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Report No. P-6393-CHA

MEMORANDUM AND RECOMMENDATION

**OF THE
PRESIDENT OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE
EXECUTIVE DIRECTORS
ON A
PROPOSED CREDIT
OF SDR 6.9 MILLION
TO
THE PEOPLE'S REPUBLIC OF CHINA
FOR AN
ECONOMIC LAW REFORM PROJECT**

SEPTEMBER 20, 1994

MICROGRAPHICS

Report No: P- 6393 CHA
Type: MOP

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CURRENCY EQUIVALENTS

(As of July 1, 1994)

Currency Unit = Yuan (Y)

\$1.00 = Y8.50

Y1.00 = \$0.12

ABBREVIATIONS AND ACRONYMS

BLA	-	Bureau of Legislative Affairs (State Council)
CLA	-	Commission on Legislative Affairs (NPC)
IDA	-	International Development Association
MOF	-	Ministry of Finance
MOFTEC	-	Ministry of Foreign Trade and Economic Cooperation
MOJ	-	Ministry of Justice
NPC	-	National People's Congress
SCRES	-	State Commission for the Restructuring of the Economic System
SETC	-	State Economic and Trade Commission
UNDP	-	United Nations Development Programme

FISCAL YEAR

January 1 - December 31

CHINA

ECONOMIC LAW REFORM PROJECT

Credit and Project Summary

Borrower: People's Republic of China

Beneficiaries: Not applicable

Poverty: Not applicable

Amount: SDR 6.9 million (\$10 million equivalent)

Terms: Standard, with 35 years' maturity

Commitment Fee: 0.50% on undisbursed credit balances, beginning 60 days after signing, less any waiver.

Financing Plan: See Schedule A.

Net Present Value: Not applicable

Technical Annex: No. T-6393-CHA

**MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT
OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE EXECUTIVE DIRECTORS
ON A PROPOSED CREDIT
TO THE PEOPLE'S REPUBLIC OF CHINA
FOR AN ECONOMIC LAW REFORM PROJECT**

1. I submit for your approval the following memorandum and recommendation on a proposed development credit to the People's Republic of China for SDR 6.9 million, the equivalent of US\$10 million, on standard IDA terms, with a maturity of 35 years, to help finance an Economic Law Reform Project.
2. **Background.** As China makes its transition to a market economy, fundamental and corresponding changes in its legal system are also taking place. Central to a market system is reliance on a fair, knowable and credible legal framework that provides the "rules of the game". Legal norms and procedures are needed to substitute for governmental control of economic decisions and to demarcate government's regulatory role in many areas of economic activity. In China, priority areas include: **organization of economic entities** (company laws and revision of state, collective and private enterprise legislation); **creation of a competitive, freely-operating market** (bankruptcy law, competition and consumer protection legislation; revision of contract laws and improvement of commercial laws; laws and regulations governing securities regulation, issuance and trading); **separating employee benefit systems from the obligations of enterprises** (housing and real estate laws and introduction of social welfare legislation); and **strengthening the dispute resolution mechanisms** (courts, arbitration and mediation processes) to make the legal framework reliable and enforceable.
3. Over the past decade, China has put into place many elements of the legal framework for economic reform, and the process has accelerated in recent years as the tempo of economic reform has quickened. However, the enormity of the task that remains has heightened the need to set priorities in the legislative agenda - almost as many laws are scheduled for consideration in the 1993-98 five-year session of the National People's Congress (NPC) (152) as were enacted between 1949 and 1992. The initiation and strengthening of laws in all these areas would be facilitated - and the resulting legislation improved - by giving China's legal reformers access to the experience of other countries, developed and developing, those with civil law systems and common law systems, and other socialist economies in transition.
4. Moreover, to implement the new legal framework requires more and better-trained lawyers, judges, law professors, government legal officials and public prosecutors. Legal education was revived only in 1978 after more than a decade; today, there are numerous full-time law faculties and countless other institutions providing legal education and training. Still, of China's 70,000 lawyers, many do not have formal legal training. Further, lawyers and judicial personnel alike need training in the new laws and procedures of the market economy. This, in turn, calls for strengthening legal education and training, developing new curricula and new methodologies of teaching them, and promoting (and regulating) the development of the legal profession.

5. The changes under way in the legal sector call for the development of new training mechanisms. For example, where lawyers were once exclusively state functionaries, there are now rapidly increasing numbers of non-state law firms serving the legal needs of Chinese and foreign businesses and individuals. These lawyers need in-service, focussed training in new laws, in specialized areas and in managing legal practice, a need that established formal degree programs are not likely to meet. Judges faced with complex financial cases and armed with little economics, finance or financial law training need short-term content-focussed courses, not research in jurisprudence. Law professors teaching graduates destined for a life of client representation, rather than teaching or bureaucracy, need teaching materials and method that will teach advocacy skills and sharpen analytical capabilities. And legal ethics must be developed and taught to all of these legal professionals.

6. Relatively few donor agencies are providing China with technical assistance in the legal field, especially in comparison with transition economies in Eastern Europe and the former Soviet Union or Viet Nam. The United Nations Development Programme (UNDP) is funding a \$2.1 million project in Legislative Drafting to Support Economic Reform, a five year project that began in 1992. This project is implemented by the State Council's Bureau of Legislative Affairs (BLA), and includes training in legislative drafting as well as provision of expertise in the preparation of 22 specified laws. The activities for the remaining years of the project have already been defined; however, requests for future UNDP funding in this area are under discussion and would be coordinated with any assistance provided under the proposed Project. In addition, the Ford Foundation is assisting in specific areas (administrative law, training of judges, human rights issues); the Asia Foundation has provided assistance in training judges and in environmental law training; and the Asian Development Bank is providing for technical assistance in environmental law to the NPC, among other activities. Small amounts of assistance are being made available by a few bilateral donors. There remains, however, an unfilled need for comprehensive, sustained technical assistance in preparation of legislation and strengthening human resources to prepare and implement it.

7. **Objectives.** The Project would assist China in improving the legal framework to support economic reform by: (a) strengthening the preparation of economic legislation in priority areas; (b) enhancing training methods, curricula and opportunities for law teachers, legal practitioners and legal, judicial and other government personnel in the theory and practice of the new legal framework; and (c) strengthening the key legal institutions responsible for legislation and the implementation of economic laws.

8. **Description.** The Project would consist of three parts: sub-projects to support preparation of legislation; sub-projects to support legal training; and institutional support. A detailed description of the Project and implementation arrangements is presented in the Technical Annex and summarized below.

(a) Sub-projects under the legislative component (about \$5.5 million) would support the preparation of laws (and their supplementary regulations and implementing rules) included in the NPC five year (1993-98) legislative agenda, which would assist in the development of a market economy (about 54 laws are considered in this category). Each legislative sub-project would consist of a package of assistance, designed to provide comparative legal experiences and advice on legislative drafting in a specific field of law. Each package would include as necessary: acquisition and

translation of materials (particularly foreign laws and regulations); employment of international and local legal experts to advise on drafting outline and detailed provisions; seminars to discuss initial directions and subsequent drafts; and short, focussed study tours by drafting group members to investigate specific issues arising in the drafting process.

- (b) Sub-projects under the training component (about \$6.5 million) would provide support for key activities which would either: (i) have a broad impact on legal and other professionals teaching, training or implementing economic laws; or (ii) where the impact is more limited, demonstrate innovative approaches to meeting the changing needs of the legal profession and legal system in the market economy. Particular focus would be given to the development of new forms of teaching materials and training methods and to the development of legal information systems. Sub-projects would be expected to assist short-term needs in practical training of legal personnel as well as long-term strengthening of the legal training system, such as through curriculum development. Training sub-projects would be expected to address primarily in-country training and would not be limited to training at the national level in Beijing.
- (c) The institutional support component (about \$1.3 million) would provide targeted assistance to key legal institutions whose functions will expand and grow in importance in a market economy. The NPC's Commission on Legislative Affairs (CLA), which reviews and revises all drafts submitted to the NPC and is also responsible for the drafting of selected laws, would modernize its document processing and circulation with new office equipment and technology and would upgrade its databases of foreign laws, for reference purposes. The State Council's Bureau of Legislative Affairs (BLA) would upgrade and extend its database of Chinese laws, State Council regulations, ministerial circulars and provincial legislation and regulations and funds would be provided for various government agencies to be joined in a legal information network. Assistance to the Ministry of Justice (MOJ) in re-designing the lawyers examination system and continuing legal education will also be provided.

9. The total project cost is estimated at \$13.3 million equivalent, with a foreign exchange component of \$10 million equivalent (75 percent of total costs). The Association would finance \$10 million equivalent, representing all of the foreign exchange component. To facilitate drafting of laws scheduled for consideration by end-1994 and early 1995, retroactive financing of up to SDR 200,000 is proposed for expenditures made after June 27, 1994. A breakdown of project costs and the financing plan are shown in Schedule A. Procurement methods, disbursement amounts, and the disbursement schedule are shown in Schedule B. A timetable of key project processing events and the status of Bank Group operations in China are given in Schedules C and D, respectively.

10. Project Implementation. The World Bank Department of the Ministry of Finance (MOF) would be the overall Project Coordinating Agency, responsible for the day-to-day project coordinating work. Sub-projects would be prepared and implemented by agencies (for the legislative and institutional support components) and by training institutions (for the training component). MOF would be assisted in the substantive legal aspects of this work by a local legal consultant. For legislative sub-projects, a Legislative Advisory Group would be constituted of senior representatives of the CLA, the NPC Economic and Finance Committee, the BLA and the State Commission for the Restructuring of the Economic System (SCRES). MOF would convene meetings of the Legislative Advisory Group as need-

ed, but at least semi-annually. For training sub-projects, MOF would maintain a roster, agreed with IDA, of experts in legal education and training (including foreign expertise as needed), and would consult with at least three experts in the review of each sub-project. To ensure effective implementation, annual work programs would be agreed in advance and a mid-term review would be scheduled for end-1996.

11. Project Sustainability. The institutional support component will strengthen two key drafting agencies, the CLA and BLA, both of which play an important role in ensuring the consistency of proposed legislation with existing legislation and in enhancing the technical drafting of the legislation. To the extent that legislation finally enacted reflects the comparative inputs provided under the Project, a legal framework better suited to the experience of market economies should result. More importantly, the support for innovative training mechanisms would help create additional opportunities for training of the legal professionals implementing that legal framework.

12. Lessons Learned from Previous Bank/IDA Involvement. While the Bank Group has no previous operations in the legal field in China, there have been six technical assistance projects: two Technical Cooperation Projects (Cr. 1412-CHA, Cr. 1664-CHA), a Planning Support and Special Studies Project (Cr. 1835-CHA), a Reform, Institutional Support and Preinvestment Project (Cr. 2447-CHA), a Financial Sector Technical Assistance Project (Cr. 2423 CHA) and an Environmental Technical Assistance Project (Cr. 2522 - CHA). Among the lessons learned about Bank Group technical assistance in China are: the need for the pre-identification of sufficient project activities to provide for a good start on implementation; the need to avoid excessive financing of buildings, hardware or unfocussed overseas training; and the need to reach agreement on internal on-lending arrangements well before implementation begins. In the legal field, lessons learned in Bank Group legal technical assistance activities elsewhere suggest tailoring project scope to avoid overambitious and unattainable goals, paying careful attention to the country's own legal reform agenda, institutional structure and capacity as well as to what is relevant and attainable in the country context of law reform.

13. Rationale for IDA Involvement. The proposed project complies with the Bank's Country Assistance Strategy for China, as presented to the Board on August 3, 1993. Legal reform is an integral part of the strategy, as a program of comprehensive legal technical assistance to support market reforms would strengthen the framework for other reform elements in the strategy, including enterprise reform, marketization and private sector development. Indeed, a potential economic law reform project is specifically identified in the strategy.

14. Legal reform would serve to enhance the stability, predictability and transparency of economic transactions. As legal reform is essential for the success of the economic reforms and the development of the market economy, addressing China's current needs for legal reform would add a vital component to Bank Group assistance to China in promoting economic reform and the development of a market economy. Until now, legal technical assistance has followed a piecemeal approach, as Bank Group lending operations in China and economic and sector work have increasingly included support for legal reforms in project-specific or topic-specific areas. Now the breadth of reforms, and the connectivity of the laws and regulations required, argue for a comprehensive package of assistance for China in its economic law reform process rather than a law-by-law approach. Moreover, strengthening the central law-making bodies (NPC, State Council) to enhance consistency of laws is of special importance in the Chinese system, a result which separate, sectoral projects could not achieve. The Bank Group has

developed experience in recent years in a wide range of member countries in supporting similar endeavors in legal reforms, especially in transition economies. This experience would be brought to assist China in establishing priorities in economic law reform and in implementing the proposed Project. The Bank Group's overall support for, and familiarity with, China's economic reform program would help maintain a strong connection between economic reform and legal reform activities.

15. Agreed Actions. The following are the main assurances obtained at negotiations: (a) sub-projects would be selected by agreement between the Borrower and IDA to meet eligibility criteria; (b) annual work plans for the Project for each calendar year would be furnished to IDA for review and approval by October 31 of the preceding year; (c) MOF would convene at least semi-annual meetings of the Legislative Advisory Group to provide guidance on priorities and progress in the Borrower's legislative affairs; (d) training sub-projects would be reviewed by at least three experts from a roster agreed between the Borrower and IDA; (e) Credit funds would be made available to implementing entities and agencies on terms and conditions satisfactory to IDA, including the provision of funds on a grant basis to implementing entities and agencies funded from the Government budget; and (f) MOF would undertake with IDA a mid-term review of the progress of and prospects for implementation by December 31, 1996.

16. Environmental Aspects. The Project is expected to have no direct effect on the environment (Category C).

17. Program Objective Categories. The economic legislation prepared with the technical assistance provided under the Project would promote private sector development, as would the training for lawyers under the Project.

18. Participatory Approach. The training sub-projects are expected to include a number of non-governmental and quasi-governmental training entities, which would broaden the opportunities for legal training beyond the official sector. The legislative drafting process also provides opportunities for academicians and other non-government experts to offer their views, such as in symposia planned under legislative sub-projects.

19. Project Benefits. The Project would provide Chinese law-makers with a readily-available source of funding for specialized expertise and advice in the diverse areas of law necessary for economic law reform. It would also provide training opportunities for legal personnel that would not only benefit the individuals trained but would be designed in a way that could be replicated for others. The Project would have the added benefit of strengthening the mechanism for legal reforms that are essential to the design and implementation of Bank Group projects which themselves support selected economic reforms. Long-term benefits would include a better legal basis for the market economy and a better-trained cadre of personnel able to make it function.

20. Risks. In view of the complexity of responsibilities for law reform, there is a risk that some of the specialized advice and training provided under the Project may not extend beyond the immediate beneficiaries, or that some of the legislation prepared with assistance under the Project might not be enacted or, if enacted, may not be applied. The first risk has been addressed to the extent possible in Project design; the second risk is inherent in legal technical assistance of this type. Moreover, the Project would be subject to the same set of risks of delayed or slow implementation as other "umbrella" technical assistance projects in China and elsewhere. However, the advanced preparation and prior agreement on a number of sub-projects minimizes the potential risk of a delay in the initial implementation of the Project.

21. Recommendation. I am satisfied that the proposed development credit would comply with the Articles of Agreement of the Association and recommend that the Executive Directors approve it.

Lewis T. Preston
President

Attachments

Washington, D.C.
September 20, 1994

CHINA

ECONOMIC LAW REFORM PROJECT

Estimated Costs and Financing Plan
(\$ million)

	Local	Foreign	Total
<hr/>			
<u>Estimated Project Costs</u>			
Institutional Support	0.24	1.08	1.32
Sub-projects	3.06	8.92	11.98
<u>Total Project Cost /a</u>	<u>3.30</u>	<u>10.00</u>	<u>13.30</u>
 <u>Financing Plan</u>			
IDA	-	10.00	10.00
Government and sub-project entities	3.30	-	3.30
<u>Total</u>	<u>3.30</u>	<u>10.00</u>	<u>13.30</u>

/a Project is exempt from taxes and duties. Total project cost includes price contingencies averaging about 5% of base costs.

CHINA

ECONOMIC LAW REFORM PROJECT

Summary of Proposed Procurement Arrangements
(\$ million)

Project element	Procurement method		Total
	ICB	Other(1)	
Equipment and materials	-	5.3	5.3
	-	(3.0)	(3.0)
Consultants' services and study tours	-	8.0	8.0
	-	(7.0)	(7.0)
<u>Total</u>	=	<u>13.3</u> <u>(10.0)</u>	<u>13.3</u> <u>(10.0)</u>

- Note: (1) Other procurement methods include: local competitive bidding; local shopping and direct purchase of proprietary goods and materials; consultants' services following Bank Guidelines; and direct arrangements for study tours.
(2) Figures in parentheses indicate Bank Group financing.
(3) All amounts include price contingencies. No physical contingencies contemplated.

CHINA

ECCNOMIC LAW REFORM PROJECT

Disbursements

<u>Category</u>	<u>Amount of Credit (\$ million)</u>	<u>% of expenditures to be financed</u>
Goods	2.7	100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 75% of local expenditures for other items procured locally
Consultants' Services	4.5	100%
Study Tours	1.8	100%
Unallocated	1.0	
<u>Total</u>	<u>10.0</u>	

Estimated Disbursements

<u>IDA FY</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
	<u>(\$ million)</u>				
Annual	1.0	3.1	2.5	1.8	1.6
Cumulative	1.0	4.1	6.6	8.4	10.0

CHINA

ECONOMIC LAW REFORM PROJECT

Timetable of Key Project Processing Events

- (a) Time taken to prepare the project: 12 months (July 1993-July 1994)
- (b) Prepared by: Government with Association
assistance
- (c) First IDA mission: July 1993
- (d) Appraisal mission departure: June 1994
- (e) Negotiations: September 1994
- (f) Planned date of effectiveness: November 1994
- (g) List of relevant PCRs and PPARs: none

The project was prepared by: Natalie Lichtenstein (Principal Counsel, LEGEA; task manager), Feng Wang (LEGEA, consultant), Anthony Ody (Principal Country Officer, EA2CO, thru 5/94), and David Rix (Senior Country Officer, EA2CO). The peer reviewers were Ian Newport (Chief Counsel, LEGSA), Andrew Vorkink (Chief Counsel, LEGEC) and Paul Cadario (Chief Administrative Officer, ECACA). The Division Chiefs are Sherif Hassan (Chief Counsel, LEGEA) and Zafer Ecevit (Chief, EA2CO) and the Department Director is Nicholas C. Hope.

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

A. STATEMENT OF BANK LOANS AND IDA CREDITS
(As of June 30, 1994)

Loan/ Credit Number	FY	Bor- rower	Purpose	Amount (US\$ million) (net of cancellations)		
				Bank	IDA	Undib.(a)
24 loans and 39 credits have been fully disbursed.				2,300.9	2,339.9	-
Of which SECAL:						
2967/1932	88	PRC	Rural Sector Adj.	200.0	93.2	-
2540	85	PRC	Railway II	220.0	-	1.8
1664	86	PRC	Technical Cooperation Credit II	-	20.0	1.9
2678/1680	86	PRC	Third Railway	160.0	(70.0)(b)	23.2
2689	86	PRC	Tianjin Port	130.0	-	4.6
2706	86	PRC	Beilungang Thermal Power	225.0	-	5.2
2707	86	PRC	Yantan Hydroelectric	52.0	-	0.2
2723/1713	86	PRC	Rural Health & Preventive Med.	15.0	65.0	15.2
1764	87	PRC	Xinjiang Agricultural Dev.	-	70.0	2.9
2794/1779	87	PRC	Shanghai Sewerage	45.0	(100.0)(b)	22.1
2811/1792	87	PRC	Beijing-Tianjin-Tanggu Expressway	25.0	125.0	10.3
2812/1793	87	PRC	Gansu Provincial Dev.	20.0	150.5	36.9
1835	87	PRC	Planning Support & Special Studies	-	20.7	6.2
2838	87	PRC	Fertilizer Rationalization	97.4	-	1.1
2852	87	PRC	Wujing Thermal Power	190.0	-	20.4
1871	88	PRC	Rural Credit III	-	170.0	0.1
2877/1845	88	PRC	Huangpu Port	63.0	(25.0)(b)	20.6
1885	88	PRC	Northern Irrigation	-	103.0	16.9
2924/1887	88	PRC	Coastal Lands Dev.	40.0	(60.0)(b)	2.2
2943	88	PRC	Pharmaceuticals	127.0	-	2.2
2951/1917	88	PRC	Sichuan Highway	75.0	(50.0)(b)	32.4
2952	88	PRC	Shaanxi Highway	50.0	-	0.5
2955	88	PRC	Beilungang II	165.0	-	24.3
2958	88	PRC	Phosphate Dev.	62.7	-	11.7
2968	88	PRC	Railway IV	200.0	-	24.1
1984	89	PRC	Jiangxi Provincial Highway	-	61.0	5.1
1997	89	PRC	Shaanxi Agricultural Dev.	-	106.0	22.9
2006	89	PRC	Textbook Development	-	57.0	2.1
2009	89	PRC	Integrated Reg. Health	-	52.0	17.4
3006	89	PRC	Ningbo & Shanghai Ports	76.4	-	21.2
3007	89	PRC	Xiamen Port	36.0	-	6.9
3022	89	PRC	Tianjin Light Industry	154.0	-	72.4
3060/2014	89	PRC	Inner Mongolia Railway	70.0	(80.0)(b)	19.1
2097	89	PRC	Shandong Agriculture Dev.	-	109.0	1.0
3066	89	PRC	Hubei Phosphate	137.0	-	83.9
3073/2025	89	PRC	Shandong Prov. Highway	60.0	(50.0)(b)	26.4
3075	89	PRC	Fifth Industrial Credit	300.0	-	92.6
2097	90	PRC	Jiangxi Agric. Dev.	-	60.0	9.4
2114	90	PRC	Vocational & Tech. Educ.	-	50.0	11.2
2145	90	PRC	National Afforestation	-	300.0	117.6
2159	90	PRC	Hebei Agricultural Dev.	-	150.0	56.1
2172	91	PRC	Mid-Yangtze Agricultural Dev.	-	64.0	17.7
3265/2182	91	PRC	Rural Credit IV	75.0	200.0	53.6
3274/2186	91	PRC	Rural Indust Tech (SPARK)	50.0	64.3	38.2
3286/2201	91	PRC	Medium-Sized Cities Dev.	79.4	52.9	59.6
3288	91	PRC	Shanghai Industrial Dev.	150.0	-	147.9
2210	91	PRC	Key Studies Development	-	131.2	50.1
2219	91	PRC	Liaoning Urban Infrastructure	-	77.8	10.6
3316/2226	91	PRC	Jiangsu Provl. Transport	100.0	(53.6)(b)	44.0
2242	91	PRC	Henan Agricul. Dev.	-	110.0	68.9
3337/2256	91	PRC	Irrig. Agricul. Intensif.	147.1	187.9	136.3

Loan/ Credit Number	FY	Bor- rower	Purpose	Amount (US\$ million) (net of cancellations)		
				Bank	IDA	Undisb.(a)
3387	92	PRC	Ertan Hydroelectric	380.0	-	85.6
2294	92	PRC	Tarim Basin	-	125.0	77.4
2296	92	PRC	Shanghai Metro Transport	-	60.0	27.5
3406	92	PRC	Railways V	330.0	-	196.1
3412/2305	92	PRC	Daguangba Multipurpose	30.0	37.0	24.8
2307	92	PRC	Guangdong ADP	-	162.0	125.5
3415/2312	92	PRC	Beijing Environment	45.0	80.0	82.9
2317	92	PRC	Infectious and Endemic Disease Cont	-	129.6	107.4
3433	92	PRC	Yanshi Thermal Power	180.0	-	77.8
2336	92	PRC	Rural Water Supply and Sanitation	-	110.0	71.5
2339	92	PRC	Educ. Development in Poor Provs.	-	130.0	83.3
3443	92	PRC	Regional Cement Industry	82.7	-	70.9
3462	92	PRC	Zouxian Thermal Power	310.0	-	269.6
3471	92	PRC	Zhejiang Provincial Highway	220.0	-	152.5
2387	92	PRC	Tianjin Urban Devt. & Envir.	-	100.0	83.9
2391	92	PRC	Ship Waste Disposal	-	15.0	15.9
2411	93	PRC	Sichuan Agricultural Devt.	-	147.0	106.8
3515	93	PRC	Shuikou Hydroelectric II	100.0	-	72.4
2423	93	PRC	Financial Sector TA	-	60.0	56.6
3530	93	PRC	Guangdong Provincial Transport	240.0	-	198.6
3531	93	PRC	Henan Provincial Transport	120.0	-	88.8
2447	93	PRC	Ref. Inst'l and Preinvest.	-	50.0	46.4
3552	93	PRC	Shanghai Port Rest. and Devt.	150.0	-	143.9
2457	93	PRC	Changchun Water Supply & Env.	-	120.0	118.0
2462	93	PRC	Agriculture Support Services	-	115.0	102.9
3560/2463	93	PRC	Taihu Basin Flood Control	100.0	100.0	145.7
2471	93	PRC	Effective Teaching Services	-	100.0	98.0
3572	93	PRC	Tianjin Industry II (c)	150.0	-	150.0
3582	93	PRC	South Jiangsu Envir. Prot.	250.0	-	250.0
2475	93	PRC	Zhejiang Multicities Devt.	-	110.0	105.1
3581	93	PRC	Railway VI	420.0	-	389.6
3606	93	PRC	Tianhuangping Hydroelectric	300.0	-	279.5
3624/2518	93	PRC	Grain Distribution	325.0	165.0	475.9
2522	93	PRC	Environmental Tech. Assist.	-	50.0	45.9
2539	94	PRC	Rural Health Workers Devt.	-	110.0	108.4
3652	94	PRC	Shanghai Metro Transport II	150.0	-	101.8
3681	94	PRC	Fujian Provincial Highways (c)	140.0	-	140.0
3687	94	PRC	Telecommunications (c)	250.0	-	250.0
2563	94	PRC	Second Red Soils Area Devt.	-	150.0	156.8
2571	94	PRC	Songliao Plain Agric. Devt.	-	205.0	214.8
3711	94	PRC	Shanghai Environment (c)	160.0	-	160.0
3716	94	PRC	Sichuan Gas Devt & Conservatn.(c)	255.0	-	255.0
3718	94	PRC	Yangzhou Thermal Power (c)	350.0	-	350.0
3727	94	PRC	Xiaolangdi Multipurpose (c)	460.0	-	460.0
2605	94	PRC	Xiaolangdi Resettlement (c)	-	110.0	115.6
2616	94	PRC	Loess Plateau Watershed Devt. (c)	-	150.0	153.8
2623	94	PRC	Forest Resource Devt. & Prot. (c)	-	200.0	205.0
3748	94	PRC	National Highway (c)	380.0	-	380.0
Total				11,575.6	7,787.8	8,956.0
of which has been repaid				920.0	9.3	
Total now held by Bank and IDA				10,655.7	7,778.5	
Amount sold: Of which repaid				-	-	
Total Undisbursed				5,973.7	2,982.3	8,956.0

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

(b) Credit fully disbursed.

(c) Not yet effective.

B. STATEMENT OF IFC INVESTMENTS
(As of June 30, 1994)

Investment No.	FY	Borrower	Type of Business	Loan -----	Equity (US\$ Million)	Total -----
813/2178	85/86/91	Guangzhou and Peugeot	Automobile	15.0	4.5	19.5
974	87/88	China Investment Co.	Investment	3.0	-	3.0
1020	88/92/94	Shenzhen China Bicycles Co. Ltd.	Bicycle Manufacture	17.5	3.4	20.9
1066	89	Crown Electronics	Electronics	15.0	-	15.0
1119	89/93	Shenzhen Chronar Solar Energy	Solar (a) Energy	2.0	1.0	3.0
3423	93	Shenzhen PCCP	Manufacturing	4.0	1.0	5.0
3150	93	Yantai Cement	Cement	28.7	2.0	30.7
3881	94	China Walden Mgt.	Capital Mkts.	-	7.5	7.5
Total Gross Commitments				85.2	19.4	104.6
Less cancellations, terminations repayment and sales				23.0	-	23.0
Total Commitments now Held by IFC				62.2	19.4	81.6
Total Undisbursed				28.7	5.0	33.7

(a) Loan subsequently cancelled.

07/01/94
EAZDR