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INTERNATIONAL
BANK
FOR RECONSTRUCTION
AND DEVELOPMENT

EIGHTH ANNUAL REPORT

1952-1953

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

EIGHTH ANNUAL REPORT

TO THE BOARD OF GOVERNORS

1952-1953



WASHINGTON, D. C.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

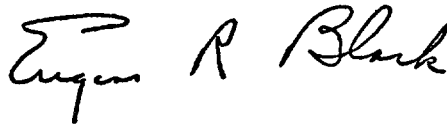
September 9, 1953

My dear Mr. Chairman:

In accordance with Section 10 of the By-Laws of the International Bank for Reconstruction and Development, I have been authorized by the Executive Directors to submit to the Board of Governors this Eighth Annual Report of the Bank. The report includes financial statements as of June 30, 1953, based on an audit of the accounts of the Bank made pursuant to Section 19 of the By-Laws. It also incorporates, pursuant to Section 19 of the By-Laws, an administrative budget for the fiscal year ending June 30, 1954.

The report as a whole covers the Bank's activities for the fiscal year beginning July 1, 1952 and ending June 30, 1953.

Sincerely yours,

A handwritten signature in black ink, reading "Eugene R. Black". The signature is written in a cursive style with a large, stylized "E" and "B".

EUGENE R. BLACK,
President.

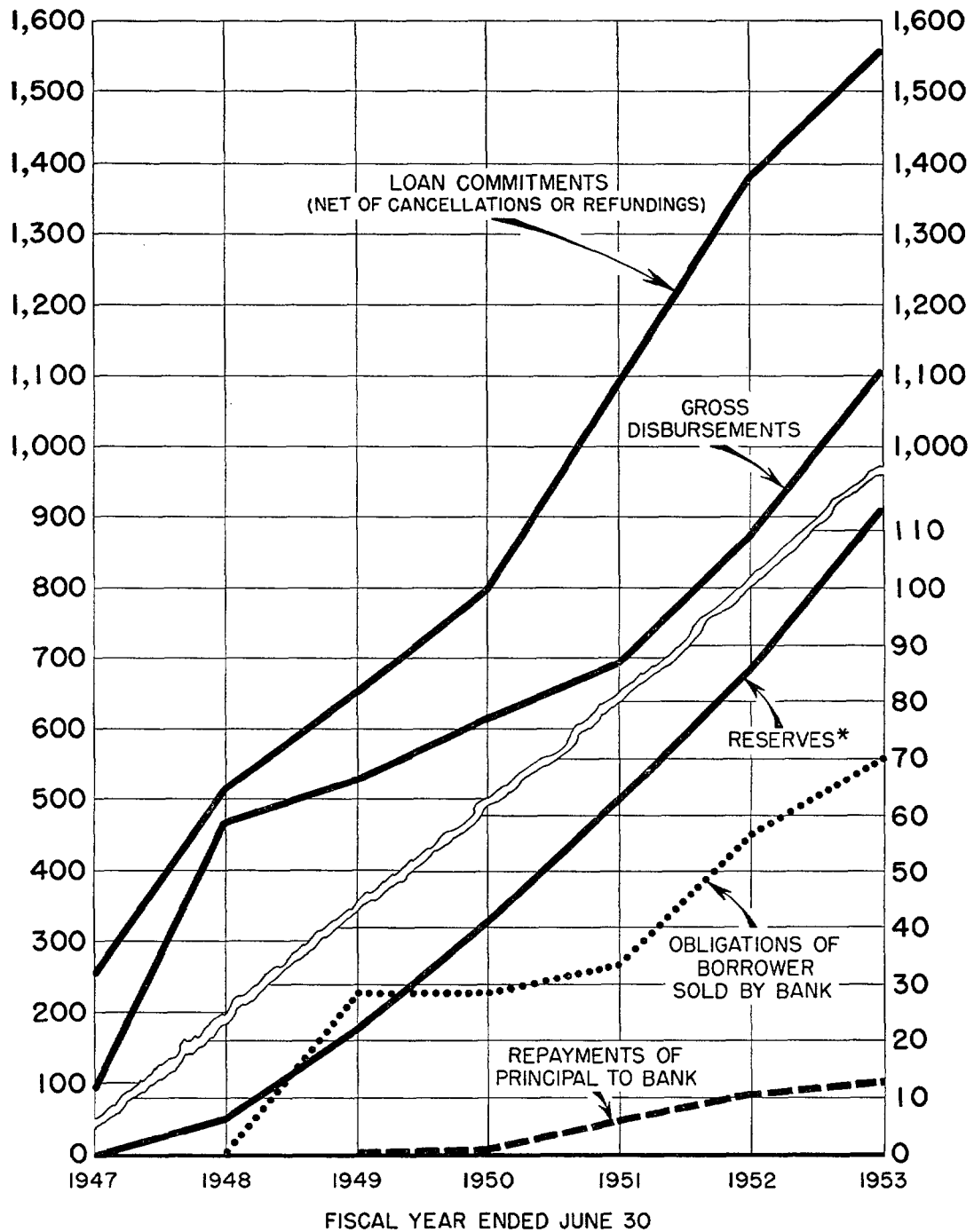
Chairman, Board of Governors,
International Bank for Reconstruction and Development.

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GROWTH OF THE BANK

(CUMULATIVE TOTALS EXPRESSED IN MILLIONS OF U.S. DOLLARS)



*Net income appropriated to Supplemental Reserve and commissions appropriated to Special Reserve

Summary—The Bank's Year in Review

Membership and Capital Subscriptions

Three more countries joined the Bank during the fiscal year; Germany, Japan, and Jordan became members in August 1952. Membership was thus increased from 51 to 54, and total subscribed capital to the equivalent of over \$9,036 million.

Lending Operations

During the year the Bank made ten loans in nine countries amounting to the equivalent of \$178.6 million. This brought the total of Bank lending to date to \$1,591 million in 29 countries.

Two of the year's loans were made in support of a broad range of economic projects. Agriculture, basic industries and transport benefited from a loan to Australia. In Yugoslavia, the Bank supported a group of projects expected to be of special value in improving the country's balance of payments.

Specific key industries were helped by Bank lending for iron and steel production in India, for wood-products industries in Finland and for a fertilizer plant in Iceland. Another loan made to India during the year is assisting the development program for the Damodar Valley; this program will help to provide more power for industry, and water supply and flood protection for agriculture. In Peru, agriculture will benefit from a loan for farm machinery. Transportation, essential to both agriculture and industry, will be improved by loans in Colombia, Northern Rhodesia and Brazil.

Non-dollar lending was larger in relation to the year's total than in any earlier year. The Bank's loans to Yugoslavia, Finland and Iceland were in European currencies, and service will be in these currencies and not in dollars.

Disbursements

Disbursements on new and existing loans, which were at the highest rate reached since the Bank's development lending began, amounted to the equivalent of \$226.8 million. Total disbursements now stand at \$1,103 million.

With an improved supply position outside the United States, currencies other than United States dollars played a larger part than hitherto in the Bank's disbursements. Of the year's total disbursements, the equivalent of \$39.6 million was in these currencies and accounted for 17% of the year's total. Of total disbursements \$144.1 million was spent in the United States and \$82.7 million (over 36%) in other countries.

Financial Position

Resources available for lending were augmented by the sale, in October 1952, of \$60 million of the Bank's bonds in the United States. No further issues were made during the year in the United States, where there was a sharp increase in the cost of borrowing.

Funds were raised outside the United States when, for the second and third time, public offerings were negotiated in Switzerland. A sum of 50 million Swiss francs (approximately \$11.6 million) was raised in November 1952, and arrangements for another issue of equal size were completed in June 1953.

Funds available for new loans were also increased by the sale of the equivalent of \$13.6 million of securities from the Bank's portfolio, \$8.3 million with its guarantee and \$5.3 million without.

The Bank's resources of non-dollar funds were increased during the year by further releases

from the capital subscriptions paid in by members in their own currencies. The equivalent of \$26.6 million was released in this way. In addition, the United Kingdom agreed, subject to consultation, to make up to £60 million (\$168 million) available for disbursement by the Bank for projects in Commonwealth countries of the sterling area over a six-year period.

The net income resulting from the Bank's operations during the year was \$18.5 million. This sum was added to a supplemental reserve which at the end of the year amounted to \$76.5 million. The special reserve rose to \$37.2 million, making the Bank's total reserve from operations \$113.7 million.

All debt service charges and principal repayments due to the Bank were promptly met during the year. Repayments of principal received during the year, including advance payments, amounted to \$2.3 million, bringing the total to \$12.7 million.

The chart facing the first page of this summary shows, in addition to the cumulative total of loan commitments and disbursements, repayments of principal, sales of borrowers' obligations, and the growth of reserves.

Advisory Services

In addition to its loan operations, the Bank has been active in helping its members to assess their economic potential and to prepare programs of development. The general survey mission remains the Bank's main way of performing services of this kind, and the reports prepared are being widely used as a basis for further action by Governments concerned. The tenth survey mission, to British Guiana, was carried out during the first part of 1953. The report of the mission to Ceylon was presented to the Government in July 1952, and the report of the mission to Jamaica in December of that year.

Apart from its general survey missions, the Bank sent specialized missions to advise on particular problems in a number of its member countries. Methods of mobilizing domestic capital and of establishing credit institutions to stimulate development have been investigated in Cuba, Iceland, Lebanon and Nicaragua. A study of measures to encourage the further growth of the capital market in Colombia was completed and presented to the Government. The Bank continued to assist in the technical examination being conducted jointly by India and Pakistan, of measures to increase the use of water from the Indus River system. Advice has also been given to member countries on a wide range of problems directly connected with the Bank's lending operations.

Two missions sponsored by the Bank, jointly with other bodies, reported during the year. The mission to Chile, organized in conjunction with the Food and Agriculture Organization, presented its recommendations to the Government on an agricultural development program. In Mexico, a study of long-term economic trends and capital requirements was concluded by a working party composed of Bank and Mexican economists.

International Finance Corporation

Examination of the proposal to set up an International Finance Corporation was continued during the year. As proposed, the Corporation would be an affiliate of the Bank; it would make loans to private enterprise without government guarantee and would participate with private capital in equity investment. A report on this subject, made by the Bank in May 1953, stated that the member countries upon whom the proposed corporation would have to depend for the bulk of its funds had not so far shown readiness to commit their capital. The matter is being kept under review, but further action will be deferred until it appears that sufficient financial support is likely to be forthcoming.

Chapter I—Investment Programming In Underdeveloped Countries

The Bank is now beginning its eighth year of work. Since 1946, it has had opportunities to observe the process of economic development in many countries and on almost every level of effort, from village to Cabinet council. Bank officers, staff and consultants have visited nearly all the Bank's 54 member countries and many overseas dependencies as well. Their business has been carried out for a wide variety of purposes: to make broad economic assessments; to consult on major policies affecting development; to study individual projects and examine the possibility of making loans for them; to assist in dealing with problems of management, engineering and finance arising in the course of project execution; to help in the mobilization of local capital; and to gain knowledge of or consult upon many other problems of concern to the Bank and its members.

Many observations by the Bank confirm the widely held belief that the resources of most underdeveloped areas are adequate, if effectively used, to support a substantially higher level of production and income. There are many and complex reasons why these areas have not been more developed. Many cultures, for instance, have placed a low value on material advance and, indeed, some have regarded it as incompatible with more desirable objectives of society and of the individual. The character of government has not always been of a sort to create popular incentives; certain forms of social and economic organization have offered obstructions. In part, the reasons have been physical. Climate and topography have imposed limits on economic growth; distances from centers of technological innovation and capital resources, especially in the past, have been hindrances.

Capital equipment can now readily be sent to most parts of the world; technical skills can be imported. Both the tools and the knowledge needed for development are within reach. But this does not mean, as is too often assumed, that the chief requirement is to finance imports of foreign equipment and to attract foreign technicians. The availability of capital for these purposes cannot, by itself, be expected to remove some of the most important obstacles to economic growth.

To a greater or lesser extent, these obstacles to growth exist everywhere. In one country or another, they include: the lack of traditions of political responsibility; the weakness of economic initiative; low standards of education and training; and insufficient understanding that economic progress requires patience, effort and self-denial. The consequences may be lack of confidence between a government and its people and frequent changes in government policies and personnel; unsound economic and financial policies, dictated by political pressures and often leading to prolonged periods of inflation; a reluctance of important groups to accept necessary economic and social changes; waste of public funds on non-productive activities; and weak administration in government and business. These factors discourage domestic savings, and deter foreign investment.

The interdependence of each aspect of society in the development process is reflected in the fact that, in countries now described as "developed," the era of technological change and rapid economic growth was preceded and accompanied by other changes of great importance. These included the evolution of new ideas concerning man, society and the physical world, and the evolution

of new political and economic institutions that made it possible to apply capital productively and share the benefits of technology among large numbers of people. Not only the printing press and the steam engine, but the school house and the joint venture corporation have their chapters in the still unfolding story of economic development.

The institutions that can promote economic growth cover an extremely wide range. Among a great many developments in this field, the remainder of this Chapter is confined to one: the establishment, in an increasing number of underdeveloped countries, of institutions to weigh government policy and guide government investment in economic development. This is a comparatively new phenomenon. It has been selected for comment because the Bank believes that, in the underdeveloped countries in which much of its work is now centered, organizational innovations of this kind can enhance the effectiveness with which existing resources are used.

The Place of Governmental Programming Units

One of the universal findings of the Bank's missions has been that underdeveloped countries have much to gain from a better direction and balance of investment. The misdirection of financial resources has taken many forms: the investment of money in commodity speculation or idle land; the construction of factories in the absence of markets; the building of a few monumental projects at the cost of more modest but more pervasive programs; the use of public funds for purposes that private investors, given proper incentives, would have been willing to pursue; the lack of foresight that has led to the building of hospitals and universities without adequate concern for the availability of trained doctors, nurses or teachers.

The policies of government are no less important in underdeveloped countries than they are elsewhere. The level of government spending, the tax structure, tariff and monetary policies, among other things, influence the total amount

of investment, the sources from which it comes, and the purposes to which it is put. The government's own share of investment in an underdeveloped country, moreover, commonly amounts to between one-quarter and one-third of the total; it is not only important in itself, but may have a direct effect on what enterprises are possible and profitable in the private sector.

The fact that financial and technical resources are limited in underdeveloped countries makes the most effective use of these resources a pressing necessity. It lays on government a responsibility to develop its own policies and investments so that they will help to stimulate the economy as a whole to greater productivity, increased savings and investment and, as a result, higher living standards.

This does not imply a detailed blueprinting of the economy or even of the government's role in it. Still less does it imply close and coercive economic controls which are more likely to breed new controls than new production. Nor, finally, does it justify the government's diversion of its own financial and technical resources into enterprises for which private capital and management are available, since that will lessen the resources available for providing basic services and utilities that generally lie outside the scope of private initiative.

But a stringency of financial and technical resources does mean that the government should exercise its influence consciously and consistently, rather than inadvertently and sometimes at cross-purposes with itself. A useful instrument in this regard is a broad development program which looks ahead for a period of years, sets out major goals in production and investment, and provides a guide to government decisions on policy, on approximate magnitudes of public investment in different sectors of the economy, and on the choice and timing of individual projects.

The formulation and carrying out of a development program of this kind tries to satisfy five objectives: (a) to review the total of government investment, so that it will neither unduly restrict private investment nor exceed total capital re-

sources and so produce inflation or other unhealthy results; (b) to coordinate development planning within the government, so that projects in one sector will be supported by whatever complementary investment is needed elsewhere; (c) to establish priorities among development objectives and plans to insure the best and most timely use of the finance, manpower and other resources available; (d) to give encouragement by policies and specific measures to the most useful private activities; and (e) to keep fiscal and economic policies consistent with the long-run objectives of economic growth.

Functions

An increasing number of underdeveloped countries have brought some or all of these functions together in a governmental programming unit. Among the units recently established, some with Bank advice, are a National Bank for Development in Brazil, a National Ministry of Planning and an Economic and Social Board in Burma, a Planning Committee of the Cabinet in Ceylon, a National Planning Council in Colombia, a Planning Commission in India, a Development Board in Iraq, a National Economic Council in Nicaragua and a Planning Bureau in Surinam.

In the main, these units have assumed the same essential duties, as a comparison of the Indian Planning Commission and the Colombian Planning Council will suggest. At the time of its formal establishment in 1950, the Indian Commission was instructed

- (a) to make an assessment of the material, capital and human resources of the country, including technical personnel, and investigate the possibility of increasing resources that are found to be deficient in relation to the nation's needs;
- (b) to formulate a plan for the most effective and balanced use of the country's resources;
- (c) on a determination of priorities, to define the stages in which the plan should be

carried out and propose the allocation of resources for the due completion of each stage;

- (d) to appraise from time to time the progress achieved in the execution of each stage of the plan and recommend the adjustments of policy and measures that the appraisal may show to be necessary; and
- (e) to make such interim recommendations as appear to be appropriate on consideration of prevailing economic conditions, current policies, measures and development programs.

In the case of Colombia, something in the nature of an approved development program existed in 1951, in the form of recommendations made by a citizens' development committee on the basis of proposals presented by a Bank general survey mission in 1950. Along the lines of the mission's proposals, a National Planning Council was created in 1951, and began work in April 1952. Among its functions are

- (a) to study variations in the structure of the national accounts, in order to obtain a continuing picture of the development of the economy;
- (b) to study and coordinate investment projects, indicating the priority which these projects should have in the light of the resources and needs of the country;
- (c) to study the coordination of the different programs prepared in the government, to avoid possible conflicts and inconsistencies among efforts in various fields; and
- (d) to serve as a consultative body to the President of the Republic in economic and financial matters.

One other function is commonly included in the work of programming units. The effective use of resources for development embraces the subject of how external assistance is to be used. The Nicaraguan Economic Council, the Colombian Planning Council and the Planning Com-

mittee in Ceylon, for instance, serve as screens through which government requests for foreign loans or other financial assistance to development must pass. In these and other cases, this screening also applies to technical assistance from abroad.

The Bank's general survey missions have repeatedly stressed the importance of keeping the public informed as a means of spreading understanding and enlisting the wide support vital to the success of any development program. In some countries, this kind of education is the task of state ministries of information; in other countries, it is not performed at all. In Nicaragua, where there is no ministry of information, the Economic Council has established as part of its own secretariat a small office "to bring to the attention of the public the progress of economic development."

Organization

The organization of programming bodies is not uniform among the governments that have them, and the organizational recommendations of the Bank's general survey missions have differed from one country to another. There has been common agreement, however, on the standards to be met.

The programming unit must be situated on an influential level of government, and it particularly must have the right, express or implicit, to state its views on development expenditures before commitments for these expenditures are accepted. Several units meet this standard by having direct access to the prime minister or the chief executive of the government. The National Planning Council of Colombia is attached to the Office of the President, as is the National Economic Council of Nicaragua. The prime minister is the chairman of the Economic and Social Board of Burma, the Planning Committee of Ceylon, the Planning Commission of India and the Development Board of Iraq.

The programming body cannot function objectively if at the same time it is charged with executive responsibility for carrying out projects

in some particular sector of the economy. Generally speaking, governments have tried to achieve impartiality in the planning body either by making it a forum in which the differing views of responsible executives can be reconciled, or by composing it of persons who have no operating responsibilities. In the Ceylon Planning Committee and the Nicaraguan Economic Council, for instance, the programming group is composed of all the ministers concerned with economic matters, so that all may have their views represented. The Nicaraguan Council's membership includes the Minister of Economy (as chairman), the Ministers of Finance, Agriculture, and Public Works, the principal Secretary of the President, and the general managers of both the central bank and the newly created Development Institute; other ministers participate from time to time as matters arise which directly concern them. In the case of the Indian Planning Commission the members, apart from the chairman, have no other responsibilities in the Government.

In any case, the programming body needs to be supported by a secretariat competent to bring it a balanced judgment on the separate plans of the ministries and departments. It is impossible to generalize on the size and composition of this staff. The secretariat of the Colombian Planning Council is small, and is able to rely to a considerable extent on research and staff services of the central bank. The secretariat of the Indian Planning Commission is rather extensive and is divided into the following sections: resource and economic surveys; finance; industry; trade and communication; food and agriculture; resource development; employment and social services. Several programming units regularly have the advice of advisory councils composed of private persons drawn from industrial, agricultural and trade groups.

Some Points of Emphasis

A feature to be emphasized is that the basic process entrusted to these units is programming, and not planning in a detailed sense. Planning, in terms of concrete projects and specific policies,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Supplement to the

EIGHTH ANNUAL REPORT

A Summary of Developments in the Bank
from
July 1 to September 4, 1953

MEMBERSHIP AND SUBSCRIPTION

The Government of Indonesia has asked the Bank to extend from September 16, 1953 to March 16, 1954 the period during which the Republic of Indonesia may accept membership. The Executive Directors have recommended to the Board of Governors that the extension be granted, and have prepared a resolution to that effect for the Board's consideration at the Eighth Annual Meeting.

On August 26 China paid \$50,000 of the balance of \$2,920,000 due on her capital subscription to the Bank. As of September 4, no payment had been made on the \$625,000 due from Czechoslovakia on her capital subscription.

MANAGEMENT

The Executive Directors have selected Eugene R. Black as President of the Bank for a further five-year term that runs to July 1, 1959.

THE BANK'S OPERATIONS

Summary of Lending

Since the end of the fiscal year, the Bank has made seven loans, in Brazil, Iceland, Nicaragua and the Union of South Africa, for an amount equivalent to \$72,852,000. Each of the loans is described below under the appropriate country heading. In cases where a member government was not the borrower, the loans were guaranteed by the government concerned. The interest rate quoted includes the 1% commission which, under the Bank's Articles of Agreement, is allocated to the Special Reserve.

The Bank has now made 85 loans, totaling \$1,663,618,464, in 29 countries.

Austria

Bank staff members arrived in Austria during August to study the general economic situation and to discuss Austria's investment plans, particularly in the field of electric power development.

Brazil

On July 17 the Bank made a loan of \$7,300,000 for an electric power project in the State of Minas Gerais in Brazil. The joint borrowers were the Centrais Eletricas de Minas Gerais S.A., a state-owned power company, and one of its operating subsidiaries, the Companhia de Eletricidade do Alto Rio Grande.

The project includes the building of a dam at Itutinga Falls on the Rio Grande, the construction of a power station with 24,000 kilowatts of generating capacity, and the erection of transmission lines and sub-stations. Itutinga lies within the industrial complex of Rio de Janeiro, Belo Horizonte and Volta Redonda, the site of the largest steel mill in Latin America. The area contains important deposits of iron ore, manganese and tin-bearing ores. Industry will take about 80% of the power to be generated at the new plant and the remainder will be taken by public utilities serving three small towns.

The loan is for a term of 20 years and bears interest at the rate of 5% per annum. Amortization will begin on January 15, 1957.

British Guiana

In mid-August the Bank transmitted to the Governor of British Guiana the report of the general survey mission which visited the colony in February and March 1953.

The mission recommended a program aimed at increasing national income by 20% and income per head by 6% over the next five years. The program calls for government expenditures of 66 million British West Indies dollars (U.S. \$38.5 million) over the five years 1954-58, and the mission believes that most of this investment can be financed internally. About 70% of the investment is recommended for agriculture, transportation and communications, and the remainder for forestry, industrial credits, electric power, housing, surveys and various public works.

Because agriculture is the chief economic activity in British Guiana, the largest investment is recommended in this field. The mission believes that the best way to increase and diversify production is to extend and improve small-scale farming. Recommendations are made for opening new lands for this development, as well as for programs of land settlement and tenure, for agricultural credit, and for improved processing and marketing and research and extension services.

Improvements in transport and communications come next to agriculture in importance. The mission's recommendations in this field deal first with a greatly improved road system as the most urgent need. Other recommendations cover rehabilitation of the railways, improvement of coastal ferry and shipping services, telecommunications, and internal air and postal services.

The mission recommends that the Government make an inventory of British Guiana's extensive forest resources and formulate a program to assist the timber industry to improve and modernize its operations. The aim of the program would be to increase the supplies of wood for domestic needs and to intensify production for export, especially in species of wood not now well known in world trade.

The report also contains proposals for expanding existing industries and establishing new industries; for housing and schools; and for continued geologic, hydrographic, aerial and soil surveys. The mission also makes recommendations regarding the institutions to plan and carry out the proposed program.

British West Africa

Nigeria

At the request of the Governments of Nigeria and the United Kingdom, the Bank is sending a general survey mission to Nigeria to study the economic problems of the country and to assist in the preparation of a development program. The mission will leave for Nigeria in mid-September and expects to remain there for about two and a half months.

Ceylon

Bank staff members arrived in Ceylon during August to study the economic situation and prospects, and to obtain additional information on the Aberdeen-Laksapana hydroelectric project submitted for Bank consideration in June.

Ecuador

A Bank mission arrived in Quito on September 1. The group will examine Ecuador's economic and financial situation and study the Government's development plans with particular reference to transportation and agriculture. It will also study the technical and financial feasibility of various specific projects which have been submitted to the Bank for its priority consideration.

Iceland

On September 4 the Bank made two loans in European currencies to the Iceland Bank of Development. One, in various currencies equivalent to \$1,350,000, was for agricultural development; the other, of £90,000 (\$252,000), was for the construction of a building to house radio equipment serving North Atlantic air traffic.

Iceland began a program of agricultural development in 1951. It aims to increase farm production 50% by 1965, and should improve Iceland's foreign-exchange position considerably through import savings and export earnings.

A Bank loan equivalent to \$1,008,000 in European currencies, made in 1951, helped pay for imports needed for the program during 1952. The new loan will finance imported equipment and materials needed for the period July 1953 through 1954. The loan will help to expand grasslands for grazing, to build farm structures to house sheep and cattle, and to build farm dwellings.

The loan is for a term of 22 years and bears interest of 5% per annum. Amortization will begin on September 1, 1958.

The second loan, of £90,000, will pay for the construction of a building to house some of the radio equipment operated by the Icelandic Post and Telegraph Administration for civilian aircraft flying over the North Atlantic. The equipment is at present sheltered in an inadequate temporary structure and a new building is needed to assure the continuance of adequate and reliable service.

Under an arrangement administered by the International Civil Aviation Organization (ICAO), the cost of the service is paid from contributions by eleven countries, including Iceland, whose airlines operate over the North Atlantic. ICAO has arranged for increased contributions from these countries to assure sufficient revenue to service the Bank's loan. Maintenance of the radio service will help Iceland to continue earnings of foreign exchange from international aviation, and will be of benefit to the airlines of the participating countries.

The loan is for a term of 12 years and bears interest of 4-3/4% per annum. Amortization will begin July 15, 1954.

Lebanon

A Bank expert visited Lebanon in August and submitted to the Government proposals for the establishment of an industrial development bank and for mobilizing local funds for its capital.

Mexico

Since the end of the fiscal year, discussions have been taking place between Mexican officials and the Mexican Light and Power Company with a view to providing increased revenues and financing to enable the Company to carry on its expansion program.

Netherlands

On July 15 repayment was completed, five years before final maturity, of six loans made by the Bank in 1948 to four Netherlands shipping companies: Royal Rotterdam Lloyd, Nederland Line, Holland-America Line, and United Netherlands Navigation Company. The loans totaled \$12 million, were sold by the Bank with its guarantee in 1948 and 1949, and at the time of final repayment, were held by banks in the United States and elsewhere.

Nicaragua

On September 4 the Bank made two loans to Nicaragua: \$3,500,000 for highway construction and \$450,000 for a new electric power unit in Managua.

Construction of roads is needed to open new lands to cultivation and to provide adequate transport between farm and market. Nicaragua is carrying through a program for the construction of a network of main highways and feeder roads. In 1951 the Bank made a \$3.5 million loan for the construction of 162 miles of main highways, and work on this part of the program is already well advanced. The new loan will be used for the construction of 25 miles of main and 430 miles of secondary roads. When this program is completed the cost of truck transportation should be reduced, commerce of all kinds should be stimulated, and farm production greatly increased.

The loan is for a term of 10 years and bears interest of 4-3/4% per annum. Amortization will begin on March 15, 1957.

The second loan made in September was for the import of a 3,000 kilowatt diesel power unit to ease the power shortage in the area of Managua, the capital. Although another 3,000 kilowatt unit was added to generating capacity in Managua early in 1953, the power supply in this area is still seriously inadequate.

The loan is for a term of 10 years and bears interest at 4-3/4% per annum. Amortization will begin on March 15, 1955.

Pakistan

A Bank mission visited Pakistan in July-August 1953. The mission reviewed Pakistan's economic and financial position, examined the Government's development program and discussed several development projects. In July, the Bank's Director of Marketing visited Pakistan to advise the Government on the development of a market for Government bonds.

Philippines

In July the Bank's Director of Marketing paid a second visit to the Philippines to discuss the development of a market for Government bonds.

Union of South Africa

On August 28 the Bank made two loans to help finance programs being carried forward in the Union to meet needs for expanded transportation service and increased supplies of power. One loan, of \$30,000,000, was made to the Union Government to help pay for imports of equipment and goods needed to enlarge the carrying capacity and extend the services of the railways. The other loan, also of \$30,000,000, was made to the Electricity Supply Commission (ESCOM), an autonomous state corporation, to pay for part of the imports needed in a program designed to increase ESCOM's power-generating capacity by 80% during the period from 1952 through 1958.

The rapid growth of industry and mining in the postwar years has put a heavy strain on public services in the Union, and especially on the railway system and the power supply. The tonnage carried by the railways has increased by one-third since 1947, and ESCOM's sales of electric power have grown even more.

In 1951 the Bank lent the Union Government \$20 million for imports needed during two years of the railway expansion program. The new loan will help to finance imports needed from mid-1953 to mid-1956 and will be applied principally to the purchase of locomotives, freight cars and rails.

ESCOM is engaged in a construction program which by 1958 is intended to add 1.4 million kilowatts of generating capacity to existing capacity of 1.6 million. A Bank loan of \$30 million, also made in 1951, helped to finance imports for this program over a two-year period. The latest loan will help to finance imported equipment needed for the continuation of this program and will be applied particularly to the purchase of turbo-generators, boilers, structural materials and electrical supplies.

Both loans are for a term of 10 years and bear interest of 4-3/4% per annum. Amortization on the ESCOM loan will begin on September 15, 1955, and on the railroad loan on November 15, 1955.

FINANCIAL ACTIVITIES AND RESOURCES

Sales of Bonds from the Bank's Portfolio

Since the end of the fiscal year, the Bank sold the equivalent of \$5,964,698 principal amount of borrowers' obligations. Of this amount, \$3,711,698 were sold with, and \$2,253,000 without, the Bank's guarantee.

These sales brought the total of bonds sold from the Bank's portfolio to \$75,979,352. Of this total, \$53,514,844 have been sold with, and \$22,464,508 without, the Bank's guarantee. In addition two institutions in the United States agreed to participate, without guarantee, in one of the Bank's loans to the extent of \$997,000 as soon as the loan becomes effective.

remains the work of other ministries and agencies. The programming unit stimulates planning and fact-gathering where they need to be done; it views plans and policies objectively, measuring them against one another and against the resources available; and it recommends whatever modifications of substance and timing are necessary to bring them together into a coherent whole.

The Bank's general survey missions have frequently stressed that it is an important task of these units to keep informed of progress, and to recommend changes that may be required by circumstance. While the goals themselves may stand, it is only realistic to anticipate that they may be advanced or deferred by events impossible to foresee. The timing and amount of investment may be influenced by unexpected difficulties in the construction of a basic project, by unexpectedly rapid development in some sectors, by changes of price levels and costs, by fluctuations in the amount of local and foreign capital available, and by many other factors. Any long-term development program therefore needs to be kept continuously under review and to be subjected to periodic modification.

It is implicit in the functions of the programming body that it provides a prod to action. In the past, some governments have made the mistake of supposing that they had fulfilled their responsibility by drawing up a program, and have left promising plans to exist only on paper. But programs are not a substitute for action; and the existence of a programming unit empowered to review and to report to those in final authority can do much to see that plans are put into effect.

It is also obvious that the establishment of a programming institution is not in itself a panacea. Little purpose can be served by this type of body unless a favorable climate is provided by appropriate fiscal and monetary policies and by other steps to expand investment resources and to steer them into the most productive courses. Nevertheless, in any community where resources are limited and the calls upon them are particularly urgent, a programming institution can help to lift development projects out of the arena of day-to-day stringencies and short-term needs. It can also bring more clearly into view, at a time when self-denial will inevitably be called for, the gains to be won by steady pursuit of basic economic improvements.

Chapter II—The Bank's Operations

This section is a country-by-country description of the operations of the Bank in the past fiscal year. For each country in which the Bank was active, information is given on one or more of the following topics: loans made; negotiations and surveys looking to possible loans; reports of progress on Bank-financed projects; and technical assistance. A note is also made of completely disbursed loans more fully described in previous Annual Reports.

Preceding the account of operations in each country is a list by fiscal year of all loans made in that country. Unless otherwise indicated, loans have been made to member governments; loans to other borrowers have the guarantee of the

member government concerned. The interest rates shown include the 1% commission which, under the Bank's Articles of Agreement, is allocated to the Bank's Special Reserve. Additional details, such as maturity dates of loans, amounts disbursed and repayments of capital, are shown in a tabular summary of loans in Appendix F, beginning on page 54.

Loans made during the fiscal year brought the total of the Bank's lending to \$1,591 million (\$1,560 million net of \$31 million of cancellations and refundings). The table on the following page classifies this total according to the purpose and regional distribution of loans.

ASIA AND THE MIDDLE EAST

President's Visit to the Middle East and Turkey

In February and March 1953 the President of the Bank spent seven weeks visiting Egypt, Ethiopia, Iraq, Jordan, Lebanon, Syria and Turkey, and discussed their problems of economic development.

Indus River System

In 1952 the Governments of India and Pakistan, acting on an invitation from the President of the Bank, began to study jointly the possible technical measures to increase the supplies of water available from the Indus river system. Indian, Pakistani and Bank engineers held discussions in Washington in May and June 1952, and

field studies were undertaken during the second half of that year. The engineers of the two countries, together with engineers of the Bank, met for a week in Karachi during December 1952 to exchange information obtained from these studies. They spent the following six weeks visiting irrigation works, dam sites and irrigated and unirrigated areas in India and Pakistan. In January 1953 they exchanged information in Delhi on other studies completed in the meantime. They then agreed to meet again on September 1, 1953 in Washington to begin the preparation of a comprehensive plan for the development of the Indus basin, including preliminary cost estimates and a construction schedule for the new engineering works involved.

ASIA

Burma

A fact-finding mission went to Burma in 1953 to review the economic and financial situa-

tion and to discuss the Government's development plans. The mission spent four weeks in the country consulting with Government officials and visiting important production areas.

Bank Loans Classified by Purpose and Area

As of June 30, 1953

(In millions of United States dollars, net of cancellations and refundings)

Purpose	Total	Area				
		Asia & Middle East	Africa	Australia	Europe	Western Hemisphere
GRAND TOTAL	<u>1,560</u>	<u>187</u>	<u>132</u>	<u>150</u>	<u>734</u>	<u>357</u>
RECONSTRUCTION LOANS						
TOTAL (France, The Netherlands, Denmark, Luxembourg)	<u>497</u>	—	—	—	<u>497</u>	—
OTHER LOANS						
TOTAL	<u>1,063</u>	<u>187</u>	<u>132</u>	<u>150</u>	<u>237</u>	<u>357</u>
ELECTRIC POWER (Machinery, equipment and construction materials) . . .	<u>404</u>	<u>28</u>	<u>58</u>	<u>30</u>	<u>35</u>	<u>253</u>
TRANSPORTATION	<u>242</u>	<u>72</u>	<u>34</u>	<u>39</u>	<u>35</u>	<u>62</u>
Railroads: locomotives, rolling stock, rails, shop and station equipment. .	150	63	31	16	3	37
Shipping: vessels and marine equipment.	12	—	—	—	12	—
Airlines: planes and equipment.	14	—	—	7	7	—
Roads: building machinery and equipment.	46	5	2	16	—	23
Ports: docks, loading and dredging machinery and harbor craft.	20	4	1	—	13	2
COMMUNICATIONS (Telephone and telegraph equipment and supplies)	<u>26</u>	<u>2</u>	—	—	—	<u>24</u>
AGRICULTURE AND FORESTRY	<u>150</u>	<u>51</u>	—	<u>54</u>	<u>28</u>	<u>17</u>
Mechanization: general farm machinery and equipment.	59	—	—	44	2	13
Irrigation and flood control: construction equipment and materials.	60	41	—	5	13	1
Land improvement: machinery, construction equipment and materials. .	19	10	—	5	2	2
Grain storage: construction materials.	5	—	—	—	4	1
Timber production: machinery and vehicles.	7	—	—	—	7	—
INDUSTRY	<u>149</u>	<u>32</u>	—	<u>27</u>	<u>90</u>	—
Manufacturing machinery.	126	32	—	20	74	—
Mining equipment.	23	—	—	7	16	—
GENERAL DEVELOPMENT	<u>92</u>	<u>2</u>	<u>40</u>	—	<u>49</u>	<u>1</u>
Development banks.	12	2	—	—	9	1
General development plans.	80	—	40	—	40	—

Ceylon

In July 1952 the Bank transmitted to the Government the report of the general survey mission which visited Ceylon late in 1951. Ceylon's chief task, in the opinion of the mission, is to expand and diversify its economy so that productivity can keep pace with population growth. The report stated that resources in land, materials and money are sufficient, if wisely managed, to meet the needs of the growing population, to improve the standard of living, and to strengthen the economy.

The mission recommended a six-year program of development, and gave priority to an increase in agricultural production. The report emphasized the need for improvement of agricultural techniques and for putting new lands under cultivation through irrigation, jungle clearance and settlement. It pointed out that the substantial investments proposed for electric power, industry and the improvement of transport should also lead to higher output from the land. It also stressed the need for surveys in many sectors—in particular, water and irrigation, electric power, land use, soils and forests—and urged that, until these studies are completed, new large-scale schemes be deferred in favor of a greater number of smaller projects.

In the field of industry, the mission recommended that the foundations for industrial growth be laid by research and education, and by fostering a variety of new industries that would not individually involve heavy investment. The report stressed the need for improvements in public health and education, with emphasis in the field of health concentrated for the present more on preventive than on curative measures.

The Government is preparing a six-year plan of development starting in 1953-54 which will take into account the recommendations of the mission. For this purpose, a Planning Committee of the Cabinet, assisted by a Planning Secretariat, has been established. The Committee, which includes the Prime Minister and other ministers directly

concerned, will coordinate the preparation and execution of all development projects.

The Government is also considering the establishment of a technical research institute as recommended by the mission. Two Bank officials visited Ceylon in November 1952 to discuss the feasibility of establishing this institute with the help of the Bank and the United Nations Technical Assistance Administration.

Discussions between the Bank and Government representatives on ways of financing a part of the Aberdeen-Laksapana hydroelectric project began in Washington in June 1953; they will be resumed in Ceylon in August 1953.

India

Fiscal 1950: \$34 million 15-year 4% loan of August 18, 1949 for railway rehabilitation; reduced at request of borrower on May 16, 1950 to \$32.8 million, which had been disbursed by March 1951.

\$10 million 7-year 3½% loan of September 29, 1949 for importation of agricultural machinery; reduced to \$8.5 million on July 27, 1951 and to \$7.5 million on August 25, 1952 at request of borrower.

\$18.5 million 20-year 4% loan of April 18, 1950 for power development project.

Fiscal 1953: \$31.5 million 15-year 4¾% loan of December 18, 1952 to the Indian Iron and Steel Company, Limited, for expansion of iron and steel production facilities.

\$19.5 million 25-year 4⅞% loan of January 23, 1953 for electric power development, flood control and irrigation.

The loan to the Indian Iron and Steel Company (IISCO), made in December 1952 and amounting to \$31.5 million, resulted from recommendations made by a Bank mission that went to India under the leadership of the Chairman of The First Boston Corporation to examine means of increasing iron and steel production. Although the proceeds of other loans have been paid through intermediate agencies to private manufacturers, this is the Bank's first loan in the manufacturing field to be made directly to a private concern. It will be used to finance imported equip-

ment and services which IISCO needs to carry out a five-year project to increase its annual productive capacity from 350,000 tons to 700,000 tons of finished steel, and from 160,000 to 400,000 tons of iron for sale to foundries. When this project is completed, India's finished steel capacity will be about one-third higher than in 1952, and her foundry iron capacity will be doubled.

One of the Bank's engineers visited India in February and March 1953 to recommend, jointly with two experts appointed by the Government, further steps to expand iron and steel production. Expansion in this field is an essential element in the five-year plan for economic development.

The Bank's \$19.5 million loan of January 1953 is for key projects in the plan for the development of the Damodar River Valley, an important agricultural and industrial area west of Calcutta. This loan will help to finance the construction of two storage dams, two hydroelectric plants, and a barrage and irrigation system. The hydroelectric plants will have a combined capacity of 100,000 kilowatts. The irrigation system will supply water to a million acres and should make it possible to increase the production of food grains by 400,000 tons a year.

The Bank had already made in 1950 a loan of \$18.5 million for the development of the Damodar River Valley. This loan is helping to finance the construction of a steam power plant at Bokaro, a storage dam at Konar and a system of transmission lines. The Bokaro plant was formally opened by the Prime Minister in February 1953. The first of the three 50,000-kilowatt generating units started operation in that month, and the plant should be in full operation by September 1953. The Konar dam is nearly completed, and it is expected that the transmission system will be finished early in 1954.

The \$10 million loan of September 1949 is being used to pay for heavy tractors imported to reclaim land in central India. With these tractors land is being cleared of kans grass, a deep-rooted weed which cannot be extirpated by the traditional plowing methods of the region. In the 1952-

1953 season about 240,000 acres were reclaimed, making a total of nearly three-quarters of a million acres since the start of the project. The work is being carried out by the Government's Central Tractor Organization. In the past year the Organization has further improved its operating efficiency and has made good progress in overcoming difficulties in ensuring proper maintenance of equipment. However, the obstacle still exists that some states have not yet made available large compact blocks of land suitable for reclamation. This has considerably raised the cost of the operation.

The Bank is studying an application for a loan to the power companies in the Tata group for the construction of a thermal-electric generating plant on Trombay Island near Bombay.

Japan

Japan became a member of the Bank in August 1952. A mission spent two months there in the later part of the year, being joined for a time by the Vice President of the Bank. The mission made a general appraisal of the Japanese economy, and collected information bearing on Japan's economic prospects and her capacity to service foreign debt. It also surveyed industrial and agricultural production and the problems of economic development, and reviewed investment requirements in various fields.

In June 1953 discussions were begun with the Government on the financing of electric power development. The Bank is studying an application for a loan to finance the foreign-exchange costs of constructing three thermal generating stations. The stations, which would have a total capacity of nearly 300,000 kilowatts, would be located at Osaka, Karita and Yokkaichi. They would be primarily for the purpose of supplying additional power to supplement hydroelectric supplies in dry weather; in other periods they would take the place of less efficient thermal units.

These plants are part of the Government's program for reducing industrial costs through the modernization of equipment. Japan has also

asked the Bank to consider collaborating in certain hydroelectric power projects.

Malaya and Singapore

Two members of the Bank staff visited Malaya and Singapore in April 1953 to discuss the desirability, possible terms of reference and composition of a general survey mission to the area. The Bank subsequently agreed to organize a mission to study the economy of the area and to make recommendations to assist the two governments in planning further economic development. The mission is expected to begin its survey in January 1954.

Philippines

In December 1952 the Bank's Director of Marketing visited the Philippines for two weeks to advise the Government on the development of a market for government bonds.

Thailand

Fiscal \$3 million 15-year 3¾% loan of October
1951: 27, 1950 for railway rehabilitation.
 \$18 million 20-year 4% loan of October
 27, 1950 for irrigation project.
 \$4.4 million 15-year 3¾% loan of October
 27, 1950 for port development.

Progress has been made on the Chainat barrage and the related system of irrigation canals and regulating structures forming part of the Chao Phya irrigation project, toward the cost of which the Bank lent \$18 million in 1950. Excavation for the barrage is under way, while excavation for the navigation lock is almost completed and concrete-laying has begun. Though delays in deliveries of equipment have caused work to fall behind schedule, it is expected that the whole project will be completed as originally planned by the end of 1958. More than two-thirds of the Bank's loan has already been disbursed. Completion of the project will give an assured water supply to 2¼ million acres, and should increase the production of rice in this area by approximately 800,000 tons annually.

The \$4.4 million port development loan is being used mainly to meet the foreign-exchange cost of a dredging contract to assist in the deepening of a channel through the sandbar at the mouth of the Chao Phya River and thus open the port of Bangkok to regular traffic of vessels of up to 10,000 tons. The loan is also being used to finance cargo-handling equipment at the port terminal, and navigational aids in port waters. Various difficulties in the execution of the dredging program have been encountered; moreover, an exceptional typhoon in October 1952 filled up part of the channel already dredged. The Bank has advised the Government on the steps necessary for the completion of the channel before the end of 1953 or early 1954, and for its subsequent maintenance. Nearly half of the loan has been disbursed.

With the encouragement of the Bank, the Board of the Port Authority was recently reconstituted and strengthened as a first step towards increasing its administrative and operating efficiency. The Bank has been asked to find an expert to assist in reorganizing the Port Authority, and a qualified administrator to work with the Port Authority.

The \$3 million railway loan is being applied to the reconstruction and re-equipment of the Makkasan railway workshops near Bangkok, and to the purchase of signalling equipment. There were considerable initial delays in determining the layout of the workshops and the types of equipment required. But all orders have now been placed for imported goods, and deliveries are being made at the site. Construction and equipping are now going forward satisfactorily, and the workshops are likely to be completed in the second half of 1954. The signalling equipment is arriving in Thailand and some has already been installed at stations. Nearly half of the loan has been disbursed.

A Bank mission spent two months in Thailand in the early part of 1953. It inspected the three Bank-financed projects and assisted the Gov-

ernment in solving some problems which had arisen in their execution. It also discussed various development schemes suggested by the Government. Among these were programs for highway

and further railway development, and a power project with irrigation possibilities at Yan Hee on the Ping River, in northern Thailand. These projects are now being studied by the Bank.

THE MIDDLE EAST

Egypt

The Bank sent an engineering consultant to Egypt in December 1952 to make a brief review of the position of the railways and their needs. Consideration of his findings has been suspended while the Government has been revising the development programs and priorities. In January 1953 the Government gave the Bank general information on a revised scheme for the development of the Nile valley, with particular emphasis on a high dam above Aswan to provide irrigation and hydroelectric power. Detailed studies will be sent to the Bank when completed.

Ethiopia

Fiscal \$5 million 20-year 4% loan of September 1951: 13, 1950 for rehabilitation of roads.
\$2 million 20-year 4% loan of September 13, 1950 for Development Bank.
\$1.5 million 20-year 4% loan of February 19, 1951 for rehabilitation and development of telecommunications.

Disbursements are almost complete on the Bank's \$5 million loan used to finance the foreign-exchange cost of road-building equipment, materials and services. About half of the country's system of main roads has been reconstructed during the past two years. The three-year program of road reconstruction and maintenance is scheduled to be finished by February 1954; a road maintenance program will be continued thereafter.

The Bank has disbursed \$0.7 million of its \$2 million loan to provide foreign exchange to the Ethiopian Development Bank. Since starting operations in May 1951 the Development Bank has made agricultural and industrial loans amounting to Eth. \$4.6 million (equivalent to U. S. \$1.8 million). Foreign exchange from the International Bank's loan has been applied to industrial

projects, mostly for the processing of agricultural products. Agricultural loans made by the Development Bank have been mainly in Ethiopian dollars.

The Bank's \$1.5 million loan for the expansion of telephone and international radio communications is not yet effective. The project has been slow in getting under way because of difficulties in organizing the Imperial Board of Telecommunications, the agency established by the Government to carry out the project. The charter of the Board was promulgated in October 1952; the Board's new General Manager assumed his post in the following month; and steps are now being taken by the Board to fulfill the remaining conditions for making the loan effective.

Iraq

Fiscal \$12.8 million 15-year 3¾% loan of June 1950: 15, 1950 for flood control.

A staff member visited Iraq in February 1953 to examine the progress of the flood-control project being carried out with the help of the Bank's loan. The project is designed to protect Baghdad and the surrounding agricultural area against periodic floods of the Tigris River by constructing a barrage and canal to divert flood waters into a large uninhabited depression northwest of Baghdad known as the Wadi Tharthar. Work on the canal, begun late in 1951, is proceeding steadily. In February 1953 the contract for the construction of the barrage at Samarra was awarded to a German firm.

In March 1953 Bank representatives discussed with the Government and the Iraqi Development Board steps that are being taken to implement the recommendations of the Bank's general survey mission. Further discussions will be held in August 1953.

Jordan

In response to a joint request by the Governments of Jordan and Syria, a refinery specialist was engaged by the Bank to study the economic implications and investment requirements of the construction of an oil refinery to meet the needs either of Jordan and Syria together or of one of these countries alone. His report was presented to the Government in May 1953.

In March 1953 Bank representatives discussed with the Government various development plans.

Lebanon

Early in 1953 a Bank representative studied the desirability of establishing an industrial development bank in Lebanon, and in May 1953 his report was submitted to the Government. An expert will visit Lebanon in August 1953 to assist the Government in establishing the development bank and in mobilizing local capital.

Pakistan

Fiscal \$27.2 million 15-year 4½% loan of March
1952: 27, 1952 for railway rehabilitation.
 \$3.25 million 7-year 4½% loan of June
 13, 1952 for agricultural machinery.

The Bank's \$3.25 million loan is to finance imports of tractors and other machinery needed in a project for clearing, plowing, seeding and constructing watercourses on 660,000 acres of the Thal area in Punjab Province. The loan has not yet been made effective because some of the key personnel needed to carry out the project have yet to be engaged. In the meantime, most of the equipment has been ordered and some of it has arrived at the site.

Orders have been placed for most of the equipment being financed by the Bank's \$27.2 million loan of March 1952 for a program to improve and modernize the railways in East and West Pakistan. Twenty-three new diesel electric locomotives have been operating on the main line of the North Western Railway for a year or more.

Operation and maintenance of the locomotives have been satisfactory and the introduction of diesel traction has led to considerable fuel economy and saving in foreign exchange. The loan is being disbursed partly in U. S. dollars and partly in francs released from the French subscription to the Bank's capital.

The Government is negotiating with the Bank for a loan to finance a portion of the foreign-exchange costs of constructing an integrated pulp and paper mill in East Pakistan. A Bank mission will visit Pakistan in July 1953 to review developments in Pakistan's economic and financial position and to examine the Government's development program. The Bank's Director of Marketing will also visit the country at that time to advise the Government and the business community on measures to strengthen the capital market.

Syria

During the second half of 1952, Bank representatives and Government officials held discussions in Damascus on the technical and financial aspects of projects for developing the port of Latakia and for constructing roads. These discussions will be resumed at an early date.

In response to a joint request by the Governments of Syria and Jordan, a refinery specialist was engaged by the Bank to study the economic implications and investment requirements of the construction of an oil refinery to meet the needs either of Syria and Jordan together or of one of these countries alone. His report was presented to the Government in May 1953.

The Bank also provided technical experts to study a project for a railway between Aleppo and Latakia and an irrigation and electric-power project at Youssef Pasha on the Euphrates River.

In June 1953 the Bank was asked to organize a general survey mission to study the country's economy and make recommendations for further development.

EUROPE, AFRICA AND AUSTRALASIA

AFRICA

Belgian Congo

Fiscal \$40 million 25-year 4½% loan of September 13, 1951 to the Belgian Congo for development plan. Made simultaneously with loan of \$30 million to Belgium (see page 23).

Like the \$30 million loan simultaneously made to Belgium, the \$40 million loan of September 1951 is supporting the Ten Year Development Plan started in the Congo in 1950. Public investment under the Plan is now expected to reach the equivalent of about \$800 million, to be devoted to the expansion of public services, mainly in the field of transport. Withdrawals under the loan are not related to specific imports but are geared to the rate of public investment.

Good progress is being made with the Plan. The value of investment goods imported in 1952 accounted for nearly half the Congo's total imports and was 50% higher than in the preceding year. But the pace of public investment has not been so rapid as was originally expected. Over half of the loan has been disbursed.

British East Africa

A mission visited British East Africa toward the end of 1952 and studied the economic problems of Kenya, Uganda and Tanganyika. It discussed with the Governments, with the East Africa High Commission and with the Government of the United Kingdom, various projects which might prove suitable for Bank financing. In particular, it studied a railway and harbor development program considered specially important to the further economic progress of East Africa, and for which external financing may be required at a later date.

British West Africa

Bank representatives went to Nigeria in May 1953 and examined the desirability of sending a

mission to carry out a survey of the economic problems of the country and to help in the preparation of a development program. If a formal request for a survey is received, a mission is expected to leave for Nigeria in the latter part of 1953.

A member of the staff also visited the Gold Coast to study the economic conditions and problems of the area.

French Overseas Departments and Territories

After preparatory discussions held in Paris, a mission visited French West Africa in May and June 1953 to study economic conditions and development problems. It examined in particular the diesel traction program of the West African railroads. A staff member also spent a few days in Algeria in June 1953 for exploratory talks with Government officials.

Northern Rhodesia

Fiscal \$14 million 19-year 4¾% loan of March 11, 1953 to the Territory of Northern Rhodesia for railway development.

The Rhodesia Railways serve the needs of Northern Rhodesia, Southern Rhodesia and Bechuanaland, and the \$14 million loan made in March 1953 in support of the railway expansion program will therefore benefit all three territories. Although the Bank's loan was in fact made to the Northern Rhodesian Government, the responsibility for the execution of the program is shared by Northern and Southern Rhodesia, and both Governments have undertaken to see that it is carried out. The United Kingdom, of which Northern Rhodesia is a dependency, has guaranteed the loan.

Owing to the exceptionally rapid development of the areas which they serve, the Rhodesia Railways have been heavily overburdened since

the war. In 1952 the tonnage carried was more than 70% greater than in 1946. The difficulties which have been encountered in handling this increase have, for example, led to the accumulation of large stockpiles of chrome ore awaiting shipment.

Measures being taken to improve the railway system include the purchase of locomotives and rolling stock, the improvement of permanent way, the enlargement of yards and sidings, and the extension of repair shops. A new line is being constructed from Bannockburn in Southern Rhodesia to the border of Portuguese East Africa, to relieve the pressure on the port of Beira in Portuguese East Africa, hitherto the chief outlet of the landlocked territories served by the Rhodesia Railways. The new line will connect with a line being built by the Portuguese Government to the port of Lourenço Marques.

The Rhodesia Railways program of expansion and improvement is expected to cost the equivalent of \$79 million during the three years ending March 1955. Although most of the goods purchased with Bank finance will come from the United Kingdom, the loan will be in dollars.

Southern Rhodesia

Fiscal \$28 million 25-year 4¾% loan of February 27, 1952 to the Colony of Southern Rhodesia for power development.

The Bank's loan is helping to finance imports of equipment and materials required in a program to expand the supply of electric power. This program is part of Southern Rhodesia's general plan for economic development during the four years ending in March 1955. Power facilities are to be increased by the installation of about 230,000 kilowatts of new thermal generating capacity, the erection of some 2,000 miles of transmission lines, and the installation of additional distributing equipment.

The projects financed by the loan are progressing approximately on schedule. Most of the imports needed are being supplied from the United

Kingdom, and about one-third of the loan has been disbursed. In the meantime, Southern Rhodesia's economic development continues to be rapid, and the demands for both electric power and railway services continue to exceed the ability to meet them.

In March 1953 the Bank made a loan to Northern Rhodesia for the expansion of the railways serving both the Rhodesias. At the same time, it entered into a subsidiary agreement with both Northern and Southern Rhodesia regarding the financing and carrying out of the railway project. This loan, like that for power development, was guaranteed by the United Kingdom.

Union of South Africa

Fiscal \$30 million 20-year 4% loan of January 23, 1951 to the Electricity Supply Commission for power development.

\$20 million 15-year 3¾% loan of January 23, 1951 for expansion of transportation facilities. Fully disbursed by March 1953.

The Bank's two loans to South Africa, totaling \$50 million, are directed toward keeping the expansion of basic facilities abreast of the country's economic growth. The sum lent includes a \$30 million loan to the Electricity Supply Commission, which provides about three-quarters of the Union's power consumption. This loan is to be spent on a wide range of imported electrical equipment; approximately \$25 million of it has been disbursed. The other loan put \$20 million at the disposal of the Union's transport expansion program. Disbursements under this loan were completed by March 1953. Carrying out of the program has been slowed down, however, by delays in receiving equipment from Germany and the United Kingdom, and by the shortage of skilled labor.

Since these two loans were made, the speed of economic development in South Africa has been such that the power plants and transport system are still unable to meet all the demands upon

them. The Bank therefore agreed to send a mission to South Africa late in 1952 to study the economic situation and to examine the Government's plan for additional public investment. A

second mission arrived in South Africa in June 1953 to study railway and power service expansion programs which might be suitable for financing by the Bank.

A U S T R A L A S I A

Australia

Fiscal \$100 million 25-year 4¼% loan of August 22, 1950 for development program.

Fiscal \$50 million 20-year 4¾% loan of July 8, 1953: 1952 for development program.

In July 1952 a \$50 million loan was made to give further assistance to Australia's economic development. The programs to benefit from this loan have all been chosen because they play a basic part in the country's economy, and in its balanced development. About one-third of the loan will aid agriculture, and half of it will be used for coal mining, the iron and steel industry, railways, road transport and electric power. A small part is allocated to manufacturing industries related to such basic activities as agriculture, transportation, construction and power. About \$11 million of the loan has been disbursed.

The first development loan of \$100 million was made in August 1950 and has now been very largely disbursed. While some of it has been spent on imported capital goods for investment

projects of the Commonwealth and State authorities, much has been used on machinery and equipment imports needed by farmers and private businesses. All of the imports for private use have been distributed through normal commercial channels.

During July and August 1952 a Bank mission visited Australia to examine the progress of some of the projects for which dollar funds were made available under the \$100 million loan. Early in 1953 two of the Bank's agricultural specialists went to Australia to study farm production and the effects of Bank-financed equipment on agricultural development. This mission also studied Australia's farm production targets and the prospects for marketing farm products. It found that most of the deficiencies in materials and equipment, which had hampered the expansion of agriculture since the end of the war, had been successfully overcome. Output of cereals, milk and meat is expected to benefit considerably from the use of Bank-financed equipment.

E U R O P E

Belgium

Fiscal \$16 million 20-year 4¼% loan of March 1, 1949 for steel plants and electric power.

Fiscal \$30 million 25-year 4½% loan of September 13, 1951 for development of the Belgian Congo. Made simultaneously with loan of \$40 million to the Belgian Congo (see page 21).

More than half of the \$30 million loan of September 1951 has now been disbursed. This loan was made to help to offset the pressure on the Belgian foreign-exchange position resulting from Belgium's contribution to the development of the Congo. Withdrawals under the loan are

not related to specific imports but are geared to the rate of public investment achieved in the Ten Year Development Plan for the Congo.

The tin-plate mill, the blooming mill and the thermal power plant financed by the \$16 million loan of 1949 are in full operation. An amount of \$1.8 million originally allocated for the construction of the power plant and not needed for that purpose, is being devoted to the purchase of a continuous hot strip mill by the owners of the completed blooming mill. In June 1953 Belgium repurchased and cancelled before maturity bonds to the value of \$500,000 from this loan.

Denmark

Fiscal \$40 million 25-year 4¼% loan of August
1948: 22, 1947 for reconstruction. Fully
disbursed by March 1949.

The difficult dollar position of Denmark noted in the Bank's Seventh Annual Report improved considerably during 1952. Her dollar trade deficit for the year was reduced by more than one-half. Imports from the dollar area declined; while, particularly as a result of larger expenditures by United States armed forces in Europe, export earnings increased.

Dollar-debt amortization payments, already due or about to fall due, still present Denmark with a financial problem. But the Ministry of Finance has been able to increase the sums set aside to meet these amortization payments in 1953. The improved position was reflected by Denmark's decision to pay in May 1953 \$302,000 on the \$40 million reconstruction loan, although this sum did not fall due until August 1953.

Finland

Fiscal \$12.5 million 15-year 4% loan of August
1950: 1, 1949 to the Bank of Finland for development of power, wood-products industries and limestone powder production.

\$2.3 million 2-year 3% loan of October 17, 1949 for equipment for timber production; reduced at request of borrower on September 30, 1951 to \$2.1 million. This loan has been completely repaid.

Fiscal \$20 million 18-year 4¾% loan of April
1952: 30, 1952 to the Bank of Finland for development of power and wood-products industries and for agricultural improvement.

Fiscal Swedish kronor 18 million (\$3,479,464)
1953: 18-year 4¾% loan of November 13, 1952 to the Bank of Finland for the wood-products industries.

Most of the Bank's lending in Finland has been for the modernization and expansion of the wood-products industries, which account for nearly one-third of the national income, consume more than half the supply of electric power and provide nearly the whole of the country's export earnings. The sharp fall in the price of chemical wood

pulp over the fiscal year has created difficulties. To aid Finland in adapting her economy to this situation, the Bank has agreed to various changes in the projects it is financing in the wood-products industries.

Of the \$20 million lent to Finland in April 1952, \$9.5 million was for additional machinery for the wood-products industries, \$9.5 million for imports of equipment needed to increase the supply of electric power, and \$1 million for equipment to construct access roads to timber areas and to reclaim land. The wood-products industries will also benefit from the Bank loan of Swedish kronor 18 million (equivalent to about \$3.5 million) made in November 1952. This loan was financed through the release by the Swedish Government of part of its paid-in subscription to the capital of the Bank. The proceeds will finance imports of equipment from Sweden. About one-third of the dollar loan and one-tenth of the kronor loan have been disbursed.

The \$12.5 million loan of August 1949 has been almost entirely disbursed, about four-fifths of it for equipment to reconstruct and modernize the wood-products industries, the remainder for imports needed for electric power development and the production of limestone powder.

France

Fiscal \$250 million 30-year 4¼% loan of May
1947: 9, 1947 to Crédit National for reconstruction. Fully disbursed by January 1948.

The possibility of Bank assistance in the development of French overseas territories was discussed in Paris in the closing months of the fiscal year (see page 21).

Germany

The Federal Republic became a member of the Bank in August 1952. In the first half of 1953 a mission made two visits to the country to study present economic conditions and the possibility of Bank lending. During the second visit, the President of the Bank spent a short time in

Germany and met officials of the Government and members of the investment community.

Greece

The Minister of Coordination visited the Bank in May 1953 to discuss the present economic situation and the investment program of Greece. A mission has been invited to visit the country to make a further examination of these topics, and is expected to leave for Greece within the next few months.

Iceland

Fiscal £875,000 (\$2,450,000) 22-year 4 $\frac{3}{8}$ % loan
1951: of June 20, 1951 for power development.

Fiscal £360,000 (\$1,008,000) 22-year 4 $\frac{1}{2}$ % loan
1952: of November 1, 1951 for agricultural development. Fully disbursed by March 1953.

Fiscal \$854,000 equivalent in European currencies
1953: 17-year 4 $\frac{3}{4}$ % loan of August 26, 1952 for a fertilizer plant.

The loan of August 1952, made in various European currencies equivalent to \$854,000, is financing imports from Europe of building material and equipment for a nitrogen fertilizer plant. The plant will make enough fertilizer to meet domestic needs and will help Iceland in her plans to develop agriculture and lessen her dependence on fishing. About one-third of the loan has so far been disbursed.

Last disbursements under the £360,000 loan of November 1951 were made during the year. This loan was used to finance imports needed to build farm houses and other farm buildings and to re-seed and fence grasslands. An amount of Icelandic krónur equivalent to the loan has been deposited in a special account in the Agricultural Bank and is being used to assist farmers with loans toward buildings and other improvements.

About four-fifths of the £875,000 loan made in June 1951, to pay for imports from Europe for hydroelectric plants on the Sog and Laxa Rivers, has been disbursed. Supply difficulties, particularly those caused by the shortage of certain types of steel, delayed work during the construction

season of 1952. But progress has been good since the 1953 thaw allowed work to begin again, and construction should be completed by December of this year. Though the total of this loan, like the £360,000 loan of November 1951, was expressed in sterling, other European currencies were also used in both cases.

All the Bank's loans to Iceland are financing purchases in Europe. The currencies lent for this purpose by the Bank have been made available to it by releases from the paid-in capital subscription of European members, and from the proceeds of the Bank's £5 million sterling bond issue of May 1951. Funds from the United States Mutual Security Agency have been drawn upon by the Icelandic Government to furnish the dollar costs and most of the Icelandic krónur costs of the projects.

The Government has discussed with the Bank the possibility of additional loans in various currencies for several other projects. A Bank mission visited Iceland in May 1953 to study these projects and to obtain data on the country's economic situation.

The Iceland Bank of Development was established in February 1953, along the general lines recommended by a Bank representative who visited the country in 1952.

Italy

Fiscal \$10 million 25-year 4 $\frac{1}{2}$ % loan of October
1952: 10, 1951 to the Cassa per Opere Straordinarie di Pubblico Interesse nell'Italia Meridionale (Cassa per il Mezzogiorno) for development of southern Italy.

Satisfactory progress has been made with the 10-year development program for southern Italy, in support of which the Bank lent \$10 million in October 1951. This program, administered by the Cassa per il Mezzogiorno, will bring a tenfold increase in the acreage under irrigation; it will also control floods, clear land, improve roads, and provide for the settlement of farmers on land redistributed by the Government. The loan is not intended to buy equipment, for this

can be obtained within Italy. But it will bear the impact on the country's foreign-exchange position of the higher tempo of activity resulting from the plan's execution which is expected to employ a quarter of a million workers. The rate of disbursement of the loan is geared to investment under the plan at a rate of \$1 per 10,000 lire, and disbursements have so far amounted to \$8.2 million. Execution of the first phase of the plan, involving the expenditure of 100 billion lire, has been somewhat slower than was anticipated, but is expected to be completed by September 1953.

The lira counterpart of the Bank's loan is being used to stimulate industrial development in southern Italy. Agreement has been reached on seven projects to be financed from this fund. Three of these are for cement works. The others are for the production of superphosphates, fiber board, welded tubes and woollens. Most of the loan contracts have been concluded and the first disbursements have already taken place.

Two missions visited Italy during the year. Progress of the Cassa plan was surveyed, and the Bank studied the possibility of supporting the next phase of the 10-year program with a further loan.

Luxembourg

Fiscal \$12 million 25-year 4¼% loan of August 1948: 28, 1947 for equipment for steel mill and railroads; reduced at request of borrower on December 19, 1949 to \$11.8 million, which was disbursed by the end of that month.

The Netherlands

Fiscal \$195 million 25-year 4¼% loan of August 1948: 7, 1947 for reconstruction. Fully disbursed by June 1948.

Fiscal \$12 million 10-year 3⅜% loans of July 1949: 15, 1948 to N.V. Stoomvaart Maatschappij "Nederland" (2 loans of \$2 million each), N.V. Vereenigde Nederlandsche Scheepvaartmaatschappij (one loan of \$2 million), N.V. Nederlandsch-Amerikaansche Stoomvaart-Maatschappij "Holland-Amerika Lijn" (one loan of \$2 million), and N.V. Rotterdamsche Lloyd (2 loans of \$2 million each), for purchase of ships. Fully disbursed by August 1948.

Fiscal \$15 million 15-year 4% loan of July 26, 1950: 1949 to Maatschappij tot Financiering van het National Herstel N.V. (Herstelbank) for industrial re-equipment projects; reduced at request of borrower to \$8.8 million on March 17, 1950 and to \$7.9 million on January 9, 1952.

Fiscal \$7 million 6-year 4⅛% loan of March 20, 1952: 1952 to Koninklijke Luchtvaart Maatschappij N.V. (KLM) for purchase of aircraft.

Over half of the \$7 million loan of March 1952 to KLM Royal Dutch Airlines has been disbursed; the greater part of this amount represented complete disbursement of the \$3.5 million participation of The Chase National Bank of the City of New York. Although there have been delays in the delivery of the planes included in the aircraft replacement program, seven new planes were put into international service in 1952. The remaining 16 are to be delivered during 1953 and early 1954. By helping to modernize KLM's fleet, the loan should increase the foreign-exchange earnings of the Netherlands.

Only \$750,000 remains undisbursed of the \$15 million loan made in July 1949 to the Finance Corporation for National Reconstruction (Herstelbank). Of the 35 industrial re-equipment projects assisted by the loan, 21 had been completed by December 1952, 13 more are expected to be completed by the end of 1953, and the remaining one during 1954.

In June 1953 the four shipping companies arranged to purchase and cancel bonds to the value of \$6 million from the loans of July 1948. By this purchase, together with the amortization payment due in July 1953, the whole sum of \$12 million will be repaid five years before final maturity.

Turkey

Fiscal \$12.5 million 25-year 4¼% loan of July 1951: 7, 1950 for development of ports.

\$3.9 million 18-year 3⅞% loan of July 7, 1950 for grain-storage facilities.

\$9 million 15-year 3¾% loan of October 19, 1950 to Industrial Development Bank of Turkey for development of private industry.

Fiscal \$25.2 million 25-year 4¾% loan of June 18, 1952 for multi-purpose dam and power facilities on the Seyhan River.

The \$25.2 million loan of June 1952 is to meet the foreign-exchange costs of the Seyhan Dam, which will help to control floods, to irrigate the fertile Adana Plain and to provide power for existing and new industrial enterprises in that area. Consulting engineers have been engaged and plans and specifications for the dam have been completed. Orders for construction equipment have been placed. The equipment is being shipped in time for use in the 1953 construction season.

The generation and distribution of power from the Seyhan plant will be put into the hands of a corporation in which private capital will have a majority holding. This corporation, named the Çukurova Utility Power Company, has been formed and private investors have acquired a majority interest by subscribing to 16 million Turkish liras of its issued capital. This operation is a new and successful step in the mobilization of private capital in Turkey.

The Industrial Development Bank, established to stimulate private industry and assisted by the \$9 million loan of October 1950, has greatly expanded its activities. By the end of April 1953 it had approved loans equivalent to 83 million Turkish liras (about \$30 million) out of total resources equivalent to 104.7 million Turkish liras. International Bank funds equivalent to \$5.8 million provided a part of the foreign-exchange requirements of 19 loans made by the Development Bank. These loans are aiding a variety of industries, including cotton and wool processing, brick and tile production, machine service and repair facilities, and the manufacture of pharmaceuticals. In May 1953 Industrial Development Bank representatives visited the International Bank to discuss the possibility of a second loan to provide additional foreign exchange.

Under the \$12.5 million port development loan of July 1950, construction contracts have been awarded for the ports of Salipazar and Hay-

darpara. Bids for the Samsun and Iskenderun construction contracts have been received. The program is behind schedule, but work at Salipazar and Haydarpara should be completed towards the end of 1954 and at Iskenderun and Alsancak during 1955. Samsun will take longer, and will be the last of the five port projects to be completed.

Progress has continued on the projects financed by the \$3.9 million grain-storage loan of July 1950 although, like the port loan, it is behind schedule. Construction of the 29 steel sheds for grain storage has been almost completed; they should be available for storing the 1953 harvest. The nine inland silos are still under construction, but some of them should be in use this year. A construction contract has been awarded for the Iskenderun port silo, bids for the Haydarpara port silo have been received, and it is expected that bids for the Alsancak silo will be invited soon.

Yugoslavia

Fiscal \$2.7 million 2-year 3% loan of October 17, 1949 for equipment for timber production. Fully disbursed by December 1950, and now completely repaid.

Fiscal \$28 million equivalent 25-year 4½% loan of October 11, 1951 for power, mining, industrial and other projects.

Fiscal \$30 million equivalent 25-year 4⅞% loan of February 11, 1953 for power, mining, industrial and other projects.

A loan equivalent to \$30 million was signed in February 1953. Twenty-seven projects are being assisted by it in seven sectors of the economy: electric power generation and distribution; coal mining; the extraction and processing of non-ferrous metals; iron and steel production; other manufacturing industries; forestry; and transportation. Some of these projects are already close to completion, and all of them should be in operation within two or three years. They were selected for financing because they were expected to bring an early improvement in the Yugoslav balance of payments.

Similar objectives were served by the loan equivalent to \$28 million made in October 1951 in support of power, mining, industrial and other

projects. This loan has now been almost entirely disbursed or committed.

A mission visited Yugoslavia in the middle of 1952 and found that progress on projects supported by the earlier loan had been satisfactory. The mission also examined projects put forward by the Government for the second loan, and studied economic developments in Yugoslavia. It noted an improvement in the availability of goods. This improvement had been furthered by grants from the United States, the United Kingdom and France, and changes in economic organization aimed at decentralization of management and the encouragement of initiative. The mission discussed measures being taken to meet the difficulties caused by the severe drought of 1952.

Both the loans are expected to be disbursed and repayable entirely in European currencies. This is an important feature of the loan operations; the pattern of Yugoslavia's external trade is such that her exports go mainly to European markets and her opportunities of earning dollars are limited. The Government is buying equipment and supplies from the United States, Canada and eleven European countries. To finance these purchases the Bank is using, in addition to Swiss francs received from the sale of Bank bonds in Switzerland and sterling received from the sale of bonds in the United Kingdom, releases from the capital subscriptions of Austria, Belgium, Denmark, France, Germany, Italy, the Netherlands, Norway, Sweden and the United Kingdom.

WESTERN HEMISPHERE

Bolivia

Bank representatives visited Bolivia in March 1953 to examine the economic situation and to explain to officials the operating methods of the Bank.

Brazil

Fiscal \$75 million 25-year 4½% loan of January 27, 1949 to Brazilian Traction, Light and Power Company, Limited, for power and telephone development.

Fiscal \$15 million 25-year 4¼% loan of May 26, 1950 to Companhia Hidro Elétrica do São Francisco for power development.

Fiscal \$15 million 25-year 4¼% loan of January 18, 1951 to Brazilian Traction, Light and Power Company, Limited, for power development.

Fiscal \$25 million 25-year 4¾% loan of June 27, 1952 to the Comissão Estadual de Energia Elétrica of Rio Grande do Sul for power development.

\$12.5 million 15-year 4⅞% loan of June 27, 1952 for improvement of railways.

Fiscal \$3 million 5-year 4¼% loan of April 30, 1953 for highway improvements.

The \$3 million loan of April 1953 will be used to finance imported equipment needed by the Highway Department of the State of Rio de Janeiro for the maintenance of its highway net-

work and for carrying forward its program for new highway construction and paving. The State of Rio de Janeiro, adjacent to the capital city of Brazil, is highly industrialized and also an important agricultural area. It is the chief supplier of essential foodstuffs to Rio de Janeiro and to Niteroi, the State capital. Trucks now carry a heavy volume of freight throughout the State, and motor-bus traffic is growing as the cheapest and most convenient means of transportation.

Most of the projects financed by the \$90 million of loans made to the Brazilian Traction, Light and Power Company in 1949 and 1951 have been completed. The project for the diversion of the waters of the Paraíba and Pirai Rivers to supply water for the new Forçacava power plant and the old Fontes plant was completed in March 1952. Since then, the pumping stations have been expanded by the installation of additional pump units. Progress on the construction of the Forçacava plant has been delayed because of unforeseen difficulties encountered in excavating for the underground power station. The first two units are now expected to be in operation before November 1953 and the third before the beginning of 1954, giving the plant an initial capacity of 135,000 kilowatts.

Work is continuing on the hydroelectric power project at Paulo Afonso for which the Bank made a loan of \$15 million in May 1950. Because of the large volume of water and rapid flow of the river, the most difficult part of the construction work is the closure of the dam section across the main part of the river. This work has required considerably more time than was estimated. In the light of the experience gained during the last construction seasons, the engineering plans have been revised and, if no further difficulties are encountered, the dam should be completed in time for the plant to start operations by April 1954.

The Loan Agreement for the \$12.5 million loan of June 1952 to pay for imports required for rehabilitation of the Central do Brasil Railroad, became effective in January 1953. A loan agreement was concluded in December 1952 between the Central do Brasil Railroad and the Banco Nacional do Desenvolvimento Econômico, providing the required cruzeiro funds. The new administration of the Central do Brasil Railroad issued its invitations for tenders for the supply of rolling stock, but by the end of June 1953 no disbursement had yet been made under the Bank loan.

The Loan Agreement for the \$25 million loan made to the Comissão Estadual de Energia Elétrica in June 1952 for power development in the State of Rio Grande do Sul also became effective in January 1953. The Statutes of the Comissão have been promulgated by the Governor of the State and notable progress has been made in the organization of the Commission. Substantial headway is being made in construction and bids have been invited for the supply of most of the equipment to be financed under the loan. No disbursement had been made under the Bank loan, however, by the end of the fiscal year.

British Guiana

A general survey mission visited British Guiana in February and March 1953 to prepare recommendations to the Government for a long-

term investment program. The group consisted of eight members: three of the Bank's staff; three specialists in agriculture and forestry nominated by the Food and Agriculture Organization of the United Nations, which also shared their expenses; and two consultants recruited by the Bank, one a specialist on the use of water resources and the other an expert on transport and communications. The Bank expects to transmit the mission's report to the Government in August 1953.

Chile

Fiscal 1948: \$13.5 million 20-year 4½% loan of March 25, 1948 to Corporación de Fomento de la Producción (Fomento) and Empresa Nacional de Electricidad, S.A. (Endesa) for power development.

\$2.5 million 6½-year 3¾% loan of March 25, 1948 to Corporación de Fomento de la Producción for agricultural machinery. Fully disbursed by December 1949.

Fiscal 1952: \$1.3 million 10-year 4¾% loan of October 10, 1951 to Corporación de Fomento de la Producción for exploration and use of water resources of the Río Elqui Valley.

The Endesa hydroelectric program, for which the Bank made a loan of \$13.5 million in March 1948, is proceeding satisfactorily. Two installations, one at Pilmaiquén and the other at Los Molles with capacities of 10,800 kilowatts and 16,000 kilowatts respectively, have been completed and are in operation. As a result of further studies, revisions have been made in plans for the construction of the Los Cipreses plant. The new plan provides for a 3-unit plant: two units with a combined capacity of 58,900 kilowatts to be financed by the Bank, and a third unit with a capacity of 29,450 kilowatts to be financed from other sources. The transmission system of this plant has also been revised to be better adapted to the future power requirements of the Endesa system. The plant is scheduled for completion by the end of 1953, and the transmission lines and substations during the first half of 1954.

There has been some delay on the project being carried out under the Bank's loan of \$1.3 million to explore and use the underground water

resources of the Río Elqui Valley. The first phase, involving explorations to measure the volume of underground water, will not be completed before October 1953. After that, it can be decided to what extent it will be practicable to proceed with the second phase, which consists of the installation of permanent pumps and power facilities to operate them.

The report of the joint Bank-FAO mission, which visited Chile in 1951 to prepare a long-term program of agricultural development, was transmitted to the Government in December 1952. A special committee appointed by the Government is studying the report and preparing specific recommendations for action based on it.

The report contained recommendations aimed at increasing agricultural output during the next eight years to a level approximately 40% above the 1945-49 level. First emphasis was placed on the need for the Government to adopt a consistent long-term agricultural policy designed to create incentives and maintain confidence among farmers so that they will embark upon a vigorous expansion program. Other recommendations for government action concerned the improvement of roads, railways and ports as they affect agriculture, and facilities for processing, storing and marketing agricultural products.

To provide additional land for cultivation, the mission proposed that in the next eight years Chile should bring under irrigation an additional 500,000 acres, reclaim and drain 750,000 acres, and return to production 250,000 more acres of farm land now lying fallow.

Various steps were recommended to increase production from land now under cultivation. The mission was of the opinion that better feeding and sheltering of animals, and disease control, could increase milk production by 55% and meat production by 50% in eight years. Crops could be improved by increased use of farm machinery, improvement of seeds, and better pest, disease and weed control.

Negotiations on the proposed Bank loan for the construction of pulp and newsprint plants en-

countered delays arising out of differences of opinion in Chile regarding the conditions under which the Government should guarantee the loan. In April 1953, however, the Government decided to grant its guarantee. Bank representatives visited Chile shortly afterwards for renewed discussion of the proposed plants and of problems which had arisen in connection with two coal-mining projects for which Bank financing had been requested.

Colombia

Fiscal 1950: \$5 million 7-year 3½% loan of August 19, 1949 to Caja de Crédito Agrario, Industrial y Minero for agricultural machinery; reduced at request of borrower on April 2, 1951 to \$4.9 million, which had been disbursed by February 1951.

Fiscal 1951: \$3.53 million 20-year 4% loan of November 2, 1950 to Central Hidroeléctrica del Río Anchicayá, Limitada, for power development.

\$2.6 million 20-year 4% loan of December 28, 1950 to Central Hidroeléctrica de Caldas, Limitada, for power development.

\$16.5 million 10-year 3¾% loan of April 10, 1951 for highway construction and rehabilitation.

Fiscal 1952: \$2.4 million 20-year 4½% loan of November 13, 1951 to Central Hidroeléctrica del Río Lebrija, Limitada, for power development.

Fiscal 1953: \$25 million 25-year 4¾% loan of August 26, 1952 for construction of the Magdalena Valley Railroad and central repair shops.

The Bank's \$25 million loan of August 1952 was made for key parts of an extensive program being carried out to reorganize and rehabilitate the national railroads. Of the loan, \$20 million is helping to finance the building of a railroad in the Magdalena Valley, and \$5 million is being applied to the construction of railroad repair shops at Bogotá. Work began on the new Magdalena Valley Railroad in January 1953. The line will be 235 miles long. It will connect the country's eastern and western rail systems, and will provide through rail transportation between the Pacific port of Buenaventura and important

cities of the interior. It will also supplement all-river transport through the Magdalena Valley and provide a fast and reliable river-rail route between the Caribbean ports and central Colombia. The new repair shops will provide facilities for the reconditioning and maintenance of rolling stock which now lies idle for long periods awaiting repair.

The highway project being carried out with the help of the Bank's \$16.5 million loan of April 1951 has progressed satisfactorily. This project consists of the rehabilitation of 1,802 miles of trunk highways and the construction of new sections to close gaps in the existing network. By April 1953 all work, including paving, was completed on 112 miles of roads; the full base for paving was completed on 394 miles; and grading was finished on a further 158 miles. In addition, the contractors had 1,213 miles of roads under maintenance. Two permanent repair shops, one at Bogotá and the other at Bucaramanga, have been completed and are being used to maintain the construction equipment.

Early in 1953 the Government asked the Bank for a supplementary loan to expand the highway project. The expansion would increase the amount of paving from 50% to 80% of the mileage included in the project, and would include a comprehensive maintenance program for national highways. A Bank mission visited Colombia in April 1953 to examine this proposal and its report was under review at the end of the fiscal year.

Progress on the three hydroelectric projects being financed with the help of Bank loans has, on the whole, been satisfactory. The Caldas project has been supplying power to the city of Manizales since 1951 and the expansion of the distribution system is expected to be completed soon. The Lebrija project, which will make more power available to the city of Bucaramanga, is progressing according to schedule, and should begin to supply power by the end of 1953. Progress has been slow on the project being built on the Anchicayá River to supply more power to the

industrial center of Cali. Completion of the project, originally scheduled for April 1954, probably will be delayed for several months.

The Bank's highway and railroad loans are an outgrowth of the recommendations made by the general survey mission which visited Colombia in 1949, and the Bank has continued to work with the Government in carrying through other recommendations of the mission. The Bank is collaborating closely with the National Planning Council established in 1951. A staff member on leave of absence from the Bank is acting as Planning Adviser to the Council and the Bank has nominated several specialists to serve the Council in various other capacities. Consulting engineers, engaged jointly by the Government and the Bank to study the civil aviation corporation recommended by the mission, completed their report early in 1953. The proposed corporation would be an autonomous government agency established to operate airports and aviation communication services. The Government is now taking steps to put into effect the recommendations of the report.

The Bank has also transmitted the report of a financial expert, jointly retained by the Government and the Bank, recommending measures to promote investment in industry and to improve the market for government securities.

Cuba

The Bank is working with the Government and the Banco Nacional de Cuba to put into effect some of the recommendations on financial measures made by the general survey mission of 1950. Bank missions visited Cuba in July and November 1952 for this purpose and to consider how the Bank might collaborate with the Cuban Agricultural and Industrial Development Bank. A consultant engaged by the Bank visited Cuba in May and June 1953 to study the organization and operations of the Agricultural and Industrial Development Bank with reference to the possibility of developing a market for its securities. The International Bank is examining the technical merits of two projects which are being con-

sidered by the Agricultural and Industrial Development Bank and has also been studying the general problem of how to develop a more active capital market.

Ecuador

Bank missions visited Ecuador in July 1952 and in February 1953 to examine conditions in the country and to discuss with the Government steps to be taken by Ecuador to facilitate Bank assistance in the development of its economy. The Government also discussed with the missions a number of development projects.

At the end of May 1953 the Government and the British Council of Bondholders agreed on the terms of a proposed settlement of Ecuador's external debt. The settlement is subject to ratification by the Ecuadorian Congress. The Bank plans to send a mission to Ecuador in August 1953 to examine specific projects which the Government has presented to the Bank for financing.

El Salvador

Fiscal 1950: \$12.545 million 25-year 4¼% loan of December 14, 1949 to Comisión Ejecutiva Hidroeléctrica del Río Lempa for power development.

Construction financed by the loan of \$12.5 million is somewhat behind schedule because of difficulties encountered early in 1952 in the civil works for the hydroelectric plant on the Lempa River. The project should, however, be finished before the end of 1953, and it is probable that the plant will begin limited operations early in 1954. In the meantime a specialist found with the help of the Bank is assisting the Government in a study of wholesale power rates and in studying a rate structure for retail sales.

Late in 1952, following a preliminary examination made by an expert from the United Nations, the Government informed the Bank of its intention to make detailed engineering studies for the construction of a projected new port on the Pacific Ocean. It is expected that when technical studies are completed the project will be presented for the Bank's consideration.

The Minister of Economy visited the Bank early in 1953 to discuss the possibility of financing irrigation, roads and an industrial development corporation. Preliminary technical and economic information has been received and a Bank mission will be sent to El Salvador to examine these projects within the next few months.

Jamaica

The report of the general survey mission, which visited Jamaica in March 1952, was transmitted to the Government in December 1952. In May 1953 the Government issued a statement of policy which accepted the recommendations of the mission as a framework within which government action for economic development should be planned and carried out in the coming decade.

In its report, the mission proposed a ten-year development program to increase production and reduce unemployment, largely through the development of agriculture. Chief among its recommendations in this field were programs of soil conservation, irrigation, reclamation of swamp land, and pasture improvement; land surveys needed for proper planning of land use, and changes in the system of land taxation. The mission also recommended measures to increase industrial productivity, to develop the tourist industry and to expand mining, electric power and transportation facilities. In the field of social services, the mission stressed the improvement of technical education as a means of bringing about an increase in the country's productive capacity.

Mexico

Fiscal 1949: \$24.1 million 25-year 4½% loan of January 6, 1949 to Comisión Federal de Electricidad and Nacional Financiera for power development.

\$10 million 1-year 4½% loan of January 6, 1949 to Comisión Federal de Electricidad and Nacional Financiera for power development. (Refunded)

Fiscal 1950: \$26 million 25-year 4½% loan of April 28, 1950 to Mexican Light and Power Company, Limited, for power development.

Fiscal 1951: \$10 million (maturity dates 1952-1957) 3½% line of credit of October 18, 1950 to a consortium of eight Mexican banks and Nacional Financiera for financial assistance to small enterprises. Expired on June 30, 1952 with \$0.532 million of loans outstanding.

Fiscal 1952: \$29.7 million 25-year 4½% loan of January 11, 1952 to Comisión Federal de Electricidad and Nacional Financiera for power development.

Construction work on the electric-power projects which the Bank is helping to finance has progressed satisfactorily during the fiscal year, and about 100,000 kilowatts of new generating capacity have been brought into operation. This comprises 66,000 kilowatts at the Lechería steam electric plant of the Mexican Light and Power Company (Mexlight), which serves the Mexico City area; 10,880 kilowatts at the Tepazolco hydroelectric plant of the Federal Electricity Commission, in the State of Puebla; 12,500 kilowatts at the Guaymas steam electric station in the State of Sonora; and the first of two 15,000-kilowatt units at the Monterrey steam electric station. The only important projects which will be completed somewhat later than originally scheduled are two hydroelectric projects requiring elaborate civil engineering works: Mexlight's new 45,000-kilowatt plant at Patla and a third unit of 45,000 kilowatts at the Commission's Ixtapantongo station.

The Mexican Light and Power Company has, however, experienced serious difficulty in financing the peso costs of its construction program. When the Bank made its loan of \$26 million in April 1950 to finance imports required for the program, it appeared that the peso costs could be met by a 44 million peso loan from Nacional Financiera and by suspending dividends during the construction period so that all earnings could be reinvested. However, unforeseen increases in the costs of construction have led to serious pressure on the Company's liquid funds. Nacional Financiera has already made additional advances, but still further advances will be necessary if construction is not to be seriously retarded. To repay these advances and to finance the future expan-

sion needed to meet the growing demand for power in the Mexico City area, the Company must be able to increase its revenues. It has therefore applied to the Mexican Government for a rate increase.

In April 1951, at the suggestion of the Mexican Government, a working party consisting of an economist from the Nacional Financiera, one from the Banco de México and two economists from the Bank's staff, began a study of the long-term trends in the Mexican economy, with special reference to Mexico's capacity to absorb additional foreign investment. The group collaborated for more than a year in the preparation of their report and presented it to the Mexican Government and the Bank in October 1952. The conclusion of their task marked the successful completion of a new form of collaboration between the Bank and a member country.

The report pointed out that Mexico's remarkable development between 1939 and 1950 was accomplished in the face of many difficulties, and was only made possible by an unusually high rate of savings resulting from credit expansion and restrictions on consumption, and by exploiting investment opportunities which offered quick and substantial returns. High returns were possible as long as existing public facilities, such as railways, roads and power stations, could be made to carry additional burdens, and as long as existing oilfields and mines continued to give rich yields.

A stage has now been reached, however, when heavy capital investment must be made in the improvement of public facilities and in the development and conservation of natural resources. Also, an increasing proportion of investment will have to be devoted to the maintenance of existing undertakings.

The report concluded that since it will be difficult to raise domestic savings above the present high level, Mexico will have to rely more on external capital than in the past, if development is to continue at its present rate. Increased external borrowing will need to be accompanied by appropriate financial policies if it is not to disturb

the balance of payments. The report also recommended a greater degree of central coordination of development to ensure that projects are chosen so as to attain the maximum return from capital investment.

Nicaragua

Fiscal \$3.5 million 10-year 4½% loan of June 1951: 7, 1951 for highway construction.

\$1.2 million 7-year 4% loan of June 7, 1951 to the Banco Nacional de Nicaragua for agricultural machinery.

Fiscal \$550,000 10-year 4¾% loan of October 1952: 29, 1951 for grain storage facilities.

The grain drying and storage plant financed by the \$550,000 loan of October 1951 was completed in February 1953, seven months after ground was broken. Although it was completed during the off-season between harvests, it has already received some quantities of corn and beans. It should operate close to capacity after the harvest in August 1953.

Satisfactory progress has been made under the \$3.5 million highway construction loan of June 1951. It is expected that the first of eight road-building projects will be completed in August 1953. This is the road from Matagalpa to Jinotega, a distance of 21 miles; it cuts through a coffee-producing area and will speed up the shipment of coffee to marketing centers and open new lands to further coffee growing. Two more roads are expected to be completed during 1954. One, the most important artery in the system, is the 48-mile highway between Managua and León. It will for the first time make road transport possible between the capital and León, the country's second largest city, and should stimulate commerce in the area. The other is a 19-mile road between San Jorge and San Juan del Sur, a port on the Pacific Ocean.

The equipment acquired under the \$1.2 million agricultural machinery loan of June 1951 has been distributed and is in the hands of farmers throughout the most important agricultural areas.

The report of the Bank's special mission, which spent nearly a year in Nicaragua, was pre-

sented to the Nicaraguan Government in September 1952. The report recommended a five-year development program designed to help the country move forward simultaneously in agriculture, transportation, power, industry, education and health. The report also recommended certain administrative and fiscal reforms which the mission felt were required to carry out effectively the proposed investment program.

The Government has undertaken a number of measures in line with the recommendations made in the report. It has accepted the recommended minimum five-year development program as a basis for its future economic policy. It has organized a National Economic Council to coordinate the Government's economic activities and to promote the development program; the Congress has passed legislation establishing a National Development Institute; a Budget Bureau has been organized; an income tax law has been passed; customs duties and the general tax structure are being studied and revised; a new industrial development law has been passed; and the mining laws have been revised.

At the Government's request, the Bank's special mission was extended beyond May 1952. A new special representative was appointed; he and an economist from the Bank's staff are in Managua to assist in carrying out the development program.

Another Bank mission visited Nicaragua in March 1953 to examine projects for the construction of feeder roads into areas opened up by the Bank-financed road program and for a small diesel-power plant in Managua.

Panama

A joint mission from the Bank and the United Nations Technical Assistance Administration visited Panama in August 1952 to arrange with the Government a program of technical assistance directed toward the preparation and execution of fiscal and administrative reforms recommended by an earlier Bank mission. Subsequently, a Bank consultant visited Panama and made rec-

ommendations to improve the fiscal and credit systems. At the suggestion of the Bank, experts from the Banco Nacional de Costa Rica were called upon to advise the Panamanian Government on the establishment of an Economic Development Institute. Legislation was passed creating the Institute in January 1953, and the new agency has now begun the preparation of projects as a first step toward a coordinated development program.

Other government action toward strengthening the financial position of Panama has included the adoption of measures to fund and liquidate the internal floating debt, to improve the tax structure and the tax collection system, and to establish sound budgetary practices.

These favorable developments have made it possible for the Bank to give consideration to the financing of development projects, and a Bank mission visited Panama in March 1953 to examine projects for grain-storage facilities, hydroelectric power and the importation of agricultural machinery.

Paraguay

Fiscal \$5 million 9-year 4½% loan of December 1952: 7, 1951 for agricultural machinery and supplies and road-building equipment.

Under the terms of the Loan Agreement, this loan could not become effective until the Crédito Agrícola de Habilitación, one of the agencies to receive Bank-financed goods for resale to Paraguayan farmers, had strengthened its financial position and improved its accounting and administrative procedures. When a large part of these reforms had been accomplished and the remainder were in progress, the Bank agreed with the Government of Paraguay that an initial portion of the loan should be made available for withdrawal. Accordingly, in September 1952, the Bank declared the loan effective up to the amount of \$1.9 million, with the balance to be made available later as the Bank and the borrower might agree.

In December 1952, by agreement between the Bank and the Government, the Bank sta-

tioned a special representative in Paraguay to assist in matters related to the loan. Arrangements are now far advanced for the handling and distribution of the Bank-financed farm equipment and supplies; for the establishment by the Ministry of Agriculture of a tractor pool at an agricultural colony near Asunción; and for the carrying out by the Ministry of Public Works of a program of road construction and maintenance designed to link the agricultural regions of southeastern and central Paraguay with marketing and transportation centers. By August 1953 it is expected that the \$1.9 million portion of the loan will have been disbursed and that most of the goods purchased with the funds will have arrived in Paraguay.

Arrangements are being made for a Bank mission to visit Paraguay late in 1953 to examine other projects presented to the Bank for consideration.

Peru

Fiscal \$2.5 million 15-year 4½% loan of January 23, 1952 for port improvements.

Fiscal \$1.3 million 7-year 4½% loan of July 8, 1953: 1952 for agricultural machinery.

The loan of \$1.3 million of July 1952 is being used to import equipment for the agricultural machinery pools of Servicio Cooperativo Inter-Americano de Producción de Alimentos (SCIPA), an agency of the Ministry of Agriculture established in 1943 by the Governments of Peru and the United States. SCIPA's machinery pools are being used for plowing and harvesting, for land reclamation and for opening new areas to cultivation. It is estimated that the Bank-financed equipment will, in addition to other benefits, make it possible to put an extra 50,000 acres of land under cultivation. Most of the loan has been disbursed and most of the equipment has arrived in Peru and been put into use.

The Port of Callao loan of \$2.5 million was made to improve the port's facilities for handling general cargo and to erect a grain elevator to unload and store bulk grain. Virtually the whole

amount allocated to the general cargo-handling facilities has been disbursed. Bids are expected to be called shortly for the erection of the grain elevator, and construction should begin within a few months. The Port Authority, established in accordance with the provisions of the Loan Agreement, has made good progress in reorganizing the operations of the port. As a result of improvements at the port, the 25 % surcharge, imposed by shipping companies on freight consigned to Callao, was removed in June 1953.

Two Bank missions visited Peru during the fiscal year 1953. They discussed with Government officials the general relationship between the Bank and Peru, and reviewed the economic and financial situation. The second mission which spent about two months in Peru early in 1953, also made detailed appraisals of the technical and economic merits of development projects for irrigation, road maintenance, agricultural machinery, cement production and electric power.

In January 1953 the Government made a formal offer for the settlement of Peru's dollar debt. The terms had been negotiated with the Foreign Bondholders' Protective Council, of New York, which recommended that bondholders should accept this offer. Settlement has already been accepted on more than two-thirds of the bonds. Negotiations are continuing with the Council of Foreign Bondholders in London for settlement of two sterling bond issues.

Uruguay

Fiscal \$33 million 24-year 4¼% loan of August 25, 1950 to Administración General de las Usinas Eléctricas y los Teléfonos del Estado (UTE) for power and telephone development program.

The project for the expansion of power and telephone facilities of Usinas Eléctricas y los Teléfonos del Estado (UTE) was at first held back by delays in making the loan effective and in concluding contracts for the main parts of the project. During the past year, however, work has been proceeding steadily and all principal contracts have been placed. Some diesel generators have been temporarily installed in communities not yet reached by the primary transmission lines. This equipment will be moved to the communities for which it was originally intended when the transmission system is completed.

In April 1953 a mission went to Uruguay to examine several projects submitted by the Government for the Bank's consideration. These included a program to increase livestock production based upon the joint Bank-FAO report submitted to the Government in July 1951, a substantial further expansion of the electric power facilities administered by UTE, and a project for the rehabilitation of the Uruguayan railway system. The report of the mission is under study by the Bank.

Chapter III—Financial Activities and Resources

EARNINGS, RESERVES, REPAYMENTS AND DISBURSEMENTS

The Bank's net income in 1952-53 amounted to \$18,485,411 compared with \$15,872,883 during the previous fiscal year. In accordance with established practice, the net income has been placed in a supplemental reserve against losses on loans and guarantees. This reserve was thus increased to \$76,513,511.

Loan commissions, representing a charge of 1% on outstanding balances of all loans, totaled \$9,551,822 for the year. This sum was credited, as required by the Articles of Agreement, to the special reserve for meeting the Bank's obligations. The special reserve was thus increased to \$37,236,477. Total reserves of the Bank on June 30, 1953, were \$113,749,988.

The year's gross income, not including loan commissions, was \$42,839,207. Of this amount, loan income was \$33,449,317, income from investments \$9,245,538, and miscellaneous income \$144,352. Gross expenses increased from \$19,315,861 in 1951-52 to \$24,353,796 in the past fiscal year. This increase was due principally to increases in interest charges and other borrowing costs.

Borrowers met promptly all repayments of principal due during the year. The total thus received by the Bank amounted to \$1,781,028. In addition, in April 1953 Nicaragua paid \$245,000 to reduced future repayments on the agricultural machinery loan, and in May 1953 Denmark made

an advance payment of \$302,000 due on August 1, 1953.

Sums paid by borrowers to retire portions of loans which had been sold by the Bank amounted during the year to \$17,837,948. This figure included an advance payment of \$6 million on the loans of July 1948 to four Netherlands shipping companies, and \$500,000 on the loan made in March 1949 for steel and power plants in Belgium.

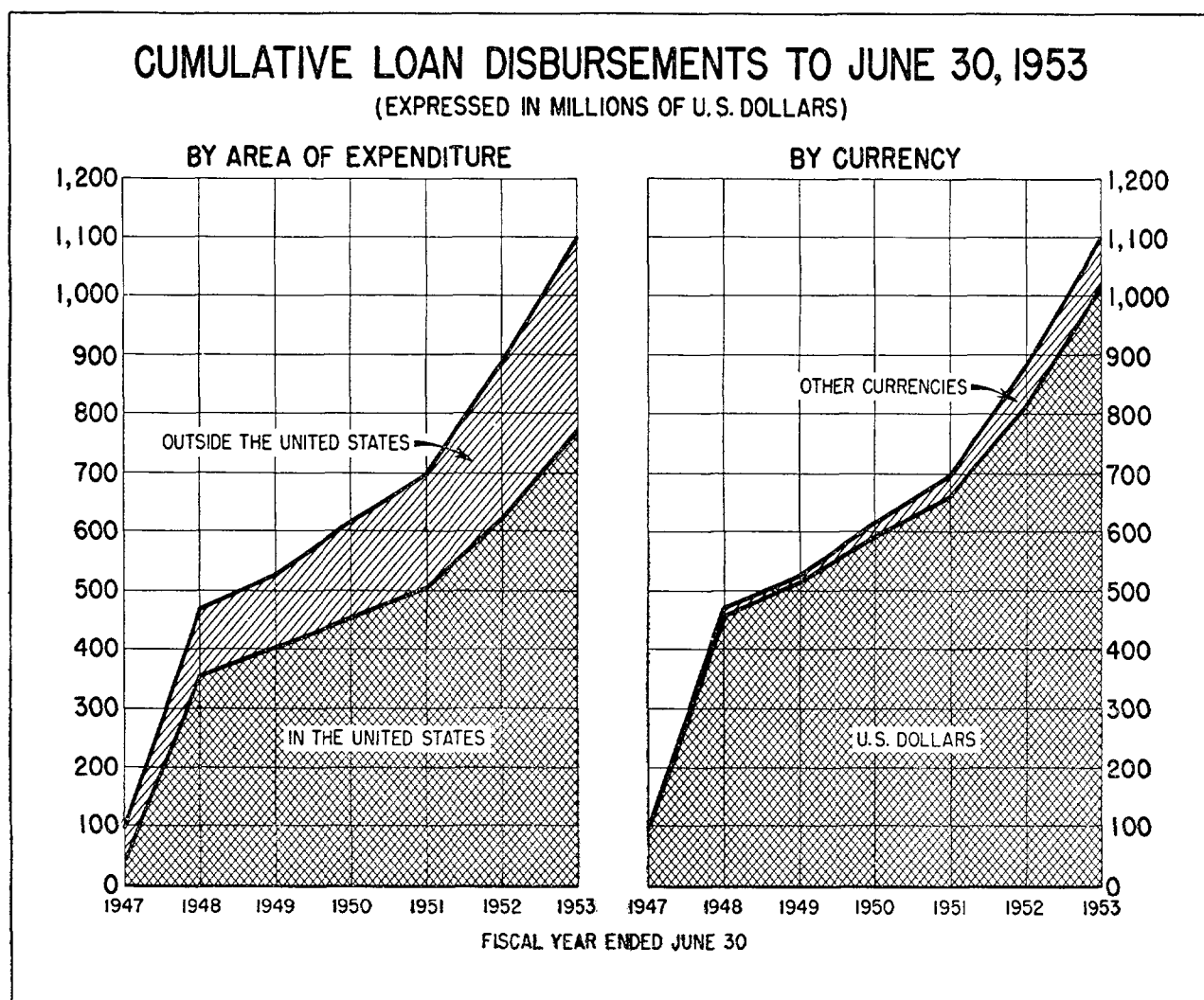
Disbursements on loans amounted to \$226,756,982, compared with \$184,777,004 during the previous year. Total disbursements through June 30, 1953, were \$1,103,261,115. Of this amount \$1,014,536,420 is repayable in U. S. dollars. The balance, equivalent to \$88,724,695, is repayable in Austrian schillings, Belgian francs, British pounds sterling, Canadian dollars, Danish kroner, French francs, Italian lire, Netherlands guilders, Norwegian kroner, South African pounds, Swedish kronor and Swiss francs.

The geographical distribution of loan expenditures to the end of the fiscal year is shown on the following page, with the money amounts expressed in millions of United States dollars. The changed distribution in the past year indicates the improved supply position in Europe. This has enabled European suppliers to benefit from the Bank's policy of encouraging the purchase of materials and equipment from whatever source could offer the terms most favorable to the borrower.

<i>Area of Expenditure</i>	<i>Total to June 30, 1952</i>		<i>Fiscal Year 1952-53</i>		<i>Cumulative Total to June 30, 1953</i>	
United States.....	\$626.2	71.4%	\$144.1	63.5%	\$ 770.3	69.8%
Canada.....	61.7	7.0	9.7	4.3	71.4	6.5
Europe.....	125.0	14.3	68.2	30.1	193.2	17.5
Latin America.....	58.4	6.7	2.6	1.1	61.0	5.5
Africa.....	2.5	0.3	1.8	0.8	4.3	0.4
Near East.....	2.5	0.3	—	—	2.5	0.2
Far East.....	0.2	—	0.4	0.2	0.6	0.1
	<u>\$876.5</u>	<u>100.0</u>	<u>\$226.8</u>	<u>100.0</u>	<u>\$1,103.3</u>	<u>100.0</u>

The growth of disbursements in currencies other than United States dollars and the increased reliance placed by borrowers on sources of supply

outside the United States are illustrated in the accompanying charts, which show disbursements by area of expenditure and by currencies used.



FUNDS AVAILABLE FOR LENDING

Funds available to the Bank for lending, less loan disbursements to June 30, 1953, are summarized below in United States dollar equivalent. The table shows only those funds which have been used by the Bank or which are available for use without further approval by members and are likely to be needed in the Bank's loan operations. Releases authorized by members during the year from their 18% capital subscriptions amounted to the equivalent of \$26.6 million.

2% portion of subscription of all members	\$ 177,185,000
18% portion of subscriptions made available by:	
Canada	\$ 53,356,000
South Africa ..	2,400,000
United States ..	571,500,000
Western European members (listed below)	62,804,000
	690,060,000
Total available capital subscriptions ..	\$ 867,245,000
Funds available from operations ..	77,100,000
Funds available from sale of bonds ..	556,374,000
"18%" funds available from principal repayments or sales of loans in U.S. and Canadian dollars and Belgian francs, which may be loaned again without further release	43,795,000
Other funds available from principal repayments or sales of loans ..	39,885,000
Gross total available funds	\$1,584,399,000
Loan disbursements	1,103,261,000
Excess of available funds over loan disbursements	\$ 481,138,000

The improvement in the supply position in Western Europe, to which reference is made in the preceding section of this chapter, has increasingly directed procurement by the Bank's borrowers to European markets, and has emphasized the need for Western European currencies in the Bank's lending operations. Unless these currencies are available from 18% capital subscriptions or from the proceeds of market operations, the Bank acquires the Western European currencies by purchase against United States or Canadian dollars or Swiss francs. In such cases, however, the Bank must impose an obligation on the borrower to service the loan in dollars or Swiss francs. But there are often circumstances where it would be difficult for the borrower to accept a debt obligation in dollars or Swiss francs, while a debt obligation in other currencies would be well within its capacity to bear. The lack of resources of other currencies can, therefore, act in restraint of the Bank's operations and, at the same time, limit opportunities for exports of Bank-financed equipment by non-dollar member countries.

The Bank has consistently urged upon its member governments the need for liberal releases of their 18% capital subscriptions. The following table shows, in United States dollar equivalent, the extent to which Western European countries have so far agreed to make releases from 18% capital.

	Used or available for lending	Available for lending in certain circumstances, but subject to consultation or other limitations	Unreleased	Total 18% Capital
Austria.....	\$ 250,000	—	\$ 8,750,000	[\$ 9,000,000
Belgium.....	4,500,000	—	36,000,000	40,500,000
Denmark.....	1,136,000	—	11,104,000	12,240,000
France.....	34,092,000	\$ 60,408,000	—	94,500,000 —
Germany.....	3,100,000	—	56,300,000	59,400,000
Italy.....	4,288,000	28,112,000	—	32,400,000
Netherlands.....	490,000	49,010,000	—	49,500,000
Norway.....	560,000	1,960,000	6,480,000	9,000,000
Sweden.....	3,779,000	—	14,221,000	18,000,000
United Kingdom*.....	10,609,000	169,128,000	54,263,000	234,000,000
	\$ 62,804,000	\$308,618,000	\$187,118,000	\$558,540,000

(*In addition the Bank has raised £5 million (\$14 million) by an issue of bonds in the London market.)

Releases of 18% capital subscriptions amounting in the aggregate to \$33,395,000 have also been made by 18 other member countries, namely: Colombia, Costa Rica, Ecuador, El Salvador, Finland, Greece, Guatemala, Honduras, Iceland, India, Lebanon, Mexico, Pakistan, Paraguay, Philippines, Syria, Thailand and Yugoslavia. So

far, the Bank has been unable to finance the procurement needs of any of its borrowers through the releases of these currencies, either because the currency released is inconvertible or because the use of a convertible currency is specifically restricted by the releasing country to purchases within its own borders.

SALES OF SECURITIES

The bond market in the United States was seriously affected in the past year by the return to freer money-market conditions and by the sharp rise, to levels not seen in 20 years, in yields on United States Treasury and other high-grade bonds. Despite the difficulties imposed by these conditions, further progress was made in expanding the market for the Bank's obligations in the United States, and an encouraging expansion of the market outside that country took place during the year.

New Bond Issues

The Bank sold new bond issues in principal amount equivalent to \$71.6 million. Direct obligations outstanding at the end of the year were \$556.4 million.

In October 1952 the syndicate of 139 banks and investment firms in the United States headed jointly by The First Boston Corporation and Morgan Stanley & Co. purchased an issue of \$60 million of Bank Nineteen-Year 3½% Bonds due October 1971, for public sale at 98 to yield 3.65%. Nearly \$20 million of this issue was subscribed by investors outside the United States. The balance was widely distributed within the United States, life insurance companies, savings banks and pension and trust funds being the principal purchasers. The bonds quickly advanced to a premium and during much of the rest of the fiscal year were above the initial offering price.

In November 1952 the syndicate of leading Swiss banks, headed in turn by the Swiss Bank Corporation, Crédit Suisse and the Union Bank of Switzerland, offered to the public 50 million Swiss

francs (approximately \$11.6 million) of 3½% Ten-Year Bank Bonds due December 1962. The offering price was 98½ and the yield 3.68%. In June 1953 the Bank entered into an agreement with the syndicate for an issue of the same amount of 3½% Fifteen-Year Bonds, due July 1968, and to be offered at 99 to yield 3.59%. Dealings in these bonds, to be dated July 1, 1953, began on a "when-issued" basis before the close of the fiscal year. Both issues were oversubscribed, and the bonds sold at a premium over the issue price.

Sales from Portfolio

Sales of securities from the Bank's loan portfolio during the year amounted to \$13,637,966. The funds obtained were added to the Bank's lendable resources.

With its guarantee, the Bank sold the equivalent of \$8,304,145 principal amount of borrowers' obligations. These sales raised to \$49,803,146 the total of guaranteed issues sold by June 30, 1953. Of that sum, \$20,174,301 principal amount has already been paid as the securities matured or by repurchases by borrowers before maturity. Guaranteed obligations still outstanding at the end of the fiscal year amounted to \$29,628,845.

The Bank also sold the equivalent of \$5,333,821 of borrowers' obligations without guarantee. By the end of the year, the total sales without guarantee had risen to \$20,211,508.

In addition, two United States firms agreed to participate, without guarantee, in one of the Bank's loans to the extent of \$997,000 as soon as the loan becomes effective.

Repayment of Obligations by the Bank

In August 1952 the Bank redeemed 17 million Swiss francs (approximately \$3,956,000) of its Serial Bonds of 1948 due 1953/54. The Bank also paid at maturity in February and March 1953 respectively \$10 million of its 2% Serial U. S. dollar Bonds of 1950 and 5 million Swiss francs (approximately \$1.2 million) of its 2½% Swiss franc Serial Bonds of 1950.

Holdings of Bank Obligations

At June 30, 1953 the total of direct and guaranteed obligations of the Bank outstanding was equivalent to approximately \$586 million. Investors in the United States were estimated to hold over 70% of these obligations, distributed approximately as follows: insurance companies,

22%; mutual savings banks, 20%; pension and trust funds, 20%; commercial banks and other investors, 9%. The total of holdings in the United States was approximately \$419.5 million, and the Bank's bonds were firmly established among a wide range of institutional investors.

Investors outside the United States purchased the great majority of all guaranteed obligations sold by the Bank during the fiscal year, and acquired substantial additional amounts of the Bank's own bonds. It is estimated that as a result of the growth of these holdings, not including the Swiss franc issue of July 1, the total of the Bank's obligations held outside the United States rose to the equivalent of \$164.5 million, or about 28% of the whole amount. This total included obligations of about \$109.1 million payable in U. S. dollars.

FINANCIAL STATEMENTS AND REPORTS

Appendices A through H contain a balance sheet showing the financial position of the Bank as of June 30, 1953, and a comparative statement of income and expenses for the fiscal years ended June 30, 1952, and June 30, 1953. A complete

statement of loans up to the end of the fiscal year, the Opinion of the Independent Auditor, and other schedules giving details of the assets and the capital structure of the Bank are also included.

Chapter IV—Management and Organization

Organization

In September 1952 a partial reorganization of departmental duties was carried out primarily to provide for more systematic and continuous contact between the Bank and its member countries. The responsibilities in this field formerly discharged by the Loan and Economic Departments were assigned on a territorial basis to three new departments, each of which was given responsibility for maintaining operational relationships with a particular geographical group of the Bank's member countries. These new units are the Department of Operations—Asia and Middle East; the Department of Operations—Europe, Africa and Australasia; and the Department of Operations—Western Hemisphere.

The functions of assessing the economic, financial and technical merits of projects proposed to the Bank for financing, and of following the progress of projects financed by the Bank, were assigned to a new Department of Technical Operations.

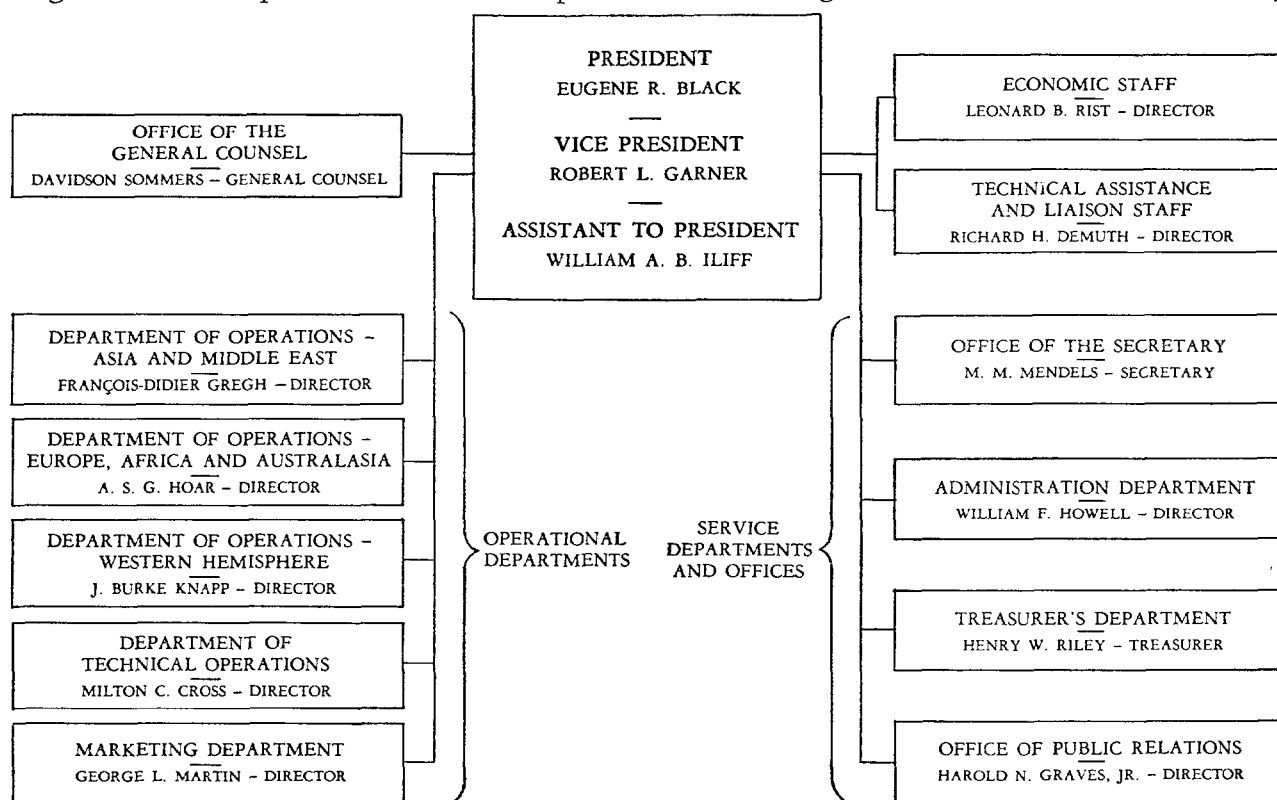
An Economic Staff was maintained to advise the management and operational departments on general economic, financial and investment problems of concern to the Bank, and to provide statistical services.

The new organizational pattern is outlined in the chart below, which also shows the names of the principal officers of the Bank.

Personnel

Mr. William F. Howell, formerly Assistant Director of Administration, was appointed Director of Administration in July 1952 in succession to Mr. Chauncey G. Parker, who resigned to become head of the United States Mutual Security Agency in Italy.

Mr. J. Burke Knapp returned to the Bank in September 1952 and was appointed Director of Operations—Western Hemisphere. He had been given leave of absence from the Bank in 1950, first to serve as economic adviser to the United States Delegation to the North Atlantic Treaty



Organization and later to be the U. S. President of the Joint United States-Brazilian Economic Development Commission.

Mr. Henry W. Riley, formerly Assistant Treasurer, was appointed Treasurer in January 1953 in succession to Mr. D. Crena de Jongh, who resigned and became Executive Director for the Netherlands.

In February 1953 Mr. François-Didier Gregh was appointed Director of Operations—Asia and Middle East. Mr. Gregh had been Director of the Budget in the French Ministry of Finance, and immediately before joining the Bank was a Director of the Crédit Lyonnais in Paris, in charge of marketing and investments.

In April 1953 Mr. Milton C. Cross was appointed Director of Technical Operations. He is on leave of absence from his position as Executive Vice President and director of the United States investment firm of Harriman Ripley & Co., Incorporated.

During the fiscal year there have been 57 appointments to the permanent staff of the Bank and 64 terminations. On June 30, 1953 there were 426 permanent staff members from 24 countries. Four of the eight members of the Bank's 1953 General Training Program were nationals of countries not represented by permanent staff members.

Training Programs

The Bank's General Training Program (formerly called the Junior Professional and Administrative Program) is designed to give young men and women from the Bank's member countries experience with general problems of economic development and with the Bank's operations. The fifth year of this program began on January 1, 1953, with the enrollment of trainees from Ceylon, China, the Dominican Republic, Iraq, Nicaragua, Pakistan, the Philippines and Thailand. Citizens of 34 of the Bank's members have participated in this training and selections are now being made from candidates for the sixth annual course.

During the past year the Special Training Program has provided training in public finance for budget officials of Pakistan and Turkey, to an agricultural credit official of the Philippines, to a central bank official of Greece, and to a planning officer of Pakistan. In its three years of operation, this program has had 12 participants from nine member countries. In addition, the Bank made special training arrangements during the year for officials of the Industrial Development Bank of Turkey, for engineers of the Pakistan Government, and for two German and two Japanese Government officials.

Staff Retirement Plan

The Plan began its sixth year of operation in May 1953, and approximately 45% of the Bank's staff now has five years or more of eligible service. At the end of 1952, the total assets of the Plan were \$2,178,600, an increase of approximately \$475,000 over the previous year; the investment portfolio contained securities with a book value of \$2,134,100 and a market value of \$2,296,400.

Joint Services of the Bank and the Fund

At the Seventh Annual Meeting, the Board of Governors raised the question of operating further services jointly with the International Monetary Fund. A committee was appointed by the President of the Bank and the Managing Director of the Fund to investigate the feasibility of increasing the sphere of joint Bank-Fund services.

Administrative Budget

The Administrative Budget of the Bank for the fiscal year ending June 30, 1954 appears in this Report as Appendix I. The budget was prepared by the President and approved by the Executive Directors in accordance with Section 19 of the By-Laws. In the absence of new developments, no report is being submitted to the Board of Governors on the Advisory Council, and no provision is made for the Council in the budget. A special report on the budget is being presented to the Board of Governors at the Annual Meeting.

Chapter V—Miscellaneous

Relations with Other International Organizations

During the year the Bank continued to maintain close relations with the International Monetary Fund, the United Nations and other international organizations. As in the past, representatives of the Bank attended meetings of the United Nations General Assembly and the Economic and Social Council. In addition, the Bank was represented at meetings of other international agencies when subjects of interest to the Bank were discussed.

The President of the Bank presented a report on the Bank's activities to the Fifteenth Session of the Economic and Social Council in New York. In May 1953, in accordance with a resolution adopted by the Council at its Thirteenth Session, he transmitted a report on the status of the proposal for an International Finance Corporation (see below) to the Secretary General of the United Nations.

During the course of the year the President of the Bank also attended several meetings of the United Nations Administrative Committee on Coordination, and staff members attended meetings of its subsidiary committees. The Bank also kept in touch with the United Nations regional commissions and the Organization of American States, and attended some of the meetings.

The Bank was represented at numerous meetings of the United Nations Technical Assistance Board and of the Technical Assistance Committee, which reviews the Board's activities on behalf of the Economic and Social Council. Information continued to be exchanged with representatives of the specialized agencies concerned with technical assistance, and a series of meetings to assure coordination was held by the President

of the Bank and the Managing Director of the Fund with the Executive Chairman of the Technical Assistance Board and the Director-General of the United Nations Technical Assistance Administration.

The arrangements have continued under which the agricultural and forestry experts for the Bank's general survey missions have been nominated by the Food and Agriculture Organization of the United Nations, and the costs of their services shared by the Organization. The International Monetary Fund furnished a staff member to serve on an operational mission to Burma; and a number of other international and national organizations have made staff available for technical assistance and for operational activities.

Bank representatives attended the Central American seminar on agricultural credit, held in Guatemala City under the auspices of the Food and Agriculture Organization, the Economic Commission for Latin America and the Government of Guatemala. The Bank was also represented at the São Paulo seminar on land problems, sponsored by the Food and Agriculture Organization and the Government of Brazil.

International Finance Corporation

In May 1953 the President of the Bank transmitted a report to the Secretary General of the United Nations, setting forth the present status of the proposal to set up an International Finance Corporation. Establishment of this body was proposed by the United States International Development Advisory Board in 1951. It would be a corporation, affiliated with the Bank, authorized to make loans to private enterprise without governmental guarantee and to make equity investment in participation with private investors.

As requested by the United Nations Economic and Social Council, the Bank studied this proposal and in April 1952 transmitted to the Council *A Report on the Proposal for an International Finance Corporation*. This was discussed at the meeting of the Council immediately following and, in the later part of 1952, by the Second Committee of the United Nations General Assembly. The General Assembly approved a resolution adopted by the Council noting that the Bank was continuing its examination of the proposal and requesting a report on the results of the Bank's further exploration.

The report of May 1953 briefly reviews the main opinions expressed at the United Nations meetings, at the Bank's Seventh Annual Meeting and in informal talks by Bank officers with officials of member governments and representatives of business and finance. It points out that countries on whom the Corporation would necessarily have to depend for the greater part of its funds have not yet indicated that they are ready to commit themselves to subscribe to its capital; for this reason, there would be no object in further formalizing the project at present. The report also states that the Bank intends to continue to explore the matter with member governments, and will be prepared to present concrete proposals for their consideration if and when there is a reasonable prospect that sufficient financial participation will be forthcoming.

The International Finance Corporation proposal is on the agenda of the Sixteenth Session of

the Economic and Social Council, to be held in Geneva in July 1953.

Membership and Subscription

Japan, with a subscription of \$250 million, the Federal Republic of Germany, with a subscription of \$330 million, and Jordan, with a subscription of \$3 million, became members of the Bank on August 13, 14 and 29, 1952, respectively. Bank membership was thus raised to 54, and its total subscribed capital to \$9,036,500,000. Applications for membership from Indonesia, with a subscription of \$110 million, and Haiti, with a subscription of \$2 million, were approved by the Board of Governors at the Seventh Annual Meeting. These countries have until September 16, 1953 to accept membership.

Appendices

As well as appendices A through I containing the financial statements and the administrative budget of the Bank, there are also included the following:

Appendix J—Voting Power and Subscriptions of Member Countries as of June 30, 1953.

Appendix K—Governors and Alternates as of June 30, 1953.

Appendix L—Executive Directors and Alternates and their Voting Power as of June 30, 1953.

Appendix M—Principal Officers of the Bank as of June 30, 1953.

APPENDICES

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Balance Sheet

EXPRESSED IN UNITED STATES CURRENCY

ASSETS

Due from Banks and Other Depositories

(See APPENDIX C)

Member currencies, including \$4,899,095 United States Dollars

Unrestricted \$ 5,890,196

Subject to restrictions—NOTE B 102,231,817 \$ 108,122,013

Non-member currency 14,856,599 \$ 122,978,612

Investment Securities

United States Government obligations

(\$374,460,000 face amount; at cost less amortized premium) \$374,196,887

Canadian Government obligations

(Can \$5,000,000 face amount; at cost plus accumulated discount) 4,523,366

United Kingdom Government obligations

(£2,945,000 face amount; at cost) 8,197,082 \$ 386,917,335

Accrued interest 1,129,342 388,046,677

Receivable on Account of Subscribed Capital

(See APPENDIX D)

Receivable in United States currency

Calls on subscription to capital stock—NOTE C \$ 3,545,000

Receivable in other member currencies—NOTE B

Non-negotiable, non-interest-bearing, demand notes \$903,200,804

Amounts required to maintain value of currency holdings—NOTE B 861,584 904,062,388 907,607,388

Loans Outstanding Held by Bank (See APPENDIX F)—

NOTE D 1,416,943,077

*Accrued Interest, Commitment and Service Charges on**Loans*—NOTE D 8,191,020*Other Receivables and Other Assets* 574,926*Special Reserve Fund Assets*—NOTE E

Due from Banks—member currency—United States \$ 135

Investment securities—United States Government obligations (\$34,913,000 face amount; at cost) 34,889,449

Accrued loan commissions—NOTE D 2,346,893 37,236,477

Staff Retirement Plan Assets

(Segregated and held in trust) 2,397,446

Total Assets

\$2,883,975,623

June 30, 1953

= Note A of Notes to Financial Statements, Appendix G

LIABILITIES, RESERVES AND CAPITAL

Liabilities

Accounts payable and accrued expenses, including \$5,390,168 bond interest.....		\$ 5,853,553
Collection on loan in advance of due date.....		293,371
Undisbursed balance of loans (See APPENDIX F)		
On loans held by Bank.....	\$ 396,019,253	
On loans represented by obligations of borrowers sold under guarantee—NOTE F.....	1,988,010	398,007,263
Funded debt (See APPENDIX E)		
(Of this amount \$12,326,934 is due within one year).....		556,374,002
Bonds called for redemption not presented.....	\$ 2,020	
Less funds on deposit with Fiscal Agent therefor.....	2,020	—

Reserves for Losses

Special reserve—NOTE E.....	\$ 37,236,477	
Supplemental reserve against losses on loans and guarantees—NOTE G.....	76,513,511	113,749,988

Staff Retirement Plan Reserve

2,397,446

Capital (See APPENDIX D)

Capital stock

Authorized 100,000 shares of \$100,000 par value each		
Subscribed 90,365 shares.....	\$9,036,500,000	
Less—Uncalled portion of subscriptions—NOTE H.....	7,229,200,000	1,807,300,000

Contingent Liability—OBLIGATIONS OF BORROWERS OUTSTANDING SOLD UNDER GUARANTEE—NOTE F.....\$27,640,835

Total Liabilities, Reserves and Capital

\$2,883,975,623

Comparative Statement of Income and Expenses
For the Fiscal Years Ended June 30, 1952 and June 30, 1953

EXPRESSED IN UNITED STATES CURRENCY

See Note A of Notes to Financial Statements, Appendix G

	<i>July 1-June 30</i>	
	<i>1951-1952</i>	<i>1952-1953</i>
Income		
Interest earned on investments	\$ 8,500,740	\$ 9,245,538
Income from loans:		
Interest	23,669,009	29,983,062
Commitment charges	2,838,343	3,366,376
Commissions	7,558,906	9,551,822
Service charges	80,203	99,879
Other income	100,449	144,352
Gross Income	\$42,747,650	\$52,391,029
Deduct—Amount equivalent to commissions appropriated to Special Reserve— NOTE E	7,558,906	9,551,822
Gross Income Less Reserve Deduction	\$35,188,744	\$42,839,207
Expenses		
Administrative expenses:		
Personal services	\$ 3,132,058	\$ 3,373,732
Expense allowance—Executive Directors and Alternates	5,144	775
Fees and compensation	318,832	317,772
Representation	56,092	61,178
Travel	538,211	843,360
Supplies and material	42,574	33,636
Rents and utility services	397,770	432,430
Communication services	114,332	111,476
Furniture and equipment	33,586	26,241
Motor vehicles	4,907	5,646
Books and library services	69,463	71,720
Printing	67,765	67,946
Contributions to staff benefits	336,559	344,394
Insurance	16,704	31,864
Handling and storage of gold	2,080	—
Other expenses	1,281	2,100
Total Administrative Expenses . . .	\$ 5,137,358	\$ 5,724,270
Interest on bonds	11,793,631	16,208,117
Bond issuance and other financial expenses—NOTE I	2,346,692	2,421,409
Exchange adjustments	38,180	—
Gross Expenses	\$19,315,861	\$24,353,796
Net Income —Appropriated to Supplemental Reserve Against Losses on Loans and Guarantees—NOTE G	\$15,872,883	\$18,485,411

Statement of Currencies Held by the Bank—June 30, 1953

See Note A of Notes to Financial Statements, Appendix G

	Unit of Currency	Amount Expressed In Member Currency (Restricted)	Rate of Exchange	Total Expressed in United States Dollars
Member Currencies				
Australia	Pound	156,494	\$ = 0.4464	\$ 350,546
Austria	Schilling	4,390,500	\$ = 26.00	168,865
Belgium	Franc	13,233,381	\$ = 50.00	264,668
Bolivia	Boliviano	710,308	\$ = 190.00	3,739
Brazil	Cruzeiro	348,509,769	\$ = 18.50	18,838,366
Burma	Kyat	113,263	\$ = 4.7619	23,785
Canada	Dollar	4,052,654	\$ = 1.10	3,684,231
Ceylon	Rupee	117,284	\$ = 4.7619	24,630
Chile	Peso	194,101,453	\$ = 31.00	6,261,337
China	Gold Yuan	21,550,341	\$ = 20.00	1,077,517
Colombia	Peso	12,203,444	\$ = 1.950	6,258,237
Costa Rica	Colón	1,996,515	\$ = 5.615	355,568
Cuba	Peso	56,949	\$ = 1.00	56,949
Czechoslovakia	Koruna	10,980,338	\$ = 50.00	219,607
Denmark	Krone	1,174,077	\$ = 6.90714	169,980
Dominican Republic	Peso	982	\$ = 1.00	982
Ecuador	Sucre	8,583,456	\$ = 15.00	572,230
Egypt	Pound	20,790	\$ = 0.3482	59,699
El Salvador	Colón	436,428	\$ = 2.50	174,571
Ethiopia	Dollar	1,283,760	\$ = 2.4845	516,713
Finland	Markka	1,572,124,313	\$ = 230.00	6,835,323
France	Franc	1,855,573,111	\$ = 349.60	5,307,703
Germany	Mark	2,558,594	\$ = 4.20	609,189
Greece	Drachma	22,500,000,000	\$ = 5,000.00	4,500,000
Guatemala	Quetzal	349,750	\$ = 1.00	349,750
Honduras	Lempira	355,400	\$ = 2.00	177,700
Iceland	Króna	2,865,709	\$ = 16.2857	175,965
India	Rupee	3,092,189	\$ = 4.7619	649,360
Iran	Rial	1,290,158	\$ = 32.25	40,005
Iraq	Dinar	2,720	\$ = 0.3571	7,616
Italy	Lira	13,069,669	\$ = 350.00	37,342
Japan	Yen	159,488,280	\$ = 360.00	443,023
Jordan	Dinar	1,697	\$ = 0.3571	4,752
Lebanon	Pound	1,745,589	\$ = 2.1915	796,534
Luxembourg	Franc	670,735	\$ = 50.00	13,415
Mexico	Peso	100,275,487	\$ = 8.65	11,592,542
Netherlands	Guilder	761,236	\$ = 3.80	200,325
Nicaragua	Córdoba	660,383	\$ = 5.00	132,077
Norway	Krone	1,174,049	\$ = 7.1429	164,367
Pakistan	Rupee	484,660	\$ = 3.3085	146,488
Panama	Balboa	30,595	\$ = 1.00	30,595
Paraguay	Guarani	1,293,287	\$ = 6.00	215,548
Peru	Sol	163,489	\$ = 6.50	25,152
Philippine Republic	Peso	2,376,584	\$ = 2.00	1,188,292
Sweden	Krona	90,655,160	\$ = 5.1732	17,523,967
Syria	Pound	40,835	\$ = 2.1915	18,633
Thailand	Baht	86,997	\$ = 12.50	6,960
Turkey	Lira	49,798	\$ = 2.80	17,785
Union of South Africa	Pound	253,317	\$ = 0.3571	709,288
United Kingdom	Pound	252,434	\$ = 0.3571	706,816
United States	Dollar	116,308	\$ =	116,308
Uruguay	Peso	2,825,818	\$ = 1.519	1,860,254
Venezuela	Bolivar	4,563,097	\$ = 3.35	1,362,119
Yugoslavia	Dinar	2,155,321,302	\$ = 300.00	7,184,404
Restricted Currency (NOTE B)				\$102,231,817
Unrestricted Currency (Belgium, Canada, United Kingdom and United States)				5,890,196
Non-Member Currency (Switzerland)				\$108,122,013
				14,856,599
Total				<u>\$122,978,612</u>

Statement of Subscriptions to Capital Stock and Voting Power

June 30, 1953

EXPRESSED IN UNITED STATES CURRENCY

See Note A of Notes to Financial Statements, Appendix G

Member	Subscriptions		United States Dollars	Amounts Paid in		Amounts Required to Maintain Value of Currency Holdings (Note B)	Amounts Due (Note C)	Subject to Call to Meet Obligations of Bank (Note H)	Number of Votes
	Shares	Amount (Note F)		In Currency of Member Other Than United States Dollars (Note B)	Non-Interest-Bearing, Non-Negotiable Demand Notes (Note B)				
Australia	2,000	\$ 200,000,000	\$ 4,000,000	\$ 360,368	\$ 35,639,632	\$ —	\$ —	\$ 160,000,000	2,250
Austria	500	50,000,000	1,000,000	183,633	8,816,367	—	—	40,000,000	750
Belgium	2,250	225,000,000	4,500,000	3,844,422	36,655,578	—	—	180,000,000	2,500
Bolivia	70	7,000,000	140,000	4,500	393,916	861,584	—	5,600,000	320
Brazil	1,050	105,000,000	2,100,000	18,900,000	—	—	—	84,000,000	1,300
Burma	150	15,000,000	300,000	27,000	2,673,000	—	—	12,000,000	400
Canada	3,250	325,000,000	6,500,000	27,053,182	31,446,818	—	—	260,000,000	3,500
Ceylon	150	15,000,000	300,000	32,997	2,667,003	—	—	12,000,000	400
Chile	350	35,000,000	700,000	6,300,000	—	—	—	28,000,000	600
China	6,000	600,000,000	9,080,000	1,080,000	106,920,000	—	2,920,000	480,000,000	6,250
Colombia	350	35,000,000	700,000	6,300,000	—	—	—	28,000,000	600
Costa Rica	20	2,000,000	40,000	360,000	—	—	—	1,600,000	270
Cuba	350	35,000,000	700,000	63,000	6,237,000	—	—	28,000,000	600
Czechoslovakia	1,250	125,000,000	1,875,000	225,000	22,275,000	—	625,000	100,000,000	1,500
Denmark	680	68,000,000	1,360,000	991,066	11,248,934	—	—	54,400,000	930
Dominican Republic	20	2,000,000	40,000	3,600	356,400	—	—	1,600,000	270
Ecuador	32	3,200,000	64,000	576,000	—	—	—	2,560,000	282
Egypt	533	53,300,000	1,066,000	95,940	9,498,060	—	—	42,640,000	783
El Salvador	10	1,000,000	20,000	180,000	—	—	—	800,000	260
Ethiopia	30	3,000,000	60,000	540,000	—	—	—	2,400,000	280
Finland	380	38,000,000	760,000	6,840,000	—	—	—	30,400,000	630
France	5,250	525,000,000	10,500,000	15,781,464	78,718,536	—	—	420,000,000	5,500
Germany	3,300	330,000,000	6,600,000	614,286	58,785,714	—	—	264,000,000	3,550
Greece	250	25,000,000	500,000	4,500,000	—	—	—	20,000,000	500
Guatemala	20	2,000,000	40,000	360,000	—	—	—	1,600,000	270
Honduras	10	1,000,000	20,000	180,000	—	—	—	800,000	260
Iceland	10	1,000,000	20,000	180,000	—	—	—	800,000	260
India	4,000	400,000,000	8,000,000	721,800	71,278,200	—	—	320,000,000	4,250
Iran	336	33,600,000	672,000	60,480	5,987,520	—	—	26,880,000	586
Iraq	60	6,000,000	120,000	20,880	1,059,120	—	—	4,800,000	310
Italy	1,800	180,000,000	3,600,000	2,257,143	30,142,857	—	—	144,000,000	2,050
Japan	2,500	250,000,000	5,000,000	450,000	44,550,000	—	—	200,000,000	2,750
Jordan	30	3,000,000	60,000	5,400	534,600	—	—	2,400,000	280
Lebanon	45	4,500,000	90,000	810,000	—	—	—	3,600,000	295
Luxembourg	100	10,000,000	200,000	18,000	1,782,000	—	—	8,000,000	350
Mexico	650	65,000,000	1,300,000	11,700,000	—	—	—	52,000,000	900
Netherlands	2,750	275,000,000	5,500,000	552,632	48,947,368	—	—	220,000,000	3,000
Nicaragua	8	800,000	16,000	144,000	—	—	—	640,000	258
Norway	500	50,000,000	1,000,000	272,000	8,728,000	—	—	40,000,000	750
Pakistan	1,000	100,000,000	2,000,000	180,000	17,819,992	—	—	80,000,000	1,250
Panama	2	200,000	4,000	36,000	—	—	—	160,000	252
Paraguay	14	1,400,000	28,000	252,000	—	—	—	1,120,000	264
Peru	175	17,500,000	350,000	62,269	3,087,731	—	—	14,000,000	425
Philippines	150	15,000,000	300,000	1,200,000	1,500,000	—	—	12,000,000	400
Sweden	1,000	100,000,000	2,000,000	18,000,000	—	—	—	80,000,000	1,250
Syria	65	6,500,000	130,000	43,642	1,126,358	—	—	5,200,000	315
Thailand	125	12,500,000	250,000	32,500	2,217,500	—	—	10,000,000	375
Turkey	430	43,000,000	860,000	77,400	7,662,600	—	—	34,400,000	680
Union of South Africa	1,000	100,000,000	2,000,000	2,140,000	15,860,000	—	—	80,000,000	1,250
United Kingdom	13,000	1,300,000,000	26,000,000	5,940,000	228,060,000	—	—	1,040,000,000	13,250
United States	31,750	3,175,000,000	635,000,000	—	—	—	—	2,540,000,000	32,000
Uruguay	105	10,500,000	210,000	1,890,000	—	—	—	8,400,000	355
Venezuela	105	10,500,000	210,000	1,365,000	525,000	—	—	8,400,000	355
Yugoslavia	400	40,000,000	800,000	7,200,000	—	—	—	32,000,000	650
	<u>90,365</u>	<u>\$9,036,500,000</u>	<u>\$748,685,000</u>	<u>\$151,007,612</u>	<u>\$903,200,804</u>	<u>\$861,584</u>	<u>\$3,545,000</u>	<u>\$7,229,200,000</u>	<u>103,865</u>

Funded Debt of the Bank—June 30, 1953

EXPRESSED IN UNITED STATES CURRENCY

See Note A of Notes to Financial Statements, Appendix G

<i>Issue and Maturity</i>	<i>Principal Outstanding</i>	<i>Annual Sinking Fund Requirement</i>
<i>Payable in United States Dollars</i>		
2% Serial Bonds of 1950, due 1954-62	\$ 90,000,000	None
3½% Nineteen Year Bonds of 1952, due 1971	60,000,000	1957-66 \$2,000,000 1967-70 \$2,500,000
3% Twenty-Five Year Bonds of 1947, due 1972	150,000,000	1958-62 \$3,000,000 1963-67 \$4,500,000 1968-72 \$7,500,000
3⅜% Twenty-Three Year Bonds of 1952, due 1975	50,000,000	1958 \$1,000,000 1959-74 \$1,500,000
3% Twenty-Five Year Bonds of 1951, due 1976	50,000,000	1963 \$1,000,000 1964-75 \$2,000,000
3¼% Thirty Year Bonds of 1951, due 1981	100,000,000	1966-67 \$2,000,000 1968-73 \$3,000,000 1974-80 \$4,000,000
Sub-Total	<u>\$500,000,000</u>	
<i>Payable in Canadian Dollars</i>		
4% Ten Year Bonds of 1952, due 1962 (Can \$15,000,000)	<u>\$ 13,636,364</u>	1955-60 Can \$700,000 1961 Can \$800,000
<i>Payable in Pounds Sterling</i>		
3½% Twenty Year Stock of 1951, due 1971 (£5,000,000)	<u>\$ 14,000,000</u>	1957-71 £166,700
<i>Payable in Swiss Francs</i>		
2½% Serial Bonds of 1950, due 1953-56 (Sw fr 23,500,000)	\$ 5,468,296	None
3½% Ten Year Bonds of 1952, due 1962 (Sw fr 50,000,000)	11,634,671	None
3½% Twelve Year Bonds of 1951, due 1963 (Sw fr 50,000,000)	11,634,671	None
Sub-Total	<u>\$ 28,737,638</u>	
Gross Total	<u><u>\$556,374,002</u></u>	

Each issue, except the 2% Serial Bonds of 1950, is subject to redemption prior to maturity at the option of the Bank at varying 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 case of the 3½% Twenty Year Stock of 1951 the amount shown is the amount of funds to be provided annually for purchase or redemption.

The following table shows the aggregate principal amount of the maturities and sinking fund requirements of the debt each year for the five years following June 30, 1953:

<i>Year Ending June 30</i>	<i>Amount</i>
1954.....	\$12,326,934
1955.....	12,614,258
1956.....	11,799,831
1957.....	11,103,124
1958.....	14,103,124
Total....	<u><u>\$61,947,271</u></u>

On June 3, 1953 the Bank entered into an agreement with its Swiss banking group for the issuance of 3½% bonds in the aggregate principal amount of Swiss francs 50,000,000. The bonds will be dated July 1, 1953 and will mature July 1, 1968. They were offered to the public from June 10 through June 16 and payment is to be made by the banking group to the Bank on July 1, 1953.

Statement of Loans

EXPRESSED IN UNITED STATES CURRENCY

<i>Loan Number</i>	<i>Borrower and Guarantor</i>	<i>Program or Project</i>	<i>Date of Loan Agreement</i>	<i>Maturity</i>
29 AU	<i>Australia</i>	Equipment and materials for development	Aug. 22, 1950	1955-1975
66 AU		Equipment and materials for development	July 8, 1952	1957-1977
14 BE	<i>Belgium</i>	Equipment for steel and power industries	Mar. 1, 1949	1953-1969
48 BE		Equipment and materials for 10-year Development Plan of the Belgian Congo	Sept. 13, 1951	1957-1976
47 BE	<i>Belgium (Guarantor)</i> Belgian Congo	Equipment and materials for 10-year Development Plan of the Belgian Congo	Sept. 13, 1951	1957-1976
65 BR	<i>Brazil</i>	Railway rehabilitation	June 27, 1952	1955-1961
*75 BR		Highway maintenance and improvement	April 30, 1953	1954-1959
11 BR	<i>Brazil (Guarantor)</i> Brazilian Traction (First Installment)	Electric power development and telephone equipment	Jan. 27, 1949	1953-1971
11 BR-S	Brazilian Traction (Second Installment)	Electric power development	Jan. 18, 1951	1955-1971
25 BR		São Francisco Hidro Eléc. Co.	May 26, 1950	1954-1971
64 BR		Comissão Estadual de Energia Elétrica	June 27, 1952	1957-1971
5 CH	<i>Chile (Guarantor)</i> Fomento and Endesa	Electric power development	Mar. 25, 1948	1953-1961
6 CH		Agricultural development	Mar. 25, 1948	1950-1958
49 CH		Exploration and use for irrigation of underground water resources	Oct. 10, 1951	1955-1961
43 CO	<i>Colombia</i>	Highway construction and rehabilitation	Apr. 10, 1951	1954-1961
68 CO		National railways project	Aug. 26, 1952	1957-1971
18 CO	<i>Colombia (Guarantor)</i> Caja de Crédito	Agricultural development	Aug. 19, 1949	1952-1958
38 CO		CHIDRAL	Nov. 2, 1950	1954-1970
39 CO		Caldas Hidro-Eléc. Co.	Dec. 28, 1950	1952-1971
54 CO		Hidroeléctrica del Río Lebrija	Nov. 13, 1951	1954-1971
3 DE	<i>Denmark</i>	Equipment and materials for reconstruction and development	Aug. 22, 1947	1953-1971
22 ES	<i>El Salvador (Guarantor)</i> Comisión del Río Lempa	Electric power development	Dec. 14, 1949	1954-1971
31 ET	<i>Ethiopia</i>	Highway rehabilitation	Sept. 13, 1950	1956-1971
32 ET		Foreign exchange for Development Bank	Sept. 13, 1950	1956-1971
*42 ET		Rehabilitation and extension of telephone and telegraph systems	Feb. 19, 1951	1956-1971
21 FI	<i>Finland</i>	Equipment for timber production	Oct. 17, 1949	1950-1957
16 FI	<i>Finland (Guarantor)</i> Bank of Finland	Electric power development and equipment for wood products industries and limestone powder production	Aug. 1, 1949	1953-1961
61 FI	Bank of Finland	Electric power, wood products industries and agricultural development	Apr. 30, 1952	1955-1970
70 FI	Bank of Finland	Electric power, wood products industries and agricultural development (Supplemental Loan Agreement)	Nov. 13, 1952	1955-1970

June 30, 1953

See Notes A, D and F of Notes to Financial Statements, Appendix G

Interest Rate Including Commission)	Original Principal Amount	Loans Not Yet Effective	Cancellations and Refundings	Principal Repayments to Bank	Obligations of Borrowers Sold by Bank	Effective Loans Outstanding Held by Bank	Principal Amount Disbursed	Undisbursed Balance of Effective Loans ¹
4 1/4%	\$100,000,000	\$ —	\$ —	\$ —	\$ —	\$100,000,000	\$ 91,297,518	\$ 8,702,482
4 3/4%	50,000,000	—	—	—	—	50,000,000	11,226,595	38,773,405
4 1/4%	16,000,000	—	—	—	16,000,000	—	14,011,990	1,988,010
4 1/2%	30,000,000	—	—	—	—	30,000,000	16,071,000	13,929,000
4 1/2%	40,000,000	—	—	—	—	40,000,000	21,433,000	18,567,000
4 5/8%	12,500,000	—	—	—	—	12,500,000	—	12,500,000
4 1/4%	3,000,000	3,000,000	—	—	—	—	—	—
4 1/2%	75,000,000	—	—	—	3,632,818	71,367,182	73,790,903	1,209,097
4 1/4%	15,000,000	—	—	—	—	15,000,000	11,940,522	3,059,478
4 1/4%	15,000,000	—	—	—	—	15,000,000	12,320,279	2,679,721
4 3/4%	25,000,000	—	—	—	—	25,000,000	—	25,000,000
4 1/2%	13,500,000	—	—	—	—	13,500,000	11,154,764	2,345,236
3 3/4%	2,500,000	—	—	518,000	1,490,000	492,000	2,500,000	—
4 3/8%	1,300,000	—	—	—	—	1,300,000	729,158	570,842
3 7/8%	16,500,000	—	—	—	300,000	16,200,000	13,424,984	3,075,016
4 3/4%	25,000,000	—	—	—	—	25,000,000	2,808,638	22,191,362
3 1/2%	5,000,000	—	74,559	500,000	2,000,000	2,425,441	4,925,441	—
4%	3,530,000	—	—	—	73,000	3,457,000	2,805,546	724,454
4%	2,600,000	—	—	46,000	144,000	2,410,000	2,584,013	15,987
4 1/2%	2,400,000	—	—	—	42,000	2,358,000	1,890,151	509,849
4 1/4%	40,000,000	—	—	599,000	619,000	38,782,000	40,000,000	—
4 1/4%	12,545,000	—	—	—	1,000,000	11,545,000	10,508,252	2,036,748
4%	5,000,000	—	—	—	—	5,000,000	4,519,838	480,162
4%	2,000,000	—	—	—	—	2,000,000	659,279	1,340,721
4%	1,500,000	1,500,000	—	—	—	—	—	—
3%	2,300,000	—	197,869	2,102,131	—	—	2,102,131	—
4%	12,500,000	—	—	63,990	1,559,010	10,877,000	12,187,468	312,532
4 3/4%	20,000,000	—	—	—	—	20,000,000	7,693,103	12,306,897
4 3/4%	3,479,464	—	—	—	—	3,479,464	340,465	3,138,999

(Continued)

Statement of Loan

EXPRESSED IN UNITED STATES CURRENCY

<i>Loan Number</i>	<i>Borrower and Guarantor</i>	<i>Program or Project</i>	<i>Date of Loan Agreement</i>	<i>Maturity</i>	
1 FR	<i>France (Guarantor)</i> Crédit National	Equipment and materials for reconstruction and development	May 9, 1947	1952-1971	
46 IC	<i>Iceland</i>	Electric power development	June 20, 1951	1956-1971	
53 IC		Agricultural development	Nov. 1, 1951	1956-1971	
69 IC		Fertilizer plant	Aug. 26, 1952	1954-1961	
17 IN	<i>India</i>	Railway rehabilitation	Aug. 18, 1949	1950-1961	
19 IN		Agricultural development	Sept. 29, 1949	1952-1955	
23 IN		Electric power development	Apr. 18, 1950	1955-1971	
*72 IN		Electric power development, flood control and irrigation	Jan. 23, 1953	1956-1971	
*71 IN	<i>India (Guarantor)</i> Indian Iron & Steel Company	Expansion of iron and steel production facilities	Dec. 18, 1952	1959-1961	
26 IRQ	<i>Iraq</i>	Construction of a flood control project	June 15, 1950	1956-1961	
50 IT	<i>Italy (Guarantor)</i> Cassa per Il Mezzogiorno	Equipment and materials for 10-year Development Plan of Southern Italy	Oct. 10, 1951	1956-1971	
4 LU	<i>Luxembourg</i>	Equipment for steel mill and railroads	Aug. 28, 1947	1949-1971	
12 ME	<i>Mexico (Guarantor)</i> Financiera and Comisión	Electric power development	Jan. 6, 1949	1953-1971	
13 ME		Electric power development	Jan. 6, 1949	July 1, 1971	
24 ME		Mexican Light and Power Co. Ltd.	Apr. 28, 1950	1953-1971	
33 ME		Consortium of Eight Mexican Banks and Nacional Financiera	Foreign exchange for small private enterprises	Oct. 18, 1950	1952-1971
56 ME		Financiera and Comisión	Electric power development	Jan. 11, 1952	1955-1971
2 NE	<i>Netherlands</i>	Equipment and materials for reconstruction and development	Aug. 7, 1947	1954-1971	
2a NE		Equipment and materials for reconstruction and development (Supplemental Loan Agreement)	May 25, 1948	1953-1971	
7, 7a NE	<i>Netherlands (Guarantor)</i> N.V. Stoomvaart Mij. "Nederland"	Purchase of S.S. Raki and S.S. Roebiah	July 15, 1948	1949-1955	
8 NE		N.V. Vereenigde Schvrt. Mij.	July 15, 1948	1949-1955	
9 NE		N.V. Ned.-Amer. Stoomvaart-Mij. "Holland-Amerika Lijn"	July 15, 1948	1949-1955	
10, 10a NE	N.V. Rotterdamsche Lloyd	Purchase of S.S. Friesland and S.S. Drente	July 15, 1948	1949-1955	
15 NE	Herstelbank	Equipment for reconstruction and modernization of particular industrial plants	July 26, 1949	1952-1961	
59 NE	KLM Royal Dutch Airlines	Purchase of Aircraft	Mar. 20, 1952	1954-1955	
45 NI	<i>Nicaragua</i>	Highway construction	June 7, 1951	1954-1961	
52 NI		Construction of grain storage facilities	Oct. 29, 1951	1954-1961	
44 NI	<i>Nicaragua (Guarantor)</i> Banco Nacional de Nicaragua	Agricultural development	June 7, 1951	1954-1971	
60 PAK	<i>Pakistan</i>	Railway rehabilitation	Mar. 27, 1952	1954-1961	
*62 PAK		Agricultural development	June 13, 1952	1954-1971	

June 30, 1953 (Continued)

See Notes A, D and F of Notes to Financial Statements, Appendix G

Interest Rate (Including Commission)	Original Principal Amount	Loans Not Yet Effective	Cancellations and Refundings	Principal Repayments to Bank	Obligations of Borrowers Sold by Bank	Effective Loans Outstanding Held by Bank	Principal Amount Disbursed	Undisbursed Balance of Effective Loans ¹
4 $\frac{1}{4}$ %	\$ 250,000,000	\$ —	\$ —	\$ —	\$ 6,772,000	\$ 243,228,000	\$250,000,000	\$ —
4 $\frac{3}{8}$ %	2,450,000	—	—	—	—	2,450,000	2,063,347	386,653
4 $\frac{1}{2}$ %	1,008,000	—	—	—	—	1,008,000	1,008,000	—
4 $\frac{3}{4}$ %	854,000	—	—	—	—	854,000	362,659	491,341
4%	34,000,000	—	1,200,000	4,087,759	4,581,847	24,130,394	32,800,000	—
3 $\frac{1}{2}$ %	10,000,000	—	2,500,000	850,000	3,355,000	3,295,000	5,340,326	2,159,674
4%	18,500,000	—	—	—	—	18,500,000	13,733,086	4,766,914
4 $\frac{7}{8}$ %	19,500,000	19,500,000	—	—	—	—	—	—
4 $\frac{3}{4}$ %	31,500,000	31,500,000	—	—	—	—	—	—
3 $\frac{3}{4}$ %	12,800,000	—	—	—	—	12,800,000	5,513,345	7,286,655
4 $\frac{1}{2}$ %	10,000,000	—	—	—	—	10,000,000	8,248,642	1,751,358
4 $\frac{1}{4}$ %	12,000,000	—	238,017	187,983	1,678,000	9,896,000	11,761,983	—
4 $\frac{1}{2}$ %	24,100,000	—	—	393,000	1,135,300	22,571,700	19,972,234	4,127,766
4 $\frac{1}{2}$ %	10,000,000	—	10,000,000 (Refunding)	—	—	—	—	—
4 $\frac{1}{2}$ %	26,000,000	—	—	—	606,000	25,394,000	24,664,757	1,335,243
3 $\frac{1}{2}$ %	10,000,000	—	9,467,641	99,778	—	432,581	493,699	38,660
4 $\frac{1}{2}$ %	29,700,000	—	—	—	—	29,700,000	8,936,243	20,763,757
4 $\frac{1}{4}$ %	191,044,212	—	—	—	2,265,000	188,779,212	191,044,212	—
4 $\frac{1}{4}$ %	3,955,788	—	—	—	3,955,788	—	3,955,788	—
3 $\frac{9}{16}$ %	4,000,000	—	—	—	4,000,000	—	4,000,000	—
3 $\frac{9}{16}$ %	2,000,000	—	—	—	2,000,000	—	2,000,000	—
3 $\frac{9}{16}$ %	2,000,000	—	—	—	2,000,000	—	2,000,000	—
3 $\frac{9}{16}$ %	4,000,000	—	—	—	4,000,000	—	4,000,000	—
4%	15,000,000	—	7,070,000	275,669	1,749,331	5,905,000	7,176,277	753,723
4 $\frac{1}{8}$ %	7,000,000	—	—	—	3,500,000	3,500,000	3,767,134	3,232,866
4 $\frac{1}{8}$ %	3,500,000	—	—	—	—	3,500,000	1,499,618	2,000,382
4 $\frac{3}{8}$ %	550,000	—	—	—	—	550,000	523,918	26,082
4%	1,200,000	—	—	245,000	—	955,000	1,132,911	67,089
4 $\frac{5}{8}$ %	27,200,000	—	—	—	550,000	26,650,000	6,548,267	20,651,733
4 $\frac{1}{8}$ %	3,250,000	3,250,000	—	—	(²)	—	—	—

(Continued)

Statement of Loans

EXPRESSED IN UNITED STATES CURRENCY

<i>Loan Number</i>	<i>Borrower and Guarantor</i>	<i>Program or Project</i>	<i>Date of Loan Agreement</i>	<i>Maturities</i>
55 PA	Paraguay	Agricultural development	Dec. 7, 1951	1954-1960
57 PE	Peru	Port development	Jan. 23, 1952	1954-1967
67 PE		Agricultural development	July 8, 1952	1954-1959
40 SA	South Africa	Expansion of transport facilities	Jan. 23, 1951	1956-1965
	South Africa (Guarantor)			
41 SA	Electricity Supply Commission	Electric power development	Jan. 23, 1951	1954-1970
35 TH	Thailand	Railway rehabilitation	Oct. 27, 1950	1954-1966
36 TH		Irrigation	Oct. 27, 1950	1956-1971
37 TH		Port construction and development	Oct. 27, 1950	1954-1966
27 TU	Turkey	Construction of grain storage facilities	July 7, 1950	1954-1968
28 TU		Port construction and development	July 7, 1950	1956-1975
63 TU		Electric power development, irrigation and flood control	June 18, 1952	1957-1977
	Turkey (Guarantor)			
34 TU	Industrial Development Bank of Turkey	Foreign exchange for development of private industry	Oct. 19, 1950	1957-1965
	United Kingdom (Guarantor)			
58 SR	Southern Rhodesia	Electric power development	Feb. 27, 1952	1956-1977
74 NR	Northern Rhodesia	Railway development	Mar. 11, 1953	1956-1972
	Uruguay (Guarantor)			
30 UR	U. T. E.	Electric power development and telephone equipment	Aug. 25, 1950	1955-1974
20 YU	Yugoslavia	Equipment for timber production	Oct. 17, 1949	1950-1951
51 YU		Equipment for electric power, coal mining, non-ferrous metal development, industry, forest products, agriculture and fishery, and transportation projects	Oct. 11, 1951	1955-1976
73 YU		Expansion of electric power, mining, industry, forestry and transportation	Feb. 11, 1953	1956-1978
TOTAL LOANS GRANTED				

* Denotes Loans Not Yet Effective.

¹ Of the Undisbursed Balance of Effective Loans, the following amounts have been irrevocably committed by the Bank:

<i>Loan Number</i>	<i>Borrower</i>	<i>To Whom Committed</i>	<i>Amount Expressed in United States Currency</i>
11 BR	Brazilian Traction (First Installment—Brazil)	To Borrower	\$ 1,209,097
11 BR-S	Brazilian Traction (Second Installment—Brazil)	To Borrower	1,315,068
5 CH	Fomento and Endesa (Chile)	To Third Parties	198,124
38 CO	Central Hidroeléctrica del Río Anchicayá Limitada (Colombia)	To Third Parties	66,725
54 CO	Central Hidroeléctrica del Río Lebrija, Limitada (Colombia)	To Third Parties	237,792
32 ET	Ethiopia (Development Bank Project)	To Third Parties	—
16 FI	Bank of Finland (Finland)	To Third Parties	5,575
61 FI	Bank of Finland (Finland)	To Third Parties	1,032,928
26 IRQ	Iraq	To Third Parties	149,271
36 TH	Thailand (Irrigation Project)	To Third Parties	2,946
27 TU	Turkey (Grain Storage Project)	To Third Parties	973,341
28 TU	Turkey (Port Project)	To Third Parties	2,375,487
34 TU	Industrial Development Bank (Turkey)	To Third Parties	62,091
63 TU	Turkey (Seyhan Project)	To Third Parties	1,451,304
30 UR	U. T. E. (Uruguay)	To Third Parties	1,785,393
51 YU	Yugoslavia	To Third Parties	9,071,152
73 YU	Yugoslavia	To Third Parties	5,975,994
			<u>\$25,912,288</u>

² Two American firms will participate in Loan Number 62 Pakistan to the extent of \$498,500 each.³ The amount of currency repayable may differ from the amount of currency disbursed as a result of the purchase of one currency with another for purpose of disbursement. The currency used to make the purchase is the currency repayable. The amount of currency disbursed does not represent total purchases in the country whose currency is indicated.

June 30, 1953 (Continued)

Notes A, D and F of Notes to Financial Statements, Appendix G

Interest Rate including commission)	Original Principal Amount	Loans Not Yet Effective	Cancellations and Refundings	Principal Repayments to Bank	Obligations of Borrowers Sold by Bank	Effective Loans Outstanding Held by Bank	Principal Amount Disbursed	Undisbursed Balance of Effective Loans ^a
4 ³ / ₈ %	\$ 5,000,000	\$ —	\$ —	\$ —	\$ —	\$ 5,000,000	\$ 699,838	\$ 4,300,162
4 ¹ / ₂ %	2,500,000	—	—	—	—	2,500,000	972,818	1,527,182
4 ¹ / ₈ %	1,300,000	—	—	—	—	1,300,000	1,068,635	231,365
3 ³ / ₄ %	20,000,000	—	—	—	—	20,000,000	20,000,000	—
4%	30,000,000	—	—	—	624,560	29,375,440	25,149,903	4,850,097
3 ³ / ₄ %	3,000,000	—	—	—	95,000	2,905,000	1,479,672	1,520,328
4%	18,000,000	—	—	—	—	18,000,000	13,187,097	4,812,903
3 ³ / ₄ %	4,400,000	—	—	—	275,000	4,125,000	2,062,653	2,337,347
3 ⁷ / ₈ %	3,900,000	—	—	—	12,000	3,888,000	1,219,519	2,680,481
4 ¹ / ₄ %	12,500,000	—	—	—	—	12,500,000	2,909,054	9,590,946
4 ³ / ₄ %	25,200,000	—	—	—	—	25,200,000	1,257,804	23,942,196
3 ³ / ₄ %	9,000,000	—	—	—	—	9,000,000	2,103,400	6,896,600
4 ³ / ₄ %	28,000,000	—	—	—	—	28,000,000	10,634,784	17,365,216
4 ³ / ₄ %	14,000,000	—	—	—	—	14,000,000	—	14,000,000
4 ¹ / ₄ %	33,000,000	—	—	—	—	33,000,000	10,603,244	22,396,756
3%	2,700,000	—	—	2,700,000	—	—	2,700,000	—
4 ¹ / ₂ %	28,000,000	—	—	—	—	28,000,000	17,533,003	10,466,997
4 ⁷ / ₈ %	30,000,000	—	—	—	—	30,000,000	4,208,207	25,791,793
	<u>\$1,590,766,464</u>	<u>\$58,750,000</u>	<u>\$30,748,086</u>	<u>\$12,668,310</u>	<u>\$70,014,654</u>	<u>\$1,418,585,414</u>	<u>\$1,103,261,115</u>	<u>\$398,007,263</u>
					Less exchange adjustment	1,642,337		
						<u>1,416,943,077</u>		

SUMMARY BY CURRENCY
(Expressed in United States Currency)

Currency	Amount Disbursed ^a	Amount Repayable ^a	Amount Recovered by Repayment or Sale	Principal Balance Outstanding
Austrian Schillings	\$ 13,963	\$ 13,963	\$ —	\$ 13,963
Belgian Francs	29,497,559	4,198,816	529,963	3,668,853
Canadian Dollars	51,173,999	39,328,696	4,520,866	34,807,830
Danish Kroner	1,089,629	831,357	—	831,357
French Francs	11,308,374	10,440,746	—	10,440,746
German Marks	6,629,360	—	—	—
Italian Lire	3,452,602	2,087,986	—	2,087,986
Netherlands Guilders	2,262,357	268,816	—	268,816
Norwegian Kroner	191,006	106,788	—	106,788
South African Pounds	1,430,115	1,430,115	—	1,430,115
Swedish Kronor	4,218,827	490,465	—	490,465
Swiss Francs	18,704,807	19,424,917	6,857,974	12,566,943
United Kingdom Pounds	59,974,341	10,102,030	—	10,102,030
United States Dollars	913,314,176	1,014,536,420	70,774,161	943,762,259
	<u>\$1,103,261,115</u>	<u>\$1,103,261,115</u>	<u>\$ 82,682,964</u>	\$1,020,578,151
		Plus—Undisbursed Balance of Effective Loans		398,007,263
				<u>\$1,418,585,414</u>

Notes to Financial Statements—June 30, 1953

NOTE A

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

(i) In the cases of 44 members, at the par values established under the International Monetary Fund Agreement as specified in the most recent issue of "Schedule of Par Values" dated May 15, 1953, and published by the International Monetary Fund; and

(ii) In the cases of the remaining 10 members (Burma, Canada, China, France, Greece, Italy, Jordan, Peru, Thailand and Uruguay), the par values of whose currencies are not so specified, at the rates used by such members in making capital payments.

(iii) In the case of non-member currency, all Swiss francs, at the rate of 4.2975 Swiss francs to one United States dollar.

On July 24, 1953, the Bank received a cable from Statni banka ceskoslovenska stating that in consequence of monetary reform and a new gold content of the Czechoslovak koruna the Bank's balances had been converted by them to new currency as of June 1, 1953. Since the Bank has not received from the Government of Czechoslovakia any information or request in respect of such conversion, the Bank's holdings of currency and demand notes of Czechoslovakia as shown in Appendix C and as reflected in the financial statements do not recognize such conversion.

No representation is made that any of such currencies is convertible into any other of such currencies at any rate or rates. *See also Note B.*

NOTE B

These currencies and notes are derived from the 18% of the subscriptions to the capital stock of the Bank which is payable in the currencies of the respective members. Such 18% 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 currencies may be exchanged for other currencies or reloaned, only with the approval in each case of the member whose currency is involved; provided, however, that, if necessary, after the Bank's subscribed capital is entirely called, such 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. These currencies of the several members, and the notes issued by them for any part of such currencies, as permitted under the provisions of Article V, Section 12, are held on deposit

with designated depositories in the territories of the respective member.

Article II, Section 9 provides for the maintenance of value of such 18% currencies as follows:

(a) Whenever (i) the par value of a member's currency is reduced, or (ii) the foreign exchange value of a member's currency has, in the opinion of the Bank, depreciated to a significant extent within that member's territories, the member shall pay to the Bank within a reasonable time an additional amount of its own currency sufficient to maintain the value, as of the time of initial subscription, of the amount of the currency of such member which is held by the Bank and derived from currency originally paid in to the Bank by the member under Article II, Section 7 (i), from currency referred to in Article IV, Section 2 (b), or from any additional currency furnished under the provisions of the present paragraph, and which has not been repurchased by the member for gold or for the currency of any member which is acceptable to the Bank.

(b) Whenever the par value of a member's currency is increased, the Bank shall return to such member within a reasonable time an amount of that member's currency equal to the increase in the value of the amount of such currency described in (a) above.

(c) The provisions of the preceding paragraphs may be waived by the Bank when a uniform proportionate change in the par values of the currencies of all its members is made by the International Monetary Fund.

The equivalent of \$861,584 is due from 1 member in order to maintain the value of its currency as required under Article II, Section 9.

NOTE C

Under Article II, Section 8 (a) (i), any original member of the Bank whose metropolitan territories suffered from enemy occupation or hostilities during World War II had a right to postpone payment of ½ of 1% of the amount of its subscription payable in gold or United States dollars until June 25, 1951. All members who received such a postponement have made payment in full except China and Czechoslovakia. China has made payments totalling \$80,000 and has stated that it recognized its obligation to the Bank and would pay the balance of \$2,920,000 as soon as it was in a position to do so. Czechoslovakia has claimed a further postponement under Article II, Section 8 (a) (ii). On August 21, 1951, the Executive Directors rejected such claim. The Executive Directors thereafter reported such action to the Board of Governors which, on September 13, 1951, approved such report.

NOTE D

The principal disbursed and outstanding on loans and the accrued charges for interest, commitment fee, service charge and loan commission are receivable in United States dollars except the following amounts for which the dollar equivalent is shown:

Principal Outstanding	\$76,815,892
Accrued Interest, Commitment and Service Charges	539,558
Accrued Loan Commissions	127,869
Total	<u>\$77,483,319</u>

NOTE E

The amount of commissions received by the Bank on loans made or guaranteed by it is required under Article IV, Section 6, to be set aside as a special reserve to be kept available for meeting obligations of the Bank created by borrowing or by guaranteeing loans. On all loans granted to date the effective rate of commission is 1% per annum.

NOTE F

The Bank has sold under its guarantee \$49,803,146 of borrowers' obligations received by the Bank in connection with its loan operations of which amount a total of \$20,174,301 has been retired. Of the total of \$29,628,845 of obligations outstanding under guarantee \$1,988,010 is reflected in the balance sheet as a direct liability subject to withdrawal. The following table shows the aggregate principal amount of these obligations maturing in each of the five years following June 30, 1953:

<i>Year Ending June 30</i>	<i>Amount</i>
1954	\$10,778,845
1955	4,034,000
1956	1,236,000
1957	1,282,000
1958	1,298,000
Thereafter	11,000,000
Total	<u>\$29,628,845</u>

NOTE G

Pursuant to action of the Board of Governors and Executive Directors the net income of the Bank has been allocated to a Supplemental Reserve Against Losses on Loans and Guarantees Made by the Bank; and the future net income of the Bank will, until further action by the Executive Directors or the Board of Governors, be allocated to this reserve.

NOTE H

Subject to call by the Bank only when required to meet the obligations of the Bank created by borrowing or guaranteeing loans.

NOTE I

The Bank has written off against income all discount and premium on bonds sold or redeemed in the respective years in which sale or redemption occurred.

NOTE J

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

GENERAL

Applications for membership from Indonesia, with a subscription of \$110 million, and Haiti, with a subscription of \$2 million, were approved by the Board of Governors at the Seventh Annual Meeting. These countries have until September 16, 1953 to accept membership.

LITIGATION

A suit has been commenced by an individual plaintiff against the Bank asking damages of approximately \$625,000 for alleged interference with plaintiff's contractual relationships (Frank H. Redicker v. Warfield et al., U.S. District Court, Southern District of New York, Civil No. 61-210). The Bank has denied the substance of the charges contained in the complaint and has been advised by trial counsel that the suit is without merit. At June 30, 1953 there was no other litigation pending against the Bank.

Opinion of Independent Auditor

1000 VERMONT AVENUE, N.W.,
WASHINGTON 5, D.C.

August 3, 1953

To INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT,
Washington, D. C.

We have examined the financial statements listed below of International Bank for Reconstruction and Development as of June 30, 1953. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements, with the notes thereto, present fairly the financial position of the Bank at June 30, 1953, expressed in United States currency, and the results of its operations for the twelve months then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

PRICE WATERHOUSE & CO.

Financial Statements Covered by the Foregoing Opinion

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Administrative Budget

For the Fiscal Year Ending June 30, 1954

There is outlined below the Administrative Budget for the fiscal year ending June 30, 1954 as prepared by the President and approved by the Executive Directors in accordance with Section 19 of the By-Laws. For purposes of comparison there are also outlined below the administrative expenses incurred during the fiscal years ended June 30, 1952, and 1953.

	Actual Expenses		Budget 1954	
	1952	1953		
BOARD OF GOVERNORS	\$ 114,220	\$ 214,022	\$	121,000
OFFICE OF EXECUTIVE DIRECTORS	276,360	367,506		380,000
STAFF				
Personal Services	2,759,133	3,015,174	3,185,000	
Staff Benefits	320,633	329,236	356,000	
Consultants	107,927	182,467	150,000	
Travel	378,170	555,223	575,000	
Representation	41,833	50,673	50,000	4,316,000
OTHER ADMINISTRATIVE EXPENSES				
Fees and Compensation	47,809	51,522	69,000	
Supplies and Materials	39,676	32,241	41,000	
Rents and Maintenance	394,868	427,550	415,000	
Communications	112,332	107,069	107,500	
Furniture and Equipment	34,953	31,225	30,500	
Printing	39,701	40,350	40,000	
Books and Library Service	69,375	71,704	68,000	
Insurance	16,704	31,864	16,000	
Other	3,361	2,100	—	787,000
CONTINGENCY	—	—		175,000
TOTAL	4,757,055	5,509,926		5,779,000
SPECIAL SERVICES TO MEMBER COUNTRIES	380,303	214,344		300,000
GRAND TOTAL	<u>\$5,137,358</u>	<u>\$5,724,270</u>		<u>\$6,079,000</u>

The initial Administrative Budget for the fiscal year ending June 30, 1953 was \$5,712,000; an increase in this amount to \$5,762,000 was approved by the Executive Directors on May 12, 1953.

No estimate has been made of bond registration, issuance and other financial expenditure for the fiscal year ending June 30, 1954. The amount of bonds which may be issued by the Bank during the next year is not known. These expenditures may amount to about \$100,000, exclusive of commissions and premiums, for each \$100 million of bonds which the Bank may issue.

APPENDIX J

*Voting Power and Subscriptions of Member Countries
As of June 30, 1953*

MEMBER COUNTRY	Voting Power		Subscriptions	
	Number of Votes	Percent of Total	Amount (in Millions of Dollars)	Percent of Total
Australia	2,250	2.17	200.0	2.21
Austria	750	.72	50.0	.55
Belgium	2,500	2.41	225.0	2.49
Bolivia	320	.31	7.0	.08
Brazil	1,300	1.25	105.0	1.16
Burma	400	.39	15.0	.17
Canada	3,500	3.37	325.0	3.60
Ceylon	400	.39	15.0	.17
Chile	600	.58	35.0	.39
China	6,250	6.02	600.0	6.64
Colombia	600	.58	35.0	.39
Costa Rica	270	.26	2.0	.02
Cuba	600	.58	35.0	.39
Czechoslovakia	1,500	1.44	125.0	1.38
Denmark	930	.90	68.0	.75
Dominican Republic	270	.26	2.0	.02
Ecuador	282	.27	3.2	.03
Egypt	783	.75	53.3	.59
El Salvador	260	.25	1.0	.01
Ethiopia	280	.27	3.0	.03
Finland	630	.61	38.0	.42
France	5,500	5.29	525.0	5.81
Germany	3,550	3.42	330.0	3.65
Greece	500	.48	25.0	.28
Guatemala	270	.26	2.0	.02
Honduras	260	.25	1.0	.01
Iceland	260	.25	1.0	.01
India	4,250	4.09	400.0	4.43
Iran	586	.56	33.6	.37
Iraq	310	.30	6.0	.07
Italy	2,050	1.97	180.0	1.99
Japan	2,750	2.65	250.0	2.77
Jordan	280	.27	3.0	.03
Lebanon	295	.28	4.5	.05
Luxembourg	350	.34	10.0	.11
Mexico	900	.87	65.0	.72
Netherlands	3,000	2.89	275.0	3.04
Nicaragua	258	.25	.8	.01
Norway	750	.72	50.0	.55
Pakistan	1,250	1.20	100.0	1.11
Panama	252	.24	.2	*
Paraguay	264	.25	1.4	.01
Peru	425	.41	17.5	.19
Philippines	400	.39	15.0	.17
Sweden	1,250	1.20	100.0	1.11
Syria	315	.30	6.5	.07
Thailand	375	.36	12.5	.14
Turkey	680	.65	43.0	.48
Union of South Africa	1,250	1.20	100.0	1.11
United Kingdom	13,250	12.76	1,300.0	14.39
United States	32,000	30.81	3,175.0	35.13
Uruguay	355	.34	10.5	.12
Venezuela	355	.34	10.5	.12
Yugoslavia	650	.63	40.0	.44
Total	103,865	100.00	9,036.5	100.00

*Less than .005 percent.

Governors and Alternates as of June 30, 1953

COUNTRY	GOVERNOR	ALTERNATE
AUSTRALIA	Sir Percy Spender	Roland Wilson
AUSTRIA	Reinhard Kamitz	Wilhelm Teufenstein
BELGIUM	Albert-Edouard Janssen	Maurice Frere
BOLIVIA	Augusto Cuadros Sanchez	[Vacant]
BRAZIL	Horacio Lafer	Octavio Paranagua
BURMA	U Tin	U San Lin
CANADA	D. C. Abbott	John Deutsch
CEYLON	J. R. Jayewardene	Sir Claude Corea
CHILE	Arturo Maschke	Felipe Herrera
CHINA	Chia Kan Yen	Peh-Yuan Hsu
COLOMBIA	Emilio Toro	Ignacio Copete-Lizarralde
COSTA RICA	Angel Coronas	Mario Fernandez
CUBA	Luis Machado	Joaquin E. Meyer
CZECHOSLOVAKIA	Rudolf Houdek	Antonin Braidl
DENMARK	Svend Nielsen	Hakon Jespersen
DOMINICAN REPUBLIC	Jose Ernesto Garcia Aybar	Pedro Pablo Cabral B.
ECUADOR	Luis Ernesto Borja	Ramon de Ycaza
EGYPT	Mohamed Amin Fikry	A. Nazmy Abdel-Hamid
EL SALVADOR	Catalino Herrera	Luis Escalante-Arce
ETHIOPIA	Jack Bennett	Ato Menassie Lemma
FINLAND	Artturi Lehtinen	Ralf Torngren
FRANCE	Minister of Finance	Pierre Mendes-France
GERMANY	Ludwig Erhard	Fritz Schaeffer
GREECE	Emmanuel Tsouderos	George Mantzavinos
GUATEMALA	Manuel Noriega Morales	Carlos Leonidas Acevedo
HONDURAS	Rafael Heliodoro Valle	Guillermo Lopez Rodezno
ICELAND	Jon Arnason	Thor Thors
INDIA	Sir Chintaman D. Deshmukh	Sir Benegal Rama Rau
IRAN	Mohammad Nassiri	Abbas-Gholi Neysari
IRAQ	Ibrahim Shabandar	Saleh Haidar
ITALY	Donato Menichella	Giorgio Cigliana-Piazza
JAPAN	Sankurou Ogasawara	Hisato Ichimada
JORDAN	Yusuf Haikal	Omar Dajany
LEBANON	Andre Tueni	Raja Himadeh
LUXEMBOURG	Pierre Dupong	Pierre Werner
MEXICO	Antonio Carrillo Flores	Jose Hernandez Delgado
NETHERLANDS	J. van de Kieft	A. M. de Jong
NICARAGUA	Guillermo Sevilla-Sacasa	J. Jesus Sanchez R.
NORWAY	Gunnar Jahn	Ole Colbjornsen
PAKISTAN	Mohammad Ali	Amjad Ali
PANAMA	Roberto M. Heurtematte	Julio E. Heurtematte
PARAGUAY	Epifanio Mendez Fleitas	Julio C. Kolberg
PERU	Fernando Berckemeyer	Carlos Gibson
PHILIPPINES	Miguel Cuaderno Sr.	Emilio Abello
SWEDEN	N. G. Lange	A. Lundgren
SYRIA	Husni A. Sawwaf	Rafik Asha
THAILAND	Serm Vinichayakul	Kajit Kasemsri
TURKEY	Mehmet Izmen	Munir Mostar
UNION OF SOUTH AFRICA	N. C. Havenga	M. H. de Kock
UNITED KINGDOM	Richard Austen Butler	Sir Leslie Rowan
UNITED STATES	George M. Humphrey	Samuel C. Waugh*
URUGUAY	Nilo Berchesi	Roberto Ferber
VENEZUELA	Manuel Reyna	Carlos M. Lollet C.
YUGOSLAVIA	Vido Krunic	Janvid Flere

*Appointed subsequent to June 30, 1953.

*Executive Directors and Alternates and Their Voting Power
As of June 30, 1953*

DIRECTORS	ALTERNATES	CASTING THE VOTES OF	VOTES BY COUNTRY	TOTAL VOTES
<i>Appointed</i>				
Andrew N. Overby	John S. Hooker	United States	32,000	32,000
Sir Edmund Hall-Patch	L. Waight	United Kingdom	13,250	13,250
Yueh-Lien Chang	[Vacant]	China	6,250	6,250
Roger Hoppenot	Maurice Perouse*	France	5,500	5,500
B. K. Nehru	B. R. Shenoy	India	4,250	4,250
<i>Elected</i>				
Luis Machado (Cuba)	Julio E. Heurtematte (Panama)	Mexico Cuba Peru Uruguay Venezuela Costa Rica Dominican Republic Guatemala El Salvador Honduras Nicaragua Panama	900 600 425 355 355 270 270 270 260 260 258 252	4,475
Johannes Zahn (Germany)	A. Tasic (Yugoslavia)	Germany Yugoslavia	3,550 650	4,200
Mohammad Shoaib (Pakistan)	Ali Asghar Nasser (Iran)	Pakistan Egypt Iran Syria Iraq Lebanon Ethiopia Jordan	1,250 783 586 315 310 295 280 280	4,099
Cabir Selek (Turkey)	Felice Pick (Italy)	Italy Austria Turkey Greece	2,050 750 680 500	3,980
Takeo Yumoto (Japan)	Boonma Wongswan (Thailand)	Japan Burma Ceylon Thailand	2,750 400 400 375	3,925
Erling Sveinbjornsson (Denmark)	Reino Rossi (Finland)	Sweden Denmark Norway Finland Iceland	1,250 930 750 630 260	3,820

* Temporary

*Executive Directors and Alternates and Their Voting Power
As of June 30, 1953—Continued*

DIRECTORS	ALTERNATES	CASTING THE VOTES OF	VOTES BY COUNTRY	TOTAL VOTES
Alfonso Fernandez (<i>Chile</i>)	Jorge Schneider (<i>Chile</i>)	Brazil Chile Colombia Philippines Bolivia Ecuador Paraguay	1,300 600 600 400 320 282 264	3,766
L. G. Melville (<i>Australia</i>)	L. H. E. Bury (<i>Australia</i>)	Australia Union of South Africa	2,250 1,250	
Louis Rasminsky (<i>Canada</i>)	G. Neil Perry (<i>Canada</i>)	Canada	3,500	
D. Crena de Iongh (<i>Netherlands</i>)	L. R. W. Soutendijk (<i>Netherlands</i>)	Netherlands	3,000	
Thomas Basyn (<i>Belgium</i>)	Ernest de Selliers (<i>Belgium</i>)	Belgium Luxembourg	2,500 350	

Note: Member Country unrepresented by an Executive Director: Czechoslovakia with 1,500 votes.

In addition to the Executive Directors and Alternates shown in the foregoing list, the following also served as Executive Director or Alternate after November 1, 1952, the effective date of the Fourth Regular Election:

EXECUTIVE DIRECTOR	End of Period of Service
A. M. de Jong (<i>Netherlands</i>)	December 31, 1952
ALTERNATE EXECUTIVE DIRECTORS	
Tsoo Whe Chu (<i>China</i>)	November 10, 1952
Djahangir Boushehri (<i>Iran</i>)	November 14, 1952
Jorge del Canto (<i>Chile</i>)	February 28, 1953
Nenad D. Popovic (<i>Yugoslavia</i>)	May 5, 1953
Allan Christelow (<i>United Kingdom</i>)	May 15, 1953

*Principal Officers of the Bank
As of June 30, 1953*

Eugene R. Black.....*President*
Robert L. Garner.....*Vice President*
William A. B. Iliff.....*Assistant to President*

Henry W. Riley.....*Treasurer*
M. M. Mendels.....*Secretary*
Davidson Sommers.....*General Counsel*

A. S. G. Hoar.....*Director of Operations—Europe, Africa and Australasia*
J. Burke Knapp.....*Director of Operations—Western Hemisphere*
François-Didier Gregh.....*Director of Operations—Asia and Middle East*
Milton C. Cross.....*Director of Technical Operations*
George L. Martin.....*Director of Marketing*
Leonard B. Rist.....*Director, Economic Staff*
Richard H. Demuth.....*Director, Technical Assistance and Liaison Staff*
William F. Howell.....*Director of Administration*
Harold N. Graves, Jr.....*Director of Public Relations*

