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International Bank for Reconstruction and Development

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ELEVENTH ANNUAL REPORT • 1955-1956



International Bank
for Reconstruction and Development

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WASHINGTON 25, D.C.



International Bank for Reconstruction and Development

September 25, 1956

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 Eleventh Annual Report of the Bank, for the fiscal year July 1, 1955 to June 30, 1956.

The first section of this year's Report surveys the various activities of the Bank in the fiscal year, and includes a description of the progress made by Bank borrowers on some of the projects assisted by earlier loans. There then follow a tabular Statement of Bank loans, a country-by-country summary of the year's operations, and the customary Appendices, including the Financial Statements as of June 30, 1956 and the Administrative Budget for the fiscal year ending June 30, 1957.

Sincerely yours,

A handwritten signature in cursive script that reads 'Eugene R. Black'.

EUGENE R. BLACK,
President

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

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FACTS FROM THE REPORT

► The 26 loans made during the fiscal year totaled the equivalent of \$396 million. They were made in 20 countries and territories, in six of which the Bank had not lent before. About 70% of the total was to develop electric power and improve transportation; more than two-fifths was for projects in Asia. Lending since the Bank began operations now totals the equivalent of \$2,720 million (\$2,667 million net of cancellations and refundings) in 42 countries.

► Net earnings of the Bank reached a record level of \$29.2 million, and total reserves rose to \$228 million. Borrowers met all payments of principal and interest due during the year. Because of the general tightening of money markets, the Bank raised its interest rates toward the end of the year.

► The Bank continued to provide its members with advice on development problems: the reports of general survey missions to Syria and Malaya were published, as were two reports on Colombia, one dealing with the country's agriculture and the other with the development of the Cauca Valley. The Bank continued its practice of maintaining resident representatives in a number of countries to advise on development programming, and sent more specialized missions to a number of others.

► Of the capital subscribed to the Bank in the domestic currencies of its members, the Bank was able to lend

or set aside for lending an additional \$129 million during the year, or three times as much as in the previous year. More than half the domestic currency subscriptions to the Bank's capital have now been lent or allocated to loans.

► A total of \$72 million was raised by sales of parts of Bank loans, the great majority of them without the Bank's guarantee. Private banks participated in two-thirds of the loans made during the year, in each case without the Bank's guarantee.

► There was a slight reduction in the Bank's funded debt, which now stands at the equivalent of \$850 million. Two new issues of bonds amounting to the equivalent of \$22 million were floated in Holland and Switzerland; and \$23 million of previous issues were retired during the year.

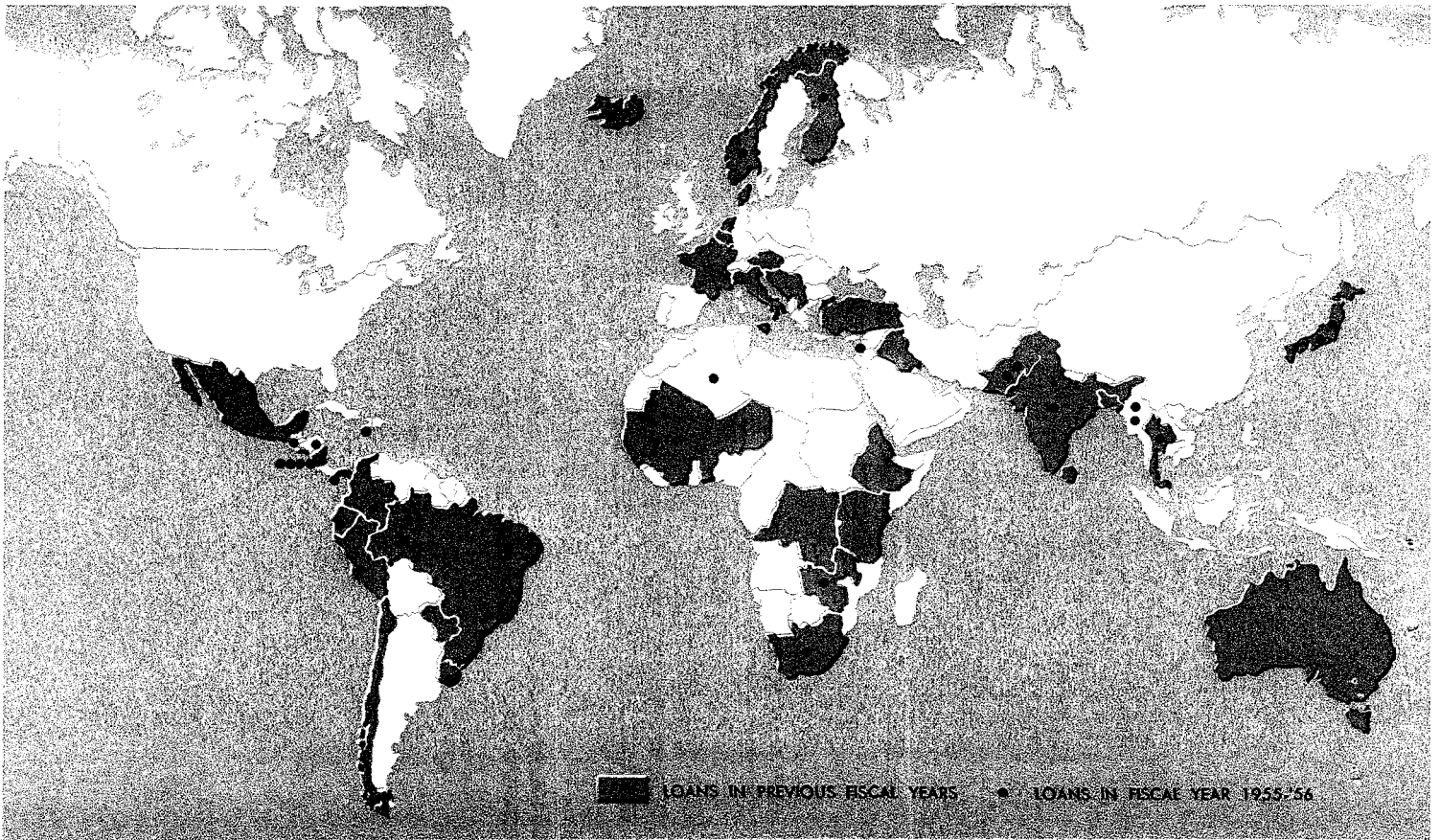
► Disbursements amounted to \$284 million, of which borrowers spent approximately half in the United States and 40% in Europe. Loan repayments and prepayments came to \$48 million. At the end of the year, the net total of loan commitments (including both effective loans and those not yet effective) amounted to the equivalent of \$2,402 million. Of this, \$704 million had not yet been disbursed. Included in the commitments were \$190 million of loans sold or agreed to be sold to other investors.

► The Economic Development Institute completed its first six-month course of study in June. The second course will begin in October, with about 20 officials from less developed countries as participants.

► At the end of the year the Bank had 58 member countries and a subscribed capital of \$9,050 million. Afghanistan and Korea joined during the year.

► Shortly after the end of the fiscal year, the new International Finance Corporation came into existence as an affiliate of the Bank.

THE YEAR'S ACTIVITIES



The year's 26 loans were made in 20 countries and territories, and were equivalent to \$396 million.

JUNE 25, 1956, WAS THE TENTH anniversary of the day on which the Bank began its operations. In establishing its position in international finance and widening the scope of its activities, the Bank has been greatly helped by the striking improvements which have taken place in the general economic environment. In spite of many economic difficulties, the past decade has been characterized by unparalleled economic growth. By 1956 world industrial production was running at a rate double the prewar peak; world trade was one-and-a-half times the highest prewar level; agricultural production, although it had

grown less rapidly, was one-third higher than prewar.

There were signs, it is true, that this rate of growth was slackening in some sectors. In the first half of 1956 some industrial countries were showing symptoms of economic strain, and world industrial production seems to have climbed less rapidly in that period than it had in the preceding six months. Some primary products, especially staple foods, were also encountering price and market problems. Nonetheless, over the world as a whole, more people enjoyed more real wealth in the past year than at any previous time in history.

LOANS MADE

This condition of world affairs has been reflected in the activities of the Bank. Lending during the 12 months ending June 30, 1956, amounted to the equivalent of \$396 million, and brought the total of the Bank's loans in its first decade to \$2,720 million, consisting of 150 loans in 42 countries and territories. The year's 26 loans showed an increasingly wide geographic spread. They were made in 20 countries and territories, in six of which—Algeria, Burma, Guatemala, Haiti, Honduras, Lebanon—the Bank had not previously lent.

There were a number of notable features in the past year's lending operations. One was the increased activity of the Bank in Asia, where lending totaled \$166 million. Another was the size of projects assisted: the Kariba power loan of \$80 million was the largest yet made for a single project by the Bank and also the largest loan in Africa; the Tata Iron and Steel loan of \$75 million was the largest yet made for industry and also the largest for any purpose in Asia. Yet another aspect of the year's loans was the extent to which they supported programs rather than single

projects. There were examples in all the main fields of the Bank's operations—power, transport, agriculture and industry—and from every part of the world. Some of these programs have already been under way for several years and will take a long time to complete. In these cases the Bank is providing continuous support for the development plans of member countries.

Since 1948 when lending began for economic development, more Bank loans have been made for electric power than for any other purpose; loans for transport have taken second place. These two purposes together account for more than half of the Bank's lending. The remainder, apart from postwar reconstruction loans, has been for industry, agriculture and other development purposes, in that order. This pattern was repeated in the past year's lending. The bulk was for basic services; about 40% was for power, 30% for transport and the balance for industry, agriculture and multi-purpose projects.

While the loans made during the year are described in greater detail in the country-by-country summary, (page 38) certain salient features are discussed below.

Electric Power

Power loans this year totaled \$148 million, excluding the large investment in generating capacity included in the multipurpose loan in Lebanon, which is described under a later heading. Altogether, the year's power loans are contributing to a total addition of over one million kilowatts to capacity in the borrowing countries. This emphasis in Bank lending reflects the very rapid growth of power demand in recent decades. In the world as a whole, demand has increased since the war at an average of nearly 10% a year and this expansion, which reflects the raising of living standards as well as the continued growth of economic activity, is expected to continue. It is largely for this reason that the potentialities of nuclear power are being so closely studied by many countries; the Bank is also engaged in its own investigations into the long-term possibilities of this new source of energy, especially in countries with limited access to alternative sources.

LOANS OF THE YEAR

(Expressed in millions of United States Dollars)

<i>Country</i>	<i>Amount</i>	<i>Purpose</i>
Algeria	\$ 10.0	Power
Burma	5.35	Railways
	14.0	Ports
Colombia	16.5	Roads
Ecuador	5.0	Power
Finland	15.0	Power
Guatemala	18.2	Roads
Haiti	2.6	Roads
Honduras	4.2	Roads
India	75.0	Industry
Japan	5.3	Industry
	8.1	Industry
Lebanon	27.0	Multipurpose project
Nicaragua	7.1	Power
	.4	Power
	1.5	Agriculture
	3.2	Ports
Norway	25.0	Power
Pakistan	4.2	Industry
	14.8	Ports
Panama	5.9	Roads
Peru	5.0	Roads
Rhodesia & Nyasaland	80.0	Power
South Africa	25.2	Railways
Thailand	12.0	Railways
Uruguay	5.5	Power
TOTAL	\$396.05	

The Bank believes that, in the effort to meet this growth of demand, insufficient attention is sometimes given to the role of power rate policies—a matter of particular importance in less developed countries with inadequate capital markets. Public regulating authorities are apt to be attracted by policies of so-called “cheap” power, to such an extent in some cases that rates do not even fully meet direct operating costs. Experience in many countries has shown that such power is not cheap in the end; and that, if development of an economy is not to be retarded by

deterioration of plant and severe shortages, rates should cover all costs and also provide some contribution to the financing of future expansion. It has been said that the really expensive kilowatt is the kilowatt that an economy needs but does not have. In all its lending for power, therefore, the Bank lays great emphasis on the need for adequate rates.

The year's loan of \$80 million to develop the hydroelectric potential of the Zambezi River in the Kariba Gorge will help to bring about a more than threefold increase within the next sixteen years in the power capacity of the *Federation of Rhodesia and Nyasaland*. Power from Kariba will supply the Northern Rhodesian copper-belt and also meet the growing needs of industrial and other consumers in Southern Rhodesia. Mining at present accounts for two-thirds of the total load in the area to be served and shortage of power has recently been limiting the expansion of mining operations. Another power loan in Africa was made in *Algeria*. It will assist a five-year program to add 135,000 kilowatts, an increase of one-quarter, to the country's generating capacity.

Of the remainder of the sum lent for power, three-quarters will support projects in Europe, where the Bank has now invested \$130 million for a total addition of 1.6 million kilowatts to generating capacity. Demand for power in Europe is very high, and may treble or quadruple by 1975. This offers an opportunity to certain countries to utilize their lakes and mountain rivers to generate power for internal use and sometimes also for export.

An example of this was the loan of \$25 million for the Tokke project, which will exploit the power potential of the lake system of south-eastern *Norway*. The loan will help to finance the construction of a series of dams and tunnels and a new 400,000-kilowatt power station. Norway's present electric power costs are probably as low as anywhere in the world. This has encouraged investment in industries such as metals and chemicals which are large consumers of power, and has led Norway to develop more generating capacity per head than any other country.

In *Finland* two large hydroelectric plants with a total capacity of 220,000 kilowatts in Lapland, and a

third, smaller plant in eastern Finland will be built with the help of a Bank loan of \$15 million. A 235-mile transmission line will link the Lapland plants with the rest of the national network. Two thermal stations will also be built in the south to provide a firm source of power for the main consuming centers.

In Latin America two loans totaling \$7.5 million were made in *Nicaragua*. One will assist in constructing a 30,000-kilowatt thermal plant in Managua, which will double Nicaragua's generating capacity. The other will finance the distribution of power from this station in outlying towns that have never before enjoyed a dependable supply. These loans mark the first stage in the transition from small, scattered units to a unified and efficient system. At the Bank's suggestion a National Power Commission has been set up to help to regulate and administer the expanded supply.

A loan in *Uruguay* will help to pay for a 50,000-kilowatt thermal unit in Montevideo. This will be the second unit recently installed in the city, and will form part of a power and telephone expansion program for which the Bank has already lent \$33 million.

A loan in *Ecuador* will help to expand power supplies in Quito and the surrounding areas, where the demand has recently risen to about twice the available supply. A 14,500-kilowatt hydroelectric station will be built, together with a small diesel plant needed to bring quick relief from the power shortage and to provide power in the dry season.

Transport

In recent years improvements in transport services have occupied an increasingly important place in the Bank's lending. In the year under review a total of \$127 million was lent for this purpose. Bank financing of transport has been many-sided; roads, railroads and ports were all included in the year's lending.

Roads took the largest share, with six loans totaling \$52 million. In the past some countries have invested large sums in new highways which have since been allowed to become almost unusable and have therefore not made a lasting contribution to the economy. The Bank believes that it can often contribute most effectively to economic growth in less developed

countries by first assisting in the establishment, equipment and training of efficient road maintenance services, rather than by financing new construction.

The road loans made during the year were all in Latin America—Colombia, Guatemala, Haiti, Honduras, Panama and Peru. The loan in *Colombia* will help to complete a highway reconstruction and maintenance program for which two previous loans had been made by the Bank. The five other loans, while including the rehabilitation and new construction of important highways, will finance the equipment and services needed to improve government highway organizations and to set up new maintenance services. The loans are also paying for the services of foreign consultants obtained on Bank advice to assist in launching new maintenance organizations.

The Bank made three loans totaling the equivalent of \$43 million for railways. One loan will help to modernize the equipment and track, and improve the operation of the rail network in *Thailand*. A second will help to provide wagons and railcars and build bridges in *Burma*. The third, a loan made in sterling, will provide finance for an expansion program to meet growing traffic needs in *South Africa*.

Three loans totaling \$32 million were made to improve ports in Asia and Latin America. Most of the East Wharves in Karachi, West *Pakistan*, had deteriorated to such an extent that they were in danger of collapse; they are now being reconstructed. In *Burma* improvements are required to handle the growing traffic now passing through Rangoon. A new quay is being financed in Corinto, main port of *Nicaragua*, to provide for the very rapid postwar growth of the country's foreign trade.

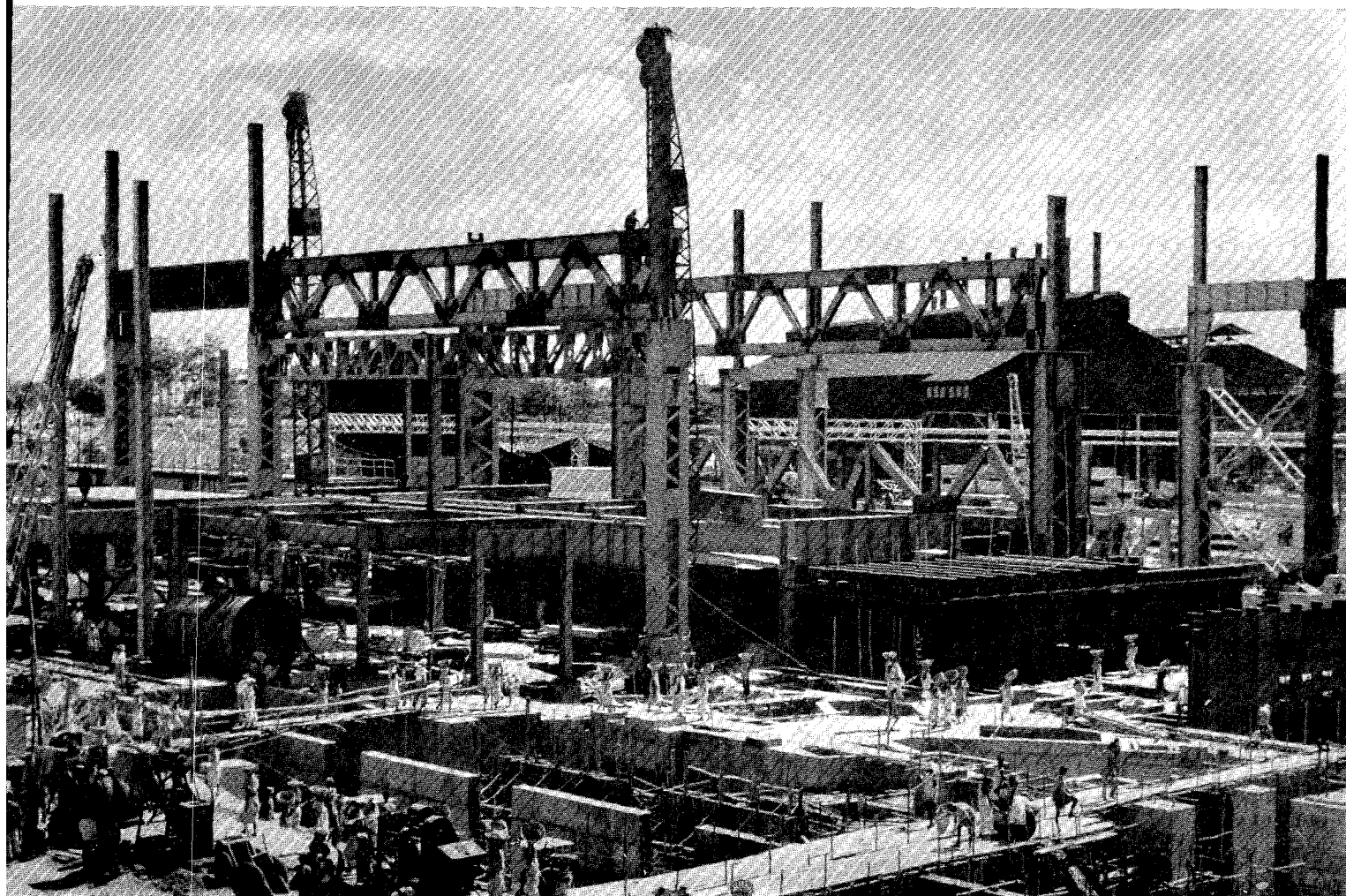
Agriculture and Multipurpose Projects

The Bank lent \$27 million to finance equipment and the services of foreign consultants and contractors needed for a multipurpose project in the Middle East. This project, designed to double the electric generating capacity of *Lebanon* and to irrigate 8,500 acres of fertile coastal land in the Beirut area, will help to carry out the first phase of a program for the development of the Litani and Bisri rivers. In Latin America

a loan of \$1.5 million will provide funds for the Instituto de Fomento Nacional, a development agency of the government of *Nicaragua* which will supply farmers with Bank-financed equipment on a rental or credit basis.

Because agriculture is vital to every economy and provides the livelihood of at least two-thirds of the population of the less developed regions, the Bank seeks to contribute to growth in this sector in the various ways open to it. The total of \$228 million lent directly for agriculture and forestry since the Bank started operations does not adequately measure the extent to which Bank financing has stimulated farm output. The Bank has financed transportation projects which have in many instances given an important stimulus to the movement of agricultural products. Several of its loans for power have also given considerable help to agriculture by encouraging the expansion of processing industries and quickening the tempo of development in rural areas.

There are, of course, situations in which agricultural advance can be directly supported through large basic investments, particularly in irrigation, flood control and land clearance. Nearly half of the total lent by the Bank directly for agriculture has been for projects of this kind. The remainder, amounting to about \$120 million and including a number of comparatively small loans, has been to improve storage and to finance imports of equipment and livestock needed to make possible more efficient and more intensive farming methods. But progress in agriculture often hinges less upon large investments of capital than upon changes in methods used and crops sown or in the balance between livestock and cultivation. Also of basic importance are the adequacy of farm credit agencies and questions of organization and technique as they affect, for instance, extension services and marketing arrangements. Improvements here frequently depend more on the adoption of suitable price and other government policies, or on other kinds of local initiative, than on external assistance. Recent experience has shown that areas where there has been much investment directly in agriculture are not always those where output has grown most rapidly. Striking



India • Building a new steel-melting shop at the Tata Iron and Steel Works at Jamshedpur, where the Tata Company operates the largest integrated steel plant in South Asia.

The Company is spending \$250 million to expand ingot steel capacity to 2,000,000 long tons a year by 1958. In June 1956, the Bank made a \$75 million loan to assist this program.

increases have been achieved with the help of better basic services, more favorable government policies, or progress in organization and methods.

Industry

Four loans totaling \$93 million were made during the year, all in Asia, to help industrial growth. These included a loan of \$75 million in *India* to assist an expansion program aiming at a 60% increase in the capacity of the privately-owned Tata Iron and Steel works at Jamshedpur, already one of the largest integrated steel plants in Asia.

Two loans, totaling \$13.4 million, were made to the Japan Development Bank. The proceeds are being re-lent to private companies in the steel, ship-building,

machinery and automotive industries, all vital to the continued economic growth of *Japan*. The funds will be used to modernize existing plants rather than to establish new ones.

A loan of \$4.2 million was made for a modern pulp and paper mill close to the bamboo forests of *East Pakistan*. The mill is at present producing writing and wrapping paper at the rate of about 25,000 tons a year from local bamboo. This output is sufficient to meet all of *Pakistan's* present requirements of these kinds of paper. The Bank has worked closely with the company on technical, managerial and other problems, and is currently discussing with it the recommendations arising out of a recent visit by a Bank consultant.

FINANCIAL OPERATIONS

Earnings, Reserves and Repayments

Net income for the year was the highest yet recorded, amounting to \$29.2 million compared with \$24.7 million in the preceding year. This income was carried to a Supplemental Reserve against losses on loans and guarantees, increasing that Reserve to \$151 million.

Loan commissions, representing a charge of 1% on outstanding balances of all loans, totaled \$15 million. The Articles of Agreement require that these commissions be credited to a Special Reserve. With this year's addition the Special Reserve rose to \$77 million.

At the end of the year total reserves thus stood at \$228 million.

Gross income for the year, excluding loan commissions, was \$64 million compared with \$59 million in the preceding year. It was made up of \$54 million from loans and \$10 million from investments. Interest charges and other expenses amounted to \$35 million compared with \$34 million a year earlier.

Borrowers met all repayments due during the year, amounting to almost \$45 million; of this slightly over \$21 million was paid on loans held by the Bank, and

the balance on parts of loans that had been sold to other investors. Borrowers also repaid in advance of maturity a total of \$3.6 million. Total repayments of principal, including prepayments, thus amounted to slightly over \$48 million.

Because of a general rise in money rates in the world's major capital markets, the Bank's interest charges, which are based upon the estimated cost of borrowing by the Bank at the time a loan is made, were raised toward the end of the year. Including the 1% commission, the rate on loans of more than 15 years was raised from 4¾% to 5%. The new rate for shorter periods was set at 4¾%, compared with the two previous rates of 4¼% up to ten years and 4½% from 11 to 15 years. These changes returned Bank loan rates to the level of late 1953. Corresponding adjustments were made in the prices at which loans were sold from the Bank's portfolio.

Funds Available for Lending

Total additions to the Bank's lendable funds during the year amounted to the equivalent of \$253 million, the year's operations being financed without net

SUMMARY OF LENDABLE FUNDS

(Cumulative totals expressed in millions of United States Dollars)

	June 30, 1955	June 30, 1956	Net Change
2% portion of subscription of all members	177.8	178.4	+ 0.6
18% portion of subscription made available by members	764.5	893.1	+128.6
Total available capital subscriptions	942.3	1,071.5	+129.2
From sales of bonds	851.6	850.2	- 1.4
From parts of loans sold or agreed to be sold	200.1	272.1*	+ 72.0
From principal repayments and prepayments	139.3	161.8*	+ 22.5
Income from operations, including exchange adjustments	128.6	159.5	+ 30.9
Gross Total	2,261.9	2,515.1	+253.2
Less Funds Disbursed on Loans	1,679.7	1,963.7	+284.0
Balance	582.2	551.4	- 30.8

* Additional principal repayments amounting to about \$3 million have been received and sales of loans amounting to about \$4 million have been made; but these sums represent 18% funds which have not been made available for re-lending by the releasing member country, and thus are not included in the total of the Bank's lendable funds.

additions to funded debt. In fact, although there were two new bond issues in Europe, the retirement of earlier issues caused a slight decline in the total of Bank bonds outstanding. The largest addition to lendable funds arose from further sums made available by member countries' releases of parts of their capital subscriptions payable in their own currencies; the Bank was able to allocate to loans \$129 million of such releases, nearly three times the total in the preceding year.

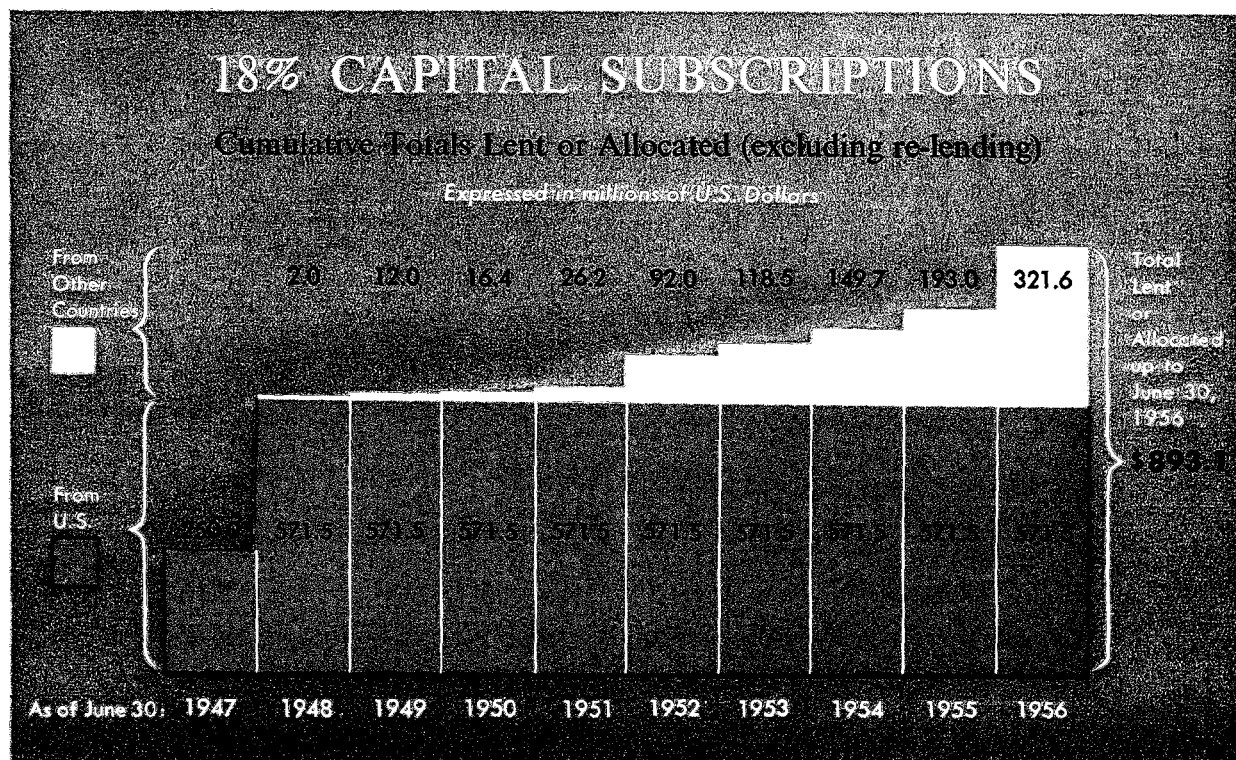
Sales of parts of Bank loans, all of them by private placement, amounted to the equivalent of \$72 million. Principal repaid to the Bank and available for new lending amounted to \$23 million, compared with \$123 million last year, when there were large repayments in advance of maturity. Net earnings together with exchange adjustments provided \$31 million.

The table, "Summary of Lendable Funds," at the foot of the opposite page, summarizes the sources of the funds available for lending at the end of the last two fiscal years, and the net change over the period.

USE OF CAPITAL SUBSCRIPTIONS

The paid-in contributions of member governments to the Bank's lendable funds consist of two elements. The first is the 2% of each country's subscription, which is payable in gold or dollars; the total of such payments to the Bank now stands at \$178 million. The second element, 18% of the subscription, is paid in the currency of the member country, and can be lent only with its approval.

The total of this 18% capital on the books of the Bank is equivalent to \$1,629 million. It was expected by the Bank's founders that these funds would be made available to it for use in lending operations as soon as early postwar stringencies had been overcome. To date, however, the total that the Bank has been able to use in its lending, including amounts allocated to future disbursements, is equivalent to \$893 million, or about half of the total. Of this, \$625 million is made up of the original 18% capital subscriptions of the United States and Canada. The remainder is



made up of \$256 million from European countries, \$5.8 million from South Africa, \$5 million from Japan, and \$1.6 million from two member countries in Latin America—Mexico and Peru.

The rest of the 18% funds, a sum equivalent to \$736 million, has not been used or allocated, either because the member countries concerned have not given their consent, or because restrictions placed on the use of the funds have been such as to prevent the Bank from using them. These restrictions include requirements for further consultation before use or for the matching of releases by equal expenditure of other Bank funds in the territories of the member country concerned; in other cases expenditure is only permitted in the particular member country making the release, or a limit is placed on the rate of disbursement. In addition, many countries have not yet given the Bank permission to re-lend 18% funds repaid to it. The importance of this aspect is illustrated by the fact that, of the original United States releases, \$227 million has since been repaid and re-lent. The maximum contribution is made by member governments to the Bank's funds only when they can be freely lent and re-lent.

For these reasons, the Bank has continued to press during the year for more releases to be made available to it from the 18% subscriptions of its member countries outside North America. With the very high level of international trade built up over the past ten

years, and with foreign exchange reserves now mainly restored from earlier low levels, an increasing number of the Bank's member countries are exporting capital in various ways and in some volume. The Bank believes that these countries should not lose sight of their obligation, flowing from the Articles of Agreement, to use the Bank as a channel for the export of capital to the extent of their 18% subscriptions.

During the year additional releases of 18% capital used or allocated to loans totaled \$129 million. These releases came mainly from European member countries, the largest contributions being made by the United Kingdom and Germany. Of the United Kingdom 18% funds, an additional amount equivalent to \$58 million was allocated during the year. Germany agreed to release \$56 million, representing the whole balance of its 18% subscription, on a freely convertible basis; but not all of this is as yet available for use since the release is to be made in stages over a period of years. Funds released by Germany and used or allocated during the year were equivalent to \$34 million. Austria, Belgium, Denmark, France, Italy, the Netherlands and Sweden also made releases that can be converted into certain other currencies, or liberalized the terms of releases previously made.

SALES OF PARTS OF LOANS

The \$72 million raised through sales of parts of Bank loans to investors compares with the record figure of \$99 million in 1954-55. This decrease reflected the more stringent conditions prevailing in the main financial centers. More than four-fifths of the sales in the year under review were made without the Bank's guarantee.

Maturities taken up by private banks at the time the loans were made contributed \$14 million toward total sales. There were participations of this kind, in every case without the Bank's guarantee, in 18 out of the 26 loans made during the year. The banks participating, nine in the United States, three in Europe and one in Canada, included several which had not previously participated.

The remainder of the total raised came from sales by private placement of parts of loans already made. These sales amounted to \$58 million. Purchasers

18% CAPITAL SUBSCRIPTIONS

JUNE 30, 1956

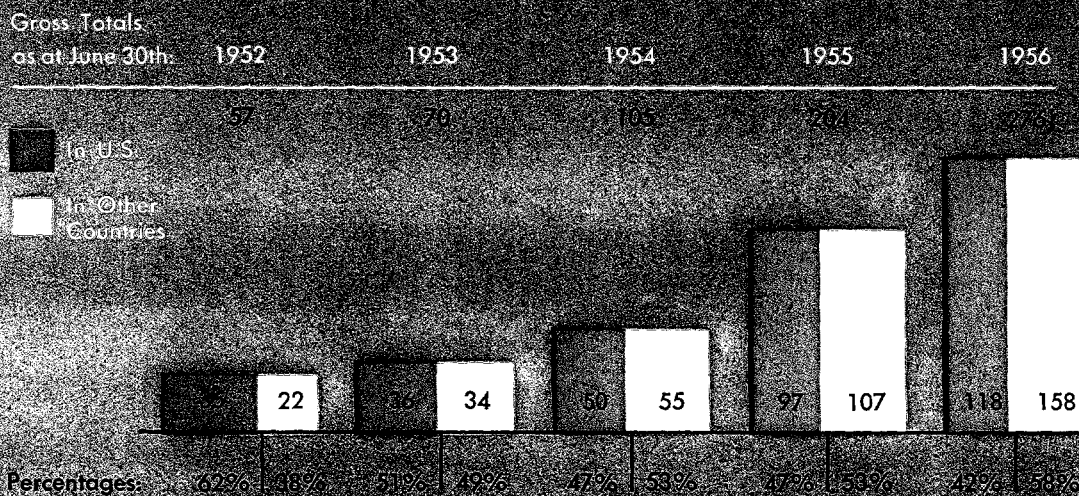
(Expressed in millions of United States dollars)

Region	Used or allocated to existing loans	Total 18% capital	Used or allocated as percent of total
Canada and United States.	\$624.9	\$ 630.0	99
Europe . . .	255.8	586.8	44
Latin America .	1.6	60.5	3
Africa . . .	5.8	28.1	21
Asia	5.0	287.7	2
Australasia . .	—	36.0	—
Totals	\$893.1	\$1,629.1	55

SALES OF PARTS OF BANK LOANS

Distribution between the United States and Other Countries

Expressed in millions of U.S. Dollars



included central and private banks, investment houses, an airline, a private foundation and a corporation pension fund.

As indicated in the accompanying chart, countries outside the United States have become increasingly interested in the purchase of parts of Bank loans. At the end of the fiscal year total sales of loans amounted to \$276 million, of which sales to purchasers outside the United States represented 57% and purchasers in the United States 43%. Of the total of \$190 million still outstanding at the end of the year, only \$26 million carried the Bank's guarantee.

Investors showed further interest in the type of joint operation that the Bank had developed with the capital market in the preceding year. Simultaneously with the Bank's £9 million loan to South Africa, a public issue of \$25 million was successfully arranged by an investment banking group in the United States, the proceeds to be used for the same purposes as the loan. This issue, consisting mainly of ten-year bonds, was the first public offering by the South African Government in the United States.

FUNDS FROM BOND ISSUES

New bond issues sold during the year amounted to the equivalent of \$22 million, compared with \$88 million in the previous year. This decrease was partly due to the additional funds available from 18% releases and other receipts; it also reflected the Bank's earlier decision not to hold funds on hand sufficient to meet all loan commitments. At the end of the year the balance of funds on hand, as shown in the accompanying table "Summary of Lendable Funds," was \$551 million, compared with undisbursed loan commitments of \$704 million. By holding funds to meet not less than one year's expected disbursements, the Bank remains amply protected against unforeseen developments, while at the same time reducing its interest costs.

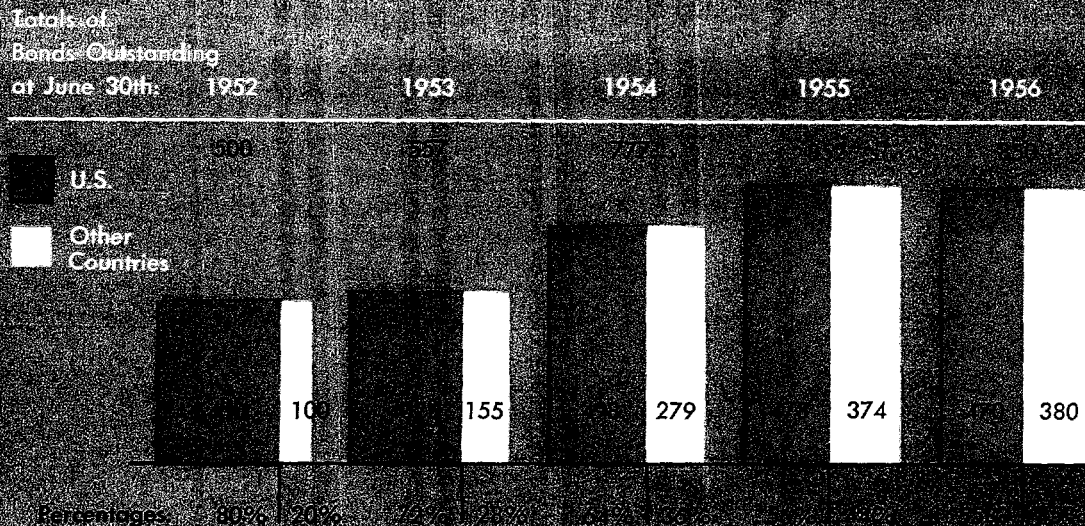
As in the preceding year, all the new bond issues were sold outside the United States, reflecting both the strength of the international demand for Bank obligations, and the need for more non-dollar currencies in Bank operations.

A public issue of Netherlands guilder bonds, the second to be made in that currency by the Bank, was

WORLD BANK BONDS

Distribution between the United States and Other Countries

Expressed in millions of U.S. Dollars



offered in August 1955. It consisted of 20-year bonds in an amount of f40 million (equivalent to \$10.5 million) at 3½%. In November the Bank offered, also at 3½%, an issue of 20-year bonds in an amount of Sw fr 50 million (equivalent to \$11.6 million). This was the sixth public issue of Bank bonds in Switzerland. It brought to 15 the total of public offerings and private placements so far made by the Bank in currencies other than United States dollars.

Redemptions totaled \$23 million over the year, resulting in a net reduction of \$1 million in the Bank's funded debt. In August 1955, the Bank redeemed in advance of maturity Can\$13.6 million of its 4% 10-year Canadian dollar bonds of 1952. It also redeemed at maturity \$10 million of its 2% serial United States dollars bonds of 1950, and Sw fr 5 million of its 2½% serial Swiss franc bonds of 1950.

At the end of the year Bank bonds outstanding totaled the equivalent of \$850 million. Of this it is estimated that about \$470 million, representing 55%,

was held by investors in the United States. The accompanying chart shows the change that has taken place over the last three years in the international distribution of the Bank's obligations.

The principal holders in the United States were pension and trust funds with more than 40% of the total, and insurance companies and savings banks, which each held about 25%; the balance of the holdings in the United States, about 5% of the total, was held by commercial banks and other investors.

The remainder of the bonds, estimated at the equivalent of \$380 million and representing 45% of the total outstanding, was held outside the United States by banks, insurance companies, pension and trust funds, and other private institutional and individual investors, as well as by central banks and government agencies. Included in the amount held outside the United States was \$225 million in United States dollar bonds, accounting for one-third of the outstanding total of those bonds.

Disbursements

At the equivalent of \$284 million, disbursements showed a slight increase over the rate in the preceding year. Total disbursements since the Bank began operations had risen by the end of the year to \$1,964 million.

In the ten years since the Bank started operations, two-thirds of its disbursements have been for goods bought in North America. This cumulative figure reflects the fact that, in the early postwar period of acute dollar shortage, borrowers looked to the Bank primarily for financing purchases of United States and Canadian supplies. As the rest of the world passed

through the reconstruction stage, however, other manufacturing countries began to compete more actively for business, and their proportion of the orders increased.

Orders for equipment, supplies and services financed by Bank loans are, of course, placed by the Bank's borrowers and not by the Bank. The estimated distribution of disbursements under Bank loans is shown in the accompanying table. Although there are inevitably a number of uncertainties in the allocation between countries, the table gives some indication of the extent to which different countries and areas have been able to compete successfully for business in the types of heavy equipment mainly financed by the Bank.

DISTRIBUTION OF LOAN EXPENDITURES IN INDIVIDUAL COUNTRIES

FISCAL YEARS ENDING JUNE 30

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

<i>Disbursements by borrowers for imports from:</i>	<i>Cumulative total through 1953</i>		<i>1954</i>		<i>1955</i>		<i>1956</i>		<i>Cumulative total to date</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
North America										
U. S.	\$724.5	68.5	\$128.5	50.7	\$129.3	54.0	\$114.9	50.5	\$1097.3	61.7
Canada	71.4	6.8	7.2	2.8	7.9	3.3	16.0	7.0	102.5	5.8
Europe										
U. K.	59.3	5.6	54.9	21.7	57.4	23.9	30.0	13.2	201.6	11.3
Germany	24.7	2.3	22.9	9.0	15.3	6.4	32.0	14.1	94.8	5.3
France	19.3	1.8	12.3	4.9	10.1	4.2	7.5	3.3	49.3	2.8
Belgium	45.5	4.3	9.9	3.9	1.8	.8	6.5	2.9	63.7	3.6
Switzerland . .	22.1	2.1	5.5	2.2	4.6	1.9	5.3	2.3	37.5	2.1
Sweden	4.5	.4	2.8	1.1	4.4	1.8	3.4	1.5	15.1	.9
Other member countries in Europe.	17.8	1.7	6.9	2.7	5.4	2.3	7.6	3.3	37.7	2.1
All other countries	68.4	6.5	2.4	1.0	3.3	1.4	4.3	1.9	78.4	4.4
TOTALS	\$1057.5	100.0	\$253.3	100.0	\$239.5	100.0	\$227.5	100.0	\$1777.9	100.0
OTHER DISBURSEMENTS*	45.8		48.9		34.7		56.4		185.8	
GRAND TOTAL	\$1103.3		\$302.2		\$274.2		\$283.9		\$1963.7	

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

PROGRESS ON PROJECTS

Including loans made during the year the Bank has now provided finance toward the addition of nearly 6½ million kilowatts to the generating capacity of its member countries, representing an amount equal to about twice the whole capacity of Brazil or India. The Bank has also financed more than a dozen national programs of highway improvements, and about the same number of railway modernization programs. In addition, fifteen vital ports have been renovated with the aid of Bank funds. Apart from this investment in basic services, the Bank has supported a wide range of agricultural and industrial developments.

Continued progress was made during the year by borrowers in carrying forward projects and programs financed by Bank loans of earlier years. As was to be expected, some enterprises encountered difficulties, either during construction or after completion. Sometimes the problems were attributable to changes in the local or world economy, or to unforeseen construction difficulties or even to bad weather. But other difficulties, both in Government projects and in private undertakings, were internal; they resulted from weaknesses in management, whose functions are often given too narrow an interpretation, particularly in countries unused to modern operating techniques in public utilities and other large-scale enterprises. It is not enough for management to possess the ability to supervise the technical processes of production. Other qualities are needed for the success of the enterprise as a whole, and their absence can result in delays and financial losses due to inadequate preparation, poor planning, inappropriate accounting or personnel systems, or inflexible output and price policies.

In several instances during the year the Bank became aware of such difficulties, and was able to assist in overcoming them. In this respect as in others, close contact with borrowers on both the execution and operation of projects enabled the Bank to offer timely help.

Some examples are given below to illustrate the results that are being achieved by Bank borrowers; no attempt is made, however, to describe all the work accomplished during the year. The lending that is helping to finance the projects referred to is tabulated in the Statement of Loans on pages 28-37.

Africa

In the *Federation of Rhodesia and Nyasaland* a 200-mile rail link was completed to provide this land-locked area with a new outlet to the sea. This South East Connection runs from Bannockburn in the Bulawayo area to the Mozambique border, where it joins another new line, built by the Portuguese Government and terminating at the port of Lourenço Marques. This new construction, together with diesel locomotives and freight cars also included in the program assisted by the Bank, has helped to reduce congestion at Beira, the port which formerly had to handle most of the overseas trade of the Federation. Already half the Federation's copper exports and more than half of its asbestos exports, as well as a considerable volume of imports, are carried by the South East Connection.

In *South Africa* a railway expansion program financed with the help of \$50 million lent in earlier years by the Bank has already done much to provide for the large increase in traffic. The Bank loans were used mainly for steam and electric locomotives, rolling stock, rails and workshop equipment. Exports of coal, chrome, manganese, iron ore and other products, of which an estimated 7 million tons a year have been held back from production through lack of transport, are now moving more readily. The new loan of £9 million made during the year will contribute to the further investment now required on account of the continued growth of traffic.

French West Africa is now receiving the final deliveries of diesel locomotives financed by a Bank loan of \$7.5 million as part of a \$90 million rehabilitation program. The railway company estimates



Rhodesia and Nyasaland • *Already half of the new Federation's exports of copper and asbestos flow to foreign markets by a new trade route—a rail connection running*

from Bannockburn, near Bulawayo, to the Mozambique border, where it meets another new line, built by the Portuguese Government, to the port of Lourenço Marques.

that a saving equivalent to approximately \$4,500 per month will result from replacement of each steam locomotive by a diesel on the routes where traffic is heaviest.

With the help of Bank funds a telecommunications project in *Ethiopia* has brought considerable improvements in contact between main Ethiopian cities and also with foreign capitals. This has been achieved by the installation of new teletype and telephone circuits between principal cities and by the construction of more powerful radio receivers and transmitters to carry international traffic. Automatic telephone exchanges have been installed in Addis Ababa and Gondar, and manual exchanges in other towns.

Asia and Middle East

Three projects concerned with the control and use of river water were completed or carried an important stage forward in Asia. In *Iraq* a \$45-million flood-control project, part of a larger plan which will also include irrigation services, was completed this year in time to save Baghdad from flood damage during the season of high water. A barrage located on the Tigris 50 miles above Baghdad directs flood water into a diversion channel leading into a barren depression known as the Wadi Tharthar. These works provide protection against the floods from which the capital and surrounding agricultural areas have suffered from earliest times, and which in 1954 caused damage

estimated at more than the total cost of the project. The loan for this project was made six years ago, and was fully repaid early in 1955 in advance of maturity.

Works completed in *India* will provide additional power and water transport as well as irrigation services in the Damodar Valley, the country's most important industrial area. Progress made under a very large multi-purpose development program undertaken by the Damodar Valley Corporation includes completion of a barrage at Durgapur, which forms part of an irrigation system to provide water for one million acres in West Bengal. In the same area good progress is being made on an 80-mile channel that will serve both as the main source of irrigation water and as a navigation canal linking the Damodar River with the Hooghly River above Calcutta. The canal is expected to be completed late in 1957 and will then be available to carry cement, coal, iron and steel

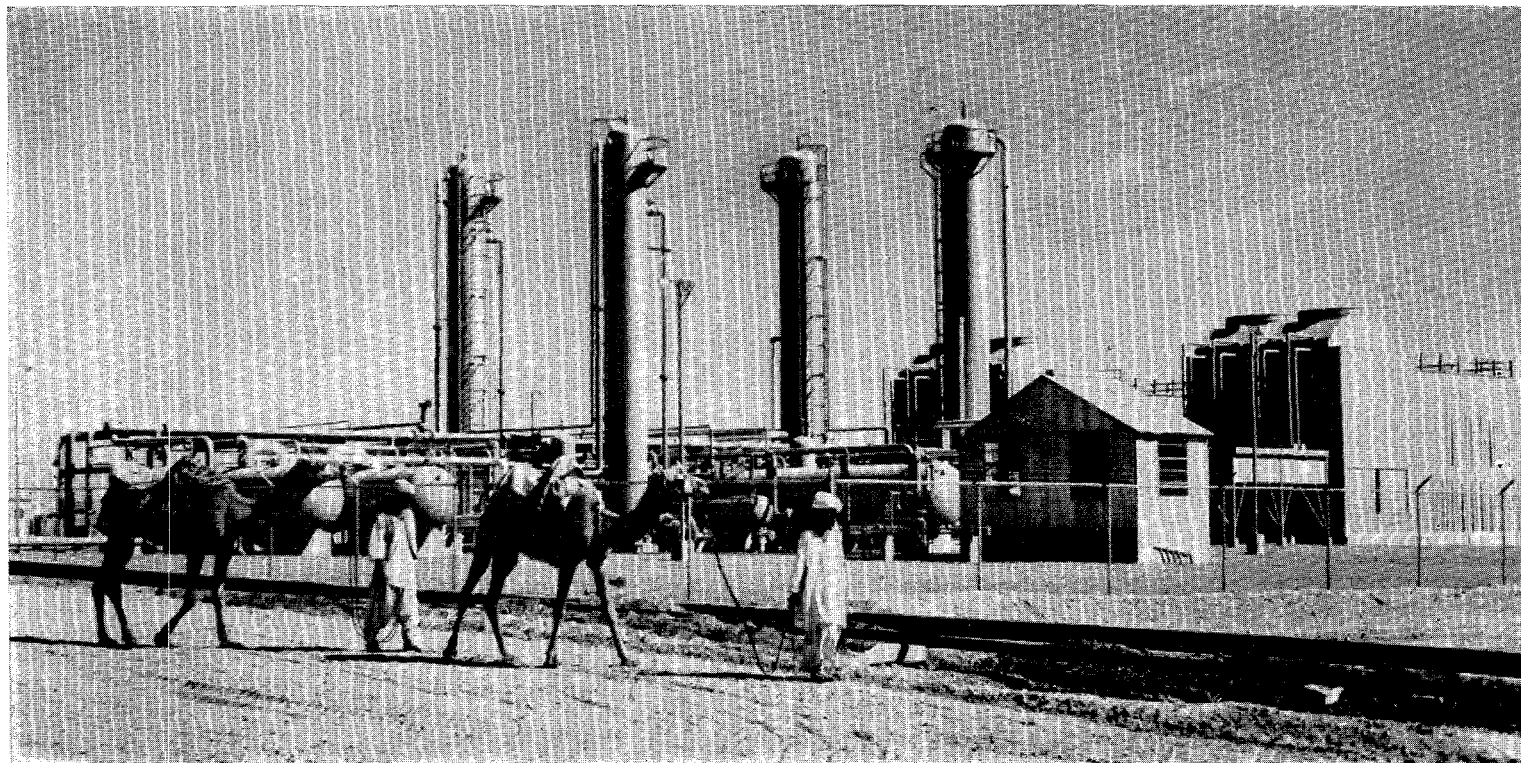
products, fertilizer and other heavy cargoes sustaining the continued industrial growth of the area.

The Konar Dam, which is helping to regulate the flow of water in the upper reaches of the Damodar River, was completed during the year. The water stored by the dam will later serve as a source of hydroelectric power, and is already being used for cooling in the thermal power plant built at Bokaro with the help of Bank funds. Some of the power produced at Bokaro is supplied to the Indian Iron and Steel Company and the Tata Iron and Steel Company, to both of which the Bank has made loans. Increased power supplies are encouraging the erection of many small factories in the area, and rapid industrial growth is taking place throughout the Valley.

On the Chao Phya, the major river artery of *Thailand*, the main construction works of a barrage and navigation lock near Chainat, 100 miles north

Pakistan • *A control station on the Sui Gas pipeline, first of its kind in South Asia, which runs over 350 miles of difficult terrain, and twice crosses the River Indus. This*

16-inch pipeline brings natural gas from the Sui field in Baluchistan through the Indus Valley to Karachi. The gas provides fuel for power generation and for industry.



of Bangkok, have been completed. The project will provide irrigation water for about 2¼ million acres, thus increasing the crops of rice, soya beans and other products needed for both home and export markets. It will also provide for year-round navigation on the principal waterways in the Central Plain.

Power supplies available to feed vital industries as well as commercial and residential markets were increased by the completion of two power plants with a total capacity of 141,000 kilowatts in *Japan*. Another thermal plant financed by the Bank is already partly in operation and is expected to be completed, with a capacity of 150,000 kilowatts, within a few months. The three plants represent an increase of 3% in the total public power supply of Japan. Power from these plants is serving light and heavy industries on Honshu, and Japan's largest coal-producing area on Kyushu.

The first natural gas pipeline in South Asia came into operation nine months ago in *West Pakistan*. This 16-inch pipeline stretches 346 miles from the Sui gas fields in Baluchistan to Karachi. Construction began in the summer of 1954 and the first delivery of gas was made in September 1955; the laying of pipe was completed in five and one-half months. Apart from small supplies for Hyderabad and Sukkur, main deliveries are to large consumers in the Karachi area, including the electric power company, cement, textiles, ceramics and other industries. A 30,000-kilowatt power station being built with Bank help will also start using the gas within a few months, and first deliveries to homes will begin shortly. The throughput of the line at present averages 20 million cubic feet per day, and is expected to reach twice this figure by the end of 1956.

Europe

Bank loans contributed to both industry and agriculture in a number of European countries. In *Italy* the Bank has now lent a total of \$90 million to the Cassa per il Mezzogiorno, a government agency set up to launch a far-reaching attack on the traditional poverty of the South. This 12-year program has now reached mid-point. Public and private investments already approved under it amount to the equivalent

of nearly \$1,100 million; two-thirds of this has been for land reclamation and improvement, flood and erosion control and water supply, and the remainder for roads, railways, industry and tourist services. With various new or expanded plants now operating in the South there has been a considerable increase in industrial employment, while more intensive farming was marked by a doubling of the number of tractors in the first four years of the program. Higher living standards and increased economic activity have been reflected in a doubling of power consumption and a rapid increase in the number of cars on the roads. The effort is directed toward the South, where farm output per acre has often been only about half that of the North, but the whole country is benefiting from the increased business arising out of the Cassa's activities.

In *Finland* two hydroelectric stations were completed during the year, and another is expected to come into operation within a few months. This will add a total of 95,000 kilowatts, representing an increase of about 7% in Finland's present capacity. The pulp and paper industry, which accounts for by far the largest part of Finland's exports, takes nearly half the power. New pulp manufacturing capacity added during the year at existing mills with the help of the Bank amounted to about 250,000 tons.

A multi-purpose dam completed during the year on the Seyhan River in south-central *Turkey* has brought a general improvement in the economic prospects of the area. A hydroelectric station with a capacity of 36,000 kilowatts is now in operation, and will allow for the further industrial growth of three nearby towns. Certain problems concerning drainage in the Adana Plain are being attacked so that work can go forward on plans to irrigate 350,000 acres of fertile land in the area of the dam. Cotton, grain, oilseeds, and citrus fruits are expected to be the major crops, and part of the increased production will be available for export. The floods which formerly ravaged this part of Turkey caused damage estimated at the equivalent of \$3 million a year to crops and property.

In *Belgium* the Baudouin Lock at the approaches to Antwerp was completed. The new lock can handle



Belgium • The recently completed Baudouin Lock, at the Port of Antwerp, can accommodate four 10,000-ton ships at a time. This lock is the first project to be completed in a series of schemes for canal modernization and improvement of great importance to Belgian transport and trade; the Bank made a loan of \$20 million for this purpose in 1954.

four 10,000-ton vessels at a time, giving it a capacity four times that of the old lock. Because of the elimination of delays, which formerly lasted as long as 18 hours at times of heavy traffic, substantial savings are already being achieved by ships using the port.

Latin America

The economy of *Colombia* is benefiting from work so far accomplished with the help of three Bank loans for a road program under which 2,000 miles of main highway are being improved. Three-quarters of the grading and half of the paving have now been completed, and on a considerable part of the mileage all work has been finished. Traffic has already grown rapidly; motor fuel consumption and vehicle registrations have doubled in the last four years. Significant reductions in the cost of transport and in travel time between regions have been achieved. Meanwhile Colombian agriculture has been strengthened by a loan which has financed imports of agricultural equipment, including the purchase of nearly 1,000 tractors during the year.

Construction of a network of good primary roads in *Nicaragua* is now nearing completion. Grading and structures have been finished on a great part of the

170 miles of roads reconstructed with Bank help and, although paving will take several more years to complete, much traffic is already using the roads. The benefits of the program are illustrated by the fact that the cost of transporting coffee to the Matagalpa market from the surrounding hills was cut to one-quarter by the opening of a new road link across a nearby mountain range.

Large additions were made during the year to the power capacity installed with the help of Bank funds. In *Mexico* the Comisión Federal de Electricidad completed three hydroelectric plants and one thermal plant with a total capacity of over 100,000 kilowatts. Power from two of these plants, forming part of the Miguel Alemán system in the mountains west of Mexico City, is supplied to the city through the network of the Mexican Light and Power Company, also a Bank borrower. The Company has recently more than doubled its own generating capacity by completing new plants with a total capacity of 153,000 kilowatts. With the help of these investments power deliveries in the Mexico City area were 12% higher in 1955 than in the previous year.

In *Brazil* a second 12,000-kilowatt hydroelectric unit was brought into operation five months ahead of schedule at Itutinga. This completed a project to increase the supply in the Belo Horizonte area, in southern Minas Gerais, where a large part of Brazil's industrial activity is centered. Four-fifths of the plant's output is expected to be used for industry, with a steel mill and a cement factory as the largest consumers. This is a run-of-river plant producing power at appreciably lower costs than in other parts of Brazil.

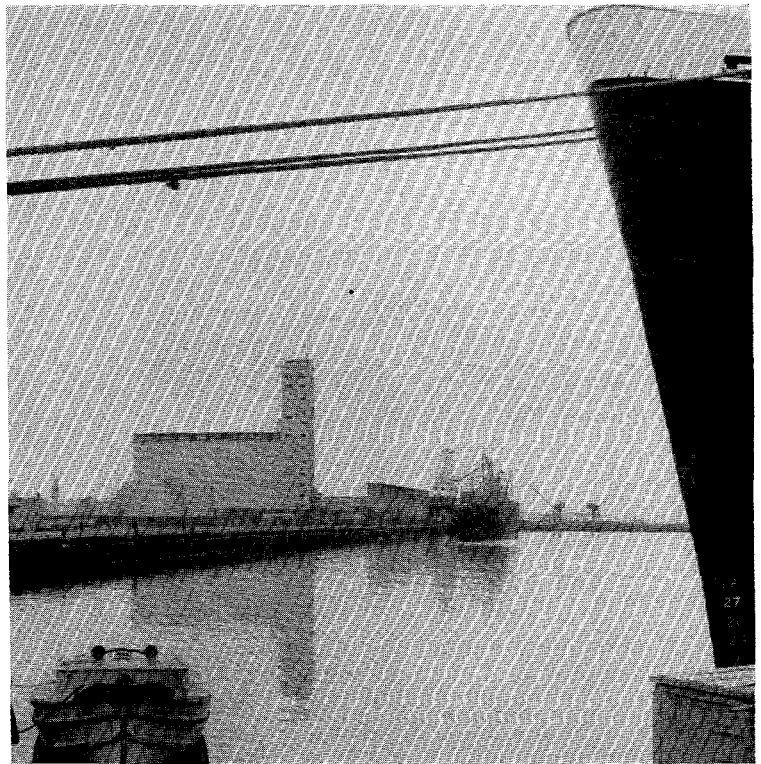
Ways in which the Bank can help to increase food supplies and stimulate agricultural output were

Peru • *The new grain elevators and loading towers in the Port of Callao were imported and installed with the aid of a Bank loan of \$2.5 million. These installations, together with other new equipment, have helped to transform Callao, previously a cause of congestion and delay for shipping, into one of the most efficient seaports in Latin America.*

illustrated in two Latin American countries. A grain processing and storage plant completed during the year is for the first time making it possible to use modern methods of handling locally-produced food grains in *Panama*. Hitherto there has been no effective means of drying, cleaning and storing corn and beans, the main food crops grown in *Panama*, and 20 to 30% of the year's output has been lost. Farmers have received very low prices during the glut season, while consumers have had to pay scarcity prices during the remainder of the year. All-year availability of food grains kept in good condition in the new plant is expected to eliminate the need to pay for imports of corn and beans, and at the same time improve nutritional standards.

In *Peru* also, new grain-handling and storage equipment, installed with the proceeds of a Bank loan, came into operation in the Port of Callao. This completed a modernization program which, under good management, has made Callao one of the most efficient ports in Latin America. Wheat imports occupy an important position in the food supply of *Peru*, and constitute a substantial part of the incoming cargo handled in Callao. In the absence of any kind of bulk-handling equipment, wheat worth about \$500,000 was lost each year during unloading. In addition to eliminating the greater part of this loss, use of the new discharging towers and silos has contributed to large reductions in shipping costs by making it possible to unload a ship in about 20 hours compared with eight to ten days previously. These installations were completed at substantially less than the estimated cost, and the remaining funds are being used for further improvements in the Port of Callao.

Bank funds have also been helping *Peru's* farmers



to adopt new production methods. Government machinery pools, using equipment financed by the Bank, have increased leveling and other reclamation work fourfold since 1952. A recent decline in the amount of cultivation carried out by the pools partly reflects increased buying by farmers of their own tractors. In line with this increased demand, funds have more recently been provided by the Bank for an agricultural bank which is now importing and selling on credit about 150 tractors a year, representing one-quarter of the total imported.

Work in agriculture and transport financed by a loan nearly five years ago in *Paraguay* has progressed more slowly than had been expected. But delays are being gradually overcome. The 250-mile highway between Asunción and Encarnación on the Paraná River is nearing completion. It provides a direct and dependable link between the capital and the promising agricultural lands in south-eastern *Paraguay*, and further work is now being undertaken on roads in the area. At the same time arrangements are being made to use Bank funds to acquire a dredge, principally for use on the *Paraguay* River, and thus to improve river navigation, which forms an essential part of the transport system of *Paraguay*.

Apart from its loans, the Bank has continued to give assistance on other problems of development, and particularly on the programming of public investment and the formulation of public policies bearing on economic development.

During the year work was carried out on the reports of four missions which visited member countries or territories to prepare recommendations for programs of economic development: the reports on *Syria* and *Malaya* were published, and the report of the mission to *Jordan* was nearing completion. A mission to study the economic prospects and problems of the Italian Trust Territory of *Somaliland* finished its field work during the year. In addition, the Bank's resident mission is completing a report and recommendations on the economic development of *Panama*.

The Bank continued its policy of posting resident representatives in a number of countries to give assistance in dealing with development problems. The countries concerned were *Colombia*, *Ecuador*, *Guatemala*, *Honduras*, *Nicaragua* and *Panama*.

Two missions drew up recommendations on particular aspects of development in *Colombia*. One advised the newly created Cauca Valley Corporation on initial steps to be taken in the coordinated development of the resources of the Valley; the other made recommendations for a long-term program to develop agriculture.

Beginning with the mission that undertook a general survey of the economy of Colombia in 1949, the Bank now has given 21 countries assistance in programming their development. The Bank has most often given this help through general survey missions, of which it has organized 14. It has also employed resident missions, of which there have been four, to advise generally on measures for economic development; and in one case, a joint working party composed of Bank economists and representatives of the member country made an investigation of investment trends and needs throughout the economy. Three other missions have dealt with agricultural development alone; the Cauca Valley

mission was the first to confine its attention to the development problems of a particular region.

The Bank's missions have now been in operation long enough for some of the effects to be seen. In no case, of course, has a country adopted and implemented the recommendations of a mission *in toto*. A report must go through a process of selection, adaptation and assimilation by the country itself. Results have varied from country to country on the basis of many factors such as the leadership and interest available in the government, political considerations that affect economic decisions, and the extent to which the mission's recommendations are practical and persuasive.

Nevertheless, a substantial number of specific accomplishments can be attributed in whole or in part to the work of Bank missions. A few examples are the highway programs in *Colombia* and *Honduras*, newly-undertaken railway rehabilitation in *Jamaica*, the passage of income tax legislation in *Nicaragua*, changes in the education program in *Malaya*, the adoption of federal and regional development programs and the reorganization of development institutions in *Nigeria*, the preparation of a five-year investment program in *Guatemala*, and the reorganization of public debt administration in *Syria*. There is of course no way for the Bank to learn of all the effects of the many mission recommendations—whether, for instance, they have been an important factor making for an increase in a budget for agricultural research, or for better gathering of statistics by government offices, or for the rejection of doubtful development projects.

Often the reports represent the first attempt in a country to make a systematic analysis of the economy as a whole and to project the developmental process over a number of years. A few countries have announced their intention to use the report as the official basis of development planning. A number of countries have created new bodies for central economic programming and others have changed or strengthened

their approach to programming. Regardless of whether formal action of this kind has been taken, one of the most important results of the missions is the influence they have exerted in favor of a coordinated long-term approach to development problems.

The needs of the Bank's member countries for advisory assistance are varied and changing, and the Bank's attitude is therefore kept flexible. Apart from general survey missions and related activities, the Bank continued during the year to provide assistance to a number of countries on specific problems. In *Mexico* the Bank collaborated in an analysis of the country's future power needs and of ways in which these could be financed. A report has been drawn up and submitted to the Government and others concerned. A mission visited *Pakistan* to discuss a proposal to establish a privately-owned industrial credit and investment company and in *Ceylon* staff members gave advice on the organization of the Development Finance Corporation. Staff members also spent several weeks in *Uruguay* to advise on the possibilities of strengthening the capital market as a source of funds for productive investment. Bank consultants gave advice in *Japan* on land reclamation.

As in past years, the Bank helped member countries to obtain specialists for economic development work. They were concerned with such different matters as sulphur processing in *Iraq*, railway operations in *Thailand*, public debt management in *Syria* and port administration in *Turkey*. The Bank helped to find foreign experts to work in the Seven Year Plan Organization of *Iran*, and a Bank staff member on leave of absence is chief of the bureau in which these experts have been gathered. Another staff member on leave continued to serve during the year as director of the Ceylon Institute of Scientific and Industrial Research.

With Bank collaboration, discussions continued between *India* and *Pakistan* regarding the use of the Indus waters. An inter-governmental agreement covering additional withdrawals of water by India for the October 1955-March 1956 crop season was reached early in that season. A new agreement, covering the next two crop periods and ending in

March 1957, was taken under consideration by the two governments toward the end of the fiscal year. The firm of engineering consultants engaged by the Bank to collaborate in the discussions has completed a number of studies of the problems involved. As the year closed the Bank was conferring with the participating Governments concerning the continuation of the discussions.

Economic Development Institute

A new kind of international staff college came into existence under Bank sponsorship during the year. With financial support from the Ford and Rockefeller Foundations the Bank set up the Economic Development Institute in Washington with the objective of contributing to an improvement in the quality of economic management in government and helping officials from less-developed countries to equip themselves for dealing with the practical problems of development. The Institute's first six-month course was concluded in June.

The difficulties encountered in some of the work of the Bank, as of other agencies concerned with economic development, have underlined the fact that shortage of capital is not the only obstacle to progress. Inexperience in formulating sound economic and financial policies, and shortage of trained administrators, are often even more serious handicaps. In various cases they have led to misdirection of effort and waste of urgently-needed resources.

Since the Institute's courses are attended by officials in positions of authority from many countries and are intended to increase their familiarity with practical problems, the Institute's time is devoted to discussion and the pooling of experience rather than to formal instruction. Its syllabus concentrates on actual situations and on policies concerned with those sectors of the economy that are of special importance to development. Full use is made of the lessons that can be learned from studying the planning and the results achieved in the case of particular projects.

The first course was attended by fourteen officials from as many member countries—Colombia, Haiti and Mexico in Latin America; Ceylon, India, Japan,

Pakistan, the Philippines and Thailand in Asia; the Belgian Congo, Egypt, Nigeria and Uganda in Africa; and Yugoslavia in Europe. The officials occupy senior positions in finance ministries, ministries of economy, central banks, planning bodies or other government agencies responsible for economic development plans and policies. They will thus be directly concerned, after returning to their homes, with the kind of problems studied at the Institute and should be in a position to make effective contributions to the economic development of their countries.

The Bank made available two of its staff members, Mr. John H. Adler and Mr. William Diamond, to serve full-time with the Institute under the first Director, Professor A. K. Cairncross of Glasgow University; the Bank also provided speakers from its staff and documents illustrating the experience gained in its own operations. Apart from the full-time members, the staff of the Institute was supplemented by Professor Ragnar Nurkse of Columbia University

and Mr. P. S. Narayan Prasad, Executive Director for India in the International Monetary Fund, to conduct seminars in subjects in which they have special qualifications. In addition, guest speakers of recognized authority from government service and academic and business life addressed the Institute or led seminar discussions.

The Institute was launched on a tentative basis and will be judged according to the results achieved by successive courses. Arrangements are now well advanced for the second and third courses. The second will begin in October 1956 and end in the following March. It is expected to have about 20 participants, most of whom have already been selected. Mr. K. S. Krishnaswamy, formerly of the Reserve Bank of India, will be added to the staff of the Institute for this course. Those who will conduct seminars will include Professor Jan Tinbergen of the Netherlands Economic University, and Mr. Javier Marquez, Director of the Center for Latin American Monetary Studies.

Economic Development Institute • *This new economic staff college opened its first course on January 9, 1956. Fourteen senior officials from as many countries participated in its*

seminars, to study problems of economic development. The second six months course begins in October, with about twenty selected participants from the less developed countries.



INTERNATIONAL FINANCE CORPORATION

The International Finance Corporation came into being shortly after the end of the fiscal year, as an affiliate of the Bank.

The Articles of Agreement of the Corporation required that a minimum of 30 countries, with capital subscriptions totaling at least \$75 million, should accept membership of the Corporation to bring it into being. These requirements were met on July 20, 1956, when the number of member countries reached thirty-one, with capital subscriptions totaling \$78,366,000. The member countries up to that date included thirteen in Latin America, eight in Europe, seven in Asia and the Middle East, and three in other regions. The largest stockholders are the United States and the United Kingdom, whose subscriptions aggregate almost \$50 million of the \$100 million authorized capital of the Corporation.

The inaugural meeting of the Board of Directors of

the Corporation was held on July 24, 1956. At this meeting by-laws and rules of procedure were adopted. Mr. Robert L. Garner, who had served as Vice-President of the Bank since 1947, was appointed President of the Corporation. Mr. J. G. Beevor, formerly Managing Director of the Commonwealth Development Finance Company Limited of London, is Vice-President.

The purpose of the Corporation is to promote the growth of productive private enterprise, particularly in the less-developed countries. It will seek to do so by investing its own funds in association with private capital where this is not available in sufficient quantity and on reasonable terms; by acting as a clearing house in bringing together investment opportunities and private capital, whether foreign or domestic; and by helping to enlist managerial skill and experience where these are not already available for a project.

MEMBERSHIP, SUBSCRIPTIONS AND STAFF

Afghanistan, with a capital subscription of \$10 million, joined the Bank in July 1955, and Korea, with a subscription of \$12.5 million, joined in August. This brought the membership of the Bank to 58, and its subscribed capital to \$9,050.5 million.

Following the arrangement made in 1954, China paid \$70,000 in May 1956 on account of the unpaid portion of its capital subscription, and furnished economic data relating to its capacity to pay the balance remaining due.

The Bank's staff increased to 511, compared with 483 last year. At the end of the year nationals of 37 countries were serving on the regular staff. Although there had been changes in the countries from which staff members were drawn, the number of countries had remained unchanged over the year. In addition, 36 consultants from 14 countries had been engaged for special short-term assignments. During the year staff members attended meetings of other international agencies concerned with development work, including various organs and Specialized Agencies of the United

Nations, the Organization of American States, the O.E.E.C., the Colombo Plan Organization and other bodies.

The principal officers of the Bank remained unchanged up to the end of the fiscal year. On July 24, 1956, however, following the appointment of Mr. Robert L. Garner as President of the new International Finance Corporation, extensive changes were made in the Bank's officers.

Three new Vice-Presidents were promoted from the staff of the Bank. They are Mr. W. A. B. Iliff, formerly Assistant to the President, Mr. J. Burke Knapp, formerly Director of Operations for the Western Hemisphere, and Mr. Davidson Sommers, who remains the Bank's General Counsel. The vacancies created by these appointments were also filled by staff members, and included new Directors of the Legal Department and of the Department of Operations, Western Hemisphere.

A list of the officers of the Bank, including the new appointments, is given in Appendix M.

<i>Borrower and guarantor¹</i>	<i>Loan number</i>	<i>Program or project</i>	<i>Date of loan agreement</i>	<i>Original maturities</i>	<i>Interest rate (including commission)</i>
AUSTRALIA	29 AU	Equipment for development	Aug. 22, 1950	1955-1975	4¼%
	66 AU	Equipment for development	July 8, 1952	1957-1972	4¾%
	96 AU	Equipment for development	Mar. 2, 1954	1957-1969	4¾%
	111 AU	Equipment for development	Mar. 18, 1955	1958-1970	4⅝%
					TOTAL
AUSTRIA (<i>Guarantor</i>)					
Verbundgesellschaft, Draukraftwerke	102 AUA	Electric power development	July 19, 1954	1959-1979	4¾%
Vorarlberger Illwerke	118 AUA	Electric power development	June 14, 1955	1960-1979	4¾%
					TOTAL
BELGIUM	14 BE	Equipment for steel and power industries .	Mar. 1, 1949	1953-1969	4¼%
	48 BE	Belgian Congo Development Plan . . .	Sept. 13, 1951	1957-1976	4½%
	107 BE	Waterways and port improvements . . .	Dec. 14, 1954	1965-1969	4⅝%
BELGIUM (<i>Guarantor</i>)					
Belgian Congo	47 BE	Belgian Congo Development Plan . . .	Sept. 13, 1951	1957-1976	4½%
					TOTAL
BRAZIL	65 BR	Railway rehabilitation	June 27, 1952	1955-1967	4⅝%
	75 BR	Highway maintenance and improvement .	Apr. 30, 1953	1954-1959	4¼%
	92 BR	Railway rehabilitation	Dec. 18, 1953	1959-1969	4⅝%
BRAZIL (<i>Guarantor</i>)					
Brazilian Traction (1st Installment)	11 BR	Electric power & telephones	Jan. 27, 1949	1953-1974	4½%
Brazilian Traction (2nd Installment)	11—BR-S	Electric power development	Jan. 18, 1951	1955-1976	4¼%
Brazilian Traction	95 BR	Electric power development	Feb. 24, 1954	1955-1974	4⅝%
Sao Francisco Hidro Elet. Co.	25 BR	Electric power development	May 26, 1950	1954-1975	4¼%
Com. Estadual Energia Eletrica	64 BR	Electric power development	June 27, 1952	1957-1977	4¾%
CEARG & CEMIG	76 BR	Electric power development	July 17, 1953	1957-1973	5%
Usinas Eletrica Parapanema	93 BR	Electric power development	Dec. 18, 1953	1958-1974	5%
					TOTAL
BURMA	139 BA	Railway development	May 4, 1956	1959-1971	4¾%
BURMA (<i>Guarantor</i>)					
Rangoon Port Commissioners	140 BA	Port development	May 4, 1956	1960-1976	4¾%
					TOTAL
CEYLON	101 CE	Electric power development	July 9, 1954	1959-1979	4¾%
CHILE (<i>Guarantor</i>)					
Fomento and Endesa	5 CH	Electric power development	Mar. 25, 1948	1953-1968	4½%
Fomento	6 CH	Agricultural development	Mar. 25, 1948	1950-1955	3¾%
Fomento	49 CH	Exploration for and use of water . . .	Oct. 10, 1951	1955-1961	4⅝%
Fomento & Papeles y Cartones	83 CH	Construction of paper and pulp mills . .	Sept. 10, 1953	1958-1970	5%
					TOTAL
COLOMBIA	43 CO	Highway construction and rehabilitation .	Apr. 10, 1951	1954-1961	3⅞%
	84 CO	Highway construction and rehabilitation .	Sept. 10, 1953	1956-1963	4¾%
	68 CO	National railways project	Aug. 26, 1952	1957-1978	4¾%
	144 CO	Highway construction and rehabilitation .	June 6, 1956	1959-1971	4¾%

June 30, 1955

EXPRESSED IN UNITED STATES CURRENCY

Original principal amount	Loans not yet effective ²	Cancellations and refundings	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed	Undisbursed balance of effective loans
				Total sales	Portion matured ⁴			
\$ 100,000,000	\$ —	\$ —	\$ 115,000	\$ 8,394,000	\$ 3,024,000	\$ 91,491,000	\$ 100,000,000	\$ —
50,000,000	—	—	—	3,800,000	—	46,200,000	50,000,000	—
54,000,000	—	—	—	2,250,000	—	51,750,000	54,000,000	—
54,500,000	—	—	—	10,400,000	—	44,100,000	43,009,482	11,490,518
258,500,000	—	—	115,000	24,844,000	3,024,000	233,541,000	247,009,482	11,490,518
12,000,000	—	—	—	—	—	12,000,000	5,654,106	6,345,894
10,000,000	—	—	—	153,000	—	9,847,000	5,799,468	4,200,532
22,000,000	—	—	—	153,000	—	21,847,000	11,453,574	10,546,426
16,000,000	—	—	—	16,000,000	3,500,000	—	16,000,000	—
30,000,000	—	—	—	5,410,000	—	24,590,000	30,000,000	—
20,000,000	—	—	—	—	—	20,000,000	12,145,616	7,854,384
40,000,000	—	—	—	4,786,234	—	35,213,766	40,000,000	—
106,000,000	—	—	—	26,196,234	3,500,000	79,803,766	98,145,616	7,854,384
12,500,000	—	—	818,000	—	—	11,682,000	9,410,123	3,089,877
3,000,000	—	—	1,200,000	—	—	1,800,000	2,981,024	18,976
12,500,000	—	—	—	—	—	12,500,000	8,565,771	3,934,229
75,000,000	—	—	1,164,467	4,028,411	1,835,533	69,807,122	75,000,000	—
15,000,000	—	—	200,000	—	—	14,800,000	15,000,000	—
18,790,000	—	—	1,000,000	—	—	17,790,000	18,790,000	—
15,000,000	—	—	954,905	—	—	14,045,095	14,867,032	132,968
25,000,000	—	—	—	—	—	25,000,000	—	25,000,000
7,300,000	—	—	—	1,047,000	—	6,253,000	6,895,705	404,295
10,000,000	—	—	—	—	—	10,000,000	4,386,130	5,613,870
194,090,000	—	—	5,337,372	5,075,411	1,835,533	183,677,217	155,895,785	38,194,215
5,350,000	5,350,000	—	—	—	—	—	—	—
14,000,000	14,000,000	—	—	—	—	—	—	—
19,350,000	19,350,000	—	—	—	—	—	—	—
19,110,000	—	—	—	—	—	19,110,000	3,561,424	15,548,576
13,500,000	—	—	2,079,000	82,000	—	11,339,000	13,500,000	—
2,500,000	—	—	755,000	1,745,000	1,745,000	—	2,500,000	—
1,300,000	—	445,544	80,000	633,000	166,000	141,456	854,456	—
20,000,000	—	—	—	—	—	20,000,000	6,698,355	13,301,645
37,300,000	—	445,544	2,914,000	2,460,000	1,911,000	31,480,456	23,552,811	13,301,645
16,500,000	—	—	3,471,000	800,000	800,000	12,229,000	16,500,000	—
14,350,000	—	—	748,000	—	—	13,602,000	12,464,383	1,885,617
25,000,000	—	—	—	—	—	25,000,000	11,095,338	13,904,662
16,500,000	16,500,000	—	—	—	—	—	—	—

STATEMENT OF LOANS (continued)

<i>Borrower and guarantor¹</i>	<i>Loan number</i>	<i>Program or project</i>	<i>Date of loan agreement</i>	<i>Original maturities</i>	<i>Interest rate (including commission)</i>
COLOMBIA (Guarantor)					
Caja de Credito	18 CO	Agricultural development	Aug. 19, 1949	1952-1956	3½%
Caja de Credito	108 CO	Agricultural development	Dec. 29, 1954	1957-1961	4¼%
CHIDRAL	38 CO	Electric power development	Nov. 2, 1950	1954-1970	4%
CHIDRAL	113 CO	Electric power development	Mar. 24, 1955	1959-1975	4¾%
Caldas Hidro-Elec. Co.	39 CO	Electric power development	Dec. 28, 1950	1952-1971	4%
Hidroelectrica del Rio Lebrija	54 CO	Electric power development	Nov. 13, 1951	1954-1972	4½%
F. F. C. C.	119 CO	National railways project	June 15, 1955	1958-1980	4¾%
TOTAL:					
DENMARK	3 DE	Post-war reconstruction	Aug. 22, 1947	1953-1972	4¼%
ECUADOR (Guarantor)					
Com. Ejec. Vialidad (Guayas)	94 EC	Highway construction	Feb. 10, 1954	1958-1964	4⅝%
Empresa Electrica Quito, S. A.	137 EC	Electric power development	Mar. 29, 1956	1959-1976	4¾%
TOTAL:					
EL SALVADOR	104 ES	Coastal highway project	Oct. 12, 1954	1959-1966	4½%
EL SALVADOR (Guarantor)					
Comision del Rio Lempa	22 ES	Electric power development	Dec. 14, 1949	1954-1975	4¼%
TOTAL:					
ETHIOPIA					
	31 ET	Highway rehabilitation	Sept. 13, 1950	1956-1971	4%
	32 ET	Foreign exchange for Development Bank	Sept. 13, 1950	1956-1971	4%
	42 ET	Telecommunications	Feb. 19, 1951	1956-1971	4%
TOTAL:					
FINLAND	21 FI	Equipment for timber production	Oct. 17, 1949	1950-1951	3%
FINLAND (Guarantor)					
Bank of Finland	16 FI	Power, wood processing and limestone	Aug. 1, 1949	1953-1964	4%
Bank of Finland	61 FI	Power, wood processing and agriculture	Apr. 30, 1952	1955-1970	4¾%
Bank of Finland	70 FI	Wood processing	Nov. 13, 1952	1955-1970	4¾%
Bank of Finland	112 FI	Power and wood processing	Mar. 24, 1955	1958-1970	4⅝%
Mortgage Bank of Finland Oy	142 FI	Electric power development	May 22, 1956	1959-1976	4¾%
TOTAL:					
FRANCE (Guarantor)					
Credit National	1 FR	Post-war reconstruction	May 9, 1947	1952-1977	4¼%
Overseas Railways Administration	100 FR	Railway improvement	June 10, 1954	1956-1966	4½%
Electricite et Gaz d'Algerie	131 FR	Electric power development	Aug. 26, 1955	1957-1975	4¾%
TOTAL:					
GUATEMALA	124 GU	Highway construction and maintenance	July 29, 1955	1959-1970	4⅝%
HAITI	141 HA	Highway maintenance	May 7, 1956	1959-1967	4½%
HONDURAS	135 HO	Highway maintenance	Dec. 22, 1955	1957-1964	4½%
ICELAND					
	46 IC	Electric power development	June 20, 1951	1956-1973	4⅝%
	53 IC	Agricultural development	Nov. 1, 1951	1956-1973	4½%
	69 IC	Fertilizer plant.	Aug. 26, 1952	1954-1969	4¾%
ICELAND (Guarantor)					
Iceland Bank of Development	79 IC	Agricultural development	Sept. 4, 1953	1958-1975	5%
Iceland Bank of Development	80 IC	Construction of radio transmitter building.	Sept. 4, 1953	1954-1966	4¾%
TOTAL:					

EXPRESSED IN UNITED STATES CURRENCY

Original principal amount	Loans not yet effective ²	Cancellations and refundings	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed	Undisbursed balance of effective loans
				Total sales	Portion matured ⁴			
\$ 5,000,000	\$ —	\$ 74,559	\$ 2,500,000	\$ 2,000,000	\$ 2,000,000	\$ 425,441	\$ 4,925,441	\$ —
5,000,000	—	—	—	3,000,000	—	2,000,000	5,000,000	—
3,530,000	—	—	234,000	148,000	148,000	3,148,000	3,530,000	—
4,500,000	—	—	—	—	—	4,500,000	1,737,752	2,762,248
2,600,000	—	—	202,000	194,000	194,000	2,204,000	2,600,000	—
2,400,000	—	—	135,200	84,800	84,800	2,180,000	2,400,000	—
15,900,000	—	—	—	866,000	—	15,034,000	—	15,900,000
111,280,000	16,500,000	74,559	7,290,200	7,092,800	3,226,800	80,322,441	60,252,914	34,452,527
40,000,000	—	—	599,000	2,821,000	1,586,000	36,580,000	40,000,000	—
8,500,000	—	—	—	—	—	8,500,000	1,917,997	6,582,003
5,000,000	5,000,000	—	—	Note ³	—	—	—	—
13,500,000	5,000,000	—	—	—	—	8,500,000	1,917,997	6,582,003
11,100,000	—	—	—	250,000	—	10,850,000	3,819,740	7,280,260
12,545,000	—	—	25,000	1,000,000	420,000	11,520,000	12,545,000	—
23,645,000	—	—	25,000	1,250,000	420,000	22,370,000	16,364,740	7,280,260
5,000,000	—	—	118,000	—	—	4,882,000	5,000,000	—
2,000,000	—	—	47,000	—	—	1,953,000	1,420,837	579,163
1,500,000	—	—	35,000	—	—	1,465,000	1,093,980	406,020
8,500,000	—	—	200,000	—	—	8,300,000	7,514,817	985,183
2,300,000	—	197,869	2,102,131	—	—	—	2,102,131	—
12,500,000	—	—	1,967,990	1,559,010	1,559,010	8,973,000	12,500,000	—
20,000,000	—	—	2,436,000	—	—	17,564,000	19,676,993	323,007
3,479,464	—	—	163,535	—	—	3,315,929	2,940,949	538,515
12,000,000	—	—	—	2,288,000	—	9,712,000	6,565,732	5,434,268
15,000,000	15,000,000	—	—	Note ³	—	—	—	—
65,279,464	15,000,000	197,869	6,669,656	3,847,010	1,559,010	39,564,929	43,785,805	6,295,790
250,000,000	—	—	38,000	30,342,000	11,555,000	219,620,000	250,000,000	—
7,500,000	—	—	—	609,000	—	6,891,000	5,880,243	1,619,757
10,000,000	—	—	—	724,000	—	9,276,000	6,419,530	3,580,470
267,500,000	—	—	38,000	31,675,000	11,555,000	235,787,000	262,299,773	5,200,227
18,200,000	—	—	—	576,000	—	17,624,000	4,840,342	13,359,658
2,600,000	2,600,000	—	—	Note ³	—	—	—	—
4,200,000	—	—	—	872,000	—	3,328,000	70,489	4,129,511
2,450,000	—	—	47,600	—	—	2,402,400	2,450,000	—
1,008,000	—	—	—	—	—	1,008,000	1,008,000	—
854,000	—	—	82,000	—	—	772,000	854,000	—
1,350,000	—	—	—	—	—	1,350,000	1,350,000	—
252,000	—	—	32,760	—	—	219,240	252,000	—
5,914,000	—	—	162,360	—	—	5,751,640	5,914,000	—

STATEMENT OF LOANS (continued)

<i>Borrower and guarantor¹</i>	<i>Loan number</i>	<i>Program or project</i>	<i>Date of loan agreement</i>	<i>Original maturities</i>	<i>Interest rate (including commission)</i>
INDIA	17 IN	Railway rehabilitation	Aug. 18, 1949	1950-1964	4 ⁷ / ₈ %
	19 IN	Agricultural development	Sept. 29, 1949	1952-1956	3 ¹ / ₂ %
	23 IN	Electric power development	Apr. 18, 1950	1955-1970	4 ⁷ / ₈ %
	72 IN	Damodar multi-purpose project	Jan. 23, 1953	1956-1977	4 ⁷ / ₈ %
INDIA (<i>Guarantor</i>)					
Indian Iron & Steel Company	71 IN	Iron and steel expansion	Dec. 18, 1952	1959-1967	4 ³ / ₄ %
Tata Group of Hydro Companies	106 IN	Electric power development	Nov. 19, 1954	1958-1974	4 ³ / ₄ %
I. C. I. C. I.	109 IN	Development of private industry	Mar. 14, 1955	1960-1969	4 ⁵ / ₈ %
The Tata Iron and Steel Co., Ltd.	146 IN	Expansion of steel production facilities	June 26, 1956	1959-1971	4 ³ / ₄ %
					TOTAL
IRAQ	26 IRQ	Construction of a flood control project	June 15, 1950	1956-1965	3 ³ / ₄ %
ITALY (<i>Guarantor</i>)					
Cassa per Il Mezzogiorno	50 IT	Development Plan for Southern Italy	Oct. 10, 1951	1956-1976	4 ¹ / ₂ %
Cassa per Il Mezzogiorno	88 IT	Development Plan for Southern Italy	Oct. 6, 1953	1958-1978	5%
Cassa per Il Mezzogiorno	117 IT	Power, irrigation and industrial projects	June 1, 1955	1958-1975	4 ³ / ₄ %
					TOTAL
JAPAN (<i>Guarantor</i>)					
Japan Development Bank	89 JA	Electric power development	Oct. 15, 1953	1957-1973	5%
Japan Development Bank	90 JA	Electric power development	Oct. 15, 1953	1957-1973	5%
Japan Development Bank	91 JA	Electric power development	Oct. 15, 1953	1957-1973	5%
Japan Development Bank	133 JA	Construction of steel plate mill	Oct. 25, 1955	1958-1970	4 ⁵ / ₈ %
Japan Development Bank	136 JA	Industrial projects	Feb. 21, 1956	1958-1971	4 ³ / ₄ %
					TOTAL
LEBANON (<i>Guarantor</i>)					
Litani River Authority	129 LE	Electric power development; irrigation	Aug. 25, 1955	1961-1980	4 ³ / ₄ %
LUXEMBOURG	4 LU	Steel mill and railroads	Aug. 28, 1947	1949-1972	4 ¹ / ₄ %
MEXICO (<i>Guarantor</i>)					
Financiera and Comision	12 ME	Electric power development	Jan. 6, 1949	1953-1973	4 ¹ / ₂ %
Financiera and Comision	13 ME	Electric power development	Jan. 6, 1949	July 1, 1950	4 ¹ / ₂ %
Mexlight	24 ME	Electric power development	Apr. 28, 1950	1953-1975	4 ¹ / ₂ %
Bank Consortium & Financiera	33 ME	Development of small industrial projects	Oct. 18, 1950	1952-1957	3 ¹ / ₂ %
Financiera and Comision	56 ME	Electric power development	Jan. 11, 1952	1955-1977	4 ¹ / ₂ %
Ferrocarril Del Pacifico	103 ME	Railway rehabilitation	Aug. 24, 1954	1959-1969	4 ⁵ / ₈ %
					TOTAL
NETHERLANDS	2 NE	Post-war reconstruction	Aug. 7, 1947	1954-1972	4 ¹ / ₄ %
	2a NE	Post-war reconstruction	May 25, 1948	1953-1954	4 ¹ / ₄ %
NETHERLANDS (<i>Guarantor</i>)					
Stoomvaart Mij. "Nederland"	7, 7a NE	Purchase of S.S. Raki and S.S. Roebiah	July 15, 1948	1949-1958	3-9/16%
Vereenigde Schvrt. Mij.	8 NE	Purchase of S.S. Almkerk	July 15, 1948	1949-1958	3-9/16%
Holland-Amerika Lijn	9 NE	Purchase of S.S. Alblasserdijk	July 15, 1948	1949-1958	3-9/16%
Rotterdamsche Lloyd	10, 10a NE	Purchase of S.S. Friesland and S.S. Drente	July 15, 1948	1949-1958	3-9/16%
Herstelbank	15 NE	Post-war industrial reconstruction	July 26, 1949	1952-1964	4%
KLM Royal Dutch Airlines	59 NE	Purchase of aircraft	Mar. 20, 1952	1954-1958	4 ¹ / ₈ %
					TOTAL

EXPRESSED IN UNITED STATES CURRENCY

Original principal amount	Loans not yet effective ²	Cancellations and refundings	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principa amount disbursed	Undisbursed balance of effective loans
				Total sales	Portion matured ¹			
\$ 34,000,000	\$ —	\$ 1,200,000	\$ 5,775,816	\$ 11,646,536	\$ 5,564,302	\$ 15,377,648	\$ 32,800,000	\$ —
10,000,000	—	2,796,187	2,263,000	4,940,813	4,350,000	—	7,203,813	—
18,500,000	—	1,779,500	958,000	2,427,000	315,000	13,335,500	16,720,500	—
19,500,000	—	9,000,000	—	—	—	10,500,000	6,066,280	4,433,720
31,500,000	—	—	—	—	—	31,500,000	8,245,297	23,254,703
16,200,000	—	—	—	1,364,000	—	14,836,000	6,460,950	9,739,050
10,000,000	—	—	—	—	—	10,000,000	—	10,000,000
75,000,000	75,000,000	—	—	Note ³	—	—	—	—
214,700,000	75,000,000	14,775,687	8,996,816	20,378,349	10,229,302	95,549,148	77,496,840	47,427,473
12,800,000	—	6,506,054	6,293,946	—	—	—	6,293,946	—
10,000,000	—	—	—	251,000	—	9,749,000	10,000,000	—
10,000,000	—	—	—	—	—	10,000,000	10,000,000	—
70,000,000	10,144,000	—	—	6,000,000	—	53,856,000	20,790,969	39,065,031
90,000,000	10,144,000	—	—	6,251,000	—	73,605,000	40,790,969	39,065,031
21,500,000	—	—	—	3,244,288	—	18,255,712	19,717,953	1,782,047
11,200,000	—	510,000	—	1,653,591	—	9,036,409	10,284,979	405,021
7,500,000	—	—	—	1,245,000	—	6,255,000	6,321,723	1,178,277
5,300,000	—	100,000	—	791,000	—	4,409,000	1,509,105	3,690,895
8,100,000	—	—	—	1,076,000	—	7,024,000	950,573	7,149,427
53,600,000	—	610,000	—	8,009,879	—	44,980,121	38,784,333	14,205,667
27,000,000	—	—	—	—	—	27,000,000	—	27,000,000
12,000,000	—	238,017	382,983	2,704,000	1,722,000	8,675,000	11,761,983	—
24,100,000	—	—	1,766,700	3,968,300	1,135,300	18,365,000	24,100,000	—
10,000,000	—	10,000,000 (Refunding)	—	—	—	—	—	—
26,000,000	—	—	1,629,000	756,000	606,000	23,615,000	26,000,000	—
10,000,000	—	9,472,112	442,398	—	—	85,490	527,888	—
29,700,000	—	—	235,000	2,868,000	200,000	26,597,000	22,633,392	7,066,608
61,000,000	—	—	—	3,976,000	—	57,024,000	40,000,713	20,999,287
160,800,000	—	19,472,112	4,073,098	11,568,300	1,941,300	125,686,490	113,261,993	28,065,895
191,044,212	—	—	103,289,212	25,845,000	7,186,000	61,910,000	191,044,212	—
3,955,788	—	—	—	3,955,788	3,955,788	—	3,955,788	—
4,000,000	—	—	—	4,000,000	4,000,000	—	4,000,000	—
2,000,000	—	—	—	2,000,000	2,000,000	—	2,000,000	—
2,000,000	—	—	—	2,000,000	2,000,000	—	2,000,000	—
4,000,000	—	—	—	4,000,000	4,000,000	—	4,000,000	—
15,000,000	—	7,548,015	777,589	3,534,411	2,797,411	3,139,985	7,451,985	—
7,000,000	—	—	3,500,000	3,500,000	3,500,000	—	7,000,000	—
229,000,000	—	7,548,015	107,566,801	48,835,199	29,439,199	65,049,985	221,451,985	—

STATEMENT OF LOANS (continued)

<i>Borrower and guarantor¹</i>	<i>Loan number</i>	<i>Program or project</i>	<i>Date of loan agreement</i>	<i>Original maturities</i>	<i>Interest rate (including commission)</i>
NICARAGUA	45 NI	Highway construction	June 7, 1951	1954-1961	4½%
	52 NI	Construction of grain storage facilities . .	Oct. 29, 1951	1954-1962	4¾%
	81 NI	Highway construction	Sept. 4, 1953	1957-1963	4¾%
	82 NI	Electric power development	Sept. 4, 1953	1955-1963	4¾%
NICARAGUA (<i>Guarantor</i>)					
Banco Nacional de Nicaragua	44 NI	Agricultural development	June 7, 1951	1954-1958	4%
Emp. Nal. Luz y Fuerza	121 NI	Electric power development	July 8, 1955	1958-1975	4¾%
Instituto de Fomento Nacional	122 NI	Electric power development	July 8, 1955	1958-1975	4¾%
Instituto de Fomento Nacional	130 NI	Agricultural development	Aug. 26, 1955	1957-1967	4¼%
Autoridad Portuario de Corinto	143 NI	Port construction and development . .	May 22, 1956	1959-1976	4¾%
					TOTAL
NORWAY	97 NO	General development	Apr. 8, 1954	1957-1974	4¾%
	115 NO	General development	Apr. 19, 1955	1960-1975	4¾%
	138 NO	Electric power development	May 3, 1956	1961-1976	4¾%
					TOTAL
PAKISTAN	60 PAK	Railway rehabilitation	Mar. 27, 1952	1954-1967	4¾%
	62 PAK	Agricultural development	June 13, 1952	1954-1959	4½%
PAKISTAN (<i>Guarantor</i>)					
Sui Gas Transmission Co.	99 PAK	Natural gas pipeline	June 2, 1954	1956-1974	4¾%
Karachi Electric Supply Corp.	120 PAK	Electric power development	June 20, 1955	1957-1970	4¾%
Karnaphuli Paper Mills, Ltd.	125 PAK	Construction of paper and pulp mill . .	Aug. 4, 1955	1956-1970	4¾%
Trustees of the Port of Karachi	126 PAK	Port construction and development . .	Aug. 4, 1955	1960-1980	4¾%
					TOTAL
PANAMA	123 PAN	Highway rehabilitation	July 12, 1955	1959-1964	4¼%
PANAMA (<i>Guarantor</i>)					
Instituto de Fomento Economico	86 PAN	Agricultural development	Sept. 25, 1953	1955-1960	4¾%
Instituto de Fomento Economico	87 PAN	Construction of grain storage facilities . .	Sept. 25, 1953	1955-1961	4¾%
					TOTAL
PARAGUAY	55 PA	Agricultural development	Dec. 7, 1951	1954-1960	4¾%
PERU	57 PE	Port development	Jan. 23, 1952	1954-1967	4½%
	67 PE	Agricultural development	July 8, 1952	1954-1959	4½%
	98 PE	Agricultural development	Apr. 12, 1954	1956-1961	4¼%
	114 PE	Irrigation project	Apr. 5, 1955	1959-1980	4¾%
	127 PE	Highway maintenance	Aug. 5, 1955	1958-1964	4¼%
PERU (<i>Guarantor</i>)					
Banco de Fomento Agropecuario	105 PE	Agricultural development	Nov. 12, 1954	1957-1963	4¼%
Cemento Pacasmayo	116 PE	Construction of cement plant	Apr. 19, 1955	1958-1970	4¾%
					TOTAL
SOUTH AFRICA	40 SA	Expansion of transport facilities. . . .	Jan. 23, 1951	1956-1965	3¾%
	77 SA	Expansion of transport facilities. . . .	Aug. 28, 1953	1955-1963	4¾%
	134 SA	Expansion of transport facilities. . . .	Nov. 28, 1955	1958-1966	4½%
SOUTH AFRICA (<i>Guarantor</i>)					
Electricity Supply Commission	41 SA	Electric power development	Jan. 23, 1951	1954-1970	4%
Electricity Supply Commission	78 SA	Electric power development	Aug. 28, 1953	1955-1963	4¾%
					TOTAL

EXPRESSED IN UNITED STATES CURRENCY

Original principal amount	Loans not yet effective ²	Cancellations and refundings	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed	Undisbursed balance of effective loans
				Total sales	Portion matured ⁴			
\$ 3,500,000	\$ —	\$ —	\$ 764,000	\$ 29,000	\$ 29,000	\$ 2,707,000	\$ 2,804,049	\$ 695,951
550,000	—	3,006	88,994	29,000	29,000	429,000	546,994	—
3,500,000	—	—	—	—	—	3,500,000	1,959,378	1,540,622
450,000	—	—	62,000	—	—	388,000	450,000	—
1,200,000	—	6,879	756,121	29,000	29,000	408,000	1,193,121	—
7,100,000	—	—	—	724,000	—	6,376,000	883,489	6,216,511
400,000	—	—	—	—	—	400,000	1,710	398,290
1,500,000	—	—	—	735,000	—	765,000	216,306	1,283,694
3,200,000	3,200,000	—	—	Note ³	—	—	—	—
21,400,000	3,200,000	9,885	1,671,115	1,546,000	87,000	14,973,000	8,055,047	10,135,068
25,000,000	—	—	—	2,016,000	—	22,984,000	25,000,000	—
25,000,000	—	—	—	—	—	25,000,000	25,000,000	—
25,000,000	—	—	—	—	—	25,000,000	—	25,000,000
75,000,000	—	—	—	2,016,000	—	72,984,000	50,000,000	25,000,000
27,200,000	—	—	2,473,400	935,600	735,600	23,791,000	15,589,815	11,610,185
3,250,000	—	—	262,000	997,000	997,000	1,991,000	2,848,182	401,818
14,000,000	—	—	—	1,806,000	—	12,194,000	14,000,000	—
13,800,000	—	—	—	2,049,600	—	11,750,400	9,606,565	4,193,435
4,200,000	—	—	—	775,000	—	3,425,000	4,200,000	—
14,800,000	—	—	—	216,842	—	14,583,158	1,398,362	13,401,638
77,250,000	—	—	2,735,400	6,780,042	1,732,600	67,734,558	47,642,924	29,607,076
5,900,000	—	—	—	1,700,000	—	4,200,000	1,489,288	4,410,712
1,200,000	—	542,574	164,000	—	—	493,426	407,426	250,000
290,000	—	—	43,000	—	—	247,000	290,000	—
7,390,000	—	542,574	207,000	1,700,000	—	4,940,426	2,186,714	4,660,712
5,000,000	—	—	400,000	100,000	100,000	4,500,000	2,680,361	2,319,639
2,500,000	—	—	146,000	605,000	211,000	1,749,000	2,246,812	253,188
1,300,000	—	—	275,250	439,250	163,750	585,500	1,300,000	—
1,700,000	—	—	—	392,000	—	1,308,000	1,619,741	80,259
18,000,000	—	—	—	496,000	—	17,504,000	7,308,997	10,691,003
5,000,000	—	—	—	683,000	—	4,317,000	1,578,852	3,421,148
5,000,000	—	—	—	748,000	—	4,252,000	1,732,624	3,267,376
2,500,000	—	—	—	310,000	—	2,190,000	1,157,748	1,342,252
36,000,000	—	—	421,250	3,673,250	374,750	31,905,500	16,944,774	19,055,226
20,000,000	—	—	66,000	1,867,000	934,000	18,067,000	20,000,000	—
30,000,000	—	—	328,000	7,404,000	3,202,000	22,268,000	30,000,000	—
25,200,000	—	—	—	—	—	25,200,000	2,827,837	22,372,163
30,000,000	—	—	15,675	5,450,560	3,234,560	24,533,765	30,000,000	—
30,000,000	—	—	—	10,793,000	2,942,000	19,207,000	30,000,000	—
135,200,000	—	—	409,675	25,514,560	10,312,560	109,275,765	112,827,837	22,372,163

STATEMENT OF LOANS (continued)

<i>Borrower and guarantor¹</i>	<i>Loan number</i>	<i>Program or project</i>	<i>Date of loan agreement</i>	<i>Original maturities</i>	<i>Interest rate (including commission)</i>
THAILAND	35 TH	Railway rehabilitation	Oct. 27, 1950	1954-1966	3¾%
	36 TH	Irrigation project	Oct. 27, 1950	1956-1971	4%
	37 TH	Port construction and development	Oct. 27, 1950	1954-1966	3¾%
THAILAND (<i>Guarantor</i>)					
State Railway of Thailand	128 TH	Railway rehabilitation	Aug. 9, 1955	1958-1970	4⅝%
					TOTAL
TURKEY	27 TU	Construction of grain storage facilities	July 7, 1950	1954-1968	3⅞%
	28 TU	Port construction and development	July 7, 1950	1956-1975	4¼%
	28 TU-S	Port construction and development	Feb. 26, 1954	1956-1975	4⅞%
	63 TU	Seyhan Dam multi-purpose project	June 18, 1952	1957-1977	4¾%
TURKEY (<i>Guarantor</i>)					
Industrial Development Bank	34 TU	Development of private industry	Oct. 19, 1950	1957-1965	3¾%
Industrial Development Bank	85 TU	Development of private industry	Sept. 10, 1953	1958-1968	4⅞%
					TOTAL
UNITED KINGDOM (<i>Guarantor</i>)					
Southern Rhodesia	58 SR	Electric power development	Feb. 27, 1952	1956-1977	4¾%
Northern Rhodesia	74 NR	Railway development	Mar. 11, 1953	1956-1972	4¾%
East Africa High Commission	110 EA	Railways and harbors	Mar. 15, 1955	1958-1974	4¾%
Federal Power Board— Rhodesia and Nyasaland	145 RN	Electric power development	June 21, 1956	1963-1981	5%
					TOTAL
URUGUAY (<i>Guarantor</i>)					
U. T. E.	30 UR	Power and telephone development	Aug. 25, 1950	1955-1974	4¼%
U. T. E.	132 UR	Electric power development	Aug. 29, 1955	1958-1975	4¾%
					TOTAL
YUGOSLAVIA	20 YU	Equipment for timber production	Oct. 17, 1949	1950-1951	3%
	51 YU }	Power, mining, transport, industrial,	Oct. 11, 1951	1955-1976	4½%
	73 YU }	agricultural and forestry projects	Feb. 11, 1953	1956-1978	4⅞%
					TOTAL
					GRAND TOTALS

NOTES:

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

² Agreements providing for these loans have been signed, but the loans do not become effective and disbursements thereunder do not start until the borrower and guarantor, if any, take certain action and furnish certain documents to the Bank.

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

<i>Loan</i>	<i>Principal amount agreed to be sold</i>
137 EC	\$ 197,000
141 HA	413,000
142 FI	280,000
143 NI	121,000
145 RN	5,000,000
146 IN	2,355,000
Total	\$8,366,000

EXPRESSED IN UNITED STATES CURRENCY

	Original principal amount	Loans not yet effective ²	Cancellations and refundings	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed	Undisbursed balance of effective loans
					Total sales	Portion matured ⁴			
\$ 3,000,000	\$ —	\$ —	\$ —	\$ 306,000	\$ 189,000	\$ 189,000	\$ 2,505,000	\$ 3,000,000	\$ —
18,000,000	—	—	—	425,000	796,000	—	16,779,000	18,000,000	—
4,400,000	—	—	—	450,000	275,000	275,000	3,675,000	4,400,000	—
12,000,000	—	—	—	—	1,105,000	—	10,895,000	929,254	11,070,746
37,400,000	—	—	—	1,181,000	2,365,000	464,000	33,854,000	26,329,254	11,070,746
3,900,000	—	—	—	361,000	144,000	144,000	3,395,000	3,337,853	562,147
12,500,000	—	—	—	201,000	—	—	12,299,000	11,435,412	1,064,588
3,800,000	—	—	—	57,000	—	—	3,743,000	57,000	3,743,000
25,200,000	—	2,356,000	—	—	—	—	22,844,000	19,846,047	2,997,953
9,000,000	—	—	—	—	—	—	9,000,000	7,940,012	1,059,988
9,000,000	—	—	—	—	—	—	9,000,000	4,854,701	4,145,299
63,400,000	—	2,356,000	—	619,000	144,000	144,000	60,281,000	47,471,025	13,572,975
28,000,000	—	—	—	—	5,567,000	—	22,433,000	28,000,000	—
14,000,000	—	—	—	—	3,004,347	284,000	10,995,653	14,000,000	—
24,000,000	—	—	—	—	7,973,000	—	16,027,000	22,933,327	1,066,673
80,000,000	80,000,000	—	—	—	Note ³	—	—	—	—
146,000,000	80,000,000	—	—	—	16,544,347	284,000	49,455,653	64,933,327	1,066,673
33,000,000	—	—	—	2,175,000	2,150,000	300,000	28,675,000	33,000,000	—
5,500,000	—	—	—	—	654,000	—	4,846,000	1,740,640	3,759,360
38,500,000	—	—	—	2,175,000	2,804,000	300,000	33,521,000	34,740,640	3,759,360
2,700,000	—	—	—	2,700,000	—	—	—	2,700,000	—
28,000,000	—	—	—	1,163,000	—	—	26,837,000	27,434,286	565,714
30,000,000	—	—	—	—	—	—	30,000,000	27,287,014	2,712,986
60,700,000	—	—	—	3,863,000	—	—	56,837,000	57,421,300	3,278,700
\$2,720,108,464	\$ 226,794,000	\$ 52,776,316	\$ 164,346,672	\$ 267,796,381	\$ 85,748,054		\$2,008,395,095	\$1,963,654,821	\$ 476,883,327
Less exchange adjustment							6,587,648		
							<u>\$2,001,807,447</u>		

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

COUNTRY-BY-COUNTRY SUMMARY OF BANK OPERATIONS—1955-1956

This Summary contains a country-by-country description of the operations of the Bank in the past fiscal year. For each country in which the Bank was active, information is given on one or more of the following topics: loans made; negotiations and surveys looking to possible loans; general survey missions and other kinds of advisory services. Loans that were made to borrowers other than member governments have the guarantee of the member governments concerned; the guarantee arrangements have only been mentioned in cases where there is more than one guarantor. The interest rates shown include the 1% commission which, under the Bank's Articles of Agreement, is allocated to the Bank's Special Reserve. The section on each region is accompanied by tables showing loans made. The loan amounts in the tables are expressed in United States dollars and are net of cancellations and refundings.

Descriptions of the projects for which loans were made in previous fiscal years may be found in the Annual Reports covering the fiscal years during which the loans were made.

AFRICA

LOANS DURING FISCAL YEAR

<i>Country</i>	<i>No.</i>	<i>Amount</i>
Algeria	1	\$ 10,000,000
Rhodesia & Nyasaland	1	80,000,000
South Africa	1	25,200,000
	3	115,200,000

TOTAL LOANS 1947-1956

Algeria	1	10,000,000
Belgian Congo	1	40,000,000
East Africa	1	24,000,000
Ethiopia	3	8,500,000
French West Africa	1	7,500,000
Rhodesia & Nyasaland	3	122,000,000
South Africa	5	135,200,000

Lending in Africa—		
15 loans in 7 countries totaling		\$347,200,000

ALGERIA

ELECTRIC POWER LOAN

\$10 million 20-year 4¾% loan of August 26, 1955

BORROWER • Electricité et Gaz d'Algérie

GUARANTORS • France and Algeria

PURPOSE • The execution of a five-year program for the expansion of generating, transmission and distribution facilities in Algeria.

Under the program, Electricité et Gaz d'Algérie will increase its production of power by about one-quarter, from about 800 million kilowatt hours in 1955 to over one billion kilowatt hours in 1959, and will complete important links in the high-voltage transmission network. The total cost of the part of the program that the Bank is helping to finance is estimated at the equivalent of \$78 million. The Bank's loan is being used to reimburse the company for part of its expenditures on the program, and work has been proceeding on schedule.

ECONOMIC BENEFITS • Since 1947, Electricité et Gaz d'Algérie has been building new power stations and

a transmission network throughout the populous coastal area of Algeria. The program will enable the company to keep pace with Algeria's growing demand for electricity, particularly in the main urban centers of population and industry, Oran, Algiers and Bone.

PARTICIPATION • \$724,000 maturing 1957 through 1960, by Société Générale pour favoriser le Développement du Commerce et de l'Industrie en France, Nederlandsche Handel-Maatschappij, N. V., and Banque Lambert, Brussels.

ETHIOPIA

ETHIOPIAN DEVELOPMENT BANK

During the year the Bank approved two projects being financed by the Ethiopian Development Bank—the construction of a mosaic tile plant and of a modern bakery. The projects called for foreign exchange expenditures of \$128,000 from the Bank's loan of \$2 million, made in 1950 to provide the Development Bank with foreign exchange. By the end of the fiscal year, the Bank had approved projects requiring a total of \$1.5 million from its loan. The coffee credit program, started by the Development Bank in 1953 with the assistance of the International Bank, progressed well during the year. By the end of December 1955, the Development Bank had lent about Eth.\$840,000 (U.S.\$350,000) for the development of coffee production. In 1956, a modern coffee-processing plant, financed by the Development Bank, was completed near Jimma, the center of an important coffee-producing area.

OTHER ACTIVITIES

The Bank assisted the Imperial Board of Telecommunications in selecting a new General Manager. The Board is carrying out a rehabilitation and extension program with the help of a \$1.5 million Bank loan made in February 1951.

Ethiopia has requested loans to develop the Port of Assab and further to improve the highway system.

The Bank will send missions to Ethiopia early in the new fiscal year to study the economy of Ethiopia and to examine these projects.

GOLD COAST

Representatives from the Gold Coast visited the Bank in May and again in June 1956 to inform the Bank of the results of the study that has been going on for several years on the proposed Volta River project. The project is an integrated scheme for producing aluminum. It contemplates mining bauxite, processing it to produce alumina, and then electrically smelting the alumina using power generated by harnessing the Volta River. A port and railway would be included in the project.

RHODESIA AND NYASALAND

ELECTRIC POWER LOAN

\$80 million 25-year 5% loan of June 21, 1956

BORROWER • Federal Power Board, a public corporation set up in 1956 and responsible for building and operating the Kariba power project.

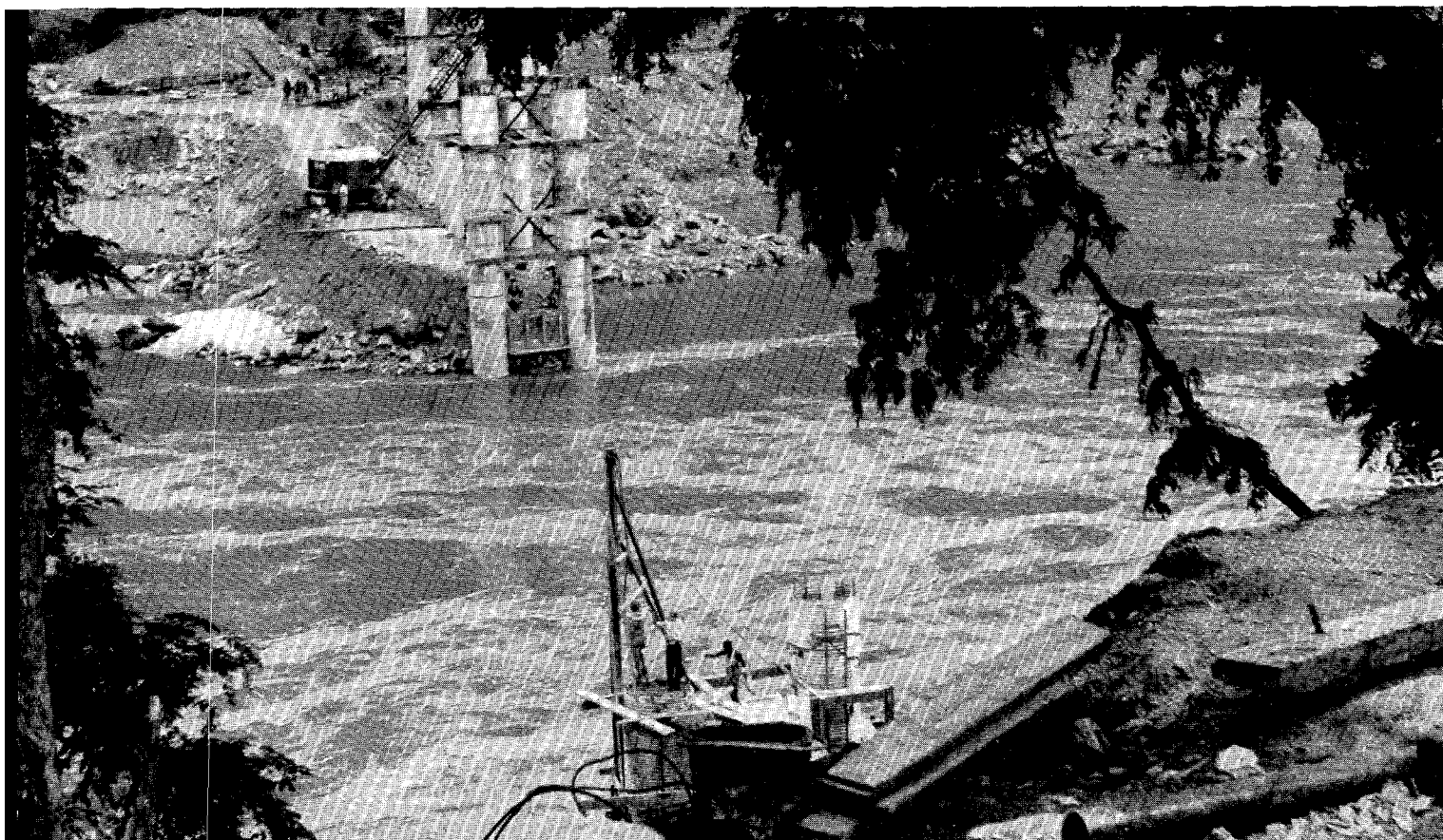
GUARANTORS • The United Kingdom and the Federation of Rhodesia and Nyasaland

PURPOSE • The execution of the Kariba hydroelectric power scheme, which will ultimately generate and transmit 1,200,000 kilowatts of power to consuming centers throughout the Federation.

The loan is helping to finance the first stage of the scheme; this includes the construction of an arch dam at Kariba Gorge on the Zambezi River, one powerhouse with five generating units having a total capacity of 500,000 kilowatts, and nearly 1,000 miles of transmission lines to the copper belt in Northern Rhodesia and the principal cities of Southern Rhodesia. The Federal Power Board has retained an international group of engineers to plan and supervise construction of the project. Preliminary works are already under construction and power is expected to begin to flow from the project by 1960. The first stage is expected to reach its full potential of nearly four billion kilowatt hours per year by 1963. The total cost

of the first stage is estimated to be equivalent to about £80 million (\$225 million). The Bank's loan will finance £28.6 million (\$80 million) of this amount; the Federal Power Board will finance the remainder by long-term borrowings from two British Institutions, the Colonial Development Corporation (£15 million), the Commonwealth Development Finance Co. Ltd. (£3 million), and from the Government of the Federation (up to £34 million). The Government will obtain £28 million of its share from local borrowings: copper mining companies of the Selection Trust and Anglo-American groups will lend the Federation £20 million; the British South Africa Company, £4 million; and Barclays Bank D.C.O. and the Standard Bank of South Africa £2 million each. This is the Bank's largest loan in Africa and the largest it has ever made for a single project. The loan will be made in United States dollars, pounds sterling and various other European currencies.

ECONOMIC BENEFITS • The Federation came into existence nearly three years ago and comprises Northern Rhodesia, Southern Rhodesia and Nyasaland. Economic growth in the area has been unusually rapid in recent years; real output has increased at the rate of 10% annually—one of the fastest in the world. The upsurge of private economic activity has put an increasing strain on basic services, particularly transportation and electric power. Mining and industry now consume 77% of the power produced in the Federation, and an expanding power supply is essential to their continued growth. It is estimated that the power demand in the Federation will require the addition of about 600,000 kilowatts by 1965 and about 1,100,000 kilowatts by 1972. In the past, demands for power have been met by adding to thermal electric capacity. Because of the greatly increasing demand for power, the Government decided to turn to the development of hydroelectric power through the Kariba scheme. Hydroelectric power will be less costly than that produced by additional thermal plants; it will also eliminate sole dependence on one mine which supplies coal for thermal power, and on a single-track railroad over which coal has to be transported long distances to the power plants.



Rhodesia and Nyasaland • One of the world's largest hydroelectric projects is being built across the Kariba Gorge of the Zambezi River. The arch-type dam will be 400 feet

high and a mile wide at the top. Two underground powerhouses will eventually hold twelve 100,000-kilowatt generators, of which five will be installed in the first phase.

RUANDA-URUNDI

At the request of the Belgian Government, a Bank mission visited the Trust Territory of Ruanda-Urundi in November and December 1955 to study economic conditions and examine the Territory's Ten Year Development Plan. Subsequently the Bank offered to assist the Territory in the current revision of its Development Plan, and a mission is expected to go to Ruanda-Urundi for this purpose in August.

SOMALILAND

At the request of the Italian Government, a Bank survey mission visited the Trust Territory of Somaliland during March-April 1956. The purpose of the mission was to study the existing situation and possibilities for development in the light of the approaching termination of the Trusteeship in 1960. The mission's report is now being prepared.

SOUTH AFRICA

TRANSPORT LOAN

£9 million (\$25.2 million) 10-year 4½%
loan of November 28, 1955

BORROWER • South Africa

JOINT FINANCING • The Bank's loan was made simultaneously with a \$25 million issue of South African bonds offered to the public by an underwriting group of United States investment firms and banks headed by Dillon, Read & Co., Inc.

PURPOSE • Improvements to the services of the South African Railways and Harbours Administration.

The rapid growth of the South African economy since World War II, mainly in mining and industries involving large amounts of railroad freight, has necessitated continuous expansion of the railway system. An expansion program was started in 1947,

and two previous Bank loans, totaling \$50 million, helped to finance earlier phases of it. The proceeds of this year's loan and of the bond issue are being applied to expenditures on the program during the three years from April 1955 to March 1958. During this period the Administration is making extensive

improvements of the permanent way and is purchasing additional locomotives, freight cars and passenger coaches to increase the carrying capacity of the railways. Total capital expenditures during the three-year period will be equivalent to over \$500 million, of which more than a fourth will be spent overseas.

ASIA AND THE MIDDLE EAST

LOANS DURING FISCAL YEAR

<i>Country</i>	<i>No.</i>	<i>Amount</i>
Burma	2	\$ 19,350,000
India	1	75,000,000
Japan	2	13,300,000
Lebanon	1	27,000,000
Pakistan	2	19,000,000
Thailand	1	12,000,000
	9	165,650,000

TOTAL LOANS 1947-1956

Burma	2	19,350,000
Ceylon	1	19,110,000
India	8	199,924,313
Iraq	1	6,293,946
Japan	5	53,500,000
Lebanon	1	27,000,000
Pakistan	6	77,250,000
Thailand	4	37,400,000

Lending in Asia—

28 loans in 8 countries totaling \$439,828,259

AFGHANISTAN

At the end of the fiscal year, the Bank was arranging to send to Afghanistan a fact-finding mission which had been requested by the Government.

BURMA

PORT LOAN

\$14 million 20-year 4¾% loan of May 4, 1956

BORROWER • The Commissioners for the Port of Rangoon, a public corporation.

PURPOSE • The reconstruction of three general cargo berths, with storage and service facilities, at the Port

of Rangoon, and the purchase of floating equipment such as dredges and tugs for harbor operations.

The total cost is estimated at the equivalent of \$19.3 million. The Bank's loan will finance the necessary imported equipment, materials and services.

ECONOMIC BENEFITS • The Port of Rangoon is Burma's chief port and handles four-fifths of the country's foreign trade. Installations at the port were almost completely destroyed during World War II and, although partial rehabilitation was subsequently undertaken, further restoration and improvement are essential to handle increasing trade. The project will increase the capacity of the port, facilitate the movement of freight, and shorten the turn-around time of vessels.

RAILWAY LOAN

\$5.35 million 15-year 4¾% loan of May 4, 1956

BORROWER • Burma

PURPOSE • The execution of a rehabilitation and development program being carried out by the Burma Railways to improve efficiency and service, especially in the movement of rice, timber and minerals destined for export.

The railways radiate out of Rangoon to most of the main towns in Burma and carry the bulk of the country's freight and passenger traffic. The railways, like the Port, were heavily damaged during World War II. With the gradual elimination of civil disorders, railway service is being improved and railway installations are being restored. The main needs now are for additional freight cars to cope with the growing traffic, new passenger coaches to replace obsolete and damaged stock, heavier rails on the permanent way, and reconstruction or further repair of a number of

damaged bridges. All these are provided for under the program being carried out during the four years 1955-59. The total cost of the program is estimated at the equivalent of \$35 million. The Bank's loan will pay for imported freight cars, diesel railcars and bridge construction materials.

CEYLON

The Bank assisted the Government in drawing up plans for the establishment of a Development Finance Corporation, which was founded by an act of Parliament in October 1955. A staff member on leave of absence from the Bank continued to serve as Director of the Ceylon Institute of Scientific and Industrial Research.

EGYPT

Toward the end of 1955, the Bank and representatives of the Egyptian Government held discussions in Washington concerning the possible financing of the High Aswan Dam project. These discussions were joined by the Governments of the United Kingdom and the United States, and led to a proposal by the two Governments and the Bank. Under this proposal, the Bank was prepared, under certain conditions, to consider financing up to \$200 million of the foreign exchange costs of the project; one of these conditions was that the balance of the foreign exchange cost would be available from other sources. At the end of the fiscal year, agreement on the proposal had not been reached.

INDIA

LOAN FOR IRON AND STEEL PRODUCTION

\$75 million 15-year 4¾% loan of June 26, 1956

BORROWER • The Tata Iron and Steel Company, Limited

The Tata Company owns and operates one of the largest integrated steel plants in Asia. The plant is located in Jamshedpur and its proximity to ample sources of raw materials and electric power enables it to produce steel at costs as low as any in the world.

PURPOSE • To increase the annual productive capacity

of the Tata steel works to 2,000,000 long tons of ingots, or 1,500,000 tons of finished steel.

Expansion and modernization of some parts of the Tata plant were begun in 1951; the Company has now embarked on a second expansion program which consists of further modernization and additions to existing plant throughout the whole process of steel production. Both programs should be virtually complete by 1958. Total investment for the period April 1955 to March 1960 is expected to be equivalent to about \$250 million. The Tata Company has engaged the services of foreign companies to design and supervise the construction of most of the works involved in the second expansion program. This construction is scheduled to be finished by June 1958 and will cost about \$130 million; the Bank's loan will be disbursed against part of the foreign exchange component of that cost.

ECONOMIC BENEFITS • The Tata expansion program is included in the investment foreseen for the private sector in India's Second Five-Year Plan. The Plan envisages an increase in domestic production of finished steel from the present level of 1¼ million tons to about 4½ million tons a year. The demand for steel in India already necessitates heavy imports and it is expected that growth in other sectors of the economy will increase the demand for steel products, particularly for railways, industry, power, irrigation works and other construction. The increased output of steel now planned should be absorbed by the internal market.

PARTICIPATION • \$2,355,000 maturing 1959, by the First National City Bank of New York, Irving Trust Company and the Manufacturers Trust Company.

OTHER ACTIVITIES

ECONOMIC MISSION • A Bank mission went to India in April 1956 for a stay of about three months to undertake a comprehensive review of the economic situation, with particular reference to India's progress under the first Five-Year Plan, and to study the Second Five-Year Plan.

LOAN PROJECT • The Bank has under consideration an application from the Indian Iron and Steel Company Ltd., for a loan for the further expansion

of the company's works at Burnpur. In 1952 the Bank made a loan of \$31.5 million to this company to expand its iron and steel production.

INDONESIA

The report of the Bank mission which visited Indonesia early in the fiscal year, and a statement of the management's general views on the country's economic and financial problems, was presented to the Government in May 1956.

IRAN

During the year, the Bank continued its assistance to Iran's Plan Organization. Under the arrangements agreed upon last year, the Bank recruited foreign specialists to serve with the Plan Organization. Thus far, specialists in transport, municipal development, agriculture and industry have been selected. In addition, the Bank gave leave of absence to a member of its staff to serve as chief of the Technical Bureau of the Plan Organization. The President of the Bank visited Iran in June 1956 to discuss the possibility of Bank participation in financing the Government's second Seven-Year Plan for Development; discussions on this matter are continuing.

JAPAN

LOANS FOR INDUSTRY

\$5.2 million (original amount \$5.3 million) 15-year 4 $\frac{3}{4}$ % loan of October 25, 1955

BORROWER • Japan Development Bank

The Japan Development Bank is a government agency established in 1951 to supply long-term credit for industrial development and to act as an instrument for governmental guarantee of private foreign borrowing. The bank is re-lending the proceeds of the International Bank loan to the Yawata Iron & Steel Co., Ltd., Japan's largest and oldest steel enterprise. **PURPOSE** • The installation of a modern steel plate mill at the Yawata Company's plant at the city of Yawata on Kyushu Island. The annual capacity of the new mill, 360,000 tons of plate, will be somewhat greater than the capacity of the three old mills which

it will replace. The project is expected to cost the equivalent of \$15.6 million and is scheduled for completion in 1957.

PARTICIPATION • \$791,000 maturing 1958 through 1960, by the Manufacturers Trust Company.

\$8.1 million 15-year 4 $\frac{3}{4}$ % loan of February 21, 1956

BORROWER • Japan Development Bank

The Japan Development Bank is re-lending the proceeds of the loan to four companies in the steel, shipbuilding and automotive industries as follows: Nippon Steel Tube Co. Ltd., \$2,600,000; Mitsubishi Shipbuilding and Engineering Co. Ltd., \$1,500,000; Ishikawajima Heavy Industries Co. Ltd., \$1,650,000; and Toyota Motor Company Ltd., \$2,350,000.

PURPOSE • The loan is financing the purchase of more than 100 imported machines and machine tools for various modernization projects being undertaken by the four companies. The Nippon company is replacing two obsolete seamless tube mills with a single modern mill of slightly higher capacity. Mitsubishi is re-tooling both for the regular production of an improved type of marine diesel engine and supercharger and for more economical production of diesel engine parts. Ishikawajima is also re-tooling, for the manufacture of larger and more powerful marine steam turbines and other heavy industrial machinery. Toyota is modernizing its production of trucks and buses. The total cost of the projects will be equivalent to \$25.5 million; they will all be complete by the end of 1958. **ECONOMIC BENEFITS** • Modernization and expansion of Japanese heavy industry, including shipbuilding, is of basic importance to the economy. These industries not only produce for the domestic market, but are also a principal source of export earnings. Exports of iron and steel products accounted for more than 13% of sales abroad in 1955, while exports of machinery and ships accounted for 12% of all exports. The five companies receiving funds under both loans to the Japan Development Bank this year are among the leading manufacturers in their fields. The projects they are undertaking will result in more efficient operation, lower production costs, and improvement in the quality of their products.



Japan • The Mitsubishi Shipbuilding and Engineering Co., Ltd., whose Nagasaki yards are shown above, was one of four industrial companies to receive part of an \$8.1 million

loan to Japan of February 1956. Mitsubishi's share, \$1.5 million, will be used to import heavy machine tools for making improved diesel engines, superchargers and other machinery.

PARTICIPATION • \$1,076,000 maturing 1958 through 1959, by the Chase Manhattan Bank.

OTHER ACTIVITIES

LOAN PROJECTS • Negotiations are under way for a Bank loan to finance imported machinery and equipment for the reclamation of peatlands in the Ishikari Valley in Central Hokkaido; for a pilot project to demonstrate the feasibility of large-scale mechanical land reclamation in areas of Hokkaido and Northern Honshu; and for the importation of cattle to be used particularly in the reclaimed areas. Meanwhile the Japanese Government is carrying out engineering studies of the Aichi irrigation and Hachiro Lagoon reclamation projects.

• The Bank also has under consideration a loan request from the Kawasaki Steel Corporation to finance the installation of a semi-continuous strip mill at the company's plant at Chiba near Tokyo.

JORDAN

The draft report of the General Survey Mission which visited Jordan in mid-1955 was informally submitted to the Government in May 1956. The report contains a comprehensive analysis of the Jordan economy and recommendations for future development.

LEBANON

LOAN FOR POWER AND IRRIGATION

\$27 million 25-year 4¾% loan of August 25, 1955

BORROWER • Litani River Authority

The Litani River Authority was established as an autonomous government agency to construct, own and operate the Litani River power and irrigation works.

PURPOSE • To provide Lebanon with 84,000 kilowatts of additional electric generating capacity and permit

the irrigation of land along the Mediterranean coast.

The project includes the construction of a dam at Karaoun on the Litani River; a tunnel to bring water from the reservoir to the Bisri River; two hydro-electric power plants; and 85 miles of transmission lines to bring power from the plants to Saida and Beirut. An irrigation system will be built to use waters from the Karaoun reservoir. The whole project is scheduled for completion in 1961 at a total cost which has been estimated at the equivalent of \$40 million. The Bank's loan will pay for engineering services and for imported equipment and materials.

ECONOMIC BENEFITS • The project will more than double present generating capacity in Lebanon and will relieve the power shortage which has existed, particularly in the Beirut area, for the past ten years. The coastal strip to be irrigated is now only partly cultivated. With irrigation it can be intensively cultivated and devoted to the growing of citrus fruits and bananas—important exports—and vegetables.

PAKISTAN

PORT LOAN

\$14.8 million 25-year 4¾% loan of August 4, 1955

BORROWER • The Trustees of the Port of Karachi.

The Port Trust is a corporate body vested with the control and management of the Port of Karachi. The Trustees represent shipping, commercial, industrial and governmental interests.

PURPOSE • The reconstruction and modernization of cargo berths and handling facilities at Karachi's East Wharves.

Work is being carried out to replace 13 existing berths, and includes the construction of a concrete quay wall, new storage facilities, access roads, railway tracks, the provision of portal cranes, and the construction of workshops and an additional office building. The estimated cost of the entire project is \$24.4 million; it is scheduled for completion in 1962.

ECONOMIC BENEFITS • Karachi is the only port of West Pakistan, and the East Wharves handle approximately 60% of the traffic which passes through the port. The Wharves, built around the turn of the

century, have deteriorated so much that reconstruction is needed to avoid serious interruption in the flow of goods to and from West Pakistan. The project being financed will speed up the movement of freight, shorten the turn-around time of vessels, and increase the capacity of the port.

PARTICIPATION • \$217,000 payable in Netherlands guilders, maturing 1960, by Nederlandsche Handel-Maatschappij, N. V.

LOAN FOR PAPER MILL

\$4.2 million 15-year 4⅝% loan of August 4, 1955

BORROWER • Karnaphuli Paper Mills Limited

The Karnaphuli Paper Mills Limited was established in 1952 by the Pakistan Industrial Development Corporation as a government-owned institution. In line with its policy of transferring industrial enterprises to private hands, the Corporation subsequently sold a majority of the shares to private investors in 1954.

PURPOSE • To help finance a paper mill at Chandra-ghona in East Pakistan. The mill manufactures pulp and paper from bamboo, and is designed to produce 30,000 tons of writing and wrapping paper annually. The plant cost the equivalent of \$20 million; the Bank's loan provided about a third of the foreign exchange component.

ECONOMIC BENEFITS • In the past, Pakistan has had to import all of its paper requirements. The Karnaphuli plant is meeting present estimated needs for the types of paper it produces. The plant has also provided a new market for bamboo and given employment to about 3,000 people.

PARTICIPATION • \$775,000 maturing 1956 through 1959, by the Bank of America and the Manufacturers Trust Company.

OTHER ACTIVITIES

RESIDENT REPRESENTATIVES • During the year the Bank stationed a resident representative in Pakistan to maintain close consultation with the Government and other borrowers on matters of mutual interest.

BANK MISSIONS • A Bank mission went to Pakistan in April 1956 for about three months to review the economic situation and to make a comprehensive

study of the Five-Year Plan recently drawn up by the Planning Board.

Another Bank mission visited Pakistan in April for discussions with the Government and business community regarding the establishment of an institution to provide and stimulate investment in private industry. A Steering Committee composed of leading Pakistani businessmen is drafting the charter of the proposed company.

SYRIA

Negotiations were begun in Washington in November 1955 for loans to finance highway construction, equipment for the Port of Latakia, and drainage and irrigation of the Ghab area in northwestern Syria. In January 1956 the Syrian negotiators returned to Damascus to present to the Cabinet the draft loan documents for all three projects. The Bank was later informed that the Cabinet would postpone its decision regarding the documents until November 1956.

Thailand • This year's loan of \$12 million was the second to assist the modernization of the State Railway system. The previous \$3 million loan, made in 1950, financed the

THAILAND

RAILWAY LOAN

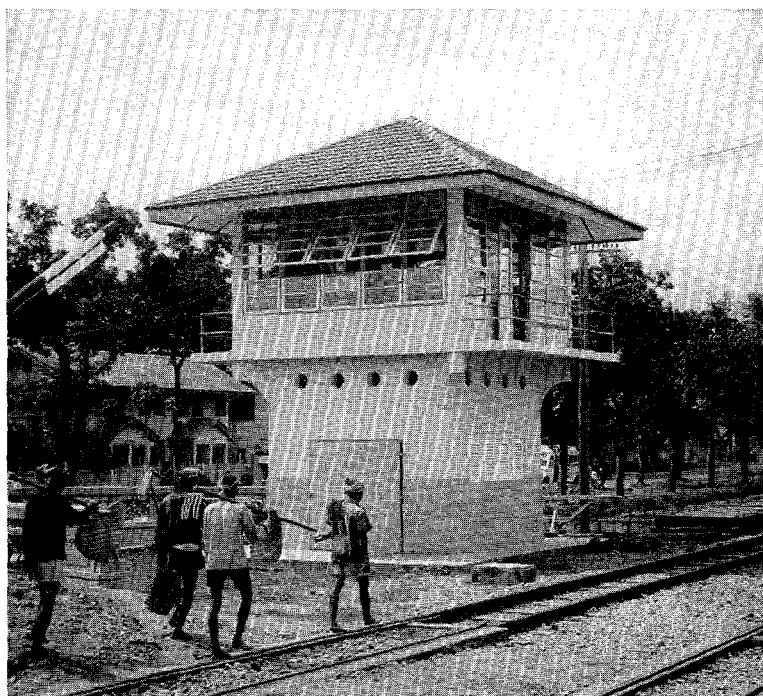
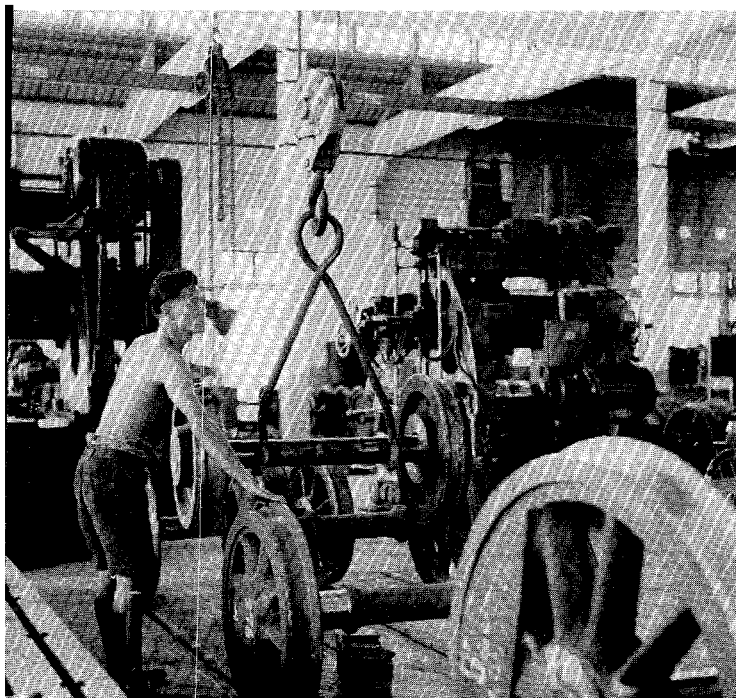
\$12 million 15-year 4 $\frac{3}{8}$ % loan of August 9, 1955

BORROWER • The State Railway of Thailand

PURPOSE • To assist in the execution of a five-year program being carried out by the Railway to improve efficiency and handle increasing traffic.

The program includes both the rehabilitation of physical properties and the improvement of the Railway's operations, management and administration. It provides for the renewal of rails on 875 miles of track; the purchase of diesel locomotives, passenger coaches and freight cars; the installation of automatic couplers; the establishment of a modern telecommunications system, and the construction or improvement of bridges, yards and sidings. The total cost of the program is estimated at the equivalent of \$60 million; the Bank's loan will meet part of the foreign exchange costs involved.

import of equipment for the railway maintenance workshops (left) at Bangkok, among the most modern and efficient in Asia, and also equipment for the new signal boxes (right).



ECONOMIC BENEFITS • The railways radiate out of Bangkok, the capital city and principal seaport. They are the only means of transport that link all important regions of the country, and they facilitate transit trade to Cambodia and Laos. Because of their importance in both internal and international trade, their improved efficiency can be expected to benefit the country's economic development as a whole.

PARTICIPATION • \$1,105,000 maturing 1958 through 1959, by the Bank of America.

OTHER ACTIVITIES

RESIDENT REPRESENTATIVE • In February 1956 the Bank stationed a resident representative in Thailand

to maintain close consultation with the Government on matters of mutual interest.

LOAN PROJECTS • Negotiations are well advanced for a loan of about \$3.4 million to the Port Authority of Thailand for the financing of three dredges with ancillary equipment, to be operated in the channel leading to the Port of Bangkok and in the Port basin.

The Bank is studying the proposed Yan Hee multi-purpose project, for which the Government has requested a loan. The project is designed to be the primary source of power for the Bangkok area and the Central Plain. It would also provide for flood control and the improvement of irrigation in the plain.

TOTAL LOANS 1947-1956		
Australia	4	\$258,500,000

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

LOANS DURING FISCAL YEAR		
Country	No.	Amount
Finland	1	\$ 15,000,000
Norway	1	25,000,000
	2	40,000,000

TOTAL LOANS 1947-1956		
Austria	2	22,000,000
Belgium	3	66,000,000
Denmark	1	40,000,000
Finland	6	65,081,595
France	1	250,000,000
Iceland	5	5,914,000
Italy	3	90,000,000
Luxembourg	1	11,761,983
Netherlands	9	221,451,985
Norway	3	75,000,000
Turkey	6	61,044,000
Yugoslavia	3	60,700,000

Lending in Europe—
43 loans in 12 countries totaling \$968,953,563

AUSTRIA

At the close of the year, negotiations had been completed for two loans totaling \$31 million for electric power development. One would be for a hydroelectric project on the Danube and the other for the expansion of two thermal plants in south-central Austria.

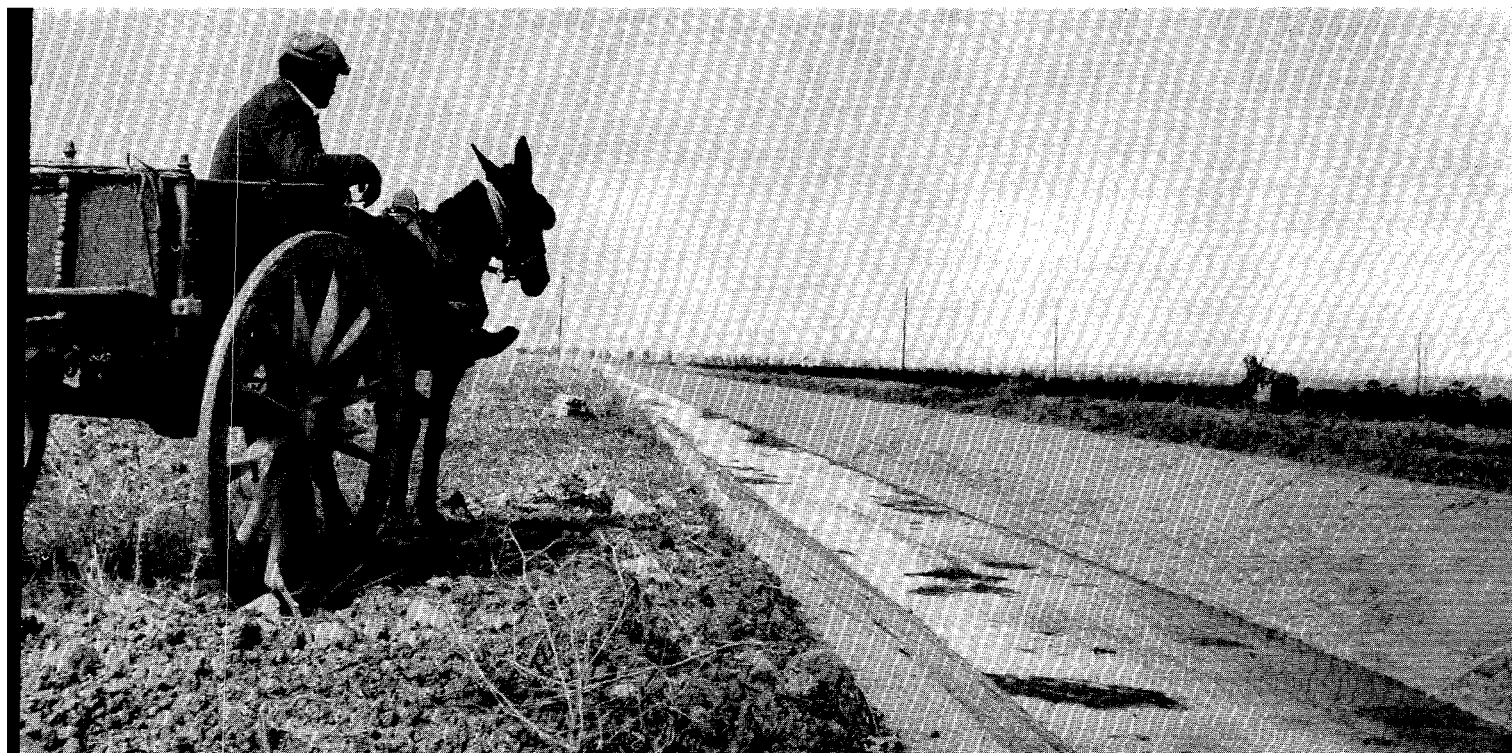
FINLAND

ELECTRIC POWER LOAN

\$15 million 20-year 4¾% loan of May 22, 1956

BORROWER • Mortgage Bank of Finland Oy

The Mortgage Bank of Finland is a new institution owned almost entirely by the Bank of Finland. It is re-lending the proceeds of the International Bank loan to five public and private enterprises which are carrying out projects for the production and distribution of electric power.



Italy • Through the 12-year program of the Cassa Per Il Mezzogiorno, already assisted by Bank loans of \$90 million, new hope and new employment are being brought to Southern

Italy. The program includes irrigation, roads, power and industry, as well as better housing. Above is a drainage canal to regulate water supplies on the flat Catania Plain.

PURPOSE • The construction of three hydroelectric power plants with a combined generating capacity of 242,000 kilowatts, the building of two thermal electric stations with a combined capacity of 102,000 kilowatts, and the completion of a transmission system to bring power from plants in northern Finland to the more populous and industrialized south.

The new plants will become part of the interconnected power system which supplies the main consuming centers. The total cost of the work being undertaken is estimated at \$103 million. It is expected that most of the purchases of equipment under the loan will be made in Western Europe, and that over half the loan will be in European currencies.

ECONOMIC BENEFITS • Most of the power produced in Finland is used by industry, particularly the wood products industry, in which power costs are a sizeable component of production costs. Demand for power has been increasing at the rate of 10% per annum in recent years and can be expected to continue at this rate for the next few years at least. The expansion now under way should meet the increase in demand

expected by 1960, when all the plants will be in operation.

PARTICIPATION • \$280,000 maturing 1959, by the New York Trust Company.

ITALY

Staff members have visited Italy during the course of the year for discussions of a further loan to assist the Cassa per il Mezzogiorno in carrying forward its 12-year program for the development of Southern Italy. By the end of June preliminary negotiations had begun for a loan for projects in the fields of industry, electric power and agriculture.

NORWAY

HYDROELECTRIC POWER LOAN

\$25 million 20-year 4¾% loan of May 3, 1956

BORROWER • Norway

PURPOSE • To add 400,000 kilowatts of generating capacity to the electricity network which serves southeastern Norway, including the city of Oslo.

The project is the first stage of a scheme to develop the power potential of the Tokke and Vinje river system in southern Norway. This scheme will be the largest hydroelectric development ever undertaken in Norway and will ultimately provide 800,000 kilowatts of new power capacity. In the first stage seven lakes at the headwaters of the rivers will be made into storage reservoirs. The power house will be constructed at Dalen, 100 miles west of Oslo. It will be equipped with four hydroelectric units with a combined capacity of 400,000 kilowatts. Also included in the first stage is the construction of a transmission system to feed power from the new plant into the grid which supplies southeastern Norway. The total cost of the first stage will be equivalent to \$70 million; the Bank's loan will provide \$25 million of this amount and the remainder will come from Norwegian sources.

ECONOMIC BENEFITS • Despite the rapid expansion of electric power capacity, supply has not kept pace with demand. Power from the Tokke project will help bring the situation into balance. The first 100,000-kilowatt unit will come into operation in 1961 and

the other three before mid-1963. The area which will benefit from the new power now consumes 55% of all the power produced in Norway. Projections of the power market in the area show that the additional power can be absorbed quickly; all of it will be sold in bulk to distributing authorities and to industry.

TURKEY

INDUSTRIAL DEVELOPMENT BANK • During the year the Bank approved three projects being financed by the Industrial Development Bank—the construction of two textile mills and the expansion of a cement plant. These, and two supplemental credits for projects previously approved, called for foreign exchange allocations of \$2.3 million from the second of two \$9 million loans which the International Bank made to the Development Bank in 1950 and 1953.

Starting operations in 1951, the Industrial Development Bank had lent up to May 1956, 138 million Turkish lire (\$49 million) to 305 enterprises, of which the International Bank's loans have provided \$14 million in foreign exchange for 46 projects.

WESTERN HEMISPHERE

CHILE

A Bank mission visited Chile in April and May 1956 to study the progress being made in the Government's program of economic and financial stabilization. In June the Bank informed the Government that it believed that a basis had been established for additional Bank lending in Chile, and that it would proceed forthwith to consider loans for two coal mining projects and for certain electric power installations.

COLOMBIA

HIGHWAY LOAN

\$16.5 million 15-year 4¾% loan of June 6, 1956

BORROWER • Colombia

PURPOSE • To complete a program begun in 1951 to rehabilitate Colombia's principal highways.

Since the program was started, it has had to be considerably revised and expanded to keep pace with the extremely rapid growth of traffic, which in five years doubled over most of the roads and more than tripled near large cities. This is the third Bank loan for the highways. The first was made to begin the program; the second was made in 1953 when the program was revised to include the paving of most of the roads in the project and the initiation of a comprehensive maintenance program. Plans now call for higher standards of construction throughout, and the loan made this year will finance the additional foreign exchange costs involved. In addition, it will assist in building a new 40-mile road linking Barranquilla on the Caribbean coast with Ciénaga, where it will meet the Atlantic Railroad being built with the assistance of other Bank loans. All the work included in this highway program should be finished in 1958. It will

LOANS DURING FISCAL YEAR

Country	No.	Amount
Colombia	1	\$ 16,500,000
Ecuador	1	5,000,000
Guatemala	1	18,200,000
Haiti	1	2,600,000
Honduras	1	4,200,000
Nicaragua	4	12,200,000
Panama	1	5,900,000
Peru	1	5,000,000
Uruguay	1	5,500,000
	12	75,100,000

TOTAL LOANS 1947-1956

Brazil	10	194,090,000
Chile	4	36,854,456
Colombia	11	111,205,441
Ecuador	2	13,500,000
El Salvador	2	23,645,000
Guatemala	1	18,200,000
Haiti	1	2,600,000
Honduras	1	4,200,000
Mexico	6	141,327,888
Nicaragua	9	21,390,115
Panama	3	6,847,426
Paraguay	1	5,000,000
Peru	7	36,000,000
Uruguay	2	38,500,000

Lending in Western Hemisphere—

60 loans in 14 countries totaling \$653,360,326

cost the equivalent of \$200 million, including \$47,350,000 of foreign exchange provided by the three Bank loans.

ECONOMIC BENEFITS • Lack of good transportation has been one of the chief obstacles to Colombia's economic development. The rehabilitation of about 1,900 miles of the principal highways was undertaken to provide good road transport between the larger cities and the principal ocean and river ports. The benefits of highway improvements are already becoming apparent. Prolonged traffic interruptions, due to washouts and landslides, have been virtually eliminated. Better alignment, more gradual gradients, increased width, and the paving of road surfaces have reduced the time taken by road transport, in many cases from days to a few hours, and have lowered transportation costs.

OTHER ACTIVITIES

LOAN PROJECTS • The Bank is considering a loan to assist in financing the expansion of the electric power facilities of the city of Bogotá.

CAUCA VALLEY DEVELOPMENT • In December 1955 the Bank transmitted to the Colombian Government and to the Autonomous Regional Corporation of the Cauca (CVC) the report of its advisory mission on the development of the Cauca Valley in Colombia.

The CVC was established in 1954 as an autonomous non-political authority to develop systematically the resources of the Cauca region. The region is one of Colombia's most important agricultural and industrial areas. Its rivers and rich land give it considerable hydroelectric power potential for further industrial expansion, and endow it with promising opportunities for more extensive agricultural development.

In its report, the mission suggested those lines of activity which the CVC could most advantageously follow in its first years, emphasizing the need for concentrating on a few well-defined undertakings. The core of the suggested program is the proper selection and location of major projects for electric power development and flood prevention. The mission concluded that the CVC should probably first construct a hydroelectric station at Calima, about 50 miles from Cali. This would be followed by a multi-purpose project at Timba, at the southern end of the Valley. The mission recommended that detailed surveys be made in order to determine the most appropriate scale and timing of flood protection measures. Pilot projects were also suggested for drainage and irrigation.

The other major recommendations made by the mission were that CVC should establish an agricultural division whose services would include the administration of farm machinery pools and extension services, that the Corporation should propose a plan to improve departmental roads in the region, and that it should appoint an Industrial Services Officer who would aid in the establishment of new industries or the expansion of existing ones. The report concluded by outlining various methods by which the CVC could finance the development program.



Colombia • Three parallel 10,000 ft. high Sierras divide Colombia from North to South. Road building and maintenance need the most rugged of modern equipment, and

ever-growing traffic imposes progressively higher construction standards. The Bank has now made three loans, totalling over \$47 million, to aid Colombian highway programs.

AGRICULTURAL MISSION • In June 1956 the Bank transmitted to the Government a report on Colombia's agricultural development prepared by a mission which visited Colombia in April-June 1955. The mission found that while Colombia has made considerable progress in the development of agriculture in recent years, the rate of progress has not been sufficient to keep pace with the needs of the rapidly growing population. Agriculture would need to be expanded by 25% over the next ten years merely to provide for the expected increase in population. The mission concluded that a considerably higher increase could be achieved over this period and suggested a program for doing so. Its recommendations were directed both toward measures that will open new crop and pasture lands and toward measures that will bring about a steady and substantial increase of output, at lower production costs, on lands now in use. One of the most important recommendations is that the pattern

of land use be gradually changed so that flat, fertile lands now used mainly for pasture will be used increasingly for mixed farming. Other recommendations relate to the relocation of the rural population on better lands; the improvement of farms through flood protection, irrigation and drainage; the widespread application of modern methods of cultivation; marketing, financial and farm credit policies; and the organizational machinery necessary to plan, coordinate and carry out the program.

The Bank has arranged to station a member of its staff in Colombia for one year from July 1956 to advise and assist in the execution of the agricultural program.

REPORT ON INVESTMENT PROGRAM • At the request of the Government, a Bank mission made a study of Colombia's program for public investment and external borrowing, and in February 1956 presented its report and recommendations to the Government. The report presented in detail the mission's suggestions

regarding an investment program for 1956 and made some general proposals regarding the scale and character of public investment in the next few years.

COSTA RICA

Early in the fiscal year, the Bank informed the Government that it was prepared to open negotiations for a loan to the Central Bank to provide foreign exchange, to be re-lent through the commercial banking system, for the development of agriculture and industry. At the end of the fiscal year, legislation was pending in the Congress authorizing negotiation of the loan.

ECUADOR

ELECTRIC POWER LOAN

\$5 million 20-year 4¾% loan of March 29, 1956

BORROWER • Empresa Eléctrica Quito, S. A.

The Empresa, an autonomous publicly-owned corporation, supplies power to Quito, the capital of Ecuador.

PURPOSE • The construction of plant and other facilities that will nearly triple the supply of power to the Quito area.

A 3,000-kilowatt thermal plant will be built in Quito, a 14,480-kilowatt hydroelectric plant will be built nearby and a 15½-mile transmission line will be erected to bring 1,500 kilowatts of power from the nearby town of Machachi. In addition, existing transmission facilities will be improved and expanded. The Machachi transmission line and the thermal plant will be complete in 1957 and the hydroelectric plant in 1958. The total cost of the projects is estimated at the equivalent of about \$9 million; the Bank's loan will pay for the necessary imported equipment.

ECONOMIC BENEFITS • The Quito area has a population of 225,000 and is one of the main industrial regions of Ecuador. It is the center of textile manufacturing, Ecuador's leading industry, and of a fast-growing pharmaceutical industry. The new power supply will enable the Empresa to handle the heavy backlog of demand from industrial consumers and provide for the expected industrial and residential demands for the next few years.

PARTICIPATION • \$197,000 maturing 1959 through 1960, by the Bank of America.

OTHER ACTIVITIES

LOAN PROJECTS • The Bank has two projects under consideration in Ecuador: a program for the construction and maintenance of national highways and a project for the construction of a new port at Guayaquil.

RESIDENT REPRESENTATIVE • The Bank continued to station a representative in Ecuador during the year to serve as liaison with the National Board of Planning and Economic Co-ordination.

GUATEMALA

HIGHWAY LOAN

\$18.2 million 15-year 4⅝% loan of July 29, 1955

BORROWER • Guatemala

PURPOSE • To complete the Atlantic and Pacific Highways and carry out a three-year program to improve and maintain existing roads.

The Atlantic Highway will be a paved, all-weather road, 190 miles long, running between Guatemala City and the Caribbean ports of Puerto Barrios and Santo Tomás. The Pacific Highway will be 217 miles long, extending from the Mexican border to El Salvador in the south. Both the roads are scheduled to be finished in 1958. The total cost of the construction and maintenance program is estimated at the equivalent of \$40 million; the Bank's loan is paying for imported equipment, materials and services.

ECONOMIC BENEFITS • The program should reduce transport costs, facilitate internal and external trade and stimulate agricultural production, Guatemala's main economic activity. The Atlantic Highway will provide an alternative route to the single-track railroad which is now the only connection between central Guatemala and the Caribbean. Adequate and dependable communications with Puerto Barrios are particularly important, since the port handles two-thirds of Guatemala's foreign trade. The Pacific Highway will be the backbone of the road system in the Pacific coastal plain and the piedmont of western Guatemala. Although this region contains the country's richest

agricultural land, it is virtually unexploited. The highway can be expected to make possible a rapid and substantial increase of cultivation in the area.

PARTICIPATION • \$576,000 maturing 1959, by the Bank of America.

OTHER ACTIVITIES

LOAN PROJECTS • The Bank is considering a loan to the Instituto de Fomento de la Producción to provide foreign exchange for medium and long term loans to farmers for the purchase of agricultural machinery and supplies and livestock for breeding.

RESIDENT REPRESENTATIVE • The Bank continued to station a resident representative in Guatemala.

HAITI

HIGHWAY LOAN

\$2.6 million 10-year 4½% loan of May 7, 1956

BORROWER • Haiti

PURPOSE • A three-year highway improvement program under which a highway maintenance section will be organized, staffed and equipped to rehabilitate and repair 725 miles of primary and secondary roads and to provide continuing maintenance on all public roads.

The establishment of an efficient maintenance organization will be the first step toward the development of an adequate highway department, capable of supervising construction work and eventually of carrying out important construction. The total cost of the work being undertaken with Bank assistance is estimated at the equivalent of \$4 million. The loan is for imported equipment, materials and services.

ECONOMIC BENEFITS • Haiti is predominantly an agricultural country. Because of inadequate roads, crops pass through many successive and costly stages of transportation before they reach markets and commercial centers. The program now being undertaken will eliminate many of the difficulties of transport and thus permit the more efficient marketing of agricultural produce. This should reduce food imports and encourage larger exports of commercial crops. In addition, easier motor travel should give further impetus to Haiti's growing tourist industry, now second only to coffee as a source of foreign exchange.

PARTICIPATION • \$413,000 maturing 1959 through 1960, by the Royal Bank of Canada.

HONDURAS

HIGHWAY LOAN

\$4.2 million 9-year 4½% loan of December 22, 1955

BORROWER • Honduras

PURPOSE • To establish and begin the operation of a road maintenance division in the Highway Department, and to make preliminary engineering studies for the improvement and new construction of various sections of two important trunk roads, the Northern and Western Highways. The total cost of these measures is estimated at the equivalent of \$8 million.

ECONOMIC BENEFITS • Lack of an adequate transport system seriously hampers the economic development of Honduras. Several areas have important possibilities for the development of crops, livestock and timber but, in the absence of transport, they are now virtually unused. Road maintenance is the first step in a comprehensive program which will be undertaken by the Government to improve and expand the highway network and thereby encourage more widespread development throughout the country.

PARTICIPATION • \$872,000 maturing 1957 through 1959, by the Bank of America, the American Security and Trust Company of Washington, D. C., and the Whitney National Bank of New Orleans.

OTHER ACTIVITIES

RESIDENT REPRESENTATIVE • The Bank continued to station a resident representative in Honduras.

MEXICO

LOAN PROJECT • The Bank has under consideration a loan to the Mexican Light and Power Company, Limited, to assist in financing the expansion of the Company's facilities for serving the Mexico City area.

POWER STUDY • The study on Mexico's future requirements for electric power and the means of financing them, which was initiated in 1953 and carried out with the Bank's cooperation, has been completed. The Government is now reviewing the recommendations of the Report.

NICARAGUA

ELECTRIC POWER LOANS

\$7.1 million 20-year 4¾% loan of July 8, 1955

BORROWER • Empresa Nacional de Luz y Fuerza de Managua

The Empresa is an autonomous government-owned corporation which has responsibility for supplying power to the Managua area.

PARTICIPATION • \$724,000 maturing 1958 through 1960, by the Bank of America.

\$400,000 20-year 4¾% loan of July 8, 1955

BORROWER • Instituto de Fomento Nacional

The Instituto is an autonomous government agency which provides financial and technical assistance for industrial and agricultural development.

PURPOSE OF LOANS • The construction of a 30,000-kilowatt thermal power plant in Managua, transmission lines to 15 outlying towns, and expansion of the distribution systems in Managua and the towns.

The \$7.1 million loan will pay for imported equipment, materials and services needed by Empresa to build the new power plant and transmission lines and to expand its distribution system in Managua. The \$400,000 loan will be re-lent by Fomento to small power distributors in the 15 outlying towns to defray the foreign exchange costs of renovating and expanding their distribution systems. These utilities will distribute power transmitted from the new Managua plant. The total cost of the work to be carried out with the help of the two loans is estimated at the equivalent of \$10.8 million and the work should be completed by the end of 1957.

ECONOMIC BENEFITS • The expansion of the Nicaraguan economy in recent years has increased the demand for power, especially in Managua and the surrounding area. Generating and distributing facilities have not kept pace with this demand and many industrial and commercial establishments have had to install their own high-cost diesel power units. The construction of the new thermal plant at Managua, together with transmission lines to the 15 towns and improvements in the distribution systems, marks the

beginning of an organized power network with facilities capable of satisfying an expanding market. Power from the new plant will supply the most populous and productive parts of Nicaragua and should meet their power requirements until 1963.

AGRICULTURAL LOAN

\$1.5 million 12-year 4¾% loan of August 26, 1955

BORROWER • Instituto de Fomento Nacional

PURPOSE • The importation of machinery, equipment and materials to be used for land clearance, soil erosion control, pasture improvement and milk processing, and the importation of cattle for breeding purposes. The Instituto will extend credit for the purchase of Bank-financed goods by farmers, machinery operators and owners of milk-processing plants.

ECONOMIC BENEFITS • In recent years the rapid expansion of cotton cultivation has absorbed large areas of land formerly devoted to food crops. It has therefore become necessary to expand the area available for the cultivation of food crops and, at the same time, to take measures to prevent soil erosion. The loan will assist the Instituto in its attempts to meet this need by providing machinery for the clearance of new land and for erosion control operations. Through technical and financial assistance, the Instituto is also encouraging the efforts of farmers to raise milk and beef production and to increase the supply of pasteurized milk and milk products. This should help to raise dietary and health standards in Nicaragua. Progress in this direction is being achieved through pasture improvement, the establishment of milk collection centers and processing plants, and the importation of more high grade breeding stock.

PARTICIPATION • \$735,000 maturing 1957 through 1960, by the Bank of America.

PORT OF CORINTO LOAN

\$3.2 million 20-year 4¾% loan of May 22, 1956

BORROWER • Autoridad Portuaria de Corinto

The Authority was established in 1956 as an autonomous public agency to operate the Port of Corinto. The Board of Directors of the Authority

includes representatives of agricultural, commercial and shipping interests and of the government.

PURPOSE • To increase the capacity of the Port of Corinto to handle both ships and cargo. Improvements include the construction of a 1,200-foot concrete wharf and two transit sheds, the acquisition of cargo-handling equipment, and the installation of rail, road and service facilities.

ECONOMIC BENEFITS • Corinto is Nicaragua's only deep water port on the Pacific and serves the most highly developed part of Nicaragua. The Port handles about three-quarters of Nicaragua's international trade. The rapid growth of trade in recent years and especially of cotton and cottonseed exports has already overtaxed the capacity of the port, and traffic is still growing. The improvements now being undertaken will eliminate the serious delays encountered by shipping at Corinto and will enable the port to handle increasing traffic for some years to come.

PARTICIPATION • \$121,000 maturing 1959 through 1960, by the Bank of America.

OTHER ACTIVITIES

RESIDENT REPRESENTATIVE • The Bank continued to station a resident representative in Nicaragua.

PANAMA

HIGHWAY LOAN

\$5.9 million 9-year 4¼% loan of July 12, 1955

BORROWER • Panama

PURPOSE • To organize and equip a road maintenance service in the Highway Department, and to reconstruct most of Panama's surfaced highways.

Over a four-year period some 635 miles of highway are to be reconstructed and necessary maintenance is to be carried out on all the surfaced highways. The total cost of the program is estimated at the equivalent of \$9.65 million; the Bank's loan will pay the cost of imported equipment, materials and services.

ECONOMIC BENEFITS • An efficient maintenance organization will reduce the cost of future upkeep and building of roads, and a good road system will remove one of the main obstacles to the development of Panama. At the present time, the poor condition of

the roads hampers the delivery of crops, makes transport expensive for the farmer and weakens the incentive to produce. Food imports into Panama and the Canal Zone are more than twice the value of food grown domestically; but once the road system is improved, domestic production could partially replace imports.

PARTICIPATION • \$1,700,000 maturing 1959 through 1960, by the Bank of America and the Chemical Corn Exchange Bank of New York.

OTHER ACTIVITIES

RESIDENT REPRESENTATIVE • The Bank continued to station a resident representative in Panama.

PERU

HIGHWAY LOAN

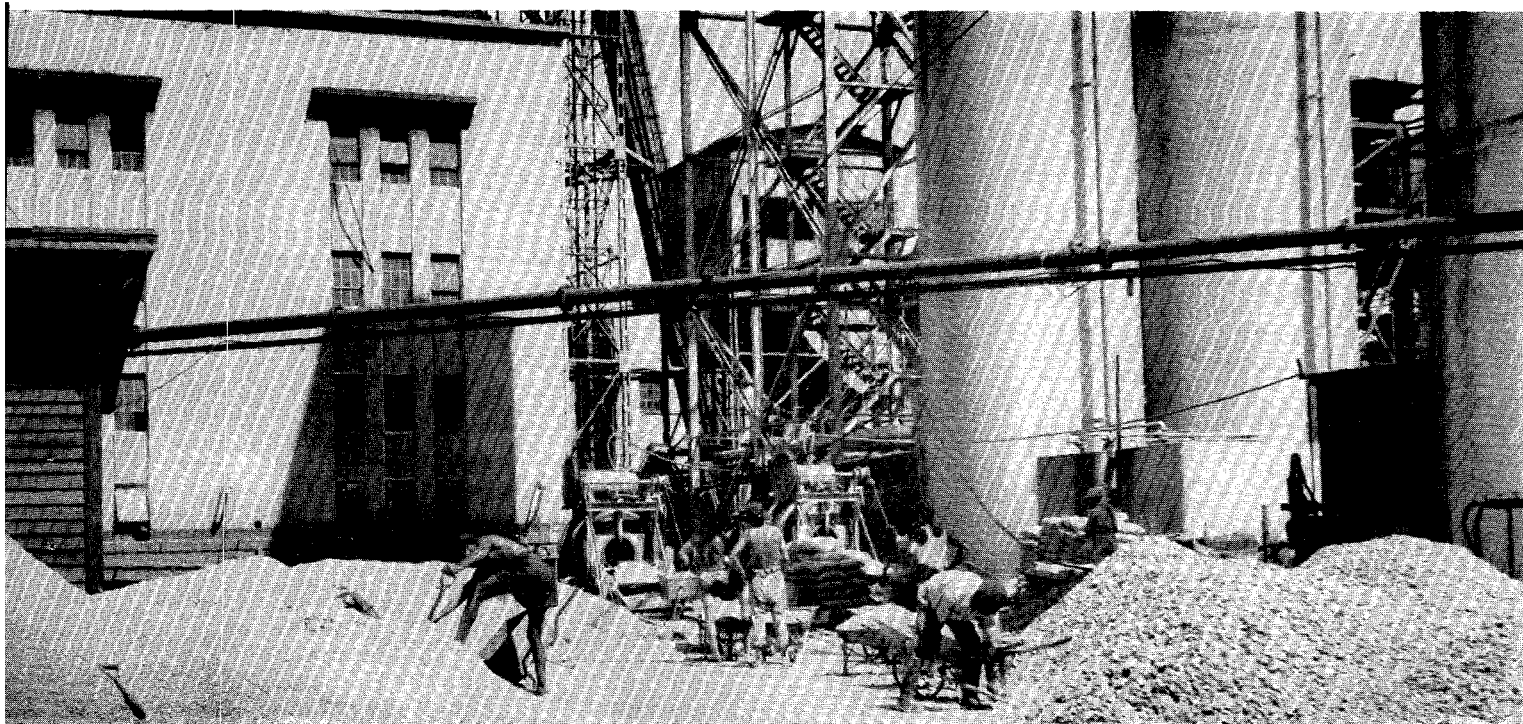
\$5 million 9-year 4¼% loan of August 5, 1955

BORROWER • Peru

PURPOSE • The execution of a program of highway maintenance including the training of personnel in modern maintenance methods.

The loan will finance the importation of maintenance equipment and heavy maintenance materials, spare parts and machinery for repair shops, and will cover the fees of engineering consultants. The consultants will assist the Department of Highways during a three-year period in organizing and carrying out the program, and will conduct a preliminary survey of a project for improvement of the easternmost section of the trans-Andean road leading from Lima to the town of Pucallpa on the headwaters of the Amazon.

ECONOMIC BENEFITS • Roads are the chief means of transport between important regions of Peru. In recent years the Government has invested heavily in road construction, but because of lack of maintenance many of the roads are already in need of rehabilitation. The operation of a modern, well-equipped and continuous maintenance service will protect the Government's investment and reduce the need for further costly rehabilitation. Well-maintained roads will lower trucking costs by increasing the economic life of vehicles; decrease road transit time; and reduce the losses incurred in the shipment of perishable goods.



Uruguay • Work is proceeding on the installation of a new 50,000-kilowatt generator at the Batlle y Ordoñez thermal power station in Montevideo. It is the second generator of

this size to be installed at the plant with the help of Bank loans, and is part of a larger expansion program aimed at meeting expected demand for electricity until about 1962.

PARTICIPATION • \$683,000 maturing 1958 through 1959, by the Chemical Corn Exchange Bank.

OTHER ACTIVITIES

LOAN PROJECT • The Bank has under consideration a project for building to all-weather standards that part of the Lima to Pucallpa road east of the Aguaytia River.

URUGUAY

ELECTRIC POWER LOAN

\$5.5 million 20-year 4¾% loan of August 29, 1955

BORROWER • Administración General de las Usinas Eléctricas y los Teléfonos del Estado (U. T. E.)

U. T. E. is an autonomous government agency with the exclusive right to provide electricity and telephone service in Uruguay.

PURPOSE • The installation of a new 50,000-kilowatt generating unit in the Batlle y Ordoñez thermal power station in Montevideo. Another 50,000-kilowatt unit was installed earlier under a Bank loan made to U. T. E. in 1950. The new generator will increase the station's installed capacity to 150,000 kilowatts and

should come into full operation by the end of 1957.

ECONOMIC BENEFITS • The Batlle power project is part of a larger power expansion program directed at meeting Uruguay's expected power demand until about 1962. Increased supplies of electric power are needed to promote further economic progress in Uruguay, not only in the Montevideo industrial area but also in the interior, where industrial sales of power have doubled in the past five years.

PARTICIPATION • \$654,000 equivalent, maturing 1958 through 1960, by the First National City Bank of New York and Nederlandsche Handel-Maatschappij, N.V.

OTHER ACTIVITIES

LOAN PROJECTS • Negotiations began in June 1956 for a loan of about \$25 million to finance the foreign exchange costs of a 103,000-kilowatt hydroelectric power station on the Rio Negro at Rincón del Baygorria in central Uruguay. Discussions have also been held during the year on a livestock project which has been under consideration for some time. The Uruguayan Parliament has before it legislative measures necessary to put the project into effect.

Loans Classified by Purpose and Area

JUNE 30, 1956

EXPRESSED IN MILLIONS OF UNITED STATES DOLLARS, NET OF CANCELLATIONS AND REFUNDINGS

Purpose	Areas					
	Total	Africa	Asia	Austral- asia	Europe	Western Hemi- sphere
Grand Total	2,667	347	439	259	969	653
Development Loans						
Total	2,170	347	439	259	472	653
ELECTRIC POWER						
Generation and Distribution	789	178	136	33	130	312
TRANSPORT	656	125	128	97	59	247
Railroads	348	117	80	21	3	127
Shipping	12	—	—	—	12	—
Ports and Inland Waterways	78	1	34	—	37	6
Roads	163	7	—	42	—	114
Airlines and Airports	41	—	—	34	7	—
Pipelines (natural gas)	14	—	14	—	—	—
COMMUNICATIONS						
Telephone, Telegraph and Radio	26	2	—	—	—	24
AGRICULTURE AND FORESTRY	228	—	41	89	51	47
Farm Mechanization	99	—	—	75	2	22
Irrigation and Flood Control	88	—	31	6	31	20
Land Clearance and Improvement	20	—	10	6	2	2
Crop Processing and Storage	6	—	—	—	4	2
Livestock	1	—	—	—	—	1
Forestry	14	—	—	2	12	—
INDUSTRY	331	2	134	40	132	23
Iron and Steel	145	—	114	10	21	—
Pulp and Paper	63	—	4	—	39	20
Fertilizer and other Chemicals	21	—	—	1	20	—
Other Industries	48	—	6	18	22	2
Mining	23	—	—	11	12	—
Development Banks	31	2	10	—	18	1
GENERAL DEVELOPMENT	140	40	—	—	100	—
Reconstruction Loans						
Total	497	—	—	—	497	—

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 \$10,470,915 United States dollars			
Unrestricted	\$ 15,805,616		
Subject to restrictions—NOTE B	99,298,373	\$115,103,989	
Non-member currencies		8,997,186	\$ 124,101,175

Investment Securities

United States Government obligations (\$323,887,000 face amount; at cost plus accumulated discount and less amortized premium).	\$323,487,749		
Canadian Government obligations (Can \$24,075,000 face amount; at cost less amortized premium).	21,936,104		
United Kingdom Government obligations (£2,390,000 face amount; at cost)	6,607,693	\$352,031,546	
Accrued interest		2,701,758	354,733,304

Receivable on Account of Subscribed Capital

(See APPENDIX D)

Receivable in United States currency Calls on subscription to capital stock		\$ 2,660,000	
Receivable in other member currencies—NOTE B Non-negotiable, non-interest-bearing, demand notes	\$793,303,304		
Amounts required to maintain value of currency holdings	4,547	793,307,851	795,967,851

Effective Loans Held by Bank (See APPENDIX F)—NOTE C

(Including undisbursed balance of \$472,254,184) 2,001,807,447

Accrued Interest, Commitment and Service Charges

on Loans 13,844,814

Receivable from Purchasers on Account of Effective Loans

Sold or Agreed to be Sold 8,117,395

Other Receivables and Other Assets 653,974**Special Reserve Fund Assets—NOTE D**

Due from Banks—member currency—United States	\$ 578		
Investment securities—United States Government obligations (\$73,388,000 face amount; at cost plus accumulated discount)	73,348,008		
Accrued loan commissions	3,655,504	77,004,090	

Staff Retirement Plan Assets

(Segregated and held in trust) 4,048,104

Total Assets \$3,380,278,154

June 30, 1956

See Note A of Notes to Financial Statements, Appendix G

LIABILITIES, RESERVES AND CAPITAL

Liabilities

Accounts payable and accrued expenses, including \$8,828,001 bond interest		\$ 10,367,024
Collection on loans in advance of due date		996,634
Undisbursed balance of effective loans (See APPENDIX F)		
On loans held by Bank	\$ 472,254,184	
On loans sold or agreed to be sold	4,629,143	476,883,327
Funded debt (See APPENDIX E)		
(Of this amount \$85,466,760 is due within one year)		850,224,296
Bonds called for redemption not presented	\$ 18,629	
Less funds on deposit with Fiscal Agent therefor	18,629	—

Reserves for Losses

Special reserve—NOTE D	\$ 77,004,090	
Supplemental reserve against losses on loans and guarantees—NOTE E	150,654,679	227,658,769

Staff Retirement Plan Reserve 4,048,104

Capital (See APPENDIX D)

Capital stock		
Authorized 100,000 shares of \$100,000 par value each		
Subscribed 90,505 shares	\$9,050,500,000	
Less—Uncalled portion of subscriptions—NOTE F	7,240,400,000	1,810,100,000

Contingent Liability—LOANS SOLD UNDER GUARANTEE—NOTE G . . . \$25,834,500

Total Liabilities, Reserves and Capital \$ 3,380,278,154

Comparative Statement of Income and Expenses

FOR THE FISCAL YEARS ENDED JUNE 30, 1955 AND JUNE 30, 1956

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

	July 1-June 30	
	1954-1955	1955-1956
Income		
Income from investments	\$ 9,682,052	\$ 9,585,407
Income from loans:		
Interest	44,327,397	50,123,943
Commitment charges	3,643,206	3,863,589
Commissions	13,306,897	14,747,349
Service charges	192,814	303,843
Other income	692,753	4,088
Gross Income	\$71,845,119	\$78,628,219
Deduct—Amount equivalent to commissions appropriated to Special Reserve—NOTE D	13,306,897	14,747,349
Gross Income Less Reserve Deduction	\$58,538,222	\$63,880,870
Expenses		
Administrative expenses:		
Personal services	\$ 3,767,648	\$ 4,131,105
Fees and compensation	567,006	598,234
Representation	75,216	69,078
Travel	834,700	1,003,303
Supplies and material	51,884	63,820
Rents and utility services	545,340	636,620
Communication services	168,538	198,238
Furniture and equipment	69,793	92,916
Books and library services	68,722	74,996
Printing	74,099	102,527
Contributions to staff benefits	391,801	426,766
Insurance	24,501	30,079
Other expenses	9,027	8,363
Total Administrative Expenses	\$ 6,648,275	\$ 7,436,045
Interest on bonds	26,048,451	26,547,315
Bond issuance and other financial expenses—NOTE H	1,162,009	744,232
Gross Expenses	\$33,858,735	\$34,727,592
Net Income—Appropriated to Supplemental Reserve against losses on loans and guarantees—NOTE E	\$24,679,487	\$29,153,278

Statement of Currencies Held by the Bank

JUNE 30, 1956

See Note A of Notes to Financial Statements, Appendix G

Member Currencies	Unit of currency	Amount expressed in member currency (Restricted)	Rate of exchange	Total expressed in United States dollars
Member				
Afghanistan	Afghani	30,233,775	\$ = 16.80	\$ 1,799,629
Australia	Pound	148,105	\$ = 0.4464	331,757
Austria	Schilling	7,086,999	\$ = 26.00	272,577
Belgium	Franc	3,391,537	\$ = 50.00	67,831
Bolivia	Boliviano	2,249,308	\$ = 190.00	11,838
Brazil	Cruzeiro	347,307,296	\$ = 18.50	18,773,367
Burma	Kyat	136,256	\$ = 4.7619	28,614
Canada	Dollar	53,250	\$ = 1.10	48,409
Ceylon	Rupee	39,721	\$ = 4.7619	8,341
Chile	Peso	688,234,367	\$ = 110.00	6,256,676
China	Yuan	21,480,529	\$ = 20.00	1,074,026
Colombia	Peso	12,060,611	\$ = 1.949981	6,184,989
Costa Rica	Colon	1,984,255	\$ = 5.615	353,385
Cuba	Peso	51,933	\$ = 1.00	51,933
Denmark	Krone	2,173,021	\$ = 6.90714	314,605
Dominican Republic	Peso	972	\$ = 1.00	972
Ecuador	Sucre	8,207,641	\$ = 15.00	547,176
Egypt	Pound	14,240	\$ = 0.34824	40,891
El Salvador	Colon	420,101	\$ = 2.50	168,040
Ethiopia	Dollar	1,261,725	\$ = 2.48447	507,844
Finland	Markka	1,569,425,656	\$ = 230.00	6,823,590
France	Franc	805,034,606	\$ = 349.60	2,302,806
Germany	Deutsche Mark	4,802,068	\$ = 4.20	1,143,350
Greece	Drachma	22,400,000	\$ = 5.00	4,480,000
Guatemala	Quetzal	339,326	\$ = 1.00	339,326
Haiti	Gourde	30,170	\$ = 5.00	6,034
Honduras	Lempira	341,338	\$ = 2.00	170,669
Iceland	Krona	2,828,362	\$ = 16.2857	173,672
India	Rupee	2,814,483	\$ = 4.7619	591,041
Indonesia	Rupiah	2,164,125	\$ = 11.40	189,836
Iran	Rial	512,268	\$ = 32.25	15,884
Iraq	Dinar	1,165	\$ = 0.3571	3,262
Israel	Pound	13,096	\$ = 1.80	7,275
Italy	Lira	368,069,669	\$ = 350.00	1,051,628
Japan	Yen	793,992,894	\$ = 360.00	2,205,536
Jordan	Dinar	3,135	\$ = 0.3571	8,778
Korea	Hwan	1,124,446,600	\$ = 500.00	2,248,893
Lebanon	Pound	1,567,497	\$ = 2.19148	715,269
Luxembourg	Franc	5,847,850	\$ = 50.00	116,957
Mexico	Peso	134,388,625	\$ = 12.50	10,751,090
Netherlands	Guilder	2,523,398	\$ = 3.80	664,052
Nicaragua	Cordoba	850,661	\$ = 7.00	121,523
Norway	Krone	584,598	\$ = 7.14286	81,844
Pakistan	Rupee	480,276	\$ = 4.7619	100,858
Panama	Balboa	7,235	\$ = 1.00	7,235
Paraguay	Guarani	12,154,956	\$ = 60.00	202,583
Peru	Sol	1,294,329	\$ = 6.50	199,127
Philippines	Peso	2,375,746	\$ = 2.00	1,187,873
Sweden	Krona	77,720,862	\$ = 5.17321	15,023,721
Syria	Pound	17,989	\$ = 2.19148	8,208
Thailand	Baht	86,997	\$ = 12.50	6,960
Turkey	Lira	344,365	\$ = 2.80	122,987
Union of South Africa	Pound	95,507	\$ = 0.3571	267,421
United Kingdom	Pound	208,340	\$ = 0.3571	583,352
United States	Dollar		\$ =	153,439
Uruguay	Peso	2,795,967	\$ = 1.519	1,840,603
Venezuela	Bolivar	4,556,723	\$ = 3.35	1,360,216
Yugoslavia	Dinar	2,153,572,366	\$ = 300.00	7,178,575
Restricted Currency (NOTE B)				\$ 99,298,373
Unrestricted Currency (Austria, Belgium, Canada, Denmark, France, Germany, Italy, Netherlands, Norway, Sweden, Union of South Africa, United Kingdom and United States)				15,805,616
Non-Member Currency (Switzerland)				\$115,103,989
Total				\$124,101,175

Statement of Subscriptions to Capital Stock and Voting Power

JUNE 30, 1956

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

Member	Subscriptions		Amounts Paid in				Amounts past due	Subject to call to meet obligations of Bank (Note F)	Number of votes
	Shares	Amount (Note I)	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)				
Afghanistan	100	\$ 10,000,000	\$ 200,000	\$ 1,800,000	\$ —	\$ —	\$ 8,000,000	350	
Australia	2,000	200,000,000	4,000,000	360,368	35,639,632	—	160,000,000	2,250	
Austria	500	50,000,000	1,000,000	1,837,479	7,162,521	—	40,000,000	750	
Belgium	2,250	225,000,000	4,500,000	6,344,422	34,155,578	—	180,000,000	2,500	
Bolivia	70	7,000,000	140,000	12,600	1,247,400	—	5,600,000	320	
Brazil	1,050	105,000,000	2,100,000	18,900,000	—	—	84,000,000	1,300	
Burma	150	15,000,000	300,000	52,200	2,647,800	—	12,000,000	400	
Canada	3,250	325,000,000	6,500,000	53,201,364	5,298,636	—	260,000,000	3,500	
Ceylon	150	15,000,000	300,000	32,997	2,667,003	—	12,000,000	400	
Chile	350	35,000,000	700,000	6,300,000	—	—	28,000,000	600	
China	6,000	600,000,000	9,340,000	1,080,000	106,920,000	2,660,000	480,000,000	6,250	
Colombia	350	35,000,000	700,000	6,300,000	—	—	28,000,000	600	
Costa Rica	20	2,000,000	40,000	360,000	—	—	1,600,000	270	
Cuba	350	35,000,000	700,000	63,000	6,237,000	—	28,000,000	600	
Denmark	680	68,000,000	1,360,000	2,728,399	9,511,601	—	54,400,000	930	
Dominican Republic	20	2,000,000	40,000	3,600	356,400	—	1,600,000	270	
Ecuador	32	3,200,000	64,000	576,000	—	—	2,560,000	282	
Egypt	533	53,300,000	1,066,000	95,940	9,498,060	—	42,640,000	783	
El Salvador	10	1,000,000	20,000	180,000	—	—	800,000	260	
Ethiopia	30	3,000,000	60,000	540,000	—	—	2,400,000	280	
Finland	380	38,000,000	760,000	6,840,000	—	—	30,400,000	630	
France	5,250	525,000,000	10,500,000	27,938,215	66,561,785	—	420,000,000	5,500	
Germany	3,300	330,000,000	6,600,000	14,874,458	44,525,542	—	264,000,000	3,550	
Greece	250	25,000,000	500,000	4,500,000	—	—	20,000,000	500	
Guatemala	20	2,000,000	40,000	360,000	—	—	1,600,000	270	
Haiti	20	2,000,000	40,000	10,800	349,200	—	1,600,000	270	
Honduras	10	1,000,000	20,000	180,000	—	—	800,000	260	
Iceland	10	1,000,000	20,000	180,000	—	—	800,000	260	
India	4,000	400,000,000	8,000,000	721,800	71,278,200	—	320,000,000	4,250	
Indonesia	1,100	110,000,000	2,200,000	198,000	19,602,000	—	88,000,000	1,350	
Iran	336	33,600,000	672,000	60,480	5,987,520	—	26,880,000	586	
Iraq	60	6,000,000	120,000	20,880	1,059,120	—	4,800,000	310	
Israel	45	4,500,000	90,000	8,100	801,900	—	3,600,000	295	
Italy	1,800	180,000,000	3,600,000	9,971,429	22,428,571	—	144,000,000	2,050	
Japan	2,500	250,000,000	5,000,000	2,672,222	42,327,778	—	200,000,000	2,750	
Jordan	30	3,000,000	60,000	15,410	524,590	—	2,400,000	280	
Korea	125	12,500,000	250,000	2,250,000	—	—	10,000,000	375	
Lebanon	45	4,500,000	90,000	810,000	—	—	3,600,000	295	
Luxembourg	100	10,000,000	200,000	118,000	1,682,000	—	8,000,000	350	
Mexico	650	65,000,000	1,300,000	11,700,000	—	—	52,000,000	900	
Netherlands	2,750	275,000,000	5,500,000	9,500,000	40,000,000	—	220,000,000	3,000	
Nicaragua	8	800,000	16,000	144,000	—	—	640,000	258	
Norway	500	50,000,000	1,000,000	370,000	8,630,000	—	40,000,000	750	
Pakistan	1,000	100,000,000	2,000,000	180,008	17,819,992	—	80,000,000	1,250	
Panama	2	200,000	4,000	36,000	—	—	160,000	252	
Paraguay	14	1,400,000	28,000	252,000	—	—	1,120,000	264	
Peru	175	17,500,000	350,000	262,269	2,887,731	—	14,000,000	425	
Philippines	150	15,000,000	300,000	1,200,000	1,500,000	—	12,000,000	400	
Sweden	1,000	100,000,000	2,000,000	18,000,000	—	—	80,000,000	1,250	
Syria	65	6,500,000	130,000	43,642	1,126,358	—	5,200,000	315	
Thailand	125	12,500,000	250,000	52,500	2,197,500	—	10,000,000	375	
Turkey	430	43,000,000	860,000	363,114	7,376,886	—	34,400,000	680	
Union of South Africa	1,000	100,000,000	2,000,000	6,060,000	11,940,000	—	80,000,000	1,250	
United Kingdom	13,000	1,300,000,000	26,000,000	33,170,000	200,830,000	—	1,040,000,000	13,250	
United States	31,750	3,175,000,000	635,000,000	—	—	—	2,540,000,000	32,000	
Uruguay	105	10,500,000	210,000	1,890,000	—	—	8,400,000	355	
Venezuela	105	10,500,000	210,000	1,365,000	525,000	—	8,400,000	355	
Yugoslavia	400	40,000,000	800,000	7,200,000	—	—	32,000,000	650	
Totals	90,505	\$9,050,500,000	\$749,850,000	\$264,286,696	\$793,303,304	\$2,660,000	\$7,240,400,000	105,005	

Funded Debt of the Bank

JUNE 30, 1956

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

<i>Issue and maturity</i>	<i>Principal outstanding</i>	<i>Annual sinking fund requirement</i>	
Payable in United States Dollars			
2% Serial Bonds of 1950, due 1957-62	\$ 60,000,000	None	
3% Three Year Bonds of 1953, due 1956	75,000,000	None	
2½% Five Year Bonds of 1954, due 1959	50,000,000	None	
3½% Fifteen Year Bonds of 1954, due 1969	100,000,000	1957-66	\$ 4,000,000
		1967-68	\$ 5,000,000
3½% Nineteen Year Bonds of 1952, due 1971	60,000,000	1957-66	\$ 2,000,000
		1967-70	\$ 2,500,000
3% Twenty-Five Year Bonds of 1947, due 1972	150,000,000	1958-62	\$ 3,000,000
		1963-67	\$ 4,500,000
		1968-72	\$ 7,500,000
3¾% Twenty-Three Year Bonds of 1952, due 1975	50,000,000	1958	\$ 1,000,000
		1959-74	\$ 1,500,000
3% Twenty-Five Year Bonds of 1951, due 1976	50,000,000	1963	\$ 1,000,000
		1964-75	\$ 2,000,000
3¼% Thirty Year Bonds of 1951, due 1981	100,000,000	1966-67	\$ 2,000,000
		1968-73	\$ 3,000,000
		1974-80	\$ 4,000,000
Sub-Total	<u>\$ 695,000,000</u>		
Payable in Canadian Dollars			
3½% Fifteen Year Bonds of 1954, due 1969 (Can\$25,000,000).	\$ 22,727,273	1959-65	Can\$800,000
		1966-68	Can\$900,000
3¼% Ten Year Bonds of 1955, due 1965 (Can\$15,000,000)	13,636,363	1958-64	Can\$500,000
Sub-Total	<u>\$ 36,363,636</u>		
Payable in Netherlands Guilders			
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
Sub-Total	<u>\$ 21,052,632</u>		
Payable in Pounds Sterling			
3½% Twenty Year Stock of 1951, due 1971 (£5,000,000)	\$ 14,000,000	1957-71	£166,700
3½% Twenty Year Stock of 1954, due 1974 (£5,000,000)	14,000,000	1960-74	£166,700
Sub-Total	<u>\$ 28,000,000</u>		
Payable in Swiss Francs			
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
Sub-Total	<u>\$ 69,808,028</u>		
Gross Total	<u>\$850,224,296</u>		

Each issue, except the 2% Serial Bonds of 1950, 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 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>Year Ending June 30</i>	<i>Amount</i>
1957	\$ 85,466,760
1958	17,921,305
1959	22,148,578
1960	72,148,578
1961	23,667,970
Total	\$221,353,191

Summary Statement of Loans

JUNE 30, 1956

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

Members in whose territories loans have been made ¹	Effective loans held by Bank			Loans not yet effective ⁴
	Disbursed portion	Undisbursed portion ²	Total ³	
Australia	\$ 222,050,482	\$ 11,490,518	\$ 233,541,000	—
Austria	11,300,574	10,546,426	21,847,000	—
Belgium	71,949,382	7,854,384	79,803,766	—
Brazil	145,887,297	37,789,920	183,677,217	—
Burma	—	—	—	19,350,000
Ceylon	3,561,424	15,548,576	19,110,000	—
Chile	18,178,811	13,301,645	31,480,456	—
Colombia	46,735,914	33,586,527	80,322,441	16,500,000
Denmark	36,580,000	—	36,580,000	—
Ecuador	1,917,997	6,582,003	8,500,000	5,000,000
El Salvador	15,089,740	7,280,260	22,370,000	—
Ethiopia	7,314,817	985,183	8,300,000	—
Finland	33,803,527	5,761,402	39,564,929	15,000,000
France	230,586,773	5,200,227	235,787,000	—
Guatemala	4,264,342	13,359,658	17,624,000	—
Haiti	—	—	—	2,600,000
Honduras	—	3,328,000	3,328,000	—
Iceland	5,751,640	—	5,751,640	—
India	48,121,675	47,427,473	95,549,148	75,000,000
Italy	34,539,969	39,065,031	73,605,000	10,144,000
Japan	31,585,185	13,394,936	44,980,121	—
Lebanon	—	27,000,000	27,000,000	—
Luxembourg	8,675,000	—	8,675,000	—
Mexico	97,620,595	28,065,895	125,686,490	—
Netherlands	65,049,985	—	65,049,985	—
Nicaragua	5,356,626	9,616,374	14,973,000	3,200,000
Norway	47,984,000	25,000,000	72,984,000	—
Pakistan	38,127,482	29,607,076	67,734,558	—
Panama	490,426	4,450,000	4,940,426	—
Paraguay	2,180,361	2,319,639	4,500,000	—
Peru	12,850,274	19,055,226	31,905,500	—
South Africa	86,903,602	22,372,163	109,275,765	—
Thailand	23,182,429	10,671,571	33,854,000	—
Turkey	46,708,025	13,572,975	60,281,000	—
United Kingdom	48,388,980	1,066,673	49,455,653	80,000,000
Uruguay	29,845,277	3,675,723	33,521,000	—
Yugoslavia	53,558,300	3,278,700	56,837,000	—
Totals	\$1,536,140,911	\$472,254,184	\$2,008,395,095	\$226,794,000
Less Exchange Adjustment	—	—	6,587,648	—
			<u>\$2,001,807,447</u>	

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

² This does not include \$4,629,143 of effective loans which the Bank has agreed to sell. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$8,506,864.

³ Original principal amount of loans signed . . . \$2,720,108,464

DEDUCT:

(a) Cancellations and refundings	\$ 52,776,316	
(b) Principal repayments to the Bank	164,346,672	
(c) Loans sold or agreed to be sold of which \$4,629,143 has not yet been disbursed	267,796,381	
(d) Loans not yet effective	226,794,000	711,713,369
		\$2,008,395,095

DEDUCT: Exchange adjustment 6,587,648
Effective loans held by Bank \$2,001,807,447

⁴ 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 \$8,366,000 of loans not yet effective and thus the total of both effective and non-effective loans sold or agreed to be sold is the equivalent of \$276,162,381.

SUMMARY OF CURRENCIES REPAYABLE
ON EFFECTIVE LOANS HELD BY BANK

Currency	Amount
Austrian Schillings	\$ 1,589,994
Belgian Francs	6,914,571
Canadian Dollars	78,919,551
Danish Kroner	2,427,402
Deutsche Marks	13,832,421
French Francs	25,697,375
Italian Lire	8,991,801
Japanese Yen	429,717
Mexican Pesos	800,000
Netherlands Guilders	29,178,788
Norwegian Kroner	288,156
Pounds Sterling	54,328,353
South African Pounds	5,792,579
Swedish Kronor	3,278,251
Swiss Francs	58,009,985
United States Dollars	1,245,661,967

Disbursed portion of effective loans held by Bank . . . \$1,536,140,911

ADD: Undisbursed portion of effective loans
held by Bank 472,254,184

\$2,008,395,095

DEDUCT: Exchange adjustment 6,587,648

Effective loans held by Bank \$2,001,807,447

Notes to Financial Statements

JUNE 30, 1956

NOTE A

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

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

(ii) In the cases of the remaining 12 members (Afghanistan, Canada, China, France, Greece, Indonesia, Israel, Italy, Korea, Peru, Thailand and Uruguay), 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 non-member currency, all Swiss francs 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 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 \$4,547 is due from 1 member in order to maintain the value of its currency as required under Article II, Section 9.

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	\$283,891,296
Accrued Interest, Commitment and Service Charges	2,593,388
Accrued Loan Commissions	615,310
Total	\$287,099,994

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 Executive Directors or the Board of Governors, be allocated to this reserve.

NOTE F

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

Notes to Financial Statements *(continued)*

NOTE G

The Bank has sold under its guarantee \$69,003,844 of loans of which amount \$43,169,344 has been retired. The following table sets forth the maturities of the guaranteed obligations outstanding:

<i>Period</i>	<i>Amount</i>
July 1, 1956 to June 30, 1957	\$ 2,742,500
July 1, 1957 to June 30, 1958	1,784,000
July 1, 1958 to June 30, 1959	1,113,000
July 1, 1959 to June 30, 1960	1,000,000
July 1, 1960 to June 30, 1961	7,285,000
Thereafter	11,910,000
Total	\$25,834,500

NOTE H

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

NOTE I

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

GENERAL

As at June 30, 1956 applications for membership have been received from the following countries:

<i>Country</i>	<i>Subscription</i>
Argentina	\$150,000,000
Viet Nam	\$ 12,500,000
The Sudan	To be determined

In addition applications for increases in share subscriptions have been received from Brazil (\$45,000,000) and Ecuador (\$3,200,000).

Prior to June 30, 1956 the Board of Governors approved the application of Viet Nam, which has until December 31, 1956 to complete action necessary to become a member.

Opinion of Independent Auditor

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

August 6, 1956

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

We have examined the financial statements listed below of International Bank for Reconstruction and Development as of June 30, 1956. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements, with the notes thereto, present fairly the financial position of the Bank at June 30, 1956, expressed in United States currency, and the results of its operations for the twelve months then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.

FINANCIAL STATEMENTS COVERED BY THE FOREGOING OPINION

	<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
Funded Debt of the Bank	E
Summary Statement of Loans	F
Notes to Financial Statements	G

Administrative Budget

FOR THE FISCAL YEAR ENDING JUNE 30, 1957

There is outlined below the Administrative Budget for the fiscal year ending June 30, 1957, 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, 1955, and 1956.

	<i>Actual Expenses</i>		<i>Budget</i>	
	<i>1955</i>	<i>1956</i>	<i>1957</i>	
BOARD OF GOVERNORS	\$ 193,037	\$ 348,756	\$ 214,000	
EXECUTIVE DIRECTORS	372,381	387,476	420,000	
STAFF				
Personal Services	3,247,322	3,581,070	3,811,500	
Staff Benefits	361,456	392,760	432,500	
Travel	557,046	595,036	608,000	
Consultants	176,724	237,434	200,000	
Representation	57,376	49,405	53,000	5,105,000
	4,399,924	4,855,705		
OTHER ADMINISTRATIVE EXPENSES				
Fees & Compensation	140,003	126,062	120,000	
Supplies & Materials	49,989	59,899	60,000	
Rents & Maintenance	536,206	630,165	625,000	
Communications	165,993	184,712	186,000	
Furniture & Equipment	67,596	75,647	65,000	
Printing	60,593	85,457	78,000	
Books & Library Service	68,630	74,159	77,500	
Insurance	24,501	28,728	23,000	
Other	9,027	8,363	10,000	1,244,500
	1,122,538	1,273,192		
CONTINGENCY	—	—	100,000	
Total	\$6,087,880	\$6,865,129	\$7,083,500	
SERVICES TO MEMBER COUNTRIES				
General Survey Missions	208,172	131,449	217,900	
Resident Representatives	83,994	93,534	131,600	
Economic Development Institute	10,511	71,258	97,000	
Training Programs	36,173	11,502	31,000	
Indus Basin Discussions	147,779	196,918	156,000	
Other Advisory Services	73,766	66,255	53,500	
Total	560,395	570,916	687,000	
Grand Total	\$6,648,275	\$7,436,045	\$7,770,500	

No estimate has been made of bond registration, issuance and other financial expenditure for the fiscal year ending June 30, 1957. The amount of bonds which may be issued by the Bank during the year is not known. These expenditures may amount to about \$100,000, exclusive of commissions and premiums, for each \$100 million of bonds which the Bank may issue.

Voting Power and Subscriptions of Member Countries

JUNE 30, 1956

Member Government	Voting power		Subscriptions	
	Number of votes	Percent of total	Amount (in millions of dollars)	Percent of total
Afghanistan	350	.33	10.0	.11
Australia	2,250	2.14	200.0	2.21
Austria	750	.71	50.0	.55
Belgium	2,500	2.38	225.0	2.49
Bolivia	320	.30	7.0	.08
Brazil	1,300	1.24	105.0	1.16
Burma	400	.38	15.0	.17
Canada	3,500	3.33	325.0	3.59
Ceylon	400	.38	15.0	.17
Chile	600	.57	35.0	.39
China	6,250	5.95	600.0	6.63
Colombia	600	.57	35.0	.39
Costa Rica	270	.26	2.0	.02
Cuba	600	.57	35.0	.39
Denmark	930	.88	68.0	.75
Dominican Republic	270	.26	2.0	.02
Ecuador	282	.27	3.2	.03
Egypt	783	.75	53.3	.59
El Salvador	260	.25	1.0	.01
Ethiopia	280	.27	3.0	.03
Finland	630	.60	38.0	.42
France	5,500	5.24	525.0	5.80
Germany	3,550	3.38	330.0	3.65
Greece	500	.48	25.0	.28
Guatemala	270	.26	2.0	.02
Haiti	270	.26	2.0	.02
Honduras	260	.25	1.0	.01
Iceland	260	.25	1.0	.01
India	4,250	4.05	400.0	4.42
Indonesia	1,350	1.29	110.0	1.23
Iran	586	.56	33.6	.37
Iraq	310	.29	6.0	.07
Israel	295	.28	4.5	.05
Italy	2,050	1.95	180.0	1.99
Japan	2,750	2.62	250.0	2.76
Jordan	280	.27	3.0	.03
Korea	375	.36	12.5	.14
Lebanon	295	.28	4.5	.05
Luxembourg	350	.33	10.0	.11
Mexico	900	.86	65.0	.72
Netherlands	3,000	2.86	275.0	3.04
Nicaragua	258	.24	.8	.01
Norway	750	.71	50.0	.55
Pakistan	1,250	1.19	100.0	1.10
Panama	252	.24	.2	¹
Paraguay	264	.25	1.4	.01
Peru	425	.40	17.5	.19
Philippines	400	.38	15.0	.17
Sweden	1,250	1.19	100.0	1.10
Syria	315	.30	6.5	.07
Thailand	375	.36	12.5	.14
Turkey	680	.65	43.0	.47
Union of South Africa	1,250	1.19	100.0	1.10
United Kingdom	13,250	12.62	1,300.0	14.36
United States	32,000	30.47	3,175.0	35.08
Uruguay	355	.34	10.5	.12
Venezuela	355	.34	10.5	.12
Yugoslavia	650	.62	40.0	.44
Totals	105,005	100.00	9,050.5	100.00

¹ Less than .005 percent

Governors and Alternates

JUNE 30, 1956

<i>Member Government</i>	<i>Governor</i>	<i>Alternate</i>
Afghanistan	Abdul Malik	Abdul Karim Hakimi
Australia	Sir Arthur William Fadden	Sir Roland Wilson
Austria	Reinhard Kamitz	Wilhelm Teufenstein
Belgium	Henri Liebaert	Maurice Frere
Bolivia	Augusto Cuadros Sanchez	Fernando Pou Munt
Brazil	Eugenio Gudín	Prudente de Moraes Neto
Burma	U Tin	U Kyaw Nyun
Canada	Walter E. Harris	A. F. W. Plumptre
Ceylon	Stanley de Zoysa	R. S. S. Gunewardene
Chile	Arturo Maschke	Felipe Herrera
China	Peh-Yuan Hsu	Tse-kai Chang
Colombia	Luis Angel Arango	Eduardo Arias Robledo
Costa Rica	Angel Coronas	Mario Fernandez
Cuba		Joaquin E. Meyer
Denmark	Svend Nielsen	Hakon Jespersen
Dominican Republic	Milton Messina	Eudaldo Troncoso Pou
Ecuador	Luis Ernesto Borja	Guillermo Perez-Chiriboga
Egypt	Ahmed Zaki Saad	Albert Mansour
El Salvador	Catalino Herrera	Luis Escalante-Arce
Ethiopia	Menasse Lemma	
Finland	Klaus Waris	Ralf Torngren
France	Minister of Finance	Pierre Mendes-France
Germany	Ludwig Erhard	Fritz Schaeffer
Greece	Demetrios Chelmis	J. S. Pasmazoglu
Guatemala	Gustavo Miron Porras	Gabriel Orellana
Haiti	Clement Jumelle	Christian Aime
Honduras	Guillermo Lopez Rodezno	Rafael Callejas H.
Iceland	Jon Arnason	Vilhjalmur Thor
India	Chintaman D. Deshmukh	Benegal Rama Rau
Indonesia	Ong Eng Die	Loekman Hakim
Iran	Ali Asghar Nasser	Djalaleddin Aghili
Iraq	Sayid Khalil Kenna	Mudhaffer Hussien Jamil
Israel	David Horowitz	Martin Rosenbluth
Italy	Donato Menichella	Giorgio Cigliana-Piazza
Japan	Hisato Ichimada	Eikichi Araki
Jordan	Hamad Farhan	Yacoub Iwais
Korea	Yu Taik Kim	Young Chan Kim
Lebanon	Andre Tueni	Raja Himadeh
Luxembourg	Pierre Werner	Rene Franck
Mexico	Antonio Carrillo Flores	Jose Hernandez Delgado
Netherlands	J. van de Kieft	A. M. de Jong
Nicaragua	Guillermo Sevilla-Sacasa	Alejandro Baca Munoz
Norway	Arne Skaug	Carsten Nielsen
Pakistan	Syed Amjad Ali	Vaqar Ahmed
Panama	J. J. Vallarino	
Paraguay	Pedro A. Caballero	Julio C. Kolberg
Peru	Fernando Berckemeyer	Emilio Foley
Philippines	Miguel Cuaderno Sr.	Emilio Abello
Sweden	N. G. Lange	A. Lundgren
Syria	Husni A. Sawwaf	Adnan Farra
Thailand	Serm Vinichayakul	Puey Ungphakorn
Turkey	Nedim Okmen	Sait Naci Ergin
Union of South Africa	Eric Hendrik Louw	M. H. de Kock
United Kingdom	Harold Macmillan	Sir Leslie Rowan
United States	George M. Humphrey	Herbert V. Prochnow
Uruguay	Nilo Berchesi	Roberto Ferber
Venezuela	Jose Joaquin Gonzalez-Gorron dona, Jr.	Alejandro J. Huizi-Aguar
Yugoslavia	Milentije Popovic	Vojin Guzina

Executive Directors and Alternates and their Voting Power

JUNE 30, 1956

<i>Directors</i>	<i>Alternates</i>	<i>Casting the votes of</i>	<i>Votes by country</i>	<i>Total votes</i>
APPOINTED				
Andrew N. Overby	John S. Hooker	United States	32,000	32,000
Viscount Harcourt	David B. Pitblado	United Kingdom	13,250	13,250
Kan Lee		China	6,250	6,250
Roger Hoppenot	Maurice Perouse	France	5,500	5,500
G. R. Kamat	J. S. Raj	India	4,250	4,250
ELECTED				
Luis Machado (Cuba)	Jorge A. Montealegre (Nicaragua)	Mexico	900	4,475
		Cuba	600	
		Peru	425	
		Uruguay	355	
		Venezuela	355	
		Costa Rica	270	
		Dominican Republic	270	
		Guatemala	270	
		El Salvador	260	
		Honduras	260	
		Nicaragua	258	
		Panama	252	
Thomas Basyn (Belgium)	Hans Kloss (Austria)	Belgium	2,500	4,280
		Austria	750	
		Turkey	680	
		Luxembourg	350	
Mohammad Shoaib (Pakistan)	Ali Akbar Khosropur (Iran)	Pakistan	1,250	4,099
		Egypt	783	
		Iran	586	
		Syria	315	
		Iraq	310	
		Lebanon	295	
		Ethiopia	280	
		Jordan	280	
Jorge Mejia-Palacio (Colombia)	Alfonso Patino-Rosselli (Colombia)	Brazil	1,300	4,036
		Chile	600	
		Colombia	600	
		Philippines	400	
		Bolivia	320	
		Ecuador	282	
		Haiti	270	
		Paraguay	264	

Executive Directors and Alternates and their Voting Power

JUNE 30, 1956

<i>Directors</i>	<i>Alternates</i>			
ELECTED		<i>Casting the votes of</i>	<i>Votes by country</i>	<i>Total votes</i>
P. Lieftinck (<i>Netherlands</i>)	A. Tasic (<i>Yugoslavia</i>)	Netherlands Yugoslavia Israel	3,000 650 295	3,945
Takeo Yumoto (<i>Japan</i>)	Boonma Wongswan (<i>Thailand</i>)	Japan Burma Ceylon Thailand	2,750 400 400 375	3,925
Soetikno Slamet (<i>Indonesia</i>)	Carlo Gragnani* (<i>Italy</i>)	Italy Indonesia Greece	2,050 1,350 500	3,900
Jon Arnason (<i>Iceland</i>)	Torfinn Oftedal (<i>Norway</i>)	Sweden Denmark Norway Finland Iceland	1,250 930 750 630 260	3,820
Otto Donner (<i>Germany</i>)	H. W. Lueck (<i>Germany</i>)	Germany	3,550	3,550
L. H. E. Bury (<i>Australia</i>)	B. B. Callaghan (<i>Australia</i>)	Australia Union of South Africa	2,250 1,250	3,500
Louis Rasminsky (<i>Canada</i>)	J. H. Warren (<i>Canada</i>)	Canada	3,500	3,500

* Temporary

In addition to the Executive Directors and Alternates shown in the foregoing list, the following have also served as Executive Director or Alternate since June 30, 1955:

<i>Executive Director</i>	<i>End of Period of Service</i>
D. Crena de Iongh (Netherlands)	September 30, 1955
<i>Alternate Executive Directors</i>	<i>End of Period of Service</i>
Martin T. Flett (United Kingdom)	February 15, 1956
Richard L. Sharp (United Kingdom)	March 25, 1956
V. G. Pendharker (India)	June 5, 1956
Julio E. Heurtematte (Panama)	March 13, 1956
William Tennekoon (Ceylon)	October 31, 1955
Felice Pick (Italy)	January 20, 1956
Johan Cappelen (Norway)	May 3, 1956

Principal Officers of the Bank

EUGENE R. BLACK.....	<i>President</i>
W. A. B. ILIFF.....	<i>Vice President</i>
J. BURKE KNAPP.....	<i>Vice President</i>
DAVIDSON SOMMERS.....	<i>Vice President</i> <i>and General Counsel</i>

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—Asia and Middle East

ORVIS A. SCHMIDT
Director of Operations—Western Hemisphere

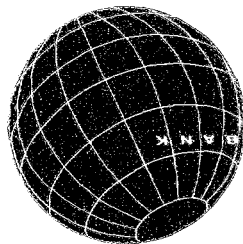
SIMON ALDEWERELD
Director of Technical Operations

BRIAN H. COLQUHOUN
Engineering Adviser

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

This list includes the new appointments made on July 24, 1956, following the appointment of Robert L. Garner as the first President of the new International Finance Corporation.





S O U T H

A M E R I C A