

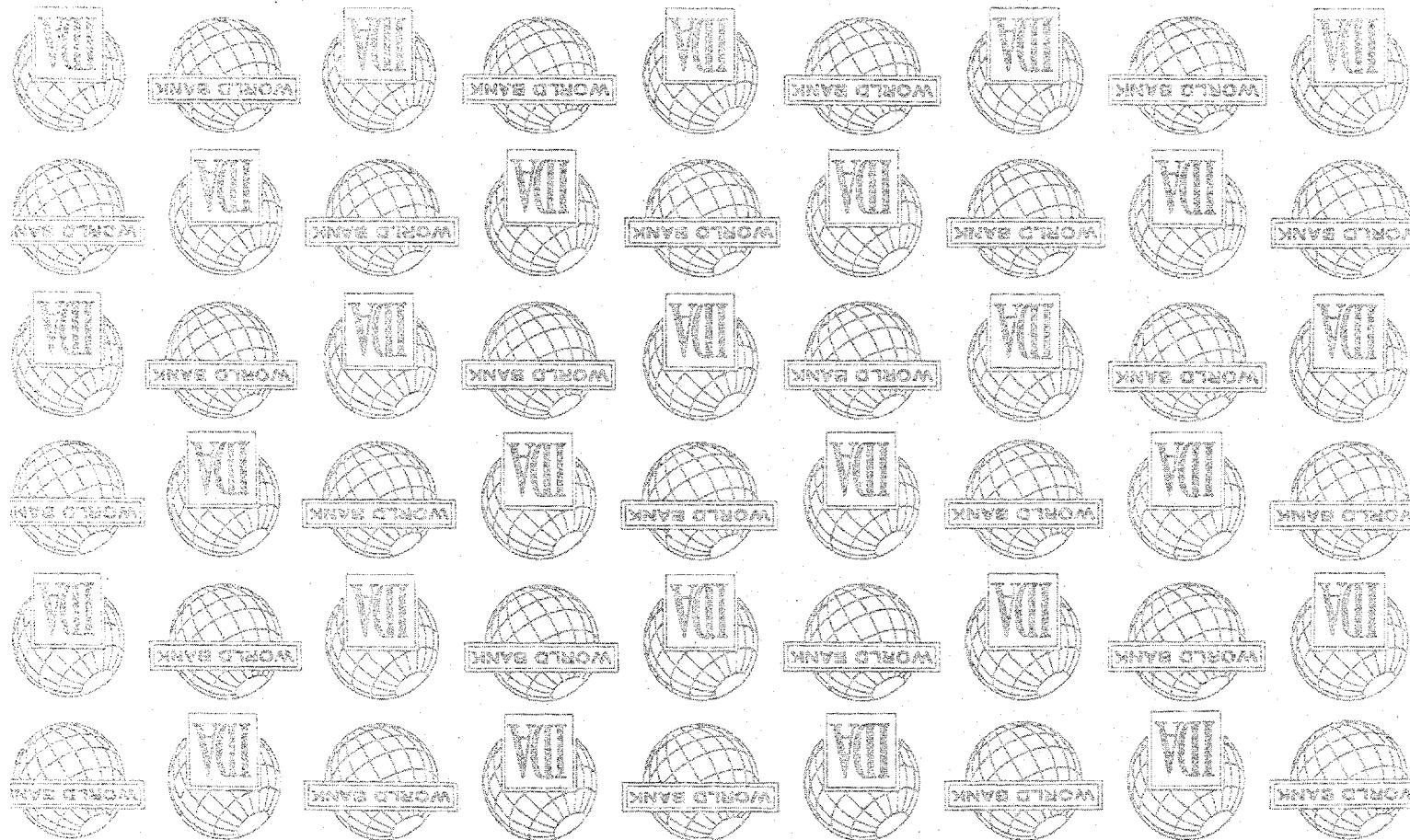
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**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION**

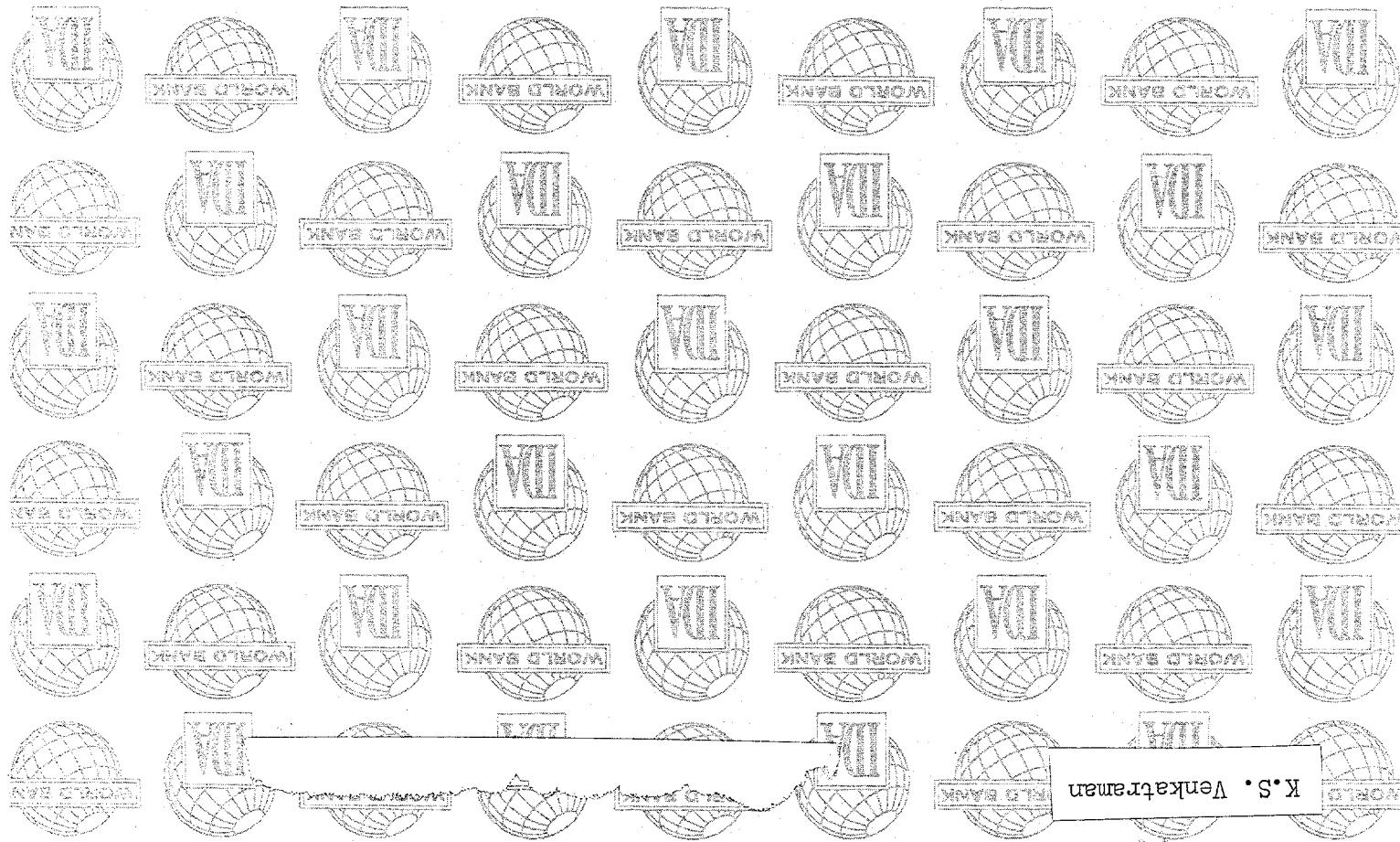


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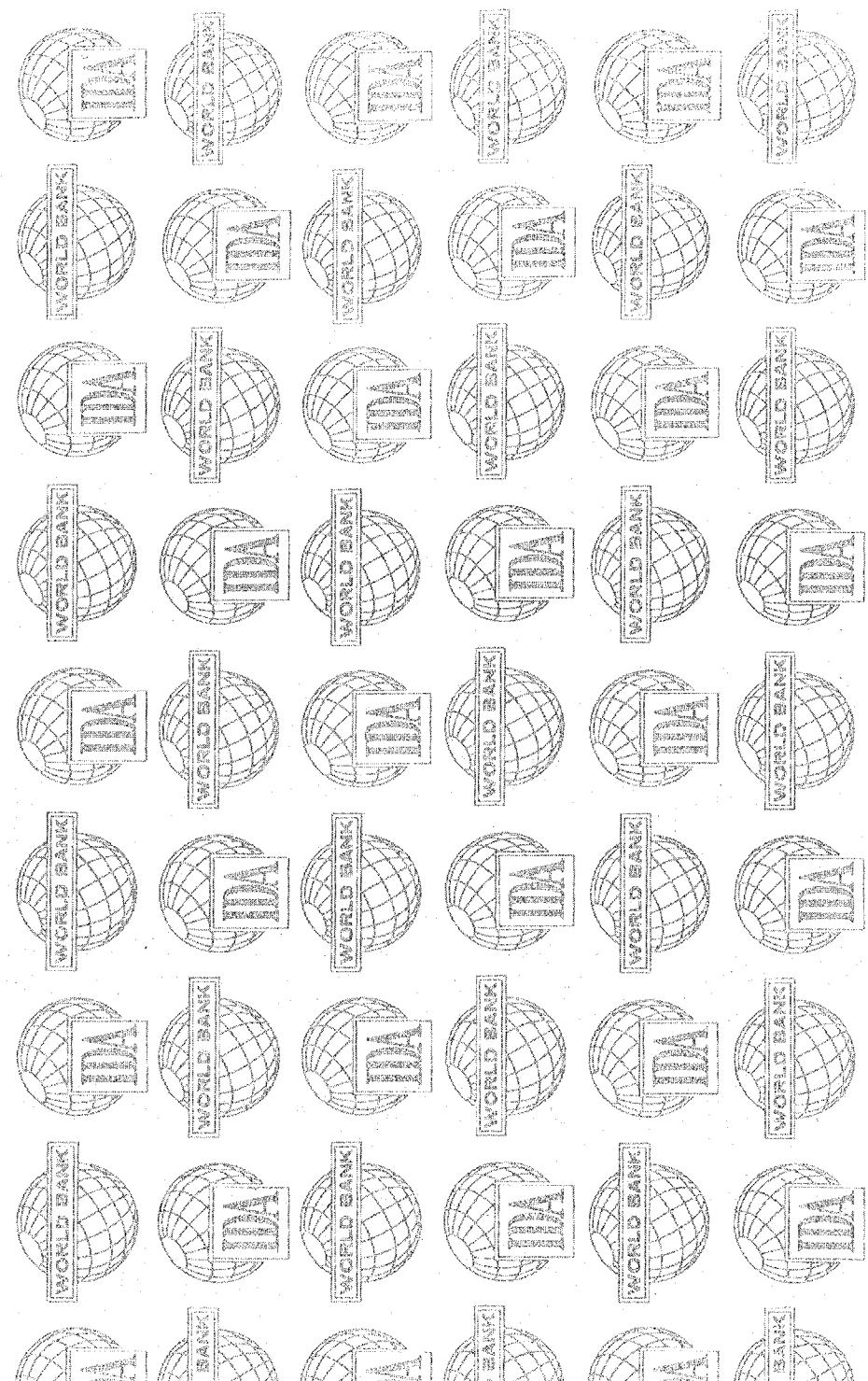
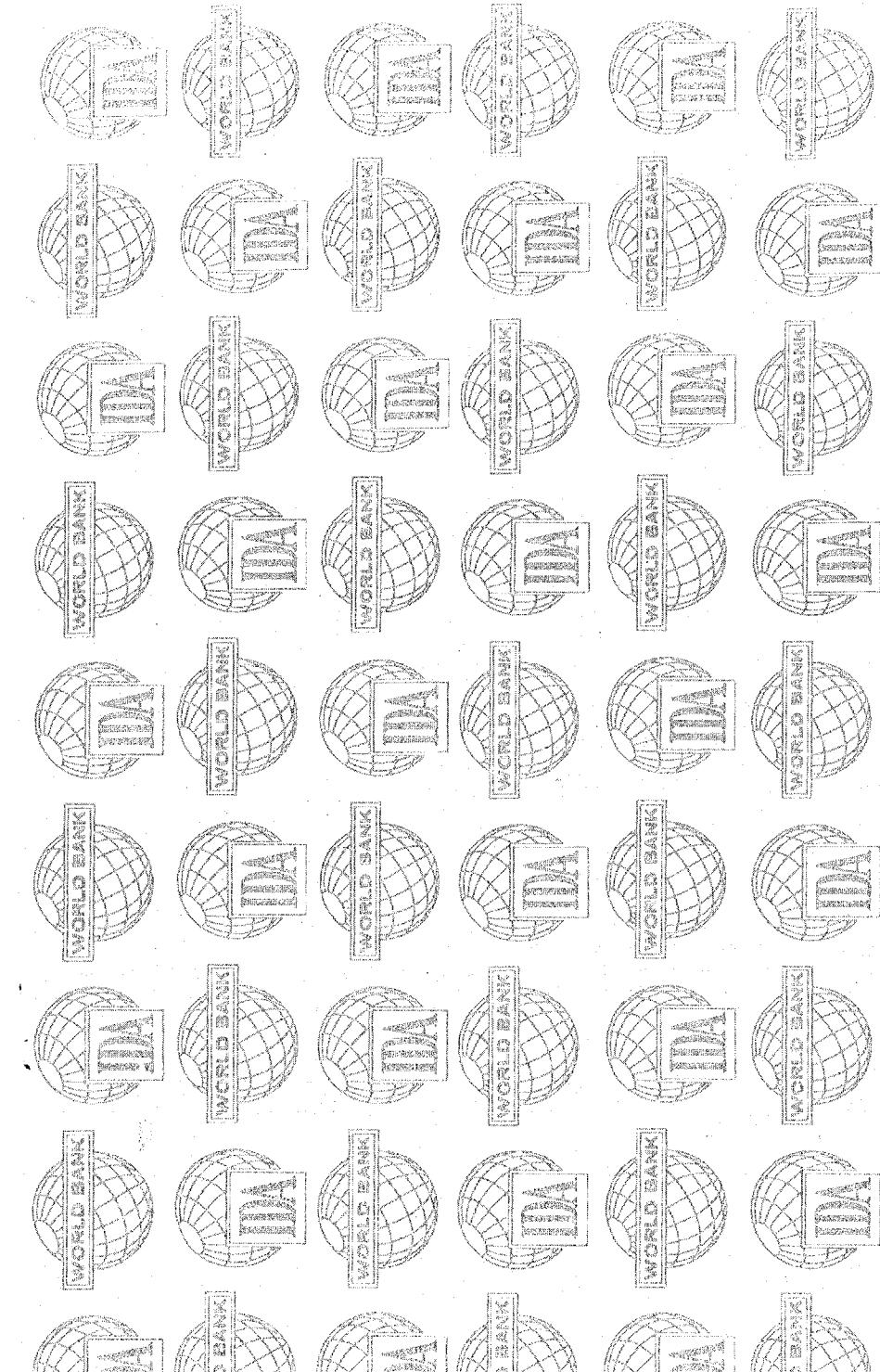
**WORLD BANK and IDA**



1947 1948 1949 1950 1951 1952 1953 1954 1955 19



Year  
1957 1958 1959 1960 1961 1962 1963 1964 1965





**1965-1966 annual report WORLD BANK and IDA**



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International Bank for Reconstruction and Development  
International Development Association

September 26, 1966

My dear Mr. Chairman:

In accordance with Section 10 of the By-Laws of the International Bank for Reconstruction and Development and Section 2 of the By-Laws of the International Development Association, I have been authorized by the Executive Directors of the Bank and the Association to submit to the Boards of Governors this Annual Report for the fiscal year July 1, 1965 to June 30, 1966.

I have also been authorized by the Executive Directors of the Bank and the Association to submit to the Boards of Governors, in accordance with Section 19 of the By-Laws of the Bank and Section 8 of the By-Laws of the Association, the audited financial statements as of June 30, 1966, and the Administrative Budgets for the fiscal year ending June 30, 1967. They are contained in the Appendices of the Report.

Sincerely yours,



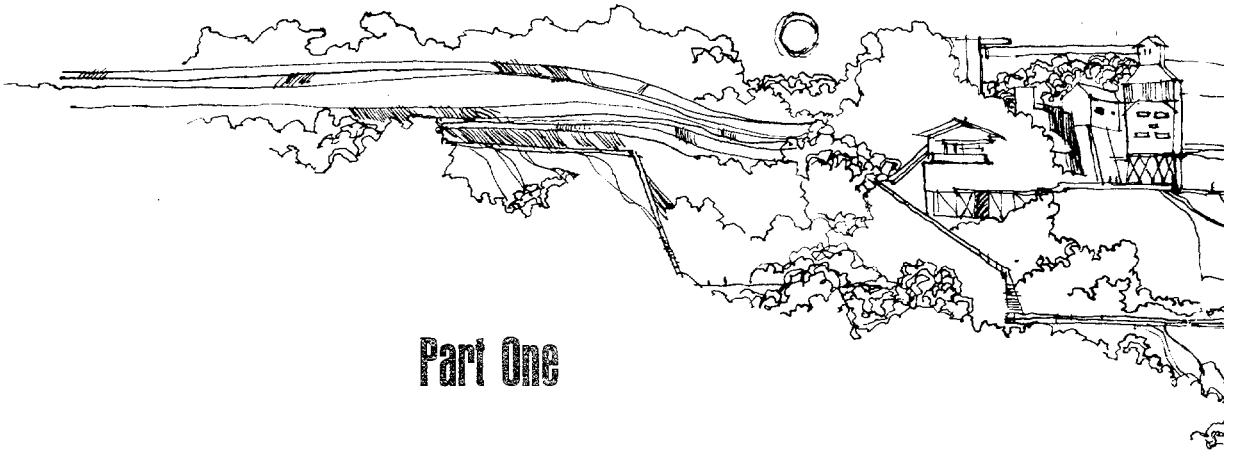
George D. Woods  
President

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

## Financial Highlights

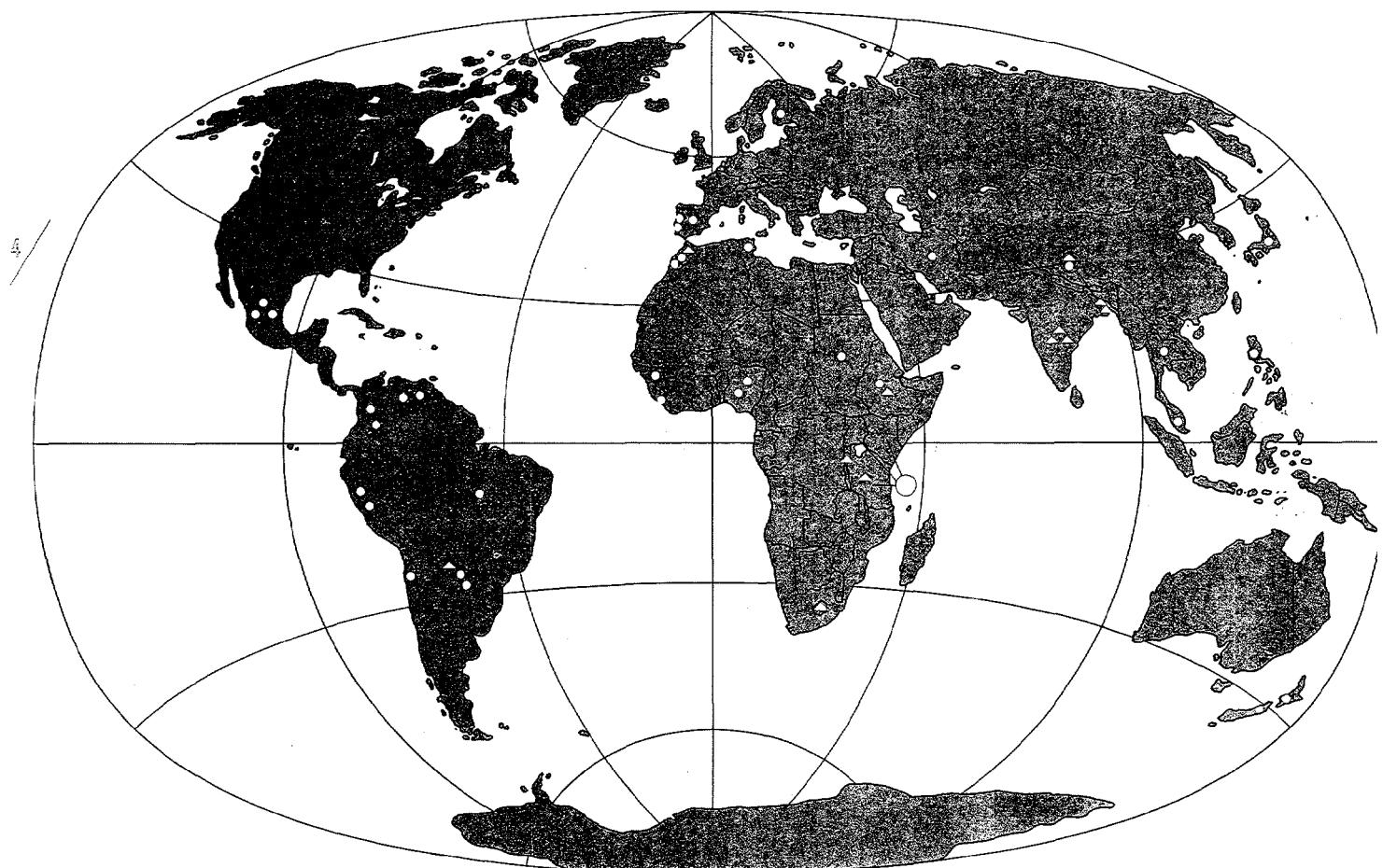
(Expressed in millions of United States Dollars)

	<i>Fiscal Years</i>	
	<i>1965</i>	<i>1966</i>
<b>BANK</b>		
LOANS OF THE YEAR.....	\$ 1,023	\$ 839
SALES OF PARTS OF BANK LOANS.....	106	82
REPAYMENTS OF LOANS TO BANK.....	137	166
GROSS INCOME.....	267	292
NET INCOME.....	137	144
TOTAL OF SUPPLEMENTAL RESERVE.....	606	664
TOTAL OF SPECIAL RESERVE.....	289	290
TOTAL RESERVES.....	895	954
BORROWINGS (GROSS).....	598	288
NET CHANGE IN FUNDED DEBT.....	232	82
SUBSCRIBED CAPITAL.....	21,669	22,426
<b>IDA</b>		
CREDITS OF THE YEAR.....	309	284
FUNDS AVAILABLE FOR NEW CREDITS .....	514	322

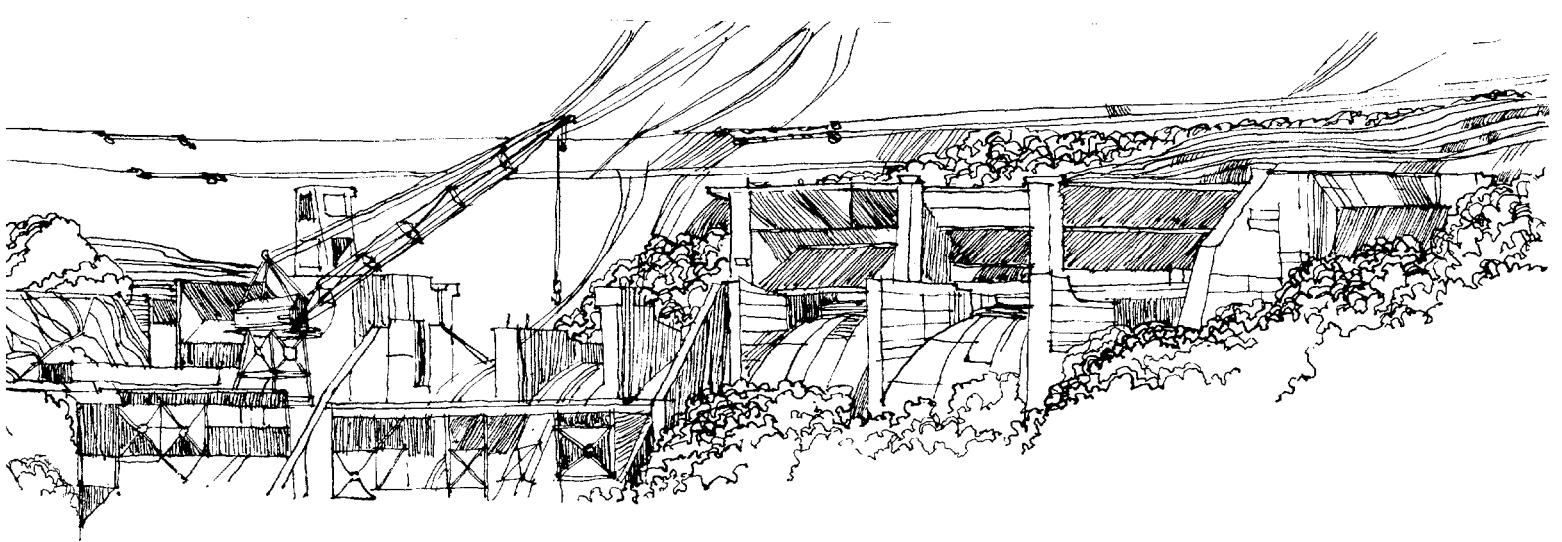


## Part One

### THE YEAR'S ACTIVITIES



- *The year's 37 Bank Loans were made in 27 countries and territories, and were equivalent to \$839.20 million.*
- *The year's 12 IDA Credits were made in 8 countries, and were equivalent to \$284.10 million.*



5 /

**I**N JUNE 1966, the World Bank completed 20 years of operations. During these two decades, the industrial countries of Western Europe, North America and Japan have achieved unprecedented prosperity. Production and income in the less developed countries have doubled. A few traditionally poor countries are nearing the goal of self-sustaining economic growth. Some of the rest have made significant progress. But economic growth was slower in the second of the postwar decades than in the first; and the problems of these countries as a whole continued to be severe.

In 1965 and early 1966, as set out in Part Two of this Report (p. 28), production and income in the low-income countries continued to grow, but at a somewhat slower rate than in the previous two years. The flow of financial resources these countries received from abroad increased slightly; but so did their outgoing payments for servicing debt and investment, and for sustaining needed imports of food. The growth of their export earnings, especially from agricultural commodities, decelerated in 1965. In many countries, the rapid growth of population continued to be a dominant problem.

When the Bank opened for business on June 25, 1946, it had 25 employees and a large mandate: to play a part in financing the reconstruction of what had been destroyed by war and in helping two-thirds of mankind to rise from poverty. The Bank's modest role in reconstruction has long since been completed, and its principal continuing task is to assist the development of the economically less developed countries. At the end of its 20th year, the Bank has lent \$9,583,600,000, has borrowed widely in world markets to augment its resources, has originated and developed a highly varied program of technical assistance activities, and today carries out its tasks with the help of two affiliates created by its member governments: the International Development Association (IDA), which lends on concessionary terms to the poorer countries among the Bank's membership; and the International Finance Corporation (IFC), which finances, and encourages others to finance, productive pri-

vate enterprises, especially in the less developed areas of the world.

During the fiscal year, the commitments of the World Bank Group of institutions amounted to \$1.16 billion, falling back from the record total of \$1.36 billion in the previous year. Disbursements increased to \$957 million from \$844 million in 1964/65. New commitments were undertaken as follows:

	Number	Amount
World Bank.....	37	\$839.2 million
IDA.....	12	284.1 million
IFC.....	21	35.6 million

More Bank loans and IDA credits were made to develop transportation than for any other purpose during the year, while financing for electric power and industry shared second place. Lending for agriculture rose markedly and funds for education projects also increased. IFC, making its commitments chiefly for industrial development, had its most active year. Details of Bank and IDA commitments are given in the tables on pages 6 and 9. IFC's commitments are described in its Annual Report.

The Bank's net income during the year was \$143.7 million. The Special Reserve increased to \$289.7 million; the Supplemental Reserve against losses on loans and guarantees was \$663.8 million at the end of June. The Bank sold or made arrangements to sell \$463 million of bonds and notes during the year; there were two public offerings—one was an issue in Canada of Can \$20 million and the other an issue in the United States of \$175 million of bonds offered for sale in the last week of June. Delivery and initial payment of the issue in the United States was concluded early in July, after the close of the fiscal year. The net addition to the Bank's funded debt during the year was \$81.9 million.

IDA's usable funds grew by \$87 million, composed for the most part of a transfer of \$75 million from the Bank's net income for 1964/65, of a special contribution from Sweden, and of net income from operations. At the end of June, however, IDA

# Bank Loans and IDA Credits 1965-66 by Area

(Expressed in millions of U.S. Dollars)

NOTE: Detailed Statements of Bank Loans and IDA Credits are available on request.

	BANK LOANS Number	Amount	IDA CREDITS Number	Amount	TOTAL Number	Amount
<b>AFRICA</b>						
Basutoland.....	—	\$ —	1	\$ 4.10	1	\$ 4.10
Burundi.....	—	—	1	1.10	1	1.10
Ethiopia.....	1	4.80	1	7.20	2	12.00
Guinea.....	1	1.70	—	—	1	1.70
Kenya, Tanzania & Uganda.....	1	38.00	—	—	1	38.00
Liberia.....	1	1.00	—	—	1	1.00
Morocco.....	2	27.50	1	11.00	3	38.50
Nigeria.....	2	32.00	—	—	2	32.00
Sudan.....	1	31.00	—	—	1	31.00
Tanzania.....	—	—	1	5.00	1	5.00
Tunisia.....	1	5.00	—	—	1	5.00
	10	\$141.00	5	\$ 28.40	15	\$ 169.40
<b>AUSTRALASIA</b>						
New Zealand.....	2	\$ 62.50	—	\$ —	2	\$ 62.50
<b>EUROPE</b>						
Finland.....	1	\$ 20.00	—	\$ —	1	\$ 20.00
Portugal.....	2	30.00	—	—	2	30.00
Spain.....	1	40.00	—	—	1	40.00
	4	\$ 90.00	—	\$ —	4	\$ 90.00
<b>ASIA and MIDDLE EAST</b>						
India.....	—	\$ —	3	\$191.00	3	\$ 191.00
Iran.....	1	10.00	—	—	1	10.00
Israel.....	1	20.00	—	—	1	20.00
Japan.....	1	25.00	—	—	1	25.00
Malaysia.....	1	45.00	—	—	1	45.00
Pakistan.....	1	30.00	3	57.20	4	87.20
Philippines.....	1	5.00	—	—	1	5.00
Thailand.....	1	36.00	—	—	1	36.00
	7	\$171.00	6	\$248.20	13	\$ 419.20
<b>WESTERN HEMISPHERE</b>						
Brazil.....	1	\$ 49.00	—	\$ —	1	\$ 49.00
Chile.....	1	2.75	—	—	1	2.75
Colombia.....	2	41.70	—	—	2	41.70
Jamaica.....	1	22.00	—	—	1	22.00
Mexico.....	3	154.00	—	—	3	154.00
Paraguay.....	2	4.85	1	7.50	3	12.35
Peru.....	2	42.10	—	—	2	42.10
Venezuela.....	2	58.30	—	—	2	58.30
	14	\$374.70	1	\$ 7.50	15	\$ 382.20
<b>TOTAL.....</b>	<b>37</b>	<b>\$839.20</b>	<b>12</b>	<b>\$284.10</b>	<b>49</b>	<b>\$1,123.30</b>

had only \$322 million of uncommitted funds. Soon after the close of the fiscal year, the Executive Directors recommended that the Board of Governors approve the transfer of \$75 million from the Bank's net income for 1965/66; and the President of IDA sent to the Governors representing capital-exporting member countries a proposal for the replenishment of the resources of IDA. The proposal would enable IDA to increase its rate of commitment, although payments under the replenishment would not actually begin until the fiscal year 1970.

In many of the World Bank Group's activities during the year, there was a trend toward the closer coordination of financial and technical assistance from various sources. The Bank organized meetings of governments interested in coordinating aid to certain less developed countries; the Bank and IDA participated with interested governments in the joint financing or administration of individual development projects; and steps were completed to enlarge the resources of IFC by enabling the Corporation to borrow from the Bank. The Bank and its sister organization, the International Monetary Fund, adopted a number of practices to extend still further their cooperation in obtaining, exchanging and evaluating economic information, and in advising their member countries on matters of policy.

The lending operations of the Bank and IDA continued to have the benefit of technical support from the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Educational, Scientific and Cultural Organisation (Unesco). Steps were taken to achieve a more appropriate relationship between the Bank and the United Nations Development Programme (UNDP) in their studies looking toward the preparation of plans for projects or for sector development. The Bank studied a number of key development issues at the request of, or in cooperation with, other international organizations, and steps continued to be taken during the year toward international agreements intended to encourage the participation of international private capital in economic development.

## Coordinating Development Assistance

The effectiveness of technical and financial assistance is a matter of deep concern to both the pro-

viding and the receiving countries. Among the many things that might be done to improve the effectiveness of the development effort, the need for coordinating assistance has become increasingly evident. At best, the supply of assistance is limited, and those who provide it have a proper interest in the economic performance of those who receive it. The receiving country has an equally legitimate need for assurance that the aid available to it will be appropriate to its development requirements. The interests of both call for coordination at each end of the flow of assistance.

At the originating end, closer consultation among the providers can help to assure that all are supporting consistent development goals, and that financial and technical aid are applied efficiently to priority needs. At the receiving end, better planning and execution can make assistance more effective in bringing about increased productivity. Prerequisites are improved mechanisms for consultations and cooperation among all concerned, and a better flow of information, both on the availability of aid and on the recipient country's plans, policies and requirements. The Bank believes that improvements along these lines will enhance the productivity of development assistance, increase the incentive for better economic performance on the part of the developing countries and, in the longer run, encourage a flow of assistance more commensurate with the need.

The Bank's experience in coordinating aid from several sources to a single recipient country began as an emergency matter in the summer of 1958, when a consortium of interested governments and institutions met under the chairmanship of the Bank to pledge assistance needed to avert a foreign exchange crisis in India. A second consortium was organized in 1960 to coordinate assistance to Pakistan. Since then, the Bank has helped to organize other coordinating groups for a number of countries which have requested them, and whose development programs have attracted sufficient interest and support to justify them. These other groups, called "consultative groups," are similar to the consortia except that they do not involve any pledging to meet estimated foreign exchange needs.

When the fiscal year began, four consultative groups had been organized under the Bank's aus-

pices for Colombia, Nigeria, Sudan and Tunisia. The Bank was also a member of consortia for Greece and Turkey administered by the Organization for Economic Cooperation and Development (OECD) and a participant in a consultative group for Ecuador organized in 1965 by the Inter-American Development Bank (IDB). By the end of the fiscal year, the World Bank had established additional consultative groups for Malaysia and Thailand, and had taken preliminary steps toward organizing similar groups for Korea, Morocco and Peru. In connection with proposals for cooperative efforts in Latin America, discussions were held with the Inter-American Committee on the Alliance for Progress (CIAP) and IDB to assure that any new consultative groups in the hemisphere would coordinate their efforts with those of the Alliance for Progress.

The accompanying table shows the membership of consortia and consultative groups organized and chaired by the World Bank. The International Monetary Fund (IMF) and the United Nations Development Programme also participate in the proceedings of Bank-organized consultative groups.

Assisting Countries:	Co-	Recipient Countries						
		Colombia	India	Ma-	Paki-	Thai-	Sudan	Tunisia
Australia.....			X			X		
Austria.....		X						
Belgium.....	X	X	X	X	X	X	X	X
Canada.....	X	X	X	X	X		X	X
Denmark.....	X		X				X	X
Finland.....								X
France.....	X	X	X		X	X	X	X
Germany.....	X	X	X	X	X	X	X	X
Italy.....	X	X	X	X	X	X	X	X
Japan.....	X	X	X	X	X	X	X	
Kuwait.....								X
Luxembourg...	X							
Netherlands...	X	X	X	X	X	X	X	X
New Zealand..			X				X	
Spain.....								X
Sweden.....					X			X
Switzerland....	X		X	X		X	X	X
United Kingdom	X	X	X	X	X	X	X	X
United States..	X	X	X	X	X	X	X	X

The Bank also organized and presided at two meetings during the year of countries interested in providing interim aid to Ceylon, which faced a balance of payments crisis. In addition, the Bank provided a study of Turkey's economic performance and prospects to the OECD consortium on aid to

Turkey and was represented at the meeting which considered the report.

The Bank is prepared over the next several years to bring about the effective operation of such groups for a number of additional countries which receive substantial external assistance from several foreign sources and which otherwise meet the conditions which experience indicates to be necessary for effective application of this coordinating process. The Bank's experience has made clear that the mere existence of a mechanism for meetings and exchanges of views among those interested in helping a particular country will not automatically assure a larger flow of aid on better terms, nor will it by itself lead to better coordination or use of what is made available. The success of such groups in achieving their objective appears to depend largely upon the effectiveness of various supporting activities, many of which the Bank must undertake in its role as organizer and chairman of the groups.

On the one hand, the Bank attempts to provide information and objective judgments, based on extensive field work by teams of experts, to assist donor members of the group in their deliberations; on the other, it assists the developing country wherever possible to assess needs and to take measures required to use assistance effectively.

For the members of a group, it makes periodic comprehensive reports on the recipient country's development possibilities, problems and performance, comments on the country's own estimate of its aid requirements, and recommends what types and terms of aid seem appropriate in the circumstances. At the same time, the Bank is prepared to help the recipient government in the preparation or revision of its development program, resolving problems of execution, arranging for feasibility studies, determining requirements for other forms of technical assistance, identifying projects and establishing an order of priority for an investment program.

GROUP CONSULTATION SERVES to give donor countries a comprehensive and objective view of the economic problems of the underdeveloped countries which they wish to assist. The participants also achieve a certain economy of effort, since much of

## Bank Loans and IDA Credits 1965-68 by Purpose

*(Expressed in millions of U.S. Dollars)*

	BANK	IDA	TOTAL
<b>TRANSPORTATION</b>			
Basutoland—Roads.....	\$ —	\$ 4.10	\$ 4.10
Finland—Roads.....	20.00	—	20.00
India—Railways.....	—	68.00	68.00
Japan—Roads.....	25.00	—	25.00
Kenya, Tanzania & Uganda-Rlys.—East African Common Services Authority.....	38.00	—	38.00
Liberia—Roads.....	1.00	—	1.00
New Zealand—Railways.....	42.00	—	42.00
Nigeria—Roads.....	32.00	—	32.00
Paraguay—Roads.....	2.10	—	2.10
Paraguay—Ports.....	2.75	—	2.75
Peru—Roads.....	33.00	—	33.00
Peru—Ports.....	9.10	—	9.10
Spain—Ports.....	40.00	—	40.00
Sudan—Railways.....	31.00	—	31.00
Thailand—Roads.....	36.00	—	36.00
	<hr/> \$311.95	<hr/> \$ 72.10	<hr/> \$ 384.05
<b>ELECTRIC POWER</b>			
Brazil.....	\$ 49.00	\$ —	\$ 49.00
Jamaica.....	22.00	—	22.00
Mexico.....	110.00	—	110.00
New Zealand.....	20.50	—	20.50
Portugal.....	30.00	—	30.00
India—Indus Basin.....	—	23.00	23.00
	<hr/> \$231.50	<hr/> \$ 23.00	<hr/> \$ 254.50
<b>INDUSTRY</b>			
Colombia—Development Finance Company.....	\$ 25.00	\$ —	\$ 25.00
India—Industrial Imports.....	—	100.00	100.00
Iran—Development Finance Company.....	10.00	—	10.00
Israel—Development Finance Company.....	20.00	—	20.00
Morocco—Development Finance Company.....	17.50	—	17.50
Pakistan—Development Finance Company.....	30.00	—	30.00
Pakistan—Industrial Imports.....	—	25.00	25.00
Tunisia—Development Finance Company.....	5.00	—	5.00
	<hr/> \$107.50	<hr/> \$125.00	<hr/> \$ 232.50
<b>TELECOMMUNICATIONS</b>			
Ethiopia.....	\$ 4.80	\$ —	\$ 4.80
Venezuela.....	37.00	—	37.00
	<hr/> \$ 41.80	<hr/> \$ —	<hr/> \$ 41.80
<b>AGRICULTURE</b>			
Colombia—Livestock Development.....	\$ 16.70	\$ —	\$ 16.70
Malaysia—Irrigation.....	45.00	—	45.00
Mexico—Agricultural Credit.....	25.00	—	25.00
Mexico—Irrigation.....	19.00	—	19.00
Morocco—Agricultural Credit.....	10.00	—	10.00
Pakistan—Grain Storage.....	—	19.20	19.20
Paraguay—Livestock Development.....	—	7.50	7.50
Philippines—Agricultural Credit.....	5.00	—	5.00
Tanzania—Agricultural Credit.....	—	5.00	5.00
	<hr/> \$120.70	<hr/> \$ 31.70	<hr/> \$ 152.40
<b>EDUCATION</b>			
Chile.....	\$ 2.75	\$ —	\$ 2.75
Ethiopia.....	—	7.20	7.20
Morocco.....	—	11.00	11.00
Pakistan.....	—	13.00	13.00
	<hr/> \$ 2.75	<hr/> \$ 31.20	<hr/> \$ 33.95
<b>WATER SUPPLY</b>			
Burundi—Bujumbura water system.....	\$ —	\$ 1.10	\$ 1.10
Venezuela—Caracas water system.....	21.30	—	21.30
	<hr/> \$ 21.30	<hr/> \$ 1.10	<hr/> \$ 22.40
<b>ENGINEERING STUDY</b>			
Guinea.....	\$ 1.70	\$ —	\$ 1.70
	<hr/> \$ 1.70	<hr/> \$ 284.10	<hr/> \$1,123.30



the research and analysis they otherwise might have had to undertake themselves is done by the Bank; the recipient country is also spared the burden of providing the same basic information to a multiplicity of donors on different occasions.

These advantages of perspective and administration can also be achieved within the framework of an individual project as well as in the framework of a national economy. Private investors, in fact, have long profited from these advantages by participating in World Bank loans and IFC investments. During the year, there were a number of instances of coordination in the financing of single projects.

One of these was a combined operation with IDA, in which the Swedish Government made a loan on concessionary financial terms for a project for the storage and handling of food grains in East Pakistan. IDA agreed to provide \$19.2 million on its usual terms: free of interest (but carrying a small administrative charge on amounts outstanding) and with a final maturity of 50 years. The Swedish loan of \$4.8 million is for 20 years, carries interest of 2% and, like all Swedish financial assistance, is not tied to procurement in Sweden.

A second example of joint financing in which member governments were concerned will provide funds to the Federal Electricity Commission of Mexico. The Commission is carrying out a nationwide power expansion program at a total estimated cost of \$300 million. The Bank itself lent \$110 million for this program and helped to obtain capital from other sources for it: up to \$35 million is expected to be covered by European and Canadian export credits, each portion covering the export of goods produced in the supplying country and purchased under conditions of international competitive bidding.

*Husking corn near Empalme in the Rio Bravo District of northeast Mexico. This is one of several areas where Bank loans are being used to complete and rehabilitate irrigation systems. Altogether the Bank has made four loans, amounting to \$71.5 million, for improvement in irrigation and agricultural production in Mexico.*

As an exceptional matter, the Bank agreed to act as the administrator of the \$23 million Nam Ngum Development Fund, although the Bank will not itself provide any of the financing. The Fund will be used to construct a hydroelectric power project in Laos on the Nam Ngum River, a tributary of the Mekong; the project eventually will provide power for both Laos and Thailand. Australia, Canada, Denmark, Japan, the Netherlands, New Zealand and the United States are contributors to the Fund; Thailand is supplying cement valued at \$1 million, for which it will be reimbursed by supplies of power from the project. The scheme is sponsored by the Mekong Committee, and was worked out in cooperation with the U. N. Economic Commission for Asia and the Far East. Feasibility studies were financed by the United Nations Development Programme and by Japan. The agreement establishing the Fund was signed at the Bank's headquarters in May 1966.

THE WORLD BANK GROUP ITSELF is becoming closer knit. In each year since 1964, the Bank has been able to transfer part of its net income to IDA, to which, at the end of the fiscal year, it was the fourth largest contributor. During the year, the Boards of Governors of the Bank and IFC approved amendments to the charters of the two institutions which will enable the Bank, on a loan basis, to enlarge the financial resources of IFC. The amendments will permit the Bank to lend IFC up to some \$400 million—four times IFC's own capital. Such Bank financing should greatly enhance the capacity of IFC to provide investment funds, and to back new securities issues in the developing countries through underwriting and standby agreements.

## Loans and Credits

### FINANCING AGRICULTURE

The failure of agriculture, and particularly of food production, to keep abreast of population growth in the underdeveloped world presents one of the major problems in the world today. The World Bank's lending for agricultural development spans a period of 18 years. In the past, by far the greater part of the Bank Group's direct assistance to agriculture has been in the form of loans for large irrigation

works and multipurpose projects including power, irrigation and flood control. Agricultural development has also been the principal objective of many transportation projects.

Interest in such major schemes has not diminished; in fact, two of the year's largest agricultural loans were for irrigation schemes in Malaysia and Mexico, amounting to \$45 million and \$19 million, respectively. The emphasis has broadened, however, and the Bank has become increasingly and more directly concerned with the farmer himself, his land and its productivity.

In the fiscal year under review, about a third of all Bank and IDA financing for agriculture was to supply funds for investment on the farm through a variety of credit institutions in Colombia, Mexico, Morocco, Paraguay, the Philippines and Tanzania.

Such lending is probably the most difficult in the whole field of development finance. Farmers in most of the developing countries need credit on reasonable terms, yet it is difficult and costly to administer the many small loans required and at the same time to extend technical services to insure the productive use of credit. There can be no standard solution; the Bank has attempted to tailor its approach to the borrowing country's stage of development and the most urgent requirements of its farmers. Consequently there is wide variety in the instruments employed for this purpose.

In Mexico and the Philippines, the use of both the central bank and private banks as media permits considerable flexibility in the use of resources. The central bank will provide funds and technical services required for medium and long-term agricultural credit operations; private banks may borrow from the central bank for approved projects or serve as a channel for loans to farmers, through a rediscounting system or in other ways. Cooperatives will use part of the credit to Tanzania for short-term financing of current agricultural needs such as fertilizers and pesticides.

Amongst a number of Bank-supported projects for the improvement of livestock production, the project launched in Paraguay in 1963 with the help of an IDA credit of \$3.6 million is proving particularly successful. In April 1966, IDA approved a second credit to extend and expand the program. By 1970, farms producing about one-third of the

country's cattle are to be improved. When the second stage is completed, the program is expected to have increased Paraguay's annual foreign exchange earnings by about \$7 million, equal to one-third of its total exports in 1964.

This success has been widely noted by other farmers in Paraguay and also abroad. In the fiscal year 1966, a similar project was initiated in Colombia with the assistance of a Bank loan of \$16.7 million. Within the next year or so, it seems likely that comparable livestock improvement projects will be under way with the help of Bank or IDA finance in several more Latin American countries and in Asia and Africa.

During the past year the Bank has sent some 115 missions to member countries in connection with agricultural development (including preparation, appraisal and supervision of projects and agricultural sector reviews in economic missions), in 34 of which FAO participated. In addition, FAO under the cooperative arrangements has sent 40 missions to identify and prepare agricultural projects.

#### FINANCING INDUSTRY

The capacity of the Bank Group to assist the private sector without recourse to government guarantees was greatly increased by amendments to the Articles of Agreement of the Bank and IFC enabling the Bank to lend IFC up to approximately \$400 million. IFC's ability to provide equity investment and to back new share issues by private enterprises will be correspondingly enlarged, since the Corporation will now be able to apply all of its own capital and reserve to such operations. At the same time, the funds lent by the Bank to IFC will enable the Corporation to engage in considerably larger individual transactions. Up to now, IFC has not undertaken individual commitments larger than \$6 million; it is now prepared to consider commitments of \$15 to \$20 million.

IFC acts for the whole World Bank Group in the technical and financial appraisal of all proposals for industrial financing; funds for industrial development, however, may come from any member of the Group. The Bank and IDA extended some \$233 million of loans and credits during the year in support of industry. The largest single commitment for industry was an IDA credit of \$100 million to enable



13 /   
*An Indian workman placing wrenches on a finishing rack at the Hindustan Dowidat Tools Ltd. plant at Jatheri in the Punjab. This company is one of many which has received financial assistance from the Industrial Credit and Investment Corporation of India Ltd. (ICICI). The World Bank has lent the corporation the equivalent of \$140 million to re-lend for industrial development in India.*

Indian enterprises producing commercial vehicles and automotive components, machine tools and cutting tools, electrical equipment and heavy construction equipment to obtain foreign exchange so that they could import equipment and supplies needed to utilize more fully and to increase their existing productive capacity. IDA also extended an industrial credit to Pakistan of \$25 million to finance the import of components and spare parts for commercial vehicles to be assembled in domestic plants.

The remainder of the year's financing of industrial development took the form of commitments to increase the resources of industrial finance companies. The Bank lent a total of \$107.5 million for 10 such companies: five in Colombia and one each in Iran, Israel, Morocco, Pakistan and Tunisia. IFC plays the same role in appraising requests for assistance to development finance companies on behalf of the Bank Group as a whole as it does in the case of industrial projects; several of the companies to

which the Bank lent during the year were institutions that had been established or reorganized with the help of IFC, and IFC is a shareholder in most of them. By the end of June 1966, the Bank Group had supported 25 such companies in 21 countries with \$494 million of Bank loans, IDA credits and IFC investments. These companies in turn have made well over \$1,300 million available to new or expanding industries, have provided technical and managerial assistance to their clients, and have helped to support the growth of capital markets through underwriting new issues of industrial securities.

DURING THE YEAR, IFC and the Bank initiated discussions looking toward an effective contribution by industry to the stimulation of the agricultural sector, through projects for the manufacture and distribution of chemical fertilizers in the developing countries. It is widely agreed that a massive expansion in the use of chemical fertilizers is the essential short-run means of arresting a serious food crisis.

The technology, economics and financing of the large-scale manufacture of fertilizer and its distribution in the less developed countries present highly complicated questions. Nevertheless, in discussions with manufacturers and governments, progress was made in advancing several proposals toward the point of financing and construction. The magnitude of the problem can be appreciated by taking the case of India. In terms of plant nutrients, the facilities in operation in India have a capacity of 800,000 tons and others under construction will increase this capacity by another 513,000 tons. By 1970-71, however, India will require a minimum of 4.1 million tons of nutrients, and hence the capacity will have to be more than trebled. IFC is active in this field and has been discussing with private investors and the Government of India how it could help in the establishment of new fertilizer projects. The urgency of early action on the problem of producing more fertilizers for the developing countries is suggested by the fact that no sizable fertilizer plant begun today can be expected to be in production much before 1970.

PROGRESS CONTINUED during the year on international agreements intended to encourage the international flow of private capital by improving

the climate for investment. One such agreement is represented by the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States, which was formulated by the Bank's Executive Directors and forwarded to member governments in March 1965. The Convention provides for the establishment, under the Bank's auspices, of an International Centre which will provide facilities for the voluntary settlement, by conciliation or arbitration, of disputes between governments and foreign investors. The Convention will come into force 30 days after 20 governments have both signed it and deposited their instruments of ratification. By August 1, 1966, the Convention had been signed by 45 countries and ratified by 11 of them. Procedures for ratification had reached an advanced stage in a number of other countries and it appeared that the Convention would come into force before the end of 1966.

Signatories at August 1, in the order of signing, are shown below. Governments which have deposited their instruments of ratification are indicated by italics:

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

PRELIMINARY STEPS WERE TAKEN during the year toward outlining a multilateral scheme for insuring foreign investments against other than normal business risks. At the request of the Development Assistance Committee of the OECD, the Bank staff in 1962 had studied in considerable detail the issues involved in establishing such a scheme. In 1964, the United Nations Conference on Trade and Development (UNCTAD) requested the Bank to undertake a further study of ways in which features of national investment guarantee schemes could be adapted to a multilateral approach. In the summer of 1965,

the Council of the OECD prepared a report outlining a possible international guarantee system. In 1966 this report was used as the starting point for a first round of extensive informal discussions by the Bank's Executive Directors on the basis of which a charter for a possible system of multilateral investment insurance is being drafted by the Bank's staff. This draft charter is expected to be discussed by the Executive Directors beginning in late 1966.

#### FINANCING PUBLIC SERVICES

The growth of the production and trade of the less developed countries physically depends on increasing supplies of energy, on better transportation networks, and on a steady expansion of the whole of the public utilities sector.

Two-thirds of all Bank and IDA lending has been for the development of electric power and transportation. In Latin America, for example, the Bank began lending for power projects in 1948, at a time when electricity shortages often prevented the full use of existing industrial capacity. Since then, the Bank has been a principal source of external finance for power development in 16 Latin American countries, where it has made 65 loans for this purpose totaling \$1,429 million. In the 14 countries where the Bank has assisted power development longest, production is now more than double what it was in all of Latin America 20 years ago.

By now, much of the Bank Group's financing is to help meet growing demand on power systems that have employed a series of Bank loans over a period of years. Colombia has borrowed fourteen times, Brazil thirteen times, and Mexico eight times for power projects, while Nicaragua has had five loans, El Salvador and Chile four each, and Uruguay three. Nine other Latin American countries have received one or more Bank loans for power development and one, Bolivia, has been extended two IDA credits. The same process is apparent in Asia, where Japan obtained nine Bank loans for power expansion over a period of 12 years, India has borrowed seven times from the Bank and three times from IDA for this purpose, Pakistan and the Philippines have had three power loans each and Malaysia and Thailand two. In Africa a similar pattern is emerging. Nigeria, for instance, will by 1969 have a nationwide electric grid with power largely pro-



*Steel reinforcing rods being wired together at the site of the new large-scale dam being built on the Niger River in Nigeria. When completed, this dam, with its associated installations, will be the final link in the creation of a national power network. The project is being financed with assistance from the Bank, Italy, the Netherlands, the United Kingdom and the United States.*

duced and distributed through facilities constructed with the aid of two Bank loans. In Ghana, the Volta project has begun to produce power feeding a network connecting a large part of the country and an aluminum plant now under construction which will come into production in 1967.

Almost one-half of all Bank Group lending for power development in the fiscal year 1966 was represented by the single loan of \$110 million in Mexico, while the second largest loan of the year for this purpose was one of \$49 million in Brazil. This was the thirteenth loan for power in Brazil since 1949, and increased borrowing for electricity generation and distribution there to \$368 million. New Zealand received a loan of \$20.5 million to help construct a thermal station on the North Island; it had also borrowed \$32.5 million in 1964 for an underwater transmission line interconnecting the two islands across the Cook Straits. The Bank made two loans totaling \$30 million for power development in Portugal, one for a hydroelectric plant and the other for a thermal station. Jamaica obtained its first

power loan from the Bank, amounting to \$22 million, to help finance its power development program for the next three years, adding new generating capacity and transmission and distribution facilities.

THE BANK AND IDA HAVE LENT more of their resources for transportation than for any other purpose. But the provision of financial resources is only one aspect of their operations in this sector. The effective coordination of transport systems and continuous improvements in the efficiency of operational units are vital if increases in the sector's economic returns are to be achieved. For this reason the Bank and IDA pay special attention to these aspects of transportation development in the course of their widely spread lending operations. Bank loans and IDA credits have financed transport projects of virtually all types and sizes, and in 57 different countries and territories. They have included small road projects to facilitate the export of groundnuts from Niger and the movement of tea leaves from small holdings in Kenya; a ropeway to carry manganese ore 45 miles through the forest in Gabon to a railhead on the Congo border; portions of the Pan American highway in Latin America; the widening and deepening of the Suez Canal; modern expressways in Venezuela and the world's fastest railway in Japan; modernization and extension of India's railway system, operated at a profit and one of the largest in the world; and construction and improvement of ports and inland waterways in 18 countries. Amounts involved have ranged from a few hundred thousand dollars for small road projects in various countries to \$575 million in a succession of nine Bank loans and three IDA credits for the Indian railways.

Of the total of \$384 million in Bank and IDA transportation lending in the fiscal year 1966, \$153 million was for roads, \$141 million for railways, \$52 million for ports and \$38 million was in a loan to the East African Common Services Authority to finance railway and harbor improvements in Kenya, Tanzania and Uganda. The year's smallest transportation financing was a supplementary road loan to Liberia of \$1 million, the largest an IDA credit of \$68 million for the Indian railways. Other transportation loans of the year are shown in the table on page 9.

TOTAL BANK GROUP LENDING for water supply and sewerage service was raised to \$116 million by a loan of \$21.3 million to Venezuela and an IDA credit of \$1.1 million to Burundi to improve the water systems of Caracas and Bujumbura. Being one of many essential public services, water supply projects face strong competition for financing. Therefore, if continuous progress is to be made in this sector, a substantial part of the money will have to be found by the utilities themselves. The Bank and IDA have accordingly always insisted that adequate rates be charged by the utilities to their users so that savings may be accumulated to finance expansion.

During the fiscal year, the Bank also increased its support of projects to improve telecommunications, lending \$4.8 million to Ethiopia and \$37 million to Venezuela. This was the third loan to Ethiopia for telecommunications bringing the total to \$9.2 million, and the first loan for this purpose to Venezuela.

#### FINANCING EDUCATION

At least as important as physical infrastructure are the attitudes and skills which are necessary for economic growth. Education has a considerable role to play in implanting these attitudes and skills. The Bank itself has been forming a progressively clearer picture of the ways in which it can contribute, as a financial institution and as a source of technical assistance, toward improving and enlarging the supply of skills in the developing world.

With so vast a gap between the financial requirements for establishing educational systems in the developing countries on the one hand, and the resources available to the Bank and IDA for lending on the other, it has been imperative to select for financing those sectors of education which could achieve the most productive impact on the general development effort. As a result, the Bank has directed its financing of education toward technical education and vocational training, secondary education (which, in many countries, is a critical bottleneck), and teacher training to enable the supply of teachers to keep pace with school expansion at all levels.

Bank and IDA financing of education during the year, as shown in the table on page 9, amounted

to \$33.95 million. Since its first financing of education some four years ago, the Bank Group has made loans and credits for education amounting to \$86.1 million, virtually all of it being spent on the construction of buildings and the supply of equipment. About half the money has been spent on secondary education. For instance, during the past fiscal year, a project financed in Ethiopia by an IDA credit of \$7.2 million will treble the number of students completing secondary education in that country. In Morocco, where in 1964 only about 7% of the children of secondary school age were attending secondary schools, an IDA credit of \$11 million made during the past year will help to finance the construction and equipment of 21 schools offering general and specialized training at the secondary level. The completed project will permit the enrollment of 30,000 more students and thus provide trained manpower for all sectors of the economy, increase the supply of university candidates and make possible the gradual replacement of expatriates by Moroccans in various medium and high level posts.

About a quarter of the Bank and IDA financing to schools has been for projects at the university level, including higher education in engineering and agriculture. For example, IDA recently extended a second credit to assist the development of technical education in East Pakistan: the \$13 million credit will help finance the expansion and improvement of the East Pakistan Agricultural University and of five technical institutes providing technically trained personnel for Pakistan's growing industrial sector.

The remaining one-quarter of Bank and IDA lending for education has been divided about equally between the post-secondary training and vocational training levels. During the past year the Bank lent \$2.75 million to Chile to help to finance the building

*At a training center in Kenya an instructor demonstrates to young African farmers how to clip a young lamb to prevent "foot rot." Bank loans and IDA credits are being used by Kenyans in areas of high agricultural potential. Farmers are being helped to modernize their holdings and increase the value of their crops through improved extension services, demonstration farms and expanded farm loans.*



and equipping of vocational training centers that provide accelerated training for industrial workers in a variety of skills. The completed program will raise the yearly number of workers currently being trained by such institutes from 16,000 to 30,000 and will meet about three-quarters of Chile's present need for training of this sort.

In the identification, preparation and appraisal of education projects, the Bank continued to have the advantage of assistance from Unesco. In the past year the Bank dispatched 53 missions to member countries, 26 of them in cooperation with Unesco. In the field of agricultural training, FAO also cooperated in joint missions. At the close of the fiscal year, nine education projects were being appraised with a view to financing in Asia, Africa and Latin America, and many more were entering the pipeline. Already the first fruits of the Bank Group's lending for education are beginning to appear; in Tunisia this year, boys and girls attended classes for the first time in the secondary and technical schools financed by an IDA credit of \$5 million made in September 1962, the Bank Group's first financing of an education project.

### Technical Assistance

Most developing countries need technical assistance to help them identify and prepare projects, and they may also need assistance in carrying out many other tasks: analyzing their economies, formulating appropriate development policies, establishing effective development institutions, preparing investment programs, studying sector development, listing project and other priorities, determining the feasibility of individual projects or finding solutions to particular problems affecting their development. In the course of the lending operations of the Bank and IDA, staff members may be asked to advise on these and other matters; and most of the Bank's technical assistance, now augmented by its cooperative arrangements with FAO and Unesco, is given in this way. Additional activities, however, are specially budgeted under "Services to Member Countries."

During the year, the Bank increased its emphasis on assistance in sector development and project preparation. Some \$4.9 million was allocated to pay part of the foreign exchange costs of studies

intended to lay the groundwork for detailed planning of projects or of sector development. The allocations are summarized in the following table:

Country	Object of Study	Estimated Bank Share of Total Cost (U.S.\$)
Brazil	Steel expansion program.....	\$ 420,000
Brazil	Transport development.....	1,500,000
Chile	Highway improvement.....	210,000
India	Eastern region transport development.....	285,000
Korea	Transport development.....	417,000
Niger	Road maintenance improvement.....	84,000
Turkey	Power industry reorganization..	1,950,000

The total cost of these studies is expected to be about \$10 million, of which the equivalent of about \$5.1 million will be provided by the domestic authorities concerned.

At the request of the Sudan Government, a Bank mission has, since August 1965, been reviewing the basic concepts, objectives and practices of the important and very successful Gezira Irrigation Scheme. The Bank is bearing the foreign exchange costs of the study, amounting to some \$400,000. The mission's report is expected to be presented to the Government before the end of 1966.

In addition to those project and sector studies which it conducts and helps to finance directly, the Bank has served frequently as Executing Agency to organize and direct studies financed by grants from the United Nations Special Fund, which during the year was incorporated into the new United Nations Development Programme (UNDP). During the year, work was completed on three studies financed by UNDP: they concerned port siltation at Bangkok, hydroelectric resources in the State of Minas Gerais, Brazil, and the feasibility of a railway to transport iron ore from the interior of Gabon to the Atlantic coast.

The Bank agreed to become Executing Agency for six new UNDP studies, a power development program for the southern region of Brazil, and five studies in the transport field: road transport in Guinea and Northern Nigeria; integrated transport in Bolivia and Sierra Leone; and a railway engineering study in Gabon, a follow-up of the feasibility study already mentioned. In the meantime, work continued on the following UNDP studies:

Brazil.....Power development in the south central region

Dominican Republic	Development of Yaque River Basins
Nicaragua	Highway and port survey
Nigeria	Highway development study in western Nigeria
Pakistan	Telecommunications survey
Paraguay	Road survey in southern region
Somalia	Highway development program
Surinam	Survey of mineral resources
	Transportation study.

During the latter half of the fiscal year, both the Bank and UNDP adopted new practices in order to bring about a better division of work on feasibility studies. The UNDP, which is the chief source of grant funds for such studies, altered its procedures in such a way as to permit faster action on applications of interest to the Bank Group; and the Bank decided that it would in future finance such studies on a reimbursable basis, except in the case of studies requiring external financing of no more than \$200,000, which it would continue to finance on a grant basis. This change in policy is not intended to minimize or reduce the importance which the Bank attaches to sector and feasibility studies, but simply to facilitate a more appropriate division of functions between the Bank Group and the UNDP.

MANY OF THE NEW AFRICAN COUNTRIES have a particularly urgent need for technical help in getting projects ready for financing, particularly in the fields of agriculture and transportation. To assist them, the Bank in 1965 established two permanent missions in Africa, one in Abidjan to serve the western countries and the other in Nairobi to serve the eastern countries. Each mission is composed of specialists in agriculture and transportation, and each has had assigned to it a staff member from FAO.

The Abidjan mission, now well into its second year, is actively assisting in the preparation of a number of projects, and serves as a liaison with the African Development Bank, which also has its headquarters in Abidjan. The Nairobi mission completed its first year, during which it assisted project preparation in most of the countries in the area. The Agricultural Development Service (ADS), which is attached to the Nairobi office, has recruited six officials who are available for assignment to African governments, on a reimbursable basis, to assist in the organization and management of agricultural development projects. It is already clear that there

is a substantial demand for their services, and an expansion of the staff is already under way.

Apart from advice on specific projects, Bank missions provided a wide range of other advisory services at the request of governments. The second part of a study of the water and power resources of West Pakistan, financed by the Indus Basin Development Fund, and carried out by a Bank team, headed by Dr. Pieter Lieftinck and assisted by a number of consultant firms, neared completion. The first part of the study had been completed in February 1965. The Government of Morocco received the report of a survey mission organized by the Bank to recommend a basis for a long-range development program for the country; the report is being published by The Johns Hopkins Press.

The Bank continued its practice of sending comprehensive economic missions to its member countries. While these missions are intended primarily to improve the Bank Group's knowledge of the development potential and problems of member countries, they also put the Bank in a position to offer advice to member countries, and the reports of the missions are made available to governments. A Bank mission organized during the previous fiscal year to review Nigeria's development program submitted its report to the Government at the end of 1965. An economic mission to Algeria, the largest mission ever sent to a single country by the Bank, completed its fieldwork toward the end of the fiscal year. The Bank also sent an economic mission to Central America to make a comprehensive study of the development plans of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, a group of countries where significant progress has been made in recent years toward economic integration. During the year, discussions were held with the Indian Government arising out of the findings of an economic mission which had visited India beginning in the autumn of 1964 under the leadership of Mr. Bernard Bell, a consulting economist. Apart from members of the regular staff, the President of the Bank was assisted in these discussions by Mr. André de Lattre, who had been Director of External Finance in the French Ministry of Finance, and Mr. Bell, who has now joined the staff.

Resident missions stationed in Colombia, Ethiopia, India and Pakistan, although chiefly con-

cerned with Bank and IDA operations, in some cases were available for consultation on development questions. Bank staff members were stationed in a number of countries to advise on specific matters, including project preparation in Chile, development planning in Libya, development planning in the Sudan, and the economic policies of the Finance Ministry in Tanzania. Missions to advise on a wide variety of specific development matters paid short visits to a large number of member countries during the course of the year.

THE ECONOMIC DEVELOPMENT INSTITUTE (EDI), a staff college for government officials established by the World Bank to improve the quality of economic management in developing countries, completed ten years of service in January 1966. Six hundred officials from more than 90 countries have participated in various courses conducted by the Institute.

Until 1962, the EDI offered only an annual six-month general course on development, conducted in English, designed primarily to provide a broad perspective of the development process. Since then several new courses have been added to meet special needs. To help improve the techniques of project identification, appraisal and execution, the Institute now offers courses dealing with evaluation of projects in the major economic sectors, including special courses on industrial and agricultural projects. In addition, some courses are now conducted in Spanish and some in French, to meet the needs of countries whose officials cannot readily benefit from courses in English.

### Economic and Other Studies

Apart from its assistance to individual member countries, the Bank also conducts or sponsors studies which are of broad general interest in the field of economic development. In December 1965, the Bank staff completed and transmitted to the United Nations another of the studies which it had been requested to undertake by the United Nations Conference on Trade and Development (UNCTAD). The study, "Supplementary Financial Measures," was published at the same time by the Bank. It outlined an international scheme to provide supplementary finance to support development programs that

would otherwise be disrupted by the failure of export earnings to come up to reasonable expectations. The UNCTAD Committee on Invisibles and Financing Related to Trade established an intergovernmental working group to examine the staff study and prepare a report for further discussion by the Committee, with a view to presenting it for consideration at the next meeting of UNCTAD. The Bank has agreed to assist in the additional work required. Other Bank studies still in progress on behalf of UNCTAD concern the nature, use and effects on development of suppliers' credits and, as mentioned earlier in this Report, the feasibility of a multilateral system of investment insurance.

In December 1965, The Johns Hopkins Press published for the Economic Development Institute a book entitled "Development Planning—Lessons of Experience," a study of the organization of development planning, based on the experience of more than 100 countries, both developed and underdeveloped. The author is Albert Waterston, who was assisted by other members of the Bank staff. Mr. Waterston has since continued to serve as adviser on development planning organization, and, on request, has visited member countries to provide advice. During the fiscal year he visited Colombia, Afghanistan, Thailand, Ceylon, Malaysia, Singapore and Ghana for this purpose.

Two Bank studies concerned agriculture. A study of experiences in the development of agriculture in tropical Africa was completed; it contains a synthesis of findings, many of which are applicable to agricultural development generally, and extensive case histories drawn from both western and eastern Africa. It will be published in 1967 by The Johns Hopkins Press, under the title, "Experiences with Agricultural Development in Tropical Africa." The author is John C. de Wilde; he was assisted by other members of the staff and by outside consultants.

Together with FAO and the International Coffee Organization, the Bank inaugurated a study which will examine the needs of ten coffee-producing countries to diversify into other lines of production in order to build greater economic strength and stability, and will try to identify the possibilities that these countries have for economic diversification. The study will be of specific interest to countries in Latin America and Africa that depend on coffee

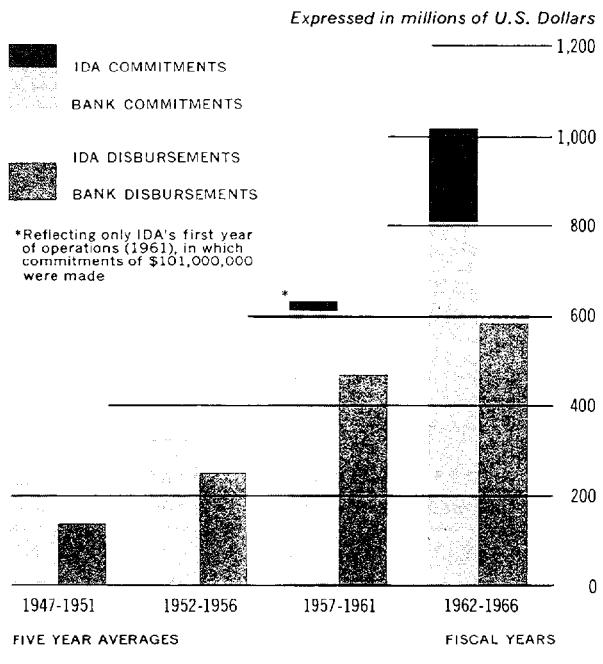
as an important source of export earnings, and of general interest as a treatment of the problem arising from the dependence of less developed countries on exports of one or two primary commodities.

## The Bank's Finances

Net income for the fiscal year totaled \$144 million, compared with \$137 million the year before. Commissions, still charged on the outstanding portion of a few of the earliest loans of the Bank, amounted to \$0.8 million. They were credited to the Special Reserve, and raised it to about \$290 million at June 30, 1966.

Gross income was \$292 million, compared with \$268 million for the previous year. Bond and note interest and issuance expenses were \$118 million, an increase of \$10.6 million. Administrative costs rose by \$3.7 million to \$21.5 million. Expenditures for services to member countries totaled \$8.3 million, an increase of \$3.7 million; these funds were spent for economic surveys, project and sector studies, training programs for officials of the less

### COMMITMENTS AND DISBURSEMENTS



developed countries and other technical and advisory services.

Loans held by the Bank at June 30, including those not yet effective, and net of exchange adjustments, totaled \$6,528 million, an increase of \$561 million. Disbursements during the year amounted to \$668 million, compared with \$606 million for 1964/65.

Repayments of loans totaled \$328 million, which was \$28 million more than the year before. Of this sum, \$166 million was repaid to the Bank, and \$162 million was repaid to investors holding maturing portions of Bank loans. This brought cumulative repayments to \$2,214 million, including \$1,075 million to the Bank and \$1,139 million to purchasers of its loans, while the cumulative total of loan sales reached \$1,967 million.

Sales of loan maturities, however, declined for the fourth successive fiscal year, under the impact of rising yields on other securities, the Bank's policy of not selling in the United States market portions of loans to countries whose securities are subject

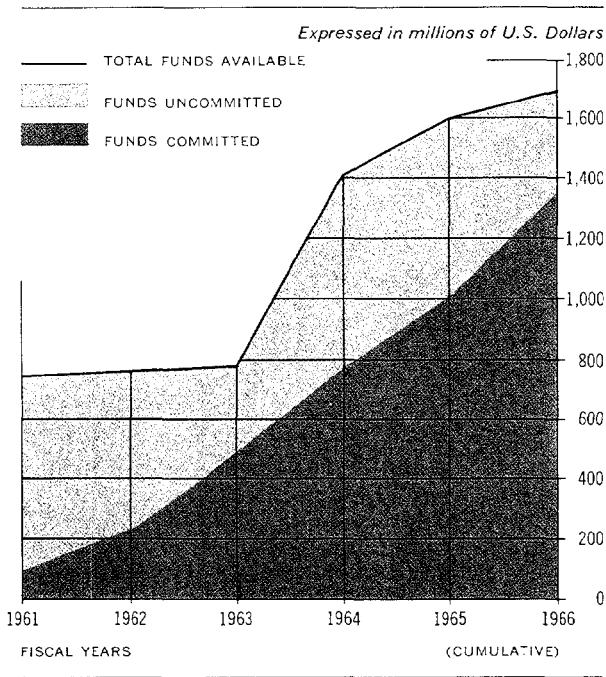
to the United States Interest Equalization Tax and the guidelines of the U.S. balance of payments program. Sales for the year totaled \$82 million, a reduction of \$24 million from the previous year; sales from portfolio accounted for \$72 million, and the balance of \$10 million represented participations by investors who agreed to take up parts of loans at the time loan agreements were signed.

The Bank's funded debt increased during the fiscal year by \$82 million; at June 30, 1966, the total of bonds and notes outstanding was \$2,806 million. The increase reflected a private placement outside the United States of \$100 million of 5½% Two-Year Bonds sold in March 1966 to central banks and governmental institutions in 22 countries and to one international organization, a public borrowing in Canada of Can\$ 20 million (equivalent to US\$ 18.5 million) and the issuance of \$17.9 million of bonds under delayed delivery arrangements. (In the final week of the fiscal year the Bank successfully offered a new issue in the United States of US\$ 175 million of Twenty-five Year 5¾% Bonds, but delivery of the bonds did not occur until after the close of the fiscal year, and the issue is not, therefore, reflected in the funded debt figure for the year.)

Maturing bonds and notes totaling \$164 million were refunded during the year. The Bank refinanced at maturity notes totaling \$44 million and Deutsche mark 80 million (equivalent to US\$ 20 million) which matured on August 1, 1965 and February 1, 1966, and borrowed an additional amount equivalent to \$5.5 million by issuance of new notes totaling \$34.75 million and DM 139 million (equivalent to US\$ 34.75 million) with maturities in 1968 and 1971. Of these amounts, notes for \$18.75 million and DM 75 million were issued on August 1, 1965, with an interest rate of 4¼% and \$16 million and DM 64 million were issued on February 1, 1966, with an interest rate of 4⅓%. Another issue of \$100 million of 4% Two-Year Bonds fell due on September 15, 1965, and was refunded through the placement of an equal amount of 4¾% Two-Year Bonds with central banks and governmental institutions outside the United States in 28 countries and one international organization.

During the year the Bank paid off a maturity of Sw F 50 million (equivalent to about US\$ 11.6 mil-

#### IDA FUNDS COMMITTED AND FUNDS AVAILABLE





*Constructing a new highway through the Loboguerrero Canyon, north of Cali in Colombia. This is one of the most difficult terrain for the new road from the interior to the port of Buenaventura. Since 1949 World Bank loans and an IDA credit have enabled Colombia to modernize and expand virtually its entire highway system.*

lion) of a 3¾% loan made to the Bank by the Swiss Government in 1961. In addition, net sinking and purchase fund operations retired the equivalent of \$48 million in Bank obligations.

The issue of Can\$ 20 million in 5¾% Twenty-five Year Canadian dollar bonds was made in February 1966 and was the fifth World Bank issue in Canada and the second within two years. The bonds were offered by a large group of investment dealers and banks headed by A. E. Ames & Co. Limited, Wood, Gundy & Company Limited and Dominion Securities Corporation Limited.

In February 1966, the Bank raised from 5½% to 6% its interest rate on new loans to the less developed countries, reflecting the higher price which the Bank itself was having to pay for its borrowings in the capital markets. In the previous fiscal year it had been decided that the more developed countries amongst the Bank's clients who were able to satisfy most of their external capital needs from market sources should be charged rates on Bank loans up to 1% higher than the prevailing standard rate. With the setting of a new standard rate, loans to countries falling into this special category would bear rates of up to 7%.

Under a decision approved by the Board of Governors at its Annual Meeting in September 1965, \$75 million of the Bank's net income for the fiscal year 1964/65 was set aside for transfer to IDA in the form of a grant, after \$62 million from net income was allocated to the Supplemental Reserve. After the close of the 1965/66 fiscal year, the Executive Directors allocated \$68 million to the Supplemental Reserve from net income for 1965/66, raising that Reserve to \$731.6 million, and recommended to the Board of Governors that the balance of \$75 million of that year's net income be transferred to IDA by way of a grant.

## IDA's Finances

During the fiscal year, IDA's commitments amounted to \$284 million, reducing the Association's uncommitted resources to \$322 million. The cumulative total of usable funds that have so far been made available to IDA amounted at the end of the fiscal year to \$1,687 million, and the cumulative total of the Association's commitments stood at \$1,365 million net of cancellations.

IDA's 96 member countries are divided into two categories: eighteen high-income members (called Part I countries) pay their subscriptions in convertible currency which is freely available for IDA credits; the remaining members (called Part II countries) pay only one-tenth of their subscriptions in convertible form and the rest in their own currencies, which may be used in the Association's lending operations only with their consent. The original convertible resources of IDA have been replenished by a round of supplementary contributions from Part I members, by releases of local currency subscriptions by Part II countries, by net income earned, by supplementary contributions from Sweden and by transfers by way of grants from the Bank out of its net income. During the fiscal year, the Government of Yugoslavia announced that it would release the nine-tenths portion of its subscription to IDA and would make the amount, over \$3.6 million, available in convertible currencies in three equal annual installments beginning in 1968. The accompanying table shows the composition of the Association's usable funds from the start of operations in 1960 to the end of June 1966.

### USABLE FUNDS AVAILABLE TO IDA, 1960-66

(Millions of U.S.  
Dollar Equivalents)

Subscriptions .....	\$ 784
Part I Countries (100% of Subscriptions) ..	\$751
Part II Countries (10% of Subscriptions) ..	25
Part II Countries (Releases in Convertible Form of All or Part of their Local Cur- rency Subscriptions) .....	8
Supplementary Contributions .....	768
Part I Countries (Agreed Contributions to First Replenishment) .....	745
Sweden (Five Special Supplementary Con- tributions in Addition to Replenishment) ..	23
World Bank Transfers .....	125
Cumulative Net Income .....	10
TOTAL .....	\$1,687

After the close of the fiscal year, the Bank's Executive Directors recommended to the Board of Governors that a third grant to IDA in the amount of \$75 million be made out of net income for the year; and the President of IDA sent to the Governors representing capital-exporting member countries a proposal for the replenishment of the resources of IDA. The proposal would enable IDA to increase its rate of commitment, although payments under the replenishment would not actually begin until the fiscal year 1970.

Actual disbursements by IDA reached a cumulative total of \$682 million, including \$267 million disbursed in the fiscal year ended June 30, 1966.

## Membership and Administration

At the close of the fiscal year, the Bank's subscribed capital was \$22,426 million, and 103 governments were members. Malawi and Zambia joined the Bank and Indonesia withdrew during the year. Malawi and Zambia also joined IDA, increasing its membership to 96; Indonesia had not been a member of the Association. Action was pending on applications for membership in the Bank from Guyana, the Gambia and Malta and also for membership in IDA from Guyana. Shortly after the end of the fiscal year, an application for readmission to membership in the Bank was received from Indonesia. Singapore became the 104th member of the Bank on August 3, 1966.

Malawi's subscription to the Bank is \$15 million and to IDA \$760,000. Zambia's subscriptions are \$53.3 million to the Bank and \$2.69 million to IDA.

In addition, 20 governments increased their subscriptions to the Bank's capital by a total of \$909 million, as follows:

Member	From	(Millions)	To
Austria.....	\$ 100		\$ 186.7
Ceylon.....	60		82.7
Finland.....	76		133.3
Germany.....	1,050		1,280
Guatemala.....	8		10.7
Iran.....	90		128.6
Iraq.....	15		55
Ireland.....	60		85.3
Israel.....	66.6		95.9
Jamaica.....	26.7		32
Japan.....	666		772.6
Jordan .....	15		16.3
Mexico.....	173.3		208
Norway.....	133.3		160
Saudi Arabia.....	73.3		96
South Africa.....	200		213.3
Spain.....	200		266.7
Sweden.....	200		240
Thailand.....	60		101.3
Uruguay.....	10.5		28

AT THE END OF JUNE 1966, the staff of the World Bank and IDA numbered 1,326, comprising nationals from 68 countries.

Mr. Geoffrey M. Wilson, Vice President, resigned to become Deputy Secretary in the United Kingdom

Ministry of Overseas Development. His resignation became effective shortly after the close of the fiscal year.

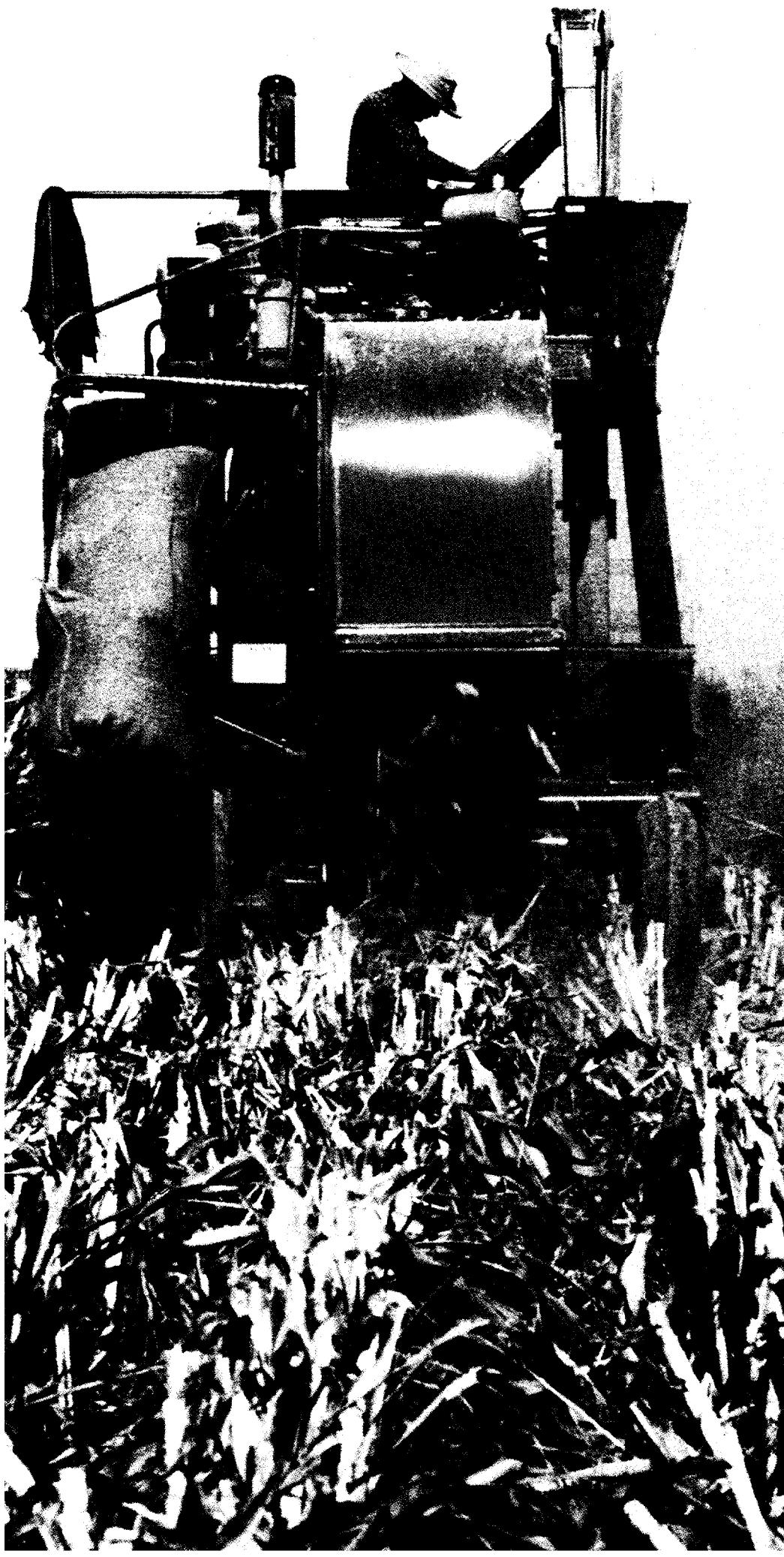
Mr. Michael L. Hoffman, who had resigned to join a private investment firm in 1963, returned in September 1965 to the post of Associate Director of the Development Services Department.

Mr. David L. Gordon, who had been Deputy Director of the Development Services Department, became Chief of the Permanent Mission in eastern Africa with headquarters in Nairobi, Kenya. Mr. Alfred E. Matter, who had been Deputy Director of the Western Hemisphere Department, became Chief of the Permanent Mission in western Africa, with headquarters in Abidjan, Ivory Coast.

Mr. John D. Miller, Director of the European Office, was designated Special Representative in Europe with broader responsibilities for maintaining contact with member countries in Western Europe. Mr. Arthur Karasz, who had been Assistant Director of the European Office, was made Deputy Special Representative with additional responsibilities as Manager of the European Office. Mr. Harry G. Curran, Deputy Director of the European Office, retired on April 1, 1966.

The first three groups to be appointed under the Program for Selecting Young Professionals (formerly known as the Junior Professional Program) have completed the program and are now assigned to regular positions on the staff of the Bank and the International Finance Corporation. Two additional groups numbering 34 are in training and the sixth group of 17 will come into the Bank in October 1966, bringing the total to 82 recruits from 32 countries. Countries represented in the program and the number of professionals from each are:

Argentina.....	2	Netherlands.....	1
Austria.....	2	New Zealand.....	1
Belgium.....	3	Nicaragua.....	1
China.....	1	Norway.....	2
Colombia.....	1	Pakistan.....	3
Cuba.....	1	Philippines.....	2
France.....	8	South Africa.....	1
Germany.....	7	Spain.....	2
Ghana.....	1	Sweden.....	2
Greece.....	2	Switzerland.....	4
India.....	5	Thailand.....	1
Iran.....	1	Togo.....	1
Israel.....	1	Turkey.....	1
Italy.....	5	United Kingdom.....	10
Jamaica.....	1	United States.....	7
Japan.....	1	Yugoslavia.....	1



*A modern harvester reaps sorghum in an irrigated field reclaimed from desert land in Iran. Part of the pilot Dez Multi-purpose scheme in Khuzestan, this project, with the help of a World Bank loan, has raised living standards for 12,000 villagers who formerly lived in the area under primitive conditions.*

## Part Two

### TRENDS AND OUTLOOK IN DEVELOPMENT FINANCE

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## I. OVER-ALL DEVELOPMENTS IN THE WORLD ECONOMY AND IN DEVELOPING COUNTRIES

On balance, world conditions were not favorable for satisfactory growth of the developing countries<sup>1</sup> in 1965, despite various encouraging trends which continued through the first half of 1966. Adverse factors included political turbulence and international conflict, balance of payments difficulties in some of the major industrial countries and budgetary and capital shortage constraints in others, lagging food production, a rising level of debt service payments and slower growth in export earnings of the developing countries, together with continued inadequacy of the flow of external official assistance for development.

Some of these difficulties have focused attention on the need for constant improvement in the economic performance of the developing countries. This has been a continuing concern of the World Bank, which regularly makes an assessment of the economic position, policies and prospects of each borrowing member country. Each proposal for a Bank loan or IDA credit is considered in the context of this assessment. Often, at the request of governments, the Bank also conducts comprehensive studies of economic sectors or entire economies and makes recommendations on investment programs, economic policies and administrative measures for the most efficient mobilization and use of resources. The Bank's concern is not only to assure that its lending is sound, but also to help its less developed members overcome economic difficulties within their control, make them more attractive areas for private investment, and strengthen their eligibility for the external assistance they require, in order to advance their economic growth.

By no means all of the problems of development, however, can be solved by the developing countries themselves. Additional resources from the industrial countries are vital. However, difficulties arising

from disequilibria in the balance of payments of major industrial countries have adversely affected the volume, form and terms of development assistance, despite the fact that the need for additional aid is small compared with the gross national product, savings and investment, budgetary expenditures or capital exports of the industrial countries. The total flow of official bilateral aid has remained virtually constant for the last five years, while the average terms of all assistance combined have become harder. The level of aid from the United States has not changed significantly during this period, while aid from the United Kingdom increased in 1964, then levelled off in 1965. Certain countries in continental Europe, which have had surpluses in their balance of payments, have been slow to increase assistance because of budgetary considerations. As a result of competing calls on public funds for external and domestic purposes, budgetary limitations on aid became more stringent even in the United States in the latter part of 1965 and the first half of 1966. In addition, the common practice of tying aid to purchases in the donor country has been accentuated, thus tending to reduce the value of assistance by limiting competition among suppliers.

Difficulties in raising the level of official assistance were augmented in the fall of 1965 by armed conflict between two of the largest developing countries—India and Pakistan. The hostilities not only consumed scarce resources of the countries involved, but also led to increased resistance in the donor countries to augmenting external financial resources for development.

While the level of official bilateral aid has not changed, private capital flows to the developing countries have increased in the last two years; but the beneficiaries of these flows, especially of direct investments, have been a small number of countries, chiefly petroleum exporters. Income payments by the developing countries on private investments continued to increase, and in both 1964 and 1965 they may have exceeded the total inflow of private capital.

Some of the basic obstacles to raising the level of development finance, both in the form of external assistance and in domestic savings and export earnings of the developing countries, pose ques-

<sup>1</sup> Unless otherwise specified, the terms developing countries and industrial countries as used in this part of the Report do not include any of the so-called Sino-Soviet countries. Developing countries include all other countries of Asia except Japan, of Africa except South Africa, of Southern Europe except Italy (Turkey, Yugoslavia, Cyprus, Greece, Malta, Spain and Portugal), and of Latin America and the Caribbean area except Cuba. The group covers some 1600 million people or more than 70% of the world's population outside the Sino-Soviet countries. All others are referred to as industrial countries.

tions of national and international priorities. Action to help spur the economic growth of less developed countries stands high among the stated objectives of virtually all industrial countries. In almost all of the developing countries themselves, economic growth is accorded a place at the very top of the official priority list. Yet in many cases there is often a considerable gap between expressed policy and actual performance. Part of this gap can be closed by the developing countries themselves through closer adherence to sound economic policies, more efficient mobilization and use of resources, greater emphasis upon increasing and diversifying production and exports, more attention to improving the efficiency of agriculture, and avoidance of all policies and actions which, however attractive in the short run, impede their economic growth. In part, however, the causes of the variance between intentions and practice in giving priority to development are found in problems which can be solved only through cooperative international action—problems beyond the control of the developing countries but which strongly affect their export earnings and the volume of external assistance. In addition to helping its developing members wherever it can in solving their internal development problems, the World Bank has been searching for practical solutions at the international level, in cooperation with other national and multilateral agencies.

#### WORLD PRODUCTION, TRADE AND FINANCE

Prospects of the developing countries are strongly affected, of course, by trends in world production, trade and finance. In 1965 and the first half of 1966, the expansion that has characterized world production and trade since 1960 continued, although international trade increased at a slower pace in 1965 than in the two previous years of exceptional growth. The slowdown in exports began in the second half of 1964, and was more accentuated for the developing than for the industrial countries. The trend turned up again in the latter part of 1965 and the first half of 1966. On a global basis, trade expanded by about 8% in 1965, as compared with the exceptionally high rate of 12% in 1964 and the average increase of 7% for the period 1957 to 1963.

World gross domestic product (GDP) grew in 1965

at an over-all rate of 5% (Table 1). For the industrial countries as a whole GDP also rose by some 5%, about the same rate as in every year since 1960. This expansion, however, resulted chiefly from unusually rapid growth in the United States, where GDP increased by 5.5% in real terms and the rate continued to accelerate during the last quarter of 1965 and the first months of 1966.

The United States' experience was in contrast to that of several major countries of Western Europe and Japan, where growth was considerably curtailed. Japan's economy, which had been growing at the exceptionally high rate of 10% per year, slowed down to about 3.5% in 1965. In the United Kingdom, France and Italy, GDP increased by only 2% to 3.5%, compared with over 5% in 1964. Germany's GDP rose by about 5%, somewhat below

TABLE 1  
GROSS DOMESTIC PRODUCT AND INDUSTRIAL  
AND AGRICULTURAL OUTPUT BY AREAS  
(percentage change from preceding year)

	Gross Domestic Product		Industrial Output		Agricultural Output			
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
<b>World(a)</b>								
1961.....	4	2	6	4	2	—	2	—
1962.....	5	3	8	6	4	2	3	1
1963.....	4	2	6	4	3	1	2	—
1964.....	5	3	7	5	2	—	2	—
1965.....	5	3	7	5	2	—	2	—
<b>Industrial Countries</b>								
1961.....	4	3	4	3	2	1	2	1
1962.....	5	4	7	6	5	4	4	3
1963.....	5	3	5	4	3	2	2	1
1964.....	6	5	7	6	2	1	2	1
1965.....	5	4	7	6	2	1	2	1
<b>Developing Countries</b>								
1961.....	5	3	9	7	3	1	3	1
1962.....	4	2	7	5	2	—	1	-1
1963.....	4	2	6	4	2	—	1	-1
1964.....	5	3	7	4	3	1	2	—
1965.....	4	2	7	5	2	—	1	-1

(a) Including Soviet countries and mainland China, except for Gross Domestic Product.

All figures are rounded to and indicate broad trends only.

SOURCES: United Nations, *World Economic Survey*, 1964; U.N. *Monthly Bulletin of Statistics*; F.A.O. and other U.N. sources; U.S. Department of Agriculture.

the rate of previous years. The deceleration in Western Europe and Japan resulted from restrictive government policies designed to contain inflationary pressures generated by the earlier rapid expansion. Such policies were revised toward the end of 1965 by Italy and Japan, and to a certain extent by France, in order to encourage recovery in the level of domestic production; in the first half of 1966, there were signs of a return to fairly rapid rates of growth.

While the per capita GDP of the industrial countries increased in 1965 by about 4%, that of the developing countries as a group rose by only about 2%.

As might be expected, the fastest increase in world production during 1965 was in the industrial sector. In contrast, growth in world agricultural production, which for several years had barely kept pace with the increase in population, slowed down still further and actually lagged behind in 1965. This was due to a decline in agricultural production in Eastern Europe as well as to inadequate expansion in the Soviet Union and the developing countries. Food requirements of the developing countries as a group have been increasingly supplied by imports from the developed countries, especially the United States, Canada and Australia.

A major development in 1965 and the first half of 1966 was a general rise in interest rates in Europe and North America, where rates for long-term government bonds reached their highest levels since the 1920's. The upward trend in the U.S., which began in the second half of 1965, reflected a rising and extraordinarily strong demand for funds, mainly for private investments, without a corresponding increase in supply. In Europe, higher interest rates resulted mainly from a rise in demand for capital on the part of the public sector; a secondary factor was a reduction in the flow of U.S. capital to Europe, which has been restrained to reduce the deficit in the overall U.S. balance of payments.

#### TRADE AND RESERVES OF DEVELOPING COUNTRIES

For exports of the developing countries<sup>2</sup>, 1965 was a relatively good year. Between 1962 and 1964 their export earnings grew at an increasing rate that averaged almost 9% per year and reached

about 9.5% in 1964 over 1963. In 1965 the rate decreased to 7%. This, however, was still above the average annual increase of only 4.3% for the 15 years 1950-65.

Compared to the rate of growth of world trade as a whole, however, the growth of exports of the developing countries has lagged substantially and almost continuously. This has been due chiefly to the predominance of primary products in the developing countries' exports. As recently as the period 1962-64, almost 85% of the export earnings of the developing countries were derived from primary goods, while the same group of products accounted for only about 44% in value of total world merchandise trade. Manufactures, on the other hand, accounted for about 56% of total world trade, but for only 15% of the export earnings of developing countries.

For primary products the growth in volume of both world consumption and international trade has tended to be relatively sluggish. In addition, the longer term trend in prices of primary commodities has shown a gradual decline. In the 10 years 1953<sup>3</sup> to 1963, the world's export volume of primary commodities grew at around 5.3% per year, while the price level dropped about 4% over the period as a whole. Manufactured products on the other hand grew in volume at 6.8% per year, with the price level at the end of the period about 8% higher than at the beginning.

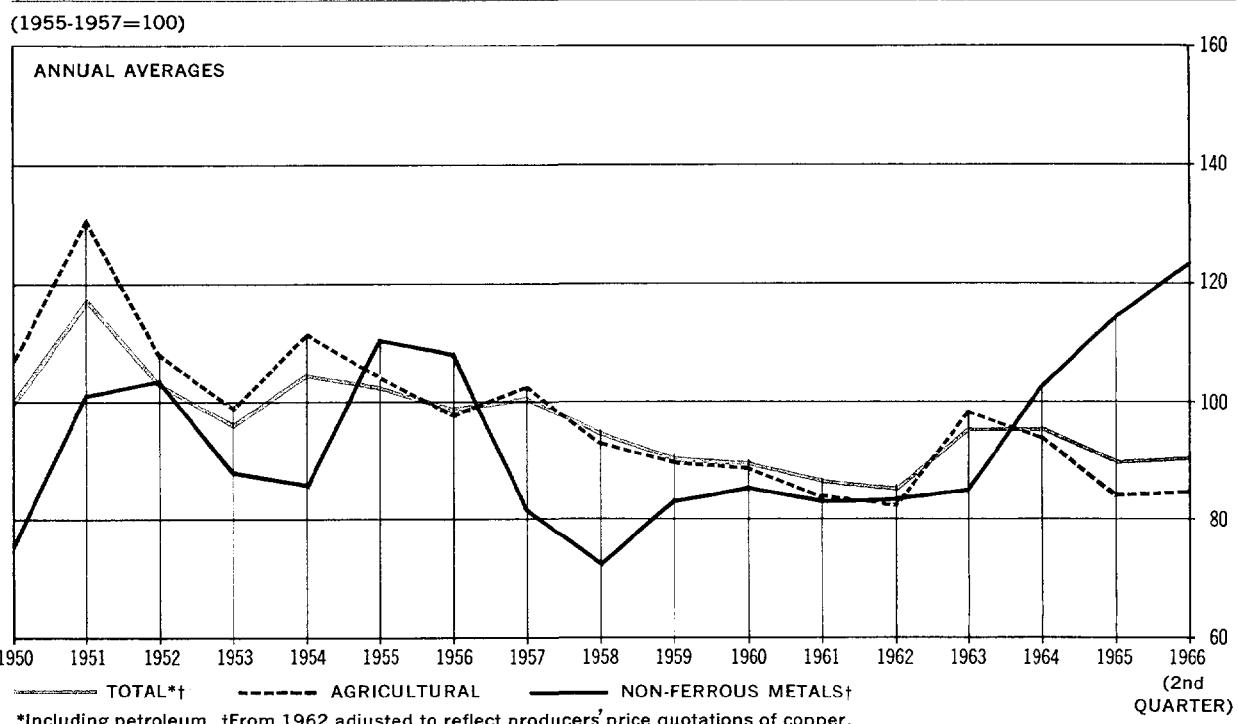
The deceleration in export earnings of the developing countries in 1965 was due primarily to a slowdown in growth of volume rather than a fall of prices, although prices did decline in the primary commodities sector. The World Bank's primary commodities price index for low and medium income countries declined about 6% from the average of 1964 (see Chart I). At the end of 1965, however, the index returned to the level it had reached at the end of 1964 and continued to rise in the first half of 1966, mainly because of the continuing rise in the price of copper and the stronger position of grain and some tropical products.

<sup>2</sup> The figures on trade and reserves in the following section of the Report exclude Spain because the very rapid growth in its imports and the extreme changes in its payments position would have concealed the trends of other developing countries.

<sup>3</sup> As of 1953, primary commodity prices on the whole had retreated from the 1951 Korean war peak, and were at about the 1950 pre-war level (see Chart I).

CHART I

PRIMARY COMMODITY PRICE INDEX  
FOR LOW AND MEDIUM INCOME PRIMARY PRODUCERS



Of course, different products have fared differently and this has been reflected in variations in the growth of exports of individual developing countries. On the basis of price movements, developing countries dependent primarily on agricultural products, particularly coffee, tea, cocoa, sugar and fibers, fared worse in 1965 than those dependent on minerals, but the relative position of some of these commodities strengthened in the early part of 1966. The more modest growth of industrial output in Europe and Japan in 1965 was accompanied in Europe by a decline in textile production. These factors undoubtedly had an unfavorable effect on both the export trade volume and prices of agricultural raw materials from developing countries.

On the other hand, the effects of the slower growth of European manufacturing in 1965 were offset by a continuation of the remarkable boom in consumer durables in the U.S. Consequently, there

was a certain amount of support for both volume and prices in international trade in ferrous and ferrous-alloy minerals. For some of the non-ferrous and non-metallic minerals (except petroleum), supply difficulties were a constraint on the potential growth of trade volume, but they were more than offset by the consequent increase in price levels, especially in the case of copper and tin.

Variations in developing countries' export earnings from food products appear to have been determined in 1965 by supply rather than by changes in demand. Thus, short crops of some vegetable oils in both the developed and developing countries resulted in higher prices, although the export volume of vegetable oils from the developing countries as a group declined only slightly in 1965 after rising in 1964. Meat export prices also rose because of short supplies. On the other hand, cocoa, sugar and coffee, the most important agricultural exports of

the developing countries, showed price weakness because of oversupply. The operation of the International Coffee Agreement helped to maintain prices of coffee above the average of the early 1960's, although there was a drop in export volume from the 1964 level.

Imports of the developing countries as a whole increased by only 4.5% in 1965 compared with 9% in 1964 and 5% in 1963. Most of the slowdown was experienced in Latin America and the Middle East, imports of which remained on virtually the same level as in the previous year. On the other hand, the developing countries in Africa and Asia raised their imports in 1965 by 7.5% and 5.5% respectively.

The relatively slow growth of imports has been a major factor in the gradual decline of the combined trade deficit of the developing countries from an average of more than \$4 billion a year during 1960 to 1962 to about \$2.5 billion during 1963 and 1964 and to some \$2 billion in 1965 (Table 2). The trade deficit of the developing countries as a group, however, is greatly reduced by the inclusion of major petroleum exporters with a larger trade surplus. Excluding them, the combined trade deficit was \$7.3 billion in 1965, about the same as the average for the years 1960 to 1964.

The developing countries also had a deficit on invisibles in 1965 of about \$3.3 billion. For the most

part, it reflected net payments of income on investments in the form of interest and dividends (including reinvested earnings), estimated at more than \$4 billion. Most of the deficit on invisibles is due to large payments of investment income by the petroleum exporting countries. The developing countries also had a deficit on expenditures for transportation (in addition to freight costs included in figures for merchandise imports), and a surplus on military and government services and tourism. Excluding petroleum exporters, the overall deficit on invisibles of the developing countries is estimated at about \$250 million in 1965.

The reserve position of the developing countries as a group continued to improve in 1965. Their combined reserves increased by some \$600 million in 1964, \$1.4 billion in 1965 and \$300 million in the first quarter of 1966, nearly all in dollars or sterling. The added reserves of the developing countries (except for very small amounts in certain Southern European countries) were not converted into official gold holdings in 1965 or the first half of 1966. These increases in reserves were partly the result of special factors, such as the non-recurring receipts of certain oil-exporting countries in the Middle East, following renegotiation of contracts. Other increases in reserves were concentrated in a few countries, such as Argentina, Brazil, India and Israel.

TABLE 2  
TRADE BALANCE OF DEVELOPING COUNTRIES  
(Billions of U.S. Dollars)

	1960	1961	1962	1963	1964	1965	1966 First Quarter (Annual Rate)
<b>Developing Countries<sup>(a)</sup></b>							
Exports (fob).....	27.5	27.8	29.6	32.2	35.3	37.8	38.7
Imports (cif).....	-31.5	-32.5	-33.2	-34.8	-37.9	-39.7	-39.7
Trade Balance .....	- 4.0	- 4.7	- 3.6	- 2.6	- 2.6	- 1.9	- 1.0
<b>Excluding Major Petroleum Exporters<sup>(b)</sup></b>							
Exports (fob).....	21.7	22.0	23.0	25.4	27.4	29.4	30.3
Imports (cif).....	-28.7	-29.7	-30.4	-32.2	-34.8	-36.7	-36.6
Trade Balance.....	- 7.0	- 7.7	- 7.4	- 6.8	- 7.4	- 7.3	- 6.3

(a) Including Southern European developing countries other than Spain; See note 2.

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

SOURCE: *International Financial Statistics*, IMF.

## II. EXTERNAL DEBT OF DEVELOPING COUNTRIES AND TERMS OF AID

### DEBT ACCUMULATION AND SERVICING

While debt accumulation of the developing countries as a group slowed down in 1965, their service payments on previously contracted debt rose sharply in 1964 and continued to rise in 1965. The total service payments (interest and amortization) on public and publicly-guaranteed debt of 97 developing countries<sup>4</sup> rose from an average of \$2.4 billion in 1962 and 1963 to \$3.3 billion in 1964 and \$3.5 billion in 1965 (Table 3 and Chart II). The most rapid increase in recent years was in Latin America, where debt service in 1965 absorbed about a sixth of export earnings. As a percentage of merchandise exports, the total debt service of the developing countries increased from an average of about 8% in the years 1960 to 1963 to 9% in 1964 and 1965.

The rise in debt service during recent years reflects the increase in debt outstanding several years in the past; because of grace periods, there is a considerable time lag between changes in terms of new debts and their impact on the volume of service payments. The total outstanding external debt of the developing countries<sup>4</sup> is estimated at about \$36.4 billion in 1965 (see Table 4), compared with \$33 billion in 1964, \$29 billion in 1963 and only \$10 billion in 1955. Thus, it increased by about 10% in 1965, compared with a compound rate of about 14% between 1955 and 1964.

The slowdown in debt accumulation was concentrated in Latin America, Southern Europe and the Far East, while the combined debt of countries in South Asia and Africa continued to increase at a rapid rate (see table 5).

The slower rate of increase in total indebtedness resulted in part from greater caution exercised by some countries, chiefly in Latin America, in assum-

<sup>4</sup> These figures are derived from new World Bank estimates for 97 countries and include nearly all developing countries for which information exists. They cover both public loans and private loans guaranteed by governments of the debtor countries, all with maturities of one year or more. The figures on debt outstanding also include the undisbursed share of loans contracted, which amounted in 1965 to about 25% of the total.

TABLE 3

ESTIMATED SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT OF 97 DEVELOPING COUNTRIES (BILLIONS OF U.S. DOLLARS)

	Latin America	Middle East	Far East	Africa	Southern Europe	Total	Total as % of Merchandise Exports
1960.....	1.4	0.4	0.1	0.1	0.3	2.3	8.1
1961.....	1.3	0.4	0.2	0.1	0.3	2.3	8.2
1962.....	1.3	0.5	0.3	0.1	0.2	2.4	8.4
1963.....	1.3	0.5	0.2	0.2	0.3	2.5	7.5
1964....	1.7	0.7	0.2	0.3	0.4	3.3	9.2
1965....	1.7	0.8	0.3	0.3	0.4	3.5	9.0

SOURCE: World Bank

TABLE 4

TOTAL OUTSTANDING EXTERNAL PUBLIC DEBT (INCLUDING UNDISBURSED) OF 97 DEVELOPING COUNTRIES AS OF DECEMBER 31, 1965 (BILLIONS OF U.S. DOLLARS)

	Disbursed	Undisbursed	Total
All Areas.....	27.3	9.1	36.4
Latin America.....	9.4	2.5	11.9
South Asia and Middle East.....	8.5	2.8	11.3
Far East.....	2.5	2.0	4.5
Africa.....	4.0	1.0	5.0
Southern Europe.....	2.9	0.8	3.7

SOURCE: World Bank

TABLE 5

SELECTED DEBTORS: OUTSTANDING EXTERNAL PUBLIC DEBT (INCLUDING UNDISBURSED) 1955-1965<sup>(a)</sup> (BILLIONS OF U.S. DOLLARS)

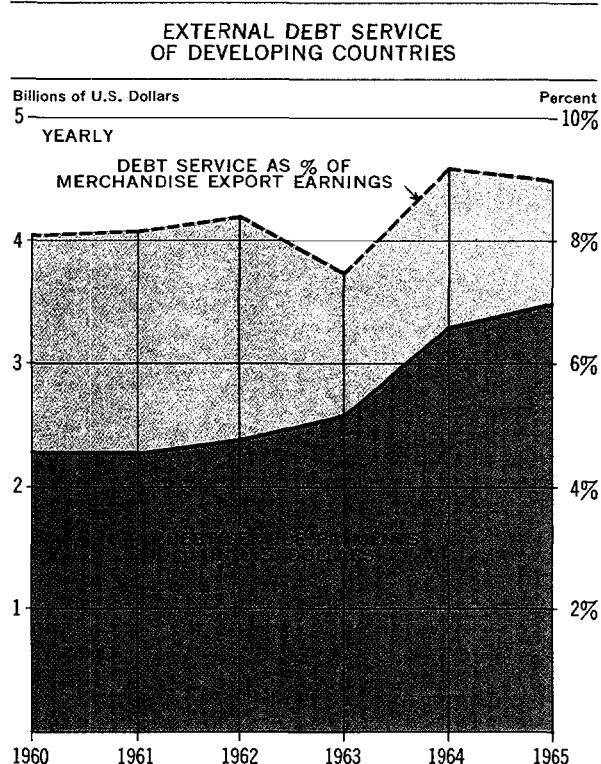
	1955	1963	1964	1965 <sup>(b)</sup>
India.....	0.4	3.8	4.7	5.2
Brazil.....	1.4	2.3	2.8	3.0
Pakistan.....	0.1	1.2	1.8	2.1
Argentina.....	(0.4)	2.1	1.9	1.9
Mexico.....	0.5	1.6	2.0	2.1
Turkey.....	(0.2)	1.0	1.2	1.2
Yugoslavia.....	0.3	1.1	1.3	1.2
Chile.....	0.4	0.9	1.0	1.1
Colombia.....	0.3	0.8	0.9	1.0
Israel.....	(0.4)	0.9	0.9	0.9
<b>Total.....</b>	<b>4.4</b>	<b>15.7</b>	<b>18.5</b>	<b>19.7</b>

(a) End of year; figures in parentheses are crude estimates.

(b) Part of 1965 figures are estimates.

SOURCE: World Bank

CHART II



ing new obligations, especially in the form of suppliers' credits. Another influence was action by creditor countries in limiting the volume of lending, particularly of credits on hard terms, to certain countries in acute debt positions. An improvement in the trade balance has helped several countries limit their recourse to higher indebtedness. A number (including Brazil, Argentina, Mexico, Chile and Korea) raised their export earnings rapidly. Some (including Brazil, Colombia, Chile and Korea) also curtailed import demand by slowing down inflation.

Typically, the countries whose debt continued the swift expansion of previous years were those whose imports rose rapidly while exports increased at relatively low rates. This occurred in India and a number of other countries in Asia and Africa, in some cases because of internal conditions not sufficiently conducive to export promotion, in others because of unfavorable demand conditions for particular export commodities.

In recent years the debt service of a few developing countries reached such proportions that it

seemed virtually impossible for them to maintain payments unless the debts were refinanced or the schedules of repayments extended. In each case a conference of the creditors was organized with the particular debtor and the debt service was rescheduled or the debt refinanced. The debtors undertook to limit the assumption of additional obligations for a year or more.

Partly as a result of these debt crises, private export credit has attracted increasing attention. Sometimes it is extended by the exporter in the form known as suppliers' credit, at other times by a bank (usually in the exporter's country) in the form often called buyers' credit. In some cases it is extended to governments, in others to private borrowers. Often the exporter's government guarantees the credit or actually advances the funds to the borrower. In any case, it constitutes a large part of the total flow of funds to developing countries; in the maturities of a year or more it may approximate a gross flow of \$4 billion a year. While statistics on the subject are far from complete, it appears that export credit may account very roughly for a quarter of the developing countries' total outstanding debt. The share of such credit in annual debt service is of course much higher because of the prevalence of relatively short maturities; it may approach half the total.

Experience has shown the dangers of uncontrolled use of export credit from private sources. In many cases, the maturities are too short and interest rates are too high in relation to the debtor country's capacity for servicing its debt. Also, suppliers' credits are often employed in excessive concentrations at a particular period of time, so that maturities are bunched too closely together. Since credits are usually tied to purchases from individual exporters, exceedingly high prices have sometimes been charged. Adequate surveillance has often been lacking on both the creditor and the debtor side, so that credits have been used to finance imports of little or no value to development.

Recognition of these problems was in part responsible for the combined support which representatives of creditor and debtor governments gave to a resolution in the UNCTAD conference in Geneva in 1964, under which the Bank is making its study of the subject of suppliers' credits (p. 20).

Moderation of the debt service burden of developing countries would require additional measures by creditors and debtors alike. The creditor countries would have to provide larger amounts of assistance on more concessionary terms, provided that the recipient countries could be expected to show good economic performance. Poor countries face great difficulties in financing their import requirements during a long period of high investment, if at the same time they have to make large payments of debt amortization and interest in foreign exchange.

For some countries, the main reason for debt servicing difficulty may be short maturities rather than high interest rates. This is true of certain Latin American countries, for instance, which have attained higher income levels and have reasonably good prospects for a considerable increase in exports. For such countries, loans with longer maturities and grace periods may contribute to an improvement in debt servicing capacity. In certain acute cases of countries facing extreme difficulties because of very short maturities and high interest on their present debts, rescheduling may be necessary, with a commitment to limit additional borrowing on unfavorable terms.

None of this, however, should be taken to mean that developing countries cannot afford, and hence should avoid, any increase in debt servicing obligations. While they continue to import capital from abroad, they can expect their debt servicing obligations to grow. What is most important in this respect is that capital should be treated as a scarce resource to be devoted to the most productive purposes, forming part of a well-balanced program of economic development.

In general, it can be expected that, as long as capital is employed for purposes productive enough to give an economic return at least, if not more than, commensurate with the terms on which it is raised, no insupportable debt servicing burden should arise from its use. Indeed, the aim of a well-directed investment program is to strengthen the economy in which the capital is employed, which should add more than proportionately to its debt servicing capacity.

#### TERMS OF EXTERNAL ASSISTANCE

Debt service payments of the developing countries

are of course determined by the terms as well as the amount of external capital made available to them. On the whole, official assistance has tended to become less rather than more concessionary, because of the decline in the share of grants and grant-like contributions (such as long-term credits repayable in local currencies) in the total official bilateral capital flow—from 70% in 1960 to 42% in 1964 and 52% in 1965. This factor has outweighed the improvement of recent years in the terms of official bilateral loans, which continued through 1964. Data from the Development Assistance Committee of the OECD indicate that even for loans alone the trend toward more favorable terms was reversed in 1965. The average interest rate for bilateral loan commitments increased from 3% in 1964 to 3.6% in 1965 and average maturities shortened from 28.3 years to 22.1 years.

World Bank data now available from the borrowing countries show the terms of individual debts contracted by a sample of 34 countries, representing 65% of the total outstanding debt of developing countries at the end of 1964. From 1960 through 1964 (1965 data are not yet available), average interest rates on loans contracted by these 34 countries declined from 5.66% to 4.23% and maturities increased from 13.3 years to 22.8 years (see Table 6). The average terms of all loans reached their most favorable level for the period in 1962 when the United States made large-scale loans on concessionary terms. In 1963 and 1964, the U.S. gave loans on generally harder terms and the average

TABLE 6  
WEIGHTED AVERAGE TERMS OF EXTERNAL PUBLIC  
DEBT OF 34 DEVELOPING COUNTRIES<sup>(a)</sup>

Year Contracted	Contractual Amount (\$1,000)	Rate of Interest (%)	Grace Period <sup>(b)</sup> (Years)	Terms to Maturity <sup>(b)</sup> (Years)
1960.....	2,482,992	5.66	3.1	13.3
1961.....	2,859,700	5.20	4.2	16.5
1962.....	3,714,919	3.87	5.4	23.2
1963.....	3,628,024	4.32	5.1	21.2
1964.....	4,025,480	4.23	5.1	22.8
1960-64....	16,711,115	4.53	4.7	20.1

(a) For the list of countries see Table 7.

(b) From the date of agreement; disbursement dates are not taken into consideration.

SOURCE: World Bank

interest rate for all development loans increased.

Tables 7 and 8 show the terms of loans for areas and individual countries in the years 1960 and 1964. The tables show considerable differences between areas; mainly because of the predominance of lending to India and Pakistan, loans to

Asia were more concessionary than those to Africa and Latin America.

Tables 9 and 10 show the terms of loans by type of credit and by lender. The hardest terms, of course, were on loans from private sources, especially on suppliers' credits.

TABLE 7  
WEIGHTED AVERAGE TERMS OF EXTERNAL  
PUBLIC DEBT INCURRED IN 1960  
BY 34 DEVELOPING COUNTRIES

	Contractual Amount (\$1,000)	Rate of Interest (%)	Grace Period <sup>(b)</sup> (Years)	Term to Maturity <sup>(b)</sup> (Years)
<b>Grand Total<sup>(a)</sup></b>	2,482,992	5.66	3.1	13.3
<b>Africa</b>	159,154	5.63	1.8	19.0
Nigeria	50,400	6.50	1.2	19.0
Kenya	22,308	6.13	2.4	24.0
Tanzania	4,200	6.00	1.0	25.0
Rhodesia	5,600	6.00	2.5	9.5
Uganda	16,800	5.94	3.0	25.0
Ethiopia	12,061	5.28	0.6	7.3
Sudan	47,785	4.39	2.1	11.6
<b>Asia</b>	837,212	4.89	4.3	17.9
Malaysia	32,836	6.35	1.2	21.1
Israel	81,573	6.09	2.5	13.2
Iran	61,339	6.09	4.1	19.5
Thailand	275	6.00	1.0	5.5
Philippines	24,347	5.76	3.4	13.7
Pakistan	135,752	5.70	7.5	24.5
India	501,090	4.19	4.0	16.7
<b>Latin America</b>	1,282,110	6.17	2.4	10.7
Peru	143,690	7.20	3.0	13.0
Chile	45,793	6.97	2.2	11.3
Mexico	378,386	6.23	2.5	12.3
Honduras	8,900	6.01	4.0	24.8
Argentina <sup>(c)</sup>	240,954	6.00	1.6	9.5
Nicaragua	14,300	6.00	5.0	22.3
Ecuador	38	6.00	1.0	2.5
Colombia	50,742	5.98	3.1	22.8
Costa Rica	15,450	5.97	2.1	9.5
Venezuela	337,298	5.90	2.3	5.6
El Salvador	3,840	5.75	3.0	25.0
Paraguay	167	5.61	0.1	3.4
Guatemala	24,802	5.15	2.7	10.7
Panama	17,750	4.44	3.4	16.2
<b>Southern Europe</b>	204,516	5.70	2.7	7.5
Turkey	88,896	5.85	2.4	7.2
Yugoslavia	80,509	5.65	3.3	7.8
Spain	35,111	5.42	2.2	7.8

(a) Dominican Republic and Uruguay, which appear in Table 8 for 1964, did not contract any loans in 1960. Zambia, included in Table 8, was formed as a State in 1964.

(b) Grace period and term to maturity defined here as starting from the date of agreement; disbursement dates are not taken into consideration.

(c) Data for Argentina are based on debt incurred in 1960 and outstanding in 1964 and do not reflect debt repaid between those years; thus, the average grace period and term to maturity for 1960 are overstated and the interest rate may be understated.

SOURCE: World Bank

TABLE 8  
WEIGHTED AVERAGE TERMS OF EXTERNAL  
PUBLIC DEBT INCURRED IN 1964  
BY 34 DEVELOPING COUNTRIES

	Contractual Amount (\$1,000)	Rate of Interest (%)	Grace Period (Years)	Term to Maturity (Years)
<b>Grand Total<sup>(a)</sup></b>	4,025,480	4.23	5.1	22.8
<b>Africa</b>	354,122	4.92	4.6	25.7
Zambia	7,350	5.74	2.3	25.0
Rhodesia	3,850	5.50	3.5	25.0
Ethiopia	39,210	5.38	4.1	20.3
Nigeria	251,693	5.14	4.2	24.5
Kenya	25,359	4.22	6.1	33.7
Uganda	876	4.10	8.4	31.8
Tanzania	25,784	2.52	8.1	37.8
<b>Asia</b>	1,533,255	3.39	7.0	30.0
Thailand	24,500	5.50	6.1	19.2
Philippines	100,704	5.37	2.8	12.2
Iran	87,738	5.10	1.5	11.3
Israel	106,374	4.48	3.3	13.8
India	546,532	3.30	7.6	33.3
Pakistan	667,407	2.69	8.4	35.5
<b>Latin America</b>	1,467,856	5.06	3.3	15.1
Argentina	18,153	6.08	2.2	11.5
Mexico	567,489	5.96	1.5	8.5
Costa Rica	13,922	5.62	2.0	8.6
Venezuela	70,771	5.53	3.1	15.6
Guatemala	4,785	5.43	3.0	16.9
Peru	153,461	5.31	4.1	16.1
Dominican Rep.	91,984	4.64	1.6	8.8
Uruguay	96,372	4.59	1.9	8.6
Nicaragua	13,852	4.47	5.9	23.2
Colombia	194,090	4.19	5.6	26.6
Panama	26,700	4.17	5.3	20.6
Paraguay	16,630	3.81	10.6	25.4
Chile	148,134	3.64	6.1	23.7
Ecuador	45,950	3.42	7.5	33.8
Honduras	5,563	2.06	6.0	21.7
<b>Southern Europe</b>	670,247	3.97	5.1	21.6
Spain	104,113	5.53	3.1	15.9
Yugoslavia	310,454	4.88	3.3	13.3
Turkey	255,680	2.23	8.0	33.9

(a) Sudan, Malaysia and El Salvador, included in Table 7 for 1960, did not contract any loans in 1964.

SOURCE: World Bank

TABLE 9  
WEIGHTED AVERAGE TERMS OF EXTERNAL  
PUBLIC DEBT OF 34 DEVELOPING COUNTRIES BY  
VARIOUS SOURCES IN 1960

	<i>Contractual Amount (\$1,000)</i>	<i>Rate of Interest (%)</i>	<i>Grace Period<sup>(a)</sup> (Years)</i>	<i>Term to Maturity<sup>(a)</sup> (Years)</i>
<b>Total External Public Debt.....</b>	2,482,992	5.66	3.1	13.3
Privately Placed Debts <sup>(b)</sup> .....	1,079,622	6.31	2.0	8.5
Loans from Inter- national Organi- zations.....	430,034	5.86	5.2	22.5
World Bank....	418,040	5.87	5.3	22.9
Others.....	11,994	5.64	3.8	10.0
Total Bilateral Loans <sup>(c)</sup> .....	709,141	5.71	3.4	14.0
From U.S.....	382,953	5.59	3.4	11.8
From Others... Of which: Germany....	326,188	5.84	3.3	16.6
	113,598	5.99	4.6	13.3
	1,947	2.50	1.0	4.0
	166,118	6.21	2.8	20.9
Loans from Sino- Soviet countries.	264,195	2.60	3.1	15.7

(a) Grace period and term to maturity defined here as starting from the date of agreement; disbursement dates are not taken into consideration.

(b) Includes suppliers' credits, settlement for nationalized properties and credits from various sources.

(c) Excluding Sino-Soviet Countries.

SOURCE: World Bank

TABLE 10  
WEIGHTED AVERAGE TERMS OF EXTERNAL  
PUBLIC DEBT OF 34 DEVELOPING COUNTRIES BY  
VARIOUS SOURCES IN 1964

	<i>Contractual Amount (\$1,000)</i>	<i>Rate of Interest (%)</i>	<i>Grace Period<sup>(a)</sup> (Years)</i>	<i>Term to Maturity<sup>(a)</sup> (Years)</i>
<b>Total External Public Debt.....</b>	4,025,480	4.23	5.1	22.8
Publicly issued Bonds.....	95,743	5.48	3.0	15.0
Privately placed Debts <sup>(b)</sup> .....	1,039,018	6.01	1.2	5.8
Loans from Inter- national Organi- zations.....	1,014,786	3.65	6.7	33.7
World Bank....	512,700	5.50	4.6	24.9
IDA.....	394,590	0.75	10.3	49.8
Inter-American Development Bank.....	87,189	5.38	4.6	18.8
Others.....	20,307	5.78	0.5	6.6
Total Bilateral Loans <sup>(c)</sup> .....	1,861,106	3.50	6.6	26.9
From U.S.....	1,225,805	2.69	7.6	30.6
From Others... Of which: Germany....	635,301	5.04	4.6	19.7
	209,308	4.07	4.7	19.4
	32,942	3.76	1.1	18.4
	197,447	6.29	6.3	24.6
Loans from Sino- Soviet countries.	14,825	3.09	1.5	5.0

(a) Grace period and term to maturity defined here as starting from the date of agreement; disbursement dates are not taken into consideration.

(b) Includes suppliers' credits, settlement for nationalized properties and credits from various sources.

(c) Excluding Sino-Soviet Countries.

SOURCE: World Bank

### III. EXTERNAL FINANCE FOR DEVELOPING COUNTRIES

#### OFFICIAL DEVELOPMENT ASSISTANCE

The net flow of official assistance from the industrial countries (including the Soviet countries and mainland China) to the developing countries and to multilateral institutions remained rather static at

about \$6.6 billion during the five years 1961 to 1965<sup>5</sup>, with small variations from year to year.

IDA Part I member countries, which provide the bulk of all development aid, disbursed around \$6.3 billion in 1965, about \$200 million more than the average for the four previous years (see Table 11). There was little change in the official flow from the United States, which has averaged \$3.6 billion since

<sup>5</sup> The figures for net official and private capital flows from the industrial to the developing countries, as reported by DAC on the basis of submissions by donor countries, are considerably higher than estimates based on balance of payments data of the recipient countries as reported to the International Monetary Fund. Part of the difference is due to more limited country coverage of the IMF balance of payments data, which exclude many of the Franc Zone countries of Africa and several other developing

countries. Another source of difference is in the part of DAC aid figures which represents expenditures in currencies of aid-providing countries for aid administration and for trainees from developing countries, which are not included in the balance of payments. In addition, it reflects "errors and omissions," which may include some element of private capital flows from the developing to the industrial countries. Work on the differences by the staffs of the IMF and the World Bank is continuing.

TABLE 11  
THE FLOW OF FINANCIAL RESOURCES FROM IDA PART I MEMBERS  
TO DEVELOPING COUNTRIES AND MULTILATERAL INSTITUTIONS<sup>(a)</sup>  
(MILLIONS OF U.S. DOLLARS)

	Official					Private				
	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965
Australia <sup>(b)</sup> .....	73	85	97	107	120	—	—	—	20	23
Austria.....	2	14	2	15	34	18	17	4	7	14
Belgium.....	92	80	92	84	121	82	48	95	93	120
Canada.....	62	54	98	128	120	39	55	33	29	33
Denmark.....	8	7	10	11	13	25	7	1	21	(3)
Finland.....	(2)	(2)	2	2	(2)	—	—	—	—	—
France.....	943	977	851	831	757	489	431	414	550	562
Germany.....	615	450	424	423	427	219	182	165	268	278
Italy.....	85	110	110	54	66	177	302	233	188	184
Japan.....	109	88	140	116	244	279	207	138	188	242
Kuwait.....	66	3	129	119	62	—	—	—	—	—
Netherlands.....	69	91	38	48	60	144	52	109	80	164
Norway.....	9	7	21	17	12	1	4	8	10	26
Sweden.....	8	19	23	33	39	44	19	31	34	31
United Kingdom.....	457	421	415	493	480	444	306	280	415	443
United States.....	3,530	3,671	3,755	3,463	3,766	1,099	819	880	1,297	(1,748)
<b>Total</b> .....	<b>6,130</b>	<b>6,079</b>	<b>6,207</b>	<b>5,944</b>	<b>6,323</b>	<b>3,060</b>	<b>2,449</b>	<b>2,391</b>	<b>3,200</b>	<b>3,871</b>

Data for South Africa are not available, while aid from Luxembourg has been very small.  
Figures in parentheses are crude estimates. Those not shown are unavailable.

(a) Official loans and guaranteed export credits reflected in this table are for maturities of one year or more, in accordance with the UNCTAD definition of capital flows. Thus, they differ from those previously reported by DAC, which did not include loans and export credits with maturities of from one to five years.

(b) Figures for Australia are on a fiscal year basis, thus 1961 refers to 1961-1962 etc.

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

1961. A reduction in French aid to Algeria and other North African countries more than offset an increase in assistance to non-members of the Franc Zone. Official aid provided by the United Kingdom increased in 1964, but levelled off in 1965. Aid from Germany remained on about the same level. Among the smaller providers of aid in terms of absolute amounts, Austria, Belgium, Canada, Denmark, Japan, the Netherlands and Sweden have increased their assistance in recent years and have given loans on more concessionary terms. Australia, which recently joined the Development Assistance Committee of the OECD, also raised the level of its aid, especially to countries in southeast Asia and the Pacific.

Since the combined gross national product of the

DAC members has increased during the last four years by 32% (in current prices), to more than \$1,250 billion in 1965, the share of official aid in their total GNP declined from about 0.65% in 1961 to about 0.5% in 1965. The ratio of official aid to their combined national income was about 0.8% in 1961 and 0.6% in 1965.

The above figures for official aid are based on DAC calculations and include grants and loans for one year and more.<sup>6</sup> It should be noted that grants are made in a variety of forms, from free convertible currencies to food aid, while loans are extended

<sup>6</sup> In 1965, the DAC revised its figures for flows of financial resources to include loans of from one to five years, which had been excluded in previous years.

at many different interest rates and with a wide range of maturities. These differences in terms are not reflected in the statistics for total aid.

The volume of gross disbursements on loans by multilateral institutions to developing countries has increased steadily in recent years, following the rising trend of their commitments. In 1965, however, they increased at a faster rate, from \$953 million in 1964 to \$1,367 million. Net of amortization, multilateral disbursements increased from \$790 million in 1964 to \$980 million in 1965.

The Soviet countries and mainland China are reported to have disbursed in 1965 approximately \$500 million of aid to the developing countries, about the same as in 1964.

There seems little prospect that the flow of bilateral aid will be greatly increased in the near future. While United States legislative action had not been completed by the date of this Report, indications were that the appropriation under the Foreign Assistance Act for fiscal year 1967 would not be significantly larger than in recent years. Greater emphasis will be placed on agricultural development, education and health. Assistance through food sales under Public Law 480 will be more closely linked to efforts by recipient countries to raise their own output of food. Loans will be given for fertilizer plants and infrastructure projects to raise domestic food production.

Some of the other donors have raised their aid budgets. The Government of the United Kingdom announced a somewhat higher target figure for official aid in the financial year 1966/67. Japan announced its intention to increase its aid to the equivalent of 1% of national income as soon as possible. Increases in budgetary aid appropriations have also been made by Australia, Canada, Germany and the Netherlands. Canada also has announced that, with some exceptions, its long-term development lending in the future will be completely free of interest, with 50-year maturities and 10-year grace periods. In a few cases, depending on the balance of payments situation and economic prospects of the recipient, loans will be for 30 years at 3%, with a 7-year period of grace. Sweden has not only continued to expand its bilateral assistance program, but also included in its budgetary measures for 1966/67 a supplementary contribution to

IDA for the fifth consecutive year.

#### PRIVATE CAPITAL FLOWS

The volume of private long-term capital flows, net of amortization, to the developing countries as a group increased by considerable amounts in both 1964 and 1965; defined as investments (including re-invested earnings), loans and guaranteed export credits for one year or more, it has been estimated at almost \$3.8 billion in 1965, compared with \$3.2 billion in 1964 and \$2.4 billion in 1963 (Table 11). The increase in 1965 mainly reflects an expansion of direct U.S. investments in certain petroleum exporting countries in the Middle East and Africa (especially in Libya and Nigeria).

Nearly half the private capital flows to developing countries in the last two years came from the U.S. Most U.S. private investment in developing countries has been in Latin America, notably in Mexico, Venezuela and Peru, although a considerable part has been directed to petroleum exporting countries in the Middle East and Africa. Other developing countries, especially those in Asia and Africa, attracted only small amounts of U.S. private capital.

The second largest source of private investments, as well as of official assistance, has been France, which provided about \$550 million in both 1964 and 1965. Private investments from the United Kingdom and the Netherlands also increased in 1965, while the flow from Germany remained about the same. There was a considerable increase in private Japanese capital flows, chiefly in the form of long-term export credits to India and Pakistan.

The total flow of private capital to the developing countries includes direct investments, suppliers' credits and investments in bonds of the developing countries and of multilateral lending agencies. A major advantage to the developing countries, in addition to new plant and equipment, is the transfer of skills and know-how that accompanies most private direct investment and portfolio investment through such institutions as the World Bank. Such investments help directly to expand production, employment and, in many cases, exports. The volume of new direct private investments increased in 1965 to about \$1.35 billion, plus about \$840 million in reinvested earnings. In addition, portfolio investments in developing countries and multilat-

eral institutions exceeded \$1 billion. Private capital flows in 1965 also included some \$740 million in export credits, including many with short maturities and high interest rates. Payments of income on private investments in the developing countries, some of which is reinvested, have increased continuously and in 1965 may have amounted to \$4 billion.

Private investments in most developing countries were excluded from the U.S. program to reduce the outflow of private capital, which was initiated in early 1965 as one of the measures to improve the U.S. balance of payments. The voluntary restraint was strengthened in early 1966 when a quantitative target, which allowed for a certain increase, was set for foreign investments to be made this year by major corporations. The target was not applied to developing countries, with the exception of some which are major petroleum exporters. U.S. banks and non-banking financial institutions were asked in February 1965 to limit their foreign lending so that the outstanding amount of private foreign claims would not increase during the year by more than 5%. Within this ceiling, first priority was given to credits directly financing U.S. exports, second to credits to developing countries. In practice, there was a reduction in 1965 of about \$650 million in the flow of short-term U.S. private credits to developing countries, while the volume of long-term private credits they received remained on about the same level as in 1964. The ceiling on foreign claims by banks and some foreign credits by non-banking financial institutions for 1966 is now set at 109% of the amount outstanding at the end of 1964, with the same order of priority for export financing and credits to developing countries. In contrast to the increase of \$575 million to the end of 1966 permitted by this ceiling, the volume of foreign credits by U.S. banks was reduced by about \$140 million from the end of 1964 to March 1966.

The United Kingdom also has applied restraints on private capital investments in other countries. In accordance with a policy statement in April 1965, exchange allocations for direct investments in countries outside the sterling area have been limited to those cases in which a considerable foreign exchange inflow of investment income or export earnings to the United Kingdom could be expected. This

resulted in a reduction in direct investments from the United Kingdom to non-sterling area developing countries, though the total of United Kingdom direct investments in the developing countries as a whole increased in 1965.

#### INTERNATIONAL CAPITAL MARKETS

In 1965 the developing countries sold bonds in external capital markets valued at about \$230 million, \$10 million less than in 1964. In the first half of 1966 the value of new issues they placed abroad was some \$80 million. The World Bank and the Inter-American Development Bank sold bonds and notes of about \$535 million in 1965 and \$414 million in the first half of 1966. Interest rates on new issues, both by multilateral institutions, agencies and the developing countries, have continued to rise sharply, particularly since the latter part of 1965.

General developments in international capital markets have been greatly influenced by various measures to reduce the U.S. balance of payments deficit. For two decades, the U.S. capital market has been the major outlet for international issues, including those of European borrowers. New York's attractions as a bond market have included a very large supply of funds and interest rates considerably lower than elsewhere. Since the imposition in July 1964 of the Interest Equalization Tax on purchases by U.S. residents of certain foreign securities, however, sales of securities not exempt from the tax have been greatly reduced. Issues by most developing countries, as well as by multilateral institutions of which the U.S. is a member (including the World Bank), were exempted.

An important result of the voluntary restraint on foreign lending was that U.S. corporations, which previously relied chiefly on the U.S. market for funds to finance their investments abroad, turned to large-scale borrowing in the markets of continental Europe, at higher interest rates and, in most cases, by selling convertible bonds. This resulted in a large increase in the value of foreign issues in European capital markets during the second half of 1965 and the first half of 1966.

The total value of foreign issues in New York amounted to about \$1,325 million in 1965 and about \$500 million in the first quarter of 1966,

compared with \$1,155 million in 1964 and about \$1,445 million in 1963. The largest borrowers in 1965 and 1966 were public and private bodies in Canada and Japan, under certain exemptions from the Interest Equalization Tax. Finland borrowed a relatively small amount in the U.S. market in 1965. A number of other foreign issues were placed in 1965 by borrowers of countries not exempt from the tax, such as Australia, New Zealand, Sweden, Portugal and the European Investment Bank. Although these issues were underwritten mainly in New York, they were sold primarily outside the U.S.

The value of issues placed in the United States by developing countries was \$221 million in 1965 and about \$55 million in the first half of 1966, compared with \$203 million in 1964 and only \$121 million in 1963. The following developing countries borrowed in 1965 and the first half of 1966: Mexico, Venezuela, Peru, Jamaica, Liberia, Portugal, Israel, Malaysia and the Philippines. The World Bank made one issue of \$200 million in the United States in January 1965 and another of \$175 million in June 1966; proceeds from sales of these bonds to U.S. investors are to be so invested in the United States as to eliminate any effect on the U.S. balance of payments until after 1967.

The value of international issues made in London declined in 1965 to a little more than half that in 1964. Because most of such issues in both years were sold to residents in countries other than the United Kingdom, the reduction indicates in some degree a shift in underwriting of international issues from London to New York. Most external borrowing in London in 1965 was by the Scandinavian countries. Relatively small issues were made in 1965 and the first half of 1966 by traditional borrowers such as Australia, Ireland and New Zealand. In both 1964 and 1965 Jamaica was the only developing country which could make use of its access to the London market, where it borrowed the equivalent of \$8.8 million each year.

While borrowing by U.S. corporations in the capital markets of continental Europe increased greatly, the value of issues by public and private bodies of the Scandinavian countries and Japan, which in 1964 played a major role in European markets, was sharply reduced in 1965 and the first half of 1966. No developing country has been able to borrow in

TABLE 12  
ISSUES PLACED INTERNATIONALLY BY  
DEVELOPING COUNTRIES AND  
MULTILATERAL DEVELOPMENT INSTITUTIONS  
(MILLIONS OF U.S. DOLLARS)

	1964	1965	1st half 1966
<b>Developing Countries</b>			
Placed in New York			
Colombia.....	2.5		
Israel.....	94.0	96.3	15.0
Jamaica.....			7.5
Liberia.....		6.0	
Malaysia.....		25.0	
Mexico.....	79.9	43.4	25.0
Peru.....			4.0
Philippines.....	8.0	15.0	
Portugal.....		20.0	
Spain.....	5.0		
Trinidad.....	7.5		
Venezuela.....	6.3	15.5	3.0
<b>Total</b> .....	<b>203.2</b>	<b>221.2</b>	<b>54.5</b>
Placed in London			
Jamaica.....	8.8	8.8	
Placed in Other Markets			
Israel.....	5.0		
Mexico.....			20.0
Peru.....			6.0
Portugal.....	20.0		
Spain.....	4.6		
Venezuela.....			0.7
<b>Total</b> .....	<b>29.6</b>	—	<b>26.7</b>
<b>Multilateral Development Institutions</b>			
Placed in New York			
World Bank.....		200.0	175.0
Inter-American Development Bank.....	150.0		
<b>Total</b> .....	<b>150.0</b>	<b>200.0</b>	<b>175.0</b>
Placed in Other Markets <sup>(a)</sup>			
World Bank.....		99.5	18.5
Inter-American Development Bank.....	15.0		24.2
<b>Total</b> .....	<b>15.0</b>	<b>99.5</b>	<b>42.7</b>
<b>Total Issues by Developing Countries</b> .....	<b>241.6</b>	<b>230.0</b>	<b>81.2</b>
<b>Total Issues by Multilateral Development Institutions</b> .....	<b>165.0</b>	<b>299.5</b>	<b>217.7</b>
<b>Grand Total</b> .....	<b>406.6</b>	<b>529.5</b>	<b>298.9</b>

<sup>(a)</sup> Excluding Bonds of the World Bank and the Inter-American Development Bank for short and medium-term placed with governmental institutions in various countries.

SOURCE: World Bank

the European markets in recent years, with the exception of Mexico which, in early 1966, placed an issue in Luxembourg of 20 million Units of Account<sup>7</sup>.

The World Bank borrowed in the first half of 1965 the equivalent of \$62.5 million in Germany and \$14

<sup>7</sup> Units of Account are equivalent to the gold value of the U.S. dollar.

million in Switzerland. Bonds and notes of the World Bank in an amount of \$132 million also were sold in early 1966 to central banks and official institutions in a large number of countries other than the U.S. The Inter-American Development Bank (IDB) sold \$65 million in bonds to central banks and other governmental institutions. In early 1966 the IDB borrowed the equivalent of \$24.2 million in the Italian market.

The World Bank also made two issues in Canada, in amounts equivalent to U.S. \$23 million and U.S. \$18.5 million respectively, in early 1965 and 1966. No other issues by external borrowers have been made in recent years in Canada, which is itself greatly dependent on borrowing in the U.S. market.

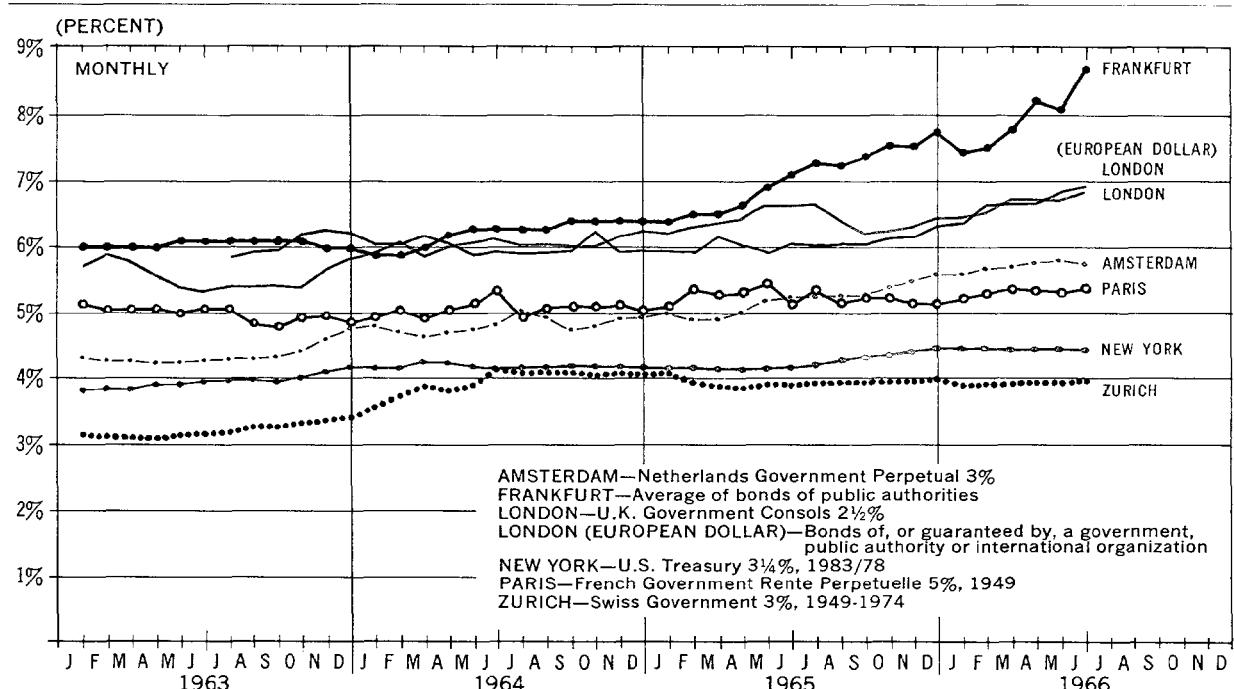
Interest rates have shown a strong upward trend in 1965 and the first half of 1966 in most capital markets (see Chart III). In most European markets, the rise in interest rates has continued since 1964, initiated by an increase in demand for funds by domestic borrowers, mainly local authorities and semi-public institutions. The reduction in the supply

of capital from the United States and a large demand for funds by U.S. corporations to finance overseas operations, have added to the upward pressure on interest rates in some European capital markets. In the United States market, long-term rates were stable until the middle of 1965, when they began to rise gradually as demand for funds increased, mostly for investments by private corporations. In the latter part of 1965 and the first half of 1966, the upward trend was strengthened by tightening of the credit supply and an increase in the discount rate applied by United States monetary authorities.

In Germany the yield on bonds of public authorities rose as high as 8.65% in June 1966. The rate on European Dollar Bonds in London climbed to 6.9% in June 1966. Yields on U.S. Government medium-term bonds increased to an unusually high level of 4.7% in the first half of 1966. Among the major international capital markets, only in Switzerland did interest rates remain fairly stable in 1965/66, at a level somewhat less than 4%; this was the

CHART III

YIELDS ON LONG-TERM GOVERNMENT BONDS  
IN SELECTED CAPITAL MARKETS



result of strict government control over new issues, both domestic and foreign, and a flexible monetary policy.

Developing countries which borrowed in external capital markets in 1965 paid relatively high interest rates, in certain cases with a yield close to 7% in European markets and around 6.5% in the U.S. The Canadian dollar bonds issued by the World Bank in February 1966 yielded 5.98%, the highest rate ever carried by a new issue of World Bank bonds. The \$175 million issue placed in New York in June 1966 carried a yield of 5.39%.

#### ASSISTANCE FROM NON-INDUSTRIAL COUNTRIES

The division of countries between aid providers and aid recipients has not been fixed or rigid and, fortunately, an increasing number of countries are in both categories as they proceed from the stage of being entirely aid recipients to the ultimate stage of being only aid providers. In addition to the convertible portion of their subscriptions as members of international agencies such as the World Bank and its affiliates, an increasing number of countries which have been and still are recipients of foreign assistance have themselves extended aid to other developing countries.

The scope of such aid has been gradually expanding, although so far it has been chiefly in the form of technical assistance and, in some cases, in financing exports to the recipient countries. It has been directed mainly to those countries with which the aid donors have special ties or physical proximity. Among IDA's Part II members, Ireland, Israel, Jordan, Mexico, Panama and Yugoslavia have released all or part of the national currency portions of their subscriptions in usable form, in addition to their initial payments of 10% in U.S. dollars. A number of developing countries have participated in technical assistance activities of the international agencies. The non-industrial countries which have achieved a measurable level of aid are Brazil, the Republic of China, India, Israel, Kuwait, Mexico, Spain, U.A.R., Venezuela and Yugoslavia.

Yugoslavia's aid has been chiefly in technical assistance and medium-term credits for the purchase of Yugoslav goods. Yugoslavia now has more than 800 experts working in Asia and Africa. Moreover,

the Government has recently offered scholarships to about 1,000 foreign students per year. It has also approved medium-term credits to finance purchases in Yugoslavia by various developing countries in Asia and Africa, chiefly the U.A.R., India, Indonesia and Sudan. By the end of 1965, the cumulative amount of such commitments exceeded the equivalent of \$300 million, of which only a part has been disbursed. Additional suppliers' credits have been provided by Yugoslav exporters with the assistance of the Yugoslav Bank for Foreign Trade.

Israel's technical assistance is mainly directed to Africa, where more than 500 Israeli experts worked in 1965, as well as to Asia and Latin America. Israel also received more than 2,000 trainees and students during that year, including more than 1,000 from Africa and about 400 from Latin America. In a few cases, it also gave medium and long-term credits to finance purchases in Israel by developing countries.

Spain, Mexico and Venezuela have become active in assisting the Latin American republics, both bilaterally and through the Inter-American Development Bank. Spain, for instance, has announced its intention of providing up to \$1 billion equivalent to members of the Organization of American States to help finance economic development over the next 10 years, though the form and terms of such assistance are not yet clear. Mexico has sent some 350 experts to assist other Latin American countries, provided training facilities for their technicians, and made a loan to the Central American Bank for Integration. Venezuela extended short-term credits to the Central Bank of Colombia.

Kuwait, a Part I member of IDA, has started providing financial assistance from its reserve funds as well as through a special Kuwait Fund for Arab Economic Development. Amounts extended during 1961/62 to 1964/65 totaled \$356 million. These loans usually carry an interest rate of 3% to 4% with a maturity of 10 years or more and have been made almost exclusively to Arab countries.

The Republic of China has a technical assistance program under which it provides specialist teams to work overseas and trains foreign technicians. The specialist teams consist mostly of agricultural experts working on farming demonstration missions in Africa. Doctors, nurses and engineers have been

lent to Libya. By the end of 1965, the Republic of China had also provided training facilities to some 3,300 foreign technicians, in collaboration with the U.S. AID. Most of the trainees came from neighboring Asian countries, especially Thailand, Viet-Nam, the Philippines and Korea, as well as from 28 African countries. Major subjects were agriculture, education and industrial development.

Most of India's contribution to technical assistance has been in the framework of the Colombo Plan and the Commonwealth African Assistance Plan. By the end of 1965, more than 3,000 trainees had been trained in India. The services of some Indian experts have been lent to the Colombo Plan and the African Commonwealth countries. India has given \$76 million of assistance to Nepal for the construction of irrigation and power projects, airports and highways, and for sericulture, forestry and education. Credits amounting to \$62 million to finance purchases in India have been given mainly to Burma, Ceylon, Nepal, Sudan and Tanzania.

The United Arab Republic has lent the equivalent of about \$79 million to Algeria, Guinea, Mali, Somalia and Yemen to finance imports of consumer and capital goods from the U.A.R. Loans to Algeria and Yemen have been interest-free, while those to Guinea, Mali and Somalia have been at 2.5%, with various maturities. The U.A.R. has also sent experts and teachers to Middle Eastern and African countries, and has provided scholarships to foreign students.

The developing countries are also beginning to provide cooperation in regional projects. For instance, the Mekong River projects are being assisted by Indian technical aid and cement offered by Thailand, as well as aid from non-regional sources.

The total volume of aid provided by the non-industrial countries is still very small in relation to assistance from the industrial countries. An expansion of such forms of aid may be expected. It will be of considerable benefit, especially in the transfer of skills and know-how.

#### IV. OUTLOOK

One of the more hopeful signs in recent years has been the growing ability of many developing countries to make more efficient use of their own re-

sources and external capital. The record is not uniformly good and there will undoubtedly continue to be disappointments. Yet many countries have gained valuable experience in the preparation and execution of development projects and programs. It appears that more developing countries have become aware of the need for effective measures to raise domestic food production and, where necessary, to help check the increase in population. A number of them, including some of the large ones, have been persuaded by serious difficulties that unsound economic policies and sustained growth are incompatible, and some have been taking steps to adjust their policies accordingly, with promising results. Increased attention to the developing countries' economic performance is expected to result in further improvements in both the allocation and use of external assistance. Toward this end, the World Bank's work in evaluating performance of member countries has been strengthened; this assists in determining the eligibility of borrowers for Bank and IDA financing and helps provide a basis for judgments by members of consultative groups organized by the Bank.

While the developing countries' policies and performance are a major determinant of their prospects for economic growth, the availability of adequate foreign exchange is crucial. Most important is the volume of export earnings, which depends to a considerable extent upon the level of production in the industrial countries, on which the developing countries must rely for 80% of their export sales as well as virtually all of their net inflows of capital. For the near future, strong expansion seems in prospect for the industrial countries as a group. The gross domestic product of all OECD members combined is expected to grow in 1966 at a rate of 5% to 5.5% in real terms, or somewhat faster than the 5% growth of 1965. The U.S. is expected to raise its gross domestic product in real terms at a rate of 5.5% to 6%, even faster than last year. Some industrial countries which had a low rate of expansion in 1965 (France, Italy and Japan) seem to have resumed more rapid growth. Thus OECD members other than the U.S. are expected to raise their gross domestic product by 4.5% in 1966, compared to 4% in 1965.

The continued swift growth of the industrial coun-

tries, as well as some replenishment of their stocks of primary materials, which will depend in part on the state of international tension, may well increase their demand for imports from the developing countries at a higher rate than last year.

At this time it is impossible to predict to what extent the recommendations of the United Nations, UNCTAD and DAC for an increase in the level of development assistance will actually be implemented in the near future. Budgetary steps taken thus far indicate that a growing number of industrial countries appreciate the need to increase their assistance programs, but much more external finance is required to cope with existing problems and take advantage of opportunities for more productive development investments. While the increasingly heavy debt burden of developing countries points to the need for funds on easier terms, recent legislative authorizations suggest that the average terms of total bilateral assistance may become less, rather than more, concessionary.

The net flow of financial assistance from multilateral institutions (including the World Bank Group, the Inter-American Development Bank and the European Development Fund) can be expected to increase as the rising level of their commitments in recent years is reflected in actual disbursements. The future levels of their commitments will be influenced by government decisions on such questions as the size of contributions to replenish IDA funds and on their access to capital markets. A further increase in reliance upon multilateral institutions as channels for development assistance may be expected as the African and Asian Development Banks begin active operations.

The prospects for direct borrowing by the developing countries in external capital markets seem to be very limited for the near future, even for countries that are acceptable borrowers in such markets, partly because of the increased demand for funds by borrowers in the industrial countries. The pressure on these markets is likely to persist as long as public sector expenditures in the industrial countries remain very high while private investment and consumption demand are strong, and while capital flows between industrial countries are subject to voluntary restraint. In European capital markets, developing countries and international in-

stitutions are faced with difficulties due to high interest rates and other factors, such as the size and organization of these markets. It is to be hoped that conditions can be established in world capital markets which will permit a freer movement of capital internationally.

The higher cost of private funds may well continue to be reflected in interest rates on conventional loans to the developing countries, whether they borrow directly or through international institutions which obtain all or part of their resources in private markets; in 1966, the World Bank had to raise its standard rate on loans to the developing countries from 5.5% to 6%.

At least in the immediate future, inadequacy of external resources is likely to be a major constraint on the more rapid growth of developing countries and on their ability to improve performance. A shortage of such resources is reflected most directly by insufficient growth in imports. Barring an unforeseen change in world markets, imports of developing countries cannot be expected to grow sufficiently unless the flow of external funds is increased considerably.

A higher level of aid on inappropriate terms, however, could make the external debt problem even more difficult. If aid is not made available on average terms which are more concessionary, the gross volume of assistance will have to be steeply and continuously increased in order to maintain any given level of real resources transfer to the developing countries.

Uncertainty concerning the volume of foreign exchange that will be available, both in export earnings and in foreign assistance, is also a serious impediment to the formulation of long-term development policies and good performance. A major anomaly in the present system of aid lies in the inconsistency between the justifiable insistence by those who provide assistance that recipient countries formulate longer-term development strategy and policies, while they themselves can make no commitment of aid beyond a period of one year. The possibilities for better planning and performance by developing countries would be greatly enhanced if the providers of aid could give a reasonable indication of the level of assistance that might be expected during the period of the plan. The

prospects for more rapid growth in the developing countries would also be improved if the disruptive effects of unpredictable shortfalls in export earnings could be mitigated.

For most of the developing countries, there need be no insurmountable barrier to the achievement of sound, self-sustaining economic growth, but success requires the concerted and determined

effort of all countries concerned. The developing countries themselves must give this effort the highest priority, avoiding all policies and actions which retard their economic progress. Success depends also, however, on the willingness of the industrial countries to give assistance for economic development a high priority, even when they are confronted by balance of payments and budgetary problems.



## Appendices



## **Bank Appendices**

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**Balance Sheet**

JUNE 30, 1966

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

**ASSETS****Due from Banks and Other Depositories**

Member currencies, including \$5,255,985 United States dollars	\$ 8,685,198	
Unrestricted.....	<u>142,042,908</u>	\$150,728,106
Subject to restrictions—NOTE B.....		
Non-member currency (Swiss francs).....		873,218 \$ 151,601,324

**Investments**

Government obligations (At cost or amortized cost) Face amount \$591,003,927 including \$325,369,000 obligations of United States Government and its Instrumentalities..	\$584,735,498	
Time deposits, including \$500,000,000 United States dollars.....	530,687,969	
Accrued interest.....	<u>22,804,708</u>	1,138,228,175

**Receivable on Account of Subscribed Capital (See Appendix C)**

Member currencies, other than United States dollars—NOTE B Non-negotiable, non-interest-bearing, demand notes.....	\$344,500,282	
Amounts required to maintain value of currency holdings.....	<u>18,810,009</u>	363,310,291

**Effective Loans Held by Bank (See Appendix D)—NOTE C**

(Including undisbursed balance of \$2,085,273,212).....		6,299,082,982
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**Accrued Charges on Loans—NOTE C.....**

63,525,897

**Receivable from Purchasers on Account of Effective Loans Agreed to be Sold (Including undisbursed balance of \$8,428,102).....**

20,673,685

**Unamortized Bond Issuance Costs.....**

15,610,060

**Land and Buildings.....**

\$ 24,964,426		
<u>2,209,272</u>		22,755,154

**Other Assets.....**

7,227,847

**Special Reserve Fund Assets—NOTE D**

Due from Banks—member currency—United States.....	\$ 12,503	
Investment securities—Obligations of United States Government and its Instrumentalities (\$289,681,000 face amount; at cost or amortized cost).....	289,457,862	
Accrued loan commissions—NOTE C.....	<u>267,425</u>	289,737,790

**Staff Retirement Plan Assets**

(Segregated and held in trust).....		26,269,773
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<b>Total Assets.....</b>		\$8,398,022,978
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(Continued)

**Balance Sheet** (*Continued*)

JUNE 30, 1966

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

**LIABILITIES, RESERVES AND CAPITAL****Liabilities**

Accrued interest on borrowings.....	\$ 39,922,327
Accounts payable and other liabilities.....	6,381,253
Due to International Development Association.....	78,900,000
Undisbursed balance of effective loans (See Appendix D)	
Held by Bank.....	\$ 2,085,273,212
Agreed to be sold.....	8,428,102
	<hr/>
Funded debt (See Appendix E)	
(Of this amount \$183,881,508 is due within one year).....	2,805,878,710
Obligation for repurchase of shares of Indonesia—NOTE E.....	3,164,420

**Reserves for Losses**

Special reserve—NOTE D.....	\$ 289,737,790
Supplemental reserve against losses on loans and guarantees—NOTE F.....	663,841,310
	<hr/>
Staff Retirement Plan Reserve.....	26,269,773

**Capital**

Capital stock (See Appendix C)—NOTE G	
Authorized 240,000 shares of \$100,000 par value each	
Subscribed 224,264 shares.....	\$22,426,400,000
Less—Uncalled portion of subscriptions—NOTE H.....	20,183,760,000
Payment on account of pending subscriptions.....	<hr/> 2,242,640,000
Net income—NOTE F	
From July 1, 1965 to June 30, 1966.....	\$ 143,733,200
Less—Indonesia's share of net income—NOTE E.....	951,119
	<hr/> 142,782,081

**Contingent Liability—LOANS SOLD UNDER GUARANTEE—NOTE I.....** \$3,122,000**Total Liabilities, Reserves and Capital.....** \$8,398,022,978

**Comparative Statement of Income and Expenses**

FOR THE FISCAL YEARS ENDED JUNE 30, 1965 AND JUNE 30, 1966

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

July 1 to June 30

1964-1965      1965-1966

**Income**

Income from investments.....	\$ 61,394,497	\$ 63,098,843
Income from loans:		
Interest.....	198,282,681	219,051,360
Commitment charges.....	5,761,229	6,962,355
Commissions.....	852,062	766,274
Service charges.....	87,511	79,597
Other income.....	1,242,453	2,431,658
<b>Gross Income.....</b>	<b>\$267,620,433</b>	<b>\$292,390,087</b>
Deduct—Amount equivalent to commissions appropriated to Special Reserve—NOTE D.....	852,062	766,274
<b>Gross Income Less Reserve Deduction.....</b>	<b>\$266,768,371</b>	<b>\$291,623,813</b>

**Expenses**

Administrative expenses:		
Personal services.....	\$ 9,460,526	\$ 11,575,433
Contributions to staff benefits.....	1,455,842	1,871,545
Fees and compensation.....	1,156,906	1,350,218
Representation.....	162,486	207,102
Travel.....	2,906,195	2,988,728
Supplies and material.....	146,296	200,034
Office occupancy.....	1,010,163	1,432,886
Communication services.....	585,122	729,485
Furniture and equipment.....	388,324	459,494
Books and library services.....	186,027	214,847
Printing.....	260,579	381,431
Insurance.....	65,205	99,715
Other expenses.....	22,914	28,262
<b>Total Administrative Expenses.....</b>	<b>\$ 17,806,585</b>	<b>\$ 21,539,180</b>
Services to member countries.....	4,516,721	8,268,496
Interest on borrowings.....	105,456,176	115,976,299
Bond issuance and other financial expenses.....	1,914,106	2,011,263
Discount on sale of loans.....	160,532	95,375
<b>Gross Expenses.....</b>	<b>\$129,854,120</b>	<b>\$147,890,613</b>
<b>Net Income.....</b>	<b>\$136,914,251</b>	<b>\$143,733,200</b>

**Statement of Subscriptions to Capital Stock and Voting Power**

JUNE 30, 1966

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



Member	Amounts Paid in								
	Subscriptions			In United States dollars	In currency of member other than United States dollars (Note B)	In non-negotiable, non-interest-bearing, demand notes (Note B)	Subject to call to meet obligations of Bank (Note H)	Voting Power	
	Shares	Percent of total	Amount (Note G)					Number of votes	Percent of total
Afghanistan.....	300	.13	\$ 30,000	\$ 300	\$ 1,200	\$ 1,500	27,000	550	.22
Algeria.....	800	.36	80,000	800	72	7,128	72,000	1,050	.42
Argentina.....	3,733	1.66	373,300	3,733	27,000	6,597	335,970	3,983	1.59
Australia.....	5,330	2.38	533,000	5,330	47,970	—	479,700	5,580	2.23
Austria.....	1,867	.83	186,700	1,867	9,000	7,803	168,030	2,117	.85
Belgium.....	4,500	2.01	450,000	4,500	40,500	—	405,000	4,750	1.90
Bolivia.....	210	.09	21,000	210	13	1,877	18,900	460	.19
Brazil.....	3,733	1.66	373,300	3,733	33,597	—	335,970	3,983	1.59
Burma.....	400	.18	40,000	400	1,207	2,393	36,000	650	.26
Burundi (?).....	150	.07	15,000	150	9	764	13,500	400	.16
Cameroon.....	200	.09	20,000	200	18	1,782	18,000	450	.18
Canada.....	7,500	3.34	750,000	7,500	67,500	—	675,000	7,750	3.10
Central African Republic.....	100	.04	10,000	100	19	881	9,000	350	.14
Ceylon.....	827	.37	82,700	827	1,135	6,308	74,430	1,077	.43
Chad.....	100	.04	10,000	100	9	891	9,000	350	.14
Chile.....	933	.42	93,300	933	8,397	—	83,970	1,183	.47
China.....	7,500	3.34	750,000	7,500	3,178	64,322	675,000	7,750	3.10
Colombia.....	933	.42	93,300	6,813	2,517	—	83,970	1,183	.47
Congo (Brazzaville).....	100	.04	10,000	100	9	891	9,000	350	.14
Congo, Democratic Republic of	600	.27	60,000	600	5,400	—	54,000	850	.34
Costa Rica.....	107	.05	10,700	467	603	—	9,630	357	.14
Cyprus.....	150	.07	15,000	150	14	1,336	13,500	400	.16
Dahomey.....	100	.04	10,000	100	19	881	9,000	350	.14
Denmark.....	1,733	.77	173,300	1,733	15,597	—	155,970	1,983	.79
Dominican Republic.....	133	.06	13,300	133	483	714	11,970	383	.15
Ecuador.....	171	.08	17,100	1,581	129	—	15,390	421	.17
El Salvador.....	107	.05	10,700	287	783	—	9,630	357	.14
Ethiopia.....	100	.04	10,000	1,000	—	—	9,000	350	.14
Finland.....	1,333	.59	133,300	1,333	11,997	—	119,970	1,583	.63
France.....	10,500	4.68	1,050,000	10,500	94,500	—	945,000	10,750	4.30
Gabon.....	100	.04	10,000	100	17	883	9,000	350	.14
Germany, Federal Republic of.	12,800	5.71	1,280,000	12,800	94,500	20,700	1,152,000	13,050	5.22
Ghana (?).....	467	.21	46,700	467	2,702	1,501	42,030	717	.29
Greece (?).....	500	.22	50,000	500	4,500	—	45,000	750	.30
Guatemala.....	107	.05	10,700	467	603	—	9,630	357	.14
Guinea.....	200	.09	20,000	200	1,800	—	18,000	450	.18
Haiti.....	150	.07	15,000	150	35	1,315	13,500	400	.16
Honduras.....	80	.04	8,000	620	—	180	7,200	330	.13
Iceland.....	150	.07	15,000	798	26	676	13,500	400	.16
India (?).....	8,000	3.57	800,000	8,000	23,624	30,656	720,000	8,250	3.30
Iran.....	1,286	.57	128,600	1,286	6,732	4,842	115,740	1,536	.62
Iraq (?).....	550	.25	55,000	550	1,350	3,600	49,500	800	.32
Ireland.....	853	.38	85,300	853	5,423	2,254	76,770	1,103	.44
Israel.....	959	.43	95,900	959	2,997	5,634	86,310	1,209	.48
Italy.....	6,660	2.97	666,000	6,660	59,940	—	599,400	6,910	2.76
Ivory Coast.....	200	.09	20,000	200	342	1,458	18,000	450	.18
Jamaica.....	320	.14	32,000	320	24	2,856	28,800	570	.23
Japan.....	7,726	3.45	772,600	7,726	60,036	9,498	695,340	7,976	3.19
Jordan.....	163	.07	16,300	163	42	1,425	14,670	413	.17
Kenya.....	333	.15	33,300	333	184	2,813	29,970	583	.23
Korea.....	250	.11	25,000	250	2,250	—	22,500	500	.20
Kuwait.....	667	.30	66,700	667	6,003	—	60,030	917	.37
Laos.....	100	.04	10,000	100	900	—	9,000	350	.14
Lebanon.....	90	.04	9,000	900	—	—	8,100	340	.14
Liberia (?).....	150	.07	15,000	150	14	1,336	13,500	400	.16

(Continued)

**Statement of Subscriptions to Capital Stock and Voting Power (Continued)**

JUNE 30, 1966

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

Member	Subscriptions			In United States dollars	In currency of member other than United States dollars (Note B)	In non-negotiable, non-interest-bearing, demand notes (Note B)	Subject to call to meet obligations of Bank (Note H)	Voting Power	
	Shares	Percent of total	Amount (Note G)					Number of votes	Percent of total
Libya.....	200	.09	\$ 20,000	\$ 2,000	\$ —	\$ —	\$ 18,000	450	.18
Luxembourg.....	200	.09	20,000	200	1,800	—	18,000	450	.18
Malagasy Republic.....	200	.09	20,000	200	22	1,778	18,000	450	.18
Malawi.....	150	.07	15,000	150	14	1,336	13,500	400	.16
Malaysia.....	1,333	.59	133,300	1,333	6,000	5,997	119,970	1,583	.63
Mali.....	173	.08	17,300	173	1,557	—	15,570	423	.17
Mauritania.....	100	.04	10,000	100	9	891	9,000	350	.14
Mexico.....	2,080	.93	208,000	2,080	18,720	—	187,200	2,330	.93
Morocco (1).....	700	.31	70,000	700	75	6,225	63,000	950	.38
Nepal.....	100	.04	10,000	100	9	891	9,000	350	.14
Netherlands.....	5,500	2.45	550,000	5,500	49,500	—	495,000	5,750	2.30
New Zealand.....	1,667	.74	166,700	1,667	150	14,853	150,030	1,917	.77
Nicaragua (1).....	60	.03	6,000	240	360	—	5,400	310	.13
Niger.....	100	.04	10,000	100	9	891	9,000	350	.14
Nigeria.....	667	.30	66,700	667	116	5,887	60,030	917	.37
Norway.....	1,600	.71	160,000	1,600	14,400	—	144,000	1,850	.74
Pakistan.....	2,000	.89	200,000	2,000	2,049	15,951	180,000	2,250	.90
Panama.....	90	.04	9,000	126	—	774	8,100	340	.14
Paraguay.....	60	.03	6,000	60	540	—	5,400	310	.13
Peru.....	350	.16	35,000	3,500	—	—	31,500	600	.24
Philippines.....	1,000	.45	100,000	3,700	6,300	—	90,000	1,250	.50
Portugal.....	800	.36	80,000	800	1,498	5,702	72,000	1,050	.42
Rwanda.....	150	.07	15,000	150	1,350	—	13,500	400	.16
Saudi Arabia.....	960	.43	96,000	960	22	8,618	86,400	1,210	.48
Senegal.....	333	.15	33,300	333	30	2,967	29,970	583	.23
Sierra Leone.....	150	.07	15,000	150	14	1,336	13,500	400	.16
Somalia.....	150	.07	15,000	150	14	1,336	13,500	400	.16
South Africa.....	2,133	.95	213,300	2,133	18,012	1,185	191,970	2,383	.95
Spain.....	2,667	1.19	266,700	2,667	14,580	9,423	240,030	2,917	1.17
Sudan.....	600	.27	60,000	600	1,800	3,600	54,000	850	.34
Sweden.....	2,400	1.07	240,000	2,400	21,600	—	216,000	2,650	1.06
Syrian Arab Republic (1).....	333	.15	33,300	333	44	2,953	29,970	583	.23
Tanzania.....	333	.15	33,300	333	30	2,967	29,970	583	.23
Thailand.....	1,013	.45	101,300	4,473	143	5,514	91,170	1,263	.51
Togo.....	150	.07	15,000	150	23	1,327	13,500	400	.16
Trinidad and Tobago.....	267	.12	26,700	267	24	2,379	24,030	517	.21
Tunisia.....	300	.13	30,000	300	74	2,626	27,000	550	.22
Turkey.....	1,150	.51	115,000	1,150	271	10,079	103,500	1,400	.56
Uganda.....	333	.15	33,300	333	30	2,967	29,970	583	.23
United Arab Republic.....	1,421	.63	142,100	1,421	119	12,670	127,890	1,671	.67
United Kingdom (2).....	26,000	11.59	2,600,000	26,000	233,993	—	2,340,000	26,250	10.50
United States.....	63,500	28.31	6,350,000	635,000	—	—	5,715,000	63,750	25.50
Upper Volta.....	100	.04	10,000	100	19	881	9,000	350	.14
Uruguay (2).....	280	.13	28,000	1,225	438	630	25,200	530	.21
Venezuela (1).....	1,400	.62	140,000	4,613	1,965	7,422	126,000	1,650	.66
Viet-Nam.....	300	.13	30,000	300	2,700	—	27,000	550	.22
Yugoslavia.....	1,067	.48	106,700	4,973	5,697	—	96,030	1,317	.53
Zambia.....	533	.24	53,300	533	48	4,749	47,970	783	.31
<b>Totals.....</b>	<b>224,264</b>	<b>100.00</b>	<b>\$22,426,400</b>	<b>\$826,242</b>	<b>\$1,053,087</b>	<b>\$344,500</b>	<b>\$20,183,760</b>	<b>250,014</b>	<b>100.00</b>

(1) Additional subscriptions from these members aggregating \$140,100,000 are in process of completion.

(2) Amounts aggregating the equivalent of \$18,810,009 receivable as a result of revaluation of these currencies are not included in the "Amounts Paid in" columns.

**Summary Statement of Loans**

JUNE 30, 1966

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



Members in whose territories loans have been made <sup>(1)</sup>	Effective loans held by Bank			Loans not yet effective <sup>(4)</sup>
	Disbursed portion	Undisbursed portion <sup>(2)</sup>	Total <sup>(3)</sup>	
Algeria.....	\$ 19,040,000	\$ —	\$ 19,040,000	\$ —
Argentina.....	105,649,916	13,785,084	119,435,000	—
Australia.....	193,733,846	554,993	194,288,839	—
Austria.....	55,801,865	—	55,801,865	—
Belgium.....	38,994,346	—	38,994,346	—
Brazil.....	164,385,608	78,484,809	242,870,417	49,000,000
Burma.....	23,201,658	518,909	23,720,567	—
Ceylon.....	28,332,533	2,484,166	30,816,699	—
Chile.....	73,109,906	32,945,963	106,055,869	—
China.....	14,661,124	24,815,672	39,476,796	—
Colombia.....	233,322,814	75,676,186	308,999,000	41,700,000
Costa Rica.....	29,571,673	8,933,683	38,505,356	—
Cyprus.....	11,217,899	7,898,301	19,116,200	—
Denmark.....	41,984,572	2,520,585	44,505,157	—
Ecuador.....	33,450,450	5,955,717	39,406,167	—
El Salvador.....	26,194,728	5,221,981	31,416,709	—
Ethiopia.....	29,016,807	16,907,357	45,924,164	—
Finland.....	101,959,760	46,927,477	148,887,237	—
France.....	24,337,391	—	24,337,391	—
Gabon.....	8,287,221	3,297,779	11,585,000	—
Ghana.....	42,940,370	3,959,630	46,900,000	—
Guatemala.....	7,109,000	—	7,109,000	—
Guinea.....	—	1,700,000	1,700,000	—
Haiti.....	1,226,000	—	1,226,000	—
Honduras.....	13,446,000	5,910,000	19,356,000	—
Iceland.....	4,287,833	—	4,287,833	—
India.....	531,177,393	162,534,641	693,712,034	—
Iran.....	102,839,589	58,958,411	161,798,000	—
Israel.....	70,821,627	18,555,373	89,377,000	—
Italy.....	120,805,521	85,608,144	206,413,665	—
Jamaica.....	—	5,218,000	5,218,000	22,000,000
Japan.....	452,628,330	198,201,294	650,829,624	—
Kenya, Tanzania and Uganda <sup>(5)</sup> .....	4,258,935	33,741,065	38,000,000	—
Lebanon.....	22,901,991	—	22,901,991	—
Liberia.....	1,649,418	2,600,582	4,250,000	—
Malaysia.....	51,369,665	81,727,335	133,097,000	—
Mexico.....	344,503,871	158,452,255	502,956,126	19,000,000
Morocco.....	16,650,761	24,720,364	41,371,125	17,500,000
New Zealand.....	41,543,433	54,536,035	96,079,468	—
Nicaragua.....	19,377,284	624,605	20,001,889	—
Nigeria.....	46,343,995	106,390,999	152,734,994	—
Norway.....	79,674,457	16,651,266	96,325,723	—
Pakistan.....	154,151,135	157,690,539	311,841,674	—
Panama.....	8,715,784	1,182,216	9,898,000	—
Paraguay.....	—	4,890,000	4,890,000	2,100,000
Peru.....	87,299,645	56,050,054	143,349,699	9,100,000
Philippines.....	58,143,204	41,242,282	99,385,486	—
Portugal.....	12,383,761	13,640,990	26,024,751	30,000,000
Sierra Leone.....	2,806,658	753,342	3,560,000	—
South Africa.....	27,293,154	—	27,293,154	—
Spain.....	22,576,726	112,589,686	135,166,412	—
Sudan.....	60,846,068	32,820,932	93,667,000	—
Thailand.....	101,865,182	50,032,513	151,897,695	36,000,000
Tunisia.....	1,917,443	4,662,557	6,580,000	5,000,000
Turkey.....	29,232,223	—	29,232,223	—
United Arab Republic.....	41,250,080	—	41,250,080	—
United Kingdom.....	104,812,788	17,360,281	122,173,069	—
Uruguay.....	49,662,874	25,002,126	74,665,000	—
Venezuela.....	77,905,953	142,171,047	220,077,000	—
Yugoslavia.....	155,427,752	78,165,986	233,593,738	—
<b>Totals.....</b>	<b>\$4,228,100,020</b>	<b>\$2,085,273,212</b>	<b>\$6,313,373,232</b>	<b>\$231,400,000</b>
LESS: Exchange adjustments.....	14,290,250		14,290,250	
	\$4,213,809,770		\$6,299,082,982	

(Continued)

**Summary Statement of Loans** *(Continued)***JUNE 30, 1966***Expressed in United States Currency—See Notes to Financial Statements, Appendix F*

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**SUMMARY OF CURRENCIES REPAYABLE  
ON EFFECTIVE LOANS HELD BY BANK**

<i>Currency</i>	<i>Amount</i>
Argentine pesos.....	\$ 1,065,530
Australian dollars.....	65,297,009
Austrian schillings.....	13,532,920
Belgian francs.....	71,352,576
Burmese kyats.....	1,238,050
Canadian dollars.....	136,815,075
Ceylon rupees.....	623,854
Danish kroner.....	17,667,981
Deutsche mark.....	521,351,518
Finnish markkas.....	8,490,689
French francs.....	134,935,875
Ghana cedis.....	3,360,377
Indian rupees.....	31,685,137
Iranian rials.....	9,250,833
Iraqi dinars.....	1,748,100
Irish pounds.....	6,865,277
Israel pounds.....	3,481,470
Italian lire.....	68,329,683
Japanese yen.....	60,920,692
Kuwaiti dinars.....	6,563,310
Luxembourg francs.....	2,518,364
Malayan dollars.....	7,321,917
Mexican pesos.....	21,745,314
Netherlands guilders.....	93,619,758
Norwegian kroner.....	16,287,443
Pakistan rupees.....	174,552
Portuguese escudos.....	1,427,895
Pounds sterling.....	237,078,389
South African rand.....	27,337,157
Spanish pesetas.....	16,219,324
Sudanese pounds.....	2,279,531
Swedish kronor.....	18,822,191
Swiss francs.....	190,358,674
New Taiwan dollars.....	2,659,887
United States dollars.....	2,423,941,110
Venezuelan bolivares.....	1,643,362
Yugoslav dinars.....	89,196
Disbursed portion of effective loans held by Bank.....	\$4,228,100,020
LESS: Exchange adjustments.....	14,290,250
	\$4,213,809,770
ADD: Undisbursed portion of effective loans held by Bank.....	2,085,273,212
Effective loans held by Bank.....	\$6,299,082,982

(1) Loans are made (a) to the member or (b) to a political subdivision or a public or a private enterprise in the territories of the member with the member's guarantee.

(2) This does not include \$8,428,102 of effective loans which the Bank has agreed to sell. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$22,993,778.

(3) Original principal amount of loans signed \$9,793,827,893

**DEDUCT:**

(a) Cancellations, terminations and refundings.	\$ 210,197,599
(b) Principal repayments to the Bank.....	1,074,802,299
(c) Loans sold or agreed to be sold of which \$8,428,102 has not yet been disbursed..	1,964,054,763
(d) Loans not yet effective.	<u>231,400,000</u> <u>3,480,454,661</u>
	\$6,313,373,232
LESS: Exchange adjustments.....	14,290,250
Effective loans held by Bank.....	<u><u>\$6,299,082,982</u></u>

(4) Agreements providing for these loans have been signed, but the loans do not become effective and disbursements thereunder do not start until the borrowers and guarantors, if any, take certain action and furnish certain documents to the Bank. The Bank has agreed to sell \$2,560,000 of loans not yet effective and thus the total of both effective and non-effective loans sold or agreed to be sold is the equivalent of \$1,966,614,763.

(5) Loan shared by members shown.

**Funded Debt of the Bank**

JUNE 30, 1966

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



Payable in	Issue and maturity	Principal outstanding	Annual sinking fund requirement <sup>(1)</sup>
<b>United States Dollars</b>			
3 1/4% Notes of 1961, due 1966-67	\$ 66,000,000		None*
4 1/4% Two Year Bonds of 1964, due 1966	100,000,000		None*
4 1/8% Two Year Bonds of 1965, due 1967	100,000,000		None*
4% Notes of 1962, due 1967	5,000,000		None*
5 1/4% Two Year Bonds of 1966, due 1968	100,000,000		None*
4 1/4% Notes of 1965, due 1968-71	18,750,000		None*
4 1/8% Notes of 1966, due 1968-71	16,000,000		None*
4 1/2% Twelve Year Bonds of 1960, due 1968-72	120,000,000		None*
3 3/4% Ten Year Bonds of 1958, due 1968	150,000,000		None*
4 1/8% Notes of 1964, due 1968-69	60,000,000		None*
3 1/2% Fifteen Year Bonds of 1954, due 1969	58,301,000	1967 1968	\$3,301,000 \$5,000,000
4 1/4% Notes of 1965, due 1970	38,000,000		None*
3 1/2% Nineteen Year Bonds of 1952, due 1971	40,000,000	1967-70	\$2,500,000
3% Twenty-Five Year Bonds of 1947, due 1972	116,000,000	1967 1968-72	\$3,500,000 \$7,500,000
4 1/2% Fifteen Year Bonds of 1958, due 1973	83,409,000	1967 1968-73	\$3,409,000 \$5,000,000
3 3/8% Twenty-Three Year Bonds of 1952, due 1975	36,970,000	1967 1968-74	\$1,470,000 \$1,500,000
3% Twenty-Five Year Bonds of 1951, due 1976	42,284,000	1967 1968-75	\$1,284,000 \$2,000,000
4 1/2% Twenty Year Bonds of 1957, due 1977 (?)	77,151,000	1967-76	\$5,000,000
4 1/2% Fifteen Year Bonds of 1962, due 1977	5,000,000	1973-77	\$1,000,000
4 1/4% Twenty-One Year Bonds of 1957, due 1978	100,000,000	1967-71 1972-77	\$4,000,000 \$5,000,000
4 1/4% Twenty-One Year Bonds of 1958, due 1979	150,000,000	1968-77 1978	\$7,000,000 \$5,000,000
4 3/4% Twenty-Three Year Bonds of 1957, due 1980 (?)	64,807,000	1968-79 1980	\$3,000,000 \$1,500,000
3 1/4% Thirty Year Bonds of 1951, due 1981	98,000,000	1967 1968-73	\$2,000,000 \$3,000,000
4 1/2% Twenty Year Bonds of 1962, due 1982	100,000,000	1972-81	\$5,000,000
5% Twenty-Five Year Bonds of 1960, due 1985	125,000,000	1970-79 1980-84	\$3,750,000 \$5,000,000
4 1/2% Twenty-Five Year Bonds of 1965, due 1990	200,000,000	1975-79 1980-89	\$6,000,000 \$7,000,000
<b>Sub-Total</b>	<b>\$ 2,070,672,000</b>		<b>(*)<sup>(4)</sup></b>
<b>Belgian Francs</b>			
5% Ten Year Bonds of 1959, due 1969 (BF500,000,000)	\$ 10,000,000		None
<b>Sub-Total</b>	<b>\$ 10,000,000</b>		
<b>Canadian Dollars</b>			
3 1/2% Fifteen Year Bonds of 1954, due 1969 (Can\$18,157,000)	\$ 16,795,242	1967	Can\$557,000
5 1/4% Twenty-Five Year Bonds of 1965, due 1990 (Can\$25,000,000)	23,125,023	1968	Can\$900,000
5 3/4% Twenty-Five Year Bonds of 1966, due 1991 (Can\$20,000,000) (?)	18,500,018	1978-89	Can\$500,000
<b>Sub-Total</b>	<b>\$ 58,420,283</b>		None
<b>Deutsche Mark</b>			
3 3/4% Notes of 1961, due 1966-67 (DM120,000,000)	\$ 30,000,000		None*
4 1/4% Notes of 1965, due 1968-71 (DM75,000,000)	18,750,000		None*
4 1/8% Notes of 1966, due 1968-71 (DM64,000,000)	16,000,000		None*
4 1/2% Bonds of 1960, due 1968-72 (DM500,000,000)	125,000,000		None*
4 1/8% Notes of 1964, due 1968-69 (DM160,000,000)	40,000,000		None*
4 1/4% Notes of 1965, due 1969-70 (DM240,000,000)	60,000,000		None*
5% Bonds of 1959, due 1974 (DM160,000,000)	40,000,000	1967-74	DM20,000,000
5 1/2% Bonds of 1965, due 1985 (DM250,000,000) (?)	62,500,000	1971-84 1985	DM17,000,000 DM12,000,000
<b>Less: bonds purchased (?)</b>	<b>\$ 392,250,000</b>		
<b>Sub-Total</b>	<b>\$ 388,620,000</b>		<b>(*)</b>

(Continued)

**Funded Debt of the Bank** *(Continued)*

JUNE 30, 1966

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

Payable in	Issue and maturity	Principal outstanding	Annual sinking fund requirement <sup>(1)</sup>
<b>Italian Lire</b>			
5% Bonds of 1961, due 1976 (Lit15,000,000,000).....	\$ 24,000,000		None
<b>Sub-Total</b> .....	<b>\$ 24,000,000</b>		
<b>Netherlands Guilders</b>			
3½% Fifteen Year Bonds of 1954, due 1969 (f.11,564,000).....	\$ 3,194,475	1967 1968-69	f.3,564,000 f.4,000,000
3½% Twenty Year Bonds of 1955, due 1975 (f.23,988,000).....	6,626,519	1967 1968-74	f.2,468,000 f.2,640,000
4½% Twenty Year Bonds of 1961, due 1981 (f.50,000,000).....	13,812,155	1975 1972-81	f.3,040,000 f.5,000,000
4½% Twenty Year Bonds of 1962, due 1982 (f.40,000,000).....	11,049,724	1973-82	f.4,000,000
<b>Sub-Total</b> .....	<b>\$ 34,682,873</b>		
<b>Pounds Sterling</b>			
3½% Twenty Year Stock of 1951, due 1971 (£3,034,835).....	\$ 8,497,538	1967 1968-71	£144,476 £166,700
3½% Twenty Year Stock of 1954, due 1974 (£3,630,358).....	10,165,002	1966 1967-74	£ 15,108 £166,700
5% Twenty-Three Year Stock of 1959, due 1982 (£9,282,388).....	25,990,687	1967 1968-82	£214,325 £278,000
<b>Sub-Total</b> .....	<b>\$ 44,653,227</b>		
<b>Swiss Francs</b>			
3¾% Loan of 1961, due 1968 (Sw F 50,000,000).....	\$ 11,634,671		None
4% Loan of 1961, due 1967 (Sw F 33,333,333).....	7,756,448		None
3½% Fifteen Year Bonds of 1953, due 1968 (Sw F 50,000,000).....	11,634,671		None
3½% Fifteen Year Bonds of 1953 (Nov. Issue), due 1968 (Sw F 50,000,000).....	11,634,671		None
3½% Eighteen Year Bonds of 1954, due 1972 (Sw F 50,000,000).....	11,634,671		None
4½% Twelve Year Bonds of 1960, due 1972 (Sw F 60,000,000).....	13,961,606		None
4% Eleven Year Bonds of 1962, due 1973 (Sw F 100,000,000).....	23,269,342		None
4% Fifteen Year Bonds of 1959, due 1974 (Sw F 100,000,000).....	23,269,343		None
4% Fifteen Year Bonds of 1960, due 1975 (Sw F 60,000,000).....	13,961,606		None
3½% Twenty Year Bonds of 1955, due 1976 (Sw F 38,000,000).....	8,842,350	1968-74 1975-76	Sw F 4,000,000 Sw F 5,000,000
4% Eighteen Year Bonds of 1961, due 1979 (Sw F 100,000,000).....	23,269,343	1971-78 1979	Sw F 11,000,000 Sw F 12,000,000
4¾% Eighteen Year Bonds of 1965, due 1983 (Sw F 60,000,000).....	13,961,605		None
<b>Sub-Total</b> .....	<b>\$ 174,830,327</b>		
<b>Gross Total</b> .....	<b>\$2,805,878,710</b>	<sup>(2)(4)</sup>	

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

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

Period	Amount
July 1, 1966 to June 30, 1967.....	\$ 183,881,508
July 1, 1967 to June 30, 1968.....	499,648,874
July 1, 1968 to June 30, 1969.....	282,693,805
July 1, 1969 to June 30, 1970.....	178,976,948
July 1, 1970 to June 30, 1971.....	187,407,569
<b>Total</b> .....	<b>\$1,332,608,704</b>

(<sup>2</sup>) In the cases of the 4½% Twenty Year Bonds of 1957 and the 4¾% Twenty-Three Year Bonds of 1957, the Bank will, as purchase funds, use its best efforts to purchase bonds of these issues in the open market or by acceptance of tenders at prices up to and including 100% of the principal amount plus accrued interest. The purchase funds will be at the annual rate of \$5,000,000 through 1966 in the case of the 4½% Twenty Year Bonds of 1957 and at the annual rate of \$3,750,000 through 1967 in the case of the 4¾% Twenty-Three Year Bonds of 1957. The purchase funds are cumulative on a month-to-month basis only within each calendar year. In the case of the 5% Twenty-Five Year Canadian Dollar Bonds of 1966, a purchase fund of Can\$300,000 is to be provided annually starting in calendar year 1968 through calendar year 1986. In the case of the 5½% Deutsche Mark Bonds of 1965 the Bank intends to support the market for these bonds whenever it may appear appropriate from time to time.

(<sup>3</sup>) In June 1966 the Bank offered for sale in the United States \$175 million 5¾% Twenty-Five Year Bonds of 1966, due July 1, 1991 for settlement on July 13, 1966.

(<sup>4</sup>) The Bank has arranged to refinance at maturity, August 1, 1966, notes totaling \$22 million and DM 40 million (U.S. equivalent \$10 million) by issuing new notes with an interest rate of 5¼% totaling \$16 million and DM 64 million (U.S. equivalent \$16 million) maturing October 1, 1968.

# Notes to Financial Statements

JUNE 30, 1966



## NOTE A

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

- (i) In the cases of 71 members, at the par values as specified in the "Schedule of Par Values", published by the International Monetary Fund;
- (ii) In the cases of the remaining 32 members [Algeria, Argentina, Bolivia, Brazil, Cameroon, Central African Republic, Chad, Chile, China, Colombia, Congo (Brazzaville), Democratic Republic of Congo, Dahomey, Gabon, Guinea, Ivory Coast, Kenya, Korea, Laos, Malagasy Republic, Mali, Mauritania, Nepal, Niger, Paraguay, Peru, Senegal, Tanzania, Togo, Uganda, Upper Volta and Viet-Nam], at the rates used by such members in making payments of capital subscriptions to the Bank; and
- (iii) In the case of Swiss francs and Indonesian rupiahs, non-member currencies, at the rates of 4.2975 francs and 315 rupiahs, respectively, to 1 United States dollar.

See also Notes B and C.

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

## NOTE B

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

Under Article II, Section 9, each member is required, if the par value of its currency is reduced or if the foreign exchange value

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

The equivalent of \$18,810,009 is due from 4 members in order to maintain the value of their restricted currencies as required under Article II, Section 9.

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

## NOTE C

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

	<i>Receiveable in U.S. dollars</i>	<i>Other currency</i>	<i>Total</i>
Principal Outstanding...	\$2,423,941,110	\$1,789,868,660	\$4,213,809,770
Accrued Interest, Commitment and Service Charges.....	36,721,919	26,803,978	63,525,897
Accrued Loan Commissions..	259,119	8,306	267,425
<b>Total.....</b>	<b>\$2,460,922,148</b>	<b>\$1,816,680,944</b>	<b>\$4,277,603,092</b>

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

(Continued)

**Notes to Financial Statements** (*Continued*)

JUNE 30, 1966

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**NOTE D**

Amounts of commissions set aside pursuant to Article IV, Section 6, as a Special Reserve to be held in liquid form and to be used only for the purpose of meeting liabilities of the Bank on its borrowings and guarantees.

**NOTE E**

On August 17, 1965, Indonesia withdrew from membership in the Bank. The resulting obligation to repurchase the shares of Indonesia is at their value of \$22,951,119. The Bank has set aside currency and notes of Indonesia amounting to \$19,786,699, leaving a balance of \$3,164,420 to be paid by the Bank. On July 5, 1966 Indonesia applied for readmission to membership in the Bank.

**NOTE F**

In the current fiscal year this reserve has been charged with \$3,643,795. Of this amount, \$3,314,086 represents losses to the Bank of \$40,586 in Yugoslav dinars, \$223,112 in Venezuelan bolivares and \$3,050,388 in Indian rupees as a result of revaluations on the books of the Bank of the balances of the amounts in these currencies held at the dates of revaluation, July 1965, February 1966 and June 1966, respectively, and acquired from net earnings. The balance, \$329,709, represents a loss attributed to the demolition of a building which is to be replaced by a new building.

Of the \$142,782,081 net income available at June 30, 1966, the Executive Directors in July 1966 allocated \$67,782,081 to the Supplemental Reserve Against Losses on Loans and Guarantees and have recommended to the Board of Governors that an additional amount equal to the balance of \$75,000,000 be transferred by way of grant to the International Development Association.

**NOTE G**

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

**NOTE H**

Subject to call by the Bank only when required to meet the obligations of the Bank created by borrowing or by guaranteeing loans. As to \$17,941,120,000 the restriction on calls is imposed by the Articles of Agreement; as to \$2,242,640,000 by a resolution of the Board of Governors.

**NOTE I**

The Bank has sold under its guarantee \$69,003,844 of loans of which amount \$65,881,844 has been retired. The following table sets forth the maturities of the guaranteed obligations outstanding:

<i>Period</i>	<i>Amount</i>
July 1, 1966 to June 30, 1967 .....	\$1,122,000
July 1, 1967 to June 30, 1968 .....	1,000,000
July 1, 1968 to June 30, 1969 .....	1,000,000
<b>Total .....</b>	<b>\$3,122,000</b>

**GENERAL**

As of June 30, 1966, the Board of Governors had approved the application of Singapore for membership with a capital subscription of \$32.0 million. Singapore has until September 21, 1966 to accept membership.

Also as of June 30, 1966, increases in subscriptions from eight members aggregating \$140.1 million were in process of completion. Of these increases, two members had completed payment and two members had made partial payment. The Syrian Arab Republic, which had made partial payment as of June 30, 1966, paid the balance due in July and its increase in subscription of \$6.7 million became effective on July 13, 1966.

As of August 25, 1965, the authorized Capital Stock of the Bank was increased by \$2,000 million to \$24,000 million.

## Opinion of Independent Auditor

1707 L STREET, N.W.  
WASHINGTON, D.C. 20036

*July 28, 1966*

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

In our opinion, the accompanying financial statements present fairly, in terms of United States currency, the financial position of International Bank for Reconstruction and Development at June 30, 1966, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

PRICE WATERHOUSE & CO.

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### FINANCIAL STATEMENTS COVERED BY THE FOREGOING OPINION

Balance Sheet.....	appendix A (page 50)
Comparative Statement of Income and Expenses .....	appendix B (page 52)
Statement of Subscriptions to Capital Stock and Voting Power.....	appendix C (page 53)
Summary Statement of Loans.....	appendix D (page 55)
Funded Debt of the Bank.....	appendix E (page 57)
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**Appendices**





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**Statement of Condition**

JUNE 30, 1966

*Expressed in United States Currency—See Notes to Financial Statements, Appendix F***ASSETS****Due from Banks and Other Depositories (See Appendix C)**

Member currencies			
Unrestricted.....	\$ 35,091,258		
Subject to restrictions—NOTE B.....	<u>55,308,606</u>	\$ 90,399,864	

**Investments**

Government obligations (At cost or amortized cost) Face amount \$34,780,000 including \$31,000,000 obligations of United States Government and its Instrumentalities.....	\$ 34,216,520		
Accrued interest.....	<u>184,646</u>	34,401,166	

**Receivable on Account of Subscriptions (See Appendix C)**

Non-negotiable, non-interest-bearing, demand obligations			
Unrestricted.....	\$122,870,761		
Subject to restrictions—NOTE B.....	<u>150,949,347</u>	\$273,820,108	

Amount required to maintain value of currency holdings—NOTE C....

15,467,726

289,287,834

**Receivable on Account of Supplementary Resources**

(See Appendix C)

Non-negotiable, non-interest-bearing, demand obligations			
Unrestricted.....		219,132,692	

**Receivable from International Bank for Reconstruction and Development—NOTE D.....**

78,900,000

**Effective Development Credits Held by Association (Including undisbursed balance of \$565,865,875) (See Appendix D)—NOTE E....**

1,247,453,222

**Accrued Service Charge on Development Credits—NOTE E.....**

1,268,286

**Total.....** \$1,960,843,064**LIABILITIES, SUBSCRIPTIONS, SUPPLEMENTARY RESOURCES, TRANSFERS AND ACCUMULATED NET INCOME****Liabilities**

Accounts payable and other liabilities.....	\$ 387,577		
Undisbursed balance of effective development credits (See Appendix D) .....		565,865,875	

**Subscriptions (See Appendix E)—NOTE F**

Amounts subscribed.....	\$999,145,000		
Less portion for which payment is not yet due—NOTE G.....	<u>5,750,000</u>	993,395,000	

**Supplementary Resources (See Appendix E)—NOTE F.....**

\$762,870,000

Less portion for which payment is not yet due—NOTE H..... 496,490,000 266,380,000**Transfers from International Bank for Reconstruction and Development—NOTE D.....**

125,000,000

**Accumulated Net Income**

At June 30, 1965.....	\$ 6,720,793		
The period from July 1, 1965 to June 30, 1966.....	<u>3,093,819</u>	9,814,612	

**Total.....** \$1,960,843,064

**Comparative Statement of Income and Expenses**

FOR THE FISCAL YEARS ENDED JUNE 30, 1965 AND JUNE 30, 1966

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

	<i>July 1 to June 30</i>	
	1964-1965	1965-1966
<b>Income</b>		
Income from investments.....	\$3,340,800	\$2,336,536
Income from development credits.....	<u>2,144,797</u>	<u>4,115,676</u>
<b>Gross Income .....</b>	<b>\$5,485,597</b>	<b>\$6,452,212</b>
<b>Expenses</b>		
Administrative expenses:		
Personal services.....	\$1,677,752	\$2,044,829
Contributions to staff benefits.....	239,677	294,750
Fees and compensation.....	198,930	109,446
Representation.....	3,028	1,886
Travel.....	375,642	432,764
Supplies and material.....	29,028	31,557
Office occupancy.....	165,377	212,220
Communication services.....	111,919	115,289
Furniture and equipment.....	47,210	70,739
Printing.....	29,739	22,463
Insurance.....	<u>17,977</u>	<u>22,106</u>
<b>Total Administrative Expenses.....</b>	<b>\$2,896,279</b>	<b>\$3,358,049</b>
Exchange adjustments.....	<u>7,201</u>	<u>344</u>
<b>Gross Expenses.....</b>	<b>\$2,903,480</b>	<b>\$3,358,393</b>
<b>Net Income.....</b>	<b>\$2,582,117</b>	<b>\$3,093,819</b>

**Statement of Holdings of Currencies and Obligations**

JUNE 30, 1966

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

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Member	Unit of currency	Currency	Non-negotiable, non-interest-bearing, demand obligations on account of		
			Initial Subscriptions	Supplementary Resources	Total
Afghanistan.....	Afghani	\$ 606,000	\$ 303,000	\$ —	\$ 909,000
Algeria.....	Dinar	—	3,627,000	—	3,627,000
Argentina.....	Peso	—	16,947,000	—	16,947,000
Australia.....	Dollar	—	3,632,400	6,600,000	10,232,400
Austria.....	Schilling	—	947,969	1,680,000	2,627,969
Belgium.....	Franc	153	1,155,000	2,750,000	3,905,153
Bolivia.....	Peso Boliviano	—	954,000	—	954,000
Brazil.....	Cruzeiro	16,947,000	—	—	16,947,000
Burma.....	Kyat	—	1,818,000	—	1,818,000
Burundi.....	Franc	—	684,000	—	684,000
Cameroon.....	Franc	—	909,000	—	909,000
Canada.....	Dollar	2,276,917	4,533,898	13,900,000	20,710,815
Central African Republic.....	Franc	—	450,000	—	450,000
Ceylon.....	Rupee	—	2,727,000	—	2,727,000
Chad.....	Franc	—	450,000	—	450,000
Chile.....	Escudo	3,177,000	—	—	3,177,000
China.....	New Taiwan Dollar	—	27,234,000	—	27,234,000
Colombia.....	Peso	3,177,000	—	—	3,177,000
Congo (Brazzaville).....	Franc	—	450,000	—	450,000
Congo, Democratic Republic of.....	Franc	2,718,000	—	—	2,718,000
Costa Rica.....	Colon	180,000	—	—	180,000
Cyprus.....	Pound	—	684,000	—	684,000
Dahomey.....	Franc	—	450,000	—	450,000
Denmark.....	Krone	—	1,833,797	2,500,000	4,333,797
Dominican Republic.....	Peso	360,000	—	—	360,000
Ecuador.....	Sucre	585,000	—	—	585,000
El Salvador.....	Colon	270,000	—	—	270,000
Ethiopia.....	Dollar	—	450,000	—	450,000
Finland.....	Markka	1,845,495	—	—	1,845,495
France.....	Franc	369,031	10,127,484	20,254,969	30,751,484
Gabon.....	Franc	—	450,000	—	450,000
Germany, Federal Republic of.....	Deutsche Mark	18,262,955	—	—	18,262,955
Ghana.....	Cedi	—	2,124,000	—	2,124,000
Greece.....	Drachma	2,268,000	—	—	2,268,000
Guatemala.....	Quetzal	360,000	—	—	360,000
Haiti.....	Gourde	—	684,000	—	684,000
Honduras.....	Lempira	270,000	—	—	270,000
Iceland.....	Krona	—	90,000	—	90,000
India.....	Rupee	57,120	23,000,000	—	23,057,120
Iran.....	Rial	—	4,086,000	—	4,086,000
Iraq.....	Dinar	—	684,000	—	684,000
Ireland.....	Pound	—	2,181,600	—	2,181,600
Israel.....	Pound	—	907,200	—	907,200
Ivory Coast.....	Franc	—	909,000	—	909,000
Japan.....	Yen	9,891	5,555,556	13,750,000	19,315,447
Jordan.....	Dinar	—	216,000	—	216,000
Kenya.....	Shilling	—	1,512,000	—	1,512,000
Korea.....	Won	1,134,000	—	—	1,134,000
Kuwait.....	Dinar	—	649,600	1,120,000	1,769,600

(Continued)

**Statement of Holdings of Currencies and Obligations** *(Continued)*

JUNE 30, 1966

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



Member	Unit of currency	Currency	Non-negotiable, non-interest-bearing, demand obligations on account of			Total
			Initial Subscriptions	Supplementary Resources		
Laos.....	Kip	\$ 210,000	\$ 240,000	\$ —	\$ —	450,000
Lebanon.....	Pound	405,000	—	—	—	405,000
Liberia.....	Dollar	—	684,000	—	—	684,000
Libya.....	Pound	—	909,000	—	—	909,000
Malagasy Republic.....	Franc	181,800	727,200	—	—	909,000
Malawi.....	Pound	—	684,000	—	—	684,000
Malaysia.....	Dollar	—	2,268,000	—	—	2,268,000
Mali.....	Franc	783,000	—	—	—	783,000
Mauritania.....	Franc	—	450,000	—	—	450,000
Mexico.....	Peso	7,790,281	—	—	—	7,790,281
Morocco.....	Dirham	—	3,177,000	—	—	3,177,000
Nepal.....	Rupee	—	450,000	—	—	450,000
Netherlands.....	Guilder	9	6,291,543	5,500,000	—	11,791,552
Nicaragua.....	Cordoba	270,000	—	—	—	270,000
Niger.....	Franc	—	450,000	—	—	450,000
Nigeria.....	Pound	—	3,024,000	—	—	3,024,000
Norway.....	Krone	—	1,286,600	2,200,000	—	3,486,600
Pakistan.....	Rupee	—	9,081,000	—	—	9,081,000
Panama.....	Balboa	3,598	—	—	—	3,598
Paraguay.....	Guarani	270,000	—	—	—	270,000
Peru.....	Sol	—	1,593,000	—	—	1,593,000
Philippines.....	Peso	—	2,326,154	—	—	2,326,154
Rwanda.....	Franc	684,000	—	—	—	684,000
Saudi Arabia.....	Riyal	—	3,330,000	—	—	3,330,000
Senegal.....	Franc	—	1,512,000	—	—	1,512,000
Sierra Leone.....	Leone	—	684,000	—	—	684,000
Somalia.....	Shilling	—	684,000	—	—	684,000
South Africa.....	Rand	4,610,660	—	—	—	4,610,660
Spain.....	Peseta	7,264,800	1,816,200	—	—	9,081,000
Sudan.....	Pound	—	909,000	—	—	909,000
Sweden.....	Krona	—	1,506,914	12,677,723	—	14,184,637
Syrian Arab Republic.....	Pound	342,000	513,000	—	—	855,000
Tanzania.....	Shilling	—	1,512,000	—	—	1,512,000
Thailand.....	Baht	—	2,727,000	—	—	2,727,000
Togo.....	Franc	7	683,993	—	—	684,000
Tunisia.....	Dinar	—	1,359,000	—	—	1,359,000
Turkey.....	Lira	—	5,220,000	—	—	5,220,000
Uganda.....	Shilling	—	1,512,000	—	—	1,512,000
United Arab Republic.....	Pound	—	4,572,000	—	—	4,572,000
United Kingdom.....	Pound	6,586,405	21,350,000	32,200,000	—	60,136,405
United States.....	Dollar	1,129,742	64,000,000	104,000,000	—	169,129,742
Upper Volta.....	Franc	—	450,000	—	—	450,000
Viet-Nam.....	Piastre	1,359,000	—	—	—	1,359,000
Yugoslavia.....	Dinar	3,636,000	—	—	—	3,636,000
Zambia.....	Pound	—	2,421,000	—	—	2,421,000
<b>Totals.....</b>		<b>\$90,399,864</b>	<b>\$273,820,108</b>	<b>\$219,132,692</b>	<b>\$583,352,664</b>	<b>(1)</b>

(1) Of this amount the equivalent of \$377,094,711 is unrestricted and the equivalent of \$582,230,435 is subject to maintenance of value—Note C.

**Summary Statement of Development Credits**

JUNE 30, 1966

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

Member in whose territories development credits have been made <sup>(1)</sup>	Effective development credits held by Association			Development credits not yet effective <sup>(3)</sup>
	Disbursed portion	Undisbursed portion <sup>(2)</sup>	Total	
Afghanistan.....	\$ —	\$ 3,500,000	\$ 3,500,000	\$ —
Bolivia.....	7,892,854	7,107,146	15,000,000	—
Burundi.....	—	1,100,000	1,100,000	—
Chile.....	9,050,924	9,949,076	19,000,000	—
China.....	13,110,240	92,145	13,202,385	—
Colombia.....	11,760,137	7,739,863	19,500,000	—
Costa Rica.....	2,887,842	2,612,158	5,500,000	—
Ecuador.....	—	8,000,000	8,000,000	—
El Salvador.....	4,844,698	3,155,302	8,000,000	—
Ethiopia.....	7,363,834	13,336,166	20,700,000	—
Haiti.....	349,855	—	349,855	—
Honduras.....	7,224,785	5,275,215	12,500,000	—
India.....	452,086,381	132,383,619	584,470,000	91,000,000
Jordan.....	4,745,291	3,754,709	8,500,000	—
Kenya.....	1,518,440	8,781,560	10,300,000	—
Korea.....	13,992,924	—	13,992,924	—
Mauritania.....	188,773	6,511,227	6,700,000	—
Morocco.....	—	11,000,000	11,000,000	—
Nicaragua.....	2,994,834	5,166	3,000,000	—
Niger.....	88,148	1,411,852	1,500,000	—
Nigeria.....	2,305,478	33,194,522	35,500,000	—
Pakistan.....	84,259,516	225,980,484	310,240,000	13,000,000
Paraguay.....	4,472,932	5,127,068	9,600,000	7,500,000
Somalia.....	—	—	—	6,200,000
Sudan.....	9,763,195	3,236,805	13,000,000	—
Syrian Arab Republic.....	234,524	8,265,476	8,500,000	—
Tanzania.....	5,126,798	18,473,202	23,600,000	—
Tunisia.....	3,999,829	1,000,171	5,000,000	—
Turkey.....	27,102,080	38,595,978	65,698,058	—
United Kingdom:				
Basutoland.....	—	4,100,000	4,100,000	—
Bechuanaland Protectorate.....	1,423,035	2,176,965	3,600,000	—
Swaziland.....	2,800,000	—	2,800,000	—
<b>Totals.....</b>	<b>\$681,587,347</b>	<b>\$565,865,875</b>	<b>\$1,247,453,222</b>	<b>\$117,700,000</b>

<sup>(1)</sup> All development credits have been made to member governments or to the government of a territory of a member.<sup>(2)</sup> Of the undisbursed balance the Association has entered into irrevocable commitments to disburse \$2,610,426.<sup>(3)</sup> Agreements providing for these development credits have been signed, but the development credits do not become effective and disbursements thereunder do not start until the borrower takes certain action and furnishes certain documents to the Association.

**Statement of Subscriptions, Voting Power and Supplementary Resources**

JUNE 30, 1966

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



Member	Subscriptions <sup>(1)</sup>		Voting Power		Supplementary Resources		Total Subscriptions and Supplementary Resources
	Total (Notes C and F)	Percent of total	Number of votes	Percent of total	Amounts paid in (Note C)	Amounts not yet due (Note H)	
Australia.....	\$ 20,180,000	2.02	4,536	1.83	\$ 6,600,000	\$ 13,200,000	\$ 39,980,000
Austria.....	5,040,000	.50	1,508	.61	1,680,000	3,360,000	10,080,000
Belgium.....	8,250,000	.83	2,150	.87	2,750,000	5,500,000	16,500,000
Canada.....	37,830,000	3.79	8,066	3.25	13,900,000	27,800,000	79,530,000
Denmark.....	8,740,000	.87	2,248	.91	2,500,000	5,000,000	16,240,000
Finland.....	3,830,000	.38	1,266	.51	766,000	1,532,000	6,128,000
France.....	52,960,000	5.30	11,092	4.48	20,624,000	41,248,000	114,832,000
Germany, Federal Republic of.....	52,960,000	5.30	11,092	4.48	24,200,000	48,400,000	125,560,000
Italy.....	18,160,000	1.82	4,132	1.67	10,000,000	20,000,000	48,160,000
Japan.....	33,590,000	3.36	7,218	2.91	13,750,000	27,500,000	74,840,000
Kuwait.....	3,360,000	.34	1,172	.47	1,120,000	2,240,000	6,720,000
Luxembourg.....	375,000	.04	575	.23	125,000	250,000	750,000
Netherlands.....	27,740,000	2.78	6,048	2.44	5,500,000	11,000,000	44,240,000
Norway.....	6,720,000	.67	1,844	.74	2,200,000	4,400,000	13,320,000
South Africa.....	10,090,000	1.01	2,518	1.02	1,330,000	2,660,000	14,080,000
Sweden.....	10,090,000	1.01	2,518	1.02	23,135,000	10,000,000	43,225,000
United Kingdom.....	131,140,000	13.12	26,728	10.78	32,200,000	64,400,000	227,740,000
United States.....	320,290,000	32.06	64,558	26.05	104,000,000	208,000,000	632,290,000
<b>Total Part I Members.....</b>	<b>\$751,345,000</b>	<b>75.20</b>	<b>159,269</b>	<b>64.27</b>	<b>\$266,380,000</b>	<b>\$496,490,000</b>	<b>\$1,514,215,000</b>

Afghanistan.....	\$ 1,010,000	.10	702	.28	\$ —	\$ —	\$ 1,010,000
Algeria.....	4,030,000	.40	1,306	.53	—	—	4,030,000
Argentina.....	18,830,000	1.88	4,266	1.72	—	—	18,830,000
Bolivia.....	1,060,000	.11	712	.29	—	—	1,060,000
Brazil.....	18,830,000	1.88	4,266	1.72	—	—	18,830,000
Burma.....	2,020,000	.20	904	.37	—	—	2,020,000
Burundi.....	760,000	.08	652	.26	—	—	760,000
Cameroon.....	1,010,000	.10	702	.28	—	—	1,010,000
Central African Republic.....	500,000	.05	600	.24	—	—	500,000
Ceylon.....	3,030,000	.30	1,106	.45	—	—	3,030,000
Chad.....	500,000	.05	600	.24	—	—	500,000
Chile.....	3,530,000	.35	1,206	.49	—	—	3,530,000
China.....	30,260,000	3.03	6,552	2.64	—	—	30,260,000
Colombia.....	3,530,000	.35	1,206	.49	—	—	3,530,000
Congo (Brazzaville).....	500,000	.05	600	.24	—	—	500,000
Congo, Democratic Republic of.....	3,020,000	.30	1,104	.45	—	—	3,020,000
Costa Rica.....	200,000	.02	540	.22	—	—	200,000
Cyprus.....	760,000	.08	652	.26	—	—	760,000
Dahomey.....	500,000	.05	600	.24	—	—	500,000
Dominican Republic.....	400,000	.04	580	.23	—	—	400,000
Ecuador.....	650,000	.06	630	.25	—	—	650,000
El Salvador.....	300,000	.03	560	.23	—	—	300,000
Ethiopia.....	500,000	.05	600	.24	—	—	500,000
Gabon.....	500,000	.05	600	.24	—	—	500,000
Ghana.....	2,360,000	.24	972	.39	—	—	2,360,000
Greece.....	2,520,000	.25	1,004	.41	—	—	2,520,000
Guatemala.....	400,000	.04	580	.23	—	—	400,000
Haiti.....	760,000	.08	652	.26	—	—	760,000
Honduras.....	300,000	.03	560	.23	—	—	300,000
Iceland.....	100,000	.01	520	.21	—	—	100,000

(Continued)

**Statement of Subscriptions, Voting Power and Supplementary Resources** (Continued)

JUNE 30, 1966

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

Member	Subscriptions <sup>(1)</sup>		Voting Power		Supplementary Resources		Total Subscriptions and Supplementary Resources
	Total (Notes C and F)	Percent of total	Number of votes	Percent of total	Amounts paid in (Note C)	Amounts not yet due (Note H)	
India.....	\$ 40,350,000 <sup>(2)</sup>	4.04	8,570	3.46	\$ —	\$ —	\$ 40,350,000
Iran.....	4,540,000	.45	1,408	.57	—	—	4,540,000
Iraq.....	760,000	.08	652	.26	—	—	760,000
Ireland.....	3,030,000	.30	1,106	.45	—	—	3,030,000
Israel.....	1,680,000	.17	836	.34	—	—	1,680,000
Ivory Coast.....	1,010,000	.10	702	.28	—	—	1,010,000
Jordan.....	300,000	.03	560	.23	—	—	300,000
Kenya.....	1,680,000	.17	836	.34	—	—	1,680,000
Korea.....	1,260,000	.13	752	.30	—	—	1,260,000
Laos.....	500,000	.05	600	.24	—	—	500,000
Lebanon.....	450,000	.04	590	.24	—	—	450,000
Liberia.....	760,000	.08	652	.26	—	—	760,000
Libya.....	1,010,000	.10	702	.28	—	—	1,010,000
Malagasy Republic.....	1,010,000	.10	702	.28	—	—	1,010,000
Malawi.....	760,000	.08	652	.26	—	—	760,000
Malaysia.....	2,520,000	.25	1,004	.41	—	—	2,520,000
Mali.....	870,000	.09	674	.27	—	—	870,000
Mauritania.....	500,000	.05	600	.24	—	—	500,000
Mexico.....	8,740,000	.88	2,248	.91	—	—	8,740,000
Morocco.....	3,530,000	.35	1,206	.49	—	—	3,530,000
Nepal.....	500,000	.05	600	.24	—	—	500,000
Nicaragua.....	300,000	.03	560	.23	—	—	300,000
Niger.....	500,000	.05	600	.24	—	—	500,000
Nigeria.....	3,360,000	.34	1,172	.47	—	—	3,360,000
Pakistan.....	10,090,000	1.01	2,518	1.02	—	—	10,090,000
Panama.....	20,000	(3)	504	.20	—	—	20,000
Paraguay.....	300,000	.03	560	.23	—	—	300,000
Peru.....	1,770,000	.18	854	.35	—	—	1,770,000
Philippines.....	5,040,000 <sup>(2)</sup>	.50	1,508	.61	—	—	5,040,000
Rwanda.....	760,000	.08	652	.26	—	—	760,000
Saudi Arabia.....	3,700,000	.37	1,240	.50	—	—	3,700,000
Senegal.....	1,680,000	.17	836	.34	—	—	1,680,000
Sierra Leone.....	760,000	.08	652	.26	—	—	760,000
Somalia.....	760,000	.08	652	.26	—	—	760,000
Spain.....	10,090,000	1.01	2,518	1.02	—	—	10,090,000
Sudan.....	1,010,000	.10	702	.28	—	—	1,010,000
Syrian Arab Republic.....	950,000	.09	690	.28	—	—	950,000
Tanzania.....	1,680,000	.17	836	.34	—	—	1,680,000
Thailand.....	3,030,000	.30	1,106	.45	—	—	3,030,000
Togo.....	760,000	.08	652	.26	—	—	760,000
Tunisia.....	1,510,000	.15	802	.32	—	—	1,510,000
Turkey.....	5,800,000	.58	1,660	.67	—	—	5,800,000
Uganda.....	1,680,000	.17	836	.34	—	—	1,680,000
United Arab Republic.....	5,080,000	.51	1,516	.61	—	—	5,080,000
Upper Volta.....	500,000	.05	600	.24	—	—	500,000
Viet-Nam.....	1,510,000	.15	802	.32	—	—	1,510,000
Yugoslavia.....	4,040,000	.40	1,308	.53	—	—	4,040,000
Zambia.....	2,690,000	.27	1,038	.42	—	—	2,690,000
<b>Total Part II Members—NOTE B</b>		\$247,800,000	24.80	88,560	35.73	\$ —	\$ 247,800,000
<b>Grand Totals.....</b>		\$999,145,000	100.00	247,829	100.00	\$266,380,000	\$496,490,000
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(1) Paid in full except Belgium and Luxembourg—Note G.

(2) Amounts in the equivalent of \$15,467,726 are due as a result of revaluation of these currencies.

(3) Less than .005 percent.

# Notes to Financial Statements

JUNE 30, 1966



## NOTE A

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

- (i) In the cases of 65 members, at the par values as specified in the "Schedule of Par Values", published by the International Monetary Fund;
- (ii) In the cases of the remaining 31 members [Algeria, Argentina, Bolivia, Brazil, Cameroon, Central African Republic, Chad, Chile, China, Colombia, Congo (Brazzaville), Democratic Republic of Congo, Dahomey, Gabon, Ivory Coast, Kenya, Korea, Laos, Malagasy Republic, Mali, Mauritania, Nepal, Niger, Paraguay, Peru, Senegal, Tanzania, Togo, Uganda, Upper Volta and Viet-Nam], at the rates used by such members in making payments of subscriptions to the Association.

## NOTE B

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

## NOTE C

Under Article IV, Section 2, each member is required, if the par value of its currency is reduced or the foreign exchange value of its currency has in the opinion of the Association depreciated to a significant extent within that member's territories, to maintain the value of the Association's holdings of its ninety percent currency, including the principal amount of any notes substituted therefor, and the Association is required if the par value of the member's currency is increased, or the foreign exchange value of the member's currency has in the opinion of the Association appreciated to a significant extent within that member's territories, to return to the member the increase in the value of such ninety percent currency held by the Association; provided, however, that the foregoing shall apply only so long as and to the extent that such currency shall not have been initially disbursed or exchanged for the currency of another member.

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

The equivalent of \$15,467,726 is due from two members in order to maintain the value of the Association's holdings of its ninety percent currency as required under Article IV, Section 2.

## NOTE D

The International Bank for Reconstruction and Development has authorized transfers, by way of grants, to the Association totaling \$125,000,000 from the net income of the Bank for the fiscal years ended June 30, 1964 and June 30, 1965. Of this amount, \$46,100,000 has been received as of June 30, 1966.

## NOTE E

The principal disbursed and outstanding on development credits and the accrued service charge are expressed in terms of United States dollars of the weight and fineness in effect on January 1, 1960 and the equivalent is payable by the borrowers in currencies which the Association determines to be freely convertible or freely exchangeable by the Association for currencies of other members of the Association, except that such amount would be reduced if (a) there is a uniform proportionate reduction in the par values of the currencies of all members of the International Monetary Fund or (b) the Association so decides because of a substantial reduction in the value of one or more major currencies of members. The foregoing does not apply to a credit of \$9,000,000 which is expressed and is repayable in legal tender dollars.

## NOTE F

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

## NOTE G

This portion of the subscriptions of members, being that of Belgium and Luxembourg, is due in two equal instalments on or before November 8, in each of the years 1966 and 1967, and is payable in gold or freely convertible currency.

## NOTE H

These supplementary resources are to be paid by Part I members in freely convertible currencies in two equal instalments on or before November 8, in each of the years 1966 and 1967. In addition, in July 1966, Sweden paid to the Association a further contribution equivalent to \$5,000,000.

## GENERAL

As of June 30, 1966, the Board of Governors had approved the applications for membership from Guinea and Trinidad and Tobago with subscriptions of \$1.01 million and \$1.35 million respectively.

INTERNATIONAL DEVELOPMENT ASSOCIATION

**Opinion of Independent Auditor**

1707 L STREET, N.W.  
WASHINGTON, D.C. 20036

July 28, 1966

To  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
WASHINGTON, D.C.

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In our opinion, the accompanying financial statements present fairly, in terms of United States currency, the financial position of International Development Association at June 30, 1966, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included review of the allocation of expenses incurred jointly with International Bank for Reconstruction and Development, tests of the accounting records and such other auditing procedures as we considered necessary.

PRICE WATERHOUSE & CO.

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**FINANCIAL STATEMENTS COVERED BY THE FOREGOING OPINION**

Statement of Condition.....	appendix A (page 66)
Comparative Statement of Income and Expenses.....	appendix B (page 67)
Statement of Holdings of Currencies and Obligations.....	appendix C (page 68)
Summary Statement of Development Credits.....	appendix D (page 70)
Statement of Subscriptions, Voting Power and Supplementary Resources.....	appendix E (page 71)
Notes to Financial Statements.....	appendix F (page 73)



## Bank/IDA Appendices

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*appendix 1*

**Bank Loans and IDA Credits  
CUMULATIVE TOTAL**

*Millions of U.S. Dollars, initial commitments net of cancellations and refunding.*

<i>Purpose</i>	<i>Total Bank and IDA</i>
<b>Grand Total.....</b>	<b>\$ 10,948.8</b>
ELECTRIC POWER.....	\$ 3,368.5
TRANSPORTATION.....	\$ 3,781.9
Railroads.....	1,632.1
Roads.....	1,594.9
Shipping.....	12.0
Ports and Waterways.....	406.9
Airlines and Airports.....	56.9
Pipelines.....	79.0
TELECOMMUNICATIONS.....	\$ 163.0
AGRICULTURE, FORESTRY AND FISHING.....	\$ 1,003.9
Farm Mechanization.....	161.7
Irrigation and Flood Control.....	639.7
Land Clearance, Farm Improvement, etc.....	62.7
Crop Processing and Storage.....	32.2
Livestock Improvement.....	88.7
Forestry and Fishing.....	18.9
INDUSTRY.....	\$ 1,726.2
Iron and Steel.....	380.1
Paper and Pulp.....	132.2
Fertilizer and Other Chemicals.....	82.0
General Industries.....	456.6
Mining.....	197.5
Development Finance Companies.....	477.7
WATER SUPPLY.....	\$ 115.8
EDUCATION PROJECTS.....	\$ 86.1
ENGINEERING LOANS.....	\$ 1.7
GENERAL DEVELOPMENT.....	\$ 205.0
POST-WAR RECONSTRUCTION.....	\$ 496.8

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

# Classified by Purpose and Area

June 30, 1966

## Bank Loans by Area

Total	Africa	Asia and Middle East	Australasia	Europe	Western Hemisphere
\$9,583.6	\$1,244.6	\$3,175.8	\$ 519.8	\$2,081.4	\$2,561.9
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$3,260.3	\$ 405.6	\$ 682.1	\$ 182.3	\$ 576.5	\$1,413.8
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$3,246.2	\$ 545.2	\$1,406.4	\$ 181.4	\$ 394.9	\$ 718.3
1,385.6	338.0	620.4	79.3	172.4	175.5
1,333.2	119.6	544.0	50.9	116.5	502.2
12.0	—	—	—	12.0	—
379.5	37.6	207.4	7.1	86.9	40.6
56.9	—	5.6	44.1	7.2	—
79.0	50.0	29.0	—	—	—
\$ 88.0	\$ 9.2	\$ —	\$ —	\$ 0.2	\$ 78.6
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 744.9	\$ 79.9	\$ 258.0	\$ 103.4	\$ 87.8	\$ 215.7
133.7	4.1	2.0	89.4	2.0	36.2
447.3	47.5	233.9	6.0	73.3	86.7
56.4	26.4	13.6	6.0	2.2	8.3
11.0	1.1	—	—	4.2	5.7
77.6	0.9	1.0	—	—	75.7
18.9	—	7.6	2.0	6.2	3.1
\$1,479.8	\$ 163.0	\$ 721.4	\$ 52.7	\$ 431.2	\$ 111.5
380.1	—	314.0	13.4	22.7	30.0
132.2	—	4.2	1.1	106.9	20.0
82.0	—	25.0	0.3	56.8	—
235.1	20.5	5.2	23.8	171.0	14.7
197.5	101.0	48.6	14.2	11.9	21.8
452.8	41.5	324.4	—	61.9	25.0
\$ 52.2	\$ —	\$ 27.0	\$ —	\$ 3.9	\$ 21.3
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 8.8	\$ —	\$ 6.0	\$ —	\$ —	\$ 2.8
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 1.7	\$ 1.7	\$ —	\$ —	\$ —	\$ —
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 205.0	\$ 40.0	\$ 75.0	\$ —	\$ 90.0	\$ —
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 496.8	\$ —	\$ —	\$ —	\$ 496.8	\$ —
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

## IDA Credits by Area

Total	Africa	Asia and Middle East	Europe	Western Hemisphere
\$1,365.2	\$ 145.1	\$1,046.4	\$ 65.7	\$ 108.0
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 108.2	\$ —	\$ 67.5	\$ 25.7	\$ 15.0
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 535.7	\$ 75.4	\$ 381.4	\$ —	\$ 78.9
246.5	—	246.5	—	—
261.7	75.4	107.5	—	78.9
—	—	—	—	—
27.4	—	27.4	—	—
—	—	—	—	—
—	—	—	—	—
\$ 75.0	\$ —	\$ 75.0	\$ —	\$ —
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 259.0	\$ 20.8	\$ 207.1	\$ 20.0	\$ 11.1
28.0	1.0	27.0	—	—
192.4	13.0	159.4	20.0	—
6.3	4.8	1.5	—	—
21.2	2.0	19.2	—	—
11.1	—	—	—	11.1
—	—	—	—	—
\$ 246.4	\$ —	\$ 226.4	\$ 20.0	\$ —
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 63.6	\$ 1.1	\$ 59.5	\$ —	\$ 3.0
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 77.3	\$ 47.8	\$ 29.5	\$ —	\$ —
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ —	\$ —	\$ —	\$ —	\$ —
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ —	\$ —	\$ —	\$ —	\$ —
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**appendix 2**

**Bank Loans and IDA Credits by Country**

JUNE 30, 1966

Country	Bank Loans		IDA Credits		Total	
	Number	Amount*	Number	Amount*	Number	Amount*
Afghanistan.....	—	\$ —	1	\$ 3,500,000	1	\$ 3,500,000
Algeria.....	3	80,500,000	—	—	3	80,500,000
Argentina.....	2	125,351,234	—	—	2	125,351,234
Australia.....	7	417,730,000	—	—	7	417,730,000
Austria.....	9	104,860,083	—	—	9	104,860,083
Basutoland.....	—	—	1	4,100,000	1	4,100,000
Bechuanaland.....	—	—	1	3,600,000	1	3,600,000
Belgium.....	4	76,000,000	—	—	4	76,000,000
Bolivia.....	—	—	2	15,000,000	2	15,000,000
Brazil.....	16	395,534,660	—	—	16	395,534,660
Burma.....	3	33,289,050	—	—	3	33,289,050
Burundi.....	1	4,800,000	1	1,100,000	2	5,900,000
Ceylon.....	3	38,299,409	—	—	3	38,299,409
Chile.....	13	143,304,456	1	19,000,000	14	162,304,456
China.....	3	42,546,796	4	13,202,384	7	55,749,180
Colombia.....	27	430,605,441	1	19,500,000	28	450,105,441
Congo, Democratic Republic of.....	5	91,582,854	—	—	5	91,582,854
Costa Rica.....	7	47,676,356	1	5,500,000	8	53,176,356
Cyprus.....	1	20,451,200	—	—	1	20,451,200
Denmark.....	3	85,000,000	—	—	3	85,000,000
Ecuador.....	7	54,000,000	1	8,000,000	8	62,000,000
El Salvador.....	7	50,279,769	1	8,000,000	8	58,279,769
Ethiopia.....	8	56,700,000	2	20,700,000	10	77,400,000
Finland.....	13	221,580,180	—	—	13	221,580,180
France.....	1	250,000,000	—	—	1	250,000,000
Gabon.....	2	47,000,000	—	—	2	47,000,000
Ghana.....	1	47,000,000	—	—	1	47,000,000
Guatemala.....	1	18,200,000	—	—	1	18,200,000
Guinea.....	1	1,700,000	—	—	1	1,700,000
Guyana.....	1	919,017	—	—	1	919,017
Haiti.....	1	2,600,000	1	349,855	2	2,949,855
Honduras.....	5	25,917,613	2	12,500,000	7	38,417,613
Iceland.....	6	7,914,000	—	—	6	7,914,000
India.....	34	971,905,798	19	675,470,000	53	1,647,375,798
Iran.....	8	263,199,991	—	—	8	263,199,991
Iraq.....	1	6,293,946	—	—	1	6,293,946
Israel.....	4	94,500,000	—	—	4	94,500,000
Italy.....	8	398,028,000	—	—	8	398,028,000
Ivory Coast <sup>(a)</sup> .....	1	7,091,567	—	—	1	7,091,567
Jamaica.....	2	27,500,000	—	—	2	27,500,000
Japan.....	30	757,041,004	—	—	30	757,041,004
Jordan.....	—	—	3	8,500,000	3	8,500,000
Kenya <sup>(b)</sup> .....	3	52,000,000	3	10,300,000	6	62,300,000
Korea.....	—	—	1	13,992,924	1	13,992,924
Lebanon.....	1	27,000,000	—	—	1	27,000,000
Liberia.....	2	4,250,000	—	—	2	4,250,000
Luxembourg.....	1	11,761,983	—	—	1	11,761,983

(Continued)

**appendix 2**

**Bank Loans and IDA Credits by Country** *(Continued)*

JUNE 30, 1966

Country	Bank Loans		IDA Credits		Total	
	Number	Amount*	Number	Amount*	Number	Amount*
Malaysia.....	4	\$ 133,500,000	—	\$ —	4	\$ 133,500,000
Mali <sup>(a)</sup> .....	—	—	—	—	—	—
Malta.....	1	7,500,000	—	—	1	7,500,000
Mauritania.....	1	66,000,000	1	6,700,000	2	72,700,000
Mauritius.....	1	6,973,119	—	—	1	6,973,119
Mexico.....	18	625,327,888	—	—	18	625,327,888
Morocco.....	4	60,000,000	1	11,000,000	5	71,000,000
Netherlands.....	10	236,451,985	—	—	10	236,451,985
New Zealand.....	4	102,114,000	—	—	4	102,114,000
Nicaragua.....	12	35,742,003	1	3,000,000	13	38,742,003
Niger.....	—	—	1	1,500,000	1	1,500,000
Nigeria.....	6	185,500,000	2	35,500,000	8	221,000,000
Norway.....	6	145,000,000	—	—	6	145,000,000
Pakistan.....	21	391,009,630	20	323,240,000	41	714,249,630
Panama.....	5	18,047,426	—	—	5	18,047,426
Paraguay.....	4	11,538,990	3	17,100,000	7	28,638,990
Peru.....	21	191,426,732	—	—	21	191,426,732
Philippines.....	8	110,788,459	—	—	8	110,788,459
Portugal.....	5	57,500,000	—	—	5	57,500,000
Rhodesia <sup>(c)</sup> .....	3	86,950,000	—	—	3	86,950,000
Senegal <sup>(a)</sup> .....	—	—	—	—	—	—
Sierra Leone.....	1	3,800,000	—	—	1	3,800,000
Singapore.....	2	21,800,000	—	—	2	21,800,000
Somalia.....	—	—	1	6,200,000	1	6,200,000
South Africa.....	10	221,800,000	—	—	10	221,800,000
Spain.....	3	138,000,000	—	—	3	138,000,000
Sudan.....	4	105,000,000	1	13,000,000	5	118,000,000
Swaziland.....	1	4,200,000	1	2,800,000	2	7,000,000
Syria.....	—	—	1	8,500,000	1	8,500,000
Tanzania <sup>(b)</sup> .....	1	24,000,000	3	23,600,000	4	47,600,000
Thailand.....	15	228,147,572	—	—	15	228,147,572
Trinidad & Tobago.....	1	23,500,000	—	—	1	23,500,000
Tunisia.....	2	12,000,000	1	5,000,000	3	17,000,000
Turkey.....	6	60,684,967	6	65,698,058	12	126,383,025
Uganda <sup>(b)</sup> .....	1	8,400,000	—	—	1	8,400,000
United Arab Republic.....	1	56,500,000	—	—	1	56,500,000
Upper Volta <sup>(a)</sup> .....	—	—	—	—	—	—
Uruguay.....	6	102,163,116	—	—	6	102,163,116
Venezuela.....	6	232,300,000	—	—	6	232,300,000
Yugoslavia.....	8	260,700,000	—	—	8	260,700,000
Zambia <sup>(c)</sup> .....	3	67,350,000	—	—	3	67,350,000
<b>Total</b>	461	\$9,583,630,294	89	\$1,365,153,221	550	\$10,948,783,515

(a) Loans shared with other countries marked (a).

(b) Loans shared with other countries marked (b).

(c) Loans shared with other countries marked (c).

\*Net of cancellations, refundings and terminations.

**appendix 3**

## **Administrative Budgets of the Bank and IDA**

FOR THE FISCAL YEAR ENDING JUNE 30, 1967

	<i>Actual Expenses 1966</i>			<i>Budget 1967</i>		
	<i>Bank</i>	<i>IDA</i>	<i>Total</i>	<i>Bank</i>	<i>IDA</i>	<i>Total</i>
<b>REGULAR OPERATIONS</b>						
BOARD OF GOVERNORS.....	\$ 578,429	\$ —	\$ 578,429	\$ 669,000	\$ —	\$ 669,000
EXECUTIVE DIRECTORS.....	1,079,521	—	1,079,521	1,274,000	—	1,274,000
STAFF						
Personal Services.....	\$ 10,469,574	\$ 2,044,829	\$ 12,514,403	\$ 12,676,000	\$ 2,672,000	\$ 15,348,000
Staff Benefits.....	1,755,068	294,750	2,049,818	2,138,000	405,000	2,543,000
Travel.....	2,400,306	432,764	2,833,070	2,581,000	491,000	3,072,000
Consultants.....	755,895	69,632	825,527	630,000	100,000	730,000
Representation.....	133,729	1,886	135,615	150,000	2,000	152,000
	<b>\$ 15,514,572</b>	<b>\$ 2,843,861</b>	<b>\$ 18,358,433</b>	<b>\$ 18,175,000</b>	<b>\$ 3,670,000</b>	<b>\$ 21,845,000</b>
RESIDENT MISSIONS.....	379,173	—	379,173	475,000	—	475,000
COOPERATIVE PROGRAM WITH FAO.....	177,161	14,528	191,689	222,000	17,000	239,000
COOPERATIVE PROGRAM WITH UNESCO....	19,658	3,467	23,125	24,000	7,000	31,000
<b>OTHER ADMINISTRATIVE EXPENSES</b>						
Fees and Compensation.....	\$ 367,886	\$ 21,819	\$ 389,705	\$ 481,000	\$ 24,000	\$ 505,000
Supplies and Material.....	193,236	31,557	224,793	241,000	47,000	288,000
Office Occupancy.....	1,407,816	212,220	1,620,036	1,549,000	314,000	1,863,000
Communications.....	704,908	115,289	820,197	841,000	167,000	1,008,000
Furniture and Equipment.....	419,769	70,739	490,508	561,000	113,000	674,000
Printing.....	358,634	22,463	381,097	420,000	30,000	450,000
Books and Library Services.....	213,777	—	213,777	269,000	—	269,000
Insurance.....	96,378	22,106	118,484	122,000	27,000	149,000
Other.....	28,262	—	28,262	27,000	—	27,000
	<b>\$ 3,790,666</b>	<b>\$ 496,193</b>	<b>\$ 4,286,859</b>	<b>\$ 4,511,000</b>	<b>\$ 722,000</b>	<b>\$ 5,233,000</b>
CONTINGENCY.....	—	—	—	200,000	50,000	250,000
Total Regular Operations.....	<b>\$ 21,539,180</b>	<b>\$ 3,358,049</b>	<b>\$ 24,897,229</b>	<b>\$ 25,550,000</b>	<b>\$ 4,466,000</b>	<b>\$ 30,016,000</b>
<b>SERVICES TO MEMBER COUNTRIES</b>						
Sector and Feasibility Studies.....	\$ 3,929,028	\$ —	\$ 3,929,028	\$ 1,683,000	\$ —	\$ 1,683,000
Economic Missions in Depth.....	585,621	—	585,621	920,000	—	920,000
General Survey Missions.....	170,144	—	170,144	22,000	—	22,000
Resident Missions.....	758,379	—	758,379	950,000	—	950,000
Advisory Missions.....	164,925	—	164,925	153,000	—	153,000
Cooperative Program with FAO.....	479,625	—	479,625	616,000	—	616,000
Cooperative Program with UNESCO....	126,363	—	126,363	370,000	—	370,000
Economic Development Institute.....	1,134,050	—	1,134,050	1,479,000	—	1,479,000
Training Program.....	16,716	—	16,716	40,000	—	40,000
Settlement of Investment Disputes....	10,782	—	10,782	—	—	—
Joint Coffee Study.....	100,000	—	100,000	105,000	—	105,000
Other Services.....	792,863	—	792,863	764,000	—	764,000
Total Services to Member Countries.	<b>\$ 8,268,496</b>	<b>\$ —</b>	<b>\$ 8,268,496</b>	<b>\$ 7,102,000</b>	<b>\$ —</b>	<b>\$ 7,102,000</b>
<b>Totals</b>	<b>\$ 29,807,676</b>	<b>\$ 3,358,049</b>	<b>\$ 33,165,725</b>	<b>\$ 32,652,000</b>	<b>\$ 4,466,000</b>	<b>\$ 37,118,000</b>

The Administrative Budgets for the fiscal year ending June 30, 1967 were prepared by the President and approved by the Executive Directors in accordance with the By-Laws of the Bank and IDA. For purposes of comparison the administrative expenses incurred during the fiscal year ended June 30, 1966 are also shown.

## appendix 4

### Governors and Alternates of the Bank and IDA

JUNE 30, 1966

<i>Member</i>	<i>Governor</i>	<i>Alternate</i>
Afghanistan.....	Abdullah Yaftaly	Zia H. Noorzoy
Algeria.....	Ahmed Kaid	Kamal Abdellah-Khodja
Argentina.....	Felipe Santino Tami <sup>1</sup>	Antonio Micele <sup>1</sup>
Australia.....	William McMahon	Sir Roland Wilson
Austria.....	Wolfgang Schmitz	Hugo Rottky
Belgium.....	R. Henrion	Hubert Ansiaux
Bolivia.....	Luis Arce Pacheco	Enrique Vargas Guzmán
Brazil.....	Octavio Gouvêa de Bulhões	Denio Chagas Nogueira
Burma.....	U Kyaw Nyein	U Kyaw Nyun
Burundi.....	Eric Manirakiza	Bernard de Martín-Donos <sup>1</sup>
Cameroon.....	Laurent Ntamatag	Joseph N. Owono <sup>1</sup>
Canada.....	Mitchell Sharp	A. B. Hockin
Central African Republic.....	B. C. Ayandho	A. Zanife
Ceylon.....	U. B. Wanninayake	H. Jinadasa Samarakkody
Chad.....	Georges Diguimbaye	Boukar Abdoul
Chile.....	Carlos Massad Abud	Jorge Marshall Silva
China.....	Ching-yu Chen	Kuo-Hwa Yu
Colombia.....	Joaquín Vallejo	Jorge Mejía-Salazar
Congo (Brazzaville).....	Bernard Banza Bouiti	Jean Moumbouli <sup>1</sup>
Congo, Democratic Republic of.....	J. J. Litho	Paul Mushiete
Costa Rica.....	Raúl Hess	Alvaro Vargas E.
Cyprus.....	Renos Solomides	M. E. Guven
Dahomey.....	Christian Vieyra	Stanislas Kpognon
Denmark.....	Otto Müller	Karl Otto Bredahl
Dominican Republic.....	Diógenes H. Fernández	Luis M. Guerrero Gómez
Ecuador.....	Marco Tulio González	Gustavo Larrea Córdova
El Salvador.....	Francisco Aquino h.	Abelardo Torres
Ethiopia.....	Yilma Deressa	Bulcha Demeksa
Finland.....	Mauno Koivisto	Esko Rekola
France.....	Minister of Finance	Bernard Clappier
Gabon.....	André Gustave Anguilé	Michel Abessolo
Germany, Federal Republic of.....	Kurt Schmücker	Rolf Dahlgrün
Ghana.....		Albert Adomakoh
Greece.....	Constantine Mitsotakis	N. N. Porphyrogenis
Guatemala.....	Alberto Fuentes Mohr <sup>1</sup>	Francisco Fernández Rivas <sup>1</sup>
Guinea <sup>2</sup> .....	Moussa Diakite	Mamadou Fofana
Haiti.....	Hervé Boyer	Antonio André
Honduras.....	Manuel Acosta Bonilla	Ricardo Zúñiga Augustinus
Iceland.....	Gylfi Gíslason	Magnús Jónsson
India.....	Sachindra Chaudhuri	S. Bhoothalingam
Iran.....	Jamshid Amouzegar	Jahangir Amouzegar
Iraq.....	Shukri Salih Zaki	Abdul Rahman Al-Habeeb
Ireland.....	John Lynch	T. K. Whitaker
Israel.....	David Horowitz	Jacob Arnon
Italy.....	Guido Carli	Paolo Baffi
Ivory Coast.....	Konan Bédié	Mohamed Diawara
Jamaica <sup>2</sup> .....	D. B. Sangster	G. Arthur Brown
Japan.....	Takeo Fukuda	Makoto Usami
Jordan.....	Hatim S. Zu'bi	Najim Eldin Dajani
Kenya.....	J. S. Gichuru	John Njoroge Michuki
Korea.....	Chung Yum Kim	Se Ryun Kim
Kuwait.....	Sabah Al-Ahmad Al-Sabah	Abdlatif Y. Al-Hamad
Laos.....	Sisouk Na Champassak	Oudong Souvannavong

(Continued)

## appendix 4

### Governors and Alternates of the Bank and IDA *(Continued)*

<i>Member</i>	<i>Governor</i>	<i>Alternate</i>
Lebanon.....	André Tuéni	Raja Himadeh
Liberia.....	Charles Dunbar Sherman	Frank J. Stewart
Libya.....	Shamsiddin Mohsen	K. M. Sherlala
Luxembourg.....	Pierre Werner	Pierre Guill
Malagasy Republic.....	Rakotovao Ralison	Louis Rakotomalala
Malawi.....	J. Z. U. Tembo	R. J. C. Wait
Malaysia.....	Tan Siew Sin	Mohamed Sharif bin Abdul Samad
Mali.....	Louis-Pascal Nègre	
Mauritania.....	Mamadou Wane Birane	Moktar Ould Haiba
Mexico.....	Antonio Ortiz Mena	José Hernández Delgado
Morocco.....	Mamoun Tahiri	Mohamed Benkirane
Nepal.....	Surya Bahadur Thapa	Yadav Prasad Pant
Netherlands.....	A. Vondeling	J. H. O. Count van den Bosch
New Zealand <sup>2</sup> .....	D. W. A. Barker	N. V. Lough
Nicaragua.....	Guillermo Sevilla-Sacasa	Silvio Argüello Cardenal
Niger.....	Barkire Alidou	Karimou Goukoye
Nigeria.....	Abdul Aziz Atta	Ibrahim Maina Damcida
Norway.....	Kåre Willoch	Christian Brinch
Pakistan.....	Mohamed Shoaib	Ghulam Ishaq <sup>1</sup>
Panama.....	David Samudio A.	Carlos Velarde
Paraguay.....	César Romeo Acosta	Oscar Stark Rivarola
Peru.....	Celso Pastor	Tulio De Andrea
Philippines.....	Andres V. Castillo	Roberto S. Benedicto
Portugal <sup>2</sup> .....	Ulises Cortez <sup>1</sup>	Luis M. Teixeira Pinto
Rwanda.....	Gaspard Cyimana	Leon Mbarushimana
Saudi Arabia.....	Ahmed Zaki Saad	Ibrahima Tal
Senegal.....	Habib Thiam	Sheikh Batu Daramy
Sierra Leone.....	R. G. O. King	Francesco Palamenghi-Crispi
Somalia.....	Ali Omar Scego	Gerard Rissik
South Africa.....	T. E. Dönges	
Spain.....	Juan José Espinosa	Mariano Navarro Rubio
Sudan.....	Hussein El Sharif Yousif El Hindi	Sayed Abdel Rahim Mirghani
Sweden.....	G. E. Sträng	N. G. Lange
Syrian Arab Republic.....	Mouaffaq Shourbaji	Abdul Hadi Nehlawi
Tanzania.....	A. H. Jamal	A. J. Nsekela
Thailand.....	Serm Vinichayakul	Bisudhi Nimmanahaeminda
Togo.....	Boukari Djobo	Jean B. Tevi
Trinidad and Tobago <sup>2</sup> .....	A. N. R. Robinson	William Demas
Tunisia.....	Ahmed Ben Salah	Ali Zouaoui
Turkey.....	Ihsan Gursan	Zeyyat Baykara
Uganda.....	Laurence Kalule-Settala	A. J. P. M. Ssentongo
United Arab Republic.....	Abdel Moneim El Kaisouni	Hamed Abdel Latif El Sayeh
United Kingdom.....	L. K. O'Brien <sup>1</sup>	Sir Denis Rickett
United States.....	Henry H. Fowler	Thomas C. Mann
Upper Volta.....	Pierre-Claver Damiba	Pierre Tahita
Uruguay <sup>2</sup> .....	Dardo Ortiz	Héctor Lorenzo Ríos
Venezuela <sup>2</sup> .....	Rafael Alfonzo Ravard	Eloy Anzola Montauban
Viet-Nam.....	Nguyễn Huu Hanh <sup>1</sup>	Nguyễn Van Dong <sup>1</sup>
Yugoslavia.....	Kiro Gligorov	Milenko Bojanic
Zambia.....	A. N. L. Wina	Lishomwa Mubita Lishomwa

<sup>1</sup>Appointment effective after June 30, 1966.

<sup>2</sup>Not a member of IDA.

**appendix 5**

**Bank/IDA Executive Directors and Alternates of the Bank and IDA and Their Voting Power**

JUNE 30, 1966

<i>Executive Director</i>	<i>Alternate</i>	<i>Casting Votes of</i>	<i>Total Votes</i>	
			<i>Bank</i>	<i>IDA</i>
<b>A P P O I N T E D</b>				
Livingston T. Merchant	Bernard Zagorin	United States.....	63,750	64,558
J. M. Stevens	Robert E. Radford	United Kingdom.....	26,250	26,728
Otto Donner	Helga Steeg	Germany, Federal Republic of.....	13,050	11,092
René Larre	Jean Malaplate	France.....	10,750	11,092
K. S. Sundara Rajan	S. Guhan	India.....	8,250	8,570
<b>E L E C T E D</b>				
Joaquín Gutiérrez Cano (Spain)	Felice Gianani (Italy)	Italy, Spain, Portugal, Greece.....	11,627	7,654
Gengo Suzuki (Japan)	Chalong Pungtrakul (Thailand)	Japan, Thailand, Ceylon, Burma, Nepal.....	11,316	10,934
M. W. O'Donnell (Australia)	T. J. Bartley (Australia)	Australia, South Africa, New Zealand <sup>1</sup> , Viet-Nam.....	10,430	7,856
Mumtaz Mirza (Pakistan)	Ali Akbar Khosropur <sup>2</sup> (Iran)	Pakistan, United Arab Republic, Iran, Saudi Arabia, Kuwait, Iraq, Syrian Arab Republic, Jordan, Lebanon.....	9,720	10,346
L. Denis Hudon (Canada)	Patrick M. Reid (Canada)	Canada, Ireland, Jamaica <sup>1</sup> .....	9,423	9,172
André van Campenhout (Belgium)	Othmar Haushofer (Austria)	Belgium, Austria, Turkey, Korea, Luxembourg.....	9,217	6,645
Pieter Lieftinck (Netherlands)	Zoran Zagar (Yugoslavia)	Netherlands, Yugoslavia, Israel, Cyprus.....	8,676	8,844
Vilhjálmur Thor (Iceland)	Odd Hökkedal (Norway)	Sweden, Denmark, Norway, Finland, Iceland.....	8,466	8,396
Reignson C. Chen (China)		China.....	7,750	6,552
John Mamman Garba (Nigeria)	S. Othello Coleman (Liberia)	Nigeria, Congo (Democratic Republic of), Sudan, Kenya, Tanzania, Uganda, Trinidad and Tobago <sup>1</sup> , Guinea <sup>1</sup> , Mali, Burundi, Liberia, Sierra Leone, Ethiopia.....	7,306	8,716
Jorge Mejía-Palacio (Colombia)	José Camacho (Colombia)	Brazil, Philippines, Colombia, Ecuador, Dominican Republic.....	7,220	8,190
Luis Machado (Cuba)	Rufino Gil <sup>3</sup> (Costa Rica)	Mexico, Venezuela <sup>1</sup> , Peru, Haiti, Costa Rica, El Salvador, Guatemala, Panama, Honduras, Nicaragua.....	7,031	7,058
Manuel San Miguel (Argentina)	Juan Haus-Solís (Bolivia)	Argentina, Chile, Uruguay <sup>1</sup> , Bolivia, Paraguay.....	6,466	6,744
Abderrahman Tazi (Morocco)	Taoufik Smida (Tunisia)	Malaysia, Algeria, Morocco, Ghana, Afghanistan, Tunisia, Libya, Laos.....	6,200	7,294
Mohamed Nassim Kochman (Mauritania)	Said Mohamed Ali (Somalia)	Senegal, Cameroon, Ivory Coast, Malagasy Republic, Rwanda, Somalia, Togo, Central African Republic, Chad, Congo (Brazzaville), Dahomey, Gabon, Mauritania, Niger, Upper Volta...	5,933	9,698

In addition to the Executive Directors and Alternates shown in the foregoing list, the following also served as Executive Director or Alternate after June 30, 1965:

<i>Executive Director</i>	<i>End of Period of Service</i>	<i>Alternate</i>	<i>End of Period of Service</i>
John C. Bullitt (United States)	August 10, 1965	Sergio Siglienti (Italy)	August 16, 1965
John M. Garland (Australia)	January 17, 1966	A. J. J. van Vuuren (South Africa)	August 31, 1965
		Aleksandar Bogoev (Yugoslavia)	September 15, 1965
		Chedly Ayari (Tunisia)	October 14, 1965
		A. M. de Villiers (South Africa)	March 6, 1966

<sup>1</sup>Not a member of IDA.

<sup>2</sup>Succeeded by Abdol-Ali Jahanshahi (Iran), effective July 5, 1966.

<sup>3</sup>Resigned with effect from August 11, 1966.

*appendix 6*

## **Principal Officers of the Bank and IDA**

(August 1, 1966)

George D. Woods.....*President*

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

S. Aldewereld\*.....*Vice President and Director, Projects Department*

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

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

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

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

John H. Adler.....*Director, Economic Development Institute*

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

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

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

Robert W. Cavanaugh.....*Treasurer*

Bernard Chadenet.....*Associate Director, Projects Department*

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

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

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

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

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

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

Michael L. Lejeune.....*Director of Administration*

M. M. Mendels.....*Secretary*

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

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

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

Alexander Stevenson.....*Associate Director, Asia Department*





1947 1948 1949 1950 1951 1952 1953 1954 1955 1956

*Year*

1957 1958 1959 1960 1961 1962 1963 1964 1965

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Paris 16e, France  
Telephone: KLEber 25-10*

## **LONDON OFFICE**

*New Zealand House  
Haymarket  
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IDA: INDEVAS*