

10912

INTERNATIONAL
BANK
FOR RECONSTRUCTION
AND DEVELOPMENT

NINTH ANNUAL REPORT

1953-1954

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Supplement to the

NINTH ANNUAL REPORT

A Summary of Developments in the Bank

from

July 1 to September 20, 1954

MEMBERSHIP AND SUBSCRIPTION

Israel became a member of the Bank on July 12. Its subscription to the Bank's capital stock is 45 shares with a total par value of \$4,500,000. The Bank now has 57 members and total subscribed capital of \$9,153,000,000.

THE BANK'S OPERATIONS

Summary of Lending

Since the end of the fiscal year, the Bank has made three loans, in Ceylon, Austria and Mexico, for an amount equivalent to \$92,110,000, bringing total commitments to \$2,006,558,464 for 107 loans in 36 countries.

Austria

On July 19 the Bank made its first loan in Austria for the Reisseck-Kreuzeck hydroelectric project described on pages 21-22 of the Ninth Annual Report. The loan will consist of European currencies equivalent to \$12 million. It is expected that about half the loan will be disbursed in Italian lire and about half in Swiss francs. Italian lire in the amount of approximately 3,750 million will be provided out of Italy's subscription to the Bank's capital; and some 26 million Swiss francs required to cover the balance of the loan will be drawn from the proceeds of the Bank's sales of its bonds in Switzerland. The co-borrowers are the Draukraftwerke (Drau River Power Company) and the Verbundgesellschaft (Austrian Electric Power Corporation), which as part of its national power network controls the operations of the Draukraftwerke.

The loan is for a term of 25 years and bears interest of 4-3/4% per annum. Amortization will begin in July 1959.

Ceylon

On July 9 the Bank signed the Loan Agreement for a loan of \$19,110,000 to Ceylon to help finance the Aberdeen-Laksapana hydroelectric scheme which will supply additional power to southwestern Ceylon. The project is described on page 13 of the Ninth Annual Report. The loan is for a term of 25 years and bears interest of 4-3/4% per annum. Amortization will begin in January 1959.

Mexico

On August 24 the Bank made a loan of \$61 million to the Pacific Railroad of Mexico for equipment needed for a program to rehabilitate and modernize the railroad

Two United States commercial banks are participating in the loan, without the International Bank's guarantee, to the extent of \$2,420,000. The Bank of the Manhattan Company is purchasing \$1,000,000 of the first maturity; and the Chemical Bank & Trust Company is purchasing \$1,420,000 of the loan - the \$210,000 remaining of the first maturity and all the second maturity of \$1,210,000.

The Pacific Railroad serves the northwest coast of Mexico and traverses one of Mexico's most rapidly growing and important agricultural areas. The rehabilitation and modernization program is being undertaken so that the Railroad will be able to keep pace with the increasing demands of the region.

The Bank's loan will pay for the purchase abroad of 33 diesel locomotives for all-purpose use; 31 diesel locomotives for light service; 684 freight cars; four million railroad ties; 170,000 short tons of rail to re-lay about 1,000 miles of track; other track material, and communications and shop equipment. Part of this equipment has already been imported or ordered. It is estimated that the entire program will cost the equivalent of about \$80 million and will take four years to complete.

In addition to the rehabilitation of its physical facilities, important changes are being made in the administration and operation of the Railroad. Also, the Railroad has retained the engineering firm of Coverdale & Colpitts, on whose survey the program is based, to assist in the execution of the rehabilitation

program.

The loan is for a term of 15 years and bears interest of $4\frac{5}{8}\%$ per annum. Amortization will begin in June 1959.

The discussions between the Mexican Light and Power Company (Mexlight) mentioned on page 34 of the Annual Report have resulted in a rate adjustment for Mexlight. The Government has awarded the Company a $21\frac{1}{2}\%$ increase of power rates effective in October 1954 as an interim measure to compensate for the effect of the devaluation of the peso and of recent wage increases on Mexlight's financial position. A final adjustment is expected to be made in the near future.

Netherlands

On August 12 the Government of the Netherlands prepaid \$52,215,000 and 12,498,200 Belgian francs on the 25-year loan it received from the Bank on August 7, 1947. The prepayment covers the longest maturities on the loan, those falling due in 1970, 1971 and 1972. Originally, the loan amounted to \$195 million of which \$190,362,000 was outstanding at the time of the prepayment. As a result of the prepayment the outstanding balance was reduced to \$137,861,000.

On September 14 the KLM Royal Dutch Airlines refinanced with The Chase National Bank of the City of New York and National City Bank of New York the balance of \$5.6 million due on a \$7 million loan made in March 1952 by the International Bank. The two New York banks are each refinancing \$2.8 million, repayable in semi-annual instalments over a period of four years, with the first instalment due January 1, 1955.

FINANCIAL ACTIVITIES AND RESOURCES

New Bond Issues

Since the end of the fiscal year, three new bond issues have been sold by the Bank. They totaled the equivalent of \$74.5 million and brought the total of bonds outstanding to \$851 million.

A public offering in the Netherlands, made on July 20, was the first issue of guilder bonds of the Bank. It consisted of Fl.40 million (equal to approximately \$10.5 million) of $3\frac{1}{2}\%$ fifteen year bonds. The issue was offered to the public at par by an underwriting syndicate of 14 Dutch banks headed by the Netherlands Trading Society (Nederlandsche Handel-Maatschappij, N.V.).

A sterling issue of £5 million (equal to approximately \$14 million) $3\frac{1}{2}\%$ stock (1969/74) was acquired by a group of London banking firms which offered the stock to the public at 98% on July 21. The firms were Baring Brothers & Co., Limited, Hambros Bank Limited, Lazard Brothers & Co., Limited, Morgan Grenfell & Co., Limited, N. M. Rothschild & Sons and J. Henry Schroder & Co. This was the second issue made by the Bank in the United Kingdom. The first consisted of £5 million $3\frac{1}{2}\%$ 20-year stock, and was offered to the public in May 1951 by the same group.

On September 20, the Bank placed a \$50 million issue of United States dollar bonds with investors in 23 countries outside the United States. This was the first private placement of direct dollar obligations of the Bank. The issue is known as the Five Year Bonds of 1954; interest is at $2\frac{1}{2}\%$ a year. The principal agents for the Bank in the transaction were Morgan Stanley & Co. and The First Boston Corporation. No underwriting arrangements were involved in the placement of the issue.

Sales of Bonds from the Bank's Portfolio

Since June 30, the Bank has sold the equivalent of \$18.8 million principal amount of borrowers' obligations. Of this amount, \$345,000 were sold with, and \$18.5 million without, the Bank's guarantee. These sales brought the total of bonds sold from the Bank's portfolio to \$123.7 million, including \$4.8 million of participations, without the Bank's guarantee, by several private banks in loans which are not yet effective. Of this total, \$58.1 million have been sold with, and \$65.6 million without, the Bank's guarantee.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

NINTH ANNUAL REPORT

TO THE BOARD OF GOVERNORS

1953-1954



WASHINGTON 25, D.C.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

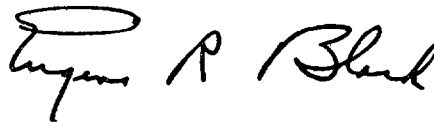
September 24, 1954

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 Ninth Annual Report of the Bank. The report includes financial statements as of June 30, 1954, 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, 1955.

The report covers the Bank's activities for the fiscal year beginning July 1, 1953 and ending June 30, 1954.

Sincerely yours,

A handwritten signature in dark ink, reading "Eugene R. Black". The signature is fluid and cursive, with the first name "Eugene" being more prominent and the last name "Black" following in a similar style. The initials "R" are written between the first and last names.

EUGENE R. BLACK,
President.

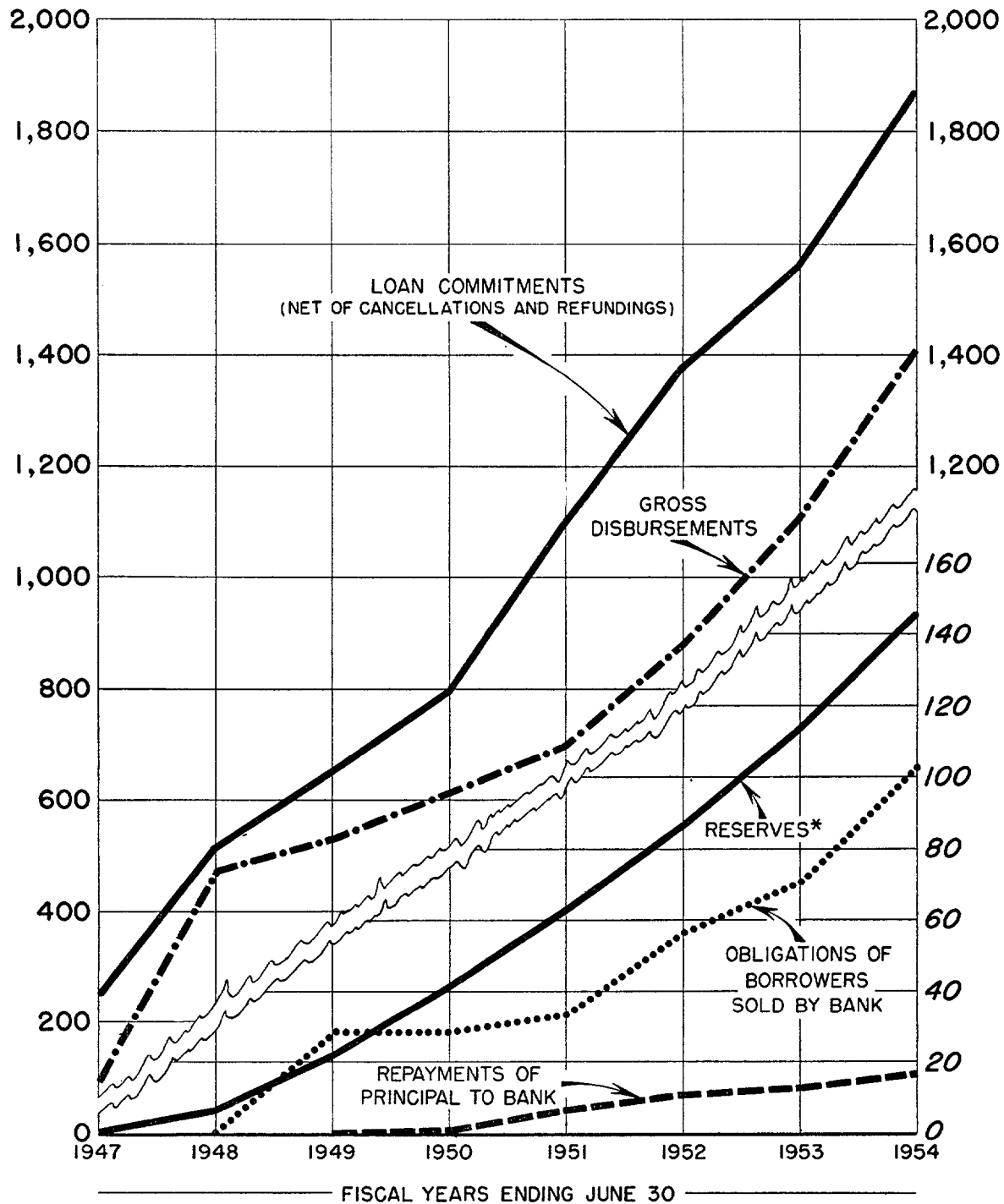
Chairman, Board of Governors,
International Bank for Reconstruction and Development.

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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

Lending Operations

Twenty-six loans in 16 countries were signed during the fiscal year. The sum lent amounted to \$324 million, representing the highest reached in any fiscal year. By the end of the year the Bank had made 104 loans, bringing the total of Bank funds committed to \$1,914 million in 34 countries. The total of effective loans outstanding and held by the Bank on June 30 amounted to \$1,663 million.

The greater part of the year's lending was for improvements in basic services. The sum of \$119 million was lent for transport. Loans were made for railroad programs in Brazil, French West Africa and South Africa. Better highways will be provided in Colombia, Ecuador and Nicaragua. A contribution to the improvement of maritime transport will result from a loan to Norway in connection with purchases of new vessels for the merchant marine, and from additional funds for a port development program in Turkey. Transatlantic air transport will benefit under a loan for a radio transmitter building in Iceland. Natural gas, recently discovered in Pakistan, will be made available as fuel for power generation and industry as a result of a transmission line to be constructed with the help of Bank financing from the gas field to Karachi.

A total of \$107 million was lent for the expansion of electric power facilities. This helped to finance large investment programs in Japan and South Africa, and included three loans for hydroelectric and thermal power development in Brazil. It also included a much smaller sum lent to Nicaragua for the supply of a diesel unit in Managua.

Farm output will be helped in Iceland, Panama and Peru. Industrial production will be

assisted by loans to a private pulp and paper company in Chile and to a credit institution intended to foster private manufacturing enterprise in Turkey.

The Bank also made loans concerned with more than one sector of the economy of the recipient country. Loans of this kind will help transport, agriculture and industry in Australia and a 12-year program for the development of southern Italy.

Disbursements

The Bank disbursed the equivalent of \$302 million on new and existing loans during the year, bringing total disbursements to \$1,406 million.

With the steady improvement in the supply position in Europe, disbursements which borrowers spent in Europe increased from the equivalent of \$68 million in 1952-53 to \$115 million during the year under review.

At the same time, the growing importance of the Bank's operations in currencies other than the United States dollar was shown by the sharp increase, to 27% for the year, in the proportion of disbursements repayable in such other currencies. This increase reflected the larger sums made available to the Bank from capital subscriptions paid in by member countries in non-dollar currencies and from borrowings outside the United States.

Financial Position

The Bank earned a net income of \$20 million during the year. This was added to a supplemental reserve which at the end of the year amounted to \$97 million. The Special Reserve, to which the 1% commission charged on out-

standing balances of all Bank loans is credited, increased by \$12 million, reaching a total of \$49 million. At the end of the year, the Bank's total reserves stood at \$146 million.

All service charges and principal repayments due to the Bank and to holders of borrowers' obligations sold by it were met during the year. Repayments of principal, including advance payments, amounted to \$21 million. A total of \$57 million has so far been repaid on all loans made by the Bank: \$17 million to the Bank and \$40 million on loans sold from portfolio.

The funds available for lending were increased by further releases by various European member countries from the 18% capital subscriptions paid in their own currencies. The equivalent of \$29 million became available from this source. In addition, \$81 million became available subject to certain limitations.

Five bond issues, amounting to the equivalent of \$221 million, further added to the Bank's resources. Two of the issues were made in United States dollars, two in Swiss francs and one in Canadian dollars. Nearly half of the new bonds, including more than \$50 million in United States dollar bonds, were bought by investors outside the United States. In addition the Bank received payment for an issue of 50 million Swiss francs which had been offered in June 1953. At the end of the year the total of Bank bonds outstanding amounted to the equivalent of \$777 million.

The Bank's resources were replenished by sales of borrowers' obligations totaling \$22 million. In addition, direct participations by private investors in Bank loans amounted to \$12 million.

Of the total increase during the year in funds made available to the Bank from all sources, 39% was obtained within the United States and 61% in other countries.

Technical Assistance Activities

The Bank organized three general survey missions during the year to assist particular countries in assessing their economic potential and in

drawing up programs of action. The missions went to Malaya, Nigeria and Syria. All three have finished their field work, and the report of the mission to Nigeria is nearing completion. The report of the mission to British Guiana was presented to the Government in August 1953, and a program based largely upon the recommendations made has since been adopted.

The Bank also met requests from a number of its member countries for advice on specific development problems. It examined the possibility of setting up financing institutions to assist private enterprise in Ceylon, India and Lebanon, and assisted in organizing an Economic Planning and Coordination Board in Ecuador. In order to advise on methods of stimulating the growth of capital markets, the Bank's Director of Marketing visited a number of countries including Costa Rica, El Salvador, Panama and the Philippines, and a Bank consultant studied methods of developing the market for government securities in Ceylon.

Advice has been given on a wide range of problems directly connected with the Bank's lending operations, and in certain cases special studies have been initiated on subjects of importance to the Bank and its members. The Bank is cooperating in an examination undertaken by the Mexican Government of the country's future electric power needs, and of methods of financing them.

Other Developments

The membership of the Bank increased from 54 to 56 during the year, bringing total subscribed capital to the equivalent of \$9,149 million. Haiti became a member in September 1953, and Indonesia in April 1954. Czechoslovakia was suspended from membership and will cease to be a member on December 31, 1954, in the absence of further action.

Engineers of India and Pakistan, together with engineers from the Bank, in September 1953 resumed their discussions of technical measures

for increasing the supplies of water from the Indus River system for purposes of economic development. These discussions continued throughout the rest of the fiscal year.

Additions were made to the Bank's field representation. Resident representatives were stationed in Brazil and Pakistan, and a representative was stationed in Beirut to maintain contact with member countries in the Middle East.

The proposal to set up an International Finance Corporation was further studied during the

year, and was the subject of additional consultation between the Bank and various member governments. In June 1954 a report was transmitted to the Secretary General of the United Nations pointing out that the prospects for securing the necessary capital for the Corporation had not changed during the year, in that the governments from which it would have to draw the greater part of its funds were not at present prepared to commit themselves to subscribe capital.

Chapter I—Collaboration in Project Preparation and Execution

The number of loans made by the Bank, now 104, has doubled in the past three years, and in that time projects financed by earlier loans have entered new phases of construction and operation. This has brought a great increase in the amount of work done by the Bank in the appraisal of projects, and in assisting the borrower to bring them to successful completion and operation.

This chapter discusses briefly the nature and extent of the interest of the Bank in the projects financed. The discussion is intended to illustrate how this interest is pursued in the operations of the Bank, and to show how it is reflected in certain features of loan contracts and other arrangements with the parties concerned.

The Bank feels it essential that any project financed make as large a contribution as possible to the productive resources of the economy which the loan is designed to strengthen. In a financial sense, a project which fell short of its objectives could waste the funds of both the Bank and the borrower. In an economic sense, the consequences of poor execution could be more serious still, since the projects financed by the Bank are usually not an end in themselves, but are intended to help provide a basis for economic advance over a broad front.

To avoid these dangers the Bank, in determining whether it should finance a project, asks to be fully informed in advance on matters that have an important bearing on the outcome. These matters include, among others: the economic merits of the undertaking; engineering and other physical phases of the project; the financing of local and any other expenditure not covered by the loan; management and administration during both construction and operation. The Bank con-

siders all these aspects before a loan is made. It continues to be concerned with them throughout the life of the loan. Where necessary, special arrangements mutually acceptable to the Bank and the borrower are made in advance to deal with problems that seem likely to arise in carrying out or operating a project.

The Bank seeks to establish a full understanding on the substance and needs of a project before a loan is made. Where practicable, this understanding is reflected in contracts with borrowers, in guarantee agreements with governments, and in various other written arrangements among the parties to the loan. The borrower and, where appropriate, the guarantor, normally agree to take the steps necessary to the timely completion of the project. There is provision for the borrower to give the Bank progress reports, and for the Bank to examine the situation that may exist in the field at any time. Through these channels, managerial and financial as well as engineering and other physical problems may be brought to light. On all substantial matters affecting the successful execution and operation of a project, the Bank, the borrower and the guarantor agree to consult, in normal course and not as a matter of emergency or special negotiation.

Many of the undertakings financed by the Bank are of a kind or on a scale new to the organization carrying them out. Discussion in advance of a loan, or actual experience as the project progresses, may indicate that the responsible organization is not fully equipped to deal with particular physical, financial or administrative problems; indeed, regardless of the stage of development reached by the country concerned, consultant services or other outside assistance may

be required by any organization embarking on a new project. In cases where assistance is needed the Bank is willing, and conceives it to be an integral part of its function, to see that this assistance is provided—either through members of its own staff or through help to the borrower in obtaining expert assistance elsewhere.

It obviously is not practicable to discuss here in any detail all the different kinds of situation that arise, or all the steps the Bank may take toward meeting them. But an outline can be given of the main types of problem which may be encountered in putting a project into effect, and which the Bank may be able to help in solving.

Economic Appraisal

The Fifth Annual Report explained the economic standards by which the Bank determines what projects may on economic grounds be suitable for financing. It will therefore only be said now that, in consultation with the authorities of the country concerned, the Bank tries to select high-priority projects within the framework of the country's overall economic needs.

One vital test of the economic value of a project is an assessment of the size of the demand and the suitability of the project to meet it. This is important not only in reaching a decision on the economic justification of a project but also in deciding on its scale and other matters affecting its precise nature. There may be no doubt, for instance, that more electric power would greatly benefit a particular region; yet it will be necessary to know as much as can be learned about the probable size and characteristics of the market for power before generating and transmission facilities can be effectively planned. In connection with projects of various kinds, in fact, it is normal for the Bank to call for market or traffic studies, and it often advises regarding the collection and analysis of such information.

The Magdalena Valley Railroad project, now being financed by the Bank in Colombia, came about from a study of transport needs. The Government and the Bank believed that better trans-

port through the valley would be an important aid to the economic development of Colombia. But it was not known what traffic to expect, or whether it could be served best by improving the navigability of the river, by building motor roads through the valley, or by constructing a railroad. The Government and the Bank therefore brought in an engineering firm to examine prospective traffic needs and to determine the best way of meeting them. The firm's report, which included a comprehensive traffic study of the entire Colombian railway system, gave a factual basis for judging the merits of the railroad link.

Preparation and Planning

Before a loan is made, the Bank examines the principal plans and specifications to see whether they are appropriate and to see whether, out of experience available to it, improvements can be suggested in the project. This has provided a way of discovering weaknesses in planning, some of which, if left unremedied, could have had most serious consequences for the project. In one instance, it was shown that the water available would be insufficient to supply the turbines proposed for a hydroelectric plant on which a large part of the construction had already been done. On the Bank's recommendation the project was redesigned in order to make it practicable. In another instance, it was found that the type of rolling stock proposed for a railway system would be running over bridges too weak to carry it safely; and the strengthening of the bridges by the borrower was made a part of the project.

The preparatory study may also provide an opportunity for the Bank to suggest ways in which the economic value of a project can be increased by modifications or additions to the original proposal. An exchange of ideas with the Indian Iron and Steel Company, for instance, resulted in the conclusion that the addition of a new coke oven to the Company's construction program would make it possible and useful to retain and modernize two blast furnaces that otherwise would have been abandoned. Discussion of proposals

for improving the operations of Callao, Peru's major seaport, showed that the acquisition of equipment for handling bulk as well as general cargo would accomplish even greater savings than the project originally proposed; and the amount of the loan was increased so as to cover both purposes.

Often there is an earlier stage of collaboration, when a proposal is brought to the Bank with a request for advice on how to go about more detailed preparation. The Bank will give general advice as to procedure, but it will usually recommend that the prospective borrower retain an experienced firm or individual to assist in the preparation of the project. The Bank has not lent for the preliminary studies required to determine the feasibility of a project. On occasion, however, it has included the foreign exchange costs of the detailed engineering required in actually carrying out the project.

The Bank not only wishes to be satisfied, in the borrower's as well as in its own interest, that the plans for a project are sound; it also needs to know that construction will be entrusted to competent hands and will be properly supervised. In cases where the borrower has not already found them, the Bank stresses the importance of employing properly qualified firms for construction and supervision of the project.

Domestic Currency Requirements

The Bank lends only part of the money required for a project and, except in a few special circumstances, has lent only for foreign exchange expenditures. But the generator financed by a loan from abroad serves its purpose only when installed in a powerhouse built by local labor paid with domestic currency. So far as it can, therefore, the Bank wishes to be assured before making a loan that the local financing necessary to complete the project will, in fact, be forthcoming.

The loan agreement usually indicates the borrower's responsibility for providing necessary funds not covered by the loan, and may make

stipulations on the way the finance should be raised. This is a complex problem which takes many forms; but the Bank must satisfy itself of the intent and the ability of the borrower to provide the funds. In projects depending on governmental resources these funds are commonly supplied through annual appropriations by the Government; but in exceptional cases, as with the road construction programs in Ethiopia and Nicaragua, the Government may provide funds by direct allocations of revenue from a specified tax.

Whatever the method of meeting the national currency needs of a project, the Bank ensures that the necessary steps are thought out and planned in advance. In this planning, allowance is made so far as possible for changes that may later take place in price levels and wage rates. When these changes have nevertheless called for a revision of the original plans, the Bank has often been able to help the borrower in working out methods for raising the additional funds needed.

The Bank stresses the importance of avoiding procedures, either in raising the money needed for construction or in subsequent operation, which may have an inflationary impact, or which may absorb an unduly large share of the capital available to meet the country's other investment needs. The Bank believes that, in the absence of special considerations to the contrary, projects which can earn revenue should be designed to cover their own costs and to be self-supporting in terms of local currency.

Since the tariffs for electric power, transport and related services are in most countries subject to governmental regulation, when the Bank is lending for these services it seeks to assure itself in advance that adequate rates will be allowed. In some cases the existing level of rates may be adequate; the Bank may then be concerned only to receive an assurance that official policy will be to keep it so in future. In other cases the established level may be inadequate. When this situation was encountered in a recent lending operation for electric power in Asia, an agreement

to authorize the necessary increases in rates was obtained from the Government. In the case of natural gas in Pakistan, no established pattern of rates existed. In setting up the loan to the Sui Gas Transmission Company, the Bank therefore received assurance that the rates would be fixed at a level which would allow a satisfactory return.

Revenue-earning projects may offer opportunities for mobilizing private investment. The Bank urges borrowers to seize these opportunities whenever they appear to be present. In El Salvador the Bank assisted the Lempa River Commission to prepare a bond issue to finance the local currency expenditure of a hydroelectric project whose foreign exchange costs were to be met by a Bank loan. In lending for the Seyhan project in Turkey, arrangements were made in collaboration with the Government to raise private capital for a utility company formed to generate and distribute power; and the majority of the stock of the company was bought by private investors.

Whether a revenue-earning enterprise is in public or private ownership, the Bank examines the earning prospects of the completed project. It compares the expected rate of return with that earned in similar enterprises elsewhere. In accordance with sound lending practice, it may where appropriate make provisions regarding such matters as the debt-equity ratio, working capital availability, and future dividend policy.

Administration and Management

However thorough the preparation, no project is likely to succeed unless it is put in the hands of able management. Particularly in countries relatively new to large-scale enterprise, managerial skill may be scarce; and in many cases its exercise is hampered by outmoded practices and complicated regulations. Progress may be impeded by inadequate accountancy standards and inventory controls, cumbersome procurement procedures, or ill-advised personnel policies. It is often necessary to take positive steps toward making a career in the new enterprise attractive to the best-qualified people; this may, for instance, re-

quire measures to ensure that salary standards are adequate, that tenure of employment is reasonably secure and that promotion will be by merit. The Bank studies these matters and may suggest ways of improving the conditions under which management has to operate.

In governmental enterprises, even though management possesses the necessary qualifications, it cannot be fully effective if its actions are hampered by outside interventions and pressures. As a protection against this, the Bank has sometimes recommended the establishment of an autonomous body to run a project.

The problems of management during the construction stage can be eased by the choice of dependable contractors and the employment of experienced supervisors. But problems may arise through failures of coordination and timing, or through the emergence of unforeseen physical difficulties. Moreover, a large construction program carried out by an existing organization may require the strengthening of top management, as well as of technical personnel, to keep pace with the growth of the enterprise.

The operation of a completed project may present other more serious types of management problem. Good management at this stage is sometimes taken to consist merely of the technical capacity to operate a plant or administer a service; and this, clearly, is an indispensable qualification. But the outcome will also depend on other important qualities of leadership, and on the ability of the manager to look beyond the requirements of the immediate task and to envisage future problems arising out of the development and growth of the enterprise. Management must have not only technical competence but also a talent for handling personal relationships; harmonious relations with labor, with governmental agencies involved, and with the public, may be vital to the success of the enterprise. The capacity to build a staff and to delegate authority may be of crucial importance. A successful industrial manager must be prepared to adjust his output in quantity, quality and price to the needs of his

market, and will miss no opportunity of establishing a new outlet, developing a new process or turning to a more favorable source of raw material or fuel supply.

As a safeguard against the dangers which may arise from managerial weaknesses, the Bank may arrange that the management of a project must be acceptable to the Bank as well as to the borrower. This may call for a re-examination of the managerial arrangements of an existing organization, or for assistance in setting up a suitable organization before a new enterprise is launched. The Bank may also advise on the qualifications required for key posts; if requested, it may assist in finding suitable persons to fill them. Thus it has helped the borrower to make suitable managerial appointments in a development bank in the Middle East, a river valley project in Asia and a port authority in Latin America. In cases where managerial skills within the country need in the early stages to be supplemented from outside, one of the objectives is to impart those skills so that local staff may take over responsibility as soon as possible.

Continuing Relationship with Borrowers

As was mentioned earlier in this discussion, the Bank keeps closely in touch with the project throughout the life of the loan. It receives periodic reports from borrowers, and members of the staff visit the project to see at first hand the work being done. This practice arises from the provision of the Articles of Agreement that "the Bank shall make arrangements to ensure that the proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency." But it has been found that the reporting procedure set up, in addition to providing a yardstick by which the Bank can measure the progress made, has in many cases provided the management of the project with a flow of information important to the conduct of its affairs.

The purpose of the Bank in closely following up a project is to bring to light sooner, rather

than later, any difficulties that may arise. And difficulties, many of which cannot be foreseen, inevitably arise. Few, if any, projects financed by the Bank have proceeded precisely according to plan. Landslides, typhoons, currency devaluations, changes of government—these and other occurrences have in one case or another interfered with timely execution. Early knowledge of difficulties puts the Bank in a position to begin discussion of the best solution promptly with the borrower, and to move the project toward a successful conclusion.

Security Arrangements

The Bank, like any investor, makes arrangements to protect its loans against default. But its special constitution and objectives require it to avoid rigid adherence to set procedures in questions of security; it seeks to match its requirements with the needs of particular loans. The considerations that influence the Bank may differ from those that are familiar to borrowers in other situations, and they have sometimes been misunderstood. Moreover, they may bear directly upon the relationship between the Bank and the body responsible for a project. Although security arrangements are not in all cases directly concerned with the project, they are considered appropriate for discussion here.

In conformity with the Articles of Agreement, the Bank has obtained a governmental guarantee of all loans not made to a government. The governmental obligation, as borrower or guarantor, is the ultimate protection for Bank loans. Given this protection the Bank does not, in the absence of special considerations, require mortgages, pledges or other positive security for the obligations of member governments either as borrowers or as guarantors.

On the other hand the Bank must be assured that it will not receive from its members less favorable treatment than other future creditors. For that reason it includes the so-called negative pledge clause as a standard feature in its loan and guarantee agreements with member gov-

ernments. Essentially, that clause provides that the Bank will share proportionally in any positive security or priority on governmental assets that may in the future be created to secure external debt. The Bank regards this kind of assurance as necessary to enable it to continue its normal practice of dealing with governments on an unsecured basis, and as fair and appropriate to the Bank's character as a cooperative institution in whose loans all members have a financial stake.

When the borrower is a governmental body the Bank does not normally obtain security beyond that provided by a negative pledge covenant from the borrower. In two types of situation, however, the Bank may wish to take positive security for loans to these bodies. First, if the borrower has given mortgages or other positive security to prior creditors, the Bank may ask similar security to assure itself of equal treatment. Second, in the circumstance that the borrower has appropriate foreign exchange assets or assets from which foreign exchange can readily be realized, the Bank may wish to take security, particularly if this increases the likelihood of participation by private investors. In practice, these circumstances have seldom arisen. When they have, it has been principally with loans to corporations which, though wholly or substantially owned by a government, are organized and operated like private companies. That is true, for example, of the loan to KLM (Royal Dutch Airlines), where the Bank obtained a chattel mortgage on aircraft.

Loans to private borrowers involve somewhat different considerations. Here it is also important to ensure that the Bank is not placed in the position of a junior creditor, particularly because of the need to retain a voice in the case of reorganization or similar proceedings. Moreover, a guaranteeing government, in making good on its guarantee and as a consequence succeeding to the Bank's rights against the private borrower, would legitimately expect to succeed to a senior creditor's position and not to find its claim ranking below those of private creditors. In any case,

in lending to private borrowers the Bank attempts to conform to established lending standards and to regulate its security arrangements accordingly. To accept more lenient conditions than are customary for private capital might discourage borrowers from using private funds when available on reasonable terms, and private lenders from investing in development projects.

The decision whether to ask for positive security from private borrowers depends on the particular circumstances of each case. In practice, the Bank has usually required it. Mortgages or comparable charges were provided, for example, in the recent loans to *Compañía Manufacturera de Papeles y Cartones* for pulp and paper production in Chile and to the *Sui Gas Transmission Company* in Pakistan, as well as in earlier loans such as those to the *Brazilian Traction, Light and Power Company* and to the Dutch shipping companies.

The Bank's Objectives

It is sometimes suggested that, since the Bank lends only with a governmental guarantee, it need not pay great attention to the details of the project itself or to the organization of the body responsible. But the Bank's main purpose is to assist its member countries to draw maximum benefit from the development process. It is concerned primarily to ensure that its loans make the greatest possible contribution to increasing production, raising living standards and opening opportunities for further investment. The Bank's interests therefore go considerably beyond those of the more usual type of lending institution, and the achievement of its objectives cannot be ensured by safeguards dealing only with questions of debt service.

These objectives require that, quite apart from consideration of interest and principal payments to the Bank, the project must succeed. It is for this reason that the Bank has sought, in ways indicated above, to give direct assistance in solving the many problems which may arise be-

fore a fresh investment of external capital can yield its full return.

Responsibility for the management and execution of a project rests upon the operating bodies and not upon the Bank, and the question whether a project will succeed depends above all on their handling of it. It is of course a matter of

satisfaction to the Bank when projects are prepared and carried smoothly to success with little call for practical assistance and advice from the Bank. But the complexities of development projects are such that it expects this type of practical collaboration to remain an integral part of its operations.

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. Loans that were fully disbursed prior to the beginning of the fiscal year are discussed 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 \$1,914 million (\$1,874 million net of \$40 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

Indus River System

Engineers of India and Pakistan, together with engineers from the Bank, in September 1953 resumed their discussions of technical measures for increasing the supplies of water from the Indus River system for purposes of economic development. In February 1954 the management of the Bank put forward a proposed outline as a framework for a comprehensive plan, and this was taken under consideration by the Governments.

Arab Development Bank

In May 1953 the Beirut Conference of Ministers of National Economy and Finance of the Arab States authorized the secretariat of the Arab League to study a project for establishing an Arab Development Bank to assist economic development in the Arab States. In response to a request

by the Secretary General of the League, the International Bank in November 1953 submitted a memorandum outlining some of the fundamental problems of organizing a development bank and making suggestions about how these problems might be approached.

Regional Representative

In October 1953 the Bank stationed at Beirut, Lebanon, a staff member accredited to Egypt, Iraq, Jordan, Lebanon, and Syria. He has responsibility for explaining and interpreting the Bank's objectives, policies and activities; he advises prospective borrowers on the preparation and presentation of projects for the Bank's consideration; and he develops and maintains contacts with governments, business communities, regional organizations and international organizations in the area.

Bank Loans Classified by Purpose and Area—June 30, 1954

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

Purpose and Type of Supplies Financed	Total	Area				
		Asia & Middle East	Africa	Austral- asia	Europe	Western Hemi- sphere
GRAND TOTAL	1,874	232	199	204	782	457
RECONSTRUCTION LOANS:						
TOTAL: France, The Netherlands, Den- mark, Luxembourg.....	<u>497</u>	—	—	—	<u>497</u>	—
OTHER LOANS						
TOTAL	<u>1,377</u>	<u>232</u>	<u>199</u>	<u>204</u>	<u>285</u>	<u>457</u>
ELECTRIC POWER: Machinery, equipment and construction materials.....	<u>509</u>	<u>63</u>	<u>88</u>	<u>33</u>	<u>35</u>	<u>290</u>
TRANSPORT	<u>397</u>	<u>86</u>	<u>71</u>	<u>74</u>	<u>63</u>	<u>103</u>
Railroads: locomotives, rolling stock, rails, shop and station equipment and materials	201	63	68	17	3	50
Shipping: vessels and marine equip- ment	37	—	—	—	37	—
Ports: docks, warehouses, harbor craft, loading and dredging machinery....	24	4	1	—	16	3
Airlines: aircraft and airport equip- ment	34	—	—	27	7	—
Roads: construction equipment and vehicles	87	5	2	30	—	50
Pipelines: pipe, fittings and materials for natural gas.....	14	14	—	—	—	—
COMMUNICATIONS: Telephone and tele- graph equipment and supplies)	<u>26</u>	<u>2</u>	—	—	—	<u>24</u>
AGRICULTURE AND FORESTRY	<u>167</u>	<u>47</u>	—	<u>71</u>	<u>29</u>	<u>20</u>
Mechanization: farm machinery and equipment	76	—	—	58	2	16
Irrigation and flood control: construc- tion equipment and materials.....	57	37	—	6	13	1
Land improvement: construction equip- ment and materials.....	22	10	—	7	3	2
Grain storage: construction materials and equipment.....	5	—	—	—	4	1
Timber production: machinery and vehicles	7	—	—	—	7	—
INDUSTRY	<u>168</u>	<u>32</u>	—	<u>26</u>	<u>90</u>	<u>20</u>
Manufacturing machinery	145	32	—	19	74	20
Mining equipment	23	—	—	7	16	—
GENERAL DEVELOPMENT	<u>110</u>	<u>2</u>	<u>40</u>	—	<u>68</u>	—
Development banks	20	2	—	—	18	—
General development plans	90	—	40	—	50	—

Burma

The Bank sent the report of its fact-finding mission to the Government in September 1953. The mission had visited Burma earlier in the year to review the economic and financial situation and to discuss the Government's development plans.

Ceylon

Negotiations have been concluded for a loan of \$19,110,000 to help finance the Aberdeen-Laksapana hydroelectric scheme, which will supply additional power to southwestern Ceylon, the most productive and populous part of the Island. Ceylon has virtually no fuel resources, and the growing demand for power can be met most economically by developing hydroelectric potential.

The Aberdeen-Laksapana scheme is intended to develop the power potential of the Kehelgamu and Maskeliya rivers at a point about 50 miles east of Colombo, the capital. Eventually the total generating capacity of this development will be 150,000 kilowatts. The scheme is being carried out in stages, of which the first was completed in 1951.

The Bank's loan will help finance the next stage. In this stage, a storage dam will be built on the Kehelgamu to regulate the river's flow so that more power can be generated; another 25,000 kilowatts will be added to the generating capacity of the station; and additional transmission lines and distribution facilities will be constructed. It is expected that the project will be completed in approximately four years.

The Government has taken additional steps to carry out the recommendations of the general survey mission which visited Ceylon in 1951. A member of the Bank's staff went to Ceylon in April 1954 to advise the Government on the organization of an autonomous technical research institute which is being set up to undertake applied industrial research. It is expected that the Bank and the United Nations Technical Assistance

Administration will assist in providing top staff for the institute.

A Bank mission visited Ceylon in April and May 1954 to discuss with the Government suggestions for the establishment of a privately-owned development corporation to provide loan and equity capital for private enterprise. In February 1954 a Bank consultant advised the Government and the Central Bank of Ceylon on measures for further developing the market for government securities.

India

Fiscal \$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, to \$7.5 million on August 25, 1952 and to \$7.2 million on January 1, 1954 at request of borrower.

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

Fiscal \$31.5 million 15-year 4¾% loan of December 18, 1952 to 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; reduced to \$10.5 million on February 4, 1954 at request of borrower.

Total: \$100.5 million, net of cancellations.

The Government of India has approached the Bank for loans to assist in financing the construction of two electric power plants in the State of Bombay and to make a power study of the Greater Bombay Area. Early in 1954 a Bank engineer re-examined economic, technical and financial aspects of a proposed thermal plant to be located on Trombay Island and to be owned and operated by the three Tata electric companies. He also examined existing information on a proposed hydroelectric plant on the Koyna River to be operated by the State of Bombay. A report

on the power study has been sent to the Government.

In February 1954 a Bank mission went to India to explore the possibilities of establishing a privately owned and operated development corporation to finance the expansion and modernization of private industry. The findings of this group were favorable; and a steering committee consisting of prominent Indian businessmen was set up to draft a charter for a corporation which would finance existing and new industries through loans and equity participations, and provide business ventures with technical and managerial advice. Upon establishment of such a corporation, the Bank will consider making a loan to it.

Two of the Bank's previous loans are helping to develop electric power resources in the Damodar Valley. India's largest thermal power plant, constructed at Bokaro with the help of the \$18.5 million loan of 1950, was put into commercial operation in October 1953. It is being operated by the Damodar Valley Corporation, which is distributing the power to coal mines, steel works, various other industries and electric utilities in the Damodar Valley. Meanwhile work is progressing on the two hydroelectric plants, storage dams and an irrigation system for the Damodar Valley, which the \$19.5 million loan made in 1953 is helping to finance. Completion of a 60,000-kilowatt plant at Maithon is expected by the middle of 1956, and a 40,000-kilowatt plant at Panchet Hill in the following year. By agreement between the Bank and the borrower the \$19.5 million loan was reduced by \$9 million in view of the fact that an equivalent amount could be made available from the Indian Government's resources of pounds sterling.

Steady progress is being made in ridding large areas of land in central India from the weed called kans grass, with the help of tractors and other equipment bought with the loan of September 1949. During the 1953-54 plowing season, some 280,000 more acres of infested land were returned to the production of food crops. This

makes a total of over one million acres that have been reclaimed in the five years of the project's operation. It is estimated that by the end of the 1955-56 plowing season a total of about 1½ million acres will have been cleared.

The \$31.5 million loan for an expansion of the productive capacity of the Indian Iron and Steel Company has not yet become effective. The Government of India, as guarantor of the loan, has informed the Bank that the causes for the delay have been overcome and that arrangements to proceed with the expansion scheme can soon be made.

Japan

Fiscal 1954: \$21.5 million 20-year 5% loan of October 15, 1953 to Japan Development Bank to be re-lent to Kansai Electric Power Company, Incorporated, for power development.

\$11.2 million 20-year 5% loan of October 15, 1953 to Japan Development Bank to be re-lent to Kyushu Electric Power Company, Incorporated, for power development.

\$7.5 million 20-year 5% loan of October 15, 1953 to Japan Development Bank to be re-lent to Chubu Electric Power Company, Incorporated, for power development.

Total: \$40.2 million.

These loans are helping to finance the construction of three high-efficiency thermal power stations being built by private companies in central and south Japan. The companies serve parts of Japan comprising approximately 30% of the total area and containing about 40% of the population. The new stations will have a combined capacity of 291,000 kilowatts, which is 10% of Japan's present public utility thermal capacity. They will furnish additional power to supplement hydroelectric supplies and will replace less efficient thermal units. An indication of the efficiency of the new stations is that savings in fuel consumption, compared with existing thermal plants, will be sufficient in the case of the Kansai plant to pay off its construction cost in six years.

Although power production in Japan has increased markedly over the prewar level, supply

is still running far behind demand, and shortage of power is a serious obstacle to the growth of industrial production. The new generating capacity will help to meet the demands of industrial plants manufacturing metals, machinery, textiles and chemicals, and of coal mines and shipyards. These industries are of key importance in Japan's efforts to improve its international balance of payments.

At the request of the Government, a mission visited Japan toward the end of 1953 to discuss economic problems and policies and to look into possible further assistance by the Bank. On the basis of the mission's report, the Bank expressed the view to the Government that in the development of an investment program for Japan, particular consideration should be given to: (1) increasing agricultural and livestock output; (2) lowering costs of steel production by modernizing equipment and techniques used in the industry; (3) reducing the cost of mining coal, particularly coking coal; (4) augmenting supplies of both thermal and hydroelectric power and exploring the extent of reserves of subterranean steam as an additional source of power; and (5) bettering the international competitive position of Japan's industry for the manufacture of various types of machinery. The Government has indicated a desire to obtain loans for these purposes, and the Bank is preparing to send technical missions to Japan for closer studies.

Malaya and Singapore

A Bank general survey mission was in Malaya and Singapore in January-May 1954 to prepare recommendations to the Governments on economic development. The mission was organized at the request of the Governments of the Federation of Malaya, of Singapore and of the United Kingdom, and consisted of 13 members, including nationals of eight different countries. Four agricultural specialists attached to the mission were nominated by the Food and Agriculture Organi-

zation of the United Nations. The mission's report is now being prepared at Bank headquarters.

Philippines

The Bank's Director of Marketing made a second visit to the Philippines in July of 1953 further to assist in establishing a capital market for government securities.

Thailand

Fiscal 1951: \$3 million 15-year 3¾% loan of October 27, 1950 for railway rehabilitation. Fully disbursed June 1954.
\$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.
Total \$25.4 million.

Projects financed with the help of these three loans are making satisfactory progress. Most of the buildings at the Makkasan railway workshops near Bangkok, which the Bank's \$3 million loan is helping to finance, have been completed; and the installation of equipment is expected to be finished by August 1954. All the railway signaling equipment has been delivered and is being installed.

The irrigation project in the central plain, for which the Bank has lent \$18 million, is expected to be completed toward the end of 1958. Work on the network of irrigation canals and on the Chao Phya River barrage near Chainat is proceeding satisfactorily.

During the year, considerable progress was made on the project for improving the port of Bangkok. The channel through the sandbar at the estuary of the Chao Phya, which should permit ships of 10,000 tons to enter the port, was finally completed in January 1954 after a number of difficulties in the dredging operation had been overcome. A two-year management contract for the maintenance of the channel by foreign contractors was signed in May. Some delays are still being encountered, however, in the delivery and installation of port equipment. An

expert recommended by the Bank to help the Port Authority to reorganize its operations has presented his report to the Government and the Authority. The Authority will employ an experienced adviser to assist in carrying out the recommendations of the report and in administering the port.

Following the report of the Bank mission which visited Thailand in early 1953, a Thai

delegation was in Washington from September 1953 to March 1954 for technical discussions on a program to rehabilitate and develop the railway system. The Bank is in continuing contact with the Government on this matter.

At the request of the Government, a Bank representative was in Thailand from December 1953 to March 1954 to discuss various economic and financial problems with Government officials.

THE MIDDLE EAST

Egypt

The Bank has offered to review the project for a high dam on the Nile above Aswan to provide flood control, irrigation and hydroelectric power. Such a study would seek to determine that the project is practical and economic and would effectively utilize Nile water. The Bank has also offered to examine a project for manufacturing fertilizer by using the hydroelectric power now being installed at the existing Aswan dam.

Ethiopia

Fiscal \$5 million 20-year 4% loan of September
1951: 13, 1950 for rehabilitation of roads.
Fully disbursed in May 1954.

\$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 develop-
ment of telecommunications.

Total: \$8.5 million.

Disbursement of the Bank's \$5 million loan to finance the foreign exchange costs of road-building equipment, materials and services has been completed. The rehabilitation program is progressing: the reconstruction of the three main roads radiating from Addis Ababa to Assab, Jimma and Lekempti is nearly finished; and maintenance has been provided on most of the 2,500-mile network of primary roads. The entire network is now usable, most of it in all seasons of the year. The Imperial Highway Authority should complete the rehabilitation program by March 1955 and will continue maintenance of the system. Beneficial effects of the program are reflected in re-

ductions of travel time, of vehicle maintenance costs and of trucking rates on some routes.

The Bank has disbursed \$1 million of its \$2 million loan made to provide foreign exchange to the Ethiopian Development Bank. Since the start of operations in 1951, the credit activities of the Development Bank have grown slowly but steadily, and the institution is now making a profit. At the end of June 1954 total invested funds outstanding amounted to Eth. \$6.5 million, as compared with Eth. \$1.1 million at the end of 1951. These funds were invested both in agriculture and in industrial plants, mostly for the processing of agricultural products. The International Bank loan has been used almost exclusively for industrial projects; agricultural loans have been mainly in Ethiopian dollars.

After a delay caused principally by initial organizational difficulties, the \$1.5 million telecommunications loan became effective in February 1954; meanwhile the program of the Imperial Board of Telecommunications for improvements of telephone, telegraph and radio systems has progressed. The Board has completed its administrative organization, has carried out extensive construction and rehabilitation work on lines and equipment, and has inaugurated several training courses. Although the program will not be completed until the end of 1955, the networks are already handling increased traffic.

Two persons nominated by the Bank at the request of the Government assumed important posts in Ethiopia during the fiscal year. One became Governor of the State Bank of Ethiopia in

December 1953; the other took up his duties as adviser to the Minister of Finance in May 1954.

Iraq

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

Construction of the barrage to divert flood waters from the Tigris River above Baghdad was begun in August 1953. Work is about half finished on the dike and canal that will lead these waters into the Wadi Tharthar depression. Progress is somewhat behind schedule, partly because of re-planning which will improve the project both technically and economically and partly because of the heavy floods this year. It is expected that the project as a whole will be sufficiently far advanced to divert flood waters early in 1956.

In August 1953 a Bank representative visited Iraq for discussions with the Development Board concerning steps being taken to implement the recommendations of the Bank's general survey mission of 1951-52.

Jordan

Bank representatives visited Jordan in May 1954 to discuss the Government's request for assistance in studying the country's development potentialities.

Lebanon

The Bank informed the Government in October 1953 of its views regarding the desirability and prospects of establishing an industrial development bank in Lebanon, and offered further assistance.

Pakistan

Fiscal \$27.2 million 15-year 4⅝% loan of March 1952: 27, 1952 for railway rehabilitation.
\$3.25 million 7-year 4⅝% loan of June 13, 1952 for agricultural machinery.
Fiscal £5 million (\$14 million) 20-year 4¾% 1954: loan of June 2, 1954 to Sui Gas Transmission Company, Limited, for construction of natural gas pipeline.
Total: \$44.45 million (\$ equivalent).

The loan of £5 million made in June 1954 will help finance the foreign exchange costs of constructing a natural gas pipeline in West Pakistan. The project, based on the recent discovery of natural gas about 350 miles from Karachi, will for the first time make this fuel available in Pakistan. Because of its limited resources of coal and oil, this new domestic source of fuel is of particular importance to Pakistan's economic development. The pipeline will run through the Lower Indus Valley to Sukkur, Hyderabad and Karachi. Initially the market for gas will be confined to large industrial consumers in these cities.

The borrower, the Sui Gas Transmission Company, was formed in February 1954. Three-quarters of the shares of the Company are held by private investors in Pakistan and the United Kingdom, and one-quarter, by the Pakistan Industrial Development Corporation. Slightly more than one-half of the shares are in Pakistani ownership; the Burmah Oil Company and the Commonwealth Development Finance Company of the United Kingdom hold the remainder. The Transmission Company will be operated by the Burmah Oil Company's Pakistan subsidiary, which has been retained as managing agent for 20 years.

Six British banks are participating in the loan, without the Bank's guarantee, to the extent of £645,000, representing the first seven maturities, falling due semi-annually from August 1, 1956 through August 1, 1959. The participating banks are The Chartered Bank of India, Australia & China; the Eastern Bank; Grindlays Bank; Lloyds Bank; the Mercantile Bank of India; and the National Bank of India.

The \$3.25 million loan of June 1952 for the purchase of agricultural machinery to aid in the reclamation of 110,000 acres of wasteland in the Punjab Province of West Pakistan became effective in February 1954. The Agricultural Machinery Organization set up to carry out the reclamation project started operations in mid-1953. The Bank assigned a technician to assist the Organization's newly recruited staff in getting the

project under way; this technician is continuing as an adviser, under the sponsorship of the Food and Agriculture Organization. The operating effectiveness of the Agricultural Machinery Organization is continuing to improve; by June 30, 1954, 110,000 acres had been cleared. The land is being settled and planted to crops, principally wheat and sugar cane, as fast as it is cleared.

A delay in placing orders for equipment financed by the \$27.2 million loan of March 1952 for a program to improve and modernize the railways in East and West Pakistan has necessitated extension of the closing date of the loan from May 1954 to July 1955. About half of the loan has been disbursed. Operation and maintenance of the diesel electric locomotives and other equipment financed by the Bank continues to be satisfactory, and an improvement in freight and passenger service has resulted.

In November 1953 the Bank stationed a special representative in Pakistan. He has advised in the execution of Bank-financed projects and in the preparation of proposed projects. He also represents the Bank on the committee set up by the Pakistan Minister of Finance to coordinate external financial assistance for development.

During the year the Bank discussed with the Government and other prospective borrowers the possibility of financing other development projects. Among these were the expansion program of the Karachi Electric Supply Corporation, which would more than double supplies of electricity to the Karachi area; a scheme of the Karachi Port

Trust to rehabilitate badly deteriorated wharves at the port of Karachi; a program for the further development of the railways in East and West Pakistan; and a pulp and paper mill in East Pakistan.

Syria

A general survey mission visited Syria from February to April 1954 to prepare recommendations to assist the Government in formulating a long-term development program. The mission consisted of ten members: a public finance adviser from the International Monetary Fund; two agricultural experts nominated by the Food and Agriculture Organization; four consultants recruited by the Bank to advise on transportation, industry, water resources, and housing and community planning; and three Bank staff members. One of the two agricultural experts was provided by the Ford Foundation. The mission's report is now being prepared.

The Bank and the Syrian authorities are continuing technical studies of a project to equip the Port of Latakia, which is now being enlarged and improved. The Government is preparing a revised program of road construction. In June 1954 three Bank consultants completed a field survey of a project for draining and reclaiming the Ghab swamplands in the valley of the Orontes. Discussions regarding the financing of these projects will be resumed when technical preparations have been completed.

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. Guaranteed by Belgium. Made simultaneously with loan of \$30 million to Belgium (See page 22).

Total: \$40 million.

This loan, like the \$30 million loan made to Belgium on the same day, is supporting the Ten-Year Plan for the Development of the Congo. Disbursement of the loan, which is geared to the rate of public investment in the Plan, was nearing completion by June 30, 1954; only \$1.6 million then remained in the loan account. After

a slow start in 1950, the rate of expenditure under the Plan was greatly accelerated in 1952 and exceeded 5 billion Congolese francs (\$100 million) in 1953. The main investment has been in transport, agriculture, hydroelectric power development and housing; substantial expenditures have also been made for public health and education.

French West Africa

Fiscal \$7.5 million 12-year 4½% loan of June
1954: 10, 1954 to the Office Central des
Chemins de Fer de la France d'Outre-
Mer for modernization of French
West African Railways. Guaranteed by
France.

Total: \$7.5 million.

This loan will assist a modernization program being carried out by the French West African Railway Administration, which operates under the control of the Central Office for French Overseas Railways. J. P. Morgan & Co. is participating in the loan, without the Bank's guarantee, to the extent of \$609,000 covering the first two maturities falling due on December 1, 1956 and June 1, 1957.

Efficient rail transport is essential to the development of French West Africa: distances are great; river transport is generally impracticable; and roads are costly to build and maintain. About four-fifths of the freight now carried by the railways moves in overseas trade.

During the second World War, the railways suffered seriously from lack of replacement parts and could not be adequately maintained. In 1947 the French authorities began a long-range program to modernize equipment and increase operating efficiency. Track, telecommunications and repair facilities are being improved, rolling stock is being modernized, and steam locomotives are being replaced by diesels on all the four separate meter-gauge lines which constitute the system. By the end of 1952 the equivalent of \$45 million had been spent and about half the program had been completed. In the meantime, the volume of

freight carried has risen to a level two-thirds greater than prewar.

The Bank's loan will provide funds for the purchase of 35 diesel mainline locomotives and 34 diesel switching engines for the two longest and most heavily used lines, running from Dakar, in Senegal, into French Sudan, and from Abidjan, in the Ivory Coast, into the Upper Volta. The diesels will be cheaper to operate than the steam locomotives they will replace, and can be expected to pay for themselves in about six years.

Nigeria

A general survey mission visited Nigeria from September to December 1953 to prepare recommendations to the Government for a program of economic development. The mission had 15 members: five from the Bank's staff; one from the staff of the International Monetary Fund; three consultants nominated by the Food and Agriculture Organization; and six consultants recruited by the Bank to advise on mineral resources, power, animal husbandry, roads, public health, water resources and irrigation, and education and social services. The report of the mission is nearing completion.

Northern Rhodesia

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

Total: \$14 million.

Good progress has been made during the year on the three-year development program of the Rhodesia Railways which this loan is helping to finance. The Railways serve Northern Rhodesia, Southern Rhodesia and Bechuanaland and have been heavily overburdened because of the exceptionally rapid development of the Rhodesias since the war. About half the locomotives, passenger and freight cars to be purchased under the program have been delivered and are in operation. Improvements are being made in existing lines through track renewal and regrading; other traffic

and operating facilities are being modernized and expanded. The building of the new line from Bannockburn in Southern Rhodesia to the border of Portuguese East Africa is proceeding on schedule, and is expected to be complete in the first half of 1955. This new track will connect with a line being built by the Portuguese Government to the port of Lourenço Marques, and will give the land-locked territories served by the Rhodesia Railways a new outlet to the sea.

Southern Rhodesia

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

Total: \$28 million.

This loan is helping to finance imports of equipment and materials required in a program to expand the supply of electric power. The program is part of Southern Rhodesia's general plan for economic development during the four years ending in March 1955. Power facilities are being 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.

During the program's third year, ending in March 1954, 90,000 kilowatts were added to generating capacity. The projects financed by the loan are progressing on schedule and by June 30, 1954, \$20.6 million of the loan had been withdrawn.

Union of South Africa

Fiscal \$30 million 20-year 4% loan of January 23, 1951 to Electricity Supply Commission for power development. Fully disbursed by October 1953.

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

Fiscal \$30 million 10-year 4¾% loan of August 28, 1953 to Electricity Supply Commission for power development.

\$30 million 10-year 4¾% loan of August 28, 1953 for expansion of transportation facilities. Fully disbursed in June 1954.

Total: \$110 million.

The two loans made during the fiscal year, like the earlier loans, were to provide additions to electric power and transportation service made necessary by the rapid expansion of the economy. The fast growth of industry and the expansion of gold mining operations in the Orange Free State during the postwar period have put a heavy and continuing strain on public services, and especially on the railway system and power supply.

The Bank has now lent \$50 million to improve transportation in the Union. The \$20 million loan of January 1951 was used mainly for the import of locomotives and rolling stock, workshop machinery and structural materials needed through March 1953. The \$30 million loan of August 1953 is helping to finance imports needed from that time to March 1956; most of it is being applied to the purchase of steam and electric locomotives, freight cars and rails. Equipment financed by the two loans should help the railways meet the increase of nine million tons of traffic expected in the two years ending March 1955. A small part of each loan was also allocated to the purchase of road vehicles and harbor craft.

The two power loans, amounting to a total of \$60 million, were made to the Electricity Supply Commission (ESCOM) which supplies about three-quarters of the electricity consumed in the Union. ESCOM is carrying out an expansion program that will increase its generating capacity by 80% between 1952 and 1958. The \$30 million loan of January 1951 paid for imports of electrical equipment during a two-year period; it was completely disbursed in October 1953. The \$30 million loan of August 1953 is helping to finance imports needed for the continuation of the program; it is being applied particularly to the purchase of turbo-generators, boilers, structural materials and electrical supplies.

A U S T R A L A S I A

Australia

Fiscal \$100 million 25-year 4¼% loan of August 1951: 22, 1950 for development program. Fully disbursed by December 1953.

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

Fiscal \$54 million 15-year 4¾% loan of March 1954: 2, 1954 for development program.

Total: \$204 million.

With the \$54 million loan made in March 1954, the Bank has lent a total of \$204 million to Australia to assist in carrying out large-scale development in both public and private sectors of the economy. Most of the equipment needed for these undertakings is being financed by Australia, either locally or through its sterling resources. But Australia's needs for certain equipment essential to various development plans could only be met in the dollar area, and it is for purchases of this equipment that the three loans have made dollar exchange available. The two earlier loans have now been almost completely disbursed.

The most recent loan is paying for a wide range of imported capital goods and equipment. New agricultural equipment will be used particularly for improving existing farms and opening new areas to cultivation. Transport equipment includes trucks suited to Australian road conditions, components for the domestic manufacture of diesel locomotives, and 12 aircraft, for which the loan will provide part of the cost, for Australia's domestic and international air services. Other goods include equipment to construct and maintain roads, and for various manufacturing industries.

Austria

Negotiation of a loan for the Reisseck-Kreuzeck power project in southern Austria is well advanced. This project will be an important step in realizing Austria's potential for the generation of hydroelectric power, which is one of the chief

Considering the three loans together, agriculture and transportation are receiving the largest amounts of the proceeds. Nearly \$70 million has been allocated to tractors, trucks and agricultural machinery. Equipment such as combine harvesters, hay balers, corn planters and pickers and specialized tractors have contributed to the recent gains in agricultural productivity in Australia. During the years 1951-1953, some 3.4 million acres were approved for inclusion in the War Service Land Settlement scheme. This land has provided more than 2,000 new farm holdings, and much of the equipment financed by the Bank is being used in the development of these farms. In the 1953-54 season, production of most of Australia's main agricultural products had nearly reached the targets set for 1957-58.

About \$67 million is being spent for improvement of the railways, for modernization and expansion of air travel service, and for better road transport. The re-equipment of railways, particularly the dieselization of sections of track where provision of water for steam locomotives had been a serious problem, has brought about a marked improvement in rail service at lower cost.

The Bank's loans are also being used for electric power development, and new thermal plants with a total generating capacity of 150,000 kilowatts are either already in operation or will shortly be completed. Other funds from the loans have been allocated to help increase production of coal and metals, and for the purchase of manufacturing equipment to increase production in the steel, automotive, food-processing, textile and other industries.

E U R O P E

natural resources remaining to be developed in Europe. The project, begun in 1947, was about one-third completed and already in partial operation at the end of 1953; and the contemplated loan, consisting primarily of Italian lire and Swiss francs and amounting to the equivalent of \$12

million, would provide about half the funds necessary to complete it. Work yet to be done on the project includes the expansion of generating capacity at the main power station from 25,000 to 104,000 kilowatts; the construction of a new 8,000-kilowatt station; a pumping station; dams, tunnels, canals and other civil works. The project is expected to be complete by the end of 1958. About one-third of the power produced by the project will be exported to Italy under a long-term contract.

Belgium

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

Fiscal \$30 million 25-year 4½% loan of September
1952: 13, 1951 for development of the Belgian Congo. Made simultaneously with loan of \$40 million to the Belgian Congo (See page 18).

Total: \$46 million.

The \$16 million loan has been almost completely disbursed. A balance of \$1.8 million not needed for the original projects has been reallocated to finance part of the cost of a hot strip finishing mill being built by S.A. d'Ougrée-Marihay. Shipment of equipment began late in 1953; the mill is expected to be complete in July and to begin operations in August 1954.

All but \$1.2 million of the \$30 million loan made in September 1951 for the development of the Belgian Congo has now been disbursed. The loan was designed to reduce the pressure on Belgium's 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 in the Congo Development Plan as a whole.

Denmark

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

Total: \$40 million.

Finland

Fiscal \$12.5 million 15-year 4% loan of August
1950: 1, 1949 to Bank of Finland for development of power, wood-products industries and limestone powder production. Fully disbursed by December 1953.

\$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 Bank of Finland for development of power and wood-products industries and for agricultural improvement.

Fiscal Swedish kronor 18 million (\$3.48 million)
1953: 18-year 4¾% loan of November 13, 1952 to Bank of Finland for wood-products industries.

Total: \$38.08 million (\$ equivalent), net of cancellations.

Bank funds made available for the modernization and expansion of the wood-products industry have amounted to the equivalent of more than \$23 million: \$10.5 million from the loan of August 1949, \$9.5 million from the loan of April 1952, and all of the 18 million Swedish kronor (about \$3.48 million) lent in November 1952. In each case the Bank of Finland, which is the borrower, has re-lent the funds to well-established firms in the industry for the purchase of equipment. The loan of August 1949 was fully disbursed in December 1953. The projects being financed under the later loans have progressed satisfactorily and no difficulties are expected which would delay their completion by the end of 1955. By then the improvements should result in the following increases in productive capacities: 14% in sulphate pulp, 55% in newsprint and 50% in kraft and writing paper.

Power projects being financed with the help of \$9.5 million from the \$20 million loan of April 1952 are somewhat behind schedule and are now expected to be completed in 1958. They will add 275,000 kilowatts to Finland's generating capacity and increase supplies of power by one-third.

Most of the \$1 million which had been allocated to the purchase of agricultural equipment out of the \$20 million loan has been disbursed. The equipment arrived in Finland in October 1953 and because of favorable weather conditions was in operation well into the winter months. It is being used to clear land for settlement, to drain marshlands, clear river courses to improve timber floating operations, and to open new roads into the forests.

The Government has discussed with the Bank the possibility of additional loans in various European currencies mainly for the wood-products industries and electric power. A Bank mission visited Finland in April and May 1954 to review the economic situation and to study possible projects.

France

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

Total: \$250 million.

A loan of \$7.5 million for modernization of the railways in French West Africa, made to the Central Office for French Overseas Railways on June 10, 1954, is guaranteed by the Government of France. A description of the loan is given on page 19.

Germany

In June 1953 discussions were begun between the Government and the Bank about the possibility of Bank loans to the Industriekreditbank for the re-equipment of certain export industries, and to August Thyssen Hutte for the construction of a cold strip rolling mill. In February 1954 the Government withdrew its request for loans for these projects, when it became clear that the dollar requirements were much less than had originally been expected and were not of sufficient magnitude to require Bank assistance.

Greece

A Bank mission spent several weeks in Greece during September and October 1953 study-

ing the general economic and financial situation and evaluating the Government's long-term investment program. The mission noted the progress that had been made in achieving balance of payments equilibrium, increasing production and stabilizing the value of the currency. On the basis of the mission's findings the Bank has informed the Government that it believes a close and continuing relationship can be established between the Bank and Greece. The Bank plans to send a mission to Greece in July to begin the examination of specific project proposals.

Early in the year the Government began to study the problem of the defaulted internal and external prewar debt. In June 1954 the Government invited representatives of the foreign bondholders to negotiate a settlement.

Iceland

Fiscal £875,000 (\$2,450,000) 22-year 4¾% loan of June 20, 1951 for power development. Fully disbursed by February 1954.

Fiscal £360,000 (\$1,008,000) 22-year 4½% 1952: loan of November 1, 1951 for agricultural development. Fully disbursed by March 1953.

Fiscal \$854,000 equivalent in European currencies 17-year 4¾% loan of August 26, 1953: 1952 for a fertilizer plant. Fully disbursed by April 1954.

Fiscal \$1,350,000 equivalent in European currencies 22-year 5% loan of September 4, 1953 to Iceland Bank of Development for agricultural development.

£90,000 (\$252,000) 12-year 4¾% loan of September 4, 1953 to Iceland Bank of Development for building to house radio transmitter equipment.

Total: \$5,914,000 (\$ equivalent).

The Bank has now made two loans to help a program for agricultural development. The £360,000 loan of November 1951 helped to pay for imports needed during 1952; the \$1,350,000 loan of September 1953 is financing imported equipment and materials needed through 1954.

The agricultural program aims to increase farm production by 50% by 1965, and should

improve the country's foreign exchange position considerably, through import savings and export earnings. Good progress has been made toward achieving the annual targets established for the program. There was a 15% increase in the number of sheep from 1952 to 1953; more than 7,000 acres of new grassland were cleared and seeded; and sheds were built to house 1,200 cattle and 11,800 sheep.

The £90,000 loan of September 1953 was made to finance 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 adequate and reliable service. Construction started shortly after the loan was made and has since progressed satisfactorily. The new building should be completed and the equipment transferred and installed by September 1954.

Under an arrangement administered by the International Civil Aviation Organization (ICAO), the cost of the radio service is paid from contributions by 11 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 to earn foreign exchange from international aviation, and benefit the airlines of the participating countries.

Both loans made during the year were made to the Iceland Bank of Development, established in 1953 along lines recommended by the International Bank. In February 1954 the Minister of Finance notified the Bank that the Iceland Bank of Development would in future be responsible for the administration of all Bank loans to Iceland.

The loan of £875,000, made in June 1951 to pay for imports from Europe for hydroelectric plants on the Sog and Laxa Rivers, was completely disbursed in February 1954. Both power sta-

tions were completed and formally opened in the latter part of 1953. The Sog station is supplying electricity to Iceland's capital, Reykjavik, and to the surrounding area, in which are concentrated 50% of Iceland's population and over 80% of its industries. It should meet all demands in the area until about 1957. The Laxa station has increased the supply of electricity to an area which includes Akureyri, the second largest city in Iceland, and should meet its growing power requirements until about 1960.

The \$854,000 loan for the construction of a nitrogen fertilizer plant was fully disbursed on April 15, 1954. The plant was completed early in 1954 and began operating in April. At full capacity it can produce 18,000 tons of ammonium nitrate annually, which will meet Iceland's needs for fertilizer and furnish a surplus for export.

Italy

Fiscal 1952: \$10 million 25-year 4½% loan of October 10, 1951 to Cassa per Opere Straordinarie di Pubblico Interesse nell'Italia Meridionale (Cassa per il Mezzogiorno) for development of southern Italy. Fully disbursed by September 1953.

Fiscal 1954: \$10 million 25-year 5% loan of October 6, 1953 to Cassa per Opere Straordinarie di Pubblica Interesse nell'Italia Meridionale (Cassa per il Mezzogiorno) for development of southern Italy.

Total: \$20 million.

These two loans were made to meet the increased demand for dollar imports arising from expanded economic activity and employment generated by the Government's program for the development of southern Italy and the islands of Sicily and Sardinia.

The program, being administered by the Cassa per il Mezzogiorno, has been extended for two years and now is intended to cover a 12-year period ending in 1962. It contemplates expenditures of about 100 billion lire (\$160 million) a year. Three-quarters of the expenditures will be for the development of agriculture through land

reclamation, irrigation, flood control and soil conservation. About eight million acres of land will be reclaimed. Of this, about 900,000 acres, or 10 times as many as before, will be irrigated; the rest will be drained, leveled and cleared. About a quarter of the funds will be spent on roads, water works and tourist facilities. Completion of 44 aqueducts will provide drinking water for about 1,000 communities. The construction of some 1,300 miles of new roads and the repair of 6,400 miles of existing roads are to be carried out by the end of 1954.

Disbursement of the Bank's loans has been geared to investment expenditures by the Cassa per il Mezzogiorno. The first loan was completely disbursed in September 1953. The lira counterpart of the two loans is being re-lent by the Cassa to finance projects located within the regions being developed. Projects financed with the counterpart of the first loan have included a superphosphate plant, a welded tube plant, two cement plants and a woolen mill; the counterpart of the second loan is to be used for power development.

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.

Total: \$11.8 million, net of cancellations.

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 3½% loans of July 1949: 15, 1948 to N. V. Stoomvaart Maatschappij "Nederland" (two 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 (two loans of \$2 million each), for purchase of ships. Fully disbursed by August 1948.

These loans were sold to private investors in 1948 and 1949, and were repaid by July 1953, five years before final maturity.

Fiscal \$15 million 15-year 4% loan of July 26, 1950: 1949 to Maatschappij tot Financiering van het Nationaal Herstel N.V. (Herstelbank) for industrial re-equipment projects; reduced at request of borrower to \$7.5 million, which amount had been disbursed by December 1953.

Fiscal \$7 million 6-year 4½% loan of March 1952: 20, 1952 to Koninklijke Luchtvaart Maatschappij N.V. (KLM) for purchase of aircraft. Fully disbursed by August 1953.

Total: \$221.5 million, net of cancellations.

Final disbursements under the \$15 million loan of July 1949 (subsequently reduced to \$7.5 million) to the Herstelbank were made in December 1953. The textile industry absorbed about half the proceeds, and the chemical industry about one-third; the rest was divided among firms in the metal, electrical, glass and paper industries.

The \$7 million loan to KLM (Royal Dutch Airlines) was completely disbursed in August 1953; by the end of December 1953, all the aircraft being purchased under KLM's modernization and re-equipment program had been delivered and put into service. The Bank's loan financed about one-fifth of the cost of the program, which included the purchase in the United States of 23 aircraft, 17 for inter-continental flights and six for European routes.

Norway

Fiscal \$25 million 20-year 4¾% loan of April 1954: 8, 1954 for economic development.

Total: \$25 million.

The general lines of Norway's investment policy have been set out in a long-term program for the period 1954-1957. Particular emphasis is being laid on export industries, which account for more than one-third of the country's total production, and on shipping, which is one of Norway's major sources of foreign exchange earnings.

While the Bank's loan is intended to help Norway carry forward economic development in

general, disbursements will be linked to the delivery of merchant ships being built in foreign shipyards. During 1954 more than one-fifth of total Norwegian investment will be in shipping. In general, Norwegian ship owners have sufficient resources and credit in their own currency to finance this expansion. For the economy as a whole, however, the payments to be made abroad for ships impose a heavy burden. Largely as a result of these payments, Norway will need additional amounts of foreign exchange estimated at the equivalent of \$52 million in 1954. The Bank's loan will cover \$25 million of this amount. By the end of June 1954 the Bank had disbursed \$10 million of the loan.

Two United States commercial banks are participating in the loan to the extent of \$2,016,000, without the Bank's guarantee. The Bank of America has purchased \$1,512,000 and The Philadelphia National Bank \$504,000 of the first four maturities falling due semi-annually from October 15, 1957 through April 15, 1959.

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 1952: 18, 1952 for multipurpose dam and power facilities on the Seyhan River.

Fiscal \$9 million 15-year 4⅞% loan of September 10, 1953 to Industrial Development Bank of Turkey for development of private industry.

\$3.8 million 21½-year 4⅞% loan of February 26, 1954 for development of ports.

Total: \$63.4 million.

A second loan of \$9 million was made to the Industrial Development Bank of Turkey in September 1953. This, like the earlier loan, furnished the Development Bank with foreign exchange to re-lend to private industrial concerns for projects requiring imports of machinery and

equipment from abroad. These projects are submitted to the International Bank for approval before loans are made.

From the start of its operations in 1951 to the end of May 1954 the Development Bank had granted 221 loans amounting to 98.5 million Turkish liras (about \$35 million). The Development Bank's loans were made for a wide variety of industrial projects, the main fields of activity being cotton and wool processing, the manufacture of building materials, and food processing. Individual loan applications approved by the International Bank as of June 30, 1954 totaled the equivalent of \$9.6 million and provided foreign exchange for 33 of these projects.

Since its establishment the Development Bank has made an important contribution to the development of private industry in Turkey, not only through its own investments but also by stimulating investment from other sources. As a rule, the capital invested by the Development Bank's borrowers in each project has exceeded the amount lent by the Development Bank itself. The Development Bank has also mobilized private capital through the issue of its own stock, and the successful sale of new shares soon after the second International Bank loan was made attests to the high standing that the Development Bank has among investors in Turkey. The issue, which was equal in amount to the original share capital of 12.5 million Turkish liras, was oversubscribed, and the number of shareholders rose from 33 to 287. To further replenish its Turkish lira funds, the Development Bank also obtained a loan of T.L. 6.25 million from the Central Bank and the Is Bank of Turkey.

In February 1954 the International Bank made a loan of \$3.8 million to supplement the \$12.5 million lent in July 1950 for a series of port improvement and construction projects. This supplemental loan will cover an increase in foreign exchange requirements brought about by technical revisions in the projects and by increased prices of imported equipment and materials.

Since the time of the \$12.5 million loan the physical volume of Turkey's foreign trade has increased by about 90% and domestic trade has also increased greatly. The improvements being carried out are those most urgently needed to relieve harbor congestion and to raise operational efficiency.

Most of the engineering designs of the port projects have been completed. The permanent equipment, predominantly for handling cargo, has been delivered at six ports and most of it is in operation. Construction is under way on the expansion of the ports of Salipazar and Haydarpasa on the Bosphorus. The mechanical equipment for handling grain, chrome ore and coal at Iskenderun on the Mediterranean has been ordered and a contract has been awarded for the substructure work. Bids have been invited for the construction at Alsancak (the port of Izmir) on the Aegean, and the preliminary work of preparing the site has been completed on the new port at Samsun on the Black Sea.

Most of the projects being financed under the \$3.9 million grain storage loan of July 1950 have been completed. The 29 new steel storage sheds, at 21 inland points, have been built; most of them were available for storing the 1953 harvest and all of them are ready for 1954. Eight of the nine inland silos have been completed; three of them were in operation by December 1953 and all of them will be ready for 1954 crops. Construction of the new reinforced concrete silos at the ports of Iskenderun and Haydarpasa will be finished by December 1954; the silo at the port of Izmir is scheduled for completion by mid-1955. The 2,000 tarpaulins, purchased with the loan, are being used throughout the country where warehouse space is not available.

Progress on the multipurpose dam and power facilities on the Seyhan river, for which a loan of \$25.2 million was made in June 1952, is good. The detailed engineering design of the project has been completed. By December the river had been diverted and by March 1954 sub-

stantial progress had been made on the dam foundation. The major permanent equipment has been ordered and contract prices for the equipment were somewhat lower than the estimates at the time the loan was negotiated.

The Çukurova Utility Power Company, which will own and operate the power facilities of the Seyhan project, has been licensed by the Government. Private investors, who have a majority interest in the Company, have subscribed 14 million Turkish liras of the issued capital; of this amount 4 million has been paid in and another 3.5 million will be paid by December 1954. A State Waterworks Administration, which was established by law in December 1953, will be in charge of completing, operating and maintaining the irrigation facilities of the project.

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 in European currencies 25-year 4½% loan of October 11, 1951 for power, mining, industrial and other projects.

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

Total: \$60.7 million (\$ equivalent).

The non-dollar loans of October 1951 and February 1953 have financed the import of key items needed for projects in all the major sectors of the economy. Good progress has been made toward completing the more than 50 projects although the severe winter in 1954 hampered construction of several. A number of industrial projects, for example the Pancevo glass plant and the Blazuj plywood mill, have been completed and are in operation. Others, such as the Sisak seamless pipe mill and the Zenica steel mill, although not completed, are already in partial operation. In addition, Bank-financed invest-

ments have increased the effective capacity of electric power stations and distribution networks, coal and metal mines and industrial plants. All but a few of the projects are expected to be complete and in operation by the end of 1954.

WESTERN HEMISPHERE

President's Visit to Latin America

In February and March 1954 the President of the Bank spent four weeks visiting member countries in Central and South America, and discussed their problems of economic development. The countries visited were El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Ecuador, Uruguay and Brazil. At the invitation of the Government, he also spent a few days in Argentina.

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. Fully disbursed by December 1953.

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. Fully disbursed by December 1953.

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

\$12.5 million 15-year 4⅝% loan of June 27, 1952 for improvement of railways.

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

Fiscal \$7.3 million 20-year 5% loan of July 17, 1953 to Centrais Elétricas de Minas Gerais, S.A. and Companhia de Eletricidade do Alto Rio Grande for power development.

\$12.5 million 15-year 4⅞% loan of December 18, 1953 for improvement of railways.

\$10 million 20-year 5% loan of December 18, 1953 to Usinas Elétricas do Parapanema, S.A. for power development.

The Bank has followed the economic situation in Yugoslavia closely during the year, and has had frequent discussions with Yugoslav authorities on the course of their investment program.

\$18.79 million 20-year 4⅞% loan of February 24, 1954 to Brazilian Traction, Light and Power Company, Limited, for power development.

Total: \$194.09 million.

The \$7.3 million loan of July 1953 is being used to finance imported equipment for a hydroelectric power project in the State of Minas Gerais. The co-borrowers are the Centrais Elétricas de Minas Gerais, 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 substations. Itutinga lies within the industrial complex of Rio de Janeiro, Belo Horizonte and Volta Redonda. The area contains important deposits of iron, 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 \$12.5 million loan of December 1953 to the Government is the second the Bank has made for an emergency program to improve the services of the Central Railroad. The first loan, also for \$12.5 million, was made in June 1952 to finance the equipment most urgently needed to improve the Central's freight service. The more recent loan is for the suburban services of the Central and will help to finance the import of 100 electric motor cars, 100 trailer cars, parts for another 100 trailer cars to be assembled in Brazil, and spare parts. The Central's suburban service is an important means of transport for industrial, commercial and government workers living in the

suburbs of Rio de Janeiro and in the areas adjoining the Federal District. Properly equipped and operated, the service should be the best and cheapest form of mass suburban transport in the area.

The \$10 million loan of December 1953 is helping to finance the foreign exchange costs of a hydroelectric project consisting of a dam across the Paranapanema River at Salto Grande, a hydroelectric plant with a generating capacity of 60,000 kilowatts, and associated transmission and distribution facilities in the States of São Paulo and Paraná. The power will serve rapidly expanding agricultural and urban centers in this coffee-growing region, and will enable the Sorocabana Railroad, one of the important railways in São Paulo, to electrify more of its system.

The \$18.79 million loan of February 1954 to the Brazilian Traction, Light and Power Company will finance imported equipment to be installed in a 160,000-kilowatt thermal electric power plant at Piratininga near the city of São Paulo. To meet the demand for additional power in this important industrial center, São Paulo Light and Power Company, a subsidiary of Brazilian Traction, began construction of the plant in 1952. A thermal power plant was chosen because it could be more quickly brought into operation than additional hydroelectric capacity and because eventually it would guarantee a larger amount of continuous power from the Company's hydroelectric system. Droughts have frequently reduced hydroelectric output in the São Paulo area, and in the past three years the waters in the Company's reservoir have fallen to one-fifth of normal storage. The Piratininga plant is scheduled for completion by the latter part of 1954.

The \$75 million loan of 1949 and the supplemental credit of \$15 million in 1951 have been financing projects within an 8-year program of Brazilian Traction to expand its electric power and telephone services in the areas of São Paulo and Rio de Janeiro. Most of the projects are complete; and power installations financed with

the help of the Bank have already added over 400,000 kilowatts of generating capacity to the Brazilian Traction system. The only project not essentially complete is the Nilo Pecanha (formerly Forçacava) power station, in the Rio de Janeiro area, where two 65,000-kilowatt generating units out of a total of six have yet to be installed.

Work has continued to go forward on the hydroelectric project on the São Francisco River, for which the Bank made a \$15 million loan to the Companhia Hidro Elétrica do São Francisco in 1950. Construction of the power station and installation of the equipment were expected to be complete during the second half of 1954; and the connecting transmission lines to Recife and Salvador have been erected. Construction difficulties, caused by the extremely swift flow of the river and by irregularities of the river bottom, have delayed the completion of the dam across the main stream.

Progress on the hydroelectric and thermal power projects in the State of Rio Grande do Sul, being financed with the help of the \$25 million loan to the Comissão Estadual de Energia Elétrica (CEEE), has been considerably slower than expected. This is due to delays in placing orders for equipment and to difficulty in obtaining a sufficient number of experienced engineers for CEEE. A number of European engineers, however, have now been engaged by CEEE. The projects are part of a State program for the construction of new and the enlargement of existing power generating and transmitting facilities that will add about 130,000 kilowatts to generating capacity within the State.

Satisfactory progress is now being made under the Bank's \$3 million loan for a program of highway maintenance and construction in the State of Rio de Janeiro. Earlier administrative difficulties in getting import licenses for equipment have been overcome. Equipment is now arriving in substantial quantities and the pace of construction and maintenance work should therefore be much accelerated.

To establish closer contact between the Bank and Brazil, the Bank has established a Resident Representative in Brazil with headquarters in Rio de Janeiro. He took up his duties in May 1954.

British Guiana

In August 1953 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. In March 1954 the Legislative Council approved in principle an expanded and accelerated development program for the years 1954 and 1955 based largely on the mission's recommendations.

The mission recommended an investment program designed to increase national income by 20% and per capita income by 6% over the next five years. The program would require government expenditure of 66 million British West Indies dollars (equivalent to U.S. \$38.5 million) over the five years from 1954 through 1958. Most of this amount, in the opinion of the mission, could be financed from the internal and external resources normally available to the Government.

The largest investment was recommended for agriculture. The mission emphasized the importance of increasing the production of food crops and recommended, among other things, the expansion of agricultural research and extension services as aids to the small-scale farming which is becoming more customary in British Guiana.

Improvement of transportation and communications, and especially of roads, was regarded by the mission as likewise deserving priority in the public investment program. Proposals were also made for expanding industries based on timber and agricultural resources, and for improvements in education and housing.

The mission urged that the groundwork be laid now for projects to be undertaken after 1958, the last year of its proposed program. It emphasized particularly the desirability of studies looking toward new land reclamation projects and

toward exploring possibilities in the interior of the colony for the development of hydroelectric power, timber production, cattle raising and mining.

British Honduras

At the request of the Government, a Bank representative visited British Honduras in June 1954 to discuss the colony's development program.

Chile

Fiscal \$13.5 million 20-year 4½% loan of March
1948: 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 \$1.3 million 10-year 4¾% loan of October
1952: 10, 1951 to Corporación de Fomento de la Producción for exploration and use of water resources of the Río Elqui Valley.

Fiscal \$20 million 17-year 5% loan of September
1954: 10, 1953 to Corporación de Fomento de la Producción and Compañía Manufacturera de Papeles y Cartones S.A. for construction of paper and pulp mills.

Total: \$37.3 million.

The loan of \$20 million made in September 1953 to a privately-owned corporation, Compañía Manufacturera de Papeles y Cartones, and to the Corporación de Fomento de la Producción as co-borrower, is helping to finance the construction of a chemical pulp mill and a newsprint paper mill near Concepción. The newsprint paper mill will make about 44,000 tons of newsprint and 6,600 tons of boxboard a year from mechanical pulp, chemical pulp and scrap paper. The chemical pulp mill will make about 50,000 tons of chemical pulp and 10,000 tons of kraft paper annually. The main equipment for the mills has been ordered and the preparation of the plant sites is well under way.

The establishment of the new mills will be an important step toward the fuller use of Chile's

extensive forest resources. In 1952 the Bank-FAO agricultural mission stressed the importance of forestry, pointing out that timber resources could become an important source of foreign exchange earnings and a valuable means of diversifying Chilean exports. The new plants will not only eliminate the need to import chemical pulp and newsprint but will produce a surplus of these products for export.

Work on the hydroelectric power projects being carried out by Endesa under the \$13.5 million loan of March 1948 has been proceeding satisfactorily during the year. Endesa's operations continue to be hampered by a shortage of local currency but it is hoped that nearly all of the program will be completed by the end of 1954. One of the three generating units to be installed at the Los Cipreses plant near Santiago (two of which are being financed by the Bank) is expected to go into operation shortly; the second unit will be ready by the end of 1954. Most of the transmission system has been constructed, and the interconnection between the Los Cipreses and the Abanico network which serves the Concepción area is scheduled for completion by the end of 1954. The construction of the 2,000 kilometers of distribution lines in rural areas is almost finished. Work is now proceeding on the mechanical irrigation part of the project. All orders have been placed for the equipment and test drilling has been started in two areas.

Work on the first phase of the Elqui River project, for which the Bank made a loan of \$1.3 million in October 1951, was completed during the year. Funds were used to buy drilling and other equipment to measure the underground water resources of the Elqui River Valley in north central Chile. The data collected from this phase of the project have been submitted to the United States Bureau of Reclamation for analysis and the final report from the Bureau is expected to be ready in August 1954. If the report were to show that there is enough water in this area, the

rest of the Bank's loan would be used to pay for equipment to pump the water for irrigation.

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. Fully disbursed by July 1953.

\$16.5 million 10-year 3⅞% 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.

Fiscal 1954: \$14.35 million 10-year 4¾% loan of September 10, 1953 for highway rehabilitation and maintenance.

Total: \$69.28 million, net of cancellations.

The \$14.35 million highway loan of September 1953, like the loan of \$16.5 million, will be used to finance a part of the Government's program for rehabilitation, extension and maintenance of the national highway system. By the end of March 1954, 880 miles of road had been reconstructed and 120 miles of new roads completed; 360 miles of paving was finished on reconstructed and new roads. The contractors were carrying out maintenance on 1,700 miles of highways; and the Bank was assisting the Ministry of Public Works in the staffing and organization of a special Maintenance Division.

Except for continuing maintenance, it is now expected that the program will be completed in the first part of 1956. Some effects are already apparent. Travel time for motor vehicles on the

Armenia-Ibagué stretch of the Buenaventura-Bogotá highway, for instance, has been cut in half by widening and better grading of the road; and protracted closings of the highway due to landslides have been avoided since construction began. Costs of freight hauled over the Buenaventura-Bogotá road have been reduced by almost half since 1950. On another stretch of highway linking the important provincial trading centers of Pereira and Cartago, the travel time has been cut by 60% and traffic volume has nearly doubled.

The construction of a railroad in the Magdalena Valley, being financed by \$20 million of the \$25 million loan of August 1952, is proceeding satisfactorily. Work began in January 1953 and although somewhat behind the original schedule, by April 1954 satisfactory progress had been reported on the construction of some 60 miles of grading. No use has been made as yet of the \$5 million of the loan which is set aside for the improvement of railway workshops.

Of the three hydroelectric projects financed with the help of Bank loans, two are in operation, and construction of the third should be completed by the end of 1954. The Caldas project has been supplying power to the city of Manizales since 1951, and the expansion of the distribution system should be completed during 1954. The Lebrija plant began operations in March 1954 and has quadrupled the supply of electricity in Bucaramanga. The Anchicayá project is expected to start supplying power to Cali and the surrounding area by the end of 1954.

Although the \$5 million loan of August 1949 for the purchase of agricultural machinery has been fully disbursed and about half repaid, the Caja de Crédito Agrario has been able to continue imports under the loan through a revolving fund. At the end of the year under review, nearly \$15 million worth of machinery had been purchased out of the fund. A Bank mission left for Colombia at the end of June to discuss a second loan for agricultural machinery.

The Bank has continued close collaboration

with the National Planning Office, established in 1952 as a result of work begun when the Bank's General Survey Mission visited Colombia in 1949. The leave of absence of the Bank staff member who had served as Planning Adviser to the Office for the past year has been extended to May 1955. The work of the highway engineering consultant who had been stationed in Colombia since 1951 was completed in January 1954.

Costa Rica

At the request of the Government, a Bank economist went to Costa Rica in May 1954 to bring up to date the Bank's information on the economy; and the Bank's Director of Marketing paid a short visit to make recommendations for the improvement of the domestic bond market.

Cuba

Two members of the staff visited Cuba in June for discussions with Government officials and leading members of the banking and business community about possible fields for collaboration between Cuba and the Bank.

Ecuador

Fiscal 1954: \$8.5 million 10-year 4½% loan of February 10, 1954 to Comité Ejecutivo de Vialidad de la Provincia del Guayas for highway construction.

Total: \$8.5 million.

The loan will meet the foreign exchange costs of a four-year highway construction program to be carried out by the Highway Committee of the Province of Guayas. The Province covers a large part of Ecuador's coastal plain, where agricultural development has been severely hampered by lack of roads and high transportation costs. Existing roads are for the most part unpaved and become impassable in the rainy season. The program includes the conversion to all-weather highways of eight of the existing roads radiating from Guayaquil, the country's chief port; the construction of a central road maintenance shop; and the acquisition of ferries which will operate between

Guayaquil and Durán, the terminus of the railroad from Quito, the capital.

Most of Ecuador's cotton, rice and sugar, as well as the bulk of the chief export crops, bananas, cacao and coffee, are produced in the coastal region. This area comprises about 17 million acres of land, of which only 1.25 million acres are cultivated. The new highways can be expected to open new lands to cultivation and lead to more effective use of lands now under cultivation.

Since the loan was granted there have been changes in the composition of the Highway Committee which have postponed the opening of the loan for disbursements to the borrower.

In May 1954 the Government created an Economic Planning and Coordination Board along lines suggested by the Bank. At the request of the Government the Bank is assisting in organizing the work of the Board and in recruiting its technical staff. The Bank has also agreed to station a representative in Ecuador to assist the Board in formulating a long-range development program. It is expected that he will assume his duties in August. At the request of the Government, the Bank is recruiting an expert to advise on the reorganization of the railroads with the object of improving efficiency of operation.

In October 1953 the Ecuadorian Congress ratified a debt settlement which had been negotiated between the Ecuadorian Government and the Council of Foreign Bondholders of London in May 1953.

El Salvador

Fiscal \$12,545,000 25-year 4¼% loan of December 14, 1949 to Comisión Ejecutiva Hidroeléctrica del Río Lempa for power development.

Total: \$12,545,000.

The hydroelectric plant on the Lempa River, partly financed by this loan, was inaugurated by the President of the Republic in June 1954. The first of the two 15,000-kilowatt Bank-financed units is already in operation and the second is ex-

pected to go into operation in September. They will double electric generating capacity in El Salvador. Nevertheless the growth in the demand for power, stimulated by the Lempa River project, is such that more capacity will soon be needed. A third 15,000-kilowatt unit, financed entirely from local sources, has already been ordered and the possibility of further hydroelectric development of the Lempa River is under active study.

Most of the electricity from the new plant is being distributed in San Salvador, the capital, and in San Miguel, a key industrial center. It is permitting the establishment of new factories and providing a basis for expanding capacity in existing plants making cement, shoes, flour, metal furniture, asbestos sheet, fertilizer, textiles, leather goods, construction materials, soap, pottery and matches. Agriculture will be benefited by the establishment of power-operated pumping stations for irrigation.

In October-November 1953 a mission visited El Salvador to study a proposed coastal highway project. The Bank advised the Government in February 1954 that it would be ready to negotiate a loan to cover the foreign exchange costs of this project when cost estimates are completed.

The Bank's Director of Marketing visited El Salvador in May 1954 to study the possibilities of developing an internal capital market.

Haiti

In April 1954 a mission visited Haiti to study its economy and examine its investment program.

Honduras

The Government has asked the Bank for assistance in formulating a long-term development program. Two members of the staff visited Honduras in June 1954 to discuss this request.

Mexico

Fiscal \$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)
<i>Fiscal 1950:</i>	\$26 million 25-year 4½% loan of April 28, 1950 to Mexican Light and Power Company, Limited, for power development. Fully disbursed in June 1954.
<i>Fiscal 1951:</i>	\$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 \$532,000 of loans outstanding. Of this amount \$4,000 was canceled on July 1, 1953. The balance of \$528,000 has been disbursed.
<i>Fiscal 1952:</i>	\$29.7 million 25-year 4½% loan of January 11, 1952 to Comisión Federal de Electricidad and Nacional Financiera for power development.
<i>Total:</i>	\$80,328,000, net of cancellations and refundings.

By the end of 1954, work is expected to be complete on the construction programs being carried out by the Federal Electricity Commission and the Mexican Light and Power Company (Mex-light) with the help of the loans made in 1949 and 1950. The principal projects still under construction—Mexlight's 45,000-kilowatt Patla hydroelectric plant, and additions totaling 88,200 kilowatts to the Commission's Miguel Alemán hydroelectric development—are scheduled to come into operation in the course of the year.

The main project being financed by the Bank's \$29.7 million loan of 1952 is the Commission's 150,000-kilowatt Tingambato plant in the Miguel Alemán system serving Mexico City. Work has progressed more slowly than was expected, but completion is now scheduled for October 1955. Other projects financed by this loan have made good progress. The 30,000-kilowatt steam plant at Monterrey came into full operation in January 1954, and a 10,000-kilowatt steam plant at Veracruz is at the point of completion. The 52,000-kilowatt El Cobano hydroelectric station in Michoacan should be completed by the end of the year.

The difficulties experienced by Mexlight in financing the peso costs of its construction program, referred to in the Eighth Annual Report, were alleviated in September 1953 when the Government approved the Company's application for an increase in power rates and the Company obtained a substantial long-term credit from Nacional Financiera. The devaluation of the peso in April 1954, however, has made a further rate adjustment urgently necessary, and the Company is now engaged in discussions with the Government toward this end.

In October 1953 the Mexican Government undertook a comprehensive study of Mexico's future requirements for electric power, with special reference to sources from which they could be financed. The Government accepted the Bank's offer to cooperate in the execution of this study. The Bank engaged a senior official of the British Electricity Authority, which granted him a year's leave of absence, to act as its resident representative in Mexico to assist in this study. In addition, the Bank is making available the services of members of its staff from time to time as needed, and is helping to obtain suitable consultants for specialized parts of the study.

A Bank mission visited Mexico in May and June 1954 to study a project for the rehabilitation of the Pacific Railroad. The Railroad runs from Guadalajara to Nogales on the U.S.-Mexican border, and serves Mexico's most rapidly growing agricultural area.

Nicaragua

<i>Fiscal 1951:</i>	\$3.5 million 10-year 4½% loan of June 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. Of this amount, \$6,879 was cancelled on January 1, 1954, by which date the balance of \$1,193,121 had been disbursed.
<i>Fiscal 1952:</i>	\$550,000 10-year 4½% loan of October 29, 1951 for grain storage facilities. Of this amount, \$3,006 was canceled on December 11, 1953, by which date the balance of \$546,994 had been disbursed.

Fiscal \$3.5 million 10-year 4¾% loan of September 4, 1953 for highway construction.

1954: \$450,000 10-year 4¾% loan of September 4, 1953 for power development.

Total: \$9,190,115, net of cancellations.

Progress under the \$3.5 million highway loan of June 1951 has been good. Of the eight main highways being constructed with equipment financed by the loan, one was completed, except for asphalt surfacing, in April 1954; the 48-mile link between Managua, the capital, and León, the second largest city in Nicaragua, was scheduled for completion in August 1954, and through traffic had already begun to use the road early in the year. Pending completion of the main highway program, work has been deferred on the roads to be built with the assistance of the Bank's \$3.5 million loan of September 1953. This second phase of the road program, to be completed over a 5-year period, includes construction of 25 miles of main and 430 miles of secondary roads.

The electric generating unit for the Managua electric plant, financed by the \$450,000 loan of September 1953, is being installed and should go into operation later in 1954.

At the request of the Government, the Bank agreed in December 1953 to have the Banco Nacional import additional farm machinery with a revolving fund arranged for when the \$1.2 million agricultural machinery loan was made in June 1951. By June 30, 1954, equipment worth about \$250,000 had been imported under this arrangement.

In February 1954 the Government requested the Bank to consider financing the foreign exchange costs, estimated at about \$7 million, of constructing a new power plant to serve Managua and the surrounding area. A Bank engineer visited Nicaragua in May-June 1954 to examine the project.

The Bank continues to maintain a Special Representative in Managua to advise and assist the National Economic Council in coordinating the development program. The Government has continued to implement the recommendations

contained in the report of the Special Representative presented in September 1952. In accordance with those recommendations, a National Development Institute was established in January 1954 to stimulate new agricultural and industrial enterprise by means of financial and technical assistance.

Panama

Fiscal \$1.2 million 7-year 4⅝% loan of September 25, 1953 to Instituto de Fomento Económico for agricultural development.

1954: \$290,000 8-year 4⅝% loan of September 25, 1953 to Instituto de Fomento Económico for grain storage facilities.

Total: \$1.49 million.

The Government is now making intensive efforts to encourage agricultural production in Panama; and these loans will pay for imports which will begin to meet the most urgent requirements of the farming community for better equipment and improved storage facilities. Both loans were made to the Instituto de Fomento Económico (IFE), created in January 1953 to make loans for private enterprises and to plan public developmental investment, especially in agriculture.

Part of the \$1.2 million loan is being used to buy tractors and other equipment for use in agricultural machinery pools. IFE will operate the pools and will perform services for farmers on a contract basis. The pools have been established at four key points and a substantial amount of the machinery has been delivered. It will be used for land clearance as well as for cultivation and harvesting. The loan is also financing the import of machinery and equipment to be sold to farmers who obtain credits from IFE for their purchase.

The \$290,000 loan will be used to import materials needed by IFE to build a 4,000-ton capacity plant at Panama City for drying and storing corn and beans. By reducing losses from spoilage, the new plant should lessen seasonal fluctuations in the prices received for crops and should raise the income of producers, thereby encouraging local agricultural production. It should also improve Panama's trade position by reducing

imports of grain and beans that now amount to about \$2 million a year.

At the request of the Government, the Bank since October 1953 has maintained a Special Representative in Panama to advise on economic and financial policies and to assist in drawing up a development program.

Paraguay

Fiscal \$5 million 9-year 4 $\frac{3}{8}$ % loan of December 1952: 7, 1951 for agricultural machinery and supplies and road-building equipment.

Total: \$5 million.

All the goods purchased out of the \$1.9 million of the loan made available for disbursement in September 1952 have now arrived in Paraguay. They consisted mainly of agricultural implements and fence wire for small farms, and road-building equipment. The farm equipment has been distributed and is in use throughout the country. The road project is going forward on schedule and the major part should be completed by the end of 1954.

Late in 1953 a Bank mission visited Paraguay to examine the general economic situation, to observe the progress of the projects and to discuss with the Paraguayan authorities plans for the use of the remaining \$3.1 million of the loan. Study is now being given to revisions of the original project.

The Bank's Special Representative, who had been stationed in Paraguay at the end of 1952 to assist in matters related to the loan, completed his initial assignment in August 1953. He returned to Paraguay in an advisory capacity during March-June 1954.

Peru

Fiscal: \$2.5 million 15-year 4 $\frac{1}{2}$ % loan of January 23, 1952 for port improvements.

Fiscal \$1.3 million 7-year 4 $\frac{1}{8}$ % loan of July 8, 1953: 1952 for agricultural machinery. Fully disbursed by February 1954.

Fiscal \$1.7 million 7-year 4 $\frac{1}{4}$ % loan of April 1954: 12, 1954 for agricultural machinery.

Total: \$5.5 million.

The loan of \$1.7 million made in April 1954, like the earlier loan of \$1.3 million, is being used to import equipment for the agricultural machinery pools of Servicio Cooperativo Interamericano de Producción de Alimentos (SCIPA), an agency of the Ministry of Agriculture.

The National City Bank of New York is participating in the \$1.7 million loan, without the Bank's guarantee, to the extent of \$250,000 representing \$50,000 of each of the first five maturities, falling due semi-annually from July 15, 1956 through July 15, 1958.

The equipment in SCIPA's machinery pools is used for plowing and harvesting, for land reclamation and for opening new areas to cultivation. The first loan was fully disbursed in February 1954 and all the equipment purchased with it is being operated by SCIPA. During the year 1953, of an estimated 250,000 hours of work by tractors from the pools, three-quarters were accounted for by Bank-financed tractors. In all 27,000 acres of land were plowed, 4,000 harrowed and 10,000 planted and cultivated.

The greater part of the second agricultural machinery loan is being spent for the purchase of heavy equipment to increase SCIPA's land clearing and land preparation activities. The balance is being spent on cultivation and transportation equipment, spare parts and shop tools.

Good progress has been made during the year under the \$2.5 million loan to improve the Port of Callao. All the equipment for handling general cargo has been delivered and is operating satisfactorily. Construction of the foundation of the grain elevator has been completed and a contract is about to be concluded for the building of the superstructure. The equipment for unloading grain has now arrived and is expected to be put into operation within two months.

In January 1954 a mission visited Peru to review the economic situation and to discuss the technical aspects of projects for which Bank financing had been sought. Subsequently the Bank notified the Government that it was ready to open

negotiations for a loan for the Quiroz-Piura irrigation project. The Government informed the Bank that it was re-examining its investment program and for the time being was postponing execution of the project. The Bank has also informed the Compañía Nacional de Cemento Portland del Norte that it is prepared to start negotiations for a loan for the construction of a cement plant in northern Peru as soon as the company has adequately increased its equity capital.

A mission went to Peru in May 1954 to examine a project for agricultural development which would be carried out by the Banco de Fomento Agropecuario.

The Government has now negotiated settlements for resuming service on all government or government-guaranteed debt which had been in default. Following the settlement of Peru's dollar debt early in 1953, the Government, in December 1953, reached an agreement with the Council of Foreign Bondholders of London on the terms of settlement to be offered to holders of defaulted sterling bonds. These terms were approved by the Peruvian Congress in February 1954.

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.

Total: \$33 million.

Construction has been accelerated during the past year on the project for the expansion of electric power and telephone facilities of Usinas Eléctricas y los Teléfonos del Estado (UTE). All of the 39 diesel power units, with a combined capacity of over 17,000 kilowatts, have been installed and are operating in 31 communities in the interior. The civil works have been nearly completed on the 50,000-kilowatt thermal generating plant at Montevideo; all the equipment has been delivered and is to be installed by December 1954. About 65 miles of the new 110,000-volt transmission lines are in operation; other sections are ex-

pected to come into operation before January 1955, and the entire transmission system is scheduled for completion by mid-1955. Expansion of distribution networks both in Montevideo and in the interior is progressing well.

Progress on the telephone program has been somewhat slower than was expected. However, seven new telephone exchanges have been put into operation in Montevideo and two others are being expanded; three new exchanges are being built in towns in the interior. Twenty-eight thousand new telephones have been installed. The main work still to be done under the program is the installation of underground telephone cables in Montevideo and the construction and rehabilitation of overhead telephone lines throughout the country.

During the year a special committee appointed by the Government drew up a program to increase livestock production, based on the recommendations of the Bank-FAO mission of 1951. The committee was assisted by a Bank consultant on animal husbandry who was in Uruguay from November 1953 to May 1954. The program is designed to demonstrate, on selected owner-operated farms, better techniques of livestock production, through improved pasture management, improvement of pasture lands, provision of additional water supplies, control of cattle diseases and forage conservation. An independent commission will be established to administer the program. The Bank has informed the Government that it is prepared to negotiate a loan for the program when certain organizational and administrative steps have been taken.

Discussions with Uruguayan authorities are well advanced on the proposed financing of another 50,000-kilowatt thermal power unit in Montevideo. Discussions also are continuing on the construction of a 103,000-kilowatt hydroelectric power plant on the Río Negro in central Uruguay. Consideration of a loan for railway development is in abeyance pending further study of means of improving the financial position of the railways.

Chapter III—Financial Activities And Resources

EARNINGS, RESERVES AND REPAYMENTS

The Bank's net income in 1953-54 amounted to \$20 million, compared with \$18 million during the previous fiscal year. As usual, the net income was carried to a supplemental reserve against losses on loans and guarantees, and increased that reserve to \$97 million.

Loan commissions, representing a charge of 1% on outstanding balances of all loans, totaled \$12 million 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 \$49 million.

Total reserves of the Bank at the end of the year were \$146 million.

The year's gross income, excluding loan commissions, was \$50 million. Of this amount loan

income was \$41 million, income from investments \$9 million and miscellaneous income \$0.2 million. Gross expenses increased from \$24 million in 1952-53 to \$30 million in the past year. This rise was due mainly to increases in payments of interest and other costs on the increased amounts of the Bank's borrowings.

Borrowers met all repayments of principal due during the year to the Bank and to holders of borrowers' obligations sold by it; the total repaid was \$20 million. In addition, prepayments of about \$1 million were made on loans made in Belgium, Finland and Mexico.

A total of \$57 million has been repaid by borrowers. Of this sum, \$17 million has been paid to the Bank and \$40 million has been paid on loans sold from portfolio.

FUNDS AVAILABLE FOR LENDING

When the Bank began operations in 1946, its chief financial resources for some time to come were expected to be dollars drawn from the United States capital subscription and from the United States capital market.

As economic conditions improved in other member countries which had exported capital before World War II, these countries too were expected to add to the resources of the Bank, by releasing their paid-in capital subscriptions for lending, by allowing the Bank to borrow in their markets and by permitting investors to buy securities from the Bank's loan portfolio.

In the past year there has been a considerable acceleration in the growth of funds available from outside the United States. Lendable funds

increased by \$310 million. Of this amount \$189 million, or 61% came from other than United States sources. Some of this consisted of payments of interest and other loan charges. As mentioned in succeeding sections of this Chapter, more of it came from releases of the 18% capital subscriptions and from sales of bonds and portfolio securities. Since the Bank's operations began, the proportion of its total lendable resources drawn from outside the United States has been increasing; by the end of the fiscal year it had risen to 38%.

The following table shows funds available for lending and indicates those obtained from United States sources, and those obtained from other sources.

FUNDS AVAILABLE FOR LENDING
(Expressed in United States dollars)

	<i>Total</i>	<i>Source of Funds</i>	
		<i>Obtained Within United States</i>	<i>Obtained Outside United States</i>
2% portion of subscription of all members	\$ 179,475,000	\$ 63,500,000	\$115,975,000
18% portion of subscription made available by:			
Canada	53,356,000		53,356,000
South Africa	4,419,000		4,419,000
United States	571,500,000	571,500,000	
Western European members (listed below)	91,900,000		91,900,000
Total available capital subscriptions	\$ 900,650,000	\$ 635,000,000	\$265,650,000
Funds available from operations	98,200,000	—	98,200,000 ^a
Funds available from sale of bonds	776,678,000	501,878,000 ^b	274,800,000 ^b
Funds available from principal repayments and loans sold or agreed to be sold	118,833,000	47,466,000 ^b	71,367,000 ^b
Gross total available funds	<u>\$1,894,361,000</u>	<u>\$1,184,344,000</u>	<u>\$710,017,000</u>

^a The net amount of funds available from operations has been shown as obtained outside the United States because it consists primarily of interest payments received from borrowers. Income (derived largely from investments) obtained in the United States has been more than offset by expenditures there, and the difference has been covered out of gross income from all sources.

^b Estimated

Funds from Capital Subscription

The United States and Canada are the only member countries of the Bank which have so far felt able to make all, or nearly all, of the capital they have paid in to the Bank available for lending on a freely convertible basis. Varying amounts from the subscriptions of other member countries have also been made available, but generally subject to consultation with the releasing member or to other limitations.

Additional funds for lending became available to the Bank during the year from the 18% capital subscriptions of Western European members. The total amount of Western European member currencies used by the Bank, or allocated to existing loans, grew to the equivalent of \$92 million, as follows:

Austria	\$ 250,000
Belgium	5,700,000
Denmark	1,500,000
France	34,500,000
Germany	3,100,000
Italy	4,250,000
Luxembourg	100,000
Netherlands	2,200,000
Norway	500,000
Sweden	3,900,000
United Kingdom	35,900,000

This was an increase of \$29 million over the total available at the end of the previous fiscal year. Funds conditionally available increased by \$81 million to a total of \$389 million. This left \$79 million in Western European currencies still unreleased, as compared with \$187 million at June 30, 1953.

Releases of 18% capital subscriptions totaling \$33 million 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, these currencies have not been used for loans.

The trend of operations in the past year makes clear that the Bank and its borrowers will have increasing opportunities to use the currencies of its Western European members. The Bank will therefore continue to press for more liberal releases of 18% capital. The Bank hopes that it will be found possible to relax the conditions which inhibit the use of many of these releases and reduce their value to the Bank.

Funds from Bond Issues

Markedly favorable conditions prevailed in the securities markets of the United States and most other major capital centers during the fiscal year. In the United States, for instance, the price level of Treasury and other high grade bonds rose sharply above the levels of the previous 12 months. These conditions enabled the Bank to sell more bond issues in more capital markets than in any earlier year, and resulted in the further expansion of the market for the outstanding obligations of the Bank. A notable result of the new issues was the significant increase in the sale of both dollar and non-dollar bonds outside the United States.

Five new bond issues were offered. They totaled the equivalent of \$221 million: there were two United States dollar issues amounting to \$175 million; two Swiss franc issues amounting to Swfr100 million; and one Canadian dollar issue amounting to Can\$25 million. In addition an issue of Swfr50 million which had been offered in June 1953 was delivered and paid for in July 1953.

Purchasers outside the United States bought about \$96 million, or 44% of all new issues offered, and this amount included more than \$50 million of the Bank's dollar bonds. For the first time, banking firms outside the United States participated as underwriters of Bank issues denominated in United States dollars.

Total outstanding issues of the Bank on June 30, 1954, amounted to the equivalent of \$777 million: \$665 million in United States dollars and \$112 million in other currencies.

United States dollar issues: An issue of \$75 million of 3% three-year United States dollar bonds was publicly offered in September 1953. A syndicate of 147 banks and investment firms in the United States underwrote \$70 million of the issue, under the joint management of Morgan Stanley & Co. and The First Boston Corporation.

The remaining \$5 million was purchased by the Netherlands Trading Society, as underwriter, and was distributed to investors in the Netherlands by a syndicate of fourteen banks and investment firms headed by the Society.

More than \$40 million of this issue was purchased by investors outside the United States. Initial distribution abroad was as follows: \$20 million to central banks and special funds in 11 countries; \$10 million to the Swiss Bank Corporation, Basle, and the Crédit Suisse, Zurich, for sale in Switzerland; \$3.5 million to a London banking group; \$1 million each to banks in Sweden and Belgium; and \$5 million to the Netherlands Trading Society as underwriter in the Netherlands.

The balance of the 3% three-year bonds was bought widely in the United States. Many of the bonds were purchased by commercial banks, which had bought only small quantities of the Bank's long-term issues but whose investment requirements were met by the relatively short term to maturity of this offering. Distribution of the three-year 3's undoubtedly was the broadest yet achieved by the Bank for any of its issues.

A second United States dollar issue consisting of \$100 million of fifteen-year 3½% bonds was offered in January 1954. An underwriting group of 167 banks and investment firms, again headed by The First Boston Corporation and Morgan Stanley & Co., offered \$98 million of the bonds in the United States. Crédit Suisse of Zurich underwrote \$2 million of the issue for distribution in Switzerland. Widespread subscriptions were received from life insurance companies, savings banks and pension and trust funds in the United States, many of them being institutions that previously had not bought Bank bonds. In addition to the amount distributed by Crédit Suisse, investors abroad purchased more than \$8 million of the issue.

Swiss franc issues: Two Swiss franc issues of the Bank were offered in Switzerland in Novem-

ber 1953 and March 1954. Each amounted to 50 million Swiss francs and carried a coupon of 3½%. The first issue is a 15-year maturity and the second matures in 18 years. Public offering of the issues was made at par by an underwriting syndicate headed by the Swiss Bank Corporation of Basle, the Crédit Suisse and the Union Bank of Switzerland, of Zurich. The issues were broadly distributed among institutional and individual investors in Switzerland and were heavily oversubscribed.

These were the fourth and fifth Swiss franc issues of the Bank publicly offered in Switzerland. At the end of the fiscal year total outstanding Swiss franc bonds of the Bank amounted to Swfr263 million, equivalent to approximately \$61 million.

Canadian dollar issue: The fifth issue of the Bank in the fiscal year was floated on the Canadian market in June 1954. It consisted of Can\$25 million of 3½% fifteen-year bonds. Twenty-seven Canadian banks and investment firms, headed by A. E. Ames & Co. Limited, Wood, Gundy & Company Limited, and Dominion Securities Corp'n. Limited, underwrote the issue and offered it to the public at 99¼. Buyers of the bonds included insurance companies, banks, trust companies and individuals. This was the second offering of the Bank's bonds in Canada, the first having been made in February 1952 when Can. \$15 million of 4% ten-year bonds were publicly offered at par.

Participations, and Sales from Portfolio

Participations by private investors in loans made by the Bank increased in the year. These transactions in varying amounts took place in connection with loans made in Brazil, Japan, Norway, Pakistan, Peru and French West Africa, as is noted in the discussion, contained in Chapter II, of Bank operations in these countries. These participations amounted to \$12 million. All of them were undertaken without the guarantee of the Bank.

Sales from the Bank's loan portfolio, made without guarantee, also rose during the year to \$14 million, a record figure. Additional sales of \$8 million were made with the unconditional guarantee of the Bank. Total participations and portfolio sales in the year amounted to about \$34 million, compared with \$15 million in the previous fiscal year.

Participations by investors in the Bank's loans and purchases from the portfolio from the start of operations in 1946 to June 30, 1954 aggregated the equivalent of \$105 million, of which \$47 million were without and \$58 million with the Bank's guarantee. At the end of the fiscal year, outstanding obligations carrying the Bank's guarantee amounted to \$27 million. Repayments on guaranteed obligations had reached \$31 million and on obligations without guarantee had reached \$9 million.

Holdings of Bank Obligations

During the year the Bank retired Swfr10 million of its Swiss franc serial bonds of 1950, and \$10 million of its United States dollar serial bonds of 1950.

The Bank had the equivalent of \$803 million of direct and indirect obligations outstanding on June 30, 1954. Investors in the United States were estimated to hold about 64% of these obligations as compared with more than 70% of the total outstanding at the end of the previous fiscal year. The change reflects the sharp increase in purchases of Bank obligations abroad. It does not reflect a decline in holdings in the United States, which actually increased by about \$100 million.

At June 30, 1954, it was estimated that investors in the United States held about \$517 million of Bank obligations, or about 64% of the total outstanding. This was divided as follows: insurance companies, 20%; savings banks, 20%; pension and trust funds, 20%; commercial banks and other investors, 4%. The remaining \$286

million, representing 36% of outstanding obligations, were held by investors outside the United

States. Included in this figure was \$178 million denominated in United States dollars.

DISBURSEMENTS

The sum disbursed during the year was \$302 million, compared with \$227 million during the previous year. Total disbursements through June 30, 1954 were \$1,406 million. Of this amount \$1,235 million was repayable in U.S. dollars. The balance, equivalent to \$171 million, was repayable in Austrian schillings, Belgian francs, British pounds, Canadian dollars, Danish kroner, French francs, German marks, Italian lire, Netherlands guilders, Norwegian kroner, South African pounds, Swedish kronor and Swiss francs.

Disbursements during the year which are repayable in currencies other than United States dollars were nearly equal to those of all previous fiscal years combined. They amounted to \$82 million, or 27% of all disbursements during the year. The proportion of disbursements which borrowers spent outside the United States likewise

rose during the year. These trends reflected both the competitive position of non-U.S. goods and services and the greater availability to the Bank of currencies other than U.S. dollars.

In each of the two preceding years, borrowers had spent about 35% of the proceeds of Bank loans outside the United States; in the year ending June 30, 1954, the proportion was 41%. In absolute terms, expenditures rose both in the United States and Europe; they amounted to \$177 million and \$115 million, respectively, compared with \$144 million and \$68 million in the previous year.

The geographical distribution of loan expenditures is shown in the table below. Cumulative totals, expressed in millions of U.S. dollars, are given as they stood at the end of each of the past two fiscal years:

<i>Area of Expenditure</i>	<i>Total to June 30, 1953</i>	<i>%</i>	<i>Total to June 30, 1954</i>	<i>%</i>
United States	\$ 770.3	69.8	\$ 947.7	67.4
Europe	193.2	17.5	308.3	21.9
Canada	71.4	6.5	78.6	5.6
Latin America	61.0	5.5	62.2	4.4
Africa	4.0	0.4	5.2	0.4
Middle East	2.2	0.2	2.3	0.2
Asia	1.2	0.1	1.2	0.1
	<u>\$1,103.3</u>	<u>100.0</u>	<u>\$1,405.5</u>	<u>100.0</u>

FINANCIAL STATEMENTS AND REPORTS

Appendices A through H contain a balance sheet showing the financial position of the Bank as of June 30, 1954, and a comparative statement of income and expenses for the fiscal years ended June 30, 1953 and June 30, 1954. 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 and Personnel

The partial reorganization of departmental duties carried out in September 1952 has contributed to improved liaison with member countries and borrowers, and has had a generally beneficial effect on Bank operating methods. There have been no important changes in organization or personnel.

During the fiscal year there have been 78 appointments to the permanent staff of the Bank and 57 terminations. On June 30, 1954 there were 447 permanent staff members from 32 countries.

Training Programs

The sixth year of the Bank's General Training Program began on January 1, 1954 with the enrollment of trainees from Brazil, Burma, Colombia, Germany, India, Japan, Jordan and Turkey. This program is designed to give junior officials from the Bank's member countries experience with general problems of economic development, and to familiarize them with the Bank's operations. Nationals of 40 of the Bank's member countries have participated in this training since its inception. Selections are now being made from candidates for the seventh annual course.

In addition, four officials, from Germany, Yugoslavia and Ethiopia, have received special

training to acquaint them with the work and policies of the Bank, and officials from Thailand and Pakistan have received training in public finance. The training of five other officials which was begun in 1952-53 was completed during the year.

A total of 19 trainees from 13 member countries have participated in the various training activities of the Bank during the past year.

Staff Retirement Plan

The plan is now in its seventh year of operation. At the end of December 1953, the total assets of the plan were \$2,624,500, an increase of approximately \$446,000 over the previous year. The investment portfolio contained securities with a book value of \$2,534,200 and a market value of \$2,701,700.

Administrative Budget

The Administrative Budget of the Bank for the fiscal year ending June 30, 1955 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

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 Economic and Social Council. The President participated in the Council's annual discussion of the Bank's activities at its Seventeenth Session in New York in April 1954. He also attended meetings of the United Nations Administrative Committee on Coordination, and staff members represented the Bank at meetings of its subsidiary committees.

The Bank remained in contact with the United Nations regional economic commissions, the Organization of American States, and other international bodies, and staff members attended a number of meetings of these bodies when subjects of interest to the Bank were discussed. The Bank was represented at several 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. Bank representatives also participated in the Fourth Meeting of Technicians of the Central Banks of the American Continent held in Washington in May 1954. As in previous years, information was exchanged with the specialized agencies concerned with technical assistance, and Bank personnel both at headquarters and in the field collaborated as the occasion arose with the technical assistance experts of various agencies.

The International Monetary Fund furnished staff members to serve on Bank general survey missions to Nigeria and Syria, and the Food and

Agriculture Organization of the United Nations nominated agricultural experts for those missions and for the mission to Malaya and Singapore.

International Finance Corporation

In June 1954 the President of the Bank transmitted to the Secretary General of the United Nations a "Second Report on the Status of the Proposal for an International Finance Corporation". This report supplemented two previous reports, presented in April 1952 and May 1953. The proposal under review contemplates the establishment of a corporation affiliated with the Bank and authorized to make loans to private enterprise without government guarantee, and to make equity investment in participation with private interests. The report of June 1954 was prepared at the request of the General Assembly and of the Economic and Social Council; both bodies had asked the Bank to continue to study the proposal, to consult with member governments on it, and to present a further progress report to the Council.

On the basis of consultations with members of the Bank which are potential capital-exporting countries, the report points out that the situation as it existed a year earlier has remained unchanged, in that the countries on which the International Finance Corporation would necessarily have to depend for the greater part of its funds are not at the present time prepared to commit themselves to subscribe capital. Further consultations with the less-developed countries did not appear necessary, because representatives of over 30 of them had officially announced their support of the proposal and representatives of several other under-developed countries had supported it informally.

The report stated that the Bank's further studies had not altered the conclusion expressed in April 1952 concerning the contribution that such an institution might prove able to make to the stimulation of private international investment. The report also included a brief discussion, supplementing the earlier reports, on the availability of private capital for the proposed corporation, and the amount of capital required at the outset; the desirability of empowering the corporation to make equity as well as loan investments; and questions of membership, capital subscription and method of affiliation with the Bank.

Membership and Subscriptions

The Bank's members now number 56, and its subscribed capital totals \$9,148,500,000. Haiti, with a subscription of \$2 million, became a member of the Bank on September 8, 1953; Indonesia, with a subscription of \$110 million, became a member on April 15, 1954. Application for membership by Israel, with a subscription

of \$4.5 million, was approved by the Board of Governors in January 1954. Israel has until July 12, 1954 to accept membership.

As a result of action taken at the Eighth Annual Meeting, Czechoslovakia was suspended from membership on January 1, 1954.

Appendices

In addition to appendices A through H giving the financial statements and reports, the following pages contain:

Appendix I—Administrative Budget for the fiscal year ending June 30, 1955.

Appendix J—Voting Power and Subscriptions of Member Countries as of June 30, 1954.

Appendix K—Governors and Alternates as of June 30, 1954.

Appendix L—Executive Directors and Alternates and their Voting Power as of June 30, 1954.

Appendix M—Principal Officers of the Bank as of June 30, 1954.

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Balance Sheet

EXPRESSED IN UNITED STATES CURRENCY

ASSETS*Due from Banks and Other Depositories*

(See APPENDIX C)

Member currencies, including \$9,718,201 United States dollars

Unrestricted \$ 23,832,241

Subject to restrictions—NOTE B..... 100,240,754 \$ 124,072,995

Non-member currency..... 8,952,040 \$ 133,025,035

Investment Securities

United States Government obligations

(\$359,458,000 face amount; at cost less amortized premium) \$359,449,112

Canadian Government obligations

(Can \$12,600,000 face amount; at cost plus accumulated discount and less amortized premium) 11,499,673

United Kingdom Government obligations

(£120,000 face amount; at cost) 335,811

Swiss Government obligations

(Sw fr 27,000,000 face amount; at cost) 6,257,126 \$ 377,541,722

Accrued interest..... 4,987,222 382,528,944

Receivable on Account of Subscribed Capital

(See APPENDIX D)

Receivable in United States currency

Calls on subscription to capital stock—NOTE C.... \$ 3,495,000

Receivable in other member currencies—NOTE B

Non-negotiable, non-interest-bearing, demand notes 892,604,632 896,099,632

Effective Loans Held by Bank

(See APPENDIX F)—NOTE D

(Including undisbursed balance of \$372,752,699) 1,662,741,268

Accrued Interest, Commitment and Service Charges on Loans—NOTE D.....

10,792,645

Receivable on Account of Loans Sold or Agreed to be Sold

7,189,879

Other Receivables and Other Assets.....

432,038

Special Reserve Fund Assets—NOTE E

Due from Banks—member currency—United States.....

\$ 948

Investment securities—United States Government obligations (\$45,928,000 face amount; at cost).....

45,928,000

Accrued loan commissions—NOTE D.....

3,020,896

48,949,844

Staff Retirement Plan Assets

(Segregated and held in trust)

2,872,939

Total Assets**\$3,144,632,224**

— June 30, 1954

See Note A of Notes to Financial Statements, Appendix G

LIABILITIES, RESERVES AND CAPITAL

Liabilities

Accounts payable and accrued expenses, including \$8,047,176 bond interest		\$ 8,893,973
Collection on loans in advance of due date		711,415
Undisbursed balance of loans (See APPENDIX F)		
On loans held by Bank	\$ 372,752,699	
On loans sold or agreed to be sold	7,251,086	380,003,785
Funded debt (See APPENDIX E)		
(Of this amount \$12,614,258 is due within one year)		776,678,354
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	\$ 48,949,844	
Supplemental reserve against losses on loans and guarantees—NOTE F....	96,821,914	145,771,758

Staff Retirement Plan Reserve

2,872,939

Capital (See APPENDIX D)

Capital stock		
Authorized 100,000 shares of \$100,000 par value each		
Subscribed 91,485 shares	\$9,148,500,000	
Less—Uncalled portion of subscriptions—NOTE G	7,318,800,000	1,829,700,000

Contingent Liability—LOANS SOLD UNDER GUARANTEE—

NOTE H\$26,380,036

Total Liabilities, Reserves and Capital

\$3,144,632,224

APPENDIX B

Comparative Statement of Income and Expenses
For the Fiscal Years Ended June 30, 1953 and June 30, 1954

EXPRESSED IN UNITED STATES CURRENCY

See Note A of Notes to Financial Statements, Appendix G

	<i>July 1-June 30</i>	
	<u>1952-1953</u>	<u>1953-1954</u>
<i>Income</i>		
Interest earned on investments.....	\$ 9,245,538	\$ 9,381,722
Income from loans:		
Interest	29,983,062	37,785,728
Commitment charges.....	3,366,376	3,057,763
Commissions	9,551,822	11,713,368
Service charges.....	99,879	90,804
Other income.....	144,352	231,912
Gross Income	<u>\$52,391,029</u>	<u>\$62,261,297</u>
Deduct—Amount equivalent to commissions appropriated to Special Reserve— NOTE E.....	9,551,822	11,713,368
Gross Income Less Reserve Deduction	<u>\$42,839,207</u>	<u>\$50,547,929</u>
 <i>Expenses</i>		
Administrative expenses:		
Personal services.....	\$ 3,374,507	\$ 3,532,341
Fees and compensation.....	317,772	462,786
Representation	61,178	67,927
Travel	843,360	767,225
Supplies and material.....	33,636	42,230
Rents and utility services.....	432,430	427,102
Communication services.....	111,476	130,986
Furniture and equipment.....	31,887	37,218
Books and library services.....	71,720	66,198
Printing	67,946	50,758
Contributions to staff benefits.....	344,394	359,864
Insurance	31,864	21,786
Handling and storage of gold.....	—	687
Other expenses.....	2,100	5,294
Total Administrative Expenses....	<u>\$ 5,724,270</u>	<u>\$ 5,972,402</u>
Interest on bonds.....	16,208,117	20,649,318
Bond issuance and other financial expenses—NOTE I.....	2,421,409	3,617,806
Gross Expenses	<u>\$24,353,796</u>	<u>\$30,239,526</u>
<i>Net Income</i> —Appropriated to Supplemental Reserve Against Losses on Loans and Guarantees—NOTE F.....	<u>\$18,485,411</u>	<u>\$20,308,403</u>

Statement of Currencies Held by the Bank—June 30, 1954

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	152,559	\$ = 0.4464	\$ 341,733
Austria	Schilling	1,267,746	\$ = 26.00	48,759
Belgium	Franc	22,309,026	\$ = 50.00	446,180
Bolivia	Boliviano	2,249,308	\$ = 190.00	11,838
Brazil	Cruzeiro	348,047,296	\$ = 18.50	18,813,367
Burma	Kyat	100,271	\$ = 4.7619	21,057
Canada	Dollar	3,372,258	\$ = 1.10	3,065,689
Ceylon	Rupee	89,149	\$ = 4.7619	18,721
Chile	Peso	688,713,517	\$ = 110.00	6,261,032
China	Gold Yuan	21,550,341	\$ = 20.00	1,077,517
Colombia	Peso	12,168,669	\$ = 1.949981	6,240,404
Costa Rica	Colón	1,991,665	\$ = 5.615	354,704
Cuba	Peso	54,604	\$ = 1.00	54,604
Czechoslovakia	Koruna	1,581,169	\$ = 7.20	219,607
Denmark	Krone	1,249,418	\$ = 6.90714	180,888
Dominican Republic	Peso	982	\$ = 1.00	982
Ecuador	Sucre	8,432,641	\$ = 15.00	562,176
Egypt	Pound	18,810	\$ = 0.3482	54,014
El Salvador	Colón	427,389	\$ = 2.50	170,956
Ethiopia	Dollar	1,277,502	\$ = 2.4845	514,195
Finland	Markka	1,570,707,721	\$ = 230.00	6,829,164
France	Franc	1,328,742,113	\$ = 349.60	3,800,750
Germany	Mark	1,751,892	\$ = 4.20	417,117
Greece	Drachma	22,440,000	\$ = 5.00	4,488,000
Guatemala	Quetzal	349,580	\$ = 1.00	349,580
Haiti	Gourde	13,500	\$ = 5.00	2,700
Honduras	Lempira	354,740	\$ = 2.00	177,370
Iceland	Króna	2,861,293	\$ = 16.2857	175,694
India	Rupee	2,987,998	\$ = 4.7619	627,480
Indonesia	Rupiah	2,257,200	\$ = 11.40	198,000
Iran	Rial	1,003,439	\$ = 32.25	31,114
Iraq	Dinar	2,010	\$ = 0.3571	5,628
Italy	Lira	93,069,669	\$ = 350.00	265,913
Japan	Yen	156,010,995	\$ = 360.00	433,364
Jordan	Dinar	1,106	\$ = 0.3571	3,096
Lebanon	Pound	1,688,028	\$ = 2.19148	770,269
Luxembourg	Franc	615,223	\$ = 50.00	12,304
Mexico	Peso	144,749,557	\$ = 12.50	11,579,965
Netherlands	Guilder	3,736,784	\$ = 3.80	983,364
Nicaragua	Córdoba	640,619	\$ = 5.00	128,124
Norway	Krone	1,556,908	\$ = 7.14286	217,967
Pakistan	Rupee	436,068	\$ = 3.30852	131,807
Panama	Balboa	26,970	\$ = 1.00	26,970
Paraguay	Guarani	3,098,739	\$ = 15.00	206,583
Peru	Sol	108,079	\$ = 6.50	16,627
Philippine Republic	Peso	2,376,584	\$ = 2.00	1,188,292
Sweden	Krona	84,933,341	\$ = 5.17321	16,417,919
Syria	Pound	24,300	\$ = 2.19148	11,088
Thailand	Baht	86,997	\$ = 12.50	6,960
Turkey	Lira	69,057	\$ = 2.80	24,663
Union of South Africa	Pound	450,403	\$ = 0.3571	1,261,129
United Kingdom	Pound	117,256	\$ = 0.3571	328,317
United States	Dollar	276,412	\$ =	276,412
Uruguay	Peso	2,802,558	\$ = 1.519	1,844,942
Venezuela	Bolivar	4,561,828	\$ = 3.35	1,361,740
Yugoslavia	Dinar	2,154,575,650	\$ = 300.00	7,181,919
Restricted Currency (NOTE B)				\$100,240,754
Unrestricted Currency (Belgium, Canada, Denmark, France, Italy, Norway, Sweden, Union of South Africa, United Kingdom and United States)				23,832,241
Non-Member Currency (Switzerland)				\$124,072,995
				8,952,040
Total				\$133,025,035

APPENDIX D

Statement of Subscriptions to Capital Stock and Voting Power— June 30, 1954

EXPRESSED IN UNITED STATES CURRENCY

See Note A of Notes to Financial Statements, Appendix G

Member	Subscriptions		Amounts Paid in					Subject to Call to Meet Obligations of Bank (Note G)	Number of Votes
	Shares	Amount (Note J)	In United States Dollars	In Currency of Member Other Than United States Dollars (Note B)	In Non-Interest-Bearing, Non-Negotiable Demand Notes (Note B)	Amounts Due (Note C)			
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	299,018	8,700,982	—	40,000,000	750	
Belgium	2,250	225,000,000	4,500,000	4,844,422	35,655,578	—	180,000,000	2,500	
Bolivia	70	7,000,000	140,000	12,600	1,247,400	—	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	40,689,546	17,810,454	—	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	9,130,000	1,080,000	106,920,000	2,870,000	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	1,570,177	10,669,823	—	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	22,932,494	71,567,506	—	420,000,000	5,500	
Germany	3,300	330,000,000	6,600,000	1,279,220	58,120,780	—	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	
Haiti	20	2,000,000	40,000	3,600	356,400	—	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	
Indonesia	1,100	110,000,000	2,200,000	198,000	19,602,000	—	88,000,000	1,350	
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	3,685,714	28,714,286	—	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	2,131,579	47,368,421	—	220,000,000	3,000	
Nicaragua	8	800,000	16,000	144,000	—	—	640,000	258	
Norway	500	50,000,000	1,000,000	370,000	8,630,000	—	40,000,000	750	
Pakistan	1,000	100,000,000	2,000,000	180,008	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	42,500	2,207,500	—	10,000,000	375	
Turkey	430	43,000,000	860,000	113,114	7,626,886	—	34,400,000	680	
Union of South Africa	1,000	100,000,000	2,000,000	4,100,000	13,900,000	—	80,000,000	1,250	
United Kingdom	13,000	1,300,000,000	26,000,000	9,090,000	224,910,000	—	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	
	91,485	\$9,148,500,000	\$750,975,000	\$182,625,368	\$892,604,632	\$3,495,000	\$7,318,800,000	105,485	

Funded Debt of the Bank—June 30, 1954

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 1955-62	\$ 80,000,000	None	
3% Three Year Bonds of 1953, due 1956	75,000,000	None	
3½% Fifteen Year Bonds of 1954, due 1969	100,000,000	1957-66	\$ 4,000,000
		1967-68	\$ 5,000,000
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
3¾% 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	\$665,000,000		
<i>Payable in Canadian Dollars</i>			
4% Ten Year Bonds of 1952, due 1962 (Can\$15,000,000)	\$ 13,636,363	1955-60	Can\$700,000
		1961	Can\$800,000
3½% Fifteen Year Bonds of 1954, due 1969 (Can\$25,000,000)	22,727,273	1959-65	Can\$800,000
		1966-68	Can\$900,000
Sub-Total	\$ 36,363,636		
<i>Payable in Pounds Sterling</i>			
3½% Twenty Year Stock of 1951, due 1971 (£5,000,000)	\$ 14,000,000	1957-71	£166,700
<i>Payable in Swiss Francs</i>			
2½% Serial Bonds of 1950, due 1954-56 (Sw fr 13,500,000)	\$ 3,141,361	None	
3½% Ten Year Bonds of 1952, due 1962 (Sw fr 50,000,000)	11,634,673	None	
3½% Twelve Year Bonds of 1951, due 1963 (Sw fr 50,000,000)	11,634,671	None	
3½% Fifteen Year Bonds of 1953, due 1968 (Sw fr 50,000,000)	11,634,671	None	
3½% Fifteen Year Bonds of 1953 (Nov. Issue), due 1968 (Sw fr 50,000,000)	11,634,671	None	
3½% Eighteen Year Bonds of 1954, due 1972 (Sw fr 50,000,000)	11,634,671	None	
Sub-Total	\$ 61,314,718		
Gross Total	\$776,678,354		

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 each year for the five years following the date of this statement:

<i>Year Ending June 30</i>	<i>Amount</i>
1955	\$ 12,614,258
1956	11,799,831
1957	86,103,124
1958	18,103,124
1959	22,330,397
	\$150,950,734

Statement of Loans

EXPRESSED IN UNITED STATES CURRENCY

<i>Loan Number</i>	<i>Borrower and Guarantor¹</i>	<i>Program or Project</i>	<i>Date of Loan Agreement</i>	<i>Maturities</i>	<i>Interest Rate (Including Commission)</i>
29 AU	<i>Australia</i>	Equipment and materials for development	Aug. 22, 1950	1955-1975	4¼%
66 AU		Equipment and materials for development	July 8, 1952	1957-1972	4¾%
96 AU		Equipment and materials for development	Mar. 2, 1954	1957-1969	4¾%
14 BE	<i>Belgium</i>	Equipment for steel and power industries	Mar. 1, 1949	1953-1969	4¼%
48 BE		Equipment and materials for 10-year Development Plan of the Belgian Congo	Sept. 13, 1951	1957-1976	4½%
47 BE	<i>Belgium (Guarantor)</i> <i>Belgian Congo</i>	Equipment and materials for 10-year Development Plan of the Belgian Congo	Sept. 13, 1951	1957-1976	4½%
65 BR	<i>Brazil</i>	Railway rehabilitation	June 27, 1952	1955-1967	4⅝%
75 BR		Highway maintenance and improvement	April 30, 1953	1954-1959	4¼%
*92 BR		Railway rehabilitation	Dec. 18, 1953	1959-1969	4⅞%
11 BR	<i>Brazil (Guarantor)</i> <i>Brazilian Traction (First Installment)</i>	Electric power development and telephone equipment	Jan. 27, 1949	1953-1974	4½%
11 BR-S	<i>Brazilian Traction (Second Installment)</i>	Electric power development	Jan. 18, 1951	1955-1976	4¼%
95 BR	<i>Brazilian Traction</i>	Electric power development	Feb. 24, 1954	1955-1974	4⅞%
25 BR	<i>São Francisco Hidro Elét. Co.</i>	Electric power development	May 26, 1950	1954-1975	4¼%
64 BR	<i>Comissão Estadual de Energia Elétrica</i>	Electric power development	June 27, 1952	1957-1977	4¾%
76 BR	<i>CEARG & CEMIG</i>	Electric power development	July 17, 1953	1957-1973	5%
93 BR	<i>Usinas Elétricas do Paranapanema</i>	Electric power development	Dec. 18, 1953	1958-1974	5%
5 CH	<i>Chile (Guarantor)</i> <i>Fomento and Endesa</i>	Electric power development	Mar. 25, 1948	1953-1968	4½%
6 CH	<i>Fomento</i>	Agricultural development	Mar. 25, 1948	1950-1955	3¾%
49 CH	<i>Fomento</i>	Exploration and use for irrigation of underground water resources	Oct. 10, 1951	1955-1961	4⅜%
83 CH	<i>Fomento and Cia. Manufacturera de Papeles y Cartones</i>	Construction of paper and pulp mills	Sept. 10, 1953	1958-1970	5%
43 CO	<i>Colombia</i>	Highway construction and rehabilitation	April 10, 1951	1954-1961	3⅞%
68 CO		National railways project	Aug. 26, 1952	1957-1978	4¾%
*84 CO		Highway construction and rehabilitation	Sept. 10, 1953	1956-1963	4¾%
18 CO	<i>Colombia (Guarantor)</i> <i>Caja de Crédito</i>	Agricultural development	Aug. 19, 1949	1952-1956	3½%
38 CO	<i>CHIDRAL</i>	Electric power development	Nov. 2, 1950	1954-1970	4%
39 CO	<i>Caldas Hidroeléc. Co.</i>	Electric power development	Dec. 28, 1950	1952-1971	4%
54 CO	<i>Hidroeléctrica del Río Lebrija</i>	Electric power development	Nov. 13, 1951	1954-1972	4½%
3 DE	<i>Denmark</i>	Equipment and materials for reconstruction and development	Aug. 22, 1947	1953-1972	4¼%
*94 EC	<i>Ecuador (Guarantor)</i> <i>Comité Ejecutivo de Vialidad (Guayas)</i>	Highway construction	Feb. 10, 1954	1958-1964	4⅝%
22 ES	<i>El Salvador (Guarantor)</i> <i>Comision del Río Lempa</i>	Electric power development	Dec. 14, 1949	1954-1975	4¼%

June 30, 1954

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

Original Principal Amount	Loans Not Yet Effective ^a	Cancellations and Refundings	Principal Repayments to Bank	Loans Sold or Agreed to be Sold		Effective Loans Held by Bank	Principal Amount Disbursed	Undisbursed Balance of Effective Loans ^b
				Total Sales	Portion Matured ^c			
100,000,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 100,000,000	\$ 100,000,000	\$ —
50,000,000	—	—	—	—	—	50,000,000	44,706,057	5,293,943
54,000,000	—	—	—	—	—	54,000,000	6,418,978	47,581,022
16,000,000	—	—	—	16,000,000	1,000,000	—	15,938,793	61,207
30,000,000	—	—	—	1,250,000	—	28,750,000	28,764,000	1,236,000
40,000,000	—	—	—	650,000	—	39,350,000	38,361,000	1,639,000
12,500,000	—	—	—	—	—	12,500,000	224,214	12,275,786
3,000,000	—	—	—	—	—	3,000,000	2,379,329	620,671
12,500,000	12,500,000	—	—	—	—	—	—	—
75,000,000	—	—	612,915	4,028,411	387,085	70,358,674	75,000,000	—
15,000,000	—	—	—	—	—	15,000,000	15,000,000	—
18,790,000	—	—	—	—	—	18,790,000	12,992,941	5,797,059
15,000,000	—	—	—	—	—	15,000,000	13,514,922	1,485,078
25,000,000	—	—	—	—	—	25,000,000	—	25,000,000
7,300,000	—	—	—	1,047,000	—	6,253,000	4,485,003	2,814,997
10,000,000	—	—	—	—	—	10,000,000	818,226	9,181,774
13,500,000	—	—	669,000	—	—	12,831,000	12,588,667	911,333
2,500,000	—	—	518,000	1,745,000	1,454,000	237,000	2,500,000	—
1,300,000	—	—	—	—	—	1,300,000	810,265	489,735
20,000,000	—	—	—	—	—	20,000,000	107,928	19,892,072
16,500,000	—	—	—	800,000	—	15,700,000	15,870,437	629,563
25,000,000	—	—	—	—	—	25,000,000	7,456,526	17,543,474
14,350,000	14,350,000	—	—	—	—	—	—	—
5,000,000	—	74,559	500,000	2,000,000	2,000,000	2,425,441	4,925,441	—
3,530,000	—	—	—	148,000	73,000	3,382,000	3,194,155	335,845
2,600,000	—	—	46,000	194,000	144,000	2,360,000	2,600,000	—
2,400,000	—	—	—	84,800	42,000	2,315,200	2,350,740	49,260
40,000,000	—	—	599,000	1,586,000	307,000	37,815,000	40,000,000	—
8,500,000	8,500,000	—	—	—	—	—	—	—
12,545,000	—	—	—	1,000,000	—	11,545,000	12,354,618	190,382

(Continued)

Statement of Loans

EXPRESSED IN UNITED STATES CURRENCY

<i>Loan Number</i>	<i>Borrower and Guarantor¹</i>	<i>Program or Project</i>	<i>Date of Loan Agreement</i>	<i>Maturities</i>	<i>Interest Rate (Including Commission)</i>
31 ET	<i>Ethiopia</i>	Highway rehabilitation	Sept. 13, 1950	1956-1971	4%
32 ET		Foreign exchange for Development Bank	Sept. 13, 1950	1956-1971	4%
42 ET		Rehabilitation and extension of telephone and telegraph systems	Feb. 19, 1951	1956-1971	4%
21 FI	<i>Finland</i>	Equipment for timber production	Oct. 17, 1949	1950-1951	3%
16 FI	<i>Finland</i> (Guarantor) Bank of Finland	Electric power development and equipment for wood products industries and limestone powder production	Aug. 1, 1949	1953-1964	4%
61 FI	Bank of Finland	Electric power, wood products industries and agricultural development	April 30, 1952	1955-1970	4¾%
70 FI	Bank of Finland	Electric power, wood products industries and agricultural development (Supplemental Loan Agreement)	Nov. 13, 1952	1955-1970	4¾%
1 FR	<i>France</i> (Guarantor) Crédit National	Equipment and materials for reconstruction and development	May 9, 1947	1952-1977	4¼%
*100 FR	Central Office of French Overseas Railways	Railway improvement	June 10, 1954	1956-1966	4½%
46 IC	<i>Iceland</i>	Electric power development	June 20, 1951	1956-1973	4⅜%
53 IC		Agricultural development	Nov. 1, 1951	1956-1973	4½%
69 IC		Fertilizer plant	Aug. 26, 1952	1954-1969	4¾%
79 IC	<i>Iceland</i> (Guarantor) Iceland Bank of Development	Agricultural development	Sept. 4, 1953	1958-1975	5%
80 IC	Iceland Bank of Development	Construction of radio transmitter building	Sept. 4, 1953	1954-1966	4¾%
17 IN	<i>India</i>	Railway rehabilitation	Aug. 18, 1949	1950-1964	4%
19 IN		Agricultural development	Sept. 29, 1949	1952-1956	3½%
23 IN		Electric power development	April 18, 1950	1955-1970	4%
72 IN		Electric power development, flood control and irrigation	Jan. 23, 1953	1956-1977	4⅞%
*71 IN	<i>India</i> (Guarantor) Indian Iron & Steel Company	Expansion of iron and steel production facilities	Dec. 18, 1952	1959-1967	4¾%
26 IRQ	<i>Iraq</i>	Construction of a flood control project	June 15, 1950	1956-1965	3¾%
50 IT	<i>Italy</i> (Guarantor) Cassa per il Mezzogiorno	Equipment and materials for Development Plan of Southern Italy	Oct. 10, 1951	1956-1976	4½%
88 IT	Cassa per il Mezzogiorno	Equipment and materials for Development Plan of Southern Italy	Oct. 6, 1953	1958-1978	5%
89 JA	<i>Japan</i> (Guarantor) Japan Development Bank	Electric power development	Oct. 15, 1953	1957-1973	5%
90 JA	Japan Development Bank	Electric power development	Oct. 15, 1953	1957-1973	5%
91 JA	Japan Development Bank	Electric power development	Oct. 15, 1953	1957-1973	5%
4 LU	<i>Luxembourg</i>	Equipment for steel mill and railroads	Aug. 28, 1947	1949-1972	4¼%

June 30, 1954 (Continued)

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

Original Principal Amount	Loans Not Yet Effective ^a	Cancellations and Refundings	Principal Repayments to Bank	Loans Sold or Agreed to be Sold		Effective Loans Held by Bank	Principal Amount Disbursed	Undisbursed Balance of Effective Loans ^b
				Total Sales	Portion Matured ^c			
5,000,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,000,000	\$ 5,000,000	\$ —
2,000,000	—	—	—	—	—	2,000,000	986,852	1,013,148
1,500,000	—	—	—	—	—	1,500,000	90,212	1,409,788
2,300,000	—	197,869	2,102,131	—	—	—	2,102,131	—
12,500,000	—	—	1,057,990	1,559,010	1,134,010	9,883,000	12,500,000	—
20,000,000	—	—	—	—	—	20,000,000	13,729,643	6,270,357
3,479,464	—	—	—	—	—	3,479,464	1,379,594	2,099,870
250,000,000	—	—	18,000	8,306,000	5,316,000	241,676,000	250,000,000	—
7,500,000	7,500,000	—	—	Note ^d	—	—	—	—
2,450,000	—	—	—	—	—	2,450,000	2,450,000	—
1,008,000	—	—	—	—	—	1,008,000	1,008,000	—
854,000	—	—	—	—	—	854,000	854,000	—
1,350,000	—	—	—	—	—	1,350,000	1,071,510	278,490
252,000	—	—	—	—	—	252,000	119,456	132,544
34,000,000	—	1,200,000	4,298,228	6,264,302	2,959,255	22,237,470	32,800,000	—
10,000,000	—	2,796,187	850,000	3,875,000	3,400,000	2,478,813	7,203,813	—
18,500,000	—	—	—	315,000	—	18,185,000	15,913,218	2,586,782
19,500,000	—	9,000,000	—	—	—	10,500,000	—	10,500,000
31,500,000	31,500,000	—	—	—	—	—	—	—
12,800,000	—	—	—	—	—	12,800,000	6,067,865	6,732,135
10,000,000	—	—	—	—	—	10,000,000	10,000,000	—
10,000,000	—	—	—	—	—	10,000,000	7,517,303	2,482,697
21,500,000	—	—	—	3,244,288	—	18,255,712	1,728,387	19,771,613
11,200,000	—	—	—	1,653,591	—	9,546,409	906,837	10,293,163
7,500,000	—	—	—	1,245,000	—	6,255,000	1,475,385	6,024,615
12,000,000	—	238,017	187,983	2,704,000	1,057,000	8,870,000	11,761,983	—

(Continued)

Statement of Loans

EXPRESSED IN UNITED STATES CURRENCY

<i>Loan Number</i>	<i>Borrower and Guarantor¹</i>	<i>Program or Project</i>	<i>Date of Loan Agreement</i>	<i>Maturities</i>	<i>Interest Rate (Including Commission)</i>
<i>Mexico (Guarantor)</i>					
12 ME	Financiera and Comision	Electric power development	Jan. 6, 1949	1953-1973	4½%
13 ME	Financiera and Comision	Electric power development	Jan. 6, 1949	July 1, 1950	4½%
24 ME	Mexican Light and Power Co.	Electric power development	April 28, 1950	1953-1975	4½%
33 ME	Consortium of Eight Mexican Banks & Nacional Financiera	Foreign exchange for small private enterprises	Oct. 18, 1950	1952-1957	3½%
56 ME	Financiera and Comision	Electric power development	Jan. 11, 1952	1955-1977	4½%
2 NE	<i>Netherlands</i>	Equipment and materials for reconstruction and development	Aug. 7, 1947	1954-1972	4¼%
2a NE		Equipment and materials for reconstruction and development (Supplemental Loan Agreement)	May 25, 1948	1953-1954	4¼%
<i>Netherlands (Guarantor)</i>					
7, 7a NE	N.V. Stoomvaart Mij. "Nederland"	Purchase of S.S. Raki and S.S. Roebiah	July 15, 1948	1949-1958	3⅞%
8 NE	N.V. Vereenigde Schvrt. Mij.	Purchase of S. S. Almkerk	July 15, 1948	1949-1958	3⅞%
9 NE	N.V. Ned.-Amer. Stoomvaart-Mij. "Holland-Amerika Lijn"	Purchase of S. S. Alblasterdijk	July 15, 1948	1949-1958	3⅞%
10, 10a NE	N.V. Rotterdamsche Lloyd	Purchase of S. S. Friesland and S. S. Drente	July 15, 1948	1949-1958	3⅞%
15 NE	Herstelbank	Equipment for reconstruction and modernization of particular industrial plants	July 26, 1949	1952-1964	4%
59 NE	KLM (Royal Dutch Airlines)	Purchase of Aircraft	Mar. 20, 1952	1954-1958	4⅛%
45 NI	<i>Nicaragua</i>	Highway construction	June 7, 1951	1954-1961	4⅛%
52 NI		Construction of grain storage facilities	Oct. 29, 1951	1954-1962	4⅜%
81 NI		Highway construction	Sept. 4, 1953	1957-1963	4¾%
82 NI		Electric power development	Sept. 4, 1953	1955-1963	4¾%
<i>Nicaragua (Guarantor)</i>					
44 NI	Banco Nacional de Nicaragua	Agricultural development	June 7, 1951	1954-1958	4%
97 NO	<i>Norway</i>	Purchase of merchant ships	April 8, 1954	1957-1974	4¾%
60 PAK	<i>Pakistan</i>	Railway rehabilitation	Mar. 27, 1952	1954-1967	4⅜%
62 PAK		Agricultural development	June 13, 1952	1954-1959	4⅛%
<i>Pakistan (Guarantor)</i>					
*99 PAK	Sui Gas Transmission Co.	Construction of natural gas transmission line	June 2, 1954	1956-1974	4¾%
<i>Panama (Guarantor)</i>					
86 PAN	Instituto de Fomento Económico	Agricultural development	Sept. 25, 1953	1955-1960	4⅜%
87 PAN	Instituto de Fomento Económico	Construction of grain storage facilities	Sept. 25, 1953	1955-1961	4⅜%
55 PA	<i>Paraguay</i>	Agricultural development	Dec. 7, 1951	1954-1960	4⅜%
57 PE	<i>Peru</i>	Port development	Jan. 23, 1952	1954-1967	4½%
67 PE		Agricultural development	July 8, 1952	1954-1959	4⅛%
98 PE		Agricultural development	April 12, 1954	1956-1961	4¼%
40 SA	<i>South Africa</i>	Expansion of transport facilities	Jan. 23, 1951	1956-1965	3¾%
77 SA		Expansion of transport facilities	Aug. 28, 1953	1955-1963	4¾%

June 30, 1954 (Continued)

ε Notes A, D and H of Notes to Financial Statements, Appendix G

Original Principal Amount	Loans Not Yet Effective ²	Cancellations and Refundings	Principal Repayments to Bank	Loans Sold or Agreed to be Sold		Effective Loans Held by Bank	Principal Amount Disbursed	Undisbursed Balance of Effective Loans ¹
				Total Sales	Portion Matured ³			
24,100,000	\$ —	\$ —	\$ 464,700	\$ 1,135,300	\$ 735,300	\$ 22,500,000	\$ 22,378,078	\$ 1,721,922
10,000,000	—	10,000,000 (Refunding)	—	—	—	—	—	—
26,000,000	—	—	352,000	606,000	360,000	25,042,000	26,000,000	—
10,000,000	—	9,472,112	226,897	—	—	300,991	527,888	—
29,700,000	—	—	—	200,000	—	29,500,000	13,428,834	16,271,166
191,044,212	—	—	5,212	9,380,000	677,000	181,659,000	191,044,212	—
3,955,788	—	—	—	3,955,788	3,955,788	—	3,955,788	—
4,000,000	—	—	—	4,000,000	4,000,000	—	4,000,000	—
2,000,000	—	—	—	2,000,000	2,000,000	—	2,000,000	—
2,000,000	—	—	—	2,000,000	2,000,000	—	2,000,000	—
4,000,000	—	—	—	4,000,000	4,000,000	—	4,000,000	—
15,000,000	—	7,548,015	775,669	2,517,219	1,349,331	4,159,097	7,451,985	—
7,000,000	—	—	—	3,500,000	700,000	3,500,000	7,000,000	—
3,500,000	—	—	58,000	29,000	29,000	3,413,000	1,932,099	1,567,901
550,000	—	3,006	—	29,000	—	517,994	546,994	—
3,500,000	—	—	—	—	—	3,500,000	907,339	2,592,661
450,000	—	—	—	—	—	450,000	262,379	187,621
1,200,000	—	6,879	245,000	29,000	29,000	919,121	1,193,121	—
25,000,000	—	—	—	2,016,000	—	22,984,000	10,000,000	15,000,000
27,200,000	—	—	—	735,600	—	26,464,400	12,379,957	14,820,043
3,250,000	—	—	—	997,000	241,000	2,253,000	2,061,750	1,188,250
14,000,000	14,000,000	—	—	Note ⁶	—	—	—	—
1,200,000	—	—	—	—	—	1,200,000	259,894	940,106
290,000	—	—	—	—	—	290,000	—	290,000
5,000,000	—	—	100,000	100,000	—	4,800,000	1,688,100	3,311,900
2,500,000	—	—	68,000	468,000	—	1,964,000	1,319,704	1,180,296
1,300,000	—	—	—	173,250	—	1,126,750	1,300,000	—
1,700,000	—	—	—	250,000	—	1,450,000	533,612	1,166,388
20,000,000	—	—	—	—	—	20,000,000	20,000,000	—
30,000,000	—	—	—	950,000	—	29,050,000	30,000,000	—

(Continued)

Statement of Loans

EXPRESSED IN UNITED STATES CURRENCY

Loan Number	Borrower and Guarantor ¹	Program or Project	Date of Loan Agreement	Maturities	Interest Rate (Including Commission)
<i>South Africa</i> (Guarantor)					
41 SA	Electricity Supply Commission	Electric power development	Jan. 23, 1951	1954-1970	4%
78 SA	Electricity Supply Commission	Electric power development	Aug. 28, 1953	1955-1963	4¾%
<i>Thailand</i>					
35 TH		Railway rehabilitation	Oct. 27, 1950	1954-1966	3¾%
36 TH		Irrigation	Oct. 27, 1950	1956-1971	4%
37 TH		Port construction & development	Oct. 27, 1950	1954-1966	3¾%
<i>Turkey</i>					
27 TU		Construction of grain storage facilities	July 7, 1950	1954-1968	3⅞%
28 TU		Port construction & development	July 7, 1950	1956-1975	4¼%
28 TU-S		Port construction & development	Feb. 26, 1954	1956-1975	4⅞%
63 TU		Electric power development, irrigation and flood control	June 18, 1952	1957-1977	4¾%
<i>Turkey</i> (Guarantor)					
34 TU	Industrial Development Bank of Turkey	Foreign exchange for development of private industry	Oct. 19, 1950	1957-1965	3¾%
85 TU	Industrial Development Bank of Turkey	Foreign exchange for development of private industry	Sept. 10, 1953	1958-1968	4⅞%
<i>United Kingdom</i> (Guarantor)					
58 SR	Southern Rhodesia	Electric power development	Feb. 27, 1952	1956-1977	4¾%
74 NR	Northern Rhodesia	Railway development	Mar. 11, 1953	1956-1972	4¾%
<i>Uruguay</i> (Guarantor)					
30 UR	UTE	Electric power development and telephone equipment	Aug. 25, 1950	1955-1974	4¼%
<i>Yugoslavia</i>					
20 YU		Equipment for timber production	Oct. 17, 1949	1950-1951	3%
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	4½%
73 YU		Expansion of electric power, mining, industry, forestry and transportation	Feb. 11, 1953	1956-1978	4⅞%
					TOTALS

¹ Denotes loans not yet effective

NOTES:

¹ Loans made (a) to the member or (b) to a political subdivision or a public or private enterprise in the territories of the member with the member's guarantee.² Agreements providing for these loans have been signed, but the loans do not become effective and disbursements thereunder do not start until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.³ This includes amounts which, according to information available to the Bank, have been prepaid prior to maturity.

June 30, 1954 (Continued)

e Notes A, D and H of Notes to Financial Statements, Appendix G

Original Principal Amount	Loans Not Yet Effective ^a	Cancellations and Refundings	Principal Repayments to Bank	Loans Sold or Agreed to be Sold		Effective Loans Held by Bank	Principal Amount Disbursed	Undisbursed Balance of Effective Loans ^b
				Total Sales	Portion Matured ^c			
30,000,000	\$ —	\$ —	\$ —	\$2,224,560	\$624,560	\$ 27,775,440	\$ 30,000,000	\$ —
30,000,000	—	—	—	—	—	30,000,000	11,797,563	18,202,437
3,000,000	—	—	—	189,000	95,000	2,811,000	3,000,000	—
18,000,000	—	—	—	—	—	18,000,000	15,430,635	2,569,365
4,400,000	—	—	5,000	275,000	135,000	4,120,000	3,599,943	800,057
3,900,000	—	—	16,000	144,000	81,000	3,740,000	2,190,648	1,709,352
12,500,000	—	—	—	—	—	12,500,000	6,474,404	6,025,596
3,800,000	—	—	—	—	—	3,800,000	—	3,800,000
25,200,000	—	—	—	—	—	25,200,000	7,432,154	17,767,846
9,000,000	—	—	—	—	—	9,000,000	4,916,611	4,083,389
9,000,000	—	—	—	—	—	9,000,000	16,075	8,983,925
28,000,000	—	—	—	250,000	—	27,750,000	20,603,060	7,396,940
14,000,000	—	—	—	250,000	—	13,750,000	12,657,334	1,342,666
33,000,000	—	—	—	300,000	—	32,700,000	22,802,916	10,197,084
2,700,000	—	—	2,700,000	—	—	—	2,700,000	—
28,000,000	—	—	—	—	—	28,000,000	25,525,395	2,474,605
30,000,000	—	—	—	—	—	30,000,000	18,211,134	11,788,866
<u>1,914,448,464</u>	<u>\$88,350,000^d</u>	<u>\$40,536,644</u>	<u>\$16,475,725</u>	<u>\$102,403,119</u>	<u>\$40,285,329</u>	<u>\$1,666,682,976</u>	<u>\$1,405,558,035</u>	<u>\$380,003,785</u>
				Less exchange adjustment		3,941,708		
						<u>\$1,662,741,268</u>		

^aThis includes \$7,251,086 of effective loans which the Bank has sold or agreed to sell. Of the Undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$16,448,851.

An American bank has agreed to participate in Loan 100, France, to the extent of \$609,000.

Six British banks have agreed to participate in Loan 99, Pakistan, to the extent of £645,000. (\$1,806,000).

The Executive Directors have approved a loan to Ceylon for the equivalent of \$19,110,000, but the loan agreement is not included in this table as the loan signature formalities had not been concluded at June 30, 1954.

*Statement of Loans — June 30, 1954 (Continued)*SUMMARY OF CURRENCIES REPAYABLE ON EFFECTIVE LOANS
(Expressed in United States Currency)

<i>Currency</i>	<i>Amount Repayable</i>	<i>Repayments and Sales</i>	<i>Effective Loans Held by Bank</i>
Austrian Schillings	\$ 250,000	\$ —	\$ 250,000
Belgian Francs	5,387,422	607,177	4,780,245
Canadian Dollars	60,215,808	4,907,517	55,308,291
Danish Kroner	1,402,918	—	1,402,918
French Francs	19,190,305	28,604	19,161,701
German Marks	850,603	—	850,603
Italian Lire	3,409,130	16,000	3,393,130
Netherlands Guilders	1,068,949	1,083	1,067,866
Norwegian Kroner	152,033	—	152,033
South African Pounds	2,838,871	—	2,838,871
Swedish Kronor	1,616,372	—	1,616,372
Swiss Francs	52,725,793	9,238,729	43,487,064
United Kingdom Pounds	21,732,362	123,482	21,608,880
United States Dollars	1,234,717,469	96,705,166	1,138,012,303
	<u>\$1,405,558,035</u>	<u>\$111,627,758</u>	<u>\$1,293,930,277</u>
Undisbursed Balance of Effective Loans			<u>380,003,785</u>
			<u>\$1,673,934,062</u>
Undisbursed Effective Loans Sold or Agreed to be Sold		7,251,086	7,251,086
	<u>\$1,405,558,035</u>	<u>\$118,878,844</u>	<u>\$1,666,682,976</u>
Exchange Adjustment			<u>3,941,708</u>
Effective Loans Held by Bank			<u>\$1,662,741,268</u>

Notes to Financial Statements—June 30, 1954

NOTE A

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

(i) In the cases of 46 members; at the par values as specified in the "Schedule of Par Values", published by the International Monetary Fund; and

(ii) In the cases of the remaining 10 members (Canada, China, Czechoslovakia, France, Greece, Indonesia, Italy, 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. On June 1, 1953 Czechoslovakia, in consequence of a monetary reform, established a new currency with a new gold content and unilaterally converted the Bank's holdings of currency and demand notes of Czechoslovakia into the new currency at the new exchange rate. These financial statements reflect the adjustment but the Bank has not recognized Czechoslovakia's right to take such action without the Bank's approval.

(iii) In the case of non-member currency, all Swiss francs, at the rate of 4.2975 Swiss francs to 1 United States dollar.

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.

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 1/2 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 totaling \$130,000 and has stated that it recognized its obligation to the Bank and would pay the balance of \$2,870,000 as soon as it was in a position to do so. Pursuant to resolution of the Board of Governors adopted on September 12, 1953, Czechoslovakia was suspended from membership in the Bank effective on December 31, 1953, and under the Articles, Czechoslovakia will cease to be a member of the Bank on December 31, 1954, in the absence of further action.

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	\$ 155,917,974
Accrued Interest, Commitment and Service Charges	1,510,431
Accrued Loan Commissions	412,976
Total	\$ 157,841,381

APPENDIX G

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

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 G

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

NOTE H

The Bank has sold under its guarantee \$57,743,844 of loans of which amount \$31,302,601 has been retired. Of the balance of \$26,441,243, \$61,207 is reflected in

the balance sheet as a direct liability subject to withdrawal. The following table sets forth the maturities of the guaranteed obligations outstanding:

<i>Year Ending June 30</i>	<i>Amount</i>
1955	\$ 7,903,343
1956	3,156,900
1957	2,834,000
1958	1,352,000
1959	1,000,000
Thereafter	10,195,000
	<u>\$26,441,243</u>

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

An application for membership from Israel, with a subscription of \$4.5 million, has been approved by the Board of Governors. Israel has until July 12, 1954 to accept membership.

Opinion of Independent Auditor

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

July 30, 1954

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, 1954. 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, 1954, 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.

Financial Statements Covered by the Foregoing Opinion

Balance Sheet—June 30, 1954.....	Appendix A
Comparative Statement of Income and Expenses for the Fiscal Years Ended June 30, 1953 and June 30, 1954	Appendix B
Statement of Currencies Held by the Bank—June 30, 1954	Appendix C
Statement of Subscriptions to Capital Stock and Voting Power—June 30, 1954.....	Appendix D
Funded Debt of the Bank—June 30, 1954.....	Appendix E
Statement of Loans—June 30, 1954.....	Appendix F
Notes to Financial Statements—June 30, 1954.....	Appendix G

APPENDIX I

Administrative Budget

For the Fiscal Year Ending June 30, 1955

There is outlined below the Administrative Budget for the fiscal year ending June 30, 1955, 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, 1953, and 1954.

	Actual Expenses		Budget	
	1953	1954	1955	
BOARD OF GOVERNORS	\$ 214,022	\$ 130,999	\$ 165,000	
EXECUTIVE DIRECTORS	367,506	365,404	390,000	
STAFF				
Personal Services	3,015,174	3,092,651	3,342,000	
Staff Benefits	329,236	334,454	380,500	
Consultants	182,467	186,084	200,000	
Travel	555,223	553,280	560,000	
Representation	50,673	57,542	55,000	
	4,132,773	4,224,011	4,537,500	
OTHER ADMINISTRATIVE EXPENSES				
Fees and Compensation	51,522	66,259	88,000	
Supplies and Materials	32,241	40,864	45,000	
Rents and Maintenance	427,550	424,650	460,000	
Communications	107,069	128,930	127,000	
Furniture and Equipment	31,225	35,485	44,000	
Printing	40,350	45,029	45,000	
Books and Library Service	71,704	66,198	68,000	
Insurance	31,864	21,786	27,500	
Other	2,100	5,981	—	
	795,625	835,182	904,500	
CONTINGENCY	—	—	100,000	
TOTAL	5,509,926	5,555,596	6,097,000	
SPECIAL SERVICES TO MEMBER COUNTRIES	214,344	416,806	325,000	
GRAND TOTAL	\$5,724,270	\$5,972,402	\$6,422,000	

No estimate has been made of bond registration, issuance and other financial expenditure for the fiscal year ending June 30, 1955. The amount of bonds which may be issued by the Bank during the 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.

Voting Power and Subscriptions of Member Countries—June 30, 1954

COUNTRY	Voting Power		Subscription	
	Number of Votes	Percent of Total	Amount (in Millions of Dollars)	Percent of Total
Australia.....	2,250	2.13	200.0	2.19
Austria.....	750	.71	50.0	.55
Belgium.....	2,500	2.37	225.0	2.46
Bolivia.....	320	.30	7.0	.08
Brazil.....	1,300	1.23	105.0	1.15
Burma.....	400	.38	15.0	.16
Canada.....	3,500	3.32	325.0	3.55
Ceylon.....	400	.38	15.0	.16
Chile.....	600	.57	35.0	.38
China.....	6,250	5.92	600.0	6.56
Colombia.....	600	.57	35.0	.38
Costa Rica.....	270	.26	2.0	.02
Cuba.....	600	.57	35.0	.38
*Czechoslovakia.....	1,500	1.42	125.0	1.37
Denmark.....	930	.88	68.0	.74
Dominican Republic.....	270	.26	2.0	.02
Ecuador.....	282	.27	3.2	.03
Egypt.....	783	.74	53.3	.58
El Salvador.....	260	.25	1.0	.01
Ethiopia.....	280	.27	3.0	.03
Finland.....	630	.60	38.0	.42
France.....	5,500	5.21	525.0	5.74
Germany.....	3,550	3.37	330.0	3.61
Greece.....	500	.47	25.0	.27
Guatemala.....	270	.26	2.0	.02
Haiti.....	270	.26	2.0	.02
Honduras.....	260	.25	1.0	.01
Iceland.....	260	.25	1.0	.01
India.....	4,250	4.03	400.0	4.37
Indonesia.....	1,350	1.28	110.0	1.20
Iran.....	586	.55	33.6	.37
Iraq.....	310	.29	6.0	.07
Italy.....	2,050	1.94	180.0	1.97
Japan.....	2,750	2.61	250.0	2.73
Jordan.....	280	.27	3.0	.03
Lebanon.....	295	.28	4.5	.05
Luxembourg.....	350	.33	10.0	.11
Mexico.....	900	.85	65.0	.71
Netherlands.....	3,000	2.84	275.0	3.01
Nicaragua.....	258	.24	.8	.01
Norway.....	750	.71	50.0	.55
Pakistan.....	1,250	1.18	100.0	1.09
Panama.....	252	.24	.2	†
Paraguay.....	264	.25	1.4	.02
Peru.....	425	.40	17.5	.19
Philippines.....	400	.38	15.0	.16
Sweden.....	1,250	1.18	100.0	1.09
Syria.....	315	.30	6.5	.07
Thailand.....	375	.36	12.5	.14
Turkey.....	680	.64	43.0	.47
Union of South Africa.....	1,250	1.18	100.0	1.09
United Kingdom.....	13,250	12.56	1,300.0	14.21
United States.....	32,000	30.34	3,175.0	34.71
Uruguay.....	355	.34	10.5	.12
Venezuela.....	355	.34	10.5	.12
Yugoslavia.....	650	.62	40.0	.44
Total.....	105,485	100.00	9,148.5	100.00

* Czechoslovakia was suspended from membership in the Bank, effective at the close of business on December 31, 1953.

† Less than .005 percent.

Governors and Alternates—June 30, 1954

COUNTRY	GOVERNOR	ALTERNATE
AUSTRALIA	Sir Arthur William Fadden	Roland Wilson
AUSTRIA	Reinhard Kamitz	Wilhelm Teufenstein
BELGIUM	Henri Liebaert	Maurice Frere
BOLIVIA	Augusto Cuadros Sanchez	Fernando Pou Mount
BRAZIL	Oswaldo Aranha	Jose Soares Maciel Filho
BURMA	U Tin	U San Lin
CANADA	D. C. Abbott	A. F. W. Plumptre
CEYLON	Sir Oliver Goonetilleke	R. S. S. Gunewardene
CHILE	Arturo Maschke	Felipe Herrera
CHINA	Chia Kan Yen	Peh-Yuan Ksu
COLOMBIA	Martin del Corral	Arturo Bonnet
COSTA RICA	Angel Coronas	Mario Fernandez
CUBA	Luis Machado	Joaquin E. Meyer
CZECHOSLOVAKIA	Rudolf Houdek*	Bohuslav Kepka*
DENMARK	Svend Nielsen	Hakon Jespersen
DOMINICAN REPUBLIC	S. Salvador Ortiz	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	Ato Menasse Lemma	Walter H. Rozell Jr.
FINLAND	Klaus Waris	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
HAITI	Lucien Hibbert	Christian Aime
HONDURAS	Rafael Hiliodoro Valle	Guillermo Lopez Rodezno
ICELAND	Jon Arnason	Thor Thors
INDIA	Chintaman D. Deshmukh	H. K. Ambegaokar
INDONESIA	Ong Eng Die	Lockman Hakim
IRAN	Ali Asghar Nasser	Djalaleddin Aghili
IRAQ	Abdul Kerim Al-Uzri	Saleh Haidar
ITALY	Donato Menichella	Giorgio Cigliana-Piazza
JAPAN	Sankuro Ogasawara	Hisato Ichimada
JORDAN	Saad Nimry	El-Sharif Mohammad Sharaf
LEBANON	Andre Tueni	Raja Himadeh
LUXEMBOURG	Pierre Werner	(Appointment pending)
MEXICO	Antonio Carrillo Flores	Jose Hernandez Delgado
NETHERLANDS	J. van de Kieft	A. M. de Jong
NICARAGUA	Guillermo Sevilla-Sacasa	(Appointment pending)
NORWAY	Gunnar Jahn	Ole Colbjornsen
PAKISTAN	Mohamad 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	Hasan Polatkan	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	Jose Joaquin Gonzales-Gorron dona, Jr.	Hector Esteves Jr.
YUGOSLAVIA	Vojin Guzina	Kiro Gligorov

* In office on the effective date of the suspension of Czechoslovakia's membership in the Bank.

Executive Directors and Alternates and Their Voting Power
—June 30, 1954

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	M. T. Flett	United Kingdom	13,250	13,250
Kan Lee	(Vacant)	China	6,250	6,250
Roger Hoppenot	Maurice Perouse	France	5,500	5,500
G. R. Kamat	V. G. Pendharkar	India	4,250	4,250
<i>Elected</i>				
Luis Machado (Cuba)	Julio E. Heurtematte (Panama)	Mexico	900	4,475
		Cuba	600	
		Peru	425	
		Uruguay	355	
		Venezuela	355	
		Costa Rica	270	
		Dominican Republic	270	
		Guatemala	270	
		El Salvador	260	
		Honduras	260	
		Nicaragua	258	4,200
		Panama	252	
Johannes Zahn (Germany)	A. Tasic (Yugoslavia)	Germany	3,550	4,200
		Yugoslavia	650	
Mohammad Shoaib (Pakistan)	Ali Akbar Khosropur (Iran)	Pakistan	1,250	4,099
		Egypt	783	
		Iran	586	
		Syria	315	
		Iraq	310	
		Lebanon	295	
		Ethiopia	280	
		Jordan	280	
Cabir Selek (Turkey)	Felice Pick (Italy)	Italy	2,050	3,980
		Austria	750	
		Turkey	680	
		Greece	500	
Takeo Yumoto (Japan)	Ohn Khin (Burma)	Japan	2,750	3,925
		Burma	400	
		Ceylon	400	
		Thailand	375	
Erling Sveinbjornsson (Denmark)	Veikko Makkonen (Finland)	Sweden	1,250	3,820
		Denmark	930	
		Norway	750	
		Finland	630	
		Iceland	260	

Executive Directors and Alternates and Their Voting Power
—June 30, 1954—Continued

DIRECTORS <i>Elected (Continued)</i>	ALTERNATES	CASTING THE VOTES OF	VOTES BY COUNTRY	TOTAL VOTES
Alfonso Fernandez (Chile)	Jorge Schneider (Chile)	Brazil Chile Colombia Philippines Bolivia Ecuador Paraguay	1,300 600 600 400 320 282 264	3,766
L. H. E. Bury (Australia)	B. B. Callaghan (Australia)	Australia Union of South Africa	2,250 1,250	3,500
Louis Rasminsky (Canada)	J. H. Warren (Canada)	Canada	3,500	3,500
D. Crena de Iongh (Netherlands)	L. R. W. Soutendijk (Netherlands)	Netherlands	3,000	3,000
Thomas Basyn (Belgium)	Jean C. Godeaux (Belgium)	Belgium Luxembourg	2,500 350	2,850

Note: Member countries unrepresented by Executive Directors: Czechoslovakia with 1,500 votes; Indonesia with 1,350 votes; Haiti with 270 votes.

In addition to the Executive Directors and Alternates shown in the foregoing list, the following have also served as Executive Director or Alternate since June 30, 1953:

EXECUTIVE DIRECTORS	<i>End of Period of Service</i>
Y. L. Chang (China)	August 26, 1953
B. K. Nehru (India)	January 14, 1954
L. G. Melville (Australia)	October 31, 1953
ALTERNATE EXECUTIVE DIRECTORS	
L. Waight (United Kingdom)	October 15, 1953
B. R. Shenoy (India)	November 30, 1953
Ali Asghar Nasser (Iran)	September 2, 1953
Abdullah Daftari (Iran)	October 31, 1953 (deceased)
Boonma Wongswan (Thailand)	October 31, 1953
Reino Rossi (Finland)	October 31, 1953
Unto Varjonen (Finland)	February 11, 1954 (deceased)
H. A. Fuller (Australia)	February 16, 1954
G. Neil Perry (Canada)	April 30, 1954

Principal Officers of the Bank
—June 30, 1954

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*

