

10889

# International Bank for Reconstruction and Development

W O R L D B A N K

THIRTEENTH ANNUAL REPORT • 1957-1958



# INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

## Supplement to the THIRTEENTH ANNUAL REPORT

A Summary of Bank Activities  
from  
July 1, 1958 to January 31, 1959

(This statement has been prepared for the use of the Economic and Social Council of the United Nations in connection with the Council's consideration of the Thirteenth Annual Report of the Bank.)

### MEMBERSHIP AND SUBSCRIPTION

Since June 30, the end of the Bank's fiscal year, Spain and Libya have become members of the Bank. Spain subscribed to 1,000 shares of capital stock with a total par value of \$100 million, and Libya subscribed to 50 shares with a par value of \$5 million.

On January 31, there were 68 members and the total of subscribed capital was \$9,556,500,000.

### PROPOSED INCREASE OF BANK'S CAPITAL

In response to a resolution of the Bank's Board of Governors at its Annual Meeting in New Delhi in October calling on the Executive Directors to consider the question of enlarging the Bank's resources through an increase in capital, the Executive Directors submitted their Report to the Governors in December. The Report recommended a major increase in the Bank's capital in order to strengthen the Bank's capacity to borrow funds for financing economic development in member countries.

The Executive Directors were of the opinion that the proposed increase should be sufficiently large to avoid the necessity of seeking frequent changes in the Bank's capital structure in the future, and emphasized that the responsibility for strengthening the Bank's resources should be shared generally by the members. Accordingly, they recommended that authorized capital should be increased by 100% from \$10 billion to \$20 billion, conditional on the actual subscription of at least \$7 billion by September 15, 1959. Each member wishing to subscribe to the additional capital must subscribe in an amount equal to its subscription as of January 31, 1959. No cash payments on the new subscriptions would be made to the Bank as an addition to its lendable funds. The new subscriptions would be left uncalled, and the Report recommended that the Board of Governors decide that calls shall be made only when needed to meet obligations arising from the Bank's borrowings and from its guarantees of loans made by other investors. The Directors also recommended a further increase of \$1 billion, as a margin of authorized but unsubscribed capital for future members or possible later individual increases of subscriptions.

Over and above the general 100% increase in members' subscriptions, certain special additional increases in subscriptions were proposed in the Report for Canada, Germany and Japan, whose economic strength has grown markedly in the post-war period.

By February 2, 1959, the Board of Governors had voted unanimously in favor of a preliminary resolution which approved the recommendations of the Report

and recommended that member countries take such action as might be necessary to give effect to the proposals. A further vote is required to authorize the increase and the Governors have until September 1, 1959 to complete this vote, thus allowing sufficient time for legislative action which is required in the case of some members.

### LENDING ACTIVITIES

Between July 1, 1958 and January 31, 1959, the Bank made 17 loans totaling the equivalent of \$441 million in 12 countries. The loans were made in Austria, Brazil, Ceylon, Colombia, Ecuador, El Salvador, India, Japan, Malaya, Peru, South Africa and Sudan. This brought the gross total of Bank lending to \$4,260 million made up of 221 loans in 49 countries and territories.

### A F R I C A

#### UNION OF SOUTH AFRICA

##### Railway Loan

\$25 million 10-year 5-3/4% loan of December 2, 1958 to the  
Union of South Africa

The Bank loan was made concurrently with a public offering of \$25 million of South African bonds by an underwriting syndicate in the United States. The proceeds of the bond issue will be used to meet part of South Africa's general capital needs, while the Bank loan will help to finance an expanded investment program of the South African Railways and Harbours Administration.

The Bank has now lent \$125.2 million, under five loans, for the Administration's expansion program; most of the funds were used for the railways. Although the capacity of the railways has been greatly increased and they are now carrying two-thirds more freight than at the end of the war, they have not been able to meet the demands of the economy. The Government is now accelerating its already large railway investment program with the objective of enabling the railways to handle all freight offered by 1962. This involves completion of a major part of the program four years earlier than was originally scheduled. The current loan will cover part of the foreign exchange costs of the program in the two-year period ending March 31, 1960. The work to be undertaken includes the improvement of some 410 miles of line, the electrification of 640 miles of track, and new construction of 160 miles of branch and suburban lines. Some 530 locomotives -- electric, diesel and steam -- and a large quantity of rolling stock, principally freight cars, will also be purchased.

### SUDAN

#### Transportation Loan

\$39 million 20-year 5-3/8% loan of July 21, 1958 to the  
Republic of the Sudan

The loan will cover the foreign exchange costs, during 1958-60, of a development program being carried out by the Sudan Railways. Rail and river transport services and the facilities of Port Sudan, all operated by the Sudan Railways, are of crucial importance to the country's economy. Virtually all



freight and passenger traffic moves by rail or river, in some cases by a slow, complicated and seasonally interrupted combination of the two, and almost all the country's foreign trade passes through Port Sudan. The port is several hundred miles from the principal centers of production and consumption, so that exports and imports must be carried over great distances inland.

To improve railway services, the Sudan Railways are purchasing diesel electric locomotives and new rolling stock to replace obsolete units and provide additional capacity, are improving one of the key lines to the port to accommodate heavier and faster trains, and are building two new railway extensions into productive zones, now difficult to reach, in the South and West. At Port Sudan two new cargo berths will be built and equipped to replace inefficient pontoon moorings. Some of the river craft are also being dieselized.

## A S I A

### CEYLON

#### Electric Power Loan

\$7.4 million 20-year 5-3/8% loan of September 17, 1958  
to Ceylon

The loan will finance the foreign exchange costs of building a 25,000-kilowatt thermal electric power plant in the capital city of Colombo and of extending transmission and distribution facilities. The project forms part of an integrated power system serving southwestern Ceylon, which is the center of economic activity and contains nearly half the population.

Power demand in Ceylon has been growing rapidly in recent years, with power sales increasing at an average yearly rate of 15½%. Industries producing consumer goods for the domestic market, together with growing urban centers, account for a large proportion of the demand. Most of the remainder comes from the chief export industries -- tea, rubber and coconut. More hydroelectric capacity is projected for the system serving the southwest; meanwhile, the new thermal plant will solve the immediate problem of increasing power supplies and later will supplement hydroelectric facilities in times of low water supply.

## INDIA

#### Electric Power Loan

\$25 million 20-year 5-3/8% loan of July 23, 1958 to India

The loan will help to finance projects which will add 225,000 kilowatts of thermal generating capacity to the power system of the Damodar Valley Corporation (DVC). The DVC was established in 1948 to execute a scheme for the unified development of the Damodar Valley, the heart of India's heavy industry. The DVC will use the current loan for the installation of an additional 75,000 kilowatts of generating capacity at the Bokaro thermal plant, which was built with the help of a previous Bank loan; for the construction of a new 150,000-kilowatt thermal power station to be adjacent to the Government's new steel mill now being built at Durgapur; and for additional transmission facilities.

Power from the DVC system is transmitted over a 1,000-mile network throughout an area extending 125 miles on each side of the Damodar River. Its chief customers are four large utilities, two state agencies which sell power for rural and urban electrification in Bihar and Bengal, two railways and a number of large industries including the Tata Iron & Steel Company, the Indian Iron & Steel Company, and the Chittaranjan locomotive works. By 1962 DVC must increase its generating capacity by about 700,000 kilowatts if it is to meet the expected demand of this rapidly growing industrial area. The projects for which this loan was made will partially meet this need by increasing the capacity of DVC's system to 480,000 kilowatts.

#### Railway Loan

\$85 million 20-year 5-3/4% loan of September 16, 1958 to India

The loan will pay part of the cost of rolling stock, locomotives and other equipment required for the expansion program of the Indian Railways. The Railways are by far the most important form of transport in India, and carry large volumes of long-haul traffic that highways, river and coastal shipping do not handle. Improvement and expansion of the railways has progressed satisfactorily in the Second Five Year Plan.

Adjustments in the railway program are continually made to meet needs of traffic as they develop; during the Plan period, it is now intended to increase freight capacity of the Railways from 114 million tons annually to 168 million tons, instead of the 162 million tons previously planned. This increase should be attained without adding substantially to the original cost estimates of the railway program in the Second Five Year Plan and with an actual reduction in the foreign exchange costs. This will be achieved by improved operating efficiency and the postponement of certain less essential parts of the railway program.

#### JAPAN

##### Loans for Steel Production

Since July 1 the Bank has made three loans to increase steel production in Japan. The loans were made to the Japan Development Bank which is re-lending the proceeds to privately-owned companies. These companies are among the six largest steel producers in Japan and, like the rest of the Japanese iron and steel industry, are modernizing and expanding their plants to meet the increasing demand for steel products. By increasing crude iron and steel-producing capacity the industry will reduce its dependence on imported scrap, while the modernization of facilities will improve efficiency and reduce production costs.

\$33 million 15-year 5-3/8% loan of July 11, 1958 to Japan  
Development Bank for the Sumitomo Metal Industries Ltd.

This loan is helping to finance work being undertaken to expand iron and steel production at Sumitomo's Wakayama plant in central Honshu. The project includes construction of harbor installations, a blast furnace, 57 coke ovens and a by-products plant, the remodeling of three open-hearth furnaces, a blooming mill and auxiliary facilities for all these plants. The project

is part of a program being carried out by Sumitomo to increase its annual productive capacity to about 825,000 tons of pig iron, 1,450,000 tons of steel ingots and 1,334,000 tons of finished and semi-finished steel products.

\$10 million 15-year 5-3/8% loan of August 18, 1958 to  
Japan Development Bank for the Kobe Steel Works

In 1957 the Kobe Steel Works began a three-year construction program designed to increase its annual productive capacity of steel ingots to about 700,000 tons and of saleable steel products to about 600,000 tons, as well as to raise its non-ferrous metal and machine-making capacity. The project for which the Bank's loan was made will help to finance the most important feature of the program: the construction of a new blast furnace and related facilities at Nadahama, about  $1\frac{1}{2}$  miles from the Company's main steel plant at Kobe. The furnace will have an output of 288,000 tons of pig iron a year, and will provide the Kobe Company with its own source of pig iron. The project also includes the construction of harbor installations at Nadahama, unloading and yard facilities for iron ore and coke, a sintering plant and a power plant. Bank funds will also help to finance the remodeling of open hearth furnaces at the Kobe plant and a new mixer there to receive pig iron from Nadahama.

\$22 million 15-year 5-3/4% loan of September 10, 1958 to Japan  
Development Bank for the Japan Steel and Tube Corporation Ltd.

This loan will cover the cost of imported equipment for the construction of new strip mills and related facilities, and for the expansion of a seamless tube mill at the Corporation's Mizue steel works near Tokyo. The new strip mills will replace obsolete equipment and will enable the Corporation to produce higher quality products at lower cost. The seamless tube mill being expanded was built with the assistance of an earlier Bank loan. The project is part of a four-year program which the Corporation began in 1957 to increase its output of pig iron from 1,125,000 to about 1,500,000 tons and of ingot steel from 1,700,000 to about 2,300,000 tons, with a corresponding expansion of finishing facilities.

#### Electric Power Loan

\$29 million 25-year 5-3/4% loan of September 10, 1958 to  
Japan Development Bank for the Chubu Electric Power Co., Inc.

The loan will help to finance the construction on the Ohi River in Honshu Island of two new hydroelectric power stations having a combined generating capacity of 170,000 kilowatts. The area served by the Chubu Power Company encompasses mid-eastern Honshu and its chief industrial city, Nagoya. The Nagoya area has long been one of the most important industrial regions in Japan. In the past five years many new industries have moved into the area and existing industries have expanded. The demand for power from the Chubu system has shown an average yearly increase of between 11 and 12%, as against the national average of 8 to 9%. In 1957 the Chubu company undertook an expansion program designed to add 1,600,000 kilowatts of new capacity to its system by 1964. The project for which this loan was made is part of the program and has been given first priority among the new power facilities being built by the company.

FEDERATION OF MALAYA

Electric Power Loan

\$35.6 million 25-year 5-3/4% loan of September 22, 1958  
to the Central Electricity Board

The loan will cover the foreign exchange costs of the first stage of a scheme to develop the power potential of a group of streams on the Cameron Highlands Plateau, about 100 miles north of the capital, Kuala Lumpur. The project consists of works to bring together the waters of four rivers on the Plateau and to use the hydraulic head thus developed in two power stations, one to be built with 4,300 kilowatts of capacity and the other with 75,000 kilowatts.

The Central Electricity Board (CEB), the borrower, operates all federal power plants and distribution facilities, and regulates electricity supplies generally in the Federation. CEB's central network now supplies Kuala Lumpur and the States of Selangor, Negri Sembilan and Malacca, an area where power demand has been rising at a rate of about 15% annually, due largely to the expansion of commerce and industry. When completed, the Cameron Highlands project will increase the capacity of CEB's network by about 50%, which will enable CEB to satisfy the demand of its present service area and also to extend the network to other areas.

E U R O P E

AUSTRIA

Power Loan

\$25 million 25-year 5-3/4% loan of December 2, 1958 to the  
Verbundgesellschaft and Donaukraftwerke as co-borrowers

The Bank loan was made simultaneously with a public offering of \$25 million of Austrian bonds by an investment banking group in the United States. The Austrian Government will lend about half the proceeds of the bond issue to the two corporations which received the Bank loan; the remainder will be applied toward financing capital expenditure programs of the Republic.

The Verbundgesellschaft is a government corporation which operates most of Austria's transmission system and controls the operations of four public power generating companies, of which the Donaukraftwerke is one. The Verbundgesellschaft and its affiliated companies are engaged in a construction program which will add 1,097,000 kilowatts of new capacity by the end of 1963. The Aschach project, for which this loan was made, is the largest undertaking in the program. It will be a run-of-the-river hydroelectric project on the Danube about 19 miles from the city of Linz. Units having a total capacity of 264,000 kilowatts will be installed in the powerhouse, and a 21-mile transmission line will be built to connect the Aschach plant with the Verbundgesellschaft network.

W E S T E R N H E M I S P H E R E

BRAZIL

Electric Power Loan

\$73 million 25-year 5-3/4% loan of October 3, 1958 to  
Central Eletrica de Furnas, S.A.

The loan will cover the foreign exchange costs of building the first stage of the Furnas project, the largest hydroelectric power installation ever undertaken in Latin America. The project will be located at Furnas Rapids on the Rio Grande, 200 miles north of Sao Paulo. In the first stage, to be completed by mid-1963, the power plant will be installed with 460,000 kilowatts of generating capacity. Since this power is likely to be needed at once, it is planned that the second stage, under which capacity will be expanded to 1,100,000 kilowatts, will follow quickly and be completed by 1965. The completed project will bring an increase equal to 50% of the capacity now available in south central Brazil, where four-fifths of Brazil's industry and much of its agricultural activity is concentrated.

The Furnas project is the first in which private companies have joined with official Brazilian agencies to carry out a large power development. The Central Eletrica de Furnas, which was formed to construct, own and operate the new power plant, is a joint enterprise of government-owned and private power companies. All power from the plant will be sold in bulk to private and public suppliers serving the States of Minas Gerais and Sao Paulo and the Federal District of Rio de Janeiro.

COLOMBIA

Electric Power Loans

\$2.8 million 20-year 5-3/4% loan of December 15, 1958 to the  
Central Hidroelectrica del Rio Anchicaya, Limitada (CHIDRAL)

The loan will help to finance facilities to increase the supply of electric power in Cali, the main city of the Cauca Valley and one of Colombia's most important industrial cities. With the help of two earlier Bank loans, CHIDRAL has increased the supply of power in the Cali area sixfold in the past three years. However, because of population growth and rapid industrialization, there is a continuing need for more electricity. The earlier loans helped toward the construction of a hydroelectric plant on the Anchicaya River and of a steam plant at Yumbo near Cali. The current loan will be used for the installation of a second 10,000-kilowatt unit at Yumbo, for improvement of the distribution system in Cali and for the purchase of dredging equipment for the Anchicaya Reservoir.

\$4.6 million 20-year 5-3/4% loan of January 30, 1959 to the  
Central Hidroelectrica de Caldas, Ltda. (CHEC)

This loan is for a project to increase the supply of power to Manizales, the center of Colombia's coffee trade, and to neighboring towns. The 26,000-kilowatt La Esmeralda power plant to be built as part of the project is the second stage in the development of the Chinchina and Campoalegre rivers in the Department of Caldas; the first, carried out with the help of an earlier Bank

loan, was the construction of the 16,000-kilowatt La Insula plant. The second stage also includes the construction of 76 miles of transmission lines which will enable CHEC to extend its services to 19 additional towns. In 13 of the towns, CHEC will acquire the distribution systems, which it will rehabilitate and operate. The power from the new plant will more than double present capacity in the Manizales area, where industrial and commercial growth has been hampered by a shortage of electricity.

#### ECUADOR

##### Port Loan

\$13 million 25-year 5-3/4% loan of October 9, 1958 to the  
Guayaquil Port Authority

The loan was made for the construction of a new port at Guayaquil, Ecuador's largest city and main port. At present Guayaquil has no docking facilities; small vessels that can come up the Guayas River have to anchor midstream and use lighters for loading and unloading and larger ships have to anchor near the mouth of the river and transport their cargo by lighter some 40 miles to Guayaquil.

The new port will be located six miles from Guayaquil at the head of the Estero Salado, a salt-water arm of the Gulf of Guayaquil. A new concrete wharf 3,000 feet long, with a 35-foot depth of water at low tide, will be built to accommodate five ships at a time, and transit sheds and other buildings will be erected behind the wharf on land which will be reclaimed. A barge canal about a mile long will connect the Estero Salado with the Guayas River, and a four-lane highway, already under construction, will link the new port with the city.

The new port will be able to accommodate large ocean-going vessels and on the basis of present traffic alone, it is estimated that handling charges will be reduced by the equivalent of more than \$500,000 annually. The reduction in turn-around time of vessels will result in a further annual saving of about \$1.5 million.

#### EL SALVADOR

##### Road Loan

\$5 million 15-year 5-3/4% loan of January 7, 1959 to El Salvador

The loan was made for the construction of 21 feeder roads which will form part of an all-weather road network throughout the Pacific coastal plain of El Salvador, and for additional work on the Coastal Highway, the main artery of the system. The feeder roads will have a total length of 230 miles and many of them will replace existing tracks and earth roads which in the rainy season are passable only by ox-cart. The Coastal Highway, now under construction, is being partly financed by an earlier Bank loan.

The Pacific coastal plain is suitable for crop cultivation, livestock raising and dairy farming, and much of it has been inaccessible. The road network now being built will greatly improve communications in the southern half of El Salvador and will open up the region to denser settlement and more intensive cultivation.

PERU

Port Loan

\$6,575,000 20-year 5-3/4% loan of September 17, 1958  
to the Port of Callao Authority

The loan will help to finance expansion and improvement of the Port of Callao, which handles about 60% of Peru's foreign trade and a considerable volume of coastal traffic. The improvements to be undertaken consist mainly of a new petroleum pier; a new berth equipped with mineral loading plant to move up to 14,000 tons daily, compared with the present loading rate of between 500 and 850 tons; two new general cargo berths; new storage sheds and maintenance shops; and the acquisition of tugs and a dredge. The new facilities will provide better accommodation and service for ships calling at Callao. This should improve the competitive position of Peruvian products, and particularly of important mineral exports, in world markets.

SURVEY MISSIONS

Libya

A general survey mission organized by the Bank at the request of the Government arrived in Libya in late January for a stay of about two months. The mission will appraise Libya's economic situation and potentialities and propose objectives which Libya can expect to achieve in economic development over the next five years or so and recommend specific and practical measures for reaching these objectives. The 11-man mission includes economists and advisers on agriculture, water resources, transportation, communications and public utilities, industry, education and public health. The Food and Agriculture Organization of the United Nations, World Health Organization and United Nations Educational, Scientific and Cultural Organization provided assistance to the Bank in connection with the recruitment and briefing of the mission members.

Peru

The agricultural survey mission, sponsored jointly by the Bank and FAO, completed its studies in Peru in September 1958. The report of the mission, which contains recommendations for a comprehensive agricultural program for Peru, was informally presented to the Government for comment in January 1959.

Tanganyika

In January 1959 the Bank completed the organization of a general survey mission to Tanganyika which had been requested by the Governments of the United Kingdom and of Tanganyika. The mission is scheduled to arrive in Tanganyika in early June 1959.

Thailand

The report of the general survey mission, which spent the fiscal year 1957-58 in Thailand, was informally presented to the Government for comment in December 1958.

## FINANCIAL OPERATIONS

### Earnings and Reserves

Net earnings in the seven months ending January 31, 1959 amounted to \$25 million, all of which was credited to the Supplemental Reserve against losses on loans and guarantees. In addition, the Bank's Special Reserve grew by \$13.5 million during that period. On January 31, 1959 the total of these reserves amounted to \$388 million.

### Funded Debt

The funded debt of the Bank was increased by a net amount of \$194 million during the seven-month period, bringing the total outstanding funded debt of the Bank to the equivalent of \$1,852 million on January 31.

In this period new bond issues and private placements of Bank obligations amounted to the equivalent of \$344 million. These consisted of a public issue of \$100 million of bonds, part of which is subject to delayed delivery; and five private placements of obligations totaling the equivalent of \$244 million, including \$47.6 million in Deutsche Marks some of which still remain to be drawn down by the Bank. Outstanding debt was increased a further \$25 million as a result of the delivery of bonds of five earlier issues, which had been subject to delayed delivery arrangements. Repayment of debt through bond maturities and regular purchase fund and sinking fund transactions amounted to \$152 million.

### Sales of Borrowers' Obligations and Joint Operations

Private investors participated directly in 14 of the 17 loans that were made between July 1, 1958 and January 31, 1959, and two loans -- those to Austria and South Africa -- were made simultaneously with a public offering of the country's bonds on the United States investment market. The direct participations amounted to the equivalent of \$11.4 million and took place in connection with loans in Ceylon, Colombia, Ecuador, El Salvador, India, Japan, Malaya, Peru, South Africa and Sudan. In all cases the participations were undertaken without the guarantee of the Bank.

Including these participations, the Bank sold or agreed to sell the equivalent of \$55 million principal amounts of loans between July 1, 1958 and January 31, 1959. At January 31, the total amount of such sales was \$475 million, of which all but \$69 million were sold without the Bank's guarantee.

### ANNUAL MEETING

The 1959 Annual Meeting of the Board of Governors will convene in Washington, D.C. on September 28, 1959.



# International Bank for Reconstruction and Development

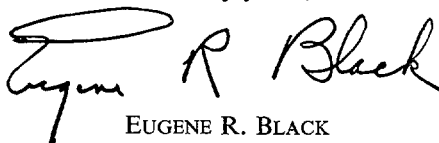
October 6, 1958

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 Annual Report of the Bank for the fiscal year July 1, 1957 to June 30, 1958.

The first section of this year's Report surveys the various activities of the Bank in the fiscal year, and includes illustrative descriptions of the progress made by Bank borrowers on certain projects assisted by earlier loans. There then follows an Annex giving a country-by-country summary of the year's operations. Finally, there appear the customary Appendices, including the Financial Statements as of June 30, 1958; the Administrative Budget for the fiscal year ending June 30, 1959; and a Statement of Bank loans.

Sincerely yours,

A handwritten signature in black ink, reading "Eugene R. Black". The signature is written in a cursive style, with the first name "Eugene" and the last name "Black" clearly legible, and "R." in the middle.

EUGENE R. BLACK

*President*

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

# Thirteenth Annual Report

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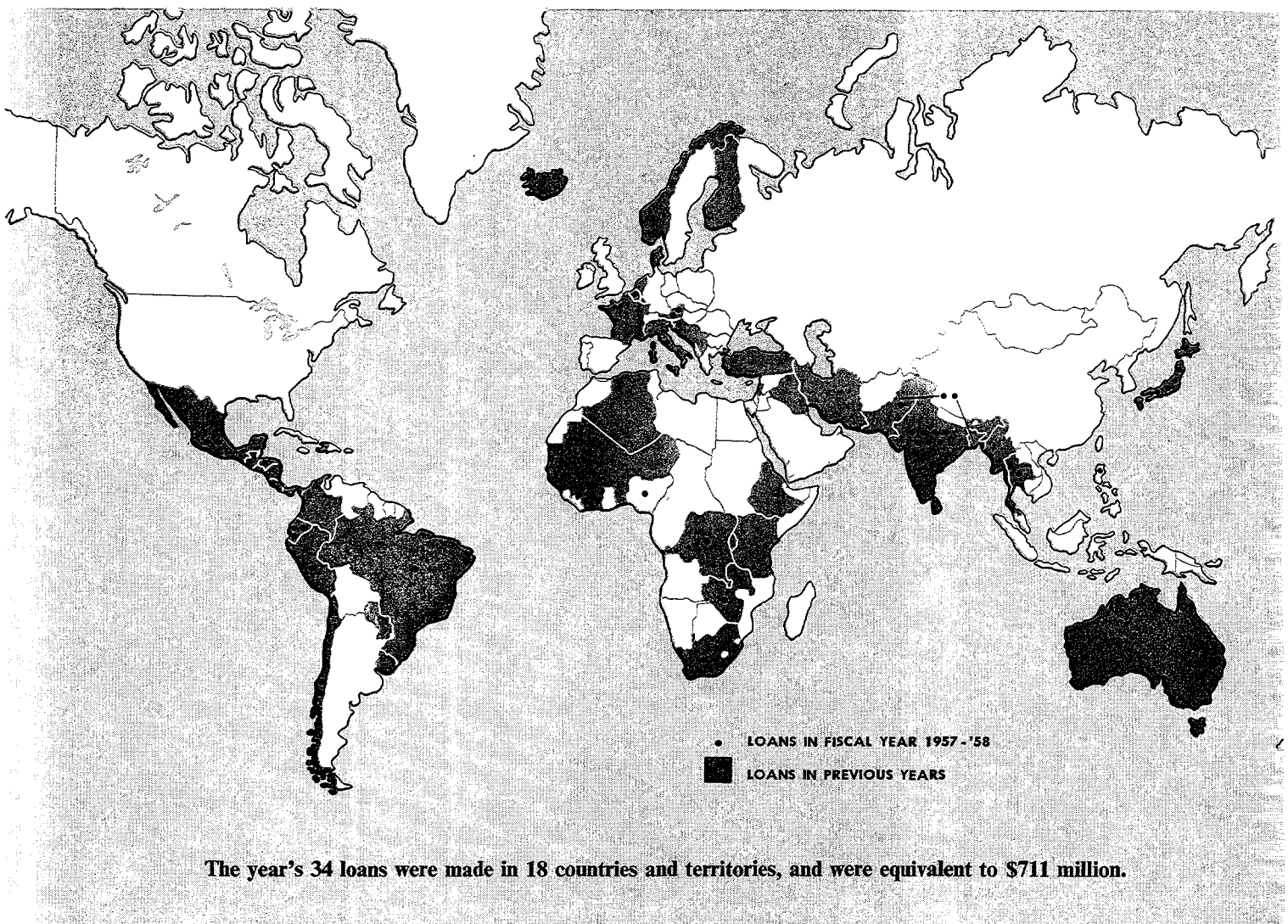
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# Financial Highlights

*(Expressed in millions of United States Dollars)*

	Fiscal Years	
	1957	1958
TOTAL LOANS	\$388	\$711
ELECTRIC POWER	108	242
TRANSPORT	55	322
AGRICULTURE	55	40
INDUSTRY	95	107
GENERAL DEVELOPMENT	75	—
DISBURSEMENTS ON LOANS	332	499
GROSS INCOME	74	99
NET INCOME	36	42
COMMISSIONS	17	20
NEW RELEASES OF 18% CAPITAL	134	149
NET INCREASE IN FUNDED DEBT	183	625
SALES OF PARTS OF BANK LOANS	57	87
REPAYMENTS OF LOANS TO BANK	26	28

# *THE YEAR'S ACTIVITIES . . .*



THE OPERATIONS OF THE BANK IN THE PAST YEAR were larger and more wide-ranging than in any previous year. New loans amounted to \$711 million, over 75% more than the average of the previous three years. Disbursements, income and reserves also reached record levels. Higher lending and disbursements increased the Bank's need for finance, the result being that the Bank borrowed more new money than ever before; over \$600 million was added to the funded debt.

The Bank's operations were conducted in an economic climate considerably different from that of recent years. Industrial production in the United States, which had reached a peak in December 1956, remained almost stationary until September 1957. Then a rapid downturn set in. True, the impact of this decline was less serious for the outside world as a whole than it would have been if the total of United States imports had not been well maintained, as they were, according to available data, through 1957 and into the first quarter of 1958; but the downward movement in commodity prices, already evident in 1956, was intensified. As a consequence, the foreign exchange earnings of primary producing countries decreased, and their capacity to import was not assisted by any similar fall in the prices of the manufactured goods which they need to buy abroad. This worsening in the terms of trade of the less developed countries, added to some slowing down in the rate of private capital inflow, resulted in increased pressure on their balance of payments and led in some cases to a fall in gold and foreign exchange reserves.

It would be a mistake, however, to relate the large increase in the Bank's lending over the year to this immediate background. The main explanation lay in longer term factors which are operating to make a larger number of development projects ready and eligible for financing. One of these factors is the long period of planning and negotiation on development programs which has been carried out by borrowing countries and by the Bank. A conspicuous example was the \$66 million loan which the Bank made in September 1957 for the Yanhee multipurpose project in Thailand. This project, the largest single development scheme of its kind ever to be embarked upon in that country, and one of the largest in Asia, was first brought to the Bank in 1953, but more than four years of intensive investigation and planning were required before it was made ready. The number of large projects now under consideration in the Bank indicates that the rise in lending during the year may have signaled the start of a new and higher rate of operations.

The year's lending also saw the beginning of what promises to be a fruitful relationship between the Bank's operations and those of the Development Loan Fund, a new foreign aid mechanism of the United States Government. In two cases during the year, India and Honduras, loans were made by the DLF to assist projects also being partially financed by the Bank. The DLF loans were repayable in the currency of the borrower, and gave the borrowing countries the advantage of increasing the amount of foreign exchange they were able to borrow for

development without increasing the debt service burden on their future balance of payments. The negotiation of the loans was also facilitated by the fact that the projects had already been thoroughly investigated by the Bank.

The concept of increasing the flow of capital to the less developed countries by means of long-term loans repayable in local currencies also underlay a proposal which emerged during the year in the United States. This proposal called for a study to be made of the possibility of setting up a new International Development Association, to be affiliated with the Bank, to make loans of this type. The President of the Bank, while acknowledging the complexities which would have to be resolved before any such organization could be set up, nevertheless stated that the idea was interesting and deserving of further study.

The technical services of the Bank continued to be in demand during the year, not only in the form of advice to member countries on development problems, but also in the shape of mediation in economic disputes affecting member countries of the Bank. In this field one of the most important events of the year was the settlement, with Bank assistance, of the terms of compensation to be paid by the United Arab Republic as a consequence of the Suez Canal nationalization.

This settlement was the climax of a six months' negotiation which began in January. Having agreed that the Bank would lend its good offices in an effort to reach a settlement, the President of the Bank appointed Mr. W. A. B. Iliff, Vice President, to represent him in the subsequent negotiations. Mr. Iliff was assisted by members of the Bank's staff and by Mr. George D. Woods, Chairman of The First Boston Corporation, a United States investment bank, who served as financial consultant. At the end of the fiscal year preparations were in hand for formal signature of the final agreement. The Bank has agreed to act as fiscal agent for the transfer of the periodic compensation payments to be made by the Government of the United Arab Republic.

The Government of the Republic also requested

the Bank to contribute towards the elaboration of a development scheme for the Suez Canal by appointing a suitable group to assess the probable future traffic demand on the Suez Canal facilities, and to offer technical advice regarding the works which should be undertaken to expand these facilities to meet such traffic. Cooperative studies by the Bank are now under way along these lines. In addition, the Bank is engaged on some special technical investigations requested by the Suez Canal Authority.

The Bank's good offices were also continued in the discussions directed towards agreement on the sharing of the waters of the Indus Basin between India and Pakistan. These talks began in 1952; in 1954 the Bank submitted to both Governments proposals based on the general concept of reserving the waters of the three western rivers for Pakistan and of the three eastern rivers for India. Although a settlement was not reached, further discussions took place during the year in Washington, Rome and London, as well as on the Indian sub-continent. The need for a definitive settlement becomes more urgent as the various clearance, irrigation and resettlement schemes of the two Governments in the area concerned get under way.

Yet another field of Bank activity was that of nuclear power, whose emerging possibilities are of close interest in view of the Bank's large and growing investment in electric power projects. Last year's Annual Report noted briefly that the Bank and the Italian Government were embarking on a joint study of the commercial feasibility of using atomic energy for the production of electric power in Italy. The study was nearing completion as the fiscal year ended.

Before the study began there was general agreement among nuclear power experts that in some countries with the right conditions electricity can be generated with atomic fuel at costs comparable with those accepted as normal for conventional power stations. But nuclear reactors are not yet universally applicable. To be economic at their present stage of development they must be of high

capacity and must also be constantly operated at a high percentage of their capacity; this means that they are appropriate today in general only in countries with large electric power systems and high demand.

Apart from these established facts, however, much remains to be known about the economics of nuclear power, and the Bank therefore sought means to obtain a realistic understanding of the factors affecting the economic application of this technique of power generation. The electric power system of Italy is suitable in many ways to the application of nuclear power, and the comparative lack of conventional fuel there would in any case require early consideration of the installation of nuclear reactors. The Bank therefore proposed to the Italian Government a study which would answer many unsolved questions and would also meet the Italian desire to embark without delay on the construction of a nuclear electricity plant.

The procedure adopted for the study was to invite tenders on an international competitive basis for the construction of a nuclear power station of a given output on a chosen site. This invitation was open to bids to build different types of nuclear power systems, and the resulting tenders received provided the first comparable data on the relative costs of alternative systems. They also enabled those conducting the study to make a comparison of the economics of a nuclear power station with those estimated for a thermal power station of the same output.

The direction of the study was entrusted to a two-man Steering Group consisting of the Secretary General of the Italian Nuclear Research Committee and the Bank's Adviser on Atomic Energy; arrangements were made by the Bank to provide the Italian authorities with the assistance of an international panel of outstanding nuclear specialists whose judgment would help in selecting the tender appearing to offer the most merit in all the circumstances. The cooperation was also obtained of the Atomic Energy Authority of the United Kingdom and of the Atomic Energy Commission of the United States in reviewing technical aspects of the tenders.

After the invitation to bid had been approved by the international panel, it was sent at the end of October last to 17 companies, eight American, five British, two French, one Canadian and one Belgian-American, calling for the submission of tenders on a firm price basis for a 130,000-150,000 kilowatt nuclear power station to be erected on a site on the west coast of Italy and to be completed in approximately four years. In the event, nine bids were received, one from France and four each from the United States and the United Kingdom. As the fiscal year ended technical review of the tenders was well advanced and they were being studied by the international panel. The panel's reports were to be given to the consortium of Italian power companies which is to own and operate the new power station when it has been constructed. It will remain for this consortium to decide on the successful bidder and to award the necessary contracts for construction work to begin.

## LOANS MADE

During the twelve months ended June 30, 1958, the Bank made 34 loans totaling the equivalent of \$711 million. This compared with 20 loans totaling \$388 million in the previous year. By June 30 the number of Bank loans had risen to 204 in an amount, net of cancellations and refundings, of \$3,729 million, of which \$2,795 million had been disbursed.

More than half the year's lending was in Asia; the \$379 million lent there during the year increased by two-thirds the total previously committed in that region. The balance of the year's lending was made up of \$121 million for Latin America, \$112 million for Africa and \$99 million for Europe. Two of the loans—in Nigeria and in the Philippines—were in

countries where the Bank had not previously lent; it has now made loans in 47 member countries and territories.

The strengthening of basic services continued to be the main purpose of Bank financing. Nearly half the year's loans were for improvements in *transportation*. Of the total of \$322 million lent for this purpose, two-thirds was for the improvement and expansion of rail services in seven member countries: Ecuador, India, Nigeria, Pakistan, Peru, Rhodesia and South Africa.

The greater part of the total of \$60 million lent for highway improvement is accounted for by a loan for projects included in the Ten-Year Plan in the Belgian Congo. The remainder of the year's lending for transportation was for reconstruction and expansion in the Indian ports of Calcutta and Madras, and to improve the canal serving the coal and steel centers of southern Belgium.

*Electric power*, which for several years had held first place among the purposes for which Bank loans were made, this year received somewhat less than transport. The \$242 million lent was for the expansion of generation, transmission and distribution systems in nine countries. While this lending included assistance for thermoelectric plants in Italy, Mexico and Pakistan, the greater part was for hydroelectric projects, which often present difficult financing problems because of their higher capital cost and longer construction period. Loans for such projects were made in Austria, Brazil, Ecuador, Italy, Japan, Mexico, the Philippines and Thailand.

Loans made for *industry* totaled \$107 million and were largely concerned with expansion programs in steel and coal. This lending will help to complete an increase of nearly 100% in the steel capacity of the Tata Iron and Steel works in India; in Japan another private company, the Kawasaki Steel Corporation, is receiving funds for the expansion of pig iron production. In Chile the efficiency of the coal industry is being increased by two loans for the sinking of new shafts and for carrying out other modernization work being undertaken by the two largest coal-mining companies. In Southern Italy

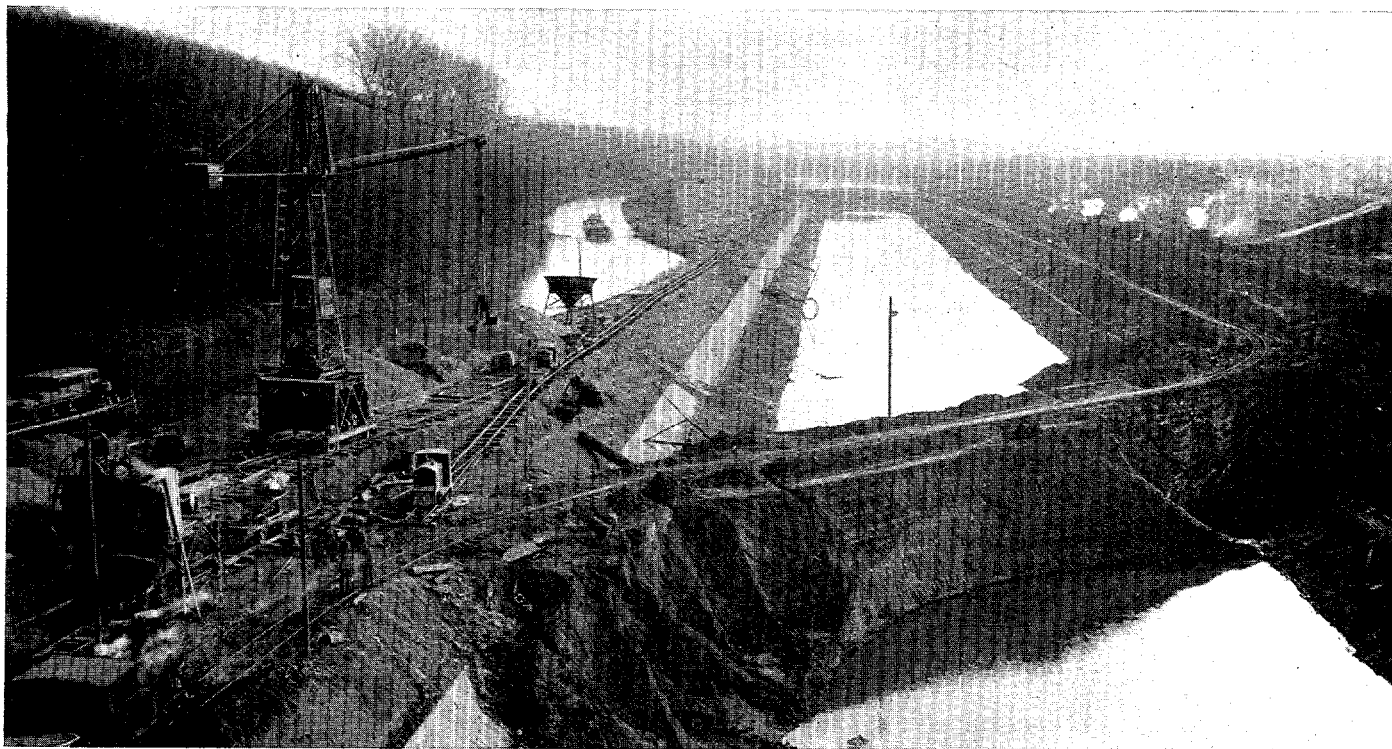
## LOANS MADE DURING THE YEAR

*Expressed in United States Dollars*

<i>Country</i>	<i>Purpose</i>	<i>Amount</i>
Austria	Power . . . . .	\$ 3,571,000
	Industry . . . . .	10,765,000
Belgian Congo	Highways . . . . .	40,000,000
Belgium	Waterways . . . . .	10,000,000
Brazil	Power . . . . .	13,400,000
Chile	Industry (two loans) . . . . .	21,800,000
Ecuador	Highways . . . . .	14,500,000
	Power . . . . .	5,000,000
	Railways. . . . .	600,000
Honduras	Highways . . . . .	5,500,000
India	Railways (four loans) . . . . .	90,010,000
	Industry . . . . .	32,500,000
	Ports (two loans) . . . . .	43,000,000
Italy	Industry, Power, Agriculture . . . . .	75,000,000
Japan	Agriculture, Power . . . . .	7,000,000
	Industry . . . . .	8,000,000
	Power (two loans) . . . . .	62,000,000
Mexico	Power (two loans) . . . . .	45,000,000
Nigeria	Railways. . . . .	28,000,000
Pakistan	Railways. . . . .	31,000,000
	Industry . . . . .	4,200,000
	Power . . . . .	14,000,000
Peru	Railways. . . . .	15,000,000
Philippines	Power . . . . .	21,000,000
Rhodesia and Nyasaland	Railways. . . . .	19,000,000
South Africa	Railways. . . . .	25,000,000
Thailand	Power, Agriculture . . . . .	66,000,000
<b>TOTAL</b>	<b>34 loans . . . . .</b>	<b>\$710,846,000</b>

the Bank's industrial lending is helping the Cassa per il Mezzogiorno to finance the introduction of potash mining and processing in Sicily, the expansion of tinplate manufacture and the modernization and improvement of several consumer goods industries.





*While coal, steel and other cargoes wind along the old canal at Godarville, Belgium, work will soon be completed and temporary barriers removed on the new link being built alongside.*

In addition to lending directly to industry, the Bank also made loans during the year to newly established development banks in two countries. In Pakistan the Bank helped to establish the privately-owned Industrial Credit and Investment Corporation, and to enlist the participation, in cooperation with local capital, of United Kingdom, United States and Japanese capital. A loan from the Bank will provide part of the foreign exchange required for the Corporation's initial operations. The Corporation will assist small and medium-scale industrial ventures by the investment of its funds and also by furnishing advice and assistance on managerial and technical problems. In Austria the Bank made a loan to a new institution, Investitionskredit A. G., to provide a source of capital for private industrial enterprises, many of which are in urgent need of modernization and expansion. Investitionskredit will re-lend the Bank funds to ten private companies in the pulp and paper, textile and electrical industries.

As in earlier years the growth of *agriculture* continued to benefit from Bank lending, particularly

for new highways which, by providing access to markets and reducing transport costs, provide a new stimulus to farmers. In addition, three of the year's loans were for projects of direct benefit to agriculture. The Yanhee project in Thailand, in addition to providing large amounts of electric power, will provide year-round supplies of water to a downstream barrage already completed with Bank assistance, and will make possible higher yields on 2¼ million acres. In Japan another project promising substantial benefits for agriculture was supported by an irrigation and power loan in the Aichi region of Honshu Island. This loan will assist the first large-scale experiment in the irrigation of hill land in Japan, where lowland farming is particularly intensive but little attempt has hitherto been made to cultivate the uplands. The balance of the Bank's agricultural lending supported irrigation, flood prevention and drainage in the Volturno and Tavoliere plains in Southern Italy.

The details of the year's lending operations are recorded in the Annex starting on page 23.

## FINANCIAL OPERATIONS

Although the steepest rise in Bank operations during the year was in new loans, all the Bank's other financial operations also registered sharp increases, in several cases to new high levels. The Bank's net earnings exclusive of receipts from loan commissions were \$42 million, compared with the previous high of \$36 million in 1956-57. New borrowings by the Bank from investors reached a gross total of \$650 million, much the largest amount borrowed in one fiscal year. Disbursements on existing loans increased to \$499 million, also a new record. Sales of parts of Bank loans rose to \$87 million, the largest since 1955. These developments are illustrated in the charts on the opposite page.

The Bank's total reserves at June 30 stood at \$350 million, an increase of \$62 million. The reserves consist of two parts. The first is the Supplemental Reserve accumulated from net earnings; this reserve stood at \$236 million on June 30, compared with \$195 million a year earlier. The second is the Special Reserve, to which are credited receipts from the commission of 1% charged on the outstanding balance of all loans. This reserve increased by \$20 million to a total of \$114 million.

Gross income for the year, excluding loan commissions, amounted to \$99 million, of which \$77 million came from loans and \$22 million from investments and other sources. From these earnings, as a reflection of the growing total of the Bank's funded debt, the Bank paid out \$48.3 million in interest and issue costs. Administrative expenses were \$8.3 million.

Repayments to the Bank amounted to \$28 million, and borrowers repaid \$51 million on parts of their loans which were held by other investors. Total principal repayments thus amounted to \$79 million, an increase of \$16 million over the previous year.

There were several changes in the Bank's loan interest rate during the year, reflecting changing

conditions in world capital markets, and especially in the New York market. In July 1957 the Bank's interest rate was 5½%. By October it had risen to 6%, but was lowered to 5¾% in December; thereafter it was reduced in successive steps and became 5⅜% in May.

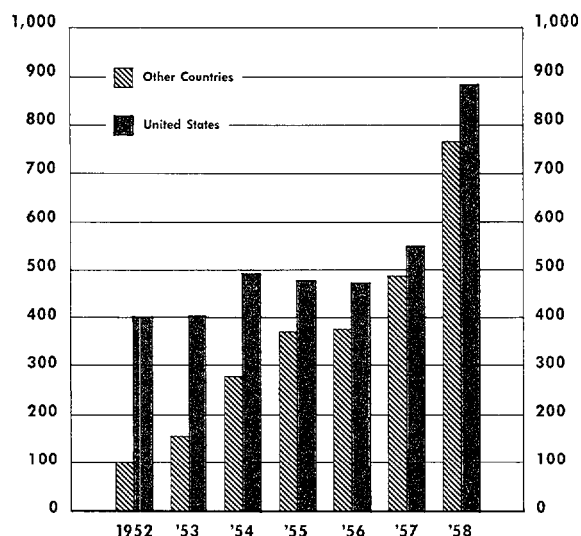
The year's borrowing included both new sales of medium and long-term Bank bonds on the market and the private placement of Bank obligations of shorter maturities. The chief purchaser of the shorter maturities was the central bank of the Federal Republic of Germany, the Deutsche Bundesbank, which lent a total of \$250 million to the Bank against one, two and three-year notes. The first \$40 million of these notes were due to mature on July 11, 1958, and arrangements were made shortly before the end of the fiscal year for the Bundesbank to accept in their place new three-year notes of the same amount. Other notes totaling \$25 million and maturing in 1958, 1959 and 1960 were also privately placed in Europe. In addition, in June the Bank announced that it had arranged to borrow DM 200 million (equivalent to approximately \$48 million) on July 7, 1958 from the Deutsche Bundesbank in the form of 3% notes maturing on July 7, 1961. This was the Bank's first borrowing of Deutsche Marks.

There were three new public issues of dollar bonds, totaling \$375 million, in the United States market, all three issues being sold by a nationwide underwriting group under the joint management of Morgan Stanley & Co. and The First Boston Corporation. The first of these issues, made on October 15, 1957, was of \$75 million of 4¾% 23-year bonds. The second issue was sold on January 7, 1958, and amounted to \$150 million of 4¼% 21-year bonds. The third issue was of \$150 million of 3¾% 10-year bonds, sold on May 5, 1958.

An important feature of the marketing of these issues was the success achieved by the underwriters

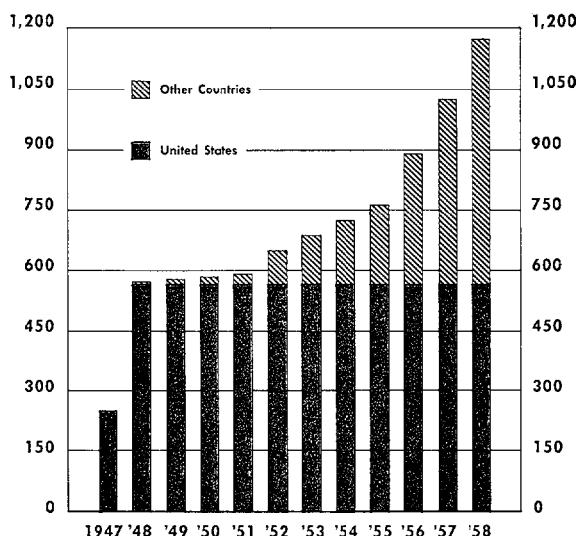
## BANK BORROWING

Outstanding Totals of the Bank's Funded Debt Held by  
Investors in the United States and Other Countries



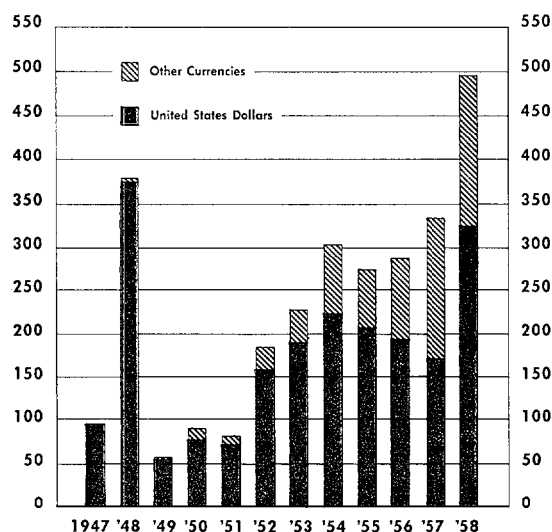
## 18% CAPITAL SUBSCRIPTIONS

Releases from the United States and Other Countries  
Lent or Allocated, Excluding Re-lending



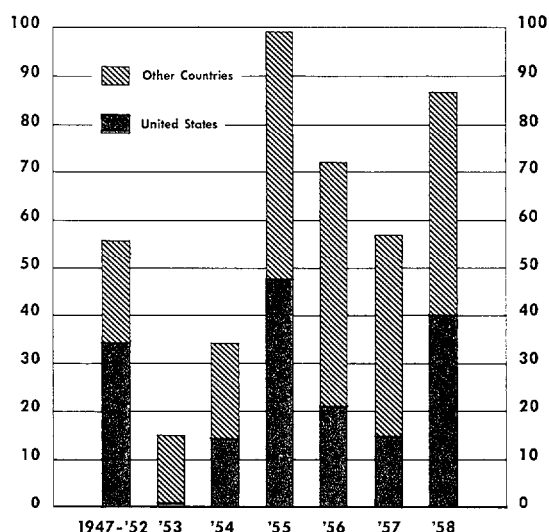
## LOAN DISBURSEMENTS

Proportions of  
United States Dollars and Other Currencies



## SALES OF PARTS OF LOANS

Distribution between Purchasers  
in the United States and Other Countries



All amounts expressed in millions of United States Dollars  
Fiscal years ending June 30

in enlarging the market for the Bank's bonds. The issue of January, for example, is known to have been bought by 106 new institutional buyers, including banks, insurance companies and pension funds, in addition to an unknown number of other new buyers who made initial purchases in the open market rather than directly from the underwriters. A similar enlargement of the market occurred with the ten-year bonds issued in May. On that occasion the bonds are known to have been bought by 77 new purchasers, apart from open market sales.

The first two of the public issues are non-redeemable in the first ten years, after which sinking funds will come into operation to retire 50% of the issues prior to maturity. The third public issue, being of 10-year bonds, is non-redeemable prior to maturity. All three issues featured delayed delivery arrangements whereby certain institutional investors were able to buy bonds with payment and delivery deferred for periods ranging up to three years. In all \$44 million of the three issues were sold for delayed delivery. By the end of the fiscal year \$19 million of these bonds had been delivered by the Bank. In addition the Bank also received \$23 million in delayed delivery payments for bonds sold in the previous fiscal year.

The acquisition by the Bank of its bonds to meet purchase and sinking fund requirements during the year totaled the equivalent of \$13 million in United States dollars, Canadian dollars and pounds sterling. The Bank also retired \$10 million of its serial bonds at maturity. The result of all these transactions was a net increase in the outstanding total of the Bank's funded debt of \$625 million, bringing the total on June 30 to the equivalent of \$1,658 million.

By far the greatest part of this total is denominated in U. S. dollars; even the year's borrowings from the Deutsche Bundesbank were in that currency. The geographical distribution of the Bank's obligations, however, is much more widespread. In addition to the equivalent of \$200 million borrowed outside the United States in Swiss francs, Canadian dollars, pounds sterling and Netherlands guilders,

there is a worldwide market for the Bank's U. S. dollar bonds. At the end of the fiscal year it was estimated that 47% of the Bank's total obligations were held by investors outside the United States.

The Bank's lendable funds were also augmented by further effective releases by member governments from the 18% of their capital subscriptions which is payable in the members' own currencies. During the year these additional releases amounted to \$149 million. They brought the total of member countries' subscriptions fully available for lending to \$1,362 million, including the 2% portion of each subscription which is subscribed in gold or dollars.

The Bank continued its policy of entering into joint operations whereby borrowers received a loan from the Bank simultaneously with borrowing funds in the capital market. There were three such cases during the year. In September 1957, through an investment banking group headed by Morgan Stanley & Co., and Smith, Barney & Co., Belgium borrowed \$30 million in New York for a program of public works, the Bank making a loan of \$10 million. The following month South Africa borrowed \$25 million from the Bank for its railway program. This was part of a financing operation which also included a new line of credit of \$10 million from a syndicate of commercial banks in the United States and the sale, in January 1958, of \$15 million of South African bonds in the United States market. This bond issue was sold through an investment banking group headed by Dillon, Read & Co., Inc. In June the Federation of Rhodesia and Nyasaland entered the New York market for the first time when it sold \$6 million of bonds, also through a group headed by Dillon, Read & Co., Inc., to coincide with a loan of \$19 million from the Bank toward a continuing railway modernization program.

Another reflection of increased investor interest in Bank operations was the considerable rise in the sales of parts of loans made by the Bank. These totaled \$87 million, of which about half arose from agreements entered into at the time when the loans were first made. Such participations were

arranged in 22 of the year's 34 loans. The three most striking examples were the \$32.5 million loan to The Tata Iron and Steel Company of India, of which nine American and Canadian banks took the first five maturities, totaling \$15 million; the \$75 million loan to the Cassa per il Mezzogiorno for the development of Southern Italy, in which over 20 banks, including seven German banks, five of whom were participating for the first time, took up a total of almost \$13 million; and the loan of \$40 million to the Belgian Congo, in which participations totaled over \$6 million. Particulars of all participations are given in the descriptions of the individual loans of the year in the Annex beginning on page 23.

Bank loan disbursements during the year were \$499 million. Continuing the recent trend, a large proportion (35%) of the year's disbursements was made in currencies other than dollars. A summary of the currencies repayable to the Bank as of June 30, 1958 is given in Appendix E.

The pattern of the expenditure of Bank loan funds by borrowers showed further changes during the year, as indicated in the following table. West Germany's share of the orders, which are normally placed by Bank borrowers on the basis of international competition, continued to increase. Japan and Italy also increased their shares and are shown separately in the table for the first time.

# LOAN EXPENDITURES IN INDIVIDUAL COUNTRIES—FISCAL YEARS ENDING JUNE 30

(Estimates rounded to equivalent in millions of United States Dollars)

Disbursements by borrowers for imports from:	Cumulative total through 1955		1956		1957		1958		Cumulative total to date	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Belgium . . . . .	\$ 57.2	3.7	\$ 6.5	2.9	\$ 6.4	2.7	\$ 10.7	2.9	\$ 80.8	3.4
Canada . . . . .	86.5	5.6	16.0	7.0	14.0	6.1	4.2	1.1	120.7	5.1
France . . . . .	41.7	2.7	7.5	3.3	8.0	3.4	4.3	1.2	61.5	2.6
Germany . . . . .	62.9	4.0	32.0	14.1	43.1	18.7	63.3	17.2	201.3	8.5
Italy . . . . .	13.8	.9	3.8	1.7	6.9	3.0	21.4	5.8	45.9	1.9
Japan . . . . .	.7	—	.5	.2	5.2	2.2	30.6	8.3	37.0	1.5
Sweden . . . . .	11.6	.7	3.4	1.5	6.2	2.6	3.5	.9	24.7	1.0
Switzerland . . . . .	32.2	2.1	5.3	2.3	4.4	1.9	4.7	1.3	46.6	1.9
United Kingdom . . . . .	171.6	11.1	30.0	13.2	25.3	11.0	69.4	18.8	296.3	12.5
United States . . . . .	982.3	63.4	114.9	50.5	102.7	44.3	142.8	38.8	1,342.7	56.5
All Other Countries . . . . .	89.8	5.8	7.6	3.3	9.4	4.1	13.6	3.7	120.4	5.1
TOTALS . . . . .	\$1,550.3	100.0	\$227.5	100.0	\$231.6	100.0	\$368.5	100.0	\$2,377.9	100.0
OTHER DISBURSEMENTS* . . . . .	129.4		56.4		100.8		130.2		416.8	
GRAND TOTAL . . . . .	\$1,679.7		\$283.9		\$332.4		\$498.7		\$2,794.7	

\* These include disbursements on loans in which the funds are used for local expenditures or for broad development programs where the source of the items imported with Bank funds is not specified.



*Construction of three hot stoves and a blast furnace — part of the expansion program for the Tata Iron and Steel plant at Jamshedpur — has been pressed forward on a 24-hour basis.*

## PROGRESS UNDER EARLIER LOANS

The past year saw the completion of many of the development projects assisted by Bank loans in earlier years. Since the number of projects financed by the Bank already runs into several hundred, no comprehensive review is possible of those which have been completed, still less of the effects which they are already producing in the borrowing countries. In the following pages, however, an account is given of three significant operations, in India, Mexico and the Federation of Rhodesia and Nyasaland. The first two accounts are of developments already producing economic benefits; the third describes the progress of the construction of the Kariba dam across the Zambezi River. The credit for the successful implementation of these plans belongs not to the Bank but to the borrowing countries. These accounts may provide useful illustrations, however, of some of the results increasingly to be expected over the years from projects financed by the Bank.

### INDUSTRY IN THE DAMODAR VALLEY

Nine Bank loans, totaling more than \$300 million, have contributed directly or indirectly to a remarkable transformation that has taken place over the last decade in the Damodar Valley in India. The Damodar River drains a basin extending northwestward some 340 miles from its junction with the Hooghly River near Calcutta. This relatively small area, with its population of five million, has long been one of the richest agricultural areas of India. Over recent decades it has also become the heart of India's industry and one of the greatest manufacturing centers of Asia. The Damodar Valley area provides almost all of India's iron and copper and three-quarters of its coal, mica and chromite. Most of the steel, chemical, fertilizer, engineering and other heavy industries, as well as a wide variety of light and small-scale industries including cable, glass, ceramic and bicycle manufacture, have grown up in the Valley.

Until the present decade the way to the full realization of the economic possibilities of the Valley

had been barred by the sudden monsoon storms which have always exposed the Damodar Valley to the danger of flash floods; the river has been known to rise as much as five to ten feet in a few hours. Attempts to abate this danger have been going on for a century or more, but a disastrous flood occurred as recently as 1943, when much of the countryside was under six feet of water and even Calcutta was in danger.

The Damodar Valley Corporation, which celebrates its tenth anniversary this year, was set up with the object of putting the waters of the Valley to productive use. The Bank began lending to the Corporation in April 1950, when a loan of \$18.5 million was made to help to finance a dam and a large new thermoelectric power station. A second loan of \$19.5 million was made in January 1953 for flood control, irrigation structures and further power installations.

The Corporation has already completed, or nearly completed, four large multipurpose dams—three of them, Maithon, Panchet Hill and Konar, with the assistance of the Bank. These four dams will go far toward eliminating the danger of flooding. The Maithon and Panchet Hill dams feed water to the Durgapur barrage, another Bank-assisted project, which is now bringing the benefits of irrigation to 200,000 acres in the lower valley. In coming years, as more irrigation canals are completed, the area irrigated will be extended to one million acres; yields will be much increased and about a third of the area will be able to raise two crops a year instead of one. The additional output, expected to be worth the equivalent of \$40 million annually at present farm prices, will help to reduce the large food deficit that has emerged in India in recent years.

These dams are also making a substantial contribution to the electric power resources of the Valley. The installation of 60,000 kilowatts of capacity was nearing completion at the Maithon dam at the end of the fiscal year; 154,000 kilowatts had already been installed by the Corporation in other parts of

# Loans Classified by Purpose and Area

JUNE 30, 1958

EXPRESSED IN MILLIONS OF UNITED STATES DOLLARS\*

Purpose	Areas					Western Hemisphere
	Total	Africa	Asia	Australia	Europe	
<b>Grand Total</b> . . . . .	3,729	479	948	318	1,186	798
<b>Development Loans: Total</b> . . . . .	3,232	479	948	318	689	798
<b>ELECTRIC POWER</b>						
Generation and Distribution . . . . .	1,106	178	285	29	219	395
<b>TRANSPORTATION</b> . . . . .	1,036	257	301	128	69	281
Railroads . . . . .	562	189	201	27	3	142
Shipping . . . . .	12	—	—	—	12	—
Ports and Inland Waterways . . . . .	136	3	80	—	47	6
Roads . . . . .	255	65	—	57	—	133
Airlines and Airports . . . . .	57	—	6	44	7	—
Pipelines (natural gas) . . . . .	14	—	14	—	—	—
<b>COMMUNICATIONS</b>						
Telephone, Telegraph and Radio . . . . .	24	2	—	—	—	22
<b>AGRICULTURE AND FORESTRY</b> . . . . .	316	—	70	104	87	55
Farm Mechanization . . . . .	114	—	—	88	2	24
Irrigation and Flood Control . . . . .	155	—	55	6	73	21
Land Clearance and Improvement . . . . .	27	—	14	6	2	5
Crop Processing and Storage . . . . .	6	—	—	—	4	2
Livestock . . . . .	4	—	1	—	—	3
Forestry . . . . .	10	—	—	4	6	—
<b>INDUSTRY</b> . . . . .	545	2	217	57	224	45
Iron and Steel . . . . .	230	—	193	14	23	—
Pulp and Paper . . . . .	78	—	5	1	52	20
Fertilizer and other Chemicals . . . . .	46	—	—	—	46	—
Other Industries . . . . .	93	—	5	26	59	3
Mining . . . . .	49	—	—	16	12	21
Development Banks . . . . .	49	2	14	—	32	1
<b>GENERAL DEVELOPMENT</b> . . . . .	205	40	75	—	90	—
<b>Reconstruction Loans: Total</b> . . . . .	497	—	—	—	497	—

\* Figures net of cancellations and refundings.



the Valley. With these plants in operation nearly all the hydroelectric potential of the Valley is now in use. Future power requirements will therefore be met by thermal stations, for which coal is abundant and inexpensive. The 150,000-kilowatt Bokaro thermal plant, whose supply of cooling water is assured by the Konar Reservoir, has now been in operation for five years. Built with the help of the first Bank loan to the Corporation, it is the largest steam plant in South Asia.

In the meantime the industrialization of the Valley has been making rapid progress, both in heavy steel production and in manufacturing industry. As a result, extensive as the additions to power capacity have been, the total demand has already reached and surpassed the generating capacity of the system, and is expected to rise to nearly three times its present figure within the next four years. The Corporation is therefore making plans for further expansion and at the end of the year the Bank had under consideration a new loan for a 75,000-kilowatt addition to the Bokaro station and a new 150,000-kilowatt plant to serve the steel mill which is being built by the Indian Government in conjunction with British suppliers at Durgapur.

Bank lending to India's two private steel companies has also directly assisted the development of the Valley. A total of \$107.5 million from the Bank is helping The Tata Iron and Steel Company, which set up the first steel mill in India and has recently been supplying about two-thirds of the domestic market; a program to raise the Company's annual output to 1½ million tons of finished steel is now almost completed. The Indian Iron and Steel Company is also greatly increasing its capacity. With the help of \$50 million lent by the Bank, one new blast furnace was brought into operation during the year and another is expected to be completed by the end of 1958. Completion of the expansion will allow the Company to raise its annual output to 800,000 tons of finished steel, compared with less than half that tonnage before the program was started.

The Damodar Valley's emergence as a center of heavy industry for the whole of India has also been

fostered by loans for the Indian Railways, of whose freight about 40% consists of coal and other minerals, the greater part of which originate in the Valley area. An early loan for postwar rehabilitation of the rail network helped to make possible a steady growth of freight traffic, which in recent years has been rising by nearly 10% annually. The additional loans equivalent to \$90 million made this year will finance improvements intended to equip the railways to handle still further increases in traffic, including electrification of that part of the track in the Valley which runs from Calcutta to the area of the Maithon and Panchet Hill reservoirs.

#### THE PACÍFICO RAILROAD OF MEXICO

In November Mexico's Pacifico Railroad held a ceremony in Hermosillo to mark the completion of a rehabilitation program which had equipped the line, first opened 70 years ago, to meet the traffic needs of today.

The agriculture of northwest Mexico has been expanding very rapidly in recent years. In 1945 the wheat harvest of the region was 20,000 tons; in 1957 it was 600,000 tons. In the Yaqui valley alone cotton production in 1949 was 1,000 tons; by 1957 it was 50,000 tons. Between December and May of each year 7,000 car loads of fresh vegetables now make the rail journey northward to the markets of the United States.

These results have been obtained by applying large-scale irrigation to fertile coastal lands which had previously suffered from long droughts alternating with floods sweeping down from the Sierra Madre to the sea. Three million acres of irrigated land are under cultivation, and this area is now being doubled. Where a few years ago the arid plain stretched to the sea, there are now heavy crops of cotton, corn, sugar cane, vegetables and fruit.

The main transport artery of this region is the Pacifico Railroad, whose single track stretches 1,100 miles from Nogales on the Arizona border southward to Guadalajara. In 1953 the railroad was in a dilapidated condition. Most of the embankment had been washed out or had disappeared;

the right of way was overgrown; there was practically no ballast; 40% of the ties required immediate replacement. These conditions caused many train derailments and brought traffic speeds down as low as six miles an hour.

This was the condition of the Pacífico Railroad when it received a loan of \$61 million from the Bank in August 1954. The purpose was to finance a complete rehabilitation program, based on a survey of the needs of the railroad as outlined by a United States firm of consulting engineers. By November 1957, with the help of the latest in rail-laying, tamping and ballasting machinery, new ballast had been applied to almost the entire length of the road bed and the line had been relaid. During the most intensive periods of construction there were 1,825 men working under contract, in addition to the 2,000 employees of the railroad who also participated. Bridge and trestle repairs were other large tasks and permanent structures had been built to replace temporary sections in the bridges over several of the largest rivers. In places the line had been relocated to do away with sharp curves and unduly steep gradients.

Where previously the Pacífico Railroad had owned very little freight equipment of its own, it now has over 1,600 new steel boxcars. More than 60 diesel electric locomotives are in service. A new telegraph communication system has also been installed to handle modern railroad operations. The new Pacífico Railroad operates in ways which are novel to the employees, but the men who had worked all their lives with steam have successfully taken over the operation, maintenance and repair of the diesels. The numbers of maintenance shops and of the workers in them have already been reduced, and possibilities exist for still more economies in this field. Now that the steam locomotives have gone, the six repair centers which were needed in the Sonora Province alone have been reduced to three, and two of these carry out lubrication rather than repairs.

Copper from Cananea near the United States border now makes the journey to Guadalajara in

eight days, compared with 50 days previously. Agricultural produce, which took almost as long for the journey in 1952, now takes about three days.

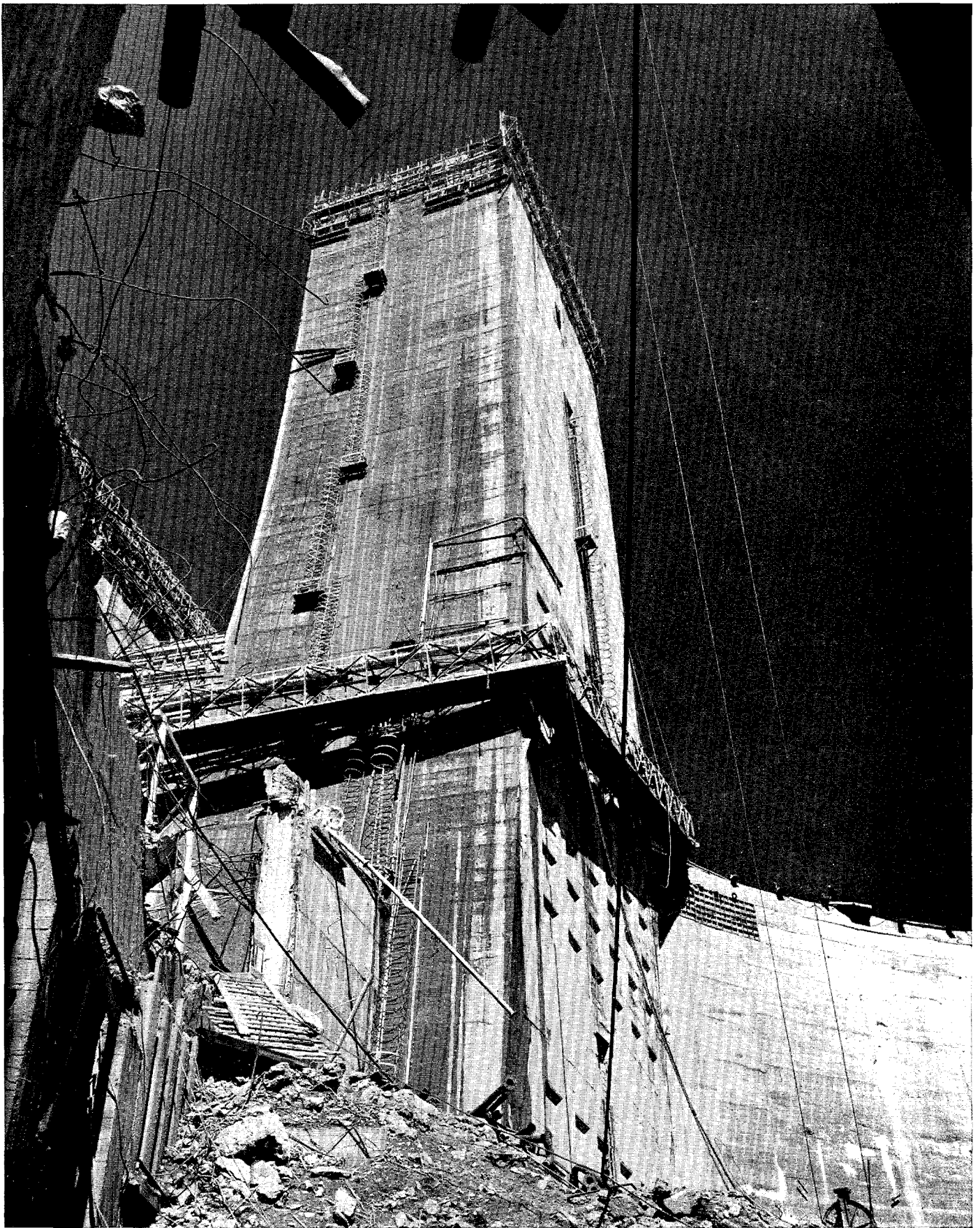
When the Bank loan to the Pacífico Railroad was signed in 1954 it was the largest that the Bank had yet made for a single project. The Loan Agreement allowed a 5-year grace period before any repayment of principal became due. Four of these five years have now elapsed; the railway has already been rebuilt and is bringing new prosperity to northwestern Mexico.

#### POWER FROM THE ZAMBEZI

Two years ago the Bank took part in an international financing operation which enabled the new Federation of Rhodesia and Nyasaland to arrange for work to begin on the first stage of the Kariba hydroelectric power scheme, one of the largest projects of its kind now being built anywhere in the world. The finance arranged for was \$225 million, a very large commitment for a newly developing economy such as that of the Federation. The Bank's own loan of \$80 million, just over one-third of the total cost, is the largest the Bank has made in Africa and is the largest it has made for a single project.

The decision by the Federation to embark on this gigantic operation was the result of many years of study and investigation. The need arose from the continued expansion of the Federation's economy, an expansion based on the exploitation of her rich mineral resources, but also involving many other sectors. The Federation is already the world's second largest copper producer and also has large resources of other minerals including gold, lead, asbestos, chrome and coal. Its important agricultural crops include tobacco and tea, and its main urban centers are already coming to have their own consumer industries.

The key to further growth is an adequate supply of electric power. In the rich copperbelt of Northern Rhodesia, for example, mining operations depend on power not only for extraction and processing but also for pumping to keep the mine shafts and galleries from being flooded. The industrial develop-



*The concrete arch dam being constructed across the Zambezi, at the Kariba Gorge, will be 420 feet high. Already the main blocks tower nearly 200 feet above the base of the cofferdam.*

ment of other parts of the Federation is equally dependent on adequate power. Indeed, the first Bank loan to Rhodesia was made in 1952 to finance the installation of new thermoelectric capacity totaling 230,000 kilowatts. But power demand has been growing very fast. It was estimated in 1956 that 650,000 kilowatts of extra capacity would be needed by 1965 and at least 1,100,000 kilowatts by 1972.

Fortunately, the Federation has large potential power resources. Coal is already mined in quantity in the southwestern part of the country—but it is a long haul from there to the copperbelt of the north. In these circumstances the Government turned to the large hydroelectric potential of the country. Of the two best possibilities one was the Kafue project; the other, the Kariba project, called for a high dam across the great Zambezi River 200 miles downstream from the Victoria Falls. Over most of the year the flow of the Zambezi through the Kariba Gorge is relatively low. But a high dam there would create such a large storage reservoir as to provide ample water to generate very large quantities of power the year round. Indeed, the main question about Kariba was not whether it could produce the power needed, but whether it was too big and too costly for the Federation.

This question was submitted to lengthy and exhaustive examination by experts from several countries, and agreement was reached that the scheme could be brought into manageable proportions by being spread out over several stages. This plan also has the advantage that the new power will become available in pace with the demand. The first stage, which would be the most expensive, involved the construction of a dam and the installation of 600,000 kilowatts of capacity, or half the power potential; a second power house and additional generators would be installed in later stages. Accordingly, construction began on the first stage in the summer of 1956.

It was natural with so large a project that the spectacular flood which swept down the Kariba

Gorge in February and March of this year should have attracted considerable public attention. The flood was indeed exceptional. At its peak the flow of the Zambezi at Kariba was twice as great as had ever been recorded before. Its height was such that it swept away the road bridge and the footbridge across the Gorge. It submerged the 140-foot high cofferdam which had been erected in mid-stream to enable work to proceed on building the permanent dam structures there. It flooded parts of the working area on the river banks and expensive equipment had to be moved hastily to higher levels.

But the flood was not as serious in its effects as might have been expected. Work continued normally almost throughout on raising the sections of the dam which were above flood level. By the end of May concreting had begun on 11 new blocks of the permanent structure on the banks of the river, a leak in the cofferdam had been stopped and work had begun on pumping it dry. Before the middle of June, concreting was once more in progress within the same cofferdam which had been under water in March. Work on the underground power house was stopped for only ten days during the peak of the flood. And, of course, construction continued as usual on the many other parts of the project, including the hundreds of miles of transmission lines to the copperbelt and to Southern Rhodesia.

It is estimated that the actual cost of the damage, and of a program to accelerate the work to make up for the time lost, was about \$4 million. With other small revisions which have been made in the project as a whole, however, the present estimate of its cost is still within \$3 million of the original estimate of \$225 million, including a reserve for contingencies, made in 1956.

Most important of all for the Federation, it is now clear that the turbines and generators will be installed as soon as they are received from the manufacturers. And Kariba power is confidently expected to flow to the waiting mines of the copperbelt by the date originally planned.

## TECHNICAL ASSISTANCE

The Bank continued to be active during the year in meeting the requests of member governments for various kinds of technical assistance. Resident representatives remained in five member countries—Ecuador, Haiti, Honduras, Panama and Peru—to give general advice to the governments on development problems. Other Bank staff members, primarily responsible for matters arising from lending operations but also available for assistance on economic policy and problems, were stationed in India, Iran, Pakistan and Thailand.

The general survey mission to Thailand described in last year's Report began its work in July 1957 and finished its assignment in the summer of 1958. To train a staff qualified to carry on the work started by the mission, the Government selected a group of Thai officials to cooperate closely with the mission throughout the year. This arrangement, and the fact that the mission will have spent a full year in the field, has enabled some action to be taken on the basis of the mission's recommendations even before completion of the final report. It has also made it possible for the Bank mission to assist the Government in preparing for the implementation of other recommendations.

An agricultural survey mission to Peru, organized jointly by the Bank and the Food and Agriculture Organization of the United Nations, began its field work in June.

The Bank's interest in the establishment of development banks in its member countries led to increased activity in this field during the year. Studies were completed of development banks in a number of countries as a start towards assembling data which would make possible useful comparisons on the policies and practices of these institutions. In May the Bank sponsored a one-week conference in Washington of development bank executives from institutions in Brazil, Ceylon, Chile, France, India, Mexico, Pakistan, Puerto Rico, South Africa, Turkey and the United Kingdom. The purpose of this conference was to give all concerned an opportunity to exchange views on every facet of development

bank operations, and the discussions provided a great deal of new information both to the participants and to the Bank.

The conference was held in the premises of the Economic Development Institute, the staff college established by the Bank in 1955 to provide courses on economic management for senior officials of the less developed countries. The third course of the Institute was held from September until the end of March, and was attended by 22 officials concerned with economic development work in government departments, planning authorities and central banks of 18 countries. This was the last course to receive the financial support which had been given by the Ford and Rockefeller Foundations to meet half the cost of the first three courses. The decision was taken by the Executive Directors of the Bank during the year that since the Institute had established itself as of continuing value to the member countries of the Bank, it should be maintained as a regular part of the Bank's activities and at the Bank's expense. A further group of over 20 participants has already been accepted to attend the fourth course, which will run from October 1958 until April 1959.

The year also saw the first publication of documents in use at the Institute. The first was a text book on *Development Banks* by William Diamond. The book was published in the autumn of 1957 by The Johns Hopkins Press and has already been translated into other languages. Its author is a member of the Bank's staff who served with the Institute for its first three courses.

A second publication was *The Design of Development* by Professor Jan Tinbergen of the Netherlands School of Economics. This book also was published by The Johns Hopkins Press and was written while its author was serving as an economic consultant to the Bank.

During the year, eight senior officials from member countries came to the Bank for specialized training in Finance, Taxation, Technical Assistance and Monetary Policy. A total of 49 officials from 25

countries have received such training at the Bank in the past eleven years. On a more junior level, there were nine participants in the Tenth General

Training Program. Since the inception of this program 82 participants from 52 countries have completed the course.

## MEMBERSHIP, LIAISON AND STAFF

Seven countries joined the Bank during the year. The first two were Ireland, with a capital subscription of \$30 million, and Saudi Arabia, with \$10 million; both joined in August 1957. The other five countries had all recently gained their independence. They were Ghana, with a capital subscription of \$15 million, and the Sudan, with \$10 million, which joined in September 1957; Malaya, with \$25 million, which joined in March 1958; Tunisia, with \$12 million, and Morocco, with \$35 million, which joined in April 1958. At the close of the fiscal year the Bank's subscribed capital was \$9,405 million.

These additions increased Bank membership to 67 countries; notice was, however, received from the United Arab Republic that Egypt and Syria had been merged into one country, entitled to a single membership in the Bank. The applications for membership of Libya and Spain have been approved, subject to completion of the necessary steps.

The President of the Bank presented a report of its activities to the meeting of the Economic and Social Council of the United Nations in New York in April, and the Bank collaborated on various United Nations projects that were in progress during the year. One was a mission to study the economic potential of the Mekong River in South East Asia, for which the Bank made available Lieutenant General R. A. Wheeler, who serves as an engineering consultant on its staff and acted as head of the mission.

The Bank was also brought into consultation during the year by the United Nations on the plans which were being made to set up the new United Nations Special Fund. The function of this new organization, whose establishment has been approved by the General Assembly, will be to enlarge the scope of existing United Nations programs of technical assistance by providing systematic and sustained support for special projects which are likely to facilitate capital investments. The projects to be

financed will normally take the form of surveys, research and training, or demonstration projects. Under proposals made by a Preparatory Committee charged with responsibility for drawing up plans for the Special Fund, the President of the Bank would serve, together with the Secretary General of the United Nations and the Executive Chairman of the Technical Assistance Board, on a Consultative Board to advise the Managing Director of the Special Fund in connection with the examination and appraisal of project requests and proposed programs.

As occasion arose in its operations the Bank also continued to cooperate with the International Monetary Fund and other specialized agencies. It was represented, as in previous years, at meetings of other international bodies, including the regional commissions of the United Nations, the Organization of American States, the Colombo Plan Organization, and the Bank for International Settlements.

On June 27, 1958, the Executive Directors reappointed Mr. Eugene R. Black as president of the Bank for a further term; the new terminal date is May 1, 1963. This was the second extension of Mr. Black's presidency, which has now encompassed nine of the twelve years of the Bank's operations. Mr. Black served for two years as the United States Executive Director of the Bank before being appointed President in 1949 to succeed Mr. John J. McCloy.

At the end of the year the regular staff of the Bank numbered 582, compared with 542 a year previously. Staff members are selected on the basis of their qualifications for the work required, but care is also taken to ensure a wide international variety of outlook and experience. The staff now includes nationals of 48 countries, compared with 42 a year ago. In addition, 40 consultants from 11 countries were engaged for special assignments during the year.

The information in this Annex describes loans and other Bank activities during the year. Loans to borrowers other than member governments carry the guarantee of the governments concerned. Interest rates shown include the 1% commission which is allocated to the Bank's Special Reserve. In the loan tables at the beginning of each geographical area, the amounts are expressed in United States dollars and are net of cancellations and refundings.

## A F R I C A

Country	Loans During Year	Cumulative Totals	
		Number	Amount
Algeria	—	1	\$ 10,000,000
Belgian Congo	\$ 40,000,000	2	80,000,000
East Africa	—	1	24,000,000
Ethiopia	—	4	23,500,000
French West Africa	—	1	7,091,567
Nigeria	28,000,000	1	28,000,000
Rhodesia and Nyasaland	19,000,000	4	141,000,000
Ruanda-Urundi	—	1	4,800,000
Union of South Africa	25,000,000	6	160,200,000
Totals	\$112,000,000	21	\$478,591,567

### PRESIDENT'S VISIT

In March 1958 the President of the Bank visited the Belgian Congo, the Union of South Africa, Northern and Southern Rhodesia, Tanganyika, Kenya, Uganda and Sudan to meet government officials and business leaders and to acquaint himself at first hand with economic progress in these countries. The visit was similar to those made by the President to 47 other member countries and territories over the past several years.

### BELGIAN CONGO

#### HIGHWAY LOAN

**\$40 million 18-year 6% loan of November 27, 1957**

**BORROWER • Belgian Congo**

**GUARANTOR • Belgium**

**PROJECT • Road construction and improvement**

forming part of the Congo's Ten Year Development Plan.

The project consists of the construction of 750 miles of new highways, the improvement of 560 miles of existing roads and the preparation for mechanized maintenance of a further 2,060 miles. The loan will cover the cost of imported equipment, materials and services during the four years 1957-1960.

The Congo's present transport system is geared mainly to the export trade, and is based on river navigation and on railroads which lead from river ports into regions producing minerals and agricultural commodities. Most of the roads radiate short distances from cities, providing farm-to-market communications. In recent years road traffic has increased rapidly with the growth of the internal market and the improvement of farming methods. The road program now being undertaken will encourage the change from subsistence agriculture to the cultivation of cash crops, open up tracts of unused land, and make possible a better and cheaper food supply for the urban population.

**PARTICIPATION •** \$6,497,000 maturing between 1961 and 1963, by 14 investment institutions which included The Royal Bank of Canada; The Chase Manhattan Bank; Brown Brothers Harriman & Co.; The New York Trust Company; The First National City Bank of New York; Belgian-American Banking Corporation, New York; and Swiss Credit Bank, New York Agency.



## EGYPT

Accounts appear on page 6 of the Bank's role in the settlement of compensation claims arising out of the nationalization of the Suez Canal, and of Bank assistance in drawing up plans for increasing the capacity of the Canal.

## ETHIOPIA

Bank staff members went to Addis Ababa in January 1958 to discuss ways to strengthen the technical staff of the Ethiopian Development Bank. At the suggestion of the International Bank, the Development Bank entered into an agreement with the Herstelbank of the Netherlands under which the Herstelbank will help to find qualified professional staff for the Development Bank and will assist it in other ways. The services of the Herstelbank and of the additional staff will be partly financed by the United Nations Technical Assistance Administration.

During the year the International Bank approved two more loans totaling \$46,000 under the \$2 million credit extended to the Ethiopian Development Bank in 1950. A total of \$1.6 million of this credit had been utilized at the end of the fiscal year.

## NIGERIA

### RAILWAY LOAN

**\$28 million 20-year 5¾% loan of May 2, 1958**

**BORROWER** • Federation of Nigeria

**GUARANTOR** • United Kingdom

**PURPOSE** • To assist the Nigerian Railway Corporation in carrying out a program, extending from 1955 to 1960, to improve the railway system, and in building a new line into the northeastern provinces of Bauchi and Bornu.

Under the five-year program, the Corporation is importing 28 mainline diesel electric locomotives and other rolling stock including some 1,400 freight cars. About 240 miles of main track are being relaid; new stations are being built, yards and other terminal facilities are being extended and improved, workshops modernized and communications improved.

The new rail line will extend 400 miles from the vicinity of Jos on the central plateau to Maiduguri near the frontier of French Equatorial Africa. It is scheduled for completion in 1963. The total cost of the whole program is estimated at the equivalent of \$116 million, of which the Bank's loan will finance about one quarter.

Nigeria, with a population of 34 million, covers an area of about 373,000 square miles. Its 1,780 miles of railway lines form the backbone of the transportation system, linking the productive inland regions with the Atlantic Ocean ports of Lagos and Port Harcourt. The rapid rise in production and trade since World War II has placed an increasing burden on the railways. In the last five years alone, freight carried by rail has risen by more than half to 2,050,000 tons a year. The current program will relieve this pressure by increasing carrying capacity, speeding up train movements and improving some sections of the permanent way to carry heavier loads.

The northeastern region is potentially rich and well suited to the production of peanuts and cotton for export and grains and livestock for the domestic market. At present, only a fraction of its potential is realized because of inadequate transportation; the new line will open up the region to expanded production and trade.

## RHODESIA AND NYASALAND

### RAILWAY LOAN

**\$19 million 18-year 5¾% loan of June 16, 1958**

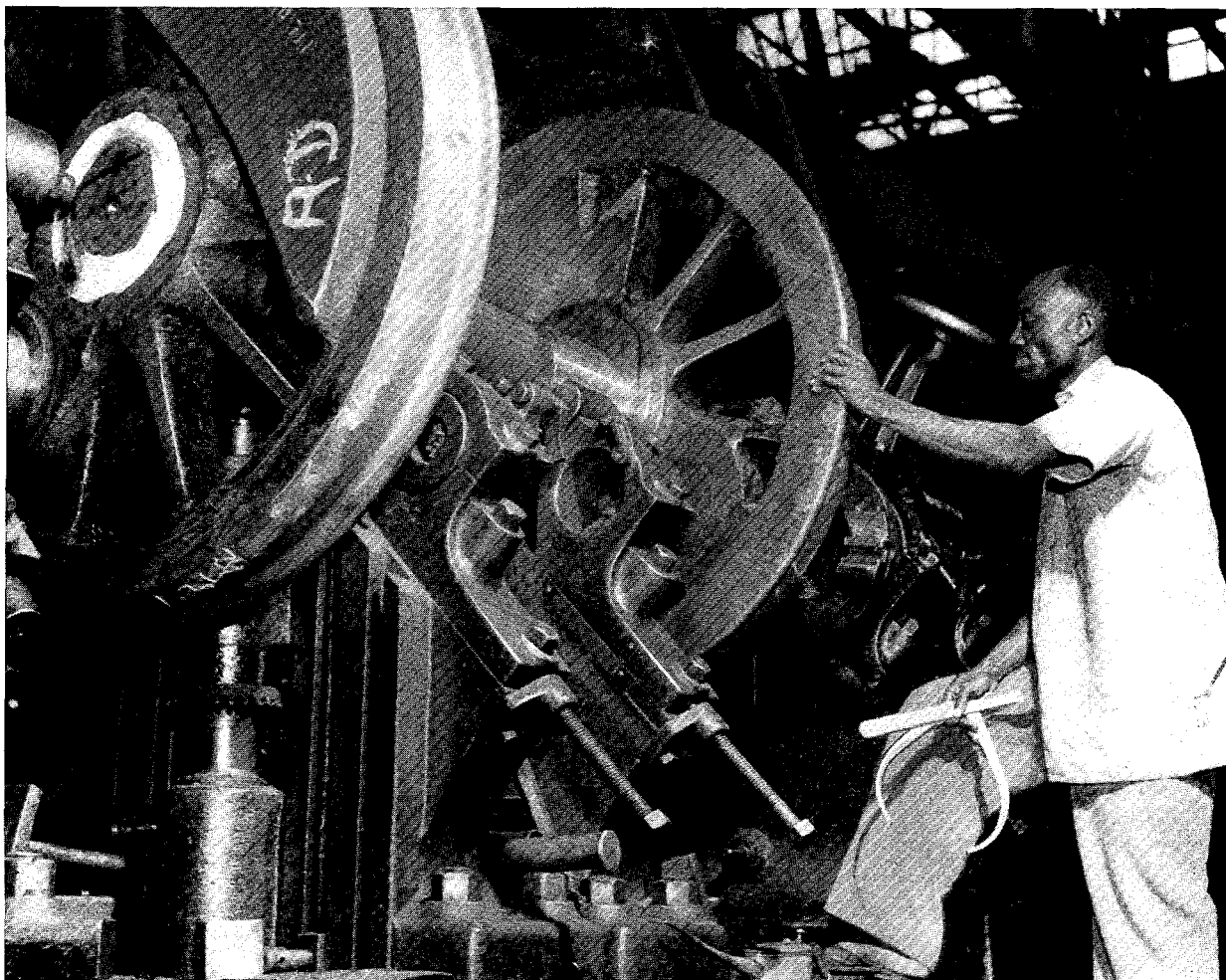
**BORROWER** • Federation of Rhodesia and Nyasaland

**GUARANTOR** • United Kingdom

**JOINT TRANSACTION** • At the time the loan was made the Federation also borrowed \$6 million in New York through a bond issue offered to the public by an investment banking group headed by Dillon, Read & Co., Inc. The proceeds of the issue will provide part of the funds required for general development programs in the Federation.

**PURPOSE** • The Bank loan will help to finance a modernization program being carried out by the Rhodesia Railways, an agency of the Federal Government.





*A Nigerian machinist finishes the axle of a locomotive wheel in a railway workshop in Lagos. Workshop modernization is included in a program to reequip and extend Nigeria's railways.*

The Federation, a land-locked territory, is heavily dependent on the railways both for internal transportation and for access to the sea. The railroad network connects the main industrial and commercial centers of Southern and Northern Rhodesia, and it links the Federation with the railroads and principal ports of Mozambique, of the Union of South Africa and of Angola.

A Bank loan of \$14 million was made in 1953 to help expand the capacity of the railways to meet the growing burdens imposed on them by the rapid development of production and trade after the war. The present need is to improve efficiency of operation rather than to add substantially to carrying capacity. Accordingly, the program for 1957-62 provides for improvements in permanent way, the extension of centralized traffic control, and the acquisition

of larger locomotives to pull heavier trains and of a few specialized types of rolling stock.

The Bank's loan will be applied to expenditures on the program during 1958-60; in this period, outlays are expected to total the equivalent of \$70 million. The loan will be used to purchase diesel and steam locomotives, equipment for centralized traffic control, rails, coaches, refrigerator cars, machine tools and other imported equipment and materials.

## **SOUTH AFRICA**

### **RAILWAY LOAN**

**\$25 million 10-year 5¾% loan of October 1, 1957**

**BORROWER • Union of South Africa**

**JOINT FINANCING •** The loan was made concurrently with arrangements for a \$20 million revolving credit

for the Union from a group of seven United States commercial banks. Half of the revolving credit was in replacement of an earlier credit. A public issue of \$15 million of South African bonds was sold on the New York market in January 1958, the proceeds being applied to the same purpose.

**PURPOSE** • The Bank loan and the \$10 million of additional funds from the revolving credit are being used to help finance the continuing expansion program of the South African Railways and Harbours Administration during the three-year period ending March 31, 1960. Capital expenditures during this period are estimated at the equivalent of \$540 million, of which about \$280 million will be spent abroad. The program will make possible an increase in line and yard capacity, the electrification of 450 miles of track and the introduction of diesel traction. The rolling stock to be purchased includes about 200 electric locomotives, 155 motor coaches,

375 trailers, 135 diesel and 70 steam locomotives, 1,100 coaches and 19,000 freight cars.

The railways carry by far the larger portion of total traffic in South Africa and have been a major factor in the country's economic development. Since World War II the growth of the economy has been particularly marked in those sectors requiring the movement of large quantities of bulk freight such as iron, steel and coal, construction materials, base metals and agricultural commodities. Bulk freight has increased by more than half since 1945 and totaled some 75 million tons in 1955-56. The current expansion program will substantially increase the carrying capacity of the railways and thus provide a basis for further economic development. This loan is the fourth made by the Bank for the Administration's program and brings the total of transportation loans, mainly for railway improvement, to \$100.2 million.

## ASIA AND THE MIDDLE EAST

Country	Loans During Year	Cumulative Totals	
		Number	Amount
Burma	—	2	\$ 19,350,000
Ceylon	—	1	17,372,250
India	\$165,510,000	18	397,104,313
Iran	—	1	75,000,000
Iraq	—	1	6,293,946
Japan	77,000,000	11	151,963,709
Lebanon	—	1	27,000,000
Pakistan	49,200,000	9	126,450,000
Philippines	21,000,000	1	21,000,000
Thailand	66,000,000	6	106,800,000
Totals	\$378,710,000	51	\$948,334,218

### CEYLON

The Bank, together with the United Nations Technical Assistance Administration, continued to provide a director and, for most of the year, another senior officer for the Ceylon Institute of Scientific and Industrial Research.

### INDIA

#### RAILWAY LOANS

**\$90 million equivalent under four 15-year 5% loans of July 12, 1957**

**BORROWER** • India

**FOUR LOANS** • The Loan Agreement embodies four different loans as follows: 8,640,000,000 Japanese yen (\$24 million equivalent); 6,825,000 pounds sterling (\$19.1 million); 7,000,000,000 Italian lire (\$11.2 million); and United States dollars and various other currencies equivalent to \$35.7 million.

**PURPOSE** • To assist in financing a five-year program to modernize and develop the Indian Railways. The Bank's loans will be applied to the purchase abroad of 500 locomotives, 10,000 freight cars, rails and other materials and equipment.

The railways are by far the most important form of transport in India, and carry large volumes of long-haul traffic that highways, rivers and coastal

shipping cannot handle. Improvement of the railway system is vital to the success of the Second Five Year Plan now under way. During the five years of the first Plan, which ended in March 1956, freight carried by rail grew by one-fifth, reaching 115 million tons a year. Growing production and trade continue to put increasing pressure on the railways. The aim of the current railway program is to increase freight capacity by 40%, from 115 million to 162 million tons a year by 1961, and to increase passenger capacity by about 15%. The total estimated cost of the program is equivalent to \$2,363 million, of which \$893 million will be required in foreign currencies.

#### LOAN FOR STEEL PRODUCTION

**\$32.5 million 13½-year 6% loan of November 20, 1957**

**BORROWER** • The Tata Iron and Steel Company, Limited

The privately owned Tata Company has the largest integrated steel mill in Asia and accounts for more than two-thirds of India's present steel production. The mill is situated at Jamshedpur, 150 miles west of Calcutta, and the Company's own iron ore and coal mines are nearby.

**PROJECT** • Completion of a modernization and expansion program to raise steel ingot capacity to two million tons annually, compared with 1.1 million tons in 1950, and to raise the output of finished and semi-finished steel to 1.5 million tons.

The Company embarked on this program in 1951 and in 1956 began still further additions to plant. In June 1956 the Bank made a loan of \$75 million for additions started in that year; the most recent loan will help the Company to bring the whole program to completion. The main installations to be completed are a battery of coke ovens, an ore crushing and sintering plant, a blast furnace, increased converter and open hearth capacity, a blooming mill, a continuous sheet-bar and billet mill and a structural mill. All major installations should be operating by the end of 1958, and the full program should be completed in 1960, at a total cost equivalent to \$250 million.

Production costs of Indian steel are among the lowest in the world, mainly because of the convenient location of abundant sources of coal, high-quality iron ore and other materials. Approximately half of India's requirements of finished steel are now imported and the use of steel is growing rapidly. The expansion of production has therefore been given high priority in the Second Five Year Plan. The aim is to bring domestic output abreast of demand by the end of March 1961. The expansion program of the Tata Company will contribute substantially to this increase.

**PARTICIPATION** • \$15 million maturing between 1960 and 1962 by nine United States and Canadian commercial banks. This was the largest participation ever taken in a Bank loan. The participants were Bank of America, The Chase Manhattan Bank, The First National City Bank of New York, The Royal Bank of Canada, Chemical Corn Exchange Bank, Manufacturers Trust Company, The Northern Trust Company, The Philadelphia National Bank and The National Bank of Washington.

#### PORT LOANS

**\$29 million 20-year 5½% loan of June 25, 1958**

**BORROWER** • Commissioners for the Port of Calcutta

The borrower is an autonomous authority which operates the Port of Calcutta subject to the general control of the Government of India.

**PROJECT** • Rehabilitation and improvement of the Port of Calcutta to relieve ship congestion, expedite the handling of cargo and improve general operating efficiency.

The main works include the improvement of berthing capacity, extension of the railway marshalling yard, replacement of harbor craft, the building of additional transit and storage facilities, the provision of electric cranes and mechanical cargo-handling equipment, and dredging and river training works to improve navigation on the most difficult stretch of the Hooghly River on which ships pass to the port. The estimated total cost is equivalent to \$59 million; the Bank's loan will cover the foreign exchange requirements.

The Port of Calcutta serves not only India's largest city but also a large hinterland which contains some of the most important agricultural and industrial regions in the country—the Damodar Valley and much of the Ganges Valley. The area served is the site of practically all India's iron and steel plants, its jute mills, numerous engineering and chemical industries, locomotive factories and a variety of other industries based on local raw materials. It also produces most of India's tea and more than half its rice, lac and oilseeds, and contains most of India's coal and iron ore deposits. Traffic through the Port now totals about nine million tons annually and accounts for nearly half the value of India's imports and exports other than petroleum. The rehabilitation now being undertaken with Bank assistance will not only relieve congestion but enable the port to handle nearly two million tons of additional traffic annually. However, this new capacity is expected to be fully utilized by the end of the construction period in 1962. The port will probably continue to be threatened with congestion and the Port Commissioners are now making a study of how to provide additional capacity for the future.

**PARTICIPATION** • \$1,113,000 maturing in 1963, by Bank of America and The Chase Manhattan Bank.

**\$14 million 20-year 5½% loan of June 25, 1958**

**BORROWER** • Trustees of the Port of Madras

The borrower is an autonomous authority which operates the Port of Madras subject to the general control of the Government of India.

**PROJECT** • Modernization and expansion of the Port of Madras so that it can handle four million tons of traffic annually, or half again as much as current traffic.

The main improvements being undertaken include the construction of a new ship basin large enough to accommodate six new berths, of which only two will be fully equipped initially; construction of two other new berths, one for handling coal and the other for ore; reconstruction and re-equipping of two general cargo berths, improvement of a third berth to accommodate both passengers and cargo; the

building of a new railroad marshalling yard, new transit sheds and other buildings; acquisition of modern cargo-handling equipment and of additional floating craft. The total cost of the project is expected to be equivalent to \$32.2 million; the Bank's loan of \$14 million will cover the foreign exchange requirements.

Madras, on the southeast coast, is the third largest port of India, now handling over 2½ million tons of traffic annually. Since the war, the number of ships using the port has increased by 30%. Bulk exports of manganese ore have grown to almost half a million tons a year; and imports of general cargo have risen markedly, especially iron and steel, machinery, chemicals and fertilizers. This growth has been accompanied by a change in the composition of traffic, causing serious congestion and necessitating new methods of handling. Unlike Calcutta, where the improvements will solve only the immediate problem of congestion, the port of Madras is being expanded to accommodate the expected growth in traffic for the next ten years or more. Both the Calcutta and Madras port projects are important elements in India's Second Five Year Plan in which improvement of transport, especially of major ports and railways, has been given high priority.

**PARTICIPATION** • \$592,000 maturing in 1963, by Irving Trust Company.

#### OTHER ACTIVITIES

The Bank stationed a resident representative in India during the year to be available for consultation on matters of interest to the Bank and the Government.

#### IRAN

The agreement between the Bank and the Plan Organization has been extended so that the Bank will continue to recruit foreign experts for the Organization's Technical Bureau until April 30, 1959, and the arrangements for payment of such personnel by the Bank with funds provided by the Organization will continue to April 30, 1961. The Bank staff member who had been serving as Chief of the Organization's Technical Bureau since 1955 was



*This spider's web of girders shows an early stage of construction of a strip mill, now nearly completed, at the integrated steel plant of the Kawasaki company at Chiba, in central Japan.*

replaced by another staff member who was given leave of absence to serve in this capacity.

The Bank maintained a resident representative in Iran throughout the year.

#### I R A Q

A staff member, on leave of absence from the Bank, has been serving as economic adviser to the Development Board since September 1957.

#### J A P A N

##### LOAN FOR MULTIPURPOSE PROJECT

**\$7 million 20-year 5¾% loan of August 9, 1957**

**BORROWER • Aichi Irrigation Public Corporation**

The Corporation is a government agency formed in October 1955 to plan and execute a program for

irrigation, water supply and power in the Aichi region of central Japan.

**PROJECT •** The execution of the Aichi multipurpose program. Under the program, a dam and regulating reservoirs will be built to impound 117 million cubic yards of water; a 68-mile main canal and about 780 miles of secondary canals, as well as irrigation works, will be constructed to bring water to about 30 thousand farms. Also included is the construction of a 10,000-kilowatt electric power plant and canals to bring water to municipalities.

The program will make possible the production of about 200,000 tons of additional food crops annually, will supply drinking water to many towns and villages, provide more water for industry in three cities including Nagoya, Japan's third most

important industrial city, and increase the power supply of the region. The program is expected to take four years to complete, at a cost equivalent to about \$100 million. The Bank's loan is paying for the importation of heavy earth-moving equipment, the services of irrigation and construction consultants, and the training abroad of key personnel in the techniques of ridge-land irrigation.

The most important feature of the program will be the perennial irrigation of 42,000 acres of land already under paddy and of 40,000 acres of upland areas. This will be Japan's first attempt to irrigate ridge lands, and the experience gained in the Aichi region will demonstrate whether it will be feasible to use the same techniques on very much larger areas of similar land in southern Japan. If this is possible, the development at Aichi will have made an even more significant contribution towards improving Japan's food supply.

**PARTICIPATION** • \$721,000 maturing between 1961 and 1963, by The First National City Bank of New York.

#### LOAN FOR STEEL PRODUCTION

**\$8 million 14-year 5% loan of January 29, 1958**

**BORROWER** • The Japan Development Bank

The Japan Development Bank is the government agency which supplies long-term credit for industrial development in Japan. It is re-lending the proceeds of the loan to the privately owned Kawasaki Steel Corporation, one of Japan's leading steel manufacturers.

**PURPOSE** • Expansion of blast furnace facilities to increase pig iron production from 324,000 to 684,000 tons a year.

Kawasaki is constructing finishing facilities at its Chiba plant near Toyko to make it a fully integrated producer and one of the most modern and efficient in Japan. A Bank loan of \$20 million, made in 1956, is helping to finance the construction of hot and cold strip steel mills. The mills are expected to go into operation in August 1958, nearly eight months ahead of the original schedule.

This year's loan is helping to finance the construction of a second blast furnace, together with a

battery of 60 coke ovens and related facilities. Apart from reducing Kawasaki's dependence on imported scrap, the increase in the production of molten iron will raise the effective capacity of the company's steel furnaces and make possible the production of more finished goods without further investment in steel-making equipment. The estimated cost of the new facilities is equivalent to \$20 million and the Bank's loan will finance about 40% of this total.

**PARTICIPATION** • \$734,000 maturing in 1960 and 1961, by The First National City Bank of New York, Manufacturers Trust Company and Grace National Bank of New York.

#### ELECTRIC POWER LOANS

**\$37 million 25-year 5% loan of June 13, 1958**

**BORROWER** • The Japan Development Bank

The Japan Development Bank will re-lend the proceeds of the loan to the privately owned Kansai Electric Power Company, whose plants now account for about one-fifth of Japan's total power supply.

**PROJECT** • Construction of a hydroelectric installation on the Kurobe River in the Central Range of the Japan Alps on the island of Honshu.

The project consists of the construction of a dam 610 feet high and an underground power station with 258,000 kilowatts of capacity. The new reservoir to be created by the dam will enable Kansai's existing stations downstream to increase their output of power substantially. The total cost of the project is estimated at the equivalent of \$118 million. The Bank loan will cover foreign exchange expenditures totaling \$6.7 million; the remaining \$30.3 million of the loan will be applied to domestic expenditures.

The Kansai Company is one of the larger private power companies in the world; installed generating capacity in its system now totals 2.8 million kilowatts. The Company serves the chief industrial region, including the cities of Kobe and Osaka, where the main industries are metals, machinery, chemicals, ceramics, textiles and shipbuilding. In the area, the demand for electricity is steadily growing, and the Kurobe project is part of a program which the Company is carrying out to increase by

over 80% its supplies of power during the next seven years.

**PARTICIPATION** • \$1,070,000 maturing in 1962 and 1963, by Bankers Trust Company and Continental Illinois National Bank and Trust Company.

**\$25 million 25-year 5% loan of June 27, 1958**

**BORROWER** • The Japan Development Bank

The Japan Development Bank will re-lend the proceeds of the loan to the privately owned Hokuriku Electric Power Company which serves an area centered around the city of Toyama on the western coast of Honshu Island.

**PROJECT** • Hydroelectric installations on the Joganji River on Honshu which will add 261,000 kilowatts to the company's generating capacity.

The project is the principal part of an expansion program which Hokuriku is carrying out to add up to 700,000 kilowatts of new generating capacity to its system in the next five years. It consists of the construction of a dam at Arimine on the Joganji River to create a reservoir about 3,280 feet above sea level. Five new power stations will be built at successively lower elevations along the river, and an existing plant will be expanded. The plants are already under construction and are scheduled to be in full operation in 1961. The total cost of the project will be equivalent to \$92 million, of which the Bank's loan, to be used for expenditures in Japan, will finance more than a quarter.

Most of the present installations of the Hokuriku company are run-of-the-river plants which, during seasons of high river run-off, have made possible the sale of large amounts of power at very low rates. This has attracted to the region many chemical and metallurgical industries which make intensive use of electric power. Power-intensive industries consume 60% of the power produced by the company, but can now operate only part-time because of seasonal changes in the supply of power. One of the objectives of Hokuriku's current program is to provide assured supplies of electricity so that these industries will be able to shift to year-round utilization of their plants.

**PARTICIPATION** • \$789,000 maturing in 1961 and 1962, by Girard Trust Corn Exchange Bank, Grace National Bank of New York, Brown Brothers Harriman & Co. and The Philadelphia National Bank.

**PAKISTAN**

**RAILWAY LOAN**

**\$31 million 15½-year 6% loan of October 18, 1957**

**BORROWER** • Pakistan

**PURPOSE** • To assist in the execution of a program to improve and expand the railway systems in East and West Pakistan.

In West Pakistan, where highway transportation is still at a comparatively early stage of development, the railways carry most of the bulk cargo such as wheat, cotton and cement. Commercial passenger traffic is about equally divided between rail and road. In East Pakistan, the railways carry about a third of the total traffic; most of the remainder is handled by the inland waterway system.

A loan of \$27.2 million made by the Bank in 1952 financed the introduction of diesel locomotives on both railway systems and the acquisition of other rolling stock. Diesel traction has made it possible to provide more efficient service and has resulted in substantial reductions in expenditures for imported fuel.

The current program is designed to make up arrears in maintenance and to meet new demands on railway services being created by increased agricultural and industrial production in the period of Pakistan's Five-Year Development Plan (1955-1960). The railway program provides for expenditures equivalent to about \$176 million, of which \$119 million is in foreign currency. In addition to the Bank loan, the program is also being assisted by foreign aid funds from the United States and a credit from the United Kingdom. About half the Bank's loan will be spent on freight cars and most of the balance will finance crossties and rails.

**PARTICIPATION** • \$850,000 maturing in 1961, by Bank of America and The First National City Bank of New York.

## LOAN FOR PRIVATE INDUSTRY

**\$4.2 million 15-year 5¾% loan of December 17, 1957**

**BORROWER** • The Pakistan Industrial Credit and Investment Corporation Limited

The Corporation was established in October 1957 to promote the growth of private industry in Pakistan. The main features of the Corporation were worked out in April 1956 when a Bank mission visited Pakistan, at the request of the Government and leading Pakistani industrialists, to explore the need for an industrial development institution and to study ways in which such an institution could be established. British, American and Japanese investors agreed to join with Pakistani investors in providing the equity capital for the new institution. Of the initial share capital of 20 million rupees (\$4.2 million equivalent), 12 million rupees were subscribed by Pakistani investors; 3 million rupees were subscribed by British investors (some of the Eastern Exchange Banks, a number of insurance companies, four industrial concerns and the Commonwealth Development Finance Company Limited); 3 million rupees were subscribed by American investors (Bank of America, Henry J. Kaiser Company, International Basic Economy Corporation, Transoceanic Development Corporation Limited, and others); and 2 million rupees were subscribed by 12 Japanese foreign exchange banks. In addition, the Government of Pakistan made a 30-year interest-free advance of 30 million rupees to the Corporation.

**FUNCTIONS OF THE CORPORATION** • The principal objectives of the Corporation are to assist in the expansion or modernization of small and medium sized industries and to help create new ones. For these purposes, the Corporation will make loans and equity investments, and will underwrite and distribute securities. It will also help private industries to obtain managerial, technical and administrative services and advice. As rapidly as is prudent, the Corporation will sell its loans and share holdings to other investors to recover its own capital for further investment. The proceeds of the Bank loan will be re-lent by the Corporation to private industrial enter-

prises to finance imported equipment, materials and services.

## ELECTRIC POWER LOAN

**\$14 million 20-year 5½% loan of April 23, 1958**

**BORROWER** • The Karachi Electric Supply Corporation Limited (KESC)

KESC is a public utility with shares held by the Pakistan Government and private interests. It is the sole supplier of power in the Karachi area.

**PURPOSE** • Construction of a 60,000-kilowatt steam power station, and further extension of transmission and distribution facilities in the Karachi area. The station will be built adjacent to a 30,000-kilowatt steam power plant constructed with the assistance of an earlier Bank loan. Both plants will normally use natural gas obtained from the Sui Gas Transmission Company, to which the Bank also made a loan for the construction of its 350-mile pipeline. The cost of the additional power facilities is estimated at the equivalent of \$21.5 million. The Bank's loan will provide the foreign exchange requirements, and the local currency costs will be met by KESC from retained earnings and the sale of shares.

The new plant will more than double the supply of power in the metropolitan area of Karachi, the capital, where population and industrial growth have brought about a continuing need for more power. In the last decade, the population has quadrupled to 1.5 million, and the city has become one of the chief manufacturing centers of Pakistan. Sales of power to residential consumers have increased five times and to industrial consumers, eight times. Until the new power plant comes into operation early in 1962, demand for power in Karachi cannot be fully met and rationing will continue to be in effect. It is expected that the capacity of the new plant will be absorbed by the end of 1963 and KESC will then need further additions to its power system.

**PARTICIPATION** • \$198,000 maturing in 1963, by Bank of America.

## OTHER ACTIVITIES

The Bank has maintained a resident representative in Pakistan during the year.



## PHILIPPINES

### ELECTRIC POWER LOAN

**\$21 million 25-year 6% loan of November 22, 1957**

**BORROWER • National Power Corporation**

The Corporation is a government entity responsible for the development of hydroelectric power resources of the Philippines.

**PROJECT • Construction of the Binga hydroelectric power project in northern Luzon.**

The project consists of the construction of a dam and reservoir on the Agno River, an underground power house with an installed capacity of 100,000 kilowatts, and transmission lines to Manila, about 120 miles to the south, and to various provincial areas. The total cost of the project is estimated at the equivalent of \$53 million. The Bank's loan is financing the imported equipment required, and the National Power Corporation has arranged to obtain the funds needed to cover local expenditures by sales of bonds in the Philippines.

Most of the power from the Binga plant will be used in the metropolitan area of Manila, where more than a million people now live. Demand for electricity in this area has been growing at the rate of 12% annually, but expansion of industry has been such that industrial consumption has been growing at twice that rate. While demand in the provinces is still small, it is developing rapidly. On Luzon alone, even after completion of the Binga project, it is estimated that an additional 300,000 kilowatts of capacity will be required over the next decade. The Binga project is the second of six plants which the Corporation plans to build to develop the potential of the Agno and Toboy rivers.

**PARTICIPATION • \$987,000 maturing between 1960 and 1962, by Bank of America and The Chase Manhattan Bank.**

## THAILAND

### LOAN FOR MULTIPURPOSE PROJECT

**\$66 million 25-year 5¾% loan of September 12, 1957**

**BORROWER • Yanhee Electricity Authority**

The Authority was established in September 1957

as an independent government agency. It will operate the Yanhee multipurpose project for the development of electric power, for the reduction of floods and for irrigation; it will also operate all major power generating plants and transmission facilities in central Thailand.

**PURPOSE • Financing the first stage of the Yanhee multipurpose project.** It consists of the construction of a dam 500 feet high on the Ping River in northwestern Thailand, a powerhouse with an initial installed capacity of 140,000 kilowatts, a switchyard and substations, and two transmission lines to Bangkok with a total length of 650 miles, which will supply 11 load centers en route. The total cost of this stage of the project is estimated at the equivalent of \$100 million; the Bank's loan will pay for imported equipment, materials and services.

The Yanhee project is the largest ever undertaken in Thailand and one of the largest of its kind in Asia. Electric power development is the most important element of the project. For several years Thailand has been suffering from an acute power shortage, particularly in Bangkok, the capital and largest city. To meet minimum needs before the Yanhee power plant comes into operation in 1963, additional thermal generating facilities are to be installed in the Bangkok area. Thereafter, more generators will be installed at Yanhee, in step with the growing demand for power, until the full capacity of 560,000 kilowatts is reached and the power grid is extended to 33 of Thailand's 71 provinces. The power generated by the project should be sufficient to meet most of Thailand's needs for the next 15 or 20 years.

The Yanhee project will also help to control floods which periodically cause severe crop damage in the Central Plain, will substantially benefit irrigation, and will improve river navigation. These are matters of great importance to Thailand which depends on agriculture, especially on rice, for a great part of its national income and its earnings from exports. The Yanhee reservoir will hold about 12 billion cubic meters of water, equivalent to half the storage of all 22 reservoirs in the system of the Tennessee Valley

Authority in the United States. Water will be available throughout the dry season to maintain a flow down to the large new irrigation system which has been constructed in the Chao Phya River basin with the help of a Bank loan of \$18 million made in 1950. The net value of increased agricultural production which will result from the prevention of flood damage and year-round irrigation of this area is estimated at about \$18 million annually.

#### OTHER ACTIVITIES

The general survey mission organized by the Bank started its work on July 1, 1957, and spent the entire fiscal year in Thailand working in close cooperation with a group of Thai experts on drawing up a long-range development program. Detailed recommenda-

tions on tax reform and economic development planning have been submitted to the Government, and at the end of the fiscal year, full reports on agriculture, irrigation and transport were to be presented soon. The general report was being drafted and will be submitted to the Government within the next few months. The Government has already initiated action on one of the most important recommendations of the mission by drafting legislation to establish a Planning Board which would supervise the programming of economic development.

At the request of the Government, the Bank reviewed draft legislation for a proposed Industrial Finance Corporation of Thailand which is expected to be presented to the National Assembly during its current session.

## A U S T R A L I A

Country	Loans	Cumulative Totals	
	During Year	Number	Amount
Australia	—	6	\$317,730,000

No further lending took place in Australia during the fiscal year.

## E U R O P E

Country	Loans	Cumulative Totals	
	During Year	Number	Amount
Austria	\$14,336,000	6	\$ 66,716,429
Belgium	10,000,000	4	76,000,000
Denmark	—	1	40,000,000
Finland	—	6	65,080,180
France	—	1	250,000,000
Iceland	—	5	5,914,000
Italy	75,000,000	5	238,028,000
Luxembourg	—	1	11,761,983
Netherlands	—	10	236,451,985
Norway	—	3	75,000,000
Turkey	—	6	60,723,421
Yugoslavia	—	3	60,700,000
Totals	\$99,336,000	51	\$1,186,375,998

### A U S T R I A

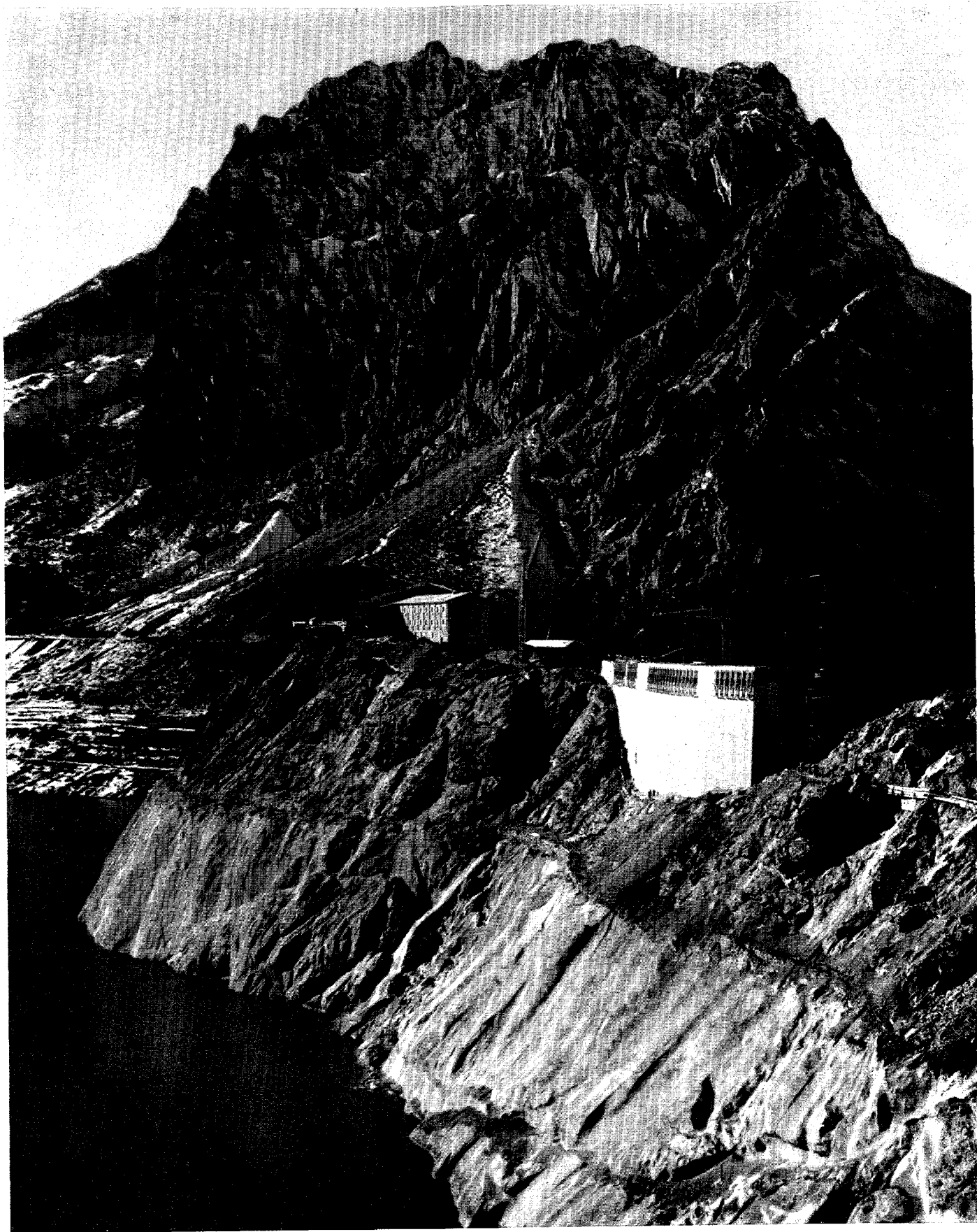
#### ELECTRIC POWER LOAN

**15 million Deutsche Marks (\$3,571,000 equivalent) 22-year  
5¾% loan of October 10, 1957**

**BORROWER • Vorarlberger Illwerke**

The borrower is a public power company which is developing hydroelectric power resources in the province of Vorarlberg in western Austria.

**PURPOSE •** The loan provided the additional funds needed to complete a 190,000-kilowatt hydroelectric power project which was built near Lünensee in the mountains of western Austria. Work began at



*When the snows began in the Austrian Alps in 1957 the Lünensee dam, flanked by a new mountain hostel, was well advanced. The project, now completed, is exporting low-cost power.*

Lünersee in 1954 and in June 1955 the Bank made a loan equivalent to \$10 million for the project. The power plant came into full operation in January 1958, several months earlier than was originally scheduled.

The Lünersee project will increase the capacity of plants operated by the Vorarlberger Illwerke to 550,000 kilowatts. In recent years the company has sold 85% of the power produced by its plants to two German companies which supply power to the Ruhr and southwestern Germany. Through additional exports of power to Germany, the Lünersee project will add the equivalent of \$1.5 million annually to the foreign exchange earnings of the company; it will also make more power available to the Austrian provinces of Vorarlberg and Tyrol.

**PARTICIPATION** • 1,960,200 Deutsche Marks (\$467,000 equivalent) maturing in 1960 and 1961, by the Dresdner Bank of Frankfurt-am-Main.

#### LOAN FOR INDUSTRY

**\$10,145,000 (Original Amount \$10,765,000) 18-year**

**5½% loan of April 28, 1958**

**BORROWER** • Oesterreichische Investitionskredit A. G. (Austrian Investment Credit Corporation).

The Corporation was established in 1957 under the auspices of the principal commercial banks in Austria for the purpose of providing long-term capital for industrial development. At present the Corporation has only a nominal share capital, but it expects later to be in a position to increase its capital and issue shares to the public.

**PURPOSE** • The Corporation is re-lending the proceeds of the loan to 10 private companies in amounts ranging from about \$500,000 to nearly \$2,000,000, and for terms ranging from 10 to 18 years. The loan will provide the capital needed for the modernization or expansion of well-established Austrian industrial firms, many of which produce for export as well as for domestic consumption.

Six of the firms are in the pulp and paper industry, which regained its pre-war level of output in 1950 and has since expanded remarkably. The industry is now shifting emphasis from expansion to moderni-

zation of plant and to the processing of larger quantities of pulp into paper, which is commercially more advantageous. The six projects being financed with the Bank loan are mainly for the installation of new paper-making machines or for the modernization of fuel and power installations. Three of the other borrowers are textile manufacturers and the other is a producer of electrical equipment.

The loan was originally \$10,765,000 allocated to 11 projects. One of the projects was subsequently cancelled, at the request of the borrower, and \$620,000 of the loan was cancelled.

**PARTICIPATION** • \$909,300 maturing between 1959 and 1962, by Chemical Corn Exchange Bank, Irving Trust Company and Manufacturers Trust Company.

## BELGIUM

### TRANSPORTATION LOAN

**\$10 million 15-year 5¾% loan of September 10, 1957**

**BORROWER** • Belgium

**SIMULTANEOUS BORROWING** • The Bank loan was made simultaneously with a public offering of \$30 million of Belgian bonds by an underwriting group of 63 United States investment banking firms headed by Morgan Stanley & Co. and Smith, Barney & Co. The proceeds of the bond issue are being used to help meet capital expenditures authorized by Belgium's 1957 extraordinary budget for public works.

**PURPOSE** • The Bank loan will help to complete the modernization of the Charleroi-Clabecq canal, which links the great coal and steel industries in southern Belgium with Brussels and Antwerp. Improvement of the Charleroi-Seneffe section of this canal was one of the projects financed by a joint transaction in 1954 in which a Bank loan was coupled with an issue of Belgian bonds in New York. This year's loan will be applied to financing the section from Seneffe to Clabecq which, when completed in 1962, will enable modern barges of 1,350 tons capacity to go all the way from Charleroi to the sea.

Cheap inland water transportation is a significant element in the competitive position of Belgian industry. Most of Belgium's comprehensive canal

system was built in the last century. While much of it has since been improved to handle large modern barges, important sections are still too narrow and have many curves and hand-operated locks and bridges. This has hampered the flow of traffic and prevented the full utilization of the improved sections. The work now being carried out to improve the section of the canal between Charleroi and Clabecq will eliminate one of the most troublesome bottlenecks in the system.

## ITALY

### LOAN FOR INDUSTRY, AGRICULTURE AND ELECTRIC POWER

**\$75 million 20-year 5½% loan of February 28, 1958**

**BORROWER** • Cassa per il Mezzogiorno

The Cassa is the governmental agency established in 1950 to administer a program for the development of the Italian mainland south of Rome and the islands of Sicily and Sardinia. By the end of 1957 the Cassa had made and stimulated investments to an estimated total equivalent to \$1.6 billion. Its activities have been a notable factor in improving economic conditions in the south; this has had favorable effects on unemployment, Italy's outstanding economic problem. The program has now been extended from 12 to 15 years, the funds at the Cassa's disposal have been raised to the equivalent of \$3.2 billion, and a new impetus has been given to industrialization. This is the Bank's fifth loan to the Cassa and brings the total lent to over \$238 million.

**PURPOSE** • An amount of \$29.4 million of the loan will be re-lent by the Cassa for six projects sponsored by industrial concerns which have long operated successfully in northern Italy. Most of the funds will go to three companies for the development of the rich potash mineral deposits recently discovered in Sicily. All three projects include both the development of potash mines and the construction of plants for processing the potash ores into several types of fertilizers. One of the companies is also building a plant for the production of chlorine and

caustic soda, thereby laying the foundation for the manufacture of heavy chemicals. The other industrial projects are, in Naples, modernization and expansion of an electrolytic tinplate manufacturing plant and a factory for the production of electric refrigerators and water heaters, and, in Salerno, a new ready-to-wear clothing factory. The plants will provide employment for about 4,000 persons and will benefit Italy's balance of payments.

The Cassa is re-lending \$29.2 million of the loan to two power companies which together serve areas containing more than a third of Italy's total population. The Cassa program has contributed to a rise in the consumption of power in southern Italy. With the extension of the program to 1965 and greater emphasis on industrial development, demand will continue to increase. The Bank funds will help to finance projects which will add a further 360,000 kilowatts of capacity to systems serving southern Italy. The projects consist of a 300,000-kilowatt thermal plant in Naples, and the Guadalami hydroelectric pumped storage project which will add 60,000 kilowatts of capacity in Sicily.

The Cassa will spend the remainder of the loan, \$16.4 million, on projects which will bring an additional 270,000 acres of land under irrigation in two important agricultural areas of Italy—the Volturno Plain north of Naples and the Tavoliere Plain around Foggia, near the Adriatic coast. Both projects are well situated with respect to marketing and transportation, the first lying between Rome and Naples, and the second enjoying good transport connections with large consuming centers in Italy and in Central Europe. It is estimated that the value of farm production in the areas will increase by the equivalent of \$35 million annually. The two projects will create about 27,000 full-time jobs; in addition there will be more employment in trade, processing industries and transportation as a result of increased farm production.

**PARTICIPATION** • \$12,830,000 maturing between 1961 and 1963, by seven German banks, 14 United States banks and a Canadian bank. The participants are Deutsche Bank of Frankfurt; Bayerische Hypo-

thecken-und Wechsel Bank of Munich; Commerzbank Gruppe of Dusseldorf, Hamburg and Frankfurt; Norddeutsche Kreditbank of Bremen; Brinckmann, Wirtz & Co., Berenberg Gossler and Company, and Vereinsbank, all of Hamburg; Bank of America; Bankers Trust Company; Belgian American Bank & Trust Co.; Brown Brothers Harriman & Co.; The Canadian Bank of Commerce; The Chase Manhattan Bank; Chemical Corn Exchange Bank; Continental Illinois National Bank & Trust Co.; The First National Bank of Boston; The First National City Bank of New York; Girard-Corn Exchange Bank; Grace National Bank of New York; Irving Trust Company; The National Shawmut Bank of Boston; and The Philadelphia National Bank.

#### OTHER ACTIVITIES

A description of the collaboration between the Bank and the Italian Government in the preparation of

plans for the construction of a nuclear power plant in Italy can be found on pages 6 and 7.

## TURKEY

During the year the Bank approved the use of \$428,000 more from the second of two \$9 million loans which it had made to the Industrial Development Bank (IDB) of Turkey in 1950 and 1953. IDB lent the funds to concerns which manufacture matches, glue, cast iron goods, electrolytic copper and textiles.

Between 1951, when it started operations, and April 1958, the Industrial Development Bank had lent 192 million Turkish lire (\$69 million) to 375 enterprises, of which the International Bank's loans have provided about \$17 million in foreign exchange for 52 projects.

## WESTERN HEMISPHERE

Country	Loans During Year	Cumulative Totals	
		Number	Amount
Brazil	\$ 13,400,000	11	\$182,471,054
Chile	21,800,000	7	73,654,456
Colombia	—	11	111,205,441
Costa Rica	—	1	3,000,000
Ecuador	20,100,000	5	32,600,000
El Salvador	—	2	23,645,000
Guatemala	—	1	18,200,000
Haiti	—	1	2,600,000
Honduras	5,500,000	2	9,700,000
Mexico	45,000,000	8	186,327,888
Nicaragua	—	10	22,990,115
Panama	—	3	6,847,426
Paraguay	—	1	4,492,191
Peru	15,000,000	9	55,907,381
Uruguay	—	3	64,000,000
Totals	\$120,800,000	75	\$797,640,952

### BRAZIL

#### ELECTRIC POWER LOAN

**\$13.4 million 20-year 5% loan of January 22, 1958**

**BORROWER** • Usinas Elétricas do Paranapanema S.A. (USELPA)

USELPA was organized in 1953 by the State of São Paulo to develop the power potential of the Paranapanema River.

**PROJECT** • Construction of an electric power project at Jurumirim on the Paranapanema River and associated transmission lines.

The Jurumirim project is the second of a series of electric power plants which USELPA is building on the Paranapanema to generate more than a million kilowatts of power. The first was the 68,000-kilowatt Salto Grande plant for which the Bank made a loan in 1953, and which came into operation this year.

The Jurumirim project consists of the construction of a dam 179 feet high, a power house with installed capacity of 85,000 kilowatts, and two transmission lines: one to connect with the Salto Grande plant and one to interconnect with the power system serving the city of São Paulo. The Jurumirim dam will create a large reservoir which will also benefit the Salto Grande plant; by regulating the river flow

it will enable Salto Grande to increase its yearly output of power by about a fifth. The total cost of the Jurumirim project is estimated at the equivalent of \$47.5 million; the Bank's loan of \$13.4 million will cover the cost of imported construction, hydraulic, electrical, mechanical and switchyard equipment and materials for transmission lines.

USELPA will sell its power to five private utilities which serve a large area in the State of São Paulo, and to the electrified Sorocabana Railroad, one of the principal freight links between the agricultural area inland and the city of São Paulo. Any surplus of power over the needs of the utilities and the railroad will be utilized by the system which supplies power to São Paulo, a leading industrial center. Economic development in south-central Brazil, where USELPA's plants are located, has been hampered in recent years by lack of sufficient power. The power demand in the area is so great that even after the Jurumirim plant is in operation there will be still a considerable shortage of electricity if other plants are not built.

## CHILE

### LOANS FOR COAL PRODUCTION

**\$12.2 million 15-year 5¾% loan of July 24, 1957**

**BORROWERS** • Compañía Carbonífera y de Fundación Schwager and Corporación de Fomento de la Producción.

**\$9.6 million 15-year 5¾% loan of July 24, 1957**

**BORROWERS** • Compañía Carbonífera e Industrial de Lota and Corporación de Fomento de la Producción.

The Schwager and Lota coal companies are joint stock corporations whose ownership is widely distributed among Chilean shareholders. The Fomento is the government agency responsible for promoting economic development in Chile, and under law must be co-borrower in foreign loans to private concerns.

**PROJECT** • The modernization and expansion of the operations of the two companies, whose coal mines

are located on the Bay of Arauco, about 300 miles south of Valparaíso.

Both companies are opening new mines and had made considerable investments in sinking new shafts and installing some equipment before the Bank loans were made. The total cost of the work to be undertaken in developing the two mines during 1957-1962 is estimated at the equivalent of \$41.6 million. The Bank loans will provide most of the foreign exchange requirements during that period and will pay for such imports as equipment for face and rock-work development, coal haulage installations and coal preparation plants.

Chilean coal now accounts for about one-fourth of the country's total energy supply. The Schwager and Lota companies produce about 80% of all the coal mined in Chile, and the modernization and expansion of their operations is essential if Chile is to continue to produce most of its own coal requirements. The projects being carried out with Bank assistance will enable the companies to increase production from a level of 1.7 million tons a year to 2.2 million tons by 1964. To import this much coal would cost \$40 million in foreign exchange annually.

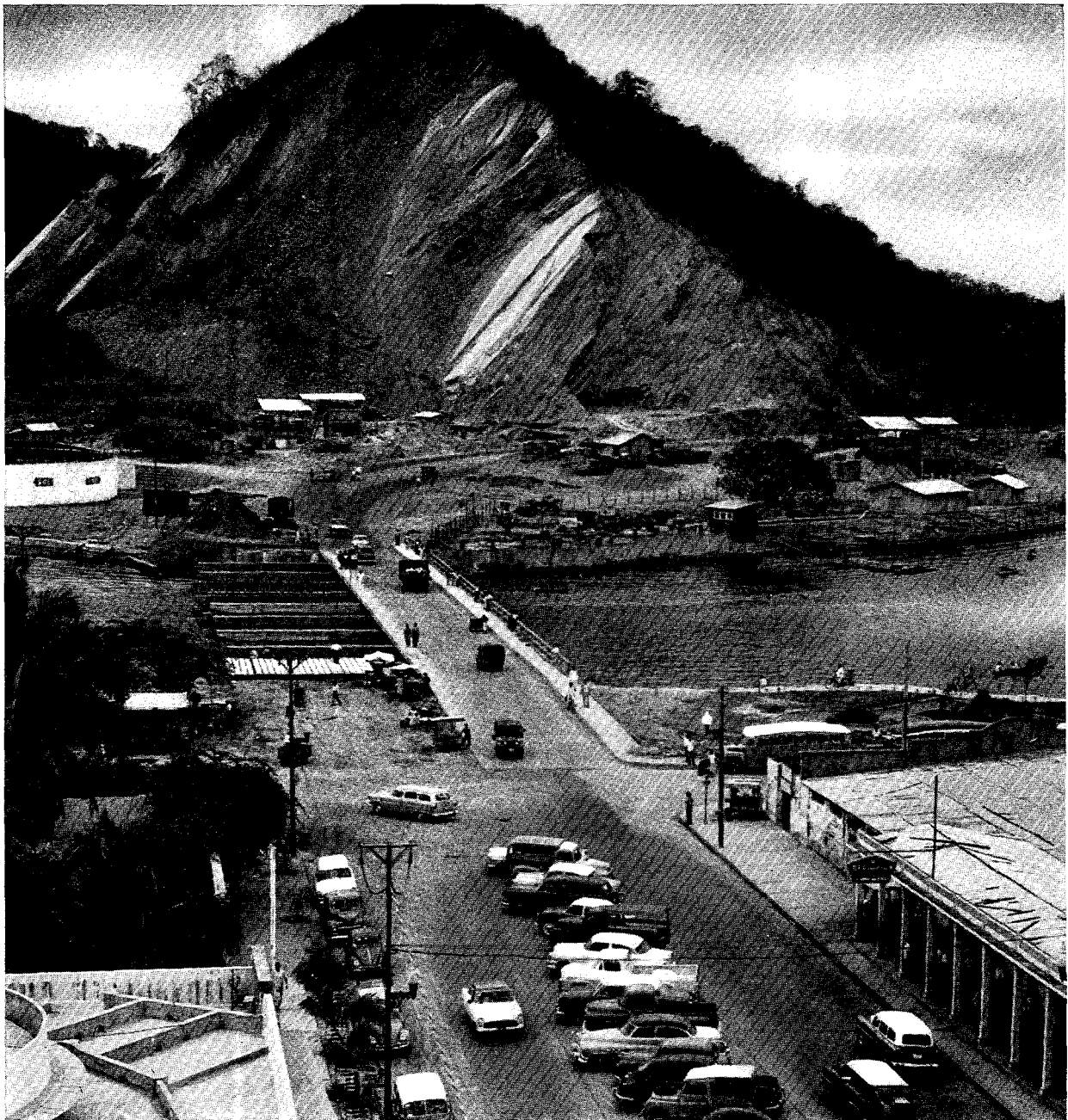
**PARTICIPATION** • \$200,000 by Grace National Bank of New York, representing \$100,000 of maturities of each loan falling due in 1962 and 1963.

## COLOMBIA

An agricultural specialist from the Bank visited Colombia from time to time during the year to advise the Government on the implementation of an agricultural development program based on recommendations made in 1956 by a Bank mission. Plans for the reorganization of administrative procedures and services for agriculture were given legislative approval and were being carried out at the end of June.

Another staff member who had been stationed in Colombia since 1955 to assist in the execution of Bank-financed transportation projects completed his assignment in April 1958.





*A four-lane bridge nearing completion on the outskirts of Guayaquil, Ecuador's main port, marks the start of an improved all-weather highway to Quito, 9,000 feet high in the Andes.*

## ECUADOR

### HIGHWAY LOAN

**\$14.5 million 20-year 5¾% loan of September 20, 1957**

**BORROWER** • Ecuador

**PURPOSE** • Construction of four all-weather roads having a total length of 330 miles, and a four-year program of road maintenance.

The measures now being taken by the Government to improve the national road network can be expected to have far-reaching effects. The new roads will open up large areas of Ecuador's fertile but unexploited coastland. One of them will provide a vital link in the all-weather road between the populous mountain area around Quito, the capital,



and Guayaquil, Ecuador's largest city and chief port. It will also open up presently inaccessible land which is suitable for the cultivation of bananas and cacao. The reconstruction of a second road will improve the highway connection between Guayaquil and Cuenca in the foothills of the Andes. A paved highway in this area will reduce motor-vehicle operating costs and losses in spoilage of agricultural produce sent to the port for export, and will form a main artery linking branch roads now being built in Guayas Province, some of which were financed by a previous Bank loan. The other two roads in the program will connect the coastal hinterlands to the north with Bahía de Caráquez, a port on the Pacific.

The maintenance program is designed to provide Ecuador with an organization staffed and equipped to carry out effective maintenance on the 2,000-mile national road system. The construction and maintenance work will take four years to complete at a total cost equivalent to \$32 million; the Bank's loan will pay for imported materials, equipment and services.

**PARTICIPATION** • \$141,000 maturing in 1962, by Chemical Corn Exchange Bank.

#### POWER LOAN

**\$5 million 20-year 5¾% loan of September 20, 1957**

**BORROWER** • Empresa Eléctrica Quito, S.A.

The Empresa is an autonomous publicly owned corporation which supplies power to Quito.

**PURPOSE** • Expansion of facilities to overcome an acute shortage of electric power in Quito and its suburban area. This is the second \$5 million loan made by the Bank to the Empresa for this purpose. The project for which the Bank made the first loan in 1956 has been revised to provide more power both for immediate needs and for the future. The revised project consists of a hydroelectric plant located at a new site capable eventually of developing 40,000 kilowatts of power, of which 20,000 kilowatts will initially be installed, a 6,000-kilowatt diesel plant, transmission lines of greater capacity

than in the original project, and expansion of the distribution system to accommodate the increased power. The total cost of the expanded facilities will be equivalent to \$16 million; the Bank's two loans will be used to pay for imported equipment, materials and services.

#### RAILWAY LOAN

**\$600,000 4-year 6% loan of November 1, 1957**

**BORROWER** • Ecuador

**PURPOSE** • To assist the State Railways in improving service on the Quito-Durán railway line.

This line carries grain, petroleum and other bulk goods to the interior, and provides an outlet to the tropical coastal plain for agricultural produce from the Sierra. Although the line is of key importance to the economy of Ecuador, it has been subject to serious interruptions in service because of deterioration of locomotives and rolling stock. The object of the improvements now to be undertaken with the help of the loan is to permit minimum service to be maintained pending the preparation of a long-term rehabilitation program. The loan will pay for imported spare parts, tools and materials for essential repairs of equipment, and for the services of experts to assist in improving the administration of the railways.

**PARTICIPATION** • \$118,000 maturing in 1959, by Grace National Bank of New York and Bayerische Hypotheken-und Wechsel Bank of Munich.

#### OTHER ACTIVITIES

The Bank maintained a resident representative in Ecuador during the year. He, together with a Bank economist, assisted in the work of the economic and financial adviser to the Government whom the Bank helped to recruit last year. They were joined from time to time by other experts in specialized fields. With the mission's assistance, the Government has revised the laws governing the Central Bank and the private banks and improved its fiscal administration. The mission has also drafted legislation for the reorganization of the agricultural development bank.

## HAITI

The Bank maintained a resident representative in Haiti during the year.

## HONDURAS

### HIGHWAY LOAN

**\$5.5 million 20-year 5½% loan of May 9, 1958**

**BORROWER** • Honduras

**PURPOSE** • Construction of a new 45-mile paved highway to connect Puerto Cortés, the main Caribbean port, with the national road network; improvement of two of the country's most important roads, the Western and Southern Highways; and preparation of final engineering designs for extending the Western Highway to link it with the highway network of El Salvador.

This is the second Bank loan to assist the Government in creating an adequate highway system—one of Honduras' most urgent development needs. The projects now being undertaken are part of a larger program of highway development currently being carried out by the Government, and will make possible year-round road transport in important sections of the country. The new Puerto Cortés highway is expected to stimulate the economy in general by permitting cheaper and more efficient transport between the country's principal port and the interior. The Western Highway serves one of the most densely populated areas of Honduras and a potentially rich agricultural region. The Southern Highway, the most heavily traveled route in Honduras, is the only means of communication between the Pacific coast ports and Tegucigalpa and the interior; it is a main artery for foreign trade with El Salvador, and is now the only connection in Honduras with the Pan American Highway. The work is expected to take about 2½ years to complete at a total cost equivalent to \$10.5 million. The Bank's loan is financing the cost of imported equipment, materials and services, and the local currency costs are being met by a loan from the United States Development Loan Fund.

**PARTICIPATION** • \$299,000 maturing in 1961 and

1962, by Bank of America and The National Bank of Washington.

### OTHER ACTIVITIES

The Bank maintained a resident representative in Honduras during the year.

## MEXICO

### ELECTRIC POWER LOANS

**\$11 million 20-year 5½% loan of January 14, 1958**

**BORROWER** • Mexican Light and Power Company Limited (Mexlight)

Mexlight, a privately owned company, supplies power to the Federal District and neighboring states from its own plants and also from the plants of the Miguel Alemán system of the Federal Electricity Commission.

**PURPOSE** • The expansion of Mexlight's generating capacity by 95,000 kilowatts through the addition of a third generator at the Lechería thermal plant, which was built with the help of an earlier Bank loan, and by the modification of two generating units in the Nonoalco thermal plant; and the further extension of Mexlight's transmission and distribution networks. The installation at Lechería was completed in May 1958 and the other works will be finished by the end of 1958. The total cost of the expansion will be equivalent to \$28 million; the Bank's loan is covering the cost of imported equipment.

The area served by Mexlight includes not only Mexico City but three other important cities and about 400 towns and villages. It is the chief governmental, industrial and commercial center of Mexico. When the projects financed by this year's loan are completed, generating capacity of Mexlight's plants will total 585,000 kilowatts. This, together with an additional 350,000 kilowatts from the Commission's system which Mexlight distributes, will alleviate the continuing shortage of power in the area.

**PARTICIPATION** • \$1 million maturing between 1959 and 1962, by Swiss Credit Bank, Sofina of Belgium, Canadian Bank of Commerce, The First National

City Bank of New York, Chemical Corn Exchange Bank, The National Bank of Washington and United States Trust Company of New York.

**\$34 million 25-year 5½% loan of May 5, 1958**

**BORROWER** • Federal Electricity Commission and Nacional Financiera, S.A.

The Federal Electricity Commission is an autonomous government agency which owns and operates power plants which produce one-third of the electric power supply of Mexico. Nacional Financiera, an official financing institution, is the sole agency for the negotiation and administration of external loans on behalf of the Mexican Government.

**PURPOSE** • Construction of four electric power installations which will add 413,600 kilowatts of generating capacity to the Commission's system. These projects form part of the current five-year expansion program through which the Commission intends to add 770,000 kilowatts of new capacity.

Three of the projects consist of the construction of hydroelectric plants and auxiliary works. One will provide more power to the Mexico City area, another will serve the Puebla-Veracruz area, and the third will bring more power to Guadalajara, Mexico's second largest city, and to the State of Guanajuato. The fourth project consists of the expansion of the Guaymas thermoelectric plant which serves an area containing the important agricultural center of Hermosillo as well as the port of Guaymas, a large shrimp processing center and one of the principal export outlets for the produce of the rapidly developing northwest coast of Mexico. The total cost of the projects is estimated at the equivalent of \$72 million; the Bank's loan will cover most of the foreign exchange requirements.

The Federal Electricity Commission operates electric power plants in all parts of Mexico, ranging from small diesel units to large hydroelectric installations. In some cases it distributes power directly to consumers, but 75% of its power is sold to other power companies, mainly private concerns, for distribution. In addition to Mexico City, power from its plants has aided in the rapid industrial growth

of such large cities as Guadalajara, Monterrey and Veracruz. Outside major population centers, its supplies of electricity have done much to stimulate the development of light industries, have introduced the benefits of rural electrification, including pumping systems to irrigate previously arid lands, and have added greatly to the amenities through the electrification of homes, schools and hospitals. The power plants to be built with the latest loan fit into the same general pattern. Although in widely separated parts of the country, each of them will bring additional power to rapidly developing areas, some industrial and some agricultural, which are at present restricted in the consumption of electricity and have no reserve capacity.

Bank lending for the expansion programs of the Commission and Mexlight began in 1949, and Bank loans for power projects in Mexico now total \$124.8 million.

**PARTICIPATION** • \$1,323,000 maturing in 1962 and 1963, by Chemical Corn Exchange Bank, Continental Illinois National Bank & Trust Co., and Swiss Credit Bank, New York Agency.

## N I C A R A G U A

A Bank economist spent two months in Nicaragua helping the Government to draw up its public investment program for the fiscal year 1958-59.

## P A N A M A

The Bank maintained a resident representative in Panama during the year.

## P E R U

### RAILWAY LOAN

**\$15 million 15-year 5½% loan of April 3, 1958**

**BORROWER** • Peruvian Corporation Limited

The Corporation owns and operates the Central Railway and the Southern Railway, Peru's two most important railway systems. The company is incorporated in the United Kingdom and, as a result of

a reorganization in 1956, became a wholly-owned subsidiary of the Peruvian Transport Corporation Limited, a new privately owned Canadian company.

**PROJECT** • A three-year program for the rehabilitation and modernization of the Central and Southern Railways.

Under the program, there will be a gradual replacement of over-age steam locomotives by diesel-electric locomotives; rails and crossties will be replaced on many sections; centralized traffic control facilities will be installed; workshops will be improved and rolling stock and freight-handling equipment will be purchased. Improvement in the services of the Railways will expedite the movement of essential traffic, particularly bulk merchandise and such commodities as ores, concentrates and metals. The program will cost a total equivalent to \$20 million and the Bank's loan will finance the importation of diesel-electric locomotives and shunters, freight cars and other equipment and services.

The Central and Southern Railways, two physically separate systems, comprise about two-thirds of all the railway mileage in Peru. The Central links Lima, the capital, and its adjacent port of Callao, with the agricultural and mining areas of the Sierra, the high mountain plateau; this railway carries most of Peru's mineral exports, which account for about 40% of the country's foreign exchange earnings. The Southern Railway links the fertile southern highlands and Arequipa, Peru's second largest city, with two ocean ports; it also carries

much of the international trade of land-locked Bolivia, via a rail and steamer service it operates to La Paz.

**PARTICIPATION** • \$400,000 maturing in 1961, by New York Trust Company and Grace National Bank of New York.

#### OTHER ACTIVITIES

The Bank maintained a two-man resident mission in Peru during the year to advise and assist the Government in the preparation of a long-range investment and development program and in related matters of economic policy.

In response to a request from the Cuzco Reconstruction and Development Corporation for assistance in preparing a regional investment program, a Bank economist spent three weeks in Peru in November 1957 working with the Corporation and the Government on this program.

In response to the Government's request, staff members from the Bank and from the Food and Agriculture Organization of the United Nations made a study of the Agricultural Department during March and April 1958 and prepared a preliminary report concerning its organizational and administrative problems. The Bank and FAO also agreed to sponsor a joint survey mission to prepare recommendations for a comprehensive agricultural development program in Peru and to carry forward the work of the preliminary agricultural mission. The survey mission started its studies in Lima in mid-June.

## appendices

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## Balance Sheet

EXPRESSED IN UNITED STATES CURRENCY

## ASSETS

**Due from Banks and Other Depositories (See Appendix C)**

Member currencies,

including \$10,988,303 United States dollars

Unrestricted . . . . .	\$ 15,034,825		
Subject to restrictions—NOTE B . . . . .	131,898,132	\$146,932,957	
		<u>2,151,685</u>	\$ 149,084,642

Non-member currency (Swiss francs) . . . . .

**Investments**

United States Government obligations (\$599,010,000 face amount; at cost plus accumulated discount) . . . . .	\$597,832,439		
Canadian Government obligations (Can\$17,800,000 face amount; at cost plus accumulated discount and less amortized premium) . . . . .	16,063,602		
United Kingdom Government obligations (£530,000 face amount; at cost) . . . . .	<u>1,466,687</u>	\$615,362,728	
Time deposits with commercial banks (maturing within six months)—all United States dollars . . . . .		200,000,000	
Accrued interest . . . . .		<u>4,832,280</u>	820,195,008

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

Receivable in United States currency

Calls on subscription to capital stock . . . . . \$ 2,500,000

Receivable in other member currencies—NOTE B

Non-negotiable, non-interest-bearing, demand notes . . . . .	\$596,825,431		
Amounts required to maintain value of currency holdings . . . . .	<u>89,057</u>	<u>596,914,488</u>	599,414,488

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

(Including undisbursed balance of \$646,083,251) . . . . . 2,828,726,962

**Accrued Interest, Commitment and Service Charges**

on Loans—NOTE C . . . . . 20,232,159

**Receivable from Purchasers on Account of Effective Loans**

Sold or Agreed to be Sold . . . . . 35,941,929

Unamortized Bond Issuance Costs . . . . . 15,106,020

Land and Buildings . . . . . \$ 6,876,654

Less reserve for depreciation . . . . . 90,892 6,785,762

Other Assets . . . . . 2,507,004

**Special Reserve Fund Assets—NOTE D**

Due from Banks—member currency—United States . . . . .	\$ 665		
Investment securities—United States Government obligations (\$108,656,000 face amount; at cost plus accumulated discount) . . . . .		108,596,000	
Accrued loan commissions—NOTE C . . . . .		<u>5,296,694</u>	113,893,359

**Staff Retirement Plan Assets**

(Segregated and held in trust) . . . . . 5,865,645

**Total Assets . . . . . \$4,597,752,978**

June 30, 1958

See Note A of Notes to Financial Statements, Appendix G

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 LIABILITIES, RESERVES AND CAPITAL
**Liabilities**

Accounts payable and accrued expenses, including \$19,804,922 interest on borrowings . . . . .		\$ 23,960,480
Other liabilities . . . . .		3,284,717
Undisbursed balance of effective loans (See Appendix E)		
On loans held by Bank . . . . .	\$ 646,083,251	
On loans sold or agreed to be sold . . . . .	28,764,241	674,847,492
Funded debt (See APPENDIX F)		
(Of this amount \$184,550,285 is due within one year) . . . . .		1,658,440,136
Bonds called for redemption not presented . . . . .	\$ 3,691	
Less funds on deposit with Fiscal Agent therefor . . . . .	3,691	—

**Reserves for Losses**

Special reserve—NOTE D . . . . .	\$ 113,893,359	
Supplemental reserve against losses on loans and guarantees—NOTE E . . . . .	236,381,149	350,274,508

Staff Retirement Plan Reserve . . . . .	5,865,645
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**Capital (See Appendix D)**

Capital stock		
Authorized 100,000 shares of \$100,000 par value each		
Subscribed 94,054 shares . . . . .	\$9,405,400,000	
Less—Uncalled portion of subscriptions—NOTE F . . . . .	7,524,320,000	1,881,080,000

Contingent Liability—LOANS SOLD UNDER GUARANTEE—NOTE G . . . . .	\$20,808,000
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Total Liabilities, Reserves and Capital . . . . .	\$4,597,752,978
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# Comparative Statement of Income and Expenses

FOR THE FISCAL YEARS ENDED JUNE 30, 1957 AND JUNE 30, 1958

EXPRESSED IN UNITED STATES CURRENCY—See Note A of Notes to Financial Statements, Appendix G

	July 1-June 30	
	1956-1957	1957-1958
<b>Income</b>		
Income from investments . . . . .	\$10,679,446	\$21,047,408
Income from loans:		
Interest . . . . .	57,630,772	71,471,126
Commitment charges . . . . .	4,924,332	5,162,573
Commissions . . . . .	16,728,564	20,160,705
Service charges . . . . .	246,166	158,739
Other income . . . . .	434,616	817,033
<b>Gross Income</b> . . . . .	<b>\$90,643,896</b>	<b>\$118,817,584</b>
Deduct—Amount equivalent to commissions appropriated to Special Reserve—NOTE D . . . . .	16,728,564	20,160,705
<b>Gross Income Less Reserve Deduction</b> . . . . .	<b>\$73,915,332</b>	<b>\$98,656,879</b>
<b>Expenses</b>		
Administrative expenses:		
Personal services . . . . .	\$ 4,098,912	\$ 4,646,905
Contributions to staff benefits . . . . .	625,963	544,993
Fees and compensation . . . . .	533,572	454,264
Representation . . . . .	87,091	92,886
Travel . . . . .	1,075,548	1,203,402
Supplies and material . . . . .	73,005	80,468
Office occupancy . . . . .	595,498	679,391
Communication services . . . . .	189,422	202,385
Furniture and equipment . . . . .	95,126	120,637
Books and library services . . . . .	74,509	88,620
Printing . . . . .	82,307	79,982
Insurance . . . . .	27,151	46,947
Other expenses . . . . .	9,245	18,503
<b>Total Administrative Expenses</b> . . . . .	<b>\$ 7,567,349</b>	<b>\$ 8,259,383</b>
Interest on borrowings . . . . .	29,561,802	47,311,896
Bond issuance and other financial expenses . . . . .	848,572	1,005,832
<b>Gross Expenses</b> . . . . .	<b>\$37,977,723</b>	<b>\$56,577,111</b>
<b>Net Income—Appropriated to Supplemental Reserve Against Losses on Loans and Guarantees—NOTE E</b> . . . . .	<b>\$35,937,609</b>	<b>\$42,079,768</b>



## Statement of Currencies Held by the Bank

JUNE 30, 1958—See Note A of Notes to Financial Statements, Appendix G

Member Currencies		Unrestricted Currency		Restricted Currency (Note B)	
Member	Unit of currency	Amount expressed in member currency	Total expressed in United States dollars	Amount expressed in member currency	Total expressed in United States dollars
Afghanistan . . . . .	Afghani	—	\$	30,228,391	\$ 1,799,309
Argentina . . . . .	Peso	—	—	485,721,000	26,984,500
Australia . . . . .	Pound	60,211	134,873	544,866	1,220,500
Belgium . . . . .	Schilling	2,234,174	83,930	6,474,367	249,014
Bolivia . . . . .	Franc	103,122	2,062	5,378,406	107,568
Brazil . . . . .	Boliviano	—	—	2,249,308	11,839
Burma . . . . .	Cruzeiro	—	—	496,972,296	26,861,367
Canada . . . . .	Kyat	—	—	551,267	115,766
Ceylon . . . . .	Dollar	1,635,162	1,486,511	13,484	12,258
	Rupee	—	—	98,097	20,600
Chile . . . . .	Peso	—	—	686,197,517	6,238,159
China . . . . .	Yuan	—	—	21,480,529	1,074,027
Colombia . . . . .	Peso	—	—	11,990,611	6,149,091
Costa Rica . . . . .	Colon	—	—	1,281	228
Cuba . . . . .	Peso	—	—	51,518	51,518
Denmark . . . . .	Krone	129,388	18,733	1,376,050	199,221
Dominican Republic . . . . .	Peso	—	—	902	902
Ecuador . . . . .	Sucre	—	—	12,384,766	825,651
Egypt . . . . .	Pound	—	—	11,942	34,292
Ethiopia . . . . .	Dollar	—	—	1,233,899	496,644
Finland . . . . .	Markka	—	—	2,181,421,840	6,816,943
France . . . . .	Franc	86,501,511	205,956	941,822,190	2,242,434
Germany . . . . .	Deutsche Mark	1,277,012	304,051	1,369	326
Ghana . . . . .	Pound	—	—	9,234	25,855
Greece . . . . .	Drachma	—	—	22,400,000	4,480,000
Guatemala . . . . .	Quetzal	—	—	335,297	335,297
Honduras . . . . .	Lempira	—	—	330,270	165,135
Iceland . . . . .	Krona	—	—	2,786,306	171,089
India . . . . .	Rupee	—	—	9,781,319	2,054,079
Indonesia . . . . .	Rupiah	—	—	2,154,131	188,959
Iran . . . . .	Rial	—	—	1,593,602	21,038
Iraq . . . . .	Dinar	—	—	3,346	9,369
Ireland . . . . .	Pound	—	—	40,575	113,610
Israel . . . . .	Pound	—	—	982,619	545,899
Italy . . . . .	Lira	435,730,799	697,169	708,069,669	2,021,056
Japan . . . . .	Yen	201,853,430	560,704	486,295,989	1,350,822
Jordan . . . . .	Dinar	—	—	1,286	3,600
Korea . . . . .	Won	—	—	1,123,640,360	2,247,281
Lebanon . . . . .	Pound	—	—	800,479	565,269
Luxembourg . . . . .	Franc	340,247	6,803	5,900,000	118,000
Malaya . . . . .	Dollar	—	—	137,718	44,988
Mexico . . . . .	Peso	726,403	58,112	69,382,078	5,550,565
Morocco . . . . .	Franc	—	—	2,646,000,000	6,300,000
Netherlands . . . . .	Guilder	1,612,097	424,236	264,004,863	264,438
Nicaragua . . . . .	Corдобa	—	—	3,589,974	512,853
Norway . . . . .	Krone	37,898	5,306	2,130,453	298,263
Pakistan . . . . .	Rupee	—	—	4,406,652	925,398
Panama . . . . .	Balboa	—	—	9	9
Paraguay . . . . .	Guarani	—	—	12,005,200	200,087
Peru . . . . .	Sol	—	—	6,205,829	954,743
Philippines . . . . .	Peso	—	—	137,718	44,988
Saudi Arabia . . . . .	Riyal	—	—	69,382,078	5,550,565
Sudan . . . . .	Pound	—	—	2,646,000,000	6,300,000
Sweden . . . . .	Krona	—	—	264,004,863	264,438
Syria . . . . .	Pound	970,504	187,602	3,589,974	512,853
Thailand . . . . .	Baht	—	—	2,130,453	298,263
Tunisia . . . . .	Franc	—	—	4,406,652	925,398
Turkey . . . . .	Lira	—	—	9	9
Union of South Africa . . . . .	Pound	56,092	157,057	12,005,200	200,087
United Kingdom . . . . .	Pound	107,368	300,630	6,205,829	954,743
United States . . . . .	Dollar	—	—	2,361,569	1,180,785
Uruguay . . . . .	Peso	—	—	6,748,125	1,799,500
Venezuela . . . . .	Bolivar	228,419	68,185	4,347	12,483
Viet-Nam . . . . .	Piastre	—	—	29,788,916	5,758,304
Yugoslavia . . . . .	Dinar	—	—	13,436	6,131
		—	—	149,497	11,960
		—	—	9,072,000	21,600
		—	—	448,622	160,222
		—	—	140,437	393,223
		—	—	219,494	614,583
Sub-Total . . . . .		10,330,903	\$15,034,825	2,780,777	657,400
Total—Member Currencies . . . . .		228,419	68,185	78,732,500	1,830,603
Non-Member Currency—unrestricted (Switzerland) . . . . .		—	—	1,925,393,284	2,249,500
Total . . . . .		—	—	—	6,417,978
Sub-Total . . . . .		—	—	—	\$131,898,132
Total—Member Currencies . . . . .		—	—	—	\$146,932,957
Non-Member Currency—unrestricted (Switzerland) . . . . .		—	—	—	2,151,685
Total . . . . .		—	—	—	\$149,084,642

## APPENDIX D

## Statement of Subscriptions to Capital Stock and Voting Power

JUNE 30, 1958

EXPRESSED IN UNITED STATES CURRENCY—See Note A of Notes to Financial Statements, Appendix G

Member	Amounts Paid in								
	Subscriptions			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)	Subject to call to meet obligations of Bank (Note F)	Voting Power	
	Shares	Percent of total	Amount (Note H)					Number of votes	Percent of total
Expressed in thousands									
Afghanistan	100	.11	\$ 10,000	\$ 200	\$ 1,800	\$ —	\$ 8,000	350	.32
Argentina	1,500	1.60	150,000	3,000	27,000	—	120,000	1,750	1.58
Australia	2,000	2.13	200,000	4,000	10,440	25,560	160,000	2,250	2.03
Austria	500	.53	50,000	1,000	5,026	3,974	40,000	750	.68
Belgium	2,250	2.39	225,000	4,500	22,607	17,893	180,000	2,500	2.26
Bolivia	70	.08	7,000	140	13	1,247	5,600	320	.29
Brazil	1,500	1.60	150,000	3,000	27,000	—	120,000	1,750	1.58
Burma	150	.16	15,000	300	262	2,438	12,000	400	.36
Canada <sup>1</sup>	3,250	3.46	325,000	6,500	53,196	5,299	260,000	3,500	3.16
Ceylon	150	.16	15,000	300	610	2,090	12,000	400	.36
Chile	350	.37	35,000	700	6,300	—	28,000	600	.54
China <sup>2</sup>	6,000	6.38	600,000	9,500	1,080	106,920	480,000	6,250	5.64
Colombia	350	.37	35,000	700	6,300	—	28,000	600	.54
Costa Rica	20	.02	2,000	399	1	—	1,600	270	.24
Cuba	350	.37	35,000	700	63	6,237	28,000	600	.54
Denmark	680	.72	68,000	1,360	5,507	6,733	54,400	930	.84
Dominican Republic	40	.04	4,000	80	4	716	3,200	290	.26
Ecuador	64	.07	6,400	408	872	—	5,120	314	.28
Egypt <sup>3</sup>	533	.57	53,300	1,066	96	9,498	42,640	783	.71
El Salvador	10	.01	1,000	200	—	—	800	260	.23
Ethiopia	30	.03	3,000	60	540	—	2,400	280	.25
Finland	380	.40	38,000	760	6,840	—	30,400	630	.57
France <sup>4</sup>	5,250	5.58	525,000	10,500	32,345	62,071	420,000	5,500	4.96
Germany	3,300	3.51	330,000	6,600	59,400	—	264,000	3,550	3.20
Ghana	150	.16	15,000	300	31	2,669	12,000	400	.36
Greece	250	.27	25,000	500	4,500	—	20,000	500	.45
Guatemala	20	.02	2,000	40	360	—	1,600	270	.24
Haiti	20	.02	2,000	40	20	340	1,600	270	.24
Honduras	10	.01	1,000	20	180	—	800	260	.23
Iceland	10	.01	1,000	20	180	—	800	260	.23
India	4,000	4.25	400,000	8,000	4,082	67,918	320,000	4,250	3.84
Indonesia	1,100	1.17	110,000	2,200	198	19,602	88,000	1,350	1.22
Iran	336	.36	33,600	672	2,073	3,975	26,880	586	.53
Iraq	60	.06	6,000	120	236	844	4,800	310	.28
Ireland	300	.32	30,000	600	614	4,786	24,000	550	.50
Israel	75	.08	7,500	150	548	802	6,000	325	.29
Italy	1,800	1.91	180,000	3,600	28,543	3,857	144,000	2,050	1.85
Japan	2,500	2.66	250,000	5,000	22,117	22,883	200,000	2,750	2.48
Jordan	30	.03	3,000	60	15	525	2,400	280	.25
Korea	125	.13	12,500	250	2,250	—	10,000	375	.34
Lebanon	45	.05	4,500	415	485	—	3,600	295	.27
Luxembourg	100	.11	10,000	200	618	1,182	8,000	350	.32
Malaya	250	.27	25,000	500	45	4,455	20,000	500	.45
Mexico	650	.69	65,000	1,300	11,700	—	52,000	900	.81
Morocco	350	.37	35,000	700	6,300	—	28,000	600	.54
Netherlands	2,750	2.92	275,000	5,500	17,921	31,579	220,000	3,000	2.71
Nicaragua	30	.03	3,000	60	540	—	2,400	280	.25
Norway	500	.53	50,000	1,000	3,240	5,760	40,000	750	.68
Pakistan	1,000	1.06	100,000	2,000	1,062	16,938	80,000	1,250	1.13
Panama	2	(4)	200	4	36	—	160	252	.23
Paraguay	14	.01	1,400	28	252	—	1,120	264	.24
Peru	175	.19	17,500	350	1,047	2,103	14,000	425	.39
Philippines	150	.16	15,000	300	1,200	1,500	12,000	400	.36
Saudi Arabia	100	.11	10,000	200	1,800	—	8,000	350	.32
Sudan	100	.11	10,000	200	20	1,780	8,000	350	.32
Sweden	1,000	1.06	100,000	2,000	18,000	—	80,000	1,250	1.13
Syria <sup>3</sup>	65	.07	6,500	130	44	1,126	5,200	315	.28
Thailand	125	.13	12,500	250	82	2,168	10,000	375	.34
Tunisia	120	.13	12,000	240	22	2,138	9,600	370	.33
Turkey	430	.46	43,000	860	363	7,377	34,400	680	.61
Union of South Africa	1,000	1.06	100,000	2,000	9,758	8,242	80,000	1,250	1.13
United Kingdom	13,000	13.82	1,300,000	26,000	102,400	131,600	1,040,000	13,250	11.96
United States	31,750	33.76	3,175,000	635,000	—	—	2,540,000	32,000	28.88
Uruguay	105	.11	10,500	210	1,890	—	8,400	355	.32
Venezuela	105	.11	10,500	210	1,890	—	8,400	355	.32
Viet-Nam	125	.13	12,500	250	2,250	—	10,000	375	.34
Yugoslavia	400	.43	40,000	800	7,200	—	32,000	650	.59
Totals	94,054	100%	\$9,405,400	\$758,252	\$523,414	\$596,825	\$7,524,320	110,804	100%

<sup>1</sup> Payments aggregating the equivalent of \$89,057 due as result of revaluation of these currencies are not included in the "Amounts Paid in" columns.

<sup>2</sup> Payment of US\$2,500,000 past due is not included in the "Amounts Paid in" columns.

<sup>3</sup> Under date of June 14, 1958, the Government of the United Arab Republic notified the Bank that by virtue of the merger of Egypt and Syria into a single State, the United Arab Republic was a single member of the Bank. On July 18, 1958, the Executive Directors of the Bank decided that the United Arab Republic be substituted for Egypt and Syria in the Bank's records as a single member with a subscription of \$59,800,000 being the aggregate of the capital subscriptions of Egypt and Syria, and with a voting power of 848 votes.

<sup>4</sup> Less than .005 per cent.

# Summary Statement of Loans

JUNE 30, 1958

EXPRESSED IN UNITED STATES CURRENCY—See Notes A, C and G of Notes to Financial Statements, Appendix G

Members in whose territories loans have been made <sup>1</sup>	Effective loans held by Bank			Loans not yet effective <sup>4</sup>
	Disbursed portion	Undisbursed portion <sup>2</sup>	Total <sup>3</sup>	
Australia . . . . .	\$ 251,973,130	\$ 17,749,842	\$ 269,722,972	\$ 10,145,000
Austria . . . . .	53,047,578	2,255,137	55,302,715	—
Belgium . . . . .	78,943,829	41,361,858	120,305,687	13,400,000
Brazil . . . . .	148,281,782	1,904,733	150,186,515	—
Burma . . . . .	6,238,658	1,111,342	7,350,000	—
Ceylon . . . . .	11,522,962	3,849,288	15,372,250	—
Chile . . . . .	31,803,296	33,978,160	65,781,456	—
Colombia . . . . .	68,107,275	19,037,725	87,145,000	—
Costa Rica . . . . .	2,277,941	356,059	2,634,000	—
Denmark . . . . .	33,893,000	33,893,000	67,786,000	—
Ecuador . . . . .	6,620,975	24,973,025	31,594,000	600,000
El Salvador . . . . .	20,877,441	1,423,526	22,300,967	—
Ethiopia . . . . .	4,287,425	13,675,375	17,962,800	—
Finland . . . . .	41,421,397	9,981,493	51,402,890	—
France . . . . .	233,397,099	229,182,1	462,579,200	—
Guatemala . . . . .	13,342,139	2,143,861	15,486,000	—
Haiti . . . . .	1,343,151	1,983,249	3,326,400	5,500,000
Honduras . . . . .	5,346,020	62,443,156	67,789,176	—
Iceland . . . . .	256,581,897	—	256,581,897	43,000,000
India . . . . .	70,000,000	80,010,263	150,010,263	33,463,000
Iran . . . . .	102,953,308	10,771,178	113,724,486	62,000,000
Italy . . . . .	68,698,064	25,323,569	94,021,633	—
Japan . . . . .	1,674,431	—	1,674,431	—
Lebanon . . . . .	7,456,000	6,026,604	13,482,604	34,000,000
Luxembourg . . . . .	126,566,396	—	126,566,396	—
Mexico . . . . .	65,745,985	4,890,384	70,636,369	—
Netherlands . . . . .	12,542,616	16,679,590	29,222,206	—
Nicaragua . . . . .	55,770,410	52,253,082	108,023,492	14,000,000
Norway . . . . .	45,209,876	1,634,685	46,844,561	—
Pakistan . . . . .	2,978,741	47,269	3,026,010	—
Panama . . . . .	3,115,731	—	3,115,731	15,000,000
Paraguay . . . . .	29,484,836	5,484,017	34,968,853	—
Peru . . . . .	2,419,199	17,593,801	19,013,000	—
Philippines . . . . .	97,705,391	11,760,258	109,465,649	—
South Africa . . . . .	34,153,814	66,072,186	100,226,000	—
Thailand . . . . .	53,645,121	3,705,916	57,351,037	—
Turkey . . . . .	65,108,733	71,727,920	136,836,653	28,000,000
United Kingdom . . . . .	38,346,354	17,574,646	55,921,000	—
Uruguay . . . . .	53,552,000	—	53,552,000	—
Yugoslavia . . . . .	—	—	—	—
<b>Totals . . . . .</b>	<b>\$2,191,675,581</b>	<b>\$646,083,251</b>	<b>\$2,837,758,832</b>	<b>\$259,108,000</b>
<b>Deduct Exchange Adjustments . . . . .</b>	<b>—</b>	<b>—</b>	<b>9,031,870</b>	<b>—</b>
<b>Effective loans held by the Bank . . . . .</b>	<b>—</b>	<b>—</b>	<b>\$2,828,726,962</b>	<b>—</b>

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

<sup>2</sup> This does not include \$28,764,241 of effective loans which the Bank has agreed to sell. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$15,615,636.

<sup>3</sup> Original principal amount of loans signed . . . \$3,818,812,893

## DEDUCT:

(a) Cancellations and refundings . . . . .	\$ 90,140,159
(b) Principal repayments to the Bank . . . . .	218,960,195
(c) Loans sold or agreed to be sold of which \$28,764,241 has not yet been disbursed . . . . .	412,845,707
(d) Loans not yet effective . . . . .	259,108,000
	<b>981,054,061</b>
	<b>\$2,837,758,832</b>
<b>DEDUCT: Exchange adjustments . . . . .</b>	<b>9,031,870</b>
<b>Effective loans held by Bank . . . . .</b>	<b>\$2,828,726,962</b>

<sup>4</sup> 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. The Bank has agreed to sell \$7,211,300 of loans not yet effective and thus the total of both effective and non-effective loans sold or agreed to be sold is the equivalent of \$420,057,007.

## Summary of Currencies Repayable on Effective Loans Held by Bank

Currency	Amount
Australian Pounds . . . . .	\$ 9,371,696
Austrian Schillings . . . . .	4,912,885
Belgian Francs . . . . .	24,428,467
Burmese Kyats . . . . .	98,700
Canadian Dollars . . . . .	91,536,522
Ceylon Rupees . . . . .	540,000
Danish Kroner . . . . .	5,815,866
Deutsche Marks . . . . .	62,232,010
French Francs . . . . .	34,922,507
Indian Rupees . . . . .	1,844,121
Irish Pounds . . . . .	1,941,773
Italian Lire . . . . .	201,751
Japanese Yen . . . . .	500,000
Luxembourg Francs . . . . .	27,386,347
Mexican Pesos . . . . .	20,807,069
Netherlands Guilders . . . . .	500,000
Norwegian Kroner . . . . .	6,191,480
Pounds Sterling . . . . .	39,743,900
South African Pounds . . . . .	3,017,131
Swedish Kronor . . . . .	133,464,167
Swiss Francs . . . . .	10,389,288
United States Dollars . . . . .	11,247,326
Venezuelan Bolivares . . . . .	14,365,804
Yugoslavian Dinars . . . . .	1,581,863,746
	1,559,275

Disbursed portion of effective loans held by Bank . . . \$2,191,675,581  
ADD: Undisbursed portion of effective loans held by Bank . . . . . 646,083,251

DEDUCT: Exchange adjustments . . . . . \$2,837,758,832  
Effective loans held by Bank . . . . . 9,031,870  
Effective loans held by Bank . . . . . \$2,828,726,962

# Funded Debt of the Bank

JUNE 30, 1958

EXPRESSED IN UNITED STATES CURRENCY—See Note A of Notes to Financial Statements, Appendix G

<i>Payable in</i>	<i>Issue and maturity</i>	<i>Principal outstanding</i>	<i>Annual sinking fund requirement <sup>1</sup></i>	
<b>United States Dollars</b>				
3¼%	Notes of 1958, due 1958-59 . . . . .	\$ 10,000,000		None *
3½%	Two Year Bonds of 1956, due 1958 . . . . .	75,000,000		None *
4¼%	Notes of 1957, due 1958-60 . . . . .	100,000,000		None *
4¾%	Notes of 1957, due 1959-61 . . . . .	75,000,000		None *
2%	Serial Bonds of 1950, due 1959-62 . . . . .	40,000,000		None *
2½%	Five Year Bonds of 1954, due 1959 . . . . .	50,000,000		None
2½%	Notes of 1958, due 1959-61 . . . . .	75,000,000		None *
2½%	Notes of 1958, due 1960 . . . . .	15,000,000		None *
3¾%	Ten Year Bonds of 1958, due 1968 <sup>2</sup> . . . . .	148,500,000		None *
3½%	Fifteen Year Bonds of 1954, due 1969 . . . . .	90,822,000	1959	\$2,822,000
			1960-66	\$4,000,000
			1967-68	\$5,000,000
3½%	Nineteen Year Bonds of 1952, due 1971 . . . . .	56,057,000	1958	\$ 57,000
			1959-66	\$2,000,000
			1967-70	\$2,500,000
3%	Twenty-Five Year Bonds of 1947, due 1972 . . . . .	146,285,000	1959	\$2,285,000
			1960-62	\$3,000,000
			1963-67	\$4,500,000
			1968-72	\$7,500,000
3¾%	Twenty-Three Year Bonds of 1952, due 1975 . . . . .	48,487,000	1959	\$ 987,000
			1960-74	\$1,500,000
3%	Twenty-Five Year Bonds of 1951, due 1976 . . . . .	50,000,000	1963	\$1,000,000
			1964-75	\$2,000,000
4½%	Twenty Year Bonds of 1957, due 1977 <sup>2/3</sup> . . . . .	80,991,000	1967-76	\$5,000,000
4¼%	Twenty-One Year Bonds of 1957, due 1978 <sup>2</sup> . . . . .	95,618,000	1967-71	\$4,000,000
			1972-77	\$5,000,000
4¼%	Twenty-One Year Bonds of 1958, due 1979 <sup>2</sup> . . . . .	137,750,000	1968-77	\$7,000,000
			1978	\$5,000,000
4¾%	Twenty-Three Year Bonds of 1957, due 1980 <sup>2/3</sup> . . . . .	63,900,000	1968-79	\$3,000,000
			1980	\$1,500,000
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
	<b>Sub-Total . . . . .</b>	<b>\$1,458,410,000</b>		
<b>Canadian Dollars</b>				
3¼%	Ten Year Bonds of 1955, due 1965 (Can\$14,450,000) . . . . .	\$ 13,136,363	1959	Can\$450,000
			1960-64	Can\$500,000
3½%	Fifteen Year Bonds of 1954, due 1969 (Can\$24,950,000) . . . . .	22,681,818	1959	Can\$750,000
			1960-65	Can\$800,000
			1966-68	Can\$900,000
	<b>Sub-Total . . . . .</b>	<b>\$ 35,818,181</b>		

# Funded Debt of the Bank (continued)

JUNE 30, 1958

EXPRESSED IN UNITED STATES CURRENCY—See Note A of Notes to Financial Statements, Appendix G

<i>Payable in</i>	<i>Issue and maturity</i>	<i>Principal outstanding</i>	<i>Annual sinking fund requirement<sup>1</sup></i>
<b>Netherlands Guilders</b>			
	3½% Fifteen Year Bonds of 1954, due 1969 (f40,000,000) . . . . .	\$ 10,526,316	1960-69 f4,000,000
	3½% Twenty Year Bonds of 1955, due 1975 (f40,000,000). . . . .	10,526,316	1961-74 f2,640,000
			1975 f3,040,000
	<b>Sub-Total</b> . . . . .	<u>\$ 21,052,632</u>	
<b>Pounds Sterling</b>			
	3½% Twenty Year Stock of 1951, due 1971 (£4,575,932) . . . . .	\$ 12,812,610	1959 £148,349
			1960-71 £166,700
	3½% Twenty Year Stock of 1954, due 1974 (£5,000,000) . . . . .	14,000,000	1960-74 £166,700
	<b>Sub-Total</b> . . . . .	<u>\$ 26,812,610</u>	
<b>Swiss Francs</b>			
	3¾% Swiss Franc Loan of 1957, due 1960-65 (Sw fr 200,000,000) . . . . .	\$ 46,538,685	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
	3½% Twenty Year Bonds of 1955, due 1976 (Sw fr 50,000,000) . . . . .	11,634,671	1965-74 Sw fr 4,000,000
			1975-76 Sw fr 5,000,000
	<b>Sub-Total</b> . . . . .	<u>\$ 116,346,713</u>	
	<b>Gross Total</b> . . . . .	<u>\$ 1,658,440,136<sup>4</sup></u>	

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

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

<i>Period</i>	<i>Amount</i>
July 1, 1958 to June 30, 1959 . . . . .	\$184,550,285
July 1, 1959 to June 30, 1960 . . . . .	176,012,025
July 1, 1960 to June 30, 1961 . . . . .	111,424,417
July 1, 1961 to June 30, 1962 . . . . .	32,119,154
July 1, 1962 to June 30, 1963 . . . . .	34,753,825
<b>Total</b> . . . . .	<u>\$538,859,706</u>

<sup>2</sup> The Bank has entered into agreements to sell additional bonds of the following issues and delivery of these bonds will be made and payment therefor

will be received by the Bank in the aggregate amounts and at various dates to and including the dates shown hereunder:

<i>Issue</i>	<i>Amount</i>	<i>Date of final delivery</i>
4½% Twenty Year Bonds of 1957	\$16,500,000	Oct. 1, 1959
4¼% Twenty-One Year Bonds of 1957	\$ 4,382,000	Feb. 1, 1960
4¾% Twenty-Three Year Bonds of 1957	\$11,100,000	Nov. 1, 1960
4¼% Twenty-One Year Bonds of 1958	\$12,250,000	Apr. 15, 1960
3¾% Ten Year Bonds of 1958	\$ 1,500,000	May 15, 1959

<sup>3</sup> In the cases of the 4½% Twenty Year Bonds of 1957 and the 4¾% Twenty-Three Year Bonds of 1957 the Bank will, as purchase funds, use its best efforts to purchase bonds of these issues in the open market or by acceptance of tenders at prices up to and including 100% of the principal amount plus accrued interest. After all bonds of these issues, including those sold for delayed delivery, have been issued, and proportionately less before then, the purchase funds will be at the annual rate of \$5,000,000 through 1966 in the case of the 4½% Twenty Year Bonds of 1957 and at the annual rate of \$3,750,000 through 1967 in the case of the 4¾% Twenty-Three Year Bonds of 1957. The purchase funds are cumulative on a month-to-month basis only within each calendar year.

<sup>4</sup> In June the Bank arranged to borrow by private placement DM 200 million at 3% per annum for settlement on July 7, 1958 and \$40 million at 2½% per annum for settlement on July 11, 1958. Both borrowings are to be repaid in July, 1961.

## Notes to Financial Statements

JUNE 30, 1958

## NOTE A

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

(i) In the cases of 48 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 19 members (Afghanistan, Bolivia, Canada, China, France, Ghana, Greece, Indonesia, Italy, Korea, Malaya, Morocco, Peru, Saudi Arabia, Sudan, Thailand, Tunisia, Uruguay and Viet-Nam), the par values of whose currencies are not so specified, at the rates used by such members in making payments of capital subscriptions to the Bank.

(iii) In the case of Swiss francs, a non-member currency, at the rate of 4.2975 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 of the several members, and the notes issued by them in substitution for any part of such currencies as permitted under the provisions of Article V, Section 12, are derived from the 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 18% 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.

Under Article II, Section 9, each member is required, if the par value of its currency is reduced or if the foreign exchange value of its currency depreciates to a significant extent in its territories, to maintain the value of the Bank's holdings of its 18% currency, including the principal amount of any notes substituted therefor, and the Bank

is required, if the par value of a member's currency is increased, to return to the member the increase in the value of such 18% currency held by the Bank. The equivalent of \$89,057 is due from 2 members in order to maintain the value of their currencies as required under Article II, Section 9.

Some members have converted part or all of the Bank's holdings of their 18% currency into United States dollars to be used and reused as United States dollars in the Bank's operations, subject to the right of the Bank or the member to reverse the transactions at any time, with immediate effect as to dollars then held by the Bank, and, as to dollars loaned, upon repayment of the loans. Such dollars while held by the Bank or on loan are not subject to the provisions of Article II, Section 9. Such dollars held by the Bank or repayable on loans are shown in these financial statements under "United States dollars" and, where relevant, as "unrestricted".

## NOTE C

The principal disbursed and outstanding on loans and the 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 . . . . .	\$600,789,965
Accrued Interest, Commitment and	
Service Charges . . . . .	5,149,847
Accrued Loan Commissions . . . . .	1,366,289
<b>Total . . . . .</b>	<b>\$607,306,101</b>

## NOTE D

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 E

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

Notes to Financial Statements (*continued*)

JUNE 30, 1958

Executive Directors or the Board of Governors, be allocated to this reserve. This reserve has been charged with \$512,354 representing the loss taken by the Bank, as a result of the revaluation of the French franc in August 1957, on French francs it had acquired from earnings.

## NOTE F

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

## NOTE G

The Bank has sold under its guarantee \$69,003,844 of loans of which amount \$48,195,844 has been retired. The following table sets forth the maturities of the guaranteed obligations outstanding:

<i>Period</i>	<i>Amount</i>
July 1, 1958 to June 30, 1959 . . . . .	\$ 613,000
July 1, 1959 to June 30, 1960 . . . . .	1,000,000
July 1, 1960 to June 30, 1961 . . . . .	7,285,000
July 1, 1961 to June 30, 1962 . . . . .	4,715,000
July 1, 1962 to June 30, 1963 . . . . .	1,000,000
Thereafter . . . . .	6,195,000
<b>Total . . . . .</b>	<b>\$20,808,000</b>

## NOTE H

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

*General*

As of June 30, 1958, the Board of Governors had approved applications for membership or applications for increase of members' subscriptions as follows:

<i>Country</i>	<i>New or additional subscription</i>	<i>Date to accept</i>
<i>(a) New Membership</i>		
Libya	\$ 5,000,000	September 30, 1958
Spain	100,000,000	November 12, 1958
<i>(b) Increase of Members' Subscriptions</i>		
El Salvador	\$ 2,000,000	September 30, 1958
Honduras	2,000,000	September 30, 1958
Haiti	5,500,000	September 30, 1958
Paraguay	1,600,000	September 30, 1958
Philippines	35,000,000	September 30, 1958

At June 30, 1958, pending completion of other legal formalities, El Salvador, Honduras and Paraguay had paid in full the amounts due on account of such subscriptions and Haiti and Libya had made partial payments.

Opinion of Independent Auditor

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

August 4, 1958

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

In our opinion, the accompanying financial statements and related notes present fairly, in terms of United States currency, the financial position of International Bank for Reconstruction and Development at June 30, 1958, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

PRICE WATERHOUSE & Co.

FINANCIAL STATEMENTS  
COVERED BY THE FOREGOING OPINION

	<i>Appendix</i>
Balance Sheet . . . . .	A
Comparative Statement of Income and Expenses . . . . .	B
Statement of Currencies Held by the Bank . . . . .	C
Statement of Subscriptions to Capital Stock and Voting Power . . . . .	D
Summary Statement of Loans . . . . .	E
Funded Debt of the Bank . . . . .	F
Notes to Financial Statements . . . . .	G



# Administrative Budget

FOR THE FISCAL YEAR ENDING JUNE 30, 1959

There is outlined below the Administrative Budget for the fiscal year ending June 30, 1959, 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, 1957, and 1958.

	<i>Actual Expenses</i>		<i>Budget</i>	
	<i>1957</i>	<i>1958</i>	<i>1959</i>	
BOARD OF GOVERNORS . . . . .	\$ 197,138	\$ 208,714	\$ 473,000	
EXECUTIVE DIRECTORS . . . . .	599,356	497,144	628,000	
STAFF				
Personal Services . . . . .	3,579,400	4,022,347	4,366,000	
Staff Benefits . . . . .	410,972	463,064	515,500	
Travel . . . . .	710,362	846,471	925,000	
Consultants . . . . .	284,619	156,127	225,000	
Representation . . . . .	66,347	65,538	65,000	6,096,500
	5,051,700	5,553,547		
OTHER ADMINISTRATIVE EXPENSES				
Fees & Compensation . . . . .	70,628	76,309	59,000	
Supplies & Materials . . . . .	68,231	75,113	75,000	
Office Occupancy . . . . .	586,019	667,905	560,500	
Communications . . . . .	186,341	196,815	225,000	
Furniture & Equipment . . . . .	87,237	115,903	80,000	
Printing . . . . .	75,029	76,575	84,000	
Books & Library Service . . . . .	73,356	87,025	92,500	
Insurance . . . . .	26,808	46,483	24,500	
Other . . . . .	9,245	18,503	20,000	1,220,500
	1,182,894	1,360,631		
CONTINGENCY . . . . .	—	—	100,000	
<b>Total . . . . .</b>	<b>\$7,031,088</b>	<b>\$7,620,036</b>	<b>\$8,518,000</b>	
SERVICES TO MEMBER COUNTRIES				
General Survey Missions . . . . .	43,331	103,938	250,000	
Resident Representatives . . . . .	114,558	132,684	93,500	
Economic Development Institute . . . . .	93,827	106,667	225,000	
Training Programs . . . . .	42,943	44,865	78,500	
Indus Basin Discussions . . . . .	157,969	119,086	75,000	
Other Advisory Services . . . . .	83,633	132,107	235,500	
<b>Total . . . . .</b>	<b>536,261</b>	<b>639,347</b>	<b>957,500</b>	
<b>Grand Total . . . . .</b>	<b>\$7,567,349</b>	<b>\$8,259,383</b>	<b>\$9,475,500</b>	

## Governors and Alternates

JUNE 30, 1958

<i>Member Government</i>	<i>Governor</i>	<i>Alternate</i>
Afghanistan . . . . .	Abdullah Malikyar	Abdul Karim Hakimi
Argentina . . . . .	Eduardo Laurencena	Cesar Barros Hurtado <sup>1</sup>
Australia . . . . .	Sir Arthur Fadden	Sir Roland Wilson
Austria . . . . .	Reinhard Kamitz	Wilhelm Teufenstein
Belgium . . . . .	J. van Houtte	Jean Van Nieuwenhuyse
Bolivia . . . . .	Miguel Gisbert N.	Fernando Pou Munt
Brazil . . . . .	Jose Maria Alkmim	J. J. Cardozo de Mello Neto
Burma . . . . .	U Kyaw Min <sup>2</sup>	U Kyaw Nyun
Canada . . . . .	Donald M. Fleming	A. F. W. Plumptre
Ceylon . . . . .	Stanley de Zoysa	Rajendra Coomaraswamy
Chile . . . . .	Felipe Herrera Lane	Alvaro Orrego Barros
China . . . . .	Chia-Kan Yen	Tse-kai Chang
Colombia . . . . .	Ignacio Copete-Lizarralde	Eduardo Arias Robledo
Costa Rica . . . . .	Alvaro Castro	Alvaro Vargas
Cuba . . . . .		Joaquin E. Meyer
Denmark . . . . .	Svend Nielsen	Hakon Jespersen
Dominican Republic . . . . .	Arturo Despradel	Oscar G. Ginebra Henriquez
Ecuador . . . . .	Federico Intrigo	Jose R. Chiriboga V.
Egypt* . . . . .	Ahmed Zaki Saad	Albert Mansour
El Salvador . . . . .	Carlos J. Canessa	Luis Escalante-Arce
Ethiopia . . . . .	Menasse Lemma	George Peters Rea
Finland . . . . .	R.v. Fieandt	Reino Rossi
France . . . . .	Minister of Finance	Pierre Mendes-France
Germany . . . . .	Ludwig Erhard	Franz Etzel
Ghana . . . . .	K. A. Gbedemah	A. Eggleston
Greece . . . . .	Gregory Cassimatis	Ioannis Paraskevopoulos
Guatemala . . . . .	Manuel A. Benfeldt Jauregui	Mario Asturias-Arevalo
Haiti . . . . .	Fritz Saint Firmin Thebaud	Maurice Telemaque
Honduras . . . . .	Celeo Davila	Jorge Bueso-Arias
Iceland . . . . .	Petur Benediktsson	Vilhjalmur Thor
India . . . . .	Morarji R. Desai	H. M. Patel
Indonesia . . . . .	Soetikno Slamet	Loekman Hakim
Iran . . . . .	Ali Asghar Nasser	Djaleddin Aghili
Iraq . . . . .	Nadim Al-Pachachi	Mudhafar H. Jamil
Ireland . . . . .	Seamas O Riain	T. K. Whitaker
Israel . . . . .	David Horowitz	Martin Rosenbluth
Italy . . . . .	Donato Menichella	Giorgio Cigliana-Piazza
Japan . . . . .	Eisaku Sato	Masamichi Yamagiwa
Jordan . . . . .	Anastas Hanania	Mohammad Ali Rida
Korea . . . . .	Chin Hyung Kim	Byung Kyu Chun
Lebanon . . . . .	Andre Tueni	Raja Himadeh
Luxembourg . . . . .	Pierre Werner	Rene Franck
Malaya . . . . .	Sir Henry H. S. Lee <sup>3</sup>	Ismail bin Dato' Abdul Rahman <sup>3</sup>
Mexico . . . . .	Antonio Carrillo Flores	Jose Hernandez Delgado
Morocco . . . . .	Abderrahim Bouabid	Abdallah Chefchaouni
Netherlands . . . . .	H. J. Hofstra	S. Posthuma
Nicaragua . . . . .	Guillermo Sevilla-Sacasa	Enrique Delgado
Norway . . . . .	Arne Skaug	Carsten Nielsen
Pakistan . . . . .	Syed Amjad Ali	M. A. Mozaffar
Panama . . . . .	Ricardo M. Arias Espinosa	Julio E. Heurtematte
Paraguay . . . . .	Osvaldo Chaves	Federico Mandelburger
Peru . . . . .	Fernando Berckemeyer	Emilio Foley
Philippines . . . . .	Miguel Cuaderno Sr.	Eduardo Z. Romualdez
Saudi Arabia . . . . .	Ahmed Zaki Saad	Saleh Al-Shalfan
Sudan . . . . .	Ibrahim Ahmed	Sayed Hamza Mirghani
Sweden . . . . .	G. E. Straeng	N. G. Lange
Syria* . . . . .	Husni A. Sawwaf	Sadek Ayoubi
Thailand . . . . .	Serm Vinichayakul	Puey Ungphakorn
Tunisia . . . . .	Hedi Nouria	Mongi Slim
Turkey . . . . .	Hasan Polatkan	Sait Naci Ergin
Union of South Africa . . . . .	Jozua Francois Naude	M. H. de Kock
United Kingdom . . . . .	Derick Heathcoat Amory	Sir Leslie Rowan
United States . . . . .	Robert B. Anderson	C. Douglas Dillon
Uruguay . . . . .	Nilo Berchesi	Roberto Ferber
Venezuela . . . . .	Jose Joaquin Gonzalez-Gorronzona Jr.	Alejandro J. Huizi-Aguilar
Viet-Nam . . . . .	Tran Huu Phuong	Vu Quoc Thuc
Yugoslavia . . . . .	Augustin Papic <sup>4</sup>	Antonije Tasic <sup>4</sup>

\* Under date of June 14, 1958, the Government of the United Arab Republic notified the Bank that by virtue of the merger of Egypt and Syria in a single state, the United Arab Republic was a single member of the Bank. On July 18, 1958, the Executive Directors of the Bank decided that the United Arab Republic be substituted for Egypt and Syria in the Bank's records as a single member with a subscription of \$59,800,000, being the aggregate of the capital subscriptions of Egypt and Syria and with a voting power of 848 votes.

<sup>1</sup> Appointed as of July 4, 1958. <sup>2</sup> Appointed as of July 15, 1958. <sup>3</sup> Appointed as of July 9, 1958. <sup>4</sup> Appointed as of July 19, 1958.

## Executive Directors and Alternates and their Voting Power

JUNE 30, 1958

<i>Directors</i>	<i>Alternates</i>	<i>Casting the votes of</i>	<i>Total votes</i>
APPOINTED			
Tom B. Coughran	John S. Hooker	United States	32,000
G. F. Thorold	David B. Pitblado	United Kingdom	13,250
Kan Lee		China	6,250
Rene Larre	Jean Cottier	France	5,500
V. Narahari Rao	P. J. J. Pinto	India	4,250
ELECTED			
Thomas Basyn (Belgium)	Max Thurn (Austria)	Belgium, Austria, Turkey, Korea, Luxembourg	4,655
Soemarno (Indonesia)	Carlo Gragnani (Italy)	Italy, Indonesia, Greece, Afghanistan	4,250
Mohamed Shoaib (Pakistan)	Ali Akbar Khosropur (Iran)	Pakistan, Egypt,* Iran, Syria,* Iraq, Lebanon, Ethiopia, Jordan	4,099
P. Liefstinck (Netherlands)	J. Smole (Yugoslavia)	Netherlands, Yugoslavia, Israel	3,945
Takeshi Watanabe (Japan)	D. C. Gunsekera (Ceylon)	Japan, Burma, Ceylon, Thailand	3,925
B. B. Callaghan (Australia)	B. E. Fleming (Australia)	Australia, Union of South Africa, Viet-Nam	3,875
Luis Machado (Cuba)	Jorge A. Montealegre (Nicaragua)	Mexico, Cuba, Peru, Venezuela, Costa Rica, Guatemala, El Salvador, Honduras, Nicaragua, Panama	3,850
Sven Viig (Norway)	Bjorn Tryggvason (Iceland)	Sweden, Denmark, Norway, Finland, Iceland	3,820
Jorge Mejia-Palacio (Colombia)		Brazil, Colombia, Philippines, Ecuador, Dominican Republic, Haiti	3,624
Otto Donner (Germany)	Karl-Heinz Drechsler (Germany)	Germany	3,550
Louis Rasminsky (Canada)	Alan B. Hockin (Canada)	Canada	3,500
Victor A. Pane (Paraguay)	Persio da Silva (Paraguay)	Argentina, Chile, Uruguay, Bolivia, Paraguay	3,289

\* Under date of June 14, 1958, the Government of the United Arab Republic notified the Bank that by virtue of the merger of Egypt and Syria in a single state, the United Arab Republic was a single member of the Bank. On July 18, 1958, the Executive Directors of the Bank decided that the United Arab Republic be substituted for Egypt and Syria in the Bank's records as a single member with a subscription of \$59,800,000, being the aggregate of the capital subscriptions of Egypt and Syria and with a voting power of 848 votes.

In addition to the Executive Directors and Alternates shown in the foregoing list, the following also served as Executive Director or Alternate since June 30, 1957:

<i>Executive Director</i>	<i>End of Period of Service</i>
Soetikno Slamet (Indonesia)	December 31, 1957
<i>Alternate Executive Directors</i>	<i>End of Period of Service</i>
Jean-Maxime Leveque (France)	March 14, 1958
Thet Tun (Burma)	October 7, 1957
Tun Thin (Burma)	October 31, 1957

## Statement of Loans—June 30, 1958

Excluding Loans Fully Repaid, Refunded or Cancelled

EXPRESSED IN UNITED STATES DOLLARS

(For Summary Statement—See Appendix E)

Purpose, borrower and guarantor <sup>1</sup>	Date of Loan Agreement	Maturities	Interest rate (including commission)	Original principal amount	Partial cancellations	Effective loans sold or agreed to be sold <sup>3</sup>		Principal repayments to Bank	Effective loans held by Bank
						Total sales	Portion matured <sup>4</sup>		
AUSTRALIA									
Equipment for Development . . . . .	Aug. 22, 1950	1955–1975	4¼%	\$ 100,000,000	\$ —	\$ 14,867,028	\$ 9,519,000	\$ 308,000	\$ 84,824,972
Equipment for Development . . . . .	July 8, 1952	1957–1972	4¾%	50,000,000	—	7,561,000	3,258,000	1,000	42,438,000
Equipment for Development . . . . .	Mar. 2, 1954	1957–1969	4¾%	54,000,000	—	11,208,000	4,936,000	—	42,792,000
Equipment for Development . . . . .	Mar. 18, 1955	1958–1970	4½%	54,500,000	—	10,400,000	1,636,000	—	44,100,000
Airlines . . . . .	Nov. 15, 1956	1964–1966	4¾%	9,230,000	—	—	—	—	9,230,000
Equipment for Development . . . . .	Dec. 3, 1956	1959–1972	4¾%	50,000,000	—	3,662,000	—	—	46,338,000
TOTAL				317,730,000	—	47,698,028	19,349,000	309,000	269,722,972
AUSTRIA (guarantor)									
Power— <i>Verbundgesellschaft, Draukraftwerke</i> . . . . .	July 19, 1954	1959–1979	4¾%	12,000,000	—	—	—	—	12,000,000
Power— <i>Verbundgesellschaft, Draukraftwerke</i> . . . . .	Sept. 21, 1956	1959–1976	5%	10,000,000	—	182,000	—	—	9,818,000
Power— <i>Vorarlberger Illwerke</i> . . . . .	June 14, 1955	1960–1979	4¾%	10,000,000	—	153,000	—	—	9,847,000
Power— <i>Vorarlberger Illwerke</i> . . . . .	Oct. 10, 1957	1960–1979	5¾%	3,571,429	—	466,714	—	—	3,104,715
Power— <i>Verbundgesellschaft, Donaukraftwerke</i> . . . . .	Sept. 21, 1956	1960–1981	5%	21,000,000	—	467,000	—	—	20,533,000
Industry— <i>Oesterr. Investitionskredit A.G.</i> . . . . .	Apr. 28, 1958	1959–1975	5½%	10,765,000 <sup>2</sup>	620,000	Note <sup>3</sup>	—	—	—
TOTAL				67,336,429	620,000	1,268,714	—	—	55,302,715
BELGIUM									
Industry & Power . . . . .	Mar. 1, 1949	1953–1969	4¼%	16,000,000	—	16,000,000	5,500,000	—	—
Belgian Congo Development . . . . .	Sept. 13, 1951	1957–1976	4½%	30,000,000	—	9,485,000	2,250,000	—	20,515,000
Water Transport . . . . .	Dec. 14, 1954	1965–1969	4¾%	20,000,000	—	—	—	—	20,000,000
Water Transport . . . . .	Sept. 10, 1957	1963–1972	5¾%	10,000,000	—	—	—	—	10,000,000
BELGIUM (guarantor)									
Equipment for Development— <i>Belgian Congo</i> . . . . .	Sept. 13, 1951	1957–1976	4½%	40,000,000	—	8,152,234	2,998,922	1,079	31,846,687
Roads— <i>Belgian Congo</i> . . . . .	Nov. 27, 1957	1961–1976	6%	40,000,000	—	6,497,000	—	—	33,503,000
Ports and Roads— <i>Ruanda-Urundi</i> . . . . .	June 26, 1957	1961–1977	5¾%	4,800,000	—	359,000	—	—	4,441,000
TOTAL				160,800,000	—	40,493,234	10,748,922	1,079	120,305,687
BRAZIL									
Railways . . . . .	June 27, 1952	1955–1967	4¾%	12,500,000	—	—	—	2,561,000	9,939,000
Roads . . . . .	Apr. 30, 1953	1954–1959	4¼%	3,000,000	18,946	—	—	2,381,054	600,000
Railways . . . . .	Dec. 18, 1953	1959–1969	4¾%	12,500,000	—	—	—	—	12,500,000
BRAZIL (guarantor)									
Power & Communications— <i>Brazilian Traction</i> . . . . .	Jan. 27, 1949	1953–1974	4½%	75,000,000	—	4,028,411	3,845,527	3,273,473	67,698,116
Power— <i>Brazilian Traction</i> . . . . .	Jan. 18, 1951	1955–1976	4¼%	15,000,000	—	—	—	600,000	14,400,000
Power— <i>Brazilian Traction</i> . . . . .	Feb. 24, 1954	1955–1974	4¾%	18,790,000	—	—	—	3,000,000	15,790,000
Power— <i>São Francisco Hidro Elet. Co.</i> . . . . .	May 26, 1950	1954–1975	4¼%	15,000,000	—	—	—	1,993,601	13,006,399
Power— <i>CEARG &amp; CEMIG</i> . . . . .	July 17, 1953	1957–1973	5%	7,300,000	—	1,047,000	427,000	—	6,253,000
Power— <i>Usinas Elétricas Paranapanema</i> . . . . .	Dec. 18, 1953	1958–1974	5%	10,000,000	—	—	—	—	10,000,000
Power— <i>Usinas Elétricas Paranapanema</i> . . . . .	Jan. 22, 1958	1962–1978	5¾%	13,400,000 <sup>2</sup>	—	—	—	—	—
TOTAL				182,490,000	18,946	5,075,411	4,272,527	13,809,128	150,186,515

BURMA										
Railways . . . . .	May 4, 1956	1959-1971	4¾%	\$ 5,350,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 5,350,000
BURMA ( <i>guarantor</i> )										
Ports— <i>Rangoon Port Commissioners</i> . . . . .	May 4, 1956	1960-1976	4¾%	14,000,000	—	—	—	—	—	14,000,000
			TOTAL	19,350,000	—	—	—	—	—	19,350,000
CEYLON										
Power . . . . .	July 9, 1954	1959-1979	4¾%	19,110,000	1,737,750	—	—	—	—	17,372,250
CHILE ( <i>guarantor</i> )										
Power— <i>Fomento &amp; Endesa</i> . . . . .	Mar. 25, 1948	1953-1968	4½%	13,500,000	—	604,000	168,000	3,423,000	—	9,473,000
Power— <i>Fomento &amp; Endesa</i> . . . . .	Nov. 1, 1956	1960-1976	5%	15,000,000	—	298,000	—	—	—	14,702,000
Agriculture— <i>Fomento</i> . . . . .	Oct. 10, 1951	1955-1961	4¾%	1,300,000	445,544	633,000	520,000	80,000	—	141,456
Industry— <i>Fomento &amp; Papeles y Cartones</i> . . . . .	Sept. 10, 1953	1958-1970	5%	20,000,000	—	—	—	135,000	—	19,865,000
Industry— <i>Fomento &amp; Schwager</i> . . . . .	July 24, 1957	1963-1972	5¾%	12,200,000	—	100,000	—	—	—	12,100,000
Industry— <i>Fomento &amp; Lota</i> . . . . .	July 24, 1957	1962-1972	5¾%	9,600,000	—	100,000	—	—	—	9,500,000
			TOTAL	71,600,000	445,544	1,735,000	688,000	3,638,000	—	65,781,456
COLOMBIA										
Roads . . . . .	Apr. 10, 1951	1954-1961	3⅞%	16,500,000	—	800,000	800,000	8,083,000	—	7,617,000
Railways . . . . .	Aug. 26, 1952	1957-1978	4¾%	25,000,000	—	—	—	715,000	—	24,285,000
Roads . . . . .	Sept. 10, 1953	1956-1963	4¾%	14,350,000	—	—	—	3,920,000	—	10,430,000
Roads . . . . .	June 6, 1956	1959-1971	4¾%	16,500,000	—	—	—	—	—	16,500,000
COLOMBIA ( <i>guarantor</i> )										
Agriculture— <i>Caja de Crédito</i> . . . . .	Dec. 29, 1954	1957-1961	4¼%	5,000,000	—	3,000,000	1,500,000	—	—	2,000,000
Power— <i>CHIDRAL</i> . . . . .	Nov. 2, 1950	1954-1970	4%	3,530,000	—	148,000	148,000	568,000	—	2,814,000
Power— <i>CHIDRAL</i> . . . . .	Mar. 24, 1955	1959-1975	4¾%	4,500,000	—	—	—	—	—	4,500,000
Power— <i>Caldas Hidro-Elec. Co.</i> . . . . .	Dec. 28, 1950	1952-1971	4%	2,600,000	—	194,000	194,000	426,000	—	1,980,000
Power— <i>Hidroeléctrica del Río Lebrija</i> . . . . .	Nov. 13, 1951	1954-1972	4½%	2,400,000	—	84,800	84,800	330,200	—	1,985,000
Railways— <i>Ferrocarriles Nacionales</i> . . . . .	June 15, 1955	1958-1980	4¾%	15,900,000	—	866,000	—	—	—	15,034,000
			TOTAL	106,280,000	—	5,092,800	2,726,800	14,042,200	—	87,145,000
COSTA RICA ( <i>guarantor</i> )										
Agriculture & Industry— <i>Banco Central</i> . . . . .	Sept. 18, 1956	1958-1963	4¾%	3,000,000	—	366,000	—	—	—	2,634,000
DENMARK										
Reconstruction . . . . .	Aug. 22, 1947	1953-1972	4¼%	40,000,000	—	5,208,000	2,821,000	899,000	—	33,893,000
ECUADOR										
Roads . . . . .	Sept. 20, 1957	1962-1977	5¾%	14,500,000	—	141,000	—	—	—	14,359,000
Railways . . . . .	Nov. 1, 1957	1959-1961	6%	600,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—	—
ECUADOR ( <i>guarantor</i> )										
Roads— <i>Com. Ejec. Vialidad (Guayas)</i> . . . . .	Feb. 10, 1954	1958-1964	4⅞%	8,500,000	1,000,000	—	—	68,000	—	7,432,000
Power— <i>Empresa Eléctrica Quito, S.A.</i> . . . . .	Mar. 29, 1956	1959-1976	4¾%	5,000,000	—	197,000	—	—	—	4,803,000
Power— <i>Empresa Eléctrica Quito, S.A.</i> . . . . .	Sept. 20, 1957	1962-1977	5¾%	5,000,000	—	—	—	—	—	5,000,000
			TOTAL	33,600,000	1,000,000	338,000	—	68,000	—	31,594,000

Statement of Loans—June 30, 1958 (*continued*)

Purpose, borrower and guarantor <sup>1</sup>	Date of Loan Agreement	Maturities	Interest rate (including commission)	Original principal amount	Partial cancellations	Effective loans sold or agreed to be sold <sup>3</sup>		Principal repayments to Bank	Effective loans held by Bank
						Total sales	Portion matured <sup>4</sup>		
EL SALVADOR									
Roads . . . . .	Oct. 12, 1954	1959–1966	4½%	\$ 11,100,000	\$ —	\$ 250,000	\$ —	\$ —	\$ 10,850,000
EL SALVADOR ( <i>guarantor</i> )									
Power— <i>Comisión del Río Lempa</i> . . . . .	Dec. 14, 1949	1954–1975	4¼%	12,545,000	—	1,000,000	1,000,000	95,000	11,450,000
		TOTAL		23,645,000	—	1,250,000	1,000,000	95,000	22,300,000
ETHIOPIA									
Roads . . . . .	Sept. 13, 1950	1956–1971	4%	5,000,000	—	—	—	614,000	4,386,000
Industry . . . . .	Sept. 13, 1950	1956–1971	4%	2,000,000	—	—	—	245,000	1,755,000
Communications . . . . .	Feb. 19, 1951	1956–1971	4%	1,500,000	—	—	—	183,000	1,317,000
Roads . . . . .	June 28, 1957	1961–1977	5¾%	15,000,000	—	1,491,000	—	—	13,509,000
		TOTAL		23,500,000	—	1,491,000	—	1,042,000	20,967,000
FINLAND ( <i>guarantor</i> )									
Power and Industry— <i>Bank of Finland</i> . . . . .	Aug. 1, 1949	1953–1964	4%	12,500,000	—	1,559,010	1,559,010	3,440,990	7,500,000
Power, Industry & Agriculture— <i>Bank of Finland</i> . . . . .	Apr. 30, 1952	1955–1970	4¾%	20,000,000	—	—	—	3,494,000	16,506,000
Industry— <i>Bank of Finland</i> . . . . .	Nov. 13, 1952	1955–1970	4¾%	3,479,464	1,415	—	—	513,159	2,964,890
Power and Industry— <i>Bank of Finland</i> . . . . .	Mar. 24, 1955	1958–1970	4¾%	12,000,000	—	2,288,000	360,000	—	9,712,000
Power— <i>Mortgage Bank of Finland Oy</i> . . . . .	May 22, 1956	1959–1976	4¾%	15,000,000	—	280,000	—	—	14,720,000
		TOTAL		62,979,464	1,415	4,127,010	1,919,010	7,448,149	51,402,890
FRANCE ( <i>guarantor</i> )									
Reconstruction— <i>Crédit National</i> . . . . .	May 9, 1947	1952–1977	4¼%	250,000,000	—	30,342,000	18,799,000	38,000	219,620,000
Railways— <i>Overseas Railways Administration</i> . . . . .	June 10, 1954	1956–1966	4½%	7,500,000	408,433	1,435,000	609,000	599,567	5,057,000
Power— <i>Électricité et Gaz d'Algérie</i> . . . . .	Aug. 26, 1955	1957–1975	4¾%	10,000,000	—	1,070,000	507,000	—	8,930,000
		TOTAL		267,500,000	408,433	32,847,000	19,915,000	637,567	233,607,000
GUATEMALA									
Roads . . . . .	July 29, 1955	1959–1970	4¾%	18,200,000	—	576,000	—	—	17,624,000
HAITI									
Roads . . . . .	May 7, 1956	1959–1967	4½%	2,600,000	—	413,000	—	—	2,187,000
HONDURAS									
Roads . . . . .	Dec. 22, 1955	1957–1964	4½%	4,200,000	—	872,000	483,000	—	3,328,000
Roads . . . . .	May 9, 1958	1961–1978	5¾%	5,500,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—
		TOTAL		9,700,000	—	872,000	483,000	—	3,328,000
ICELAND									
Power . . . . .	June 20, 1951	1956–1973	4¾%	2,450,000	—	—	—	246,400	2,203,600
Agriculture . . . . .	Nov. 1, 1951	1956–1973	4½%	1,008,000	—	—	—	79,800	928,200
Industry . . . . .	Aug. 26, 1952	1954–1969	4¾%	854,000	—	—	—	172,000	682,000
ICELAND ( <i>guarantor</i> )									
Agriculture— <i>Iceland Bank of Development</i> . . . . .	Sept. 4, 1953	1958–1975	5%	1,350,000	—	—	—	—	1,350,000
Communications— <i>Iceland Bank of Development</i> . . . . .	Sept. 4, 1953	1954–1966	4¾%	252,000	—	—	—	68,880	183,120
		TOTAL		5,914,000	—	—	—	567,080	5,346,920

INDIA										
Railways . . . . .	Aug. 18, 1949	1950-1964	4%	\$ 34,000,000	\$ 1,200,000	\$ 14,251,583	\$9,103,535	\$ 6,656,864	\$ 11,891,553	
Power . . . . .	Apr. 18, 1950	1955-1970	4%	18,500,000	1,779,500	4,800,000	1,863,000	1,130,000	10,790,500	
Multi-Purpose Project . . . . .	Jan. 23, 1953	1956-1977	4¾%	19,500,000	9,000,000	—	—	584,000	9,916,000	
Railways . . . . .	July 12, 1957	1961-1972	5¾%	24,000,000	—	—	—	—	24,000,000	
Railways . . . . .	July 12, 1957	1961-1972	5¾%	19,110,000	—	—	—	—	19,110,000	
Railways . . . . .	July 12, 1957	1961-1972	5¾%	11,200,000	—	—	—	—	11,200,000	
Railways . . . . .	July 12, 1957	1961-1972	5¾%	35,700,000	—	—	—	—	35,700,000	
INDIA (guarantor)										
Industry—Indian Iron & Steel Company . . . . .	Dec. 18, 1952	1959-1967	4¾%	31,500,000	1,480,000	700,000	—	—	29,320,000	
Industry—Indian Iron & Steel Company . . . . .	Dec. 19, 1956	1960-1967	5%	20,000,000	—	1,032,000	—	—	18,968,000	
Power—Tata Group of Power Companies . . . . .	Nov. 19, 1954	1958-1974	4¾%	16,200,000	2,250,000	1,364,000	—	—	12,586,000	
Power—Tata Group of Power Companies . . . . .	May 29, 1957	1960-1975	5¾%	9,800,000	—	—	—	—	9,800,000	
Industry—I.C.I.C.I. . . . .	Mar. 14, 1955	1960-1969	4¾%	10,000,000	—	—	—	—	10,000,000	
Industry—The Tata Iron and Steel Co., Ltd. . . . .	June 26, 1956	1959-1971	4¾%	75,000,000	—	2,355,000	—	—	72,645,000	
Industry—The Tata Iron and Steel Co., Ltd. . . . .	Nov. 20, 1957	1960-1971	6%	32,500,000	—	15,000,000	—	—	17,500,000	
Airlines—Air-India International Corp. . . . .	Mar. 5, 1957	1965-1966	5½%	5,600,000	—	—	—	—	5,600,000	
Ports—Calcutta Port Commissioners . . . . .	June 25, 1958	1963-1978	5½%	29,000,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—	
Ports—Trustees of the Port of Madras . . . . .	June 25, 1958	1963-1978	5½%	14,000,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—	
TOTAL				405,610,000	15,709,500	39,502,583	10,966,535	8,370,864	299,027,053	
IRAN										
Equipment for Development. . . . .	Jan. 22, 1957	1959-1962	5%	75,000,000	—	5,000,000	—	—	70,000,000	
ITALY (guarantor)										
Equipment for Development } Cassa per	Oct. 10, 1951	1956-1976	4½%	10,000,000	—	658,000	151,000	473,000	8,869,000	
Equipment for Development } il Mezzogiorno	Oct. 6, 1953	1958-1978	5%	10,000,000	—	439,000	—	—	9,561,000	
Power, Agriculture & Industry } . . . . .	June 1, 1955	1958-1975	4¾%	70,000,000	1,600,000	6,000,000	—	—	62,400,000	
Power, Agriculture & Industry } . . . . .	Oct. 11, 1956	1959-1976	5%	74,628,000 <sup>2</sup>	—	1,200,000	—	—	69,325,000	
Industry, Power & Agriculture } . . . . .	Feb. 28, 1958	1961-1978	5½%	75,000,000 <sup>2</sup>	—	12,830,429	—	—	32,809,571	
TOTAL				239,628,000	1,600,000	21,127,429	151,000	473,000	182,964,571	
JAPAN (guarantor)										
Power—Japan Development Bank . . . . .	Oct. 15, 1953	1957-1973	5%	21,500,000	830,000	3,306,773	1,257,000	—	17,363,227	
Power—Japan Development Bank . . . . .	Oct. 15, 1953	1957-1973	5%	11,200,000	749,680	1,541,694	655,000	—	8,908,626	
Power—Japan Development Bank . . . . .	Oct. 15, 1953	1957-1973	5%	7,500,000	1,043,611	1,071,000	439,000	—	5,385,389	
Industry—Japan Development Bank . . . . .	Oct. 25, 1955	1958-1970	4¾%	5,300,000	100,000	791,000	151,000	—	4,409,000	
Industry—Japan Development Bank . . . . .	Feb. 21, 1956	1958-1971	4¾%	8,100,000	213,000	1,076,000	206,000	—	6,811,000	
Industry—Japan Development Bank . . . . .	Dec. 19, 1956	1960-1971	5%	20,000,000	—	1,252,000	—	—	18,748,000	
Industry—Japan Development Bank . . . . .	Jan. 29, 1958	1960-1971	5¾%	8,000,000	—	734,000	—	—	7,266,000	
Power—Japan Development Bank . . . . .	June 13, 1958	1962-1983	5¾%	37,000,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—	
Power—Japan Development Bank . . . . .	June 27, 1958	1961-1983	5¾%	25,000,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—	
Agriculture—Land Development Corporation . . . . .	Dec. 19, 1956	1959-1971	5%	4,300,000	—	—	—	—	4,300,000	
Multi-Purpose Project—Aichi Irrigation Public Corp. . . . .	Aug. 9, 1957	1961-1977	5¾%	7,000,000	—	721,000	—	—	6,279,000	
TOTAL				154,900,000	2,936,291	10,493,467	2,708,000	—	79,470,242	
LEBANON (guarantor)										
Power & Agriculture—Litani River Authority . . . . .	Aug. 25, 1955	1961-1980	4¾%	27,000,000	—	—	—	—	27,000,000	

## Statement of Loans—June 30, 1958 (continued)

Purpose, borrower and guarantor <sup>1</sup>	Date of Loan Agreement	Maturities	Interest rate (including commission)	Original principal amount	Partial cancellations	Effective loans sold or agreed to be sold <sup>3</sup>		Principal repayments to Bank	Effective loans held by Bank	
						Total sales	Portion matured <sup>4</sup>			
LUXEMBOURG										
Industry & Railways . . . . .	Aug. 28, 1947	1949–1972	4¼%	\$ 12,000,000	\$ 238,017	\$ 2,904,000	\$ 2,622,000	\$ 1,401,983	\$ 7,456,000	
MEXICO (guarantor)										
Power— <i>Financiera &amp; Comisión</i> . . . . .	Jan. 6, 1949	1953–1973	4½%	24,100,000	—	3,968,300	2,463,300	2,262,700	17,869,000	
Power— <i>Financiera &amp; Comisión</i> . . . . .	Jan. 11, 1952	1955–1977	4½%	29,700,000	—	2,868,000	1,398,000	799,000	26,033,000	
Power— <i>Financiera &amp; Comisión</i> . . . . .	May 5, 1958	1962–1983	5¾%	34,000,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—	
Power— <i>Mexlight</i> . . . . .	Apr. 28, 1950	1953–1975	4½%	26,000,000	—	2,307,000	1,868,000	2,031,000	21,662,000	
Power— <i>Mexlight</i> . . . . .	Jan. 14, 1958	1959–1977	5¾%	11,000,000	—	1,000,000	—	—	10,000,000	
Railways— <i>Ferrocarril del Pacífico</i> . . . . .	Aug. 24, 1954	1959–1969	4¾%	61,000,000	—	3,976,000	—	—	57,024,000	
TOTAL				185,800,000	—	14,119,300	5,729,300	5,092,700	132,588,000	
NETHERLANDS										
Reconstruction . . . . .	Aug. 7, 1947	1954–1972	4¼%	191,044,212	—	29,349,000	15,642,000	103,335,212	58,360,000	
NETHERLANDS (guarantor)										
Industry— <i>Herstelbank</i> . . . . .	July 26, 1949	1952–1964	4%	15,000,000	7,548,015	4,318,911	3,609,411	1,025,089	2,107,985	
Industry— <i>Herstelbank</i> . . . . .	May 15, 1957	1959–1962	5¾%	15,000,000	—	9,722,000	—	—	5,278,000	
TOTAL				221,044,212	7,548,015	43,389,911	19,251,411	104,360,301	65,745,985	
NICARAGUA										
Roads . . . . .	June 7, 1951	1954–1961	4½%	3,500,000	—	29,000	29,000	1,680,000	1,791,000	
Agriculture . . . . .	Oct. 29, 1951	1954–1962	4¾%	550,000	3,006	29,000	29,000	219,994	298,000	
Roads . . . . .	Sept. 4, 1953	1957–1963	4¾%	3,500,000	—	—	—	657,000	2,843,000	
Power . . . . .	Sept. 4, 1953	1955–1963	4¾%	450,000	—	—	—	153,000	297,000	
NICARAGUA (guarantor)										
Agriculture— <i>Banco Nacional de Nicaragua</i> . . . . .	June 7, 1951	1954–1958	4%	1,200,000	6,879	29,000	29,000	1,079,121	85,000	
Power— <i>Emp. Nal. Luz y Fuerza</i> . . . . .	July 8, 1955	1958–1975	4¾%	7,100,000	—	724,000	—	—	6,376,000	
Power— <i>Emp. Nal. Luz y Fuerza</i> . . . . .	Nov. 15, 1956	1959–1971	4¾%	1,600,000	—	101,000	—	—	1,499,000	
Power— <i>Instituto de Fomento Nacional</i> . . . . .	July 8, 1955	1958–1975	4¾%	400,000	—	—	—	—	400,000	
Agriculture— <i>Instituto de Fomento Nacional</i> . . . . .	Aug. 26, 1955	1957–1967	4¼%	1,500,000	—	735,000	200,000	—	765,000	
Ports— <i>Autoridad Portuaria de Corinto</i> . . . . .	May 22, 1956	1959–1976	4¾%	3,200,000	—	121,000	—	—	3,079,000	
TOTAL				23,000,000	9,885	1,768,000	287,000	3,789,115	17,433,000	
NORWAY										
Equipment for Development. . . . .	Apr. 8, 1954	1957–1974	4¾%	25,000,000	—	2,550,000	984,000	—	22,450,000	
Equipment for Development. . . . .	Apr. 19, 1955	1960–1975	4¾%	25,000,000	—	—	—	—	25,000,000	
Power . . . . .	May 3, 1956	1961–1976	4¾%	25,000,000	—	—	—	—	25,000,000	
TOTAL				75,000,000	—	2,550,000	984,000	—	72,450,000	
PAKISTAN										
Railways . . . . .	Mar. 27, 1952	1954–1967	4¾%	27,200,000	—	935,600	735,600	5,989,400	20,275,000	
Agriculture . . . . .	June 13, 1952	1954–1959	4½%	3,250,000	—	997,000	997,000	1,365,000	888,000	
Railways . . . . .	Oct. 18, 1957	1961–1973	6%	31,000,000	—	850,000	—	—	30,150,000	



PAKISTAN (*guarantor*)

Transport— <i>Sui Gas Transmission Co.</i> . . . . .	June 2, 1954	1956–1974	4¾%	\$ 14,000,000	\$ —	\$ 1,806,000	\$ 996,800	\$ —	\$ 12,194,000
Power— <i>Karachi Electric Supply Corp.</i> . . . . .	June 20, 1955	1957–1970	4⅝%	13,800,000	—	2,049,600	792,400	2,600	11,747,800
Power— <i>Karachi Electric Supply Corp.</i> . . . . .	Apr. 23, 1958	1963–1978	5½%	14,000,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—
Industry— <i>Karnaphuli Paper Mills, Ltd.</i> . . . . .	Aug. 4, 1955	1956–1970	4⅝%	4,200,000	—	775,000	428,000	—	3,425,000
Ports— <i>Trustees of the Port of Karachi</i> . . . . .	Aug. 4, 1955	1960–1980	4¾%	14,800,000	—	216,842	—	—	14,583,158
Industry— <i>P. I. C. I. C.</i> . . . . .	Dec. 17, 1957	1962–1972	5¾%	4,200,000	—	—	—	—	4,200,000
TOTAL				126,450,000	—	7,630,042	3,949,800	7,357,000	97,462,958

## PANAMA

Roads . . . . .	July 12, 1955	1959–1964	4¼%	5,900,000	—	1,700,000	—	—	4,200,000
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PANAMA (*guarantor*)

Agriculture— <i>Instituto de Fomento Económico</i> . . . . .	Sept. 25, 1953	1955–1960	4⅝%	1,200,000	542,574	—	—	399,000	258,426
Agriculture— <i>Instituto de Fomento Económico</i> . . . . .	Sept. 25, 1953	1955–1961	4⅝%	290,000	—	—	—	135,000	155,000
TOTAL				7,390,000	542,574	1,700,000	—	534,000	4,613,426

## PARAGUAY

Agriculture & Transport . . . . .	Dec. 7, 1951	1954–1960	4⅜%	5,000,000	507,809	100,000	100,000	1,229,191	3,163,000
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## PERU

Ports . . . . .	Jan. 23, 1952	1954–1967	4½%	2,500,000	89,472	805,000	410,000	255,528	1,350,000
Agriculture . . . . .	July 8, 1952	1954–1959	4⅞%	1,300,000	—	439,250	439,250	476,750	384,000
Agriculture . . . . .	Apr. 12, 1954	1956–1961	4¼%	1,700,000	—	392,000	342,000	232,000	1,076,000
Agriculture . . . . .	Apr. 5, 1955	1959–1980	4¾%	18,000,000	—	496,000	—	—	17,504,000
Roads . . . . .	Aug. 5, 1955	1958–1964	4¼%	5,000,000	—	683,000	—	—	4,317,000

PERU (*guarantor*)

Agriculture— <i>Banco de Fomento Agropecuario</i> . . . . .	Nov. 12, 1954	1957–1963	4¼%	5,000,000	229	748,000	748,000	—	4,251,771
Agriculture— <i>Banco de Fomento Agropecuario</i> . . . . .	Mar. 13, 1957	1959–1965	5½%	5,000,000	—	1,101,000	—	—	3,899,000
Industry— <i>Cemento Pacasmayo</i> . . . . .	Apr. 19, 1955	1958–1970	4⅝%	2,500,000	2,918	310,000	75,000	—	2,187,082
Railways— <i>Peruvian Corporation, Ltd.</i> . . . . .	Apr. 3, 1958	1961–1973	5½%	15,000,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—
TOTAL				56,000,000	92,619	4,974,250	2,014,250	964,278	34,968,853

PHILIPPINES (*guarantor*)

Power— <i>National Power Corporation</i> . . . . .	Nov. 22, 1957	1960–1982	6%	21,000,000	—	987,000	—	—	20,013,000
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## SOUTH AFRICA

Transport . . . . .	Jan. 23, 1951	1956–1965	3¾%	20,000,000	—	1,867,000	1,867,000	3,133,000	15,000,000
Transport . . . . .	Aug. 28, 1953	1955–1963	4¾%	30,000,000	—	16,865,020	10,047,020	542,980	12,592,000
Transport . . . . .	Nov. 28, 1955	1958–1966	4½%	25,200,000	—	—	—	—	25,200,000
Railways . . . . .	Oct. 1, 1957	1960–1967	5¾%	25,000,000	—	2,000,000	—	—	23,000,000

SOUTH AFRICA (*guarantor*)

Power— <i>Electricity Supply Commission</i> . . . . .	Jan. 23, 1951	1954–1970	4%	30,000,000	—	6,796,560	5,226,560	865,791	22,337,649
Power— <i>Electricity Supply Commission</i> . . . . .	Aug. 28, 1953	1955–1963	4¾%	30,000,000	—	18,530,000	9,120,000	134,000	11,336,000
TOTAL				160,200,000	—	46,058,580	26,260,580	4,675,771	109,465,649

## Statement of Loans—June 30, 1958 (continued)

Purpose, borrower and guarantor <sup>1</sup>	Date of Loan Agreement	Maturities	Interest rate (including commission)	Original principal amount	Partial cancellations	Effective loans sold or agreed to be sold <sup>3</sup>		Principal repayments to Bank	Effective loans held by Bank
						Total sales	Portion matured <sup>4</sup>		
THAILAND									
Railways . . . . .	Oct. 27, 1950	1954-1966	3¾%	\$ 3,000,000	\$ —	\$ 189,000	\$ 189,000	\$ 734,000	\$ 2,077,000
Agriculture . . . . .	Oct. 27, 1950	1956-1971	4%	18,000,000	—	796,000	—	2,211,000	14,993,000
Ports . . . . .	Oct. 27, 1950	1954-1966	3¾%	4,400,000	—	275,000	275,000	1,080,000	3,045,000
THAILAND (guarantor)									
Railways—State Railway of Thailand . . . . .	Aug. 9, 1955	1958-1970	4⅝%	12,000,000	—	1,105,000	—	—	10,895,000
Ports—Port Authority of Thailand . . . . .	Oct. 12, 1956	1958-1971	4¾%	3,400,000	—	184,000	—	—	3,216,000
Multi-Purpose Project—Yanhee Electricity Authority . . . . .	Sept. 12, 1957	1963-1982	5¾%	66,000,000	—	—	—	—	66,000,000
TOTAL				106,800,000	—	2,549,000	464,000	4,025,000	100,226,000
TURKEY									
Agriculture . . . . .	July 7, 1950	1954-1968	3⅞%	3,900,000	—	144,000	144,000	801,000	2,955,000
Ports . . . . .	July 7, 1950	1956-1975	4¼%	12,500,000	—	—	—	1,050,000	11,450,000
Ports . . . . .	Feb. 26, 1954	1956-1975	4⅞%	3,800,000	—	—	—	300,000	3,500,000
Multi-Purpose Project . . . . .	June 18, 1952	1957-1977	4¾%	25,200,000	2,356,000	—	—	—	22,844,000
TURKEY (guarantor)									
Industry—Industrial Development Bank . . . . .	Oct. 19, 1950	1957-1965	3¾%	9,000,000	320,580	—	—	1,077,383	7,602,037
Industry—Industrial Development Bank . . . . .	Sept. 10, 1953	1958-1968	4⅞%	9,000,000	—	—	—	—	9,000,000
TOTAL				63,400,000	2,676,580	144,000	144,000	3,228,383	57,351,037
UNITED KINGDOM (guarantor)									
Power—Southern Rhodesia . . . . .	Feb. 27, 1952	1956-1977	4¾%	28,000,000	—	6,520,000	2,555,000	112,000	21,368,000
Railways—Northern Rhodesia . . . . .	Mar. 11, 1953	1956-1972	4¾%	14,000,000	—	3,004,347	1,490,000	—	10,995,653
Power—Federal Power Board, Rhodesia and Nyasaland . . . . .	June 21, 1956	1963-1981	5%	80,000,000	—	10,554,000	—	—	69,446,000
Railways—Rhodesia and Nyasaland . . . . .	June 16, 1958	1961-1976	5⅜%	19,000,000	—	—	—	—	19,000,000
Railways—East Africa High Commission . . . . .	Mar. 15, 1955	1958-1974	4¾%	24,000,000	—	7,973,000	467,000	—	16,027,000
Railways—Nigeria . . . . .	May 2, 1958	1962-1978	5⅜%	28,000,000 <sup>2</sup>	—	Note <sup>3</sup>	—	—	—
TOTAL				193,000,000	—	28,051,347	4,512,000	112,000	136,836,653
URUGUAY (guarantor)									
Power & Communications—U.T.E. . . . .	Aug. 25, 1950	1955-1974	4¼%	33,000,000	—	2,150,000	500,000	5,275,000	25,575,000
Power—U.T.E. . . . .	Aug. 29, 1955	1958-1975	4¾%	5,500,000	—	654,000	103,000	—	4,846,000
Power—U.T.E. . . . .	Oct. 25, 1956	1961-1981	5%	25,500,000	—	—	—	—	25,500,000
TOTAL				64,000,000	—	2,804,000	603,000	5,275,000	55,921,000
YUGOSLAVIA									
Power, Agriculture, Industry & Transport . . . . .	Oct. 11, 1951	1955-1976	4½%	28,000,000	—	—	—	2,839,000	25,161,000
Power, Agriculture, Industry & Transport . . . . .	Feb. 11, 1953	1956-1978	4⅞%	30,000,000	—	—	—	1,609,000	28,391,000
TOTAL				58,000,000	—	—	—	4,448,000	53,552,000

	SUB TOTALS	\$3,715,557,105	\$ 36,093,378	\$384,704,106	\$144,670,135	\$197,892,789	\$2,837,758,832
15 Loans Fully Repaid, Refunded or Cancelled . . . . .		103,255,788	54,046,781	28,141,601	28,141,601	21,067,406	—
	GRAND TOTALS	\$3,818,812,893	\$ 90,140,159	\$412,845,707	\$172,811,736	\$218,960,195	\$2,837,758,832
						LESS EXCHANGE ADJUSTMENT	9,031,870
							\$2,828,726,962

## NOTES

<sup>1</sup> 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.

<sup>2</sup> 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. In the case of two loans to Cassa per il Mezzogiorno (Italy) made in fiscal year 1957 and 1958, \$4,103,000 and \$29,360,000 respectively, have not yet been made effective.

<sup>3</sup> The Bank has entered into agreements to sell the below listed portions of loans which are not yet effective:

<i>Borrower (and guarantor)</i>	<i>Principal Amount Agreed to be Sold</i>
Oesterr. Investitionskredit A.G. (Austria), 1958 . . . . .	\$ 909,300
Ecuador, 1957 . . . . .	118,000
Honduras, 1958 . . . . .	299,000
Calcutta Port Commissioners (India), 1958 . . . . .	1,113,000
Trustees of the Port of Madras (India), 1958 . . . . .	592,000
Japan Development Bank (Japan), 1958 . . . . .	1,070,000
Japan Development Bank (Japan), 1958 . . . . .	789,000
Financiera & Comisión (Mexico), 1958 . . . . .	1,323,000
Karachi Electric Supply Corp. (Pakistan), 1958 . . . . .	198,000
Peruvian Corporation Ltd. (Peru), 1958 . . . . .	400,000
Nigeria (U.K.), 1958 . . . . .	400,000
	<u>\$7,211,300</u>

The total of both effective and non-effective loans sold or agreed to be sold is the equivalent of \$420,057,007.

<sup>4</sup> This includes amounts which, according to information available to the Bank, have been prepaid prior to maturity.

## Principal Officers of the Bank

EUGENE R. BLACK ..... *President*  
W. A. B. ILIFF ..... *Vice President*  
J. BURKE KNAPP ..... *Vice President*  
DAVIDSON SOMMERS ..... *Vice President*  
*and General Counsel*

LEONARD B. RIST  
*Director, Economic Staff*

RICHARD H. DEMUTH  
*Director, Technical Assistance and Liaison Staff*

S. R. COPE  
*Director of Operations—Europe, Africa and Australasia*

JOSEPH RUCINSKI  
*Director of Operations—South Asia and Middle East*

ORVIS A. SCHMIDT  
*Director of Operations—Western Hemisphere*

MARTIN M. ROSEN  
*Director of Operations—Far East*

SIMON ALDEWERELD  
*Director of Technical Operations*

GEORGE L. MARTIN  
*Director of Marketing*  
HENRY W. RILEY  
*Treasurer*  
M. M. MENDELS  
*Secretary*  
A. BROCHES  
*Director, Legal Department*  
WILLIAM F. HOWELL  
*Director of Administration*  
HAROLD N. GRAVES, JR.  
*Director of Information*  
MICHAEL L. HOFFMAN  
*Director, Economic Development Institute*