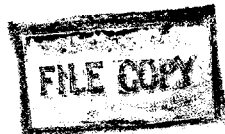


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"International Bank
for Reconstruction and Development



FILE COPY

FOURTEENTH ANNUAL REPORT • 1958-1959"

K. S. Venkatraman

Fourteenth Annual Report

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International Bank for Reconstruction and Development

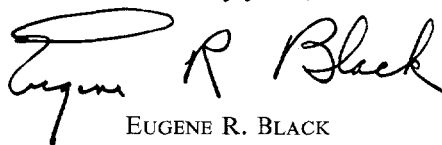
September 28, 1959

My dear Mr. Chairman:

In accordance with Section 10 of the By-Laws of the International Bank for Reconstruction and Development, I have been authorized by the Executive Directors to submit to the Board of Governors this Annual Report of the Bank for the fiscal year July 1, 1958 to June 30, 1959.

The first section of this year's Report surveys the various activities of the Bank in the fiscal year. An Annex follows, giving a country-by-country summary of the year's operations. Finally, there appear the customary Appendices, including the Financial Statements as of June 30, 1959; the Administrative Budget for the fiscal year ending June 30, 1960; and a Statement of Bank Loans.

Sincerely yours,

A handwritten signature in black ink, reading "Eugene R. Black". The signature is fluid and cursive, with the first name "Eugene" written in a larger, more prominent script than the last name "Black".

EUGENE R. BLACK
President

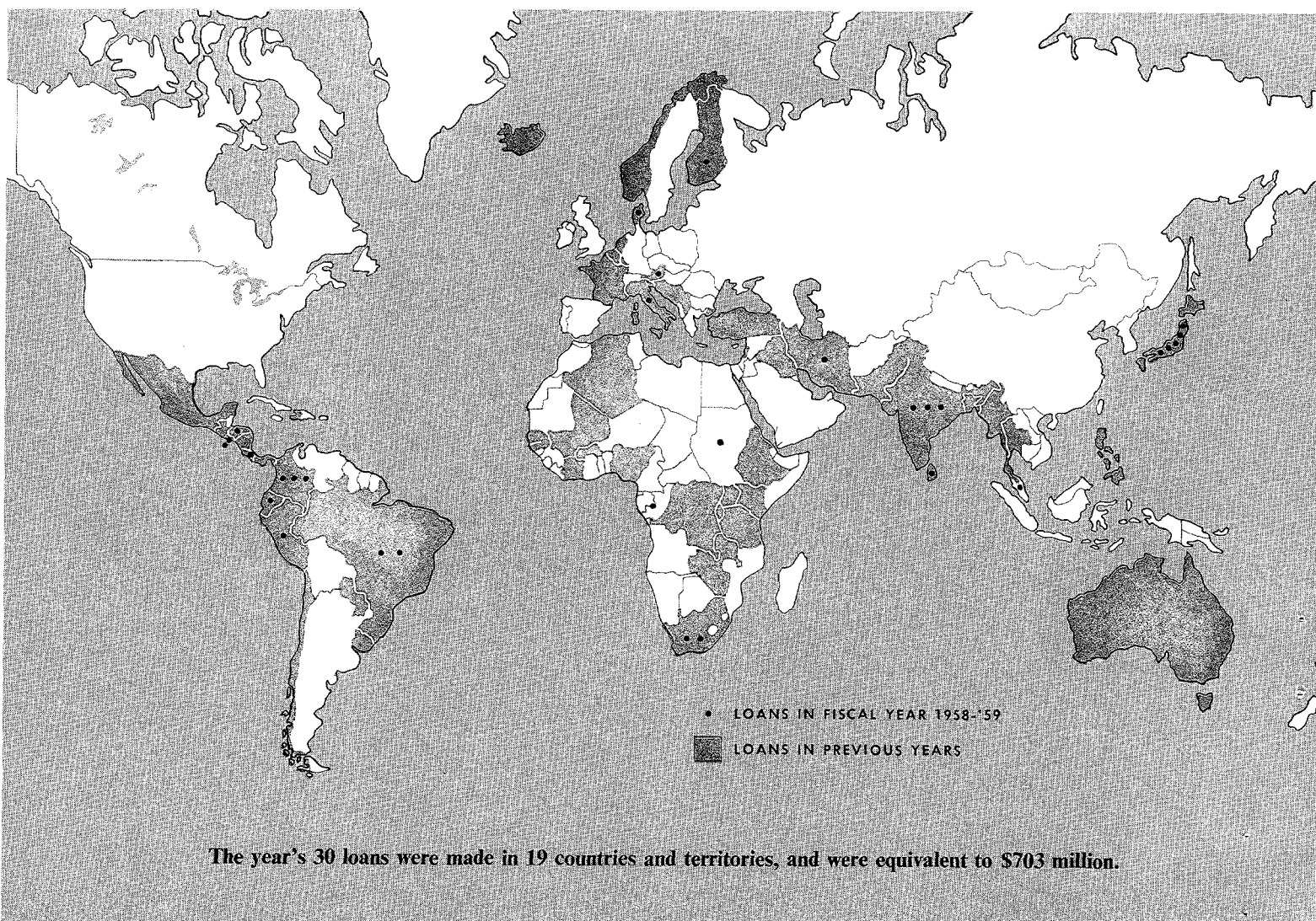
Chairman, Board of Governors,
International Bank for Reconstruction and Development

Financial Highlights

(Expressed in millions of United States Dollars)

	Fiscal Years	
	1958	1959
LOANS OF THE YEAR	\$711	\$703
DISBURSEMENTS ON LOANS	499	583
SALES OF PARTS OF BANK LOANS	87	148
REPAYMENTS OF LOANS TO BANK	28	45
GROSS INCOME	99	122
NET INCOME	42	46
NET INCREASE IN FUNDED DEBT	625	247
NEW RELEASES OF 18% CAPITAL	149	134
TOTAL OF SUPPLEMENTAL RESERVE	236	282
TOTAL OF SPECIAL RESERVE	114	138
TOTAL RESERVES	350	420

THE YEAR'S ACTIVITIES . . .



THE BANK MADE LOANS TOTALING \$703 MILLION in the fiscal year ended June 30, 1959; for the second year in succession, new Bank lending was 75% above the average rate of \$400 million which prevailed from 1954 to 1957. When the higher level was first recorded, in 1957-58, there were indications that it was not a temporary phenomenon, but would continue to prevail. These expectations have been confirmed by the lending of the past year, and by the number of loan applications under active consideration by the Bank at the end of the year. In other respects also, Bank activity continued at a high level: earnings, disbursements and sales of loans were greater than in any previous year.

The economic climate in which the Bank's operations were conducted was one of considerable adversity for many of the Bank's member countries. Indeed, 1958 was a year in which foreign exchange difficulties, of greater or lesser degree, were the rule rather than the exception for the less developed countries of the world. These countries depend for their foreign exchange earnings mainly on the sale of foodstuffs or raw materials, and the prices of many of these products remained comparatively low throughout the year. Latin America, for example, suffered severely from these causes.

Although export earnings declined, the inflow of both public and private capital from the developed areas was well maintained. While the 1958 gross capital inflow to the less-developed countries of around \$5 billion was less than in 1957, it was well above the rate attained in 1956 or in earlier post-war years. These fresh additions of capital contributed to the

financing of imports and enabled many less developed countries to avoid substantial curtailment of investment and to minimize reductions in their rates of economic growth. The momentum of industrial expansion seems to have been fairly well maintained in many underdeveloped countries. Numerous mining operations were, however, affected by the appearance of surpluses in world markets, and there is some evidence that agricultural output did not rise as rapidly as before, owing to adverse weather conditions.

As a result of increased borrowing abroad, it is estimated that the foreign public debt of the less developed countries in the Bank's membership rose by more than \$5 billion between 1955 and the end of 1958. The same countries experienced an average rise of some 15% in their annual debt service obligations over the same period, most of the rise taking place in the last year. The combined effect of increased debt service and of lower export receipts has been to raise the percentage of export earnings absorbed by foreign debt service payments in the majority of the less developed countries: the average ratio increased from 4.7% in 1955 to 5.7% in 1958.

There are, on the other hand, some developments in the world economic scene which point to a more favorable general outlook for the immediate future, the most important being the recovery of the industrial countries from the recession of 1957-58, and the strengthening of demand for primary products which should result. In particular, the substantial improvement of the external financial situation of the countries of Western Europe gives hope that they will be able to provide both a growing market for primary products

and significant financing for economic growth in the less developed countries.

During the year many countries gave consideration to ways in which new international arrangements could be made to assist in this development process. The United Nations Special Fund and the European Investment Bank began work in the period under review, and the Bank was able to cooperate with both institutions in their early operations. Other projected financing organizations included the Arab Financial Institution for Economic Development, for which a charter was approved in January 1959; the Inter-American Development Bank, whose charter was agreed upon in April; and a proposed new affiliate of the World Bank, the International Development Association, which has been the subject of discussions during the year between the United States and other governments.

THE BANK ITSELF was also the subject of international action aimed at increasing the volume of finance for development. At the Annual Meeting of the Bank's Board of Governors in New Delhi in October 1958, the implications of the new level of Bank lending led the Governor for the United States to propose consideration of an increase in the capital of the Bank. This initiative resulted in a unanimous resolution of the Board of Governors that the Executive Directors consider the question. The Executive Directors reported to the Governors on December 22, 1958. Their main proposal was that member countries should be invited to double their capital subscriptions. The Executive Directors also agreed to recommend additional increases, over and above the general 100% increase, in the subscriptions of three members, Canada, Germany and Japan; subsequently similar action was recommended regarding the subscriptions of 14 other member countries.

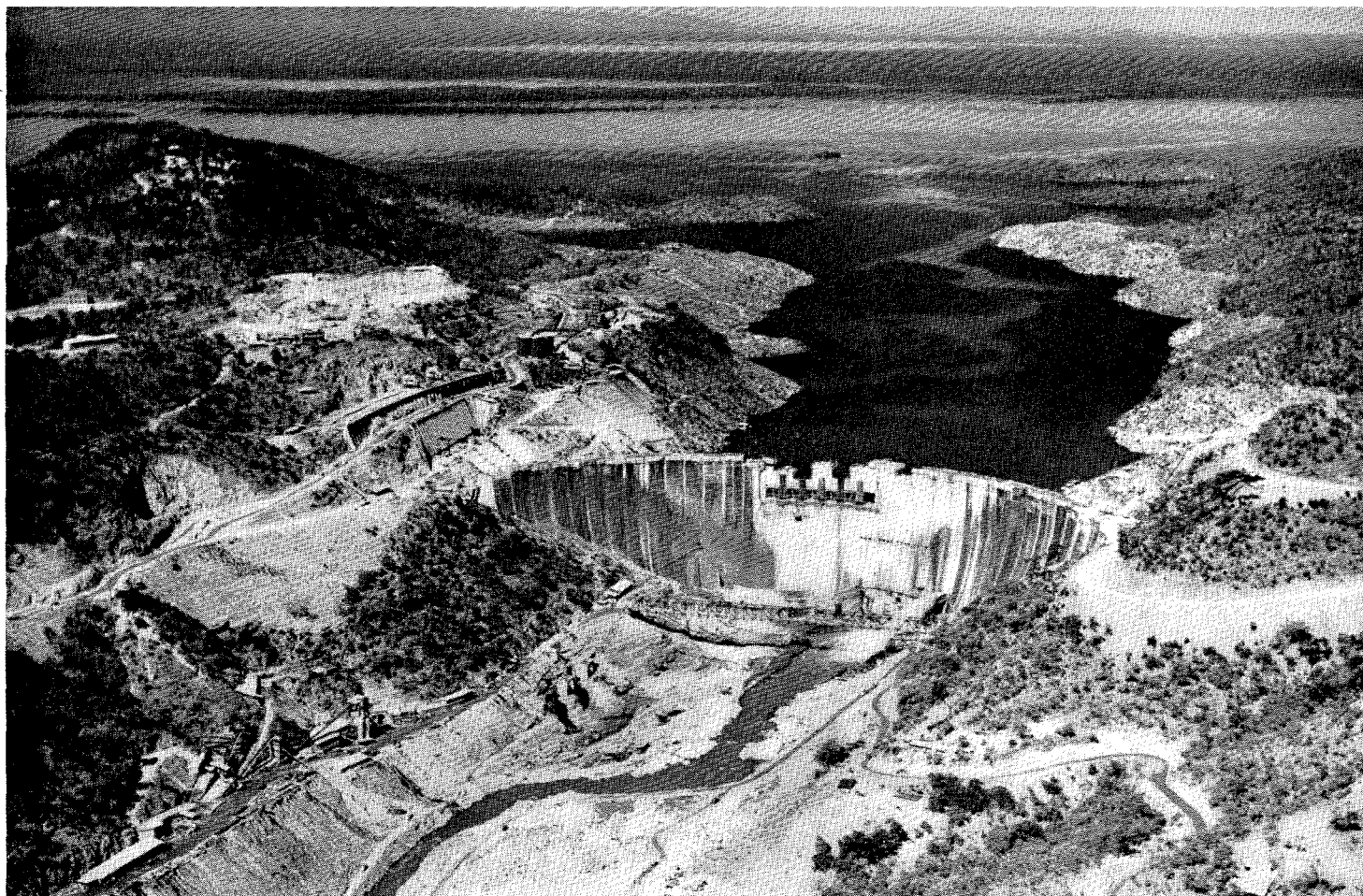
In order to accommodate the large increases in capital subscriptions, the Report recommended that the authorized capital of the Bank should be increased from \$10 billion to \$21 billion, conditional on the subscription by September 15, 1959, of at least \$7 billion, excluding special increases. The new

authorized capital would also be large enough to leave a margin of unsubscribed capital for the admission of new members and for further increases in individual subscriptions.

On February 2, 1959, the Governors had voted their unanimous agreement in principle with these proposals. In order to allow time for the legislation which in the case of many member countries is required to authorize their governments to subscribe to the increased capital, September 1, 1959, was set as the date for completion of formal voting, and September 15, 1959, for the subscriptions toward the required minimum of \$7 billion. A parallel proposal to increase quotas in the International Monetary Fund by 50% has been approved by the Governors of the Fund and is now being acted upon by the members of the Fund; it is contemplated that the two proposals will take effect simultaneously.

The proposal to double members' subscriptions in the Bank envisaged that the entire amount of the additional subscriptions would be left subject to call, and the Executive Directors recommended that the Board of Governors should decide that calls would only be made if required by the Bank to meet its obligations on borrowings or guarantees. No cash payments to the Bank were contemplated except those arising from the special additional subscriptions of particular member countries.

The purpose of the Executive Directors was to provide further large-scale support for the Bank's borrowing operations in the world's investment markets. It was always contemplated that the Bank would raise the bulk of its lendable funds through borrowings. The capital structure of the Bank, as designed at Bretton Woods, provided that only 20% of each member's subscription could be called and used for lending; the remaining 80% was to constitute, in effect, a large guarantee fund serving as backing for the Bank's borrowing operations. And the Bank in fact relies increasingly on borrowed funds with which to make loans; although its loan commitments have totaled almost \$4.5 billion, the subscriptions of member governments have provided funds directly for only one-third. In these circumstances, the standing



A new lake stretches 175 miles up the Zambezi from the mighty Kariba Dam. This project, constructed with the help of an \$80 million Bank loan, will provide more than a million kilowatts of power capacity for the development of the Rhodesias.

of the Bank's credit in world investment markets is of vital importance.

It was the view of the Executive Directors that the increase in the Bank's resources involved in their proposals would make unnecessary any further increase in its capital for a number of years to come. In all, the uncalled subscriptions of member governments would rise from their present figure of \$7.65 billion to almost \$18 billion; the uncalled subscription of the United States, which the investment market regards as of outstanding importance to the Bank's borrowing operations, would be increased from the present \$2,540 million to \$5,715 million.

At the end of the fiscal year the legislation necessary to carry the increased subscriptions into effect was being enacted in many member countries; several governments, including those of the United States and the United Kingdom, had already completed all necessary action.

THE PART PLAYED by the Bank in the past year toward the solution of international economic disputes has already received wide attention, and needs only brief mention here. First came the negotiation of a settlement between the United Kingdom and the United Arab Republic of the financial claims which arose out of the Suez incident of 1956. The President of the Bank was able to bring the two parties together on the basis of a compromise acceptable to both sides.

Secondly, there were further developments in the dispute between India and Pakistan over the sharing of the waters of the Indus Basin. This dispute has led to an increasingly difficult situation between the two countries since Partition in 1947, and the Bank has been engaged since 1952 in seeking to bring the two Governments to a mutually satisfactory agreement. Last year's Annual Report noted that the need for agreement was becoming more urgent as the irrigation and resettlement schemes got under way.

In July, 1958, a new round of discussions opened in London with the presentation by the Pakistan Government of an engineering plan which in their view offered a solution. The discussions were resumed in Washington in December, when the Indian Government gave its comments on the Pakistan Plan, but put forward its own alternative scheme. This, in turn, was unacceptable to Pakistan. Faced with this situation, the Bank decided that the time had come to try to obtain the assent of each Government to certain general principles on which the provisions of a settlement could be based. Meanwhile, in the course of the meetings which began in December, the two Governments were able to enter into an interim agreement covering irrigation uses during the crop-year ending on March 31, 1960.

In May, 1959, the President of the Bank made a special visit to New Delhi and to Karachi to discuss the further steps that might usefully be taken. Mr. Black was accompanied by Mr. Iliff, the Vice President of the Bank who has had charge of this negotiation since 1953. Conversations took place with the heads of the Indian and Pakistan Governments, and resulted in the establishment of certain general principles affording a satisfactory basis for working toward a final settlement. As matters stand at the end of June, representatives of the Governments of India and Pakistan, together with representatives of the Bank, are to meet in London early in August to work out heads of agreement for an international water treaty. The engineering plan on which a settlement would be based involves a system of works estimated to take about ten years to construct, and to require expenditures in India and Pakistan aggregating about \$1,000 million, partly in foreign exchange and partly in local currencies. Over and above the amounts that would be provided toward the cost by India and by Pakistan, it is envisaged that financial assistance would be forthcoming from the Bank itself and from friendly governments. The Bank has already opened discussions with representatives of the Governments of Australia, Canada, Germany, New Zealand, the United Kingdom and the United States, and it is believed that other countries may also wish to provide financial support.

INDIA WAS THE SUBJECT of another initiative taken by the Bank during the year. It became clear early in 1958 that fulfillment of the Second Five-Year Plan was jeopardized by a deterioration in the Indian balance of payments. In August, 1958, the Bank called a conference in Washington of representatives of the Governments of Canada, Germany, Japan, the United Kingdom and the United States. The International Monetary Fund sent an observer to the meeting. A full discussion took place of India's foreign exchange position; this discussion was followed by bilateral negotiations as a result of which India received additional financial support for the third year of the Plan from all the governments represented, and also from the Bank in the form of loans for railway and power development.

It was recognized at this first meeting that the problem should be kept under review. Accordingly, a second meeting of the same composition was held in Washington in March, 1959. The second meeting was able to note an improvement in India's economic situation, particularly in the balance of payments. From the statements made at the meeting, it appeared that sufficient assistance would be forthcoming to give India reasonable expectations of being able to maintain the momentum of the development program in the fourth year, and meet essential maintenance needs of the economy without throwing undue strain on external reserves.

FURTHER PROGRESS was made during the year on the Bank's first examination of the economics of atomic power as a means of producing electricity. Last year's Annual Report recorded the first stages of the cooperative exercise in which the Bank and the Italian Government joined to ascertain a commercially feasible means of producing nuclear power in Southern Italy. By July 1958, the International Panel appointed by the Bank had completed its review of the nine tenders submitted by manufacturers in several countries for the proposed nuclear power station. The Panel reported its findings to the Societa Elettro-nucleare Nazionale (SENN), the public utility corporation formed to build and operate the new plant.

Subsequently SENN selected one of the tenders which were closely competitive. A summary of the report of the International Panel on the tenders was published by the Bank in May 1959. Discussions took place during the year between the Bank and SENN on the financing of the project.

THE MEMBERSHIP of the Bank rose to 68 in September, 1958, with the entry of Libya and Spain as new members; the capital subscription of Libya was \$5 million and of Spain \$100 million. Five countries increased their subscriptions to the Bank's capital: El Salvador from \$1 million to \$3 million, Haiti from

\$2 million to \$7.5 million, Honduras from \$1 million to \$3 million, Paraguay from \$1.4 million to \$3 million, and the Philippines from \$15 million to \$50 million. The new members and the increases in subscriptions raised the subscribed capital of the Bank by \$151.1 million to a total of \$9,556.5 million.

At the end of the fiscal year the regular staff of the Bank numbered 605, compared with 582 a year before. There was one change during the year in the principal officers of the Bank: Mr. Davidson Sommers, Vice President, relinquished his position as General Counsel and was succeeded in that post by Mr. A. Broches, who was previously Director of the Legal Department.

THE YEAR'S LENDING

Bank lending during the twelve months ended on June 30, 1959, continued at the high level reached in the previous fiscal year; 30 loans were made, aggregating the equivalent of \$703,125,000, only \$8 million below the high record set in the previous year.

Half the year's new loans, \$354 million, were made in Asia. The balance was made up of \$136.5 million in Latin America, \$110.6 million in Africa and \$102 million in Europe. Three of the year's loans—in Gabon, Malaya and the Sudan—were in countries where the Bank had not previously lent; the total number of loans rose to 234 in 50 member countries and territories.

The pattern of lending showed the usual emphasis on the strengthening of basic services. Electric power development was the largest objective, accounting for \$294 million of the total. These power loans will assist the installation of almost 2.5 million kilowatts of new generating capacity in eleven member countries, 63% in hydroelectric power projects and the remainder in thermoelectric capacity; there will also be extensive additions to transmission and distribution systems. The countries concerned were Austria, Brazil, Ceylon, Colombia, Denmark, El Salvador, Honduras, India, Italy, Japan and Malaya.

Transportation, which last year had held first place

LIST OF LOANS
Expressed in United States Dollars

<i>Country</i>	<i>Purpose</i>	<i>Amount</i>
Austria	Power	\$ 25,000,000
Brazil	Power—2 Loans	84,600,000
Ceylon	Power	7,400,000
Colombia	Power—3 Loans	19,400,000
Costa Rica	Agriculture, Industry	3,500,000
Denmark	Power	20,000,000
Ecuador	Port	13,000,000
El Salvador	Roads	5,000,000
	Power	3,000,000
Finland	Industry	37,000,000
Gabon	Manganese Mining	35,000,000
Honduras	Power	1,450,000
India	Power—2 Loans	50,000,000
	Railways	85,000,000
Iran	Roads	72,000,000
Italy	Power, Industry	20,000,000
Japan	Industry—3 Loans	65,000,000
	Power—2 Loans	39,000,000
Malaya	Power	35,600,000
Peru	Port	6,575,000
South Africa	Railways—2 Loans	36,600,000
Sudan	Rail and River Transport	39,000,000
TOTAL 30 Loans		\$703,125,000

among the purposes for which Bank loans were made, this year took second place to electric power at the figure of \$257.2 million. The bulk was lent for railway improvements, including \$85 million for the Indian Railways, \$39 million, chiefly for railway improvements, in the Sudan and \$36.6 million for an extended railway expansion program in South Africa. The two road loans of the year included the largest loan the Bank has yet made for this purpose: \$72 million for large-scale development of Iran's road system. In Latin America, \$5 million was lent for a feeder road program in El Salvador. Other transportation loans in that part of the world included \$13 million for a new port at Guayaquil in Ecuador, and \$6.6 million to assist port expansion at Callao in Peru.

Loans for industry totaled \$149 million, largely for steel, paper and mining. The Japanese steel industry benefited from loans totaling \$65 million to three

major private steel producers. In Finland, the manufacture of chemical pulp and newsprint is being assisted by a loan of \$37 million which will help nine companies in the industry to modernize their plants and increase their output. In Italy, Bank lending for industry will give further impetus to the development of new chemical industries in Sicily. Another loan, of \$35 million, will make possible the mining and transportation of manganese ore from large deposits in the Republic of Gabon, French Equatorial Africa.

Agriculture in less developed countries continued to benefit from Bank lending, as in earlier years, mainly from the construction of new highways, and also by the application of new power supplies to irrigation and other agricultural purposes. The only loan made directly for agriculture was of \$3.5 million to the Central Bank of Costa Rica to finance the import of equipment for farming and for light industry.

Rail is laid on the new 80-mile railroad which now links Colombia's eastern railway system, centered on Bogota, with the western system serving the Cauca Valley. The new link is part of a large railway program being assisted by \$41 million of Bank loans.



Bank Loans Classified by Purpose and Area

JUNE 30, 1959

(Millions of U.S. Dollars, net of cancellations and refundings)

Purpose	Areas					Western Hemisphere
	Total	Africa	Asia	Australia	Europe	
Grand Total	4,426	589	1,297	318	1,288	934
Development Loans: Total	3,929	589	1,297	318	791	934
ELECTRIC POWER						
Generation and Distribution	1,398	178	415	29	273	503
TRANSPORTATION	<u>1,297</u>	<u>332</u>	<u>458</u>	<u>132</u>	<u>69</u>	<u>306</u>
Railroads	730	261	286	37	3	143
Shipping	12	—	—	—	12	—
Ports and Inland Waterways	159	6	80	—	47	26
Roads	325	65	72	51	—	137
Airlines and Airports	57	—	6	44	7	—
Pipelines (natural gas)	14	—	14	—	—	—
COMMUNICATIONS						
Telephones, Telegraph and Radio	24	2	—	—	—	22
AGRICULTURE AND FORESTRY	<u>316</u>	<u>—</u>	<u>68</u>	<u>104</u>	<u>88</u>	<u>56</u>
Farm Mechanization	118	—	—	90	2	26
Irrigation and Flood Control	154	—	53	6	74	21
Land Clearance and Improvement	27	—	14	6	2	5
Crop Processing and Storage	5	—	—	—	4	1
Livestock	4	—	1	—	—	3
Forestry	8	—	—	2	6	—
INDUSTRY	<u>689</u>	<u>37</u>	<u>281</u>	<u>53</u>	<u>271</u>	<u>47</u>
Iron and Steel	294	—	258	14	22	—
Pulp and Paper	113	—	4	1	88	20
Fertilizer and other Chemicals	57	—	—	—	57	—
Other Industries	92	—	5	24	59	4
Mining	83	35	—	14	12	22
Development Banks	50	2	14	—	33	1
GENERAL DEVELOPMENT	<u>205</u>	<u>40</u>	<u>75</u>	<u>—</u>	<u>90</u>	<u>—</u>
Reconstruction Loans: Total	497	—	—	—	497	—

FINANCIAL OPERATIONS

As already noted, the year's new loan commitments totaled \$703 million and brought the cumulative total of Bank loans, net of cancellations and refundings, to \$4,426 million. Of this total, \$833 million has been repaid or sold to other investors. At June 30, 1959, the effective loans held by the Bank stood at \$3,387 million, of which \$2,566 million has been disbursed.

Net earnings exclusive of receipts from loan commissions were \$46.5 million, an increase of \$4.5 million over the previous record. Disbursements rose to \$583 million, compared with \$499 million for the year before. Sales of parts of Bank loans amounted to \$148 million, exceeding the previous high of \$99 million reached in 1955. On the other hand, the Bank borrowed less than in 1957-58; borrowing totaled \$432 million, compared with \$650 million in 1957-58.

RESERVES, INCOME, REPAYMENTS AND INTEREST RATE

At June 30, 1959, the Bank's total reserves had reached \$420 million, an increase of \$70 million during the year. The reserves consist of two parts. One, the supplemental reserve accumulated from net earnings, stood at \$282 million at the end of the fiscal year, compared with \$236 million a year earlier. The other, a special reserve to which are credited receipts from the commission of 1% charged on the outstanding balance of all loans, increased by \$24 million to a total of \$138 million.

Gross income for the year excluding loan commissions was \$122 million, compared with \$99 million the year before, an increase of almost 25%. Net earnings, however, increased by only 10%, mainly because of the Bank's increasing reliance on borrowed funds, for which it must pay market rates of interest, rather than on subscribed capital which is available interest-free. Thus, in the past year, interest and issue costs rose by 38% to \$66 million. Administrative costs, the other element of Bank expenditure, increased

from \$8.3 million in 1957-58 to \$9.8 million in the year under review. Of this total, about \$1 million was spent for special services to member countries, including general survey missions, costs of mediation, training programs and other advisory services.

Repayments to the Bank amounted to \$45 million and borrowers repaid \$64 million on maturities of their loans which had been sold by the Bank to other investors. Total principal repayments thus amounted to \$109 million, an increase of 38% over the previous year. Included in the total was Panama's pre-payment, several years before final maturity, of the outstanding balance due to the Bank and other creditors on Bank loans made in 1953 and 1955, for agriculture and roads. Full payment was made in December 1958, the Bank receiving \$4.5 million and other investors \$1.7 million.

Changing conditions in world capital markets, particularly in the United States, led to upward movements in the interest rate on new Bank loans. In July 1958, the rate was 5½%; by September it had risen to 5¾%, and in May 1959, it was increased to 6%.

DISBURSEMENTS

Bank loan disbursements during the year were \$583 million, the highest figure in the Bank's history. Total disbursements to June 30, 1959, were \$3,377 million. As has been the case in recent years, the Bank financed a large proportion (46%) of the year's disbursements by drawing upon currencies other than dollars. Loans are repayable in the currencies used by the Bank; a summary of the currencies repayable to the Bank as of June 30, 1959, is given in Appendix E.

The following table shows the distribution by countries of the orders placed by Bank borrowers using Bank loan funds. The normal procedure is for borrowers to place their orders on the basis of international competition, and the table illustrates the wide distribution of orders which results.

Loan Expenditures in Individual Countries

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

Disbursements by borrowers for imports from:	Cumulative total to June 30, 1958	Fiscal Year 1958-59	Cumulative total to June 30, 1959
Belgium	\$ 80.8	\$ 13.9	\$ 94.7
Canada	120.7	8.3	129.0
France	61.5	22.2	83.7
Germany	201.3	69.2	270.5
Italy	45.9	26.8	72.7
Japan	37.0	26.3	63.3
Sweden	24.7	8.8	33.5
Switzerland	46.6	11.4	58.0
United Kingdom	296.3	87.0	383.3
United States	1,342.7	125.8	1,468.5
All other countries	120.4	23.7	144.1
Totals	\$2,377.9	\$423.4	\$2,801.3
Other disbursements*	416.8	159.2	576.0
GRAND TOTAL	\$2,794.7	\$582.6	\$3,377.3

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

THE YEAR'S BORROWING

The continued high rate of Bank lending required new borrowings totaling almost \$432 million. Only one new bond issue was sold in the United States market; three-quarters of the total was borrowed from investors in many other countries, and included the Bank's first public offerings of bonds in Germany and Belgium. The German issue, incidentally, was also the largest public offering of non-dollar bonds so far made by the Bank.

The Federal Republic of Germany was in fact the largest single source of borrowed funds during the year. The first transaction was for \$40 million for three years at $2\frac{1}{2}\%$, a replacement of a maturity of the same amount due on a previous loan. The lender was the Deutsche Bundesbank, the central bank of Germany. The same lender made three more loans to the Bank; one was of DM 200 million (approximately \$47.6 million), in the form of three-year notes at an interest rate of 3% . Of this borrowing about \$13 million is still to be drawn down. The second was of \$58 million in three-year $3\frac{7}{8}\%$ notes. Of this sum,

\$25 million was a replacement of expiring one-year notes maturing on a previous loan. The third was the issue of \$25 million of three-year $4\frac{1}{2}\%$ notes payable to the Deutsche Bundesbank to replace an equal amount maturing on June 20, 1959.

On April 9, the Bank made its first bond issue on the German investment market, selling a total of DM 200 million of fifteen-year 5% bonds. The issue was sold through a syndicate of more than 70 German banks, headed by the Deutsche Bank A.G., as the principal manager and the Dresdner Bank A.G. as co-manager. The issue was heavily oversubscribed and was noteworthy not only for the demand in Germany, but also for the volume of orders received by the underwriters from other European countries. The bonds will be repayable at par in ten annual installments of DM 20 million each, beginning April 1, 1965.

The result of the year's transactions in Germany was to put the outstanding total of Bank borrowing there at a total equivalent to \$365.4 million, of which \$283 million were obligations in United States currency and the remainder in German Marks.

The year also saw new Bank borrowing in Switzerland. On February 1, the Bank borrowed 100 million Swiss Francs (approximately \$23 million) in the form of fifteen-year 4% Swiss Franc bonds. This transaction was the tenth issue of bonds in Switzerland and brought the outstanding total of Bank borrowing in Swiss Francs to the equivalent of \$140 million. The bonds were sold through a syndicate of leading Swiss banks, headed by the Swiss Bank Corporation.

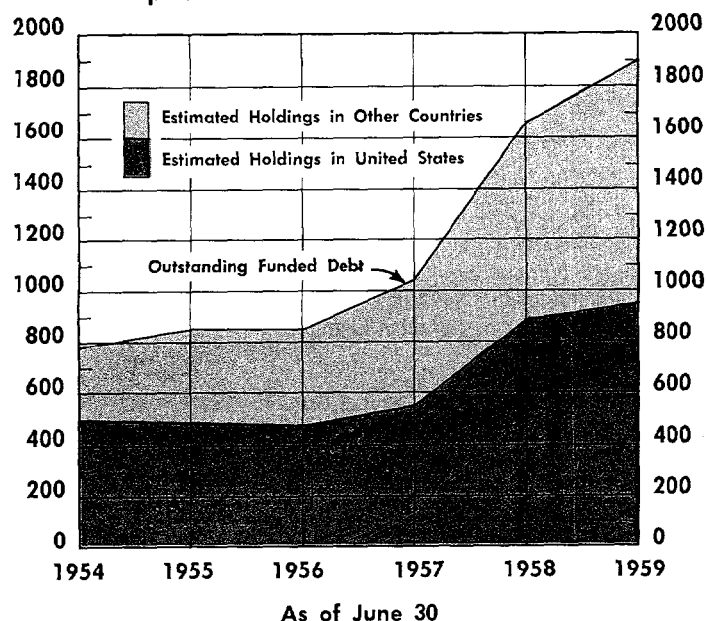
Toward the end of the fiscal year the Bank also placed \$5 million of two-year $4\frac{1}{2}\%$ notes with an institutional investor in Switzerland.

The Bank's first issue in Belgium consisted of ten-year 5% Bank bonds in an amount of 500 million Belgian Francs (equivalent to \$10 million). The issue was sold by four leading Belgian banks, Banque de la Société Générale de Belgique, Banque de Bruxelles, Kredietbank, and Société Belge de Banque. Applications were received for more than twice the amount of the issue. The bonds will be non-callable for the first five years. On May 6, 1964, and any interest payment date thereafter, the bonds will be callable at par.

GROWTH OF THE BANK'S FUNDED DEBT

1954-1959

Expressed in millions of United States Dollars



Another transaction during the year was the placement on October 1, 1958, of \$75 million of two-year 3¼% bonds denominated in United States dollars. These bonds were all placed outside the United States. Demand was heavy and the bonds were bought by 39 institutional investors in 25 different countries, many of the investors buying Bank bonds for the first time.

The only issue sold during the year on the United States investment market consisted of \$100 million of Bank 4½% fifteen-year bonds. They were marketed on November 18, 1958, by a nation-wide underwriting syndicate comprising 181 investment firms and banks. This was the tenth bond issue sold in the United States under the joint management of The First Boston Corporation and Morgan Stanley & Co. The issue was sold at par and was oversubscribed. The new bonds will not be redeemable prior to December 1, 1968, except through the operation of a sinking fund, beginning June 1, 1964, which is calculated to retire 50% of the issue prior to maturity.

As with all recent Bank issues in the United States market, certain institutional purchasers took advantage of the delayed delivery feature which allowed for taking delivery of the bonds on one or more quarterly dates from March 1, 1959, through December 1, 1960. In all, \$6.5 million of the issue was sold for delayed delivery; by the end of the fiscal year, \$2.2 million of these bonds had been delivered by the Bank. In addition, the Bank received \$31 million in delayed delivery payments for bonds sold in the previous fiscal year.

The acquisition by the Bank of its bonds to meet purchase and sinking fund requirements during the year totaled the equivalent of \$17 million in U.S. dollars, Canadian dollars, and pounds sterling. The Bank also retired \$182 million of its bonds and notes at maturity.

The net result of all these transactions was an increase of \$247 million in the Bank's funded debt, bringing the total outstanding on June 30 to the equivalent of \$1,905 million. Although the greater part of this total is denominated in U.S. dollars, it will be clear from the transactions described above that its composition is becoming increasingly international. Moreover, there is a steady demand by investors in many countries for the Bank's dollar securities. At the end of the fiscal year it was estimated that about half of the Bank's total obligations were held outside the United States.

CAPITAL SUBSCRIPTIONS AND SALES OF LOANS

The Bank's lendable funds were also augmented during the year by further effective releases by member governments of the 18% of their capital subscriptions which is payable in the members' own currencies; these additional releases were equivalent to \$134 million. They brought to almost \$1,500 million the total of member countries' subscriptions (including the 2% subscribed in gold or dollars) which have been lent or are available for lending over the next five years.

On June 30, 1959, the cumulative total of sales of parts of loans by the Bank stood at \$568 million. During the last fiscal year, sales were \$148 million,

compared with \$87 million in the previous year. The increase was partly accounted for by one large transaction, whereby a syndicate of Dutch banks purchased the remaining maturities, totaling about \$55 million, of a reconstruction loan made by the Bank to the Netherlands Government in August 1947. Most of the remaining sales were of maturities of loans made in previous years; participations by other financial institutions, principally commercial banks, at the time loans were made, accounted for \$32 million. The largest participation of this kind was in the loan to Iran of \$72 million, of which four United States banks took a total of \$12 million.

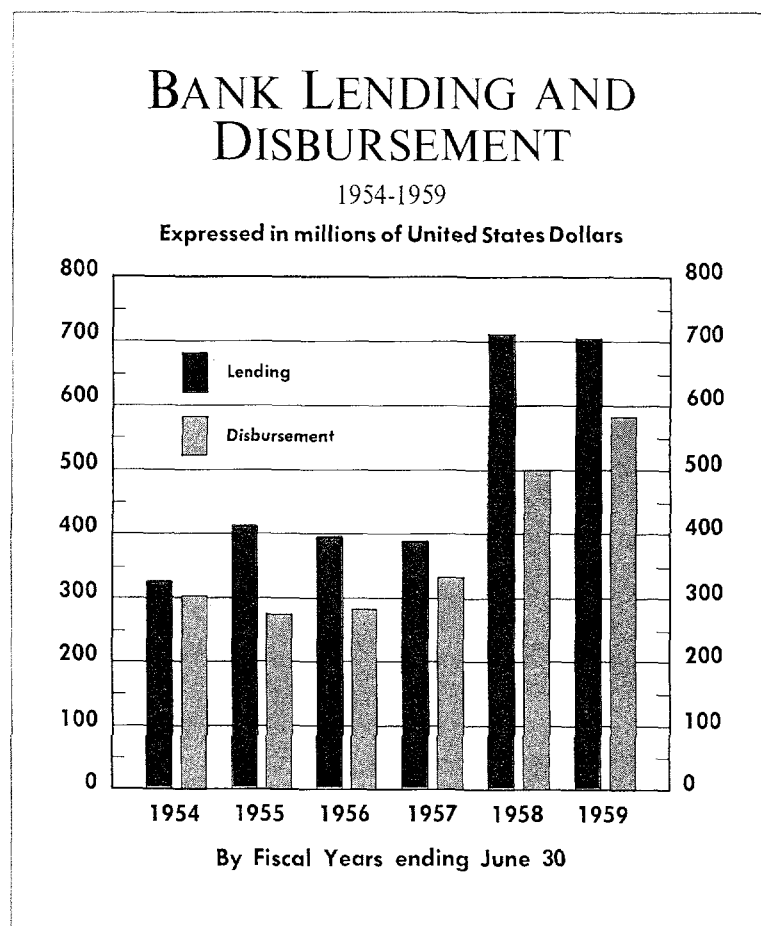
JOINT OPERATIONS

For some years the Bank has been pursuing a policy of combining with the United States investment market by arranging to make a loan coincide with an approach by the borrower to the capital market for additional finance, often for the same project. The past year saw extensive use of this technique; there were five joint operations, involving Austria, Denmark, Italy, Japan and the Union of South Africa. The total amount raised was \$250 million: Bank loans contributed \$100 million, \$130 million came from the market, and the European Investment Bank lent the remaining \$20 million equivalent.

The first joint operation of the fiscal year was with Austria. The Bank loan was of \$25 million; the market lent the same amount, in the form of an issue of \$25 million Republic of Austria 5½% fifteen-year external sinking fund bonds, which were marketed by an investment banking group headed by Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co.

The Union of South Africa was the borrower in the next joint operation, the Bank loan being of \$25 million. The other half of the transaction consisted of the sale of a total of \$25 million of external loan bonds of the Union, in the form of three, four, five and ten-year bonds. Dillon, Read & Co. Inc. headed the underwriting syndicate.

Denmark was the borrower in the third joint transaction, the Bank lending \$20 million and another



\$20 million being raised by the sale of 5½% fifteen-year Kingdom of Denmark bonds. The public offering was handled by an investment banking group headed by Kuhn, Loeb & Co., Smith Barney & Co., Harriman Ripley & Co. Inc., and Lazard Freres & Co.

Japan provided the fourth instance, a total of \$40 million being shared between a loan of \$10 million by the Bank and market issues of \$30 million of three, four, five and fifteen-year bonds. The bonds were marketed by a syndicate of underwriters headed by The First Boston Corporation.

The fifth joint transaction assisted the Cassa per il Mezzogiorno, the Italian Government agency which is carrying out the development program for Southern Italy. In this case there were three parties concerned. The Bank lent \$20 million. The same amount was provided by the European Investment Bank, which was making its first loan. An additional \$30 million was raised by issues of four, five and fifteen-year bonds of the Cassa, marketed by a group of investment firms headed by Morgan Stanley & Co.

TECHNICAL ASSISTANCE AND LIAISON

The past year has again seen heavy demand on the part of member countries for the Bank's services in carrying out general economic surveys. At the end of the fiscal year, one general survey report, that of the Mission to Thailand, had been transmitted to the Government, and was to be published shortly. Another report, that of the Mission to Libya, was being drafted. A third Mission had just arrived in Tanganyika to begin its work there, which is expected to last until the end of August. Arrangements have been made for a fourth Survey Mission to go to Venezuela in September. It is expected that all four reports will have been made public by the middle of 1960. They will raise to 19 the total of the general surveys which the Bank has made of the economies of member countries or their territories.

Nor has there been any decrease in the demand for technical assistance of a more specialized nature. The Bank cooperated with FAO in organizing an agricultural survey mission to recommend an agricultural development program for Peru. Staff members visited Malta at the request of the United Kingdom, and gave their advice on various questions concerning future economic developments there. In the Sudan the Bank's agricultural and engineering experts, assisted by a consultant on soils and agronomy, studied important new irrigation projects and advised the Government on the technical and economic merits of the proposals.

Staff members were also made available to member countries for longer terms to assist with development problems. The two-man Mission in Peru was continued during the year and will extend into next year; a similar Mission was established in Pakistan; and the Bank provided a staff member and additional assistance from time to time for the Special Economic Mission set up by the Government of Ecuador with the help of the Bank. The Bank also continued to grant a staff member leave of absence to serve as the head of the Technical Bureau of the Plan Organization in Iran. The Bank and the United Nations continued

through the year to provide an expert to serve as Director of the Ceylon Institute of Scientific and Industrial Research. The Bank's special representative in Haiti completed his assignment in February 1959.

The Bank was also active in assisting various member countries to organize or operate development banks. Representatives were sent to Paraguay, Peru and China (Taiwan) to advise on the establishment of new banks or on the reorganization of existing banks in those countries. The Bank also participated in the planning of the new Industrial and Mining Development Bank of Iran, which is being sponsored by Lazard Freres of New York and The Chase International Investment Corporation. A staff member of the Bank was lent as adviser for one year to the Industrial Credit and Investment Corporation of India. The Investitionskredit A.G. of Austria and the Commonwealth Development Finance Company, Ltd. of the United Kingdom each sent a staff member to Washington for a period of training in investment appraisal and supervision with the Technical Operations Department of the Bank.

Reference was made in last year's Annual Report to a conference which had been held in Washington of development bank executives from many countries. Based on the discussions in this meeting, a book is now being prepared on the principal problems which confront the sponsors of development banks and the issues which arise in their operations.

In addition to the usual cooperation on a national and regional basis with the various agencies of the United Nations, the Bank was particularly active in helping the U.N. Special Fund with its first tasks. The Special Fund, which was set up to carry out projects of a size and duration beyond the scope of the U.N. technical assistance program, held its first meeting in January of this year. The President of the Bank is a member of the three-man Consultative Board to the Fund. By the end of June 1959, the Special Fund had approved 13 projects, involving a total cost of \$7,550,000. The Bank has agreed to administer two



The Port of Karachi, West Pakistan's principal gateway to the world, is being rehabilitated with the help of a Bank loan of \$14.8 million. The program includes rebuilding wharves, roads and bridges, installing new cranes, and constructing modern storage facilities.

of these projects, a survey of electric power development in Argentina, and a study of the silting problem encountered in the approaches to the Port of Bangkok. The Bank also lent members of its staff to the Special Fund for various periods to assist in appraising the projects submitted.

The Economic Development Institute, the Bank's staff college of economic development, held its fourth course from the end of October 1958 until April 1959. The course was attended by 20 senior officials from 18 of the Bank's less developed member countries, ten coming from Asia, four from Africa, four from Latin America, and two from Europe. The seminars of the course were led by a small regular Institute staff, supplemented by outside experts on particular subjects. The course included field trips to various centers of American finance and industry, and ended with a visit to Southern Italy, where the participants saw several of the projects involved in the program of the Cassa per il Mezzogiorno for

the development of Southern Italy and the neighboring islands of Sicily and Sardinia.

At the invitation of the government and university authorities concerned, the Institute has agreed to conduct a short course on economic development at the University College of the West Indies in Jamaica this summer. About 25 participants have been selected by the University College, including seven from Caribbean countries outside the Federation of the West Indies. The fifth regular course of the Institute will begin in Washington in October. The participants have already been selected, and consist of 25 senior officials from 21 countries.

The Bank also continued the training program, which it has operated for 12 years, for more junior officials from the Bank's member countries. There were nine participants in the program this year. During the year also three senior officials from member countries came to the Bank for specialized training in finance and project evaluation.

annex

The information in this Annex describes loans and other Bank activities during the year. Loans to borrowers other than member governments carry the guarantee of the governments concerned. Interest rates shown include the 1% commission which is allocated to the Bank's Special Reserve. The participations of financial institutions in loans of the year were all without the Bank's guarantee.

A F R I C A

BRITISH HIGH COMMISSION TERRITORIES

At the request of the Government of the United Kingdom, the Bank has nominated the Chairman of a mission which the Government proposes to send to the High Commission territories of Basutoland, Bechuanaland Protectorate and Swaziland, to make recommendations for a five-year development program.

G A B O N

MINING LOAN

\$35 million 15-year 6% loan of June 30, 1959

BORROWER • Compagnie Minière de l'Ogooué (COMILOG)

This was the Bank's first loan in French Equatorial Africa and the first to be made to a private company operating in member republics of the French Community. COMILOG is a company incorporated in the Republic of Gabon; its share capital is divided 51%—49% between French and United States shareholders. The loan will help to finance the equipment and operation of a manganese mine in the interior of Gabon, and the construction of transport facilities in Gabon and the Congo Republic to carry the ores to the coast. The export of the manganese will provide the Gabon Republic with an important new source of foreign exchange, estimated to amount to as much as \$16 million equivalent a year. The Congo Republic will benefit from the project through the opening up of hitherto inaccessible timber resources.

COMILOG's ore deposits are extensive and of high grade. Conditions favor open pit mining and initial

production will be at an annual rate of 500,000 tons. A plant to process the crude ore will be provided at the site of the mine, along with living quarters, workshops, electric power and other facilities. The ore will begin its journey to the sea on a 45-mile overhead cableway from the mine to the Gabon-Congo frontier. The next stage will be on a new 180-mile railroad which is being built through the Congo Republic to link up with the Congo-Ocean Railroad 125 miles from the Atlantic port of Pointe Noire. At the port, COMILOG will install ore storage and loading facilities.

The total cost of the project is estimated at the equivalent of \$89 million. Construction is expected to take three years and the first shipments of ore are planned for mid-1962. The loan is guaranteed by the Republic of Gabon, the Congo Republic and France. **PARTICIPATION** • Lazard Freres & Co., New York, is arranging the private sale of maturities representing at least half the amount of the loan.

L I B Y A

At the request of the Government, the Bank sent a mission to Libya in January 1959 to make a general survey of the economy and to assist in the formulation of an economic development program. The mission included economists and advisers on agriculture, water resources, transportation, communications and public utilities, industry, education and public health. Three agencies of the United Nations, FAO, WHO and UNESCO, provided assistance to the Bank in recruiting and briefing the mission members. The mission was preparing its report at the end of the fiscal year.

Ethiopia's highway program, assisted by two Bank loans, has helped to make possible recent large increases in coffee and oilseed exports. This bridge near Addis Ababa awaits a new concrete deck.

SUDAN

RAIL AND WATER TRANSPORT LOAN
\$39 million 20-year 5⅞% loan of July 21, 1958

BORROWER • Sudan

This first Bank loan to the Sudan is being used to buy equipment and materials from abroad for improvement and expansion of the railway system, port facilities and river transport services on the Nile. All sections of the program are being carried out by the state-owned Sudan Railways.

The railway system comprises some 2,670 track miles and the loan provides for the purchase of main-line diesel locomotives, freight cars, undercarriages for coaches, and materials and equipment for shops, yards and communications. The loan will also assist the building of two new railway extensions into productive zones in the South and West and the laying of heavier rails on an important section of the present lines. The river services operate for 1,500 miles on three stretches of the Nile and its tributaries throughout the year, and on additional routes during the rainy season. These services will be improved through the conversion of some of the fleet from steam to diesel power and by the addition of new diesel craft built at the Khartoum Dockyard. At Port Sudan on the Red Sea, the country's chief outlet to world markets, new cargo berths will be built, making it possible to dispense with costly operations at pontoon moorings.

PARTICIPATION • The Chase Manhattan Bank, Bank of America and The First National City Bank of New York are participating in the loan for a total amount of \$1,750,000.

OTHER ACTIVITIES

At the request of the Government, a mission visited the Sudan in October and November of 1958 to examine and advise on the technical and economic merits of the Managil irrigation project and the Roseires storage dam on the Blue Nile. The mission's report was presented to the Government in April.



TANGANYIKA

At the request of the Government, the Bank organized a mission to make a general survey of the economy and to assist in the formulation of a development program for Tanganyika. The mission arrived early in June and expects to remain there for about three months. It includes economists and advisers on industry, trade, agriculture, water resources, transportation and mineral resources.

TUNISIA

The Bank sent its first mission to Tunisia in February 1959 to make a study of the economic situation.

UNION OF SOUTH AFRICA

RAILWAY LOANS

\$25 million 10-year 5¾% loan of December 2, 1958

BORROWER • Union of South Africa

The loan was part of a joint operation in which the Bank loan was made to coincide with a public offering in New York of \$25 million of external loan bonds of South Africa by an underwriting syndicate headed by Dillon, Read & Co., Inc. The funds received from the bond issue contributed to South Africa's capital expenditures. The Bank loan is helping to finance the expansion program of the South African Railways and Harbours Administration. Although the railways have already greatly increased their capacity, and are now carrying two-thirds more freight than at the end of 1945, they are still not able to handle all the freight offered. The Government has therefore accelerated its railway investment program to enable the railways to do so by 1962.

The program includes the improvement of some 410 miles of line, the electrification of 640 miles, and new

construction of 160 miles of branch and suburban lines. A total of 530 locomotives and large quantities of rolling stock will be purchased.

\$11.6 million 10-year 6% loan of June 10, 1959

BORROWER • Union of South Africa

This second loan gave further assistance to the South African Railways and Harbours Administration in financing the railway expansion program.

In all the Bank has now made six loans for the improvement of railways in South Africa, the total lent being almost \$137 million.

PARTICIPATION • Bank of America, Continental Illinois National Bank and Trust Company, The Philadelphia National Bank, The New York Trust Company, Morgan Guaranty Trust Company of New York, National Shawmut Bank of Boston, The First National Bank of Chicago, The Chase Manhattan Bank, The First National City Bank of New York, The Northern Trust Company and the Swiss Bank Corporation, New York Agency, are participating in the loan to the extent of \$2,381,000.

ASIA AND THE MIDDLE EAST

CEYLON

POWER LOAN

\$7.4 million 20-year 5¾% loan of September 17, 1958

BORROWER • Ceylon

The loan will help to finance a thermoelectric project to increase supplies of power in southwestern Ceylon, which contains nearly half of the country's population and is the center of economic activity. The demand for power for commercial, residential and industrial use has been growing rapidly in Ceylon; in the past six years power sales have increased at an average rate of 15½% a year. The project consists of the construction of a 25,000-kilowatt power plant in Colombo. The transmission network will also be extended, as will distribution facilities.

PARTICIPATION • Manufacturers Trust Company and Bank of America are participating in the loan to the extent of \$717,000.

OTHER ACTIVITIES

The Bank, together with the United Nations, continued to provide a Director during the year for the Ceylon Institute of Scientific and Industrial Research.

CHINA

A Bank mission went to Taiwan in February-March 1959 to advise the Government on operational policies and methods to be followed by the China Development Corporation, which was formally inaugurated on May 15, 1959.

INDIA

POWER LOANS

\$25 million 20-year 5¾% loan of July 23, 1958

BORROWER • India

The loan funds are being re-lent by the Indian Government to the Damodar Valley Corporation, an autonomous organization established in 1948 to promote the unified development of the Damodar Valley. This area lies northwest of Calcutta in the States of Bihar and West Bengal, and because of its rich mineral resources has become the most highly industrialized region in India. DVC's activities include the provision of electric power, flood control, irrigation and drainage, land conservation and afforestation, and promotion of the health and general welfare of the inhabitants of the Valley. Previous Bank loans totaling \$27 million, made in 1950 and 1953, helped to finance some of these projects.

The new Bank loan will be used to install an additional 75,000 kilowatts of generating capacity at the Bokaro thermoelectric plant and to construct a new 150,000-kilowatt thermoelectric station at Durgapur to serve the new steel mill now being completed there. Additional transmission and distribution facilities are also included in the program.

PARTICIPATION • Brown Brothers Harriman & Co. and Vereinsbank of Hamburg, Germany, are participating in the loan for a total equivalent to \$263,000.

\$25 million 25-year 5¾% loan of April 8, 1959

BORROWER • India

The funds from this loan are being re-lent to the Bombay State Government for the construction of the Koyna hydroelectric power plant, 130 miles southeast of Bombay. The project is designed to supplement the power system supplying the Bombay-Poona area, where industrial growth has been very rapid in recent years. The main features of the project are the construction of a dam and tunnel system to divert part of the flow of the Koyna River from the eastern to the western side of the mountains which form the continental divide of India. The powerhouse, about 40 miles from the Arabian Sea, will be con-

structed underground and will be equipped initially with four 60,000-kilowatt generators. The loan will also be used for the necessary transmission facilities.

RAILWAY LOAN

\$85 million 20-year 5¾% loan of September 16, 1958

BORROWER • India

This loan will help to meet the foreign exchange costs of a program to improve and expand the Indian Railways, which have been the object of special attention in India's Second Five-Year Plan. The Indian railway system, the fourth largest in the world, is owned by the Government and carries the bulk of the country's traffic. The acute shortage of rail transport of a few years ago has been alleviated, but further expansion is necessary to meet the continuing growth of freight and passenger traffic.

It is now planned to increase the annual freight capacity of the railways from 114 million tons to 168 million tons, involving the purchase of 112,000 freight cars. The program provides for an increase in passenger traffic during the Plan period. The cost of the railway program is estimated to be the equivalent of \$2,360 million, of which about \$800 million is to be spent abroad. In 1957 the Bank made four loans, totaling \$90 million equivalent, to finance part of the materials and equipment to be imported during the first two years of the program.

PARTICIPATION • The First Pennsylvania Banking and Trust Company of Philadelphia and The Chartered Bank, New York Agency, will participate in the loan for a total amount of \$1,000,000.

IRAN

ROAD LOAN

\$72 million 17-year 6% loan of May 29, 1959

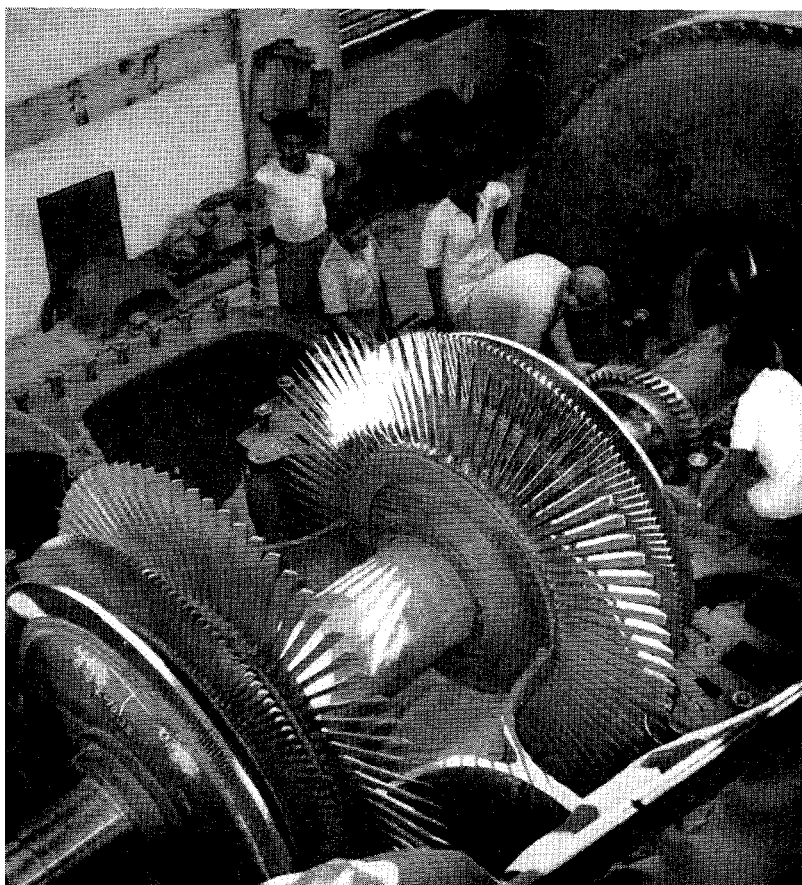
BORROWER • Iran

This loan, the largest ever made by the Bank for roads, will help finance a large-scale project for the construction and improvement of about 1,600 miles of roads included in Iran's Second Seven-Year Development Plan. These roads serve the most populous and productive regions of Iran and it is expected that

the project will stimulate agricultural output and facilitate the movement of goods in internal and international trade. The project also includes the planning and preliminary engineering of Iran's next main road program and of a feeder road program.

Inadequate transportation has long been a major handicap to development in Iran, an area as large as Germany, France, Italy and Spain combined. Some 80% of the 20 million population are engaged in agriculture and since most of the country is arid and mountainous, cultivation is carried on in widely scattered localities. Iran's 7,500 miles of national roads carry the bulk of the country's freight and passenger traffic. Very few of the roads are built to standards adequate for motor vehicles and most of them are greatly in need of repair; this involves delays and damage in the transportation of cargo and has increased the cost of operating trucks, the principal users of the roads. Lack of adequate road connections from producing to consuming centers causes a waste of produce, with higher prices to consumers and financial losses to cultivators, and has been an

Bank lending to India for electric power has helped to add almost one million kilowatts of power capacity. This turbine is for the Trombay power plant in Bombay.



obstacle to the execution of government-sponsored development projects and to the growth of private industry. The project is scheduled for completion by mid-1962.

PARTICIPATION • Bank of America, The Chase Manhattan Bank, The First National City Bank of New York, and Irving Trust Co. are participating in the loan to the extent of \$12 million.

OTHER ACTIVITIES

The agreement between the Bank and the Plan Organization whereby the Bank recruits foreign experts for the Organization's Technical Bureau has been extended until April 30, 1960. The post of Chief of the Bureau continued to be filled by a Bank staff member on leave of absence.

The Bank's resident mission in Iran completed its assignment in July 1958.

I R A Q

A staff member, who had been on leave of absence from the Bank serving as Economic Adviser to the Development Board since September 1957, concluded his assignment in August 1958.

I S R A E L

The Bank sent its first mission to Israel in April 1959 to make an appraisal of the economic situation.

J A P A N

STEEL PRODUCTION LOANS

\$33 million 15-year 5⅜% loan of July 11, 1958

BORROWER • Japan Development Bank

The Japan Development Bank is the government agency which supplies long-term credit for industrial development in Japan. The funds from this loan are being re-lent to assist the expansion program of Sumitomo Metal Industries Ltd., the fourth largest steel producer in Japan, whose main plant is at Wakayama, in central Honshu. The program will increase the company's annual productive capacity to about 825,000 tons of pig iron, 1,450,000 tons of steel ingots and

1,334,000 tons of finished and semi-finished steel products. The project includes the construction of a blast furnace with a daily capacity of 1,000 tons of pig iron, 57 coke ovens, a by-products plant, a 47" blooming mill, and all auxiliary facilities for these plants. Three open hearth furnaces are also to be remodeled to increase their capacity, and harbor facilities installed to receive ships up to 15,000 tons.

PARTICIPATION • J.P. Morgan & Co., Inc., Continental Illinois National Bank and Trust Company of Chicago, Compagnie de Gestion et de Banque of Geneva, Switzerland, Commerzbank of Dusseldorf, Frankfurter Bank of Frankfurt-am-Main, Vereinsbank of Hamburg and Bayerische Hypotheken-und Wechsel-Bank of Munich, Germany, are participating in the loan to the extent of \$1,100,000.

\$10 million 15-year 5¾% loan of August 18, 1958

BORROWER • Japan Development Bank

The Bank funds are being re-lent to the Kobe Steel Works, Ltd., the sixth largest private steel maker in Japan, to assist a program designed to increase Kobe's annual production capacity of steel ingots from about 524,000 to 640,000 tons and finished steel products from 534,000 to about 600,000 tons, as well as to raise its non-ferrous metal and machinery-making capacity. The Bank loan will be used to build a new blast furnace and related facilities. The furnace will have an output of 288,000 tons of pig iron a year and will provide the Kobe company with its own source of this material. The project also includes the construction of harbor installations at Nadahama, in Kobe, unloading and yard facilities for iron and coke, a sintering plant and a 16,400-kilowatt thermoelectric power plant. The loan will also help to finance the remodeling of two open hearth furnaces at the Wakinohama steel plant in Kobe and to install a new mixer there to receive pig iron from Nadahama.

PARTICIPATION • The First National City Bank of New York, Berliner Handels-Gesellschaft of Frankfurt-am-Main and Vereinsbank of Hamburg are participating in the loan in an amount totaling the equivalent of \$784,800.

\$22 million 15-year 5¾% loan of September 10, 1958

BORROWER • Japan Development Bank

The loan is being passed on to the privately-owned Japan Steel and Tube Corporation Limited to help to complete its four-year expansion program. This company is the third largest steel manufacturer in Japan, and is planning to increase its annual production capacity of pig iron from 1,125,000 to about 1,500,000 tons, and of ingot steel from 1,700,000 to about 2,300,000 tons, with a corresponding expansion of finishing facilities. The Bank funds will help to erect two 60-ton oxygen top blowing converters, a 46" slabbing mill, a 68" semi-continuous hot strip mill and a 66" reversing cold strip mill in the new Mizue plant near Tokyo. The loan will also help to expand the company's seamless tube mill.

PARTICIPATION • National Bank of Commerce of Seattle, Washington and Manufacturers Trust Company, of New York, are participating in the loan for a total amount of \$1,698,000.

POWER LOANS

\$29 million 25-year 5¾% loan of September 10, 1958

BORROWER • Japan Development Bank

The loan funds are being made available to the privately-owned Chubu Electric Power Company, Inc., to help to install 170,000 kilowatts of new hydro-electrical generating capacity to supply mid-eastern Honshu and its chief industrial city, Nagoya. The project includes the construction of a hollow concrete gravity dam 397 feet high, which will impound 107 million cubic meters of water. Hatanagi No. 1 power station, containing half of the new capacity, will be located near the foot of this dam, while Hatanagi No. 2 will be further downstream.

PARTICIPATION • Continental Illinois National Bank & Trust Company of Chicago is participating in the loan to the extent of \$336,000.

\$10 million 25-year 5¾% loan of February 17, 1959

BORROWER • Japan Development Bank

This loan was the first to be made by the Bank in Japan as part of a joint operation. Coincident with

the Bank loan, \$30 million of Japan bonds were sold on the New York investment market. Through a syndicate of underwriters, headed by The First Boston Corporation, Japan offered \$15 million of fifteen-year bonds; it also offered \$15 million of three, four and five-year bonds, with The First Boston Corporation acting as financial adviser and offering agent.

The proceeds of the bond issues were added to the country's foreign exchange reserves, and the yen equivalent was re-lent to the Electric Power Development Company, Ltd. (EPDC) which will use the funds for the Miboro hydroelectric power project on the Sho River in Honshu Island. The Bank funds are

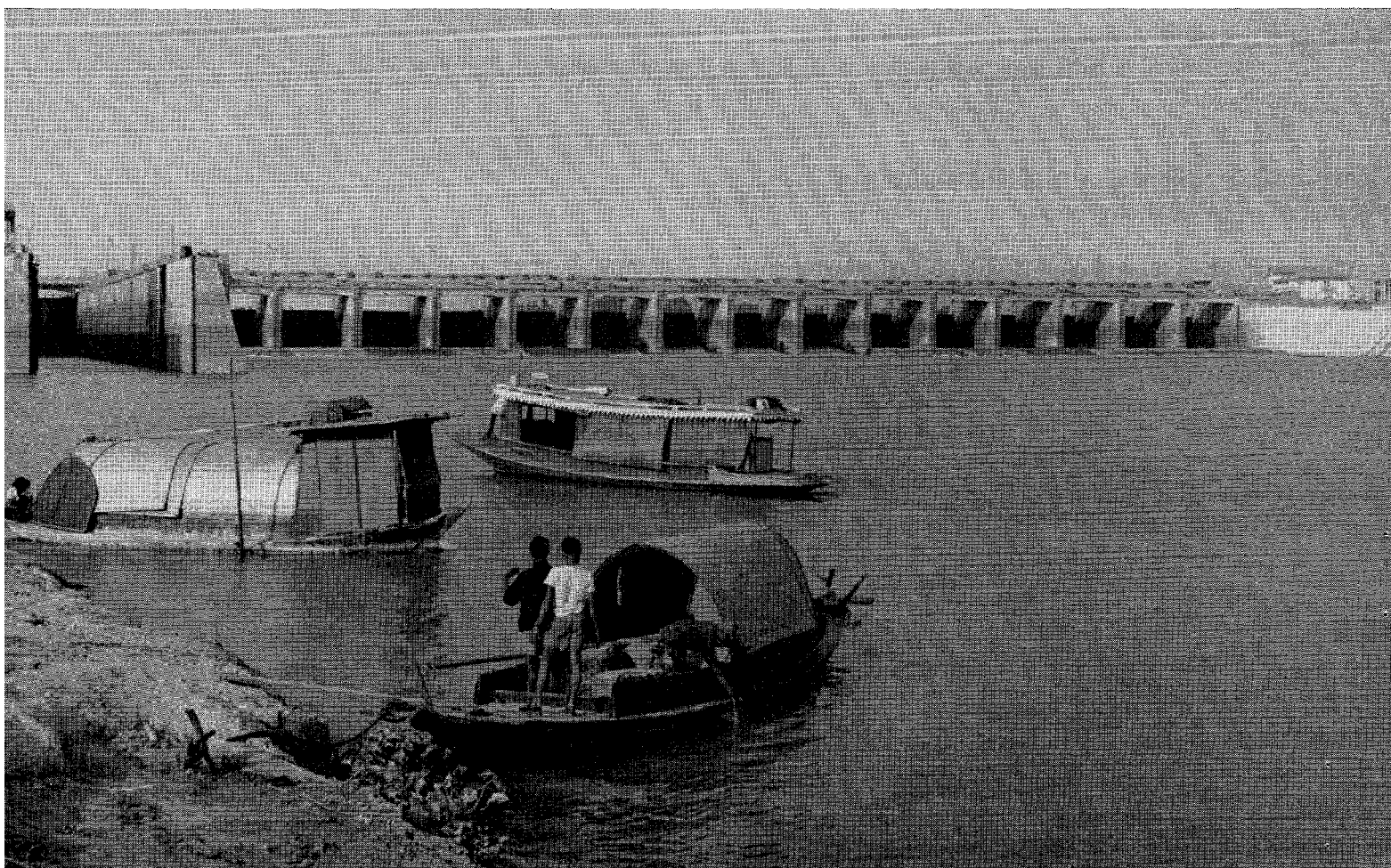
also being re-lent by the Japan Development Bank to the same power company.

EPDC is a publicly-owned utility and was established in 1952. It has already completed several hydroelectric projects with a total capacity of 748,100 kilowatts. The Miboro project consists of a very large rock-fill dam and an underground powerhouse with 215,000 kilowatts of generating capacity.

OTHER ACTIVITIES

SOFREMINE (Société Française d'Etudes Minières), which surveyed the Japanese coal industry under contract to the Bank and the Japan Productivity Center, presented its final report in July 1958.

The Chainat irrigation barrage on the Chao Phya River in Thailand was completed in 1955 with the help of a Bank loan of \$18 million. Although the irrigation system is still to be completed rice production in the area has already increased by 25%.



MALAYA

POWER LOAN

\$35.6 million 25-year 5¾% loan of September 22, 1958

BORROWER • Central Electricity Board

This was the first Bank loan in the newly independent Federation of Malaya. It will help to finance the Cameron Highlands hydroelectric project to increase power supplies to the capital, Kuala Lumpur, and the States of Selangor, Negri Sembilan and Malacca. Additional power is urgently needed in the area to satisfy a rapid increase in industrial and other demand. The new capacity will also make possible the extension of the network to other areas. The Central Electricity Board is the largest distributor of power in the Federation, serving two-thirds of all power users. The Bank loan will be used to build a 75,000-kilowatt underground power station at Jor, an intermediate 5,500-kilowatt power station at Habu and to extend the transmission system.

PARTICIPATION • The Chartered Bank, New York Agency, The Hong Kong and Shanghai Banking Corporation, New York Agency, and Mercantile Bank, Ltd. are participating in the loan for a total amount of \$1,280,000.

PAKISTAN

In December 1958 the Bank stationed a resident representative in Pakistan for a period of two years; he was joined by an assistant in February 1959 and an

agricultural assistant in June 1959. In April 1959 the Bank's industrial consultant advised the Government regarding a proposed steel mill. In June, at the request of the Government, the Bank initiated steps to support the proposed Agricultural Inquiry Commission and undertook, in cooperation with FAO, to provide the foreign members of the Commission.

THAILAND

At the request of the United Nations Special Fund, the Bank has agreed, subject to the conclusion of satisfactory arrangements with the Special Fund, to administer an investigation of the problem of silting in the Chao Phya estuary; the investigation will be financed by the Special Fund.

The report of the general survey mission which spent the fiscal year 1957-58 in Thailand, was submitted to the Government in March 1959. At the end of June, the report was being printed.

UNITED ARAB REPUBLIC

A Bank mission visited the Republic in April and May to make an up-to-date appraisal of the economic and financial situation.

VIET-NAM

A Bank mission went to Viet-Nam in January 1959 for discussions with the Government.

E U R O P E

AUSTRIA

POWER LOAN

\$25 million 25-year 5¾% loan of December 2, 1958

BORROWER • Verbundgesellschaft and Donaukraftwerke

This loan was part of a joint operation involving a Bank loan and a public offering in New York of \$25

million of Austrian 5½% external sinking fund dollar bonds by an investment group headed by Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. Approximately half the proceeds from the sale of the bonds will be re-lent by the Austrian Government to the two corporations which received the Bank loan. The remainder will be used by the Government to finance other capital expenditure.

Verbundgesellschaft is a government corporation which operates most of Austria's transmission system and controls the operations of four publicly owned power generating companies, of which Donaukraftwerke is one. The new funds will help to finance the construction of the Aschach hydroelectric power project on the Danube, near the city of Linz. This run-of-the-river project consists of a dam and a generating plant with a capacity of 264,000 kilowatts. The plan for the development of the hydroelectric potential of the Danube in Austria contemplates the construction of 15 power plants having a total capacity of more than 2,000,000 kilowatts. With the Aschach project, 25% of this capacity will be harnessed.

DENMARK

POWER LOAN

\$20 million 20-year 5¾% loan of February 4, 1959

BORROWER • Kingdom of Denmark

The loan was part of a joint operation in which the Bank loan was made to coincide with a public offering in New York of \$20 million Kingdom of Denmark 5½% fifteen-year external loan sinking fund bonds by an investment banking group headed by Kuhn, Loeb & Co., Smith Barney & Co., Harriman Ripley & Co. Inc., and Lazard Freres & Co. The bond issue will help to meet Denmark's general capital needs. The Bank loan will help to finance electric power expansion in Denmark. Six public utility companies are carrying out the expansion; they operate about 65% of the total generating capacity of the country, and serve the islands of Zealand (in which Copenhagen is located) and Bornholm and the north and east central part of Jutland. The projects involve the installation of 437,000 kilowatts of new generating capacity in five thermoelectric plants and the construction of associated substations and 190 miles of transmission lines. Construction is due for completion by mid-1962 at a total cost equivalent to \$59 million.

PARTICIPATION • The New York Trust Company, The First National City Bank of New York and Girard Trust Corn Exchange Bank are participating in the loan for a total amount of \$1,551,000.

FINLAND

INDUSTRY LOAN

\$37 million 15-year 5¾% loan of March 16, 1959

BORROWER • Mortgage Bank of Finland Oy

The funds from this loan are being re-lent by the borrower, a subsidiary of the Bank of Finland, to nine companies in the pulp and paper industry. Finland is Europe's largest exporter of newsprint and kraft paper and board. Wood products account for 80% of the country's export earnings, more than half being from pulp and paper. Most of the companies in the industry are integrated producers, manufacturing in addition to pulp and paper such items as sawn goods, plywood, chemicals and prefabricated houses.

Approximately half of the Bank loan has been allocated to three companies which are expanding their capacity to produce sulphate pulp by a total of 150,000 tons a year. Another third of the loan will assist three other companies to expand their newsprint capacity by 180,000 tons annually. The remainder of the funds will help the other three companies to rationalize their steam and power facilities and to increase their capacity to produce dissolving and high-grade paper pulp by about 55,000 tons a year.

PARTICIPATION • The First National City Bank of New York, Irving Trust Company, Chemical Corn Exchange Bank, The New York Trust Company, The Chase Manhattan Bank, Bankers Trust Company, Brown Brothers Harriman & Co. and Swiss Bank Corporation of Basle, Switzerland, are participating in the loan for a total amount of \$2,302,000.

ITALY

INDUSTRY AND POWER LOAN

\$20 million 20-year 5¾% loan of April 21, 1959

BORROWER • Cassa per il Mezzogiorno

The Cassa is the governmental agency established in 1950 to administer a program to develop the southern part of Italy and the islands of Sicily and Sardinia. This loan was the sixth of a series of Bank loans to the Cassa, and brought the gross total to \$260 million. It was the first Bank loan to be made as part

of a joint operation with the investment market in the United States and the European Investment Bank.

The market issues consisted of \$30 million of four, five and fifteen-year bonds of the Cassa, marketed through a group of investment firms headed by Morgan Stanley & Co. The European Investment Bank loan was equivalent to \$20 million. The Cassa will apply the funds from the bond issues to financing its general program. The loans from the World Bank and the European Investment Bank will be re-lent by the Cassa to help to finance a new thermoelectric project and two new petro-chemical plants, in the following amounts: \$18 million will go toward building a new 210,000-kilowatt thermoelectric plant on the Mercure River about 120 miles southeast of Naples; \$14 million will assist the SINCAT chemical manufacturing plant in Sicily to extend its production into petro-chemicals, including ethylene and its derivatives; \$8 million will be used by S.p.A. CELENE to set up a plant, also in Sicily, for the production of

polyethylene and other products, using ethylene from SINCAT as its raw material.

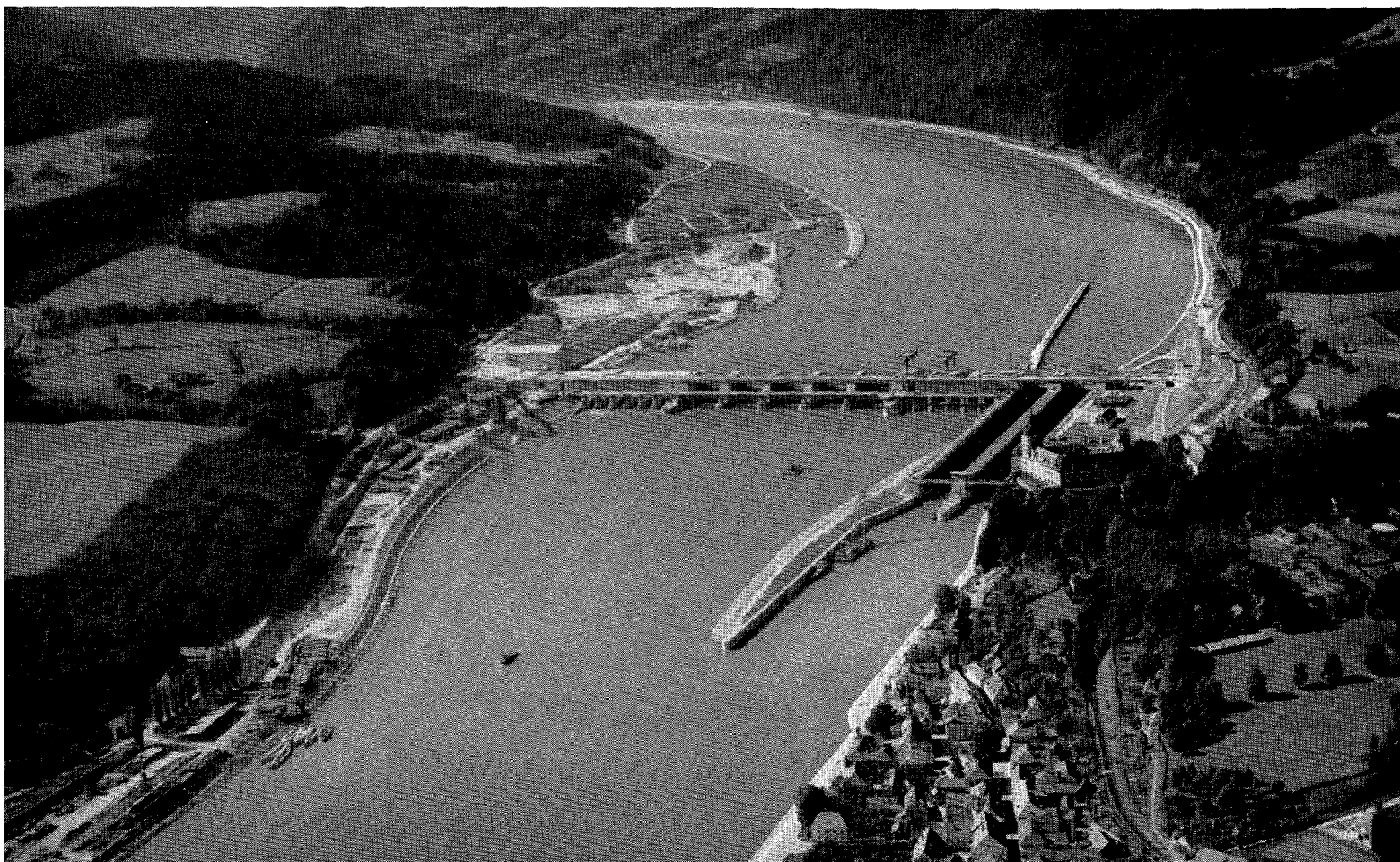
MALTA

A two-man mission visited Malta in September 1958 to explore how best the Bank could assist the authorities in the formulation of an economic development program. Later in the year the Bank informed the Government of the United Kingdom that it would be prepared to advise the Maltese authorities from time to time, at their request, on current problems of the economy and on plans for future development.

SPAIN

In October, 1958, following Spain's admission to the Bank, a small mission visited Madrid to make contact with the administrative and financial authorities; the mission made a preliminary study of the economic and financial situation.

A series of power stations across the Danube in Austria will provide two million kilowatts of electric power capacity. A Bank loan assisted the construction of the 60,000-kilowatt Ybbs-Persenbeug run-of-the-river plant, 80 miles upstream from Vienna.



WESTERN HEMISPHERE

ARGENTINA

The Bank has agreed to collaborate with the Argentine Government in making a survey to establish the prospective need for electric power, the most economic methods of providing the power needed, and the magnitude of investment required. The project will be financed in large part by the United Nations Special Fund, and the Bank, which will act as Administrator of the project, will make available members of its staff to help in its execution.

Under an agreement of November 28, 1958, the Chief Justice of the Argentine Supreme Court was made responsible for determining the prices to be paid for the properties of the American and Foreign Power Company transferred to the Government. At the request of the Government the Bank designated one of the four experts who are advising the Chief Justice.

BRAZIL

POWER LOANS

\$73 million 25-year 5¾% loan of October 3, 1958

BORROWER • Central Elétrica de Furnas, S.A. (CEF)

The loan will be used for the first stage of the largest hydroelectric project ever undertaken in Latin America. The completed project will increase by 50% the power capacity now available in central-southern Brazil, the area in which four-fifths of Brazil's industry and much agricultural activity is concentrated. CEF was formed early in 1957 to construct and operate the new plant, and is a joint enterprise of the Federal Government, power agencies of the States of São Paulo and Minas Gerais, and private companies.

The power station will be at Furnas Rapids on the Rio Grande, 200 miles north of São Paulo, and will ultimately have a capacity of 1,100,000 kilowatts, of which about 600,000 kilowatts will be installed as the first stage. The earth and rock-fill dam will be nearly 400 feet high and will create a reservoir 150 miles long, having sufficient storage to provide year-to-year regulation of the river flow to the power station.

\$11.6 million 20-year 6% loan of June 17, 1959

BORROWER • Brazilian Traction Light and Power Company Limited

This loan will help the Company to add 220,000 kilowatts of generating capacity to the systems serving Rio de Janeiro, São Paulo and Santos, the most densely populated and industrial areas in Brazil.

The Rio de Janeiro power system will benefit by the construction of a new 90,000-kilowatt hydroelectric power plant at Ponte Coberta on the Lajes River. The São Paulo system will be reinforced by increasing the capacity of the Cubatao hydroelectric power plant from its present 260,000 kilowatts to 390,000 kilowatts. The increase is to be achieved by the addition of two new generating units. A third pump is being added to give the required flow of water to the Cubatao station, and a new section will be added to the high voltage transmission system.

This loan was the second made to replace a previous power loan commitment of \$25 million, which was cancelled in 1957 at the request of the Brazilian Government before any disbursements had been made.

PARTICIPATION • The Canadian Bank of Commerce and Grace National Bank of New York are participating in the loan to the extent of \$300,000.

COLOMBIA

POWER LOANS

\$2.8 million 20-year 5¾% loan of December 15, 1958

BORROWER • Central Hidroeléctrica del Río Anchicayá, Limitada (CHIDRAL)

This is the Bank's third loan to CHIDRAL; the two previous loans aggregated \$8 million and helped to finance a 44,000-kilowatt hydroelectric plant at Anchicayá—recently expanded to 64,000 kilowatts—and a 10,000-kilowatt thermoelectric station at Yumbo. The new loan will finance several developments aimed at increasing power supplies in Cali, the main city of the Cauca Valley in Colombia: a



Guatemala's first road linking the capital city to the Caribbean is now open to traffic. This new steel and concrete bridge spans a deep canyon outside Guatemala City, and marks the beginning of the new 200-mile highway constructed with the help of a Bank loan.

second 10,000-kilowatt generator will be installed at Yumbo, and studies will be carried out regarding a possible third unit; CHIDRAL will re-lend \$50,000 of the loan to the municipality of Cali to assist in expanding the city's distribution system; and \$400,000 of the loan will be spent on a suction dredge and auxiliary equipment to control silting in the Anchicayá Reservoir. Although power capacity in the Cali area has been increased seven-fold since 1955, population growth and rapid industrialization continue to create fresh demands for additional capacity.

PARTICIPATION • Chemical Corn Exchange Bank is participating in the loan to the extent of \$280,000.

\$4.6 million 20-year 5¾% loan of January 30, 1959

BORROWER • Central Hidroeléctrica de Caldas, Ltda.

The loan to CHEC will help to expand electric power supplies in the area of Manizales, the center of Colombia's coffee trade. The project is the second stage of a program to develop the Campoalegre and Chinchiná river basins and includes construction of the 26,600-kilowatt Esmeralda hydroelectric plant, with associated substations and 76 miles of transmission lines, and the rehabilitation and expansion of distribution systems in several neighboring towns.

This is the Bank's second loan to CHEC; in 1950 a loan of \$2.6 million was made to help finance the first

stage of this development, the 16,000-kilowatt Insula power plant. CHEC, which now has an installed capacity of 22,800 kilowatts, distributes about four-fifths of its output in the Manizales area. The remainder is sold in bulk to a number of small towns outside CHEC's present retail area. The Esmeralda project will enable the company to extend its services to 19 additional towns which are badly in need of power.

\$12 million 25-year 6% loan of May 20, 1959

BORROWER • Empresas Públicas de Medellín (EPM)

The Medellín area of west central Colombia, the center of the country's textile industry, has developed very rapidly over the past few years. To keep pace with the growth of industry and population, EPM plans to add 246,000 kilowatts to the present installed capacity of 136,500 kilowatts by 1964.

The Bank loan will assist the first phase of this program. The project consists of diverting the Concepción and Tenche Rivers into the Guadalupe to increase its flow; building a large earth-fill dam on the Guadalupe to create a reservoir with a useful storage capacity of about 32 million cubic meters; constructing a power plant at the dam with one 16,000-kilowatt generator; and installing another power plant downstream equipped with two 40,000-kilowatt generators. The project also includes new transmission lines to connect the new plant with the existing system, and the extension of the distribution system in Medellín and neighboring towns. EPM will use \$150,000 of the loan to finance preliminary engineering studies for the second stage of the program, the proposed plants on the Nare River.

PARTICIPATION • Grace National Bank of New York is participating in the loan to the extent of \$100,000.

COSTA RICA

IMPORTS OF CAPITAL EQUIPMENT LOAN

\$3.5 million 6-year 5¾% loan of February 11, 1959

BORROWER • Central Bank of Costa Rica

This loan is the second to assist the Central Bank to carry out the lending program it began in 1952 for the development of agriculture and light industry.

The greater part of the new loan will be used for the import of agricultural machinery, equipment and materials; about \$1 million will finance imports for storage and processing plants and light industries.

Agriculture in Costa Rica, with coffee the most important crop, contributes nearly half the national income, accounts for almost all export earnings and directly employs over half the population. Recent large increases in output have been due to the application of modern mechanical methods of cultivation to the traditional crops and also to new crops, such as rice and tobacco, which are being grown on a large scale on newly opened lands along the Inter-American Highway. The Central Bank's credit program is also assisting industry in its transition from a system of home industries to modern industrial establishments.

PARTICIPATION • Continental Illinois National Bank and Trust Company of Chicago, Bankers Trust Company, Chemical Corn Exchange Bank, The Philadelphia National Bank, The First National City Bank of New York, Girard Trust Corn Exchange Bank, Brown Brothers Harriman & Co. and Grace National Bank of New York are participating in the loan to the extent of \$1,510,000.

ECUADOR

PORT DEVELOPMENT LOAN

\$13 million 25-year 5¾% loan of October 9, 1958

BORROWER • Guayaquil Port Authority

The loan will assist the Guayaquil Port Authority, an autonomous agency created in April 1958, to construct a new port at Guayaquil, Ecuador's largest city. Guayaquil handles about 90% of Ecuador's imports and 60% of its exports in terms of tonnage. The economic growth of the area since 1953 has raised the tonnage of exports through the port by 70%, the main exports being bananas, coffee, cacao and sugar.

The existing port is located at the point where the Daule and Babahoyo Rivers meet, 55 miles from the sea, to form the Guayas River. It is accessible only to small vessels, and most of these must load or unload into lighters in midstream, through lack of deep water and of wharves. Larger vessels have to unload

into lighters off the island of Puna, 35 miles downstream. The new port will be built six miles from Guayaquil on the Estero Salado, an arm of the Gulf of Guayaquil. The project includes the construction of a concrete wharf 3,000 feet long, capable of accommodating five ships at a time. The area behind the new wharf will be reclaimed, and transit sheds and other buildings will be erected. A barge canal will connect the Estero Salado with the Guayas River, and a four-lane highway will link the new port with the city. It is estimated on the basis of present traffic that the new port will reduce handling charges by the equivalent of more than \$500,000 annually. The reduction in turn-around time of ships will result in a further saving equivalent to about \$1.5 million a year.

PARTICIPATION • The National Bank of Washington, D. C., is participating in the loan to the extent of \$100,000.

OTHER ACTIVITIES

The Bank's resident representative, who had been in Ecuador since March 1956, completed his assignment in April 1959, when the Special Economic Mission which the Bank helped to recruit in 1957 to advise the Government on economic and financial policies completed its work. A Bank economist also assisted the Special Mission during the year.

EL SALVADOR

ROAD LOAN

\$5 million 15-year 5¾% loan of January 7, 1959

BORROWER • El Salvador

The loan will assist the construction of 230 miles of feeder roads to increase the contribution of El Salvador's new Pacific Coastal Highway toward the development of the coastal region. The Highway was itself built with the help of an earlier Bank loan of \$11.1 million. The resulting road network will open up a large area to agriculture. Of the 21 feeder roads to be constructed, 18 will connect with the Coastal Highway and three with the Inter-American Highway.

The Bank loan will also help to finance the completion of certain parts of the Coastal Highway, including a bridge over the Río de Paz to join the Pacific

Highway in Guatemala and provide a direct route through El Salvador from Guatemala to Honduras.

PARTICIPATION • The First National City Bank of New York, Grace National Bank of New York and The National Bank of Washington, D. C., are participating in the loan for a total amount of \$300,000.

POWER LOAN

\$3 million 25-year 5¾% loan of February 20, 1959

BORROWER • Comisión Ejecutiva Hidroeléctrica del Río Lempa (CEL)

This loan will help CEL to expand its generating capacity to 60,000 kilowatts and to widen its service area. Although El Salvador is predominantly an agricultural country, industry is becoming important. About 100 new industrial plants have been established since 1954 and many others have been expanded.

A large part of this development has been due to the ample supply of power made available by the Río Lempa hydroelectric plant completed in 1954 by CEL with the help of a previous Bank loan. The Río Lempa plant provides nearly three-quarters of the country's entire generating capacity and supplies power to seven utility companies which together serve 95% of all electricity consumers. The Bank funds will meet the foreign exchange costs of adding a fourth 15,000-kilowatt generator at the Río Lempa plant.

HAITI

The Bank's resident representative, who had been in Haiti since February 1957, completed his assignment in February 1959.

HONDURAS

POWER LOAN

\$1.45 million 15-year 6% loan of May 20, 1959

BORROWER • Empresa Nacional de Energía Eléctrica (ENEE)

ENEE is an autonomous government agency and the sole supplier of power to Tegucigalpa, the main center of commerce and industry in Honduras. Although consumption of power in the area has been increasing

in recent years at the rate of 13% a year, the consumption level is still one of the lowest in Latin America. The Bank funds will increase generating capacity by 35% through the installation of two diesel units having a combined capacity of 2,500 kilowatts; distribution facilities will be improved and expanded to accommodate 10,000 kilowatts of capacity, and will be designed for a future expansion of up to 30,000 kilowatts. The loan will also finance further engineering and survey work on a proposed hydroelectric installation on the Río Lindo in northern Honduras. **PARTICIPATION** • Bank of America and The National Bank of Washington, D. C., are participating in the loan for a total of \$123,000.

OTHER ACTIVITIES

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

PARAGUAY

At the request of the Government, the Bank has agreed to arrange for the services of technicians to advise on policies affecting the marketing of meat and on the reorganization of state agricultural agencies.

A Bank consultant went to Paraguay in December 1958 to study the possibility of establishing an industrial financing institution there.

PERU

PORT DEVELOPMENT LOAN

\$6.575 million 20-year 5¾% loan of September 17, 1958

BORROWER • Port of Callao Authority

The loan will assist in financing the further expansion and improvement of Callao, the main port of Peru. Callao serves the mining and agricultural areas of the Central Sierra as well as Lima, the chief commercial and industrial center. About 60% of the country's export and import trade passes through the port.

The Port Authority was established in 1952 shortly after the Bank had made a previous loan of \$2.5 million for the construction of grain discharging and storage facilities and the purchase of mechanical cargo-handling equipment. The expansion now being

undertaken consists of the construction of a two-berth pier for petroleum products and another pier with three berths, two for general cargo, and one with mechanical equipment for the loading of minerals. This installation will be able to load concentrates into ship at a rate of about 14,000 tons a day, or some twenty times that obtainable from the present methods. The loan will also help to finance new storage facilities, new maintenance shops, improved accommodation for passengers, and the purchase of two diesel tugs and a cutter suction dredge.

PARTICIPATION • The Royal Bank of Canada, New York Agency, and The Philadelphia National Bank, are participating in the loan for a total amount of \$395,000.

OTHER ACTIVITIES

The Bank continued to station a two-man resident mission in Peru during the year.

The Agricultural Survey Mission, sponsored jointly by the Bank and the Food and Agricultural Organization of the United Nations, will submit its report to the Government in the near future.

At the request of the Government, a mission went to Peru in March to advise on the reorganization of two publicly owned development agencies, the Industrial Bank of Peru and the Santa Corporation.

URUGUAY

Consulting engineers visited Uruguay from November 1958 to February 1959 to study the condition of the railroads and to prepare a comprehensive program for their reorganization and improvement. The consultants' report, the cost of which was shared between the Uruguayan State Railways and the Bank, will be given to the Government in July.

VENEZUELA

The Government has requested the Bank to organize a mission which would survey key sectors of the economy and provide the basis for preparing an investment program; the mission is expected to arrive in Venezuela in September.

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 \$13,505,056 United States dollars

Unrestricted \$ 13,748,202

Subject to restrictions—NOTE B 142,879,555 \$156,627,757

Non-member currency (Swiss francs) 1,428,777 \$ 158,056,534

Investments

Government obligations (at cost or amortized cost)

United States (Face amount \$623,904,000) \$621,837,838

Canada (Face amount Can\$17,300,000) 15,635,770

United Kingdom (Face amount £590,000) 1,639,770

Germany (Face amount DM131,000,000) 31,132,354 \$670,245,732

Time deposits maturing within six months, including

\$200,000,000 United States dollars 214,151,367

Accrued interest 5,832,255 890,229,354

Receivable on Account of Subscribed Capital (See Appendix D)

Receivable in United States currency

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

Receivable in other member currencies—NOTE B

Non-negotiable, non-interest-bearing, demand notes \$449,602,397

Amounts required to maintain value of currency holdings 9,195,742 458,798,139 461,298,139

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

(Including undisbursed balance of \$831,365,030) 3,386,879,805

Accrued Interest, Commitment and Service Charges

on Loans—NOTE C 28,006,408

Receivable from Purchasers on Account of Effective Loans

Agreed to be Sold (Including undisbursed balance of \$7,944,615) 14,487,505

Unamortized Bond Issuance Costs 16,698,205**Land and Buildings** \$ 7,980,301

Less reserve for depreciation 225,430 7,754,871

Other Assets—NOTE D 2,159,574**Special Reserve Fund Assets—NOTE E**

Due from Banks—member currency—United States \$ 197

Investment securities—United States Government obligations
(\$131,175,000 face amount; at cost or amortized cost) 130,942,217

Accrued loan commissions—NOTE C 6,950,204 137,892,618

Staff Retirement Plan Assets

(Segregated and held in trust) 8,137,444

Total Assets \$5,111,600,457

June 30, 1959

See Notes to Financial Statements, Appendix G

 LIABILITIES, RESERVES AND CAPITAL
Liabilities

Accrued interest on borrowings		\$ 22,152,242
Accounts payable and other liabilities		5,575,529
Undisbursed balance of effective loans (See Appendix E)		
Held by Bank	\$ 831,365,030	
Agreed to be sold	7,944,615	839,309,645
Funded debt (See Appendix F)		
(Of this amount \$168,425,027 is due within one year)		1,905,155,641

Reserves for Losses

Special reserve—NOTE E	\$ 137,892,618	
Supplemental reserve against losses on loans and guarantees—NOTE F	282,077,338	419,969,956

Staff Retirement Plan Reserve		8,137,444
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Capital

Capital stock (See Appendix D)—NOTE G		
Authorized 100,000 shares of \$100,000 par value each		
Subscribed 95,565 shares	\$9,556,500,000	
Less—Uncalled portion of subscriptions—NOTE H	7,645,200,000	1,911,300,000

 Contingent Liability—LOANS SOLD UNDER GUARANTEE—NOTE I . . . \$19,695,000

 Total Liabilities, Reserves and Capital \$5,111,600,457

Comparative Statement of Income and Expenses

FOR THE FISCAL YEARS ENDED JUNE 30, 1958 AND JUNE 30, 1959

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

	July 1-June 30	
	1957-1958	1958-1959
Income		
Income from investments	\$ 21,047,408	\$ 25,782,570
Income from loans:		
Interest	71,471,126	88,743,821
Commitment charges	5,162,573	6,497,141
Commissions	20,160,705	23,999,259
Service charges	158,739	114,479
Other income	817,033	1,036,619
Gross Income	\$118,817,584	\$146,173,889
Deduct—Amount equivalent to commissions appropriated to Special Reserve—NOTE E	20,160,705	23,999,259
Gross Income Less Reserve Deduction	\$ 98,656,879	\$122,174,630
Expenses		
Administrative expenses:		
Personal services	\$ 4,646,905	\$ 5,448,694
Contributions to staff benefits	544,993	630,605
Fees and compensation	454,264	632,016
Representation	92,886	86,484
Travel	1,203,402	1,677,972
Supplies and material	80,468	79,313
Office occupancy	679,391	552,740
Communication services	202,385	275,356
Furniture and equipment	120,637	122,134
Books and library services	88,620	101,091
Printing	79,982	90,850
Insurance	46,947	28,241
Other expenses	18,503	25,857
Total Administrative Expenses	\$ 8,259,383	\$ 9,751,353
Interest on borrowings	47,311,896	64,583,491
Bond issuance and other financial expenses	1,005,832	1,368,246
Gross Expenses	\$ 56,577,111	\$ 75,703,090
Net Income—Appropriated to Supplemental Reserve Against Losses on Loans and Guarantees—NOTE F	\$ 42,079,768	\$ 46,471,540

Statement of Currencies Held by the Bank

JUNE 30, 1959

See Notes to Financial Statements, Appendix G

Member Currencies		Unrestricted Currency		Restricted Currency (Note B)	
Member	Unit of currency	Amount expressed in member currency	Total expressed in United States dollars	Amount expressed in member currency	Total expressed in United States dollars
Afghanistan	Afghani	—	—	30,228,391	\$ 1,799,309
Argentina	Peso	—	—	485,613,000	26,978,500
Australia	Pound	67,053	150,198	117,826	265,950
Austria	Schilling	3,796,426	146,016	7,449,150	286,506
Belgium	Franc	23,560,005	471,200	7,692,701	155,854
Bolivia	Boliviano	—	—	104,651,986	11,838
Brazil	Cruzeiro	—	—	496,787,296	26,853,367
Burma	Kyat	—	—	1,838,768	38,142
Canada	Dollar	1,939,614	1,763,286	231,179	210,163
Ceylon	Rupee	—	—	2,690,950	565,096
Chile	Peso	—	—	685,757,117	6,234,156
China	Yuan	—	—	21,480,529	1,074,026
Colombia	Peso	—	—	11,960,611	6,133,707
Cuba	Peso	—	—	51,518	51,518
Denmark	Krone	740,521	107,211	484,788	70,186
Dominican Republic	Peso	—	—	802	802
Ecuador	Sucre	—	—	8,109,766	540,651
El Salvador	Colon	—	—	899,440	359,776
Ethiopia	Dollar	—	—	981,120	394,901
Finland	Markka	—	—	1,748,230,248	5,463,220
France	Franc	57,530,763	116,528	600,346,824	1,216,001
Germany	Deutsche mark	9,290,427	2,212,007	487	116
Ghana	Pound	—	—	8,496	23,788
Greece	Drachma	—	—	22,400,000	4,480,000
Guatemala	Quetzal	—	—	329,728	822
Haiti	Gourde	—	—	4,111	822
Honduras	Lempira	—	—	210,272	105,136
Iceland	Krona	—	—	2,200,021	135,089
India	Ruppee	—	—	1,842,113	386,844
Indonesia	Rupiah	—	—	2,154,131	188,959
Iran	Rial	—	—	1,470,497	19,412
Iraq	Dinar	—	—	3,096	8,668
Ireland	Pound	—	—	4,037	11,304
Israel	Pound	—	—	171,533	95,296
Italy	Lira	245,837,156	393,339	—	1,112,885
Japan	Yen	113,859	316	400,638,669	2,987
Jordan	Dinar	—	—	1,067	2,987
Korea	Hwan	—	—	1,123,640,360	2,247,281
Lebanon	Pound	—	—	230,694	105,269
Libya	Pound	—	—	320,168	896,469
Luxembourg	Franc	1,393,256	27,865	5,000,000	100,000
Malaya	Dollar	—	—	323,780	105,768
Mexico	Peso	1,523,582	121,887	38,363,861	3,069,109
Morocco	Franc	—	—	26,101,000	62,145
Netherlands	Guilder	3,782,479	995,389	1,692,055	445,278
Nicaragua	Cordoba	—	—	3,567,367	509,624
Norway	Krone	119,773	16,768	630,429	88,260
Pakistan	Ruppee	—	—	8,092,767	1,699,483
Paraguay	Guarani	—	—	52,589,534	478,087
Peru	Sol	—	—	3,579,829	550,743
Philippines	Peso	—	—	14,959,896	7,479,948
Saudi Arabia	Riyal	—	—	6,738,750	1,797,000
Spain	Peseta	—	—	755,929,420	17,998,320
Sudan	Pound	—	—	19,653	56,435
Sweden	Krona	748,023	144,596	4,378,620	846,403
Thailand	Baht	—	—	24,497	1,960
Turkey	Franc	—	—	8,077,540	19,232
Tunisia	Lira	—	—	373,432	133,368
Union of South Africa	Pound	88,297	247,233	13,749	38,497
United Arab Republic	Egyptian Pound	—	—	7,675	22,038
United Kingdom	Syrian Pound	—	—	13,236	6,040
United States	Pound	38,550	107,939	565,146	1,582,409
Uruguay	Dollar	—	6,652,829	—	6,852,227
Venezuela	Peso	—	—	2,774,701	1,826,603
Viet-Nam	Bolivar	207,767	62,020	—	—
Yugoslavia	Plastir	—	—	78,645,000	2,247,000
	Dinar	3,472,435	11,575	1,699,762,654	5,665,876
Sub-Total			\$13,748,202		\$142,879,555
Total—Member Currencies					\$156,627,757
Non-Member Currency—unrestricted (Switzerland)					1,428,777
Total					\$158,056,534

Statement of Subscriptions to Capital Stock and Voting Power

JUNE 30, 1959

EXPRESSED IN UNITED STATES CURRENCY (in thousands)—See Notes to Financial Statements, Appendix G

Member	Subscriptions			Amounts Paid in				Voting Power	
	Shares	Percent of total	Amount (Note G)	In United States dollars	In currency of member other than United States dollars (Note B)	In non-interest-bearing, non-negotiable demand notes (Note B)	Subject to call to meet obligations of Bank (Note H)	Number of votes	Percent of total
Afghanistan	100	.10	\$ 10,000	\$ 200	\$ 1,800	\$ —	\$ 8,000	350	.31
Argentina	1,500	1.57	150,000	3,000	27,000	—	120,000	1,750	1.55
Australia	2,000	2.09	200,000	4,000	16,600	19,400	160,000	2,250	2.00
Austria	500	.52	50,000	1,000	9,000	—	40,000	750	.67
Belgium	2,250	2.35	225,000	4,500	28,607	11,893	180,000	2,500	2.22
Bolivia	70	.07	7,000	140	13	1,247	5,600	320	.28
Brazil	1,500	1.57	150,000	3,000	27,000	—	120,000	1,750	1.55
Burma	150	.16	15,000	300	871	1,829	12,000	400	.36
Canada ¹	3,250	3.40	325,000	6,500	53,195	5,299	260,000	3,500	3.11
Ceylon	150	.16	15,000	300	1,135	1,565	12,000	400	.36
Chile	350	.37	35,000	700	6,300	—	28,000	600	.53
China ²	6,000	6.28	600,000	9,500	1,080	106,920	480,000	6,250	5.55
Colombia	350	.37	35,000	700	6,300	—	28,000	600	.53
Costa Rica	20	.02	2,000	399	1	—	1,600	270	.24
Cuba	350	.37	35,000	700	63	6,237	28,000	600	.53
Denmark	680	.71	68,000	1,360	6,903	5,337	54,400	930	.83
Dominican Republic	40	.04	4,000	80	4	716	3,200	290	.26
Ecuador	64	.07	6,400	688	592	—	5,120	314	.28
El Salvador	30	.03	3,000	240	360	—	2,400	280	.25
Ethiopia	30	.03	3,000	157	443	—	2,400	280	.25
Finland	380	.40	38,000	760	6,840	—	30,400	630	.56
France ¹	5,250	5.49	525,000	10,500	43,328	41,988	420,000	5,500	4.89
Germany	3,300	3.45	330,000	6,600	59,400	—	264,000	3,550	3.15
Ghana	150	.16	15,000	300	31	2,669	12,000	400	.36
Greece	250	.26	25,000	500	4,500	—	20,000	500	.44
Guatemala	20	.02	2,000	40	360	—	1,600	270	.24
Haiti	75	.08	7,500	150	30	1,320	6,000	325	.29
Honduras	30	.03	3,000	114	126	360	2,400	280	.25
Iceland	10	.01	1,000	56	144	—	800	260	.23
India	4,000	4.19	400,000	8,000	11,159	60,841	320,000	4,250	3.78
Indonesia	1,100	1.15	110,000	2,200	198	19,602	88,000	1,350	1.20
Iran	336	.35	33,600	672	4,060	1,988	26,880	586	.52
Iraq	60	.06	6,000	120	441	639	4,800	310	.27
Ireland	300	.31	30,000	600	1,454	3,946	24,000	550	.49
Israel	75	.08	7,500	150	548	802	6,000	325	.29
Italy	1,800	1.88	180,000	3,600	32,400	—	144,000	2,050	1.82
Japan	2,500	2.62	250,000	5,000	33,889	11,111	200,000	2,750	2.44
Jordan	30	.03	3,000	60	15	525	2,400	280	.25
Korea	125	.13	12,500	250	2,250	—	10,000	375	.33
Lebanon	45	.05	4,500	665	235	—	3,600	295	.26
Libya	50	.05	5,000	100	900	—	4,000	300	.27
Luxembourg	100	.10	10,000	200	1,600	200	8,000	350	.31
Malaya	250	.26	25,000	500	937	3,563	20,000	500	.44
Mexico	650	.68	65,000	1,300	11,700	—	52,000	900	.80
Morocco	350	.37	35,000	700	64	6,236	28,000	600	.53
Netherlands	2,750	2.88	275,000	5,500	29,500	20,000	220,000	3,000	2.67
Nicaragua	30	.03	3,000	60	540	—	2,400	280	.25
Norway	500	.52	50,000	1,000	4,430	4,570	40,000	750	.67
Pakistan	1,000	1.05	100,000	2,000	2,049	15,951	80,000	1,250	1.11
Panama	2	(³)	200	40	—	—	160	252	.22
Paraguay	30	.03	3,000	60	540	—	2,400	280	.25
Peru	175	.18	17,500	743	654	2,103	14,000	425	.38
Philippines	500	.52	50,000	1,000	7,500	1,500	40,000	750	.67
Saudi Arabia	100	.10	10,000	200	1,800	—	8,000	350	.31
Spain	1,000	1.05	100,000	2,000	18,000	—	80,000	1,250	1.11
Sudan	100	.10	10,000	200	623	1,177	8,000	850	.75
Sweden	1,000	1.05	100,000	2,000	18,000	—	80,000	1,250	1.11
Thailand	125	.13	12,500	1,150	83	1,267	10,000	375	.33
Tunisia	120	.13	12,000	240	22	2,138	9,600	370	.33
Turkey	430	.45	43,000	860	363	7,377	34,400	680	.60
Union of South Africa	1,000	1.05	100,000	2,000	11,958	6,042	80,000	1,250	1.11
United Arab Republic	598	.63	59,800	1,196	140	10,624	47,840	848	.75
United Kingdom ¹	13,000	13.61	1,300,000	26,000	173,375	60,620	1,040,000	13,250	11.77
United States	31,750	33.23	3,175,000	635,000	—	—	2,540,000	32,000	28.43
Uruguay	105	.11	10,500	210	1,890	—	8,400	355	.32
Venezuela	105	.11	10,500	210	1,890	—	8,400	355	.32
Viet-Nam	125	.13	12,500	250	2,250	—	10,000	375	.33
Yugoslavia	400	.42	40,000	800	7,200	—	32,000	650	.58
Totals	95,565	100%	\$9,556,500	\$763,320	\$686,683	\$449,602	\$7,645,200	112,565	100%

¹ Amounts aggregating the equivalent of \$9,195,742 due as a result of revaluation of these currencies are not included in the "Amounts Paid in" columns.² Amount of US\$2,500,000 past due is not included in the "Amounts Paid in" columns.³ Less than .005 per cent.

Summary Statement of Loans

JUNE 30, 1959

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

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	\$ 253,787,973	\$ —	\$ 253,787,973	\$ —
Austria	56,713,509	30,710,656	87,424,165	—
Belgium	92,165,684	19,998,441	112,164,125	—
Brazil	149,680,535	79,512,940	229,193,475	11,600,000
Burma	9,976,010	9,373,990	19,350,000	—
Ceylon	12,686,389	11,123,611	23,810,000	—
Chile	38,639,990	25,612,866	64,252,856	—
Colombia	69,141,328	16,672,672	85,814,000	14,800,000
Costa Rica	2,510,000	1,990,000	4,500,000	—
Denmark	33,595,151	17,711,849	51,307,000	—
Ecuador	12,828,627	30,989,373	43,818,000	600,000
El Salvador	21,158,467	407,533	21,566,000	8,000,000
Ethiopia	9,275,319	11,244,681	20,520,000	—
Finland	43,081,074	40,158,344	83,239,418	—
France	231,836,000	—	231,836,000	35,000,000
Guatemala	17,042,443	581,537	17,624,000	—
Haiti	155,947	2,058,053	2,214,000	—
Honduras	2,816,606	5,527,394	8,344,000	1,450,000
Iceland	5,078,200	—	5,078,200	—
Ireland	367,547,133	76,693,875	444,241,008	25,000,000
India	70,000,000	—	70,000,000	72,000,000
Iran	149,175,080	58,266,679	207,441,759	26,000,000
Italy	157,081,849	79,659,457	236,741,306	—
Japan	5,543,467	21,456,533	27,000,000	—
Lebanon	5,848,000	—	5,848,000	—
Luxembourg	—	34,320,000	34,320,000	—
Malaya	134,960,012	28,828,988	163,789,000	—
Mexico	2,107,985	—	2,107,985	—
Netherlands	13,678,576	2,584,424	16,263,000	—
Nicaragua	59,281,123	11,371,877	70,653,000	—
Norway	70,410,760	38,582,998	108,993,758	—
Pakistan	2,732,000	—	2,732,000	—
Paraguay	32,851,142	6,849,940	39,701,082	—
Peru	11,591,516	5,921,484	17,513,000	15,000,000
Philippines	106,887,352	19,531,555	126,418,907	—
South Africa	14,484,094	22,765,906	37,250,000	—
Sudan	40,114,710	58,463,368	98,578,078	—
Thailand	53,000,011	2,052,990	55,053,001	—
Turkey	109,352,349	51,208,358	160,560,707	—
United Kingdom	45,138,362	9,132,638	54,271,000	—
Uruguay	51,791,000	—	51,791,000	—
Yugoslavia	—	—	—	—
Totals	\$2,565,745,773	\$831,365,030	\$3,397,110,803	\$209,450,000
Deduct Exchange Adjustments	—	—	—	—
	—	—	10,230,998	—
	—	—	\$3,386,879,805	—

Summary of Currencies Repayable on Effective Loans Held by Bank			Amount
Currency			
Australian pounds	—	—	\$ 17,037,882
Austrian schillings	—	—	9,035,477
Belgian francs	—	—	31,069,587
Burmese kyats	—	—	449,553
Canadian dollars	—	—	93,710,431
Ceylon rupees	—	—	540,000
Danish kroner	—	—	7,509,674
Deutsche marks	—	—	114,777,602
Finnish markkas	—	—	1,358,324
French francs	—	—	47,566,681
Indian rupees	—	—	10,827,914
Iranian rials	—	—	4,016,774
Iraqi dinars	—	—	417,549
Irish pounds	—	—	1,467,083
Israeli pounds	—	—	450,000
Italian lire	—	—	35,341,522
Japanese yen	—	—	34,223,140
Luxembourg francs	—	—	1,501,305
Malayan dollars	—	—	830,604
Mexican pesos	—	—	8,890,445
Netherlands guilders	—	—	51,829,435
Norwegian kroner	—	—	4,545,236
Pakistani rupees	—	—	169,468
Pounds sterling	—	—	208,628,550
South African pounds	—	—	13,399,517
Sudanese pounds	—	—	574,312
Swedish kronor	—	—	18,559,638
Swiss francs	—	—	134,923,629
United States dollars	—	—	1,708,555,118
Venezuelan bolivares	—	—	1,985,199
Yugoslavian dinars	—	—	1,534,124
Disbursed portion of effective loans held by Bank	—	—	\$2,565,745,773
ADD: Undisbursed portion of effective loans held by Bank	—	—	831,365,030
DEDUCT: Exchange adjustments	—	—	\$3,397,110,803
Effective loans held by Bank	—	—	10,230,998
	—	—	\$3,386,879,805

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 \$7,944,615 of effective loans which the Bank has agreed to sell. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse \$9,893,671.

³ Original principal amount of loans signed . . . \$4,521,937,893

DEDUCT:

- (a) Cancellations and refundings . . . \$ 95,830,753
- (b) Principal repayments to the Bank . . . 264,181,811
- (c) Loans sold or agreed to be sold of which \$7,944,615 has not yet been disbursed
- (d) Loans not yet effective . . . 555,364,526

DEDUCT: Exchange adjustments . . . \$3,397,110,803

Effective loans held by Bank . . . \$3,386,879,805

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 \$13,128,000 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 \$568,492,526.

Funded Debt of the Bank

JUNE 30, 1959

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

<i>Payable in</i>	<i>Issue and maturity</i>	<i>Principal outstanding</i>	<i>Annual sinking fund requirement¹</i>
United States Dollars			
	3¼% Notes of 1958, due 1959	\$ 3,000,000	None*
	4¼% Notes of 1957, due 1959-60	60,000,000	None*
	2% Serial Bonds of 1950, due 1960-62	30,000,000	None*
	2½% Five Year Bonds of 1954, due 1959	50,000,000	None
	2½% Notes of 1958, due 1960-61	50,000,000	None*
	4¾% Notes of 1957, due 1960-61	50,000,000	None*
	2½% Notes of 1958, due 1960	15,000,000	None*
	3¼% Two Year Bonds of 1958, due 1960	75,000,000	None*
	2½% Notes of 1958, due 1961	40,000,000	None*
	4½% Two Year Notes of 1959, due 1961	5,000,000	None*
	4½% Three Year Notes of 1959, due 1962	25,000,000	None*
	3¾% Note of 1959, due 1962	58,000,000	None*
	3¾% Ten Year Bonds of 1958, due 1968	150,000,000	None*
	3½% Fifteen Year Bonds of 1954, due 1969	87,130,000	1960 \$3,130,000
			1961-66 \$4,000,000
			1967-68 \$5,000,000
	3½% Nineteen Year Bonds of 1952, due 1971	54,177,000	1959 \$ 177,000
			1960-66 \$2,000,000
			1967-70 \$2,500,000
	3% Twenty-Five Year Bonds of 1947, due 1972	143,626,000	1960 \$2,626,000
			1961-62 \$3,000,000
			1963-67 \$4,500,000
			1968-72 \$7,500,000
	4½% Fifteen Year Bonds of 1958, due 1973 ²	95,700,000	1964-73 \$5,000,000
	3¾% Twenty-Three Year Bonds of 1952, due 1975	47,032,000	1960 \$1,032,000
			1961-74 \$1,500,000
	3% Twenty-Five Year Bonds of 1951, due 1976	50,000,000	1963 \$1,000,000
			1964-75 \$2,000,000
	4½% Twenty Year Bonds of 1957, due 1977 ^{2/3}	88,752,000	1967-76 \$5,000,000
	4¼% Twenty-One Year Bonds of 1957, due 1978 ²	96,688,000	1967-71 \$4,000,000
			1972-77 \$5,000,000
	4¼% Twenty-One Year Bonds of 1958, due 1979 ²	148,500,000	1968-77 \$7,000,000
			1978 \$5,000,000
	4¾% Twenty-Three Year Bonds of 1957, due 1980 ^{2/3}	68,634,000	1968-79 \$3,000,000
			1980 \$1,500,000
	3¼% Thirty Year Bonds of 1951, due 1981	100,000,000	1966-67 \$2,000,000
			1968-73 \$3,000,000
			1974-80 \$4,000,000
	Sub-Total	<u>\$1,591,239,000</u>	
Belgian Francs			
	5% Ten Year Bonds of 1959, due 1969 (Bfr500,000,000)	\$ 10,000,000	None
	Sub-Total	<u>\$ 10,000,000</u>	
Canadian Dollars			
	3¼% Ten Year Bonds of 1955, due 1965 (Can\$13,942,000)	\$ 12,674,545	1960 Can\$442,000
			1961-64 Can\$500,000
	3½% Fifteen Year Bonds of 1954, due 1969 (Can\$24,102,000)	21,910,910	1960 Can\$702,000
			1961-65 Can\$800,000
			1966-68 Can\$900,000
	Sub-Total	<u>\$ 34,585,455</u>	

Funded Debt of the Bank (continued)

JUNE 30, 1959

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

<i>Payable in</i>	<i>Issue and maturity</i>	<i>Principal outstanding</i>	<i>Annual sinking fund requirement¹</i>	
Deutsche Marks				
	3% Note of 1958, due 1961 (DM146,124,404)	\$ 34,791,524 ⁴		None*
	5% Bonds of 1959, due 1965-74 (DM200,000,000)	47,619,048		None
	Sub-Total	<u>\$ 82,410,572</u>		
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>		
Pounds Sterling				
	3½% Twenty Year Stock of 1951, due 1971 (£4,375,688)	\$ 12,251,926	1960	£149,850
			1961-71	£166,700
	3½% Twenty Year Stock of 1954, due 1974 (£5,000,000)	14,000,000	1960-74	£166,700
	Sub-Total	<u>\$ 26,251,926</u>		
Swiss Francs				
	3¾% Swiss Franc Loan of 1957, due 1960-65 (Sw fr 200,000,000)	\$ 46,538,685		None
	3½% Ten Year Bonds of 1952, due 1962 (Sw fr 50,000,000)	11,634,673		None
	3½% Twelve Year Bonds of 1951, due 1963 (Sw fr 50,000,000)	11,634,671		None
	3½% Fifteen Year Bonds of 1953, due 1968 (Sw fr 50,000,000)	11,634,671		None
	3½% Fifteen Year Bonds of 1953 (Nov. Issue), due 1968 (Sw fr 50,000,000)	11,634,671		None
	3½% Eighteen Year Bonds of 1954, due 1972 (Sw fr 50,000,000)	11,634,671		None
	4% Fifteen Year Bonds of 1959, due 1974 (Sw fr 100,000,000)	23,269,343		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>\$ 139,616,056</u>		
	Gross Total	<u>\$1,905,155,641⁵</u>		

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

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

Year Ending June 30	Amount
1960	\$168,425,027
1961	190,180,417
1962	202,738,154
1963	34,753,825
1964	42,253,825
Total	<u>\$638,351,248</u>

² The Bank has entered into agreements to sell additional bonds of the following issues and delivery of these bonds will be made and payment therefor will be received by the Bank in the aggregate amounts and at various dates to and including the dates shown hereafter:

Issue	Amount	Date of final delivery
4½% 15 Year Bonds of 1958, due 1973	\$4,300,000	Dec. 1, 1960
4½% 20 Year Bonds of 1957, due 1977	\$5,500,000	Oct. 1, 1959
4½% 21 Year Bonds of 1957, due 1978	\$3,312,000	Feb. 1, 1960
4½% 21 Year Bonds of 1958, due 1979	\$1,500,000	Apr. 15, 1960
4¾% 23 Year Bonds of 1957, due 1980	\$4,500,000	Nov. 1, 1960

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

⁴ This is the U.S. equivalent of amounts drawn to date. The full amount of this issue is DM200,000,000 (U.S. equivalent \$47,619,048). Under the agreement the amount can be drawn down from time to time as the Bank needs funds for its operations. Interest is payable only from the date funds are drawn down. Prior thereto a commitment charge of ¼% is payable on the undrawn balance.

⁵ The Bank has arranged to borrow, by private placement and issuance of 4½% Two Year Notes, US\$2.5 million and DM10 million for settlement in October 1959. Furthermore, a Note of US\$30 million, maturing in July 1959 will be replaced by a Three Year Note bearing interest at 4½% per annum.

Notes to Financial Statements

JUNE 30, 1959

NOTE A

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

(i) In the cases of 50 members, at the par values as specified in the "Schedule of Par Values", published by the International Monetary Fund, except for Paraguay where a rate of 110 guaranies to 1 United States dollar is used;

(ii) In the cases of the remaining 18 members (Afghanistan, Bolivia, Canada, China, Greece, Indonesia, Italy, Korea, Libya, Malaya, Morocco, Peru, Saudi Arabia, Spain, Thailand, Tunisia, Uruguay and Viet-Nam), the par values of whose currencies are not so specified, at the rates used by such members in making payments of capital subscriptions to the Bank; and

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

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

NOTE B

These currencies of the several members, and the notes issued by them in substitution for any part of such currencies as permitted under the provisions of Article V, Section 12, are derived from the 18% of the subscriptions to the capital stock of the Bank which is payable in the currencies of the respective members. Such 18% may be loaned by the Bank, and funds received by the Bank on account of principal of loans made by the Bank out of such currencies may be exchanged for other currencies or reloaned, only with the approval in each case of the member whose 18% currency is involved; provided, however, that, if necessary, after the Bank's subscribed capital is entirely called, such currencies may, without restriction by the members whose currencies are offered, be used or exchanged for the currencies required to meet contractual payments of interest, other charges or amortization on the Bank's own borrowings or to meet the Bank's liabilities with respect to contractual payments on loans guaranteed by it.

Under Article II, Section 9, each member is required, if the par value of its currency is reduced or if the foreign exchange value of its currency depreciates to a significant extent in its territories, to maintain the value of the Bank's

holdings of its 18% currency, including the principal amount of any notes substituted therefor, and the Bank is required, if the par value of a member's currency is increased, to return to the member the increase in the value of such 18% currency held by the Bank. To the extent such currencies are out on loan, the Bank and the members are obligated to make such payments only when such currencies are recovered by the Bank. The equivalent of \$9,195,742 is due from 3 members in order to maintain the value of their currencies as required under Article II, Section 9.

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

NOTE C

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

Principal Outstanding	\$846,959,657
Accrued Interest, Commitment and	
Service Charges	9,036,356
Accrued Loan Commissions	2,228,608
Total	\$858,224,621

The dollar equivalent shown as principal outstanding includes amounts which in accordance with Article II, Section 9 will be payable by members to maintain the value of their currencies when such currencies are recovered by the Bank.

NOTE D

Because of a change in the provisions of the Staff Retirement Plan, the Bank is obligated to make a payment to the Plan on account of service prior to April 1, 1959. The

Notes to Financial Statements (*continued*)

JUNE 30, 1959

actual cost of such prior service benefits has not yet been determined but is estimated to be between \$1,200,000 and \$2,000,000 of which the Bank has made an advance payment of \$1,200,000. The Bank will amortize such costs over a ten-year period commencing July 1, 1959.

NOTE E

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

NOTE F

Pursuant to action of the Board of Governors and Executive Directors the net income of the Bank has been allocated to a Supplemental Reserve Against Losses on Loans and Guarantees Made by the Bank; and the future net income of the Bank will, until further action by the Executive Directors or the Board of Governors, be allocated to this reserve. This reserve has been charged with \$775,352 representing the loss taken by the Bank as a result of the revaluation of the French franc in December 1958, on French francs it had acquired from earnings.

NOTE G

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

NOTE H

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

NOTE I

The Bank has sold under its guarantee \$69,003,844 of loans of which amount \$49,308,844 has been retired. The

following table sets forth the maturities of the guaranteed obligations outstanding:

<i>Period</i>	<i>Amount</i>
July 1, 1959 to June 30, 1960	\$ 500,000
July 1, 1960 to June 30, 1961	7,285,000
July 1, 1961 to June 30, 1962	4,715,000
July 1, 1962 to June 30, 1963	1,000,000
July 1, 1963 to June 30, 1964	1,000,000
Thereafter	5,195,000
Total	\$19,695,000

GENERAL

On December 22, 1958 the Executive Directors recommended to the Board of Governors that the Bank's authorized capital be increased from \$10,000,000,000 to \$21,000,000,000 and that members be authorized to double their capital subscriptions. This increase, however, will only become effective upon the fulfillment of a number of conditions, including the subscription by member countries of at least \$7,000,000,000 of the increased capital by September 15, 1959, or by such later date as the Executive Directors may determine. Under the Articles 80% of such subscriptions may be called only when required to meet the obligations of the Bank created by borrowing or guaranteeing loans. The Executive Directors have recommended to the Board of Governors that they decide that the 20%, which under the Articles may be called as needed by the Bank for its operations, shall not be called except when required to meet the obligations of the Bank created by borrowing or guaranteeing loans. The Executive Directors have also recommended that a number of members be authorized to subscribe to additional capital over and above the doubling of their present subscriptions.

Opinion of Independent Auditor

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

August 7, 1959

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

In our opinion, the accompanying financial statements present fairly, in terms of United States currency, the financial position of International Bank for Reconstruction and Development at June 30, 1959, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary.

PRICE WATERHOUSE & CO.

FINANCIAL STATEMENTS COVERED BY THE FOREGOING OPINION

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

Administrative Budget

FOR THE FISCAL YEAR ENDING JUNE 30, 1960

There is outlined below the Administrative Budget for the fiscal year ending June 30, 1960, 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, 1958, and 1959.

	<i>Actual Expenses</i>		<i>Budget</i>	
	1958	1959	1960	
BOARD OF GOVERNORS	\$ 208,714	\$ 443,282	\$ 234,000	
EXECUTIVE DIRECTORS	497,144	607,168	552,000	
STAFF				
Personal Services	\$4,022,347	\$4,692,228	\$4,969,500	
Staff Benefits	463,064	555,344	676,500	
Travel	846,471	950,307	980,000	
Consultants	156,127	149,780	225,000	
Representation	65,538	72,248	70,000	6,921,000
OTHER ADMINISTRATIVE EXPENSES				
Fees & Compensation	76,309	117,549	114,500	
Supplies & Materials	75,113	74,524	80,000	
Office Occupancy	667,905	523,953	457,000	
Communications	196,815	262,689	277,000	
Furniture & Equipment	115,903	115,115	140,000	
Printing	76,575	87,009	93,000	
Books and Library Service	87,025	99,410	114,000	
Insurance	46,483	25,585	34,500	
Other	18,503	25,857	25,000	1,335,000
CONTINGENCY	—	—	100,000	
Total	\$7,620,036	\$8,802,048	\$9,142,000	
SERVICES TO MEMBER COUNTRIES				
General Survey Missions	103,938	199,831	255,000	
Resident Representatives	132,684	116,596	32,000	
Economic Development Institute	106,667	250,657	282,500	
Training Programs	44,865	51,088	65,000	
Indus Basin Discussions	119,086	177,448	200,000	
Other Advisory Services	132,107	153,685	30,000	
Total	639,347	949,305	864,500	
Grand Total	\$8,259,383	\$9,751,353	\$10,006,500	

Governors and Alternates

JUNE 30, 1959

<i>Member Government</i>	<i>Governor</i>	<i>Alternate</i>
Afghanistan	Abdullah Malikyar	Abdul Hai Aziz
Argentina	Jose Mazar Barnett	Cesar Barros Hurtado
Australia	Harold E. Holt	J. F. Nimmo
Austria	Reinhard Kamitz	Wilhelm Teufenstein
Belgium	J. van Houtte	Jean Van Nieuwenhuyse
Bolivia	Miguel Gisbert N.	Fernando Pou Munt
Brazil	Lucas Lopes	Roberto de Oliveira Campos
Burma	U Kyaw Nyein	U Kyaw Nyun
Canada	Donald M. Fleming	A. F. W. Plumptre
Ceylon	Stanley de Zoysa	Rajendra Coomaraswamy
Chile	Felipe Herrera Lane	Alvaro Orrego Barros
China	Chia-Kan Yen	Tse-kai Chang
Colombia	Ignacio Copete-Lizarralde	Jorge Cortes-Boshell
Costa Rica	Alvaro Castro	Alvaro Vargas
Cuba	Justo Carrillo Hernandez	Joaquin E. Meyer
Denmark	Svend Nielsen	Hakon Jespersen
Dominican Republic	Virgilio Alvarez Sanchez	Oscar G. Ginebra Henriquez
Ecuador	Federico Intriago	Jose R. Chiriboga V.
El Salvador	Carlos J. Canessa	Luis Escalante-Arce
Ethiopia	Menasse Lemma	George Peters Rea
Finland	R. v. Fieandt	Reino Rossi
France	Minister of Finance	Pierre Paul Schweitzer
Germany	Ludwig Erhard	Franz Etzel
Ghana	K. A. Gbedemah	A. Eggleston
Greece	Gregory Cassimatis	Ioannis Paraskevopoulos
Guatemala	Manuel A. Bendfeldt Jauregui	Max Jimenez Pinto
Haiti	Andre Theard	Maurice Telemaque
Honduras	Celeo Davila	Jorge Bueso-Arias
Iceland	Petur Benediktsson	Vilhjalmur Thor
India	Morarji R. Desai	B. K. Nehru
Indonesia	Soetikno Slamet	Djalaledin Aghili
Iran	Ali Asghar Nasser	Mudhafar H. Jamil
Iraq	Mohammed Hadid	T. K. Whitaker
Ireland	Seamas O Riain	Jacob Arnon
Israel	David Horowitz	Giorgio Cigliana-Piazza
Italy	Donato Menichella	Masamichi Yamagiwa
Japan	Eisaku Sato	Hazem Nuseibeh ¹
Jordan	Hashem Jayousi ¹	Chong Sik Park
Korea	Chin Hyung Kim	Raja Himadeh
Lebanon	Andre Tueni	
Libya	A. N. Aneizi	
Luxembourg	Pierre Werner	Rene Franck
Malaya	Sir Henry H. S. Lee	Ismail bin Dato' Abdul Rahman
Mexico	Antonio Ortiz Mena	Jose Hernandez Delgado
Morocco	Abderrahim Bouabid	Mohamed Tahri
Netherlands	J. Zijlstra	S. Posthuma
Nicaragua	Guillermo Sevilla-Sacasa	Enrique Delgado
Norway	Arne Skaug	Gabriel Kielland ²
Pakistan	Mohamed Shoaib	M. A. Mozaffar
Panama	Ricardo M. Arias Espinosa	Julio E. Heurtematte
Paraguay	Cesar Romeo Acosta	Federico Mandelburger
Peru	Fernando Berckemeyer	Emilio Foley
Philippines	Miguel Cuaderno Sr.	Eduardo Z. Romualdez
Saudi Arabia	Ahmed Zaki Saad	Saleh Al-Shalfan
Spain	Mariano Navarro Rubio	Juan Antonio Ortiz Garcia
Sudan	Abdel Magid Ahmed	Hamzah Mirghani Hamzah
Sweden	G. E. Straeng	N. G. Lange
Thailand	Sunthorn Hongladarom	Boonma Wongswan
Tunisia	Hedi Nouira	Mongi Slim
Turkey	Hasan Polatkan	Sait Naci Ergin
Union of South Africa	T. E. Donges	M. H. de Kock
United Arab Republic	Husni A. Sawwaf	Izzat Traboulsi
United Kingdom	Derick Heathcoat Amory	Sir Denis Rickett
United States	Robert B. Anderson	C. Douglas Dillon
Uruguay	Nilo Berchesi	Roberto Ferber
Venezuela	Rafael Alfonso Ravard	Miguel Herrera Romero
Viet-Nam	Tran Huu Phuong	Vu Quoc Thuc
Yugoslavia	Vladimir Velebit ³	Isak Sion ³

¹ Appointed as of July 2, 1959; ² Appointed as of July 1, 1959; ³ Appointed as of July 17, 1959.

Executive Directors and Alternates and their Voting Power

JUNE 30, 1959

<i>Directors</i>	<i>Alternates</i>	<i>Casting the votes of</i>	<i>Total votes</i>
APPOINTED			
T. Graydon Upton	John S. Hooker	United States	32,000
The Earl of Cromer	Geoffrey M. Wilson	United Kingdom	13,250
Kan Lee		China	6,250
Rene Larre	Jean Cottier	France	5,500
B. K. Nehru	C. S. Krishna Moorthi	India	4,250
ELECTED			
Mohamed Shoaib (Pakistan)	Ali Akbar Khosropur (Iran)	Pakistan, United Arab Republic, Iran, Afghanistan, Saudi Arabia, Sudan, Iraq, Lebanon, Ethiopia, Jordan	4,899
Thomas Basyn (Belgium)		Belgium, Austria, Turkey, Korea, Luxembourg	4,655
Louis Rasminsky (Canada)	C. L. Read (Canada)	Canada, Ireland	4,050
P. Lieftinck (Netherlands)	Nikola Miljanic (Yugoslavia)	Netherlands, Yugoslavia, Israel	3,975
Takeshi Watanabe (Japan)	D. C. Gunesekera (Ceylon)	Japan, Burma, Ceylon, Thailand	3,925
Luis Machado (Cuba)	Jorge A. Montealegre (Nicaragua)	Mexico, Cuba, Peru, Venezuela, El Salvador, Honduras, Nicaragua, Costa Rica, Guatemala, Panama	3,912
B. B. Callaghan (Australia)	A. J. J. van Vuuren (Union of South Africa)	Australia, Union of South Africa, Viet-Nam	3,875
T. L. Hammarskiöld (Sweden)	H. E. Thrane (Denmark)	Sweden, Denmark, Norway, Finland, Iceland	3,820
Jose Aragones (Spain)	Carlo Gragnani (Italy)	Italy, Spain, Greece	3,800
Jorge Mejia-Palacio (Colombia)	Jose Camacho (Colombia)	Brazil, Colombia, Philippines, Haiti, Ecuador, Dominican Republic	3,679
Otto Donner (Germany)	H. Gorn (Germany)	Germany	3,550
Ismail bin Mohamed Ali (Malaya)	Omar Saadi Elmandjra* (Morocco)	Indonesia, Morocco, Malaya, Ghana, Tunisia, Libya	3,520
Carlos S. Brignone (Argentina)	L. Vartalitis (Argentina)	Argentina, Chile, Uruguay, Bolivia, Paraguay	3,305

* Appointed as of July 27, 1959.

<i>Executive Directors</i>	<i>End of Period of Service</i>
Tom B. Coughran (United States)	December 15, 1958
Guy F. Thorold (United Kingdom)	February 1, 1959
<i>Alternate Executive Directors</i>	<i>End of Period of Service</i>
Max Thurn (Austria)	June 16, 1959
Alan B. Hockin (Canada)	April 30, 1959
Eduardo Carrizosa (Colombia)	January 31, 1959

In addition to the Executive Directors and Alternates shown in the foregoing list, the following also served as Executive Director or Alternate after November 1, 1958, the effective date of the Seventh Regular Election:

Statement of Loans—June 30, 1959

EXPRESSED IN UNITED STATES DOLLARS
(For Summary Statement—See Appendix E)

Purpose, borrower and guarantor ¹	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed
							Total sales	Portion matured ⁴		
AUSTRALIA										
Equipment for Development	Aug. 22, 1950	1955–1975	4¼%	\$ 100,000,000	\$ —	\$ 308,972	\$ 22,968,028	\$ 13,079,028	\$ 76,723,000	\$ 100,000,000
Equipment for Development	July 8, 1952	1957–1972	4¾%	50,000,000	—	1,000	11,070,027	5,561,000	38,928,973	50,000,000
Equipment for Development	Mar. 2, 1954	1957–1969	4¾%	54,000,000	—	24,000	14,908,000	8,401,000	39,068,000	54,000,000
Equipment for Development	Mar. 18, 1955	1958–1970	4¾%	54,500,000	—	—	11,000,000	5,021,000	43,500,000	54,500,000
Airlines	Nov. 15, 1956	1964–1966	4¾%	9,230,000	—	—	—	—	9,230,000	9,230,000
Equipment for Development	Dec. 3, 1956	1959–1972	4¾%	50,000,000	—	—	3,662,000	—	46,338,000	50,000,000
TOTAL				317,730,000	—	333,972	63,608,055	32,062,028	253,787,973	317,730,000
AUSTRIA (guarantor)										
Power— <i>Verbundgesellschaft, Draukraftwerke</i>	July 19, 1954	1959–1979	4¾%	12,000,000	—	—	—	—	12,000,000	12,000,000
Power— <i>Verbundgesellschaft, Draukraftwerke</i>	Sept. 21, 1956	1959–1976	5%	10,000,000	—	—	372,809	—	9,627,191	10,000,000
Power— <i>Vorarlberger Illwerke</i>	June 14, 1955	1960–1979	4¾%	10,000,000	—	—	1,292,095	—	8,707,905	10,000,000
Power— <i>Vorarlberger Illwerke</i>	Oct. 10, 1957	1960–1979	5¾%	3,571,429	—	—	466,714	—	3,104,715	3,571,429
Power— <i>Verbundgesellschaft, Donaukraftwerke</i>	Sept. 21, 1956	1960–1981	5%	21,000,000	—	—	541,000	—	20,459,000	21,000,000
Power— <i>Verbundgesellschaft, Donaukraftwerke</i>	Dec. 2, 1958	1964–1983	5¾%	25,000,000	—	—	—	—	25,000,000	22,089
Industry— <i>Oesterr. Investitionskredit A.G.</i>	Apr. 28, 1958	1959–1975	5½%	10,765,000	1,476,346	—	763,300	—	8,525,354	3,555,909
TOTAL				92,336,429	1,476,346	—	3,435,918	—	87,424,165	60,149,427
BELGIUM										
Industry & Power	Mar. 1, 1949	1953–1969	4¼%	16,000,000	—	—	16,000,000	6,500,000	—	16,000,000
Belgian Congo Development	Sept. 13, 1951	1957–1976	4½%	30,000,000	—	—	9,555,000	3,750,000	20,445,000	30,000,000
Water Transport	Dec. 14, 1954	1965–1969	4¾%	20,000,000	—	—	—	—	20,000,000	20,000,000
Water Transport	Sept. 10, 1957	1963–1972	5¾%	10,000,000	—	—	5,220,000	—	4,780,000	7,290,603
BELGIUM (guarantor)										
Equipment for Development— <i>Belgian Congo</i>	Sept. 13, 1951	1957–1976	4½%	40,000,000	—	7,766	10,333,109	4,992,235	29,659,125	40,000,000
Roads— <i>Belgian Congo</i>	Nov. 27, 1957	1961–1976	6%	40,000,000	—	—	7,065,000	—	32,935,000	25,826,777
Port & Roads— <i>Ruanda-Urundi</i>	June 26, 1957	1961–1977	5¾%	4,800,000	—	—	455,000	—	4,345,000	1,684,179
TOTAL				160,800,000	—	7,766	48,628,109	15,242,235	112,164,125	140,801,559
BRAZIL										
Railways	June 27, 1952	1955–1967	4¾%	12,500,000	—	3,489,000	—	—	9,011,000	12,160,078
Railways	Dec. 18, 1953	1959–1969	4¾%	12,500,000	—	—	—	—	12,500,000	12,500,000
BRAZIL (guarantor)										
Power & Communications— <i>Brazilian Traction</i>	Jan. 27, 1949	1953–1974	4½%	75,000,000	—	6,526,750	4,028,411	4,028,411	64,444,839	75,000,000
Power— <i>Brazilian Traction</i>	Jan. 18, 1951	1955–1976	4¼%	15,000,000	—	1,019,721	—	—	13,980,279	15,000,000
Power— <i>Brazilian Traction</i>	Feb. 24, 1954	1955–1974	4¾%	18,790,000	—	4,000,000	—	—	14,790,000	18,790,000
Power— <i>Brazilian Traction</i>	June 17, 1959	1963–1978	6%	11,600,000 ²	—	—	Note ³	—	—	—
Power— <i>São Francisco Hidro Elet. Co.</i>	May 26, 1950	1954–1975	4¼%	15,000,000	—	2,546,643	—	—	12,453,357	15,000,000
Power— <i>CEARG & CEMIG</i>	July 17, 1953	1957–1973	5%	7,300,000	—	—	1,047,000	729,000	6,253,000	7,300,000
Power— <i>Usinas Elétricas Paranapanema</i>	Dec. 18, 1953	1958–1974	5%	10,000,000	—	639,000	—	—	9,361,000	9,848,124
Power— <i>Usinas Elétricas Paranapanema</i>	Jan. 22, 1958	1962–1978	5¾%	13,400,000	—	—	—	—	13,400,000	2,372,751
Power— <i>Central Elétrica de Furnas, S.A.</i>	Oct. 3, 1958	1964–1983	5¾%	73,000,000	—	—	—	—	73,000,000	5,006,107
Cancelled—one loan; repaid—one loan				28,000,000	25,018,946	2,981,054	—	—	—	2,981,054
TOTAL				292,090,000	25,018,946	21,202,168	5,075,411	4,757,411	229,193,475	175,958,114

Statement of Loans—June 30, 1959 (continued)

Purpose, borrower and guarantor ¹	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed
							Total sales	Portion matured ⁴		
BURMA										
Railways	May 4, 1956	1959–1971	4¾%	\$ 5,350,000	\$ —	\$ —	\$ —	\$ —	\$ 5,350,000	\$ 3,055,593
BURMA (guarantor)										
Port—Rangoon Port Commissioners	May 4, 1956	1960–1976	4¾%	14,000,000	—	—	—	—	14,000,000	6,920,417
		TOTAL		19,350,000	—	—	—	—	19,350,000	9,976,010
CEYLON										
Power	July 9, 1954	1959–1979	4¾%	19,110,000	1,737,750	245,250	—	—	17,127,000	12,867,816
Power	Sept. 17, 1958	1961–1978	5½%	7,400,000	—	—	717,000	—	6,683,000	89,064
		TOTAL		26,510,000	1,737,750	245,250	717,000	—	23,810,000	12,956,880
CHILE (guarantor)										
Power—Fomento & Endesa	Mar. 25, 1948	1953–1968	4½%	13,500,000	—	4,371,000	772,000	252,000	8,357,000	13,500,000
Power—Fomento & Endesa	Nov. 1, 1956	1960–1976	5%	15,000,000	—	—	327,000	—	14,673,000	6,672,657
Agriculture—Fomento	Oct. 10, 1951	1955–1961	4¾%	1,300,000	445,544	98,600	633,000	633,000	122,856	854,456
Industry—Fomento & Papeles y Cartones	Sept. 10, 1953	1958–1970	5%	20,000,000	—	500,000	—	—	19,500,000	19,663,001
Industry—Fomento & Schwager	July 24, 1957	1963–1972	5¾%	12,200,000	—	—	100,000	—	12,100,000	2,190,198
Industry—Fomento & Lota	July 24, 1957	1962–1972	5¾%	9,600,000	—	—	100,000	—	9,500,000	2,661,278
Repaid—one loan				2,500,000	—	755,000	1,745,000	1,745,000	—	2,500,000
		TOTAL		74,100,000	445,544	5,724,600	3,677,000	2,630,000	64,252,856	48,041,590
COLOMBIA										
Roads	Apr. 10, 1951	1954–1961	3⅞%	16,500,000	—	10,525,000	800,000	800,000	5,175,000	16,500,000
Railways	Aug. 26, 1952	1957–1978	4¾%	25,000,000	—	1,464,000	—	—	23,536,000	20,968,721
Roads	Sept. 10, 1953	1956–1963	4¾%	14,350,000	—	5,622,000	—	—	8,728,000	14,350,000
Roads	June 6, 1956	1959–1971	4¾%	16,500,000	—	491,000	—	—	16,009,000	11,893,162
COLOMBIA (guarantor)										
Agriculture—Caja de Crédito	Dec. 29, 1954	1957–1961	4¼%	5,000,000	—	—	3,000,000	2,500,000	2,000,000	5,000,000
Power—CHIDRAL	Nov. 2, 1950	1954–1970	4%	3,530,000	—	746,000	148,000	148,000	2,636,000	3,530,000
Power—CHIDRAL	Mar. 24, 1955	1959–1975	4¾%	4,500,000	—	91,000	—	—	4,409,000	4,500,000
Power—CHIDRAL	Dec. 15, 1958	1961–1979	5¾%	2,800,000 ²	—	—	Note ³	—	—	—
Power—Caldas Hidro-Elec. Co.	Dec. 28, 1950	1952–1971	4%	2,600,000	—	545,000	194,000	194,000	1,861,000	2,600,000
Power—Caldas Hidro-Elec. Co.	Jan. 30, 1959	1962–1979	5¾%	4,600,000	—	—	—	—	4,600,000	551,377
Power—Hidroeléctrica del Río Lebrija	Nov. 13, 1951	1954–1972	4½%	2,400,000	—	489,200	84,800	84,800	1,826,000	2,400,000
Railways—Ferrocarriles Nacionales	June 15, 1955	1958–1980	4¾%	15,900,000	—	—	866,000	423,000	15,034,000	11,914,068
Power—Empresas Públicas de Medellín	May 20, 1959	1963–1984	6%	12,000,000 ²	—	—	Note ³	—	—	—
Repaid—one loan				5,000,000	74,559	2,925,441	2,000,000	2,000,000	—	4,925,441
		TOTAL		130,680,000	74,559	22,898,641	7,092,800	6,149,800	85,814,000	99,132,769
COSTA RICA (guarantor)										
Agriculture & Industry—Banco Central	Sept. 18, 1956	1958–1963	4¾%	3,000,000	—	124,000	366,000	366,000	2,510,000	3,000,000
Agriculture & Industry—Banco Central	Feb. 11, 1959	1960–1965	5¾%	3,500,000	—	—	1,510,000	—	1,990,000	850,280
		TOTAL		6,500,000	—	124,000	1,876,000	366,000	4,500,000	3,850,280
DENMARK										
Reconstruction	Aug. 22, 1947	1953–1972	4¼%	40,000,000	—	899,000	6,243,000	3,887,000	32,858,000	40,000,000
Power	Feb. 4, 1959	1962–1978	5¾%	20,000,000	—	—	1,551,000	—	18,449,000	2,288,151
		TOTAL		60,000,000	—	899,000	7,794,000	3,887,000	51,307,000	42,288,151

Statement of Loans— June 30, 1959 (continued)

Purpose, borrower and guarantor ¹	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed
							Total sales	Portion matured ⁴		
ECUADOR										
Roads	Sept. 20, 1957	1962-1977	5¾%	\$ 14,500,000	\$ —	\$ —	\$ 141,000	\$ —	\$ 14,359,000	\$ 1,327,297
Railways	Nov. 1, 1957	1959-1961	6%	600,000 ²	—	—	Note ³	—	—	—
ECUADOR (guarantor)										
Roads— <i>Com. Ejec. Vialidad (Guayas)</i>	Feb. 10, 1954	1958-1964	4¾%	8,500,000	1,000,000	744,000	—	—	6,756,000	7,500,000
Power— <i>Empresa Eléctrica Quito, S.A.</i>	Mar. 29, 1956	1959-1976	4¾%	5,000,000	—	—	197,000	—	4,803,000	4,422,588
Power— <i>Empresa Eléctrica Quito, S.A.</i>	Sept. 20, 1957	1962-1977	5¾%	5,000,000	—	—	—	—	5,000,000	192,092
Port— <i>Autoridad Portuaria de Guayaquil</i>	Oct. 9, 1958	1963-1983	5¾%	13,000,000	—	—	100,000	—	12,900,000	568,650
TOTAL				46,600,000	1,000,000	744,000	438,000	—	43,818,000	14,010,627
EL SALVADOR										
Roads	Oct. 12, 1954	1959-1966	4½%	11,100,000	—	334,000	250,000	250,000	10,516,000	10,692,467
Roads	Jan. 7, 1959	1963-1974	5¾%	5,000,000 ²	—	—	Note ³	—	—	—
EL SALVADOR (guarantor)										
Power— <i>Comisión del Río Lempa</i>	Dec. 14, 1949	1954-1975	4¼%	12,545,000	—	495,000	1,000,000	1,000,000	11,050,000	12,545,000
Power— <i>Comisión del Río Lempa</i>	Feb. 20, 1959	1962-1984	5¾%	3,000,000 ²	—	—	—	—	—	—
TOTAL				31,645,000	—	829,000	1,250,000	1,250,000	21,566,000	23,237,467
ETHIOPIA										
Roads	Sept. 13, 1950	1956-1971	4%	5,000,000	—	877,000	—	—	4,123,000	5,000,000
Industry	Sept. 13, 1950	1956-1971	4%	2,000,000	—	350,000	—	—	1,650,000	1,649,679
Communications	Feb. 19, 1951	1956-1971	4%	1,500,000	—	262,000	—	—	1,238,000	1,500,000
Roads	June 28, 1957	1961-1977	5¾%	15,000,000	—	—	1,491,000	—	13,509,000	4,105,640
TOTAL				23,500,000	—	1,489,000	1,491,000	—	20,520,000	12,255,319
FINLAND (guarantor)										
Power & Industry— <i>Bank of Finland</i>	Aug. 1, 1949	1953-1964	4%	12,500,000	—	5,004,990	1,559,010	1,559,010	5,936,000	12,500,000
Power, Industry & Agriculture— <i>Bank of Finland</i>	Apr. 30, 1952	1955-1970	4¾%	20,000,000	—	4,603,000	—	—	15,397,000	20,000,000
Industry— <i>Bank of Finland</i>	Nov. 13, 1952	1955-1970	4¾%	3,479,464	1,415	701,631	—	—	2,776,418	3,478,049
Power & Industry— <i>Bank of Finland</i>	Mar. 24, 1955	1958-1970	4¾%	12,000,000	—	—	2,288,000	1,105,000	9,712,000	12,000,000
Power— <i>Mortgage Bank of Finland Oy</i>	May 22, 1956	1959-1976	4¾%	15,000,000	—	—	280,000	280,000	14,720,000	9,539,656
Industry— <i>Mortgage Bank of Finland Oy</i>	Mar. 16, 1959	1962-1974	5¾%	37,000,000	—	—	2,302,000	—	34,698,000	1,652,000
Repaid—one loan				2,300,000	197,869	2,102,131	—	—	—	2,102,131
TOTAL				102,279,464	199,284	12,411,752	6,429,010	2,944,010	83,239,418	61,271,836
FRANCE (guarantor)										
Reconstruction— <i>Crédit National</i>	May 9, 1947	1952-1977	4¼%	250,000,000	—	38,000	30,809,000	22,812,000	219,153,000	250,000,000
Railways— <i>Overseas Railways Administration</i>	June 10, 1954	1956-1966	4½%	7,500,000	408,433	599,567	2,259,000	1,235,000	4,233,000	7,091,567
Power— <i>Électricité et Gaz d'Algérie</i>	Aug. 26, 1955	1957-1975	4¾%	10,000,000	—	—	1,550,000	865,000	8,450,000	10,000,000
Industry— <i>COMILOG, GABON</i>	June 30, 1959	1963-1974	6%	35,000,000 ²	—	—	—	—	—	—
TOTAL				302,500,000	408,433	637,567	34,618,000	24,912,000	231,836,000	267,091,567
GUATEMALA										
Roads	July 29, 1955	1959-1970	4¾%	18,200,000	—	—	576,000	576,000	17,624,000	17,618,443
HAITI										
Roads	May 7, 1956	1961-1967	4½%	2,600,000	—	—	386,000	—	2,214,000	541,947

Statement of Loans—June 30, 1959 (continued)

Purpose, borrower and guarantor ¹	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed
							Total sales	Portion matured ⁴		
HONDURAS										
Roads	Dec. 22, 1955	1957-1964	4½%	\$ 4,200,000	\$ —	\$ 185,000	\$ 872,000	\$ 802,000	\$ 3,143,000	\$ 3,750,392
Roads	May 9, 1958	1961-1978	5⅞%	5,500,000	—	—	299,000	—	5,201,000	422,214
HONDURAS (guarantor)										
Power— <i>Empresa Nacional de Energía Eléctrica</i>	May 20, 1959	1962-1974	6%	1,450,000 ²	—	—	Note ³	—	—	—
TOTAL				11,150,000	—	185,000	1,171,000	802,000	8,344,000	4,172,606
ICELAND										
Power	June 20, 1951	1956-1973	4⅜%	2,450,000	—	352,800	—	—	2,097,200	2,450,000
Agriculture	Nov. 1, 1951	1956-1973	4½%	1,008,000	—	121,800	—	—	886,200	1,008,000
Industry	Aug. 26, 1952	1954-1969	4¾%	854,000	—	221,000	—	—	633,000	854,000
ICELAND (guarantor)										
Agriculture— <i>Iceland Bank of Development</i>	Sept. 4, 1953	1958-1975	5%	1,350,000	—	52,000	—	—	1,298,000	1,350,000
Communications— <i>Iceland Bank of Development</i>	Sept. 4, 1953	1954-1966	4¾%	252,000	—	88,200	—	—	163,800	252,000
TOTAL				5,914,000	—	835,800	—	—	5,078,200	5,914,000
INDIA										
Railways	Aug. 18, 1949	1950-1964	4%	34,000,000	1,200,000	7,736,099	15,591,583	10,368,535	9,472,318	32,800,000
Power	Apr. 18, 1950	1955-1970	4%	18,500,000	1,779,500	1,249,000	5,010,000	2,655,000	10,461,500	16,720,500
Multi-Purpose Project	Jan. 23, 1953	1956-1977	4⅞%	19,500,000	9,000,000	898,000	507,000	—	9,095,000	10,500,000
Railways	July 12, 1957	1961-1972	5⅞%	24,000,000	—	—	—	—	24,000,000	24,000,000
Railways	July 12, 1957	1961-1972	5⅞%	19,110,000	—	—	—	—	19,110,000	19,110,000
Railways	July 12, 1957	1961-1972	5⅞%	11,200,000	—	—	—	—	11,200,000	11,200,000
Railways	July 12, 1957	1961-1972	5⅞%	35,700,000	—	—	—	—	35,700,000	35,700,000
Power	July 23, 1958	1961-1978	5⅞%	25,000,000	—	—	262,810	—	24,737,190	10,350,904
Railways	Sept. 16, 1958	1963-1979	5¾%	85,000,000	—	—	1,000,000	—	84,000,000	85,000,000
Power	Apr. 8, 1959	1965-1984	5¾%	25,000,000 ²	—	—	—	—	—	—
INDIA (guarantor)										
Industry— <i>Indian Iron & Steel Company</i>	Dec. 18, 1952	1959-1967	4¾%	31,500,000	1,480,000	1,249,000	700,000	—	28,071,000	25,659,875
Industry— <i>Indian Iron & Steel Company</i>	Dec. 19, 1956	1960-1967	5%	20,000,000	—	—	1,032,000	—	18,968,000	14,296,935
Power— <i>Tata Group of Power Companies</i>	Nov. 19, 1954	1958-1974	4¾%	16,200,000	2,250,000	—	1,364,000	666,000	12,586,000	12,806,498
Power— <i>Tata Group of Power Companies</i>	May 29, 1957	1960-1975	5⅞%	9,800,000	—	—	—	—	9,800,000	6,558,181
Industry— <i>I.C.I.C.I.</i>	Mar. 14, 1955	1961-1969	4⅞%	10,000,000	—	—	—	—	10,000,000	3,322,700
Industry— <i>The Tata Iron and Steel Co., Ltd.</i>	June 26, 1956	1959-1971	4¾%	75,000,000	—	—	2,355,000	—	72,645,000	75,000,000
Industry— <i>The Tata Iron and Steel Co., Ltd.</i>	Nov. 20, 1957	1960-1971	6%	32,500,000	—	—	15,000,000	—	17,500,000	30,881,125
Airlines— <i>Air-India International Corp.</i>	Mar. 5, 1957	1965-1966	5½%	5,600,000	—	—	—	—	5,600,000	4,723,947
Port— <i>Calcutta Port Commissioners</i>	June 25, 1958	1963-1978	5½%	29,000,000	—	—	1,113,000	—	27,887,000	2,082,734
Port— <i>Trustees of the Port of Madras</i>	June 25, 1958	1963-1978	5½%	14,000,000	—	—	592,000	—	13,408,000	900,820
Repaid—one loan				10,000,000	2,796,187	2,263,000	4,940,813	4,940,813	—	7,203,813
TOTAL				550,610,000	18,505,687	13,395,099	49,468,206	18,630,348	444,241,008	428,818,032
IRAN										
Equipment for Development	Jan. 22, 1957	1959-1962	5%	75,000,000	—	—	5,000,000	—	70,000,000	75,000,000
Roads	May 29, 1959	1961-1976	6%	72,000,000 ²	—	—	Note ³	—	—	—
TOTAL				147,000,000	—	—	5,000,000	—	70,000,000	75,000,000
IRAQ										
Repaid—one loan				12,800,000	6,506,054	6,293,946	—	—	—	6,293,946

Statement of Loans—June 30, 1959 (continued)

Purpose, borrower and guarantor ¹	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed	
							Total sales	Portion matured ⁴			
ITALY (guarantor)											
Equipment for Development	Cassa per il Mezzogiorno	Oct. 10, 1951	1956-1976	4½%	\$ 10,000,000	\$ —	\$ 473,000	\$ 834,000	\$ 485,000	\$ 8,693,000	\$ 10,000,000
Equipment for Development		Oct. 6, 1953	1958-1978	5%	10,000,000	—	—	593,000	289,000	9,407,000	10,000,000
Power, Agriculture & Industry		June 1, 1955	1958-1975	4¾%	70,000,000	1,600,000	—	6,000,000	2,000,000	62,400,000	65,131,040
Power, Agriculture & Industry		Oct. 11, 1956	1959-1976	5%	74,628,000	—	—	3,855,812	—	70,772,188	58,939,881
Power, Agriculture & Industry		Feb. 28, 1958	1961-1978	5½%	75,000,000 ²	—	—	12,830,429	—	56,169,571	29,690,400
Power & Industry		Apr. 21, 1959	1963-1979	5¾%	20,000,000 ²	—	—	—	—	—	—
TOTAL					259,628,000	1,600,000	473,000	24,113,241	2,774,000	207,441,759	173,761,321
JAPAN (guarantor)											
Power—Japan Development Bank	Oct. 15, 1953	1957-1973	5%	21,500,000	922,429	—	3,551,773	2,148,000	17,025,798	20,577,571	
Power—Japan Development Bank	June 13, 1958	1962-1983	5¾%	37,000,000	—	—	1,070,000	—	35,930,000	23,804,310	
Power—Japan Development Bank	Oct. 15, 1953	1957-1973	5%	11,200,000	749,680	—	1,774,694	1,119,000	8,675,626	10,450,320	
Power—Japan Development Bank	Oct. 15, 1953	1957-1973	5%	7,500,000	1,043,611	—	1,071,000	750,000	5,385,389	6,456,389	
Power—Japan Development Bank	Sept. 10, 1958	1962-1983	5¾%	29,000,000	—	—	336,000	—	28,664,000	4,696,264	
Industry—Japan Development Bank	Oct. 25, 1955	1958-1970	4¾%	5,300,000	171,142	—	960,000	463,000	4,168,858	5,128,858	
Industry—Japan Development Bank	Feb. 21, 1956	1958-1971	4¾%	8,100,000	539,555	—	1,190,000	779,000	6,370,445	7,560,445	
Industry—Japan Development Bank	Dec. 19, 1956	1960-1971	5%	20,000,000	—	—	1,252,000	—	18,748,000	19,972,515	
Industry—Japan Development Bank	Jan. 29, 1958	1960-1971	5¾%	8,000,000	—	—	734,000	—	7,266,000	8,000,000	
Power—Japan Development Bank	June 27, 1958	1961-1983	5¾%	25,000,000	—	—	789,000	—	24,211,000	19,674,011	
Industry—Japan Development Bank	July 11, 1958	1961-1973	5¾%	33,000,000	—	—	1,100,000	—	31,900,000	11,671,885	
Industry—Japan Development Bank	Aug. 18, 1958	1960-1973	5¾%	10,000,000	—	—	784,810	—	9,215,190	10,000,000	
Industry—Japan Development Bank	Sept. 10, 1958	1960-1973	5¾%	22,000,000	—	—	1,698,000	—	20,302,000	17,071,412	
Power—Japan Development Bank	Feb. 17, 1959	1974-1983	5¾%	10,000,000	—	—	—	—	10,000,000	2,294,280	
Agriculture—Land Development Corporation	Dec. 19, 1956	1959-1971	5%	4,300,000	—	—	—	—	4,300,000	3,109,925	
Multi-Purpose Project—Aichi Irrigation Public Corp.	Aug. 9, 1957	1961-1977	5¾%	7,000,000	1,700,000	—	721,000	—	4,579,000	3,645,941	
TOTAL					258,900,000	5,126,417	—	17,032,277	5,259,000	236,741,306	174,114,126
LEBANON (guarantor)											
Power & Agriculture—Litani River Authority	Aug. 25, 1955	1961-1980	4¾%	27,000,000	—	—	—	—	27,000,000	5,543,467	
LUXEMBOURG											
Industry & Railways	Aug. 28, 1947	1949-1972	4¼%	12,000,000	238,017	1,619,983	4,294,000	2,884,000	5,848,000	11,761,983	
MALAYA (guarantor)											
Power—Central Electricity Board	Sept. 22, 1958	1964-1983	5¾%	35,600,000	—	—	1,280,000	—	34,320,000	263,270	
MEXICO (guarantor)											
Power—Financiera & Comisión	Jan. 6, 1949	1953-1973	4½%	24,100,000	—	2,764,700	3,968,300	2,921,300	17,367,000	24,100,000	
Power—Financiera & Comisión	Jan. 11, 1952	1955-1977	4½%	29,700,000	—	1,323,000	2,868,000	1,816,000	25,509,000	29,289,960	
Power—Financiera & Comisión	May 5, 1958	1962-1983	5¾%	34,000,000	—	—	1,323,000	—	32,677,000	6,559,368	
Power—Mexlight	Apr. 28, 1950	1953-1975	4½%	26,000,000	—	2,481,000	2,307,000	2,307,000	21,212,000	26,000,000	
Power—Mexlight	Jan. 14, 1958	1959-1977	5¾%	11,000,000	—	—	1,000,000	—	10,000,000	10,364,835	
Railways—Ferrocarril del Pacifico	Aug. 24, 1954	1959-1969	4¾%	61,000,000	—	—	3,976,000	1,210,000	57,024,000	60,656,849	
Refunded—one loan; repaid—one loan				20,000,000	19,472,112	527,888	—	—	—	527,888	
TOTAL					205,800,000	19,472,112	7,096,588	15,442,300	8,254,300	163,789,000	157,498,900

Statement of Loans—June 30, 1959 (continued)

Purpose, borrower and guarantor ¹	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed	
							Total sales	Portion matured ⁴			
NETHERLANDS											
Reconstruction	Aug. 7, 1947	1954-1972	4¼%	\$191,044,212	\$ —	\$103,372,212	\$ 87,672,000	\$ 22,385,000	\$ —	\$ 191,044,212	
NETHERLANDS (guarantor)											
Industry— <i>Herstelbank</i>	July 26, 1949	1952-1964	4%	15,000,000	7,548,015	1,025,089	4,318,911	4,082,411	2,107,985	7,451,985	
Industry & Transport— <i>Herstelbank</i>	May 15, 1957	1959-1962	5½%	15,000,000	—	—	15,000,000	—	—	15,000,000	
Repaid—six loans				22,955,788	—	3,500,000	19,455,788	19,455,788	—	22,955,788	
TOTAL				244,000,000	7,548,015	107,897,301	126,446,699	45,923,199	2,107,985	236,451,985	
NICARAGUA											
Roads	June 7, 1951	1954-1961	4½%	3,500,000	—	2,167,000	29,000	29,000	1,304,000	3,500,000	
Agriculture	Oct. 29, 1951	1954-1962	4½%	550,000	3,006	289,994	29,000	29,000	228,000	546,994	
Roads	Sept. 4, 1953	1957-1963	4¾%	3,500,000	—	1,121,000	—	—	2,379,000	3,417,942	
Power	Sept. 4, 1953	1955-1963	4¾%	450,000	—	202,000	—	—	248,000	450,000	
NICARAGUA (guarantor)											
Power— <i>Emp. Nal. Luz y Fuerza</i>	July 8, 1955	1958-1975	4¾%	7,100,000	—	—	724,000	279,000	6,376,000	7,100,000	
Power— <i>Emp. Nal. Luz y Fuerza</i>	Nov. 15, 1956	1959-1971	4¾%	1,600,000	—	—	101,000	—	1,499,000	943,515	
Power— <i>Instituto de Fomento Nacional</i>	July 8, 1955	1958-1975	4¾%	400,000	—	15,000	—	—	385,000	400,000	
Agriculture— <i>Instituto de Fomento Nacional</i>	Aug. 26, 1955	1957-1967	4¼%	1,500,000	—	—	735,000	406,000	765,000	1,467,371	
Port— <i>Autoridad Portuaria de Corinto</i>	May 22, 1956	1959-1976	4¾%	3,200,000	—	—	121,000	—	3,079,000	1,386,748	
Repaid—one loan				1,200,000	6,879	1,164,121	29,000	29,000	—	1,193,121	
TOTAL				23,000,000	9,885	4,959,115	1,768,000	772,000	16,263,000	20,405,691	
NORWAY											
Equipment for Development	Apr. 8, 1954	1957-1974	4¾%	25,000,000	—	—	3,097,000	2,016,000	21,903,000	25,000,000	
Equipment for Development	Apr. 19, 1955	1960-1975	4¾%	25,000,000	—	—	1,250,000	—	23,750,000	25,000,000	
Power	May 3, 1956	1961-1976	4¾%	25,000,000	—	—	—	—	25,000,000	13,628,123	
TOTAL				75,000,000	—	—	4,347,000	2,016,000	70,653,000	63,628,123	
PAKISTAN											
Railways	Mar. 27, 1952	1954-1967	4½%	27,200,000	—	7,671,400	935,600	935,600	18,593,000	25,843,757	
Agriculture	June 13, 1952	1954-1959	4½%	3,250,000	—	1,951,000	997,000	997,000	302,000	3,250,000	
Railways	Oct. 18, 1957	1961-1973	6%	31,000,000	—	—	850,000	—	30,150,000	16,950,008	
PAKISTAN (guarantor)											
Transport— <i>Sui Gas Transmission Co.</i>	June 2, 1954	1956-1974	4¾%	14,000,000	—	—	1,806,000	1,528,800	12,194,000	14,000,000	
Power— <i>Karachi Electric Supply Corp.</i>	June 20, 1955	1957-1970	4½%	13,800,000	—	5,800	2,049,600	1,621,200	11,744,600	13,686,901	
Power— <i>Karachi Electric Supply Corp.</i>	Apr. 23, 1958	1963-1978	5½%	14,000,000	—	—	198,000	—	13,802,000	343,877	
Industry— <i>Karnaphuli Paper Mills, Ltd.</i>	Aug. 4, 1955	1956-1970	4½%	4,200,000	—	—	775,000	657,000	3,425,000	4,200,000	
Port— <i>Trustees of the Port of Karachi</i>	Aug. 4, 1955	1960-1980	4¾%	14,800,000	—	—	216,842	—	14,583,158	8,545,192	
Industry— <i>P.I.C.I.C.</i>	Dec. 17, 1957	1962-1972	5¾%	4,200,000	—	—	—	—	4,200,000	197,267	
TOTAL				126,450,000	—	9,628,200	7,828,042	5,739,600	108,993,758	87,017,002	
PANAMA											
Repaid—three loans				7,390,000	542,574	5,147,426	1,700,000	1,700,000	—	6,847,426	
PARAGUAY											
Agriculture & Transport	Dec. 7, 1951	1954-1964	4½%	5,000,000	511,010	1,656,990	100,000	100,000	2,732,000	4,488,990	

Statement of Loans—June 30, 1959 (continued)

Purpose, borrower and guarantor ¹	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed
							Total sales	Portion matured ⁴		
PERU										
Port	Jan. 23, 1952	1954-1967	4½%	\$ 2,500,000	\$ 89,472	\$ 343,528	\$ 877,000	\$ 482,000	\$ 1,190,000	\$ 2,410,528
Agriculture	July 8, 1952	1954-1959	4½%	1,300,000	—	729,750	439,250	439,250	131,000	1,300,000
Agriculture	Apr. 12, 1954	1956-1961	4¼%	1,700,000	—	487,000	392,000	392,000	821,000	1,700,000
Agriculture	Apr. 5, 1955	1959-1980	4¾%	18,000,000	—	—	496,000	—	17,504,000	17,659,750
Roads	Aug. 5, 1955	1958-1964	4¼%	5,000,000	—	—	683,000	683,000	4,317,000	4,946,386
PERU (guarantor)										
Agriculture—Banco de Fomento Agropecuario	Nov. 12, 1954	1957-1963	4¼%	5,000,000	229	779,771	748,000	748,000	3,472,000	4,999,771
Agriculture—Banco de Fomento Agropecuario	Mar. 13, 1957	1959-1965	5½%	5,000,000	—	—	1,101,000	—	3,899,000	4,598,417
Industry—Cemento Pacasmayo	Apr. 19, 1955	1958-1970	4¾%	2,500,000	2,918	—	310,000	230,000	2,187,082	2,497,082
Railways—Peruvian Corporation Ltd.	Apr. 3, 1958	1961-1973	5½%	15,000,000 ²	—	—	—	—	—	—
Port—Autoridad Portuaria del Callao	Sept. 17, 1958	1963-1978	5¾%	6,575,000	—	—	395,000	—	6,180,000	520,507
TOTAL				62,575,000	92,619	2,340,049	5,441,250	2,974,250	39,701,082	40,632,441
PHILIPPINES (guarantor)										
Power—National Power Corporation	Nov. 22, 1957	1960-1982	6%	21,000,000	2,500,000	—	987,000	—	17,513,000	12,578,516
SOUTH AFRICA										
Transport	Jan. 23, 1951	1956-1965	3¾%	20,000,000	—	5,133,000	1,867,000	1,867,000	13,000,000	20,000,000
Transport	Aug. 28, 1953	1955-1963	4¾%	30,000,000	—	870,980	22,160,020	13,249,020	6,969,000	30,000,000
Transport	Nov. 28, 1955	1958-1966	4½%	25,200,000	—	1,008,000	3,024,000	—	21,168,000	25,200,000
Railways	Oct. 1, 1957	1960-1967	5¾%	25,000,000	—	—	2,000,000	—	23,000,000	25,000,000
Railways	Dec. 2, 1958	1961-1968	5¾%	25,000,000	—	—	1,253,000	—	23,747,000	14,584,445
Railways	June 10, 1959	1961-1969	6%	11,600,000	—	—	2,484,000	—	9,116,000	—
SOUTH AFRICA (guarantor)										
Power—Electricity Supply Commission	Jan. 23, 1951	1954-1970	4%	30,000,000	—	866,198	9,125,895	6,733,895	20,007,907	30,000,000
Power—Electricity Supply Commission	Aug. 28, 1953	1955-1963	4¾%	30,000,000	—	134,000	20,455,000	12,505,000	9,411,000	30,000,000
TOTAL				196,800,000	—	8,012,178	62,368,915	34,354,915	126,418,907	174,784,445
SUDAN										
Railways & Water Transport	July 21, 1958	1961-1978	5¾%	39,000,000	—	—	1,750,000	—	37,250,000	16,234,094
THAILAND										
Railways	Oct. 27, 1950	1954-1966	3¾%	3,000,000	—	961,000	189,000	189,000	1,850,000	3,000,000
Agriculture	Oct. 27, 1950	1956-1971	4%	18,000,000	—	3,158,000	796,000	—	14,046,000	18,000,000
Port	Oct. 27, 1950	1954-1966	3¾%	4,400,000	—	1,413,000	275,000	275,000	2,712,000	4,400,000
THAILAND (guarantor)										
Railways—State Railway of Thailand	Aug. 9, 1955	1958-1970	4½%	12,000,000	—	—	1,105,000	728,000	10,895,000	11,850,252
Port—Port Authority of Thailand	Oct. 12, 1956	1958-1971	4¾%	3,400,000	140,922	—	184,000	184,000	3,075,078	3,259,078
Multi-Purpose Project—Yanhee Elec. Authority	Sept. 12, 1957	1963-1982	5¾%	66,000,000	—	—	—	—	66,000,000	7,686,380
TOTAL				106,800,000	140,922	5,532,000	2,549,000	1,376,000	98,578,078	48,195,710
TURKEY										
Agriculture	July 7, 1950	1954-1968	3¾%	3,900,000	—	1,034,000	144,000	144,000	2,722,000	3,900,000
Ports	July 7, 1950	1956-1975	4¼%	12,500,000	—	1,502,000	—	—	10,998,000	12,500,000
Ports	Feb. 26, 1954	1956-1975	4¾%	3,800,000	—	430,000	—	—	3,370,000	2,861,445
Multi-Purpose Project	June 18, 1952	1960-1977	4¾%	25,200,000	2,356,000	—	—	—	22,844,000	22,519,413
TURKEY (guarantor)										
Industry—Industrial Development Bank	Oct. 19, 1950	1957-1965	3¾%	9,000,000	320,579	1,886,420	—	—	6,793,001	8,673,710
Industry—Industrial Development Bank	Sept. 10, 1953	1958-1968	4¾%	9,000,000	—	674,000	—	—	8,326,000	8,215,863
TOTAL				63,400,000	2,676,579	5,526,420	144,000	144,000	55,053,001	58,670,431

Statement of Loans—June 30, 1959 (continued)

Purpose, borrower and guarantor ¹	Date of loan agreement	Maturities	Interest rate (including commission)	Original principal amount	Cancellations	Principal repayments to Bank	Effective loans sold or agreed to be sold ³		Effective loans held by Bank	Principal amount disbursed	
							Total sales	Portion matured ⁴			
UNITED KINGDOM (guarantor)											
Power—Southern Rhodesia	Feb. 27, 1952	1956–1977	4¾%	\$ 28,000,000	\$ —	\$ 148,000	\$ 8,084,000	\$ 3,852,000	\$ 19,768,000	\$ 28,000,000	
Railways—Northern Rhodesia	Mar. 11, 1953	1956–1972	4¾%	14,000,000	—	54,000	4,485,293	2,083,000	9,460,707	14,000,000	
Power—Federal Power Board, Rhodesia and Nyasaland	June 21, 1956	1963–1981	5%	80,000,000	—	—	10,554,000	—	69,446,000	53,589,414	
Railways—Rhodesia and Nyasaland	June 16, 1958	1961–1976	5¾%	19,000,000	—	—	—	—	19,000,000	9,258,239	
Railways—East Africa High Commission	Mar. 15, 1955	1958–1974	4¾%	24,000,000	—	—	7,973,000	1,434,000	16,027,000	24,000,000	
Railways—Nigeria	May 2, 1958	1962–1978	5¾%	28,000,000	—	—	1,141,000	—	26,859,000	12,943,989	
TOTAL				193,000,000	—	202,000	32,237,293	7,369,000	160,560,707	141,791,642	
URUGUAY (guarantor)											
Power & Communications—U.T.E.	Aug. 25, 1950	1955–1974	4¼%	33,000,000	—	6,925,000	2,150,000	500,000	23,925,000	33,000,000	
Power—U.T.E.	Aug. 29, 1955	1958–1975	4¾%	5,500,000	—	—	654,000	316,000	4,846,000	5,500,000	
Power—U.T.E.	Oct. 25, 1956	1961–1981	5%	25,500,000	—	—	—	—	25,500,000	16,367,362	
TOTAL				64,000,000	—	6,925,000	2,804,000	816,000	54,271,000	54,867,362	
YUGOSLAVIA											
Power, Agriculture, Industry & Transport	Oct. 11, 1951	1955–1976	4½%	28,000,000	—	3,735,000	—	—	24,265,000	28,000,000	
Power, Agriculture, Industry & Transport	Feb. 11, 1953	1956–1978	4¾%	30,000,000	—	2,474,000	—	—	27,526,000	30,000,000	
Repaid—one loan				2,700,000	—	2,700,000	—	—	—	2,700,000	
TOTAL				60,700,000	—	8,909,000	—	—	51,791,000	60,700,000	
GRAND TOTALS				\$4,521,937,893	\$95,830,753	\$264,181,811	\$555,364,526	\$236,665,096	\$3,397,110,803	\$3,377,347,495	
Less exchange adjustments									10,230,998		
									\$3,386,879,805		

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. In the case of one loan to Cassa per il Mezzogiorno (Italy) made in fiscal year 1958, \$6,000,000 has not yet been made effective.

³ The Bank has entered into agreements to sell portions of loans shown hereafter which are not yet effective:

Borrower (guarantor) and year signed	Principal Amount Agreed to be Sold
Brazilian Traction (Brazil), 1959	\$ 300,000
Chidral (Colombia), 1958	280,000
Empresas Públicas de Medellín (Colombia), 1959	100,000
Ecuador, 1957	25,000
El Salvador, 1959	300,000
Empresa Nacional de Energía Eléctrica (Honduras), 1959	123,000
Iran, 1959	12,000,000
	<u>\$13,128,000</u>

The total of both effective and non-effective loans sold or agreed to be sold is the equivalent of \$568,492,526.

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

Principal Officers of the Bank

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

LEONARD B. RIST
Director, Economic Staff
RICHARD H. DEMUTH
Director, Technical Assistance and Liaison Staff
S. R. COPE
Director of Operations—Europe, Africa and Australasia
JOSEPH RUCINSKI
Director of Operations—South Asia and Middle East
ORVIS A. SCHMIDT
Director of Operations—Western Hemisphere
MARTIN M. ROSEN
Director of Operations—Far East
SIMON ALDEWERELD
Director of Technical Operations

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

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Supplement to the Fourteenth Annual Report

A Summary of Bank Activities
from
July 1, 1959 to January 31, 1960

MEMBERSHIP

Applications for membership from Laos and Portugal were approved by the Board of Governors at the 1959 Annual Meeting. Their subscriptions will be \$10 million and \$80 million respectively.

CAPITAL SUBSCRIPTION

On September 15, 1959, the authorized capital of the Bank was increased from \$10 billion to \$21 billion. By January 31, 1960, 47 member governments had doubled their subscriptions and 12 members had subscribed to \$804.2 million in addition to their 100% increases. (See Annex.) As a result of these increases, subscribed capital rose from \$9.5 billion to \$18.7 billion by January 31.

INTERNATIONAL DEVELOPMENT ASSOCIATION

Pursuant to a request of the Board of Governors, the Bank's Executive Directors drew up Articles of Agreement for the International Development Association (IDA), the proposed new financing organization to be an affiliate of the Bank. The Articles were transmitted to the Bank's 68 member countries for acceptance on January 29, 1960. When members whose subscriptions aggregate 65% of IDA's initial resources have accepted membership and subscribed to the Association, the Articles will come into force. The Articles will remain open for signature by original members until December 31, 1960; the earliest date on which IDA may come into being is September 15, 1960.

IDA would be a new source of international development capital and is designed to promote the development of the less developed areas of the world included in its membership. It would make long-term loans on more lenient terms than those of the Bank, providing additional development assistance on terms bearing less heavily on the balance of payments of the recipient country than conventional loans. The Articles envisage a broad degree of flexibility in IDA's operations, not only in the terms of its lending but also in the projects which may be financed. Projects must be of "high developmental priority" and this is understood to allow IDA to finance projects such as water supply and pilot housing as well as projects of the type which the Bank has been accustomed to finance.

The initial resources of IDA from member governments' subscriptions are proposed as \$1 billion, the subscriptions being roughly proportionate to subscriptions in the Bank. In the payment and use of subscriptions, however, IDA is to have its own formula: 17 of the more industrialized member countries will pay their entire subscriptions in gold or freely convertible currencies over the first five years, in contrast to only 10% to be so paid by the remaining 51 less developed member countries. The 90% balance of the subscriptions of the latter group will be paid in their national currencies, and would be available for conversion by IDA or for use to finance exports from the subscribing member's territories, only with the consent of that member.

LENDING ACTIVITIES

Since July 1 the Bank has made 16 loans totaling the equivalent of \$366.7 million in Algeria and Sahara, Austria, Chile, Colombia, India (two loans), Iran, Italy, Japan (two loans), Norway, Pakistan (three loans), United Arab Republic and Uruguay. At January 31, 1960, the gross total of Bank lending was \$4,888.6 million, made up of 250 loans in 51 countries and territories.

A F R I C A

ALGERIA AND SAHARA

Oil Pipeline Loan

\$50 million 12-year 6% loan of December 10, 1959
to Societe Petroliere de Gerance.

The loan will help to finance the cost of constructing and operating a 412-mile pipeline to bring crude oil from the Hassi Messaoud oilfield in the Sahara to the Algerian port of Bougie on the Mediterranean coast. As of June 1959 proven primary recoverable reserves at Hassi Messaoud were estimated to be about 170 million metric tons, with a probable reserve of another 130 million tons. The pipeline came into limited operation in December 1959. Additional pumps and pumping stations will be installed in successive stages to bring the pipeline up to its design capacity of about 14 million tons annually by 1961.

The petroleum resources of Hassi Messaoud will provide Algeria and the Sahara with new sources of raw materials and low-cost fuel and power for industry, as well as with important budget revenues from royalties and taxes. Furthermore when the pipeline is operating at capacity, the supply of oil should enable the French franc area as a whole to save or earn the equivalent of about \$200-250 million a year in foreign exchange.

The total cost of the project is estimated at the equivalent of \$105 million. The loan agreement provides that the Bank itself will not be committed to put up more than \$25 million; it is expected that the

balance of \$25 million will be obtained in due course in the form of participations in the Bank loan.

UNITED ARAB REPUBLIC

Loan for Suez Canal Improvements

\$56.5 million 15-year 6% loan of December 22, 1959
to the Suez Canal Authority.

The loan will assist in the execution of a program to widen and deepen the Suez Canal so that it can accommodate ships with a draft of 37 feet compared to the present maximum of 35 feet, or ships of about 46,000 dead-weight tons compared with the present 36,000. When the program is completed in 1961, the Suez Canal Authority will also have the modern plant and equipment it will need to provide ships using the Canal with efficient service.

The Canal provides passage for ocean-going vessels between the Mediterranean and Red Seas, and shortens the sea voyage between Asia and Western Europe by about 5,000 miles. During 1958 35% of all ocean-going vessels and 60% of all oil tankers, with a gross tonnage exceeding 4,000 tons, passed through the Canal at least once. Traffic has grown steadily and now amounts to 18,000 ships and 140 million tons of cargo a year, of which 70% is oil mainly from the Middle East. While the discovery of new oilfields outside the Middle East may slow the rate of traffic growth, the need to improve the Canal stems not only from growing traffic but also to a large extent from the increase in the size of tankers seeking transit.

Under the loan agreement, the Suez Canal Authority will keep funds in reserve from its current revenues in order to provide the service for the Bank loan.

A S I A

INDIA

Railway Loan

\$50 million 20-year 6% loan of July 15, 1959 to
India.

The loan will assist in the expansion and modernization of the Indian Railways, the fourth largest railway system in the world. The railway program is a central part of India's Second Five-Year Plan, and accounts for about one-quarter of all public expenditures under the Plan.

During the Plan period the Railways are raising freight capacity from 114 to 168 million tons annually and are increasing passenger capacity by 15%. The total expenditures involved are estimated at the

equivalent of about \$2,355 million. By the end of the program's third year, March 31, 1959, expenditures were about three-fifths complete, and in 1958 the volume of railway freight traffic originating in India had reached a total of 132 million tons; for the first time in many years the Railways were able to handle all the freight offered.

The Bank has now lent \$225 million for the current railway program; the new loan will be applied mainly to expenditures for imported equipment, materials and services during the fourth year of the Plan ending March 31, 1960.

Loan for Private Industry

\$10 million 10-year loan of July 15, 1959 to the Industrial Credit and Investment Corporation of India Ltd. (ICICI).

This loan will be used by ICICI to finance foreign exchange requirements of private industrial projects. The Corporation was established in January 1955 by private investors of India, the United Kingdom and the United States to assist the growth of private industry in India. Up to May 1959, it had approved investments and underwritings amounting to the equivalent of \$33 million. The principal sectors assisted by the Corporation have been mechanical, electrical and automotive industries, paper, chemicals and pharmaceuticals, sugar and shipping. ICICI's access to foreign exchange provided by an earlier World Bank loan of \$10 million has been of particular value to private industry in the past year when India's foreign exchange resources have been strained. The new Bank loan should meet the Corporation's foreign exchange requirements through most of 1961.

Each part of the loan allocated to a particular project will carry its own interest rate, which will be the Bank's current rate of interest at the time the project is approved for financing.

I R A N

Loan for Private Industry

\$5.2 million 15-year loan of November 23, 1959 to the Industrial and Mining Development Bank of Iran.

The Industrial and Mining Development Bank of Iran (IMDBI) was formed in October 1959 by private investors in Iran, the United States, the United Kingdom, France, Belgium, Germany, Holland and Italy. IMDBI will stimulate private industrial development in Iran by making medium and long-term loans and by investing in share capital. It will promote and help to develop a capital market; guarantee loans and commitments of other investors; and provide technical and managerial assistance to Iranian industry.

While the Iranian economy depends mainly on agriculture and oil, industry has also been developing rapidly in recent years. Iran produces

most of its cotton textiles and a large portion of its cement, wood products and sugar. The processing of other indigenous products, the manufacture of many articles now imported, the exploitation of the country's mineral resources, and the development of the petro-chemical industry afford a significant potential for private enterprise.

The IMDBI started operations with resources equivalent to \$42.4 million made up of share capital of 400 million rials (\$5.3 million) subscribed by Iranian and foreign investors; an advance of 600 million rials (\$8 million) from the Government of Iran, and an existing loan portfolio of 1,400 million rials (\$18.7 million) which the Government turned over to IMDBI for management (funds arising from repayment of these loans will be available to IMDBI for reinvestment); a loan of \$5.2 million from the U.S. Development Loan Fund and the loan of \$5.2 million from the World Bank.

Each part of the loan allocated to a particular project will carry its own interest rate, which will be the Bank's current rate of interest at the time the project is approved for financing.

JAPAN

Steel Loans

\$24 million 15-year 6% loan of November 12, 1959
to the Japan Development Bank for re-lending to
the Fuji Iron and Steel Co., Ltd.

\$20 million 15-year 6% loan of November 12, 1959
to the Japan Development Bank for re-lending to
the Yawata Iron and Steel Co., Ltd.

The loans will assist the Yawata and Fuji companies, Japan's two largest steel producers, in expanding and modernizing their facilities to greatly increase their pig iron and ingot steel capacity. These companies account for a large part of the current program of the whole Japanese iron and steel industry. The program's objective is to expand crude steel capacity from 11.1 million to 20.5 million tons in the period 1956-62; to install facilities for producing a higher quality and wider range of steel products; and to reduce operating costs by introducing the most modern techniques of production. The industry is also expanding pig iron capacity to make possible the increase in steel production without increasing the nation's dependence on imported scrap.

The \$20 million loan for the Yawata Company is for the installation of facilities at the company's Tobata plant in northern Kyushu to make it a fully integrated steel plant. The loan will cover about 17% of the estimated total cost equivalent to \$117.6 million. The \$24 million loan for the Fuji Company is for the construction of works at the company's plant at Hirohata in Honshu on the inland sea. The new facilities will enable Fuji to increase its production of plates and sheets; also, by

permitting a fuller utilization of existing rolling mills, it will increase the company's earning power. The loan will cover about 32% of the estimated total cost equivalent to \$75.3 million.

PAKISTAN

Electric Power Loan

\$2.4 million 15-year 6% loan of August 13, 1959
to the Karachi Electric Supply Corporation Ltd.
(KESC).

This loan will finance the foreign exchange cost of a 15,000-kilowatt diesel power plant to provide rapid reinforcement of power supplies to the Karachi area. This is the third Bank loan to KESC for the expansion of its electric power facilities. The earlier loans totaled \$27.8 million and were for the construction of a 30,000-kilowatt steam power plant and the later expansion of this plant by 60,000 kilowatts. The 60,000-kilowatt unit, however, cannot come into operation before 1962 and in the meantime scarcity of power is limiting Pakistan's industrial production. The Government therefore asked KESC to take emergency measures to expand its services. The new diesel plant being financed by the current loan will be in operation by the middle of 1960, enabling KESC to meet pent up industrial demand and still have a margin of capacity to meet further increases in the following two years.

Loan for Private Industry

\$10 million 10-year loan of September 25, 1959 to
the Pakistan Industrial Credit and Investment Corporation, Limited (PICIC).

This loan, like an earlier Bank loan of \$4.2 million, will be used by PICIC to finance the foreign exchange requirements of private industrial projects. PICIC was established in September 1957 by Pakistani investors, together with British, Canadian, American and Japanese private interests, to promote the growth of private industry in Pakistan. By May 1959 the Corporation had approved 67 loans totaling the equivalent of \$12 million, of which 42 have been in foreign exchange amounting to the equivalent of \$7.8 million. Sugar and textile industries have been the largest borrowers and others include food processing, chemicals and pharmaceuticals, mechanical, glass and ceramics.

The marked revival of investment activity in Pakistan since early 1959 and the country's continued stringent foreign exchange situation resulted in a considerable increase in the demand on PICIC's resources. PICIC's additional foreign exchange requirements through 1961 are estimated at \$20 million which will be met by the Bank loan, and a \$10 million loan from the United States Development Loan Fund.

Each part of the Bank loan allocated to a particular project will carry its own interest rate, which will be the Bank's current rate of interest at the time the project is approved for financing.

Railway Loan

\$12.5 million 15-year 6% loan of November 30, 1959 to Pakistan.

The loan will assist in financing an interim program designed to meet the minimum requirements of the Pakistan railways pending the formulation of a program of railway development to be carried out during the period of Pakistan's Second Five-Year Plan.

Pakistan has two railway systems: one is the chief form of transport in West Pakistan and the other serves East Pakistan. Since 1955 the volume of traffic has increased at an annual rate of 6% in West Pakistan and the increase has been even more rapid in East Pakistan. While the railways are well managed, efficiency of operation has been hampered by inadequate line and yard capacity and by a shortage of signaling equipment and rolling stock. The Bank's loan will be applied to the purchase of essential goods and equipment needed to ease this situation.

E U R O P E

AUSTRIA

Loan for Industry

\$9 million loan of September 25, 1959 to the Oesterreichische Investitionskredit, A.G.

The Investitionskredit will make the proceeds of this loan available to private industrial companies for the expansion or modernization of their plants.

When the Investitionskredit was established in 1957 to meet the need for long-term capital for private industrial enterprises, the Bank made it a loan of \$10,765,000 (since reduced to \$9.3 million at the request of the borrower). This loan helped to finance nine projects in the pulp, paper board, textile, and electrical engineering industries. Since that time, the Investitionskredit has increased its equity capital to the equivalent of approximately \$5.5 million. At the institution's present rate of lending, its loan funds were expected to be fully committed by the end of 1959. The new Bank loan should provide sufficient funds for the next two years.

The loan will finance projects to be selected by the Investitionskredit and approved by the Bank. Each part of the loan allocated for a

particular project will carry its own interest rate, which will be the Bank's current rate of interest at the time the project is approved for financing. Similarly, separate amortization schedules will be agreed upon and determined in accordance with the circumstances of the ultimate borrower. The loan must be fully repaid by October 1, 1974.

ITALY

Nuclear Power Loan

\$40 million 20-year 6% loan of September 16, 1959 to the Cassa per il Mezzogiorno.

The loan will finance 60% of the cost of constructing a 150,000-kilowatt atomic power plant on the Garigliano River between Rome and Naples. This was the Bank's first loan for the development of nuclear power.

The Cassa per il Mezzogiorno will re-lend the proceeds of the loan to the Societa Elettromucleare Nazionale (SENN), a company established in 1957 to build, own and operate the nuclear power plant. Power from the new plant will be fed into the transmission systems of SENN's utility shareholders, covering about half of Italy and serving more than half the population. Power demand in the service area is growing rapidly; studies have indicated that it will be necessary to increase capacity from 4,140,000 to 7,250,000 kilowatts in the period 1958-1964. A particular advantage to the power system from the SENN plant will be the experience gained; nuclear power plants can be expected to meet a growing portion of Italian power requirements in the years to come.

The project was the outcome of a study carried out jointly by the Italian Government and the Bank to establish the technical, economic and financial merits of a nuclear power plant in Southern Italy. As part of the study, tenders were invited on an international basis and nine companies -- British, French and American -- submitted tenders. The plant will be built by General Electric Company of New York through a Swiss subsidiary and will incorporate a nuclear reactor cooled and moderated by boiling water and fueled by enriched uranium. Construction of the civil works, substation and transmission lines will be carried out by SENN. The plant is expected to be in commercial operation by late 1963.

NORWAY

Electric Power Loan

\$20 million 25-year 6% loan of July 8, 1959 to the Kingdom of Norway.

The loan will help to finance the construction of two hydroelectric power plants in the mountains of central Norway, with a combined capacity

of 168,000 kilowatts. Half the power from the plants will supply the region served by the grid centered around the Trondheim area, and the remainder will be exported to Sweden. The loan will also assist the construction of 350 miles of transmission lines to reinforce and interconnect the power grids in middle and Southern Norway.

The proceeds of the loan will be made available to the Norwegian Watercourse and Electricity Board, an agency of the Government. The Board now operates plants having a capacity of 1,163,000 kilowatts. To meet the demands for additional power, the Board is constructing other power plants which will add 680,000 kilowatts to its systems, including the 400,000-kilowatt Tokke power plant for which the World Bank made a loan of \$25 million in 1956.

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

CHILE

Electric Power Loan

\$32.5 million 25-year 6% loan to Empresa Nacional de Electricidad S.A. (Endesa) and Corporacion de Fomento de la Produccion (Fomento).

The loan will help to finance a 280,000-kilowatt hydroelectric plant to be built on the Rapel River about 75 miles southwest of Santiago, and a 15,000-kilowatt thermal electric plant at the port of Huasco in northern Chile.

The Rapel project includes the construction of a concrete dam 300 feet high to create a reservoir to store 570,000 acre feet of water; the power house; and about 225 miles of transmission lines to serve Santiago and Valparaiso, the two largest cities in Chile and their surrounding areas. About 25,000 acres of land will be irrigated by water drawn from the reservoir. The central part of Chile which is to be served by the Rapel plant contains the leading centers of industrial, commercial and agricultural activity. In 1958 industrial consumption accounted for 45% of the total. For many years a shortage of power has made it necessary to restrict consumption in the area. As additional power becomes available, the annual growth of consumption is expected to rise from 7% to about 14% over the next five years.

The area to be served by the Huasco thermal plant needs additional power for its main industry, mining -- principally iron ore, copper and manganese. The high grade iron ore in this part of Chile is a valuable export product and the development of the mines has therefore high economic priority. The existing power plants are now fully loaded and the Huasco plant will provide a firm supply of power for the expansion of mining operations.

COLOMBIA

Electric Power Loan

\$17.6 million 25-year 6% loan of January 20, 1960 to Empresa de Energia Electrica de Bogota.

Bogota, the capital of Colombia and one of the chief industrial and commercial centers, has for many years been subject to restrictions on the use of electricity. The project for which this loan was made will add 117,000 kilowatts

of generating capacity to the system serving the city and its surrounding area, or nearly double the present capacity. Included in the project is the construction of a dam, a new 66,000-kilowatt power plant, to be known as Salto II, and the addition of an 18,000-kilowatt unit to an existing plant, both of which will further utilize the hydroelectric power potential of the Bogota River. Other works being undertaken are the installation of a 33,000-kilowatt thermal power plant and extensive improvement and rehabilitation of Empresa's transmission and distribution facilities. These projects are part of an expansion program which by 1970 would add about 400,000 kilowatts of new capacity to the 128,000 presently available for the Bogota area.

URUGUAY

Pasture and Livestock Loan

\$7 million 12-year 6% loan of December 30, 1959 to Uruguay

The loan will assist in the execution of a pilot program to foster the application of modern techniques in pasture development and livestock production. This program is of great potential importance to the economic development of Uruguay where meat, wool and other pastoral products represent about 58% of the value of agricultural production and 80% of all exports.

Under the program technical and financial assistance will be provided to a pilot group of operators of 600 livestock farms with a combined area of about 1-1/2 million acres. Included in the program is improvement of pastures and soil fertility by fertilizing and re-seeding; sub-division of the farms by additional fencing to permit controlled rotational grazing; provision of additional water points in sub-divided pastures; conservation of forage for supplemental feeding; and better control of livestock diseases. In three years, the pilot program is expected to result in a \$3-4 million annual increase in the incomes of participating farms and, since nearly all the new production will be sold abroad, export earnings should rise nearly as much.

GENERAL SURVEY MISSIONS

"A Public Development Program for Thailand," the report of the Bank's General Survey Mission to Thailand was published in September 1959. Two members of the General Survey Mission to Libya went to Libya in January 1960 to discuss the draft report with the Government before formal presentation of the report. The General Survey Mission, which spent three months from June to September 1959 in Tanganyika, had by the end of January nearly completed its draft report. A General Survey Mission was in Venezuela from September to December 1959 and at the end of January had begun preparation of its report.

FINANCIAL OPERATIONS

Earnings and Reserves

Net earnings in the seven months ending January 31, 1960 amounted to \$34 million, all of which was credited to the Supplemental Reserve against losses on loans and guarantees. In addition, the Bank's Special Reserve increased by \$15 million during that period. On January 31, the total of these reserves amounted to \$469 million.

Funded Debt

The funded debt of the Bank was increased by a net amount of \$58.5 million during the period, bringing the total outstanding funded debt of the Bank to the equivalent of \$1,963.7 million on January 31.

In this period new bond issues and private placements of Bank obligations amounted to the equivalent of \$162.9 million. These consisted of a public issue of £10 million (\$28 million) of sterling stock and four private placements of obligations totaling \$134.9 million, including DM10 million (\$2.4 million) of Deutsche mark notes. Outstanding debt was increased a further \$24.1 million as a result of the delivery of \$11.3 million of bonds which had been subject to delayed delivery arrangements and through the drawing down of an additional \$12.8 million equivalent from the Deutsche Mark Note of 1958. Repayment of debt through bond maturities and regular purchase and sinking fund transactions amounted to \$128.5 million.

In addition, the Bank arranged to borrow DM200 million (\$47.6 million) by private placement. Under the agreement, the amount can be drawn down from time to time over 12 months beginning January 31, 1960. The Bank has not yet drawn any amount.

Sales of Borrowers' Obligations

Private investors participated directly in 11 of the 16 loans that were made between July 1, 1959 and January 31, 1960. These participations -- all without the Bank's guarantee -- amounted to \$24.3 million and took place in connection with loans in Chile, Colombia, India, Italy, Japan, Norway, Pakistan and the United Arab Republic.

Including these participations, the Bank sold or agreed to sell the equivalent of \$88 million principal amounts of loans during the seven-month period. At January 31, the total amount of such sales was \$656 million, of which all but \$69 million were sold without the Bank's guarantee.

A N N U A L M E E T I N G

The 1960 Annual Meeting of the Board of Governors will convene in Washington, D.C. on September 26, 1960.

A N N E X

Increased Subscriptions of Members as of January 31, 1960

Australia	400.0
Austria	100.0
Belgium	450.0
Brazil	373.3
Burma	40.0
Canada	650.0
Chile	70.0
Colombia	70.0
Cuba	70.0
Denmark	173.3
Ecuador	12.8
El Salvador	6.0
Ethiopia	10.0
Finland	76.0
France	1,050.0
Germany	1,050.0
Ghana	30.0
Greece	50.0
Guatemala	8.0
Haiti	15.0
Iceland	2.0
India	800.0
Indonesia	220.0
Iran	67.2
Iraq	15.0
Ireland	60.0
Israel	15.0
Japan	666.0
Jordan	6.0
Korea	25.0
Malaya	50.0
Mexico	173.3
Morocco	70.0
Netherlands	550.0
Norway	133.3
Pakistan	200.0
Paraguay	6.0
Peru	35.0
Spain	200.0
Sudan	20.0
Sweden	200.0
Thailand	60.0
Union of South Africa	200.0
United Kingdom	2,600.0
United States	6,350.0
Viet-Nam	30.0
Yugoslavia	80.0