the staff proposals for the establishment of a Multilateral Investment Guarantee Agency (MIGA), which would seek to improve the investment environment in developing countries by issuing guarantees against noncommercial risks and providing promotional services. (For details, see page 52.)

Reflecting the Bank's increasing emphasis on assistance to, and cooperation with, the private sector in developing member countries, the Executive Directors, constituted as the IFC Board of Directors, are giving greatly increased attention to IFC policy and operational matters. Details of that attention may be found in the IFC Annual Report for fiscal year 1985.

In another important policy action relating to the international economic environment, the Executive Board considered collaboration between the IBRD and the International Monetary Fund (IMF). The Executive Directors approved measures for improved implementation of existing procedures to ensure enhanced and effective collaboration between the two institutions: A full summary of those measures begins on page 56 of this *Annual Report*. The senior management of the Bank will report to the Executive Board before the end of fiscal 1986 on the results of a pilot program in which the activities and studies of the two organizations in eight countries are being coordinated with a view to determining what resources and assistance the Bank and Fund are likely to require from each other over a twelve-to-eighteen month period. It is hoped that the program will help avoid duplication of effort and result in a shared diagnosis of the complementarity in the programs supported by the two institutions in the countries concerned.

The Executive Board undertook a further assessment of the Special Action Program, which had been designed to assist borrowing member countries in maintaining the maximum possible level of development activities in the current world environment. The Board agreed that there was no need to extend the Program formally beyond fiscal 1985, since the main features of the program had been incorporated into normal Bank operations, and, too, since the bulk of feasible actions had already been taken in eligible countries. (Details of the review of the Special Action Program are found on page 54.)

The Executive Board conducted a review of experience with cofinancing arrangements, including the new B-loan instruments for cofinancing with commercial banks, which were begun in fiscal 1983 for a two-year pilot program. Details of that review, together with details of the Board's review of cofinancing with export-credit agencies, are reported in this *Annual Report* (pages 55–56).

In a series of measures of considerable operational importance, the Executive Board decided that the IBRD's front-end fee should be reduced to zero on the understanding that it would be raised again as and when required, and that its role and desirable level will be reexamined during the Board's consideration of the Bank's net income targets and policy in early fiscal 1986. Also, the Executive Directors approved the commencement of a pilot loan-sales program of up to $300 million; and an increase by $150 million over the current authorization for sales from the loan portfolio, raising the total to $2,650 million. The Executive Board considered the prospects for IBRD lending in the light of the ongoing implementation of the fiscal 1985 lending program, which itself, reflected the international economic environment and its impact on the developing countries. The Executive Directors agreed that the lending pipeline would need to be rebuilt, taking into account the evolving economic priorities of the developing countries. The Executive Directors maintained their close attention to the Bank's lending prospects, including the lending work program and pipeline building, through their reviews of the financial and operating programs and the administrative budgets.

In a separate action, the Executive Directors discussed a memorandum from the President on riparian rights and an accompanying report prepared by the staff, and reviewed the principles governing the Bank's approach to riparian-rights issues. Operational instructions to the staff, providing guidance on how to handle these issues, have been amended in the light of the Board discussion.

After extensive informal discussions among themselves and with senior management, the Executive Directors resolved a major policy issue of the Bank's operational relations with high-income countries. The Executive Board adopted, as reflecting consensus among its members, a Statement on Graduation, which will serve as a guide in the development of Bank programs and relations with member countries at different stages of development and in interpreting the policy adopted by the Board in January 1982. In a resolution of another sensitive policy issue, the Executive Directors approved arrangements for the allocation of unallocated shares of IBRD capital. These were subsequently approved by the Board of Governors.

In addition to formal, regular Board meetings, the Executive Directors meet as the Committee of the Whole to discuss certain matters prior to their submission to the Board for formal action. They also meet informally as frequently as required. Periodically, the Executive Directors hold seminars with Bank management that permit more informal discussion than can take place at regular Board meetings. Topics covered by the Committee of the Whole and in seminars during the past fiscal year included: the Joint Program of Action for sub-Saharan Africa; Sustainable Level of Lending; Future Role of the Bank; Review of IBRD Swap Operations; Feasibility of IBRD Loan Sales; Cofinancing with Export Credits and with Sources of Official Development Assistance; Budget Guidelines for Fiscal 1986; a proposal for the establishment of the Multilateral Investment Guarantee Agency; the outline, and subsequently, the text of the 1985 *World Development Report*; and reports and documentation for the meetings of the Development Committee.

The Executive Directors continued their active involvement in the work of the Development Committee, including the preparatory work for the meetings of the Committee held in Washington, DC, in September 1984 and April 1985. The Directors participate in all the meetings of the Development Committee.

The Executive Directors fulfilled their responsibilities in a third general area (reviewing evaluations of completed projects and considering proposals for future evaluation activities by giving particular attention to the work of the Operations Evaluation Department (OED)). The Director-General, Operations Evaluation, is directly responsible to the Executive Directors and is outside the regular staff structure of the Bank, but is linked administratively to the President of the Bank. The Executive Directors as a Board consider from time to time a representative sample of OED reports. The Executive Directors annually consider the report of the Director-General, the work program and manpower budget of the Operations Evaluation Department, and the OED review of project performance audit results. They have extended valuable support to the OED in its efforts to enlarge borrower involvement in the evaluation process. The Operations Evaluation Department is scheduled to submit a special overview of the evaluation of structural-adjustment loans to the Executive Board early in fiscal 1986.

Joint Audit Committee. The Joint Audit Committee was established in 1970, essentially to represent the shareholders of the Bank in maintaining vigilance over the soundness of the Bank's financial practices and procedures. In pursuing its responsibilities during fiscal 1985, the Committee nominated a firm of private, independent, internationally established accountants to conduct the annual audits of the IBRD, IDA, and the IFC, discussed with them the scope of their examination, and reviewed with them the annual audited financial statements and the opinions thereon. In addition, through meetings with the Bank's senior financial officers, the Committee sought to ensure that the Bank's financial affairs were properly conducted.

The Committee is also charged with the responsibility of satisfying itself that the Bank's operations evaluation and internal audit are adequate and efficient. It, therefore, reviewed the work programs of the Operations Evaluation and Internal Auditing Departments, the work in progress, desirable standards, and procedures of reporting. Through a subcommittee, it gave special attention to Project Performance Audit Reports to determine how well the Operations Evaluation Department carries out its assessment of individual projects. The Committee itself reviewed and identified those reports giving rise to policy issues that may be considered by the Executive Directors. Through another subcommittee, the Committee examined a number of Internal Audit Reports to determine the adequacy and efficiency of the Bank's internal audit. The Committee also reviewed the Bank's recently adopted accounting policy for nonaccruing loans.

Of continuing concern to the Committee is the adequacy of the flow of financial information to the Executive Directors in order for the Board to discharge its responsibilities properly with respect to the financial policies of the Bank. Accordingly, the system for providing financial information to the Board is reviewed periodically by the Committee.

The Committee provides a continuous channel through which the internal and external auditors can communicate with the Executive Directors should the need arise. It meets as frequently as necessary, normally once a month. The Committee consists of eight Executive Directors, who are appointed by the Board for a term of two years after each regular election of Executive Directors. Since December 1984, Phaichitr Uathavikul has served as chairman of the Committee.

The Committee on Directors' Administrative Matters (CODAM). The CODAM was established in 1968. It considers, makes recommendations, and reports its findings to the Executive Directors for their decision on matters of administrative policies relating to Executive Directors, alternates, advisers, and their staff. Its term of reference involve it in a wide spectrum of administrative matters and charge it with the responsibility of assisting Executive Directors in the formulation of policies, changes in the existing policies, and implementing such policies. The Committee coordinates many of its recommendations with a similar committee established by the Executive Directors of the International Monetary Fund. In its recommendations, the Committee tries to maintain a balance between the organizational and administrative objectives of the institution and the unique circumstances faced by the Directors in discharging their responsibilities.

The Committee meets as frequently as necessary, normally about once a month. The membership consists of six Executive Directors appointed for a term of two years after each regular election of the Executive Directors. Since January 1985, Reinhard Münzberg has served as its chairman.

The Committee on Staff Compensation Issues. The Committee on Staff Compensation Issues was established in July 1980. Its terms of reference mandate it to keep under continuing review and, where appropriate, to advise the Executive Directors on questions of staff-compensation policy and to maintain close liaison on all such matters with the Executive Directors of the IMF, bearing in mind the need for general parallelism between the two institutions.

Since its inception, the Committee has addressed a wide range of topics. These include: issues arising from a review of expatriate benefits; modifications in the Financial Assistance Program; Principles of Staff Employment (subsequently adopted by the Executive Directors), as well as draft rules implementing them on sensitive issues such as separation and demotion; options for "intervening-year" salary reviews; the findings, implications, and options resulting from the 1984 major compensation review conducted by an outside consulting firm; issues arising from a joint Bank-IMF review of their pension plans; terms of reference for a Joint Bank/IMF Committee of Executive Directors to review certain elements of the staff compensation system; and issues arising from the Bank's job-grading program.

The Committee, which meets as frequently as necessary, consists of eight Executive Directors, who are appointed by the Executive Directors for a term of two years after each regular election of Executive Directors. Since December 1982, Bruno de Maulde has served as chairman of the Committee.

Four Committee members also serve, together with four Executive Directors of the IMF, on the Joint Bank/Fund Committee of Executive Directors on Staff Compensation, which was established in November 1984 to review certain elements of the staff-compensation system.

The Ad Hoc Committee on the Valuation of Bank Capital. This Committee was established in September 1983 to analyze the implications of alternative solutions to the problem of the valuation of the Bank's capital with a view to facilitating an agreed solution to the problem. The Committee, which meets as frequently as necessary, consists of seven Executive Directors, who are appointed by the Executive Directors for a term of two years after each regular election of Executive Directors. Under its terms of reference, the Committee's mandate will terminate when a solution to the valuation problem has been agreed by the Executive Board. Since October 1983, Ronald H. Dean has served as chairman of the Committee.

Chapter One
The World Bank: Fiscal Year 1985, in Brief

The continuing economic stagnation in many developing countries and uncertainty in the financial markets had a direct and diverse effect on the Bank's lending operations and country-assistance planning in fiscal year 1985.

In a few countries, the effect of the economic environment was minimal; in many others, particularly in heavily indebted countries and in sub-Saharan Africa, it resulted in unanticipated delays in project preparation and implementation, shifting investment priorities, and a reorientation of Bank resources. In a growing number of countries, lending priorities changed to take account of the requirements of economic stabilization and structural adjustment; Bank lending, as well as the full range of other country-assistance efforts, was directed towards support of government programs to achieve these objectives.

The difficult economic environment—and with it, the attendant difficulties for the Bank in designing and bringing to fruition adjustment programs, and, for many of its borrowers, in generating domestic resources for new investments—affected the implementation of the IBRD's lending program.[1] Late in fiscal 1984, IBRD lending between $12.6 billion and $13 billion had been approved; actual commitments for the year were $11.4 billion.

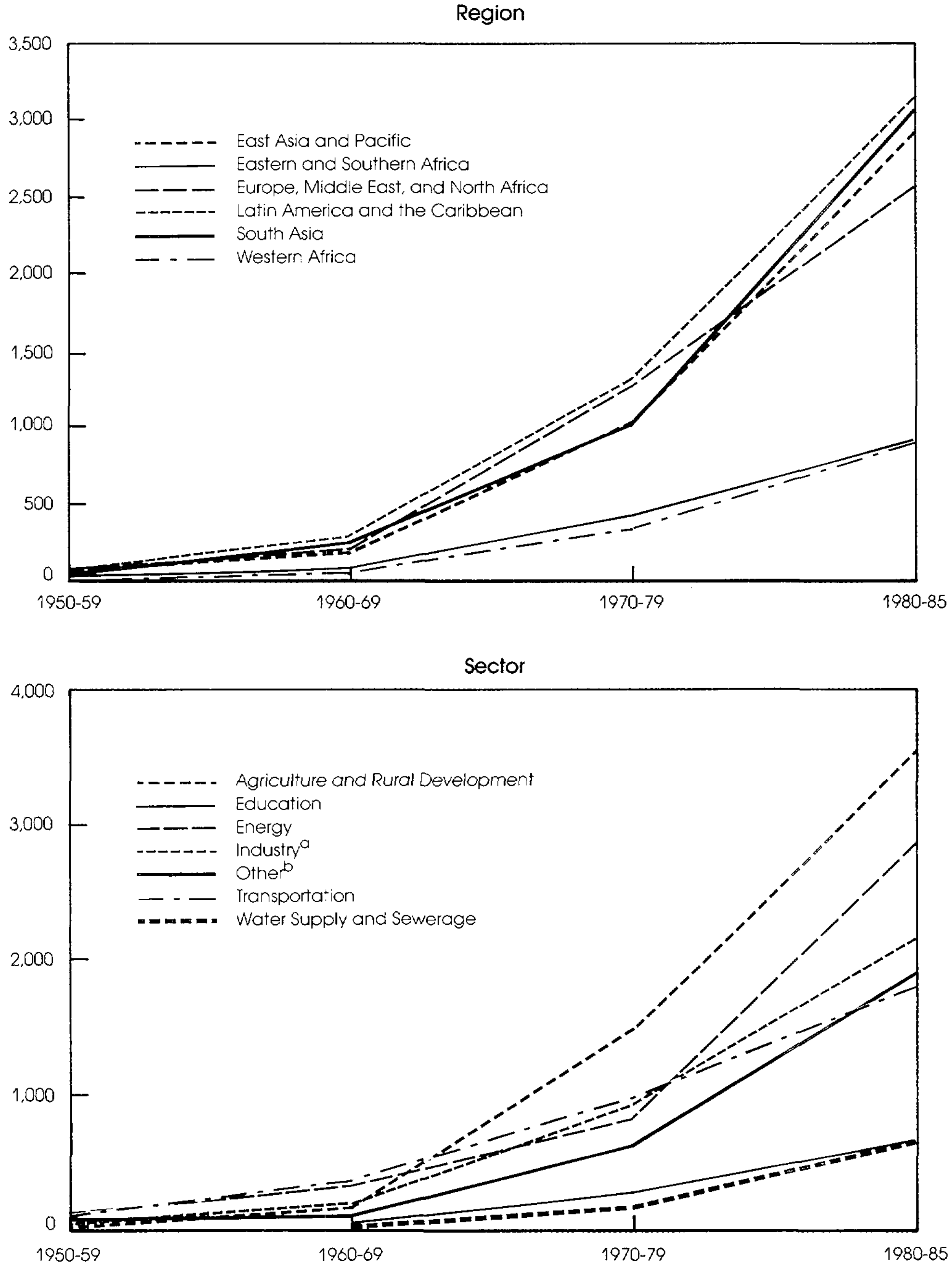
The reasons for this lower figure went beyond the difficulties associated with program design and domestic-resource mobilization. Creditworthiness and performance problems in several major borrowing countries required the IBRD to limit temporarily its exposure in them; in addition, the IBRD experienced a temporary weakening of its project pipeline, as investment programs in a number of countries were either reoriented or reduced. These problems, together, the magnitude of which was not assumed in earlier lending projections, resulted in significant changes during the course of the year in the commitments that had been originally planned.

The experience of the past year highlighted the need for the Bank to be able to respond to altered circumstances by having at its disposal a variety of flexible lending strategies. This need prompted extensive discussion on lending policies between the Executive Board and the management of the Bank. Consideration was given to a range of possible innovations that could be used in exceptional circumstances. These include: increasing the IBRD's share of project costs, consistent with the need to ensure the borrower's commitment to Bank-assisted operations and domestic-resource mobilization; increasing the upper limit on the size of IBRD project loans; selective relaxation of the IBRD's self-imposed 10 percent limit on exposure in any one borrowing country; and financing the completion of projects initiated by others as long as prospective procurement arrangements would permit genuine competitive bidding. The effects of these measures, however, were recognized as being marginal on the overall level of IBRD lending.

At the same time, the Bank responded to the needs of developing countries in other ways: Efforts to strengthen planning and policy reform were stepped up, and, where possible, disbursements were accelerated; in some cases, these actions were accompanied by increased amounts of local-currency financing through revised cost-sharing arrangements; policy-based lending, focused on necessary economic and sectoral adjustment, was given increased emphasis, as were efforts to strengthen aid coordination and technical assistance for institution building; lending to the social sectors in support of efforts by member countries to enhance the development of human resources continued; and the rebuilding of the Bank's project pipeline, to reflect recent investment priorities, was vigorously pursued. In addition, in May 1985, the Executive Directors of the Bank approved a resolution authorizing IDA to act as administrator of, and to accept contributions to, a Special Facility for sub-Saharan Africa. That facility, which began operations on July 1, 1985, would, over a three-year period, help provide the means to facilitate the formulation and implementation of reform programs and to support governments in the difficult decisions they need to make to ensure the effective use of resource flows. (A more complete description of the Special Facility for sub-Saharan Africa may be found on pages 25–26.)

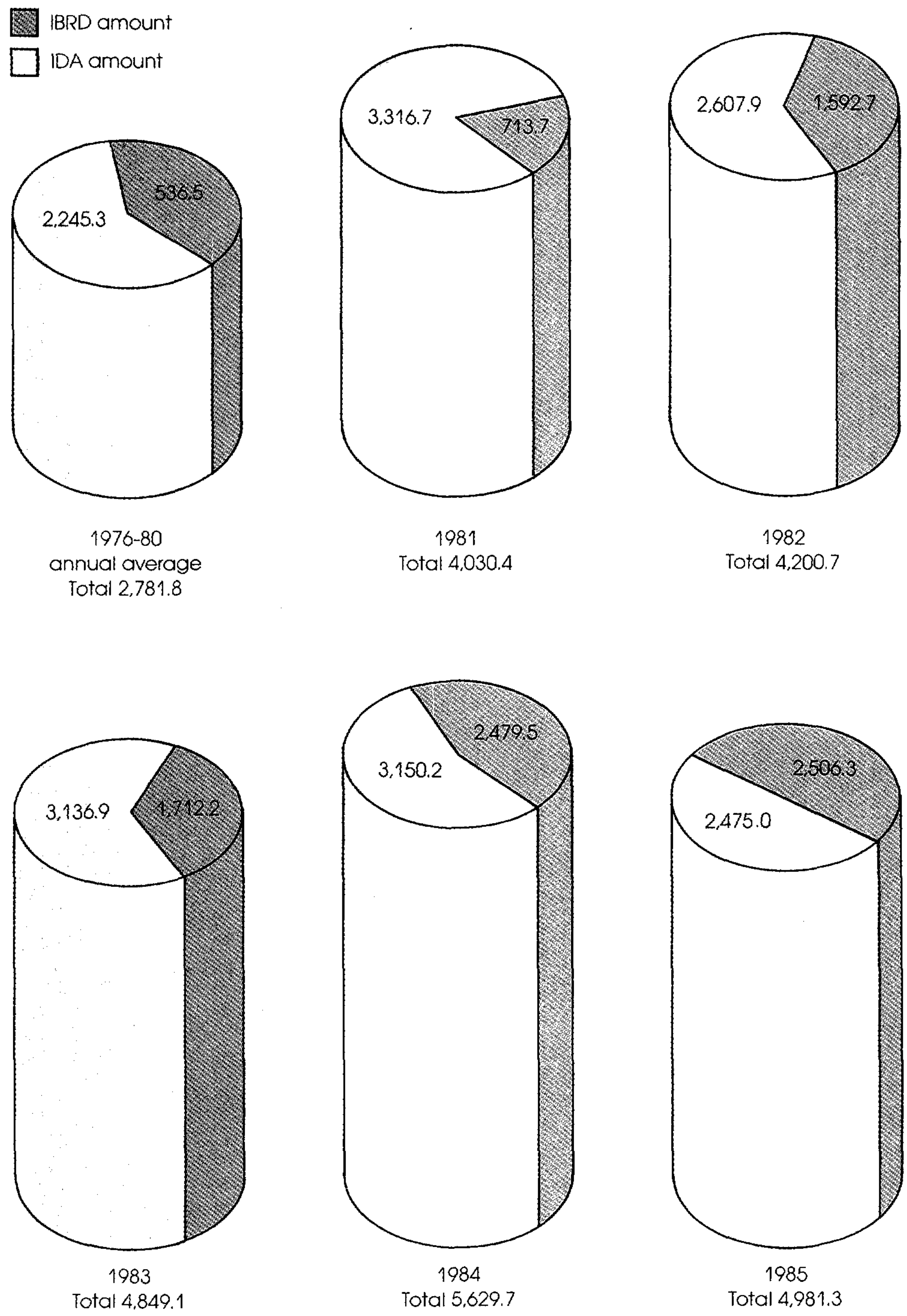
[1] The level of IDA commitments in fiscal 1985 was constrained only by the limits of the resources provided it under the first year of its three-year replenishment period, fiscal 1985–87. IDA's commitment authority for fiscal 1985 totaled SDR2,707 million.

Figure 1-1. World Bank Average Annual Lending, by Region and Sector, Fiscal 1950–85
(current US$ millions)



[a] Includes small-scale industry and development finance companies.
[b] Includes nonproject; population, health, and nutrition; technical assistance; telecommunications; tourism; and urban development.

Figure 1-2. IBRD and IDA Lending to the Poorest Countries, Fiscal 1976–85
(1983 US$ millions)



Note: The poorest countries are defined as those with per capita income less than $391 in 1983 US dollars.

Note on Dollar Amounts

Dollar amounts used in the text of the *Annual Report* refer to current United States dollars. Where special drawing right (SDR) amounts are used for the capital of the Bank, one SDR equals 0.998281 current United States dollars at June 28, 1985 (one SDR equaled 1.03121 current United States dollars at June 29, 1984).

For a detailed discussion and the basis for SDR amounts used for IDA subscriptions and contributions, see IDA Appendices: Appendix F—Notes to Financial Statements.

It was recognized that these initiatives were essential to ensure that the Bank is fully responsive to its developing member countries at a time of volatile economic conditions. Further efforts to broaden and deepen the Bank's skills for this purpose were studied in Board discussions on the future role of the Bank (see pages 48–52).

Fiscal Year 1985—Some Highlights

In fiscal year 1985,[2] lending commitments by the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC) totaled $15,324 million.

That amount was $894 million lower (5.5 percent) than the previous year's record of $16,218 million.[3] Commitments by the IBRD were $11,358 million, down $589 million (4.9 percent) from fiscal 1984. IDA commitments, of $3,028 million, were $547 million less (15.3 percent) than in fiscal 1984. Commitments from the IFC, some $937 million, were $241 million higher (35 percent) than in the year before.

A total of 131 IBRD loans were distributed among forty-four countries. One hundred five IDA credits were distributed among forty-five countries; IFC's seventy-five investments were in thirty-eight countries.

For those projects for which total costs can be calculated, IBRD and IDA assistance provided about 38 percent of the total funds required.

The most active borrowers from the IBRD were India ($1,674 million for seven projects), Brazil ($1,523 million for nine projects), and Indonesia ($973 million for ten projects). IDA was most active in India ($673 million for six projects), China ($442 million for five projects), and Bangladesh ($266 million for four projects).

During fiscal 1985, disbursements by the IBRD to countries totaled $8,645 million, up $65 million. IDA disbursements, at $2,491 million, fell off $33 million from their fiscal 1984 amounts. The slowdown in IDA disbursements was related to the effects of the global economic recession. IDA disbursements were also depressed in dollar terms by the appreciation of the US dollar against the special drawing right (SDR) by about 8 percent since March 1984.

The net transfer of resources by the IBRD and IDA combined was $4,684 million, as compared with the fiscal 1984 total of $5,183 million. The market value of IBRD and IDA net transfers during the year was $2,469 million and $2,215 million, respectively, as compared with a book value of $2,892 million and $2,291 million in fiscal 1984.

In fiscal 1985, 104 IBRD-assisted and IDA-assisted projects involved cofinancing funds, amounting to $4,839 million (see Table 1-9). That amount was $811 million greater than in the previous year. The 104 cofinanced projects represented 44 percent of the total number of projects approved by the two institutions.

Net income of the IBRD for fiscal 1985 jumped by 90 percent ($537 million) over the fiscal 1984 level of $600 million. The increase resulted primarily from high returns on the IBRD's liquidity and from lowered borrowing costs.

Total borrowings of the IBRD were $11,086 million. The IBRD was most active in borrowing (before swaps) US dollars (32 percent), Japanese yen (19 percent), Swiss francs (18 percent), Deutsche mark (15 percent), and Dutch guilders (7 percent). Borrowings in fiscal 1984 were $9,831 million. After swaps, the IBRD was most active in borrowing Swiss francs (25 percent), US dollars (24 percent), Japanese yen (20 percent), and Deutsche mark (17 percent).

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[2] The fiscal year of the IBRD, as well as of its two affiliates, runs from July 1 to June 30. All references to fiscal years in this *Report*, unless otherwise stated, refer to this time period.

[3] Since the real value of loan commitments by the IBRD and IDA is eroded to the extent that cost inflation occurs over the period of disbursements, the Bank plans and monitors its commitments in "real," as well as "nominal" terms. The deflator now used to express commitments in real terms is a weighted average of the price levels assumed to be prevailing over the period of disbursement of these commitments, where the weights are the proportion of a typical loan that would be disbursed each year. The price levels are US dollar-denominated indexes of the unit value of manufactured exports from developed countries to developing countries, which take account of both inflation in the former and changes in their currencies (for example, Deutsche mark, Japanese yen, and so forth) *vis-a-vis* the US dollar. If fiscal 1985 IBRD and IDA commitments were to be expressed in terms of 1984 dollars, they would be $13,408 million.

Table 1-1. Eastern and Southern Africa: Net Transfers to Current Borrowers
(millions of US dollars)

Item	Sudan 1985	Sudan 1981-85	Kenya 1985	Kenya 1981-85	Zimbabwe 1985	Zimbabwe 1981-85	Zaire 1985	Zaire 1981-85	Total region 1985	Total region 1981-85
IBRD and IDA commitments	37.5	387.9	38.6	705.2	10.0	454.0	91.4	376.5	786.0	4,691.1
Gross disbursements	79.5	334.8	175.2	717.9	56.8	201.8	57.0	191.7	763.1	3,276.7
Repayments	5.7	28.7	27.9	88.7	—	—	7.3	35.6	112.8	480.5
Net disbursements	73.8	306.1	147.3	629.2	56.8	201.8	49.7	156.1	650.3	2,796.2
Interest and charges	5.6	27.0	49.2	191.3	13.8	33.5	6.2	37.7	166.8	727.8
Net transfer	68.2	279.1	98.0	437.9	43.0	168.3	43.5	118.4	483.5	2,068.4

NOTE: Current borrowers are countries having a lending program in fiscal 1985-89. Transactions relating to Part II countries guaranteed by Part I countries are included. The countries shown in the table are those with the largest GNP, listed in descending order. Principal repayment and interest and charges amounts are at market exchange rates on date of payments.

Table 1-2. Western Africa: Net Transfers to Current Borrowers
(millions of US dollars)

Item	Nigeria 1985	Nigeria 1981-85	Ivory Coast 1985	Ivory Coast 1981-85	Cameroon 1985	Cameroon 1981-85	Ghana 1985	Ghana 1981-85	Total region 1985	Total region 1981-85
IBRD and IDA commitments	119.0	1,312.0	141.3	931.7	158.8	430.6	122.0	339.3	811.3	4,695.9
Gross disbursements	198.9	822.8	191.8	766.3	52.0	256.6	52.0	169.4	720.8	3,076.6
Repayments	39.8	173.7	34.2	101.9	13.8	38.3	10.1	37.8	129.4	462.1
Net disbursements	159.1	649.1	157.6	664.4	38.2	218.3	41.9	131.6	591.4	2,614.5
Interest and charges	78.8	291.5	72.0	210.3	19.0	80.1	9.7	48.0	219.6	803.9
Net transfer	80.3	357.6	85.6	454.1	19.2	138.2	32.2	83.6	371.8	1,810.6

NOTE: Current borrowers are countries having a lending program in fiscal 1985-89. Transactions relating to Part II countries guaranteed by Part I countries are included. The countries shown in the table are those with the largest GNP, listed in descending order. Principal repayment and interest and charges amounts are at market exchange rates on date of payments.

Table 1-3. East Asia and Pacific: Net Transfers to Current Borrowers
(millions of US dollars)

Item	China 1985	China 1981-85	Indonesia 1985	Indonesia 1981-85	Korea, Rep. of 1985	Korea, Rep. of 1981-85	Thailand 1985	Thailand 1981-85	Total region 1985	Total region 1981-85
IBRD and IDA commitments	1,101.9	3,014.9	972.7	4,935.1	556.0	2,856.5	112.5	1,618.2	3,100.6	15,192.9
Gross disbursements	381.9	535.7	728.4	2,950.6	562.6	2,552.5	321.7	1,680.0	2,342.9	10,261.0
Repayments	—	—	112.8	381.0	218.8	729.3	62.4	228.3	560.4	1,928.4
Net disbursements	381.9	535.7	615.6	2,569.6	343.8	1,823.2	259.3	1,451.7	1,782.5	8,332.6
Interest and charges	16.0	27.4	228.3	799.8	244.4	979.6	142.6	518.8	862.1	3,250.4
Net transfer	365.9	508.3	387.3	1,769.8	99.4	843.6	116.7	932.9	920.4	5,082.2

NOTE: Current borrowers are countries having a lending program in fiscal 1985-89. Transactions relating to Part II countries guaranteed by Part I countries are included. The countries shown in the table are those with the largest GNP, listed in descending order. Principal repayment and interest and charges amounts are at market exchange rates on date of payments.

***Table 1-4.* South Asia: Net Transfers to Current Borrowers**
(millions of US dollars)

	India		Pakistan		Bangladesh		Burma		Total region	
Item	1985	1981–85	1985	1981–85	1985	1981–85	1985	1981–85	1985	1981–85
IBRD and IDA commitments	2,346.9	11,106.1	678.3	1,799.8	266.0	1,751.4	32.3	334.0	3,559.1	15,894.1
Gross disbursements	1,046.2	5,931.8	152.0	737.1	250.5	1,025.9	61.5	236.4	1,611.4	8,383.2
Repayments	124.2	533.9	36.7	186.8	4.5	7.5	0.7	1.0	170.8	745.7
Net disbursements	922.0	5,397.9	115.3	550.3	246.0	1,018.4	60.8	235.4	1,440.6	7,637.5
Interest and charges	223.7	789.8	40.2	186.7	17.5	67.7	3.3	9.8	293.6	1,082.0
Net transfer	698.3	4,608.1	75.1	363.6	228.5	950.7	57.5	225.6	1,147.0	6,555.5

NOTE: Current borrowers are countries having a lending program in fiscal 1985–89. Transactions relating to Part II countries guaranteed by Part I countries are included. The countries shown in the table are those with the largest GNP, listed in descending order. Principal repayment and interest and charges amounts are at market exchange rates on date of payments.

***Table 1-5.* Europe, Middle East, and North Africa: Net Transfers to Current Borrowers**
(millions of US dollars)

	Turkey		Yugoslavia		Romania		Algeria		Total region	
Item	1985	1981–85	1985	1981–85	1985	1981–85	1985	1981–85	1985	1981–85
IBRD and IDA commitments	698.5	3,532.0	292.5	1,842.1	—	681.5	262.0	790.0	2,429.2	12,905.5
Gross disbursements	773.7	2,635.4	380.6	1,541.8	105.6	1,463.3	116.4	308.8	2,388.1	9,758.9
Repayments	147.7	489.0	149.7	640.4	117.9	388.3	42.2	126.5	717.8	2,463.9
Net disbursements	626.0	2,146.4	230.9	901.4	(12.2)	1,075.1	74.2	182.3	1,670.3	7,295.0
Interest and charges	209.4	759.9	139.9	631.1	123.5	503.0	25.1	126.0	766.7	3,038.0
Net transfer	416.5	1,386.4	91.0	270.3	(135.7)	572.1	49.1	56.3	903.6	4,257.0

NOTE: Current borrowers are countries having a lending program in fiscal 1985–89. Transactions relating to Part II countries guaranteed by Part I countries are included. The countries shown in the table are those with the largest GNP, listed in descending order. Principal repayment and interest and charges amounts are at market exchange rates on date of payments. Numbers in parentheses indicate negative amounts.

***Table 1-6.* Latin America and the Caribbean: Net Transfers to Current Borrowers**
(millions of US dollars)

	Brazil		Mexico		Argentina		Colombia		Total region	
Item	1985	1981–85	1985	1981–85	1985	1981–85	1985	1981–85	1985	1981–85
IBRD and IDA commitments	1,523.0	6,150.9	598.0	3,800.5	180.0	748.0	707.5	2,091.3	3,700.2	16,318.4
Gross disbursements	1,054.5	4,072.7	787.9	2,567.8	130.9	475.1	590.7	1,678.3	3,242.2	11,892.8
Repayments	359.7	1,189.2	290.5	895.4	67.1	276.5	159.0	567.5	1,119.6	3,751.5
Net disbursements	694.8	2,883.5	497.4	1,672.4	63.8	198.6	431.7	1,110.8	2,122.6	8,141.3
Interest and charges	353.2	1,257.4	234.3	1,032.5	45.0	215.5	126.8	523.5	1,013.3	4,108.4
Net transfer	341.6	1,626.1	263.1	639.9	18.8	(16.9)	304.9	587.3	1,109.3	4,032.9

NOTE: Current borrowers are countries having a lending program in fiscal 1985–89. Transactions relating to Part II countries guaranteed by Part I countries are included. The countries shown in the table are those with the largest GNP, listed in descending order. Principal repayment and interest and charges amounts are at market exchange rates on date of payments. Numbers in parentheses indicate negative amounts.

The subscribed capital of the IBRD increased by SDR4,633 million during fiscal 1985. Of that amount, SDR3,837 million was the result of subscriptions authorized by the general capital increase approved in January 1980.

IDA

In fiscal 1985, IDA received notifications of participation in the seventh replenishment of its resources (IDA-7) from sixteen Part I and six Part II donors, representing about 86 percent of contributions to IDA-7. The advance contribution scheme, under which contributing countries can make an advance of one third of their total contribution without regard to the effectiveness of the replenishment, became effective on November 8, 1984, upon receipt of the United States' IDA-7 notification. The total advance contributions, of about SDR1.8 billion equivalent, provided by Denmark, France, Iceland, Japan, Norway, Saudi Arabia, South Africa, Sweden, the United Kingdom, and the United States, prior to the effectiveness of the seventh replenishment (which was triggered upon receipt of notification by the Federal Republic of Germany on March 31, 1985, that it would participate in IDA-7 and the advance contribution scheme), covered all credits approved by the Association through the third quarter of fiscal 1985. The first installment of IDA-7 contributions released by Austria, Australia, Brazil, Canada, Finland, Germany, Greece, Hungary, the Republic of Korea, Kuwait, Luxembourg, and Mexico, along with a $100 million transfer from the IBRD's fiscal 1984 net income, increased IDA's fiscal 1985 commitment authority by an additional SDR640 million.

In addition, IDA received the last installment of the United States' IDA-6 contribution of $150 million in November 1984, resulting in an increase in the Association's fiscal 1985 commitments by SDR150 million and the conclusion of the sixth replenishment. Italy's notification of participation in the Special Fund, along with the FY84 Account notifications of Greece, the Netherlands, and South Africa, were also received by the Association in fiscal 1985. Hungary completed its membership formalities with the Association on April 29, 1985, when it submitted a formal notification of participation in IDA-7 for an amount totaling $10 million equivalent. The Government of Australia has also announced its readiness to make a special contribution to IDA's general resources in the amount of A$60 million.

IDA's Deputies will meet in Seoul, Korea, in October 1985 to review the role of IDA and its future direction in the context of a mid term review of IDA-7 proposed by Canada during the last meeting of Deputies in Washington, DC.

A Joint Program of Action for sub-Saharan Africa

In September 1984, the World Bank published the third in a series of reports on the problems of, and prospects for, sustained development in the countries of sub-Saharan Africa.[4] *Toward Sustained Development in sub-Saharan Africa: A Joint Program of Action* traced the legacy of inappropriate investment and pricing policies in the region, examined the effects of long-term constraints on development in sub-Saharan countries, and proposed a program of action that could lead to the region's realization of its potential for sustained development.

The joint program of action was composed of six major elements.

1. **National economic management.** National governments, aided by external technical assistance, wherever necessary, need to formulate rehabilitation and development programs. Such programs should be geared to strategic and flexible policy planning and should emphasize more efficient use of existing and new investments.

2. **Donor programs and aid coordination.** The report recommended that consultative groups, United Nations Development Programme (UNDP) round tables, and similar meetings should aim for more explicit and monitorable commitments by recipient governments and donors to implement their respective responsibilities under an agreed program of action. Implementation should be monitored by the chairman of each consultative group.

3. **External support for reform programs.** Programs of major economic reform need to be assisted by the provision of adequate, timely, and sustained external financial assistance. "Too little external support, provided too late, and with too many administrative barriers to its disbursement," the report noted, "will fail to revive economic activity sufficiently quickly to make policy reform politically sustainable."

4. **Infrastructure.** African governments should give greater emphasis in their public-expenditure programs to the rehabilitation and maintenance of existing infrastructure in support of policy reform rather than to investment in new capacity. This change in emphasis should be reflected in donor programs, as well.

5. **Basic constraints on development.** Low-cost, efficient, and well-targeted programs in education, health, population, agricultural research, and forestry should be formulated. These

[4] The two earlier reports were *Accelerated Development in sub-Saharan Africa: An Agenda for Action* (1981) and *Sub-Saharan Africa: Progress Report on Development Prospects and Programs* (1983).

***Table 1-7.* Contributions to IDA Seventh Replenishment**
(millions)

Donor	US dollars	National currency[a]		Special drawing rights[b]
Argentina	18.75	$a	237.86	9.34
Australia[c]	178.52	$A	200.00	175.38
Austria[c]	61.20	S	1,187.28	57.62
Belgium	151.20	BF	8,042.33	134.84
Brazil[c]	22.17	Cr$	15,531.41	14.93
Canada[c]	405.00	Can$	499.70	388.15
Colombia	7.50	Col$	617.30	6.67
Denmark[c]	108.00	DKr	1,025.40	96.91
Finland[c]	63.00	Fmk	357.08	57.89
France[c]	594.00	F	4,738.68	529.70
Germany, Federal Republic of[c]	1,035.00	DM	2,728.61	932.94
Greece[c]	4.50	Dr	408.64	3.84
Hungary[c]	10.00	Ft	454.07	9.69
Iceland[c]	2.70	IKr	75.33	2.48
Ireland	9.90	£Ir	8.33	8.83
Italy	387.00	Lit	611,736.58	345.21
Japan[c]	1,683.00	¥	402,206.30	1,660.82
Korea, Republic of[c]	9.00	W	7,052.63	8.59
Kuwait[c]	63.00	KD	18.38	60.65
Luxembourg[c]	4.50	LuxF	239.36	4.01
Mexico[c]	15.00	Mex$	1,941.54	12.92
Netherlands	270.00	f.	797.17	242.59
New Zealand	7.52	$NZ	11.40	7.21
Norway[c]	114.30	NKr	845.37	103.18
Portugal	5.25	Esc	641.90	4.57
Saudi Arabia[c]	315.00	SRls	1,091.54	301.75
South Africa[c]	10.80	R	12.18	9.41
Spain	41.09	Ptas	6,196.33	37.18
Sweden[c]	225.00	SKr	1,757.68	206.86
United Arab Emirates[d]	59.40	Dh	218.06	57.56
United Kingdom[c]	603.00	£	401.52	544.78
United States[c]	2,250.00	$	2,250.00	2,180.11
Venezuela	15.00	Bs	182.35	13.70
Yugoslavia	15.00	Din	1,484.63	11.45
Total	8,764.30			
Unallocated	235.70			
Grand total	9,000.00			

a. Calculated by converting US-dollar amounts to national currencies using monthly average exchange rates for national currencies versus the US dollar over the period June 10, 1983 to December 9, 1983.

b. Based on representative exchange rates between the SDR and national currencies on January 13, 1984.

c. Donor's notification of participation was received by the Association in fiscal 1985.

d. The UAE government has reserved its position regarding its share until consideration and determination by the Council of Ministers.

programs should be supported on a rising and continuous basis by donors.

6. **External finance.** The prospective decline in net capital flows to the region should be halted. Bilateral donors were urged to reschedule amortization payments and increase their gross disbursements. Multilateral donors were also asked to increase their disbursements, and the report called for the creation of a special assistance facility to use additional funds in support of reform programs.

Members of the Development Committee reviewed the Bank's report on Africa at their September 1984 meeting in Washington, DC, and endorsed its conclusions and recommendations. The Committee also encouraged the Bank to explore ways of mobilizing the additional resources required to implement the proposed program of action and urged the Bank to take a leadership role in strengthening aid-coordination efforts. Heads of state of African governments, at summit meetings of the Organization of African Unity (OAU) and the Economic Community of West African States (ECOWAS), also endorsed the analysis of the Bank report and stressed the importance of early implementation of the joint program of action.

The remainder of this section of the *Annual Report* reports on activities undertaken by the Bank that support the efforts of African countries to loosen the constraints that have blocked their development. The efforts of African governments themselves are detailed in the "Eastern and Southern Africa" and "Western Africa" sections of Chapter Four (pages 85–98).

Major activities by the Bank may be placed into four major headings: its lending program, strengthening of nonfinancial assistance, support for more effective aid coordination, and the establishment of the Special Facility for sub-Saharan Africa.

1. **The lending program of the Bank.** In its lending operations in Africa, the Bank will take advantage of its array of lending instruments. (A full description of these instruments appears in the table on pages 50–51.) Although the Bank will continue to supply the majority of its funds through loans for specific investments, efforts in support of policy reform will be through sector-adjustment loans and structural-adjustment loans, and, to a lesser extent, program loans.

The main objective of sector-adjustment loans is to support comprehensive policy changes and institutional reforms in a specific sector. Narrower in scope than structural-adjustment loans, they are chosen when the limited implementation, overall economic-management or policy-reform capability in a country, or the large size of the economy, would not permit a structural-adjustment loan to be implemented effectively. For instance, the Ghana export-rehabilitation credit involved important improvements in producer-price policies for cocoa and institutional support to the country's main export sectors.

Structural-adjustment lending, designed to help developing countries carry out the difficult process of policy and institutional reform, focuses on major macroeconomic issues, as well as major sectoral issues (trade policy, resource mobilization, efficient use of resources, and institutional reform) covering several sectors. Thus, the recent second structural-adjustment credit to Togo is supporting the government's adjustment program through assistance in the areas of agriculture-incentive reform, improved macroeconomic management, particularly in public-investment programming, public-sector reform, and industrial-promotion policy.

Program loans, too, may include policy and institutional reform as features, although their basic objective remains focused on relieving specific constraints in the economy and addressing the policy issues associated with those constraints. The credit to Uganda for a third reconstruction program was designed to support policies and institutional reforms in economic management and planning, foreign-exchange and debt management, and parastatal reform.

2. **Strengthening of nonoperational assistance.** In December 1984, the Executive Directors of the Bank gave their approval to a special supplement to the fiscal year 1985 budget so as to permit the Bank to initiate a number of activities in support of the action program.

Their approval enabled the Bank to *increase the size and scope of its resident missions in the field.* Thus, during the year, the number of country missions in Africa (not including the two regional offices in Abidjan and Nairobi) was increased from nineteen to twenty-two, by establishing new missions in Guinea, Liberia, and Zimbabwe. Nine missions were either expanded or upgraded so that they might be able to take on the added responsibilities of monitoring economic developments, reviewing public-investment programs, improving project implementation, and increasing local aid coordination.

By their approval of the budget supplement, *the level of direct technical assistance was increased.* At the end of calendar year 1984, funding for twenty special technical-assistance positions, fifteen in Africa, had been committed. The special budget supplement also permitted the Bank to establish twenty additional secondment positions to be made available to African governments to support the planning and implementation of national investment programs.

The budget supplement also authorized the Bank to *augment the economic and project staff*

A Somali farmer looks over his crop of maize. A Special Facility for sub-Saharan Africa, agreed to in fiscal 1985, will commit funds, over a three-year period, to IDA-eligible countries that have undertaken, or are committed to undertake, appropriate programs of policy reform.

in the two Africa regions by thirteen higher-level positions. Staff in these positions will be used for priority sector work and special studies that will provide the framework for more efficient investment in new projects and in the rehabilitation or maintenance of existing investments.

Funds were also provided for the *staffing of a Special Office for African Affairs.* This office, whose establishment was announced at the Annual Meetings in September 1984, is responsible for the regular updating of aggregate economic information on the sub-Saharan countries, overall monitoring of the reform process and donor programs, and assisting in coordination with other agencies on support for Africa and broad policy-related issues.

Financial resources were granted to the International Center for Insect Physiology and Ecology (ICIPE), located in Nairobi, Kenya, which conducts effective and well-managed research, among other things, on control strategies for selected insect pests related to crops, livestock, and human health.

Finally, *a Special Project Preparation Facility for Africa was established* to help member countries prepare sound investment proposals, consistent with their development priorities, for subsequent financing either by other donors or by the Bank. This facility is designed to help governments establish better public and private investment priorities, improve countries' financial capabilities to sustain and operate existing investments, improve countries' capabilities to manage public and private investments, and to increase the total flow of resources by increasing the availability of sound projects for the donor community to finance.

3. **Aid Coordination.** Close collaboration was developed during the past year between multilateral agencies operating in Africa and, in particular, between the Bank and the International Monetary Fund (IMF), the UNDP, and the African Development Bank.[5] In fiscal 1985, a new consultative group was organized for Senegal, and by the end of the year, preparations were at an advanced stage for new consultative groups for Mauritania and Malawi. Plans were also under way for the establishment of a consultative group for Guinea in fiscal 1986.

4. **The Special Facility for sub-Saharan Africa.** The report, *Toward Sustained Development in sub-Saharan Africa: A Joint Program of Action,* as has been noted, called for the creation of a special assistance facility in support of reform programs undertaken by African governments.

Debt reschedulings, expansion of bilateral assistance, and increased disbursements from multilateral donors, can raise the level of capital flows into sub-Saharan Africa. The amounts these measures could add to the resources provided African governments are, however, insufficient to meet current and future needs. The resources that the Bank can provide to policy-reform lending in Africa are limited. The IBRD is constrained by considerations of creditworthiness, and IDA is limited by the size of its resources under the current replenishment and by the strong preference among IDA donors for nondisruptive changes in commitment levels to the universe of IDA recipients.

A recent review by the Bank shows that there are now about twenty-one countries where structural reforms are either ongoing, or where there are reasonable prospects that such programs can be put in place in the next two years. For these twenty-one countries, net disbursements of official assistance declined from about $5.4 billion a year during 1980–82 to about $4.5 billion in 1983. In the absence of special action, they are anticipated to decline further to about $3.7 billion a year during 1985–87.

Programs of structural adjustment and economic reform cannot be effective when the availability of external finance is declining at such a rate. The Special Facility, therefore, represents a crucial component of the joint program of action.

Another important component of the joint program of action—the negotiation and monitoring of specific, detailed reform programs—is also left unaddressed by mechanisms such as debt reschedulings and increased bilateral and multilateral assistance. To be effective, these reform packages must be comprehensive and coherent; coherence is difficult to achieve, however, if each donor attempts to negotiate its own program; moreover, since most African countries suffer from severe shortages of skilled manpower, separate policy negotiations, carried out by a large number of donors, could impose intolerable strains on the high-level management in recipient countries.

Thus, the Special Facility can provide the means of facilitating the formulation and implementation of reform programs and of supporting governments in the difficult decisions needed to make the overall flow of resources to Africa effective.

In May 1985, the Executive Directors approved a resolution authorizing IDA to act as administrator of, and to accept contributions to, the Facility.

Their action followed an agreement, reached on February 1, 1985, between fourteen countries and the Bank to mobilize additional resources of over $1.1 billion, to be committed over a three-

[5] See pages 97–98 in the "Western Africa" section of Chapter Four for details.

***Table 1-8.* Proposed Direct Contributions to the Special Facility for sub-Saharan Africa**
(millions)

Donor	National currency	Special drawing rights[a]	US dollars[a]
Austria	S222.8	10.3	10.0
Canada	Can$100.0	77.3	75.3
Denmark	Dkr170.0	15.4	15.0
Finland	Fmk78.0	12.1	11.8
France	F1,500.0	158.7	154.6
Ireland	£Ir1.5	1.5	1.5
Italy	Lit300,000.0	157.4	153.3
Netherlands	f.350.0	100.1	97.5
Norway	NKr265.0	29.7	28.9
Sweden	SKr440.0	50.0	48.7
International Bank for Reconstruction and Development	—	154.0	150.0
Total	—	765.7	745.9

NOTE: Amounts are indicative as of May 21, 1985.
a. The US-dollar and SDR equivalents are based on exchange rates prevailing on February 1, 1985.

year period, in Special Facility operations. As of June 30, 1985, resources expected for Special Facility operations totaled over $1.2 billion.

The Special Facility for sub-Saharan Africa can be funded from two types of resources: direct contributions from donors and resources for joint financing with the Special Facility. As of June 30, 1985, indications of financial support for special joint financing had come from five countries: the Federal Republic of Germany, Japan, Switzerland, the United Kingdom, and Saudi Arabia.[6]

Funds from the Special Facility will be used to provide "African Facility Credits" to IDA-eligible countries in sub-Saharan Africa that have already undertaken, or are committed to undertake, appropriate medium-term programs of policy reform. Eligibility under this criteria is to be determined in a flexible manner, taking into account the specific circumstances of countries.

The African Facility Credits, which will be made on current IDA terms (fifty-year maturity, including a ten-year grace period, and subject to an annual 0.75 percent service charge and a yearly 0.50 percent commitment charge), will help finance quick-disbursing lending operations in support of structural and sectoral adjustment, rehabilitation, and emergency reconstruction. All operations will be approved and administered by Bank staff, and will be subject to approval by the IDA's Executive Directors.

Although most African Facility Credits will be cofinanced with IDA, the Facility is not precluded from financing projects on its own.

Procurement eligibility under African Facility Credits is to be limited to Part II members of IDA, countries that have either deposited notifications of their contributions or that have advised IDA in writing that they intend to contribute, and countries maintaining arrangements for special joint financing. Eligibility for procurement in an amount contributed by the IBRD to the Special Facility will be open under normal Bank procurement rules.

The Special Facility for sub-Saharan African began its operations on July 1, 1985, after notifications of contributions totaling $255 million from five countries had been received.

Resources provided by the Special Facility provide urgently needed incremental resources; by itself, however, they are not sufficient to meet the external capital requirements of all countries in the region, or even of those countries that may be eligible to utilize the Special Facility. The success of the joint program of action will largely depend, therefore, on the catalytic role that the Facility will play in stimulating formulation and implementation of effective programs of rehabilitation and policy reform which, in turn, could help mobilize further additional support from closely coordinated development-assistance and debt-rescheduling efforts.

[6] Germany has undertaken to commit DM108 million during the first year of Special Facility operations; similar amounts are expected for the second and third years. Japan has announced that it will provide up to ¥17,500 million for the first year; amounts to be provided in subsequent years have not been determined. Switzerland's contribution is to amount to SwF80.4 million over three years. The United Kingdom will provide £75 million for commitments over three years, but to be disbursed over a five-year period. Saudi Arabia has pledged SRls360 million over a three-year period.

Cofinancing

The financing plans of IBRD and IDA projects approved in fiscal 1985 provide for a total volume of cofinancing from other sources of finance of $4.8 billion for 104 projects. Of this total, cofinancing with official development agencies remains by far the largest source, for a total of $2.4 billion in over eighty projects. This form of cofinancing provides development-oriented lending, highly concessional terms, and long maturities. It is critical for the poorest countries that are adversely affected by the slow growth in concessional flows and by the limits on IDA resources. It appears that the twelve currently operational framework agreements, several of which have been concluded in recent years with official development agencies, are playing a significant role in sustaining the flow of concessionary cofinancing, as well as in providing for closer coordination and consultation with key agencies.

In sub-Saharan Africa, where increased financial support is acutely needed in support of policy reforms being undertaken in a number of countries, about half the funds committed to the Special Facility for sub-Saharan Africa will take the form of special joint financing, thus providing a substantial supplement to the flows provided by direct contributors.

For those developing countries that can borrow on market terms, the focus of effort remains on cofinancing with export-credit agencies and commercial banks. Policy reviews in each of these areas were undertaken by the Executive Board during the past fiscal year (see "Policies"

***Table 1-9.* World Bank Cofinancing Operations, Fiscal Years 1984–85**
(amounts in US$ millions)

	Project cofinancing		Source of cofinancing						Bank contribution		
			Official		Export credit		Private				
Region and year	No.	Amount	No.	Amount	No.	Amount	No.	Amount[a]	IBRD	IDA	Total project costs
Eastern and Southern Africa											
1984	20	643.6	20	643.6	—	—	—	—	282.7	369.8	2,293.8
1985	21	324.0	21	307.3	1	16.7	—	—	47.4	289.0	887.5
Western Africa											
1984	18	340.6	18	331.1	1	7.5	—	—	21.5	296.4	938.2
1985	21	340.2	19	231.3	—	—	3	108.9	274.6	265.8	1,144.2
East Asia and Pacific											
1984	9	470.3	7	72.1	2	285.7	2	112.5	828.2	5.5	3,060.0
1985	12	450.7	10	306.5	3	131.2	1	13.0	881.8	84.0	2,209.3
South Asia											
1984	23	1,002.9	19	506.2	5	326.7	2	170.0	1,383.2	650.9	6,240.1
1985	22	1,901.7	19	1,221.8	7	539.9	1	140.0	1,500.0	842.2	10,558.5
Europe, Middle East, and North Africa											
1984	15	1,014.4	12	275.8	4	251.6	2	487.0	915.1	15.0	3,635.4
1985	17	786.7	12	183.3	4	238.4	3	365.0	916.1	10.0	3,009.0
Latin America and the Caribbean											
1984	12	556.3	7	147.9	4	71.3	5	337.1	1,211.0	24.1	5,559.7
1985	11	1,035.8	6	203.3	5	395.0	4	437.5	1,129.4	45.9	5,924.8
Total											
1984	97	4,028.1	83	1,978.7	16	942.8	11	1,106.6	4,641.6	1,361.7	21,727.2
1985	104	4,839.1	87	2,453.5	20	1,321.2	12	1,064.4	4,749.3	1,536.0	23,733.3

NOTE: These figures are based on data available at the time of Board presentation, as subsequently modified by year-end revisions. The number of cofinancings by source is greater than the number of projects cofinanced because many projects are cofinanced from more than one source.

a. These amounts represent private cofinancings as reflected in the financing plans at the time of Board approval of the A-loans. They do not represent private cofinancing loans actually signed in the fiscal year. See Table 3-2 for private loan amounts placed (B-loans signed).

section in Chapter Three). A difficult market environment continues to limit cofinancing with both these sources. Nevertheless, as highly indebted countries make headway in their stabilization and recovery programs, the World Bank can play an important role in helping borrowers prepare well-conceived investment programs in key sectors that are attractive both to export-credit agencies and commercial lenders, with or without formal cofinancing links. Examples of this broader role of the Bank in encouraging the maintenance or resumption of new lending in the past fiscal year included both Costa Rica and Colombia.

Procurement

Projects financed by the World Bank involve foreign and local expenditures necessary to achieve project goals. Disbursements are made to cover specific foreign costs and, in addition, are often made to finance some local expenditures.

Through the end of fiscal year 1985, more than 65 percent of IBRD and IDA disbursements covered goods and services provided directly by suppliers located outside the borrowing country. While most foreign procurement comes from suppliers in developed member countries and Switzerland, developing-country suppliers have become increasingly effective in winning contract awards. Through the end of fiscal 1981, they had received about 25 percent of foreign procurement disbursements. During fiscal year 1985, they received 45 percent.

Table 1-10 shows consolidated foreign and local procurement disbursements to the end of fiscal year 1981 and for each of the next four fiscal years.

Table 1-11 shows IBRD and IDA foreign procurement disbursements by supplying country. Details for all developed countries and those developing countries with at least a 0.1 percent share of total foreign procurement are shown.

Locally produced goods and services usually include a significant foreign-exchange component. Through the end of fiscal 1980, local procurement disbursement accounted for only about 22 percent of total disbursements. Cumulative local procurement disbursements increased from 25 percent at the end of fiscal 1981 to more than 34 percent at the end of fiscal 1985. Table 1-12 shows combined IBRD and IDA local procurement disbursements during recent fiscal years for the top fifty borrowing countries.

Table 1-10. **IBRD and IDA Foreign and Local Procurement Disbursements**
(amounts in US$ million equivalents)

	Cumulative June 30, 1981		Fiscal 1982		Fiscal 1983		Fiscal 1984		Fiscal 1985		Cumulative June 30, 1985	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
IBRD foreign procurement disbursements												
Part I supplying countries	26,943.5	53.2	3,007.5	35.8	2,960.8	31.4	4,034.6	36.5	3,929.8	35.7	40,876.2	45.2
Part II supplying countries	2,142.4	4.2	591.8	7.1	571.3	6.1	748.0	6.8	779.7	7.1	4,833.2	5.3
Total	29,085.9	57.4	3,599.3	42.9	3,532.1	37.5	4,782.6	43.3	4,709.5	42.8	45,709.4	50.5
IDA foreign procurement disbursements												
Part I supplying countries	7,523.8	14.9	930.9	11.1	1,135.0	12.1	1,031.5	9.3	1,029.3	9.3	11,650.5	12.9
Part II supplying countries	1,179.9	2.3	153.3	1.8	289.8	3.1	293.3	2.7	306.7	2.8	2,223.0	2.5
Total	8,703.7	17.2	1,084.2	12.9	1,424.8	15.2	1,324.8	12.0	1,336.0	12.1	13,873.5	15.3
IBRD and IDA foreign procurement disbursements	37,789.6	74.6	4,683.5	55.8	4,956.9	52.7	6,107.4	55.3	6,045.5	54.9	59,582.9	65.8
IBRD and IDA local procurement disbursements	12,866.4	25.4	3,708.4	44.2	4,457.5	47.3	4,942.8	44.7	4,968.8	45.1	30,943.9	34.2
Grand total	50,656.0	100.0	8,391.9	100.0	9,414.4	100.0	11,050.2	100.0	11,014.3	100.0	90,526.8	100.0

NOTE: IBRD figures exclude disbursements on loans to the IFC and B-loans. IDA figures include Special Fund credits and exclude exchange adjustments in fiscal years 1972–73.

Table 1-11. **IBRD and IDA Foreign Procurement Disbursements, by Source of Supply**
(amounts in US dollar equivalents)

Source	IBRD cumulative to June 30, 1980		IBRD cumulative for fiscal 1981–85		IDA cumulative to June 30, 1980		IDA cumulative for fiscal 1981–85	
	Amount	%	Amount	%	Amount	%	Amount	%
Part I supplying countries								
Australia	171.06	0.7	226.17	1.2	146.58	1.9	54.70	0.9
Austria	270.26	1.0	190.20	1.0	63.18	0.8	28.60	0.5
Belgium	520.63	2.0	216.08	1.1	186.50	2.4	147.00	2.4
Canada	507.76	1.9	438.58	2.2	125.33	1.6	132.80	2.2
Denmark	146.79	0.6	98.84	0.5	45.96	0.6	59.00	1.0
Finland	49.91	0.2	70.32	0.4	12.80	0.2	24.90	0.4
France	1,862.53	7.1	1,450.92	7.4	695.05	8.9	560.90	9.2
Germany, Federal Republic of	3,690.56	14.2	2,064.74	10.5	1,071.54	13.8	502.10	8.2
Iceland	1.52	0.0	0.00	0.0	0.00	0.0	0.00	0.0
Ireland	14.02	0.1	24.00	0.1	3.77	0.0	7.80	0.1
Italy	1,879.92	7.2	1,210.62	6.2	364.20	4.7	373.00	6.1
Japan	3,905.24	15.0	3,435.66	17.5	1,231.32	15.8	834.00	13.7
Kuwait	31.05	0.1	70.25	0.4	15.65	0.2	7.20	0.1
Luxembourg	22.94	0.1	7.04	0.0	8.72	0.1	3.60	0.1
Netherlands	472.67	1.8	383.50	2.0	134.46	1.7	170.40	2.8
New Zealand	20.45	0.1	57.38	0.3	6.74	0.1	7.60	0.1
Norway	70.22	0.3	58.03	0.3	12.14	0.2	11.40	0.2
South Africa	72.35	0.3	113.34	0.6	26.83	0.3	44.00	0.7
Sweden	635.68	2.4	270.70	1.4	143.80	1.8	96.20	1.6
Switzerland	981.39	3.8	875.57	4.5	173.54	2.2	211.60	3.5
United Arab Emirates	42.87	0.2	175.87	0.9	4.26	0.1	5.30	0.1
United Kingdom	2,602.06	10.0	1,252.00	6.4	1,083.34	13.9	862.10	14.1
United States	6,394.08	24.5	3,819.76	19.5	1,173.35	15.1	778.00	12.8
Total	24,365.98	93.5	16,509.60	84.1	6,729.15	86.6	4,922.20	80.7
Part II supplying countries								
Argentina	70.29	0.3	106.98	0.5	4.89	0.1	4.90	0.1
Brazil	69.61	0.3	183.12	0.9	16.60	0.2	42.80	0.7
Chile	49.20	0.2	29.40	0.1	0.84	0.0	3.50	0.1
Colombia	66.73	0.3	66.76	0.3	2.53	0.0	0.00	0.0
Greece	51.76	0.2	47.45	0.2	32.38	0.4	5.20	0.1
India	105.82	0.4	57.55	0.3	108.39	1.4	142.40	2.3
Israel	86.81	0.3	64.30	0.3	20.61	0.3	14.30	0.2
Jordan	14.70	0.1	30.89	0.2	46.24	0.6	14.40	0.2
Kenya	9.77	0.0	17.86	0.1	27.28	0.4	26.00	0.4
Korea, Republic of	94.44	0.4	179.46	0.9	100.22	1.3	212.60	3.5
Malaysia	23.67	0.1	64.96	0.3	57.52	0.7	33.90	0.6
Mexico	63.05	0.2	119.72	0.6	53.64	0.7	1.30	0.0
Pakistan	1.96	0.0	46.43	0.2	21.96	0.3	21.30	0.3
Panama	68.58	0.3	114.52	0.6	3.63	0.0	5.00	0.1
Philippines	12.38	0.0	35.31	0.2	11.66	0.2	19.50	0.3
Romania	27.24	0.1	67.01	0.3	18.12	0.2	18.90	0.3
Saudi Arabia	2.93	0.0	161.52	0.8	1.58	0.0	63.90	1.0
Singapore	36.40	0.1	171.82	0.9	57.93	0.7	94.10	1.5
Spain	211.64	0.8	231.04	1.2	26.46	0.3	68.30	1.1
Venezuela	45.42	0.2	93.53	0.5	1.68	0.0	3.80	0.1
Yugoslavia	196.80	0.8	188.81	1.0	99.39	1.3	24.50	0.4
Zambia	4.04	0.0	11.16	0.1	55.87	0.7	14.80	0.2
Others	393.66	1.5	1,036.99	5.3	275.84	3.5	341.00	5.6
Total	1,706.87	6.5	3,126.57	15.9	1,045.35	13.4	1,176.40	19.3
Total foreign procurement	26,072.85	100.0	19,636.17	100.0	7,774.50	100.0	6,098.60	100.0

***Table 1-12.* IBRD and IDA Local Procurement Disbursements, by Borrowing Country, Fiscal Years 1978–85**
(amounts in US$ millions equivalent)

Country	Amount	Percent
India	5,382.6	20.7
Brazil	3,391.1	13.0
Mexico	2,122.0	8.2
Romania	1,450.1	5.6
Indonesia	1,429.4	5.5
Korea, Republic of	1,395.4	5.4
Yugoslavia	1,109.1	4.3
Philippines	900.5	3.5
Colombia	782.2	3.0
Thailand	765.1	2.9
Morocco	588.1	2.3
Malaysia	472.7	1.8
Ivory Coast	342.6	1.3
Bangladesh	277.4	1.1
Peru	269.6	1.0
Nigeria	258.6	1.0
Kenya	253.4	1.0
Turkey	251.6	1.0
Pakistan	250.6	1.0
Tunisia	219.9	0.8
Argentina	213.3	0.8
Portugal	201.9	0.8
Honduras	181.6	0.7
Greece	180.4	0.7
Cameroon	176.7	0.7
Paraguay	165.3	0.6
Chile	159.5	0.6
Sri Lanka	118.8	0.5
Ecuador	106.5	0.4
Egypt, Arab Republic of	105.8	0.4
Ethiopia	93.8	0.4
Senegal	93.7	0.4
Panama	86.5	0.3
Dominican Republic	83.8	0.3
Papua New Guinea	83.5	0.3
Nicaragua	81.1	0.3
Syrian Arab Republic	77.2	0.3
Malawi	73.1	0.3
Spain	73.0	0.3
Jamaica	67.9	0.3
Costa Rica	62.3	0.2
Nepal	60.4	0.2
Cyprus	52.8	0.2
Mali	51.7	0.2
Jordan	51.1	0.2
Niger	50.3	0.2
Guatemala	49.5	0.2
Tanzania	48.6	0.2
China	48.0	0.2
Others	1,203.7	4.5
Total	26,013.9	100.0

NOTE: Percentages based on total local procurement disbursements.

Bank Management and Staff

At the end of fiscal year 1985, total staff on regular and fixed term appointments was 5,866, compared with 5,697 the year before. Higher-level staff, which grew by only 2.3 percent, numbered 2,920 and represented 112 nationalities.

Efforts continued, subject to the paramount importance of securing the highest standards of efficiency and of technical competence, to recruit on as wide a geographical basis as possible and to increase the proportion of women on the Bank's higher-level staff. The best results were achieved in the Young Professionals Program: In fiscal 1985, fourteen, or 58 percent, of the twenty-four young professionals reporting for duty were nationals of developing countries, and ten, or 42 percent, were women.

During the past year, the Bank concentrated on completing or expanding a number of important staff-management activities initiated in the two previous years to improve overall efficiency and productivity. Among these were the new performance-appraisal system (Performance Planning and Review), which is now operational Bankwide; a review of the grading of all Bank positions, which will be completed early in fiscal 1986; an Integrated Management Training Program; Staff Rules to support the Principles of Staff Employment adopted in fiscal 1984; and Management Succession Planning.

Membership

St. Christopher and Nevis became a member of the IBRD on August 15, 1984, Mozambique joined the IBRD and IDA on September 24, 1984, and Hungary joined IDA on April 29, 1985, bringing the total membership to 148 for the IBRD and 133 for IDA.

At the end of the fiscal year, action was pending on membership in the IBRD for Kiribati and Tonga, and in IDA for Kiribati and Portugal.

ICSID

The International Centre for Settlement of Investment Disputes (ICSID) is an autonomous international institution created in 1965 by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the Convention). ICSID's purpose is to provide facilities of conciliation and arbitration of investment disputes between contracting States and nationals of other Contracting States in accordance with the provisions of the Convention.

Contracting States are member States of the Bank and any other State, which is a party to the Statute of the International Court of Justice, that have signed and ratified the Convention.

Fiscal 1985 was a period of continued expansion for ICSID. On January 30, 1985, Haiti signed the Convention, bringing the total number of signatory States to ninety-one. The number of Contracting States reached eighty-seven with the deposit by Portugal of its instrument of ratification on July 2, 1984. During fiscal 1985, furthermore, the total number of disputes submitted to ICSID for settlement increased to twenty. On September 26, 1984, ICSID's regulations and rules were revised to facilitate the Centre's administration of this increased case load and to enhance ICSID's effectiveness as a mechanism for the resolution of investment disputes. ICSID also introduced an expanded program of publications and promotional activities.

ICSID's Annual Report provides further details of its activities.

IFC

The International Finance Corporation is the affiliate of the IBRD that was established in 1956 to supplement the Bank's activities by promoting and providing support for the private sector in developing member countries. With the authority to make equity investments and to provide loans without government guarantees, the Corporation can provide financing and investment expertise particularly suited to attracting and lending confidence to private investors.

Even though it operates with its own staff and capital, the IFC—through joint ventures, by building upon the World Bank's infrastructural achievements, or through the sharing of purposes and policies—works closely with the Bank toward the common goal of promoting economic development in member countries.

The IFC's role is to stimulate the flow of private capital into productive enterprises—not to replace it. Thus, the IFC operates as a catalyst in bringing together entrepreneurship, investment capital, and production.

In addition to providing its own funds, the Corporation seeks to raise financing, either directly, through the syndication of its own loans, or, indirectly, by helping to attract parallel financing from international capital markets.

One important feature that distinguishes the IFC from commercial financial institutions is its commitment to provide project sponsors with the necessary technical assistance that will help ensure that their ventures are potentially productive and financially sound.

In addition, the Corporation provides policy assistance to its member governments in support of their efforts to develop the necessary investment climate that will encourage productive and beneficial domestic and foreign investment.

Fiscal Year 1985: An Overview

Fiscal year 1985 was the first year of the Corporation's current five-year program. The program sets ambitious targets for the IFC to expand the volume of its loans and equity investments and to give new emphasis to those activities that are most needed to help support the efforts of the private sector in its developing member countries. The five-year program challenges the Corporation to develop new ways of doing traditional business.

The recent and, for some, continuing economic difficulties in many of the IFC's developing member countries have obviously hurt the climate for private enterprise, making the IFC's task both more urgent and difficult. In spite of these difficulties, the Corporation made considerable progress towards meeting the objectives of the five-year program.

By almost all measures, the Corporation increased significantly the volume of its business after several years of slower growth. The $609.3 million of net investments approved by its Board of Directors was an increase of 56 percent over the previous year. Total investments, of $937.2 million in the seventy-five projects approved by the Board, were the highest achieved since the founding of the Corporation.

The recent economic climate has not only restricted opportunities for new investments in developing countries, it has also exerted severe financial pressures on many existing companies. The anomalous behavior of many commodity markets and the instability of exchange rates continued to be particularly troublesome for many of the Corporation's partners and client companies. Thus, the IFC has not been immune to the problems that have beset other international financial institutions.

To meet better the needs of its clients, the Corporation developed and offered a wide range of financial and technical services. Early in the year, the Board of Directors approved the use of variable-rate lending; that program proved to be extremely successful. Expanded use of underwriting, guarantees, equity and equity-like financial instruments, and the ability to offer a range of currencies were key components by which the Corporation responded to the changing needs and circumstances of the business community.

As part of the effort to equip the IFC to meet the challenges of the five-year program, the management of the Corporation was reorganized. In order to give greater emphasis to promotional efforts, to strengthen portfolio supervision and budget controls, and to streamline operating procedures, the management of the Corporation was reorganized into three vice presidencies under the executive vice president. Investment operations were consolidated under one vice presidency, as were development syndications and public affairs under another, and finance and portfolio supervision under a third.

In December 1984, a decision by the Board of Directors opened the way for the Corporation to raise funds directly from international capital markets. This move not only broadened the Corporation's options for matching its capital and operational needs, but also expanded the sources of financing available to the IFC.

Reflecting the market's confidence in the IFC, the Corporation was able to raise $100 million on the Eurodollar market and DM90 million in the Federal Republic of Germany on excellent terms and conditions. This was in addition to the funds the IFC borrowed from the World Bank, from which the Corporation still expects to continue to raise the major portion of its funding needs.

In combination, the year's activities have positioned the Corporation well to fulfill the challenge of the new five-year program—a program that calls for the Corporation to double the scale of its activities over the next five years.

The experience of the IFC during fiscal 1985 permits it to see the future with cautious, measured, but objective optimism. This comes out of the conviction that the promotion of serious, professional entrepreneurship is fundamental to development.

The Year's Investment Operations

During fiscal 1985, the Board of Directors approved seventy-five loans and investments in thirty-eight developing countries totaling $937.2 million. Of this, it is expected that $609.3 million will be invested for the IFC's own account and $327.9 million will be syndicated, or sold, to other investors. Compared with the previous year, total approved investments increased $241.6 million from $696 million, and investments, net of syndications, increased $318.3 million from $391.0 million.

Of the total, $875.9 million was for loans and $61.3 million for equity or equity-like investments. Of the latter, $7.4 million was approved for the exercise of rights issued by firms in which the IFC already has equity investments. Of the loans, four, totaling $37.3 million, involved restructuring of existing obligations.

The Corporation estimates that the total capital costs of approved projects it will help to finance will be more than $2,767 million. This means that for every dollar invested by IFC for its own account, others will invest about three and a half dollars—about the same as in previous years.

Some New Initiatives

While the five-year program anticipates a considerable increase in the Corporation's volume of business and in the development of new financial services for its clients, it also set out important new initiatives responding to the highest priority needs of the private sector in the IFC's developing member countries.

In light of the economic and financial difficulties faced by private companies throughout most developing countries, the Corporation accelerated its efforts to provide both technical and financial assistance to troubled companies.

Corporate restructuring assistance was provided to thirty companies, primarily to firms that needed to restructure their operations to reflect economic policy adjustments being made by their governments. In four cases that were completed in fiscal 1985, the IFC provided $40.3 million in loans and quasi-equity investments. Often the financial packages put together by the IFC included new subordinated debt with convertible features or attached warrants, income notes, or cumulative convertible preferred stock. Three of these restructuring efforts were made available to companies that were in the IFC's portfolio, and one was to a company with no previous connection with the Corporation.

During fiscal 1985, the Board of Directors approved $107.2 million in financing for eighteen projects in sub-Saharan Africa.

Many of the region's countries have undertaken serious structural-adjustment programs and see within them an increasingly important contribution that their private sector can make to their success. One difficult problem faced by the private sector is that experienced managerial talents are thinly spread. Thus, the Corporation began informal discussions in a number of capitals on the establishment of an African Project Development Facility, to be established jointly by the IFC and other donor agencies to help African entrepreneurs develop new business ventures, and coincidently with it, the establishment, jointly with private companies and public agencies, of an African Management Facility, which could contribute experienced management to new and existing businesses.

The Corporation has targeted considerable effort toward diversifying its activities in oil and gas exploration and development, particularly with respect to encouraging independent oil companies to expand their activities in developing countries. An oil-exploration project in Colombia and energy-development projects in Chile and Pakistan were approved by the Board during the year. Several more are expected to be considered early in fiscal 1986.

The Corporation expanded its activities into a number of new areas, including insurance, and new techniques, such as the underwriting of a Eurodollar bond issue, providing a line of equity to an intermediary on an agency basis, and setting up new investment banks with the participation of similar developing-country institutions, which, themselves, had been created with the IFC's assistance.

Recognizing the critical need to encourage equity flows, the Corporation embarked upon several different initiatives to promote the formation of both national and multicountry equity-investment trusts.

The primary focus of its substantial technical policy-advice services to member countries was on securities-market development.

Financial Results

Net income amounted to $28.3 million, an increase of $2.0 million, or 8 percent, over fiscal year 1984. This is the fifth consecutive annual increase in the Corporation's net income, which, over the same period, has increased at an average compounded rate of 9.8 percent. All of the net income was added to accumulated earnings.

The year's operating income of $173 million was $21.6 million higher than in fiscal 1984. The increase in interest payments was, in part, attributable to an increase in the average outstanding balance of loans, from $1,123.7 million in fiscal 1984 to $1,208.0 million in fiscal 1985.

The significant increase in income from deposits and securities was a result of the Corporation profitably investing the proceeds of its borrowings from private capital markets and drawdowns of its variable-rate loans from the World Bank. These funds were invested on behalf of the Corporation by the World Bank under an investment-management agreement between the Bank and the IFC.

At the end of the year, the IFC's portfolio contained loans and equity investments in 366 companies located in seventy-four developing countries. The total value of the portfolio was $2,948 million.

During fiscal 1985, $481.2 million in new investments was added, about $354 million for IFC's own account and $127 million for participants. Of the new investments for IFC's account, $441 million was for loans and $40 million for equity. Loan repayments amounted to $125.3 million, and $17.8 million of investments were sold. Taking these and other adjustments into account, the net increase in the portfolio was $126 million. While adding forty new companies to the portfolio during the year, loans were repaid, equities sold, or investments written off in twenty-one cases.

With the deterioration in worldwide economic conditions in recent years, the Corporation has paid particularly close attention to the condition and performance of its portfolio. While actual write-offs have not increased dramatically, arrearages on repayments have nearly doubled. A number of steps were taken to counter this development, although a study of the IFC's portfolio, reviewed by the Board of Directors in May 1985, revealed that, in most cases, the difficulties with the portfolio could be traced to the general adverse economic conditions that have prevailed over the past several years.

Chapter Two
The Economic Scene: A Global Perspective

The world economic recovery that began in 1983 accelerated and became more widespread in 1984, raising the growth rate of world output to over 4 percent. The growth of world trade volumes also accelerated, close to 9 percent. These developments were facilitated by structural-adjustment policies pursued in many countries; in turn, they also facilitated the continued implementation of such policies.

Somewhat allaying earlier fears, the international financial system responded flexibly to the needs of several of the large debtor countries that had earlier run into debt-servicing difficulties. Flexibility of response has characterized both debtor and creditor countries. International financial institutions also contributed to the management of the acute financial difficulties encountered by many developing countries, both by helping to provide and mobilize financing and by fostering the domestic-policy reforms needed to restore international creditworthiness.

Industrial Countries: Uneven Recovery

The gross domestic product (GDP) of industrial countries[1] increased faster than had been expected in 1984. Their 4.5 percent rate of growth (as against 2.6 percent in 1983) was the highest since 1976. GDP grew fastest, at 6.8 percent, in the United States (see Table 2-1). A stimulative fiscal policy, expanded business tax incentives, and a relatively restrained monetary policy resulted in the highest GDP growth rate for the US in nearly twenty years and was accompanied by the lowest rate of inflation since 1967. The sharp increase in the current-account balance-of-payments deficit of the US only partially offset this domestic stimulus.

This same increase in the US external deficit, including an increase in the US trade deficit equal to almost 2 percent of GDP, (or about 0.5 percent of the rest of the world's GDP) provided a strong stimulus to the world economy. Most industrial countries (with the exception of the United Kingdom), presented a mirror image of the United States: The stimulus received from their improved external accounts was partly offset by sharply reduced fiscal deficits. The Japanese economy showed an impressive expansion of 5.8 percent in real terms, led mainly by domestic private demand. The contribution of domestic demand to the real growth rate and that of external demand was 3.7 percent and 2.0 percent, respectively.

Despite the increased demand from the United States, Europe improved only modestly on its poor growth performance in 1983. Real output in European industrial countries increased by only 2.3 percent. In the Federal Republic of Germany, the trade balance provided a stimulus of 1 percent of GNP, and nongovernment domestic demand about 1.7 percent; this stimulus was partly countered by the reduction in the government budget deficit of about 0.4 percent of national product. Real output in the United Kingdom grew by 2.4 percent, as increases in investment of almost 7.6 percent more than compensated for declines in the trade balance and in the government budget deficit. Italy registered an increase in GDP of 2.6 percent, as increases in consumer demand and stockbuilding were greater than the decline in the contribution of the foreign sector to income. GDP in France increased by only 1.8 percent. Continued fiscal restraint in France reduced the structural budget deficit by about 1 percent of GDP, and domestic investment fell by 2.0 percent; the foreign sector provided a net stimulus of almost 1 percent of GDP, however, and private consumption also rose.

Most European countries continued to pursue economic policies whose main priorities were to reduce inflation further, restore budgetary balance, allow enterprises to rebuild their profits, reduce the many structural rigidities impeding growth, and, where necessary, reduce the share of public spending in the economy.

Despite some improvement in growth, unemployment remained high in most industrial countries. The average rate of unemployment in seven major industrial countries[2] was 7.5 percent, down from 8.2 percent in 1983. This small improvement reflected a significant fall—from 9.6 percent in 1983 to 7.5 percent—in unemployment in the US. Unemployment rates actually increased in the major European countries by one half a percentage point, to 9.9 percent.

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

[2] Canada, France, Federal Republic of Germany, Italy, Japan, the United Kingdom, and the United States.

***Table 2-1.* Growth and Inflation in the Industrial Countries, 1960–84**
(average annual percentage change)

Indicator	1960–73	1973–80	1981	1982	1983	1984[a]
Real GDP						
Canada	5.5	3.1	3.8	−4.2	3.0	4.7
France	5.5	3.0	0.2	1.9	1.0	1.8
Germany, Federal Republic of	4.5	2.6	0.2	−1.0	1.0	2.6
Italy	5.2	2.7	−0.2	−0.4	0.0	2.7
Japan	9.9	4.2	4.2	3.0	3.0	5.8
United Kingdom	2.9	1.4	−1.2	1.9	3.3	2.4
United States	4.0	2.9	2.5	−2.1	3.7	6.8
Industrial countries[b]	4.9	2.8	1.6	−0.3	2.6	4.5
GDP Deflator						
Canada	3.6	9.4	10.2	10.3	5.1	3.1
France	4.6	10.4	12.0	12.5	9.8	7.1
Germany, Federal Republic of	3.9	4.4	4.0	4.8	2.6	1.9
Italy	4.9	17.3	17.6	18.5	15.1	10.7
Japan	5.4	6.4	2.7	1.8	0.7	0.7
United Kingdom	5.0	16.0	11.6	7.0	5.2	3.9
United States	3.5	7.4	9.6	6.9	4.5	3.7
Industrial countries[b]	4.3	8.4	9.1	8.0	5.4	4.7

a. Preliminary.
b. The weights are the US-dollar GDP for each country, divided by the total US-dollar GDP for the industrial countries. For country coverages, see text footnote 1.
SOURCES: The World Bank and the IMF.

The number of recorded unemployed in European member countries of the Organisation for Economic Co-operation and Development (OECD) rose by 1 million to 18 million.

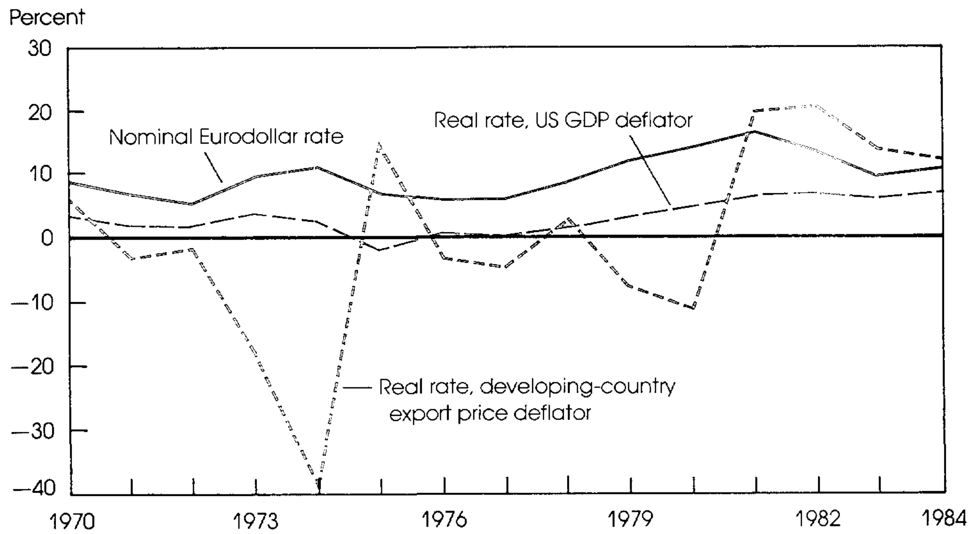
One of the most disturbing elements of these high unemployment rates is that the young have been particularly affected. Unemployment among this group was almost 17 percent in 1984. The lengthening in the average duration of unemployment was another cause for concern.

Inflation rates continued to fall in almost all industrial countries in 1984. The average GDP deflator of industrial countries increased by only 4.7 percent, the smallest rise since 1967. In the United States, the GDP deflator increased by only 3.7 percent, despite the rapid rise in demand. Relative price stability was aided by continued monetary restraint and by the appreciation of the dollar. Inflation also remained low in Japan (0.7 percent). Most remarkable, however, was the success story in Europe, where monetary and restrictive fiscal policies have greatly reduced inflation, notwithstanding the rapid depreciation of European currencies and the concomitant rise in import prices. Inflation in the major European countries fell to 5.4 percent in 1984. Some countries, which had suffered double-digit inflation rates only a few years ago, have made remarkable progress. Inflation in the United Kingdom dropped to 3.9 percent, compared with almost 12 percent in 1981, and in France, the GDP deflator rose by 7.1 percent, as compared with 12.0 percent in 1981. Because inflation in some of the smaller countries (Finland and Ireland, for instance) was higher than in the major countries, the average inflation rate in European countries was about 7 percent (see Figure 2-1).

The US dollar continued to appreciate in 1984, bringing its rise against a trade-weighted basket of currencies to 44 percent since 1980. The appreciation of the dollar, in combination with the US recovery, which outpaced the rest of the world, gave stimulus to a US current-account deficit of about $102 billion in 1984. In Japan, the current-account surplus was $35 billion, and for the European members of the OECD, it was $9 billion. The OECD as a whole ran a $65.4 billion deficit. Because of differences in accounting procedures, errors, and omissions, there is an asymmetry of almost $80 billion in the global current account, part of which is probably due to an overstatement of the size of the OECD deficit.[3] Even after allowing for errors in reporting, however, it is likely that there remains a significant deficit for industrial countries as a group, as well as an imbalance among industrial countries, whose main poles are the United States, with its large deficit, and Japan, with its large surplus.

[3] The source for data on industrial countries is the OECD.

Figure 2-1. Interest Rates and Inflation, 1970–84



The increased demand for capital from industrial countries may have contributed to worsening financial constraints in developing countries.

The recent years' drift towards increased protectionism continued in 1984, although the volume of world trade rose by an impressive 8.8 percent. Thus, in the United States, a growing trade deficit and high unemployment in industries that must compete with imports have fueled pressures for protectionist measures, despite the fact that protectionism would hardly improve the economy's prospects. Calls for an across-the-board import surcharge or for more discriminatory actions are now common in some sectors. In Europe, unemployment has also stimulated protectionist pressures. In most countries, constraints on agricultural trade, together with subsidies to production, remain high. High domestic interest rates, maintained in response to interest rates in the US and to stave off large capital outflows, have hindered recovery and raised several policy issues. In the face of these pressures, OECD governments have continued duly to denounce protectionism as creating, not solving, problems. Nevertheless, unless economic growth accelerates sufficiently to start reducing unemployment and purposeful steps are taken to maintain and strengthen the relatively liberal system of trade and financial flows that has evolved since World War II, its further erosion would seem likely.

GDP growth in industrial countries is expected to slow down in 1985, notably in the United States, and rather mildly in Japan. Growth in Europe is expected to continue at, or only very slightly below, last year's slow rate. Thus, growth differentials should narrow as the average growth rate falls. Inflation is also expected to decline further. On the other hand, balance-of-payments differences may increase between surplus and deficit countries; and the overall current-account deficit of OECD countries is expected to increase somewhat over last year. These projections assume that current policies will continue, at least in the sense that if there were to be major policy changes, they would come so late in the year that their effects would not be felt until 1986.

There is now both a need and an opportunity for some realignment of policies that would facilitate adjustment in the existing disequilibria and ensure more stable growth in the medium term. The United States has provided the main stimulus—indeed, almost the only important stimulus—to the global recovery. At least in the other industrial countries, this stimulus was only partially offset by high real interest rates in the US. There is now, however, a strong consensus that steps should be taken soon to reduce and eventually eliminate the US budget and current-account deficits, lest a severe and disruptive adjustment is imposed by market forces. As the US deficits are reduced, some degree of offsetting adjustments in other industrial countries would help lessen the negative impact that adjustment in the United States would have on world growth. European countries have been successful in reducing government budget deficits and remarkably so in controlling inflation despite the cost-push effect of the appreciating dollar. Although European governments remain committed to the pursuit of anti-inflation policies, these opportunities to pursue policies conducive to sustained growth and higher employment may be emerging, particularly if external price pressures are eased by a depreciating dollar. Meanwhile, the Japanese economy expanded by 5.8 percent in real terms. Domestic private demand was strong; fixed private investment rose by 11.1 percent and private consumption by 2.7 percent in real terms. Despite this increase in demand, the current-account surplus widened to $34 billion. Japanese authorities attribute this surplus mainly to the rapid expansion of the US economy, the strong dollar, and declines in oil and other commodity prices.

The Performance of Developing Countries

Many developing countries, especially those in Asia and Latin America, benefited from economic recovery in the United States and the beginning of recovery elsewhere in the industrial world. In some countries, the effects of policy initiatives to remove distortions and increase economic efficiency greatly improved performance. Thus, by the dismal standards of the early 1980s, 1984 was a good year for developing countries, whose output increased by 3.8 percent. After three years of stagnation or decline, per capita income rose by 1.8 percent. Regional performance varied greatly, however. African countries suffered continued declines in GDP, Latin American countries managed some increase in GDP after declines in 1982 and 1983, and Asian countries enjoyed continued growth. Nonetheless, protectionism and the threat of further increases in trade restrictions are a major concern to the developing countries, as many continue to carry the burden of high interest rates and the added burden of adjustment.

The varied performance among developing countries reflected both a mixed international environment and differing successes in individual countries reacting to that environment through appropriate domestic policies. The strong recovery in the United States facilitated an increase of 8.6 percent in the volume of exports of developing countries, which corresponds to a 7.5 percent increase in value. This rise in export earnings received no help from primary commodities, whose dollar prices actually declined by 2 percent. This price performance of primary commodities, which occurred despite a significant increase in demand from the United States, was caused partly by the appreciation of the dollar (which tends to depress the dollar price of commodities) and partly by excess supply in a number of markets. In real terms, however, primary-commodity prices actually increased by about 1 percent; this increase is relatively small, however, for a period of recovery. Furthermore, nominal, rather than real, prices are relevant from the point of view of debt-service costs. The six-month, US-dollar London Interbank Offered Rate (LIBOR), which is used as the base rate in the majority of syndicated loans to developing countries, rose from 9.9 percent in 1983 to 11.3 percent in 1984. Since developing countries' overall export prices fell by about 1 percent in 1984, the *ex post* real interest rate in terms of developing countries' goods rose above 12 percent. Over the last four years, this rate has averaged about 17 percent (Figure 2-1). Despite high rates for the year as a whole, declines in interest rates in the last six months of 1984 (the January 1985 LIBOR was 8.9 percent) somewhat eased the financing constraints in major debtor countries.

High interest rates increased the portion of export receipts used to cover interest payments. In addition, capital flows remained low, and some build-up in reserves occurred. Therefore, despite higher exports, developing countries could achieve only a small increase in imports. Developing countries thus had a trade surplus of $14.2 billion in 1984, the first since comprehensive balance-of-payments statistics have been kept.

The response of developing countries to the international environment was quite resilient. Faced with reduced financing and increased interest rates, a number of countries achieved remarkable increases in net exports. The extent to which countries could undergo necessary adjustments and sustain growth depended both on present and past policies. Countries that had developed flexible, export-oriented economies, or that had undertaken adjustment measures before the recession, were best able to expand exports and to contain import growth while, at the same time, increasing total domestic output.

Many other countries entered the 1980s with a legacy of high inflation, large government budget deficits, misaligned prices, and excessive controls over goods and financial markets. One-sided import-substitution policies and rigidities in factor markets reduced the ability of these economies to respond to external shocks. Many of these countries, particularly in Latin America, increased exports and reduced imports through severe depreciations of their currencies and compression of domestic demand. However, as these economies lacked the flexibility to switch expenditures and production without experiencing considerable unemployment and short-term losses in output, such measures could be undertaken only at high cost in terms of reduced current consumption and investment, Furthermore, in this context, expenditure-switching policies often required large price increases and rendered difficult, and sometimes elusive, the pursuit of price stability.

GDP growth. GDP growth in developing countries was 3.8 percent in 1984, largely led by strong performance in Asia (see Table 2-2). Among the low-income countries in that region, China registered an impressive increase in GDP, the result mainly of economic reforms that have increased the efficiency of Chinese agriculture (which was also aided by good weather), and of a strong export performance (up 15 percent from 1983). India's GDP rose by about 5.5 percent, short of the 7.7 percent achieved in 1983, but still well above both the rate of population growth and the historical average. The Republic of Korea, Malaysia, and Singapore also posted impressive gains in income, resulting mainly from large increases in exports. Despite its relatively large debt and stagnation in oil prices, Indonesia, too, achieved strong growth in GDP, together with rice self-sufficiency, fruits of recent rigorous adjustment measures and of long-standing agricultural efforts, respectively. The Philippines, on the other hand, suffered a decline in income, as restrictive policies were undertaken to reduce imports in the face of a debt crisis and of severe constraints on financing.

Gross domestic product in Southern Europe, North Africa, and the Middle East increased by 1.6 percent in 1984. Oil-exporting countries in this region registered a healthy increase in GDP despite the 2.4 percent fall in the dollar price of oil. These countries were assisted by a strong increase in export volumes and the appreciation of the dollar, which—despite the decline in the dollar price of oil—increased the purchasing power of their export receipts in non-US markets, from which most of their imports come. Overall, the GDP of oil-importing countries in this region increased less rapidly. Output in some of the Southern European countries declined, partly a result of efforts to contain persistent inflationary pressures.

Latin American countries' GDP increased by 2.8 percent in 1984. Although the increase in the rate of growth was a welcome break from the continuous decline in GDP since 1981, it only barely topped (by 0.2 percent) the increase in population. Unemployment increased dramatically in many areas. Much of the improvement in GDP in Latin American countries came either from increases in trade surpluses or declines in deficits, and not from any significant rise in domestic expenditures. The trade surplus of Latin American countries rose to about $40 billion, or almost 6 percent of GDP. Because Latin American countries had to use increases in output to cover interest payments and, to some extent, to reconstitute depleted reserves, they continued to

Table 2-2. **Growth of Gross Domestic Product, by Region, 1960–84**

Group	1980 GDP (US$ billions)	1980 population (millions)	1980 GDP per capita (US$)	Average annual percentage change in GDP					
				1960–73	1973–80	1981	1982	1983	1984
Analytic group									
Developing countries[a]	2,029	3,145	645	6.1	5.5	3.1	2.1	2.1	3.8
Low-income countries	556	2,141	260	5.6	4.8	3.9	5.0	7.3	5.8
Asia	496	1,915	259	6.0	5.2	4.3	5.5	8.1	6.3
Africa	60	226	264	3.8	2.2	1.4	0.4	0.0	0.9
Middle-income oil importers[a]	906	554	1,635	6.4	5.8	1.7	1.0	1.1	3.8
Middle-income oil exporters	567	450	1,261	6.1	5.6	4.5	1.2	−1.6	1.7
Industrial market economies	7,444	716	10,397	4.9	2.8	1.6	−0.3	2.6	4.5
Regional group									
Asia and Pacific	806	2,237	360	6.4	6.2	5.3	4.8	7.3	6.3
Middle East and North Africa	110	107	1,027	5.0	7.8	5.0	5.2	5.3	0.4
Sub-Saharan Africa[a]	190	363	522	4.9	2.6	−0.4	−0.1	−2.8	−0.6
Southern Europe[b]	213	91	2,338	6.7	4.9	2.0	2.2	0.9	2.1
Latin America and the Caribbean	710	346	2,051	6.1	5.4	1.6	−0.9	−3.2	2.8

a. Does not include South Africa.

b. Does not include Hungary and Romania.

Source: The World Bank.

Table 2-3. **Export Growth in Developing Countries, 1965–84**
(average annual percentage change)

Country group	1965–73	1973–80	1980	1981	1982	1983	1984
All developing countries	5.6	2.0	−2.8	−2.7	4.4	5.6	8.6
Low-income countries	3.0	5.0	5.3	7.3	6.2	3.7	11.1
Asia	2.1	7.2	4.2	13.0	8.1	5.6	12.8
Africa	4.5	−0.8	8.4	−12.3	−1.0	−5.2	2.9
Middle-income oil importers	6.8	6.9	8.3	9.9	4.4	7.0	8.9
Major manufacturing exporters	10.0	9.7	12.6	13.7	4.0	8.0	9.6
Other middle-income oil importers	2.9	1.4	−2.1	−1.0	5.9	3.7	6.7
Middle-income oil exporters	5.3	−2.5	−15.2	−20.9	3.8	3.7	7.3

NOTE: Growth rates are at constant 1980 prices of merchandise exports.
SOURCE: The World Bank.

limit their domestic consumption and investment. Although reliable indicators are not yet available, it is likely that per capita consumption continued to decline. The share of investment in GDP, which fell along with the decline in GDP over the past five years, does not yet seem to have begun to recover. It is not yet clear to what extent lower investment has reduced the prospects for long-term growth.

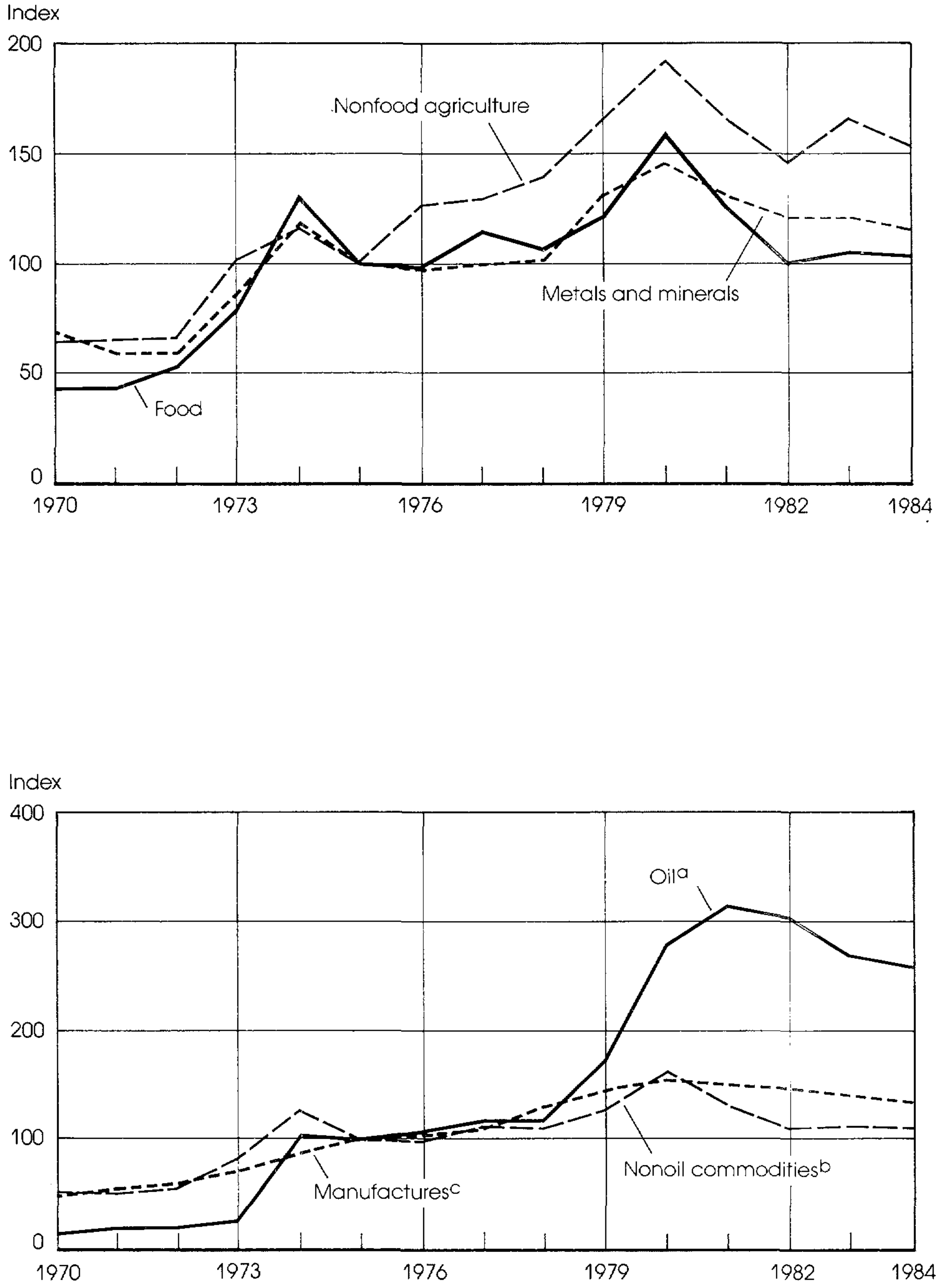
In sub-Saharan Africa, where widespread drought led, in some countries, to food shortages of famine proportions, GDP declined by 0.6 percent. Since 1980, per capita GDP in sub-Saharan African countries has fallen by 16 percent. Continued drought crippled large portions of the continent, and while the rains returned to some areas, famine remained in parts of both East and West Africa. Even middle-income African countries are staggering under the effects of low commodity prices (with tropical beverages as the exception), slow increases in exports, and financing constraints. Indeed, the GDP of these countries fell by 1.9 percent in 1984; low-income countries in Africa managed a small increase in GDP of 0.9 percent. Courageous financial and structural-adjustment measures have been initiated in many—but not all—African countries, but their implementation has been made more difficult by reduced net capital flows. Debt-servicing difficulties are widespread, as are repeated reschedulings. Sixteen African countries, some of them among the poorest of the world, entered into rescheduling agreements with either the Paris Club or commercial banks during the past year.

Exports. Exports of developing countries increased by 8.6 percent in 1984, well above the increase of 5.6 percent in 1983 and 0.8 percent during the period 1980–82 (see Table 2-3). Much of the additional exports went to the United States, where increased demand boosted total imports by 27 percent in constant dollars and by 25 percent in current dollars. Although the export performance of developing countries was aided by recovery in the US, supply factors were also important. A number of developing countries devalued their currencies substantially in real terms in both 1983 and 1984, and this helped them shift supplies to exports.

Export performance varied greatly among regions. East Asian and Latin American countries achieved impressive increases. East Asian countries have experienced continued success in their generally export-oriented policies, which have enabled their economies to adapt rapidly to new market opportunities. Latin American countries greatly raised export incentives and increased the supply of exports by depressing overall demand. In general, African countries registered only moderate increases in exports. Slow growth in demand in their European markets was partly responsible. In any event, many African countries were poorly situated to benefit from increased global demand. Most still specialize in a few primary exports for which demand is inelastic; in several, policies still discriminate against exports, and, in many cases, against the production of most tradable goods.

Manufactured exports from developing countries increased by over 14 percent in 1984, in contrast to the rise of primary exports by less than 5 percent. In general, the principal beneficiaries of the export boom were countries that could quickly take advantage of opportunities afforded by increased demand for manufactures. These included middle-income countries that have built a large manufacturing sector (Korea and Brazil, for instance), some poorer countries that have achieved remarkable success in manufactured exports since the early 1970s (Sri Lanka, for example), and China, whose manufactured exports have skyrocketed recently.

Figure 2-2. Commodity Price Indices, 1970–84



[a] Average price of internationally traded oil.
[b] Average price of thirty-three primary commodities, weighted by each commodity's share in developing countries' exports.
[c] Average price of industrial countries' exports of manufactures to developing countries.

Nonoil commodity prices. The dollar price of nonoil primary exports of developing countries fell by about 2 percent in 1984. The decline can be partially explained by the appreciation of the dollar. Relative to the price of manufactures, primary commodity prices increased somewhat; but despite the recovery in industrial countries, the increase was only about 1 percent. This small increase was particularly disappointing for exporters because of the significant fall in commodity prices since 1980. For some commodities, increases in supply led to reduced prices. High real interest rates also depressed the prices of some commodities by increasing the cost of storage, thus encouraging a rundown of stocks (see Figure 2-2).

Average annual price changes provide a somewhat distorted picture of conditions in commodity markets. In general, commodity prices increased strongly during the first three quarters of 1983, remained relatively stable until mid 1984, and then dropped for the remainder of the year. By February 1985, the World Bank's index of the dollar price of primary exports of developing countries had fallen to below the lowest level reached during the 1981–82 recession. The slowdown since mid 1984 is attributable to the appreciation of the dollar and the more moderate pace of economic growth in the US.

Food prices declined in dollar terms by about 1 percent in 1984. Production of grains increased markedly, largely because the payment-in-kind (PIK) program in the United States ended; prices for grains thus declined. On the other hand, poor supply conditions for beverages, fats, and oils were accompanied by rising prices. For some commodities, demand increased, as well; the apparent consumption of tea in major consuming countries rose by 10 percent, for example.

The dollar price of agricultural raw materials fell by 6.2 percent. Cotton prices fell by almost 3 percent in the wake of the termination of the payment-in-kind acreage-reduction program, and rubber prices dropped by about 11 percent, mainly the result of large supplies from Asia. The average price of fertilizer rose as a result of increased demand in the beginning of 1984; metal and mineral prices, on the other hand, fell by 4 percent and have declined by over 20 percent since 1980.

Oil prices. The average dollar price of oil produced by members of the Organization of Petroleum Exporting Countries (OPEC) remained steady at about $28.50 a barrel during most of 1984; in the fourth quarter, however, it fell to $28.20. This stability conceals significant turbulence over issues such as price differentials among different crudes, the allocation of quotas among OPEC members, and the stance of non-OPEC members to the official price.

Some elements contributed to stability in oil prices during 1984; they included the rising demand for oil for industrial uses (caused by economic recovery in the US and Japan) and military tensions in the Gulf. On the other hand, pressures towards price declines were exerted. Worries over disruptions in petroleum supplies were moderated both by the existence of excess production capacity outside of the Persian Gulf and of large strategic petroleum reserves, in particular, those in the US, Germany, and Japan. In addition, many of the efforts at energy conservation and substitution of energy sources have begun to bear fruit. While the recent weakening of oil prices may slow the pace of conservation and substitution, one can expect continued savings in oil to take place. Finally, petroleum is priced in dollars. The steady appreciation of the dollar during 1984 raised the price of petroleum and depressed the demand for it in markets outside the US, while also mitigating (and in some cases offsetting) the effect of the price decline on the purchasing power of oil exporters' revenues.

In the face of considerable uncertainty over developments in the oil market and a continued reduction in the share of oil exports accounted for by OPEC, and despite financial pressures on some members to increase exports, OPEC succeeded in maintaining the basic pricing and quota structure that has been in effect since 1983. At times, OPEC's efforts to support prices were assisted by cooperation from non-OPEC oil exporters.

Balance of payments, debt, and financing. The current-account deficit of developing countries (excluding official transfers) fell by more than $20 billion to $35.6 billion in 1984, its lowest level relative to GNP since 1974 (see Table 2-4). From 1981 to 1983, developing countries suffered a severe fall in external financing, and their current-account deficit dropped from $105 billion to $57 billion. Over the same period, export receipts fell by $19 billion, while interest payments increased by $5.4 billion. Adjustment was carried out, therefore, by reducing imports, which dropped by almost $80 billion, or about 8 percent in real terms.

In contrast with earlier years, the recovery in 1984 in the industrial countries and increased export incentives in developing countries brought about a significant increase, of $32.9 billion, in the exports of goods and nonfactor services. Imports rose by only $3 billion, or 2.8 percent in real terms. Most of the additional export receipts went to service interest payments and to build up reserves.

Much of even this small increase in imports was accounted for by two countries, India and China. Most of the debt of the former is on concessional terms, while that of the latter is small.

***Table 2-4.* Current-account Financing of Developing Countries, 1970–84**
(billions of US dollars)

Item	Oil-importing countries[a]					Oil-exporting countries				
	1970	1981	1982	1983	1984	1970	1981	1982	1983	1984[b]
Current-account balance (excluding official transfers)	−9.7	−78.3	−64.7	−45.6	−32.0	−2.9	−27.3	−35.7	−11.1	−3.5
Net official transfers	1.8	9.7	9.2	9.9	10.2	0.6	2.5	1.9	1.9	1.8
Private direct foreign investment, net	1.4	8.6	8.0	6.6	6.5	0.9	6.4	5.3	3.7	2.9
Medium- and long-term loans, net	6.6	48.1	43.1	30.6	36.8	1.6	23.6	20.5	18.1	13.3
Official source	2.9	17.0	16.5	17.1	19.4	0.8	4.7	5.3	3.7	6.2
Private source	3.7	31.2	26.6	13.5	17.4	0.9	18.9	15.2	14.5	7.1
Other capital, net[c]	1.1	10.3	−6.0	−4.8	−9.7	0.1	−9.9	−9.5	−16.3	−7.2
Change in reserves[d]	−1.2	1.6	10.4	3.3	−11.7	−0.3	4.7	17.5	3.5	−7.3

NOTE: *Details may not add to totals because of rounding. Data are based on a sample of ninety developing countries.*

a. Includes all low-income countries.

b. Estimate.

c. Net short-term flows and errors and omissions.

d. Minus sign indicates reserve accumulation.

SOURCE: The World Bank.

The volume of imports by middle-income countries, which account for almost 90 percent of developing-country private debt, increased by only 1 percent. In real terms, imports of middle-income countries remained 8 percent below the level of 1981. External adjustment in developing countries in 1984 occurred as much through restrictive policies, controls on imports, and constraints on growth as through successful export promotion.

Developing countries continued to be constrained in their ability to obtain financing in 1984. Long-term finance (long-term loans plus direct foreign investment) stabilized at about $60 billion. Short-term outflows declined somewhat. Reserves of developing countries increased by $19 billion, in contrast with a drawdown of almost $7 billion in 1983. A number of middle-income countries increased their reserves significantly in 1984, after having registered outflows since 1981. In some, increases were necessary to maintain a safe margin for international transactions after the rapid depletion of reserves over the previous three years. In others, it is possible that increases in reserves may have taken place because restrictive policies, imposed to lower imports in the face of reduced financial flows, were more successful than had been expected.

Private lenders remained highly selective in committing funds to developing countries. Much of the long-term net lending was the result of rescheduling agreements, particularly through conversion of short-term to long-term debt. New lending to developing countries remained scarce. In part, this scarcity reflected uncertainty over economic progress in some developing countries, as well as over the future path of interest rates and of demand in industrial countries. It may also be due to more lasting causes. Bank regulators have become more sensitive to the presence of large amounts of developing-country debt in bank portfolios and have also pressed for increases in total capital-asset ratios. According to some observers, increased private lending to developing countries in the 1970s reflected a once-and-for-all portfolio adjustment by lenders, and by borrowers, as well. If so, the economic events of the late 1970s and early 1980s (oil-price rises, interest-rate increases, and the global recession) merely accelerated and rendered more dramatic the effects of a slowdown in the growth of private lending to developing countries, which, in any case, was inevitable. No matter what the cause, it is clear that the rapid increases in lending to developing countries, which occurred during the 1970s, are over.

Despite increases in both export receipts and GDP, the ratios of debt service to exports and of debt to GDP worsened for developing countries in 1984, rising to 18.7 percent and 33.4 percent, respectively (see Table 2-5). The reasons are several: Rescheduled amortization payments were added to the stock of debt; thus, the dollar value of developing countries' debt increased by $67 billion. Many countries depreciated their currencies so as to encourage exports and reduce expenditures on imports. Depreciation had the effect of lowering the foreign-currency value of their GDP, thus increasing the debt-to-GDP ratio. This was particularly true for countries that held a large portion of their debt in dollars, because of the appreciation of the dollar against most other currencies. The effect of these changes varied, of course, depending on each country's exchange rate and the currency composition of its assets and liabilities.

Service payments on long-term debt increased by $10 billion, reflecting increased interest rates and higher levels of debt outstanding. This increase was moderated somewhat by rescheduling agreements, which resulted in reduced amortization payments in 1984. In the absence of rescheduling agreements (and assuming that all payments due would have been made), repayments of principal by developing countries would have been greater by $26 billion.

One notable achievement during the past year has been the success of rescheduling agreements between commercial banks and the major debtors. Fears of a major disruption to financial markets, brought about by a complete break between the banks and debtors, proved unjustified. Creditors and debtors agreed to delay payment of debt-service obligations and to set up a schedule for their future repayment. Over $110 billion owed by twenty countries was rescheduled in 1984. Most notable was the $49 billion, multiyear rescheduling agreement with Mexico, which stretched out repayments over as many as fourteen years, and whose terms were a significant improvement over those of the past two years. The agreement also restructured public debt that otherwise would have become due over the next five years; this longer-term approach should help Mexico to avoid liquidity problems over the next few years. Venezuela also entered into a multiyear rescheduling, covering about $21 billion, a figure that includes substantial short-term obligations. The spread over LIBOR is the same as in the Mexican agreement (1 1/8 percent), although the maturity is somewhat shorter.

On the other hand, difficulties in negotiating agreements with some other debtors have increased. Argentina and Brazil have had trouble meeting program requirements of the International Monetary Fund (IMF); for these countries, compliance is a prerequisite for agreement with commercial banks. Opposition to the maintenance of restrictive policies, the burden of which falls heavily on the politically active urban population, has hardened in some countries. Continued growth in industrial countries and reductions in real interest rates, however, can ease the adjustment process and reduce the severity of measures necessary to restore creditworthiness.

Table 2-5. **Medium- and Long-term Debt of Developing Countries, 1970–84**
(billions of US dollars)

	Oil-importing countries[a]					Oil-exporting countries				
Item	1970	1981	1982	1983	1984	1970	1981	1982	1983	1984
Net disbursements	6.6	48.1	43.1	30.6	36.8	1.6	23.6	20.5	18.1	13.3
Concessional loans	2.0	8.3	7.8	6.7	7.8	0.6	2.3	1.8	1.4	1.5
Nonconcessional loans	4.6	39.9	35.3	23.9	29.0	1.1	21.3	18.7	16.7	11.8
Official	0.9	8.7	8.7	10.4	11.6	0.2	2.4	3.5	2.2	4.7
Private	3.7	31.2	26.6	13.5	17.4	0.9	18.9	15.2	14.5	7.1
Debt outstanding and disbursed (DOD)	50.7	332.3	372.2	411.5	454.3	17.6	155.3	173.6	208.2	232.2
Official	26.0	130.4	144.3	160.8	182.3	7.5	44.7	48.9	51.3	57.9
Private	24.7	201.9	227.9	250.6	272.0	10.1	110.6	124.6	156.8	174.2
Total service payments	6.5	57.5	62.4	55.5	60.1	2.8	31.2	35.1	34.5	39.7
Interest	1.9	27.3	31.4	29.1	36.7	0.7	13.9	16.7	17.5	21.3
Official	0.7	4.6	5.6	6.5	7.7	0.2	2.0	2.1	2.5	2.8
Private	1.2	22.6	25.8	22.6	28.9	0.5	11.9	14.5	15.0	18.4
Amortization	4.6	30.2	31.1	26.4	23.5	2.1	17.3	18.4	17.0	18.4
Official	1.1	5.4	6.2	6.8	4.6	0.4	2.7	2.8	4.3	4.2
Private	3.4	24.8	24.8	19.6	18.9	1.7	14.6	15.6	12.7	14.3
Service payments as a percentage of exports of goods and services	13.7	16.6	18.7	16.2	16.4	18.1	19.8	25.0	26.1	28.1
DOD as a percentage of GDP	12.9	21.2	23.8	27.4	29.2	18.1	24.3	31.0	38.2	41.9

NOTE: Details may not add to totals because of rounding. Data are based on a sample of ninety developing countries.

a. Includes all low-income countries.

SOURCE: The World Bank.

Thus, on balance, 1984 was a mixed year. It brought partial global recovery, but through a one-sided impulse whose ability to continue alone has been gradually eroded. Growth of production also resumed in the developing countries (with the exception of Africa), although in Latin America, per capita consumption and employment continued to stagnate or fall. Debt problems were contained, but rarely resolved. Protectionism was not unleashed, but continued to threaten and advance.

The most hopeful development of the year consists in the continued spread, in developing countries, of the appreciation of the nature of appropriate policies and of the need to pursue them. The need for such policies would not be lessened by a more favorable international environment. However, their chances for success, and their yield in terms of growth and poverty alleviation and social progress, would be much heightened by a favorable international environment, one that provided growing import demand in a liberal trade environment, unhindered capital movements with lower real interest rates and longer maturities, and, for the poorest countries, more aid flows on concessional terms.

Official Development Assistance

Net disbursements of official development assistance (ODA) from member countries of the Development Assistance Committee (DAC)[4] of the OECD to the developing countries in 1984 increased to an estimated $28.6 billion, up $1 billion from the level in 1983. The effect on individual countries varied, depending on the source of assistance and the currency composition of their imports. Net disbursements of ODA from DAC countries remained at their 1983 level of 0.36 percent of these countries' GNP. Only five countries (Denmark, France, the Netherlands, Norway, and Sweden) provided more than 0.7 percent of their GNP in assistance, which is the target set by the United Nations for the Second and Third Development Decades.

Provisional data for 1984 indicate that OPEC countries provided $4.5 billion in net disbursements of ODA to developing countries, a decrease of $900 million from the year before, reflecting, in part, the impact of stagnating income from petroleum. Still, these countries provided 0.86 percent of their GNP in net disbursements of ODA, a substantial amount of which was in the form of "untied" assistance. In particular, Saudi Arabia and Kuwait continued to provide a large portion of their income as ODA—3.3 percent and 3.8 percent, respectively.

The International Dialogue

The predominant themes of international discussions on global economic issues during fiscal 1985 turned largely on the situation in Africa, international trade, financial flows, and the external debt of developing countries.

The international dialogue within the UN system—at the General Assembly, the Economic and Social Council (ECOSOC), and the United Nations Conference on Trade and Development (UNCTAD)—remained subdued. Attempts to reach a procedural understanding during the 1984 General Assembly session on global negotiations on economic issues failed to get general support. The international dialogue was left to be pursued in other fora. Against this background, the meetings of the Development Committee assumed significance.

Development Committee Meetings

In September 1984, the Development Committee met in Washington, DC, under the chairmanship of Ghulam Ishaq Khan, then Minister of Finance, Commerce, and Economic Coordination of Pakistan. The Committee reviewed the short-term and long-term global economic prospects in light of the improved worldwide economic performance of the previous year, giving particular attention to sub-Saharan Africa's problems. Discussion focused on the Bank's report, *Toward Sustained Development in Sub-Saharan Africa: A Joint Program of Action*. The Committee expressed concern at the severity of the economic situation in sub-Saharan Africa and endorsed the action program proposed in the report. The Committee noted that implementation of the action program necessitated collaborative action by bilateral donors, international organizations, and African governments. The Committee urged donors to adapt their development programs to Africa's needs and called upon the World Bank to take the lead in strengthening the effectiveness of aid-coordination efforts. The Bank was also invited to explore with donors various ways and means to mobilize resources in support of the proposed action program and to report on any progress at the April 1985 meeting of the Committee.

The Committee discussed the linkages between trade and the promotion of development. Encouragement was given for the immediate adoption of concrete measures against protectionism. The Committee welcomed the consideration being given to the role that could be played by the new GATT (General Agreement on Tar-

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

iffs and Trade) round of multilateral trade negotiations in strengthening the trading system.

The completion of negotiations of a selective capital increase of $8,400 million for the World Bank and a capital increase of $650 million for the IFC was welcomed by the Committee. Members expressed concern, however, about the lack of progress in mobilizing a supplementary funding arrangement for the seventh replenishment of IDA (IDA-7), and suggested that Bank management undertake a mid term review of the IDA situation. The Committee noted the continuing discussions within the Bank on its future role in a changing global economic environment and invited the Bank's management to put forward suggestions on the subject at the April 1985 meeting of the Committee.

The April meeting was characterized largely by informal discussions on a range of international issues, as directed by the Committee in September 1984. The Committee emphasized the need for continued adjustment in both developed and developing countries so as to achieve sustained growth. Attention was focused on the areas of debt, trade, capital flows, and the future role of the Bank. With regard to debt, while welcoming progress made by many indebted developing countries in dealing with the debt situation, the Committee noted that a number of them continued to face debt-servicing difficulties. The Committee agreed that the continuation of adjustment efforts, supported by capital flows on appropriate terms, improved access to markets, and multiyear reschedulings, where appropriate, would assist in restoring creditworthiness. Trade-policy developments and issues were discussed in the context of their links to the prospects for growth and adjustment in developing countries. The Committee urged governments to roll back existing trade barriers and resist further protectionist measures. It also called for efforts to complete the 1982 GATT work program, which could lay the basis for the participation of all countries in the trade-negotiation round. Note was taken of the fact that a number of countries had decided to embark on multilateral trade negotiations under the auspices of the GATT.

On capital flows, the Committee stressed that increased flows of concessional assistance were of the utmost priority to low-income countries and encouraged the Bank to move ahead with a mid term review of IDA-7. The Committee endorsed the contribution that direct private and portfolio investment made to development and concluded that improvement in the policy environment for such flows in both developing and industrial countries was needed. The Bank was encouraged to hold further discussions towards the creation of a Multilateral Investment Guarantee Agency (MIGA).

The progress report by the Bank on the implementation of the joint program of action for sub-Saharan Africa was reviewed. The Committee welcomed the Bank's efforts to mobilize resources from donors to meet the region's needs through the creation of a Special Facility for sub-Saharan Africa. The donors who had not yet contributed, either directly or indirectly, to the Facility were encouraged to do so. The Committee expressed its appreciation for the impressive response from both governmental and private agencies, but called on donors to increase further their flows of concessional resources. Regarding the debt-service difficulties of sub-Saharan African countries, official creditors were encouraged to take into account the long-term nature of the region's problems and to introduce this broader approach on a case-by-case basis.

The Committee endorsed the broad consensus emerging from discussions in the Bank's Executive Board on the future role of the Bank. The Committee called for an expansion in the Bank's lending program to enable the Bank to respond more effectively to the needs of borrowing member countries and to act as a catalyst in generating capital flows from other sources. The Committee invited the Bank's management to prepare a report for its next meeting in Seoul, Korea, that would provide five-year projections of the Bank's lending program and the implications of those projections on its future financial requirements, including the possibility of a general capital increase.

Lomé III; the EEC Summit

The Third Lomé Convention was signed on December 8, 1984, between the European Economic Community, its ten member states, and the group of sixty-four African, Caribbean, and Pacific (ACP) countries. The convention is now open for ratification. Angola and Mozambique are expected to join the ACP countries, thus extending the treaty to virtually all of Africa south of the Sahara. The global financial package for the period 1985–90 was established at 8.5 billion European Currency Units (ECU), a 10 percent increase in real terms over the Second Lomé Convention. The package includes an amount of ECU7.4 billion from the European Development Fund, which will be disbursed as grants, low-interest loans, or risk capital. The Convention introduces a new emphasis on the autonomous, self-reliant process of development in the ACP countries and on the search for greater aid effectiveness. Special provisions regarding the encouragement of private investment were also introduced. The European Economic Community will continue to allow more than 99 percent of exports from ACP countries into the Community without custom duties.

The ten heads of state of countries that are members of the European Economic Community met on March 29 and 30, 1985, in Brussels, Belgium, under the chairmanship of Bettino Craxi, Prime Minister of Italy. The meeting completed the process of negotiation for the accession of Spain and Portugal to the EEC. The European leaders indicated support for the initiation, as soon as possible, of a new round of multilateral trade negotiations in Brussels. They also stressed the need to supplement short-term assistance to combat hunger in the world by means of medium-term and long-term structural measures, which, alone, could enable the countries concerned to achieve their requirements for food security.

Commonwealth Meetings

The annual meeting of Commonwealth finance ministers was held in Toronto, Canada, in September 1984 under the chairmanship of Michael Wilson, Minister of Finance of Canada. Discussions focused on two reports commissioned at the 1983 New Delhi Commonwealth Heads of Government meeting. The report on "International Economic Action" was welcomed by the ministers as a contribution to the promotion of a consensus on international economic issues and to the achievement of the goals set down in their New Delhi meeting. A report on "The Debt Crisis and the World Economy" appealed for the expansion, where possible, of positive net transfer of resources to debtor nations. In agreeing with the report's conclusion, the ministers encouraged multilateral financial institutions to play a more active role in alleviating the world debt situation and in promoting development through additional resources and the design of adjustment programs for developing countries. The donor community was called on to provide adequate funding for the maintenance of IDA resources in real terms.

The ministers also encouraged early completion of the World Bank's examination of its future role, expressing support for the expansion of the Bank's medium-term adjustment lending programs, as well as for the immediate beginning of preparations for a substantial general capital increase. The Ministers also urged the Bank to take the lead in exploring more flexible and enhanced resource flows to sub-Saharan Africa to reverse that region's economic deterioration.

The Cartagena Group

Since the first meeting in Cartagena, Colombia, on June 24, 1984, foreign and finance ministers of the eleven Latin American nations[5] have met several times, expanding their consultation process. The ministers held the first consultation in Mar del Plata, Argentina, on September 13. The meeting was held in preparation for the World Bank and IMF 1984 annual meetings. Consensus was reached on a number of issues concerning ways to resolve the difficult external-payments situation. In their communique, the ministers noted the crucial importance of continuing the search for appropriate, lasting solutions to all the problems connected with external indebtedness. The ministers also reaffirmed the need for a dialogue between the debtor and the creditor countries and pointed out the need to increase international capital and financial flows to adequate levels. The ministers also expressed their concern about the adverse effect of protectionist tendencies.

The ministers met again in February 1985 in the Dominican Republic. This meeting was held in advance of the spring 1985 meetings of the Interim Committee of the Board of Governors of the International Monetary Fund (Interim Committee) and the Development Committee. Discussions continued regarding the need to find a solution to the external-debt crisis. In their communique, the ministers noted that, despite notable adjustment efforts made by the countries of the region, the rate of economic growth continued to be unsatisfactory and insufficient, and social tensions continued to be strong.

The ministers also noted that existing debt-restructuring operations were not adequate and simply postponed the problem. They called for the discussion of broader issues such as co-responsibility of debtors and creditors, trends in the world economy, and international-finance arrangements that could result in a lasting solution to the indebtedness problem. They expressed concern about the intensification of protectionist tendencies and that the economic recovery of the industrialized countries had not extended to the nations of Latin America.

Subsequent to the Development Committee and Interim Committee meetings, the President of Uruguay, on behalf of the eleven member countries, sent a communique to the leaders of the seven industrial countries meeting in Bonn, Federal Republic of Germany. In his message to the seven heads of state, the President reviewed the various economic and social problems that the countries in the Latin America and the Caribbean region were experiencing and focused on the need to find an integral and comprehensive solution to current international financing and trading problems.

The next meeting of the eleven nations will be held in advance of the World Bank and IMF annual meetings in October 1985.

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[5] Argentina, Bolivia, Brazil, Colombia, Chile, Ecuador, Mexico, Peru, Dominican Republic, Uruguay, and Venezuela.

Nonaligned Movement

On the occasion of the thirtieth anniversary of the Bandung Conference, representatives of more than eighty nations that are members of the Nonaligned Movement met in Bandung, Indonesia, on April 24 and 25, 1985. The meeting called for an end to protectionism and for (a) long-term measures to alleviate the external-debt problems of a number of developing countries; (b) an increase in concessional assistance; and (c) special consideration for the least-developed countries. The nineteen-point final declaration stressed the need to look for multilateral solutions to the difficult and interrelated problems that currently face the international community.

Consultations in Africa

The twentieth session of the Economic Commission for Africa and the eleventh meeting of the Conference of Ministers responsible for economic development and planning were held in Addis Ababa, Ethiopia, April 25 through 29, 1985, on the theme, "African Economic and Social Crisis: Review, Prospects, and Perspectives." Ministers noted that certain short-term and medium-term concerns had not yet received appropriate attention, including the maintenance of IDA resources at the level of the sixth replenishment. Priorities recommended for action at the national, subregional, and international levels included long-term structural changes in, and development of, food and agriculture, industry, infrastructure, trade and finance, natural resources, science and technology, and human resources. Action to ameliorate the effects of drought and to combat desertification was also recommended. These recommendations are to be considered by the second regular session of ECOSOC in July 1985.

Bonn Economic Summit

The heads of state or of government of the seven major industrial nations, as well as the President of the Commission of the European Communities, met in Bonn, Federal Republic of Germany, May 2 through 4, 1985, to discuss the global economic outlook, its problems, and prospects. The participants noted that important progress had been achieved in bringing about an economic recovery and expressed their determination to work in the perspective of open multilateral trade and stable and effective monetary systems. Sustained economic recovery in the industralized world was seen as of major importance in inducing further recovery in the developing countries. Concerning the developing countries, the conferees recognized that the problem of external debt was far from solved, and in welcoming longer-term restructuring agreements between debtor countries and commercial banks, they indicated a readiness to negotiate, when appropriate, multiyear reschedulings of sovereign debt.

The meeting ended in agreement that the countries represented should work to ensure that international institutions are equipped with resources and instruments to promote economic development in the developing world. In particular, the leaders noted that they were ready to discuss an increase in the resources of the World Bank.

Deep concern was expressed about the plight of the African countries. The establishment of a Special Facility for sub-Saharan Africa was welcomed, together with the positive response of private donors and governments for relief and development programs. The meeting endorsed a continued commitment to assistance to Africa from multilateral and bilateral sources.

Chapter Three
Bank Policies, Activities, and Finances, Fiscal Year 1985

Bank Policies

The Future Role of the Bank

During the past year, a series of informal discussions has taken place among the Executive Directors of the World Bank on the subject of the role of the Bank during the remaining years of the current decade and into the 1990s.

The impetus for these discussions has been the change in the global economic environment that took place in the second half of the 1970s, the effects of which persist today. In particular, the continuing crisis in sub-Saharan Africa and the disruption of voluntary commercial-bank lending to many middle-income countries, especially in Latin America, have called into question the adequacy of development strategies pursued by donor agencies and recipient countries alike.

The issue of the future role of the Bank has two separate but related elements. The first concerns current and prospective Bank activities: Do they command general support? The second element flows from a successful resolution of the questions raised by the first: What are the resources the Bank might need to fulfill its future role?

In fiscal 1985, there was a broad convergence of views on the first of these questions, and at its April meeting in Washington, DC, the Development Committee,[1] bearing in mind the Bank's need to maintain lending standards and prudent financial policies, called for an expansion in the Bank's lending program in order for it to respond more effectively to the needs of its borrowing members and to stimulate the flows of capital from other sources. In line with this perception, the Committee urged Bank management to present, at its October 1985 meeting in Seoul, Republic of Korea, a report on lending prospects for the next five years and their implications in terms of resources, so as to seek an early consensus on the future requirements of the Bank, including the possibility of a general capital increase.[2] During the deliberations of the Executive Directors on the Bank's future role, it was stressed that the Bank would have to be innovative and should streamline its operations to ensure that it will continue to be in a position to respond to changing world economic conditions and the needs of borrower countries in an effective and timely manner. It should also be more active in promoting the cause of development in the international community. There was widespread agreement on a number of broad points: The Bank should preserve and build on its traditional strengths, particularly in project design, in close supervision during project implementation, and in institution building; support for investment should continue to be the mainstay of its future operations; the Bank's commitment to assisting governments to alleviate poverty should not diminish; and the Bank's direct lending operations should be designed to help borrowing countries obtain maximum advantage of resources that are available from other sources.

The discussion of the future role of the Bank centered on three major themes: its role in the adjustment process, its role in financing investment and in the alleviation of poverty, and its role as a catalytic agent.

The Bank's role in the adjustment process. In the aftermath of the severe economic shocks of the 1970s and early 1980s, the Bank adapted its operations to the new economic environment in several ways. Although its initiatives were broadly welcomed, some concern was expressed that the balance between the Bank's traditional investment-financing role and its role in supporting policy reform and institutional change might be in danger of emphasizing the latter too heavily. (See Table 3-1 on pages 50–51 that highlights the current range of Bank lending instruments.)

It was generally agreed that support by the Bank for adjustment and policy reform will continue to be important in many countries in the next several years. It was also agreed that Bank suppport for adjustment and reform should be applied with great sensitivity to the social consequences and costs inherent in changes that affect economic groups. In the next several years, if

[1] The Joint Ministerial Committee of the Boards of Governors of the Bank and Fund on the Transfer of Real Resources to Developing Countries.

[2] Late in fiscal 1985, discussion began on the Bank's future lending prospects and capital requirements. The discussion provided useful guidance on those areas the Bank will focus its efforts on in the period prior to the Seoul meeting. A follow-up discussion is scheduled for early in fiscal 1986.

the current global recovery is sustained, immediate issues of stabilization will become less critical than in the recent past, and the Bank's role in suppport of adjustment and policy reform would likely evolve in the direction of enlarged support for new investment.

Investment and the alleviation of poverty. Increased support for new investment will not involve abrupt changes in the sectoral composition of Bank lending. High priority will continue to be given to agriculture and rural development, where lending will reflect recent lessons of experience and will emphasize the need for sound policy and institutional frameworks for agricultural development, for greater selectivity in investment, and for more flexibility in agricultural pricing. Support for investment in infrastructure (energy, telecommunications, and transport) will also evolve along lines that are already rather clearly demarcated. The increased emphasis on striking a balance between new investment and maintenance or rehabilitation of existing capacity will continue. Support for public-enterprise reform will continue; there will be continuing stress on alleviating key medium-term constraints to development objectives and on the critical relationship between improved sectoral management and the optimal use of investment resources.

In its future lending, the Bank will continue to be concerned with the distribution of the benefits of economic growth. The experience of recent years has demonstrated that just as "good" projects alone cannot maintain growth in an inadequate policy and institutional setting, targeted investment alone cannot help reduce absolute poverty if policies are biased, for example, against small farmers or in favor of capital-intensive manufacturing. Nor will investment alone create job opportunities for the urban and rural poor if the policy and institutional context is not consistent with that objective.

The Bank as a catalytic agent. The Bank's future role as a direct provider of finance and other services is part of the overall flow of capital and technical assistance to developing countries. To be fully effective, the Bank must consequently structure its operations to complement, and, to the extent possible, must exercise a constructive influence on, those flows from other sources that have a developmental impact.

Discussions on this aspect of the future role of the Bank focused on four major areas: the Bank's role in increasing flows of official development assistance, export credits, commercial-bank lending, and direct private investment.

The Bank's potential contribution to the improved coordination of official development assistance, elaborated in its 1984 report, *Toward Sustained Development in Sub-Saharan Africa: A Joint Program of Action,*[3] has received strong support from the donor community. The Bank will continue to seek close cooperation with official development agencies and play a leading role in efforts to coordinate assistance. Although adequate funding of official assistance is of critical importance, the Bank's sub-Saharan report stressed that such aid is effective only when it is made available in a disciplined way and for carefully evaluated purposes.

The Bank has a long history of cooperation with export-credit agencies (ECAs). Cofinancing with ECAs was initiated more than twenty years ago, but has involved relatively few projects and has often been coincidental. Over the past three years, renewed consultations with a number of ECAs have indicated interest in a closer association with the Bank. A number of specific proposals for more systematic collaboration have emerged from these consultations.

A more general issue concerns the extent to which the Bank should participate in specific efforts to ensure that investments financed by export credits are appropriate to the needs of developing countries. The Bank has urged donor governments with active export-credit programs, in sub-Saharan Africa, for example, to exercise restraint when aspects of their export-credit programs are not consistent with the development objectives of recipient countries. It has also urged recipient governments to exercise greater discipline in vetting investments and accepting export-credit financing. These efforts have been endorsed by the Development Committee, which, in April 1984, agreed that developing countries and export-credit agencies, in cooperation with the Bank and the International Monetary Fund, should take steps to enhance the developmental impact of export credits.

Commercial banks. Beyond specific cofinancing arrangements with commercial banks, there have been suggestions—which have yet to be refined into firm proposals—concerning a broader role for the Bank in monitoring country conditions or in supporting the flow of new lending into high-priority sectors or uses.

Discussions have centered on the Bank's B-loan cofinancing program. While still in its pilot phase, there is little doubt that this new instrument has stimulated the flow of capital into countries on better terms and in larger volumes than would otherwise have been available. The Bank will continue to refine and review its cofinancing instruments. It will also continue, working with governments and commercial banks, to explore ways in which it can be increasingly useful in channeling commercial bank flows to purposes

[3] See Chapter Five, "Supporting Policy Reform," pp. 41–48.

Table 3-1. **Range of World Bank Lending Instruments**

Instrument	*Objective*	*Focus and content*	*Use of loan proceeds*	*Disbursement period*[a]	*Commitments, 1985*[b]
Specific investment loan	To create new productive assets and economic and social infrastructures, to restore them to full capacity, or to ensure their maintenance.	Focuses on technical, financial, economic, and institutional viability of a specific investment and its maintenance, and on those aspects of the sector policy framework that bear directly upon the productivity of the investment (for example, input and output prices, operational efficiency of enterprises). Assists in the design of investments and in preparing management and training programs. Investment proposals are appraised by Bank staff. Requires agreement on viability and specifics of investments.	Preidentified equipment, materials, and services, and civil works for specific investments.	Four to nine years.	7,140.3
Sector Operations					
Sector-investment and maintenance loan	To bring sector investments in line with economic priorities and ensure they are efficiently operated and maintained.	Focuses on sector expenditures, especially balance between new investments and rehabilitation and maintenance, and on institutional capacity to plan, implement, and monitor investments. Requires agreement on well-designed sector program to meet priority development needs, as well as on specific measures to strengthen management and policies, and a sector institution capable of carrying out the program using agreed appraisal criteria for individual parts of program.	Broad categories of equipment, materials, services, and civil works related to the whole, or a time slice, of the sector program.	Three to seven years.	4,001.8
Financial intermediary loan	To provide funds for enterprises and small and medium-size farmers through an intermediary within a competitive environment.	Focuses on categories of clients, types of investments, service levels, and cost of capital. Requires agreement on criteria to select subborrowers and appraise their needs, on on-lending rates and on specific actions for institution building.	Credit for investment and working capital needs of subborrowers selected in accordance with agreed criteria.	Three to seven years.	1,598.6
Sector-adjustment loan	To support comprehensive policy changes and institutional reforms in a specific sector.	Focuses on major sectoral issues and investment programs, especially incentive framework (tariffs, prices, taxes), and institutional capability. Usually either in countries lacking administrative and political capability to formulate and implement comprehensive economywide structural-adjustment programs, or not requiring such comprehensive programs, or as follow-up to stabilization programs to deepen reforms in a sector. Requires agreement on specific monitorable action program in these areas on specific schedule and on investment programs for the sector.	Mainly imports required for sector, with actual users either preidentified or to be selected following agreed criteria.	One to four years.	1,058.1

Instrument	*Objective*	*Focus and content*	*Use of loan proceeds*	*Disbursement period*[a]	*Commitments, 1985*[b]
Structural-adjustment loan	To support, through a series of loans, specific policy changes and institutional reforms to achieve efficient use of resources and contribute to a sustainable balance of payments in the medium and long term, while maintaining growth.	Focuses on major macroeconomic issues, as well as on major sectoral issues covering several sectors, especially trade policy (for example, tariff reform, import liberalization, export incentives), resource mobilization (for example, role of parastatals, budget policy, interest rates, debt management), efficient use of resources (for example, public-investment program criteria, pricing, incentive system), and institutional reforms, economywide and in specific sectors. Requires agreement on effective stabilization program with monitorable policy modifications in these areas on specific schedule.	General imports subject to negative list of prohibited imports.	One to three years.	232.8[c]
Technical-assistance loan	To strengthen local institutions concerned with (i) designing and adopting policies, strategies, and institutional approaches promoting further development in a sector or in the economy as a whole, or (ii) preparing, implementing, or operating specific investments, or to carry out specific tasks related to the preparation, implementation, or operation of investments.	Focuses on capacity (e.g., organization, management, staffing, methods, physical or financial resources) or institutions directly concerned with sector or economywide policies and strategies or with investments, and on specific gaps (studies and personnel) preventing efficient investments. Requires agreement on specific time-bound action programs to strengthen institution through technical assistance and training, on appointment of local counterparts, or on the carrying out of studies with agreed terms of reference.	Specialized consultants and services, studies, and training.	Two to six years.	206.1
Emergency reconstruction loan	To support rebuilding activities and rapid restoration of physical structures and productive activities after disasters.	Focuses mainly on restoring predisaster situations with emphasis on strengthening institutions to handle reconstruction effort and prepare them for future.	Broad positive list related to reconstruction needs.	Two to five years.	148.6

a. This is the normal range of expected disbursements. There may be a small number of exceptional cases where the disbursement period is shorter or longer than shown.

b. Fiscal year; US $ millions.

c. Includes program-loan amounts.

of high priority. (A summary of discussions on the review of the B-loan program may be found on pages 55–56 of this *Annual Report*.)

Private direct foreign investment. Private direct investments can play a more prominent role over the next several years as a complement to other forms of capital flows to developing countries. A number of governments have revised, or are revising, their posture toward this form of capital, and are looking for assistance from the Bank, in collaboration with the International Finance Corporation, to increase private capital flows.

The programs of the IFC are being expanded, and the Bank is also taking initiatives in this area. The set of initiatives concerns legal codes governing foreign direct investment, which are often highly politically sensitive. The Bank and the IFC are well placed to assist countries that wish to revise their codes. Several countries have already received such assistance, and the Bank and IFC will expand their activities in this area in the years ahead.

Another initiative by the Bank to encourage the flow of foreign investment to developing countries is the proposed Multilateral Investment Guarantee Agency (MIGA). MIGA has been designed to stimulate the flow of investments to and among its member countries, and to its developing members, in particular, by issuing long-term guarantees against noncommercial risks surrounding foreign investment. These risks include transfer and inconvertibility; expropriation and nationalization; breach of government contract (in certain cases) coupled with denial of justice; war; and civil unrest. MIGA would also carry out promotional activities such as dissemination of information on investment opportunities, and provide assistance to member governments, upon their request, on investment-policy matters. It is expected that, if its establishment is agreed to, it would guarantee or co-guarantee sound investments with national or regional guarantee agencies, or with private companies that may not be fully covered by such agencies due to inherent limitations in their charters or to operational limits on their activities. It would also guarantee investments from countries that do not have national programs; guarantee investments not now eligible for national programs if such investments were deemed beneficial for the host country; guarantee multinationally financed investments; and reinsure guarantees written by national and regional agencies, as well as private insurance companies.

Consultations carried out with Bank members indicate growing support for the MIGA concept. A draft outline of a convention was submitted to the Executive Directors in October 1984, which served as the basis for extensive consultations. In light of those discussions, a draft convention was submitted to the Executive Directors in March 1985; that draft was discussed in a Committee of the Whole meeting in June 1985. Many issues were resolved during the course of these discussions, which will continue in the early part of fiscal 1986.

Structural-adjustment Lending

In fiscal 1980, the Bank designed and was then authorized to begin a program of structural-adjustment lending aimed at helping developing countries carry out the difficult process of policy and institutional reform in an unfavorable international economic environment.

The program was reviewed in 1982, and, in fiscal 1985, a progress report on the Bank's experience in providing structural-adjustment loans (SALs) to a number of its borrowers was the subject of review by the Executive Directors.

Aspects of structural-adjustment lending that were the focus of discussion included those relating to the trends in country coverage of SAL operations, the major policy and institutional components of structural-adjustment programs supported by SALs, and lessons learned through an assessment of country implementation of SALs and through an assessment of the effects of structural-adjustment lending on country-specific prospects for growth.

Trends in structural-adjustment lending operations. From the beginning, it was expected that structural-adjustment lending would be applicable only to a limited number of borrowers—those countries in which a serious deterioration in the balance of payments had occurred or was anticipated, and those that exhibited a willingness to undertake sustained and suitable measures that would help lead to meaningful policy and institutional change.

Through fiscal 1985, thirty-one operations had been approved in support of adjustment programs in seventeen countries—six in sub-Saharan Africa, three in East Asia, five in Latin America, two in Southern Europe, and one in South Asia—for a total of more than $4.5 billion.

It is evident, however, that a far greater number of countries continue to face the kinds of problems that structural-adjustment operations were designed to address. Participation remains limited by the quality and credibility of the programs with which governments propose to address their structural-adjustment problems, despite support from the Bank through analytical and technical advice.

The limited country coverage of SALs does not mean the Bank has not addressed structural-adjustment issues in countries not included in the SAL program. Policy-based sector-adjustment loans are an example of the Bank's support for the adjustment process with less comprehensive instruments than SALs.

Policy and institutional components. The four major features of structural-adjustment operations relate to the design of the structural-adjustment program; the operational linkages with other components of the Bank's assistance strategy and with International Monetary Fund (IMF)-supported operations in each country; the administrative aspects, such as disbursement and supervision/tranching; and the distributional and social aspects. The progress report considered each of these four features in turn.

1. To achieve the objectives of structural-adjustment lending—reducing the current-account deficit to a sustainable level and maintaining or restoring the momentum of growth—improvements have been sought in four interrelated areas: trade policy, mobilization of domestic and foreign resources, efficiency in the use of domestic resources, and institutional reform. The precise blend of these reforms, the specific measures chosen to implement them, their timing, and the particular sector focus have depended on several factors, in particular, a country's initial economic condition and the strengths and weaknesses of its institutions. There are no general solutions; the design of adjustment programs has to be carefully tailored to meet specific needs and policy objectives of individual borrowers.

2. Structural-adjustment lending is a key component of the Bank's country-assistance strategy. As such, it has been closely linked with the Bank's country economic and sector work (CESW) and with its project and sector lending. The content and the impact of the former are influenced by the requirements implicit in the preparation of a structural-adjustment program, and, in turn, preparation of an SAL requires large inputs of CESW. Linkages with project and sector lending are a necessity, as such lending accounts for nearly two thirds of lending to the seventeen countries that have received SALs.

Bank/IMF collaboration is important because of the broad nature of both the SAL and IMF-supported adjustment programs, and the consequent need to ensure complementarity between them. The balance-of-payments adjustment programs supported by the IMF help to create the macroeconomic conditions in which longer-term structural adjustment can begin to take place effectively. The Bank's work, drawing substantially on its continuing analysis of general developmental and sectoral issues, views financial questions in relation to the policy and institutional changes necessary for sustained development. Experience during recent years has shown that the Bank's SALs and the IMF-supported adjustment programs are, in practice, both complementary and mutually reinforcing.

3. Because SALs finance imports, generally subject only to a negative list of prohibited items, SALs are disbursed quickly (see Table 3-1.) SAL funds, however, usually account for only between 10 percent and 20 percent of a country's external-resource needs. An SAL's financing contribution, therefore, frequently makes sense only as a part of a larger financing package in which the IMF, other multilateral and bilateral donors, and commercial lenders participate.

Supervision is a particularly important aspect of structural-adjustment lending, as it enhances the policy dialogue with governments that is necessary for its success. The practice of tranching SALs has been effective in providing for a structural review of progress, thereby strengthening the policy dialogue and promoting the timely implementation of structural-adjustment programs.

4. Any detailed evaluation of the distributional and social impact of SALs is difficult to make, as conceptual difficulties are involved and adequate data are lacking. General analysis indicates, however, that certainly in the medium and longer term, and perhaps even in the short term, the negative effects of the worsened economic situation on the poor and the unemployed would be greater in the absence of an appropriate program of adjustments. The efficient pricing of resources promoted by SALs generally raises prices of products produced by low-income groups (such as food grains) and raises prices of goods and services consumed by higher-income groups. Further, because SALs are but a part of the Bank's overall assistance strategy (in which the alleviation of poverty and distributional effects are important aspects), they should be evaluated in this broader context. The important point, however, is that SALs are intended to reestablish a policy framework more favorable to growth, and growth is a prerequisite to the alleviation of poverty.

Some lessons learned. Any evaluation of the effectiveness of SALs at this stage may be the most difficult of all. Consider that:

- It is not feasible to disentangle the impact of changes in the domestic policy framework and further changes in the external environment;
- The impact of SALs cannot be isolated from the effects of IMF-supported adjustment programs; and that
- Different countries embarked on the adjustment path at different times, and their problems varied in scope and intensity.

Since the objectives of the Bank's structural-adjustment lending is to support the introduction of policies and the institutionalizing of more realistic and flexible economic management, the effectiveness of such lending can be judged, therefore, only in the medium term.

Lessons have been learned, however. From five years of experience has come the conclusion that it is more important and more effective to design a program that addresses essential and feasible reforms than to seek overly broad coverage. A realistic appraisal of a government's ability to manage profound reform results in programs that are more successful than those that try to achieve too much, too soon.

Special Action Program

In February 1983, the World Bank initiated its Special Action Program (SAP), designed to increase assistance to countries that were making efforts to cope with the exceptionally difficult economic environment brought on by a global recession.

The program, established for a two-year period, was composed of financial measures, combined with policy advice, to help countries implement adjustment measures and high-priority projects needed to restore creditworthiness and growth.

Progress in the implementation of the SAP was the subject of a review by the Executive Directors in fiscal year 1984. A second progress report was the subject of discussion by the Bank's Directors in March 1985. The SAP had been "highly successful" in meeting its objectives, the report concluded, surpassing, in most respects, the expectations set for it two years ago:

- It had facilitated the completion of some 260 priority projects, supporting a total investment of about $50 billion, by ensuring the timely availability of financial resources;
- Its fast-disbursing assistance allowed imports of critical raw materials and spare parts needed for the better use of existing production capacity, thereby making the adjustment process less painful;
- It had provided a good opportunity for identifying and resolving administrative bottlenecks to efficient project implementation; and
- The perceived responsiveness of the Bank in adapting its procedures and practices to ameliorate the economic difficulties of its developing members was beneficial to the policy dialogue the Bank has with its developing member countries; in addition, the flexibility demonstrated by the Bank affected the action of other donors.

Some effects brought about by the SAP are readily quantifiable. As a result of the program, for instance, incremental disbursements to forty-four recipient countries during the period fiscal 1984–86 are estimated at about $4.5 billion—almost double the estimate made when the program was first launched. The amount, in fact, almost compensated for the shortfall in regular disbursements that has occurred as a result of the recent recession.

Other effects are understandably less quantifiable. The decade of the 1980s has seen a marked increase in the Bank's economic and sector work, in areas such as pricing, resource mobilization, export promotion, and debt management. The SAP has not, therefore, been the prime force behind this expansion; nonetheless, the program has provided a sharper focus to the Bank's public-investment reviews, and, more generally, it instilled a sense of urgency and underscored the need for greater specificity in the analyses and recommendations that underpinned the assistance measures approved under it.

It is apparent, too, that the "demonstration effect" of the SAP on other donors to undertake similar efforts has proved successful. Both the Asian Development Bank and the Inter-American Development Bank adopted programs parallel in timing and content to the SAP, and the African Development Bank initiated actions that are similar to those of the program. Efforts by the Bank to reorient financial flows from other sources have been carried out by adding to the effectiveness of coordinating activities (the focus and policy content of United Nations Development Programme-led round tables have been sharpened, for instance) and through increases in the number of consultative groups for African countries.

The SAP was unique, but the components that formed the program two years ago were not. What set the SAP apart was the fact that existing Bank policies that had been applied on a case-by-case basis had been brought together for the explicit purpose of applying them intensively, for a specific period of time, to a large number of existing loans.

Structural-adjustment and sector-adjustment lending, the use of revolving funds, the financing of working capital and recurrent costs, all major elements of the SAP, have already been absorbed into normal Bank operations. Their absorption, together with the fact that further actions in support of countries undertaking policy adjustments can be handled on a case-by-case basis under normal Bank policies and procedures argued against a formal extension of the program beyond fiscal 1985.

The Executive Directors agreed to a recommendation not to extend the program formally with the understanding that the incorporation of SAP features to normal Bank operations did not mean that the Bank was going to pursue their implementation with any less sense of urgency than it had over the past two years. The adjustment process is far from complete; thus, continued flexibility as to cost-sharing and other SAP features will be necessary by the Bank in order to assist its borrowers in addressing their current economic difficulties.

B-Loan and Export-credit Reviews

In January 1983, the Executive Directors authorized the establishment of a new set of cofinancing instruments to help the Bank's borrowers to increase and stabilize flows of private capital on approved terms by linking part of commercial-bank flows to IBRD operations. These instruments, which comprise the B-loan pilot program, include three options: (a) direct Bank participation in the late maturities of a B-loan; (b) Bank guarantee of the late maturities, with the possibility to be released from all or part of its share; and (c) Bank acceptance of a contingent obligation to finance an element of deferred principal at final maturity of a loan with level debt-service payments of floating-rate interest and variable amounts of principal repayment. A fourth approach was also approved by the Board—the prearranged sale of participations in Bank loans arranged on commercial terms.

In December 1984, the Executive Directors reviewed the B-loan pilot program to take stock of its results and prospects. Between September 1983 (nine months after the Board approved the pilot program) and July 1984, eight B-loans had been signed. With these signings, the B-loan program had achieved half its targeted range of fifteen to twenty operations, for a volume of $1,051 million toward the $2,000 million targeted for this purpose. This volume was leveraged by $130 million of World Bank funds, representing 26 percent of the $500 million amount authorized by the Board for the program.

With the signing of the ninth B-loan after the Board's review of the pilot program, all three available B-loan options had been utilized. Currencies chosen by the borrowers included the US dollar, Japanese yen, and the Deutsche mark. The borrowers of the eleven B-loans signed thus far include one East European, one East Asian, and three Latin American countries, all with varied market standings. The sectoral distribution of B-loans encompasses agriculture, energy and power, industry, and telecommunications. The more than 160 participating commercial banks have included a wide representation of major and smaller regional banks from Europe, Japan, the Middle East, and North America.

The operations appear to have been generally successful in improving the terms of the commercial borrowings in maturity, grace period, interest spread, and front-end fee, in helping borrowers attain their strategic market objectives, and in assisting in the diversification of means of tapping financial markets.

In their review of the program, the Executive Directors expressed satisfaction with the program and benefits achieved, in particular with the lengthening of maturities. They reaffirmed their support for the B-loan instruments, which have proven to be flexible and timely in current circumstances despite the complex set of market constraints that has existed since the program was introduced. Generally, they wished to see diversification to more borrowers and in types of instruments and currencies in order to broaden the experience under the pilot program. To this end, they authorized an extension of the program for an additional year.

It was noted in the review of the commercial cofinancing program that recovery programs are beginning to get under way in a number of highly indebted countries and that the investment programs in which the Bank is now involved as a lender could provide a vehicle for new lending by commercial lenders. In this way, the Bank could speed up the prospects for the restoration of voluntary lending.

Several bank supervisory authorities have lent their support to the Bank's cofinancing initiatives. One noted that such techniques were most promising, as they establish effective cooperation between private and official lenders; in another's view, the techniques deserve attention and encouragement as they can help provide both a transition to "normalcy" and a basis for constructive new patterns of international lending.

In addition to reviewing the B-loan pilot program, the Executive Directors discussed the Bank's initiatives aimed at increasing cofinancing with export credits, which may have to play a relatively greater part in flows to developing countries in future years. (For more on export credits, see page 49.) However, the tied nature of export credits and the diverging country-specific legislative and financial frameworks governing their application virtually rule out the possibility of developing any universal instruments for co-

***Table 3-2.* Private Cofinancing Operations by Fiscal Year of Signing, Fiscal 1976–85**
(amounts in US$ millions)

	Traditional loans[a]		B-loans	
Year	No.	Amount	No.	Amount
1976	1	55	—	—
1977	1	50	—	—
1978	8	304	—	—
1979	9	225	—	—
1980	12	597	—	—
1981	5	175	—	—
1982	6	332	—	—
1983	3	125	—	—
1984	0	0	6	564
1985	0	0	5	922

a. With optional cross-default clause and memorandum of agreement between the World Bank and the commercial syndicate.

financing with them. Nevertheless, consultations renewed with export-credit agencies (ECAs) over the past three years have identified a number of measures that could lead to a closer association between the Bank and export-credit agencies.

These measures, which the Executive Directors reviewed in February 1985, include: first, early and substantive exchange of information; second, steps to organize and improve parallel financing, which will continue to be the dominant form of cofinancing with export credits; third, a selective use of joint financing techniques; and fourth, continued dialogue with ECAs on other techniques and means toward closer association, including further examination of the possible use of the Bank's guarantee powers. On their side, most ECAs appear ready to provide early "expressions of interest" that will assist the Bank and borrower in firming up financial and procurement arrangements for projects. In addition, most ECAs appear ready to offer the best terms available within consensus guidelines of the OECD (Organisation for Economic Co-operation and Development) in the case of cofinanced projects.

During their review, the Executive Directors noted that Bank scrutiny of investment programs and projects in developing countries could improve the quality of export-credit flows by associating them with sound development projects. In the case of highly indebted countries embarking on recovery programs, such an association could be helpful in stimulating additional export-credit flows.

Collaboration between the Bank and Fund

The broad objectives of the World Bank and the International Monetary Fund (Fund or IMF)—long-run balanced growth of the world economy and the development of productive resources—have been similar from the beginnings of both institutions. Within these broad objectives, however, each organization has pursued individual and specialized roles.

Because the two institutions share a broad, similar objective, cooperation between them has been both natural and continuous. That cooperation has evolved from an informal, personal basis to one that, over the years, has become both more formal and institutional.

The need for cooperation has become particularly acute in the past decade as a result of the profound changes in the international economy that have exacerbated the economic problems of many countries that are members of the institutions. Both the Bank and the Fund responded to the deteriorating economic environment with initiatives to support the adjustment efforts undertaken by their member countries. These initiatives resulted in an increased focus on areas of common interest and a growing overlap in their concerns. The consequences flowing from that focus and overlap underlined the need for even more effective cooperation.

Thus, in March 1985, the Executive Board of the Bank reviewed the state of Bank and Fund collaboration; their review was prompted by the especially difficult balance-of-payments situation confronting developing countries, in particular, those in Latin America experiencing problems in servicing debts and those of sub-Saharan Africa. The issue of collaboration between the Bank and the Fund was of particular importance in the context of the recent economic environment because it had become readily apparent that any sustainable solution of balance-of-payments problems (the concern of the Fund) was linked to the issue of a resumption of growth (of particular concern to the Bank). The Bank and the Fund share the common objective of removing impediments to growth and development; to best attain this goal, however, it was felt that greater coherence in the analysis of policy issues was needed, that the complementarity of country-adjustment programs needed to be strengthened, and that efforts to mobilize resources to support those programs required closer coordination.

A report to the Executive Directors on the subject of collaboration between the Bank and the Fund noted that the recent widening of the area of common interest and the linkages in the areas of primary responsibility of the two institutions had led, in some cases, to disagreement on analytical and policy issues, and to inconsistent policy advice to governments.

"Effective collaboration," the report stated, "needs to start from the open recognition of strong links between the primary concerns of the two institutions; it must work towards ensuring active and regular exchanges of views and discussion between staff and provide a mechanism for the early resolution of differences that affect policy advice and effective support to adjustment programs in developing countries."

Thus, the report noted, it was important that Bank input be provided at an early stage on the implications for medium-term growth of alternative stabilization packages during the formulation of Fund-supported adjustment programs. On the other hand, the need existed for Bank staff to have a clearer understanding of the basis for Fund conditionality.

Difficulties that arise as a result of differences in timing between Bank and Fund activities, the report suggested, could be mitigated through better anticipation by the Bank of Fund needs, as well as by quickening the Bank's response time to requests by the Fund for information—as has been done recently by the Bank's giving a higher priority to reviews of a country's investment program in its country economic and sector work program.

The report stressed, however, that close collaboration should not be identified with "cross-conditionality," in which before receiving assistance from one institution, a country must meet the conditions established for benefiting from the resources of the other. Each organization, the report stated, should recognize the concerns of the other as relevant and important, and adequate attention should be paid to those concerns when analyzing and designing a program. Assistance from one should not, however, be contingent on a country's meeting the conditionality of the other.

In their discussion, the Executive Directors were in broad agreement on the objectives that the Bank should pursue to assist the member governments of both institutions in the most effective way possible. They gave their approval to several specific proposals: to increase the number of documents that are exchanged in draft between the two institutions; to permit cross-attendance of staff in selective Board meetings; and to initiate a program for the temporary exchange of staff. In addition, the management of the Bank reported that other initiatives were under way to increase collaboration, including an increase in the coordination of research and training programs.

It was the view of the Executive Board that effective collaboration between the Bank and the Fund cannot be based on an approval of a set of specific proposals alone. Rather, many said, effective collaboration results from a positive attitude—at all levels—of the staff of each institution.

Many directors also voiced their strong belief that if the results of Bank/Fund collaboration are to be effective, the member developing countries of the two institutions must be involved as equal participants in the formulation of programs of assistance. Governments must ultimately choose what policies to adopt; and because the Bank and the Fund play the role of adviser, collaboration between them should be viewed as an instrument to ensure that conflicting, contradictory, or inconsistent advice is not provided.

Bank Activities

Economic Development Institute

Fiscal year 1985 was the first year of the Economic Development Institute's (EDI) five-year plan. The main thrusts of the plan are to strengthen EDI's work on development policy issues and place increased emphasis on national economic management, sectors, public enterprises, and projects. To promote these major objectives during the past year, EDI organized a wide range of senior policy seminars, mostly for Africa. Training courses and seminars have given more emphasis to policy issues, and major efforts have been initiated to produce more training materials dealing with policy issues.

A total of eighty-two courses and seminars were held: seventeen in the United States and sixty-five overseas. Of the eighty-two training activities, forty-nine were direct training for senior and middle-level officials. EDI staff also assisted in twenty-four activities organized by institutions in developing countries. In all, some 2,800 participants benefited from EDI training; about 45 percent were from smaller or poorer countries.

New courses and seminars were given during the past year on education-sector management, population and development, agriculture-sector planning, and agricultural marketing, mostly for sub-Saharan Africa. Other important new direct training efforts were on food policy, management of city growth, technology management, entrepreneurial development, and management of technical assistance.

Concerted efforts to increase the quantity, and improve the quality, of EDI's training materials were made in fiscal 1985. During the year, EDI produced in final form for distribution thirty course notes, twenty case studies, seven comprehensive collections of readings, five seminar papers, and sixteen audio-visual modules (mostly on water and sanitation).

In addition to organizing joint training activities with training institutions in developing countries, EDI also supports these institutions by contributing staff for courses and seminars organized and directed by them and by advising them on their planning, financing, and administration. Substantial assistance in planning was provided in fiscal 1985 to agencies in Indonesia, Nigeria, and Morocco. The first major EDI-led review of an overseas training institution, ESAMI (The Eastern and Southern African Management Institute), was completed, and its recommendations are being used as the basis for management improvements and the provision of external aid.

EDI's program of senior policy seminars gave heavy emphasis in fiscal 1985 to sub-Saharan Africa and covered a variety of sectors. EDI has experimented with linking senior policy seminars to regular courses and seminars by holding them during the last week of the two regular programs; participants in senior policy seminars are selected from the same countries as are represented in the regular courses and seminars. Linking the two activities is intended to promote interaction between senior officials and their subordinates and help the former group make more effective use of the training received by the latter.

Most of the participants in senior policy seminars are at the rank of minister, permanent secretary, or deputy permanent secretary. These seminars have provided an opportunity for a structured but uninhibited exchange of views and experience among policymakers and implementers with Bank staff. The feedback received from participants from both developing countries and the Bank has been positive. EDI is continuing to monitor its experience in order to improve its technique for preparing, organizing, and conducting such seminars and synthesizing and disseminating their principal conclusions.

EDI's program of seminars for trainers in developing-country institutions is growing rapidly. This program has concentrated on Asia and Latin America. During the past year, eighteen seminars for trainers, including several case-writing workshops, were given in a variety of sectors.

To expand its program, EDI has made successful efforts during the past few years in arranging for cofinancing by national and international aid agencies. Cofinancing from these sources for programs directed or codirected by EDI has grown from about $900,000 in fiscal 1983 to nearly $2.5 million in fiscal 1985. These funds are for regional and worldwide training activities. For national programs, the training components of IBRD loans and IDA credits are expected to become an increasingly important source of finance. A recent vocational training loan to Morocco, for example, contains funds for a major training program developed with EDI assistance.

Table 3-3. **EDI Training Activities in Fiscal 1985**

Activity	Location	Cooperating agency
Senior Policy Seminars		
Financial policies for chief executives of development banks (W)	Washington	
Population and development (W)	Washington	
Urban transport policy (W)	Washington	
Industrialization in predominantly agricultural countries in sub-Saharan Africa IV (R)	Senegal	Centre Ouest-Africain de Formation et d'Etudes Bancaires (COFEB) de la Banque Centrale des Etats de l'Afrique de l'Ouest
Education finance (R)	Kenya	
Round tables on transport policy for Africa—I, II, and III (R)	Rome	International Center for Transportation Studies (ICTS)
Agriculture policy seminars for Africa—I and II (R)	Berlin	German Foundation for International Development (DSE)
Energy policy II (R)	Botswana	Institute of Development Management/United Nations Development Programme (IDM/UNDP)
Diversifying sources of finance for higher education (R)	Senegal	
Energy policy III (R)	Senegal	Institut Africain de Développement Economique et de Planification/United Nations Development Programme (IDEP/UNDP)
Population and development seminars for Africa—I and II (R)	Berlin	DSE
Trainers' Seminars		
Seminar for trainers in development banking (W)	Washington	Associations of Development Finance Institutions in Africa, Asia and the Pacific, and Latin America (AADFI/ADFIAP/ALIDE)
Seminar on preparation for Nigerian training program (N)	Washington	Government of Nigeria
Seminar for Moroccan trainers (N)	Washington	UNDP/Government of Morocco
Loan administration for Indonesian public-works trainers (N)	Washington	US Department of Agriculture/US Agency for International Development (USDA/USAID)
Integrated training program—Phase I: workshop on preparation and evaluation of projects (N)	Morocco	UNDP/Government of Morocco
Development banking for trainers (N)	China	UNDP/Central Institute of Finance and Banking (CIFAB)/China Investment Bank (CIB)
Seminar for trainers (energy and power sector) (R)	Thailand	Asian Institute of Technology (AIT)
Case methods I—Stage II (N)	Pakistan	Pakistan Administrative Staff College (PASCOL)
Case methods II—Stage I (N)	Pakistan	PASCOL

(continued)

Table 3-3 *(continued)*

Activity	Location	Cooperating agency
Rural finance for trainers (R)	India	College of Agricultural Banking (CAB)
Case methods—Stage I (N)	Bangladesh	Public Administration Training Centre
Water supply and sanitation (N)	Brazil	Pan-American Health Organization/Banco Nacional de Habitaçao (PAHO/BNH)
Water supply and sanitation (N)	Brazil	Pan-American Health Organization/Banco Nacional de Habitaçao (PAHO/BNH)
Water supply and sanitation (R)	Mexico	Secretaria de Desarrollo Urbano y Ecologia (SEDUE)/PAHO
Rural-development projects for trainers (R)	Costa Rica	Instituto Interamericano de Cooperación para la Agricultura (IICA)
Seminar on development banking for trainers (R)	Dominican Republic	Asociación Latinoamericana de Instituciones Financieras de Desarrollo
General projects planning for trainers (R)	Costa Rica	Instituto Centroamericano de Administración Pública (ICAP)
Workshop on preparation of African price-policy case studies (R)	Dublin	Trinity College
Direct Training		
Preinvestment projects for UNDP resident representatives—VII and VIII (W)	Washington	UNDP
Food policy (W)	Washington	
Management and technical assistance (W)	Washington	
International development issues for United Nations diplomats (W)	New York/ Washington	United Nations Institute for Training and Research (UNITAR)
Agricultural marketing (W)	Washington	
Education-sector management (W)	Washington	
Managing the project cycle (R)	Washington	
Workshop for World Bank urban project managers in francophone Africa (R)	Washington	
Development policies and management for senior Chinese officials (N)	Washington/ New York	Shanghai Institute for International Economic Management (SIIEM)
National economic management (R)	Senegal	COFEB
Public-debt management (R)	Cameroon	Union Douanière et Economique de l'Afrique Centrale (UDEAC)
General projects planning (R)	Botswana	Institute of Development Management
Launching seminar on public-enterprise training in ESAMI (R)	Tanzania	Eastern and Southern African Management Institute (ESAMI)
Agriculture management training program for Africa (R)	Botswana	International Fund for Agricultural Development (IFAD)/IDM
Entrepreneurial development (for African countries) (R)	India	Industrial Development Bank of India (IDBI)
Energy/power projects for sub-Saharan Africa (R)	Lausanne	Ecole Fédérale Polytechnique de Lausanne (EFPL)
Workshop on project planning and implementation for ECA staff	Ethiopia	UN Economic Commission for Africa (ECA)
Agriculture-sector planning and management (R)	Burundi	Centre de Perfectionnement et de Formation en Cours d'Emploi (CPF)
Health care (R)	Botswana	Ministry of Health (MOH)/IDM
Small-industries development (R)	Tanzania	ESAMI

Activity	Location	Cooperating agency
Workshop on education financing (R)	Botswana	Ministry of Education/Commonwealth Secretariat
Energy/power projects (R)	Bahrain	Electricity Directorate of the State of Bahrain
Industrial development (R)	Jordan	Royal Scientific Society/Arab Organization for Industrial Development (RSS/AOID)
Transportation projects (R)	Tunisia	Arab Planning Institute
Structural adjustment (N)	Hungary	National Bank of Hungary/National Institute of Management (NBH/OVK)
National economic management (N)	China	UNDP/CIFAB
Agricultural-investment analysis and finance (N)	China	SIIEM
Railway projects (N)	China	Shanghai Institute of Railway Technology (SIRT)/SIIEM
General projects planning (N)	China	SIIEM
Industrial technology (N)	China	UNDP/CIFAB
Analytical framework for assessing technological development and industrial productivity (N)	China	UNDP/CIFAB
International economic management (N)	China	SIIEM
Use of selection examinations and standardized testing (N)	China	Ministry of Education
Urban projects (housing and water) (N)	China	SIIEM
Planning, financing, and managing city growth (R)	Thailand	National Institute of Development Administration/United Nations Centre for Housing and Human Settlements/Australian Development Assistance Bureau
Energy/power projects (R)	China	Ministry of Water Resources and Electric Power (MWREP)
Workshop on implementation of education projects (N)	Indonesia	Ministry of Education
National economic management (R)	India	Administrative Staff College/IDBI
Technology (for African and Asian countries (R)	India	IDBI
Planning and management of irrigation projects (R)	Sri Lanka	International Irrigation Management Institute (IIMI)
National economic-management module (N)	Bangladesh	Public Administration Training Center
Selected issues on national economic management (R)	Barbados	Caribbean Development Bank/Instituto Latinoamericano de Planificación Económica y Social (CDB/ILPES)
Water supply/sanitation (R)	Argentina	Pan-American Health Organization/Centro Panamericano de Ingenieria Sanitaria (PAHO/CEPIS)
Project evaluation (development finance) (R)	Venezuela	Corporatíon Andina de Fomento
Economic-policy analysis (R)	Peru	Escuela de Administración de Negocios para Graduados (ESAN)
Information systems for economic development (R)	Antigua	Interagency Resident Mission/Organization of Eastern Caribbean States (IARM/OECS)

NOTE: Activities listed exclude assistance given by EDI staff to activities organized by other institutions. There were twenty-four such activities in fiscal 1985. Activities conducted outside the United States include national seminars and courses for participants of one country and regional seminars and courses for participants of several countries.

N = National activities. R = Regional activities. W = Worldwide activities.

EDI is also expanding and strengthening the evaluation of its activities. In addition to leading a review of ESAMI, EDI conducted a review of its joint training program with The West African Center for Training and Banking Studies of the Central Bank for the West African States (COFEB). The Operations Evaluation Department (OED) of the World Bank is planning to expand substantially its contribution towards strengthening the evaluation of EDI's work. OED will collaborate with EDI in fiscal year 1986 on a comprehensive evaluation of EDI's training program in China, which began in 1980 and is now EDI's largest national program. OED will review end-of-course/seminar evaluation reports that EDI produces and select a sample each year as the basis for a special annual report. OED's reviews of Bank operations will contain assessments of the effect that EDI training has had on the performance of agencies from which officials have received training. OED also plans to collaborate with EDI in an evaluation of EDI's five-year plan at its mid point in fiscal year 1987. These actions by OED will add a useful dimension to the independent review of EDI's work.

Operations Evaluation

Since July 1981, a selective system of project-performance auditing has been in operation at the World Bank. Under this system, member governments and Executive Directors receive staff reports on the outcome of all completed projects. These project-completion reports (PCRs) are read by staff of the independent Operations Evaluation Department (OED), who subsequently prepare project-performance audit reports (PPARs) for approximately one half of the completed projects. The criteria for selecting projects for audit as applied by OED have been approved by the Joint Audit Committee of the Executive Directors.

The system of selective auditing does not jeopardize the integrity of the Bank's project-evaluation system. Project-completion reporting by operational staff is now firmly established in the Bank, and major inadequacies are spotted by OED's evaluation officers, who scrutinize all PCRs.

Borrowers' comments are sought on all evaluation reports and, in a growing number of cases, borrowers participate directly in the preparation of PCRs. In addition, OED and Bank operational staff often visit project sites when evaluating completed projects and hold extensive discussions with borrower representatives and beneficiaries. The combined borrower input by written comment, preparation of PCRs, or through country visits, exceeded 90 percent of all PPARs and PCRs issued in fiscal 1985. Eighty-nine projects were subjected to performance audits in fiscal 1985; in addition, PCRs covering ninety-four projects were passed on to the Executive Directors after scrutiny by OED, but without OED audit. The cumulative total of projects covered by PPARs or PCRs reached 1,327 by the end of fiscal 1985. Reflecting the expansion of Bank operations in the mid and late 1970s, the number of completed projects coming up for review and evaluation is likely to rise to 250 in fiscal 1986.

The ultimate objective of Bank evaluation continues to be to identify and disseminate lessons that can contribute to improvement in the design and implementation of future Bank-supported projects. By bringing together experience with similar projects, lessons can be more readily drawn and more efficiently confirmed and disseminated. The *Annual Review of Project Performance Audit Results* continues, as in the past, to be a valuable mechanism for summarizing experience by sector and, through a process of review with operating staff, bringing that experience to bear on the design of future projects.

OED's tenth *Annual Review of Project Performance Audit Results* was published in January 1985. Unlike its predecessors, it provided a ten-year perspective highlighting the evolution of the Bank's objectives, effort, and achievement over time and across sectors, regions, and countries. As part of that perspective, the review examined, for the first time, through a limited sample, the sustainability of projects and their benefits in the years following physical completion and explored the factors that determine their continuing viability.

In terms of overall results, all but twenty of the 1,014 operations reviewed during the ten-year period were taken to completion. Some 86 percent of the completed projects, representing about $19.6 billion in IBRD and IDA lending and $60.4 billion in total investments, appear to have achieved their major objectives and were judged to have been worthwhile.

Impressive as the overall results are, however, the trends of performance have not been consistent, and the recent deterioration in various indicators of performance raises substantial issues of approach, objectives, instruments of lending, policy and institutional environment, and project design that bear on the viability of projects. Several factors would appear to account for the decline in performance. First, the very range, nature, and objectives of Bank lending in the 1970s increased the risk of failure. Lending expanded rapidly and reached into new areas and new groups of people; projects became more complex, sought wider objectives, and were technically and institutionally more innovative. Second, the physical and economic environment has been unusually difficult, especially in sub-

Saharan Africa, and technical, socioeconomic, and institutional failures have been frequent, especially in agriculture. Third, unfavorable economic policies have strongly contributed to the difficulties.

Many of the lessons of project experience covered in the tenth *Annual Review* are similar to those noted in earlier reviews: the importance of full understanding and agreement between the Bank and borrower on project objectives and the institutional arrangements for achieving them; project designs that are realistic and responsive to local conditions; and borrower policies that are conducive to the success of the project within a longer-term plan of development.

Parallel with the project-performance evaluation system, OED continued to prepare special studies. A number of such studies were completed during fiscal 1985; they were reviewed by the Joint Audit Committee of the Executive Directors, and some were also discussed in the full Board.

The Joint Audit Committee maintains continuing oversight of the OED work program and of its effectiveness. The conclusions of the Joint Audit Committee, the annual report of the Director-General, Operations Evaluation, on the status of the Bank's evaluation system, and OED's tenth *Annual Review of Project Performance Audit Results* were all reviewed by the Executive Directors.

Internal Auditing

The Internal Auditing Department (IAD) performs an independent appraisal function within the World Bank that examines and evaluates Bank operations and activities with particular emphasis on examining, reporting, and recommending improvements in the adequacy and effectiveness of the Bank's system of internal control, and the identification of possible means of improving the efficiency and economy of operations and the use of resources. IAD accomplishes this appraisal function through reviews of the financial and operating systems and processes used in the conduct and management of the Bank's operations. The overall objective of the department is to assist the vice presidents, department directors, and other managers in the effective discharge of their responsibilities by furnishing them with periodic reports on independent audits and appraisals carried out on activities within their respective areas of responsibility.

In carrying out operational audits, the department's examination and evaluation of the adequacy and effectiveness of the systems, procedures, and controls used in the conduct and management of an activity include the review and determination of the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information. IAD also reviews the systems established to ensure compliance with those governing agreements, instruments, and related decisions, regulations, policies, plans, and procedures that could have a significant impact on operations and reports, and determines the extent of such compliance. The means of safeguarding Bank assets from various types of losses are reviewed, and each audit also includes an appraisal of the efficiency and economy with which resources are used, where appropriate, and the accomplishment of established objectives and goals of specific programs or operations.

The work program designed to achieve the objectives of the department covers a broad range of activities, including financial, accounting, administrative, personnel, electronic-data processing, and the lending and supervisory aspects of IBRD loans and IDA credits under disbursement. Some of these activities are reviewed annually, others biennially or less frequently depending upon the materiality or risk aspects of the activity.

The audits of computerized information-resource management systems (IRM) and project lending and supervision operations form an important part of the department's work program. The IRM systems audits include the review of controls, security, and the efficiency of computer facilities and information-processing systems in operation and those under development. IAD's involvement in the development of new IRM systems before they become operational provides a timely and cost-effective opportunity for an independent assessment of the operational and control aspects of such systems. The department has also carried out effectiveness reviews of major electronic data-processing systems to determine whether they are functioning as intended. Project lending and supervision activities are selected for audit on a sectoral or regional basis and are reviewed in the light of policies and guidelines established by the Bank.

The implementation of recommendations arising from its review work is followed up by IAD to ensure that recommendations are acted upon and that Bank management is kept informed of their status. The review work of IAD also includes various special assignments from management, including requests to visit selected countries to review the auditing standards applied by borrowers' external auditors, to review internal auditing and financial-reporting standards of selected borrowers, and to upgrade national auditing and accounting education and practices in countries where they might be needed.

In carrying out each assignment, the director and staff of the department have unrestricted access to all Bank records, documents, and personnel relevant to the activity under review. Where relevant, IAD coordinates its work with the Bank's external auditors and makes its working papers and reports available to assist them in planning and coordinating their examinations of the annual financial statements of the Bank.

The IAD reports administratively to the Senior Vice President, Finance, but, in order to enhance its independence, the director also has direct access to the President and to the Joint Audit Committee (JAC) of the Executive Directors. The results of each audit undertaken are reported to the vice presidents, department directors, and others concerned, as is considered appropriate. Liaison is maintained with the JAC, which has the responsibility of satisfying itself that the Bank's internal-auditing function is adequate and efficient. In this context, the JAC reviews the department's work programs, receives periodic briefings on its activities, and, through a subcommittee, reviews selected reports of the IAD.

Economic Research and Studies

During fiscal 1985, the Bank spent about $22 million on its program of economic and social research. More than half of these expenditures were devoted to centrally approved research projects that are defined as those which have been approved by the Research Projects Approval Committee (REPAC); the remainder was spent on departmental studies, which are undertaken by the departments concerned, using staff and discretionary resources under their control.

The Bank's research program continues to be guided by four broad objectives: to support all aspects of the Bank's operations; to broaden understanding of the development process; to improve the Bank's capacity to provide advice to member countries; and to assist in developing indigenous research capacity in member countries. As such, research performs twin functions in the Bank, both supporting Bank operations as an *intermediate input* (increasingly important as the role of the Bank expands as a policy adviser to member developing countries) and as an important *final output* of the Bank (keeping the Bank in the forefront of thinking on the economics of developing countries).

The Research Policy Council (RPC), set up in August 1983 by the President to provide leadership in the guidance and coordination of Bank research, has instituted major changes in the administration of research. Those changes resulted last year in the creation of two bodies: the Bank Research Advisory Group, whose tasks are to provide the RPC with a wide range of Bank views on research issues of interest to the Council, and the Research Projects Approval Committee, whose primary function is to evaluate and recommend individual research projects for funding from the Research Support Budget. In addition, a new Research Administrator's Office (RAO) was created in July 1984. Its functions are to provide secretariat support to the Research Policy Council, ensure appropriate coordination between the Council and other research administration bodies, administer the Research Support Budget, maintain linkages between the Bank's research and relevant external research activities, and to manage all aspects of Bankwide research evaluation and dissemination.

The RPC also formulated a set of research priorities. It recommended that research be encouraged in five broad priority areas: the costs and benefits of government intervention (policy-induced distortions and economic incentives); the interrelationships between institutions and incentives; the international economic environment; the relationship of stabilization measures to long-term economic development; and economic planning with an emphasis on institutional development.

One of the mechanisms set up to implement these evolving research priorities has been the initiation by the RPC of a program of multicountry comparative studies of key policy-related issues. Each study under this program will compare the past policy experiences of a large number of developing countries on an important development issue in order to draw "lessons" of relevance to the Bank and policymakers. As such, the program is designed to assist the Bank's evolving role as an adviser on national and sectoral-policy issues.

The first such multicountry study—on trade liberalization—was launched in fiscal 1984, and during the past year, two others were approved by the Research Policy Council. One study will examine the dynamics and results of agricultural price policy over time; the other will analyze the different experiences of growth and income distribution in different developing countries in recent decades. In addition, preparatory work is under way to develop a comparative study on the effects of macroeconomic stabilization policies on long-term growth.

The other new starts in the research program during fiscal year 1985 also reflect the new research priorities established by the RPC. Thus, in the area of costs and benefits of government interventions, one research project will examine the social welfare costs of capital-market regulations in Brazil; another will study the effects of regulations of product quality in international and domestic trade as applied in a number of developing countries; a third will examine the effectiveness of state intervention in Japan and the Republic of Korea in promoting the traded-goods sector in order to derive the policy implications for other developing countries; another study will analyze the distribution effects of government policies in Egypt. At a more macro level, work is under way to explore the effects of fiscal deficits in developing countries as compared with those in industrialized countries.

A number of new projects are concerned with questions relating to the interrelationships between institutions and incentives. One project will develop a methodology for evaluating the effects on demography and health of upgrading projects in low-income urban neighborhoods; the issues of cost recovery in the context of support programs for agriculture are the focus of another project, with a case study of rubber replanting programs in Thailand; in a study of the role of risk in Sahelian agriculture, farm technology and farmers' production behavior will be investigated to help improve the knowledge of the factors influencing farmers' decisions, knowledge that is crucial in the design of farm and food policies. The relative costs of various types of secondary education in Shanghai are the subject of a collaborative research project between the Bank and Fudan University as part of a larger effort to address questions that lie at the heart of policy formulation for technical and vocational education in China. In the area of the international economic environment, a project will examine the role of foreign aid and other capital flows on investment; another project deals with the relationships between performance indicators and monitorable policy instruments to help in the design of medium-term programs in the context of debt rescheduling.

A number of research preparation studies were also funded in the priority areas defined by the RPC; the majority deal with African issues. In accordance with the Bank's special emphasis on Africa, a major initiative has been taken to develop a suitable research agenda. Past research on Africa has been surveyed to identify the important lacunae that should be filled by the research program. A conference attended by external experts, policymakers from sub-Saharan Africa, and Bank staff was held in February 1985 as the penultimate stage in developing such a research agenda.

Research funds were also used to sponsor a variety of conferences and seminars, including one on the uses of planning models in analyzing public-sector pricing and investment policies in Egypt and another on small-scale enterprise development in India. In addition, a monthly Bank seminar series on the "Frontiers of Economics" has been instituted, to which distinguished guest speakers are invited to speak to provide Bank staff with current thinking on a variety of topics and an opportunity to incorporate any new ideas that they believe to be relevant to their work.

Three new initiatives have been taken to further the dissemination of findings of Bank research projects. The Research Policy Council has approved funding for three publications designed to be of use to a number of different audiences. One would emphasize the policy implications and applications of Bank research, and would be aimed at a worldwide readership among development professionals in government departments, private business, financial institutions, international agencies, universities, and research institutions.

A second would seek to keep nonspecialist readers informed about economic research currently being undertaken within the Bank and about developments in special areas of economics relevant to development policy.

A third publication, more journalistic in style and format, would provide information on initiatives taken by the Bank research administration, as well as descriptions of newly approved research projects and brief reports on ongoing and completed research.

The Bank's wide-ranging research portfolio is annually updated in *Abstracts of Current Studies*.

Interagency Cooperation

The challenges facing the multilateral system today demand greater cooperation than ever before among development institutions. Given the difficult global economic environment and the uncertainty over increased resources for development, the need for improved aid coordination in international-assistance policies has become increasingly evident. In this connection, continuing policy dialogue with governments and sustained, coordinated activities among donor groups are essential. The Bank's active role in these areas has been encouraged by developing and developed countries, as well as as by other aid agencies.

The UN system. At its Thirty-ninth Session, the UN General Assembly unanimously approved a Declaration on the Critical Economic Situation in Africa; this action was considered the most unifying event to have taken place at the UN in recent years. Special mention was made in the declaration of the Bank's efforts to complement and support domestic adjustment policies in African countries. In the foreword of the Bank's report, *Toward Sustained Development in Sub-Saharan Africa: A Joint Program of Action*, A.W. Clausen, President of the Bank, wrote that the Bank was "keen to join with the United Nations and its agencies, with the European Communities and the African Development Bank, with the Economic Commission for Africa, and with other international and national organizations to assist countries in sub-Saharan Africa in their development efforts."

The Bank continued to maintain close contacts with the Special Office for Emergency Operations in Africa, established by the Secretary-General to ensure close cooperation between all elements of the UN system in support of efforts to alleviate drought and famine in Africa. In a separate but related act, the Bank contributed a further $3 million (following an earlier $2 million grant) to the World Food Programme (WFP) to help transport urgently needed food supplies to drought-stricken areas of sub-Saharan Africa.

As in previous years, Bank staff participated in a number of UN meetings. These included the General Assembly, the Economic and Social Council (ECOSOC), the Administrative Committee on Coordination (ACC), the World Health Organization (WHO) General Assembly, the General Agreement on Tariffs and Trade (GATT) Contracting Parties, the United Nations Conference on Trade and Development (UNCTAD) Trade and Development Board, the United Nations Industrial Development Organization (UNIDO) Special Conference, the United Nations Development Programme (UNDP) Governing Council, the governing board of the International Fund for Agricultural Development (IFAD), the Conference on the Emergency Situation in Africa, and the Food and Agriculture Organization of the UN (FAO) donors' meeting on the rehabilitation of agriculture in Africa. Bank staff also attended ministerial and other meetings of the UN Regional Economic Commission for Africa (ECA). The Bank has also maintained close contacts with the management and staff of the Organization of African Unity (OAU).

The Bank has been working closely with the United Nations Information Centre (UNIC) in Washington and was a sponsor of the UN Observance Day celebrations organized by UNIC. The Bank is also collaborating with UNIC in preparations for the fortieth anniversary of the United Nations.

The Bank continued to implement a $20 million project in Pakistan, funded through the Office of the UN High Commissioner for Refugees (UNHCR). The objective of the project is to provide employment through income-generating public-works activities for Afghan refugees and the local populations in Baluchistan and North West Frontier provinces, where a large proportion of the 3 million refugees is located. The UNHCR intends to fund similar projects in these areas. This is the first sustained operational collaboration between the UNHCR, an emergency agency, and the Bank. The Bank's potential role in refugee projects is outlined in the statement made by its representative to the Second International Conference on Assistance to Refugees in Africa (ICARA II). Emphasizing the development link to refugee-assistance programs, the Bank indicated its willingness to consider refugee-related projects that fit into the overall development planning of host governments. The objective of ICARA II was to assist African countries to cope with the increasingly large inflow of refugees by strengthening their related services and facilities.

The Bank also participated in the second UN International Population Conference in Mexico City, August 5–14, 1984. In an address to the conference, Mr. Clausen emphasized the intention of the Bank to stress the linkages of development and population in its policy dialogue, double Bank lending for population and health activities, and support related research efforts.

The Bank has had an increasingly productive association with UNICEF (the United Nations Children's Fund) in addressing many child-related problems. The Bank hosted a UNICEF breakfast to launch the 1985 State of the World's Children Report, which assessed the results achieved by relatively simple and inexpensive child-health techniques to protect the lives of children in low-income communities. The president of the Bank has agreed to serve on the Advisory Council of the Child Survival Campaign, launched by the US Committee for UNICEF. The Bank is represented on the Committee's Metropolitan Washington Advisory Council.

Over the years, the Bank and the UNDP have cooperated in a variety of ways to improve their operational activities in developing countries. The Bank's Economic Development Institute has conducted seminars especially designed for UNDP Resident Representatives and their deputies; the eighth and ninth in the series took place in fiscal 1985. The UNDP recently organized an awareness seminar for Bank managers to promote better understanding of UNDP operations and identify opportunities for mutual support.

In 1980, the UNDP and the Bank jointly launched an Energy Assessment Program to help developing countries formulate appropriate energy policies; by December 31, 1985, the program is expected to cover its target of about seventy countries. By the end of fiscal 1985, Bank missions had visited sixty-two countries to conduct energy surveys; thirty-nine such surveys have been completed. The Energy Management Assistance Program includes preparation of investment plans, preinvestment activities, project preparation, and provision of technical advice for energy planning and management once a country's energy situation has been assessed. Thirteen such projects have been completed, or are under way, in eight countries.

The Bank continued to play an active role in the International Drinking Water Supply and

Sanitation Decade (IDWSSD), whose primary goal is a substantial increase in safe drinking water and adequate sanitation by 1990. The Bank participates in the twelve-member Steering Committee for Cooperative Action, which guides international efforts on behalf of the Decade. The Bank, also, through its lending program, provides about one third of the annual estimated $2 billion invested in water and sanitation programs in developing countries. In support of the IDWSSD, the Bank and the UNDP have launched a program to conduct research in, and demonstrate, lower-cost approaches in water supply and sanitation technologies. This technical-assistance program is active in thirty-five countries and operates at a level of $7 million a year with funding from the UNDP, UNICEF, ten bilateral donors, and several Bank borrowers.

As part of its increased aid-coordination efforts, the Bank and the UNDP agreed to organize joint technical-cooperation assessment missions (TCAM) to selected countries in order to improve orientation, coordination, planning, and mobilization of technical cooperation. The first TCAM was carried out in Somalia. The Bank's participation in UNDP-led round tables was also considerably expanded and strengthened during the past year. The UNDP Office for Projects Execution (OPE) is becoming increasingly active in providing project services to Bank borrowers under a variety of Bank-financed technical-assistance projects.

Sector cooperation is also a growing feature between the Bank and other UN agencies. The Bank continued to maintain contacts with the International Trade Centre (ITC) at the operational level. The main areas of cooperation with the ITC are export development, export promotion, institution building, and training. A particular area of cooperation with the International Labour Organisation (ILO) is labor-based construction and maintenance as applied in the ILO Special Public Works Program (SPWP). A joint ILO/UNDP/Bank workshop was organized at the Bank in February 1985 for an exchange of ideas and experience in this area. Cooperation under this program aims at implementing effective methods of construction for capital-scarce economies that are labor abundant. Concrete collaboration is ongoing in several countries (Ghana, Guatemala, Kenya, and Nepal). Wider contacts with the ILO were maintained through staff visits to discuss policy issues of mutual interest.

As part of its continuing efforts to increase collaboration with the United Nations Centre for Human Settlements (Habitat), the Bank and Habitat funded a one-year secondment of a senior Bank urban-development expert at Habitat headquarters in Nairobi, Kenya. Among the purposes of the secondment were the expansion of Bank support to Habitat technical-cooperation projects and identification of areas for future collaboration, especially in urban management. The Bank and Habitat have also been working together on training-needs assessment issues.

The Bank maintained a close collaborative relationship with the United Nations Environment Programme (UNEP) and continued to play a key role in the work of the Committee on International Development Institutions on the Environment (CIDIE) by providing assistance to member institutions in strengthening their environmental policies. The Bank also hosted and cosponsored with UNEP a workshop on national environmental accounting and entered into a cooperative program with UNEP's newly established Global Resources Information and Data System. More recently, the Bank established a working group of senior staff to collaborate with the World Commission on Environment and Development, whose mandate is to recommend policies and practices to expand and sustain the ecological basis of development. In cooperation with the US National Aeronautics and Space Administration (NASA), the Bank will utilize its earth-resources remote-sensing data-acquisition and analytic system to incorporate environmental and natural-resources information into country programming and project work (see page 74).

Traditional operational relationships between the Bank and UN agencies are extensive and varied. An important feature of these relationships is the cooperative programs (CPs). The primary objective of CPs is to collaborate with other agencies whose expertise in specific fields complements that of the Bank; ongoing CPs increase the number and improve the quality of project proposals for Bank financing in agriculture, education, water supply and sewerage, and industry. The Bank maintains CPs with the FAO, UNIDO, and the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Some of the CPs carry out sector studies, while others concentrate on assistance to governments in the identification and preparation of projects for Bank funding. More than 25 percent of Bank-assisted projects for agriculture have important project preparation inputs from the CP with the FAO. The FAO CP has been especially active in the subsectors of fisheries, forestry, seeds, research and extension, and small-scale irrigation.

Over the years, the CPs have been reviewed and modified in light of experience and the changing requirements of developing countries. Following the review of the CP between UNESCO and the Bank, steps are being taken to implement the central recommendation that the primary role of the CP should be to provide advice and assistance to member countries in actions required to obtain Bank financing for education projects. A further recommendation calls for the Bank and UNESCO to make an early start in revising the 1984 Memorandum of Understanding to reflect current and prospective needs in the education and training sectors.

The Bank entered into a cooperating agreement with the International Fund for Agricultural Development (IFAD) in 1978 and continues to appraise and supervise IFAD-funded projects under the existing agreement.

Cooperation between the Bank and WHO spans a wide range of modalities, including cosponsorship of special programs and regular operational contacts. Bank participation in WHO activities is significant in a number of areas. As cosponsor (with WHO and the UNDP) of the Special Programme for Research and Training in Tropical Diseases (TDR), Bank staff play an active role on the Joint Coordinating Board and the Standing Committee in fund-raising efforts and on technical committees. Scientific output during the past year was highly satisfactory and promises a steady future stream of new tools to combat the six target diseases. In addition to TDR activities, the Bank continued its active involvement in the Onchocerciasis—riverblindness—Control Programme (OCP), for which it is fiscal agent. The program has achieved singular success. Riverblindness is expected to be totally contained in the original OCP area by 1988, several years earlier than anticipated. The Bank also continued to play an active role in the Program for the Control of Diarrheal Diseases (CDD) in its search for more cost-effective measures to control diarrheal diseases and in the Special Programme of Research, Training, and Development in Human Reproduction (HRP). The Bank continued its active participation in the ACC Subcommittee on Nutrition (SCN), which serves as the focal point for international nutrition. This year, the Bank has sponsored, through the SCN, elements of a jointly planned applied-nutrition research program and has participated in an effort to bring nutrition considerations more to the forefront in the planning of agricultural research.

Governmental and nongovernmental groups. The Bank continued to take a keen interest in the ongoing policy dialogue on development issues in external fora. Bank staff addressed the issues of debt, trade, and the resumption of sustained growth in developing countries at the third session of the North-South round table held in Vienna, Austria, in September 1984. Bank staff will chair a panel on special assistance needs for sub-Saharan Africa at the eighteenth World Conference of the Society for International Development (SID) to be held in Rome, Italy, in mid 1985. Cooperation between the Bank and the European Communities (EC) focused mainly on development issues: Africa, the Third Lomé Convention, concluded in December 1984, and aid coordination. Useful contacts were maintained through visits by staff and senior-level discussions.

The Bank continues to maintain effective working relations with the Organisation for Economic Co-operation and Development (OECD). Senior Bank staff participated in meetings organized by the OECD and its Development Assistance Committee (DAC). The meetings, including two at the ministerial level, addressed a host of development-related topics; in particular, Africa, aid coordination, and aid effectiveness. The focus on Africa helped mobilize support for the Bank's joint program of action for Africa and for the Special Facility. At the staff level, cooperation between the Bank and the OECD is particularly close in the field of economic analysis and statistics and in the area of development and development assistance; this continuing association with the OECD, DAC, and the Development Center of the OECD is of major value.

For many years, Bank consultative groups (CGs) have been the control mechanism for aid coordination, assessing relative needs and performance of developing countries and providing a confidential forum for the exchange of ideas among donors and recipients. The twenty-three Bank-led consultative and aid groups that are currently active have been very effective in generating increased resource flows, as well as an improved mix of flows.

Bank relations with the regional development banks were maintained at the policy, sectoral, and operational levels. Close consultations were held with the African Development Bank (AfDB) on development issues in sub-Saharan Africa and coordination of policy advice to African governments; in particular, the Bank is cooperating with the AfDB in the formulation of that institution's first policy paper on education. Both institutions are working to maximize scarce concessional resources through cofinancing and joint technical-assistance financing. Over the last five years, AfDB cofinancing with the Bank has amounted to approximately $650 million. Cooperation with the Asian Development Bank (AsDB) continued to focus on economic and sector work, aid coordination, and cofinancing. Relations with the Inter-American Development Bank (IDB) have focused on economic and sector work, collaboration in regional consultative groups, and parallel cofinancing. The Bank worked closely with the Islamic Development Bank on cofinancing. Possible cooperation in the areas of agriculture, food production, education, and health is now being explored.

Consultations are ongoing with the Southern African Development Coordination Conference

(SADCC) on ways to strengthen cooperation with the Bank. Reinforcing its support for regional cooperation, the Bank participated in its annual conference, held in January 1985. The SADCC's program of action aims at increasing economic self reliance within the region.

The contribution of nongovernmental organizations (NGOs) to poverty-oriented development is gaining increasing attention. Both philanthropic and self-help organizations play an important role in the transfer of resources to the poor in developing countries and in acting as agents of development at the local community level. In addition, lay and religious organizations carry out information programs in both developing and industrial countries on issues concerning children, refugees, and the handicapped. As part of its efforts to pursue closer collaboration with NGOs, the Bank has increased the scope of its interaction with major NGOs in developed and developing countries. The annual meeting of the Bank/NGO Committee, held in Washington in October 1984, focused on Africa and, more particularly, on the need to increase coordination between the public sector and NGO development programs in that region. The meeting laid the basis for interaction in development education. The committee also met informally with the Executive Directors of the Bank.

During the past year, a number of Bank project or sector missions consulted with donor or local NGOs on project design, appropriate technology, and operational cooperation. Both the *World Development Report 1984* and the recent Bank report on sub-Saharan Africa mentioned the role of NGOs in development. The Bank sponsored two meetings between borrowers and NGOs: one in Botswana (January 1985) on health and population in six neighboring African countries and one in Indonesia (February 1985) on the strengthening of institutional arrangements for government-NGO collaboration in all relevant sectors. Both meetings were productive and provided encouragement, as well as useful lessons, for future meetings.

To strengthen the analytical and information base of the role of NGOs in development, the Bank participated in a meeting of the DAC on relations between aid agencies and NGOs. The Bank also held consultations with bilateral-aid agencies and NGOs on the contribution of religious and humanitarian organizations to development, on the effectiveness of NGO programs, the capability of NGO information systems, and relations between donor NGOs and local self-reliance organizations. As a result of these activities, the relationship between NGOs and the Bank was substantially expanded.

Cooperation in agricultural research. The Consultative Group on International Agricultural Research (CGIAR) is an association of countries, private foundations, and multilateral development agencies funding a worldwide network of thirteen international agricultural research centers. Sponsored by the World Bank, the FAO, and the UNDP, the CGIAR was set up in 1971 to coordinate and increase support for international research directed at generating the knowledge and technology developing countries need to produce more food.

The CGIAR has grown from a modest start to a substantial enterprise. In 1985, thirty-eight donor members are expected to contribute $175 million to the centers. The World Bank will provide $28.1 million.

In just fifteen years, food production in developing countries will have to increase by at least 50 percent to maintain present nutritional standards. Providing farmers with the technologies to achieve such an increase will continue to be the primary task of national research organizations supported by the research and training programs of the international centers.

Spurred by the food crisis in over twenty African countries, the chairman of the CGIAR called a meeting of the centers' directors in January 1985 to discuss Africa's food problems and potential additional initiatives the centers and the CGIAR might take to help solve these problems. Currently, four of the international centers are headquartered in Africa: the International Institute of Tropical Agricultural (IITA), the International Livestock Centre for Africa (ILCA), the International Laboratory for Research on Animal Diseases (ILRAD), and the West Africa Rice Development Association (WARDA). The remaining nine all have growing outreach projects in Africa, with staff stationed in twenty-five African countries. The directors recognized that research has to deal not only with tremendous ecological diversity, but must attempt this in the face of a severe lack of background knowledge of Africa's main food crops. Many important food crops such as cassava, sweet potato, yam, cowpea, pearl millet, and plantain have received little research attention in the industrialized world. Thus, there was little basic knowledge of their genetics and physiology when the CGIAR scientists began to study them systematically. The directors agreed that a concerted attack should be made on the problems of these and other commodities important to Africa through commodity networks linking international centers and national research agencies or universities working on common problems.

The directors were also clear that low-input agriculture will not resolve Africa's food-production problems. Some inputs, especially fertilizer, and where appropriate, irrigation, are necessary to get sufficient increases in production to meet accelerating food needs. This is a crucial issue in the policy dialogue, and both economists and biologists must take part in that dialogue. For example, a legume-phosphorus combination is particularly important in helping to restore soil fertility; at the same time, it provides additional feed for livestock.

Although there is only a limited stock of new technologies relevant to the African farming situation at present, the directors believe there is an accumulating reserve of innovations ready to be tested and adapted to the diverse ecologies of Africa. Thus far, drought-tolerant sorghum, pest-resistant and disease-resistant strains of cassava, and highly productive strains of cowpeas have been developed. But what is needed is a continual flow of productive, easily applicable new technologies that can be activated through a partnership of national and international research efforts. Thus, the centers may need to participate in *ad hoc* adaptive research and technical assistance to support national capacity, in addition to pursuing long-term strategic scientific research. Identifying funding—actually or potentially available for food production in Africa—to accelerate the adoption of technologies from the international centers in local rural environments is a high priority.

The International Potato Center's (CIP) work with Rwanda is one example of how effective partnerships between national and international research can be. For Rwanda, a country half the size of Lake Victoria, on which it borders, and with 5 million people to feed, increased food production is a national priority. Potatoes represent an exciting potential as they are well adapted to Rwanda's cool mountainous zones, where assured rainfall makes two and even three crops a year possible. The potato, introduced by European missionaries in the early 1900s, is still relatively new to the Rwandan diet. Initially, local food taboos, linking the potato to spoiled cow's milk, prevented people from eating potatoes. However, with the periodic failure of sweet potato and bean crops, potatoes gained acceptance. In the last twenty years, the area planted to potatoes has jumped from 18,000 hectares to 45,000 hectares. Potatoes are now an important food staple and are grown for home consumption and for cash to buy other foods and household items. The major inputs to potato production are seed tubers and labor; the major constraints are two diseases, late blight and bacterial wilt. Use of fertilizers and pesticides is virually nonexistent, and the main farm implement is a hand hoe.

In 1979, Rwanda organized a Programme National pour l'Amélioration de la Pomme de Terre (PNAP), with support from CIP. CIP has primarily provided research expertise and training. When PNAP started, rather than waiting years to screen masses of foreign germ plasm, scientists identified the best-performing varieties in farmers' fields, generated clean seed stock, and distributed it to multiplication sites. Since 1979, PNAP has evaluated 24,000 genotypes, mostly the progeny of tuber families sent from CIP in Lima, Peru. Subsequently, PNAP has named and released several new varieties each year since 1982, featuring resistance to late blight and higher yields. Gahinga, one of the more recent releases, yields 29.2 tons a hectare in on-farm, farmer-managed trials, compared with 14.8 tons a hectare for the local variety. This year, PNAP estimates Rwanda will plant 9,000 of its 45,000 hectares under potatoes with seed originating from PNAP, increasing the yield averages from seven to ten tons a hectare. Thus, the annual production increase is expected to be 27,000 tons, with a value of 440 million Rwandan francs based on the city market price. This greatly surpasses PNAP's annual operating costs of 50 million to 60 million Rwandan francs.

Technical Assistance

Consistent with the continuing recognition of the special needs of African countries, nearly 70 percent of World Bank loans and credits extended in fiscal 1985 for free-standing technical assistance went to countries in sub-Saharan Africa. These were primarily for assistance in national economic management and in meeting other institutional development objectives. During the year, the Bank also established a new Special Project Preparation Facility (SPPF) to help IDA-eligible member countries in sub-Saharan Africa finance preparatory activities that could not be financed from other resources. Activities eligible for financing would include preparation of project proposals for financing by other donors. A distinguishing feature of this new facility is that advances are to be made on a grant basis, and reimbursement will be required only to the extent that a Bank-financed project results within five years from the date the SPPF advance is approved. Ten SPPF advances, totaling $2.3 million, were approved during the year against a total authorized budget amount of $3.5 million.

Lending for technical assistance represented about 9 percent of the Bank's lending program in fiscal 1985. The largest element of technical assistance continued to be that financed as a component of loans or credits for other purposes. During the year, these technical-assistance components totaled $1,148.4 million in 203 operations, compared with $1,093.2 million in 203 operations in fiscal 1984. In addition, fifteen free-standing, technical-assistance loans and credits were approved for a total of $111.7 million. Comparable figures for the previous year were fifteen loans and credits for a total of $135 million. Three were in support of structural-adjustment lending, and twelve were primarily for other institutional-development objectives.

Among the larger amounts of technical assistance financed as components of Bank loans and credits were $10.14 million of a $22 million agriculture credit to Ethiopia, $6.62 of a $16.4 million public-enterprise rehabilitation credit to Mauritania, $143.9 million of a $160 million transmigration loan to Indonesia, and $13.63 million of a $56 million agricultural loan to Chile. Also included in this category are sectoral technical-assistance or engineering loans or credits to Malaysia for agriculture; to China, Liberia, Sudan, Tanzania, and Uganda for energy; to Malawi and Peru for industry; to Guinea, Niger, and Uruguay for power; to the Philippines for telecommunications; to Turkey for urban development; and to Brazil and Kenya for water supply and sanitation.

The free-standing technical-assistance loans and credits approved during fiscal 1985 went to Benin ($5 million), the Central African Republic ($8 million), Chile ($11 million), Costa Rica ($3.5 million), Ecuador ($8 million), Ethiopia ($4 million), Guinea ($9.5 million), Guinea-Bissau ($6 million), Jamaica ($9 million), Nigeria ($13 million), Rwanda ($4.8 million), Tanzania ($10 million), Togo ($6.2 million), Yemen Arab Republic ($4.7 million), and Zaire ($9 million).

Since 1975, the Bank has had a Project Preparation Facility (PPF), created to help overcome weaknesses in borrowers' capacities to complete project preparation and to support the entities responsible for preparing or carrying out projects. Under the facility, the Bank advances funds to meet gaps in project preparation and to help start up project implementation before the loan or credit becomes effective. During the year, forty-five advances from the PPF amounted to $28.1 million. At the end of the fiscal year, commitments, net of the amount of advances refinanced under subsequent loans and credits, stood at $73.7 million, against a net commitment authority of $99.5 million authorized in August 1981.

While the Bank's lending operations, including the PPF and the SPPF, are the major channels for the provision of technical assistance to its member countries, there are a number of other mechanisms that figure prominently in the Bank's overall technical-assistance effort. Among these is the program announced in fiscal 1982 to place and fund up to twenty-five staff in technical-assistance advisory positions in countries that are eligible for assistance from IDA only. Sixteen of these advisers have been recruited and are now in the field.

The Bank continued to serve as executing agency for projects financed by the United Nations Development Programme (UNDP). At the end of fiscal 1985, the number in progress stood at 123 for a total allocation of $174.7 million, compared with 115 projects with an allocation of $170.5 million at the end of fiscal 1984.

Among the larger new UNDP-financed projects for which the Bank has been designated executing agency are feasibility and engineering studies for agricultural and transportation projects in Bangladesh, a study of alternative modes of vocational training in eight Arab states, and preparation of an investment project to strengthen economic management in Papua New Guinea. Others include preparation of a public-enterprise project in Ghana, planning assistance in the Republic of Korea, and support to the International Irrigation Management Institute.

Reimbursable technical assistance. The Bank's technical cooperation is extended to Arab oil-producing developing countries in the Europe, Middle East, and North Africa region on a reimbursable basis when the annual program exceeds one staffyear of Bank input, such as in the case of Saudi Arabia, Oman, and the Gulf Cooperation Council (GCC), and on a nonreimbursable basis in response to *ad hoc* requests for programs requiring less than one staffyear, such as in the case of Kuwait and the United Arab Emirates. In fiscal 1985, about thirty-four staffyears of reimbursable technical assistance were provided by the Bank.

Saudi Arabia received more than thirty-two staffyears of reimbursable technical assistance, thus accounting for about 94 percent of the 1985 reimbursable program. The activities were provided to several ministries and agencies and covered various sectors and subsectors, such as human resources, systems analysis, infrastructure, and engineering. Oman received about two staffyears of assistance, including the services of field-stationed specialists, mainly for establishing a manpower-planning department in the Ministry of Social Affairs and Labor. The GCC received a small amount of assistance in conducting a study on regional food reserves.

The Bank provided nonreimbursable technical assistance to Kuwait for manpower planning and to the United Arab Emirates in the form of an education-sector survey. In addition, the Bank carried out economic surveys in Kuwait, Bahrain, and the United Arab Emirates.

Environment and Development

Degradation and destruction of environmental systems and natural resources are now assuming massive proportions in some developing countries, threatening continued, sustainable development. The collective actions of a world population approaching 5 billion now appear fully capable of causing continental and even global changes in the resource base upon which all na-

A seaside mangrove forest in Haiti, turned to desert by the poor to make charcoal. Mangroves nurture young fish and shrimp; such destruction, therefore, can ruin fisheries. Nevertheless, the poor must cut mangroves for fuel because there is no alternative.

tional economies rest. As the population grows, human pressures build, and the relationship between people and their natural support systems weakens and threatens, at times, to collapse. If the environment and national resources that underpin and support national economies collapse, the social and political consequences of such dislocations are likely to assume wider dimensions, thereby posing a threat to regional security and international peace.

Although the linkages between environment and development are complex, they are becoming increasingly better known. It is now generally recognized that economic development itself can be an important contributing factor to growing environmental problems in the absence of appropriate safeguards. The major disaster-relief agencies have cited environmentally unsound development as a major cause of natural disaster, indicating that the growing number of victims they are called upon to assist could rightfully be termed "environmental refugees."

The focus of world attention remains on Africa, where the breakdown between people and their environmental support systems is tragically evident. While drought conditions for more than a decade served as a triggering event, the breakdown would seem attributable to trends that are well established; namely, a rapidly growing population and the widespread denudation of the vegetative cover, leading to erosion, soil and water loss, desertification, and lowered crop yields. These effects are observable and their dimensions increasing, raising serious policy issues relating to the long-term sustainability of development patterns in that region of the world.

While it is difficult to generalize about developing countries as a whole, clearly the most critical environmental problems in many of them relate to indiscriminate deforestation and land clearing. In the absence of proper measures, deforestation and land clearing lead to soil erosion, rapid runoff of water and flooding, siltation of hydropower and irrigation schemes, and losses to agricultural productivity in areas well beyond those originally cleared. A joint study by the Food and Agriculture Organization of the UN (FAO) and the United Nations Environment Programme (UNEP) revealed the global decline in tropical forests to be 7.3 million hectares a year, or 14 hectares a minute. But figures for global forest loss underestimate the problem, because large amounts of woody vegetation are being cleared for agriculture and cut for firewood in

Tackling the Pesticide Problem

The use of chemical pesticides for agricultural purposes is growing and promises to continue in the years immediately ahead—they have become an integral part of agricultural technology. It is becoming evident, however, that the indiscriminate use of pesticides can threaten human health and the environment. Moreover, the rapidly increasing cost of pesticides, as well as the development of secondary pest species and the increasing resistance of pest populations to these chemicals, limit their effectiveness. In approaching this problem, the Bank has issued new and strengthened guidelines governing the selection, procurement, and use of these compounds. Charts, suitable for extension workers and others, depicting the "do's and don'ts" of pesticides for illiterate users have been developed, along with a self-teaching short course on the prevention of pesticide poisonings. The aim of these and related efforts is to ensure that the use of pesticides financed under Bank loans and credits is consistent with sound pest-management practices and is accompanied by safeguards to protect the users, the general public, and the environment.

areas that are not "forests." In Africa, 2.3 million hectares of open woodland reportedly are cleared annually. Firewood in many areas is in short supply, and 100 million people now have insufficient fuelwood. The FAO indicates that by the year 2000, some 2.3 billion people will be in desperate need of an immediate alternative to fuelwood. In the interim period, the resulting environmental destruction will further compound the problem.

While deforestation, soil loss, degradation of watersheds, loss of vital water supplies, and reduced agricultural productivity pose serious problems to continued development, they are but a part of a broader array of problems urgently in need of attention. Air and water pollution, disposal of solid and toxic wastes, urban congestion and poor sanitation, misuse of pesticides and other hazardous chemicals, loss of genetic resources, environment-associated health problems, shortages of domestic supplies of energy, overfishing, overgrazing, and marine pollution, among others, have increasingly serious implications for future development.

Environmental and resource problems in developing countries have typically been dealt with by the World Bank and its member-country governments in a number of ways:

• Directly, by investments in water supply and sanitation, solid-waste disposal, water-pollution and air-pollution control, conservation and afforestation projects, by the introduction of associated policy improvements, and by a raising of awareness;

• Directly, by ensuring that development projects damage the environment as little as possible consistent with other project objectives. Assurance may be secured by investments in pollution-control components or other ameliorative measures, or through policy prescriptions; and

• Indirectly, by investments in development projects or by introduction of policies that generate income or improve productivity, thereby creating the means by which individuals can improve their own environment.

Direct involvement in environmental concerns, therefore, is usually associated with large-scale development projects. Such involvement, however, is typically minor in terms of amounts invested. The Bank invested about $800 million in what may be construed as being environmental projects (mainly water supply and sanitation and reforestation) in fiscal 1984, representing about 5 percent of total lending. It is estimated that a further $150 million of Bank lending consisted of preventive and ameliorative measures associated with development projects, primarily in agriculture and industry. These proportions

Preventing Major Industrial Accidents

The toxic gas release in Bhopal, India, and the natural-gas explosion near Mexico City, which caused many deaths and injuries, have highlighted the World Bank's continuing efforts to prevent such disasters in the projects it finances. Industrial activities involving dangerous substances and processes have the potential to give rise to serious injury or damage beyond the immediate vicinity of the work place. The Bank finances projects which, if poorly designed or improperly operated, could constitute a hazardous facility of major proportions. Determined to prevent disasters in such installations, the Bank has issued guidelines that apply to industrial processes and to the storage and transport of hazardous materials. The guidelines require that the borrower must satisfactorily demonstrate that hazards have been recognized and that measures will be taken for their prevention. They are designed to provide a framework in which the operator can supply convincing evidence and justification for the safe operation of the proposed hazardous facility. Adherence to the guidelines in both the design and operational phases of a project's preparation and implementation is seen as a highly necessary step in minimizing the risks of major disasters. Early experience with their use by the Bank suggests they will be adopted by other development-assistance institutions and governments as an effective prescription for disaster prevention.

are small, but they represent a systematic effort to address environmental problems through the medium of large-scale development projects. Nevertheless, environmental degradation continues: not usually because of highly visible, internationally funded development projects, but, more typically, the result of a myriad of individual, relatively small-scale activities, which, among them, account for the bulk of environmental degradation, and which, because of their sheer numbers, are impossible for responsible public agencies to control individually.

In 1970, the World Bank established what has now become the Office of Environmental and Scientific Affairs, with a mandate to examine all projects for their possible consequences to the environment and to incorporate suitable measures for the prevention or mitigation of seriously harmful effects. In association with the six Regional Offices and the IFC, more than 1,500 projects have included environment-protecting and environment-enhancing measures. In addition, the Office, in cooperation with all parts of the Bank, UN agencies, and a growing number of nongovernmental organizations, has prepared and issued guidelines and manuals, conducted training, promoted "environmental" projects, and provided technical assistance to governments and other development-assistance institutions. In 1980, the Bank advanced an international Declaration on the Environment, which eleven major development-assistance agencies signed,[1] agreeing to conduct their activities and harmonize their policies and practices with a careful regard for the environment. The Bank continues to play a leadership role on the interinstitutional committee that monitors adherence to the Declaration and coordinates the environmental work of the institutions. Its most recent work—on the effect of development on tribal peoples, the prevention of Bhopal-types of accidents in hazardous facilities and toxic processes, and in the selection, procurement, and use of pesticides—represents a determined effort to face these issues in a responsible manner.

While the incorporation of environmental measures on a project-by-project basis has been extremely valuable and will be continued, the problems continue to worsen; thus, the establishment of policies, regulations, and incentives that will focus environmentally rational behavior throughout national economies is required if economic development is to be sustained. Their establishment requires integration of the environmental and natural-resource dimensions routinely into country macroeconomic and sector analyses. This, in turn, requires an improved understanding of the physical and biological linkages both within and between sectors, often over a longer time period than is usually considered.

The Bank is now embarked on efforts to establish firmly the technical linkages between environment-affecting activities and their effects, to quantify those effects in monetary terms, and to use monetary estimates to determine investment priorities and appropriate incentives and regulations. A greatly improved understanding of the natural-resource base and environmental systems that support national economies is needed if patterns of development that are sustainable can be determined and recommended to governments. This understanding is being generated through the cooperation of the US National Aeronautics and Space Administration (NASA) and the Global Resource Information and Data System (GRID) that is being developed by UNEP. Working closely with the Bank's Environmental and Scientific Affairs staff, as well as with Bank cartographers, a broad array of sensing and imagery technology, combined with computer-assisted data-analysis systems, is expected to be employed soon in the conduct of country economic and sector work.

The Bank is also attempting to relate more effectively ecological forces to economic trends. The environmental indicators of today foreshadow the economic trends of tomorrow. Economic theory and ecological principles do not easily lend themselves to integration. The rapid, sustained growth of the world economy over the past half century has occurred without a good understanding of its effects on the earth's environmental systems and resources. The collective actions of a rapidly increasing world population on its natural-support systems now clearly pose a risk to society that cannot be ignored.

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[1] The African Development Bank, the Arab Bank for Economic Development in Africa, the Asian Development Bank, the Caribbean Development Bank, the European Investment Bank, the Inter-American Development Bank, the Commission of the European Communities, the Organization of American States, the United Nations Development Programme, the United Nations Environment Programme, and the World Bank.

Bank Finances

Financial developments during fiscal 1985 included record net income of $1,137 million that largely resulted from two factors: The International Bank for Reconstruction and Development positioned its liquid-assets investment portfolio several times during the year in a manner that produced unusually high rates of return; in addition, its borrowing program resulted in the lowest cost of borrowing (7.98 percent) of any fiscal year since 1979.

The basic factors that contributed to the low borrowing costs were the IBRD's substantial access to nominally low-cost currencies, the timing and market rates of its borrowings, the swap program, and the selective use of short-term and variable-rate borrowings at particularly low costs. Medium-term and long-term fixed-rate borrowings by the IBRD reached record annual levels in Swiss francs, Japanese yen, Deutsche mark, Dutch guilders, and Canadian dollars. New initiatives in liability management provided further diversification of the IBRD's sources of funding and added tools for lowering its borrowing costs and lengthening the principal maturity structure of its liabilities. Among these were:

- the further development of Treasury bill-based floating-rate debt instruments in both the Eurodollar and the US domestic markets, including a Eurodollar $500 million borrowing with no final maturity date;
- the tapping, for the first time, of the Asian Canadian-dollar and the Danish-kroner markets, and the reentry into the Belgian-franc and Italian-lire domestic markets after an absence of more than ten years;
- the expansion of the Canadian-dollar borrowing program, both in the fixed-rate and in quasi-perpetual, ninety-nine year variable-rate markets;
- the expansion of the Central Bank Facility to $1,250 million held by forty-five central banks and official institutions;
- the diversification of medium-term and long-term fixed-rate dollar instruments, which included the offering of a thirty-year serial zero-coupon bond issue, the IBRD's first issue designed specifically to reach individual investors in the United States; and
- the initiation of the IBRD's first interest-rate swaps and the further diversification of the currencies used in its currency-swap program.

Income, Expenditures, and Reserves

The IBRD's gross revenues reached a total of $5,529 million in fiscal 1985, up $874 million, or 19 percent, from last year. Gross revenues have risen steadily during the last decade as loan and investment balances have continued to expand.

The outstanding loan portfolio, after exchange translation adjustments, totaled $41,382 million equivalent in forty-five currencies at the end of fiscal 1985, an increase of $3,542 million since June 30, 1984. The average interest rate on outstanding loans during the year was 8.4 percent, producing interest income of $3,239 million. In addition, commitment charges of 0.75 percent on undisbursed loan balances produced $239 million, and front-end fees of 0.25 percent charged on loans submitted for approval through January 8, 1985, were $10 million. Altogether, the income on loans was $3,488 million, for a rate of return on average loans outstanding of 9.0 percent.

Since July 1982, IBRD loans have been made at variable rates. Before then, they were made at fixed rates. The lending rate on all loans made under the variable-rate system is adjusted semiannually, on January 1 and July 1, by adding a spread of 0.50 percent to the IBRD's weighted average cost during the prior six months of a "pool" of borrowings representing outstanding borrowings drawn down after June 30, 1982. The variable lending rate has steadily declined from 11.43 percent when it was introduced in July 1982. On January 1, 1985, the lending rate was reduced from 9.89 percent to 9.29 percent. Contributing to the size of this decrease was a decision by the Executive Board to delete from the pool, six months ahead of schedule, a "proxy" consisting of borrowings made in the year ending June 30, 1982. The proxy was to have been included in the pool for three years to prevent undue volatility of the lending rate. On July 1, 1985, the lending rate was reset at 8.82 percent.

At June 30, 1985, liquid assets aggregated $17,360 million net of commitments for settlements and cash collateral received on loaned securities, an increase of $2,491 million over June 30, 1984. The IBRD seeks to maintain cash and liquid investments in a range of 40 percent to 45 percent of its projected net cash requirements for

***Table 3-4.* IBRD Average Costs, Profitability, and Returns**
(percentages, based on average balances during fiscal year)

	Fiscal Year 1985	Fiscal Year 1984
Fiscal year costs		
Average cost of:		
New borrowings in fiscal 1985	7.98	8.42
Total debt outstanding	8.67	8.75
Total funds (debt and equity[a])	7.44	7.48
Fiscal year returns		
Average returns on:		
Loans disbursed and outstanding[b]	9.04	8.98
Liquid investments[c]	12.63	9.95
Total earning assets	10.10	9.25
Profitability measures		
Spreads (difference between)		
Loans:		
Return on loans outstanding and cost of total debt	0.37	0.23
Return on loans outstanding and cost of total funds	1.60	1.50
Liquidity:		
Return on liquid investments and cost of total debt	3.96	1.20
Return on liquid investments and cost of total funds	5.19	2.47
Earning assets:		
Return on total earning assets and cost of total funds	2.66	1.77
Net income		
Return on average equity[a]	14.90	8.36
Return on average liquid investments and loans (earning assets)	2.09	1.20
Leverage and returns on capital		
Ratio of outstanding loans to equity[d]	4.0:1	4.1:1
Ratio of outstanding debt to equity[d]	4.9:1	4.8:1

a. Equity defined as usable paid-in capital, reserves, and accumulated net income.

b. Interest on loans, commitment charges, and front-end fees as a percentage of average disbursed loans outstanding.

c. Book return includes realized capital gains (losses). Financial return, including unrealized capital gains (losses), was 16.15 percent for fiscal 1985 and 9.20 percent for fiscal 1984.

d. Equity defined as total paid-in capital, reserves, and accumulated net income.

the next three years; if liquidity falls outside this range, as on June 30, 1985, when it reached 47 percent, the IBRD adjusts its borrowing program for the succeeding fiscal year to bring its liquidity to within the 40-45 percent range. The IBRD's liquidity is designed to assure flexibility in the IBRD's borrowing decisions and to permit it to meet adequately its cash requirements in case borrowings are temporarily affected by adverse conditions in the capital markets.

The IBRD invests its liquid assets and actively manages these investments through the year. In fiscal 1985, these investments yielded an average realized rate of return of 12.63 percent and generated $2,019 million of investment income, compared with 9.95 percent and $1,399 million in fiscal 1984. The "financial return," which, unlike the realized rate of return, includes unrealized gains and losses, was 16.15 percent for fiscal 1985, compared with 9.20 percent for the prior year.

Record returns on the IBRD's investment portfolio continued to provide positive spreads on the IBRD's liquidity at rates higher than both the cost of total outstanding debt and borrowing costs during the fiscal year. Thus, the spread between the IBRD's return on liquid investments and the cost of its average total outstanding debt during fiscal 1985 was 3.96 percent, compared with 1.20 percent the prior year; the spread between the return on liquid investment and the cost of total funds (debt plus equity) was 5.19 percent, compared with 2.47 percent in fiscal 1984; and the spread between the return on liquid investments and the cost of new borrowings in fiscal 1985 was 4.65 percent compared with 1.53 percent the year before.

The IBRD's security-loan program continued to grow during the past fiscal year. This program produced over $23 million in additional income in fiscal 1985, and a total of $67 million since its inception in January 1982. Legal agreements covering these transactions with a select group of primary dealers further assure the safety of these security loans.

An additional $22 million of revenues was derived from other income.

The IBRD's expenditures, which include administrative expenses, interest, contributions to special programs, and issuance costs on borrowings, totaled $4,392 million, up 8.3 percent from the previous year. Costs associated with the IBRD's borrowings—interest of $3,933 million and bond-issuance charges and other financial expenses of $65 million—were by far the IBRD's major expenditures. Administrative costs totaled $355 million, up $25 million, after deducting $273 million for the management fee charged to IDA and $3.0 million for the service-and-support fee charged to the International Finance Corporation.

Net income for fiscal 1985 was a record $1,137 million, up $537 million from the year before. This 90 percent increase, as noted earlier, was primarily a result of high returns on the

Table 3-5. IBRD Borrowings, Fiscal Year 1985
(millions)

Type	Issue	Currency of issue		US-dollar equivalents[a]
Public offerings				
Austria	8.25% ten-year bonds, due 1994	S	900.0	41.8
Belgium	11.5% five-year bonds, due 1989	BF	3,000.0	50.5
Germany, Federal Republic of	8.125% ten-year bonds, due 1994	DM	300.0	103.2
	7.625% ten-year bonds, due 1994	DM	400.0	129.1
	7.125% ten-year bonds, due 1995	DM	500.0	161.8
	7.25% ten-year bonds, due 1995	DM	500.0	157.1
	7.75% ten-year bonds, due 1995	DM	300.0	89.4
Italy	12.50% seven-year bonds, due 1992	Lit	100,000.0	51.2
Japan	7.70% twelve-year bonds, due 1996	¥	30,000.0	129.2
	7.40% twelve-year bonds, due 1996	¥	40,000.0	163.6
	7% fifteen-year bonds, due 1999	¥	50,000.0	205.4
	6.70% fifteen-year bonds, due 2000	¥	50,000.0	196.9
	7.30% fifteen-year bonds, due 2000	¥	50,000.0	195.0
Luxembourg	9.25% five-year bonds, due 1990	LuxF	1,000.0	15.8
Netherlands	8.75 bonds, due 1990/94	f.	300.0	91.0
	8.25% bonds, due 1991/95	f.	300.0	82.2
Switzerland	6.125% ten-year bonds, due 1994	SwF	200.0	84.2
	5.75% ten-year bonds, due 1994	SwF	150.0	61.8
	6% ten-year bonds, due 1995	SwF	200.0	70.7
United Kingdom	11.50% loan stock, due 2003	£	100.0	130.7
United States	11.625% ten-year notes, due 1994	$	300.0	300.0
	Five-year floating-rate notes, due 1990	$	150.0	150.0
	Zero coupon bonds, due 1985–2015	$	310.5	310.5
	Five-year floating-rate notes, due 1990	$	150.0	150.0
Eurobond market	12.875% ten-year notes, due 1994	$	200.0	200.0
	12.25% ten-year notes, due 1994	$	150.0	150.0
	11% seven-year notes, due 1994	$	300.0	300.0
	Undated floating-rate notes	$	500.0	500.0
	12.75% seven-year notes, due 1991	Can$	75.0	57.8
	7.75% five-year notes, due 1989	f.	100.0	29.4
	7.50% five-year notes, due 1990	f.	150.0	42.7
	11% seven-year notes, due 1991	NKr	250.0	29.4
	6.625% ten-year bonds, due 1994	¥	20,000.0	81.1
	6.625% five-year bonds, due 1990	¥	25,000.0	98.0
	10.625% five-year notes, due 1989 (Tranche I)	£	50.0	62.4
	11% ten-year notes, due 1994 (Tranche II)	£	50.0	62.3
	11.25% ten-year notes, due 1995	£	100.0	109.1
	10.25% five-year bonds, due 1989 (Tranche I)	ECU	125.0	89.9
	10.625% ten-year bonds, due 1994 (Tranche II)	ECU	75.0	53.9
	9.375% ten-year bonds, due 1995	ECU	50.0	34.5
Asian bond market	12.625% five-year notes, due 1989	$	100.0	100.0
	12.50% seven-year notes, due 1991	Can$	75.0	57.1
Total public offerings				5,178.7
Placements with central banks and governments				
Germany, Federal Republic of	7.90% note, due 1989	DM	250.0	87.9
	6.90% note, due 1990	DM	250.0	79.4
Japan	7.34% yen obligations, due 1991	¥	15,000.0	60.4
	6.91% yen obligations, due 1991	¥	15,000.0	60.2
Other	11.75% bonds, due 1990	Can$	50.0	37.9
	6.375% bonds, due 1987/89	DM	250.0	80.9
	7.50% bonds, due 1988/90	DM	300.0	95.6
	7% bonds, due 1990	¥	15,000.0	58.9

(continued)

Table 3-5 *(continued)*
(millions)

Type	Issue	Currency of issue		US-dollar equivalents[a]
	8.75% bonds, due 1991	f.	100.0	30.9
	7.5% bonds, due 1988/90	f.	300.0	86.1
	7.5% bonds, due 1988/90	f.	250.0	70.5
	5.5625% notes, due 1986 (Tranche I)	SwF	100.0	40.1
	5.625% notes, due 1987 (Tranche II)	SwF	100.0	40.1
	5.25% bonds, due 1987/89	SwF	250.0	98.0
	5.875% bonds, due 1988/90	SwF	200.0	75.3
	12.80% notes, due 1989	$	50.0	50.0
International[b]	12.76% two-year bonds, due 1986	$	276.2	276.2
	10.38% two-year bonds, due 1987	$	291.1	291.1
	5.625% two-year notes, due 1986	SwF	306.2	124.5
	5.25% two-year notes, due 1986	SwF	100.5	41.2
	5.75% two-year notes, due 1987	SwF	228.7	78.2
Central bank facility		$	501.0	501.0
Total placements with central banks and governments				2,364.4
Other placements				
Austria	8% notes, due 1989	S	450.0	22.6
	7.5% notes, due 1990	S	415.0	19.2
Canada	Ninety-nine-year floating-rate notes, due 2083	Can$	100.0	76.0
	Ninety-nine-year floating-rate notes, due 2083	Can$	100.0	75.6
Denmark	11.625% bonds, due 1992	DKr	200.0	17.4
Germany, Federal Republic of	8.55% loan, due 1994	DM	100.0	35.2
	8.72% loan, due 1988/94	DM	100.0	34.9
	8.50% loan, due 1992	DM	100.0	34.7
	8.07% loan, due 1989	DM	150.0	50.1
	7.625% notes, due 1990	DM	200.0	66.8
	7.375% loan, due 1989	DM	100.0	32.3
	7.375% notes, due 1991	DM	200.0	68.6
	7.58% loan, due 1990	DM	100.0	34.3
	7.125% notes, due 1989	DM	200.0	67.8
	7.30% loan, due 1989	DM	100.0	32.5
	7.63% loan, due 1990	DM	100.0	31.5
	7.50% notes, due 1990	DM	200.0	59.6
	7.25% notes, due 1992	DM	200.0	63.7
	7.125% notes, due 1991	DM	200.0	62.9
Japan	8% loan, due 1993/96	¥	55,000.0	227.4
	8% loan, due 1993/96	¥	35,000.0	144.7
	7.90% loan, due 1992	¥	20,000.0	81.5
	7.90% loan, due 1992	¥	20,000.0	81.5
	7.50% loan, due 1997	¥	50,000.0	191.6
	7.50% loan, due 1997	¥	30,000.0	115.0
Netherlands	9.25% loan, due 1990/94 (Tranche I)	f.	100.0	31.8
	9% loan, due 1989 (Tranche II)	f.	50.0	15.9
	9% loan, due 1990/94	f.	300.0	90.1
	8.25% loan, due 1989/91	f.	60.0	17.6
	7.875% loan, due 1986/2000 (Tranche I)	f.	77.4	23.3
	7.875% loan, due 1991/2000 (Tranche II)	f.	45.7	13.7
	7.875% loan, due 1996/2005 (Tranche III)	f.	27.0	8.1
	7.75% loan, due 1990/94	f.	100.0	28.8
	8.75% loan, due 1991/2000 (Tranche I)	f.	100.0	26.5
	8.625% loan, due 1988/95 (Tranche II)	f.	100.0	26.5
	8% loan, due 1990	f.	50.0	14.1
	8.125% loan, due 1991/2000	f.	100.0	29.6

Type	Issue	Currency of issue		US-dollar equivalents[a]
Switzerland	6% notes, due 1989	SwF	100.0	43.1
	6.0625% notes, due 1989	SwF	75.0	31.2
	6.4375% loan, due 1989	SwF	100.0	41.0
	5.625% notes, due 1987 (Tranche I)	SwF	100.0	41.3
	6% notes, due 1989 (Tranche II)	SwF	150.0	61.9
	6.25% loan, due 1988/93	SwF	69.0	28.7
	6.125% bonds, due 1991	SwF	240.0	99.7
	6.625% notes, due 1989	SwF	350.0	146.1
	6.50% loan, due 1992	SwF	100.0	40.0
	6.25% loan, due 1990	SwF	80.0	31.4
	6% notes, due 1990	SwF	300.0	117.8
	6.30% loan, due 1991	SwF	76.0	30.6
	5.732% loan, due 1988 (Tranche I)	SwF	45.1	18.1
	6.13% loan, due 1991 (Tranche II)	SwF	55.2	22.1
	6.125% loan, due 1990	SwF	500.0	197.6
	6% loan, due 1989	SwF	100.0	39.5
	6.75% loan, due 1992	SwF	75.0	29.3
	5.50% notes, due 1991	SwF	300.0	113.3
	6.25% loan, due 1990	SwF	75.0	28.2
	6.0625% loan, due 1990	SwF	200.0	77.7
Other	9.5% notes, due 1992	ECU	60.0	42.7
Total other placements				3,334.7
Discount-note program		$	208.0	208.0[c]
Total borrowings, fiscal year 1985				11,085.8

a. Based on official rates at the time of Board approval.
b. These issues were placed with central banks, government agencies, and international organizations.
c. Increase in discount notes outstanding at June 30, 1985, over amounts outstanding at June 30, 1984.

IBRD's liquidity and low borrowing costs. These more than offset the income-reducing effect of reductions in the front-end fee on new loans. The fee was lowered twice during fiscal 1984—from 1.50 percent to 0.75 percent and then to 0.25 percent; in view of earnings prospects, the IBRD has not charged a front-end fee for loans submitted for approval after January 8, 1985.

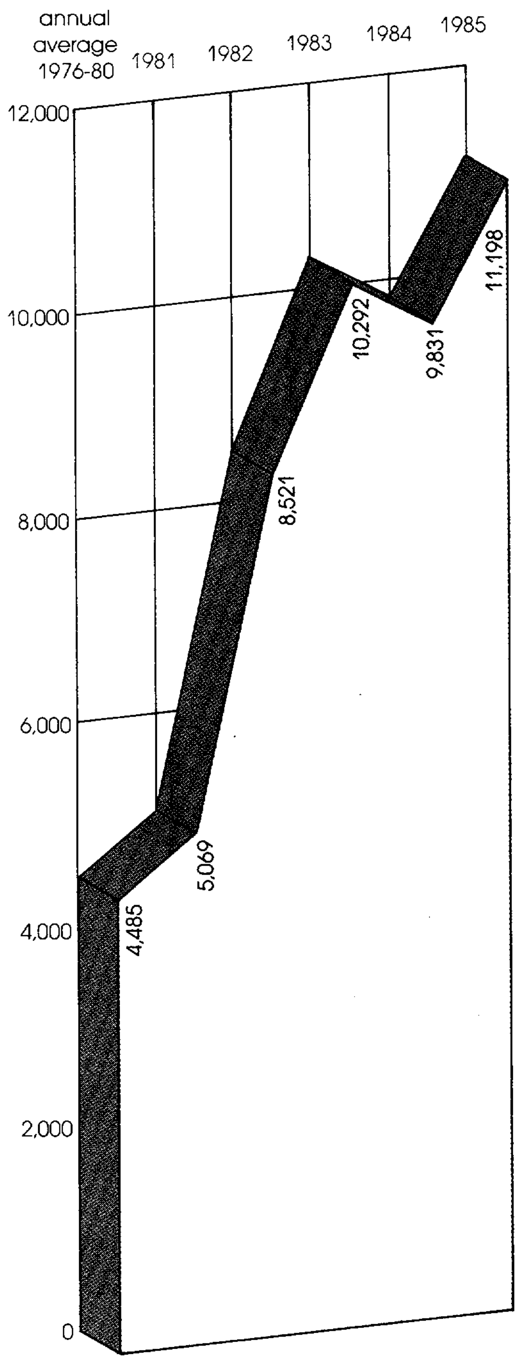
During fiscal 1985, the IBRD's General Reserve was increased by $277 million, after translation adjustments, bringing the total to $3,727 million. Of the $600 million in net income earned in fiscal 1984, $100 million was allocated by the Board of Governors as a grant to IDA; the remaining $500 million was allocated to the General Reserve.

The IBRD does not trade in any currencies for its own account. Adjustments arising from translation of currencies to US-dollar equivalents do not result in realized gains or losses as would occur with actual conversions into US dollars. Because of this, the General Reserve, rather than net income, is charged or credited annually with the amount of adjustment resulting from currency depreciations or appreciations. In fiscal 1985, the translation of currencies into US-dollar equivalents resulted in a $250 million reduction of the General Reserve, compared with $265 million in fiscal 1984.

When gold was formally abolished in 1978 as a common denominator of the monetary system, the IBRD began expressing its capital, for purposes of the financial statements, on the basis of the special drawing right (SDR). As a result, the portion paid in US dollars and the national-currency portion of the capital subscriptions released by certain member countries for lending in US dollars are revalued at the rate of exchange of the US dollar to the SDR. The adjustment resulting from this revaluation is also charged against, or credited to, the General Reserve. In fiscal 1985, these adjustments resulted in a credit to the General Reserve of $28 million, compared with $29 million in fiscal 1984.

Figure 3-1. IBRD Total Borrowings, Fiscal 1976–85

(US$ millions; fiscal years)



Loans: IBRD

As of June 30, 1985, the IBRD held $81,583 million of loans. This amount included $10,940 million of loans that had been approved but had not yet become effective and $1,171 million of loans to the International Finance Corporation. Loans disbursed and outstanding totaled $41,382 million, including $696 million to the International Finance Corporation.

Disbursements on loans to countries totaled $8,645 million in fiscal 1985, compared with $8,580 million in fiscal 1984. Since the IBRD began operations, it has disbursed $68,430 million to its borrowing member countries.

Repayments of principal on the IBRD's loans, based on the exchange rates at the time of disbursement, amounted to $3,266 million in fiscal 1985. This included $3 million to investors who had purchased portions of loans. Cumulative loan repayments as of June 30, 1985, were $22,356 million: $19,392 million to the IBRD and $2,964 million to purchasers of loans.

Borrowings: IBRD

Borrowings in international capital markets provide the major portion of the funds for the IBRD's lending operations and are supplemented by the other principal financial resources of the IBRD, which are its usable paid-in capital, accumulated earnings, and loan repayments. Total borrowings by the IBRD in fiscal 1985, consisting of new medium-term and long-term borrowings plus incremental short-term discount-rate and Central Bank Facility borrowings outstanding on June 30, 1985, amounted to the equivalent of $11,086 million, or $1,255 million over borrowings in fiscal 1984. The total does not include refinancings of short-term borrowings that were outstanding at the end of fiscal 1984—some $2,000 million in discount notes and $749 million in the Central Bank Facility. Those refinancings brought the IBRD's "gross borrowings" for fiscal 1985 to $13,835 million.

Direct short-term, medium-term, and long-term borrowings in US dollars contributed the largest share (32 percent) of the total borrowing program for fiscal 1985. Direct borrowings of Deutsche mark (15 percent), Japanese yen (19 percent), Swiss francs (18 percent), and Dutch guilders (7 percent), contributed 59 percent of the program, and other currencies accounted for 9 percent. After taking into account currency-hedged swap transactions—commonly referred to as currency swaps—which changed the "effective" liability structure of the program, the "effective" borrowed currencies in fiscal 1985 were Deutsche mark (17 percent), Dutch guilders (8 percent), Japanese yen (20 percent), Swiss francs (25 percent), the US dollar (23 percent), and other currencies (7 percent).

Table 3-6. **IBRD Fiscal Year 1985 Borrowings, by Currency**

	Amount (US$ millions equivalent)					Maturity	Cost
	Before swaps	percent	Swaps	After swaps	percent	(years)	(after swaps, percent)
Medium- and long-term fixed rate							
US dollars	1,977.8	18	−1,058.0	919.8	8	14.5	11.87
Deutsche mark	1,659.3	15	267.6	1,926.9	17	6.9	7.61
Swiss francs	1,952.7	18	887.5	2,840.2	25	5.7	5.89
Japanese yen	2,090.4	19	108.8	2,199.2	20	10.0	7.54
Dutch guilders	758.8	7	95.9	854.7	8	6.6	8.27
Pounds sterling	364.5	3	−41.2	323.3	3	12.8	11.37
Austrian shillings	83.6	1	−58.3	25.3	0	5.4	8.50
Canadian dollars	152.8	1	−154.0	−1.2	0	—	—
Belgian francs	50.5	0	−50.4	0.1	0	6.0	11.73
Norwegian kroner	29.4	0	0.0	29.4	0	7.0	11.09
European currency units	221.0	2	−63.5	157.5	1	7.1	10.33
Luxembourg francs	15.8	0	−15.8	0.0	0	—	—
Italian lire	51.2	0	−51.2	0.0	0	—	—
Danish kroner	17.4	0	−17.4	0.0	0	—	—
Total	9,425.2	85	−150.0	9,275.2	84	8.2	7.74
Medium- and long-term variable rate							
Canadian dollars	151.6	1	—	151.6	1	99.0	10.37
US dollars	800.0	7	—	800.0	7	5.2	8.85
US dollars swapped[a]	—	—	150.0	150.0	1	7.0	8.25
Total	10,376.8	94	150.0	10,376.8	94	9.3	7.87
Short-term							
US-dollar Central Bank Facility	501.0	5	—	501.0	5	1.0	9.94
US-dollar Discount Notes	208.0	2	—	208.0	2	0.1	8.47
Total	11,085.8	100	0	11,085.8	100	8.6	7.98

NOTE: Details may not add to totals because of rounding.
a. Represents interest-rate swaps from fixed rate to variable rate.

During the fiscal year, the IBRD's Swiss-franc operations reached a record level of $2,840 million equivalent, consisting of Swf4,926 million in borrowings and Swf2,212 million in swap transactions. This record level was attributable to: (a) the continued appreciation of the US dollar during the year, which allowed for greater borrowings in Swiss francs under the ceiling in US-dollar equivalent authorized by the Swiss National Bank; (b) the diversification of new sources of Swiss-franc borrowings in Switzerland; and (c) the generally good market conditions that have allowed the IBRD to enter this market as frequently as needed.

Swap Transactions

Fifty currency-swap transactions were executed in fiscal 1985 aggregating $1,360 million; $887 million was swapped into Swiss francs, $268 million into Deutsche mark, $96 million into Netherlands guilders, and $109 million into Japanese yen. All the currency swaps were for medium-term to long-term maturities, with an average maturity of 6.4 years. These transactions reduced the IBRD's borrowing cost for the $1,360 million by 5.56 percent, and the cost of the total borrowings ($11,086 million) by 68 basis points (hundredths of 1 percent). In the four fiscal years, 1982 through 1985, the IBRD has engaged in swap transactions that aggregate $5,147 million.

Currency swaps have been employed to lower the costs of funds available for the IBRD's lending operations in three ways. First, they have enabled the IBRD to increase its access to nominal low-cost currencies beyond that which would have been efficient through direct borrowing operations. Second, they have allowed the IBRD to obtain currencies at costs lower than those available through direct market borrowings. Between fiscal years 1982 and 1985, the IBRD was able to swap out of currencies with an average nominal interest rate of 12.62 percent into currencies with an average nominal cost of 7.04 percent.

Third, swaps have enabled the IBRD to broaden the base of its direct borrowing operations by permitting it to tap a wider range of capital markets and currencies than it would otherwise have done on cost considerations alone. For example, the availability of currency-swap opportunities was an important consideration in the decision to borrow in the European Currency Unit market and in the markets for Belgian francs, Canadian dollars, Danish kroner, and Italian lire. The IBRD also executed its first interest-rate swap transactions during fiscal 1985. Two swap operations were concluded in an aggregate amount of $150 million. Both transactions swapped fixed-rate US dollars into floating-rate dollars where the IBRD paid a floating rate based on three-month Treasury bills. The average maturity of the two swaps was eight years.

Sources of Funds

The IBRD sells its securities through direct placement with official sources (governments, government institutions, and central banks) and in the private sector (markets where securities are offered to investors through public offerings, loans and private placements by investment-banking firms, merchant banks, commercial banks, and savings institutions). Of the 121 medium-term and long-term borrowing operations that the IBRD conducted during fiscal 1985, 100 were in the private sector throughout the world and accounted for $8,513 million, or 77 percent, of the total amount of funds borrowed. The other medium-term and long-term issues, totaling $1,863 million, or 17 percent of the funds raised, were placed with official sources. Short-term borrowings outstanding on June 30, 1985, totaled $3,458 million: $2,208 million in market borrowings of discount notes (an increase of $208 million over the amount outstanding at the end of fiscal 1984) and $1,250 million in official borrowings through the Central Bank Facility (an increase of $501 million over the amount outstanding at the end of fiscal 1984). These increases accounted for 6 percent of the fiscal year's total borrowing program.

The IBRD's securities have been placed with investors in more than 100 countries in Africa, Asia, Australia, Europe, the Middle East, and North and South America. This diversity allows the IBRD flexibility in selecting the markets that will allow optimum borrowing conditions; the same diversity lessens its dependence on any specific market.

The $11,086 million of total IBRD borrowings in fiscal 1985, including $709 million of incremental short-term obligations outstanding on June 30, 1985, consisted of the currencies listed in the table on page 81. Of these borrowings, $8,996 million represented new funds, and $1,381 million represented refinancing of outstanding medium-term and long-term borrowings. In addition, there was $2,749 million of short-term borrowings outstanding at June 30, 1985, that had been outstanding at the end of fiscal 1984 and refinanced during fiscal 1985.

A total of $3,846 million equivalent of debt, not including short-term notes, matured during the year. Additional debt, not including short-term notes, aggregating $102 million, was retired by means of sinking-fund and purchase-fund operations.

The face amount of the IBRD's outstanding obligations increased $5,290 million to $50,319 million as of June 30, 1985. These obligations were denominated in twenty different currencies and currency units. A summary classification of outstanding borrowings, by currency at June 30, 1985, is set forth in Appendix E of the IBRD Financial Statements.

Cost of Borrowings

The cost, after currency swaps and interest-rate swaps, of total borrowings by the IBRD in the fiscal year, weighted by amount, was 7.98 percent. This compares with 8.42 percent for fiscal 1984 and was the IBRD's lowest cost of new borrowings in the last six years. The equivalent figure for the $13,835 million of gross borrowings (including the refinancing of $2,749 million of short-term debt) was 8.31 percent. The aver-

***Table 3-7.* Cost of the IBRD's Average Outstanding Borrowings, Fiscal 1980–85**

Year	Average principal outstanding (US$ millions)	Cost (percentage)
1980	27,644	7.28
1981	28,810	7.41
1982	30,201	8.15
1983	35,228	8.90
1984	42,116	8.75
1985	46,066	8.67

age cost of total funds to the IBRD (debt plus equity, that is, paid-in capital and retained earnings), was 7.44 percent compared with 7.48 percent for the prior year. The average cost, after swaps, of total borrowings in fiscal 1985 breaks down as follows: fixed-rate, medium-term and long-term borrowings of $9,275 million cost 7.74 percent; variable-rate, medium-term and long-term borrowings of $1,102 million cost 8.98 percent; incremental short-term borrowings of $709 million cost 9.51 percent. In addition, refinancing of short-term borrowings outstanding at the end of fiscal 1984 cost 9.75 percent.

The use of interest-sensitive instruments (variable-rate and short-term borrowings) has allowed the IBRD to take advantage of lower interest rates at the short end of the yield curve in US and Canadian dollars. The low costs were particularly evident in the discount-note program.

The cost of the IBRD's average outstanding borrowings was 8.67 percent compared with 8.70 percent for fiscal 1984. The cost, after currency and interest-rate swaps, of the IBRD's average outstanding borrowings for each of the past six fiscal years is summarized in Table 3-7 on page 82.

Capitalization

The capital stock of the IBRD and the subscriptions thereto of its members are expressed, under the Articles of Agreement, in terms of the United States dollar of the weight and fineness in effect on July 1, 1944 (1944 dollars).

Since the effectiveness on April 1, 1978, of the Second Amendment to the Articles of Agreement of the International Monetary Fund (IMF), currencies no longer have par values, and the basis for translating the 1944 dollar into current United States dollars no longer exists. The IBRD is examining the implication of this change on the valuation of its capital stock and the impact it will have on its financial statements. For the time being, payments on account of subscriptions, however, are accepted at the equivalent of $120,635 per share of capital stock.

For purposes of its primary financial statements, the IBRD has expressed the value of its capital stock on the basis of the SDR in terms of United States dollars as computed by the IMF on June 28, 1985 ($0.998281 per SDR).

On January 4, 1980, the IBRD's Board of Governors adopted a resolution that increased the authorized capital stock of the IBRD by 331,500 shares; this provided for a paid-in portion of 7.5 percent, compared with the 10 percent paid-in portion of previously existing capital stock. The Governors also adopted a resolution that increased the authorized capital stock by an additional 33,500 shares and that authorized each member to subscribe to 250 shares of this additional capital, none of which had to be paid in. Increases in subscriptions authorized by the terms of these resolutions amounted to SDR 24,511.9 million (about $24,469.8 million) as of June 30, 1985.

In August 1984, there was a selective capital increase (SCI) in the IBRD's authorized capital of 70,000 shares (about $8,400 million on the basis of the current subscription price). Selective

***Table 3-8.* Capital Subscriptions, Fiscal 1985**
(SDR millions)

Type and country	Amount
General capital increase	
Belgium	190.3
Canada	334.4
Fiji	2.8
Finland	33.4
France	534.6
Guinea	47.4
Haiti	41.3
Hungary	216.1
Ivory Coast	25.0
Kenya	76.5
Luxembourg	5.5
Mauritius	45.7
New Zealand	29.4
Qatar	58.8
Solomon Islands	26.6
South Africa	225.0
Spain	451.0
Sri Lanka	114.9
United States	1,212.7
Western Samoa	25.0
Zaire	140.7
Total	3,837.1
Subscriptions from new members	
Mozambique	27.2
St. Christopher and Nevis	2.5
Total	29.7
Other increases in subscriptions	
Brazil	8.8
El Salvador	2.1
Guinea	3.9
Haiti	0.2
Honduras	2.6
Japan	662.4
Korea, Republic of	21.6
Qatar	18.1
Spain	7.4
Uruguay	10.7
Zaire	27.6
Total	765.4

increases totaling 69,074 shares were authorized for subscription by certain members. The closing date for the subscription period is December 31, 1986. Japan, the Republic of Korea, and Qatar have subscribed to this increase.

Capital subscribed during fiscal 1985 is shown in Table 3-8.

On June 30, 1985, the authorized capital stock of the IBRD stood at SDR78,650 million; its subscribed capital was SDR58,948 million.

Finances: IDA

The International Development Association (IDA) held a total of $33,997 million in credits on June 30, 1985, including $2,698 million approved but not yet effective. Of the $31,299 million of effective credits, $9,304 million was undisbursed at the end of the year.

Disbursements totaled $2,491 million (including disbursements from the IDA Special Fund) in fiscal 1985, compared with $2,524 million in fiscal 1984. As of June 30, 1985, IDA had disbursed a total of $22,755 million since the start of its operations.

The resources provided to IDA were $2,566 million during the period, including amounts provided by members of $2,248 million, which consisted primarily of contributions to the sixth and seventh replenishments and the FY84 Account, which aggregated $2,637 million, adjusted for the effects of currency depreciations of $389 million on resources provided by members in prior fiscal years. The seventh replenishment became effective on March 31, 1985. The IBRD granted $100 million to IDA from its fiscal 1984 net income. Other resources that became available to IDA during the fiscal year totaled $250 million, and were derived primarily from grant participations in, cancellations of, and repayments on credits.

Chapter Four
1985 Regional Perspectives

Eastern and Southern Africa

The *Annual Report* of the World Bank for 1980 emphasized the setbacks experienced in the 1970s by Eastern and Southern African countries in their efforts to raise their standards of living. That *Report* reviewed the combination of exogenous shocks and policy-related maladjustments that had dampened economic growth and accentuated financial imbalances. In the five years since then, many of the region's countries have experienced additional shocks, most notably widespread drought, and some have suffered continuing declines in per capita incomes and consumption. At the midpoint in the decade of the 1980s, however, it is encouraging to observe that a number of African governments have started to adopt significant measures to deal with their economic difficulties.

Table 4-1. Eastern and Southern Africa: 1983 Population and Per Capita GNP of Country Borrowers, Fiscal 1983–85

Country borrowers, fiscal 1983–85	Population[a] (thousands)	Per capita GNP 1983[b] (US$)
Botswana	998	920
Burundi	4,465	240
Comoros	368	n.a.
Djibouti	399	n.a.
Ethiopia	40,900	120
Kenya	18,902	340
Lesotho	1,451	460
Madagascar	9,452	310
Malawi	6,626	210
Mauritius	993	1,160
Mozambique	13,083	n.a.
Rwanda	5,674	270
Seychelles	65	2,400
Somalia	5,086	250
Sudan	20,807	400
Swaziland	705	870
Tanzania[c]	20,771	240
Uganda	13,881	220
Zaire	29,671	170
Zambia	6,259	580
Zimbabwe	7,856	740

NOTE: The 1983 estimates of GNP per capita presented above are from the "World Development Indicators" in the *World Development Report 1985*.

n.a. Not available.

a. Estimates for mid 1983.

b. *World Bank Atlas* methodology, 1981–83 base period.

c. The GNP per capita refers to mainland Tanzania only.

A Growing Need for Adjustment

As of 1980, it was noted that the pace of expansion in real gross domestic product (GDP) and in exports had slowed markedly since the first oil-price increase in 1973–74. This declining trend through the mid and late 1970s applied to eight of the twelve countries that account for almost 90 percent of the region's population.[1] There was a parallel fall in the rate of capital formation in nine countries. As a result of this significant slackening in economic activity, many countries, by 1980, were experiencing acute financial pressures. Budget deficits in 1980, financed by borrowing from central and commercial banks, had risen steeply and exceeded 5 percent of GDP in seven countries. The deficit on the current account of the balance of payments had also increased sharply in seven cases and exceeded 10 percent of GDP in 1980; in several other countries, the corresponding percentage was higher than 51 percent. In several instances, arrears on debt service had begun to accumulate. The pace of inflation had also gathered momentum, and nine countries experienced double-digit inflation in 1980.

This slowing down of economic growth and the emergence of severe financial disequilibria owed their origin, in part, to some common factors such as the two large oil-price increases and declining international prices for African exports. Compounding the difficulties stemming from these common influences were some country-specific problems such as civil conflict and drought. Three countries were affected by the collapse of the East African Community. The mounting economic difficulties were also a consequence of a number of policy-induced distortions, including overvalued currencies, inadequate producer prices, excessive budget subsidies, a proliferation of inefficient parastatal enterprises, and high protection against imports of manufactured consumer goods. Scarcities of professional skills and weaknesses in the institu-

[1] The twelve are Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Somalia, Sudan, Tanzania, Uganda, Zaire, Zambia, and Zimbabwe.

tional base common to most countries in the region were reflected in the limited capacity of governments to manage effectively either their public-investment programs and projects or their deteriorating macroeconomic situation.

Continuing Shocks and Crises in the 1980s

The period since 1980 has been characterized also by a number of adverse events emanating from the world economy and from climatic disturbances. First, the combined index of export prices (1978–80 = 100) for Eastern and Southern African countries declined from 116 in 1980 to 81 in 1982. Subsequent world recovery provided considerable relief to many developing countries, but generated only limited and delayed benefits for countries in this region. All countries in the region have benefited from the lower world oil prices of recent years, and in calendar year 1984, exporters of tea and coffee benefited from somewhat higher world prices for those commodities. In 1984, however, export prices of sugar, bananas, and copper all declined. As of the end of 1984, the regional export-price index stood at 82 (that is, at just about the 1983 level), and little improvement in the terms of trade is expected this year or next.

Second among the adverse events affecting the region has been a decline in aid flows. Whereas the net flow (in real terms) of official development assistance (ODA) to the twelve major countries had risen by almost 13 percent annually during the 1970s, this flow rose by only 4 percent and 7 percent in 1981 and 1982, respectively. Since 1982, there has been a decline in ODA. Although grant flows have generally been maintained and, in some cases, increased, net official medium-term and long-term lending (on commercial, as well as on concessionary terms) has fallen markedly. Whereas in the 1970s such lending had risen in real terms at an average annual rate of about 10 percent, the net flow has contracted by 54 percent in real terms since the peak was reached in 1980. This contraction has largely been the result of a decline in gross loan disbursements—from approximately $4 billion in 1980 to $2 billion in 1983.

The fall in net disbursements would have been much larger had the African countries paid the debt-service obligations on their original terms. In any case, despite the numerous debt reschedulings in recent years of both official and commercial debt, arrears owed by several of the sample countries amounted to $2.4 billion at the end of 1984. The actual debt-service payments of these countries in 1983 amounted to about $1.3 billion, or an amount at about the same level as in the several preceding years. Because export earnings of these countries declined, however, the weighted average (actual) debt-service ratio rose from below 16 percent in 1980 to more than 19 percent in 1983.

Table 4-2. **Lending to Borrowers in Eastern and Southern Africa, by Sector, Fiscal 1976–85**
(millions of US dollars)

Sector	Annual average 1976–80	1981	1982	1983	1984	1985
Agriculture and Rural Development	187.2	254.3	177.6	315.6	166.8	225.6
Development Finance Companies	49.9	15.0	92.5	79.9	48.3	50.0
Education	44.1	161.2	61.0	81.8	15.4	85.0
Energy						
Oil, gas, and coal	9.7	—	35.7	26.0	53.0	25.1
Power	58.0	10.0	19.0	149.5	189.6	41.1
Industry	25.6	4.0	4.0	29.3	75.0	6.4
Nonproject	47.5	217.0	70.0	130.9	145.0	45.0
Population, Health, and Nutrition	—	—	23.0	6.8	13.8	3.5
Small-scale Enterprises	2.0	—	5.2	—	—	—
Technical Assistance	5.3	40.4	30.7	6.0	26.6	27.8
Telecommunications	4.0	15.2	71.7	22.0	—	72.6
Tourism	6.2	—	—	—	—	—
Transportation	115.9	133.0	83.2	169.3	375.3	134.9
Urban Development	18.2	15.0	—	49.0	55.8	20.0
Water Supply and Sewerage	33.1	9.0	41.0	63.7	22.0	49.0
Total	606.8	874.1	714.6	1,129.8	1,186.6	786.0
Of which: IBRD	221.3	304.0	107.9	326.6	445.2	74.5
IDA	385.5	570.1	606.7	803.2	741.4	711.5

NOTE: Details may not add to totals because of rounding.

At work in the Fotis coffee-roasting plant in Antananarivo, Madagascar. A number of governments in the region have started to adopt measures to deal with their economic difficulties.

Third, weather conditions have created havoc in several countries. In particular, drought has caused abnormally low farm production, critical shortages in the supply of cereals, and massive human deprivation. The most extreme case is in Ethiopia, where food production in the 1984–85 crop year is estimated by the Food and Agriculture Organization of the United Nations (FAO) to have been 25 percent to 30 percent below the average production level of the preceding three crop years. The story in Mozambique is also one of extreme adversity, while Sudan and Tanzania have been severely affected, as well. Elsewhere—Kenya, Somalia, and Zimbabwe—the drought has also caused extensive damage, although to a lesser degree. The Bank has responded to the drought-induced emergency by mounting projects or taking other action aimed at providing imported inputs in Ethiopia, Kenya, and Sudan. Reconstruction projects have also been approved for Madagascar and Swaziland in the aftermath of cyclones.

Policy Reform Efforts in Recent Years

The response of governments in the region to mounting economic difficulties in the early 1980s was initially tentative, as it took time for convictions to develop that policies, procedures, and institutions required substantial change.

The countries of the region vary considerably in terms of the magnitude of the internal and external imbalances and policy-induced distortions that had emerged by early 1980 and that persisted into 1985. They also vary in the intensity of their efforts to correct both demand-side disequilibria and supply-side distortions, and in their willingness to enter into discussions with the International Monetary Fund (IMF) and the World Bank on ways and means to achieve stabilization and adjustment. Nevertheless, it can be said that most countries now appear to have a better recognition of their need to revise the economic strategies of the past. Several have made real progress in formulating and in initiating the implementation of programs of financial stabilization and economic reform. Progress in these areas is reflected in the fact that eight countries currently have active standby agreements with the IMF, and six countries have been assisted by World Bank operations in support of policy reforms.

Among the elements of stabilization and reform that can be cited in a number of countries are measures to correct overvalued exchange rates, rationalize foreign-exchange allocation mechanisms, improve agricultural producer prices, reduce and rationalize public-expenditure programs (including reductions in public investment and subsidies), improve tax collection, restrain credit expansion (especially net credit to governments), begin reforms in public enterprises, raise real interest rates to positive levels, correct distortions in tariff structures and tariff regimes, and, in a few cases, liberalize agricultural and other marketing systems.

The initiation of such measures has been made more difficult by the impact of untoward events over which governments can exercise little control. The continuing financial crisis has made it especially hard for many countries to pursue simultaneously those stabilization measures needed to correct financial disequilibria and those structural-adjustment and reform measures needed to reverse trends in declining production and to foster longer-term growth. For example, countries experiencing continuing falls in their export prices have found it particularly difficult to raise producer prices and reduce input subsidies. Countries in which real incomes of consumers are declining are often loathe to remove food and other consumer subsidies. The same difficulty is encountered in reducing government employment in the face of high urban unemployment, and in recapitalizing public enterprises when public budgets are under pressure.

Declines in export prices, aid disbursements, and production of export crops have reduced revenues—on which African governments depend—at a time when demands on the budget for financing maintenance and critical economic and social services are growing. Countries that are simultaneously experiencing declining or stagnant export earnings and growing debt-service obligations are also hard put to liberalize their import regimes. And government leaders and administrators in countries that are experiencing severe drought can focus only with difficulty on medium-term to longer-term adjustment objectives.

Thus, in the midst of such adversity, it is indeed encouraging that a number of countries have initiated a process of reform that goes beyond an undertaking of short-run austerity measures. Although any classification of countries is arbitrary to some degree, it may nevertheless be useful to differentiate among (a) countries (Malawi, Mauritius, Uganda) that have lived with an almost uninterrupted series of reform measures for almost four years; (b) countries (Kenya, Sudan, Somalia, Zaire) in which a number of major reforms have been undertaken over the past several years, but in a manner that is neither as smooth nor as uninterrupted; and (c) countries (Madagascar, Zambia) in which the perceived need for reform has been translated only within the past year or so into a set of significant new adjustment measures.

This classification reflects the situation as of the end of fiscal 1985 and would require revision as events unfold.

All three countries in the first category have seen some improvement in economic conditions, despite suffering a series of shocks. Malawi has had a number of IMF standbys and two IDA-supported structural-adjustment credits. Its rate of growth of GDP has been accelerating for the past three years and reached 6.5 percent in 1984, despite a severe disruption to its normal international transport routes via Mozambique. Uganda, too, has had a number of IMF standbys and four policy-based lending operations from IDA. Uganda's recovery is reflected in its high GDP growth rate—7 percent in both 1982 and 1983, followed by 5 percent in 1984. This progress is now threatened by a serious deterioration in fiscal accounts.

The record is much more mixed in the case of countries in the second category. In 1984, Kenya reduced substantially its budget and external deficit, but the volume of its exports declined for a fourth consecutive year. It was not able to adhere to the agreed schedule for import liberalization or to expand exports. Its GDP declined for the first time in the current decade. Sudan had adopted a number of significant measures aimed at stabilization and recovery in early 1980, but these programs went off track in 1984. Several attempts have been made by Zaire since 1976 to stabilize its economy in association with the IMF. The history of progress has been a checkered one, although the last standby, which ended in March 1985, was a considerable success.

Three Cases of Reform Programs

Mauritius experienced rapid growth until 1980, when it faced a serious economic crisis resulting from the collapse of sugar prices and the effects of two oil-price increases. Increased petroleum prices led to such a reduction in fuel imports that the cost of fuel imports was sharply reduced; the country's important tourist industry was also adversely affected. The government's initial response to these events was to sustain employment through an expansionary fiscal policy; it did not prove to be workable, however. The government then agreed to adopt new policy and institutional measures in the context of a series of five structural-adjustment loans. Despite continuing exogenous shocks (cyclones and declining terms of trade, for instance), Mauritius has succeeded not only in reducing sharply its financial disequilibria, but also in securing a base for diversification in its production and exports.

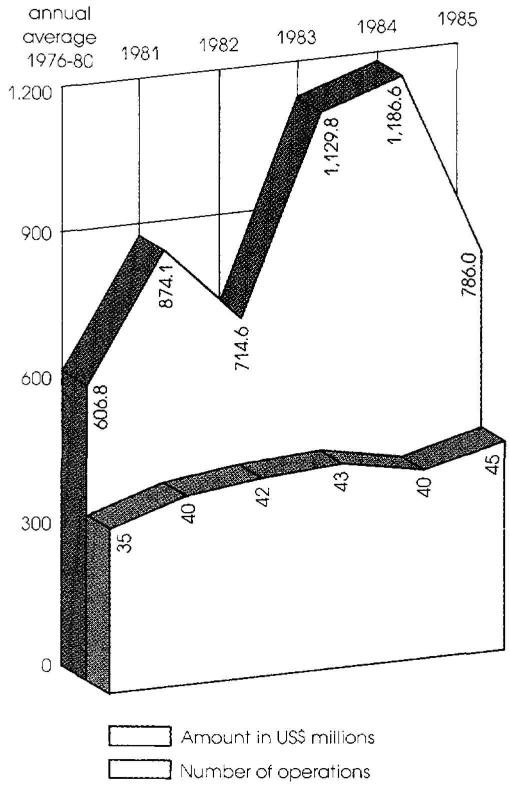
Over the past several years, both consumption and investment in Mauritius have been reduced in real terms; as a result, the deficit on the current account of the balance of payments fell from 12 percent of GDP (in 1980) to 4 percent (in 1984). Public investment was cut either by delaying large ongoing capital-intensive projects estimated to yield relatively low economic returns, or by rejecting proposals for new ones. The efficiency of resource use in the public sector (both capital and current outlays) was improved considerably, and consumer subsidies were reduced. The budget deficit as a proportion of GDP fell from 14 percent in 1980 to 6 percent in 1984. In addition, the exchange rate was managed flexibly in combination with an effective policy of wage restraint. These measures helped to restore international competitiveness to the export of manufactured goods, and after stagnating or growing very slowly for several years, the volume of manufactured exports rose by 16 percent in 1984. Tourism receipts increased, as well, by 10 percent. These turnabouts in production and exports are encouraging, as the economy of Mauritius had to operate at low levels in the early 1980s during the years of stabilization. The rate of unemployment, for instance, rose from 7 percent in 1979 to 23 percent in 1982 before declining slightly in the past two years.

Even during the period of stabilization, Mauritius took a number of steps designed to lay the foundation for renewed economic growth. First, the government addressed the problems facing the sugar industry and adopted a program aimed at reducing production costs by centralizing and rehabilitating sugar mills, raising the productivity of small planters, and modifying the industry's fiscal and legal framework. Second, agricultural diversification was encouraged by reducing price subsidies on imported wheat and rice, promoting the production of potatoes and green vegetables (which are now meeting local demand, with a surplus for export), and designing policies to promote the production of livestock, dairy products, and fish. Third, measures were taken to strengthen the export-policy regime by establishing an export-credit guarantee scheme, an export-development and investment authority, and a coordinating unit for industrial development. Fourth, an energy policy was formulated that aims at converting the generation of power from fuel oil and diesel fuel to bagasse; two sugar factories have already started projects in this field. Thus, even though many aspects of policy need further adaption, these four sets of measures provide some considerable evidence that serious efforts are being made to design and implement a program of structural adjustment.

Unlike Mauritius, Somalia recorded low rates of growth in production throughout the 1970s, despite a sharp rise during the decade in the rate of investment. In 1979, a financial crisis emerged when, almost simultaneously, spending increased during the border conflict with Ethiopia, refugees from that conflict had to be accommodated, Soviet aid was withdrawn, and oil prices increased. The emergence of this crisis also reflected low returns to the stepped-up capital accumulation of the 1970s and the consequences of a rapid expansion in public employment and inefficient parastatal enterprises that were engaged in production and trade.

The government responded to the crisis by negotiating three successive IMF standby arrangements. Because the provisions of the last two, in effect during the period February 1981 to January 1984 were adhered to, a substantial improvement in Somalia's public finances took place, and in 1982 and 1983, the government's debt to the banking system was reduced. At the same time, the rate of inflation declined somewhat despite substantial devaluations of the Somali shilling, in nominal terms, in both 1981 and 1982. The government also pursued a policy of wage restraint and, in 1983, abandoned its policy of guaranteeing employment to secondary-school and university graduates. Furthermore, significant measures were taken to liberalize agricultural marketing arrangements and to raise agricultural producer prices. With assistance from the Bank, an austere, medium-term program of

Figure 4-1. Trends in Lending, Fiscal 1976–85



public investment was presented to an inaugural consultative-group meeting in 1983.[2] Decisions made at that meeting emphasized the need to postpone prospective major new investment in the Juba valley until a least-cost development program could be prepared.

This encouraging trend in policy reform could not be sustained, however, and Somalia suffered a major setback in 1984. The IMF standby arrangement expired in January 1984, and it was not possible to reach full understanding on a successor program, even though the need was recognized by both parties. Furthermore, an embargo imposed by Saudi Arabia on cattle imports from Africa, together with a 60 percent appreciation in the real exchange rate of the Somali shilling, led to a major decline in export receipts. The government resorted to renewed heavy bank financing of its enlarged 1984 deficit, and the inflation rate surged by 92 percent. Somalia proved unable to honor its debt-servicing obligations, and external arrears rose sharply during the year.

The rapidly deteriorating situation was brought under control in early 1985. In January, the government announced major reforms of the exchange and trade regime: The official rate was devalued substantially and all private-sector foreign-exchange transactions began to take place at a market-determined rate; trade restrictions and price controls were virtually abolished. In mid January of 1985, a special meeting of donors, chaired by the World Bank, succeeded in mobilizing the additional external aid needed to close Somalia's projected balance-of-payments gap for 1985. The 1985 IMF standby was thus able to come into effect. A notable development at this special meeting was the reprogramming of a substantial volume of project aid into commodity aid. Effective execution of Somalia's important liberalization program will be difficult, but, if successful, the effects would be far reaching.

The Zambian economy grew fairly rapidly from the time of independence until 1975—the year in which copper prices collapsed. In the decade since then, the economic and financial situation of the country has deteriorated progressively. Per capita incomes fell 44 percent during 1974-85, and the level of real imports in 1984 was only 40 percent of the average level in the early 1970s. Scarcities of foreign exchange reduced capacity utilization to low levels, and the investment rate fell from a high of 41 percent of GDP in 1975 to about 12 percent in 1984. Expenditures in the public sector for operations and maintenance are underfunded, urban unemployment is on the rise, and inflation is now running at an annual rate of 19 percent. In 1984, external-payment arrears amounted to $600 million.

The government has sought to deal with the difficulties, and its efforts have been supported both by IMF standby and extended arrangements, as well as by program loans from the Bank. In retrospect, however, it must be admitted that both the acuteness and duration of the decline in copper prices were grossly underestimated by all parties; as a result, the scope and character of the policy and institutional reforms that were set in motion were never commensurate with the gravity of the crisis. Furthermore, Zambia had to cope with various other shocks, including the disruption of normal transport routes through Zimbabwe into the 1980s and, in recent years, drought in some of its major food-

[2] The addition of Somalia increases the number of Bank-led consultative groups in the region to ten. Consultative groups have met recently to discuss economic policies, public-investment programs, and external-resource requirements of Kenya, Madagascar, Mauritius, Sudan, Uganda, Zaire, and Zambia. Furthermore, the Bank participates in round tables, aimed at aid coordination, sponsored by the United Nations Development Programme. At the request of member governments, the Bank has provided assistance to improve aid coordination at the local level.

producing areas. The economy of Zambia now faces an extraordinary challenge that calls not only for more strenuous efforts at reform, which must involve all facets of society and be sustained, but also, for special accommodations by Zambia's aid donors and creditors.

The government has recently adopted important measures to rehabilitate the country's production capacity and restructure and diversify the economy. These measures require and deserve international support.

Specific steps taken by the government include a reduction in the budget deficit from 15 percent of GDP in 1982 to 2 percent in 1984, devaluation of the real exchange rate by 27 percent during the past two years, and enforcement of a policy of wage restraint. As agreed to under the Export Rehabilitation and Diversification Project assisted by the Bank, measures have been devised to rationalize the copper-mining industry; other steps are planned for 1985. Over the past four years, agricultural producer prices have been raised in real terms by over 30 percent, and further reforms have been agreed to under the Bank-assisted Agricultural Rehabilitation Project, including the decontrol of the prices of wheat products and tractor-hire charges.

The road to recovery for all three countries is a long one; it may be particularly protracted for those countries such as Somalia that are among the poorest in Africa and that have an underdeveloped human-capital, as well as a thin natural-resource base. Zambia cannot be counted as being among the poorest, but it has to face the prospect of the depletion of its copper reserves in the 1990s; in Zambia, therefore, the need for radical and rapid diversification (involving the development of the still-backward and long-neglected small-farmer sector as a new engine of growth) is quite clear.

Western Africa

In fiscal 1985, most Western African countries demonstrated a heightened commitment to adjustment and policy reforms in response to the continuing economic crisis in the region. Four countries (Ghana, Ivory Coast, Mali, and Togo) achieved significant results in restructuring their economies over the past year; in several other countries, substantial efforts at adjustment were initiated in conjunction with stabilization programs worked out with the International Monetary Fund (IMF), whose components included steps to reduce budget deficits and to achieve realistic exchange rates. Significant progress was also made in increasing incentives by raising prices paid to agricultural producers and by gradually liberalizing market and price controls. In addition, governments are devoting increased attention to rehabilitation programs, which include the overhaul of parastatal organizations, and to redirecting public-investment priorities. Through technical assistance, governments are making efforts to develop manpower programs for better economic management. In addition, ten countries are now engaged in a dialogue with the Bank that either has already led to, or may bring about, lending in support of structural-adjustment reforms.

Table 4-3. Western Africa: 1983 Population and Per Capita GNP of Country Borrowers, Fiscal 1983–85

Country borrowers, fiscal 1983–85	Population[a] (thousands)	Per capita GNP 1983[b] (US$)
Benin	3,801	290
Burkina Faso	6,457	180
Cameroon	9,562	820
Cape Verde	315	320
Central African Republic	2,470	280
Congo, People's Republic of the	1,777	1,230
Equatorial Guinea	359	n.a.
Gambia, The	697	290
Ghana	12,818	310
Guinea	5,830	300
Guinea-Bissau	863	180
Ivory Coast	9,472	710
Liberia	2,057	480
Mali	7,175	160
Mauritania	1,629	480
Niger	6,062	240
Nigeria	93,642	770
São Tomé and Principe	103	310
Senegal	6,211	440
Sierra Leone	3,588	330
Togo	2,836	280

NOTE: The 1983 estimates of GNP per capita presented above are from the "World Development Indicators" in the *World Development Report 1985.*

n.a. Not available.

a. Estimates for mid 1983.

b. *World Bank Atlas* methodology, 1981–83 base period.

The objective of these stabilization and structural-adjustment programs is to return economies to a path of sustained growth while restoring balance in the external and fiscal accounts. It is recognized that some of the austerity measures that have accompanied these programs have had adverse social implications in the short run; public-sector employment and wages have been reduced, nonviable public enterprises closed, and much needed social-infrastructure investments postponed. At the same time, however, rural incomes have benefited from higher producer prices and increased efficiency in the delivery of essential services. In the final analysis, the short-run costs of adjustment are overshadowed by the income losses that have occurred over recent years. In order to reduce the social costs of adjustment, investment and spending plans must take into account the need for employment generation. The best way to bring about increased employment generation and the alleviation of poverty is through restoration of sustained growth.

In this general context, the most remarkable performance during the past year was in Ghana, where the gross domestic product (GDP) increased by more than 6 percent. While this increase was achieved partly by improved policies, and, in large part, by the return of normal weather, which stimulated the recovery of agricultural production, it is noteworthy that such growth was attained despite continuing infrastructure and institutional constraints and limited amounts of quick-disbursing aid. In Cameroon, through sound and prudent management, supported by a continuing oil-revenue surplus, GDP grew at about 7 percent; Nigeria managed to arrest several years of decline in GDP as a result of a modest recovery in agricultural and petroleum output. Such positive trends, however, did not prevent the region's aggregate gross national product (GNP) from declining by 2.8 percent, a rate roughly equal to the population increase. Per capita income thus declined by more than 5 percent. Although Western African countries are making progress in restructuring their economies, the difficulties they face are enormous.

Most Sahelian countries suffered from a severe drought in 1983 and 1984, which led to an acute food deficit that reached famine proportions in a few cases, and that triggered the need for outside emergency relief. Although favorable weather conditions returned to Ghana, Ivory Coast, Nigeria, and Togo (contributing to a recovery of food production in those countries), the external economic environment, characterized by depressed markets for commodities (uranium, oil, iron ore, cotton, and rubber) remained unfavorable. Because the economies of Western African countries are tied, to a significant degree, to Europe, where growth in import demand has been considerably lower than in North America and Japan, the countries of the region were unable to benefit significantly from the recovery of the world economy during the past year. Partly as a result, the balance-of-payments situation in all but two countries of the region was adversely affected. The exceptions were Cameroon and Gabon, which, aided by oil revenues, posted hefty surpluses in their external balance. Declining net transfers of external aid (reflecting both slackened official development assistance (ODA) and heavy external debt-servicing obligations) resulted in severe cutbacks of imports; in turn, a drop in imports slowed the supply response of the African economies. Import contractions, for example, led to a substantial reduction in capacity utilization in Nigeria's manufacturing sector.

Growth prospects in Western Africa can only worsen if transfers of resources are not increased and if the supply response by countries to adjustment measures is not quickened. Debts have reached a high level in most of the countries of the region, and their rescheduling is becoming an integral part of a broader stabilization and adjustment process. Efforts at aid coordination and debt rescheduling (through consultative groups and Paris Club meetings, for instance), should focus on packaging flows of financial assistance and measures of debt relief that would help these countries through the difficult period of adjustment.

Developments in Oil-exporting Countries

Nigeria continued to experience difficult balance-of-payments problems in 1984. Increased oil revenues from the depressed level of 1983 were partially offset by rapidly increasing debt-service payments. Early in the year, faced with an acute foreign-exchange shortage, the government drastically curtailed imports. This move, together with the increased revenues from oil exports, brought Nigeria's current-account deficit down from $4.7 billion in 1983 to a balance in 1984. The cuts in imports imposed high costs on the economy, however. The reduced availability of raw materials and spare parts led to widespread plant closures, to extensive layoffs, and to a substantial drop in capacity utilization, especially in the manufacturing sector, which was estimated to have operated at only about 30 percent of capacity. On the other hand, excellent weather conditions contributed to an improvement in agricultural production. Recent price increases for many food products also played a major role, as they helped encourage unemployed workers to return to farming. Oil production was also up. Overall, even though GDP remained stagnant, Nigeria's ability to halt three consecutive years of decline in GDP in the face of a severe shortage of imported inputs was encouraging.

The government that assumed power in December 1983 has taken a number of important measures to stabilize the economy; aggregate demand has been restrained and external borrowing has been reduced significantly. Fiscal discipline at both the federal and state levels has been exercised. Further price-related measures are needed, however, to enhance the process of structural adjustment to reduce the country's excessive dependency on revenues from oil.

Cameroon's economy continued to perform well; its GDP has grown at an average annual rate of about 7 percent over the past few years. The development of the oil sector (accounting for 15 percent of GDP) has enabled the country to enjoy a surplus in its current-account balance since 1981. Cameroon's level of indebtedness is also manageable (its debt-service ratio is about 12 percent). The country's macroeconomic management, in general, has been good; inflation hovers between 10 percent and 15 percent, and the current level of investment, at 25 percent of GDP, is easily sustainable.

Two major problems will confront Cameroon over the medium term, however. First, oil reserves are likely to be exhausted by the mid 1990s. The country, therefore, must invest oil revenues as efficiently as possible to diversify its economic base. Second, the population growth rate is high; now at 3.2 percent annually, it is expected to rise to 3.6 percent within ten years, placing an enormous strain on domestic resources, particularly in urban areas. The lagging performance of the agricultural sector, therefore, is an issue that also needs to be addressed without delay.

In the People's Republic of the Congo, GDP growth—largely propelled by the oil sector—slowed from about 7.5 percent yearly between 1970 and 1982 to 3.5 percent in 1984. The agricultural and forestry sectors, which experienced declines in 1982, improved somewhat in both 1983 and 1984; nevertheless, they have continued to be neglected during the recent oil-fueled investment boom. The decline in crude-oil export prices in both 1982 and 1983 compelled the government to scale down the medium-term projections of revenues upon which its investment plan was based. Because the investment program itself was not adjusted accordingly, it was financed through heavy borrowing; as a result, debt-service obligations climbed to a level of almost 40 percent of fiscal receipts.

In Ivory Coast, GDP in real terms further declined by some 5 percent in 1984 as a result of the 1983 drought. The government successfully negotiated a rescheduling of its external debt-service payments under which commercial banks provided fresh money in the form of a CFAF50 billion ($110 million equivalent) balance-of-payments loan. At the end of 1984, the overall balance of payments, after debt rescheduling, showed a surplus. The first stage of a sweeping revision in the system of industrial incentives was implemented during the past year; tariffs were revised and export subsidies introduced in order to promote private investment, efficient import substitution, and export production. The outlook for 1985 is more encouraging, as the economy is expected to achieve a positive growth rate.

Elsewhere, Mixed Results

Led by a strong recovery in agricultural production following the return of more normal weather, Ghana's real GDP growth exceeded 6 percent in 1984. Despite the severe impact of the drought on the country's economy during 1983 and early 1984, the government's economic-recovery program continued to gain momentum, as policy measures were initiated to deepen and broaden the scope of the reforms. Recovery would have been even sharper but for chronic infrastructural constraints and a continuing shortage of foreign exchange, which deprived import-dependent sectors, such as manufacturing, of essential raw materials and spare parts.

The main areas of focus of Ghana's policy reforms include further progress towards a realistic exchange rate, additional liberalization in the trade and import regime, and a restructuring of the budget with a view to raising the level of resource mobilization. During the past year, salaries of civil servants were improved, and funds were increased for investments in, and maintenance and rehabilitation of, the country's economic and social infrastructure. Reform of public corporations was begun, as was the gradual

***Table 4-4.* Lending to Borrowers in Western Africa, by Sector, Fiscal 1976–85**
(millions of US dollars)

Sector	Annual average 1976–80	1981	1982	1983	1984	1985
Agriculture and Rural Development	172.4	409.8	288.9	104.6	503.5	124.4
Development Finance Companies	24.6	—	19.0	140.1	—	9.3
Education	29.2	22.4	19.7	55.5	9.5	34.0
Energy						
Oil, gas, and coal	1.0	15.5	114.0	36.0	51.0	2.6
Power	36.3	61.5	108.8	24.0	30.0	15.5
Industry	12.0	5.7	20.0	19.7	21.9	—
Nonproject	—	60.0	150.0	80.0	326.7	119.2
Population, Health, and Nutrition	—	—	—	15.0	16.7	60.6
Small-scale Enterprises	20.8	28.0	16.0	15.0	41.0	—
Technical Assistance	5.3	66.3	26.0	26.0	53.9	47.7
Telecommunications	1.0	—	38.0	—	—	—
Tourism	6.4	—	—	—	—	—
Transportation	165.5	264.1	115.5	96.8	88.4	275.0
Urban Development	16.4	—	61.0	20.0	28.2	22.0
Water Supply and Sewerage	37.0	5.0	110.0	31.5	10.9	101.0
Total	527.9	938.3	1,086.9	664.2	1,181.7	811.2
Of which: IBRD	322.1	554.8	853.8	236.5	710.2	419.1
IDA	205.8	383.5	233.1	427.7	471.5	392.2

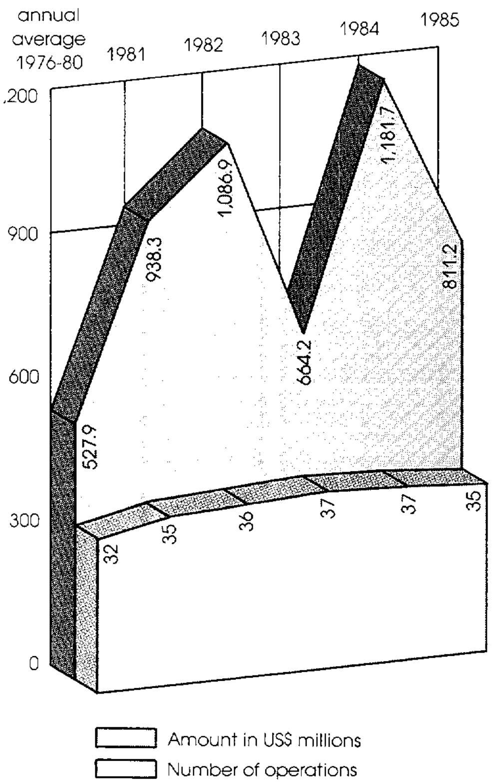
NOTE: Details may not add to totals because of rounding.

Running completion tubing on a drilling platform in the offshore oilfields of Benin. The countries of the region are demonstrating a hightened commitment to adjustment and policy reform.

removal of price and distribution controls. The economic climate in which the private sector must operate thus became more favorable.

Togo's economy benefited in 1984 from a large agricultural harvest and higher world demand for phosphates. The government continued successfully to implement its financial stabilization program, supported by the International Monetary Fund (IMF) and an IDA-assisted structural-adjustment program. As a result, Togo's overall fiscal deficit decreased from 4.7 percent of GDP in 1983 to 1.7 percent in 1984, and its external current-account deficit fell from 10.4 percent of GDP to 5.0 percent. Nevertheless, the country's debt-service ratio remained at 50 percent of budget revenues, and Togo was obliged to seek an agreement with the Paris Club for the rescheduling of CFAF23.4 billion ($52 million equivalent) of debt-service obligations in 1984.

Figure 4-2. Trends in Lending, Fiscal 1976–85



In Benin, growth in 1984 was negligible, and the prospects for 1985 are somber. Although the production of petroleum increased and cotton output rose markedly, these gains were offset by the effects of reduced reexport trade and lower investment activity. The country's financial situation worsened as government revenues declined by 13 percent, the result of a fall in import trade. Sectoral-policy dialogue with the Bank (particularly on agricultural policy) has been fruitful, however: Producer-price increases have resulted in increased cotton production, and policy reforms in the public-enterprise sector are now under consideration. In addition, discussions have begun with the IMF on financial stabilization.

The opening created by Guinea's political and economic liberalization has broadened the opportunities for possible Bank assistance. Economic activity in the country, however, remains constrained by an overvalued exchange rate. Guinea's fiscal deficit in 1984 was nearly 10 percent of GDP, and its balance-of-payments deficit was 6 percent of GDP. With assistance from the Bank and the IMF, however, the Guinean authorities are in the process of formulating a comprehensive economic-reform program which, if implemented, could set the stage for rapid recovery.

Liberia's overall and financial situation approached crisis proportions in 1984. Real GDP continued to decline, the result primarily of poor export performance (exports represent 60 percent of GDP). In fiscal 1985, while exports remained stagnant, debt servicing increased, and both the balance-of-payments and fiscal position weakened. Worsening fiscal performance led the government to initiate a series of emergency measures in early 1985.

Elsewhere in the region, fiscal year 1985 was a year of economic crisis. Most countries responded to the difficult situation by putting into motion measures aimed at improving internal efficiency.

In Sierra Leone, real GDP was stagnant, per capita real income declined, exports fell, and both the balance-of-payments and fiscal position weakened. In response, the government devalued the leone by 240 percent (it was devalued by 100 percent in 1983), the budget deficit was reduced by more than 25 percent, and further increases in prices paid to farmers were planned.

Senegal's economic and financial problems were exacerbated during the past year by the effects of the recent drought. Several difficult measures were adopted in the areas of fiscal, pricing, and public-sector employment policy, all aimed at reducing serious budgetary and current-account imbalances. Policy changes were also made to improve the basis for long-term growth of domestic production, particularly in the agricultural sector.

Fiscal 1985 was the second straight year during which Mali suffered from severe drought. Food imports reached record levels, cotton production declined, and livestock losses were high. Policy performance in Mali, nonetheless, was generally positive, and the country's current-account deficit declined. Financial discipline was tightened with Mali's reentry into the West Africa Monetary Union, partial deregulation of the food-grain market was sustained, and important steps were taken to improve the efficiency of the parastatal sector.

Niger was also hard hit by the drought; to make matters worse, production of uranium continued its decline, the result of four years of depressed world prices. In response to these developments, a strict austerity program was started to help stabilize the country's economic and financial situation in the short term, and, with Bank assistance, a medium-term program of structural adjustment—designed to improve economic efficiency and lay a sound foundation for economic growth and development—was formulated.

To tackle in an effective way the adjustment problems confronting Western African countries, the major effort must be undertaken by the countries themselves. For their efforts to be productive, however, aid coordination among bilateral donors, international and regional development institutions, and recipient countries is essential. Coordination exists, but it must be strengthened, in particular, at the country level. Fora such as the Paris Club, consultative groups, and round tables sponsored by the United Nations Development Programme (UNDP) should develop a closer interdependence in dealing with the financial-assistance and debt-related measures associated with the implementation of adjustment reforms in African countries.

Aid Coordination in Western Africa

The joint program of action[3] has made it clear that without adequate external aid, African countries can hardly achieve the structural changes needed to resume economic growth. Given the current constraints to expanding aid flows in real terms, improved aid effectiveness is critical. In fiscal 1985, the Executive Directors of the World Bank approved a series of initiatives, in an administrative budget supplement, designed to improve the quality of aid coordination so as to enhance the efficiency with which development assistance is put to use.

Over the past two years, the Western Africa Regional Office of the World Bank has made a determined effort to broaden the network of consultative groups, as well as their effectiveness, and to participate in UNDP-sponsored round tables. The consultative group for Ghana, which was revived in November 1983 after a thirteen-year hiatus, met again in Paris in December 1984; the government's commitment to the careful preparation of the meeting and its clear political determination to implement the difficult reform measures embodied in its program, have helped restore Ghana's credibility in the eyes of donors. While it is taking time for donors to readjust their aid programs to give adequate support to Ghana's reform efforts, good progress is being made; during the 1984 Paris meeting, there were indications of additional new commitments of $415 million. At that meeting, support was also expressed for an increasing catalytic role by the Bank in supplementing the Ghanaian government's efforts at achieving overall aid coordination at the country level.

In fiscal 1985, a consultative group was established for Senegal, the first ever organized for a country in francophone Western Africa. The first meeting of the group, which took place in December 1984, provided the government with an opportunity to inform donors of the policy reforms and adjustment measures it had taken to correct internal and external imbalances in the economy and, in addition, of the requirements for external resources over the medium term in support of those reforms. Senegal's painstaking preparation for the meeting elicited a positive donor response, and donors indicated that they might be willing to commit some $500 million annually in assistance. Subsequently, Senegal set up a monitoring mechanism under the chairmanship of the President of the Republic to implement the consultative group-supported adjustment agenda. At the government's request, the UNDP and the World Bank are collaborating in providing technical assistance in support of the monitoring mechanism. Another full-scale consultative-group meeting will be convened when a detailed investment program is made final.

Senegal has also been successful in arranging, with the Bank's assistance, sectoral donor meetings at which investment proposals are discussed and sector-related policy issues are addressed. A telecommunications meeting was held in 1984 in Paris; others are scheduled in 1985 for energy and water supply. Although the World Bank, to date, has taken the lead in organizing such sectoral meetings, it is encouraging donors to lead those meetings for sectors in which they play a primary role.

While the Regional Office plans to strengthen existing consultative groups through cooperation with the UNDP, the African Development Bank (AfDB), the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD), and the Organization of Petroleum Exporting Countries (OPEC), a determined effort is also being made to expand the geographical coverage of consultative groups; consultative groups are planned for Mauritania and Guinea and will be established once a number of measures, including the preparation of investment programs, have been completed by the governments concerned. Donor meetings chaired by the Bank to organize financing for development-related imports were also held for Guinea-Bissau and Mauritania during the past fiscal year.

Over the past two years, the Bank has also strengthened its cooperation with the UNDP in aid coordination. The Regional Office has participated in UNDP-sponsored round table meetings held for Benin, The Gambia, Guinea-Bissau, Liberia, Mali, and Togo. In order to sharpen the focus and policy content of the round tables (and hence their effectiveness), an understanding was

[3] See *Toward Sustained Development in Sub-Saharan Africa: A Joint Program of Action* (Washington, D.C.: The World Bank), 1984.

reached between the Bank and the UNDP whereby the Bank will provide analytical support to the preparation of the round tables. Discussions on the modalities of such support for those round tables scheduled for 1985 have taken place between the Bank and the UNDP. Preliminary exchanges of views on the financing of an "umbrella fund" by the UNDP in support of policy-related initiatives or human-resources development have been encouraging.

As part of aid-coordination efforts, the Bank and the UNDP agreed to undertake a joint Technical Assistance Cooperation Assessment Mission (TACM) in Ghana, once the results of the one organized for Somalia are known; the TACM exercise will examine issues relating to the technical-assistance effectiveness in all sectors with emphasis on policy-related technical assistance. Further technical-assistance needs will also be assessed.

Discussions on aid coordination were also held with the AfDB during the past year. A framework of joint activities was agreed upon; as a result, the AfDB will involve itself earlier in the preparation of consultative groups; the Bank and the AfDB will participate in a review of public investments in selected countries; and the two institutions will undertake joint economic and sector work.

The Bank also sought to strengthen its collaboration with CILSS.[4] This regional institution, supported by the Club du Sahel,[5] has organized meetings on issues of regional interest such as recurrent costs and user fees, food self-sufficiency, cereal and pricing policies, and small-scale irrigation.

The Bank has encouraged the setting up of national workshops to follow up on such discussions; it is hoped that these workshops would induce needed changes in agricultural policy in the countries that are members of CILSS. At the request of the CILSS secretariat, a Bank staff member is to be appointed as senior economist to help strengthen the CILSS secretariat and to act as a link between regional decisions made by CILSS members and the national workshops.

A successful manifestation of aid coordination and international cooperation in the region has been the riverblindness control program. This is an ongoing and worthwhile undertaking to which both African countries and the international community are providing strong support. (For more, see page 68.)

During the past year, the Regional Office also expanded its cofinancing activities. In order to diversify the sources of official cofinancing, the Regional Office is looking into the resource availability, policies, and procedures of potential colenders with the view to associating them as early as possible in the project cycle. The Office is also attempting to diversify its recourse to various cofinancing instruments by increasing, whenever possible, the use of export credits and commercial-bank financing.

These undertakings by the Regional Office in the area of cofinancing take on added importance, as major developments in cofinancing activities in sub-Saharan countries are anticipated. The number of cofinanced operations increased from eighteen in fiscal 1984 to twenty-one during the past year; twenty-five cofinanced operations are projected to be approved in fiscal 1986. In addition to directing additional financial resources to investments of high priority, cofinancing, in several cases, has provided an opportunity to strengthen country-level and sector-level coordination between the Bank and other donors, thus ensuring the most efficient use of available external resources. Cofinancing also helps to channel assistance pledged by donors during aid-coordination meetings into projects that support policy changes. Thus, several donors that declined to participate in the Special Facility for sub-Saharan Africa have indicated that they will make available joint financing funds that will be used to cofinance IDA-assisted projects in the countries of the sub-Sahara.

[4] Le Comité Inter-états de Lutte contre la Sécheresse dans le Sahel: Its members are Burkina Faso, Cape Verde, Chad, The Gambia, Mali, Mauritania, Niger, and Senegal. It was established in 1973 to coordinate actions designed to alleviate the effects of drought.

[5] The Club du Sahel, an OECD-sponsored undertaking with a small secretariat based in Paris, was launched in 1976 to provide analytical support to CILSS's efforts.

East Asia and Pacific

In general, the economies of the East Asia and Pacific region continued their recovery from the deep international recession of the early 1980s, and, with the exception of the Philippines, economic growth in the region during 1984 exceeded 5 percent. The factors underlying economic recovery differed among countries, however. Economies heavily dependent on international trade—the Republic of Korea, Malaysia, and Thailand, for example—benefited from continued growth in the industrialized world and the revival of trade, especially in manufactured goods. China continued its buoyant performance largely because of the favorable effects of its far-reaching policy reforms; the Lao People's Democratic Republic saw its economy, dependent on its agricultural sector, grow rapidly as a result of good weather; and Papua New Guinea and the small Pacific island nations experienced some recovery in their external demand.

At the same time, most countries made significant progress in reducing the substantial balance-of-payments and fiscal deficits of the early 1980s, a period characterized by international recession and a deterioration in terms of trade.

***Table 4-5.* East Asia and Pacific: 1983 Population and Per Capita GNP of Country Borrowers, Fiscal 1983–85**

Country borrowers, fiscal 1983–85	Population[a] (thousands)	Per capita GNP 1983[b] (US$)
China	1,019,102	300
Indonesia	155,669	560
Korea, Republic of	39,951	2,010
Lao People's Democratic Republic	3,657	n.a.
Malaysia	14,863	1,860
Papua New Guinea	3,190	760
Philippines	52,055	760
Solomon Islands	254	640
Thailand	49,169	820
Vanuatu	127	n.a.
Western Samoa	161	n.a.

NOTE: The 1983 estimates of GNP per capita presented above are from the "World Development Indicators" in the *World Development Report 1985*.

n.a. Not available.

a. Estimates for mid 1983.

b. *World Bank Atlas* methodology, 1981–83 base period.

These improvements were the consequence not only of better international economic conditions, but also of substantial policy reforms aimed at structural adjustment that had been launched in many countries of the region, including the oil exporters, Indonesia and Malaysia, which have been negatively affected for the past three years by stagnation and decline in world oil demand and prices.[6]

The countries of the East Asia and Pacific region, again with the exception of the Philippines, have been much less troubled by external-debt problems than the rest of the developing world, and, in general, have retained favorable access to commercial capital. Nonetheless, save for China, the management of foreign debt remains an important policy concern in all countries, for the prospects for international economic growth are uncertain beyond 1985, and many countries still have large fiscal and current-account deficits requiring continued substantial reliance on foreign capital.

The structural-adjustment measures of recent years have had the effect of curtailing the high levels of public investment and borrowing that had been characteristic of many of the East Asian countries during the late 1970s and early 1980s. Combined with the constraints on counterpart funding resulting from measures of fiscal austerity, these cutbacks have also affected Bank lending; there have been notable reductions in borrowing—especially by Malaysia, the Philippines, and Thailand. A resumption of more stable levels of public investment and foreign borrowing and a less-heavy reliance on commercial sources of external capital are expected to lead to increased lending by the Bank to these countries, particularly in support of policy-oriented and sector-oriented operations.

Indonesia and China continue to borrow substantially from the World Bank to finance their development programs. In China, the Bank has supported the government's extensive economic reforms, initiated first for the rural economy and later extended to cover urban activities, in the expectation that the rapid growth of the agricul-

[6] Three countries—Korea, the Philippines, and Thailand—have been assisted by Bank loans in support of their structural-adjustment programs.

tural sector, in response to the introduction of market signals, can be replicated elsewhere in the economy.

If world economic conditions remain reasonably favorable, and domestic policies in the countries of the region continue to be supportive of structural-adjustment efforts, the outlook for 1985 and beyond provides grounds for cautious optimism: In most countries, the external and fiscal situation should continue to improve, while economic growth at rates above the world average should continue to foster an environment in which the longer-term goals of development, particularly the improvement of human resources and the alleviation of poverty, can be vigorously pursued.

Adjustment in Market Economies

The Philippines continued to be in a severe economic and financial crisis. The deceleration in the growth of gross national product (GNP) since the beginning of the decade turned into a sharp decline in 1984, when GNP fell by about 6 percent. This decline was caused by several factors, including excessive reliance on foreign borrowing with short-term maturities, adverse movements in the external terms of trade, and high interest rates, as well as a severe drought.

The government started its stabilization effort in 1984 and reduced the current-account deficit from 8 percent of GNP in 1983 to less than 5 percent; at the same time, the budgetary deficit was reduced from 5 percent of GNP to about 2 percent. Reduction in the former deficit was realized mainly through a sharp reduction in imports (the result of a substantial exchange-rate devaluation), while the latter reduction was achieved through a combination of a substantial decline in public investment and the adoption of revenue-enhancing measures.

Furthermore, the government embarked on a comprehensive stabilization program agreed upon with the International Monetary Fund in December 1984. The goal of the program is adjustment both in the external imbalance and a lowering of domestic inflation (which reached more than 50 percent in 1984) through flexible exchange rates, fiscal austerity, and domestic-credit constraints. Early indications of success include deceleration of inflation to below 20 percent in recent months. Agreements have also been reached with commercial banks and bilateral donors on programs to reschedule debt. Major structural adjustments continued during the past year, notwithstanding the difficult economic situation. They included a substantial increase in the domestic price of petroleum; implementation, on schedule, of a five-year import tariff reform; introduction of a national system of industrial-promotion policies; removal of price controls on most agricultural and other essential goods; and relaxation of controls by the public sector over the marketing of coconut and sugar. Because it is difficult for the Philippines to attract private capital, the country will have to depend largely on increased support from bilateral

***Table 4-6.* Lending to Borrowers in East Asia and Pacific, by Sector, Fiscal 1976–85**
(millions of US dollars)

Sector	Annual average 1976–80	1981	1982	1983	1984	1985
Agriculture and Rural Development	627.9	648.0	614.0	563.6	504.4	1,028.4
Development Finance Companies	184.5	431.5	30.0	534.5	175.0	224.0
Education	103.6	363.0	225.6	237.2	409.4	370.0
Energy						
Oil, gas, and coal	36.8	—	317.0	339.7	159.4	236.0
Power	284.7	350.0	271.3	609.6	425.4	167.0
Industry	37.8	8.9	207.4	5.5	—	147.0
Nonproject	15.0	218.0	400.0	477.8	300.0	—
Population, Health, and Nutrition	38.5	—	—	27.0	85.0	85.0
Small-scale Enterprises	14.0	106.0	132.0	70.0	204.6	163.1
Technical Assistance	4.6	—	—	—	10.0	—
Telecommunications	24.2	—	142.1	—	8.5	4.0
Transportation	295.8	100.0	286.0	588.2	792.0	420.6
Urban Development	77.4	133.0	8.0	167.0	149.8	80.5
Water Supply and Sewerage	86.9	—	90.0	88.5	78.5	175.0
Total	1,831.7	2,358.4	2,723.4	3,708.6	3,302.0	3,100.6
Of which: IBRD	1,689.9	2,227.9	2,641.4	3,549.0	2,873.0	2,654.3
IDA	141.8	130.5	82.0	159.6	429.0	446.3

NOTE: Details may not add to totals because of rounding.

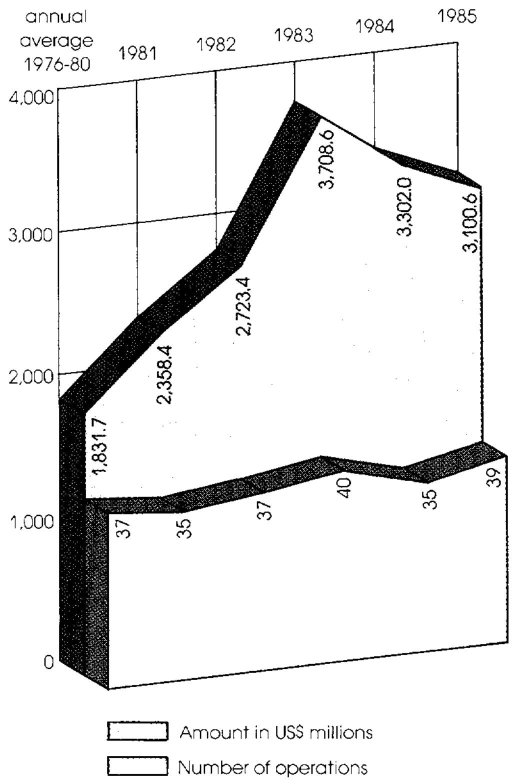
A farmer in northeast Thailand learns the fundamentals of dry-season vegetable farming. In general, the economies of the countries of the region continued their recovery from the recession of the early 1980s.

and multilateral sources. In response to the county's immediate needs, the Bank shifted its lending emphasis to quick-disbursing operations through its Special Action Program and to policy-oriented sector loans.

Thailand's recovery, which began in 1983 with a sudden upturn of domestic demand, continued in 1984 when gross domestic product (GDP) grew by 6 percent. Exports staged a dramatic recovery, increasing by 19 percent in 1984 compared with a decline of 3 percent in the previous year; at the same time, almost no growth was registered in the value of imports as a result of restrictive monetary policies and a slowdown in fixed-investment growth. The current-account deficit was thus reduced to about 5 percent of GDP, down two percentage points from the previous year. This reduction was especially noteworthy as the country experienced a reversal in its terms-of-trade index, which declined by about 4 percent after increasing by 7 percent in 1983. Concerned about the continued external imbalance, the government devalued the baht in November 1984 and delinked the currency from the US dollar by establishing a "managed float" that takes into account the currencies of Thailand's major trading partners.

Meanwhile, the savings-investment gap in the public sector remains high, at about 5 percent of GDP. Revenues of the central government, which have increased to about 15 percent of GDP, have not been sufficient to compensate for the growth in expenditures, driven most notably by debt-servicing obligations and state-enterprise deficits, which account for one third of the gap. Because of the increase in the amount of capital inflows and in the proportion of those flows with short maturities, and because real interest rates in

Figure 4-3. Trends in Lending, Fiscal 1976–85



international markets are high, the Thai government has curtailed public-sector investment programs and has reduced significantly actual and planned public-sector borrowing, including borrowings from the World Bank.

Measures to reduce the fiscal deficit have recently been approved by the government, and Thailand's current-account deficit is now projected to be somewhat reduced in 1985 compared with 1984, with a rate of economic growth only slightly below that in 1984.

Korea's economy, spurred on by stabilization and adjustment programs begun in 1980, continued to be buoyant. Gross national product surged by 9.5 percent in 1983 and 7.7 percent in 1984; its current-account deficit shrank to about 2 percent in both years; and inflation was held at about 4 percent and 3 percent in 1983 and 1984, respectively. Improvement in the current account was made possible mainly through the recovery of export demand in the electronics, machinery, and transport fields, which was largely the result of the strong US economic recovery and the continued strength of the US dollar. Exports grew at about 12 percent in 1983 and 13 percent in 1984. Inflation was kept under control by restraining the growth of money supply and government spending.

Korea should be able to maintain its growth rate in 1985 with a macroeconomic performance comparable with that of 1984. Growth will be different in character, however, as it will be based more on domestic savings and demand than on exports and capital inflows. Domestic savings are being promoted through financial liberalization and measures to increase public-sector efficiency. Domestic demand, on the other hand, is expected to receive a boost from a 10 percent increase in government spending for increased highway construction, expansion of port facilities, and construction for the Olympics and other infrastructure. The rate of export growth in 1985 is expected to be lower than in the past two years because of a slackening in the US economy and an increase in protectionist measures. Korea has also been cautious in its foreign borrowing in recent years, seeking to keep new gross external-debt commitments to about $6 billion annually.

Two Oil Exporters: Also Adjusting

Despite a continued decline in export earnings from oil, the Indonesian economy significantly improved its balance-of-payments position in 1984, as its current-account deficit declined sharply to 2.4 percent of GNP, down from 8.5 percent of GNP in 1982. This improvement was made possible mainly as a result of government policies designed to encourage the development of nonoil exports and reduce the level of imports. The first measure was achieved primarily through a major devaluation, in 1983, of the rupiah; import reductions were the result of restrictive demand-management policies, which included a major restructuring, in mid 1983, of the public-investment program. On June 1, 1983, the government introduced a comprehensive monetary-reform package designed to increase the mobilization of domestic resources and to make more efficient their allocation.

The government has also progressively increased savings through fiscal discipline: After petroleum prices were increased by more than 50 percent in each of the two previous years, they were again raised early in 1984, this time by an average of 37 percent; a major overhaul of the income-tax system went into effect in April 1984; and a value-added tax was adopted in April 1985.

Real growth in the economy has recovered over the past two years, led by higher production in the natural gas, refining, and agriculture sectors. Rice output has continued to expand, and Indonesia is now self-sufficient in this important food crop. The GDP growth rate is estimated to have been about 6.5 percent in 1984, somewhat higher than in 1983, and inflation decelerated from 12 percent to 9 percent. The government, which continues to borrow prudently in an uncertain external environment, has built up its net official reserves to a level equivalent to more than four months of imports. Yet, legitimate concerns remain about future levels of resource availability and the resultant need to strengthen the nonoil economy.

The country's latest five-year plan, which went into effect in April 1984, projects continued moderate growth at a rate of 5 percent a year; this projection is considered to be realistic, provided priority is given to promoting fewer import-intensive investments and to improving the operating efficiency of the economy. There is also concern in the government about such long-term issues as employment generation and poverty alleviation; family-planning and transmigration programs are foremost elements of governmental strategy in these important areas. Although the structural shift in employment away from agriculture is expected to continue, this sector will still account for about half of all employment, and growth in agricultural incomes, in Indonesia as elsewhere, will be an important determinant of job opportunities elsewhere in the economy. The increase in public expenditures in areas such as social programs and rural infrastructure is also an important factor in generating employment and easing the burden of adjustment on the poor.

Malaysia's adjustment program, which was initiated in the wake of record fiscal and balance-of-payments deficits in both 1981 and 1982, continues to cover a wide range of measures that focus on restraint in public spending and the rephasing of a number of capital-intensive investment projects. The restraint in public spending has resulted in a reduction of the budgetary deficit from 14.3 percent of GNP in 1983 to 10.3 percent. The constraints on public-sector investment and foreign borrowing were also reflected in reduced Bank lending to Malaysia.

Malaysia's export earnings, led mainly by large increases in the exports of palm oil, manufactured goods, and liquefied natural gas, rose by more than 19 percent in 1984. Imports rose by about 3 percent, resulting partly from a decline in import prices, but also from greater restraint in such expenditures. The current-account deficit declined from 11.7 percent of GNP in 1983 to about 5.8 percent, whereas the economy grew by 7.3 percent in real terms in 1984, up almost one and a half percentage points from the previous year. Debt servicing continues to remain low by international standards, and the country enjoys easy access to foreign capital markets. Despite this access, the government attaches importance to the containment of external debt through a further reduction in external deficits and more prudent use of foreign capital, including additional reliance on multilateral sources of finance.

Malaysia is currently considering new policies to deal with the challenges of financial adjustment and growth in the fifth plan period, 1986–90. Attempts to revitalize output and productivity in agriculture are expected to follow the recent announcement of a national agricultural policy. In addition, a package of industrial policies and incentives, designed to diversify and stimulate the output of manufactured goods and exports alongside the government's planned investments in major industrial projects, is expected to be introduced shortly. The government's policy package is also expected to emphasize more private savings and investment.

New Initiatives in Nonmarket Economies

Rapid economic growth continued in China, with GDP increasing by an estimated 12 percent in 1984. Industrial output rose 16 percent, more than in any other recent year and double the 1980–83 average; agricultural production was also impressive, with grain output reaching a record 407 million metric tons and cotton production increasing by 31 percent. Government revenues increased by about 17 percent, which permitted growth in public investments to be substantial and a budgetary deficit of less than 2 percent of GDP to be maintained. Although rapid growth of demand exacerbated the shortages of energy, producer goods, and construction materials, price increases were limited by administrative controls.

Aided by growth of domestic production, as well as by increasing world demand, exports grew by about 15 percent in 1984; at the same time, imports increased almost twice as fast, largely in the categories of technology and equipment, producer goods such as steel, fertilizer, and vehicles, and consumer products such as television sets. As a result, the current-account surplus was less than half the 1983 level of $4 billion, and the country's foreign-currency reserves, after peaking at about $17 billion (an amount equivalent to seven months' imports of goods and services) in mid 1984, began to decline in late 1984 and early 1985.

Considerable progress on economic reforms was made in three areas: price policies and rural and urban reforms. A recent official document has reaffirmed the government's political commitment to these reforms and provides general guidelines for future reforms.

In addition to a major price adjustment initiated in 1983 for textiles and for raw materials needed in the textile industry, prices of many other consumer goods and most agricultural products have been decontrolled. Prices are now allowed to float up to 20 percent above or below official prices for many industrial producer goods; in addition, the share of free-market transactions at largely uncontrolled prices has increased in recent years. Although coal and petroleum prices have been raised somewhat, it has been difficult to implement price adjustments for energy products, raw materials, and basic consumer goods such as grains and edible oils.

Rural reforms continue to move more rapidly than those in other sectors. Households that specialize in one type of pursuit and the pooling of capital by small groups of households in various types of ventures are becoming increasingly common in rural areas. Wholesale markets for some agricultural products have emerged. Farming contracts between collectives and peasant households, which typically had been fixed for no more than five years, are now being extended for as long as twenty years. Other measures taken in early 1985 include the abolition of procurement quotas for agricultural commodities, the promotion of agricultural-processing industries in coastal areas, and the financing of investments in rural nonagricultural activities through measures such as tax exemptions, local government bonds, and boosts in interest rates so as to increase savings.

The main focus of the urban reforms has been a further broadening and delineation of the decision-making authority of urban enterprises. Profit retention now extends to almost all state-owned enterprises. Urban collectives and individual enterprises, as well as a variety of joint ventures with state enterprises, have continued to grow rapidly. Reforms in the employment and wage system have made limited progress, however, as most urban labor is still allocated administratively. Numerous attempts are being made to link individual performance more closely with rewards.

The domestic economic situation of the Lao People's Democratic Republic, by contrast, is far less complex: It continues to fluctuate with changes in rice production. In 1984, GDP grew by about 8 percent, as rice production increased by 15 percent, the result mainly of favorable weather. Food supplies have thus improved after two years of declining harvests, and inflation has diminished significantly. Growth was also aided by substantial increases in value added in mining and electricity, although manufacturing output—a relatively minor factor in the economy—declined largely as a result of shortages of imported raw materials.

Although Laos's current-account deficit as a percentage of GDP was reduced from 16 percent in 1983 to 8 percent, the external situation could not be said to have improved, since a 25 percent reduction in imports resulted from a decline in aid disbursements and shortages of free foreign exchange, the latter brought about by a decline in exports and a low level of foreign reserves. The decline in foreign-aid inflows, coupled with a fall in government revenues (caused by the drop in imports), meant that investment expenditures had to be curtailed. Changes in pricing and management policies that could boost economic activity and exports are now under consideration.

An Economy Dependent on World Trade

The economic performance of Papua New Guinea continued to show steady improvement. Growth in GDP was about 5 percent in 1984, largely stemming from an increase in agricultural exports and a 36 percent rise in the average unit price of nonmineral exports. The current-account deficit as a percentage of GDP was reduced from about 19 percent in 1983 to 14 percent, and foreign-exchange reserves stood at an equivalent of about six months of imports at the end of 1984. Government revenues benefited from the external stimulus and successful efforts to improve the collection of taxes. As a result, budgetary deficits as a percentage of GDP fell from 5 percent to 3.6 percent. The government intends to reduce its external borrowing, which financed about 88 percent of these deficits, by increasing its efforts to mobilize domestic resourses. Inflation continued at 7.5 percent, largely as a result of the depreciation of the currency.

Considering the bleak prospects for world prices for those primary commodities that are important to the country's economy (copper and coffee, for instance), it is anticipated that Papua New Guinea's economy may grow more slowly in 1985, but both the budgetary and current-account deficits are expected to remain at approximately the level of 1984. The government is preparing a medium-term development plan to deal with the fundamental constraints—exchange-rate policy, wage policies, and efficient resource management—limiting the economy's growth, which has barely exceeded the rate of population growth in the past decade.

South Asia

The favorable trends in economic development experienced by South Asian countries in recent years extended into fiscal year 1985 and are expected to continue into fiscal 1986. Except in Bangladesh, where severe floods in 1984 resulted in heavy crop losses, agricultural output and productivity increases continued to provide the major impetus of growth. Although still subject to the vagaries of the weather, the region has nonetheless advanced quite far on the road towards food-grain self sufficiency. India, Pakistan, and Sri Lanka have been transformed from food-deficit to food-sufficient countries, while Burma remains a net exporter of food. Increasingly, however, most countries of the region are looking to the industrial sector as the source for an accelerated rate of economic growth and future exports.

Despite these favorable economic developments, and notwithstanding the advance in average levels of social and economic welfare, vast numbers among the 1 billion people in the region still live in poverty. On any comparable basis, the South Asia region remains abysmally poor.

In striving for an acceleration in the rate of economic growth and in the alleviation of poverty, South Asian countries must continue to address a number of development obstacles:

Table 4-7. South Asia: 1983 Population and Per Capita GNP of Country Borrowers, Fiscal 1983-85

Country borrowers, fiscal 1983-85	Population[a] (thousands)	Per capita GNP 1983[b] (US$)
Bangladesh	95,497	130
Bhutan	1,187	n.a.
Burma	35,492	180
India	733,248	260
Maldives	168	n.a.
Nepal	15,738	160
Pakistan	89,729	390
Sri Lanka	15,416	330

NOTE: The 1983 estimates of GNP per capita presented above are from the "World Development Indicators" in the *World Development Report 1985.*

n.a. Not available.

a. Estimates for mid 1983.

b. *World Bank Atlas* methodology, 1981-83 base period.

First, is the need to sustain the improvements in macroeconomic management and sectoral-policy formulation that have become increasingly evident in recent years. What is required is an increased focus on the more efficient use of capital, as well as natural and human resources; more reliance on market-pricing signals, including more appropriate criteria for adjusting those prices that are set by public authorities, such as energy and public-utility enterprises; reform of the structure and function of public manufacturing enterprises; improvements in planning and implementing public-expenditure programs and in mobilizing resources for development expenditures in both the public and private sectors; and an opening up of the external-trading sector.

Second, is the need to overcome a range of infrastructural bottlenecks. Power shortages, inadequate transport facilities, still-inadequate irrigation systems, and unreliable urban services impede production and marketing throughout the region. It will be necessary both to raise efficiency of use and maintain comparatively high levels of public investment for some time yet in order to increase capacity.

Third, is the need to resolve social and political tensions in and between many of the countries of the regions—tensions that inhibit economic activity and, in some cases, drain off resources into unproductive uses. Unless solutions are found to these tensions, the development potential of the region is unlikely to be realized.

While future growth will require governments to deal effectively with policy measures, institutional reforms, and appropriate public investments, there is also an important and continuing role for the international community. External capital and technical assistance on highly concessional terms have been major contributing factors in the region's development; since 1980, however, net official aid flows have declined. To compensate for the reduced availability of aid, some countries have begun to borrow from financial markets at commercial terms; in most cases, however, the scope for such financing is severely limited by considerations of creditworthiness. On grounds both of poverty and of much improved economic performance, South Asian countries continue to have a strong claim on concessional flows of bilateral and multilateral aid.

Mixed Results in Bangladesh and Burma

Developments in the economy of Bangladesh during the past fiscal year were mixed, with real gross domestic product (GDP) growing at 3 percent, according to government figures, as compared with 2.7 percent in the previous year. Agricultural output was adversely affected by a series of floods, as damaging as those in 1974. Additional food aid in response to this crisis was quite limited, but famine was successfully averted as a result of the improved efficiency of the public food-distribution system and of the timely decision by the government to ensure an adequate flow of imports during the critical August-to-November period when food stocks were lowest. In May 1985, a cyclone, accompanied by tidal waves, struck parts of southeastern Bangladesh, leading to heavy loss of life. It also caused substantial damage, which is currently being assessed, to crops, livestock, and infrastructure.

On the other hand, industrial output grew by more than 6 percent during the year. The improved performance in the industrial sector was caused by a number of factors, including an improved policy environment following the promulgation in 1982 of the government's new industrial policy; improved access to imports during a period of relatively comfortable foreign-exchange reserves; a buoyant demand for nontraditional industrial exports, especially ready-made garments; increased domestic demand generated by the satisfactory harvest of crops during 1983; and the substantial injection of demand that resulted from a sharp increase in private-sector credit.

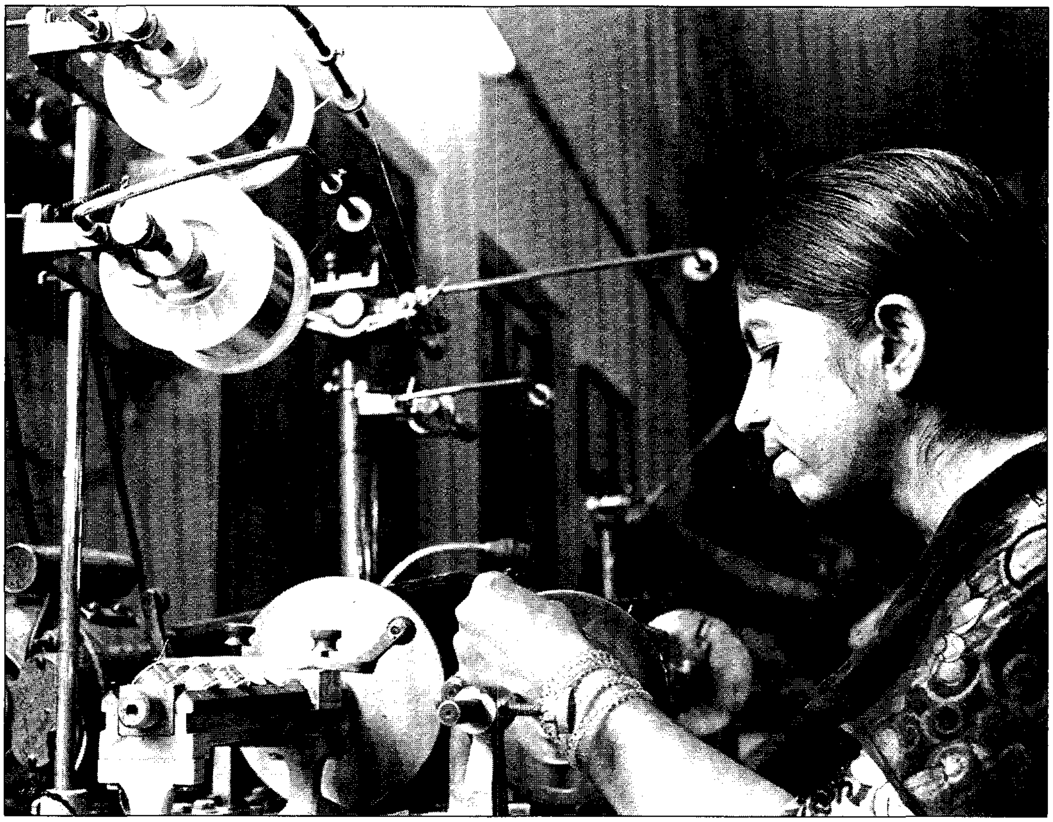
The country's balance of payments and foreign-exchange reserves benefited from increased export earnings resulting from significantly higher world prices for raw jute, jute products, and tea, as well as from a boost in nontraditional exports. Merchandise imports, other than food, remained sluggish, however, and remittances declined from their peak of about $600 million in fiscal 1983 to $552 million. The balance-of-payments situation remained comparatively comfortable, and, at the end of the fiscal year, Bangladesh's gross foreign-exchange earnings increased to $516 million.

Since the last quarter of fiscal 1984, there has been a deterioration in the country's balance-of-payments position, as reserves of over $130 million were drawn down during the first four months of fiscal year 1985. This drawdown resulted from the high level of food imports, necessitated by the flood emergency, and from an increase in other imports, stimulated by the recovery of the nonagricultural sectors and the rapid expansion of domestic credit. Workers' remittances are expected to decline further during fiscal year 1985 and are projected to be close to their lower level of three years ago. Gross foreign-exchange reserve levels are also expected to decline—to around six weeks of imports by the end of June 1985.

Table 4-8. **Lending to Borrowers in South Asia, by Sector, Fiscal 1976–85**
(millions of US dollars)

Sector	Annual average 1976–80	1981	1982	1983	1984	1985
Agriculture and Rural Development	667.2	918.7	813.3	944.9	967.2	1,107.4
Development Finance Companies	69.4	50.0	180.0	—	100.0	—
Education	21.5	25.0	14.3	19.8	48.8	138.9
Energy						
Oil, gas, and coal	36.0	485.0	209.2	478.3	498.0	591.0
Power	364.1	—	1,295.2	577.1	854.6	926.0
Industry	107.8	400.0	183.5	—	278.3	309.0
Nonproject	130.0	115.0	240.0	110.0	170.0	30.0
Population, Health, and Nutrition	22.0	—	—	18.0	70.0	—
Small-scale Enterprises	8.6	65.0	36.5	—	75.0	7.5
Technical Assistance	4.7	16.0	7.0	6.0	35.0	—
Telecommunications	55.9	314.0	40.0	35.0	—	22.0
Transportation	105.2	73.5	80.0	506.0	530.7	289.3
Urban Development	38.4	42.0	25.0	187.1	—	138.0
Water Supply and Sewerage	104.4	27.0	—	97.0	73.0	—
Total	1,735.2	2,531.2	3,124.0	2,979.2	3,700.6	3,559.1
Of which: IBRD	281.8	430.0	1,446.0	1,163.1	1,865.0	2,169.0
IDA	1,453.4	2,101.2	1,678.0	1,816.1	1,835.6	1,390.1

NOTE: Details may not add to totals because of rounding.

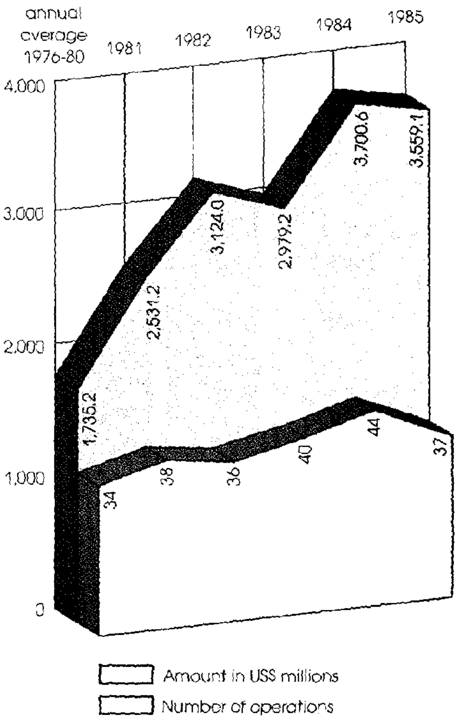


Operating machinery at Ranutrol Pvt. Ltd., an Indian company that manufactures thermostats and refrigeration controls. Recent favorable trends in economic development in South Asia extended into fiscal year 1985.

Burma's record of GDP growth has been good in recent years. The average rate of growth of about 6 percent during the period 1981–83 was slightly above the level in the preceding two-year period. Growth has been largely based upon improved agricultural performance (primarily paddy) which, in turn, has benefited from the systematic application of new seed varieties, fertilizers, and pesticides. Until fiscal 1982, balance-of-payments and domestic financial performance were also reasonably satisfactory. Since then, however, domestic and external imbalances have emerged. Externally, there has been some deterioration in the balance of payments, as the world market price for rice, the country's principal export, dropped sharply in fiscal 1983. Lowered rice prices, in turn, led to a sharp decline in the terms of trade and caused the ratio of Burma's external current-account deficit to rise five percentage points to 9 percent of GDP. This increase in the deficit was accompanied by a swing in the balance of payments, from a surplus of $60 million in 1981 to a deficit of $150 million (3 percent of GDP) in 1983. At the same time, Burma's overall public-sector budget deficit widened to 11 percent of GDP, reflecting a slowdown in revenue growth, partly the result of a drop in exports and a sharp increase in investment by state economic enterprises, which was increasingly financed by borrowing from the domestic banking system.

To maintain investments in the face of a deteriorating external position, a significant amount of concessional external finance will continue to be needed if the recent rise in Burma's debt-service ratio is to be restrained. In fiscal 1984, GDP growth was estimated at slightly less than 6 percent, and the external current-account deficit was reduced sharply, resulting from government action to curb imports and from a modest recovery in exports. However, the overall public-sector deficit remained at about 10 percent of GDP, and bank borrowing continued to increase. The government's medium-term development plans include, among other things, diversification of agricultural production and productivity improvements in two products that the country has traditionally exported—rice and timber—and a conversion of recently discovered rich gas fields into a source of exports.

Figure 4-4. Trends in Lending, Fiscal 1976–85



Healthy Growth in India

In fiscal 1985, the Indian economy continued to grow at a rate well above its long-term average. The growth in GDP is estimated at 4.0 percent, compared with 8.0 percent in fiscal 1984 and 2.1 percent in fiscal 1983, when India was recovering from a very poor monsoon. While the recovery of the economy in fiscal 1984 was largely the result of growth in agricultural output, economic growth in fiscal 1985 was mainly attributable to industry. Industrial output was estimated to have grown as much as 6 percent, compared with 5.5 percent in the previous year. The acceleration in industrial growth resulted from a recovery of domestic demand for industrial goods (in turn, the result of relatively higher growth in domestic incomes), support from fiscal measures, a reduction in excise duties, an expansion of investment incentives, and a partial alleviation of constraints imposed in the past by the poor performance of the infrastructure sectors, particularly power. The growth of agricultural output is estimated to have slowed to 1 percent in fiscal 1985, compared with 11 percent in fiscal 1984. This deceleration reflects a somewhat slower growth in food-grain production. The output of oilseeds, however, is estimated to have achieved the target of 13 million tons set for the year, and production of the other main cash crops, sugar cane and cotton, is expected to be higher than in the previous year.

India's annual rate of inflation slowed down to about 7.2 percent in fiscal 1985, following the adoption of several measures taken by the government to contain pressure on prices; those measures included releasing sugar from stocks for distribution through "fair price" shops and arranging for imports of edible oils and sugar. The overall good performance of the economy during the past year is also reflected in India's balance of payments. Preliminary estimates indicate that the external current-account deficit, as a percentage of GDP, declined from 1.8 percent to 1.4 percent between fiscal years 1981 and 1984, as the volume of exports recovered.

Fiscal year 1985 was the last year of India's sixth five-year plan. Preliminary reviews of the performance of the economy under this plan suggest that the country was successful in attaining most of its objectives, and the economy grew at an average rate of 5.2 percent a year, as targeted. Despite its impressive economic performance, the Indian economy continues to face difficult adjustments in the years ahead. Growth remains constrained by shortages in the infrastructure sectors, and an urgent need exists for capacity expansion and better utilization of existing capacity in power generation, coal mining, rail transport, and irrigation.

Over the past decade, the government has succeeded in reducing the country's dependence on imported energy, and, by relaxing some controls on industry, imports, and prices, there has been some improvement in the efficiency of the industrial sector. The upcoming seventh five-year plan, with its emphasis on improved efficiency and productivity, is expected to hasten the pace of these adjustments.

Contrasts: Nepal and Pakistan

According to recent government estimates, the Nepalese economy grew by 3.5 percent in the period fiscal 1981–83; agricultural production grew at an average annual rate of about 3.6 percent. By contrast, in fiscal 1984, the economy bounced back with real growth in GDP of over 7 percent. Agricultural production increased by over 8 percent, while the nonagricultural sector grew by more than 5 percent.

Nepal's external position, however, deteriorated during the same period. While exports declined in real terms, imports increased rapidly. The country's gross reserves declined from 5.5

months of imports in July 1983 to 5.2 months in July 1984.

Preliminary estimates for fiscal year 1985 indicate that agricultural production has been adversely affected by unseasonable winter rains and that growth in GDP will be around 3.5 percent. In addition, the country's external-account position has deteriorated, with total gross reserves in December 1984 at a level of 4.7 months of imports.

Increasing food production at a higher rate than the growth in population is critical to Nepal's development. Moreover, increasing the availability of food in hill areas, where almost 56 percent of the population lives, should continue to receive priority attention of the government. One of the principal means of achieving these objectives would be to make productive investments in improving transport services and in making more efficient the use of existing irrigation facilities.

In recent years, Pakistan has experienced rapid economic growth. Real GDP since the early 1980s has grown at an average 6.6 percent yearly, with agriculture and manufacturing increasing by 4 percent and 10 percent, respectively. Other indicators of economic performance have also shown steady improvement. Government initiatives to strengthen macroeconomic management and the management of agriculture, industry, and energy have been instrumental in Pakistan's improved performance. Growth has taken place despite a number of adverse factors, notably a marked decline in the country's external terms of trade following the 1979 oil-price increase, a declining trend, since the mid 1970s, in real net official assistance, and the unforeseen events that have occurred in Afghanistan, with its attendant requirements for increased expenditures for defense and refugee assistance.

Pakistan's steady improvement in economic performance in recent years was interrupted in fiscal 1984, however, by a downturn in agricultural production and migrant remittances, as well as by the carryover of inflationary pressures built up during the previous year. As a result, GDP grew by only 3.5 percent. A combination of unfavorable weather and pest attacks on the cotton crop led to a decline of 4.6 percent in agricultural output, while growth in manufacturing slowed to 7.7 percent, largely because of reduced output in textiles and refined sugar. However, with agriculture and industry currently showing sharp improvements, Pakistan's GDP is likely to increase by about 10 percent in fiscal 1985.

Sustaining the impressive economic performance of the recent past requires that major structural imbalances—low domestic savings and investment rates, inadequate domestic-resource mobilization, low agricultural productivity, inappropriate industrial incentives, and energy shortages—be corrected. In agriculture, better institutional support, appropriate pricing policies, and the implementation of a core investment program are key measures. In industry, increasing and diversifying Pakistan's manufactured export base and encouraging import substitution require rationalization of industrial incentives, tariff reform, and promotion of the private sector's role. In energy, greater investments in power generation and transmission, together with the elimination of distortions in pricing, would enhance domestic supplies of energy and improve efficiency in the utilization of scarce resources.

Tree-crop Sector Still Key in Sri Lanka

GDP growth in Sri Lanka is estimated at 5 percent in 1984, compared with an average of about 6 percent in the period 1977–83. Tea production registered an impressive 20 percent growth in volume, and the manufacturing sector recorded an unusually high growth rate (9.2 percent), partly the result of an increase in tea processing for export.

The current-account deficit, which averaged 16.3 percent of GDP in the period 1980–82, dropped to 12.4 percent in 1983, and further, to 3.7 percent in 1984. Net international reserves, which had declined since 1980 and which stood at minus $20 million by the end of 1983, rose by $305 million during 1984, the equivalent of two months of imports. The budget deficit, at 23.1 percent of GDP in 1980, was reduced to an estimated 10.2 percent of GDP in 1984. These improvements in the budget and balance of payments reflect strengthened economic management, as well as gains from higher export prices that, perhaps, may only be temporary.

During 1985, Sri Lanka's GDP is expected to increase again by 5 percent; budgetary and external accounts are likely to be strengthened further, leading to an increase in foreign-exchange reserves. The economy remains extremely vulnerable, however, to downward changes in world tea prices. Indeed, world tea prices have been declining since March 1985. If this trend in price continues, Sri Lanka's exports and growth prospects would be seriously affected.

In recent years, the government has taken a number of steps to promote growth in the tree-crop sector, including reforms in management and incentives. While this sector will continue to be the major source of foreign-exchange earnings for some years to come, the government is also preparing a diversification program in the agricultural sector and is beginning to implement a revised system of incentives in the industrial sector.

Europe, Middle East, and North Africa

Three successive years of declining growth in gross domestic product (GDP) were reversed in 1984 in most of the oil-importing countries in the Europe, Middle East, and North Africa region. The oil-importing economies took advantage of economic recovery in the industrialized countries and of declining oil prices, and gained from the domestic adjustment efforts set in train in previous years. However, only Turkey—the first country to begin the adjustment effort—achieved growth that surpassed the high average performance of the previous decade. In general, performance in other countries continued to be constrained by the continuing need for tight domestic demand management and by longer-term efforts towards economic restructuring. In the oil-exporting countries—notably, Algeria, the Arab Republic of Egypt, Syria, and Tunisia—where exports of hydrocarbons range from 50 percent to nearly 90 percent of merchandise exports, the continuing decline in oil prices, along with attempts to reduce production levels, inevitably dampened performance. These countries continued to experience moderate growth, however, albeit at rates lower than in previous years.

***Table 4-9.* Europe, Middle East, and North Africa: 1983 Population and Per Capita GNP of Country Borrowers, Fiscal 1983-85**

Country borrowers, fiscal 1983-85	Population[a] (thousands)	Per capita GNP 1983[b] (US$)
Algeria	20,577	2,320
Cyprus	655	3,680
Egypt, Arab Republic of	45,169	700
Hungary	10,699	2,150
Jordan	3,247	1,640[c]
Morocco	20,801	760
Oman	1,131	6,250
Portugal	10,099	2,230
Syrian Arab Republic	9,606	1,760
Tunisia	6,886	1,290
Turkey	47,279	1,240
Yemen Arab Republic	7,595	550
Yemen, People's Democratic Republic of	1,974	520
Yugoslavia	22,800	2,570

NOTE: The 1983 estimates of GNP per capita presented above are from the "World Development Indicators" in the *World Development Report 1985.*

a. Estimates for mid 1983.

b. *World Bank Atlas* methodology, 1981-83 base period.

c. East Bank only.

Although the pattern and pace of adjustment have varied among countries, much progress was made in the past year in redesigning economic strategies and reducing economywide imbalances. With few exceptions, most countries have begun tackling fiscal imbalances; they have done so, in part, by reducing the growth of consumption, but, more particularly, by reducing public-investment programs. Several countries either have redesigned or are beginning to redesign their public-investment programs to ensure that scarce investible funds go to sectors and projects that command the highest priority. Efforts have been made to reduce both public-enterprise and consumer subsidies. As a result, the high fiscal deficits of the late 1970s have been greatly reduced. Nonetheless, modest deteriorations in the fiscal deficits of several countries of the region occurred in 1984—except in Egypt, where the deterioration was large. These deteriorations were caused largely by revenue shortfalls, as governments tried to reduce tax distortions in their economies, and especially, as measures to liberalize trade proceeded. Plans to raise taxes have already been announced in several countries where deficits threaten the adjustment effort. It should be noted, however, that fiscal retrenchment has exacted severe costs on many economies: Growth has been substantially reduced and unemployment has increased, and further compression of investment in economies whose adjustment has been the most profound could endanger the prospects for sustainable long-term growth.

Progress against inflation in 1984 was mixed. Inflation rates were, on the average, much lower than those of 1980-81; in some countries, however, inflation increased in 1984. In some degree, higher rates of inflation were associated with changes in relative prices stemming from the impact of devaluations and with reductions in consumer subsidies; they also testified, however, to the fact that, despite the substantial progress made in reducing fiscal deficits, recourse to domestic monetary expansion to finance public borrowing still remains high. Inflation was greatest in Portugal, Turkey, and Yugoslavia; each experienced inflation rates in 1984 that ranged from about 30 percent to 50 percent or more in 1984. Serious efforts to bring inflation under control remains a high priority.

The combination of the recovery in the United States and the modest resumption of growth in other industrialized countries, accompanied by ongoing efforts in the countries of the region to reform their trade regimes, led to a substantial export recovery in 1984 (the oil-exporting countries excluded). Virtually every oil-importing country registered a strong increase in merchandise exports, although those that rely heavily on workers' remittances—in particular, the Yemen Arab Republic and the People's Democratic Republic of Yemen—showed marginal or lesser growth in total exports. More remarkably, import growth in 1984 was considerably below that of exports, and, in every country but Morocco, import growth declined from levels of the immediate preceding years. Strong efforts to control public-investment programs and, in certain countries, successful devaluations, were the major causes of import declines.

Progress in reducing current-account deficits in the balance of payments was more mixed. Several countries—notably, Cyprus, Egypt, Jordan, Morocco, Tunisia, and Turkey—experienced worsened deficits in 1984. The principal reasons for increased deficits were the introduction of import-liberalization measures, higher interest payments on debt, reduced flows of worker remittances (in some countries), and the impact of petroleum-price declines and volume quotas (in the oil-exporting countries). These deteriorations occurred—for the oil importers—in spite of higher export volumes, low import growth, and, for some, improved terms of trade. The import restraint that most countries experienced, in fact, can be attributed not only to continuing investment restraint, but also, to the financial constraints imposed by the need to service external debt. On the other hand, Algeria, Hungary, Portugal, Yemen Arab Republic, and Yugoslavia all improved their current-account positions. For all but Portugal, stringent domestic-demand measures, particularly on investment, were largely responsible for the improvement (in the case of the Yemen Arab Republic, restrictions on imports also played a part); in Portugal, stronger export growth (following a real devaluation in 1983), drawdowns in inventories, and a real decline in private—though not public—consumption and investment caused the improvement. In surveying these developments, the continuing import compression in many of the adjusting economies of the region remains a prominent feature of economic life; it is difficult to predict how much deeper, and indeed, for how much longer, this process can continue without severely affecting prospects of growth. The continuation of the world economic recovery, as well as continued access to external capital, will remain essential determinants of successful adjustment over the medium term.

While the outlook for the rest of the decade appears less pessimistic than in the immediate aftermath of the second oil-price increase, few, if any, countries can expect a resumption of the high growth experienced during the 1970s. Mounting debt burdens, reduced external capital flows, and the continuing need for financial adjustment will limit the room for expansionary domestic policies. At the same time, for most countries, the achievement of respectable growth will require continuing efforts at structural adjustment. The broad agenda for these adjustments remains similar across countries. These include: continuing energy conservation; reductions in the energy component of imports and development of indigenous energy sources; improved export orientation through changes in policy environment; increased internal efficiency by relieving impediments to the movement of capital and labor and improving efficiency in financial markets; and reforming public-enterprise systems.

The Bank has been, and will continue to be, associated with efforts to promote structural change. Two of the region's borrowers, Turkey and Yugoslavia, have received structural-adjustment loans. A complementary instrument in support of reform has been sector loans. The Bank has made an industrial and trade-policy adjustment loan to Morocco, and, during the past year, committed funds for agricultural-sector loans to Turkey and Morocco. Lending for structural reform has been supported by a variety of economic and sector work; during fiscal 1985, the Bank conducted plan or public-sector investment reviews in Egypt, Hungary, and Turkey; a public-enterprise review in Morocco; and industrial-sector studies in Tunisia.

Middle-income Oil Importers

The Turkish economy has made significant advances in structural adjustment following the reform program initiated in 1980. That program, which has been supported by the Bank through five structural-adjustment loans, has relied on several instruments of economic management. These include: reforms of the trade and exchange-rate regimes, improvements in debt management, rationalization of the public-investment program, reform of state economic enterprises, and improvements in money and interest-rate management.

The period 1980 to 1982 was one of substantial success; inflation rates fell, the real rate of

GNP (gross national product) growth rose, and exports surged. By contrast, results in 1983 and 1984 proved to be mixed, caused in part by adverse external developments, some relaxation in the monetary program and a renewal of inflationary pressures, and shortfalls in government revenues.

After a bad harvest in 1983, real GNP growth rebounded in 1984 to an estimated 5.7 percent, the highest rate Turkey has achieved in several years. Good performances in both agriculture and industry were factors; especially important, however, was the performance of manufactured exports, which grew by 41 percent. Export growth has been the cutting edge of Turkey's above-average performance in the last three years; manufactured exports are becoming increasingly diversified and have increasingly penetrated the markets of the Middle East.

Despite a continued retrenchment in public-sector investment, overall fiscal performance worsened slightly in 1984, as revenues fell far short of expectations. Given the urgent need to mobilize public resources, the government introduced a value-added tax (VAT) in January 1985.

After peaking at 107 percent in 1980, inflation (as measured by the wholesale-price index) declined to 27 percent in 1982. In 1983, the downward trend was reversed, and by 1984, inflation had risen to over 50 percent, making it again a priority issue in economic management.

Even though Turkey's current-account deficit of the balance of payments remains at manageable levels, its debt-service obligations will remain high over the coming years as a result of repayments of rescheduled debt under earlier agreements with member countries of the Organisation for Economic Co-operation and Development. The debt burden need not prove a strain—provided current policies are successfully implemented and the export drive is sustained. There have been encouraging signs of Turkey's ability to enter the commercial market for funds, and the country continues to enjoy the support of the international financial community.

Hungary's GDP grew at 2.4 percent during 1984, a rate substantially higher than that of 1983 (0.7 percent). The most striking success of the Hungarian adjustment program (begun in 1980) has been the conversion of a convertible currency-account deficit in 1982 into a record trade surplus of $1.2 billion in 1984. While modest increases in exports have contributed to this improvement, imports and investment have both been drastically compressed. Since 1980, Hungary's imports have grown by only about 1 percent a year in real terms; gross domestic investment has declined for six consecutive years, and, by 1984, it had dropped to almost two thirds of its 1978 level. Together with the restoration of inflows of external capital, these elements of economic stabilization have permitted Hungary

***Table 4-10.* Lending to Borrowers in Europe, Middle East, and North Africa, by Sector, Fiscal 1976–85**
(millions of US dollars)

Sector	Annual average 1976–80	1981	1982	1983	1984	1985
Agriculture and Rural Development	542.4	609.0	490.1	740.0	474.1	821.0
Development Finance Companies	170.8	432.0	356.0	56.3	575.0	87.1
Education	138.7	81.7	93.0	93.8	142.7	104.1
Energy						
Oil, gas, and coal	54.5	132.0	193.5	130.4	103.0	166.7
Power	211.6	203.5	42.5	318.6	308.7	267.0
Industry	199.2	192.6	134.1	291.1	206.1	177.6
Nonproject	94.0	375.0	304.5	575.8	376.0	—
Population, Health, and Nutrition	6.0	12.5	—	18.1	—	41.9
Small-scale Enterprises	27.2	30.0	70.0	—	—	50.0
Technical Assistance	0.3	6.9	—	4.5	—	4.7
Telecommunications	20.6	—	64.0	—	128.0	23.0
Tourism	17.1	—	—	—	—	—
Transportation	325.3	156.5	397.8	116.0	309.4	356.9
Urban Development	10.2	57.0	74.0	85.0	75.0	37.2
Water Supply and Sewerage	121.0	147.1	159.6	106.0	427.8	292.0
Total	1,938.8	2,435.8	2,379.1	2,535.6	3,125.8	2,429.2
Of which: IBRD	1,746.4	2,173.2	2,317.6	2,464.5	3,052.4	2,387.1
IDA	192.3	262.6	61.5	71.1	73.4	42.1

NOTE: Details may not add to totals because of rounding.

Stonemasons at work building a school near Sana'a, Yemen Arab Republic.

to rebuild its convertible-currency reserves and to reestablish its creditworthiness. However, a substantial price has been paid in terms of forgone growth and minimal improvements in consumption for the population. Hungary is proceeding with major, medium-term reforms linked to adjustments in incentives and economic structure; these include expanding the role of market prices, improving enterprise management, and upgrading industrial technology and agricultural efficiency. These adjustment efforts have, as a major goal, improvement in the country's export competitiveness. If these efforts are successful, and if there is no strong downturn in the external-trade and credit environments, Hungary's path to sustainable growth, one that is less constrained by foreign-exchange shortages, should be less difficult.

Since 1981, Romania has followed a program of severe austerity that was adopted in response to an external-payments crisis. The program has achieved its major objectives: The current-account balance in convertible currency has shifted from a deficit to a surplus, and total outstanding indebtedness to the West has been reduced. External adjustment was achieved primarily through cutbacks in investment and imports.

Yugoslavia, like Hungary and Romania, has also had to adopt stabilization measures and restructure its economy. These efforts have been supported by the international financial community through structural-adjustment lending by the World Bank, standby agreements with the International Monetary Fund (IMF), and a rescheduling of debt by governments and commercial banks. Yugoslavia began its stabilization/adjustment process in 1980, and the country's efforts have met with some success. A large convertible-currency account deficit in 1979 has been progressively turned into surpluses. A substantial increase in exports in 1984 allowed imports to grow in real terms for the first time since 1981. As a result, and despite continuing cuts in investment and consumption, gross social product is estimated to have risen by more than 1 percent, reversing the previous year's negative growth. Inflation, however, remains a serious problem. Retail prices, fueled by a pronounced devaluation of the dinar and by substantial increases in interest rates, are estimated to have risen by 54 percent in 1984.

The process of restructuring and economic adjustment is also under way in Morocco. Efforts to overcome its chronic external imbalances by slowing the growth of domestic expenditure have been intensified since 1983. Stabilization policies introduced with the support of the IMF have included further adjustment of the exchange rate, tighter control of government spending, and a considerable scaling down of overextended public-investment plans. In addition, Morocco has now embarked on a program to restructure incentives through trade liberalization and export promotion, and is beginning to tackle the financial and administrative problems of the economy's large public sector.

The impact of the policies adopted since 1983 has been encouraging. Export performance has improved significantly, and earnings from tourism and flows of workers' remittances have increased. Imports declined sharply in 1983 as a result of cutbacks in public investment. In 1984, however, imports rebounded, partly as a result of trade liberalization, but also because cereals and fuels had to be imported to counteract the effects of a protracted drought. Morocco's current-account deficit of the balance of payments, which increased to 10.7 percent of GDP in 1984 (from 8.0 percent in 1983), is expected to decline in 1985. The stabilization policies adopted in 1983 have also led to a reduction in the government budget deficit. The combined impact of stabilization policies and poor harvests depressed GDP growth in both 1983 and 1984 (2.2 percent and 2.4 percent, respectively), but a recovery is expected in 1985.

Following the initiation in 1983 of Portugal's emergency short-term stabilization program, the country's current-account deficit in the balance of payments was strongly reduced during the past year. Adjustment was accompanied by an estimated 1.5 percent decline in real GDP. Portugal's domestic adjustment was less successful than its external adjustment, as reduction in demand resulted from lower private-sector spending (following a decline in real wages) rather than lower public-sector spending as envisaged. The deficit of the state budget remained higher than targeted, and substantial extrabudgetary arrears to state enterprises were built up as a result of unpaid subsidies.

Since mid 1984, the government has been preparing a medium-term program for economic and financial recovery, which would include a variety of reforms in the financial sector, public and private enterprises, the tax system, and regional development. The budget for 1985 is expected to permit real GDP growth to be about 2 percent and a small recovery in fixed investment and stocks. However, Portugal's public-sector deficit and continued inflationary pressures limit the government's ability to adopt expansionary policies.

Jordan has been particularly affected by declines in foreign-aid grants, workers' remittances, and manufacturing exports, which have resulted from declines in incomes in neighboring oil-producing countries. Economic growth slowed further in 1984 to about 5 percent in real terms as compared with over 10 percent a year during the period 1978–81.

Continued good economic management ensured that the reduced growth of domestic production and the substantial decline in the inflow of foreign exchange were absorbed without endangering the country's economic stability. Imports declined in line with the sizable reduction in public and private investment and as a result of successful government efforts to reduce the recurrent budget deficit through cuts in subsidies and improved collection of direct and indirect taxes. The decline in imports, combined with a modest increase in exports, contributed to an improvement in the balance of trade. The sharp reduction in official transfers more than offset the decline in imports, however, and resulted in a further deterioration of Jordan's current-account deficit.

Medium-term prospects for the economy remain promising, though growth is expected to be less rapid than in the 1970s. In general, if foreign-aid grants and workers' remittances continue to decline, Jordan will need to rely more on external borrowing to finance domestic investments. Given the country's low level of indebtedness, and provided that management continues to be prudent, an increase in debt should not pose a major problem.

Low-income Oil Importers

Despite the persistence of below-normal rainfall, GDP in the Yemen Arab Republic during 1984 grew at a slightly faster rate (about 3 percent) than in the previous year. As with Jordan, the decline in foreign-exchange availability, brought about by reductions in workers' remittances and foreign grants, has necessitated the adoption of a program of austerity. Imports have been reduced substantially through the depreciation of the Yemeni rial and selected restrictions. The government's austerity program is meeting with success, as the budget deficit has been substantially reduced, as has the current-account deficit of the balance of payments. Because such measures represent a significant departure from the government's traditional policy of minimal interference with market forces, they are expected to be lifted once the short-term difficulties the country is facing are ameliorated.

The draft annual plan, the budget for 1985, and the introduction of new taxes and user charges all point to a continuation in 1985 of the government's austerity program. By the end of the current second plan period (1986), it is expected that the stage for stronger growth during the third plan period will have been set.

Severe floods in 1982, followed by drought in both 1983 and 1984, have contributed to a recent weakening of economic activity in the People's Democratic Republic of Yemen. Economic conditions have been worsened by reductions in workers' remittances, official grants, and external aid. Provisional figures for 1983 and 1984 indicate that growth in GDP was between 2 percent and 3 percent in real terms.

Investment in recent years (particularly for needed infrastructure) has expanded, however, and expansion has brought about a rise in imports. Despite the slowdown in service receipts, the level of earnings, coupled with increasing disbursements from grants, has enabled the country in recent years to cover its import requirements and to increase its holdings of foreign reserves.

Middle-income, Oil-exporting Countries

Algeria is heavily dependent on the conditions prevailing in the oil and gas markets, as about 90 percent of its foreign-exchange revenues originate from hydrocarbon exports. Diversification of hydrocarbon exports towards refined products (condensate and natural gas) and a successful renegotiation of gas contracts have helped to offset the effect of the soft market for petroleum products during the 1982–84 period. However, the continuing weakness of oil markets is likely to exercise pressure on Algeria's gas-pricing policy; at the same time, its oil quota has been reduced in the attempt by the Organization of Petroleum Exporting Countries (OPEC) to defend the reference price of crude. This tightening of the external environment, which has been reflected in a virtual stagnation, since 1980, of foreign-exchange earnings, has dramatically increased the relative burden of the country's foreign debt. The government has reacted to these adverse circumstances by slowing down the growth of domestic expenditures, in particular, public-sector investment, and by cutting back on imports. Current-account deficits in the period 1982–84 have thus been substantially reduced, and the country has been able to reduce its outstanding external debt by about $3.5 billion (22 percent) since 1980.

Syria has made considerable progress in the past decade in raising its gross domestic product, expanding its economic and social infrastructure, and ensuring basic needs and employment opportunities for the majority of the population. These achievements have been made possible, in part, because Syria has a diversified and moderately rich resource base and a dynamic labor force; in addition, it has benefited from substantial earlier rises in the international prices of its main export, oil, and from considerable financial assistance from oil-exporting, capital-surplus countries. Syria has also profited from the opportunities for employment, trade, and construction in oil-exporting, capital-surplus countries.

Since 1980, however, Syria's net oil surplus has all but disappeared, and financial assistance from, and opportunities for employment in, neighboring countries have declined. As in other countries that have dwindling oil surpluses and that face difficult economic circumstances, Syria needs to take steps to deal with its fiscal deficit and to put together a package of structural reforms that can lead to sustainable growth in the medium term. Reductions in consumer subsidies, reforms in public-enterprise finance, enhanced use of the instruments of trade policy, and revitalization of agricultural growth must be included as major objectives in any program of structural reform.

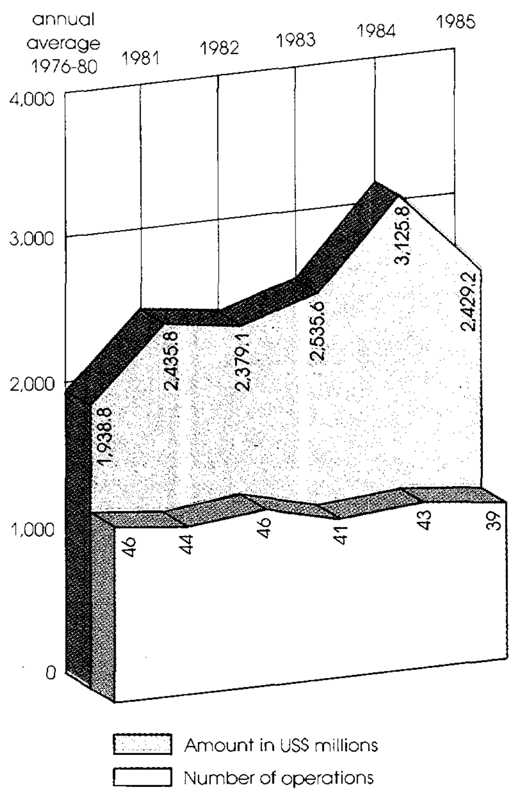
During the past year, the deterioration in Egypt's key macroeconomic variables, which started in mid 1981, continued. Although petroleum exports rose 9 percent, an unexpected rise in imports of 14 percent caused the current-account deficit to increase from $2.7 billion (11 percent of GDP) in fiscal year 1982/83 to $3.3 billion (12 percent of GDP) in 1983/84, despite a sharp jump of almost $800 million in workers' remittances. Net longer-term capital inflows rose only slightly as a result of a steep increase in debt-service obligations. Even though a large proportion of Egypt's external debt is on concessionary terms, stable longer-term growth will depend on the adoption of measures to deal with debt and the need for longer-term policy adjustments.

Some corrective measures, on both the revenue and expenditure sides, have been incorporated into Egypt's current budget. Several taxes have been raised, and reductions in food subsidies are planned; electricity prices were raised in November 1984, and price increases have been authorized for some products manufactured by the public sector. These encouraging measures are expected to reduce the already high budget deficit.

Acknowledging the need to tackle the difficult balance-of-payments prospects, the government introduced, in January 1985, a flexible and depreciated exchange rate for use in commercial banks; this should assist the government in controlling rapid import growth, as well as encourage the growing exports of nonoil commodities.

Egypt's rapid economic growth of recent years has been principally based on exogenous earnings sources, including petroleum, tourism, and the Suez canal, with only weak linkages to agriculture, industry, and services, where the majority of the labor force is occupied. The challenge

Figure 4-5. Trends in Lending, Fiscal 1976–85



for Egypt, therefore, is to make structural adjustments through a diversification and expansion of the productive base of its economy, particularly in agriculture, industry, and infrastructure. By doing so, rapid economic growth can be sustained, external liquidity achieved, and employment created.

Led by increases in agricultural production and manufacturing output, Tunisia's GDP grew by 5.5 percent in 1984. Growth was achieved, however, at the cost of a worsened current-account deficit in the balance of payments. While exports in real terms increased marginally faster than imports (which were restricted by tight controls), the worsening terms of trade widened the current-account deficit in nominal terms to 8.8 percent of GDP.

Because government expenditures rose faster than revenues (even though revenues were expanded at a creditable pace), the overall fiscal deficit jumped from 4 percent of GDP in 1982 to 7 percent in 1984. The government plans to slow down the growth of consumption in 1985 by cutting investments in absolute terms and by stimulating exports. In addition, civil servants' salaries were frozen in 1984, current budget subsidies were reduced, and stringent controls were imposed on public enterprises.

Tunisia's burden of external debt, while still relatively small, has been growing; in addition, the net foreign-exchange surplus of the oil sector is likely to decline through the rest of the decade. Key policy issues (energy pricing and conservation, consumer subsidies, public-sector management, and trade policy) are being tackled in an effort to structure the economy so that it can deal effectively with the longer-term issues of growth and employment.

Capital-surplus, Oil-exporting Countries

The capital-surplus, oil-exporting countries continued to weather the decline in oil prices and the production ceilings agreed by the OPEC producers early in 1983. Most have adjusted to the new economic circumstances by cutting back on their planned investment programs and/or by stretching out the completion of already initiated projects. In this period of economic rationalization, expenditures are being scrutinized and proposed new investments are being subjected to tests of feasibility. The brunt of this lower level of activity has been borne, in particular, by the civil-works and contracting industries. In general, there has been no mass exodus of foreign workers, however; only the growth in their numbers has been reduced. In some Gulf countries, Kuwait, for example, employment of foreign labor in both 1983 and 1984 increased at a significant pace, mostly because major ongoing projects had to be completed; at the same time, significant reductions in the number of foreign workers took place in both Qatar and the United Arab Emirates.

Within each of the capital-surplus countries, most socially oriented programs have not been severely affected by the reduction in oil revenues, and all governments continue to play their role of employer of last resort, thus preventing any significant increase in unemployment, especially among the young.

In the course of the last year, the political and economic integration among the Gulf countries continued to make important progress within the Gulf Cooperation Council (GCC) framework. In addition to the lifting of custom duties on most products originating in the GCC states, the GCC has made significant steps towards ensuring free circulation and residence for GCC citizens in the Gulf countries. In line with avoiding duplication of facilities, the GCC is coordinating the location of large downstream oil plants and establishing a Gulf Industrial Corporation to finance industrial projects. All these regional activities will strengthen the position of the individual countries and help correct the existing imbalances among them in terms of economic and social development.

It is expected that, in the short run at least, oil prices and output quotas will not change significantly. Governments, therefore, are maintaining a cautious attitude with respect to large investment programs and are scrutinizing with great care the cost effectiveness of their current operations. At the same time, an awareness is growing on the part of the governments of the Gulf countries that the private sector should increase its contribution to the prospects of growth by exploiting externalities generated through the massive infrastructure programs and incentive schemes provided by the governments.

Latin America and the Caribbean

During the past year, some Latin American countries emerged from the deep recession that overtook the region in 1981, and for the region as a whole, output rose for the first time since 1981. An important contributing factor to this resumption of economic growth was a substantial expansion of exports, which made possible a simultaneous increase in imports, a further strengthening of the region's trade surplus, and an accumulation of international reserves.[7]

The recovery was constrained, however, by heavy external debt-service payments, by austerity measures that were required for the achievement of adjustment objectives, and by continued widespread financial disarray in a number of countries. As a result, aggregate growth of gross domestic product (GDP), at about 3 percent, barely matched the increase in population. The increase in the level of economic activity was insufficient to keep pace with the expansion of the region's labor force, and open unemployment rose. In over two thirds of the countries in the region, per capita output declined. Adjusted for the deterioration in the region's external terms of trade that took place during the past year, per capita gross national income declined further to the level of the early 1970s. The terms of trade of Latin American and Caribbean countries have now deteriorated 22 percent since 1980.

***Table 4-11.* Latin America and the Caribbean: 1983 Population and Per Capita GNP of Country Borrowers, Fiscal 1983–85**

Country borrowers, fiscal 1983-85	Population[a] (thousands)	Per capita GNP 1983[b] (US$)
Argentina	29,627	2,070
Barbados	253	4,050
Belize	153	1,140
Brazil	129,662	1,880
Chile	11,682	1,870
Colombia	27,515	1,430
Costa Rica	2,379	1,020
Dominican Republic	5,961	1,370
Ecuador	8,216	1,420
Grenada	92	840
Guatemala	7,932	1,120
Guyana	802	520
Haiti	5,300	300
Honduras	4,093	670
Jamaica	2,258	1,300
Mexico	75,011	2,240
Panama	1,964	2,120
Paraguay	3,211	1,410
Peru	17,877	1,040
St. Vincent	102	860
Uruguay	2,969	2,490

NOTE: The 1983 estimates of GNP per capita presented above are from the "World Development Indicators" in the *World Development Report 1985.*

a. Estimates for mid 1983.

b. *World Bank Atlas* methodology, 1981–83 base period.

An important and impressive achievement in Latin America in the past two years has been the rapidity with which countries have implemented adjustment programs aimed at overcoming debt-servicing and balance-of-payments difficulties. While these programs have brought about a dramatic strengthening of the region's external position, adjustment was achieved at a high economic and social cost: The standard of living has declined in most countries, and the impetus toward development has been sharply slowed down.

The strengthening of the region's external position has been brought about by a turnaround in the aggregate trade balance (from a deficit of 1.5 percent of GDP in 1981 to a surplus of about 5 percent in 1984); this turnaround was achieved by limiting the growth of imports in 1984 to 4.4 percent and by expanding exports by 9.3 percent. Imports remained much lower than before the crisis in real terms.

Virtually all of the trade surplus generated was absorbed by net payments of interest on outstanding external debt. As a consequence of the increase in the trade surplus, the deficit in the region's current-account balance was reduced to $3.0 billion, the lowest level, relative to GDP, of the postwar period. For the first time in four years, net capital inflows to Latin America increased (from $4.4 billion in 1983 to $10.6 billion in 1984) and exceeded the region's current-account deficit. As a consequence, holdings of international reserves in Latin America rose by $7.5 billion.

[7] Some 85 percent of the increase in Latin America's exports went to the United States' market.

A scene from the Bolivian Altiplano. Output in the region rose for the first time since 1981.

Interest payments continued to absorb a large share (35 percent) of exports of goods and nonfactor services in 1984, declining from 39 percent in 1983. The interest-burden ratio was particularly high for Bolivia (57 percent), Argentina (52 percent), and Chile (46 percent). As a consequence of the large interest payments abroad, the Latin American region's net transfer of resources to the rest of the world remained high in 1984, at $27.0 billion, or about 24 percent of exports of goods and nonfactor services. While this level was slightly lower than the preceding year, it represented a sizable transfer of resources which, as a consequence, were not available for investment in growth, thus affecting future incomes, consumption, and employment. Negative net transfers as a share of exports of goods and nonfactor services were highest for Mexico (47 percent), followed by Venezuela and Bolivia (37 percent), Uruguay (32 percent), and Argentina (23 percent).

Total external debt increased moderately (3.6 percent), continuing the sharply lower growth that has occurred since 1982. Total external debt at the end of calendar year 1984 is now estimated at $360.0 billion. For the first time in four years, exports grew more rapidly than debt for the region as a whole. Although the ratio of debt outstanding to exports of goods and nonfactor services declined slightly, it remains high at 3.3. It is especially high for Panama (14), Nicaragua (9), Argentina (5.5), Chile (5), Uruguay (4.7), Peru (4.5), Bolivia (4.4), Costa Rica (4.2), and Paraguay (4.1).

Growth-oriented Adjustment

The pattern of adjustment, in which the region's external position was strengthened primarily by an expansion of exports, was in contrast with the pattern of the preceding three years. During that period, adjustment took place by cutting imports and by reducing domestic demand, especially of investment expenditures. Because Latin American countries are heavily dependent on imports for intermediate inputs and for investment goods, sharp cuts in imports had an adverse impact on investment and growth. Initiation of a growth-oriented, export-expanding adjustment, which is the only viable form of adjustment sustainable over the long term (given the continued rapid growth of the region's labor force), was a positive development in 1984.

The encouraging results achieved in the past year were heavily influenced by the performance of a few of the largest countries, however. More than half the countries in the region experienced slow export growth. In most of these countries, imports failed to expand significantly from the low level of 1983, investment remained depressed, output was stagnant or declined, and unemployment continued to rise.

Brazil, whose weight in the region's aggregate statistics is considerable, increased its export earnings by 23 percent, expanded its trade surplus by $6.0 billion, and virtually eliminated the deficit in the current account of its balance of payments. As a consequence, Brazil simultaneously increased its international reserves and resumed its economic growth, albeit at a greatly reduced rate (4.5 percent) from that achieved in the 1970s.

Mexico, which generated a surplus in the current account of its balance of payments in 1983 by undertaking massive cuts in imports, increased the volume of imports to a significant degree in 1984 and still maintained a large current-account surplus. The substantial expansion of imports helped support a higher level of economic activity in 1984 and reduced inflation. Mexico was one of the few countries in Latin America that was able to combine a resumption of growth of its gross domestic product (3.5 percent), an increase in its international reserves, and a reduction of inflation.

Until 1983, Colombia had experienced a surplus in its resources balance for six consecutive years. That surplus became a deficit, however, averaging $1.8 billion over the period 1982–83, mainly the result of a drop in exports in real terms. In 1983, policies were introduced to stimulate demand, diversify exports, and resume economic growth. Measures were also adopted to reduce the fiscal deficit and ease distortions and restrictions in the financial system.

As a result, a reversal of the deteriorating trends began to take place in 1984: Growth in manufacturing and noncoffee agriculture resumed, and exports expanded. Real growth of GDP reached 3.1 percent, unemployment fell, as did the inflation rate. In addition, total merchandise exports grew more than 16 percent in nominal terms, and the current-account deficit in the balance of payments was reduced to 5 percent of GDP.

Determinants of Recovery

While economic recovery was initiated in 1984, sustenance of that recovery is by no means assured. Its continuation is crucially dependent upon an external environment that is supportive of export-expanding adjustment. Continued strong economic growth in the industrial countries and access to the markets of these countries by the debtor countries of Latin America is an

***Table 4-12.* Lending to Borrowers in Latin America and the Caribbean, by Sector, Fiscal 1976–85**
(millions of US dollars)

Sector	Annual average 1976–80	1981	1982	1983	1984	1985
Agriculture and Rural Development	440.0	923.2	694.5	1,029.6	856.9	442.5
Development Finance Companies	224.4	184.0	415.8	427.4	20.0	195.0
Education	42.4	82.0	112.8	59.8	68.0	195.8
Energy						
Oil, gas, and coal	15.7	27.0	307.3	81.2	—	310.0
Power	404.2	698.0	394.4	89.4	841.1	833.7
Industry	156.4	255.0	—	304.5	9.5	4.0
Nonproject	59.4	27.0	76.2	60.2	60.2	435.0
Population, Health, and Nutrition	11.2	—	13.0	33.5	57.5	—
Small-scale Enterprises	71.2	—	26.0	446.1	352.0	340.0
Technical Assistance	2.2	1.5	8.8	10.2	9.5	31.5
Telecommunications	27.5	—	40.0	—	30.0	—
Tourism	28.9	—	—	—	—	—
Transportation	354.5	355.0	651.7	447.3	501.1	662.0
Urban Development	92.3	254.0	206.8	46.2	191.2	86.9
Water Supply and Sewerage	149.8	346.5	40.6	424.2	28.6	163.8
Total	2,080.1	3,153.2	2,987.9	3,459.6	3,025.6	3,700.2
Of which: IBRD	2,031.9	3,119.0	2,962.9	3,396.6	3,001.5	3,654.3
IDA	48.2	34.2	25.0	63.0	24.1	45.9

NOTE: Details may not add to totals because of rounding.

essential element of such an environment. A continued rise of protectionism in the industrial countries would have an additional adverse effect on adjustment and recovery in Latin America by reducing the foreign-exchange earnings by which the debtor countries service their external debt and pay for imports. Declining rates of interest would also contribute substantially to sustained recovery. A 1 percent decline in interest rates, for instance, would reduce interest payments for the entire region by $3.0 billion and could result in additional resources being made available for the importation of critical intermediate inputs and investment goods. Declining interest rates and sustained growth in the industrialized countries would also contribute to the recovery of prices of Latin America's major export commodities.

A second and equally important factor essential to recovery is strong economic management in the debtor countries themselves. Given the severe resource constraints that these countries face, every effort must be made to reduce fiscal deficits further and to mobilize additional domestic resources for investment. Even in the best of circumstances, however, the resources available for investment purposes will be more limited than in the period preceding the current economic crisis. Most countries realize that every effort must be made to ensure that all available resources are used efficiently. The current lull in investment provides an opportunity for countries to strengthen mechanisms for screening public investments so that only those of the highest priority are undertaken. Considerable benefit can also be derived from improvements in the efficiency of public-sector agencies and an expansion of their internal generation of resources for investment. Establishment of a system in which appropriate market incentives are permitted to operate can help ensure that private investment is channeled to activities in which there is a relative comparative advantage. Elimination of factor-price distortions can also enhance the efficiency of resource allocation and, in the current circumstances, accelerate the absorption of unemployed labor. Of special importance is the removal of biases against exports in the trade regime so as to permit accelerated economic growth, improved creditworthiness, and efficient creation of employment opportunities. In some cases, the removal of such biases would cause an increase in public and private investment in rural areas.

A third factor essential to any accelerated recovery of the Latin American countries is a resumption of adequate flows of capital. Private flows must be reestablished at a sufficient level; recovery could be further accelerated to the extent that official flows can be increased. In addition, a restructuring of external debt on appropriate terms is critical for providing the breathing space that is needed for both adjustment and recovery. Significant progress in debt restructuring took place in 1984. A rephasing of amortization payments was carried out for some countries in a multiyear framework that took into account the medium-term financial requirements for support of resumed economic growth and structural change; fees, commissions, and interest spreads charged by commercial banks on such restructurings were reduced for a number of the overstretched debtor countries, and grace periods were extended and maturities lengthened in order to smooth out debt-service payments. There remains, however, ample scope for applying these solutions, where the circumstances are appropriate, to other countries.

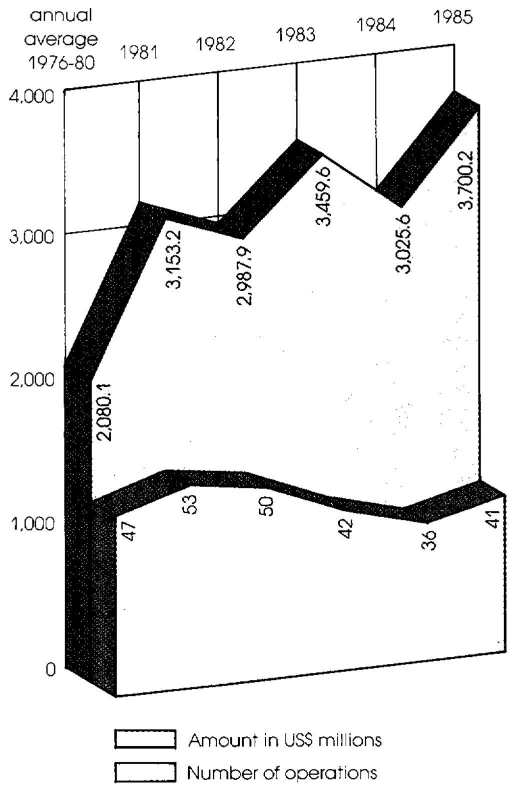
Recent Developments in Central America

Because economic activity in Central America continued to be affected by political and military tensions, differences occurred in economic performance among the countries. Although all countries had positive rates of real GDP growth during 1984, only in Costa Rica was the increase sufficient to bring about a per capita improvement. In each of the seven countries, the level of economic activity remained considerably below the 1980 level, the consequence, in part, of regional tensions that reduced intraregional trade and investment.

In contrast with some of the largest countries in Latin America, the external position of most Central American countries continued to deteriorate, as imports increased more rapidly than exports. Despite some terms-of-trade improvement, which occurred as a result of higher prices for exports of coffee and cotton and lower prices for imported petroleum, merchandise-trade deficits widened. Unsettled conditions added to the balance-of-payment difficulties by encouraging capital flight, inhibiting voluntary lending by commercial banks, and by reducing direct foreign investment. To ameliorate these difficulties, Central American countries sought to increase capital flows from both official creditors and commercial banks and attempted to restructure their external debt. Balance-of-payments assistance provided by the United States to several countries increased significantly in 1984. Nevertheless, the countries of Central America generally faced increased pressure on their foreign-exchange resources as evidenced by the expanded role of parallel markets, the wider divergence between official and parallel market rates, and the persistence of arrears in foreign payments.

The CACM (Central American Common Market) continued to face serious difficulties resulting, among other things, from unpaid balances

Figure 4-6. Trends in Lending, Fiscal 1976–85



among member countries. Steps are being taken to strengthen it, however. A treaty, signed in December 1984, established a regional framework for tariff reform with the objective of putting into effect a new tariff regime in 1985. Such a regime would include a shift to *ad valorem* rates and the adoption of a new system based on the Brussels nomenclature. The goal of tariff reform is to reduce the level and disparity of effective protection rates in an effort to stimulate industrial competitiveness and encourage exports to markets outside the CACM.

The Caribbean Countries

In 1984, most Caribbean economies began to recover from the 1981–83 recession. Spearheading their recovery was a 5 percent rise in tourist arrivals. By contrast, the manufacturing sector showed little growth, in part because of the collapse of the Caribbean Community and Common Market (CARICOM) following the adoption of additional trade restrictions among its members in 1983. The extent of the economic recovery varied widely among Caribbean countries. In general, recovery in the islands of the Eastern Caribbean was more robust than elsewhere and was attributable primarily to the increased volume of banana exports and tourist arrivals.

Notwithstanding indications of tentative recovery, a number of difficult problems remain. Several countries are faced with growing budgetary deficits resulting from sharp increases in interest payments on their external debt and in other governmental current expenditures and but moderate increases in revenue collections. Unemployment, which has risen in virtually every country, continues to be one of the most serious of all development problems. Because of their size and limited internal market, the countries of the Caribbean are especially vulnerable to developments in the world economy. Nevertheless, with their easily trained and relatively inexpensive labor, political stability, and access to the US and the European Economic Community (EEC) markets, the prospects for the region are reasonably good.

The Caribbean Group for Cooperation in Economic Development (CGCED), serving twenty Caribbean countries and chaired by the World Bank, was established in 1977. The CGCED met annually between 1978 and 1982 and at eighteen-month intervals since then. Its most recent meeting was in June 1985. The CGCED has been instrumental in mobilizing financial and technical resources for the countries of the Caribbean. It has also been instrumental in calling attention to the problems of, and prospects for, economic development in the Caribbean, particularly for the seven small island economies of the Eastern Caribbean, and in helping mobilize resources for these countries.

The World Bank's Response

During the past year, the World Bank supported recovery in the Latin American and Caribbean region through various measures aimed at accelerating disbursements by providing a larger share of the total financing for both new and ongoing projects. These measures were especially successful and timely in the case of most of the major Latin American debtor countries. Aggregate disbursements to the countries of the region rose to an estimated \$3.2 billion in fiscal 1985, an increase of 13 percent over the previous year. Commitments increased even more rapidly, from \$3.0 billion to \$3.7 billion. Resources were provided in support of policy reform at the macroeconomic, sectoral, and project levels. Efforts to speed up disbursements are being accompanied by increased policy-based lending that aims at accelerating the pace of structural adjustment. These loans provide immediate financial support while simultaneously addressing major development-policy issues.

The Bank also supported efforts at economic recovery and structural change by increasing its policy analysis and intensifying the dialogue with member countries on economic policy. Discussions betweeen the Bank and its members, in particular, have centered on issues central to the adjustment effort: export promotion, pricing policies, debt management, resource mobilization, and rationalization of public-investment programs.

To help mobilize additional external resources for the countries of the region, the Bank continued its effort to expand its cofinancing activities with commercial banks. Cofinancing instruments, which permit the Bank to have a financial presence in a commercial bank's cofinanced loan, include, among other things, a Bank guarantee of later maturities of a commercial bank loan and the acceptance of a contingent liability for deferred principal stemming from a rise in interest rates above a predetermined reference interest rate. Given both the current reluctance of commercial banks to expand their lending to Latin American countries and the depressed level of investment throughout most of the region, these efforts to mobilize additional external resources have met with only moderate success. Nonetheless, resources associated with World Bank lending through cofinancing agreements rose from $556 million in fiscal 1984 to $1,036 million during the past fiscal year.

During the past year, the Bank approved a $300 million loan to Colombia in support of the first phase of the government's trade-adjustment program. The immediate objective of the program is to support export promotion. Measures to stimulate exports focus on the reduction of discretionary elements that restrict access to duty-free intermediate goods by exporters; on the elimination of most export restrictions; on the gradual replacement of import quotas by tariffs; and on improvement in the tariff structure. The loan is to be disbursed in two tranches and is subject to close monitoring by the Bank. The loan has been instrumental in convincing commercial banks to increase their exposure in Colombia in support of specific export projects.

In the case of Chile, also, the Bank has played a key role in convincing commercial banks to increase their exposure. The Bank attached a $300 million B-loan to a $140 million transport-sector loan and has guaranteed, for a fee, the later maturities of the $150 million portion of the B-loan. These operations are part of a broader package designed to meet Chile's external financing needs during 1985 and 1986.

Table 4-13. **Trends in Lending, IBRD and IDA, Fiscal 1983–85**
(millions of US dollars)

	1983			1984			1985		
Sector	IBRD	IDA	Total	IBRD	IDA	Total	IBRD	IDA	Total
Agriculture and Rural Development	2,386.3	1,312.0	3,698.3	2,071.5	1,401.4	3,472.9	2,389.6	1,359.7	3,749.3
Development Finance Companies	1,177.9	60.3	1,238.2	762.3	156.0	918.3	506.1	59.3	565.3
Education	296.4	251.5	547.9	491.2	202.6	693.8	514.9	412.9	927.8
Energy									
Oil, gas, and coal	991.1	100.5	1,091.6	749.4	115.0	864.4	1,193.7	137.7	1,331.4
Power	1,529.2	239.0	1,768.2	2,264.4	385.0	2,649.4	2,171.6	78.7	2,250.3
Industry	613.1	37.0	650.1	494.2	96.6	590.8	635.0	9.0	644.0
Nonproject	1,174.7	260.0	1,434.7	1,026.9	351.0	1,377.9	435.0	194.2	629.2
Population, Health, and Nutrition	60.5	57.9	118.4	68.5	174.5	243.0	160.9	30.1	191.0
Small-scale Enterprises	516.1	15.0	531.1	597.6	75.0	672.6	553.1	7.5	560.6
Technical Assistance	25.7	27.0	52.7	14.5	120.5	135.0	44.5	67.2	111.7
Telecommunications	—	57.0	57.0	166.5	—	166.5	59.6	62.0	121.6
Transportation	1,406.1	517.5	1,923.6	2,243.4	353.5	2,596.9	1,866.9	271.8	2,138.7
Urban Development	328.3	226.0	554.3	447.0	53.0	500.0	204.6	180.0	384.6
Water Supply and Sewerage	630.9	180.0	810.9	549.9	90.9	640.8	622.8	158.0	780.8
Total	11,136.3	3,340.7	14,477.0	11,947.3	3,575.0	15,522.3	11,358.3	3,028.1	14,386.3

Table 4-14. **Trends in Lending, IBRD and IDA, Fiscal 1983–85**
(percentages)

	1983			1984			1985		
Sector	IBRD	IDA	Total	IBRD	IDA	Total	IBRD	IDA	Total
Agriculture and Rural Development	21.4	39.3	25.5	17.3	39.2	22.4	21.0	44.9	26.1
Development Finance Companies	10.6	1.8	8.6	6.4	4.4	5.9	4.5	2.0	3.9
Education	2.7	7.5	3.8	4.1	5.7	4.5	4.5	13.6	6.4
Energy									
Oil, gas, and coal	8.9	3.0	7.5	6.3	3.2	5.6	10.5	4.5	9.3
Power	13.7	7.2	12.2	19.0	10.8	17.1	19.1	2.6	15.6
Industry	5.5	1.1	4.5	4.1	2.7	3.8	5.6	0.3	4.5
Nonproject	10.5	7.8	9.9	8.6	9.8	8.9	3.8	6.4	4.4
Population, Health, and Nutrition	0.5	1.7	0.8	0.6	4.9	1.6	1.4	1.0	1.3
Small-scale Enterprises	4.6	0.4	3.7	5.0	2.1	4.3	4.9	0.2	3.9
Technical Assistance	0.2	0.8	0.4	0.1	3.4	0.9	0.4	2.2	0.8
Telecommunications	—	1.7	0.4	1.4	—	1.1	0.5	2.0	0.8
Transportation	12.6	15.5	13.3	18.8	9.9	16.7	16.4	9.0	14.9
Urban Development	2.9	6.8	3.8	3.7	1.5	3.2	1.8	5.9	2.7
Water Supply and Sewerage	5.7	5.4	5.6	4.6	2.5	4.1	5.5	5.2	5.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

NOTE: Details may not add to totals because of rounding.

Chapter Five
Summaries of Projects Approved for IBRD and IDA Assistance in Fiscal Year 1985

Acronyms and Abbreviations Used in This Chapter

ADAB—Australian Development Assistance Bureau
ADF—African Development Fund
AfDB—African Development Bank
AGCD—Administration Générale de la Coopération au Développement (Belgium)
AsDB—Asian Development Bank
BADEA—Arab Bank for Economic Development in Africa
CCCE—Caisse Centrale de Coopération Economique
CDB—Caribbean Development Bank
CDC—Commonwealth Development Corporation
CIDA—Canadian International Development Agency
DIGIS—Directorate General for International Cooperation (the Netherlands)
DANIDA—Danish Development Agency
EDF—European Development Fund
EEC—European Economic Community
EIB—European Investment Bank
FAC—Fonds d'Aide et de Coopération
GTZ—German Technical Assistance Corporation
IDB—Inter-American Development Bank
IFAD—International Fund for Agricultural Development
IsDB—Islamic Development Bank
KfW—Kreditanstalt für Wiederaufbau
KFAED—Kuwait Fund for Arab Economic Development
ODA—Overseas Development Administration (United Kingdom)
OPEC—Organization of Petroleum Exporting Countries
SDC—Swiss Development Cooperation
SFD—Saudi Fund for Development
SIDA—Swedish International Development Authority
UNDP—United Nations Development Programme
UNFPA—United Nations Fund for Population Activities
UNICEF—United Nations Children's Fund
USAID—United States Agency for International Development
WFP—World Food Programme
WHO—World Health Organization

Agriculture and Rural Development

BANGLADESH: IDA—$48 million. About 115,000 farm families are expected to benefit from a project designed to protect against crop losses, loss of life, and property damage due to floods; improve the physical environment to allow farmers to adopt improved agricultural practices; and strengthen the Bangladesh Water Development Board. Cofinancing is expected from the UNDP ($3.3 million) and the Republic of Korea ($700,000). Total cost: $65 million.

BOTSWANA: IBRD—$10.7 million. A national land-management and livestock project will support the government's long-range land-tenure reforms, increase commercial livestock production and improve its efficiency, promote equity through developing assistance programs for small and medium-scale cattleholders, encourage improved herd management and range conservation, and strengthen institutions for both livestock development and wildlife management. Total cost: $17.8 million.

BRAZIL: IBRD—$100 million. A comprehensive effort will be made to assist the government deal with land-administration and tenure issues, thus extending the benefits of secure land ownership to as many as 700,000 small farmers in the northeast region. Total cost: $250.5 million.

BRAZIL: IBRD—$61.4 million. Some 35,000 low-income farm families in the state of Rio Grande do Norte will benefit directly from a project, the second in a series of projects within the new Northeast Rural Development Program, designed to increase, on a regional basis, the efficiency and impact of rural-development efforts. Total cost: $136.2 million.

Data used in this section have been compiled from documentation provided at the time of project approval.

BRAZIL: IBRD—$61.3 million. Some 17,500 low-income farm families in Sergipe state will benefit directly from a project, the first in a series of projects within the new Northeast Rural Development Program, designed to increase, on a regional basis, the efficiency and impact of rural-development efforts. The project also supports regional program administration and agricultural research for the benefit of rural-development projects in all ten states of the northeast. Total cost: $130.3 million.

BURKINA: IDA—$13.7 million. This project seeks to reform fertilizer-subsector policies and the structure of fertilizer use by removing subsidies and other distortions, identifying and providing better and cheaper fertilizers, and eliminating supply inadequacies. Cofinancing is being arranged with the CCCE ($3.2 million), the Netherlands ($2.1 million), the Federal Republic of Germany (GTZ) ($2 million), and the FAC ($1.7 million). Total cost: $24.1 million.

BURMA: IDA—$14.5 million. A second seed-development project will cover five priority crops (other than paddy and cotton, covered in the first project), expand into new geographical areas, and introduce seed quality control up to the multiplication of the last generation of seed. Institutional assistance is included. Cofinancing ($2 million) is being arranged with the UNDP. Total cost: $28.5 million.

CAMEROON: IBRD—$25.5 million. A second rural-development fund project will help strengthen agricultural planning in the country, as well as the management capacity of the National Rural Development Fund. The project also includes the drilling of 1,000 boreholes, bottomlands development, bullock fattening, groundnut marketing and shelling, functional literacy training, access-roads construction and maintenance, and a line of credit for unidentified projects. Total cost: $44.4 million.

CAMEROON: IBRD—$8.3 million. A third rubber project in the country has as its main objective the completion of the establishment of the planned 15,000 hectares of rubber with its associated industrial and social infrastructure. Cofinancing is to be provided by the CCCE, CDC, and EIB ($11.8 million each). Total cost: $83.7 million.

CHILE: IBRD—$56 million. Funds will be onlent by the National Agricultural Development Institute (INDAP) to increase agricultural output (especially of commodities for which Chile has a comparative advantage) and to assist small-scale farmers increase their productivity. Institutional assistance to INDAP is included. Total cost: $157.2 million.

CHINA: IBRD—$17 million; IDA—$75 million. Production of crops and other agricultural products in west-central Anhui province will be increased by developing water resources, reducing flood damage, developing rural infrastructure and agricultural-support services, and improving the province's capacity to plan and manage irrigation and flood-control schemes. Total cost: $263.5 million.

CHINA: IDA—$47.3 million. The government's program to develop forest resources will be supported by accelerating afforestation and improving management and exploitation of existing forests on ninety-two state forest farms in Guangdong, Heilongjiang, and Sichuan provinces. Total cost: $135.8 million.

CHINA: IDA—$40 million. In support of the government's seed-industry development program, facilities at eighteen seed production, processing, and distribution centers will be modernized, and the operations of the National Seed Corporation, responsible for developing a comprehensive seed-quality assurance and control system, strengthened. Total cost: $86.8 million.

CHINA: IDA—$25 million. Some fifteen selected crop-specific and regional research centers and ten agrotechnical extension stations will be upgraded and strengthened. The project aims at improving production technologies for food crops, cash crops, livestock, and fisheries. In addition, management capabilities in agriculture and related fields will be upgraded. The agrotechnical extension stations are to serve as future models for the country. Total cost: $69 million.

CYPRUS: IBRD—$7 million. The institutions involved in research and extension services within the Ministry of Agriculture and Natural Resources will be strengthened and improved in order to support the substantial improvements made in irrigation and in rural and water-resource development. Total cost: $14.5 million.

EGYPT, ARAB REPUBLIC OF: IBRD—$139 million. About 650,000 farmers will benefit directly from a second agricultural-development project that is designed to improve farm productivity and increase production through the introduction of integrated farming packages in the seven rice-growing governorates, which represent about half the country's cultivated area. Cofinancing, totaling $40 million, is being arranged with the AfDB and the ADF. Total cost: $359 million.

EGYPT, ARAB REPUBLIC OF: IBRD—$68 million. Farm production is to increase by reversing the deteriorating salt and water balance in 465,000 feddans. In addition, the capacity of the Egyptian Public Authority for

Drainage Projects to implement projects, provide quality control, and for maintenance and monitoring will be improved. Cofinancing, totaling $28 million, will be provided by the AfDB and the ADF. Total cost: $198.1 million.

EQUATORIAL GUINEA: IDA—$9.3 million. Agricultural credit will be made available and technical assistance provided for institution building so as to help the government restore cocoa production and exports to their past levels, thus generating foreign exchange and redressing a marked negative trade balance. Cofinancing is anticipated from BADEA ($2.8 million), the OPEC Special Fund ($1 million), and the EEC ($900,000). Total cost: $16.2 million.

ETHIOPIA: IDA—$30 million. Help in providing crucial relief and rehabilitation services to alleviate the impact of drought and famine on human welfare will be made available. Fertilizer, plant-protection chemicals, and veterinary drugs will be purchased; about 100 new four-wheel drive trucks and spare parts for existing trucks will be provided; and water pumps, motors, and generators, needed for the repair of wells and boreholes, will be financed, as will two drill rigs with ancillary equipment for constructing potable water supplies. Total cost: $41.4 million.

ETHIOPIA: IDA—$22 million. An agricultural-research project is designed to help improve the quality of research staff, rehabilitate existing research facilities, and provide the necessary technology and additional facilities to strengthen research efforts and their focus on identifying improved input packages suitable for smallholders and adaptable to varying farming conditions. Total cost: $32 million.

GRENADA: IDA—$5 million. As many as 1,000 farmers will be assisted by a project that includes provision of medium-term and long-term credit, upgrading and institutional strengthening of existing agricultural support services and infrastructure, and the establishment of a feeder road-maintenance management system. Cofinancing is anticipated from the CDB ($1.9 million). Total cost: $7.9 million.

GUYANA: IDA—$8.8 million. Supplemental funds will be provided to help finance the completion of the Upper Demerara Forestry Project, approved in October 1978. Additional cofinancing funds will be supplied by the EDF ($900,000) and the IDB ($780,000).

HUNGARY: IBRD—$80 million. Production efficiency in the livestock industry will be improved and convertible foreign-exchange earnings increased through the expansion of exports of processed animal products. Total cost: $325.2 million.

INDIA: IBRD—$200 million; IDA—$100 million. A project, consisting of dams, power complexes, and a storage reservoir, will bring potentially valuable agricultural land in Gujarat and Rajasthan, now prone to drought and water scarcity, under irrigation and will supply domestic, municipal, and industrial water for Gujarat. Total cost: $1,934 million.

INDIA: IDA—$165 million. Assistance initiated under earlier credits to Uttar Pradesh and Gujarat states to expand and improve their social forestry activities will be continued, and similar investments will be undertaken in Himachal Pradesh and Rajasthan states. Cofinancing ($80 million) is anticipated from USAID. Total cost: $327.8 million.

INDIA: IDA—$150 million. This project, part of an interstate program for the development of multipurpose hydropower and irrigation dams on the Narmada river and their associated irrigation-canal networks, consists of the first three-year time slice of construction of a large main canal extending for about 440 kilometers through Gujarat to Rajasthan and an extensive canal network. Total cost: $520.9 million.

INDIA: IDA—$49 million. The reorganized agricultural-extension system in Gujarat, Haryana, and Karnataka states will be strengthened and its coverage expanded, as will the links between research and extension in those states. In addition, the training-and-visit system of extension will be introduced into Jammu and Kashmir state. State governments will be assisted in providing a more sophisticated and complete extension system that would be capable of addressing all aspects of farm improvements and ensure strong linkages with agricultural research now being supported under the National Agricultural Research Project. Total cost: $83.6 million.

INDIA: IDA—$39.1 million. The agricultural-extension systems of Rajasthan, Madhya Pradesh, and Orissa states, which were reorganized previously with IDA assistance, will be supported. In addition, the central government's Extension Division and Directorate of Extension will be reorganized and strengthened. Funds will also be made available to help finance selected other projects for extension reform, special studies and special subprojects, and the supervision, monitoring, and evaluation of extension activities. Total cost: $65.6 million.

INDIA: IDA—$31.8 million. Supplies of fuelwood, small timber, and poles will be increased in Kerala state through the establishment of about 85,000 hectares of plantations. A pilot program for producing medicinal plants will also be executed. Institution-building assistance is included. Total cost: $54.5 million.

INDONESIA: IBRD—$160 million. Assistance to the government in base mapping and transmigration settlement planning will be continued so as to support the planning of transmigration and other development programs in the Other Islands, promote the welfare of transmigrants and local people through better physical planning of settlements, improve the quality and economic viability of the transmigration program through program support to the Ministry of Transmigration, and strengthen the skills of government staff and domestic consultants. Total cost: $275.3 million.

INDONESIA: IBRD—$156 million. Through the construction of a new dam and associated works in north-central Java, improvements to existing irrigation systems and construction of new ones, and the establishment of a flood-warning and water-monitoring system for the dam and irrigation operations, food production can be increased on almost 60,000 hectares, power generated, employment stimulated, floods controlled, supplemental water supplies furnished, and water-management practices improved. Technical assistance is included. Total cost: $283.1 million.

INDONESIA: IBRD—$131 million. About 100,000 smallholder families will benefit from a project that includes the establishment of about 76,000 hectares of rubber, provision of planting materials for an additional 19,500 hectares, and maintenance of about 57,000 hectares of previously established rubber. Institutional assistance to the country's Smallholder Rubber Development Program is included. Cofinancing ($20 million) has been arranged with the CDC. Total cost: $221 million.

INDONESIA: IBRD—$43.4 million. Smallholder farmers and residents of Jakarta alike will benefit from a project that, through improvements to the West Tarum canal, will increase rural incomes and food production through greater irrigation supplies and increase and improve the supply of water to Jakarta. Technical assistance is included. Total cost: $72.8 million.

INDONESIA: IBRD—$11.3 million. Some 165,000 families are expected to benefit as a result of a project that will further develop and disseminate the technology for soil and water conservation and upland farming systems. If successful, the basis for expanding the program into other areas of critical lands will be established. Cofinancing ($18.9 million) is anticipated from USAID. Total cost: $50.2 million.

IVORY COAST: IBRD—$31.3 million. About 22,000 hectares of hardwood plantations, to complete a program begun under a first forestry project, will be established, and maintenance of existing plantations will be provided for. The project also seeks to improve institutional performance and will support sector-policy development. Cofinancing is being provided by the CDC ($10 million). Total cost: $51.6 million.

KOREA, REPUBLIC OF: IBRD—$25 million. Credit will be provided to farmers, farmers' cooperatives, and small rural businesses to help finance investments covering a wide range of agricultural production and other activities that would diversify the sources of rural incomes. Institutional-development assistance to the National Agricultural Cooperative Federation is included. Total cost: $55.5 million.

MADAGASCAR: IDA—$12 million. Support will be provided for the first phase of a long-term program to rehabilitate about 116 medium-sized irrigation schemes, which comprise more than 140,000 hectares of rice fields. Cofinancing is anticipated from the CCCE ($6 million), the EDF ($4 million), and the FAC ($100,000). Total cost: $29.6 million.

MALAWI: IDA—$23.8 million. A national agricultural-research project would institute a long-term institutional-development program, which aims to improve the focus and quality of the country's smallholder agricultural-research program, strengthen critical linkages, and improve the efficiency and economy of ongoing activities. Cofinancing with USAID ($9.2 million) has been arranged. Total cost: $49.9 million.

MALAYSIA: IBRD—$31.2 million. Support will be provided to the palm-oil mill construction program of the Federal Land Development Authority, which provides fruit-processing services to its smallholder land-settlement schemes. Mill planning and mill operations will be strengthened, and assistance furnished in constructing seven oil-palm mills. Total cost: $62.1 million.

MALAYSIA: IBRD—$6.5 million. The Sabah state government will be assisted in developing a basis for a large-scale forestry-resource program through the establishment of a pilot plantation of fast-growing light hardwoods, together with needed infrastructure and management services; an outgrower scheme on a pilot basis to encourage private farmers to grow trees for sale as pulpwood; and a research plantation. Consultancy services for plantation management and for various critical studies are included. Total cost: $13.1 million.

MALI: IDA—$19.5 million. Agricultural output and farm incomes in the 5th region of Mali will be raised by increasing rice production and productivity of livestock herds. In addition, the production potential of the inner delta of the Niger river will be protected and developed through an array of mutually supportive activities in crop and animal production, human health, and literacy training. Cofinancing is being arranged with the CCCE ($9.8 million), the ADF ($6 million), and the DIGIS ($500,000). Total cost: $41.7 million.

MAURITANIA: IDA—$7.5 million. Funds will be provided for the construction and initial operation of seventy-five small irrigation perimeters, totaling 1,600 hectares, in the upstream zone of the Mauritanian bank of the Senegal river. Technical assistance will also be provided to the National Rural Development Agency. Cofinancing has been arranged with IFAD ($3.4 million). Total cost: $11.2 million.

MEXICO: IBRD—$90 million. Some 32,000 smallholder families in the state of Chiapas will benefit from an agricultural-development project—part of a broader, long-term integrated development program in the state—that aims at bringing new land into rainfed-crop production and intensifying crop and livestock production on existing land, increasing agricultural production and productivity, and generating rural employment and income. Total cost: $181.6 million.

MOROCCO: IBRD—$100 million. The first phase of the implementation of the government's medium-term program of adjustments in the agricultural sector—the principal objectives are to improve the growth rate in agriculture within the overall constraints in public resources—will be supported. Finance will be provided for the import of inputs needed to stimulate agricultural production.

NEPAL: IDA—$7.2 million. This second phase of an IDA-supported introduction of the training-and-visit extension system will help reorganize and strengthen agricultural-extension services in eleven administrative districts in the Terai with the objective of achieving early and sustainable improvements in agricultural productivity. Total cost: $8.5 million.

NIGER: IDA—$9.3 million. Self reliance by farmers and cooperatives in the management of irrigation schemes will be promoted, thus helping to ensure the sustainability of investments, reduce governmental recurrent costs, increase production, and improve farm incomes. Components include the rehabilitation of irrigation infrastructure, crop intensification, assistance to cooperatives, adaptive research and seed multiplication, and institution-building assistance. Cofinancing is being arranged with the CCCE ($9.3 million) and the Federal Republic of Germany (KfW) ($3.9 million). Total cost: $25.2 million.

PAKISTAN: IDA—$150 million. This project forms the first stage of a major drainage program in Sind province to reverse the deterioration of the land-resource base caused by waterlogging and salinity. About 140,000 farm families, three-quarters of whom are below the rural poverty level, are expected to benefit directly. Cofinancing is anticipated from the AsDB ($122 million), the SFD ($52 million), CIDA ($37.5 million), the ODA ($35.6 million), the SDC ($10 million), and the OPEC Special Fund ($10 million). Total cost: $635.7 million.

PAKISTAN: IDA—$34.5 million. A second on-farm water-management project will help reduce irrigation water losses at the farm level, increase agricultural production through more efficient use of water, increase farmer participation in water-users associations, improve the capability of provincial governments to plan and execute programs of water management, and strengthen the water-management expertise of the provincial agricultural-extension services. Nearly 90,000 farm families are to benefit directly. Total cost: $57.8 million.

PAKISTAN: IDA—$8.3 million. Through the strengthening and reorganization of the agriculture-extension services along the lines of the training-and-visit system and through the widespread adoption by farmers of proven and recommended improved farming practices, sustained increases in agricultural production in four districts in Baluchistan province may be expected. Total cost: $11.5 million.

PAPUA NEW GUINEA: IBRD—$9.7 million. The first five-year phase of a long-term effort to promote social and economic development in West Sepik, one of the country's poorest provinces, will be financed. Components to be financed include agricultural and infrastructure development, health-services and nutrition-services development, education and training improvements, and institution building. Total cost: $16.6 million.

PHILIPPINES: IBRD—$150 million. Funds will be provided to help support the government's short-term economic stabilization program and a medium-term program of agricultural policy and institutional reform. Project objectives are to help maintain agricultural production by ensuring an adequate supply of inputs, lay the foundation for future increases in production and productivity by introducing necessary policy reform, and to improve the institutional framework for the formulation and implementation of policies and programs.

PHILIPPINES: IBRD—$100 million. An agricultural-credit project includes provision of funds for seasonal production and investment credit, policy-related studies and the preparation of a future project, and training of project staff and technical assistance. It will also assist in establishing an appropriate institutional and policy framework to promote the development of a sound rural-credit system and strengthen the capacity of rural-credit institutions to mobilize rural savings and improve the efficiency of farm operations. Total cost: $183 million.

RWANDA: IDA—$11.5 million. An agricultural-research project constitutes the first phase of a long-term support program to strengthen national agricultural research and to make agricultural-research activities more responsive and applicable to the needs and constraints of producers. Total cost: $18 million.

SOMALIA: IDA—$10.6 million. Increased production of sorghum, maize, fruits, and vegetables, by applying soil and moisture conservation, and through research, extension, training, and supply of farm inputs, is expected to improve incomes of up to 45,000 farmers and will cover 25,000 hectares in the northwest region of the country. Cofinancing is being arranged with IFAD ($7 million) and the EEC ($5.4 million). Total cost: $25.6 million.

SOMALIA: IDA—$10 million. Foreign exchange will be made available to producers and distributors to import agricultural inputs to maintain and ultimately increase production in the agriculture, fisheries, and livestock sectors and to support the government's economic-recovery program for 1985. The project also aims to stimulate private-sector activities in agriculture and assist the government to rationalize the role of the public sector by carrying out a joint agricultural-sector review.

SRI LANKA: IDA—$55 million. A fourth tree-crops project aims at increasing the production of tea, rubber, and coconuts and at strengthening management and financial control of publicly held estates. Factory rehabilitation, which would improve the quality and reduce the cost of production, especially of tea and rubber, is included. Cofinancing is expected from the AsDB ($45 million), the Netherlands ($8 million), Norway ($5.5 million), and the ODA ($5.5 million). Total cost: $211.8 million.

SRI LANKA: IBRD—$38 million. About 180,000 farm families are expected to benefit from a second dairy-development project that will assist in the generation of an organizational structure for the dairy industry; increase rural employment and incomes; improve efficiency in producing, collecting, chilling, processing, and marketing milk; increase supplies of safe domestic milk; and provide technical assistance and training. The EEC and WFP are donating commodities worth about $56.9 million, while the Netherlands is providing cofinancing in the amount of about $7.5 million. Total cost: $111.2 million.

SRI LANKA: IDA—$17 million. Agricultural production is to increase through the rehabilitation of existing irrigation systems, the introduction of an integrated management program to ensure proper operation and maintenance of the systems and distribution of irrigation supplies, the strengthening of support systems, and the monitoring and evaluation of project execution. Cofinancing is to be provided by the SDC ($7.6 million) and CIDA ($6.8 million). Total cost: $43.2 million.

SUDAN: IDA—$20 million. Emergency assistance will be provided to help restore food-production losses caused by several years of drought. It is expected that by providing financing through the Agricultural Bank of Sudan for farm machinery and spare parts, fertilizer, and jute sacks; through the Sudan Gezira Board and Rahad Corporation for fertilizer to tenant farmers; and to the National Water Corporation for well-drilling equipment, about 100,000 farmers will be helped to increase sorghum and wheat production in irrigated and rainfed areas. Total cost: $24.9 million.

SUDAN: IDA—$5.5 million. By renewal and extension of water supplies and veterinary services along livestock trade routes, the continued flow of marketed livestock from the project areas of western Sudan to the principal towns and for export will be enhanced. Cofinancing ($6 million) is being provided by IFAD. Total cost: $19.6 million.

TUNISIA: IBRD—$22 million. Support will be provided for nationwide improvements in the operation and maintenance of about 105,000 hectares of existing irrigation systems, as well as policy and institutional reforms to increase the efficiency and self-financing of the Irrigation Development Offices. Cofinancing, in the amount of $2.4 million, is being sought. Total cost: $61 million.

TUNISIA: IBRD—$15 million. The incomes of about 4,500 farmers and twenty-four production cooperatives will increase as a result of a project that aims at alleviating the constraints to increased production of cereals and livestock products in the northwest of the country by strengthening extension and research in the area and through improvements to supportive infrastructure. Cofinancing is being arranged with Belgium ($200,000). Total cost: $37.9 million.

TURKEY: IBRD—$300 million. A portion of the imported inputs, capital goods, training, and consultant services needed to help support the government's agricultural-sector adjustment program during the period 1985-87 will be financed. The program is designed to stimulate exports and reattain historical growth, but without the burden of subsidies previously required. Emphasis is on reforms to reduce producer subsidization, while maintaining adequate incentives; increase the effectiveness of public investments, particularly for irrigation; enhance technical services; and strengthen sector planning and programming.

UGANDA: IDA—$10 million. Food production and family incomes are expected to increase in a project area in northeast Uganda through the provision of agricultural, livestock, and fisheries inputs; the strengthening of extension services; and provision of support for research and surveys to generate new information for planning and extension. Cofinancing ($14.5 million) is being arranged with IFAD. Total cost: $31.4 million.

URUGUAY: IBRD—$60 million. Support will be provided for a government program to strengthen policies in the agriculture/livestock sector, with particular attention to eliminating price distortions and increasing export incentives. The loan is scheduled to be released in two tranches.

YEMEN ARAB REPUBLIC: IDA—$10 million. About 50,000 people in Wadi Al-Jawf will benefit from a project that seeks to increase agricultural productivity and farm incomes by improving the use of available land and water resources, introducing suitable technical packages, and by developing rural infrastructure in the northeastern region of the country. Total cost: $38 million.

YEMEN, PEOPLE'S DEMOCRATIC REPUBLIC OF: IDA—$5 million. About 35,000 farming families (nearly 200,000 people) will benefit from a project that seeks to strengthen agricultural research in the country and develop a national extension service for transmitting the research findings to the farming community. Total cost: $7 million.

YUGOSLAVIA: IBRD—$40 million. Funds will be made available to help finance the first integrated approach to rural development in Montenegro, one of the country's least developed republics. About 7,000 individual farm families would benefit directly from subloans, and about 10,000 families would benefit from the upgrading of local roads. Total cost: $77.9 million.

YUGOSLAVIA: IBRD—$35 million. A forestry project in the republic of Bosnia-Herzegovina includes modernization of harvesting operations, installation of debarking equipment at selected sawmills, and assorted improvements in the forestry sector. Technical assistance and training are included. Total cost: $94.8 million.

ZAIRE: IDA—$14.9 million. The first phase of a long-term effort to establish a viable seed industry with increasing private-sector participation will be assisted. The National Seed Bureau will be supported; assistance will be provided to research stations for the production of base seeds; existing seed farms will be aided and new farms established; and a seed quality-control program will be developed. Training and technical assistance are included. Cofinancing with the UNDP ($1.9 million) has been secured. Total cost: $21.3 million.

ZAIRE: IDA—$12.5 million. About 80,000 low-income farmers in the Lulua and Kananga subregions of Kasai Occidental province will benefit from a project that seeks to increase the production of maize, cassava, groundnuts, cowpeas, paddy, and soya beans. Technical assistance is included. Cofinancing ($6.5 million) is to be provided by IFAD. Total cost: $21.9 million.

ZAMBIA: IDA—$25 million. The country's economic recovery and diversification efforts will be aided by supplying critical agricultural inputs needed to restore production levels and establish a foundation for future production increases. Policy and institutional reforms in the agricultural sector will also be supported. Cofinancing is expected from the AfDB ($23.4 million), CIDA ($6.8 million), USAID ($5 million), and Switzerland ($4.8 million). Total cost: $72.3 million.

ZAMBIA: IDA—$7.1 million. Fish supplies will be expanded through provision of credit to artisanal and commercial fishermen, credit for fish-marketing facilities, foreign exchange for the manufacture of fishing nets, and technical assistance. Total cost: $10.6 million.

Development Finance Companies

CAPE VERDE: IDA—$4 million. A line of credit to the Bank of Cape Verde (BCV) will help finance productive investments in small and medium-scale industrial enterprises, including artisans and cooperatives. In addition, a program of technical assistance will assist the government and the BCV in identifying, appraising, and financing economically and financially viable industrial projects and in creating the institutional structures needed to promote industrial-sector development.

COLOMBIA: IBRD—$90 million. Finance will be made available to development finance companies to channel term financing toward efficient investment projects in the industrial sector. In addition, the government will be assisted in strengthening the financial-sector reforms already undertaken.

KOREA, REPUBLIC OF: IBRD—$222 million. Ongoing financial reforms will be supported, and credit provided to cover the foreign-exchange cost of industrial equipment imported by private firms seeking to acquire, build, modernize, or replace productive assets. Technical assistance for the training of managers in private financial institutions and in related government agencies is included.

MADAGASCAR: IDA—$40 million. Support will be provided for important policy reforms designed to increase the efficiency and productivity of the industrial sector and to increase the capacity utilization of selected industrial enterprises so as to enable them to produce basic consumption goods for the domestic market and products for export.

MAURITANIA: IDA—$5.3 million. Funds will be onlent to the Mauritanian Bank for Development and Commerce to help finance or expand about twenty small and medium-scale private industrial enterprises, which would employ some 750 additional workers. In addition, some 300 additional artisans would be trained in carpet weaving and provided with equipment and marketing assistance. Technical assistance and training are included. Total cost: $11.2 million.

MEXICO: IBRD—$105 million. A second small and medium-scale mining-development project will finance evaluation exploration, mine development, and mine exploitation; strengthen the capabilities of the major institutions supporting small and medium-scale mining enterprises (SMMs); and improve coordination within the SMM sector. Total cost: $210 million.

MOROCCO: IBRD—$25.1 million. Funds will be lent to commercial banks and to the Office for Industrial Development (ODI) so as to support the development of electrical and mechanical industries, encourage Moroccan commercial banks to be more active in term financing of industry, and to strengthen the ODI in its role of industrial promotion.

TUNISIA: IBRD—$54 million. Lines of credit to three development banks will be provided to assist in continuing the development of the country's electrical and mechanical industries. Technical assistance is included.

WESTERN SAMOA: IDA—$2 million. Funds will be made available to help finance individual subprojects in the agricultural, industrial, and service sectors. Technical assistance is included. Cofinancing is being provided by the AsDB ($4.3 million) and the UNDP ($50,000). Total cost: $14.9 million.

YEMEN ARAB REPUBLIC: IDA—$8 million. The Industrial Bank of Yemen will be strengthened through a program of consultant services and training, a pilot component for training of industrial managers through overseas short-term and on-the-job training courses, and provision of a line of credit for onlending. Total cost: $18.2 million.

ZIMBABWE: IBRD—$10 million. Through a line of credit and provision of technical assistance, the government's program of providing urgently needed financial assistance, training, and management counseling to small-scale entrepreneurs will be supported. As many as 4,000 jobs, at an average cost per job of only about $3,100, may be created. Total cost: $16.1 million.

Education

BANGLADESH: IDA—$78 million. The first three years of the government's five-year (fiscal 1986–90) investment program in primary education, which is a part of a longer-term strategy aiming at universal primary education by the year 2000, will be financed. The project will help increase enrollments, improve the quality of instruction, and reduce costs. Cofinancing is anticipated from UNICEF ($4.9 million), the UNDP ($2.3 million), and SIDA ($2.2 million). Total cost: $103.4 million.

BRAZIL: IBRD—$72 million. The foreign-exchange costs of the 1984–86 time slice of Brazil's Program for Support of Science and Technology Development will be financed. The program provides for research and human-resources development in six fields of science and includes four National Science Service Programs to address sectorwide service deficiencies. Total cost: $215.4 million.

BURKINA: IDA—$21.6 million. A sector-financing strategy for accelerating the expansion of primary education will be implemented through reducing the unit costs of primary education and through developing capabilities for planning, managing, and controlling education costs by relevant centralized institutions. In addition, a national textbook-development capability will be promoted, and textbooks and other learning materials procured and distributed. Total cost: $23.2 million.

CHINA: IDA—$145 million. A second university-development project seeks to promote policy and institutional changes related to the engineering and economic/finance education subsector through supplies of equipment and materials for about thirty-five universities and the provision of technical assistance. Total cost: $1,162 million.

DJIBOUTI: IDA—$5 million. Two new urban primary schools will be established, four new rural primary schools will be established and four existing ones modernized, and technical assistance will be provided for strengthening educational planning and evaluation. Total cost: $7.4 million.

DOMINICAN REPUBLIC: IBRD—$5.8 million. The ability of the National Institute for Vocational Training to coordinate, regulate, and monitor developments in vocational training will be strengthened, and the country's vocational-training system will be assisted, directly and indirectly through the institute, to respond effectively, both in quality and quantity, to anticipated skill requirements. Parallel financing is being provided by the UNDP ($200,000) and Spain ($100,000). Total cost: $8.4 million.

EGYPT, ARAB REPUBLIC OF: IBRD—$19.3 million. The government's ability to meet the trained manpower requirements of the electricity sector will be strengthened through the construction and/or furnishing and/or equipping of ten training institutes and through technical assistance. The project is partially financed by the Swedish Commission for Technical Cooperation and the Federal Republic of Germany (GTZ). Total cost: $49.3 million.

ETHIOPIA: IDA—$70 million. Designed to alleviate the shortages of trained manpower, this sixth education project will expand the capacity, effectiveness, and geographical equity of primary and lower-secondary schools, improve the quality of education, primarily through curriculum development and training programs, and strengthen educational-support services. Total cost: $109.6 million.

HAITI: IDA—$10 million. Help in financing the government's education-reform program (grades 1–10) will be provided. Basic education reform will be continued, a reform of the vocational/technical-training system will be initiated, and education-sector management strengthened. A training program is included. Cofinancing ($6 million) is anticipated from Switzerland. Total cost: $22.3 million.

INDONESIA: IBRD—$147 million. The country's capacity to train its own university teachers and researchers will be assisted through the development of new graduate-level programs in selected fields, initiation of five specialized undergraduate fields of study not currently available in Indonesia, and strengthening of overall university planning and management. Total cost: $244.5 million.

INDONESIA: IBRD—$78 million. The quality of general secondary education will be raised, thereby increasing the quality of the country's human resources for economic development. In addition, management and planning skills at senior levels in the education sector will be strengthened. Cofinancing is expected from the UNDP ($400,000). Total cost: $129.9 million.

LESOTHO: IDA—$10 million. A fourth education project seeks to provide an improved learning environment for about 16,500 primary-school students and in-service training for about 1,000 primary-school teachers, secondary-school teachers, and principals, as well as 30 architectural technicians. Facilities and equipment will also be upgraded at selected existing secondary schools, and equipment provided to others. Total cost: $13 million.

MEXICO: IBRD—$81 million. The National Agency for Professional Technical Education will be supported in implementing the second phase (1985–88) of its technical-training program for skilled workers and technicians. Total cost: $162.2 million.

MOROCCO: IBRD—$27.1 million. A vocational-training project seeks to expand lower-level and middle-level skill training for the private sector and to develop strategies for sound and planned expansion in the future. Cofinancing ($200,000) is being provided by the UNDP. Total cost: $44.1 million.

NEPAL: IDA—$8.4 million. The quality of middle-level agricultural manpower is to be upgraded through implementation of reforms in the training system, establishment of a teacher-training program, and improvements in training management. USAID is providing cofinancing in the amount of $4.1 million. Total cost: $14.3 million.

PAKISTAN: IDA—$52.5 million. The quality of primary education in the country will be improved through more effective in-service training and supervision of teachers, improved learning materials, the expanded use of assistant teachers, improved physical facilities, and greater community support. About 14,000 schools in three provinces will be covered. Total cost: $73 million.

PERU: IBRD—$27 million. The accessibility, administration, and quality of primary education in low-income urban and rural areas will be improved through additions of new student places, improvements to school-management practices, provision of textbooks, and an expansion of bilingual educational programs. Training and institutional assistance are included. Total cost: $46.8 million.

TOGO: IDA—$12.4 million. The quality of education in primary and secondary schools will be improved through the upgrading of teachers' skills, provision of textbooks, and improvements to science facilities. In addition, assistance to improve the management of education is included. Total cost: $14 million.

TURKEY: IBRD—$57.7 million. Industrial productivity will improve and the supply and quality of skilled manpower increased through the equipping and refurbishing of thirty-nine secondary-level industrial schools. The project also includes technical assistance for curriculum and program development, overseas fellowships, training, and special studies. Total cost: $72.7 million.

Energy

ARGENTINA: IBRD—$180 million. Funds will be provided to help finance part of the 1985–89 investment program of Yacimientos Petroliferos Fiscales (YPF) for increasing the production of gas and associated liquids and expanding the use of gas. Institution-building assistance to YPF is included. Cofinancing ($59.5 million) is being arranged with the IDB. Total cost: $802.6 million.

BANGLADESH: IDA—$110 million. Support will be provided to the Bangladesh Oil and Gas Corporation in its efforts to expand gas supplies, initiate an appraisal program of the main gas fields to provide a preliminary basis for their long-term development, and strengthen its management capability. Cofinancing is anticipated from CIDA ($35.9 million), the ODA ($27.6 million), the UNDP ($10.9 million), and the Netherlands ($8.6 million). Total cost: $239.4 million.

BRAZIL: IBRD—$400 million. Government efforts to reverse the financial deterioration of the power sector will be supported by a loan that will finance the construction of transmission facilities included in the 1985–92 transmission-expansion programs of CHESF (Companhia Hidro Elétrica do Sao Francisco) and FURNAS (Furnas Centrais Elétricas S.A.). Total cost: $772.6 million.

BRAZIL: IBRD—$312 million. Government efforts to reverse the financial deterioration of the power sector will be supported by financing the expansion of power-distribution systems in highly industrialized areas, undertaking studies and training for power-distribution planning, and provision of studies for the preparation of energy-conservation programs. Total cost: $1,081 million.

BURUNDI: IDA—$12.3 million. Burundi's power transmission and distribution network will be extended, and the financial performance, management, and power-planning functions of the Electricity and Water Distribution Company of Burundi will be strengthened. Through this project, Burundi will be able to make optimal use of the power from the Ruzizi II regional plant. Cofinancing, totaling $7.3 million, is being arranged with the CCCE, the Federal Republic of Germany (GTZ), and Belgium. Total cost: $24.5 million.

CHINA: IBRD—$126 million. Through a program of mine development, civil works, and provision of equipment and technical assistance at Changcun mine in Shanxi province, the government will be aided in its quest to double coal output to 1,200 million tons a year by the year 2000. Cofinancing has been arranged with the Federal Republic of Germany ($1.9 million) and the UNDP ($400,000). Total cost: $357 million.

CHINA: IBRD—$117 million. A 500-kv transmission line from Xuzhou to Shanghai will be constructed, five substations installed, and associated equipment furnished. Consultant services and training for the Jiangsu Provincial Electric Power Bureau will also be provided. Cofinancing from Italy ($10 million) has been arranged and assistance from the International Atomic Energy Agency has been agreed upon. Total cost: $282.8 million.

CHINA: IBRD—$25 million. The South West Mining District of Sichuan province and the government will be assisted in undertaking a preinvestment study of the Weiyuan gas field in order to design a rehabilitation program that will maximize the recovery of gas reserves. Total cost: $30 million.

COLOMBIA: IBRD—$130 million. Colombia's dependence on imported oil will be reduced through a secondary oil-recovery program in the Casabe field, field development under association contracts between the state oil company and private oil companies, and the construction of a 290-kilometer pipeline. Technical assistance and training to strengthen the implementing agency, ECOPETROL, are included. Total cost: $980 million.

GUATEMALA: IBRD—$44.6 million. Supplemental funds will be made available to help finance an increase in the cost of the Chixoy Hydroelectric Power Project, approved in fiscal 1978. Supplemental funds will also be made available by Italy ($18 million) and suppliers ($5 million). Additional cofinancing is under consideration by the IDB.

GUINEA: IDA—$8 million. A second power-engineering and technical-assistance project will continue the efforts begun under the first project to rehabilitate the existing facilities, organization, and management of the power sector, specifically, the Société Nationale d'Electricité and the Service National de l'Hydraulique. Cofinancing is anticipated from the CCCE ($5.2 million), CIDA ($3.8 million), the Federal Republic of Germany (KfW) ($700,000), and the AGCD ($700,000). Total cost: $20 million.

HAITI: IDA—$22.1 million. A fourth power project will help to develop further the energy sector through expansion of a power station, the implementation of a program to improve generation capacity at three power plants, and a program to rehabilitate the distribution network at Port-au-Prince. Training, fellowships, and consultant services are included. Cofinancing is being provided by the CCCE ($8.9 million). Total cost: $38 million.

INDIA: IBRD—$300 million. Assistance in helping meet the electricity demand in the western region of the country will be provided by the installation of two 500-mW generating units at the Chandrapur thermal power plant in Maharashtra state. Total cost: $1,296.7 million.

INDIA: IBRD—$250 million. Help in meeting the demand for electricity in the northern region of India will be forthcoming through the provision of transmission linkage between the thermal power plants at Singrauli-Rihand in Uttar Pradesh state and the main load centers in the northern region, thus ensuring the evacuation of power from these plants at least cost to the economy. In addition, the project will introduce long-distance, high-voltage, and direct-current power-transmission technology into the country. Cofinancing in the amount of $135 million is being sought. Total cost: $693 million.

INDIA: IBRD—$248 million. Through the development of one open-pit and one underground mine, construction of two coal washeries and other associated facilities, and provision of institutional assistance, the supply of coking coal available to the steel sector will increase and the quality of coking-coal supplies will be improved. Cofinancing is being provided by the ODA ($14.2 million). Total cost: $696 million.

INDIA: IBRD—$176 million. Assistance will be provided in meeting the electricity demand in Kerala state and the southern region through the construction of a 180-mW hydropower station. In addition, the performance and efficiency of the existing system will be improved through the reinforcement of the distribution networks in three major cities in Kerala and through the installation of reactive power-compensation equipment. Institution-building assistance is included. Total cost: $399.8 million.

INDONESIA: IBRD—$50 million. Supplementary finance will be made available for the Tenth Power Project, assisted by an IBRD loan of $250 million, and approved in February 1981.

LIBERIA: IDA—$2.6 million. A second petroleum technical-assistance project will follow up on a successful effort made under a first project to promote petroleum exploration. Because there is still unleased offshore acreage, this second project will assist the government in acquiring additional seismic data and processing and interpreting existing and new data with the latest techniques available. Cofinancing is being arranged with the Digicon Corporation (US) ($500,000). Total cost: $3.4 million.

MOROCCO: IBRD—$27 million. Through the strengthening of Charbonnages du Maroc's organization and planning capabilities and by increasing coal production through infrastructure improvements and exploration, domestic energy resources will be developed, thus reducing the country's oil-import bill. Cofinancing is anticipated from the Federal Republic of Germany (KfW) ($12.9 million) and France ($7.6 million). Total cost: $74 million.

NIGER: IDA—$7.5 million. The government will be helped to define a least-cost, long-term program of power development and to improve the organization and management of the power sector. Technical assistance to the Société Nigérienne d'Electricité (NIGELEC) will help improve its internal organization, manpower planning, training, financial management, and its distribution system. Total cost: $7.9 million.

PAKISTAN: IBRD—$178 million. The government's reform program in the energy sector will be supported, and the implementation of its core energy-investment program for the period fiscal 1986–87 will be assisted through the import of needed equipment and material. Other sources of funds are being sought from multilateral institutions ($98.6 million) and from bilateral agencies and suppliers' credits ($284.3 million). Total cost: $2,038.6 million.

PAKISTAN: IBRD—$100 million. The Water and Power Development Authority will be assisted in the expansion of the extra high-voltage power-transmission network, thereby permitting the optimal operation of interconnected generation facilities and contributing to reduced transmission losses. Cofinancing is anticipated in the amount of $100 million. Total cost: $300.9 million.

PAKISTAN: IBRD—$100 million. Through a project that includes the erection of transmission lines, the construction of new substations and the extension and reinforcement of others, studies, technical assistance, and training, the Water and Power Development Authority will be helped in the further reinforcement and expansion of its secondary power-transmission networks, thus reducing transmission losses. Bilateral aid and suppliers-credit cofinancing of $46.3 million is being sought. Total cost: $614 million.

PAKISTAN: IBRD—$55 million. The exploration for, and development of, Pakistan's petroleum resources will be accelerated through exploration/appraisal work in two areas under ongoing joint ventures and under new joint ventures, as well as through technical assistance to strengthen the technical and administrative capabilities of the Ministry of Petroleum and Natural Resources. Total cost: $282.3 million.

PANAMA: IBRD—$51 million. By raising the height of the Fortuna dam (thus increasing generating capacity), completing feasibility studies for two medium-sized hydroelectric projects, and through an asset-revaluation study, the power sector in the country will be further developed. Total cost: $87.6 million.

SUDAN: IDA—$12 million. A technical-assistance project is designed to enhance the capacity of the petroleum-subsector organization, help determine the existence of potentially significant sedimentary basins, and help attract foreign capital for intensive exploration work in areas that have been relinquished and other areas not yet contracted out to private companies. Total cost: $13.3 million.

TANZANIA: IDA—$8 million. A petroleum-sector technical-assistance project will provide inputs for the petroleum-distribution system and a study to analyze and make recommendations to improve the system; the workover, rehabilitation, and protection of the Songo Songo gas wells; and the preparation of an exploration-promotion package. Training and institutional-development assistance are included. Total cost: $11 million.

THAILAND: IBRD—$85 million. The government's program to make the Bangchak Oil Refinery financially viable through corporate and financial restructuring and physical rehabilitation will be supported. Total cost: $143.8 million.

TURKEY: IBRD—$142 million. The further expansion of Turkey's transmission grid to accommodate increased load and generation capacity will be supported through the construction of about 800 kilometers of 380-kv transmission lines and transformer substations at the 380-kv and 154-kv voltage levels with a total installed capacity of about 5,400 MVA. Consultancy services and training are included. Total cost: $208 million.

UGANDA: IDA—$28.8 million. Through the rehabilitation and repair of turbo-generator units and the strengthening and upgrading of transmission lines, the development of a bottleneck in power supplies will be prevented. Financial-policy and institutional assistance will also be provided to the Uganda Electricity Board, and technical assistance furnished to the new Energy Department. Cofinancing is anticipated from the CDC ($13 million) and the ODA ($12 million). Total cost: $73.4 million.

UGANDA: IDA—$5.1 million. Through a program of technical assistance, government efforts to attract oil companies to explore for hydrocarbons will be strengthened. In addition, through institution-building assistance and training, the capability of the Geological Survey and Mines Department to administer and supervise exploration promotion, exploration, and development of petroleum resources will be increased. Total cost: $6.1 million.

URUGUAY: IBRD—$4 million. A power-engineering loan is designed to help the National Power and Transmission Company reduce system losses, improve operating efficiency and management practices, develop an adequate planning framework for the distribution network, and rationalize electricity use by consumers. Total cost: $5.3 million.

YUGOSLAVIA: IBRD—$125 million. Through the construction of a concrete gravity dam across the Drina river, the installation and construction of ancillary equipment, technical assistance, and training, indigenous hydro resources will be developed and financial-management practices of the electric-power organization in the republic of Bosnia-Herzegovina strengthened. Total cost: $284.3 million.

YUGOSLAVIA: IBRD—$92.5 million. A cross section of the hydrocarbon exploration and production activities in the republics of Croatia and Bosnia-Herzegovina, as well as in the autonomous province of Vojvodina, will be supported. The project's major objective is to assist in the development of indigenous energy resources, thereby reducing the country's dependence on imported energy. Cofinancing, estimated at $98 million, is being sought from export credits and commercial loans. Total cost: $607.9 million.

Industry

BHUTAN: IDA—$9 million. Through the construction of a calcium-carbide plant, the country's ability to generate foreign-exchange earnings, needed for its economic development, will be enhanced. The project also includes limestone-mining, forestry, charcoal-plant, technical-assistance, and training components. Cofinancing is to be provided by the KFAED ($6.6 million) and Norway ($3.9 million). Total cost: $23.9 million.

CHINA: IBRD—$97 million. A net foreign-exchange saving of $694 million is expected to be generated as a result of a project that seeks to rehabilitate, modernize, and save energy in selected fertilizer facilities; improve research planning in the fertilizer industry; foster the beneficiary companies' capabilities to implement projects and manage operations and finances; and develop strategies for modernizing medium-sized fertilizer plants. Total cost: $186.8 million.

HUNGARY: IBRD—$73 million. Through a program of production investments, provision of equipment, the launching of a pilot premarketing operation in one or two developed countries, studies, training, and technical assistance, the production of fine chemicals, particularly pharmaceuticals, will increase and diversify, thus increasing the country's foreign-exchange earnings. Total cost: $311.5 million.

INDIA: IBRD—$300 million. A gas-based petrochemical-manufacturing facility near Bombay will be established so as to increase the domestic availability of polymers; as a result, the large growth in demand for plastic products expected in India may, to a large extent, be satisfied. Total cost: $1,787 million.

KOREA, REPUBLIC OF: IBRD—$50 million. A second technology-development project will provide a line of credit to the Korea Technology Development Corporation for the period 1984–86 to further that agency's institutional development and help support the technological development of Korean industry. Total cost: $177.7 million.

MALAWI: IBRD—$6.4 million. Malawi will be assisted in meeting its demand for wood products, managing and optimizing forest resources, increasing industrial productivity, encouraging privatization, and developing institutions in the sector through technical assistance and equipment support to the Wood Industries Corporation, a newly converted autonomous private company, and by provision of technical assistance to the government for developing alternate uses for the large Viphya forest. Total cost: $8.6 million.

PERU: IBRD—$4 million. Through the establishment of a Center for Energy Conservation, energy-conservation measures and investments will be identified that, at current oil prices, could eventually produce net annual savings of about $44 million, excluding the benefits from interfuel substitution. Total cost: $6.1 million.

TURKEY: IBRD—$55.1 million. The project provides for the rehabilitation of three pulp and paper mills operated by the Turkish Pulp and Paper Enterprise (SEKA) and technical assistance to strengthen SEKA's management structure and improve its operational procedures. The project also supports the government's development objectives to improve the efficiency of state economic enterprises (SEEs), to rehabilitate existing capacity in manufacturing enterprises, and to explore the potential for selective privatization of SEEs. Total cost: $86.8 million.

Nonproject

BANGLADESH: IDA—$30 million. Flood-damaged facilities will be rehabilitated. Project components include rehabilitation of irrigation, drainage, and flood-protection works; rehabilitation of roads and associated structures; replacement of navigational aids and water-gauging equipment; repair of river-landing jetties; and technical assistance. Total cost: $48.3 million.

COLOMBIA: IBRD—$300 million. The immediate objective of this loan is to support the first phase of the government's program of trade-policy reforms, designed to revitalize the external sector and to reorient the economy towards the production of tradables. The loan will also have a broader impact through its endorsement of the government's economic program for effecting a significant adjustment of the economy, while, at the same time, sustaining growth and employment generation. The financing provided lends vitally needed support for putting together the overall financial package and for ensuring the enhanced participation of commercial banks needed to complete the adjustment process. General imports of industrial and agricultural inputs and raw materials for export firms will be financed, as will several studies related to export incentives, export promotion, external-debt management, and budget programming and planning.

COSTA RICA: IBRD—$80 million. Support will be provided to the government's Structural Adjustment and Economic Recovery Program, the principal objective of which is to promote a vigorous recovery of the economy through export-led growth, with particular emphasis on expanding exports outside the Central American Common Market.

GHANA: IDA—$60 million. In support of the government's economic-recovery program, imports will be financed for the primary-production sectors of agriculture, mining, manufacturing, and transportation.

GUINEA-BISSAU: IDA—$10 million. Finance will be made available to help finance part of the priority import requirements of the country's economic-recovery program. Switzerland is providing cofinancing in the amount of SwF4.5 million.

JAMAICA: IBRD—$55 million. A third loan in support of the government's program of structural adjustment aims at achieving export development and economic deregulation. Imports of raw materials, intermediate goods, nonluxury consumer goods, capital equipment, and spare parts will be financed.

MAURITANIA: IDA—$16.4 million. A public-enterprise technical-assistance and rehabilitation project will launch the start of reforms of the institutional framework of the public-enterprise sector, thus supporting the government's rehabilitation strategy. Cofinancing is being arranged with the EIB ($4 million), the CCCE ($3 million), the EDF ($1.3 million), and the FAC ($900,000). Total cost: $29.2 million.

MOZAMBIQUE: IDA—$45 million. This first operation in the country will help meet Mozambique's priority economic-rehabilitation needs within the context of the government's Economic Action Program for 1984–86. Imports of equipment, spare parts, and raw materials, as well as technical assistance to the industry, transport, and agriculture sectors, will be financed.

SAO TOME AND PRINCIPE: IDA—$5 million. This first Bank operation in the country will finance the foreign-exchange component of priority investments in various economic sectors—agriculture, fisheries, transport, power, and water.

TOGO: IDA—$27.8 million. A second structural-adjustment project will support the second phase of the government's structural-adjustment program, which is based on agricultural-incentive reform through real producer-price increases and improved supplies of farm inputs; increases in food-crop output; improvements in macroeconomic management; public-enterprise reform; and the preparation of a small-scale industrial-promotion policy.

Population, Health, and Nutrition

BURKINA: IDA—$26.6 million. The quality and accessibility of health and family-planning services for about 4 million people (more than half the population) will be improved, and about 60 percent of children through the age of four will be effectively immunized against major childhood communicable diseases. In addition, 142 rural health centers will be rehabilitated and six surgical referral centers established; health-worker skills will be improved; essential drugs will become more available; partial cost recovery will become more widespread; and the country's nascent family-planning program will be strengthened. Total cost: $28 million.

INDONESIA: IBRD—$46 million. About 268,000 couples and 805,000 children in transmigration areas, as well as 15,800 principals and teachers in government and private schools, 85,000 tutors, supervisors, and facilitators in out-of-school learning centers, and 87 family-planning trainers, will benefit from a fourth population project that seeks to help strengthen the National Family Planning Coordinating Board's activities and assist the Ministry of Population and Environment. Total cost: $94.4 million.

INDONESIA: IBRD—$39 million. Output will be expanded and quality improved of the Ministry of Health's (MOH) paramedical staff. In addition, the project seeks to expand the capacity for, and improve the quality of, in-service education and training provided by the MOH. Total cost: $65.9 million.

JORDAN: IBRD—$13.5 million. Through construction, a program of training, provision of equipment, and consultancy services, support will be provided to the government's efforts to reorganize primary-health care and referral care in basic specialties, and improvements will be made in the coverage, quality, and efficiency of such care. More than a third of the country's population, including many urban and rural poor, are to be reached through this project. Total cost: $30.5 million.

LESOTHO: IDA—$3.5 million. A health and population project aims to strengthen the organization and management of the Ministry of Health; improve the efficiency, effectiveness, and coverage of health-care and family-planning services; and strengthen manpower development and training. Cofinancing is expected from Ireland ($1.1 million), the EEC ($740,000), DANIDA ($370,000), WHO ($190,000), USAID ($150,000), and the UNDP ($70,000). Total cost: $7.4 million.

MOROCCO: IBRD—$28.4 million. The Ministry of Public Health (MOPH) will be assisted in shifting emphasis from an urban-based, hospital-oriented health system to a more cost-effective system of primary care. Primary care and basic health services, including family planning, in three provinces will be strengthened; MOPH management will be improved; training and information, education, and communication programs will be strengthened; and the supply of basic drugs will be improved. Total cost: $47.6 million.

NIGERIA: IBRD—$34 million. Through the construction, equipping, and staffing of about sixty health clinics, the upgrading of 120 dispensaries, the provision of vaccines and equipment for an immunization program, and the establishment of an adequate training and supervision program, the delivery of primary health and family-planning services, including immunization coverage, in Sokoto state will be expanded and improved. Equipment, technical assistance, and training will also be provided at the federal level to strengthen the technical-advisory capacity of the health authorities. Total cost: $53 million.

Small-scale Enterprises

BRAZIL: IBRD—$300 million. A third development-banking project provides funds for (a) larger, privately controlled industrial enterprises to export or expand or reorient production for export and (b) small and medium-sized enterprises (once funds from the second project are fully committed). Institutional assistance to the National Economic and Social Development Bank is included. Total cost: $937.2 million.

COLOMBIA: IBRD—$40 million. Medium-term and long-term credit will be provided through the Corporación Financiera Popular (CFP) to small and medium-scale industries for fixed investment and permanent working capital. Technical assistance will also be made available to the CFP and to small-scale industrialists.

KOREA, REPUBLIC OF: IBRD—$111 million. Credit, technical assistance, and training, tailored to the needs of small and medium-sized industries, will be made available. Through the credit component, about 550 subprojects will be generated, creating an estimated 6,000 new jobs. Total cost: $182.2 million.

MALAYSIA: IBRD—$52.1 million. Small-scale enterprises (SSEs) will be developed by increasing the availability of institutional credit and by expanding and improving technical assistance to provide integrated services to those SSEs that do not now receive adequate institutional credit and technical assistance of high quality. Total cost: $104.1 million.

NEPAL: IDA—$7.5 million. Funds will be provided to finance private industrial enterprises through the Nepal Industrial Development Corporation (NIDC); for the establishment of an import-export facility; and for studies on industrial and export incentives, on light engineering products, and on tourism promotion. Other technical assistance and training will be provided to the leather industry and NIDC staff. Total cost: $12 million.

TUNISIA: IBRD—$50 million. A line of credit will be made to three banks—the Banque de Développement Economique de Tunisie, the Banque Tuniso-Koweitienne de Développement, and the Société Tuniso-Séoudienne d'Investissement et de Développement—for the development of the country's export industries. In addition, an Export Promotion Fund will be established and technical assistance provided to the government's newly established export-credit insurance company.

Technical Assistance

BENIN: IDA—$5 million. Through technical assistance, designed to aid Benin's institutions in project preparation and macroeconomic planning (policy analysis and investment programming), in public-finance management, statistics, and management training, the government's capacity to manage the economy effectively will be increased. Cofinancing has been arranged with the UNDP ($1.3 million), the FAC ($700,000), the EDF ($600,000), and UNFPA ($200,000). Total cost: $8.1 million.

CENTRAL AFRICAN REPUBLIC: IDA—$8 million. Through a second technical-assistance project, government efforts to rehabilitate the national economy will be supported. Assistance in designing and implementing coherent rehabilitation and development programs will be furnished, tools needed to monitor the implementation of these programs will be designed, and the country's absorptive capacity in three key economic sectors—diamonds, forestry, and transportation—will be increased. Total cost: $8.4 million.

CHILE: IBRD—$11 million. Technical assistance will be made available to help improve the government's ability to guide the economy by improving economic policy execution and by harnessing better the considerable productive potential of the public-enterprise and export sectors. Total cost: $20.7 million.

COSTA RICA: IBRD—$3.5 million. Technical assistance to help the government implement its structural-adjustment program will be made available. Essential information and analysis of decision making in key areas will be provided, and specific plans of action to achieve program objectives in key areas of the economy will be prepared. Total cost: $4.6 million.

ECUADOR: IBRD—$8 million. Public-sector management will be improved so that better use can be made of scarce financial and human resources. Improvements will be introduced in the national planning and budgeting systems, and general management improvements among public enterprises will be supported. Total cost: $13.7 million.

ETHIOPIA: IDA—$4 million. Technical assistance will be provided to assist the government strengthen its capabilities in macroeconomic management and to further the development of a macroeconomic framework for medium-term and long-term planning. Total cost: $4.6 million.

GUINEA: IDA—$9.5 million. Economic management will be improved through a three-year, first-phase program of technical assistance and staff training that focuses on macroeconomic management, investment choice and procurement, and control of public finance and external debt. Cofinancing is anticipated from France ($700,000) and the UNDP ($300,000). Total cost: $11 million.

GUINEA-BISSAU: IDA—$6 million. Technical assistance will be provided to assist the government strengthen the macroeconomic management capability of key economic ministries, strengthen the operational capacity of other ministries, and develop a sound institutional framework in newly created ministries and agencies. Total cost: $6.5 million.

JAMAICA: IBRD—$9 million. A second technical-assistance project seeks to help the government implement, monitor, and sustain its structural-adjustment effort as supported by the Bank under a series of structural-adjustment loans. Total cost: $10.4 million.

NIGERIA: IBRD—$13 million. Technical assistance will be provided to help the government improve the quality and reliability of its management-information system. The statistical system is to be upgraded and methods introduced to monitor the progress of public-sector activities, notably in the fields of plan implementation and external-debt management. Training is included. Total cost: $17 million.

RWANDA: IDA—$4.8 million. Through a program of training, by improving procedures for budget preparation and execution, and by strengthening government capabilities for economic policy making, government control over public finance will be improved. Total cost: $5.3 million.

TANZANIA: IDA—$10 million. Technical assistance will be provided to help the government in its program to review and revise policies and institutional arrangements in the agricultural sector by providing the capacity to analyze policy alternatives and to monitor and supervise parastatal performance. Total cost: $11.9 million.

TOGO: IDA—$6.2 million. Short-term and long-term technical assistance, training, and technical support will be provided to help the government implement and consolidate the second phase of its structural-adjustment program. Total cost: $6.8 million.

YEMEN ARAB REPUBLIC: IDA—$4.7 million. Technical assistance will be provided to help increase the capabilities of the Central Planning Organization in national economic planning and public-investment programming, in project evaluation and monitoring, and in developing and maintaining a national data bank. Total cost: $5.4 million.

ZAIRE: IDA—$9 million. The Ministry of Primary and Secondary Education will be assisted in improving its planning, management, and administrative capability and therefore its ability to provide more efficiently education services of better quality. Consultancy services, training, and miscellaneous equipment, supplies, and materials are included. Total cost: $10.7 million.

Telecommunications

ETHIOPIA: IDA—$40 million. A sixth telecommunications project comprises the capital-investment part of the Ethiopian Telecommunications Authority's development program for the years 1984–88, which is designed to increase the availability of telecommunications services and to improve service quality. Cofinancing is anticipated from the AfDB ($26.4 million), Italy ($25 million), and Sweden ($12 million). Total cost: $151.8 million.

KENYA: IBRD—$32.6 million. A third telecommunications project will pursue the expansion, improvement, and modernization of the infrastructure undertaken by the previous two projects. Support will also be provided for the institutional development of the Kenya Posts and Telecommunications Corporation. Cofinancing is being provided through export credits ($16.7 million) and by the EIB ($14.6 million). Total cost: $86.1 million.

NEPAL: IDA—$22 million. A fourth telecommunications project is designed to strengthen the Nepal Telecommunications Corporation, expand local telephone facilities in Kathmandu and other urban areas, provide telephone services for the first time to about ninety rural communities, expand facilities to cater to additional domestic, long-distance, and international telephone traffic, expand domestic and international telex facilities, and extend service to towns other than Kathmandu. Cofinancing is being arranged with Belgium and Belgian commercial banks ($10.9 million), France and French commercial banks ($10.1 million), Denmark ($7.5 million), and Finland ($5.3 million). Total cost: $65.3 million.

OMAN: IBRD—$23 million. A second telecommunications project will help expand the local telephone facilities in existing telephone-switching centers, provide telephone service for the first time to about thirty-seven rural communities, and expand domestic long-distance and international telephone facilities to carry out the additional traffic generated by local network expansions. Total cost: $227.8 million.

PHILIPPINES: IBRD—$4 million. Technical assistance will be provided to promote and support the sound regulatory, institutional, and financial development of the telecommunications sector. The main objective is to establish the National Telecommunications Commission within the Ministry of Transportation and Communications as an effective agency to help achieve sector goals. Total cost: $4.8 million.

Transportation

BRAZIL: IBRD—$200 million. The Federal Railway will be assisted in the implementation of a set of action plans and programs aimed at its financial rehabilitation and at improving its commercial performance. In addition, support will be provided for two rehabilitation-and-improvement projects designed to increase transport efficiency in the Parana and Goias-Minas Gerais export corridors. A supplier's credit of $7.6 million has been secured. Total cost: $422 million.

BURMA: IDA—$17.8 million. The issue of deteriorating transport capacity, in general, and the movement of timber, in particular, will be addressed through improvements in specific road and rail lines, provision and rehabilitation of rolling stock, and consolidation and upgrading of log depots and loading stations. Cofinancing is expected from the UNDP ($500,000). Total cost: $29 million.

BURUNDI: IDA—$18.1 million. A fourth highway project aims at improving the maintenance of the road network, increasing the capacity of the Ministry of Public Works to continue such maintenance, training local personnel, and improving the country's transport planning and management. The project forms part of a highway-maintenance program, to be financed by the Federal Republic of Germany, Belgium, Japan, the OPEC Special Fund, and the AfDB. Total cost: $23.9 million.

CAMEROON: IBRD—$125 million. A sixth highway project includes a four-year pavement-strengthening program, the upgrading of gravel roads to paved standards, and consultant services. Support for institutional development is included. Cofinancing, in the amount of $75 million, is being sought from private banks and official aid agencies. Total cost: $295 million.

CHILE: IBRD—$140 million. Finance will be made available to help the government implement its 1986–88 road-investment and maintenance program. Cofinancing is being arranged with the IDB ($44 million) and suppliers' credits ($14 million). Total cost: $347 million.

CHINA: IBRD—$235 million. More than 600 kilometers of railway lines will be upgraded and electrified, the first stage of a modernization program at a passenger-coach factory will be implemented, equipment and training provided to the China Academy of Railway Sciences, and assistance in curriculum development given to various railway universities operated by the Ministry of Railways. Studies to help improve railway managerial and operational efficiency are included. Total cost: $569.1 million.

CHINA: IBRD—$42.6 million; IDA—$30 million. A first highway project will help improve the quality of future construction works, increase the cost-effectiveness of highway investments, support a highway-research program, and provide for training. In addition, 230 kilometers of national roads and 1,400 kilometers of rural roads will either be constructed or improved. Total cost: $176.6 million.

EGYPT, ARAB REPUBLIC OF: IBRD—$37 million. The port of Port Said will be expanded and rehabilitated and its management and operations improved. Technical assistance will be provided to the Port Said Port Authority for project supervision and improvements in port operations and management. Total cost: $51.6 million.

GHANA: IDA—$40 million. Support will be provided for a three-year (1986–88) rehabilitation-and-maintenance program for Ghana's trunk-road program, a bridge-rehabilitation program, a three-year pilot feeder-road program, and rehabilitation of about 105 kilometers of the Accra-Kumasi highway. Cofinancing is being arranged with the ADF ($18.1 million), the WFP ($8.1 million), Japan ($2 million), and the UNDP ($1.4 million). Total cost: $121.9 million.

HUNGARY: IBRD—$75 million. Through investments in railway and highway infrastructure and assistance to the Hungarocamion International Freight Company, the government's policies of increasing the efficiency of the transport sector, conserving energy in the sector, and increasing the sector's earnings of convertible currency will be supported. Total cost: $215.5 million.

INDIA: IBRD—$200 million. Major highways in six states throughout India will be upgraded, and the capacity of the various state and central authorities involved in highway planning, construction, and maintenance will be strengthened. Total cost: $424.7 million.

INDONESIA: IBRD—$111 million. A national ports-development project will help improve port productivity and management in one of four regional public port corporations, thus providing a demonstration effect for the others; five ports in the one corporation will be rehabilitated and modernized. In addition, the project aims at helping facilitate seaborne cargo utilization. Training and technical assistance are included. Total cost: $186.5 million.

IVORY COAST: IBRD—$110 million. Support will be provided to the country's mid 1985–88 highway-sector program. Finance will be provided for civil works; road maintenance; spare parts, materials, and equipment; technical assistance; and consultant services. Cofinancing is anticipated from the AfDB ($50 million); in addition, cofinancing from commercial banks ($33.4 million) is being sought. Total cost: $230.7 million.

JORDAN: IBRD—$30 million. Transport bottlenecks and congestion on Jordan's international trade routes will be relieved by a multimode transport project with both highway and railway components. Technical assistance will be provided for highways, railways, and the Ports Corporation. Cofinancing is being provided by the SFD ($11.4 million) and the IsDB ($9.3 million). Total cost: $132.8 million.

MEXICO: IBRD—$300 million. Finance will be provided for investment and operational and financial improvements to the Mexican railway system during the period 1985–88. Total cost: $2,354.4 million.

MEXICO: IBRD—$22 million. Some 3,000 kilometers of rural roads will be constructed, rehabilitated, and improved as a result of this project, which was prepared and presented simultaneously with an agricultural-development project in support of the first phase of the government's long-term development program for the state of Chiapas. Total cost: $41.7 million.

NEPAL: IDA—$47.5 million. The far western part of the country will be integrated with the rest of the country through completion of an all-weather, east-west highway; in addition, traffic conditions between Kathmandu and Birganj at the Indian border will be improved. Institutional assistance is included. Cofinancing has been arranged with the SFD ($30.8 million) and the ODA ($19.7 million). Total cost: $116 million.

PORTUGAL: IBRD—$66 million. The country's only port capable of receiving large coal vessels will be developed; a coal-handling facility to supply coal to the new 1,200-mW power station for electricity generation now nearing completion at Sines will also be constructed. Total cost: $176.2 million.

SEYCHELLES: IBRD—$6.2 million. The entrance channel and the ship-turning basin at the port of Victoria will be dredged, a petroleum-products and cement-discharge terminal constructed, the open areas of the port rehabilitated, and financial studies will be financed, as will technical assistance. In addition, the project provides for the rehabilitation of the road network, training for the Land Transport Division's staff, and technical assistance. Cofinancing has been arranged with the AfDB ($5.8 million) and Norway ($900,000). Total cost: $16.7 million.

SOLOMON ISLANDS: IDA—$2 million. The main road in the Guadalcanal plains will be improved and the capabilities of the Ministry of Energy, Works, and Utilities in design, construction, and maintenance of roads enhanced. Cofinancing is being provided by the AsDB ($2 million) and the OPEC Special Fund ($1.5 million). Total cost: $6.5 million.

SRI LANKA: IBRD—$24 million. A second roads project seeks to improve periodic maintenance of the trunk-road network, including bridges, and to strengthen the institutions concerned with transport infrastructure. Provision of equipment to workshops and quality-control laboratories, as well as technical assistance, is included. Total cost: $43.6 million.

SWAZILAND: IBRD—$8.6 million. Support will be provided to the government's road-rehabilitation program prepared in the wake of damage caused by a cyclone in January 1984. Maintenance will be financed, technical assistance provided, and studies and detailed engineering financed. Cofinancing ($1.1 million) has been arranged with USAID. Total cost: $11.3 million.

TANZANIA: IDA—$27 million. Finance will be provided for the rehabilitation and modernization of the port of Dar es Salaam. Technical assistance and training for the Tanzania Harbours Authority is included. Cofinancing, totaling $32 million, is anticipated from Denmark, Finland, Italy, the Netherlands, Norway, and the United Kingdom. Total cost: $91 million.

TURKEY: IBRD—$134.5 million. Designed to assist the government in introducing modern container-handling technology to the ports system, this project will cover a first phase of container-port development designed to meet traffic growth up to 1992. Total cost: $174 million.

YEMEN, PEOPLE'S DEMOCRATIC REPUBLIC OF: IDA—$14.4 million. A fourth highway project will provide financing for construction and rehabilitation of road-maintenance facilities; road-maintenance and workshop equipment, as well as communications and management-systems equipment; road construction; technical assistance; and consultancy services. Total cost: $39 million.

ZAIRE: IDA—$55 million. A sixth highway project will help continue and consolidate the countrywide bridge-, road-, and ferry-rehabilitation and maintenance programs and strengthen the administration and training capabilities of the Office des Routes, the public agency in charge of the main road network. Total cost: $66.4 million.

ZAMBIA: IDA—$20 million. The operational efficiency of Zambia's railway system will be improved by providing materials, replacement equipment, and machinery and spare parts for rehabilitation and maintenance. Cofinancing is being arranged with the AfDB ($20 million), SIDA ($5.2 million), USAID ($5 million), Belgium ($4 million), and the Federal Republic of Germany (KfW) ($1.6 million). Total cost: $83.1 million.

Urban Development

CHILE: IBRD—$80 million. The Ministry of Housing and Urbanism's housing program will be supported through a package of policy improvements, construction of houses under two current programs, and studies and technical assistance. Total cost: $576.8 million.

DJIBOUTI: IDA—$5 million. The living conditions of the urban poor in the city of Djibouti will be improved through upgrading of the low-income areas of the city and provision of sites-and-services facilities. Institutional support will also be provided to the key agencies involved in the urban sector. Cofinancing has been arranged with USAID ($5.5 million) and the CCCE ($1 million). Total cost: $15.2 million.

GHANA: IDA—$22 million. Transport bottlenecks in Accra will be removed, the institutions responsible for infrastructure maintenance and urban services in the capital will be strengthened technically and financially, and cost-effective improvements to basic infrastructure in a small area of central Accra will be demonstrated. Cofinancing, totaling $600,000, has been secured from the WFP, CIDA, and the ODA. Total cost: $26.3 million.

HONDURAS: IBRD—$6.9 million. The Autonomous Municipal Bank (BANMA) will be strengthened as the principal source of financial and technical assistance for municipal development. In addition, the financial management of BANMA's clients accounting for the largest portion of BANMA's operations will be upgraded, and support will be provided for selected investments for improvements in municipal services. Total cost: $8.2 million.

INDIA: IDA—$138 million. A land infrastructure-servicing program and a slum-upgrading program will each benefit about 500,000 people in the Bombay metropolitan region. Technical assistance, training, and provision of equipment and civil works are also included. Total cost: $256.7 million.

JORDAN: IBRD—$28 million. As part of the government's program to provide affordable shelter without subsidy to low-income people in the Amman region, this project includes upgrading two squatter settlements, servicing land at four sites, and provision of technical assistance to the Urban Development Department of Amman Municipality. Total cost: $88.5 million.

KOREA, REPUBLIC OF: IBRD—$53 million. Traffic and transport conditions in the Seoul metropolitan area will be improved by providing missing road links on three major arterials and by widening roads and reconstructing major intersections. Technical assistance to the Seoul metropolitan government to improve transport planning and traffic management is included. Total cost: $204.6 million.

MALAWI: IDA—$15 million. Finance will be made available to help reorient future housing development in the country toward a market-based system. Technical assistance is included. Total cost: $18.2 million.

THAILAND: IBRD—$27.5 million. Efforts to stimulate economic development and regional growth in the three poorest of Thailand's six regions include improving selected basic infrastructure in four project cities, provision of a combined fishing port and commercial/industrial zone in one of the cities, and institutional development through policy measures and technical assistance. Cofinancing is being provided by the ADAB ($5 million). Total cost: $50.9 million.

TURKEY: IBRD—$9.2 million. The government will be assisted in completing the preparation of a Cukurova region urban-development project that involves formulation of an integrated approach to regional and urban development. Technical assistance for institutional, feasibility, and design studies for selected urban investments is included. Cofinancing is being provided by the UNDP ($100,000). Total cost: $10.7 million.

Water Supply and Sewerage

ALGERIA: IBRD—$262 million. About 2.1 million inhabitants of Oran and Constantine, two thirds of whom live in low-income districts, will benefit from a project that will help expand water production and distribution to the levels required to meet the unsatisfied demand and future demand in the two metropolitan areas. Total cost: $571.7 million.

BRAZIL: IBRD—$16.3 million. The government will be assisted in establishing a policy for providing water supply and sanitation in rural areas, defining sector goals at the federal and state levels, and institutional responsibilities. A pilot component will also benefit 200 low-income communities of about 146,000 people in the state of Rio Grande do Sul. Total cost: $32.5 million.

CHINA: IDA—$80 million. By providing water-supply facilities and developing and strengthening systems, institutions, and technology for the implementation of China's rural water-supply program, safe drinking water will be provided to some 6 million people in five provinces and the municipality of Beijing. Cofinancing is anticipated from the WFP ($10.5 million) and the Federal Republic of Germany ($1.5 million). Total cost: $210.2 million.

COLOMBIA: IBRD—$129 million. A fourth Bogota water-supply and sewerage project will continue the Bank's past efforts to provide essential water-supply and sewerage infrastructure for Bogota. It is expected that approximately 2.1 million people will benefit by the year 1992, more than half of whom are the urban poor. Cofinancing is being sought from suppliers' credits ($42.5 million) and commercial-bank loans ($7.5 million). Total cost: $353.5 million.

COLOMBIA: IBRD—$18.5 million. Water-transmission, storage, and distribution facilities will be constructed in Cucuta, and a new source of water supply developed. In addition, the city's sewerage system will be expanded, and a waste-water treatment facility constructed. Technical assistance to the Cucuta Municipal Utility Company is included. Total cost: $37.9 million.

JORDAN: IBRD—$30 million. Water-supply and sewerage services in the greater Amman area will be improved through the extension and rehabilitation of water mains, construction of trunk and collection sewers, construction of two sewage-treatment works, supply of operating and maintenance equipment, and consultancy services. Total cost: $56.4 million.

KENYA: IDA—$6 million. This engineering credit, which will help finance the preparation of a third water-supply project in Nairobi, provides for a feasibility study, detailed engineering and associated studies, and technical assistance and training for the Water and Sewerage Department. Total cost: $7.5 million.

KOREA, REPUBLIC OF: IBRD—$95 million. Water service for about 5 million people in the Seoul metropolitan region will be improved, and capacity to serve 1.1 million additional people by 1991 will be provided through a project that includes two water intakes, three booster pumping stations, two treatment plants, laying of pipes, tunneling, and construction supervision. Total cost: $266.3 million.

LIBERIA: IDA—$5 million. Technical assistance will be made available to help improve the financial and operational performance of the Liberia Water and Sewer Corporation. In addition, modest rehabilitation and maintenance investments will be made. Cofinancing is being arranged with the AfDB ($4 million) and the Federal Republic of Germany (GTZ) ($1.2 million). Total cost: $12 million.

MADAGASCAR: IDA—$15 million. Essential facilities, damaged by a cyclone in April 1984, will be restored before the next cyclone season. In addition, institutional arrangements appropriate for efficient coordination of reconstruction efforts will be supported, and measures to minimize the potential damage from natural disasters will be developed. Total cost: $27.7 million.

NIGERIA: IBRD—$72 million. Water-supply service in Borno state's capital, Maiduguri, will be improved and expanded to include some 74,000 people who are not now served and to meet the demand of the projected population of about 550,000 by the year 1992. Assistance to the Borno State Water Board is included. Total cost: $115 million.

SENEGAL: IDA—$24 million. The government will be assisted in reorganizing sector institutions and in increasing the management and financial autonomy of the public utility (SONEES). In addition, water-supply facilities in eleven secondary centers will either be constructed or rehabilitated. Cofinancing is anticipated from the CCCE ($7.6 million). Total cost: $36 million.

UGANDA: IDA—$28 million. Assistance will be provided to help finance the rehabilitation of the water-supply and sanitation facilities in seven major towns. Provision for technical assistance and training is included. Total cost: $30.8 million.

***Table 5-1.* Projects Approved for IBRD and IDA Assistance in Fiscal 1985, by Region**
(amounts in millions of US dollars)

Region and country	IBRD loans		IDA credits		Total	
	Number	Amount	Number	Amount	Number	Amount
Eastern and Southern Africa						
Botswana	1	10.7	—	—	1	10.7
Burundi	—	—	2	30.4	2	30.4
Djibouti	—	—	2	10.0	2	10.0
Ethiopia	—	—	5	166.0	5	166.0
Kenya	1	32.6	1	6.0	2	38.6
Lesotho	—	—	2	13.5	2	13.5
Madagascar	—	—	3	67.0	3	67.0
Malawi	1	6.4	2	38.8	3	45.2
Mozambique	—	—	1	45.0	1	45.0
Rwanda	—	—	2	16.3	2	16.3
Seychelles	1	6.2	—	—	1	6.2
Somalia	—	—	2	20.6	2	20.6
Sudan	—	—	3	37.5	3	37.5
Swaziland	1	8.6	—	—	1	8.6
Tanzania	—	—	3	45.0	3	45.0
Uganda	—	—	4	71.9	4	71.9
Zaire	—	—	4	91.4	4	91.4
Zambia	—	—	3	52.1	3	52.1
Zimbabwe	1	10.0	—	—	1	10.0
Total	6	74.5	39	711.5	45	786.0
Western Africa						
Benin	—	—	1	5.0	1	5.0
Burkina Faso	—	—	3	61.9	3	61.9
Cameroon	3	158.8	—	—	3	158.8
Cape Verde	—	—	1	4.0	1	4.0
Central African Republic	—	—	1	8.0	1	8.0
Equatorial Guinea	—	—	1	9.3	1	9.3
Ghana	—	—	3	122.0	3	122.0
Guinea	—	—	2	17.5	2	17.5
Guinea-Bissau	—	—	2	16.0	2	16.0
Ivory Coast	2	141.3	—	—	2	141.3
Liberia	—	—	2	7.6	2	7.6
Mali	—	—	1	19.5	1	19.5
Mauritania	—	—	3	29.2	3	29.2
Niger	—	—	2	16.8	2	16.8
Nigeria	3	119.0	—	—	3	119.0
São Tomé and Principe	—	—	1	5.0	1	5.0
Senegal	—	—	1	24.0	1	24.0
Togo	—	—	3	46.4	3	46.4
Total	8	419.1	27	392.2	35	811.3
East Asia and Pacific						
China	7	659.6	5	442.3	12	1,101.9
Indonesia	10	972.7	—	—	10	972.7
Korea, Republic of	6	556.0	—	—	6	556.0
Malaysia	3	89.8	—	—	3	89.8
Papua New Guinea	1	9.7	—	—	1	9.7
Philippines	3	254.0	—	—	3	254.0
Solomon Islands	—	—	1	2.0	1	2.0

(continued)

Table 5-1 *(continued)*

Region and country	IBRD loans		IDA credits		Total	
	Number	Amount	Number	Amount	Number	Amount
East Asia and Pacific *(continued)*						
Thailand	2	112.5	—	—	2	112.5
Western Samoa	—	—	1	2.0	1	2.0
Total	32	2,654.3	7	446.3	39	3,100.6
South Asia						
Bangladesh	—	—	4	266.0	4	266.0
Bhutan	—	—	1	9.0	1	9.0
Burma	—	—	2	32.3	2	32.3
India	7	1,674.0	6	672.9	13	2,346.9
Nepal	—	—	5	92.6	5	92.6
Pakistan	4	433.0	4	245.3	8	678.3
Sri Lanka	2	62.0	2	72.0	4	134.0
Total	13	2,169.0	24	1,390.1	37	3,559.1
Europe, Middle East, and North Africa						
Algeria	1	262.0	—	—	1	262.0
Cyprus	1	7.0	—	—	1	7.0
Egypt, Arab Republic of	4	263.3	—	—	4	263.3
Hungary	3	324.7	—	—	3	324.7
Jordan	4	101.5	—	—	4	101.5
Morocco	5	207.6	—	—	5	207.6
Oman	1	23.0	—	—	1	23.0
Portugal	1	66.0	—	—	1	66.0
Tunisia	4	141.0	—	—	4	141.0
Turkey	6	698.5	—	—	6	698.5
Yemen Arab Republic	—	—	3	22.7	3	22.7
Yemen, People's Democratic Republic of	—	—	2	19.4	2	19.4
Yugoslavia	4	292.5	—	—	4	292.5
Total	34	2,387.1	5	42.1	39	2,429.2
Latin America and the Caribbean						
Argentina	1	180.0	—	—	1	180.0
Brazil	9	1,523.0	—	—	9	1,523.0
Chile	4	287.0	—	—	4	287.0
Colombia	6	707.5	—	—	6	707.5
Costa Rica	2	83.5	—	—	2	83.5
Dominican Republic	1	5.8	—	—	1	5.8
Ecuador	1	8.0	—	—	1	8.0
Grenada	—	—	1	5.0	1	5.0
Guatemala	1	44.6	—	—	1	44.6
Guyana	—	—	—	8.8	0	8.8
Haiti	—	—	2	32.1	2	32.1
Honduras	1	6.9	—	—	1	6.9
Jamaica	2	64.0	—	—	2	64.0
Mexico	5	598.0	—	—	5	598.0
Panama	1	51.0	—	—	1	51.0
Peru	2	31.0	—	—	2	31.0
Uruguay	2	64.0	—	—	2	64.0
Total	38	3,654.3	3	45.9	41	3,700.2
Grand Total	131	11,358.3	105	3,028.1	236	14,386.4

NOTE: Supplements, as well as B-loans, are included in the amounts, but are not counted as separate lending operations. Joint IBRD/IDA operations are counted only once, as IBRD operations.

Table 5-2. **Projects Approved for IBRD and IDA Assistance in Fiscal 1985, by Sector**
(millions of US dollars)

Sector[a]	IBRD	IDA	Total
Agriculture and Rural Development			
Bangladesh—Area development	—	48.0	48.0
Botswana—Livestock	10.7	—	10.7
Brazil—Area development	61.3	—	61.3
Brazil—Area development	100.0	—	100.0
Brazil—Area development	61.4	—	61.4
Burkina Faso—Agricultural credit	—	13.7	13.7
Burma—Research and extension	—	14.5	14.5
Cameroon—Area development	25.5	—	25.5
Cameroon—Perennial crops	8.3	—	8.3
Chile—Agricultural credit	56.0	—	56.0
China—Agriculture sector loan	—	40.0	40.0
China—Forestry	—	47.3	47.3
China—Irrigation and drainage	17.0	75.0	92.0
China—Research and extension	—	25.0	25.0
Cyprus—Research and extension	7.0	—	7.0
Egypt, Arab Republic of—Agricultural credit	139.0	—	139.0
Egypt, Arab Republic of—Irrigation and drainage	68.0	—	68.0
Equatorial Guinea—Area development	—	9.3	9.3
Ethiopia—Agricultural credit	—	30.0	30.0
Ethiopia—Research and extension	—	22.0	22.0
Grenada—Agroindustry	—	5.0	5.0
Guyana—Forestry[b]	—	8.8	8.8
Hungary—Agricultural credit	80.0	—	80.0
India—Forestry	—	31.8	31.8
India—Forestry	—	165.0	165.0
India—Irrigation and drainage	200.0	100.0	300.0
India—Irrigation and drainage	—	150.0	150.0
India—Research and extension	—	39.1	39.1
India—Research and extension	—	49.0	49.0
Indonesia—Area development	160.0	—	160.0
Indonesia—Area development	11.3	—	11.3
Indonesia—Irrigation and drainage	156.0	—	156.0
Indonesia—Irrigation and drainage	43.4	—	43.4
Indonesia—Perennial crops	131.0	—	131.0
Ivory Coast—Forestry	31.3	—	31.3
Korea, Republic of—Agricultural credit	25.0	—	25.0
Madagascar—Irrigation and drainage	—	12.0	12.0
Malawi—Research and extension	—	23.8	23.8
Malaysia—Agroindustry	31.2	—	31.2
Malaysia—Forestry	6.5	—	6.5
Mali—Irrigation and drainage	—	19.5	19.5
Mauritania—Irrigation and drainage	—	7.5	7.5
Mexico—Area development	90.0	—	90.0
Morocco—Agriculture sector loan	100.0	—	100.0
Nepal—Research and extension	—	7.2	7.2
Niger—Irrigation and drainage	—	9.3	9.3
Pakistan—Irrigation and drainage	—	150.0	150.0
Pakistan—Irrigation and drainage	—	34.5	34.5
Pakistan—Research and extension	—	8.3	8.3
Papua New Guinea—Area development	9.7	—	9.7

(continued)

Table 5-2 (continued)

Sector[a]	IBRD	IDA	Total
Agriculture and Rural Development *(continued)*			
Philippines—Agricultural credit	100.0	—	100.0
Philippines—Agriculture sector loan	150.0	—	150.0
Rwanda—Area development	—	11.5	11.5
Somalia—Area development	—	10.6	10.6
Somalia—Area development	—	10.0	10.0
Sri Lanka—Irrigation and drainage	—	17.0	17.0
Sri Lanka—Livestock	38.0	—	38.0
Sri Lanka—Perennial crops	—	55.0	55.0
Sudan—Agriculture sector loan	—	20.0	20.0
Sudan—Livestock	—	5.5	5.5
Tunisia—Area development	15.0	—	15.0
Tunisia—Irrigation and drainage	22.0	—	22.0
Turkey—Agriculture sector loan	300.0	—	300.0
Uganda—Area development	—	10.0	10.0
Uruguay—Agriculture sector loan	60.0	—	60.0
Yemen Arab Republic—Area development	—	10.0	10.0
Yemen, People's Democratic Republic of—Area development	—	5.0	5.0
Yugoslavia—Agricultural credit	35.0	—	35.0
Yugoslavia—Area development	40.0	—	40.0
Zaire—Agriculture sector loan	—	14.9	14.9
Zaire—Area development	—	12.5	12.5
Zambia—Agriculture sector loan	—	25.0	25.0
Zambia—Fisheries	—	7.1	7.1
Total	2,389.6	1,359.7	3,749.3
Development Finance Companies			
Cape Verde	—	4.0	4.0
Colombia	90.0	—	90.0
Korea, Republic of	222.0	—	222.0
Madagascar	—	40.0	40.0
Mauritania	—	5.3	5.3
Mexico	105.0	—	105.0
Morocco	25.1	—	25.1
Tunisia	54.0	—	54.0
Western Samoa	—	2.0	2.0
Yemen Arab Republic	—	8.0	8.0
Zimbabwe	10.0	—	10.0
Total	506.1	59.3	565.3
Education			
Bangladesh	—	78.0	78.0
Brazil	72.0	—	72.0
Burkina Faso	—	21.6	21.6
China	—	145.0	145.0
Djibouti	—	5.0	5.0
Dominican Republic	5.8	—	5.8
Egypt, Arab Republic of	19.3	—	19.3
Ethiopia	—	70.0	70.0
Haiti	—	10.0	10.0
Indonesia	78.0	—	78.0
Indonesia	147.0	—	147.0
Lesotho	—	10.0	10.0

Table 5-2 *(continued)*

Sector[a]	IBRD	IDA	Total
Mexico	81.0	—	81.0
Morocco	27.1	—	27.1
Nepal	—	8.4	8.4
Pakistan	—	52.5	52.5
Peru	27.0	—	27.0
Togo	—	12.4	12.4
Turkey	57.7	—	57.7
Total	514.9	412.9	927.8
Energy			
Oil, gas, and coal			
Argentina	180.0	—	180.0
Bangladesh	—	110.0	110.0
China	25.0	—	25.0
China	126.0	—	126.0
Colombia	130.0	—	130.0
Hungary[c]	47.2	—	47.2
India	248.0	—	248.0
Liberia	—	2.6	2.6
Morocco	27.0	—	27.0
Pakistan	178.0	—	178.0
Pakistan	55.0	—	55.0
Sudan	—	12.0	12.0
Tanzania	—	8.0	8.0
Thailand	85.0	—	85.0
Uganda	—	5.1	5.1
Yugoslavia	92.5	—	92.5
Total	1,193.7	137.7	1,331.4
Power			
Brazil	400.0	—	400.0
Brazil	312.0	—	312.0
Burundi	—	12.3	12.3
China	117.0	—	117.0
Guatemala[b]	44.6	—	44.6
Guinea	—	8.0	8.0
Haiti	—	22.1	22.1
India	176.0	—	176.0
India	250.0	—	250.0
India	300.0	—	300.0
Indonesia[b]	50.0	—	50.0
Niger	—	7.5	7.5
Pakistan	100.0	—	100.0
Pakistan	100.0	—	100.0
Panama	51.0	—	51.0
Turkey	142.0	—	142.0
Uganda	—	28.8	28.8
Uruguay	4.0	—	4.0
Yugoslavia	125.0	—	125.0
Total	2,171.6	78.7	2,250.3

(continued)

Table 5-2 (*continued*)

Sector[a]	IBRD	IDA	Total
Industry			
Bhutan—Fertilizer and other chemicals	—	9.0	9.0
China—Fertilizer and other chemicals	97.0	—	97.0
Hungary—Fertilizer and other chemicals	73.0	—	73.0
Hungary—Fertilizer and other chemicals[c]	49.5	—	49.5
India—Fertilizer and other chemicals	300.0	—	300.0
Korea, Republic of—Industry sector loan	50.0	—	50.0
Malawi—Paper and pulp	6.4	—	6.4
Peru—Industry sector loan	4.0	—	4.0
Turkey—Paper and pulp	55.1	—	55.1
Total	635.0	9.0	644.0
Nonproject			
Bangladesh	—	30.0	30.0
Colombia	300.0	—	300.0
Costa Rica	80.0	—	80.0
Ghana	—	60.0	60.0
Guinea-Bissau	—	10.0	10.0
Jamaica	55.0	—	55.0
Mauritania	—	16.4	16.4
Mozambique	—	45.0	45.0
São Tomé and Principe	—	5.0	5.0
Togo	—	27.8	27.8
Total	435.0	194.2	629.2
Population, Health, and Nutrition			
Burkina Faso	—	26.6	26.6
Indonesia	39.0	—	39.0
Indonesia	46.0	—	46.0
Jordan	13.5	—	13.5
Lesotho	—	3.5	3.5
Morocco	28.4	—	28.4
Nigeria	34.0	—	34.0
Total	160.9	30.1	191.0
Small-scale Enterprises			
Brazil	300.0	—	300.0
Colombia	40.0	—	40.0
Korea, Republic of	111.0	—	111.0
Malaysia	52.1	—	52.1
Nepal	—	7.5	7.5
Tunisia	50.0	—	50.0
Total	553.1	7.5	560.6
Technical Assistance			
Benin	—	5.0	5.0
Central African Republic	—	8.0	8.0
Chile	11.0	—	11.0
Costa Rica	3.5	—	3.5
Ecuador	8.0	—	8.0
Ethiopia	—	4.0	4.0
Guinea	—	9.5	9.5
Guinea-Bissau	—	6.0	6.0

Table 5-2 *(continued)*

Sector[a]	IBRD	IDA	Total
Jamaica	9.0	—	9.0
Nigeria	13.0	—	13.0
Rwanda	—	4.8	4.8
Tanzania	—	10.0	10.0
Togo	—	6.2	6.2
Yemen Arab Republic	—	4.7	4.7
Zaire	—	9.0	9.0
Total	44.5	67.2	111.7
Telecommunications			
Ethiopia	—	40.0	40.0
Kenya	32.6	—	32.6
Nepal	—	22.0	22.0
Oman	23.0	—	23.0
Philippines	4.0	—	4.0
Total	59.6	62.0	121.6
Transportation			
Brazil—Railways	200.0	—	200.0
Burma—Transportation sector loan	—	17.8	17.8
Burundi—Highways	—	18.1	18.1
Cameroon—Highways	125.0	—	125.0
Chile—Highways	140.0	—	140.0
China—Highways	42.6	30.0	72.6
China—Railways	235.0	—	235.0
Egypt, Arab Republic of—Ports and waterways	37.0	—	37.0
Ghana—Highways	—	40.0	40.0
Hungary—Highways	75.0	—	75.0
India—Highways	200.0	—	200.0
Indonesia—Ports and waterways	111.0	—	111.0
Ivory Coast—Highways	110.0	—	110.0
Jordan—Transportation sector loan	30.0	—	30.0
Mexico—Highways	22.0	—	22.0
Mexico—Railways	300.0	—	300.0
Nepal—Transportation sector loan	—	47.5	47.5
Portugal—Ports and waterways	66.0	—	66.0
Seychelles—Ports and waterways	6.2	—	6.2
Solomon Islands—Highways	—	2.0	2.0
Sri Lanka—Highways	24.0	—	24.0
Swaziland—Transportation sector loan	8.6	—	8.6
Tanzania—Ports and waterways	—	27.0	27.0
Turkey—Ports and waterways	134.5	—	134.5
Yemen, People's Democratic Republic of—Highways	—	14.4	14.4
Zaire—Highways	—	55.0	55.0
Zambia—Railways	—	20.0	20.0
Total	1,866.9	271.8	2,138.7
Urban Development			
Chile	80.0	—	80.0
Djibouti	—	5.0	5.0
Ghana	—	22.0	22.0

(continued)

Table 5-2 *(continued)*

Sector[a]	IBRD	IDA	Total
Urban Development *(continued)*			
Honduras	6.9	—	6.9
India	—	138.0	138.0
Jordan	28.0	—	28.0
Korea, Republic of	53.0	—	53.0
Malawi	—	15.0	15.0
Thailand	27.5	—	27.5
Turkey	9.2	—	9.2
Total	204.6	180.0	384.6
Water Supply and Sewerage			
Algeria	262.0	—	262.0
Brazil	16.3	—	16.3
China	—	80.0	80.0
Colombia	18.5	—	18.5
Colombia	129.0	—	129.0
Jordan	30.0	—	30.0
Kenya	—	6.0	6.0
Korea, Republic of	95.0	—	95.0
Liberia	—	5.0	5.0
Madagascar	—	15.0	15.0
Nigeria	72.0	—	72.0
Senegal	—	24.0	24.0
Uganda	—	28.0	28.0
Total	622.8	158.0	780.8
Grand Total	11,358.3	3,028.1	14,386.3

NOTE: For additional details, see Tables 5-3 and 5-4.

a. Many projects include activity in more than one sector or subsector.

b. Supplementary financing to a previous loan, and not counted as a separate operation.

c. B-loan applied to an existing project, not counted as a separate operation.

***Table 5-3.* Statement of IBRD Loans Approved during Fiscal Year 1985**

Borrower or guarantor Purpose	Date of approval	Maturities	Principal amount (US$ millions)
Algeria			
Water Supply and Sewerage: National Water Supply and Sewerage Project	Jun. 20, 1985	1989/2000	262.0
Argentina (Guarantor)			
Energy: Gas Utilization and Technical Assistance Project—Yacimientos Petroliferos Fiscales	Jun. 25, 1985	1989/2000	180.0
Botswana			
Agriculture and Rural Development: National Land Management and Livestock Project	Jun. 4, 1985	1990/2004	10.7
Brazil			
Education: Science and Technology	Jan. 29, 1985	1988/2000	72.0
Small-scale Enterprises: Third Development Banking Project	Jan. 29, 1985	1988/2000	300.0
Agriculture and Rural Development: Second Northeast Rural Development Program	Apr. 30, 1985	1988/2000	61.4
Agriculture and Rural Development: Northeast Rural Development Program	Apr. 30, 1985	1988/2000	61.3
Water Supply and Sewerage: Rural Water Supply and Sanitation Project	May 7, 1985	1989/2000	16.3
Agriculture and Rural Development: National Land Administration Program	Jun. 25, 1985	1989/2000	100.0
Brazil (Guarantor)			
Transportation: Federal Railway and Export Corridors of Parana and Goias-Minas Gerais—Rede Ferroviaria Federal, S.A.	May 30, 1985	1988/2000	200.0
Energy: Southeast Power Distribution Project—Centrais Elétricas Brasileiras, S.A. (Eletrobras)	Jun. 4, 1985	1989/2000	312.0
Energy: CHESF-FURNAS Power Transmission Project—Centrais Elétricas Brasileiras, S.A. (Eletrobras)	Jun. 4, 1985	1989/2000	400.0
Cameroon			
Agriculture and Rural Development: Third Hevecam Rubber Project	Jan. 15, 1985	1990/2005	8.3
Agriculture and Rural Development: Second Rural Development Fund Project	Jun. 6, 1985	1990/2005	25.5
Transportation: Sixth Highway Project	Jun. 18, 1985	1990/2005	125.0
Chile			
Urban Development: Public Sector Housing Program	Dec. 20, 1984	1988/2000	80.0
Agriculture and Rural Development: Agriculture Services and Credit Project	Dec. 20, 1984	1988/2000	56.0
Technical Assistance: Technical Assistance Project	Mar. 14, 1985	1988/2000	11.0
Transportation: Road Investment and Maintenance Program	Jun. 20, 1985	1989/2000	140.0
China			
Energy: Second Power Project	Feb. 19, 1985	1990/2005	117.0
Energy: Changcun (Luan) Coal Mining Project	Mar. 14, 1985	1990/2005	126.0
Industry: Fertilizer Rehabilitation Project	May 14, 1985	1991/2005	97.0
Transportation: Second Railway Project	May 14, 1985	1991/2005	235.0
Transportation: First Highway Project	May 14, 1985	1990/2005	42.6
Energy: Weiyuan Gas Field Technical Assistance Project	Jun. 11, 1985	1991/2005	25.0
Agriculture and Rural Development: Pishihang-Chaohu Area Development Project	Jun. 11, 1985	1990/2005	17.0
Colombia			
Nonproject: Trade Policy and Export Diversification Project	May 23, 1985	1989/2002	300.0

(continued)

Table 5-3 (continued)

Borrower or guarantor Purpose	Date of approval	Maturities	Principal amount (US$ millions)
Colombia (Guarantor)			
Small-scale Enterprises: Fourth Small-scale Industry Project—Banco de la República	Jul. 10, 1984	1989/2001	40.0
Water Supply and Sewerage: Cúcuta Water Supply and Sewerage Project—Empresas Municipales de Cúcuta	Sep. 11, 1984	1989/2001	18.5
Development Finance Companies: Development Banking—Banco de la República	Nov. 6, 1984	1989/2001	90.0
Energy: Petroleum—Empresa Colombiana de Petróleos	Nov. 6, 1984	1989/1998	130.0
Water Supply and Sewerage: Fourth Bogotá Water Supply and Sewerage Project—Empresa de Acueducto y Alcantarillado de Bogotá	Apr. 2, 1985	1990/2002	129.0
Costa Rica			
Technical Assistance: Technical Assistance to Structural Adjustment Program	Apr. 16, 1985	1989/2002	3.5
Nonproject: Structural Adjustment Loan	Apr. 16, 1985	1989/2002	80.0
Cyprus			
Agriculture and Rural Development: Agricultural Research and Extension Services	Mar. 28, 1985	1988/2000	7.0
Dominican Republic			
Education: Vocational Training Project	May 28, 1985	1989/2002	5.8
Ecuador			
Technical Assistance: Public Sector Management	Apr. 16, 1985	1989/2002	8.0
Egypt, Arab Republic of			
Agriculture and Rural Development: Second Agricultural Development Project	May 30, 1985	1990/2005	139.0
Agriculture and Rural Development: Drainage and Saline Control Project	May 30, 1985	1991/2005	68.0
Education: Third Vocational Training Project	Jun. 25, 1985	1991/2005	19.3
Egypt, Arab Republic of (Guarantor)			
Transportation: Port Said Expansion and Rehabilitation—Port Said Port Authority	Jun. 6, 1985	1991/2005	37.0
Guatemala (Guarantor)			
Energy: Chixoy Hydroelectric Power Project—Instituto Nacional de Electrificación (Supplement)	Mar. 19, 1985	1990/1995	44.6
Honduras			
Urban Development: Municipal Development Pilot Project	Jun. 13, 1985	1990/2005	6.9
Hungary			
Transportation: Railway and Highway Infrastructure	May 28, 1985	1989/2000	75.0
Hungary (Guarantor)			
Energy: National Bank of Hungary (B-loan)	Jul. 10, 1984	1997/1998	12.2
Energy: Industrial Export—National Bank of Hungary (B-loan)	Jul. 10, 1984	1997/1998	35.0
Industry: Fine Chemicals Project—National Bank of Hungary	Apr. 2, 1985	1988/2000	73.0
Agriculture and Rural Development: Integrated Livestock Industry—National Bank of Hungary	Apr. 2, 1985	1988/2000	80.0
Industry: National Bank of Hungary (B-loan)	Jun. 4, 1985	1995/1997	13.5
Industry: National Bank of Hungary (B-loan)	Jun. 4, 1985	1993/1995	36.0
India			
Energy: Jharia Coal Mine Development Project	Mar. 7, 1985	1990/2005	248.0
Agriculture and Rural Development: Sardar Sarovar Dam and Power Project	Mar. 7, 1985	1990/2005	200.0
Industry: Maharashtra Petrochemical Project	Mar. 19, 1985	1990/2005	300.0

Borrower or guarantor Purpose	Date of approval	Maturities	Principal amount (US$ millions)
Transportation: National Highways Project	May 9, 1985	1991/2005	200.0
Energy: Chandrapur Thermal Power Plant Project	May 16, 1985	1990/2005	300.0
Energy: Singrauli-Rihand Thermal Power Plant Project	May 28, 1985	1991/2005	250.0
Energy: Kerala Hydropower Project	Jun. 13, 1985	1990/2005	176.0
Indonesia			
Energy: Tenth Power Project (Supplement)	Oct. 2, 1984	1989/2001	50.0
Education: Secondary Education Project	Oct. 16, 1984	1990/2005	78.0
Agriculture and Rural Development: Upland Agriculture and Soil and Water Conservation Project	Oct. 30, 1984	1990/2004	11.3
Agriculture and Rural Development: Smallholder Rubber Development Program	Feb. 19, 1985	1990/2005	131.0
Population, Health, and Nutrition: Fourth Population Project	May 7, 1985	1991/2005	46.0
Population, Health, and Nutrition: Paramedical Training	May 14, 1985	1991/2005	39.0
Agriculture and Rural Development: Multipurpose Dam and Irrigation Project	May 16, 1985	1991/2005	156.0
Education: Second University Development Project	May 21, 1985	1990/2005	147.0
Agriculture and Rural Development: West Tarum Canal Project	May 28, 1985	1991/2005	43.4
Agriculture and Rural Development: Transmigration Settlement Project	Jun. 11, 1985	1991/2005	160.0
Transportation: National Ports Development Project	Jun. 11, 1985	1991/2005	111.0
Ivory Coast			
Agriculture and Rural Development: Hardwood Forestry	Feb. 26, 1985	1990/2005	31.3
Transportation: Second Highway Sector Program	Jun. 13, 1985	1990/2005	110.0
Jamaica			
Nonproject: Third Structural Adjustment Loan	Nov. 20, 1984	1989/2001	55.0
Technical Assistance: Second Technical Assistance Project	Mar. 19, 1985	1989/2002	9.0
Jordan			
Transportation: Multimode Transport Project	Jul. 10, 1984	1988/1999	30.0
Water Supply and Sewerage: Greater Amman Water Supply	Jan. 8, 1985	1988/1999	30.0
Population, Health, and Nutrition: Primary Health Care Project	May 7, 1985	1988/2000	13.5
Urban Development: Second Urban Development Project	Jun. 18, 1985	1988/2000	28.0
Kenya (Guarantor)			
Telecommunications: Third Telecommunications Project—Kenya Posts and Telecommunications Corporation	Jun. 6, 1985	1991/2005	32.6
Korea, Republic of			
Water Supply and Sewerage: Seoul Metropolitan Region Water Supply Project	Feb. 5, 1985	1988/2000	95.0
Agriculture and Rural Development: Fourth Agricultural Credit Project	May 21, 1985	1988/2000	25.0
Development Finance Companies: Second Industrial Finance Project	Jun. 6, 1985	1989/2000	2.0
Development Finance Companies: Second Industrial Finance Project	Jun. 6, 1985	1989/2000	120.0
Development Finance Companies: Second Industrial Finance Project	Jun. 6, 1985	1989/2000	100.0
Korea, Republic of (Guarantor)			
Industry: Second Technology Development Project—Korea Technology Development Corporation	Oct. 25, 1984	1990/1995	50.0
Small-scale Enterprises: Technical Assistance and Training—Citizens National Bank	Apr. 16, 1985	1988/2000	40.0

(continued)

Table 5-3 (continued)

Borrower or guarantor Purpose	Date of approval	Maturities	Principal amount (US$ millions)
Korea, Republic of (Guarantor) *(continued)*			
Small-scale Enterprises: Small and Medium-scale Industry—Small and Medium Industry Bank	Apr. 16, 1985	1988/2000	70.0
Small-scale Enterprises: Small and Medium-scale Industry—Small and Medium Industry Promotion Corporation	Apr. 16, 1985	1988/2000	1.0
Urban Development: Seoul Urban Transportation—Seoul Metropolitan Government	Apr. 16, 1985	1988/2000	53.0
Malawi			
Industry: Wood Industry Expansion Project	Jan. 15, 1985	1990/2005	6.4
Malaysia			
Small-scale Enterprises: Technical Assistance and Development of Institutional Credit	Oct. 16, 1984	1988/1999	52.1
Agriculture and Rural Development: Sabah Forestry Technical Assistance	May 21, 1985	1989/2000	6.5
Malaysia (Guarantor)			
Agriculture and Rural Development: FELDA Palm Oil Mills Project—Federal Land Development Authority	May 7, 1985	1988/2000	31.2
Mexico (Guarantor)			
Agriculture and Rural Development: Chiapas Agricultural Development Project—Nacional Financiera, S.A.	Apr. 30, 1985	1988/2000	90.0
Transportation: Chiapas Rural Roads Project—Nacional Financiera, S.A.	Apr. 30, 1985	1988/2000	22.0
Development Finance Companies: Second Small and Medium-scale Mining Development Project—Nacional Financiera, S.A.	May 21, 1985	1988/2000	105.0
Education: Second Phase of Technical Training Program—Nacional Financiera, S.A.	May 28, 1985	1988/2000	81.0
Transportation: Railway Improvement Project—Banco Nacional de Obras y Servicios Públicos	Jun. 11, 1985	1988/2000	300.0
Morocco			
Education: Vocational Training Project	Nov. 27, 1984	1989/2001	27.1
Development Finance Companies: Electrical and Mechanical Industry	Jan. 15, 1985	1989/2002	25.1
Population, Health, and Nutrition: Primary Health Care	Jun. 6, 1985	1991/2005	28.4
Agriculture and Rural Development: Agricultural Sector Adjustment Loan	Jun. 20, 1985	1990/2005	100.0
Morocco (Guarantor)			
Energy: Jerada Coal Mine Modernization—Charbonnages du Maroc	Mar. 21, 1985	1989/2000	27.0
Nigeria			
Technical Assistance: Technical Assistance to Management Information Systems	Dec. 20, 1984	1990/2005	13.0
Population, Health, and Nutrition: Sokoto Primary Health Care	Mar. 14, 1985	1990/2005	34.0
Water Supply and Sewerage: Maiduguri Water Supply Project	May 7, 1985	1991/2005	72.0
Oman (Guarantor)			
Telecommunications: Second Telecommunications Project—General Telecommunication Organisation (GTO)	Apr. 11, 1985	1990/1995	23.0
Pakistan			
Energy: Petroleum Exploration Project	May 23, 1985	1991/2005	55.0
Energy: Energy Investment Program	May 23, 1985	1990/2005	178.0

Borrower or guarantor Purpose	Date of approval	Maturities	Principal amount (US$ millions)
Pakistan (Guarantor)			
Energy: Fourth WAPDA Power Project—Water and Power Development Authority	Mar. 7, 1985	1990/2005	100.0
Energy: Fifth WAPDA Power Project—Water and Power Development Authority	May 28, 1985	1990/2005	100.0
Panama (Guarantor)			
Energy: Seventh Power Project—Instituto de Recursos Hidráulicos y Electrificación	Mar. 19, 1985	1988/2000	51.0
Papua New Guinea			
Agriculture and Rural Development: West Sepik Provincial Development Project	Oct. 30, 1984	1990/2004	9.7
Peru			
Education: Primary Education Project	Jul. 10, 1984	1989/2001	27.0
Peru (Guarantor)			
Industry: Industrial Energy Conservation—Petroleos del Peru, PETROPERU, S.A.	May 9, 1985	1989/2002	4.0
Philippines			
Agriculture and Rural Development: Agriculture Sector Inputs	Sep. 4, 1984	1990/2004	150.0
Telecommunications: Telecommunications Technical Assistance Project	Feb. 19, 1985	1990/2005	4.0
Philippines (Guarantor)			
Agriculture and Rural Development: Agricultural Credit—Central Bank of the Philippines	Jun. 6, 1985	1991/2005	100.0
Portugal			
Transportation: Coal Depot Port Project	Apr. 23, 1985	1989/1998	66.0
Seychelles			
Transportation: Port and Highway Rehabilitation	Feb. 12, 1985	1988/2000	6.2
Sri Lanka			
Transportation: Second Roads Project	Apr. 16, 1985	1990/2005	24.0
Agriculture and Rural Development: Second Dairy Development Project	June 11, 1985	1991/2005	38.0
Swaziland			
Transportation: Rehabilitation of Cyclone-damaged Roads	Feb. 5, 1985	1989/2002	8.6
Thailand			
Urban Development: Regional Cities Development Program	Apr. 23, 1985	1990/2005	27.5
Thailand (Guarantor)			
Energy: Bangchak Oil Refinery Restructuring	May 21, 1985	1990/2000	85.0
Tunisia			
Agriculture and Rural Development: Northwest Agricultural Production Project	Mar. 14, 1985	1989/2002	15.0
Small-scale Enterprises: Export Industries Project	Apr. 25, 1985	1989/2002	50.0
Development Finance Companies: Second Electrical and Mechanical Industries Project	May 23, 1985	1989/2002	54.0
Agriculture and Rural Development: Irrigation Management Improvement Project	Jun. 6, 1985	1989/2002	22.0

(continued)

Table 5-3 (continued)

Borrower or guarantor Purpose	Date of approval	Maturities	Principal amount (US$ millions)
Turkey			
Transportation: Third Ports Project	May 9, 1985	1990/2002	134.5
Urban Development: Cukurova Region Urban Development Project	May 9, 1985	1990/2002	9.2
Education: Secondary-level Industrial Schools Project	May 9, 1985	1990/2002	57.7
Industry: Pulp and Paper Rehabilitation Project	May 16, 1985	1989/2002	55.1
Agriculture and Rural Development: Agricultural Sector Adjustment Loan	Jun. 18, 1985	1990/2002	300.0
Turkey (Guarantor)			
Energy: Fourth TEK Transmission—Turkiye Elektrik Kurumu	Jun. 18, 1985	1990/2002	142.0
Uruguay			
Agriculture and Rural Development: Agricultural Sector Loan	Aug. 28, 1984	1988/1999	60.0
Uruguay (Guarantor)			
Energy: Power-engineering Project—Administración Nacional de Usinas y Transmisiones Eléctricas	Jan. 8, 1985	1989/1998	4.0
Yugoslavia (Guarantor)			
Agriculture and Rural Development: Montenegro Regional Development—Investiciona Banka Titograd-Udruzena Banka	Jul. 31, 1984	1988/1999	40.0
Energy: Visegrad Hydroelectric Project—Elektroprivreda Bosne i Hercegovine—Sarajevo	Apr. 30, 1985	1988/2000	125.0
Agriculture and Rural Development: Bosnia-Herzegovina Forestry Improvement—Privredna Banka Sarajevo-Udruzena Banka	Jun. 6, 1985	1988/2000	35.0
Energy: First Petroleum Sector Project—INA-Naftaplin Radna Organizacija Za Istrazi	Jun. 27, 1985	1988/2000	55.0
Energy: First Petroleum Sector Project—Privredna Banka Sarajevo-Udruzena Banka	Jun. 27, 1985	1988/2000	2.5
Energy: First Petroleum Sector Project—Nafta-Gas—Radna Organizacija Za Istrazi	Jun. 27, 1985	1988/2000	35.0
Zimbabwe			
Development Finance Companies: Technical Assistance to Small-scale Enterprises	May 9, 1985	1990/2002	10.0
Total of loans to or guaranteed by members			11,358.3
International Finance Corporation			
International Finance Corporation (IFC)	Jul. 3, 1984	1994/1994	100.0
International Finance Corporation (IFC)	Jul. 3, 1984	1988/1998	100.0
International Finance Corporation (IFC)	Mar. 12, 1985	1990/2001	100.0
International Finance Corporation (IFC)	Jun. 20, 1985	1986/2001	100.0
Total of loans to IFC			400.0
Grand Total			11,758.3

NOTE: All loans approved in fiscal year 1985 are at variable interest rates.

***Table 5-4.* Statement of IDA Credits Approved during Fiscal Year 1985**

Country Purpose	Date of approval	Maturities	Principal amount (millions) SDRs	US$ equivalents
Bangladesh				
Education: Second Primary Education Project	Mar. 28, 1985	1995/2035	80.1	78.0
Nonproject: Flood Rehabilitation Project	Apr. 30, 1985	1995/2035	31.3	30.0
Energy: Second Gas Development Project	Apr. 30, 1985	1995/2035	112.9	110.0
Agriculture and Rural Development: Third Flood Control and Drainage Project	May 7, 1985	1995/2035	50.1	48.0
Benin				
Technical Assistance: Training Program for Planning and Economic Management	Dec. 13, 1984	1995/2034	5.1	5.0
Bhutan				
Industry: Calcium Carbide Project	May 16, 1985	1995/2035	9.4	9.0
Burkina Faso				
Agriculture and Rural Development: Fertilizer Project	Feb. 26, 1985	1995/2034	13.8	13.7
Education: Primary Education Development Project	May 21, 1985	1995/2035	21.8	21.6
Population, Health, and Nutrition: Family Planning and Disease Control Project	Jun. 11, 1985	1995/2035	26.9	26.6
Burma				
Agriculture and Rural Development: Second Seed Development Project	Jun. 20, 1985	1995/2035	14.6	14.5
Transportation: Timber Distribution Project	Jun. 20, 1985	1995/2035	18.0	17.8
Burundi				
Transportation: Fourth Highway Project	Apr. 23, 1985	1995/2035	18.9	18.1
Energy: Power Transmission and Distribution Project	May 9, 1985	1995/2035	12.9	12.3
Cape Verde				
Development Finance Companies: Industrial Finance and Promotion	Apr. 11, 1985	1995/2034	4.1	4.0
Central African Republic				
Technical Assistance: Second Technical Assistance Project	Apr. 16, 1985	1995/2035	8.4	8.0
China				
Agriculture and Rural Development: Second Agricultural Research Project	Sep. 11, 1984	1995/2034	24.3	25.0
Education: Second University Development Project	Feb. 26, 1985	1995/2035	148.0	145.0
Water Supply and Sewerage: Rural Water Supply Project	Apr. 11, 1985	1995/2035	82.1	80.0
Agriculture and Rural Development: Seeds Project.	Apr. 11, 1985	1995/2035	41.7	40.0
Transportation: Highway Project	May 14, 1985	1995/2035	30.3	30.0
Agriculture and Rural Development: Pishihang-Chaohu Area Development Project	Jun. 11, 1985	1995/2035	75.7	75.0
Agriculture and Rural Development: Forestry Development Project	Jun. 11, 1985	1995/2035	47.8	47.3
Djibouti				
Urban Development: Housing Rehabilitation Project	Sep. 11, 1984	1994/2034	4.9	5.0
Education: Primary Education and Technical Assistance Project	Jan. 22, 1985	1995/2034	5.1	5.0

(continued)

Table 5-4 *(continued)*

Country Purpose	Date of approval	Maturities	Principal amount (millions) SDRs	US$ equivalents
Equatorial Guinea				
Agriculture and Rural Development: Cocoa Rehabilitation Project	Feb. 19, 1985	1995/2035	9.1	9.3
Ethiopia				
Telecommunications: Sixth Telecommunications Project	Jul. 19, 1984	1994/2034	38.7	40.0
Agriculture and Rural Development: Agricultural Research Project	Sep. 11, 1984	1995/2034	21.1	22.0
Education: Sixth Education Project	Sep. 11, 1984	1995/2034	67.3	70.0
Technical Assistance: Macroeconomic Management Project	Sep. 11, 1984	1995/2034	3.9	4.0
Agriculture and Rural Development: Drought Recovery Program	Apr. 9, 1985	1995/2035	31.3	30.0
Ghana				
Urban Development: Accra District Rehabilitation Project	Mar. 21, 1985	1995/2034	22.5	22.0
Nonproject: Economic Recovery Program	Mar. 28, 1985	1995/2035	61.6	60.0
Transportation: Road Rehabilitation and Maintenance Project	Jun. 4, 1985	1995/2035	40.4	40.0
Grenada				
Agriculture and Rural Development: Agricultural Rehabilitation and Crop Project	Mar. 14, 1985	1995/2034	5.0	5.0
Guinea, Republic of				
Technical Assistance: Macroeconomic Management and Staff Training Project	Mar. 14, 1985	1995/2034	9.7	9.5
Energy: Second Power and Technical Assistance Project	May 16, 1985	1995/2035	8.4	8.0
Guinea-Bissau				
Technical Assistance: Macroeconomic Management Project	Sep. 11, 1984	1994/2034	6.0	6.0
Nonproject: Economic Recovery Program	Dec. 13, 1984	1995/2034	10.1	10.0
Guyana				
Agriculture and Rural Development: Upper Demerara Forestry Project (Supplement)	Mar. 7, 1985	1995/2034	8.7	8.8
Haiti				
Energy: Fourth Power Project	Nov. 20, 1984	1994/2033	21.8	22.1
Education: Fourth Education and Training Project	May 7, 1985	1995/2035	10.4	10.0
India				
Agriculture and Rural Development: Kerala Social Forestry Project	Jul. 31, 1984	1994/2034	30.6	31.8
Agriculture and Rural Development: National Agricultural Extension Project	Oct. 2, 1984	1995/2034	38.6	39.1
Urban Development: Bombay Urban Development Project	Jan. 29, 1985	1995/2035	137.7	138.0
Agriculture and Rural Development: Water Delivery and Drainage Project	Mar. 7, 1985	1995/2035	149.5	150.0
Agriculture and Rural Development: Sardar Sarovar Dam and Power Project	Mar. 7, 1985	1995/2035	99.7	100.0
Agriculture and Rural Development: Second National Agricultural Research and Extension Project	Mar. 26, 1985	1995/2035	50.2	49.0

Country Purpose	Date of approval	Maturities	Principal amount (millions) SDRs	US$ equivalents
Agriculture and Rural Development: National Social Forestry Project	Jun. 18, 1985	1995/2035	166.4	165.0
Kenya				
Water Supply and Sewerage: Nairobi Third Water Supply Project	Mar. 26, 1985	1995/2035	6.2	6.0
Lesotho				
Education: Fourth Education Project	Jul. 31, 1984	1995/2034	9.7	10.0
Population, Health, and Nutrition: Health and Population Project	Apr. 23, 1985	1995/2035	3.7	3.5
Liberia				
Water Supply and Sewerage: Second Water Supply Project	Mar. 21, 1985	1995/2034	5.1	5.0
Energy: Second Petroleum Technical Assistance Project	Apr. 11, 1985	1995/2035	2.7	2.6
Madagascar				
Water Supply and Sewerage: Rehabilitation of Cyclone-damaged Facilities	Oct. 30, 1984	1995/2034	14.8	15.0
Development Finance Companies: Industrial Assistance Project	Jan. 15, 1985	1995/2034	40.2	40.0
Agriculture and Rural Development: Irrigation Rehabilitation Project	Apr. 30, 1985	1995/2035	12.6	12.0
Malawi				
Urban Development: Urban Development and Technical Assistance Project	Nov. 27, 1984	1995/2034	14.8	15.0
Agriculture and Rural Development: National Agricultural Research Project	Feb. 19, 1985	1995/2034	24.3	23.8
Mali				
Agriculture and Rural Development: Mopti Area Development Project	May 21, 1985	1995/2035	19.7	19.5
Mauritania				
Development Finance Companies: Industrial and Artisan Development Project	Mar. 26, 1985	1995/2034	5.4	5.3
Agriculture and Rural Development: Small-scale Irrigation Project	Mar. 26, 1985	1995/2034	7.7	7.5
Nonproject: Public Enterprise Technical Assistance Rehabilitation Project	Mar. 26, 1985	1995/2035	16.9	16.4
Mozambique				
Nonproject: Rehabilitation Program	Jun. 18, 1985	1995/2035	45.5	45.0
Nepal				
Transportation: Third Highway Project	Aug. 28, 1984	1994/2034	44.7	47.5
Small-scale Enterprises: Industrial Development Project	Dec. 13, 1984	1995/2034	7.5	7.5
Education: Agricultural Manpower and Teacher Training Project	Dec. 13, 1984	1995/2034	8.5	8.4
Agriculture and Rural Development: Agricultural Extension Project	Mar. 26, 1985	1995/2035	7.4	7.2
Telecommunications: Fourth Telecommunications Project	Apr. 30, 1985	1995/2034	20.7	22.0

(continued)

Table 5-4 *(continued)*

Country Purpose	Date of approval	Maturities	Principal amount (millions) SDRs	US$ equivalents
Niger				
Energy: Power Engineering Project	Jul. 19, 1984	1994/2034	7.2	7.5
Agriculture and Rural Development: Irrigation Rehabilitation Project	Jun. 25, 1985	1995/2035	9.6	9.3
Pakistan				
Agriculture and Rural Development: Baluchistan Agricultural Extension Project	Dec. 13, 1984	1995/2034	8.2	8.3
Agriculture and Rural Development: Left Bank Outfall Drainage Program—Stage I	Dec. 13, 1984	1995/2034	147.6	150.0
Agriculture and Rural Development: Second On-farm Water Management Project	Jun. 6, 1985	1995/2035	34.8	34.5
Education: Second Primary Education Project	Jun. 6, 1985	1995/2035	53.0	52.5
Rwanda				
Agriculture and Rural Development: Agricultural Research Project	Feb. 12, 1985	1995/2034	11.7	11.5
Technical Assistance: Economic Management Training Project	Mar. 21, 1985	1995/2034	4.9	4.8
São Tomé and Principe				
Nonproject: Economic Rehabilitation and Modernization Project	May 7, 1985	1995/2034	5.3	5.0
Senegal				
Water Supply and Sewerage: Water Supply Management and Rehabilitation Project	Mar. 7, 1985	1995/2034	24.1	24.0
Solomon Islands				
Transportation: Guadalcanal Road Improvement Project	Jan. 22, 1985	1995/2034	2.0	2.0
Somalia				
Agriculture and Rural Development: Northwest Region Agricultural Development Project	Jan. 8, 1985	1995/2035	10.7	10.6
Agriculture and Rural Development: Agricultural Inputs Program	Jun. 18, 1985	1995/2035	10.1	10.0
Sri Lanka				
Agriculture and Rural Development: Major Irrigation Rehabilitation Project	Dec. 20, 1984	1995/2034	17.0	17.0
Agriculture and Rural Development: Fourth Tree Crops Project	Mar. 21, 1985	1995/2035	56.5	55.0
Sudan				
Energy: Petroleum Technical Assistance Project	Jul. 31, 1984	1995/2034	11.6	12.0
Agriculture and Rural Development: Water Supply and Veterinary Services Project	Oct. 16, 1984	1995/2034	5.5	5.5
Agriculture and Rural Development: Emergency Drought Relief Project	Jun. 20, 1985	1995/2035	20.2	20.0
Tanzania				
Technical Assistance: Economic Review Training Project	Oct. 16, 1984	1994/2034	9.9	10.0
Transportation: Port Rehabilitation Project	Dec. 13, 1984	1995/2034	26.2	27.0
Energy: Petroleum Technical Assistance Project	Jun. 6, 1985	1995/2035	8.1	8.0
Togo				
Education: Primary and Secondary Education Project	Mar. 26, 1985	1995/2035	12.8	12.4

Country Purpose	Date of approval	Maturities	Principal amount (millions) SDRs	 US$ equivalents
Technical Assistance: Third Technical Assistance and Training Project	May 30, 1985	1995/2035	6.3	6.2
Nonproject: Second Structural Adjustment Project	May 30, 1985	1995/2035	28.1	27.8
Uganda				
Water Supply and Sewerage: Water Supply and Sanitation Rehabilitation Project	Jul. 19, 1984	1994/2034	26.9	28.0
Agriculture and Rural Development: Agricultural Development Project	Jan. 8, 1985	1995/2034	10.0	10.0
Energy: Petroleum Technical Assistance Project	Mar. 19, 1985	1995/2034	5.2	5.1
Energy: Second Power Rehabilitation Project	Mar. 19, 1985	1995/2034	29.5	28.8
Western Samoa				
Development Finance Companies: Development Bank of Western Samoa	Apr. 23, 1985	1995/2035	2.1	2.0
Yemen Arab Republic				
Development Finance Companies: Second Industrial Development Project	Feb. 12, 1985	1995/2034	8.0	8.0
Technical Assistance: National Economic Planning and Investment Project	Mar. 7, 1985	1995/2035	4.7	4.7
Agriculture and Rural Development: Wadi Al-Jawf Agricultural Development Project	Apr. 23, 1985	1995/2034	10.5	10.0
Yemen, People's Democratic Republic of				
Agriculture and Rural Development: Agricultural Research and Extension Project	Mar. 14, 1985	1995/2034	5.1	5.0
Transportation: Fourth Highway Project	Jun. 20, 1985	1995/2035	14.6	14.4
Zaire				
Technical Assistance: Educational Technical Assistance Project	Sep. 11, 1984	1995/2034	8.6	9.0
Agriculture and Rural Development: Lulua and Kananga Agricultural Development Project	Jan. 8, 1985	1995/2034	12.6	12.5
Agriculture and Rural Development: Seeds Project	Jun. 13, 1985	1995/2035	15.1	14.9
Transportation: Sixth Highway Project	Jun. 13, 1985	1995/2035	55.5	55.0
Zambia				
Agriculture and Rural Development: Fisheries Development Project	Nov. 27, 1984	1995/2034	7.1	7.1
Agriculture and Rural Development: Agricultural Rehabilitation Project	Jan. 29, 1985	1995/2034	24.7	25.0
Transportation: Fourth Railway Project	Mar. 28, 1985	1995/2034	20.5	20.0
Total:			3,047.1	3,028.1

NOTE: Starting with the sixth replenishment of IDA, credits are expressed in special drawing rights (SDR). The US-dollar equivalent of the original principal amount of credits denominated in SDRs is shown at the rate approved by the Executive Board.

***Table 5-5.* Bank and IDA Cumulative Lending Operations, by Major Purpose and Region, June 30, 1985**
(millions of US dollars)

	IBRD loans to borrowers, by region[b]						
Purpose[a]	Eastern and Southern Africa	Western Africa	East Asia and Pacific	South Asia	Europe, Middle East, and North Africa	Latin America and the Caribbean	Total
Agriculture and Rural Development							
Agricultural credit	30.0	253.5	451.5	200.0	1,612.3	1,307.9	3,855.2
Agriculture sector loan	5.6	9.0	204.3	26.3	499.7	385.7	1,130.6
Agroindustry	—	—	177.0	—	828.3	822.9	1,828.2
Area development	155.5	933.9	1,245.4	197.0	914.5	2,080.6	5,526.9
Fisheries	—	—	68.2	14.0	48.0	16.2	146.4
Forestry	70.0	97.3	15.0	—	213.5	22.0	417.8
Irrigation and drainage	78.2	32.0	2,639.4	490.5	1,850.9	1,405.3	6,496.3
Livestock	22.5	32.6	48.0	48.0	226.0	991.0	1,368.1
Perennial crops	57.4	445.8	1,130.4	—	108.0	89.0	1,830.6
Research and extension	13.1	—	318.1	25.0	91.9	363.0	811.1
Total	432.3	1,804.1	6,297.3	1,000.8	6,393.1	7,483.6	23,411.2
Development Finance Companies	324.9	239.3	2,647.5	1,126.2	3,483.4	2,610.7	10,432.0
Education	157.1	155.6	1,743.5	—	1,252.2	895.5	4,203.9
Energy							
Oil, gas, and coal	35.7	131.5	1,233.0	2,282.5	1,015.5	807.8	5,506.0
Power	997.1	571.0	4,442.8	3,096.6	3,411.0	7,974.0	20,492.5
Total	1,032.8	702.5	5,675.8	5,379.1	4,426.5	8,781.8	25,998.5
Industry							
Engineering	—	—	10.0	—	11.0	9.5	30.5
Fertilizer and other chemicals	—	—	290.9	1,023.1	603.9	583.5	2,501.4
Industry sector loan	—	0.6	372.4	—	901.7	101.5	1,376.2
Iron and steel	—	20.0	—	189.0	512.8	667.0	1,388.8
Mining, other extractive	212.5	191.0	—	—	181.2	532.5	1,117.2
Paper and pulp	36.4	12.0	5.5	104.2	259.1	20.0	437.2
Textiles	63.0	—	157.4	—	307.3	—	527.7
Total	311.9	223.6	836.2	1,316.3	2,777.0	1,914.0	7,379.0
Nonproject	412.9	510.7	1,879.3	60.0	3,075.9[c]	993.6	6,932.4
Population, Health, and Nutrition	11.0	34.0	261.5	—	70.9	164.8	542.2
Small-scale Enterprises	—	140.7	735.5	—	326.0	1,525.6	2,727.8
Technical Assistance	6.0	87.0	13.0	—	8.8	85.8	200.6
Telecommunications	198.9	61.8	385.9	267.5	450.8	463.3	1,828.2
Tourism	17.0	37.5	25.0	—	96.6	187.5	363.6
Transportation							
Airlines and airports	49.0	10.0	9.2	5.6	7.0	218.5	299.3
Highways	455.3	939.4	2,801.7	263.9	2,231.8	4,126.7	10,818.8
Pipelines	—	—	—	37.0	57.5	23.3	117.8
Ports and waterways	91.1	194.8	826.3	359.8	1,375.8	355.3	3,203.1
Railways	490.2	183.8	1,203.4	1,035.8	852.5	1,838.5	5,604.2
Transportation sector loan	36.6	25.0	261.2	—	167.0	47.8	537.6
Total	1,122.2	1,353.0	5,101.8	1,702.1	4,691.6	6,610.1	20,580.8
Urban Development	126.0	132.8	981.4	49.1	391.2	1,220.6	2,901.1
Water Supply and Sewerage	161.2	367.5	921.1	—	1,840.8	2,129.9	5,420.5
Total	4,314.2	5,850.1	27,504.8	10,901.1	29,284.8	35,066.8	112,921.8

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

b. Except for the total amount shown in footnote d, no account is taken of cancellations and refundings subsequent to original commitment. Amounts of cancellations and refundings are shown by country and purpose in the Statement of Loans and Development Credits. IBRD loans of $1,667.7 million to IFC are excluded.

IDA credits to borrowers, by region							
Eastern and Southern Africa	Western Africa	East Asia and Pacific	South Asia	Europe, Middle East, and North Africa	Latin America and the Caribbean	Total	Total IBRD and IDA
219.5	56.1	118.7	1,717.9	104.2	23.5	2,239.9	6,095.1
87.9	4.5	117.7	150.0	—	—	360.1	1,490.7
293.5	—	—	404.9	63.0	15.0	776.4	2,604.6
626.8	504.5	192.3	707.0	105.7	51.1	2,187.4	7,714.3
45.6	1.3	10.0	55.7	54.1	—	166.7	313.1
119.8	54.3	47.3	528.0	—	12.8	762.2	1,180.0
441.2	167.2	346.2	4,156.0	395.7	18.5	5,524.8	12,021.1
206.2	100.0	10.6	90.6	49.5	67.5	524.4	1,892.5
150.6	156.5	266.8	181.0	15.0	3.2	773.1	2,603.7
71.3	19.5	100.5	512.7	6.0	—	710.0	1521.1
2,262.4	1,063.9	1,210.1	8,503.8	793.2	191.6	14,025.0	37,436.2
285.9	76.3	128.5	286.5	101.0	27.2	905.4	11,337.4
698.4	323.6	625.3	400.5	271.3	67.6	2,386.7	6,590.6
172.6	92.6	3.0	292.7	74.0	18.0	652.9	6,158.9
300.9	145.5	126.0	2,937.3	261.4	155.9	3,927.0	24,419.5
473.5	238.1	129.0	3,230.0	335.4	173.9	4,579.9	30,578.4
4.3	—	—	—	—	—	4.3	34.8
4.0	21.0	35.0	904.0	21.4	—	985.4	3,486.8
—	6.9	—	—	18.7	—	25.6	1,401.8
—	—	—	—	—	—	—	1,388.8
13.5	7.4	—	16.0	—	7.5	44.4	1,161.6
50.0	—	—	—	—	—	50.0	487.2
20.0	—	—	104.7	7.0	—	131.7	659.4
91.8	35.3	35.0	1,024.7	47.1	7.5	1,241.4	8,620.4
562.5	305.2	—	2,786.6	35.0	22.0	3,711.3	10,643.7
48.1	58.3	171.3	234.2	57.7	—	569.6	1,111.8
19.2	63.5	56.5	236.5	2.3	—	378.0	3,105.8
152.0	159.3	35.0	93.5	11.6	—	451.4	652.0
141.6	44.6	12.8	826.2	83.0	—	1,108.2	2,936.4
14.0	4.0	16.0	4.2	48.5	—	86.7	450.3
9.0	5.0	—	—	2.5	—	16.5	315.8
1,127.4	741.3	152.4	315.4	169.5	147.3	2,653.3	13,472.1
—	—	—	—	—	—	—	117.8
170.2	110.5	19.9	293.3	9.2	16.0	619.1	3,822.2
158.0	129.6	40.0	1,034.2	38.5	8.0	1,408.3	7,012.5
15.0	—	—	103.8	—	—	118.8	656.4
1,479.6	986.4	212.3	1,746.7	219.7	171.3	4,816.0	25,396.8
152.3	88.4	—	570.0	50.3	75.0	936.0	3,837.1
215.6	113.3	106.4	833.4	199.1	18.6	1,486.4	6,906.9
6,596.9	3,560.2	2,738.2	20,776.8	2,255.2	754.7	36,682.1	149,603.9[d]

c. Includes $497 million in European reconstruction loans made before 1952.

d. Cancellations, terminations, and refundings amount to $4,815.7 million for the IBRD and $863.8 million for IDA, totaling $5,679.5 million. This amount includes $46.1 million of loans and $175.8 million of credits made to Pakistan in earlier years for development projects in its former eastern wing, now Bangladesh. The loans and credits were reactivated, in revised form, as commitments to Bangladesh.

***Table 5-6.* IBRD and IDA Cumulative Lending Operations, by Borrower or Guarantor, June 30, 1985**
(amounts in millions of US dollars)

	IBRD loans		IDA credits		Total	
Borrower or guarantor	Number	Amount	Number	Amount	Number	Amount
Afghanistan	—	—	20	230.1	20	230.1
Algeria	28	1,881.0	—	—	28	1,881.0
Argentina	24	2,098.3	—	—	24	2,098.3
Australia	7	417.7	—	—	7	417.7
Austria	9	106.4	—	—	9	106.4
Bahamas	3	22.8	—	—	3	22.8
Bangladesh[a]	1	46.1	101	3,205.6	102	3,251.7
Barbados	7	60.2	—	—	7	60.2
Belgium	4	76.0	—	—	4	76.0
Belize	1	5.3	—	—	1	5.3
Benin	—	—	21	213.6	21	213.6
Bhutan	—	—	3	17.5	3	17.5
Bolivia	14	299.3	14	104.8	28	404.1
Botswana	17	232.2	6	15.8	23	248.0
Brazil	138	11,464.6	—	—	138	11,464.6
Burkina Faso[b,h]	—	1.9	28	315.5	28	317.4
Burma	3	33.4	27	697.0	30	730.4
Burundi	1	4.8	24	213.7	25	218.5
Cameroon	34	718.4	15	253.0	49	971.4
Cape Verde	—	—	2	11.2	2	11.2
Caribbean Region[c]	2	43.0	1	14.0	3	57.0
Central African Republic	—	—	10	87.2	10	87.2
Chad[b]	—	—	13	78.5	13	78.5
Chile	31	892.2	—	19.0	31	911.2
China	18	1,838.7	12	1,176.2	30	3,014.9
Colombia	109	4,850.8	—	19.5	109	4,870.3
Comoros	—	—	7	32.6	7	32.6
Congo, People's Republic of the	6	111.7	8	74.6	14	186.3
Costa Rica	30	490.9	—	5.5	30	496.4
Cyprus	24	246.8	—	—	24	246.8
Denmark	3	85.0	—	—	3	85.0
Djibouti	—	—	5	25.4	5	25.4
Dominica	—	—	1	5.0	1	5.0
Dominican Republic	16	302.1	3	22.0	19	324.1
East African Community[d]	10	244.8	—	—	10	244.8
Eastern Africa Region[e]	—	—	1	45.0	1	45.0
Ecuador	34	702.4	5	36.9	39	739.3
Egypt, Arab Republic of	44	2,750.3	26	981.2	70	3,731.5
El Salvador	18	216.1	2	25.6	20	241.7
Equatorial Guinea	—	—	4	19.7	4	19.7
Ethiopia	12	108.6	36	771.1	48	879.7
Fiji	8	83.7	—	—	8	83.7
Finland	18	316.8	—	—	18	316.8
France	1	250.0	—	—	1	250.0
Gabon[f]	6	69.3	—	—	6	69.3

Borrower or guarantor	IBRD loans		IDA credits		Total	
	Number	Amount	Number	Amount	Number	Amount
Gambia	—	—	12	56.3	12	56.3
Ghana[g]	9	207.0	25	528.3	34	735.3
Greece	17	490.8	—	—	17	490.8
Grenada	—	—	1	5.0	1	5.0
Guatemala	16	390.6	—	—	16	390.6
Guinea	3	75.2	17	219.2	20	294.4
Guinea-Bissau	—	—	7	68.9	7	68.9
Guyana	12	80.0	4	47.3	16	127.3
Haiti	1	2.6	21	256.4	22	259.0
Honduras	28	510.5	5	83.2	33	593.7
Hungary	7	802.9	—	—	7	802.9
Iceland	10	47.1	—	—	10	47.1
India	91	8,948.7	164	13,203.1	255	22,151.8
Indonesia	100	7,991.1	46	931.8	146	8,922.9
Iran, Islamic Republic of	33	1,210.7	—	—	33	1,210.7
Iraq	6	156.2	—	—	6	156.2
Ireland	8	152.5	—	—	8	152.5
Israel	11	284.5	—	—	11	284.5
Italy	8	399.6	—	—	8	399.6
Ivory Coast[g,h]	44	1,480.3	1	7.5	45	1,487.8
Jamaica	40	706.1	—	—	40	706.1
Japan	31	862.9	—	—	31	862.9
Jordan	18	452.3	15	85.3	33	537.6
Kenya	46	1,200.0	31	702.8	77	1,902.8
Korea, Republic of	77	5,805.0	6	110.8	83	5,915.8
Lao People's Democratic Republic	—	—	5	53.2	5	53.2
Lebanon	4	116.6	—	—	4	116.6
Lesotho	—	—	15	98.9	15	98.9
Liberia	21	156.0	14	114.5	35	270.5
Luxembourg	1	12.0	—	—	1	12.0
Madagascar[i]	5	32.9	30	493.3	35	526.2
Malawi	7	99.6	32	447.7	39	547.3
Malaysia	61	1,769.8	—	—	61	1,769.8
Maldives	—	—	2	8.2	2	8.2
Mali[b,h]	—	1.9	30	338.4	30	340.3
Malta[j]	1	7.5	—	—	1	7.5
Mauritania[b]	2	126.0	19	116.1	21	242.1
Mauritius	17	188.7	4	20.2	21	208.9
Mexico	88	7,914.1	—	—	88	7,914.1
Morocco	65	2,717.9	3	50.8	68	2,768.7
Mozambique	—	—	1	45.0	1	45.0
Nepal	—	—	41	597.3	41	597.3
Netherlands	8	244.0	—	—	8	244.0
New Zealand	6	126.8	—	—	6	126.8
Nicaragua	27	233.6	4	60.0	31	293.6

(continued)

Table 5-6 (continued)

Borrower or guarantor	IBRD loans Number	IBRD loans Amount	IDA credits Number	IDA credits Amount	Total Number	Total Amount
Niger[b]	—	—	23	243.1	23	243.1
Nigeria	55	2,692.7	2	35.5	57	2,728.2
Norway	6	145.0	—	—	6	145.0
Oman	8	100.0	—	—	8	100.0
Pakistan[k]	51	1,662.2	69	2,266.5	120	3,928.7
Panama	30	596.3	—	—	30	596.3
Papua New Guinea	14	204.1	9	113.2	23	317.3
Paraguay	27	458.1	6	45.5	33	503.6
Peru	59	1,698.4	—	—	59	1,698.4
Philippines	94	4,315.7	3	122.2	97	4,437.9
Portugal	27	1,081.8	—	—	27	1,081.8
Romania	33	2,184.3	—	—	33	2,184.3
Rwanda	—	—	24	234.7	24	234.7
St. Vincent	—	—	1	5.0	1	5.0
São Tomé and Principe	—	—	1	5.0	1	5.0
Senegal[b,h]	19	164.9	33	372.6	52	537.5
Seychelles	1	6.2	—	—	1	6.2
Sierra Leone	4	18.7	11	110.8	15	129.5
Singapore	14	181.3	—	—	14	181.3
Solomon Islands	—	—	4	12.0	4	12.0
Somalia	—	—	28	247.5	28	247.5
South Africa	11	241.8	—	—	11	241.8
Spain	12	478.7	—	—	12	478.7
Sri Lanka	12	210.7	35	781.6	47	992.3
Sudan	8	166.0	36	910.4	44	1,076.4
Swaziland	11	75.8	2	7.8	13	83.6
Syrian Arab Republic	15	535.7	3	47.3	18	583.0
Tanzania	18	318.2	55	833.3	73	1,151.5
Thailand	83	3,578.6	6	125.1	89	3,703.7
Togo[g]	1	20.0	21	243.7	22	263.7
Trinidad and Tobago	13	124.8	—	—	13	124.8
Tunisia	66	1,487.8	5	74.6	71	1,562.4
Turkey	77	5,939.4	10	178.5	87	6,117.9
Uganda	1	8.4	23	561.7	24	570.1
Uruguay	23	520.4	—	—	23	520.4
Vanuatu	—	—	1	2.0	1	2.0
Venezuela	13	383.3	—	—	13	383.3
Viet Nam	—	—	1	60.0	1	60.0
Western Africa Region[l]	1	6.1	2	47.0	3	53.1
Western Samoa	—	—	4	16.4	4	16.4
Yemen Arab Republic	—	—	42	417.5	42	417.5
Yemen, People's Democratic Republic of	—	—	27	189.9	27	189.9
Yugoslavia	81	4,525.2	—	—	81	4,525.2
Zaire	6	220.0	39	653.5	45	873.5
Zambia[m]	28	679.1	11	182.6	39	861.7

Borrower or guarantor	IBRD loans		IDA credits		Total	
	Number	Amount	Number	Amount	Number	Amount
Zimbabwe[m,n]	14	487.1	3	53.9	17	541.0
Other[o]	14	329.4	4	15.3	18	344.7
Total	2,560	112,921.8	1,494	36,682.1	4,054	149,603.9

NOTE: Joint IBRD/IDA operations are counted only once, as IBRD operations. When more than one loan is made for a single project, the operation is counted only once. Details may not add to totals because of rounding.

a. Includes $46.1 million in IBRD amount and one IBRD loan, as well as $175.8 million in IDA credits, which replace commitments originally made to Pakistan.

b. One IDA project, in fiscal year 1974, for drought relief, is shared by the following countries: Chad—$2 million; Mali—$2.5 million; Mauritania—$2.5 million; Niger—$2 million; Senegal—$3 million; Burkina Faso—$2 million. The amounts are included in each country's total, but the operation is counted only once, against Senegal.

c. One IBRD loan of $20 million in fiscal year 1976 and one IBRD loan of $23 million and one IDA credit of $7 million in fiscal year 1980 were made for the benefit of the following IBRD/IDA members—Bahamas, Barbados, Grenada, Guyana, and Jamaica—and for the benefit of the territories of the United Kingdom's Associated States and Dependencies in the Caribbean Region. The members are severally liable as guarantors to the extent of subloans made in their territories. One IDA credit of $7 million in fiscal year 1983 was made for the benefit of the following IDA members—Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines—and for the benefit of the United Kingdom's then Associated State St. Christopher-Nevis and the United Kingdom Dependency Montserrat; Antigua and Barbuda would become eligible after admission to IDA membership. The members are severally liable for the credit to the extent of subloans made in their territories, while Montserrat is eligible to borrow as a Dependency of the United Kingdom.

d. Jointly guaranteed by Kenya, Tanzania, and Uganda.

e. The credit is shared equally, in amounts of $15 million each, by Burundi, Rwanda, and Zaire.

f. One IBRD loan of $35 million, in fiscal year 1959, is jointly guaranteed by People's Republic of Congo, France, and Gabon.

g. Of the one IBRD project, of $60 million, in fiscal year 1976, $49.5 million has been lent to Ciments de l'Afrique de l'Ouest (CIMAO) and is jointly guaranteed by Ghana, Ivory Coast, and Togo. The remaining amount of $10.5 million has been assigned in equal shares to each of the three countries. The operation is counted only once, against Togo. Two IDA credits in fiscal year 1983—one of $9.3 million to Ghana and one of $5.7 million to Togo—for the restructuring of CIMAO are counted as one operation, against Togo.

h. One IBRD loan of $7.5 million, in fiscal year 1954, is shared in amounts of $1.875 million each by Ivory Coast, Mali, Senegal, and Burkina Faso, but is counted as one operation, against Ivory Coast. One IBRD loan, of $23 million, in fiscal year 1978, is guaranteed by Ivory Coast and Burkina Faso, but is counted as one operation, against Ivory Coast.

i. The IDA credits include an amount of $45 million for the Sixth Highway Project approved in fiscal year 1983. In fiscal year 1984, $20 million of this amount was transferred to the Special Fund administered by the International Development Association.

j. IBRD loan made to Malta with the guarantee of the United Kingdom before Malta's independence from the United Kingdom. The loan has been repaid.

k. Excludes $46.1 million in IBRD amount and one IBRD loan, as well as $175.8 million in IDA amount and nineteen IDA credits, which were replaced by commitments made to Bangladesh.

l. One loan of $6.1 million and one credit of $14 million in fiscal year 1983, counted as one operation, and one credit of $3 million in fiscal year 1980 are to the Banque Ouest Africaine de Développement (BOAD), the regional development bank of the Union Monétaire Ouest Africaine (UMOA), which is a monetary union of six francophone states—Benin, Ivory Coast, Niger, Senegal, Togo, and Burkina Faso. One credit of $30 million in fiscal year 1984 is shared in equal parts by Benin and Togo, and is counted as one operation.

m. Includes one IBRD loan of $80 million, made in fiscal year 1956 to Northern Rhodesia (now Zambia) and Southern Rhodesia (now Zimbabwe), at the time of the Central African Federation and before independence, and one IBRD loan of $7.7 million, made in 1965 to (Southern) Rhodesia and newly independent Zambia. Both loans were assigned in equal shares to Zambia and (Southern) Rhodesia, but are now counted only once, against Zimbabwe. The loans are guaranteed by the United Kingdom, Zambia, and Zimbabwe.

n. Includes three IBRD loans, made in 1952, 1958, and 1960 and totaling $43.1 million, to (Southern) Rhodesia (now Zimbabwe). The loans were guaranteed by the United Kingdom and have been repaid.

o. Represents IBRD loans and IDA credits made at a time when the authorities on Taiwan represented China in the World Bank (prior to May 15, 1980).

Statistical Appendix

General Notes to Appendix Tables

The tables of this Appendix present data on selected economic indicators and external public debt. As in past *Annual Reports,* most of the tables are organized along geographic lines.

In *Table 1,* the basic series on selected economic indicators is based on data stored in the IBRD Socioeconomic Data Bank, which are mainly obtained from World Bank country economic reports, supplemented by data from national and other international publications. The indicators presented in this table are the same as those of last year.

In *Tables 2 through 7,* the principal source of data on external debt is information received by the World Bank from its member countries. These data are checked with, and supplemented by, information from several other sources, primarily reporting by creditor countries on their lending and publicized Eurocurrency credits. The notes on the debt of Afghanistan, China, Hungary, the Islamic Republic of Iran, Iraq, Romania, the Philippines, and Yugoslavia in Table 2 apply to Tables 2 through 7.

The 106 countries included in the debt tables are those for which reporting on external public debt is sufficient for a reliable presentation of debt outstanding and future service payments. The classification by geographical region is as follows:

Africa, south of the Sahara—Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (People's Republic of the), Djibouti, Equatorial Guinea, Ethiopia, Gabon, Gambia (The), Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Niger, Nigeria, Rwanda, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tanzania, Togo, Uganda, Zaire, Zambia, Zimbabwe, (and the East African Community).

East Asia and Pacific—Fiji, Hong Kong,[1] Indonesia, Korea (Republic of), Malaysia, Papua New Guinea, Philippines, Singapore, Solomon Islands, Thailand, Vanuatu, Western Samoa.

Latin America and the Caribbean—Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Vincent, Trinidad and Tobago, Uruguay, Venezuela.

North Africa and the Middle East—Algeria, Egypt (Arab Republic of), Jordan, Lebanon, Morocco, Oman, Syrian Arab Republic, Tunisia, Yemen Arab Republic, Yemen (People's Democratic Republic of).

South Asia—Bangladesh, Burma, India, Maldives, Nepal, Pakistan, Sri Lanka.

Southern Europe and other Mediterranean countries—Cyprus, Greece, Hungary, Israel, Malta, Portugal, Romania, Turkey, Yugoslavia.

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

The World Bank continues to work in cooperation with its member countries toward the improvement of debt statistics. This effort results, in many cases, in a broadening of the coverage of the data for both current and past periods. Therefore, a comparison with the debt tables in the *1984 Annual Report* will show changes in data given for past years. The current *Annual Report* should be regarded as the more reliable. Users of the aggregate tables on external public debt should be particularly careful in making comparisons

1. Hong Kong is a nonmetropolitan territory in respect of which the United Kingdom has accepted the Bank's Articles of Agreement.

with past *Annual Reports,* since the coverage has changed over the years.

In *Table 4,* debt-service ratios represent service payments (amortization plus interest) on external public debt as a percentage of the exports of goods and all services. The debt-service figures used in the present table are those for actual (not contractual) debt service paid during the year. The International Monetary Fund (IMF) is the source of export figures; the debt-service ratios are calculated for those countries and years for which these data are available.

The debt-service ratio, by itself, is an inadequate and incomplete indicator of the debt situation, and international comparisons of these ratios have only limited analytical value. Many other factors, such as the stability and diversification of exports, the extent to which imports can be reduced without adversely affecting the prospects for future growth, the size of foreign exchange reserves and available compensatory financing facilities, and the debt-service record jointly will determine a country's capacity to service debt. Further, external public debt constitutes only a part of the total indebtedness and, in some cases, it may understate subtantially the burden of indebtedness. The public debt-service ratio, therefore, is only an indicator of the importance of debt service in the total foreign exchange situation.

In *Table 6,* net flow is defined as disbursements on loans, grants, and grantlike loans, minus amortization on loans. (Grantlike loans or contributions are loans disbursed in foreign currency and repayable in local currency.) Net transfer is net flow, minus interest on loans.

In *Table 7,* grant element is defined as the face value of a loan commitment less the discounted present value of the future flow of payments of principal and interest, expressed as a percentage of the face value. The discount rate used is 10 percent, which is the conventional rate used by the Organisation for Economic Co-operation and Development (OECD) in assessing terms.

In *Tables 6 and 7,* the source of data for grants is the OECD. For grantlike loans, the data sources are the OECD and the Inter-American Development Bank (IDB). Grants consist of grant and grantlike contributions; they are on a disbursement basis in both tables. The grants included in these tables comprise: (1) contributions by countries that are members of the Development Assistance Committee (DAC) of the OECD; (2) grants by multilateral agencies as compiled by the OECD; (3) disbursements in foreign currency by the IDB on loans repayable in local currencies. Grants for technical assistance have been excluded. Data for grants do not include grants from bilateral donors other than DAC countries, although grants from other sources may have been large in some cases. Debt data, however, include obligations to creditors of all nationalities.

Data on external public debt are converted to US dollars at current market rates. Capital flows and service payments are converted to US dollars at an average rate for each year. Debts repayable in multiple currencies, goods, or services, and debt that has a provision for maintenance of value of the currency of repayment, are shown at their book value, however. Projected debt service was converted to US dollars at end 1983 rates.

Selected Economic Indicators, Regional Summary — Table 1

Average annual real growth and shares in Gross National Product (GNP)
1960–70, 1970–80, 1981, 1982, 1983, and 1984
(percentages)

Region and indicator	1960–70	1970–80	1981	1982	1983	1984(P)
All developing regions						
REAL RATE OF GROWTH						
Total GNP	6.0	5.8	2.8	0.9	0.3	3.9
Agricultural production	3.0	2.8	4.6	2.4	5.4	3.7
Manufacturing production	8.6	7.7	0.5	1.7	3.4	n.a.
Population	2.4	2.3	2.1	2.2	2.0	2.0
GNP per capita	3.5	3.5	0.7	−1.2	−1.7	1.8
Gross investment	7.6	8.8	2.6	−2.8	−0.1	n.a.
SHARE IN GNP						
Gross investment	20.5	25.5	25.6	24.7	24.0	n.a.
Gross national savings	18.4	25.4	25.1	23.3	21.8	n.a.
Africa, south of the Sahara						
REAL RATE OF GROWTH						
Total GNP	4.9	3.8	1.0	−2.0	−2.7	−0.7
Agricultural production	2.2	1.3	4.1	2.1	−0.1	4.0
Manufacturing production	8.2	4.1	6.3	−4.2	−7.5	n.a.
Population	2.5	2.8	3.1	3.1	3.2	3.2
GNP per capita	2.4	1.0	−2.1	−5.0	−5.7	−3.8
Gross investment	8.2	6.0	9.4	−0.4	−13.0	n.a.
SHARE IN GNP						
Gross investment	18.8	24.3	23.8	20.9	18.9	n.a.
Gross national savings	16.2	22.3	15.8	13.3	14.5	n.a.
East Asia and Pacific						
REAL RATE OF GROWTH						
Total GNP	7.3	6.9	5.2	5.6	7.1	8.8
Agricultural production	4.6	3.5	6.2	5.7	5.2	4.0
Manufacturing production	11.9	10.8	5.3	4.8	10.4	13.7
Population	2.3	2.0	1.5	1.8	1.3	1.3
GNP per capita	4.9	4.8	3.6	3.8	5.7	7.4
Gross investment	13.9	8.9	1.4	6.2	9.8	7.2
SHARE IN GNP						
Gross investment	19.0	28.6	28.6	28.0	28.8	28.3
Gross national savings	14.6	27.0	26.0	25.9	26.7	n.a.
Latin America and the Caribbean						
REAL RATE OF GROWTH						
Total GNP	5.7	5.8	0.0	−2.0	−3.4	2.7
Agricultural production	3.2	3.2	5.4	−0.4	0.3	3.0
Manufacturing production	6.6	6.1	−9.1	−2.1	−4.0	n.a.
Population	2.8	2.5	2.4	2.3	2.3	2.3
GNP per capita	2.9	3.2	−2.3	−4.2	−5.6	0.3
Gross investment	6.6	7.1	−2.5	−14.8	−16.4	0.9
SHARE IN GNP						
Gross investment	21.4	24.7	23.7	22.0	17.1	17.5
Gross national savings	20.3	22.1	19.3	17.6	15.6	n.a.
North Africa and the Middle East						
REAL RATE OF GROWTH						
Total GNP	7.9	8.3	4.2	−0.2	−6.6	1.2
Agricultural production	1.5	3.0	−8.3	3.4	28.9	9.9
Manufacturing production	8.4	7.5	5.7	2.8	1.3	n.a.
Population	2.7	3.0	2.9	2.9	2.9	2.9
GNP per capita	5.2	5.3	1.3	−3.1	−9.2	−1.6
Gross investment	4.4	18.7	15.6	−2.8	9.5	4.1
SHARE IN GNP						
Gross investment	23.2	25.6	26.1	25.7	31.0	32.5
Gross national savings	26.7	44.4	47.1	39.5	30.7	n.a.

Region and indicator	1960-70	1970-80	1981	1982	1983	1984(P)
South Asia						
REAL RATE OF GROWTH						
Total GNP	4.3	3.5	5.9	2.8	7.1	4.6
Agricultural production	2.5	2.2	6.0	−1.6	10.8	1.9
Manufacturing production	6.5	3.8	8.2	4.8	5.2	7.4
Population	2.4	2.4	2.2	2.3	2.3	2.3
GNP per capita	1.9	1.1	3.7	0.5	4.7	2.2
Gross investment	5.4	5.1	0.0	0.4	6.7	5.5
SHARE IN GNP						
Gross investment	17.2	19.8	22.7	22.9	22.7	22.7
Gross national savings	12.4	16.2	17.9	18.4	19.2	19.1
Southern Europe and other Mediterranean countries						
REAL RATE OF GROWTH						
Total GNP	6.6	5.2	1.7	1.6	0.7	0.9
Agricultural production	3.4	3.1	−0.1	5.9	−3.3	4.1
Manufacturing production	9.6	6.8	4.3	0.6	2.1	3.1
Population	1.6	1.6	1.4	1.4	1.4	1.4
GNP per capita	5.0	3.5	0.3	0.2	−0.7	−0.5
Gross investment	8.0	4.9	−2.2	1.0	−4.2	−3.4
SHARE IN GNP						
Gross investment	24.5	27.5	28.2	27.2	24.8	22.8
Gross national savings	19.4	19.9	19.6	19.5	19.6	n.a.
Industrialized countries						
REAL RATE OF GROWTH						
Total GNP	4.9	3.2	1.3	−0.4	2.4	4.9
Agricultural production	1.9	1.8	3.7	1.2	−6.0	7.9
Manufacturing production	6.1	3.1	0.5	−3.7	3.5	8.1
Population	1.1	0.8	0.6	0.6	0.6	0.6
GNP per capita	3.8	2.4	0.7	−1.0	1.7	4.2
Gross investment	6.6	2.5	−0.5	−1.6	1.2	1.7
SHARE IN GNP						
Gross investment	22.8	22.7	21.6	19.8	19.5	19.5
Gross national savings	23.5	23.1	21.8	20.2	20.0	19.5

NOTE: All the countries listed below (excluding Lebanon) have been included for the estimates of the real rates of growth of GNP and population. For other indicators, some countries or other areas have been omitted because of lack of data.

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

Developing countries or other areas—Those listed in the "General Notes to Appendix Tables" (except Hungary and Romania) and those listed below:
Africa, south of the Sahara—Angola, Mozambique, South Africa.
East Asia and Pacific—China.
Latin America and the Caribbean—Grenada.
North Africa and the Middle East—Bahrain, Kuwait, Libya, Qatar, Saudi Arabia, United Arab Emirates.

n.a. Not available.
(P) Preliminary.
SOURCE: The World Bank.

External Public Debt Outstanding, including Undisbursed, by Region, 1977–83

Table 2

(US$ millions)

Year and type of creditor	Africa south of the Sahara	East Asia and Pacific[a]	Latin America and the Caribbean	North Africa and the Middle East[b]	South Asia[c]	Southern Europe and other Mediterranean countries[d]	Total
Total debt outstanding at end of year							
1977	32,580.3	42,872.2	96,287.0	43,328.9	33,698.9	27,157.1	275,924.5
1978	41,956.0	55,205.6	121,767.6	56,051.3	38,325.3	34,441.1	347,746.9
1979	52,836.3	61,642.5	144,517.0	65,083.7	40,479.8	42,702.4	407,261.7
1980	60,932.5	74,162.3	160,239.3	68,544.8	48,498.2	52,819.2	465,196.2
1981	69,454.8	83,277.4	183,576.1	68,563.8	51,815.8	58,723.3	515,411.2
1982	74,471.3	94,865.5	211,723.4	68,485.3	57,121.0	61,285.7	567,952.0
1983	78,258.0	103,098.6	256,761.4	70,091.2	58,676.3	67,497.3	634,382.8
Debt outstanding by type of creditor							
December 31, 1977							
Bilateral official	13,679.5	15,173.2	16,894.2	18,951.0	22,027.9	13,065.3	99,791.0
Multilateral	8,267.5	9,372.3	16,723.4	6,009.6	10,291.3	4,589.2	55,253.4
Private							
Suppliers	3,919.2	5,937.0	7,752.9	6,901.3	871.5	1,143.3	26,525.2
Financial institutions	6,463.3	10,918.1	48,053.6	11,030.9	506.1	6,035.7	83,007.7
Other	250.8	1,471.6	6,862.9	436.1	2.1	2,323.4	11,347.0
Total	32,580.3	42,872.2	96,287.0	43,328.9	33,698.9	27,157.1	275,924.5
December 31, 1978							
Bilateral official	16,426.1	19,016.4	19,403.8	23,165.4	23,838.6	17,333.5	119,183.8
Multilateral	10,312.6	12,313.3	20,061.6	6,997.9	13,039.8	5,925.8	68,651.0
Private							
Suppliers	4,267.8	6,576.0	8,685.0	8,090.0	879.5	1,273.6	29,771.8
Financial institutions	10,478.6	15,181.6	64,088.6	17,207.3	565.2	7,630.4	115,151.7
Other	470.8	2,118.3	9,528.6	590.8	2.2	2,277.8	14,988.5
Total	41,956.0	55,205.6	121,767.6	56,051.3	38,325.3	34,441.1	347,746.9
December 31, 1979							
Bilateral official	19,488.9	19,997.8	19,821.4	25,942.8	23,909.1	20,035.1	129,195.0
Multilateral	12,770.1	14,708.6	24,122.8	8,545.7	14,937.8	7,032.2	82,117.3
Private							
Suppliers	4,447.2	5,964.9	9,827.3	7,998.7	810.7	1,186.9	30,235.7
Financial institutions	15,441.1	18,821.2	80,848.6	21,861.3	820.0	12,176.1	149,968.2
Other	688.9	2,150.0	9,896.9	735.2	2.2	2,272.2	15,745.5
Total	52,836.3	61,642.5	144,517.0	65,083.7	40,479.8	42,702.4	407,261.7
December 31, 1980							
Bilateral official	22,720.8	24,360.2	22,367.9	28,993.6	25,900.7	24,278.4	148,621.5
Multilateral	15,488.8	17,961.6	27,658.1	9,838.8	19,436.4	8,304.0	98,687.7
Private							
Suppliers	4,242.1	6,012.6	9,823.5	7,941.5	785.7	2,044.3	30,849.7
Financial institutions	17,814.6	23,532.9	90,332.9	21,058.3	2,343.1	15,646.4	170,728.2
Other	666.2	2,295.1	10,057.0	712.6	32.2	2,546.0	16,309.0
Total	60,932.5	74,162.3	160,239.3	68,544.8	48,498.2	52,819.2	465,196.2

Year and type of creditor	Africa south of the Sahara	East Asia and Pacific[a]	Latin America and the Caribbean	North Africa and the Middle East[b]	South Asia[c]	Southern Europe and other Mediterranean countries[d]	Total
December 31, 1981							
Bilateral official	23,585.1	25,340.8	23,981.4	29,842.9	25,537.2	25,681.0	153,968.3
Multilateral	17,782.2	21,128.7	32,266.4	10,804.0	22,381.3	9,412.6	113,775.3
Private							
Suppliers	3,883.8	6,653.5	10,530.9	7,758.1	708.5	1,739.3	31,274.2
Financial institutions	23,682.0	27,915.5	105,848.5	19,533.8	3,126.9	18,915.1	199,021.8
Other	521.6	2,238.9	10,949.0	624.9	61.9	2,975.4	17,371.7
Total	69,454.8	83,277.4	183,576.1	68,563.8	51,815.8	58,723.3	515,411.2
December 31, 1982							
Bilateral official	25,135.1	26,381.1	26,265.3	30,525.7	26,130.8	25,606.2	160,044.2
Multilateral	20,008.5	24,403.9	37,659.3	11,488.5	25,662.7	10,320.0	129,542.9
Private							
Suppliers	3,539.9	6,750.2	10,502.3	7,490.2	769.5	1,322.8	30,374.9
Financial institutions	25,398.5	34,300.7	126,617.2	18,484.5	4,496.2	21,043.5	230,340.6
Other	389.3	3,029.5	10,679.2	496.4	61.8	2,993.1	17,649.3
Total	74,471.3	94,865.5	211,723.4	68,485.3	57,121.0	61,285.7	567,952.0
December 31, 1983							
Bilateral official	27,163.5	26,872.6	29,352.4	31,779.1	25,643.7	26,007.0	166,818.3
Multilateral	22,143.8	27,431.1	41,580.0	12,247.3	27,921.8	11,976.1	143,300.0
Private							
Suppliers	3,110.3	6,926.6	9,897.7	6,723.6	842.4	1,135.5	28,636.1
Financial institutions	25,534.5	37,316.5	166,709.8	18,870.4	4,208.4	25,508.1	278,147.8
Other	305.9	4,551.8	9,221.5	470.8	60.0	2,870.5	17,480.6
Total	78,258.0	103,098.6	256,761.4	70,091.2	58,676.3	67,497.3	634,382.8

NOTE: Information on the sources, definitions, coverage, and interpretation of the data is given in the "General Notes to Appendix Tables." Items may not add to total because of rounding.

a. Does not include publicly guaranteed private debt of the Philippines, estimated at $856.5 millions as of end-1983. Data for China are not available.

b. Data for the Islamic Republic of Iran and Iraq are not available.

c. Data for Afghanistan are not available.

d. Does not include nonpublicly guaranteed debt of the "social sector" of Yugoslavia contracted after March 31, 1966. Data for Hungary and Romania have been excluded from regional totals because of incomplete historical series.

SOURCE: The World Bank.

External Public Debt Outstanding, by Country and Type of Creditor, December 31, 1983

Table 3

(US$ millions)

Region and country or other area	External public debt outstanding: Including undisbursed	Disbursed only: Total	Bilateral official	Multi-lateral	Suppliers	Financial institutions	Other
Africa, south of the Sahara							
Benin	868.8	614.8	111.7	190.0	23.0	290.1	—
Botswana	502.3	230.2	64.2	135.1	4.4	26.5	—
Burkina Faso	681.2	398.4	103.8	252.0	7.0	35.7	—
Burundi	561.2	284.0	97.7	169.9	0.6	15.9	—
Cameroon	2,562.5	1,882.9	772.8	651.0	97.3	361.7	—
Cape Verde	132.5	67.2	33.1	34.1	—	—	—
Central African Republic	342.9	215.0	90.4	81.5	39.1	4.0	—
Chad	233.3	128.9	32.5	69.5	16.2	10.7	—
Comoros	182.8	83.3	43.3	39.5	—	0.5	—
Congo, People's Republic of	1,967.2	1,486.8	583.5	267.7	65.0	570.7	—
Djibouti	149.8	32.9	15.3	13.0	2.9	1.7	—
Equatorial Guinea	138.1	102.9	73.6	13.4	7.0	8.8	—
Ethiopia	1,916.5	1,222.6	642.0	489.8	59.0	25.6	6.2
Gabon	1,282.4	728.9	229.8	67.3	57.5	374.3	—
Gambia, The	247.3	161.7	52.5	74.9	12.2	22.2	—
Ghana	1,370.9	1,095.1	536.8	420.4	137.9	—	—
Guinea	1,538.4	1,215.5	832.1	207.5	131.9	43.9	—
Guinea-Bissau	193.5	138.2	49.4	62.4	9.5	16.9	—
Ivory Coast	5,807.8	4,824.2	623.9	1,000.0	313.7	2,886.5	—
Kenya	3,514.7	2,383.7	700.8	1,039.0	88.2	555.8	—
Lesotho	239.8	145.2	25.8	94.1	2.8	22.5	—
Liberia	911.3	699.1	305.8	225.3	4.6	163.3	—
Madagascar	2,036.6	1,489.8	724.1	339.7	163.1	263.1	—
Malawi	890.0	718.6	167.8	379.3	32.5	138.9	—
Mali	1,300.0	880.8	539.6	327.4	4.6	9.1	—
Mauritania	1,753.9	1,171.1	731.9	314.6	71.6	53.2	—
Mauritius	542.9	332.5	88.9	139.9	0.9	102.8	—
Niger	934.5	631.0	228.2	224.1	17.4	161.2	—
Nigeria	18,539.5	11,757.2	937.8	881.6	183.3	9,754.5	—
Rwanda	423.0	219.7	57.9	161.8	—	—	—
Senegal	2,166.8	1,496.2	721.4	461.1	15.7	297.9	—
Seychelles	71.8	41.7	24.7	11.6	5.4	—	—
Sierra Leone	446.4	359.4	152.1	119.6	65.6	22.2	—
Somalia	1,503.9	1,149.1	641.0	345.3	103.3	59.5	—
Sudan	6,539.0	5,726.3	3,819.7	893.7	99.1	913.8	—
Swaziland	219.9	182.7	65.1	109.5	1.2	7.0	—
Tanzania	3,380.9	2,584.2	1,211.8	885.0	189.8	297.2	0.4
Togo	983.6	805.3	445.3	200.9	10.4	148.5	—
Uganda	1,086.9	623.2	290.5	252.5	44.7	34.9	0.6
Zaire	4,610.8	4,022.0	2,568.9	583.1	163.2	706.8	—
Zambia	3,331.9	2,638.0	1,503.5	530.6	275.2	328.8	—
Zimbabwe	2,150.4	1,497.2	256.0	91.7	41.0	1,108.6	—
Total	78,258.0	56,467.6	21,197.2	12,850.2	2,567.8	19,845.2	7.3

Region and country or other area	External public debt outstanding: Including undisbursed	Disbursed only: Total	Bilateral official	Multi-lateral	Suppliers	Financial institutions	Other
East Asia and Pacific							
Fiji	343.7	291.6	92.6	136.4	8.4	54.3	—
Hong Kong	233.0	223.7	—	55.0	39.5	129.2	—
Indonesia	34,636.2	21,685.3	8,558.5	3,477.6	2,320.6	7,212.0	116.6
Korea, Republic of	27,070.5	21,472.4	5,438.5	3,874.6	1,555.2	10,604.0	—
Malaysia	12,652.2	10,665.2	1,220.6	1,097.9	362.7	7,984.1	—
Papua New Guinea	1,131.5	911.2	39.6	298.7	0.2	572.8	—
Philippines	14,818.5	10,385.4	1,904.6	2,919.6	347.9	5,213.2	—
Singapore	1,588.6	1,243.6	257.1	168.4	146.3	671.7	—
Solomon Islands	47.3	20.4	1.3	19.1	—	—	—
Thailand	10,485.2	7,060.3	1,893.2	2,418.9	226.4	2,521.8	—
Vanuatu	11.1	3.7	3.1	0.1	—	0.5	—
Western Samoa	80.8	60.5	10.2	47.2	—	3.1	—
Total	103,098.6	74,023.2	19,419.2	14,513.6	5,007.1	34,966.7	116.6
Latin America and the Caribbean							
Argentina	26,449.0	24,592.5	600.4	1,413.2	2,209.2	20,365.0	4.8
Bahamas	258.4	246.4	5.7	18.3	26.5	196.0	—
Barbados	362.0	277.6	60.1	89.8	0.5	127.2	—
Belize	82.2	55.7	14.9	29.3	4.8	6.8	—
Bolivia	3,849.0	2,968.9	1,362.5	723.2	65.9	817.3	—
Brazil	71,984.7	58,068.1	4,936.8	5,121.4	2,096.3	45,793.1	120.5
Chile	7,862.4	6,827.5	836.8	643.1	276.4	5,030.9	40.3
Colombia	10,799.1	6,898.8	1,348.8	2,139.3	344.8	3,065.9	—
Costa Rica	4,153.1	3,314.6	884.5	552.1	48.0	1,829.9	—
Dominican Republic	3,002.9	2,202.3	1,003.6	446.3	1.1	751.2	—
Ecuador	7,347.5	6,238.7	1,007.3	631.5	212.0	4,388.0	—
El Salvador	1,414.4	1,065.0	503.8	509.6	—	51.6	—
Guatemala	1,833.9	1,405.3	549.2	557.2	—	298.9	—
Guyana	796.5	662.8	277.7	230.7	15.9	91.4	47.2
Haiti	612.1	433.5	117.5	246.6	17.0	52.4	—
Honduras	2,313.5	1,570.3	419.0	741.2	71.6	338.3	—
Jamaica	2,566.9	1,949.9	929.1	579.9	25.1	380.9	34.8
Mexico	72,464.7	66,731.6	2,509.1	4,207.7	492.7	59,522.1	—
Nicaragua	4,105.1	3,417.0	1,687.1	648.2	30.7	1,051.0	—
Panama	3,853.1	2,986.2	296.6	554.7	26.6	2,108.2	—
Paraguay	1,988.0	1,161.2	334.4	369.6	54.8	402.4	—
Peru	11,022.0	7,931.5	2,456.7	992.6	1,017.7	3,464.4	—
St. Vincent	28.0	20.9	1.4	18.7	0.5	0.2	—
Trinidad and Tobago	1,020.6	887.0	183.7	53.7	—	649.5	—
Uruguay	3,076.9	2,522.9	168.2	214.0	30.4	2,110.3	—
Venezuela	13,515.7	12,911.4	113.3	123.8	109.3	12,555.3	9.7
Total	256,761.4	217,347.3	22,608.1	21,855.4	7,178.1	165,448.3	257.3

(continued)

External Public Debt Outstanding, by Country and Type of Creditor, December 31, 1983 *(continued)*

Table 3

(US$ millions)

Region and country or other area	External public debt outstanding: Including undisbursed	Disbursed only: Total	Bilateral official	Multi-lateral	Suppliers	Financial institutions	Other
North Africa and the Middle East							
Algeria	18,762.3	12,942.5	2,360.8	329.5	2,789.1	7,463.1	—
Egypt, Arab Republic of	19,789.0	15,228.7	9,030.6	3,504.1	1,738.4	955.6	—
Jordan	2,830.3	1,940.1	1,293.7	320.7	26.5	299.1	—
Lebanon	246.2	181.6	51.7	76.3	—	53.6	—
Morocco	13,103.5	9,445.3	4,569.0	1,324.6	187.8	3,363.8	—
Oman	1,680.7	1,125.0	221.5	50.3	30.1	823.1	—
Syrian Arab Republic	3,940.1	2,304.9	1,743.7	434.0	113.1	14.2	—
Tunisia	5,278.1	3,427.1	1,866.3	652.7	191.8	716.4	—
Yemen Arab Republic	2,403.0	1,573.9	1,237.0	318.7	7.1	11.1	—
Yemen, People's Democratic Republic of	2,057.9	1,262.8	1,020.5	242.4	—	—	—
Total	70,091.2	49,431.9	23,394.7	7,253.3	5,083.9	13,700.0	—
South Asia							
Bangladesh	6,819.4	4,184.5	1,877.3	2,157.4	97.0	52.8	—
Burma	3,361.6	2,226.1	1,281.4	568.7	154.0	222.0	—
India	30,607.5	21,276.6	9,167.7	10,459.0	89.3	1,560.6	—
Maldives	71.3	46.5	29.6	14.0	0.6	2.3	—
Nepal	887.3	346.4	51.9	293.7	—	0.8	—
Pakistan	13,291.3	9,755.1	6,568.2	2,352.4	121.2	713.3	—
Sri Lanka	3,637.8	2,205.0	1,076.6	539.2	145.2	444.1	—
Total	58,676.3	40,040.3	20,052.6	16,384.5	607.3	2,995.9	—
Southern Europe and other Mediterranean countries							
Cyprus	834.8	649.7	44.1	214.7	22.0	369.0	—
Greece	9,168.1	8,193.5	686.5	1,053.9	124.2	6,328.9	—
Hungary	6,808.7	6,176.6	952.0	18.3	642.0	4,564.3	—
Israel	16,255.9	15,148.8	10,809.6	111.7	2.1	4,225.4	—
Malta	131.0	108.8	104.6	3.9	—	0.3	—
Portugal	10,820.5	9,950.6	1,528.9	899.0	272.3	7,250.4	—
Romania	8,780.3	8,391.1	1,226.9	2,183.4	830.6	4,150.2	—
Turkey	19,004.0	15,396.3	7,235.4	3,485.4	631.4	4,044.1	—
Yugoslavia	11,283.2	9,077.1	2,401.4	1,851.3	—	4,824.4	—
Total	83,086.3	73,092.5	24,989.3	9,821.8	2,524.6	35,756.8	—
Grand total	649,971.8	510,402.9	131,661.2	82,678.7	22,968.8	272,713.1	381.2

NOTE: Information on the sources, definitions, coverage, and interpretation of the data is given in the "General Notes to Appendix Tables." Items may not add to totals because of rounding.
SOURCE: The World Bank.

Service Payments on External Public Debt as a Percentage of Exports of Goods and Services, 1977–83

Table 4

Region and country or other area	Service payments as a percentage of exports of goods and services						
	1977	1978	1979	1980	1981	1982	1983
Africa, south of the Sahara							
Benin[a]	1.9	2.6	n.a.	n.a.	n.a.	n.a.	n.a.
Botswana[a]	1.9	2.5	1.6	1.7	1.4	2.1	2.9
Burkina Faso	3.1	3.3	3.2	4.5	4.1	n.a.	n.a.
Burundi	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Cameroon	5.8	7.9	7.7	8.6	10.8	14.5	13.7
Cape Verde	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Central African Republic	3.2	2.7	0.4	0.8	2.0[c]	3.0[c]	11.3[c]
Chad	3.1	3.3	5.3	3.4	3.6	0.4	0.6
Comoros	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Congo, People's Republic of	11.1	8.0	20.1	9.6	11.8	14.9	20.5
Djibouti	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Equatorial Guinea	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ethiopia	5.8	6.7	5.3	6.0	8.1	9.4	11.5
Gabon	8.6	18.5	16.4	16.8	12.6	12.3	9.4
Gambia, The	0.9	0.7	0.6	1.1	4.1	n.a.	n.a.
Ghana	3.6	6.5	6.0	7.7	6.6	9.1	14.1
Guinea	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Guinea-Bissau	n.a.	n.a.	n.a.	n.a.	n.a.	24.0	19.7
Ivory Coast	9.7	12.9	18.3	23.9	31.8	33.3	31.0[c]
Kenya[b]	5.1	9.5	10.5	12.7	17.1	22.1	21.5
Lesotho	0.2	0.5	0.9	1.3	1.2	2.5	2.5
Liberia	5.8	5.3	13.5	6.3[c]	5.0[c]	6.6[c]	6.6[c]
Madagascar	3.8	4.5	7.4	n.a.	n.a.	n.a.	n.a.
Malawi	10.0	17.0	17.7	21.8	27.8	20.3	n.a.
Mali	4.0	5.1	3.6	2.7	3.8	3.5	5.2
Mauritania	22.4	16.8	32.8	10.9	15.8	11.7	9.9
Mauritius	1.6	2.4	3.9	6.0	9.8	12.2	16.4
Niger	3.9	2.8	2.4	6.0	n.a.	n.a.	n.a.
Nigeria	0.8	0.9	1.3	2.0	4.6	10.3	18.6
Rwanda	0.9	1.3	0.5	1.0	1.5	3.3	2.6
Senegal	6.0	13.0	12.3	17.8	n.a.	n.a.	n.a.
Seychelles	0.1	0.1	0.2	0.3	0.4	1.5	3.9
Sierra Leone	10.5	18.4	17.7	15.2	20.8	7.1	7.2
Somalia	3.6	3.1	2.2	3.4	17.9	7.4	11.6
Sudan	9.8	12.6	8.6	8.2[c]	8.9[c]	10.8[c]	8.4[c]
Swaziland[a]	0.9	1.5	2.4	2.8	3.3	4.4	4.6
Tanzania[b]	7.3	7.4	7.1	8.4	6.1	n.a.	n.a.
Togo[a]	23.4	15.2	11.9[c]	11.2[c]	12.6[c]	11.4[c]	16.8[c]
Uganda[b]	6.0	6.1	5.6	8.8	25.0	n.a.	n.a.
Zaire	8.9	7.3	8.6	17.2	n.a.	n.a.	n.a.
Zambia	20.1	25.4	16.7	18.2	24.4	16.3	12.6
Zimbabwe	0.6	0.8	1.2	2.6	4.4	9.4	31.6

(continued)

Service Payments on External Public Debt as a Percentage of Exports of Goods and Services, 1977–83 *(continued)* Table 4

Region and country or other area	Service payments as a percentage of exports of goods and services						
	1977	1978	1979	1980	1981	1982	1983
East Asia and Pacific							
Fiji	2.5	4.7	2.8	3.4	4.6	6.3	7.3
Hong Kong	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Indonesia	11.5	18.2[d]	13.5[d]	7.9	8.2	10.6	12.8
Korea, Republic of	9.2	10.6	13.1	12.0	12.4	13.1	12.3
Malaysia	6.5	10.0[d]	4.5	2.5	3.6	5.6	5.9
Papua New Guinea	3.5	3.7	4.5	5.6	7.0	10.2	11.2
Philippines	7.6	13.3[d]	12.7[d]	7.2	9.8	12.7	15.1
Singapore	0.7	2.2	1.2	1.0	0.8	0.8	1.3
Solomon Islands	0.0	0.0	0.0	0.1	0.1	0.1	0.3
Thailand	2.9	3.7	4.7	5.1	6.7	8.4	10.3
Vanuatu	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Western Samoa	7.2	11.0	11.6	10.0	9.9	8.5	n.a.
Latin America and the Caribbean							
Argentina	15.4	27.0[d]	14.8	17.8	18.2	24.1	24.0
Bahamas	5.0	2.0	2.7	1.9	2.5	3.5	4.3
Barbados	3.7	2.7	3.1	2.9	2.6	3.6	4.0
Belize	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Bolivia	22.5	50.5[d]	31.4	27.2	26.2	28.2	30.5
Brazil	21.3	31.0	36.2	34.5	33.6	43.0	28.7[c]
Chile	33.8	40.7[d]	26.5	21.9	29.6	20.0	18.3
Colombia	8.9	9.3	12.8	9.0	13.4	17.6	21.3
Costa Rica	9.0	23.3[d]	23.0[d]	16.8	16.4	12.0	50.6[c]
Dominican Republic	6.8	9.3	18.8[d]	10.6	13.7	19.5	n.a.
Ecuador	7.3	12.0	38.3[d]	18.7	30.8	40.3	32.5
El Salvador	6.0	3.0	2.4	3.2	4.4	6.1	n.a.
Guatemala	1.2	1.9	2.4	2.4	4.0	7.8	11.7
Guyana	11.6	15.8	29.0[d]	16.9	21.5	18.3	24.5
Haiti	7.4	6.3	4.0	4.9	5.8	4.2	3.8
Honduras	7.0	8.4	12.6	10.1	12.8	18.9	14.9
Jamaica	14.7	16.5	15.7	13.6	25.4	17.9	14.9
Mexico	43.1	54.9[d]	62.2[d]	31.9	27.6	33.0	35.9[c]
Nicaragua	13.6	13.5	7.9	16.2	27.8	35.8	18.3
Panama	11.6	32.4[d]	15.0	6.0	5.0	6.5	6.8
Paraguay	6.3	7.2	8.9	11.5	9.7	10.3	14.9
Peru	30.5	31.1	22.3	30.9	44.9	36.4	19.6[c]
St. Vincent	n.a.	0.5	0.7	1.1	1.2	2.6	2.2
Trinidad and Tobago	0.9	1.9	2.2	6.3	2.6	2.8	n.a.
Uruguay	29.9	45.9[d]	10.0	12.4	10.0	13.4	19.8
Venezuela	7.6	6.9	9.5	13.3	10.6	16.0	15.0

Region and country or other area	Service payments as a percentage of exports of goods and services						
	1977	1978	1979	1980	1981	1982	1983
North Africa and the Middle East							
Algeria	15.5	20.9	26.5	25.8	24.6	28.6	32.2
Egypt, Arab Republic of	24.5	22.5	16.0	15.3	21.0	20.5	18.9
Jordan	3.2	4.0	5.3	5.3	6.4	6.1	7.1
Lebanon	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Morocco	10.8	18.7	21.9	27.6	30.9	35.2	29.1[c]
Oman	5.4	8.6	9.0	5.0	2.4	2.4	3.1
Syrian Arab Republic	6.9	11.2	8.8	8.9	8.8	10.5	9.6
Tunisia	9.6	11.4	10.9	13.0	14.2	15.0	19.7
Yemen Arab Republic	0.7	0.7	0.9	1.3	4.9	3.8	2.9
Yemen, People's Democratic Republic of	0.1	0.5	1.6	2.7	6.5	5.6	7.2
South Asia							
Bangladesh	10.4	11.8	8.4	5.5	6.8	8.0	8.9
Burma[e]	13.5	15.5	23.0	22.6	21.9	23.2	33.8
India[e]	9.3	9.8	8.7	7.0	7.1	7.5	n.a.
Maldives	0.2	0.3	0.2	0.4	0.9	1.9	5.5
Nepal	1.7	1.4	1.4	1.5	1.6	2.3	3.0
Pakistan	13.6	12.2	12.7	11.1	9.6	9.8	15.9
Sri Lanka	13.8	8.8	6.2	5.6	5.8	8.4	9.8
Southern Europe and other Mediterranean countries							
Cyprus	3.2	3.9	4.5	5.4	6.4	8.0	10.6
Greece	9.4	8.5	8.5	9.7	12.9	13.2	16.3
Hungary	n.a.	n.a.	n.a.	n.a.	15.9	18.1	18.8
Israel	11.5	8.1	17.2	12.0	19.8	21.0	19.6
Malta	0.3	0.3	0.4	0.3	0.3	0.3	1.2
Portugal	4.9	7.4	9.8	10.6	17.4	20.1	20.4
Romania	0.2	9.1	10.9	11.1	13.0	14.9[c]	9.0[c]
Turkey	11.1	11.4[c]	13.5[c]	17.8[c]	15.5[c]	17.3[c]	24.3[c]
Yugoslavia	3.9	3.5	4.2	3.4	4.0	4.5	6.1

NOTE: Debt-service ratios are based on debt service actually paid and not on contractual service due. Information on the sources, definitions, coverage, and interpretation of the data is given in the "General Notes to Appendix Tables."

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

b. Includes a notional share of debt-service payments on loans to the East African community: Kenya—42%; Tanzania—32%; and Uganda—26%.

c. Service payments for these years reflect the result of rescheduling arrangements.

d. Service payments for these years are affected strongly by prepayments.

e. Debt data are for fiscal years.

n.a. Not available.

SOURCE: The World Bank and IMF.

Projected Debt Service on External Public Debt Outstanding, by Region and Type of Creditor, as of December 31, 1983

Table 5

(US$ millions)

Region and type of creditor	Debt outstanding (including undisbursed) December 31, 1983	Projected debt service 1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Africa, south of the Sahara											
Bilateral official	27,163.5	2,196.3	3,083.9	2,745.2	2,614.5	2,562.9	2,539.8	2,363.9	2,104.0	1,901.9	1,690.8
Multilateral	22,143.8	1,099.4	1,312.3	1,516.0	1,642.6	1,745.3	1,706.4	1,598.4	1,466.6	1,416.3	1,347.4
Private											
Suppliers	3,110.3	646.3	634.8	548.9	409.2	326.1	227.2	164.4	116.4	89.9	59.3
Banks	25,534.5	5,673.9	6,257.5	6,081.1	4,811.3	3,904.2	2,814.8	1,509.0	889.3	662.4	446.6
Other	305.9	49.8	54.6	44.8	43.9	46.5	30.9	30.3	29.6	14.4	1.4
Total	78,258.0	9,665.8	11,343.2	10,936.0	9,521.4	8,585.0	7,319.2	5,666.1	4,605.7	4,084.9	3,545.6
East Asia and Pacific											
Bilateral official	26,872.6	1,998.4	2,235.3	2,367.0	2,396.2	2,352.9	2,290.9	2,177.1	2,192.3	2,100.2	1,952.3
Multilateral	27,431.1	2,036.2	2,454.6	2,836.7	3,106.0	3,262.1	3,307.1	3,261.3	3,136.1	2,991.8	2,849.1
Private											
Suppliers	6,926.6	1,395.2	1,290.6	1,235.5	1,056.8	902.2	773.8	629.5	495.8	362.1	242.5
Banks	37,316.5	6,196.3	6,631.3	7,203.9	7,462.4	7,383.1	6,055.4	4,404.5	3,323.9	1,987.1	1,100.6
Other	4,551.8	587.7	601.4	517.0	627.2	892.9	749.6	645.8	456.9	1,022.4	1,326.9
Total	103,098.6	12,213.8	13,213.3	14,160.1	14,648.5	14,793.2	13,176.7	11,118.2	9,605.0	8,463.6	7,471.4
Latin America and the Caribbean											
Bilateral official	29,352.4	4,248.9	4,373.4	4,307.6	3,593.5	3,059.9	2,593.9	2,272.5	2,006.9	1,620.6	1,402.9
Multilateral	41,580.0	3,481.4	4,090.3	4,618.4	4,961.0	5,031.8	4,940.1	4,785.7	4,484.1	4,202.5	3,902.4
Private											
Suppliers	9,897.7	2,164.7	2,018.1	1,663.8	1,472.6	1,251.8	1,004.7	793.4	661.3	520.1	316.7
Banks	166,709.8	29,989.5	38,387.9	39,419.6	41,530.9	33,597.1	27,644.8	17,339.6	5,557.2	1,773.6	936.6
Other	9,221.5	2,116.1	1,604.2	1,871.1	1,896.0	2,005.9	1,116.1	1,071.4	534.5	521.4	197.6
Total	256,761.4	42,000.5	50,473.9	51,880.5	53,453.9	44,946.5	37,299.6	26,262.6	13,244.0	8,638.2	6,756.2

North Africa and the Middle East											
Bilateral official	31,779.1	2,274.3	2,895.7	3,313.2	2,953.9	2,907.1	2,884.7	2,750.9	2,431.0	1,973.4	1,733.0
Multilateral	12,247.3	1,276.6	1,300.8	1,368.4	1,429.8	1,114.4	1,093.0	1,027.2	974.3	919.0	865.4
Private											
Suppliers	6,723.6	2,425.7	1,843.8	1,359.9	978.7	775.8	349.6	170.0	111.2	49.8	35.0
Banks	18,870.4	4,788.9	4,675.6	3,767.2	3,305.5	2,815.2	2,129.8	1,297.3	769.2	436.2	193.6
Other	470.8	162.2	114.5	66.7	48.2	58.6	23.8	14.2	4.1	0.5	0.4
Total	70,091.2	10,927.7	10,830.4	9,875.4	8,716.1	7,671.1	6,481.0	5,259.5	4,289.9	3,378.9	2,827.3
South Asia											
Bilateral official	25,643.7	1,460.1	1,554.8	1,607.6	1,635.2	1,552.1	1,537.2	1,474.5	1,421.6	1,382.8	1,365.5
Multilateral	27,921.8	644.1	796.7	963.0	1,116.3	1,232.9	1,248.5	1,215.2	1,186.7	1,192.1	1,207.8
Private											
Suppliers	842.4	160.6	161.8	143.1	120.1	107.3	92.7	75.2	56.3	44.6	35.2
Banks	4,208.4	816.7	897.6	807.6	795.8	740.8	610.3	412.0	184.5	152.7	102.1
Other	60.0	13.4	12.6	11.8	17.0	8.5	7.9	7.3	6.6	0.0	0.0
Total	58,676.3	3,094.9	3,423.5	3,533.0	3,684.6	3,641.6	3,496.6	3,184.1	2,855.7	2,772.1	2,710.5
Southern Europe and other Mediterranean countries											
Bilateral official	26,007.0	3,077.7	3,186.8	3,154.2	3,192.8	3,435.4	2,997.3	3,079.4	2,777.2	2,471.2	2,286.7
Multilateral	11,976.1	1,222.6	1,389.5	1,533.1	1,659.1	1,697.5	1,677.8	1,639.9	1,456.3	1,407.9	1,149.0
Private											
Suppliers	1,135.5	280.2	257.7	223.7	184.3	151.1	145.8	116.3	20.5	15.6	8.1
Banks	25,508.1	5,606.1	6,430.6	5,337.9	5,680.9	5,115.3	3,657.9	2,184.7	621.4	211.2	140.8
Other	2,870.5	308.7	288.8	453.0	445.4	377.1	296.8	335.0	247.7	255.5	284.7
Total	67,497.3	10,495.4	11,553.3	10,701.8	11,162.5	10,776.3	8,775.7	7,355.2	5,123.1	4,361.4	3,869.3
All developing countries											
Bilateral official	166,818.3	15,255.6	17,330.0	17,494.8	16,386.1	15,870.3	14,843.9	14,118.3	12,933.0	11,450.1	10,431.1
Multilateral	143,300.0	9,760.4	11,344.2	12,835.7	13,914.9	14,084.0	13,972.9	13,527.7	12,704.1	12,129.7	11,321.2
Private											
Suppliers	28,636.1	7,072.8	6,206.8	5,174.8	4,221.6	3,514.3	2,593.9	1,948.8	1,461.5	1,082.2	696.8
Banks	278,147.8	53,071.4	63,280.6	62,617.3	63,586.7	53,555.7	42,913.1	27,147.1	11,345.5	5,223.1	2,920.3
Other	17,480.6	3,237.9	2,676.1	2,964.3	3,077.7	3,389.5	2,225.1	2,103.9	1,279.3	1,814.1	1,811.0
Total	634,382.8	88,398.1	100,837.6	101,086.9	101,186.9	90,413.9	76,548.8	58,845.8	39,723.4	31,699.1	27,180.4

NOTE: Information on the sources, definitions, coverage, and interpretation of the data is given in the "General Notes to Appendix Tables." Items may not add to totals because of rounding.
Source: The World Bank.

External Resource Flows and Service Payments on External Public Debt, by Region, 1977–83

Table 6

(US$ millions)

Region and Year	Disbursements			Debt service				Net transfer	
	Loans	Grants and grantlike	Total	Amortization	Interest	Total	Net flow	Amount	% of disbursement
Africa, south of the Sahara									
1977	4,511.0	951.6	5,462.6	966.3	583.2	1,549.5	4,496.3	3,913.1	71.6
1978	7,118.4	1,720.4	8,838.8	1,287.0	830.7	2,117.7	7,551.8	6,721.1	76.0
1979	7,973.2	2,126.0	10,099.2	1,658.4	1,213.5	2,871.9	8,440.9	7,227.3	71.6
1980	9,567.7	2,677.4	12,245.1	2,196.8	1,921.2	4,118.0	10,048.3	8,127.1	66.4
1981	9,126.6	2,617.5	11,744.1	2,363.3	2,062.2	4,425.5	9,380.7	7,318.6	62.3
1982	10,386.7	2,332.4	12,719.0	2,579.1	2,361.6	4,940.8	10,139.9	7,778.2	61.2
1983	10,628.9	2,432.4	13,061.3	3,111.2	2,532.5	5,643.7	9,950.2	7,417.6	56.8
East Asia and Pacific									
1977	6,451.0	434.7	6,885.6	2,179.5	1,289.5	3,469.0	4,706.2	3,416.7	49.6
1978	9,198.5	456.9	9,655.4	4,308.0	1,696.9	6,004.8	5,347.4	3,650.6	37.8
1979	10,654.7	580.2	11,234.8	4,216.3	2,425.4	6,641.7	7,018.5	4,593.1	40.9
1980	10,328.1	579.5	10,907.6	3,135.9	3,156.3	6,292.2	7,771.7	4,615.4	42.3
1981	13,121.6	602.0	13,723.6	3,825.2	4,105.7	7,930.8	9,898.4	5,792.8	42.2
1982	14,881.9	555.3	15,437.2	4,196.3	4,813.2	9,009.5	11,240.9	6,427.6	41.6
1983	15,613.5	582.3	16,195.9	4,967.9	5,070.7	10,038.6	11,228.0	6,157.3	38.0
Latin America and the Caribbean									
1977	20,900.2	253.6	21,153.8	7,362.4	4,133.8	11,496.1	13,791.4	9,657.6	45.7
1978	30,633.0	259.2	30,892.2	12,313.3	6,107.0	18,420.3	18,578.9	12,471.8	40.4
1979	34,569.5	383.1	34,952.5	16,141.0	9,079.4	25,220.4	18,811.5	9,732.2	27.8
1980	30,552.9	330.7	30,883.6	14,190.8	12,825.3	27,016.0	16,692.8	3,867.5	12.5
1981	35,907.1	300.3	36,207.4	14,526.8	15,303.7	29,830.4	21,680.7	6,377.0	17.6
1982	35,130.8	542.7	35,673.5	13,510.7	18,591.1	32,101.7	22,162.8	3,571.8	10.0
1983	27,488.7	709.3	28,198.1	9,710.5	18,521.8	28,232.4	18,487.6	−34.3	−0.1
North Africa and the Middle East									
1977	9,559.6	251.8	9,811.5	1,750.0	1,067.5	2,817.4	8,061.5	6,994.0	71.3
1978	10,100.8	263.0	10,363.8	2,437.0	1,487.0	3,924.0	7,926.8	6,439.8	62.1
1979	9,555.3	313.9	9,869.2	3,316.1	2,244.2	5,560.3	6,553.1	4,308.9	43.7
1980	9,192.9	445.9	9,638.8	4,751.1	2,806.3	7,557.4	4,887.7	2,081.4	21.6
1981	9,508.2	422.0	9,930.2	5,335.2	2,943.4	8,278.5	4,595.1	1,651.7	16.6
1982	9,103.5	536.6	9,640.1	5,860.0	2,894.2	8,754.2	3,780.1	885.9	9.2
1983	8,472.6	625.1	9,097.7	6,304.4	2,712.0	9,016.4	2,793.3	81.3	0.9
South Asia									
1977	2,690.0	961.1	3,651.1	870.9	490.7	1,361.6	2,780.2	2,289.5	62.7
1978	3,042.5	1,411.2	4,453.7	953.6	618.1	1,571.7	3,500.1	2,882.0	64.7
1979	3,420.9	1,555.0	4,975.9	1,096.5	705.7	1,802.2	3,879.4	3,173.7	63.8
1980	5,003.2	2,090.5	7,093.7	1,180.8	743.2	1,924.0	5,912.9	5,169.7	72.9
1981	4,126.7	1,838.5	5,965.1	1,161.5	729.6	1,891.1	4,803.7	4,074.0	68.3
1982	5,375.9	1,637.4	7,013.3	1,202.8	899.6	2,102.4	5,810.4	4,910.9	70.0
1983	5,102.4	1,524.2	6,626.6	1,783.2	1,081.1	2,864.3	4,843.4	3,762.3	56.8
Southern Europe and other Mediterranean countries									
1977	4,016.0	636.6	4,652.6	1,364.1	804.0	2,168.2	3,288.4	2,484.4	53.4
1978	5,203.7	629.1	5,832.8	1,414.2	997.1	2,411.3	4,418.6	3,421.5	58.7
1979	9,566.6	794.5	10,361.1	2,624.8	1,509.3	4,134.0	7,736.3	6,227.1	60.1
1980	10,590.5	932.9	11,523.4	2,485.4	2,334.1	4,819.5	9,038.0	6,703.9	58.2
1981	9,830.0	983.2	10,813.1	3,695.4	3,494.2	7,189.6	7,117.7	3,623.5	33.5
1982	9,505.6	1,157.3	10,662.9	3,773.7	3,995.0	7,768.6	6,889.2	2,894.2	27.1
1983	8,796.2	1,450.5	10,246.6	4,189.7	4,422.8	8,612.5	6,057.0	1,634.1	15.9
Grand total									
1977	48,127.8	3,489.3	51,617.1	14,493.1	8,368.7	22,861.8	37,124.0	28,755.3	55.7
1978	65,296.9	4,739.9	70,036.8	22,713.1	11,736.9	34,449.9	47,323.7	35,586.8	50.8
1979	75,740.2	5,752.6	81,492.8	29,053.1	17,177.5	46,230.5	52,439.7	35,262.2	43.3
1980	75,235.3	7,056.9	82,292.2	27,940.7	23,786.4	51,727.2	54,351.5	30,565.0	37.1
1981	81,620.1	6,763.5	88,383.6	30,907.3	28,638.7	59,546.0	57,476.3	28,837.6	32.6
1982	84,384.3	6,761.6	91,145.9	31,122.6	33,554.6	64,677.3	60,023.3	26,468.6	29.0
1983	76,102.3	7,323.8	83,426.2	30,066.8	34,341.0	64,407.8	53,359.4	19,018.4	22.8

NOTE: Information on the sources, definitions, coverage, and interpretation of the data is given in the "General Notes to Appendix Tables." Items may not add to totals because of rounding.

SOURCE: The World Bank and OECD.

Average Terms of Loan Commitments and Grant Element of Loans and Grants, by Region, 1977–83

Table 7

(US$ millions)

Region and Year	Loan commitments: Amount	Maturity (years)	Grace (years)	Interest (%)	Grant element (%)	Grants (amount)	Grant element of loans and grants (%)
Africa, south of the Sahara							
1977	6,719.6	18.3	4.7	5.5	29	951.6	38
1978	9,547.1	16.6	4.7	6.6	23	1,720.4	35
1979	12,155.0	15.4	4.6	7.6	17	2,126.0	30
1980	12,425.9	17.5	4.9	7.3	21	2,677.4	35
1981	14,687.0	15.3	4.3	9.5	9	2,617.5	22
1982	11,490.1	19.0	5.1	7.7	19	2,332.4	33
1983	10,809.9	15.7	4.0	8.2	16	2,432.4	32
East Asia and Pacific							
1977	7,720.7	15.1	4.4	7.3	16	434.7	20
1978	13,910.4	15.6	4.6	8.0	13	456.9	16
1979	12,670.5	15.8	4.8	8.2	13	580.2	16
1980	15,462.9	16.2	4.7	9.9	5	579.5	8
1981	16,851.1	14.9	4.6	10.7	−2	602.0	2
1982	18,348.7	14.5	4.9	10.4	−2	555.3	2
1983	15,421.8	14.0	5.4	9.1	5	582.3	9
Latin America and the Caribbean							
1977	25,538.5	9.4	3.6	8.0	9	253.6	9
1978	33,654.5	10.2	4.2	9.4	3	259.2	4
1979	40,688.5	10.4	4.2	11.2	−4	383.1	−3
1980	31,398.0	10.8	4.1	11.7	−7	330.7	−6
1981	40,109.7	10.6	4.0	14.2	−17	300.3	−16
1982	40,306.2	10.1	3.5	12.9	−11	542.7	−9
1983	29,316.7	10.1	3.0	11.1	−4	709.3	−2
North Africa and the Middle East							
1977	12,174.2	14.9	4.9	6.3	22	251.8	23
1978	12,930.9	14.8	4.4	7.2	18	263.0	19
1979	12,368.0	15.3	4.5	8.0	13	313.9	15
1980	10,070.3	17.1	4.4	6.8	21	445.9	24
1981	9,674.3	15.1	3.7	7.3	17	422.0	20
1982	8,624.7	15.6	3.4	8.2	13	536.6	18
1983	10,581.1	14.1	3.0	8.5	10	625.1	15
South Asia							
1977	4,026.8	34.0	8.2	2.8	59	961.1	66
1978	4,809.9	38.1	9.0	2.0	67	1,411.2	74
1979	4,537.6	32.4	7.9	2.8	58	1,555.0	69
1980	9,630.6	30.2	7.3	4.0	50	2,090.5	59
1981	7,003.7	30.6	7.2	5.1	45	1,838.5	57
1982	7,540.6	28.4	6.9	6.0	37	1,637.4	48
1983	4,865.1	31.2	7.3	4.2	48	1,524.2	60
Southern Europe and other Mediterranean countries							
1977	4,721.6	17.7	6.0	7.1	19	636.6	29
1978	6,566.6	16.9	5.5	7.3	18	629.1	25
1979	9,744.5	14.6	5.1	10.1	4	794.5	12
1980	12,031.0	15.7	5.4	10.7	0	932.9	7
1981	11,745.4	13.0	4.3	12.3	−10	983.2	−2
1982	7,999.9	12.6	3.9	12.5	−13	1,157.3	2
1983	9,804.4	12.7	4.5	10.1	−2	1,450.5	11
Grand total							
1977	60,901.6	14.5	4.6	6.9	19	3,489.3	23
1978	81,419.4	14.8	4.7	7.9	14	4,739.9	19
1979	92,164.2	14.0	4.7	9.3	7	5,752.6	13
1980	91,018.7	16.0	4.8	9.3	9	7,056.9	15
1981	100,071.2	14.1	4.4	11.4	−2	6,763.5	4
1982	94,310.2	14.2	4.2	10.7	1	6,761.6	7
1983	80,799.0	13.4	3.9	9.6	5	7,323.8	12

NOTE: Information on the sources, definitions, coverage, and interpretation of the data is given in the "General Notes to Appendix Tables."

SOURCE: The World Bank and OECD.

Financial Statements of the International Bank for Reconstruction and Development

Balance Sheets

Appendix A

June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix G

Assets		1985	1984*
DUE FROM BANKS			
Unrestricted currencies (including interest-bearing demand deposits $39,299—1985, $47,597—1984)	$ 66,900		$ 106,012
Currencies subject to restrictions—Note A	289,425		354,986
		$ 356,325	460,998
INVESTMENTS—Note B			
Obligations of governments and their instrumentalities	16,714,853		10,036,553
Time deposits and other obligations of banks and financial institutions	3,061,942		5,537,881
		19,776,795	15,574,434
CASH COLLATERAL INVESTED—Note B		5,608,017	1,812,555
RECEIVABLE ON ACCOUNT OF SUBSCRIBED CAPITAL (Subject to restrictions—Note A)			
Nonnegotiable, non-interest-bearing demand obligations	1,174,326		1,088,573
Amounts required to maintain value of currency holdings	205		278
		1,174,531	1,088,851
RECEIVABLES—OTHER			
Contracts to borrow	14,037		83,789
Receivable for investment securities sold	4,053,816		444,615
Accrued income on loans	1,054,958		938,113
Accrued interest on investments	239,777		243,750
Net receivable from currency swaps—Note D	695,219		370,315
		6,057,807	2,080,582
LOANS OUTSTANDING (see Appendix D and Appendix G—Note C)			
Total loans	81,583,042		76,365,488
Less loans approved but not yet effective	10,939,600		8,493,824
Less undisbursed balance of effective loans	29,261,364		30,031,276
		41,382,078	37,840,388
OTHER ASSETS			
Land and buildings (less accumulated depreciation of $24,932—1985, $22,491—1984)	200,279		192,779
Unamortized issuance costs of borrowings	318,050		284,955
Notional amounts required to maintain value of currency holdings—Note A	798,806		706,530
Miscellaneous	314,823		297,964
		1,631,958	1,482,228
		$75,987,511	$60,340,036

Liabilities, Capital and Reserves		1985	1984
LIABILITIES			
Accrued charges on borrowings		$ 1,478,751	$ 1,324,170
Notional amounts required to maintain value of currency holdings—Note A		325,095	287,928
Accounts payable and other liabilities		293,615	227,821
Payable for investment securities purchased		6,537,171	1,256,044
Payable for cash collateral received		5,608,017	1,812,555
Due to International Development Association—Note G		1,142,339	1,047,339
Short-term borrowings (see Appendix E)		3,450,494	2,721,467
Medium- and long-term borrowings (see Appendix E)		46,791,482	42,293,520
CAPITAL AND RESERVES (SDRs in thousands)			
Capital stock (see Appendix F and Appendix G—Note A)			
Authorized capital (SDR 78,650,000—1985, SDR 71,650,000—1984)			
Subscribed capital (SDR 58,947,600—1985, SDR 54,315,400—1984)	$58,846,269		56,010,584
Less uncalled portion of subscriptions (SDR 53,795,776—1985, SDR 49,497,348—1984)	53,703,301		51,042,160
		5,142,968	4,968,424
Payments on account of pending subscriptions (see Appendix F)		60,712	58,667
Special reserve—Note E		292,538	292,538
General reserve (see Appendix B and Appendix G—Note E)			
Accumulated net income	4,883,287		4,383,248
Cumulative translation adjustments	(1,156,085)		(933,724)
		3,727,202	3,449,524
Accumulated net income—unallocated (see Appendix B)		1,137,127	600,039
		$75,987,511	$60,340,036

* Reclassified for comparative purposes.

Statements of Income

Appendix B

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix G

	1985	1984
Income		
Income from loans:		
Interest	$3,238,737	$2,961,922
Commitment charges	239,144	239,828
Front-end fees	10,062	33,964
Income from investments—Note B	2,019,138	1,399,022
Other income—Note D	21,671	19,786
Total income	5,528,752	4,654,522
Expenses		
Borrowing expenses:		
Interest on borrowings—Note D	3,932,867	3,638,395
Amortization of issuance costs	59,903	48,590
Administrative expenses—Note F	354,820	329,959
Other expenses	4,970	5,539
Total expenses	4,352,560	4,022,483
Operating Income	1,176,192	632,039
Contributions to special programs—Note F	39,065	32,000
Net Income	$1,137,127	$600,039

Statements of Accumulated Net Income–Unallocated

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix G

	1985	1984
Accumulated net income—unallocated at beginning of fiscal year	$ 600,039	$ 752,001
Allocation to General Reserve—Note E	(500,039)	(552,001)
Transfer to International Development Association—Notes E and G	(100,000)	(200,000)
Net income for fiscal year	1,137,127	600,039
Accumulated net income—unallocated at end of fiscal year—Note E	$1,137,127	$ 600,039

Statements of Changes in General Reserve

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix G

		1985	1984
Accumulated Net Income			
Balance at beginning of fiscal year	$4,383,248		$3,831,247
Allocation of portion of accumulated net income	500,039		552,001
		$4,883,287	4,383,248
Cumulative Translation Adjustments			
Balance at beginning of fiscal year	(933,724)		(697,144)
Translation adjustments for fiscal year	(222,361)		(236,580)
		(1,156,085)	(933,724)
Balance at End of Fiscal Year		$3,727,202	$3,449,524

Statements of Changes in Financial Position

Appendix C

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix G

		1985	1984*
Lending activities			
Disbursements	$ 8,868,687		$ 8,673,599
Repayments	(2,975,014)		(2,544,100)
Sales	(329)		(1,544)
Adjustments of loans outstanding as a result of net currency depreciations	(2,351,654)		(2,034,970)
Total financial resources used in lending activities		$ 3,541,690	4,092,985
Financial resources for lending activities were provided by (applied to):			
Operations:			
Net income	1,137,127		600,039
Noncash items (accrued income on loans and investments, accrued charges on borrowings and administrative expenses, depreciation, amortization of discounts, premiums, and issuance costs)	324,530		168,807
Financial resources provided by operations	1,461,657		768,846
Transfers to International Development Association	(100,000)		(200,000)
		1,361,657	568,846
Financing activities:			
Medium- and long-term borrowings:			
New issues	10,227,166		8,427,545
Retirements	(3,947,680)		(2,656,551)
Adjustments as a result of net currency depreciations	(1,884,948)		(1,637,568)
Decrease in amounts receivable for contracts to borrow	83,789		151,668
		4,478,327	4,285,094
Increase in short-term borrowings		714,991	1,233,273
Capital:			
New subscriptions (46,322 shares—1985, 55,593 shares—1984)	402,645		483,203
Adjustments as a result of depreciation of the SDR in terms of the US dollar	(228,101)		(234,218)
Increase in amounts required to maintain the value of currency holdings	(55,036)		(52,931)
Increase in restricted currencies and receivables	(20,192)		(13,701)
		99,316	182,353
Other activities:			
Change in nonearning assets and liabilities:			
Increase in payable to International Development Association	95,000		200,000
Other, net	(493,917)		(467,244)
		(398,917)	(267,244)
Translation adjustments		(222,361)	(236,580)
Total financial resources provided		6,033,013	5,765,742
Increase in cash and liquid investments		2,491,323	1,672,757
Cash and liquid investments, beginning of year		14,869,017	13,196,260
Cash and liquid investments, end of year		$17,360,340	$14,869,017
Composed of:			
Investments		$19,776,795	$15,574,434
Unrestricted currencies		66,900	106,012
Payable for investment securities purchased net of receivable for investment securities sold		(2,483,355)	(811,429)
		$17,360,340	$14,869,017

* Reclassified for comparative purposes.

Summary Statement of Loans

Appendix D

June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix G

	June 30, 1985				
Borrower or guarantor[a]	Total loans	Loans approved but not yet effective[b]	Undisbursed loans[c]	Loans outstanding	Percentage of total loans outstanding
Algeria	$ 1,155,754	$ 262,000	$ 538,034	$ 355,720	0.86
Argentina[d]	1,480,182	180,000	750,175	550,007	1.33
Australia	45,664	—	—	45,664	0.11
Bahamas	17,301	—	7,695	9,606	0.02
Bahamas, Barbados, Grenada, Guyana, Jamaica, Trinidad and Tobago, and United Kingdom[e]	36,169	—	4,690	31,479	0.08
Bangladesh	49,140	—	—	49,140	0.12
Barbados	51,068	—	27,000	24,068	0.06
Belize	5,185	—	1,621	3,564	0.01
Bolivia[d]	196,393	—	18,970	177,423	0.43
Botswana	173,693	10,700	63,939	99,054	0.24
Brazil	8,740,776	1,525,000	2,964,700	4,251,076	10.27
Cameroon	597,453	180,300	190,149	227,004	0.55
Chile	621,131	207,000	159,913	254,218	0.61
China	1,787,590	542,600	985,213	259,777	0.63
Colombia	3,502,364	129,000	1,570,130	1,803,234	4.36
Congo, People's Republic of the	65,041	—	21,561	43,480	0.11
Costa Rica	339,732	83,500	43,508	212,724	0.51
Cyprus	167,425	23,800	72,570	71,055	0.17
Dominican Republic	227,128	5,800	96,625	124,703	0.30
Ecuador	403,772	8,000	179,292	216,480	0.52
Egypt, Arab Republic of	2,269,167	717,300	725,196	826,671	2.00
El Salvador	124,657	—	25,886	98,771	0.24
Ethiopia	42,098	—	—	42,098	0.10
Fiji	56,232	—	—	56,232	0.14
Finland	8,822	—	—	8,822	0.02
Gabon	9,721	—	—	9,721	0.02
Ghana	105,998	—	5,799	100,199	0.24
Ghana, Ivory Coast, and Togo[f]	21,430	—	—	21,430	0.05
Greece	147,043	—	9,984	137,059	0.33
Guatemala	274,989	—	95,446	179,543	0.43
Guinea	47,219	—	—	47,219	0.11
Guyana	57,307	—	1,732	55,575	0.13
Honduras	395,194	26,500	77,121	291,573	0.70
Hungary	797,587	—	529,915	267,672	0.65
Iceland	22,200	—	—	22,200	0.05
India	6,815,623	2,110,200	2,954,215	1,751,208	4.23
Indonesia	7,095,703	833,400	3,531,476	2,730,827	6.60
Iran, Islamic Republic of	303,543	—	—	303,543	0.73
Iraq	49,022	—	—	49,022	0.12
Ireland	55,843	—	—	55,843	0.13
Israel	56,895	—	—	56,895	0.14
Ivory Coast[g]	1,185,369	141,300	256,558	787,511	1.90
Ivory Coast and Senegal[h]	6,096	—	6,055	41	—
Jamaica	503,560	9,000	106,918	387,642	0.94
Japan	105,887	—	—	105,887	0.26
Jordan	426,467	71,500	245,423	109,544	0.26
Kenya[i]	952,821	32,600	309,863	610,358	1.47
Kenya, Tanzania, and Uganda[f]	7,097	—	—	7,097	0.02
Korea, Republic of	4,358,103	411,000	963,569	2,983,534	7.21
Lebanon	56,668	—	27,393	29,275	0.07

Borrower or guarantor[a]	Total loans	Loans approved but not yet effective[b]	Undisbursed loans[c]	Loans outstanding	Percentage of total loans outstanding
	June 30, 1985				
Liberia	$ 109,229	$ —	$ 23,063	$ 86,166	0.21
Madagascar	25,022	—	—	25,022	0.06
Malawi	84,881	6,400	17,966	60,515	0.15
Malaysia	1,229,899	37,700	535,217	656,982	1.59
Mauritania	46,910	—	—	46,910	0.11
Mauritius	148,643	—	53,481	95,162	0.23
Mexico	5,527,254	598,000	1,731,671	3,197,583	7.73
Morocco	1,952,981	207,600	823,878	921,503	2.23
New Zealand	762	—	—	762	—
Nicaragua	137,436	—	1,450	135,986	0.33
Nigeria	2,151,626	253,000	876,832	1,021,794	2.47
Norway	5,515	—	—	5,515	0.01
Oman	81,394	23,000	23,283	35,111	0.08
Pakistan	1,003,554	433,000	218,641	351,913	0.85
Panama	462,321	51,000	152,870	258,451	0.62
Papua New Guinea	140,309	9,700	98,372	32,237	0.08
Paraguay	367,166	5,000	159,505	202,661	0.49
Peru	1,279,554	86,500	630,971	562,083	1.36
Philippines	3,234,079	104,000	1,191,652	1,938,427	4.68
Portugal	757,258	108,100	373,759	275,399	0.67
Romania	1,443,082	—	28,628	1,414,454	3.42
Senegal	99,398	—	24,116	75,282	0.18
Seychelles	6,200	6,200	—	—	—
Sierra Leone	7,978	—	—	7,978	0.02
Singapore	68,759	—	—	68,759	0.17
Spain	92,030	—	—	92,030	0.22
Sri Lanka	134,007	74,100	8,726	51,181	0.12
Sudan	39,693	—	—	39,693	0.10
Swaziland	51,582	8,600	6,369	36,613	0.09
Syrian Arab Republic	347,437	30,000	59,878	257,559	0.62
Tanzania[i]	261,734	—	26,100	235,634	0.57
Thailand	2,748,062	112,500	871,859	1,763,703	4.26
Togo	1,678	—	—	1,678	—
Trinidad and Tobago	34,328	—	—	34,328	0.08
Tunisia	1,170,998	179,700	550,211	441,087	1.07
Turkey	4,731,578	698,500	1,357,615	2,675,463	6.47
Uganda[j]	32,238	—	—	32,238	0.08
United Kingdom	1,139	—	—	1,139	—
Uruguay	307,074	4,000	187,894	115,180	0.28
Venezuela	45,044	—	—	45,044	0.11
Yugoslavia	3,099,551	382,500	871,923	1,845,128	4.46
Zaire	40,961	—	—	40,961	0.10
Zambia	393,191	—	94,391	298,800	0.72
Zimbabwe	383,619	10,000	217,883	155,736	0.38
Subtotal members[a]	80,308,476	10,939,600	28,786,538	40,582,338	
International Finance Corporation[a]	1,170,514	—	474,826	695,688	1.68
Other[k]	104,052	—	—	104,052	0.25
Total—June 30, 1985	$81,583,042	$10,939,600	$29,261,364	$41,382,078	100.00
Total—June 30, 1984	$76,365,488	$ 8,493,824	$30,031,276	$37,840,388	

(continued)

Summary Statement of Loans *(continued)* Appendix D

June 30, 1985 and June 30, 1984
See Notes to Financial Statements. Appendix G

NOTES

a. In some instances loans were made, with the guarantee of a member, in territories which at the time were included in that member's membership but which subsequently became independent and members of the IBRD. In order to avoid double counting, liabilities for these loans are shown under the name of the original member (whose guarantee continues unaffected). These loans are shown below together with an indication of the member under whose name they are listed.

GUARANTORS Borrowers	(US$ thousands) 1985	1984
AUSTRALIA		
Papua New Guinea	$26,908	$33,286
UNITED KINGDOM		
Swaziland	473	864
Zambia and Zimbabwe*	666	1,210

* Loans made for joint benefit of territories listed.

Loans made to the International Finance Corporation are not guaranteed by members.

b. Loan agreements totaling $4,897,800,000 ($5,437,098,000—1984) 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 actions and furnish certain documents to the IBRD, and agreements providing for loans totaling $6,041,800,000 ($3,056,726,000—1984) have been approved by the IBRD but have not been signed.

c. These amounts include grant participations of $5,550,000 ($6,608,000—1984). The grant participations represent participations on a grant basis taken in a number of loans under the terms of an aid cooperation agreement between a member country and the IBRD. Of the undisbursed balance, the IBRD has entered into irrevocable commitments to disburse $32,462,000 ($57,170,000—1984).

d. One loan equivalent to $6,674,000 ($8,229,000—1984) is shown under Bolivia (Guarantor) but is also guaranteed by Argentina.

e. Loans made to the Caribbean Development Bank for the benefit of the territories of the members listed (in the case of the United Kingdom, the territories are those of its Associated States and Dependencies in the Caribbean region). The members will be severally liable as guarantors to the extent of subloans made in their territories.

f. Members are jointly and severally liable.

g. One loan equivalent to $11,903,000 ($14,226,000—1984) is shown under Ivory Coast (Guarantor) but is also partially guaranteed by Burkina Faso.

h. Loan made to the West African Development Bank for the benefit of the territories of the members listed. The members will be severally liable as guarantors to the extent of subloans made in their territories.

i. Includes portions of loans made to corporations of the East African Community.

j. Represents portions of loans made to corporations of the East African Community.

k. Represents loans made at a time when the authorities on Taiwan represented China in the IBRD (prior to May15, 1980).

Summary of Currencies Repayable on Loans Outstanding

Currencies	1985	1984
Australian dollars	$ 52,983	$ 58,725
Austrian schillings	259,977	256,130
Belgian francs	96,969	89,181
Brazilian cruzeiros	2,212	3,176
Burmese kyats	1,020	1,089
Canadian dollars	161,348	130,156
Danish kroner	24,836	23,893
Deutsche mark	9,109,702	8,594,083
European currency units	40,481	—
Finnish markkaa	23,386	22,355
French francs	92,909	100,502
Ghanaian cedis	66	102
Greek drachmas	1,088	1,247
Icelandic kronur	567	395
Indian rupees	67,327	73,037
Iranian rials	36,607	36,077
Iraqi dinars	4,970	4,557
Irish pounds	8,213	7,263
Italian lire	62,171	58,053
Japanese yen	9,759,189	8,613,995
Kuwaiti dinars	273,684	295,160
Lebanese pounds	1,034	2,864
Libyan dinars	121,930	117,435
Luxembourg francs	23,375	24,644
Malaysian ringgit	56,633	56,183

Currencies	1985	1984
Mexican pesos	$ 4,286	$ 5,008
Netherlands guilders	2,845,149	2,391,427
Nicaraguan cordobas	71	209
Norwegian kroner	20,024	23,841
Portuguese escudos	4,820	5,541
Pounds sterling	384,080	342,887
Rials Omani	852	852
Saudi Arabian riyals	147,514	201,099
Singapore dollars	8,813	8,540
South African rand	20,878	20,578
Spanish pesetas	17,316	19,095
Sri Lanka rupees	29	32
Sudanese pounds	266	514
Swedish kronor	36,430	34,668
Swiss francs	10,742,375	9,575,056
New Taiwan dollars	—	504
Tunisian dinars	695	1,202
United Arab Emirates dirhams	19,806	28,518
United States dollars	6,735,808	6,492,121
United States dollars/Swiss franc linked	100,000	100,000
Venezuelan bolivares	10,189	18,394
Loans outstanding	$41,382,078	$37,840,388

Maturity Structure of Loans*

Periods	June 30, 1985
July 1, 1985 to June 30, 1986	$ 3,976,623
July 1, 1986 to June 30, 1987	4,742,641
July 1, 1987 to June 30, 1988	5,482,107
July 1, 1988 to June 30, 1989	5,976,862
July 1, 1989 to June 30, 1990	6,298,834
July 1, 1990 to June 30, 1995	25,441,443
July 1, 1995 to June 30, 2000	20,710,397
July 1, 2000 to June 30, 2005	3,387,355
July 1, 2005 to June 30, 2009	7,244
Undetermined**	(5,380,064)
Total	$70,643,442

Periods	June 30, 1984
July 1, 1984 to June 30, 1985	$ 3,425,536
July 1, 1985 to June 30, 1986	4,009,403
July 1, 1986 to June 30, 1987	4,787,278
July 1, 1987 to June 30, 1988	5,410,016
July 1, 1988 to June 30, 1989	5,752,189
July 1, 1989 to June 30, 1994	27,051,761
July 1, 1994 to June 30, 1999	17,261,394
July 1, 1999 to June 30, 2004	3,749,872
July 1, 2004 to June 30, 2009	36,262
Undetermined**	(3,612,047)
Total	$67,871,664

* Includes undisbursed balance of effective loans.

** Represents cancellations, prepayments, and exchange adjustments that have not been allocated to specific maturities.

Summary Statements of Borrowings

Appendix E

June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix G

Medium- and Long-term Borrowings and Currency Swaps

	Medium- and long-term borrowings				Currency swap agreements[a]					
	Principal outstanding		Weighted average cost (%)	Due dates at	Payable (receivable)		Weighted average cost (return, %)	Due dates at	Net currency obligations	
Currencies	June 30, 1985	June 30, 1984	June 30, 1985	June 30, 1985	June 30, 1985	June 30, 1984	June 30, 1985	June 30, 1985	June 30, 1985	June 30, 1984
Austrian schillings	$ 172,719	$ 99,547	8.66	1986-94	$ 61,672	$ 67,803	9.58	1985-94		
					(57,143)	—	(8.37)	1985-94	$ 177,248	$ 167,350
Belgian francs	151,842	117,766	11.54	1985-90	(77,536)	(32,322)	(11.55)	1986-90	74,306	85,444
Canadian dollars	667,543[b]	385,189	11.19	1985-2083	(298,815)	(159,065)	(12.02)	1985-91	368,728	226,124
Danish kroner	18,273	—	11.67	1992	(17,955)	—	(11.66)	1986-92	318	—
Deutsche mark	7,857,467	7,391,263	8.11	1985-99	923,352	750,256	8.19	1985-92	8,780,819	8,141,519
European currency units	338,077	120,583	10.39	1988-95	(107,297)	(56,222)	(10.32)	1985-93	230,780	64,361
French francs	4,830	7,022	7.53	1986-87	—	—	—	—	4,830	7,022
Italian lire	61,001	14,131	12.07	1985-92	(49,743)	—	(13.60)	1986-92	11,258	14,131
Japanese yen	9,565,009	8,137,461	8.08	1985-2001	98,922	—	6.75	1985-93	9,663,931	8,137,461
Kuwaiti dinars	205,893	242,785	9.45	1985-92	—	—	—	—	205,893	242,785
Libyan dinars	101,333	101,333	12.00	1990	—	—	—	—	101,333	101,333
Luxembourg francs	32,495	17,643	10.07	1989-90	(15,939)	—	(9.57)	1986-90	16,556	17,643
Netherlands guilders	2,635,942	2,156,731	9.36	1985-2005	228,433	145,805	8.01	1985-91	2,864,375	2,302,536
Norwegian kroner	39,777	12,513	11.68	1986-91	—	—	—	—	39,777	12,513
Pounds sterling	1,252,362	913,073	12.23	1985-2003	129,508	108,495	10.65	1985-93		
					(63,400)	—	(10.21)	1986-93	1,318,470	1,021,568
Swedish kronor	9,382	11,608	6.53	1985-92	—	—	—	—	9,382	11,608
Swiss francs	7,465,810	6,825,058	6.19	1985-95	2,853,004	2,230,950	6.62	1985-94	10,318,814	9,056,008
United Arab Emirates dirhams	32,689	40,861	8.02	1986-89	—	—	—	—	32,689	40,861
United States dollars	16,133,454[c]	15,563,527	11.21	1985-2015	(4,302,282)	(3,426,015)	(13.18)	1985-94	11,831,172	12,137,512
United States dollars/ Swiss franc linked	100,000	100,000	6.92	1989	—	—	—	—	100,000	100,000
Venezuelan bolivares	1,489	22,147	7.44	1985-87	—	—	—	—	1,489	22,147
Subtotal	46,847,387	42,280,241	9.14[d]							
Plus contracts to borrow	—	84,211								
Principal at face value	46,847,387	42,364,452								
Less net unamortized discounts and premiums	55,905	70,932								
Total	$46,791,482	$42,293,520								

a. See Appendix G—Note D.

b. Includes Can$200,000,000 (US equivalent $147,200,000) of variable interest rate borrowings.

c. Includes a serial zero coupon borrowing with an aggregate face amount of $1,380,000,000 which has been recorded at its discounted value of $300,000,000, as well as $1,200,000,000 of variable rate borrowings and $196,453,000 borrowed from the Interest Subsidy Fund. The Interest Subsidy Fund, which obtained its resources from voluntary contributions from member governments, was established to subsidize the interest payments to the IBRD on selected loans made to poorer developing countries. In addition, the IBRD has entered into interest rate swap agreements with respect to notional principal amounts of $150,000,000 under which it is obligated to make interest payments on a variable rate basis in exchange for fixed rate payments.

d. The weighted average cost of medium- and long-term borrowings outstanding at June 30, 1985, after adjustment for swap activities, was 8.55% compared with 8.63% at June 30, 1984.

Maturity Structure of Medium- and Long-Term Borrowings Outstanding

Periods	June 30, 1985	Periods	June 30, 1984
July 1, 1985 to June 30, 1986	$ 4,193,643	July 1, 1984 to June 30, 1985	$ 3,794,433
July 1, 1986 to June 30, 1987	6,239,018	July 1, 1985 to June 30, 1986	4,535,195
July 1, 1987 to June 30, 1988	4,937,736	July 1, 1986 to June 30, 1987	5,502,854
July 1, 1988 to June 30, 1989	4,952,499	July 1, 1987 to June 30, 1988	4,939,004
July 1, 1989 to June 30, 1990	5,393,032	July 1, 1988 to June 30, 1989	5,084,047
July 1, 1990 to June 30, 1995	15,834,002	July 1, 1989 to June 30, 1994	13,018,554
July 1, 1995 to June 30, 2000	4,085,326	July 1, 1994 to June 30, 1999	4,258,184
July 1, 2000 to June 30, 2005	764,931	July 1, 1999 to June 30, 2004	1,147,970
July 1, 2005 to June 30, 2015	300,000		
July 1, 2015 to June 30, 2083	147,200		
Total	$46,847,387	Total	$42,280,241

Short-term Borrowings

	Principal outstanding		Weighted average cost (%)	
Currency: US dollars	June 30, 1985	June 30, 1984	June 30, 1985	June 30, 1984
Discount Notes				
Principal outstanding at face value	$2,207,350	$1,999,585		
Plus contracts to borrow	14,400	—		
Principal at face value	2,221,750	1,999,585		
Less net unamortized discounts	21,256	27,118		
Subtotal	2,200,494	1,972,467	7.71	10.72
Central Bank Facility	1,250,000	749,000	8.33	12.43
Total	$3,450,494	$2,721,467		

Statement of Subscriptions to Capital Stock and Voting Power

Appendix F

June 30, 1985 and June 30, 1984
Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix G

	June 30, 1985								
	Subscriptions			Amounts paid in (Note A)		Amounts subject to call (Note A)		Voting power	
Members	Shares	Percentage of total	Expressed in special drawing rights (SDR)	Expressed in special drawing rights (SDR)	Expressed in current US dollars	Expressed in special drawing rights (SDR)	Expressed in current US dollars	Number of votes	Percentage of total
Afghanistan	300	0.05	30,000	3,000	$ 2,995	27,000	$ 26,954	550	0.09
Algeria	4,755	0.81	475,500	39,605	39,537	435,895	435,146	5,005	0.80
Antigua and Barbuda	20	*	2,000	200	200	1,800	1,797	270	0.04
Argentina	5,831	0.99	583,100	53,610	53,518	529,490	528,580	6,081	0.97
Australia	12,737	2.16	1,273,700	109,777	109,589	1,163,923	1,161,922	12,987	2.07
Austria	5,469	0.93	546,900	45,882	45,804	501,018	500,156	5,719	0.91
Bahamas	171	0.03	17,100	1,710	1,707	15,390	15,364	421	0.07
Bahrain	566	0.10	56,600	2,777	2,773	53,823	53,730	816	0.13
Bangladesh[a]	1,242	0.21	124,200	12,420	12,399	111,780	111,588	1,492	0.24
Barbados	519	0.09	51,900	2,365	2,361	49,535	49,450	769	0.12
Belgium	14,321	2.43	1,432,100	123,703	123,490	1,308,397	1,306,148	14,571	2.33
Belize	39	0.01	3,900	390	389	3,510	3,504	289	0.05
Benin	100	0.02	10,000	1,000	998	9,000	8,985	350	0.06
Bhutan[a]	9	*	900	90	90	810	809	259	0.04
Bolivia	264	0.04	26,400	2,640	2,635	23,760	23,719	514	0.08
Botswana	331	0.06	33,100	715	714	32,385	32,329	581	0.09
Brazil	10,794	1.83	1,079,400	92,582	92,423	986,818	985,121	11,044	1.76
Burkina Faso[a]	100	0.02	10,000	1,000	998	9,000	8,985	350	0.06
Burma[a]	591	0.10	59,100	5,910	5,900	53,190	53,099	841	0.13
Burundi	150	0.03	15,000	1,500	1,497	13,500	13,477	400	0.06
Cameroon[a]	200	0.03	20,000	2,000	1,997	18,000	17,969	450	0.07
Canada	21,782	3.70	2,178,200	189,295	188,970	1,988,905	1,985,486	22,032	3.52
Cape Verde	16	*	1,600	160	160	1,440	1,437	266	0.04
Central African Republic	100	0.02	10,000	1,000	998	9,000	8,985	350	0.06
Chad	100	0.02	10,000	1,000	998	9,000	8,985	350	0.06
Chile[a]	1,240	0.21	124,000	12,400	12,379	111,600	111,408	1,490	0.24
China	23,482	3.98	2,348,200	204,240	203,889	2,143,960	2,140,275	23,732	3.79
Colombia	1,175	0.20	117,500	11,750	11,730	105,750	105,568	1,425	0.23
Comoros	16	*	1,600	160	160	1,440	1,437	266	0.04
Congo, People's Rep. of the	100	0.02	10,000	1,000	998	9,000	8,985	350	0.06
Costa Rica	131	0.02	13,100	1,310	1,308	11,790	11,770	381	0.06
Cyprus	788	0.13	78,800	4,730	4,722	74,070	73,943	1,038	0.17
Denmark	5,136	0.87	513,600	42,955	42,881	470,645	469,836	5,386	0.86
Djibouti[a]	31	0.01	3,100	310	309	2,790	2,785	281	0.04
Dominica[a]	16	*	1,600	160	160	1,440	1,437	266	0.04
Dominican Republic	589	0.10	58,900	2,980	2,975	55,920	55,824	839	0.13
Ecuador[a]	368	0.06	36,800	3,680	3,674	33,120	33,063	618	0.10
Egypt, Arab Republic of	3,444	0.58	344,400	28,080	28,032	316,320	315,776	3,694	0.59
El Salvador	141	0.02	14,100	1,410	1,408	12,690	12,668	391	0.06
Equatorial Guinea	64	0.01	6,400	640	639	5,760	5,750	314	0.05

June 30, 1985

Members	Subscriptions: Shares	Subscriptions: Percentage of total	Subscriptions: Expressed in special drawing rights (SDR)	Amounts paid in (Note A): Expressed in special drawing rights (SDR)	Amounts paid in (Note A): Expressed in current US dollars	Amounts subject to call (Note A): Expressed in special drawing rights (SDR)	Amounts subject to call (Note A): Expressed in current US dollars	Voting power: Number of votes	Voting power: Percentage of total
Ethiopia	533	0.09	53,300	2,488	$ 2,483	50,812	$ 50,725	783	0.12
Fiji	481	0.08	48,100	2,100	2,096	46,000	45,921	731	0.12
Finland	3,726	0.63	372,600	31,420	31,366	341,180	340,593	3,976	0.63
France	34,260	5.81	3,426,000	298,993	298,479	3,127,007	3,121,632	34,510	5.51
Gabon	120	0.02	12,000	1,200	1,198	10,800	10,781	370	0.06
Gambia, The	53	0.01	5,300	530	529	4,770	4,762	303	0.05
Germany, Fed. Rep. of	34,347	5.83	3,434,700	299,757	299,242	3,134,943	3,129,554	34,597	5.52
Ghana	856	0.15	85,600	8,560	8,545	77,040	76,908	1,106	0.18
Greece	945	0.16	94,500	9,450	9,434	85,050	84,904	1,195	0.19
Grenada	17	*	1,700	170	170	1,530	1,527	267	0.04
Guatemala	167	0.03	16,700	1,670	1,667	15,030	15,004	417	0.07
Guinea	713	0.12	71,300	4,070	4,063	67,230	67,114	963	0.15
Guinea-Bissau	27	*	2,700	270	270	2,430	2,426	277	0.04
Guyana[2]	579	0.10	57,900	2,895	2,890	55,005	54,910	829	0.13
Haiti	589	0.10	58,900	2,977	2,972	55,923	55,826	839	0.13
Honduras	110	0.02	11,000	1,097	1,096	9,903	9,885	360	0.06
Hungary	4,203	0.71	420,300	34,753	34,693	385,547	384,885	4,453	0.71
Iceland	680	0.12	68,000	3,780	3,774	64,220	64,110	930	0.15
India	23,002	3.90	2,300,200	198,972	198,630	2,101,228	2,097,615	23,252	3.71
Indonesia	7,777	1.32	777,700	66,173	66,059	711,527	710,304	8,027	1.28
Iran, Islamic Rep. of	1,580	0.27	158,000	15,800	15,773	142,200	141,956	1,830	0.29
Iraq	956	0.16	95,600	9,560	9,544	86,040	85,892	1,206	0.19
Ireland	2,701	0.46	270,100	21,548	21,510	248,552	248,125	2,951	0.47
Israel	1,108	0.19	110,800	11,080	11,061	99,720	99,549	1,358	0.22
Italy	19,842	3.37	1,984,200	172,240	171,944	1,811,960	1,808,845	20,092	3.21
Ivory Coast	834	0.14	83,400	5,840	5,830	77,560	77,427	1,084	0.17
Jamaica	446	0.08	44,600	4,460	4,452	40,140	40,071	696	0.11
Japan	40,830	6.93	4,083,000	356,478	355,865	3,726,522	3,720,117	41,080	6.56
Jordan	233	0.04	23,300	2,330	2,326	20,970	20,934	483	0.08
Kampuchea, Democratic	214	0.04	21,400	2,140	2,136	19,260	19,227	464	0.07
Kenya	1,315	0.22	131,500	9,363	9,346	122,137	121,928	1,565	0.25
Korea, Republic of	3,163	0.54	316,300	25,600	25,556	290,700	290,200	3,413	0.54
Kuwait	6,451	1.09	645,100	54,515	54,421	590,585	589,570	6,701	1.07
Lao People's Dem. Rep.	100	0.02	10,000	1,000	998	9,000	8,985	350	0.06
Lebanon	90	0.02	9,000	900	898	8,100	8,086	340	0.05
Lesotho	362	0.06	36,200	985	983	35,215	35,154	612	0.10
Liberia	213	0.04	21,300	2,130	2,126	19,170	19,137	463	0.07
Libya	1,951	0.33	195,100	19,510	19,476	175,590	175,288	2,201	0.35
Luxembourg	825	0.14	82,500	5,055	5,046	77,445	77,312	1,075	0.17
Madagascar	219	0.04	21,900	2,190	2,186	19,710	19,676	469	0.07

(continued)

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

Appendix F

June 30, 1985 and June 30, 1984
Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix G

	June 30, 1985								
	Subscriptions			Amounts paid in (Note A)		Amounts subject to call (Note A)		Voting power	
Members	Shares	Percentage of total	Expressed in special drawing rights (SDR)	Expressed in special drawing rights (SDR)	Expressed in current US dollars	Expressed in special drawing rights (SDR)	Expressed in current US dollars	Number of votes	Percentage of total
Malawi[a]	150	0.03	15,000	1,500	$ 1,497	13,500	$ 13,477	400	0.06
Malaysia	4,250	0.72	425,000	35,165	35,105	389,835	389,165	4,500	0.72
Maldives	262	0.04	26,200	105	105	26,095	26,050	512	0.08
Mali	173	0.03	17,300	1,730	1,727	15,570	15,543	423	0.07
Malta	163	0.03	16,300	1,630	1,627	14,670	14,645	413	0.07
Mauritania	100	0.02	10,000	1,000	998	9,000	8,985	350	0.06
Mauritius	678	0.12	67,800	3,763	3,756	64,037	63,927	928	0.15
Mexico	6,360	1.08	636,000	53,715	53,623	582,285	581,284	6,610	1.06
Morocco	2,612	0.44	261,200	20,765	20,729	240,435	240,022	2,862	0.46
Mozambique	272	0.05	27,200	2,720	2,715	24,480	24,438	522	0.08
Nepal	533	0.09	53,300	2,488	2,483	50,812	50,725	783	0.12
Netherlands	15,117	2.56	1,511,700	130,700	130,475	1,381,000	1,378,626	15,367	2.45
New Zealand	3,313	0.56	331,300	27,690	27,642	303,610	303,088	3,563	0.57
Nicaragua	91	0.02	9,100	910	908	8,190	8,176	341	0.05
Niger[a]	100	0.02	10,000	1,000	998	9,000	8,985	350	0.06
Nigeria	2,941	0.50	294,100	29,410	29,359	264,690	264,235	3,191	0.51
Norway[a]	2,410	0.41	241,000	24,100	24,059	216,900	216,527	2,660	0.42
Oman[a]	192	0.03	19,200	1,920	1,917	17,280	17,250	442	0.07
Pakistan[a]	2,519	0.43	251,900	25,190	25,147	226,710	226,320	2,769	0.44
Panama	216	0.04	21,600	2,160	2,156	19,440	19,407	466	0.07
Papua New Guinea	246	0.04	24,600	2,460	2,456	22,140	22,102	496	0.08
Paraguay	386	0.07	38,600	1,195	1,193	37,405	37,341	636	0.10
Peru	938	0.16	93,800	9,380	9,364	84,420	84,275	1,188	0.19
Philippines	3,598	0.61	359,800	29,398	29,347	330,402	329,835	3,848	0.61
Portugal	1,324	0.22	132,400	13,240	13,217	119,160	118,955	1,574	0.25
Qatar	1,096	0.19	109,600	7,431	7,418	102,169	101,993	1,346	0.21
Romania	2,001	0.34	200,100	20,010	19,976	180,090	179,780	2,251	0.36
Rwanda[a]	174	0.03	17,400	1,740	1,737	15,660	15,633	424	0.07
St. Christopher and Nevis	25	*	2,500	250	250	2,250	2,246	275	0.04
St. Lucia	29	*	2,900	290	290	2,610	2,605	279	0.04
St. Vincent	13	*	1,300	130	130	1,170	1,168	263	0.04
São Tomé and Principe	14	*	1,400	140	140	1,260	1,258	264	0.04
Saudi Arabia	11,212	1.90	1,121,200	96,370	96,204	1,024,830	1,023,068	11,462	1.83
Senegal	362	0.06	36,200	3,620	3,614	32,580	32,524	612	0.10
Seychelles	11	*	1,100	110	110	990	988	261	0.04
Sierra Leone	150	0.03	15,000	1,500	1,497	13,500	13,477	400	0.06
Singapore	320	0.05	32,000	3,200	3,195	28,800	28,750	570	0.09
Solomon Islands	283	0.05	28,300	290	290	28,010	27,962	533	0.09
Somalia	189	0.03	18,900	1,890	1,887	17,010	16,981	439	0.07
South Africa	5,713	0.97	571,300	49,630	49,545	521,670	520,773	5,963	0.95

	June 30, 1985								
	Subscriptions			Amounts paid in (Note A)		Amounts subject to call (Note A)		Voting power	
Members	Shares	Percentage of total	Expressed in special drawing rights (SDR)	Expressed in special drawing rights (SDR)	Expressed in current US dollars	Expressed in special drawing rights (SDR)	Expressed in current US dollars	Number of votes	Percentage of total
Spain	9,135	1.55	913,500	78,015	$ 77,881	835,485	$ 834,049	9,385	1.50
Sri Lanka	2,110	0.36	211,000	16,353	16,324	194,647	194,313	2,360	0.38
Sudan	600	0.10	60,000	6,000	5,990	54,000	53,907	850	0.14
Suriname	162	0.03	16,200	1,620	1,617	14,580	14,555	412	0.07
Swaziland	440	0.07	44,000	1,670	1,667	42,330	42,257	690	0.11
Sweden	7,367	1.25	736,700	62,568	62,460	674,132	672,974	7,617	1.22
Syrian Arab Republic	1,233	0.21	123,300	8,642	8,628	114,658	114,460	1,483	0.24
Tanzania[a]	350	0.06	35,000	3,500	3,494	31,500	31,446	600	0.10
Thailand	3,111	0.53	311,100	25,152	25,109	285,948	285,456	3,361	0.54
Togo	150	0.03	15,000	1,500	1,497	13,500	13,477	400	0.06
Trinidad and Tobago	667	0.11	66,700	6,670	6,659	60,030	59,927	917	0.15
Tunisia	373	0.06	37,300	3,730	3,724	33,570	33,512	623	0.10
Turkey	3,408	0.58	340,800	27,762	27,715	313,038	312,499	3,658	0.58
Uganda	333	0.06	33,300	3,330	3,324	29,970	29,918	583	0.09
United Arab Emirates[a]	980	0.17	98,000	9,800	9,783	88,200	88,048	1,230	0.20
United Kingdom	35,376	6.00	3,537,600	328,445	327,880	3,209,155	3,203,638	35,626	5.69
United States	123,177	20.90	12,317,700	1,116,290	1,114,371	11,201,410	11,182,155	123,427	19.70
Uruguay	518	0.09	51,800	5,180	5,171	46,620	46,540	768	0.12
Vanuatu	323	0.05	32,300	643	641	31,657	31,603	573	0.09
Venezuela	7,560	1.28	756,000	64,265	64,155	691,735	690,546	7,810	1.25
Viet Nam	543	0.09	54,300	5,430	5,421	48,870	48,786	793	0.13
Western Samoa	267	0.05	26,700	170	170	26,530	26,484	517	0.08
Yemen Arab Republic	455	0.08	45,500	1,802	1,799	43,698	43,622	705	0.11
Yemen, People's Dem. Rep. of	336	0.06	33,600	3,360	3,354	30,240	30,188	586	0.09
Yugoslavia[a]	1,509	0.26	150,900	15,090	15,064	135,810	135,577	1,759	0.28
Zaire	2,643	0.45	264,300	21,037	21,001	243,263	242,844	2,893	0.46
Zambia[a]	1,151	0.20	115,100	11,510	11,490	103,590	103,412	1,401	0.22
Zimbabwe[a]	817	0.14	81,700	8,170	8,156	73,530	73,404	1,067	0.17
Total—June 30, 1985	589,476	100.00	58,947,600	5,151,824	$5,142,968	53,795,776	$53,703,301	626,476	100.00
Total—June 30, 1984	543,154		54,315,400	4,818,052	4,968,424	49,497,348	51,042,160	579,654	

a. Amounts aggregating the equivalent of $60,712,000 have been received from members on account of increases in subscriptions which are in process of completion: Bangladesh $7,579,000, Bhutan $7,000, Burkina Faso $117,000, Burma $3,780,000, Cameroon $111,000, Chile $2,850,000, Djibouti $4,000, Dominica $2,000, Ecuador $311,000, Guyana $224,000, Malawi $174,000, Niger $40,000, Norway $10,118,000, Oman $163,000, Pakistan $18,066,000, Rwanda $1,358,000, Tanzania $130,000, United Arab Emirates $1,082,000, Yugoslavia $4,885,000, Zambia $3,592,000, and Zimbabwe $6,119,000.

* Less than 0.005 percent.

Notes to Financial Statements

Appendix G

June 30, 1985 and June 30, 1984

Summary of Significant Accounting and Related Policies

Translation of Currencies

The IBRD's principal financial statements are expressed in terms of US dollars. In addition, the IBRD prepares financial statements expressed in terms of special drawing rights (SDRs). The IBRD's financial statements are expressed in terms of US dollars or SDRs solely for the purpose of summarizing the IBRD's financial position and the results of its operations for the convenience of its members and other interested parties.

The IBRD is an international organization which conducts its operations in the currencies of all of its members. The IBRD's resources are derived from its capital, borrowings, and accumulated earnings in the various currencies of its members and Switzerland and are held, invested, or lent in those same currencies. The IBRD matches its borrowing obligations in any one currency with assets in the same currency, as prescribed by its Articles of Agreement, primarily by holding or lending the proceeds of its borrowings in the same currencies in which they are borrowed. Borrowed funds are sometimes converted into other currencies, and, at the same time, forward exchange contracts are entered into in order to recover the currency converted. With respect to its other resources, the IBRD does not convert one currency into another except for small amounts required to meet certain obligations and operational needs of the IBRD.

Assets and liabilities are translated at market rates of exchange at the end of the period. Income and expenses are generally translated at an average of the market rates of exchange in effect during each month. Translation adjustments, with the exception of those relating to capital subscriptions described in Note A, are charged or credited to the General Reserve. In those few instances where currencies are converted to another currency, the resulting gain or loss, if any, is included in the determination of net income.

Valuation of Capital Stock

In the Articles of Agreement, the capital stock of the IBRD is expressed in terms of "United States dollars of the weight and fineness in effect on July 1, 1944" (1944 dollars). On April 1, 1978, the Second Amendment of the Articles of Agreement of the International Monetary Fund (the Fund) entered into force and Section 2 of the Par Value Modification Act of the US (31 U.S.C. 449) was repealed. As a result, currencies no longer have par values, gold is abolished as a common denominator of the monetary system, and the provision of the United States law defining the par value of the US dollar in terms of gold disappeared and, with it, the preexisting basis for translating the term "United States dollars of the weight and fineness in effect on July 1, 1944" into current dollars or into any other currency.

The General Counsel of the IBRD has rendered a legal opinion concluding in substance that, in the exercise of their statutory power under the IBRD's Articles, the Executive Directors may interpret references in the Articles to the 1944 dollar to mean either references to the last official value of the 1944 dollar in terms of current US dollars (that is, \$1.20635) or references to the SDR as determined from time to time by the Fund, with the effect that the IBRD's capital and the mutual obligations of each member and the IBRD with respect to capital subscriptions would be measured on the basis of either \$1.20635 or the SDR, according to the decision of the Executive Directors on the standard of value. Pending such decision, the IBRD has valued its capital stock on the basis of the SDR as computed by the Fund and expressed such value in terms of US dollars, at \$0.998281 per SDR on June 30, 1985 (\$1.03121 per SDR on June 30, 1984). For the time being, however, payments on account of subscriptions are accepted at the equivalent of \$120,635 per share of capital stock.

Expressing the value of the IBRD's capital stock in terms of the SDR rather than in terms of \$1.20635 does not have a material effect on the financial position or results of the operations of the IBRD. If the value of the capital stock were expressed in terms of \$1.20635, the subscribed capital would have been \$71,111,437,000 (\$65,523,383,000—1984), the uncalled portion of subscriptions, \$64,896,534,000 (\$59,711,126,000—1984), the paid-in capital, \$6,214,903,000 (\$5,812,257,000—1984), and the net maintenance of value obligations to the IBRD, \$1,404,378,000 (\$1,150,555,000—1984).

Loans

All of the IBRD's loans are made to, or guaranteed by, members with the exception of loans to the International Finance Corporation. The principal amounts of loans are repayable in the currencies lent. For loans negotiated since July 1980 (and for portions of certain earlier loans), the repayment obligations of borrowers in various currencies are determined on the basis of a currency pooling system, which is designed to equalize exchange rate risks among borrowers. Interest on loans is accrued in the currencies lent.

The IBRD has not suffered any losses on loan receivables, and it has a policy of not participating in moratoria or reschedulings. No losses on loan receivables are anticipated and, accordingly, no provisions are currently being made for this purpose; however, should such losses arise, to the extent they exceed the amount provided by the Special Reserve, they would be included in the determination of net income.

Investments

Investment securities are recorded at cost or amortized cost. Gains or losses on sales of investments, measured by the difference between average cost and proceeds of sales, are recorded as an element of income from investments. From time to time, the IBRD enters into forward contracts for the sale or purchase of investment securities; these transactions are recorded at the time of settlement.

Disposition of Income and General Reserve

The IBRD has not declared or paid any dividends to its members. Commencing in 1950, a portion or all of the accumulated net income has been allocated to the General Reserve.

Since 1964, it has been the IBRD's policy to transfer to the International Development Association part of the year's income that was not needed for allocation to reserves or otherwise required to be retained in the IBRD's business and accordingly could have been prudently distributed as dividends. Such transfers are accounted for as a charge to Accumulated Net Income—Unallocated.

Note A—Capital Stock, Restricted Currencies, and Maintenance of Value

Capital Stock: At June 30, 1985, the IBRD's capital comprised 786,500 (716,500—1984) authorized shares of the par value of SDR 100,000 each, of which 589,476 shares had been subscribed (543,154—1984). Of the subscribed capital, \$5,142,968,000 (\$4,968,424,000—1984) has been called and paid in, and the remaining \$53,703,301,000 (\$51,042,160,000 —1984) is subject to call only when required to meet the obligations of the IBRD created by borrowing or guaranteeing loans. As to \$47,077,015,000 (\$44,808,467,000—1984), the restriction on calls is imposed by the Articles of Agreement and as to \$6,626,286,000 (\$6,233,693,000—1984), by resolutions of the Board of Governors.

On January 4, 1980, the IBRD's Board of Governors adopted the General Capital Increase Resolution (GCI) which increased the authorized capital stock of the IBRD by 331,500 shares, representing an increase of approximately $40,000,000,000. The resolution provided for a reduction of the number of shares authorized by it if, as a result of a decision on the valuation of the IBRD's capital stock, the 331,500 shares authorized represent an increase in authorized capital in excess of $40,000,000,000, calculated at the time of such decision. In this case, the number of shares would be reduced so that the aggregate par value would be equivalent to $40,000,000,000.

Restricted Currencies: The portion of capital subscriptions paid in to the IBRD is divided into two parts: (1) $514,297,000 ($496,842,000—1984), initially paid in gold or US dollars and (2) $4,628,671,000 ($4,471,582,000—1984), paid in cash or noninterest-bearing demand obligations in the currencies of the respective members. Of this latter portion an amount of $111,068,000 ($114,732,000—1984) was subsequently converted by members into US dollars, subject to the right of the IBRD or the members to reverse the transactions. The amounts paid in gold or US dollars or subsequently converted by members into US dollars are freely usable by the IBRD in any of its operations; however, the remaining amounts paid in the currencies of the members, hereinafter called restricted currencies, are usable by the IBRD in its lending operations only with the consent of the respective members. The equivalent of $2,526,525,000 ($2,445,594,000—1984) has been used with such consent.

Maintenance of Value: Article II, Section 9 of the Articles of Agreement provides for maintenance of value, as of the time of subscription, of such restricted currencies, requiring (1) the member to make additional payments to the IBRD in the event that the par value of its currency is reduced or the foreign exchange value of its currency has, in the opinion of the IBRD, depreciated to a significant extent in its territories, and (2) the IBRD to reimburse the member in the event that the par value of its currency is increased. With respect to restricted currencies out on loan, these maintenance of value obligations become effective only as and when such currencies are recovered by the IBRD.

Where there are differences between market rates of exchange and the rates at which capital subscriptions of members have been paid, such differences are shown in Other Assets and Liabilities as Notional Amounts Required to Maintain Value of Currency Holdings. Pending a decision by the Executive Directors on the standard of value for capital stock, these notional maintenance of value obligations are being determined provisionally on the basis of the SDR, and are treated in the financial statements on this basis. These amounts would become maintenance of value obligations if and when the provisions of Article II, Section 9 of the Articles of Agreement described above could be applied. Therefore, the timing of any establishment and settlement of these notional maintenance of value receivables and payables is uncertain.

Note B—Investments and Cash Collateral Invested

The market value of investment securities and invested cash collateral received on loaned securities, including investments not traded in the market which were valued at their cost of $9,323,764,000 ($6,663,071,000—1984), was $25,491,552,000 ($17,244,508,000—1984) compared with a cost or amortized cost of $25,384,812,000 ($17,386,989,000—1984). Obligations of the United States Government and its instrumentalities having a cost or amortized cost of $292,538,000 ($292,538,000—1984) and a market value of $294,120,000 ($270,211,000—1984), set aside in respect of the Special Reserve, as described in Note E, are included under this heading.

Income from investments includes net gains of $338,721,000 (net losses of $44,516,000—1984) resulting from sales of investments. The annualized rate of return on the average investments held during the period, including realized gains and losses, was 12.63% (9.95%—1984).

Note C—Cofinancing and Guarantees

The IBRD has entered into agreements for loans syndicated by other financial institutions either by a direct participation in, a partial guarantee of, or a contingent commitment to finance at a specified future date the unamortized principal balance (up to an agreed maximum amount) of loans for the benefit of member countries. The IBRD's direct participations in syndicated loans are included in reported loan balances. Guarantees of $10,457,000 and contingent commitments of up to a maximum of $3,317,000 as of June 30, 1985 are not included in reported loan balances. None of these guarantees and contingent commitments was subject to call at June 30, 1985.

Note D—Borrowings and Currency Swaps

The IBRD has entered into currency swaps in which proceeds of a borrowing are converted into a different currency and, simultaneously, a forward exchange agreement is executed providing for a schedule of future exchanges of the two currencies in order to recover the currency converted. Net receivables of $695,219,000 ($370,315,000—1984) resulting primarily from exchange rate movements occuring subsequent to the dates of the swaps are included under the heading Receivables—Other. The effect of currency swaps is to transform the cost of the original borrowing to a cost which reflects the market yield of the currency obtained in the conversion. The average cost of borrowings outstanding, including short-term borrowings, during the fiscal year was 8.67% (8.75%—1984), reflecting a reduction of cost of $322,479,000 ($208,528,000—1984) as a result of currency swaps.

Other income includes net gains of $16,485,000 ($18,043,000—1984), resulting from repurchases of obligations of the IBRD prior to maturity.

Note E—Reserves and Net Income

The Managing Committee of the IBRD has proposed to the Executive Directors that they approve the allocation of $837,127,000 to the General Reserve out of the $1,137,127,000 net income earned in the fiscal year ended June 30, 1985, and that they recommend to the Board of Governors that $150,000,000 be transferred by way of grant to the International Development Association and $150,000,000 be transferred as a contribution by the IBRD to the Special Facility for Sub-Saharan Africa which is administered by the International Development Association.

In August 1984, the IBRD allocated $500,039,000 to the General Reserve out of the $600,039,000 net income earned in the fiscal year ended June 30, 1984, and in September 1984, authorized the transfer of the balance of $100,000,000 by way of grant to the International Development Association (see Note G).

The Special Reserve consists of loan commissions set aside pursuant to Article IV, Section 6, of the Articles of Agreement which are to be held in liquid assets and to be used only for the purpose of meeting liabilities of the IBRD on its borrowings and guarantees. The Special Reserve assets comprise obligations of the United States Government and its instrumentalities and are included under the heading Investments. As a result of a decision made in 1964, the allocation of such commissions to the Special Reserve was discontinued in respect of subsequent loans and no further additions are being made to it.

(continued)

Notes to Financial Statements *(continued)* Appendix G

June 30, 1985 and June 30, 1984

Note F—Income and Expenses

Administrative expenses are net of the management fee of $273,180,000 ($249,225,000—1984) charged to the International Development Association and of the service and support fee of $2,975,000 ($3,050,000—1984) charged to the International Finance Corporation. Contributions to special programs represent grants for agricultural research, the control of onchocerciasis and others.

At June 30, 1985, principal installments of $1,340,000 and interest and other charges of $1,120,000 payable to the IBRD on loans other than those referred to in the following paragraph were overdue by more than three months. The aggregate principal amount disbursed and outstanding on these loans was $25,228,000.

It is the policy of the IBRD to place in nonaccrual status all loans made to or guaranteed by a member of the IBRD, if for any such loan interest, other charges or principal is overdue by more than six months, unless the IBRD's management determines that the overdue amount will be collected in the immediate future. Interest and other charges on nonaccruing loans are included in income only to the extent that payments have actually been received by the IBRD. At June 30, 1985, IBRD's loans made to or guaranteed by one member country with an aggregate principal balance outstanding of $135,986,000, including an overdue amount of $8,961,000, were in nonaccrual status. Had these loans not been in nonaccrual status, income from loans during the fiscal year would have been $15,110,000 higher.

It is not expected that these payment delays will result in any material loss to the IBRD.

Note G—Transfers to the International Development Association

The IBRD has authorized transfers by way of grants to the International Development Association totaling $2,069,000,000 from net income for the fiscal years ended June 30, 1964 through June 30, 1984. Of this amount, $1,142,339,000 was payable at June 30, 1985. ($1,969,000,000 had been authorized from net income through the fiscal year ended June 30, 1983 and $1,047,339,000 was payable at June 30, 1984.)

Note H—Staff Retirement Plan

The IBRD has a contributory retirement Plan for its staff, which also covers the staff of the International Finance Corporation. The staff contribute a fixed percentage of pensionable remuneration, and the IBRD contributes the remainder of the cost of funding the Plan. The IBRD uses an aggregate funding method for determining its cost. Such cost is funded as accrued. The cost of the Plan to the IBRD during the period was $66,415,000 ($70,861,000—1984). All contributions to the Plan and all other assets and income held for the purposes of the Plan are held by the IBRD separately from the other assets and income of the IBRD and International Finance Corporation and can be used only for the benefit of the participants in the Plan and their beneficiaries until all liabilities to them have been discharged. The comparison of accumulated benefits and net assets of the Plan is presented below:

Actuarial present value of accumulated Plan benefits
(US$ thousands)

	December 31 1984	December 31 1983
Vested	$ 672,006	$ 576,242
Nonvested	35,230	32,265
	707,236	608,507
Net assets available for benefits	$1,247,837	$1,094,213

NOTE: The assumed rate of return used in determining the actuarial present value of the accumulated Plan benefits was 10% for 1984 (10% for 1983).

Report of Independent Accountants

Price Waterhouse

1801 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 296-0800

July 29, 1985

President and Board of Governors,
International Bank for Reconstruction
and Development

In our opinion, the financial statements appearing in Appendices A through G present fairly, in terms of United States dollars, the financial position of the International Bank for Reconstruction and Development at June 30, 1985 and 1984, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

Financial Statements Covered by the Foregoing Report

Financial Statements of the International Development Association and the Special Fund Administered by IDA

International Development Association

Special Fund Administered by IDA

Statements of Condition

Appendix A

June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix F

Assets		1985	1984
DUE FROM BANKS			
Unrestricted currencies (including interest-bearing demand deposits $1,574—1985, $855—1984) available for disbursement	$ 314,285		$ 266,430
Unrestricted currencies not immediately available for disbursement—Note A	96,490		231,751
Currencies subject to restrictions—Note A	41,891		46,677
		$ 452,666	544,858
INVESTMENTS—Note C			
Obligations of governments and their instrumentalities	106,172		95,734
Time deposits and other obligations of banks and financial institutions	126,990		68,693
		233,162	164,427
RECEIVABLE ON ACCOUNT OF SUBSCRIPTIONS AND SUPPLEMENTARY RESOURCES—Note A			
Nonnegotiable, non-interest-bearing demand obligations			
Unrestricted	8,539,258		8,596,874
Subject to restrictions	59,720		65,811
Amounts due on additional subscriptions and supplementary resources	204,571		132,170
Amounts required to maintain value of currency holdings—Note B	58		560
		8,803,607	8,795,415
RECEIVABLES—OTHER			
International Bank for Reconstruction and Development—Note F	1,142,339		1,047,339
Accrued charges on development credits	63,141		52,310
Accrued interest on investments	2,581		3,047
		1,208,061	1,102,696
DEVELOPMENT CREDITS OUTSTANDING (see Appendix D)			
Total development credits	33,997,301		31,556,962
Less development credits approved but not yet effective	2,697,742		2,204,459
Less undisbursed balance of effective development credits	9,304,162		9,629,293
		21,995,397	19,723,210
OTHER ASSETS			
Notional amounts required to maintain value of currency holdings—Notes A and B	104,583		98,179
Miscellaneous	19,665		23,282
		124,248	121,461
		$32,817,141	$30,452,067

Liabilities, Subscriptions, Supplementary Resources, Transfers, and Accumulated Deficit		1985	1984
LIABILITIES			
Accounts payable and other liabilities		$ 36,143	$ 53,327
Notional amounts required to maintain value of currency holdings—Notes A and B		5,310	4,782
SUBSCRIPTIONS AND SUPPLEMENTARY RESOURCES (see Appendix E and Appendix F, Note E)		31,272,741	28,855,109
CONTRIBUTION BY SWITZERLAND—Note D		51,173	51,173
TRANSFERS FROM INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT—Note F		1,989,095	1,889,095
ACCUMULATED DEFICIT (see Appendix B)			
Accumulated net loss—Note G	$ (355,396)		(290,813)
Cumulative translation adjustments on development credits	(181,925)		(110,606)
		(537,321)	(401,419)
		$32,817,141	$30,452,067

Statements of Income

Appendix B

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—See Notes to Financial Statements, Appendix F

	1985	1984
Income		
Income from development credits—Note G		
Service charges	$ 157,944	$ 139,712
Commitment charges	28,750	19,320
Income from investments	22,595	17,779
Total Income	209,289	176,811
Expenses		
Management fee to International Bank for Reconstruction and Development	273,180	249,225
Operating Loss	(63,891)	(72,414)
Translation adjustments for fiscal year	(692)	1,556
Net Loss—Note G	$ (64,583)	$ (70,858)

Statements of Changes in Accumulated Deficit

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—See Notes to Financial Statements, Appendix F

	1985	1984
Accumulated Net Loss		
Balance at beginning of fiscal year	$(290,813)	$(219,955)
Net loss for fiscal year—Note G	(64,583)	(70,858)
Accumulated Net Loss at End of Fiscal Year	(355,396)	(290,813)
Cumulative Translation Adjustments on Development Credits		
Balance at beginning of fiscal year	(110,606)	(38,376)
Translation adjustments for fiscal year	(71,319)	(72,230)
Cumulative Translation Adjustments on Development Credits at End of Fiscal Year	(181,925)	(110,606)
Total Accumulated Deficit	$(537,321)	$(401,419)

Statements of Changes in Resources Available for Commitment

Appendix C

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—See Notes to Financial Statements, Appendix F

			1985	1984
Resources Provided				
Net loss (see Appendix B)			$ (64,583)	$ (70,858)
Add net loss available for commitment[a]			32,928	70,858
Resources used by operations			(31,655)	—
From members:				
Subscriptions and contributions under the sixth and seventh replenishments and FY84 Account—Note E:				
During period	$7,322,331			1,240,513
Amounts from prior fiscal years not available for commitment at beginning of period	150,000			1,916,593
Not available for commitment at end of period	(4,835,264)			(150,000)
Other subscriptions	137			2,164
Increase in subscriptions and contributions available for commitment		$2,637,204		3,009,270
Adjustment of resources provided in prior fiscal years as a result of the depreciation of the SDR in terms of the US dollar		(389,465)		(318,225)
Increase in resources provided by members			2,247,739	2,691,045
Transfers from International Bank for Reconstruction and Development			100,000	200,000
Cancellations of development credits			148,806	154,864
Repayments of development credits			99,253	78,279
Grant participations in development credits			2,051	7,009
Total resources provided			2,566,194	3,131,197
Resources Used				
Development credits approved		3,054,400		3,052,588
Development credits approved in prior fiscal year transferred to the Special Fund		—		(19,077)
Adjustment of development credits approved in prior fiscal years as a result of the depreciation of the SDR in terms of the US dollar		(292,632)		(227,803)
Total resources used			2,761,768	2,805,708
(Decrease) Increase in Resources Available for Commitment			(195,574)	325,489
Resources Available for Commitment				
Beginning of fiscal year			(854,102)	(1,179,591)
End of fiscal year			$ (1,049,676)[b]	$ (854,102)

(continued)

Statements of Changes in Resources Available for Commitment *(continued)*

Appendix C

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—See Notes to Financial Statements, Appendix F

Composition of Resources Available for Commitment	1985	1984
Unrestricted currencies	$ 410,775	$ 498,181
Investments	233,162	164,427
Unrestricted receivables on account of subscriptions and supplementary resources	8,743,582	8,728,967
Receivables—Other	1,208,061	1,102,696
Other assets	32,848	36,567
Unrestricted subscriptions and supplementary resources not yet due	4,841,481	331,352
Subscriptions and supplementary resources not yet available for commitment	(4,835,264)	(150,000)
Add net loss available for commitment[a]	353,815	320,887
Less undisbursed development credits (including development credits not yet effective) and other liabilities	(12,038,136)	(11,887,179)
Total	$ (1,049,676)[b]	$ (854,102)

a. The Association's resources available for commitment have been increased by the amount of the accumulated loss for the period July 1, 1979 through December 31, 1984, in accordance with the decision of the Executive Directors that the Association's commitment authority not be reduced by the amount of deficits during the sixth replenishment period. The Association is currently reviewing how deficits incurred thereafter are to be treated.

b. Includes twenty-two development credits totaling $665,155,000 approved by the Association subject to the availability of additional commitment authority. At June 30, 1985, the amount of $368,756,000 of additional resources has become available for commitment and is included herein but has not been allocated to specific development credits; as a result, the aggregate amount of development credits subject to availability of commitment authority has decreased to $296,399,000. The difference of $753,277,000 between this amount and $1,049,676,000 is primarily attributable to exchange rate fluctuations in the value, in terms of current US dollars, of resources expressed in other member currencies and provided in prior fiscal years. The value of these resources at any given time may be greater or less than the development credits committed against them, since these development credits are denominated in US dollars or special drawing rights.

Summary Statement of Development Credits

Appendix D

June 30, 1985 and June 30, 1984

Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix F

	June 30, 1985				
Borrower or guarantor	Total development credits	Development credits approved but not yet effective[a]	Undisbursed development credits[b]	Development credits outstanding	Percentage of total development credits outstanding
Afghanistan	$ 99,365	$ —	$ 16,914	$ 82,451	0.37
Bangladesh	2,953,119	242,682	863,246	1,847,191	8.40
Benin	191,591	7,587	75,866	108,138	0.49
Bhutan	17,570	9,384	8,117	69	*
Bolivia	105,541	—	10,927	94,614	0.43
Botswana	15,015	—	—	15,015	0.07
Burkina Faso	291,191	62,393	95,757	133,041	0.61
Burma	661,851	32,572	263,643	365,636	1.66
Burundi	212,369	31,745	53,240	127,384	0.58
Cameroon	240,960	—	16,438	224,522	1.02
Cape Verde	10,781	4,093	4,757	1,931	0.01
Central African Republic	82,379	8,386	19,750	54,243	0.25
Chad	56,309	—	17,047	39,262	0.18
Chile	18,009	—	—	18,009	0.08
China	1,062,570	277,123	532,132	253,315	1.15
Colombia	18,365	—	—	18,365	0.08
Comoros	30,765	—	15,145	15,620	0.07
Congo, People's Republic of the	71,062	—	6,775	64,287	0.29
Costa Rica	4,285	—	—	4,285	0.02
Djibouti	23,959	15,673	5,753	2,533	0.01
Dominica	4,392	—	399	3,993	0.02
Dominican Republic	21,348	—	—	21,348	0.10
Ecuador	35,104	—	—	35,104	0.16
Egypt, Arab Republic of	919,392	—	148,408	770,984	3.51
El Salvador	25,994	—	—	25,994	0.12
Equatorial Guinea	17,070	9,084	7,111	875	*
Ethiopia	703,828	—	306,620	397,208	1.81
Gambia, The	54,282	—	21,065	33,217	0.15
Ghana	475,862	124,286	146,663	204,913	0.93
Grenada	4,991	4,991	—	—	—
Guinea-Bissau	61,111	—	27,606	33,505	0.15
Guinea, Republic of	189,678	18,069	71,576	100,033	0.45
Guyana	35,183	8,685	1,111	25,387	0.12
Haiti	231,151	10,382	56,595	164,174	0.75
Honduras	81,774	—	494	81,280	0.37
India	12,495,662	614,901	3,137,432	8,743,329	39.75
Indonesia	911,499	—	81,331	830,168	3.77
Ivory Coast	7,350	—	—	7,350	0.03
Jordan	82,560	—	—	82,560	0.38
Kenya	569,214	6,189	180,187	382,838	1.74
Korea, Republic of	107,976	—	—	107,976	0.49
Lao People's Democratic Republic	50,868	—	22,288	28,580	0.13
Lesotho	96,003	3,694	34,282	58,027	0.26
Liberia	108,125	7,787	34,294	66,044	0.30
Madagascar	436,396	52,709	123,113	260,574	1.18

(continued)

Summary Statement of Development Credits *(continued)*

Appendix D

June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix F

	June 30, 1985				
Borrower or guarantor	Total development credits	Development credits approved but not yet effective[a]	Undisbursed development credits[b]	Development credits outstanding	Percentage of total development credits outstanding
Malawi	$ 407,268	$ 39,033	$ 79,762	$ 288,473	1.31
Maldives	7,273	—	3,926	3,347	0.02
Mali	312,480	19,666	88,297	204,517	0.93
Mauritania	109,407	29,949	19,104	60,354	0.27
Mauritius	19,903	—	—	19,903	0.09
Morocco	42,938	—	—	42,938	0.20
Mozambique	45,422	45,422	—	—	—
Nepal	562,295	180,589	168,539	213,167	0.97
Nicaragua	58,730	—	2	58,728	0.27
Niger	229,968	16,771	80,205	132,992	0.60
Nigeria	35,268	—	—	35,268	0.16
Pakistan	2,125,128	243,181	570,355	1,311,592	5.96
Papua New Guinea	107,299	—	2,669	104,630	0.48
Paraguay	46,241	—	—	46,241	0.21
Philippines	121,503	—	46,688	74,815	0.34
Rwanda	230,275	16,571	81,649	132,055	0.60
St. Vincent	699	—	699	—	—
São Tomé and Principe	5,291	5,291	—	—	—
Senegal	330,086	24,059	96,979	209,048	0.95
Sierra Leone	100,822	—	47,653	53,169	0.24
Solomon Islands	10,881	1,996	4,905	3,980	0.02
Somalia	234,847	20,764	53,621	160,462	0.73
Sri Lanka	714,134	101,625	269,707	342,802	1.56
Sudan	813,037	81,959	242,873	488,205	2.22
Swaziland	7,628	—	—	7,628	0.03
Syrian Arab Republic	46,151	—	—	46,151	0.21
Tanzania	763,500	34,241	199,857	529,402	2.41
Thailand	121,174	—	20,651	100,523	0.46
Togo	225,992	47,119	65,532	113,341	0.52
Tunisia	65,798	—	—	65,798	0.30
Turkey	179,227	—	—	179,227	0.81
Uganda	512,778	44,623	239,562	228,593	1.04
Vanuatu	1,897	—	1,797	100	*
Viet Nam	60,000	—	9,270	50,730	0.23
Western Samoa	16,093	2,096	4,195	9,802	0.04
Yemen Arab Republic	387,766	35,439	140,175	212,152	0.96
Yemen, People's Democratic Republic of	169,036	19,666	42,044	107,326	0.49
Zaire	616,510	83,057	202,314	331,139	1.51
Zambia	168,824	52,210	72,834	43,780	0.20
Zimbabwe	47,818	—	20,697	27,121	0.12
Subtotal members	33,955,256	2,697,742	9,282,643	21,974,871	99.90

Borrower or guarantor	June 30, 1985 Total development credits	Development credits approved but not yet effective[a]	Undisbursed development credits[b]	Development credits outstanding	Percentage of total development credits outstanding
Regional development banks					
West African Development Bank[c]	$ 15,978	$ —	$ 13,885	$ 2,093	0.01
Caribbean Development Bank[d]	13,489	—	7,634	5,855	0.03
Subtotal regional development banks	29,467	—	21,519	7,948	0.04
Other[e]	12,578	—	—	12,578	0.06
Total—June 30, 1985	$33,997,301	$2,697,742	$9,304,162	$21,995,397	100.00
Total—June 30, 1984	$31,556,962	$2,204,459	$9,629,293	$19,723,210	

a. Development credit agreements totaling $1,914,663,000 ($1,345,358,000—1984) have been signed, but the development credits do not become effective and disbursements thereunder do not start until the borrowers take certain actions and furnish certain documents to the Association. Agreements providing for development credits totaling $783,079,000, including twenty-two development credits for $665,155,000 approved by the Association subject to the availability of additional commitment authority ($859,101,000—1984) have been approved by the Association but have not been signed.

b. These amounts include $21,753,000 ($24,069,000—1984) of grant participations. The grant participations represent participations on a grant basis taken in a number of development credits under the terms of aid cooperation agreements between two member countries and the Association. Of the undisbursed balance at June 30, 1985, the Association has entered into irrevocable commitments to disburse $23,592,000 ($29,294,000—1984).

c. These development credits are for the benefit of Benin, Burkina Faso, Ivory Coast, Niger, Senegal, and Togo.

d. These development credits are for the benefit of Grenada and territories of the United Kingdom (Associated States and Dependencies) in the Caribbean Region.

e. Represents development credits made at a time when the authorities on Taiwan represented China in the Association (prior to May 15, 1980).

* Less than 0.005 percent.

Maturity Structure of Development Credits*

Periods	June 30, 1985	Periods	June 30, 1984
July 1, 1985 to June 30, 1986	$ 121,124	July 1, 1984 to June 30, 1985	$105,706
July 1, 1986 to June 30, 1987	158,290	July 1, 1985 to June 30, 1986	121,373
July 1, 1987 to June 30, 1988	160,386	July 1, 1986 to June 30, 1987	158,699
July 1, 1988 to June 30, 1989	189,941	July 1, 1987 to June 30, 1988	160,780
July 1, 1989 to June 30, 1990	228,157	July 1, 1988 to June 30, 1989	190,706
July 1, 1990 to June 30, 1995	1,859,129	July 1, 1989 to June 30, 1994	1,618,013
July 1, 1995 to June 30, 2000	2,876,282	July 1, 1994 to June 30, 1999	2,592,131
July 1, 2000 to June 30, 2005	4,237,635	July 1, 1999 to June 30, 2004	3,872,649
July 1, 2005 to June 30, 2010	4,761,494	July 1, 2004 to June 30, 2009	4,454,124
July 1, 2010 to June 30, 2015	4,695,747	July 1, 2009 to June 30, 2014	4,418,815
July 1, 2015 to June 30, 2020	4,475,712	July 1, 2014 to June 30, 2019	4,217,485
July 1, 2020 to June 30, 2025	3,969,837	July 1, 2019 to June 30, 2024	3,819,136
July 1, 2025 to June 30, 2030	2,828,357	July 1, 2024 to June 30, 2029	2,802,453
July 1, 2030 to June 30, 2035	737,468	July 1, 2029 to June 30, 2034	820,433
Total	$31,299,559	Total	$29,352,503

* Includes undisbursed balance of effective development credits.

Statement of Voting Power, and Subscriptions and Supplementary Resources

Appendix E

June 30, 1985 and June 30, 1984
Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix F

	June 30, 1985						
	Voting power		Amounts of subscriptions and supplementary resources through the third replenishment		Amounts of subsequent subscriptions and supplementary resources[b]	Total subscriptions and supplementary resources	
Members[a]	Number of votes	Percentage of total	Expressed in special drawing rights (SDR)	Expressed in current US dollars	Expressed in current US dollars	Expressed in current US dollars	Percentage of total
Part I members							
Australia	72,274	1.43	111,980	$ 135,300	$ 540,230	$ 675,530	1.87
Austria	32,697	0.65	34,560	41,760	206,533	248,293	0.69
Belgium	58,076	1.15	77,700	93,845	284,556	378,401	1.05
Canada	170,303	3.37	304,530	368,081	1,449,359	1,817,440	5.03
Denmark	48,303	0.96	70,840	85,658	279,281	364,939	1.01
Finland	28,073	0.56	22,448	27,146	169,405	196,551	0.54
France	188,726	3.74	362,032	437,273	1,365,477	1,802,750	4.99
Germany, Federal Republic of	355,673	7.04	476,560	575,637	3,699,414	4,275,051	11.84
Iceland	11,895	0.24	550	661	3,446	4,107	0.01
Ireland	13,702	0.27	7,030	8,483	22,942	31,425	0.09
Italy	123,671	2.45	193,240	233,946	521,851	755,797	2.09
Japan	403,763	7.99	285,320	344,671	5,244,881	5,589,552	15.48
Kuwait	57,762	1.14	22,920	27,713	535,086	562,799	1.56
Luxembourg	12,646	0.25	2,550	3,078	13,499	16,577	0.05
Netherlands	96,098	1.90	141,080	170,203	633,405	803,608	2.22
New Zealand	13,410	0.27	5,634	6,797	20,493	27,290	0.08
Norway	45,465	0.90	49,320	59,558	299,888	359,446	1.00
South Africa	16,408	0.32	20,080	24,227	26,833	51,060	0.14
Sweden	117,110	2.32	206,225	248,354	746,268	994,622	2.75
United Arab Emirates	15,942	0.32	—	—	136,464	136,464	0.38
United Kingdom	337,949	6.69	694,300	839,139	2,582,013	3,421,152	9.47
United States	961,854	19.04	2,072,290	2,503,836	9,390,000	11,893,836	32.93
Total	3,181,800	62.98	5,161,189	$6,235,366	$28,171,324	$34,406,690	95.27
Part II members							
Afghanistan	13,557	0.27	1,049	1,068	76	1,144	0.01
Algeria	18,481	0.37	4,186	4,263	161	4,424	0.01
Argentina	81,053	1.60	19,720	20,113	25,303	45,416	0.13
Bangladesh	31,373	0.62	5,589	5,692	211	5,903	0.02
Belize	1,764	0.03	200	202	2	204	*
Benin	1,861	0.04	500	510	4	514	*
Bhutan	510	0.01	50	51	—	51	*
Bolivia	13,748	0.27	1,101	1,121	—	1,121	0.01
Botswana	11,706	0.23	166	169	6	175	*
Brazil	87,977	1.74	19,720	20,078	42,164	62,242	0.17
Burkina Faso	9,720	0.19	519	529	13	542	*
Burma	18,729	0.37	2,099	2,137	121	2,258	0.01
Burundi	12,667	0.25	790	804	38	842	*
Cameroon	7,771	0.15	1,049	1,068	17	1,085	*
Cape Verde	516	0.01	80	82	—	82	*

Members[a]	Voting power: Number of votes	Voting power: Percentage of total	Amounts of subscriptions and supplementary resources through the third replenishment: Expressed in special drawing rights (SDR)	Amounts of subscriptions and supplementary resources through the third replenishment: Expressed in current US dollars	Amounts of subsequent subscriptions and supplementary resources[b]: Expressed in current US dollars	Total subscriptions and supplementary resources: Expressed in current US dollars	Total subscriptions and supplementary resources: Percentage of total
	June 30, 1985						
Part II members *(continued)*							
Central African Republic	9,720	0.19	519	$ 529	$ 13	$ 542	*
Chad	3,354	0.07	519	529	4	533	*
Chile	18,741	0.37	3,667	3,734	24	3,758	0.01
China	96,173	1.90	31,436	32,012	1,002	33,014	0.09
Colombia	23,784	0.47	3,717	3,784	4,405	8,189	0.02
Comoros	5,774	0.11	83	85	1	86	*
Congo, People's Rep. of the	6,685	0.13	519	529	8	537	*
Costa Rica	7,844	0.16	208	214	3	217	*
Cyprus	13,959	0.28	790	804	39	843	*
Djibouti	532	0.01	160	165	—	165	*
Dominica	3,186	0.06	80	82	2	84	*
Dominican Republic	12,628	0.25	436	447	57	504	*
Ecuador	13,552	0.27	676	862	16	878	*
Egypt, Arab Republic of	28,424	0.56	5,277	5,374	259	5,633	0.02
El Salvador	6,244	0.12	331	337	11	348	*
Equatorial Guinea	1,967	0.04	332	338	—	338	*
Ethiopia	12,988	0.26	539	549	42	591	*
Fiji	2,130	0.04	581	592	—	592	*
Gabon	2,093	0.04	519	533	—	533	*
Gambia, The	10,644	0.21	277	282	10	292	*
Ghana	15,362	0.30	2,452	2,497	4	2,501	0.01
Greece	21,242	0.42	2,618	3,049	4,980	8,029	0.02
Grenada	10,186	0.20	94	95	6	101	*
Guatemala	11,367	0.22	415	423	30	453	*
Guinea	13,557	0.27	1,049	1,071	61	1,132	0.01
Guinea-Bissau	528	0.01	140	143	—	143	*
Guyana	12,859	0.25	842	857	33	890	*
Haiti	13,959	0.28	790	804	63	867	*
Honduras	12,218	0.24	311	317	27	344	*
Hungary	21,070	0.42	—	—	8,958	8,958	0.02
India	163,194	3.23	41,919	48,231	2,496	50,727	0.14
Indonesia	52,936	1.05	11,531	11,742	440	12,182	0.03
Iran, Islamic Republic of	15,455	0.31	4,717	5,690	124	5,814	0.02
Iraq	9,407	0.19	790	804	39	843	*
Israel	9,386	0.19	1,745	2,092	296	2,388	0.01
Ivory Coast	7,771	0.15	1,049	1,068	17	1,085	*
Jordan	12,218	0.24	311	373	20	393	*
Kampuchea, Democratic	7,826	0.15	1,060	1,079	6	1,085	*
Kenya	16,021	0.32	1,745	1,791	56	1,847	0.01
Korea, Republic of	16,650	0.33	1,309	1,333	11,096	12,429	0.03

(continued)

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

Appendix E

June 30, 1985 and June 30, 1984

Expressed in thousands of units of currency—see Notes to Financial Statements, Appendix F

	June 30, 1985						
	Voting power		Amounts of subscriptions and supplementary resources through the third replenishment		Amounts of subsequent subscriptions and supplementary resources[b]	Total subscriptions and supplementary resources	
Members[a]	Number of votes	Percentage of total	Expressed in special drawing rights (SDR)	Expressed in current US dollars	Expressed in current US dollars	Expressed in current US dollars	Percentage of total
Part II members *(continued)*							
Lao People's Democratic Republic	11,723	0.23	519	$ 529	$ 6	$ 535	*
Lebanon	8,562	0.17	467	476	3	479	*
Lesotho	10,487	0.21	166	169	5	174	*
Liberia	13,959	0.28	790	804	63	867	*
Libya	7,771	0.15	1,049	1,068	37	1,105	*
Madagascar	702	0.01	1,010	1,029	—	1,029	*
Malawi	12,667	0.25	790	804	27	831	*
Malaysia	20,584	0.41	2,618	2,666	193	2,859	0.01
Maldives	11,212	0.22	31	32	1	33	*
Mali	12,307	0.24	904	920	30	950	*
Mauritania	6,685	0.13	519	532	10	542	*
Mauritius	14,360	0.28	924	946	30	976	*
Mexico	24,428	0.48	8,740	9,507	18,131	27,638	0.08
Morocco	24,417	0.48	3,667	3,734	129	3,863	0.01
Mozambique	774	0.02	1,370	1,367	—	1,367	0.01
Nepal	12,984	0.26	519	529	27	556	*
Nicaragua	10,896	0.22	311	394	15	409	*
Niger	12,839	0.25	519	529	21	550	*
Nigeria	4,057	0.08	3,491	3,645	—	3,645	0.01
Oman	12,221	0.24	331	341	25	366	*
Pakistan	49,173	0.97	10,582	10,773	542	11,315	0.03
Panama	5,657	0.11	21	24	1	25	*
Papua New Guinea	13,050	0.26	894	910	44	954	*
Paraguay	8,124	0.16	311	317	13	330	*
Peru	854	0.02	1,770	1,804	—	1,804	0.01
Philippines	16,583	0.33	5,296	5,395	109	5,504	0.02
Rwanda	12,667	0.25	790	804	49	853	*
St. Lucia	10,445	0.21	156	158	11	169	*
St. Vincent	514	0.01	70	71	—	71	*
São Tomé and Principe	514	0.01	70	71	—	71	*
Saudi Arabia	132,754	2.63	3,700	3,771	1,214,999	1,218,770	3.37
Senegal	17,424	0.34	1,745	1,777	72	1,849	0.01
Sierra Leone	12,667	0.25	790	810	9	819	*
Solomon Islands	518	0.01	90	93	—	93	*
Somalia	10,506	0.21	790	804	7	811	*
Spain	57,788	1.14	12,590	15,195	48,910	64,105	0.18
Sri Lanka	22,506	0.45	3,148	3,205	102	3,307	0.01
Sudan	14,005	0.28	1,049	1,076	30	1,106	*
Swaziland	11,073	0.22	332	339	9	348	*
Syrian Arab Republic	7,651	0.15	987	1,005	33	1,038	*

Members[a]	Voting power: Number of votes	Voting power: Percentage of total	Amounts of subscriptions and supplementary resources through the third replenishment: Expressed in special drawing rights (SDR)	Amounts of subscriptions and supplementary resources through the third replenishment: Expressed in current US dollars	Amounts of subsequent subscriptions and supplementary resources[b]: Expressed in current US dollars	Total subscriptions and supplementary resources: Expressed in current US dollars	Total subscriptions and supplementary resources: Percentage of total
	June 30, 1985						
Part II Members *(continued)*							
Tanzania	16,021	0.32	1,745	$ 1,777	$ 54	$ 1,831	0.01
Thailand	22,506	0.45	3,148	3,205	188	3,393	0.01
Togo	12,667	0.25	790	804	26	830	*
Trinidad and Tobago	770	0.02	1,350	1,376	—	1,376	0.01
Tunisia	2,793	0.06	1,569	1,598	—	1,598	0.01
Turkey	23,450	0.46	6,086	6,195	12	6,207	0.02
Uganda	16,021	0.32	1,745	1,777	2	1,779	0.01
Vanuatu	1,761	0.03	190	192	2	194	*
Viet Nam	8,889	0.18	1,569	1,598	5	1,603	0.01
Western Samoa	7,537	0.15	94	95	1	96	*
Yemen Arab Republic	11,468	0.23	446	455	22	477	*
Yemen, People's Democratic Republic of	10,591	0.21	1,226	1,248	63	1,311	0.01
Yugoslavia	29,446	0.58	8,080	9,760	9,416	19,176	0.05
Zaire	12,164	0.24	3,138	3,195	1	3,196	0.01
Zambia	19,730	0.39	2,794	2,845	60	2,905	0.01
Zimbabwe	1,324	0.03	4,120	4,242	—	4,242	0.02
Total	1,870,313	37.02	294,377	311,912	1,396,309	1,708,221	4.73
Grand Total—June 30, 1985	5,052,113	100.00	5,455,566	$6,547,278	$29,567,633	$36,114,911	100.00
Grand Total—June 30, 1984	4,797,855		5,454,196	$6,552,948	$22,633,513	$29,186,461	

a. See Appendix F—Note A, for an explanation of the two categories of members.

b. Includes subscriptions and supplementary resources under the fourth through seventh replenishments, and the FY84 Account.

* Less than 0.005 percent.

Notes to Financial Statements

Appendix F

June 30, 1985 and June 30, 1984

Summary of Significant Accounting and Related Policies

Translation of Currencies

The Association is an international organization which conducts its operations in the currencies of all of its members and Switzerland. Assets and liabilities are translated at market rates of exchange at the end of the period. Income is generally translated at an average of the market rates of exchange in effect during each month. Subscriptions and supplementary resources are translated in the manner described below. Translation adjustments relating to the revaluation of development credits denominated in special drawing rights (SDRs) are charged or credited to Cumulative Translation Adjustments on Development Credits. Other translation adjustments are included in the determination of net income.

Valuation of Subscriptions and Supplementary Resources

The subscriptions and supplementary resources provided through the third replenishment are expressed in terms of "US dollars of the weight and fineness in effect on January 1, 1960" (1960 dollars). On April 1, 1978, the Second Amendment of the Articles of Agreement of the International Monetary Fund (the Fund) entered into force and Section 2 of the Par Value Modification Act of the United States (31 U.S.C. 449) was repealed. As a result, currencies no longer have par values, gold is abolished as a common denominator, and the provision of United States law defining the par value of the US dollar in terms of gold disappeared and, with it, the preexisting basis for translating the term "United States dollars of the weight and fineness in effect on January 1, 1960" into current dollars or into any other currency.

The General Counsel of the Association has rendered a legal opinion concluding in substance that in the exercise of their statutory power under Article X of the Association's Articles, the Executive Directors may interpret references in the Articles to the 1960 dollar to mean either references to the last official value of the 1960 dollar in terms of current US dollars (i.e., $1.20635) or references to the SDR as determined from time to time by the Fund, with the effect that the mutual obligations of each member and the Association with respect to maintenance of value of certain currency holdings will either be measured on the basis of $1.20635 or on the basis of the SDR, according to the decision of the Executive Directors on the standard of value. Pending such decision, the Association has valued the subscriptions and supplementary resources through the third replenishment on the basis of the SDR as computed by the Fund, and expressed such value in terms of US dollars at $0.998281 per SDR on June 30, 1985 ($1.03121 per SDR on June 30, 1984) for amounts undisbursed at June 30, 1985. Such subscriptions and supplementary resources disbursed prior to June 30, 1985 are valued at the market rates of exchange in effect on the dates of disbursement. Expressing the value of these subscriptions and supplementary resources in terms of the SDR rather than in terms of $1.20635 does not have a material effect on the financial position or results of operations of the Association. If the value of these subscriptions and supplementary resources were expressed in terms of $1.20635, the amount of Subscriptions and Supplementary Resources shown in the Statement of Condition would have increased by $34,209,000 to $31,306,950,000 ($26,722,000 to $28,881,831,000—1984).

The subscriptions and supplementary resources provided under the fourth replenishment and thereafter are expressed in members' currencies or SDRs and are payable in members' currencies. These resources are translated (1) at market rates of exchange for amounts receivable and for amounts received and not yet disbursed, and (2) at market rates of exchange on the dates of disbursement in respect of those amounts which have been disbursed or converted into another currency.

Development Credits

All of the Association's development credits are made to member governments or to the government of a territory of a member (except for four development credits which have been made to regional development banks for the benefit of members or territories of members of the Association). The Association has not suffered any losses on development credit receivables and no losses are anticipated. However, should such losses arise they would be included in the determination of net income.

The repayment obligations of the Association's development credits funded from resources through the fifth replenishment are expressed in the development credit agreements in terms of 1960 dollars. No decision has been made as to the standard of value to be substituted for 1960 dollars in these agreements. Pending a decision on this matter, the financial statements have been presented using $1.20635 as the standard of value in measuring these development credit repayment obligations and payments are being accepted on that basis. If a decision were made to substitute a standard of value other than $1.20635, adjustments would be required to Development Credits Outstanding and correspondingly to Cumulative Translation Adjustments. The amounts of such adjustment would be dependent on the extent to which the necessary changes could be made in individual credit agreements and the timing of the decision. Development credits funded from resources provided under the sixth replenishment and thereafter are denominated in SDRs; the principal amounts disbursed under such credits are to be repaid in amounts equivalent to the value of the disbursements in terms of SDRs.

Investments

Investment securities are recorded at cost or amortized cost. Gains or losses on sales of investments, measured by the difference between average cost and proceeds of sales, are recorded as an element of income from investments.

Note A—Unrestricted Currencies Not Immediately Available for Disbursement and Restricted Currencies

Under the Articles of Agreement and the arrangements governing replenishments, the Association must take appropriate steps to ensure that, over a reasonable period of time, the resources provided by donors for lending by the Association are used on an approximately pro rata basis. Donors sometimes contribute cash substantially ahead of pro rata. Unless otherwise agreed, the Association does not disburse these funds ahead of pro rata. Unrestricted currencies not immediately available for disbursement represent the difference between the cash contributed and the amount available for disbursement on a pro rata basis.

The membership of the Association is divided into two categories: (1) Part I members, who pay all subscriptions and supplementary resources provided to the Association in convertible currencies which may be freely used or exchanged by the Association in its operations; (2) Part II members, who pay 10 percent of their initial subscriptions in freely convertible currencies and the remaining 90 percent of their initial subscriptions and all additional subscriptions and any supplementary resources in their own currencies or in freely convertible currencies. The Articles of Agreement of the Association and subsequent replenishment agreements provide that generally the currency of any Part II member paid in by it may not be used by the Association for projects financed by the Association and located outside the territories of the member, except by agreement between the member and the Association. The amounts of $41,891,000 ($46,677,000—1984) under the heading Due from Banks, $60,025,000 ($66,454,000—1984) included under the heading Receivable on Account of Subscriptions and Supplementary Resources and $86,180,000 ($80,210,000—1984) included in Notional Amounts Required to Maintain Value of Currency Holdings under the headings Other Assets and Liabilities, respectively, were subject to such restrictions.

Note B—Maintenance of Value

Article IV, Section 2 of the Association's Articles of Agreement provides for the maintenance of value, as of the time of subscription, of the currency amounts representing 90 percent of each member's initial subscription, so long as, and to the extent that, such currency has not been initially disbursed or exchanged for the currency of another member. This Section requires: (1) the member to make additional payments to the Association in the event that the par value of its currency is reduced or the foreign exchange value of its currency has, in the opinion of the Association, depreciated to a significant extent in its territories and (2) the Association to reimburse the member in the event that the par value of its currency is increased or the foreign exchange value of its currency has, in the opinion of the Association, appreciated to a significant extent in its territories.

The provisions of Article IV, Section 2 have by agreement been extended to cover additional subscriptions and supplementary resources of the Association through the third replenishment but are not applicable to those of the fourth replenishment and thereafter.

Pending a decision by the Executive Directors on the value of the 1960 dollar, maintenance of value obligations pursuant to Article IV, Section 2 are being determined provisionally on the basis of the SDR and are treated in the financial statements on that basis. For amounts disbursed, a provisional settlement of maintenance of value is made on the basis of market rates of exchange in effect at the respective dates of disbursement. For amounts undisbursed, notional maintenance of value amounts are determined on the basis of the difference between market rates of exchange of currencies in terms of SDRs and the rate at which the undisbursed amounts were paid to the Association. Since the timing of establishment and settlement of these Notional Amounts Required to Maintain Value of Currency Holdings is uncertain, the amounts are included in Other Assets and Liabilities.

Note C—Investments

The market value of investment securities, including investments not traded in the market which were valued at their cost of $126,990,000 ($68,693,000—1984) was $235,203,000 ($161,451,000—1984), compared with a cost or amortized cost of $233,162,000 ($164,427,000—1984).

Note D—Contribution by Switzerland

The Association has received grant contributions in the amount of SwF 181,480,000 from the Swiss Confederation which is not a member of the Association. The agreements between the Confederation and the Association provide for converting these grant contributions into subscriptions or supplementary resources if Switzerland should become a member of the Association.

Note E—Subscriptions and Supplementary Resources

At June 30, 1985 and 1984, the composition of subscriptions and supplementary resources (expressed in thousands of units of currency) was as shown below:

		1985	1984
Initial subscriptions and first three replenishments			
(SDR 5,455,566—1985, SDR 5,454,196—1984)		$ 6,547,278	$ 6,552,948
Fourth and fifth replenishments		11,664,323	11,732,306
Sixth replenishment	$9,412,780		9,660,196
Less portion for which payment is not yet due	—		150,000
		9,412,780	9,510,196
FY84 Account	1,236,697		1,241,011
Less portion for which payment is not yet due	—		181,352
		1,236,697	1,059,659
Seventh replenishment	7,253,833		—
Less portion for which payment is not yet due	4,842,170		—
		2,411,663	—
Total		$31,272,741	$28,855,109

(continued)

Notes to Financial Statements *(continued)* Appendix F

June 30, 1985 and June 30, 1984

The aggregate amounts not yet due will be due as follows:

Fiscal years	1985	1984
1985	—	$181,352
1986	$1,532,720	—
1987	1,809,450	—
Undetermined*	1,500,000	150,000
Total	$4,842,170	$331,352

* Represents the portion of the United States contribution which is qualified as described below.

The FY84 Account consists of special contributions by certain members of the Association made pursuant to arrangements approved by the Association's Executive Directors in October 1982 pending a further replenishment of the Association's resources.

On August 6, 1984, the Board of Governors adopted a resolution authorizing a seventh replenishment of the Association's resources, in an amount equivalent to approximately $9 billion (at exchange rates determined pursuant to a formula agreed among the contributing countries) to provide funds for commitment on credits over the period July 1, 1984 through June 30, 1987. The replenishment became effective on March 31, 1985. At that date, notifications had been received from 17 contributing members (including 14 Part I members) that they would contribute the equivalent of $7,343,690,000 to the seventh replenishment. Subsequent to March 31, 1985 but prior to June 30, 1985, further notifications of contributions in the equivalent of $433,000,000 were received increasing the total notifications of contributions to the equivalent of $7,776,690,000. Payment of seventh replenishment subscriptions and contributions is due in three equal annual installments, unless the Association agrees to a different schedule.

For purposes of credit commitments by the Association, all subscriptions and contributions to the seventh replenishment are divided into three equal annual tranches. The first tranche became available for commitment as of the effective date of the replenishment (except to the extent already available in the form of advance contributions); the second and third tranches will become available for commitment as of November 1 of 1985 and 1986, respectively. The resolution provides that this commitment limitation may be waived (in whole or in part) by any contributor with respect to its subscription and contribution. In its notification of participation in the seventh replenishment, the United States committed itself without qualification to pay one-third of its total subscription and contribution and to pay the remainder subject to enactment of the necessary appropriations legislation. If such legislation should not have been passed and notifications of unqualified commitments by the United States for, in the aggregate, 66 percent or 100 percent of the total amount of its subscription and contribution should not have been deposited by October 31, 1985 and October 31, 1986, respectively, the other contributors would have the right to require that the amount of the second or third tranche (whichever may be applicable) of their subscription and contribution available for commitment be reduced in proportion to the shortfall in unqualified commitments by the United States.

Note F—Transfers from International Bank for Reconstruction and Development

The International Bank for Reconstruction and Development has authorized transfers by way of grants to the Association totaling $2,069,000,000 ($1,969,000,000—1984) from net income of the IBRD for the fiscal years ended June 30, 1964 through June 30, 1984. Of this amount, $79,905,000 ($79,905,000—1984) has been disbursed for grants for agricultural research and for the control of onchocerciasis. Of the balance of $1,989,095,000 available for general purposes of the Association, $846,756,000 has been received and $1,142,339,000 is reflected as a receivable from the International Bank for Reconstruction and Development.

Note G—Net Loss

The Association pays a management fee to the IBRD representing its share of the administrative expenses incurred by the IBRD. To cover its administrative costs, the Association levies a service charge of three-fourths of 1 percent per annum on the disbursed and outstanding portions of its development credits and a commitment charge of one-half of 1 percent per annum on the undisbursed portions of development credits negotiated after January 5, 1982. The Association incurs a temporary income deficit with respect to each development credit because administrative expenses are incurred before substantial amounts of the credit are disbursed and service charges earned thereon; the commitment charge was introduced to reduce such deficits. The value of earnings from development credits approved during the current fiscal year, as estimated by the Association, is expected to exceed the management fee for that year. The amount of the income deficit which may be incurred in any year will be influenced by a number of factors including the scale of lending activities of the Association, the amount of credits on which charges are being earned, and the income from investments the Association may have.

At June 30, 1985, principal installments of $373,000 and service charges of $524,000 payable to the Association on development credits were overdue by more than three months. The principal disbursed and outstanding on these development credits amounted to $104,791,000. It is not anticipated that these delays in payments will result in any loss to the Association.

Report of Independent Accountants

Price Waterhouse

1801 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 296-0800

July 29, 1985

President and Board of Governors,
International Development Association

We have examined the financial statements of the International Development Association appearing in Appendices A through F. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in the Summary of Significant Accounting and Related Policies in the notes to the financial statements, no decision has been made as to the standard of value to be substituted for the 1960 dollar in determining the repayment obligations of certain of the Association's development credits. Pending a decision on this matter, the financial statements have been presented using $1.20635 as the standard of value in measuring these development credit repayment obligations. The amount of any adjustment that might be required as a result of a decision on the standard of value cannot be determined.

In our opinion, subject to the effects on the financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the financial statements examined by us present fairly, in terms of United States dollars, the financial position of the International Development Association at June 30, 1985 and 1984, the results of its operations and the changes in its resources available for commitment for the years then ended, in conformity with generally accepted accounting principles consistently applied.

Price Waterhouse

Financial Statements Covered by the Foregoing Report

Statements of Condition

Appendix A

June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix E

Assets	1985	1984
DUE FROM BANKS		
Unrestricted currencies	$ 33,351	$ 94,946
INVESTMENTS		
Obligations of governments and their instrumentalities	44,775	47,649
RECEIVABLE ON ACCOUNT OF CONTRIBUTIONS		
Nonnegotiable, non-interest-bearing demand obligations	325,537	225,449
RECEIVABLES—OTHER		
Accrued interest on investments	262	1,561
	$403,925	$369,605

Liabilities, Undisbursed Contributions, and Accumulated Income		
LIABILITIES		
Accounts payable	$ 12	$ —
UNDISBURSED CONTRIBUTIONS		
Contributions (see Appendix D)	453,698	379,289
Less Special Fund credits disbursed (see Appendix C)	57,002	11,735
	396,696	367,554
ACCUMULATED INCOME FROM INVESTMENTS		
Beginning of fiscal year	2,051	—
Income for fiscal year	5,166	2,051
End of fiscal year	7,217	2,051
	$403,925	$369,605

Statements of Changes in Resources Available for Commitment

Appendix B

For the fiscal years ended June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix E

	1985	1984
Resources Provided		
Contributions	$ 64,478	$376,353
Income from investments	5,166	2,051
Adjustment of resources provided in prior fiscal years as a result of net currency depreciations	(23,844)	(4,491)
Total resources provided	45,800	373,913
Resources Used		
Special Fund credits approved	—	454,351
Reduction of Special Fund credit approved in prior fiscal year	(12,379)	—
Adjustment of Special Fund credits approved in prior fiscal years as a result of the depreciation of the special drawing right in terms of the US dollar	(16,135)	(1,380)
Total resources (provided) used	(28,514)	452,971
Increase (Decrease) in Resources Available for Commitment	74,314	(79,058)
Resources Available for Commitment		
Beginning of fiscal year	(76,501)	2,557
End of fiscal year	$ (2,187)	$ (76,501)
Composition of Resources Available for Commitment		
Unrestricted currencies	$ 33,351	$ 94,946
Investments	44,775	47,649
Receivable on account of contributions	325,537	259,224
Receivables—Other	262	1,561
Less undisbursed Special Fund credits (including Special Fund credits not yet effective) and accounts payable	(406,112)	(479,881)
Total	$ (2,187)	$ (76,501)

Summary Statement of Special Fund Credits

Appendix C

June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix E

	June 30, 1985				
Borrower	Total Special Fund credits	Special Fund credits approved but not yet effective[a]	Undisbursed Special Fund credits	Special Fund credits disbursed[b]	Percentage of total Special Fund credits disbursed
Bangladesh	$ 20,664	$ —	$ 20,664	$ —	—
Benin	8,263	2,596	4,325	1,342	2.36
China	56,243	—	36,397	19,846	34.82
Ghana	33,853	—	32,193	1,660	2.91
Guinea-Bissau	3,881	—	3,507	374	0.66
Haiti	12,037	—	10,913	1,124	1.97
India	173,601	—	173,601	—	—
Kenya	37,735	—	37,735	—	—
Madagascar	27,779	—	20,657	7,122	12.49
Malawi	13,060	—	12,541	519	0.91
Mali	10,604	—	9,305	1,299	2.28
St. Vincent	3,977	—	3,308	669	1.17
Senegal	17,647	—	16,038	1,609	2.82
Sudan	9,562	—	9,104	458	0.80
Togo	18,711	—	—	18,711	32.83
Yemen, People's Democratic Republic of	9,879	—	9,376	503	0.88
Zambia	5,606	—	3,840	1,766	3.10
Total—June 30, 1985	$463,102	$ 2,596	$403,504	$57,002	100.00
Total—June 30, 1984	$491,616	$322,006	$157,875	$11,735	

a. Special Fund credit agreements totaling $2,596,000 ($86,890,000—1984) have been signed, but they will not become effective and disbursements thereunder will not start until the borrowers take certain actions and furnish certain documents to the Association. In 1984, Special Fund credits totaling $235,116,000 had been approved but had not been signed.

b. At market rates of exchange in effect at the respective dates of disbursements.

Statements of Contributions

Appendix D

June 30, 1985 and June 30, 1984
Expressed in thousands of US dollars—see Notes to Financial Statements, Appendix E

Contributors	1985	1984
Belgium	$ 30,936	$ 33,775
Canada	147,993	152,067
Denmark	22,561	24,253
France	96,830	104,432
Italy	64,386	—
Norway	34,088	37,540
Sweden	56,904	60,997
Subtotal	453,698	413,064
Less not yet due	—	33,775
Total	$453,698	$379,289

Notes to Financial Statements

Appendix E

June 30, 1985 and June 30, 1984

Summary of Significant Accounting and Related Policies

Organization and Operations

On October 26, 1982, the International Development Association (IDA) established a Special Fund (the Special Fund) constituted by funds to be contributed by members of IDA and administered by IDA, for supplementing the regular resources available for lending by IDA. The arrangements governing the Special Fund may be amended or terminated by IDA's Executive Directors subject to the agreement of a qualified majority of the contributors to the Special Fund. The resources of the Special Fund are kept separate from the resources of IDA. The Special Fund became effective on December 13, 1982.

Translation of Currencies

Assets and undisbursed contributions are translated at market rates of exchange at the end of the period. Disbursed contributions are translated at market rates of exchange effective on the dates of disbursement.

Investments

Investment securities are recorded at cost or amortized cost which approximates market. Gains and losses on sales of investments, measured by the difference between average cost and proceeds of sales, are recorded as an element of income from investments. Income from investments becomes part of the resources of the Special Fund.

Special Fund Credits

Special Fund credits are denominated in special drawing rights (SDRs); the principal amounts disbursed under such credits are to be repaid in amounts equivalent to the value in terms of SDRs of currencies disbursed. On June 30, 1985, the exchange rate of one US dollar was $0.998281 per SDR (on June 30, 1984, $1.03121 per SDR).

Special Fund credits are made on the same terms as regular IDA credits except that the proceeds of Special Fund credits may be used only to finance expenditures for goods or services from (a) Part II members of IDA; (b) Part I members contributing to the Special Fund; and (c) Part I members contributing to the regular resources of IDA through IDA's FY84 Account who have notified IDA that such contributions are to be treated in the same manner as contributions to the Special Fund for purposes of any future adjustment of the voting rights of the members of IDA.

Service and Commitment Charges

The service and commitment charges payable by borrowers under Special Fund credits are paid directly to IDA to compensate it for its services as Administrator of the Special Fund.

Principal Repayments

The principal repayments on Special Fund credits shall become part of the general resources of IDA, unless otherwise provided in a decision of IDA's Executive Directors to terminate administration of the Special Fund by IDA.

Report of Independent Accountants

Price Waterhouse

1801 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 296-0800

July 29, 1985

President and Board of Governors,
Special Fund Administered by the
International Development Association

In our opinion, the financial statements appearing in Appendices A through E present fairly, in terms of United States dollars, the financial position of the Special Fund Administered by the International Development Association at June 30, 1985 and 1984, and the results of its operations and the changes in its resources available for commitment for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

Financial Statements Covered by the Foregoing Report

IBRD/IDA Appendices

Governors and Alternates of the World Bank

Appendix 1

June 30, 1985

Member	Governor	Alternate
Afghanistan	Mohamad Kabir	Abdul Ghafoor Joushan
Algeria	Boualem Benhamouda	Mohamed Terbeche
Antigua and Barbuda[a]	John St. Luce	Ludolph Browne
Argentina	Juan Vital Sourrouille	Alfredo Concepcion
Australia	P. J. Keating	R. B. Dun
Austria	Franz Vranitsky	Hans Heller
Bahamas[a]	Lynden Pindling	Ethelyn C. Isaacs
Bahrain[a]	Ibrahim Abdul Karim	Isa Abdullah Borshaid
Bangladesh	M. Syeduz-Zaman	M. Munir-uz-Zaman
Barbados[a]	(vacant)	Stephen E. Emtage
Belgium	F. Grootjans	Jean Godeaux
Belize	Dean Barrow	Henry Cain
Benin	Zul-Kifl Salami	Didier Dassi
Bhutan	Dawa Tsering	Dorji Tshering
Bolivia	Francisco Belmonte	Reynaldo Cardoso Arellano
Botswana	P. S. Mmusi	Baledzi Gaolathe
Brazil	Francisco Neves Dornelles	António Carlos Braga Lemgruber
Burkina Faso	Justin Damo Baro	Youssouf Ouedraogo
Burma	Tun Tin	Aye Ko
Burundi	Pierre Ngenzi	Anselme Habonimana
Cameroon	Youssoufa Daouda	Louis-Claude Nyassa
Canada	Michael H. Wilson	Margaret Catley-Carlson
Cape Verde	Osvaldo Lópes da Silva	Manuel de Jesús Costa
Central African Republic	Guy Darlan	Cyriaque Samba-Panza
Chad	Joseph Yodoyman	Laouteg-Guelnodji Koumtog
Chile	Hernán Buchi	Luis Arturo Fuenzalida
China	Wang Bingqian	Li Peng
Colombia	Roberto Junguito Bonnet	Hugo Palacios-Mejía
Comoros	Mikidache Abdou'rahim	Ahmed Abdou
Congo, People's Republic of the	Pierre Moussa	André Batanga
Costa Rica	Porfirio Morera Batres	Eduardo Lizano F.
Cyprus	Constantinos Kittis	H. Hadjipanayiotou
Denmark	Uffe Ellemann-Jensen	Mogens Isaksen[b]
Djibouti	Ibrahim Mohamed Sultan	Mohamed Moussa Ali
Dominica	Mary Eugenia Charles	Alick B. Lazare
Dominican Republic	Hugo Guiliani Cury	Opinio Alvarez Betancourt
Ecuador	Francisco X. Swett M.	Marco Flores T.
Egypt, Arab Republic of	Kamal Ahmed El Ganzouri	Erfan A. Shafey
El Salvador	Ricardo Gonzales Camacho	Fidel Chávez Mena
Equatorial Guinea	Marcos Mba Ondo	Efua Efua Asangono
Ethiopia	Tesfaye Dinka	Bekele Tamirat
Fiji	Mosese Qionibaravi	J. Y. Kubuabola
Finland	Pekka Vennamo	Annikki Saarela
France	Pierre Beregovoy	Christian Nucci
Gabon	Pascal Nze	J. Félix Mamalepot
Gambia, The	Sheriff S. Sisay	Mousa Gibril Bala Gaye
Germany, Federal Republic of	Juergen Warnke	Hans Tietmeyer
Ghana	Kwesi Botchwey	Theresa Owusu
Greece	Gerassimos Arsenis	Constantine Vaitsos
Grenada	Herbert Augustus Blaize	L. F. Wilson, Jr.
Guatemala	Armando González Campo	Ariel Rivera Irias
Guinea	Kabiné Kaba	Saïdou Diallo
Guinea-Bissau	Pedro A. Godinho Gómes	Jose Lima Barber
Guyana	Carl Greenidge	W. Hasslyn Parris
Haiti	Frantz Merceron	Allan Nolte
Honduras	Manuel A. Fontecha Ferrari	Gonzalo Carías Pineda
Hungary	Miklós Pulai	Tibor Melega
Iceland	Matthias A. Mathiesen	Albert Gudmundsson
India	Vishwanath Pratap Singh	S. Venkitaramanan
Indonesia	Arifin M. Siregar	Soegito Sastromidjojo

Member	Governor	Alternate
Iran, Islamic Republic of	Hossein Namazi	Iraj Toutounchian
Iraq	Hisham Hassan Tawfik	Subhi Frankool
Ireland	Alan M. Dukes	Maurice F. Doyle
Israel	Moshe Y. Mandelbaum	Emanuel Sharon
Italy	Carlo Ciampi	Mario Sarcinelli
Ivory Coast	Abdoulaye Koné	Léon Naka
Jamaica[a]	Edward Seaga	Horace Barber
Japan	Noboru Takeshita	Satoshi Sumita
Jordan	Abdallah Nsour	Ibrahim Badran
Kampuchea, Democratic	(vacant)	(vacant)
Kenya	George Saitoti	H. M. Mule
Korea, Republic of	Mahn-Je Kim	Chang-Nak Choi
Kuwait	Jassim Mohamed Al-Kharafi	Faisal Abdul Razzak Al-Khaled
Lao People's Democratic Republic	Oudone Pholsena	Kikham Vongsay
Lebanon	Khattar Chebli	Raja Himadeh
Lesotho	K. T. J. Rakhetla	A. M. Monyake
Liberia	Emanuel O. Gardiner	John G. Bestman
Libya	Kasem M. Sherlala	Abdul Alrahman R. Shalgham
Luxembourg	Jacques Santer	Raymond Kirsch
Madagascar	Pascal Rakotomavo	Jean Robiarivony
Malawi	E. C. I. Bwanali	J. C. Malewezi
Malaysia	Abdul Diam Bin Haji Zainuddin	Thong Yaw Hong
Maldives	Fathulla Jameel	B. Ibrahim Saleem
Mali	Amadou Baba Diarra	Ibrahima Bocar Ba
Malta[a]	Wistin Abela	Robert J. Stivala
Mauritania	Mohamed Salem Ould Lekhal	Mohamedou Ould Michel
Mauritius	Beergoonath Ghurburrun	Madhukarlall Baguant
Mexico	Jesús Silva Herzog	Gustavo Petricioli
Morocco	Abdellatif Jouahri	Mustapha Faris
Mozambique	Rui Baltazar dos Santos Alves	Prakash Ratilal
Nepal	Prakash Chandra Lohani	Karna Dhoj Adhikary
Netherlands	H. O. Ruding	E. M. Schoo
New Zealand	B. V. Galvin	Graham C. Scott
Nicaragua	Joaquín Cuadra Chamorro	Pedro Antonio Blandón Lanzas
Niger	Almoustapha Soumaila	Amadou Nouhou
Nigeria	Onaolapo Soleye	Alhaji U. K. Bello
Norway	Rolf Presthus	Odd Jostein Saeter
Oman	Qais Bin Abdul Munim Zawawi	Sherif Lotfy
Pakistan	Ghulam Ishaq Khan	Ejaz Ahmad Naik
Panama	Ricaurte Vasquez M.	Menalco Solís
Papua New Guinea	Phillip Bouraga	Noreo Beangke
Paraguay	César Romeo Acosta	Augusto Colmán V.
Peru	Guillermo Garrido Lecca	Victor Miroquesada
Philippines	César E. A. Virata	Manuel S. Alba
Portugal[a]	Ernani Rodrigues Lopes	(vacant)
Qatar[a]	Abdul Aziz Khalifa Al-Thani	Madhat Abdul Latif Masoud
Romania[a]	Petre Gigea	Gheorghe Popescu
Rwanda	J. Damascène Hategekimana	Cléophas Mugaragu
St. Christopher and Nevis[a]	Kennedy A. Simmonds	Richard Caines
St. Lucia	John G. M. Compton	Dwight Venner
St. Vincent	James F. Mitchell	Marcus Defreitas
São Tomé and Principe	Agapito Méndes Días	Fausto Soares da Vera Cruz
Saudi Arabia	Mohammed Abalkhail	Hamad Saud Al-Sayari
Senegal	Cheikh Hamidou Kane	Matar Seye
Seychelles[a]	D. de St. Jorre	E. Faure
Sierra Leone	Abdulai O. Conteh	Peter J. Kuyembeh
Singapore[a]	Richard Hu Tsu Tau	J. Y. M. Pillay
Solomon Islands	George Kejoa	Felix P. Panjuboe
Somalia	Mohamed Sheikh Osman	Mohamud Mohamed Nur
South Africa	G. P. C. de Kock	C. L. Stals

(continued)

Governors and Alternates of the World Bank *(continued)*

Appendix 1

June 30, 1985

Member	Governor	Alternate
Spain	Miguel Boyer Salvador	Mariano Rubio Jiménez
Sri Lanka	Ronnie de Mel	W. M. Tilakaratna
Sudan	Awad Abd El Magied	(vacant)
Suriname[a]	N. Kleine	André E. Lisse
Swaziland	K. Mbuli	V. E. Sikhondze
Sweden	Kjell-Olof Feldt	Goesta Edgren
Syrian Arab Republic	Hamdi Al-Sakka	Marwan Kodsi
Tanzania	K. A. Malima	Gilman Rutihinda
Thailand	Sommai Hoontrakool	Panas Simasathien
Togo	Yaovi Adodo	Comlanvi Tamata Addra
Trinidad and Tobago	George Chambers	Frank Barsotti
Tunisia	Ismaïl Khelil	Zein Mestiri
Turkey	Kaya Erdem	Yener Dincmen
Uganda	Apollo Milton Obote	Robert E. Ekinu
United Arab Emirates	Hamdan Bin Rashid Al Maktoum	Ahmed Humaid Al-Tayer
United Kingdom	Robert Leigh-Pemberton	Peter Middleton
United States	Donald T. Regan	W. Allen Wallis
Uruguay[a]	Ricardo Zerbino Cavajani	Ariel Davrieux
Vanuatu	Kalpokor Kalsakau	Patrick Noel
Venezuela[a]	Carlos Rafael Silva	Leopoldo Carnevali
Viet Nam	Nguyen Duy Gia	Le Hoang
Western Samoa	Tofilau Eti Alesana	Kolone Va'ai
Yemen Arab Republic	Mohammed Saeed Al-Attar	Qaid Mohammed Al-Hirwee
Yemen, People's Democratic Republic of	Farag Bin Ghanem	Abdulla Saeed Abaddan
Yugoslavia	Vlado Klemencić	Cvitan Dujmović
Zaire	Djamboleka Loma Okitongono	Bazundama Luzumbulu Mbandanu
Zambia	L. J. Mwananshiku	E. C. Kaunga
Zimbabwe	Bernard Thomas Chidzero	K. Moyana

a. Member of the IBRD only.

b. To be succeeded effective September 1, 1985, by Bjorn Olsen.

Executive Directors and Alternates of the World Bank and Their Voting Power

Appendix 2

June 30, 1985

Executive Director	Alternate	Casting votes of	IBRD Total votes	IBRD % of total	IDA Total votes	IDA % of total
Appointed						
James B. Burnham[a]	Hugh W. Foster	United States	123,427	19.91	961,854	19.13
Kenji Yamaguchi	Toshihiro Yamakawa[b]	Japan	41,080	6.63	403,763	8.03
Nigel Wicks[c]	Richard Manning	United Kingdom	35,626	5.75	337,949	6.72
Reinhard Münzberg	Michael von Harpe	Federal Republic of Germany	34,597	5.58	355,673	7.07
Bruno de Maulde	Francis Mayer	France	34,510	5.57	188,726	3.75
Elected						
Fawzi Hamad Al-Sultan (Kuwait)	Mohammad Al-Shawi (Saudi Arabia)	Bahrain,[d] Egypt (Arab Republic of), Iraq, Jordan, Kuwait, Lebanon, Maldives, Oman, Pakistan, Qatar,[d] Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen Arab Republic	33,189	5.36	356,794	7.10
Frank Potter (Canada)	George L. Reid (Barbados)	Antigua and Barbuda,[d] Bahamas,[d] Barbados,[d] Belize, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica,[d] St. Christopher and Nevis,[d] St. Lucia, St. Vincent	29,607	4.77	222,959	4.43
Jacques de Groote (Belgium)	Oral Akman (Turkey)	Austria, Belgium, Hungary, Luxembourg, Turkey	29,476	4.75	147,939	2.94
C.R. Krishnaswamy Rao Sahib (India)	Gholam Kibria (Bangladesh)	Bangladesh, Bhutan, India, Sri Lanka	27,363	4.41	217,583	4.33
Leonor Filardo de González (Venezuela)	Maria Antonieta Domínguez (Honduras)	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Spain, Suriname,[d] Venezuela[d]	26,573	4.29	136,442	2.71
Xu Naijiong (China)	Yang Guanghui (China)	China	23,732	3.83	96,173	1.91
Mario Draghi (Italy)	Rodrigo M. Guimarães (Portugal)	Greece, Italy, Malta,[d] Portugal[d]	23,274	3.75	144,913	2.88
Ronald H. Dean (Australia)	You Kwang Park (Republic of Korea)	Australia, Korea (Republic of), New Zealand, Papua New Guinea, Solomon Islands, Vanuatu, Western Samoa	22,082	3.56	125,200	2.49
Ferdinand van Dam (Netherlands)	Riza Sapunxhiu (Yugoslavia)	Cyprus, Israel, Netherlands, Romania,[d] Yugoslavia	21,773	3.51	148,889	2.96
Pekka Korpinen[e] (Finland)	Per Taxell (Sweden)	Denmark, Finland, Iceland, Norway, Sweden	20,569	3.32	250,846	4.99
Phaichitr Uathavikul (Thailand)	Shashi N. Shah (Nepal)	Burma, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Nepal, Singapore,[d] Thailand, Viet Nam	19,956	3.22	150,481	2.99
Edgar Gutiérrez-Castro (Colombia)	Guillermo A. Rivera (Dominican Republic)	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Philippines	18,613	3.00	168,483	3.35
Astère Girukwigomba (Burundi)	Mitiku Jembere (Ethiopia)	Botswana, Burundi, Ethiopia, The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Mozambique, Nigeria, Seychelles,[d] Sierra Leone, Sudan, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia, Zimbabwe	16,552	2.67	211,138	4.20
Mourad Benachenhou (Algeria)	Salem Mohamed Omeish (Libya)	Afghanistan, Algeria, Ghana, Iran (Islamic Republic of), Libya, Morocco, Tunisia, Yemen (People's Democratic Republic of)	14,763	2.38	108,427	2.16

(continued)

Executive Directors and Alternates of the World Bank and Their Voting Power *(continued)*

Appendix 2

June 30, 1985

Executive Director	Alternate	Casting votes of	IBRD Total votes	IBRD % of total	IDA Total votes	IDA % of total
Nicéphore Soglo (Benin)	André Milongo (Congo)	Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (People's Republic of the), Djibouti, Equatorial Guinea, Gabon, Guinea-Bissau, Ivory Coast, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, São Tomé and Principe, Senegal, Somalia, Togo, Zaire	12,610	2.03	171,127	3.40
Carlos Corti[f] (Uruguay)	Félix Alberto Camarasa (Argentina)	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay[d]	10,677	1.72	122,520	2.43

In addition to the Executive Directors and Alternates shown in the foregoing list, the following also served after October 31, 1984:

Executive Director	End of period of service	Alternate Director	End of period of service
H. N. Ray (India)	February 28, 1985	Nibhat Bhukkanasut (Thailand)	November 14, 1984
Robert K. Joyce (Canada)	April 2, 1985	Roberto Mayorga-Cortes (Nicaragua)	May 15, 1985

NOTE: Democratic Kampuchea (464 votes in IBRD and 7,826 votes in IDA) and South Africa (5,963 votes in IBRD and 16,408 votes in IDA) did not participate in the 1984 Regular Election of Executive Directors.

a. Resigned effective July 12, 1985.

b. Resigned July 5, 1985; to be succeeded by Zenbei Mizoguchi (Japan).

c. Resigned August 31, 1985; to be succeeded by Timothy P. Lankester (United Kingdom).

d. Member of the IBRD only.

e. Resigned July 31, 1985; to be succeeded by Christian Ulrik Haxthausen (Denmark).

f. Resigned June 30, 1985; to be succeeded by Kenneth Coates (Uruguay).

Officers and Department Directors of the World Bank

Appendix 3

June 30, 1985

President	A. W. Clausen*
Senior Vice President, Finance	Moeen A. Qureshi*
Senior Vice President, Operations	Ernest Stern*
Vice President	Warren C. Baum
Vice President, External Relations	Jose Botafogo G.*
Vice President, Energy and Industry	Jean-Loup Dherse
Vice President, Pension Fund	K. Georg Gabriel
Vice President and Controller	Hans C. Hittmair
Regional Vice President, South Asia	W. David Hopper
Vice President, Operations Policy	S. Shahid Husain
Regional Vice President, Eastern and Southern Africa	Edward V. K. Jaycox
Director-General, Operations Evaluation	Shiv S. Kapur
Regional Vice President, East Asia and Pacific	Attila Karaosmanoglu
Regional Vice President, Latin America and the Caribbean	A. David Knox
Vice President, Economics and Research	Anne O. Krueger*
Vice President, Cofinancing	Teruyuki Ohuchi
Vice President, Personnel and Administration	Martijn J. W. M. Paijmans*
Vice President and Treasurer	Eugene H. Rotberg
Vice President and General Counsel	Ibrahim F. I. Shihata*
Vice President and Secretary	Timothy T. Thahane*
Regional Vice President, Western Africa	Wilfried P. Thalwitz
Regional Vice President, Europe, Middle East, and North Africa	Willi A. Wapenhans
Vice President, Financial Policy, Planning, and Budgeting	D. Joseph Wood
Director, Country Programs Department I, Western Africa	Bilsel Alisbah
Director, Planning and Budgeting Department	Shinji Asanuma
Director, Economic Analysis and Projections Department	Jean Baneth
Director, European Office	Maurice P. Bart
Director, Financial Policy and Analysis Department	David R. Bock
Director, International Relations Department	Shahid Javed Burki
Director, Country Programs Department, South Asia	Russell J. Cheetham
Director, Water Supply and Urban Development Department	Anthony A. Churchill
Director, Compensation Department	R. A. Clarke
Director, Administrative Services Department	William J. Cosgrove
Director, Country Policy Department	Luis de Azcarate
Director, Cashier's Department	Jean B. De Boeck
Director, Special Office for African Affairs	Xavier de la Renaudière
Executive Secretary, Consultative Group on International Agricultural Research	Curtis Farrar
Director, Publications Department	James K. Feather
Director, Investment Department	Hani K. Findakly
Director, Projects Department, Western Africa	Hans Fuchs
Director, Accounting Department	Michael J. Gillette
Director, Industry Department	Amnon Golan
Director, Country Programs Department II, Latin America and the Caribbean	André Gué
Director, Education and Training Department	Aklilu Habte
Director, Staff Retirement Plan Department	Bernard J. Holland
Director, Development Research Department	Gregory K. Ingram
Director, Country Programs Department, East Asia and Pacific	Gautam S. Kaji
Director, Tokyo Office	Koji Kashiwaya
Director, Projects Department, East Asia and Pacific	Syed Salar Kirmani
Director, Country Programs Department I, Eastern and Southern Africa	Jochen Kraske
Director, Country Programs Department I, Europe, Middle East, and North Africa	Eugenio F. Lari
Director, Medical Department	André J. Lebrun
Director, Loan Department	Ducksoo Lee
Environmental Adviser, Office of Environmental and Scientific Affairs	James A. Lee
Director, Projects Department, South Asia	Enrique Lerdau
Director, Organization Planning Department	Richard B. Lynn
Director, Economic Policy Analysis and Coordination	Constantine Michalopoulos
Director, Population, Health, and Nutrition Department	John D. North

(continued)

Officers and Department Directors of the World Bank *(continued)*

Appendix 3

June 30, 1985

Director, Projects Department, Europe, Middle East, and North Africa	Robert Picciotto
Director, Transportation Department	Louis Y. Pouliquen
Director, Projects Policy Department	Visvanathan Rajagopalan
Director, Internal Auditing Department	Lawrence N. Rapley
Director, Information Resource Management Department	Mel Ray
Director, Energy Department	Yves Rovani
Director, Agriculture and Rural Development Department	G. Edward Schuh
Associate General Counsel	Hugh N. Scott
Director, Country Programs Department II, Western Africa	M. Ismail Serageldin
Director, Country Programs Department I, Latin America and the Caribbean	Rainer B. Steckhan
Director, Country Programs Department II, Europe, Middle East, and North Africa	Everardus J. Stoutjesdijk
Director, Financial Operations Department	Joseph P. Uhrig
Director, Projects Department, Latin America and the Caribbean	Suitbertus M. L. van der Meer
Director, Operations Policy	Herman G. van der Tak
Deputy Treasurer and Director, Treasury Operations	Heinz Vergin
Director, Information and Public Affairs Department	Frank R. Vogl
Director, Operations Evaluation Department	Yukinori Watanabe
Director, Country Programs Department II, Eastern and Southern Africa	Michael H. Wiehen
Director, Personnel Management Department	Anthony P. Williams
Director, Economic Development Institute	Christopher R. Willoughby
Director, Projects Department, Eastern and Southern Africa	Hans Wyss

* Member, Managing Committee.

Offices of the World Bank

Appendix 4

June 30, 1985

Headquarters: 1818 H Street, N.W., Washington, D.C. 20433, U.S.A.

New York Office	Marc L. Bazin Special Representative to the United Nations	The World Bank Mission to the United Nations/New York Office 747 Third Avenue (26th floor) New York, N.Y. 10017, U.S.A.
European Office	Maurice P. Bart Director	The World Bank 66, avenue d'Iéna 75116 Paris, France
Geneva Office	L. Peter Chatenay World Bank Representative to United Nations Organizations—Geneva	The World Bank ITC Building 54, rue de Montbrillant Geneva, Switzerland (mailing address: P.O. Box 104, 1211 Geneva 20 CIC, Switzerland)
Tokyo Office	Koji Kashiwaya Director	The World Bank Kokusai Building (Room 916) 1-1 Marunouchi 3-chome Chiyoda-ku, Tokyo 100, Japan
Regional Mission in Eastern and Southern Africa	James W. Adams[a] Director	The World Bank Reinsurance Plaza (5th and 6th floors) Taifa Road Nairobi, Kenya (mailing address: P.O. Box 30577)
Regional Mission in Western Africa	Jean-David Roulet Chief	The World Bank Immeuble Shell 64 Avenue Lamblin Abidjan 01, Ivory Coast (mailing address: B.P. 1850)
Regional Mission in Thailand	Christopher (Quill) Hermans Chief	The World Bank Udom Vidhya Building 956 Rama IV Road, Sala Daeng Bangkok 5, Thailand
Bangladesh	Roger E. Rowe Chief	Resident Mission The World Bank 222 New Eskaton Road Dhaka, Bangladesh (mailing address: G.P.O. Box 97)
Benin	Sven B. Kjellstrom Resident Representative	The World Bank Zone Résidentielle de la Radio Cotonou, Benin (mailing address: B.P. 03-2112)
Bolivia	Resident Representative	Banco Mundial Edificio BISA (4° Piso) 16 de Julio 1628 La Paz, Bolivia (mailing address: Casilla 8692)
Burkina Faso	Andrew P. Rogerson Resident Representative	The World Bank Immeuble BICIA (3ème étage) Ouagadougou, Burkina Faso (mailing address: B.P. 622)
Burundi	Bernard Chatelin Resident Representative	The World Bank 45, avenue de la Poste Bujumbura, Burundi (mailing address: B.P. 2637)

(continued)

Offices of the World Bank *(continued)*

Appendix 4

June 30, 1985

Cameroon	Peter S. Gisle Resident Representative	The World Bank Immeuble Kennedy Avenue Kennedy Yaoundé, Cameroon (mailing address: B.P. 1128)
China	Edwin Lim Chief	Opening fiscal year 1986: address in Beijing not yet known.
Colombia	Laurens Hoppenbrouwer[b] Resident Representative	Banco Mundial Edificio "Aseguradora del Valle" Carrera 10, No. 24-55 (Piso 17) Bogotá D.C., Colombia (mailing address: Apartado Aéreo 10229)
Ethiopia	Michael H. Payson Resident Representative	The World Bank I.B.T.E. New Telecommunications Building (1st floor) Churchill Road Addis Ababa, Ethiopia (mailing address: P.O. Box 5515)
Ghana	Seung Hong Choi Resident Representative	The World Bank 1A Kakramadu Road East Cantonments Accra, Ghana (mailing address: P.O. Box M27)
Guinea	Jean-Claude Balcet Resident Representative	The World Bank Cité des Nations, Villa 39 Conakry, Guinea (mailing address: B.P. 1420)
India	E. Bevan Waide Chief	Resident Mission The World Bank P.O. Box 416 New Delhi, India
Indonesia	D. C. Rao Director	Resident Staff in Indonesia The World Bank Jalan Rasuna Said, Kav. B-10 (Suite 301) Kuningan, Jakarta 12940, Indonesia (mailing address: P.O. Box 324 JKT)
Liberia	John C. Kendall Resident Representative	The World Bank Providence Building Ground Floor Ashmun Street Monrovia, Liberia (mailing address: P.O. Box 1504)
Madagascar	Paul J. Blay Resident Representative	The World Bank 1, rue Patrice Lumumba Antananarivo 101, Madagascar (mailing address: Banque mondiale B.P. 4140)
Mali	Michael Furst[b] Resident Representative	The World Bank Immeuble CNAR rue Square Lumumba Bamako, Mali (mailing address: B.P. 1864)
Nepal	Grant Slade[c] Resident Representative	The World Bank Jyoti Bhawan, Kantipath Kathmandu, Nepal (mailing address: P.O. Box 798)

Niger	Maurice J. Gervais Resident Representative	The World Bank Immeuble El Nasr (12ème étage—escalier A) Niamey, Niger (mailing address: Banque mondiale B.P. 12402, c/o Postmaster General)
Nigeria	Ishrat Husain Resident Representative	The World Bank Plot 1309A Karim Kotun Street Victoria Island Lagos, Nigeria (mailing address: P.O. Box 127)
Pakistan	Baelhadj Merghoub Resident Representative	The World Bank P.O. Box 1025 Islamabad, Pakistan
Peru	Ulrich R. W. Thumm Resident Representative	Banco Mundial Avenida Central 643 (1° Piso) Lima, Perú (mailing address: Apartado 4480)
Rwanda	Jean H. R. G. Doyen Resident Representative	The World Bank P.O. Box 609 Kigali, Rwanda
Saudi Arabia	David A. Cook Director	Resident Mission The World Bank Riyadh, Saudi Arabia (mailing address: P.O. Box 5900)
Senegal	Franz H. Kaps Resident Representative	The World Bank Immeuble S.D.I.H. 3 Place de l'Indépendance Dakar, Senegal (mailing address: B.P. 3296)
Somalia	Brian H. Falconer Resident Representative	The World Bank c/o Somali Commercial & Savings Bank Building (4th floor) Mogadishu, Somalia (mailing address: P.O. Box 1825)
Sri Lanka	Edward K. Hawkins Resident Representative	The World Bank People's Bank, Head Office (10th floor) Sir C. A. Gardiner Mawatha Colombo 2, Sri Lanka (mailing address: P.O. Box 1761)
Sudan	Mahfouz E. Tadros[d] Resident Representative	The World Bank Sudan Kuwaiti Centre Tower No. 1 (7th floor) Nile Avenue Khartoum, Sudan (mailing address: P.O. Box 2211)
Tanzania	Ronald H. S. Fennell Resident Representative	The World Bank N.I.C. Building (7th floor, B) Dar es Salaam, Tanzania (mailing address: P.O. Box 2054)
Togo	Sven B. Kjellstrom Resident Representative	The World Bank 169 Boulevard Circulaire Immemble BTCI (8ème étage) Lomé, Togo (mailing address: B.P. 3915)

(continued)

Offices of the World Bank *(continued)* Appendix 4

June 30, 1985

Uganda	Hillegonda J. Goris Resident Representative	The World Bank P.O. Box 4463 Kampala, Uganda
Zaire	Quy Lan Bui Resident Representative	The World Bank Building UZB Avenue des Aviateurs Kinshasa 1, Republic of Zaire (mailing address: P.O. Box 14816)
Zambia	Uche Mbanefo Resident Representative	The World Bank CMAZ Building Ben Bella Road Lusaka, Zambia (mailing address: P.O. Box 35410)
Zimbabwe	Mahmud A. Burney[a] Resident Representative	The World Bank c/o UNDP UDC Center (3rd floor) 59 Union Avenue-1st Street Harare, Zimbabwe (mailing address: P.O. Box 4775)

a. Effective July 1985.

b. Effective July 1, 1985.

c. Succeeded by Richard N. Woodford, August 1985.

d. Succeeded by Jasdip Singh, July 15, 1985.

The World Bank

Headquarters:
1818 H Street, N.W.
Washington, D.C. 20433, U.S.A.

Telephone: (202) 477-1234
Telex: RCA 248423 WORLDBK
WUI 64145 WORLDBANK
Cable address: INTBAFRAD
WASHINGTONDC

European Office:

66, avenue d'Iéna
75116 Paris, France

Telephone: (1) 723-54.21
Telex: 842-620628

Tokyo Office:

Kokusai Building
1-1, Marunouchi 3-chome
Chiyoda-ku, Tokyo 100, Japan

Telephone: (03) 214-5001
Telex: 781-26838

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