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THIS FILE IS CLOSED AS OF 31 July 1969
FOR FURTHER CORRESPONDENCE PLEASE SEE Vol. II

RECORDS MANAGEMENT SECTION
July 30, 1969

Professor David Allen
Law School
University of Melbourne
Parkville 3052
Melbourne, Victoria
Australia

Dear David:

I promised on my return to make a few additions to your library. First of all, I am sending you by separate airprint copies of our three books on development banks. Secondly, I attach herewith a bibliography on development banks and development banking, prepared by one of the staff members of this Department. I imagine that you will find a fair number of the items at your University, and others I am quite sure you will be able to get through booksellers. Was there anything else I promised?

I have passed on the papers on LAWASIA to Broches and Richards, the General Counsels of the Bank and IFC, and have shown them the copy of your new book which you were good enough to inscribe to me.

It was good to meet the LAWASIA Group, and I hope that we shall have a chance to get together again somewhere soon.

With best wishes to you all.

Sincerely yours,

William Diamond
Director
Development Finance Companies

Enclosure

cc Mr. Shin

WDiamond:us
30 de Julio de 1.969

Señor

B. H. SHIN
Development Finance Companies
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
1818 H Street, N. W. . Washington, D. C.
20433, U. S. A. -

Apreciado señor Shin:

Tengo en mis manos el ejemplar del estudio comparativo preparado por ustedes sobre relaciones financieras operacionales de veintiséis compañías Financieras de Desarrollo en los años 1,967 y 1,968.

Estoy muy agradecido por este envío que nos permitirá comparar los resultados de nuestra actividad con las otras veintiséis Compañías Financieras de Desarrollo.

Espero tener el gusto de hacerle conocer nuestras impresiones en próxima fecha.

Aprovecho la oportunidad para agradecerle igualmente el envío de una copia del documento titulado "Shadow Prices for Project Evaluation in Less Developed Countries", el cual tuve el agrado de recibir con su amable carta de Julio 16 de 1969.

De usted muy atentamente,

ROBERTO OCAMPO MEJIA
Presidente.
July 28, 1969

My dear Mr. Benkirane:

Thank you for your letter of July 8 on the table, Comparative Operational Ratios of Development Finance Companies, 1967 and 1968.

I take pleasure in enclosing a table on the operational ratios of BNDE in 1967 and 1968 as you requested, which we have prepared on the basis of your audited financial statement. I hope you will find it useful.

Sincerely yours,

William Diamond
Director
Development Finance Companies

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le Developpement Economique
Boite Postale 407
Rabat, Morocco

Enclosure

cc: Mr. Pollan

[Signature]
### Comparative Operational Ratios

**Banque Nationale pour Le Développement Économique, 1967 and 1968**

<table>
<thead>
<tr>
<th>Year of Operation</th>
<th>1967</th>
<th>1968</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year-end Total Assets (in millions of $)</strong></td>
<td>38.6</td>
<td>42.3</td>
</tr>
</tbody>
</table>

(a) **Ratios of Profitability**

1. Earnings before Interest and Tax as % of Average Total Assets 5.3 5.9
2. Profit before Tax and Provisions as % of Average Total Assets 2.0 2.1
3. Profit before Tax and Provisions as % of Average Equity 9.9 12.5
4. Profit after Tax as % of Year-end Share Capital 8.8 14.9

(b) **Ratios of Structure**

5. Non-current Debt/Equity 3.7 5.6
6. Non-current Conventional Debt/Equity plus Quasi-Equity 2.0 2.6

(c) **Average Rate of Growth (last 3 years)**

7. Average Annual Rate of Growth of Total Assets (%) 19.6 18.9
8. Average Annual Rate of Growth of Profit before Tax and Provisions (%) 9.2 17.9

(d) **Portfolio**

9. Year-end Equity Portfolio as % of Year-end Total Equity and Term Loan Portfolio 9.8 10.4

(e) **Financial Earnings & Margins**

10. Gross Income (including net capital gains before tax) less Direct Financial Costs as % of Average Total Assets 3.4 3.3
11. Income from Term Loans as % of Average Term Loan Portfolio 7.4 7.0
12. Cost of Term Debt as % of Average Term Debt 4.5 4.8
13. Equity Income (including net capital gains before tax) as % of Average Equity Portfolio 2.1 2.1

(f) **Administrative Costs**

14. Administrative Costs as % of Average Total Assets 1.3 1.2

(g) **Reserves**

15. Reserves (including retained earnings) plus Provisions as % of Year-end Portfolio (Loans, Guarantees and Equity Investments) 5.7 6.4

(h) **Share Capital**

16. Book Value as % of Par Value 128.0 151.9

(i) **Dividend**

17. Dividend as % of Par Value of Share Capital 4.0 6.0
18. Dividend as % of Net Earnings (Pay-out Ratio) 45.3 31.5
Mr. William Diamond  
Director  
Development Finance Companies  
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington D.C. 20433  
U.S.A.

Dear Mr. Diamond:

Reference is made to Mr. B. H. Shin's letter of June 30, 1969, enclosing a Table entitled "Comparative Operational Ratio of Development Finance Companies, 1967 and 1968" and our recent conversation in Washington. I studied the Table with my staff upon my return. We believe one point needs elucidation and another perhaps correction.

a) Ratio No. 6 - Non-current Conventional Debt/Equity plus Quasi-Equity:

According to our calculation, the ratio for 1968 should be 2.2, not 3.6.

b) Ratio No. 7 - Average Annual Rate of Growth of Total Assets:

The sudden drop in 1968 is chiefly due to the repayment of our DLF loan. According to our agreement with DLF, NT$ equivalent of US$10,000 be repaid semi-annually before the loan is completely disbursed. In 1967, we repaid NT$203,311,379 (equivalent to US$5,070,109) or 57.7% of total DLF loan disbursed, which represents the accumulated repayments from our clients before complete disbursement of the loan. Thus CDC assets was suddenly decreased by NT$203 million. This is a non-recurrent temporarily phenomena. Due to the same reason, Ratio No. 8 shows a similar drop.
c) Ratio No. 13 - Equity income as % of Average Equity Portfolio:

The ratios listed in the Table are "excluding stock dividends received". Most of the companies in which CDC has investments are young and growing companies. They need continuous investment for future growth. I would suggest that two ratios be listed; one excluding stock dividends and one including stock dividends at par values. That may give a still clearer picture.

It was a pleasure to meet you in Washington and hope to see you again soon.

Sincerely yours,

Yen Shen
Vice President
July 23, 1969

Mr. C. H. Kim
President
Korea Development Finance Corporation
12th Floor, Cho Heung Bank Building
14 Namdaemun - Ro, I - Ka
Seoul, Korea

Dear Mr. Kim:

Thank you for your letter of July 16. I am glad to learn that you are now safely back home.

Since 1965, we have prepared each year the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past. Now that Korea Development Finance Corporation has had adequate operational results, I would like to suggest that KDFC be included in the series. I would appreciate your letting us know if you approve.

Enclosed are two copies of a draft memorandum on KDFC. We would appreciate your reviewing it and returning by August 15, one copy to us with any corrections and comments you would care to make. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation.

When this memorandum on KDFC is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Powell (with a copy of the draft descriptive memorandum)

BHShin:er
July 23, 1969

William Diamond

Talk with Krishna Moorthi - Asian Development Bank

1. At Krishna Moorthi's request, I met him in his office last Friday, for what turned out to be a 90-minute tour d'horizon of our development bank activity in Asia. This followed a long session with about 40 members of ADB's Operations, Projects and Legal Departments, under Farrelly's chairmanship. At that session, I outlined recent changes in our policy towards development finance companies and then answered questions on our practices and operations.

2. With Krishna Moorthi, the discussion first concerned our development bank policies and the proposed industrial projects department, and then proceeded to a series of specific questions he had apparently planned in advance. The notable points he raised were the following:

   a) Some development banks were approaching both ADB and IBRD and Krishna Moorthi was worried lest we provide them with more funds than they needed. I told him we encouraged our clients to diversify their sources of finance, especially those which had a large proportion of their capital provided by IBRD. We particularly urged approaching ADB. Secondly, I said that, in considering loans to development banks we tried to estimate capital requirements for up to two years and to deduct resources available from other sources, including ADB. Hence we weren't likely to contribute to over-lending, though our calculations of need and resources were sometimes off the mark. He said this was fine, but I had the impression he is not entirely happy about both institutions lending to the same companies (except to IDB, in f below).

   b) In particular, he seemed concerned about IFCT, Thailand and the Development Bank of Singapore - having just the Tuesday before made a loan to the latter, and being ready to consider a second loan to the former (which had not asked for it). I told Krishna Moorthi about our mission to the Thai company, and in particular the history of our relations with DBS.

   c) On the other hand, he had no interest in KDPC, since ADB has plenty of projects in Korea.

   d) He said he was disturbed to have been greeted, on his recent visit to Ceylon, by press headlines saying that the World Bank approved and ADB supported the proposed new national development bank. I told him the position we had taken on the former, including the Board's concern. He was equivocal, and I was left with the feeling that he would support (if he was not already doing so) a new company. Loganathan had told me the day before that ADB was encouraging the Government.
e) ADB has been approached by BAPINDO for a loan. I told him what we had done last November and what we planned next December. He asked if he could have Khosropur's paper, and if our forthcoming mission might visit Manila on its return.

f) He inquired about IDB Pakistan, and I told him of the September mission. He thought the company pretty good, said Ruq had greatly improved it, and hoped we would get involved.

g) Krishna Moorthi referred to the current discussions on export credits by the developing countries; he thought there was role for development finance companies in providing such credits. He wondered about the World Bank's future involvement.

WDiamond: obb

cc: Messrs. Cargill
     Goodman
     Powell
No. OD/268/1186/69

July 23, 1969

Mr. B.H. Shin,
Development Finance Companies,
International Bank for
Reconstruction & Development,
1818 H Street, N.W.,
WASHINGTON, D.C., 20433, USA

Dear Mr. Shin,

I thank you for your letter of July 17, 1969, enclosing two copies of the descriptive memorandum on PICIC. The three copies separately air mailed by you have also been received by us.

With kind regards,

Yours sincerely,

(ABUL HASNAT)
Pakistan Industrial Credit & Investment Corporation Limited
Jubilee Insurance House,
Mehboob Road,
P.O. Box No. 5080 Karachi-5

July 23, 1968

Mr. B.H. Shin
Development Finance Companies
International Bank for Reconstruction & Development
1818 H Street, N.W.
Washington, D.C. 20433, USA

Dear Mr. Shin,

I thank you for your letter of July 17, 1968, enclosing two copies of the descriptive memorandum on PICIC. The three copies separately air mailed by you have also been received by us.

With kind regards,

Your sincerely,

[Signature]

(Afzal Haseen)
Cher Monsieur SHIN,

Suite à vos 2 lettres du 12 mai et du 7 juillet, je m'empresse de vous faire parvenir quelques observations concernant le projet de mémorandum sur la S.N.I.

Je vous prie d'excuser le retard avec lequel ma réponse vous parviendra. J'espère néanmoins, qu'il n'est pas trop tard pour vous apporter notre contribution à l'intéressant travail d'information que vous entreprenez.

En vous en souhaitant bonne réception, je vous prie de croire, Cher Monsieur SHIN, à l'assurance de mes salutations distinguées.

L'ADMINISTRATEUR DELEGUE

RACHID BEN YEDDER
Tunis, 5 July 1969

Monsieur le Directeur Général,

Je suis convenu avec Me. [Signature]

Directeur Général

Administrateur-Délégué

[Signature]

1969 JUL 25 PM 3:57
Page 3, Point N° 11 : Deposits

Il est dit à la 3ème phrase que "La SNI peut payer un intérêt de 4% sur les dépôts à long terme, tandis que les banques commerciales payent 3,5% pour des dépôts à 6 mois".

Ceci, tout en n'étant pas faux, présente quelque imprécision qui peut prêter à équivoque. En effet, la réglementation tunisienne en matière d'intérêt à servir pour les comptes de dépôts à terme, ne prévoit pas de distinction entre les banques d'investissement et les banques commerciales.

Les mêmes conditions sont applicables aux 2 catégories de banques et ces conditions prévoient un maximum de 4% pour tout compte ayant un terme égal ou supérieur à 12 mois.

Il est clair qu'une telle réglementation ne favorise pas les banques d'investissement qui ne sont habilitées à prendre de dépôts que dans la mesure où leur terme est supérieur à 1 an. C'est pourquoi, cette réglementation est actuellement en cours de révision.

Je vous donne ces précisions à titre d'information, mais je pense qu'il est inutile d'en faire mention dans le memorandum.

Page 5, Point N° 20 : Lending Activities

Il est dit que le montant des prêts versés à valeur sur les opérations approuvées en 1966-67 et 68 est de D. 3.681.000 -

En fait, il s'agit de D : 3.459.000 comme il apparaît du détail suivant :

- Montants débloqués sur opérations approuvées en 1966 :
  1.236.500
- Montants débloqués sur opérations approuvées en 1967 :
  2.124.600
- Montants débloqués sur opérations approuvées en 1968 :
  97.900
  
  3.459.000
Les chiffres des "Approvals et Disbursements" reportés sur ce tableau devraient être les suivants :

<table>
<thead>
<tr>
<th>Année</th>
<th>Approvals</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1959/61</td>
<td>881,030</td>
<td>800,053</td>
</tr>
<tr>
<td>1962</td>
<td>595,237</td>
<td>568,057</td>
</tr>
<tr>
<td>1963</td>
<td>501,107</td>
<td>401,027</td>
</tr>
<tr>
<td>1964</td>
<td>58,090</td>
<td>251,327</td>
</tr>
<tr>
<td>1965</td>
<td>157,675</td>
<td>122,294</td>
</tr>
<tr>
<td>1966</td>
<td>84,700</td>
<td>65,994</td>
</tr>
<tr>
<td>1967</td>
<td>243,365</td>
<td>130,865</td>
</tr>
<tr>
<td>1968</td>
<td>427,000</td>
<td>199,587</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,948,204</strong></td>
<td><strong>2,539,204</strong></td>
</tr>
</tbody>
</table>

Annexes 2 et 3 :

Les comptes et bilans résumés que vous reproduisez ne sont pas ceux qui ont été définitivement retenus pour l'exercice 1968.

Je vous fais parvenir ci-joint, les bilans et comptes approuvés par l'Assemblée Générale et contrôlés par l'Auditeur.
Mr. B.H. Shin,
Development Finance Companies,
International Bank for Reconstruction 
& Development,
1818 H Street N.W.,
WASHINGTON D.C., 20433 U.S.A.

Dear Mr. Shin,

Once again we are indebted to you for sending us a copy of a Table
entitled "Comparative Operational Ratios of Development Finance Companies, 1967 and 1968".

I am sure we will find it interesting and useful.

Yours sincerely,

Dr. A. Neaman,
Managing Director.
July 17, 1969

Mr. Vicente R. Jayme  
Executive Vice President  
Private Development Corporation of the Philippines  
Commercial Center  
P. O. Box 757  
Makati, Rizal - D 708  
Philippines

Dear Mr. Jayme:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on Private Development Corporation of the Philippines. We would appreciate your reviewing it and returning by August 10, one copy to us with any corrections and comments you would care to make. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on Private Development Corporation of the Philippines is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. W. Shin  
Development Finance Companies

Enclosures

cc: Mr. Powell (with a copy of the draft descriptive memorandum)

BHShin:er
Mr. B.H. Shin,
Development Finance Companies,
International Bank for
Reconstruction and Development,
1318 H. Street, N.W.,
Washington D.C. 20433,
U.S.A.

Dear Mr. Shin,

This is to acknowledge with thanks the receipt of the Table entitled Comparative Operational Ratios of Development Finance Companies. The up-dated Table covers a more thorough presentation of important ratios and financial highlights of the development finance companies. We will carefully and confidentially study the Table and will inform you of our suggestions and comments, if any.

With best regards,

Sincerely Yours,

Jalil Shoraka,
Asst. Managing Director.
DEVELOPMENT FINANCE CORPORATION OF CEYLON

3rd Floor, Hemas Building, York Street,
P. O. Box 1397, Colombo


B. H. Shin Esqr
Development Finance Companies
International Bank for Reconstruction & Development
1818/H Street N.W.
Washington D.C. 20433
U.S.A.

Dear Sir,

We acknowledge receipt and thank you for your letter dated 8th July, 1969 enclosing 15 copies of revised page 2 to replace the one in the descriptive memorandum on DFCC.

Yours faithfully,

J.L. Perera
ACCOUNTANT
DEVELOPMENT FINANCE CORPORATION OF CEYLON

28th Floor, Hana Bank Building, York Street

P.O. Box 125, Colombo

Ref: TPD/GN

Dear Mr. Peters

The enclosed receipt and thank you for your letter dated 8th July, 1969 enclosing 25 copies of the receives here to replace the one in the possession of the management of DPCC.

Yours sincerely,

J.P. Peters
ACCOUNTANT

CC:
Our Ref: IFC/GEN:

16th July, 1969.

Mr B.H. Shin
Development Finance Companies
International Bank for Reconstruction & Development
1818 H Street, N.W.
Washington D.C. 20433
U.S.A.

Dear Mr Shin,

We thank you for your letter dated 30th June, 1969 addressed to Mr L.A. Weerasinghe enclosing a Table entitled "Comparative Operational Ratios of Development Finance Companies, 1967 and 1968" which would prove a valuable addition to our library.

We note that this Table is for the use of our Corporation and is not/be circulated outside.

With kind regards.

Yours sincerely,

J.L. Perera
ACCOUNTANT

JLP: rr
DEVELOPMENT FINANCE CORPORATION OF CEYLON

40 Fleet Street, London, S.E.1

January 10th, 1949

Dear Mr. Smith,

I am very pleased to be able to address to Mr. H. A. W. Y. A. H. A., President of the Institute of Finance and Development, the following letter, which will be copied to the "Development Finance Corporation" of the Ceylon Government, for your information.

We hope that this letter will be of use to our Corporation and its policy and will be of assistance to our future operations.

With kind regards,

Yours faithfully,

[Signature]

ACCOUTANT

[Institution]
July 16, 1969

Mr. Byung Hyun Shin  
Development Finance Companies  
International Bank for  
Reconstruction and Development  
1818 H/Street, N. W.  
Washington, D. C. 20433  
U. S. A.

Dear Mr. Shin:

Now that I have returned home safely, I want to say how very good it was to see you during my recent visit to Washington. You were, as always, most kind and hospitable. I am very grateful for the gracious reception you accorded me during my brief stay there.

I was happy to receive your letter dated June 30th enclosing a copy of the table entitled "Comparative Operational Ratios of Development Finance Companies, 1967 and 1968", which we found quite informative and helpful for our management reference.

Your kind cooperation is, as always, greatly appreciated.

With my best personal regards.

Sincerely yours,

C. H. Kim  
President
July 16, 1969

Mr. Byung Hun Shin
Development Finance Companies
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
U.S.A.

Dear Mr. Shin:

Now that I have returned home safely, I want to say how very much I was pleased to see you during my recent visit to Washington. You were as always, most kind and hospitable. I am very grateful for the assistance and cooperation you accorded me during my short stay there.

I was happy to receive your letter dated June 30th enclosing a copy of the report entitled "Competitive Operations Reports of Development Finance Companies, 1967 and 1968," which we found quite informative and helpful for our management reference.

Your kind cooperation is, as always, greatly appreciated.

With my best personal regards,

Sincerely yours,

C. H. Kim
President

1969 Jul 21 AM 11:22
FOC
Mr. P. M. Mathew

B. H. Shin

July 16, 1969

Progress Report on my Compilation

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td>Garcia</td>
<td>Requested on April 26, 1968 at staff meeting</td>
</tr>
<tr>
<td>a) Colombiana, Nacional and Norte</td>
<td>García</td>
<td></td>
</tr>
<tr>
<td>2. Procedures for obtaining investment licenses</td>
<td>Gustafson</td>
<td>Requested in March 1968 at staff meeting</td>
</tr>
<tr>
<td>a) Austria, Finland, Greece, Malaysia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spain and Turkey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) India</td>
<td>Pollan</td>
<td>Do</td>
</tr>
<tr>
<td>Mr. Pollan said that a Bank economic mission to India will include this subject in its report which is expected to be put out by the end of July.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Ceylon, Israel, Korea and Liberia</td>
<td>Powell</td>
<td>Requested in March 1968 at staff meeting</td>
</tr>
<tr>
<td>d) Ethiopia</td>
<td>Sekse</td>
<td>Do</td>
</tr>
<tr>
<td>3. New descriptive memorandum</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Caldas, Nacional, Norte and COFIEC</td>
<td>Garcia</td>
<td>Requested on March 21</td>
</tr>
<tr>
<td>b) MIDF</td>
<td>Gustafson</td>
<td>Do</td>
</tr>
<tr>
<td>c) BNDE</td>
<td>Pollan</td>
<td>Do</td>
</tr>
<tr>
<td>Mr. Pollan said he sent a reminder to BNDE on the draft which he had left with BNDE for review during his mission.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) IDBI and LEIDI</td>
<td>Powell</td>
<td>Do</td>
</tr>
<tr>
<td>cc: Division Chiefs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mr. Pollan said he sent a reminder to BNDE on the draft which he had left with BNDE for review during his mission.
July 15, 1969

Mr. Said Ahmed
Managing Director
Pakistan Industrial Credit and Investment Corporation Ltd.
P. O. Box 5080
Karachi 2, Pakistan

Dear Mr. Ahmed:

Thank you very much for your letter of July 9, concerning the table on Comparative Operational Ratios of Development Finance Companies, 1967 and 1968.

As you rightly pointed out in the letter, the total assets of PICIC as at December 31, 1968, was $177.5 million equivalent rather than the $188.8 million as indicated in the table.

I am most grateful for your calling this to my attention. I will certainly correct the figure in a new version of the Table which we intend to issue in the near future.

With kind regards,

Sincerely yours,

B. H. Shin
Development Finance Companies

cc: Mr. Southall (with a copy of the incoming letter)

Mr Shin:er
Cali, Julio 14 de 1969

Señor Doctor
B. H. Shin
Development Finance Companies
International Bank for Reconstruction
and Development
Washington, D. C. 20433
U. S. A.

Muy apreciado doctor Shin:

Acuso recibo de su amable carta de Junio 30 del presente año, con la cual se sirvió enviarme el cuadro titulado "Comparative Operational Ratios of Development Finance Companies, 1967 and 1968.

Al comunicarle que he encontrado supremamente interesante y útil este cuadro, quiero aprovechar la oportunidad para darle mis agradecimientos por su permanente colaboración.

Cordialmente,

BENJAMIN MARTINEZ MORIONES
Presidente

mcg.
CAH chlorido 14 de 1969

Sefor Doctor
H. E. Silva
Development Finance Competition
International Bank for Reconstruction
and Development
Washington D. C. 20433
U. S. A.

My especial gauhtorship:

Acuerdo recibo con el mismo curso el 14 de junio de 1969, el presente y
con fundamento en los Lineados de Cotitativa, Cuerpo de Trabajadores
en el Sector de Desarrollo Económico, y que se proponen como programas de
la comunidad de la República de Colombia.

Con cierto

Fernando Martinez Morea
Presidente.

1969 JUL 21 AM 10:35

Document Received
Mr. B.H. Shin,
Development Finance Companies,
International Bank for Reconstruction & Development,
1818 H Street, N.W.,
Washington D.C. 20433,
U.S.A.

Dear Mr. Shin:

Thank you very much for your letter of June 30, 1969 enclosing a copy of a table showing Comparative Operational Ratios of Development Finance Companies, 1967 and 1968. It is indeed a very interesting and useful piece of information.

The total assets of PICIC for the year ended December 31, 1968 are shown in the table as $188.8 million. I wonder whether this is correct. According to us the figure works out to $177.5 million. I shall be grateful if you will kindly have this amount verified and advise me the position at your convenience.

Yours sincerely,

(SAID AHMED)
Managing Director
Dear [Name],

Thank you very much for your letter of June 30, 1966 enclosing a copy of a table showing the total assets of PICIC for the year ending December 31, 1965 as shown in the table as $188.5 million. I wonder whether this is correct. According to the figures works out to $177.5 million. 

Please verify and advise me the position at your convenience.

Yours sincerely,

[Signature]

Managing Director

[Date: 1969 Jul 15]
July 9, 1969

Mr. J. D. Nyhart  
Massachusetts Institute of Technology  
Alfred P. Sloan School of Management  
50 Memorial Drive  
Cambridge, Massachusetts 02139  

Dear Mr. Nyhart:

I write to acknowledge, in the absence of Mr. Diamond who is abroad, your letter of July 3 and the attached working paper on "Return Performance of 186 Development Finance Institutions." Mr. Diamond will certainly see the paper on his return and I am sure will write to you.

Yours sincerely,

P. M. Mathew  
Deputy Director  
Development Finance Companies

cc: Mr. Shin, w/incoming  
(Note: Please review and prepare comments.)
July 8, 1969

Dr. Wilhelm Teufenstein
Chairman, Board of Management
Oesterreichische Investitionskredit
Aktiengesellschaft
Am Hof 4
Vienna 1, Austria

Dear Dr. Teufenstein:

Thank you for your letter of May 30, to Mr. Gustafson regarding the descriptive memorandum on Oesterreichische Investitionskredit Aktiengesellschaft. We note that unlike last year, the increasing volume of work has made it impossible for you to prepare the memorandum for us this year.

Thus, we have prepared ourselves its draft and are enclosing two copies of it. We would appreciate your reviewing it and returning by the end of July one copy to us with any corrections or comments you would care to make. Although we tried best not to bother you for the draft, we have had to leave some blanks in it due to a lack of data. We would be very grateful if you could fill in the blanks in page 2, paragraph 5; page 5, paragraph 22 and page 6, paragraph 25. The draft follows closely the content of the memorandum prepared by you last year.

When this memorandum is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. N. Shin
Development Finance Companies

Enclosures

cc: Mr. Gustafson (with a copy of the draft descriptive memorandum)

B Shin:er
Mr. Giorgio Rota

July 8, 1969

James S. Raj

Charters of Development Finance Companies in which IFC is a Shareholder

You had asked me last week for copies of charters of some Development Finance Companies in which IFC is a shareholder. I enclose the charters of the following:

1. Banco de Desarrollo Economico Espanol S.A. (Bandesco), Spain
2. Corporacion Financiera del Valle, Colombia
3. Korea Development Finance Company, Korea
4. Malaysian Industrial Development Finance Limited, Malaysia

Encl.

cc: Mr. Navarrete

JSRaj:am
Cher Monsieur Diamond,

J'ai l'honneur d'accuser réception de votre lettre en date du 30 juin 1969 à laquelle était joint un tableau intitulé "Ratios d'exploitation comparatifs des sociétés financières de Développement 1967-1968".

Je vous en remercie.

Au cas où vous auriez tiré les ratios de la BNDE, je vous serais reconnaissant de bien vouloir nous les transmettre afin de comparer notre situation à celle des autres Compagnies Financières de Développement.

Veuillez agréer, Cher Monsieur Diamond, l'expression de ma parfaite considération.

Le Directeur Général

Mohamed BENKIRANE
Director, the Company's Finance and Development
Mr. H. D.
Washington, D.C.

Sir,

I am pleased to announce our decision to vote late in favor of the proposed merger of our company with Company X. This action will enable us to add new shareholders to our capital structure and expand our operations. We will inform you of the details of the merger in the near future.

Yours sincerely,

[Signature]

The President,
Mobil Oil International
July 8, 1969

Mr. Jorge Ocampo Z.
Vicepresidente
Corporacion Financiera del Valle
Apartado Aereo 4902
Cali, Colombia

Dear Mr. Ocampo:

Thank you very much for your letter of June 24, enclosing one copy of the draft descriptive memorandum on Corporacion Financiera del Valle, which you have kindly reviewed.

I am grateful for your filling in the blanks and corrections in the draft. Only point I would like to bring to your attention is that we have computed Valle's debt/equity ratio as 4:1 as of December 31, 1968 (see page 7, paragraph 35 in the draft) as against the one you suggested, 3.8:1. In computing the ratio, we took equity less dividends declared in 1969 whereas you apparently took equity before the dividends declared. I believe this makes the difference.

With this exception, I have revised the draft, following all the corrections you made, and put it into final form. As you requested, I take pleasure in sending you ten copies of a final version of the memorandum on Corporacion Financiera del Valle: two copies enclosed and eight copies by air-print.

Sincerely yours,

B. M. Shin
Development Finance Companies

Enclosures

cc: Mr. Garcia (with a copy of the final version of the descriptive memorandum)
Mr. B.H. Shin,
Development Finance Companies,
International Bank for Reconstruction & Dev.,
1818H Street,
N.W. Washington D.C. 20433, U.S.A.

Dear Mr. Shin,

I am most obliged for the comparative table of operational ratios sent with your letter of June 30, 1969.

These comparisons have enabled us to take a hard look at our own performance against those of older development financing institutions and have enabled us to seek to make the necessary improvements wherever possible.

With kind regards,

Yours sincerely,

H.F.G. LEEMBROOGEN
General Manager
Dear Mr. Smith,

I am most obliged for the comprehensive file of operational
notices sent with your letter of June 20, 1960.

These considerations have enabled us to take a hard look
at our own performance status and other development problems.
Improvements are inevitable, and we are ready to seek the necessary
improvements wherever possible.

Yours sincerely,

H.C. Limbongan
General Manager

1689 Jul 11 PM 1:27

MIDF
Malaysian Industrial Development Finance Board
(Incorporated in the States of Malaya)

P.O. Box 710
July 1, 1960

DATE

MT. B.H. Smith
Development Finance Companies
International Bank for Reconstruction & Dev.
18th Street
N.W. Washington D.C. 20433 U.S.A.

MT. S.H. Smith

电信电话 82911
7 Jalan Ampang
Kuala Lumpur
Code: E.T. Box 710

1969 JUL 11 PM 1:27
July 7, 1969

Mr. B. H. Shin
Development Finance Companies
International Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433
U. S. A.

Dear Mr. Shin,

I acknowledge with thanks your letter of June 30, along with a Table entitled Comparative Operational Ratios of Development Finance Companies, 1967 and 1968, for my own use and that of my company only.

With kind regards,

Yours sincerely,

S. S. Mehta
July 1, 1969

Mr. W. E. Spin
Development Finance Corporation
International Bank for Reconstruction and Development
15th Street, N.W.
Washington, D.C. 20433

Dear Mr. Spin,

I acknowledge with thanks your letter of June 30, 1969, with a copy of the draft agreement
between the Reconstruction Finance Corporation and the Development Finance Corporation
for the year 1969. In the case of and each of the
company only.

Yours sincerely,

[Signature]

1969 JUL 12 AM 11:18

[Stamp: GENERAL FILES
RECEIVED]
Mr. B. H. SHIN  
Development Finance Companies  
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  

Dear Mr. Shin:  

Thank you very much for your letter of June 30th, and for the "Comparative Operational Ratios of Development Finance Companies, 1967 and 1968" which you kindly enclosed with it. This document, which is of utmost interest, has been very useful to us in the past.  

With best personal regards, I remain,  

Cordially yours,  

IGNACIO COPETE LIZARRALDE  
President
CORPORACION FINANCIERA COLOMBIANA
Bogota-Colombia

3358

Boletín D.E. del 17 de Julio del 1968

MR. B. H. SHIN
Development Finance Companies
International Bank for Reconstruction and Development
1918 H Street, N.W.
Washington, D.C. 20433

Dear Mr. Shin:

Thank you very much for your letter of June 30th and for the "Comparative Operating Results of Development Finance Companies, 1967 and 1968" which I refer to in the enclosed "This document" which I kindly enclose with this correspondence in connection with the mutual interest this document has been very useful to us in the best

With best personal regards, I remain,

Coralia Ponce

Ignação Coelho Lira
President

1969 JUL 11 AM 10:55
Quito, July 4, 1969

Mr. B. Shin
Development Finance Companies
International Bank for Reconstruction and Development
1818 H Street, N. W.
Washington, D. C. 20433

Dear Mr. Shin,

Many thanks for your letter of June 30, 1969, enclosing a revised version of the Table entitled "Comparative Operational Ratios of Development Finance Companies, 1967 and 1968".

We are going to study this interesting document with care. I am sure its content will assist us in planning our future activities.

Sincerely yours,

José Antonio Correa
President
Dear Mr. Shirn,

Many thanks for your letter of June 30,

I am enclosing a revised version of the Table entitled "Comparative Operations of Development Finance Companies" in IEP and IFEG.

We are looking forward to your interest in planning our future activities.

Sincerely yours,

[Signature]

Jose Antonio Cordero
President

1969 Jul 14 TGN 620
Helsinki, July 4, 1969

Mr. B.H. Shin
Development Finance Companies
International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington D.C. 20433
U.S.A.

Dear Mr. Shin,

In the absence of Mr. Lassila we acknowledge the receipt of the Table "Comparative Operational Ratios of Development Finance Companies, 1967 and 1968".

The Table will naturally be handled as confidential information and will not be circulated outside our company.

Yours very truly,

TEOLLISTAMISRAHASTO OY - INDUSTRIALIZATION FUND OF FINLAND LTD.

p.p. Ossian Antson Aalto Rintala

OA/rr
Helinä, July 4, 1969

Dear Mr. Shin,

In the absence of Mr. Lassila, we acknowledge the receipt of the table "Comparative Operating Results of Development Finance Companies, 1967 and 1968".

The table will necessarily be handled as confidential by our company.

Yours very truly,

[Signature]

TEKNOPATJHASTO OY
TEKNIKKA-TEKNOLOGIA-TOIMINNAN HANKINNAT

[Signature]

OY

1969 Jul-7 PM 5.43
July 3, 1969

Mr. William Diamond, Director
Development Finance Companies
International Finance Corporation
1818 H Street, N. W.
Washington, D. C. 20433

Dear Bill,

Attached is a recent paper dealing with five simple return measurements, applied to the institutions in the Directory which furnished us both a balance sheet and a P & L statement. We were limited in terms of the sophistication of the measurements by the data at hand but believe that the broad coverage forms a basis for looking at some trends and tendencies.

If you have time to look at the paper, I would greatly welcome any comments. It will form the basis of one chapter in the book I hope to complete this summer. Another chapter on simple efficiency and financial structure measures is modeled on this one. More chapters, one on sources and one on uses of funds, will also follow the same general format. So now is the time for any radical shifts in approach (although I admit I am fairly well locked into this one). At any rate, I would appreciate reactions.

I have looked at, but have not had a chance yet to read, your new book. My research assistant says it is good and complimented you on your overall editing and styling. I look forward to getting into it myself, shortly.

Heinz says that he had a good talk with you while you were in Brazil. Our project there seems to be going along well, and I think we should begin to show product in a circulatable form in about a year. At least our ideas seem to be catching on.

I look forward to hearing from you.

Very best regards,

J. D. Nyhart

JDN:ff
Enc.
July 3, 1969

Mr. Jacques Vera M.
Gereente General
C. A. Venezulanoe de Desarrollo
Apartado 62191
Caracas, Venezuela

Dear Mr. Vera:

Thank you very much for your letter of June 20, regarding the draft descriptive memorandum on C. A. Venezolana de Desarrollo.

I understand you have been busy in closing the business for the first semester. It is by no means my intention to impose on you undue work load because of the draft. Please feel free to postpone the reviewing of the draft until you can reasonably do it.

With kind regards,

Sincerely yours,

E. M. Shin
Development Finance Companies

cc: Mr. Garcia

E.M. Shin:er
Señor
B. H. Shin
Compañías Financieras de Desarrollo
Banco Interamericano de Reconstrucción y Desarrollo
1818 H Street, N. W.
Washington, D. C. 20433

Estimado señor y amigo:

Tengo el gusto de referirme a su atenta comunicación de fecha 30 de Junio último con la cual usted tuvo la gentileza de hacerme llegar una copia de la tabla titulada Comparative Operational Ratios of Development Finance Companies, 1967 and 1968. Esta tabla me ha parecido muy interesante.

Sin particulares para más y agradeciéndole el envío de esta tabla me suscribo muy atentamente,

Alvaro Jaramillo Vengoechea
Presidente

gca.
CORPORACION FINANCIERA DEL NORTE
S.A.S. - COLOMBIA

CIRCUITO 1

4-72

Julio 3 a 6, 1986

Dato de Mando

H. Señor

Compañía Interamericana de Desarrollo
Hauso Internacional de Reconstrucción y Desarrollo
1818 H Street N.W.,
Washington, D.C. 20432

Estimado señor y señora:

Tengo el honor de presentar a su天空 de la corporación los hechos siguientes.

En mi calidad de consultor fiscal, he tenido la oportunidad de revisar la cuenta de la Corporación de Desarrollo Financiero de Colombia, 1984 y 1985. He notado que las cuentas contienen errores en la clasificación de los gastos de intereses.

Esto podría tener importantes reperCUSIONES fiscales.

Por favor, revise las cuentas y corrija los errores.

Atentamente,

[Signature]

Alvaro1 Testimonio

Firma

RECEIVED
1989 JUL-8 AM 9:01
GENERAL FILE
RECEIVED
Mr. B.H. Shin,
Development Finance Companies Department,
International Bank for Reconstruction and Development,
1818 H Street N.W.,
Washington DC 20433,
U.S.A.

Dear Mr. Shin,

Please refer to your letter of June 4, 1969 enclosing a draft memorandum on PICIC. We have reviewed the draft, filled in the blanks and also made some changes on pages numbers 2, 3, 5, 6 and 7. The revised pages are enclosed.

We shall be grateful if you would kindly send us five copies of the memorandum on PICIC after it is completed.

With kind regards,

Yours sincerely,

(ABUL HASNAT)
MANAGER, OPERATIONS

Encl: As above
Dear Mr. [Name],

Please refer to your letter of June 4th enclosed.

We have reviewed the draft Memorandum on PICIC. We have made some changes on pages number 5, 6 and 7. The revised draft is enclosed.

We shall be grateful if you would kindly send us the copy of the memorandum on PICIC after it is completed.

With kind regards,

 Yours sincerely,

[Signature]

DANIL HAMID
MANAGER OPERATIONS

1694 JUL - 6 PM 3:59
July 2, 1969

Mr. Silas B. Daniyan  
General Manager  
Nigerian Industrial Development Bank  
Limited  
M & K House  
96/102 Broad Street  
Lagos, Nigeria

Dear Mr. Daniyan:

Thank you very much for your letter of June 16, enclosing the draft descriptive memorandum on Nigerian Industrial Development Bank which has been reviewed and corrected by you.

In the light of your comments and corrections, I have put the draft into final form. I take pleasure in enclosing two copies of it as you requested.

I am most grateful for your cooperation in this regard.

Sincerely yours,

[Signature]

B. H. Shin  
Development Finance Companies

Enclosures

cc: Mr. Pollan (with a copy of the final version of the descriptive memorandum)

EHShinerer
Mr. P. M. Mathew
B. H. Shin

Progress Report on my Compilation

July 1, 1969

In accordance with your memorandum of June 11, 1968, on the subject, I report as follows:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td>Garcia</td>
<td>Requested on April 26, 1968 at staff meeting</td>
</tr>
<tr>
<td>a) Colombiana, Nacional and Norte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) India</td>
<td>Pollan</td>
<td>Do</td>
</tr>
<tr>
<td>Mr. Pollan said that a Bank economic mission to India will include this subject in its report which is expected to be put out by the end of July.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Ceylon, Israel, Korea, Liberia &amp; Philippines</td>
<td>Powell</td>
<td>Requested in March 1968 at staff meeting</td>
</tr>
<tr>
<td>d) Ethiopia</td>
<td>Sekse</td>
<td>Do</td>
</tr>
<tr>
<td>2. Procedures for obtaining investment licenses</td>
<td>Gustafson</td>
<td>Do</td>
</tr>
<tr>
<td>a) Austria, Finland, Greece, Malaysia Spain &amp; Turkey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) India</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pollan</td>
<td>Do</td>
</tr>
<tr>
<td>3. New descriptive memorandum</td>
<td>Garcia</td>
<td>Requested on March 21</td>
</tr>
<tr>
<td>a) Caldas, Nacional, Norte, COFIEC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) MIDF</td>
<td>Gustafson</td>
<td>Do</td>
</tr>
<tr>
<td>c) BNDE</td>
<td>Pollan</td>
<td>Do</td>
</tr>
<tr>
<td>Mr. Pollan said he sent a reminder to BNDE on the draft which he had with BNDE for review during his mission.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) IDBI, KDPC, LBIDI &amp; FDCP</td>
<td>Powell</td>
<td>Do</td>
</tr>
</tbody>
</table>

cc: Division Chiefs
EHShiner
June 30, 1969

Dr. Jose Antonio Correa
President
Ecuatoriana de Desarrollo S.A.
Compania Financiera
P. O. Box 401
Quito, Ecuador

Dear Dr. Correa:

Recently we have prepared, on the basis of the financial statements you sent to us, a Table entitled Comparative Operational Ratios of Development Finance Companies, 1967 and 1968, which shows the operational performance in the two years of 27 development finance companies associated with the World Bank Group. I take pleasure in enclosing a copy of it. Although greatly differing conditions make strict inter-company comparison difficult, the figures are still revealing and interesting. I hope you will find it interesting and useful.

As you know, the Table is an up-dated version of the similar table a copy of which we sent you last Spring. The new Table bears a few variations in its format and contents from the previous one, namely, the geographical grouping of the companies, the coverage of two years and the two additional ratios on dividends. I trust these changes entail a more meaningful presentation of the Table and I am happy to tell you that these improvements have been brought forth partly by the useful comments and suggestions received from some of the companies. I should very much appreciate receiving any comments and suggestions you would care to make on the format and contents for further improvement.

Needless to say, the Table is made available for your own use and that of your company only, and should not in any circumstances be circulated outside it.

With best regards,

Sincerely yours,

[Signature]

B. H. Shin
Development Finance Companies

Enclosure

cc: Mr. Garcia

B. H. Shin:er
June 30, 1969

Mr. Said Ahmed
Managing Director
Pakistan Industrial Credit and Investment Corporation Ltd.
P. O. Box 5060
Karachi 2, Pakistan

Dear Mr. Ahmed:

Recently we have prepared, on the basis of the financial statements you sent to us, a Table entitled Comparative Operational Ratios of Development Finance Companies, 1967 and 1968, which shows the operational performance in the two years of 27 development finance companies associated with the World Bank Group. I take pleasure in enclosing a copy of it. Although greatly differing conditions make strict inter-company comparison difficult, the figures are still revealing and interesting. I hope you will find it interesting and useful.

As you notice, this table incorporates some of the suggestions you made in your letter of October 11, 1968, regarding the format and contents. I trust this new Table has brought forth a more meaningful presentation, and I am grateful for the useful comments and suggestions you have kindly offered to us. I would appreciate any further comments you would care to make on the Table.

Needless to say, the Table is made available for your own use and that of your company only, and should not in any circumstances be circulated outside it.

With best regards,

Sincerely yours,

B. N. Shin
Development Finance Companies

Enclosure

cc: Mr. Southall
June 30, 1969

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le Developpement
Economique
Boite Postale 407
Rabat, Morocco

My dear Mr. Benkirane:

Once again we have completed a review of the financial statements of the development finance companies associated with us and have prepared a Table, entitled Comparative Operational Ratios of Development Finance Companies, 1967 and 1968. It is like the one we did last year, but up-to-date, and with some additions and revisions. I take pleasure in enclosing a copy of it. Needless to say, the Table is made available for your own use and that of your company only, and should not in any circumstances be circulated outside it.

I regret, as I did last year, that the Table excludes BNDE at your specific request.

With best regards,

Sincerely yours,

William Diamond
Director
Development Finance Companies

Enclosure

cc: Mr. Pollan
All the companies except for PICIC, NIDB, COFTEC and BNDE for which separate letters are prepared.

June 30, 1969

(Salutation)

Recently we have prepared, on the basis of the financial statements you sent to us, a Table entitled Comparative Operational Ratios of Development Finance Companies, 1967 and 1968, which shows the operational performance in the two years of 27 development finance companies associated with the World Bank Group. I take pleasure in enclosing a copy of it. Although greatly differing conditions make strict inter-company comparison difficult, the figures are still revealing and interesting. I hope you will find it interesting and useful.

As you know, the Table is an updated version of the similar table a copy of which we sent you last year. The new Table bears a few variations in its format and contents from the previous one, namely, the geographical grouping of the companies, the coverage of two years and the two additional ratios on dividends. I trust these changes entail a more meaningful presentation of the Table and I am happy to tell you that these improvements have been brought forth partly by the useful comments and suggestions received from some of the companies. I should very much appreciate receiving any comments and suggestions you would care to make on the format and contents for further improvement.

Needless to say, the Table is made available for your own use and that of your company only, and should not in any circumstances be circulated outside it.

With best regards,

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosure

(Inside Address)

cc: Division Chiefs

BHShin:er:MT/ST/1367:mk
List of Addressees

Dear Dr. Copete:

Dr. Ignacio Copete Lizarralde
President
Corporacion Financiera Colombiana
Apartado Aereo 11843
Bogota, Colombia

Dear Dr. Ocampo:

Dr. Roberto Ocampo Mejia
President
Corporacion Financiera de Caldas
Apartado Aereo 460
Manizales, Colombia

Dear Dr. Gutierrez Gomez:

Dr. Jose Gutierrez Gomez
President
Corporacion Financiera Nacional
Apartado Aereo 1039
Medellin, Colombia

Dear Mr. Lassila:

Mr. Jaakko Lassila
General Manager
Teollistamisarahasto Oy - Industrialization
Fund of Finland Ltd.
Lonnrotinkatu 13, V krs.
Helsinki, Finland

Dear Mr. Mehta:

Mr. S. S. Mehta
General Manager
The Industrial Credit and Investment
Corporation of India Limited
163 Backbay Reclamation
Bombay 1, India

Dear Mr. Egeli:

Mr. Rasid Egeli
General Manager
Turkiye Sinai Kalkinma Bankasi A.S.
P. O. Box 17
Karakoy
Istanbul, Turkey
Dear Mr. Condicas:

Mr. George Condicas
General Manager
National Investment Bank for Industrial Development, S.A.
P.O. Box 643
6 Sophocleous Street
Athens, Greece

Dear Mr. Chang:

Mr. Felix Chang
President
China Development Corporation
181-5 Chung Shan Road N., 2nd Sec.
Taipei, Taiwan
Republic of China

Dear Mr. Daniyan:

Mr. Silas B. Daniyan
General Manager
Nigerian Industrial Development Bank Limited
M & K House
96/102 Broad Street
Lagos, Nigeria

Dear Mr. Rohnfelder:

Mr. Gerhard Rohnfelder
Managing Director
Banque Ivoirienne de Developpement Industriel
Boite Postale 4470
Abidjan, Ivory Coast

Dear Mr. Kheradjou:

Mr. A. Gomem Kheradjou
Managing Director
Industrial and Mining Development Bank of Iran
133 Shiraz Street
Tehran, Iran

Dear Ato Tekalign:

Ato Tekalign Gedamu
Managing Director
Development Bank of Ethiopia
P. O. Box 1900
Addis Ababa, Ethiopia
Dear Khun Kraisri:

Khun Kraisri Nimmanahaeminda
General Manager
The Industrial Finance Corporation
of Thailand
101 Nareet Road
Bangkok 5, Thailand

Dear Mr. Marzo:

Sr. Don Jose Maria Marzo Churrucha
Director General
Banco del Desarrollo Economico Espanol
Apartado de Correos 50460
Calle Fernando EC Santo 20
Madrid, Spain

Dear Mr. Jayme:

Mr. Vicente R. Jayme
Executive Vice President
Private Development Corporation
of the Philippines
Commercial Center
P. O. Box 757
Makati, Rizal - D 708
Philippines

Dear Mr. Ahmed:

Mr. Said Ahmed
Managing Director
Pakistan Industrial Credit and Investment
Corporation Ltd.
P. O. Box 5080
Karachi 2, Pakistan

Dear Mr. Benkirane:

Mr. Mohamed Benkirane
Director General
Banque Nationale pour le Developpement
Economique
Boite Postale 407
Rabat, Morocco

Dear Mr. Leembruggen:

Mr. H. F. G. Leembruggen
General Manager
Malaysian Industrial Development
Finance Berhad
P. O. Box 2110
Kuala Lumpur, Malaysia
Dear Mr. McCann:

Mr. Paul McCann
Chief Executive Officer
The Liberian Bank for Industrial Development and Investment
100 Broad Street
P. O. Box 547
Monrovia, Liberia

Dear Dr. Neaman:

Dr. Avraham Neaman
Managing Director
Industrial Development Bank of Israel Limited
9 Achad Haam Street
Shalom Mayer Tower
Tel Aviv, Israel

Dear Dr. Vallenilla:

Dr. Luis Vallenilla
President
C.A. Venezolana de Desarrollo
Apartado 62191
Caracas, Venezuela

Dear Dr. Teufenstein:

Dr. Wilhelm Teufenstein
Chairman, Board of Management
Oesterreichische Investitionskredit Aktiengesellschaft
Am Hof 4
Vienna 1, Austria

Dear Mr. Ben Yedder:

Mr. R. Ben Yedder
l'Administrateur-Delegue
Societe Nationale D'Investissement
68, Ave. Habib Bourguiba
Tunis, Tunisia

Dear Dr. Martinez Moriones:

Dr. Benjamin Martinez Moriones
President
Corporacion Financiera del Valle
Apartado Aereo 4902
Cali, Colombia
Dear Dr. Jaramillo:

Dr. Alvaro Jaramillo Vengoechea
President
Corporacion Financiera del Norte
Apartado Aereo 2747
Barranquilla, Colombia

Dear Mr. Weerasinghe:

General Manager
Development Finance Corporation of Ceylon
P. O. Box 1397
Third Floor - Hemas Building
York Street
Colombo, Ceylon

Dear Mr. Kim:

Mr. C. W. Kim
President
Korea Development Finance Corporation
12th Floor, Cho Heung Bank Building
14 Nandaemon - Ro, 1 - Ka
Seoul, Korea

Dear Mr. Huq:

Mr. Z. Huq
Managing Director
Industrial Development Bank of Pakistan
Kandawala Building
P. O. Box 7300
Karachi 3, Pakistan

Dear Dr. Correa:

Dr. Jose Antonio Correa
President
Compania Financiera de Desarrollo S.A.
P. O. Box 411
Quito, Ecuador
June 30, 1969

Mr. Silas B. Daniyan
General Manager
Nigerian Industrial Development Bank Limited
M & K House
96/102 Broad Street
Lagos, Nigeria

Dear Mr. Daniyan:

Recently we have prepared, on the basis of the financial statements you sent to us, a Table entitled Comparative Operational Ratios of Development Finance Companies, 1967 and 1968, which shows the operational performance in the two years of 27 development finance companies associated with the World Bank Group. I take pleasure in enclosing a copy of it. Although greatly differing conditions make strict inter-company comparison difficult, the figures are still revealing and interesting. I hope you will find it interesting and useful.

As you notice, this table incorporates some of the suggestions you made in your letter of August 26, 1968 regarding the format and contents. I trust this new Table has brought forth a more meaningful presentation, and I am grateful for the useful comments and suggestions you have kindly offered to us. I would appreciate any further comments you would care to make on the Table.

Needless to say, the Table is made available for your own use and that of your company only, and should not in any circumstances be circulated outside it.

With best regards,

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosure

cc: Mr. Pollan

B.H.Shin:er
Ref. No. 752

June 27, 1969

Mr. B. H. Shin
Development Finance Companies
International Bank for Reconstruction and Development
1818 H Street NW
Washington, D.C. 20433

Dear Mr. Shin,

With reference to your letters dated April 23, and June 3, 1969, we have pleasure to return to you one copy of the Draft Descriptive Memorandum on NIBID with some corrections we thought necessary to make.

When this memorandum is completed by you, we shall appreciate receiving eight copies for the use of our services.

Yours sincerely,

A. Papantelakis
Manager

annex: 1
June 27, 1969

Mr. H. Spín
Development Finance Company
International Bank for Reconstruction and Development
1818 H Street NW
Washington, D.C. 20433

Dear Mr. Spín,

With reference to your letter dated 3rd April, 1969, we have pleasure in informing you that
we have received one copy of the draft descriptive Memorandum on
NRHD with some corrections we deemed necessary
to make.

When this Memorandum is completed, it will be sent
our Service.

Yours sincerely,
A. Repastis
Secretary

1969 JUN 29 PM 4:03
Mr. William Diamond, Director,
Development Finance Companies Department
International Finance Corporation
1818 H St., N.W.
Washington, D.C.

Dear Mr. Diamond,

I want to apologize for bothering you with problems that are beyond your own range of responsibilities. But other than your office, I can see no alternative. The purpose of this letter, then, is to request permission to study certain public documents that I assume your office would have.

I am in the process of researching material for my doctoral dissertation dealing with the role of Development Banks and Development Finance Companies in developing economies. At the basis of the analysis are several quantitative criteria which will be used to evaluate the economic and financial significance of the Banks as a force in economic development. More specifically the study is being directed at evaluating their performance in financing, attracting foreign capital, promotion, and, to use your own term, 'sparking the mixture'. This performance I would then relate to the relative level of economic development of the country in general, and to the development of the financial infrastructure in particular.

Some of the required data has been obtained from United Nations and other sources. But the essential and as yet missing link is the data on Development Banks and Finance Companies themselves. The information I am seeking, value of loans, equities purchased and underwritten, sources of funds, etc. would be, I believe, available in the published reports of the various Banks. It is my hope that through the permission of your office, I could come and use such documents as are available. Needless to say the information would only be used for purposes of the dissertation.

Professor Sayre P. Schatz, of Temple University, is directing the dissertation. Professor Schatz's particular area of interest is Development Banking, and has published on book on Development Banking in Nigeria while a second is being printed. He has authored many articles as well. He is one of the prominent scholars in African Studies in the United States.

My own background is almost entirely academic. I spent three years teaching in Lesotho, South Africa. I am now teaching in the economics department of La Salle College. I would be happy to provide any academic or character references that you wish.

It is my hope to make a very modest contribution to the field which you have pioneered and helped develop over the years.
June 30, 1969

I am writing to inform you of the recent appointment of Mr. John Doe as the new Director of the Finance Department at Seale College. Mr. Doe brings with him extensive experience in financial management and will be a valuable asset to our institution.

In addition, we are excited to announce the creation of a new position within the Finance Department: Associate Director of Financial Planning. This role will be responsible for overseeing the budgeting and financial forecasting processes, ensuring that our institution remains financially stable.

Furthermore, we have initiated a new program to enhance our financial literacy for students. This program will provide resources and workshops to help students understand the importance of financial planning and management.

I hope these changes will contribute to the continued success of Seale College.

Sincerely,

[Your Name]
Summer Mailing Address:
7440 Devon St.
19119
C. A. VENEZOLANA DE DESARROLLO
(SOCIEDAD FINANCIERA)

G-410
20 de junio de 1969

Señor
B. H. Shin
Development/Finance Companies
International Bank for Reconstruction
and Development
1818 H Street, N. W.
Washington, D.C. 20433

Estimado Sr. Shin:

En relación a su carta del mes próximo pasado, recibida por nosotros el 12 del presente, nos place comunicarle que hemos revisado el trabajo realizado por Uds. sobre la C. A. Venezolana de Desarrollo, al cual no tenemos ninguna observación que hacer, y sólo desearíamos que, de ser posible, nos enviaran 30 ejemplares adicionales cuando el mismo sea publicado.

Anticipándoles las gracias, nos es grato reiterarnos

Muy atentamente,

Jacques Vera M.
Gerente General

JVM/mcr.
C.A. VENEZOLANA DE DESARROLLO
(societad financiera)

Local: Caracas, Venezuela

20 de Junio de 1969

Sr. H. Spin

Director Finance Company
Bank for Reconstruction
and Development
1818 H Street, N.W.
Washington, D.C. 20433

Sr. H. Spin:

En referencia a mi carta del 7 de junio pasado, recibí
la notificación que se ha decidido efectuar la emisión de
acciones por un monto de $1,000,000.00.

La C.A. VENEZOLANA DE DESARROLLO, en cumplimiento de las disposiciones reglamentarias de la ley,
ha dado mi autorización para que se haga pública la emisión.

Anticipo gracias por la información que me has proporcionado.

Atentamente,

[Signature]

Jacques Vera M.
Gerente General

1969 Jun 27 AM 11:55
19th June, 1969.

Mr William Diamond,
IBRD,
1818 H Street, NW
Washington D.C.
USA

Dear Bill,

A burgeoning development bank! I think it would intrigue you to hear more about it one day; perhaps you could give me notice of your next passage through London and we could have lunch. The time has passed very quickly and I was shocked to be described in the Press not long ago as "something of an IRC veteran".

Yours ever,

R. A. Morton
19th June, 1969

Mr William Dickinson

1915 N Street, NW
Washington, D.C.
USA

Dear Bill,

A short but important note:

I think it would be

fitting to receive

further reports from you. Perhaps we could

meet at your next passage through London and we could

have lunch. I have

given you these reports very quickly and I was able to

send them out to you in a way that was

fitting or in the manner.

Yours ever,

[Signature]

R.A. Macken
Mr. Garcia Reynert

L. J. Walinsky

June 18, 1969

Attached Draft Annex for Appraisal Committee Report

The attached draft is neither complete nor final. It still lacks its tables, presently under preparation. And two sections (one on SUDENE's regulations, one on State Government incentives) are missing. But the draft nevertheless does include, in practically final form, the sections you need for your own report, and I am therefore sending it on to you as soon as I can.

I am sending another copy separately to Mr. Helling.

cc: Mr. Helling
LJWalinsky:cm
Mr. B. H. Shin,
Development Finance Companies,
International Bank for Reconstruction and Development,
1818 H Street, N.W.,
Washington D. C. 20433,
U.S.A.

Dear Mr. Shin,

Draft Memorandum on N. I. D. B.

We acknowledge receipt of your letter dated 7th May, 1969 together with two copies of the memorandum. We have gone through the contents, made corrections and filled in the blank spaces where necessary. Corrections or amendments which could not be conveniently incorporated in the memorandum are as per the attached sheet.

We enclose one amended copy and hope you will send us two copies of the final print.

Yours sincerely,

S. B. DANIYAN
General Manager

Encl.
## Amendments to Draft Memorandum on NIDB

<table>
<thead>
<tr>
<th>Paragraph</th>
<th>Line</th>
<th>Revised Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>13</td>
<td>Mr. W. Duncan having left Nigeria was replaced in the Executive Committee by Mr. G. A. O. Thompson.</td>
</tr>
<tr>
<td>19</td>
<td>2</td>
<td>Managing Director instead of General Manager</td>
</tr>
<tr>
<td>20</td>
<td>4</td>
<td>........ of 2 Industrial Engineer and 2 Investment Executives ...............</td>
</tr>
<tr>
<td>32</td>
<td></td>
<td>Add the following at the end:-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>&quot;The right in respect of the other ICON investment was given up when the company negotiated an additional loan.</td>
</tr>
<tr>
<td>36</td>
<td>2</td>
<td>16 Companies totalling £N 856, 336.</td>
</tr>
</tbody>
</table>
Amendments to Draft Memorandum on NIDC

Mr. W. Dunsdon having left Nigeria was replaced
in the Executive Committee by Mr. C. O. Thompson.

Managing Director instead of General Manager

Managing Director instead of General Manager.....

Executive

Agg. for following of the end:

"the right in respect of the other I.D.C. investment were

given to each the company associated in additional loan

If Companies totalling £60,000.

1869 June 19 PM: 1:35
Progress Report on my Compilation

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Colombiana, Nacional and Norte</td>
<td>Garcia</td>
<td>Requested on April 26, 1968 at staff meeting</td>
</tr>
<tr>
<td>2. Report on standard form of loan agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>between IFC and clients to ensure that the terms of sub-loans are known to us</td>
<td>Powell</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>a) DFCC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Procedures for obtaining investment licenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Austria, Finland, Greece, Malaysia Spain &amp; Turkey</td>
<td>Gustafson</td>
<td>Requested in March 1968 at staff meeting</td>
</tr>
<tr>
<td>b) India</td>
<td>Pollan</td>
<td>Do</td>
</tr>
<tr>
<td>c) Ceylon, Israel, Korea, Liberia &amp; Philippines</td>
<td>Powell</td>
<td>Requested in March 1968 at staff meeting</td>
</tr>
</tbody>
</table>

The terms of DFCC's standard loan agreement with clients with respect to the protection of Bank's various rights are under correspondence between the Bank and DFCC.

On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out.
<table>
<thead>
<tr>
<th>d) Ethiopia</th>
<th>Sekse</th>
<th>Requested in March 1968 at staff meeting</th>
</tr>
</thead>
</table>

4. New descriptive memorandum

<table>
<thead>
<tr>
<th>a) Caldas, Nacional, Norte, COFIEC</th>
<th>Garcia</th>
<th>Requested on March 21</th>
</tr>
</thead>
</table>

Draft on COFIEC will be prepared upon return of the mission.

<table>
<thead>
<tr>
<th>b) IVK and MIDF</th>
<th>Gustafson</th>
<th>Do</th>
</tr>
</thead>
</table>

To Mr. Gustafson's reminder on a new descriptive memorandum, IVK replied that it would not be able to do this year and suggested that we prepare the draft.

<table>
<thead>
<tr>
<th>c) BNDE</th>
<th>Pollan</th>
<th>Do</th>
</tr>
</thead>
</table>

Mr. Pollan said he had left the draft with BNDE for review.

<table>
<thead>
<tr>
<th>d) IDBI, KDFC, LSIDI &amp; PDCP</th>
<th>Powell</th>
<th>Do</th>
</tr>
</thead>
</table>

cc: Division Chiefs
June 13, 1969

Mr. T. C. Pan
Executive Vice President
China Development Corporation
181-5 Chung Shan Road N., 2nd Sec.
Taipei, Taiwan
Republic of China

Dear Mr. Pan:

Thank you very much for your letter of June 5, enclosing the reviewed draft descriptive memorandum on China Development Corporation.

I am most grateful to you for having checked the draft and filling in many blanks in it. In the light of your comments and corrections, I have put the draft into final form.

I take pleasure in enclosing two copies of its final version.

Sincerely yours,

[Signature]

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Southall (with a copy of the final version of the descriptive memorandum)

BHShin:er
Mr. Donald S. Roessner                                      June 11, 1969

B. H. Shin

Resources and Sources of Finance of Development Finance
Companies in which IFC Holds Shares

At your request I am sending you the following information.

1. Total financial resources1 of the 20 development finance
   companies2 in which IFC presently holds shares were the equivalent of
   $ 703.6 million as at December 31, 1968.

2. Sources from which the resources were derived were as
   follows:

<table>
<thead>
<tr>
<th>Sources</th>
<th>Million</th>
<th>As % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank/IDA</td>
<td>$187.2</td>
<td>26.6</td>
</tr>
<tr>
<td>IFC</td>
<td>16.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Local</td>
<td>353.1</td>
<td>50.2</td>
</tr>
<tr>
<td>Other</td>
<td>116.9</td>
<td>20.9</td>
</tr>
<tr>
<td>Total</td>
<td>$703.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

1/ By financial resources is meant the sum of equity and all debt
   including short-term.

2/ Including two Colombian Financieras in which IFC's equity invest-
   ments are to be considered by the Board of Directors before the
   end of June 1969.
June 11, 1969

Ato Tekalign Sedamu  
Managing Director  
Development Bank of Ethiopia  
P. O. Box 1900  
Addis Ababa, Ethiopia

Dear Ato Tekalign:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on Development Bank of Ethiopia. We would appreciate your reviewing it and returning by the end of June, one copy to us with any corrections and comments you would care to make. We would also be grateful if you fill in the blanks in page 2, paragraph 6; page 7, paragraph 38 and Annex 2. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on Development Bank of Ethiopia is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. H. Shin  
Development Finance Companies

Enclosures

cc: Mr. Sekse (with a copy of the draft descriptive memorandum)

MSHin:er
July 7, 1969

Mr. A. Osen Kheradjou
Managing Director
Industrial and Mining Development
Bank of Iran
133 Shiraz Street
Tehran, Iran

Dear Mr. Kheradjou:

I refer to my letter of May 12, asking you to review the draft descriptive memorandum on Industrial and Mining Development Bank of Iran and to return one copy by June 11. I attach a copy of the letter for your ready reference.

I should be most grateful if you could let me have your reply as soon as possible.

Sincerely yours,

B. H. Shin
Development Finance Companies

Attachment

cc: Mr. Southall
BHShin:er
June 6, 1969

Mr. L. A. Weerasinghe
General Manager
Development Finance Corporation
of Ceylon
P. O. Box 1397
Third Floor - Hemas Building
York Street
Colombo, Ceylon

Dear Mr. Weerasinghe:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on Development Finance Corporation of Ceylon. We would appreciate your reviewing it and returning by the end of June, one copy to us with any corrections and comments you would care to make. We would also be grateful if you fill in the blanks in page 4, paragraph 18. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on Development Finance Corporation of Ceylon is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Powell (with a copy of the draft descriptive memorandum)

BHShin:er
June 6, 1969

William Diamond

Currency Repayment Provisions on Bank Loans to Development Finance Companies (DFC's)

1. Please see the attached memo from Mr. Gustafson, which has already been seen by members of the Controller's Department.

2. I think we should meet to discuss this matter.

Attachment

cc: Messrs. Aldewereld Mathew Gustafson

WDiamond:jmb
Dear Bill,

I was visited last week by Messrs. René ARBEY, Vice President of the Confédération Internationale des Petites et Moyennes Entreprises Industrielles, and Robert HOLTZ, Délégué Exécutif de l'Union d'Action Internationale PME. They visited me as a follow-up to a lecture I delivered on May 19, which had been organized by Association pour l'Organisation des Missions de Coopération Technique (ASMIC).

The Union d'Action Internationale PME is quite an important organization, with the main purpose of furthering the development of small and medium size industrial enterprises in less developed countries, mainly in French speaking Africa.

It seems to me that this organization could be useful to us, particularly in connection with development banks on the national level. I have told them that I would draw your attention and that of Roger Chaufournier to the matter, with the request that someone in your Department study three papers that Mr. Holtz provided me with (I have sent them to you under airprint). Would you let me know what further action could be taken now or at a later date. There is no urgency in the matter, but would you take note of the approach and keep us informed.

I have written in identical terms to Roger Chaufournier.

With kind regards.

Sincerely yours,

Arthur Karasz

Mr. William Diamond
Director
Development Finance
Companies Department
International Bank for Reconstruction and Development
Washington D. C. 20433
Dear Mr. President,

I am writing to inform you of the urgent need for the Association to bolster our relations with the International Monetary Fund (IMF). Our economic situation requires immediate action to ensure stability and growth.

The IMF has expressed its willingness to work with us on the development of our economy. It has suggested that we focus on improving our fiscal policies and implementing structural reforms. These measures are essential to attract foreign investment and stabilize our currency.

I understand that the past year has been challenging, but I believe that with appropriate measures, we can overcome these difficulties. I am confident that your leadership and the support of the Association will ensure a successful outcome.

Please let me know if you need any further information or assistance.

Sincerely,

[Signature]

[Name]
Documents forwarded under airprint:

- Le Leasing et l'Organisation Rationnelle de la Sous - Traitance;
  Centre d'Etudes et de Réalisations Technique, Economiques et Sociales - Septembre 1963

- Symposium Inter-Regional d'Echange d'Expérience en matière d'Aide aux Petites et Moyennes Entreprises (Actions Collectives);
  Rapport de Synthèse par M. Robert Holtz, Secrétaire Général de la Fédération Internationale des Petites et Moyennes Entreprises Industrielles - Paris, janvier 1963

- 1947 - 1967. Vingt ans de coopération internationale dans le cadre de l'Union internationale de l'artisanat et des petites et moyennes entreprises;
  Union Internationale de l'Artisanat et des Petites et Moyennes Entreprises - 1967
Monsieur le Directeur Général,

Nous devions vous communiquer plusieurs documents concernant notre Union d'Action Internationale P.M.E. ainsi que divers aspects de notre action en faveur de ces catégories d'entreprises.

Je vous prie de bien vouloir les trouver sous ce pli :

-1.- une note que j'ai rédigée sur "le leasing et l'organisation rationnelle de la sous-traitance,
-2.- le rapport de synthèse dont l'élaboration m'a été confiée au terme du Symposium inter-régional d'échange d'expérience en matière d'aide aux P.M.E. organisé par l'O.C.D.E. en Septembre 1967,
-3.- une brochure contenant les Statuts de notre Union ainsi que les grandes lignes de ses activités.

Nous vous remercions vivement pour l'excellent accueil que vous avez bien voulu réservé à M. ARBEY et moi-même ainsi que de la suggestion que vous avez émise de mettre nos organisations, le cas échéant, en contact avec les Banques nationales de Développement des pays dans lesquels nous pourrions engager des actions d'assistance.

Nous vous prions d'agréer, Monsieur le Directeur Général, l'assurance de nos sentiments de parfaite considération.

Le Délégué Exécutif de l'Union d'Action Internationale P.M.E.

Paris, le 29 Mai 1969

Monsieur A. KARASZ
Directeur
International Bank for Reconstruction and Development
4 avenue d'Iéna
PARIS.
Madrid, June 4th 1969

Mr. B.H. Shin
International Bank for Reconstruction and Development
Development Finance Companies
1818 H. Street, N.W.
WASHINGTON, D.C. 20433

Dear Mr. Shin,

Thank you very much for your kind letters of May 27th and 28th enclosing with the same two copies of the final version of the descriptive memorandum on Bandesco and other interesting papers.

With best personal regards,

Yours sincerely,

[Signature]

JOSE MARIA MARZO CHURRUCA
March 4th, 1962

Mr. E.H. Spill
International Bank for Reconstruction
and Development

Finance Committee

18th H. Street
W. Washington, D.C., 20433

Dear Mr. Spill,

Thank you very much for your kind letter of
May 24th and 56. Enclosed with the same two copies
of the final version of the Government Memorandum
on Bandesco and other interesting papers.

With best personal regards,

Yours sincerely,

[Signature]
June 4, 1969

Mr. R. L. Powell

Hans Pollan

Korea, Laos, Nepal and Viet-Nam

1. While at the conference of representatives of Asian development banks in Berlin last week, I was able to meet the principals of several development finance companies of interest to you and to collect some recent material on these institutions. I am listing below those officers and the data collected:

**Officers**

**Korea**

*The Korean Reconstruction Bank (KRB)*

- Mr. Young Hui Kim
  - Governor
  - C.P.O.B. 26
  - Seoul

*The Medium Industry Bank (MIB)*

- Mr. Wuchang Chung
  - President
  - 36, 2-Ka Ulchiro
  - Seoul

**Laos**

*Banque de Developpement du Laos*

- Mr. Souban Sinbandhit
  - Directeur General
  - B.P. No. 197
  - Vientiane

**Nepal**

*Nepal Industrial Development Corporation (NIDC)*

- K. B. Desuja
  - Chairman
  - NIDC Building
  - Kathmandu

**Publications**

**Korea**

*The Korean Reconstruction Bank 1969 - Its Functions and Activities (May 1969)*

**Laos**

*a. Facts about the Medium Industry Bank*

**Nepal**

*a. Nepal Industrial Development Corporation - An Introduction (January 1968)*

Société Financière pour le Développement de l'Industrie au Viêt-Nam (SOFIDIV)

Mr. Tu Ngoc Dinh
Directeur Général
Cong-Ty Kinh-Doanh Ky-Nghe
3 Vo-di-Nguy
Saigon

Information Paper on SOFIDIV

2. You may care to pass the publications to Mr. Shin after your parusal.

Attachments

HPollan:1gs
cc without attachments: Messrs. Diamond Shin Gibbs Kraske Roulet
June 3, 1969

Dear Mr. Shin:

I acknowledge with thanks receipt of two copies of the descriptive memorandum on ICICI sent under your letter dated May 27, 1969.

Yours sincerely,

Phiroze B. Medhora
Deputy General Manager

Mr. B.H. Shin
Development Finance Companies
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington D.C. 20433
U.S.A.
Dear Mr. Shin:

I acknowledge with thanks receipt of two copies of the ... memorandum on ICICI sent under your letter dated May 31, 1969.

Yours sincerely,

[Signature]

P. K. D. M. 
Deputy General Manager

Mr. B. H. Shin
Development Finance Companies
International Bank for Recon- ... A.

Washington, D.C. 20433
U.S.A.

[Date] 1969 June 10, AM 8:45

[Notations]
Mr. Diamond

B. H. Shin

Progress Report on my Compilation

June 2, 1969

In accordance with Mr. Mathew's memorandum of June 14, 1968, on the subject, I report as follows:

Subject | Material Due | From Division | Due Since
--- | --- | --- | ---
1. Project follow-up and end-use supervision | | |
   a) Colombiana, Nacional and Norte | Garcia | Requested on April 26, 1968 at staff meeting
2. Report on standard form of loan agreement between IFC and clients to ensure that the terms of sub-loans are known to us | |
   a) DFCC | Powell | Requested at Division Chiefs meeting

The terms of DFCC's standard loan agreement with clients with respect to the protection of Bank's various rights are under correspondence between the Bank and DFCC.

3. Procedures for obtaining investment licenses | |
   a) Austria, Finland, Greece, Malaysia Spain & Turkey | Gustafson | Requested in March 1968 at staff meeting
   b) India | Pollan | Do

On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out.

c) Ceylon, Israel, Korea, Liberia & Philippines | Powell | Requested in March 1968 at staff meeting
d) Ethiopia

4. New descriptive memorandum

   a) Caldas, Nacional, Norte, COFIEC
   Garcia
   Requested on March 21

   Draft on COFIEC will be prepared upon return of the mission.

   b) IVK and MIDF
   Gustafson
   Do

   Mr. Gustafson sent a reminder to IVK on a new memorandum.

   c) ENDE
   Pollan
   Do

   Mr. Pollan said he would take care of ENDE during his mission to it.

   d) IDRI, KDFC, LEIDI & PDGP
   Powell
   Do

   e) DBE
   Sekse
   Do

cc: Division Chiefs

BHShin

[Signature]
June 2, 1969

Mr. Hamlin Robinson
Associate Research Professor
Graduate School of Public and International Affairs
University of Pittsburgh
Pittsburgh, Pa. 15213

Dear Mr. Robinson:

When I returned from Brazil, I found your letter about Mr. Argaw, which Mr. Mathew acknowledged on May 6.

Mr. Argaw did not come in during his visit to Washington in mid-May. Perhaps he will come later on. In any event, I am taking the liberty of passing your request on to Mr. Richard W. van Wagenen, who is in charge of the Bank Group's training program. He is in the best position to know what might be feasible.

With best wishes.

Sincerely yours,

William Diamond
Director
Development Finance Companies

cc Mr. van Wagenen

WDiamond:us
SIC Reviews of DFC Investments

1. Attached is the tentative schedule of DFC missions for the rest of 1969. Have we covered IFC investments which you think need follow-up this year?

2. Does the list fit your schedule for SIC Investment Reviews? That is, do you plan reviews of investments until, say March or April, for which we have not already planned a follow-up mission?

Mr. James S. Raj

William Diamond

June 2, 1969

Attachment

cc: P. M. Mathew

WDiamond:jmb
Mr. Lars J. Lind

William Diamond

Development Finance Companies

June 2, 1969

1. I write to confirm the request I made during our recent conversation.

2. There is now no document—speech, article or otherwise—which sets forth the Bank Group's current policy towards development finance companies. We get frequent requests for such a paper, and are unable to give one. I think it is important that we produce an appropriate paper as soon as possible.

3. I hope very much that Information will be able to do so. Needless to say, we shall give every assistance to whoever is assigned the task of putting the paper together.

cc: Messrs. William Clark
    P. M. Mathew

WDiamomd:jmb
Mr. Douglas Gustafson  
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
USA  

Dear Mr. Gustafson,  

We are very sorry to say that it was so far impossible for our staff to update IVK’s Descriptive Memorandum since we are confronted with a significant increase in loan applications.

We have issued the English version of our annual report which you have already received, and would be pleased to accept your proposed procedure according to which you will use the data of the annual report and prepare the Descriptive Memorandum yourself; we shall be glad to give all the additional information needed to finish this task.

Sincerely yours,  
ÖSTERREICHISCHE INVESTITIONSKREDIT AKTIENGESELLSCHAFT
Mr. Douglas Guadson
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
USA

Dear Mr. Guadson,

We are very sorry to say that it was so far impossible for our staff to update IV’s Descriptive Memorandum since we are currently with a significant increase in loan applications.

We have issued the English version of our memorial. We have issued the English version of our report which you have already received. We would be pleased to accept your proposed procedure according to which you will use the rules of the Descriptive Memorandum. You will then be able to give all the additional information needed to finish this task.

Sincerely yours,

Osterreichische Investitionskreditanstalt

1969 June 5 4:08
May 29, 1969

Dear Erik:

I was in Brazil when your letter of May 5 arrived. Mr. Leinmark briefly visited my Deputy in my absence.

I look forward to meeting Mr. Rosenblad and I hope to have the opportunity to meet Mr. Leinmark before long.

Your visits here are much too short. And mine to Stockholm are much too infrequent (none since 1952!).

All good wishes.

Sincerely yours,

William Diamond
Director
Development Finance Companies

Mr. Erik Leijonhufvud
Stockholms Enskilda Bank
Stockholm 16, Sweden

WDiamond:us
OUTGOING WIRE

TO: MALINDEV
    KUALA LUMPUR

COUNTRY: MALAYSIA

DATE: MAY 29, 1969

CLASS OF SERVICE: (Blank)

TEXT:
WILL APPRECIATE RECEIVING FINANCIAL DATA PROMISED IN URLET MARCH SEVENTEEN CONCERNING OPERATIONAL RATIOS

SHIN
INTBAFRA

MESSAGE AUTHORIZED BY:
NAME: B. H. Shin
DEPT: IBRD/DFC

SIGNATURE: [Signature]

CLEARANCES AND COPY DISTRIBUTION:
Mr. Gustafson

NOT TO BE TRANSMITTED

For Use by Archives Division

IMPORTANT: See Secretaries Guide for preparing form

CHECKED FOR DISPATCH: [Signature]
May 28, 1969

Dr. Ignacio Copete Lisarralde  
President  
Corporacion Financiera Colombiana  
Apartado Aereo 11843  
Bogota, Colombia

Dear Dr. Copete:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on Corporacion Financiera Colombiana. We would appreciate your reviewing it and returning by June 27, one copy to us with any corrections and comments you would care to make. We would also be grateful if you fill in the blanks in page 4, paragraph 19; page 5, paragraph 23; page 6, paragraphs 24, 26, and 27; page 7, paragraphs 29 and 31. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on Corporacion Financiera Colombiana is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. H. Shin  
Development Finance Companies

Enclosures

cc: Mr. Garcia (with a copy of the draft descriptive memorandum)
May 28, 1969

Sr. Don Jose Maria Marzo Churrusca
Director General
Banco del Desarrollo Economico Espanol
Apartado de Correos 50460
Calle Fernando EC Santo 20
Madrid, Spain

Dear Mr. Marzo:

Thank you very much for your letter of May 16, enclosing the copy of our draft descriptive memorandum on Banco del Desarrollo Economico Espanol which you filled in the blanks together with your comments.

In the light of your comments we have revised paragraph 6 in the draft and put the draft into final form. I hope the revised version represents an accurate description.

I take pleasure in enclosing two copies of the final version of the descriptive memorandum on BANDESCO.

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Gustafson (with a copy of the incoming English translation and a copy of the final version of the descriptive memorandum)
Mr. S. R. Cope

May 28, 1969

William Diamond

Monthly Report on Development Finance Company Activity

For many years we have been issuing a "Monthly Report on Development Finance Company Activity", the form of which has changed from time to time. Attached is the most recently revised version, in use only since March.

Attached, also, is a proposed revision of the distribution list for these monthly reports. Mr. Knapp was on the list many years ago, but asked to be deleted. I am not sure that you were ever on the list. Should I put you on? I have added the loan officer, IBRD, who no doubt in the past received it from his Director; but, I think, he should now receive an extra copy directly.

Any suggestions on distribution?

Attachments

cc Mr. Mathew

WDIAMOND: us
Monthly Report on Development Finance Company Activity

The distribution arrangement for our "Monthly Report on Development Finance Company activity" is out of date. Attached is my proposed revision. It differs from the previous in that:

a) I have omitted Richards, at his own request,
b) I have inserted the Controller, and
c) I have indicated whether recipients receive all reports or only those in which IFC is involved.

You will note that, at your request, you and Mr. Raj will receive only reports on IFC investments. Is this O.K?

cc: Mr. Mathew

WDiamond: jm
<table>
<thead>
<tr>
<th>DISTRIBUTION</th>
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<tbody>
<tr>
<td>MONTHLY REPORT ON DEVELOPMENT FINANCE COMPANY ACTIVITY</td>
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<tr>
<td>Director, Area Department, IBRD</td>
</tr>
<tr>
<td>Director, Area Department, IFC</td>
</tr>
<tr>
<td>Loan Officer, IBRD</td>
</tr>
<tr>
<td>IFC Board Representative</td>
</tr>
<tr>
<td>Controller</td>
</tr>
<tr>
<td>Mr. Y.L. Chang</td>
</tr>
<tr>
<td>Mr. Diamond</td>
</tr>
<tr>
<td>Mr. Fuchs</td>
</tr>
<tr>
<td>Mr. Koch</td>
</tr>
<tr>
<td>Mr. Mathew</td>
</tr>
<tr>
<td>Mr. Maurits</td>
</tr>
<tr>
<td>Mr. Raj</td>
</tr>
<tr>
<td>Mr. Rosen</td>
</tr>
<tr>
<td>Operational Files</td>
</tr>
</tbody>
</table>
Mr. Martin M. Rosen

May 28, 1969

William Diamond

Attendance at DFC Board Meetings

You raised yesterday the question of when Mr. Schaenen should go to Greece and in particular whether he should attend the Shareholders' Meeting planned for June 11.

NIBID held an Executive Committee Meeting, a Board Meeting and a Consultative Shareholders' Meeting in April, all of which Mr. Kuiper attended. So far as we know, the Shareholders' Meeting on June 11 will be a "paper" meeting. NIBID has asked its foreign shareholders, not for attendance but for proxies, and IFC has already sent its proxy. I doubt that any of the foreign shareholders will be represented in person on June 11.

The next Executive Committee Meeting has not yet been scheduled, but Mr. Kuiper mentioned that he thought it would take place in September.

In my opinion, Mr. Schaenen should visit NIBID as soon as convenient, in order to get acquainted, but I think it is not necessary, and indeed may look odd, to tie the visit to the June 11 Shareholders' Meeting. (Incidentally, it is at that meeting that he will be elected a member of the Board.)

As you may know, IFC was informed a few days ago that BANDESCO's Board would meet on June 9, and when we heard this we raised the question of Mr. Schaenen's attending it. I have earlier taken the line that IFC should try, if it is not inconvenient, to attend every BANDESCO meeting. I have been told that you plan a rôle in BANDESCO for Mr. Schaenen. If this is so, I would recommend his attending the Board Meeting on June 9. And if he does that, it might make some sense for him to proceed thereafter to visit NIBID.

I am aware of your request for comments on the proposed Agriculture and Fishery Development Corporation in Korea, and I am sorry about the delay. You will have a note soon.

cc Mr. Paterson
Mr. Gustafson

WDiamond:us
May 27, 1969

Dr. Benjamin Martinez Moriones
President
Corporacion Financiera del Valle
Apartado Aereo 4902
Cali, Colombia

Dear Dr. Martinez Moriones:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on Corporacion Financiera del Valle. We would appreciate your reviewing it and returning by June 26, one copy to us with any corrections and comments you would care to make. We would also be grateful if you fill in the blanks in page 3, paragraphs 10 and 11; page 4, paragraph 18; page 5, paragraph 5; and page 6, paragraph 30. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on Corporacion Financiera del Valle is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Garcia (with a copy of the draft descriptive memorandum)
May 27, 1969

Mr. Phiroze B. Mehdora
Deputy General Manager
The Industrial Credit and Investment
Corporation of India Limited
163 Backbay Reclamation
Bombay 1, India

Dear Mr. Mehdora:

Thank you very much for your letter of May 16, enclosing the corrected copy of our draft descriptive memorandum on ICICI with all the blanks filled in.

I am grateful indeed for the trouble you have undertaken in filling in the blanks and correcting the draft. We have put it into final form. I take pleasure in enclosing two copies of the final version as you requested.

Sincerely yours,

B. N. Shin
Development Finance Companies

Enclosures

cc: Mr. Pollan (with a copy of the final version of the descriptive memorandum)

B Shiner
Dear Mr. Commissioner,

Thank you very much for your letter of May 10, commenting on the report which offered our great expectations concerning economic progress on the IQPA project in the framework of the economic plan.

I am extremely interested in the reports you have mentioned. I received at the Planning and Development Committee meeting the report you referred to and I have been paying close attention to the statement in the report of the Minister of Finance as you described.

Sincerely yours,

P. Smir

Development Finance Committee

Minister of Finance

cc: Mr. Pollin (with a copy of the Minister's statement)
Mr. R.B.J. Richards

William Diamond

Monthly Report on DFC Activity

Are you interested in continuing to receive the monthly issues of the attached?

Attachment

WDiamond:us
MONTHLY REPORT ON DEVELOPMENT FINANCE COMPANY ACTIVITY

Company

US$1 = 
Month of ____________ 19

STATUS OF IFC INVESTMENTS

<table>
<thead>
<tr>
<th>Acquisitions</th>
<th>Total</th>
<th>Sales</th>
<th>Now Held by IFC</th>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Number of Shares *</td>
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<td>Manner of Acquisition 1/</td>
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<tr>
<td>Price Per Share</td>
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<td></td>
</tr>
<tr>
<td>Total Investment or Sales *</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Paid in to Date *</td>
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<td></td>
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</tr>
</tbody>
</table>

*In 000's

1/S = Subscription, D = Stock Dividend, R = Rights Issue

STATUS OF BANK/IDA/IFC LOANS

<table>
<thead>
<tr>
<th>Amounts in $ 000</th>
<th>Net Loans Effective</th>
<th>Credited</th>
<th>Balance Available for Credit</th>
<th>Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Loans

Total No.: Amount

Projects Credited During Month

Projects Pending Approval at End of Month

No. | $000 | $000 | Date Rec'd | Status |
|-----|------|------|------------|--------|

Total No.: Amount

Approval Required Over $ 000

FINANCIAL PERFORMANCE

<table>
<thead>
<tr>
<th>Net Income After Taxes</th>
<th>Latest Full Year, Ended 19</th>
<th>Latest Period: <strong>Mos.</strong> Ended <strong>19</strong></th>
<th>Comparable Period, Previous Year</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>In 000's of Local Currency Units</td>
<td>As % of Share Capital, End of Period</td>
<td>As % of Net Worth, End of Period</td>
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<tr>
<td></td>
<td></td>
<td>Assets at End of Period</td>
<td></td>
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<tr>
<td>Dividends Declared</td>
<td>Previous New</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date Declared</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date Paid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount Received by IFC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yield on Latest Share Price</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

OTHER DEVELOPMENTS

Date: Initial:
May 23, 1969

Mr. Roger A. Hard  
Assistant to the General Manager  
Boise Cascade Urban Development  
ARBA Building  
525 School St., S.W.  
Washington, D.C.  20024

Dear Mr. Hard:

I acknowledge with thanks the brochure on Boise Cascade you sent me with your letter of May 21. Our meeting with you and Mr. Scopetta was very interesting and I hope to meet with you again next week to continue our conversations regarding your interest in development finance companies in Latin America.

Sincerely yours,

Justo García Rayneri  
Development Finance Companies
May 22, 1969

Mr. Gerhard Rohnfelder  
Managing Director  
Banque Ivoirienne de Developpement Industriel  
Boîte Postale 4370  
Abidjan, Ivory Coast

Dear Mr. Rohnfelder:  

Thank you very much for your letter of May 9, enclosing our draft descriptive memorandum on Banque Ivoirienne de Developpement Industriel.  

I am grateful for your having taken the trouble of reviewing and correcting it. I have now put it into final form. I take pleasure in enclosing two copies herewith and sending eight copies under air-print.

Sincerely yours,

B. H. Shin  
Development Finance Companies

Enclosures  

cc: Mr. Pollan (with a copy of the final version of the descriptive memorandum)
May 21, 1969

Mr. Eshete Tadee
Head, Economic Research Dept.
Development Bank of Ethiopia
P. O. Box 1900
Addis Ababa, Ethiopia

Dear Mr. Tadee:

Thank you very much for your letter of May 12, enclosing your income statement for 1968.

Based on the statement you kindly provided us with, we are preparing the operational performance in 1968 of your company. As soon as a table showing the performance of the companies connected with the World Bank Group becomes available, I will be sending you a copy of it.

Sincerely yours,

B. H. Shin
Development Finance Companies

cc: Mr. Sekse
B.Shin:er
May 21, 1969

Sr. Justo Garcia Rayneri
Development Finance Companies Department
International Bank for Reconstruction and
Development
Washington, D.C.

Dear Mr. Garcia:

I have enclosed this brochure on our company for your information and files.

Mr. Scopetta and I enjoyed our meeting yesterday and hope to follow through with our interest in financieras or similar industrial development approaches.

Very truly yours,

[Signature]

Roger A. Hard
Assistant to the General Manager

Enclosure
May 21, 1969

Mr. Carlos
International Bank for Reconstruction and Development
Washington, D.C.

Dear Mr. Carlos,

I have enclosed this brochure on our company for your information and reference.

Mr. Swoboda and I enjoyed our meeting yesterday and hope to follow through with our interest in financing of similar industrial development projects.

Very truly yours,

[Signature]

R. H. Wall
Assistant to the General Manager

Enclosure
1. According to the Bank's present policy loan repayments are to be received in the currencies disbursed by the Bank, and in the number of units disbursed irrespective of changes in the relative exchange rates. Further, if disbursements are affected in more than one currency, the Bank has an option to specify the currency or a combination of currencies to be repaid on any due date up to the full amount of each currency disbursed under any particular loan. Since DFC repayment schedules are also fixed in specific amounts of each disbursed currency, this procedure may lead to windfall exchange gains or losses by the DFCs, sub-borrowers and the Bank.

2. The pattern of the Bank's calls shown in Example A of the subject memorandum has indicated that in case of devaluation of one of the currencies, the DFC will incur exchange losses, the sub-borrower will gain, and the Bank's position will remain unchanged. Assuming a different pattern of the Bank's repayment calls, e.g. the first two calls in dollars and the last two in DMs, the DFC and its sub-borrower will benefit from windfall exchange gains by repaying the Bank in marks devalued to one-half of their original dollar price. The Bank, however, will lose since the amount of marks received will be worth less in terms of dollars or in terms of other hard currencies.

3. Similar exchange gains or losses would result from an upward revaluation of the currency of disbursement. Should such a revaluation occur, the main loser would be the sub-borrower who would have to repay his loan in the same number of revalued currency units as he originally received, although at the time of repayment it might represent a much higher value than the cost of the equipment purchased. In case of revaluation the Bank is likely to gain and the DFC may lose or gain subject to the pattern of the Bank's repayment calls.

4. On the basis of my conversation with the staff of the Accounting Department I understand that the Bank is prepared to absorb its foreign exchange losses on the currencies purchased for disbursement in the open market. However, DFCs operating at a small interest margin are not in a position to take that risk. Also, I do not think it is fitting the Bank's development goals to force losses on DFCs or private enterprises or to allow them making windfall exchange gains as result of the Bank's repayment practices.
5. The best solution would be, of course, if the government assumed the maintenance of value (MOV) risk. If this guaranty is not available, perhaps the Central Bank or some other local bank(s) could assume the MOV risk at a reasonable fee. This has been done in Mexico and more recently in Colombia. The cost of the MOV insurance must either be transferred to sub-borrowers or absorbed by the DFC, provided that its interest spread is adequate. In a majority of developing countries, however, the MOV insurance is either unavailable or its cost will be prohibitive. Therefore, the only practical protection for the DFC is, in my opinion, to denominate sub-loans in specific units of account which in turn should be expressed in terms of the most stable hard currency, e.g. in US dollar. In this case, even if sub-loans are disbursed in various currency units, they will retain stable value in terms of the accounting units. (Note: Incidentally, I think PICIC’s sub-loans are denominated in dollars).

6. In case of devaluation of a currency of disbursement in relation to the unit of account the DFC will revalue the amounts of the affected loans in terms of these units. (Note: This, of course, must be provided for in sub-loan agreements). The sub-borrower who has already purchased his equipment will not be hurt since the value of his equipment will have increased in terms of the currency of repayment while remaining stable in terms of the unit of account. This technique will in effect permit repayments in alternative currencies subject only to the cost of conversion.

7. Although the above technique may be a solution to the issue raised in the subject memorandum, I see a problem in case of an upward currency revaluation. In that case DFCs will have to revalue their affected loans by increasing the number of units of account in terms of the revalued currency. For a sub-borrower this may represent a substantially higher cost than the value of equipment purchased.

Perhaps it is not realistic to expect a substantial revaluation of any single currency, specially after recent experience with the German mark. However, the Bank should be prepared for any situation and it would be useful to think of a system which would permit repayments of the Bank’s loans in alternative currencies.

cc: Mr. D’Oustafson
JZMirokowicz

[Signature]
Progress Report on my Compilation

In accordance with Mr. Mathew's memorandum of June 14, 1968, on the subject, I report as follows.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Colombiana, Nacional and Norte</td>
<td>Garcia</td>
<td>Requested on April 26, 1968 at staff meeting</td>
</tr>
<tr>
<td>2. Report on standard form of loan agreement between IFC and clients to ensure that the terms of sub-loans are known to us</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) DFCC</td>
<td>Powell</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>3. Procedures for obtaining investment licenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Austria, Finland, Greece, Malaysia, Spain &amp; Turkey</td>
<td>Gustafson</td>
<td>Requested in March 1968 at staff meeting</td>
</tr>
<tr>
<td>b) India</td>
<td>Pollan</td>
<td>Do</td>
</tr>
<tr>
<td>c) Ceylon, Israel, Korea, Liberia &amp; Philippines</td>
<td>Powell</td>
<td>Requested in March 1968 at staff meeting</td>
</tr>
</tbody>
</table>

On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out.
d) Ethiopia

4. New descriptive memorandum

a) Caldas, Nacional, Norte, COFEC & CAVENTDES
   Garcia
   Requested on March 21

b) IVK, and MIDF
   Gustafson
   Do

c) BNDE
   Pollan
   Do

   Mr. Pollan said he would take care of BNDE during his mission to it.

d) DFCC, IDRI, KDFC, LEIDI & PDGP
   Powell
   Do

e) DBE
   Sekse
   Do

cc: Division Chiefs
May 16, 1969

Dear Mr. Shin:

Please refer to your letter dated April 22, 1969, addressed to our General Manager regarding a new draft memorandum on ICICI. I have pleasure in sending you the corrected copy of the draft with all the blanks you have indicated, filled in.

Please send two copies of the memorandum for our use.

With kind regards,

Yours sincerely,

Phiroze B. Mehdhora
Deputy General Manager

Mr. B. H. Shin
Development Finance Companies
International Bank for Reconstruction and Development
1815 H Street, N.W.
Washington D.C. 20433
U.S.A.
May 06, 1969

Dear Mr. Shin:

Please refer to your letter dated April 30, 1969, addressed to our General Manager regarding a new draft memorandum on ICICI. I have pleasure in sending you the corrected copy of the draft with all the places you have indicated filled in.

Please send two copies of the memorandum for our use.

With kind regards,

Yours sincerely,

Deputy General Manager

MT. B. H. Shin
Development Finance Corporation
International Bank for Reconstruction and Development
1515 H Street, N.W.
Washington, D.C. 20433
U.S.A.

1969 MAY 20 AM 9:01

GENERAL FIRE
HELIEXED
Mr. B.H. Shin  
Development Finance Companies  
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington D.C. 20433, USA  

Dear Sir:  

In the absence of our General Manager, Mr. Marzo, we reply to your letter of April 22, 1969 concerning the report on our Bank.

We are returning a copy of this report, with which we agree.

For your interest, however, we wish to inform you, with respect to point 6, that the normal rediscount line at the Banco de España was originally established on the basis of the Bank's capital and reserves, but has not increased in step with the reserves. The present ceiling is Ptas 504 million, and is used for the obtaining of resources through the discounting of loan agreements.

There are also other rediscount lines for the financing of sales of capital goods on the domestic market. One of these, available for use through the discounting of bills, has a ceiling of Ptas 2,700,000; the other, for large capital goods exceeding a value of Ptas 30 million, also available for use through negotiation of bills, has no individual ceiling for each Bank, although there is an overall limit of Ptas 2,000 million for all the industrial Banks.

We have added to section 20 the percentage of our financing operations in the provinces of Barcelona and Madrid.

Lastly, we attach a note to Annex No. 3 giving the breakdown of the Profit and Loss Accounts for 1964-1968, as you requested.

Yours truly  

BANDESCO  

(signed)
BANESCO
BANCO DEL DESARROLLO ECONOMICO ESPANOL
FERNANDO EL SANTO, 20
MADRID-1

DIRECCION TELEGRAFICA BANESCO
APARTADO DE COBREOS 50460
Banco Espanol de Credito
Banco Guipuzcoano
International Finance Corporation
Barclays Bank Ltd.
Morgan Guaranty International Finance Corporation
Deutsche Bank A.G.
BANCA COMMERCIALE ITALIANA
DE ROTHSCHILD FRERES

MADRID 16 DE MAYO DE 1969

Mr. B.H. Shin
Development Finance Companies
International Bank for Reconstruction and Development
1818 H Street, N.W.
WASHINGTON, D.C. 20433 (U.S.A.)

Muy señor nuestro:

En ausencia de nuestro Director General, Sr. Marzo, contestamos su atento escrito del 22 de Abril ppdo., en relación con el informe sobre nuestro Banco.

Adjunto le devolvemos un ejemplar del citado informe, que merece nuestra conformidad.

No obstante por si puede resultar de interés para Vd., le participamos en relación con el punto n° 6, que la línea normal de redescuento en el Banco de España fue fijada inicialmente con arreglo al capital y reservas del Banco, pero no ha ido aumentando según los incrementos de las reservas. Actualmente el límite fijado es de 504 millones de pesetas y se utiliza para la obtención de recursos mediante el descuento de pólizas de crédito.

Además existen otras dos líneas de redescuento para la financiación de ventas de bienes de equipo en el mercado interior. Una de ellas utilizable mediante el descuento de letras, tiene un límite de 242.700.000,-- ptas., y la otra para grandes bienes de equipo por valor superior a 30 millones de pesetas, también utilizable mediante negociación de efectos, no tiene fijado límite individual para cada Banco aunque existe un límite global para todos los Bancos industriales por un total de 2.000.000.000,-- ptas.

En el apartado n° 20 hemos añadido el porcentaje de nuestras financiaciones en las provincias de Barcelona y Madrid.

.../...
Madrid, 16 de Mayo de 1.969

Mr. B.H. Shin
Development Finance Companies
International Bank for Reconstruction and Development
WASHINGTON, D.C. 20433

.../...

Hoja 2ª

Finalmente en relación con el anexo 3 de la cuenta de pérdidas y ganancias, adjuntamos una nota con el desglose correspondiente a los años 1.964-1.968, según los deseos de Vd..

Confiamos le sea de utilidad nuestra información.

Atentamente le saludamos.

BANCO DEL DESARROLLO ECONOMICO ESPAÑOL
<table>
<thead>
<tr>
<th>Year</th>
<th>Deprec. fixed assets</th>
<th>Am. fin. expenses</th>
<th>Director fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>-</td>
<td>3.63</td>
<td>0.42</td>
</tr>
<tr>
<td>1965</td>
<td>-</td>
<td>5.73</td>
<td>0.65</td>
</tr>
<tr>
<td>1966</td>
<td>-</td>
<td>5.09</td>
<td>1.40</td>
</tr>
<tr>
<td>1967</td>
<td>-</td>
<td>5.46</td>
<td>5.60</td>
</tr>
<tr>
<td>1968</td>
<td>0.09</td>
<td>5.38</td>
<td>6.18</td>
</tr>
</tbody>
</table>
May 15, 1969

Mr. Donald M. Crawford
Industrial Development Advisor
African Development Bank
Boîte Postale 1387
(Centre Nour Al-Hayat)
Abidjan, Ivory Coast

Dear Mr. Crawford:

On behalf of Mr. Diamond who is away on a business trip, I am replying to your letter to him of May 8.

We are pleased to learn that you have found useful the IFC publication, "Illustrative Forms of Audit Report (for Development Finance Companies)", and are enclosing the three additional copies as requested.

We are unable, however, to enclose the other publication you asked for, "The Role of National Development Finance Companies in Industrial Development", since it has been currently withdrawn from distribution.

We shall be glad to send you a copy when its revised text or any other corresponding material is available in the future.

Sincerely yours,

[Signature]

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Diamond

B. H. Shin:er
Mr. Lars J. Lind

P. M. Mathew

May 15, 1969

Annual Commitments in Number and Value of 28 Development Finance Companies Associated with the World Bank Group, during 1964 through 1968

You asked for data on the subject. I am forwarding you information as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Projects financed</th>
<th>Amount of assistance committed ($ million equivalent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1964</td>
<td>2,111</td>
<td>287.2</td>
</tr>
<tr>
<td>1965</td>
<td>2,078</td>
<td>307.7</td>
</tr>
<tr>
<td>1966</td>
<td>2,041</td>
<td>338.6</td>
</tr>
<tr>
<td>1967</td>
<td>2,300</td>
<td>335.9</td>
</tr>
<tr>
<td>1968</td>
<td>2,660</td>
<td>419.0</td>
</tr>
</tbody>
</table>

Total: 11,190

1/ No. of projects assisted include estimates for several companies due to lack of data.

2/ Include estimates for several companies.
May 15, 1969

Mr. Guillermo Walter Klein
Tucumán 2761
Olivos FCBM
Argentina

Dear Mr. Klein:

It was good to hear from you through your letter of May 2 to Mr. Diamond and to know that you are working on the organization of development and investment banks. Bill is now abroad but will be back before the 19th.

On our side, an important development is that, since June last, we have the freedom to work in appropriate cases with government-owned development banks as well as with private ones. We have not revised our brochure to reflect this change of policy and therefore, I am afraid I cannot send you any new literature on this subject. We have just completed our first appraisal of a predominantly government-owned company in Brazil, and will look at a couple of other companies in Latin America in the very near future.

We recently brought out a book containing a series of essays entitled "Development Finance Companies, Aspects of Policy and Operation" and I attach a copy which I hope you will find interesting. I do not think it contains anything that you do not know already.

Our most recent promotion (which was completed more than a year ago) is the Korea Development Finance Corporation. Perhaps, you will be interested in the background of this activity and in the company's investment and operational policies. A preliminary paper describing these aspects is attached. I regret that I cannot send you any current description of the company but the material is not yet available in a printed form.

Upon Bill's return, he will see your letter and my reply and he may have something more for you.

With best personal regards,

Yours sincerely,

P. M. Mathew
Deputy Director
Development Finance Companies

JZirski/PMMathew:mvr.
Addendum to my memo of May 12, 1969

Item 3 should read:

It appears that a substantial portion of the Bank's funds will be channelled through public ICIs. In 1967 these public institutions supplied over 60 percent of total institutional credit to agriculture. On July 8, 1968 the Executive Directors determined that future Bank's loans to either government-owned or controlled institutions should be based on their merits. The Bank's President, in his memorandum of June 11, 1968 to Executive Directors indicated that the instances in which such lending would prove appropriate would arise in countries where private investment funds are not or are not likely to become available in the foreseeable future.

Inasmuch as there are over 100 private institutions eligible for the use of the Bank's funds, it seems that the loan paper, if written by the DFC Dept., would have to show why private channel is not satisfactory or not sufficient for an exclusive handling of the Bank's funds. (Note: This is a small point of policy differences, because the broad nature of the Mexican program is substantially different from our emphasis on building individual institutions).

Re. Item 5

On November 12, 1968 the Executive Directors agreed to a more flexible method of commitment, disbursement and repayment for mature finance companies. Inasmuch as we have had a favorable experience with the National Financiera, S.A. of Mexico, a DFC loan would also contain a fixed amortization schedule and a fixed rate of interest. However, the DFC loan, tied to schedules of sub-projects, would probably be made for a shorter maturity period, probably no longer than 15 years.
Mr. P. M. Mathew
May 12, 1969

Douglas Gustafson

Currency Repayment Provisions on Bank Loans to Development Finance Companies (DFC's)

1. In early March we informed our borrowers that they would no longer receive special treatment as far as currencies of repayment are concerned, i.e., that the Bank would use any currencies it chose for disbursement, that DFC's would be obliged to repay in the currencies disbursed by the Bank (or the currencies used by the Bank to purchase the currencies disbursed) and that the Bank had the freedom to determine the timing of its request for repayment any such currency.

2. I had not realized the full implications of this to our DFC clients until visiting Finland where IFN's disbursement officer raised the problem with me. I then went to Turkey where it became clear that TSKB did not fully appreciate the risks involved in the new policy. I doubt that our other clients are aware of the full implications of the change. I promised IFN and TSKB to take up the matter in Washington and to let them know the outcome.

3. First of all, the new procedure implies that DFC's that are unable to get governmental coverage of the foreign exchange risk must tell their sub-borrowers that the currencies in which their obligations will be denominated will not necessarily be the currency of the country where the goods are purchased and that the currency obligations will not be known until the time of disbursement. It will be very difficult for many DFC's to explain this to their sub-borrowers and in some cases to find sub-borrowers who will do business on this basis. Moreover, even if DFC's can find borrowers who will commit themselves to loans in multiple currencies (unknown until the time of disbursement) this, in itself, will not cover the DFC against a considerable foreign exchange risk, as illustrated in the following simplified example.

A. A DFC lends $1,000 equivalent to 2 companies. Company A uses US dollars, Company B uses deutsche marks; both companies' amortisation schedules are over 5 years. The IBRD calls currencies as indicated below and between repayments 3 and 4 the deutsche mark is devalued to DM5 = $1. The DFC experiences a loss as indicated.
### Table: Repayments and Currency Exchange

<table>
<thead>
<tr>
<th>Repayments</th>
<th>Sub-Project A</th>
<th>Sub-Project B</th>
<th>IBRD Call</th>
<th>DFC Receives</th>
<th>DFC Purchase for Repayment</th>
<th>DFC Gain (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100 DM400</td>
<td>DM800</td>
<td>$100 DM400</td>
<td>DM800</td>
<td>$100 DM400</td>
<td>DM800</td>
</tr>
<tr>
<td>2</td>
<td>$100 DM400</td>
<td>DM800</td>
<td>$100 DM400</td>
<td>DM800</td>
<td>$100 DM400</td>
<td>DM800</td>
</tr>
<tr>
<td>3</td>
<td>$100 DM400</td>
<td>$100 DM400</td>
<td>DM800</td>
<td>$100 DM400</td>
<td>$100 DM400</td>
<td>DM800</td>
</tr>
<tr>
<td>(DM=$1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>$100 DM400</td>
<td>$200 DM400</td>
<td>$100 DM400</td>
<td>$150 DM400</td>
<td>$150 DM400</td>
<td>($50)</td>
</tr>
<tr>
<td>5</td>
<td>$100 DM400</td>
<td>$200 DM400</td>
<td>$100 DM400</td>
<td>$150 DM400</td>
<td>$150 DM400</td>
<td>($50)</td>
</tr>
</tbody>
</table>

#### 5. A theoretical, but I believe wholly impractical way of reducing the loss in the specific example shown above would be for the DFC to tell Company "A" that although it used US dollars, since another currency was used with sub-borrower "B" a proportionate part of "A's" obligations would be in the currency "B" used and vice versa for sub-borrower "B". Moreover, the DFC would also have to have the right to call the currencies in any order it chose. This would mean that at each disbursement of IBRD funds the DFC would have to inform all its borrowers that their foreign exchange obligations have changed. In Finland for example, where there are likely to be 150 borrowers under 582-FI, and potentially 10 to 15 currencies, even if the sub-borrowers agreed to this procedure, which is very unlikely, the work involved in keeping track of all this would be fantastic. Moreover, this proportional allocation of currencies only covers the risk fully if there is uniformity among the amortization schedules of sub-borrowers, which of course is not the case. If there are differences in schedules, the protection breaks down, as indicated below.

### Table: Funds and Currency Exchange

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100 DM400</td>
<td>$50 DM200</td>
<td>$50 DM200</td>
<td>DM400</td>
<td>$100 DM400</td>
<td>DM400</td>
</tr>
<tr>
<td>2</td>
<td>$100 DM400</td>
<td>$50 DM200</td>
<td>$50 DM200</td>
<td>DM400</td>
<td>$100 DM400</td>
<td>DM400</td>
</tr>
<tr>
<td>3</td>
<td>$100 DM400</td>
<td>$50 DM200</td>
<td>$50 DM200</td>
<td>DM400</td>
<td>$100 DM400</td>
<td>DM400</td>
</tr>
<tr>
<td>(DM=$25)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($25)</td>
</tr>
<tr>
<td>4</td>
<td>$100 DM400</td>
<td>$50 DM200</td>
<td>$50 DM200</td>
<td>$200</td>
<td>$150 DM400</td>
<td>$175</td>
</tr>
<tr>
<td>5</td>
<td>$100 DM400</td>
<td>$50 DM200</td>
<td>$50 DM200</td>
<td>$100</td>
<td>$100 DM400</td>
<td>$100</td>
</tr>
<tr>
<td>6</td>
<td>$100 DM400</td>
<td>$50 DM200</td>
<td>$50 DM200</td>
<td>$100</td>
<td>$100 DM400</td>
<td>$100</td>
</tr>
<tr>
<td>7</td>
<td>$100 DM400</td>
<td>$50 DM200</td>
<td>$50 DM200</td>
<td>$100</td>
<td>$100 DM400</td>
<td>$100</td>
</tr>
<tr>
<td>8</td>
<td>$500 DM2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6. I do not see that there is any practical way DFC's can fully cover themselves on the foreign exchange risk under the new procedures, outside of governmental guarantees. It is not even clear that they would reduce their risk significantly by getting individual sub-borrowers to accept an exchange risk in whatever currencies the IBRD, and in turn the DFC, used for a particular sub-project, even if they could talk their clients into agreeing to this. (Example A). The method of continuous allocation of currencies (Example B) which gives DFC's partial protection seems to me to be completely impractical. The other alternative is for the DFC's to assume the risk, which is contrary to their general policies, as well it should be. Most DFC's relend IBRD funds with a gross spread of 2% - 2 1/2% and a net spread of only 1% - 2%; the margin does not justify the assumption of any foreign exchange risk. (I think also that it would be impossible to quantify the risk in a 15 year multi-currency loan).

7. Prior to 1964, the Bank, in theory, gave no concession to DFC's with respect to currency obligations. TSKB, PICIC, ICI and IMDH were exposed to the problem. (Other pre-1964 DFC loans enjoyed governmental foreign exchange protection). In practice, however, in the case of TSKB, ICI, and in some cases IMDH, when a repayment approaches, it is the companies' practice to write the Bank to ask if they can repay the installment in particular currencies, i.e., the currencies that their sub-project amortizations are denominated in for that particular installment. The Bank normally agrees to these requests. PICIC never made such requests; it may be that the company was not aware of the exposure problem and did not happen to experience any loss. In addition, at that time the Bank was not purchasing currencies to the extent that it is now so that, for example, sub-borrowers purchasing equipment in the States did not end-up with an obligation in some other currency. Consequently, there are significant differences between what went on in pre-1964 relative to the procedures proposed for the future.

8. As I understand it, the new Bank policy in DFC disbursement is to give the Bank more flexibility in the manipulation of its current assets to maximize yields. This objective must be balanced against the problems the policy creates for our clients. As mentioned above, I doubt that many of them are fully aware of the implications of the change. Obviously a single currency procedure is optimum for our clients; even in this case some have difficulty utilizing foreign exchange because of borrowers' reluctance to accept a risk. Any concession that would be in the direction of (a) minimizing the number of currencies used and (b) coordinating the timing of the requests of particular currencies to those available to DFC's from their sub-borrowers would be helpful.
9. In my Division, IFF and TSEB have raised serious concerns over the new procedure. NIBID has been given an extension of the dollar disbursement practice for its existing Bank loan, and I doubt whether George Condicas realises the implications of the changes in the future. MINE is not aware of the change but will have great difficulties coping with it. I also understand that Mr. Heradjou raised strong objections to the change and was told by the Treasurer that the matter would be considered in the Bank (memo to files by W.S. Humphrey dated April 14, 1969). I suggest that the matter be raised again with the Treasurer. In any event, if we keep to the present policy I think that our clients should be advised of the full implications of the change and that we should determine how our clients will act under the new procedures, because if they do start taking somewhat indeterminate risks in foreign exchange, there could be serious financial implications.

10. I have circulated this to the people indicated to obtain their comments.

cc: Diamond
    Powell
    Sekse
    Southall
    Garcia
    Pollan
    Mirski
    Sella
    Cancio
    Metherate
    Horsley
    Richardson
    Gavin
    Hakim
    Humphrey
    Eschenberg
Mr. William Diamond  
Director, Development Finance Companies  
Department  
I.B.R.D.  
1818 H Street, N.W.  
Washington, D.C. 20433

Dear Bill,

When I was in your office last December, I picked up a copy of the I.F.C. "Illustrative Form of Audit Report" for Development Finance Companies. I have found this very useful as a check-list for analysis purposes and wish you would kindly send me three additional copies.

Could you also send me your pamphlet "The Role of National Development Finance Companies in Industrial Development" /1967/ as well as any other comparable materials you may have issued since.

With kindest personal regards,

Yours sincerely,

Donald M. Crawford
When I was in your office last December, I picked up a copy of the I.C. "Illustrative Report of Audit Report" for Development Finance Companies. I have found this very useful as a check-list for small

tax purposes and wish you would kindly send me three additional copies.

Could you also send me your pamphlet "The Role of National Development Finance Companies in Industrial Development" as well as any other comparable materials you may have issued since.

With kindest personal regards,

Yours sincerely,

[Signature]

1699 May 14 AM 9:01

GENERAL FILES
RECEIVED
May 7, 1969

Mr. Silas B. Daniyan
General Manager
Nigerian Industrial Development Bank Limited
M & K House
96/102 Broad Street
Lagos, Nigeria

Dear Mr. Daniyan:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on Nigerian Industrial Development Bank Limited. We would appreciate your reviewing it and returning by June 6, one copy to us with any corrections and comments you would care to make. We would also be grateful if you fill in the blanks in page 5, paragraph 25; page 6, paragraphs 29, 30, 31 and 34; page 7, paragraphs 35 and 36. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on Nigerian Industrial Development Bank Limited is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Pollan (with a copy of the draft descriptive memorandum)
May 6, 1969

Mr. Reza Khonsary  
Manager Economics Department  
Industrial and Mining Development Bank of Iran  
133 Shiraz Street  
Tehran, Iran

Dear Mr. Khonsary:

Thank you very much for your letter of April 24, enclosing a copy of the bibliography entitled Industrial Reference Library List, April, 1969.

We are indeed grateful for Mr. Kheradjou’s thoughtfulness in having made the copy available to us. It is filed in our Departmental Library for use of the staff members of this Department.

Sincerely yours,

B.H. Shin  
Development Finance Companies

cc: Mr. Southall  
BHS:Shin:er
Dear Bill:

One of our men, Mr. Carl Rosenblad, has taken an assignment with the World Bank as an Operations Officer. I understand his responsibility will be one of the Latin American countries.

I suggested to him to go and have a talk with you to get more acquainted with your Bank and its different personalities.

Carl has attended one of the seminars held by our Technical Assistance Team. Had we known of his plans earlier he might have attended also the previous ones. However, he is a capable man and should do very well without having taken part in the work of the TAT.

Another economist from our bank, Mr. John Leinmark, has been assigned to assist our Chairman, Dr. Marcus Wallenberg, in his work as Chairman of the ICC Consultative Committee to the UN Economic Agencies and GATT. I and my colleague, Hugo Lindgren, will also be working with Marc on this interesting task.

Mr. Leinmark will probably visit your Bank in the near future. His first task is to map out the different activities of the various UN Agencies and
Dear Mr. Randles :

One of our clients, Mr. Gary Robertson, has taken an assignment with the World Bank as an Operations Officer. I understand his responsibility will be one of the Project American Committee.

I suggested to him to go and have a talk with you to get more acquainted with your Bank and its different personalities.

If you are interested, one of the committees will get a copy of this letter and arrange a meeting. Mr. Robertson has been suggested to visit our Committee, the Women's Committee, in his work as a Officer of the WWCO and the American Committee. I hope you will consider this letter and your Bank may be interested in the different possibilities of working with me on this information.

M. Randles, as property agent, your Bank to meet the Mr. Robertson. I hope my committee, the American Committee, will provide the assistance we need. Thanks.
Mr. William Diamond, Washington

- 2 -

to list the items on which they are concentrating at present. I will suggest to him to go and say hello to you.

Hoping to meet you soon again I am, with kindest regards,

Sincerely yours,

Erik (Lionhead) Leijonhufvud
OFFICE MEMORANDUM

TO: All Bank and Corporation Department Heads

DATE: May 2, 1969

FROM: Director of Administration

SUBJECT: Loans to Development Finance Companies - Handling of Sub-Projects

1. Hitherto the responsibility for taking formal action regarding sub-projects which are to be financed from the proceeds of loans made by the Bank to development finance companies has rested with the Area Department concerned. It has been decided to transfer this responsibility to the Development Finance Companies Department in order to improve the work flow to meet the increased work load. This memorandum sets out (pending the revision and reissuance of O.M. No. 5.11 - Development Finance Companies) the procedures to be followed in handling formal actions on sub-projects submitted to the Bank. This procedure supersedes those set out in Mr. Lejeune's memorandum of July 18, 1966.

2. The Development Finance Companies Department will act on behalf of the Bank in handling all sub-projects referred to it by development finance companies whether these sub-projects require prior Bank approval or not. Accordingly, whenever the Bank makes a loan to a development finance company, the borrower should be advised to communicate directly with the Development Finance Companies Department regarding sub-projects.

3. The Development Finance Companies Department will be responsible for reviewing appraisal reports received from finance companies on sub-projects requiring prior approval by the Bank and will conduct all the necessary correspondence with the finance company in connection therewith.

4. The Development Finance Companies Department reaches a decision on the request to approve (or to credit the Loan Account for) a sub-project after consulting with those Departments of the Bank Group which it thinks appropriate. A copy of any letter approving or disapproving a sub-project, or requesting further information about it, or authorizing a credit to the Loan Account, should be sent to the loan officer concerned.

5. The Development Finance Companies Department is responsible for consulting the Area Department concerned, prior to taking any action, if a question of principle or policy appears to arise in connection with any sub-project. The Legal Department and the Controller's Department should also be consulted on matters falling within their responsibilities.

6. The loan officer concerned is responsible for keeping the Development Finance Companies Department informed of any economic, financial or political developments in the country concerned which he considers should be taken into account by the Development Finance Companies Department in dealing with sub-projects.
7. The Development Finance Companies Department is responsible for advising the Controller's Department as necessary regarding amounts to be credited or debited to the borrower's Loan Account.

8. A similar procedure is to be followed in dealing with credits by IDA for development finance companies.

H. B. Ripman
Dear Bill,

I am trying to do here in Argentina something on the lines of cooperating in the organization of Development or Investment Banks and I am therefore very much in need of having the very best information available about recent developments in this field. Perhaps there is some interesting paper issued in your Department that is not altogether confidential. Or there is some new law enacted in some distant country, codifying the latest experiences and considered valuable by you and your associates. Or may be there is somewhere available a list of books worthwhile consulting, nothing exhaustive - I am not going to write a Ph. D. thesis - but rather selective that you could recommend. Whatever in those lines you could do would be of great help to me and deeply appreciated.

As things come out as I hope, I think I might have the pleasure of seeing you sometime in the not too distant future in Washington or elsewhere. In the meantime, best wishes to Lois and you.

Yours cordially,

[Signature]

Letters reach me best at the address:
Dr. G.W. Klein
Tucumán 2761
OLIVOS FCBM
Argentina

Mr. William Diamond, Director
Development Finance Companies
International Bank for Reconstruction and Development
WASHINGTON D.C.
OLIVOS COMM
Tucumán 3601
May 2, 1969

DEAR BILL,

I am trying to get here in Argentina sometime on the lines of cooperation
in the organization of Development or Investment Banks and I am therefore very
much in need of having the very best information available about recent develop-
ments in these fields. Perhaps there is some interesting paper issued in your
department that is not available commercially or there is some new law
Delegado that is not included. Consider the list of points I have been collecting
and see if there is some point that you could recommend.

Whatever of those lines you could do would be of great help to me and deeply
appreciated.

As things come out as I hope, I think I might have the pleasure of seeing
you sometime in the not too distant future in Washington or elsewhere.

In the meantime, best wishes to Lois and you.

Yours cordially,

[Signature]

ADDRESS: Mr. William Klein, Director
Development Finance Companies
International Bank for Reconstruction and Development
1969 May 8
WASHINGTON D.C.

[Signature]
Progress Report on my Compilation

May 1, 1969

Mr. P. M. Mathew
B. H. Shin

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows.

<table>
<thead>
<tr>
<th>Subject</th>
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<td>Pollan</td>
<td>Do</td>
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On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out.
d) Ethiopia

4. **New Descriptive Memorandum**

   a) 5 Colombian Companies, COPIEC & CAVERDIES

   | Requested in  
   | March 1966 at  
   | staff meeting

   b) IVK, IFF, and MIOF

   | Requested on  
   | March 21

   Mr. Gustafson said he would take care of IFF during his mission to it.

   c) BMDE

   | Do

   Mr. Pollan said he would take care of BMDE during his mission to it.

   d) DFCC, IDEI, KBFC, LEIDI & PDCP

   | Do

   Mr. Powell said he would try to take care of the companies in two weeks.

   e) DRC

   | Do

   f) CDC and IFCT

   | Southall  
   | Do

   **Cc:** Division Chiefs

   [Signature]
April 30, 1969

Dear Bill:

Mr. Mathew will tell you that I was not able to comment properly on the Memorandum of Understanding with the TSBK at the present time. I intend to do this, however, upon my return from Iran: as a matter of fact, I intend to work out for the Iranian Development Bank's internal use some guidelines on the economics of project evaluation.

Also, Mr. Kalmanoff was kind enough to give me their background papers and to acquaint me with their most recent thinking, following the visit by I.M.D. Little who had managed the OECD Industrialization Project. (I shall be seeing Mr. Little in early June in Oxford.)

Sincerely yours,

Dragoslav Avramovic

Mr. William Diamond
I.B.R.D.
Room 3913

Avr/3rd
cc: Mr. Mathew
Mr. William Diamond, Directeur, Département des Sociétés de Financement du Développement, c/o The Johns Hopkins Press, Baltimore, Maryland 21218, U.S.A.
The Business Library
315 Rama VI Road
Via Air Mail
Bangkok 4, Thailand
April 29, 1969

Dear Director Diamond:

Will you please also donate to the Business Library a copy of your "Development Finance Companies: Aspects of Policy and Operation?"

Please accept again my heartfelt greetings and good wishes for your continued good health, success, and prosperity.

May I express once again, on behalf of myself and members of this library, who have read your "DEVELOPMENT BANKS", our sincere appreciation and our warmest thanks for everything you have done for us.

Kindest regards!

[Signature]

Librarian

Mr. William Diamond, Directeur,
Département des Sociétés de Financement du Développement,
You will recall that on April 14 I wrote you a memorandum containing my recommendations on the problems which Mr. Diamond had raised in his memorandum of March 14, concerning the types of intermediaries which should be considered as development finance companies and thus within the jurisdiction of the Development Finance Companies (DFC) Department. On April 16 you requested me to put my recommendations in the form of an appropriate policy memorandum, to clear the language with the interested parties and then to submit the memorandum to you for final review.

Attached is a proposed Administrative Circular which embodies the recommendations I made to you. It has been cleared with Mr. Knapp, Mr. Raj, Mr. Diamond and Mr. Ripman.

Mr. Chadenet has also cleared the attached Circular for himself and Mr. Aldewereld, but he suggests adding a footnote to paragraph 2 indicating that, at some later date to be subsequently decided, if there should be a substantial volume of loans to hotel finance companies, responsibility for appraising such loans might be transferred from the DFC Department to the Tourism Projects Department. I have not adopted this suggestion since I believe, and Mr. Knapp agrees, that an Administrative Circular assigning jurisdictional responsibilities should not be cluttered up with mention of a possible future change, particularly when decision on the change depends on experience still to be gained. However, I do not feel strongly about this and the footnote suggested by Chadenet could, if you wish, be readily inserted.

cc: Messrs. Knapp, Aldewereld/Chadenet, Raj, Diamond and Ripman
Administrative Circular

Responsibility of Development Finance Companies Department for Financial Intermediaries

1. Organization Bulletin No. 1.12 of March 27, 1969, provides that the Development Finance Companies (DFC) Department "acts as the focal point, in the World Bank Group of work on development finance companies." The Bulletin does not, however, define the term "development finance companies." It is generally understood that this term includes all industrial financing organizations, whether involving Bank/IDA or IFC financing, but questions have arisen as to what other types of intermediary institutions are included. These questions have related primarily to financial intermediaries which specialize in particular sectors, such as hotel financing companies, and to certain service-oriented intermediaries being considered for IFC investment (such as a proposed International Investment Corporation for Yugoslavia, a proposed Merchant Bank for India, and a proposed Utilities Development Finance Company for the Philippines). The primary functions of these service-oriented intermediaries are to provide financial and other advisory services rather than to provide financial resources; while they do have a financing function, it is only a secondary aspect of their operations.

2. For purposes of all proposals for Bank Group financing hereafter received, all types of financial intermediary institutions (except
agricultural credit institutions) which have as their primary function providing medium- and long-term finance for useful investment shall be considered as "development finance companies" for purposes of Organisation Bulletin 1.12. Included, therefore, are financial institutions which specialize in particular sectors of the economy (e.g., tourism, housing, etc.) as well as multi-purpose institutions. Not included, however, are service-oriented intermediaries of the type referred to in paragraph 1.

3. The Investment Departments of IFC and the Agricultural Projects Department of the Bank shall keep the DFC Department currently informed concerning all loan, credit and investment operations in support of an intermediary institution, in whatever field, which has financing as one of its functions (even though it is not a development finance company as defined in paragraph 2) and shall give the Director of the DFC Department an early opportunity to comment on the proposal under consideration. This applies to proposals for financing agricultural credit organizations, as well as to proposals for financing service-oriented intermediary institutions of the kind referred to in paragraph 1.

4. Amendments to Organisation Bulletin No. 1.12 and to Operational Memorandum No. 5.11 will be issued in due course to reflect the foregoing instructions.
Dear Mr. Shin:

Mr. Kheradjou has asked me to send you a copy of a recent bibliography, Industrial Reference Library List, April, 1969, prepared for IMDHI by the staff of the Economist Intelligence Unit. This is a list of books concerning the industries of major interest to our Bank.

I am pleased to enclose this bibliography for your information and hope you will find it interesting.

Yours sincerely,

Reza Khonsary
Manager Economics Department

Encl.

RK/an
Dear Mr. Spin,

I am pleased to enclose this proposal for your consideration. I hope you will find it interesting.

Yours sincerely,

[Signature]

[Title]

[Position]

[Date]
Mr. Richard H. Demuth

J. Burke Knapp

Development Finance Companies

April 24, 1969

I have one reaction to your memorandum of April 14 and your draft Administrative Circular of April 18 on the above subject.

It seems to me that agricultural credit institutions are usually a very special breed of cat! I know that Bill Diamond's original memorandum referred to the confusion which had threatened to arise in Ecuador with COFIEC, which has been a channel both for industrial and livestock lending from the World Bank Group. Nonetheless, I think the Administrative Circular goes much too far in prescribing a procedure for consultation between the Agricultural Projects Department and the D.F.C. Department. To the extent that coordination is needed in a case like COFIEC, I would hope and expect that this would be achieved by the Area Department.

Specifically, I would suggest the following changes in the draft Administrative Circular:

a) At the end of Paragraph 2 add "and agricultural credit institutions".

b) Delete the last sentence of Paragraph 3.

c) In the first sentence of Paragraph 3 delete "in support of an intermediary institution, in whatever field, which has financing as one of its functions" and substitute "in support of 'development finance companies' as above defined".

cc: Messrs. Aldewereld

Chadenet

Raj

Diamond
Mr. Richard H. Demuth

B. Chadenet

April 24, 1969

These are my comments on your memorandum of April 18 concerning the responsibility of the Development Finance Companies Department for financial intermediaries.

As stated in your memorandum to Mr. McNamara dated April 14, I agree that for the present loans to Hotel Financing Companies should be dealt with by the Development Finance Companies Department. But the Administrative Circular should mention the possibility of an ulterior stage when, if the volume of loans to hotel development companies is sufficient, the Tourism Projects Department should take over this responsibility, while benefitting from DFC advice. I am convinced that a condition of success of Bank operations is the integrated approach to the Projects work in a given sector. This means that Projects should be handled by multidisciplinary teams trained to work together during the different stages of the project cycle and to integrate the various aspects (economic, financial, technical, organizational etc.) of project analysis. The work and organization of the Agriculture Projects Department illustrate this point. The Tourism Projects Department, which is being developed, should therefore recruit and train its personnel with this objective of integrated work in view.

This could be reflected in your draft by inserting at the end of paragraph 2, or footnoting: "At a later date, to be subsequently decided, the Tourism Projects Department may, if there is a substantial volume of loans to Hotel Development Financing Companies, assume full responsibility for all phases of project work on hotel financing intermediaries, including appraisal."

As to paragraph 3, I agree that comments by the DFC Department on agricultural credits (and at a later stage on hotel credits) could be beneficial to the quality of the work and would permit coordination of the Bank Group operations involving intermediate institutions. But I suggest that the draft be changed to distinguish clearly between Agricultural Credit, where the work is the responsibility of the Agriculture Projects Department and where DFC will provide advice, and the cases where DFC will assume the responsibility.

BChadenet:1/fb

cc: Mr. Aldewereld
Mr. Knapp
Mr. Raj
Mr. Diamond
April 23, 1969

Mr. George Gondicas
General Manager
National Investment Bank for Industrial
Development, S.A.
P. O. Box 643
6 Sophocles Street
Athens, Greece

Dear Mr. Gondicas:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on National Investment Bank for Industrial Development, S.A. We would appreciate your reviewing it and returning by May 22, one copy to us with any corrections and comments you would care to make. We would also be grateful if you could check and correct the figures with question marks on Annex 2, Balance Sheets, and on Annex 3, Statements of Income. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on National Investment Bank for Industrial Development, S.A. is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. K. Shin
Development Finance Companies

Enclosures

cc: Mr. Gustafson (with a copy of the draft descriptive memorandum)

B. K. Shin
April 23, 1969

Mr. Rasid Egeli
General Manager
Turkiye Sinai Kalkinma Bankasi A.S.
P. O. Box 17
Karakoy
Istanbul, Turkey

Dear Mr. Egeli:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on Turkiye Sinai Kalkinma Bankasi A.S. We would appreciate your reviewing it and returning by May 22, one copy to us with any corrections and comments you would care to make. We would also be grateful if you fill in the blanks in page 4, paragraph 6; page 6, paragraph 12; pages 7 & 8, paragraph 20; and page 8, paragraphs, 22 and 23. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on Turkiye Sinai Kalkinma Bankasi A.S. is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Gustafson (with a copy of the draft descriptive memorandum)
April 22, 1969

Mr. S. S. Mehta
General Manager
The Industrial Credit and Investment
Corporation of India Limited
163 Backbay Reclamation
Bombay 1, India

Dear Mr. Mehta:

As did last year, we are going to bring up-to-date the series of memoranda describing the development finance companies with which the World Bank Group is associated in order to use it for a restricted distribution to other development finance companies and to other parties who have a legitimate interest in a particular company. We believe that such memoranda have served a very useful purpose in the past.

Enclosed are two copies of a new draft memorandum on the Industrial Credit and Investment Corporation of India Limited. We would appreciate your reviewing it and returning by May 22, one copy to us with any corrections and comments you would care to make. We would also be grateful if you fill in the blanks in page 3, paragraph 10; page 4, paragraphs 15 and 16; page 5, paragraphs 23 and 24; and page 7, paragraph 32. In reviewing the draft please bear in mind our aim that it be a strictly factual description without elements of evaluation. The draft follows closely the content of the memorandum approved by you last year.

When this memorandum on the Industrial Credit and Investment Corporation of India Limited is completed, we will send you two copies of it. If you would like to have extra copies, please let us know how many.

Sincerely yours,

[Signature]

B. R. Shin
Development Finance Companies

Enclosures

cc: Mr. Pollan (with a copy of the draft descriptive memorandum)
April 19, 1969

Dear Bill,

This is just to let you know that I have duly received your letter of April 1, and that I hope to be able to answer it properly in the coming few days, as soon as I gather some additional information on the persons and questions mentioned in your letter.

You can, therefore, consider this as a "stop gap missive", so that you know that something is being done about your letter.

With best regards from Betty and myself,

Sincerely yours,

Eustasio Rodríguez

ER/rpc
Messrs. Knapp, Aldewereld/Chadenet, Raj and Diamond
Richard H. Desmith

Development Finance Companies

April 16, 1969

I sent to all of you a copy of my memorandum of April 14 to Mr. McNamara making recommendations with respect to the questions raised in Mr. Diamond's memorandum of March 14. Mr. McNamara has now asked me to put those recommendations in the form of an appropriate policy memorandum, to clear the language with all interested parties, and then to submit it to him for final review.

Attached is a draft Administrative Circular designed for the foregoing purpose. May I have your comments or clearance, please?

RHD:ts

cc: Mr. Ripman
Responsibility of Development Finance Companies Department for Financial Intermediaries

1. Organization Bulletin No. 1.12 of March 27, 1969, provides that the Development Finance Companies (DFC) Department "acts as the focal point, in the World Bank Group of work on development finance companies." The Bulletin does not, however, define the term "development finance companies." It is generally understood that this term includes all industrial financing organizations, whether involving Bank/IDA or IFC financing, but questions have arisen as to what other types of intermediary institutions are included. These questions have related primarily to financial intermediaries which specialize in particular sectors, such as hotel financing companies, and to certain service-oriented intermediaries being considered for IFC investment (such as a proposed International Investment Corporation for Yugoslavia, a proposed Merchant Bank for India, and a proposed Utilities Development Finance Company for the Philippines). The primary functions of these service-oriented intermediaries are to provide financial and other advisory services rather than to provide financial resources; while they do have a financing function, it is only a secondary aspect of their operations.

2. For purposes of all proposals for Bank Group financing hereafter received, all types of financial intermediary institutions (except agricultural credit institutions) which have as their primary function
providing medium- and long-term finance for useful investment shall be considered as "development finance companies" for purposes of Organization Bulletin 1.12. Included, therefore, are financial institutions which specialize in particular sectors of the economy (e.g., tourism, housing, etc.) as well as multi-purpose institutions. Not included, however, are service-oriented intermediaries of the type referred to in paragraph 1.

3. The Investment Departments of IFC and the Projects Departments of the Bank shall keep the IFC Department currently informed concerning all loan, credit and investment operations in support of an intermediary institution, in whatever field, which has financing as one of its functions and shall give the Director of the IFC Department an early opportunity to comment on the proposal under consideration. This applies to proposals for financing agricultural credit organizations, as well as to proposals for financing all other intermediary institutions of the kind referred to in this Circular.

4. Amendments to Organization Bulletin No. 1.12 and to Operational Memorandum No. 5.11 will be issued in due course to reflect the foregoing instructions.
Mr. H. B. Ripman

J. C. Leeming

April 18, 1969

Delegation of Responsibility for Sub-Projects to Development Finance Companies Department

As you know, we have got the agreement of Mr. Knapp and the Area Department Directors to delegate responsibility for dealing with sub-projects to the Development Finance Companies Department. In consultation with Messrs. Cope and Diamond, we have prepared a draft letter for Area Department Directors to send to General Managers of development finance companies, and a draft circular which it is suggested that you should send to Department Heads of the Bank and IFC.

Mr. Cope suggested to me yesterday that it will be convenient to clear this draft at Mr. Knapp's weekly meeting with Area Directors, and I therefore attach copies of the drafts for your approval, and if you agree, Mr. Cope has suggested that you might seek the agreement of Mr. Knapp's meeting on Monday.

In view of the timing, I am sending this to you before I have received Mr. Diamond's agreement to some drafting changes which Mr. Cope made in the attached drafts. These are not likely to raise points of substance, and I will let you have, later in the day, any comments which Mr. Diamond sends to me.

Attachments

cc: Mr. Cope
Mr. Diamond

JCL:rac
April 17, 1969

Dr. Benjamin Martinez Moriones
President
Corporacion Financiera del Valle
Apartado Aereo 4902
Cali, Colombia

Dear Dr. Martinez Moriones:

Thank you for your letter of April 9, enclosing a copy of your 1968 Annual Report.

It was very kind of you to send me the copy, which we will study with interest.

Sincerely yours,

B. H. Shin
Development Finance Companies

cc: Mr. Garcia

BHShin:er
Mr. S. R. Cope

J. C. Leming

April 16, 1969

Handling of Sub-Projects for Development Finance Companies

As requested, I discussed with Mr. Diamond your draft letter to finance companies dated April 9.

We discussed the possibility of the approach which you had suggested, viz defining the category of letter which should be addressed to the Development Finance Companies Department, leaving the residual correspondence to be addressed to the Area Departments. We concluded that this would be difficult, because there is a fair amount of day-to-day correspondence between DFU's and the Development Finance Companies Department which is difficult to categorize as it consists of miscellaneous points on which the DFU's wish to consult the Development Finance Companies Department. We thought, therefore, that it would be preferable to restrict the letter so that it simply deals with the category of correspondence for which we want to make a change, i.e. the correspondence about sub-projects. This would leave all other correspondence addressed in the same way that it is now; the informal correspondence direct to the Development Finance Companies Department and the formal correspondence direct to Area Departments.

Attached is a revised draft letter which is suggested for your consideration and also for the consideration of Mr. Diamond to whom I am sending a copy of this memo.

Attached also is a draft of a circular for distribution within the Bank, notifying Departments of the changed procedure. This draft has been cleared with Mr. Diamond.

cc: Mr. Diamond

JCL:rac
Mr. P. M. Mathew
B. H. Shin

Progress Report on my Compilation

April 16, 1969

In accordance with your memorandum of June 11, 1968, on the subject, I report as follows. (No change since my last memo to you of April 1.)

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</table>

On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out.

On Nigeria Mr. Pollan wrote the NIDB's General Manager, asking for a memorandum on the subject by the end of March.
c) Ceylon, Israel, Korea, Liberia & Philippines

Powell
Requested in March 1968 at staff meeting

d) Ethiopia

Sekse
Do

cc: Division Chiefs

RHShiner
Mr. Richard H. Deamuth

James S. Raj

Development Finance Companies - Mr. Diamond's memorandum of March 14

Mr. Rosen had no time before he left Washington to see your draft memorandum of April 10 on the above subject to Mr. McNamara. However, he asked that action on this not wait until his return but that I should settle the matter with you.

I have carefully gone through your draft memorandum and consider it a very fair presentation.

On matters of detail, I have the following suggestions:

1. In paragraph 1, line 6, replace the word "financing" by the word "holding".

2. Paragraph 3, line 3, replace the words "its primary" by the words "an important".

The rationale for the textual changes which I have suggested is that the Tunisian hotel holding company is conceived as performing a variety of functions in relation to hotel promotion, and financing is only one of them.

cc: Mr. Rosen (o/r)

JSRaj:am
Mr. McNamara

Richard H. Deane

April 14, 1969

Development Finance Companies - Diamond’s Memorandum of March 14

1. In his memorandum of March 14, Mr. Diamond raises the question of responsibility within the Bank Group for dealing with intermediary institutions which are not primarily industrial financing organizations. He points out that the Tourism Projects Department is preparing a loan to a hotel financing intermediary in Morocco and is studying a similar loan in East Africa, and that IFC is promoting a hotel financing company in Tunisia, a merchant bank in India, a company to finance investment in Yugoslavia and a Utilities Development Finance Company in the Philippines. He recommends that, at the least, there be an effective mechanism established to assure that all departments of the Bank dealing with financial intermediaries are fully informed of related activities of other departments so that a coordinated approach can be taken by the Bank Group in dealing with institutions of this kind and, at best, that primary responsibility for dealing with such institutions (except agricultural credit institutions) should, for the time being, be vested in the Development Finance Companies Department.

2. Where the intermediary institutions being proposed for Bank Group financing are primarily development financing institutions - i.e., institutions specializing in providing medium- and long-term finance for useful investment, primarily in the private sector - I believe that they should normally be considered as development finance companies and as such within the responsibility of the Development Finance Companies Department, whether or not they operate within a specialized sector of the economy. An exception should be made, as Mr. Diamond suggests, for agricultural credit institutions since their appraisal depends more upon specialized knowledge of agriculture than upon specialized knowledge of financial institutions and can therefore better be handled by the Agriculture Projects Department than by the Development Finance Companies Department. Messrs. Alderweireld and Chadanet believe that a similar exception may be warranted in the future for loans to hotel financing companies if there is a substantial volume of such loans. They agree, however, that for the present at least loans to hotel financing companies should be dealt with by the Development Finance Companies Department since the Tourism Projects Department is not equipped to handle them.

3. IFC’s activities present a more difficult problem. Of the four intermediary institutions being promoted by IFC, only one (the Tourism Holding Company in Tunisia) has as its primary activity the provision of
medium- and long-term finance. While no Bank/IDA financing for that company is presently contemplated, it might well become a Bank/IDA borrower in the future. The other three intermediary institutions are all heavily service-oriented, each is tailored to meet a unique situation, and none is likely to involve Bank/IDA financing now or in the future.

a) The International Investment Corporation for Yugoslavia is envisaged as a multi-national private investment company to promote, facilitate and participate in foreign joint ventures in Yugoslavia. The principal function of the company is to bring together foreign industrial companies and independently managed Yugoslav enterprises interested in joint ventures. Its character as primarily a promoter of joint ventures, rather than as a financing institution, is indicated by the fact its initial capital resources will be only $10 million.

b) Merchant Bank in India. The proposal here is for an equity-based, service-oriented institution to provide financial planning advice to private Indian industries, to work out mergers and reorganizations, to put together deals, to help clients obtain foreign financing, to arrange underwritings, to provide consulting and investment management services, etc. In addition, it is authorized to underwrite securities issues itself on a highly selective basis, and to provide "marginal finance" in the operations it would handle. The authorized capital of the Bank is proposed at only $5 million, with only half of that amount to be initially subscribed. By far the largest part of the Bank's income is expected to be realized from fees for services rather than from investments.

c) Philippines Utilities Development Finance Company (UDFC). The proposal here is to establish a company to service 300 very small utility companies, most of which have less than 200 KW installed capacity. UDFC is to promote an over-all development program for the utility industry, to provide financial, technical and management consulting services, act as an investment banker, give financial assistance in the form of equity investments and loans, and provide central procurement services for its clients. Ultimately, it is intended to serve as a vehicle for combining the small utility companies into larger, operationally efficient units. The authorized capital of UDFC has been tentatively fixed at just over $5 million, of which just over $1 million would be initially subscribed.

I believe that future projects similar to the Tourism Holding Company in Tunisia should be the responsibility of the IDFC Department, unless and until responsibility for hotel financing intermediaries is
shifted to the Tourism Projects Department. The fact that no Bank loan is immediately involved is not decisive. It is the responsibility of the DFC Department under Organization Bulletin No. 1.12 of March 27, 1969, to investigate all proposals for IFI investments in private development finance companies whether or not a Bank loan is contemplated; and, as indicated in paragraph 2, I believe a hotel financing company such as that proposed for Tunisia should be regarded as a development finance company for purposes of the Organization Bulletin.

5. The other three projects are all sui generis, involve financing only as a secondary aspect, and require primarily from the Bank Group a promotional effort to put the deals together. I believe IFI is in at least as good a position as the DFC Department to provide that promotional effort because of its wide contacts with private investment and business interests. DFC's specialized knowledge of financing institutions is not particularly relevant to an appraisal of these institutions because of their service orientation and small capitalization. On balance, therefore, I would favor leaving responsibility for projects such as these with IFI.

6. On the other hand, it is clearly desirable that the DFC Department be informed by the other Projects Departments of the Bank and by IFI concerning all loan, credit and investment operations in support of an intermediary institution, in whatever field, which has financing as one of its functions and that the Director of the DFC Department be given an early opportunity to comment on the proposal under consideration. This should apply to loans to agricultural credit organizations as well as to the kinds of IFI operations described earlier in this memorandum.

cc: Mr. Knapp  
Mr. Aldewereld/Mr. Chadenet  
Mr. Rosen/Mr. Raj  
Mr. Diamond

RHD: tf
OFFICE MEMORANDUM

TO: William Diamond
FROM: Jorge Navarrete
SUBJECT: Restrictions on sales of DFC shares held by IFC

I refer to your memorandum of March 27, 1969 and I am returning the draft notes attached thereto.

As you may see, clarifications have been suggested in connection with some of the DFCs by the lawyer concerned.

Encl.

cc: Messrs. Rosen/Raj
     Paterson
     von Hoffmann
     Koch
Circulation (3)
Legal Files
JNavarrete:ap
RESTRAINTS (STATUTORY, CONTRACTUAL AND OTHER) ON SALE OF IFC'S SHARES IN DEVELOPMENT FINANCE COMPANIES

CORPORACION FINANCIERA DE CAIDAS (COLOMBIA)

1. Statutory
   a. Restraints stemming from class of share None
   b. Need of Board approval for share transfer None
   c. Other None

2. Contractual None

3. Other None
CORPORACION FINANCIERA COLOMBIANA (COLOMBIA)

1. Statutory
   a. Restraints stemming from class of share
      None

   b. Need of Board approval for share transfer
      None

   c. Other
      None

2. Contractual
   None

3. Other
   IFC has stated its intention not to sell any shares without consultations with the company. (IFC's Letter of Intent to the Board of Directors of Colombiana dated October 17, 1961)
1. **Statutory**

   a. Restraints stemming from class of share: None

   b. Need of Board approval for share transfer: None

   c. Other: None

2. **Contractual**: None

3. **Other**: IFC has stated its intention not to sell any shares without consultations with the company. (IFC’s Letter of Intent to the Board of Directors of Nacional dated October 26, 1961).
TEOLLISTAMISRAHASTO OY - INDUSTRIALIZATION FUND OF FINLAND

1. Statutory

   a. Restraints stemming from class of share
      None (as far as IFC's shares are concerned)

   b. Need of Board approval for share transfer
      None

   c. Other
      None

2. Contractual

   None

3. Other

   None
1. Statutory

   a. Restraints stemming from class of share None

   b. Need of Board approval for share transfer None

   c. Other None

2. Contractual

   Until November 1971 IFC must first offer its shares to NIBID's other foreign shareholders, then to the National Bank of Greece; if both refuse, IFC may then sell to outsiders. (The Shareholder Agreement dated July 29, 1963)

3. Other None
1. Statutory

a. Restraints stemming from class of share

b. Need of Board approval for share transfer

Any transfer of shares shall be made "under the control of the Board of Directors". No definition of the extent of such control (Article 12 of the Articles of Association)

c. Other

None

2. Contractual

IFC may offer its shares only to Ivory Coast nationals (natural persons) or Ivory Coast private companies (juridical persons) controlled by Ivory Coast nationals. The Government undertakes, if IFC so requests, to purchase all or the remainder of IFC's shares. (Share Sales Agreement between the Government of Ivory Coast and IFC dated November 13 and 27, 1964)

3. Other

None
1. **Statutory**
   
a. Restraints stemming from class of share None
   
b. Need of Board approval for share transfer None
   
c. Other None

2. **Contractual** None

3. **Other** None
THE LIBERIAN BANK FOR INDUSTRIAL DEVELOPMENT AND INVESTMENT

1. Statutory

a. Restraints stemming from class of share

Class A shares (held by IFC) may be transferred only to Liberian citizens or corporations, the Liberian Government, international institutions of which Liberia is a member, or such other persons or entities who, under appropriate Liberian regulation, are qualified to own such shares. (Section 974, Chapter 41 of the Executive Law as amended and approved by the President of the Republic of Liberia, March 22, 1965)

b. Need of Board approval for share transfer

None

c. Other

None

2. Contractual

IFC and the Liberian Development Corporation shall sell their shares in equal proportion to Liberian private investors as may be consistent with good marketing practices. The sale price is to be US$ 10 per share unless agreed otherwise between IFC and IDC. (Share Sales Agreement between the Liberian Development Corporation and IFC dated October 1, 1965)

3. Other

None
MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD

1. **Statutory**

   a. Restraints stemming from class of share

   None

   b. Need of Board approval for share transfer

   The Board has the power to decline to register any transfer of shares without giving reason. (Article 22 of the Articles of Association).

   None

   c. Other

   None

2. **Contractual**

   The Central Bank, the Malaysian Government and IFC shall sell to the public their shares in the ratio of one share owned by the Central Bank to every two shares each owned by the Government and IFC. However, IFC is free unilaterally to make sales independently if, after the sale, "foreign" investors would not hold more than 50% of the total. Since "foreign" investors now hold more than 50% of the total, IFC is in effect limited to selling only to Malaysians. (Share Sales Agreement between the Central Bank, the Malaysian Government and IFC dated July 15, 1963)

   None

3. **Other**

   None
1. Statutory

a. Restraints stemming from class of share

None

b. Need of Board approval for share transfer

The Board has the power to decline to register any transfer of shares without giving reason. (Article 22 of the Articles of Association).

2. Contractual

The Central Bank, the Malaysian Government and IFC shall sell to the public their shares in the ratio of one share owned by the Central Bank to every two shares each owned by the Government and IFC. However, IFC is free unilaterally to make sales independently if, after the sale, "foreign" investors would not hold more than 50% of the total. Since "foreign" investors now hold more than 50% of the total, IFC is in effect limited to selling only to Malaysians. (Share Sales Agreement between the Central Bank, the Malaysian Government and IFC dated July 15, 1963)

3. Other

None
1. Statutory
   
a. Restraints stemming from class of share  None

   b. Need of Board Approval for share transfer  Any transfer of shares must be notified in writing to the Board of BNDE. The Board may refuse the proposed transfer within a period of 30 days. If this is the case, the Board must designate within the same period a buyer of the shares at a price per share which is determined annually in advance by the General Meeting of Shareholders as long as shares are not regularly traded at a stock exchange. (Article 12 of the Statutes)

   The Board of BNDE has agreed not to claim or exercise its right under Article 12 of its Statutes against any transfer of shares by IFC under the Stock Reservation Agreement. (BNDE's letter to IFC dated January 16, 1963)

   Further the Moroccan Government has confirmed that in case the Government and IFC agree on sales of additional shares to private Moroccan investors, the Government would make an effort to persuade the Board of BNDE not to exercise its right under the Article 12. (The Government letter to IFC dated January 16, 1963)

   c. Other  None

2. Contractual
   
   IFC and the Moroccan Government have agreed to set aside, for sales in equal proportion to qualified private Moroccan investors, 6% each of BNDE's total authorized common stock. BNDE's authorized common stock being presently DH 20 million, the agreed portion represents DH 1,200,000 (nominal value) of IFC holdings. (Stock Reservation Agreement between the Moroccan Government and IFC dated January 16, 1963)

   The Moroccan Government has confirmed IFC's right (1) to sell any number of shares under the Stock Reservation Agreement and any similar subsequent agreements; (2) to sell any number of shares to foreign investors, to the extent that such sales will contribute to broaden, in a desirable way, the international ownership of BNDE shares when agreed between BNDE, the Government and IFC. (Protocol between the Government and IFC dated January 16, 1963)

3. Other
   
   IFC has stated that it will discuss with BNDE the plan for, and implementation of, sales of its holdings to ensure that mutual interests have been given due consideration. (IFC letter to BNDE dated January 16, 1963)
NIGERIAN INDUSTRIAL DEVELOPMENT BANK LIMITED

1. Statutory

a. Restraints stemming from class of share

"A" Ordinary shares (held by IFC) may be transferred only to Nigerians, Nigerian entities, the Nigerian Government agencies or international institutions of which Nigeria is a member. (Article 6 of the Articles of Association)

b. Need of Board approval for share transfer

None

c. Other

None

2. Contractual

IFC and the Central Bank of Nigeria have agreed to sell all of their shares in equal proportion to Nigerian private investors as rapidly as may be consistent with good marketing practices.

The sale price should be not less than par unless agreed otherwise between IFC and the Central Bank. (Share Sales Agreement between the Central Bank of Nigeria and IFC dated January 22, 1961)

3. Other

None
1. Statutory

   a. Restraints stemming from class of share

      None

   b. Need of Board approval for share transfer

      Directors may decline to register or acknowledge any transfer of shares without giving any reason for such refusal. (Article 48 of the Articles of Association)

   c. Other

      None

2. Contractual

   None

3. Other

   None (IFC is entitled to nominate a director on the Board as long as it holds 200,000 shares. This is IFC's present shareholding). (Article 115, (2) (1) of the Articles of Association)
1. **Statutory**

   a. Restraints stemming from class of share 
      None

   b. Need of Board approval for share transfer 
      None

   c. Other 
      None

2. **Contractual** 

3. **Other**

   IFC informed BANDESCO that IFC would continue to be a shareholder until it was in the best interests of all concerned for IFC to sell. (Mr. Rosen's letter to BANDESCO dated July 5, 1968).
1. Statutory
   a. Restraints stemming from class of share
      None
   b. Need of Board approval for share transfer
      The Board can refuse to register any transfer of shares if this would result in the effective control of IFCT becoming vested in one person or company, or if it would result in a majority of IFCT's shares becoming vested in non-Thais. (Regulation 16 of IFCT's Regulations)
   c. Other
      None

2. Contractual
   None

3. Other
   IFC would not sell its shares if this would result in non-Thais obtaining control of IFCT. (The President's Report on IFC Equity Investment in IFCT dated February 28, 1964, paragraph 24)
1. Statutory

   a. Restraints stemming from class of share
      None

   b. Need of Board approval for share transfer
      The Board has the power to approve any transfer of shares and to disapprove it without giving reason. (Article 13 of the Articles of Association)

   c. Other
      None

2. Contractual

   None

3. Other

   None
1. Statutory

a. Restraints stemming from class of share None

b. Need of Board approval for share transfer None

c. Other None

2. Contractual None

3. Other None
1. Statutory

   a. Restraints stemming from class of share None

   b. Need of Board approval for share transfer None

   c. Other None

2. Contractual None

3. Other None
April 10, 1969

Dear Don Jose:

Thank you very much for your letter of March 31, enclosing a copy of your 1968 Annual Report, together with a copy of your income statement per our format.

I am grateful for your prompt action on our request. I am also grateful for your permission to include COFIDEC in a table showing the performance in 1968 of the development finance companies associated with the World Bank Group.

With kind regards,

Sincerely yours,

William Diamond
Director
Development Finance Companies

Dr. Jose Antonio Correa
President
Ecuatoriana de Desarrollo S. A.
Compania Financiera
P. O. Box 111
Quito, Ecuador

cc: Mr. Garcia

BH/SH/DFR
Part 1 of 2:

Dear [Name],

Thank you very much for your letter of [Date].

Enclosed is a copy of your 1980 financial report, together with a copy of your income statement for the year.

I am grateful for your prompt action on our request.

I am also grateful for your participation in the Joint CoRIGE and Abbott cooperation and the encouragement in the 1980 of the development finance commission.

I appreciate your interest.

Best regards,

[Signature]

William Olmstead
Director
Development Finance Corporation

cc: [Name]

1969APR11 PM1Z:22

COMMUNICATIONS
GENERAL FILES
RESERVED
April 10, 1969

Mr. Fabio Valdes Sanchez  
Asistente de la Presidencia  
Corporacion Financiera de Caldas  
Apartado Aereo 1460  
Manizales, Colombia

Dear Mr. Sanchez:

Thank you very much for your letter of March 28, enclosing your income statement prepared under the format sent by us.

I am grateful for your cooperation. To complete the ratios on the performance of your company however we need also the balance sheet as of December 31, 1968. May I ask further a copy of it. I would appreciate your prompt action on this. We also would appreciate your sending us a copy of your audit report, 1968, when it is available.

Sincerely yours,

E. H. Shin  
Development Finance Companies

cc: Mr. Garcia (with a copy of the incoming)  
EHShin:er
Restrictions on sales of DFC shares held by IFC

I refer to your memoranda of March 27, 1969 and I am returning the draft notes attached thereto.

As you may see, clarifications have been suggested in connection with some of the DFCs by the lawyer concerned.

Encl.

cc: Messrs. Rosen/Raj
    Paterson
    von Hoffmann
    Koch

Circulation (3)
Legal Files
JNavarrete:ap
Division Chiefs (Mr. Garota)  

April 8, 1969

William Diamond

DFC Investment in Share Capital

Last November I raised with you the following question. In cases where development finance companies have government loans which rank pari passu with or are subordinate to share capital, why should not the limit on aggregate exposure in equity investment be higher than net worth? Since then, we have twice given a response to this question and thereby established a viewpoint.

In general, a company should not invest in equity more than the aggregate of its net worth. The reason for this is that it ought not to be using borrowed funds to make investments in share capital. This is a matter of particular importance in the countries and companies we deal with, because, by and large, investments in share capital are both risky and relatively illiquid.

When I raised this question with you, only one of the development finance companies associated with us had equity investments exceeding net worth (indeed most of them were far below this figure). That company was ICICI. We raised no questions about its practice, in part because of our belief in the soundness of its portfolio and in part also because the condition of the capital market in India is such that shareholdings can always be sold, even though it might sometimes have to be sold at an unfavorable price.

Since then two companies have raised the question with us, SHI and INDBI. Both companies asked for permission to add subordinated government loans to their net worth, in establishing the maximum exposure in equity. In both cases we acquiesced.

Our rationale was the following. The government loans referred to ranked pari passu with share capital. Except for the fact of repayment, therefore, those loans were no different from equity. Moreover, both loans were interest free, with the result that the governments would be unable, by virtue of non-payment of interest, to trigger liquidation of the companies. Thirdly, repayments of the government loans constituted a very small portion of the cash generation of the companies. Finally, in both cases there was reason to believe that the portfolios of the companies were in a relatively sound state.

It is important to note that in these cases we focussed on both the performance of the companies and the terms of the government loans. Only in the light of these consideration did we decide that it would be prudent to allow aggregate investment to exceed net worth.

You should call this matter to the attention of the others in your staff.

WDiamond:ubb

cc: Mr. Mathew
April 8, 1969

Mr. Gustavo Montoya
Gerente de Planeacion
Corporacion Financiera Nacional
Apartado Aereo 1039
Medellin, Colombia

Dear Mr. Montoya:

Thank you very much for your letter of March 31, enclosing a copy of your balance sheet as at December 31, 1968 together with a copy of the income statement per our format.

I am grateful for your action on our request. I would further appreciate your sending me a copy of your audit report, 1968 when it is available.

As indicated in my letter of March 10, we will be sending you a copy of a table showing the performance in 1968, of the development finance companies associated with the World Bank Group as soon as we put together.

Sincerely yours,

B. H. Shin
Development Finance Companies

cc: Mr. Garcia (with copies of the incoming)

BHS:Sender
April 4, 1969

Mr. B. Shin
Development Finance Companies
International Finance Corporation
1818 H Street, NW
Washington DC 20433
USA

Dear Mr. Shin,

Thank you for your letter of March 24, 1969 enclosing a reprinted copy of Mr. Martin M. Rosen's article, "IFC Recruits Capital for Development", which is both interesting and informative.

Thank you also for bringing to our attention the OECD Development Centre publication, Manuel of Industrial Project Analysis in Development Countries: Vol.1 Methodology and Case Studies. Paris, 1968. This should be of value to our Library.

Yours sincerely,

S.S. Mehta
General Manager
April 4, 1968

MT. B. Shin
Development Finance Companies
International Finance Corporation
1818 H Street, NW
Washington DC 20433
USA

Mr. Shin,

Thank you for your letter of March 29, 1968.

Enclosed is a reprinting copy of Mr. Martin H. Roseman's article, "IFC Reaches Capital for Development," which is both interesting and informative.

Thank you also for printing to our attention the OEC Development Center publication, entitled, "OEC Industrial Project Analyses in Development Countries: Vol. I, Methodologies and Case Studies.
Part II, 1968.

This should be of value to our Ministry.

Yours sincerely,

E. S. Mertz
General Manager
April 4, 1969

Mr. Mohamed Benkirane
Director General
Banque Na+tional pour le
Developpement Economique
Boîte Postale 407
Rabat, Morocco

Dear Mr. Benkirane:

I am replying to your letter of March 26 which you had addressed to Mr. Diamond concerning the tabulation which we propose to undertake of comparative operational ratios of development finance companies in 1968.

As you had requested we shall omit data on ENDE on that table.

Sincerely yours,

Hans Pollan
Development Finance Companies

cc: Mr. Shin
April 4, 1969

Dr. Wilhelm Teufenstein
Chairman, Board of Management
Österreichische Investitionskredit
Aktiengesellschaft
Am Hof 4
Vienna 1, Austria

Dear Dr. Teufenstein:

Thank you very much for your letter of March 26, enclosing one copy each of your audit report and Annual Report, 1968, plus the income statement prepared under the form sent by us.

We are grateful indeed for your prompt reply. We also note with thanks that we shall receive from you a copy of the English text of your Annual Report as soon as it is printed.

Sincerely yours,

B. H. Shin
Development Finance Companies

cc: Mr. Gustafson (with copies of the incoming)
EHS: Shin
Mr. Christopher Kahangl

April 4, 1969

Hans Pollan

Trinidad and Tobago -- Information on Development Finance Companies

Further to my note of April 1, I have the pleasure of sending you some more material of the type you had requested on March 17:

Burma -- The Industrial Development Bank Limited
Cameroon -- Banque Camerounaise de Développement
Mexico -- Nacional Financiera, S.A.
Puerto Rico -- Government Development Bank
Tanzania -- National Development Corporation
Upper Volta -- Banque Nationale de Développement

Attachments

cc: Mr. Shin
April 3, 1969

Mr. Mark Feer
Kuhn Loeb & Company
40 Wall Street
New York, N.Y. 10005

Dear Mark:

I feel I have been remiss in delaying writing to you to thank you for what you did for Mr. Alagoz. He returned to Washington quite pleased with his experience with Kuhn Loeb, and confident that the experience he had had with you had both broadened his knowledge of the general subject he was concerned with, and enabled him to learn something concerning the specific question that he had in mind, based on his Turkish experience. So I want to add my thanks to his, to Kuhn Loeb and to you, in particular, for making the arrangements.

Incidentally, I would very much like to have your own reaction to the experience, which will help us in deciding whether to do other things like this in the future.

With best wishes,

Sincerely yours,

William Diamond
Director
Development Finance Companies

cc Mr. van Wagenen
Mr. Gushafson

WDiamond:us
Mr. Marcel F. Verheugen

B. H. Shin

Table on Time Involved from Agreement to Last Disbursement of IBRD/IDA Loans to Development Finance Companies

Per our conversation, I am attaching a draft table on the subject. Would you be good enough to fill up the blanks (dates of last actual creditings to, and of last disbursements from, Loan Accounts) in the table, and to return it to me as soon as possible. For the Bank loans whose last crediting or last disbursement has not yet been made, I have put dashes. If you find some more of such cases, please treat them the same way.

Attachment
April 2, 1969

Mr. Arthur Karass
Director
European Office
International Bank for Reconstruction
and Development
4 Avenue d'Iena
Paris 16e, France

Dear Arthur:

Thank you very much for the memorandum on multipurpose development banks. It is an extremely interesting document and I am sure it will be helpful to our people. I am emphasizing to them the highly confidential nature of the enclosed papers, which indeed is obvious from their contents.

Andre is in the Bank today. Unfortunately, my date with him cannot be kept as I have to go to New York tomorrow with Mr. McNamara.

Sincerely,

Michael L. Hoffman
Associate MDirector
Development Services Department

cc: Mr. Cheek (with incoming material)
Trinidad and Tobago -- Information On Development Finance Companies

1. I refer to your note of March 17 under which you transmitted a request from the Washington Embassy of Trinidad and Tobago concerning material on several development finance companies.

2. I am herewith enclosing duplicate copies of various memoranda and articles of association as well as other related documents concerning the following companies:

   - **Pakistan** - Pakistan Industrial Credit & Investment Corporation Limited (PICIC)
   - **Ceylon** - Development Finance Corporation of Ceylon (DFCC)
   - **India** - Industrial Credit and Investment Corporation of India Limited (ICICI)
   - **Malaysia** - Malayan Industrial Development Finance Limited (MIDF)
   - **Liberia** - Liberian Bank for Industrial Development and Investment (LBDI)
   - **Morocco** - Banque Nationale pour le Developpement Economique (BNDE)
   - **Tunisia** - Societe Nationale d'Investissement (SNI)
   - **Nigeria** - Nigerian Industrial Development Bank Limited (NIDB)
   - **Ivory Coast** - Banque Ivoirienne de Developpement Industriel (BIDI)
   - **Ethiopia** - Development Bank of Ethiopia (DBE)
   - **Colombia** - Corporacion Financiera del Valle
     - Corporacion Financiera del Norte
     - Corporacion Financiera Nacional
     - Corporacion Financiera Colombiana de Desarrollo Industrial
     - Corporacion Financiera de Caldas S.A.
   - **Israel** - Industrial Development Bank of Israel Limited (IDBI)

3. I hope to be able to send you also material on Ecuadoriana de Desarrollo, S.A. Compania Financiera (COFTEC). We are still trying to locate comparable material on development finance companies in some African countries, Mexico, Burma and Puerto Rico. We shall send it to you as soon as it becomes available.

   Enclosure

   cc: Mr. Shin
Progress Report on my Compilation

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td>Garcia</td>
<td>Requested on April 26, 1968 at staff meeting</td>
</tr>
<tr>
<td>a) Colombiana, Nacional and Norte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Report on standard form of loan agreement between IFC and clients to ensure that the terms of sub-loans are known to us</td>
<td>Powell</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>a) DFCC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Procedures for obtaining investment licenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Austria, Finland, Greece, Malaysia Spain &amp; Turkey</td>
<td>Gustafson</td>
<td>Requested in March 1968 at staff meeting</td>
</tr>
<tr>
<td>b) India &amp; Nigeria</td>
<td>Pollan</td>
<td>Do</td>
</tr>
</tbody>
</table>

On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out.

On Nigeria Mr. Pollan wrote to the NIDB's General Manager, asking for a memorandum on the subject by the end of March.
c) Ceylon, Israel, Korea, Liberia & Philippines

Powell

Requested in March 1968 at staff meeting

d) Ethiopia

Sekse

Do

cc: Division Chiefs

EHShiner
Mr. Y. L. Chang

B. H. Shin

Restrictions on Sales of DFC Shares Held by IFC

Attached are a copy of Mr. Diamond's memo to Mr. Koch of March 27 on the subject and its attachments which Mr. Diamond asked me to send to you. He also asked me to tell you that he would be grateful for your checking all the attachments against your records and recollection, and for any corrections and additions you may suggest.

Attachments

B. H. Shin
April 1, 1969

Mr. Jaime Arrazola Merlano  
Vice Presidente Tecnico  
Corporacion Financiera del Norte  
Apartado Aereo 2747  
Barranquilla, Colombia  

Dear Mr. Arrazo3 Mrlan0:

Thank you for your letter of March 21, enclosing a copy of the Auditor's Report for 1968.

I am grateful for your prompt reply. We are now preparing a table on comparative operational ratios of the development finance companies, 1968 and will be sending to you a copy of it as soon as we put together.

Sincerely yours,

B. H. Shin  
Development Finance Companies

cc: Mr. Garcia (with the incoming)
OFFICE MEMORANDUM

TO: Area Directors

FROM: J. Burke Knapp

SUBJECT: Development Finance Companies

DATE: April 1, 1969

1. The Executive Directors decided on August 4, 1967 that the Bank should apply to development finance companies its standard policy of charging commitment charge from 60 days after the date of the loan agreement, except in the case of a new company or one which had not had an opportunity to build up its business to an adequate level. Companies receiving this concession would pay commitment charge only as amounts were credited to the Loan Account (FPC 67-7, SM 67-27).

2. The Executive Directors decided on November 12, 1968, in accordance with the memorandum on "Policies of the World Bank Group Towards Development Finance Companies" dated November 1, 1968 (R68-204), that the Bank should charge the fixed rate of interest in effect when the loan was approved by the Executive Directors instead of applying the rate ruling as individual projects were credited to the Loan Account (SM 68-444).

3. In these circumstances, except in the case of companies receiving the concessional commitment charge treatment referred to in paragraph 1 above, there is no longer any point in postponing credits to the Loan Account until projects come forward. Accordingly, loan documents now provide, except in such cases, that the full amount of the loan be credited to the Loan Account when the loan becomes effective.

cc: Messrs. A. Broches
    W. Diamond
    E. Rotberg
    J. Leeming
Marzo 31 de 1969

Señor
B.H. Shin
Development Finance Companies
International Bank for Reconstruction and Development
Washington, D.C.

Apreciado señor Shin:

De acuerdo con instrucciones del Doctor Gutiérrez Gómez, nos permitimos enviarle el "Income Statement", en la forma indicada por ustedes.

Se agregó un renglón para "Income on letter of credit financing and other loans (maturing less than one year)". Además se incluyeron dos notas explicativas que facilitan el análisis de las cifras.

Adjuntamos también el Balance y Estado de Rentas y Gastos, en el formulario usado para fines de administración interna.

Sentimos no poder remitir el balance auditado, por no haber presentado su informe nuestros auditores externos.

Atentamente,

Gustavo Montoya
Gerente de Planeación

Incl.: lo anunciado
GMT/cpm
March 28, 1969

Messrs. Cassian Antson &
John Nordman
Teollisuuskaupasto Oy - Industrialization
Fund of Finland Ltd.
Kaarrekatu 13, V kra.
Kolatuki, Finland

Dear Messrs. Antson and Nordman:

Thank you for your letter of March 25, enclosing a copy of the Special Auditor’s Report for 1968.

I am grateful for your prompt reply. We are now preparing a table on comparative operational ratios of the development finance companies, 1968 and will be sending you a copy of it as soon as we put together.

Sincerely yours,

B. H. Shin
Development Finance companies

cc: Mr. Gustafson (with the incoming)

E: Shin:er
Señor

B. H. SHIN
International Bank of Reconstruction and Development
1818 H. Street N. W.
Washington, D. C. 20433.-

Apreciado señor Shin:

Nuestro Presidente, don Roberto Ocampo Mejía, me ha dado el encargo de responder a su atenta carta de Marzo 10 del año en curso y de remitirle los datos solicitados en ella, con respecto a nuestro estado de pérdidas y ganancias a diciembre 31, 1.968.-

En el anexo que le acompaño van los datos en cuestión, en cuya presentación hemos seguido rigurosamente la forma para "Income Statement" y las explicaciones que con ella nos remitimos. Consideramos muy interesante el trabajo que ustedes han venido haciendo con respecto a la elaboración de relaciones financieras para las compañías de desarrollo en las cuales el Banco Mundial tiene participación.

De usted muy atentamente,

FABIO VALDES SANCHEZ
Asistente de la Presidencia
Corporación Financiera de Caldas

Firma: [Firmada]

Director: [Nombre]

Fecha: 04-59

ATENCIÓN: La presente firma es para reconocimiento de documentación, no es para ejecutar transacciones financieras.
CORPORACION FINANCIERA DE CALDAS

INCOME STATEMENT FOR THE FISCAL YEAR

ENDED ON DECEMBER 31, 1968

AMOUNT IN COLOMBIAN $

INCOME

1. Income on Term Loans 1/ 2/ 24,823,238
2. Income on Intermediate Investments 3/ 517,153
3. Income on Equity Investments 4/ 2,277,837
4. Underwriting Commissions, Guarantee fees and Letters 4,385,090
5. Income from Subsidiary Company 5/ 2,450,000
6. Other 6/ 217,781

TOTAL INCOME 34,671,099

EXPENSES

1. Interest and Other Charges on Term Debt 2/ 9,686,253
2. Interest and Other Charges on Short-term Debt 8/ 4,250,669
3. Write-offs from Loans and Investments 1,153,468
4. Provisions for Doubtful Loans and Equity Investments 953,252
5. Other Financial Expenses 9/ 497,477
6. Administrative Expenses
   a. Salaries and Benefits 4,768,350
   b. Other Administrative Expenses 10/ 4,165,623

TOTAL EXPENSES 25,475,092

Net Profit before Taxes 9,196,007
Provision for Income Tax 2,616,695
Net Profit 6,579,312

Plus: Retained earnings from previous fiscal periods (taken from free reserves at the discretion of the Board of Directors)

Grand total to be distributed 7,304,312

/ /
Transfer to General (Legal) Reserve  |  658,000
Transfer to other free reserves: Reserve for economic development  |  325,000
Provision of dividends  |  6,321,312

TOTAL DISTRIBUTED  |  **7,304,312**
Cali, Marzo 28 de 1969

Mr. B.H. Shin
Development Finance Companies
International Bank for Reconstruction and Development
1818 H. Street N.W.
Washington D. C. 20433
U. S. A.

Apreciado Mr. Shin:

Acusamos recibo de su atenta carta de Marzo 10 del presente año, en relación con los datos que ustedes necesitan para preparar una nueva edición del "Table, Comparative Operational Ratios Of Development Finance Companies."

Con la presente nos permitimos enviarle una copia de nuestro balance a Diciembre 31/68, auditado por los señores "Price Waterhouse & Co.", así como nuestro estado de pérdidas y ganancias para el año de 1968, preparado de acuerdo con el formato enviado por ustedes. En caso de requerir alguna información adicional, favor hacernoslo saber para enviárselas inmediatamente.

Sin motivos para más, y con un atento saludo, nos es grato repetirnos de ustedes,

Atentamente,

Jorge A. Ocampo Z.
Vicepresidente

Incl; lo anunciado

mmr.
CORPORACIÓN FINANCIERA DEL VALLE

INCOME STATEMENT FROM
December 31, 1968

<table>
<thead>
<tr>
<th>Income</th>
<th>Amount (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income on term loans</td>
<td>26,846</td>
</tr>
<tr>
<td>Income on Intermediate Investments</td>
<td>23</td>
</tr>
<tr>
<td>Income on Equity Investments</td>
<td>1,711</td>
</tr>
<tr>
<td>Underwriting Commissions, Guarantee fees and letters of Credit fees</td>
<td>5,589</td>
</tr>
<tr>
<td>Other</td>
<td>104</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>33,733</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Other Charges on Term Debt</td>
<td>10,075</td>
</tr>
<tr>
<td>Interest and Other Charges on Short-term Debt</td>
<td>3,125</td>
</tr>
<tr>
<td>Other Financial Expenses</td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td></td>
</tr>
<tr>
<td>a. Salaries and Benefits</td>
<td>3,353</td>
</tr>
<tr>
<td>b. Other Administrative Expenses</td>
<td>1,705</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>18,258</strong></td>
</tr>
</tbody>
</table>

**Net Profit before Taxes**                                             **15,475**
** Provision for Income Tax**                                           **6,031**
**Net Profit**                                                          **9,444**

**Appropriation of net profit:**
- Transfer to General (Legal) and other Free Reserves                   **3,435**
- Transfer to Reserves for losses on Loans and Investments              **1,526**
- Provision of Dividends                                                **4,483**
**Total**                                                               **9,444**
Mr. Gerald Alter

Sally G. Fisher

IBRD and IDA Lending to Development Finance Companies

March 28, 1969

According to the most recent revised Five-Year Programs that I have (Chile, Colombia, and Uruguay have yet to come), our figures agree with Mr. Diamond's in every case except Central America. We do not have any loans projected for this area during the five-year period.
Mr. William Diamond

A. G. El Emary

Lending to Development Finance Companies

March 28, 1969

The only cases in which our programs differ from those in your table are:


I gather that Mr. Burney has discussed the Sudan case with Mr. Sekse and that the difference between the two proposals is not significant.

Our placing of the Congo loan in 1974 represents a slightly more conservative view of the speed at which operations will proceed in this so far unfamiliar country.
Mr. Henry Koch

William Diamond

Restrictions on Sales of DFC Shares Held by IFC

March 27, 1969

You asked for a note on restrictions on the sale of DFC shares in IFC's portfolio.

Attached are draft notes on the subject for each company in which IFC now has an investment. a) They cover only recorded restrictions. b) They do not include restrictions under the company law or other general laws of the country concerned. c) Nor do they include the restrictions implicit in IFC's general policy regarding how it behaves. d) And they do not include special understandings which may have been made (but not recorded) by IFC officers to the DFC's or to their shareholders. It would be a good idea for you to try to get these down on paper. I think, but am not sure, for instance, that such understandings may exist with the managements of PICIC and TSKB.

I am sending a copy of this memo and its attachment to Messrs. Richards, Paterson and von Hoffmann for checking against their records and recollection. When I have heard from them, I will revise the draft.

Attachment:

William Diamond

cc: Messrs. Rosen/Raj Richards Paterson von Hoffmann

Division Chiefs
RESTRAINTS (STATUTORY, CONTRACTUAL AND OTHER)
ON SALE OF IFC'S SHARES IN DEVELOPMENT FINANCE COMPANIES

CORPORACION FINANCIERA DE CAIDAS (COLOMBIA)

1. Statutory
   a. Restraints stemming from class of share None
   b. Need of Board approval for share transfer None
   c. Other None

2. Contractual
   None

3. Other
   None
1. Statutory
   a. Restraints stemming from class of share
      None
   b. Need of Board approval for share transfer
      None
   c. Other
      None

2. Contractual
   None

3. Other
   IFC has stated its intention not to sell any shares without consultations with the company. (IFC's Letter of Intent to the Board of Directors of Colombiana dated October 17, 1961)
CORPORACION FINANCIERA NACIONAL (COLOMBIA)

1. Statutory

   a. Restraints stemming from class of share: None

   b. Need of Board approval for share transfer: None

   c. Other: None

2. Contractual: None

3. Other: IFC has stated its intention not to sell any shares without consultations with the company. (IFC's Letter of Intent to the Board of Directors of Nacional dated October 26, 1961).
TEOLLISTAMISHASTO OY - INDUSTRIALIZATION FUND OF FINLAND

1. Statutory

   a. Restraints stemming from class of share: None (as far as IFC's shares are concerned)

   b. Need of Board approval for share transfer: None

   c. Other: None

2. Contractual

   None

3. Other

   None
NATIONAL INVESTMENT BANK FOR INDUSTRIAL DEVELOPMENT, S.A. (GREECE)

1. Statutory

   a. Restraints stemming from class of share  None

   b. Need of Board approval for share transfer  None

   c. Other  None

2. Contractual

   Until November 1971 IFC must first offer its shares to NIBID's other foreign shareholders, then to the National Bank of Greece; if both refuse, IFC may then sell to outsiders. (The Shareholder Agreement dated July 29, 1963)

3. Other  None
1. Statutory

   a. Restraints stemming from class of share
      None

   b. Need of Board approval for share transfer
      Any transfer of shares shall be made "under the control of the Board of Directors". No definition of the extent of such control (Article 12 of the Articles of Association)

   c. Other
      None

2. Contractual

   IFC may offer its shares only to Ivory Coast nationals (natural persons) or Ivory Coast private companies (juridical persons) controlled by Ivory Coast nationals. The Government undertakes, if IFC so requests, to purchase all or the remainder of IFC's shares. (Share Sales Agreement between the Government of Ivory Coast and IFC dated November 13 and 27, 1964)

3. Other
   None
1. Statutory
   a. Restraints stemming from class of share None
   b. Need of Board approval for share transfer None
   c. Other None

2. Contractual None

3. Other None
THE LIBERIAN BANK FOR INDUSTRIAL DEVELOPMENT AND INVESTMENT

1. Statutory

a. Restraints stemming from class of share

Class A shares (held by IFC) may be transferred only to Liberian citizens or corporations, the Liberian Government, international institutions of which Liberia is a member, or such other persons or entities who, under appropriate Liberian regulation, are qualified to own such shares. (Section 97d, Chapter 41 of the Executive Law as amended and approved by the President of the Republic of Liberia, March 22, 1965)

b. Need of Board approval for share transfer

None

c. Other

None

2. Contractual

IFC and the Liberian Development Corporation shall sell their shares in equal proportion to Liberian private investors as may be consistent with good marketing practices. The sale price is to be US$ 10 per share unless agreed otherwise between IFC and LDC. (Share Sales Agreement between the Liberian Development Corporation and IFC dated October 1, 1965)

3. Other

None
1. **Statutory**

   a. Restraints stemming from class of share  
      None

   b. Need of Board approval for share transfer  
      The Board has the power to decline to register any transfer of shares without giving reason. (Article 22 of the Articles of Association).

   c. Other  
      None

2. **Contractual**  

   The Central Bank, the Malaysian Government and IFC shall sell to the public their shares in the ratio of one share owned by the Central Bank to every two shares each owned by the Government and IFC. However, IFC is free unilaterally to make sales independently if, after the sale, "foreign" investors would not hold more than 50% of the total. Since "foreign" investors now hold more than 50% of the total, IFC is in effect limited to selling only to Malaysians. (Share Sales Agreement between the Central Bank, the Malaysian Government and IFC dated July 15, 1963)

3. **Other**  

   None
1. Statutory
   
a. Restraints stemming from class of share None

b. Need of Board Approval for share transfer Any transfer of shares must be notified in writing to the Board of BNDE. The Board may refuse the proposed transfer within a period of 30 days. If this is the case, the Board must designate within the same period a buyer of the shares at a price per share which is determined annually in advance by the General Meeting of Shareholders as long as shares are not regularly traded at a stock exchange. (Article 12 of the Statutes)

   The Board of BNDE has agreed not to claim or exercise its right under Article 12 of its Statutes against any transfer of shares by IFC under the Stock Reservation Agreement. (BNDE's letter to IFC dated January 16, 1963) Further the Moroccan Government has confirmed that in case the Government and IFC agree on sales of additional shares to private Moroccan investors, the Government would make an effort to persuade the Board of BNDE not to exercise its right under the Article 12. (The Government letter to IFC dated January 16, 1963)

c. Other None

2. Contractual

IFC and the Moroccan Government have agreed to set aside, for sales in equal proportion to qualified private Moroccan investors, 6% each of BNDE's total authorized common stock. BNDE's authorized common stock being presently DH 20 million, the agreed portion represents DH 1,200,000 (nominal value) of IFC holdings. (Stock Reservation Agreement between the Moroccan Government and IFC dated January 16, 1963)

   The Moroccan Government has confirmed IFC's right (1) to sell any number of shares under the Stock Reservation Agreement and any similar subsequent agreements; (2) to sell any number of shares to foreign investors, to the extent that such sales will contribute to broaden, in a desirable way, the international ownership of BNDE shares when agreed between BNDE, the Government and IFC. (Protocol between the Government and IFC dated January 16, 1963)

3. Other

IFC has stated that it will discuss with BNDE the plan for, and implementation of, sales of its holdings to ensure that mutual interests have been given due consideration. (IFC letter to BNDE dated January 16, 1963)
1. Statutory

a. Restraints stemming from class of share

"A" Ordinary shares (held by IFC) may be transferred only to Nigerians, Nigerian entities, the Nigerian Government agencies or international institutions of which Nigeria is a member. (Article 6 of the Articles of Association)

b. Need of Board approval for share transfer

None

c. Other

None

2. Contractual

IFC and the Central Bank of Nigeria have agreed to sell all of their shares in equal proportion to Nigerian private investors as rapidly as may be consistent with good marketing practices.

The sale price should be not less than par unless agreed otherwise between IFC and the Central Bank. (Share Sales Agreement between the Central Bank of Nigeria and IFC dated January 22, 1964)

3. Other

None
1. Statutory

a. Restraints stemming from class of share

   None

b. Need of Board approval for share transfer

   Directors may decline to register or acknowledge any transfer of shares without giving any reason for such refusal. (Article 48 of the Articles of Association)

c. Other

   None

2. Contractual

   None

3. Other

   None (IFC is entitled to nominate a director on the Board as long as it holds 200,000 shares. This is IFC's present shareholding). (Article 115, (2) (1) of the Articles of Association)
1. Statutory

   a. Restraints stemming from class of share None

   b. Need of Board approval for share transfer None

   c. Other None

2. Contractual

3. Other

IFC informed BANDESCO that IFC would continue to be a shareholder until it was in the best interests of all concerned for IFC to sell. (Mr. Rosen's letter to BANDESCO dated July 5, 1968).
1. Statutory

a. Restraints stemming from class of share

   None

b. Need of Board approval for share transfer

   The Board can refuse to register any transfer of shares if this would result in the effective control of IFCT becoming vested in one person or company, or if it would result in a majority of IFCT's shares becoming vested in non-Thais. (Regulation 16 of IFCT's Regulations)

c. Other

   None

2. Contractual

   None

3. Other

   IFC would not sell its shares if this would result in non-Thais obtaining control of IFCT. (The President's Report on IFC Equity Investment in IFCT dated February 28, 1964, paragraph 24)
1. Statutory

a. Restraints stemming from class of share

None

b. Need of Board approval for share transfer

The Board has the power to approve any transfer of shares and to disapprove it without giving reason. (Article 13 of the Articles of Association)

None

c. Other

None

2. Contractual

None

3. Other

None
1. Statutory
   
a. Restraints stemming from class of share
      None
   
b. Need of Board approval for share transfer
      None
   
c. Other
      None

2. Contractual
   None

3. Other
   None
C. A. VENEZOLANA DE DESARROLLO (VENEZUELA)

1. Statutory

   a. Restraints stemming from class of share None

   b. Need of Board approval for share transfer None

   c. Other None

2. Contractual None

3. Other None
March 27, 1969

Messrs. Richards, Paterson
and von Hoffmann
William Diamond

Restrictions on Sales of DFC Shares Held by IFC

I am sending a copy of my memo to Mr. Koch on the subject and its attachment. I would be grateful for your checking the attachment against your records and recollection, and for any corrections and additions you may suggest.

[Signature]

Enshiner
Cher Monsieur Diamond,

Je vous remercie de votre lettre en date du 10 mars 1969 relative à la publication des ratios comparatifs concernant les opérations des Sociétés Financières de Développement pour l'exercice 1968.

Je vous serais reconnaissant de bien vouloir tenir compte du point de vue que je vous ai fait connaître par ma lettre DG/HL n° 313 du 16 juillet 1968 par laquelle je vous ai demandé de ne pas faire figurer notre Banque dans les tableaux publiés par vos soins.

Je vous en remercie à l'avance, et vous prie d'agréer, Cher Monsieur Diamond, l'expression de ma considération distinguée.

Le Directeur Général

Mohamed BENKIRANE
Mr. B. H. Shin

Neil C. Hughes

March 25, 1969

Updaring of Reference Material: Investments of MFCs in Financial Intermediaries, Promotion Companies and Subsidiaries

I refer to my previous memorandum of February 20, and to your request that I provide additional information, if available, on both FICENTRO and the feasibility studies being conducted by CAVENDES.

FICENTRO commenced operations in 1963, ceased operations about 18 months after inception, and has recently commenced operations again. Its new activities have included financing in Peru and Colombia. FICENTRO intends to expand its activities in both Central and South America, acting as a financial link between enterprises in the two areas. As far as we are able to determine, other shareholders besides CF Colombiana include the Santo Domingo Group of Colombia, which has an interest of 10%, and several individual shareholders from Central America. At the end of September, 1968, FICENTRO had a share capital equal to US$1.25 million.

We have received updating information regarding the feasibility studies undertaken by CAVENDES, which reveals that the company has written off its investment in the foundry project; that the venture to manufacture replacement parts for the petroleum industry will be written off in the near future; and that only the African palm project has possibilities of becoming operational (no company has been formed as yet).

NHughes/mq

cc: Division
March 25, 1969

Dr. Wilhelm Teufenstein
Chairman of the Board of Management
Österreichische Investitionskredit A. G.
Am Hoff 4
Vienna 1, Austria

Dear Dr. Teufenstein:

As in previous years, we are up-dating the Descriptive Memoranda on the development finance companies associated with the Bank Group. I know that in IVK's case the financial information as of the year-end 1968 is not translated into English until after the German Annual Report is issued. Last year, however, you were kind enough to provide the data necessary to update IVK's Descriptive Memorandum (your letter of April 5, 1968) and I am wondering if it again will be possible for IVK to help us out in this matter. Enclosed are copies of last year's Memorandum for your use.

With best personal regards,

Sincerely yours,

Douglas Gustafson
Development Finance Companies

Encl.

DGustafson:jmb
Mr. B.H. Shin  
Development Finance Companies  
International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

Dear Mr. Shin:

Thank you for your letter to Mr. Lassila of March 10, 1969 regarding comparative operational ratios. As requested by you we send you enclosed the Special Auditor’s Report for 1968. The Annual Report will be sent out immediately after printing.

We shall be very interested to see the new table of comparative ratios when you have it ready.

Yours sincerely,

TEOLLISTAMISRAHASTO OY - INDUSTRIALIZATION FUND OF FINLAND LTD.

Ossian Antson  
John Nordman

JN:ma  
Encl.
Teollistamisrahasto OY

Industry Fund

March 25, 1962

Dear Mr. Shin,

Thank you for your letter to Mr. Sasila of March 10, 1962 regarding cooperative operations. We noted your request to have the Special Report for 1962. The annual report will be sent immediately after printing.

We shall be very interested to see the new reports of cooperative operations when you have it ready.

Yours sincerely,

Teollistamisrahasto OY

Industry Fund of Finland Ltd.

[Signature]

[Signature]

June 1962

1963 MAR 27 PM 1:15

COMMUNICATIONS

[Stamp]
AUDITOR'S REPORT

To the Board of Directors of Teollistamisrahasto Oy - Industrialization Fund of Finland Ltd.

I have examined the balance sheet of Teollistamisrahasto Oy - Industrialization Fund of Finland Ltd. as of December 31, 1968 and the related statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

Debts in foreign currency have been converted into Finnish marks (mk) at the Bank of Finland selling rate and loans receivable in foreign currency at the corresponding buying rate at December 31, 1968. The application of this principle results in the loans receivable being understated by mk 326 871,27. The increase of this reserve during 1968 was mk 32 261,29 (charged to other ordinary expenditure in the statement of income). Exchange losses connected with loans in foreign currency are, however, recoverable from borrowers, and the company's liability only extends to such loans as may become incollectible.

In my opinion, considering the qualification made above, the accompanying balance sheet and statement of income present fairly the financial position of Teollistamisrahasto Oy - Industrialization Fund of Finland Ltd. at December 31, 1968 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.

The accompanying supplementary data and schedules, though not considered necessary for a fair presentation of the financial position and results of operations, are presented principally for the purposes of supplementary analysis and to give information as to the scope of work. While my examination was made primarily for the purpose of formulating my opinion on the current year's basic financial statements (exhibits A and B), the additional data have been subjected to the same audit procedures and, in my opinion, are stated fairly in all material respects when considered in conjunction with the financial statements taken as a whole.

Helsinki, February 25, 1969

Raimo Hankiranta
Auditor certified by the Central Chamber of Commerce
A. CURRENCY

Currency items in the accompanying financial statements, data and schedules represent Finnish marks, unless otherwise indicated.

Debts in U.S. dollars have been converted into Finnish marks at the Bank of Finland selling rate at December 31, 1968, $1 = mk 4.187. The corresponding loans receivable in U.S. dollars have been converted at the respective buying rate, $1 = mk 4.169. This valuation principle, which was also applied in the previous year, brought forth an unrealized exchange loss of mk 32,261.29 (shown in other ordinary expenditure). The cumulative unrealized exchange losses at December 31, 1968 amounted to mk 326,871.27. These exchange losses are in all cases recoverable from borrowers, and the above reserve is thus, in my opinion, unrequired.

B. OPERATIONS

1) Interest Income and Commitment Charges

Breakdown of interest income and commitment charges for the year 1968 as compared to 1967 (expressed in thousands of mk):

<table>
<thead>
<tr>
<th></th>
<th>1968</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>on loans from new mk sources</td>
<td>5,551</td>
<td>4,053</td>
</tr>
<tr>
<td>on loans from IBRD funds</td>
<td>5,601</td>
<td>4,237</td>
</tr>
<tr>
<td>on loans from old funds</td>
<td>30</td>
<td>77</td>
</tr>
<tr>
<td>Total loan interest</td>
<td>11,182</td>
<td>8,367</td>
</tr>
<tr>
<td>Commitment charges</td>
<td>435</td>
<td>197</td>
</tr>
<tr>
<td>Other interest income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interest on bank deposits</td>
<td>293</td>
<td>159</td>
</tr>
<tr>
<td>interest on temporary investments</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Total interest income</td>
<td>11,914</td>
<td>8,735</td>
</tr>
</tbody>
</table>

2) Loan Interest Earned

Summary of loan transactions for the year 1968 as compared to 1967 (expressed in thousands of mk):

<table>
<thead>
<tr>
<th></th>
<th>1968</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number</td>
<td>81</td>
<td>89</td>
</tr>
<tr>
<td>Amount</td>
<td>93,220</td>
<td>42,602</td>
</tr>
<tr>
<td>Maximum</td>
<td>8,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Minimum</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Increase in undisbursed commitments</td>
<td>45,253</td>
<td>8,031</td>
</tr>
<tr>
<td>Loan disbursements</td>
<td>45,287</td>
<td>32,071</td>
</tr>
<tr>
<td>Loan cancellations &amp; reductions</td>
<td>1,680</td>
<td>2,500</td>
</tr>
<tr>
<td>Loan collections</td>
<td>(11,546)</td>
<td>(7,681)</td>
</tr>
<tr>
<td>Effect of devaluation on foreign currency loans</td>
<td>-14,199</td>
<td></td>
</tr>
</tbody>
</table>
Outstanding principal
Beginning of year  122,352  83,763
End of year  157,093  122,352
Average 13 mos.  136,840  101,536

Interest earned in the various groups of loans:

<table>
<thead>
<tr>
<th></th>
<th>1968</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Interest %</td>
<td>13 Mos. Earned</td>
<td>13 Mos. Earned</td>
</tr>
<tr>
<td>New mk loans</td>
<td>66,228</td>
<td>5,551</td>
</tr>
<tr>
<td>IBRD loans</td>
<td>70,187</td>
<td>5,601</td>
</tr>
<tr>
<td>Old loans</td>
<td>425</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>136,840</td>
<td>11,182</td>
</tr>
</tbody>
</table>

The lower interest rate for the IBRD loans (8.0 per cent as compared to 8.3 per cent in 1967) is due to the fact that loans guaranteed by the State of Finland for the part of the exchange risk only carried an interest of 5.5 per cent on the capital subject to the risk.

All loans granted by the company are long-term loans.

3) Dividends Received

Equity investment commitments, disbursements and dividends received at December 31, 1968 were as follows (expressed in thousands of mk):

<table>
<thead>
<tr>
<th></th>
<th>1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments</td>
<td>40</td>
</tr>
<tr>
<td>Disbursements</td>
<td>1,200</td>
</tr>
<tr>
<td>Sales</td>
<td>100</td>
</tr>
<tr>
<td>Equity investments held</td>
<td>1,350</td>
</tr>
<tr>
<td>Dividends received</td>
<td>17</td>
</tr>
<tr>
<td>Return on investment</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

No dividends were paid on the shares acquired in 1968. Sales of equity investments consist of 3850 shares in Huhtamäki-Yhtymä Oy. A profit of mk 31,126 was realized on the sale of these shares and it is shown separately in the statement of income.

4) Net Profit and Dividends

The net profit of the company for the year 1968 is compared below to that for 1967. I have made adjustments which in my opinion are necessary in evaluating the results of the company's activities.

<table>
<thead>
<tr>
<th></th>
<th>1968</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit per statement of income</td>
<td>1,076</td>
<td>990</td>
</tr>
<tr>
<td>Add: Unrealized foreign exchange losses recoverable from borrowers, charged to income</td>
<td>32</td>
<td>116</td>
</tr>
<tr>
<td>Adjusted profit after taxes</td>
<td>1,108</td>
<td>1,106</td>
</tr>
<tr>
<td>Taxes on income</td>
<td>2,148</td>
<td>1,045</td>
</tr>
<tr>
<td>Adjusted profit before taxes</td>
<td>3,256</td>
<td>2,151</td>
</tr>
</tbody>
</table>
Adjusted profit after taxes:

<table>
<thead>
<tr>
<th>Year</th>
<th>1968</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>on total share capital</td>
<td>4.1%</td>
<td>7.4%</td>
</tr>
<tr>
<td>on Series A shares</td>
<td>7.9%</td>
<td>18.4%</td>
</tr>
</tbody>
</table>

A dividend of mk 300,000.00 was paid on the Series A shares representing a 5% return on the share capital paid in in 1967. No dividend was paid on the Series B shares.

C. SOURCES AND USE OF FUNDS

Funds provided (in thousands of mk):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit</td>
<td>1,076</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
</tr>
<tr>
<td>Add: Unrealized foreign exchange losses recoverable from borrowers</td>
<td>32</td>
</tr>
<tr>
<td>Adjusted profit after taxes</td>
<td>1,108</td>
</tr>
<tr>
<td>Less: Dividends</td>
<td>300</td>
</tr>
<tr>
<td>Redemption of Series B shares</td>
<td>300 (600)</td>
</tr>
<tr>
<td>Funds provided from operations</td>
<td>508</td>
</tr>
</tbody>
</table>

Charges not involving cash expenditure:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for bad debts</td>
<td>1,178</td>
</tr>
<tr>
<td>Depreciation on equipment</td>
<td>36</td>
</tr>
<tr>
<td>New share issue paid in</td>
<td>12,800</td>
</tr>
<tr>
<td>Total funds provided</td>
<td>14,522</td>
</tr>
</tbody>
</table>

Used as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in current assets</td>
<td>1,869</td>
</tr>
<tr>
<td>Increase in loans and equity investments</td>
<td>35,840</td>
</tr>
<tr>
<td>Increase in fixed assets</td>
<td>288</td>
</tr>
<tr>
<td>Foreign exchange losses recoverable from borrowers</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>38,029</td>
</tr>
</tbody>
</table>

Less: Increase in current liabilities | (7,770) |
| Increase in long-term debt | (15,737) |
| Total | 14,522 |

D. FINANCIAL POSITION

1) Cash

The cash and bank balances as of December 31, 1968 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>450.70</td>
</tr>
<tr>
<td>Current accounts with local financial institutions</td>
<td>1,709,530.22</td>
</tr>
<tr>
<td>Special deposit account</td>
<td>712,995.17</td>
</tr>
<tr>
<td></td>
<td>2,422,975.09</td>
</tr>
</tbody>
</table>

Interest is earned on the current accounts and the special deposit account at a rate of 6-6.5% per annum.
2) Marketable Securities

Marketable securities as of December 31, 1968 comprised the following:

Finnish Government Bonds:
- Amount on December 31, 1967: 48,300. -
- Less Maturities: 6,900. -
- Amount on December 31, 1968: 41,400. -

3) Loans and Equity Investments

a) Loans

The composition of the loan portfolio of the company on December 31, 1968 was as follows (expressed in thousands of mk):

<table>
<thead>
<tr>
<th>Principal on Dec. 31, 1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans from IBRD funds</td>
</tr>
<tr>
<td>Loans from domestic sources</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

All loans granted by the company are long-term loans with maturities varying from 5 to 15 years. The long-term loans are granted for specific investment purposes and the borrowers are required to report periodically on the use of the loans and the returns on the investments.

The rates of interest charged on the loans vary from 7.5% to 10.0% p.a. In addition, a commitment charge of 1% p.a. is charged on the undisbursed parts of the loans granted by the company. Interest income is calculated on an accrual basis.

The loans are generally secured by real estate or chattel mortgage, bank or government guarantee.

No material arrearages of loan principal or interest were outstanding on December 31, 1968.

The accrued provisions for bad debts on December 31, 1968 amounted to mk 3,476,410.52. The company's policy is to provide annually for bad debts at the rate of 0.6% of the amount of loans outstanding at the end of each year until the accrued provisions amount to 8% of the total loans outstanding. These are the maximum provisions approved by the tax authorities for credit institutions. In the years 1966-1968 the provision rate has been 0.75%. Since it is not certain that the tax authorities will approve the part exceeding 0.6%, the company has increased the tax provision accordingly. My examination of the loan portfolio of the company and the information received from the management revealed no material risks on the loans outstanding on December 31, 1968.
b) Equity Investments

The equity investments on December 31, 1968 were as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>No. of shares</th>
<th>Owner-ship %</th>
<th>Nominal value mk</th>
<th>Cost mk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Printal Oy</td>
<td>5</td>
<td>11.1</td>
<td>25,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Inka Oy (formerly Kutomo &amp; Punomo Oy)</td>
<td>4000</td>
<td>10.0</td>
<td>40,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Süomen Talkki Oy</td>
<td>600</td>
<td>17.6</td>
<td>600,000</td>
<td>600,000</td>
</tr>
<tr>
<td>Marimekko Oy</td>
<td>195</td>
<td>21.1</td>
<td>58,500</td>
<td>199,992</td>
</tr>
<tr>
<td>Auran Panimo Oy</td>
<td>4000</td>
<td>25.0</td>
<td>20,000</td>
<td>400,000</td>
</tr>
</tbody>
</table>

The book values mentioned above are in my opinion somewhat understated as compared to the current values. The purchases have been made on the condition that the company is entitled to claim a redemption of shares after a certain period of time and at a rate in excess of nominal value.

4) Other Investments in Shares

<table>
<thead>
<tr>
<th>Company</th>
<th>No. of shares</th>
<th>Owner-ship %</th>
<th>Nominal value mk</th>
<th>Cost mk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsor Oy</td>
<td>490</td>
<td>2.5</td>
<td>245,000</td>
<td>245,000</td>
</tr>
</tbody>
</table>

Sponsor Oy was founded by Finnish financial institutions for the purpose of financing and marketing technical knowledge, inventions, patents, know-how, etc. Since the nature of this investment differs from that of the normal equity investments, the total amount, mk 245,000, is shown separately in the balance sheet.

5) Property, Equipment and Other Fixed Assets

The property and equipment of the company as at December 31, 1968 consisted of the following items:

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost mk</th>
<th>Accumulated Depreciation mk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and office equipment at Dec. 31, 1967</td>
<td>142,408</td>
<td>76,309</td>
</tr>
<tr>
<td>Additions and depreciations 1968</td>
<td>29,611</td>
<td>30,024</td>
</tr>
<tr>
<td></td>
<td>172,019</td>
<td>106,333</td>
</tr>
<tr>
<td>Automotive equipment at Dec. 31, 1967</td>
<td>27,010</td>
<td>8,103</td>
</tr>
<tr>
<td>Addition and depreciation</td>
<td>5,672</td>
<td></td>
</tr>
<tr>
<td></td>
<td>27,010</td>
<td>13,775</td>
</tr>
<tr>
<td>Total property and equipment</td>
<td>199,029</td>
<td>120,108</td>
</tr>
<tr>
<td>Property and equipment net</td>
<td>78,921</td>
<td></td>
</tr>
</tbody>
</table>

The depreciation scales applied are the maximum scales approved in Finnish taxation. The basis is 30% of the net value of each year's acquisitions. This degressive rate is applied down to a certain level whereafter a fixed percentage is applied. The scales used by the company are as follows:
Depreciation % on cost of acquisition

<table>
<thead>
<tr>
<th></th>
<th>Furniture and Office Equipment</th>
<th>Automotive Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st year</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>2nd year</td>
<td>21%</td>
<td>21%</td>
</tr>
<tr>
<td>3rd year</td>
<td>14.7%</td>
<td>20%</td>
</tr>
<tr>
<td>4th year</td>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>5th year</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>6th year</td>
<td>10.3%</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Other fixed assets at December 31, 1968 were as follows:

- Shares in Kiinteistö Oy Lönnrotinkatu 13 (house corporation) 1,415,566.73 mk
- Improvements of office premises 14,562.36 mk
- Shares in Helsingin Puhelinyhdistys (telephone corporation) 11,000.- mk
  Total: 1,441,129.09 mk

The shares in Kiinteistö Oy Lönnrotinkatu 13 entitle the company to the use of its head office premises at Lönnrotinkatu 13, Helsinki.

The changes which arose during the year in other fixed assets are set forth in the following summary:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 1967</th>
<th>December 31, 1968</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance</td>
<td>mk 1,183,190</td>
<td>mk 1,441,129</td>
</tr>
<tr>
<td>Additions</td>
<td>257,939</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the company's estimate, which I consider fair, the current value of the shares exceeds the book value of mk 1,441,129 by some 100,000 mk.

6) Short-Term Debt

In December 1968, the company was granted short-term credits amounting to mk 7,000,000, at 6 3/4%, by the Bank of Finland to cover disbursements to borrowers of current commitments. This credit was acquired in anticipation of the mk 40,000,000 debenture loan granted by the government, under which withdrawals could not begin until the end of January 1969. The credit was repaid to the Bank of Finland on February 4, 1969. It is shown separately in the Balance Sheet.

7) Long-Term Debt

The long-term debt at December 31, 1968 was made up as follows:
Debt not subordinated

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan from Finnish financial institutions, 6%, due in five equal instalments in 1976-1980</td>
<td>7,500,000.00</td>
</tr>
<tr>
<td>Loan from Finnish financial institutions, 6%, due in five equal instalments in 1979-1983</td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>Loan from Otso insurance company, 7%, due in equal semiannual instalments during 1967-1976; 25% of the loan capital is bound to cost of living index</td>
<td>262,500.00</td>
</tr>
<tr>
<td>International Bank for Reconstruction and Development (IBRD), loan 352 FI, US$7,000,000., of which $6,875,000 at 5½% and $125,000 at 6%, maturing in varying semiannual amounts by October 1, 1979, withdrawn balance</td>
<td>23,960,002.82</td>
</tr>
<tr>
<td>IBRD loan 420 FI, US$14,000,000, 5½%, maturing in varying semiannual amounts by June 1, 1982, withdrawn balance</td>
<td>46,731,557.47</td>
</tr>
</tbody>
</table>

Debentures subordinated to other debt

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>1956 debentures, 6%, repayment on December 31, 2000</td>
<td>4,500,000.00</td>
</tr>
<tr>
<td>II</td>
<td>1963 debentures, 5%, maturing in ten equal annual instalments on December 31, 1994-2003</td>
<td>5,500,000.00</td>
</tr>
<tr>
<td>III</td>
<td>1966 debentures, 5%, maturing in ten equal annual instalments on December 31, 1981-1990</td>
<td>10,000,000.00</td>
</tr>
<tr>
<td>IV</td>
<td>1966 debentures, 6%, total authorized mk 5,000,000.00., maturing in five equal annual instalments on December 31, 1977-1981, issued at December 31, 1968</td>
<td>3,920,000.00</td>
</tr>
<tr>
<td>V</td>
<td>1967 debentures, 6 3/4%, maturing in five equal annual instalments on December 31, 1988-1992</td>
<td>33,920,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>mk</th>
<th>-----------------</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>122,374,060.29</td>
</tr>
</tbody>
</table>

A portion of US$6,424.33 of the withdrawal on Dec. 17, 1968 of IBRD loan 420 FI is not included in the balance stated above. This sum was paid to the company’s account on January 4, 1969.
8) **Reserves**

The reserve for bad debts amounted to mk 3,476,410.52 at December 31, 1968. At that date, no known risks were pertaining to the loans receivable.

The special reserve against exchange losses (see par. A) created during 1965-1968 amounted to mk 326,871.27 at December 31, 1968. In my opinion, this reserve is unrequired.

9) **Retained Earnings**

Below there is a comparison of retained earnings at December 31, 1968 and 1967, respectively, with adjustments which I consider necessary to give a fair presentation of the financial position of the company.

<table>
<thead>
<tr>
<th></th>
<th>1968</th>
<th>1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profits brought forward per balance sheet</td>
<td>52</td>
<td>12</td>
</tr>
<tr>
<td>Add: Adjustment brought forward</td>
<td>295</td>
<td>179</td>
</tr>
<tr>
<td>Add: Profit after taxes as adjusted in B.4</td>
<td>1,108</td>
<td>1,106</td>
</tr>
<tr>
<td>Retained earnings before appropriation</td>
<td>1,455</td>
<td>1,297</td>
</tr>
<tr>
<td>Appropriation of earnings (1968 figures as suggested by the Board of Directors):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemption of Series B shares</td>
<td>(300)</td>
<td>(300)</td>
</tr>
<tr>
<td>Transfer to reserve fund</td>
<td>(120)</td>
<td>(350)</td>
</tr>
<tr>
<td>Dividend on Series A shares</td>
<td>(700)</td>
<td>(300)</td>
</tr>
<tr>
<td>Adjusted unappropriated earnings at December 31</td>
<td>335</td>
<td>347</td>
</tr>
<tr>
<td>Profit carried forward per balance sheet</td>
<td>8</td>
<td>52</td>
</tr>
<tr>
<td>Adjustment carried forward</td>
<td>327</td>
<td>295</td>
</tr>
</tbody>
</table>

10) **Equity**

The company's share capital consists of two series of shares, Series A and Series B. The Series A shares have a voting power of ten votes each, against one vote for each of Series B shares.

The company is, according to its statutes, entitled and liable to redeem 300 Series B shares out of its annual profits on a priority basis. In accordance with Finnish company law, redemption of shares must be made without reducing the share capital. From the remaining net profits, not less than 15% have to be transferred to the reserve fund. After these appropriations, Series A shares have preference on dividend with a maximum of 7%. From the remaining profits, a dividend can be declared on all shares, though not exceeding 3% on Series B shares.
The Series B shares are not entitled to the equity of the company over their unredeemed nominal value. During 1968, 300 shares were redeemed, leaving a remaining value of mk 11,500,000.

The equity of the Series A shares at December 31, 1968, was as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Value (mk 1000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A share capital</td>
<td>14,000</td>
</tr>
<tr>
<td>Redeemed part of Series B share capital</td>
<td>1,500</td>
</tr>
<tr>
<td>Reserve fund:</td>
<td></td>
</tr>
<tr>
<td>at January 1, 1968</td>
<td>1,000</td>
</tr>
<tr>
<td>Transferred from the profits of 1967</td>
<td>350</td>
</tr>
<tr>
<td>Retained earnings (See D.9)</td>
<td>1,455</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>18,305</strong></td>
</tr>
</tbody>
</table>

Net assets per share = 1,308

E. GENERAL

Undisbursed loan commitments amounted to some mk 76,834,000 at December 31, 1968.

Taxes are recorded on an accrual basis. Audits by tax authorities usually cover a period of five years. The last audit took place in 1964, 1963 being the last year audited. The audit caused no additional assessment.

The management has informed me that there are no other material contractual commitments or contingencies outstanding on December 31, 1968, and none were revealed by my audit.

The office furniture and equipment are insured against both fire and theft, in my opinion adequately. Securities, documents, etc. kept in the company's fire-proof vault are not insured.

F. SCOPE OF WORK

As set forth in the first paragraph of my report, my examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances. The supplementary data presented on pages 1-9 was submitted to the same auditing procedures as the enclosed financial statements.
I present below a summary of certain tests and procedures applied in my examination.

Cash on hand was counted, and cash in banks was confirmed in writing.

Government Bonds and share certificates representing equity investments were inspected.

Accruals of interest receivable and payable were test-checked as to correctness of calculation.

Loan balances amounting to mk 73,365,130.-, representing 49.6% of the loans outstanding at October 15, 1968, were confirmed in direct correspondence with the borrowers. Replies were received from all borrowers contacted. Differences disclosed were immaterial and due to different exchange rates used by the company and the borrowers in conversion of loans in foreign currencies. Loans made through other financial institutions were confirmed on December 31, 1968, by written certificates from these institutions.

Collaterals of loans outstanding held by the company were inspected. At the same time, the individual loan accounts were checked to detect arrearages of instalments or interest.

All liabilities of which I gained knowledge in the course of my examination have received appropriate recognition. Long-term debt to International Bank for Reconstruction and Development was reconciled with statements sent by the Bank. Other long-term debt was confirmed in writing or by other means.

The share register of the company was inspected. The redeemed Series B shares were in the company's possession and stamped void.

I made such tests of the transactions relating to interest, commitment charges and other income and interest, pay-rolls and other expenses as I considered necessary with regard to the existing system of internal check and control.
### Statement of Income January 1 - December 31, 1968

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ordinary Expenditure</strong></td>
<td><strong>Ordinary Income</strong></td>
</tr>
<tr>
<td>Interest and Commitment Charges</td>
<td>Interest and Commitment Charges</td>
</tr>
<tr>
<td>Salaries</td>
<td>Other Ordinary Income</td>
</tr>
<tr>
<td>Taxes</td>
<td>Extraordinary Income</td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
</tr>
<tr>
<td>Reserve for Bad Debt</td>
<td></td>
</tr>
<tr>
<td>Other Ordinary Expenditure</td>
<td></td>
</tr>
<tr>
<td><strong>Profit for 1968</strong></td>
<td><strong>Profit for 1968</strong></td>
</tr>
<tr>
<td></td>
<td><strong>1 076 019,63</strong></td>
</tr>
<tr>
<td></td>
<td><strong>1 218 873,11</strong></td>
</tr>
</tbody>
</table>

Helsinki, February 7, 1969

TEUVO AURA
SEppo Konttinen
Toivo Sarvilinna
Onni Särökari
Jaakko Lassila

VEIKKO MAKKONEN
EERO SCHRODERUS
HEIKKI VALVANNE
# Balance Sheet December 31, 1968

## Assets

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td></td>
</tr>
<tr>
<td>Cash and Bank</td>
<td>2,422,976.09</td>
</tr>
<tr>
<td>Balances</td>
<td>41,400.00</td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>1,836,197.07</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>60,137.34</td>
</tr>
<tr>
<td>Other Receivables</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>157,093,528.62</td>
</tr>
<tr>
<td>Reserve for Bad Debt</td>
<td>3,476,410.52</td>
</tr>
<tr>
<td>Equity Investments in Shares</td>
<td>245,000.00</td>
</tr>
<tr>
<td>Other Investments</td>
<td>1,604,992.00</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td>85,006.43</td>
</tr>
<tr>
<td>Increase in 1968</td>
<td>29,610.91</td>
</tr>
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## Liabilities

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## Total

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Helsinki, February 7, 1969

Teuvo Aura

Veikko Makkonen
Eero Schroderus
Heikki Valvanne

Jaakko Lassila
Mr. John H. Adler

William Diamond

March 25, 1969

IBRD/IDA: Lending to Development Finance Companies
by Country and Fiscal Year.

I have today sent the attached to each of the Area Directors, with the following note:

"The attached sums up the projections for the activity of this Department. I think that these correspond (as they should) with your figures. I would be grateful for your confirmation, or correction."

Attachment

WDiamond:us
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<td>Egypt, Jordan, Lebanon are possible.</td>
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**Notes:**
- COG - Company now being developed.
- ECA - EEC and/or national institutions.
- IFD - IDB or EIB.
- Morocco - Chase and Government company.
- Greece - Government-owned EIB.
- Egypt, Jordan, Lebanon are possible.
VPT-091

Barranquilla, Marzo 24/69

Señores
INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
1818 H Street, N. W
Washington D.C. 20433
U. S. A.

At. Dr. B.H. Shin

Apreciado Dr. Shin:

Atendiendo a lo solicitado en su carta de Marzo 10 del presente año, nos place incluirle con ésta el Estado de Pérdidas y ganancias de la Corporación Financiera del Norte en diciembre 31/68 ajustado al modelo suministrado por ustedes, así como también el Balance y Estados Financieros auditados en Diciembre 31/68.

Atentamente,

[Signature]
Vice-Presidente Técnico

ohb.

Anexo: lo anunciado.
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Attn: Mr. M. Shin

Subject: Proposal for Technical Assistance

Attached is a solicitation for an offer to perform a study to assess the feasibility of raising £50,000 to £100,000 to finance the construction of a new hospital in a remote area. The study will determine the feasibility of such a project and provide recommendations for future financing options.

The attached form is to be completed and submitted by 15th March.

Mr. M. Shin

Date: [DD/MM/YYYY]

[Signature]

Technical Assistance

1969 MRR 26 AMJO: 12

COMMUNICATIONS
GENERAL FILES
RECEIVED
FORM. 009
Mr. Chadenet came to see me today at the request of Mr. Aldewereld to give me their view on the Diamond memorandum of March 14 on development finance companies. They agree that, for the present, the DFC Department should handle hotel financing companies because the Tourism Projects Department is not capable of doing so. They believe, however, that some time in the future, maybe a year, maybe two or three, if we have substantial dealings with hotel financing institutions, it would be desirable for a unit to be set up within the Tourism Projects Department to deal specifically with that type of project.

I asked Mr. Chadenet how, in those circumstances, he would deal with multipurpose finance companies which do both industrial and hotel financing. He thought that the allocation might have to be on a pragmatic basis, depending on the predominant activity of the concern. In any event, however, when the Tourism Projects Department was equipped to do so, sub-projects dealing with hotels should be reviewed by it. Mr. Chadenet agreed that, under any such arrangement, the two Departments would have to work very closely together.

RHD:tf

Cleared with Mr. Chadenet
Messrs. Garcia, Gustafson, Pollan, Powell,
Sekse and Southall

F. K. Mathew

New Descriptive Memoranda of Development
Finance Companies Associated with us.

Would you please up-date the descriptive memoranda on the
DFC's under your responsibility on the basis of the latest financial
year-end of the companies (December 31, 1968 for all, except September
DFCS and MDF).

The draft memoranda should be in Mr. Shin's hands by the
end of April.
March 20, 1969

Dr. Ignacio Copete Lizarralde  
President  
Corporacion Financiera Colombiana  
Apartado Aereo 11843  
Bogota, Colombia  

Dear Dr. Copete:

I acknowledge with thanks receipt of your letter of March 14, enclosing one copy each of the Audit report and the Annual report of Colombiana for 1968.

I am very grateful for your prompt response that has enabled us to use the material for the preparation of Colombiana's operational ratios. We are now preparing for a new table showing the operational performance of the development finance companies in 1968 and will be sending you a copy of it as soon as it becomes available.

With kind regards,

Sincerely yours,

B. H. Shin  
Development Finance Companies

cc: Mr. J. Garcia-Rayneri
Mr. P. M. Mathew                                          March 18, 1969

B. H. Shin

Progress Report on my Compilation

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows.

Subject                                                          Material Due         Due Since
1. Project follow-up and end-use supervision
   Colombiana, Nacional and Norte
      Garcia

2. Report on standard form of loan agreement
   between IFC and clients to ensure that the terms of sub-loans are known to us
      DFCC
      Powell
      Requested at Division Chiefs meeting

   The terms of DFCC's standard loan agreement with clients with respect to the protection of Bank's various rights are under correspondence between the Bank and DFCC.

3. Procedures for obtaining investment licenses
   a) Austria, Finland, Greece, Malaysia
      Spain & Turkey
      Gustafson
      Requested in March 1968 at staff meeting

   b) India & Nigeria
      Pollan
      Do

   On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out.

   On Nigeria Mr. Pollan wrote to the NIIB's General Manager, asking for a memorandum on the subject by the end of March.
c) Ceylon, Israel, Korea, Liberia & Philippines

Requested in March 1968 at staff meeting

Powell

d) Ethiopia

Sekse

Do

cc: Division Chiefs
March 18, 1969

Dr. Jose Antonio Correa  
President  
Ecuatoriana de Desarrollo, S.A.  
Compania Financiera  
P. O. Box 111  
Quito, Ecuador  

Dear Don Jose:  

Last year we made a review of the operational performance in 1967 of each of the development finance companies then associated with the World Bank Group. We summarized the results in 16 ratios which, together, gave a significant picture of the behavior of each of the companies. With the specific permission of each of the companies, we circulated a copy of our comparative table to each of the group, strictly for its internal use. We also, on very infrequent occasions give a copy to "legitimate" persons. All but one of the companies have agreed to this. A copy of the 1967 Table is attached for your use.

We are eager to put together a new table for 1968 performance as quickly as possible and to circulate copies of it among the companies. In the new table we naturally want to include the performance of COFIEC. I would like to ask you for your specific permission to do so.

For the preparation of COFIEC's operational ratios we need its financial data in 1968. A copy of the audit report will do. If it is not available by the end of March, would you be good enough to send us your year-end balance sheet and income statement. For the income statement, I attach a form which I hope you will follow as closely as possible. I would be grateful to have it by the end of March.

With kind regards,

Sincerely yours,

William Diamond  
Director  
Development Finance Companies

Attachments

cc: Mr. Garcia

Manuscript
Mr. B.H. Shin  

J. Acevedo-Navas  

"Restrictions" on Sale of IFC's Holdings in DFC's

COLOMBIA

CF Caldas: There are no restrictions on the sale of IFC's shareholding in this Company.

CF Colombiana and CF Nacional: There is a Letter of Intent addressed by IFC to the Board of Directors of each of these companies (dated October 17, 1961 in the case of Colombiana and October 26, 1961 in the case of Nacional - copies attached), stating IFC's intention not to sell any shares without consultations with the Company.

VENEZUELA

CAVENDES: There are no restrictions on the sale of IFC's shareholding in this Company.
Dear Mr. Diamond:

Many thanks for your letter of February 25, 1969, regarding the bibliography of books for development banks which we had sent to you. We have framed this bibliography, taking into account the needs of a development bank. Therefore it covers, besides material on development banking itself, also material on economic growth, industry trends and technical encyclopaedias which would be of use to a development bank in its appraisal work. As you say, therefore, our bibliography should help supplement your own bibliography on development banking.

We would be quite happy to see this material transmitted to other development banks and look forward to benefiting from suggestions for additions made by them.

With my kind regards,

Yours sincerely,

Phiroze B. Medhora
Deputy General Manager

Mr. William Diamond
Director
Development Finance Companies
International Bank for Reconstruction & Development
1818 H Street, N. W.
Washington D. C. 20433
U. S. A.
Dear Mr. Dimond,

Many thanks for your letter of February 25.

I am sending the photostat of books for your perusal. We have taken this step, particularly, because of some developments which might lead to an increase in the material on economic growth and technological change. It is possible that some of the redesign work we have recently undertaken might be useful to you.

We would be quite happy to send you the complete set of these books and look forward to hearing your comments on the material and suggestions for potential use of this material.

With my best regards,

Yours sincerely,

[Signature]

Deputy General Manager

MT. W.M. Dimond
Director
Development Finance Corporation
International Bank for Reconstruction & Development
1818 H Street. N.W.
Washington, D.C. 20433
U.S.A.
March 12, 1969

Mr. Paul Parker
Washington, D.C.

Dear Paul:

I have not forgotten your request for bibliography on securities markets.

We have given some thought to what might be useful to you. Needless to say, there is a world of books and articles on various aspects of the capital market which would be educational and interesting; on the other hand there is nothing that you can keep by your side to answer all the questions you will have when concrete cases are before you.

Our suggestion is that you read some books which will give you a broad background in the British securities market. Attached is a list of books which would be of interest. In addition, you should have, not for reading but for ready reference, a Company Secretary's Manual. Unfortunately, I do not have one on hand to which I can refer you specifically, but I imagine that you will not have difficulty in finding one in Lagos. As I said, this will not be for pleasurable reading, but for reference on specific problems and issues.

I hope this will be of some help to you.

With best regards,

Sincerely yours,

William Diamond
Director
Development Finance Companies

Attachment

cc: Mr. Richards
Mr. Pollan

WDiamond: jm
<table>
<thead>
<tr>
<th>Author</th>
<th>Title</th>
<th>Publisher</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>F.E. Armstrong</td>
<td>The Book of the Stock Exchange</td>
<td>Pitman Publishing London</td>
<td>1949</td>
</tr>
<tr>
<td>Harold Wincott</td>
<td>The Stock Exchange</td>
<td>Sampson Low London</td>
<td>1960</td>
</tr>
<tr>
<td>Paul Ferris</td>
<td>The City</td>
<td>Gollancs London</td>
<td>1960</td>
</tr>
<tr>
<td>Norman Macrae</td>
<td>The London Capital Market</td>
<td>Staples London</td>
<td>1957</td>
</tr>
</tbody>
</table>
Mr. Nicholas A. Gibbs

Douglas J. Fontein

DFC Disbursements

March 12, 1969

I attach hereto a copy of a memorandum from Mr. Diamond to Mr. Cope together with a copy of the draft letter therein referred to. This letter should be sent to PDCP and IFCT. Copies of the letters should be sent to Mr. Rotberg, Mr. Nurick and the appropriate Division Chiefs in the Development Finance Companies Department.

Attachments:

DJFontein:gwh

cc: Mr. Goodman/Mr. Street
Mr. Jochen Kraske

Douglas J. Fontein

DFC Disbursements

I attach hereto a copy of a memorandum from Mr. Diamond to Mr. Cope together with a copy of the draft letter therein referred to. This letter should be sent to KDFC and CDC. Copies of the letters should be sent to Mr. Rotberg, Mr. Nurick and the appropriate Division Chiefs in the Development Finance Companies Department.

Attachments:

DJFontein:gwh

cc: Mr. Goodman/Mr. Street
March 11, 1969

Mr. D. Kotsonis
Manager
Investment Bank
8, Omirou Street
Athens, Greece

Dear Mr. Kotsonis:

You asked me when I was in Athens if I could suggest any material of a general nature on development finance companies. You mentioned your interest in financial policy aspects, particularly, and whether anything had been published by the World Bank dealing with its experience of the operations of development finance companies associated with the Bank Group.

I believe that the enclosed essays give some very interesting views on the subjects you mentioned. The editor, as well as most, of the authors are known to you from your visit to Washington last year. I hope that you will find the book interesting and that some of the aspects, both of policy and operations, which are described will be found appropriate to your own experiences at the Investment Bank.

Yours sincerely,

Christopher Lethbridge
Development Finance Companies

Encl.

C\Lethbridge: bda
March 11, 1969

Société Nationale d'Investissement

69, avenue Habib Bourguiba
Tunis, Tunisia

Gentlemen:

Currency used for Loan Disbursements

As you are aware, the currency provisions of the Loan Regulations of the World Bank, which are applicable to all loan agreements, require that reasonable efforts be made by the borrower to assure that goods and services financed under the loan be paid in the currency of the country from which they are acquired.

Section 3.02 of the Loan Regulations gives the Bank the option to disburse the loan either in those currencies or in U.S. dollars.

Section 3.03 of the Regulations requires the borrower to repay to the Bank the actual currency which was disbursed by the Bank, except if that currency was purchased by the Bank with another currency for the purpose of disbursement; in such a case, the borrower is required to pay the currency used by the Bank for that purpose.

Since early 1964, the Bank, as a matter of administrative convenience, has, in fact, disbursed or used for the purchase of other currencies only U.S. dollars under its loans to Development Finance Companies. This procedure has been simple for us and no doubt simple for the Development Finance Companies themselves. Recently, however, the Bank's lending to Development Finance Companies has increased substantially and is likely to continue to do so. In these circumstances, the simple procedure of using only U.S. dollars either for direct disbursement or for the purchase of other currencies disbursed is becoming an obstacle to the most effective use of the Bank's funds in various currencies. As a consequence, the practice of using only U.S. dollars to purchase other currencies required for disbursement of loans to Development Finance Companies will be discontinued on March 31, 1969 and thereafter the Bank will purchase the currencies to be disbursed with whatever currencies it has available for this purpose.
We have given some thought as to whether this new procedure should be applied both in respect of subprojects for which amounts have been already credited to the Loan Account and in respect of subprojects credited to the Loan Account after March 31, 1969.

We should prefer to use the new procedure in respect of the first as well as the second category. We realize, however, that the terms on which you have already made loan commitments with your borrowers might make this procedure embarrassing to you. If, therefore, you would like us to continue to apply the old procedure in respect of subprojects credited to the Loan Account prior to March 31, 1969, we would be prepared to do so provided that you let us know by cable not later than that date.

Sincerely yours,

[Signature]

H. P. Benjck
Europe, Middle East and North Africa Department
March 10, 1969

Mr. Mohamed Benkiran
Director General
Banque Nationale pour le Developpment Economique
Boite Postale 107
Rabat, Morocco

My dear Mr. Benkiran:

Last fall we sent you and the other development finance companies associated with the World Bank Group a Table showing Comparative Operational Ratios of Development Finance Companies in 1967. The companies thought the tabulation was useful and some of them told us that they would be preparing their own ratios for their own use on a regular basis.

We are eager to put together a new tabulation on the 1968 performance of the companies, and to circulate copies of it to you. In 1967 we respected your wish and omitted BNDE's performance for the Table. I hope you will have a different view this year. If this is the case, I would appreciate your letting me know.

With kind regards,

Sincerely yours,

William Diamond
Director
Development Finance Companies

cc: Mr. Tazi

Mr. Pollan

[Signature]
March 10, 1969

Mr. A. Gasem Kheradjou
Managing Director
Industrial and Mining Development Bank
of Iran
133 Shiraz Street
Tehran, Iran

Dear Mr. Kheradjou:

Last fall we sent you and the other development finance companies associated with the World Bank Group a Table showing Comparative Operational Ratios of Development Finance Companies in 1967. The companies thought the tabulation was useful and some of them told us that they would be preparing their own ratios for their own use on a regular basis.

We are eager to put together a new table for 1968 performance as quickly as possible and to circulate copies of it among the companies without delay. I would like to suggest that each company send us the basic data as soon as they are available. A copy of audit report will do for this purpose. In case it is not yet available by the end of April, I suggest you to send us your year-end balance sheet and income statement. Especially as for income statement, I am attaching a form in the hope that you will follow it as closely as possible. I would appreciate it greatly if you send us the data by the end of April.

With kind regards,

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Southall

B. H. Shin
March 10, 1969

Mr. H. F. G. Leembruggen
General Manager
Malaysian Industrial Development
Finance Berhad
P. O. Box 2110
Kuala Lumpur, Malaysia

Dear Mr. Leembruggen:

Last fall we sent you and the other development finance companies associated with the World Bank Group a Table showing Comparative Operational Ratios of Development Finance Companies in 1967. The companies thought the tabulation was useful and some of them told us that they would be preparing their own ratios for their own use on a regular basis.

We are eager to put together a new table on 1968 performance of the companies as quickly as possible and to circulate copies of it among the companies without delay. I would like to suggest that each company send us the basic data as soon as they are available. A copy of audit report will do for this purpose. In case it is not yet available by the end of April, I suggest you to send us your year-end balance sheet and income statement. Especially as for income statement, I am attaching a form in the hope that you will follow it as closely as possible. I would appreciate it greatly if you send us the data by the end of April.

With kind regards,

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Gustafson

EHShin:er
OFFICE MEMORANDUM

TO: Mr. Richard H. Demuth
FROM: George Kalmanoff
DATE: March 10, 1969

SUBJECT: Selected Basic Data on Development Finance Companies

As a supplement to my memos and accompanying data of March 7 and February 14, 1969, I am attaching herewith certain additional basic data which have been made available by the Development Finance Companies Department. These should be useful in preparation for the discussions with that Department. They consist of the following:

1) Memo on Sources of Finance of Development Finance Companies as of December 31, 1967; this contains considerable explanatory detail related to the tabular material submitted with my earlier memos; it should be noted, however, that the attached is based on balance sheet data of the companies; the data submitted with my earlier memos consist of new resources that became available, though they were not necessarily utilized in the sense of being incorporated into the companies' balance sheets.

2) Table on Aggregate Financial Assistance of Development Finance Companies by Industry from Commencement through 1967.

3) Table on Annual Financial Commitments of Development Finance Companies from Commencement through 1967.

Encl.

cc: Mr. Kamarck
Mr. Gaud, Mrs. Boskey, Mr. Lipkowitz
ITEM 2
INTERNATIONAL FINANCE CORPORATION
OFFICE MEMORANDUM

TO: Mr. William Diamond
FROM: B. H. Shin
SUBJECT: Sources of Finance of Development Finance Companies as of December 31, 1967

DATE: July 25, 1968

1. The attached table brings up to December 31, 1967, the information presented in the similar table prepared last year; showing from what sources, in what form and to what extent the development finance companies associated with us obtained financial resources.¹/

Borrowing vs. Equity

2. Needless to say, borrowing is a predominantly important way of raising funds for the development finance companies. Of the twenty-six companies listed in the table, twenty-two obtained more than half of their total resources through borrowing; nine more than three-quarters. These companies and their debt proportions are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Borrowing as % of Total Resources</th>
<th>Change over Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. IVK</td>
<td>90.8</td>
<td></td>
</tr>
<tr>
<td>2. ICIGI</td>
<td>89.8</td>
<td>+</td>
</tr>
<tr>
<td>3. TSKB</td>
<td>88.6</td>
<td></td>
</tr>
<tr>
<td>4. PICIC</td>
<td>88.4</td>
<td>+</td>
</tr>
<tr>
<td>5. IMDBI</td>
<td>86.7</td>
<td></td>
</tr>
<tr>
<td>6. IFF</td>
<td>86.7</td>
<td>+</td>
</tr>
<tr>
<td>7. BANDESCO</td>
<td>86.2</td>
<td>-</td>
</tr>
<tr>
<td>8. CDC</td>
<td>83.9</td>
<td></td>
</tr>
<tr>
<td>9. BNDE</td>
<td>79.0</td>
<td>+</td>
</tr>
<tr>
<td>10. IFCT</td>
<td>74.0</td>
<td></td>
</tr>
<tr>
<td>11. PDCP</td>
<td>72.1</td>
<td>+</td>
</tr>
<tr>
<td>12. Colombiana</td>
<td>71.9</td>
<td>+</td>
</tr>
<tr>
<td>13. Norte</td>
<td>69.6</td>
<td>+</td>
</tr>
<tr>
<td>14. DFCC</td>
<td>67.5</td>
<td>*</td>
</tr>
<tr>
<td>15. Valle</td>
<td>67.1</td>
<td>+</td>
</tr>
<tr>
<td>16. MIDF</td>
<td>65.4</td>
<td>+</td>
</tr>
<tr>
<td>17. Nacional</td>
<td>65.3</td>
<td>-</td>
</tr>
<tr>
<td>18. Caldas</td>
<td>62.7</td>
<td>+</td>
</tr>
<tr>
<td>19. BIDI</td>
<td>62.7</td>
<td>+</td>
</tr>
<tr>
<td>20. SNI</td>
<td>59.5</td>
<td>+</td>
</tr>
</tbody>
</table>

¹/ By financial resources is meant to include paid-in share capital, reserves and surplus, and all debt, short, medium and long-term including deposits accepted.

* Became associated with us in 1967.
3. Of the twenty-two companies listed above, fourteen indicate an increase in debt proportion over the previous year—a familiar pattern of increasing leverage.

4. Seven companies experienced rather a decline in debt proportion for different reasons. Five companies, namely: IVK, TSKB, IMDBI, IFCT and Nacional, are accounted for mainly by relatively fast increases in paid-in share capital that took place in 1967. IVK increased the paid-in share capital by 81.8%, TSKB by 30%, IMDBI by 50%, IFCT by 55.9% and Nacional by 8%, respectively. Of the remaining two, BANDESCO is accounted for by an increase in reserves and surplus faster than that in debt. In the case of CDC, it repaid a large sum of the AID loan, thus increasing relative proportion of equity.

Private Sources

5. The contribution of private sources, both domestic and foreign combined, to the financial resources of the companies has continued to be modest. Of the twenty-six companies, only eight have been provided with more than half of their total resources by private sources. BANDESCO received the largest proportion from private sources—90.7%. Next comes NIBID with 70.8%, followed by IVK with 65.5%, CAVENDES with 64.9%, Norte with 60.1%, Colombiana with 57.7% and Caldas with 57.6%.

6. Taking private domestic sources alone, only two companies received from them more than half of their total resources, namely: BANDESCO (64.9%) and NIBID (55.5%), while six received between a quarter and a half: Caldas (47.7%), IVK (42.1%), Valle (32.6%), Nacional (28.0%), Norte (27.5%) and SHI (26.2%).

7. It is interesting to note that the proportion of private domestic sources increased in eleven companies in 1967. They are as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>1967</th>
<th>1966</th>
<th>Increase (% Points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>IVK</td>
<td>42.1</td>
<td>32.6</td>
<td>5.5</td>
</tr>
<tr>
<td>CDC</td>
<td>11.3</td>
<td>8.9</td>
<td>2.4</td>
</tr>
<tr>
<td>Nacional</td>
<td>28.0</td>
<td>25.7</td>
<td>2.3</td>
</tr>
<tr>
<td>Valle</td>
<td>32.6</td>
<td>29.6</td>
<td>3.0</td>
</tr>
<tr>
<td>IFP</td>
<td>21.0</td>
<td>17.0</td>
<td>4.0</td>
</tr>
<tr>
<td>ICICI</td>
<td>8.8</td>
<td>5.5</td>
<td>3.3</td>
</tr>
<tr>
<td>IMDBI</td>
<td>10.3</td>
<td>9.7</td>
<td>0.6</td>
</tr>
</tbody>
</table>
One of the reasons for the increases was an increase in paid-in-share capital derived largely from private domestic sources. As stated above, IVK, Nacional, IMBDI, IFC and TSKB increased paid-in-share capital during 1967. Another reason was an increase in borrowings from private domestic sources. IVK increased its short-term borrowings from domestic financial institutions while ICICI, Nacional, Valle and CAVENDES resorted to bond issues for raising capital from domestic sources. IFF received a second loan from its shareholders - private financial institutions.

8. As regards foreign private sources, four companies derived more than a quarter of total resources from them: CAVENDES (46.0%), Colombiana (32.9%), Norte (32.6%) and IDBI (28.3%).

Local Government

9. Local governments and their agencies provided financial assistance to all companies except for FDCP. There are nine companies having more than half of total resources financed by the government or its agencies, namely: DFCC (75.6%), BID (70.6%), DDE (65.1%), NIDB (64.8%), LBIDI (59.6%), IMDBI (56.1%), Valle (52.5%), MIDF (52.2%) and SNB (51.6%). Eleven other companies received from the government or its agencies between a quarter and a half of total resources: TSKB (42.7%), Nacional (42.6%), IFC (41.6%), ICICI (39.3%), Caldas (35.5%), CDC (33.4%), Colombiana (32.4%), IDBI (32.0%), Norte (29.4%), IFF (27.1%) and ENDE (25.4%).

10. In addition to the provision of direct financial assistance, local governments helped development finance companies to borrow resources through guaranteeing the repayment of principal and interest. There were three sources of funds relating to the government guarantee. The government guarantee is a pre-requisite for all IBRD loans made to development finance companies. The Kreditanstalt für Wiederaufbau has obtained government guarantees on its loans to ICICI, IFC and LBIDI. The Government of Morocco guaranteed the two issues of long-term bonds issued by ENDE and taken

---

1/ In Colombia, financieras are allowed to issue bonds to clients who discount them to insurance companies for raising needed capital. For financieras the bonds issue is a form of long-term lending. However, the results are the same as the financieras first issue bonds to insurance companies and raise loanable funds from which they make long-term loans to clients.

2/ Including managed loans representing 34.1% of total resources.

3/ Including administered funds representing 3.7% of total resources.

4/ LBIDI had no loans outstanding as at December 31, 1967.
up by Moroccan insurance companies and banks. As at December 31, 1967 fourteen of the twenty-six companies had the benefit of government guarantee, of which eight companies derived more than a quarter of total resources under the government guarantee: BNDE (57.4%), IFF (49.9%), PDCP (49.3%), PICIC (47.8%), ICICI (46.6%), IFCT (31.1%), CDC (30.3%), and IMDBI (26.8%).

11. Fourteen companies derived more than half their total resources from local governments and government guaranteed sources taken together, they are as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Total Resources</th>
<th>Local Government Direct Assistance</th>
<th>Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. ICICI</td>
<td>85.9</td>
<td>39.3</td>
<td>46.6</td>
</tr>
<tr>
<td>2. DEE</td>
<td>85.3</td>
<td>65.1</td>
<td>20.2</td>
</tr>
<tr>
<td>3. IMDBI</td>
<td>82.9</td>
<td>56.1</td>
<td>26.8</td>
</tr>
<tr>
<td>4. BNDE</td>
<td>82.8</td>
<td>25.4</td>
<td>57.4</td>
</tr>
<tr>
<td>5. IFF</td>
<td>77.0</td>
<td>27.1</td>
<td>49.9</td>
</tr>
<tr>
<td>6. DFCC</td>
<td>75.6</td>
<td>75.6</td>
<td>-</td>
</tr>
<tr>
<td>7. IFCT</td>
<td>72.7</td>
<td>41.6</td>
<td>31.1</td>
</tr>
<tr>
<td>8. MIDF</td>
<td>72.3</td>
<td>52.2</td>
<td>20.1</td>
</tr>
<tr>
<td>9. BIDI</td>
<td>70.6</td>
<td>70.6</td>
<td>-</td>
</tr>
<tr>
<td>10. NIDB</td>
<td>64.8</td>
<td>64.8</td>
<td>-</td>
</tr>
<tr>
<td>11. CDC</td>
<td>63.7</td>
<td>33.4</td>
<td>30.3</td>
</tr>
<tr>
<td>12. SNI</td>
<td>62.4</td>
<td>51.6</td>
<td>10.8</td>
</tr>
<tr>
<td>13. LBIDI</td>
<td>59.6</td>
<td>59.6</td>
<td>-</td>
</tr>
<tr>
<td>14. PICIC</td>
<td>56.8</td>
<td>10.5</td>
<td>47.8</td>
</tr>
</tbody>
</table>

This table does not include cases in which local governments relent to finance companies loans obtained from foreign governments and IDA. Almost all loans made by foreign government agencies to the companies as will be discussed below, and five IDA credits, one to CDC and four to TSKB, belong to this category.

Foreign Governments

12. The involvement of foreign governments and their agencies in financial assistance to the development finance companies is extensive. Of the twenty-six companies, eighteen obtained financial assistance from foreign governments and their agencies 1/. However, generally the proportion of such

1/ Including the Inter-American Development Bank for Colombiana, the Central Bank for Ivory Coast and five other West African countries for BIM, the European Investment Bank for TSKB.
assistance has been small. There is only one company with such assistance reaching more than a quarter of total resources, namely: PICIC (30.1%). This does not include, however, loans granted by local governments to develop finance companies from counterpart funds generated from U.S. aid.

The World Bank Group

The impact of financial assistance of the World Bank Group to the development finance companies has generally increased. Fifteen companies experienced increases in resources provided by the World Bank Group. They are as follows:

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<tr>
<th>Proportion (%) of Total Resources</th>
<th>1967</th>
<th>1966</th>
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<tr>
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<td>Bank/</td>
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<td>13. MIDF</td>
<td>20.1</td>
<td>3.5</td>
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<td>14. Caldas</td>
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<td>15. IDBI</td>
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Two companies derived more than half of total resources from the World Bank Group, namely: BNB (53.6%) and IFF (50.4%). Six companies received largely in the form of loans between a quarter and a half: PDCP (49.3%), PICIC (48.1%), CDC (44.0%), ICICI (41.7%), TSKB (33.2%) and IMDBI (26.8%). (It should be noted that the figures, taken from balance sheets, show disbursements less repayments, and take no account of undisbursed commitments.) IFC had made equity investments in sixteen companies as of December 31, 1967, and the proportion of its equity investment to total resources was modest. In only LBIBM (13.1%) did IFC investments amount to more than 10% of total resources.
### SOURCES OF FINANCE OF DEVELOPMENT FINANCE COMPANIES
#### AS OF DECEMBER 31, 1967

(Expressed as % of total resources)  

<table>
<thead>
<tr>
<th>Company &amp; Resources Provided</th>
<th>By: Domestic</th>
<th>Foreign</th>
<th>Government(s)</th>
<th>World Bank Group</th>
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* Indicates that the total exceeds 100% due to rounding.
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<td>Borrowing</td>
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<td>46.0</td>
<td>11.0</td>
<td>16.1</td>
<td>100.0</td>
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</table>

1/ Total resources consist of "borrowing" and "equity"; for the definition of the terms see footnote 3/ and 4/.

2/ Including Central Bank and Government controlled institutions.

3/ By the term "borrowing," used throughout in this table, is meant short-, medium- and long-term borrowing, bonds and debentures, deposits accepted and managed funds, outstanding at the end of financial year.
4/
By the term "equity," used throughout in this table, is meant paid-in share capital, including preference shares, reserves and surplus outstanding at the end of financial year.
5/
As of March 31, 1968.
6/
Representing Inter-American Development Bank.
7/
As of December 31, 1966.
8/
Less than 0.05%.
9/
As of March 20, 1968.
10/
Including the managed funds representing 34.1% of total resources.
11/
Including enterprises jointly owned by private domestic and foreign investors.
12/
As of September 30, 1967.
13/
May include small foreign shareholders.
14/
Including the Central Bank for the Ivory Coast and five other West African countries.
15/
Excluding managed loans.
16/
Including administered funds representing 3.7% of total resources.
17/
Including EIB loan representing 9.1% of total resources.
\*
Estimate
* Do not add up to total because of rounding.
## Item 11

### Aggregate Financial Assistance of Development Finance Companies by Industry from Commencement through 1967

<table>
<thead>
<tr>
<th>Institution</th>
<th>Period of Operations</th>
<th>Industries Financed</th>
<th>Amount (2/) (US$ millions)</th>
<th>Percent of Total</th>
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<tbody>
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<td>IVK - Austria</td>
<td>1957-1967</td>
<td>Building</td>
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<td>Clothing</td>
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<td>Communications</td>
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<td>7</td>
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<td>2</td>
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<td></td>
<td>Saw Mills &amp; Wood Processing</td>
<td>2.68</td>
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<td>8</td>
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<tr>
<td></td>
<td></td>
<td>Trade &amp; Other</td>
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<td>7</td>
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<td></td>
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<td>Total Loan Commitments</td>
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| DFCC - Ceylon       | 1956-1967/68\(a/\)   | Beverages                                                | 0.14                          | 5.2              |
|                     |                      | Building Materials                                        | 0.87                          | 10.4             |
|                     |                      | Clothing                                                 | 1.12                          | 13.3             |
|                     |                      | Electrical Products                                       | 0.67                          | 8.0              |
|                     |                      | Engineering                                              | 0.65                          | 7.7              |
|                     |                      | Large Scale Agriculture                                  | 0.56                          | 6.7              |
|                     |                      | Metal Products                                            | 0.24                          | 2.8              |
|                     |                      | Misc. Chemical Products                                   | 1.09                          | 12.9             |
|                     |                      | Misc. Food Preparations                                  | 0.51                          | 6.1              |
|                     |                      | Printing & Packaging                                     | 0.49                          | 5.8              |

**General Note:**

1. All figures are gross amounts before cancellations except in the case of IFF, NIBID and BIDI.
2. Converted at effective exchange rates prevailing at December 31, 1967.

\(a/\) Up to March 31, 1968.
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<thead>
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<th>Institution</th>
<th>Period of Operations</th>
<th>Industries Financed</th>
<th>Amount (US$ millions)</th>
<th>Percent of Total</th>
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<td>Textiles</td>
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<td></td>
<td>Textiles and Apparel</td>
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</table>

a/ Up to August 31, 1968.
b/ Breakdown by industry not available.
c/ Outstanding as of June 30, 1968.
<table>
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<th>Institution</th>
<th>Period of Operations 1/</th>
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<td>Leather Products</td>
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a/ Up to August 31, 1968.
b/ Breakdown by industry not available.
c/ Up to December 31, 1967
d/ Outstanding as of December 31, 1967.
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2/ Amount outstanding as of December 31, 1967.
3/ Outstanding as of December 31, 1967 and including DBE's investment in subsidiary company.
4/ Up to June 30, 1968.
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\(a/\) Up to March 31, 1968.

\(b/\) Up to June 30, 1968.
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a/ Outstanding as at December 31, 1967; breakdown by industry not available.

b/ Up to January 31, 1968.

c/ Up to June 30, 1968.
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a/ Up to March 31, 1968.
b/ Breakdown by industry not available.
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</table>

a/ Up to June 30, 1968.
b/ Breakdown by industry not available.
<table>
<thead>
<tr>
<th>Institution</th>
<th>Period of Operations</th>
<th>Industries Financed</th>
<th>Amount (US$ million)</th>
<th>Percent of Total</th>
</tr>
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<tbody>
<tr>
<td></td>
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<td></td>
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<td>Paper, Rubber, Wood</td>
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<td>Iron &amp; Steel</td>
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<td>Others</td>
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<td><strong>Total Loan &amp; Equity Commitments</strong></td>
<td>67.80</td>
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</table>

| IFCT - Thailand | 1960-1967            | Metal Mining           | 0.47                 | 3.1              |
|                 |                      | Food                   | 2.23                 | 15.1             |
|                 |                      | Tobacco                | 0.71                 | 4.8              |
|                 |                      | Textile                | 0.81                 | 5.5              |
|                 |                      | Wood                   | 0.58                 | 3.9              |
|                 |                      | Paper & Paper Products | 0.40                 | 2.7              |
|                 |                      | Pulp, Paper & Paperboard | 1.26 | 8.5  |
|                 |                      | Rubber Products        | 0.32                 | 2.2              |
|                 |                      | Chemicals & Chemical Products | 0.72 | 4.9  |
|                 |                      | Products of Petroleum & Coal | 0.04 | 0.3  |
|                 |                      | Non-Metallic Mineral Products | 0.72 | 4.9  |
|                 |                      | Basic Metal Industries  | 1.37                 | 9.3              |
|                 |                      | Metal Products         | 0.79                 | 5.4              |
|                 |                      | Machinery              | 0.15                 | 1.0              |
|                 |                      | Electrical Machinery & Appliances | 0.24 | 1.6  |
|                 |                      | Transport Equipment    | 0.07                 | 0.5              |
|                 |                      | Miscellaneous Manufacturi ng | 0.20 | 1.4  |
|                 |                      | Construction           | 0.38                 | 2.6              |
|                 |                      | Storage & Warehousing  | 0.94                 | 6.4              |
|                 |                      | Personal Services      | 2.31                 | 15.2             |
|                 |                      | **Total Loan Commitments** | 14.74 | 100.0 |
|                 |                      | Equity Investments & Guarantees | 0.30 |  |
|                 |                      | **Grand Total**        | 15.04                |                  |

* Industry breakdown not available.
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<thead>
<tr>
<th>Institution</th>
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<th>Percent of Total</th>
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<td></td>
<td>Plastics</td>
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<tr>
<td></td>
<td>Wood Products</td>
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<td>9.0</td>
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<td>Machine &amp; Engineering</td>
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<td>Jute Bags</td>
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<td>Textile &amp; Apparel</td>
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<td><strong>Total Loan &amp; Equity Approvals</strong></td>
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<td>Amount (US$ million)</td>
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<td>Paper &amp; Printing</td>
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<td>Grand Total</td>
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Aggregate Total (Loans & Equity Investments) 1,975.87 $1/
(Guarantees, Underwritings & other) 41.65

Grand Total 2,017.52

1/ For a few companies guarantees and underwritings are included.
A Summary of Aggregate Loans and Equity Investments

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<tr>
<th>Industries Financed</th>
<th>Total Amount (in millions US$)</th>
<th>Percent</th>
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<tbody>
<tr>
<td>1) Food manufacturing, beverages &amp; tobacco</td>
<td>239.12</td>
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<td>2) Textiles, including jute processing</td>
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<td>3) Footwear, other wearing apparel, &amp; made-up textile goods</td>
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<tr>
<td>4) Wood, cork &amp; wood products</td>
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<td>5) Paper &amp; paper products</td>
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<tr>
<td>6) Printing, publishing &amp; allied industries</td>
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<td>7) Leather &amp; leather products except footwear &amp; other apparel</td>
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<tr>
<td>8) Rubber products</td>
<td>22.19</td>
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<tr>
<td>9) Chemicals &amp; chemical products</td>
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<td>10) Mining, petroleum and coal</td>
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<td>12) Basic metal industries</td>
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<td>13) Metal products &amp; machinery</td>
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<td>14) Electrical apparatus, appliances &amp; supplies</td>
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<td>15) Transport equipment</td>
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<td>2.2</td>
</tr>
<tr>
<td>16) Ceramics, glass &amp; earthenware</td>
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<td>17) Construction &amp; building materials</td>
<td>54.98</td>
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<tr>
<td>19) Power &amp; Energy</td>
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<td>20) Communications</td>
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<td>21) Tourism</td>
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<td>22) Fisheries</td>
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<td>23) Shipping</td>
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<td>24) Agriculture &amp; livestock</td>
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<tr>
<td>25) Miscellaneous industries</td>
<td>41.73</td>
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<tr>
<td>26) Equity investment whose breakdown by industry is not available</td>
<td>$1,901.36</td>
<td>100.0</td>
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$1,975.87

1/ Includes underwritings for MIDF and guarantees for IFCT.

IBRD/DFC

November 14, 1968
### Item 11

#### Annual Financial Commitments

of Development Finance Companies from Commencement through 1967

(As US$ millions)

<table>
<thead>
<tr>
<th>Sub-total</th>
<th>Up to End Fiscal Year 1961</th>
<th>1962</th>
<th>1963</th>
<th>1964</th>
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<tbody>
<tr>
<td>Loans</td>
<td>Equity</td>
<td>Other</td>
<td>Total</td>
<td>Loans</td>
</tr>
<tr>
<td>Sub-total</td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. Figures are not net of amount withdrawn and cancelled with a few exceptions.
2. Fiscal year ends March 31.
3. Figures include managed funds.
4. CMVB = Corporaciones de Finanzas de Vida y de Banca, three Colombian companies, and CNERA, the two Venezuelan insurance companies.
5. Inter-America = Interamericana.
7. Figures for 1963, exception of Colombia. For LBIDI, BANDESC and IMDBI, US dollars effective exchange rates used; up to end 1962, Dec. $ 9.77 to $ 1; for 1963, Dec. $ 9.99 to $ 1; and for 1964, Dec. $ 12.30 to $ 1.
8. For LBIDI, BANDESC, IMDBI, NIDB, NIDB, CDC, IMDBI, CMVB, and CNERA, the term "instituciones" means contracts signed. For LBIDI, BANDESC, IMDBI, NIDB, CDC, IMDBI, CMVB, and CNERA, it means approval.
9. Representing guarantees and underwritings. In the case of IMDBI, indirect loans are included net in the case of Colombian Financial acceptances.
10. Fiscal year ends March 31 each year.
11. Including guarantees.
12. IMDBI's fiscal year ends March 30 each year.
13. Commitments include managed funds.
14. Through end of 1963, exchange rates were used: up to and including 1962, Dec. $ 9.77 to $ 1; for 1963, Dec. $ 9.99 to $ 1; and for 1964, Dec. $ 12.30 to $ 1.
15. For commencement up to the end of 1964.

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**Equity**

- Colombia: BIDB = Banca de Desarrollo Bancaria.
- Colombia: CMVB = Corporaciones de Finanzas de Vida y de Banca.
- Colombia: CNERA = Corporaciones Nacionales de Seguros de Aseguradoras y Reaseguradoras.
- Colombia: ACMB = Corporaciones de Crédito Múltiple de Banca.
- Colombia: CIB = Corporaciones de Crédito de Inversión y Banca.
- Colombia: CMVB = Corporaciones de Crédito Múltiple de Banca.
- Colombia: CNERA = Corporaciones Nacionales de Seguros de Aseguradoras y Reaseguradoras.
- Colombia: ACMB = Corporaciones de Crédito Múltiple de Banca.
- Colombia: CIB = Corporaciones de Crédito de Inversión y Banca.
- Colombia: CMVB = Corporaciones de Finanzas de Vida y de Banca.
- Colombia: CNERA = Corporaciones Nacionales de Seguros de Aseguradoras y Reaseguradoras.

**Other**

- Colombia: BIDB = Banca de Desarrollo Bancaria.
- Colombia: CMVB = Corporaciones de Finanzas de Vida y de Banca.
- Colombia: CNERA = Corporaciones Nacionales de Seguros de Aseguradoras y Reaseguradoras.
- Colombia: ACMB = Corporaciones de Crédito Múltiple de Banca.
- Colombia: CIB = Corporaciones de Crédito de Inversión y Banca.
- Colombia: CMVB = Corporaciones de Finanzas de Vida y de Banca.
- Colombia: CNERA = Corporaciones Nacionales de Seguros de Aseguradoras y Reaseguradoras.
- Colombia: ACMB = Corporaciones de Crédito Múltiple de Banca.
- Colombia: CIB = Corporaciones de Crédito de Inversión y Banca.
- Colombia: CMVB = Corporaciones de Finanzas de Vida y de Banca.
- Colombia: CNERA = Corporaciones Nacionales de Seguros de Aseguradoras y Reaseguradoras.

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**Notes:**

* = less than $ 0.1 million
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<tr>
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<tr>
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<tr>
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<tr>
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<tr>
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<tr>
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<td></td>
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<tr>
<td>Western Hemisphere</td>
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<tr>
<td>Colombia</td>
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<tr>
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<td>Grand total</td>
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</tr>
</tbody>
</table>

Note: Data may not be accurate or complete due to the use of n.a. for certain countries and years. For a more detailed analysis, consult the original sources or the report for further details.

Source: The data is derived from the report "Annual Financial Commitments of Development Finance Companies from Governmental Sources through 1967 (Cont'd)".
March 10, 1969

Mr. L. A. Weerasinghe
General Manager
Development Finance Corporation
of Ceylon
P. O. Box 1397
Third Floor - Haras Building
York Street
Colombo, Ceylon

Dear Mr. Weerasinghe:

Last fall we sent you and the other development finance companies associated with the World Bank Group a Table showing Comparative Operartional Ratios of Development Finance Companies in 1967. The companies thought the tabulation was useful and some of them told us that they would be preparing their own ratios for their own use on a regular basis.

We are eager to put together a new table for 1968 performance as quickly as possible and to circulate copies of it among the companies without delay. I would like to suggest that each company send us the basic data as soon as they are available. A copy of audit report will do for this purpose. In case it is not yet available by the end of April, I suggest you to send us your year-end balance sheet and income statement. Especially as for income statement, I am attaching a form in the hope that you will follow it as closely as possible. I would appreciate it greatly if you send us the data by the end of April.

With kind regards,

Sincerely yours,

B. H. Shin
Development Finance Companies

Enclosures

cc: Mr. Powell
BShin:er
March 10, 1969

Messrs. Bart, Hartwich, Horsley, Richardson, Springuel

M. P. Benjenk

DFC Disbursements

Will you please have prepared a letter as per the attached model for the Development Banks for which you are responsible. The letters should reach this office by Tuesday afternoon.

Attachment

MPH/ls.
TO: Mr. S. R. Cope

FROM: William Diamond

SUBJECT: DFC Disbursements

Here is the draft letter we discussed, as revised and agreed by the Legal Department.

I attach 6 copies of this memo and of the draft letter, one for each Area Department:

a. Alter would send the identical letter to each of the five Colombian financieras.

b. Cargill would send it to IMDBI, PICIC, ICICI and DFCG.

c. Chaufournier would send it to NIDB.

d. El Emary need send no letter, but might want a copy for information.

e. Goodman would send it to KDFC, CDC, PDCP and IFCT. A separate letter would be needed for MIDF; but as only a trivial amount of money is involved (less than $200,000), it is best to forget it.

f. Lejeune would send the identical letter to IFF, NIBID, SNi, BNDE and TSKB. He might send a slightly different letter to TSKB because an undisbursed IDA credit is involved there, but the remaining amount of this is trivial and we might as well forget it.

It would be desirable to get the letter out early next week.

Attachments.

cc: Messrs. Aldewereld

       Rotberg

       Nurick/Sella with the letter

       Each DFC Division Chief

WDiamond: cbb
CURRENCY USED FOR LOAN DISBURSEMENTS

As you are aware, the currency provisions of the Loan Regulations of the World Bank, which are applicable to all loan agreements, require that reasonable efforts be made by the borrower to assure that goods and services financed under the loan be paid in the respective currency of the countries from which they are acquired.

Section 3.02 of the Loan Regulations gives the Bank the option to disburse the loan either in those currencies or in U.S. dollars.

Section 3.03 of the Regulations requires the borrower to repay to the Bank the actual currency which was disbursed by the Bank, except if that currency was purchased by the Bank with another currency for the purpose of disbursement; in such a case, the borrower is required to pay the currency used by the Bank for that purpose.

Since early 1964, the Bank, as a matter of administrative convenience, has, in fact, disbursed or used for the purchase of other currencies only U.S. dollars under its loans to Development Finance Companies. This procedure has been simple for us and no doubt simple for the Development Finance Companies themselves. Recently, however, the Bank's lending to Development Finance Companies has increased substantially and is likely to continue to do so. In these circumstances, the simple procedure of using only U.S. dollars either for direct disbursement or for the purchase of other currencies disbursed is becoming an obstacle to the most effective use of the Bank's funds in various currencies. As a consequence, the
practice of using only U.S. dollars to purchase other currencies required for disbursement of loans to Development Finance Companies will be discontinued on March 31, 1969 and thereafter the Bank will purchase the currencies to be disbursed with other currencies it holds, whenever appropriate.

We have given some thought as to whether this new procedure should be applied both in respect of subprojects for which amounts have been already credited to the Loan Account and in respect of subprojects credited to the Loan Account after March 31, 1969.

We should prefer to use the new procedure in respect of the first as well as the second category. We realize, however, that the terms on which you have already made loan commitments with your borrowers might make this procedure embarrassing to you. If, therefore, you would like us to continue to apply the old procedure in respect of subprojects credited to the Loan Account prior to March 31, 1969, we would be prepared to do so provided that you let us know by cable not later than that date.

Sincerely yours,
Mr. P. M. Mathew

B. H. Shin

Progress Report on my Compilation

March 3, 1969

In accordance with your memorandum of June 1st, 1968, on the subject, I report as follows.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Colombiana, Nacional and Norte</td>
<td>Garcia</td>
<td>Requested on April 26 at staff meeting</td>
</tr>
<tr>
<td>2. Report on standard form of loan agreement between IFC and clients to ensure that the terms of sub-loans are known to us</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) IMDBI</td>
<td>Southall</td>
<td>Requested at Division Chief's meeting</td>
</tr>
<tr>
<td>Division requested Bank lawyer to review loan agreement for the above purpose.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) DFCC</td>
<td>Powell</td>
<td>Do</td>
</tr>
<tr>
<td>The terms of DFCC's standard loan agreement with clients with respect to the protection of Bank's various rights are under correspondence between the Bank and DFCC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Procedures for obtaining investment licenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Austria, Finland, Greece, Malaysia Spain &amp; Turkey</td>
<td>Gustafson</td>
<td>Requested in March at staff meeting</td>
</tr>
<tr>
<td>b) India &amp; Nigeria</td>
<td>Pollan</td>
<td>Do</td>
</tr>
</tbody>
</table>

On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out shortly.
c) Ceylon, Israel, Korea, Liberia
& Philippines

Powell
Requested in
March at staff
meeting

d) Ethiopia

Sekse
Do

e) Iran

Southall
Do

cc: Division Chiefs

EHShinner
international institute for educational planning

7, rue Eugène-Delacroix, Paris-16°

WITH THE COMPLIMENTS OF THE DIRECTOR

Assistant

Mr. Coombs had asked me to send you a copy of this letter.
Dear George,

Many thanks for your letter of 14 February regarding our case study of the Chilean cost-benefit study. You were very good to take time to read the draft, but you were wrong in assuming that it was too far along for suggestions. We certainly intend to revise it again before submitting it to AID by the contract deadline of June 30. So if you can find the time, I'll guarantee that any comments you send will be taken very seriously.

You have a good point about the authors, and I am glad to have your encouragement to state their names, which we will certainly do.

The Bank has cooperated thoroughly with us in the whole project, opening their files and reviewing drafts—so that part is cared for.

Cordially,

Philip H. Coombs

Mr. George Tobias,
Program Advisor,
The Ford Foundation,
55 Lodi Estate,
New Delhi 3, India.
Dear [Name],

Thank you for your letter of April 1st regarding our continued efforts to improve the efficiency of the system. I am very glad to hear of your progress and your willingness to resolve any issues that arise. We are confident that by working together, we can achieve the best possible results.

I am happy to hear that you have a good rapport with the customers and I am eager to have your assistance in making improvements. We will definitely consider your suggestions.

The team has been working hard and we are making progress. Continue your efforts and we will see positive results in the near future.

Yours sincerely,

[Your Name]
February 20, 1969

Neil C. Hughes (through Mr. García Rayneri)

Updating of Reference Material: Investments of DFCs in Financial Intermediaries, Promotion Companies and Subsidiaries

Investments in Financial Intermediaries

Colombia

Nacional has acquired an interest in Ecuatoriana de Desarrollo S.A. (COFIEC) amounting to S/29 million (2.1% of total equity). Financiera Centroamericana (FICENTRO) of Panama, is a subsidiary of CF Colombiana, which owns 60% of its shares.

Proposals for New Investments in Financial Intermediaries

Colombia

Caldas has decided to drop its scheme for selling equities from its portfolio through a system of participation certificates to be redeemed on demand at par. IFC was consulted, and advised Caldas against the idea. The company had earlier attempted unsuccessfully to sell groups of shares from its portfolio to the public.

Venezuela

Cia. Venezolana de Desarrollo (CAVENDES) has cancelled its plan to stabilize the market for its own bonds through the intercession of a fund created for this purpose. IFC was approached, but responded negatively and urged CAVENDES to drop the idea. CAVENDES has also not pursued its plan for establishing a mutual fund.

Investments in Promotion Companies

Colombia

All five of the financieras are engaged to varying degrees in promotional activities, which include such areas as petrochemicals, fishing, mining, agriculture, manufacturing, and most recently, tourism. The latter involved investments by Norte, Valle, IFC, and other partners in HUTURISMO, an enterprise whose purpose is to promote the development of tourism in Colombia. In addition, Colombiana is involved in a joint venture with CAVENDES in S.A. Colombo Venezolano, to promote industrial projects involving both Colombia and Venezuela. Nacional, Colombiana, Caldas, and Valle are liquidating their investments in Sociedad Promotora para el Desarrollo Azucarero Ltda. The promotion of new sugar mills envisaged by the financieras was unsuccessful due to market conditions. A complete list of companies is attached.
Venezuela

Besides its partnership with Colombiana, CAVENDES has been participating in feasibility studies which involved a foundry project, African palm cultivation, and the manufacturing of replacement parts for the petroleum industry. During the past year, CAVENDES decided to discontinue its venture into the tin plate industry through Hojalata de Venezuela. This decision followed the expansion of government-controlled Siderurgica del Orinoco into tin plate production sufficient to meet the national demand.

Subsidiaries

Colombia

In addition to the above mentioned Colombo Venezolano and FICENTRO investments, Colombiana has a 71% interest in Calkes y Cementos de Toluviejo S.A. The company has recently begun production. Norte has a 50.2% interest in Conganado S.A., a producer of livestock; as well as an 80% interest in one of its promotions, Promotora Industrial de Cartagena Ltda. Caldas has a majority shareholding in 14 firms in which it has substantial investments, as well as in 9 other entities which are in the planning stage. With the exception of a single promotional enterprise (Cia. Minera Atlas), the other 22 are manufacturing or processing firms.

NCHughes/mq

cc: Division

Attachments
<table>
<thead>
<tr>
<th>Name</th>
<th>Purpose</th>
<th>Share Capital (Col$ 000)</th>
<th>% of Total Share Capital Subscribed</th>
</tr>
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<tbody>
<tr>
<td><strong>CF CALDAS</strong></td>
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<tr>
<td>Cia. Minera Atlas</td>
<td>Promotion of new mining company</td>
<td>6,100</td>
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<td>Consorcio de Corporaciones Financieras para el Desarrollo Petroquímico Ltda. (CCFDP)</td>
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<tr>
<td>Consorcio Pesquero Colombiano</td>
<td>Promotion of fishing industry</td>
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<td>S.A. Colombo Venezolano</td>
<td>Promotion of various enterprises</td>
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<td>CCFDP</td>
<td>Promotion of new enterprises in petrochemical field</td>
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<td>100.0</td>
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<td><strong>CF VALLE</strong></td>
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<tr>
<td>Consorcio Pesquero Colombiano</td>
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<td>Compañía de Desarrollo de Hoteles y Turismo (Hoturismo)</td>
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<tr>
<td>Name</td>
<td>Purpose</td>
<td>Share Capital (Col$ 000)</td>
<td>% of Total Share Capital Subscribed</td>
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<td>CCFDP</td>
<td>Promotion of new enterprises in the petrochemical field</td>
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<td>Promotora Industrial de Cartagena</td>
<td>Promotion of industrial enterprises</td>
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<td>Promotora Pesquera S.A.</td>
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<td>Consorcio Pesquero Colombiano</td>
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<td>Promotion of fishing industry</td>
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<td>Promotora Siderúrgica de Colombia</td>
<td>Promotion of metal working industry</td>
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<td>CCFDP</td>
<td>Promotion of petrochemical enterprises</td>
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<td>100</td>
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<tr>
<td>Hoturismo</td>
<td>Promotion of tourism</td>
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<td>100</td>
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<td>Centro de Investigaciones Tecnológicas de la Costa</td>
<td>Technical studies</td>
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Mr. P. M. Mathew

B. H. Shin

Progress Report on my Compilation

February 17, 1969

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows.

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<td>between IFC and clients to ensure that the</td>
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<td>terms of sub-loans are known to us</td>
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<td></td>
</tr>
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<td>a) MIDF</td>
<td>Gustafson</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>A standard form of loan and other credit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>agreements have been received from MIDF and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>review of the relevant provisions is being</td>
<td></td>
<td></td>
</tr>
<tr>
<td>made.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) IMDBI</td>
<td>Southall</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>Division requested Bank lawyer to review loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>agreement for the above purpose.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) DFCC</td>
<td>Powell</td>
<td>Do</td>
</tr>
<tr>
<td>The terms of DFCC's standard loan agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>with clients with respect to the protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of Bank's various rights are under correspondence between the Bank and DFCC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Procedures for obtaining investment licenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Austria, Finland, Greece, Malaysia, Spain &amp;</td>
<td>Gustafson</td>
<td>Requested in March at staff meeting</td>
</tr>
<tr>
<td>Turkey</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
b) India & Nigeria

Pollan
Requested in March at staff meeting

On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out shortly.

c) Ceylon, Israel, Korea, Liberia & Philippines

Powell
Do

d) Ethiopia

Sekse
Do

e) Iran

Southall
Do

4. Investments by Development Finance Companies in Financial Intermediaries, Promotion Companies and Subsidiaries

Garcia
Requested on September 19, by Mr. Mathew's Memorandum

cc: Division Chiefs
Mr. Richard H. DeMuth

George Kalmanoff

February 14, 1969

Bank Group Assistance to Development Finance Companies, Compared to Other New Resources Mobilized by the Companies.

Attached are some self-explanatory data on the subject supplied by the Development Finance Companies Department. As you can see, the projections for 1969-1973 cover the approximately $850 million of Bank Group assistance to 25 companies currently associated with the Bank Group. Work is proceeding on the remaining sum of about $650 million projected as Bank Group assistance to companies not associated with the Bank Group at present.

Actual Bank Group assistance of $491 million in the fiscal years 1964-1966 was associated with the mobilisation of $645 million by the Development Finance Companies from other sources; projected Bank Group assistance of $852 million in the fiscal years 1969-1973 is associated with $1,047 million from other sources. The breakdown is as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Group</td>
<td>491</td>
<td>852</td>
</tr>
<tr>
<td>Other Sources</td>
<td>645</td>
<td>1,047</td>
</tr>
<tr>
<td>Domestic</td>
<td>389</td>
<td>500</td>
</tr>
<tr>
<td>Public</td>
<td>206</td>
<td>182</td>
</tr>
<tr>
<td>Private</td>
<td>183</td>
<td>408</td>
</tr>
<tr>
<td>Foreign</td>
<td>256</td>
<td>457</td>
</tr>
<tr>
<td>Public</td>
<td>176</td>
<td>399</td>
</tr>
<tr>
<td>Private</td>
<td>74</td>
<td>58</td>
</tr>
</tbody>
</table>

The following points are noteworthy: Bank Group assistance is more important relative to other sources in the projections than in the past figures; and domestic private capital and foreign public capital loom much larger in the projections than in the past.

Attachments

cc: Mr. Kamarck, Mrs. Boskey
<table>
<thead>
<tr>
<th>To Handle</th>
<th>Note and File</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriate Disposition</td>
<td>Note and Return</td>
</tr>
<tr>
<td>Approval</td>
<td>Prepare Reply</td>
</tr>
<tr>
<td>Comment</td>
<td>Per Our Conversation</td>
</tr>
<tr>
<td>Full Report</td>
<td>Recommendation</td>
</tr>
<tr>
<td>Information</td>
<td>Signature</td>
</tr>
<tr>
<td>Initial</td>
<td>Send On</td>
</tr>
</tbody>
</table>

**Remarks**

Attached are several extra copies in case you wish to distribute them.

I have sent a copy to Shirley Boskey.

*Copy sent to RHBO*

From: S. Kalmanoff
OFFICE MEMORANDUM

TO: Mr. Richard H. Demuth
DATE: February 14, 1969
FROM: George Kalmanoff
SUBJECT: Bank Group Assistance to Development Finance Companies, Compared to Other New Resources Mobilized by the Companies

Attached are some self-explanatory data on the subject supplied by the Development Finance Companies Department. As you can see, the projections for 1969-1973 cover the approximately $850 million of Bank Group assistance to 25 companies currently associated with the Bank Group. Work is proceeding on the remaining sum of about $650 million projected as Bank Group assistance to companies not associated with the Bank Group at present.

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<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Group</td>
<td>491</td>
<td>852</td>
</tr>
<tr>
<td>Other Sources</td>
<td>645</td>
<td>1,047</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>389</td>
<td>590</td>
</tr>
<tr>
<td>Public</td>
<td>206</td>
<td>182</td>
</tr>
<tr>
<td>Private</td>
<td>183</td>
<td>408</td>
</tr>
<tr>
<td>Foreign</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>256</td>
<td>457</td>
</tr>
<tr>
<td>Private</td>
<td>78</td>
<td>58</td>
</tr>
</tbody>
</table>

The following points are noteworthy: Bank Group assistance is more important relative to other sources in the projections than in the past figures; and domestic private capital and foreign public capital loom much larger in the projections than in the past.

Attachments

c: Mr. Kamarck, Mrs. Boskey
OFFICE MEMORANDUM

TO: Mr. George Kalmanoff

FROM: P. M. Mathew

DATE: February 13, 1969

SUBJECT: Bank Group Assistance to Development Finance Companies in Comparison to Other New Resources

I am attaching part of data on the subject which we have discussed the other day. This is concerned with 25 companies currently associated with the Bank Group. Please treat this as a very preliminary draft.

As for the rest, that is, on the development finance companies that may become associated with the Bank Group during 1969-73 period, I will be sending them shortly.

Attachments

cc: Division Chiefs

BHShiner
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Domestic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Public</td>
<td>68</td>
<td>24</td>
<td>40</td>
<td>18</td>
<td>56</td>
<td>24</td>
<td>32</td>
<td>40</td>
<td>38</td>
<td>48</td>
</tr>
<tr>
<td>(b) Private</td>
<td>37</td>
<td>28</td>
<td>49</td>
<td>31</td>
<td>38</td>
<td>57</td>
<td>60</td>
<td>94</td>
<td>88</td>
<td>109</td>
</tr>
<tr>
<td>Total</td>
<td>105</td>
<td>52</td>
<td>89</td>
<td>49</td>
<td>94</td>
<td>81</td>
<td>92</td>
<td>134</td>
<td>126</td>
<td>157</td>
</tr>
<tr>
<td>II. Foreign</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Public 2/</td>
<td>40</td>
<td>21</td>
<td>28</td>
<td>32</td>
<td>57</td>
<td>62</td>
<td>72</td>
<td>97</td>
<td>67</td>
<td>101</td>
</tr>
<tr>
<td>(b) Bank Group</td>
<td>63</td>
<td>135</td>
<td>74</td>
<td>158</td>
<td>61</td>
<td>180</td>
<td>141</td>
<td>203</td>
<td>161</td>
<td>167</td>
</tr>
<tr>
<td>(c) Private</td>
<td>16</td>
<td>14</td>
<td>21</td>
<td>15</td>
<td>12</td>
<td>5</td>
<td>11</td>
<td>9</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>119</td>
<td>170</td>
<td>123</td>
<td>205</td>
<td>130</td>
<td>217</td>
<td>224</td>
<td>309</td>
<td>251</td>
<td>278</td>
</tr>
<tr>
<td>Grand Total</td>
<td>224</td>
<td>222</td>
<td>212</td>
<td>254</td>
<td>224</td>
<td>328</td>
<td>316</td>
<td>443</td>
<td>377</td>
<td>435</td>
</tr>
</tbody>
</table>

General Note:  
I. Figures represent the sum of the corresponding amounts of 25 companies (their list attached) out of the 27 companies with which the World Bank Group is currently associated. 
II. Table shows only new resources secured or projected to be secured during the period. Thus, the resources already secured before 1964 and used as revolving funds are not reflected. 
III. Year ends June 30. However for CDC, ICICI, IDBI, BIDI, ENDE, NIDB, PICIC, SNI, IFCT and CAVENDES, "Actual" year represents calendar year while "Projected" year represents one ending June 30. For five Colombian finance companies both "Actual" and "Projected" years represent calendar year.  
1/ Using estimates for five Colombian finance companies. 
2/ Including retained earnings. 
3/ Including multilateral financing institutions other than the World Bank Group.
LIST OF 25 DEVELOPMENT FINANCE COMPANIES
WHOSE FIGURES ARE COMBINED IN TABLE

1. Development Finance Corporation of Ceylon
2. China Development Corporation
3. Corporacion Financiera de Caldas (Colombia)
4. Corporacion Financiera Colombiana (Colombia)
5. Corporacion Financiera Nacional (Colombia)
6. Corporacion Financiera del Norte (Colombia)
7. Corporacion Financiera del Valle (Colombia)
8. Teollistamisrahasto Oy - Industrialization Fund of Finland
10. The Industrial Credit and Investment Corporation of India Limited
11. Industrial and Mining Development Bank of Iran
12. Industrial Development Bank of Israel Limited
13. Banque Ivoirienne de Developpement Industriel (Ivory Coast)
14. Korea Development Finance Corporation
15. The Liberian Bank for Industrial Development and Investment
16. Malaysian Industrial Development Finance Berhad
17. Banque Nationale pour le Developpement Economique (Morocco)
18. Nigerian Industrial Development Bank Limited
19. Pakistan Industrial Credit and Investment Corporation Ltd.
20. Private Development Corporation of the Philippines
21. Banco del Desarrollo Economico Espanol (Spain)
22. Industrial Finance Corporation of Thailand
23. Societe Nationale D'Investissement (Tunisia)
24. Turkiye Sinai Kalkinma Bankasi A.S. (Turkey)
25. C. A. Venezolana de Desarrollo (Venezuela)
Mr. Takahasi

P. M. Mathew

February 13, 1969

Bank Group Assistance to Development Finance Companies
in Comparison to Other New Resources

I am attaching data on the subject which we have discussed the other day. This is concerned with 25 companies currently associated with the Bank Group. Please treat this as a very preliminary draft.

Attachments

E.G. Shingler
Mr. George Kalmanoff

P. M. Mathew

Bank Group Assistance to Development Finance Companies in Comparison to Other New Resources

February 13, 1969

I am attaching part of data on the subject which we have discussed the other day. This is concerned with 25 companies currently associated with the Bank Group. Please treat this as a very preliminary draft.

As for the rest, that is, on the development finance companies that may become associated with the Bank Group during 1969-73 period, I will be sending them shortly.

Attachments

c: Division Chiefs

BHShin:ex
Mr. F. M. Mathew

B. N. Shin

Progress Report on my Compilation

February 3, 1969

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Colombiana, Nacional, Norte, Valle &amp; CAVENDES</td>
<td>Garcia</td>
<td>Requested on April 26 at staff meeting</td>
</tr>
</tbody>
</table>

Mr. Garcia prepared a memorandum on June 7, on the subject. However, he is to revise it on the basis of forthcoming missions to these companies.

2. Report on standard form of loan agreement between IFC and clients to ensure that the terms of sub-loans are known to us

a) MIDF | Gustafson | Requested at Division Chiefs meeting |

A standard form of loan and other credit agreements have been received from MIDF.

b) IMDBI | Southall | Requested at Division Chiefs meeting |

division requested Bank lawyer to review loan agreement for the above purpose.

c) DFCC | Powell | Do |

The terms of DFCC's standard loan agreement with clients with respect to the protection of Bank's various rights are under correspondence between the Bank and DFCC.
3. Procedures for obtaining investment licenses
   a) Venezuela
   b) Austria, Finland, Greece, Malaysia, Spain & Turkey
   c) India & Nigeria

   On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out shortly.

   d) Ceylon, Israel, Korea, Liberia & Philippines
   e) Ethiopia
   f) Iran

4. Investments by Development Finance Companies in Financial Intermediaries, Promotion Companies and Subsidiaries

   Garcia

   Requested on September 19, by Mr. Mathew’s Memorandum

cc: Division Chiefs
Bruce M. Cheek

January 31, 1969

P. M. Mathew

DFC Lending Program

I refer to your memo of January 30 on the above subject, to your Division Chiefs.

May I draw your attention to the "program" (attached) circulated by the Programming and Budgeting Department on January 23, and which includes the same figures for your Area as in the attachment to your memo. This would indicate that the figures are "binding" until revised.
Western Africa Department, Division Chiefs

Bruce M. Cheek

January 30, 1969

DFC Lending Program

I am attaching a draft lending program for Development Finance Companies in West African countries during FY 1969-73. It was prepared in December-January by Mr. Diamond and his staff, and discussed both with Mr. Chaufournier and myself, and separately with you. The figures are not binding on us, they are, however, a good starting point for the work we are doing for the February-March lending reviews for FY 1970-71. I think they are of an appropriate order of magnitude, given the uncertainties we have in several countries concerning the possibilities for Development Bank lending.

cc: Mr. Diamond
Mr. de Wilde

BMCheek:hp
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ghana</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>-</td>
<td>6</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Ivory Coast -</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>5</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>BIDIL *</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>2</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Liberia - LHIDL *</td>
<td>-</td>
<td>2</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Nigeria - MIDB *</td>
<td>6</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>10</td>
<td>26</td>
<td>1969 loan already negotiated; Board scheduled for February.</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>10</td>
<td>Main possibilities are Cameroon, Mali and Sierra Leone</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6</td>
<td>2</td>
<td>19</td>
<td>6</td>
<td>25</td>
<td>58</td>
<td></td>
</tr>
</tbody>
</table>

* Present borrowers

IBRD/DFC
January 15, 1969
January 29, 1969

Mr. William Diamond, Director
Development Finance Companies
International Bank for Reconstruction
and Development
1818 H. Street, N.W.
Washington, D.C. 20433

Dear Bill:

Thanks for sending up the material on the China Development Corporation and the National Investment Bank for Industrial Development of Greece. This is exactly what you promised and I found it interesting.

I hope to talk further with you either in Washington or New York.

I sent your material to my partner, Dries Woudhuysen, who is interested in the subject also. I hope you may be able to meet with one or both of us.

Kindest regards,

Sincerely,

Walter P. Stern

WPS/mc
BERNHARD AND COMPANY

January 25, 1963

Dear Mr. Willem van Exteren,

Please find enclosed a copy of the letter from the Development Assistance Committee of the Netherlands regarding the D.R. M. remained in the Netherlands.

I trust you will agree with the content of the letter and I hope you will be able to act upon it.

Yours sincerely,

[Signature]

1963/Jan/31

Ms/WI
On January 24 I sent you a tabulation of the past and prospective operations and financial performance of the Development Finance Corporation of Ceylon. Attached is such a tabulation for the Pakistan Industrial Credit & Investment Corporation.

Please note that the record of actual performance is on a calendar year basis (which is PICIC's fiscal year), while the projections are on a July 1-June 30 basis (which is our fiscal year). As in the case of DFCC, the PICIC projections were prepared by PICIC and the tabulation comes entirely from material already available here.

Attachment

WDiamond:us

#### (in millions of PRs.)

**I. BALANCE SHEET**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Demand Deposits</td>
<td>20.60</td>
<td>34.89</td>
<td>32.41</td>
<td>52.64</td>
<td>63.63</td>
</tr>
<tr>
<td>Intermediate Investments</td>
<td>17.00</td>
<td>15.30</td>
<td>21.63</td>
<td>26.26</td>
<td>31.36</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>24.00</td>
<td>22.00</td>
<td>21.63</td>
<td>31.36</td>
<td>35.73</td>
</tr>
<tr>
<td>Leases</td>
<td>11.62</td>
<td>16.95</td>
<td>20.34</td>
<td>18.45</td>
<td>22.91</td>
</tr>
<tr>
<td>Foreign Currency</td>
<td>248.43</td>
<td>272.00</td>
<td>414.15</td>
<td>522.95</td>
<td>637.18</td>
</tr>
<tr>
<td>Domestic Currency</td>
<td>14.40</td>
<td>11.30</td>
<td>9.78</td>
<td>17.06</td>
<td>22.91</td>
</tr>
<tr>
<td>Equity Investments (at cost)</td>
<td>27.00</td>
<td>22.00</td>
<td>20.04</td>
<td>27.00</td>
<td>74.40</td>
</tr>
<tr>
<td>Loans &amp; Equity Investments</td>
<td>325.60</td>
<td>352.25</td>
<td>422.90</td>
<td>488.35</td>
<td>537.81</td>
</tr>
<tr>
<td>Fixed Assets (net)</td>
<td>325.60</td>
<td>352.25</td>
<td>422.90</td>
<td>488.35</td>
<td>537.81</td>
</tr>
<tr>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>LIABILITY AND CAPITAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>14.41</td>
<td>20.41</td>
<td>23.77</td>
<td>25.12</td>
<td>25.34</td>
</tr>
<tr>
<td>Foreign Currency</td>
<td>248.43</td>
<td>272.00</td>
<td>414.15</td>
<td>522.95</td>
<td>637.18</td>
</tr>
<tr>
<td>Domestic Currency</td>
<td>14.40</td>
<td>11.30</td>
<td>9.78</td>
<td>17.06</td>
<td>22.91</td>
</tr>
<tr>
<td>Loans (of which IME/IMA Loans)</td>
<td>118.57</td>
<td>136.70</td>
<td>126.98</td>
<td>212.40</td>
<td>269.27</td>
</tr>
<tr>
<td>Domestic Currency</td>
<td>65.00</td>
<td>64.50</td>
<td>64.95</td>
<td>74.00</td>
<td>83.06</td>
</tr>
<tr>
<td>Total Debt</td>
<td>339.59</td>
<td>375.20</td>
<td>410.53</td>
<td>538.45</td>
<td>520.06</td>
</tr>
<tr>
<td></td>
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<tr>
<td>Equity</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Share Capital</td>
<td>40.00</td>
<td>40.00</td>
<td>40.00</td>
<td>40.00</td>
<td>40.00</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>10.90</td>
<td>10.90</td>
<td>10.90</td>
<td>10.90</td>
<td>10.90</td>
</tr>
<tr>
<td>Total Equity</td>
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**II. MEASURES**

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**Notes**

1/ As of June 30, 1968. Income statement covers the first six months' operations only.
2/ Commitment means a contract signed on Loans, equity investments and underwritings.
3/ On an annual basis.
4/ Does not include underwritings.
6/ Income does not include underwritings.
7/ Does not include underwritings.
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<td>21.78</td>
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<td>(1.49)</td>
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<td>(1.49)</td>
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You asked, two weeks ago, for a tabulation for one development bank of data on past and future finance and operations, comparable to those you had done for the World Bank.

Attached is a set of tables on the Development Finance Company of Ceylon, covering the five past years and the coming five years. I shall have another set on the Pakistan Industrial Credit and Investment Corporation in a day or so.

All the data in the tables are available here; the projections are those provided by the company. We could do a similar compilation for about 23 of the 27 companies.

Perhaps at our next meeting we could discuss its content and utility.

Attachment

WDiamond:us
II.

### BALANCE SHEET

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<td>23.23</td>
<td>24.49</td>
<td>23.95</td>
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### LIABILITIES AND CAPITAL

| Permanent Liabilities | 1.50 | 1.76 | 1.70 | 1.82 | 1.95 |
| Debt | - | - | - | - | - |
| Foreign Currency | (of which PERE/IIEA Loans) | - | - | - | - | - |
| Domestic Currency | (of which Gov't/Central Bank Loans) | 20.95 | 22.75 | 23.23 | 24.49 | 23.95 |
| **Total Loans** | 20.95 | 22.75 | 23.23 | 24.49 | 23.95 |
| Equity | Share Capital | 7.12 | 7.12 | 7.12 | 7.12 | 7.12 |
| Retained Earnings | 3.07 | 3.07 | 3.07 | 3.07 | 3.07 |
| **Total Equity** | 10.19 | 10.19 | 10.19 | 10.19 | 10.19 |

### INCOME STATEMENT

| Income from | 1.22 | 1.22 | 1.22 | 1.22 | 1.22 |
| Interest | - | - | - | - | - |
| Guarantee & Underwriting | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 |
| **Total Income** | 1.37 | 1.37 | 1.37 | 1.37 | 1.37 |

### EXPENSES

| Administrative | 0.26 | 0.26 | 0.26 | 0.26 | 0.26 |
| Financial | 0.11 | 0.11 | 0.11 | 0.11 | 0.11 |
| **Total Expense** | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 |

### NET INCOME BEFORE TAX

| 1.10 | 1.10 | 1.10 | 1.10 | 1.10 |
| **Net Profit After Tax** | 0.90 | 0.90 | 0.90 | 0.90 | 0.90 |

### BD TSNE

| Number of Commitments | 26 | 26 | 26 | 26 | 26 |
| Amount Committed | 1.39 | 1.39 | 1.39 | 1.39 | 1.39 |
| **Total Employees** | 7 | 7 | 7 | 7 | 7 |

### DEVELOPMENT FINANCE CORPORATION OF CEYLON


(In millions of Cey. Rs.)

**Notes**

- Projected cash and deposits include accrued income and delinquent.
- Including Special Reserve Fund Investments.
- Net of Provision for Losses.
- Including Directors' fees, legal fees and refinance charges.
- Continues to mean a contract signed.
- Debt includes guarantees.

**II. INCOME STATEMENT**

**Notes**

- Debit includes guarantees.
- Net of Provision for Losses.
- Projected cash and deposits include accrued income and delinquent.
- Including Special Reserve Fund Investments.
- Net of Provision for Losses.
- Including Directors' fees, legal fees and refinance charges.
- Continues to mean a contract signed.
- Debt includes guarantees.

**III. BD TSNE**

**Notes**

- Debit includes guarantees.
- Net of Provision for Losses.
- Projected cash and deposits include accrued income and delinquent.
- Including Special Reserve Fund Investments.
- Net of Provision for Losses.
- Including Directors' fees, legal fees and refinance charges.
- Continues to mean a contract signed.
- Debt includes guarantees.

**III. BD TSNE**

| Number of Commitments | 26 | 26 | 26 | 26 | 26 |
| Amount Committed | 1.39 | 1.39 | 1.39 | 1.39 | 1.39 |
| **Total Employees** | 7 | 7 | 7 | 7 | 7 |

**January 21, 1969**
## DEVELOPMENT FINANCE COMPANY OF CEYLON

### II. Sources and Application of Funds, 1964 - 1968 and 1969 - 1973

**Notes:**
- Certain items are given on a "net" basis, thus the totals are not comparable with those for projected columns.
- Includes estimated provisions for losses.
- Includes change in Special Reserve Fund Investments.
- Includes accrued income and dividends.

#### Sources

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</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td>1.77</td>
<td>3.86</td>
<td>1.39</td>
<td>2.66</td>
<td>2.93</td>
<td>13.05</td>
<td>13.72</td>
<td>16.14</td>
<td>17.81</td>
<td>20.05</td>
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</table>

#### Application

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<td><strong>Actual</strong></td>
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<td>Increase in Fixed Assets</td>
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<td>Loss Disbursements:</td>
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<tr>
<td>Foreign Currency</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>1.50</td>
<td>25.30</td>
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<td>Domestic Currency</td>
<td>1.48</td>
<td>1.83</td>
<td>1.07</td>
<td>3.03</td>
<td>3.74</td>
<td>8.00</td>
<td>10.60</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
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<tr>
<td><strong>Total</strong></td>
<td>1.48</td>
<td>1.83</td>
<td>1.07</td>
<td>3.03</td>
<td>3.74</td>
<td>8.00</td>
<td>10.60</td>
<td>8.00</td>
<td>8.00</td>
<td>8.00</td>
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<tr>
<td>Equity Investments</td>
<td>.2 /</td>
<td>.23 /</td>
<td>.11 /</td>
<td>.20 /</td>
<td>1.05</td>
<td>1.30</td>
<td>.50</td>
<td>.90</td>
<td>1.00</td>
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<td>Repayments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Currency Borrowings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.00</td>
<td>1.00</td>
<td>6.25</td>
</tr>
<tr>
<td>Domestic Currency Borrowings</td>
<td>-</td>
<td>-</td>
<td>.69</td>
<td>.45</td>
<td>1.00</td>
<td>3.00</td>
<td>3.45</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td><strong>Total Application</strong></td>
<td>1.77</td>
<td>3.86</td>
<td>1.39</td>
<td>2.66</td>
<td>2.93</td>
<td>13.05</td>
<td>13.72</td>
<td>16.14</td>
<td>17.81</td>
<td>20.05</td>
</tr>
</tbody>
</table>

**IBRD/DFC**

January 23, 1969
Managing Director


Dear Mathew,

Many thanks for your letter of January 16, 1969 and copies of Mr. Shin's "Descriptive Memorandum" on IMDBI which were duly received. Although I had meant Muramatsu's report in "grey cover" only, I well understand your reasoning and appreciate very much your prompt response to my request.

With best personal regards,

Yours sincerely,

A. Gasem Kheradjou

Mr. P.M. Mathew,
Deputy Director,
Development Finance Companies,
International Bank for Reconstruction
and Development,
1818 H Street, N.W.,
Washington, D.C. 20433,
U.S.A.
Development Banks in Western Africa

I. This note covers the following countries:

A. French-speaking:

- Mauritania
- Mali
- Senegal
- Guinea
- Ivory Coast
- Togo
- Dahomey
- Upper Volta
- Niger
- Cameroon
- Chad
- Central African Republic
- Gabon
- Congo (Brazzaville)

B. English-speaking:

- Gambia
- Sierra Leone
- Liberia
- Ghana
- Nigeria

II. Existing development banks

To our knowledge, there exists at least one development bank in each of the above-mentioned countries with the exception of Guinea and Gambia.

A. Institutions in which CCCE participates:

See attached Annex 15 of CCCE's Annual Report for 1967 which lists the 14 institutions of the area (and one bank in Madagascar) in which CCCE holds an investment. CCCE's total investment in these 14 banks amounts to CAF 1,757 million or FF 35.14 million.
CCCE's average participation is 22.3% of total paid-in capital. The remainder of the capital is held by the respective governments (average 56.9%) and by other shareholders, mainly the two Central Banks (BCEAO and BCEACG) and Banque Francaise du Commerce Extérieur (average 18.8% of capital).

With two exceptions, mentioned below, all the institutions operate very much in the same way. They are making short-, medium-, and long-term loans to finance the acquisition of a wide range of equipment. The sectors of activity include agriculture, housing, consumer credit (for appliances, automobiles, etc.) and industry including small industry and artisanat. The institutions are expected to make profits only to the extent necessary to build up adequate reserves against their credit risks, and distribution of dividends is not possible under their Articles of Association. In fact, the larger credit operations (agriculture and industry) subsidize the unprofitable small-scale lending programs where bad debts often reach important percentages of the whole loan portfolio.

The main source of finance of the 14 institutions are credit lines from CCCE. The attached Annex 28 of CCCE's Annual Report for 1967 shows that the outstanding amount of CCCE's advances to development banks as at December 31, 1967, was FF 22.4 million (excluding Madagascar). Normal business of the development banks is financed by "avances globales". For operations beyond a certain limit (which is CFAF 10 million in the case of Crédit de la Côte d'Ivoire, CCCE's largest borrower among the banks), CCCE makes "avances spéciales" to the banks, after its own approval of the project.

The two exceptions mentioned above are the Banque de Développement de la République du Niger (BDRN) and Banque Ivoirienne de Développement Industriel (BIDI). These two institutions represent the profit-oriented type of investment banks as opposed to the social functions of the remaining twelve banks. BDRN, which also acts as a commercial bank and accepts deposits from the general public, has been set up with the technical assistance of Société Tunisienne de Banque which also holds an important equity participation (17%). Crédit lyonnais is a minor shareholder. BIDI has been sponsored by Chase Manhattan Bank and Lazard Frères, and IFC holds a 7% equity participation in it.

B. Institutions without CCCE participation:

a. in French-speaking countries:

Banque de Développement du Mali. 100% Government-owned, established recently to take over certain business previously done by the Central Bank (assistance to state-owned enterprises and agricultural credit, mainly short-term). The Soviet Union is providing technical assistance.
b. in English-speaking countries:

1. Sierra Leone:

The National Development Bank was created in Sierra Leone in 1968. Its manager is Mr. O. Akinrele, until May 1968 Deputy General Manager of Nigerian Industrial Development Bank. We have few details about the National Development Bank but know that the majority of its share capital is owned by the Government and it also has a long-term subordinated Government loan. The creation of the bank was partly the outcome of an IFC review in 1965, which at that time concluded that the expected business volume would not warrant IFC's involvement in a new institution. The Sierra Leone Government proceeded meanwhile on its own.

There is a possibility that IFC may enter into joint operations with it.

2. Liberia: Liberian Bank for Industrial Development and Investment (see III, A 2).


The Government of Ghana enquired informally in 1966 about the possibility of obtaining the World Bank Group's assistance in connection with a then planned conversion of the public sector National Investment Bank into a privately controlled institution. After some exchanges of views between Ghana and the IFC, the National Investment Bank submitted a proposal for its own restructuring which was reviewed by an IFC mission late in 1967. The Government had intended the institution to continue to be active in financing public sector enterprises, and had envisaged that to be its chief activity. IFC suggested to Ghana that an institution supported by the Bank Group would have primarily to be active in the private sector and that assistance to state enterprises should be limited to a mutually agreed level, to decrease over the years. Need for strengthening management probably with foreign personnel, was also pointed out. At the 1968 Annual Meetings, the Ghana delegation withdrew its proposal for Bank Group assistance.

The National Investment Bank has meanwhile obtained a DM 10 million loan from Kreditanstalt.
III. IBD/IFC involvement in development banks in the area

A. Institutions in which the Bank Group has an investment:

1. Ivory Coast: Banque Ivoirienne de Developpement Industriel, established 1965. IFC investment $200,000 (7.1% of equity), no Bank loan. Main other participants are the Ivorian Government (21%), GCCE (10.7%), BCEAO (5.7%), financial institutions from USA, France, Italy, Sweden, Netherlands and Germany (35.7%), banks operating in Ivory Coast (7.2%).

Loan capital provided by the Government, AID and KfW.

After a slow start, HIMI has now reached a satisfactory level of operations, is financially sound, although profitability is still small, and is likely to have good prospects. Its main problems are training of staff and a heavy reliance on technical approval work done by the Ministry of Planning.

2. Liberia: The Liberian Bank for Industrial Development and Investment (LBIDI), created by statute in 1961 and established for business in November 1965. IFC investment $248,950 (about 25% of equity), no Bank loan. Main other shareholders are the Government-owned Liberian Development Corporation (25%), International Trust Co. of Liberia (12.5%), Bank of Monrovia (12%), Istituto Mobiliare Italiano (12%) and three other foreign corporations (one having mixed ownership) operating in Liberia.

Loan capital provided by KfW and the Government.

LBIDI approved its first loan in 1967, and since then the level of operations has been around the annual rate of $0.75 million. Its profitability has been low, despite considerable subsidies. Its main problems are the uncertainty regarding the continuity of management, an increasingly delinquent portfolio, and near-exhausting its freely usable resources. LBIDI has requested the Bank to consider a loan to it of $3 million. The Bank is at present considering the question of lending in Liberia. The Bank's lending to LBIDI would depend on the recommendations of an appraisal mission, planned for late 1969, and is expected to be conditional inter alia on LBIDI having satisfactory management.

3. Nigeria: Nigerian Industrial Development Bank Limited, established 1964. IFC investment $1.4 million (25% of equity). Main other shareholders are the Central Bank of Nigeria (25%), Chase International Investment Corporation (8%), Commonwealth Development Finance Company Limited (5%), a relatively large number of foreign or foreign-controlled financial institutions and industrial enterprises (35%) and private Nigerian investors (1%).
MD after swiftly starting off its business suffered considerably in its operations and its organization from the civil war in Nigeria. It only recently regained some of its earlier momentum and is taking steps, including the appointment of a general adviser, to consolidate itself. The Bank negotiated a $6 million loan to MDN in November 1968 which is expected to be presented to the Executive Board in February 1969. The proposed loan will cover foreign exchange needs; at present, MDN's resources are all in local currency.

B. Countries with which we have had discussions on development banking:

a. French-speaking countries:

1. Cameroon: In 1963 and 1965, the Government requested Bank Group assistance for Banque Camerounaise de Developpement. The institution (which at that time was, and probably still is, in a quite bad shape) was appraised at the occasion of a Bank economic mission, and we had an exchange of views with COCE. In August 1966, a negative reply was given. Our reasons were that (a) in accordance with the then prevailing Bank policy, BCD as a Government-controlled institution would not qualify as a borrower, so that a privatization would be necessary; (b) that business prospects were insufficient for a private dfe in Cameroon.

2. Informal contacts and discussions, which did not lead to detailed investigation, with:

Cameroon (regarding the Societe Nationale d'Investissement)

Dahomey
Niger
Senegal

3. UDEAC: Discussions over a number of years on the possibility of a private development bank for 5 UDEAC-countries. In January 1966, we sent Mr. Onana Awana, Secretary General of UDEAC, a letter which expressed certain doubts on the possibility of the project but left the door open for future exploration.

4. Mali: During the Annual Meetings 1966, the Malian Delegation inquired about Bank/IDA money for the development bank and was told that such assistance was possible in principle. We heard nothing more from them. However, their priorities are in other sectors.
5. Togo: In December 1968, Mr. Knapp was asked about the possibility of Bank assistance to the Banque Togolaise de Developpement. He promised we would carefully study the documents the Minister of Finance proposed to send us. So far, we have not received these documents.

b. English-speaking countries:
1. Sierra Leone: See II B
2. Ghana: See II B

Our Problems and Issues

Our main problems in assisting development banks in Africa have been or can be seen to be:

a) The small size of the countries, the low degree of industrialisation and the scarcity of local entrepreneurs which together resulted in insufficient business prospects;

b) The difficulties in finding competent personnel for the institutions;

c) Before the change in Bank policy, the fact that most of the existing development banks were owned by the Governments;

d) The low interest level in some countries, especially in the French-speaking ones, where investment loans up to five years are available from commercial banks, with discount commitments of the Central Banks, at an effective cost to the borrowers of 5.75% to 6.25%, and where therefore institutions using Bank money at 6.50% would have difficulties in maintaining a reasonable interest margin to cover their costs and build reserves.

e) The political risks for foreign investors.

Topics for Discussion

1. CCCE's experience with the development banks it assists.

2. CCCE's views on whether the Bank can play a role in assisting the existing institutions.

3. Will CCCE cooperate with the Bank Group in promoting and assisting development finance companies?

4. Which countries offer better prospects for success than others?

5. In which countries is there a greater need than in others for Bank assistance?

Attachments

RHelling/ABose/HPollan/PMathew:vmh/jmb

cc: Messrs. Hornstein, McIvor, de la Renaudiere, Paijmans, de Azaabate, Powell/Eose, Pollan
ÉVOLUTION DES PARTICIPATIONS DE LA CAISSE CENTRALE DANS LE CAPITAL DES ORGANISMES DE CRÉDIT DES ÉTATS D’AFRIQUE NOIRE ET DE MADAGASCAR

<table>
<thead>
<tr>
<th>ÉTABLISSEMENTS</th>
<th>% maximum atteint par la participation de la C.C.C.E.</th>
<th>Répartition du capital fin 1967</th>
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<tr>
<td></td>
<td>Année</td>
<td>Montant du capital (1)</td>
</tr>
<tr>
<td>Banque camerounaise de développement</td>
<td>1956</td>
<td>450</td>
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<tr>
<td>Banque nationale de développement (R.C.A.)</td>
<td>1960</td>
<td>80</td>
</tr>
<tr>
<td>Banque nationale de développement du Congo</td>
<td>1960</td>
<td>80</td>
</tr>
<tr>
<td>Banque ivoirienne de développement</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Crédit de la Côte-d'Ivoire</td>
<td>1958</td>
<td>200</td>
</tr>
<tr>
<td>Banque dahomienne de développement</td>
<td>1960</td>
<td>100</td>
</tr>
<tr>
<td>Banque gabonaise de développement</td>
<td>1960</td>
<td>80</td>
</tr>
<tr>
<td>Banque nationale de développement (Haute-Volta)</td>
<td>1958</td>
<td>100</td>
</tr>
<tr>
<td>Banque nationale malgache de développement</td>
<td>1950</td>
<td>150</td>
</tr>
<tr>
<td>Banque mauritanienne de développement</td>
<td>1962</td>
<td>150</td>
</tr>
<tr>
<td>Crédit du Niger</td>
<td>1958</td>
<td>100</td>
</tr>
<tr>
<td>Banque de développement de la République du Niger</td>
<td>1961</td>
<td>150</td>
</tr>
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<td>Banque nationale de développement du Sénégal</td>
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<td>—</td>
</tr>
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<td>Banque de développement du Tchad</td>
<td>1960</td>
<td>80</td>
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<tr>
<td>Banque togolaise de développement (3)</td>
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<td>—</td>
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</table>

(1) En millions de F.CFA.
(2) Dans cette colonne sont compris également les collectivités et organismes publics.
(3) A remplacé le crédit du Togo — Convention entre les divers actionnaires 24-5-1967.
ANNEXE 28

SITUATION AU 31 DÉCEMBRE 1957 DU RÉESCOMPTÉ, DES AVANCES ET DES PARTICIPATIONS DE LA CAISSE CENTRALE (1) DANS LES ÉTATS D'AFRIQUE ET A MADAGASCAR

<table>
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<tr>
<th>Nom du Pays</th>
<th>Réescompte à moyen terme</th>
<th>Avances aux :</th>
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<th>Participations</th>
<th>TOTAL</th>
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<tr>
<td></td>
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<td>Entreprises privées</td>
<td>Banques de développement (2)</td>
<td>Autres Sociétés à participations publiques</td>
<td>États</td>
<td>Collectivités publiques</td>
<td>Organismes publics</td>
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<tr>
<td>Côte-d'Ivoire</td>
<td></td>
<td>23.281</td>
<td>73.617</td>
<td>114.460</td>
<td>141.798</td>
<td>9.423</td>
<td>2.730</td>
<td>5.931</td>
<td>371.240</td>
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<td>Dahomey</td>
<td></td>
<td></td>
<td>14.514</td>
<td>1.672</td>
<td>53.659</td>
<td>796</td>
<td>1.673</td>
<td>72.314</td>
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<td>Gabon</td>
<td>65.628</td>
<td>20.833</td>
<td>26.178</td>
<td>51.822</td>
<td>1.408</td>
<td>433</td>
<td>5.808</td>
<td>172.111</td>
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<td>Guinée</td>
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<td>95.588</td>
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<td>138.001</td>
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<td>2.600</td>
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</tr>
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<td>Haute-Volta</td>
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<td>8.023</td>
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<td>49.562</td>
<td>1.150</td>
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<td>2.000</td>
<td>60.735</td>
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<td>Mali</td>
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<td>416</td>
<td>5.451</td>
<td>109.805</td>
<td>1.859</td>
<td>8.123</td>
<td>449</td>
<td>126.193</td>
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<td>Mauritanie</td>
<td></td>
<td>145.303</td>
<td>4.833</td>
<td>927</td>
<td>39.051</td>
<td>103</td>
<td>6.523</td>
<td>1.360</td>
<td>198.100</td>
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<td>Nigére</td>
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<td>8.764</td>
<td>2.816</td>
<td>27.122</td>
<td>1.001</td>
<td></td>
<td>1.562</td>
<td>41.265</td>
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<td>République Centrafricaine</td>
<td>16.020</td>
<td>1.025</td>
<td>7.624</td>
<td>5.756</td>
<td>43.232</td>
<td>1.089</td>
<td>1.854</td>
<td>2.720</td>
<td>79.321</td>
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<td>Sénégal</td>
<td></td>
<td>56.016</td>
<td>39.417</td>
<td>27.630</td>
<td>164.668</td>
<td>2.045</td>
<td>1.898</td>
<td>7.512</td>
<td>309.630</td>
</tr>
<tr>
<td>Tchad</td>
<td></td>
<td></td>
<td>19.882</td>
<td>941</td>
<td>57.750</td>
<td>3.199</td>
<td></td>
<td>2.855</td>
<td>81.627</td>
</tr>
<tr>
<td>Togo</td>
<td></td>
<td>34.358</td>
<td>15.059</td>
<td></td>
<td>26.259</td>
<td>2.553</td>
<td></td>
<td>1.141</td>
<td>79.370</td>
</tr>
<tr>
<td>Commun à plusieurs États</td>
<td></td>
<td>8</td>
<td>27.085</td>
<td>30.062</td>
<td></td>
<td></td>
<td>3.230</td>
<td>8.714</td>
<td>69.999</td>
</tr>
</tbody>
</table>

|                  | 40.217                   | 458.125         | 284.089 | 363.527 | 1.377.362 | 61.472 | 55.057 | 84.792         | 2.724.641 |

(1) Soldes restant dus au titre des avances et crédits de réescompte et montant nominal des participations à la date du 31-12-1957
(2) et sociétés nationales de crédit.
Mr. P. M. Mathew

B. H. Shin

Progress Report on my Compilation

January 17, 1969

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows.

There has been no progress since my January 2, memorandum.

Following is a repetition of my previous report.

Subject

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Colombiana, Nacional, Norte, Valle &amp; CAVENDES</td>
<td>Garcia</td>
<td>Requested</td>
</tr>
<tr>
<td></td>
<td></td>
<td>on April 26 at staff meeting</td>
</tr>
<tr>
<td>Mr. Garcia prepared a memorandum on June 7, on the subject.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>However he is to revise it on the basis of forthcoming missions to these companies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) IFCT</td>
<td>Sekse</td>
<td>Do</td>
</tr>
<tr>
<td>2. Report on standard form of loan agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>between IFC and clients to ensure that the terms of sub-loans are known to us</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) MIDF</td>
<td>Gustafson</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>MIDF informed that they are in the process of standardizing some of legal documents and that they will send the results by December.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) CDC, IMDBI</td>
<td>Pollan</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>Pollan's Division requested Bank lawyer to review respective loan agreements for the above purpose.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) DFCC</td>
<td>Powell</td>
<td>Do</td>
</tr>
<tr>
<td>The terms of DFCC's standard loan agreement with clients with respect to the protection of Bank's various rights are under correspondence between the Bank and DFCC.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Procedures for obtaining investment licenses

a) Venezuela
   Garcia
   Requested in March at staff meeting

b) Austria, Greece, Malaysia, Spain & Turkey
   Gustafson
   Do

c) India, Iran & Nigeria
   Pollan
   Do

   On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to be put out shortly.

d) Ceylon, Ethiopia, Israel, Korea, Liberia & Philippines
   Powell
   Do

e) Finland & Thailand
   Sekse
   Do

4. Investments by Development Finance Companies in Financial Intermediaries, Promotion Companies and Subsidiaries
   Garcia
   Requested on September 19, by Mr. Mathew’s Memorandum

cc: Division Chiefs
Mr. William Diamond  

Hans Pollan  

Monthly Report on Development Finance Company Activity  
(Form No. 311, IFC, of July 1966)  

January 8, 1969

1. You have asked me whether the above form could be improved. I believe it can and you will see an amended form attached. Explanations follow.

2. In considering the utility of the present form, my criterion was whether it was as good management tool in observing or measuring ours as well as the dfc's performance in relation to IFC investments and Bank loans. Keeping this in mind, I feel that despite possible repetition in some data, the monthly periodicity should be retained because otherwise the interval would be too long for a sustained interest and to draw, if necessary, any conclusions influencing our dealings with the dfc clients.

2. Ifc Investments. I also believe that the present items in the form relating particularly to IFC investments be retained, i.e. IFC Investments, Financial Performance and Dividends Declared. However, they should be grouped more closely and one sub-item ought to be added in the first, i.e. data on exchange gains or losses since IFC's payment of its share subscription. The latter would be important in cases, like the Colombian financieras, where lack of a market quotations makes the measure of the worth of IFC's holdings difficult.

3. Bank Loans. Though it would result in some additions to the present form, I believe there is need to fill a gap. At present, we are not able to get a feeling -- at a glance -- as to how dfcs and we process projects as compared to forecasts of commitments under IBRD loans. These comparisons should go, say, two years back. I believe such comparisons are of operational value because forecasts, which as we all know are definitely a tool in this Bank, have little meaning in isolation. I believe the most sensible forecasts available to us are those set forth in the most recent appraisal or end-use reports where they are ordinarily given on an annual basis in line with the dfc's own fiscal years. (We can probably not, or only rarely, use the recent five-year lending projections since they are tailored to the IBRD's fiscal year.) Any objection to compare annual forecasts to actual cumulative commitments which are changed monthly during a dfc's fiscal year, should be ignored. One can still get a measure of whether a dfc is on track or way off or conversely whether our forecasts were realistic or the opposite.

4. Under "Status of Bank/IDA Loan", I suggest deletion of the items "Disbursements" and "Repayments" because they are given in the monthly and generally accessible forms B-3 "Summary of Operations in Development Finance Companies", the IBRD's "Statement of Loans", and IDA's "Statement of Development Credits."

cc: Messrs. Mathew, Garcia, Gustafson, Powell, Sekse
MONTHLY REPORT ON DEVELOPMENT FINANCE COMPANY ACTIVITY

<table>
<thead>
<tr>
<th>Company</th>
<th>Month of ____ 19</th>
</tr>
</thead>
</table>

**STATUS OF BANK/IDA/IFC LOANS (No. (s))**

<table>
<thead>
<tr>
<th>Amounts In $000</th>
<th>Net Loans Effective</th>
<th>Credited Number</th>
<th>Amount $000</th>
<th>Balance Available For Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>First of Month</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>During Month</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of Month</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Explain in "Remarks" if more than one loan/credit involved)

**FORECASTS AND ACTUAL PERFORMANCE**

<table>
<thead>
<tr>
<th>Dfc's Fiscal Year</th>
<th>Preceding Two</th>
<th>Current</th>
<th>Next Two</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast Credits</td>
<td>19</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>(Date of Forecast)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual Credits</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROJECTS CREDITED DURING MONTH**

<table>
<thead>
<tr>
<th>No.</th>
<th>Sub-Loan or Investment</th>
<th>$000</th>
<th>Sub-Loan or Investment</th>
<th>$000</th>
<th>Date Rec'd.</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total No:</th>
<th>Amount</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Approval Required Over $</th>
</tr>
</thead>
</table>

**PROJECTS PENDING APPROVAL AT END OF MONTH**

<table>
<thead>
<tr>
<th>No.</th>
<th>Sub-Loan or Investment</th>
<th>$000</th>
<th>Date Rec'd.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total No:</th>
<th>Amount</th>
</tr>
</thead>
</table>

**IFC INVESTMENTS**

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>Total</th>
<th>Sales</th>
<th>Now Held by IFC</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Purchase Price Per Share ($)</th>
<th>Total Investment ($)</th>
<th>Pair to Date ($)</th>
<th>Exchange Gain (+) or Loss (-)</th>
</tr>
</thead>
</table>

**FINANCIAL PERFORMANCE**

<table>
<thead>
<tr>
<th>Net Income After Taxes:</th>
<th>Latest Year, Ended 19</th>
<th>Latest Period: Mos. Ended 19</th>
<th>Comparable Period, Previous Year</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>In 000's of Local Currency Units</th>
<th>As % of Share Capital, End of Period</th>
<th>As % of Net Worth, End of Period</th>
</tr>
</thead>
</table>

**DIVIDENDS DECLARED**

<table>
<thead>
<tr>
<th>% of Par Declared</th>
<th>Previous</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date Declared</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date Paid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount Received by IFC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yield on Latest Share Price</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**OTHER DEVELOPMENTS**

Date: ____

Initial: ____
January 6, 1969

Mr. Donald S. Roessner
Information Services - IFC
1818 H Street, N.W.
Washington, D.C. 20433.

Dear Mr. Roessner:

Thank you very much for the material.

I intend to come to Washington in the near future and will certainly take advantage of your most generous offer to arrange meetings with representatives of the Development Finance Companies in the Bank.

Cordially,

J. Tomas Hexner
January 6, 1969

Dear Mr. Roseman:

Thank you very much for the material.

I expect to come to Washington in the near future and will certainly talk to ambassadors of your basic donors before we attempt to secure meaningful representation of the Development Finance Committee in the Paris peace talks.

Sincerely,

[Signature]

Tony NKaster

1969 JUN 8 PM 3:36

Communications
January 3, 1969

Mr. Tom Haxner
Development Advisory Service
Harvard University
1737 Cambridge Street
Cambridge, Mass. 02138

Dear Mr. Haxner:

Enclosed are the materials on Development Finance Companies which we discussed on the telephone today. I hope they will be useful.

I passed on your request for the jute report to Mr. Naylor and mentioned that you would be writing to him.

If you do have an opportunity to visit Washington, I would be happy to arrange for you to meet with a representative in the Development Finance Companies Department.

Sincerely,

Donald S. Roessner
Information Services - IFG

Enclosures

DSR/mj
**INCOMING MAIL ROUTING SLIP**

<table>
<thead>
<tr>
<th>Name</th>
<th>Room No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Dajany</td>
<td>A900</td>
</tr>
<tr>
<td>Mr. Dodd</td>
<td>A900</td>
</tr>
<tr>
<td>Mr. Fuchs</td>
<td>C908</td>
</tr>
<tr>
<td>Mr. Koch</td>
<td>A1139</td>
</tr>
<tr>
<td>Mr. Khosropur</td>
<td>C1011</td>
</tr>
<tr>
<td>Mr. Mauritz</td>
<td>A934</td>
</tr>
<tr>
<td>Mr. Paterson</td>
<td>B906</td>
</tr>
<tr>
<td>Mr. Raj</td>
<td>A900</td>
</tr>
<tr>
<td>Mr. Richards</td>
<td>C944</td>
</tr>
<tr>
<td>Mr. Rosen</td>
<td>A900</td>
</tr>
<tr>
<td>Mr. Sullivan</td>
<td>A900</td>
</tr>
<tr>
<td>Von Hoffmann</td>
<td>A914</td>
</tr>
</tbody>
</table>

**Remarks**

From: Communications Unit, Room C219, Ext. 2023.
Mr. Martin M. Rosen  
Executive Vice President  
International Finance Corporation  
1818 H Street, N.W.  
Washington, D.C. 20433  

My dear Mr. Rosen,

Many thanks for your letter of December 16 and particularly for letting me know the administrative changes made in the procedure regarding development finance companies in the World Bank Group. We had heard about this and when William Diamond came here he also told us. Despite this, however, I am sure you will continue to take personal interest in the functioning of ICICI which owes so much to the co-operation and assistance of IBRD as well as IFC. I am also grateful to you for your assurance that you would continue to take interest in the work of the Indian Investment Centre.

We had a meeting with Mr. Cash before he returned to the States. He must have reported to you by now about his visit including the seminar which he attended.

With very kind regards and all good wishes for the New Year,

Yours sincerely,

(G.L. Mehta)
January 5, 1969

Mr. Martin M. Roper
Executive Vice President
International Finance Corporation
1818 H Street N.W.
Washington, D.C. 20433

My dear Mr. Roper,

Many thanks for your letter of December 18 and particularly for telling me how you have administered changes made in the structure of the World Bank Group. I have passed your point and when William D. Ford’s departure is announced, and his departure from the four-year interval, I hope to give you the opportunity to take permanent responsibility in the functioning of ICIG which owes so much to your cooperation and assistance of IFI and to ICIG. I am also looking forward to your assurance that you would continue to take interest in the work of the Investment Centre.

We had a meeting with Mr. Cash before he returned to the States. The matter has been referred to you by your staff prior to including the matter in the agenda to be attended.

With very kind regards and all good wishes for the New Year.

Yours sincerely,

(C. L. Mora)
January 2, 1969

Mr. Hayrullah Gurtan
Palanga Caddesi No. 17
Ortakoy - Istanbul
Turkey

Dear Mr. Gurtan:

Please forgive this long delay in replying to your letter of October 10. Mr. Mathew acknowledged it in December, while I was abroad.

First of all, let me say I was delighted to hear from you after so long a time. I think our last exchange was in late 1963. It is good to know that you have been active, and in good health, since then. I would very much like to know more details of your work since you left the Industrial Development Bank.

As for the future, I am interested to hear that you are now working as an independent consultant, and are still interested in working with a development bank. You may be sure we will keep you very much in mind, should a suitable opportunity arise.

With all good wishes for the New Year.

Sincerely yours,

William Diamond
Director
Development Finance Companies

WDiamond/val

cc: Personnel
    Mr. Mathew
Progress Report on my Compilation

In accordance with your memorandum of June 14, 1968, on the subject, I report as follows.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Material Due From Division</th>
<th>Due Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project follow-up and end-use supervision</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Colombiana, Nacional, Norte, Valle &amp; CAVENDES</td>
<td>Garcia</td>
<td>Requested on April 26 at staff meeting</td>
</tr>
<tr>
<td>Mr. Garcia prepared a memorandum on June 7, on the subject. However he is to revise it on the basis of forthcoming missions to these companies.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) IFCT</td>
<td>Sekse</td>
<td>Do</td>
</tr>
<tr>
<td>2. Report on standard form of loan agreement between IFC and clients to ensure that the terms of sub-loans are known to us</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) MIDF</td>
<td>Gustafson</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>MIDF informed that they are in the process of standardizing some of legal documents and that they will send the results by December.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) CDC, IMDBI</td>
<td>Pollan</td>
<td>Requested at Division Chiefs meeting</td>
</tr>
<tr>
<td>Pollan's Division requested Bank lawyer to review respective loan agreements for the above purpose.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) DFCC</td>
<td>Powell</td>
<td>Do</td>
</tr>
<tr>
<td>The terms of DFCC's standard loan agreement with clients with respect to the protection of Bank's various rights are under correspondence between the Bank and DFCC.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Procedures for obtaining investment licenses

a) Venezuela
   Garcia
   Requested in March at staff meeting

b) Austria, Greece, Malaysia, Spain & Turkey
   Gustafson
   Do

c) India, Iran & Nigeria
   Pollan
   Do

On India Mr. Pollan said that a Bank economic mission to that country deals with this subject for inclusion in its report which is expected to put out shortly.

d) Ceylon, Ethiopia, Israel, Korea, Liberia & Philippines
   Powell
   Do

e) Finland & Thailand
   Sekse
   Do

4. Investments by Development Finance Companies in Financial Intermediaries, Promotion Companies and Subsidiaries

   Garcia
   Requested on September 19, by Mr. Mathew's Memorandum

cc: Division Chiefs

BHSkye
January 2, 1969

Mr. M. M. Ahmed  
Officer on Special Duty  
Industrial Development Bank of Pakistan  
Kandawala Building  
P. O. Box 7300  
Karachi 3, Pakistan

Dear Mr. Ahmed:

Thank you for your letter of December 18, on the additional copies of Some Aspects of the Economic Philosophy of the World Bank, September 1968. I am glad to enclose three copies of it as you requested for use at your Regional Offices.

Sincerely yours,

B. H. Shin  
Development Finance Companies

Enclosures

cc: Mr. Sekse  
EHShin:er